

Merewether Capital Inception Fund Performance Summary (at 31 Jan 2022 net of fees and expenses)

1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	Since Inception* (p.a.)
-4.04%					

Indicative performance is reported net of all fees and assumes reinvestment of distributions. Past performance is not a reliable indicator of future returns. * Inception Date 26 November 2021

Dear investor,

The Merewether Capital Inception Fund began the month with a unit price of \$1.0017 and ended the month with an indicative unit price of \$0.9612 for a -4.04% return.

January was a volatile month across global markets with most indexes off 5-10% and many individual stocks more than double that. We were fortunate that the Fund carried a large cash balance into the month which was then bolstered by further inflows. Approximately 50% of the Fund was held in cash during the worst of the volatility in January, when some price declines became irrational, and we were able to purchase stocks at prices that I believe will be bargains when fundamentals inevitably outweigh short term sentiment again. We ended the month with approximately 17% cash.

The bulk of our purchases occurred late in the month as I thought the global sell-off was quite rational during the early weeks of January. As I outlined in the December report, 2021 was a year where speculation reigned. The turning point for that speculation appears to be a pivot from the US Fed, where moving forward their policy settings will be focused more on inflation rather than on market stability.

Regardless of the cause, the effect was harsh and swift; speculative businesses and extremely high valued stocks were sold off heavily. In our opinion, the "washout" in those spaces early in the month was healthy, and stable businesses with reasonable valuations were largely unaffected. However, this changed in the second half of the month when selling became irrational and that is when opportunities began to present themselves.

Subsequently, we focused on companies that had recently provided the market with solid trading or financial updates which later got swept up in the negative market sentiment. Some examples include:

8Common Limited (8CO) is an integrated provider of travel and expense software and payment solutions that last year received a Federal Government contract for their software solution. During the month, 8CO announced a subsequent ~\$750k implementation contract, which signalled the start of Federal Government rollout that's expected to provide \$4-8m in implementation revenue and \$4-8m in ongoing recurring revenue (depending on the uptake of Gov entities who can opt in) in the next 2-3 years. Later in the month, when 8CO's price dipped below the level prior to the announcement we were quick to add to an existing position.

Spacetalk Limited (SPA) is a manufacturer of smartwatches aimed at school aged children that allows for the benefits of communication and tracking without parents having to purchase a smartphone. During the month, the company announced a record second quarter driven by a strong Christmas season. The core Aus/NZ geography drove the result but with the product now expanding into the UK, the Nordics and the US, it is reasonable to expect growth to accelerate even further in the future. Like 8CO, despite the great update, we were able to add to a position at a price lower than the level prior to the announcement as the negative market sentiment worsened.

Thanks for your on-going support.

Luke Winchester (Portfolio Manager)

