



19 October 2022

2022 Annual General Meeting

Chairman's Address

Dear Fellow Shareholders,

Welcome to the first Annual General Meeting of ARC Funds Limited, this being the first following the company name change and a new strategy which we have been executing on over the past 15 months. This period has been exciting and formative for your company in developing a new business model and making subsequent investments. Not all of our efforts have borne results as yet, and this is the nature of long-term investing. Fortunately, we remain committed and funded which will enable us to stay our course and, in a position, to capture opportunities with new people and products as they appear.

But back to the past year for a moment, the company recorded an after-tax loss of \$612,433 for the full year to June 30, 2022. This was no surprise, and due to the operating costs of a listed public company along with the expenses incurred in a series of corporate transactions of approximately \$65,000 and the establishment year losses of our initial investment affiliates of approximately \$58,000. We remain focussed on containing our operating costs and this is evident in our results. The company's cash levels are now approximately \$2.2 million, and we have no debt

Our New Strategy also resulted in the appointment of Harley as the new Managing Director of the Company, a role he commenced in late July. As noted in the ASX announcement at the time, the board believes Harley brings extensive knowledge and skills in capital markets, financial analysis, valuation, investor relations, and the building and operating of an investment management business. I would also like to acknowledge the support of our major shareholder Capital H Management in helping develop and contributing capital towards our new strategy, for a small company having a solid aligned and supportive major shareholder is a real asset.

The New Strategic Direction is "To build a listed boutique funds management platform and investment company by investing in, supporting, and partnering with the best fund managers across a range of asset classes and investment strategies. The past year has yielded growth in the operations of your company as we pursue our new strategic direction. However, this has corresponded with a challenging investment environment as markets, including equity and bond markets have experienced significant dislocations. This has resulted in significant headwinds for fund managers and investment returns.

As I have mentioned previously, the inevitable "great unwinding" of the past 10-year period of cheap debt and credit coupled with extraordinary central bank monetary stimulus will have profound changes to the performance of assets, investment markets and fund managers in the coming years. This theme continues to play out across the globe, but it also creates great opportunities for the skills of active stock picking managers. Company fundamentals and sustainable valuations will

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outlast the momentum and liquidity driven markets we have witnessed, and it is these periods of extreme market volatility the real opportunities appear.

The positive fundamentals of our business model are compelling, as it is highly scalable, capital light and can leverage existing and innovative technologies to contain operating costs and potentially facilitate growth in FUM. I am not going to go into too much more detail on the business as Harley our Managing Director, will be making a presentation after the formal meeting is closed to allow for questions and discussions.

So, to wrap it, in a year of consolidation, I want to thank my fellow directors, Harley, Darren and Wayne for their continued work, support, and input during the year. Harley our MD for his relentless work effort and focus I also want to thank our company secretaries at Acclime Australia (formerly known as Mertons), for their contributions and our various advisers with whom we have worked with over the past year for your help.

Finally, I want to thank all our shareholders for your support and interest, and we look forward to updating you on our future progress.

James Jackson

Chairman of ARC Funds Limited

ENDS.

By order of the Board of Directors

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