



November 2025

Investor Update

Merewether Capital Inception Fund Performance Summary (at 30 November 2025 net of fees and expenses)

1 Month	3 Months	6 Months	1 Year	2 Years (p.a.)	3 Years (p.a.)	Since Inception (p.a.)*	Since Inception*
-3.0%	4.6%	29.9%	19.7%	30.2%	18.3%	3.8%	16.2%

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 \$1.1973 and ended the month with an indicative unit price of \$1.1618 for a -3.0% return.

November saw global markets have their first jitters since early April as headline indexes finally succumbed to the weakness felt in many sub-sectors over the past couple of months.

True to the experience since Covid, a modest pullback in markets led to outsized swings in negative sentiment. Unfortunately, I suspect this is a feature and not a bug of current markets as the penetration of options and momentum strategies increases.

As I have written in recent monthly reports, we won't change our strategy within the Fund. We haven't chased richly priced companies despite their perceived high quality, and our micro and small cap universe remains ripe with opportunities.

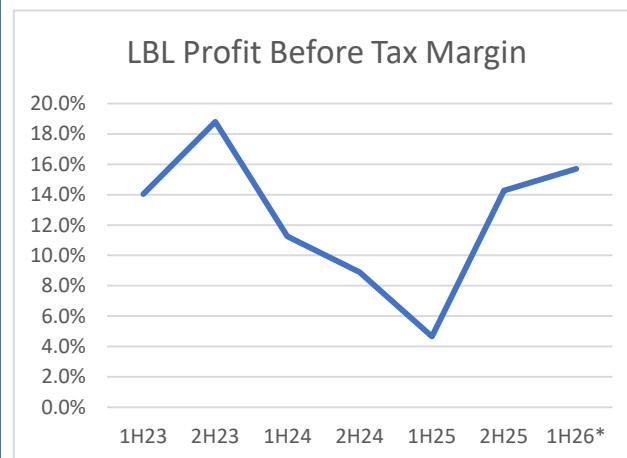
November continued to bring AGM's for our Fund holdings, most of which saw companies trading in line with expectations. However, one position we did materially add to after a very strong AGM update was **Laserbond (LBL)**.

Investors will be familiar with LBL as it is a business I have written about many times. We have owned it since the inception of the Fund, and I personally held a position prior since 2018. As I mentioned in a brief Ausbiz appearance (found [here](#)), owning a business like LBL over an extended period of time offers a unique insight into how it manages the cyclical nature of its end markets and the investment phases required to grow an industrial business.

LBL embarked on an investment cycle at the beginning of FY24 which saw a compression in margins that was then exacerbated by lumpy revenue from the company's Products segment which manufactures products for key Original Equipment Manufacturer (OEM) customers.

As tends to be the case when a company recovers from a cyclical earnings low, the market is often slow to appreciate the recovery. LBL typically earns profit before tax margins of 15-20%, but these fell to as low as 5% in 1H25 as the company skilled up new labour to accommodate on-demand shift work and hired some key executive roles to build the structure for further growth.

2H25 saw a stark recovery in margins as LBL drove strong growth through the additional capacity they had built. Pleasingly, the first four months of FY26 has continued that recovery as management confirmed revenue of \$15.9m and profit before tax of \$2.5m:



LBL's core business now has a national footprint and is set to have record revenue and profitability in FY26. On the core business alone LBL trades on ~14x earnings which is more than reasonable for a technology led industrial business on a cyclical earnings upswing.

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However, the cherry on top of a solid core business AGM update was LBL management providing more detail on a recent \$2.3m Technology licensing sale to a leading global OEM.

LBL's Technology segment has been better in theory than practice in recent years. In theory, rather than spend copious amounts of capital to establish workshops around the world to service global customers, LBL decided to license their technology to customers who would commit to the capital requirements while LBL earned high margin licensing and consumable metal powder revenues.

But in practice LBL has struggled to make the segment work. Customers were requesting highly customised laser cladding units optimised for their specific use cases, requiring additional work from LBL that delayed sales and diverted key resources from core operating segments.

LBL management announced a reset of the Technology segment strategy last year, first to focus the manufacture of new laser cladding units for their own internal purposes, then to develop an "off the shelf" modular system for external customers. While being a better operational strategy for LBL it remained to be seen whether they could drive sales to customers.

At the AGM, LBL management confirmed the recent record \$2.3m Technology license sale was to Japanese heavy equipment manufacturer Komatsu which could be the "first of multiple" into their global operations and two additional OEM's are in "advanced stages of negotiations" for license sales.

Given the issues scaling the Technology segment in the past it doesn't surprise me the market is not pricing in excessive blue-sky potential. However, I think the strategic shift to better scale this growing high margin segment is being overlooked.

As I wrote earlier, we materially added to our position in LBL during November, participating in a block trade early in the month and subsequently adding on market after the AGM update. Through over 7 years of owning LBL, I believe it currently offers one of the best risk/reward set ups in that time. While the share price is multiples higher than the original entry point, the business now has a national footprint, the additional capacity and organisational structure to drive many years of margin and earnings growth and the potential of an emerging high margin Technology segment.

Like other cyclical recoveries I expect the market to recognise LBL's positive outlook over the remainder of the financial year as revenue and earnings continue to improve.

This will be my last communication for 2025 so I wish everyone a merry Christmas and a relaxing break! As always thank you for your support, it is greatly appreciated.

2025 is shaping up to be another strong year for the Fund, but I am excited to come back refreshed and jump into 2026. We own a collection of quality and growing micro and small cap companies trading at cheap valuations, and like LBL above I believe they will perform well through 2026 if they continue to execute to expectations.

The Fund is open for investment and if any current or potential investors are interested in deploying capital in this environment, feel free to reach out on 0423 510 004 or luke@merewethercapital.com.au

Thanks for your on-going support.

Luke Winchester (Portfolio Manager)