



Pinnacle
INVESTMENT MANAGEMENT

Level 35
60 Margaret Street
Sydney, NSW 2000

www.pinnacleinvestment.com.au

30 August 2016

By Electronic Lodgement

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

Dear Sir/Madam

Pinnacle Investment Management Group Limited (ASX:PNI) - FY2016 financial highlights

- > Group NPAT of \$4.5 million, delivering earnings of 4.1 cents per share
- > Group NPAT from continuing operations of \$5.8 million, up 49% from \$3.9 million (before DTA de-recognition) in prior year
- > Earnings per share from continuing operations of 5.2 cents, up 44% from 3.6 cents (before DTA de-recognition)
- > Pinnacle NPAT of \$10.6 million, up 43% from \$7.4 million
- > Pinnacle's share of NPAT of \$15.9 million from Pinnacle Boutiques, up 34% from \$11.9 million
- > Pinnacle FUM of \$19.8 billion, up 23% from \$16.1 billion
- > Special fully franked dividend of 5.0 cents per share payable on 9 September 2016
- > Final fully franked dividend of 1.9 cents per share payable on 3 October 2016
- > NTA of \$49.6 million or \$0.45 per share, up from \$0.40
- > Cash and Principal Investments of \$24.5 million as at 30 June 2016.

PNI's Chairman, Alan Watson, commented: *"The Company's strategy of repositioning itself as a pure funds management business continued with the acquisition of the remaining stake in Pinnacle which was completed on 25 August 2016. Shareholders now have access to 100% of Pinnacle's cash flows and the Board firmly believes that the new structure will position the Company for future growth and stability"*

PNI's Managing Director, Ian Macoun commented: *"Pinnacle's focus during the year was on continuing to support each of its affiliated boutiques and assisting them to grow their business and profitability. The quality of the boutiques was affirmed and demonstrated in many ways during the year, including by the investment returns they produced and the strength of market interest and support for their investment offerings. In the 2017 financial year, the Board will be focused on supporting further growth in the Company and the affiliated boutiques, whilst being careful to continue to support the boutiques' existing activities and to preserve the 'Pinnacle model'."*

Composition of Group's Results

The profit after tax from continuing operations for the 2016 financial year is \$5.8 million, reflecting earnings per share of 5.2 cents versus 3.6 cents per share in the previous corresponding period. This result is before de-recognition of the DTA in the 2015 financial year.

Composition of Group Results (\$m)	1H2016	2H2016	FY2016	FY2015
Pinnacle*	4.7	5.9	10.6	7.4
Principal Investments	0.5	0.2	0.7	0.1
Priority Funds	(0.2)	0.7	0.5	(0.3)
Next Financial	(0.4)	(0.2)	(0.6)	(0.7)
Wilson Group	(0.1)	0.7	0.6	(0.9)
Group Overhead (unallocated)	(1.3)	(1.4)	(2.7)	(2.2)
Profit before tax (PBT) from continuing operations	3.3	5.2	8.5	4.3
Minority Interests	(1.2)	(1.4)	(2.6)	(1.6)
PBT from continuing operations attributable to shareholders	2.1	3.8	5.9	2.7
Tax (expense)/benefit - continuing operations pre DTA derecognition	(0.1)	0.0	(0.1)	1.2
NPAT from continuing operations attributable to shareholders pre DTA derecognition	2.0	3.8	5.8	3.9
Derecognition of deferred tax assets**	0.0	0.0	0.0	(9.4)
NPAT from continuing operations attributable to shareholders	2.0	3.8	5.8	(5.5)
Discontinued operations - Securities business	(0.3)	(0.9)	(1.2)	(3.5)
Total profit / (loss) attributable to shareholders	1.8	2.7	4.5	(9.0)
* Includes share of Pinnacle Boutiques profit after tax	8.0	7.9	15.9	11.9
Earnings per share:				
From continuing operations before DTA derecognition**	1.8	3.4	5.2	3.6
From continuing operations	1.8	3.4	5.2	(5.2)
Total attributable to shareholders	1.6	2.5	4.1	(8.5)
** In the prior year NPAT from continuing operations was reduced by \$9.4 million relating to the de-recognition of deferred tax assets				

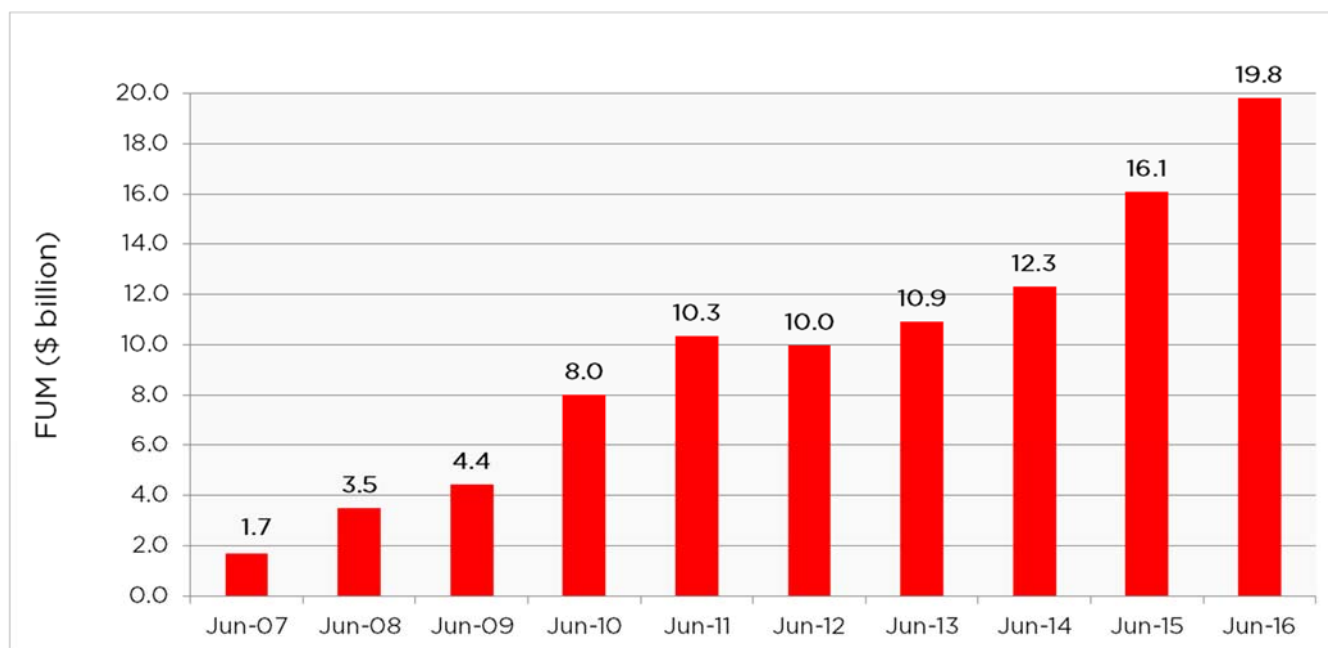
Pinnacle's results

The 2016 financial year saw strong performance in Pinnacle's seven affiliated boutique investment managers which led to profit growth in the Pinnacle segment to \$10.6 million NPAT, up 43% from 2015. Pinnacle's share of net profit after tax from its equity interests in the affiliated boutiques was \$15.9 million, up 34% from the previous year.

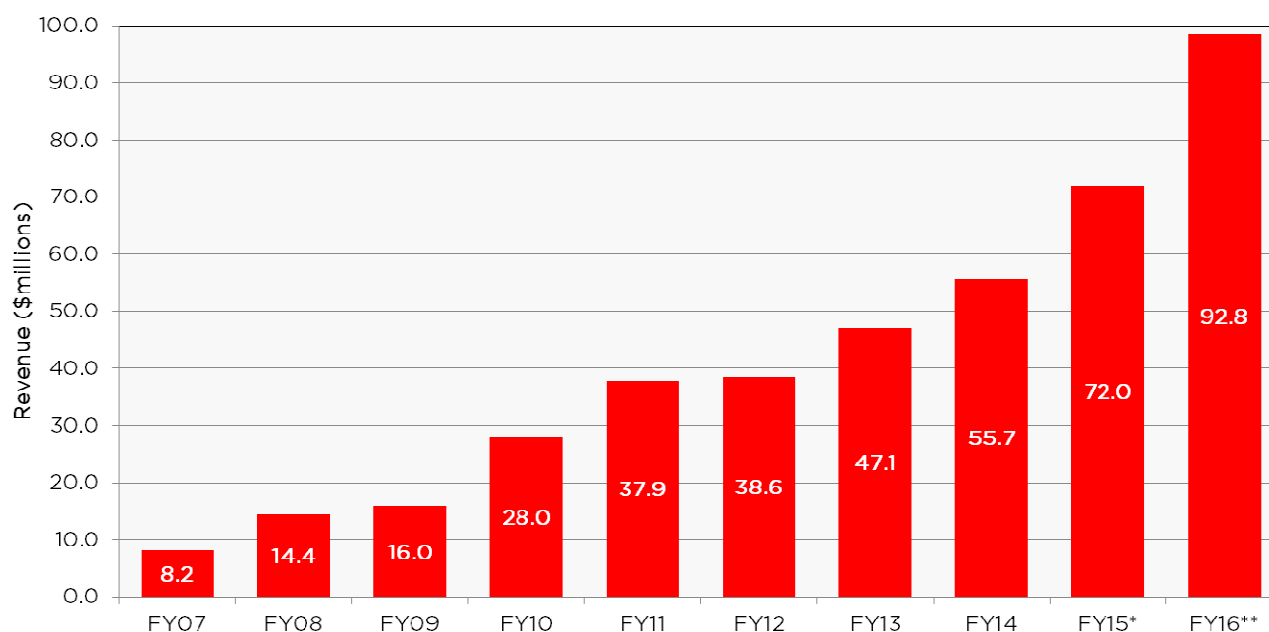
	FY2016	FY2015
Pinnacle Boutiques (100% aggregate basis)		
FUM (\$billion)	19.8	16.1
Revenue (\$million)	92.8	72.0
Net profit before tax	51.5	38.9
Tax expense	(14.9)	(11.4)
Net profit after tax	36.7	27.5
Pinnacle		
Revenue	6.0	5.9
Expenses	(11.3)	(10.3)
Share of Pinnacle Boutiques net profit after tax statutory result	15.9	11.9
Pinnacle Group statutory result #	10.6	7.4

100% of Pinnacle (the Group had a 75.01% interest as at 30 June 2016).

Pinnacle Boutiques - FUM Growth¹



Pinnacle Boutiques - Revenue Growth²



*includes performance fees of \$11.1m - 15.5%

** includes performance fees of \$17.8m - 19.2%

Wilson Group - businesses other than Pinnacle

¹ Pinnacle FUM includes 100% of FUM managed by the Pinnacle Boutiques. At 30 June 2016, the Company had a 75.01% interest in Pinnacle, which in turn has an interest in the Pinnacle Boutiques ranging from 23.5% to 49.9%.

² Revenue shown is 100% of all Pinnacle Boutiques' revenue. This is shown to indicate trend and excludes revenue derived by Pinnacle itself, which is consolidated into the Group's financial statements

During the 2016 financial year, the Wilson Group segment comprised the Priority Funds, Next Financial and Principal Investments. The segment reported a net profit before tax of \$0.6 million for the 2016 financial year, comprised of:

- > Principal Investment gains of \$0.7 million (2015 - \$0.1 million)
- > a profit from the Priority Funds business of \$0.5 million (2015 - \$0.3 million loss); and
- > a loss in Next Financial of \$0.6 million (2015 - \$0.7 million).

On 1 July 2016, the investment management of the Priority Funds was transferred to Spheria Asset Management, a 40% owned Pinnacle boutique. A subsidiary of Pinnacle remains the responsible entity of the funds.

Principal Investments comprises the Group's Investments in equity securities and unit trusts. As at 30 June 2016 the Principal Investments' portfolio included \$7.4 million invested in what is now Spheria Australian MidCap Fund and Spheria Australian Smaller Companies Fund.

On 8 July 2016, Next Financial's Australian Financial Services licence was cancelled.

Capital Management

Net Tangible Assets increased to \$49.6 million or \$0.45 per share up from \$0.40 the in prior year.

The Group continues to have no corporate borrowings.

Dividend

On 17 August 2016, and as a result of the completion of the Pinnacle acquisition, the Board declared a fully franked special dividend of 5 cents per share payable on 9 September 2016.

The Board has also declared a fully franked final dividend of 1.9 cents per share, payable on 3 October 2016 to those shareholders recorded on the register at 15 September 2016.

Board

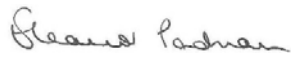
As of 1 September 2016, five new directors will have joined the Board, which will result in a Board comprised of four non-executive directors (three of whom are independent) and three executive directors.

Priorities for the 2017 financial year

- > Continue to provide high quality distribution, Responsible Entity and infrastructure services
- > Support Pinnacle's affiliated fund managers in their maintenance of high standards
- > Remain focused on investing to enable continued strong performance and FUM growth
- > Continue to grow retail FUM
- > Organic Growth and new initiatives within boutiques
- > Continue to assess selected new boutique opportunities

Please do not hesitate to contact me should you require any further information.

Yours faithfully

A handwritten signature in cursive script, appearing to read "Eleanor Padman".

Eleanor Padman
Company Secretary
+61 2 8970 7726



Pinnacle
INVESTMENT MANAGEMENT

Pinnacle Investment Management Group Limited

Annual Results Discussion
for the year ended 30 June 2016

30 August 2016

- Group Overview
- Group FY2016 Financials
- Year in Review
 - Pinnacle
 - Affiliated Boutiques
 - Transition to 100% ownership
- Group Strategy and Priorities for FY2017

- Simplification of corporate structure
 - 100% ownership of Pinnacle completed
 - Consolidated Board/ management teams
 - Further overhead efficiencies
- Pinnacle momentum
 - Strong performance of Boutiques with FUM and revenue growth
 - Antipodes and Spheria both off to strong start
 - Industry Awards continue to be won
- Legacy issues from Securities business and Next Financial being carefully managed with appropriate run off insurance

- A PLATFORM FOR GROWTH
 - Reputation for investment excellence
 - Known by all the key client groups and their key advisers
- Close to an ‘article of faith’ reputation – all ‘best of breed’
- Reasonably diversified/robust
- However, critical to maintain highest standards of service and support to affiliated boutiques
- A good ‘model’

- Transaction update
 - Transaction closed on 25 August 2016
 - Issue of ~37m shares to acquire the remaining 25% of Pinnacle
 - Ian Macoun announced as Managing Director on 17 August 2016 following Alexander Grant's resignation
 - Deborah Beale, Gerard Bradley, Andrew Chambers and Adrian Whittingham to join board on 1 September 2016
 - Special dividend declared of 5 cents per share, to be paid on 9 September 2016
 - Name changed to Pinnacle Investment Management Group Limited (ASX: PNI)

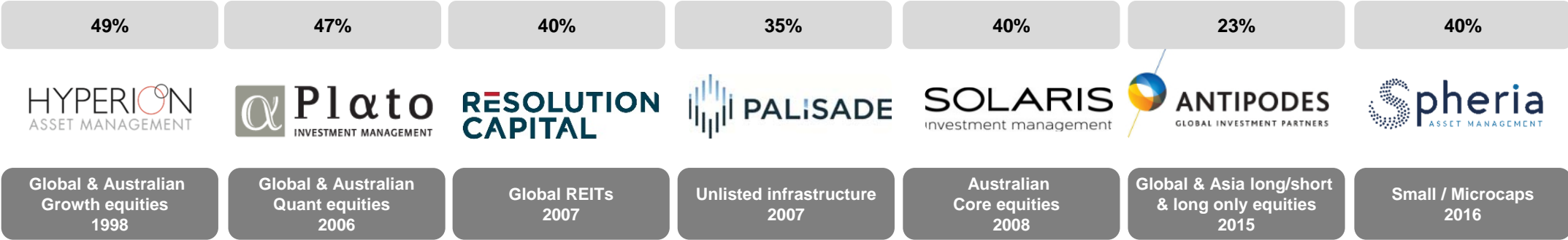
Australia's leading investment "house of affiliated boutiques"

Structure promotes independence, accountability, focus and longevity



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

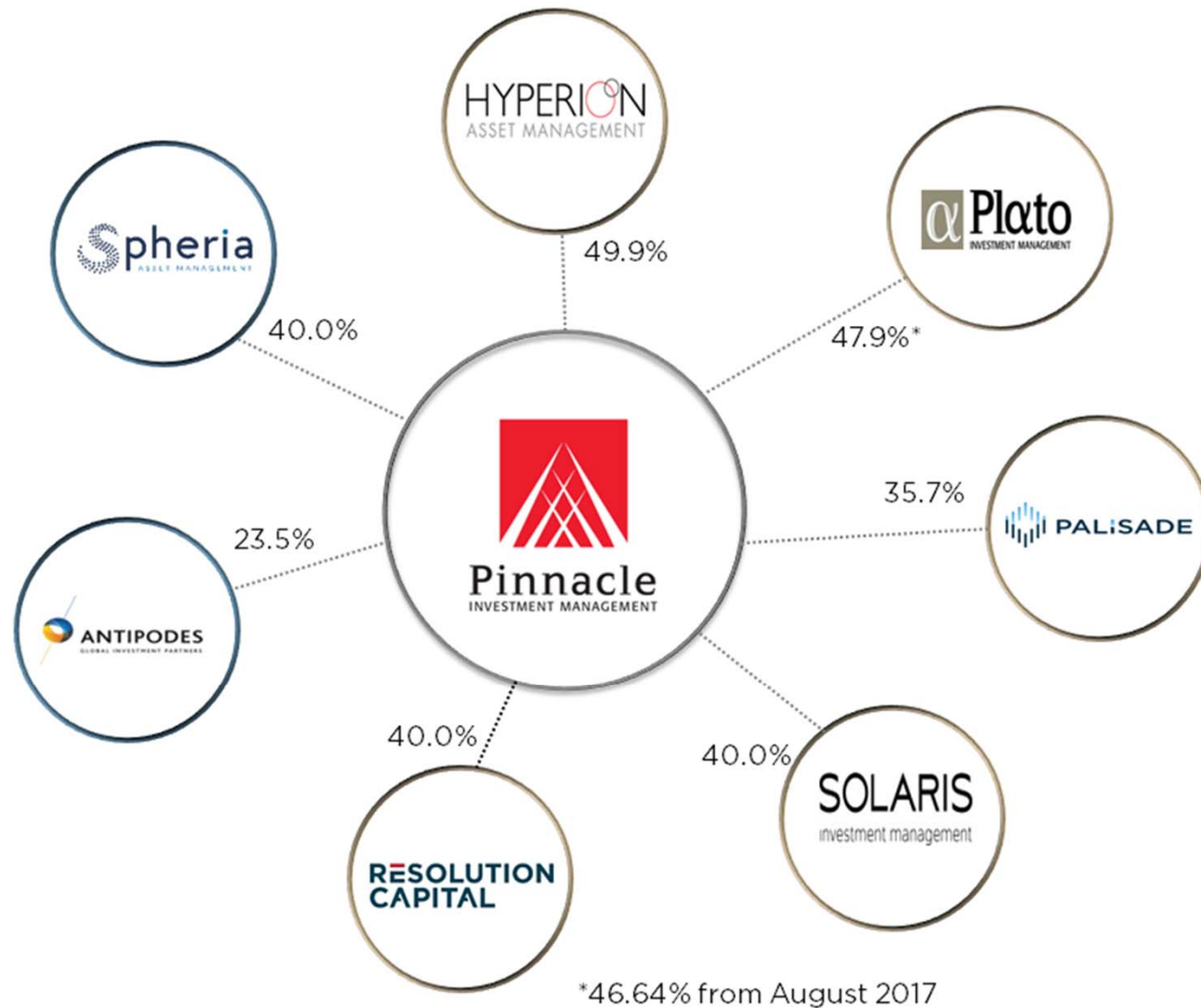
- Seed FUM and working capital
- Distribution and client services
- Middle office and fund administration
- RE, compliance, finance, legal
- Technology and other firm 'infrastructure'
- Interface for outsourced services



Third party distribution



Pinnacle Group Overview



Overview of Boutiques



HYPERION
ASSET MANAGEMENT

- » Hyperion Asset Management (49% owned by Pinnacle) – a specialist manager of Australian equities following a growth style.



PALISADE

- » Palisade Investment Partners (35% owned by Pinnacle) – a specialist manager of unlisted infrastructure assets with both pooled funds and separately managed portfolios for institutional investors.



Plato
INVESTMENT MANAGEMENT

- » Plato Investment Management (48% owned by Pinnacle) – a specialist manager of Australian equities following a quantitative style.



SOLARIS
investment management

- » Solaris Investment Management Limited (40% owned by Pinnacle) a specialist manager of Australian equities following a style-neutral approach to investing.



RESOLUTION
CAPITAL

- » Resolution Capital (40% owned by Pinnacle) – a specialist manager of Australian and global listed real estate securities portfolios.



Spheria
ASSET MANAGEMENT

- » Spheria Asset Management (40% owned by Pinnacle) - a fundamental-based investment manager with a bottom-up focus specialising in small and microcap companies.



ANTIPODES
GLOBAL INVESTMENT PARTNERS

- » Antipodes Partners (23.5% owned by Pinnacle) – an International Equities manager.

Boutiques – FY16 performance



- » Australian Growth Companies Fund – absolute performance of 15.6% after fees; Hyperion Small Growth Companies Fund – absolute performance of 16.9% after fees; Hyperion Global Growth Companies Fund – 10.6% gross return for the year.



- » Funds under management and investor commitments of \$2.3 billion as at 30 June (2015: \$2.0 billion). Overall rates of return of between 11.9% and 17.8% from various funds and individual portfolios managed by Palisade.



- » Funds under management increased to over \$3.0 billion. All of Plato's beta one strategies have outperformed their benchmarks. Global equity income strategy has been well received.



- » Funds under management of \$4.6 billion as at 30 June 2016. Core strategy outperformed the S&P/ASX200 index by 1.9% for the year ended 30 June 2016.



**RESOLUTION
CAPITAL**

» Funds under management grew to \$4.6 billion up 17.9%. Long term out-performance remains pleasing. Business continues to make good progress on ambition to diversify its client base.



ANTIPODES
GLOBAL INVESTMENT PARTNERS

» Pragmatic value manager of global and Asian equities, seeks to build high conviction portfolios with a capital preservation focus. Antipodes LIC (ASX : APL) launched on 15 August 2016.



Spheria
ASSET MANAGEMENT

» Commenced operations in April 2016. Appointed as investment manager to Priority Core Fund (now Spheria Australian Mid Cap Fund) and Priority Growth Fund (now Spheria Australian Smaller Companies Fund). \$164 million in funds under management as at 31 July 2016.

(A\$m) Year ending	30 Jun 2016	30 Jun 2015
Pinnacle (100%)	10.6	7.4⁽¹⁾
Principal Investments	0.7	0.1
Priority Funds	0.5	(0.3)
Next Financial	(0.6)	(0.7)
Wilson Group	0.6	(0.9)
Group Overhead (unallocated)	(2.7)	(2.2)
Profit before tax from continuing operations	8.5	4.3
Tax benefit/(expense)	(0.1)	1.2
Profit after tax from continuing operations before minorities before DTA de-recognition in FY2015	8.4	5.5
Minorities	(2.6)	(1.6)
Profit/(loss) from continuing operations attributable to shareholders before DTA de-recognition in FY2015	5.8	3.9
Discontinued operations/DTA recognition (2)	(1.2)	(12.9)
Profit/ (loss)	4.5	(9.0)
Earnings per share		
- Continuing operations ⁽³⁾	5.2	3.6
- Total including discontinued operations and DTA de-recognition in FY2015	4.1	(8.5)

- Strong growth in Pinnacle earnings
- Increase in group overhead includes one off costs
- 49% increase in profit after tax from continuing earnings
- PNI to receive 100% of its share in boutiques profits in FY17

(1) In FY2015 \$0.1m of Group costs allocated to Pinnacle.

(2) For FY2015 loss from discontinued operations was \$3.4m and deferred tax asset de-recognition of \$9.4m.

(3) Excludes de-recognition of the deferred tax asset.

Pinnacle financial highlights

(A\$m) Year ending	30 Jun 2016	30 Jun 2015	Variance
FUM (\$bn; end of year)	19.8	16.1	23.0%
Total Boutique revenues	92.8	72.0	28.9%
Pinnacle revenue	6.0	5.9	2.4%
Share of Boutique profits	15.9	11.9	33.4%
Expenses	(11.3)	(10.3)	10.1%
Total Pinnacle profit	10.6	7.4	43%
Pinnacle minorities	(2.7)	(1.6)	
Net Pinnacle profit attributable to shareholders	8.0	5.9	34.4%

- Strong FUM and revenue growth at the boutiques
- Total Boutique Revenues of \$92.8m, including \$17.8m (or 19.2%) in performance fees (FY15: \$11.1m – 15.5% of \$72.0m in Performance Fees)
- Pinnacle NPAT of \$10.6m, 43% increase over prior year

A\$m – 30 June 2016

Current assets

Cash and equivalents	13.6
Financial assets	10.9
Total cash and financial assets	24.5
Other current assets	8.3
Total current assets	32.8

Non-current assets

Investment in boutiques	24.5
Other	1.1
Total non-current assets	25.6
Total assets	58.4

Total liabilities	8.8
--------------------------	------------

Net assets	49.6
-------------------	-------------

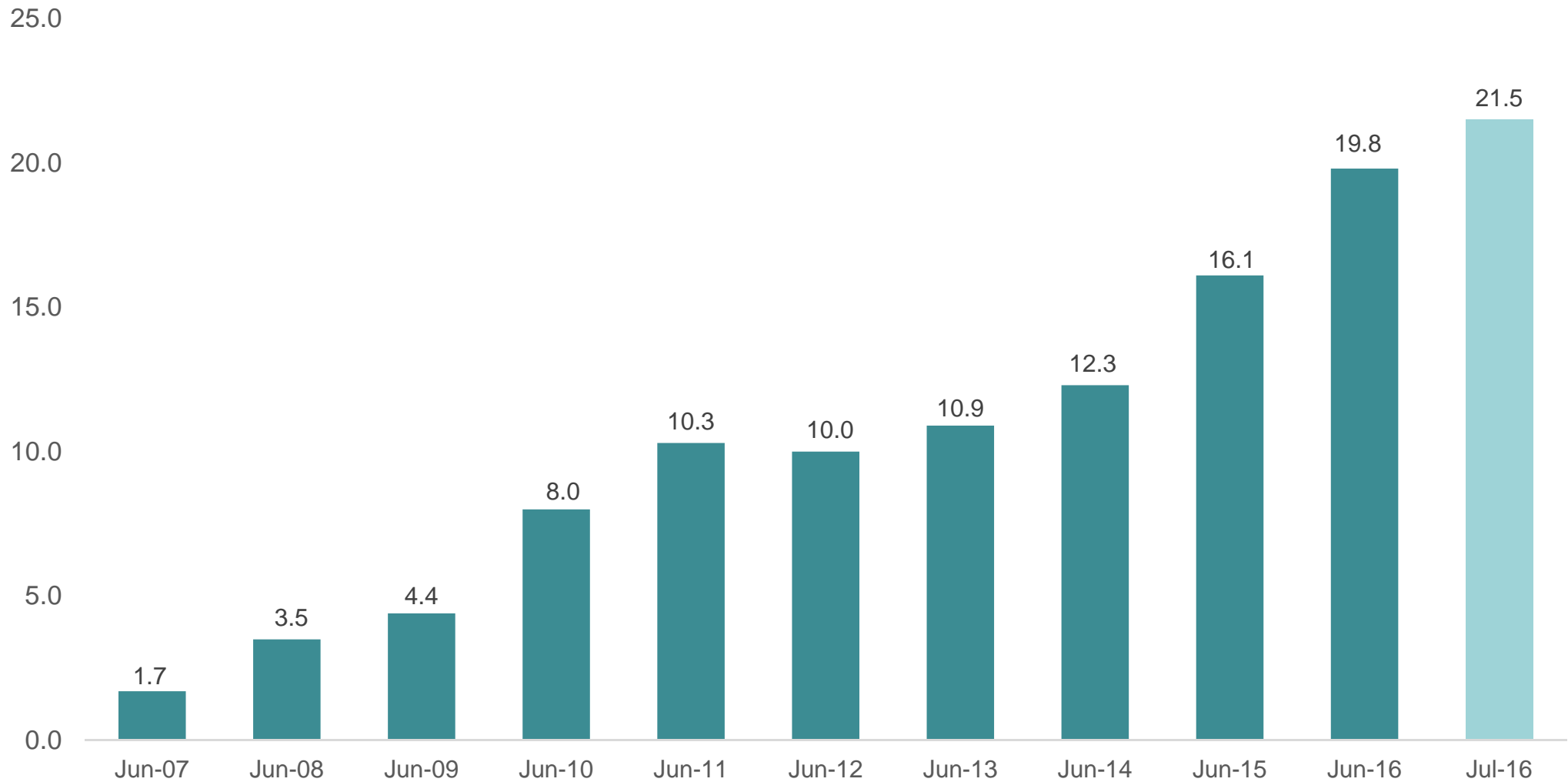
Pinnacle minorities	6.5
---------------------	-----

Net shareholders equity	43.1
--------------------------------	-------------

- Cash and Principal Investments of \$24.5
- Excludes post balance date impacts including:
 - special dividend of \$5.5m (5 cents per share)
 - final dividend of \$2.8m (1.9 cents per share)
 - employee loans of \$3m associated with acquisition of shares from Deutsche Bank

Consistent growth in FUM

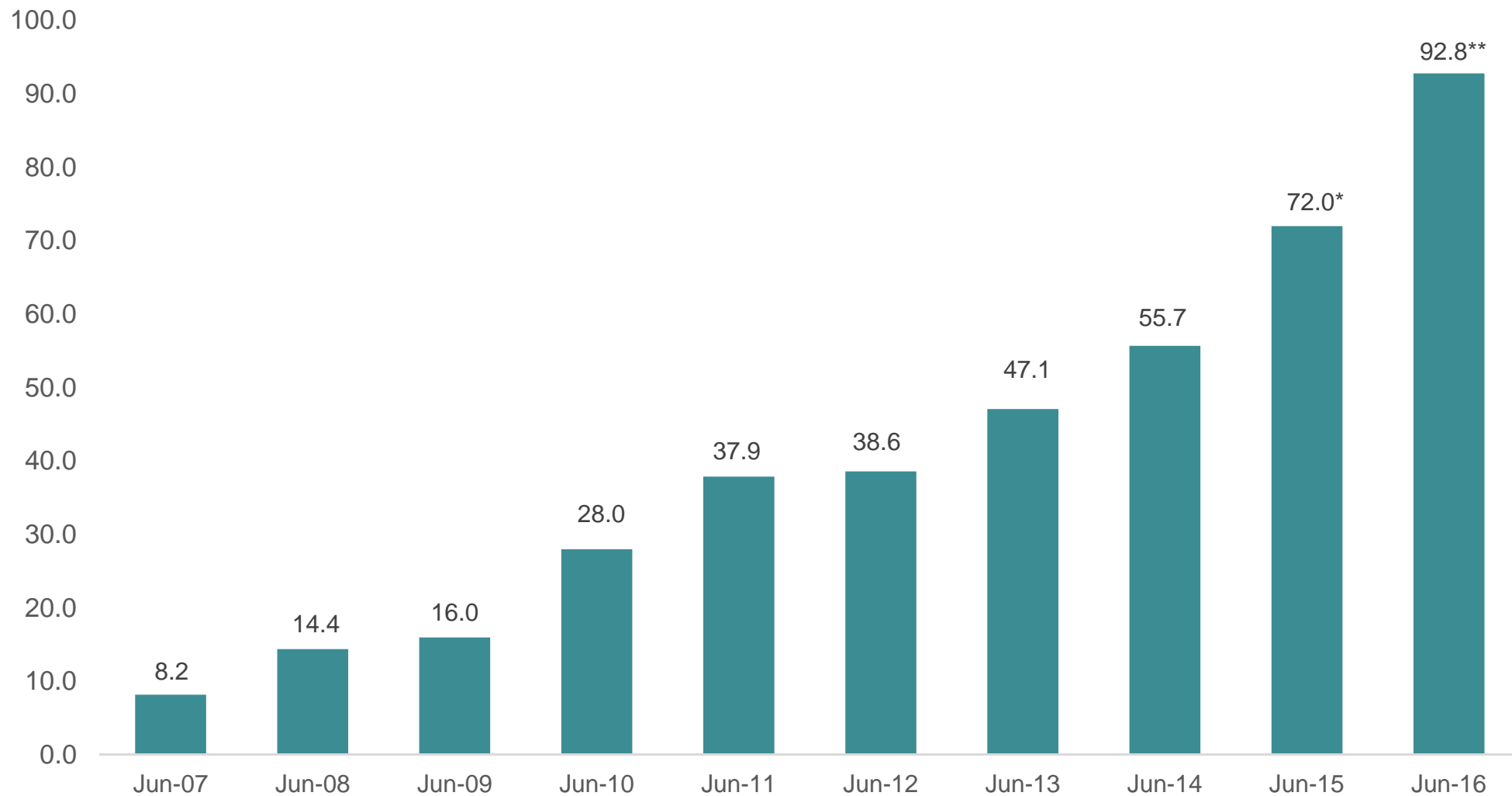
Pinnacle funds under management (\$bn)



Consistent growth in affiliated boutique revenues



Total Boutique revenues (\$m)



*2015 - includes performance fees of \$11.1m - 15.5%

**2016 - includes performance fees of \$17.8m - 19.2%

	1Y	3Y	Inception	Inception date
Pinnacle Investment Management				
Hyperion Asset Management - Gross Performance				
Hyperion Australian Growth Companies Fund	19.35%	16.52%	13.57%	1/10/2002
<i>Returns in excess of benchmark</i>	16.50%	8.46%	4.34%	
Hyperion Small Growth Companies Fund	24.34%	18.89%	19.12%	1/10/2002
<i>Returns in excess of benchmark</i>	2.05%	10.17%	11.82%	
Hyperion Global Growth Companies Fund	5.26%		21.52%	22/05/2014
<i>Returns in excess of benchmark</i>	8.53%		7.45%	
Plato Asset Management - Gross Performance				
Plato Australian Shares Core Fund	1.42%	9.39%	5.86%	30/10/2006
<i>Returns in excess of benchmark</i>	-1.43%	1.33%	1.07%	
Plato Australian Shares Equity Income Fund - Class A	4.91%	11.88%	15.15%	9/09/2011
<i>Returns in excess of benchmark</i>	0.68%	2.08%	2.86%	
Plato Global Shares Income Fund			-0.88%	30/11/2015
<i>Returns in excess of benchmark</i>			1.14%	
Solaris Investment Management - Gross Performance				
Solaris Core Australian Equity Fund	4.10%	10.81%	5.61%	9/01/2008
<i>Returns in excess of benchmark</i>	1.72%	2.77%	2.11%	
Solaris High Alpha Australian Equity Fund	4.21%	10.81%	6.40%	4/02/2008
<i>Returns in excess of benchmark</i>	1.83%	2.78%	2.42%	
Resolution Capital - Gross Performance				
Resolution Capital Core Plus Property Securities Fund	25.27%	21.35%	10.44%	30/09/2008
<i>Returns in excess of benchmark</i>	1.04%	0.52%	2.58%	
Resolution Capital Global Property Securities Fund	12.40%	16.10%	13.66%	30/09/2008
<i>Returns in excess of benchmark</i>	-0.22%	2.04%	4.64%	
Palisade Investment Partners - Gross Performance				
Palisade Diversified Infrastructure Fund	11.99%	12.33%	9.77%	1/08/2008
Palisade Australian Social Infrastructure Fund	19.82%	17.44%	18.27%	31/05/2011
Antipodes Partners - Gross Performance				
Global Fund	4.81%		9.55%	1/07/2015
<i>Returns in excess of benchmark</i>	8.61%		8.12%	
Global Long Only	1.51%		6.16%	1/07/2015
<i>Returns in excess of benchmark</i>	5.32%		4.74%	
Asia Fund - net return	-0.19%		-1.19%	1/07/2015
<i>Returns in excess of benchmark</i>	4.62%		4.98%	



Horizon 1

- Sustain organic growth of the existing business of each boutique

Horizon 2

- New boutiques and 'non-capital' parent growth initiatives (direct-to-retail, offshore)
- Reasonable limits to be set given 'drag' on Pinnacle financials

Horizon 3

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



Any costs internally funded by the boutique

- » Continue to provide high quality distribution, Responsible Entity and infrastructure services
- » Support the affiliated fund managers in their maintenance of high standards
- » Remain focused on investing to enable continued strong performance and FUM growth
- » Continue to grow retail FUM
- » Organic Growth and new initiatives within boutiques
- » Continue to assess selected new boutique opportunities

- This presentation has been prepared by Pinnacle Investment Management Group Limited (PNI). The information in this presentation is current as at 30 August 2016.
- This presentation is not an offer or invitation for subscription or purchase of securities or a recommendation with respect to any security. Information in this presentation should not be considered advice and does not take into account the investment objectives, financial situation and particular needs of an investor. Before making an investment in PNI, any investor should consider whether such an investment is appropriate to their needs, objectives and circumstances and consult with an investment adviser if necessary. Past performance is not a reliable indication of future performance.
- PNI has prepared this presentation based on information available to it. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, none of PNI, its directors, employees or agents, nor any other person accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it.
- Pinnacle Fund Services Limited (ABN 29 082 494 362 AFSL 238371) is the product issuer of funds in this presentation that are managed by Plato Investment Limited (ABN 77 120 730 136, AFSL AR 304964 of Pinnacle Investment Management Limited AFSL 322140), Spheria Asset Management Pty Limited (ABN 42 611 081 326 AFSL AR 1240979 of Pinnacle Investment Management Limited AFSL 322140), Antipodes Partners Limited (ABN 29 602 042 035 AFSL 481580), Hyperion Asset Management Limited (ABN 80 080 135 897 AFSL 238380) and Resolution Capital Limited (ABN 50 108 584 167 AFSL 274491). Pinnacle Fund Services Limited is not licensed to provide financial product advice. The product disclosure statements of funds issued by Pinnacle Fund Services Limited are accessible on the relevant investment manager's website via www.pinnacleinvestment.com.au/investment-managers. Any potential investor should read the relevant product disclosure statement in its entirety and consult their financial adviser before making an investment decision. Past performance is not a reliable indicator of future performance.