

LAKEHOUSE SMALL COMPANIES FUND

OCTOBER 31, 2021



ABOUT THE FUND

The Lakehouse Small Companies Fund invests in fast growing small companies listed in Australia and New Zealand. They are companies that are typically less researched, and have greater potential upside.

INVESTMENT OBJECTIVE

The fund's objective is to outperform the S&P/ASX Small Ordinaries Accumulation Index over rolling 5-year periods (after fees and expenses but before taxes).

	1 MONTH	3 MONTH	1 YEAR	3 YEAR (p.a)	SINCE INCEPTION (p.a)
LAKEHOUSE SMALL COMPANIES FUND**	0.3%	3.6%	21.2%	25.4%	24.0%
S&P/ASX SMALL ORDINARIES ACCUMULATION INDEX*	0.9%	3.7%	31.0%	13.5%	11.9%
EXCESS RETURN	-0.6%	-0.1%	-9.8%	11.9%	12.1%

** Performance calculations are based on exit price with distributions reinvested, after fees and expenses, since inception in mid-November 2016.

* Benchmark: S&P/ASX Small Ordinaries Accumulation Index.

Past performance is not indicative of future returns.

INVESTMENT STRATEGY

Lakehouse Capital's strategy for the Fund is to invest in a high conviction portfolio of 15 to 30 small companies listed in Australia and New Zealand. The investible universe consists of companies outside the S&P/ASX 100, though the Fund may continue to hold companies that grow into the ASX 100 as letting winners run is part of the Fund's long-term strategy.

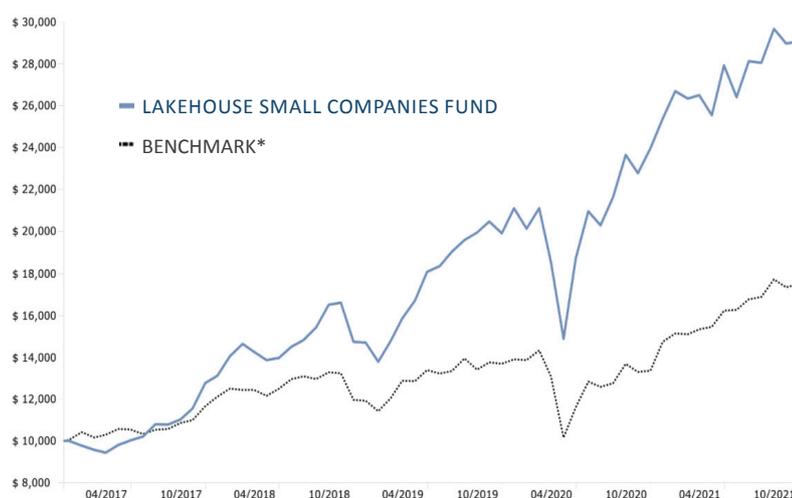
Our stringent investment process leads us to invest in companies that present the following characteristics:

- Strong positions in growing markets.
- Pricing power with customers and suppliers.
- Durable competitive advantages grounded in: scale, strong brands, network effects, or high customer switching costs.
- Aligned and experienced management teams with strong track records of capital allocation.
- Conservative balance sheets.
- Attractive valuations.

PERFORMANCE REVIEW

The Fund returned 0.3% net of fees and expenses during the month compared to a 0.9% return for the benchmark. Since inception in mid-November 2016, the Fund has returned 24.0% p.a. compared to 11.9% p.a. for the benchmark. The Fund's most significant contributor to performance during the month was **Netwealth (+18.8%)**, given the company provided a quarterly update, which included a 25% upgrade in full year guidance for Funds Under Administration (FUA). This is a particularly strong signal only one quarter into the financial year. The largest detractor was **EML Payments (-24.2%)**, which announced an update on its ongoing issues with its regulator in Ireland. The market was unhappy with the update due to the uncertainty on timing of a resolution. On a positive note, EML is in a good position to benefit from economies (and malls) reopening.

PERFORMANCE SINCE INCEPTION



Source: Morningstar Direct

*Benchmark: S&P/ASX Small Ordinaries Accumulation Index

Performance is based on exit price with distributions reinvested, net of fees and expenses

Key Information

Portfolio Manager	Joe Magyer
Number of Stocks	15-30
APIR Code	OMF6696 AU
Benchmark	S&P/ASX Small Ordinaries Accumulation Index
Inception Date	15 November 2016
Fees & Costs	Management fee- 1.3% Performance fee- 15% ^
Buy/Sell Spread	+/- 0.25%
Distribution	Annual
FUM	\$436.7 million
Cash Range (Typical)	5%- 15%

^Performance fee: 15% of the amount by which the Fund's returns (after fees and expenses but before taxes) exceed the higher of the Benchmark and high watermark. This fee is payable to Lakehouse Capital.

LAKEHOUSE SMALL COMPANIES FUND

OCTOBER 31, 2021



TOP FIVE HOLDINGS OF THE FUND:

The Fund held 20 positions as at October 31, 2021:

Top 5 Holdings	Industry
Netwealth	Diversified Financials
Tyro	Data Processing & Outsourced Services
Bapcor	Automotive
Pinnacle Investment Management	Diversified Financials
EML Payments	Data Processing & Outsourced Services
Total Percentage	34.7%

FUND COMMENTARY

The sector-level portfolio breakdown provides further context on the Fund's strategy relative to the broader market for small companies. The Fund's largest sector allocations are to information technology (45.2% of total capital), financials (14.8%), and consumer discretionary (9.2%) while the benchmark's largest allocations are to materials (21.7%), consumer discretionary (15.3%), and real estate (13.4%).

The Fund embraces a differentiated approach with an emphasis on capital-light, recurring-revenue-centric business models and a bias away from cyclical, capital-intensive businesses. As a result, the Fund tends to be overweight IT and underweight materials, energy, utilities, and real estate.

For a full detailed commentary of the fund, please read our [monthly newsletter](#) located on our website.

WHO IS LAKEHOUSE CAPITAL?

Lakehouse Capital is the Sydney-based boutique fund manager of two high-conviction growth strategies. For further information on our other strategy, the Lakehouse Global Growth Fund, please feel free to contact our distribution team.

PLATFORM AVAILABILITY

The Lakehouse Small Companies Fund is available on the following platforms:

- HUB24 IDPS
- Netwealth IDPS
- AEGIS (NZ)
- Mason Stevens IDPS
- Ausmaq

Key Fund Metrics

Alpha [^]	10.6
Up Capture Ratio	159.3
Down Capture Ratio	82.6
Batting Average	60.0
Sortino Ratio	1.8
Information Ratio	1.1
Portfolio Turnover*	24.0%

Source: Factset and Lakehouse Capital
*Inception to date average annual turnover figure
[^]Annualised

CONTACT US

Stuart James- Head of Distribution

T: 0419 164 402

E: stuart.james@lakehousecapital.com.au

Mark Fenech- Business Development Manager

T: 0423 200 040

E: mark.fenech@lakehousecapital.com.au

Edwina Best- Senior Business Development Manager

T: 0404 046 179

E: edwina.best@lakehousecapital.com.au

Important Information: Equity Trustees Limited ('Equity Trustees') ABN 46 004 031 298 | AFSL 240975, is the Responsible Entity for the Lakehouse Small Companies Fund ('the Fund'). Equity Trustees is a subsidiary of EQT Holdings Limited ABN 22 607 797 615, a publicly listed company on the Australian Securities Exchange (ASX: EQT). The Investment Manager for the Fund is Lakehouse Capital Pty Ltd ('Lakehouse') ABN 30 614 957 603 | AFSL 526842. This publication has been prepared by Lakehouse to provide you with general information only. In preparing this publication, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Lakehouse, Equity Trustees nor any of their related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accept any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Product Disclosure Statement before making a decision about whether to invest in this product. Lakehouse Small Companies Fund's Target Market Determination available here - www.lakehousecapital.com.au/lscf/. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed. Disclosure: Lakehouse, its directors, employees and affiliates, may, and likely do, hold units in the Fund and securities in entities that are the subject of this report.