

# PACIFIC CURRENT GROUP

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## ASX ANNOUNCEMENT

31 October 2018

### Funds Under Management as at 30 September 2018

- Another strong quarter of inflows, weighted to GQG and Aperio;
- EAM and Aether showed noteworthy gains;
- Victory Park FUM declined due to a separate account reaching the end of its life as expected;
- Aperio, RARE and Celeste sold shortly after quarter end.

For nearly four years Pacific Current Group ("PAC") has categorized portfolio companies as being Core, Growth, or Other, in order to help investors focus their analytical efforts as they evaluated the 21 portfolio companies in PAC's portfolio in late 2014.

With PAC's success in streamlining its portfolio and the sale of several large holdings (RARE, IML & Aperio), PAC now has 13 portfolio holdings. Accordingly, with a smaller number of holdings, PAC is moving to two simple categories based on expected earnings contribution: Tier 1 companies will be those that PAC expects to produce at least A\$4m of annual earnings for PAC; and, Tier 2 will be those where PAC expects less than A\$4m, although there is no guarantee any portfolio company will meet this threshold. The new categories are intended to provide insight into which portfolio companies are expected to be the most economically impactful.

Additionally, PAC will begin breaking out FUM based on whether it is "open-end" or "closed-end" in nature (see below <sup>1,2</sup>). The intent of making this distinction is to highlight what proportion of FUM is readily redeemable and what portion is committed for extended periods of time, typically greater than one year.

With the sale of Aperio and RARE earlier this month, the December 2018 FUM report will show a notable decline and shift in FUM. As a result of these sales, management is working at redeploying the capital. PAC anticipates increase in its exposure to longer lock-up, closed-end type revenues, in an effort to benefit from trends in asset allocation and enhance the resiliency of PAC's earnings.

<sup>1</sup> 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.

<sup>2</sup> 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 eventuate after an agreed time and in some cases at the end of the life of the fund.



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A\$millions	Open End		Closed End		Total FUM as at 30 September 2018
	30 June 2018	30 September 2018	30 June 2018	30 September 2018	
<b>Tier 1 Boutiques</b>					
Aether	-	-	1,732	1,974	1,974
Aperio	34,732	38,479	-	-	38,479
GQG	18,397	22,855	-	-	22,855
Seizert	4,029	4,153	-	-	4,153
Victory Park	-	-	4,242	3,899	3,899
<b>Total Tier 1 Boutiques</b>	<b>57,158</b>	<b>65,487</b>	<b>5,974</b>	<b>5,873</b>	<b>71,359</b>
<b>Tier 2 Boutiques</b>					
Alphashares	792	743	-	-	743
Blackcrane	1,047	1,113	-	-	1,113
CAMG	-	-	-	-	-
Celeste	592	594	-	-	594
EAM	1,171	1,309	-	-	1,309
FIM	563	505	-	-	505
RARE	6,159	6,014	-	-	6,014
ROC	-	-	5,863	5,863	5,863
SCI	107	133	-	-	133
<b>Total Tier 2 Boutiques</b>	<b>10,432</b>	<b>10,412</b>	<b>5,863</b>	<b>5,863</b>	<b>16,275</b>
<b>Total FUM</b>	<b>67,589</b>	<b>75,899</b>	<b>11,837</b>	<b>11,736</b>	<b>87,634</b>

	Total FUM as at 30 June 2018	Net Flows	Other*	FX movement^	Total FUM as at 30 September 2018
<b>Open End</b>	<b>67,589</b>	<b>5,305</b>	<b>1,399</b>	<b>1,605</b>	<b>75,899</b>
<b>Closed End</b>	<b>11,837</b>	<b>31</b>	<b>(162)</b>	<b>29</b>	<b>11,736</b>
<b>Total</b>	<b>79,427</b>	<b>5,336</b>	<b>1,237</b>	<b>1,634</b>	<b>87,634</b>

\* Other includes investment performance, market movement and distributions.

^ The Australian dollar weakened against US dollar during the quarter. The AUD/USD exchange rate was 0.7387 as at 30 June 2018 compared to 0.7217 as at 30 September 2018.

## Other Considerations

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.

## CONTACT

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

Pacific Current Group Limited (ASX:PAC) 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 September 2018, Pacific Current Group has investments in sixteen boutique asset managers globally.

