

LAKEHOUSE SMALL COMPANIES FUND

MONTHLY LETTER

31 December 2025



Dear Lakehouse Investor,

December was a tough month for the Fund as the share prices of some of our larger holdings fell. A corollary of owning a concentrated portfolio is that the Fund can zig while the market zags, and that was the case this month.

The Fund declined -7.5% (after fees and expenses) in December compared to 1.4% for the benchmark. Since inception in mid-November 2016 the Fund has produced a net total return of 208.4% compared to 110.8% for the benchmark. On an annualised basis, the Fund has returned 13.1% per year (net of fees and expenses), compared to 8.5% per year for the benchmark.

Fund Metrics	
Companies Held	20
Cash Allocation	5.4%
Top 5 Portfolio Holdings	40.2%
Fund Net Asset Value (NAV)	\$260.5 million
NAV per Unit (mid)	\$1.9404
Benchmark	S&P/ASX Small Ordinaries Accumulation Index

	1 Month	1 Year	3 Year (p.a.)	5 Year (p.a.)	Inception (p.a.)
Lakehouse Small Companies Fund*	-7.5%	4.9%	21.9%	2.9%	13.1%
Benchmark**	1.4%	25.0%	13.4%	6.9%	8.5%
Excess Return	-8.9%	-20.1%	8.5%	-4.0%	4.6%

* Performance calculations are based on exit price with distributions reinvested, after fees and expenses, since inception in mid-November 2016. Returns greater than one year are annualised. Past performance is not indicative of future returns.

**Benchmark: S&P/ASX Small Ordinaries Accumulation Index.

Company News

At the portfolio level, the Fund's five largest holdings at month end accounted for 40.2% of the portfolio and are named in order of allocation: [SiteMinder](#), [Fineos](#), [Catapult](#), [Cogstate](#) and [Objective Corporation Limited](#).

The Fund's most significant contributor to performance during the month was [Magellan](#) (+4.9%) and Catapult (-22.7%) was the biggest detractor on no fundamental news, but its share price has continued to weaken following its first half 2026 result, which we discussed [last month](#).

This is the first time discussing our investment in Magellan Financial Group. At a high level, most will think of Magellan as a (shrinking) investment manager of global listed infrastructure and equity funds. While the market continues to view Magellan primarily through the rearview mirror of its legacy funds management business, our thesis focuses on the less-appreciated value within its 'Capital Partners' segment – in particular the rapid ascent and move to profitability of their stake in Barrenjoey.

At a high level, the market implies little value to Magellan outside of its core funds management operations, ignoring the growth from their 36.4% interest in investment bank, Barrenjoey, 29.5% stake in quant investment manager, Vinva, and 16% holding in financial market infrastructure provider, FinClear.

The revolving door of issues at Magellan appears to have slowed, management team stabilised, and outflows from the legacy business moderated. Meanwhile Barrenjoey has successfully disrupted the local investment banking oligopoly -- securing top-tier league table positions in M&A and equity capital markets within its short existence -- and, crucially, transitioned from a capital-intensive build phase to a more cash-generative harvest phase, whilst still expanding offshore.

Barrenjoey paid its maiden dividend in FY25, and with both Barrenjoey and Vinva set to distribute dividends in the first half of fiscal 2026, we see an improving earnings profile ahead compared to that endured in recent years. The thesis is supported by a pristine balance sheet that offers significant downside protection as the business carries no debt and holds around \$560 million in excess capital across cash and liquid investments. It may take several years for this excess capital to fully benefit shareholders, though progress is being made including management buying back approximately 5% of shares on issue over the last 12 months at an average price of \$8.15, and broadening the dividend policy to 80% of (the more diversified) group operating profit.

Whilst we've only taken a modest position in the portfolio, we see a brighter future ahead for Magellan. With 18% of its market capitalisation in cash and financial assets, and shares selling for discounted single digit earnings multiple, we are paying a deeply discounted price for the investment management business and effectively getting the growth optionality of Barrenjoey – and to a lesser extent, Vinva and FinClear – almost for free.

Turning to Cogstate, the company provided a trading update indicating contract sales for the first half of financial year 2026 are expected to be in the range of US\$37–40 million, up 82–97% on the prior corresponding period and representing its second-best half on record. The result reflects a record pipeline and a more diversified mix of wins across; disease areas, contract sizes and customers, with underlying demand and sales momentum remaining strong. While several contracts were signed late in the half, this delayed revenue recognition, and a higher mix of service-based revenue alongside incremental investment to support an expanding range of indications weighed on reported revenue and margins for the period.

Importantly, these impacts are timing-related rather than structural, with the growing contracted backlog expected to support revenue and margin recovery through the second half and beyond. Nonetheless, the timing delays are negative in the short-term and weighed on both the Cogstate share price, and in turn the

Lakehouse Small Companies Fund unit price, in December. We saw this as a buying opportunity and topped up the Fund's investment.

Thank You

January will be a busier period for the Fund as businesses gear up after the holiday break, including preparing for the busy February half-year reporting.

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

Best regards,

Donny, Erwin, Nick, and the Lakehouse Team.

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Lakehouse Small Companies Fund's Target Market Determination is available here - <https://www.lakehousecapital.com.au/lscf/>. 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.