LAKEHOUSE GLOBAL GROWTH FUND

MONTHLY LETTER

31 October 2026

LAKEHOUSE CAPITAL

To our Fellow Investors,

October was a volatile month for global equity markets as investors grew wary about the viability of the AI infrastructure buildout. The question has shifted from whether the spending will earn a return to whether the data centres can be built fast enough, with power, grid connections and construction capacity all proving harder to secure than chips. Regulatory resistance is also adding to the drag as local communities and lawmakers push back against data centre approvals, and the midterms only amplified the pressure, with candidates on both sides promising tighter oversight of where and how they get built.

Fund Metrics	
Fund Net Asset Value	$232.6 million
Net Asset Value per Unit (mid)	$1.7701
Cash Allocation	8.6%
Top 10 Portfolio Holdings	75.0%
Companies Held	16
Benchmark	MSCI All Country World Index Net Total Returns (AUD)

For AI infrastructure businesses priced for a buildout at full speed, a slower one is a big problem. However, it matters far less to us. The Fund owns very little of that layer, and our view has long been that whatever the pace of the buildout, the durable value will ultimately accrue to the companies that own the customer relationship and put AI to work for them. That is where we have positioned the portfolio, and this month's developments only reinforced our belief that it is the right place to be.

Away from the macro noise, the team's focus was on quarterly reporting season. In short, results across the portfolio affirmed our thesis as our businesses continued to grow at healthy rates.

Since its inception at the start of December 2017, the Fund has returned 162.2% compared to 176.3% for its benchmark. In annualised terms, the Fund has returned 11.4% since inception compared to 12.1% for its benchmark.

	1 Month	1 Year	3 Year (p.a.)	5 Year (p.a.)	Inception (p.a.)
Lakehouse Global Growth Fund	-1.1%	-21.4%	8.9%	1.9%	11.4%
Benchmark	-2.7%	4.5%	18.1%	11.6%	12.1%
Excess Return	1.6%	-25.9%	-9.2%	-9.7%	-0.7%

**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.*

Turning to the portfolio. The Fund held 16 positions as of the end of the month, the ten largest of which are listed below:

Company	Headquarters	Strategic Advantage
MercadoLibre	Argentina	Networks, Loyalty, IP
Workiva	USA	Loyalty, IP
Kinaxis	Canada	IP, Loyalty
Sansan	Japan	Loyalty, Networks
ServiceNow	USA	Loyalty
Adyen	Netherlands	Loyalty, IP
Veeva	USA	Loyalty, IP
Alphabet	USA	IP, Networks
Mastercard	USA	Networks, IP
Workday	USA	Loyalty

The Fund has good global diversification with 60.0% of the revenue of portfolio companies coming from outside the U.S. and holdings headquartered in Argentina, Canada, Japan, the Netherlands and Singapore.

Portfolio Update

At the portfolio level, the biggest contributor during the month was Workiva (+24.2%), which continued to benefit from improving sentiment towards software as investors grew more comfortable that AI is an opportunity rather than a threat for well-entrenched platforms. The largest detractor was ServiceNow (-22.4%), which sold off following what we believe was a solid result.

ServiceNow beat the top end of its guidance on every headline metric this quarter. Subscription revenue grew 20.5% in constant currency to $4.0 billion, the backlog grew 21% to $13.7 billion, and the operating margin of 32.5% came in 150 basis points ahead of plan. The AI numbers were equally impressive. Net new AI contract value grew 65%, the number of AI deals above $1 million grew 4.5 times, and management lifted its full-year AI contract value target for the second time this year, to $1.7 billion from $1 billion in January. Customers are also buying more of the platform at once. The company signed 19 deals above $5 million, more than double a year ago, and almost every one of its top 20 deals included six or more products.

None of that stopped the shares falling sharply as the market fixated on fourth-quarter backlog guidance of 18.5%, a step down from the 21% just delivered. Management put most of the gap down to timing and definitions: strong early renewals that pulled some fourth-quarter deals into the third, a higher mix of on-

premise deals, and a growing balance of contracts with termination-for-convenience provisions, largely inherited from the Armis acquisition. These contracts are excluded from the backlog metric even though the revenue will still be recognised.

Adjusting for these items, the underlying guide is closer to 20%. That is a touch of moderation rather than a change in trajectory, and it is coming from a business executing very well and monetising AI at a solid clip. At 17 times free cash flow for a company growing in the high teens with free cash flow margins above 30%, we continue to think the setup from here is compelling.

Sansan delivered another strong quarter, with revenue and annualised recurring revenue (ARR) increasing by 20.1% and 19.2% year on year, respectively. The standout highlight was operating leverage, as adjusted operating profit surged 328% and margins expanded by 12.1 percentage points compared to the prior year, bolstered by internal AI adoption driving greater efficiency across product development.

Commercial reception to the company's new AI functionality has been encouraging. Following the June release of AI features in Bill One, roughly 90% of new orders have opted for the mid and higher tier plans. The company also rolled out new AI capabilities within its core Sansan product in September, which should begin contributing more meaningfully later in the financial year. Looking forward, management reaffirmed its targets of 16% to 20% annual revenue growth and a 25% to 30% adjusted operating margin by FY28. With margins already approaching 17%, the longer-term goal of 40% or more looks increasingly credible and we remain pleased with the execution.

Adyen delivered another quarter of strong growth, with net revenue up 23% and processed volume up 30%, the fastest in two years. The headline the market focused on, however, was management's decision to lift investment behind Orb and Talon.One, two businesses it recently acquired. As a result, management lowered its near-term EBITDA margin guidance to 50% and withdrew its medium-term financial guidance. Since the Orb deal closed, Adyen has already begun winning payment volumes from Orb's existing customers, which is exactly the cross-sell the acquisition was meant to unlock.

The shares fell on the news and now trade at roughly 20 times forward earnings, close to the lowest valuation in Adyen's history as a listed company. For a business with a long runway and high incremental margins, we think reinvesting now is the right call. Our one criticism is of communication rather than strategy: management could do a better job of preparing the market for decisions like this.

Thank you

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

Nick, Erwin and Donny

For more information call us on +61 2 8294 9800, email investorsupport@lakehousecapital.com.au or visit www.lakehousecapital.com.au

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Lakehouse Global Growth Fund's Target Market Determination is available here – www.lakehousecapital.com.au/lggf/. 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.

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