



ASX ANNOUNCEMENT

25 November 2019

Pacific Current Provides Market Update

Pacific Current Group Limited (**ASX:PAC, Pacific Current, PAC**), a global multi-boutique asset management firm, in conjunction with the announcement today of its investment in Pennybacker Capital Management (**Pennybacker**) and the pending full deployment of its investment capital, PAC is providing the following market update.

Based on the most recent financial information received from its portfolio companies, PAC expects underlying Net Profit After Tax (**NPAT**) to be in the range of A\$24.0m to A\$25.0m for FY20, which compares to A\$20.8m in 2019. This estimate assumes six months of earnings contributions from Pennybacker, no additional investments, flat equity markets, stable investment performance, stable currency, and essentially no change in Funds Under Management (**FUM**) at PAC's boutiques. This estimate includes a significant reduction in the expected contribution from Seizert Capital, due to a decline in FUM. PAC is engaged with Seizert management to identify opportunities to improve its profitability and growth prospects.

While Victory Park Capital's (**VPC**) growth and earnings contributions through June 2019 had lagged PAC's initial expectations, third quarter calendar growth was strong, and PAC expects significant earnings contributions in 1H20 from VPC. PAC notes that due to accounting standards related to earnings recognition: (1) VPC's contributions are heavily skewed toward the first half of the fiscal year; and (2) VPC will continue to accrue significant amounts of carried interest on PAC's behalf that PAC is unlikely to recognise in 2H20. The seasonality in VPC's earnings contributions is largely offset by the earnings PAC expects to recognise from GQG Partners, which is heavily biased toward the second half of the fiscal year.¹

With the new investments in Proterra and Pennybacker, PAC expects its earnings to be slightly biased toward the second half of the fiscal year.

Looking ahead to FY21, PAC is optimistic about its earnings prospects due to the ` of the contributions of new investments and the expected organic growth of Tier 1 boutiques. Moreover, PAC expects that in FY21 approximately 75% of its revenues will come from investment managers with revenues not directly linked to public equity markets². This is consistent with PAC's objective of diversifying its portfolio in a manner that should enhance earnings resiliency by reducing the impact of a decline in equity markets on PAC's revenues.

¹ Note, the seasonality referred to above relates to earnings recognition and not the underlying business.

² Direct link to equity markets refers to investment strategies focused on public equity strategies. These strategies are marked to market daily and subject to redemption with minimal notice.

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ABOUT PACIFIC CURRENT GROUP

Pacific Current Group Limited 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. Including Pennybacker Capital Management, Pacific Current Group has investments in 16 boutique asset managers globally.