

Lakehouse Small Companies Fund

ARSN 615 265 864

**Condensed financial report
For the half-year ended
31 December 2023**

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Condensed financial report For the half-year ended 31 December 2023

Contents

Directors' report

Auditor's independence declaration

Condensed statement of comprehensive income

Condensed statement of financial position

Condensed statement of changes in equity

Condensed statement of cash flows

Notes to the condensed financial statements

Directors' declaration

Independent auditor's review report to the unit holders of Lakehouse Small Companies Fund

This condensed financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this condensed financial report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made in respect of Lakehouse Small Companies Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This condensed financial report covers Lakehouse Small Companies Fund as an individual entity.

The Responsible Entity of Lakehouse Small Companies Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975).

The Responsible Entity's registered office is:

Level 1, 575 Bourke Street,
Melbourne, VIC 3000.

Director's report

The directors of Equity Trustees Limited, the Responsible Entity of Lakehouse Small Companies Fund (the "Fund"), present their report together with the condensed financial statements of the Fund for the half-year ended 31 December 2023. These condensed financial statements have been prepared as it is a disclosing entity under the *Corporations Act 2001*.

Principal activities

The Fund's investment objective is to outperform the S&P/ ASX Small Ordinaries Accumulation Index (Benchmark) over rolling five year periods (after fees and expenses but before taxes) by investing in a high conviction portfolio of 15 to 30 small companies listed in Australia and New Zealand in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund did not have any employees during the half-year ended 31 December 2023.

There were no significant changes in the nature of the Fund's activities during the half-year ended 31 December 2023.

The various service providers for the Fund are detailed below:

Service	Provider
Responsible Entity	Equity Trustees Limited
Investment Manager	Lakehouse Capital Pty Ltd
Custodian and Administrator	Apex Fund Services Pty Ltd (an Apex Group Company)
Statutory Auditor	Ernst & Young

Directors

The following persons held office as directors of Equity Trustees Limited during or since the end of the half-year and up to the date of this report:

Philip D Gentry	Chairman
Michael J O'Brien	
Russell W Beasley	
Mary A O'Connor	
David B Warren	

Review and results of operations

During the half-year, the Fund continued to invest its funds in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund's performance was 11.6% (net of fees) for the half-year ended 31 December 2023. The Fund's benchmark, the S&P/ASX Small Ordinaries Accumulation Index, returned 6.4% for the same period.

The Fund's performance return is calculated based on the percentage change in the Redemption Price of the Fund over the period (with any distributions paid during the period reinvested). Return is disclosed after fees and expenses but before taxes.

The performance of the Fund, as represented by the results of its operations, was as follows:

	Half-year ended	
	31 December 2023	31 December 2022
Profit/(loss) for the half-year (\$'000)	24,688	25,282

There were no distributions declared during the half-year ended 31 December 2023 and 31 December 2022.

Significant changes in the state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Fund that occurred during the half-year ended 31 December 2023.

Director's report (continued)

Matters subsequent to the end of the period

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may have a significant effect on:

- i. the operations of the Fund in future financial years; or
- ii. the results of those operations in future financial years; or
- iii. the state of affairs of the Fund in future financial years.

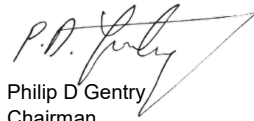
Rounding of amounts to the nearest thousand dollars

Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.



Philip D Gentry
Chairman

Melbourne
12 March 2024



**Building a better
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Auditor's Independence Declaration to the Directors of Equity Trustees Limited as Responsible Entity for Lakehouse Small Companies Fund

As lead auditor for the review of the condensed financial report of Lakehouse Small Companies Fund for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads "Ernst & Young".

Ernst & Young

A handwritten signature in black ink that reads "Luke Slater".

Luke Slater
Partner
12 March 2024

Lakehouse Small Companies Fund
Condensed statement of comprehensive income
For the half-year ended 31 December 2023

Condensed statement of comprehensive income

	Note	Half-year ended	
		31 December 2023 \$'000	31 December 2022 \$'000
Investment income			
Interest income from financial instruments at amortised cost		225	51
Dividend income		1,053	924
Net gains/(losses) on financial instruments at fair value through profit or loss		24,961	25,817
Other income		-	3
Total investment income/(loss)		26,239	26,795
Expenses			
Management fees and costs		1,478	1,451
Transaction costs		73	62
Total expenses		1,551	1,513
Profit/(loss) for the half-year		24,688	25,282
Other comprehensive income		-	-
Total comprehensive income for the half-year		24,688	25,282

The above condensed statement of comprehensive income should be read in conjunction with the accompanying notes.

Condensed statement of financial position

	Note	As at	
		31 December 2023 \$'000	30 June 2023 \$'000
Assets			
Cash and cash equivalents		15,214	17,983
Due from brokers - receivable for securities sold		-	1,238
Receivables	7	106	82
Financial assets at fair value through profit or loss	4	217,781	201,377
Total assets		233,101	220,680
Liabilities			
Payables	8	263	230
Due to brokers - payable for securities purchased		35	-
Total liabilities		298	230
Net assets attributable to unit holders – equity	5	232,803	220,450

The above condensed statement of financial position should be read in conjunction with the accompanying notes.

Lakehouse Small Companies Fund
Condensed statement of changes in equity
For the half-year ended 31 December 2023

Condensed statement of changes in equity

	Note	Half-year ended	
		31 December 2023 \$'000	31 December 2022 \$'000
Total equity at the beginning of the half-year		220,450	177,986
Comprehensive income for the half-year			
Profit/(loss) for the half-year		24,688	25,282
Other comprehensive income		-	-
Total comprehensive income		24,688	25,282
Transactions with unit holders			
Applications	5	1,528	2,097
Redemptions	5	(13,863)	(9,079)
Reinvestment of distributions	5	-	14,332
Total transactions with unit holders		(12,335)	7,350
Total equity at the end of the half-year		232,803	210,618

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed statement of cash flows

	Half-year ended	
	31 December 2023 \$'000	31 December 2022 \$'000
Cash flows from operating activities		
Proceeds from sale of financial instruments at fair value through profit or loss	23,826	40,121
Payments for purchase of financial instruments at fair value through profit or loss	(13,996)	(15,206)
Interest income received from financial instruments at amortised cost	205	25
Dividends received	1,053	924
GST received/(paid)	(4)	13
Other income received	-	3
Management fees and costs paid	(1,445)	(1,447)
Transaction costs paid	(73)	(62)
Net cash inflow/(outflow) from operating activities	9,566	24,371
Cash flows from financing activities		
Proceeds from applications by unit holders	1,528	2,097
Payments for redemptions by unit holders	(13,863)	(9,079)
Distributions paid to unit holders	-	(5,587)
Net cash inflow/(outflow) from financing activities	(12,335)	(12,569)
Net increase/(decrease) in cash and cash equivalents	(2,769)	11,802
Cash and cash equivalents at the beginning of the half-year	17,983	14,848
Cash and cash equivalents at the end of the half-year	15,214	26,650
Non-cash operating and financing activities		
Issue of units under the distribution reinvestment plan	-	14,332

The above condensed statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the condensed financial statements

Contents

- 1 General information
- 2 Basis of preparation
- 3 Fair value measurement
- 4 Financial assets at fair value through profit or loss
- 5 Net assets attributable to unit holders - equity
- 6 Distributions to unit holders
- 7 Receivables
- 8 Payables
- 9 Events occurring after the reporting period
- 10 Contingent assets and liabilities and commitments

1 General information

These condensed financial statements cover Lakehouse Small Companies Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 7 October 2016 and will terminate in accordance with the Fund's Constitution or by Law.

The Responsible Entity of the Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975) (the "Responsible Entity"). The Responsible Entity's registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000. These condensed financial statements are presented in the Australian currency unless otherwise noted.

The Fund's investment objective is to outperform the S&P/ ASX Small Ordinaries Accumulation Index (Benchmark) over rolling five year periods (after fees and expenses but before taxes) by investing in a high conviction portfolio of 15 to 30 small companies listed in Australia and New Zealand in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The condensed financial statements were authorised for issue by the directors on the date the Directors' declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the condensed financial statements.

2 Basis of preparation

These condensed financial statements have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

These condensed financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these condensed financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2023 and any public announcements made in respect of the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The directors are satisfied that the Fund has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

Material accounting policies

The accounting policies applied in these condensed financial statements are the same as those applied to the Fund's financial statements for the year ended 30 June 2023.

i. *New and amended standards adopted by the Fund*

The Fund has applied the following standards and amendments for the first time for its financial year beginning 1 July 2023:

- *AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2].

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

None of the other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2023 have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

ii. *New standards and interpretations not yet adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2024 and have not been early adopted in preparing these condensed financial statements.

None of these are expected to have a material effect on the condensed financial statements of the Fund.

3 Fair value measurement

The Fund measures and recognises financial assets and liabilities at fair value through profit or loss on a recurring basis.

- Financial assets at fair value through profit or loss (see Note 4)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The Fund values its investments in accordance with the accounting policies set out in Note 2 to the condensed financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

a. Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and listed equity securities) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for financial assets held by the Fund is the current last price; the quoted market price for financial liabilities is the current asking price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

b. Recognised fair value measurements

The table below presents the Fund's financial assets and liabilities measured and recognised at fair value as at 31 December 2023 and 30 June 2023.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 31 December 2023				
Financial assets				
Listed equity securities	217,781	-	-	217,781
Total financial assets	217,781	-	-	217,781
As at 30 June 2023				
Financial assets				
Listed equity securities	201,377	-	-	201,377
Total financial assets	201,377	-	-	201,377

c. Transfer between levels

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy at the end of the reporting period (30 June 2023: nil).

d. Financial instruments not carried at fair value

The carrying values of cash and cash equivalents, receivables and payables approximate their fair values due to their short-term nature.

4 Financial assets at fair value through profit or loss

	As at	
	31 December 2023 \$'000	30 June 2023 \$'000
Listed equity securities	217,781	201,377
Total financial assets at fair value through profit or loss	217,781	201,377

5 Net assets attributable to unit holders - equity

Under AASB 132 *Financial Instruments: Presentation*, puttable financial instruments are classified as equity where certain strict criteria are met. The Fund shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions. The Fund's units are classified as equity as they meet the definition of a financial instrument to be classified as equity.

Movements in the number of units and net assets attributable to unit holders during the half-year were as follows:

	Half-year ended		Half-year ended	
	31 December 2023 Units '000	31 December 2023 \$'000	31 December 2022 Units '000	31 December 2022 \$'000
Opening balance	163,383	220,450	169,537	177,986
Applications	1,100	1,528	1,721	2,097
Redemptions	(9,887)	(13,863)	(7,442)	(9,079)
Reinvestment of distributions	-	-	13,652	14,332
Profit/(loss) for the half-year	-	24,688	-	25,282
Closing balance	154,596	232,803	177,468	210,618

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right in the underlying assets of the Fund.

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

6 Distributions to unit holders

There were no distributions declared during the half-year ended 31 December 2023 and 31 December 2022.

7 Receivables

	As at	
	31 December 2023 \$'000	30 June 2023 \$'000
GST receivable	58	54
Interest receivable	48	28
Total receivables	106	82

8 Payables

	As at	
	31 December 2023 \$'000	30 June 2023 \$'000
Management fees and costs payable	263	230
Total payables	263	230

9 Events occurring after the reporting period

No significant events have occurred since the end of the half-year which would impact on the financial position of the Fund as disclosed in the condensed statement of financial position as at 31 December 2023 or on the results and cash flows of the Fund for the half-year ended on that date.

10 Contingent assets and liabilities and commitments

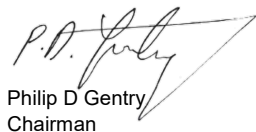
There were no outstanding contingent assets, liabilities or commitments as at 31 December 2023 and 30 June 2023.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- a. The condensed financial statements and notes set out on pages 5 to 13 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the Fund's financial position as at 31 December 2023 and of its performance for the half-year ended on that date.
- b. There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.



Philip D Gentry
Chairman

Melbourne
12 March 2024



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Independent Auditor's Review Report to the Unit holders of Lakehouse Small Companies Fund

Conclusion

We have reviewed the accompanying condensed financial report of Lakehouse Small Companies Fund (the Fund), which comprises the condensed statement of financial position as at 31 December 2023, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the condensed financial report of the Fund does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the Fund's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors of the Responsible Entity's responsibilities for the condensed financial report

The directors of Equity Trustees Limited (the Responsible Entity) are responsible for the preparation of the condensed financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determine is necessary to enable the preparation of the condensed financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the condensed financial report

Our responsibility is to express a conclusion on the condensed financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the condensed financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Fund's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



A review of a condensed financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

Luke Slater

Luke Slater
Partner
Melbourne
12 March 2024