

LAKEHOUSE GLOBAL GROWTH FUND

MONTHLY LETTER

31 December 2023



Dear Lakehouse Investor,

December was a relatively quiet month for the Fund in terms of fundamental news flow as companies tend to avoid making important announcements over the holidays. As such, this month's letter will be on the lighter side.

During the month the team remained focused on evaluating existing positions and seeking new opportunities. As we look forward to 2024, we remain comfortable with our positioning and high-conviction portfolio of businesses that are collectively gaining share of large, growing markets.

The Fund returned 0.8% net of fees and expenses for the month compared to 1.8% for its benchmark. Since its inception at the start of December 2017, the Fund has returned 126.5% compared to 78.2% for its benchmark. In annualised terms, the Fund has returned 14.4% since inception compared to 10.0% for its benchmark.

Fund Metrics	
Fund Net Asset Value	\$280.5 million
Net Asset Value per Unit (mid)	\$1.8401
Cash Allocation	6.2%
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	0.8%	38.6%	3.1%	16.7%	14.4%
Benchmark	1.8%	21.4%	10.2%	12.4%	10.0%
Excess Return	-1.0%	17.2%	-7.1%	4.3%	4.4%

**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 December were to communication services (23.7%), information technology (22.5%) and consumer discretionary (20.7%). 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
Visa	USA	Networks, IP, Loyalty
Constellation Software	Canada	Loyalty, IP
Alphabet	USA	IP, Networks
Charles Schwab	USA	Loyalty, IP, Networks
Sansan	Japan	Loyalty, Networks
CoStar Group	USA	IP, Loyalty, Networks
Hemnet	Sweden	Networks, IP

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 61% of the revenue from the Fund's portfolio companies coming from outside the U.S. and holdings headquartered in the Netherlands, Canada, Argentina, China, Japan, Singapore and Sweden.

Portfolio News

At the portfolio level, the biggest contributor to performance during the month was **Charles Schwab** (+9.0%), which performed well as cash sorting headwinds continue to moderate and enable the company to pay down some of their higher-cost supplemental funding faster than anticipated. Meanwhile, the largest detractor was **Tencent** (-12.7%), whose shares declined following the Chinese government's release of new draft regulations for the gaming sector. Since the release of the proposal, shares have partially recovered as authorities appeared to soften their stance by clarifying that they may revise the draft rules and also approved the licensing of about 100 new games. Nevertheless, the proposed regulations may be negative for online gaming companies, and we will continue to monitor developments closely.

Looking Forward

January will be a busier period for the Fund as businesses gear up after the holiday period and many of our portfolio companies report their quarterly results.

As we farewell 2023 it is always tempting to join the annual rush to predict the 12 months that lie ahead. History, or even developments over the last few years, should remind us that economic forecasting is an imprecise science. There are reasons to be genuinely optimistic for the year ahead, but it will undoubtedly serve up a few surprises too. For our part, we have never claimed to be soothsayers or put much weight behind the predictive effort of others. We will therefore remain focused on where we believe we can best add value for our investors. That is taking the time to identify, research and own the best global businesses that we believe can deliver long-term outperformance. So, while we do not claim to know what 2024 has in stall, we do remain confident in the portfolio and our ability to find companies with strong and enduring business models that can deliver over the next 12 months and beyond.

Thank you to all our investors for your time, trust, and support. We hope 2024 is a healthy and prosperous year for all.

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.