



Pinnacle
INVESTMENT MANAGEMENT

Pinnacle Investment Management Group Limited

23 January 2017

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Acceptance

By attending an investor presentation or briefing, or accepting, accessing or reviewing this presentation you acknowledge and agree to the terms set out in the important notice & disclaimer.

Capital raising overview

- Pinnacle has completed a placement of \$30 million
 - Fully underwritten placement of approximately 12.5 million shares to institutional and sophisticated investors
- Placement price of \$2.40 represents:
 - A discount of 1.2% to Pinnacle's share price of \$2.43 per share on 23 January 2017
 - A discount of 2.5% to Pinnacle's 5-day VWAP to 23 January 2017 of \$2.46
- Represents approximately 8.3% of Pinnacle's existing share capital
- New shares will rank equally with existing shares
- Additional capital to support Pinnacle's strategy to grow funds under management and profitability through:
 - Organic growth from existing affiliates;
 - Supporting the creation of new investment managers; and
 - Making acquisitions when attractive opportunities arise

Pinnacle overview

- Pinnacle is an investment management firm providing affiliated investment managers with the infrastructure, resources and distribution required to generate superior performance
- Founded in 2006, Pinnacle currently holds an equity interest in seven specialist investment managers
- Funds under management of \$23.3 billion as at 31 December 2016
- All of Pinnacle's affiliated investment managers have outperformed their benchmarks from inception and over the five years to 31 December 2016
- Pinnacle was recently recognised as the 2016 Distributor of the Year by the Zenith Fund Awards

Australia's leading investment "house of affiliated investment managers"



Structure promotes independence, accountability, focus and longevity



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

Seed FUM and working capital

RE, compliance, finance, legal

Distribution and client services

Technology and other firm 'infrastructure'

Middle office and fund administration

Interface for outsourced services

50.0%

47.9%

40.0%

35.7%

40.0%

23.5%

40.0%

HYPERION
ASSET MANAGEMENT

Plato
INVESTMENT MANAGEMENT

RESOLUTION
CAPITAL

PALISADE

SOLARIS
investment management

ANTIPODES
GLOBAL INVESTMENT PARTNERS

Spheria
ASSET MANAGEMENT

Global & Australian equities
1996

Global & Australian Quant equities
2006

Global REITs
2007

Unlisted infrastructure
2007

Australian Core equities
2008

Global & Asia long/short & long only equities
2015

Small / Microcaps
2016

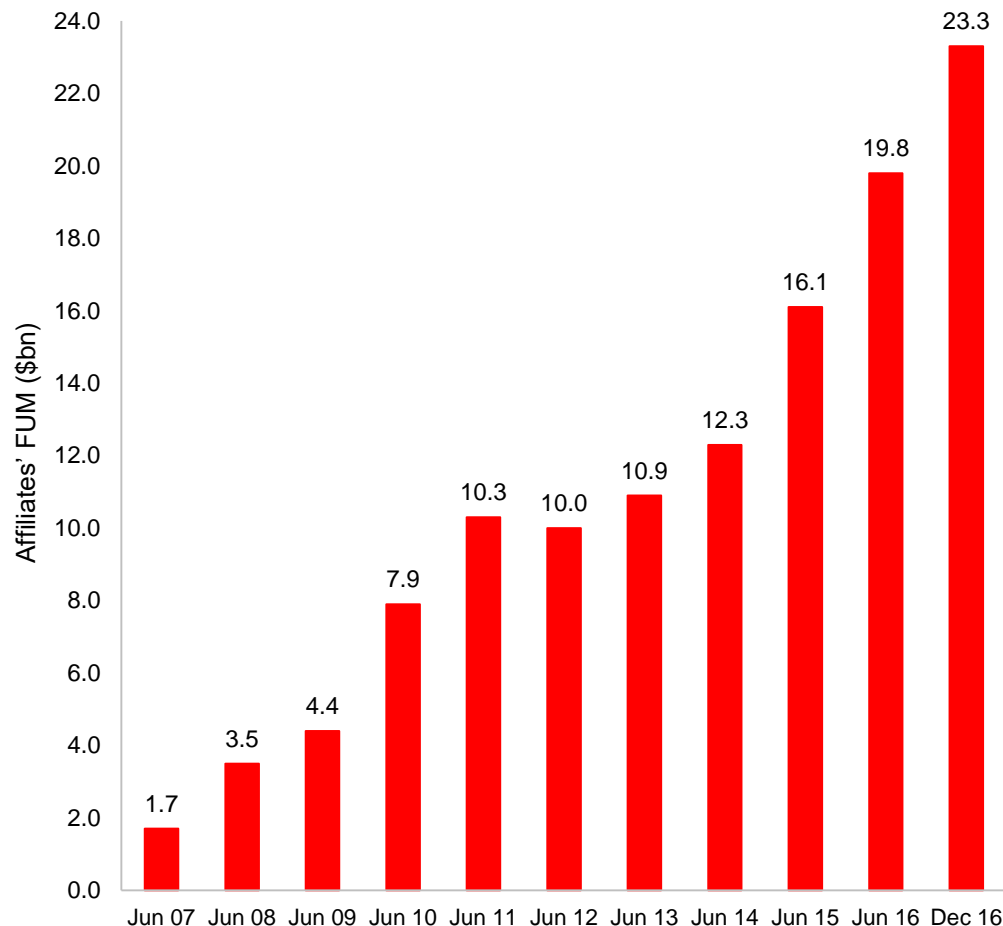
Third party distribution

METRICS CREDIT
PARTNERS

SIGMA
FUNDS MANAGEMENT

Pinnacle: Funds under management

Aggregate funds under management (\$bn)⁽¹⁾

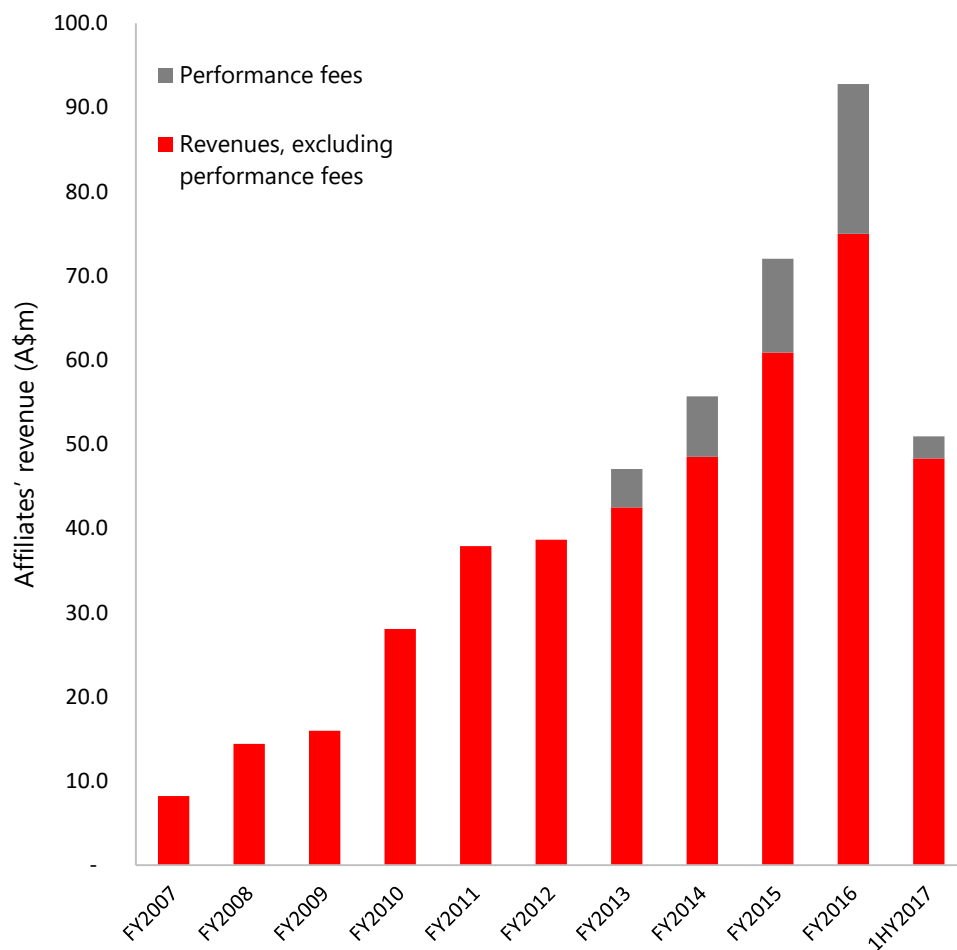


(1) Pinnacle FUM is 100% of FUM managed by Pinnacle affiliates.

- Current FUM of \$23.3 billion
- FUM has grown at a CAGR of 32.5% p.a. over the last ten years
- Increase in FUM of \$3.58 billion in the six months to 31 December 2016, driven by net inflows of \$2.44 billion and market movements/investment performance of \$1.14 billion
- Of the \$2.44 billion of net inflows in the six months to 31 December 2016, over \$1 billion, including the Antipodes LIC, was retail
- Recently established affiliates, Antipodes and Spheria have grown rapidly since inception
 - Antipodes FUM exceeded \$2.2 billion as at 31 December 2016 following the successful IPO of Antipodes Global Investment Company (ASX:APL)

Pinnacle: 1HY17 results

Aggregate affiliate revenues (\$m)⁽¹⁾



- Pinnacle expects to report the following results for the six months ended 31 December 2016:
 - Group NPAT from continuing operations of \$3.0 million, compared to \$2.0 million in 1HY16
 - EPS from continuing operations of 2.1 cents per share, compared to 1HY16 EPS of 1.8 cents per share
 - Expects to declare a fully franked interim dividend of at least 2.2 cents per share payable in March or April 2017
 - Cash and Principal Investments of \$14.7 million as at 31 December 2016

(1) Revenue shown is 100% of all Pinnacle Affiliates' revenue. Fees not split between Performance and Base prior to FY2012/13.

Note: Refer to the 'business and acquisitions risks' section of this presentation.

Pinnacle: FY17 outlook

- Pinnacle expects to report the following for the full year ended 30 June 2017:

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

Note: FY16 NPAT numbers adjusted to add back effect of minorities.

EPS calculations include dilutive effect of new share capital, but assumes zero contribution from new capital raised for FY17.

Dilution assumes approximately 12.5m shares issued, and in issue from 1st February 2017.

- Performance fees are only included in Pinnacle's financial statements once they have been definitely earned and crystallised, resulting in expectations for second half year results exceeding first half year results.
- Note that results may be influenced by a range of factors.
- FY17 outlook does not account for any contribution from new capital raised.

Growth Horizons Framework

Horizon 1

- Sustain organic growth of the existing business of each affiliated IM

Horizon 2

- New affiliated 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 affiliated IM

Horizon 3 - Takeover offer for Hunter Hall

- Hunter Hall (ASX:HHL) has total of FUM ~\$1.0 billion as of 31 December 2016
- Takeover offer of \$1.50 cash per share for 100% of Hunter Hall
- Proposed price represents 50% premium to the Washington H. Soul Pattinson & Co. offer of \$1.00 cash per share announced on 30 December 2016
- Intention to increase the offer to \$2.00 per share (subject to satisfaction of some additional conditions) if more than 50% acceptances
- The cash consideration will be funded from Pinnacle's cash reserves (including the proceeds of the announced \$30 million placement) and borrowings
- Limited conditions:
 - no prescribed occurrences occurring in respect of Hunter Hall;
 - Hunter Hall continues to operate its business in the ordinary course and does not undertake certain significant corporate actions (including amending its constitution, or assuming or discharging substantial obligations); and
 - no existence of certain rights triggered by a change in control of Hunter Hall

Pinnacle value add to Hunter Hall

- Pinnacle has the expertise and track record to manage Hunter Hall's transition following the exit of Chief Executive Officer and Chief Investment Officer, Peter Hall
- ✓ **Strong FUM growth**
 - Pinnacle had FUM of \$23.3 billion as at 31 December 2016
 - Strong growth with a CAGR of 32.5% over the last ten years
- ✓ **Outstanding performance of Affiliates**
 - Pinnacle's seven affiliates have all demonstrated consistently outstanding performance
 - All have exceeded their benchmarks since inception and over the past five years to 31 December 2016
- ✓ **Substantial experience in succession planning**
 - Pinnacle has managed the transitions following the departure/retirement of the founding Managing Directors of three of Pinnacle's affiliates
 - These affiliates have all demonstrated impressive performance subsequent to such transitions
- ✓ **Affiliates have been leaders in environmental, social and governance investing**
 - Pinnacle's affiliates have significant experience running ethically screened portfolios
 - Most are signatories of both the United Nations Principles of Responsible Investing (UNPRI) and ESG RA, which has the objective of increasing the quality of ESG-inclusive stock broker research in Australia
 - Pinnacle also shares Hunter Hall's philanthropic values, which it implements through initiatives such as the Pinnacle Charitable Foundation

Timetable

Event	Date
Announcement of takeover Offer and Placement	Monday, 23 January 2017
Placement bookbuild (open and close)	Monday, 23 January 2017
Settlement of Placement	Monday, 30 January 2017
Allotment and Quotation of shares under the Placement	Tuesday, 31 January 2017

Business and acquisition risks

This section discusses some of the specific risks associated with an investment in the Company. There are also a number of general risks, such as global economic conditions, share price fluctuations and force majeure events which are relevant to any investment in securities. These risks may individually or in combination have a material adverse impact on Pinnacle's business, operating and financial performance.

The risk factors set out below are not exhaustive, and many of them are outside the control of Pinnacle and its directors. There is no guarantee or assurance that the importance of different risks will not change or other risks will not emerge. Prospective investors should consider publicly available information on Pinnacle, examine the full content of this presentation (including any assumptions underlying prospective financial information) and consult their financial, tax and other professional advisers before making an investment decision.

Company specific risk factors

Investment strategy risk

The Group's results and outlook are influenced by prevailing equity market conditions, and to a lesser extent, by broader economic trends and investor sentiment. There is no guarantee that Pinnacle's affiliates will continue to outperform, or meet their investment objectives. Past performance is not a reliable indication of future performance.

Use of proceeds and acquisition risk

Pinnacle intends to utilise the additional capital to support its strategy to grow funds under management (FUM) and profitability through organic growth from its existing investment affiliates (Affiliates), supporting the creation of new investment managers, and making acquisitions including the proposed offer for Hunter Hall. There is a risk that Pinnacle may not deploy the funds in the near future as it may not be successful in identifying or completing any material growth opportunities (including Hunter Hall).

Further, if Pinnacle does acquire shares in Hunter Hall International through the Transaction, it is possible that the results arising from that investment are weaker than those indicated by Pinnacle's analysis and this may have an adverse effect on the financial position, performance and/or share price of Pinnacle.

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- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.