

Companies Held:	21
Cash Allocation:	12.4%
Top 10 Portfolio Holdings:	57.0%
Net Asset Value per Unit (mid):	\$1.4303
Fund Net Asset Value:	\$144.0 million
Benchmark:	MSCI All Country World Index Net Total Returns (AUD)

Dear Lakehouse Investor,

Following on from what was a relatively busy October earnings season, November was a quieter month for the Fund in terms of fundamental news flow. And, yet, markets do not rest simply for a lack of news flow.

The Fund returned 7.9% net of fees and expenses for the month compared to 4.3% for its benchmark. Over the past 12 months the Fund has returned 35.0% compared to 22.7% for its benchmark. And, since inception at the start of December 2017, the Fund has returned 44.7% compared to 26.3% for its benchmark. In annualised terms, the Fund has returned 20.3% since inception compared to 12.4% for its benchmark.

While still early days in the grand scheme of things -- the Fund celebrated its second birthday at the start of December -- we are pleased with the Fund's progress towards our ultimate objective of long-term outperformance. As ever, though, our team's day-to-day focus remains on the consistent execution of our process, not short-term performance.

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

Company	Headquarters	Industry
Facebook	USA	Interactive Media and Services
Alphabet	USA	Interactive Media and Services
PayPal	USA	Data Processing and Outsourced Services
Visa	USA	Data Processing and Outsourced Services
Amazon	USA	Internet and Direct Marketing Retail
Adyen	Netherlands	Data Processing and Outsourced Services
LVMH	France	Apparel, Accessories and Luxury Goods
MercadoLibre	Argentina	Internet and Direct Marketing Retail
MarketAxess	USA	Financial Exchanges and Data
Constellation Software	Canada	Application Software

Zooming out to the sector level, the Fund's largest allocations at month end were to information technology (31.9%), consumer discretionary (18.8%) and communication services (18.3%). 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 **Paycom** (+33.4%), which reported yet another strong set of results with third-quarter revenue and adjusted EBITDA growth of 31% and 35% year-on-year, respectively. We continue to be pleased by the company's ability to expand its market share in a very large and growing HCM software market and still believe that it has a very long runway ahead.

Meanwhile, the largest detractor to performance was **Booking Holdings** (-5.3%). Booking shares were down due to continued concerns about Google's slow and steady squeeze on the travel industry. These were flagged by TripAdvisor and Expedia in their most recent results, highlighting

headwinds in their SEO channel. Booking has also flagged modest pressure but noted that SEO is only a small channel for them. More than half of Booking's traffic now comes from direct channels and is growing faster than their paid channels. Third quarter results for Booking were fairly steady, with double-digit room night growth, driven by strong growth in Asia. The company continues to build on their supply of alternative accommodations, ending the quarter with 6.2 million listings on their platform.

Travel booking sites continue to reinvest to offer the 'connected trip' -- a one-stop shop for travellers, may it be for hotels, attractions, car rentals, or different tourist activities -- in order to reduce friction for travellers and preserve and enhance the value of the company's platforms. It's a huge undertaking to achieve and scale plays a significant role in its success, which plays into Booking's strengths. Booking's shares are priced modestly at only 17 times forward earnings, though, reflecting the uncertainty in the shifting competitive landscape. We continue to monitor this space closely, conscious of a wider range of potential outcomes.

## Thank You

As always, thanks to all our investors for your time and trust. It means a great deal to us and, while most of the road lies ahead of us, we're pleased with the Fund's progress and feel good about the long-term prospects of the portfolio of companies we've assembled.

Best Regards,



### Joe Magyer, CFA

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Chief Investment Officer, Lakehouse Capital

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