



22nd December 2022

Termination of Joint Venture – Magnum Funds Management

ARC Funds Limited (ASX:ARC) (**ARC** or the **Company**) refers to its joint venture agreement (**Joint Venture**) with Magnum Holdings Australia Pty Ltd (ACN 644 756 927) (**Magnum Holdings**) in respect of RG AFSL Pty Ltd (formerly, Magnum Funds Management Pty Ltd) (ACN 612 709 403) (**Magnum Funds Management**) and the Magnum Fixed Income Fund (*refer to ARC's announcement dated 3 November 2021 titled 'ARC Invests in Fixed Income Manager'*).

ARC and Magnum Holdings have now agreed to terminate the Joint Venture, with a view to limiting the costs and liabilities of each party associated with operating Magnum Funds Management and the Magnum Fixed Income Fund.

ARC announces it has entered a deed of termination with Magnum Holdings, whereby the Joint Venture will no longer proceed. Under the deed of termination:

- **Magnum Fixed Income Fund.** The Magnum Fixed Income Fund will be wound up and ARC will be entitled to receive a pro rata distribution of 25% of the available balance. Subject to payment of associated costs, approximately \$88,000 of the initial \$200,000 invested remains available for distribution between ARC and Magnum Holdings.
- **Release.** ARC and Magnum Holdings release each other and their respective officers from any obligations and claims arising in respect of the Joint Venture.
- **Magnum Funds Management.** Harley Grosser will resign as director of Magnum Funds Management. Each of ARC and Magnum Holdings are released from non-compete provisions under the Joint Venture.
- **ARC Options.** All options granted by ARC to Magnum Holdings under the Joint Venture will lapse as the vesting conditions have become incapable of satisfaction.

ARC Funds Managing Director, Harley Grosser, said:

We entered into the agreements with Magnum excited about the prospects for the proposed fund, but it has since become evident it is no longer in either party's best interests to proceed further. Exiting Magnum will free up capital and bandwidth for us to pursue other opportunities. We continue to view fixed income as an attractive market and will seek to identify suitable partners in that market in the future."

ENDS.



By order of the Board of Directors.

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