

Dear Lakehouse Investor,

Equity markets continued to move higher in May as COVID-19 curves continued to flatten, lockdowns and restrictions eased, progress towards treatments and vaccines were made, and economies started to kick back into gear. Our team was quite busy as we held 22 meetings with current and prospective portfolio companies, initiated a new position, and formalised plans to recommence working from the office in June.

Companies Held:	19
Cash Allocation:	12.0%
Top 5 Portfolio Holdings:	39.7%
Net Asset Value per Unit (mid):	\$1.9159
Fund Net Asset Value:	\$281.4 million
Benchmark:	S&P/ASX Small Ordinaries Accumulation Index

The Fund returned +12.1% net of fees and expenses during the month compared to a +10.6% return for the benchmark. Over the past 12 months the Fund has returned +14.3% compared to -2.9% for its benchmark. And, since inception in mid-November 2016, the Fund has produced a net total return of 109.8% compared to 28.3% for the benchmark. In annualised terms, the Fund has returned 23.3% per year since inception compared to 7.3% per year for the benchmark.

We continue to take a balanced view of the economic backdrop. Economies are struggling and markets have rallied hard from their lows, however, the market's rebound is on the heels of the steepest drawdown ever, markets are forward-looking, and some businesses are net beneficiaries of the dramatic shifts in some of the ways we all live, work, spend, and play. As it happens, we own some of these businesses and bought lots more of them in March.

The Fund's largest sector allocations are to information technology (61.8% of total capital), health care (15.7%), and financials (10.5%) while the benchmark's largest allocations are to materials (23.4%), consumer discretionary (12.5%), and real estate (12.3%). Our differentiated style should look familiar and our general preference to shy away from cyclical, capital-heavy sectors and companies has also rewarded the Fund particularly well over the past few months.

Also of note is that around 87% of the Fund's invested capital is behind companies built around explicit recurring revenue streams, which affords us significant visibility. Our portfolio companies were also collectively quick to tighten their belts, providing more of a profit buffer in some cases and pulling forward free cash flow breakeven in others. As usual, we do not have a strong view on where markets will head over the short-term, but we feel very good about our portfolio companies' collective ability to navigate the current crisis and thrive on the other side.

Company News

Turning to specific companies, the Fund's most significant contributor to performance during the month was **Nearmap** (+50.2%), which presented an impressive update to the market that we'll comment more on shortly. The biggest detractor during the month was **Bravura Solutions** (-0.2%), which was flat on no news. The Fund's five largest holdings as of the end of the month accounted for 39.7% of the portfolio and are named in order of the Fund's allocation: Nearmap, **EML Payments**, **Pro Medicus**, **Nanosonics**, and Bravura Solutions.

Turning to company-specific news, Nearmap updated the market that the COVID-19 shutdown has had less of an impact on the business than the market feared, with Annualised Contract Value (ACV) exceeding \$102 million in May and tracking toward mid-teens percentage growth for the full year. Although this is around half of the 36% growth of fiscal 2019, we continue to like the company's data-driven approach to a large addressable market, emphasis on enhancing the product with more and fresher content, as well as additional features and tools. To that end, the company also revealed in May that AI tools will be commercially available from 1 June, providing a further leg of growth for the business. Finally, we were also pleased to see churn has normalised below 10%, confirming our [conclusion](#) at the half-year that the spike in churn was an outlier.

EML Payments also came out with a market update during the month. To no surprise, the mall business has been significantly impacted in April due to closures. Management expects trading conditions to gradually improve, as malls start to open by June. Other parts of the business, such as gaming, virtual accounts numbers (VANs), and salary packaging remain resilient, which highlights the value of a diversified client base. On the positive note, the crisis has certainly put digital transformation at the top of every company's priorities (if not already), which plays well to EML's advantage. The company recently signed multiple deals within buy-now-pay-later, consumer finance, and digital banking spheres. With the shift of the business more towards reloadable programs, roughly \$125m of cash on the balance sheet, and a strong pipeline of deals, we believe EML will come out stronger on the other side of this crisis.

Pro Medicus also updated the market just after month end, announcing the signing of their fourth largest contract ever at \$22 million over 5 years. It was also pleasing to hear that the company appears to be through the worst of COVID-19 impacts, with image volumes recovering quickly, including many institutions planning to open extended hours and weekends to catch up on the backlog. The shutdown has had little impact on implementations with the Ohio State University implementation on track to be completed by the end of June, after being delivered entirely remotely.

Thank You and a Reminder

Thanks again to all our investors for your time and trust. We appreciate it a great deal and hope you and yours are well during this challenging time.

Also, the end of June marks the end of the Fund's fiscal year, so investors should expect to hear from us again next in late July as our annual letter takes longer to prepare. Investors can catch up on the Fund's performance on our [website](#) in the meantime, though, and we expect an announcement around the Fund's annual distribution to come early in July.

Best Regards,
Lakehouse Capital

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 (PDS) and Additional Product Disclosure Statement (APDS) dated 15 March 2019, and investors should consider the PDS before deciding whether to invest in the Fund or continue to hold units in the Fund. 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. The PDS and APDS can be obtained by visiting www.oneinvestment.com.au/lakehouse

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.