

Dear Lakehouse Investor,

August ended up being a quiet month at the Fund, all things considered, though our team did catch up with **Facebook**, **PayPal**, and **Visa** following last month's quarterly results. We remain very pleased with the health, strategies, and trajectories of all three businesses.

The Fund returned -0.4% net of fees and expenses for the month compared to -0.1% for its benchmark. Thus far in a 2-month-old fiscal year, the Fund has returned 3.3% compared to 2.0% for the benchmark. Since inception at the start of December 2017, the Fund has returned 38.4% compared to 18.0% for its benchmark.

We are pleased with the Fund's early progress towards our objective of long-term outperformance, particularly given the Fund's conservative cash position. We do not read much into early performance, though, and neither should investors who embrace our long-term, high-conviction strategy.

The Fund held 22 positions as of the end of the month, the ten largest of which are listed below:

Companies Held:	22
Cash Allocation:	9.6%
Top 10 Portfolio Holdings:	55.9%
Net Asset Value per Unit:	\$1.3672
Fund Net Asset Value:	\$135.1 million
Benchmark:	MSCI All Country World Index Net Total Returns (AUD)

Company	Industry
Facebook	Interactive Media and Services
Alphabet	Interactive Media and Services
PayPal	Data Processing and Outsourced Services
Visa	Data Processing and Outsourced Services
Amazon	Internet and Direct Marketing Retail
LVMH	Apparel, Accessories and Luxury Goods
Booking Holdings	Internet and Direct Marketing Retail
MarketAxess	Financial Exchanges and Data
Monster Beverage	Soft Drinks
MercadoLibre	Internet and Direct Marketing Retail
<b>Top 10 (% of NAV)</b>	<b>55.9%</b>

Zooming out to the sector-level, the Fund's largest allocations at month end were to information technology (28.1%), consumer discretionary (22.2%) and communication services (18.1%). We are larger than the benchmark in all three sectors and expect that will consistently be the case over time as we view these sectors, or at least subsets of them, as having superior economics and long-term prospects. Also, we do not feel a great compulsion to allocate capital to sectors that are notoriously cyclical, competitive, or capital-hungry, and thus we expect to remain underweight the likes of materials, energy, and utilities.

## Portfolio Company Activity

At the portfolio level, the biggest contributor to performance during the month was **MarketAxess** (+20.0%), which reported a strong set of monthly operating results. More on that shortly. Meanwhile, the largest detractor to performance was **Monster Beverage** (-7.5%), which drifted lower as second quarter results fell short of consensus expectations. For our parts, we remain focused on Monster's long-term growth trajectory, not quarterly numbers, and remain bullish on the strength of its brand, widening distribution footprint, and its overall long-term prospects.

MarketAxess had a strong August after recovering from a minor selloff post results at the end of July. Operational performance for the second quarter was impressive with record total trading volume of US\$527 billion (+25%), of which Open Trading volume was US\$131 billion (+46%). We think the market reacted negatively due to a step-up in costs, mainly to invest in technology, senior leadership, and self-clearing. We view these investments into the business positively, and believe they should result in improvements in functionality and scalability, which will eventually drive stronger profitability.

We see considerable room for long-term upside given that MarketAxess continues to win market share in all its segments, and that we are still in the early stages of the electronification in corporate and municipal bond trading. Ultimately, MarketAxess benefits from a positive feedback loop, wherein liquidity attracts more liquidity. Not surprisingly, the shares of this fast-growing, well-capitalised, and very well run business are not conventionally cheap. We continue to be patient investors, though, with a keen understanding the runway and self-reinforcing advantages of the business model.

## Looking Ahead

As always, thanks to all our investors for your time and trust. It's still early days for the Fund but we're pleased with our start and feel good about the long-term prospects of the portfolio of companies we've assembled.

Best Regards,



**Joe Magyer, CFA**

Portfolio Manager, Lakehouse Global Growth Fund  
Chief Investment Officer, Lakehouse Capital

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