

Dear Lakehouse Investor,

April was an exciting month for the Lakehouse Small Companies Fund as we hosted our first ever investor event. It was great to present directly to a room full of the Fund's investors, sharing more about our strategy and outlook, fielding questions, and interviewing Sam Hupert, CEO of portfolio company **Pro Medicus**.

The event was a resounding success and we hope to welcome even more Lakehouse investors to future events. For those investors that couldn't make it, the entire formal presentation, team Q&A and fireside chat with Sam Hupert were captured on video and are [available here](#).

Companies Held:	21
Cash Allocation:	14.0%
Top 5 Portfolio Holdings:	32.3%
Net Asset Value per Unit:	\$1.3876
Fund Net Asset Value:	\$148.2 million
Benchmark:	S&P/ASX Small Ordinaries Accumulation Index

The month also saw the release of third quarter updates from 8 portfolio companies. We are ever cautious not to make too much of a single reporting period, and despite some swings and roundabouts we remain pleased with how those companies are tracking against our investment theses and look forward to reviewing their next report card at the full year results. Meanwhile, the Fund deployed in excess of \$5 million into 6 existing positions that our team thinks offered attractive value relative to their bright long-term prospects.

We remain opportunistic, as ever, and the Fund's 14.0% cash position leaves us well placed to capitalise should prevailing volatility keep up. While recent volatility might seem high, it's actually reasonably in line with longer-term averages, which leaves us inclined to remain patient in deploying investors' capital.

Turning to performance, the Fund gained 0.7% net of fees and expenses in April compared to a 2.8% rise for the benchmark. The Fund has now returned a net 29.4% net of fees and expenses thus far in fiscal 2018 compared to 18.6% for the benchmark. Since inception in mid-November 2016 the Fund has returned a net 39.9% compared to 24.9% for the benchmark. As ever, we remind investors that our team does not judge itself based on short-term results and neither should investors who embrace our long-term, high-conviction strategy.

The Fund's most significant contributor to performance during the month was **Xero** (+13.7%), which is back in the market's good graces and hovering near its all-time high after spending much of the past few years in the wilderness. The most significant detractor was **LiveHire** (-22.4%), a small enterprise software business which delivered strong top-line growth but that came in below the market's expectations.

LiveHire is one of the Fund's smallest holdings by cost and the most akin to what amounts to a listed venture-style investment. The business is scaling very quickly and has a sticky customer base, enthused partners, and \$31.5 million in cash, but like most venture-style businesses it is also presently sub-scale, expensive on conventional valuation metrics, and burning cash as it invests for growth. All that is to say, the shares have a very wide range of potential outcomes.

The shares were off to the races earlier this year, briefly touching above \$1.40 in January, and we took the opportunity to very modestly lighten our position. For context, the share price ended April at \$0.66 and the Fund built the bulk of its position around the middle of 2017 at prices around \$0.50. We're inclined to stay patient, though, as usual, given the relatively small position size, our long time horizon, the company's solid cash position, and its large addressable market.

Turning to positions of more weight, the Fund's 5 largest holdings as of the end of March accounted for 32.3% of the portfolio, and are named in order of the Fund's allocation: **Altium**, **Gentrack**, **Afterpay Touch**, **Bapcor**, and Pro Medicus.

The Fund's largest sector allocations as of the end of the month were information technology (64.4% of total capital), health care (9.7%), and consumer discretionary (6.5%), which is a stark contrast to the benchmark's largest allocations: materials (20.1%), consumer discretionary (18.8%), and real estate (10.8%).

Looking Ahead

We have a number of company meetings planned throughout May. Part of the team is attending what amounts to a corporate speed-dating event in Melbourne, while another team member is embarking on a trip to the UK which includes meeting with the European operations of some of our portfolio companies.

While our team put a significant amount of money to work during April, we maintain a healthy cash balance as we move into the final leg of the fiscal year. As we enter 'confession season',

followed by full year reporting season, we remain well positioned to play offense if volatility presents us with opportunity.

Thanks to all our investors for your time and trust. We're honoured to have you with us and look forward to what the future holds.

Best Regards,



Joe Magyer, CFA

Chief Investment Officer

P.S: In case you missed it, we can now accept regular, recurring BPAY payments. Existing investors who add to their investment via BPAY (using their investor profile ID number as the reference) do NOT need to fill out an application form.

To add to your investment simply BPAY the payment and Registry will confirm additional units in the Fund. No further action is required. **BPAY payment assumes no changes to the beneficial owner.* [Click here for more details.](#)

Please read the [Product Disclosure Statement](#) before purchasing additional units in the Fund.

Sole use and confidentiality: This report has been prepared by Lakehouse Capital Pty Limited (ABN 30 614 957 603, authorised representative of AFSL 400691) and by its officers, employees and agents (collectively "Lakehouse") for the sole use of its clients as a record of the performance of their investment. The contents of this report are confidential, and the client may only disclose such contents to its officers, employees or advisers on a need to know basis, or with the prior written consent of Lakehouse.

Disclaimer: The responsible entity for the Lakehouse Small Companies Fund (ARSN 615 265 864) is One Managed Investment Funds Limited (ACN 117 400 987) (AFSL 297042) ("OMIFL"). The information contained in this document was not prepared by OMIFL but prepared by other parties. All of the commentary, statements of opinion and recommendations contain only general advice and have not taken into account your personal circumstances. This report contains general financial product advice only. Any investment in Lakehouse or OMIFL products need to be made in accordance with and after reading the Product Disclosure Statement and Additional Product Disclosure Statement dated 15 November 2016. The opinions, advice, recommendations and other information contained in this report, whether express or implied, are published or made by Lakehouse in good faith in relation to the facts known at the time of preparation. Information is current as at the date of the letter, unless otherwise noted. Past performance is not indicative of future performance.

Limitation of liability: Whilst all care has been taken in preparation of this report, to the maximum extent permitted by law, neither Lakehouse or OMIFL will be liable in any way for any loss or damage suffered by you through use or reliance on this information. Lakehouse and OMIFL's liability for negligence, breach of contract or contravention of any law, which cannot be lawfully excluded, is limited, at Lakehouse's option and to the maximum extent permitted by law, to resupplying this information or any part of it to you, or to paying for the resupply of this information or any part of it to you.

Disclosure: Lakehouse, its directors, employees and affiliates, may, and likely do, hold units in the Lakehouse Small Companies Fund and securities in entities that are the subject of this report. Copyright: Lakehouse owns the copyright to this publication. Its contents may be used for your own personal use, but you must not (without Lakehouse's consent) alter, reproduce or distribute any part of this publication, transmit it to any other person or incorporate the information into any other document.