

PACIFIC CURRENT GROUP

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ASX ANNOUNCEMENT

3 February 2016

Strategic Capital Investors (“SCI”) partners with Pacific Current Group & Santander UK Group Pension Scheme to launch new hedge fund acceleration strategy

SCI also announces first investment in seeding project, John Street Capital

Highlights:

- **SCI secures USD\$78m anchor commitment from the Santander UK Pension Scheme**
- **Pacific Current is working with long-time affiliate and hedge fund expert Mark Barker**
- **SCI makes initial investment of USD\$75m into its first seeding project, John Street Capital**
- **These two agreements are expected to create run-rate profitability at SCI**
- **Pacific Current will invest up to USD\$500,000 for an initial stake of 60% (dilutable to 45%) of SCI**

Pacific Current Group Limited (ASX:PAC, herein “Pacific Current”), a global multi-boutique asset management firm, is pleased to announce that partner firm Strategic Capital Investors (“SCI”) has launched a new hedge fund acceleration vehicle, the Strategic Capital Fund (the “Fund”), with an initial commitment of USD\$78m from the Common Fund of the Santander UK Group Pension Scheme in January 2016.

Announced in October 2015, Pacific Current partnered with SCI, headquartered in London, UK, to help build a hedge fund seeding platform. Through its UK subsidiary, Pacific Current took a 60% equity stake in SCI, which can be diluted down to 45% to incentivize SCI management. The Strategic Capital Fund, SCI’s first offering, invests accelerator capital with early stage and growing systematic asset managers in an effort to help establish critical mass and support future growth. Following the launch of the Fund, and the deployment of capital into its first seeding project, SCI expects to operate at a profitable level.

The Fund is led by Mark Barker, Managing Director and key shareholder at SCI. Mark is a 30-year veteran of the alternative investment industry, having worked at Man Group before serving as Co-CIO of Pioneer Alternative Investments. Most recently, he was Founder and Co-CIO of Hermes BPK, an asset management affiliate of BT Pension Scheme Management Ltd, the UK’s largest corporate pension scheme, where he worked closely with the team at Pacific Current (previously under the name Northern Lights Capital Group) on joint-venture hedge fund acceleration projects.



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“We are excited at the opportunity to partner with Mark again,” said Pacific Current CEO, Tim Carver. “His experience in identifying excellence in managers is very valuable to SCI’s success.”

The Santander UK Pension Scheme Common Fund is one of the largest pension plans in the UK, providing benefits to over 60,000 past and current employees, and currently manages more than £9.5bn in assets. Santander UK Director of Pensions and CIO of the multi-award winning Common Fund, Antony Barker (no relation to Mark Barker), said his group was pleased to be the cornerstone investor in the Strategic Capital Fund.

“Throughout our due diligence process I have been impressed with Mark’s responsiveness and the care and attention that has gone into the creation of this innovative structure and the analysis of candidate managers” Antony Barker noted. “Santander has benefited considerably by reinvesting the proceeds from its existing hedge fund exposure into the equity of hedge fund managers themselves – one of, if not, the first European pension funds to do so – and this investment looks to replicate that strategy at the ‘small cap’ end of the manager universe.”

SCI also announced today the Fund’s first investment in the John Street Systematic Fund, managed by John Street Capital LLP (“John Street”). John Street was established in 2012 by former Goldman Sachs and Winton Capital executives who were previously involved in managing more than USD\$2bn of assets in successful systematic strategies.

Robert Pettit, CEO of John Street, said, “We are very excited to partner with Strategic Capital Investors and its founder Mark Barker. Having both SCI and Pacific Current backing us as partners, along with Mark’s 30 years’ experience in the alternative investment industry, will be a hugely valuable resource for John Street in the years ahead.”

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