

LAKEHOUSE GLOBAL GROWTH FUND

MONTHLY LETTER

30 September 2023



Dear Lakehouse Investor,

September was a relatively quiet month for the Fund in terms of fundamental news flow having rolled off August's busy reporting season. However, there was no shortage of volatility for global markets as investors continued to weigh the sustainability of the ongoing economic recovery and the implications of steadily rising bond yields.

For us, it was business as usual for our long-term-driven process and we used the respite to catch up with portfolio companies including CoStar Group, Spotify, Adyen and Sansan. More broadly, we continue to take a balanced view of the current economic backdrop and remain focused on finding and backing businesses that we believe have the potential to thrive no matter whether the global economy races or stumbles forward.

Turning to performance, the Fund returned -5.0% net of fees and expenses for the month compared to -3.8% for its benchmark. Since its inception at the start of December 2017, the Fund has returned 101.4% compared to 69.7% for its benchmark. In annualised terms, the Fund has returned 12.7% since inception compared to 9.5% for its benchmark.

Fund Metrics	
Fund Net Asset Value	\$256.9 million
Net Asset Value per Unit (mid)	\$1.6358
Cash Allocation	4.6%
Top 10 Portfolio Holdings	63.5%
Companies Held	20
Benchmark	MSCI All Country World Index Net Total Returns (AUD)

	1 Month	1 Year	3 Year (p.a.)	5 Year (p.a.)	Inception (p.a.)
Lakehouse Global Growth Fund	-5.0%	20.8%	2.1%	11.7%	12.7%
Benchmark	-3.8%	20.3%	10.7%	8.9%	9.5%
Excess Return	-1.2%	0.5%	-8.6%	2.8%	3.2%

**Performance calculations are based on exit price with distributions reinvested, after fees and expenses, since inception on 30 November 2017. Returns greater than one year are annualised. Benchmark: MSCI All Country World Index net total returns (AUD). Past performance is not indicative of future returns.*

The Fund’s largest sector allocations as of the end of September were to communication services (24.7%), information technology (23.6%), and consumer discretionary (20.6%). We expect to have material allocations to these sectors over time as the sectors, or at least subsets of them, are overweight business models that lend themselves to strong long-term performance, namely intellectual property, network effects, and loyalty.

The Fund held 20 positions as of the end of the month, the ten largest of which are listed below:

Company	Headquarters	Lakehouse Investing Fascination
Amazon	USA	Loyalty, Networks, IP
MercadoLibre	Argentina	Networks, Loyalty
ServiceNow	USA	Loyalty
Constellation Software	Canada	Loyalty, IP
Alphabet	USA	IP, Networks
Visa	USA	Networks, IP, Loyalty
CoStar Group	USA	IP, Loyalty, Networks
Charles Schwab	USA	Loyalty, IP, Networks
Microsoft	USA	Loyalty, Networks, IP
Sansan	Japan	Loyalty, Networks

The Fund has a good-sized U.S. presence as that market continues to offer access to the largest source of quality growth companies. The Fund isn’t as US-heavy as it might look at first blush, though, with 56.6% of the revenue from the Fund’s portfolio companies coming from outside the US and holdings headquartered in the Netherlands, Canada, Argentina, China, Japan, Singapore and Sweden.

Zooming back into the portfolio level and as noted earlier, it was a relatively quiet month in terms of fundamental news flow for our portfolio companies. That being the case, we will limit our commentary to the portfolio’s most impactful positions and continue to look forward to another quarterly reporting season that will begin later in October.

The biggest contributor to performance during the month was [Sea Limited](#) (+17.2%), which performed well on the back of news that the Indonesian government will ban direct transactions on social media platforms. Indonesia is Sea’s largest market, and the new regulation is expected to significantly hinder their fastest

growing competitor, TikTok Shop, and benefit the incumbent e-commerce platforms like Tokopedia and Sea's Shopee. Meanwhile, the largest detractor to performance was **Sansan** (-15.2%), which sold off as growth companies in Japan pulled back across the board.

We remain positive about our investment in Sansan despite the recent weakness in the share price. Fundamentally, the business continues to perform well, and revenue growth has reaccelerated over the last two quarters to reach 28% year-on-year. One particular bright spot has been the performance of one of Sansan's newer products, the digital billing solution Bill One, which grew annual recurring revenue (ARR) by 173% year-on-year. The new product now represents 15% of Sansan's total ARR and is fast becoming a meaningful business in its own right. Management's outlook was also positive, and it was pleasing to see them update their 3-year revenue growth guide from 20% pa to mid-20%'s pa. For now, we remain patient investors, optimistic about the long-term opportunity.

Thank You

As always, thanks to all our investors for your time, trust, and support.

Best Regards,

[Lakehouse Capital](#)

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Lakehouse Global Growth Fund's Target Market Determination is available here – www.lakehousecapital.com.au/lggf/. 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.

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.