

28 August 2018

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) FY2018 financial results

Pinnacle Investment Management Group Limited (**Pinnacle**) is pleased to advise shareholders that the net profit after tax from continuing operations attributable to shareholders for the year was **\$23.1 million**, compared with \$12.0 million for FY17.

Highlights of the financial results are as follows:

- > Net profit after tax from continuing operations attributable to shareholders of \$23.1 million up 92.5% from \$12.0 million in FY17.
- > Earnings per share from continuing operations of 14.3 cents up 76.5% from 8.1 cents in FY17.
- > Fully franked final dividend per share of 7.0 cents up 45.8% from 4.8 cents in PCP.
- > Pinnacle's share of Affiliates NPAT \$24.9 million up 41.4% from \$17.6 million in PCP.
- > Pinnacle funds under management (**FUM**) of \$38.0 billion at 30 June 2018, up 17.6% from \$32.3 billion at 31 December 2017 and up 43.4% from \$26.5 billion at 30 June 2017.

Pinnacle's Chairman, Alan Watson, commented: *"The 2018 financial year marked a significant step-up in Pinnacle's breadth and depth of activities as the business continued its growth. This was based upon a combination of strong growth in funds under management and financial results from existing Affiliates, a careful expansion of Pinnacle's own distribution activities and, more recently, the introduction of new Affiliates. These activities delivered NPAT from continuing operations of \$23.1 million, representing basic earnings per share of 14.3 cents, up 76.5% from the 2017 financial year. Similarly, total fully franked dividends declared for the year rose 66% to 11.6 cents per share. In addition, Pinnacle retained a robust and flexible balance sheet, with no debt, and cash and principal investments of \$31.4 million at the end of the year. This was further enhanced in late July, with the completion of an institutional placement of new equity raising \$60m at \$5.50 per share, which was a 1.3% discount to the prevailing 5-day VWAP, combined with a \$10m share purchase plan. We thank our existing shareholders for their continued support and welcome new shareholders to Pinnacle."*

Pinnacle's Managing Director, Ian Macoun commented: "Pinnacle's focus remained on continuing to support each of our Affiliates and assisting them to grow their business and profitability, as well as expanding our distribution and infrastructure capabilities to support future growth. We continue to diversify the business with new, high quality Affiliates, adding Firetrail during the financial year and, since the end of the year, Metrics Credit and Omega Global Investors. The quality of the Affiliates was affirmed and again demonstrated, including by the investment returns they produced and the strength of market interest and support for their investment offerings, resulting again in record FUM and FUM inflows."

Composition of Group Results

The profit after tax from continuing operations attributable to shareholders for the 2018 financial year was \$23.1 million, reflecting earnings per share of 14.3 cents compared with 8.1 cents per share in the 2017 financial year. Profit from discontinued operations for the 2017 financial year was \$0.3 million, primarily due to the payment received from Wilsons Advisory for use of the deferred tax asset transferred on separation, delivering an overall NPAT attributable to shareholders of \$23.4million.

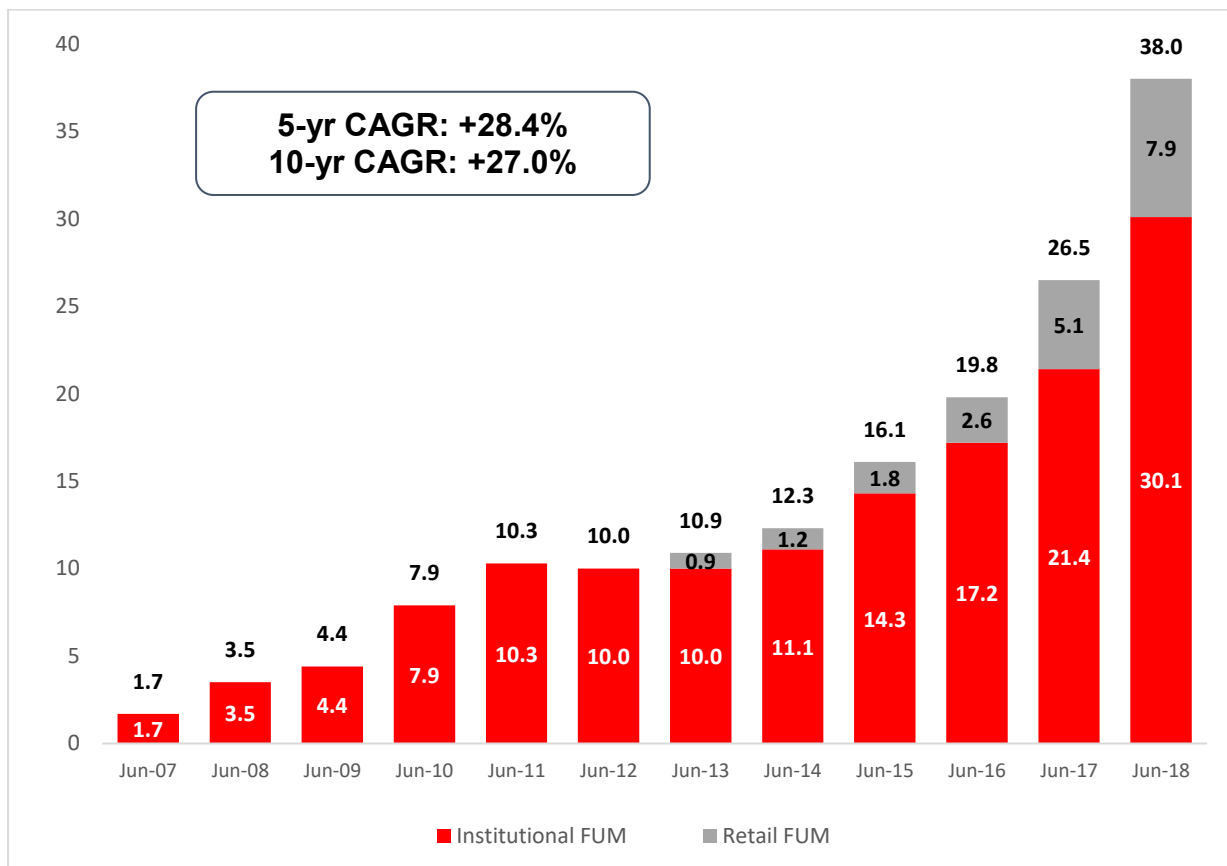
The 2018 financial year saw strong performance in Pinnacle's affiliated investment managers, with record FUM, FUM inflows and Affiliate revenues achieved. Pinnacle's share of net profit after tax from its equity interests in Affiliates was \$24.9m, up 41.4% from the previous year. Revenues and costs within Pinnacle itself grew significantly, as the business strengthens ahead of further growth and diversification.

	FY2018	FY2017	YoY change
Pinnacle			
Revenue	16.5	10.9	51.4%
Expenses	(18.3)	(16.4)	11.6%
Share of Pinnacle Affiliates net profit after tax	24.9	17.6	41.4%
Net profit before tax (NPBT) from continuing operations	23.1	12.1	90.9%
Minority interests	-	(0.1)	
NPBT from continuing operations attributable to shareholders	23.1	12.0	92.5%
Taxation	-	-	
NPAT from continuing operations attributable to shareholders	23.1	12.0	92.5%
Discontinued operations	0.3	1.1	(72.7%)
Total profit attributable to shareholders	23.4	13.1	78.6%
Basic earnings per share:			
From continuing operations	14.3	8.1	76.5%
Total attributable to shareholders	14.5	8.9	62.9%
Diluted earnings per share:			
From continuing operations	13.2	7.6	73.7%
Total attributable to shareholders	13.4	8.2	63.4%

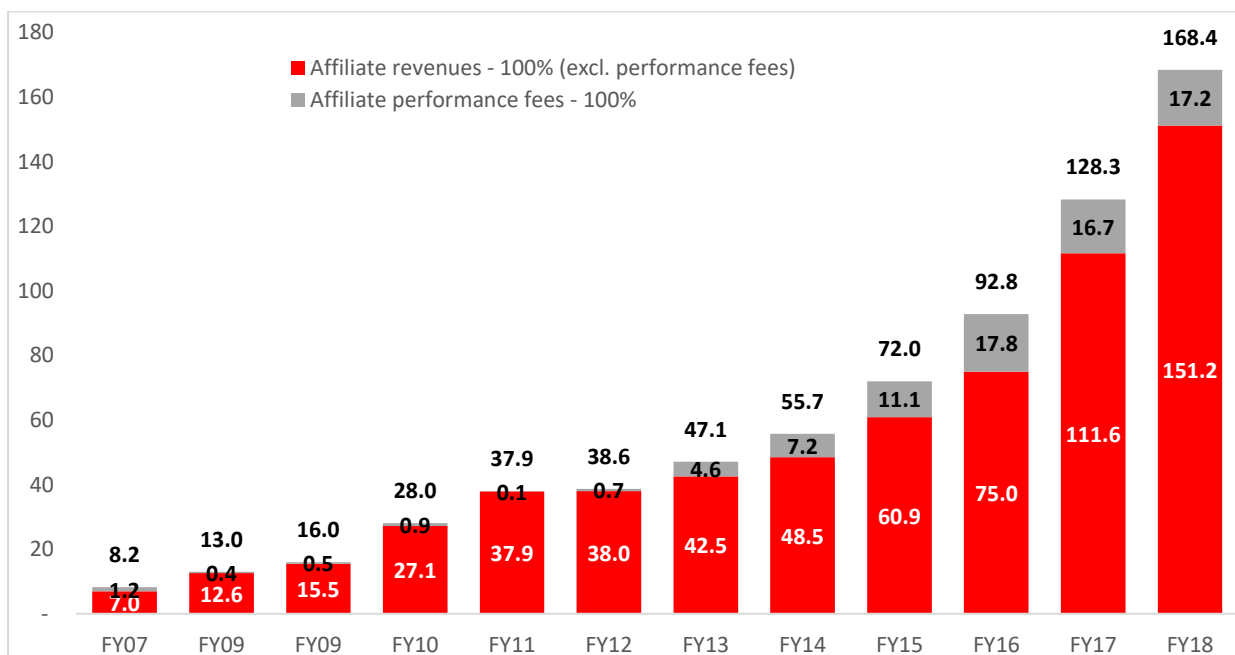
Aggregate FUM of the Pinnacle Affiliates was \$38.0 billion at 30 June 2018, up 17.6% from \$32.3 billion at 31 December 2017 and up 43.4% from \$26.5 billion at 30 June 2017.

	FY2018	FY2017	YoY change
Pinnacle Affiliates (100% aggregate basis)			
FUM (\$billion)	38.0	26.5	43.4%
Revenue (\$million)	168.4	128.3	31.3%
Net profit before tax	88.9	62.7	41.8%
Tax expense	(27.3)	(19.1)	42.9%
Net profit after tax	61.6	43.6	41.3%

Pinnacle Affiliates – FUM Growth¹



Pinnacle Affiliates – Revenue Growth²



¹Pinnacle FUM is 100% of FUM managed by Pinnacle Affiliates.

²Revenue shown is 100% of all Pinnacle Affiliates' revenue; fees not split between Performance and Base prior to FY2013

Dividend

The Board reminds its shareholders that it resolved to pay a fully franked final dividend of 7.0 cents per share to shareholders recorded on the register on 21 September 2018 and payable on 5 October 2018.

The Dividend Reinvestment Plan (**DRP**) is applicable to this dividend. Please contact our share registry, Computershare Investor Services Pty Limited by calling 1300 850 505 or online at www.investorcentre.com/contact to obtain a DRP election form to participate in the DRP in respect of this dividend.

Appointment of Non-Executive Director

Pinnacle is pleased to announce that Ms. Lorraine Berends will be appointed to the Board on 1st September, in anticipation of the retirement of Mr. Steven Wilson at the AGM in October. Ms. Berends has worked in the financial services industry for over 35 years and possesses extensive experience in both investment management and superannuation. Before moving to a non-executive career in 2014 she worked for 15 years with US-based investment manager Marvin & Palmer Associates. Ms. Berends contributed extensively to industry associations throughout her executive career, serving on the boards of the Investment Management Consultants Association (IMCA Australia) for 13 years (7 as Chair) and the Association of Superannuation Funds Australia (ASFA) for 12 years (3 as Chair). Ms. Berends has been awarded Life Membership of both IMCA Australia and ASFA. She holds a BSc from Monash University and is a Fellow of the Actuaries Institute and a Fellow of ASFA. Pinnacle is delighted to welcome Ms. Berends to the Board.

FY2018 results teleconference

Investors and analysts are invited to attend a teleconference on 28 August 2018 with Alan Watson (Chairman), Ian Macoun (Managing Director) and Adrian Whittingham (Director, Distribution) who will discuss the FY 2018 financial results and answer questions.

Please note that the call will be available via teleconference only. There will be no live audience. However, a recording of the call will be made available on Pinnacle's website shortly after it is completed.

Date: Tuesday, 28 August 2018

Time: 9.00 am (AEST)

If you would like to join via teleconference, please use the following dial-in numbers:

Dial in numbers:	Australia	(02) 8373 3507
	International	+61 2 8373 3550
Conference ID	8178972	

Please contact Ian Macoun on +61 2 8970 7700 if you require any further information.

Calvin Kwok

General Counsel and Company Secretary



Pinnacle
INVESTMENT MANAGEMENT

Pinnacle Investment Management Group Limited (PNI)

Annual Results Discussion
for the year ended 30 June 2018

28 August 2018

- FY18 Financial Highlights
- FY18 Business Highlights
- FY18 Results Discussion
- Business Focus
- Distribution Update
- Pinnacle Outlook
- Group Overview

Pinnacle Full Year Results

	FY2018	FY2017	YoY change
Pinnacle Affiliates (100% aggregate basis)			
FUM (\$billion)	38.0	26.5	43.4%
Revenue (\$million)	168.4	128.3	31.3%
Net profit before tax	88.9	62.7	41.8%
Tax expense	(27.3)	(19.1)	42.9%
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Share of Pinnacle Affiliates net profit after tax	24.9	17.6	41.4%
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Minority interests	-	(0.1)	
NPBT from continuing operations attributable to shareholders	23.1	12.0	92.5%
Taxation	-	-	
NPAT from continuing operations attributable to shareholders	23.1	12.0	92.5%
Discontinued operations	0.3	1.1	(72.7%)
Total profit attributable to shareholders	23.4	13.1	78.6%
Basic earnings per share:			
From continuing operations	14.3	8.1	76.5%
Total attributable to shareholders	14.5	8.9	62.9%
Diluted earnings per share:			
From continuing operations	13.2	7.6	73.7%
Total attributable to shareholders	13.4	8.2	63.4%

2018 Financial Highlights

- NPAT from continuing operations attributable to shareholders of \$23.1 million, up 92.5% from \$12.0 million in the prior year
- Earnings per share from continuing operations of 14.3 cents, up 76.5% from 8.1 cents in the prior year
- NPAT attributable to shareholders of \$23.4 million, delivering earnings of 14.5 cents per share
- Share of NPAT from Pinnacle Affiliates of \$24.9 million, up 41.4% from \$17.6 million
- Fully franked final dividend of 7.0 cents per share payable on 5 October 2018
- Cash and Principal Investments of \$31.4 million as at 30 June 2018
- Significant increase in the share price (85%) from \$2.90 at the start of the financial year to \$5.37 at 30 June 2018

2018 Business Highlights

- Record FUM, FUM inflows and Affiliate Revenues
- FUM \$38.0 billion* at 30 June 2018
 - up \$5.7 billion (17.6%) from 31 December 2017;
 - up \$11.5 billion (43.4%) from 30 June 2017
 - up \$14.7 billion (62.9%) from 31 December 2016; and
 - up \$18.2 billion (92.5%) from 30 June 2016
- Net inflows \$7.9 billion for the year, including \$2.2 billion retail
- Recently established affiliates have grown rapidly since inception: Antipodes (FUM: \$7.5bn; FY18 FUM growth: 97%) and Spheria (FUM: \$0.7bn; FY18 FUM growth: 233%)
- Firetrail established with substantial FUM growth expected over the next 12 months
- Two Trees has received a significant cornerstone commitment from a notable sovereign investor

*\$45.5 billion at 31 July 2018 including Metrics Credit (\$2.5 billion) and Omega (\$4.3 billion)

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

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 Hedge Funds Rock & The Alternative Australian Investment Awards:

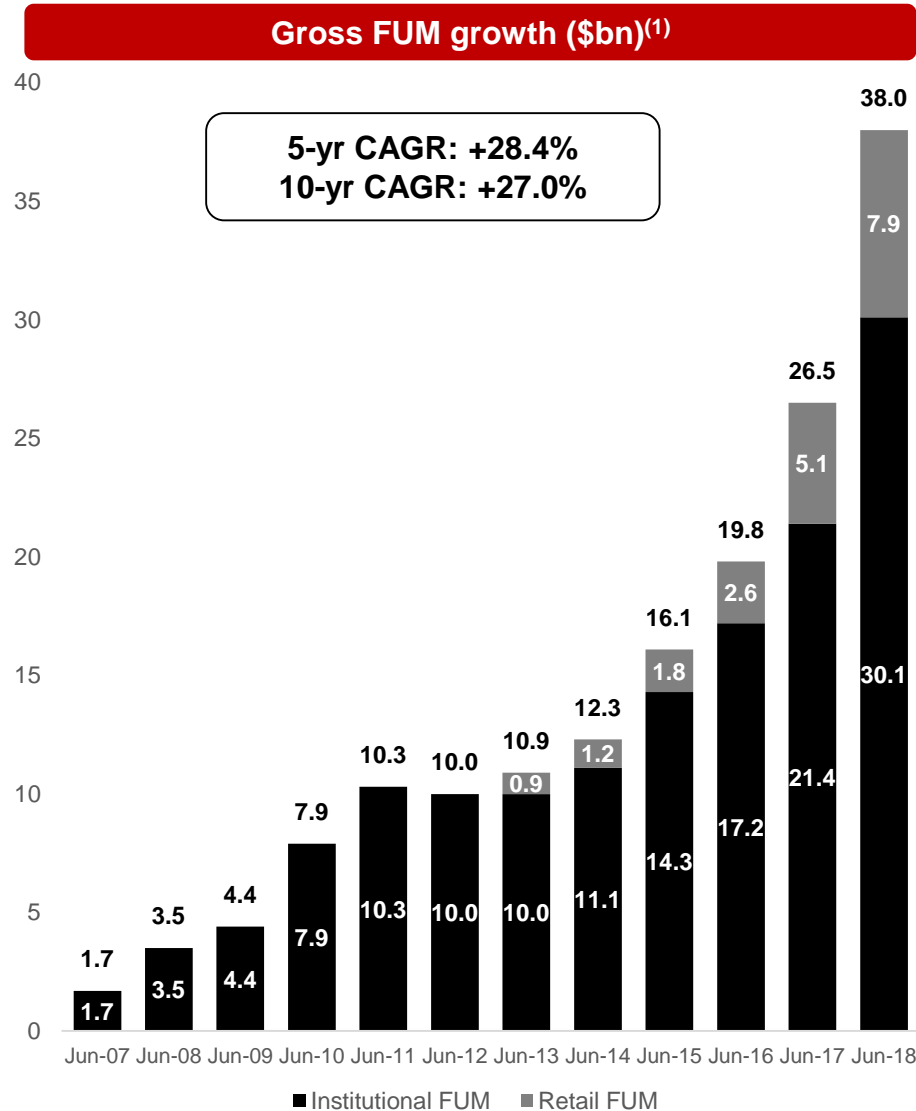
- Pinnacle – Best Investor supporting Australian managers

2017 Professional Planner | Zenith Fund Awards:

- Pinnacle – Distributor of the Year (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

The Professional Planner | Zenith Fund Awards are determined using proprietary methodologies. Fund Awards were issued October 6, 2017 and are solely statements of opinion and do not represent recommendations to purchase, hold or sell any securities or make any other investment decisions. Fund Awards are current for 12 months from the date awarded and are subject to change at any time. Fund Awards for previous years are referenced for historical purposes only.

FY18 funds under management

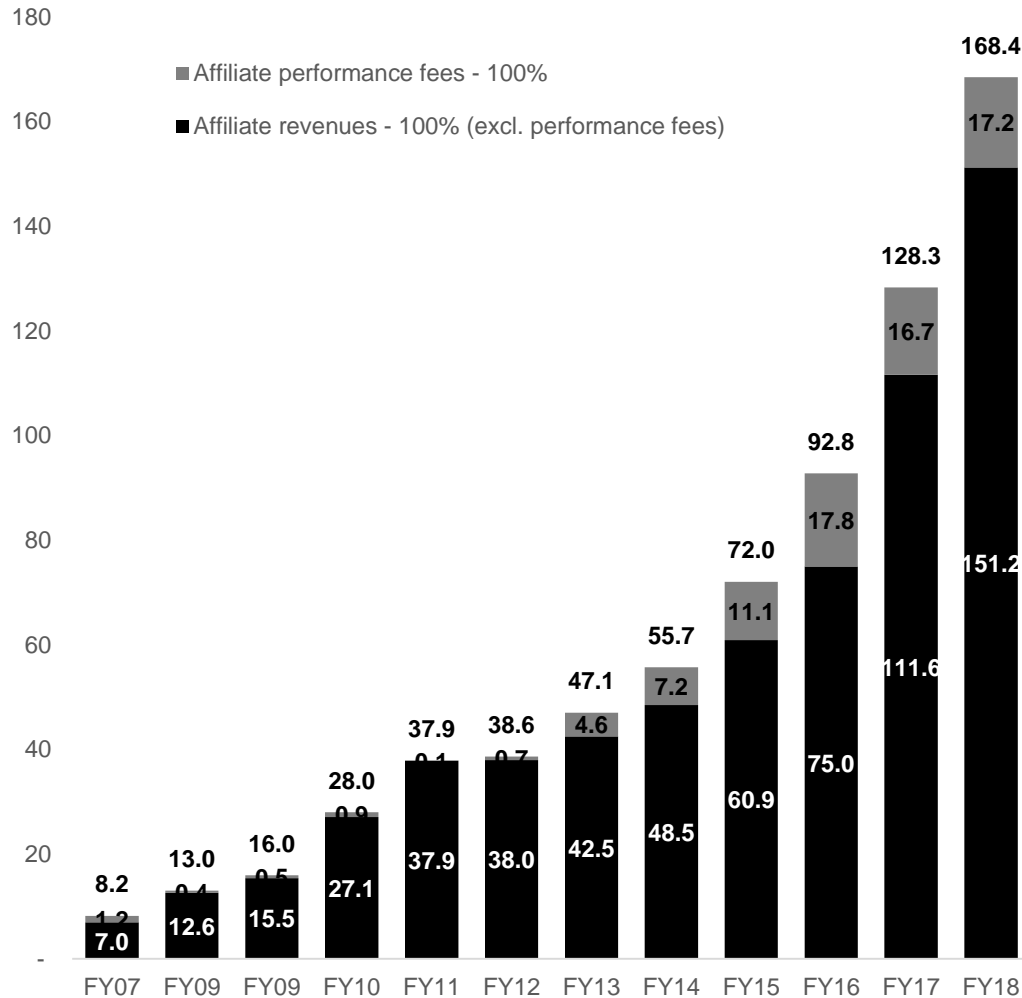


- Current FUM of \$38.0bn as at 30 June 2018
- FUM has grown at a CAGR of 27.0% p.a. over the last ten years
- Increase in FUM of \$11.5bn in the year to 30 June 2018, driven by net inflows of \$7.9bn and market movements/investment performance of \$3.6bn
- Of the \$7.9bn of net inflows to 30 June 2018, \$2.2bn was retail
- Recently established affiliates have grown rapidly since inception: Antipodes (FUM: \$7.5bn; FY18 FUM growth: 97%) and Spheria (FUM: \$0.7bn; FY18 FUM growth: 233%)
- Firetrail established with substantial FUM growth expected over the next 12 months

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

FY18 revenues

Aggregate affiliate revenues (\$m)⁽¹⁾



- Group NPAT from continuing operations of \$23.1m, compared to \$12m in FY17, an increase of 92.5%
- Revenue from affiliates of \$168.4m, compared to \$128.3m in FY17, an increase of 31.3%
- EPS from continuing operations of 14.3 cents per share, compared to FY17 EPS of 8.1 cents per share
- Fully franked final dividend of 7.0 cents per share declared, payable in October 2018
- Cash and principal investments of \$31.4m as at 30 June 2018

(1) Revenue shown is 100% of all Pinnacle Affiliates' revenue; fees not split between Performance and Base prior to FY2013

Funds under management by Affiliate

Gross FUM by affiliate (\$m)

Date	Pinnacle (total)	Hyperion	Plato	Solaris	Resolution Capital	Palisade	Antipodes	Spheria	Two Trees	Firetrail
30 Jun 18	38,032	6,507	4,918	8,319	8,038	1,847	7,554	702	71	74
31 Dec 17	32,338	6,056	4,644	6,618	6,552	1,585	6,261	596	26	-
30 Jun 17	26,526	5,877	4,003	5,135	5,956	1,514	3,830	211	-	-
31 Dec 16	23,339	5,664	3,536	5,032	5,274	1,456	2,191	186	-	-
30 Jun 16	19,756	5,633	3,067	4,595	4,576	1,436	449	-	-	-

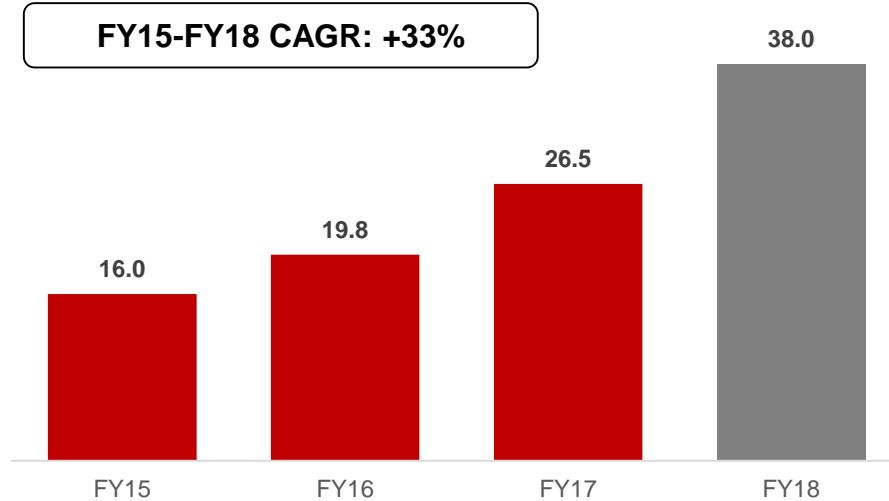
Gross FUM by affiliate growth

Date	Pinnacle (total)	Hyperion	Plato	Solaris	Resolution Capital	Palisade	Antipodes	Spheria	Two Trees	Firetrail
30 Jun 17 - 30 Jun 18	43.4%	10.7%	22.9%	62.0%	35.0%	22.0%	97.2%	232.8%	n.a	n.a
31 Dec 17 - 30 Jun 18	17.6%	7.5%	5.9%	25.7%	22.7%	16.6%	20.7%	17.8%	172.6%	n.a
30 Jun 17 - 31 Dec 17	21.9%	3.0%	16.0%	28.9%	10.0%	4.7%	63.5%	182.5%	n.a	n.a
31 Dec 16 - 30 Jun 17	13.7%	3.8%	13.2%	2.0%	12.9%	4.0%	74.8%	13.4%	n.a	n.a
30 Jun 16 - 31 Dec 16	18.1%	0.6%	15.3%	9.5%	15.3%	1.4%	388.0%	n.a	n.a	n.a

Demonstrated growth track record

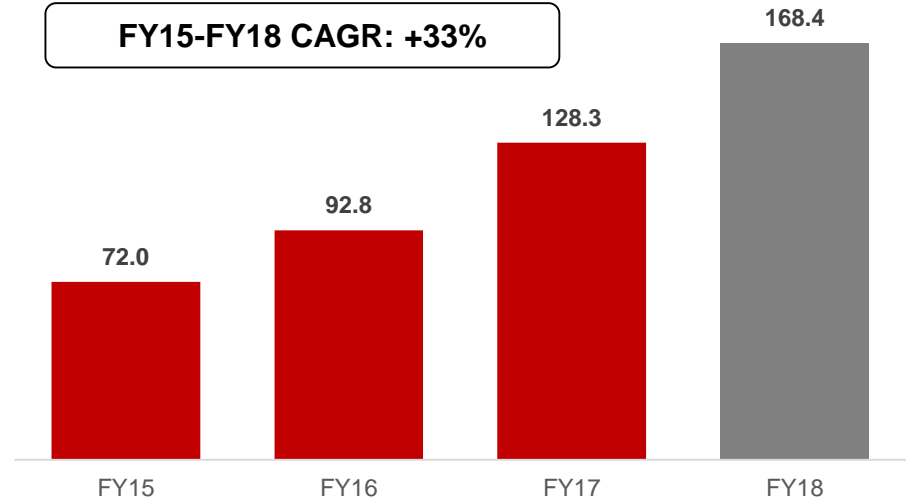
Gross FUM (\$bn)⁽¹⁾

FY15-FY18 CAGR: +33%



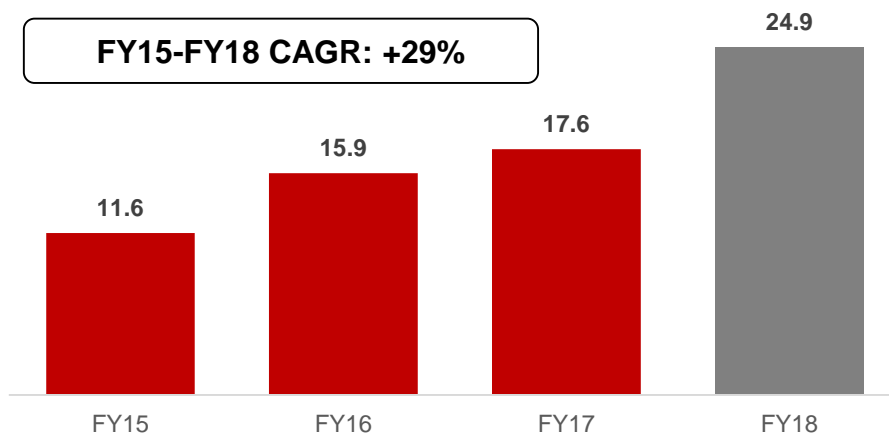
Affiliate revenues (\$m)⁽²⁾

FY15-FY18 CAGR: +33%



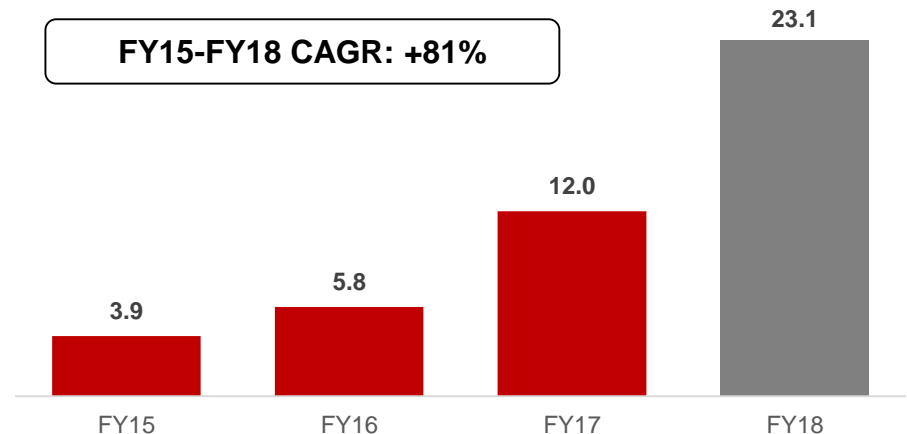
Pinnacle share of affiliates' NPAT (\$m)⁽³⁾

FY15-FY18 CAGR: +29%



Pinnacle NPAT from continued operations (\$m)⁽⁴⁾

FY15-FY18 CAGR: +81%



- (1) Pinnacle Gross FUM is 100% of FUM managed by Pinnacle affiliates
- (2) Affiliate revenues on a gross 100% basis
- (3) Pinnacle's share of each affiliate's net profit after tax, based on Pinnacle's ownership interest of each fund
- (4) Pinnacle Investment Management Group Limited net profit after tax from continued operations

Pinnacle Affiliates financial highlights

	FY2018	FY2017	YoY change
Pinnacle Affiliates (100% aggregate basis)			
FUM (\$billion)	38.0	26.5	43.4%
Revenue (\$million)	168.4	128.3	31.3%
Net profit before tax	88.9	62.7	41.8%
Tax expense	(27.3)	(19.1)	42.9%
Net profit after tax	61.6	43.6	41.3%

Strong FUM and revenue growth in Pinnacle Affiliates:

- \$7.9 billion net inflows, \$2.2 billion of which were retail
- Total Affiliate Revenues of \$168.4m, including \$17.2m (or 10.2%) in performance fees (FY17: \$16.7m – 13.0% of \$128.3m in Performance Fees)
- 35.5% growth in Pinnacle Affiliates' base management fees

Group financial summary

	FY2018	FY2017	YoY change
Pinnacle			
Revenue	16.5	10.9	51.4%
Expenses	(18.3)	(16.4)	11.6%
Share of Pinnacle Affiliates net profit after tax	24.9	17.6	41.4%
Net profit before tax (NPBT) from continuing operations	23.1	12.1	90.9%
Minority interests	-	(0.1)	
NPBT from continuing operations attributable to shareholders	23.1	12.0	92.5%
Taxation	-	-	
NPAT from continuing operations attributable to shareholders	23.1	12.0	92.5%
Discontinued operations	0.3	1.1	(72.7%)
Total profit attributable to shareholders	23.4	13.1	78.6%
Basic earnings per share:			
From continuing operations	14.3	8.1	76.5%
Total attributable to shareholders	14.5	8.9	62.9%
Diluted earnings per share:			
From continuing operations	13.2	7.6	73.7%
Total attributable to shareholders	13.4	8.2	63.4%

- Strong growth in Pinnacle earnings
- Significant growth in 'Pinnacle Parent' revenues and costs
- 92.5% increase in net profit after tax from continuing operations attributable to shareholders
- 76.5% increase in Earnings per share from continuing operations

PNI balance sheet

	FY2018	FY2017	YoY change
Current Assets			
Cash and cash equivalents	9.3	10.9	(14.7%)
Financial assets	22.1	31.6	(30.1%)
Total cash and financial assets	31.4	42.5	(26.1%)
Other current assets	12.6	6.2	103.2%
Total current assets	44.0	48.7	(9.7%)
Non-current assets			
Investment in affiliates	55.6	32.6	70.6%
Other	5.3	0.6	783.3%
Total non-current assets	60.9	33.2	83.4%
Total assets	104.9	81.9	28.1%
Total liabilities	6.8	6.3	7.9%
Net assets	98.1	75.6	29.8%
Net shareholders' equity	98.1	75.6	29.8%
No. of shares issued (at 30 June)	163.9m	160.7m	
Institutional Placement	10.9m		
SPP	1.8m		
Shares issued (27 Aug. 2018)	176.6m		

- Cash and Principal Investments of \$31.4 million
- Includes \$21.1 million in strategies managed by Pinnacle Affiliates
- Excludes post balance date impact of final dividend of 7.0 cents per share, \$60m capital raising (10.9m shares), \$10m Share Purchase Plan proceeds (1.8m shares), and investment into both Metrics Credit Partners and Omega Global Investors, as well as final dividends paid by Affiliates

Significant components of FY 2018 results

- Significant growth in 'Pinnacle Parent' revenues and costs
 - Strong growth in distribution revenue from Affiliates, including 'opening new channels'
 - Continuing 'P&L investment' in 'Horizon 2' activities (for example, Offshore distribution)
 - Net loss on 'principal investments' of \$705k (including hedging 'mismatch'); \$155k in the second half
- Significant growth in Pinnacle's share of Affiliate profits on the PCP
 - Impact of higher starting FUM each year
 - Still significant investment for future growth in some Affiliates (and significant capacity for future growth)
 - Cost of Two Trees and Firetrail included as negative NPAT; Spheria now profitable
 - Palisade NPAT significantly higher than 1H FY2018 – impact of annual performance fees 30 June
 - Relatively low total performance fees in this financial year

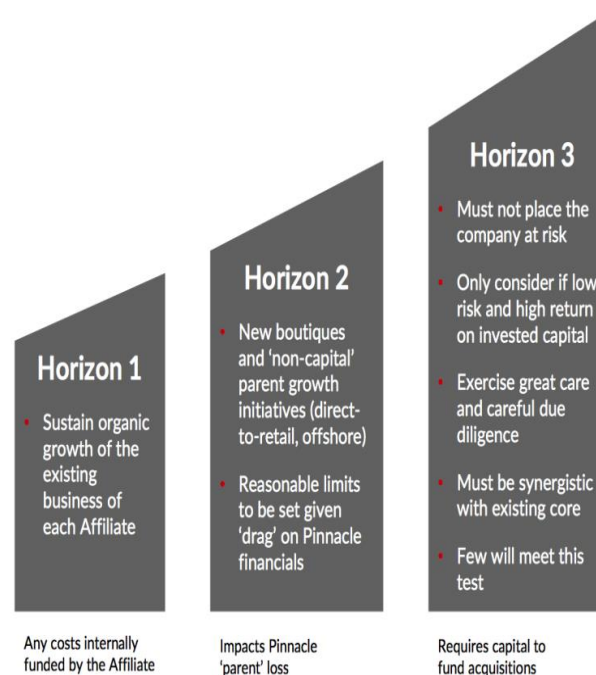
A strong and flexible balance sheet

- \$31.4m* of cash and principal investments
- Includes \$21.1m* invested in strategies managed by Pinnacle Affiliates
- Excludes nearly \$12m of cash applied for Affiliate equity recycling loans and Affiliate equity purchased
- Excludes post balance date impact of final dividend of 7.0 cents per share, \$60m capital raising, Share Purchase Plan proceeds, and investment into both Metrics Credit Partners and Omega Global Investors, as well as final dividends paid by Affiliates
- Investment into Firetrail part-cash, part-options over PNI shares (options valued at \$9.4m)
- Strategically valuable for Pinnacle to have capital available to seed new Affiliates, facilitate Affiliate equity recycling, and respond to very high quality 'Horizon 3' opportunities
- Franking credit balance (\$26.9m) at 30% company tax rate enables potential fully franked dividends of \$62.8m

**Both approximately \$12m higher at the date of this presentation, with a further \$10m yet to be received from the SPP.*

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

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



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

Criteria

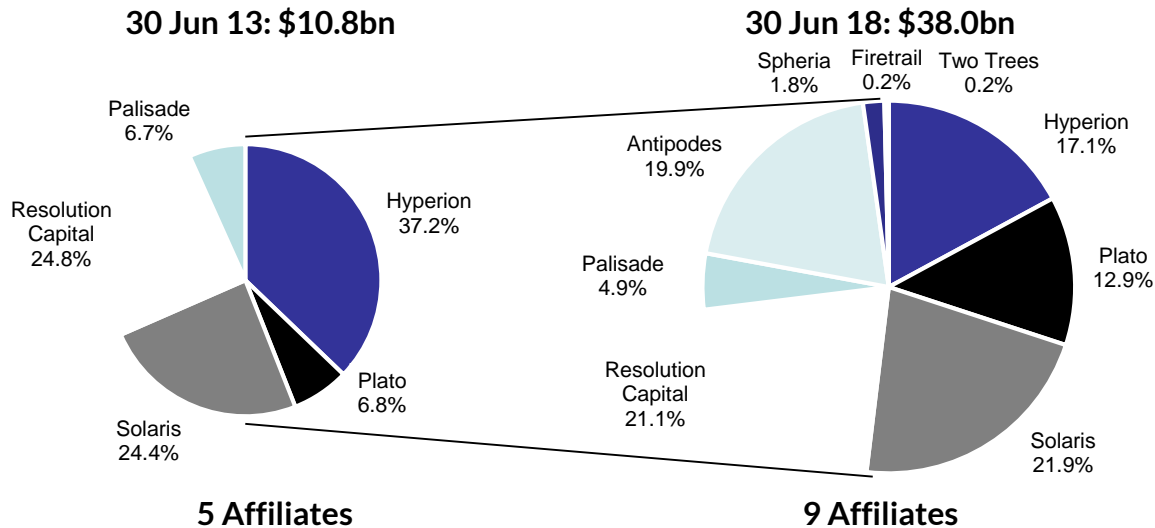
- Must not place the Company at risk
- Only consider if low risk and high return on capital
- Exercise great care and careful due diligence
- Must be synergistic with existing core
- Few will meet this test

Status

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

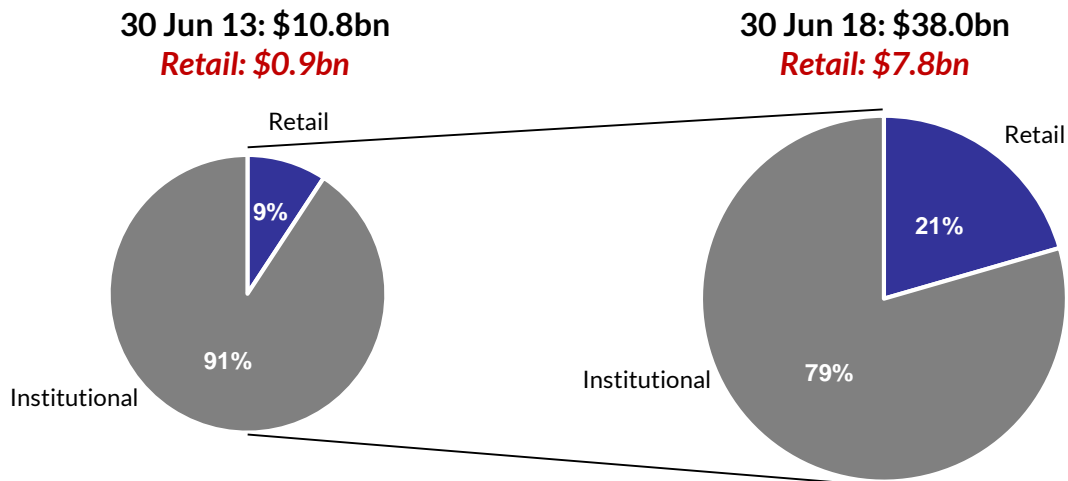
Strong growth track record

Affiliate gross FUM evolution



- Addition of a number of new affiliates including Antipodes, Spheria, Two Trees and Firetrail
- A number of initiatives being pursued to continue the growth and evolution of Pinnacle including offshore and exchange traded funds
- Four additional affiliates since 30 June 13 account for 22.1% of gross FUM at 30 June 18

Retail FUM evolution



- Pinnacle has invested significantly in retail distribution and has generated substantial retail FUM in the last 5 years (~\$7bn of retail FUM growth)
- Initiatives include growth of internal and external sales teams, direct retail and exchange traded funds (open & closed ended)

Talented Investors

- Proven track record of identifying and supporting world class investment teams and anticipating market demand
- All established affiliates have delivered strong long term outperformance
- CAGR 27.0% over the last ten years, supported by both organic growth and acquisitions

Distribution Powerhouse

- 'Unusually driven' sales culture ensures rapid market success or a slow grinding victory
- A distribution team of 29 focusing on institutional, retail and international investors
- 2017 Professional Planner | Zenith Fund Awards – Distributor of the Year (second consecutive year)

Positive Selection Bias

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

Institutional

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

Retail

- Regulatory environment positive for investment managers
- Banks divesting wealth management
- Industry fragmentation = more buyers, better margin retention
- Distribution firepower remains central to success
- Market gravitating towards the exchange (closed-end and open-end) as the preferred medium for building portfolios

International

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

- Adapt
 - Grow ahead of our boutiques
 - Listen to clients and move quickly to meet their evolving needs
 - Do not become the market – be ahead of it
- Resource
 - Growing adviser engagement – 15+ in retail
 - Direct (non advised & off platform) investments rising quickly
- Engage
 - As many proactive conversations as possible
 - Clever use of social platforms to establish and develop relationships
- Deliver
 - Accountability
 - Results focused

- Traditional 'intermediated retail' distribution expertise expanded over time to include 'direct and exchange traded'
 - Intermediated (Financial Advisers)
 - Private managed funds – Platform & Direct
 - Exchange traded funds
 - Direct
 - Private managed funds – Self-Directed Individual Investors
 - Exchange traded funds – LICs/LITs
 - EQMFs/ETFs (coming)
- Distribution footprint and expertise progressively globalising
 - Whilst the Australian institutional market remains a ideal 'nursery' for seeding new boutiques, offshore markets provide a significantly better environment for expanding institutional sales margins
 - Strong opportunity in global private wealth channels for unconstrained global equities and liquid alternatives

- Lorraine Berends appointed to the PNI Board, with effect from 1st September 2018
- Long-serving Director Steve Wilson to retire from the Board at the upcoming AGM
- Takes the number of female directors to two, in line with our stated target
- **Increases the number of independent, Non-Executive Directors to four (a majority)**

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

- Strong momentum going into FY19
 - Acquisition of MCP equity interest, expected to grow strongly
 - Acquisition of Omega equity interest, ETF initiative being pursued
 - Further affiliates in the pipeline, expect activity 1H FY2019
 - Further LIC / LITs planned
- Existing Affiliates continuing to grow (including the launch of new strategies)
- Firetrail expecting net inflows in excess of \$2bn in Q1 (by 30 September 2018)
- Spheria and Two Trees gaining further traction
- Distribution and Funds Infrastructure Capabilities expanding to support ongoing growth
 - Including offshore (Two Trees and Antipodes offshore vehicles seeded)
 - Other global strategies to also be offered
- New LTI plan approved for issue 1H 2019

Structure promotes independence, accountability, focus and longevity



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

Seed FUM and working capital

RE, compliance, finance, legal

Distribution and client services

Technology and other firm 'infrastructure'

Middle office and fund administration

Interface for outsourced services

49.9%

46.6%

41.5%

38.3%

40.0%

23.5%

40.0%⁽⁴⁾

44.0%

24.4%⁽⁴⁾

HYPERION
ASSET MANAGEMENT

Plato
INVESTMENT MANAGEMENT

RESOLUTION
CAPITAL

PALISADE

SOLARIS
investment management

ANTIPODES
GLOBAL INVESTMENT PARTNERS

Spheria
ASSET MANAGEMENT

Two Trees
INVESTMENT MANAGEMENT

Firetrail
INVESTMENTS

Global & Australian
Growth equities
1998

Global & Australian
Quant equities
2006

Global REITs
2007

Unlisted
infrastructure
2007

Australian
Core equities
2008

Global & Asia L/S &
long only Equities
2015

Small/Microcaps
2016

Systematic
Global Macro
2017

High Conviction
equities
2018

FUM⁽¹⁾

\$6.5bn

\$4.9bn

\$8.0bn

\$1.8bn

\$8.3bn

\$7.5bn

\$0.7bn

\$0.1bn

\$0.1bn

35.0%

40.0%⁽⁴⁾

MCP
METRICS CREDIT PARTNERS

Private Debt
2018⁽²⁾

\$2.5bn

Omega GLOBAL INVESTORS

Smart Beta Plus
2018⁽³⁾

\$4.2bn

(1) Gross FUM as at 30 June 18

(2) Founded in 2011. Pinnacle acquired equity in July 2018

(3) Founded in 2008. Pinnacle acquired equity in July 2018

(4) The percentage represents Pinnacle's total shareholding in the Affiliate. Pinnacle currently holds (or will hold) less than 1% of the voting shares in the Affiliate. However, it has full economic rights in respect of its holding.

Pinnacle Group Overview



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



- Antipodes Partners – a pragmatic value manager of global equities (long only and long-short)
 - Funds under management have grown to in excess of \$7.5bn in under 3 years



- Firetrail Investments – high conviction investment manager of Australian and Global equities
 - Absolute Return Fund and High Conviction Fund launched in March 2018



- Hyperion Asset Management – a specialist manager of Australian and Global equities following a growth style
 - Global Fund has a three-year track record and has out-performed the index by >9.8% pa since inception in May 2014



- MCP is a Sydney-based alternative asset manager specializing in private debt, fixed income and capital markets
 - Pinnacle acquired a 35% interest in July 2018



- Omega Global Investors – Offers smart beta, factor investing and client solutions (including ESG) capabilities – further supports Pinnacle’s strategy to gain exposure to ETF market
 - Pinnacle acquired a 40% interest in July 2018



- Palisade Investment Partners – a specialist manager of unlisted infrastructure assets with both pooled funds and separately managed portfolios for institutional investors
 - Renewable Energy Fund launched during the year



- Plato Investment Management – a specialist manager of Australian and Global equities following a quantitative style

- Funds under management increased to over \$4.9bn



- Resolution Capital – a specialist manager of Australian and Global listed real estate securities portfolios

- Funds under management has grown to more than \$8.0bn



- Solaris Investment Management – a specialist manager of Australian equities following a style-neutral approach to investing

- Successful launch of the long/short strategy

- Funds under management over \$8.3bn



- Spheria Asset Management – a fundamental-based investment manager with a bottom-up focus specialising in small and microcap companies

- FUM has grown to over \$700m



- Two Trees Investment Management – a specialist Systematic Global Macro investment firm

- Commenced managing money 1 November 2017

- Seeded offshore Cayman fund; UCITS to follow

Continuing strong investment performance of Affiliates

100% of Pinnacle Affiliated Investment Manager strategies and products (with a track record exceeding 5 years) **have out performed** their benchmarks over the 5 years to 31 July 2018

	5Y	10Y	Inception	Inception date
Hyperion Asset Management - Gross Performance				
Hyperion Australian Growth Companies Fund	12.07%	11.99%	12.54%	1/10/2002
<i>Outperformance</i>	2.92%	5.06%	3.17%	
Hyperion Small Growth Companies Fund	13.78%	18.05%	17.51%	1/10/2002
<i>Outperformance</i>	4.51%	14.98%	9.90%	
Hyperion Australian Equities Composite	11.87%	11.93%	12.43%	1/11/1996
<i>Outperformance</i>	2.72%	5.00%	3.06%	
Plato Investment Management - Gross Performance				
Plato Australian Shares Core Fund	10.47%	7.49%	6.89%	30/10/2006
<i>Outperformance</i>	1.32%	0.56%	1.11%	
Plato Australian Shares Equity Income Fund - Class A	12.00%		14.29%	9/09/2011
<i>Outperformance</i>	1.14%		2.04%	
Solaris Investment Management - Gross Performance				
Solaris Core Australian Equity Fund	12.07%	8.99%	7.15%	9/01/2008
<i>Outperformance</i>	2.90%	1.94%	2.29%	
Solaris High Alpha Australian Equity Fund	12.28%	9.11%	7.90%	4/02/2008
<i>Outperformance</i>	3.11%	2.06%	2.64%	
Resolution Capital - Gross Performance				
Resolution Capital Core Plus Property Securities Fund	14.10%		11.65%	30/09/2008
<i>Outperformance</i>	1.55%		5.19%	
Resolution Capital Global Property Securities Fund	11.82%		11.99%	30/09/2008
<i>Outperformance</i>	2.62%		4.38%	
Palisade Investment Partners - Gross Performance				
Palisade Diversified Infrastructure Fund	13.43%		10.82%	1/08/2008
Palisade Australian Social Infrastructure Fund	15.14%		16.42%	31/05/2011

Affiliates' investment performance – 31 July 2018

	1Y	3Y	5Y	10Y	Inception	Inception date
Hyperion Asset Management - Gross Performance						
Hyperion Australian Growth Companies Fund	16.39%	10.09%	12.07%	11.99%	12.54%	1/10/2002
Outperformance	1.69%	2.00%	2.92%	5.06%	3.17%	
Hyperion Small Growth Companies Fund	15.91%	12.12%	13.78%	18.05%	17.51%	1/10/2002
Outperformance	-6.67%	-1.91%	4.51%	14.98%	9.90%	
Hyperion Australian Equities Composite	15.67%	9.99%	11.87%	11.93%	12.43%	1/11/1996
Outperformance	0.97%	1.90%	2.72%	5.00%	3.06%	
Hyperion Global Growth Companies Fund (Class B Units)	36.34%	16.94%			21.77%	22/05/2014
Outperformance	15.56%	7.84%			7.55%	
Plato Investment Management - Gross Performance						
Plato Australian Shares Core Fund	16.65%	8.42%	10.47%	7.49%	6.89%	30/10/2006
Outperformance	1.94%	0.34%	1.32%	0.56%	1.11%	
Plato Australian Shares Equity Income Fund - Class A	15.95%	9.71%	12.00%		14.29%	9/09/2011
Outperformance	-0.33%	0.05%	1.14%		2.04%	
Plato Global Shares Income Fund	16.59%				8.51%	30/11/2015
Outperformance	-3.72%				-1.94%	
Solaris Investment Management - Gross Performance						
Solaris Core Australian Equity Fund	18.75%	10.59%	12.07%	8.99%	7.15%	9/01/2008
Outperformance	4.15%	2.61%	2.90%	1.94%	2.29%	
Solaris High Alpha Australian Equity Fund	18.56%	10.98%	12.28%	9.11%	7.90%	4/02/2008
Outperformance	3.97%	2.99%	3.11%	2.06%	2.64%	
Solaris Total Return Fund (including franking credits)	20.25%	12.02%			12.38%	13/01/2014
Outperformance	4.00%	2.44%			2.31%	
Resolution Capital - Gross Performance						
Resolution Capital Core Plus Property Securities Fund	14.31%	10.65%	14.10%		11.65%	30/09/2008
Outperformance	-0.14%	2.33%	1.55%		5.19%	
Resolution Capital Global Property Securities Fund	8.66%	7.88%	11.82%		11.99%	30/09/2008
Outperformance	2.20%	2.25%	2.62%		4.38%	

Affiliates' investment performance – 31 July 2018

	1Y	3Y	5Y	10Y	Inception	Inception date
Palisade Investment Partners - Gross Performance						
Palisade Diversified Infrastructure Fund	14.59%	14.04%	13.43%		10.82%	1/08/2008
Palisade Australian Social Infrastructure Fund	14.51%	14.38%	15.14%		16.42%	31/05/2011
Antipodes Partners - Gross Performance						
Global Fund	15.87%	13.27%			14.69%	1/07/2015
Outperformance	-3.30%	4.76%			4.59%	
Global Long Only	20.98%	15.01%			16.43%	1/07/2015
Outperformance	1.81%	6.50%			6.25%	
Asia Fund	13.13%	12.59%			11.73%	1/07/2015
Outperformance	0.15%	3.34%			3.52%	
Spheria Asset Management - Gross Performance						
Microcap Fund	10.09%				18.81%	16/05/2016
Outperformance	-12.49%				5.57%	
Smaller Companies Fund	15.60%				14.02%	11/07/2016
Outperformance	-6.98%				2.44%	
Opportunities Fund	19.78%				16.16%	11/07/2016
Outperformance	-0.21%				2.21%	
Two Trees Investment Management - Gross Performance						
Global Macro Fund					-4.38%	1/11/2017
Outperformance					-5.77%	
Firetrail Investments - Gross Performance						
High Conviction Fund					7.44%	14/03/2018
Outperformance					0.66%	
Absolute Return Fund					5.41%	14/03/2018
Outperformance					4.84%	

Pinnacle Affiliates – FY18 review



- » Funds under management grew to \$7.5 billion from \$3.8 billion at 30 June 2018
- » Out-performance across all strategies since inception in 2015
- » Addition of the Global fund across most retail platforms



- » Long-term performance remains excellent – Hyperion’s Australian and Global funds have out-performed their respective benchmarks over 3 years and more
- » Global Fund now has a four-year track record and has out-performed the index by 9.8% since inception in May 2014
- » Global strategy well-placed to drive future FUM and revenue growth



- » Funds under management and investor commitments of \$2.7 billion as at 30 June (2017: \$2.4 billion). Palisade’s flagship fund, Palisade’s Diversified Infrastructure Fund, generated a gross return of 14.5% for the year, including 7.5% yield.
- » Recent investments in Port of Portland, Ross River Solar Farm, Sunshine Coast Airport and Casey Hospital Expansion Project.



- » Funds under management increased to over \$4.9 billion (2017: 4.0 billion)
- » All of Plato's domestic strategies have outperformed their benchmarks over five years and since inception, while income strategies have delivered on their strong income targets
- » Global Fund continues to gain traction delivering 6% income since inception



- » Funds under management grew to \$8.0 billion.
- » Out-performance from their global strategies in the year to 30 June 2018, over the five years to 30 June 2018, and since inception
- » Accelerating offshore growth. Aiming to launch US pooled fund



- » Funds under management grew to \$8.3 billion as at 30 June 2018 (2017: \$5.1 billion)
- » All strategies outperformed their benchmarks during the year to 30 June 2018, over the five years to 30 June 2018, and since inception nine years ago
- » Successful launch of the long/short strategy

Pinnacle Affiliates – FY18 performance



- » Microcap and Small Caps strategies continued to outperform their benchmarks since inception
- » Funds under management \$702 million at 30 June 2018 up from \$211 million at 30 June 2017
- » Additions of Olivier Coulon (Senior Analyst) & Al Doeke (Dealer) to take the team to 5 team members



- » Systematic Global Macro manager, commenced idea generation in May 2017
- » First strategy launched attracting \$71m in the first year. Cayman Fund also launched in FY18



- » Absolute Return Fund and High Conviction Australian Equities Manager commenced in March 2018
- » Strong demand from institutional and retail investors
- » Performance for High Conviction and Absolute Return ahead since inception

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