LAKEHOUSE SMALL COMPANIES FUND

MONTHLY LETTER

31 August 2026

LAKEHOUSE CAPITAL

To our Fellow Investors,

August was a busy month for the team as 14 portfolio businesses released full- or half-year results. It was a particularly volatile period with our portfolio companies experiencing an average absolute share price move of ±10.1% on the day they reported. The volatility offered an opportunity to top up several portfolio holdings at attractive prices. We're particularly enthused about the current portfolio with 9 of the 17 holdings trading among their lowest multiples in a decade despite, in our view, bright prospects in the years ahead. For patient, long-term investors, we believe this is exactly the kind of setup from which attractive future returns tend to emerge.

Fund Metrics	
Companies Held	17
Cash Allocation	4.6%
Top 5 Portfolio Holdings	45.4%
Fund Net Asset Value (NAV)	$186.3 million
NAV per Unit (mid)	$1.4910
Benchmark	S&P/ASX Small Ordinaries Accumulation Index

The Fund returned 0.7% (after fees and expenses) for the month compared to 5.2% for the benchmark. Since inception in mid-November 2016 the Fund has produced a net total return of 145.3% compared to 97.7% for the benchmark. On an annualised basis, the Fund has returned 9.6% per year (net of fees and expenses), compared to 7.2% per year for the benchmark.

	1 Month	1 Year	3 Year (p.a.)	5 Year (p.a.)	Inception (p.a.)
Lakehouse Small Companies Fund*	0.7%	-27.8%	5.2%	-3.7%	9.6%
Benchmark**	5.2%	-1.2%	9.8%	2.2%	7.2%
Excess Return	-4.5%	-26.6%	-4.6%	-5.9%	2.4%

** 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 45.4% of the portfolio and are named in order of allocation: Cogstate, Catapult, Fineos, Pinnacle Investment Management and SiteMinder.

Cogstate (+24.8%) was the Fund's most significant contributor during August, capping a record year of contract sales with revenue up 15% to US$60.9 million. Growth was helped by a mix shift, as a more diversified spread of shorter central nervous system trials converted faster than the Alzheimer's work that once dominated the order book. Underneath the headline numbers, the business looks more durable than it did a year ago, with distribution now wider and channel partners originating around 40% of new signings. That extended reach has translated into new trial starts more than doubling to 90 versus a year ago, lifting the total number of active trials 55% to 171. The pipeline looks promising, with the largest share of this work sitting in Phase 2 trials which on a successful readout will ultimately graduate into higher-value Phase 3 studies.

Growth remained profitable, with margins held flat through the expansion and EBITDA rising in line with revenue at 15% to US$18.3 million. This was despite elevated reinvestment in the specialist personnel needed to support a widening portfolio of clinical trials. That translated into healthy cash generation, Cogstate ended the year with US$34.8 million of cash and no debt, and pleasingly, doubled its fully franked dividend to 4 cents for the year.

We continue to see plenty of ways for Cogstate to win from here, underpinned by sales momentum that has it starting FY27 with contracted revenue 54% ahead of last year, and already building a similar head start into FY28. Its distribution partnerships are proving mutually beneficial and have drawn interest from other potential partners, while upcoming Alzheimer's trial readouts could revive activity in a disease where Cogstate holds a long-proven track record. Alongside this, the company is working to monetise the data it has built up, overlaying artificial intelligence to develop software-led capabilities that complement and lighten the labour-intensive parts of delivery. This reinvestment will see FY27 margins again held flat at 30%. Following the positive share price reaction in the days after the result, Cogstate remains the Fund's largest holding.

After being the Fund’s biggest contributor in July, Generation Development Group (-22.6%) was the portfolio's heaviest detractor this month as reported net profit came in 2.4% below market consensus, and FY27 cost and capital expense guidance was above expectations. The additional FY27 spending is investment in people and technology to further GDG’s leadership position in investment bonds and managed accounts, and take advantage of the strong industry tailwinds. We are supportive of sacrificing short-term profitability for longer-term growth, even if that adjustment results in a bumpy ride for the prevailing share price. On that note, we took advantage of the volatility by materially increasing the Fund’s position sizing, putting GDG in the top five holdings at the time of writing. Now turning to the results.

Funds under management (FUM) across investment bonds and managed accounts were up 35% and 37%, respectively, and Lonsec’s number of rated products and subscribers grew high-single-to-low-double digit, highlighting healthy fundamental growth across all three business lines. Group revenue grew 23% to $179 million, while underlying net profit was up 21% to $41 million. The timing of material FUM inflows later in the period mean the benefits of that growth won't be fully realised until next financial year, while ongoing investment is concealing latent operating leverage in the business. GDG remains well capitalised with $98 million in cash and equivalents, multiple growth drivers supported by structural tailwinds, and founder-like leadership that's investing to capture an outsized market position.

FINEOS delivered an encouraging first half result, with both subscription revenue and annualised recurring revenue (ARR) accelerating to roughly 15% growth. Although a smaller part of the business, APAC subscription revenues also accelerated significantly to 17.6% growth. Revenue quality continues to improve, with recurring subscription revenues now accounting for 57.8% of the total mix. The company showed operational discipline as EBITDA increased 32.3%, with margins expanding by 4.4 percentage points.

Commercial momentum remains strong. FINEOS secured two new deals for AdminSuite for Claims alongside two major cross sales to existing US enterprise clients, adding durable recurring revenue streams that stack over multi-year horizons. Shares are trading at 2.7x forward EV/revenue despite increasing revenue quality, ARR accelerating, and rapidly improving profitability. We believe this represents a compelling opportunity moving forward.

Pinnacle reported a 21% increase in net profit for the year to $138 million. FUM ended the period up 25%, and slightly ahead of consensus, setting up for a strong start to fiscal 2027. One of the larger and more strategic moves during the year was increasing to 100% ownership of UK-based managed account and distribution platform, Pacific Asset Management (PAM). Pinnacle plans to expand PAM's platform to other geographies, including Australia in fiscal 2027, and we expect it will be the biggest earnings driver within the group over the near term.

PAM marks a continuation of Pinnacle's strategic shift from taking Australian managers offshore, to partnering and owning offshore affiliates and distributing them locally and globally. It's also noteworthy that PAM's CEO and founder, Matthew Lamb, was added to the Pinnacle board and is viewed by the market as a potential successor to Ian Macoun, which may make increasing sense as the business scales globally.

There have been recent market concerns around Pinnacle affiliate, Metrics, including due to the $3.3 billion collapse of Sydney-based property developer, Bathla, and Metrics' publishing of preliminary unaudited accounts of their ASX-listed trusts. As it relates to Bathla, Metrics have stated they have no exposure. Regarding the unaudited accounts, there were delays due to staff shortages at the auditor, KPMG. We note ASX rules require listed entities to provide financial accounts by 31 August, though the statutory deadline for trusts is later at 30 September. While the collapse of a large developer in Metrics ecosystem and publishing of unaudited accounts is far from ideal, recent share price falls far exceed the proportionate value of Metrics in the diversified group. At the time of writing, Pinnacle was trading at its lowest forward-multiple ever, despite the business being more diversified than ever -- across asset classes, geographies and affiliates -- and consensus expectations for earnings per share to double over the next three years. Pinnacle remains a top five holding for the Fund.

SiteMinder navigated a bumpy year, with the second half challenged by geopolitical headwinds in the Middle East impacting travel demand, and currency fluctuations creating friction on overseas revenues. Despite these external pressures, underlying business momentum remains healthy. Subscription revenue growth accelerated to 15% in constant currency as short term pricing incentives wound down, while transaction revenues increased 34% in constant currency driven by sustained adoption of Smart Platform products. Monthly churn held steady at 1%, while lifetime value to customer acquisition cost (LTV to CAC) improved by 9% to 6.6x. Improving unit economics enabled greater operating scale, with adjusted EBITDA jumping 96% year on year to $28.1 million, albeit off a low base.

Looking ahead, we expect products like Demand Plus and Dynamic Revenue Plus to drive growth in the short to medium term while the business continues to work on its Channels Plus and Powered By offerings. The company is currently trading at 2.4x forward enterprise value to revenue -- near its lowest historical multiple. We see an attractive disconnect here, particularly given management has guided to more than 20% organic revenue growth over four years alongside an expected profit margin expansion of roughly 15 percentage points over the same timeframe. We remain patient long-term holders of the business and took the opportunity to add to our position.

Thank You

As always, thank you to all our investors for your support and trust.

Best regards,

Donny, Erwin, Nick, and the Lakehouse Team

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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 at - https://www.lakehousecapital.com.au/lscf/ - before making a decision about whether to invest in this product.

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.