

28 April 2017

***By electronic lodgement***

The Manager  
Company Announcements Office  
ASX Ltd  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

**Pinnacle Investment Management Group Limited (ASX: PNI) - Market Update**

***Highlights***

- FUM \$25.0 billion, up \$1.7 billion or 7.3% from 31 December 2016
- Net inflows of \$1.3 billion between 1 January 2017 and 31 March 2017
- NPAT and EPS guidance for FY2017 increased

In association with the equity placement undertaken in January 2017, Pinnacle Investment Management Group Limited (**Pinnacle**) provided formal guidance regarding the anticipated outlook for the full 2017 financial year. This guidance was reaffirmed in our half-year results announcement dated 24 February 2017. At that time the Board's expectation for the full year ending 30 June 2017 was:

	FY16	FY17	Change
NPAT (continuing ops)	\$8.4m	≥\$10m	≥+19%
Group NPAT	\$7.2m	≥\$11m	≥+53%
EPS (continuing ops)	5.2c	≥6.6c	≥+27%
Group EPS	4.1c	≥7.2c	≥+76%

Subject to the assumptions set out below, the Board now expects the following results for the full year ending 30 June 2017:

	FY16	FY17	Change
NPAT (continuing ops)	\$8.4m	≥\$11m	≥+31%
Group NPAT	\$7.2m	≥\$12m	≥+67%
EPS (continuing ops)	5.2c	≥7.2c	≥+38%
Group EPS	4.1c	≥7.9c	≥+93%

This improvement to the anticipated NPAT has been primarily driven by higher distribution fee revenues associated with FUM inflows and the fact that markets have remained positive during the period since January. The anticipated results also assume that:

- investment markets remain broadly at the levels prevailing between the date of this announcement and 30 June 2017; and
- there are no unusual events or factors that emerge to materially adversely impact the business of Pinnacle or any of its affiliates.

Our assumptions relating to performance fees are unchanged from those made in forming the previous expectation.

FUM in Pinnacle's affiliated investment managers were \$25.0 billion as at 31 March 2017, up \$1.7 billion or 7.3% from \$23.3 billion as at 31 December 2016. The \$1.7 billion increase in FUM during the three month period from 31 December 2016 to 31 March 2017 comprised \$1.3 billion of net inflows (\$339 million of which was retail net inflows) and market movements/investment performance of \$400 million. The \$5.2 billion (26.3%) increase in FUM during the nine month period from 30 June 2016 to 31 March 2017 comprised net fund inflows of \$3.7 billion and market movements/investment performance of \$1.5 billion. \$1.4 billion of the \$3.7 billion net inflows was retail net inflows, including the approximately \$300 million of the Antipodes LIC in October 2016. All of these numbers exclude the approximately \$310 million (net of expenses) raised in the Plato Income Maximiser LIC which is expected to commence trading on the ASX on 5 May 2017.

The Board advises that these estimates are based on information available at present and that the company's full year audit is yet to be undertaken. Pinnacle intends to announce its audited full year results for the 2017 financial year in late August 2017.

#### *Plato LIC*

Plato Income Maximiser Limited (ASX: PL8) is a listed Investment company which has appointed Plato Investment Management Limited (**Plato**) as the investment manager under a 10 year investment management agreement. The final capital raised (net of capital raising expenses) will be in excess of \$310 million. Plato will earn a management fee of 0.80% (plus GST) on the net capital raised. For more information please see the Plato media release dated 26 April 2017 which is available via Plato's website at [www.plato.com.au](http://www.plato.com.au).

*Use of proceeds of equity placement*

The proceeds from the equity placement conducted in January 2017 have, for the time being, been invested in schemes managed by Pinnacle affiliates and in cash. We continue to evaluate other Horizon 3 opportunities although, as previously advised, our investment criteria are stringent and few opportunities are expected to meet our Horizon 3 hurdles.

Please contact Ian Macoun on +61 2 8970 7700 if you require any further information.

Yours faithfully



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