PACIFIC CURRENT GROUP

Tacoma // Melbourne

ASX ANNOUNCEMENT

30 December 2024

Notice of Extraordinary General Meeting

Pacific Current Group Limited (ASX: PAC) (**PAC**) (**Company**) provides the following documents in relation to the Company's Extraordinary General Meeting, to be held at 10.00am (AEDT) on Thursday, 30 January 2025 at The Westin, 205 Collins Street Melbourne Victoria 3000.

- Notice of Meeting (including Explanatory Notes and Independent Expert's Report);
- Proxy Form;
- Notice of Access; and
- Shareholder Question Form.

-ENDS-

AUTHORISED FOR LODGEMENT BY:
The Board of Pacific Current Group Limited

CONTACT

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ABOUT PACIFIC CURRENT GROUP // www.paccurrent.com

Pacific Current Group is a multi-boutique asset management firm dedicated to providing exceptional value to shareholders, investors and partners. We apply our strategic resources, including permanent capital and operational expertise to help our partners excel. Excluding the public securities in Abacus, Pacific Current Group has investments in 8 boutique asset managers globally. For more information, please visit: www.paccurrent.com

PACIFIC CURRENT GROUP
Tacoma // Melbourne

PACIFIC CURRENT GROUP LIMITED

ABN 39 006 708 792

Notice of Extraordinary General Meeting

Chairman's Letter

Dear Shareholder,

On behalf of the Board of Pacific Current Group Limited (ASX: PAC) (***PAC***), I am pleased to invite you to attend an Extraordinary General Meeting (***EGM***) of PAC to consider the approval of an off-market share buy-back of up to a total of 25,000,000 fully paid ordinary shares in PAC (***Shares***) (the ***Buy-Back***). The Directors of PAC encourage you to read the EGM documents in full as they contain important information about the Buy-Back.

As you will be aware, over the last eight months, PAC has sold its investments in GQG Partners, Proterra Investment Partners, Cordillera Investment Partners, Avante Capital Partners, Carlisle Management Company and a portion of its interest in Pennybacker Capital and Victory Park Capital Management, generating significant surplus capital. While PAC continues to consider new investment opportunities, the Board of Directors of PAC (the ***PAC Board***) has determined to undertake an off-market buy-back to return up to $300 million to PAC shareholders.

The purpose of the EGM is to meet to consider the approval of an off-market share buy-back of up to a total of 25,000,000 PAC Shares, representing approximately 47.9% of PAC's issued share capital as at the date of this Notice of Meeting (on a fully diluted basis). This approval is required due to the terms (including quantum) of the proposed buy-back. Under the Corporations Act, PAC can only buy-back a maximum of 10% of its Shares on issue within a 12-month period without seeking additional shareholder approvals.

The price of the Buy-Back has been set at $12.00 per PAC Share, (***Buy-Back Price***) which represents a 9.4% premium to the 5 day volume weighted average price (***VWAP***) as at 11 December 2024, being the day before the price of the Buy-Back was announced. In setting the proposed Buy-Back Price, the PAC Board has taken into account a range of quantitative and qualitative factors as well as the broader context of the Buy-Back, including:

- **Trading price and market activity:**
    - The recent history of PAC's Share price including with reference to the 5 day VWAP as at 11 December 2024 of $10.97 per PAC Share; and
    - The value of the non-binding indicative proposal for PAC announced in July 2023.
- **PAC's disclosed Net Asset Value (*NAV*)** across various metrics including:
    - PAC's book NAV per share as at 30 June 2024 of $11.48 and an appropriate level of premium; and
    - PAC's fair value NAV per share as at 30 June 2024 of $13.47 and an appropriate level of discount.
- **The broader context of the Buy-Back** including potential changes to the ownership of PAC, in particular the potential shareholdings of each of the largest three shareholders resulting from the Buy-Back, depending on which eligible Shareholders elect to participate in the Buy-Back and the overall level of participation.

Further information on the price of the Buy-Back is set out in section EN 4.

In light of the size of the Buy-Back relative to PAC's shares outstanding, Shareholders should have regard to potential control implications depending on which eligible Shareholders elect to participate in the Buy-Back and the overall level of participation (see section 2.3 below for eligibility criteria). PAC's largest three Shareholders, River Capital Pty Ltd (***River Capital***), Perpetual Limited (***Perpetual***) and Regal Partners Limited (***Regal***), have indicated to PAC that they support the proposed Buy-Back and intend to vote in favour of the resolutions (other than the relevant resolution for which they are not entitled to vote) however have not indicated whether or not they intend to participate in the Buy-Back. Assuming that each of these three largest Shareholders do not participate and the Buy-Back is fully subscribed, River Capital's interest will increase from 22.43% to 43.06%, Perpetual's from 15.76% to 30.25% and Regal's from 10.73% to 20.59%. See section EN 5 for further information.[1]

The ASX has determined that separate resolutions should be passed to permit each of PAC's three major shareholders – River Capital, Perpetual and Regal - to participate in the Buy-Back. Each of the resolutions at the EGM are inter-conditional such that if any one resolution does not pass, the Buy-Back will not proceed. In these circumstances, the PAC Board will consider alternative structures to return capital, subject to further regulatory engagement and consideration by the PAC Board.

Having considered both the potential advantages and disadvantages of the Buy-Back as set out in section EN 6, the PAC Board, including independent directors Joanne Dawson and Gilles Guérin, unanimously recommend that Shareholders vote in favour of the Buy Back Resolution contained in Resolution 4.

Each of the Directors of PAC[2] also recommend that Shareholders vote in favour of each of the other Resolutions 1 - 3 to permit the Buy Back to occur as an equal access buy-back open to all shareholders. In accordance with Listing Rule 10.1, PAC has obtained an independent expert's report considering whether the terms of the proposed transactions with River Capital, Regal and Perpetual are fair and reasonable to other PAC shareholders. The Independent Expert, FTI Consulting, has determined that the proposed transactions with River Capital, Regal and Perpetual are not fair, but are reasonable. The Independent Expert has also determined that the proposed Buy-Back is fair and reasonable. A copy is included as Annexure A to this notice of meeting.

This is not an offer for you to participate in the Buy-Back. If PAC Shareholder approval is received at the forthcoming EGM an Offer Booklet and Application Form will be sent to Shareholders that contains information to assist you in making an informed decision about whether to participate in the Buy-Back and details on how to participate.

PAC's EGM will be held on **30 January 2025 commencing at 10:00am (AEDT**) in the Executive Room of The Westin at 205 Collins Street, Melbourne VIC 3000.

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[1] There is no guarantee that the Buy-Back will be fully subscribed. One or more of these Shareholders may increase or decrease their relevant interest in PAC through transactions outside the Buy-Back. The relevant interests of each of these significant Shareholders may be less than the numbers shown here following implementation of the Buy-Back for a number of reasons.

[2] Mr Tony Robinson is also a director and chair of River Capital Pty Ltd, which is an investment management business. While Mr Robinson is not involved in the investment management decisions of River Capital Pty Ltd on behalf of the funds it manages, he makes no recommendation in relation to Resolution 1.

NOTICE OF EXTRAORDINARY GENERAL MEETING

The Notice of Meeting (including Explanatory Notes), Proxy Form, and Shareholder Question Form (***EGM Documents***) are available on the PAC website at https://paccurrent.com/shareholders/document-library/extraordinary-general-meeting. Only Shareholders who have elected to receive a hard copy of the EGM Documents will be mailed a physical copy of these documents. If you have not elected to receive a hard copy of the EGM Documents, and you wish to do so, please contact PAC's share registry, Computershare on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

If you are unable to attend the EGM, you may appoint a proxy to attend and vote on your behalf via www.investorvote.com.au or by following the instructions on the Proxy Form. Proxy appointments must be received by **10:00am (AEDT) on Tuesday 28 January 2025**. I encourage you to read the Notice of Meeting (including the Explanatory Notes) and the Proxy Form and consider directing your proxy on how to vote on the resolutions.

Thank you for your continued support of PAC.

Yours sincerely,

Tony Robinson
Chairman

Notice of Extraordinary General Meeting
Pacific Current Group Limited (ABN 39 006 708 792) (the ***Company*** or ***PAC***)

Notice is given that an Extraordinary General Meeting (***EGM***) of the Company will be held at the Executive Room, The Westin, 205 Collins Street, Melbourne VIC 3000 on 30 January 2025 at 10:00am (AEDT).

An explanation of the background and reasons for the proposed resolutions are set out in the Explanatory Notes which accompanies and forms part of this Notice of Extraordinary General Meeting.

Items of business of the Extraordinary General Meeting

The purpose of the meeting is to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

Resolution 1 – Approval of River Capital's participation in the Buy-Back

That the potential participation by River Capital in the off-market equal access buy-back of PAC Shares, including the Company paying cash consideration for any shares bought back from River Capital, is approved under and for the purposes of Listing Rule 10.1.

Resolution 2 – Approval of Regal's participation in the Buy-Back

That the potential participation by Regal in the off-market equal access buy-back of PAC Shares, including the Company paying cash consideration for any shares bought back from Regal, is approved under and for the purposes of Listing Rule 10.1.

Resolution 3 – Approval of Perpetual's participation in the Buy-Back

That the potential participation by the Perpetual in the off-market equal access buy-back of PAC Shares, including the Company paying cash consideration for any shares bought back from Perpetual, is approved under and for the purposes of Listing Rule 10.1.

Resolution 4 — Approval of the Buy-Back

That, for the purpose of section 257C of the Corporations Act 2001 (Cth) and all other purposes, Shareholders authorise and approve an off-market share buy-back of up to a total of 25,000,000 PAC Shares (representing approximately 47.9% of PAC's issued share capital as at the date of this Notice of Meeting) on the terms and conditions set out in the Explanatory Notes.

Each of the resolutions are inter-conditional, such that if any one resolution does not pass, the Buy Back will not proceed.

By order of the PAC Board

Clare Craven

Company Secretary

Clare Craven

Dated 30 December 2024

Important Voting Information

Entitlement to attend and vote

In accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the PAC Board has determined that persons who are registered holders of PAC shares as at 7:00pm AEDT on Tuesday, 28 January 2025 will be entitled to attend and vote at the EGM as a Shareholder. If more than one joint holder of shares is present at the EGM (whether personally, by proxy, by attorney, or by representative) and tenders a vote, the vote of the holder named first in the register is accepted to the exclusion of any other.

Voting Exclusion Statements

Resolution One: The Company will disregard any votes on Resolution 1 cast in favour of the resolution by or on behalf of River Capital or an associate of River Capital, save for where it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides.

Resolution Two: The Company will disregard any votes on Resolution 2 cast in favour of the resolution by or on behalf of Regal or an associate of Regal, save for where it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides.

Resolution Three: The Company will disregard any votes on Resolution 3 cast in favour of the resolution by or on behalf of Perpetual or an associate of Perpetual, save for where it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides.

However, a person described above may cast a vote on Resolutions 1 - 3 as a proxy, if the vote is not cast on behalf of a person described above and either:

a) the proxy appointment is in writing and specifies the way the proxy is to vote on the resolution; or
b) the vote is cast by the Chair of the Meeting and the appointment of the Chair as proxy:
   i. does not specify the way the proxy is to vote on the resolution; and
   ii. expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly the interests of the relevant shareholder set out above.

Appointment of Proxy

If you are a Shareholder entitled to attend and vote, you may appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act 2001 (Cth) (the ***Corporations Act***) to exercise its powers as proxy at the EGM.

A proxy need not be a Shareholder of PAC.

A Shareholder may appoint up to two proxies and specify the proportion or number of votes each proxy may exercise. If the Shareholder does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the Shareholder's votes.

To be effective, the proxy form must be received at PAC's Share Registry no later than 10:00am AEDT on Tuesday 28 January 2025 (48 hours before EGM). Proxies must be received before that time by one of the following methods:

- Online: Lodge your vote online: www.investorvote.com.au.
- For Intermediary Online subscribers only (custodians): www.intermediaryonline.com.
- By mail: Pacific Current Group Limited c/o - Computershare Investor Services Pty Limited GPO Box 242 Melbourne Victoria 3001 Australia.
- By facsimile: 1800 783 447 (within Australia) +61 3 9473 2555 (from outside Australia).
- By delivery in person: Computershare Investor Services Pty Limited 452 Johnston Street Abbotsford Victoria 3067 during business hours Monday to Friday (9:00am to 5:00pm).

To be valid, a proxy form must be received by the Company in the manner stipulated above. The Company reserves the right to declare invalid any proxy form not received in this manner.

Proxy forms are also available to download on PAC's website at: https://paccurrent.com/shareholders/document-library/extraordinary-general-meeting/

Proxies signed under Power of Attorney

If a proxy form is signed under a power of attorney, then both the proxy form and the original power of attorney under which the proxy form is signed (or a certified copy of that power of attorney or other authority) must be received by PAC's Share Registry no later than 10:00am AEDT on 28 January 2025, being 48 hours before the EGM.

IMPORTANT: If you appoint the Chair of the Meeting as your proxy, or the Chair becomes your proxy by default, and you do not direct your proxy how to vote on the resolutions, then by submitting the proxy form you will be expressly authorising the Chair of the Meeting to exercise your proxy on the relevant resolutions. The Chair of the Meeting intends to vote all undirected proxies in favour of the resolutions.

Voting at the Meeting

The proposed resolutions at this Meeting will be conducted by a poll, rather than on a show of hands.

Corporate Representatives

A body corporate which is a Shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the EGM. The appointment of the representative must comply with the requirements under section 250D of the Corporations Act. The representative should bring to the EGM a properly executed letter or other document confirming its authority to act as the company's representative. A Certificate of Appointment of Corporate Representative form may be obtained from PAC's Share Registry or online at www.investorcentre.com/au and select "Printable Forms".

NOTICE OF EXTRAORDINARY GENERAL MEETING

Conduct of Meeting

PAC is committed to ensuring that its Shareholder meetings are conducted in a manner which provides those Shareholders (or their proxy holders) who attend the meeting with the opportunity to participate in the business of the meeting in an orderly fashion and to ask questions about and comment on matters relevant to the business of the meeting or about the Company generally. PAC will not allow conduct at any Shareholder meeting which is discourteous to those who are present at the meeting, or which in any way disrupts or interferes with the proper conduct of the meeting. The Chair of the Meeting will exercise his powers as the Chair to ensure that the meeting is conducted in an orderly and timely fashion, in the interests of all attending Shareholders.

Participation in the EGM

There are two ways Shareholders and interested parties can participate in the EGM:

- Physical Meeting: Shareholders and visitors may attend the meeting in person at the venue as previously noted. Shareholders and Proxyholders can vote and ask questions during the meeting.

- Online Audio Webcast: Shareholders and Proxyholders can listen to the proceedings live and view the presentation, but **will not be able to ask questions or vote at the meeting via the audio webcast**. The audio webcast of the EGM will be available via pre-registration at https://ccmediaframe.com/?id=e4jpvPLP.

Please note that there may be a short thirty second broadcast delay when listening to the webcast.

To ensure that as many Shareholders as possible have the opportunity to ask questions, Shareholders are requested to observe the following guidelines:

- all Shareholder questions should be stated clearly and should be relevant to the Business of the Meeting;

- if a Shareholder has more than one question on an Item, all questions should be asked at the one time; and

- Shareholders should not ask questions at the Meeting relating to any matters that are personal to the Shareholder.

Shareholders who are unable to attend the Meeting or who would prefer to register their questions in advance are welcome to do so at www.investorvote.com.au. Alternatively, Shareholders can submit a Shareholder Question Form, which is available on Pacific Current's website at https://paccurrent.com/shareholders/document-library/extraordinary-general-meeting/

Written questions must be received by the Company or Computershare by 5.00pm (AEDT) on Thursday, 23 January 2025, and can be submitted online at www.investorvote.com.au, by mail, by fax or in person (as set out on the top of the Shareholder Question Form). Please note that individual responses will not be sent to Shareholders. Shareholders will also have a reasonable opportunity to ask questions during the meeting.

Explanatory Notes

EN 1 Listing Rule 10.1 Resolutions – River Capital

The Company is proposing to launch the Buy-Back on the terms outlined in the Chair's letter and in more detail below. As this is an equal access buy-back and River Capital has not confirmed whether or not it intends to participate, there is the potential for the Company to pay, in aggregate, a substantial amount of cash consideration to River Capital as payment for the shares it buys-back from River should it choose to participate for some or all of its interest (the ***River Transaction***).

The ASX considers that there may be a greater benefit to River Capital in participating in the Buy-Back because there is the risk that they would be unable to significantly sell down their holdings without incurring a requisite fall in share price that would result from selling a similar number of securities on-market.

Listing Rule 10.1 provides that a listed company must not acquire or agree to acquire a substantial asset from, or dispose of or agree to dispose of a substantial asset to:

- a related party;
- a child entity;
- a person who is, or was at any time in the 6 months before the transaction, a substantial (10%+) holder in the company;
- an associate of a person referred to in Listing Rules 10.1.1 to 10.1.3; or
- a person whose relationship with the company or a person referred to in the Listing Rules 10.1.1. to 10.1.4 is such that, in ASX opinion, the issue or agreement should be approved by shareholders,

unless it obtains the approval of its shareholders.

The River Transaction falls within Listing Rule 10.1.3 and involves the acquisition of a substantial asset by the Company, being the shares of River Capital, a substantial shareholder. The River Transaction therefore requires the approval of PAC's Shareholders under Listing Rule 10.1.

Resolution 1 seeks the required shareholder approval to the River Transaction under and for the purposes of Listing Rule 10.1. If Resolution 1 is passed, PAC will be able to proceed with the River Transaction and the Buy-Back. If Resolution 1 is not passed, the Buy-Back will not proceed.

In accordance with Listing Rule 10.1, PAC has obtained an independent expert's report considering whether the terms of the proposed transactions with River Capital, Regal and Perpetual are fair and reasonable to other PAC shareholders. The Independent Expert, FTI Consulting, has determined that the proposed transactions with River Capital, Regal and Perpetual are not fair, but are reasonable. The Independent Expert has also determined that the proposed Buy-Back is fair and reasonable. Further information regarding this opinion and a copy of the report is included as Annexure A.

EN 2 Listing Rule 10.1 Resolutions – Regal

The Company is proposing to launch the Buy-Back on the terms outlined in the Chair's letter and in more detail below. As this is an equal access buy-back and Regal has not confirmed whether or not it intends to participate, there is the potential for the Company to pay, in aggregate, a substantial amount of cash consideration to Regal as payment for the shares it buys-back from Regal should it choose to participate for some or all of its interest (the ***Regal Transaction***).

The ASX considers that there may be a greater benefit to Regal in participating in the Buy-Back because there is the risk that they would be unable to significantly sell down their holdings without incurring a requisite fall in share price that would result from selling a similar number of securities on-market.

Listing Rule 10.1 provides that a listed company must not acquire or agree to acquire a substantial asset from, or dispose of or agree to dispose of a substantial asset to:

- a related party;
- a child entity;
- a person who is, or was at any time in the 6 months before the transaction, a substantial (10%+) holder in the company;
- an associate of a person referred to in Listing Rules 10.1.1 to 10.1.3; or
- a person whose relationship with the company or a person referred to in the Listing Rules 10.1.1. to 10.1.4 is such that, in ASX opinion, the issue or agreement should be approved by shareholders,

unless it obtains the approval of its shareholders.

The Regal Transaction falls within Listing Rule 10.1.3 and involves the acquisition of a substantial asset by the Company, being the shares of Regal, a substantial shareholder. The Regal Transaction therefore requires the approval of PAC's Shareholders under Listing Rule 10.1.

Resolution 2 seeks the required shareholder approval to the Regal Transaction under and for the purposes of Listing Rule 10.1. If Resolution 2 is passed, PAC will be able to proceed with the Regal Transaction and the Buy-Back. If Resolution 2 is not passed, the Buy-Back will not proceed.

In accordance with Listing Rule 10.1, PAC has obtained an independent expert's report considering whether the terms of the proposed transactions with River Capital, Regal and Perpetual are fair and reasonable to other PAC shareholders. The Independent Expert, FTI Consulting, has determined that the proposed transactions with River Capital, Regal and Perpetual are not fair, but are reasonable. The Independent Expert has also determined that the proposed Buy-Back is fair and reasonable. Further information regarding this opinion and a copy of the report is included as Annexure A.

EN 3 Listing Rule 10.1 Resolutions – Perpetual

The Company is proposing to launch the Buy-Back on the terms outlined in the Chair's letter and in more detail below. As this is an equal access buy-back and Perpetual has not confirmed whether or not it intends to participate, there is the potential for the Company to pay, in aggregate, a substantial amount of cash consideration to Perpetual as payment for the shares it buys-back from Perpetual should it choose to participate for some or all of its interest (the ***Perpetual Transaction***).

The ASX considers that there may be a greater benefit to Perpetual in participating in the Buy-Back because there is the risk that they would be unable to significantly sell down their holdings without incurring a requisite fall in share price that would result from selling a similar number of securities on-market.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Listing Rule 10.1 provides that a listed company must not acquire or agree to acquire a substantial asset from, or dispose of or agree to dispose of a substantial asset to:

- a related party;
- a child entity;
- a person who is, or was at any time in the 6 months before the transaction, a substantial (10%+) holder in the company;
- an associate of a person referred to in Listing Rules 10.1.1 to 10.1.3; or
- a person whose relationship with the company or a person referred to in the Listing Rules 10.1.1. to 10.1.4 is such that, in ASX opinion, the issue or agreement should be approved by shareholders,

unless it obtains the approval of its shareholders.

The Perpetual Transaction falls within Listing Rule 10.1.3 and involves the acquisition of a substantial asset by the Company, being the shares of Perpetual, a substantial shareholder. The Perpetual Transaction therefore requires the approval of PAC's Shareholders under Listing Rule 10.1.

Resolution 3 seeks the required shareholder approval to the Perpetual Transaction under and for the purposes of Listing Rule 10.1. If Resolution 3 is passed, PAC will be able to proceed with the Perpetual Transaction and the Buy-Back. If Resolution 3 is not passed, the Buy-Back will not proceed.

In accordance with Listing Rule 10.1, PAC has obtained an independent expert's report considering whether the terms of the proposed transactions with River Capital, Regal and Perpetual are fair and reasonable to other PAC shareholders. The Independent Expert, FTI Consulting, has determined that the proposed transactions with River Capital, Regal and Perpetual are not fair, but are reasonable. The Independent Expert has also determined that the proposed Buy-Back is fair and reasonable. Further information regarding this opinion and a copy of the report is included as Annexure A.

EN 4 Overview of the Buy-Back

PAC has sold its investments in GQG Partners, Proterra Investment Partners, Cordillera Investment Partners, Avante Capital Partners, Carlisle Management Company and a portion of its interest in Pennybacker Capital and Victory Park Capital Management. These transactions resulted in a material release of capital and have generated aggregate cash proceeds of approximately $370 million. While PAC continues to consider new investment opportunities, having assessed PAC's operational needs, potential tax liabilities related to the disposal of assets, and capital structure, including the senior secured debt facility with Washington H. Soul Pattinson and Company Limited, the PAC Board has determined that $300 million could be returned to Shareholders.

The PAC Board considered a number of methods to return surplus capital to Shareholders and concluded that an off-market buy-back is an efficient way to distribute surplus capital and will provide the most benefit to Shareholders. The key advantages of an off-market buy-back are set out in section EN 6.

The purpose of the EGM is to consider the approval of an off-market share buy-back of up to a total of 25,000,000 PAC Shares, representing 47.9% of PAC's issued share capital as at the date of this Notice of Meeting. This approval is required due to the terms (including quantum) of the proposed buy-back. Under the Corporations Act, PAC can only buy-back a maximum of 10% of its Shares on issue within a 12-month period without seeking Shareholder approval.

EN 5 Key terms and conditions of the Buy-Back

2.1 Target Size

PAC expects the maximum number of Shares to be bought back will be 25,000,000, being approximately 47.9% of issued Shares. PAC, at its discretion (acting reasonably), can vary the size of the Buy-Back or in its absolute discretion not buy back any Shares.

2.2 Buy-Back Price

The Buy-Back Price has been set at $12.00 per Share. In setting the Buy-Back Price, the PAC Board has taken into account a range of quantitative and qualitative factors as well as the broader context of the Buy-Back, including:

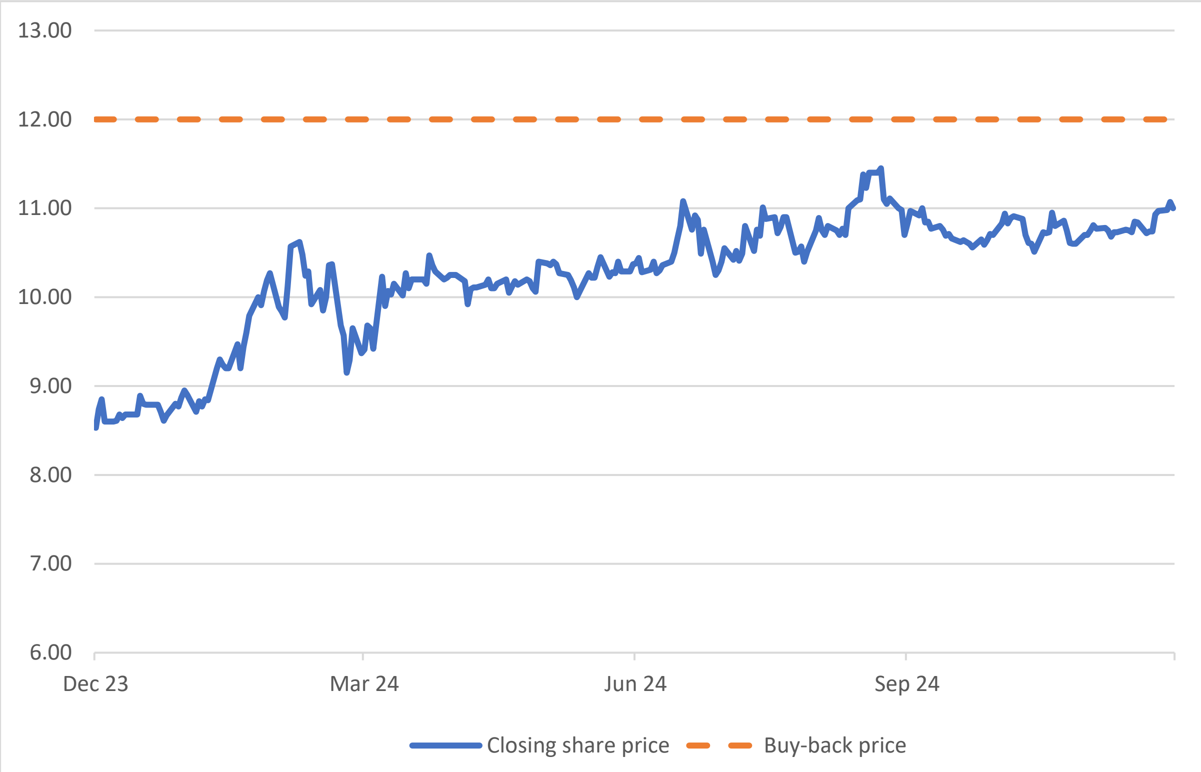
- **Trading price and market activity:**
  - The recent history of PAC's Share price including with reference to the 5 day VWAP as at 11 December 2024 of $10.97 per PAC Share; and
  - The value of the non-binding indicative proposal for PAC announced in July 2023.
- **PAC's disclosed Net Asset Value (*NAV*)** across various metrics including:
  - PAC's book NAV per share as at 30 June 2024 of $11.48 per share and an appropriate level of premium; and
  - PAC's fair value NAV per share as at 30 June 2024 of $13.47 per share and an appropriate level of discount.
- **The broader context of the Buy-Back** including potential changes to the ownership of PAC, in particular the potential shareholdings of each of the largest three shareholders resulting

from the Buy-Back, depending on which eligible Shareholders elect to participate in the Buy-Back and the overall level of participation.

Trading Price and Market Activity

2.2.1 Buy-Back Price relative to recent history of PAC's Share price

PAC 12 month share price (prior to 12 December 2024 announcement of Buy-Back Price)



Source: Iress

The Buy-Back Price of $12.00 per share represents a:

- 9.4% premium to the 5 day VWAP of PAC Shares as at 11 December 2024, being the day before the price of the Buy-Back was announced, of $10.97;
- 11.1% premium to the 30 day VWAP of PAC Shares as at 11 December 2024 of $10.80;
- 48.1% premium to the twelve month intraday low of PAC Shares as at 11 December 2024 of $8.10; and
- 4.4% premium to the twelve month intraday high of PAC Shares as at 11 December 2024 of $11.50.

2.2.2 Buy-back relative to the value of the 2023 non-binding indicative proposal for PAC

In July 2023, PAC received an unsolicited, non-binding, indicative change-of-control proposal from Regal Partners Limited. Following receipt of this proposal, an independent board committee (***IBC***) was formed to conduct a process to explore strategic alternatives available to PAC to maximise value for all Shareholders.

On 1 November 2023, it was announced that GQG Partners had submitted a non-binding indicative proposal for PAC priced at $11.00 per share in cash (***GQG Cash Proposal***). While the IBC indicated that it considered the GQG Cash Proposal represented an attractive value outcome for all PAC Shareholders, ultimately the proposal was withdrawn.

The Buy-Back Price represents a 9.1% premium to the GQG Cash Proposal price, which itself was a 47.4% premium to PAC's last undisturbed trading price as of 26 July 2023.

PAC's disclosed Net Asset Value

2.2.3 Buy-Back Price relative to PAC's book NAV per Share and PAC's Fair Value NAV per Share

2.2.3.1 Buy-Back Price to Book NAV and Fair Value NAV

PAC's shares trade on the ASX at a discount to book and fair value NAV. The PAC Board recognises some level of discount to book and fair value NAV may be appropriate when considering the portfolio trading value of PAC shares to take into account a range of factors, including the inherent uncertainty in the NAV calculations (as noted above) and the operating costs of PAC which are not captured in any NAV calculation.

However, the PAC Board believes that the observed discount in PAC's ASX share price relative to book and fair value NAV is unreasonably high. Accordingly, the PAC Board believes it is appropriate for the Buy-back Price to be set at a smaller discount relative to fair value NAV and a small premium to book value NAV, particularly given the scale, equal access and voluntary nature of the Buy-Back.

The resultant premium relative to book and discount relative to fair value NAV (as at 30 June 2024) of the Buy-Back Price is shown in the table below.

Table: Relative Discount

	5 Day VWAP 11 Dec 2024 ($10.97) Versus	**Buy-Back Price ($12.00] Versus**
Book NAV per share ($11.48)	-4.4%	4.6%
Fair value NAV per share ($13.47)	-18.6%	-10.9%

2.2.3.2 Basis of calculating Book value NAV and Fair Value NAV

For its statutory accounts, International Financial Reporting Standards require PAC to use a variety of accounting treatments for PAC's boutique assets. This is the basis of book NAV. The result is that some boutique assets are reported at fair value, while others are initially reported at investment cost and can only be written down but not up.

In FY2023, PAC began reporting fair value NAV per Share based on its internal fair value estimates for each boutique asset. PAC's internal fair value estimates are intended to reflect the price that would be expected to be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The valuation techniques used by PAC in determining fair value for its boutique assets are based on forecast information for each asset that has been prepared using a set of assumptions about future events and management actions that are not certain to occur. If events do not occur as assumed, the actual results achieved may vary significantly from the forecast outcome, significantly impacting the resulting value.

Furthermore, other events and management actions – both positive and negative – which have not been forecast to occur may nevertheless occur. For example, there may be incomplete proposals or negotiations or other matters of supposition relating to a boutique asset which are insufficiently definitive to be incorporated in the relevant set of assumptions at the fair value measurement date, but that subsequently occur and significantly impact the resulting value.

In addition, given the nature of these boutique assets it may be difficult to deal with a specific investment in a specific market at a specific time. Alternatively, the most appropriate acquirer of a boutique asset, may be a special purchaser that can enjoy benefits of owning that asset that are not available to other potential owners.

As such PAC does not warrant or guarantee that its estimate of fair value for a boutique asset is the amount that any specific investment would be realised at.

The broader context of the Buy-Back

Having regard to the size of the Buy-Back, particularly relative to PAC's current market capitalisation, the PAC Board also considered the broader context surrounding the proposed Buy-Back in setting the Buy-Back Price including potential changes to the ownership of PAC, in particular the potential shareholdings of each of the largest three shareholders resulting from the Buy-Back, depending on which eligible Shareholders elect to participate in the Buy-Back and the overall level of participation. Further detail about the potential control implications is set out in section 3.2.

2.3 Eligibility

If Shareholders vote in favour of each of the resolutions, Shareholders will be eligible to participate in the Buy-Back if Shares are registered in your name on the Record Date (5 February 2025) and you are not otherwise an Ineligible Shareholder (see below).

Ineligible Shareholders are persons who reside in a jurisdiction other than Australia or New Zealand, including any person who is (or who is acting on behalf of or for the account of a person who is) located in the United States or who is a resident of Canada or a US Person in accordance with the meaning given by Regulation S under the United Sates Securities Act of 1933 as amended from time to time (***Ineligible Shareholders***).

Each of the PAC Directors who are Eligible Shareholders will be entitled, subject to shareholder approval of the Buy-Back, to participate in the Buy-Back. As at 24 December 2024, none of Michael Clarke, Gilles Guérin or Joanne Dawson hold any interest in PAC Shares. Mr. Antony Robinson beneficially holds an interest in 70,795 PAC Shares.

For completeness, Mr Robinson is also Chair of River Capital Pty Ltd which, as at the date of this notice of meeting, has disclosed an interest in 11,707,237 PAC Shares. Mr Robinson does not control the disposal or participation in the proposed Buy-Back of those shares

EN 6 Effect of the Buy-Back on PAC

3.1 Impact on key financial indicators

The Buy-Back is expected to improve fair value NAV per share relative to the current position. The precise impact of the Buy-Back can only be confirmed once the level of participation is known on close of the Buy-Back.

The Buy-Back is expected to be funded from PAC's existing cash reserves. The funding required for the Buy-Back will not have any adverse effect on PAC's existing operations or current investment plans.

PAC's ability to pay its creditors will not be materially prejudiced by PAC undertaking the Buy-Back. PAC has cash collateralised the full outstanding balance of its senior secured debt facility with Washington H. Soul Pattinson and Company Limited. The PAC Board does not expect that the Buy-Back will impede PAC's ability to borrow in the future, should it choose to do so.

The analysis below sets out PAC's consolidated balance sheet, Issued Shares, and fair value and book NAV as at 30 June 2024 and pro forma post a Buy-Back assuming the maximum shares of 25,000,000 are bought back at the price of $12.00 per share, totalling $300 million.

Pro forma book value			
June-24 ($m)	**Reported**	**Adjustment**	**Pro-forma**
Assets			
Investment in boutiques	277.5	-	277.5
Cash and cash equivalents	320.5	(300.0)	20.5
Other current assets	42.9	-	42.9
Other non current assets	86.9	-	86.9
Total assets	**726.4**	**(300.0)**	**426.4**
Liabilities			
Current liabilities	(5.8)	-	(5.8)
Other non current liabilities	(63.9)	-	(63.9)
Deferred tax accounts	(59.1)	-	(59.1)
Total liabilities	**(128.8)**	**-**	**(128.8)**
Net assets	**599.1**	**(300.0)**	**299.1**
Number of shares	**52.2**	**(25.0)**	**27.2**
Net assets per share ($ p.s.)	**11.48**		**11.00**

Pro forma fair value			
June-24 ($m)	**Reported**	**Adjustment**	**Pro-forma**
Net assets	**702.9**	**(300.0)**	**402.9**
Number of shares	**52.2**	**(25.0)**	**27.2**
Net assets per share ($ p.s.)	**13.47**		**14.81**

3.2 Impact on control of PAC

In the event that Shareholders vote in favour of the resolutions and PAC does buy-back Shares under the Buy-Back, the proportionate interest of remaining Shareholders will increase.

As at the date of this Notice of Meeting, PAC's largest three Shareholders, who in aggregate own 48.9% of Shares outstanding, have indicated to PAC that they support the proposed Buy-Back and intend to vote in favour of the resolutions (other than the relevant resolution for which they are not entitled to vote) however have not indicated whether or not they intend to participate in the Buy-Back. The table below set outs the percentage holding of total Shares on issue that would be held by each of the three largest Shareholders (as at the date of this Notice of Meeting) if 25,000,000 Shares (approximately 47.9% of the Company's Shares on issue being the maximum amount proposed under the terms of the Buy-Back) are bought back and that Shareholder does not participate in the Buy-Back.

	River Capital	**Perpetual**	**Regal Funds Management**
% of total Shares pre Buy-Back	22.43%	15.76%	10.73%
% of total Shares post Buy-Back	43.1%	30.25%	20.59%

If none of these three largest Shareholders participate (for some or all of their Shares) in the Buy-Back and the Buy-Back is fully subscribed, in aggregate these three parties would hold more than 94% of the issued share capital in PAC. There is no guarantee that the Buy-Back will be fully subscribed and therefore the ultimate shareholding of each of these Shareholders may be less than those set out in the table above. The table above sets out the maximum control implications. These maximum relevant interests may also be influenced by parties increasing or decreasing their shareholding in PAC outside the Buy-Back offer (subject to relevant restrictions in the Corporations Act).

If either River Capital or Perpetual chose not to participate in the Buy-Back and their relevant interests in PAC increase to more than 25% of PAC as a result of the Buy-Back, they would each have the ability to block a special resolution of the Company where they are eligible to vote (for example, to amend the Constitution or name of the Company).

In addition, if River Capital and either of Perpetual or Regal chose not to participate in the Buy-Back, then River Capital and that other Shareholder would have the capacity to pass an ordinary resolution (provided they are eligible to vote), including the appointment of directors. This is an illustrative example only. As at the date of this Notice of Meeting, PAC is not aware of any agreement, arrangement or association between River Capital and any other shareholder in relation to the affairs of PAC.

Depending on Shareholder turnout at a general meeting, if River Capital does not participate in the Buy-Back, it may have the capacity to pass an ordinary resolution in its own right.

3.3 Maximum theoretical Buy-Back consideration for River, Perpetual and Regal

If the largest three Shareholders participate in the Buy-Back (noting that each have not indicated whether or not they intend to participate in the Buy-Back), the maximum theoretical Buy-Back cash consideration for each of the Shareholders is:

- River - $140,486,844.
- Perpetual - $98,699,796.
- Regal - $67,202,988.

The maximum theoretical Buy-Back cash consideration for each of the largest three Shareholders has been calculated without accounting for participation from any other Shareholders in the Buy-Back.

3.4 Impact on liquidity of PAC Shares

Given the potential size of the Buy-Back (up to approximately 47.9% of issued Shares) there is significant potential for a reduction in the liquidity of PAC Shares (measured by number and value of Shares traded) as a result of the Buy-Back, however the extent of this reduction cannot be estimated as it depends on the ultimate level of Eligible Shareholder participation in the Buy-Back.

3.5 Impact on trading price of PAC Shares

The impact of the Buy-Back, if approved by PAC shareholders, on the future trading price of PAC Shares cannot be determined or predicted. The trading price of PAC Shares may increase or may decrease following the Buy-Back. While in the near-term the trading price of PAC Shares may be influenced by market participants' views on the relative advantages and disadvantages of the Buy-Back as well as the available liquidity, over the medium to long term the PAC Board considers that factors such as the performance of PAC, PAC's investment in boutique assets, global market performance and economic conditions may be more likely to influence the trading price of PAC Shares.

The trading price of PAC Shares may be more volatile after the Buy-Back due to factors including the reduction in the proportion of cash represented in PAC's NAV relative to PAC's investment in boutique assets and the significant potential for a reduction in the liquidity of PAC Shares (see section 3.4).

EN 7 Advantages and Disadvantages of the Buy-Back

The Directors of PAC unanimously recommend that Shareholders vote in favour of the resolutions to approve the Buy-Back because:

- an off-market buy-back can return a large amount of surplus capital to Shareholders within a relatively short period of time compared to other forms of capital management (such as an on-market buy-back), so the benefits of the Buy-Back can be realised sooner;
- all eligible Shareholders have an equal opportunity to participate. An off-market buy-back is entirely voluntary, providing the option for Shareholders to decide whether or not they wish to participate, and if so for what proportion of their shareholding;

- it will provide participating Shareholders with liquidity and an opportunity to sell a relatively large volume of shares at a price higher than historical trading share prices; and
- non-participating Shareholders are expected to benefit as the Buy-Back is expected to improve fair value NAV per share relative to the status quo.

Some of the reasons why Shareholders may decide to vote against the resolutions include:

- the Buy-Back is being funded by the existing cash reserves of PAC and there will be a reduction in available cash for future investment opportunities;
- participating Shareholders will have their Shares bought back and cancelled, losing the rights to participate in the future financial performance of PAC. Participating Shareholders who sell their entire shareholdings will cease to have any rights as a member of PAC;
- if the Buy-Back proceeds, the proportionate interest of remaining Shareholders will increase, impacting the control of PAC. If there is significant participation in the Buy-Back, this will lead to an increase in the voting power of any substantial Shareholders who elect not to participate in the Buy-Back; and
- if the Buy-Back proceeds, there may be reduced liquidity in the trading of PAC Shares which may make it harder to sell your Shares on market in the future and may impact the trading price of PAC Shares.

EN 8 PAC Board Recommendation

The PAC Board unanimously recommends Shareholders approve the Buy-Back by voting in favour of the resolutions.

Subject to the Voting Exclusion Statements, each PAC Director intends to vote all Shares over which he or she has control, or in which he or she has a relevant interest, in favour of the resolutions.

EN 9 Process & timetable

If PAC Shareholder approval is received an Offer Booklet will be provided to Shareholders that contains information to assist you in making an informed decision about whether to participate in the Buy-Back and details on how to participate.

Set out below is the proposed timetable for the Buy-Back. It is currently anticipated the Offer Booklet will be despatched to Shareholders shortly after the EGM. Shareholders will need to make a decision as to whether or not to participate in the Buy-Back approximately one month after receipt of the Offer Booklet. The below timetable is indicative only and may be subject to change.

Event	Date
EGM Date	Thursday, 30 January 2025
Announcement of details of Buy-Back (before market opens) and Buy-Back Booklet and Buy-Back flyer lodged with the ASX	Friday, 31 January 2025
Record Date for determination of entitlements to participate in the Buy-Back (***Record Date***)	Wednesday, 5 February 2025
Daily despatch of Buy-Back booklet on request	Monday, 10 February 2025
Expected completion of despatch of Buy-Back documentation to Shareholders	Monday, 10 February 2025
Buy-Back application period commences	Monday, 10 February 2025
Release of PAC Half Yearly Results	Tuesday, 25 February 2025
Buy-Back application period closes, applications must be received by PAC's Share registry by 5pm (Sydney time)	Friday, 7 March 2025
Calculation of acceptances and possible scale back decisions	Monday, 10 March 2025
Buy-Back Date. Announcement of the scale back (if any). Date of disposal of Shares acquired under the Buy-Back. Buy-Back Contracts are formed on this date	Tuesday, 11 March 2025
Buy-Back Price per Share is to be paid to successful participants	By no later than Tuesday, 18 March 2025

EN 10 Intentions if not approved

If PAC Shareholder approval is not received for one or more of the Resolutions, the Buy-Back will not proceed. PAC will consider alternative mechanisms to return surplus capital to Shareholders in an equitable and efficient manner.

EN 11 Other information

8.1 Third Party Approvals

ASIC has granted PAC an exemption under subsection 257D(4) of the Corporations Act. This exemption essentially permits PAC:

- to conduct the Buy-Back in substantially the same manner as an equal access buy-back, in accordance with Division 2 of Part 2J.1 of the Corporations Act;
- to use the scale back mechanism to be described in more detail in the Offer Booklet; and
- to invite all PAC Shareholders (other than Ineligible Shareholders) to participate in the offer for Shares in accordance with the terms and conditions to be set out in the Offer Booklet to be sent to PAC Shareholders subject to receipt of Shareholder approval.

The ASX has also confirmed that it will treat the Buy-Back as an equal access buy-back but will not require daily buy-back notifications to ASX during the Buy-Back Period.

8.2 Forward-looking statements

Certain statements contained in this Notice of EGM may constitute ‘forward-looking statements’ for the purposes of applicable securities laws. PAC undertakes no obligation to revise the forward-looking statements included in this Notice of Meeting to reflect any future events or circumstances. PAC’s actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward-looking statements. Factors that could cause or contribute to such differences include, for example, the general trading and economic conditions affecting PAC.

No decision has been made on any future Shareholder distributions that have not already been announced to the ASX.

8.3 Further information about the Buy-Back

Further information regarding the Buy-Back will be set out further in an Offer Booklet. The date for dispatch of the Offer Booklet will be confirmed following approval of the resolutions.

Annexure A

FTI CONSULTING

PACIFIC CURRENT GROUP LIMITED

OFF-MARKET EQUAL ACCESS SHARE BUY-BACK

INDEPENDENT EXPERT'S REPORT AND FINANCIAL SERVICES GUIDE

Report dated 23 December 2024

EXPERTS WITH IMPACT

23 December 2024

The Directors
Pacific Current Group Limited
Suite 3, Level 3, 257 Collins Street
Melbourne VIC 3000

Dear Directors

Independent expert's report for Pacific Current Group Limited

Introduction

On 15 November 2024, Pacific Current Group Limited (ASX:PAC) (**PAC**) announced its intention to conduct an off-market equal access share buy-back (**Buy-Back**).

PAC recently sold various investments[1] that generated total cash proceeds of approximately AUD[2] 370 million.

The board of directors of PAC (**PAC Board**) reviewed the operational requirements of PAC, the potential tax liabilities arising from the sale of these various investments as well as the overall capital structure[3] and determined that AUD 300.0 million of surplus capital can be returned to shareholders of PAC (**Shareholders**).

An Extraordinary General Meeting (**EGM**) will be held on 30 January 2025 to seek Shareholders' approval for the proposed Buy-Back. Shareholders will be asked to vote on resolutions for the off-market share buy-back of up to 25 million PAC shares at a price of AUD 12.00 per PAC share (**Buy-Back Price**) representing approximately 47.9% of the total shares on issue.[4]

As at the date of this Independent Expert Report (**IER**), the three largest shareholders of PAC[5] (**Relevant Shareholders**), holding 48.9%[6] of the total outstanding shares of PAC, have expressed their intention to vote in favour of the resolution approving the Buy-Back but have not indicated whether they will participate in the proposed Buy-Back.

The Buy-Back requires the approval of Shareholders to proceed in accordance with Section 256C of the Corporations Act 2001 (Cth) (**Act**) and Australian Securities Exchange (**ASX**) Listing Rule 10.1 (**LR 10.1**).

The directors of PAC (**Directors**) have engaged FTI Consulting (Australia) Pty Ltd (**FTI Consulting**) to prepare this IER stating our opinion as to whether the proposed Buy-Back is 'fair' and/or 'reasonable' to Shareholders and to set out our reasons for that opinion.

The Directors have also instructed FTI Consulting to provide an opinion as to whether the Buy-Back is 'fair' and/or 'reasonable' to PAC (and the Shareholders) in accordance with LR 10.1. In formulating our opinion, we have considered the financial benefit (if any) to be received by the Relevant Shareholders assuming that they participate in the Buy-Back.

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[1] Including GQG Partners Inc. (**GQG**), Proterra Investment Partners, Cordillera Investment Partners, Avante Capital Partners, Carlisle Management Company S.C.A (**Carlisle**) and a portion of its interest in Pennybacker and Victory Park Capital Management.
[2] Australian dollars (**AUD**).
[3] Including the senior secured debt facility with Washington H. Soul Pattinson and Company Limited
[4] The Corporations Act 2001 (Cth) only allows companies to purchase up to 10% of their issued shares within a 12-month period without obtaining shareholder approval
[5] River Capital Pty Ltd (**River Capital**), Perpetual Limited (**Perpetual**) and Regal Partners Limited (**Regal**)
[6] River Capital 22.4%, Perpetual 15.8%, Regal 10.7%

This IER is to be appended to and accompany the Notice of Meeting (**Notice of Meeting**) prepared by the Directors and provided to the Shareholders in advance of the EGM, to assist them in deciding whether to approve and participate in the proposed Buy-Back.

Summary of opinion

The Australian Securities and Investments Commission (**ASIC**) expects an independent expert to focus on the issues facing the security holders for whom their report is being prepared.

Regulatory Guide 111 *Content of expert reports* (**RG 111**) states at RG 111.5 that in deciding the appropriate form of analysis for a report, an independent expert should bear in mind that the main purpose of their report is to adequately deal with the concerns that could reasonably be anticipated of those persons affected by the proposed transaction.

RG 111.7 states that the form of the analysis an independent expert uses to evaluate a transaction should address the issues faced by security holders.

The Relevant Shareholders individually hold significant interests in PAC shares (Regal holds 10.7%, Perpetual holds 15.8% and River Capital holds 22.4% of the total issued shares of PAC) and could be viewed as being related parties to PAC with 'significant influence' that could receive a financial benefit from participating in the Buy-Back that is not available to other Shareholders. As such, in preparing this IER, we have been instructed to consider the financial benefit (if any) that may be received by the Relevant Shareholders that participate in the proposed Buy-Back.

In this context we have adopted the following basis of assessment for the proposed Buy-Back:

Resolution 4 – Approval of the Buy-Back

- compared the fair value of a PAC share on a minority interest basis before the proposed Buy-Back to the Buy-Back Price of AUD 12.00 per PAC share being offered as part of the proposed Buy-Back;
- analysed the advantages and disadvantages to Shareholders that <u>approve and participate</u> in the proposed Buy-Back (i.e., sell all of their PAC shares for cash);

Resolution 1, 2 and 3 – Approval of River Capital's, Regal's and Perpetual's participation in the Buy-Back

- analysed the advantages and disadvantages to Shareholders that <u>approve and do not participate</u> in the proposed Buy-Back assuming that the Relevant Shareholders <u>do not participate</u> in the proposed Buy-Back;
- analysed the advantages and disadvantages to Shareholders that <u>approve and do not participate</u> in the proposed Buy-Back assuming that the Relevant Shareholders <u>participate</u> in the proposed Buy-Back; and
- analysed the financial benefit (if any) that may be received by the Relevant Shareholders that participate in the proposed Buy-Back.

To simplify our analysis, we have assumed that the proposed Buy-Back is fully subscribed under each scenario. This approach reflects the extreme outcomes (best and worst) for Shareholders under each scenario, although we acknowledge that these may not necessarily occur if the proposed Buy-Back is approved and proceeds.

In our opinion:

- **the proposed Buy-Back is 'fair' and, as a result, the proposed Buy-Back is also 'reasonable' to Shareholders that <u>approve and participate</u> in the proposed Buy-Back (i.e., sell their PAC shares for cash); and**
- **the Relevant Shareholders would receive a financial benefit from participating in the proposed Buy-Back that is 'not fair'[7] to PAC (and the Shareholders), but it is 'reasonable'.**

[7] That is, the Buy-Back Price of AUD 12.00 per PAC share is greater than the fair value of a PAC share held by the Relevant Shareholders as related parties having 'significant influence'

In our view, it is critical for Shareholders to be aware that the Shareholders and the Relevant Shareholders will receive the same Buy-Back Price of AUD 12.00 per PAC share. Accordingly, the financial benefit that will be received by the Relevant Shareholders that participate in the proposed Buy-Back does not exceed the Buy-Back Price of AUD 12.00 per PAC share. Rather, the financial benefit that will be received by the Relevant Shareholders that participate in the proposed Buy-Back represents a subset of the Buy-Back Price of AUD 12.00 per PAC share that the Shareholders stand to receive from participating in the proposed Buy-Back.

Further, the financial benefit that may be received by the Relevant Shareholders is within the range of the financial benefit that may be received by the Shareholders. As such, based on our review, there is no transfer of value from PAC to the Relevant Shareholders over and above the transfer of value from PAC to the Shareholders as a result of the proposed Buy-Back.

This summary of our opinion in this letter should be read in conjunction with the detailed analysis provided in our IER.

In preparing this IER we have assessed the fair value of a PAC share on a minority interest basis as at 30 September 2024 (**Valuation Date**), being the date of the most recent financial information available to us. Audited financial information for PAC was not available at this date and, consequently, we have used the unaudited financial information of PAC. We consider this information to be reasonable based on our enquiries, review and other corroborating information obtained from the management of PAC (**Management**). We have also made enquiries to confirm whether there had been any material changes to the operations and financial performance of PAC up to the date of this IER, of which there were none.

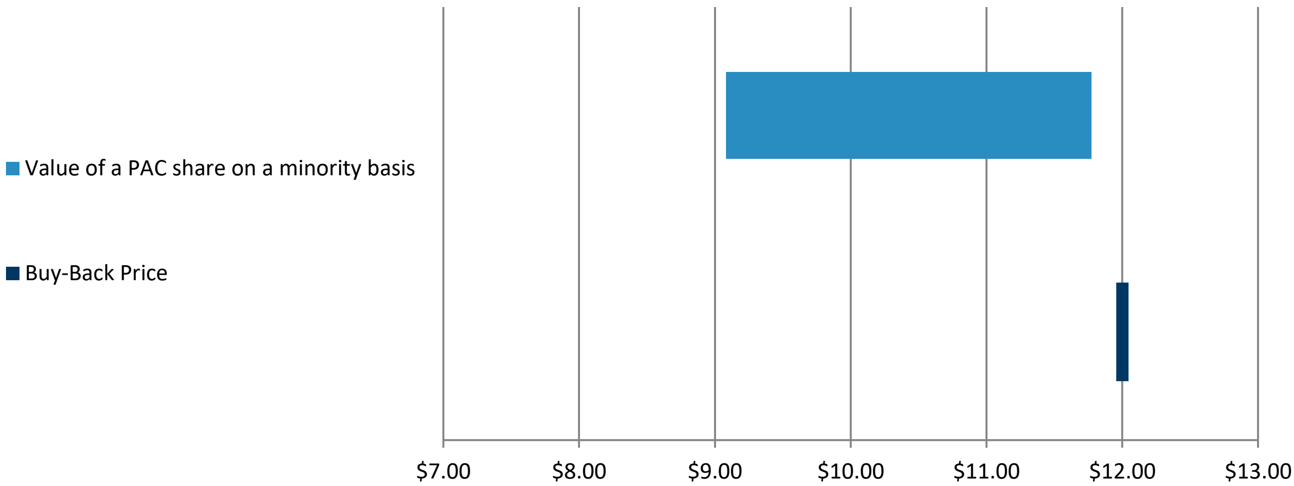
Shareholders that approve and participate in the Buy-Back (i.e., sell their PAC shares for cash)

The proposed Buy-Back is 'fair'

In our opinion, the Buy-Back Price of AUD 12.00 per PAC share is 'fair'.

Figure 1 summarises our assessment of whether the Buy-Back Price of AUD 12.00 per PAC share is 'fair' by comparing the Buy-Back Price of AUD 12.00 per PAC share being offered to Shareholders to our estimated fair value range of a PAC share on a minority interest basis.

Figure 1: Fairness assessment



Source: FTI Consulting analysis.

Figure 1 shows that the Buy-Back Price of AUD 12.00 per PAC share is above the range of fair values of a PAC share on a minority interest basis of between AUD 9.08 and AUD 11.77 per share.

RG 111.11 indicates that an offer (i.e., the Buy-Back Price) is 'fair' if the value of the offer is greater than or equal to the value of the securities that are subject to the offer (i.e., a PAC share).

As such, we have concluded that the Buy-Back Price of AUD 12.00 per PAC share is 'fair' in accordance with RG 111.

The proposed Buy-Back is 'reasonable'

In our opinion, the proposed Buy-Back is 'reasonable'.

RG 111 states that an offer is 'reasonable' if it is considered to be 'fair'. Therefore, the proposed Buy-Back is 'reasonable' because we have determined that the Buy-Back Price is 'fair'.

For completeness, we have identified the potential advantages and disadvantages that are associated with the 'reasonableness' of the proposed Buy-Back from the perspective of Shareholders that approve and participate in the Buy-Back.

Advantages to Shareholders that <u>approve and participate</u> in the proposed Buy-Back (i.e., sell all of their PAC shares for cash)

Premium to traded share price

PAC will acquire up to 47.9% of PAC shares outstanding as part of the proposed Buy-Back.

The Buy-Back Price of AUD 12.00 per PAC share represents a premium of:

- 13.0% to the closing PAC share price of AUD 10.62 on 30 September 2024;
- 9.7% to the one-month volume weighted average price (**VWAP**) of AUD 10.97 ending on 30 September 2024;
- 10.3% to the three-month VWAP of AUD 10.88 ending on 30 September 2024;
- 13.4% to the six-month VWAP of AUD 10.59 ending on 30 September 2024; and
- 22.0% to the 12-month VWAP of AUD 9.83 ending on 30 September 2024.

Therefore, the Buy-Back Price contains a small premium based on our takeover premium study located at **Appendix F** of this IER.

No transaction costs

Shareholders will be able to exchange their PAC shares for the Buy-Back Price of AUD 12.00 per PAC share of cash without incurring any brokerage costs if the proposed Buy-Back is approved.

The risk exposures mitigated for Shareholders that participate in the Buy-Back

Shareholders that elect to participate in the proposed Buy-Back will no longer be subject to the risk inherent in the business of PAC and the volatility associated with the share price of an ASX listed company. These risks include macroeconomic factors, business and consumer confidence and broader industry cycles. PAC has several growth opportunities available, noting that these take time to implement and entail execution risk.

Efficiency compared to other mechanisms for returning surplus capital

The proposed Buy-Back allows the AUD 300.0 million of surplus capital held by PAC to be returned to Shareholders more efficiently than any other method, such as an on-market share buy-back. Therefore, the proposed Buy-Back enables Shareholders to benefit sooner from the return of the surplus capital. PAC has indicated that if the proposed Buy-Back is not approved then PAC will consider alternative mechanisms to return surplus capital to Shareholders in an equitable and efficient manner, however, these may take time to formulate and implement.

Disadvantages to Shareholders that approve and participate in the proposed Buy-Back (i.e., sell all of their PAC shares for cash)

Potential capital gains tax consequences

There may be capital gains tax consequences for Shareholders that participate in the proposed Buy-Back.

Unable to participate in the future financial performance and growth of PAC

Shareholders that participate in the proposed Buy-Back will have their PAC shares bought back and cancelled which result in them losing their exposure to the business of PAC and the ability to participate in any further potential upside in the financial performance of PAC.

Advantages to Shareholders that approve and do not participate in the proposed Buy-Back assuming that the Relevant Shareholders do not participate in the proposed Buy-Back

The option to participate in the proposed Buy-Back

Shareholders have the option, but not the obligation, to participate under the terms of the proposed Buy-Back. Shareholders should decide whether they participate based on their own circumstances and, if so, to what extent based on their shareholdings in PAC.

Proportional interest in the equity of PAC will increase

The proportional interest in the equity of PAC held by the Shareholders that do not participate in the proposed Buy-Back will increase as will their voting power and their notional control over PAC.

Disadvantages to Shareholders that approve and do not participate in the proposed Buy-Back assuming that the Relevant Shareholders do not participate in the proposed Buy-Back

Impact on the liquidity of PAC shares traded on the ASX

The liquidity of PAC shares traded on the ASX will likely decrease as participation in the proposed Buy-Back increases. This decrease in liquidity means that the Shareholders who do not participate in the proposed Buy-Back may incur greater slippage costs – the difference between the expected share price and the actual share price achieved. However, the extent of these slippage costs or decreased liquidity cannot currently be accurately predicted as it is dependent on the rate of participation in the proposed Buy-Back by the individual Shareholders and the Relevant Shareholders.

Impact on the gearing of PAC

The Buy-Back Price will be funded from the existing cash and equivalents held by PAC of up to a maximum of AUD 300 million. PAC and its advisors have assessed the amount of cash that should be retained by PAC for the purposes of investment, debt repayment, general corporate requirements (e.g., working capital and operating flexibility) and potential future tax liabilities.

Table 1 summarises the financial position of PAC and the notional impact of the potential Buy-Back as at 30 September 2024 assuming that the Buy-Back Price totals AUD 300 million.

Table 1: Financial position of PAC and the impact on gearing of the Buy-Back

AUD million	Reference:	30-Sep-24 Reviewed	Buy-Back Impact	30-Sep-24 Pro-forma
Total assets	**A**	716	(300)	416
Total liabilities	**B**	137	-	137
Net assets	**C**	579	(300)	279
Debt-to-assets ratio	**D = B / A**	**0.19**	**-**	**0.33**
Debt-to-net assets ratio	**E = B / C**	**0.24**	**-**	**0.49**

Source: Table 8 and FTI Consulting analysis.

The debt-to-assets ratio and debt-to-net assets ratio of PAC will increase as a result of the proposed Buy-Back being implemented and the assumed total Buy-Back Price of AUD 300 million being paid in cash. An increase in the debt-to-assets ratio and debt-to-net assets ratio indicates that the leverage of PAC will increase as a result of the proposed Buy-Back being approved and implemented. In this regard we also note that the bank debt of PAC primarily consists of a senior secured debt facility between PAC and Washington H. Soul Pattinson and Company Limited (**WHSP**) that is cash backed by a security interest to a deposit account of PAC held in a financial institution based in the United States. As such, based on our review, there are likely to be no immediate liquidity issues with the implementation of the proposed Buy-Back.

The effect of the proposed Buy-Back on control over PAC and the intentions of the Relevant Shareholders

The impact of the proposed Buy-Back on control over PAC will not be known until completion of the proposed Buy-Back, as the extent of participation by the Shareholders and the Relevant Shareholders is currently unknown. The Relevant Shareholders have informed PAC that they intend to vote for the proposed Buy-Back, but have not commented on whether they will or will not participate in the proposed Buy-Back.

If the Shareholders participate and the Relevant Shareholders do not participate, then the proportion of PAC shares, and the notional control over PAC, held by the Relevant Shareholders will increase materially. If the proposed Buy-Back is fully subscribed then the Relevant Shareholders will collectively hold 93.94% of PAC shares. We note that this will enable two Relevant Shareholders to block a special resolution (e.g., to amend the constitution of PAC or name of PAC) or pass an ordinary resolution (e.g., appoint directors to PAC) where they are eligible to vote. These changes could materially influence the governance and future decision-making processes of PAC.

Advantages to Shareholders that <u>approve and do not participate</u> in the proposed Buy-Back assuming that the Relevant Shareholders <u>participate</u> in the proposed Buy-Back

The option to participate in the proposed Buy-Back

Shareholders have the option, but not the obligation, to participate under the terms of the proposed Buy-Back. Shareholders should decide whether they participate based on their own circumstances and, if so, to what extent based on their shareholdings in PAC.

Proportional interest in the equity of PAC will increase

The proportional interest in the equity of PAC held by the Shareholders that do not participate in the proposed Buy-Back will increase as will their voting power and their notional control over PAC.

Disadvantages to Shareholders that <u>approve and do not participate</u> in the proposed Buy-Back assuming that the Relevant Shareholders <u>participate</u> in the proposed Buy-Back

Impact on the liquidity of PAC shares traded on the ASX

The liquidity of PAC shares traded on the ASX will likely decrease as participation in the proposed Buy-Back increases. This decrease in liquidity means that the Shareholders who do not participate in the proposed Buy-Back may incur greater slippage costs – the difference between the expected share price and the actual share price achieved. However, the extent of these slippage costs or decreased liquidity cannot currently be accurately predicted as it is dependent on the extent of participation in the proposed Buy-Back by the individual Shareholders and the Relevant Shareholders.

Impact on the gearing of PAC

The debt-to-assets ratio and debt-to-net assets ratio of PAC will increase as a result of the proposed Buy-Back being implemented and the assumed total Buy-Back Price of AUD 300 million being paid in cash. An increase in the debt-to-assets ratio and debt-to-net assets ratio indicates that the leverage of PAC will increase as a result of the proposed Buy-Back being approved and implemented. In this regard we also note that the bank debt of PAC primarily consists of a senior secured debt facility between PAC and WHSP that is cash backed by a security interest to a deposit account of PAC held in a financial institution based in the United States. As such, based on our review, there are likely to be no immediate liquidity concerns with the implementation of the proposed Buy-Back.

Financial benefit that may be received by the Relevant Shareholders from participating in the proposed Buy-Back

In our opinion, the Relevant Shareholders would receive a financial benefit from participating in the Buy-Back (i.e., selling their PAC shares for cash) due to the large amount of PAC shares held by the Relevant Shareholders. The financial benefit arises because the Relevant Shareholders would receive a fixed Buy-Back Price of AUD 12.00 per PAC share from participating in the Buy-Back (i.e., selling their shares for cash) and is advantageous compared to the alternative scenario of the Relevant Shareholders selling down the entirety of their PAC shares on the ASX. Selling such a substantial volume of PAC shares on the ASX would likely cause the trading share price of PAC to materially decrease as a result of supply temporarily overwhelming the demand for PAC shares.

In this context, it is appropriate to apply a 'blockage discount' to account for the opportunity cost associated with the Relevant Shareholders' inability to rapidly and easily liquidate their PAC shares. By participating in the Buy-Back the Relevant Shareholders avoid incurring this 'blockage discount' and receive a certainty of price for their investment in PAC shares. However, the overall value of this particular financial benefit is offset by two other factors associated with the Relevant Shareholders selling down the entirety of their PAC shares on the ASX over an extended time period, being the:

- **Continuing dividend stream:** Based on our analysis the Relevant Shareholders would only be able to sell down the entirety of their PAC shares on the ASX over a multi-year period. During this period, we expect that the Relevant Shareholders will continue to receive dividends from their unsold balance of PAC shares. Conceptually, this continuing dividend stream would partially offset the 'blockage discount'.
- **Foregone control premium:** The Relevant Shareholders are acknowledged to individually have 'significant influence' over PAC due to the sizes of their shareholdings in PAC. In this regard River Capital held 22.4%, Perpetual held 15.8% and Regal held 10.7% of the total outstanding shares of PAC. The listed share price of PAC does not incorporate a control premium to reflect this incremental value of the 'significant influence' held by the Relevant Shareholders and, by selling their PAC shares on the ASX, actually represents a financial cost that would be incurred by the Relevant Shareholders. Conceptually, this foregone control premium would partially offset the 'blockage discount'.

RG 111.57 states that a proposed related party transaction is 'fair' if the value of the financial benefit (i.e., the Buy-Back Price of AUD 12.00 per PAC share) to be provided by the entity (i.e., PAC) to the related parties (i.e., the Relevant Shareholders) is equal to or less than the value of the consideration being provided to the entity (i.e., the PAC share). As such, in forming our opinion, we have considered whether the Buy-Back Price of AUD 12.00 per PAC share is less than or equal to the fair value of a PAC share held by the Relevant Shareholders as related parties with 'significant influence' inclusive of a 'blockage discount'.

Table 2 summarises our estimate of the financial benefit that may be received by the Relevant Shareholders that participate in the proposed Buy-Back.

Table 2: Estimated financial benefit that may be received by the Relevant Shareholders that participate in the Buy-Back

AUD	Reference:	Low value	High value
Fair value per share (minority interest basis) (CFME[8] method)	**A**	**9.0831**	**11.7698**
1. 'Blockage discount'	B1	(3.0833)	(1.4806)
2. Continuing dividend stream	B3	2.7650	1.3277
3. Control premium for 'significant influence'	B2	0.4542	-
Fair value per share (Relevant Shareholders before the proposed Buy-Back)	**C = A + B#**	**9.2190**	**11.6169**
Buy-Back Price of AUD 12.00 per PAC share	D	12.0000	12.0000
Financial benefit received by the Relevant Shareholders	**E = D - C**	**2.7810**	**0.3831**
Financial benefit received by the Shareholders that participate in the Buy-Back	**F = D - A**	**2.9169**	**0.2302**

Source: ***Appendix G***

Based on Table 2, in our opinion, we have determined that the financial benefit that may be received by the Relevant Shareholders that participate in the proposed Buy-Back is 'not fair' in accordance with RG 111, but it is 'reasonable'.

In our view, it is critical for Shareholders to be aware that the Shareholders and the Relevant Shareholders will receive the same Buy-Back Price of AUD 12.00 per PAC share. Accordingly, the financial benefit that will be received by the Relevant Shareholders that participate in the proposed Buy-Back does not exceed the Buy-Back Price of AUD 12.00 per PAC share. Rather, the financial benefit that will be received by the Relevant Shareholders that participate in the proposed Buy-Back represents a subset of the Buy-Back Price of AUD 12.00 per PAC share that the Shareholders stand to receive from participating in the proposed Buy-Back.

Further, the financial benefit that may be received by the Relevant Shareholders is within the range of the financial benefit that may be received by the Shareholders. As such, based on our review, there is no transfer of value from PAC to the Relevant Shareholders over and above the transfer of value from PAC to the Shareholders as a result of the proposed Buy-Back.

Further details of our estimate of the financial benefit that may be received by the Relevant Shareholders from participating in the proposed Buy-Back are summarised in **Appendix G** of our IER.

Other factors relating to the Buy-Back

PAC Board and independent director recommendation

In the Notice of Meeting the PAC Board and the independent directors Joanne Dawson and Gilles Guérin, state that they recommend that Shareholders vote in favour of the resolution to approve the proposed Buy-Back.

Potential removal of the 'blocking stakes' held by the Relevant Shareholders that participate in the Buy-Back

The Relevant Shareholders individually hold significant interests in PAC shares (Regal holds 10.7%, Perpetual holds 15.8% and River Capital holds 22.4% of the total issued shares of PAC). These significant interests in PAC give the Relevant Shareholders the ability to block any potential takeover offers. Participation in the proposed Buy-Back by the Relevant Shareholders could reduce their proportional interests below 10.0% threshold, resulting in the loss of this blocking power and potentially exposing PAC to future takeover bids that may or may not align with the interests of Shareholders. For example, GQG's non-binding proposal to acquire PAC for $11.00 per share on 1 November 2023 failed to progress due to the opposition of River Capital. Based on our enquiries, the strategy pursued by PAC could shift

[8] Capitalisation of Future Maintainable Earnings (**CFME**).

towards capital-light investments or lift-out investment opportunities instead of full-scale acquisitions in the absence of PAC needing to obtain the approval of the Relevant Shareholders.

Other disclosures

Limitations

The Directors have engaged FTI Consulting to prepare this IER stating our opinion as to whether the proposed Buy-Back is 'fair' and 'reasonable' to the Shareholders and to set out our reasons for that opinion to assist Shareholders in their decision of whether to approve the Buy-Back. This IER will form a part of the Notice of Meeting to be sent to Shareholders. This IER has not been prepared for any other purpose or for use by any other person.

Approval of the proposed Buy-Back is a consideration for the Shareholders based on their expectations of various factors including the value and prospects of PAC, the terms of the proposed Buy-Back, market conditions and their circumstances including their risk profile, liquidity preference, portfolio strategy and tax position. Shareholders should carefully consider the Notice of Meeting in its entirety. Shareholders who are in doubt as to the action they should take in relation to the proposed Buy-Back should consult their professional advisers.

FTI Consulting does not accept any responsibility to any person other than the Directors and Shareholders for the use of this IER outside the stated purpose without the written consent of FTI Consulting. Except in accordance with the stated purpose, no extract, quote or copy of this IER, in whole or in part, should be reproduced without our prior written consent as to the form and context in which it may appear.

A summary of the limitations and disclosures relating to the use of this IER are provided at Section 8 of this IER.

Sources of information

Appendix B of this IER summarises the information used, referred to and relied upon for the purpose of the preparation of this IER and in forming our opinion.

The statements and opinions contained in this IER are given in good faith and are based on our review of the information provided by and/or discussions with the Management and their advisors in relation to the Buy-Back as well as the operations, financial information and outlook of PAC.

Under the terms of FTI Consulting's engagement, PAC has agreed to indemnify the directors and staff of FTI Consulting and its associated entities, against any claim, liability, loss, expense, costs or damages arising out of the reliance on any material, information or documentation provided by PAC that is false or misleading or omits any material particulars or arising from the failure to supply relevant information.

Current market conditions

Our opinion is based on the economic, market and other conditions that prevailed at the date of this IER. These economic, market and other conditions can change significantly over relatively short periods of time and changes in these conditions may result in a valuation or a dependent opinion becoming quickly outdated and in need of revision. FTI Consulting reserves the right to revise any valuation or other opinion considering material information that existed at the date of this IER that subsequently becomes known to FTI Consulting.

Financial services guide

FTI Consulting holds an Australian Financial Services Licence which authorises us to provide IERs for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues. The financial services guide can be found in Part 1 of this document.

Summary

This letter should be read in the context of the attached IER that sets out the purpose and scope, details of the Buy-Back as well as PAC, our analysis and findings, any limitations and the information relied upon.

Yours faithfully

FTI Consulting (Australia) Pty Limited

FTI Consulting (Australia) Pty Limited

Part 1 - Financial Services Guide

About FTI Consulting

FTI Consulting (Australia) Pty Ltd ABN 49 160 397 811 (**FTI Consulting** or **we** or **us** or **our** as appropriate) has been engaged by Pacific Current Group Limited (**PAC**) to prepare this Independent Expert Report (**IER**) for inclusion in the Notice of Meeting (**Notice of Meeting**) and has been provided to you as a shareholder of PAC.

Financial Services Guide

We are required to issue this Financial Services Guide (**FSG**) to you as a shareholder of PAC. This FSG is dated 23 December 2024 and has been prepared in accordance with the *Corporations Act (Cth) 2001*, and provides information about FTI Consulting generally, the financial services we are licensed to provide, the remuneration FTI Consulting may receive in connection with the preparation of the IER, and how complaints against us will be dealt with.

Financial Services FTI Consulting is Licensed to Provide

FTI Consulting is an Australian Financial Services (**AFS**) authorised representative, number 001269325, which authorises us to provide financial product advice in relation to basic deposit products, securities (such as shares and debentures), interests in managed investment schemes and derivatives to wholesale and retail clients.

FTI Consulting provides financial product advice by virtue of our engagement to issue this IER in connection with a financial product. Our IER includes a description of the circumstances of our engagement and the party who has engaged us. The IER is provided on our own behalf as a financial service licensee authorised to provide the financial product advice contained in the IER.

You have not engaged us directly and cannot provide us with instructions, but you have been provided with a copy of the IER because of your connection to the matters set out in the IER.

General Financial Product Advice

Our IER provides general financial product advice only, and not personal financial product advice, because it has been prepared without taking into account your personal circumstances, objectives, (financial or otherwise) financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You should seek personal financial product advice from a suitable Australian financial service licensee to assist you in this assessment if needed.

Remuneration

FTI Consulting will receive a negotiated and agreed fee from PAC who engaged us to provide the IER. Fees are agreed on either a fixed fee or time cost basis. FTI Consulting is entitled to receive a fee of approximately AUD 105,000 plus GST and out-of-pocket expenses for preparing the IER. This fee is not contingent upon the outcome of the subject of the IER.

Except for the fees referred to above, neither FTI Consulting, nor any of its directors, consultants, employees or related entities, or associates of any of them, receive any remuneration or any other benefit, directly or indirectly, for or in connection with the provision of the IER. FTI Consulting does not pay commissions or provide any other benefits to any person in connection with the reports that FTI Consulting is licenced to provide.

All our employees receive a salary and may be eligible for bonuses which are not based on the outcomes of any specific engagement or directly linked to the provision of the IER. Our directors and consultants receive remuneration based on time spent on matters.

Independence and Associations

FTI Consulting is not aware of any actual or potential matter or circumstance that would preclude us from preparing the IER on the grounds of independence under regulatory or professional requirements. In particular, FTI Consulting has had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and the Australian Securities and Investments Commission, specifically ASIC Regulatory Guide 112 issued on 30 March 2011.

The following information in relation to the independence of FTI Consulting is stated in Section 8.5 of this IER:

"Prior to accepting this engagement, FTI Consulting considered its independence with respect to the proposed Buy-Back in view of RG 112 and APES 110 Code of Ethics for Professional Accountants (including Independent Standards). We concluded that there are no conflicts of interest with respect to PAC or the proposed Buy-Back.

In 2023 FTI Consulting provided forensic accounting services to assist the legal advisors of PAC in relation to a dispute that originated in 2014. This service is not connected to or in any way related to the proposed Buy-Back and we do not consider this work to pose a conflict of interest. FTI Consulting has not provided any strategic or operational decisions or planning related services or advice to PAC.

FTI Consulting has had no involvement with, or interest in, the outcome of the approval of the proposed Buy-Back other than this IER prepared for the benefit of the Shareholders. We are not aware of any matter or circumstance that would preclude us from preparing this IER on the grounds of independence under either regulatory or professional requirements.

FTI Consulting is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this IER. Except for these fees, FTI Consulting will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this IER. The payment of this fee is in no way contingent upon the success or failure of the proposed Buy-Back."

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we might from time to time provide professional services to financial product issuers in the ordinary course of business.

Complaints Resolution

As an AFS authorised representative, we are required to have a system for handling complaints from persons to whom we have provide financial services. All complaints to FTI Consulting regarding the IER must be in writing, addressed to The Compliance Officer, FTI Consulting (Australia) Pty Limited, Level 21 Bourke Place, 600 Bourke Street, Melbourne VIC 3000. On receipt of a written complaint, we will record the complaint, acknowledge receipt and seek to resolve the complaint as quickly and fairly as possible. If you do not receive a satisfactory outcome, you have the option of raising your concern with the Australian Financial Complaints Authority (**AFCA**). AFCA is an independent body established to provide advice and assist in resolving complaints relating to the financial services industry. This service is provided free of charge. FTI Consulting is a member of AFCA (No. 41617). AFCA can be contacted at the following address:

Australian Financial Complaints Authority
GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 931 678
Email: info@afca.org.au

Insurance

FTI Consulting has professional indemnity insurance in place that satisfies the compensation arrangement requires under section 912B of the Corporations Act. This insurance will cover claims in relation to the conduct of representatives and employees who no longer provide services to FTI Consulting (but who did at the time of the relevant conduct).

FTI Consulting (Australia) Pty Ltd (ACN 160 397 811)

AFS Authorised Representative No: 001269325

Contents

1. Overview of the Buy-Back

1.1 Summary

On 15 November 2024 PAC announced its intention to conduct an off-market equal access share buy-back (i.e., the Buy-Back) and will be funded from the AUD 300 million of surplus capital held by PAC.

An EGM will be held on 30 January 2025 for Shareholders to consider and vote on the resolutions for the off-market share buy-back of up to a total of 25 million PAC shares at a price of AUD 12.00 per PAC share representing approximately 47.9% of the total shares on issue.

The Buy-Back requires the approval of Shareholders to proceed in accordance with Section 256C of the Act and LR 10.1.

In the event that approval of Shareholders is not obtained, the directors have indicated that they will consider alternative mechanisms to return the surplus capital to Shareholders in an equitable and efficient manner. This, however, will take time to develop and implement.

1.2 Resolutions to be approved by Shareholders

The resolutions to be considered by Shareholders are summarised below.

Resolution 1 – Approval of River Capital's participation in the Buy-Back

That the potential participation by River Capital in the off-market equal access buy-back of PAC shares, including PAC paying cash consideration for any shares bought back from River Capital, is approved under and for the purposes of LR 10.1.

Resolution 2 – Approval of Regal's participation in the Buy-Back

That the potential participation by Regal in the off-market equal access buy-back of PAC shares, including PAC paying cash consideration for any shares bought back from Regal, is approved under and for the purposes of LR 10.1.

Resolution 3 – Approval of Perpetual's participation in the Buy-Back

That the potential participation by Perpetual in the off-market equal access buy-back of PAC shares, including PAC paying cash consideration for any shares bought back from Perpetual, is approved under and for the purposes of LR 10.1.

Resolution 4 — Approval of the Buy-Back

That, for the purpose of section 257C of the Act and all other purposes, Shareholders authorise and approve an off-market share buy-back of up to a total of 25 million PAC shares (representing approximately 47.9% of PAC's issued share capital as at the date of the Notice of Meeting) on the terms and conditions set out in the Notice of Meeting.

2. Scope of this report

2.1 Purpose

An equal access share buy-back, such as the proposed Buy-Back, is regulated by Div 2 of Pt 2J.1 of the Act. Under the Act, a company can only buy back a maximum of 10% of its shares within a 12-month period without seeking the approval of its shareholders.

The proposed Buy-Back is required to be approved by Shareholders via an ordinary resolution under Section 257C of the Act due to the potential amount of PAC shares that could be bought back as part of the Buy-Back and LR 10.1[9] because a transaction of this nature can have the potential to transfer value between a listed entity and a related party with significant influence, such as the Relevant Shareholders.

The ASIC Regulatory Guide 110 *Share buy-backs* (**RG 110**) states at RG 110.45 that in an equal access share buy-back:

- the offers under the scheme must relate only to ordinary shares;
- the offers must be made to every person who holds ordinary shares to buy back the same percentage of their ordinary shares;
- all of those persons must have a reasonable opportunity to accept the offers made to them;
- buy-back agreements must not be entered into until a specified time for acceptances of offers has closed; and
- the terms of all the offers must be the same.

RG 110.18 states that if a company proposes to buy back a significant percentage of shares or the holdings of a major shareholder, it should consider providing:

- a report by its independent directors about whether shareholders should vote in favour of the buy-back, particularly regarding how much the company is paying for the shares; and
- an independent expert's report with a valuation of the shares.

RG 110.20 states that for buy-backs of a significant proportion of a company's shares, or transactions with a major shareholder, it is usually appropriate for shareholders to have the benefit of independent advice on whether to vote for a buy-back.

RG 110.36 states that if shareholder approval is required, the company must provide to shareholders all information material to decide on how to vote on the resolution. Shareholders are being asked to approve an acquisition of shares that will or may affect the value of their shares and so must have enough information to make an informed decision.

Section 257D (2) of the Act requires PAC to provide a statement containing all information known to the company that is material to the decision of whether to vote in favour of the resolution proposing the Buy-Back.

The Directors have engaged FTI Consulting to prepare this IER stating our opinion as to whether the Buy-Back is 'fair' and/or 'reasonable' to Shareholders and to set out our reasons for that opinion to assist Shareholders in their decision of whether to approve and participate the Buy-Back.

[9] LR 10.1 requires a company to obtained shareholder approval when a sale or acquisition of an asset, that has a value in excess of 5% of the shareholders' funds is to be made to or from a related party, a subsidiary, a substantial shareholder who is entitled to at least 10% of the voting securities (or a person who was a substantial shareholder entitled to at least 10% of the voting securities at any time in the last 6 months before the transaction), an associate of a person referred to above, or a person whose relationship to the entity or a person referred to above is such that, in the ASX's opinion, the transaction should be approved by security holders.

The Directors have also instructed FTI Consulting to state our opinion as to whether the Buy-Back is 'fair' and/or 'reasonable' to PAC (and the Shareholders) in accordance with LR 10.1. In formulating our opinion, we have considered the financial benefit (if any) to be received by the Relevant Shareholders assuming that they participate in the Buy-Back.

This IER is to be appended to and accompany the Notice of Meeting prepared by the Directors and to be sent to Shareholders ahead of the EGM.

2.2 Regulatory guidance

In preparing this IER we have considered the requirements of the Act, LR 10.1, RG 110, RG 111, Regulatory Guide 112 *Independence of experts* (**RG 112**) as well as the valuation standards provided by the International Valuation Standards Council (**IVSC**).

We have also undertaken this engagement in accordance with Accounting Professional & Ethical Standards Board Limited professional standard APES 225 *Valuations Services* (**APES 225**).

2.3 Basis of assessment

ASIC expects an independent expert to focus on the issues facing the security holders for whom their report is being prepared.

The Relevant Shareholders individually hold significant interests in PAC shares (Regal holds 10.7%, Perpetual holds 15.8% and River Capital holds 22.4% of the total outstanding shares of PAC) and could be viewed as being related parties to PAC with 'significant influence' that could receive a financial benefit from participating in the Buy-Back that is not available to other Shareholders. As such, in preparing this IER, we have been instructed to consider the financial benefit (if any) that may be received by the Relevant Shareholders that participate in the proposed Buy-Back.

RG 111 provides guidance for preparing independent expert reports with specific commentary on the meaning of 'fair' and 'reasonable'.

RG 111 also outlines the various issues an independent expert report must consider across various transactions and emphasises that the independent expert report should focus on the substance of the proposed transaction rather than the legal mechanism.

RG 110.18 recommends that a company proposing to buy back a significant percentage of shares, or the holdings of a major shareholder consider providing an independent expert report containing a valuation of the shares.

We note that RG 110 and RG 111 offer limited guidance for preparing independent expert reports assessing equal access share buy-backs. However, we also note that RG 111.5 states that in deciding the appropriate form of analysis for a report, an expert should bear in mind that the main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated of those persons affected by the proposed transaction and RG 111.7 states that the form of the analysis an expert uses to evaluate a transaction should address the issues faced by security holders.

In this context we have adopted the following basis for our assessment of the proposed Buy-Back:

Resolution 4 – Approval of the Buy-Back

- compared the fair value of a PAC share on a minority interest basis before the proposed Buy-Back to the Buy-Back Price of AUD 12.00 per PAC share being offered as part of the proposed Buy-Back;
- analysed the advantages and disadvantages to Shareholders that <u>approve and participate</u> in the proposed Buy-Back (i.e., sell all of their PAC shares for cash);

Resolution 1, 2 and 3 – Approval of River Capital's, Regal's and Perpetual's participation in the Buy-Back

- analysed the advantages and disadvantages to Shareholders that approve and do not participate in the proposed Buy-Back assuming that the Relevant Shareholders also do not participate in the proposed Buy-Back;
- analysed the advantages and disadvantages to Shareholders that approve and do not participate in the proposed Buy-Back assuming that the Relevant Shareholders participate in the proposed Buy-Back; and
- analysed the financial benefit (if any) that may be received by the Relevant Shareholders that participate in the proposed Buy-Back.

To simplify our analysis, we assumed that the proposed Buy-Back is fully subscribed under each scenario. This approach reflects the extreme outcomes for Shareholders under each scenario, although we acknowledge that these may not necessarily occur if the proposed Buy-Back is approved and proceeds.

Fairness

RG 111 states that a proposed transaction is considered to be 'fair' if the value of the consideration is greater than or equal to the value of the shares in the subject company.

As such, in forming our opinion on whether the Buy-Back is 'fair', we have considered whether the Buy-Back Price of AUD 12.00 per PAC share is greater than or equal to the fair value of a PAC share on a 100% minority interest basis.

Reasonableness

RG 111 states that:

- a proposed transaction is 'reasonable' if it is considered to be 'fair'; and
- a proposed transaction might also be 'reasonable' if, despite being 'not fair', the independent expert believes that there are sufficient reasons for the shareholders of the target company to accept the offer.

In determining whether a proposed transaction is 'reasonable' ASIC has suggested that an independent expert should consider:

- the financial situation and solvency of the entity if the consideration for the financial benefit is cash;
- opportunity costs;
- other significant security holding blocks in the target;
- the liquidity of the market in the listed company's securities;
- the alternative options available to the listed company and the likelihood of those options occurring;
- the entity's bargaining position;
- whether there is selective treatment of any security holder, particularly the related party; and
- any special value of the transaction to the purchaser.

As such, in forming our opinion on whether the Buy-Back is 'reasonable' we have analysed the advantages and disadvantages for Shareholders that approve and participate in the Buy-Back (i.e., sell all of their PAC shares).

We have also analysed the advantages and disadvantages for Shareholders that approve and do not participate in the Buy-Back assuming that the Relevant Shareholders also do not participate in a fully subscribed Buy-Back.

Financial benefit that may be received by the Relevant Shareholders that participate in the Buy-Back (i.e., sell their shares for cash)

RG 111.57 states that a proposed related party transaction is 'fair' if the value of the financial benefit (i.e., the Buy-Back Price of AUD 12.00 per PAC share) to be provided by the entity (i.e., PAC) to the related party (i.e., the Relevant Shareholders) is equal to or less than the value of the consideration being provided to the entity (i.e., the PAC share).

If the proposed Buy-Back is approved and the Relevant Shareholders participate in the Buy-Back (i.e., sell their shares for cash), the financial benefit received by the Relevant Shareholders will be the difference between:

- the fair value of a PAC share held by the Relevant Shareholders as related parties having significant influence; and
- the Buy-Back Price of AUD 12.00 per PAC share.

As such, in forming our opinion on the financial benefit that may be received by the Relevant Shareholders, we have considered whether the Buy-Back Price of AUD 12.00 per PAC share is less than or equal to the fair value of a PAC share held by the Relevant Shareholders as related parties having significant influence.

2.4 Definition of value

The assessment of whether the proposed Buy-Back is 'fair' involves determining the value of PAC per share on a minority interest basis.

The definition of fair value that we have used is commonly adopted for IERs and is based on RG 111.11(a):

"*the price at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length*"

We have not included special value in forming our opinion. Special value is the amount that a potential acquirer may be prepared to pay for an asset in excess of its fair value. This premium represents the specific value to a potential acquirer from revenue or cost-based economies of scale, a reduction in competition or other synergies arising from the acquisition of the subject asset that is not available to the other potential acquirers of the same asset. Special value is not normally considered in the assessment of fair value as it relates to the individual circumstances of special purchasers.

2.5 Valuation date

In preparing this IER we have assessed the fair value of a PAC share on a minority interest basis as at 30 September 2024 Valuation Date, is the date of the most recent financial information available to us.

Audited financial information for PAC is not available at the Valuation Date and, consequently, we have relied upon the unaudited financial information of PAC. We consider this information to be reasonable based on our enquiries and other corroborating information obtained from PAC management. We have also made enquiries to confirm whether there has been any material change to the operations and financial performance of PAC up to the date of this IER, of which there was none.

3. Overview of Pacific Current Group Limited

In this section, we provide a summary of the history and operations of PAC as well as our analysis of PAC's share price performance and financial statements. Refer to the Notice of Meeting for further information.

3.1 Brief history and overview of operations

PAC is a global multi-boutique asset management business that is listed on the ASX. PAC partners with investment managers to customise investments for their institutional and individual clients' needs, whilst offering access to PAC's global network and insights to support their management and growth strategies. As of 30 September 2024, PAC had accumulated Funds Under Management (**FUM**) of approximately AUD 41.5 billion with investments in ten fund management boutiques in the United States, Europe, Australia and Asia. PAC was formerly known as Treasury Group Ltd and was renamed to Pacific Current Group Limited in October 2015. PAC is headquartered in Melbourne, Australia.[10]

3.2 Investments in boutique asset management companies

The ten fund management boutiques are categorised as tier-1 and tier-2.

Tier-1 boutiques

The tier-1 boutiques are firms that PAC's management expects to produce at least USD[11] 4 million of annual earnings. The tier-1 boutiques are:

- **Banner Oak Capital Partners, LP**: An alternative investment manager in Dallas, Texas, specialising in private real estate.
- **Pennybacker Capital Management, LLC (Pennybacker)**: A private equity and private credit manager in Austin, Texas, specialising in middle-market real estate.
- **Victory Park Capital Advisors, LLC (Victory Park)**: An alternative investment manager in Chicago, Illinois, specialising in private debt strategies.

Tier-2 boutiques

The tier-2 boutiques are firms that PAC's management expects to produce less than USD 4 million of annual earnings. The tier-2 boutiques are:

- **Aether Investment Partners, LLC**: A private equity manager in Denver, Colorado, specialising in real assets.
- **Astarte Capital Partners, LLP**: An alternative investment manager in London, United Kingdom, specialising in private markets real asset strategies.
- **EAM Global Investors, LLC**: An investment management company in San Diego, California, specialising in small-cap companies within the emerging and international markets.
- **Independent Financial Partners, LLC**: A registered investment advisor platform that secures and manages middle office services located in Tampa, Florida.
- **Nereus Capital Investments (Singapore) Pte. Ltd and its subsidiaries**: A private equity company in Singapore and India, specialising in alternative energy projects.

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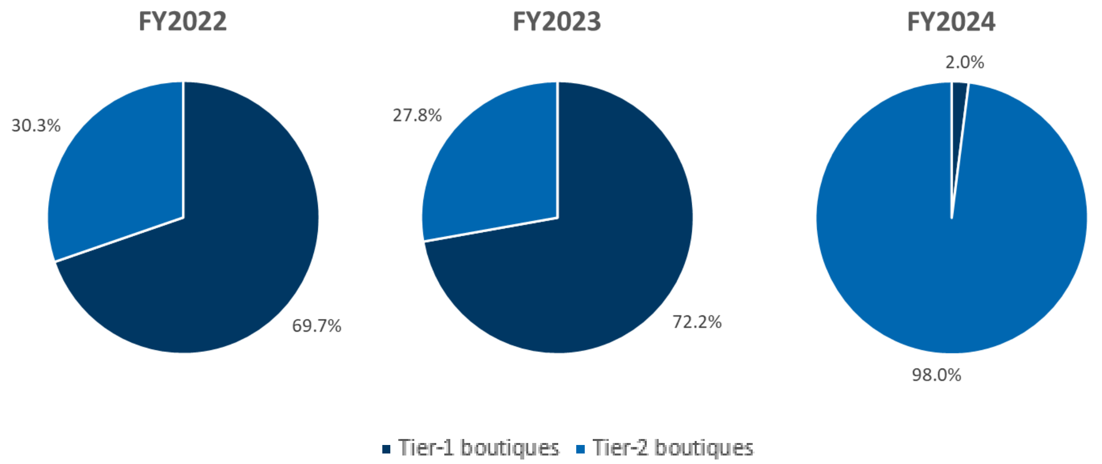
[10] Pacific Current Group Limited Annual Report 2024
[11] United States dollar (**USD**)

- **Northern Lights Alternative Advisors, LLP**: A placement agent focused on private equity and hedge funds, in London, the UK.
- **ROC Partners Group**: A specialised investment firm offering pooled and customised Asia Pacific private equity solutions in Sydney, Australia.

Figure 2 summarises the revenue of PAC by operating segment over the last three financial years ended 30 June (**FY**).

Figure 2: Proportion of PAC revenue by segment (excluding boutiques sold)

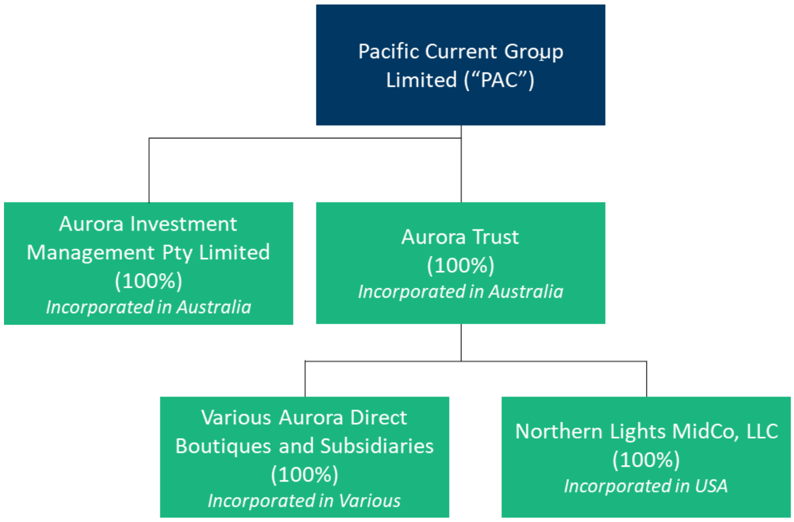


Source: PAC's annual reports dated 19 October 2022, 11 October 2023 and 9 October 2024, FTI Consulting analysis.
Note that revenue for the chart does not account for the gain / (loss) on financial instruments or investments sold.

3.3 Corporate structure

The corporate structure of PAC is presented in Figure 3.

Figure 3: Corporate structure



Source: Management. Note that the various Aurora boutiques are incorporated in Australia, the United States and the United Kingdom.

A more detailed corporate structure is presented in **Appendix E**.

3.4 Directors and key management

The directors and key management of PAC as at the date of this IER are presented in Table 3 below.

Table 3: Directors and key management

Name	Position	Description
Board of Directors		
Antony Robinson	Non-Executive Chairman	Mr. Robinson was appointed the Chairman of PAC in October 2018. Mr. Robinson joined the Board on 28 August 2015 in the capacity of Non-Executive Director. He became an Executive Director on 20 April 2016, before returning to a Non-Executive Director on 1 September 2018. His previous roles include Managing director of IOOF Ltd and OAMPS Limited.
Gilles Guérin	Lead Director Non-Executive Director	Mr. Guérin has been a Non-Executive Director of PAC since 10 December 2014 and has served as its Lead Independent Director since 24 August 2023. He has over 20 years' of experience in capital markets and investment management.
Michael Clarke	Acting CEO Executive Director Trustee	Mr. Michael Clarke has been the acting Chief Executive Officer and Executive Director at PAC since 1 July 2024. He previously served as Non-Executive Director of PAC from 14 February 2024 till 30 June 2024.
Joanne Dawson	Non-Executive Director Trustee	Ms. Joanne Dawson has been a Non-Executive Director of PAC since 1 July 2024. Her prior roles include senior positions at Deloitte, National Australia Bank, and Chair of EL&C Baillieu Ltd.
Key management		
Ashley Killick	Chief Financial Officer	Mr. Ashley Killick has served as Chief Financial Officer at PAC since 31 October 2020. Mr. Killick was previously the Interim Chief Financial Officer at PAC from 20 March 2019 until 31 October 2020.
David Griswold	Chief Compliance Officer & General Counsel	Mr. David Griswold serves as Chief Compliance Officer and General Counsel of PAC. Mr. Griswold is the internal legal advisor on all major business dealings, and transactions and oversees internal and external compliance.
Jefferson Junsay	Head of Finance – Reporting	Mr. Jefferson Junsay has been Head of Finance - Reporting at PAC since 2023 and was previously Manager of Group Accounting since joining in October 2018.
Ron Patel	Head of Finance – Investment Analysis & Valuations	Mr. Ron Patel has been Head of Finance – Investment Analysis & Valuations of PAC since 2023 and was previously its Senior Investment & Business Analyst. He joined Treasury Group, the predecessor to PAC, as an accountant in 2008.
Dollada Niino	Financial Controller	Ms. Dollada Niino has been the Financial Controller of PAC since May 2022.
Clare Craven	Company Secretary	Ms. Clare Craven has been the Company Secretary of PAC since 26 December 2019. She has 20 years' legal, company secretarial and governance experience gained in various listed and private companies.

Source: S&P Capital IQ and PAC FY24 annual report

3.5 Capital structure

The capital structure of PAC and its top 20 shareholders are presented in Table 4 below.

Table 4: PAC's capital structure

Name	Number of shares held	% of total shares issued
J P Morgan Nominees Australia Pty Limited	12,551,238	24.0%
HSBC Custody Nominees (Australia) Limited	11,422,197	21.9%
Citicorp Nominees Pty Limited	5,421,270	10.4%
Regal	**1,603,561**	**3.1%**
UBS Nominees Pty Ltd	1,419,785	2.7%
BNP Paribas Nominees Pty Ltd	1,213,669	2.3%
Bellwether Investments Pty Ltd	1,160,160	2.2%
Paul Greenwood	1,016,445	1.9%
River Capital Nominees Pty Ltd	980,112	1.9%
Mrs Antonia Caroline Collopy	825,000	1.6%
Merrill Lynch (Australia) Nominees Pty Ltd	824,291	1.6%
Bnp Paribas Noms Pty Ltd	628,742	1.2%
Neweconomy Com Au Nominees Pty Ltd	549,585	1.1%
BNP Paribas Nominees Pty Ltd	538,836	1.0%
Warbont Nominees Pty Ltd	482,121	0.9%
HSBC Custody Nominees (Australia) Limited	477,358	0.9%
Bond Street Custodians Limited	423,599	0.8%
HSBC Custody Nominees (Australia) Limited	393,004	0.8%
Drakevale Pty Ltd	197,619	0.4%
Palm Beach Nominees Pty Limited	183,790	0.4%
Top 20 shareholders	**42,312,382**	**81.1%**
Other shareholders	9,884,997	18.9%
Total	**52,197,379**	**100.0%**
Free Float[12]	**20,730,080[13]**	**39.7%**

Source: Management. Data as at 27 November 2024. Note that the PAC shares held by the Relevant Shareholders are spread across various nominee companies. As such, their total ownership interest in PAC is not shown in the shareholder registry. We have highlighted in blue the PAC shares directly held by Regal as per the shareholder registry information made available to us.

The Relevant Shareholders have indicated to PAC that they will support the Buy-Back but have not indicated whether they will or will not participate in the Buy-Back. If the Relevant Shareholders do not participate in the Buy-Back, and it is otherwise fully subscribed, then the respective ownership interests in PAC for:

- River Capital will increase from 22.4%[14] to 43.1%;
- Perpetual will increase from 15.8%[15] to 30.3%; and
- Regal will increase from 10.7%[16] to 20.6%.

[12] Free Float (**Free Float**) refers to the number of shares that are readily and freely tradable in the secondary market
[13] We have estimated the latest available Free Float for PAC to be 20,730,080 shares by subtracting the following shareholdings from the latest available total of 52,197,379 shares on issue: the 11,707,237 shares held by River Capital (per the Notice of Meeting), the 8,224,983 shares held by Perpetual (per the Notice of Meeting), the 5,600,249 shares held by Regal (per the Notice of Meeting), the 3,369,294 held by PAC employees / individual insiders (Latest holdings data per S&P Capital IQ. S&P Capital IQ indicates that there has been no changes in shares held by these parties since the Valuation Date), and the 2,565,785 held by other strategic corporate investors (Latest holdings data per S&P Capital IQ. The strategic corporate investors were indicated to be Squitchy Lane Holdings Pty Ltd and HFM Investments Pty Ltd. S&P Capital IQ indicates that there has been no changes in shares held by these parties since the Valuation Date).
[14] Calculated as 11,707,237 shares held by River Capital divided by 52,197,379 total issued shares outstanding.
[15] Calculated as 8,224,983 shares held by Perpetual divided by 52,197,379 total issued shares outstanding.
[16] Calculated as 5,600,249 shares held by Regal divided by 52,197,379 total issued shares outstanding.

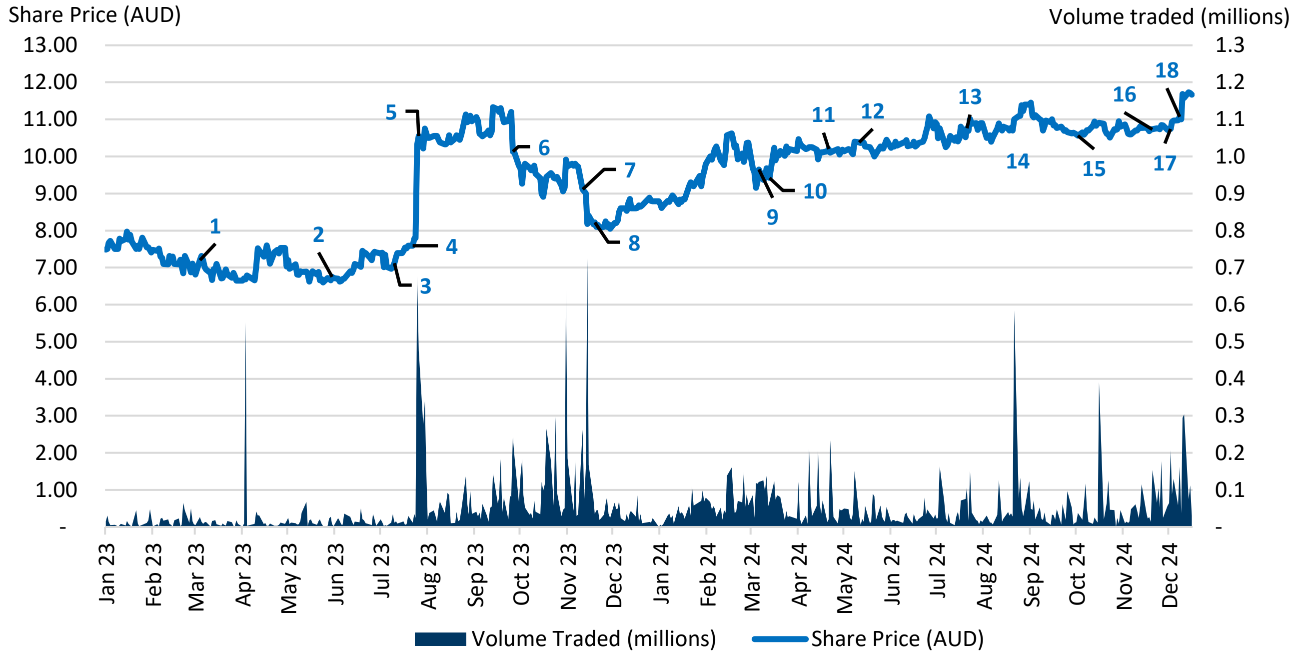
Options and other derivatives

PAC does not have any options or other derivatives on issue as at the 30 September 2024 Valuation Date.

3.6 Share price performance and traded volume

Figure 4 summarises PAC's share price performance and the volume traded from 1 January 2023 to 23 December 2024 (i.e., the date of this IER).

Figure 4: PAC's daily closing share price and trading volume history



Source: ASX announcements, S&P Capital IQ and FTI Consulting analysis

Key announcements and events over the period are summarised in Table 5.

Table 5: Summary of PAC key announcements and events

#	Event Date	Description
1	Mar-23	PAC received a non-binding, indicative offer from Regal with an implied value of AUD 9.93 per PAC share. This initial proposal was not disclosed to the market.
2	Jun-23	PAC received an updated non-binding, indicative offer from Regal with an implied value of AUD 10.25 per PAC share. This proposal was not disclosed to the market.
3	Jul-23	PAC launched a strategic review and established a sub-committee to manage the strategic review process, recognising the potential involvement of River Capital and GQG in a competitive process.
4	26-Jul-23	PAC publicly announced a non-binding, indicative offer from Regal. The offer had an implied total value of AUD 11.12 per share, with part of the consideration proposed to be paid as shares in GQG.
5	27-Jul-23	GQG announced its intention to submit an indicative non-binding offer to acquire PAC. Neither GQG nor PAC publicly disclosed the price of this bid. Discussions were ongoing with both GQG and Regal.
6	28-Sep-23	Regal announced that it had withdrawn its proposal to acquire PAC.
7	13-Nov-23	PAC announced it had received a non-binding indicative proposal from GQG at AUD 11.00 per PAC share by way of a scheme of arrangement. River Capital did not support a transaction at this price, which was a condition of the bid, and GQG subsequently withdrew their offer.

#	Event Date	Description
8	16-Nov-23	PAC announced that it had concluded its strategic transaction process and there were no ongoing control transaction discussions.
9	8-Mar-24	PAC sold its investment in GQG at AUD 2.16 per GQG security and sold its interest realising cash proceeds of AUD 257.3 million at 99 times multiple to PAC's initial investment.
10	15-Mar-24	PAC announced a cost-saving strategic initiative involving the sale of PAC's interests in three investments to GQG for USD 71.25 million and a proposal to externalise the investment / portfolio management of the group to GQG.
11	**17-Apr-24**	**PAC announced its intention to return up to AUD 275 million of surplus capital to Shareholders by way of an equal access off-market buy-back.**
12	14-May-24	PAC announced the partial sale of its interest in Pennybacker realising USD 35.2 million in gross proceeds, payable on a deferred basis. The sale was initiated by the majority shareholder in Pennybacker and PAC's participation was mandated.
13	19-Jul-24	PAC announced the sale of its interest in Carlisle receiving Abacus Life, Inc (**Abacus**) common stock. The sale was initiated by the majority shareholder in Carlisle and PAC's participation was mandated. As of 18 July 2024, the aggregate net proceeds to PAC were estimated to be USD 61.2 million, subject to certain closing adjustments and performance thresholds.
14	13-Aug-24	PAC announced the sale of its interest in Victory Park with PAC expected to receive upfront consideration of USD 33.9 million (before transaction costs) consisting of 75% in cash and 25% in Janus Henderson Group's stock, which was expected to close in December 2024. The sale was initiated by the majority shareholder in Victory Park and PAC's participation was mandated.
15	2-Oct-24	PAC completed a further condition precedent related to the sale of a portion of its interests in Victory Park to Janus Henderson Group. PAC received USD 21.7 million of net cash and USD 7.2 million of Janus Henderson Group stock. Upon full completion,[17] PAC will receive an additional USD 1.4 million of net cash and USD 0.5 million of Janus Henderson Group stock.
16	**15-Nov-24**	**PAC announced plans to conduct an off-market equal access share buy-back of up to AUD 300 million of surplus capital subject to shareholder approval at an EGM.**
17	3-Dec-24	PAC announced that it had completed the sale of its interests in Carlisle to Abacus. PAC received 1.97 million Abacus bonds with a total aggregate face value of USD 49.2 million. PAC also received 1.36 million shares in Abacus common stock with aggregate value of USD 11.1 million. The aggregate net proceeds to PAC are approximately USD 60.3 million.
18	**12-Dec-24**	**PAC announced its intention to engage with regulators and to undertake the Buy-Back at a price of AUD 12.00 per PAC share with the offer period for the Buy-Back anticipated to close in March 2025.**

Source: Public announcements, S&P Capital IQ

[17] Expected before 31 December 2024.

3.7 VWAP and liquidity analysis

Table 6 summarises PAC's VWAP and our liquidity analysis up to and including the Valuation Date of 30 September 2024.

Table 6: VWAP analysis

Period to 30-Sep-2024	VWAP (AUD)	Low price (AUD)	High price (AUD)	Total volume of shares traded (million)	Proportion of issued shares traded	Proportion of Free Float[18] traded	Average bid-ask spread %
1 day	10.6246	10.5500	10.6700	51,816	0.1%	0.2%	0.0%
1 week	10.6952	10.5000	10.8500	267,168	0.5%	1.2%	0.3%
2 weeks	10.7624	10.5000	11.4900	406,304	0.8%	1.8%	0.4%
3 weeks	10.7862	10.5000	11.4900	507,999	1.0%	2.3%	0.4%
4 weeks	10.8943	10.5000	11.4950	749,550	1.4%	3.4%	0.4%
1 month	10.9348	10.5000	11.4950	872,476	1.7%	3.9%	0.4%
2 months	10.9579	10.3000	11.4950	2,298,797	4.4%	10.3%	0.4%
3 months	10.8757	10.1600	11.4950	3,281,293	6.3%	14.7%	0.4%
6 months	10.5860	9.7000	11.4950	6,117,367	11.8%	27.4%	0.4%
9 months	10.2525	8.5100	11.4950	9,982,088	19.3%	44.6%	0.4%
12 months	9.8335	7.9500	11.4950	15,869,415	30.7%	71.0%	0.4%

Source: S&P Capital IQ. Note, for the relevant calculations above we have estimated the Free Float for PAC as at the Valuation Date to be 22,356,480 shares or 42.8% of the total shares on issue.

We note that PAC is a closely held company. This means that the market for PAC shares might be less liquid than an otherwise equivalent listed company that is not a closely held company. Based on Table 6 we note that:

- the Free Float of PAC shares represented approximately 42.8% of the total shares on issue. Over the 12 months ending 30 September 2024, approximately 30.7% of the total shares on issue were traded. When considering the Free Float specifically, 71.0% of these shares were traded over the same period. This indicates that while PAC's overall trading activity was moderate, the Free Float shares exhibited significant turnover; and
- the average bid/ask spread for PAC shares at the midpoint was 0.4% over the 12 months ending 30 September 2024. In the three months trailing 30 September 2024, the average bid/ask spread remained reasonably consistent at 0.4%. By comparison, the quoted bid/ask spreads for all ASX-traded securities for the quarter ending September 2024 were approximately 0.2%, and for the top 200 securities by turnover, the spreads were around 0.1%.[19]

Therefore, based on our review, the shares of PAC appear to trade in an active and liquid market despite PAC being a closely held company.

[18] We have estimated the Free Float for PAC as at the 30 September 2024 Valuation Date to be 22,356,480 shares, or 42.8% of shares on issue, by subtracting the following shareholdings from a total 52,197,379 shares on issue: the 10,450,824 shares held by River Capital, the 7,958,363 shares held by Perpetual, the 5,496,633 shares held by Regal, the 3,369,294 held by PAC employees / individual insiders, and the 2,565,785 held by other strategic corporate investors based on the data provided by S&P Capital IQ. As such, the number of PAC shares held by the Relevant Shareholders relied upon for our liquidity analysis will not reconcile to the number of PAC shares held by the Relevant Shareholders referred to in the Notice of Meeting due to timing and source document differences.

[19] The effective spread is turnover weighted across securities. Equity market data is published by the Australian Securities and Investment Commission for the quarter ending September 2024. https://asic.gov.au/regulatory-resources/markets/market-structure/equity-market-data/2024/equity-market-data-for-quarter-ending-september-2024/#fig10

3.8 Consolidated historical financial performance

The consolidated statements of financial performance of PAC for FY22, FY23, FY24 and for the three months ended 30 September 2024 (**YTD**) are presented in Table 7 below.

Table 7: Statement of Financial Performance

'000 (AUD)	FY22 Audited	FY23 Audited	FY24 Audited	YTD Reviewed
Revenue (management fees, performance fees and other)	**21,646**	**18,097**	**11,221**	**2,226**
Distributions and dividend income	22,418	27,293	27,281	3,694
Interest income	138	204	4,407	4,537
Net change in fair values of financial assets and liabilities	(66,741)	(14,681)	104,735	-
Gain/(loss) on sale of investments	-	-	61,191	-
Total other income and net gains/(losses)	**(44,185)**	**12,816**	**197,614**	**8,232**
Salaries and employee benefits	(13,175)	(13,777)	(15,581)	(2,004)
Share-based payment expense	(1,206)	(2,055)	(4,555)	-
Impairment expenses[20]	(4,182)	(14,022)	(44,817)	-
Deal, establishment and litigation costs	(2,117)	(3,788)	(3,960)	(1,091)
Hareon liability settlement expense	(983)	(4,927)	-	-
Other administration and general expenses	(8,785)	(10,920)	(9,854)	262[21]
Depreciation and amortisation expense	(3,269)	(3,717)	(2,681)	(293)
Interest expense - Lease liabilities	(60)	(125)	(181)	(9)
Interest expense - Debt facility	-	(3,189)	(6,510)	(1,714)
Total expenses	**(33,777)**	**(56,520)**	**(88,139)**	**(4,849)**
Share of net profits of associates and joint venture accounted for using the equity method	8,130	8,062	21,579	1,811
Net profit before tax	**(48,186)**	**(17,545)**	**142,275**	**7,419**
Income tax benefit/(expense)	15,419	3,291	(31,922)	n/a
Net profit after tax	**(32,767)**	**(14,254)**	**110,353**	**7,419**

Source: PAC FY22 to FY24 annual reports and Workiva Summary 20240930 v1f.

We make the following comments to the financial performance of PAC for the review period.

- Revenue is largely comprised of fund management fees and performance fees:
  - Fund management fees are recognised when asset management services are rendered and PAC's performance obligations are met. Performance obligations relating to the provision of asset management services are per the relevant investment management agreements. Over the review period, the ratio of fund management fees to total revenue increased from approximately 56.3% in FY22 to 93.1% in FY24 and 99.6% in YTD. The increase in fund management fees as a proportion of revenue is primarily attributable to the significant decrease in PAC's performance fees.

[20] Including "Net loss on transfer and impairment of right-of-use assets and leasehold improvements"
[21] Note that the 'Other administration and general expenses' result for YTD is positive due to a foreign exchange gain

- Performance fees are the second largest contributor to total revenue. Performance fees are recognised when the performance of the asset under management exceeds a threshold and is contingent on the performance of funds for the full period of the relevant contracts. Over the period under review, the contribution of performance fees to total revenue had declined from 25.9% in FY22, 23.9% in FY23, 1.1% in FY24 and 0.4% in YTD. This decrease in the ratio of performance fees to total revenue is due to the volatile nature of performance fees, which tend to be recognised later in the life of a fund and reflect the age of a boutique investment's fundraising.

- Distributions and dividend income related to the distributions and dividends received from "financial assets at fair value through profit or loss" and "financial assets at fair value through other comprehensive income".
- Net change in fair values of financial assets and liabilities relates to changes in the fair value of PAC's investments. In FY22, this item primarily related to an AUD 81.3 million loss from the decrease in fair value of its investment in GQG Partners Inc, following a decrease in the share price of the company from AUD 2.00 to AUD 1.46. In FY24, this item primarily related to an AUD 90.9 million gain from the increase in fair value of its investment in GQG Partners Inc, following the sale of PAC's 4.03% equity interest in the company.
- Gain/(loss) on sale of investments in FY24 relates to an AUD 60.6 million gain from the partial sale of PAC's interest in Pennybacker (comprised of AUD 39.2 million gain for the sold interest and AUD 21.4 million for the fair value of PAC's remaining interest) and an AUD 0.6 million gain from the sale of PAC's equity interest in Avante Capital Partners LP.
- Salaries and employee benefits, share-based payment expense, other administration and general expenses and depreciation and amortisation expense have remained relatively stable across the period under review.
- Impairment expenses (including impairment of right-of-use assets), deal, establishment and litigation costs and Hareon liability settlement expense are non-recurring in nature. Impairment expense increased materially in FY24 due to the impairment of PAC's investment in Banner Oak Capital Partners LP.
- Interest expense for PAC's debt facilities increased in FY24 primarily as a result of PAC drawing down an additional USD 11.0 million on 21 September 2023.
- 'Share of net profits of associates and joint venture accounted for using the equity method' relates to earnings from PAC's investments in 11 associates, 2 joint ventures and 1 associate of a joint venture located across Australia, the United States, the United Kingdom, Singapore and Cayman Islands.
- PAC was loss-making in FY22 and FY23, and reported a profit in FY24, despite the significant decrease in revenue and the significant increase in total operating expenses. This appears to be driven primarily by the significant increase in net change in fair values of financial assets and liabilities, the gain on sale of investments as well as the increase in PAC's share of net profits of associates and joint venture.
- Other administration and general expenses include accounting and audit fees, commission and marketing expenses, computer and software maintenance expenses, directors' fees, insurance expenses, lease expenses, gain/(loss) on early termination of the lease, management fee expenses, net foreign exchange (gain)/loss, professional and consulting fees, share registry and regulatory fees, taxes and license fees, travel and accommodation costs and other general expenses.

3.9 Consolidated historical financial position

The consolidated statements of financial position of PAC as at 30 June 2022, 30 June 2023, 30 June 2024 and 30 September 2024 are presented in Table 8 below.

Table 8: Statements of Financial Position

'000 (AUD)	30-Jun-22 Audited	30-Jun-23 Audited	30-Jun-24 Audited	30-Sep-24 Reviewed
Cash and cash equivalents	34,886	23,201	95,537	101,654
Short-term deposits	-	-	225,000	225,000
Trade and other receivables	9,017	7,295	8,821	6,086
Other financial assets	1,190	808	22,788	21,916
Current tax assets	753	11,521	10,598	10,677
Other assets	1,156	1,230	705	579
Total current assets	**47,002**	**44,055**	**363,449**	**365,912**
Trade and other receivables	1,796	646	66	50
Other financial assets	304,785	324,893	150,180	144,490
Plant and equipment	781	3,396	79	78
Right-of-use assets	834	2,140	638	534
Intangible assets	54,315	41,388	24,068	22,896
Investments in associates and joint venture	195,117	189,715	127,325	121,683
Other assets	87	77	62,076	60,420
Total non-current assets	**557,715**	**562,255**	**364,432**	**350,150**
Total assets	**604,717**	**606,310**	**727,881**	**716,061**
Trade and other payables	(8,800)	(7,756)	(4,920)	(18,103)
Provisions	(12,822)	(409)	(257)	(265)
Financial liabilities	(133)	-	-	-
Lease liabilities	(281)	(359)	(213)	(48)
Current tax liabilities	(737)	(680)	(448)	(404)
Total current liabilities	**(22,773)**	**(9,204)**	**(5,838)**	**(18,821)**
Provisions	(34)	(38)	(64)	(72)
Financial liabilities	(11,064)	(48,655)	(63,158)	(60,781)
Lease liabilities	(771)	(2,467)	(636)	(467)
Deferred tax liabilities	(43,349)	(35,716)	(59,126)	(56,860)[22]
Total non-current liabilities	**(55,218)**	**(86,876)**	**(122,984)**	**(118,181)**
Total liabilities	**(77,991)**	**(96,080)**	**(128,822)**	**(137,001)**
Net assets	**526,726**	**510,230**	**599,059**	**579,060**

Source: PAC FY22 to FY24 annual reports and Workiva Summary 20240930 v1f.

We have the following comments to the financial position of PAC.

- Cash and short-term deposits are PAC's largest assets as at 30 June 2024 and 30 September 2024. The significant increase in cash and short-term deposits arose primarily from the sale of PAC's interests in GQG, Avante Capital Partners LP, Cordillera Investment Partners LP, Proterra Investment Partners LP and Pennybacker, as summarised below:

[22] Includes the deferred tax asset of AUD 3.2 million

- On 8 March 2024, PAC sold its 119,121,254 shares in GQG for approximately AUD 258.6 million;
- On 18 April 2024, PAC sold:
  - 24.9% equity and 12.5% limited partnership interests in Avante Capital Partners LP for approximately AUD 22.9 million;
  - 16.4% revenue share interest in Cordillera Investment Partners LP for approximately AUD 47.7 million;
  - 16.0% revenue share interests in Proterra Investment Partners LP for approximately AUD 38.1 million; and
  - Total proceeds for the sale of the above three investments was approximately AUD 108.7 million.
- On 9 May 2024, PAC sold its 9.0% equity interest and 2.5% carried interest entitlement in Pennybacker for AUD 63.5 million, payable in three instalments:
  - First instalment: AUD 23.2 million at completion less transaction costs and earn-out liability;
  - Second instalment: AUD 23.2 million on the first anniversary of the completion of the transaction; and
  - Third instalment: AUD 17.2 million on the second anniversary of the completion of the transaction.

- Current other financial assets in FY24 relate to the receivable from the partial sale of PAC's investment in Pennybacker. This receivable is due on the first anniversary of the transaction in May 2025.
- Current tax assets relate to income tax receivable.
- Non-current other financial assets relate to the PAC's equity and debt investments. Non-current other financial assets decreased from AUD 324.9 million as at 30 June 2023 to AUD 150.2 million as at 30 June 2024 primarily due to the sale of PAC's equity investments in GQG Partners Inc (book value of the investment was AUD 165.0 million as at 30 June 2023), Cordillera Investment Partners LP (book value of the investment was AUD 44.9 million as at 30 June 2023) and Proterra Investment Partners LP (book value of the investment was AUD 39.6 million as at 30 June 2023). The decrease from the sale of these investments was partially offset by a receivable from the partial sale of PAC's investment in Pennybacker which is due on the second anniversary of the transaction, and PAC's remaining investment (7.5% equity interest, with a book value of AUD 44.1 million as at 30 June 2024) in Pennybacker.
- The decrease in right-of-use assets from AUD 2.1 million as at 30 June 2023 to AUD 0.6 million as at 30 June 2024 was a result of the transfer of PAC's lease for an office located in Tacoma, Washington, USA to GQG Partners Inc, the reversal of a fully amortised and expired lease as well as the impairment of an existing lease that was no longer being utilised.
- Intangible assets comprise goodwill net of impairment, brand and trademark, and management rights, relating to PAC's investment in Aether Investment Partners LLC.
- Investments in associates and joint ventures decreased by approximately 32.9% from 30 June 2023 to 30 June 2024. This decrease was primarily driven by PAC's partial sale of its equity interest in Pennybacker, which decreased PAC's investment in joint ventures by approximately AUD 32.2 million, and the impairment of PAC's investment in Banner Oak Capital Partners LP, which amounted to AUD 24.7 million.
- As at 30 June 2024, other assets comprised prepayments, restricted deposits and other unspecified assets. Restricted deposits amounted to AUD 62.0 million as at 30 June 2024 and relate to a deposit account security agreement between PAC and WHSP that granted WHSP a security interest to a deposit account of PAC held in a financial institution based in the United States. This deposit account acts as a cash collateral for the PAC's debt facility with WHSP.

- As at 30 September 2024, trade and other payables include accounts payable, credit card liabilities, contract liabilities, dividends payable (of AUD 11.7 million, being the largest component of trade and other payables as at 30 September 2024), accrued expenses, provision for audit fees, provision for tax fees, accrued interest payable, payroll liabilities, GST paid and minor rounding adjustments.
- Non-current financial liabilities are PAC's largest liability as at 30 June 2023, 30 June 2024 and 30 September 2024. Non-current financial liabilities as at 30 June 2024 relate to a partially drawn senior secured debt facility with a limit of USD 50.0 million held by WHSP and amounts owed by PAC to the former owners of Aether Investment Partners LLC. Prior to 30 June 2024, financial liabilities also included a potential obligation to Pennybacker which would be paid between the closing of the acquisition date and 31 December 2024 if certain revenue thresholds for the company's emerging growth and income platforms are met. This liability has since been extinguished because of the partial sale of PAC's investment in the company.
- Deferred tax liabilities primarily relate to deferred tax liabilities from PAC's investments. Deferred tax liabilities are income taxes payable in future periods due to taxable timing differences. PAC provides for deferred tax liability on the appreciation in the value of its investments relating to uncertain tax positions when such liabilities are probable and can be reasonably estimated.

3.10 Forecast financial information

Management provided PAC's forecast net profit after tax (**NPAT**) for FY25 (**NPAT Forecast**). We have reviewed and analysed the NPAT Forecast using confidential, non-public financial information made available to us. We note that the NPAT Forecast was within the range of the NPAT forecasts for FY25 provided by equity analysts following PAC, ranging between AUD 12.0 million and AUD 22.0 million. For the purposes of this IER, we have assumed the FY25 NPAT Forecast for PAC to be in the range of AUD 17.0 million to AUD 22.0 million.

4. Industry overview

PAC operates in the 'funds' management' industry in Australia and overseas.[23]

Fund managers generate income by providing professional fund management services and investment consultant services on a commission and fee basis. Fund management fee structures vary based on the type of fund but often include management fees, performance fees and/or other once-off fees.

4.1 Global funds management industry

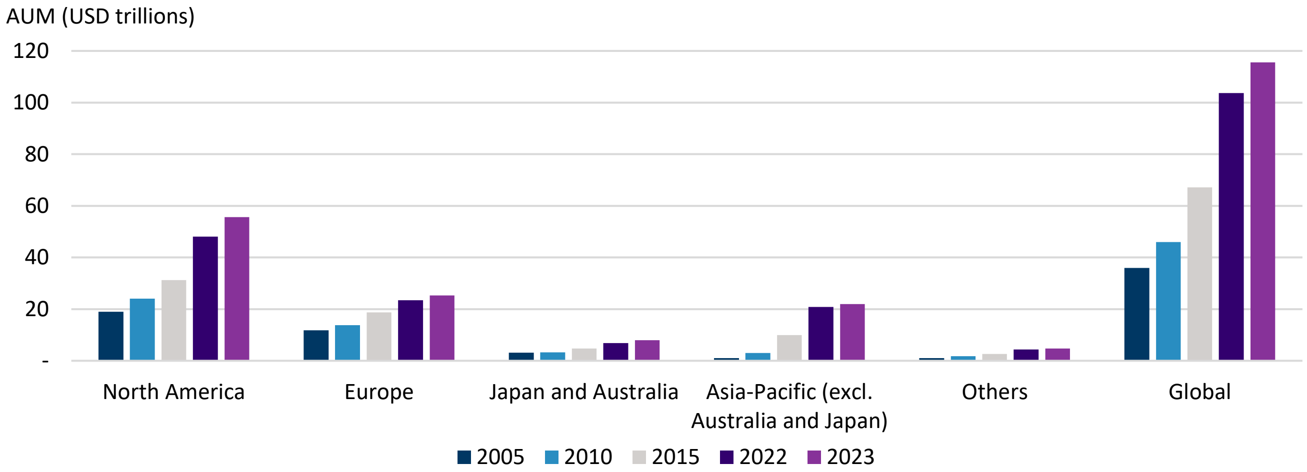
The funds' management services industry is highly competitive, despite being globally fragmented across a multitude of diversified fund offerings. Fund managers diversify their services based on factors such as portfolio strategy, asset class allocation, geographic focus, manager expertise and investment risk. However, fund managers are typically split into two broad categories:

- **Traditional Fund Managers:** Focus on managing portfolios of conventional asset classes such as equities, capital market fixed income (bonds) and money market instruments, and are often benchmarked against indices; and
- **Alternative Fund Managers:** Focus on managing portfolios of non-traditional asset classes and investment strategies, often involving illiquid, unlisted or less regulated assets such as private equity, private credit, real estate, hedge funds, infrastructure and commodities, and often have custom absolute return benchmarks.

According to BCG's Global Asset Management Market Sizing Database, the global fund management services industry has experienced FUM growth from USD 37.3 trillion in 2005 to USD 115.6 trillion in 2023. As of 31 December 2023, the North American region (United States and Canada) held the largest proportion at 46.8% of total FUM.

Figure 5 illustrates the historical growth in global FUM split by North America[24], Europe[25], Japan and Australia, Asia–Pacific[26] and other[27].

Figure 5: Historical growth in global FUM by region



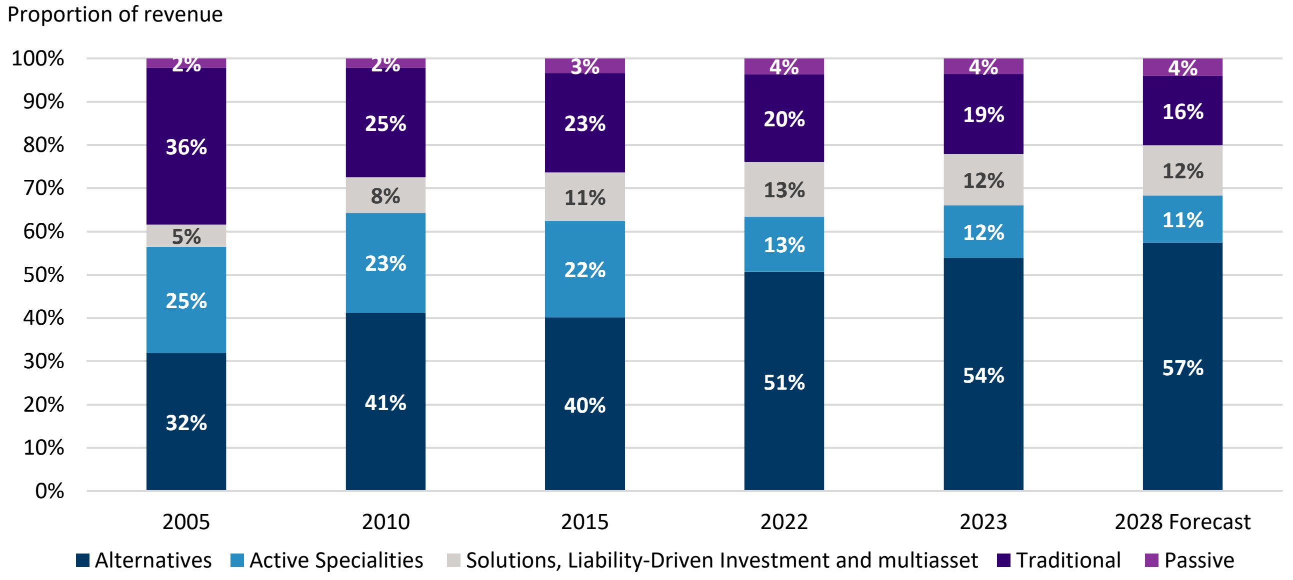
Source: BCG's Global Asset Management Market Sizing Database, 2024

[23] PAC is a global multi-boutique asset management business partnering with investment managers across Australia, Asia, Europe and the United States.
[24] North America comprises of the United States and Canda
[25] Europe comprises of Belgium, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Russia, Spain, Sweden, Switzerland, Turkey, and the UK
[26] Asia – Pacific comprises of mainland China, Hong Kong, India, Indonesia, Malaysia, Singapore, South Korea, Taiwan, and Thailand
[27] "Others" is made up of the Middle East, comprising of selected sovereign wealth funds and pension funds. Included in this category is Morocco, South Africa and Latin America

Whilst total FUM has increased considerably over the last two decades, the funds' management industry has been host to highly competitive markets, with market shares shifting from traditional managers and active specialty managers towards alternative investment fund managers. A large part of this shift in the proportion of revenues has been underscored by decreasing fund management fees on traditional and passive fund options, and an increased availability and access to global alternative investments.

Figure 6 summarises the historical and forecast revenue split of the industry globally.

Figure 6: Historical and forecast revenue split by investment category



Source: BCG's Global Asset Management Market Sizing Database, 2024.

A key driver of growth in the global alternative investments segment has been allocations by superannuation and retirement funds, with their allocations to real estate and other alternative investments increasing from 11.7% in 2003 to an estimated 20.1% at the end of 2023[28]. Over the last two decades, this trend has been reinforced by demographic factors (e.g., increased life expectancy, increased number of retirees and labour migration) as well as low and decreasing interest rates in developed markets.

Fees charged by fund managers are becoming a distinguishing factor for investors with both passive and active product segments. The average fees charged decreased in the period from 2010 to 2022, resulting in a USD 55 billion reduction in revenue. The reduction in fees has been facilitated by a widespread implementation of financial technology in portfolio management. Financial technology has enabled drastic reductions in the operational costs of fund management services whilst improving risk management, research and corporate functions.

The fundamental factors pressuring the growth of the industry are:

- the volatility of investment market performance, driven by global economic and fiscal policy adjustments to control inflation, unemployment, and potential recessions;
- the increased competition between participants in the fund management industry, in particular, the increased demand for passive investment vehicles, such as exchange-traded funds, have forced funds to decrease management fees;
- geopolitical instability, driven by conflicts in Eastern Europe and the Middle East; and

[28] Think Ahead Institute, Global Pensions Assets Study 2024 report.

- disruption of fintech and robo-advisors in the industry, automating the tailoring process of investment solutions for investors.

Future performance of the funds' management services industry will be dependent on the industries usage of machine learning and artificial intelligence to drive change in the respective firms, utilising the new technology to cut costs in the front and middle office, in particular, investment research, sales and customer retention. Additionally, it is expected that asset management firms will offer robo-advisory services and greater personalised services, competing with upcoming fintech firms.

According to BCG's Global Asset Management Report, artificial intelligence *"is poised to transform the landscape of asset management, marking the beginning of a new era of innovation and efficiency. Widespread implementation of artificial intelligence in the fund management services industry is expected take several years and require significant commitments and investment"*.[29]

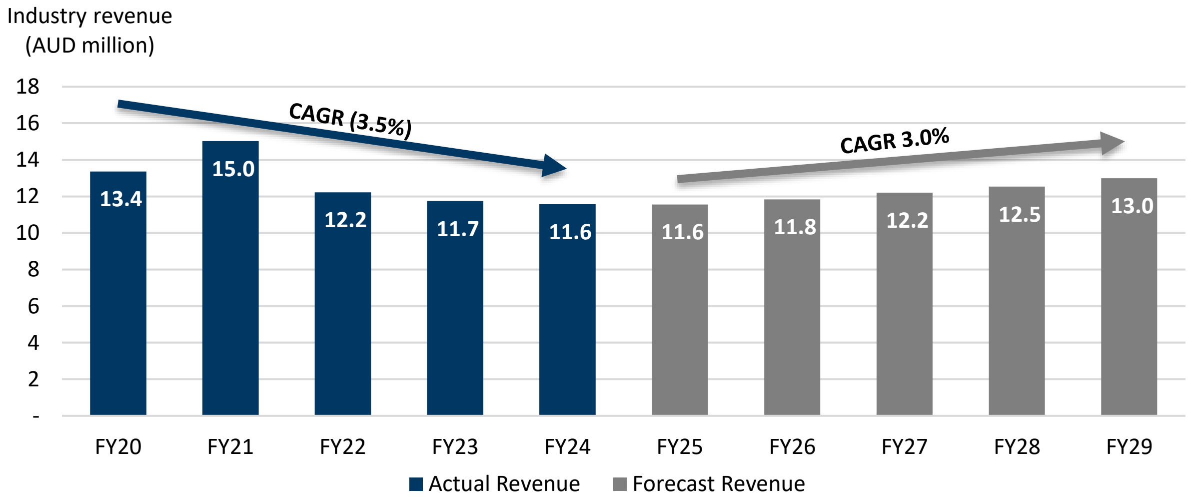
Nevertheless, the fund management industry will benefit from traditional factors such as growth of retirement, superannuation funds, overall increasing asset values due to accommodative monetary policies and inflows from increasing personal wealth will assist in rebounding the industry.

4.2 Australian funds management industry

As of May 2024, the Australian funds management industry has generated AUD 11.6 billion. Revenue in the Australian funds management industry declined at a compounded annual growth rate (**CAGR**) of 3.5% from FY20 to FY24 and is expected to grow at a CAGR of 3.0% from FY25 to FY29.[30]

Figure 7 summarises the historical revenue of the fund management industry in Australia.

Figure 7: Historical and forecast revenue of the fund management industry in Australia between FY20 to FY29



Source: IBISWorld

According to IBISWorld, in Australia:

- escalating geopolitical tensions have created economic uncertainties, resulting in a drop in FUM. Combined with interest rate hikes, these trends have weakened revenue generated from management fees;

[29] BCG Global Asset Management Report 2024, published in May 2024.
[30] IBISWorld: Funds Management Services in Australia – June 2024.

- intense competition in the funds management sector is compelling managers to reduce their fees, leading to a drop in revenue. To alleviate pressure on margins, fund managers are adopting tech solutions to improve efficiency and cost management;
- consumer-driven demand for passive investments and ESG investing is substantially influencing revenue for fund managers. The shift towards ESG and custom indexing, which typically incur higher fees, is helping to offset the dip in margins linked with passive investing; and
- greater scrutiny on greenwashing is pushing fund managers to align their green claims with their funds. Fund management companies are dedicating more resources to support their claims, driving up due diligence and compliance costs.[31]

[31] IBISWorld: Funds Management Industry in Australia – June 2024

5. Valuation Methodology

5.1 Introduction

The assessment of whether the Buy-Back is 'fair' involves estimating the fair value of PAC's shares on a minority interest basis.

5.2 Valuation methodologies

RG 111 sets out the valuation methodologies that a valuer should generally consider when valuing businesses or securities for the purposes of transactions including share capital returns, selective capital reductions, schemes of arrangement, takeovers and prospectuses.

These valuation methodologies include the:

- Discounted Cash Flow (**DCF**) method;
- CFME method;
- Net Assets (**NA**) method;
- Quoted Market Price (**QMP**)[32]; and
- any recent genuine offers received by the target for the entire business[33].

Each of these valuation methodologies may only be appropriate in certain circumstances.

The decision as to which valuation methodology is appropriate to apply depends on the nature of the business being valued, the most common methodology adopted in valuing such a business as well as the availability of relevant and reliable information.

Further details on these methodologies are set out in **Appendix C** of this IER.

5.3 Valuation methodology selected to value PAC

In selecting the appropriate methodology to value PAC, we have considered the available valuation methodologies, the nature of the operations of PAC, the historical financial performance, as well as the quality and availability of forecast financial information.

We have selected the CFME method, using a NPAT-based measure of earnings and a Price-to-Earnings (**P/E**) multiple, as our primary valuation methodology to value PAC. We have cross-checked the reasonableness of our primary valuation method using the QMP.

In our opinion, the most appropriate methodology to value PAC is the P/E multiple because:

- funds management businesses are typically valued using a P/E multiple;
- PAC was profitable in FY24 and the YTD;
- PAC is expected to continue to be profitable in FY25 as well as continue operating as a going concern; and
- PAC has sufficient earnings to justify a value greater than the value attributed to its underlying net tangible assets.

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[32] For listed securities when there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value, should 100% of the securities be available for sale
[33] Or any business units or assets as a basis for valuation of those business units or assets

The earnings and earnings multiples commonly adopted to value businesses include EBITDA[34], EBIT[35], NPBT[36] or NPAT. The measure of earnings selected is not usually critical to the valuation of a business and should provide a similar valuation outcome when implemented correctly. However, in our experience, we note that an NPAT-based measure of earnings and P/E multiples are commonly adopted to value fund management companies. Consequently, we have adopted an NPAT-based measure of earnings for our valuation using the CFME method. Note that we have also not applied a FUM multiple because the profitability of PAC does not appear to be correlated to its FUM based upon our review.

We have not applied the DCF method because PAC has not prepared suitably long-term and robust forecasts that could be relied upon or disclosed in this IER, in accordance with RG 111.

We have not used the NA method because this method is generally more appropriate where the subject company is lossmaking, not expected to continue operating as a going concern, holds significant assets that are liquid (i.e., cash or listed investments) or is considered to be 'asset rich'.

We have not used the QMP as our primary valuation methodology because it is not strictly a valuation method. It is usually used as a cross-check or where the circumstances prevent the use of any other valuation methodology.

[34] Earnings Before Interest, Tax, Depreciation and Amortisation (**EBITDA**)
[35] Earnings Before Interest and Tax (**EBIT**)
[36] Net Profit Before Tax (**NPBT**)

6. Valuation of PAC shares

6.1 Summary

In our opinion, the fair value of the PAC shares on a minority interest basis is between AUD 9.08 per share and AUD 11.77 per share, as per Table 9 below.

Table 9: Summary – P/E multiple – Valuation of a PAC share

AUD	Units	Reference	Low value	High value
Normalised FY25 NPAT	AUD million	A	15.1	20.8
FY25 P/E multiple (controlling interest basis)	Times	B	21.0x	24.0x
Subtotal	**AUD million**	**C = A x B**	**316.5**	**498.9**
Surplus assets (i.e., the total Buy-Back Price)	AUD million	D1	300.0	300.0
Surplus liabilities	AUD million	D2	-	-
Equity value (controlling interest basis)	**AUD million**	**E = C + D#**	**616.5**	**798.9**
Total ordinary shares outstanding	**#**	**F**	**52,197,379**	**52,197,379**
Fair value per share (controlling interest basis)	**AUD per share**	**G = E / F**	**11.8116**	**15.3053**
Discount for lack of control of 23.1%[37]	**AUD per share**	**F1**	(2.7285)	(3.5355)
Discount for lack of marketability	**AUD per share**	**F2**	-	-
Fair value per share (minority interest basis)	**AUD per share**	**G = E + F#**	**9.0831**	**11.7698**

Source: FTI Consulting analysis.

The inputs and assumptions to our valuation of PAC using a P/E multiple are discussed below.

6.2 CFME method using P/E multiple

In our view, earnings and earnings multiples based on NPAT are commonly used when valuing fund management companies, such as PAC. Therefore, in estimating the value of PAC we have:

- estimated FY25 NPAT that we have normalised for expected unusual or non-recurring income and expenses;
- selected an appropriate range of FY25 P/E multiples based on our review of potentially comparable listed companies and transactions; and
- identified other inputs such as surplus assets or liabilities.

Each of these inputs are discussed in further detail below.

6.3 Normalised FY25 NPAT

We have estimated the normalised FY25 NPAT for PAC to be between AUD 15.1 million and AUD 20.8 million

Normalised FY25 NPAT reflects the level of sustainable earnings that can be expected to be derived from the existing operations of the business regardless of short-term economic fluctuations and excludes any one-off expenses or income.

In estimating the normalised FY25 NPAT for PAC we have:

- reviewed the historical financial performance for FY22 to FY24 and noted that PAC was profitable in FY24;

[37] That is, the inverse of the 30.0% control premium assumed when preparing the FY25 P/E multiple on a controlling interest basis.

- discussed with Management the historical operating results, including the performance achieved by PAC in the YTD, as well as their expectations moving forward into FY25;
- reviewed the NPAT forecasts for FY25 provided by equity analysts following PAC of between AUD 12.0 million and AUD 22.0 million;
- assessed the prospects and outlook for the fund management industry in the regions where PAC operates; and
- considered the nature and quantum of the adjustments required to normalise NPAT.

We have adopted a forward-looking based measure of NPAT, rather than a historically based measure of NPAT, due to the significant other income and growth in NPAT expected as a result of the acquisitions and disposals of investments completed by PAC in the recent past.

As a starting point for our analysis we have assumed the NPAT Forecast of between AUD 17.0 million to AUD 22.0 million based on our review of the available information and discussions with Management. However, we have also considered the nature and quantum of adjustments require to normalise the NPAT Forecast[38]. These adjustments relate to:

- **Deal and litigation costs:** We added back forecast deal and litigation costs because these costs are non-recurring in nature; and
- **Foreign currency gains:** We deducted forecast foreign currency gains as they are not operational in nature[39]; and
- **Other normalisations:** We added back a forecast loss on lease abandonment because this cost in non-recurring in nature, added back the forecast interest income that PAC was to earn on the surplus capital and made an adjustment for taxes to reflect the longer term effective rate of PAC.

Table 10 summarises our calculation of the normalised FY25 NPAT for PAC.

Table 10: Normalised FY25 NPAT for PAC

AUD millions	FY25 Low value	FY25 High value
NPAT Forecast	17.0	22.0
Normalisation adjustments:		
Deal and litigation costs	2.7	2.7
Foreign currency gains	(2.3)	(2.3)
Other normalisations	(2.3)	(1.6)
Normalised FY25 NPAT	**15.1**	**20.8**

Source: FTI Consulting analysis.

6.4 Selected P/E multiple

We have selected a FY25 P/E multiple, on a controlling interest basis, for PAC in the range of 21.0 times to 24.0 times as at the Valuation Date.

In selecting an appropriate P/E multiple range for PAC we have considered the:

- share prices of potentially comparable listed companies;
- Initial Public Offering (**IPO**) share prices of potentially comparable listed companies; and the
- prices achieved in mergers and acquisitions of potentially comparable companies.

[38] We have not made an adjustment for the forecast amortisation of intangible assets held by PAC in the NPAT Forecast to align the definition of NPAT between our normalised FY25 NPAT to that relied upon in our subsequent analysis of the potentially comparable listed companies and transactions.
[39] Relates to the forecast foreign exchange revaluation of the USD denominated debt facility that PAC has with WHSP

Our review did not identify any potentially comparable transactions or IPOs that we considered to be sufficiently comparable to PAC and/or timely compared to the Valuation Date.

As such, in selecting an appropriate P/E multiple range to value PAC, we have considered the P/E multiples implied from the share prices of potentially comparable listed companies in Australia and overseas that are broadly comparable to PAC.

6.5 Potentially comparable listed company P/E multiples

Table 11 summarises the P/E multiples of the potentially comparable listed companies on a controlling interest basis.

Table 11: Potentially comparable listed companies multiples

	Market capitalisation AUD million	FUM as at 30-Sep-24 AUD million	Last actual financial year P/E multiple	Forecast financial year P/E multiple
PAC	**554**	**41,538**	**-**	**-**
All potentially comparable listed companies:				
Maximum	**34,972**	**257,069**	**3,789.4x**	**73.3x**
75th percentile	**6,689**	**132,400**	**51.5x**	**26.2x**
Median	**2,863**	**42,255**	**21.9x**	**17.8x**
25th percentile	**859**	**20,636**	**17.5x**	**15.1x**
Minimum	**167**	**8,900**	**9.8x**	**10.9x**
Average	**5,114**	**88,178**	**165.1x**	**22.6x**
Australian potentially comparable listed companies:				
Maximum	**8,299**	**222,300**	**947.4x**	**43.3x**
75th percentile	**2,574**	**83,550**	**54.5x**	**30.3x**
Median	**1,163**	**17,234**	**36.7x**	**21.0x**
25th percentile	**770**	**12,583**	**20.8x**	**17.0x**
Minimum	**493**	**8,900**	**9.8x**	**10.9x**
Average	**2,304**	**65,020**	**133.3x**	**24.0x**

*Source: Table 15 and Table 21 of **Appendix D** and FTI Consulting analysis. Note that these P/E multiples include a control premium of 30.0%.*

We have compiled the implied P/E multiples of the potentially comparable listed companies on a controlling interest basis in **Appendix D** of this IER.

The potentially comparable listed companies vary in terms of their countries of operation, size in terms of market capitalisation and FUM, profit margins, growth prospects, and risk factors compared to PAC. Accordingly, none of the potentially comparable listed companies is considered to be directly comparable to PAC, but they still provide reasonable guidance to select an appropriate P/E multiple for the valuation of PAC.

In our view, PAC is subject to lower concentration risk and key person risk compared to the identified potentially comparable listed companies. This is because PAC is a multi-boutique fund manager that has investments in ten fund management boutique companies specialising in a variety of different asset classes, including real estate, small-cap companies within emerging and international markets, private equity, alternative investments and more. These characteristics distinguish PAC from the potentially comparable listed companies and reduce their dependence on any single asset class or key individual.

Based on our analysis, the median FY25 P/E multiple of all of the potentially comparable listed companies was 17.8 times and the average was 22.6 times. The Australian potentially comparable listed companies also tended to trade at a premium compared to their overseas counterparts based in the United States, Canada and Europe. Specifically, the median FY25 P/E multiple for the Australian potentially comparable listed companies was 21.0 times and the average was 24.0 times. The Australian potentially comparable listed companies are generally smaller, both in terms of FUM and market capitalisation, and have a more specialised investment mandate compared to the North American and European potentially comparable listed companies. The Australian potentially comparable listed companies also tend to focus on active strategies and alternative assets, which have tended to have yielded higher returns historically. We note that this relationship is evident in **Appendix D** as the Australian potentially comparable listed companies had higher median and average NPAT margins for the last financial year compared to the North American and European potentially comparable listed companies.

Perpetual and Regal were amongst the Australian potentially comparable listed companies considered as part of our analysis. Perpetual had an FY25 P/E multiple of 26.6 times with AUD 222.3 billion of FUM and its shares did reflect active and liquid trading on the ASX. In contrast, Regal had an FY25 P/E multiple of 18.0 times with AUD 17.2 billion of FUM, but its shares did not reflect active and liquid trading on the ASX. As such, we would expect PAC with AUD 41.5 billion of FUM to have a lower FY25 P/E multiple compared to Perpetual and a higher FY25 P/E multiple compared to Regal. Qualitas Limited was another Australian potentially comparable listed company considered as part of our analysis. Qualitas Limited had an FY25 P/E multiple of 24.0 times with AUD 8.9 billion of FUM. We note that Qualitas Limited has been consistently profitable since FY18 whereas PAC became profitable in FY24. As such, in these circumstances, we would expect the maximum appropriate FY25 P/E multiple for PAC to be 24.0 times.

Therefore, based on our analysis above, we have selected a P/E multiple, on a controlling interest basis, for the valuation of PAC to be in the range of 21.0 times and 24.0 times as at the Valuation Date. In our view, this range reflects the relative position of PAC amongst the Australian potentially comparable listed companies given the specific characteristics of PAC.

6.6 Surplus assets and liabilities

Table 12 summarises the surplus assets and liabilities of PAC as at the Valuation Date.

Table 12: Summary of surplus assets and liabilities of PAC

	AUD million
Total Buy-Back Price	300.0
Total surplus assets	**300.0**
Total surplus liabilities	**-**

Source: Management and FTI Consulting analysis

We have not identified that PAC held any other surplus assets or liabilities based on our review of the available financial information.

6.7 Discount for lack of control and discount for lack of marketability

We have assumed a discount for lack of control of 23.1%, which is based on the inverse of the 30.0% control premium[40] that was assumed when selecting the FY25 P/E multiple for PAC.

[40] Calculated as (1 – (1 + 30.0% control premium)) = 23.1% discount for lack of control

A discount for lack of control is the inverse of a control premium and is an amount or percentage deducted to reflect the absence of some or all of the control held by an investor in a specific equity interest of a company. The discount for lack of control represents the comparative disadvantage of a non-controlling interest that is attributable to the inability to select directors, officers and management that directly control the operations of a company as well as the inability to direct the distribution of cash or other property, buy or sell assets, obtain or restructure debt.

We have not applied a discount for lack of marketability because PAC is ASX-listed. A discount for lack of marketability is an amount or percentage deducted from the marketable, non-controlling interest value of the equity in a company to reflect that the shares of an unlisted company or thinly traded listed company have less marketability compared to the actively traded shares of a listed company. It is widely accepted that investors value marketability and hence investors are willing to pay a liquidity premium for an asset that is marketable compared to an otherwise equivalent asset that is less marketable. At a minimum, an equity interest that lacks marketability incurs an opportunity cost associated with the inability to easily redeploy the amount that has been invested.

6.8 Cross-check to primary valuation methodology

We have cross-checked our primary valuation methodology using the QMP.

Table 13 summarises PAC's VWAP from various periods preceding the Valuation Date, as well as the cumulative volume of PAC shares traded and the cumulative volume traded as a percentage of the Free Float.

Table 13: Proportion of Free Float

Period to 30-Sep-24	VWAP (AUD)	Total volume of shares traded (million)	Proportion of Free Float traded
1 day	10.6246	51,816	0.2%
1 week	10.6952	267,168	1.2%
2 weeks	10.7624	406,304	1.8%
1 month	10.9348	872,476	3.9%
2 months	10.9579	2,298,797	10.3%
3 months	10.8757	3,281,293	14.7%
6 months	10.5860	6,117,367	27.4%
9 months	10.2525	9,982,088	44.6%
12 months	9.8335	15,869,415	71.0%

Source: S&P Capital IQ and FTI Consulting analysis. Note, for the relevant calculations above we have estimated the Free Float for PAC as at the Valuation Date to be 22,356,480 shares, or 42.8% of shares on issue.

Table 13 shows that 71.0% of the Free Float was traded over the 12 months preceding the Valuation Date of 30 September 2024. The Free Float at the Valuation Date represented 42.8% of total shares on issue, such that only 30.7% of total issued shares were traded over the 12 months preceding the Valuation Date. We also note that the average bid/ask spread for PAC shares at the midpoint was 0.4% over the 12 months ending on 30 September 2024 and that there were no significant and unexplained movements in the PAC share price based on our review at Section 3.6 of this IER. Overall, in our view, the shares of PAC appear to have traded at moderate levels of liquidity compared to the average ASX-listed company. We also note that there is a sufficient trading history for PAC shares and our selected FY25 P/E multiple on a controlling interest basis for PAC is based on broadly comparable listed companies that actively traded. Therefore, in our view, it is appropriate to use QMP to value the PAC shares as a cross-check.

Table 14 summarises our QMP analysis using the PAC share price based VWAP and our fair value of a PAC share on a controlling interest basis from our primary valuation methodology to calculate the implied premium for control.

Table 14: Implied premium for control

Trading period	VWAP (AUD)	Low value CFME method	Low value Implied premium for control	High value CFME method	High value Implied premium for control
Reference:	**A**	**B1**	**C1 = B1 / A - 1**	**B2**	**C2 = B2 / A - 1**
30-Sep-24	10.6246	11.8116	11.2%	15.3053	44.1%
1 week ending 30-Sep-24	10.6952	11.8116	10.4%	15.3053	43.1%
2 weeks ending 30-Sep-24	10.7624	11.8116	9.7%	15.3053	42.2%
1 month ending 30-Sep-24	10.9348	11.8116	8.0%	15.3053	40.0%
2 months ending 30-Sep-24	10.9579	11.8116	7.8%	15.3053	39.7%
3 months ending 30-Sep-24	10.8757	11.8116	8.6%	15.3053	40.7%
6 months ending 30-Sep-24	10.5860	11.8116	11.6%	15.3053	44.6%
9 months ending 30-Sep-24	10.2525	11.8116	15.2%	15.3053	49.3%
12 months ending 30-Sep-24	9.8335	11.8116	20.1%	15.3053	55.6%

Source: S&P Capital IQ and FTI Consulting analysis

We note that:

- a shareholder with a controlling equity interest in a company has the ability to select directors, officers and management that directly control the operations of a company and can also direct the distribution of cash or other property, buy or sell assets, obtain or restructure debt. Each of these actions can impact the value of a controlling equity interest and the ultimate return received by all shareholders. It is generally accepted that the value of an investment in shares that gives an investor a controlling position in a company will include a premium for control reflecting the incremental value of this control;
- the share price or VWAP of a listed company, such as PAC, will typically reflect the price of portfolio interest in the company that is unable to individually exert any form of control over the company. As such, from a valuation perspective, the PAC share price or VWAP would exclude any premium for control;
- the implied premium for control that ranged between 11.2% and 44.1% on 30 September 2024 (i.e., the difference between the P/E multiple derived value per share on a controlling interest basis and the PAC share price based VWAP) is not unreasonable for PAC based on our takeover premium study contained at **Appendix F** of this IER.

Therefore, based on the results from our QMP method, we do not consider the outcome from our primary valuation methodology to be unreasonable.

6.9 Valuation conclusion

In our opinion, as reflected in Table 9, the fair value of a PAC share on a minority interest basis is between AUD 9.08 per share and AUD 11.77 per share.

7. Assessment of the Buy-Back

7.1 Conclusion

In our opinion:

- the proposed Buy-Back is 'fair' and, as a result, the proposed Buy-Back is also 'reasonable' to Shareholders that approve and participate in the Buy-Back (i.e., sell their PAC shares for cash); and
- the Relevant Shareholders would receive a financial benefit from participating in the Buy-Back that is 'not fair'[41] to PAC (and the Shareholders), but it is 'reasonable'.

In our view, it is critical for Shareholders to be aware that the Shareholders and the Relevant Shareholders will receive the same Buy-Back Price of AUD 12.00 per PAC share. Accordingly, the financial benefit that will be received by the Relevant Shareholders that participate in the proposed Buy-Back does not exceed the Buy-Back Price of AUD 12.00 per PAC share. Rather, the financial benefit that will be received by the Relevant Shareholders that participate in the proposed Buy-Back represents a subset of the Buy-Back Price of AUD 12.00 per PAC share that the Shareholders stand to receive from participating in the proposed Buy-Back.

Further, the financial benefit that may be received by the Relevant Shareholders is within the range of the financial benefit that may be received by the Shareholders. As such, based on our review, there is no transfer of value from PAC to the Relevant Shareholders over and above the transfer of value from PAC to the Shareholders as a result of the proposed Buy-Back.

7.2 Basis of assessment

ASIC expects an independent expert to focus on the issues facing the security holders for whom their report is being prepared.

RG 111.5 states that in deciding the appropriate form of analysis for a report, an independent expert should bear in mind that the main purpose of their report is to adequately deal with the concerns that could reasonably be anticipated of those persons affected by the proposed transaction.

RG 111.7 states that the form of the analysis an independent expert uses to evaluate a transaction should address the issues faced by security holders.

The Relevant Shareholders individually hold significant interests in PAC shares (Regal holds 10.7%, Perpetual holds 15.8% and River Capital holds 22.4% of the total outstanding shares of PAC) and could be viewed as being related parties to PAC with 'significant influence' that could receive a financial benefit from participating in the Buy-Back that is not available to other Shareholders. As such, in preparing this IER, we have been instructed to consider the financial benefit (if any) that may be received by the Relevant Shareholders that participate in the proposed Buy-Back.

In this context we have adopted the following basis of assessment for the proposed Buy-Back:

Resolution 4 – Approval of the Buy-Back

- compared the fair value of a PAC share on a minority interest basis before the proposed Buy-Back to the Buy-Back Price of AUD 12.00 per PAC share being offered as part of the proposed Buy-Back;
- analysed the advantages and disadvantages to Shareholders that approve and participate in the proposed Buy-Back (i.e., sell all of their PAC shares for cash);

[41] That is, the Buy-Back Price of AUD 12.00 per PAC is more than the fair value of a PAC share held by the Relevant Shareholders as related parties having 'significant influence'

Resolution 1, 2 and 3 – Approval of River Capital's, Regal's and Perpetual's participation in the Buy-Back

- analysed the advantages and disadvantages to Shareholders that approve and do not participate in the proposed Buy-Back assuming that the Relevant Shareholders also do not participate in the proposed Buy-Back;
- analysed the advantages and disadvantages to Shareholders that approve and do not participate in the proposed Buy-Back assuming that the Relevant Shareholders participate in the proposed Buy-Back; and
- analysed the financial benefit (if any) that may be received by the Relevant Shareholders that participate in the proposed Buy-Back.

To simplify our analysis we have assumed that the proposed Buy-Back is fully subscribed under each scenario. This approach reflects the extreme outcomes for Shareholders under each scenario, although we acknowledge that these may not necessarily occur if the proposed Buy-Back is approved and proceeds.

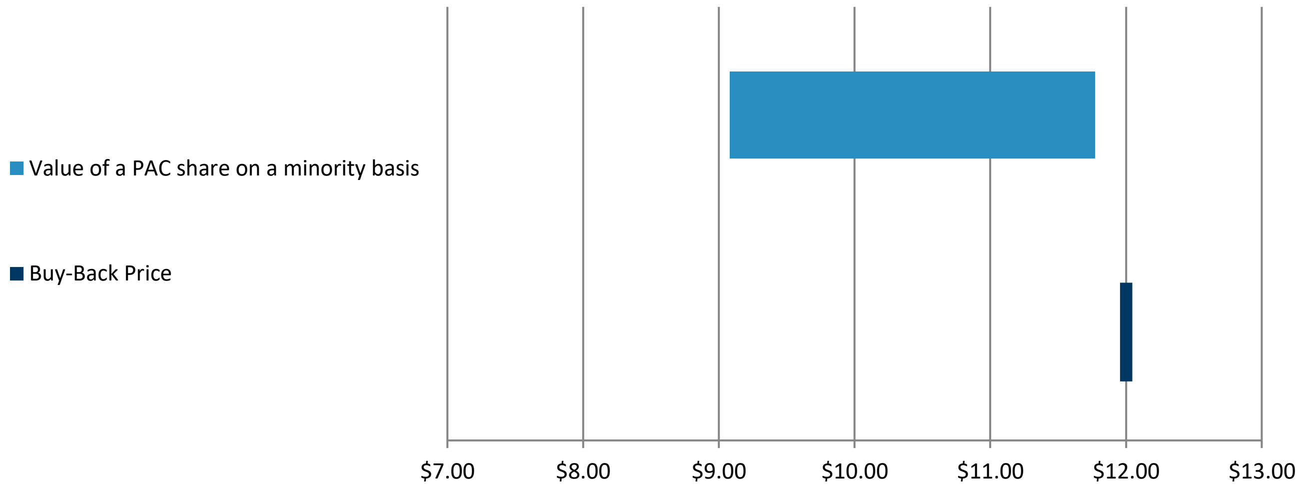
Shareholders that approve and participate in the Buy-Back (i.e., sell their PAC shares for cash)

The proposed Buy-Back is 'fair'

In our opinion the Buy-Back Price of AUD 12.00 per PAC share is 'fair'.

Figure 8 summarises our assessment of whether the Buy-Back Price of AUD 12.00 per PAC share is 'fair' by comparing the Buy-Back Price of AUD 12.00 per PAC share being offered to Shareholders to our estimated fair value range of a PAC share on a minority interest basis.

Figure 8: Fairness assessment



Source: FTI Consulting analysis.

Figure 8 shows that the Buy-Back Price of AUD 12.00 per PAC share is above the range of fair values for a PAC share on a minority interest basis of between AUD 9.08 and AUD 11.77 per share.

RG 111.11 indicates that an offer (i.e., the Buy-Back Price) is 'fair' if the value of the offer is greater than or equal to the value of the securities that are subject to the offer (i.e., a PAC share).

As such, we have concluded that the Buy-Back Price of AUD 12.00 per PAC share is 'fair' in accordance with RG 111.

The proposed Buy-Back is 'reasonable'

In our opinion the proposed Buy-Back is 'reasonable'.

RG 111 states that an offer is 'reasonable' if it is considered to be 'fair'. Therefore, the proposed Buy-Back is 'reasonable' because we have previously determined the Buy-Back Price to be 'fair'.

For completeness, we have identified the potential advantages and disadvantages that are associated with the 'reasonableness' of the Buy-Back from the perspective of Shareholders that approve and participate in the Buy-Back.

Advantages to Shareholders that approve and participate in the proposed Buy-Back (i.e., sell all of their PAC shares for cash)

Premium to traded share price

PAC will acquire up to 47.9% of the PAC shares outstanding as part of the proposed Buy-Back.

The Buy-Back Price of AUD 12.00 per PAC share represents a premium of:

- 13.0% to the closing PAC share price of AUD 10.62 on 30 September 2024;
- 9.7% to the one-month VWAP of AUD 10.97 ending on 30 September 2024;
- 10.3% to the three-month VWAP of AUD 10.88 ending on 30 September 2024;
- 13.4% to the six-month VWAP of AUD 10.59 ending on 30 September 2024; and
- 22.0% to the 12-month VWAP of AUD 9.83 ending on 30 September 2024.

Therefore, the Buy-Back Price contains a small premium based on our takeover premium study located at **Appendix F** of this IER.

No transaction costs

Shareholders will be able to exchange their PAC shares for the Buy-Back Price of AUD 12.00 per PAC share of cash without incurring any brokerage costs if the proposed Buy-Back is approved.

The risk exposures mitigated for Shareholders that participate in the Buy-Back

Shareholders that participate in the proposed Buy-Back will no longer be subject to the risk inherent in the business of PAC and the volatility associated with the share price of an ASX listed company. These risks include macroeconomic factors, business and consumer confidence and broader industry cycles. PAC has a number of growth opportunities available, noting that these take time to implement and entail execution risk.

Efficiency compared to other mechanisms for returning surplus capital

The proposed Buy-Back allows the AUD 300.0 million of surplus capital held by PAC to be returned to Shareholders more efficiently compared to other methods, such as an on-market share buy-back. Therefore, the Buy-Back enables Shareholders to benefit sooner from the return of the surplus capital. PAC has indicated that if the proposed Buy-Back is not approved then PAC will consider alternative mechanisms to return surplus capital to Shareholders in an equitable and efficient manner, however, these may take time to formulate and implement.

Disadvantages to Shareholders that approve and participate in the proposed Buy-Back (i.e., sell all of their PAC shares for cash)

Potential capital gains tax consequences

There may be capital gains tax consequences for Shareholders that participate in the proposed Buy-Back.

Unable to participate in the future financial performance and growth of PAC

Shareholders that participate in the Buy-Back will have their PAC shares bought back and cancelled causing them to lose their exposure to the business of PAC and the ability to participate in any further potential upside in the business of PAC.

Advantages to Shareholders that approve and do not participate in the proposed Buy-Back assuming that the Relevant Shareholders do not participate in the proposed Buy-Back

The option to participate in the Buy-Back

Shareholders have the option, but not the obligation, to participate under the terms of the proposed Buy-Back. Shareholders should decide whether they participate based on their own circumstances and, if so, to what extent based on their shareholdings in PAC.

Proportional interest in the equity of PAC will increase

The proportional interest in the equity of PAC held by the Shareholders that do not participate in the proposed Buy-Back will increase as will their voting power and their notional control over PAC.

Disadvantages to Shareholders that approve and do not participate in the proposed Buy-Back assuming that the Relevant Shareholders do not participate in the proposed Buy-Back

Impact on the liquidity of PAC shares traded on the ASX

The liquidity of PAC shares traded on the ASX will likely decrease as the participation in the proposed Buy-Back increases. This decrease in liquidity means that the Shareholders that do not participate in the proposed Buy-Back may incur greater slippage costs – the difference between the expected share price and the actual share price achieved. However, the extent of these slippage costs or decreased liquidity cannot currently be accurately predicted as it is dependent on the participation in the proposed Buy-Back by the individual Shareholders and the Relevant Shareholders.

Impact on the gearing of PAC

The Buy-Back Price will be funded from the existing cash and equivalents held by PAC of up to a maximum of AUD 300 million. PAC and its advisors have assessed the amount of cash that should be retained by PAC for the purposes of investment, debt repayment, general corporate requirements (e.g., working capital and operating flexibility) and potential future tax liabilities.

Table 15 summarises the financial position of PAC and the notional impact of the potential Buy-Back as at 30 September 2024 assuming that the Buy-Back Price totals AUD 300 million.

Table 15: Financial position of PAC and the impact on gearing of the Buy-Back

AUD millions	Reference:	30-Sep-24 Reviewed	Buy-Back Impact	30-Sep-24 Pro-forma
Total assets	**A**	716	(300)	416
Total liabilities	**B**	137	-	137
Net assets	**C**	579	(300)	279
Debt-to-assets ratio	**D = B / A**	**0.19**	**-**	**0.33**
Debt-to-net assets ratio	**E = B / C**	**0.24**	**-**	**0.49**

Source: Table 8 and FTI Consulting analysis.

The debt-to-assets ratio and debt-to-net assets ratio of PAC will increase as a result of the proposed Buy-Back being implemented and the assumed total Buy-Back Price of AUD 300 million being paid in cash. An increase in the debt-to-assets ratio and debt-to-net assets ratio indicates that the leverage of PAC will increase as a result of the proposed Buy-Back being approved and implemented. In this regard we also note that the bank debt of PAC primarily consists of a senior secured debt facility between PAC and WHSP that is cash backed by a security interest to a deposit account of PAC held in a financial institution based in the United States. As such, based on our review, there are likely to be no immediate liquidity concerns with the implementation of the proposed Buy-Back.

The effect of the proposed Buy-Back on control over PAC and the intentions of the Relevant Shareholders

The impact of the proposed Buy-Back on control over PAC will not be known until completion of the Buy-Back, as the extend of participation by the Shareholders and the Relevant Shareholders is currently unknown. The Relevant Shareholders have informed PAC that they intend to vote for the proposed Buy-Back, but have not commented on whether they will or will not participate in the proposed Buy-Back.

If the Shareholders participate and the Relevant Shareholders do not participate, then the proportion of PAC shares, and the notional control over PAC, held by the Relevant Shareholders will increase materially. In this scenario, if the proposed Buy-Back is fully subscribed then the Relevant Shareholders will collectively hold over 93.94% of PAC shares. We note that this will enable two Relevant Shareholders to block a special resolution (e.g., to amend the constitution of PAC or name of PAC) or pass an ordinary resolution (e.g., appoint directors to PAC) where they are eligible to vote. These changes could materially influence the governance and future decision-making processes of PAC.

Advantages to Shareholders that approve and do not participate in the proposed Buy-Back assuming that the Relevant Shareholders participate in the proposed Buy-Back

The option to participate in the Buy-Back

Shareholders have the option, but not the obligation, to participate under the terms of the proposed Buy-Back. Shareholders should decide whether they participate based on their own circumstances and, if so, to what extent based on their shareholdings in PAC.

Proportional interest in the equity of PAC will increase

The proportional interest in the equity of PAC held by the Shareholders that do not participate in the proposed Buy-Back will increase as will their voting power and their notional control over PAC.

Disadvantages to Shareholders that approve and do not participate in the proposed Buy-Back assuming that the Relevant Shareholders participate in the proposed Buy-Back

Impact on the liquidity of PAC shares traded on the ASX

The liquidity of PAC shares traded on the ASX will likely decrease as the participation in the proposed Buy-Back increases. This decrease in liquidity means that the Shareholders that do not participate in the proposed Buy-Back may incur greater slippage costs – the difference between the expected share price and the actual share price achieved. However, the extent of these slippage costs or decreased liquidity cannot currently be accurately predicted as it is dependent on the participation in the proposed Buy-Back by the individual Shareholders and the Relevant Shareholders.

Impact on the gearing of PAC

The debt-to-assets ratio and debt-to-net assets ratio of PAC will increase as a result of the proposed Buy-Back being implemented and the assumed total Buy-Back Price of AUD 300 million being paid in cash. An increase in the debt-to-assets ratio and debt-to-net assets ratio indicates that the leverage of PAC will increase as a result of the proposed Buy-Back being approved and implemented. In this regard we also note that the bank debt of PAC primarily consists of a senior secured debt facility between PAC and WHSP that is cash backed by a security interest to a deposit account of PAC held in a financial institution based in the United States. As such, based on our review, there are likely to be no immediate liquidity concerns with the implementation of the proposed Buy-Back.

Financial benefit that may be received by the Relevant Shareholders from participating in the proposed Buy-Back

In our opinion, the Relevant Shareholders would receive a financial benefit from participating in the Buy-Back (i.e., selling their PAC shares for cash) due to the large amount of PAC shares held by the Relevant Shareholders. The financial benefit arises because the Relevant Shareholders would receive a fixed Buy-Back Price of AUD 12.00 per PAC share from participating in the Buy-Back (i.e., selling their shares for cash) and is advantageous compared to the alternative scenario of the Relevant Shareholders selling down the entirety of their PAC shares on the ASX. Selling such a substantial volume of PAC shares on the ASX would likely cause the share price of PAC to materially decrease as a result of supply temporarily overwhelming the demand for PAC shares.

In this context it is appropriate to apply a 'blockage discount' to account for the opportunity cost associated with the Relevant Shareholders' inability to rapidly and easily liquidate their PAC shares. By participating in the Buy-Back the Relevant Shareholders avoid incurring this 'blockage discount' and receive a certainty of price for their investment in PAC shares. However, the overall value of this particular financial benefit is offset by two other factors associated with the Relevant Shareholders selling down the entirety of their PAC shares on the ASX over an extended time period, being the:

- **Continuing dividend stream:** Based on our analysis the Relevant Shareholders would only be able to sell down the entirety of their PAC shares on the ASX over an multi-year period. During this period we expect that the Relevant Shareholders would continue to receive dividends from their unsold balance of PAC shares. Conceptually, this continuing dividend stream would partially offset the 'blockage discount'.
- **Foregone control premium:** The Relevant Shareholders are acknowledged to individually have 'significant influence' over PAC due to the sizes of their shareholdings in PAC. In this regard River Capital held 22.4%, Perpetual held 15.8% and Regal held 10.7% of the total outstanding shares of PAC. The listed share price of PAC does not incorporate a control premium to reflect this incremental value of the 'significant influence' held by the Relevant Shareholders and, by selling their PAC shares on the ASX, actually represents a financial cost that would be incurred by the Relevant Shareholders. Conceptually, this foregone control premium would partially offset the 'blockage discount'.

RG 111.57 states that a proposed related party transaction is 'fair' if the value of the financial benefit (i.e., the Buy-Back Price of AUD 12.00 per PAC share) to be provided by the entity (i.e., PAC) to the related parties (i.e., the Relevant Shareholders) is equal to or less than the value of the consideration being provided to the entity (i.e., the PAC share). As such, in forming our opinion, we have considered whether the Buy-Back Price of AUD 12.00 per PAC share is less than or equal to the fair value of a PAC share held by the Relevant Shareholders as related parties with 'significant influence' inclusive of a 'blockage discount'.

Table 16 summarises our estimate of the financial benefit that maybe received by the Relevant Shareholders that participate in the proposed Buy-Back.

Table 16: Estimated financial benefit that may be received by the Relevant Shareholders that participate in the Buy-Back

AUD	Reference:	Low value	High value
Fair value per share (minority interest basis) (CFME method)	A	9.0831	11.7698
1. 'Blockage discount'	B1	(3.0833)	(1.4806)
2. Continuing dividend stream	B3	2.7650	1.3277
3. Control premium for 'significant influence'	B2	0.4542	-
Fair value per share (Relevant Shareholders before the proposed Buy-Back)	**C = A + B#**	**9.2190**	**11.6169**
Buy-Back Price of AUD 12.00 per PAC share	D	12.0000	12.0000
Financial benefit received by the Relevant Shareholders	**E = D - C**	**2.7810**	**0.3831**
Financial benefit received by the Shareholders that participate in the Buy-Back	**F = D - A**	**2.9169**	**0.2302**

Source: ***Appendix G***

Based on Table 16, in our opinion, we have determined that the financial benefit that may be received by the Relevant Shareholders that participate in the proposed Buy-Back is 'not fair' in accordance with RG 111, but it is 'reasonable'.

In our view, it is critical for Shareholders to be aware that the Shareholders and the Relevant Shareholders will receive the same Buy-Back Price of AUD 12.00 per PAC share. Accordingly, the financial benefit that will be received by the Relevant Shareholders that participate in the proposed Buy-Back does not exceed the Buy-Back Price of AUD 12.00 per PAC share. Rather, the financial benefit that will be received by the Relevant Shareholders that participate in the proposed Buy-Back represents a subset of the Buy-Back Price of AUD 12.00 per PAC share that the Shareholders stand to receive from participating in the proposed Buy-Back.

Further, the financial benefit that may be received by the Relevant Shareholders is within the range of the financial benefit that may be received by the Shareholders. As such, based on our review, there is no transfer of value from PAC to the Relevant Shareholders over and above the transfer of value from PAC to the Shareholders as a result of the proposed Buy-Back.

Further details of our estimate of the financial benefit that may be received by the Relevant Shareholders from participating in the proposed Buy-Back are summarised in **Appendix G** of this IER.

Other factors relating to the Buy-Back

PAC Board and independent director recommendation

In the Notice of Meeting the PAC Board, and the independent directors Joanne Dawson and Gilles Guérin, state that they recommend that Shareholders vote in favour of the resolution to approve the proposed Buy-Back.

Potential removal of the 'blocking stakes' held by the Relevant Shareholders that participate in the Buy-Back

The Relevant Shareholders individually hold significant interests in PAC shares (Regal holds 10.7%, Perpetual holds 15.8% and River Capital holds 22.4% of the total issued shares of PAC). These significant interests in PAC give the Relevant Shareholders the ability to block any potential takeover offers. Participation in the proposed Buy-Back by the Relevant Shareholders could reduce their proportional interests below 10.0% threshold, resulting in the loss of this blocking power and potentially exposing PAC to future takeover bids that may or may not align with the interests of Shareholders. For example, GQG's non-binding proposal to acquire PAC for $11.00 per share on 1 November 2023 failed to progress due to the opposition of River Capital. Based on our enquiries, the strategy pursued by PAC could shift towards capital-light investments or lift-out investment opportunities instead of full-scale acquisitions in the absence of PAC needing to obtain the approval of the Relevant Shareholders.

7.3 Conclusion on the Buy-Back

In our opinion:

- the proposed Buy-Back is 'fair' and, as a result, the proposed Buy-Back is also 'reasonable' to Shareholders that approve and participate in the Buy-Back (i.e., sell their PAC shares for cash); and
- the Relevant Shareholders would receive a financial benefit from participating in the Buy-Back that is 'not fair'[42] to PAC (and the Shareholders), but it is 'reasonable'.

In our view, it is critical for Shareholders to be aware that the Shareholders and the Relevant Shareholders will receive the same Buy-Back Price of AUD 12.00 per PAC share. Accordingly, the financial benefit that will be received by the Relevant Shareholders that participate in the proposed Buy-Back does not exceed the Buy-Back Price of AUD 12.00 per PAC share. Rather, the financial benefit that will be received by the Relevant Shareholders that participate in the proposed Buy-Back

[42] That is, the Buy-Back Price of AUD 12.00 per PAC is more than the fair value of a PAC share held by the Relevant Shareholders as related parties having 'significant influence'

represents a subset of the Buy-Back Price of AUD 12.00 per PAC share that the Shareholders stand to receive from participating in the proposed Buy-Back.

Further, the financial benefit that may be received by the Relevant Shareholders is within the range of the financial benefit that may be received by the Shareholders. As such, based on our review, there is no transfer of value from PAC to the Relevant Shareholders over and above the transfer of value from PAC to the Shareholders as a result of the proposed Buy-Back.

8. Limitations and Disclosures

8.1 Qualifications

FTI Consulting is an Australian Financial Services authorised representative (No. 001269325) under the Act and the Senior Managing Director signing this IER is qualified to provide this IER. FTI Consulting provides a range of corporate advisory services and has advised on numerous takeovers, valuations, acquisitions and restructures.

This IER is prepared by Fiona Hansen, B Com, Hon Acc Science, FCA, CA(SA), CA accredited Business Valuations Specialist and a Senior Managing Director at FTI Consulting and head of the Valuation Advisory practice in Melbourne. Fiona has over 30 years of experience in corporate finance, providing valuation advice and preparing independent expert's reports.

Fiona has been assisted by qualified and experienced valuation professional staff of FTI Consulting.

John Dowell is a Managing Director at FTI Consulting and is responsible for the review of this IER and its calculations for quality assurance purposes. John has over 30 years of experience in corporate finance and preparing and reviewing transaction-oriented valuations for private and publicly listed companies including independent expert's reports for IPOs and secondary market activity. John was previously a senior partner at Grant Thornton Australia heading the corporate finance practice. John holds a Bachelor of Commerce from Monash University.

Jonathan McLean is a Senior Director at FTI Consulting and is responsible for the day-to-day management of this engagement, including undertaking the valuation and drafting the IER. Jonathan specialises in independent expert's reports for transactions and expert witness reports for litigation purposes. Jonathan holds a Bachelor of Business (Banking and Finance) and is a CFA Charterholder.

8.2 Disclaimers

The Directors have engaged FTI Consulting to prepare this IER stating our opinion as to whether the Buy-Back is 'fair' and/or 'reasonable' to the Shareholders and to set out our reasons for that opinion to assist Shareholders in their decision of whether to approve the Buy-Back. This IER will form a part of the Notice of Meeting that is to be sent to Shareholders. This IER has not been prepared for any other purpose or for use by any other person.

Approval of the Buy-Back is a consideration for the Shareholders based on their expectations of various factors including the value and future prospects of PAC, the terms of the Buy-Back, market conditions and their particular circumstances including their risk profile, liquidity preference, portfolio strategy and tax position. Shareholders should carefully consider the Notice of Meeting in its entirety. Shareholders who are in doubt as to the action they should take in relation to the Buy-Back should consult their professional advisers.

FTI Consulting does not accept any responsibility to any person other than the Directors and Shareholders for the use of this IER outside the stated purpose without the written consent of FTI Consulting. Except in accordance with the stated purpose, no extract, quote or copy of this IER, in whole or in part, should be reproduced without our prior written consent as to the form and context in which it may appear.

The numbers presented throughout this IER in tables might not match back to source documents or manually add up due to rounding.

8.3 Current market conditions

Our opinion is based on the economic, market and other conditions that prevailed at the date of this IER. These economic, market and other conditions can change significantly over relatively short periods of time and changes in these conditions may result in a valuation or a dependent opinion becoming quickly out dated and in need of revision. FTI Consulting reserves the right to revise any valuation or other opinion in light of material information that existed at the date of this IER that subsequently becomes known to FTI Consulting.

8.4 Currency

All references to '$' and 'dollars' are references to Australian dollars unless stated otherwise.

8.5 Independence

Prior to accepting this engagement, FTI Consulting considered its independence with respect to the Buy-Back in view of RG 112 and APES 110 Code of Ethics for Professional Accountants (including Independent Standards). We concluded that there are no conflicts of interest with respect to PAC or the Buy-Back.

In 2023 FTI Consulting provided forensic accounting services to assist the legal advisors of PAC in relation to a dispute that originated in 2014. This service is not connected to or in any way related to the Buy-Back and we do not consider this work to pose a conflict of interest. FTI Consulting has not provided any strategic or operational decisions or planning related services or advice to PAC.

FTI Consulting has had no involvement with, or interest in, the outcome of the approval of the Buy-Back other than this IER prepared for the benefit of the Shareholders. We are not aware of any matter or circumstance that would preclude us from preparing this IER on the grounds of independence under either regulatory or professional requirements.

FTI Consulting is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this IER. Except for these fees, FTI Consulting will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this IER. The payment of this fee is in no way contingent upon the success or failure of the Buy-Back.

8.6 Consents

FTI Consulting consents to the issuance of this IER in the form and context in which it has been included in the Notice of Meeting. Apart from this IER, FTI Consulting is not responsible for the contents of the Notice of Meeting, or any other document or announcement associated with the Buy-Back. FTI Consulting acknowledges that this IER may be lodged with regulatory bodies.

8.7 Reliance on information

The statements and opinions contained in this report are given in good faith and are based upon FTI Consulting's consideration and assessment of information provided by PAC and their advisors. FTI Consulting believes the information provided to be reliable, complete and not misleading, and we have no reason to believe that any material facts have been withheld. The information provided has been evaluated through analysis, inquiry and review for the purpose of forming our opinion.

The procedures adopted by FTI Consulting in forming our opinion may have involved an analysis of financial information and accounting records. This did not include verification work nor constitute an audit or review in accordance with Australian auditing and Assurance Standards and consequently does not enable us to become aware of all significant matters that might be identified in an audit or review. Accordingly, we do not express an audit or review opinion.

It was not FTI Consulting's role to undertake, and FTI Consulting has not undertaken, any commercial, technical, financial, legal, taxation or other due diligence, or other similar investigative activities in respect of the Buy-Back. FTI Consulting understands that the Directors have been advised by legal, accounting and other appropriate advisors in relation to such matters as necessary. FTI Consulting does not provide any warranty or guarantee as to the existence, extent, adequacy, effectiveness and/or completeness of any due diligence or other similar investigative activities by the Directors and/or their advisors. An opinion as to whether a corporate transaction is fair and reasonable is in the nature of an overall opinion, rather than an audit or detailed investigation and it is in this context that FTI Consulting advises that it is not in a position, nor is it practical for FTI Consulting, to undertake a detailed investigation or extensive verification exercise.

It is understood that, except where noted, the accounting information provided to FTI Consulting was prepared in accordance with generally accepted accounting principles (including adoption of Australian equivalents to International Financial Reporting Standards) and prepared in a manner consistent with the method of accounting used by PAC in previous accounting periods.

9. APPENDIX A: Glossary of terms

Term	Definition
$ or AUD	Australian dollar
Abacus	Abacus Life, Inc.
Act	Corporations Act 2001 (Cth)
AFCA	Australian Financial Complaints Authority
AFS	Australian Financial Services
APES 225	Accounting Professional & Ethical Standards Board Limited professional standard APES 225 Valuations Services
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange Limited
Buy-Back	The proposed off-market equal access share buy-back of up to 25,000,000 PAC shares at a price of AUD 12.00 per PAC share.
Buy-Back Price	Cash of AUD 12.00 per PAC share
Carlisle	Carlisle Management Company S.C.A
CAGR	Compounded annual growth rate
CFME	Capitalisation of future maintainable earnings method
DCF	Discounted cash flow method
Directors	The directors of PAC
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EGM	The Extraordinary General Meeting to be held on 30 January 2025 at 10.00am in the Executive Room of The Westin at 205 Collins Street, Melbourne VIC 3000.
Free Float	The number of shares that are readily and freely tradable in the secondary market
FSG	Financial Services Guide
FTI Consulting	FTI Consulting (Australia) Pty Ltd ACN 160 397 811 AFSL Authorised Representative # 001269325
FUM	Funds under management
FY	Financial year ended or ending 30 June
GQG	GQG Partners Inc.
IER	Independent Expert's Report
IPO	Initial public offering
IVSC	International Valuation Standards Council
LR 10.1	ASX Listing Rule 10.1
Management	The management of PAC
NA	Net assets method

Term	Definition
Notice of Meeting	The Notice of Meeting issued to Shareholders by PAC that details all relevant information within the knowledge of the Directors that has not previously been disclosed that is material to the decision of the Shareholders when considering whether to approve the Buy-Back
NPAT	Net profit after tax
NPAT Forecast	PAC's statutory NPAT forecast for FY25
NPBT	Net profit before tax
PAC	Pacific Current Group Limited
PAC Board	The board of directors of PAC
P/E	Price-to-Earnings
Pennybacker	Pennybacker Capital Management, LLC
Perpetual	Perpetual Limited
QMP	Quoted market price
Regal	Regal Partners Limited
Relevant Shareholders	The three largest shareholders of PAC, River Capital Pty Ltd, Perpetual Limited and Regal Partners Limited.
River Capital	River Capital Pty Ltd
RG 110	Regulatory Guide 110: *Share buy-backs*
RG 111	Regulatory Guide 111*: Content of Expert Reports*
RG 112	Regulatory Guide 112: *Independence of experts*
Shareholders	The shareholders of PAC
USD	United States dollar
Valuation Date	30 September 2024
Victory Park	Victory Park Capital Advisors, LLC
VWAP	Volume Weighted Average Price
WHSP	Washington H. Soul Pattinson and Company Limited
YTD	Three months ended 30 September 2024

10. APPENDIX B: SOURCE OF INFORMATION

We have been provided with or considered the following information in preparing this IER:

- Accounting Professional & Ethical Standards Board Limited professional standard APES 225 'Valuation Services' January 2024
- Accounting Professional & Ethical Standards Board Limited professional standard APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' June 2023
- ASIC guidance notes and regulatory guides as applicable, including RG 110, RG 111 and RG 112
- Information sourced from S&P Capital IQ and Connect 4
- Valuation standards provided by the International Valuation Standards Council
- Consolidated audited financial statements of PAC for the period FY22, FY23, FY24 and reviewed interim financial statements for three months ending 30 September 2024
- Forecast financial information for FY25
- Corporate structure, debt and equity related documentation
- The shareholder agreement of PAC
- Internal valuations of the investments held by PAC as at 30 June 2024 and 30 September 2024
- A share registry extract summarising the top 20 shareholders of PAC shares
- Information on shares held by the Relevant Shareholders
- Various ASX announcements of PAC
- Various equity analyst reports
- BCG Global Asset Management Report 2024
- IBISWorld: Funds Management Services in Australia Report released June 2024

We have also had discussions with Management and the advisors of PAC.

11. APPENDIX C: VALUATION METHODOLOGIES

RG 111 sets out the valuation methodologies that a valuer should generally consider when valuing businesses or securities for the purposes of transactions including share capital returns, selective capital reductions, schemes of arrangement, takeovers and prospectuses.

These valuation methodologies include the:

- DCF method;
- CFME method;
- NA method;
- QMP method[43]; and
- any recent genuine offers received by the target for the entire business[44].

Each of these valuation methodologies fall within one of three valuation approaches being the income approach, market approach and asset approach.

These three valuation approaches and their subset valuation methodologies are discussed in further detail below.

Income approach

An income approach based valuation methodology provides an indication of value by converting the cash flows or earnings generated by the asset into a single risk and time adjusted value. The income approach includes the:

- DCF method; and the
- CFME method.

DCF method

The DCF method assesses the value of asset by discounting the future cash flows generated by an asset to a present value by applying an appropriate discount rate.

This discount rate reflects the time value of money and the inherent risk of the asset being valued.

A terminal value may be incorporated where an asset is assumed to have an infinite life reflecting the value beyond the end of an explicit forecast cash flow period.

The DCF method is appropriate where sufficiently long term and robust forecast cash flows are available, including assets with a finite life or volatile future cash flows.

CFME method

The CFME method estimates the value of an asset based on its future maintainable earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from the share prices of comparable listed companies and/or transactions involving comparable companies. The CFME method is appropriate where there is an established history of stable earnings and there is an expectation to continue trading as a going concern.

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[43] For listed securities when there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value, should 100% of the securities be available for sale
[44] Or any business units or assets as a basis for valuation of those business units or assets

Market approach

A market approach based valuation methodology provides an indication of value by comparing the asset with identical or similar assets for which price information is available. The market based approach includes the following valuation methodologies:

- QMP method;
- P/E multiple method; and
- industry specific methods.

The QMP method involves an analysis of the recent share trading history of a listed company, adjusted to reflect a 100% interest in the equity of the listed company, and can provide an indication of value where the market is active and liquid. However, the QMP method is ordinarily as a cross check to other valuation methodologies or where the circumstances prevent the use of another valuation methodology.

The P/E multiple method estimates the 100% interest in the equity of a company by applying an appropriate P/E multiple to the NPAT of the company and tends to be applied in circumstances where the subject company has a material amount of other income from dividends or investments that are operating in nature. An appropriate earnings multiple is derived from the share prices of comparable listed companies and/or transactions involving comparable companies.

Industry specific methods estimate the value using rules of thumb for a particular industry. Generally, rules of thumb provide less persuasive evidence of the value of an asset than other valuation methodologies because they do not account for company specific factors and are typically only used as a cross check.

Asset approach

An asset approach based valuation methodology provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost incurred to obtain an asset of equal utility through purchase or construction. The asset approach includes the following valuation methodologies:

- orderly realisation of assets;
- liquidation of assets; and
- net assets on a going concern basis.

The orderly realisation of assets method estimates the value of the net assets by estimating the amount that would be distributed to its shareholders after the payment of all liabilities are satisfied including realisation costs and taxation, assuming that the company is wound up in an orderly manner.

The liquidation of assets method is similar to the orderly realisation of assets method except that the liquidation method assumes that the assets are sold in a shorter timeframe. Since wind up or liquidation of the company may or may not be contemplated, this method in its strictest form may not be necessarily appropriate.

The net assets on a going concern basis estimates the value of the net assets of the company but does not take into account realisation costs. The net asset value of a company trading as a going concern will generally provide the lowest possible value for the business. The difference between the value of the company's identifiable net assets (including identifiable intangibles) and the value obtained by capitalising earnings is attributable to goodwill.

The assets based methods are relevant where a company is making sustained losses or profits but at a level less than the required rate of return, where it is close to liquidation, where it is a holding company, or where all its assets are liquid. It is also relevant to businesses which are being segmented and divested and to value assets that are surplus to the core operating business.

The net realisable assets method is also used as a cross check for the values derived using other methods.

12. APPENDIX D: POTENTIALLY COMPARABLE LISTED COMPANIES

Table 17: Potentially comparable listed company descriptions

Listed company	Description
Pacific Current Group Limited	**Pacific Current Group Limited engages in multi-boutique asset management business worldwide. It manages assets for institutional and individual clients. The company was formerly known as Treasury Group Ltd and changed its name to Pacific Current Group Limited in October 2015. Pacific Current Group Limited is based in Melbourne, Australia.**
Australian Investment Managers:	
Australian Ethical Investment Limited	Australian Ethical Investment Ltd is a publicly owned investment manager. The firm launches and manages equity, fixed income, and balanced mutual funds for its clients. It invests in the public equity and fixed income markets across the globe. The firm invests in education, energy, electricity transmission & distribution, government, health & wellbeing, food production, telecommunications, transport, recycling and waste management, sustainable products & materials, Information technology, software and professional services, media, property, recreation financial services. The firm employs fundamental analysis to create its portfolios. Australian Ethical Investment Ltd was founded in 1986 and is based in Sydney, Australia.
GQG Partners Inc.	GQG Partners Inc. operates as a boutique asset management company worldwide. It manages equity portfolios for investors, including insurance funds, pension/superannuation funds, sovereign wealth funds, ultra high net worth investors, sub advised funds, financial advisors, wealth management administration platforms, private banks, and other discretionary wealth managers. The company was founded in 2016 and is headquartered in Fort Lauderdale, Florida. GQG Partners Inc. is a subsidiary of QVFT LLC.
HMC Capital Limited	HMC Capital Limited, together with its subsidiaries, owns and manages real estate focused funds in Australia. It invests in high conviction and scalable real asset on behalf of individuals, large institutions, and super funds. The company was formerly known as Home Consortium Limited. HMC Capital Limited was incorporated in 2009 and is headquartered in Sydney, Australia.
MA Financial Group Limited	MA Financial Group Limited, together with its subsidiaries, provides various financial services in Australia. It operates through Asset Management, Lending & Technology, and Corporate Advisory and Equities segments. The Asset Management segment specializes in private credit, real estate, hospitality, unique operating assets and private equity, and venture capital; and manages traditional asset classes including equities, bonds, and cash for wholesale, retail, and institutional investors. MA Financial Group Limited was founded in 2009 and is based in Sydney, Australia.
Magellan Financial Group Limited	Magellan Financial Group Limited is a publicly owned investment manager. It invests in global equities and global listed infrastructure markets across the globe. Magellan Financial Group Limited founded in 2004 and is based in Sydney, Australia.
Navigator Global Investments Limited	HFA Holdings Limited operates as a fund management company in Australia. The company, through its subsidiaries, offers open-ended products and structured products to retail, wholesale, and institutional investors. HFA Holdings is based in Sydney, Australia.

Listed company	Description
Perpetual Limited	Perpetual Limited is a publicly owned investment manager. The firm offers a range of financial products and services in Australia. The company provides funds management, portfolio management, financial planning, trustee, responsible entity and compliance services, executor services, investment administration and custody services, and mortgage processing services. It offers investment capabilities across a range of asset classes, including Australian and global equities, mortgages, cash and fixed interest, and Australian listed property. The company is based in Sydney, Australia.
Pinnacle Investment Management Group Limited	Pinnacle Investment Management Group Limited operates as an investment management company in Australia. The company offers third party distribution, and fund infrastructure and support services to its affiliates and various investment managers. It also operates as a corporate trustee and responsible entity for retail and wholesale investment trusts. The company was formerly known as Wilson Group Limited and changed its name to Pinnacle Investment Management Group Limited in August 2016. Pinnacle Investment Management Group Limited was founded in 1895 and is based in Sydney, Australia with additional offices in Brisbane, Australia, Melbourne, Australia, and London, United Kingdom.
Platinum Investment Management Limited	Platinum Investment Management Limited is a publicly owned hedge fund sponsor. It primarily provides its services to pooled investment vehicles, pension and profit sharing plans, corporations. The firm is a large advisory firm which provides portfolio management for pooled investment vehicles, portfolio management for businesses or institutional clients. The firm is actively engaged in businesses, including commodity pool operator or commodity trading advisor. The firm also manages equity portfolios. It invests in derivatives, cash, shares, government bonds, and real estate. It employs bottom-up stock selection methodology to create its portfolio. The firm obtains external research to complement its in-house research. The firm was formerly known as Platinum Asset Management Ltd. Platinum Investment Management Limited is based in Sydney, Commonwealth of Australia.
Qualitas Limited	Qualitas is a real estate investment firm which focuses on direct investment in all real estate classes and geographies, acquisitions and restructuring of distressed debt, third party capital raisings and consulting services. It seeks to provide bridge loans in the major markets of the Australian east coast, and particularly the medium and high density residential development sector. Qualitas is based in Melbourne, Australia with an additional office in Sydney, Australia. It operates as a subsidiary of Qualitas Group.
Regal Partners Limited	Regal Partners Limited is a privately owned hedge fund sponsor. The firm invests in the public equity and hedging markets across the globe with a focus on Australia. It employs market neutral and absolute return strategies to make its investments. The firm also employs fundamental analysis along with bottom up stock picking approach to create its portfolios. Regal Partners Limited was founded in 2004 and is based in Sydney, Australia.
North American Investment Managers:	
Affiliated Managers Group, Inc.	Affiliated Managers Group, Inc., through its affiliates, operates as an investment management company providing investment management services to mutual funds, institutional clients, retails and high net worth individuals in the United States. It provides advisory or sub-advisory services to mutual funds. These funds are distributed to retail, high net worth and institutional clients directly and through intermediaries, including independent investment advisors, retirement plan sponsors, broker-dealers, major fund marketplaces, and bank trust departments. The company also offers investment products in various investment styles in the institutional distribution channel, including small, small/mid, mid, and large capitalization value and growth equity, and emerging markets. In addition, it offers quantitative, alternative, and fixed income products, and manages assets for foundations and endowments, defined benefit, and defined contribution plans for corporations and municipalities.

Listed company	Description
AllianceBernstein Holding L.P.	AllianceBernstein Holding L.P. is a publicly owned investment manager. The firm primarily invests in common and preferred stocks, warrants and convertible securities, government and corporate fixed-income securities, commodities, currencies, real estate-related assets and inflation-protected securities. The firm employs quantitative analysis along with long-term purchases, short-term purchases, trading, short sales, margin transactions, option strategies including writing covered options, uncovered options and spread strategies to make its investments. The firm obtains external research to complement its in-house research. The firm was formerly known as Alliance Capital Management Holding LP. AllianceBernstein Holding L.P. was founded in 1967 and is based in Nashville,Tennessee.
Artisan Partners Asset Management Inc.	Artisan Partners Asset Management Inc. is publicly owned investment manager.. It manages separate client-focused equity and fixed income portfolios. The firm invests in the public equity and fixed income markets across the globe. It invests in growth and value stocks of companies across all market capitalization. For fixed income component of its portfolio the firm invests in non-investment grade corporate bonds and secured and unsecured loans. It employs fundamental analysis to create its portfolios. Artisan Partners Asset Management Inc. was founded in 1994 and is based in Milwaukee, Wisconsin with additional offices in Atlanta, Georgia; New York City; San Francisco, California; Leawood, Kansas; and London, United Kingdom.
BrightSphere Investment Group Inc.	BrightSphere Investment Group Inc. is a publically owned asset management holding company. The firm invests in public equity, fixed income, and alternative investment markets through its subsidiaries. The firm was founded in 1980 is based Boston, Massachusetts. It was formally known as BrightSphere Investment Group plc. BrightSphere Investment Group Inc. was formed in 1980 and is based in Boston, Massachusetts.
Cohen & Steers, Inc.	Cohen & Steers, Inc. is a publicly owned asset management holding company.. It manages separate client-focused equity, fixed income, multi-asset, and commodity portfolios through its subsidiaries. The firm launches and manages equity, fixed income, balanced, and multi-asset mutual funds through its subsidiaries. Through its subsidiaries, it also launches and manages hedge funds. The firm invests in public equity, fixed income, and commodity markets across the globe through its subsidiaries. Through its subsidiaries, it invests in companies operating in the real estate sector, including real estate investment trusts, infrastructure sector, and natural energy resources sector for its equity and fixed income investments. The firm also invests in preferred securities for its fixed income investments through its subsidiaries. The firm is a leading global investment manager specializing in real assets and alternative income, including real estate, preferred securities, infrastructure, resource equities, commodities, as well as multi-strategy solutions. Cohen & Steers, Inc. was founded in 1986 and is based in New York.
Diamond Hill Investment Group, Inc.	Diamond Hill Investment Group, Inc., through its subsidiary, Diamond Hill Capital Management, Inc., provides investment advisory and fund administration services in the United States. It offers investment advisory and related services to clients through pooled vehicles, such as private fund; separately managed accounts; collective investment trusts; and other pooled vehicles, including sub-advised funds and model delivery programs. Diamond Hill Investment Group, Inc. was incorporated in 1990 and is based in Columbus, Ohio.
Federated Hermes, Inc.	Federated Hermes, Inc. is a publicly owned investment manager. Through its subsidiaries, the firm invests in the public equity and fixed income markets across the globe. It invests in growth and value stocks of small-cap, mid-cap, and large-cap companies. The firm makes its fixed income investments in ultra-short, short-term, and intermediate-term mortgage-backed, U.S. Government, U.S. corporate, high yield, and municipal securities. It employs both fundamental and quantitative analysis to make its equity investments. Federated Hermes, Inc. was founded in 1955 and is based in Pittsburgh, Pennsylvania with additional offices in New York City and London, United Kingdom.

Listed company	Description
Franklin Resources, Inc.	Franklin Resources, Inc. is a publicly owned asset management holding company. It launches equity, fixed income, balanced, and multi-asset mutual funds through its subsidiaries. The firm invests in the public equity, fixed income, and alternative markets. Franklin Resources, Inc. was founded in 1947 and is based in San Mateo, California with an additional office in Calgary, Canada; Dubai, United Arab Emirates; Edinburgh, United Kingdom; Fort Lauderdale, United States; Hyderabad, India; London, United Kingdom; Rancho Cordova, United states; Shanghai, China; Singapore; Stamford, United States; and Vienna, Austria.
GCM Grosvenor Inc.	GCM Grosvenor Inc. is global alternative asset management solutions provider. The firm invests in equity and alternative investment markets of the United States and internationally. The firm invests in multi-strategy, credit-focused, equity-focused, macro-focused, commodity-focused, and other specialty portfolios. It focuses in hedge fund asset classes, private equity, real estate, and/or infrastructure, credit and absolute return strategies. It also focuses in primary fund investments, secondary fund investments, and co-investments with a focus on buyout, distressed debt, mezzanine, venture capital/growth equity investments. The firm seeks to do seed investments in small, emerging, and diverse private equity firms. The firm seeks to make regionally-focused investments in middle-market buyout. It prefers to invest in aerospace and defense, advanced electronics, information technology, biosciences, and advanced materials. It focuses on Ohio and the Midwest region. The firm employs fundamental and quantitative analysis. GCM Grosvenor Inc. was founded in 1971 and is based in Chicago, Illinois with additional offices in North America, Asia, Australia and Europe.
Invesco Ltd.	Invesco Ltd. is a publicly owned investment manager. The firm launches equity, fixed income, commodity, multi-asset, and balanced mutual funds for its clients. It launches equity, fixed income, multi-asset, and balanced exchange-traded funds. The firm also launches and manages private funds. It invests in the public equity and fixed income markets across the globe. The firm also invests in alternative markets, such as commodities and currencies. For the equity portion of its portfolio, it invests in growth and value stocks of large-cap, mid-cap, and small-cap companies. For the fixed income portion of its portfolio, the firm invests in convertibles, government bonds, municipal bonds, treasury securities, and cash. It also invests in short term and intermediate term bonds, investment grade and high yield bonds, taxable and tax-free bonds, senior secured loans, and structured securities such as asset-backed securities, mortgage-backed securities, and commercial mortgage-backed securities. The firm employs absolute return, global macro, and long/short strategies. It employs quantitative analysis to make its investments. The firm was formerly known as Invesco Plc, AMVESCAP plc, Amvesco plc, Invesco PLC, Invesco MIM, and H. Lotery & Co. Ltd. Invesco Ltd. was founded in 1935 and is based in Atlanta, Georgia with an additional office in Hamilton, Bermuda.
Janus Henderson Group plc	Janus Henderson Group plc is an asset management holding entity. The firm manages separate client-focused equity and fixed income portfolios. The firm also manages equity, fixed income, and balanced mutual funds for its clients. It invests in public equity and fixed income markets, as well as invests in real estate and private equity. Janus Henderson Group plc was founded in 1934 and is based in London, United Kingdom with additional offices in Jersey, United Kingdom and Sydney, Australia.
P10, Inc.	P10, Inc., together with its subsidiaries, operates as a multi-asset class private market solutions provider in the alternative asset management industry in the United States. The company's portfolio of private solutions includes private equity, venture capital, impact investing, and private credit, as well as primary fund of funds, secondary investment, and direct and co-investments services. P10, Inc. was founded in 1992 and is headquartered in Dallas, Texas.

Listed company	Description
T. Rowe Price Group, Inc.	T. Rowe Price Group, Inc. is a publicly owned investment manager. The firm provides its services to individuals, institutional investors, retirement plans, financial intermediaries, and institutions. It launches and manages equity and fixed income mutual funds. The firm invests in the public equity and fixed income markets across the globe.
The Carlyle Group Inc.	The Carlyle Group Inc. is an investment firm specializing in direct and fund of fund investments. Within direct investments, it specializes in management-led/ Leveraged buyouts, privatizations, divestitures, strategic minority equity investments, structured credit, global distressed and corporate opportunities, small and middle market, equity private placements, consolidations and buildups, senior debt, mezzanine and leveraged finance, and venture and growth capital financings, seed/startup, early venture, emerging growth, turnaround, mid venture, late venture, PIPES.
The RMR Group Inc.	The RMR Group Inc., through its subsidiary, The RMR Group LLC, provides asset management services in the United States. The company offers management services to its four publicly traded real estate investment trusts, two real estate operating companies, and private capital vehicles. It also provides advisory services to publicly traded mortgage real estate investment trust. The company was formerly known as REIT Management & Research Inc. and changed its name to The RMR Group Inc. in October 2015. The RMR Group Inc. was founded in 1986 and is headquartered in Newton, Massachusetts.
TPG Inc.	TPG Inc. operates as an alternative asset manager in the United States and internationally. The company offers investment management services to TPG Funds, limited partners, and other vehicles. It also offers monitoring services to portfolio companies; advisory, debt and equity arrangement, and underwriting and placement services; and capital structuring and other advisory services to portfolio companies. In addition, the company invests in private equity funds, real estate funds, hedge funds, and credit funds. TPG Inc. was founded in 1992 and is based in Fort Worth, Texas. The company operates as a subsidiary of TPG GP A, LLC.
Victory Capital Holdings, Inc.	Victory Capital Holdings, Inc., together with its subsidiaries, operates as an asset management company in the United States and internationally. It offers investment advisory, fund administration, fund compliance, fund transfer agent, fund distribution, and other management services. The company provides specialized investment strategies to institutions, intermediaries, retirement platforms, and individual investors. Its investment products include actively and passively managed mutual funds; rules-based and active exchange traded funds; institutional separate accounts; variable insurance products; alternative investments; and private closed-end funds; and a 529 Education Savings Plan. Victory Capital Holdings, Inc. was incorporated in 2013 and is based in San Antonio, Texas.
Virtus Investment Partners, Inc.	Virtus Investment Partners, Inc. is a publicly owned investment manager. It launches separate client focused equity and fixed income portfolios. The firm launches equity, fixed income, and balanced mutual funds for its clients. It invests in the public equity, fixed income, and real estate markets. The firm also invests in exchange traded funds. It employs a multi manager approach for its products. The firm employs quantitative analysis to make its investments. It benchmarks the performance of its portfolios against the S&P 500 Index. The firm conducts in-house research to make its investments. Virtus Investment Partners, Inc. was founded in 1995 and is based in Hartford, Connecticut.
Westwood Holdings Group, Inc.	Westwood Holdings Group, Inc., through its subsidiaries, manages investment assets and provides services for its clients. The company operates in two segments, Advisory and Trust. The Advisory segment provides investment advisory services to corporate retirement plans, public retirement plans, endowments, foundations, individuals, and the Westwood Funds; and investment sub-advisory services to mutual funds, pooled investment vehicles, and its Trust segment. The Trust segment offers trust and custodial services; and participates in common trust funds that it sponsors to institutions and high net worth individuals. Westwood Holdings Group, Inc. was founded in 1983 and is based in Dallas, Texas.

Listed company	Description
European Developed Markets Investment Managers:	
abrdn plc	abrdn plc provides asset management services in the United Kingdom, Europe, North America, and Asia. The company offers investment solutions and funds; long-term savings and investment products to individual and corporate customers; and life insurance and savings products. It provides its products through institutional, wholesale, and retail distribution channels. It also makes real estate investments. The company was formerly known as Standard Life Aberdeen plc. abrdn plc was founded in 1825 and is headquartered in Edinburgh, United Kingdom.
Ashmore Group Plc	Ashmore Group plc is a publicly owned investment manager. The firm primarily provides its services to retail and institutional clients. It manages separate client-focused equity and fixed income portfolios. The firm also launches and manages equity and fixed income mutual funds for its clients. It invests in the public equity and fixed income markets in emerging markets across the globe. The firm employs combination of fundamental analysis to make its investments. Ashmore Group Plc was founded in 1992 and is based in London, United Kingdom.
Bridgepoint Group plc	Bridgepoint Group plc is a private equity and private credit firm specializing in middle market, small mid cap, small cap, growth capital, buyouts investments, syndicate debt, infrastructure, direct lending and credit opportunities in private credit investments.
CapMan Oyj	CapMan Oyj is a leading Nordic private assets management and investment firm with an active approach to value creation and private equity and venture capital firm specializing in growth capital investments, industry consolidation, turnaround, recapitalization, middle market buyouts, credit and mezzanine financing in unquoted companies, investments in value-add and income focused real estate, and investments in energy, transportation, and telecommunications infrastructure. The firm manages typically closed-end funds that invest in companies and assets based in the Nordic countries in accordance with the fund's strategy. Within private equity it seeks to take both minority and majority stakes in its investment portfolios. The funds typically exit their investments in three to six years through trade sales and IPOs. The firm also manages some open-ended funds. CapMan Oyj was founded in 1989 and is based in Helsinki, Finland with additional offices in Europe. CapMan Oyj is listed on Nasdaq Helsinki since 2001 and is a signatory of the UN Principles for Responsible Investment (PRI) since 2012.
Foresight Group Holdings Limited	Foresight Group Holdings Limited operates as an infrastructure and private equity manager in the United Kingdom, Italy, Luxembourg, Ireland, Spain, and Australia. It operates through Infrastructure, Private Equity, and Foresight Capital Management segments. The company involved in the provision of the management of infrastructure assets, private equity investments, and open-ended investment companies for institutional and retail investors. It also manages infrastructure assets with a focus on renewable energy generation, renewable energy enabling projects, and energy management solutions, as well as social infrastructure, transport businesses, and digital infrastructure and natural capital. In addition, it provides equity and credit to a range of sectors and development stages; and access to real assets and sustainable investment opportunities in listed markets. The company was founded in 1984 and is based in London, the United Kingdom.
Intermediate Capital Group plc	Intermediate Capital Group plc is a private equity firm specializing in direct and fund of fund investments. Within direct it specializes in private debt, credit and equity investments. Within fund of fund, it specializes in secondary investments. The firm prefer to invest in all sector with focus on insurance, healthcare, education and childcare.

Listed company	Description
Jupiter Fund Management Plc	Jupiter Fund Management Plc is a publicly owned investment manager. The firm manages mutual funds, hedge funds, client focused portfolios, and multi-manager products for its clients. It invests in the public equity markets across U.K., Europe and global emerging markets. The firm also invests in fixed income markets, fund of funds products, hedge funds, and absolute return funds. Jupiter Fund Management Plc was founded in 1985 and is based in London, United Kingdom.
Man Group Plc	Man Group Limited is a publicly owned investment manager. The firm provides long-only and alternative investment management services worldwide. It offers a range of liquid investment products and solutions, which include quantitative, multi-manager and discretionary investment styles, and span across various asset classes, like equity, real estate, currency, credit, volatility, and commodities. The firm distributes its products and solutions directly to institutions and to private investors through a global network of intermediaries. Man Group Limited was founded in 1783 and is based in St. Helier, Jersey with an additional office in London, United Kingdom.
Polar Capital Holdings Plc	Polar Capital Holdings plc is a publicly owned investment manager. It launches and manages equity and balanced mutual funds. The firm also launches and manages hedge funds for its clients. The firm invests in public equity markets across the globe. The firm typically invests in companies in technology, healthcare and financial sectors. Polar Capital Holdings plc was founded in December 2000 and is based in London, United Kingdom with an additional office in Tokyo, Japan.
Premier Miton Group plc	Premier Miton Group plc is a publicly owned investment manager. The firm invests in public equity and fixed income markets across the globe. Premier Miton Group plc was formerly known as Premier Asset Management Group Plc. Premier Miton Group plc was founded in November 2019 and is based in Surrey, United Kingdom.
Rathbones Group Plc	Rathbones Group Plc, together with its subsidiaries, provides individual wealth management, asset management, and related services for private clients, charities, trustees, and professional partners in the United Kingdom, Channel Island, and internationally. The company operates through two segments, Wealth Management and Asset Management. Its services include discretionary investment management, asset management, financial planning and advisory, and international investment services, as well as trust and tax services. The company was formerly known as Rathbone Brothers Plc and changed its name to Rathbones Group Plc in December 2021. Rathbones Group Plc was founded in 1742 and is headquartered in London, the United Kingdom.
Schroders plc	Schroders plc is a publicly owned investment manager. The firm invests in the public equity, fixed income, and alternative investment markets across the globe. The firm's alternative investments include real estate markets, emerging market debt, commodities and agriculture funds, funds of hedge funds and private equity funds of funds. It conducts an in-house research to make its investments. The company was formerly known as New Schroders plc and changed its name to Schroders plc in April 2000. Schroders plc was founded on 1804 and is headquartered in London, United Kingdom.

Source: S&P Capital IQ.

Table 18: Potentially comparable listed company multiples on a controlling interest basis for last actual financial year and forecast financial year (Australian Investment Managers)

Listed company	Latest financial year end	Market capitalisation AUD million	FUM at 30-Sep-24 AUD million	Last actual financial year NPAT margin	Last actual financial year P/E multiple	Forecast financial year NPAT margin	Forecast financial year P/E multiple
Pacific Current Group Limited	**30-Jun-24**	**554**	**41,538**[45]	**52.7%**	-	-	-
Australian Investment Managers							
GQG Partners Inc.	31-Dec-23	8,299	161,600[46]	53.8%	26.4x	55.1%	17.5x
Pinnacle Investment Management Group Limited	30-Jun-24	3,579	128,100[47]	184.4%	51.5x	192.7%	43.3x
HMC Capital Limited	30-Jun-24	3,097	12,700[48]	70.4%	61.0x	58.7%	35.2x
Perpetual Limited	**30-Jun-24**	**2,051**	**222,300**[49]	**(34.8%)**	**Nmf**	**7.5%**	**26.6x**
Magellan Financial Group Limited	30-Jun-24	1,792	38,000[50]	63.1%	9.8x	52.8%	16.0x
Regal Partners Limited	**31-Dec-23**	**1,163**	**17,234**[51]	**1.5%**	**947.4x**	**29.0%**	**18.0x**
MA Financial Group Limited	31-Dec-23	862	9,900[52]	3.3%	39.3x	12.1%	31.5x
Navigator Global Investments Limited	30-Jun-24	853	39,000[53]	68.9%	11.2x	41.2%	10.9x
Qualitas Limited	30-Jun-24	688	8,900[54]	25.1%	34.2x	34.8%	24.0x
Platinum Investment Management Limited	30-Jun-24	656	12,465[55]	24.3%	18.9x	34.5%	16.9x
Australian Ethical Investment Limited	30-Jun-24	493	12,950[56]	11.5%	55.6x	n/a	n/a
Maximum		**8,299**	**222,300**	**184.4%**	**947.4x**	**192.7%**	**43.3x**
75th percentile		**2,574**	**83,550**	**66.0%**	**54.4x**	**54.5%**	**30.3x**
Median		**1,163**	**17,234**	**25.1%**	**36.7x**	**38.0%**	**21.0x**
25th percentile		**770**	**12,583**	**7.4%**	**20.8x**	**30.4%**	**17.0x**
Minimum		**493**	**8,900**	**(34.8%)**	**9.8x**	**7.5%**	**10.9x**
Average		**2,139**	**60,286**	**42.9%**	**133.3x**	**51.8%**	**24.0x**

Source: S&P Capital IQ and FTI Consulting analysis. Note: nmf = not meaningful due to negative earnings. n/a = forecast earnings are not available. Note that we have also assumed a control premium of 30.0%

[45] https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02874780-2A1559081
[46] https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02863146-2A1554074
[47] https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02871142-2A1557705
[48] Data at 30 June 2024. https://www.hmccapital.com.au/investor-centre/asx-announcements/fy24-results-presentation/
[49] https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02867501-2A1556160
[50] https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02862509-2A1553509
[51] https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02862597-2A1553608
[52] https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02870154-2A1557310
[53] https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02866612-2A1555765
[54] Data at 30 June 2024. https://www.qualitas.com.au/asx-announcement-qualitas-releases-fy24-financial-results/
[55] https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02864454-2A1554750
[56] https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02868123-2A1556440

Table 19: Potentially comparable listed company multiples on a controlling interest basis for last actual financial year and forecast financial year (North American Investment Managers)

Listed company	Latest financial year end	Market capitalisation AUD million	FUM at 30-Sep-24 AUD million	Last actual financial year NPAT margin	Last actual financial year P/E multiple	Forecast financial year NPAT margin	Forecast financial year P/E multiple
Pacific Current Group Limited	**30-Jun-24**	**554**	**41,538[57]**	**52.7%**	-	-	-
North American Investment Managers							
T. Rowe Price Group, Inc.	31-Dec-23	34,972	2,352,856[58]	27.0%	18.1x	29.0%	15.1x
The Carlyle Group Inc.	31-Dec-23	22,133	644,836[59]	(25.1%)	Nmf	35.0%	14.9x
Franklin Resources, Inc.	30-Sep-24	15,200	2,421,523[60]	5.1%	31.7x	14.1%	11.3x
Invesco Ltd.	31-Dec-23	11,398	2,590,306[61]	(5.8%)	Nmf	16.5%	14.2x
Janus Henderson Group plc	31-Dec-23	8,745	551,500[62]	18.1%	20.7x	20.9%	15.9x
TPG Inc.	31-Dec-23	8,540	344,778[63]	3.0%	108.1x	11.1%	37.4x
Affiliated Managers Group, Inc.	31-Dec-23	7,646	917,196[64]	32.7%	10.2x	27.4%	12.3x
Cohen & Steers, Inc.	31-Dec-23	6,996	132,400[65]	26.4%	48.9x	29.4%	42.9x
AllianceBernstein Holding L.P.	31-Dec-23	5,768	1,162,724[66]	n/a	19.7x	10.3%	14.7x
Victory Capital Holdings, Inc.	31-Dec-23	5,184	254,058[67]	26.0%	21.9x	29.8%	17.8x
Artisan Partners Asset Management Inc.	31-Dec-23	4,368	242,123[68]	20.8%	19.4x	21.4%	16.9x
Federated Hermes, Inc.	31-Dec-23	4,175	1,154,789[69]	17.7%	13.2x	16.3%	14.3x
Virtus Investment Partners, Inc.	31-Dec-23	2,139	265,003[70]	15.5%	14.8x	n/a	n/a
P10, Inc.	31-Dec-23	1,725	35,920[71]	(3.0%)	Nmf	7.7%	73.3x
BrightSphere Investment Group Inc.	31-Dec-23	1,358	173,110[72]	15.4%	18.6x	n/a	n/a
GCM Grosvenor Inc.	31-Dec-23	728	114,830[73]	2.9%	51.4x	3.6%	36.6x
Diamond Hill Investment Group, Inc.	31-Dec-23	641	42,255[74]	30.9%	13.7x	n/a	n/a
The RMR Group Inc.	30-Sep-24	612	59,599[75]	11.6%	24.2x	2.7%	22.7x

[57] https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02874780-2A1559081
[58] https://www.troweprice.com/content/dam/trowecorp/Pdfs/press-release-september-2024-aum.pdf
[59] https://ir.carlyle.com/static-files/a6305393-91c7-458f-82de-fc8af97c0427
[60] https://investors.franklinresources.com/news-center/press-releases/press-release-details/2024/Franklin-Resources-Inc.-Announces-Month-End-Assets-Under-Management-56f464c86/default.aspx
[61] https://www.prnewswire.com/news-releases/invesco-ltd-announces-september-30-2024-assets-under-management-302271632.html
[62] https://ir.janushenderson.com/News--Events/news/news-details/2024/Janus-Henderson-Group-plc-Reports-Third-Quarter-2024-Results/
[63] https://shareholders.tpg.com/news-releases/news-release-details/tpg-reports-third-quarter-2024-results
[64] https://ir.amg.com/static-files/8fe7bd60-3b09-4262-93e5-93c740bfda64
[65] https://assets-prod.cohenandsteers.com/wp-content/uploads/2024/10/09125925/CNS-Monthly-AUM-Release-September-2024.pdf
[66] https://www.prnewswire.com/news-releases/ab-announces-september-30-2024-assets-under-management-302272028.html
[67] https://s26.q4cdn.com/410981916/files/doc_news/Victory-Capital-Reports-September-2024-Total-Client-Assets-2024.pdf
[68] https://www.apam.com/static-files/702ed61e-b2db-4221-abf1-56861d24eb19
[69] https://www.prnewswire.com/news-releases/federated-hermes-inc-reports-record-assets-under-management-with-third-quarter-2024-earnings-302286549.html
[70] https://s1.q4cdn.com/142358076/files/doc_news/Virtus-Investment-Partners-Reports-Preliminary-September-30-2024-Assets-Under-Management-2024.pdf
[71] https://ir.p10alts.com/news-releases/news-release-details/p10-reports-third-quarter-2024-earnings-results
[72] https://ir.bsig.com/home/default.aspx
[73] https://www.gcmgrosvenor.com/wp-content/uploads/GCM-Grosvenor-Third-Quarter-2024-Earnings-Presentation.pdf
[74] https://s25.q4cdn.com/289401233/files/doc_news/DIAMOND-HILL-INVESTMENT-GROUP-INC.-REPORTS-RESULTS-FOR-THIRD-QUARTER-2024-AND-DECLARES-QUARTERLY-DIVIDEND-2024.pdf
[75] https://mms.businesswire.com/media/20240801316832/en/2204116/1/FINAL_RMR_6.30.2024_8-K_Exhibit_992.pdf

Listed company	Latest financial year end	Market capitalisation AUD million	FUM at 30-Sep-24 AUD million	Last actual financial year NPAT margin	Last actual financial year P/E multiple	Forecast financial year NPAT margin	Forecast financial year P/E multiple
Westwood Holdings Group, Inc.	31-Dec-23	167	25,534[76]	10.6%	15.8x	n/a	n/a
Maximum		**34,972**	**2,590,306**	**32.7%**	**108.1x**	**35.0%**	**73.3x**
75th percentile		**8,643**	**1,035,992**	**24.7%**	**26.1x**	**28.2%**	**29.7x**
Median		**5,184**	**265,003**	**15.4%**	**19.6x**	**16.5%**	**15.9x**
25th percentile		**1,542**	**123,615**	**3.5%**	**15.5x**	**10.7%**	**14.5x**
Minimum		**167**	**25,534**	**(25.1%)**	**10.2x**	**2.7%**	**11.3x**
Average		**7,500**	**709,755**	**12.8%**	**28.1x**	**18.3%**	**24.0x**

Source: S&P Capital IQ and FTI Consulting analysis. Note: nmf = not meaningful due to negative earnings. n/a = forecast earnings are not available. FUM figures have been translated to AUD at the 30 September 2024 exchange rate of 0.6932 AUD per 1 USD. Note that we have also assumed a control premium of 30.0%

[76] https://westwoodholdingsgroupinc.gcs-web.com/node/17426/pdf

Table 20: Potentially comparable listed company multiples on a controlling interest basis for actual latest financial year and forecast next financial year (Europe Developed Markets Investment Managers)

Listed company	Latest financial year end	Market capitalisation AUD million	FUM at 30-Sep-24 AUD million	Last actual financial year NPAT margin	Last actual financial year P/E multiple	Forecast financial year NPAT margin	Forecast financial year P/E multiple
Pacific Current Group Limited	**30-Jun-24**	**554**	**41,538**[77]	**52.7%**	**-**	**-**	**-**
Europe Developed Markets Investment Managers							
Intermediate Capital Group plc	31-Mar-24	12,348	152,914[78]	52.3%	17.5x	47.3%	17.5x
Schroders plc	31-Dec-23	10,641	1,501,642[79]	13.0%	18.4x	17.8%	16.7x
abrdn plc	31-Dec-23	5,635	978,752[80]	0.1%	3789.4x	15.5%	18.4x
Bridgepoint Group plc	31-Dec-23	5,458	105,309[81]	22.1%	51.9x	35.7%	21.5x
Man Group Plc	31-Dec-23	4,726	257,069[82]	20.0%	17.3x	22.9%	11.8x
Rathbones Group Plc	31-Dec-23	3,589	210,160[83]	5.5%	64.4x	10.3%	26.2x
Ashmore Group Plc	30-Jun-24	2,628	74,726[84]	50.2%	18.9x	46.3%	23.7x
Foresight Group Holdings Limited	31-Mar-24	1,162	23,566[85]	18.7%	29.6x	26.1%	19.7x
Polar Capital Holdings Plc	31-Mar-24	999	36,545[86]	20.7%	16.5x	21.8%	16.0x
Jupiter Fund Management Plc	31-Dec-23	858	96,774[87]	(3.5%)	Nmf	14.6%	11.4x
CapMan Oyj	31-Dec-23	521	9,594[88]	2.3%	312.6x	25.7%	22.2x
Premier Miton Group plc	30-Sep-24	182	20,636[89]	2.9%	65.1x	5.9%	29.9x
Maximum	-	**12,348**	**1,501,642**	**52.3%**	**3789.4x**	**47.3%**	**29.9x**
75th percentile	-	**5,502**	**221,887**	**21.0%**	**64.7x**	**28.5%**	**22.6x**
Median	-	**3,109**	**101,041**	**15.8%**	**29.6x**	**22.3%**	**19.0x**
25th percentile	-	**963**	**33,300**	**2.8%**	**18.0x**	**15.3%**	**16.6x**
Minimum	-	**182**	**9,594**	**(3.5%)**	**16.5x**	**5.9%**	**11.4x**
Average	-	**4,062**	**288,974**	**17.0%**	**400.1x**	**24.1%**	**19.6x**

Source: S&P Capital IQ and FTI Consulting analysis. Note: nmf = not meaningful due to negative earnings. n/a = forecast earnings are not available. FUM figures have been translated to AUD at the 30 September 2024 exchange rate of 0.6932 AUD per 1 USD, 0.6208 AUD per 1 EUR, and 0.5177 AUD per 1 GBP. Note that we have also assumed a control premium of 30.0%

[77] https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02874780-2A1559081
[78] https://www.icgam.com/shareholders-and-debtholders/results-centre/
[79] https://www.schroders.com/en/global/individual/media-centre/schroders-plc-q3-2024-trading-update/
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[81] Data at 30 June 2024. https://www.bridgepoint.eu/content/dam/bridgepoint/corporate2022/documents/financial-information/results_reports_presentations/2024/bridgepoint-capital-markets-day-presentation-2024.pdf.downloadasset.pdf
[82] https://www.man.com/trading-statement-30-september-2024
[83] https://www.rathbones.com/sites/rathbones.com/files/literature/pdfs/2024-10/rathbones_group_plc_q3_2024.pdf
[84] https://ir.ashmoregroup.com/sites/ir/files/2024-10/Q1_2025_AuM_statement_FINAL.pdf
[85] https://media.umbraco.io/foresight/naufubrs/fghl-h1-fy24-results-rns.pdf
[86] https://www.polarcapitalfunds.com/au/wholesale/About-Us/Press-Release/Post/8851/Polar_Capital_Holdings_plc_AuM_update/
[87] https://www.jupiteram.com/global/en/corporate/investor-relations/results-and-reports/
[88] https://capman.com/wp-content/uploads/2024/11/CapMan_1-9-2024_Interim-report.pdf
[89] https://www.premiermiton.com/wp-content/uploads/2024/12/Premier-Milton_FY2024_Investor-Presentation.pdf

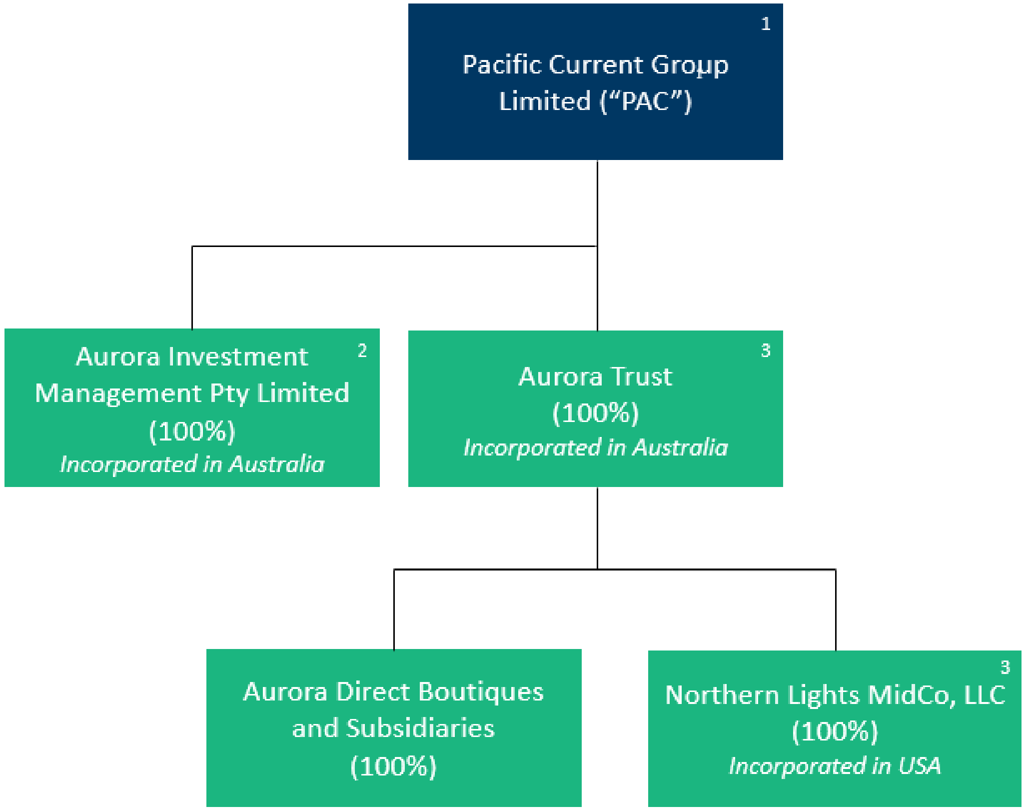
Table 21: Potentially comparable listed company multiples on a controlling interest basis for actual latest financial year and forecast next financial year (Combined)

Listed company	Market capitalisation AUD million	FUM at 30-Sep-24 AUD million	Last actual financial year NPAT margin	Last actual financial year P/E multiple	Forecast financial year NPAT margin	Forecast financial year P/E multiple
Pacific Current Group Limited	**554**	**41,538**	**52.7%**	**-**	**-**	**-**
Combined – All 42 selected broadly comparable listed companies						
Maximum	**34,972**	**2,590,306**	**184.4%**	**3789.4x**	**192.7%**	**73.3x**
75th percentile	**6,689**	**324,834**	**26.4%**	**51.5x**	**34.8%**	**26.2x**
Median	**2,863**	**130,250**	**17.7%**	**21.9x**	**22.9%**	**17.8x**
25th percentile	**859**	**36,076**	**3.0%**	**17.5x**	**14.1%**	**15.1x**
Minimum	**167**	**8,900**	**(34.8%)**	**9.8x**	**2.7%**	**10.9x**
Average	**5,114**	**419,433**	**22.1%**	**165.1x**	**29.3%**	**22.6x**

Source: S&P Capital IQ and FTI Consulting analysis. Note that we have also assumed a control premium of 30.0%

13. APPENDIX E: PAC GROUP STRUCTURE

Pacific Current Group Structure

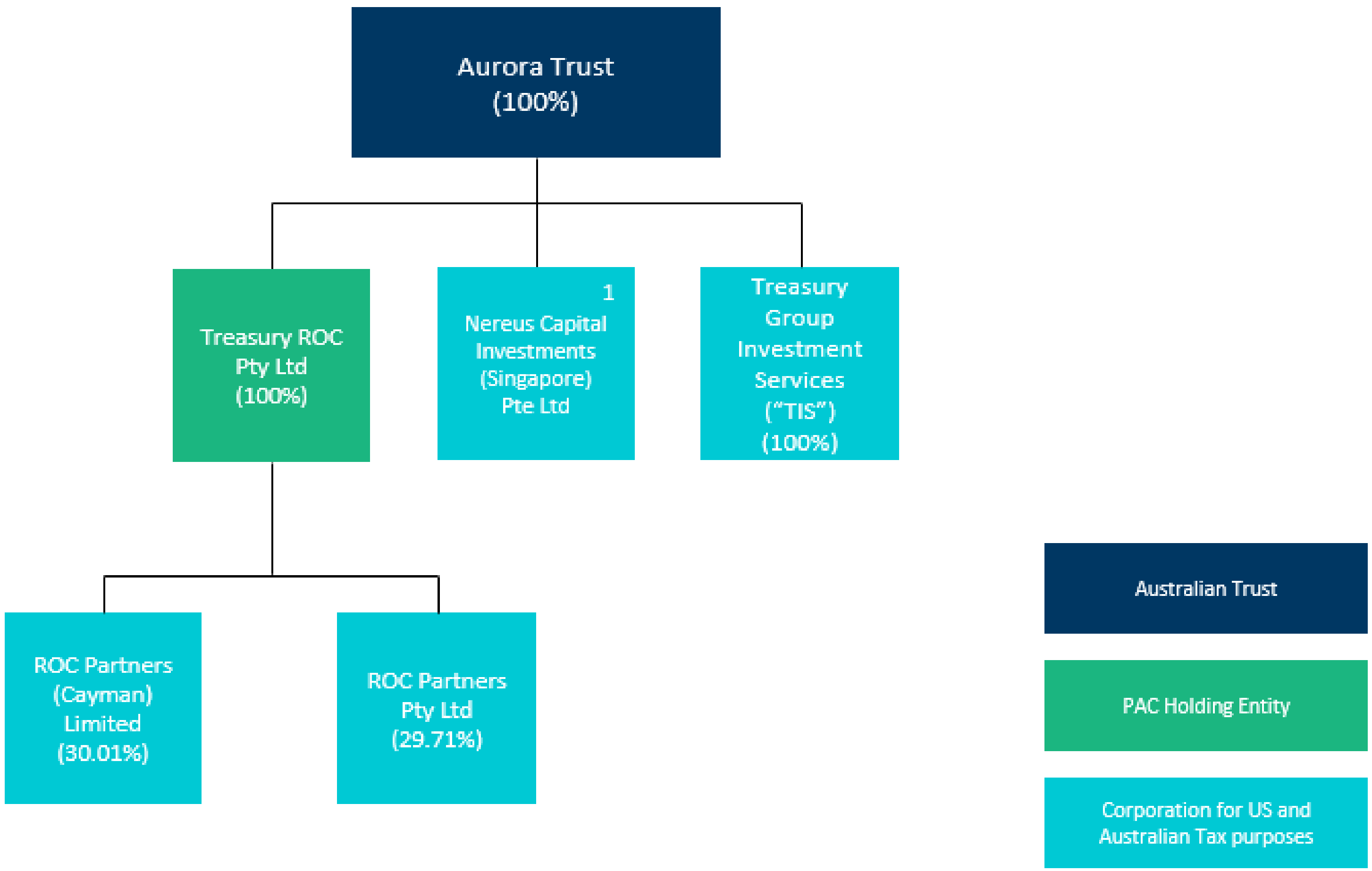


[1] PAC is an Australian corporation. For U.S. tax purposes, PAC files a Form 1120-F to report its U.S.- related income.

[2] Aurora investment Management Pty, Limited acts as Trustee of Aurora Trust.

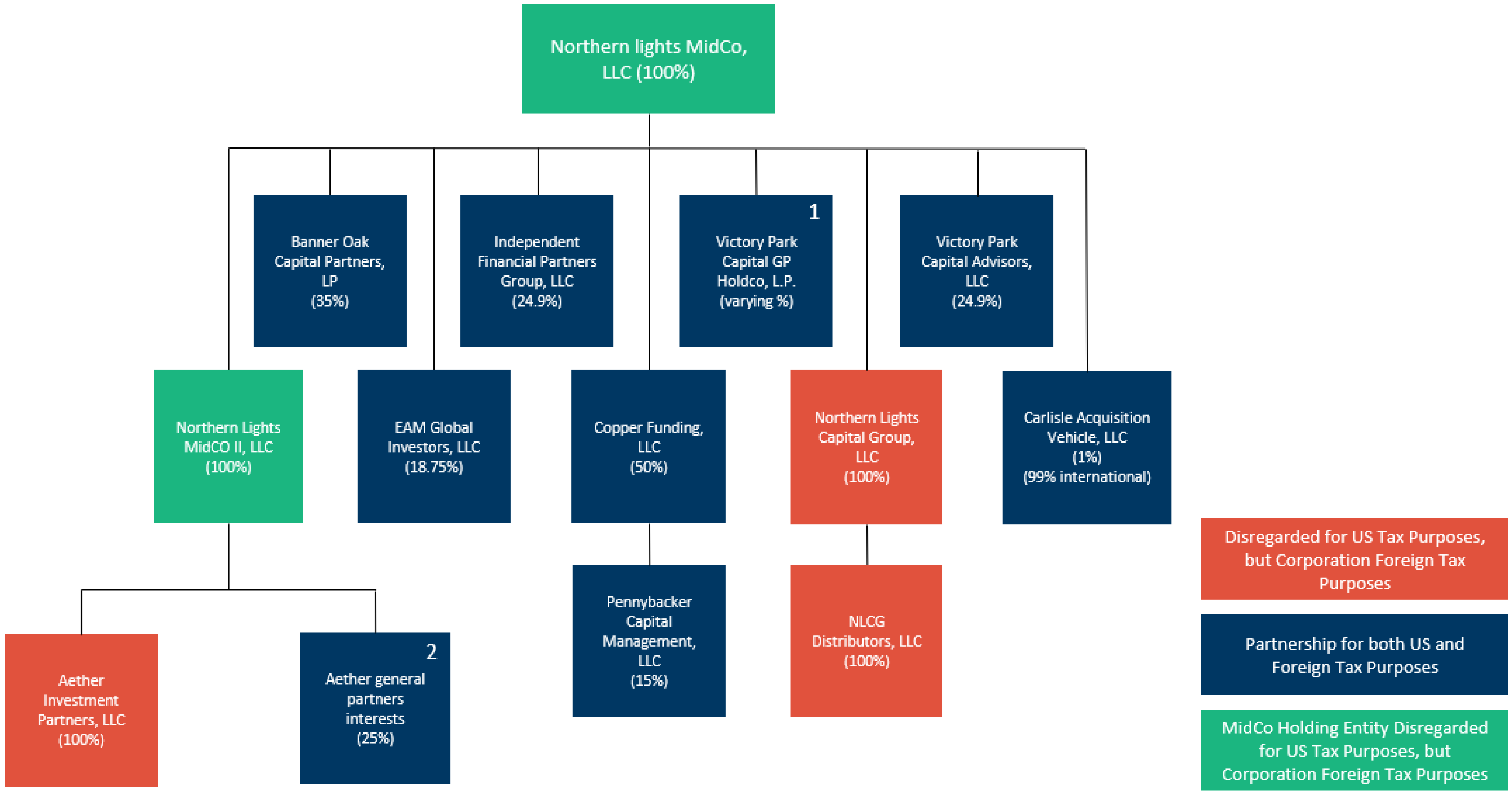
[3] The Aurora Trust and Midco both are treated as disregarded entities for U.S. tax purposes given that both are wholly-owned, either directly or indirectly, by PAC.

Aurora Direct Boutiques and Subsidiaries



[1]The Aurora Trust's Class A units in Nereus Capital Investments (Singapore) Pte Ltd (NCI) entitle the Aurora Trust to all liquidation proceeds after the NCI joint venture receives approximately USD4.8m. On a fully diluted basis, the Class A units represent approximately 74.19% of the outstanding equity in NCI, but that ownership percentage does not entitle the Aurora Trust to anything more than the liquidation proceeds.

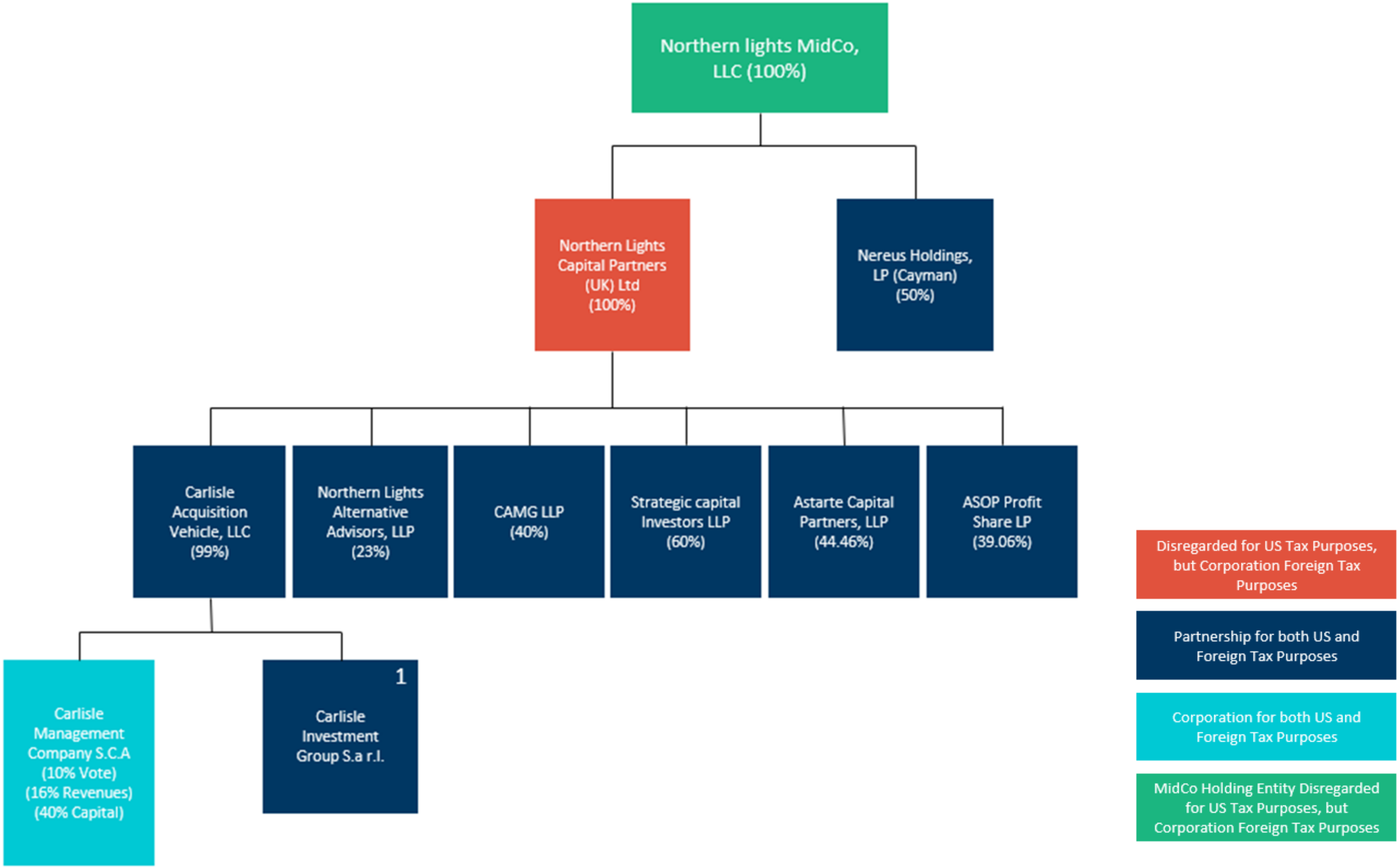
Midco Boutiques and Subsidiaries U.S. Domestic



[1] Victory Park Capital GP Holdco, L.P. (VPC Holdco) is an aggregator of various Victory Park GP entities, whereby Midco is entitled to 24.9% of the carried interest from each underlying GP. Given the other owners of VPC HoldCo have varied interests in each underlying GP (e.g. 35% of one GP and 32% of a different GP), Midco's overall interest in VPC Holdco cannot be specifically determined. Ultimately, it is important to reiterate that Midco owns 24.9% of the carried interest of each GP where VPC Holdco owns an interest.

[2] MidCo II, LLC owns 25% interest in three Aether general partners entities: Aether Real Assets GP II, LLC; Aether Real Assets GP III Surplus, LLC

MidCo Boutiques and Subsidiaries International



[1] The equity interest of Carlisle Acquisition Vehicle, LLC in the GP shall no entitle it to any economic rights in the GP other than as required by law

14. APPENDIX F: TAKEOVER PREMIUM STUDY

Consistent with the requirements of RG 111, we have assumed a 100% ownership interest in valuing PAC and a control premium of 30% when calculating the implied P/E multiples from the share prices of the potentially comparable listed companies.

A control premium is an amount or percentage added to the share price of a listed company to reflect some or all of the control held by the investor in a specific equity interest of a listed company. A controlling equity interest in a listed company has the ability to select directors, officers and management that directly control the operations of a listed company and can also direct the distribution of cash or other property, buy or sell assets, obtain or restructure debt. Each of these actions can impact the value of a controlling equity interest and the ultimate return received by all shareholders. It is generally accepted that the value of an investment in shares that gives an investor a controlling position in a listed company will include a premium for control reflecting the incremental value of this control.

The control premiums paid in transactions involving listed companies generally range between 20.0% and 40.0%, but can vary over time and be influenced by other industry and macroeconomic factors. As a result a valuation expert should not mechanically apply the control premiums observed in an academic study to the share price of a potentially comparable listed company without considering the facts and circumstances of the transaction being considered. Therefore, we have prepared the following a takeover premium study reviewing the control premiums paid by the acquirers of listed companies involved in fund management across Australia, America, Canada and Europe between 15 November 2004 and 14 November 2024.

Table 22: Results of the takeover premium study

Transaction date	Target	Implied 100% equity value AUD million	Control premium percentage # before announcement 1 day	1 week	1 month
24-Mar-05	Redwood MicroCap Fund Inc.	6.45	222.71	222.71	233.47
7-Nov-05	Clarington Corp.	255.44	17.19	18.95	97.37
20-Mar-06	Second Alliance Trust plc	1,483.69	1.21	1.86	1.7
29-Apr-07	Custom Direct Income Fund	214.91	10.27	11.84	20.71
19-Sep-11	Souls Private Equity Limited	97.63	150.77	126.39	139.71
16-May-14	Sfg Australia Limited	621.06	15.82	15.82	14.26
6-Jun-18	IPE Limited	10.51	23.02	27.05	27.05
4-Sep-19	Miton Group Ltd.	160.5	26.45	23.44	9.15
14-Oct-19	Urb Investments Limited	85.82	13.2	13.75	7.43
25-Jan-21	AFH Financial Group Plc	385.05	20.75	23.08	42.86
29-Apr-21	Mainstream Group Holdings Limited	400.0	24.44	42.86	134.31
22-Sep-23	Diverger Limited	101.28	200.38	192.22	192.22
Implied 100% equity value					
Maximum			**222.71**	**222.71**	**233.47**
75th percentile			**57.53**	**63.74**	**135.66**
Median			**21.89**	**23.26**	**34.96**
25th percentile			**15.17**	**15.30**	**12.98**
Minimum			**1.21**	**1.86**	**1.70**
Average			**60.52**	**60.00**	**76.69**

Source: S&P Capital IQ and FTI Consulting analysis.

Table 22 summarises that the control premiums paid for these listed companies varies significantly between transactions but generally range between 20.0% and 40.0% for listed companies with an implied 100% equity value.

Therefore, in our opinion, selecting a control premium of 30.0% when calculating the implied P/E multiples from the share prices of the potentially comparable listed companies is not unreasonable.

Table 23 summarises the descriptions of the target companies relied upon to prepare our takeover premium study.

Table 23: Potentially comparable transaction descriptions

Target company	Target description
AFH Financial Group Plc	AFH Financial Group Plc provides independent financial advisory and investment management services to the retail market in the United Kingdom. It provides investment and portfolio management; and financial planning services, including retirement, protection, tax, and mortgage planning, as well as private wealth management and inheritance tax services. The company also offers business solutions, such as business protection insurance comprising shareholder, partnership, key person protection, and professional indemnity insurance; and corporate pension, employee benefit, and tax mitigation advisory and exit strategy services. It serves mass affluent and high net worth private clients, as well as various companies. The company was founded in 1990 and is headquartered in Bromsgrove, the United Kingdom.
Clarington Corp.	Clarington Corp. was acquired by Industrial Alliance Insurance and Financial Services Inc. Clarington Corporation, through its subsidiaries, engages in the sponsorship, management, and distribution of the investment funds in Canada. It offers the Clarington family of investment funds through third-party investment dealers and mutual fund dealers throughout Canada. As of September 30, 2005, the company's portfolio comprised 26 open-end funds and 2 closed-end funds. The company was founded in 1995 and is headquartered in Toronto, Canada.
Custom Direct Income Fund	Custom Direct Income Fund operates as an open-ended, limited purpose trust. The fund, through its subsidiaries, offers cheques, cheque-related accessories, and other products and services in the United States. Its products include personal cheques for individual accounts, one-part or multi part cheques, computer cheques, business cheques, fraud protection, affinity-related and/or personalized products, and accessories, such as leather cheque book covers, address labels, personal cards, binders, storage devices, calculators, and rubber stamps. The fund's product line consists of various brands that offer environmental and outdoors-related styles, occupation-specific styles, religious themes, cheques featuring licensed images based on famous brands and celebrity interests, and personalized cheque designs made from customer photographs. It markets its personal and business cheques directly to consumers, as well as through free-standing newspaper inserts, package enclosures, magazines, coupen mailers, and the Internet. The fund was founded in 1992 and is based in Toronto, Canada.
Diverger Limited	Easton Investments Limited is a publicly owned investment manager. It invests in funds which invest in the public equity markets across the globe with a focus on Australia. It also invests in property securities and hedge funds. It was formerly known as Equities and Freeholds Limited. Easton Investments Limited was formed on August 2, 2005 and is based in Sydney, Australia.
IPE Limited	IPE Limited holds long-term investments in private equity funds. It seeks to make co-investments and secondary investments in private equity. The firm seeks to invest in liquid listed equities, cash, and fixed interest while the private equity portfolio is being established. The firm seeks to invest in Australian and New Zealand based private equity firms. The firm seeks to take controlling stake in its portfolio companies. As of August 31, 2018, IPE Limited operates as a subsidiary of Mercantile OFM Pty Limited. IPE Limited was founded in 2004 and is based in Sydney, Australia.

Target company	Target description
Mainstream Group Holdings Limited	Mainstream Group Holdings Limited provides fund administration and custodian services for the financial services industry in the Asia Pacific, Americas, and Europe. Its services include investment administration and fund, fund accounting, unit registry, middle office, distressed assets administration, and corporate services to fund managers and listed companies. The company also provides superannuation services comprising member administration, unit pricing, and accounting services to industry funds, corporate superannuation funds, and retail superannuation master trusts, as well as manages accumulation funds, defined benefit funds, hybrid funds, account based pensions and transition to retirement pensions, existing fund takeover, mapping of member data between systems, communication to members, new fund establishment, design consultation, product disclosure statement design and production, and communications program. In addition, it offers registry services, such as listing, transaction processing, and reporting and correspondence services to exchange-traded products. The company was formerly known as MainstreamBPO Limited and changed its name to Mainstream Group Holdings Limited in September 2017. The company was founded in 2006 and is based in Sydney, Australia. As of October 18, 2021, Mainstream Group Holdings Limited operates as a subsidiary of Apex Group Ltd..
Miton Group Ltd.	Miton Group plc provides fund management services in the United Kingdom. It trades its funds under the MAM, MAM Funds, Midas Capital Partners, and Miton Asset Management fund brand names. The company was formerly known as Midas Capital lc and changed its name to MAM Funds plc in July 2010. Miton Group plc was founded in 2001 and is based in London, United Kingdom. As of November 14, 2019, Miton Group plc operates as a subsidiary of Premier Asset Management Group Plc.
Redwood MicroCap Fund Inc.	Redwood MicroCap Fund, Inc. serves as a closed-end investment company. It invests in a range of small speculative securities. The Fund's investments are in the communications, oil and gas, and hospitality industries. Redwood is headquartered in Colorado Springs, Colorado.
Second Alliance Trust plc	Second Alliance Trust plc was acquired by Alliance Trust PLC. The Second Alliance Trust PLC, through its subsidiaries, administers a lease portfolio. Its investment portfolio comprises companies operating in oil and gas, pharmaceuticals, telecommunication services, banks, mining, food and drug retailers, utilities, electricity, transport, leisure, entertainment, hotel, aerospace and defense, software and computer services, chemicals, real estate, insurance (nonlife and life), engineering and machinery, general retailers, automobiles, and construction sectors. The company also designs and administers a range of wrapper products in the form of ISAs, PEPs, SIPPs, and other investment plans. It has operations in the United Kingdom, Japan, North America, Europe, and Asia Pacific. The Second Alliance Trust was founded as The Hawaiian Investment and Agency Company in 1880 and is based in Dundee, the United Kingdom.
Sfg Australia Limited	SFG Australia Limited provides financial advisory and wealth management services in Australia. Its wealth management services include strategic financial advice, portfolio administration, portfolio construction and management, general and risk insurance, finance and stock broking, corporate superannuation, accounting and tax, and other related services to high net worth and affluent clients. The company was incorporated in 1985 and is based in Sydney, Australia. As of August 20, 2014, SFG Australia Limited was taken private. Sfg Australia Limited operates as a subsidiary of Insignia Financial Ltd.

Target company	Target description
Souls Private Equity Limited	Souls Private Equity Limited was acquired by Washington H. Soul Pattinson and Company Limited. The firm specialized in investments in unlisted and listed small and middle market companies. The firm did not invest in startups and seed stage companies. It invested in companies based in the Asia Pacific and Australasia region with a focus on Australia and New Zealand. The firm typically invested a minimum of $10 million in companies with minimum earnings before interest, taxation, depreciation and amortization (EBITDA) of $3 million. It preferred to acquire majority stake in its portfolio companies. The firm preferred to exit its investments between three years and seven years. It structured its investments through debt and equity. Souls Private Equity Limited is based in Sydney, Australia.
Urb Investments Limited	Urb Investments Limited was founded in 2016 and is headquartered in Sydney, Australia.

Source: S&P Capital IQ.

15. APPENDIX G: FINANCIAL BENEFIT

Table 24 summarises our calculation of the financial benefit that may be received by the Relevant Shareholders that participate in the Buy-Back.

Table 24: Estimated financial benefit to be received by the Relevant Shareholders that participate in the Buy-Back

AUD	Reference:	Low value	High value
Fair value per share (minority interest basis) (CFME method)	**A**	**9.0831**	**11.7698**
1. 'Blockage discount'	**B1**	(3.0833)	(1.4806)
2. Continuing dividend stream	**B3**	2.7650	1.3277
3. Control premium for 'significant influence'	**B2**	0.4542	-
Fair value per share (Relevant Shareholders before the proposed Buy-Back)	**C = A + B#**	**9.2190**	**11.6169**
Buy-Back Price of AUD 12.00 per PAC share	**D**	12.0000	12.0000
Financial benefit received by the Relevant Shareholders	**E = D - C**	**2.7810**	**0.3831**

Source: Table 9 and FTI Consulting analysis

Details for each of these inputs are summarised below.

1. 'Blockage discount'

Blockage discounts are sometimes applied when the subject investment in the shares of a listed company represents a large block such that the owner would not be able to quickly sell the block into the public market without negatively influencing the publicly traded share price.

Blockage discounts are typically quantified using a model that considers the length of time over which a market participant could sell their shares without negatively impacting the listed share price of a company (i.e., selling a relatively small portion of shares compared to the typical daily trading volume of the listed company).

We have quantified the 'blockage discount' using the DCF method by assuming:

- the PAC share price of AUD 10.62 on 30 September 2024;
- the average daily volume traded of PAC shares on ASX of 62,725 during the 12 months ending 30 September 2024;
- that the Relevant Shareholders held the following number of PAC shares:[90]
  - River Capital held 11,707,237 PAC shares;
  - Perpetual held 8,224,983 PAC shares; and
  - Regal held 5,600,249 PAC shares;
- that the PAC shares held by the Relevant Shareholders would need to be drip-fed into the ASX and, therefore, we have constrained the trade size of the Relevant Shareholders to be less than 5.0% of the average daily trading volume so that the hypothetical sale of PAC shares held by the Relevant Shareholders does not disturb the ordinary trading volume of PAC on the ASX; and
- a discount rate equal to the 10-year Australian Government bond spot rate of 3.99% as at the 30 September 2024 Valuation Date.

This 'blockage discount' effectively reflects the opportunity cost to the Relevant Shareholders from not being able to immediately liquidate their PAC shares in isolation of other factors.

[90] Based on the Notice of Meeting

Based on our assumptions set out above, we have quantified the appropriate 'blockage discount' to be between (AUD 3.0833) and (AUD 1.4806) per PAC share.

2. Continuing dividend stream

Relevant Shareholders would continue to receive dividends from PAC while they were progressively liquidating their PAC shares over time. In our view, the dividends received by the Relevant Shareholders for their unsold balance of PAC shares would partially offset the 'blockage discount' quantified above.

We have quantified the 'continuing dividend stream' by assuming that the Relevant Shareholders would receive an annual dividend yield of 3.58% on their balance of unsold PAC shares calculated when determining the 'blockage discount' based on the total unfranked dividends of 38.00 cents per share paid by PAC during FY24 and the closing share price of PAC of AUD 10.62 on 30 September 2024.

Based on our assumptions set out above, we have quantified the offsetting effect of the 'continuing dividend stream' to be between AUD 2.7650 and AUD 1.3277 per PAC share.

3. Control premium for 'significant influence'

The Relevant Shareholders are acknowledged to be related parties with 'significant influence' over PAC due to the size of their shareholdings in PAC (e.g., River Capital holds 22.4%, Perpetual holds 15.8% and Regal holds 10.7%). This means that the Relevant Shareholders have an element of control over PAC compared to the average Shareholder of PAC. This means that it would be appropriate to include a control premium in assessing the fair value of the PAC shares held by the Relevant Shareholders.

A control premium is the amount or percentage of a share price that an investor with a controlling interest would expect to receive over and above the share trading price if they were to sell their shares. Depending on the percentage held, a controlling interest in a listed company could have the ability to select directors, officers and management that directly control the operations of a company and can also direct the distribution of cash or other property, buy or sell assets, obtain or restructure debt. Each of these elements of control can impact the value of a controlling equity interest and the ultimate return received by all shareholders. It is generally accepted that the value of an investment in shares that gives an investor a controlling interest in a listed company will include a premium for control reflecting the incremental value of this control. Control premiums play a crucial role in mergers and acquisitions.

To determine an appropriate control premium (if any) to apply to the PAC shares held by the Relevant Shareholders we have considered the factors that contribute to the Relevant Shareholders 'significant influence' over PAC. In this regard, we have considered the composition of the PAC Board and a review of the shareholder agreement of PAC.

The PAC Board is comprised of four directors. Tony Robinson is the Chairman of PAC as well as the Chairman of River Capital (i.e., the largest Relevant Shareholder). Michael Clarke is the acting CEO of PAC as well as a director of Perpetual Equity Investment Company Limited, being a related party of Perpetual (i.e., the second largest Relevant Shareholder). Based on our enquiries these appointments to the PAC Board were not obtained through the 'significant influence' of the Relevant Shareholders. For example, Tony Robinson was the Chairman of PAC and a board member of River Capital before River Capital held any PAC shares. Regardless, the existence of these relationships suggests that the Relevant Shareholders may have some influence over the operations of PAC through these positions and affiliations.

PAC's constitution sets out the key decision-making powers. Based on our review the Relevant Shareholders are unable to pass any resolutions individually as their PAC shareholdings do not give them a majority. However, River Capital may have some form of influence due to the Chairman of PAC holding the deciding vote in the case of an equality of votes on any proposed resolution of PAC.

Based on our review, we estimate a control premium of between 0.0% and 5.0% is relevant in determining the fair value of PAC shares held by the Relevant Shareholders. We have quantified the control premium for 'significant influence' to be between nil and AUD 0.4542 per share.

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PACIFIC CURRENT GROUP LIMITED
ABN 39 006 708 792

NOTICE OF EXTRAORDINARY GENERAL MEETING

Registered Office:
Pacific Current Group Limited
Suite 3, Level 3 257 Collins Street
Melbourne VIC 3000
Telephone:
+61 3 8375 9611
Email:
info@paccurrent.com

Pacific Current Share Registry
Computershare Investor Services Pty Limited
GPO Box 242
Melbourne Victoria 3001

Telephone:
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

Facsimile:
1800 783 447 (within Australia)
+61 3 9473 2555 (outside Australia)

Online:
For Intermediary Online subscribers only
(custodians): www.intermediaryonline.com

Lodge your vote online:
www.investorvote.com.au

OFFICES
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909 A Street, Suite 810 Tacoma, WA 98402
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PACIFIC CURRENT GROUP

Pacific Current Group Limited
ABN 39 006 708 792

Need assistance?

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1300 850 505 (within Australia)
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Online:
www.investorcentre.com/contact

PAC

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (AEDT) on Tuesday, 28 January 2025.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative
If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

I 9999999999 IND

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Pacific Current Group Limited hereby appoint

☐ **the Chair of the Meeting** **OR** ____________________

PLEASE NOTE: Leave this box blank if you have selected the Chair of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of Pacific Current Group Limited to be held at the Executive Room, The Westin, 205 Collins Street, Melbourne, VIC 3000 on Thursday, 30 January 2025 at 10:00am (AEDT) and at any adjournment or postponement of that meeting.

Step 2 Item of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Approval of River Capital's participation in the Buy-Back	☐	☐	☐
Resolution 2	Approval of Regal's participation in the Buy-Back	☐	☐	☐
Resolution 3	Approval of Perpetual's participation in the Buy-Back	☐	☐	☐
Resolution 4	Approval of the Buy-Back	☐	☐	☐

The Chair of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chair of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s)

This section must be completed.

Individual or Securityholder 1	Securityholder 2	Securityholder 3	
			/ /
Sole Director & Sole Company Secretary	Director	Director/Company Secretary	Date

Update your communication details *(Optional)*

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

Mobile Number ____________________ **Email Address** ____________________

PAC 314047A

computershare

PACIFIC CURRENT GROUP

Pacific Current Group Limited
ABN 39 006 708 792

Need assistance?

Phone:
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

Online:
www.investorcentre.com/contact

PAC
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (AEDT) on Tuesday, 28 January 2025.**

Pacific Current Group Limited Extraordinary General Meeting

Dear Shareholder,

The Pacific Current Group Limited Extraordinary General Meeting will be held on **Thursday, 30 January 2025 at 10:00am (AEDT) (Meeting)**. You are encouraged to participate in the Meeting as follows:

ATTENDING THE MEETING

The meeting will be held as a physical meeting at the **Executive Room, The Westin, 205 Collins Street, Melbourne VIC 3000.**

Webcast: An audio webcast of the AGM will be available to shareholders to listen to the proceedings and view the presentation.

NOTE: Shareholders who listen to the proceedings and view the presentation online **will not be able to vote or ask questions online via the webcast during the meeting**. The audio webcast can be accessed at:
https://ccmediaframe.com/?id=e4jpvPLP

MAKE YOUR VOTE COUNT

To lodge a proxy, access the Notice of Meeting and other meeting documentation **(Meeting Materials)** visit www.investorvote.com.au and use the below information:

Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

Meeting Materials are also available online at the Company's website, https://paccurrent.com/shareholders/document-library/extraordinary-general-meeting/

If you are unable to access the Meeting Materials online, please call Computershare should you require a hard copy. No hard copies of meeting documents will be mailed to Shareholders unless requested.

For your proxy appointment to be effective it must be received by **10:00am (AEDT) on Tuesday, 28 January 2025.**

Proxies may also be lodged by using any of the following methods:

- returning a completed Proxy Form by post to: Computershare Investor Services, GPO Box 242, Melbourne Victoria 3001
- faxing a completed Proxy Form to '1800 783 447' (within Australia) '+613 9473 2555' (outside Australia)
- delivery by hand to: Computershare Investor Services Pty Limited, 452 Johnston Street, Abbotsford Victoria 3067 during business hours Monday to Friday (9:00am to 5:00pm)
- for intermediary online subscribers only (custodians), submit your voting intentions via www.intermediaryonline.com

As a valued shareholder of the Company, we look forward to your participation in the Meeting.

Tony Robinson
Chair
Pacific Current Group Limited

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

PACIFIC CURRENT GROUP

Pacific Current Group Limited
ABN 39 006 708 792

Your questions are important to us. You can submit a question or comment prior to the Extraordinary General Meeting of Pacific Current Group Limited at 10:00am AEDT on 30 January 2025 (Meeting) at www.investorvote.com.au or you can use this form to submit any questions concerning the Company that you would like us to respond to at the meeting.
Please ask your question online or return this form to our Share Registry via either of the below methods by 5:00pm AEDT on 23 January 2024.

Mail: Computershare Investor Services Pty Limited
GPO Box 242
Melbourne Victoria 3001

Fax: 1800 783 447 (within Australia)
61 3 9473 2555 (outside Australia)

SRN or HIN

Securityholder Name

Questions