



14th February 2022

Market Update – ARC Funds Ltd

ARC Funds Ltd (ASX:ARC) (**ARC** or the **Company**) is pleased to provide investors with the following update on the company's progress of its affiliate managers, the first half results and outlook.

Magnum Funds Management Secures \$35m of Commitments

Magnum Funds Management (ARC ownership of 25%) has today signed and secured \$35m of firm commitments from founding investors for the Magnum High Income Fund, a new Chi-X listed Active ETF. The funds have been committed to be invested within three months of the launch of the Fund.

ARC expects the Magnum High Income Fund to be launched in early CY22, subject to no material delays.

Merewether Capital Management – Inception Fund Launched Successfully

On 26th November 2021, Merewether Capital Management (ARC ownership of 40%) successfully launched the inaugural Merewether Capital Inception Fund, a specialist wholesale micro-cap equity fund.

ARC is pleased to report that Merewether raised approximately \$5m of funds under management (FUM) within the first two months of launch.

To take advantage of Merewether's recent performance and the existing opportunity set, Merewether has set a special intake date of 21st February, which will be the next opportunity to invest in the Merewether Capital Inception Fund.

Continued interest in Merewether, along with the current market shift from growth to value managers, provides confidence that FUM will continue to grow throughout 2022.

ARC Issued a Wholesale AFSL

On 3rd February, ARC Funds wholly owned subsidiary, ARC Funds Operations Pty Ltd, was granted a wholesale Australian Financial Services Licence (AFSL), permitting the company to carry on the business of investment management for wholesale clients.

Wholesale investment managers, such as Merewether Capital, will have the ability to operate under ARC's own AFSL, an important step towards providing in-house infrastructure for our affiliate managers.

Alongside the retail AFSL held by Magnum Funds Management, ARC can now provide licensing for both retail and wholesale funds effectively in-house.

ARC Funds Limited

ABN 52 001 746 710

c/- Mertons Corporate Services, Level 7, 330 Collins Street, Melbourne VIC 3000

phone: +61 3 8689 9997



1H22 Results (Unaudited)

In line with previous guidance, ARC expects to report a loss of \$0.3m for the 1H22. The closing cash balance was \$2.9m.

Our fixed operating costs remain in line with previously disclosed forecasts, with the primary variable costs relating to professional fees associated with securing new deals and partnerships. The Company continues to be in a strong funding position to achieve its near-term goals.

The Company expects to release its half yearly results in late February.

Outlook

The Company is pleased with the early performance of its two affiliate managers in Magnum and Merewether. Both businesses have a clear line of sight to profitability, and we expect their FUM to continue to grow throughout 2022, supported by ARC Funds.

ARC continues to field inbound enquiry and engage with prospective managers across a range of asset classes and investment strategies. We expect to be able to secure a new partnership in the near to medium term, but we will continue to be highly selective.

The Company is also working on plans for new methods of distribution that would provide immediate scale for our managers, including products that would allow retail investors access to funds that are typically only available to wholesale investors.

ARC Funds Managing Director Harley Grosser said, “We are very pleased with the early progress at both Merewether and Magnum. Merewether is up and running successfully and has performed strongly during a period of heightened market volatility, which is testament to the quality of the manager. Magnum is in the process of launching its first fund, with the \$35m of investor commitments a significant step in the development of that business, and our focus now shifting to building investor awareness of the Magnum High Income Fund as we approach launch day. Both Merewether and Magnum are very well positioned for FUM growth throughout 2022.

We enter the new year with several initiatives in the pipeline including new manager partnerships and potential new products. The year ahead is all about growth, with opportunities to do so both in growing the FUM of our current affiliates and with potential new affiliate managers.

Our outlook is exciting and with successful execution we believe we can deliver real value. We thank our shareholders for their support throughout 2021 and look forward to a busy 2022.”

ENDS.

By order of the Board of Directors.

ARC Funds Limited

ABN 52 001 746 710

c/- Mertons Corporate Services, Level 7, 330 Collins Street, Melbourne VIC 3000

phone: +61 3 8689 9997



For Further Details contact:

Harley Grosser

Managing Director

Email: harley@arcfunds.com.au

Tel: 0418 860 639

Disclaimer - Future performance and forward looking statements. 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. The forward looking statements, opinions and estimates contained in this announcement are based on the Company's intent, belief or current expectations, assumptions and contingencies which are subject to change without notice, as are any statements about market and industry trends, which are based on interpretations of current market conditions. They involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of the Company and its officers, employees, agents and associates, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Any forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Readers are cautioned not to place undue reliance on forward-looking statements. There can be no assurance that actual outcomes will not differ materially from these forward looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this announcement in light of those disclosures. Neither the Company, nor any other person, gives any representation, warranty, assurance, nor will guarantee that the occurrence of the events expressed or implied in any forward looking statement will occur. To the maximum extent permitted by law, the Company, other persons referred to in this announcement and each of their respective advisors, affiliates, related bodies corporate, directors, officers, partners, employees and agents disclaim any responsibility and undertake no obligation for the accuracy or completeness of any forward looking statements whether as a result of new information, future events or results or otherwise. The Company disclaims any responsibility to update or revise any forward looking statements to reflect any change in the Company's financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based except as required by Australian law.

ARC Funds Limited

ABN 52 001 746 710

c/- Mertons Corporate Services, Level 7, 330 Collins Street, Melbourne VIC 3000

phone: +61 3 8689 9997