



The current industry model works, with major challenges



Operational inefficiencies

- The current model works but is sub-optimal with inefficiencies across operations (tech and process)
- Costly legacy technologies with multiple registers

Inefficient use of capital

- Unnecessary capital expenditure (CAPEX) on, nondifferentiating, fragmented, IT infrastructure and solutions
- Decreasing margins delaying the required CAPEX for change
- Securing CAPEX in current environment is a challenge

Lack of innovation and collaboration

 The lack of industry collaboration is holding back the adoption of non-competitive innovation

Margin and revenue erosion

 Fund Managers witness decreasing margins and risk an exodus of investors from regulated mutual funds to new costeffective investment platforms



These challenges span the entire industry value chain...









Revenue

- Competition is driving fees downwards
- Investing in funds is expensive and opaque
- Extended settlement = time out of market
- Low margins reduced even further by industry pressures
- Lost Opportunity: New entrants are looking to monetise tokenised cash exchange

Cost

- Unnecessary
 oversight costs from
 having to ensure data
 accuracy from multiple
 service providers
- Lost Opportunity:

 Faster, and automated,
 settlement and
 reconciling by adopting
 innovative platforms
- Legacy IT infrastructure drives complex operations
- Lost Opportunity:

 Capital efficiency and reduced time to settle, again, through innovation

Complexity

- Long chain of hand-offs leads to additional cost, risk and time for distribution and cash management
- Antiquated industry processes driving away digitally-savvy investors
- Challenges of layered-on complex legacy technology
- Lack of standards, multiple providers per customer. Customers locked in.
- Lost Opportunity:

Adopting DVP and
Atomic Settlement and
the ability to significantly
diminishes the
complexity associated
with settlement.



FAC have designed and built an innovative DLT platform

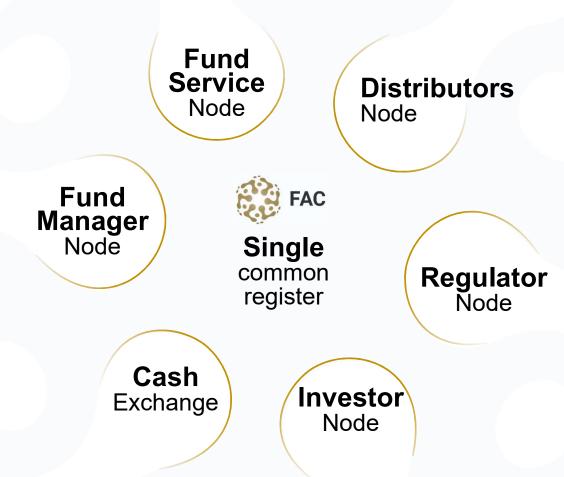
The platform 'tests the concept' of shared DLT based infrastructure

- FAC connects fund market participants investors, distributors, fund managers, regulators and service providers
- on a distributed ledger-based market infrastructure

allowing them to share the same information on ownership and transactions at the same time

- resulting in an single common industry register to record the owners of fund assets, manage the subscription, redemption and transfer of those assets to simplify fund register administration
- and acting as a platform to digitalise assets, cash and transactions

reducing the layers of intermediation between the investor and the product





FAC is uniquely positioned to help the industry transform

Transitioning onto a bespoke, next-gen, infrastructure with a transformative commercial model

Why? FAC have no existing revenue to protect

 We are in a position to deliver a premium operating model, for all participants, by building a platform that suits the whole industry

Why? FAC have no pressure to increase shareholder value

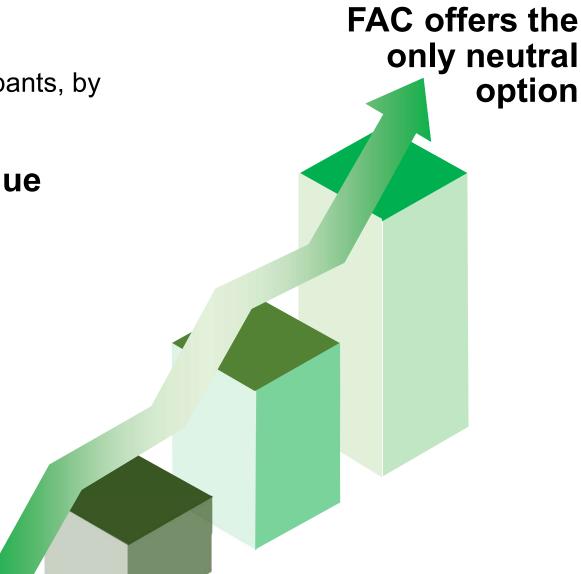
 We are in a position to deploy a mutually beneficial, transformational, commercial model

Why? FAC won't disintermediate your customers

 We are in a position to deploy a platform that uplifts the industry, not undermine <u>your</u> relationship with <u>your</u> customers

Why? FAC are deploying revolutionary technology

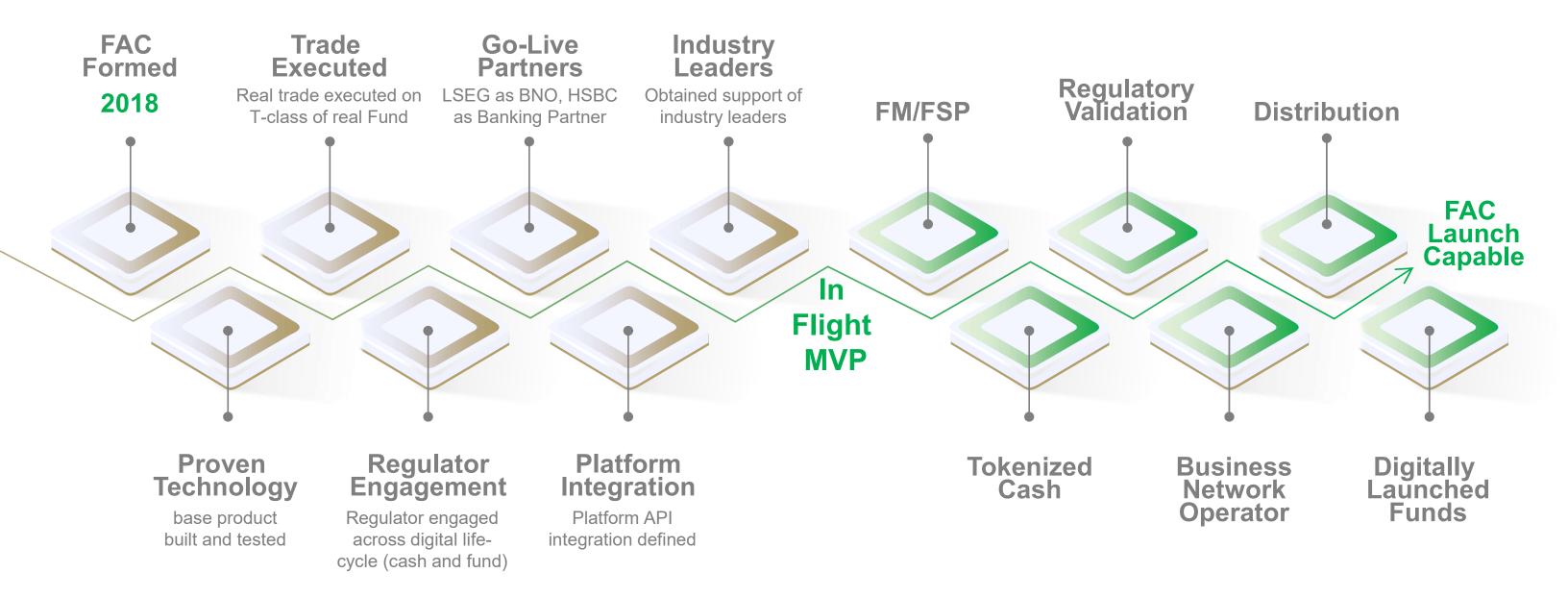
 We are removing messaging, reconciliation costs and your internal technology ultimately delivering headcount reduction





Foundations for transformation are now in place

Over the last 2 years FAC have initiated an industry transformation towards a better (more cost effective and efficient DLT-based) future for both Fund Managers and Fund Service Providers.

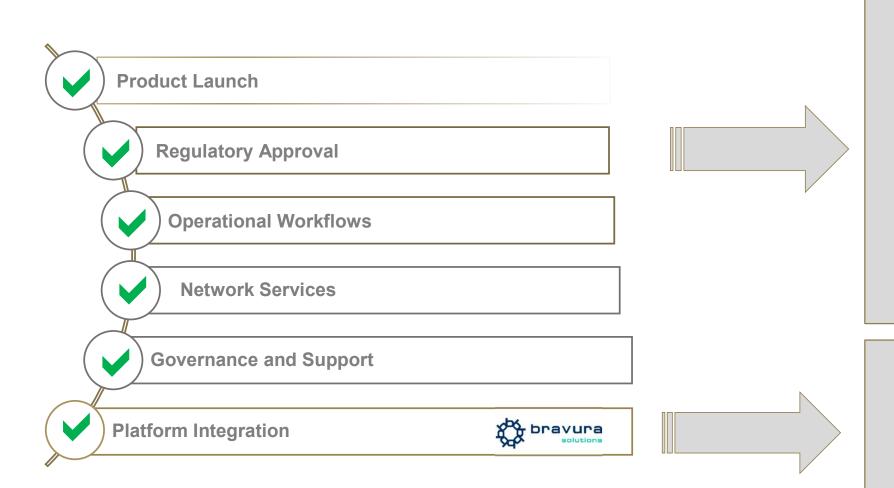


Recap UK MVP1: What is it?



Minimum Viable Product Version 1 - the first version of the FAC product to go into production with a minimum set of product features and capabilities necessary for operational and regulatory viability

and delivering business benefit.



MVP1 Target Launch Fund

Tokenised class of an existing UK OEIC Company per Fund Manager

Daily Dealing, NAV priced

Single currency, GBP

Targeted at UK Institutional Investors

Non Distributing

MVP1 Distributor Platform Integration

API Integration into Distributor Platform

Collapse Distributor Register onto FAC Platform

Removal Complex Distributor reconciliations



MVP Approach

FSP/FM Op Model Workshop

WORKSHOP 1

Onboarding Client Maintenance Offboarding

WORKSHOP 2

Cash Management Settlement

WORKSHOP 3

Trade Management
Pricing
Transfers

WORKSHOP 4

Transition Playbook Fund Launch Reporting Requirements

WORKSHOP 5

Governance Model
Support Model

WORKSHOP 6

Model Office Test Planning

OPERATING MODEL

















HSBC Cash Exchange Stream

Build Stream

AML/KYC Process

AML/ Boarding & Client Process Admin. Process

Investor Node

Cash Tokenization Validation

Cash Functionality HSBC

Review Proposed Process

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Corrections

NAV Price Feed

Trade & Error

Transition Playbook

Reporting Requirements

FM/FSP – Model Validation Review Proposed Process

Governance Model

Service Model

Technical
Infrastructure
Security & Resilience

Test Plan

Scale

OPERATIONAL RESILIENCE, DATA SECURITY, CYBER SECURITY, SYSTEMS PERFORMANCE

