

PACIFIC CURRENT GROUP

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ASX ANNOUNCEMENT

Thursday, 15 June 2017

PACIFIC CURRENT ANNOUNCES \$30 MILLION INSTITUTIONAL PLACEMENT AND PROVIDES BUSINESS UPDATE

Pacific Current Group Limited (ASX:PAC) ("**PAC**" or "**Pacific Current**"), a global multi-boutique asset management firm, today provides a business update and announces a fully underwritten institutional placement ("**Institutional Placement**") to raise approximately \$30 million to strengthen PAC's balance sheet.

PORTFOLIO AND FUM UPDATE

As at 31 May 2017, PAC boutiques had aggregate funds under management ("**FUM**") of A\$63.7 billion, an increase of A\$6.3 billion or 10.9% since 31 March 2017.

FUM attributable to Growth boutiques increased by A\$3.0 billion, or 27.5% during the two months to 31 May 2017. GQG continues to grow rapidly, adding A\$2.5 billion of FUM in the two months to 31 May 2017, for a total FUM of A\$7.2 billion.

Among Core boutiques Aperio stood out, with FUM balances increasing by A\$2.5 billion during the two months to 31 May 2017, for a total FUM of A\$25.3 billion. FUM balances for IML and Seizert have remained steady over the two months to 31 May 2017. Whilst not impacting FUM balances as at 31 May 2017, PAC has been advised of a significant negative change to RARE's FUM position that will occur after 31 May 2017 of approximately 25% of the existing FUM balance. Since selling its majority share in RARE to Legg Mason in October 2015, PAC's residual interest in RARE is now only 10%.

Mr Paul Greenwood, President North America of Pacific Current, commented: "During the second quarter of this calendar year PAC has continued to demonstrate strong FUM growth across a range of Core and Growth boutiques, with Aperio and GQG the clear stand out performers. Aperio's FUM has increased more than 40% to A\$25 billion in the 18 months since our initial investment and we remain optimistic about its growth prospects. GQG has achieved more than A\$7 billion of FUM growth in its first year of business, making GQG one of the fastest growing investment management start-ups globally."



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Funds under management

(A\$bn)	31-Mar-17	31-May-17
Core Boutiques		
Aether	1.57	1.61
Aperio	22.79	25.33
IML	8.81	8.93
RARE	7.06	7.56
Seizert	4.14	4.13
	44.37	47.56
Growth Boutiques		
Blackcrane	0.81	0.98
EAM	0.59	0.67
GQG	4.65	7.19
ROC Partners	4.77	4.95
	10.82	13.80
Other Boutiques	2.27	2.37
Total FUM	57.46	63.73

The Australian dollar depreciated compared to US dollar during the two months from 31 March 2017 to 31 May 2017. The AUD/USD exchange rate was 0.7431 as at 31 May 2017 compared to 0.7665 as at 31 March 2017.

Note that the relationship between the boutiques' FUM and the economic benefits received by PAC 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 trends.

As previously disclosed to the market, over the past 12 months, PAC has disposed of a number of smaller boutiques. PAC and the other shareholders in the boutiques have received a number of approaches in relation to the potential sale of both core and non-core investments. PAC evaluates all divestment opportunities that it receives, and has engaged in confidential discussions and negotiations with third parties with respect to some of those opportunities.

At this stage, none of the opportunities or the negotiations have been progressed to a point that the prospects of reaching agreement with a third party or completing a transaction are sufficiently certain. Neither the opportunities nor negotiations will be publicly disclosed until the prospects of transacting are sufficiently certain.



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FY17 GUIDANCE

Whilst the Board intends to announce the audited full year results for the 2017 financial year (FY17) in August 2017, it is anticipated that PAC's full year FY17 Underlying Profit Before Tax will be approximately \$12 million¹, which is in line with consensus.

The Board is also pleased to announce that subject to finalisation of its audited full year results for FY17, it anticipates declaring a fully franked final dividend for FY17 of between 16c and 20c per share, with an expected ex-dividend date in September 2017.

As announced to the market on 13 April 2017, PAC executed all documentation to effect the simplification restructuring of the Aurora Trust ("**Simplification**"). As a result of the application of accounting standards to the Simplification, there is a potential that the carrying value of PAC's investment in the Aurora Trust will be subject to revaluation based on an assessment of the fair values of asset and liabilities of the Aurora Trust.

Aurora Trust will be consolidated from the effective date of the simplification (13 April 2017). On consolidation of Aurora Trust, PAC will recognise fair value adjustments and impairments as a result of the business combination. The acquisition of Aurora Trust will also result in the consolidation of goodwill and other intangible assets that will be subject to ongoing impairment testing. Any impairment to the carrying value of PAC's investment in the Aurora Trust or tax effect will be a non-cash adjustment.

INSTITUTIONAL PLACEMENT

PAC is today announcing a fully underwritten Institutional Placement to raise approximately \$30 million, with the proceeds to be used for the following purposes:

- ~\$12 million for repayment of debt incurred in connection with the purchase of Aperio
- ~\$10 million to meet escrow obligations under the Seizert contracts and other disclosed liabilities
- ~\$8 million for costs of the Institutional Placement and general working capital purposes

The details of the Institutional Placement are as follows:

- Fully underwritten \$30 million Institutional Placement
- \$5.65 per share fixed issue price, representing a 6.6% discount to PAC's closing price of \$6.05 on Wednesday 14 June 2017
- New shares will rank equally with existing shares and will be entitled to any final dividend for FY17
- The Institutional Placement is fully underwritten by Ord Minnett Limited

¹ This guidance is based on equity accounting for PAC's 65% interest in Aurora Trust for the 9 months to 31 March 2017, and consolidating the results of Aurora Trust for the 3 months to 30 June 2017, to reflect the fact that post Simplification, PAC owns 100% of Aurora Trust.



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A further announcement in relation to the completion of the Institutional Placement is expected to be made prior to the commencement of trading on Friday, 16 June 2017, at which stage normal trading in PAC shares is expected to recommence.

The Chairman of Pacific Current, Mr Mike Fitzpatrick, stated: "This capital raising helps tidy the balance sheet and caps off a year of restructuring, with the Simplification making PAC easier to understand and manage. With our key managers performing well, I am optimistic about performance in FY18 and beyond."

INSTITUTIONAL PLACEMENT TIMETABLE

Event	Date
Announcement of Institutional Placement and Trading Halt	Thursday, 15 June 2017
Announcement of completion of Institutional Placement	Friday, 16 June 2017
Trading Halt lifted and recommencement of trading on ASX	Friday, 16 June 2017
Settlement of New Shares issued under the Institutional Placement	Tuesday, 20 June 2017
Allotment and trading of New Shares issued under the Institutional Placement	Wednesday, 21 June 2017

CONTACT

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ABOUT PACIFIC CURRENT GROUP // 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 June 2017, Pacific Current Group has 16 boutique asset managers globally.

ENDS.

