



Equity Trustees

**LAKEHOUSE SMALL
COMPANIES FUND
MODERN SLAVERY STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021**

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Background

This document is a Modern Slavery Statement (**'Statement'**) made pursuant to section 14 of the *Modern Slavery Act 2018(Cth)* (the **'Act'**) in respect to the financial year ending 30 June 2021 (the **'Reporting Period'**) in relation to Lakehouse Small Companies Fund a 'Reporting Entity' under the Act.

The Statement is issued by Equity Trustees Limited ABN 46 004 031 298 (**'ETL'** or **'Responsible Entity'**) in its capacity as the Responsible Entity of the Reporting Entity in accordance with the Act and has been approved by the Board of ETL as their principal governing body

This Statement discloses ETL and the Fund's commitment and steps taken in identifying and addressing modern slavery risks within its business and supply chain, which includes the activities implemented in financial year ending 30 June 2021.

This is the first Statement for the Lakehouse Small Companies Fund.

Structure, operations and supply chains of the Reporting Entity

Fund Structure

Lakehouse Small Companies Fund (also referred to as the "Fund") is a registered managed investment scheme, ARSN 615 265 864. ETL is the responsible entity of the Fund. Its investors are classified as retail and wholesale clients pursuant to the Corporations Act (Cth) 2001.

The Board of Directors of ETL govern the Fund's operations. Its investments and investment strategy are managed by Lakehouse Capital Pty Ltd (Lakehouse) pursuant to an Investment Management Agreement ("**IMA**") between ETL and Lakehouse.

The business activities of the Fund are conducted in accordance with high levels of ethical and professional standards and in accordance with relevant laws in Australia. The Fund is committed to mitigating the risk of modern slavery in the business and supply chains of the Fund and the assets in which it invests.

About Equity Trustees

ETL is a wholly owned subsidiary of EQT Holdings Ltd which is a diversified financial services company publicly listed on the Australian Securities Exchange (ASX: EQT). ETL holds an Australian Financial Services Licence ('AFSL') no. 240975. It acts as a trustee and responsible entity for a range of managed investment schemes and unit trusts of which the Fund is one. ETL's registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000, Australia.

About Lakehouse Capital Pty Ltd

Lakehouse is a proprietary limited company registered in Australia. Lakehouse is wholly owned by The Motley Fool Australia Pty Ltd which is itself ultimately 100% owned by The Motley Fool Holdings (TMF). Lakehouse holds an AFSL 526842. It acts as investment manager for two managed investment schemes. Lakehouse's registered office is Suite 3, Level 9, 20 Hunter Street, Sydney NSW 2000, Australia and employs 12 workers.

Operations and supply chains

The Fund's investment objective is to outperform the S&P/ASX Small Ordinaries Accumulation Index over rolling 5-year periods (after fees and expenses but before taxes).

The Fund's investment strategy is to invest in a high conviction portfolio of 15 to 30 small companies listed in Australia and New Zealand. The investible universe consists of companies outside the S&P/ASX 100, though the Fund may continue to hold companies that grow into the ASX 100 as letting winners run is part of the Fund's long-term strategy.

The Fund's investment management operations include active investments across listed equities in Australia and New Zealand. These are managed by one investment manager relationship domiciled in a single country (i.e. Australia). The investment manager forms part of the Fund's supply chain and is listed on the Fund's website here <https://www.lakehousecapital.com.au/lscf/>.

In preparing this statement, the Fund's direct supply chain has been considered.

The Fund's operations and supply chains involve custody and administration of assets and also include several support functions including marketing and communication, governance, risk and compliance services and human resources. These support functions are provided by ETL and other external service providers. Internal policies and procedures in relation to the selection of service providers are followed and service providers are typically selected after a due diligence (financial & operational) process which includes risk assessments and thorough reviews with internal subject matter experts.

ETL, as Responsible Entity of the Fund, has entered into agreements with each of the service providers which govern the nature and scope of the services to the Fund.

Administration and Custody of the Fund's assets are held via Mainstream Fund Services Pty Ltd which has operations in Australia and a number of international jurisdictions including North America, Europe and Asia.

Risks of modern slavery practices in operations and supply chains of the Reporting Entity

Modern slavery has been defined by the Act to include eight types of serious exploitation, including:

1. Trafficking in persons;
2. Slavery;
3. Servitude;
4. Forced labour;
5. Forced marriage;
6. Debt bondage;
7. The worst forms of child labour;
8. Deceptive recruiting for labour services.

It is acknowledged that the following types of modern slavery risks and their indicators that can exist in the Fund's operations and supply chains as well as in the equity holdings of the Fund:

- **Sector and industry risk:**

Certain sectors and industries may have high modern slavery risks because of their characteristics, products and processes. Indicators of this type of risk include the use of unskilled, temporary or seasonal labour, use of short-term contracts and outsourcing, use of foreign workers or temporary or unskilled labour to carry out functions which are not immediately visible (i.e. at nighttime) for example, security and cleaning.

In respect of the Fund based on the sectors identified using the Responsible Investment Association, Australasia (RIAA) investor toolkit and the Australian Council of Superannuation Investors (ACSI) Modern Slavery Risks, Rights and Responsibilities: A Guide for Companies and Investors and the Responsible Sourcing Tool, we have identified that the Fund's investments are exposed to the following categories that exhibit sector and industry risk:

- Electronics manufacturing and electronics recycling;
- Healthcare; and
- Financial services.

- **Product and services risk:** where certain products and services have high modern slavery risks because of the way they are produced, provided or used. We have not identified any significant areas of product services risk in the Fund's operations or supply chains.



- **Geographic risk:** where some countries may have higher risk of modern slavery, including due to poor governance, weak rule of law, conflict, migration flows and socio-economic factors. We have analysed the Fund's investments in respect of geographic risk and have not identified any areas of significant geographic risk in its investments.
- **Entity risks:** where an entity may have particular modern slavery risks because of poor governance structures, a record of treating workers poorly or a track record of human rights violations. We have not identified any instances of entity risk in the Fund's investments and suppliers.

Actions taken by the Reporting Entity and ETL to assess and address risks, including due diligence and remediation processes.

ETL and the Reporting Entity are committed to continuously improving awareness and response to the risk of modern slavery in the Fund's operations and supply chains.

As this is the Fund's first Modern Slavery Statement, we have not systematically identified the actions and procedures necessary to assess and address risks. However, we intend to undertake the following actions by 30 June 2022:

- develop and implement modern slavery training to provide employees with awareness of relevant regulatory requirements and understanding of modern slavery risks as well as incident reporting;
- ensure that within its own direct supply chain, Lakehouse staff and employees are trained on the relevant provisions within the Act and are made aware of the existence and purpose of this Statement;
- screen new suppliers for modern slavery risks; and
- assess the risks of modern slavery in investment portfolios.

During the Reporting Period ETL undertook the following actions:

- updated the annual due diligence questionnaire to include modern slavery questions designed to identify any potential risks in the supply chains of the Fund,
- undertook Modern Slavery training to the ETL Board of Directors relating to the obligations of the Act and the responsible members of the ETL Board in approving this Statement;
- actively engaged with investment managers when any suspected modern slavery activity was detected.

How the Reporting Entity and ETL assesses the effectiveness of actions to assess and address risks

As this is the first year of modern slavery reporting, ETL as the Responsible Entity of the Fund is in the early stages of assessing the effectiveness of the risk-based approach which includes the review of geographical jurisdictions the Reporting Entities are exposed to and the likely exposure within any investable assets that may align to areas of known modern slavery risks.

ETL intends to provide its Board of Directors with an annual assessment on the implementation and effectiveness of actions to ensure the obligations within this Statement are met. The ETL Board shall consider the effectiveness of the measures as set out above and have the authority to make amendments to this Statement as it sees fit.

Consultation process

There are no subsidiaries or entities owned or controlled by the Reporting Entity, which is a Trust. However, the trustee of the Trust and the investment manager of the trust consult on the preparation of this MSS.

The trustee of the Reporting Entity is ETL (the issuer of this statement). The trustee is responsible for holding the assets of the trust, issuing interests in the trust to investors and entering into agreements on behalf of the trust.

The investment manager of the trust is Lakehouse. The investment manager is appointed by the trustee under an Investment Management Agreement. The role of the investment manager is to make investment decisions regarding the assets of the trust. For clarity, Lakehouse is not owned or controlled by the issuer of this MSS.

Senior management of the investment manager and the trustee consult on all content included in the MSS and jointly identify, consider and address modern slavery risks set out in the MSS. The MSS is then reviewed and approved by the board of the trustee.

Other relevant information

No other relevant information for this reporting period.

Approval

This Statement was approved and signed by Philip Gentry on behalf of the Board of Directors of ETL, the responsible entity of the Reporting Entities, on 23 December 2021.



Philip Gentry
Chair

Date: 23 December 2021

For clients wishing to discuss this statement, please contact your client service representative.

For media inquiries wishing to discuss this Statement, please contact:

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