

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

1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	Since Inception* (p.a.)
-0.46%	-9.16%				

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 (the "Fund") began the month with an indicative unit price of \$0.9141 and ended the month with a unit price of \$0.9099 for a -0.46% return.

March provided a relief from the severe market weakness in January and February, with the market rally coinciding with the US Federal Reserve's decision to only raise rates by 25 basis points despite many pundits calling for more aggressive monetary policy action.

It has quickly become the consensus view in the market that inflation is not transitory but rather structural and entrenching itself deeper in the financial system and society at large. Following on from my update last month on predicting macroeconomics I am loathe to take an absolute view, but do note that the major drivers of lower inflation for decades (working age a lower % of the overall population, efficiency gains from technology and globalisation) all seem to be intact despite disruptions through Covid.

I am also mindful that inflation is a rate of change measure highly susceptible to base effects. It's no surprise to see large inflation prints given we are cycling through the low or negative inflation caused by Covid in the prior periods. Moving forward quarterly CPI numbers will be cycling the current large prints which include items where it is extremely difficult to see further price inflation. One example in the US is used car prices, one of the largest contributors to inflation in 2021 with prices up 60%. Even the most ardent inflation hawk would struggle to argue that used car prices will increase the same amount in 2022, and I think it is more likely to be a driver for deflation in 2022.

Turning to the Fund's holdings, March was a quiet month for news and updates after half year reporting season in February.

8Common Limited (8CO) and IntelliHR Limited (IHR) both had announcements that were minor in nature but continued the longer-term investment theses for both companies.

8CO announced they had signed a second National Disability Insurance Scheme (NDIS) customer, Westhaven, to their digital disbursement scheme CardHero. The contract value is small (~\$55k recurring revenue per year) but does give some validity to the thesis that 8CO could further consolidate market share in the NDIS sector after winning a contract with Life Without Barriers (a much larger NDIS participant) last year.

IHR released an announcement to confirm they had signed their 300th customer which included an enterprise deal with Mitre 10 in New Zealand since the last update. The rapid growth in annual recurring revenue (ARR) continued with the company reporting \$6.52m ARR, an increase of \$870k since the prior quarter. With two weeks left in the quarter following the mid-March update, the company is in a position to break the prior quarter's record of \$954k ARR added and potentially crack the \$1m new ARR in one quarter mark for the first time.

With quarterly reporting season in April, I suspect next month's report will bring more portfolio news.

Thanks for your on-going support.

Luke Winchester (Portfolio Manager)

