

# PACIFIC CURRENT GROUP

33° 51' 50.457" S, 151° 12' 23.437" E

Level 29, 259 George Street, Sydney NSW 2000

T: +61 2 8243 0400 // F: +61 2 8243 0410

30 August 2019

## PACIFIC CURRENT GROUP FULL YEAR RESULTS

*Year ended 30 June 2019*

Pacific Current Group (ASX: PAC, "Pacific Current") is pleased to report the Company's full year results for the period ended 30 June 2019.

- Underlying net profit before tax (**NPBT**) of A\$27.4m for the full year, up 49.7% compared to A\$18.3m in FY18;
- Underlying net profit after tax (**NPAT**) of A\$20.6m for the full year, up 12.6% compared to A\$18.3m in FY18;
- Underlying earnings per share (**EPS**) of A\$0.43, up 12.6% from A\$0.38 in FY18;
- Fully franked final dividend of A\$0.15 per share (total dividends of A\$0.25 for FY19 Vs. A\$0.22 per share in FY18);
- PAC share of earnings from boutiques A\$45.0m, up 23.7% from A\$36.4m in FY18 (including all types of earnings and revenues as well as results of fully consolidated boutiques);
- Funds under management (**FUM**) of A\$57.5bn at 30 June 2019,
  - Up A\$17.2bn or 51.2% from 30 June 2018 when excluding the boutiques sold/acquired during the year, the newly acquired boutiques Victory Park and Carlisle had combined FUM of A\$6.6bn as at 30 June 2019;
  - Net inflows of A\$14.1bn during FY19 with meaningful growth at Carlisle, GQG, Aether and Roc Partners;
  - GQG continued its rapid growth, with FUM growing from A\$18.4bn to A\$35.7bn;
  - Carlisle FUM increased 33.0% YTD (PAC invested in January 19);
  - Roc also saw solid growth across a broader set of investment strategies with total FUM increasing by 13.4%;
  - In July 2019 Aether formally closed ARA V, with total commitments reaching US\$268m, of which US\$201.8m from previous closings have been included in the above FUM figures;
  - Seizert, facing the headwinds of US active management experienced notable outflows during the year.
- Active year in the portfolio with three stakes being sold, three new portfolio companies and one follow-on investment

## PORTFOLIO MANAGEMENT

There were numerous developments in the portfolio during FY19. In July 2018, PAC invested US\$70m (A\$94.8m) into private credit manager, Victory Park Capital. In January, PAC announced a US\$34.25m (A\$47.0m) investment in Carlisle Management Company, a manager specialising in life settlements. PAC also made an initial investment of US\$1.1m (A\$1.5m) in Independent Financial Partners, a financial advisor platform and services company. Subsequent to the end of FY19 PAC invested A\$6.8m to increase its stake in Roc Partners from 18% to 30%.

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During the year PAC exited three successful investments. The Company sold its 23.4% interest in Aperio for approximately US\$72m (A\$101.6m), having acquired the stake in 2016 for US\$31.8m (A\$44.2m). PAC also executed on the sale of the 10% residual interest in RARE Infrastructure to Legg Mason (A\$21.5m) as well as its 27.5% interest in Celeste to management (A\$1.6m).

## OUTLOOK

Pacific Current's Chairman, Mr. Tony Robinson said, *"I am pleased with what we have accomplished in FY 2019 and believe that our successes haven't yet been recognized by the market. Helping investors appreciate the value of PAC and its future prospects will be a major focus in FY 20."*

Pacific Current's Managing Director & CEO and CIO, Mr. Paul Greenwood noted, *"We remain intensely focused on building a diversified revenue stream that isn't highly vulnerable to the vagaries of global equity markets. Moreover, we believe this can be done while still maintaining attractive organic growth."* Greenwood added, *"We made solid progress in FY19 toward these goals, but I am very confident that we will be able to further enhance the portfolio in FY20."*

## Summary of Financial Results

	FY19	FY18	Change
Adjusted FUM at 30 June <sup>2</sup>	A\$50.9b	A\$33.7b	+51.2%
Underlying net profit before tax <sup>3</sup>	A\$27.4m	A\$18.3m	+49.7%
Underlying net profit after tax <sup>3</sup>	A\$20.6m	A\$18.3m	+12.6%
Underlying EPS <sup>4</sup>	A\$0.43	A\$0.38	+12.6%
Dividends per share	A\$0.25	A\$0.22	+13.6%
Reported NPAT attributable to the members of the Parent	A\$37.6m	A\$97.6m	-61.5%
Basic earnings per share <sup>4</sup>	A\$0.79	A\$2.05	-61.5%
Investable cash on balance sheet <sup>5</sup>	A\$64.2m	A\$104.2m	-38.4%
Net assets per share	A\$8.05	A\$7.05	+14.0%
Franking credits available at 30 June	A\$31.6m	A\$26.6m	+18.8%

Please refer to the presentation attached for the details.

1 FUM of private equity funds is based on capital commitments to each fund and does not reflect any return of capital to date.

2 Adjusted FUM excludes boutiques sold/acquired during FY19 for a true comparison.

3 Underlying net profit before/after tax is unaudited and a non-IFRS financial measure used by PAC to manage its business.

4 EPS is based on weighted average number of shares based on their issue dates.

5 Investable cash is based on deconsolidated amounts, excluding Aether, Seizert and SCL. It is net of current assets and liabilities.

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## CONFERENCE CALL

Investors and analysts are invited to participate in a conference call on **Monday, 2 September 2019 at 9:00am AEST**. The call will be hosted by Pacific Current Group's Chairman Tony Robinson, Paul Greenwood, CEO & CIO and Ashley Killick, CFO.

The dial-in details are as follows:

Location	Phone Number
Australia (toll free)	1800 590 693
Australia, Sydney	+61 2 9193 3719
New Zealand (toll free)	0800 423 972
New Zealand, Auckland	+64 9 9133 624
Singapore (toll free)	800 186 5106
Singapore	+65 6320 9041
United Kingdom (toll free)	0800 358 6374
United Kingdom	+44 330 336 9104
USA/Canada (toll free)	866 519 2796
USA, Colorado Springs	+1 323 794 2095

Participant Passcode: **024039**

Please join the event conference 5-10 minutes prior to the start time using the dial-in details and participant passcode listed above.

## CONTACT

For Investor Enquiries:

Paul Greenwood  
 Managing Director & CEO and Global CIO  
 (+1) (253) 617-7815

## ABOUT PACIFIC CURRENT GROUP // [www.paccurrent.com](http://www.paccurrent.com)

Pacific Current Group is a multi-boutique asset management firm dedicated to providing exceptional value to shareholders, investors and partners. We apply our strategic resources, including capital, institutional distribution capabilities and operational expertise to help our partners excel. As of 30 August 2019, Pacific Current Group has 15 boutique asset managers globally.

# PACIFIC CURRENT GROUP FY 2019 RESULTS

For the full-year ended 30 June 2019

PRESENTERS:

Paul Greenwood, CEO & CIO

Ashley Killick, CFO

Tony Robinson, Chairman

ASX : PAC

# Agenda

1. Overview
2. Portfolio Update
3. Q & A
4. Appendices



# OVERVIEW

# FY19 Strategic Goals

- › In FY19 PAC's primary focus was on the following:
  - Reshape portfolio to make it less vulnerable to market shocks and more aligned with long-term trends in asset allocation
  - Facilitate growth in our portfolio companies
  - Improve investor understanding of PAC and its business strategy
  - Enhance internal processes

## Overview – FY19 Highlights

- › **Financial Results** – Significant growth in underlying profits
- › **Portfolio Growth** – Rapid FUM growth, with solid investment performance during the year
- › **Portfolio Management** – Busy year with three divestments, three new investments, and one increased stake
- › **Investment Opportunities** – Strong pipeline of attractive opportunities, with additional capital deployment likely in the near term

# FY19 Financial Results Summary

	FY19	FY18	Change
Adjusted FUM at 30 June <sup>2</sup>	A\$50.9b	A\$33.7b	+51.2%
Underlying net profit before tax <sup>3</sup>	A\$27.4m	A\$18.3m	+49.7%
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Net assets per share	A\$8.05	A\$7.05	+14.0%
Franking credits available at 30 June	A\$31.6m	A\$26.6m	+18.8%

- › These figures exclude approximately A\$3.3m of carried interest from VPC that has been accrued on PAC's behalf but cannot yet be recognized as earnings under IFRS
- › Investable cash on balance sheet was lower due to new investments during the year in Carlisle and Victory Park partly offset by proceeds from sale of Aperio and RARE

<sup>1</sup> FUM of private equity funds is based on capital commitments to each fund and does not reflect any return of capital to date.

<sup>2</sup> Adjusted FUM excludes boutiques sold/acquired during FY19 for a true comparison.

<sup>3</sup> Underlying net profit before/after tax is unaudited and a non-IFRS financial measure used by PAC to manage its business.

<sup>4</sup> EPS is based on weighted average number of shares based on their issue dates.

<sup>5</sup> Investable cash is based on deconsolidated amounts, excluding Aether, Seizert and SCI. It is net of current assets and liabilities. Refer to slide 34 for further details.

# Overview - Portfolio Growth

## › Portfolio Growth

- Strong FUM growth, with 7 of 11 managers with FUM growing. GQG, Carlisle, Aether, and Roc experienced the most rapid growth
- Active equity managers had a mixed year of performance, while private capital strategies generally fared well
- Victory Park grew slower than expected, adversely impacting results. However, growth now appears to be accelerating
- Roc continues to transform its business into a firm focused more on direct private equity investments
- Aether and Carlisle successfully closed private equity style fund raises post FY19 year end
- Seizert experienced outflows and mixed performance during the year

\*excludes boutiques sold during the year

# Overview – Portfolio Management Highlights

## › Investments Sold

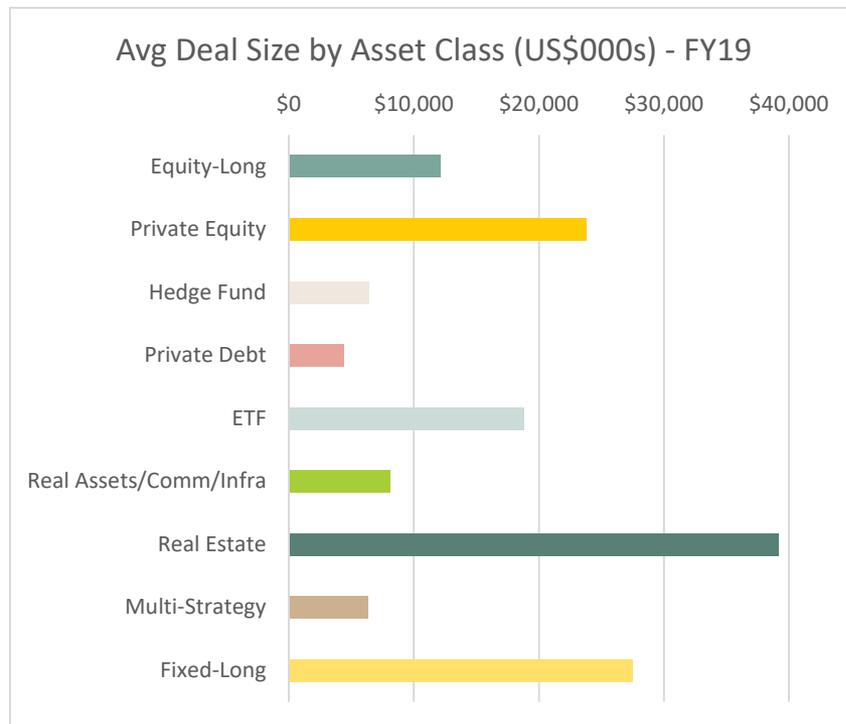
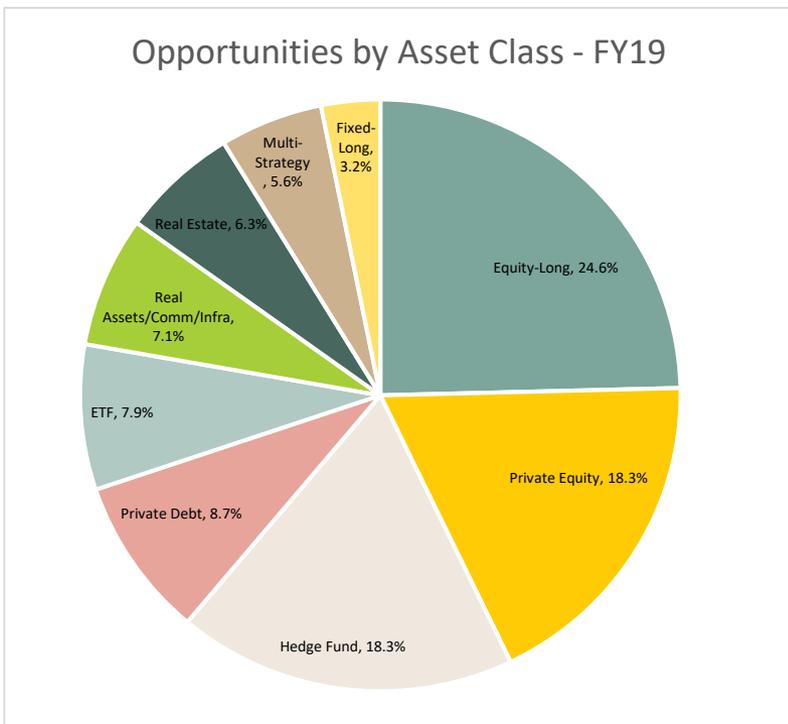
- Sold 23.4% stake in Aperio for approximately US\$72m (A\$101.6m)
- Exercised “Put” option to sell remaining 10% stake in RARE for A\$21.5m
- Sold position in Celeste to management for A\$1.6m

## › New Investments

- Purchased 24.9% of private credit manager, Victory Park Capital for US\$70m (A\$94.8m)
- Invested US\$1.1m (A\$1.5m) in IFP for 10% initial stake
- Invested US\$34.25m (A\$47.0m) in life settlement asset manager, Carlisle Management Company, for 16% revenue share and 40% of sale proceeds
- Increased stake in Roc Partners (in July 2019) from 18% to 30%

# Overview - Investment Opportunities

- Engaged in multiple late-stage discussions/negotiations, with additional capital likely to be deployed in the near term
- Deal flow remains robust, with over 140 deal opportunities reviewed in FY19
- We continue to emphasize firms with private capital strategies and highly visible revenues—about one third of deal opportunities in FY19 were private capital firms
- Typical investment target is in the A\$30m - A\$40m range



An aerial photograph showing a wide, light-colored river meandering through a rugged, mountainous landscape. The terrain is covered in dense green forest, with rocky outcrops and steep slopes visible. The river flows from the upper right towards the lower left, with several sharp turns. The overall scene is a natural, scenic view of a mountain valley.

# PORTFOLIO UPDATE

# Boutique Results

## Tier 1 Boutiques



## Tier 2 Boutiques



	FY19	FY18	Change		FY19	FY18	Change
FUM as at 30 June	A\$47.6b	A\$58.8b	-18.9%	FUM as at 30 June	A\$9.8b	A\$16.3b	-39.5%
Adjusted FUM as at 30 June <sup>1</sup>	A\$41.0b	A\$24.1b	+70.2%	Adjusted FUM as at 30 June <sup>1</sup>	A\$9.8b	A\$9.5b	+3.3%
PAC Share of profits / revenues <sup>2</sup>	A\$37.3m	A\$27.2m	+37.6%	PAC Share of profits / revenues <sup>2</sup>	A\$7.7m	A\$9.2m	-17.1%
Adjusted PAC Share of profits / revenues <sup>2,3</sup>	A\$35.9m	A\$21.5m	+67.3%	Adjusted PAC Share of profits / revenues <sup>2,3</sup>	A\$6.6m	A\$4.3m	+55.1%

<sup>1</sup> Adjusted FUM excludes boutiques sold/acquired during FY19 to assist with comparison.

<sup>2</sup> PAC share of profits/revenues includes commission revenue from these boutiques.

<sup>3</sup> Adjusted PAC share of profits/revenues excludes boutiques sold during the period.

# Portfolio Company Update - Performance

## › Private Capital Strategies

- Characterizing private equity performance (Roc and Aether) is always difficult, but results appear consistent with expectations
- Carlisle and VPC have much less volatile results due to the underlying assets. Performance remains strong

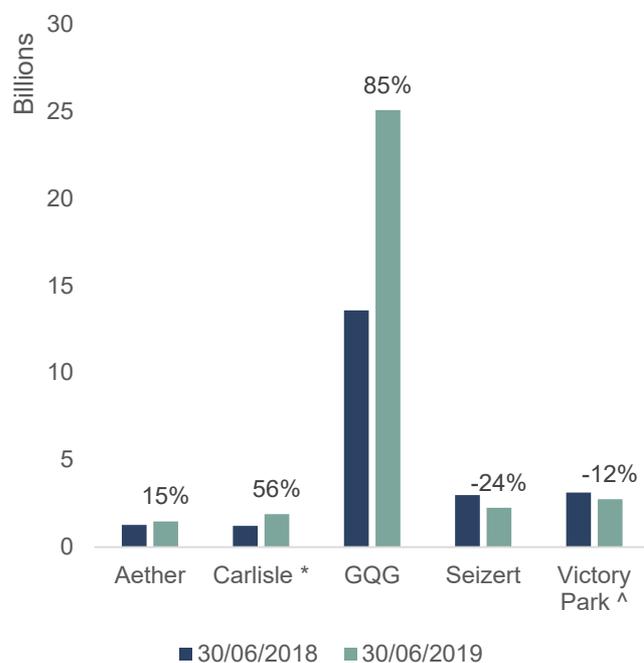
## › Public Equity Strategies

- GQG produced very strong results over last 12 months
- Seizert & FIM performance mixed
- Blackcrane and EAM trailed benchmarks due to weak 2019, though both have rebounded YTD

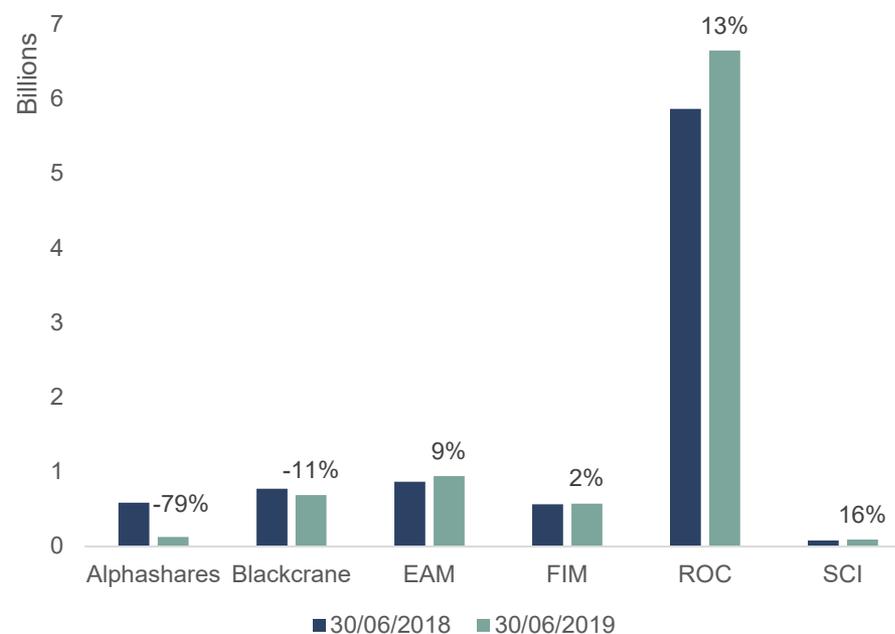
# Portfolio Company Update

FUM 30 June 2018 vs. 30 June 2019 (in each manager's home currency)

## Tier 1 Boutiques



## Tier 2 Boutiques



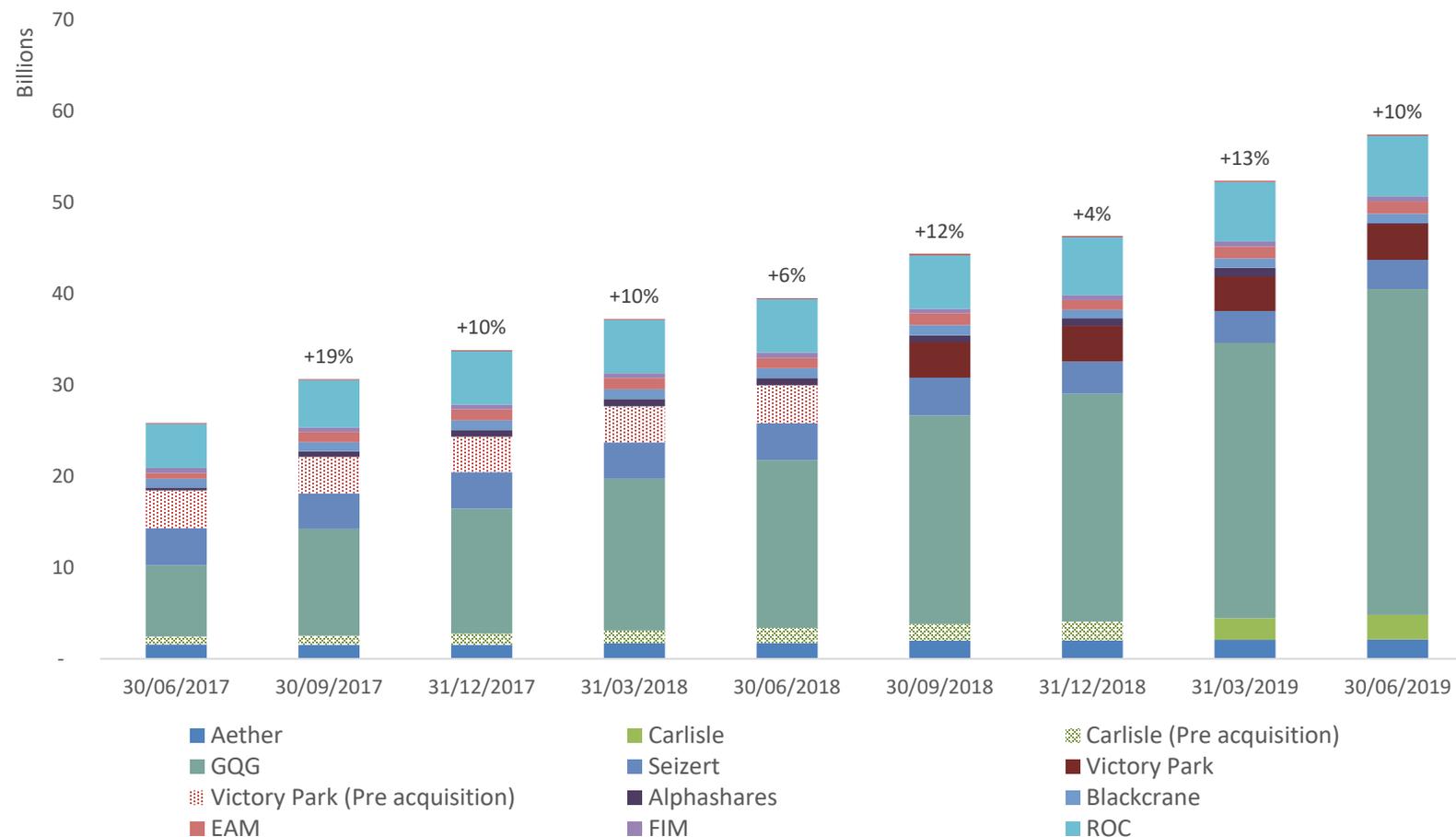
Boutiques sold during FY19 are not shown.

\* Carlisle – PAC invested in Carlisle on 31 January 2019 while the FUM above is shown as at 30 June 2018 for comparison purposes.

^ Victory Park – PAC invested in Victory Park on 3 July 2019 while the FUM shown is as at 30 June 2018 for comparison purposes.

# Portfolio Company Update

Quarterly FUM progress (excluding boutiques sold during the period)



- Boutiques sold during FY19 are not shown.
- Carlisle (pre acquisition) – FUM shown includes FUM history of business prior to 31 January 2019, the date PAC invested in the business.
- Victory Park (pre acquisition) – FUM shown includes FUM history of business prior to 3 July 2019, the date PAC invested in the business.

# FUM Roll Forward

A\$m	Total FUM as at 30 June 2018	Inflows / Outflows from Boutique Acquisitions/Divestments	Net Flows	Other	Foreign Exchange Movement	Total FUM as at 30 June 2019
Open End	67,589	(43,065)	12,823	4,657	2,526	44,530
Closed End	7,595	4,242	1,222	(314)	191	12,936
<b>Total</b>	<b>75,184</b>	<b>(38,823)</b>	<b>14,045</b>	<b>4,343</b>	<b>2,717</b>	<b>57,466</b>

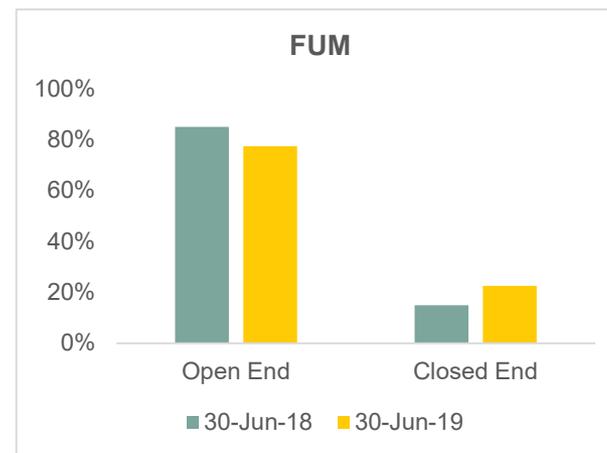
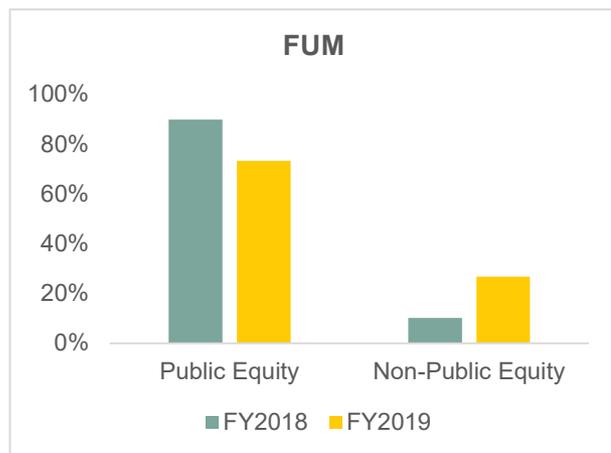
A\$m	Total FUM as at 30 June 2018	Inflows / Outflows from Boutique Acquisitions/Divestments	Net Flows	Other	Foreign Exchange Movement	Total FUM as at 30 June 2019
Tier 1	58,889	(32,215)	13,685	4,626	2,634	47,620
Tier 2	16,295	(6,608)	360	(283)	82	9,846
<b>Total</b>	<b>75,184</b>	<b>(38,823)</b>	<b>14,045</b>	<b>4,343</b>	<b>2,717</b>	<b>57,466</b>

- › Majority of FUM net inflows at Tier 1 boutiques
- › “Other” includes investment performance and distributions paid
- › Inflows/outflows from boutique acquisitions/divestments includes acquisition of Carlisle and Victory Park, divestment in Aperio, Celeste and RARE

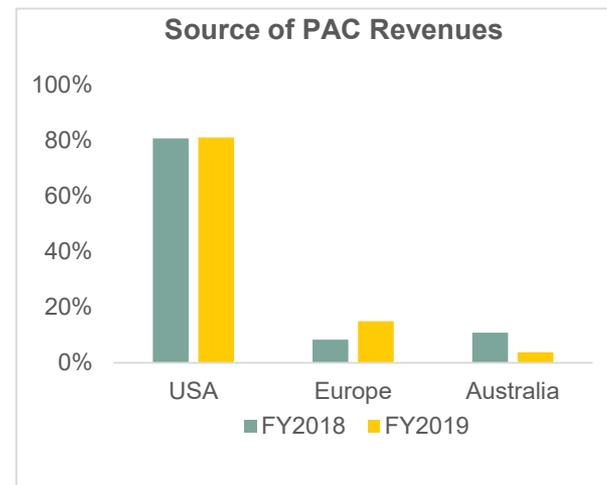
- Open-end is a term used to indicate funds under management that are not committed for an agreed period and therefore can be redeemed by an investor on relatively short notice.
- Closed-end is a term used to denote funds under management where the investor has committed capital for a fixed period and redemption of these funds can only occur after an agreed time and in some cases at the end of the life of the fund

# Portfolio Analysis

Continued progress in making revenue stream more diverse and resilient



- PAC's reliance on public equity strategies continues to decline
- An increasing proportion of FUM and revenues are longer term in nature and not marked to market daily
- Exposure to Australia is minimal

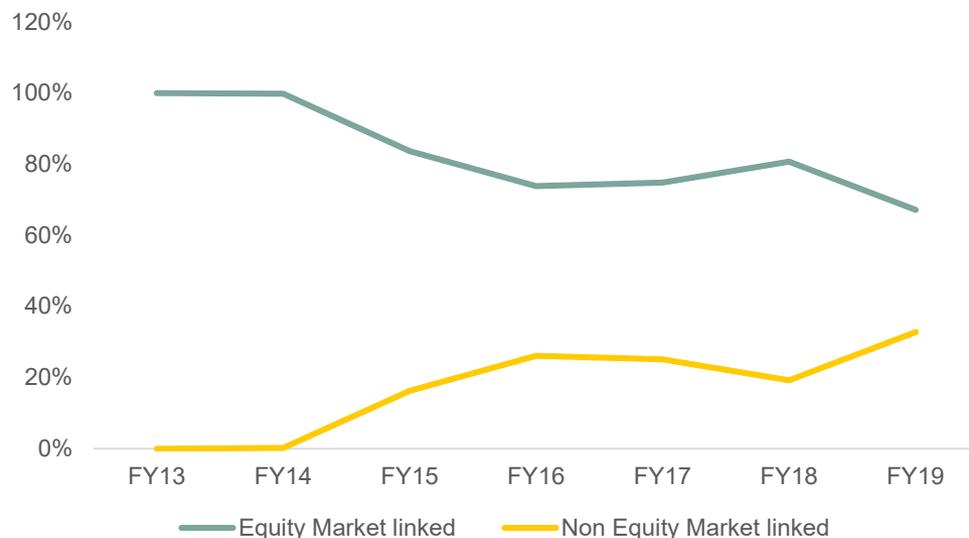


\*PAC defines "direct link" to equity markets as FUM based fees applied to strategies investing in public equities

Source of PAC revenues includes PAC share of earnings, revenue share, commissions and any other revenues generated from the boutique

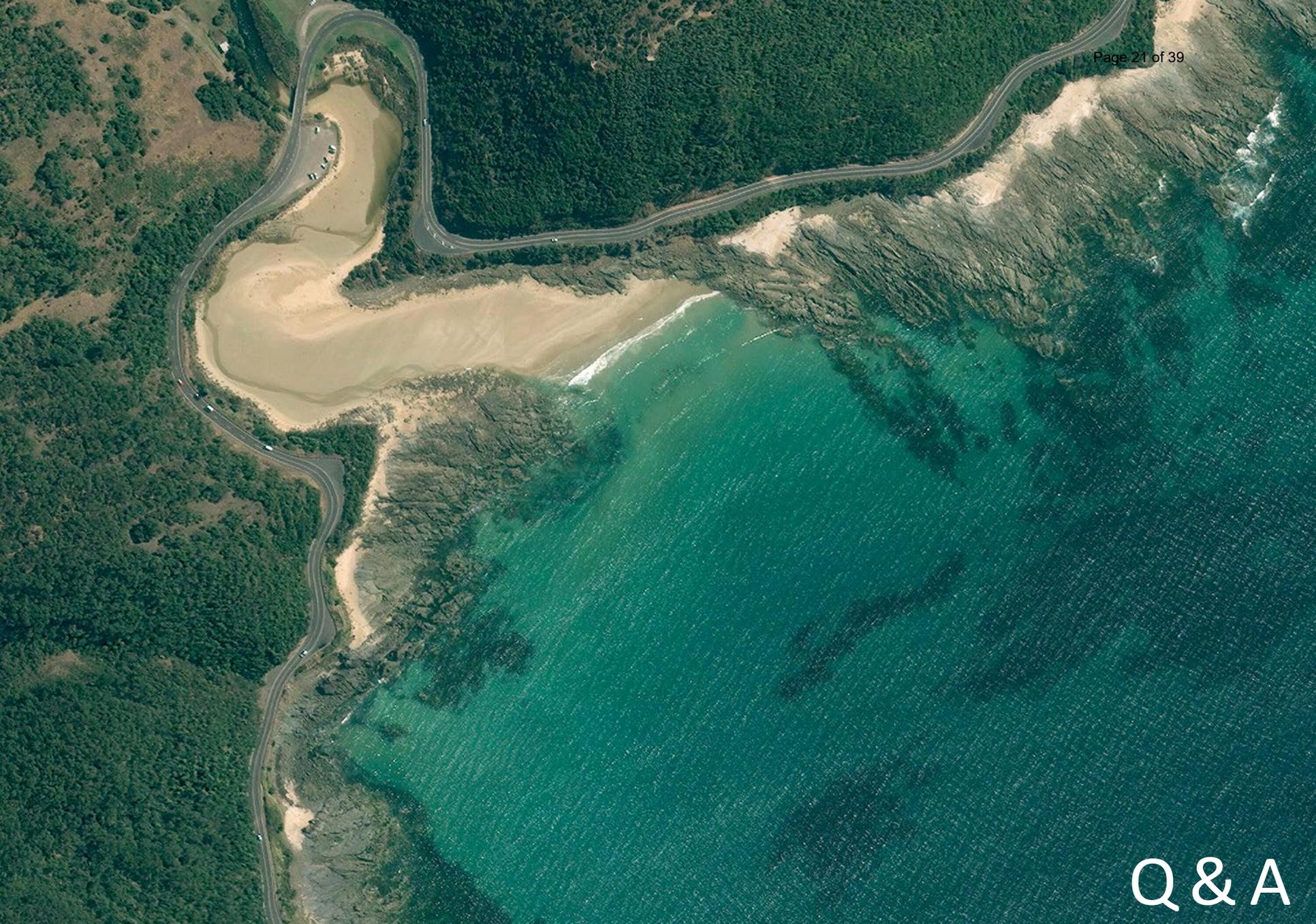
## Expanding PAC's Diversification

- PAC has reduced its risk of equity market declines through diversification into more resilient cash flow streams and investment structure
- In FY19 roughly 33% of revenues had no direct link to equity markets
- A significant majority of FY20 revenues are expected to have no direct link<sup>1</sup> to equity markets



The chart shows PAC's exposure in terms of PAC's share of revenues including share of profits, revenue share and any other revenues such as commissions earned from the boutiques.

<sup>1</sup>PAC defines "direct link" to equity markets as FUM based fees applied to strategies investing in public equities



Q & A

# APPENDIX A

# Overview of PAC Investments

## PACIFIC CURRENT GROUP



Note: PAC sold off all remaining stakes in Aperio, RARE and Celeste during the first half of FY19.

# Tier 1 Boutiques



A E T H E R

INVESTMENT PARTNERS, LLC

**Boutique:**

**Equity Ownership:**

100%

**PM / CIO:**

Sean Goodrich and Troy Schell

**Economics:**

100% of excess management fee\*

**FUM (30 June 19):**

US\$1.5bn

**Fund Flows:**

Final close of ARA V in July 2019, total commitments of US\$268m

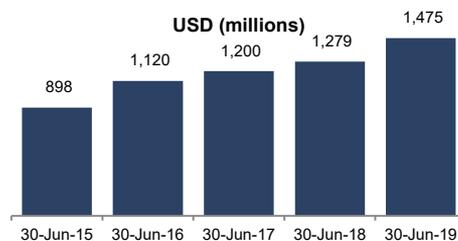
**First Investment:**

Invested at firm inception in 2008, zero FUM

**Commentary:**

Completed fundraising for ARA V

**Asset Growth:**



\*Excess management fee relates to management fees less operating expenses.

# Tier 1 Boutiques



**Boutique:**

**Equity Ownership:**

5% equity

**PM / CIO:**

Rajiv Jain

**Economics:**

Equity and revenue share

**FUM (30 June 19):**

US\$25.1bn

**Fund Flows:**

Growing exceptionally rapidly in multiple geographies and distribution channels

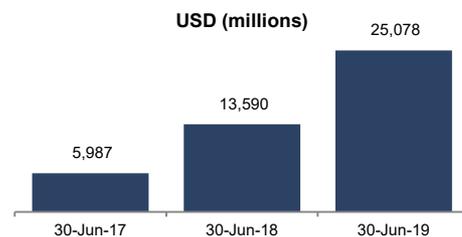
**First Investment:**

Invested at inception in June of 2016, zero FUM

**Commentary:**

Experiencing significant growth in FUM from around the world. Very strong performance in 2019

**Asset Growth:**



# Tier 1 Boutiques



**Boutique:**

**Equity Ownership:**

100% preferred equity, 50% common equity

**PM / CIO:**

David Collon, Edward Eberle

**Economics:**

Preferred profit share, reduced to pro rata after certain milestones

**FUM (30 June 19):**

US\$2.3bn

**Fund Flows:**

Net outflows despite some new business wins

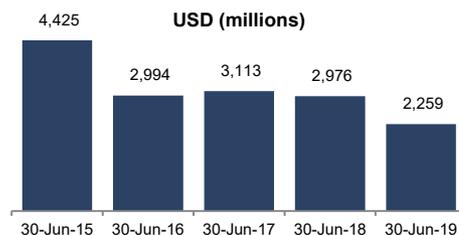
**First Investment:**

Invested in existing firm in 2008, FUM of US\$826m

**Commentary:**

Seizert continues to face headwinds of active management in US. Performance mixed in 2019

**Asset Growth:**



# Tier 1 Boutiques

## VICTORY PARK

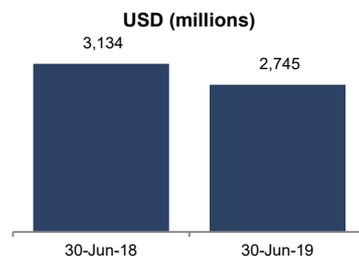
### CAPITAL

<b>Boutique:</b>	
<b>Equity Ownership:</b>	24.9%
<b>PM / CIO:</b>	Richard Levy and Brendan Carroll
<b>Economics:</b>	Equity share
<b>FUM (30 June 19):</b>	US\$2.8bn
<b>Fund Flows:</b>	Flat since PAC investment but accelerating in 3Q19
<b>First Investment:</b>	July 2018, FUM US\$3.1bn

**Commentary:**

Seeing heightened interest across the different strategies on the VPC platform.

**Asset Growth:**



# Tier 1 Boutiques



**Carlisle**  
MANAGEMENT

**Boutique:**

**Equity Ownership:**

16% of Gross Revenues and 40% in the event of sale/liquidation

**CEO / CIO:**

Jose Garcia and Tim Mol

**Economics:**

Revenue Share

**FUM (30 June 19):**

US\$1.9bn

**Fund Flows:**

Recently closed first private equity style fund raise of US\$230m

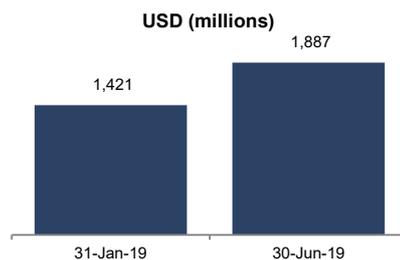
**First Investment:**

January 2019, FUM US\$1.4bn

**Commentary:**

Continued strong performance for open-end vehicle. New absolute return fund off to strong start

**Asset Growth:**



## Tier 2 Boutiques



- » Provides direct exposure to Chinese markets primarily through a series of China indexes
- » Revenue generated through an index licensing agreement
- » **Equity ownership: 36%, Jun-19 FUM: US\$124m**



- » Active global and international equities manager
- » **Equity ownership: 25%, Jun-19 FUM: US\$688m**



- » Long-time infrastructure experts focused on launching listed and/or private vehicles
- » **Equity ownership: 20%, Jun-19 FUM: £0**



- » Active international and emerging markets small and micro cap equities manager
- » **Equity ownership: 18.75%, Jun-19 FUM: US\$941m**



- » Specialist investment manager focused on Australian and global real estate and infrastructure
- » **Equity ownership: 31%, Jun-19 FUM: A\$574m**



- » Hybrid RIA platform providing middle office services to financial advisors
- » **Equity ownership: 10%**

## Tier 2 Boutiques



- » Private equity fund focused on alternative energy infrastructure and project development in India
- » **Equity ownership 50%, FUM: n/a**



- » Strategic partner and financial advisory business for private companies, hedge funds and private equity
- » **Equity ownership: 29.9%, FUM: n/a**



- » Specialised investment firm offering both pooled and customised Asia Pacific private equity solutions
- » **Equity ownership 18% (increased to 30% from 3 July 19), Jun-19 FUM: A\$6.7b**



- » Hedge fund seeding and acceleration investing in sub-scale and new hedge funds
- » **Equity ownership 60%, Jun-19 FUM: US\$92m**



# APPENDIX B

# FY19 Financial Results Summary

	FY19	FY18 <sup>1</sup>	Change
Revenue form ordinary activities	A\$62.9m	A\$46.4m	+35.4%
Net gains on investments	A\$72.5m	A\$103.0m	-29.6%
Reported NPBT	A\$54.0m	A\$95.4m	-43.4%
Underlying NPBT <sup>2</sup>	A\$27.4m	A\$18.3m	+49.7%
Underlying NPAT <sup>2</sup>	A\$20.6m	A\$18.3m	+12.6%
Basic earnings per share <sup>3</sup>	A\$0.79	A\$2.05	-61.5%
Underlying earnings per share <sup>3</sup>	A\$0.43	A\$0.38	+12.6%
Dividends Per Share	A\$0.25	A\$0.22	+13.6%
Net Assets per share – Book value	A\$8.05	A\$7.05	+14.0%
Share price as at balance date	A\$4.55	A\$6.56	-30.6%

- › Revenue from ordinary activities increased by 35.4% primarily attributable to the dividends from GQG, Carlisle, EAM and RARE.
- › The sale of Aperio was the major contributor to the gain on investments in FY19. Most of the gain in FY18 was attributable to IML.
- › These gains and other abnormal items (e.g. impairments) have significantly impacted on the reported NPBT which has decreased by 43.4%. (Slide 31 summarises this result).
- › Excluding these abnormal items, shows Underlying NPBT increasing by 49.7% which is primarily attributable to the increased returns from our boutiques (especially GQG and Carlisle)
- › With this result the Board has declared a FY19 final dividend of A\$.15 cents per share; raising the total payout for the year to A\$.25 per share (an increase of 13.6% over the prior year).
- › Net cash was lower due to new investments in Carlisle and Victory Park partly offset by proceeds from sale of Aperio and RARE.
- › The Book value (detailed on slide 34) of Net assets per share have increased during the year.
- › Net assets per share show a significant premium to the share price

<sup>1</sup> FY18 results have been restated. Refer to Note 26 of the Financial Statements.

<sup>2</sup> Underlying net profit before/after tax is unaudited and a non-IFRS financial measure used by PAC to manage its business.

<sup>3</sup> EPS is based on weighted average number of shares based on their issue dates.

# Statutory Profit & Loss

(A\$m)	FY19	FY18*	Change
Revenue	41.5	37.5	10.7%
Other income	21.4	8.9	139.4%
Net gains on investments	72.5	103.0	(29.6%)
Employee expenses	(24.1)	(22.7)	6.4%
Impairment expenses	(29.4)	(5.7)	419.0%
Administration and general expenses	(25.4)	(18.0)	40.9%
Depreciation and amortisation expenses	(3.0)	(1.6)	85.5%
Interest expenses	(0.6)	(1.7)	(61.4%)
Share of net profits/(losses) of associates	1.1	(4.4)	(125.6%)
Profit / (Loss) Before Tax	54.0	95.4	(43.4%)
Income tax (expense) / benefit	(15.1)	2.8	Nm
Profit / (Loss) After Tax	38.9	98.2	(60.4%)

- › Results include the revenues and expenses of operating subsidiaries (i.e. Seizert, Aether and SCI)
- › Impairment in FY19 primarily reflects write-down of Seizert
- › Amortisation in FY19 includes the management rights associated with the new Aether Fund ARA V

\* FY18 results has been restated. Refer to Note 26 of the Financial Statements

# Statutory to Unaudited Underlying Reconciliation

(A\$m)	FY19	FY18	Change
Reported NPBT	54.0	95.4	(43.5)%
Non-cash items			
Impairment of investments	28.8	4.9	
Share-based payment expenses	1.0	1.4	
Amortisation of intangible assets	4.5	1.8	
Fair value adjustments of FVTPL	0.5	1.2	
Other	(0.2)	(0.1)	
Extraordinary items			
Gain on sale of investments	(73.0)	(105.0)	
Provision for Nereus liability	7.7	-	
Broker and consulting fees	1.3	0.4	
Deal costs	1.2	0.2	
Net foreign exchange loss	1.1	2.6	
Legal and consulting expenses	-	1.8	
Take-up of S class shares liability	-	12.9	
Other	0.5	0.8	
<b>Underlying NPBT</b>	<b>27.4</b>	<b>18.3</b>	<b>49.7%</b>

- › Statutory results impacted by large abnormal items
- › Impairment of investment in FY19 primarily relates to Seizert
- › Gain on sale of investment in FY19 primarily reflects sale of Aperio
- › Provision for Nereus liability recognized based on management's valuation of solar plants and liability to Hareon
- › Broker and consulting fees relates to Nereus, an asset that the company is exiting

Underlying net profit before tax is unaudited and a non-IFRS financial measure used by PAC to manage its business

# Underlying Profit & Loss

(A\$m)	FY19	FY18	Change
<b>Revenue</b>	<b>7.6</b>	<b>9.7</b>	<b>-19.6%</b>
Gross employee expenses	10.1	9.6	5.2%
Commission expenses	1.0	2.3	-58.3%
Occupancy expenses	0.5	0.5	-
Travel and entertainment expenses	1.1	0.9	22.2%
Advisory, tax and accounting expenses	2.5	1.8	38.9%
Legal and consulting expenses	1.1	0.5	120.0%
Insurance expenses	0.7	0.4	40.0%
Depreciation expenses	0.3	0.2	50.0%
Nereus shortfall payment	0.5	0.8	-37.5%
Interest expense – Seizert Notes Payable	0.6	1.1	-45.5%
Other expenses	1.6	1.7	-5.9%
<b>Total expenses</b>	<b>19.8</b>	<b>20.0</b>	<b>-1.0%</b>
<b>Net result</b>	<b>(12.2)</b>	<b>(10.3)</b>	
Share of earnings from boutiques	39.6	28.8	37.6%
<b>Underlying pro forma NPBT</b>	<b>27.4</b>	<b>18.3</b>	<b>49.7%</b>

- › Restated P&L on a 'look-through' basis adjusted for one-off/non-cash items
- › Excludes non-recurring and/or non-cash items to show underlying business performance
- › Aether, Seizert and Strategic Capital Investors (SCI) were consolidated into PAC's statutory accounts. For consistency of presentation with other boutiques, and to assist investors to understand expenses at a PAC corporate level, Aether, Seizert and SCI are not consolidated into the restated P&L, with contributions included as share of earnings from boutiques
- › Employment expense excludes non-cash LTI amortisation
- › Victory Park contributed less than expected due to lower than expected management and incentive fees. Figures excludes A\$3.3m of performance fees accrued by VPC on PAC's behalf but not recorded by PAC

\* Presentation of P&L is a non-IFRS financial measure used by PAC to manage its business.

# Statutory Balance Sheet

Book Value (A\$m)	30 June 2019	30 June 2018
Cash	80.2	130.1
Other Current Assets	22.4	20.3
Non-Current Assets		
Investments in associates	110.1	46.0
Intangible assets	94.1	104.8
Financial Assets - FVtPL	51.3	21.5
Financial Assets - FVtOCI	66.6	53.6
Other assets	3.7	11.1
<b>Total Assets</b>	<b>428.4</b>	<b>387.4</b>
Current Liabilities	33.4	32.9
Non-Current Liabilities		
Deferred tax liability	7.4	5.5
Provisions	0.2	0.2
Financial Liabilities	3.9	12.4
<b>Total Liabilities</b>	<b>44.9</b>	<b>51.0</b>
Non controlling interests	0.5	0.6
<b>Net Assets</b>	<b>383.0</b>	<b>335.8</b>
<b>Net Assets per share (\$)</b>	<b>8.05</b>	<b>7.05</b>

- › Reflects consolidation of Corporate Admin as well as operating subsidiaries (i.e. Aether, Seizert and SCI)
- › Carrying values have been tested and/or adjusted for impairment
- › Deferred tax liability on unrealized book gains is recognized. It does not reflect current tax provisions.
- › Current liabilities include A\$7.5m for Seizert Notes to be paid in November 2019 and Aether earn-out liability payable of A\$9.2m for the raising of new fund ARA V which closed in July 2019.

# Alternate Balance Sheet

Book Value (A\$m)	30 June 2019	30 June 2018
Cash	68.3	122.2
Other Current Assets	17.0	12.9
Current Liabilities	(21.1)	(30.9)
<b>Investable Cash</b>	<b>64.2</b>	<b>104.2</b>
Boutique Investments		
Subsidiaries	95.3	117.5
Associates	110.2	46.2
Financial Assets - FVtPL	51.3	23.0
Financial Assets - FVtOCI	66.6	53.6
	<b>323.4</b>	<b>240.3</b>
Other Non-Current Assets	3.4	9.4
Deferred Tax Liability	(7.4)	(5.5)
Other Non-Current Liabilities	(0.6)	(12.6)
	<b>(4.6)</b>	<b>(8.7)</b>
<b>Net Assets</b>	<b>383.0</b>	<b>335.8</b>
Net Assets per share (\$)	8.05	7.05

- › Reflects deconsolidation of operating subsidiaries (i.e. Aether, Seizert and SCI)
- › Notable cash movements during the year,
  - › Investment in VPC (Jul-18) A\$94.8m
  - › Sale of Aperio (Aug-18) A\$101.6m
  - › Sale of RARE (exercised Put option in Oct-18) A\$21.5m
  - › Dividends paid to PAC shareholders (Oct-18) A\$4.8m
  - › Seizert notes repaid (Nov-18) A\$7.0m
  - › Investment in Carlisle (Jan-19) A\$47.0m
  - › Sale of IML (release of escrow in Mar-19) A\$5m

# Outlook FY20 – What should shareholders expect?

- › Changes in earnings composition stemming from:
  - Increased contributions from VPC & Roc
  - Annualization of Carlisle investment
  - Deployment of significant capital
  - Reduced contributions from Seizert due to reduction in FUM
  - No Aperio or RARE
- › Flat expenses
- › Increasingly resilient & diversified earnings stream

# Disclaimer

The information in this presentation is general information about Pacific Current Group ('Pacific Current' or 'PAC') and is current only at the date of this presentation. In particular, this presentation:

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- › is not personal advice and does not take into account the potential and current individual investment objectives or the financial situation of investors; and
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Note that the relationship between FUM and the economic benefits received by Pacific Current can vary dramatically based on each boutique's fee levels, PAC's ownership stakes, and the specific economic features of each relationship. Accordingly, management cautions against simple extrapolation based on FUM updates/ trends.

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