



PACIFIC CURRENT GROUP

# ANNUAL GENERAL MEETING

13 November 2019

# Disclaimer

The information in this presentation is general information about Pacific Current Group Limited ('Pacific Current' or 'PAC') 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, nor is it an invitation to any person to acquire securities in Pacific Current;
- › is not personal advice and does not take into account the potential and current individual investment objectives or the financial situation of investors; and
- › contains information in summary form and does not purport to be complete.

Note that the relationship between Funds under Management ('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.

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

Welcome to the FY2019 Annual General Meeting of Pacific Current Group

(“PAC”)

- › Chairman’s Address - Tony Robinson
- › Business Overview - Paul Greenwood, Managing Director, CEO & CIO
- › FY2019 Financial Results - Ashley Killick, CFO
- › Questions & Answers
- › Notice of Meeting
- › Consideration of Reports
- › Resolutions
- › Poll Close
- › Conclusion & Reception



# CHAIRMAN'S ADDRESS

Tony Robinson, Chairman

# Agenda

Welcome to the FY2019 Annual General Meeting of Pacific Current Group (PAC), and thank you all for being here:

- Shareholders
- Staff
- Advisors
- Directors

# Chairman's Address

- › In FY2019 our focus was on the following:
  - Redeploying capital to make PAC's portfolio 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
- › We have made good progress toward all of these goals, though there is still much to be done

# Chairman's Address - Recent PAC Acquisition Proposal

- › FY20 has already been an interesting year with a significant investment and a recently rejected offer to purchase 100% of PAC
- › Background of offer:
  - PAC's stock languished in FY2019, reaching a low of \$4.23/share
  - PAC received an unsolicited bid that represented a premium in excess of 50%
  - PAC's share price appreciated during this period and PAC's board ultimately declined to move forward
- › PAC is not actively looking to sell, but it will always pursue what it believes is in the best interest of shareholders

# Chairman's Address

- › Pacific Current Group is an investment company.
- › Our performance is a product of how well we invest our shareholders funds. This is largely dependent on the abilities of the Pacific Current team who are capably lead by Paul Greenwood.



An aerial photograph of a mountain range. The central peak is prominent, with a complex network of ridges and valleys. The terrain is covered in dense green vegetation, with some rocky outcrops visible. The lighting creates strong shadows, highlighting the ruggedness of the landscape.

# BUSINESS OVERVIEW

Paul Greenwood, MD, CEO & CIO

# Business Overview

*FY19 was another year of steady progress*

## › Financial Strength

- Underlying NPAT tax of A\$20.6m (A\$.43/share) vs. A\$18.3m (A\$.38/share) in FY18
- Reported profit of A\$37.6m compared to a loss of A\$97.6m in FY18
- Dividend of A\$0.25 per share, which compares to A\$0.22 per share in FY18

## › Portfolio

- Deployed more than US\$100m into new investments
- Considerable progress made toward enhancing revenue resiliency and reducing exposure to equity markets
- Pipeline full of additional highly diversifying opportunities

## › Organisation

- Flat expenses in FY19
- Increased investment in investor relations

# Portfolio Activity

*Another busy year reshaping PAC's portfolio*

## › 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
- Sold FIM for A\$530k in October 2019

## › 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% for A\$6.8m
- In September 2019 invested US\$20.5m (~A\$30.3m) in Proterra Investment Partners for 8% of management fees and 16% of proceeds (exclusive of value attributable to performance fees)

# FY19 Portfolio Company Highlights

*Solid growth, with 7 of 11 managers with FUM growing during the year\**

- › **FY19 was another strong year of growth with FUM increasing 45%.**
  - **GQG** - GQG continued rapid growth, increasing funds under management from US\$15.7B to US\$25.7B
  - **Aether** - Successfully closed ARA V at US\$268m in July 2019
  - **Victory Park** - Expected growth was delayed, adversely impacting contribution to PAC in FY19. Momentum is now improving (see 30 Sept FUM), and additional growth is expected throughout FY20
  - **Nereus** - Has been a failed investment. We continue to work to exit relationship. This remains a high priority to resolve in FY20
  - **Roc** - Continues to transform its business and expand its product offerings
  - **Seizert** - Continues to face headwinds, saw FUM decline of 24% in FY19, adversely impacting FY20 earnings contributions
  - **Carlisle** - Off to a fast start, with excellent growth and strong performance

## Performance

- Mixed performance for active equity managers, generally strong for non equity managers

\*Adjusting for boutiques sold

# Investment Strategy

*Creating shareholder value comes from a focused investment strategy*

## > Invest

- Identify great investment firms wherever in the world they exist
- Focus on growing market segments
- Structure investments that align long term interests

## > Diversify

- We seek portfolio company specific risk and not systematic risk (such as equity market risk)
- We reduce risk by enhancing diversification through:
  - Different business models
  - Different investment structures
  - Different asset classes
  - Managing exposure to performance fees

## > Grow

- Deploy PAC's distribution resources when appropriate
- Work strategically with boutiques to enhance their market position and message

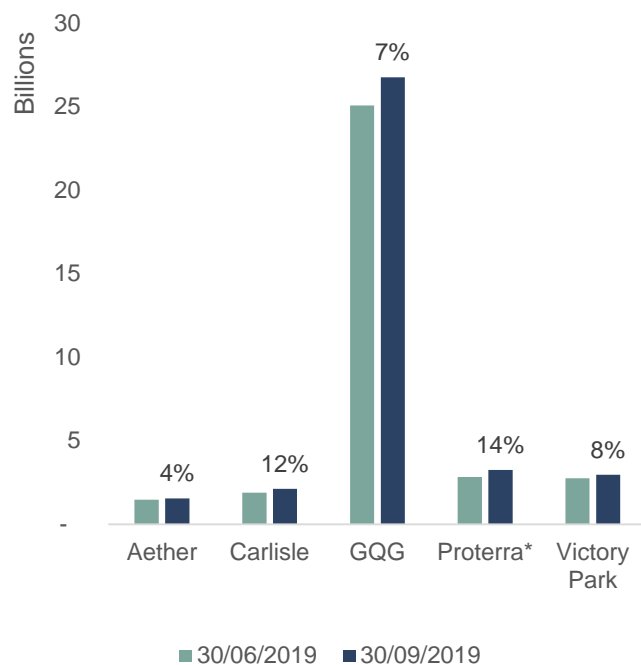
## > Manage

- Work through the inevitable broad array of opportunities and challenges

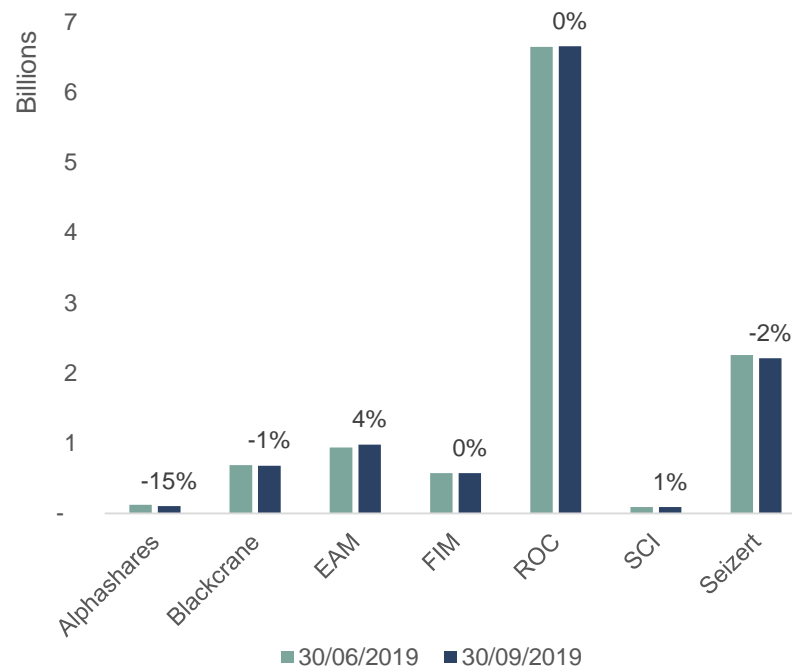
# Portfolio Company Update

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

## Tier 1 Boutiques



## Tier 2 Boutiques

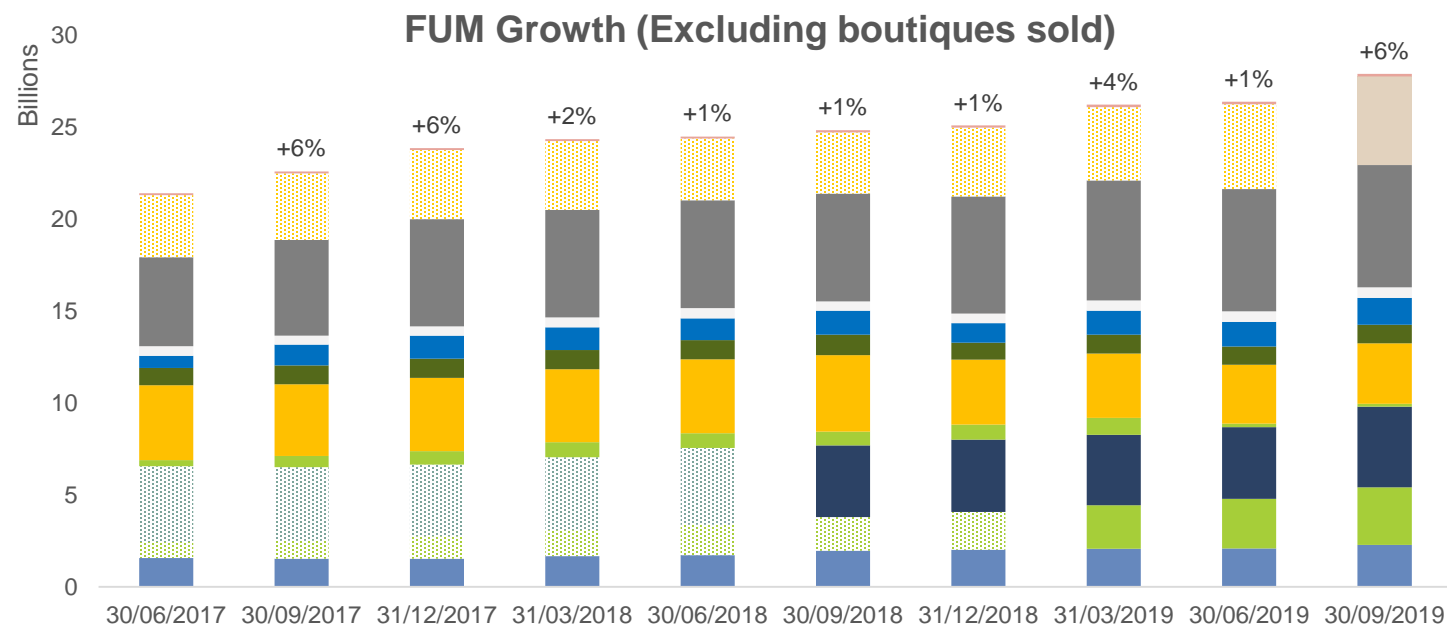


\* Proterra Investment Partners -

- PAC invested in Proterra on 23 September 2019.
- FUM is shown one quarter in arrears. PAC is not aware of any material movements in NAV that would change 30 June 2019 regulatory capital for purposes of 30 September 2019 reporting.

# Portfolio Company Update

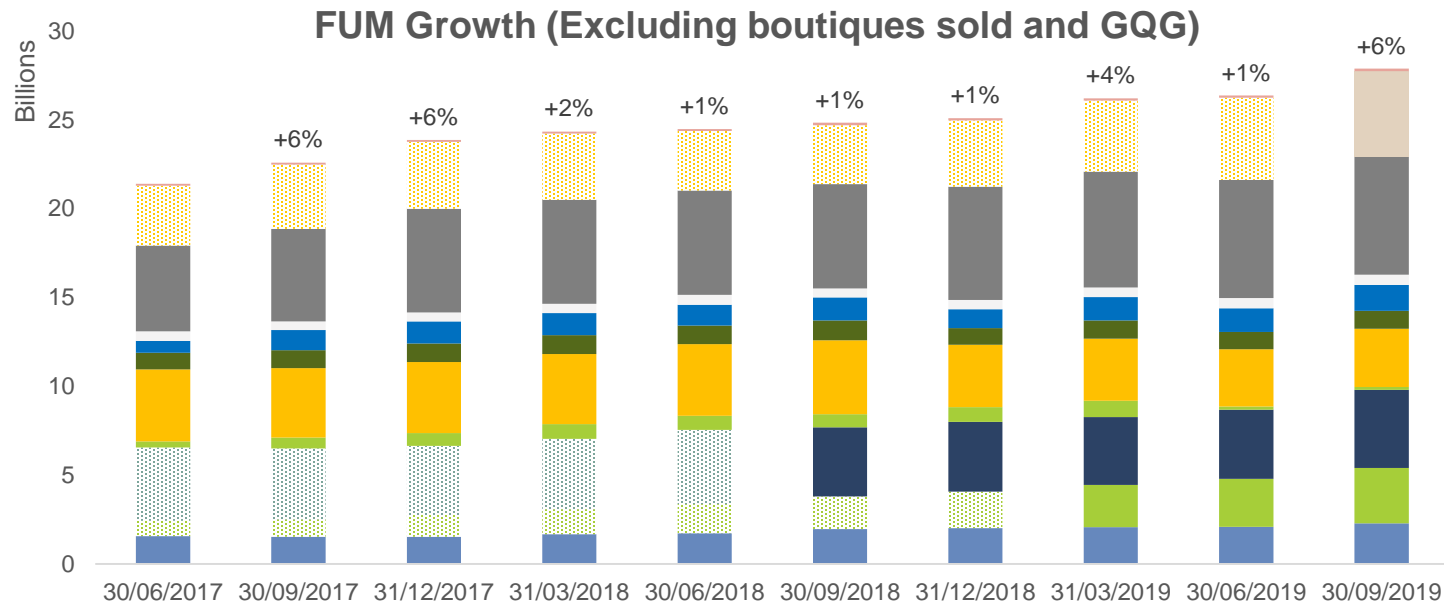
Quarterly FUM progress (excluding boutiques sold during the period)



- 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 2018, the date PAC invested in the business.
- Proterra (pre acquisition) – FUM shown includes FUM history of business prior to 23 September 2019, the date PAC invested in the business. For Proterra Investment Partners, amount for Sept-19 quarter represents FUM from one quarter in arrears. PAC is not aware of any material movements in NAV that would change 30 June 2019 regulatory capital for purposes of 30 September 2019 reporting.

# Portfolio Company Update

Quarterly FUM progress (excluding boutiques sold during the period and GQG)

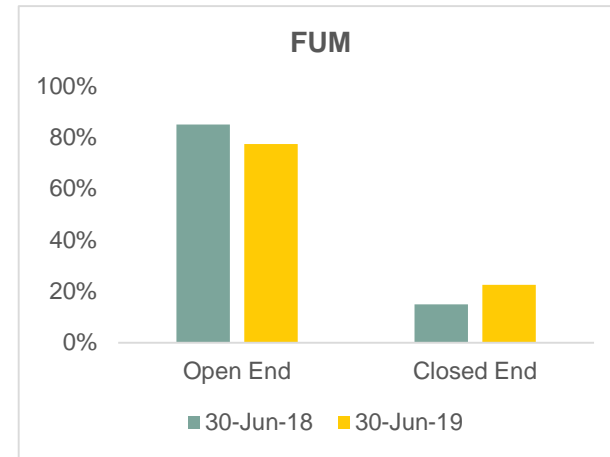
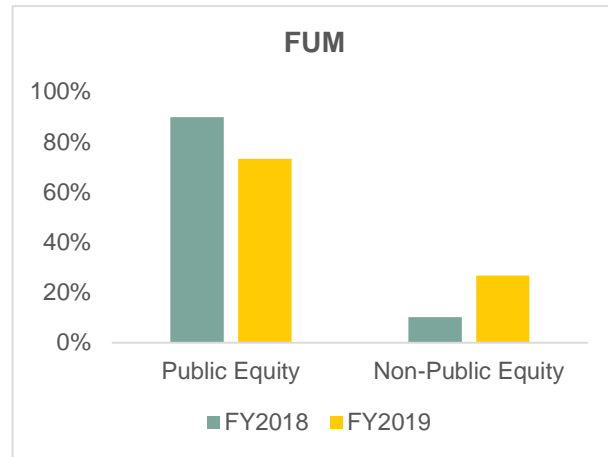


- Boutiques sold during FY19 are not shown.
- Carlisle (pre acquisition) – FUM shown includes FUM history of business prior to 31 January 2019, the date PAC invested in the business.
- Victory Park (pre acquisition) – FUM shown includes FUM history of business prior to 3 July 2018, the date PAC invested in the business.
- Proterra (pre acquisition) – FUM shown includes FUM history of business prior to 23 September 2019, the date PAC invested in the business. For Proterra Investment Partners, amount for Sept-19 quarter represents FUM from one quarter in arrears. PAC is not aware of any material movements in NAV that would change 30 June 2019 regulatory capital for purposes of 30 September 2019 reporting.

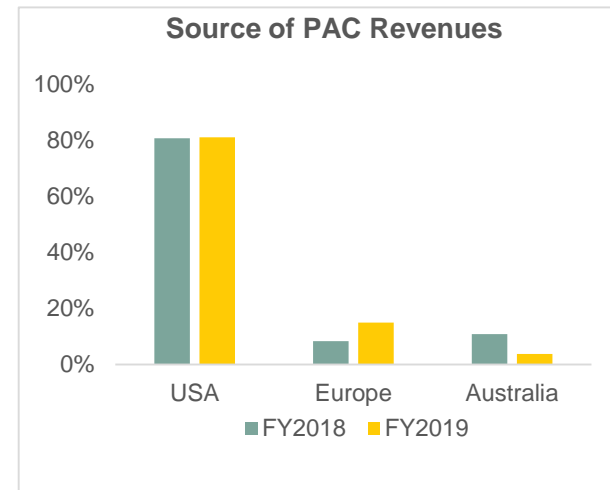


# Portfolio Analysis

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

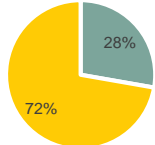
Source of PAC revenues includes PAC share of earnings, revenue share, commissions and any other revenues generated from the boutique



# FY2019 FINANCIAL RESULTS

Ashley Killick, CFO

# FY2019 Financial Results Summary

FUM	<p><b>A\$57.47bn*</b></p>	 <p>■ New Acquisition ■ Existing FUM growth</p>	<p>» Total FUM of boutiques reaches A\$57.5bn</p> <p>Up A\$17.2bn (or 51.2%) from FY18 (excluding boutiques sold/acquired during the year)</p> <p>Net inflows of A\$14.1bn with growth from Carlisle, GQG, Aether and ROC Partners</p> <p>FUM continued to grow in Q1 FY20 to A\$67.6bn</p>
NAV	<p><b>A\$8.05</b></p>	<p>↑ <b>14.0%</b></p>	<p>» Net asset value per share of A\$8.05, up 14.0% from A\$7.06 in FY18</p>
NPBT	<p><b>A\$27.4m**</b> A\$54.0m statutory</p>	<p>↑ <b>49.7%</b></p>	<p>» Underlying Net Profit Before Tax of A\$27.4m, up 49.7% from A\$18.3m in FY18</p>
EPS	<p><b>43.6cps***</b> 78.6cps statutory</p>	<p>↑ <b>13.7%</b></p>	<p>» Underlying Earnings Per Share of 43.6cps, up 13.7% from 38.4cps in FY18</p>
DPS	<p><b>25.0cps</b></p>	<p>↑ <b>13.6%</b></p>	<p>» FY19 dividends of 25.0cps up 13.6% from 22.0cps in FY18</p>

\* 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 is a non-IFRS financial measures used by PAC to manage its business.

\*\*\* EPS is based on weighted average number of shared based on their issue dates.



QUESTIONS