



30 April 2020

ASX ANNOUNCEMENT

Funds under Management as at 31 March 2020 and Market Update

Pacific Current Group Limited (**ASX:PAC**) (**PAC, Pacific Current Group**) is pleased to announce that total Funds under Management (**FUM**) controlled by boutique asset managers within Pacific Current Group increased 8.5% during the quarter ended 31 March 2020.

Highlights from the quarter include the following:

- The depreciation of the AUD against the USD accounts for the quarter-over-quarter increase in aggregate FUM. In native currencies, however, USD oriented fund managers saw FUM decline by 5%, while the sole AUD oriented manager, Roc, saw FUM grow by 7%;
- Tier 1 boutiques had a positive quarter with three out of five boutiques receiving significant inflows;
- Precipitous equity market declines substantially reduced FUM of long only equity managers, though GQG's high levels of net inflows largely offset this impact;
- Significant new commitments secured by closed-end fund managers Roc and Victory Park.

FUM flows and balances as at 31 December 2019 and 31 March 2020, by boutique tier and category, are shown in the Appendix attached.

Market Update

PAC is also updating its prior underlying earnings guidance based on boutique performance as at 31 March 2020. On an underlying basis, PAC believes it is tracking to an FY20 NPAT in the A\$23m - A \$25m range. In November 2019 PAC had forecasted FY20 NPAT to be in the range of A\$24m - A \$25m. The reduced forecast stems from lower equity markets, lower projected performance fees, and delays in expected new allocations to PAC boutiques brought about by the Covid-19 pandemic. In FY19 PAC's underlying NPAT was A\$20.6m.

This estimate assumes flat equity market performance, no changes in manager performance vis-à-vis benchmarks/hurdles, no change in currencies, or flows into or out of PAC's boutiques.

From a statutory earnings perspective the Company notes that there is a heightened probability of impairments of the carrying value of certain portfolio companies in the 30 June 2020 accounts, primarily due to lower expectations for near-term capital raising prospects for various portfolio companies.

Pacific Current CEO, Paul Greenwood, noted, "While it is impossible to escape unscathed from such a shock to the global economy, the efforts we have made to diversify our business should help us in comparison to other owners of investment managers. Our current focus is to help our portfolio companies not only navigate the current environment, but ideally gain market share as we emerge from this challenging period."

Other Considerations

The relationship between the boutiques' FUM and the economic benefits received by PAC can vary dramatically based on factors such as:

- the fee structures of each boutique;
- PAC's ownership interest in the boutique; and
- the specific economic features of each relationship between PAC and the boutique.

Accordingly, PAC cautions against simple extrapolation based on FUM trends.

Tier 1 Boutique is a term used to describe an asset manager that PAC expects to produce at least an average of A\$4m of annual earnings for PAC over the next three years, while a **Tier 2 Boutique** is one that PAC expects will contribute less than this amount. Although there is no guarantee any Tier 1 boutique will meet this threshold, this categorisation is intended to provide insight into which boutiques are expected to be the most economically impactful to Pacific Current Group.

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. **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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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. As at 31 March 2020, Pacific Current Group has investments in 16 boutique asset managers globally.

Funds Under Management – 31 March 2020

A\$millions	Open End		Closed End		Total FUM as at 31 March 2020
	31 December 2019	31 March 2020	31 December 2019	31 March 2020	
	Beg FUM	Ending FUM	Beg FUM	Ending FUM ⁴	
Tier 1 Boutiques					
Aether	-	-	2,139	2,502	2,502
Carlisle	2,949	3,518	341	494	4,012
GQG	43,715	47,625	-	-	47,625
Proterra ⁴	-	-	4,369	5,178	5,178
Victory Park	-	-	4,258	5,210	5,210
Total Tier 1 Boutiques	46,664	51,143	11,107	13,384	64,526
Tier 2 Boutiques					
Alphashares	156	-	-	-	-
Blackcrane	1,106	934	-	-	934
CAMG	-	-	-	-	-
EAM	1,533	1,318	-	-	1,318
ROC	-	-	6,475	6,909	6,909
Pennybacker ⁴	2,703	3,216	-	-	3,216
SCI	85	-	-	-	-
Seizert	3,191	2,308	-	-	2,308
Total Tier 2 Boutiques	8,775	7,774	6,475	6,909	14,684
Total FUM	55,439	58,917	17,583	20,293	79,210

	Total FUM as at 31 December 2019	Net Flows ¹	Other ²	FX movement ³	Total FUM as at 31 March 2020
Open End	55,439	4,946	(9,194)	7,726	58,917
Closed End	17,583	788	172	1,751	20,293
Total	73,022	5,734	(9,022)	9,477	79,210

1. For Closed End funds, Net Flows only includes additional capital commitments. Distributions to limited partners of Closed End funds will be reflected as reduction in Net Asset Value, which is included in the 'Other' category for PAC reporting.
2. Other includes investment performance, market movement and distributions.
3. The Australian dollar weakened against US dollar during the quarter. The AUD/USD exchange rate was 0.7030 as at 31 December 2019 compared to 0.6140 as at 31 March 2020. The Net Flows and Other items are calculated using average rates.
4. FUM for Proterra Investment Partners and Pennybacker Capital Management represent regulatory FUM from one quarter in arrears.