

ARC FUNDS LTD (ASX:ARC)
INVESTOR PRESENTATION
AGM OCTOBER 2022



Investing in the best emerging
funds management talent in
Australia and Globally



DISCLAIMER

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This announcement contains certain forward looking statements with respect to the financial condition, results of operations, projects and business of the Company and certain plans and objectives of the Company. Forward looking statements can generally be identified by the use of forward looking words such as 'expect', 'anticipate', 'likely', 'intend', 'propose', 'should', 'could', 'may', 'will', 'predict', 'plan', 'believe', 'forecast', 'estimate', 'target', 'continue', 'objectives', 'outlook', 'guidance' and other similar expressions.

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ARC FUNDS COMPANY PROFILE

ASX Code	ARC
Shares on Issue	30,076,352
Options	1,000,000
Board Ownership	47.7%
Market Capitalisation (at 36c shareprice at 16/10/22)	\$10.8m
Net Cash (at 16/10/22)	\$2.2m

Our Vision

To build a listed boutique funds management platform by investing in, supporting and partnering with the best fund managers across a range of asset classes and investment strategies.

Our Mission

Become the Partner of Choice in the Australian boutique funds management industry by prioritising the success of our partners.

Our Strategy

Provide our partners with support services, funding & distribution while allowing them to focus on delivering returns to investors.

WELCOME TO ARC FUNDS

New strategy to build a listed funds management platform and investment company.

We will do this by investing in, supporting and partnering with the best fund managers across a range of asset classes and investment strategies.

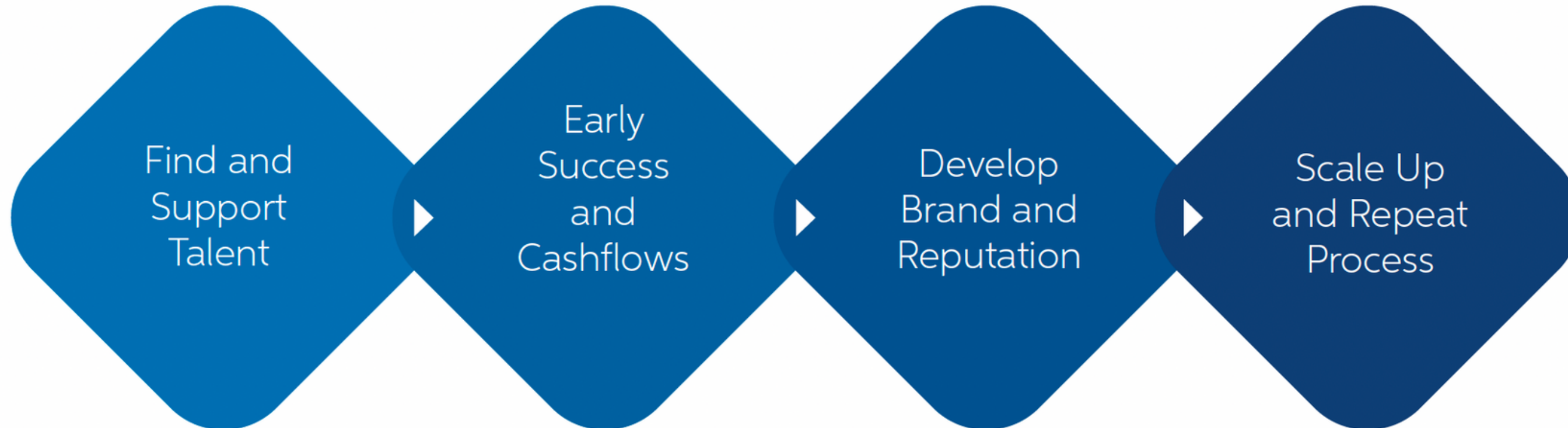
What we do

- Own 25-40% of the equity in our affiliate boutique funds management businesses.
- Provide support services and nurture our investee funds management businesses via an 'Affiliate Management Agreement' (AMA).
- We will initially rely on 3rd party services (e.g. trustee, custodian, legal, tax). These service providers have already been identified. Services provided in-house by ARC will grow as our capabilities grow, increasingly becoming an additional income stream.
- Use balance sheet capital to invest in affiliate businesses and support them through to profitability.
- Make strategic acquisitions that are value accretive to shareholders

The Opportunity

- Boutiques deliver outperformance and are sort out by asset allocators.
- Large pool of talented investors capable of outperforming the market and seeking to launch their own funds management company. ARC has the opportunity to become the 'Partner-of-Choice' for the best boutique funds management talent in Australia.
- Incoming executive team highly immersed in the investment community and in touch with upcoming talent.
- Target in-demand and niche sectors of funds management such as small caps, ESG friendly, global, innovation, etc.
- ARC will seek to build its own distribution platform, leveraging new methods of technology and distribution

ARC FUNDS PLAN



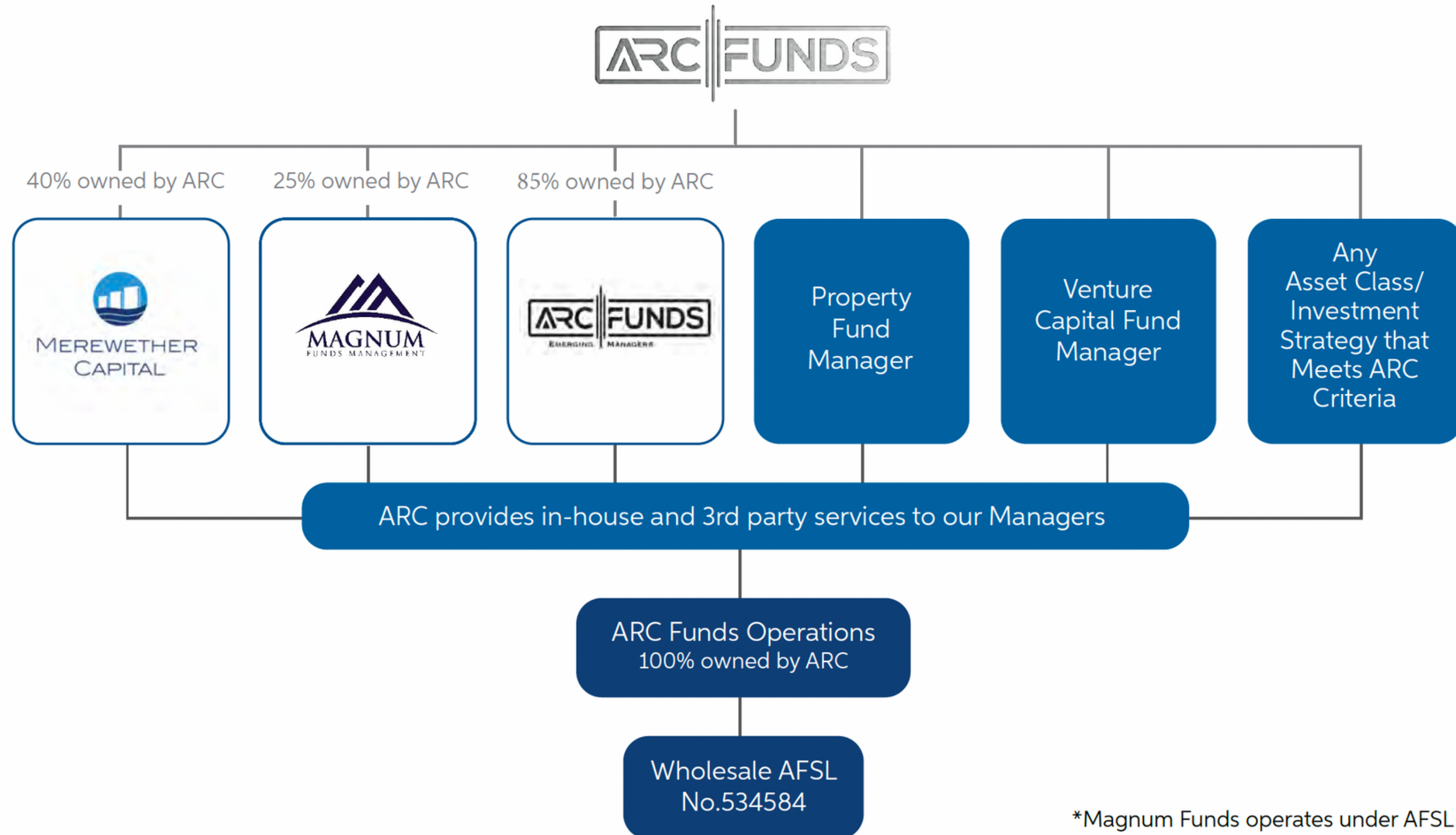
- Find and invest in the best talent in each asset class/investment strategy
- Provide them with access to capital, support, infrastructure and guidance in order to allow them to focus on what they do best – investing
- Be active but patient investors in our management companies, providing a platform for success and support them through the early stages of their journey

- Our managers start to perform, generating larger management fees as FUM grows and strong returns drive performance fees. Defined dividend policies return cash to ARC
- ARC will use this cash flow to 1) invest in other managers and 2) build our in-house service offering to increase our utility to managers and provide an income source to ARC
- Services include AFSL, compliance, operations, sales & distribution (key asset), legal & advisory, tax

- As our managers build a successful 3+ year track records they will become more marketable, driving an increase in FUM growth and size of performance fees
- Their success and positive experience helps build our brand & reputation as a 'Partner Of Choice' making deal origination easier
- Combined with developing our internal sales & distribution team, this will allow a step change in the size & scale of the managers we invest in

- Repeat the process, focusing now on more scalable strategies where FUM size is larger, leveraging our brand, reputation and sales team
- We will always focus on backing managers that can outperform, but at this stage FUM size and capacity becomes more important as we scale
- Highly scalable, capital light model with significant operating leverage capable of delivering strong returns to shareholders

ARC FUNDS STRUCTURE



*Magnum Funds operates under AFSL No.493702



WHY PARTNER WITH ARC FUNDS?



- We know and understand the boutique funds management industry and the challenges that exist;
- As an emerging platform ourselves, we have the ability and desire to be flexible and open minded in our approach to success;
- We exist to ensure the success of our Managers – their success creates our own and we structure everything we do with aligned incentives;
- We are completely focused on performance, a natural extension of our boutique origins;
- We aim to do things differently, to leverage new technologies and methods of distribution, and are excited to be backing Managers willing to innovate themselves;
- Our ASX-listed status grants us greater reach, transparency, access to capital and ability to structure deals with flexibility and equity-aligned incentives

ARC EMERGING MANAGERS

Founding Purpose

AEM was established because the founders wanted an efficient way to personally invest in the best emerging fund managers around the world.

AEM is that product, built from an investor's perspective - low fees, scale advantages, aligned incentives.

Investment Strategy

AEM is a managed fund investing in the best emerging funds management talent in Australia and globally.

Boutique Origins

AEM will further ARC's reach and utility in the boutique funds management industry by creating network effects and community.

Manager Selection

AEM intends to invest with a carefully selected group of managers with the following characteristics:

- Proven track record of outstanding returns
- Unique competitive edge
- Reasonable AUM
- Skin in the game & aligned incentives

Investment Guidelines

Asset Classes

AEM will focus on investing in equity funds but will also invest in alternative assets and fixed income when deemed appropriate.

Competitive Edge

AEM will invest with managers that possess a proven competitive edge in their respective strategy and asset class, with the track record to show for it.

Global & Diversified

AEM will invest in the best funds management talent across a range of geographies and underlying strategies.

Portfolio Composition

AEM will typically invest in 5-10 managers at any one time, with a maximum position size of 20% of assets in a single fund.

ARC Funds Affiliation

AEM may invest up to 50% of NTA with ARC Funds affiliated managers, provided those managers meet AEM's criteria.

Access

Many of the underlying managers AEM plans to invest in are difficult to access due to high minimum investments and complex offshore structures

Scale

AEM's long term capital allows us to attain more favourable fee structures from our managers.
Aim to deliver all-in fee less than that achieved directly in the underlying manager.

WHY INVEST IN AEM?

Expertise

AEM's board has 20+ cumulative years experience in capital markets and boutique funds management.
>10,000 hedge funds globally - monumental task to find the very best - AEM can leverage our experience, networks and infrastructure.

Unique Structure

Zero management fee.
Aligned incentives - skin in the game.

GIVING BACK

A minimum of 5% of all fees generated from AEM will be donated to charity.

AEM will encourage its managers to be active in the giving back process, to charities of their choice.





COMPANY OUTLOOK

- We have made substantial progress in the first 12 months of implementing our new strategy to build a multi-affiliate boutique funds management platform;
- From a standing start, we now have partnerships with Merewether Capital (microcap), Magnum Funds (fixed income - potential restructure conversations ongoing) and ARC Emerging Managers (boutique fund of fund);
- Immediate term focus is the launch of ARC Emerging Managers, which will provide increasing brand awareness of ARC Funds as well as growing distribution to boutiques, both affiliated and non-affiliated with ARC Funds;
- We continue to engage with new prospective partners across a range of strategies, market conditions have further highlighted the value of ARC Funds as a partner;
- M&A opportunities have become increasingly compelling as valuations have declined and market dislocations have emerged, the ARC board will consider value accretive acquisitions as and when they arise.



THANK YOU

*Thank you for investing
alongside us as ARC
shareholders.*

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