



# LAKEHOUSE GLOBAL GROWTH FUND

CONCENTRATED PORTFOLIO  
Only our best ideas qualify

LOW TURNOVER  
Owners of businesses, not traders

ACTIVE, RESEARCH DRIVEN PROCESS  
Bottom up, fascination led analysis

## WHO IS LAKEHOUSE CAPITAL?

- A boutique fund manager focused on delivering high-conviction growth equity strategies
- Established in 2016 Lakehouse has a globally experienced investment team of seven based in Sydney
- Profitable business with a strong balance sheet, managing funds with a diverse client base

## WHY INVEST IN THE LAKEHOUSE GLOBAL GROWTH FUND?

- A professionally managed fund with exposure to a global investment universe
- Diverse investment team with global backgrounds and perspectives
- A differentiated investment approach focused on enduring business models or 'fascinations' - Loyalty, Intellectual Property (IP) and Networks
- Benchmark unaware with high active share and, low turnover
- Commitment to Environmental, Social and Governance (ESG) initiatives

## INVESTMENT PHILOSOPHY

### Asymmetric Outcomes

We seek asymmetric opportunities, meaning we seek investment opportunities with *multiple ways to win and few ways to lose*.

### High Conviction

We back our *best ideas with conviction* with a 20 to 30 stock portfolio. Numerous studies show that managers' best ideas on average add value whilst, their smaller positions tend to detract value. Likewise, the incremental diversification benefits of additional positions fade quickly. Thus, we hold a smaller number of positions that are better understood by our team.

### Long Term

In a world where investors increasingly seek to compete on how quickly they can react, *Lakehouse competes on patience*. We believe a long time horizon provides a structural advantage in equity markets as robust empirical research demonstrates that turnover is inversely correlated to performance. By extending our time horizon we shift the drivers of our performance away from short-term fluctuations and towards long-term business fundamentals.

## COMPANY ATTRIBUTES

Our investment philosophy leads us to search for companies that display the following attributes:

- Strong positions in growing markets
- Aligned and experienced management teams
- Pricing power with both customers and suppliers
- Conservative balance sheets
- Durable competitive advantages
- Attractive valuations



# LAKEHOUSE GLOBAL GROWTH FUND

## FASCINATIONS LED APPROACH

### Identifying Opportunities

We are fascinated by companies and our desire to identify and understand the factors that give them an edge in delivering long-term sustainable growth. We focus on enduring business models possessing attributes that align with long-term growth characteristics. The three **Fascinations** of Lakehouse are explained below:

### Intellectual Property (IP)

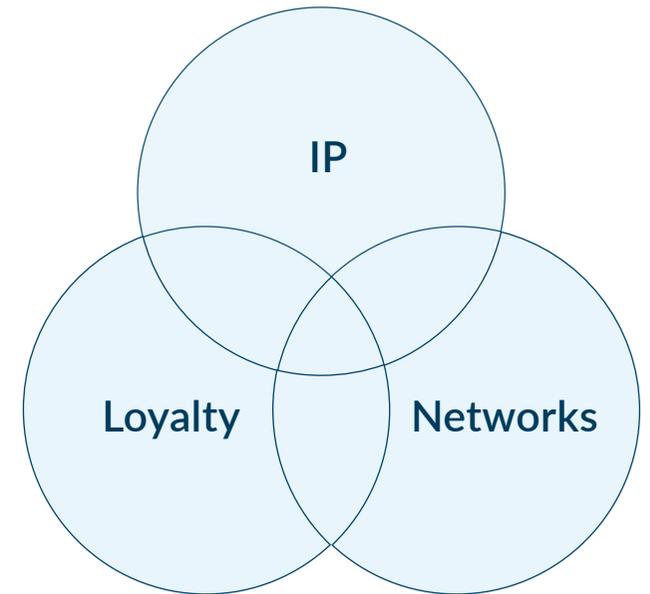
Think brands, data, patents, or even corporate cultures that are difficult to replicate. Businesses with strong IP have enduring pricing power and, often, an innovative culture and strong distribution network that creates and scales new and valuable IP.

### Network Effects

Think marketplaces, exchanges, payment networks, social networks. **What is a network effect?** A business exhibits a true network effect when the value of its products and/or services increases as more customers join the network. We're passionate about businesses with network effects because many of them scale quickly with capital efficiency, creating a significant amount of value in short order.

### Loyalty

Think enterprise software, payment processors, subscriptions, or any other form of business with a strong focus on customer loyalty and retention. Importantly, we view loyalty as not simply resistance to high switching costs, but also the delivery of value and delight to customers that makes them want to stay for long periods of time.



### Our Fascinations are only the beginning...

Once we have unearthed an idea through our Fascinations approach it is only the beginning of the investment journey. Next we must explore more deeply, build our knowledge, checklist every idea and write a detailed peer reviewed thesis. Most ideas never make it through this process but those that do are rigorously evaluated to ensure they fit into our concentrated and long term fund.

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