PACIFIC CURRENT GROUP

27 October 2016

ANNUAL GENERAL MEETING

Presenters
Mike Fitzpatrick, Chairman
Paul Greenwood, President North America and Global CIO
Joseph Ferragina, CFO and COO, Australia

ASX: PAC

Agenda

1. Chairman's Address
2. FY16 Results
3. Business Overview
4. Formal Items of Business
5. Questions
6. Formal Items of Business (continued)
7. Close of Meeting

CHAIRMAN'S ADDRESS

Chairman’s Address

Overview of FY16

- FY16 was a year of substantial change and restructuring. Some of these changes were actively pursued and others addressed reactively
- Specific examples include:
  - Significant cost reductions
  - Meaningful changes to our portfolio of boutiques
  - Dealing with the consequences of underperformance at a key boutique
  - Changes in our management team

Chairman’s Address

Overview of FY16

- The Board and Management are committed to addressing the needs of the business in order to begin rebuilding shareholder value
- Our efforts to enhance shareholder value in FY17 will focus on:
  - Further cost reduction
  - Maximizing cash flows, primarily through organic growth
  - Simplification of our structure
  - Optimizing our portfolio and strengthening our balance sheet

Chairman’s Address

Overview of FY16

- Pacific Current has a proud history of making solid, profitable investments and the recent history has been an aberration
- We believe be have largely addressed the key challenges and believe we are moving the right direction
- We appreciate your support and patience and acknowledge that our results have been below the standards we expect and that our shareholders deserve
- The Pacific Current Board and Management team are clear that rebuilding shareholder value is our singular focus

FY16 RESULTS

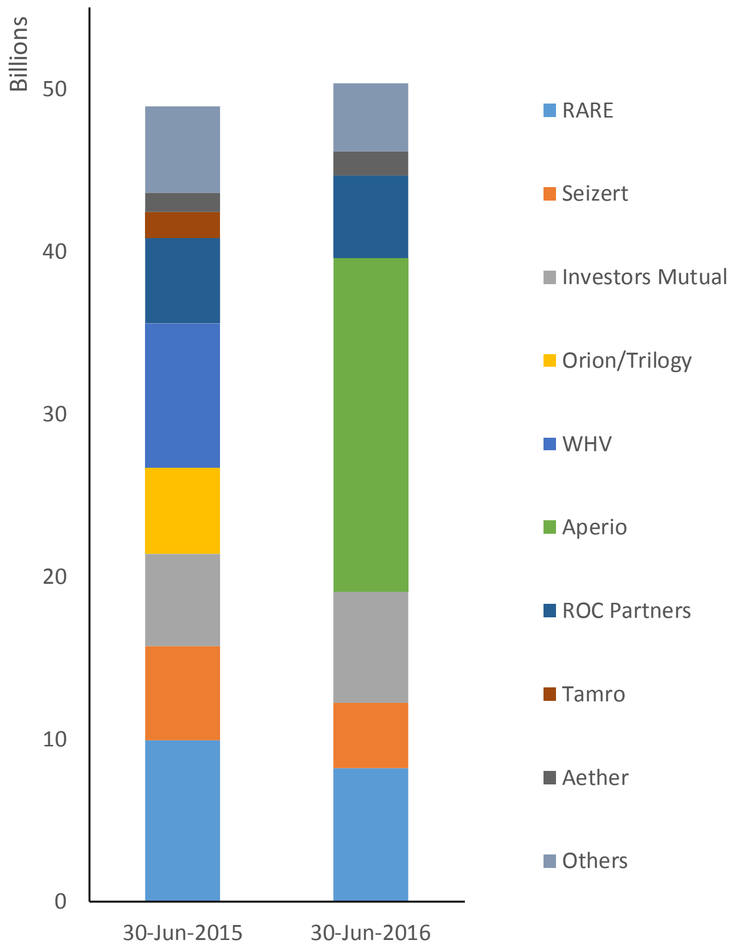
Review of FY16 Results

A Transitional Year

- **Aggregate FUM** of A$50.4 billion, up 3.0% due to strong performances at Aperio, Aether and IML; offset by continued outflows at Seizert and RARE and overall changing composition
- **Underlying NPAT** of A$11.6m for FY16, down from the result of A$16.6m in FY15
- **Net loss** of A$48.2m, includes significant non-recurring expenses including an impairment charge of A$77.5m primarily related to continued FUM losses at Seizert and changes to carrying values at some boutiques;
- **Dividends** of $0.25 / share representing a 60% payout ratio

FUM Composition

A Transitional Year



- FUM lost through the closure or sale of TAMRO, Orion/Trilogy and WHV has been replaced by Aperio
- Overall quality of FUM has improved year on year based on margin and quality of business
- Ongoing growth at IML and Aperio is demonstrated in September quarter FUM announcement

Review of FY16 Results

PAC Statutory P&L for twelve months to 30 June 2016

P&L Highlights (A$m)	PAC Statutory FY16
Revenue	5.6
Employee expenses	(4.1)
Other expenses	(1.1)
Share of losses from Aurora Trust	(78.5)
Net (Loss) Before Tax	**(78.0)**
Income tax benefit	29.8
Net (Loss) After Tax	**(48.2)**
Underlying Net Profit	**11.6**
Underlying Earnings Per Share (cents)	41.5
Dividend Per Share (cents)	25.0

- Statutory PAC profit and loss primarily reflects share of profit and loss from Aurora Trust, the business operations of the Group
- Aurora Trust impacted by impairment charges, mainly due to continued FUM losses at Seizert and adjustment of carrying values for Raven, Nereus, Alphashares and Celeste
- Result also affected by interest charges and non-labour costs which will not carry through to FY17
- Final dividend of 5 cents per share (interim dividend of 20 cents per share)

Review of FY16 Results

Impairment charges, non-labour costs incurred as a result of restructure

PAC P&L (A$m)	FY16
PAC Statutory (Loss) After Tax	**(48.2)**
Gain on sale/revaluation/acquisition/deemed disposal of investments	(10.4)
Impairment of investments (non-cash)	77.5
Transaction costs at Aurora for RARE	1.0
Transaction costs of RARE	3.7
Write-off of Raven receivables and PIK	2.4
Fair Value Adjustments (non-cash)	2.1
Prepayment penalty of Medley debt/loan origination cost write-off	1.5
Amortisation of identifiable intangibles (non-cash)	2.0
Transaction costs for Aperio, SCI and GQG	0.4
Employee Restructuring	0.9
Foreign Currency Losses on Repayment of Y RPU	2.1
Amortisation of LTI (non-cash)	0.2
Reverse Income Tax Benefit on accounting losses	(23.5)
PAC Underlying Profit	**11.6**

- All non-recurring items are PAC's share of expense/gain from Aurora Trust
- Impairment of investments due to continued FUM losses at Seizert; changes in assumptions used in establishing appropriate carrying values for Raven, Nereus, Alphashares and Celeste
- Gain on sale of investment reflects profit on sale of RARE
- Transaction costs incurred at RARE corporate level as well as incurred by Aurora have been separated as one-offs
- Medley debt was paid early, resulting in a one-off prepayment penalty
- Repayment of Y RPUs (unitholder debt) in May 2016 of A$20m will reduce non-cash expenses going forward

Review of FY16 Results

Aurora Trust Balance Sheet

Balance Sheet – Aurora Trust (A$m)		FY16
Current Assets		30.9
Non-Current Assets		
Investments in Associates	222.2	
Goodwill and other Intangibles	176.0	
Other NCA	13.6	411.8
Total Assets		**442.7**
Current Liabilities		46.0
Non-Current Liabilities		
Debt, Vendor Finance, Promissory Notes	25.6	
Contingent Liabilities	48.4	74.0
Total Liabilities		**119.9**
Net Assets		**322.8**

- $14.8m of surplus cash available at 30 June 2016
- Repayment of Medley debt of $62m and investment in Aperio of $21m
- PAC owned 65% of Aurora Trust as at 30 June 2016
- Carrying values marked to market as at merger completion and have been tested and/or adjusted for impairment
- Current liabilities include deferred payment for Aperio of $21.9m and distribution of $15.7m
- Contingent liabilities are earn out arrangements related to merger consideration
- Reflects consolidation of Aether Investment Partners, Seizert Capital Partners, Midco and its subsidiaries

Impairments

Assumptions and Judgements

- The Board needs to review the carrying value of investments at each reporting period and the level of goodwill being carried forward
- The valuation of assets is typically based on applying a discounted cash flow methodology
- Key assumptions at a point in time include:
  - Client flows
  - Investment performance
  - External factors and asset class
  - Discount rate
- Accounting treatment and outcomes – impairment of goodwill cannot be reversed irrespective of future growth and performance

BUSINESS OVERVIEW

Business Overview

We stumbled and need to do better

- We recognize that elements of the merger have proven more challenging than we expected, including the Trust structure and the underperformance of a small number of boutiques
- As a result we have delivered results that are clearly disappointing
- We have responded by making a variety of operational and portfolio changes that should help us begin rebuilding shareholder value
- We believe the quality of the new investments made post-merger is excellent and will be increasingly apparent in the growth we experience
- Management remains focused and committed

Business Overview

Management is focusing on operational efficiencies, simplification and growth

- **Improve operational results**
  - Reconfigured management team and responsibilities
  - Restructured sales team to increase capacity while decreasing costs
  - Significant reduction in headcount (40 to 26), T&E, and rent
  - Have reduced run-rate costs by approximately A$5m million since merger
- **Activities related to structural simplification**
  - A & B Shareholders structural simplification negotiations are nearly complete. Will likely result in reduced X-RPU liability and change terms for converting B-shares into PAC shares
  - Reduced board size
- **Significant portfolio changes**
  - Continued migrating portfolio toward "sunrise" market segments through investments in Aperio Group and GQG Partners
  - Simplified portfolio and enhanced balance sheet by selling Octis, Orion, and Raven

Key FY16 Portfolio Developments - Seizert

Seizert faced both performance and industry headwinds in FY16

- Weak post-merger performance has led to FUM attrition. We have attributed the disappointing result to "normal" stylistic factors
- Growing headwinds for active managers have further fueled outflows
- In the US, managers typically have much larger tracking error (volatility relative to a benchmark). The result is greater volatility in performance rankings
- Very strong performance rebound in 3Q16, which needs to continue in order to stem outflows

	Percentile Ranking of Performance v. Peers				
	Quarter	1 - Year	3 - Years	5- Years	10 -Years
Concentrated Equity					
30-Sep-14	10	42	11	3	NA
30-Jun-16	39	80	88	63	NA
30-Sep-16	6	18	69	33	NA
Core Equity					
30-Sep-14	5	8	37	21	50
30-Jun-16	57	38	41	49	41
30-Sep-16	9	3	25	35	42
Large Cap Value					
30-Sep-14	2	15	18	16	12
30-Jun-16	52	44	41	41	35
30-Sep-16	5	7	17	18	21
Mid Cap					
30-Sep-14	63	60	5	8	1
30-Jun-16	88	97	93	85	22
30-Sep-16	1	51	86	38	12

Top Quartile — Bottom Quartile

» Source: Evestment. Performance includes results for Seizert's 4 largest FUM products

Key FY16 Portfolio Developments

FY16 brought challenges to Core boutiques and great opportunities through new investments

- **RARE**
  - We believe it was necessary to support RARE's management in its decision to sell
  - PAC made 33X its initial investment in RARE, while retaining a 10% stake
  - Proceeds immediately deployed to repay debt and invest in Aperio
- **Aperio**
  - Highly sought after firm with exceptional management team and impressive growth prospects
  - Aperio exemplifies the type of "sunrise" market exposure we are trying to access. Specifically, the firm exploits powerful trends toward (1) after tax returns, (2) passive management, (3) smart beta, and (4) ESG
  - FUM has grown A$4.5B from since our investment in early January 2016

Key FY16 Portfolio Developments

A unique opportunity to partner with an exceptional investor

- **GQG Partners**
  - Backed Rajiv Jain, one of the most prominent long-only investors in the world
  - Mr. Jain previously managed US$48b in global and emerging markets equity strategies
  - Given his investment skills, track record and reputation interest in GQG has been extremely positive among institutional investors
  - The firm is only several months old, but we expect significant growth over the next 12 months
  - Receptivity in the Australian market for GQG has been very promising and we are hopeful that GQG will secure Australian business in FY17

FUM Update – 30 September, 2016

- Aperio continues to lead in terms of FUM flows with another great quarter
- Seizert still in redemption mode, though FUM grew in quarter ending 30 September due to excellent performance
- IML continues to grow steadily
- EAM funded first Australian account
- Blackcrane lost FUM that has been more than replaced in October
- GQG momentum building

	30 June*	FUM Flows*	30 Sept*
Core	41.12	1.4	42.76
Growth	6.68	.05	6.76
Other	2.56	.01	2.75
Total	50.36	1.46	52.27

*Figures in billions

Beginning balances plus flows do not sum to the total because performance and currency impacts are not shown here

Business Overview - Summary

FY17 expected to be more positive after a challenging year for the group

- FUM losses at Seizert had a large adverse impact on FY16 results. Accordingly, FY16 was significantly impacted by large impairment charges and various one-off events
- Have delivered on plan to repay debt, redeploy RARE proceeds, and find synergies
- Have made new, high momentum investments in “sunrise” market segments
- New executive team established to oversee a number of strategic initiatives designed to enhance performance – material cost reductions, optimized portfolio, restructured sales effort
- Majority of portfolio companies exhibiting solid organic growth
- We are confident we can finalise structural simplification by year-end 2016

FORMAL ITEMS OF BUSINESS

Formal Items of Business

- **Part A - Consideration of Financial Statements Reports**

- To receive and consider the Financial Report, the Directors’ Report and the Independent Auditor’s Report of the Company for the financial year ended 30 June 2016.

QUESTIONS

Formal Items of Business

- **Resolution 1a. Re-election of Director – Michael Fitzpatrick**

- To consider and, if thought fit, pass the following as an ordinary resolution of the Company:
- *“That Michael Fitzpatrick, who retires in accordance with clause 7.1 (f) of the Company’s Constitution and being eligible for election, is re-elected as a Director of the Company.”*

- Proxies have been received in respect of the resolution as follows:

For	Against	Abstain	Proxy’s Discretion
10,350,259	673,568	183,373	445,475

Formal Items of Business

- **Resolution 1b. Re-election of Director – Peter Kennedy**

- To consider and, if thought fit, pass the following as an ordinary resolution of the Company:
- *“That Peter Kennedy, who retires in accordance with clause 7.1 (f) of the Company’s Constitution and being eligible for election, is re-elected as a Director of the Company.”*

- Proxies have been received in respect of the resolution as follows:

For	Against	Abstain	Proxy’s Discretion
10,001,300	1,058,723	147,177	445,475

Formal Items of Business

- **Resolution 2 Remuneration Report**

- To consider and, if thought fit, pass the following as a non-binding ordinary resolution of the Company:
- *"That the Company's Remuneration Report for the financial year ended 30 June 2016, as set out in the Director's Report, is adopted."*

- Proxies have been received in respect of the resolution as follows:

For	Against	Abstain	Proxy's Discretion
1,241,416	7,169,413	98,107	66,434

Close of Meeting

- Thankyou for attending.
- AGM Closed. Please complete your voting card and deposit it at the exit