



MEREWETHER CAPITAL

Merewether Capital Inception Fund

Information Memorandum

March 2024



DISCLAIMER

This Information Memorandum ("IM") has been prepared and issued by Merewether Capital Management Pty Ltd (ACN 652 394 968) (CAR No. 001292724) ("the Investment Manager") in connection with a proposed opportunity to invest in the **Merewether Capital Inception Fund** ("Opportunity"). Merewether Capital Nominees Pty Ltd (ACN 672 539 801, CAR No. 001306698) ("the Trustee") is the trustee of the Merewether Capital Inception Fund. You must read this important notice if you have been provided with and intend to read this IM. By accepting this IM, you accept that it is provided on the terms and conditions of this notice.

Summary Information

This IM contains summary information about the Trustee, Investment Manager and the Opportunity to assist with your own evaluation of the Opportunity. This information is of a general nature and does not purport to be complete, nor does it contain all the information which a prospective investor should consider when making an investment decision, or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) ("Act").

Not an offer

This IM is not a prospectus, product disclosure statement or other offering document under Australian law (and will not be lodged with ASIC) or any other law. This IM is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction.

Not investment advice

This IM does not constitute investment or financial product advice nor any recommendation to invest in the Opportunity. It is not intended to be used on the basis for making a financial decision, nor is it intended to constitute legal, tax, or accounting advice or opinion. Any references to, or explanations of, legislation, regulatory issues, benefits, or any other legal commentary are indicative only, do not summarise all relevant issues and are not intended to be a full explanation of a particular matter. Relevant parties should conduct their own enquiries and investigations regarding any investment and should seek their own professional advice on the legal, financial, accounting, taxation, and other consequences of investing in the Opportunity.

The IM has been prepared without taking into account your investment objectives, financial situation or particular needs. No reliance may be placed for any purpose whatsoever on the information contained in the IM or on its accuracy or completeness. Any reliance on this communication could potentially expose you to a significant risk of losing all of the funds invested by you in the Opportunity and incurring by you of additional liability.

Investment Risk

An investment in securities is subject to known and unknown risks, some of which are beyond the control of the Trustee and the Investment Manager, including possible loss of income and principal invested. Neither the Company nor the Investment Manager guarantees any particular rate of return or the performance of in respect of the Opportunity, nor does it guarantee the repayment of capital from the Opportunity or any particular tax treatment. You should have regard to the risk factors outlined in this IM when making any investment decision.

Forward looking statements

The IM contains forward looking statements which are identified by words such as "may", "could", "believes", "estimates", "expects", "forecasts", "intends", and other similar words that involve risks and uncertainties. You should be aware that such statements are only estimates or predictions, which may be based on subjective judgments and assumptions as to future events, which may or may not occur and which are subject to inherent risks and uncertainties, many of which are beyond the control of the Company and the Investment Manager. Actual events or results may differ materially from the events or results expected or implied in any forward-looking statement. No representation or warranty



(whether express or implied) is made as to the accuracy or likelihood of fulfilment of any forward-looking statement.

Past performance

You should note that past performance, including past share price performance and pro forma historical information in this IM is given for illustrative purposes only and cannot be relied upon as an indicator of (and provides no guidance as to) future performance including future price performance of the Opportunity. This historical information includes unaudited and/or pro forma historical information, which is not represented as being indicative of the Company's or Investment Manager's views on the future financial condition and/or performance of any entity.

Disclaimers

None of the Company, the Investment Manager, their shareholders, related entities, associates, officers, employees, agents, independent contractors, and advisors ("Parties") make or give any representation, warranty or guarantee, whether express or implied, that the information contained in this IM and any further information provided by the Parties ("Information") is complete, accurate or reliable (including that it has been or will be audited or independently verified). This includes, without limitation, any historical financial information, estimates, forecasts and projections and any other financial information derived from the Information.

The Investment Manager and their related entities may also participate in the Opportunity on the same terms and with the same rights as other investors in the Merewether Capital Inception Fund.

To the maximum extent permitted by law, no liability (including without limitation, any liability arising out of mistakes, omissions, misstatements, misrepresentations in the IM or out of any other fault or negligence) is accepted by the Parties for any loss, cost or damage suffered or incurred as a result of the reliance on such information, projections, opinions or beliefs.

The information in this IM remains subject to change without notice. The Company reserves the right to withdraw the Opportunity without notice. The Parties undertake no obligation to provide any recipient with access to any additional information or to notify any recipient or any other person of any matter arising or coming to its notice after the date the IM was issued.

You represent, warrant, and agree that you have not relied on any statements made by any of the Parties in relation to the Opportunity.

Financial data

All dollar values are in Australian dollars (A\$), unless otherwise stated. Financial data is presented at actual foreign exchange rates, unless otherwise stated. A number of figures, amounts, percentages, estimates, calculations of value and fractions in this IM are subject to the effect of rounding. Accordingly, the actual calculations of these figures may differ from figures set out in this IM. Unless specifically indicated in this IM, the financial information contained in this IM has not been audited, examined or otherwise reviewed in accordance with Australian Accounting Standards.

Distribution restrictions

Neither the IM, nor any copy of it, may be taken, transmitted into, or otherwise made available in the United States or any jurisdiction where their issuance, distribution or transmission are prohibited under the law of that jurisdiction. Any failure to comply with any such restriction may constitute a violation of relevant local securities laws

Confidentiality

The IM and the information contained in it are confidential and must be treated as such. It is provided to you solely for use in connection with providing background information in relation to the proposed Opportunity and may only be disclosed to your directors, officers, employees, agents and advisers, who require the IM in order to evaluate the Opportunity. The IM must not be used for any other purpose, disclosed to anyone, copied or referred to without the Company's prior consent.



Dear potential investors,

Thank you for considering an investment into the Merewether Capital Inception Fund (the “Fund”). While the Fund will be the culmination of many years of hard work, it also represents the start of a new journey in my investment career and I would be delighted if you would join me on it.

The Fund will be a natural evolution of the investment philosophy and process I have developed through investing in ASX listed small caps for the last decade. This is a space in the market where I believe outsized returns are not only possible but repeatable as companies are under researched by brokers and traditional investment managers.

My investment philosophy can be summed up by the quote from investing legend Peter Lynch when he said, “the person that turns over the most rocks wins the game”. There are roughly 1500 businesses listed on the ASX with a market capitalisation of less than \$300m. The sheer number leaves many businesses unnoticed or unloved and creates opportunities for those willing to put in the work and look where others don’t.

My investment process focuses on four factors:

- Management ownership
- Growth prospects
- Reasonable valuation
- Simple financial accounts

While simple, in small caps each factor may not be obvious and require significant digging under the surface to understand the true investment potential.

Finally, while I believe I have developed a philosophy and process that delivers outsized returns consistently, investment into the Fund should only be made by investors who understand the risk of investing in a concentrated portfolio of small caps which can be extremely volatile in the short term.

With that in mind, I am seeking more than just investors, but rather people who are willing to be partners in this Fund. A focus on the long term is essential, but also an understanding that volatility isn’t just risk, but also the opportunity for great investments. Investors who have these qualities are the greatest asset to a fund as it allows for decisions to be made for the long term without fear of short-term issues.

If you have any further questions about a potential investment into the Merewether Capital Inception Fund, please don’t hesitate to call me on 0423 510 004 to discuss.

Yours faithfully,

Luke Winchester
Portfolio Manager



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Key Features

Fund	Merewether Capital Inception Fund (“Fund”) is an unregistered wholesale managed investment scheme structured as a unit trust.
Trustee	Merewether Capital Nominees Pty Ltd CAR No. 001306698 (“Merewether Nominees” or the “Trustee”)
Investment Manager	Merewether Capital Management Pty Ltd CAR No. 001292724 (“Merewether Capital” or the “Investment Manager”) of AFSL No.534584
Custodian, Administrator and Registrar	Mainstream Fund Services ABN 81 118 902 891 (“Mainstream”)
Fund Objective	To outperform an absolute return hurdle of 6% per annum over a rolling 5-year period by investing in undervalued, yet profitable, ASX-listed small and micro-cap companies.
Portfolio Manager	Luke Winchester
Investment Strategy	Investing in a concentrated portfolio (10-25 positions) of primarily ex-ASX100 listed equities with a focus on profitable, growing small and micro-cap ASX-listed companies.
Investment Horizon	5+ Years
Investment Restrictions	Long only, primarily investing in ex-ASX100 listed equities with the ability to invest in pre-IPO opportunities, with an avoidance of ‘speculative’ investments, such as resource exploration companies or biotechnology companies.
Minimum Investment	Initial Investment: A\$50,000 (unless waived at the Investment Manager’s discretion) Additional Investment: A\$25,000
Minimum Redemption	A\$25,000, subject to a A\$50,000 minimum balance
Buy/Sell Spread	0.25%/0.25%
Fees and Expenses	Management Fee: 1.5% (plus GST) of the Fund’s Net Asset Value calculated and payable monthly in arrears.



	<p>Performance Fee: 20% (plus GST) of the returns in a performance fee period exceeding the hurdle rate and higher than the previous high watermark.</p> <p>The Fund incurs cost recovery (excluding Trustee fees) to a maximum of 0.50% p.a. (plus GST) of the Fund's Net Asset Value.</p>
Hurdle Rate	6% p.a. plus management fee accrued.
Application Frequency	Quarterly or 3 Business Days after application monies are received if investing more than \$500,000.
Distributions	Annually on June 30. Distributions are automatically reinvested unless instructed otherwise.
Redemptions	Quarterly on each Redemption Day, being the last Business Day of March, June, September and December. The Trustee may suspend redemptions in accordance with the Trust Deed.

2. About Merewether Capital Management

Merewether Capital Management Pty Ltd was founded in July 2021 to be the Investment Manager of the Merewether Capital Inception Fund, a long only investment strategy focused on ASX-listed small and micro-cap companies.

Merewether Capital is based in Newcastle, Australia, and is run by Portfolio Manager and majority shareholder, Luke Winchester.

Merewether Capital will invest in a concentrated portfolio (10-25 positions) of primarily ex-ASX100 listed equities with a focus on profitable, growing small and micro-cap companies (for more see 'Investment Strategy' in Section 3).

The Investment Manager will aim to generate outsized returns over the long-term using an established investment philosophy and process.

Luke Winchester

Portfolio Manager

Luke Winchester has been actively investing in small cap companies for over a decade as a private investor, research analyst and Portfolio Manager. He has spent the last five years at Oracle Investment Management in varying roles including, and most recently, as

Portfolio Manager of Oracle's Emerging Companies Fund, focused on small and mid- cap companies.

Luke has a Bachelor of Business with majors in Management and Human Resources from the University of Newcastle.

3. About Merewether Capital Inception Fund

Fund Objective

The Fund's objective is to outperform an absolute return hurdle of 6% per annum over a rolling 5-year period by investing in undervalued, yet profitable ASX-listed small and micro-cap companies.

Investment Strategy

Investing in a concentrated portfolio (10-25 positions) of primarily ex-ASX100 listed equities with a focus on profitable, growing small and micro-cap ASX-listed companies.

A typical investment will meet the following criteria:

- Management ownership
- Growth prospects
- Reasonable valuation
- Simple financial accounts

While simple, in small caps each criterion may not be obvious and



may require significant digging under the surface to understand the true investment potential.

Investment Process

The following is a general outline of the investment process employed by the Investment Manager.

1. Idea Generation

Ideas are primarily generated by reading reports of companies that fit the Investment Strategy. Ideas can also be generated through the Investment Manager's investment network.

2. Thorough Research Process

After finding an actionable idea, the Investment Manager will read through historical reports, speak to management and seek alternative data to support an investment thesis.

3. Position Sizing

With a concentrated portfolio (10-25 positions), holdings will generally be weighted between 5-15%. Position limits will be up to 10% at cost and up to 20% at market.

4. Ongoing Due Diligence

Through seeking alternative data to support an investment thesis, the Investment Manager is able to perform ongoing due diligence between reporting periods.

The Manager aims to keep in regular contact with companies' management teams throughout reporting periods.

5. Holding/Selling

Ideally positions will be held for many years to allow investments to grow and compound to achieve desired investment returns. Having a defined investment thesis and extensive insight into the portfolio companies means the Investment Manager has a clear sell signal when the thesis is broken.

The Merewether Capital Advantage

Merewether Capital believes it possesses an advantage over the market that will allow it to outperform and achieve its investment objectives.



This advantage may take the form of:

- Focusing on small caps where companies can be unnoticed or unloved.
- Having the discipline to follow a simple but defined investment process.
- Maintaining emotional control amid the inevitable volatility of investing in small caps.

Structure of the Fund

The Merewether Capital Inception Fund is an Australian wholesale unregistered managed investment scheme structured as a unit trust. Investors invest directly in the Fund.

Merewether Capital Nominees Pty Ltd is the trustee of the Fund and operates under AFSL No. 534584 with Corporate Authorised Representative No. 001306698.

The Trustee's responsibilities and obligations are governed by the Fund's Trust Deed, the Corporations Act and general trust law. The Trustee has the power to delegate certain responsibilities in accordance with the Fund Deed.

Merewether Capital has been appointed by the Trustee as the exclusive Investment Manager of the Fund under the Investment Management Agreement.

Mainstream Fund Services Pty Ltd ("**Mainstream**") has been appointed by the Trustee as custodian, administrator and registrar of the Fund under the Administration Agreement. All investment monies and investments acquired by the Fund are held by Mainstream.

4. How to Invest

4.1 Qualifying Investors

The Opportunity is only available to persons who qualify as wholesale clients as defined in section 761G(7) of the *Corporations Act* or sophisticated investors as defined in section 761GA of the *Corporations Act* (collectively, "**Qualifying Investors**").

A Qualifying Investor includes an investor who:

- a. Invests \$500,000 or more in the Fund; or
- b. Provides a qualified accountant certificate that states the investor has net assets of at least \$2.5 million or has a gross income for each of the last two financial years of at least \$250,000 (which can include the net assets or gross income of a



- company or trust the investor controls); or
- c. Is a company or trust controlled by a person who meets the requirements of paragraph b; or
 - d. If a professional investor, that is the holder of an Australian financial services licence, a person who has or controls gross assets of at least \$10 million, or a person that is a listed entity or a related body corporate of a listed entity.

4.2 Initial Application

Applications into the Fund can be made by completing the attached application form for initial investments. Applications are made out to the Administrator of the Fund. Applications and investment funds must be transferred into the Fund's application account, no later than 5pm AEST at least three Business Days before the relevant Subscription Day. Applications will generally be processed on the Subscription Day, being the first Business Day of each quarter (except for applications above \$500,000 as explained below).

Investments above \$500,000 can invest on any Business Day, by providing 3 Business Days' notice. Multiple investments, which in

combination exceed \$500,000, may also invest outside of the quarterly schedule. Please contact Merewether Capital to discuss this further, before proceeding to making/make payment.

Upon receipt of the application form, the Administrator will assess the materials submitted for compliance purposes. Merewether Capital reserves the right to reject an application without explanation.

4.3 Issuance of Units

The Fund will issue Units effective on the relevant Subscription Day after the Unit price has been determined. It may take up to twenty Business Days for a Unit price to be issued.

4.4 Serial Accounting

The Fund reserves the right to use serial accounting when issuing Units. Serial accounting is not effective at the date of this information memorandum. Serial accounting may be used on a future day without notice to existing investors.

Serial accounting enables performance fees to be allocated equitably among Unitholders. Through the process of issuing



different series of Units for each Subscription Day, the performance fee applied to each investment is directly reflective of the performance experienced by that investment, rather than the Fund as a whole.

As soon as practicable after the last Business Day in each financial year, all Units in each class, which have borne a performance fee in respect of the relevant year will normally be consolidated into a single class, being the oldest class to have borne a performance fee in respect of the relevant year. The high watermark for all Units of the consolidated class as at the last Business Day in the relevant financial year, after the payment of the performance fee.

4.5 Unit Pricing

Unit price is determined on the last Business Day of each quarter, or on any other date on which Units are issued, taking into account the accrued management fees, performance fees, cost recoveries and any other liabilities, based on the net asset value of each Unit.

Application money will receive the Subscription Price, which is the Unit price plus the buy spread. Redemption money will receive the

Redemption Price, which is the Unit price less the sell spread.

While the Fund may accept an application outside of the quarterly schedule, Merewether Capital only updates investors on the performance of the Fund on a quarterly basis, in line with the withdrawal frequency.

4.6 Minimums

Minimum initial investment is \$50,000, subject to waiver at Merewether Capital's absolute discretion. Minimum additional investment and redemption is \$25,000. Investors must maintain a minimum balance of \$50,000.

4.7 Withdrawal

The Trustee will use all reasonable endeavours to make redemptions available quarterly on each Redemption Day, being the last Business Day of March, June, September and December. Investors will be required to complete a Redemption Form and submit it to the Administrator no later than 5pm AEST at least ten Business Days before the relevant Redemption Day. Any redemption of more than \$500,000 should provide twenty Business Days' notice before the next applicable



Redemption Day in order to enable sufficient availability of liquidity. Funds withdrawn will generally be paid within twenty Business Days after the Redemption Day, to the nominated bank account by electronic transfer.

If a redemption would result in an investor's investment in the Fund being less than the minimum investment balance (currently \$50,000), the Trustee may treat the redemption request as applying to all of the investor's Units. The Trustee may also unilaterally determine to redeem all or part of an investor's Units and pay the redemption proceeds to the investor.

4.8 Large Redemptions

If Merewether Capital receives redemption requests in total representing more than 25% of the Net Asset Value of the Fund, Merewether Capital may, at its discretion, pro-rata each request to ensure no more than 25% of the Net Asset Value of the Fund is redeemed on a Redemption Day. Any residual redemption requests will be treated as though they were received for the next Redemption Day, subject to the 25% restriction again.

4.9 Tax and Distributions

Taxation and distribution statements are issued to all Unitholders annually. The Fund will pay distribution annually on June 30 of each year.

Distributions are to be reinvested without spread as the default option. Investors should notify the Administrator in writing if a cash distribution is desired at least 30 days before the end of the applicable distribution period.

4.10 Financial Statements

Financial statements of the Fund are issued annually for the year ending June 30. The financial statements are available to any Unitholder upon request.

5. Fees and Expenses

The Investment Manager is entitled to receive a management fee of 1.50% excluding GST and any reduced input tax credit per annum of the Net Asset Value of the Fund. This management fee is calculated monthly and is payable monthly in arrears.

5.1 Performance Fee



The Investment Manager is entitled to receive a performance fee of 20% per annum (excluding GST) of any increase in the Net Asset Value of, as applicable, each Unit or series of Units above the hurdle rate, plus management fees and cost recoveries accrued. A performance fee is only payable if the Unit price is above the high water mark (“HWM”) for the Units or applicable series of Units before payment of the HWM.

Where Units are redeemed part way through a year, the performance fee payable in respect of the Units redeemed will be calculated as at the relevant Redemption Date and paid from the Fund assets at the time of the redemption.

The HWM of, as applicable, Units or a Unit class (i.e. the relevant series) in the financial year in which the Unit is issued is the Subscription Price of that unit. For subsequent financial years, the HWM is the greater of: (i) the highest Net Asset Value per Unit (after deduction of any performance fee) as calculated on the last Business Day of each quarter for the previous 12 quarters; and (ii) the Subscription Price of the Unit. For Units issued outside the quarterly schedule, their

HWM will be determined by reference to item (i) only.

The hurdle rate is 6% per annum, apportioned to each performance period, being 1.4674% per quarter. The performance fee is calculated quarterly and payable in arrears.

5.2 Performance Fee Examples

The following are some scenarios in a performance period (3-month period) for \$100,000 of investment for a particular series of Units. Any performance fee is payable from the Fund assets.

- a. Scenario A - performance is above the Hurdle Rate and also above the HWM.

The Fund has returned 5% for the quarter before the performance fee but after the management fee and cost recoveries. The Unit price is above the HWM. The performance fee payable is $\$100,000 \times (5\% - 1.4674\%) \times 20\% = \706.52 plus GST;

- b. Scenario B - performance is above the Hurdle Rate but below the HWM.

The Fund has returned 5% for the quarter before the performance fee but after the management fee and



cost recoveries. The Unit price is below the HWM. The performance fee payable is nil;

c. Scenario C - negative return.

The Fund has a negative return, the performance fee payable is nil.

5.3 Trustee Fees

The Trustee is entitled to receive such fees for the performance of its duties in relation to the Fund as are agreed in writing between the Trustee and the Investment Manager from time to time.

5.4 Cost Recoveries

The Trustee and Investment Manager are entitled to be reimbursed for all expenses reasonably incurred by it for the operation of the Fund and management of the Fund assets, including but not limited to administration, legal, accounting, audit, custody, other professional expenses, insurance costs, bank service fees, research expenses (including technology and software expenses). The Investment Manager may not be reimbursed for expenses in excess of 0.5% per annum (plus GST) of the Net Asset Value of the Fund. Any expenses in

excess of this cap for a financial year will be paid by the Investment Manager from its own resources and will not be recovered from the Fund.

5.5 Buy/Sell Spread

A buy/sell spread of 0.25%/0.25% is charged on the application and redemption. It reflects the Trustee's estimate of the transaction costs expected to be incurred by the Fund in buying and selling the underlying assets as a result of investments in, and withdrawals from, the Fund. The buy/sell spread is an additional cost to investors but it is not a fee paid to the Trustee nor the Investment Manager. A buy/sell spread is retained as an asset of the Fund.

5.6 Fee Changes

The Trustee has the discretion to change the fees charged in the future. The Trustee will provide investors at least 90 days' written notice of any increase in fees.

5.7 Waiver, Deferral or Rebate of Fees

The Investment Manager may, in its absolute discretion, accept lower fees and expenses than it is entitled to receive, or may defer payment of



those fees and expenses for a period of time or rebate fees by individual negotiation with an investor. If payment is deferred, then the fee will accrue until paid. The Investment Manager may rebate fees to a third party for capital introduction services without disclosure and any such rebates are not a cost to investors or the Fund.

6. Risks

There are numerous risk factors that may impact the performance of the Fund and repayment of an investor's capital. Some risks may be internal to the operation of the Fund. Many risk factors fall outside the control of the Trustee and Investment Manager and cannot be completely mitigated.

A list of general risk factors associated with investment in the Fund has been identified below. This list is non-exhaustive and, therefore, investors should consider them carefully and make their own assessment before investing in the Fund.

An investment in the Fund should be considered to have a high level of risk, especially if an investor has a short-term investment horizon. An

investment in the Fund is riskier than an investment in cash or fixed interest securities. An investment in the Fund may be more volatile than an investment in an equity index fund.

6.1 Risks

a) Equity Market Risk

Equity markets may rise or fall due to many factors. The Fund typically has a large, long bias and may produce a negative return in a falling equity market. The Fund may underperform an equity index in a rapidly rising bull market due to the value-focused nature of the Fund. This is especially true in the later stage of a bull market.

b) Fund Risk

Risks specific to the Fund include that the Fund may be unprofitable for an extended period, the fees and expenses may increase, Merewether Capital may be replaced as Trustee and/or Investment Manager and the Fund may be terminated by the Trustee.

There is also a risk that the investment return may be different than investing individually, because application or withdrawal by other



investors may impact income or capital gains accrued in the Fund.

c) Individual Investment Risk

Individual investments may decline in value due to various reasons, such as competitive dynamics, change in the economic environment or management execution issues. Merewether Capital aims to manage this risk through a thorough research process and heightened attention to risk management.

d) Interest Rate Risk

Changes in interest rates may have a negative impact on the Fund. Reasons for interest rate changes include changes in inflation expectation, economic activities and central bank policy.

The Fund may hold a large cash balance. As such, downward changes in interest rates may have a negative impact on the interest earned by the Fund.

e) Key Person Risk

Merewether Capital was founded and is run by Luke Winchester. He is the key person in relation to the operations and potential success of the Fund. There is a reliance on

Luke as the key decision maker. The Fund's performance may suffer if he becomes unavailable for a substantial period, for example, due to severe illness, injuries or death. In the event that Luke Winchester is permanently unable to perform his role, the Fund is likely to be liquidated in an orderly fashion.

f) Regulatory Risk

The Fund is an unregistered managed investment scheme and is not registered with ASIC. Merewether Capital Management Pty Ltd (CAR No. 001292724) is a corporate authorised representative of ARC Funds Operations Pty Ltd (AFSL No. 534584) and is authorised to provide the financial services associated with operating the Fund.

ARC Funds Operations Pty Ltd is a wholly owned subsidiary of ARC Funds Ltd, a public company listed on the Australian Stock Exchange under ASX Code "ARC".

A potential change in regulatory or licensing arrangements, including if the Trustee and/or the Investment Manager's authorised representative appointment ceases, could impact the Trustee and/or the Investment Manager's ability to manage the Fund.



Any government regulatory change may cause severe consequences for the Fund's investments.

g) Cyber Risk

There is a risk of fraud, data loss, business disruption or damage to the information of the Fund, or to an investor's personal information, because of a threat or failure to protect the information or personal data stored within Merewether Capital's IT systems and networks, or of our service providers.

h) Concentration Risk

The Fund intends to run a concentrated portfolio of typically 10-25 stocks, with no limit on the cash weighting. Such an approach provides less diversification than an index fund and while the Manager believes such an approach does not necessarily imply higher risk, it does tend to lead to a higher degree of price volatility.

The Fund may also have concentrated exposure to various economic or risk factors such as currency fluctuation or unemployment rate change. The Investment Manager seeks to control such exposure but may fail to completely mitigate such risks.

The Fund invests in smaller companies which are generally riskier. A concentrated portfolio of smaller companies may exacerbate any individual investment mistakes.

i) General Economic Risk

The Fund may invest in businesses that are exposed to the rise or fall of general economic activities. There is a risk that a portfolio with substantial exposure to cyclical companies may fall in value in an economic downturn.

j) Taxation Risk

The Fund intends to pass all tax offset or liabilities to investors under a unit trust structure. A change in tax legislation may hinder the Fund's ability to distribute income and tax offsets efficiently or cause adverse impacts on investors' tax positions.

k) Risks Due to Conflict of Interests

While Merewether Capital seeks to best align its interests with those of investors, there is a risk that Merewether Capital's objective of making a profit may not be in the best interest of the investors.



Luke Winchester has previously operated Merewether Capital Pty Ltd, a private investment vehicle managing money on behalf of family and friends. While this vehicle is intended to be invested entirely in Merewether Capital Inception Fund, which the Investment Manager believes removes any conflicts and provides alignment, investors should be aware of any inherent conflicts that may arise.

In addition, the Investment Manager may have interests conflicting with the Fund arising in the ordinary course of its business. For example, the Investment Manager may act as the trustee, responsible entity, manager, or general partner for a number of clients and has fiduciary obligations and duties in relation to each of those clients that are similar to its obligations and duties in relation to investors in the Fund. Investors in the Fund are not guaranteed an opportunity to invest in other funds or other investments established by the Investment Manager.

Further, subsequent funds established by the Investment Manager may not have the same or similar investment mandate as the Fund, and subsequent funds may

participate in the same investment opportunities as the Fund.

l) Currency Risk

The Fund will invest the majority of its assets in Australian companies. An increasing number of Australian businesses have operations overseas, introducing larger currency risk to such businesses. A large number of small and mid-cap companies either earn revenue in a foreign currency, or source their raw material or goods from abroad. A change in the Australian dollar may result in a positive or negative impact on different businesses.

m) Liquidity Risk

The Fund targets the small and micro-cap sector with the ability to invest in larger companies as opportunities arise. The Fund may invest in stocks with thin liquidity. In the event of a market panic, the Fund may not be able to quickly exit such positions.

Large withdrawal by other investors may impact the Fund's performance negatively for an extended period, as the Fund may need to sell illiquid positions on the market to fund a cash withdrawal.



Although the Trustee intends to make redemptions available on a quarterly basis, Investors have no fixed right to have their Units redeemed. Redemptions may be suspended from time to time. In addition, the Fund imposes a redemption limit of 25% of the Net Asset Value of the Fund in each redemption period. If the Fund receives a large amount of redemption requests during a period of significant equity market decline, investors may suffer a loss of capital due to delay in redemption caused by the 25% redemption limit.

n) Prime Broker/Custodian Risk

The Fund's assets are held by prime brokers and custodians. While the Fund holds the economic interest of these assets, the legal title of such assets rests with the prime broker and custodians. The Fund may not be able to claim the full economic interests promptly if any of these prime brokers and custodians experience financial difficulty.

The Fund permits rehypothecation of its assets by its prime broker and custodians. There is a risk that the Fund's assets could be used by the primer brokers and custodians to pay their debts in a bankruptcy or extreme financial difficulty.

o) Counterparty Credit Risk

A default of the Fund's prime broker or other derivative counterparties may incur losses for the Fund.

p) General Risk of Leverage

The Manager does not intend to use leverage in the investment strategy. Any risk of leverage is limited to debt carried by the companies the Fund may invest in, noting the Manager focuses on companies with healthy balance sheets.

q) Risk from Incorrect Information Source

The Investment Manager makes its investment decisions, and the Trustee values the Fund using information supplied by third-parties. Incorrect information supplied to the Investment Manager or Trustee may cause incorrect decisions being made, or an error in Unit price valuation. The Investment Manager and Trustee may not have the ability to verify all of the information provided.

r) Service Provider Default Risk

The Trustee relies on outsourcing providers to operate the Fund. A default of any service provider may



severely impact the daily operation of the Trustee and the Fund. The Trustee will endeavour to control such risks with strict contractual arrangements, and comprehensive record keeping in case of record loss. The Trustee will also communicate to its service providers regularly, to assess any change in a provider's financial and operational strength.

s) Target Returns Risk

Neither the Trustee nor the Investment Manager guarantees the level of returns targeted will be achieved from an investment in the Fund.

t) Trustee Risk

There is a risk that the Trustee may be replaced or its key personnel may change. The Investment Management Agreement permits the Investment Manager to request the resignation of the Trustee under certain circumstances and its replacement with another suitable party.

u) Operating History Risk

Although individuals associated with the Investment Manager have considerable investment experience, the Investment

Manager and the Fund are both newly formed. Therefore, an investment in the Fund entails a high degree of risk.

v) Manager Skill Risk

The Fund relies heavily on the ability of the Investment Manager. If the Investment Manager makes unfavourable investment decisions, the Fund may experience negative returns. The loss of the Investment Manager's services (or that of one or more of its key portfolio managers who are responsible for implementing the Fund's investment objective) could materially and negatively impact the value of the Fund as it may lead to the loss of investment expertise or the use of any proprietary investment methodology developed by the Investment Manager.

7. Tax Information

The information provided below is a high-level summary of some of the relevant tax consideration for Investors who acquire Units pursuant to applications made under this IM. The information has been prepared on the basis that Investors are Australian residents for tax purposes and hold their Units on capital account. The



information may not apply to Unitholders who are carrying on a business of trading or investing in Units for a profit or are non-residents.

This section is non-exhaustive, general in nature and is not, nor is intended to be, tax advice. The information does not consider the position for Unitholders who are holding their Units on revenue account, or who are subject to the taxation of financial arrangement (**TOFA**) rules. As the taxation outcomes will depend on individual Unitholders' personal circumstances, it is recommended that all Unitholders consult with their taxation adviser in relation to how these outcomes may apply to them.

The information below reflects the income tax legislation in force and the interpretation of the Australian Taxation Office (**ATO**) and the Courts, as at the date of issue of this document. The taxation of a unit trust investment such as the Fund can be complex and may change over time.

7.1 Taxation of the Fund

The Fund will be an Australian resident trust for Australian tax purposes. The Fund is expected to

be regarded as a flow through entity for taxation purposes. Generally, it is not expected that the Trust will pay income tax because the Unitholders are expected to be presently entitled to the income of the Fund in each income year, or where the AMIT regime applies (see below), all taxable income of the Trust will be 'attributed' to unitholders in each income year.

Where a revenue loss or net capital loss is incurred by the Trust, the loss must be quarantined within the trust and cannot be passed to Unitholders for tax purposes. Instead, revenue tax losses will be carried forward and offset against assessable income derived by the Trust in future years subject to satisfying the relevant trust loss recoupment tests. Any net capital losses of the Trust will be carried forward and offset against future capital gains derived by the Trust. There are no restrictions on utilising carried forward net capital losses incurred by a trust.

a) Public Trading Trusts

The Fund may, however, be taxed broadly like a company and will be liable for income tax in any year where the requirements to be classed as a public trading trust are satisfied in that year. The



Investment Manager and Trustee will monitor this issue and seek professional advice as required.

b) Managed Investment Trust

If the Fund qualifies as a Managed Investment Trust (“MIT”) for tax purposes, it may be eligible to make an irrevocable election to treat the Fund’s ‘covered assets’ on capital account. In this case, the Unitholders may obtain the benefit of the CGT discount and other tax concessions (where applicable) on distributions of capital gains received from the Fund.

Determining whether the Fund qualifies as a MIT is complex. Any determination as to the eligibility of the Fund as a MIT depends on, among other things, the Fund meeting a ‘widely held’ test and a ‘closely held’ test. Satisfaction of these tests could be subject to change where the Unitholders change. The potential consequences of failing to meet the tests include the Fund’s investments being treated as held on revenue account rather than on capital account.

c) Attribution MIT regime

The Trustee may irrevocably elect to apply the attribution managed investment trust (**AMIT**) regime. The AMIT regime provides for a

system of tax to apply to the Fund where taxable income flows through to the Unitholders on an attribution basis, rather than on a distribution basis. The Fund intends to make an election to become an AMIT when it qualifies.

7.2 Taxation of Australian Resident Investors

a) Tax File Numbers and Australian Business Numbers

It is not compulsory for Unitholders to disclose their Tax File Number (“TFN”), or Australian Business Number (“ABN”) (where applicable). However, if a TFN or ABN is not provided and the Unitholder has not quoted a relevant exemption, then the Trustee is required to withhold from a Unitholder’s distribution the maximum personal rate plus Medicare levy (currently 47%). Non-resident Unitholders do not need to quote a TFN or ABN.

b) Income and Capital Gains Made by the Fund

Unitholders will be assessed on their share of taxable income of the Fund for each year ending 30 June which has been attributed to the Unitholder or which the Unitholder was presently entitled to regardless



of whether the Unitholder receives the distribution of cash or it is reinvested. Unitholders will be assessed in the year to which the entitlement or attribution relates. Where the Fund invests in non-Australian entities, income from those entities may be taxable to Unitholders on an attribution basis. Any attributed income will be included in the tax distribution statement.

c) Tax Deferred Distributions

Tax deferred distributions can arise in a variety of circumstances and effectively represent the excess of the income distributions made by the Fund over the taxable component of those distributions.

Under current law and administration, tax deferred distributions are not immediately assessable when received by the Unitholder but will reduce the cost base of the Unitholder's Units. If the cumulative total of the tax deferred amounts received by a Unitholder is sufficient to reduce the Unitholder's cost base to nil, any further tax deferred component distributions may give rise to an immediate capital gain to the Unitholder.

7.3 Taxation of Non-Resident Unitholders

The tax rules applying to a non-resident investor differ to those applying to a resident investor. Non-resident investors may also be subject to tax in the country in which they reside but may be entitled to a credit for some or all of the tax deducted in Australia.

Appropriate deductions of Australian withholding taxes will be made from distributions of Australian sourced taxable income for non-resident Unitholders. The rate of withholding tax will depend on the composite of the distribution and on whether the non-resident Unitholder is a resident of a country with which Australia has a Double Tax Agreement. If the Fund is a withholding MIT, non-resident Unitholders in eligible countries may be subject to a 15% non-resident withholding tax on their share of taxable income.

Distributions to non-resident Unitholders from sources wholly outside Australia will generally be exempt from Australian income tax.

Tax credits for any tax paid in Australia may be available in the country in which you are a tax resident. Non-residents seeking to invest in the Fund should obtain tax



advice about their particular circumstances.

7.4 Tax Distribution Statement

At the end of the Fund's tax year, the Fund will send investors a tax distribution statement, which will include details of the relevant tax information to include on your tax return. It will include details of your share of the Fund's tax law income and can include: net capital gains (such as those that may arise in relation to a full or part disposal of the investments held by the Fund); income derived from the Fund (such as dividend and interest income); franking credits on any franked distributions received by the Fund, attributed income, and an amount of foreign taxes for which the Fund is liable in respect of the foreign income received.

7.5 Goods and Services Tax (GST)

No GST should be payable by Unitholders on acquisition or disposal of Units and no GST should be payable by Unitholders on receipt of cash distributions from the Trust. However, Unitholders may not be entitled to claim full input tax credits in relation to any GST included in any costs incurred in connection with the acquisition and disposal of the Units. In this

regard, Unitholders should obtain their own independent tax advice.

7.6 Australian Stamp Duty

The issue, redemption or transfer of a unitholding in the Trust may result in stamp duty consequences once the Trust holds dutiable property. You should obtain independent taxation advice to confirm the duty consequences.

7.7 Foreign Account Tax Compliance Act (FATCA)

In compliance with the US income tax laws commonly referred to as the Foreign Account Tax Compliance Act ("FATCA") and the Intergovernmental Agreement signed with the Australian Government in relation to FATCA, the Fund will be required to provide information to the ATO regarding:

- a. Investors that are US citizens or residents;
- b. Entities controlled by US persons; and
- c. Financial institutions that do not comply with FATCA.

The Fund intends to register for FATCA purposes and to conduct appropriate due diligence (as required). The Trustee may use personal information of the Unitholders in order to comply with



FATCA, and may contact Unitholders if it requires additional information to comply with its FATCA obligations. Where investors of the Fund do not provide adequate information to the Fund, the Fund will also be required to report those accounts to the ATO.

7.8 Common Reporting Standard

The OECD Common reporting Standard for Automatic exchange of Financial Account Information (**CRS**) requires certain institutions to report financial information regarding certain accounts to their local tax authority and to follow related due diligence procedures.

Investors in the Fund may be requested to provide to the Trustee or the Investment Manager certain information and certifications to ensure to ensure the Fund's compliance with the CRS.

Subject to law, the Trustee retains the authority to refuse an application (and return any monies received) for any reason, including where there is a delay or failure to produce the required information.

8. Additional Information

8.1 Fund Deed

The Fund is governed by a trust deed ("**Fund Deed**"). The Fund Deed is a lengthy and complex document. The following is a summary of the Fund Deed. Because the summary is brief, investors should confirm all information by reference to the Fund Deed itself. If you are unsure about anything, you should seek advice from an adviser and examine a copy of the Fund Deed.

The Fund Deed deals with a wide range of matters, including:

- a. Applications for Units and the nature of a Unitholders interest in the Fund;
- b. The term of the Fund and Unitholders' entitlements on winding up;
- c. Distributions;
- d. Further issues of Units;
- e. Transferability of Units;
- f. Redemption of Units;
- g. Powers of the Trustee;
- h. Unitholder rights and meetings;
- i. Unitholders' liability;
- j. The Trustee's fees and indemnities; and
- k. Amendments to the Fund Deed.

The Trustee is not liable to unit holders in contract, tort or



otherwise for any loss suffered in relation to the Fund, except to the extent to which the loss is caused by a failure by the Trustee to properly perform its duties. The Trustee is entitled to be indemnified from the assets of the Fund against all expenses, losses and liabilities that are incurred as a direct or indirect result of anything done or not done under the Deed of the Fund, except in the case of a failure to properly perform its duties.

The Fund Deed allows the Investment Manager to provide Manager Recommendations to the Trustee in respect of the administration and management of the Fund.

8.2 Investment Management Agreement

The Investment Manager has been appointed as exclusive investment manager of the Fund under an investment management agreement (“**Investment Management Agreement**”).

The Investment Management agreement sets out the terms of the Investment Manager’s appointment and the scope of the services it has agreed to provide to the Fund, which include:

- a. Responsibility for the day-to-day control of the Fund;
- b. Determining and reviewing the Fund’s investment objectives;
- c. Identifying potential investments for the Fund and executing investment transactions; and
- d. Monitoring the Fund’s portfolio.

The Investment Management Agreement sets out the terms of the fees payable to the Investment Manager and will continue indefinitely, unless terminated by the parties.

The Trustee may terminate the agreement upon giving 6 months prior written notice, where directed to do so by Unitholders in accordance with the terms of the Fund Deed. Whereas the Investment Manager, may terminate the agreement upon giving 90 days’ prior written notice. Either party may terminate immediately in the event of a material breach by the other party (subject to a 40-day remedy period) or where the other party suffers an Insolvency Event.

The Trustee has indemnified the Investment Manager on behalf of the Fund against all loss that the



Investment Manager suffers or incurs from, or in connection with, the performance of its obligations to the Fund, except for loss caused by any material breach, gross negligence, fraud or dishonesty of the Investment Manager.

The Investment Manager provides a reciprocal indemnity to the Trustee against all loss that the Trustee or Unitholders suffer or incur to the extent caused by the any material breach of the Investment Manager Agreement by the Investment Manager, or the gross negligence, fraud or dishonesty of the Investment Manager, except (in each case) to the extent such loss is caused or materially contributed to by any material breach, gross negligence, fraud or dishonesty of the Trustee.

In addition to the above, the Investment Manager has agreed to report to the Trustee on a periodic basis and to obtain certain insurances.

8.3 Administration Agreement

The Trustee and Administrator have entered into a novated Administration Agreement dated 7th December 2023 whereby the Trustee delegates certain administrative, accounting,

registrar, transfer agency functions and the custody of the Fund's assets to the Administrator, subject to the overall supervision of the Fund's Trustee. The Administrator is entitled under the Administration Agreement to be paid a fee for the services it provides to the Fund.

8.4 Communications with Investors

The Investment Manager will provide investors with a monthly report detailing the investment performance of the Fund. Investors are welcome to reach out to the Investment Manager with any questions or a general discussion at any time – the door is always open.

8.5 Complaints

Any complaints should be directed to Merewether via email Luke@Merewethercapital.com.au.

8.6 Anti-Money Laundering

As part of the Trustee's responsibility for the prevention of money laundering and counter-terrorism, the Trustee, the Investment Manager and the Administrator, or any of their respective subsidiaries, affiliates, directors, officers, shareholders, employees, agents, and permitted delegates will require a detailed



verification of the applicant's identity and provide the source of the payment from any person delivering a completed application form.

In Australia, money laundering and terrorist financing is a criminal offence. The Administrator will request verification of identity from all prospective investors to the extent required under the Trustee's Know Your Customer ("KYC") identification policy. Investors are required to send the completed application form and KYC identification information to the Administrator. The Administrator will notify you if additional proof of identity is required. Failure to provide the necessary evidence may result in applications being rejected or in delays in the issuance of Units. The Trustee, the Investment Manager, and the Administrator, and each of their respective subsidiaries, affiliates, directors, officers, shareholders, employees, agents, and permitted delegates will be held harmless and will be fully indemnified by a potential investor against any loss arising as a result of a failure to process an application if such information has not been satisfactorily provided by the applicant.

By subscribing for Units, applicants acknowledge that the Trustee may be required by law to provide information about them, or to file suspicious transaction reports to regulators.

8.7 Privacy

In applying to invest, you are providing the Trustee and the Investment Manager with certain personal details (your name, address etc). The Trustee uses this information to establish and manage that investment for you. The Trustee and Investment Manager may also contact you by phone, letter or email to request business intelligence that may assist with the Fund's strategy. You are not bound to supply any information.

Under the *Privacy Act 1988* (Cth), you can access personal information about you that is held by the Trustee, except in limited circumstances. Please let the Trustee know if you think the information is inaccurate, incomplete or out of date. You can also inform the Trustee at any time not to pass on your personal information by advising it in writing.

If you do not provide the Trustee with your contact details and other



information, then it may not be able to process your application to invest.

Under various laws and regulatory requirements, the Trustee may be required to pass-on certain information to other organisations, such as the Australian Tax Office or the Australian Transaction Reports and Analysis Centre (“**AUSTRAC**”).

By applying to invest, you give the Trustee and the Investment Manager permission to pass information they hold about you to other companies, which are involved in helping them administer the Fund, or where they require it for compliance with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth), or in connection with the holding of Application Money. The Trustee may also use your information to provide you with details of future investment offers made by it or the Manager.

9. Glossary

Capitalised terms in this Information Memorandum have the meaning given to them in the Fund Deed and unless the context otherwise requires:

Administration Agreement	Novated Administration Agreement between the Trustee and the Administrator dated 7/12/23.
Administrator	Mainstream Fund Services Pty Ltd
AFSL	Australian Financial Services Licence
Application Form	The application form included in or accompanied by this IM.
ASIC	Australian Securities and Investments Commission
Buy/Sell Spread	The estimated costs to acquire or dispose of underlying investments due to money in or out of the Fund. These costs are paid to the Fund, not the Trustee nor the Investment Manager. Currently, the cost is 0.25% each way.
Business Day	A day on which banks are open for business in New South Wales, except a Saturday, Sunday or public holiday.
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Fund	Merewether Capital Inception Fund
Fund Deed	The trust deed of the Fund dated 11 October 2021, as amended from time to time.
High Water Mark (HWM)	The HWM or, as applicable, Units or a Unit class (i.e. the relevant series) in the financial year in which the Unit is issued is the Subscription Price of that Unit. For subsequent financial years, the HWM is the greater of:



- 1) The highest of the Net Asset Value per Unit (after deduction of any performance fee) for the previous 12 quarters; and
- 2) The Subscription Price of the Unit

IM	this Information Memorandum
Investment Manager	Merewether Capital Management Pty Ltd
Investment Management Agreement	Investment Management Agreement between the Trustee and the Investment Manager dated 12 October 2021, novated 7 th December 2023.
Mainstream	Mainstream Fund Services Pty Ltd
Merewether Capital	Merewether Capital Management Pty Ltd
Net Asset Value	The value of the Fund's assets less the value of the Fund's liabilities as determined by the Trustee/Administrator.
Offer	The offer under this IM to acquire Units in the Fund.
Performance period	Each period of three months ending on, March 31, June 30, September 30 and December 31 in each year.
Qualifying Investor	A wholesale client as defined in section 761G (7) of the Corporations Act or a sophisticated investor as defined in the section 761GA of the Corporations Act.
Redemption Price	The Unit price of Units on withdrawal minus the sell spread
Series	The series into which Units are divided to calculate the performance fee in respect of a Unit.



Subscription Day	The first Business Day of a quarter or, for applications of \$500,000 or more, the third Business Day after the Business Day on which application monies are received.
Subscription Price	The Unit price of Units upon issue plus the buy spread.
Trustee	Merewether Capital Nominees Pty Ltd
Unit	A fully paid Unit in the Fund
Unitholder or Investor	A person who has acquired Units.



10. Directory

Trustee

Merewether Capital Nominees Pty Ltd
ACN: 672 539 801
CAR No. 001306698

Investment Manager

Merewether Capital Management Pty Ltd
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CAR No. 001292724
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Telephone: 0423 510 004
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Administrator

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