

# PACIFIC CURRENT GROUP

Tacoma // Melbourne



## ASX ANNOUNCEMENT

15 November 2024

### 2024 ANNUAL GENERAL MEETING PRESENTATION

Pacific Current Group Limited (ASX:PAC), a global multi-boutique asset management firm, is pleased to provide its 2024 Annual General Meeting Presentation for release to the market.

#### AUTHORISED FOR LODGEMENT BY:

The Board of Pacific Current Group Limited.

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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 of 15 November 2024, Pacific Current Group has investments in 11 boutique firms globally.



**PACIFIC CURRENT GROUP**

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**FULL YEAR 2024**

**ANNUAL GENERAL MEETING PRESENTATION**

**15 November 2024**



# Disclaimer

The information in this presentation is general information about Pacific Current Group ('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 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.



# **BUSINESS OVERVIEW**

**Michael Clarke, ED and Acting CEO**

# FY24 Overview

**Pacific Current Group (PAC) is a global investor in investment management firms, with stakes in 11 investment firms across the US, Europe, Australia and Asia.**

PAC's boutiques offer a diverse range of investment products across multiple asset classes, delivering **sustainable** and **growing** management fees and significant potential for performance fee income. This diversification reduces PAC's reliance on equity market returns to drive revenues and profits.

## Operational Highlights

- § Capital flexibility significantly upgraded – completed asset sales (GQG, Proterra, Cordillera, Avante and Pennybacker) provide potential for capital return, dividend payment, debt paydown and future growth initiatives
- § Cost base reduction – outsourcing of investment management and organization restructure 'right sizes' operating cost base, leading to an expected reduction in ongoing operating expenses by more than 40%
- § Decision making enhancement - IMA implemented with GQG GP stakes team and formation of Investment Committee enhance investment decision making
- § Shareholder return improvement – share price appreciation of over 40% in FY24
- § Strong profitability uplift – Underlying NPAT growth of 24% achieved in FY24

## Financial Highlights

- § Boutique contributions, ex MTM, increased 16%
- § Underlying EBITDA rose 18%, as a result of the solid revenue growth and modest expense increases
- § Underlying NPAT grew 24%
- § Net assets per share increased by 16% to A\$11.48 from A\$9.88
- § Dividend of A\$0.38 per share (unfranked)
- § PAC's estimated fair value NAV of A\$13.47 exceeds statutory NAV by A\$1.99 per share

## Looking Ahead

- § Return capital – Plan in progress to complete a substantial off-market, equal access share buy-back
- § Enhance Capital flexibility – good start in FY25 following the announcement of transactions for Carlisle and Victory Park Capital with both expected to settle in the next 3-6 months
- § Deliver Growth initiatives - target opportunities among current boutique partners where the potential exists to accelerate growth and other new investment opportunities
- § Optimize organizational effectiveness – bed down significant changes to organization structure and decision-making processes implemented in FY24
- § Reduce debt – pay down outstanding debt

# FY24 Pro-forma Underlying P&L

This P&L aims to illustrate what FY24 performance would have looked like accounting for the full year loss of earnings from transactions completed in the financial year, Carlisle and VPC transactions announced after the financial year and the go-forward cost base adjusted for the full year benefit from externalisation of investment management to GQG Partners. It is important to stress that the P&L does not reflect guidance for FY25 and is intended to provide investors an illustration of how the business would have performed if all transactions had occurred at the start of the year.

	FY24 (A\$m) Underlying	FY24 (A\$m) Underlying Pro-Forma	Comments
Boutique management fees	48.9	19.2	Pro-forma excludes GQG, Avante, Cordillera, Proterra, Pennybacker (partially), Carlisle and Victory Park (partially)
Boutique performance fees	11.3	11.3	Pro-forma excludes Cordillera
Boutique unrealised MTM	(2.3)	(2.3)	
Investment management fees	(0.3)	(2.0)	GQG IM fees for the full year in pro-forma scenario
<b>Boutique contributions</b>	<b>57.6</b>	<b>26.2</b>	
Corporate revenue	0.7	0.7	
Corporate overheads	(16.7)	(8.8)	Expenses reduced by 47%, largely personnel related
<b>Corporate contribution</b>	<b>(16.0)</b>	<b>(8.1)</b>	
<b>Underlying EBITDA</b>	<b>41.6</b>	<b>18.1</b>	
Interest expense – debt	(6.5)	(6.5)	
Interest expense – leases	(0.2)	(0.2)	
Interest income	4.4	28.7	Assumed income earned on boutique sale proceeds, 5% cash rate
Depreciation	(0.7)	(0.7)	
Income tax expense	(6.1)	(9.0)	
Share of non-controlling interests	(0.3)	(0.3)	
<b>Underlying NPAT</b>	<b>32.2</b>	<b>30.2</b>	
<b>Underlying earnings per share</b>	<b>62 cents</b>	<b>59 cents</b>	

Note: Underlying results illustrated in table above are unaudited and non-IFRS financial measures used by PAC to manage its business.



# OUTLOOK

PACIFIC CURRENT GROUP

# Near-Term Focus

PAC will focus on completing transactions, executing the share buyback and supporting Boutiques

## Return Capital

- § Plan in progress to complete a substantial off-market, equal access share buy-back

## Enhance Capital Flexibility

- § Continue to pursue transactions that enhance value and provide capital for redeployment or return to shareholders. Good start in FY25 following the announcement of transactions for Carlisle (July) and Victory Park Capital (August), with both expected to settle in the next 3-6 months

## Deliver Growth Initiatives

- § Target opportunities among current boutique partners where the potential exists to accelerate growth and new investment opportunities

## Optimize Organizational Effectiveness

- § Bed down significant changes to organization structure and decision-making processes implemented in FY24

## Reduce Debt

- § Pay down outstanding debt

Note: Outlook assumes flat equity markets and no change in currency. Growth expectations are based primarily but not exclusively on PAC or boutique knowledge of specific prospects that appear likely to allocate to boutiques through FY24. New allocations to boutiques cannot be known with certainty, nor can the timing of any allocations be precisely forecasted. Additionally, PAC revenues and earnings can be influenced by some marketable securities held on boutique balance sheets, which can impact results in ways that cannot be readily predicted.



# Growth Opportunities

PAC has significant capital to invest in accretive 'GP Stakes' opportunities as they present

## Sources for Growth Capital

### Existing Cash Reserves

§ As at 30 June 2024, PAC has A\$313m of surplus cash (net of debt) on its balance sheet which can be used for share buybacks, capital returns, dividends and growth investment

### Assets in 'Harvest'

§ As at 30 June 2024, PAC has US\$111.8m of assets it considers to be in 'Harvest', these include proceeds from Pennybacker, Victory Park and Carlisle transactions

### Boutique Realisations

§ PAC doesn't have visibility at this time but going forward there may be further liquidity events in the remaining boutiques

### Cashflow from Boutiques

§ Boutiques remaining in the portfolio are expected to generate meaningful cashflow, some of which will be available for reinvestment

## Re-investment in existing Boutiques

### PAC may re-invest proceeds in existing Boutiques by providing:

- § Working capital to fund business growth
- § Balance sheet investment capital
- § Purchase of secondary sell-downs from boutique shareholders

## Co-Investment in GP Stake Funds managed by GQG

- § PAC has the right, but not the obligation, to invest in any GQG sponsored investment vehicles focused on GP stakes

## Investment in GP Stake Managers

- § PAC has high-conviction on GP stake strategies globally
- § PAC may invest in GP stakes managers if valuations are compelling