LAKEHOUSE SMALL COMPANIES FUND

MONTHLY LETTER

31 October 2026

LAKEHOUSE CAPITAL

To our Fellow Investors,

October was a busy month for the team as we hosted an investor webinar and digested AGM updates and quarterly reporting across many portfolio businesses. Short-term market sentiment continues to bounce around fuelled by ongoing macroeconomic concerns and questions about the path for AI investment. We have discussed both extensively in investor letters and the recent webinar. As always, we remain less concerned by short-term price action, maintaining a disciplined focus on long-term business fundamentals and compounding capital over multi-year horizons.

Fund Metrics	
Companies Held	17
Cash Allocation	1.5%
Top 5 Portfolio Holdings	48.8%
Fund Net Asset Value (NAV)	$182.5 million
NAV per Unit (mid)	$1.4940
Benchmark	S&P/ASX Small Ordinaries Accumulation Index

The Fund returned 5.2% (after fees and expenses) for the month compared to -6.4% for the benchmark. Since inception in mid-November 2016 the Fund has produced a net total return of 145.8% compared to 80.7% for the benchmark. On an annualised basis, the Fund has returned 9.4% per year (net of fees and expenses), compared to 6.1% per year for the benchmark.

	1 Month	1 Year	3 Year (p.a.)	5 Year (p.a.)	Inception (p.a.)
Lakehouse Small Companies Fund*	5.2%	-30.1%	10.4%	-3.3%	9.4%
Benchmark**	-6.4%	-14.4%	10.0%	0.6%	6.1%
Excess Return	11.6%	-15.7%	0.4%	-3.9%	3.3%

** 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 48.8% of the portfolio and are named in order of allocation: Cogstate, Catapult, SiteMinder, Fineos and Pinnacle Investment Management.

SiteMinder (+24.5%) was the portfolio's top performer this month following its AGM update. Management narrowed its Annual Recurring Revenue (ARR) guidance to mid-20s growth over both a one- and four-year view, from "in the 20s" previously. In our assessment, this reflected no fundamental change in the company's internal outlook, only a more precise statement of it. For one of the more misunderstood holdings in our portfolio, the tighter range left the market less room to assume the low end.

Underneath the headline numbers, the products sold on top of core subscriptions continue to gain ground. Channels Plus has grown its room count by roughly 67% from a year ago to more than 400k, with a second version launching for a wider range of accommodation providers. Meanwhile, Dynamic Revenue Plus more than doubled customer billings from the June quarter to the September quarter. As these transactions and platform products layer on top of subscriptions, management is targeting adjusted EBITDA margins in the mid-20s, which would see profits grow faster than revenue.

IkeGPS Group (-22.2%) was the portfolio's heaviest detractor this month following its second-quarter update. IkeGPS is a smaller holding we haven't disclosed until now. IkeGPS sells software, hardware and services to US electric utilities and telecommunications companies that own the millions of poles carrying power and communication lines across the United States. IKE operates in a niche but critical bottleneck for US power, communications and engineering firms. Every time equipment is added to a pole, an engineer must confirm it can safely take the load, and IKE's tools do that work faster and more accurately than manual methods. We like IkeGPS for its innovative products, high levels of recurring revenue and believe it is well placed to capitalise on the multi-decade electricity infrastructure upgrade cycle across the US.

Turning to the result, the subscription side of the business continues to grow nicely. Subscription revenue rose 22% year on year to NZ$11 million, the number of users on the platform passed 10,000 for the first time, and gross margin improved from 75% to 81%. Subscription growth did slow in the quarter, which management put down to deal timing rather than lost pipeline, and total revenue was held back by softer professional services demand. More importantly, three new products remain on track to launch in the second half, including a fibre module that further opens up the communications market and a grid management platform designed with major US utilities that targets a far larger spending pool than IKE serves today. With around NZ$30 million of cash and no debt, the balance sheet gives the business plenty of room to execute, and we remain patient long-term holders.

Cogstate continued its momentum into FY27 with first-quarter contract sales of US$25.1 million, up 17% on the prior corresponding period. Pleasing as that was, the standout from the trading update was winning five late-stage clinical trials from two separate customers through a competitive process. Late-stage wins are uncommon, since sponsors rarely change providers once a trial moves from Phase 2 to Phase 3. To be chosen at that point reflects both the strength of Cogstate's offering and the reach of its channel

partnerships, and together they are opening up work across a far broader range of central nervous system (CNS) indications than it could pursue alone.

These wins land on top of an already strong backlog. Revenue contracted for FY27 now stands at US$56.8 million and is 45% ahead of the same point last year, while FY28 is tracking similarly as the longer-dated Phase 3 work is scheduled into later years. With mood and psychiatry now a meaningful growth engine and a maturing pipeline of Phase 2 trials that could yet graduate into larger late-stage trials, Cogstate continues to demonstrate its ability to take share in a growing CNS market and remains the Fund's largest holding.

Fineos released a third-quarter update showing solid cash flow momentum. Cash receipts reached €46.3 million, up 47% year on year. The result benefited from two large invoices totalling approximately €8 million that were delayed from the previous quarter. Adjusting for the timing of these deferred collections, underlying cash receipts grew at a healthy rate of 22%. While no new customer wins were finalised during the period, the pipeline of deals remains strong, and management reaffirmed full year FY26 revenue guidance.

Pinnacle updated at their AGM that funds under management have grown to $238.1 billion, slightly ahead of consensus, driven by $5.9 billion of net inflows since 30 June. Metrics continues to dominate headlines for the business and, in our view, is disproportionately weighing on the traded price of Pinnacle shares despite Metrics' shrinking contribution while many other affiliates are doing well. Part of our attraction to Pinnacle has always been its diversification; with 19 affiliates across public and private markets spanning a range of asset classes, investment styles, geographies and customer bases. In our view, the growth outlook and valuation, even after excluding Metrics, is close to as attractive as it's ever been.

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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