LAKEHOUSE GLOBAL GROWTH FUND

MONTHLY LETTER

30 November 2023

Dear Lakehouse Investor,

Fund Metrics	
Fund Net Asset Value	$279.5 million
Net Asset Value per Unit (mid)	$1.8262
Cash Allocation	3.1%
Top 10 Portfolio Holdings	64.7%
Companies Held	20
Benchmark	MSCI All Country World Index Net Total Returns (AUD)

November was a positive month for global equity markets with the team's primary focus on a number of portfolio companies that reported earnings. Big picture, results were pleasing as the portfolio's holdings continue to execute on their growth opportunities and display robust fundamentals. As we approach the end of 2023, the macro headwinds are continuing to ease - inflation continues to moderate and 10-year bond yields are broadly stabilising. This has created a favourable environment for long-duration, high-quality growth, as the focus has shifted back towards fundamentals. Despite the strong period of performance for the Fund year to date, looking forward, we are confident that the portfolio remains well positioned to outperform as we move into 2024.

Turning to performance, the Fund returned 10.9% net of fees and expenses for the month compared to 4.3% for its benchmark. Since its inception at the start of December 2017, the Fund has returned 124.8% compared to 75.0% for its benchmark. In annualised terms, the Fund has returned 14.4% since inception compared to 9.8% for its benchmark.

	1 Month	1 Year	3 Year (p.a.)	5 Year (p.a.)	Inception (p.a.)
Lakehouse Global Growth Fund	10.9%	29.2%	3.0%	16.0%	14.4%
Benchmark	4.3%	13.1%	9.5%	11.2%	9.8%
Excess Return	6.6%	16.1%	-6.5%	4.8%	4.6%

**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 November were to information technology (24.1%), communication services (24.0%), and consumer discretionary (21.1%). 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
CoStar Group	USA	IP, Loyalty, Networks
Sansan	Japan	Loyalty, Networks
Hemnet	Sweden	Networks, IP
Charles Schwab	USA	Loyalty, IP, 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 57% 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.

Company News & Results

At the portfolio level, the biggest contributor to performance during the month was Adyen (+66.5%), whose shares surged in response to its 2023 Capital Markets Day held in early November. At the event management provided a strong Q3 business update and unveiled new growth targets along with a detailed pathway to achieve them. As we have discussed over the last few months, we did (and continue) to believe that Adyen's unified global payments platform is far from a commodity solution. We viewed the recent share price weakness as an opportunity to increase the Funds holding in September and believe the business remains well placed to grow at 20%-plus over the medium term and continue gaining market share.

Meanwhile, the largest detractor was Sea Limited (-17.1%), which sold off following the release of its quarterly results where earnings came in below expectations. For our part, while a headline drop in profitability can appear worrying, we aren’t overly concerned as it was merely a function of management's intentional decision to increase investment towards e-commerce to drive growth. As the broader Southeast Asian e-commerce market recovers from some post pandemic headwinds and their primary competitor TikTok is entangled in a regulatory setback in Indonesia, we agree with management that now is the time to be aggressive and pivot back to growth mode and consolidate market share.

The Funds second largest holding, Buenos Aires-based e-commerce leader MercadoLibre delivered another standout result in November that came in well ahead of analysts' expectations. Net revenue grew 40% year-on-year in U.S. dollar terms to $3.76 billion while operating income grew 131% to $685 million, providing a very impressive balance of growth and profitability. The marketplace business grew across all major regions and total gross merchandise volume (GMV) increased to $11.4 billion, up 32% year-on-year. The platform's core metrics remained healthy with items sold accelerating for the fourth straight quarter to 357 million, unique buyers increasing 18% year-on-year to 50.3 million and items sold per buyer reaching an all-time high of 7.1.

As always, the company continues to invest in its logistics capabilities and is now able to deliver 80% of all items sold within 48 hours and 54% same or next day. In our view, building and owning a first-class logistics network is critical for the company's success as it will ultimately help protect its market share and profits from competitors over the long-term. We also note that faster shipping accelerates sales growth, which in turn, fosters wider selection, better prices, and greater investment in logistics, all part of a virtuous cycle. Zooming out, as the largest ecommerce player in LATAM, we continue to believe MercadoLibre is in an ideal position to capitalise on the significant opportunities ahead and deliver many years of above average growth and margin expansion.

Canadian-based Constellation Software delivered another strong quarterly result with revenue growing 23% (8% organic) to $2.12 billion and net income up 30% to $177 million. The current environment – one of higher interest rates and tighter liquidity – plays towards Constellations acquisitive model as lower valuations and less competition more broadly are enabling them to deploy greater amounts of capital on more favourable terms. To that end, over the last twelve months the company has deployed almost $1.7 billion on acquisitions, which is roughly three times pre-pandemic levels. Overall, we remain confident in Constellation’s ability to maintain growth at scale and find the defensive and somewhat counter-cyclical nature of the business attractive, particularly in these tough economic times.

Thank You

The Lakehouse Global Growth Fund celebrated its sixth birthday at the end of November. We’ve come a long way over the years with the Fund delivering a net 14.4% annualised return since inception. We hope our progress towards our goal of long-term outperformance has been pleasing and as always, we are extremely thankful for your time and trust. We appreciate it a great deal.

Best Regards,

Lakehouse Capital

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