

PACIFIC CURRENT GROUP

31 August 2016

PACIFIC CURRENT FULL YEAR RESULTS

HIGHLIGHTS

- PAC underlying NPAT of A\$11.6m for FY16;
- 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;
- Focus continues on simplifying PAC corporate structure: headcount reduced, material costs removed and the sale of some smaller boutiques being contemplated;
- Final fully franked dividend of 5 cps, taking total dividends the full year to 25 cps and representing a payout ratio of approximately 60% on underlying NPAT;
- Solid performance from core boutiques, especially Aperio, Aether and IML;
- Aggregate FUM of A\$50.4bn, up 3.0% primarily due to strong market returns.

SYDNEY (31 August 2016) – Pacific Current Group (ASX: PAC, “Pacific Current”), a global multi-boutique asset management firm, reported its full year results for the 12 months ending 30 June 2016. The result reflects a challenging year for the Company as Management continued to focus its efforts on restructuring the business and simplifying the overall corporate structure. Reporting to 30 June 2016 has been affected by impairment charges as well as a series of interest charges and non-labour costs that will not carry through into FY2017.

Pacific Current is a listed company that owns 65% of the Aurora Trust (“Trust”) established by the merger between Treasury Group and Northern Lights Capital Group in November 2014. The Trust holds the business operations and interests in the boutiques of the combined businesses.

FOCUS ON RESTRUCTURE AND SIMPLIFICATION

During the financial year, PAC established a new executive management team of Paul Greenwood, President, North America & Global CIO, Joe Ferragina, Chief Operating Officer and Tony Robinson, Executive Director.

The team and the Board’s focus during the year was the restructure of business operations with the overall aim of simplifying PAC’s corporate structure and refining the line-up of asset managers within the business. Work commenced on a number of strategic initiatives, including removing material costs and the adjustment of carrying values at some boutiques.

There was significant focus on PAC’s portfolio structure, with the Board examining the assets in the portfolio that it considers will not make a material contribution going forward. Following the sale of the 20% stake in Octis in April, the Board is now considering the sale of several other small boutiques and discussions are underway with relevant parties.

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A review of the portfolio companies owned by the Aurora Trust resulted in the carrying values of investments being affected by an impairment charge of A\$119m in the Aurora Trust result (this includes the impairments disclosed at the half year of \$21m), which therefore affected the PAC result by A\$77.5m. The main cause of the charge was continued FUM losses at Seizert Capital Partners.

OPERATIONAL RESULTS

As mentioned previously, Seizert Capital Partners has continued to experience FUM losses, with the current environment proving challenging for the firm. Revised assumptions about expected performance and timing of flows have resulted in a reduction of the carrying value of the group within the Aurora Trust of A\$85m. The carrying values at Raven, Nereus and Alphashares were reduced by A\$7.6m, A\$11.3m and A\$3m, respectively. The result also reflects an impairment charge with respect to the carrying value of Celeste Funds Management, which has also experienced a challenging period. It has been agreed that the level of ownership at Celeste will be reduced from 39% to 27.5% to facilitate a new employee share plan that is intended to assist in attracting new employees and incentivise existing staff.

Other than Seizert, Pacific Current's larger boutiques continue to perform well and are achieving sound inflows. In particular IML, Aether and Aperio have grown well, attracting A\$2.9b of net inflows over the year ending 30 June 2016.

The acquisition of the 24.3% minority ownership stake in Aperio was one of three successful investments achieved during the financial year. The acquisition was made for a total consideration of US\$31.8m using proceeds from the sale of the majority interest in RARE to Legg Mason. There is a deferred payment whereby 50% of the total consideration is due 12 months from the date of the transaction. Aperio has provided important asset class diversification to the PAC portfolio and will replace part of the revenue lost from RARE. As at 30 June 2016, Aperio had A\$20.51b in FUM.

In June, the Company, through the Aurora Trust, entered into an agreement to launch GQG Partners, a Florida-based start-up, led by former Vontobel Asset Management portfolio manager Rajiv Jain. Under the agreement, the Aurora Trust committed to invest up to US\$4m in GQG and retained a minority equity interest. GQG is an exciting investment for PAC, especially due to Mr Jain's high profile and excellent long-term track record. Whilst the stake in GQG is small, it has the potential to become a Core portfolio holding.

PAC also took a 60% equity stake in SCI, a London-based hedge fund seeding platform and assisted in the launch of a hedge fund acceleration vehicle, with an initial commitment of US\$78m from the Santander UK pension scheme.

The sale of PAC's majority interest in RARE to Legg Mason delivered outstanding returns on its initial cash investment of more than 33 times cash return over 9 years of ownership. Pacific Current continues to hold 10% equity interest in RARE plus an earn-out that can provide additional consideration based on future FUM growth.

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On 4 January 2016, the Company achieved significant deleveraging of the business through the repayment of A\$62m of external debt which has reduced the Company's interest expense and increased financial flexibility.

PORTFOLIO AND FUM UPDATE

Despite continued market volatility during the year, Core boutiques performed well, with results from Aperio, Aether and IML exceeding expectations. Management expects that these boutiques will continue to deliver strong growth going forward. Growth boutiques also achieved a positive result, with A\$635m of net inflows as at 30 June 2016, with part of the increase due to the launch of GQG Partners during the quarter.

Core boutiques Aperio, Aether and IML had net inflows of A\$2.9b during the year. Offsetting this was continued net outflows during the year at Seizert and RARE, which totalled A\$3.2b for the year ended 30 June 2016.

Total funds under management at 30 June 2016 was A\$50.4b, up 3.0%, mainly due to strong market returns during the June quarter. Total funds under management represents the aggregate of all boutique FUM as if each boutique was 100% owned by the Trust.

FINANCIAL RESULTS FOR THE TRUST

Trust consolidated (loss) after tax (NPAT) for the twelve months to 30 June 2016 was A\$120.4m due to significant non-recurring expenses of mainly due to from the impairment charge relating to Seizert Capital Partners.

The Trust also incurred A\$4.2m interest expense from the third-party lender, Medley, which was paid in full on 4 January 2016.

FINANCIAL RESULTS FOR PAC

PAC holds a 65% interest in the Trust, therefore the results from the Trust (above) should be considered when holistically understanding PAC results. PAC's underlying earnings were A\$11.6m for FY16, down from the result of A\$16.6m in FY15.

DIVIDEND

The Board has declared a fully franked final dividend of 5 cents per share, taking total dividends for the year to 25 cents per share representing approximately 60% payout ratio of underlying NPAT.

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SUMMARY OF THE PROFIT AND LOSS FOR THE FULL YEAR ENDING 30 JUNE 2016

A\$000's	FY16	FY15	% change
Total Revenue	5.6	6.7	(16)
Share of equity accounted investments	(78.5)	(4.6)	1,606
Expenses	5.2	7.3	(29)
Underlying Net Profit After Tax	11.6	16.6	(30)
Underlying earnings per share (cents)	41.5	64.8	(36)
Dividend per share (cents)	25.0	52.0	(52)

OUTLOOK

Pacific Current's Chairman, Mr Mike Fitzpatrick commented:

"FY16 was an extremely challenging year for the Company as we continued with our efforts to restructure the business by appointing a new Executive team and significantly reducing costs and headcount. Our aim is to continue to take the action required to further simplify the PAC structure and right-size the business. We will continue to refine the line-up of managers with the Board now contemplating the sale of several small boutiques."

"The business did make good progress toward repositioning the portfolio into higher growth segments of asset management market with the completion of Aperio, GQG and SCI investments in FY16. However, the reality is that FY16 has been disappointing and reflects the significant impairment charges and one-off costs that were incurred as part of the restructuring efforts and are not expected to be incurred in the new financial year.

"The Board continues to drive the restructuring which will continue into the foreseeable future and will result in a much more streamlined and efficient business that can deliver better results and shareholder returns going forward."

Pacific Current President, North America & Global CIO, Paul Greenwood added:

"While FY16 was full of challenges, we did make significant progress on numerous fronts. Specifically, we couldn't be more excited by the quality of the new investments made during the year. We expect these companies will be major contributors to improved growth in FY17."

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CONFERENCE CALL

Investors and analysts are invited to participate in a conference call **today (31 August 2016) at 11.00am AEST** to be hosted by Pacific Current Chairman Mike Fitzpatrick, President, North America & Global CIO, Paul Greenwood, Chief Operating Officer, Joe Ferragina, and Executive Director, Tony Robinson.

Attendees should dial in 5-10 minutes before the conference on one of the dial-in numbers listed below. **Please quote the confirmation code: 8121775 when dialling in.**

The dial in details are as follows:

Location	Local number
Australia (Sydney)	+61 2 8113 1400
Australia (Melbourne)	+ 61 3 8338 0900
Australia (Brisbane)	+ 61 7 3015 0627
Australia (toll free)	1800 554 798
New Zealand	0800 450 585
Singapore	+65 3158 1295
United Kingdom (London)	+44 203 691 9060
United Kingdom	0808 234 8407
USA (New York)	+1 914 449 1588
USA (Other)	1866 839 8029

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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 capital, institutional distribution capabilities and operational expertise to help our partners excel. As of 31 August 2016, Pacific Current Group has 18 boutique asset managers globally.

PACIFIC CURRENT GROUP

31 August 2016

FULL YEAR RESULTS

Presenters

Paul Greenwood, President North America and Global CIO

Joseph Ferragina, COO & Finance Director

Tony Robinson, Executive Director

Disclaimer

The information in this presentation is general information about Pacific Current Group 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 Group Limited, nor is it an invitation to any person to acquire securities in Pacific Current Group Limited;
- › 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 Aurora can vary dramatically based on each boutique's fee levels, Aurora'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.

Agenda

1. Overview
2. Portfolio Performance
3. FUM Analysis
4. PAC FY16 Statutory & Underlying Profits
5. Trust P&L and Balance Sheet
6. Summary
7. Q & A

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1 OVERVIEW

Overview

- › **Quality assets** – Strong progress toward repositioning portfolio into higher growth segments of asset management market
- › **Strong industry dynamics** – Highly profitable, growing industry, with abundant opportunities
- › **Secular headwinds** – A small number of portfolio facing growing headwinds
- › **Transitional year** – Board appointed new Management team. Addressed restructure and portfolio changes in FY2016
- › **Cost to income** – Made strong progress in right-sizing business and bringing expenses in line with income

Review of FY2016

A Challenging year but strong progress has been made

› **FY2016 Challenges**

- Difficult year with FUM decline in a small number of boutiques creating impairments and non-recurring items affecting PAC results
- Total impairment charge of A\$119m at Aurora Trust from adjustments to the carrying values for Seizert, Raven, Celeste, Nereus and Alphashares

› **FY2016 Achievements:**

- Completion of Aperio, GQG and SCI investments
- Repayment of third party debt of US\$45.2m
- Establishment of new Executive Team
- Progress with restructure and simplification strategy
- Material costs taken out of the business
- Solid organic growth at majority of portfolio holdings

Understanding Our Financial Results

- › **Pacific Current (PAC)** is a listed corporation that owns 65% of the Aurora Trust (“Trust” or “Aurora”), which was established as a result of the merger between Treasury Group and Northern Lights Capital Partners in November 2014
- › **Trust results** reflect those related to business operations, leadership, and portfolio updates
- › **PAC results** reflect the ownership of 65% of the aforementioned Trust plus specific tax outcomes distinct to PAC

Financial Results Summary

FY 2016

		FY16	FY15	% change
PAC	Statutory (loss)/profit	(\$48.2m)	\$18.7m	n/a
	Underlying profit	\$11.6m	\$16.6m*	(30.0%)
	Total dividends	25.0cps	52.0cps	(51.9%)
Trust	Statutory (loss)	(\$120.4m)		
	Underlying profit	\$6.8m		
	One-off expenses	\$143.0m		
	One-off gain	\$15.8m		

* FY15 underlying profit has been restated in current financials

Operational Results

- › Results were impacted by write downs, interest charges and other non-labour costs which will not carry through into 2016/17
- › Aggregate FUM of A\$50.4bn as at 30 June 2016 – up A \$1.5bn or 3.0% primarily due to strong market returns
- › Strong performance from Core boutiques: Aperio, Aether and IML, with net inflows of A\$2.9bn offset by A\$3.2bn of outflows at Seizert and RARE
- › Growth boutiques continue to gain traction in the marketplace with A\$635m net inflows during the year. GQG launched during the June quarter is showing exciting growth prospects

Progress on Strategic Plan

-
- 1 Simplify business and structure**
 - › Discussions progressing with relevant parties to simplify PAC business structure
 - › Sale of several smaller boutiques being contemplated; sale of Octis and Orion completed

 - 2 Further diversify into “sunrise” businesses**
 - › A\$44m investment in Aperio Group LLC (“Aperio”), a firm with an excellent track record of FUM growth and well positioned at the intersection of numerous powerful demand trends
 - › Investment in GQG Partners has the potential to grow rapidly into a Core holding
 - › Small investment in hedge fund seeder, SCI supported by Banco Santander UK pension fund

 - 3 Reduce costs & increase operational efficiencies**
 - › More than \$5m of run-rate costs taken out of business
 - › Current headcount down more than 30% since merger
 - › Interest charges and non-labour cost will not carry through to 2016

 - 4 Reduce leverage of Trust’s balance sheet**
 - › Repaid A\$62m third party debt in January 2016 and A\$20m unitholder debt in May 2016
 - › Positive effect on financial performance and increases PAC’s financial flexibility
 - › Significant reduction in interest expense
-

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2 PORTFOLIO UPDATE

Core Boutiques



	Core Boutiques
FUM as at 30 June 2016	A\$41.12b*
Revenue	A\$138.2m
Contribution to Aurora Trust earnings	A\$24.6m
Share of earnings to Pacific Current	A\$16.0m

* FUM of private equity funds is based on capital commitments to each fund and does not reflect and return of capital to-date

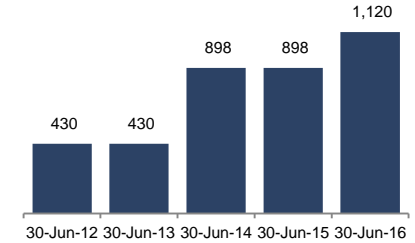
Core Boutiques

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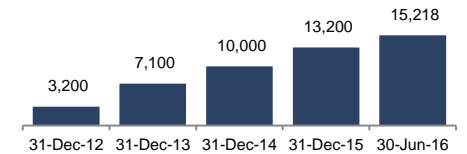


- » Invested at firm inception in 2008, zero FUM
- » 2010 closed on Fund I of US\$127 million
- » 2012 closed on Fund II of US\$303 million
- » 2013 closed on Fund III and related fund of US\$179 million
- » 30 June 2016 FUM of US\$1.12 billion

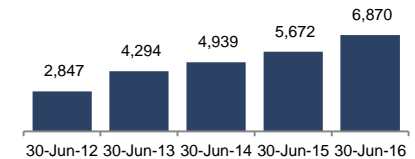
ASSET GROWTH*



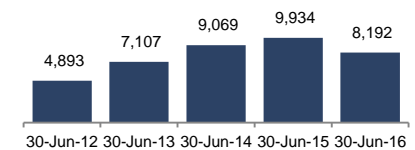
- » Invested in existing firm in January 2016
- » 30 June 2016 FUM of US\$15.22 billion



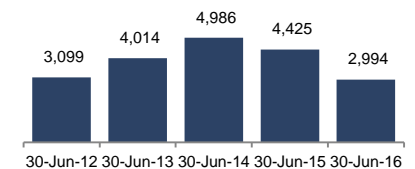
- » Initial investment in 2001, FUM of A\$300 million
- » Distribution agreement in AUS supported asset growth
- » 30 June 2016 FUM of A\$6.87 billion



- » Invested at firm inception in 2006, zero FUM
- » Distribution agreements in AUS supported significant asset growth and new product launches
- » 30 June 2016 FUM of A\$8.19 billion



- » Invested in existing firm in 2008, FUM of US\$826 million
- » 2011 distribution effort moved Seizert's Mid Cap strategy to top institutional asset gatherer (Callan Report)
- » 30 June 2016 FUM of US\$2.99 billion



Growth Boutiques



	Growth Boutiques
FUM as at 30 June 2016	A\$6.68b*
Revenue	A\$23.6m
Contribution to Aurora Trust earnings	A\$0.7m
Share of earnings to Pacific Current	A\$0.5m

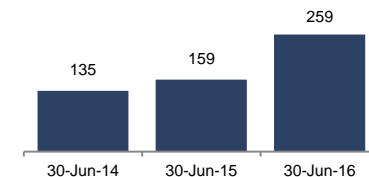
* FUM of private equity funds is based on capital commitments to each fund and does not reflect and return of capital to-date.

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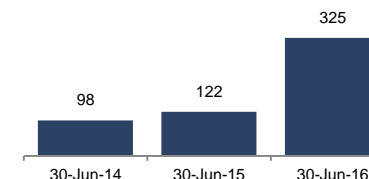
Growth Boutiques



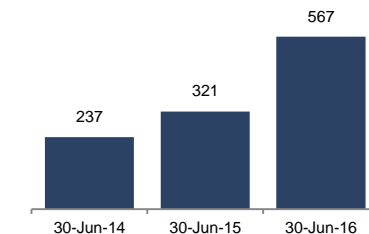
- » Invested in existing firm in 2014, FUM of approximately US\$3 million
- » Secured anchor investor (SEI) in 2014 and initiated global distribution effort
- » 30 June 2016 FUM of US\$0.26 billion



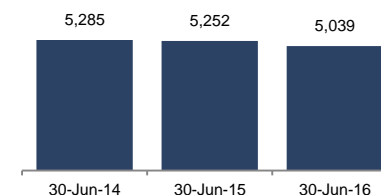
- » Invested in existing firm in 2014 to launch non-US strategies through a new EAM subsidiary
- » PAC conducted over 300 meetings globally to raise assets
- » 30 June 2016 FUM of US\$0.33 billion



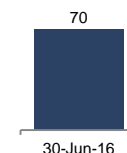
- » Invested at firm's inception in 2009, zero FUM and no fund structure
- » Secured anchor investor and raised Fund I (US\$153 million) and Fund II (US\$84 million)
- » Raven is currently in market with Fund III (target of US\$300 million, US\$200 million closed at 31-Dec-15)
- » 30 June 2016 FUM of US\$0.57 billion



- » Supported management buyout in 2014, FUM of A\$5 billion
- » Currently in market with two funds
- » 30 June 2016 FUM of A\$5.04 billion



- » Invested at firm inception in June of 2016, zero FUM
- » High level of initial interest from prospects
- » 30 June 2016 FUM of US\$0.07 billion



Other Boutiques



	Other Boutiques
FUM as at 30 June 2016	A\$2.56b
Revenue	A\$14.3m
Contribution to Aurora Trust earnings	A\$0.1m
Share of earnings to Pacific Current	A\$0.1m

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3 FUM ANALYSIS

Translating the Aurora Trust Portfolio

	Total FUM	Total Revenue	Total Contribution to Earnings
Core Boutiques	\$41.12b	\$138.2m	\$24.6m
Growth Boutiques	\$6.68b	\$23.6m	\$0.7m
Other Boutiques	\$2.56b	\$14.3m	\$0.1m
TOTAL:	\$50.36b	\$176.1m	\$25.4m

Total Portfolio FUM: **\$50.36b**

Total Portfolio Earnings to Aurora: **\$25.4m**

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4 PAC FY16 STATUTORY & UNDERLYING PROFITS

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	<u>29.8</u>
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)

Significant Non-recurring Items

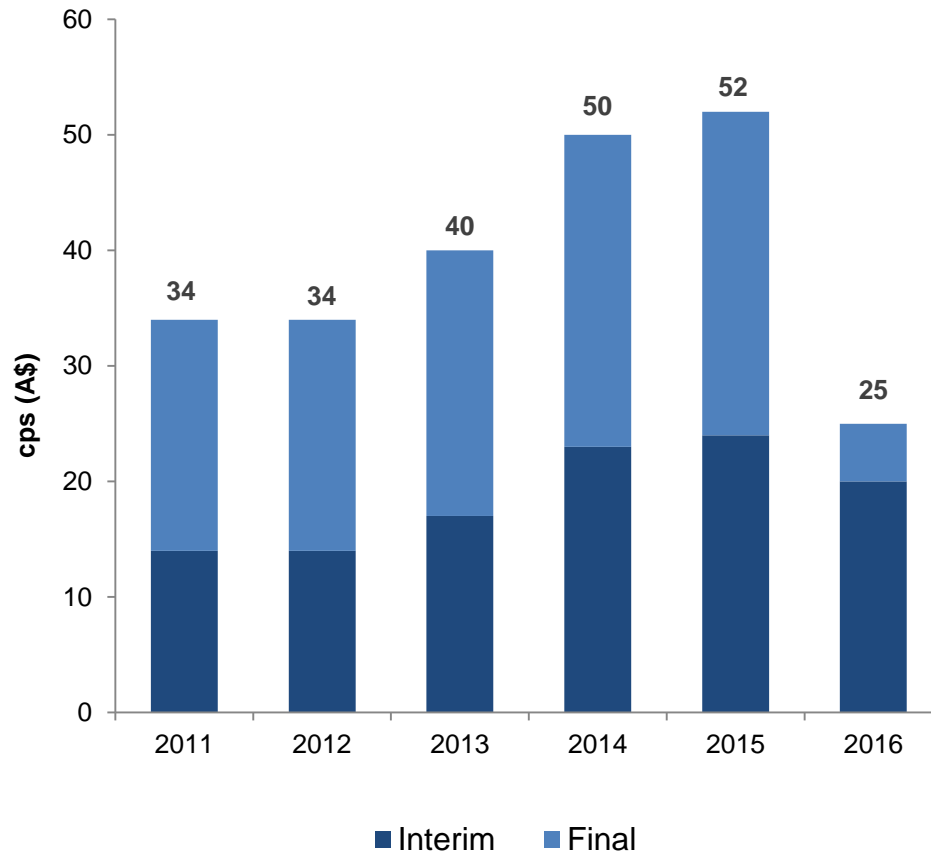
Impairment charges, non-labour costs incurred as a result of restructure

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

Financial Strength and Dividends

Total dividends for the year 25 cps



Dividends:

- > Final dividend of 5 cps fully franked
- > Payout ratio of 60% aggregated underlying NPAT

Balance Sheet:

- > Reduction of gearing during the year
- > Comfortable gearing ratios provide platform for growth

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5 TRUST P&L AND BALANCE SHEET

Aurora Trust – P&L

Aurora Trust: analysis of current year statutory results

P&L Highlights (A\$m)	Aurora FY16	
Revenue		6.6
Gain on sale of investments		15.8
Share of earnings from boutiques		25.4
Cash Expenses		
Employee expenses	14.8	
Travel and entertainment	1.6	
Interest expense	7.5	
Audit and tax advisory	1.6	
Legal and advisory expenses	2.5	
Occupancy costs	1.5	
Other expenses	3.3	
Transaction costs for RARE, SCI, Aperio & GQG	2.3	
Realised FX Loss	<u>3.1</u>	(38.2)
Non Cash Expenses		
Amortisation of identifiable intangible assets	2.2	
Write-off of Raven receivables and PIK	3.6	
Impairment of investments	119.0	
Depreciation	0.2	
Fair value adjustments	<u>3.2</u>	(128.2)
Net (Loss) Before Tax		(118.5)
Income tax expense		1.9
Net (Loss) after tax		(120.4)
PAC Share of Net (Loss) after tax		(78.5)

- › Revenue includes service fee revenue
- › Prior year comparisons omitted due to merger distortions
- › Gain on sale of investments include gain on sale of RARE
- › Share of earnings from boutiques include Aether and Aperio. It also includes Aurora share of transaction costs incurred by RARE for the sale
- › Employee expenses exclude any uncommitted bonus accruals at half year as per statutory reporting requirement
- › Interest expense reflects prepayment penalty, loan origination costs and Medley interest on loan which was paid in full on Jan 4, 2016
- › Impairment of Seizert and changes in the assumptions used in establishing carrying values for Raven, Nereus, Alphashares and Celeste
- › Other expenses include Insurance, Occupancy costs, Director's fee and others
- › Fair value adjustments include expenses in relation to Y RPU's that were repaid in May 2016

Aurora Trust – Underlying P&L

Significant non-recurring items

Aurora P&L (A\$m)	FY16
Aurora (Loss) After Tax	(120.4)
<i>Less:</i>	
Gain on sale/revaluation/acquisition/deemed disposal of investment	(15.8)
<i>Add:</i>	
Impairment of investments (non-cash)	119.0
Transaction costs at Aurora for RARE	1.5
Transaction costs at RARE	5.6
Write-off of Raven receivables and PIK	3.6
Fair value adjustments (non-cash)	3.2
Prepayment penalty on Medley debt/loan origination costs write-off	2.3
Amortisation of identifiable intangibles (non-cash)	2.2
Transaction costs for Aperio, SCI & GQG	0.7
Employee restructuring	1.4
Foreign currency losses on repayment of Y RPU	3.1
Amortisation of LTI (non-cash)	0.4
Aurora Underlying Profit After Tax	6.8

- › Gain on sale for FY16 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
- › Impairment of investments including Seizert, Raven, Nereus, Alphashares and Celeste
- › Fair value adjustments include expenses of A\$1m that relate to the Y RPU repaid in May 2016

Aurora Trust – Balance Sheet

Strength provides opportunities

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	<u>13.6</u>	411.8
Total Assets		442.7
Current Liabilities		46.0
Non-Current Liabilities		
Debt, Vendor Finance, Promissory Notes	25.6	
Contingent Liabilities	<u>48.4</u>	74.0
Total Liabilities		119.9
Net Assets		322.8

- > **\$14.8m of surplus cash available at 30 June 2016, providing balance sheet flexibility**
- > 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

Details of Non-Current Liabilities

Name	Amount (Face Value)	Maturity	Notes
Class X Redeemable Preference Units*	US\$42m	Nov '16	Unit holder debt, contingent on value of certain NL boutiques achieving profit targets by 2021. Conditional finance obligation in Nov '16. Relevant boutiques include EAM, Blackcrane, Nereus, Raven and NLAA offset against the performance of ROC and Aubrey
Promissory Notes	US\$17.5m	50% Nov '18 50% Nov '19	Vendor finance related to Seizert acquisition

* For accounting purposes, the RPUs are assessed at each reporting period and valued based on net present value basis (as at 30 June 2016, A\$43.5m)

Financial Results of Boutiques

Illustrative aggregation of portfolio P&L if all boutiques were 100% owned

Aggregate P&L for Boutiques (A\$m)	FY16	FY15
Year end FUM (A\$bn)	50.4	34.8
Management Fees [^]	171.3	168.3
Other income	<u>4.7</u>	<u>14.8</u>
Gross Profit	176.0	183.1
Employee expenses	54.2	54.5
Other expenses	<u>39.0</u>	<u>36.7</u>
NPBT	82.8	91.9
Income Tax	<u>9.1</u>	<u>10.1</u>
NPAT	73.6	81.8
Aurora Share of After Tax Profit	25.4	44.3

- > Excludes Aurora management and operating costs and interest expense
- > Employee and other expenses exclude RARE transaction costs and employee retention bonuses
- > Aurora share of profit after tax reflects change of ownership in RARE as of 21 October. Aurora share of after tax profit included pre-tax earnings from RARE up until merger close
- > Aurora FY16 share of profit reflects \$5.6m of transaction costs (Aurora share) incurred at RARE
- > Reduction in share of profit from boutiques impacted by sale of RARE and poor performance at Seizert
- > Other income for FY15 includes performance fee income

[^] Management fees exclude Performance fees

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6 SUMMARY

Summary

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

- › Have delivered on plan to repay debt, redeploy RARE proceeds, and find synergies
- › Focus continues on group restructure and simplification
- › New executive team established to oversee a number of strategic initiatives designed to streamline the business – material costs taken out; headcount reduced and a number of divestments being considered
- › Restructure has resulted in impairment charges and one-off costs that will not affect earnings going forward
- › Have continued to diversify with GQG, Aperio and SCI transactions
- › Continue to have a robust pipeline of new opportunities
- › Majority of portfolio companies exhibiting solid organic growth

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7. Q&A