



**Pinnacle**  
INVESTMENT MANAGEMENT

# **Pinnacle Investment Management Group Limited (PNI)**

## **Investor Presentation – Macquarie Securities**

*Ian Macoun – Managing Director*  
*Ramsin Jajoo – Retail Director*

*4.30pm, 18 September 2019*

- FUM at 31 August 2019 of \$55.6 billion, compared with \$54.3 billion at 30 June 2019
- S&P/ASX 300 index down 0.1% in the two months to 31 August; MSCI World index down 2.4% in the two months to 31 August
- Plato Income Maximiser (ASX: PL8) raised \$144m in an entitlement and shortfall offer, which closed in September 2019
- The first two Pinnacle aShares Active ETFs launched on 27 August 2019 – The Dynamic Cash Fund (Z3RO), a zero-management ETF, which is a new concept for Australia; and The Global Dynamic Cash Fund (SAVE), which aims for a consistent monthly income. The two ETFs are managed by Pinnacle affiliate Omega Global Investors

*The remainder of this Presentation is as per our 6 August 2019 Annual Results Discussion Presentation, except for performance information, which has been updated to 31 August 2019, and total FUM, which has also been updated to 31 August 2019.*

- **FY19 Financial Highlights**
- **FY19 Business Highlights**
- **FY19 Results Discussion**
- **Business Focus**
- **Distribution Update**
- **Pinnacle Outlook**
- **Group Overview**

- NPAT from continuing operations attributable to shareholders of \$30.5 million, up 32% from \$23.1 million in the prior year
- Earnings per share from continuing operations of 18.3 cents, up 28% from 14.3 cents in the prior year
- Share of NPAT from Pinnacle Affiliates of \$33.1 million, up 33% from \$ 24.9 million
- Fully franked final dividend of 9.3 cents per share, payable on 4 October 2019, bringing the total dividend for FY19 to 15.4 cents per share\*
- Cash and Principal Investments of \$51.2 million as at 30 June 2019

*\*this represents a 3.5% fully franked yield on the share price prevailing at 30 June 2019 close, which is 5% grossed up for franking*

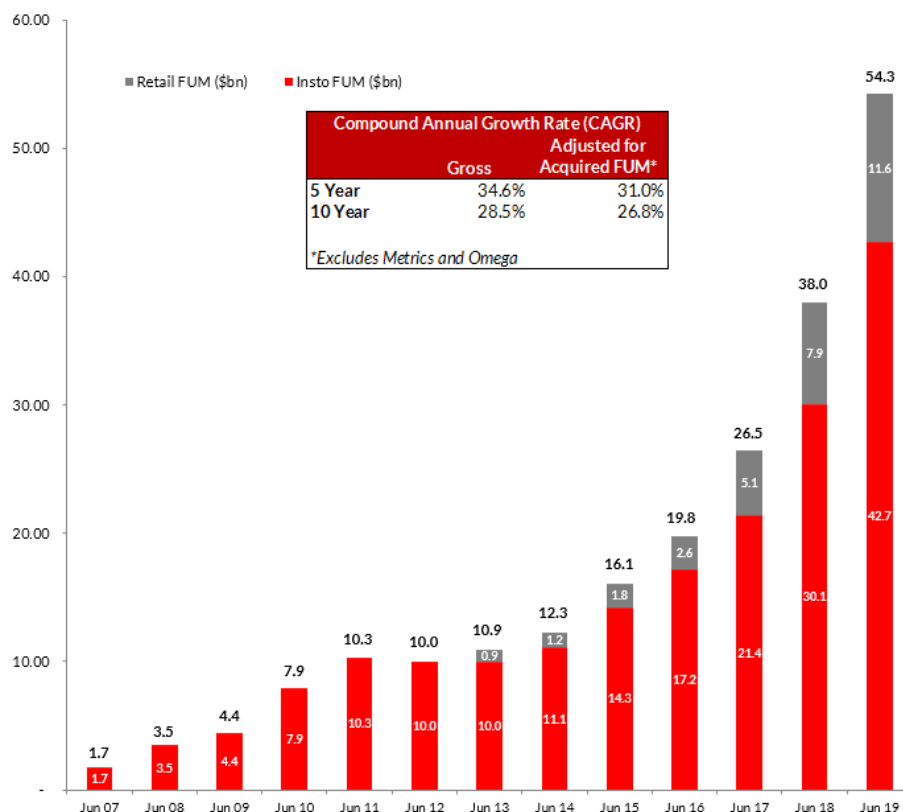
	FY2019 (\$m)	FY2018 (\$m)	YoY change
<b>Pinnacle Affiliates (100% aggregate basis)</b>			
FUM (\$billion)	54.3 <sup>1</sup>	38.0	42.9%
Revenue (\$million)	236.8	168.4	40.6%
Net profit before tax	123.1	88.9	38.5%
Tax expense	(34.0)	(27.3)	24.5%
Net profit after tax	89.1	61.6	44.6%
	FY2019 (\$m)	FY2018 (\$m)	YoY change
<b>Pinnacle</b>			
Revenue	21.1	16.5	27.9%
Expenses	(23.7)	(18.3)	29.5%
Share of Pinnacle Affiliates net profit after tax	33.1	24.9	32.9%
Net profit before tax (NPBT) from continuing operations	30.5	23.1	32.0%
Taxation	-	-	
NPAT from continuing operations	30.5	23.1	32.0%
<b>Basic earnings per share:</b>			
From continuing operations	18.3	14.3	28.0%
Total attributable to shareholders	18.3	14.5	26.2%
<b>Diluted earnings per share:</b>			
From continuing operations	17.1	13.2	29.5%
Total attributable to shareholders	17.1	13.4	27.6%

<sup>1</sup>\$55.6 billion at 31 August 2019

- Record FUM and Affiliate Revenues
- FUM \$54.3 billion<sup>1</sup> at 30 June 2019 (includes \$6.8 billion 'acquired' in July 2018)
  - up \$7.6 billion (16.3%) from 31 December 2018;
  - up \$16.3 billion (42.9%) from 30 June 2018 (up \$9.5 billion (25%) excluding 'acquired' FUM)
- Retail FUM now \$11.6 billion (includes \$0.7 billion 'acquired' in July 2018), up 46.8% from \$7.9 billion at 30 June 2018 (up 37.9% excluding 'acquired' FUM)
- Net inflows \$6.5 billion for the year, including \$2.9 billion retail (of which \$1.0 billion was in LICs/LITs)
- Large institutional flows into Firetrail; now close to institutional capacity
- Significant progress in Metrics following Pinnacle's acquisition of a 35% interest, including ~\$1.1bn of net inflows of which \$845m was new closed-end capital raised via IPO, Entitlement Offer & Placement
- Establishment of two new Affiliates – Longwave and Riparian
- PNI added to the S&P/ ASX 200 index in March 2019 (added to the S&P/ASX 300 in August 2018)

<sup>1</sup>\$55.6 billion at 31 August 2019

## Gross FUM growth (\$bn)<sup>1</sup>



- FUM of \$54.3bn<sup>2</sup> as at 30 June 2019
- FUM has grown at a CAGR of 34.6% p.a. over the last ten years (31.0% excluding \$6.8bn 'acquired' in July 2018)
- Increase in FUM of \$16.3bn in the year to 30 June 2019
  - \$6.8bn acquired
  - net inflows of \$6.5bn
  - market movements/investment performance of \$3.0bn
- Of the \$6.5bn of net inflows to 30 June 2019, \$2.9bn was retail
- Large institutional flows into Firetrail; now close to institutional capacity
- Low net institutional flows elsewhere during FY19, although there remains a strong pipeline of prospects going in to FY20

(1) Pinnacle FUM is 100% of FUM managed by Pinnacle Affiliates. Includes \$6.8 billion 'acquired' in July 2018.

(2) \$55.6 billion at 31 August 2019

# Funds under management by Affiliate

Date	Pinnacle (total) (\$m)	Hyperion (\$m)	Plato (\$m)	Solaris (\$m)	RCL (\$m)	Palisade (\$m)	Antipodes (\$m)	Spheria (\$m)	Two Trees (\$m)	Firetrail (\$m)	Metrics (\$m)*	Omega (\$m)*	Longwave (\$m)	Riparian (\$m)
30 Jun 19	54,276 <sup>1</sup>	6,595	5,279	9,089	8,314	2,035	9,071	1,195	245	4,369	3,807	4,273	3	-
31 Dec 18	46,741	5,599	4,680	7,606	7,779	2,010	8,149	640	214	3,603	2,771	3,689	-	-
30 Jun 18	38,032	6,507	4,918	8,319	8,038	1,847	7,554	702	71	74	-	-	-	-
31 Dec 17	32,338	6,056	4,644	6,618	6,552	1,585	6,261	596	26	-	-	-	-	-
30 Jun 17	26,526	5,877	4,003	5,135	5,956	1,514	3,830	211	-	-	-	-	-	-

\*Pinnacle acquired equity interests in Metrics and Omega in July 2018. FUM not included prior to this date

Date	Pinnacle (total)	Hyperion	Plato	Solaris	RCL	Palisade	Antipodes	Spheria	Two Trees	Firetrail	Metrics	Omega	Longwave	Riparian
Change in FUM - 31 Dec 18 to 30 Jun 19	16.1%	17.8%	12.8%	19.5%	6.9%	1.2%	11.3%	86.7%	14.7%	21.3%	-	-	-	-
Change in FUM - 30 Jun 18 to 30 Jun 19	42.7%	1.4%	7.3%	9.3%	3.4%	10.1%	20.1%	70.3%	245.0%	5,803.8%	-	-	-	-

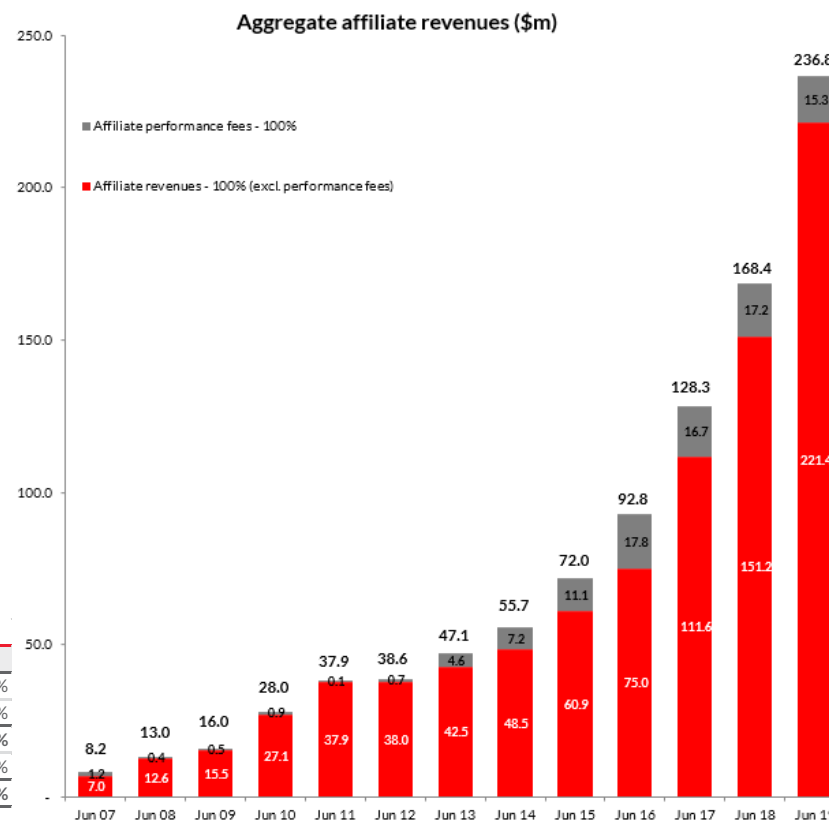


## Strong FUM and revenue growth in Pinnacle

### Affiliates:

- Total Affiliates' Revenues of \$236.8m, including \$15.3m (6.5%) in performance fees. In FY18, total Affiliates' Revenues of \$168.4m included \$17.2m (or 10.2%) in performance fees
- Growth in base management fees of 47.4%

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<b>Pinnacle Affiliates (100% aggregate basis)</b>			
FUM (\$billion)	54.3 <sup>1</sup>	38.0	42.9%
Revenue (\$million)	236.8	168.4	40.6%
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<sup>1</sup>\$55.6 billion at 31 August 2019

# Group financial summary

	FY2019 (\$m)	FY2018 (\$m)	YoY change
<b>Pinnacle</b>			
Revenue	21.1	16.5	27.9%
Expenses	(23.7) <sup>1,2</sup>	(18.3) <sup>1,2</sup>	29.5%
Share of Pinnacle Affiliates net profit after tax	33.1	24.9	32.9%
<b>Net profit before tax (NPBT) from continuing operations</b>	<b>30.5</b>	<b>23.1</b>	<b>32.0%</b>
Taxation	-	-	
<b>NPAT from continuing operations</b>	<b>30.5</b>	<b>23.1</b>	<b>32.0%</b>
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From continuing operations	17.1	13.2	29.5%
Total attributable to shareholders	17.1	13.4	27.6%

- Group NPAT from continuing operations of \$30.5m, compared to \$23.1m in FY18, an increase of 32.0%
- EPS from continuing operations of 18.3 cents per share, compared to FY18 EPS of 14.3 cents per share
- Fully franked final dividend of 9.3 cents per share declared, payable in October 2019, taking the total dividend for FY19 to 15.4 cents per share
- Cash and principal investments of \$51.2m as at 30 June 2019

<sup>1</sup> Includes salaries of additional people, recruitment costs etc. – number of people in 'Pinnacle parent' increased from 39 at 1 July 2017, to 54 at 30 June 2018 and to 68 at 30 June 2019 (approximately 50% distribution and marketing; 50% infrastructure/fund services).

<sup>2</sup> Includes mark-to-market and realized gains/losses on principal investments, net of hedging. These were net gains of \$1.2m in FY19 (reduces 'expenses'), compared with net losses of \$1.8m in FY18 (increases 'expenses').

- P&L 'investment' in support of Horizon 2 growth – adding resources to cater for growth (including ahead of forthcoming growth)
- As we have consistently stated, we will continue to invest in activities which we believe will bring substantial benefits over the medium term, whilst recognizing that such investment may restrain our profits to some degree in the short term
- Large gains on 'principal investments' in 2HFY19 following losses in 1HFY19. Total return for FY19 was \$2.7m, of which \$1.5m was dividends/distributions and \$1.2m was net realized and unrealized capital gains and losses (total return on principal investments for 1HFY19 was a loss of \$0.7m)
- Including these gains, Pinnacle parent result was a profit of \$1.6m in 2HFY19 compared with a loss of \$4.2m in 1HFY19
- Increased number of shares on issue following July capital raise and LTI

# A strong and flexible balance sheet

	FY2019 (\$m)	FY2018 (\$m)	YoY change
<b>Current assets</b>			
Cash and cash equivalents	26.7	9.3	187.1%
Financial assets	24.5	22.1	10.7%
<b>Total cash and financial assets</b>	<b>51.2</b>	<b>31.4</b>	<b>62.9%</b>
Other current assets	18.3	12.6	
<b>Total current assets</b>	<b>69.5</b>	<b>44.0</b>	<b>57.9%</b>
<b>Non-current assets</b>			
Investments in affiliates	113.4	55.6	103.9%
Other current assets	3.9	5.3	(25.8%)
<b>Total non-current assets</b>	<b>117.3</b>	<b>60.9</b>	<b>92.6%</b>
<b>Total assets</b>	<b>186.8</b>	<b>104.9</b>	<b>78.0%</b>
<b>Total liabilities</b>	<b>9.7</b>	<b>6.8</b>	<b>42.7%</b>
<b>Net assets</b>	<b>177.1</b>	<b>98.1</b>	<b>80.5%</b>
<b>Net shareholders' equity</b>	<b>177.1</b>	<b>98.1</b>	<b>80.5%</b>

- Cash and Principal Investments of \$51.2 million
- \$60m capital raising (10.9m shares) and \$10m Share Purchase Plan proceeds (1.8m shares) in July 2018
- Investment into both Metrics Credit Partners (\$46m) and Omega Global Investors (\$2m)
- Excludes impact of final dividend of 9.3 cents per share, payable in October 2019
- Also excludes impact of Affiliate dividends received post 30 June 2019

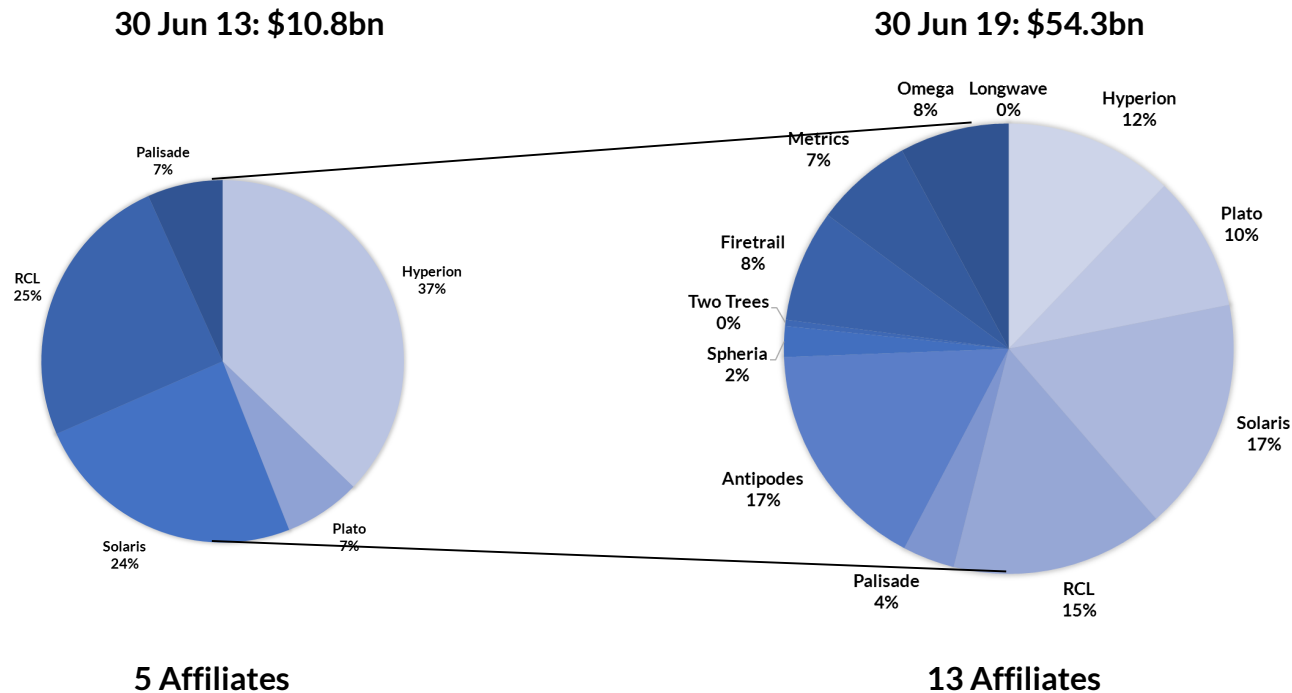
- \$51.2m of cash and principal investments
- Includes \$23.2m invested in strategies managed by Pinnacle Affiliates
- Excludes nearly \$6m of cash applied for Affiliate equity recycling loans, working capital loans (Two Trees) and Affiliate equity purchased
- Pinnacle continues to support its Affiliates, including by seeding new products
- Excludes post balance date impact of dividend of \$17.0 million (final dividend of 9.3 cents per share), and Affiliate dividend inflows to PNI since 30 June 2019
- Franking credit balance (\$28.8m) at 30% company tax rate enables potential fully franked dividends of \$67.2m

# Significant components of FY 2019 results

- Continuing growth in 'Pinnacle Parent' revenues and costs
  - Significant 'P&L' investment in support of Horizon 2 initiatives (including Offshore distribution, ETF, Direct to retail consumers, new Affiliates)
  - Net gains on principal investments of \$2,715k, compared with losses of \$705k in FY18
  - High property costs – although lower in 2H compared with 1H – Pinnacle bears the cost of providing space for its Affiliates until they reach profitability. We have also had to acquire additional space, ahead of further growth
  - Continued strong inflows drive distribution fee revenues, including close to \$850m raised into Metrics' LITs in 2H; however, 'traditional' retail flows were lower in 2H which led to lower than anticipated flow- and revenue-based fees
  - Certain distribution fees are 'success-based' and only recognized in 2H. These were lower than originally expected due to low net institutional flows in 2H
- Significant growth in Pinnacle's share of Affiliate profits on the PCP
  - Impact of higher starting FUM
  - Continuing investment in certain Affiliates ahead of future growth
  - Cost of Two Trees, Longwave and Riparian included as negative NPAT; Firetrail profitable from September following significant early inflows
  - Low performance fees for FY19

**Supporting information – slides 14 to 45**

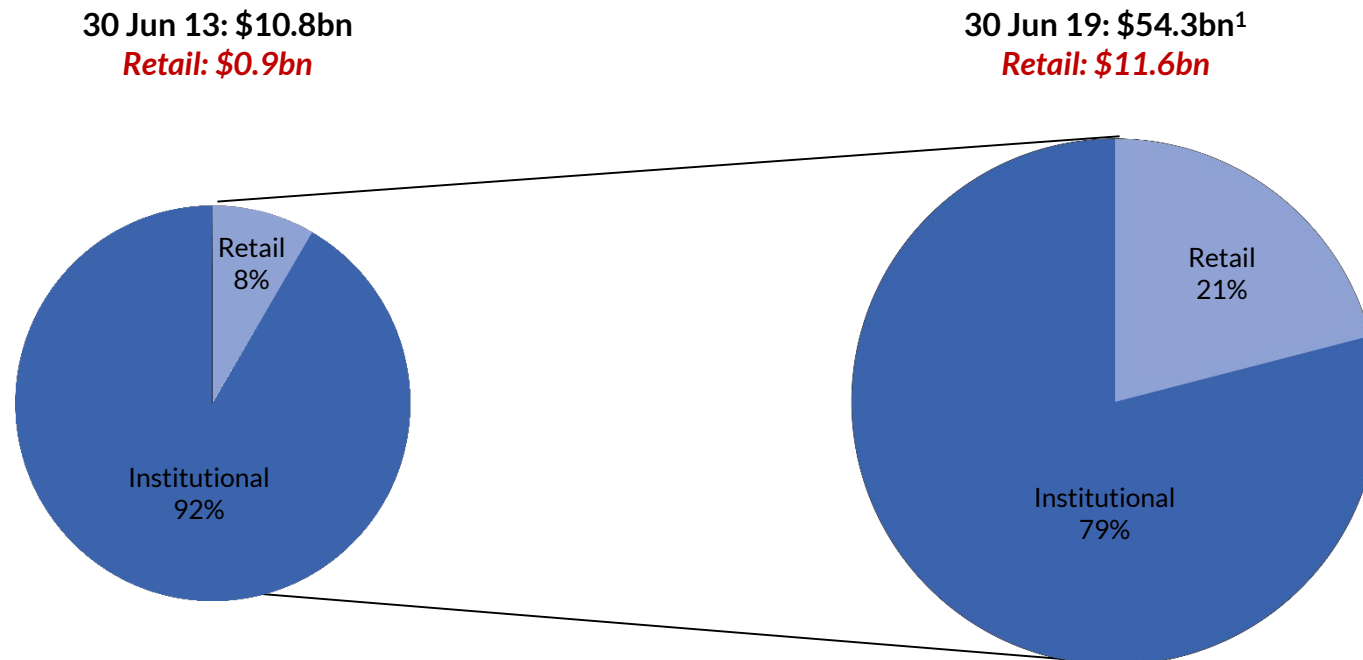
## Affiliate gross FUM evolution



- Addition of a number of new affiliates including Antipodes, Spheria, Two Trees, Metrics, Omega, Riparian, Longwave and Firetrail
- A number of initiatives being pursued to continue the growth and evolution of Pinnacle including offshore and exchange traded funds
- Eight additional affiliates since 30 June 13 account for 42.3% of gross FUM at 30 June 19



## Retail FUM evolution

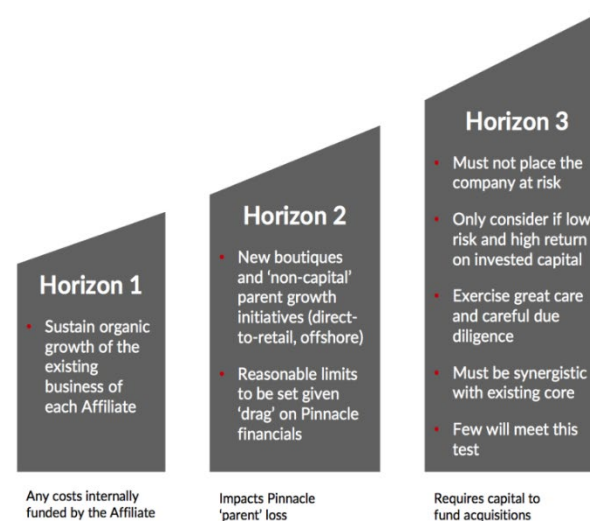


- Pinnacle has invested significantly in retail distribution and has generated substantial retail FUM in the last 5 years (~\$10bn of retail FUM growth)
- Initiatives include growth of internal and external sales teams, direct retail and exchange traded funds (open & closed ended)

<sup>1</sup>\$55.6 billion at 31 August 2019

# Focus on managing the business to maximize profits and Company value over the medium term

- We continue to build Pinnacle by taking a measured approach to growth
  - Support growth of our current affiliates with increased investment in distribution channels (e.g. international and listed markets)
  - Invest in / seed new affiliates where management teams have a strong track record and growth potential
  - Seeking to diversify into asset classes with substantial growth potential:
    - Global equities (developed & emerging markets)
    - Private capital (debt & equity)
    - Absolute return (single & multi-asset)
- M&A only considered after rigorous evaluation process



# Focus on managing the business to maximize profits and Company value over the medium term

- How does 'Horizon 2' add value in the Medium Term?
  - Investment in growth initiatives that don't require additional capital to be raised - ETF initiative commenced
  - Reasonable limits to be set given short-term 'drag' on Pinnacle parent P&L
  - In addition to growing boutique revenue and profits, also creates additional revenue streams for Pinnacle parent – both, in the medium term
  
- This results in:
  - Adding new boutiques
  - Accessing new channels (e.g. direct-to-retail)
  - Adding expertise to support non-traditional AUM growth (e.g. LICs, LITs)
  - Geographic expansion of distribution platform (e.g. offshore, regional areas)
  - Establishing new “platforms” that can be leveraged by our boutiques (e.g. UCITS, Cayman)

Initiative	Status	\$m 30 Jun 19	Launched to market
Direct to Retail	Developing	\$642	2017
Capital Markets (LIC, LIT, ETF)	Developing	\$2,668	2017
Plato Global	Early Stage	\$67	2017
Two Trees	Developing	\$245	2018
Hyperion Global	Developing	\$547	2018
Spheria Opportunities	Developing	\$409	2018
Solaris Long/Short	Growth Accelerating	\$275	2018
Global Distribution	Early Stage	~\$3,030	2018
UCITs Funds	Early Stage	~\$1,000	2018
Cayman Funds	Early Stage	~\$160	2018
Longwave	Incubation	\$3	2019

## Criteria

- Must not place the Company at risk
- Only consider if low risk and high return on capital
- Exercise great care and careful due diligence
- Must be synergistic with existing core
- Few will meet this test

## Status

- Metrics Credit and Omega acquisitions July 2018 and we will continue to explore opportunities such as:
  - existing profitable investment management firms that we could help
  - distribution/retail businesses that may be synergistic

## Substantial FUM growth since acquisition

- \$3.8bn FUM (\$4.4bn AUM) Vs \$2.5bn FUM (\$3bn AUM)
- ~\$1.1bn raised in 11 months
- \$845m of new closed-end capital via IPO, Entitlement Offer & Placement

## Largest manager of 'Alternative' LITs on ASX

- \$1.6bn raised in 18 months
- \$1.3bn raised in MCP Master Income Trust (ASX:MXT)
- \$300m raised in the MCP Income Opportunities Trust (ASX:MOT)

## Launch of new products

- MCP Credit Trust
- MCP Income Opportunities Trust (ASX:MOT)
- MCP Wholesale Investment Trust
- MCP Wholesale Income Opportunities Trust

## Expanding into new distribution channels

- Launching unlisted retail managed fund for 'intermediated retail / platform market' in Q3
- Creating offshore fund for international institutional investors in Q4

## Deployment of growth capital

- Significant investment in new loan origination capabilities (people, technology, Melbourne presence), infrastructure & systems
- Co-investment in new vehicles

## Performance & market opportunity

- All Metrics funds have outperformed their benchmarks over all time periods
- Market opportunity for non-bank lenders continues to grow as banks face increased regulatory headwinds
- Investment appetite for private debt accelerates in Australia and offshore

## Talented Investors

- Proven track record of identifying and supporting world class investment teams and anticipating market demand
- All established affiliates have delivered strong long term outperformance
- CAGR 28.5% over the last ten years, supported by both organic growth and acquisitions

## Distribution Powerhouse

- 'Unusually driven' sales culture ensures rapid market success or a slow grinding victory
- A sales and marketing team of 34 focusing on institutional, retail and international investors
- 2018 Professional Planner | Zenith Fund Awards – Distributor of the Year (third consecutive year)

## Positive Selection Bias

- Talented investors and a highly motivated salesforce attracts other talented managers to the firm
- Attracts new talented distribution executives who then drive sales growth further and harder

## Institutional

- Industry consolidation, internalisation, margin pressure and higher ODD hurdles, however ...
- Demand for high quality boutique active managers remains strong, particularly where capacity is scarce
- Globalise investment solutions, distribution force and infrastructure to maximise medium term growth and mitigate domestic market risks

## Intermediated Retail

- Regulatory environment positive for investment managers
- Banks divesting wealth management
- Industry fragmentation = more buyers, better margin retention
- Distribution firepower remains central to success

## International

- Consolidation of global asset consultants
- Rapid growth of OCIO services (fiduciary outsourcing) globally
- Strong demand for unconstrained equity strategies, liquid alternatives, private capital (debt and equity)
- Demographic shift from accumulation to decumulation – from compounding to consuming returns

## Direct to Consumer

- Growth in disintermediation
- Seeking less friction in the investing process
- Opportunities with listed strategies such as ETF's, LIC/T's as well as managed funds



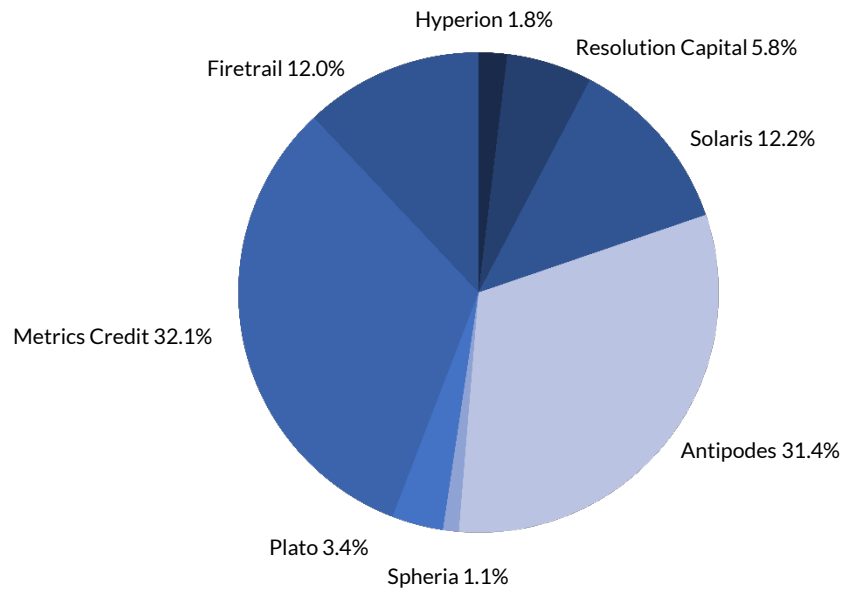
- 78 institutional separate account clients
- 95 institutional separate accounts across our affiliates
- Local institutional fund consolidation expected to continue
- Consolidating environment provides significant scope for 'incubation' (appetite for large capacity at attractive fees)
- Pinnacle/Affiliates continuing to diversify FUM/Revenue into retail and offshore distribution channels
- Allocations to alternative asset classes such as private capital and absolute return strategies expected to continue at the expense of traditional asset classes such as equities
- Demand for ESG integration becoming mainstream

- ~A\$3bn+ of aggregate global FUM
- A\$1bn+ in UCITS and Cayman funds
- Global manufacturing, fund services and distribution is a necessity, not a choice...
  - Greater investor diversification
  - Higher average fee margins
- Mandate activity is ramping up
  - UK, US, Canada, Middle East, Switzerland, Netherlands, Japan, South Africa & South Korea
- New UCITS liquid alternatives funds being launched in early FY20
  - Systematic Global Macro
  - Global Equity Market Neutral

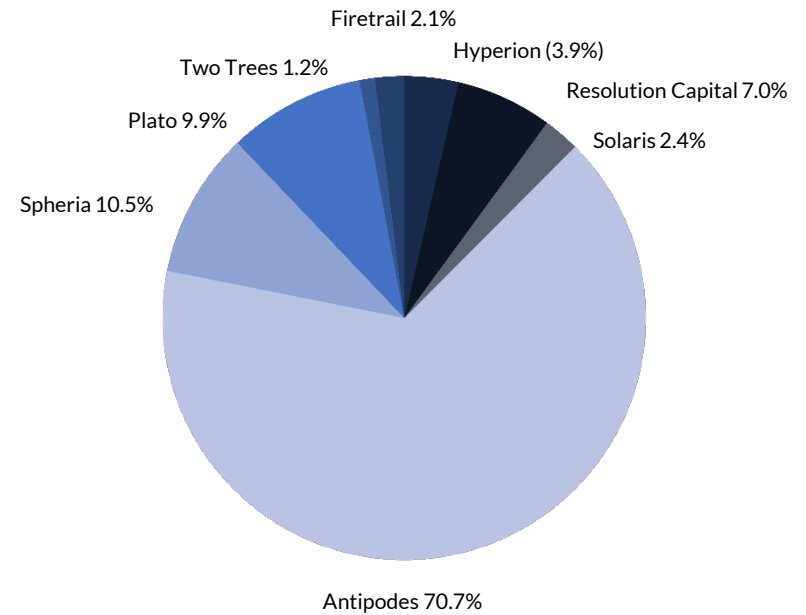
## Retail Flows – FY19 vs FY18

- Greater contributions across a range of managers
- Significant contribution by Metrics Credit
- Development of listed capabilities adding to Retail FUM

**FY19**



**FY18**



## Fragmentation of the Australian Market

\$250 Bn



Accountants

\$700 Bn



Direct Investors

\$1 Tr



Advisors

\$747 Bn



Institutional

## Intermediated (Advice) and DIY

44%



Engaged  
\$1.2 Trillion  
187 Superfunds



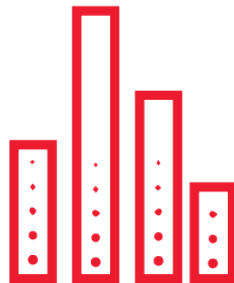
\$750 Bn  
Advisors



\$450 Bn  
Individual (DIY)

## Fragmentation of the Australian Market

28%



Self-directed

\$749 Billion

600,206 SMSFs



\$250 Bn

Accountants



\$249 Bn

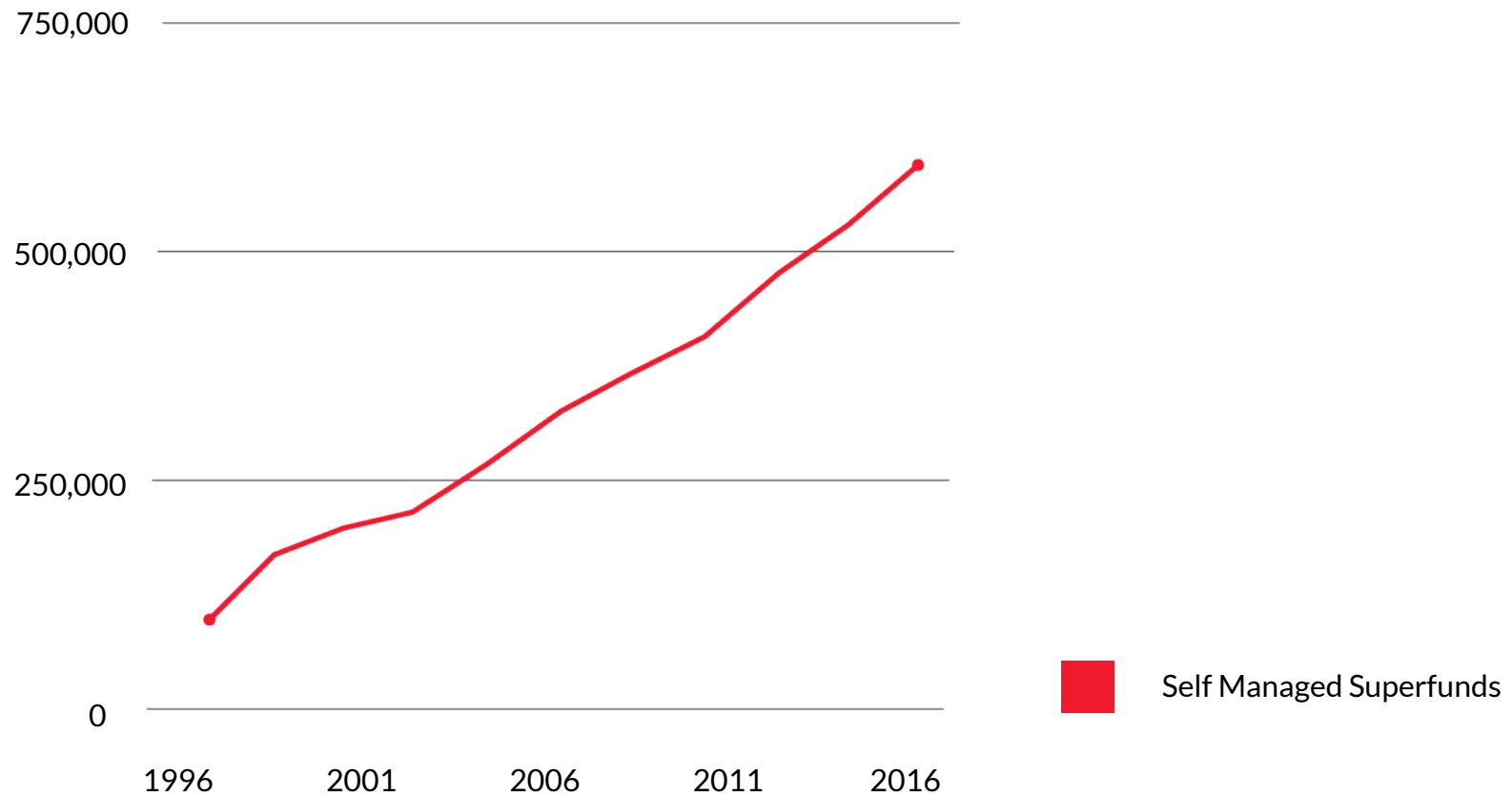
Individual (DIY)



\$250 Bn

Advisers

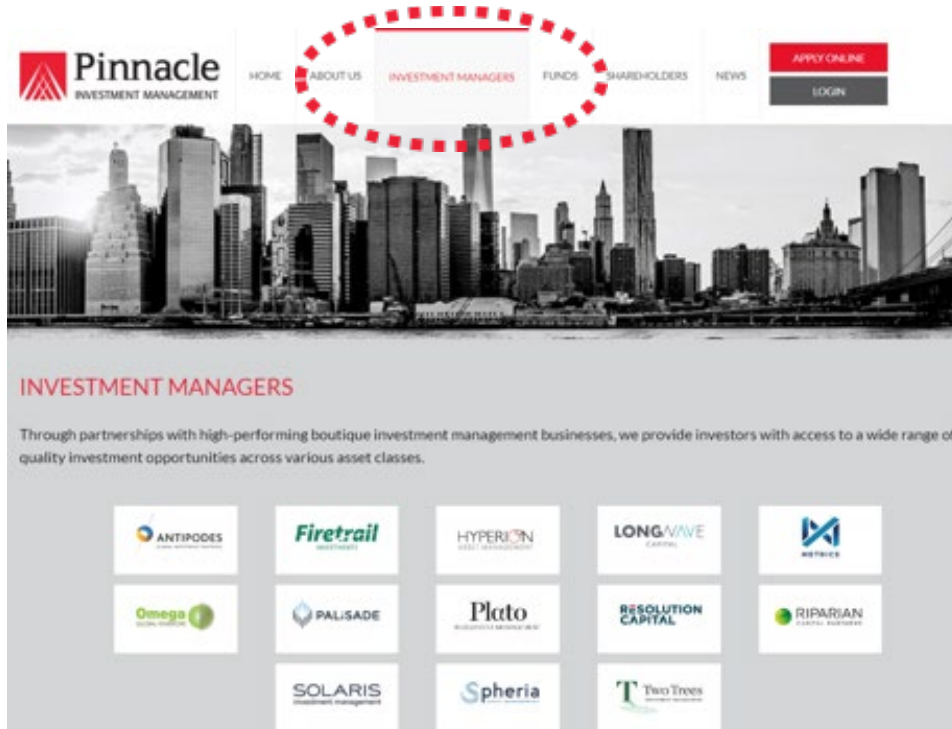
## Fragmentation of the Australian Market



Source: Australian Bureau of Statistics & APRA as at 31 March 2019

# Direct to Consumer – focus on reducing friction

- Private managed funds – Self-Directed Individual Investors
- Exchange traded funds – LICs/LITs
- EQMFs/ETFs



The screenshot shows the Pinnacle Investment Management website. The navigation bar includes links for HOME, ABOUT US, INVESTMENT MANAGERS (highlighted with a red dashed circle), FUNDS, SHAREHOLDERS, and NEWS. There are also buttons for APPLY ONLINE and LOGIN. Below the navigation bar is a large image of a city skyline. Underneath the image, the text reads: "INVESTMENT MANAGERS Through partnerships with high-performing boutique investment management businesses, we provide investors with access to a wide range of quality investment opportunities across various asset classes." Below this text is a grid of logos for various investment managers: ANTIPODES, Firetrail, HYPERION, LONGWAVE, WESTACE, Omega, PALISADE, Plato, RESOLUTION CAPITAL, RIPARIAN, SOLARIS, Spheria, and Two Trees.

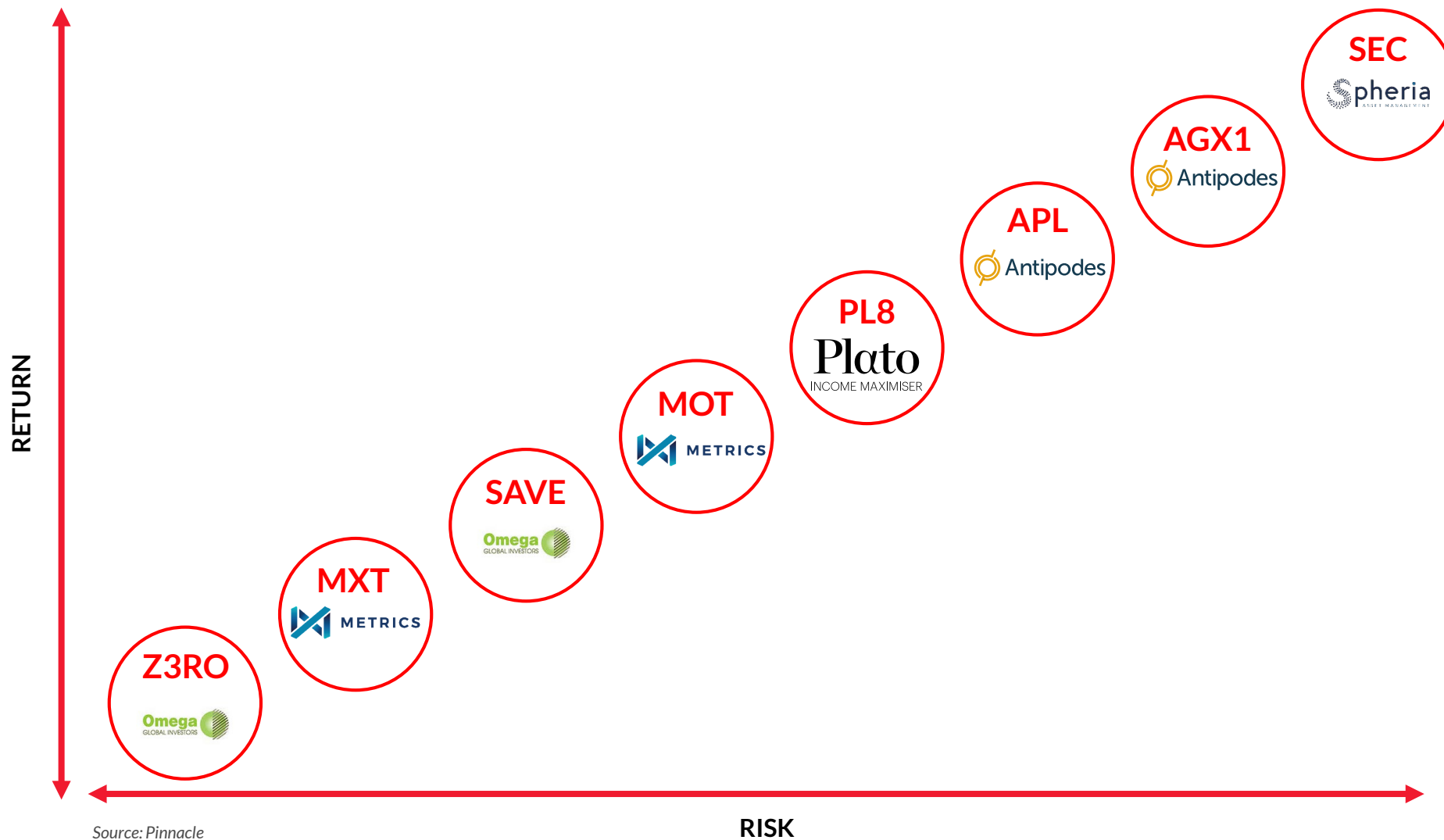


The screenshot shows the "Select Manager" and "Select Fund" sections of the website. The "Select Manager" section displays logos for ANTIPODES, Firetrail, and HYPERION. The "Select Fund" section displays a table of funds with columns for FUND NAME, API code, Initial Investment Minimum, and Additional Investment Minimum. Each row has an "APPLY ONLINE" button.

FUND NAME	API code	Initial Investment Minimum	Additional Investment Minimum
Antipodes Asia Fund	XP0003AU	\$25,000	\$5,000
Antipodes Global Fund	XP0004AU	\$25,000	\$5,000
Antipodes Global Fund - Long	WH0005AU	\$25,000	\$5,000

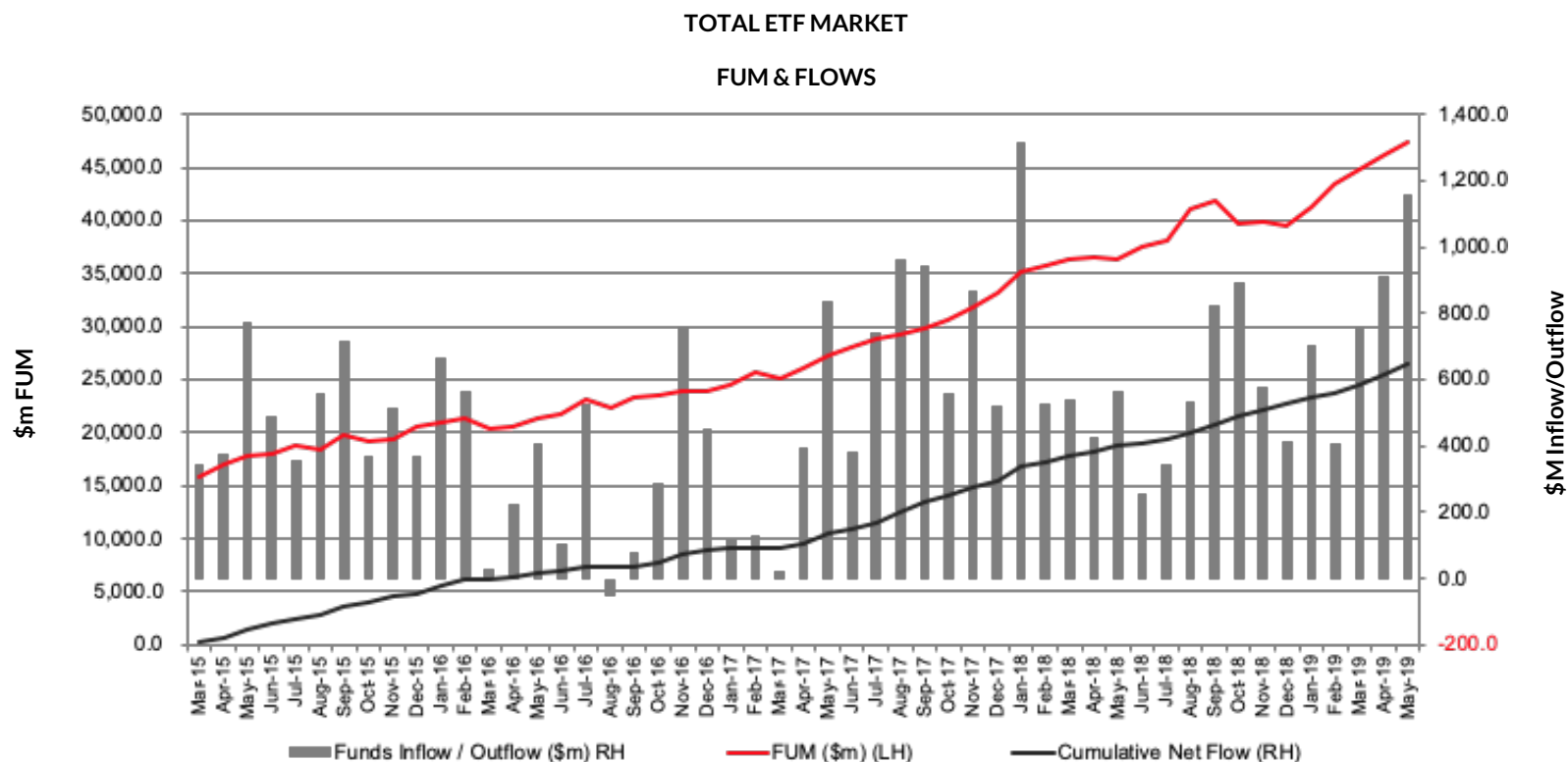






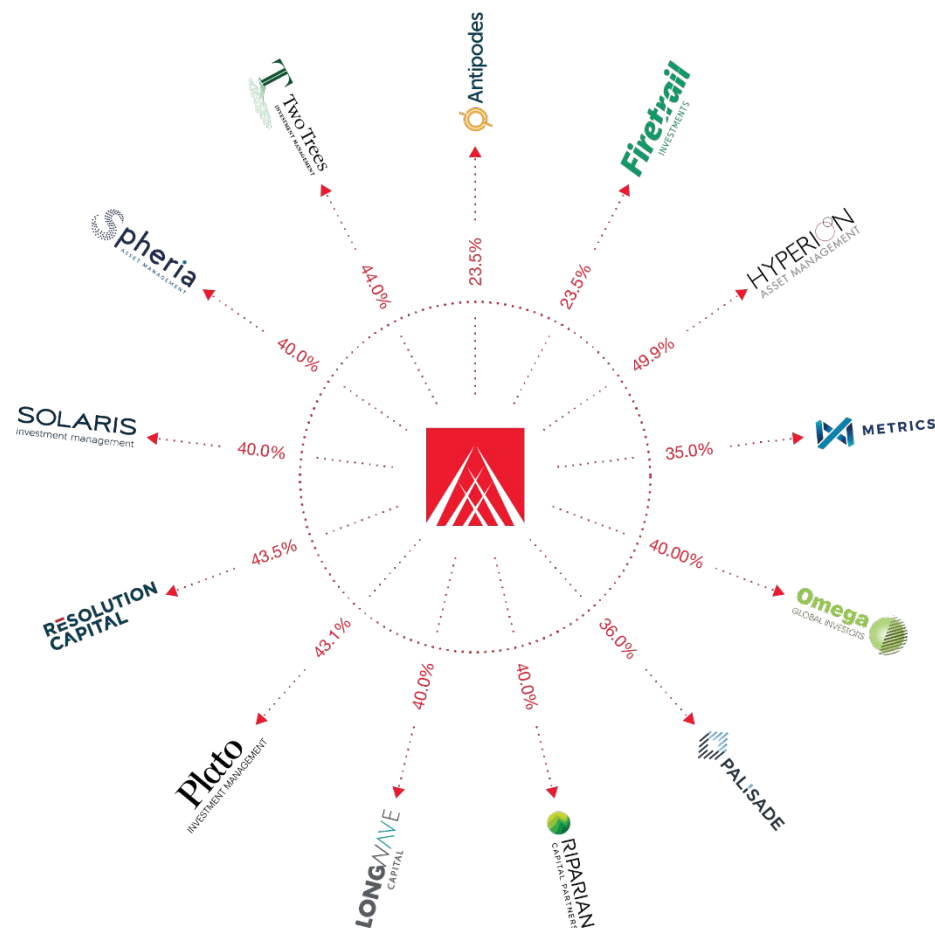
Source: Pinnacle

ETF Industry FUM roughly \$47 Bn of which \$4.2Bn is active ETFs



Source: ASX Investment Products (Listed Managed Investments, mFunds and ETPs) Monthly Update Report - May 2019

- A platform for GROWTH
  - Continuing investment excellence
  - Widespread industry recognition and support
  - ‘Article of faith’ reputation
- Increasing diversification
- Proven ability to build high quality investment managers, and facilitate substantial success, quickly
- Expanding distribution capability, at high quality
- Critical to maintain highest standards of service and support to Pinnacle Affiliates
- Strong and flexible balance sheet



The diagram above shows the Pinnacle Affiliates and Pinnacle's effective ownership stake and economic rights in each as at the date of this presentation. In respect of Firetrail Investments, Omega Global Investors, Longwave and Spheria, the percentage represents Pinnacle's total shareholding in the Affiliate. Pinnacle currently holds (or will hold) less than 1% of the voting shares in these Affiliates. However, it has full economic rights in respect of its holdings.

## Continuing to invest in a diversified platform to strengthen future growth



**Pinnacle**  
INVESTMENT MANAGEMENT

- Executives of both Pinnacle and Pinnacle Affiliates have significant equity interests
- Equity ownership enhances alignment with shareholders

Seed FUM and working capital

RE, compliance, finance, legal

Distribution and client services

Technology and other firm 'infrastructure'

Middle office and fund administration

Interface for outsourced services

**Firetrail**  
INVESTMENTS

**SOLARIS**  
investment management

23.5% (4)

40.0%

\$4.4bn  
High  
Conviction  
2018

\$9.1bn  
Australian  
Core equities  
2008

**Core/  
Conviction**

**HYPERION**  
ASSET MANAGEMENT

**Plato**  
INVESTMENT MANAGEMENT

49.9%

43.1%

\$6.6bn  
Global & Aus.  
Growth  
equities  
1998

\$5.3bn  
Global & Aus.  
Quant equities  
2006

**Domestic/Global**

**Antipodes**

23.5%

\$9.1bn  
Global L/S &  
long only  
Equities  
2015

**Global**

**Spheria**  
ASSET MANAGEMENT

40.0% (4)

\$1.2bn  
Small/  
Microcaps  
2016

**Small Cap**

**LONGWAVE**  
CAPITAL

40.0% (4)

\$0bn  
Quantamental  
equities/Multi-  
Asset  
2018

**Quantamental  
equities/Multi-  
Asset**

**Omega**  
GLOBAL INVESTORS

40.0% (4)

\$4.3bn  
Smart Beta Plus  
2018 (3)

**Smart Beta**

**RESOLUTION  
CAPITAL**

43.5%

\$8.3bn  
Global REITs  
2007

**Global Real  
Estate Securities**

**METRICS**

35.0%

\$3.8bn  
Debt  
2018 (2)

**Debt**

**PALISADE**

36.0%

\$2.0bn  
Unlisted  
infrastructure  
2007

**Infrastructure**

**Two Trees**  
INVESTMENT MANAGEMENT

44.0%

\$0.2bn  
Systematic Global  
Macro  
2017

**Macro**

**RIPARIAN**  
CAPITAL PARTNERS

40.0%

\$0bn  
Water, Agriculture  
and Food  
2019

**Water & Ag**

- (1) Gross FUM as at 30 June 2019.
- (2) Founded in 2011. Pinnacle acquired equity in August 2018
- (3) Founded in 2008. Pinnacle acquired equity in July 2018
- (4) The percentage represents Pinnacle's total shareholding in the Affiliate. Pinnacle currently holds less than 1% of the voting shares in the Affiliate. However, it has full economic rights in respect of its holding

# Pinnacle and the Affiliates continue to win major industry awards



## **2018 Professional Planner | Zenith Fund Awards:**

- Pinnacle – Distributor of the Year (third consecutive year)
- Resolution Capital – Global REIT Category Winner (fifth consecutive year)
- Solaris Investment Management - Australian Equities – Alternative Strategies Category Winner
- Antipodes Partners – International Equities – Alternative Strategies Category Finalist
- Antipodes Partners – International Equities – Global Category Finalist
- Hyperion – International Equities – Global Category Finalist
- Spheria Asset Management – Australian Equities – Small Cap Category Finalist

## **2019 Lonsec/Money Management Fund Manager of the Year:**

- Solaris Investment Management – Long/Short Equities Category Winner
- Antipodes Partners – Long/Short Equities Category Finalist
- Metrics – Listed Investment Companies & Trusts Category Finalist

*The Professional Planner | Zenith Fund Awards are determined using proprietary methodologies. Fund Awards are solely statements of opinion and do not represent recommendations to purchase, hold or sell any securities or make any other investment decisions. Fund Awards are current for 12 months from the date awarded and are subject to change at any time. Fund Awards for previous years are referenced for historical purposes only.*



## **Pragmatic value manager of global equities (long only and long-short)**

- During the year, Antipodes established additional pooled vehicles domiciled in NZ, Cayman and Dublin (UCITS), as well as an ASX-listed active ETF (ASX: AGX1)
- Funds under management have grown to in excess of \$9.1 billion in four years
- Out-performance across all strategies since inception in 2015



## **High conviction investment manager of Australian and Global equities**

- Absolute Return Fund and High Conviction Fund launched in March 2018
- Absolute Return Fund Upgraded to 'Highly Recommended' by Zenith in February 2019
- Funds under management \$4.4 billion at 30 June 2019



## **Specialist manager of Australian and Global equities following a quality growth style**

- Global Fund has a five year track record and has out-performed the index by 7.1% pa (net of fees) since inception in June 2014. Upgraded to 'Highly Recommended' by Lonsec in February 2019
- Long-term performance remains excellent across all strategies
- Global strategy well-placed to drive future FUM and revenue growth



## **Quantamental Australian equities and multi-asset**

- Longwave Australian Small Companies Fund launched 1 February 2019



## **Sydney-based alternative asset manager specializing in private debt, fixed income and capital markets**

- Pinnacle acquired a 35% interest in July 2018
- MCP Master Income Trust (ASX: MXT) Upgraded to 'Highly Recommended' by Zenith in May 2019
- ~\$1.1bn raised since acquisition 11 months ago



## **Offers smart beta, factor investing and client solutions (including ESG) capabilities – further supports Pinnacle's strategy to gain exposure to ETF market**

- Pinnacle acquired a 40% interest (voting interest <1%) in July 2018



## **Specialist manager of unlisted infrastructure assets with both pooled funds and separately managed portfolios for institutional investors**

- Recent further improved ratings from asset consultants and gatekeepers





**Specialist manager in objective-based Global and Australian equity investment solutions for wholesale and retail investors**

- Funds under management \$5.3bn at 30 June 2019
- Plato Global Shares Income Fund upgraded to 'Recommended' by Lonsec in February 2019
- Record low interest rates lead to increased demand for Plato's Australian shares income strategy



**High conviction manager of Australian and Global listed real estate securities**

- Funds under management \$8.3 billion at 30 June 2019
- Launched Collective Investment Trust (CIT) for US institutional investors – secured seed client
- Global strategy maintains highest ranking with all major research houses
- Out-performance from global strategies in the year to 30 June 2019, over the five years to 30 June 2019, and since inception



**Specialist Water, Agriculture and Food investment firm, established with the specific purpose of identifying, acquiring and managing investments across the agricultural sector**

- First strategies due to launch in FY20



## **Specialist manager of Australian equities following a style-neutral approach to investing**

- Successful launch of the long/short strategy – good performance, gaining traction in retail
- Funds under management \$9.1bn at 30 June 2019
- All strategies have out-performed over the five years to 30 June 2019, and since inception



## **Fundamental-based investment manager with a bottom-up focus specialising in small and microcap companies**

- FUM over \$1bn at 30 June 2019
- Team has grown to eight during the year
- Contributing profitability to Pinnacle



## **Specialist systematic global macro hedge fund manager**

- Commenced managing money 1 November 2017
- Seeded offshore Cayman fund; UCITS to follow in early FY20

# Continuing strong **medium-term** investment performance of Affiliates

**94%** of Pinnacle Affiliated Investment Manager strategies and products  
 (with a track record exceeding 5 years) **have out performed** their benchmarks over the 5 years to 31 August 2019

	5Y	10Y	Inception (per annum)	Inception date
<b>Hyperion Asset Management - Gross Performance</b>				
Hyperion Australian Growth Companies Fund	10.43%	11.28%	12.58%	1/10/2002
Outperformance	2.49%	2.78%	3.13%	
Hyperion Small Growth Companies Fund	13.69%	16.67%	17.51%	1/10/2002
Outperformance	5.87%	11.87%	10.16%	
Hyperion Australian Equities Composite	10.46%	11.41%	13.51%	1/11/1996
Outperformance	2.52%	2.90%	4.34%	
Hyperion Global Growth Companies Fund (Class B Units)	24.39%		23.11%	22/05/2014
Outperformance	10.41%		9.43%	
<b>Plato Investment Management - Gross Performance</b>				
Plato Australian Shares Core Fund	8.69%	9.70%	6.96%	30/10/2006
Outperformance	0.76%	1.19%	0.88%	
Plato Australian Shares Equity Income Fund - Class A	10.29%		12.61%	9/09/2011
Outperformance	0.75%		1.98%	
<b>Solaris Investment Management - Gross Performance</b>				
Solaris Core Australian Equity Fund	10.08%	10.00%	7.39%	9/01/2008
Outperformance	2.18%	1.40%	2.08%	
Solaris High Alpha Australian Equity Fund	10.16%	9.95%	8.08%	4/02/2008
Outperformance	2.26%	1.34%	2.40%	
Solaris Total Return Fund (including franking credits)	11.83%		12.49%	13/01/2014
Outperformance	2.29%		2.11%	
<b>Resolution Capital - Gross Performance</b>				
Resolution Capital Core Plus Property Securities Fund	14.91%	13.91%	10.34%	30/09/2008
Outperformance	1.70%	1.40%	2.52%	
Resolution Capital Global Property Securities Fund	10.76%	14.56%	12.06%	30/09/2008
Outperformance	3.13%	2.22%	4.29%	
<b>Palisade Investment Partners - Gross Performance</b>				
Palisade Diversified Infrastructure Fund	12.74%	12.00%	10.73%	1/08/2008
Palisade Australian Social Infrastructure Fund	13.54%		15.30%	31/05/2011
<b>Omega Global Investors - Gross Performance</b>				
Omega Global Corp Bonds Fund	5.12%	0.00%	6.78%	11/03/2010
Outperformance	-0.36%	0.00%	-0.69%	
Omega Global Listed Infrastructure Fund	9.34%	0.00%	12.37%	3/08/2012
Outperformance	0.07%	0.00%	0.30%	
<b>Metrics Credit Partners - Gross Performance</b>				
DASLF	5.05%		5.36%	4/06/2013
RBA Cash Rate	3.32%		3.47%	
BBSW (90 Days)	3.06%		3.23%	

The investment performance information above is shown for information purposes only. Outperformance is measured based on performance gross of fees (unless otherwise stated) vs relevant benchmark. The one strategy that has underperformed its benchmark was not under Pinnacle ownership for most of the five-year period.

# Affiliates' investment performance – all periods to 31 August 2019

	1Y	3Y	5Y	10Y	Inception (per annum)	Inception date
<b>Hyperion Asset Management - Gross Performance</b>						
Hyperion Australian Growth Companies Fund	3.59%	8.62%	10.43%	11.28%	12.58%	1/10/2002
Outperformance	-5.56%	-2.72%	2.49%	2.78%	3.13%	
Hyperion Small Growth Companies Fund	5.96%	9.74%	13.69%	16.67%	17.51%	1/10/2002
Outperformance	5.01%	1.32%	5.87%	11.87%	10.16%	
Hyperion Australian Equities Composite	5.08%	8.78%	10.46%	11.41%	13.51%	1/11/1996
Outperformance	-4.06%	-2.56%	2.52%	2.90%	4.34%	
Hyperion Global Growth Companies Fund (Class B Units)	13.70%	25.58%	24.39%		23.11%	22/05/2014
Outperformance	5.46%	11.25%	10.41%		9.43%	
<b>Plato Investment Management - Gross Performance</b>						
Plato Australian Shares Core Fund	8.27%	11.95%	8.69%	9.70%	6.96%	30/10/2006
Outperformance	-0.87%	0.61%	0.76%	1.19%	0.88%	
Plato Australian Shares Equity Income Fund - Class A	13.00%	13.63%	10.29%		12.61%	9/09/2011
Outperformance	2.16%	0.58%	0.75%		1.98%	
Plato Global Shares Income Fund	-1.06%	8.34%			6.59%	30/11/2015
Outperformance	-8.62%	-5.40%			-4.04%	
<b>Solaris Investment Management - Gross Performance</b>						
Solaris Core Australian Equity Fund	8.97%	13.16%	10.08%	10.00%	7.39%	9/01/2008
Outperformance	-0.07%	1.78%	2.18%	1.40%	2.08%	
Solaris High Alpha Australian Equity Fund	7.90%	13.31%	10.16%	9.95%	8.08%	4/02/2008
Outperformance	-1.14%	1.93%	2.26%	1.34%	2.40%	
Solaris Total Return Fund (including franking credits)	12.11%	15.25%	11.83%		12.49%	13/01/2014
Outperformance	1.27%	2.20%	2.29%		2.11%	
Solaris Australian Equity Long Short Fund	11.09%				19.46%	1/03/2017
Outperformance	2.05%				8.80%	
Solaris Australian Equity Income Fund	12.53%				14.40%	12/12/2016
Outperformance	1.69%				1.52%	
<b>Resolution Capital - Gross Performance</b>						
Resolution Capital Core Plus Property Securities Fund	21.21%	11.30%	14.91%	13.91%	10.34%	30/09/2008
Outperformance	1.39%	2.36%	1.70%	1.40%	2.52%	
Resolution Capital Global Property Securities Fund	12.41%	8.96%	10.76%	14.56%	12.06%	30/09/2008
Outperformance	3.80%	3.39%	3.13%	2.22%	4.29%	
<b>Palisade Investment Partners - Gross Performance</b>						
Palisade Diversified Infrastructure Fund	10.63%	13.59%	12.74%	12.00%	10.73%	1/08/2008
Palisade Australian Social Infrastructure Fund	8.60%	10.69%	13.54%		15.30%	31/05/2011
<b>Antipodes Partners - Gross Performance</b>						
Global Fund	-0.12%	10.05%			11.08%	1/07/2015
Outperformance	-7.16%	-3.18%			0.94%	
Global Long Only	0.13%	13.04%			12.41%	1/07/2015
Outperformance	-6.91%	-0.19%			2.26%	
Asia Fund	5.44%	12.24%			10.46%	1/07/2015
Outperformance	4.90%	1.99%			3.82%	

The investment performance information above is shown for information purposes only.  
Outperformance is measured based on performance gross of fees (unless otherwise stated) vs relevant benchmark.

# Affiliates' investment performance – all periods to 31 August 2019

	1Y	3Y	5Y	10Y	Inception (per annum)	Inception date
<b>Spheria Asset Management - Gross Performance</b>						
Microcap Fund	-2.19%				11.74%	16/05/2016
Outperformance	-3.14%				1.91%	
Smaller Companies Fund	-1.05%				9.98%	11/07/2016
Outperformance	-2.00%				1.38%	
Opportunities Fund	2.24%				12.15%	11/07/2016
Outperformance	0.82%				1.79%	
<b>Two Trees Investment Management - Gross Performance</b>						
Global Macro Fund	4.10%				0.12%	1/11/2017
Outperformance	2.28%				-1.72%	
<b>Firetrail Investments - Gross Performance</b>						
High Conviction Fund	0.25%				2.91%	14/03/2018
Outperformance	-8.79%				-9.10%	
Absolute Return Fund	-0.92%				-0.68%	14/03/2018
Outperformance	-2.32%				-2.11%	
<b>Omega Global Investors - Gross Performance</b>						
Omega Global Corp Bonds Fund	10.28%	4.12%	5.12%	0.00%	6.78%	11/03/2010
Outperformance	-0.86%	-0.56%	-0.36%	0.00%	-0.69%	
Omega Global Listed Infrastructure Fund	14.58%	8.14%	9.34%	0.00%	12.37%	3/08/2012
Outperformance	-1.08%	-0.41%	0.07%	0.00%	0.30%	
<b>Metrics Credit Partners - Gross Performance</b>						
DASLF	5.49%	5.03%	5.05%		5.36%	4/06/2013
RBA Cash Rate	4.08%	3.56%	3.32%		3.47%	
BBSW (90 Days)	3.79%	3.25%	3.06%		3.23%	
SPDF	8.98%	8.56%			8.30%	26/11/2015
RBA Cash Rate	7.58%	7.08%			6.70%	
BBSW (90 Days)	7.28%	6.77%			6.40%	
SPDF II	8.70%				9.21%	9/10/2017
RBA Cash Rate	7.30%				7.76%	
BBSW (90 Days)	7.00%				7.42%	
REDF	9.74%				9.10%	9/10/2017
RBA Cash Rate	8.33%				7.65%	
BBSW (90 Days)	8.04%				7.30%	
WIT	6.95%				6.65%	9/10/2017
RBA Cash Rate	5.55%				5.20%	
BBSW (90 Days)	5.25%				4.86%	
MXT - net performance only	5.83%				5.51%	9/10/2017
RBA Cash Rate	4.43%				4.06%	
BBSW (90 Days)	4.13%				3.72%	
<b>Longwave Capital Partners - Gross Performance</b>						
Longwave Australian Small Companies Fund					13.44%	1/02/2019
Outperformance					1.96%	

The investment performance information above is shown for information purposes only.  
Outperformance is measured based on performance gross of fees (unless otherwise stated) vs relevant benchmark.

- Pinnacle is passionate about enabling better lives through investment excellence. This belief is strongly demonstrated through Pinnacle's commitment – together with the Affiliates – to the Pinnacle Charitable Foundation
- The Foundation has a vision to help build a compassionate, creative and clever Australia, achieved through growing the capacity and sustainability of inspiring Australian charities
- As an early stage backer it frequently offers seed funding to encourage trials and incubate new projects, investing in the future of young, passionate organizations
- Financially backed by Pinnacle and with access to extensive pro bono services across investment management, portfolio reporting, finance and IT, the Foundation operates with low overheads and high impact. Its investment strategy aims to provide reasonable capital protection whilst driving growth over the longer term. Investments are held in a range of suitable products offered across Affiliates – which all rebate associated management fees
- For the 2019 financial year, Pinnacle made cash contributions of \$311,000 (FY18: \$225,000) to the Foundation, with the Pinnacle Affiliates contributing a further \$110,000 to Foundation projects in collaboration (FY18: \$66,000)

- The Foundation currently has a focus on five designated areas which resonate strongly with Pinnacle, Affiliates, their employees, clients and commitment to ESG principles:
  - promotion of strong mental health awareness and support for prevention / early intervention strategies aimed at reducing mental illness and driving down suicide rates
  - support for children from a range of environments who face acute and / or systemic disadvantage
  - legal assistance and advocacy for victims of sexual abuse and domestic violence
  - development of access to corporate supply chains and procurement initiatives for remote and Indigenous communities and
  - capacity building for world leading medical researchers seeking treatments / cures for children's genetic diseases and for Alzheimer's disease
- In the 2019 financial year the Foundation donated \$306,000, backed by a further \$110,000 from Affiliates. These funds of over \$400,000 are helping to drive positive, long term social change.

- Continue to deliver growth within existing affiliates (Horizon 1)
- Maintain current levels of investment to deliver medium term growth (Horizon 2)
- A range of Horizon 2 initiatives are under way
  - New affiliate 'builds'
  - Direct to retail consumer
  - ETF builds
  - Offshore distribution
- Continue to assess high quality new affiliate opportunities
- Remain vigilant to potential Horizon 3 opportunities
- Maintain culture – attract exceptional individuals to our business and retain them



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