ASX: PAC

PACIFIC CURRENT GROUP

Investor Presentation

Presenters
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11 September 2017

Disclaimer

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

- is not an offer or recommendation to purchase or subscribe for securities in Pacific Current Group Limited, nor is it an invitation to any person to acquire securities in Pacific Current Group Limited;
- 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 Aurora Trust/Pacific Current Group can vary dramatically based on each boutique's fee levels, Aurora's/PAC's ownership stakes, and the specific economic features of each relationship. Accordingly, management cautions against simple extrapolation based on FUM updates/ trends.

Certain statements in this presentation may constitute 'forward-looking statements.' Forward-looking statements are neither promises nor guarantees and involve known and unknown risks, uncertainties and other factors which may cause actual results to vary materially from any projection, future results or performance expressed or implied by such forward-looking statements.

Agenda

1. Overview
2. Portfolio Update
3. Financials
4. Business Drivers
5. Q & A
6. Appendices

1 OVERVIEW

Overview – A Year of Progress

- **Financial Strength** – Improved revenues and earnings and much stronger balance sheet
- **Portfolio Performance** – Strong organic growth and rising markets driving large increases in FUM
- **Simplification Completed** – Modified legal structure improves shareholder alignment and financial transparency, though haven't yet achieved tax consolidation
- **Organizational Efficiency –** Streamlined organization with a significantly lower cost structure
- **Investment Opportunities** – While no new investments in FY17, FY18 likely to be different

Overview – A Year of Progress

- **Financial Strength**
  - ✓ Underlying net profit after tax of A$16.6m compared to A$11.6m in FY16
  - ✓ Statutory profit of A$10.6m compared to a loss of A$48.2m in FY16
  - ✓ Largest cost reductions came from reduced interest expense A$2.6m and decreases in personnel costs by A$5.3m on a pro forma basis (as if the Trust was fully consolidated in PAC for the full year)
  - ✓ Dividend of A$0.18 per share, which compares to A$0.25 per share in FY2016
  - ✓ Balance sheet materially strengthened through a reduction in liabilities
- **Portfolio Growth**
  - ✓ FUM growth (up 26% over the year*), led by Aperio and GQG, with contribution from other Growth boutiques Blackcrane and EAM accelerating rapidly
  - ✓ GQG likely fastest growing start-up in the investment management industry over the last 12 months
  - ✓ Investment performance over the last several years remains strong

*excludes boutiques sold during the year

Overview – A Year of Progress

- **Simplification**
  - ✓ All shareholders now own the same equity security
  - ✓ Improved financial transparency because PAC now owns 100% of Aurora Trust
  - ✓ Reduction in X-RPU liability from a contingent US$42m to a certain US$21m
  - ✓ Simplified structure should contribute to lower advisory costs going forward
- **Organizational Efficiency**
  - ✓ Headcount reduced from 30 to 21 in FY17
  - ✓ Revamped sales team after agreeing to transfer 3 sales professionals to GQG and no longer perform North American distribution for GQG
  - ✓ Downsized all office locations

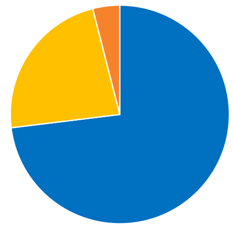
Overview – A Year of Progress

- **Investment Opportunities**
  - ✓ Divested Raven and Aubrey
  - ✓ Quiet year on the investment front, while balance sheet was strengthened. We expect to be more active in FY18
  - ✓ Secular headwinds persist in certain market segments, most notably US active equity
  - ✓ Focus is on increasing diversification & reducing exposure to firms with revenues directly tied to equity markets
  - ✓ Most likely to target new investments in firms with “contractual” revenues (though our investment strategy is inherently an opportunistic business)

FY17 Financial Results Summary

FUM

A$62bn*



» Total FUM of boutiques reaches A$62bn

» Core boutiques: A$45.3bn

» Growth boutiques: A$14.2bn

» Other boutiques: A$2.5bn

NPAT

A$16.6m**

A$10.6m statutory

43.1%

» Underlying Net Profit After Tax of A$16.6m, up 43.1% from A$11.6m in FY16

NPBT

A$17.3m**

A$16.3m statutory

220.4%

» Underlying Net Profit Before Tax of A$17.3m, up 220.4% from A$5.4m in FY16

EPS

53.3cps**

34.1cps statutory

28.4%

» Underlying Earnings Per Share of 53.3cps, up 28.4% from 41.5cps in FY16

**FUM of private equity funds is based on Capital Commitments to each fund and does not reflect any return of capital to date. ** Underlying net profit before tax and underlying net profit after tax are non IFRS financial measures used by PAC to manage its business. EPS for FY17 includes new shares issued in April (Simplification) and June (Capital raise).*

Overview of PAC

The simplification and restructure resulted in PAC owning 100% of the Aurora Trust

PACIFIC CURRENT GROUP

Aurora Trust

Core Boutiques

AETHER Investment Partners, LLC	*Real assets fund of funds*
aperio	*Customised tax managed equity*
IML Investors Mutual Ltd	*Australian equities*
RARE	*Global listed infrastructure*
SCP Seizert Capital Partners	*US equities*

Growth Boutiques

Blackcrane Capital	*International equity*
EAM Global Investors	International small cap
GQG Partners	*Global and emerging equities*
Roc Partners	*Private equity & real assets*

Other Boutiques

Alpha Shares	*China ETF index provider*
Celeste Funds Management	*Australian small cap*
FIM Freehold Investment Management	*Australian REIT & unlisted property*
Goodhart partners	*Japan small cap & EM equities*
Northern Lights Alternative Advisors	*Private equity and hedge fund placement agent*
Nereus	*Alternative energy infrastructure*
Strategic Capital Investors	Hedge fund seeding

Boutique Results

Core Boutiques

AETHER Investment Partners, LLC	*Real assets fund of funds*
aperio	*Customised tax managed equity*
IML Investors Mutual Ltd	*Australian equities*
RARE	*Global listed infrastructure*
SCP Seizert Capital Partners	*US equities*

Key Metrics

	FY2016	FY2017
FUM as at 30 June	A$41.1b	A$45.3b
Revenue for the full year	A$137.6m	A$154.6m
Earnings to the Group*	A$30.3m	A$33.7m

» FY2016 has been adjusted for RARE to add back the transaction costs incurred at RARE for the sale of RARE

*The Group includes PAC and Aurora as if they were fully consolidated for the full year. It is a look-through pro forma earnings contribution from boutiques.

Boutique Results

Growth Boutiques

Blackcrane Capital	*International equity*
EAM Global Investors	International small cap
GQG Partners	*Global and emerging equities*
Roc Partners	*Private equity & real assets*

Key Metrics

	FY2016	FY2017
FUM as at 30 June	A$6.7b	A$14.2b
Revenue for the full year	A$22.1m	A$22.1m
Earnings to the Group*	A$0.7m	A$0.3m

» FY2016 includes Raven, which was sold in October 2016

» FY2017 FUM is significantly higher due to GQG. Economics in GQG comes through a revenue share over a minimum threshold. This is expected to be recognised from 2017/18.

*The Group includes PAC and Aurora as if they were fully consolidated for the full year. It is a look-through pro forma earnings contribution from boutiques.

Boutique Results

Other Boutiques

ALPHA SHARES	*China ETF index provider*
CELESTE Funds Management	*Australian small cap*
FIM Freehold Investment Management	*Australian REIT & unlisted property*
Goodhart partners	*Japan small cap & EM equities*
NORTHERN LIGHTS ALTERNATIVE ADVISORS	*Private equity and hedge fund placement agent*
Nereus	*Alternative energy infrastructure*
STRATEGIC CAPITAL INVESTORS	Hedge fund seeding

Key Metrics

	FY2016	FY2017
FUM as at 30 June	A$2.6b	A$2.5b
Revenue for the full year	A$11.8m	A$16.8m
Earnings to the Group*	A$0.1m	A$1.3m

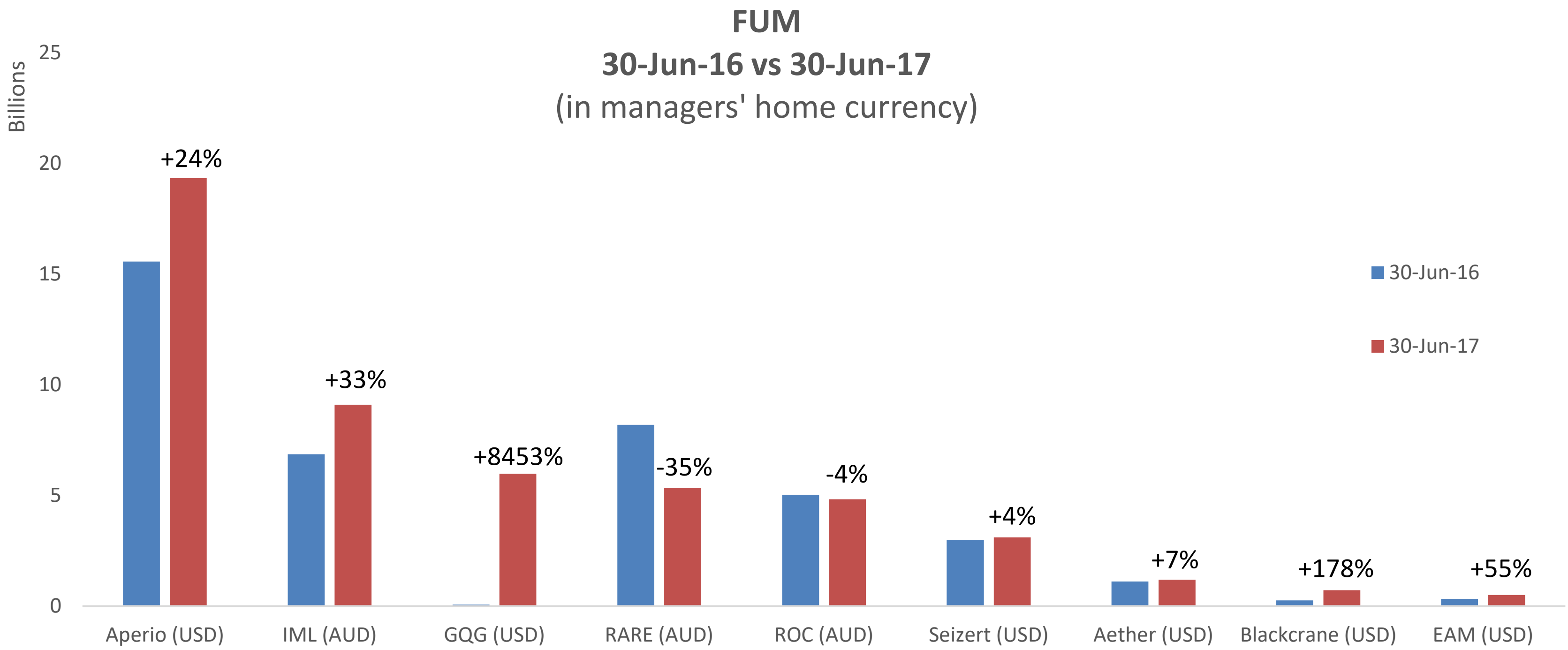
» Notable contributions to earnings were made by Goodhart and NLAA in FY2017

*The Group includes PAC and Aurora as if they were fully consolidated for the full year. It is a look-through pro forma earnings contribution from boutiques.

2 PORTFOLIO UPDATE

Portfolio Company Update

- Significant FUM growth across Core and Growth boutiques**
- Seizert produced strongest investment performance in FY17, with most portfolio companies outperforming over the last 3 to 5 years



* Not showing boutiques sold during the year

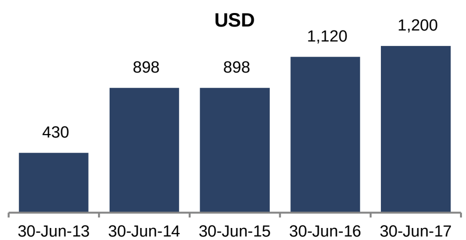
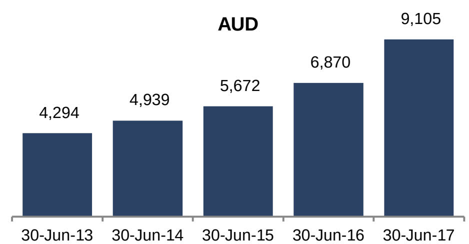
** Graph details only Core and Growth boutique FUM

Summary of Boutique Economics

	Core Boutiques	Growth Boutiques	Other Boutiques
Traditional Economics Economics to PAC are broadly correlated with their equity ownership in the funds	AETHER Investment Partners, LLC aperio IML Investors Mutual Ltd SCP RARE	ROC Partners	Alpha Shares FIM Freehold Investment Management Celeste Funds Management
Non-traditional Economics Economics to PAC are leveraged to revenue and FUM growth of the funds		Blackcrane Capital EAM Global Investors GQG Partners	Goodhart partners Nereus Northern Lights Alternative Advisors Strategic Capital Investors

- **PAC earnings from Core boutiques** generally operate under traditional economics, with fees predominantly directly correlated to FUM
  - Core boutiques accounted for > 95% of boutique earnings in FY17; IML was the largest contributor, with Aether, Aperio and Seizert contributing approximately equal proportions
- **PAC earnings from Growth boutiques** are generally disproportionate to its shareholding, with potential for PAC to earn fee income above the level of equity ownership
  - Growth boutiques expected to be an increasing contributor to earnings going forward

Core Boutiques

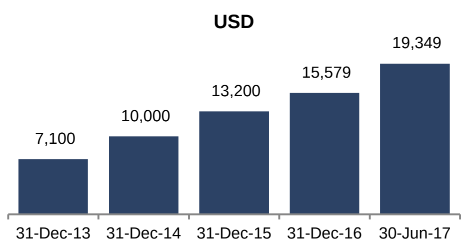
Boutique:	AETHER INVESTMENT PARTNERS, LLC	IML INVESTORS MUTUAL LTD
Equity ownership:	100%	45.4%
PM / CIO:	Sean Goodrich and Troy Schell	Anton Tagliaferro and Hugh Giddy
Economics:	100% of excess management fee*	Equity share
FUM as at June 17:	US$1.2bn	A$9.1bn
Fund flows:	» Closed new funds totaling approx. US$300m in late 2016	» Steadily growing FUM, increasing 33% during the FY17
First investment:	» Invested at firm inception in 2008, zero FUM	» Initial investment in 2001, FUM of A$300m
Commentary:	» Raised ARA IV and first co-invest fund in long term closed-end vehicles in late 2016	» Strong retail and institutional inflows
Asset growth:		

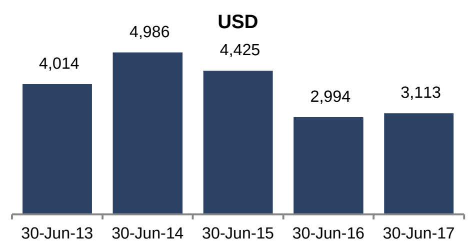
Excess management fee relates to management fees less operating expenses

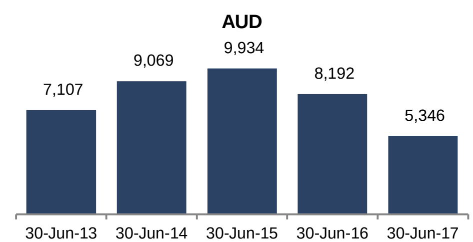
Core Boutiques

Boutique:	Aperio	SCP (Seizert Capital Partners)	RARE
Equity ownership:	23.4%	100%	10%
PM / CIO:	Patrick Geddes	Gerald Seizert, David Collon and Edward Eberle	Richard Elmslie and Nick Langley
Economics:	Equity share	Preferred profit share, reduced to pro rata after certain milestones	Revenue share
FUM as at June 17:	US$19.3bn	US$3.1bn	A$5.3bn
Fund flows:	»Consistently strong flows	» Outflows have slowed and winning some new business in difficult environment	»Lost significant FUM in FY17, though we expect more stability going forward
First investment:	»Invested in existing firm in January 2016, when FUM was US$13.2bn	»Invested in existing firm in 2008, FUM of US$826 million	»Invested at firm inception in 2006, zero FUM
Commentary:	»Benefitting from numerous powerful trends, including ESG, passive and smart beta	»Excellent year of performance, though it continues to face headwinds of active management in US	»Sold 75% of the investment to Legg Mason in October 2015, remaining ownership of 10%**

Asset growth:





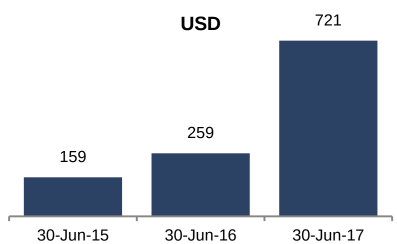


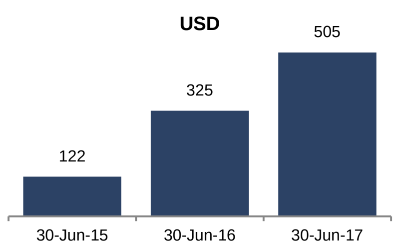
***Remaining 10% ownership in RARE subject to a Put/Call option exercisable from October 2017*

Growth Boutiques

Boutique:	Blackcrane CAPITAL	EAM GLOBAL INVESTORS
Equity ownership:	25%	16%
PM / CIO:	Dan Kim	Travis Prentice and Josh Moss
Economics:	Equity share	Equity and revenue share
FUM as at June 17:	US$721m	US$505m
Fund flows:	» Significant inflows, with FUM increasing 178% since June -16	» Solid growth over last 18 months. Interest in strategies growing
First investment:	» Invested in existing firm in 2014, FUM of approximately US$3 million	» Invested in existing firm in 2014 to launch non-US strategies through a new EAM subsidiary
Commentary:	» Accelerating growth has helped Blackcrane reach critical mass	» EAM landed first Australian institutional client with PAC's assistance in 2016

Asset growth:

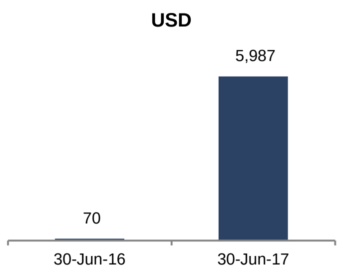


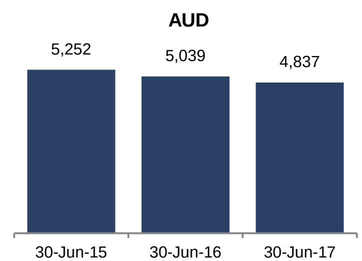


Growth Boutiques

Boutique:	GQG PARTNERS	ROC PARTNERS
Equity ownership:	5%	17.6%
PM / CIO:	Rajiv Jain	Michael Lukin and Shaw Ng
Economics:	Revenue share	Equity share
FUM as at June 17:	US$6.0bn	A$4.8bn
Fund flows:	» Growing exceptionally rapidly since launch in June of 2016	» Ongoing diversification of client base and product mix
First investment:	» Invested at firm inception in June of 2016, zero FUM	» Supported management buyout in 2014
Commentary:	» Experiencing significant growth in FUM with a high level of interest from pension and industry funds in Australia, Europe and the USA » Two US mutual funds growing steadily	» Specialised investment firm offering both pooled and customised Asia Pacific private equity solutions

Asset growth:





Other Boutiques

ALPHA SHARES	» Provides investors with direct exposure to Chinese markets primarily through a series of China indexes » Revenue generated through a licensing agreement » Equity ownership: 31%, Jun-17 FUM: US$263m
CELESTE Funds Management	» Australian small cap fund providing above benchmark returns over the medium to long term » Equity ownership: 27.5%, Jun-17 FUM: A$447m
FIM Freehold Investment Management	» Specialist investment manager focusing on Australian and global real estate and infrastructure sectors » Equity ownership: 31%, Jun-17 FUM: A$531m
Goodhart partners	» Multi-boutique manager with investment strategies across global equities, Japan equities and emerging markets » Equity ownership: 18.8%, Jun-17 FUM: US$807m
Nereus	» Private equity fund focused on alternative energy infrastructure and project development in India » Equity ownership 50%, FUM: n/a
NORTHERN LIGHTS ALTERNATIVE ADVISORS	» Strategic partner and financial advisory business for private companies, hedge funds and private equity » Equity ownership: 29.9%, FUM: n/a
STRATEGIC CAPITAL INVESTORS	» Hedge fund seeding and acceleration investing in sub-scale and new hedge funds » Equity ownership 54%, Jun-17 FUM: US$75m

3 FINANCIALS

Underlying Financial results of PAC

Pro forma PAC P&L on a 'look through' basis as if the Aurora Trust was 100% owned by PAC

P&L Highlights (A$m)	PAC Pro forma FY17
Revenue	4.9
Share of Earnings from boutiques	35.3
Total revenue	**40.2**
Gross employee expenses	8.2
Occupancy expenses	1.0
Travel and entertainment expenses	1.0
Interest expenses	2.1
Advisory, tax and accounting expenses	1.4
Legal and consulting expenses	2.1
Insurance expenses	0.5
Depreciation expenses	0.3
Other expenses	2.0
Total expenses	**18.6**
Underlying Pro forma Net Profit Before Tax	**21.6**

- The corresponding table shows pro forma PAC P&L for FY17 which has been adjusted to gross up significant revenue and expense items of PAC on a 'look through' basis, as if 100% of the Aurora Trust was owned and consolidated into PAC's results during the full financial period
- 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 from 13 April 2017. 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 pro forma accounts, with contributions included as share of earnings from boutiques.
- Interest expense includes interest on debt in relation to Aperio (repaid in June 2017) and Seizert notes payable.
- Employment expense excludes non-cash LTI amortisation

Decrease in pro forma underlying expenses

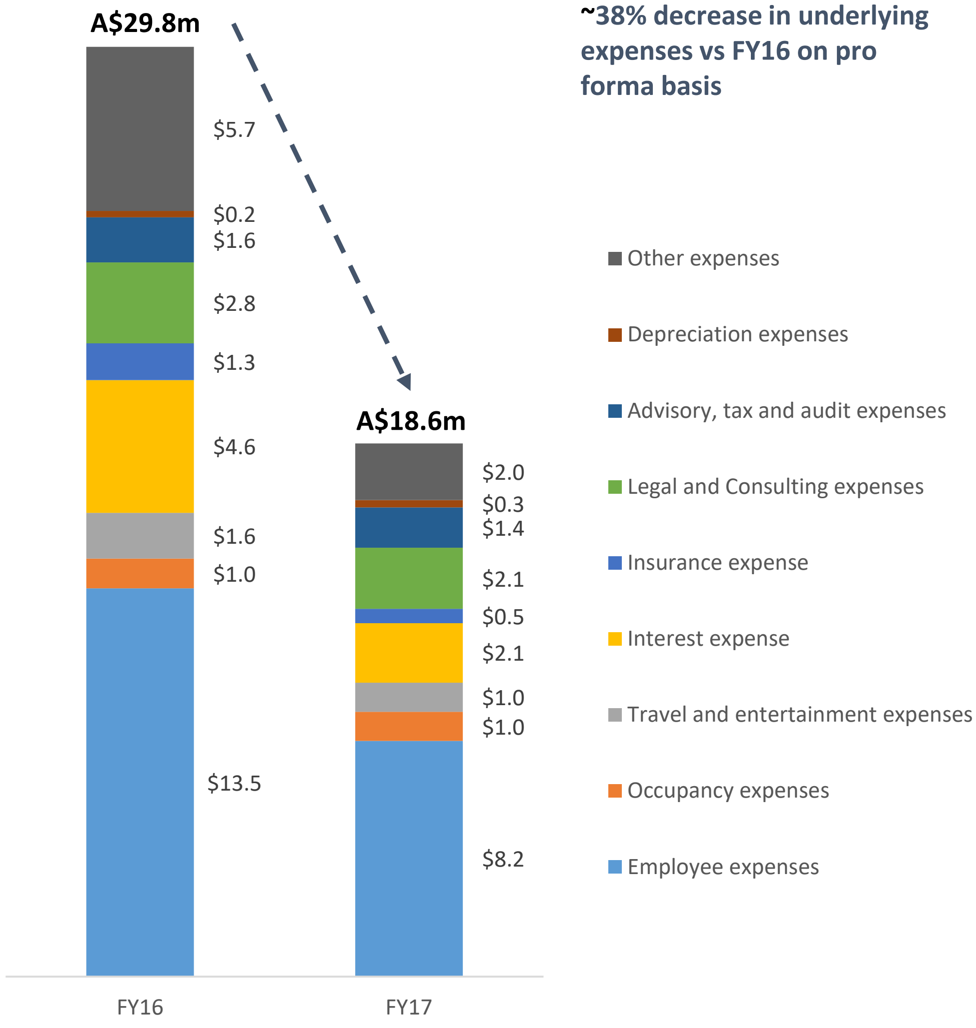
Significant reduction in corporate costs and interest expense has improved operating leverage

Corporate cost reductions

- Reduced employee related expenses a significant driver of the reduced costs in FY17, with lower insurance and travel expenses also contributing factors

Interest expense reductions

- Significant decrease in interest expense of A$2.6m, down 54% when compared to FY16
  - Reduction due to the repayment of Medley debt in January 2016 that attracted a high interest rate
- Interest expense in FY17 includes:
  - Interest on loan facility entered into in December 2016 to pay the second payment for the purchase of equity in Aperio. The loan facility has been paid off as at 30 June 2017
  - Interest on Seizert Notes Payable



4 BUSINESS DRIVERS

Business Drivers

- As part of an effort to help investors better understand the important factors and forces that influence our business, we have offered a presentation that discusses some of the major “Business Drivers” impacting PAC.

Business Drivers

Driver	Comments
Market Returns	• Equity market returns will typically be the largest short term driver of changes in our revenues • Our business benefits from the generally upward (albeit volatile) trajectory of equity markets • Greater exposure to “contractual” revenues (private capital type strategies) and other revenues not directly linked to equity markets will mute the impact of equity market returns on PAC revenues
Investment Performance	• There is a strong correlation between boutiques historical excess returns and future FUM inflows • The majority of our revenue is exposed to relative return oriented strategies • We are seeking to diversify into absolute return strategies, as well as more passive type strategies
Demand Trends	• Investor appetite for different investment varies across time, which can adversely impact growth opportunities and fee levels • PAC actively seeks new investments in market segments that are long term beneficiaries of changes in investors’ asset allocations • Domestic active equity products face headwinds in most markets

Business Drivers – Continued

Driver	Comments
Organizational	• The smaller companies in which we often invest have inherent advantages over larger firms (less bureaucratic, more nimble, better economic alignment) • With smaller firms, interpersonal dynamics, company culture, and operational capabilities are of elevated importance. They also tend to be more dependent on one or two key people • Alignment of economic interests and appropriate governance are necessary to protect our interests and promote • Up front diligence, including extensive reference / background checks are necessary to minimize the chance of investing in the the wrong people
Financial	• Essential that the economic arrangements we negotiate appropriately compensate us for the risk we take • While smaller firms can offer outsized returns, these investments are at risk of never achieving profitability or not developing enough resilience to weather significant market downturns • PAC’s business has considerable operating leverage, as variable costs are modest. Revenues need to be of sufficient scale for public value to exceed private value

Business Drivers – Continued

Driver	Comments
Minority Orientation	• Being primarily a minority investor is a strong competitive advantage for PAC, and results in many more opportunities • Minority investing limits our ability to initiate change, though our experience suggests that, on balance, this is orientation is a virtuous one • PAC faces the risk of management deciding to sell their equity, which can crystallize tax liabilities and occur multiples lower than what PAC sells for. To mitigate this we attempt to avoid short-term focused entrepreneurs and/or invest in companies where we may wish to increase our position
Capital Allocation	• New investments require a robust opportunity set, strong manager evaluation, and thoughtful investment structuring • Access to capital markets is necessary to ensure ability to execute on larger investment opportunities • Dividend policy should be aligned with capital needs and risk of capital availability • Diversification across risk spectrum (early stage v. profit making boutiques) is designed to add optionality to the portfolio

5 Q&A

6 APPENDICES

PAC – Statutory P&L

P&L Highlights (A$m)	PAC Statutory FY16	PAC Statutory FY17	% Change
Revenue	5.6	16.1	-
Net gains on investments	-	4.5	-
Employee expenses	4.1	7.3	-
Other expenses	1.1	5.3	-
Depreciation and amortisation expenses	-	0.9	-
Interest expenses	-	2.2	-
Share of net profits/(losses) of associates and JVs accounted for using equity method	(78.5)	11.4	-
Profit / (Loss) Before Tax	**(78.0)**	**16.3**	**-**
Income tax (expense) / benefit	29.8	(5.7)	-
Profit / (Loss) After Tax	**(48.2)**	**10.6**	**-**
Underlying Net Profit After Tax	**11.6**	**16.6**	**43.1%**
Underlying Earnings Per Share (cents)	41.5	53.3	28.4%
Dividend Per Share (cents)	25.0	18.0	(28.0%)

- Statutory PAC profit and loss primarily reflects share of profit and loss from Aurora Trust, the business operations of the Group for the nine months at 65.15% and post simplification at 100%. From 13 April, the results of Seizert, Aether, SCI and Midco were consolidated.
- In FY16 Aurora was treated as a joint venture and equity accounted for the full year
- Final dividend of A$0.18 declared by the board
- Simplified business structure to increase transparency and reduce complexity in FY18

PAC – Underlying P&L

Underlying P&L (A$m)	FY16	FY17
Statutory Net Profit / (Loss) After Tax	**(48.2)**	**10.6**
Impairment of AFS investments, associates and goodwill	77.5	8.1
Gain on disposal of joint venture	-	(4.5)
Gain on sale of investments	(8.7)	(0.7)
Gain on non-cash acquisition of additional shares/units in associates	(1.2)	-
Loss/(Gain) on revaluation of investment held at FVTPL	(0.5)	5.0
Net (gain)/loss recognised on X and Y-RPUs	4.2	(11.7)
Write-off of receivables	2.4	-
Transaction costs at the Trust for RARE	4.7	-
Amortisation of identifiable intangibles	1.9	2.1
Prepayment penalty on loan including loan origination costs write off	1.5	1.3
Employee restructuring	0.9	0.1
Costs in relation to responsible entity and other legals	-	0.3
Deal costs	0.4	-
Adjustments in deferred commitments	-	(1.5)
Transaction costs related to simplification	-	1.2
Loss on lease abandonment	-	0.2
Long term incentive amortisation	0.2	1.1
Back out Income tax expense/(benefit) for non-recurring/non-cash items and simplification accounting	(23.5)	5.0
Underlying Net Profit After Tax	**11.6**	**16.6**

- All non-recurring items are PAC's share of expense/gain from Aurora Trust
- Impairment of investments mainly Aether and Nereus (December 2016)
- Gain on sale of investment reflects profit on sale of Raven and Aubrey
- Gain on revaluation of X-RPUs reflects the fixed liability nature of X-RPUs post simplification
- EastWest debt facility drawn down in December 2016, repaid June 2017

PAC – Balance Sheet

Balance Sheet – PAC (A$m)		FY17
Current Assets		49.8
Non-Current Assets		
Other financial assets	52.9	
Investments in associates	189.0	
Intangible assets	64.8	
Plant and equipment	0.6	
Loans and other receivables	3.3	
Other assets	11.7	322.3
Total Assets		**372.1**
Current Liabilities		38.2
Non-Current Liabilities		
Deferred tax liability	29.8	
Provisions	0.2	
Financial Liabilities	28.7	58.7
Total Liabilities		**96.9**
Net Assets		**275.2**

- PAC owned 65% of Aurora Trust prior to simplification of the structure in March 2017, post March 2017 PAC owned 100% of the Trust for the remaining three months
- Reflects consolidation of Aether Investment Partners, Seizert Capital Partners, Midco and its subsidiaries
- Carrying values have been tested and/or adjusted for impairment
- X-RPU liability reset at US$21m from January value of US$42m
- Cash on balance sheet includes,
  - US$5m for Nereus security deposit (Non-Current Asset)
  - A$6m for Seizert escrow facility that was subsequently paid to Seizert post 30 June, 2017
- Deferred tax liability is recognized through the accounting on consolidation. It does not reflect tax provisions to the ATO.
- Repaid deferred consideration on Aperio of US$16m in part with a bank facility drawn down and repaid within the year.

Details of Non-Current Liabilities

Name	Amount (Face Value)	Maturity	Notes
Class X Redeemable Preference Units*	US$21.0m	31 March 2018	Fixed liability
Promissory Notes*	US$17.5m	50% Nov ‘18 50% Nov ’19	Vendor finance related to Seizert acquisition. Compound Interest accrued at LIBOR rate + 5% on total liability

* The Seizert notes were partially repaid (US$6m) on 12 August 2017.