Dear Lakehouse Investor,

Companies Held:	21
Cash Allocation:	12.7%
Top 10 Portfolio Holdings:	56.5%
Net Asset Value per Unit (mid):	$1.3400
Fund Net Asset Value:	$133.1 million
Benchmark:	MSCI All Country World Index Net Total Returns (AUD)

September was a relatively quiet month for the Fund in terms of fundamental news, however, it was notable in that shares of growth companies at-large struggled and that the Fund exited a position for just the second time since its launch 21 months ago. More on the latter shortly.

The Fund returned -2.0% net of fees and expenses for the month compared to 2.0% for its benchmark. Thus far in a three-month-old fiscal year, the Fund has returned 1.2% compared to 4.0% for the benchmark. Since inception at the start of December 2017, the Fund has returned 35.6% compared to 20.4% for its benchmark.

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

The Fund held 21 positions as of the end of the month, the ten largest of which are listed below:

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
MercadoLibre	Internet and Direct Marketing Retail
Booking Holdings	Internet and Direct Marketing Retail
Interactive Brokers	Financial Exchanges and Data
Monster Beverage	Soft Drinks
Top 10 (% of NAV)	**56.5%**

Zooming out to the sector-level, the Fund's largest allocations at month end were to information technology (27.0%), consumer discretionary (19.2%) and communication services (18.2%). The Fund is larger than the benchmark in all three sectors and we expect that will consistently be the case over time as Lakehouse views these sectors, or at least subsets of them, as having superior economics and long-term prospects. Also, our team does 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 **Interactive Brokers** (+13.7%), which reported a strong set of monthly operating results. Unfortunately, subsequent to the end of the month, the company made a poor strategic decision that has diminished our view of the company. More on that shortly. Meanwhile, the largest detractor to performance was **MarketAxess** (-17.8%), which gave back last month's gains, affected by the market-wide selloff in high growth names.

Let's start with the sale of CarMax, which has been a holding of the Fund since February 2018 and proved fruitful with a 49.9% gain. The US' largest retailer of used cars has been performing well with year-on-year used unit sales growth in comparable stores accelerating from 2.7% to 9.5% during the Fund's ownership, which was impressive, and we're happy to see the business making better use of its significant footprint by pushing an omni-channel experience across more of its network.

We have concerns about encroachment from digital-first competition, though, and note that recent unit growth is on the higher end of historical norms for the business. The latter matters as CarMax is a more cyclical business than we generally prefer - revenue fell 15% in fiscal 2009 - and selling such businesses when growth is on the higher end of normal tends to make for more graceful exits.

Lastly, having recently taken a fresh look at all of our holdings and balancing their potential and risks, we ultimately concluded that while CarMax is a solid business that it was the least attractive holding in the portfolio. Ultimately, we think the capital behind the company could be better deployed elsewhere.

Less pleasing is the progress with Interactive Brokers. For those just catching up with the thesis, Interactive Brokers is an award-winning online broker offering best-in-class execution and a broad and deep feature set for both retail and institutional investors. The US-based business built its reputation for not only offering ultra-low brokerage rates but also for achieving superior execution for its clients because, unlike almost every other US broker of note, it did not sell clients' order flow to market makers. Not selling order flow was a real point of pride and differentiation for the business.

Imagine our surprise, then, when the company recently announced that it would offer a new service in the US, IBKR Lite, that offered free trades for US equities and ETFs with the primary catch being that IB would sell the order flow of those ‘free’ trades, which generally will result in inferior execution. We were taken aback that not only would Interactive Brokers back-off a long-standing principle but that it would do so for the sake of winning share in a part of the market (retail) where the company is competitively disadvantaged given a lack of scale, brand, and marketing muscle compared to the likes of the far larger and fellow portfolio holding **Charles Schwab**.

Worse still is that Interactive Brokers’ move risked instigating another price war among retail brokers. Sure enough, only five days later, Charles Schwab announced that it would soon make the trading of US stocks, ETFs, and options commission-free. The move is sensible for Schwab because the cut will only amount to a 3-4% impact to net revenue, which is far less than its smaller and more commission-dependent competitors. If anything, there’s a strong argument that Schwab, which is the largest player in the market and thus has a structural cost advantage, comes out of this tumult competitively stronger than before. The same cannot be said of Interactive Brokers, though, and we are reconsidering the Fund’s position in light of what strikes us a poor and essentially irreversible strategic decision.

Thank You

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