



6 July 2023

By Electronic Lodgement

Market Announcements Office
ASX Ltd
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Market update

Performance fees

Pinnacle Investment Management Group Limited (**Pinnacle**) advises that nine Affiliates have crystallized performance fees for the financial year ended 30 June 2023 (**FY23**) totalling approximately \$58.0 million at 100% gross in aggregate, of which \$54.8 million crystallized in the second half of the financial year (**2H FY23**). For the financial year ended 30 June 2022 (**FY22**), these fees were \$57.8 million at 100% gross in aggregate, from ten Affiliates.

Pinnacle's net share of these performance fees, after tax payable by the Affiliates on this revenue, is in the order of \$14.6 million, of which \$13.6 million was earned in 2H FY23. For FY22, Pinnacle's net share of performance fees, after tax payable by the Affiliates on this revenue, was \$16.6 million.

Within the Affiliates, there are now 24 diverse strategies with the potential to produce significant performance fees each year (up from 22 as at 31 December 2022). Of those 24, 13 strategies delivered this financial year.

Principal Investments

Principal Investments totalled approximately \$159 million at 30 June 2023. It is expected that the net return on Principal Investments for FY23 will be in the order of positive \$14.2 million, of which \$10.4 million was earned in 2H FY23 (\$0.1 million was earned in FY22). This amount is made up of 'Dividends and distributions' received of \$6.1 million (\$3.2 million in 2H FY23) and 'Fair value gains/losses on financial assets at fair value through profit or loss' of net positive \$8.1 million (\$7.3 million in 2H FY23), which is net of gains/losses from hedging equity market exposures. The interest cost on the fully drawn \$120 million CBA borrowing facility, all of which is deployed in funds managed by Pinnacle Affiliates, was in the order of \$5.9 million in FY23, of which \$3.2 million was in 2H FY23 (\$2.2 million was earned in FY22).

Notwithstanding market levels having broadly improved over the second half of the financial year, business conditions have remained challenging through to the end of the financial year, continuing to moderate new business flows, particularly in retail. These conditions have also affected the financial outcomes within certain Affiliates.

It is emphasised that these numbers represent preliminary estimates and are still subject to audit. Audited financial results, together with additional information including detail on funds under management as at 30 June 2023 and net fund flows for FY23, are scheduled to be released after market close on Wednesday, 2 August 2023.

Please contact Ian Macoun on +61 411 709 532 if you require any further information.

This announcement was authorised for release by the Board of Directors.