

LAKEHOUSE GLOBAL GROWTH FUND

MONTHLY LETTER

29 February 2024



Dear Lakehouse Investor,

February was another strong month for the Fund driven by some impressive results from several of our portfolio companies. Particular standouts included Amazon, Mercado Libre, Spotify and Hemnet - more on some of those names shortly. Despite the solid period of outperformance over the last year, we remain confident that the Fund is well positioned to perform in the years ahead.

Big picture, our high-conviction portfolio represents a collection of businesses which exhibit clear market leadership, superior underlying economics, above-average growth potential and clean balance sheets. In our view, these businesses are in an advantaged position relative to most other businesses, whether they be considered 'growth' or 'value' style, and we believe they will continue to thrive regardless of the macroeconomic or geopolitical issues of the day.

The Fund returned 9.1% net of fees and expenses for the month compared to 5.9% for its benchmark. Since its inception at the start of December 2017, the Fund has returned 160.4% compared to 95.9% for its benchmark. In annualised terms, the Fund has returned 16.5% since inception compared to 11.4% for its benchmark.

Fund Metrics	
Fund Net Asset Value	\$318.9 million
Net Asset Value per Unit (mid)	\$2.1155
Cash Allocation	11.1%
Top 10 Portfolio Holdings	61.5%
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	9.1%	41.8%	7.3%	16.7%	16.5%
Benchmark	5.9%	27.5%	13.1%	12.5%	11.4%
Excess Return	3.2%	14.3%	-5.8%	4.2%	5.1%

**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 February were to communication services (24.2%), information technology (21.3%) and consumer discretionary (18.7%). 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
Sansan	Japan	Loyalty, Networks
MercadoLibre	Argentina	Networks, Loyalty
ServiceNow	USA	Loyalty
Hemnet	Sweden	Networks, IP
Alphabet	USA	IP, Networks
Charles Schwab	USA	Loyalty, IP, Networks
Visa	USA	Networks, IP, Loyalty
Adyen	Netherlands	Loyalty, IP
CoStar Group	USA	IP, 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 59% 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 **Sansan** (+27.0%), which (belatedly) performed well after some encouraging results in January showed strong 35% year-on-year growth primarily driven by their newer and faster growing product, digital billing solution, Bill One. For our thoughts on that, please see our comments in last month's letter [here](#). Meanwhile, the largest detractor was **MercadoLibre** (-5.4%), which underperformed following the release of, what we believed, was a relatively strong quarterly update. More on that below.

The Fund's largest position, **Amazon**, delivered another strong result with revenue growth accelerating for the fourth straight quarter and cost discipline driving significant operating leverage across the business. Net sales grew 14% year-over-year (13% in constant currency terms) to \$170 billion whilst operating income grew 389% to \$13.2 billion, well ahead of guidance and analysts' expectations. Growth within the core e-commerce business remained healthy as the company delivered a record-breaking Black Friday and Cyber Monday holiday shopping event. Customers worldwide purchased more than one billion items and saved nearly 70% more during the 11 days of deals compared to the same period in 2022. In the U.S., customers ordered over 500 million items from independent sellers and millions of customers signed up for Prime. At current levels, Amazon's valuation at 15x EBITDA is the most attractive it's been since the Global Financial Crisis and we remain confident that patient shareholders will be treated well as the company is set to deliver many years of solid revenue growth and margin expansion.

Latin America's leading e-commerce company, MercadoLibre, reported another standout result to cap off another incredibly successful year. The company reported record levels of operating income and margin expansion in 2023, all whilst maintaining 35%-plus top-line growth. Its marketplace business experienced double-digit growth across all key markets - namely Brazil, Argentina and Mexico - and generated \$44.7 billion in gross merchandise value (GMV), up 30% year-on-year. The company is increasingly outperforming its peers in e-commerce and gaining market share, particularly in Brazil thanks to its broad selection, competitive pricing and differentiated logistics capabilities, which enable the company to deliver items faster than its competitors. Zooming out, we remain strong supporters of the business and still believe it's early days as the combination of relatively nascent penetration of e-commerce and a large underbanked population in Latin America provide an excellent foundation for future growth.

Looking Forward

As always, thanks to all our investors for your time and trust. We're pleased with our progress towards our goal of long-term outperformance and are excited for the years ahead.

Best Regards,

[Lakehouse Capital](#)

For more information call us on +61 2 8294 9800, email investorsupport@lakehousecapital.com.au or visit www.lakehousecapital.com.au

Equity Trustees Limited ('Equity Trustees') ABN 46 004 031 298 | AFSL 240975, is the Responsible Entity for the Lakehouse Global Growth Fund ('the Fund') ARSN 621 899 367. 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 Capital Pty Ltd to provide you with general information only. All company related key financial statistics and metrics are provided in good faith and are sourced from the latest available information on the relevant listing exchanges and/or data providers sourced by Lakehouse Capital Pty Ltd. However, they should not be relied upon to make financial decisions for your own

personal circumstances. 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 available here - www.lakehousecapital.com.au/lggf/ - before making a decision about whether to invest in this product.

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.