PACIFIC CURRENT GROUP

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ASX ANNOUNCEMENT

30 August 2021

FY2021 Results Announcement, Investor Presentation & MD's Overview

Pacific Current Group Limited (ASX:**PAC**) attaches the following documents relating to PAC's Full year 2021 results announcement:

- FY2021 Results Announcement;
- FY2021 Investor Presentation; and
- Managing Director's Financial Year Overview.

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

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ABOUT PACIFIC CURRENT GROUP
Pacific Current Group Limited is a multi-boutique asset management firm dedicated to providing exceptional value to shareholders, investors and partners. We apply our strategic resources, including capital, institutional distribution capabilities and operational expertise to help our partners excel. As of 30 August 2021, Pacific Current Group has investments in 15 boutique asset managers globally.

30 August 2021

PACIFIC CURRENT GROUP FULL YEAR RESULTS

Year ended 30 June 2021

Pacific Current Group (ASX: PAC, "Pacific Current") is pleased to report the Company's full year results for the period ended 30 June 2021.

- Funds under management (**FUM**) grew 52% to A$142.3b;
- Appreciation of A$ Vs. US$ had significant impact on reported results given most revenues are US$;
- In US$, underlying net profit before tax (**NPBT**) grew 13% and underlying net profit after tax attributable to members (**NPAT**) grew 17%;
- In A$, underlying NPBT grew 2% to A$32.6m and Underlying NPAT increased 5% to A$26.3m;
- Underlying earnings per share (**EPS**) of A$0.52, up 1% from A$0.51 in FY20;
- Fully franked final dividend of A$0.26 per share (total dividends of A$0.36 for FY21, a 3% increase over FY20);
- Substantial increase in value of GQG and EAM reflected on balance sheet but not in statutory earnings;
- Underlying operating expenses declined 15%, from A$16.7m in FY20 to A$14.2m in FY21.

OPERATIONAL PERFORMANCE

PAC posted strong profitability growth in FY21 in local currency, though when translated into A$ the growth appears more modest. In US$, the source of more than 90% of PAC's revenues, underlying NPBT grew 13%, while underlying NPAT grew 17%. In A$, underlying NPBT grew 2% to A$32.6m and underlying NPAT grew 5% to A$26.3m. Declared dividends for the year were A$0.36 up from A$0.35m in FY20.

The revenue mix changed notably. Management fee related revenues, which comprise the majority of PAC's total revenues, increased 23% in US$ (10% in A$) on the strength of increased contributions from GQG, Victory Park, EAM, and Roc. Performance fees declined 33% in US$ (30% in A$) and commission revenues fell 45% in US$ (49% in A$) as GQG related sales commissions ran off.

Statutory NPAT was A$17.4m compared to a loss of A$17.5m in FY20. These results include modest impairments at Victory Park and CAMG. In aggregate, net tangible assets were flat year over year, though when viewed in US$ terms, PAC's NTA per share grew 10%.

PORTFOLIO MANAGEMENT

It was a quiet year in terms of portfolio activity. PAC made one new investment in Astarte Capital Partners LLP (Astarte). Astarte is a London-based investment manager offering a distinctive private equity real assets strategy. PAC also sold its interest in Seizert Capital for US$5.0m, which crystallized a capital loss, and a US$5.1m tax refund (upon filing PAC's next US tax return).

PIPELINE

Despite increasing competition, PAC's pipeline of new investment opportunities continues to be strong and it believes it is likely to deploy capital into new, diversifying investments in FY22, though in such a dynamic environment the timing is uncertain.

OUTLOOK

Pacific Current's Chairman, Mr. Tony Robinson said, *"Our business continues to progress nicely. This can be seen in the changing composition of our revenues, which are increasingly comprised of more predictable management fees, while becoming less reliant on commission revenues and performance fees."*

Pacific Current's Managing Director & CEO and CIO, Mr. Paul Greenwood noted, *"We are pleased with the financial progress we made in FY21, though the appreciation of the Australian dollar largely masked the underlying growth in the business."* He added, *"Our portfolio companies are emerging from the fog of the COVID pandemic in good shape and are seeing increased interest in their investment offerings, which makes us quite optimistic about FY22 and beyond."*

Summary of Financial Results

	FY21	FY20	Change
FUM at 30 June[1]	A$142.3b	A$93.3b	+52%
Adjusted FUM at 30 June[2]	A$141.8b	A$91.1b	+56%
Underlying net profit before tax[3]	A$32.6m	A$32.1m	+2%
Underlying net profit after tax[3]	A$26.3m	A$25.0m	+5%
Underlying EPS[4]	A$0.52	A$0.51	+1%
Dividends per share	A$0.36	A$0.35	+3%
Investable cash on balance sheet[5]	A$26.6m	A$7.7m	+244%
Net assets per share	A$7.92	A$8.09	-2%
Franking credits available at 30 June	A$21.9m	A$29.0m	-24%

Please refer to the attached presentation for further details.

1 FUM of private equity funds is based on capital commitments to each fund and does not reflect any return of capital to date.

2 Adjusted FUM excludes boutiques sold/acquired during FY21 for a true comparison.

3 Underlying net profit before/after tax is unaudited and a non-IFRS financial measure used by PAC to manage its business.

4 EPS is based on weighted average number of shares based on their issue dates.

5 Investable cash is based on deconsolidated amounts, excluding Aether, Seizert and SCI. It is net of current assets and liabilities.

CONFERENCE CALL

Investors and analysts are invited to participate in a conference call on **Tuesday, 31 August 2021 at 9:00am (AEST).** The call will be hosted by Pacific Current Group's Chairman Tony Robinson, Paul Greenwood, CEO & CIO and Ashley Killick, CFO.

The dial-in details are as follows:

Location	**Phone Number**
Australia (toll free)	1800 573 793
Australia, Sydney	+61 2 7250 5436
New Zealand (toll free)	0800 423 970
New Zealand, Auckland	+64 9 9133 622
Singapore (toll free)	800 186 5107
Singapore	+65 6320 9025
United Kingdom (toll free)	0800 358 6377
United Kingdom	+44 330 336 9105
USA/Canada (toll free)	866 548 4713
USA, Los Angeles	+1 323 794 2093

Participant Passcode: **6745342**

Please join the event conference 5-10 minutes prior to the start time using the dial-in details and participant passcode listed above.

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

-ENDS-

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www.paccurrent.com

PACIFIC CURRENT GROUP

FULL YEAR 2021 RESULTS

PRESENTERS:
Paul Greenwood, Managing Director, CEO and CIO
Ashley Killick, CFO

August 2021

Disclaimer

The information in this presentation is general information about Pacific Current Group (‘Pacific Current’ or ‘PAC’) and is current only at the date of this presentation. In particular, this presentation:

- is not an offer or recommendation to purchase or subscribe for securities in Pacific Current, nor is it an invitation to any person to acquire securities in Pacific Current;
- is not personal advice and does not take into account the potential and current individual investment objectives or the financial situation of investors; and
- contains information in summary form and does not purport to be complete.

Note that the relationship between FUM and the economic benefits received by Pacific Current can vary dramatically based on each boutique’s fee levels, PAC’s ownership stakes, and the specific economic features of each relationship. Accordingly, management cautions against simple extrapolation based on FUM updates/trends.

Certain statements in this presentation may constitute ‘forward-looking statements.’ Forward-looking statements are neither promises nor guarantees and involve known and unknown risks, uncertainties and other factors which may cause actual results to vary materially from any projection, future results or performance expressed or implied by such forward-looking statements.

A Strategy for Strong and Sustainable Earnings Growth

Pacific Current Group (PAC) is a global investor in investment management firms, with stakes in 15 investment firms across the US, Europe, Asia and Australia.

PAC's boutiques offer a diverse range of investment products across multiple asset classes, delivering sustainable and growing management fees and significant potential for performance fee income.

PAC is focused on actively managing its portfolio, which includes identifying and investing in best of class investment opportunities around the globe, as well as periodically selling assets.

Solid investment performance

- Strong performance over last several years sets the stage for continued FUM growth in FY22 & FY23
- Private capital strategies faring well; across the portfolio their performance has exceeded PAC's expectations
- Long-only managers had weaker FY21, but performance over three and five years remains excellent

Strong growth in FUM

- FUM grew 52% to A$142.3b in FY21, led by 75% (90% in local currency) growth in GQG's FUM
- Excluding GQG, aggregate FUM* grew 9% YOY, led by EAM and Roc
- With PAC's net investable cash of >A$26m (pre-dividends) and potential new credit facility, PAC has significant dry powder for future investments
- PAC is confident that the breadth of FUM growth will increase in FY22 and FY23

FY21 underlying earnings

- Underlying NPBT grew 2% to A$32.6m. Underlying NPAT of A$26.3m, up 5% versus FY20
- In US$ Underlying NPBT grew 13% and Underlying NPAT increased 17%
- Management fee related revenues from boutiques rose 10%, commission revenues declined 49%, and performance fees fell 30%
- Management fee profitability (mgt. fee related revenues less all underlying operating expenses except commissions) reached record levels
- Corporate overheads down 15% due to lower commissions and reduced travel & entertainment expenses

*Aggregate FUM growth is calculated in A$, it excludes Seizert from opening FUM at 30 June 2020 and Astarte from closing FUM at 30 June 2021. PAC exited Seizert on 30 November 2020 and invested in Astarte on 19 March 2021.

FY21 Underlying Results – strong growth in management fee revenues

Four core drivers: management fees, performance fees, commissions, & corporate overheads

	FY20 (A$m)	FY21 (A$m)	FY20 (US$m)	FY21 (US$m)	Comments
Boutique Contributions					
Management fees	33.8	37.3	22.7	27.9	Management fee revenues increased 10% (23% in US$)
Performance fees	9.8	6.8	6.6	5.1	Decline due to lower Carlisle, SCI, and Victory Park Capital (VPC) performance fees and idiosyncratic timing
Corporate Revenues					
Commissions and Retainers	4.3	2.2	2.9	1.6	GQG commission revenues have now run off
Other income	0.8	0.4	0.5	0.3	
Total Revenues	**48.7**	**46.8**	**32.7**	**34.9**	A decline of 4% (7% gain is US$)
Corporate Overheads	(16.7)	(14.2)	(11.2)	(10.6)	Significant decline due to reduced commission expense and lower travel and entertainment
Underlying NPBT	**32.1**	**32.6**	**21.5**	**24.3**	2% increase in Underlying NPBT (13% in US$)
Underlying NPAT	**25.0**	**26.3**	**16.8**	**19.6**	Underlying NPAT grew 5% (17% in US$)

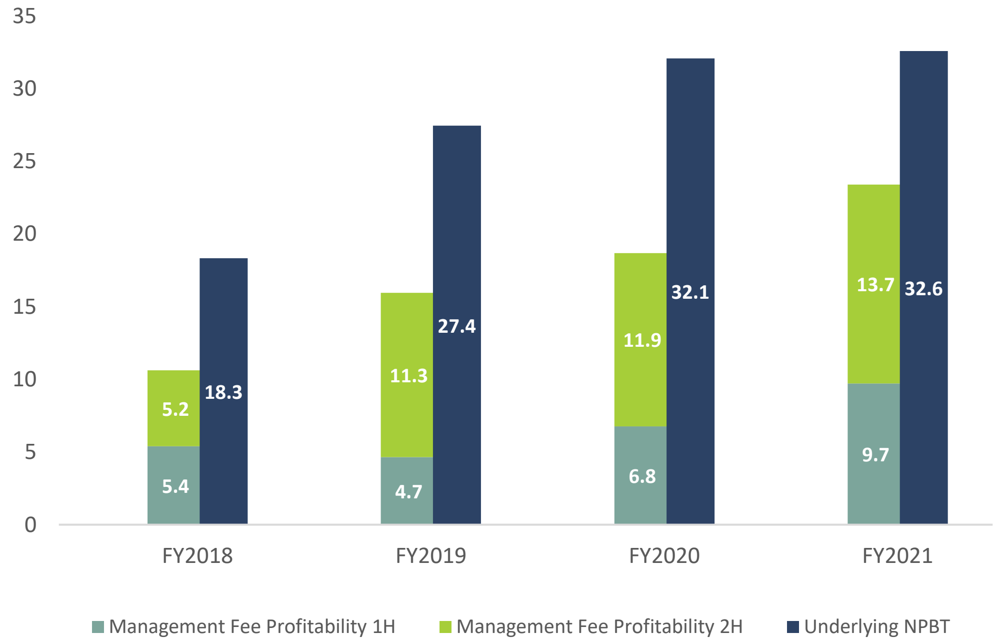
Underlying EPS	51 cents	52 cents	34 cents	39 cents	EPS increased 1% (13% in US$)
Dividends Per Share	35 cents	36 cents	-	-	Full year dividends increased 3%
Net Assets Per Share	A$ 8.09	A$ 7.92	US$ 5.57	US$ 5.93	Net assets per share decreased 2% (increased 7% in US$)

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

Management Fee Profitability

An increasing portion of PAC's profits are derived from management fee related revenues

Management Fee Profitability (A$m)



» PAC emphasizes management fee related revenues over performance fees. This reduces earnings volatility and helps deliver high quality, sustainable earnings to shareholders.

» Management Fee Profitability continued its steady growth, increasing 25% (39% in US$) versus FY20.

» Increase in Management Fee Profitability driven by:

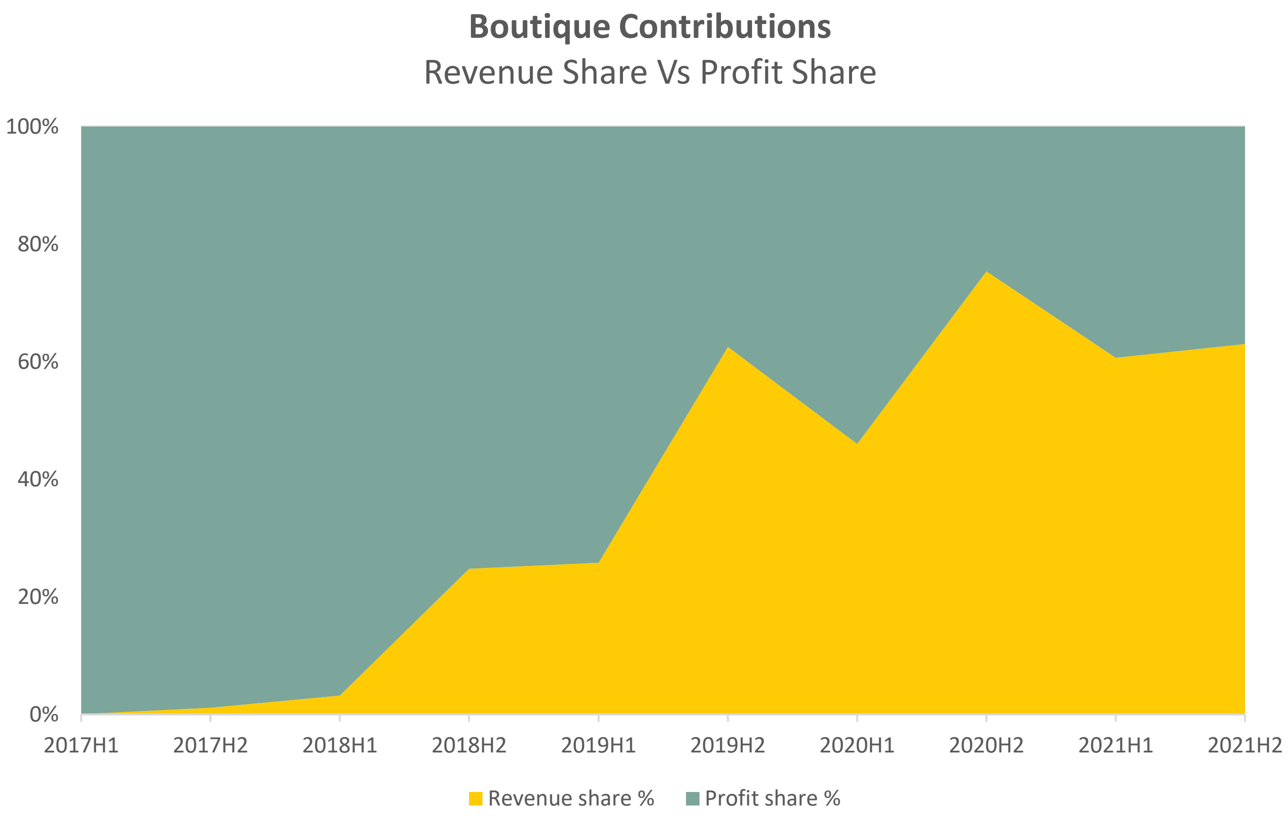
  » 10% (23% in US$) growth in management fee revenues due to growth at GQG, VPC, Roc, and EAM.

  » 8% reduction in underlying expenses (excluding commission expenses), due to reduced travel related expenses and A$ appreciating against US$.

Notes:
- Some boutiques hold marketable securities on their balance sheets, which can impact management fee revenues when marked to market.
- Management Fee Profitability has been revised since prior disclosure. It now reflects underlying PAC operating expenses excluding commission expenses.

Increasing Earnings Visibility

A growing portion of PAC's revenues are derived from Revenue Share arrangements



- Majority of Boutique Contributions now derived from participating in boutique revenues (instead of profits), which significantly enhances earnings visibility.
- PAC attempts to blend Revenue Share investments with Profit Share investments. Revenue Share arrangements offer more predictability and downside protection, while Profit Share structures provide more upside potential.

Note: Some boutiques hold marketable securities on their balance sheets, which can impact management fee revenues when marked to market.


PORTFOLIO UPDATE

Investment Philosophy

Quality

We focus solely on best-in-class investment boutiques

We look beyond headline investment performance and seek to understand long-term drivers of investment and business success, such as investment team motivation, investment philosophy, firm culture, and integrity.

Alignment

We seek alignment between our portfolio companies, their clients, and PAC

We focus on management teams that want to retain as much of their equity interest as possible; we believe this is a strong indication of their belief in the business and a way to promote alignment. As such, we prefer smaller equity stakes in comparison to our competitors.

Sustainable Growth

We invest in firms that we believe have a long runway for growth

We look for situations where our investment serves as a catalyst for growth by offering distribution resources, enhancing credibility with investors, or improving the firm's infrastructure or resources.

Risk Mitigation

We manage investment risk through bespoke capital structures and broad diversification

In order to manage investment risk, we typically 1) emphasize management fees versus performance fees, 2) employ a variety of investment structures to capture tradeoff between upside potential and downside risk, and 3) invest across a broad array of asset classes.

PAC Boutiques

Revenue Share

Tier 1

GQG Partners	Carlisle Management	Proterra Investment Partners
Pref. Equity / 5%	16% / 40%*	8% / 16%*
FUM - US$84.7bn	FUM - US$2.3bn	FUM - US$3.6bn
Global & emerging markets equity	Life settlements	Private equity natural resources
2016	**2019**	**2019**
USA	**Luxembourg**	**USA**

Tier 2

Northern Lights Alternative Advisors	EAM Global Investors
Pref. Equity / 23%*	Pref. Equity / 18.8%
-	FUM - US$1.6bn
Private equity & hedge fund placement agent	International & emerging markets small cap
2014	**2014**
UK	**USA**

Profit Share

Tier 1

Aether Investment Partners, LLC	Victory Park Capital
100%	24.9%
FUM - US$1.5bn	FUM - US$3.6bn
Diversified real assets	Private debt, credit & equity
2008	**2018**
USA	**USA**

Tier 2

Astarte Capital Partners	Blackcrane Capital	RoC Partners	Strategic Capital Investors
40% / 44.9%*	25%	30%	60%
FUM – US$0.3bn	FUM - US$0.5bn	FUM – A$8.5bn	-
Private markets real assets	International and global equity	Private equity and real assets	Hedge fund seeding
2021	**2014**	**2014**	**2015**
UK	**USA**	**Australia**	**UK**

CAMG LLP Capital & Asset Management Group	Independent [Financial] Partners	Pennybacker Capital	Nereus
36.3%	24.9%	16.5%*	50%
-	-	FUM - US$2.1bn	-
Private infrastructure	Hybrid RIA platform	Private equity in commercial/ residential real estate	Alternative energy infrastructure
2018	**2019**	**2019**	**2008**
UK	**USA**	**USA**	**India**

*Notes: Carlisle: 16% revenue share with 40% in the event of sale/liquidation; Proterra: 8% of management fees and 16% of the value of firm's management fees; Pennybacker: 16.5% of net income and 2.5% of all carried interest from new funds; Astarte: 40% of net income and 44.9% of value of business in the event of sale/liquidation

FY21 Portfolio Highlights

Portfolio companies navigated FY21 well and are strongly positioned for FY22 & FY23

FY21

Roc

» Grew FUM from A$6.6b to A$8.5b during FY21, and new business pipeline remains strong. Also realized significantly higher performance fees versus FY20.

Astarte

» New investment in unique real assets private equity seeding business, offering PAC considerable optionality.

Carlisle

» Carlisle restructured its open-end Long Term Growth Fund (LTGF) due to pandemic induced redemptions and lower liquidity in life settlements. Also, secured US$290m of new commitments for Absolute Return Fund II. Of its US$2.3B, more than US$970m in long-term private equity vehicles.

GQG

» Funds Under Management grew 90% from US$44.6b to US$84.7b.

Seizert

» Due to strong headwinds in US active management, PAC sold firm back to management for US$5m. The sale will also result in a US$5.1m tax refund with 30 June 2021 US tax return.

Victory Park

» VPC launched four Special Purpose Acquisition Companies (SPACs) in FY21. To date, business combinations have been announced for three of the four. Also announced US$500m account with Apollo. Post 30 June, VPC landed its first large Australian institutional account.

Portfolio Company Performance Update

Investment performance remains generally strong and should facilitate future growth

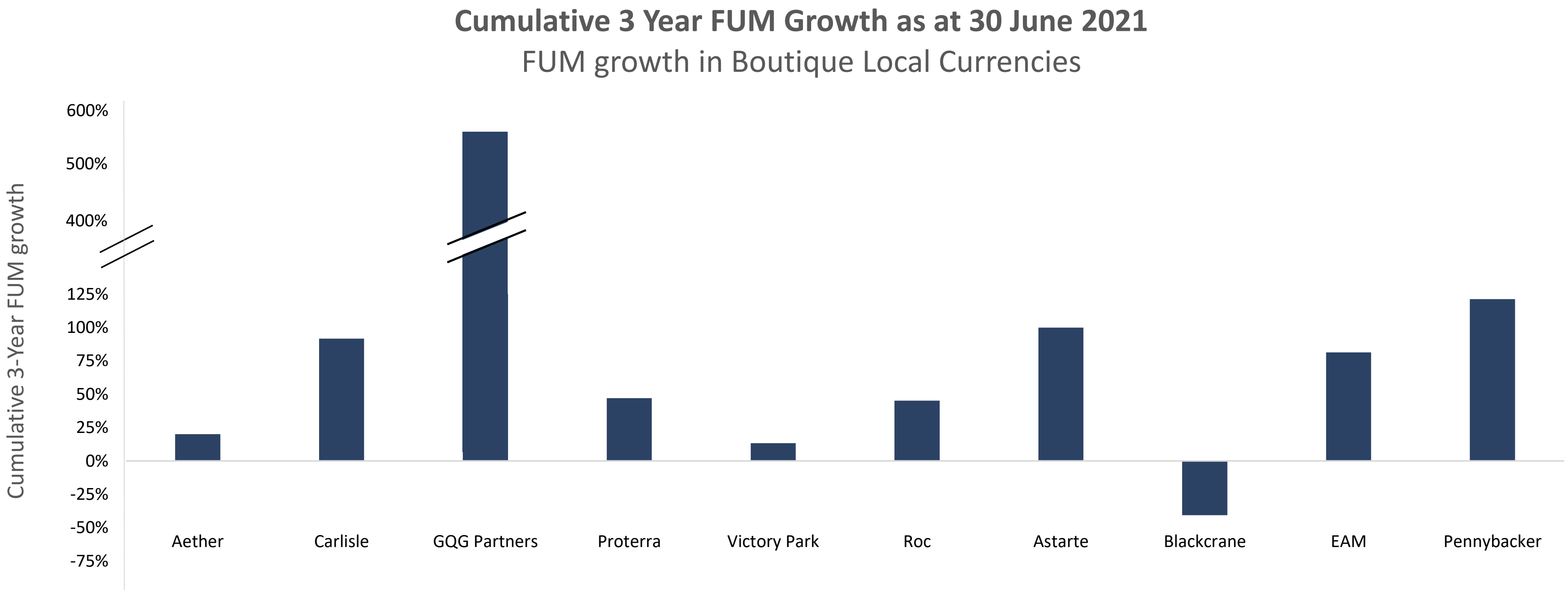
- Private capital strategies generally weathering the pandemic very well
    - Improvement in commodity prices has aided Aether and Proterra performance
    - Carlisle's open-end fund produced flat returns, though its closed end funds tracking very well
    - Private debt strategies provided by VPC and Proterra performing well
    - Pennybacker active in selling real estate properties, locking in attractive returns, which should aid future fundraising
- After strong FY20, our active equity managers underperformed. However, 3-year and 5-year outperformance remains excellent

Boutique	1 Year	3 Years	5 Years	ITD
Blackcrane Capital	○○	●●	●●	●●
EAM Global	●●○○○	●●●○○	●●○	●●●●●
GQG Partners	●○○○○	●●●●●	●●●●●	●●●●●

● Strategy outperformed manager-preferred benchmark ○ Strategy underperformed manager-preferred benchmark

FUM Growth by Portfolio Company

Though GQG dominates the statistics, growth has generally been strong and broad



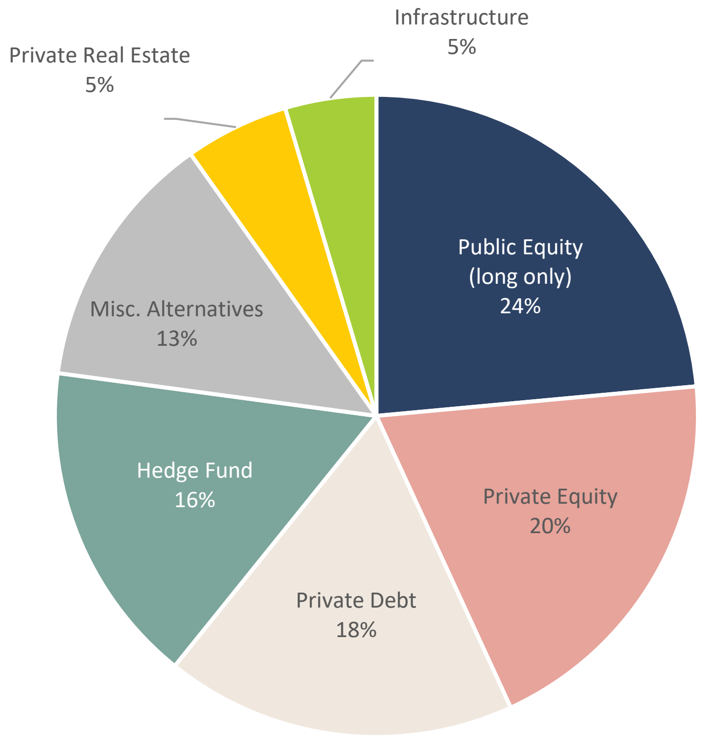
Note: PAC's investment in some affiliates occurred within the last 3 years, and thus not all growth occurred after PAC's investment. Managers with no FUM are not listed, nor are managers that don't have traditional funds under management revenue models.

OUTLOOK

Investment Opportunities

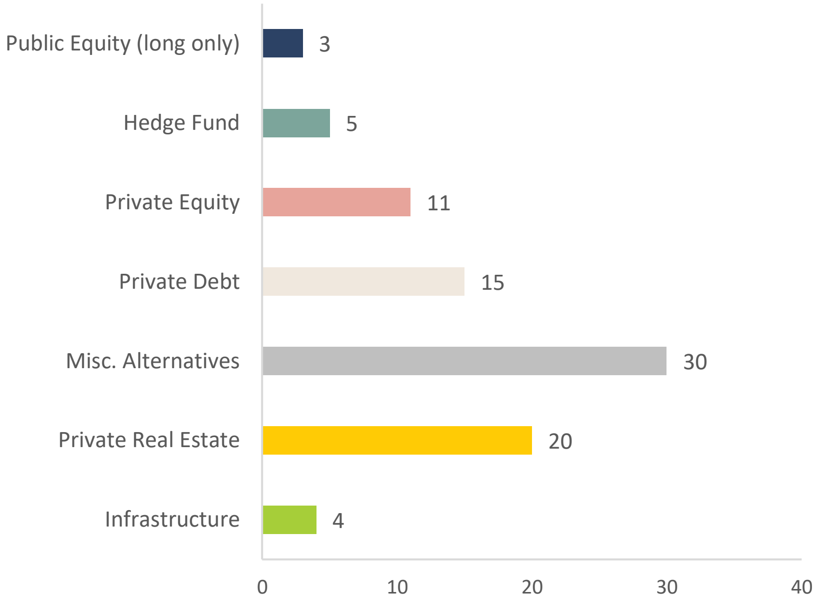
Continued momentum in PAC deal flow into FY22

Opportunities by Asset Class



- Existing cash and a potential new credit line should provide ample dry powder to deploy in FY22.
- ~160 opportunities reviewed in the last 12 months.
- Investment opportunities in private capital firms have increased relative to those in firms focusing on liquid asset classes, such as public equities.
- PAC continues to emphasize private capital asset management firms with unique business models operating within niche market segments.

Average Deal Size by Asset Class (US$m)



Outlook

PAC expects continued improvement in corporate and boutique prospects

Operational Outlook

- Growth prospects broadening across the portfolio due to increased sales activity and more funds actively being raised.
- Excluding GQG, PAC expects its boutiques to receive A$3b - A$8b of inflows/new commitments over next 18 - 24 months
- PAC expects to access additional sources of investment capital in FY22 and/or dedicated external pools of capital.
- Market for asset managers is very active, potentially providing opportunities to realize gains and reinvest at lower multiples.

Financial Outlook

- PAC expects current portfolio to generate solid growth in FY22 and further increases in FY23 supported by:
  - Organic FUM growth
  - Continued growth in management fee related revenues
  - Deployment into new investments
  - Commission revenues on stronger fundraising activity
  - Modest increases in corporate expenses
  - Increased performance fees (though difficult to estimate)
- Strong cash flows support PAC’s full year dividend payout in the 60% - 80% range and less biased toward 2nd half.

Note: Outlook assumes flat equity markets and no change in currency. Growth expectations are based primarily but not exclusively on PAC or boutique knowledge of specific prospects that appear likely to allocate to boutiques over the next 18 - 24 months. New allocations to boutiques cannot be known with certainty, nor can the timing of any allocations be precisely forecasted. Additionally, PAC revenues and earnings can be influenced by some marketable securities held on boutique balance sheets, which can impact results in ways that cannot be readily predicted.

APPENDICES

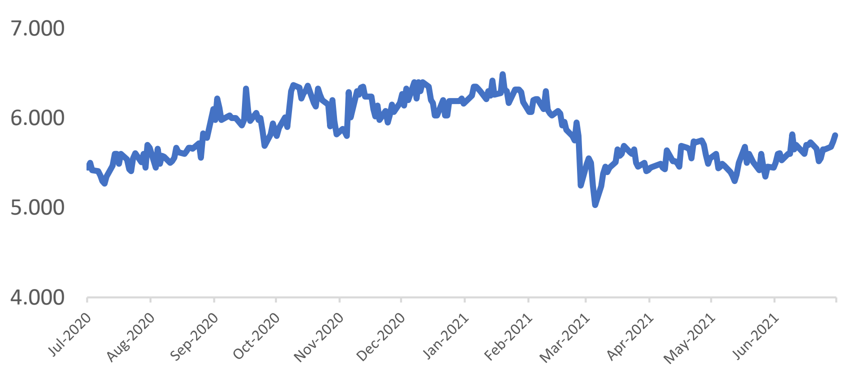
PACIFIC CURRENT OVERVIEW

Pacific Current is an ASX-listed, global, multi-boutique asset management business, which leverages its experience and resources to identify exceptional asset managers and help them grow.

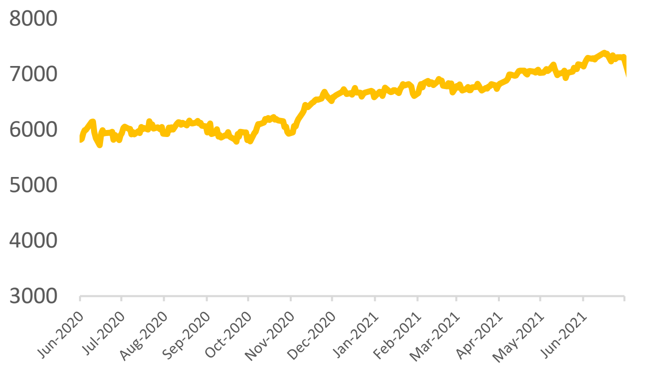
MARKET INFORMATION *

Shares on Issue	50,828,844
Market Cap (30 June 21)	$295.3M
52-Week High	$6.49
52-Week Low	$5.03
Average Volume	55,474

PAC SHARE PRICE MOVEMENT



ASX 200 MOVEMENT



FINANCIAL INFORMATION FY21

Underlying Trailing P/E*	11.2x
Underlying EPS	52 cents
FY21 Dividends per share	36 cents
Gearing	0
Underlying Revenue	A$46.8 million
Underlying NPAT	A$26.3 million

DIRECTORS AND EXECUTIVES

Mr Antony Robinson	Chairman
Mr Paul Greenwood	Managing Director
Mr Jeremiah Chafkin	Non Exec Director
Ms Melda Donnelly	Non Exec Director
Mr Gilles Guérin	Non Exec Director
Mr Peter Kennedy	Non Exec Director

COMPANY INFORMATION

Incorporation	24 September 2004
IPO	24 September 2004
Offices	Sydney, Melbourne, Denver, Tacoma
PAC Corporate staff	20

* Information current as at close of business on 20 August 2021. Trailing P/E is calculated using FY21 earnings and share price as at 20 August 2021.

Statutory Profit or Loss

A$000s	FY20	FY21
Revenue from operations	35,811	20,123
Distributions and dividend income	25,271	26,686
Other income	1,644	237
Changes in fair value	9,748	4,160
Loss on sale of investment	-	(2,250)
Gain/(Loss) on derecognition of financial asset/liability	(863)	271
	71,611	**49,227**
Employment expenses	(21,643)	(15,235)
Impairment expenses	(53,464)	(3,536)
Administration and general expenses	(20,826)	(10,030)
Depreciation and amortisation expenses	(4,326)	(3,461)
Interest expenses	(420)	(108)
	(100,679)	**(32,370)**
Share of net profits of associates and joint venture	1,751	6,608
Profit/(Loss) Before Tax	**(27,317)**	**23,465**
Income tax (expense)/benefit	11,028	(5,777)
Profit/(Loss) After Tax	**(16,289)**	**17,688**
Non-controlling interests	(1,220)	(275)
Profit/(Loss) After Tax attributable to the PAC members	**(17,509)**	**17,413**

- Results include the revenues and expenses of operating subsidiaries (i.e. Seizert (until 30 November 2020 sale date), Aether, and SCI)
- Amortisation expenses include Aether Fund V management rights
- Share of associates higher due to VPC, Roc and NLAA results, which were partly offset by lower contributions from IFP and increased amortisation
- Growing dividends from GQG and Proterra cause dividend income to improve
- Disposal of Seizert resulted in a loss on sale
- Gains in fair value movements of Proterra and Carlisle are recorded in P&L
- Impairment reflects write-down of CAMG and Victory Park GP Holdco
- Admin expenses lower due to:
  - Reduced travel due to pandemic related restrictions
  - Lower commission expenses
  - No Nereus-related expenses
  - Lower deal expenses
  - Nonrecurring forex expenses associated with Seizert seller note repayment in FY20

Statutory to Underlying Reconciliation

A$000s	FY20	FY21
Reported NPBT/(NLBT)	**(27,317)**	**23,465**
Non-cash items		
Impairment of investments	52,693	3,536
Amortisation expenses	6,168	5,846
Fair value adjustment of financial assets	(11,258)	(5,850)
Fair value adjustment of financial liabilities	1,510	1,690
Share-based payment expenses	961	594
Non-recurring items		
Provision for estimated Nereus liability	4,405	-
Legal, consulting, deal and break fee expenses	2,819	1,253
Net foreign exchange loss	1,228	-
Loss on sale of subsidiary	-	2,250
Other	863	(206)
Underlying NPBT	**32,072**	**32,578**
Income tax (expense)/benefit	(5,818)	(6,038)
Share of non-controlling interests	(1,220)	(275)
Underlying NPAT attributable to members of the parent	**25,034**	**26,265**

- Reported results impacted by extraordinary/non-cash items
- Notable for FY21:
  - Impairment of investments relates to CAMG and VPC GP Holdco
  - Legal, consulting and deal expenses – these are related primarily to investment diligence
  - Loss on sale of subsidiary reflects sale of Seizert
  - The increased value of investments held at FVTPL (Proterra and Carlisle) is recorded in P&L as Fair Value adjustment of financial assets
- Notable for FY20:
  - Impairment of investments primarily related to Seizert and VPC
  - Provision for Nereus liability recognized based on management's valuation of solar plants and potential liability to Hareon
  - Break fees related to rejected acquisition offer

Note: Underlying NPBT and NPAT are unaudited and non-IFRS financial measures used by PAC to manage its business.

Underlying Profit Drivers

000s		FY20 (A$)	FY21 (A$)	FY20 (US$)	FY21 (US$)
Revenues		**5,126**	**2,588**	**3,435**	**1,931**
Expenses	Employment	8,080	8,492	5,414	6,336
	Marketing/commissions	1,548	266	1,037	199
	Travel/entertainment	688	16	461	12
	Advisory, tax and accounting	1,526	1,805	1,023	1,347
	Legal and consulting	983	1,015	658	757
	Insurance	615	606	412	452
	Depreciation	666	596	446	444
	Nereus shortfall	709	-	475	-
	Other	1,851	1,408	1,240	1,050
	Total	**16,667**	**14,203**	**11,168**	**10,597**
Profit before tax and share of boutiques		**(11,541)**	**(11,615)**	**(7,733)**	**(8,666)**
Boutique Contributions		43,612	44,193	29,222	32,971
Underlying pro forma NPBT		**32,072**	**32,578**	**21,489**	**24,306**
Underlying pro forma NPAT		**25,034**	**26,265**	**16,773**	**19,596**

- Corporate revenues declined due to multi-year commission income running off, offset partially by reduced commission expense payments
- Pandemic reduced travel and marketing expenses
- Repayment of the Seizert seller notes in FY20 resulted in reduced interest expense in FY21
- Boutique Contributions:
  - Reduced contributions from subsidiaries, Aether FY20 result impacted by catchup fees from Aether Fund V
  - Share of associates higher due to higher contributions from VPC, Roc and NLAA
  - Dividend income increased due to increased distributions from GQG and Proterra

Notes:
- Underlying NPBT and NPAT are unaudited and non-IFRS financial measures used by PAC to manage its business. The prior year comparatives are adjusted to ensure consistency.
- US$ amounts are calculated using the average fx rates for the respective financial year (FY20: 1 A$ = 0.6701 US$, FY21: 1 A$ = 0.7461 US$)

Underlying Functional P&L Summary

A$000s	FY21				FY20
	Investment	Sales	Group	Total	
Revenues					
Boutique Contributions					
Management Fees	37,346	-	-	37,346	33,807
Performance Fees	6,846	-	-	6,846	9,805
	44,193	**-**	**-**	**44,193**	**43,612**
Commissions and Retainers	-	2,211	-	2,211	4,312
Interest Income	-	-	237	237	471
Other Revenue	-	-	141	141	343
Underlying Revenue	**44,193**	**2,211**	**378**	**46,782**	**48,738**
Expenses					
Employment Expenses	2,289	2,256	3,947	8,492	8,080
Commission Expenses	-	266	-	266	1,548
Legal & Finance Expenses	180	307	528	1,015	983
Professional Services	22	13	1,770	1,805	1,526
Other Expenses	8	322	2,295	2,625	4,529
Underlying Expenses	**2,499**	**3,164**	**8,540**	**14,203**	**16,667**
Underlying NPBT	**41,693**	**(953)**	**(8,162)**	**32,578**	**32,072**

- Revenues and Expenses broken out by functional area to shed light on profitability of different business segments
- Investment, Sales, and Group expenses reflect costs for those functional areas, including compensation expenses
- Performance fees are biased to 31 December crystallisation, while management fees are biased toward six-months ended 30 June
- Reduced revenue from distribution activities related to scheduled run-off in commission payments to PAC

Statutory Balance Sheet

Book Value (A$000s)	30 June 20	30 June 21
Cash	20,154	28,298
Other Current Assets	21,705	21,982
Non-Current Assets		
Investments in associates and joint ventures	133,606	132,058
Intangible assets	62,732	52,705
Other financial assets	197,986	221,774
Other assets	3,614	1,698
Total Assets	**439,797**	**458,515**
Current Liabilities	19,313	17,495
Non-Current Liabilities		
Deferred tax liability	6,643	27,904
Provisions	181	71
Lease Liabilities	1,658	378
Financial Liabilities	9,443	9,857
Total Liabilities	**37,238**	**55,705**
Net Assets	**402,559**	**402,810**
Non controlling interests	543	432
Net Assets attributable to PAC shareholders	**402,016**	**402,378**
Net Assets per share ($)	**8.09**	**7.92**

- Reflects the consolidation of corporate admin and operating subsidiaries (i.e. Aether and SCI), Seizert was removed from 30 June 21 balance sheet due to disposal in November 2020
- The increase in the cash balance arises from the accumulation of dividends from boutiques and the proceeds from Seizert disposal
- Carrying values have been tested and adjusted for:
  - FV adjustments (PL) – Carlisle & Proterra
  - FV adjustments (OCI) – EAM & GQG
- The appreciation of A$ against US$ negatively impacted the A$ carrying value of our offshore Boutique investments
- The deferred consideration associated with the Aether Fund V & Pennybacker investments and the long-term rental obligations under AASB 16 are included in Non-Current liabilities
- The increased number of shares on issue following the DRP resulted in a small dilution of the Net Assets per share

Alternate Balance Sheet

Book Value (A$000s)	30 June 20	30 June 21
Cash	7,431	21,032
Other Current Assets	16,345	20,368
Current Liabilities	(16,053)	(14,828)
PAC's Investable Cash	**7,723**	**26,572**
Investment in Boutiques		
Subsidiaries	71,452	57,464
Associates & Joint Ventures	133,606	132,058
FVTPL	94,264	93,284
FVTOCI	102,762	128,884
Other Non-Current Assets	4,113	2,094
Deferred Tax Liability	(6,643)	(27,904)
Other Non-Current Liabilities	(5,261)	(10,074)
Net Assets	**402,016**	**402,378**

» Reflects deconsolidation of operating subsidiaries (i.e. Aether, Seizert, and SCI) to present PAC on a "look through" basis

» Investable cash balance assumes that all current assets and liabilities have been realised at balance date, ignoring underlying cash that will be earned over the next 12 months as these current assets and liabilities are realized

» The disposal of Seizert and the A$ appreciation was the primary contributor in the decline in the value of subsidiaries

» Improved operating results from VPC and Roc positively impacted on Equity Accounted investments though this was offset by the $A appreciation and the impairment of VPC Holdco and CAMG

» Even though the US$ value of the FV assets increased, the appreciation of A$ against US$ negatively impacted the A$ carrying value of these investments

Note: Presentation of Alternate Balance Sheet is an unaudited and a non-IFRS financial measure used by PAC to manage its business. Prior year classification is changed to enhance comparability.

Statutory Cash Flow

A$000s	FY20	FY21
Operating cash flow		
Net receipts from customers/suppliers/financiers	1,600	(4,135)
Dividends received	26,966	34,515
Income tax paid	(2,946)	(1,232)
Investing cash flow		
Net proceeds on sale of associate/subsidiary	459	2,271
Increased investments	(70,965)	(9,423)
Other	5,007	1,279
Financing cash flow		
Share issue	11,993	1,974
Dividends paid to PAC shareholders	(12,117)	(13,271)
Other	(21,201)	(2,774)
Net increase (decrease) in cash	**(61,204)**	**9,204**

- Increased distributions from Boutiques resulted in an improved cash flow from operations in FY21
- Increased investments in IFP and CAMG during FY21 totalled A$1.4m and investment in Astarte was A$8.0m while FY20 investments included Proterra (A$30.3m), Pennybacker (A$29.0m) and Roc (A$6.8m)
- Notable in FY21
  - The sale of Seizert provided the Group with additional cash
  - The issue of shares through the underwriting of the DRP increased share capital
  - The enlarged capital base resulted in a larger dividend payment albeit the cash component was reduced through the use of the DRP
- Notable in FY20
  - Receipt of the IML escrow improved investing cash flows
  - The repayment of the Seizert seller note and the Aether Fund V earn-out caused a large reduction in financial liabilities

Note: Presentation of Statutory cash flow is a summarised version of the statement included in the full year report.

Alternate Cash Flow

A$000s	FY20	FY21
Underlying NPBT	**32,070**	**32,578**
Accounting earnings from boutiques	(29,911)	(36,498)
Dividends from boutiques	26,966	34,515
Net interest income	(246)	(26)
Impairment of capital contributions	709	-
Depreciation and amortisation	1,047	819
Changes in operating assets and liabilities	(253)	388
Other	(118)	-
Underlying pre-tax cash earnings	**30,266**	**31,776**
Legal, consulting, deal and break fee expenses	(2,819)	(1,253)
Net foreign exchange loss	1,119	(143)
Pre-tax cash earnings	**28,566**	**30,380**
Income tax paid	(2,946)	(1,232)
Cash provided by operating activities	**25,620**	**29,148**

» Reconciles the underlying NPBT to cash generated from operating activities.

» Dividends reported in the P&L reflect income from the Fair Value Boutiques (such as GQG, EAM, Carlisle and Proterra) while dividends cash received reflects those dividends and the dividends received from the associates.

» Even though A$ reported underlying NPBT only increased marginally, the underlying pre-tax cash earnings increased by 5%. This evidenced strong conversion of the underlying NPBT into cash earnings.

» Reduced deal costs and tax payments between the years improved the cash flow provided by operating activities.

Note: Presentation of Alternative Cash Flow is an unaudited and a non-IFRS financial measure used by PAC to manage its business.

Key Definitions

- **Underlying Results/Earnings:** Unaudited and non-IFRS financial measures used by PAC management to reflect the recurring elements of PAC's business.
- **Boutique Contributions:** PAC's economic entitlement from portfolio company/boutique investments including Management Fees and performance fees.
- **Management Fees:** PAC's allocable share of boutique profits (excluding performance fee revenue and after deducting operating expenses of the boutique) or revenues (where PAC has revenue share arrangement).
- **Management Fee Profitability:** Management Fees (see above) less PAC's underlying operating expenses (excluding commission expenses).
- **Revenue Share:** Boutique investments where PAC is entitled to a percentage of boutique's top-line revenues (largely made up of management fees and performance fees). This equity structure removes fluctuations related to the boutique's cost base over time. For these boutiques, in the instance where there is a liquidity event, PAC is entitled to a certain percentage of proceeds from such events.
- **Profit Share:** Boutique investments where PAC is entitled to percentage of boutique's bottom-line profit. Note: for the underlying earnings presentation, PAC reclassifies all subsidiary accounting into boutique Profit Share.
- **Open-end funds:** Funds under management that are not committed for an agreed period. These funds can be redeemed by an investor on relatively short notice, which subsequently impacts the management fees paid to the portfolio manager.
- **Closed-end funds:** Funds under management where the investor has committed capital for a fixed period. The fixed period is notable as the manager collects management fees throughout the duration of the fixed period.
- **Tier-1 Boutiques:** Asset managers that PAC expects to produce at least an average of A$4m of annual earnings for PAC over the next three years. Although there is no guarantee any Tier-1 boutique will meet this threshold, this categorisation is intended to provide insight into which boutiques are expected to be the most economically impactful to Pacific Current Group.
- **Tier-2 Boutiques:** Boutiques that PAC expects will contribute less than A$4m of annual earnings for PAC.
- **A$ & US$:** A$ refers to Australian Dollar (reporting currency of PAC), US$ refers to United States Dollar.
- **Local currency:** Functional currency of the boutique.

Managing Director's Financial Year Overview

A year ago, our world was fully in the grips of a global pandemic and uncertainty over the human and economic toll was rampant. Now, despite a surge in different variant strains of the COVID-19 virus, the clouds are slowly beginning to dissipate, in large part because of the rapid development and rollout of highly effective vaccines. These vaccines have driven death rates down, allowing many economies to post robust growth, even if interrupted by periodic lockdowns.

Our portfolio seems to be following a similar path. After higher levels of uncertainty in 2020, we are seeing portfolio companies slowly reverting to a pre-pandemic world. This is most evident in the growing interest our portfolio companies are receiving in their underlying strategies from potential capital allocators. It can also be seen in the performance recovery of some of the private capital strategies that experienced abrupt shocks at the onset of the pandemic.

This letter touches on the highlights of FY21 and offers some thoughts as to what to expect in FY22 and beyond.

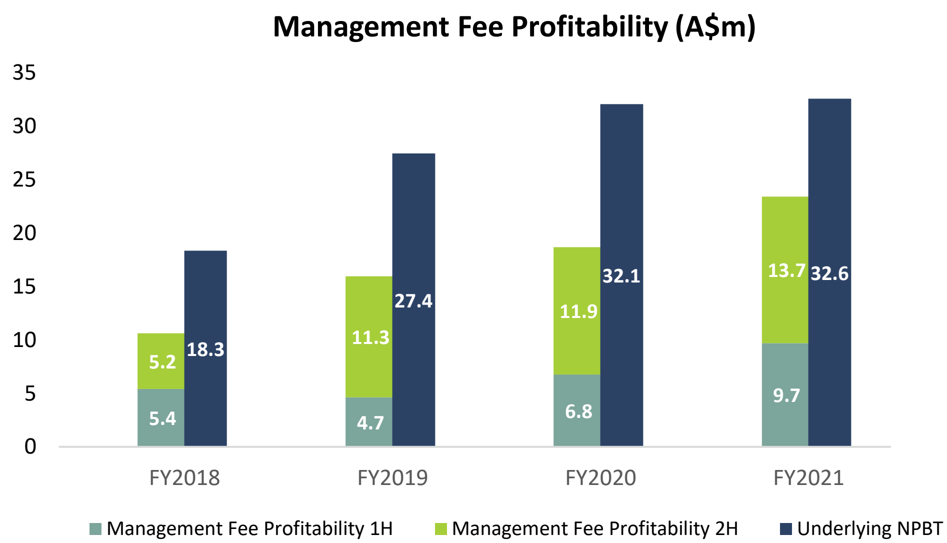
Financial Progress

At first blush, PAC's financial progress in FY21 appears quite modest, with underlying NPBT growing from A$32.1m to A$32.6m and underlying NPAT increasing from A$25.0m to A$26.3m. However, when you look a little deeper you will see that there is more momentum in the business than initially meets the eye.

To begin with, the appreciation of the AUD versus the USD impacts the translation of PAC's results because the vast majority of PAC's revenues and expenses are in US dollars. For instance, while PAC's revenues declined 4% when reported in AUD, in USD terms they grew 7%. In USD, PAC's underlying NPBT grew 13%, from US$21.5m to US$24.3m and underlying NPAT grew 17%, from US$16.8m to US$19.6m.

More important than currency fluctuations was the changing composition of PAC's revenues in FY21. Sales related revenues (commissions and retainers) declined from A$4.3m to A$2.2m, because of pandemic induced slower sales activity, and the run-off of legacy commissions from GQG. Performance fees, which are far less predictable than management fees, declined from A$9.8m to A$6.8m, primarily due to lower performance fees from Carlisle, SCI, and Victory Park.

Boutique management fee-related revenues, which are the largest and most stable component of PAC's revenue stream, grew 10% from A$33.8m to A$37.3m (23% growth in USD). To highlight the notable improvement in the quality of PAC's earnings we have begun to share what PAC's profitability looks like in the absence of any commission revenues, performance fees or commission expenses. We refer to this as Management Fee Profitability. The graph below details the steady growth in Management Fee Profitability over the last several years, particularly in FY21. This means that a growing portion of PAC's overall profitability is coming from management fee related revenues and not more variable revenue sources.



From a statutory earnings perspective, FY21's NPAT of A$17.4m looks far different than FY20's A$17.5m loss. The high level of volatility in our statutory earnings stems, in part, from the multiple accounting methods we are required to use to reflect changes in the value of certain investments. This makes comparing and interpreting statutory results quite difficult, and it is one of the reasons we emphasize underlying results, which strips out changes in portfolio company values and other one-time items.

Portfolio Highlights

In November 2020, PAC sold its stake in Seizert Capital Partners for US$5m back to Seizert management. The realization of a meaningful loss has allowed PAC to seek a US tax refund of more than US$5m. Our relationship with Seizert lasted 12 years, during which funds under management grew from US$700m to US$5b, before declining to less than US$2b. A combination of spotty performance and a massive trend from active to passive management in US public equities were the primary culprits in the reduction of Seizert's FUM.

PAC's investment in GQG Partners has been a dramatic exception to the challenges faced by many active equity managers. GQG continued its unparalleled growth trajectory, with FUM growing from US$44.6b to US$84.7b during the year. In just five short years the firm has gone from one entrepreneur's dream to one of the most prominent long-only investment managers in the world. This investment has been a wildly successful one for PAC, and we are proud to have made it and are grateful for the partnership with such a high-quality firm. Moreover, we remain exceptionally bullish on the firm's future prospects.

Victory Park Capital (VPC) had an exceptionally busy and productive year. The firm was a very active participant in the US Special Purpose Acquisition Company (SPAC) market, launching four new ones and announcing three business combinations. VPC sponsored SPACs do not increase VPC funds under management, though they do enhance the investment return for VPC's clients, which ultimately benefits PAC through greater incentive/performance fees. Aside from SPACs, VPC announced a US$500m allocation from one of the world's premier private capital investment firms, Apollo Global Management. Lastly, subsequent to 30 June, the firm received its first large Australian separate account mandate, which may open the door to additional Australian mandates.

The onset of the pandemic contributed to a lack of liquidity in the life settlements market in which Carlisle Management Company invests. This liquidity challenge made it difficult for Carlisle (and other life settlement managers) to accommodate redemptions of investors seeking immediate liquidity. To its credit, Carlisle deftly addressed this challenge by restructuring its open-end fund. At the time of this letter the restructure has been largely, but not entirely, completed. The net result of the restructure is a slight reduction in Carlisle's total FUM, but a significant improvement in revenue visibility given that more than US$450m was transferred into a closed end private equity fund from the firm's open-end fund.

While its open-end fund structure was certainly put to the test, Carlisle made excellent progress securing capital for another closed end fund, ultimately securing commitments of US$290m, exceeding its US$250m fund target.

Our only new investment in FY21 was a GBP4.4m investment in London-based Astarte Capital Partners. Astarte is pursuing a highly innovative private capital seeding strategy focused on "real asset" managers. While we don't expect it to be a contributor to results in FY22, the nature of the firm's business model is such that there is potentially enormous operating leverage for PAC should the business become as successful as we expect.

Strategy
The market for buying and selling stakes in investment management has become very active. In the US, an entire sub-sector within the private equity industry has evolved with this singular focus. Referred to as "GP Stakes" investing, it has seen a flurry of new entrants in recent years. At the large end of the market companies like Dyal Capital (now known as Blue Owl) have been raising funds in the US$5b - US$10b range to buy interests in large private equity and private credit firms. PAC has always concentrated on the opposite end of the size continuum. PAC also casts its net much wider than most of our competitors by targeting the asset management space generally, as opposed to specific asset classes like private equity or private credit. The

breadth of our opportunity set is a key competitive advantage, as it allows us to be more selective and focus on opportunities where we face less competition.

Given the heightened interest in acquiring investment managers, it is no surprise that valuations of investment managers have been increasing. Indeed, a growing number of our portfolio companies have been approached by parties interested in acquiring them. While it is far from certain that any transactions will occur, we are confident that if they do, they will be done at very attractive valuations.

Navigating a market of higher valuations has posed some challenges. We have lost out on some investments because we were unwilling to pay valuations we deemed excessive. Despite this trend we have still been able to identify interesting opportunities at fair prices. Currently, PAC is working on a new debt facility to give it the flexibility to pursue some of these opportunities, ideally before the end of 2021. We have also made progress in our efforts to begin seeking and managing capital from institutional investors interested in investing alongside of PAC.

Looking Ahead

We are pleased with how our portfolio has weathered the last 18 months, and we are optimistic about its prospects in FY22 and FY23. If we simply continue to manage our portfolio and periodically make incremental investments, we believe PAC shareholders will be well rewarded. That said, given the dynamic nature of the investment management industry, we believe PAC may be positioned to pursue more transformative opportunities as well. I mention this not to foreshadow any specific development, but rather to highlight that we are hard at work exploring every avenue to enhance or unlock value for PAC's shareholders.

Final Thoughts

In navigating the challenges of the last 18 months, our entire team has had to be highly flexible and creative, and they have risen to the occasion. It has been enormously gratifying to see how well they have all adapted and performed. In my nearly 15 years with the organization, the quality of our team and the level of performance has never been higher. In an increasingly competitive world, having such a world class team isn't a luxury, but rather a requirement. Indeed, it gives us confidence that we are well positioned to exploit the breadth of opportunities we see unfolding in FY22 and beyond.

As always, I would like to thank PAC shareholders, employees and board members for their contributions, input, and support. I obviously can't promise specific outcomes, but I can assure our shareholders that our entire team is relentlessly focused on continuous improvement and creating value, and that we are as optimistic about the future as we have ever been.