



PINNACLE INVESTMENT MANAGEMENT GROUP LIMITED (PNI)

# 2020 Annual General Meeting

29 October 2020


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# Agenda

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- Ordinary Business
- Managing Director's address – Ian Macoun
- Institutional & International distribution update & outlook – Andrew Chambers
- Retail distribution update & outlook – Ramsin Jajoo
- Q&A

Ordinary Business

- Item 1 – Tabling of FY20 financial statements
  - Item 2 – Adoption of Remuneration Report
  - Item 3 – Re-election of Directors
  - Item 4 – Issue of securities to Directors (or their associates) under the Omnibus Incentive Plan
- 



- To consider and, if thought fit, to pass the following as an ordinary resolution:

“To adopt the Remuneration Report for the financial year ended 30 June 2020.”

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	RESOLUTION 2
Resolution by proxy	Adoption of Remuneration Report
% of eligible proxies in favour	87.14%
Total number votes cast	98,174,415
For	85,560,142
Against	12,571,375
Open usable	42,898
Excluded votes	40,673,147
Abstain	1,748,890



BOARD MEMBER	CLASSIFICATION	EQUITY OWNERSHIP	COMMITTEES	
			AUDIT, COMPLIANCE AND RISK MANAGEMENT	REMUNERATION AND NOMINATIONS
Alan Watson (Chairman)	Independent, non-executive	Yes		Member
Ian Macoun (Managing Director)	Executive	Yes		
Deborah Beale	Independent, non-executive	Yes	Member	Chair
Gerard Bradley	Independent, non-executive	Yes	Chair	Member
Lorraine Berends	Independent, non-executive	Yes	Member	Member
Andrew Chambers	Executive	Yes		
Adrian Whittingham	Executive	Yes		

- To consider and, if thought fit, to pass the following as an ordinary resolution:

“That Alan Watson, who retires from the office of Director by rotation and, being eligible, offers himself for re-election, is re-elected as a Director.”

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	RESOLUTION 3(a)
Resolution by proxy	Re-election of Mr Alan Watson
% of eligible proxies in favour	99.93%
Total number votes cast	139,832,005
For	139,729,934
Against	59,173
Open usable	42,898
Excluded votes	18,913
Abstain	745,534

- To consider and, if thought fit, to pass the following as an ordinary resolution:

“That Andrew Chambers, who retires from the office of Director by rotation and, being eligible, offers himself for re-election, is re-elected as a Director.”

	RESOLUTION 3(b)
Resolution by proxy	Re-election of Mr Andrew Chambers
% of eligible proxies in favour	95.97%
Total number votes cast	134,247,304
For	128,840,264
Against	5,363,608
Open usable	43,432
Excluded votes	5,603,614
Abstain	745,534


- To consider and, if thought fit, to pass the following as an ordinary resolution:

“That, subject to the passing of resolution 3(a), for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the grant of performance rights to Alan Watson (or his nominee) under the Omnibus Incentive Plan as described, and on the terms set out, in the Explanatory Notes.”

	RESOLUTION 4(a)
Resolution by proxy	Issue of performance rights to Alan Watson in lieu of directors' fees
% of eligible proxies in favour	99.88%
Total number votes cast	139,881,107
For	139,717,550
Against	110,859
Open usable	52,698
Excluded votes	18,913
Abstain	696,432

- To consider and, if thought fit, to pass the following as an ordinary resolution:

“That, for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the grant of performance rights to Deborah Beale (or her nominee) under the Omnibus Incentive Plan as described, and on the terms set out, in the Explanatory Notes.”






	RESOLUTION 4(b)
Resolution by proxy	Issue of performance rights to Deborah Beale in lieu of directors' fees
% of eligible proxies in favour	99.89%
Total number votes cast	139,900,020
For	139,746,263
Against	110,859
Open usable	42,898
Excluded votes	0
Abstain	696,432

- To consider and, if thought fit, to pass the following as an ordinary resolution:

“That, for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the grant of performance rights to Gerard Bradley (or his nominee) under the Omnibus Incentive Plan as described, and on the terms set out, in the Explanatory Notes.”




	RESOLUTION 4(c)
Resolution by proxy	Issue of performance rights to Gerard Bradley in lieu of directors' fees
% of eligible proxies in favour	99.88%
Total number votes cast	139,834,675
For	139,671,477
Against	120,300
Open usable	42,898
Excluded votes	0
Abstain	761,777

Ian Macoun  
MANAGING DIRECTOR

- FY20 Themes
- Update – Q1 FY21
- FY20 Financial Results
- Increasing resilience - diversity of:
  - Asset classes and investment strategies of Affiliates
  - Client type and domicile
  - Performance fee potential
- Resuming growth, able to respond to possible further external adversity and to take advantage of opportunities that may materialise



- Aggregate Affiliates' FUM of \$61.7 billion at 30 September 2020 (at 100%)
    - Up \$3.0 billion or 5% from \$58.7 billion at 30 June 2020
    - Aggregate Retail FUM (at 100%) at 30 September 2020 \$13.8 billion; up 5% from \$13.1 billion at 30 June 2020
  - Total net inflows of \$2.3 billion for the three months, of which \$618 million was retail
  - Retail net inflows of \$618 million for the three months (average greater than \$200m per month), compares with just \$19m of net inflows for the second half of FY20 and \$900m for the entire FY20
  - Institutional net inflows of \$1.7 billion for the three months compares with \$2.1 billion for the entire FY20
    - 'Demand deferred' rather than 'demand lost' from the second half of FY20 beginning to materialise
    - New demand also evident
  - For the three months from 30 June 2020 to 30 September 2020:
    - S&P/ASX 300 index down 1.0%
    - MSCI World index up 7.7%
- 

- Aggregate Affiliates' FUM of \$58.7 billion at 30 June 2020 (at 100%) <sup>1</sup>
  - Up \$4.4 billion or 8% from \$54.3 billion at 30 June 2019
  - Down \$2.9 billion or 5% from \$61.6 billion at 31 December 2019
  - Aggregate Retail FUM (at 100%) at 30 June 2020 \$13.1 billion<sup>2</sup>; up 13% from \$11.6 billion at 30 June 2019; down 8% from \$14.3 billion<sup>2</sup> at 31 December 2019
- Net inflows for the financial year to 30 June 2020 (FY20) of \$3.0 billion
  - \$1.0 billion in the six months ended 30 June 2020 (2H2020)
- Retail net inflows for 2H2020 of \$19m (\$68m less LIC outflows<sup>3</sup> of \$49m)
- Institutional net inflows of \$2.1 billion for the financial year to 30 June 2020 (\$0.9 billion during 2H2020)
- Sharp drop in equities markets in February/March significantly impacted FUM during the period
  - S&P/ASX 300 index down 10.8% in the financial year to 30 June 2020; down 11.9% in 2H2020
  - MSCI World Index up 0.3% in the financial year to 30 June 2020; down 7.1% in 2H2020

<sup>1</sup>includes \$3.0 billion 'acquired' in December 2019. FUM shown is 100% of the FUM managed by Pinnacle Affiliates. Pinnacle holds significant minority stakes in each of its Affiliates and does not 'own' 100% of the FUM

<sup>2</sup>includes \$1.6 billion 'acquired' in December 2019 (previously reported as \$2.2 billion. Certain CCI accounts have been reclassified from retail to insto since the initial (December 2019) classification was undertaken). Total retail FUM at 31 December 2019 was previously reported as \$14.9 billion; following this reclassification, retail FUM at 31 December 2019 was \$14.3 billion

<sup>3</sup>due to buybacks. No new LIC or LIT issues were completed during 2H2020 due to market impact of COVID-19




- Net profit after tax (NPAT) attributable to shareholders of \$32.2 million, up 5.6%<sup>1</sup> from \$30.5 million in FY19
- Basic earnings per share (EPS) attributable to shareholders of 18.8 cents, up 2.7% from 18.3 cents in FY19
- Diluted earnings per share attributable to shareholders of 17.9 cents, up 4.7% from 17.1 cents in the FY19
- Share of NPAT from Pinnacle Affiliates of \$38.0 million, up 14.8% from \$33.1 million in FY19
  - including share of performance fees earned by Pinnacle Affiliates (after tax) of \$6.6 million in FY20 (\$3.2 million in FY19)<sup>2</sup>; and
  - share of Coolabah Capital Investments Pty Limited (CCI) NPAT from Dec 2019
- Cash and principal investments of \$50.1 million at 30 June 2020
- \$30m CBA loan facility fully drawn in December 2019, used to fund the acquisition of a 25% interest in CCI
- Fully franked final dividend of 8.5 cents per share<sup>3</sup> paid on 11 September 2020

<sup>1</sup>Adjusting for the net return on 'principal investments', NPAT (excluding the \$474k negative net return on PI in FY20) of \$32.7million is up 17.6% on the \$27.8m NPAT in FY19 (excluding the positive net return on PI of \$2,715k in FY19)

<sup>2</sup>Adjusting for Pinnacle's share of performance fees earned by Affiliates, Share of NPAT from Pinnacle Affiliates of \$31.4million (excluding performance fees) is up 5% on the \$29.9m share of NPAT from Pinnacle Affiliates in FY19 (excluding performance fees)

<sup>3</sup>Payout ratio 86% of diluted EPS. FY19 payout ratio was 90% of diluted EPS. The dividend represents a 3.9% yield (grossed up to 5.6% for franking benefit) based on the share price at close on 30 June 2020; or 3.0% (grossed up to 4.3%) based on the share price at 3 August 2020

Resilience has been enhanced by progressive diversification of:

1. Asset classes
  2. Client type
  3. Client domicile
  4. Percentage of funds exposed to performance fees
- 
- A decorative graphic in the bottom right corner consisting of a series of overlapping, wavy lines filled with a pattern of small dots, creating a textured, wave-like effect.

## CONTINUING TO INVEST IN A DIVERSIFIED PLATFORM TO STRENGTHEN FUTURE GROWTH



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

Seed FUM and working capital

Middle office and fund administration

Technology and other firm  
'Infrastructure'

Distribution and client services

RE, compliance, finance, legal

Interface for outsourced services

**Firetrail**  
INVESTMENTS

23.5% (5)

\$4.1bn  
High Conviction & L/S  
Australian equities  
2018

Australian Equities

**SOLARIS**  
investment management

40.0%

\$8.6bn  
Core & L/S Australian  
equities  
2008

**HYPERION**  
ASSET MANAGEMENT

49.9%

\$7.8bn  
Global & Australian  
Growth equities  
1998

Australian &amp; Global Equities

**Plato**  
INVESTMENT MANAGEMENT

42.7%

\$5.2bn  
Global & Australian  
Systematic equities  
2006

**Antipodes**

23.5%

\$8.0bn  
Global L/S & long only  
Equities  
2015  
Global & Asian  
Equities

**Spheria**  
ASSET MANAGEMENT

40.0% (5)

\$1.2bn  
Global & Australian  
Small & Micro-Cap  
equities  
2016  
Australian & Global  
Equities

**LONGWAVE**  
CAPITAL

40.0% (5)

\$0bn  
Quantamental equities  
/Multi-Asset  
2018  
Australian Equities

**Omega**  
GLOBAL INVESTORS

43.0% (5)

\$4.3bn  
Smart Beta Plus  
2008 (3)

Multi-Asset

**RESOLUTION**  
CAPITAL

44.5%

\$9.0bn  
Global & Australian  
REITs  
2007  
Australian & Global  
REITs

**METRICS**

35.0%

\$4.4bn  
Private Credit  
2011 (2)  
Private Markets  
Credit

**PALISADE**

37.6%

\$2.2bn  
Private Infrastructure  
2007  
Private Markets  
Infrastructure

**Two Trees**  
INVESTMENT MANAGEMENT

44.0%

\$0.1bn  
Systematic Global  
Macro  
2017  
Systematic Global  
Macro

**RIPARIAN**  
CAPITAL PARTNERS

40.0%

\$0bn  
Water, Agriculture and  
Food  
2019  
Private Markets  
Water & Agri

**REMINISCENT**  
CAPITAL

40.0%

\$0bn  
Discretionary Asia  
Macro  
2019  
Discretionary Asia  
Macro

**COOLABAH CAPITAL**  
INVESTMENTS

25.0%

\$3.7bn  
Public Credit  
2011 (4)  
Public Markets  
Credit

**OAIKYA**

32.5%

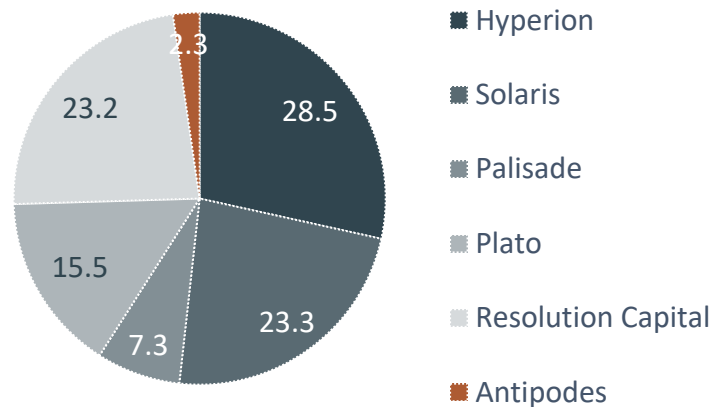
\$0bn  
Global Emerging  
Market Equities  
2019  
Global Emerging  
Market Equities

1. Gross FUM as at 30 June 2020.
2. Founded in 2011. Pinnacle acquired equity in August 2018.
3. Founded in 2008. Pinnacle acquired equity in July 2018.
4. Founded in 2011. Pinnacle acquired equity in December 2019.
5. 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.

30 June 2016

Total FUM \$19.8bn

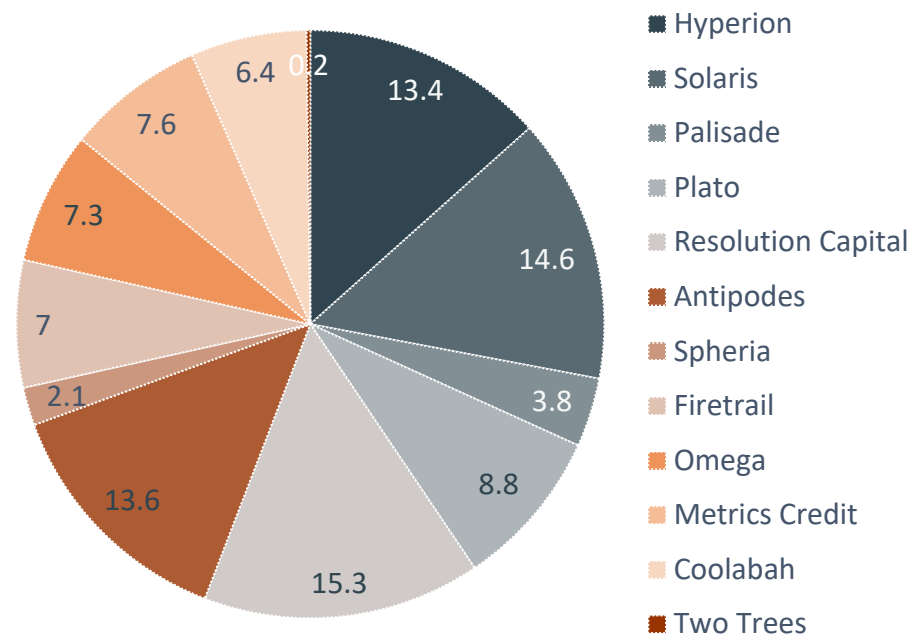
Hyperion 28.5% (largest affiliate)



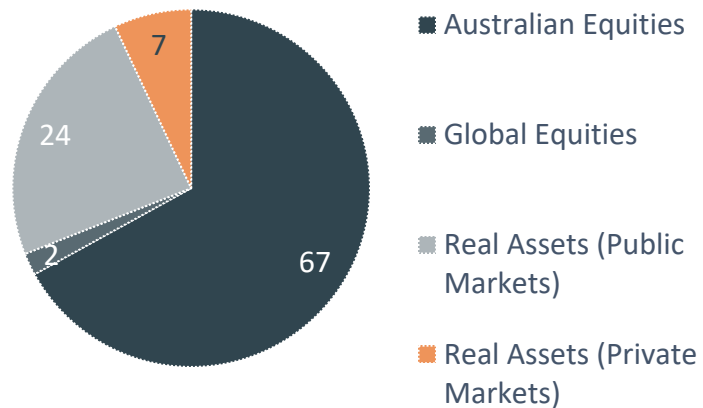
30 June 2020

Total FUM \$58.7bn

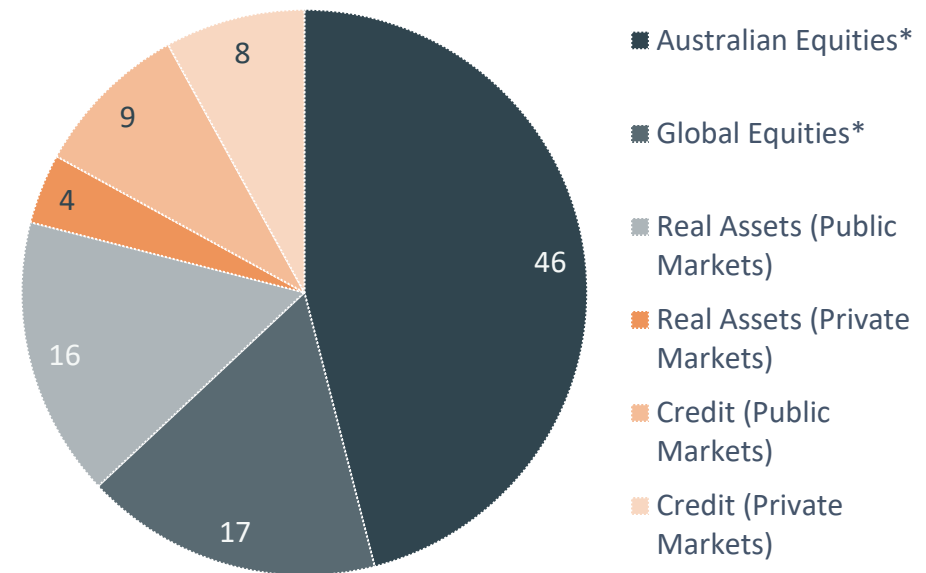
RCL 15.3% (largest affiliate)



FUM by Asset Class  
30 Jun 2016 (%)



FUM by Asset Class  
30 June 2020 (%)



- Less than half of total FUM (at 100%) was in Australian equities at 30 June 2020
- Investment in new affiliates adds to diversification
- Increasing exposure to global equities, private capital, fixed interest and credit, and liquid alternatives
- \*Equities exposure is further diversified by style and market cap

Institutional – Domestic

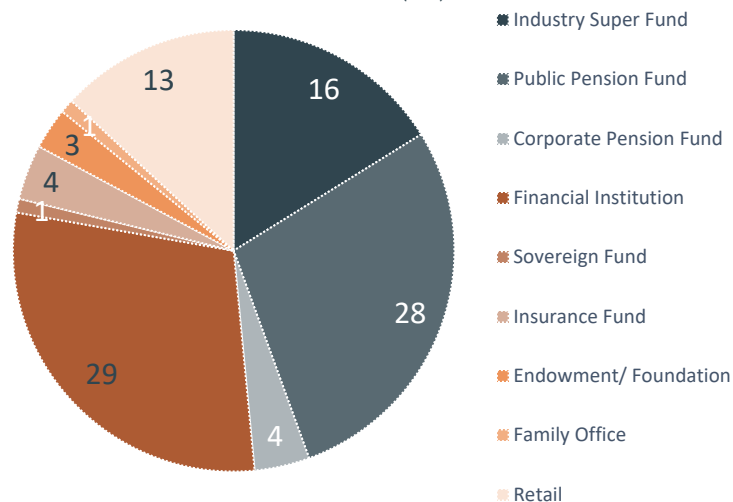
International

Retail – Intermediated

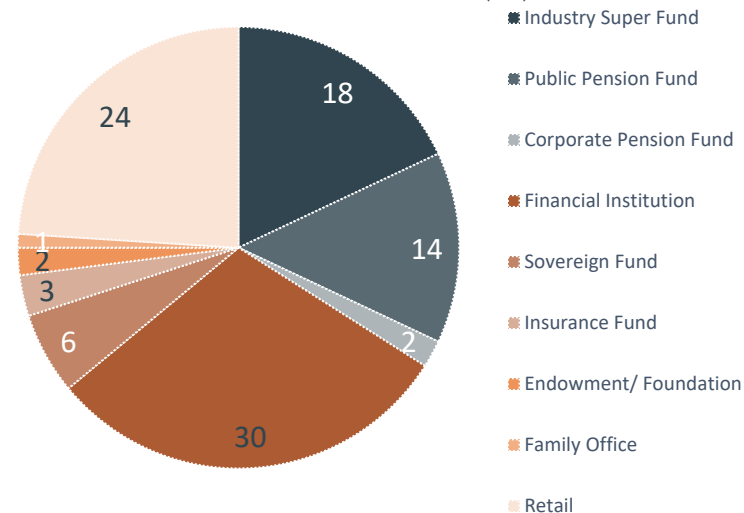
Retail – Direct

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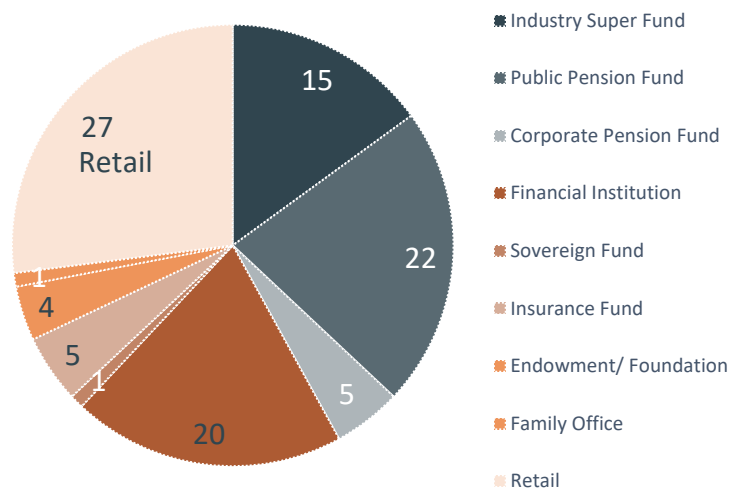
Total FUM at 30 June 2016 (%)



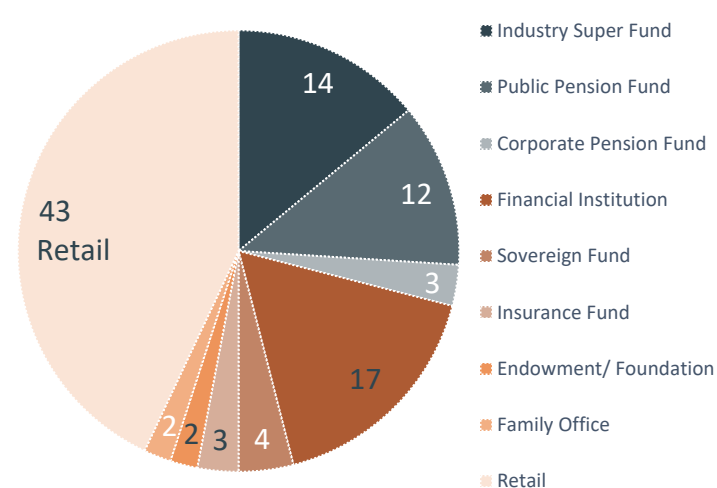
Total FUM at 30 June 2020 (%)



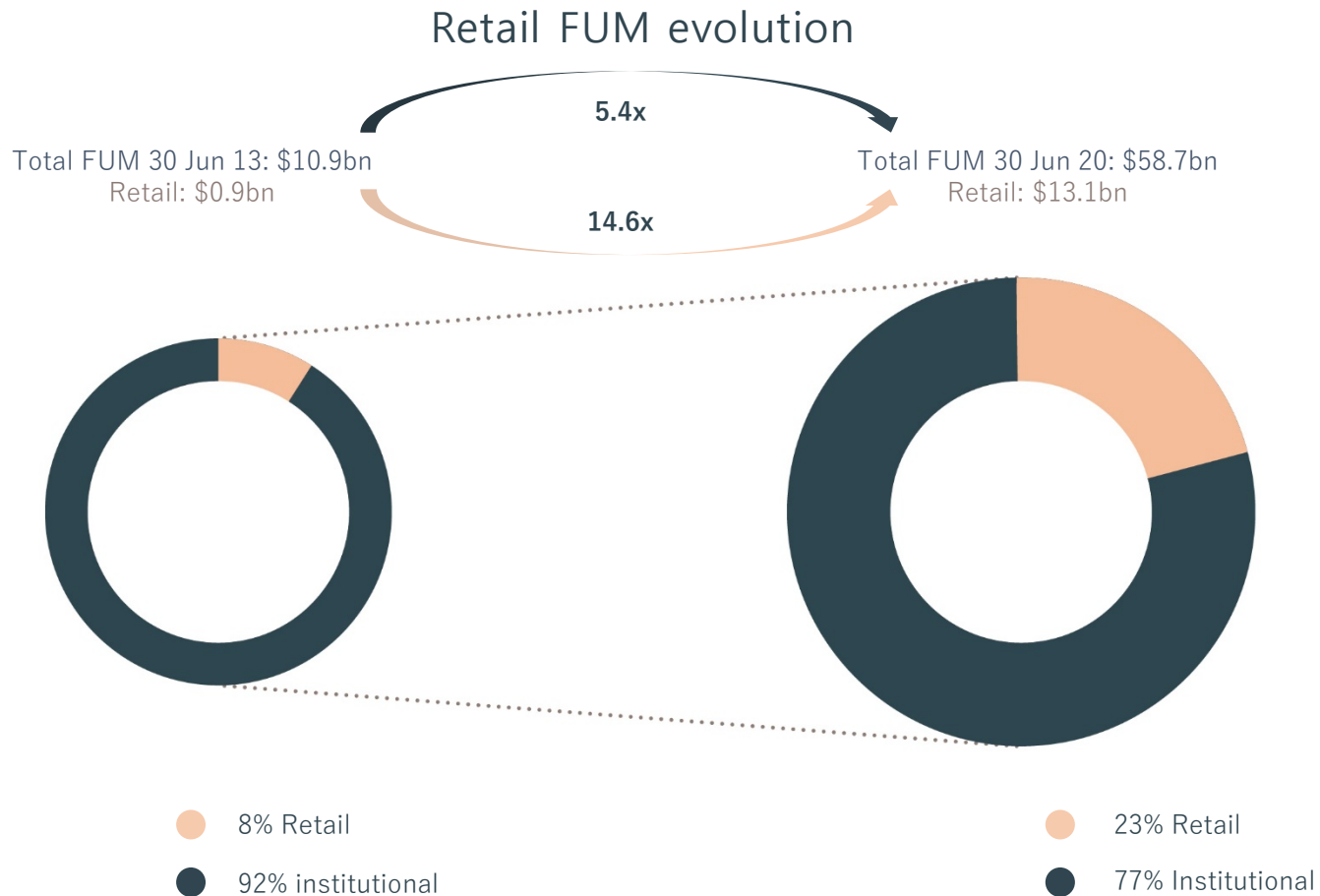
Total Revenue at 30 June 2016 (%)



Total Revenue at 30 June 2020 (%)



- 180+ individual institutional clients at 30 June 2020, compared with ~60 at 30 June 2016
- Growth in Retail FUM as a proportion of total FUM (at 100%) and as a proportion of total revenues (at 100%)
- Increasingly diversified client base



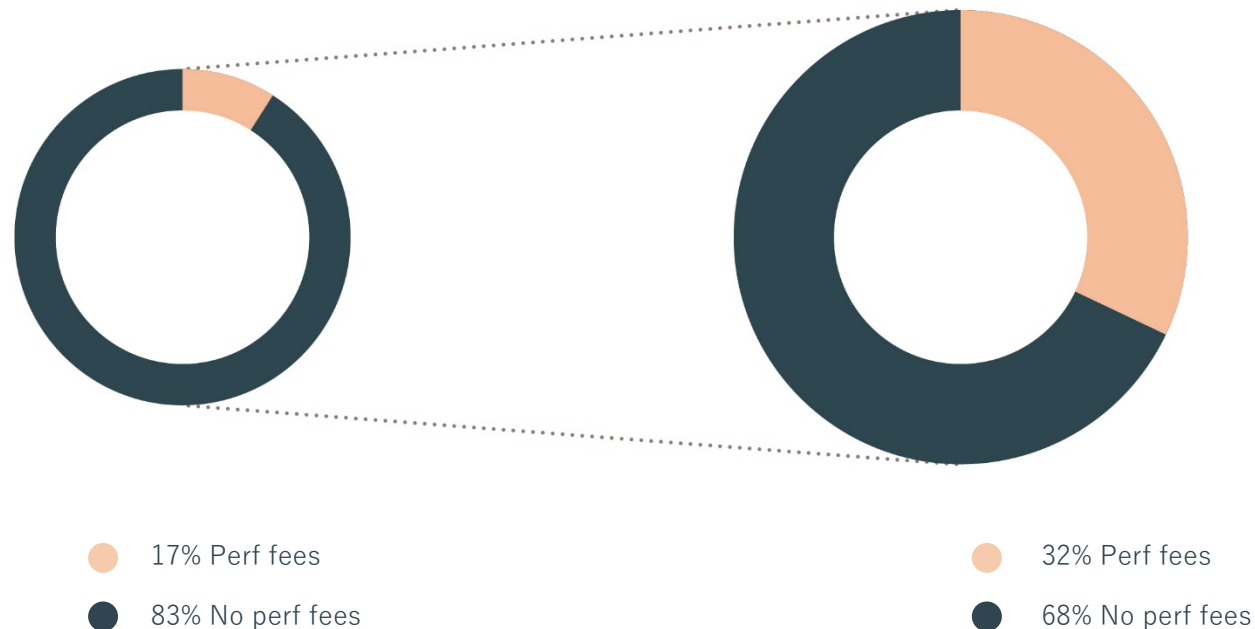
- Pinnacle has invested significantly in retail distribution and has generated substantial retail FUM in the last 7 years (~\$12bn of retail FUM growth)
- Initiatives include growth of internal and external sales teams, LIC/LITs and exchange traded funds (open & closed ended)



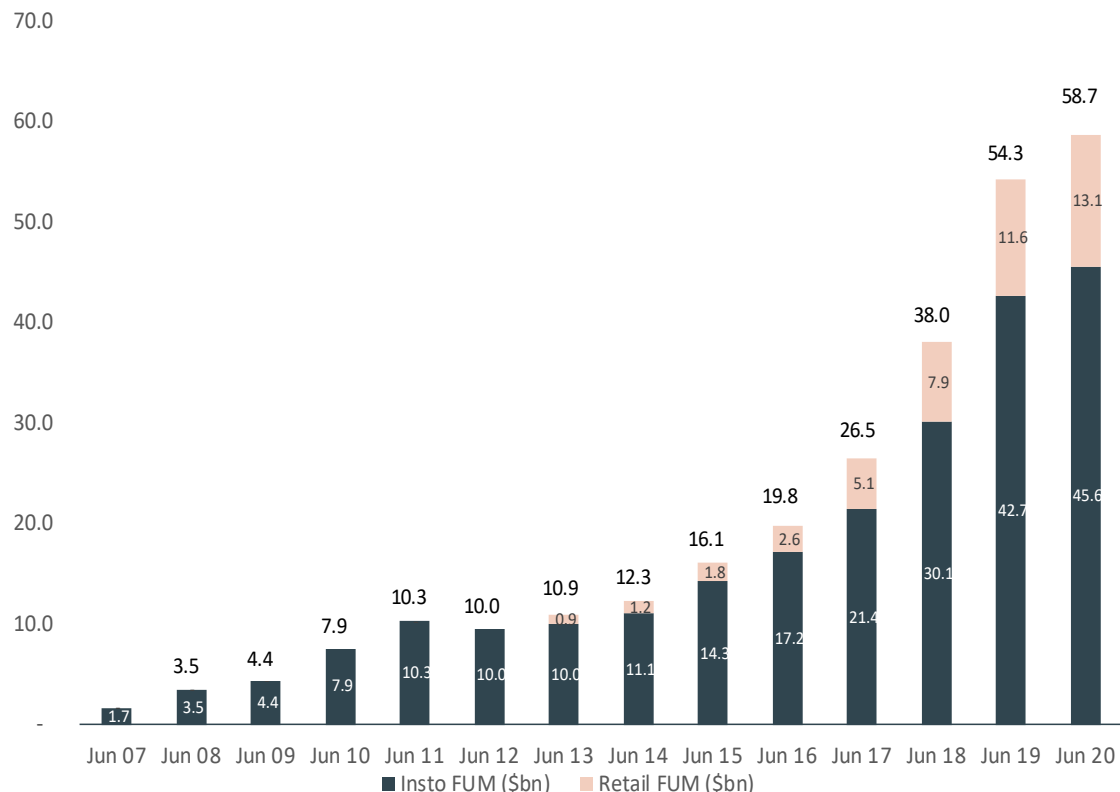
## Affiliates' FUM (at 100%) subject to performance fees

Total FUM 30 June 16: \$19.8bn  
Subject to performance fees: \$3.3bn

Total FUM 30 June 20: \$58.7bn  
Subject to performance fees: \$18.9bn



- Significant growth in both absolute and percentage of FUM subject to performance fees
- Diversification across asset classes
- Performance fees add diversity to revenue sources, being uncorrelated with market movements and each Affiliate's performance being uncorrelated with the others' and with other revenue. Other than in Palisade, Metrics and Coolabah, performance fees will be additional to budgeted/forecast revenues.

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

- FUM of \$58.7bn as at 30 June 2020
- FUM has grown at a CAGR of 22.2% p.a. over the last ten years (20.0% excluding \$6.8bn 'acquired' in July 2018 and 3.0 billion 'acquired' in December 2019)
- Increase in FUM of \$4.4bn in the year to 30 June 2020
  - \$3.0bn acquired
  - Net inflows of \$3.0bn
  - Reductions due to market movements/investment performance of \$1.6bn
- Of the \$3.0bn of net inflows to 30 June 2020, \$0.9bn was retail (\$0.2bn in LICs/LITs)
- Impact of market dislocation in the second half led to net inflows being much lower relative to what might otherwise have been achieved
- Sharp increase in net inflows towards the end of the financial year

<sup>1</sup>Pinnacle FUM is 100% of FUM managed by Pinnacle Affiliates. Includes \$6.8 billion 'acquired' in July 2018 and \$3.0 billion 'acquired' in December 2019.

	Pinnacle (total)	Hyperion	Plato	Solaris	RCL	Palisade	Antipodes	Spheria	Two Trees	Firetrail	Metrics	Omega	Longwave	Riparian	Coolabah	Reminiscent	Aikya
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m) <sup>1</sup>	(\$m) <sup>1</sup>	(\$m)	(\$m)	(\$m) <sup>2</sup>	(\$m)	(\$m)
<b>FUM History (at 100%)</b>																	
30 Jun 20	<b>58,671</b>	7,847	5,175	8,548	8,979	2,244	7,957	1,210	91	4,110	4,439	4,303	3	3	3,737	24	2
31 Dec 19	<b>61,636</b>	7,454	5,790	9,454	9,241	2,257	8,956	1,471	323	4,719	4,325	4,509	3	3	3,123	8	–
30 Jun 19	<b>54,276</b>	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	<b>46,741</b>	5,599	4,680	7,606	7,779	2,010	8,149	640	214	3,603	2,771	3,689	–	–	–	–	–
30 Jun 18	<b>38,032</b>	6,507	4,918	8,319	8,038	1,847	7,554	702	71	74	–	–	–	–	–	–	–
31 Dec 17	<b>32,338</b>	6,056	4,644	6,618	6,552	1,585	6,261	596	26	–	–	–	–	–	–	–	–
30 Jun 17	<b>26,526</b>	5,877	4,003	5,135	5,956	1,514	3,830	211	–	–	–	–	–	–	–	–	–
31 Dec 16	<b>23,339</b>	5,664	3,536	5,032	5,274	1,456	2,191	186	–	–	–	–	–	–	–	–	–
30 Jun 16	<b>19,756</b>	5,633	3,067	4,595	4,576	1,436	449	–	–	–	–	–	–	–	–	–	–
30 Jun 15*	<b>15,995</b>	5,474	2,265	2,938	3,980	1,126	212	–	–	–	–	–	–	–	–	–	–
30 Jun 14*	<b>12,232</b>	4,886	986	2,537	2,933	890	–	–	–	–	–	–	–	–	–	–	–
30 Jun 13*	<b>10,846</b>	4,032	742	2,649	2,694	729	–	–	–	–	–	–	–	–	–	–	–
30 Jun 12*	<b>9,790</b>	3,158	332	3,855	1,864	581	–	–	–	–	–	–	–	–	–	–	–
30 Jun 11	<b>10,336</b>	3,229	525	4,421	1,758	403	–	–	–	–	–	–	–	–	–	–	–
<i>*Pinnacle (total) includes FUM of a former Pinnacle Affiliate</i>																	
<b>Change in FUM –at 100%</b>																	
30 Jun 19 – 30 Jun 20	<b>8.1%</b>	19.0%	–2.0%	–6.0%	8.0%	10.3%	–12.3%	1.2%	–62.9%	–5.9%	16.6%	0.7%	1.3%				
31 Dec 19 – 30 Jun 20	<b>–4.8%</b>	5.3%	–10.6%	–9.6%	–2.8%	–0.6%	–11.1%	–17.8%	–71.9%	–12.9%	2.6%	–4.6%	–6.9%	–5.5%	19.7%	199.5%	
<b>PNI ownership<sup>3</sup></b>																	
PNI effective FUM –30 June 20	<b>22,094</b>	3,916	2,210	3,419	3,996	844	1,870	484	40	966	1,554	1,850	1	1	934	10	1

<sup>1</sup> Pinnacle acquired equity interests in Metrics and Omega in July 2018. FUM not included prior to that date<sup>2</sup> Pinnacle acquired an equity interest in Coolabah in December 2019. FUM not included prior to that date<sup>3</sup> The percentage represents Pinnacle's total shareholding in the Affiliate. In some Affiliates, Pinnacle currently holds less than 1% of the voting shares. However, it has full economic rights in respect of its holdings

# Continuing strong investment performance of Affiliates

90% 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 30 September 2020

The investment returns for each fund or strategy shown are for information purposes only. Unless otherwise stated, the investment returns have been calculated for the relevant period in AUD (with distributions reinvested) and are gross of applicable fees, costs and taxes. Past performance is not indicative of future performance.

	5Y(p.a.)	10Y(p.a.)	Inception (p.a.)	Inception date
<b>Pinnacle Investment Management</b>				
<b>Hyperion Asset Management – Gross Performance</b>				
Hyperion Australian Growth Companies Fund	14.96%	12.63%	13.07%	10/1/2002
<i>Outperformance</i>	7.54%	5.78%	4.74%	
Hyperion Small Growth Companies Fund	15.43%	17.13%	17.66%	10/1/2002
<i>Outperformance</i>	5.46%	13.61%	10.81%	
Hyperion Australian Equities Composite	15.27%	12.92%	13.91%	11/1/1996
<i>Outperformance</i>	7.86%	6.07%	5.57%	
Hyperion Global Growth Companies Fund (Class B Units)	26.04%		26.01%	5/22/2014
<i>Outperformance</i>	15.40%		13.67%	
<b>Plato Investment Management – Gross Performance</b>				
Plato Australian Shares Equity Income Fund – Class A	9.66%		11.79%	9/9/2011
<i>Outperformance</i>	0.83%		1.97%	
<b>Solaris Investment Management – Gross Performance</b>				
Solaris Core Australian Equity Fund	7.92%	8.17%	5.72%	1/9/2008
<i>Outperformance</i>	0.61%	1.24%	1.61%	
Solaris Total Return Fund (including franking credits)	9.51%		8.52%	1/13/2014
<i>Outperformance</i>	0.68%		1.13%	
<b>Resolution Capital – Gross Performance</b>				
Resolution Capital Real Assets Fund	10.01%	12.16%	8.62%	9/30/2008
<i>Outperformance</i>	4.03%	2.41%	3.30%	
Resolution Capital Global Property Securities Fund	5.75%	10.39%	9.91%	9/30/2008
<i>Outperformance</i>	3.95%	3.11%	4.79%	
<b>Palisade Investment Partners – Gross Performance</b>				
Palisade Diversified Infrastructure Fund	11.92%	12.45%	6.59%	8/1/2008
Palisade Australian Social Infrastructure Fund	11.40%		13.60%	5/31/2011
<b>Antipodes Partners – Gross Performance</b>				
Global Fund	8.38%		8.93%	7/1/2015
<i>Outperformance</i>	-1.47%		-0.24%	
Global Long Only	10.49%		10.24%	7/1/2015
<i>Outperformance</i>	0.64%		1.06%	
Asia Fund	11.68%		10.37%	7/1/2015
<i>Outperformance</i>	1.53%		2.72%	
<b>Omega Global Investors – Gross Performance</b>				
Omega Global Corp Bonds Fund	5.04%	5.91%	6.42%	3/11/2010
<i>Outperformance</i>	-0.65%	-0.69%	-0.69%	
Omega Global Listed Infrastructure Fund	5.55%		9.25%	8/3/2012
<i>Outperformance</i>	0.03%		0.48%	
<b>Metrics Credit Partners – Gross Performance</b>				
DASLF	4.93%		5.28%	6/4/2013
<i>Outperformance</i>	3.36%		3.39%	
<b>Coolabah Capital Investments</b>				
Smarter Money (Active Cash) Fund Assisted	3.51%	–	4.45%	2/28/2012
<i>Outperformance</i>	2.19%	–	2.54%	
Smarter Money Higher Income Fund Assisted	4.15%	–	4.12%	8/31/2014
<i>Outperformance</i>	2.82%	–	2.64%	

# Affiliates' investment performance – 30 September 2020

	1Y	3Y(p.a.)	5Y(p.a.)	10Y(p.a.)	Inception (p.a.)	Inception date
<b>Pinnacle Investment Management</b>						
<b>Hyperion Asset Management – Gross Performance</b>						
Hyperion Australian Growth Companies Fund	21.96%	18.24%	14.96%	12.63%	13.07%	10/1/2002
Outperformance	31.92%	13.29%	7.54%	5.78%	4.74%	
Hyperion Small Growth Companies Fund	21.61%	19.17%	15.43%	17.13%	17.66%	10/1/2002
Outperformance	24.94%	12.64%	5.46%	13.61%	10.81%	
Hyperion Australian Equities Composite	23.25%	19.14%	15.27%	12.92%	13.91%	11/1/1998
Outperformance	33.21%	14.20%	7.86%	6.07%	5.57%	
Hyperion Global Growth Companies Fund (Class B Units)	48.05%	34.71%	26.04%		26.01%	5/22/2014
Outperformance	43.61%	23.06%	15.40%		13.67%	
<b>Plato Investment Management – Gross Performance</b>						
Plato Australian Shares Equity Income Fund – Class A	-6.84%	7.99%	9.66%		11.79%	9/9/2011
Outperformance	2.43%	1.74%	0.83%		1.97%	
Plato Global Shares Income Fund	-9.75%	1.92%			3.53%	11/30/2015
Outperformance	-14.05%	-9.28%			-6.01%	
<b>Solaris Investment Management – Gross Performance</b>						
Solaris Core Australian Equity Fund	-12.68%	4.65%	7.92%	8.17%	5.72%	1/9/2008
Outperformance	-2.47%	-0.14%	0.61%	1.24%	1.61%	
Solaris Total Return Fund (including franking credits)	-12.02%	6.39%	9.51%		8.52%	1/13/2014
Outperformance	-2.76%	0.14%	0.68%		1.13%	
Solaris Australian Equity Long Short Fund	-15.19%	7.76%			8.32%	3/1/2017
Outperformance	-4.98%	2.96%			3.63%	
Solaris Australian Equity Income Fund	-10.20%	6.92%			7.40%	12/12/2016
Outperformance	-0.93%	0.67%			0.55%	
<b>Resolution Capital – Gross Performance</b>						
Resolution Capital Real Assets Fund	-5.26%	8.81%	10.01%	12.16%	8.62%	9/30/2008
Outperformance	10.55%	4.69%	4.03%	2.41%	3.30%	
Resolution Capital Global Property Securities Fund	-11.75%	3.17%	5.75%	10.39%	9.91%	9/30/2008
Outperformance	9.80%	5.20%	3.95%	3.11%	4.79%	
<b>Palisade Investment Partners – Gross Performance</b>						
Palisade Diversified Infrastructure Fund	6.43%	10.47%	11.92%	12.45%	6.59%	8/1/2008
Palisade Australian Social Infrastructure Fund	10.20%	10.50%	11.40%		13.60%	5/31/2011
<b>Antipodes Partners – Gross Performance</b>						
Global Fund	-1.06%	4.36%	8.38%		8.93%	7/1/2015
Outperformance	-4.98%	-6.04%	-1.47%		-0.24%	
Global Long Only	0.26%	6.30%	10.49%		10.24%	7/1/2015
Outperformance	-3.66%	-4.10%	0.64%		1.06%	
Asia Fund	9.20%	8.67%	11.68%		10.37%	7/1/2015
Outperformance	-1.67%	0.56%	1.53%		2.72%	
<b>Spheria Asset Management – Gross Performance</b>						
Microcap Fund	-2.18%	2.58%			9.09%	5/16/2016
Outperformance	1.15%	-3.95%			1.99%	
Smaller Companies Fund	-1.90%	5.90%			7.96%	7/11/2016
Outperformance	1.43%	-0.63%			1.84%	
Opportunities Fund	-7.40%	5.22%			7.84%	7/11/2016
Outperformance	-7.09%	-2.14%			-0.09%	
Global Microcap Fund	20.32%				17.32%	3/1/2019
Outperformance	17.33%				14.78%	

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# Affiliates' investment performance – 30 September 2020

	1Y	3Y(p.a.)	5Y(p.a.)	10Y(p.a.)	Inception (p.a.)	Inception date
<b>Pinnacle Investment Management</b>						
<b>Two Trees Investment Management – Gross Performance</b>						
Global Macro Fund	-11.91%				-4.86%	11/1/2017
Outperformance	-14.49%				-6.24%	
<b>Firetrail Investments – Gross Performance</b>						
High Conviction Fund	-8.52%				-1.27%	3/14/2018
Outperformance	1.69%				-4.33%	
Absolute Return Fund	27.66%				9.48%	3/14/2018
Outperformance	27.18%				8.44%	
<b>Omega Global Investors – Gross Performance</b>						
Omega Global Corp Bonds Fund	4.39%	4.72%	5.04%	5.91%	6.42%	3/11/2010
Outperformance	-0.46%	-0.44%	-0.65%	-0.69%	-0.69%	
Omega Global Listed Infrastructure Fund	-12.00%	0.74%	5.55%		9.25%	8/3/2012
Outperformance	0.30%	-0.50%	0.03%		0.48%	
<b>Metrics Credit Partners – Gross Performance</b>						
DASLF	4.87%	5.12%	4.93%		5.28%	6/4/2013
Outperformance	4.40%	3.79%	3.36%		3.39%	
SPDF	8.26%	8.43%			8.29%	11/26/2015
Outperformance	7.79%	7.10%			6.73%	
SPDF II	8.10%				8.79%	10/9/2017
Outperformance	7.63%				7.46%	
REDF	8.18%				8.77%	10/9/2017
Outperformance	7.71%				7.44%	
WIT	6.22%				6.50%	10/9/2017
Outperformance	5.75%				5.38%	
CT	10.81%				11.30%	12/26/2018
Outperformance	10.34%				10.34%	
<b>Longwave Capital Partners – Gross Performance</b>						
Longwave Australian Small Companies Fund	-0.51%				10.49%	2/1/2019
Outperformance	2.82%				4.25%	
<b>Reminiscent Investment Management – Gross Performance</b>						
Curve Global Macro Fund	6.05%				7.20%	2/1/2019
Outperformance	5.58%				6.41%	
<b>Coolabah Capital Investments</b>						
Smarter Money (Active Cash) Fund Assisted	2.45%	2.97%	3.51%	–	4.45%	2/28/2012
Outperformance	2.03%	1.88%	2.19%	–	2.54%	
Smarter Money Higher Income Fund Assisted	3.37%	3.51%	4.15%	–	4.12%	8/31/2014
Outperformance	2.95%	2.42%	2.82%	–	2.64%	
Smarter Money Long Short Credit Fund Assisted	5.74%	6.38%	–	–	6.36%	8/31/2017
Outperformance	5.32%	5.29%	–	–	5.26%	
Coolabah Active Composite Bond Strategy	6.16%	8.03%	–	–	7.21%	3/31/2017
Outperformance	2.96%	2.07%	–	–	1.85%	
Coolabah Long-Short Active Credit Alpha Strategy	6.05%	7.34%	–	–	7.21%	2/28/2017
Outperformance	2.12%	2.75%	–	–	2.55%	
HBRD	3.05%	–	–	–	4.98%	11/30/2017
Outperformance	0.13%	–	–	–	1.41%	

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# Pinnacle Affiliates continue to win major industry awards

## 2020 Zenith Fund Awards (to be announced on 30 October 2020):

- Pinnacle – Distributor of the Year Finalist (fifth consecutive year)
- Resolution Capital – Global REIT Category Finalist (sixth consecutive year)
- Metrics – Listed Investment Companies Category Finalist (second consecutive year)
- Firetrail - Alternative Strategies Category Finalist
- Antipodes Partners – International Equities – Alternative Strategies Category Finalist

## 2020 Money Management Fund Manager of the Year:

- Resolution Capital – Global REIT Category Finalist
- Hyperion – Global Equities Category Finalist

## 2020 Morningstar Fund Manager of the Year Awards:

- Hyperion – Winner, Domestic Equities – Large Cap
- Hyperion – Finalist, Domestic Equities - Small Caps
- Hyperion – Finalist, Australian Fund Manager of the Year

## 2020 Australian Alternative Investment Awards:

- Metrics – Best 2020 Alternative Investment Manager Award

## 2019 Zenith Fund Awards:

- Pinnacle – Distributor of the Year Winner (fourth consecutive year)
- Resolution Capital – Global REIT Category Winner (sixth consecutive year)
- Metrics – Listed Investment Entities Category Winner
- Solaris Investment Management - Australian Equities – Alternative Strategies Category Winner
- Solaris Investment Management - Australian Equities – Large Cap Category Finalist
- Antipodes Partners – International Equities – Alternative Strategies Category Finalist

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

- Solaris – Equities (Long/Short) Category Winner
- Antipodes Partners – Equities (Long/Short) Category Finalist
- Metrics – Listed Products Category Finalist

## 2019 Australian Alternative Investment Awards:

- Metrics – Best Private Debt Fund Category Winner

## 2018 Professional Planner | Zenith Fund Awards:

- Pinnacle – Distributor of the Year Winner (third consecutive year)
- Resolution Capital – Global REIT Category Winner (fifth consecutive year)
- Solaris Investment Management - Australian Equities – Alternat. 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

## 2018 Lonsec/Money Management Fund Manager of the Year:

- Resolution Capital – Global REIT Category Finalist

## 2018 SuperRatings & Lonsec Fund of the Year Awards:

- Metrics – Listed Fund Award Winner

## 2017 Lonsec/Money Management Fund Manager of the Year:

- Antipodes Partners – Equities (Long/Short) Category Winner
- Antipodes Partners – Global Equities (Broad Cap) Category Winner
- Antipodes Partners – Emerging Manager Category Winner
- Antipodes Partners – Overall Fund Manager of the Year Finalist
- Spheria Asset Management – Emerging Manager Finalist

## 2017 Professional Planner | Zenith Fund Awards:

- Pinnacle – Distributor of the Year Winner (second consecutive year)
- Resolution Capital – Global REIT Category Winner (fourth consecutive year)
- Antipodes Partners – International Equities – Alternative Strategies Category Winner (second consecutive year)
- Antipodes Partners – International Equities – Global Category Winner
- Antipodes Partners – Overall Fund Manager of the Year

## 2016 Morningstar Fund Manager of the Year Awards:

- Hyperion – Australian Fund Manager of the Year
- Hyperion – Domestic Equities Category Winner, Australia
- Hyperion – Domestic Equities Small Caps Category Winner, Australia

- 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's focus is on backing the growth of creative and clever Australian charities, frequently offering early stage funding to young, passionate organisations as they seek to make a tangible impact within their communities
- 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 in volatile markets whilst seeking to drive growth over the longer term. Investments in a range of products offered across Affiliates offer franking credits, monthly income streams, global exposure and a range of non-equity exposed assets
- During FY20, Pinnacle made cash contributions of over \$310,000 to the Foundation (\$225,000 in FY19)
- The Foundation donated \$320,000 and was supported by Pinnacle Affiliates, who contributed an additional \$135,000 via direct support to jointly funded charity partners



- Combined donations of over \$450,000 were predominantly directed to 10 not-for-profit partners across the following five identified priority areas. They included a new partnership with The Kindness Factory, developed in response to the pressures and stresses associated with the impact of COVID-19:
  - Promotion of strong mental health awareness, together with support for prevention and early intervention strategies aimed at reducing mental illness and driving down suicide rates. Long-term partnerships are in place with R U OK?, ReachOut Australia and batyr Australia.
  - Support for children from a range of environments who face acute and / or systemic disadvantage, with partnerships in place with Mirabel Foundation, Yalari and Raise Foundation.
  - Legal assistance and advocacy for victims of sexual abuse and domestic violence, through a multi-faceted relationship with the Full Stop Foundation.
  - Capacity building for world-leading medical researchers seeking treatments and cures for children's genetic diseases and for dementia sufferers, through supporting CMRI (Children's Medical Research Institute) and Australian Alzheimer's Research Foundation (AARF).
  - Increasing awareness of the critical need for kindness, empathy, community and resilience, through support for national roll-out of The Kindness Curriculum in Australian schools.
- In addition, a matched employee workplace giving program offered by Pinnacle and several Affiliates in FY20 resulted in further donations of over \$106,000 to 50 charities. This included \$51,000 raised via a special appeal in February 2020 to support national bushfire recovery, with Pinnacle and the Foundation each matching employee donations up to \$50

# INSTITUTIONAL AND INTERNATIONAL DISTRIBUTION

Andrew Chambers, Executive Director

## 1. Steady Origination and Crystallization of Sales Pipeline

- Conversion of deferred allocations
- Resumption of suspended search processes
- Origination of new search activity
- Meaningful contribution from international channels

## 2. Active Portfolio Rebalancing Driving Flows

- **Tactical**
  - Beta (asset class returns)
  - Alpha (asset manager returns)
- **Strategic**
  - From Traditional to Alternative Assets
  - Traditional fees subsidizing Alternative fees

## 3. Industry Consolidation Impacting Timing, Magnitude and Probability of Flows

- Consolidating entities are reluctant to make new manager appointments during the courtship and consolidation phases
- Consolidation typically benefits incumbent managers
- Asset owners need to demonstrate scale benefits so inevitable tension occurs around capacity and fees
- Managers may willingly forgo enlarged mandates to repurpose capacity in higher margin investor channels

- **Sustained Pursuit of Scale Benefits**

- Consolidation occurring across all major investor segments
  - Profit-To-Member Funds
  - Wealth Management Funds
  - Public Sector Funds
- Regulatory pressure to demonstrate scale benefits
  - ‘Do more for less’ – deliver large capacity, reliable alpha and heavy customization at competitive fees
  - Attractive environment for start-ups to raise FUM (large capacity, discounting flexibility)
  - Opportunity for mature managers to liberate and redirect lower margin institutional capacity into higher margin and more diverse retail and international channels

- **Building Defence Without Bonds**

- Sustained low returns on bonds and cash
  - With the yield cushion gone, capital losses will be magnified
- Alternatives are being used to supplant fixed income
  - Private markets (Infrastructure, Real Estate, Agriculture)
  - Alternative Credit (Public and Private)
  - Hedge funds

- **Awakening of the Engaged Investor**

- Explicit ESG integration, advocacy and active engagement
- Decarbonisation - ‘institutional herding on green pastures’

- **Lower for Longer – But How Much Longer?**

- Bidding up long duration assets and compressing yields
- Encouraging greater risk-taking to meet liabilities
- Driving asset class and style performance
  - Growth outperforming
  - Value underperforming

- **Private Markets – The Great Migration Continues**

- US\$6.5 trillion in private markets as at December 2019
- Global private markets AUM has grown 170% (or US\$4 trillion) in the past decade
- Global public markets AUM has grown 100%
- 2019 was the 2<sup>nd</sup> largest fundraising year ever
- Private credit fundraising has exceeded US\$100bn for 5 consecutive years (offers higher yields than public debt and attractive risk-adjusted returns in a low rate environment)
- Infrastructure has grown 17% annually making it the fastest growing private asset class

- **Globalisation & Specialisation – Follow the Alpha**

- Globalisation
  - Migration of North American portfolios from US and International equities to Global equities
  - Global equity managers have outperformed US and International equity managers
- Specialisation
  - China under-represented in investor portfolios
  - China A Shares - 2<sup>nd</sup> largest equity market in the world; low institutional ownership, alpha rich

## • Asset Management

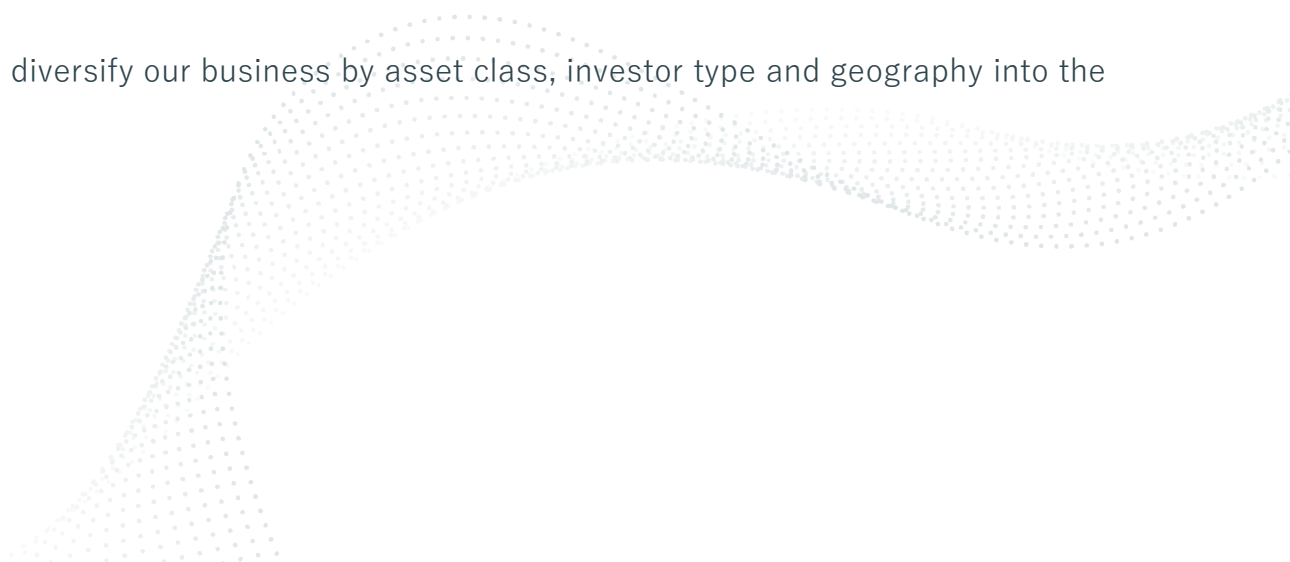
- 80% of M&A occurring in North America and Europe
- Highlights the inorganic growth in these markets
- Middle sized managers struggling to distinguish themselves from the large-scale players and boutique sharp-shooters
- Urgency to boost scale, diversify product lines and increase geographical reach
- Post-merger integration friction (e.g. corporate culture, capacity limits) 'sow the seeds' for team walkouts

## • Asset Consultants

- Insurance broker consolidation
- Founder-owner succession events
- Traditional non-discretionary consulting business is low margin and not scalable
- Discretionary OCIO business is scalable with higher asset management margins
- Race is on to scale OCIO business quickly – US\$2.4 trillion industry, 19% YoY annual growth
- Creates opportunities for high quality start-ups to partner with OCIO platform

## • Asset Owners

- Corporate & Non-Profit outsourcing
  - Performance - Challenge for DB schemes to meet actuarial assumptions
  - Price - Cheaper for smaller funds to outsource, less complexity
- Sovereign & Public Plans consolidating, insourcing and globalising
  - Build-out of large internal teams located in all regions of the globe
  - Capital increasingly allocated outside of their home market
- Ongoing role for independent boutiques with scarce expertise

- Pinnacle competitively positioned to partner with talented teams disrupted by global asset management M&A
  - Pinnacle well placed to partner with winners in the consolidation race
    - ‘Supported’ start-ups can offer the capacity, fees, viability and alpha potential that large, growing investors demand
  - Strong international and retail distribution allows us to redirect ‘liberated capacity’ from Australian institutions into a more diversified and higher margin client base
  - Broad suite of alternative asset classes makes us relevant to the secular change in investors' portfolios
  - Global investment solutions, infrastructure and distribution mean that we are more relevant to more investors, in more markets, more often
  - This enables us to substantially grow and diversify our business by asset class, investor type and geography into the future
- 

# RETAIL DISTRIBUTION

Ramsin Jajoo, Head of Retail

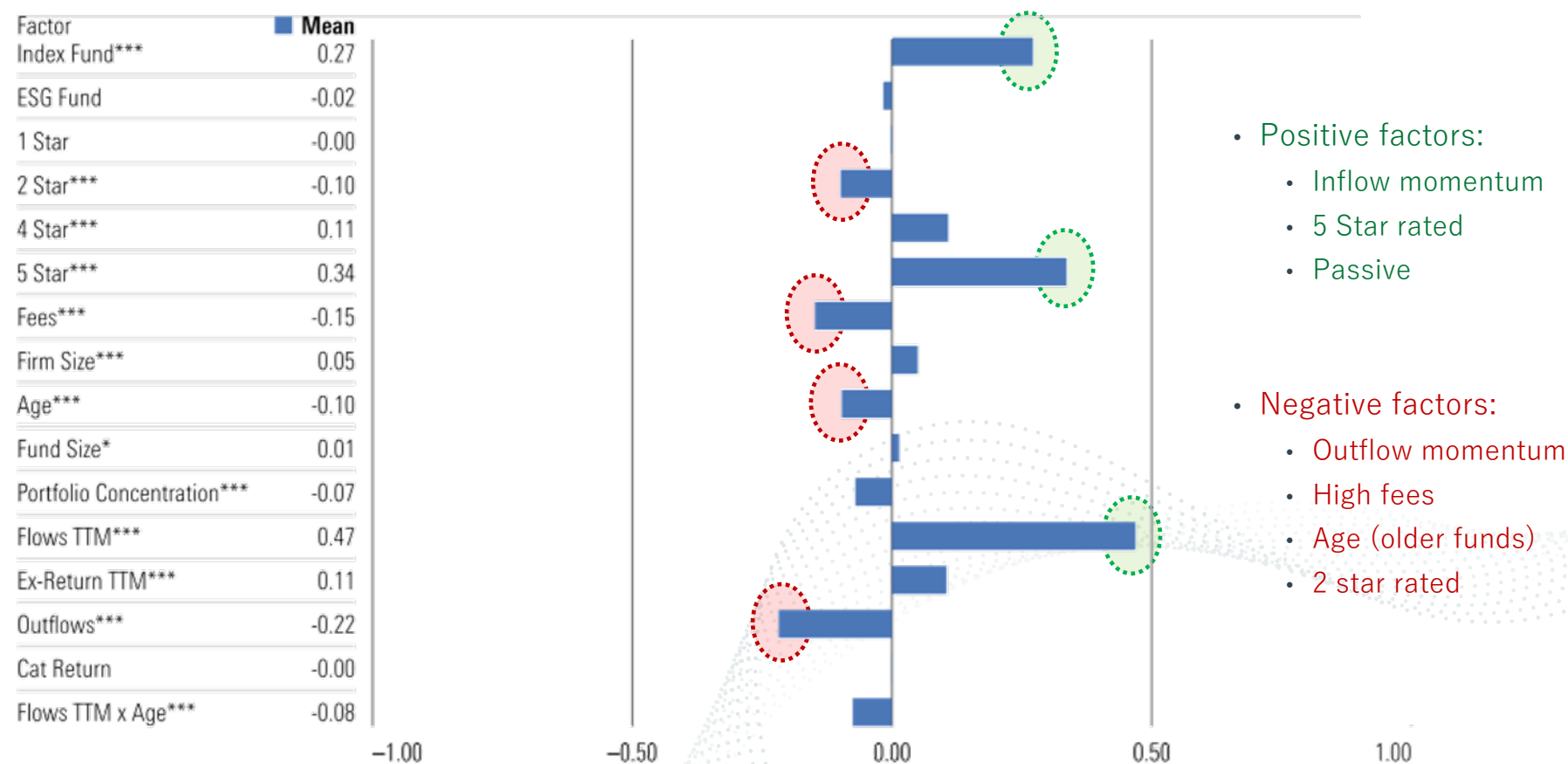


- **Secular headwinds** impacting intermediated advice channel have accelerated under COVID-19 conditions:
  - Adviser exodus continues (15% decline in FY20)<sup>1</sup>
  - Regulatory reforms and increased compliance affecting productivity and profitability
  - Rise in corporate activity and industry fragmentation
  - Switching from 'retail/personal advice' to 'wholesale' licensing
  - Greater scrutiny of 'value' has seen increase in low cost passive and highly-rated strong performing active managers
- **Rise of managed accounts and SMAs**
  - Opportunity for highly-rated boutiques to participate (scale) with better margins than institutional market
- **Transition from 'analogue' to 'digital' distribution practices**
  - Highly competitive environment for share of voice with increasingly time-poor advisers/investors
  - Optimised engagement through best practice thought-leadership and consultative practices
  - Shift from long-term campaign planning to co-ordinated, topical, nimble go-to-market content dissemination
  - Multi-channel content amplification: Virtual events, digital round tables, Webinars, Podcasts, Q&A Videos, Social, eDMs
  - Market-leading MarTech Stack (client engagement, high value lead generation and revenue growth through optimised marketing automation tools)
- **'Business Intelligence'** utilising data insights and analytics to lift productivity and deliver superior, personalised experiences, growth and measurable ROI

1- Adviser Ratings, "Adviser Musical Chairs Report", Quarter 2, 2020 pg.3

## Australia Equity Factor Premia

Morningstar runs a monthly cross-sectional regression of the fund's growth rate against their fund characteristics.

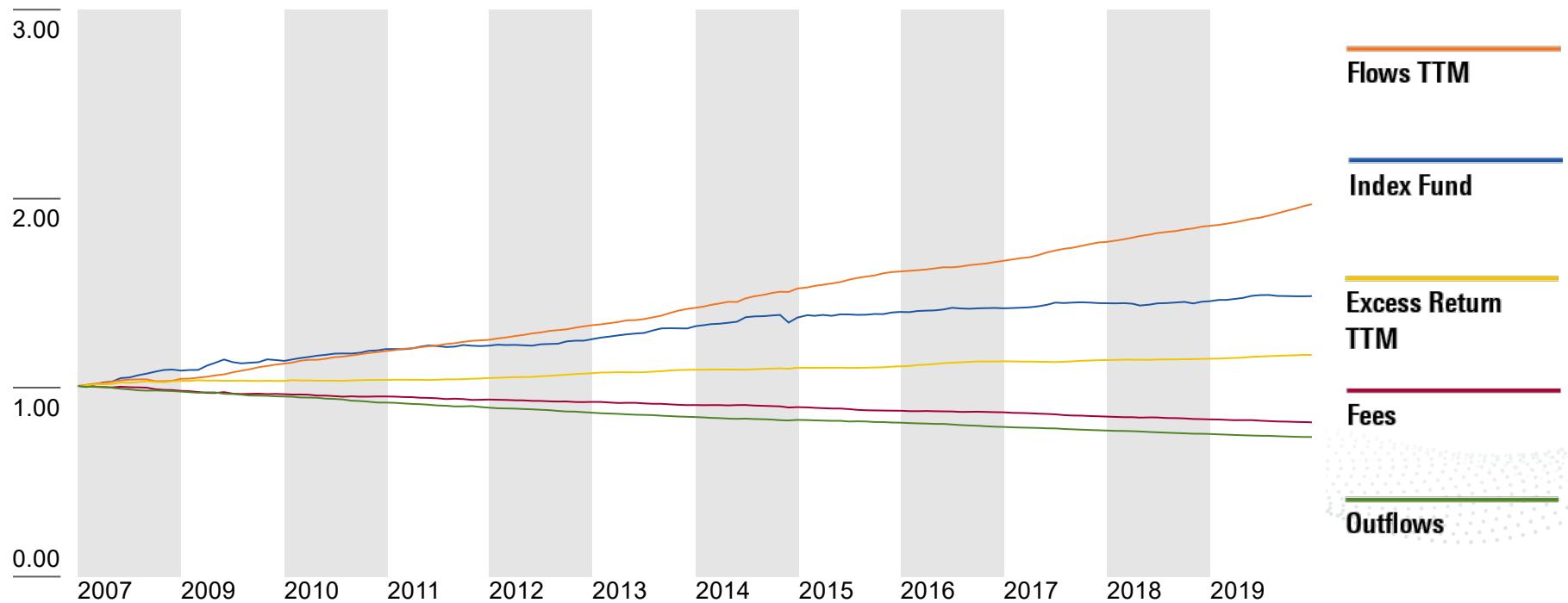


Source: Morningstar, Inc. Data as of October 2020.

Statistical significance levels are marked next to each factor (\*\*\*) = significant at 99th level; \*\* = 95th; \* = 90th; No stars is 'not statistically significant').

## Factor Statistics – Persistence


The factor premia correlations are persistent through time. The fees and outflows are negative while five-star, positive growth rates and index funds are consistently positive




Source: Morningstar, Inc. Data as of October 2020

☒ 0 **36**





 Data Set: **Flow Factors** 
Show Peer Analytics

<input type="checkbox"/>	Name	Morningstar Category	Total Ret % Rank Cat 3Y mo-end (mo-end)	Morningstar Rating Overall (mo-end)	Morningstar Sustainability Rating (mo-end)	Morningstar Analyst Rating (day-end)	Morningstar Fee Level Distribution
<input type="checkbox"/>	1 Hyperion Australian Growth Companies	Equity Australia Large Growth	1	★★★★★	🌐🌐🌐🌐	Silver	Below Average
<input type="checkbox"/>	2 Hyperion Global Growth Companies B	Equity World Large Growth	3	★★★★★	🌐🌐🌐🌐	Bronze	Above Average
<input type="checkbox"/>	3 Resolution Capital Gbl Pty Secs UH SII	Equity Global Real Estate	4	★★★★★	🌐🌐🌐🌐	Gold	Average
<input type="checkbox"/>	4 Resolution Capital Real Assets	Equity Australia Real Estate	6	★★★★★	🌐🌐🌐🌐🌐	—	Low
<input type="checkbox"/>	5 Hyperion Small Growth Companies	Equity Australia Mid/Small Growth	8	★★★★★	🌐🌐🌐🌐🌐	Gold	Below Average
<input type="checkbox"/>	6 Solaris Australian Equity Long Short Fd	Equity Australia Large Blend	18	★★★★	🌐🌐🌐🌐	Bronze	Average
<input type="checkbox"/>	7 Smarter Money Platform Investor	Australian Short Term Fixed Interest	22	★★★★	—	—	High
<input type="checkbox"/>	8 Resolution Capital Global Property Secs	Equity Global Real Estate	28	★★★★	🌐🌐🌐🌐	Gold	Average
<input type="checkbox"/>	9 Solaris Core Australian Equity PA	Equity Australia Large Blend	40	★★★★	🌐🌐🌐	Gold	Low
<input type="checkbox"/>	10 Smarter Money Higher Income Assisted Inv	Multi-Strategy Income	48	★★★★	—	—	Average
<input type="checkbox"/>	11 Plato Australian Shares Income	Equity Australia Large Blend	53	★★★	🌐🌐🌐	—	Low
<input type="checkbox"/>	12 Solaris Core Australian Equity Retail	Equity Australia Large Blend	55	★★★★	🌐🌐🌐	Silver	Above Average
<input type="checkbox"/>	13 Spheria Australian Smaller Companies	Equity Australia Mid/Small Growth	74	★★	🌐🌐🌐	Neutral	Low
<input type="checkbox"/>	14 Antipodes Asia P	Equity Asia Pacific w/o Japan	79	★★★	🌐🌐	—	Below Average
<input type="checkbox"/>	15 Antipodes Global Fund - Long P	Equity World Large Blend	80	★★★	🌐	Bronze	Below Average

ADDITIONAL INFORMATION

FY20 IN REVIEW

*We believe that the reputations and future success or otherwise of investment management companies are often determined by their behaviour and performance during periods of crisis and their capacity to resume growth depends on the strength of the capabilities with which they emerge from such crises*

- Largely 'business as usual' except working from home (moved early) and no travel
- We have paid close attention to the health and well-being of our people. Minimal direct health impacts; ensured extensive contact particularly within teams, very regular 'catch-ups'/communications using appropriate technology
- Extensive interactions with clients and their advisors (need us more than ever)
- Our approach: work very hard (especially with clients and prospects) during the crisis period; and continue the 'growth' work to ensure we come out stronger than ever, poised to resume growth, to react to possible further external adversity and to take advantage of opportunities that may materialise
- Attention to costs 'at the margins' but in the circumstances prevailing to date we have made no job cuts to people already employed
- Most (though, of course, not all) Affiliates have delivered investment performance to expectations or better

	FY2020 (\$M)	FY2019 (\$M)	YoY Change
<b>PINNACLE</b>			
Revenue <sup>1</sup>	22.4	21.1	6.2%
Expenses <sup>2,3</sup>	(28.0)	(23.7)	18.1%
Share of Pinnacle Affiliates net profit after tax <sup>4</sup>	38.0	33.1	14.8%
Net profit before tax (NPBT) from continuing operations	32.4	30.5	6.2%
Taxation	–	–	
NPAT from continuing operations	32.4	30.5	6.2%
Discontinued operations	(0.2)	–	0.0%
<b>NPAT attributable to shareholders</b>	<b>32.2</b>	<b>30.5</b>	<b>5.6%</b>
<i>NPAT attributable to shareholders –excluding net gains/losses on PI</i>	<i>32.7</i>	<i>27.8</i>	<i>17.6%</i>
<i>NPAT attributable to shareholders –excluding net gains/losses on PI and Non-cash LTI expense</i>	<i>34.7</i>	<i>29.2</i>	<i>18.8%</i>
<b>Basic earnings per share:</b>			
From continuing operations	18.9	18.3	3.3%
Total attributable to shareholders	18.8	18.3	2.7%
<b>Diluted earning per share:</b>			
From continuing operations	18.0	17.1	5.3%
Total attributable to shareholders	17.9	17.1	4.7%

<sup>1</sup>Includes dividends and distributions received on principal investments. These were \$0.8m in FY20, compared with \$1.5m in FY19

<sup>2</sup>Includes interest cost on the CBA facility of \$0.4m and amortization of the PL8 offer costs of \$0.7m in FY20 (both \$nil in FY19)

<sup>3</sup>Includes mark-to-market and realized gains/losses on principal investments, net of hedging. These were total net losses of \$1.3m in FY20 (increases 'expenses'), compared with total net gains of \$1.2m in FY19 (decreases 'expenses'). Adjusting for these, expenses increased by \$1.8m, or 7.2%

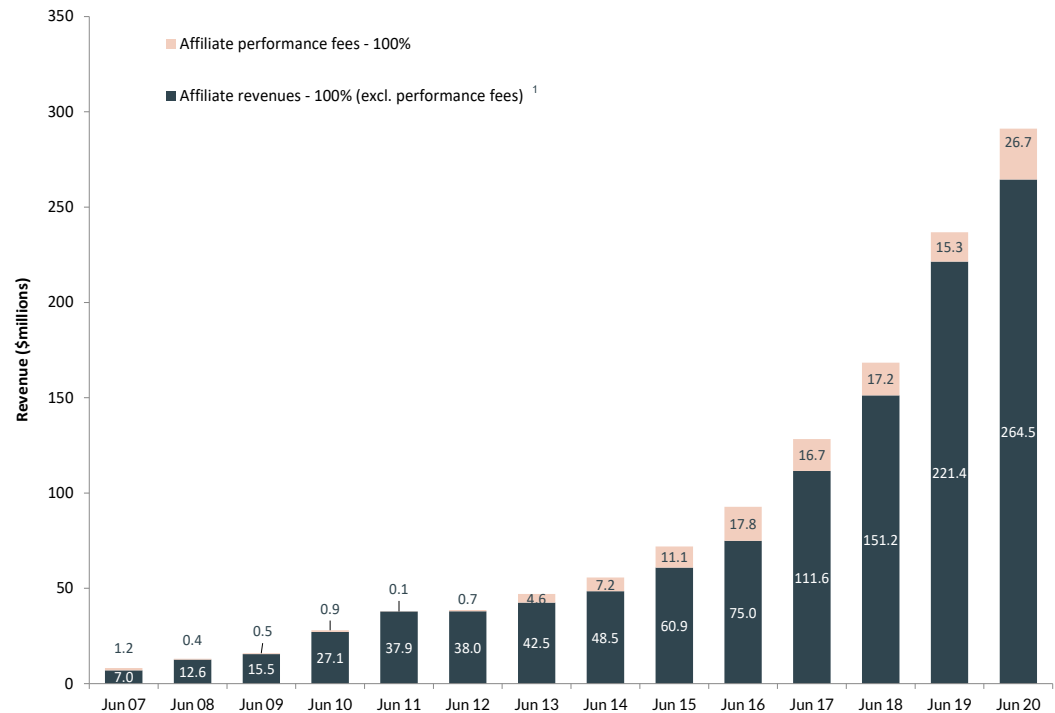
<sup>4</sup>Includes share of CCI profits from 16<sup>th</sup> December 2019



- Three new Affiliates (one Horizon 3 and two Horizon 2)
  - Acquisition of a 25% interest in CCI (Public Markets Credit) for an initial \$29.1 million in December 2019, with a further \$5m payable upon the business achieving certain milestones over the next one- to four-year period
  - Launch of Reminiscent Capital (Discretionary Asia Macro)
    - Cayman fund for international investors commenced in April 2020 and has received its first external client money
    - team of three initially, led by David Adams (ex-Brean Howard Asia and Morgan Stanley Australia)
    - it is still early days, but Reminiscent has performed well since inception, including during the crisis
  - Launch of Aikya (Global Emerging Market Equity)
    - based in London
    - 32.5% owned by Pinnacle, 67.5% by team members
    - Aikya Global Emerging Markets fund launched in March 2020. UCITS fund forthcoming
- Five Affiliates earned performance fees totalling \$26.7 million (at 100%; Pinnacle share, after tax, \$6.6 million) in FY20, almost entirely in the second half

- Total Affiliate revenues<sup>1</sup> were \$291.1m during FY20, including \$26.7m (9.1%) in performance fees; in FY19, total Affiliate revenues were \$236.8m, which included \$15.3m (6.5%) in performance fees
- This represents 22.9% growth in total Affiliate revenue (19.4% excluding performance fees)

	FY2020 (\$M)	FY2019 (\$M)	YoY Change
<b>PINNACLE AFFILIATES (100% aggregated basis)</b>			
FUM (\$billion) <sup>2</sup>	58.7	54.3	8.1%
Revenue (\$million) <sup>1</sup>	291.1	236.8	22.9%
Net profit before tax	142.7	123.1	15.9%
Tax expense	(42.5)	(34.0)	25.0%
Net profit after tax (NPAT)	100.2	89.1	12.5%
<i>Pinnacle share of Affiliates' NPAT</i>	<i>38.0</i>	<i>33.1</i>	<i>14.8%</i>



<sup>1</sup>Affiliate revenues are shown at 100% to indicate trend. Includes CCI revenues from 16<sup>th</sup> December 2019. Pinnacle owns significant minority stakes in each Affiliate and accounts for its share of Affiliates' NPAT

<sup>2</sup>Includes \$3.0 billion 'acquired' in December 2019. FUM shown is 100% of the FUM managed by Pinnacle Affiliates. Pinnacle holds significant minority stakes in each of its Affiliates and does not 'own' 100% of the FUM.

- Consolidation in Pinnacle Parent in a challenging year:
  - Success- and FUM-based distribution fee revenue restrained due to market dislocation in 2H2020 – deferrals in certain institutional allocations; lower retail net inflows
  - Staff costs (excluding STI):
    - \$13,567k in FY20 compared to \$12,420k in FY19, predominantly due to the ‘full-year effect’ of the significant recruitment in FY19
    - Targeted additional hires in FY20 – mainly in offshore distribution
    - No cuts to our core capabilities
  - Significant reduction in STI (\$1,554k lower than in FY19) recognizing that results for the year fell below our original expectations
  - P&L impact of the LTI scheme (non-cash expense) – commenced part-way through FY19 – expense of \$1,961k in FY20, compared with \$1,435k in FY19 due to the ‘full-year effect’
  - Continuing ‘P&L investment’ in support of Horizon 2 initiatives (particularly Offshore distribution, and the cost of Pinnacle servicing new Affiliates)
  - Negative net return on Principal Investments of \$474k<sup>3</sup>, compared with positive net return of \$2,715k<sup>3</sup> in FY19
  - Interest cost on the CBA facility (\$408k) and amortization of the PL8 offer costs (\$691k) included within ‘other expenses’ for FY20 (both \$nil in FY19); revenues associated with the PL8 raise (which ‘offset’ against the amortization) were \$732k<sup>1</sup> in FY20
- Significant growth (\$4.9 million, or 15%) in Pinnacle’s share of Affiliate profits compared with FY19<sup>2</sup>:
  - Performance fees (at 100%) of \$26.7 million in FY20, across five Affiliates; \$15.3 million in FY19, mainly in Palisade
  - Continuing investment in additional resourcing by certain Affiliates ahead of future growth (including Metrics, Plato, Firetrail, Antipodes, Palisade, and Spheria)
  - Direct cost of Two Trees, Longwave, Riparian, Reminiscent Capital and Aikya included as negative NPAT
  - Impact of market decline and lower flows in 2H2020

<sup>1</sup>This is in addition to ‘up-front’ distribution fees Pinnacle earned on the capital raise

<sup>2</sup>Includes share of CCI profits from 16<sup>th</sup> December 2019

<sup>3</sup>Includes realized and unrealized mark-to-market gains/losses, dividends and distributions on PI

	30 Jun 2020 (\$M)	30 Jun 2019 (\$M)	YoY Change
<b>CURRENT ASSETS</b>			
<b>Cash and cash equivalents</b>	<b>16.1</b>	<b>26.7</b>	<b>-39.7%</b>
Financial assets	34.0	24.5	38.8%
<b>Total cash and financial assets</b>	<b>50.1</b>	<b>51.2</b>	<b>-2.1%</b>
Other current assets	17.3	18.3	-5.5%
<b>Total current assets</b>	<b>67.4</b>	<b>69.5</b>	<b>-3.0%</b>
<b>NON-CURRENT ASSETS</b>			
Investments in affiliates	161.9	113.4	42.8%
Other non-current assets	<b>9.3</b>	<b>3.9</b>	<b>138.5%</b>
<b>Total non-current assets</b>	<b>171.2</b>	<b>117.3</b>	<b>46.0%</b>
<b>Total Assets</b>	<b>238.6</b>	<b>186.8</b>	<b>27.7%</b>
Debt facility	30.0	–	0.0%
Other liabilities	<b>20.1</b>	<b>9.7</b>	<b>-107.2%</b>
<b>Total liabilities</b>	<b>50.1</b>	<b>9.7</b>	<b>-416.5%</b>
<b>Net assets</b>	<b>188.5</b>	<b>177.1</b>	<b>6.4%</b>
<b>Net shareholders' equity</b>	<b>188.5</b>	<b>177.1</b>	<b>6.4%</b>

- Cash and Principal Investments of \$50.1m
  - Includes \$32.4m invested in strategies managed by Pinnacle Affiliates
  - Excludes over \$10m of cash applied for Affiliate equity recycling loans, working capital loans and additional Affiliate equity purchased
- \$30m debt facility from CBA – fully drawn down in December 2019, to purchase 25% of CCI
- Excludes impact of final dividend of 8.5 cents per share paid on 11<sup>th</sup> September 2020 and dividends received from Affiliates since 30<sup>th</sup> June 2020
- Franking credit balance (\$32.8m) at 30% company tax rate would enable potential fully franked dividends of \$76.5m
- Investments in Affiliates represents the 'equity accounted' value, i.e., investment cost, plus Pinnacle's share of profits, less Pinnacle's share of dividends received. The balance is tested for impairment at each reporting period (currently none). This includes the \$29.1m investment into CCI, plus the \$5m additional consideration (not yet paid, but now assessed as likely and, therefore, recognized) in FY20
- Change in accounting standards during the year results in 'right to use' asset being recognized for leases in FY20 (\$3.8m) and a corresponding liability for amounts payable under these leases (\$3.8m). None recognized in FY19.

CORPORATE SUSTAINABILITY

*We are focused on continuous improvement, striving to do better by building a long-term, sustainable firm that focuses on our staff, customers and shareholders as well as the communities in which we engage.*

- Carbon Emissions
  - Pinnacle achieved carbon neutrality for the 2019 financial year and will continue to calculate and offset its carbon contributions henceforth
  - Tracking and measuring carbon footprint for air travel, travel via cars to client meetings as well as staff travel to and from work
  - Seeking to avoid travel in favour of video conferencing where possible
  - Donation made to Greenfleet to offset these emissions, plus a 50% premium. Greenfleet is a leading Australian not-for-profit environmental organisation that takes practical climate action by offsetting carbon emissions through restoring forests
  - Move to Green Energy by end calendar year 2020
- Pinnacle will further address its climate change risks by seeking Climate Active carbon neutral certification from the Australian Government.
- Sustainable use of resources
  - Target to reduce printing across the firm by 25% in 2020
  - Switching to more eco-friendly products (e.g., cleaning products)
  - Identifying where we can increase our recycling efforts
  - Implemented a project to remove all single use plastic from the firm by end of calendar year 2020

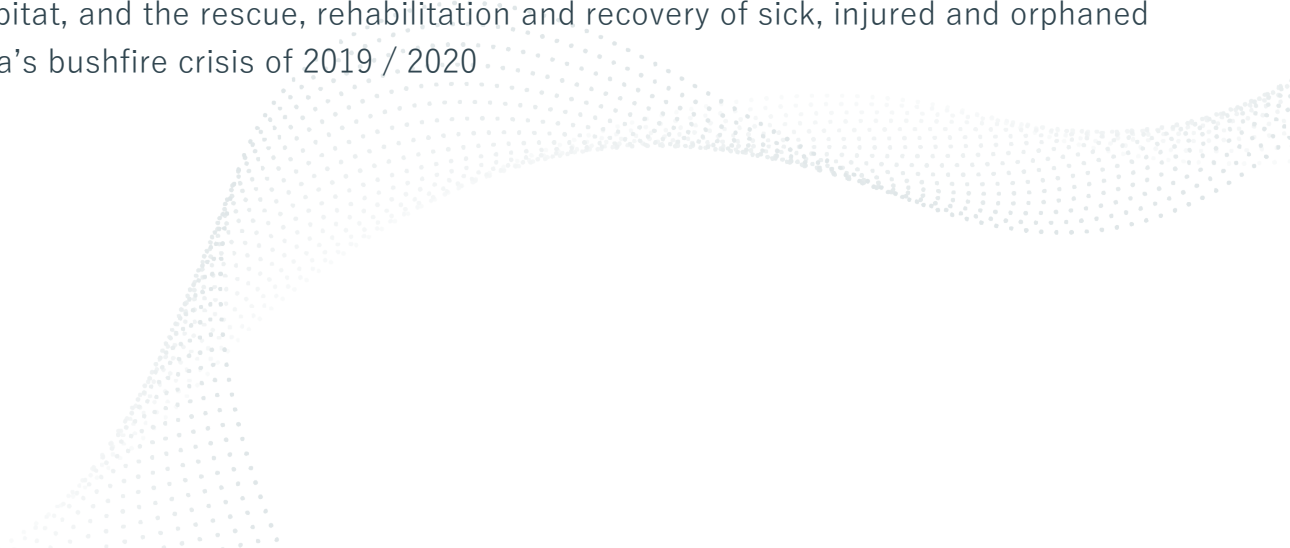
## People

- Fully supportive of initiatives to optimise the mental health of employees through access to the Employee Assistance Program for employees and family members
- Employees are encouraged to always act in Pinnacle's best interests and maintain a line of sight to long term goals. To help enable this, as at 30 June 2020, approximately 36% of employees had an individual shareholding in the Company
- Committed to providing a flexible working environment that suits an employee's personal circumstances. Several employees are currently on part time working arrangements to enable them to balance family and personal responsibilities

## Diversity

- Pinnacle believes that workplace diversity in this context includes but is not limited to gender, gender identity, age, race, disability, nationality, marital status, cultural background, sexual orientation, religious belief and ethnicity
- To support the achievement of these diversity objectives, Pinnacle has undertaken the following initiatives:
  - Equal opportunity recruitment process that draws a diverse pool of both applicants and shortlisted candidates for all positions
  - Flexible work arrangements to assist employees to balance their work, personal and family responsibilities;
  - Sponsoring Women in Finance scholarships to assist female university students in gaining a greater understanding of and experience in investment management
  - Founding Sponsor of the University of Queensland's first officially sanctioned networking group with a focus on women – UQWN
  - Applying the principle of equality when setting salaries and considering the short-term and long-term incentives of all employees
  - Applying the principle of equality when considering internal promotions and succession planning
  - Comprehensive employee behaviour and grievance resolution policy
- As at 30 June 2020, the company had a total of 30% females across all positions within PNI

## Community

- Through the Pinnacle Charitable Foundation and engaged Affiliates, we are supporting a number of key social priorities, including the following, by donating in excess of \$400k per annum:
    - Human Rights: legal assistance for victims of domestic and family violence and sexual abuse
    - Indigenous: development of corporate procurement initiatives for Indigenous communities and support for education scholarships for secondary school students from rural, regional and remote communities across Australia
    - Children: children facing acute or systemic disadvantage as well as medical research seeking treatments / cures for children's genetic diseases
    - Mental Health: partnering with the suicide prevention charity R U OK? to develop and deliver the nationwide 'Are They Triple OK?' Campaign supporting police and emergency services workers and volunteers
    - Environment: regeneration of habitat, and the rescue, rehabilitation and recovery of sick, injured and orphaned native animals following Australia's bushfire crisis of 2019 / 2020
- 



Ten affiliates are signatories to the United Nations supported Principles of Responsible Investment (“PRI”):

Affiliate	Signatory to PRI	Incorporate ESG into Investment process	Have an ESG policy
Aikya	Yes	Yes	Yes
Antipodes	Yes	Yes	Yes
Coolabah	No	Yes	Yes
Firetrail	No	Yes	Yes
Hyperion	Yes	Yes	Yes
Longwave	Yes	Yes	Yes
Metrics Credit	Yes	Yes	Yes
Omega	No	Yes	Yes
Palisade	Yes	Yes	Yes
Plato	Yes	Yes	Yes
Reminiscent	No	Yes	N/A
Resolution Capital	Yes	Yes	Yes
Riparian	Provisional	Yes	Yes
Solaris	Yes	Yes	Yes
Spheria	Yes	Yes	Yes
Two Trees	No	No	Yes

## Plato

INVESTMENT MANAGEMENT

- Principles for Responsible Investment (PRI) signatory since 2011
- Member of the Climate Action 100+ investor group
- Founding member of ESG Research Australia
- Signatory to the Montreal Carbon Pledge and active subscriber to carbon databases
- Built dedicated ESG tilted and Carbon Light portfolios for clients
- Women in Finance Scholarships at 3 universities
- Actively vote shares and engage with companies on important ESG issues

## Firetrail

INVESTMENTS

- Fundamentally integrates ESG into the investment decision making process
- Philosophy of Ownership, Measurement & Engagement on ESG specific issues
- Actively engage in over 200+ ESG specific company engagements per annum
- Supporter of the 30% Club Australia since it launched in 2015 – to promote diversity in Australian Listed Company Boards
- Key focus on Modern Slavery issues in supply chain analysis in the companies they invest in
- Sponsorship of local community social and sporting groups including Sydney Uni Cricket & Guide Dogs Australia
- Partnership with Mirabel Foundation to support Australian families impacted by drug addiction
- Carbon offsetting for all staff travel on an annual basis since inception

## SOLARIS

investment management

- PRI signatory since 2010
- Responsible Investment Association Australasia (RIAA) member
- Global Investor Statement on Climate Change Signatory
- Signatory to “Investor Statement on Bangladesh”
- Participant in PRI Climate Change Corporate Lobbying Engagement
- Signatory to the Montreal Carbon Pledge and Paris Pledge for Action
- Signatory to PRI Investor Statement in support of Modern Slavery Act
- Climate Action 100+ Signatory
- Signatory to Global Investor Statement on Antibiotic Stewardship (Member of FAIRR)
- Member RIAA Human Rights Working Group (Investor Toolkit – Human Rights with Focus on Supply Chain – Guidance for Investors re Modern Slavery Act)
- Member RIAA Corporate Engagement Working Group
- TCFD Supporter

## RESOLUTION CAPITAL

- PRI signatory since 2010
- UN Global Compact signatory (2019)
- Member of GRESB since 2017
- Member of ESG Research Australia
- Active engagement with investee companies – ESG disclosure, board diversity, GRESB participation, governance practices
- ESG screen in infrastructure securities within Real Assets strategy
- ESG Committee including staff from across all areas of the business
- Measure the carbon footprint of the portfolios they manage

## PALISADE

- PRI signatory
- GRESB participant
- Active role in Women’s Infrastructure Network
- Renewable energy portfolio powers over 350,000 homes and abates over 1 million tonnes of CO2 per year
- Sunshine Coast Airport is the first and only carbon neutral airport in Australia
- Very active at management sites in reducing power usage through solar installations, LED lights etc. Darwin and Alice Springs airports have on-site award-winning solar developments.
- Active scholarship program, focusing on women and financially disadvantaged students
- *Priority Goals* set by the Palisade team, aligned with UN’s Sustainable Development Goals

NEW AFFILIATES DURING THE YEAR

## CCI acquisition

- Pinnacle acquired a 25% equity interest in CCI in December 2019, for \$29.1m, together with a further \$5m payable upon the business achieving certain milestones over the following 18 month to 4.5 year period
- Funded by a facility from the CBA
- Established in 2011, CCI is a leading long-only and long-short active public markets credit manager that is responsible for managing numerous institutional mandates, the Smarter Money Investments' product suite, and the BetaShares Active Australian Hybrid ETF (ASX:HBRD)
- As at 30 June 2020, CCI was responsible for managing over \$3.7 billion of institutional and retail investments (up from \$3.0 billion at the time of Pinnacle's acquisition of an equity interest)
  - We have provisioned the \$5m additional consideration in our accounts in full as at June 2020 because the indications are that CCI's profit growth will bring this about in the first possible year (FY21)
- CCI and Pinnacle have entered into a global distribution partnership, in which Pinnacle will share revenues from capital raised in the institutional, retail and offshore distribution channels
- CCI has delivered above benchmark results for their clients by generating alpha from liquid, high-grade credit. More than 90% of the FUM is subject to performance fees, providing strong alignment with clients
- CCI's offerings do not overlap with those of existing Pinnacle Affiliates and the acquisition further diversifies Pinnacle's portfolio of Affiliates, particularly in Fixed Income and Alternatives
- Market conditions following the crisis are favourable for Credit managers such as CCI as investors seek 'defensive yield' from scarce sources

## 1. Large team focussed exclusively on Australian investment-grade fixed-income

- 6 portfolio managers, 11 analysts, and 26 staff in total
- CCI's staff own 75% of business – remaining 25% held by Pinnacle
- Chaired by Melda Donnelly (ex-CEO QIC, VFMC Deputy Chair) with Independent Director Bob Henricks (ex-Chair Energy Super)
- CIO has advised multiple Prime Ministers on RMBS/ABS securitisation policies worth over \$17bn

## 2. Sophisticated credit valuation systems

- 20-30x internally developed bond valuation models reprice, and factor-adjust, all bonds globally live
- Uses internally-developed artificial intelligence to shadow credit-rate all bonds globally
- Unprecedented trade-by-trade transparency for clients

## 3. A leading credit alpha generator

- CCI minimises fixed-income betas: interest rate duration risk; credit default risk; and illiquidity risk
- CCI exploits bond mis-pricings that generate large capital gains that augment yields
- >98% win ratio on >8,500 bond sales since 2012
- Credit alpha is crucial in a world where interest rates are declining (alpha has strong convexity)

## 4. Ability to customise mandates to client's precise preferences

- Currently running >15 portfolios including long-only cash plus, long duration, and levered long-short
- CCI is the investment manager for Smarter Money Investments' products and BetaShares Active Hybrid ETF

## 5. Strong track-record through very volatile credit spread environment

- Very high risk-adjusted returns in top decile of peers across all strategies over all periods, notwithstanding huge financial spread volatility in 2012, 2013, 2015, 2016, and 2018

- Discretionary Asia Macro investment firm with three investment professionals led by David Adams (ex-Brevan Howard Asia and Morgan Stanley Australia)
- Reminiscent aims to deliver attractive, uncorrelated absolute returns through a concentrated, directional and dynamic investment portfolio of fixed income, foreign exchange and equities with an Asian focus
- Provides Pinnacle with further diversification and growth into liquid alternatives, an offshore client base and USD revenue stream
- Global Macro hedge fund AUM is US\$227bn globally, accounting for 7% of total hedge fund AUM. After 2019 saw the best returns for the category in the last five years, allocators are again looking to allocate capital to this part of the hedge fund market
- Discretionary Asia macro has wide appeal to international institutional investors given the market inefficiencies in the region, under-allocations (and therefore demand) from Northern Hemisphere allocators as well as the shortage of institutional quality offerings in the space
- Reminiscent launched their Cayman fund for international investors in April 2020, following a promising piloting program in CY19
- It is still early days, but Reminiscent has performed well since inception, including during the crisis

## Aikya: Global Emerging Market Equities

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- Global Emerging Market Equity Affiliate based in London, United Kingdom. 32.5% owned by Pinnacle, 67.5% by team members
- 7 investment professionals with 80+ years collective experience investing in Emerging Market Equities, led by:
  - Ashish Swarup, former lead portfolio manager at Stewart Investors, London, for several Emerging Market and Asia-Pacific strategies and, prior to 2015, lead Portfolio Manager at Fidelity Institutional Asset Management ("Fidelity") for the Fidelity Emerging Markets All Cap Fund
  - Rahul Desai, former lead portfolio manager at Fidelity, London, for the Fidelity Emerging Markets All Cap Fund and, prior to that, Assistant Portfolio Manager to Mr Swarup
  - Tom Allen, former co-Manager at Stewart Investors with Ashish
  - Alan Nesbit, former Deputy Head of Global Emerging Markets, at Stewart Investors
- Ashish and Rahul previously responsible for stewardship of US\$9bn+ in Emerging Market and Asian equities, on behalf of clients of Stewart Investors and Fidelity respectively
- Distinct, enduring investment philosophy and style
  - High quality companies
  - Long term sustainable growth
  - Absolute-return mindset
  - High conviction, concentrated portfolio
  - Downside risk protection
  - Stewardship and sustainability
- Australian Unit Trust seeded in March 2020
- UCITS fund forthcoming

# AFFILIATE SUMMARIES



## Update – Pinnacle Affiliates

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- Focused on generating healthy long term returns with strong down-side risk protection, by investing alongside high quality stewards of businesses in Emerging Markets
- Aikya Global Emerging Markets Fund (AUT) was launched in March 2020
- UCITS fund planned for launch in Q4 2020



- Pragmatic value manager of global equities (long and long-short)
- Founded in 2015 by Jacob Mitchell, together with former colleagues and like-minded value investors
- Antipodes' approach seeks to take advantage of the market's tendency for irrational extrapolation, that is, the inclination of markets to over-react to change, creating opportunities for Antipodes to buy great businesses at a great price



- Long-only and long-short active credit manager
- Pinnacle acquired a 25% equity stake in December 2019
- CCI's edge is in alpha generation in liquid, high-grade credit in contrast to traditional fixed-income strategies
- In 2019, CCI's portfolio managers were selected as one of FE fundinfo's Top 11 "Alpha Managers" based on their risk-adjusted performance across all asset-classes



- The Firetrail investment team have a long, successful track record of investing in equities. Prior to establishing Firetrail, the portfolio management team including Patrick Hodgins, Blake Henricks and James Miller worked together at Macquarie for over a decade
- Established with a goal to align its people with their clients
- Diverse client base across Institutional Investors, Foundations, Family Offices, HNW individuals, Financial Advisors and Retail Investors

## Update – Pinnacle Affiliates

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- Long-term business owner mindset
- Average holding period for the companies in their portfolios is 10 years
- Hyperion Global Growth Companies Fund opened to retail investors in 2019. As at 30 June 2020, the fund has outperformed its benchmark by 11.0% (per annum, since inception in 2014, gross of fees)
- Winner – Domestic Equities, Large Cap – 2020 Morningstar Fund Manager of the Year Awards



- The founders of Longwave have a long history of designing, building and managing highly successful investment strategies
- The Longwave Australian Small Companies Fund, Longwave's active and diversified portfolio of high-quality small companies that has been built through the combination of quantitative discipline and fundamental insight, launched on 1 February 2019



- Leading Australian non-bank corporate lender
- Manager of the MCP Master Income Trust (ASX: MXT), which listed on the ASX in October 2017, and the MCP Income Opportunities Trust (ASX: MOT), which listed on the ASX in April 2019
- Listed Investment Entities Category Winner – 2019 Zenith Fund Awards
- Assets under management at 30 June 2020 were \$5.3 billion



- “Smart Beta Plus” approach optimises exposures to factors that are researched to be return drivers while controlling common risk
- Opportunity for investors to improve investment outcomes via a cost-effective systematic approach
- Offers smart beta, factor-based investing across bonds, equities, FX and cash

## Update – Pinnacle Affiliates

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- Manage investments in assets within the Transport, Energy, Utilities, Renewables, Agri-infrastructure and Social (PPP) sectors
- As at 30 June 2020, funds under management and investor commitments totalled approximately \$2.9 billion across Palisade's three pooled funds and separately managed accounts
- Palisade's flagship fund, Palisade's Diversified Infrastructure Fund, generated a gross return of 7.7% for the year, including 8.7% yield



- Research-led organisation focused on and aligned to client outcomes
- Strategies encompass global and Australian equities that are tailored to specific investor objectives of wealth accumulation, income generation and downside protection
- Global Market Neutral capability launched during FY20
- Whilst market volatility was high, Plato experienced virtually no net redemptions from clients



- Discretionary Asia Macro investment firm based in Sydney
- Aims to deliver attractive, uncorrelated absolute returns through a concentrated, directional and dynamic investment portfolio of fixed income, foreign exchange and equities
- The Reminiscent Capital Global Macro Fund was launched in February 2019, with the strategy being made available through the Cayman Islands from April 2020



- Specialist global real estate securities manager, with a 25-year track record of successfully investing in listed real estate
- During the year the firm launched its listed Real Assets Strategy and expanded its research coverage to include Australian and Global listed infrastructure companies
- The firm also continues to diversify its client base and notably grow its funds sourced from international markets
- 2019 Zenith Fund Awards – Global REIT Category Winner (sixth consecutive year)
- The Resolution Capital Global Properties Securities Fund was awarded best international listed property fund at the 2020 Financial Standard Investment Leadership Awards

## Update – Pinnacle Affiliates

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- Specialist water, agriculture and food investment firm, established in early 2019
- Riparian's investment team has extensive experience in agriculture, finance and asset management, predominantly in Australia but also covering the United States and Asia-Pacific
- Riparian Water Fund launched in November 2019



- Style neutral, Australian equities fund manager
- Solaris's core strategy has outperformed the S&P/ASX 200 Index by 1.7% per annum since inception on 9 January 2008 (to 30 June 2020)
- Launched in the 2017 financial year, the Solaris Australian Equity Long Short Fund has returned performance since inception of 9.5% per annum against the S&P/ASX 200 Index returning 5.2% per annum over the same period



- Fundamental-based investment manager specialising in small and microcap companies
- Global Microcap fund launched in March 2019, which has outperformed its benchmark by 19.22% since inception (before fees)
- Funds Under Management of \$1.2 billion at 30 June 2020



- Systematic Global Macro firm
- Fuse together a deep philosophical understanding of financial economics with rigorous scientific techniques for forecasting returns, risk, and volatility, and the way in which they change through time
- Two Trees' Global Macro strategy is available through an Australian Trust and a UCITS vehicle, which is domiciled in Ireland

Q&A