



Pinnacle
INVESTMENT MANAGEMENT

Pinnacle Investment Management Group Limited (PNI)

2018 Annual General Meeting

18 October 2018

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- Chairman's address – Alan Watson
- Ordinary business
- Managing Director's Address – Ian Macoun
- The Changing Landscape for Investment Management Distribution – Andrew Chambers
- Q & A
- Results of meeting



Pinnacle
INVESTMENT MANAGEMENT

Chairman's Address

Alan Watson, Chairman

- Building a strong diversified platform
- Investing to underpin future growth
- Adding quality affiliates
- Building balance sheet strength for future opportunities
- FY18 highlights


Building a strong diversified platform

Continuing to investing 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
- RE, compliance, finance, legal
- Distribution and client services
- Technology and other firm 'infrastructure'
- Middle office and fund administration
- Interface for outsourced services




24.4% (4)	40.0%
\$0.1bn High Conviction 2018	\$8.3bn Australian Core equities 2008
Core/Conviction	



49.9%	46.6%
\$6.5bn Global & Aus. Growth equities 1998	\$4.9bn Global & Aus. Quant equities 2006
Domestic/Global	




23.5%
\$7.5bn Global L/S & long only Equities 2015
Global




40.0% (4)
\$0.7bn Small/Microcaps 2016
Small Cap




40.0% (4)
\$0bn Quantamental equities/Multi-Asset 2018 (5)
Quantamental equities/Multi-Asset




40.0% (4)
\$4.2bn Smart Beta Plus 2018 (3)
Smart Beta



41.5%
\$8.0bn Global REITs 2007
Global Real Estate Securities



35.0%
\$2.5bn Debt 2018 (2)
Debt



38.3%
\$1.8bn Unlisted infrastructure 2007
Infrastructure



44.0%
\$0.7bn Global Macro 2017
Macro

(1) Gross FUM as at 30 June 18. Total Pinnacle FUM at 30 September 2018 was \$47.8bn
 (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 less than 1% of the voting shares in the Affiliate. However, it has full economic rights in respect of its holding.
 (5) Founded in September 2018

- Investment in distribution platform
 - Grow ahead of our Affiliates
 - Listen to clients and move quickly to meet their evolving needs
 - Do not become the market – be ahead of it
- Investment in new affiliates adds diversification
 - Global equities (developed & emerging markets)
 - Private capital (debt & equity)
 - Absolute return (single & multi-asset)
- The institutional market and the intermediated retail market
 - Strong tailwinds for many years ahead

Adding quality affiliates



A specialist debt fund manager, offering investors actively managed access to attractive risk-adjusted returns in private debt markets



Smart beta, factor investing and client solutions (including ESG) capabilities



High conviction investment manager of Australian and Global equities

LONGWAVE

Australian equities investment management affiliate, led by David Wanis



Building balance sheet strength for future opportunities

- \$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 \$22m higher at 30 September 2018.*

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

- Item 1 – Tabling of FY18 financial statements
- Item 2 – Adoption of Remuneration Report
- Item 3 – Re-election of directors
- Item 4 – Omnibus Incentive Plan
- Item 5 – Issue of securities to directors (or their associates) under the Omnibus Incentive Plan
- Item 6 – Ratification of issue of securities

- Tabling of FY18 financial statements

- 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 2018.”

Item 2 – Adoption of Remuneration Report

Resolution 2	
Resolution by proxy	Adoption of Remuneration Report
% of eligible proxies in favour	92.66%
Total number votes cast	37,857,730
For	35,166,325
Against	2,691,405
Open usable	0
Excluded votes	41,823,563
Abstain	4,295

- Lorraine Berends appointed to the PNI Board, with effect from 1st September 2018
- Long-serving Director Steve Wilson to retire from the Board at end of this meeting
- 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)**
- All directors own shares in the Company

Board and Committee Structure

Board Member	Classification	Equity ownership	Committees	
			Audit, compliance and risk management	Remunerations and nominations
Alan Watson (Chair)	Independent, non-executive	Yes		Chair
Ian Macoun (Managing Director)	Executive	Yes		
Deborah Beale	Independent, non-executive	Yes	Member	Member
Gerard Bradley	Independent, non-executive	Yes	Chair	Member
Lorraine Berends	Independent, non-executive	Yes	Member	Member
Andrew Chambers	Executive	Yes		
Adrian Whittingham	Executive	Yes		
Steve Wilson AM	Non-executive	Yes	Member	Member

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

“That Lorraine Berends, who retires from the office of Director, and being eligible, offers herself for re-election, is re-elected as a Director.”

Item 3(a) – Re-election of Ms Lorraine Berends

Resolution 3(a)	
Resolution by proxy	Re-election of Lorraine Berends
% of eligible proxies in favour	99.81%
Total number votes cast	76,777,348
For	76,627,802
Against	55,583
Open usable	93,963
Excluded votes	0
Abstain	2,047

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

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

Item 3(b) – Re-election of Mr Gerard Bradley

Resolution 3(b)	
Resolution by proxy	Re-election of Gerard Bradley
% of eligible proxies in favour	99.54%
Total number votes cast	79,777,348
For	79,411,799
Against	271,586
Open usable	93,963
Excluded votes	0
Abstain	2,047

- 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.”

Item 3(c) – Re-election of Mr Andrew Chambers

Resolution 3(c)	
Resolution by proxy	Re-election of Andrew Chambers
% of eligible proxies in favour	96.32%
Total number votes cast	79,777,348
For	76,841,715
Against	2,841,826
Open usable	93,807
Excluded votes	0
Abstain	2,047

- Our people have elected to work within our business model and culture which is fundamental to our recent growth. To sustain an environment that promotes the continuation of the success of the business, and attract and retain a consistently high quality management team, we have updated our long term incentive arrangements to provide refreshed incentives for long-standing staff as well as offering opportunities for both recent joiners and developing executives to earn equity:
 - Omnibus Incentive Plan provides for the ability to offer options, performance rights and loan funded Shares to staff
 - Aligns executives with external long term Shareholders through common long term equity ownership
 - Up to 5 million Shares can be issued
- First tranche of incentives (2,600,000 Shares acquired with loans provided by the Company) granted in September 2018 to 13 executives
- Additional loan funded acquisitions of Shares are proposed to be granted to three executive Directors, subject to approval at the AGM
- Non-Executive Directors will be able to sacrifice up to 100% of their fees in return for performance rights (with a minimum of 30% required)

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

“That for the purposes of Listing Rule 7.2 exception 9(b), Chapter 2D.2 of the Corporations Act and for all other purposes, approval is given for the establishment and operation of the Omnibus Incentive Plan (the terms of which are summarised in the Explanatory Notes) and future issues of Awards and Shares under that plan.”

Item 4 – Adoption of Employee Omnibus Incentive Plan

Resolution 4	
Resolution by proxy	Adoption of Employee Omnibus Incentive Plan
% of eligible proxies in favour	99.71%
Total number votes cast	59,100,207
For	58,931,748
Against	74,496
Open usable	93,963
Excluded votes	21,150,537
Abstain	20,679,188

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

“That, subject to the passing of resolution 4, 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.”

Item 5(a) – Issue of securities under the Omnibus Incentive Plan – Alan Watson

Resolution 5(a)	
Resolution by proxy	Issue of securities under the Omnibus Incentive Plan – Alan Watson
% of eligible proxies in favour	95.97%
Total number votes cast	59,104,649
For	56,721,644
Against	2,286,042
Open usable	96,963
Excluded votes	21,150,537
Abstain	20,674,746

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

“That, subject to the passing of resolution 4, 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 his nominee) under the Omnibus Incentive Plan as described, and on the terms set out, in the Explanatory Notes.”

Item 5(b) – Issue of securities under the Omnibus Incentive Plan – Deborah Beale

Resolution 5(b)	
Resolution by proxy	Issue of securities under the Omnibus Incentive Plan – Deborah Beale
% of eligible proxies in favour	95.89%
Total number votes cast	59,104,649
For	56,676,801
Against	2,332,842
Open usable	95,006
Excluded votes	21,150,537
Abstain	20,674,746

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

“That, subject to the passing of resolution 4, for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the grant of performance rights to Lorraine Berends (or his nominee) under the Omnibus Incentive Plan as described, and on the terms set out, in the Explanatory Notes.”

Item 5(c) – Issue of securities under the Omnibus Incentive Plan – Lorraine Berends

Resolution 5(c)	
Resolution by proxy	Issue of securities under the Omnibus Incentive Plan – Lorraine Berends
% of eligible proxies in favour	95.89%
Total number votes cast	59,104,649
For	56,674,608
Against	2,334,242
Open usable	95,799
Excluded votes	21,150,537
Abstain	20,674,746

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

“That, subject to the passing of resolution 4, 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.”

Item 5(d) – Issue of securities under the Omnibus Incentive Plan – Gerard Bradley

Resolution 5(d)	
Resolution by proxy	Issue of securities under the Omnibus Incentive Plan – Gerard Bradley
% of eligible proxies in favour	95.89%
Total number votes cast	59,104,649
For	56,676,444
Against	2,332,842
Open usable	95,363
Excluded votes	21,150,537
Abstain	20,674,746

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

“That, subject to the passing of resolution 4, for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the issue of fully paid ordinary shares in the Company to Ian Macoun (or his nominee) under the Omnibus Incentive Plan as described, and on the terms set out, in the Explanatory Notes.”

Item 5(e) – Issue of securities under the Omnibus Incentive Plan – Ian Macoun

Resolution 5(e)	
Resolution by proxy	Issue of securities under the Omnibus Incentive Plan – Ian Macoun
% of eligible proxies in favour	89.92%
Total number votes cast	58,710,579
For	52,792,779
Against	5,823,993
Open usable	93,807
Excluded votes	21,150,537
Abstain	21,068,816

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

“That, subject to the passing of resolutions 3(c) and 4, for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the issue of fully paid ordinary shares in the Company to Andrew Chambers (or his nominee) under the Omnibus Incentive Plan as described, and on the terms set out, in the Explanatory Notes.”

Item 5(f) – Issue of securities under the Omnibus Incentive Plan – Andrew Chambers

Resolution 5(f)	
Resolution by proxy	Issue of securities under the Omnibus Incentive Plan – Andrew Chambers
% of eligible proxies in favour	89.90%
Total number votes cast	58,709,776
For	52,783,079
Against	5,823,993
Open usable	102,704
Excluded votes	21,150,537
Abstain	21,069,619

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

“That, subject to the passing of resolution 4, for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the issue of fully paid ordinary shares in the Company to Adrian Whittingham (or his nominee) under the Omnibus Incentive Plan as described, and on the terms set out, in the Explanatory Notes.”

Item 5(g) – Issue of securities under the Omnibus Incentive Plan – Adrian Whittingham

	Resolution 5(g)
Resolution by proxy	Issue of securities under the Omnibus Incentive Plan – Adrian Whittingham
% of eligible proxies in favour	89.92%
Total number votes cast	58,709,776
For	52,791,820
Against	5,823,993
Open usable	93,963
Excluded votes	21,150,537
Abstain	21,069,619

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

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of:

(a) 10,909,091 fully paid ordinary shares at an issue price of \$5.50 on 25 July 2018;

(b) 2,600,000 fully paid ordinary shares at an issue price equal to the 5-day volume weighted average price prior to 17 September 2018,

on the terms set out in the Explanatory Notes.”

Item 6 – Ratification of issue of securities

Resolution 6	
Resolution by proxy	Ratification of issue of securities
% of eligible proxies in favour	94.67%
Total number votes cast	72,880,558
For	68,996,600
Against	3,768,927
Open usable	115,031
Excluded votes	301,859
Abstain	6,898,837



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INVESTMENT MANAGEMENT

Managing Director's Address

Ian Macoun, Managing Director

- Group financial summary
- Enhancing the platform – strength, stability and reputation
 - Diversified platform
 - Enhanced opportunities for growth
- Pinnacle affiliates continue to win major industry awards
- Continuing strong investment performance of Affiliates
- FUM and Net FUM inflows
- Pinnacle Foundation
- Recap on Horizon 3 – what could we acquire?

	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

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

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

- Stable & diversified platform
 - Continuing investment excellence
 - Widespread industry recognition and support
 - ‘Article of faith’ reputation
- Further investment in distribution capability
 - Direct to retail
 - International
- 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

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 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

2018 Professional Planner | Zenith Fund Awards:

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

Continuing strong investment performance of Affiliates

93% of Pinnacle Affiliated Investment Manager strategies and products (with a track record exceeding 5 years) **have outperformed** their benchmarks over the 5 years to 30 September 2018

	5Y	10Y	Inception	Inception date
Hyperion Asset Management - Gross Performance				
Hyperion Australian Growth Companies Fund	11.27%	12.24%	12.70%	1/10/2002
<i>Outperformance</i>	3.08%	4.59%	3.42%	
Hyperion Small Growth Companies Fund	13.94%	18.46%	17.86%	1/10/2002
<i>Outperformance</i>	5.19%	13.68%	10.19%	
Hyperion Australian Equities Composite	11.02%	12.19%	13.66%	1/11/1996
<i>Outperformance</i>	2.83%	4.54%	4.58%	
Plato Investment Management - Gross Performance				
Plato Australian Shares Core Fund	9.37%	8.49%	6.74%	30/10/2006
<i>Outperformance</i>	1.18%	0.84%	1.06%	
Plato Australian Shares Equity Income Fund - Class A	10.84%		12.36%	9/09/2011
<i>Outperformance</i>	1.03%		2.02%	
Solaris Investment Management - Gross Performance				
Solaris Core Australian Equity Fund	10.99%	9.77%	7.06%	9/01/2008
<i>Outperformance</i>	2.79%	2.02%	2.26%	
Solaris High Alpha Australian Equity Fund	11.39%	10.20%	7.92%	4/02/2008
<i>Outperformance</i>	3.20%	2.46%	2.72%	
Resolution Capital - Gross Performance				
Resolution Capital Core Plus Property Securities Fund	14.06%		9.04%	30/09/2008
<i>Outperformance</i>	1.47%		2.59%	
Resolution Capital Global Property Securities Fund	11.90%		11.74%	30/09/2008
<i>Outperformance</i>	2.59%		4.33%	
Palisade Investment Partners - Gross Performance				
Palisade Diversified Infrastructure Fund	13.39%		10.91%	1/08/2008
Palisade Australian Social Infrastructure Fund	14.81%		16.19%	31/05/2011
Omega Global Investors - Gross Performance				
Omega Global Corp Bonds Fund	4.64%		6.25%	11/03/2010
<i>Outperformance</i>	-0.55%		-0.69%	
Omega Australian Bonds Fund	4.57%		4.90%	12/09/2011
<i>Outperformance</i>	0.27%		0.23%	
Omega Global Listed Infrastructure Fund	10.44%		11.64%	3/08/2012
<i>Outperformance</i>	0.68%		0.74%	

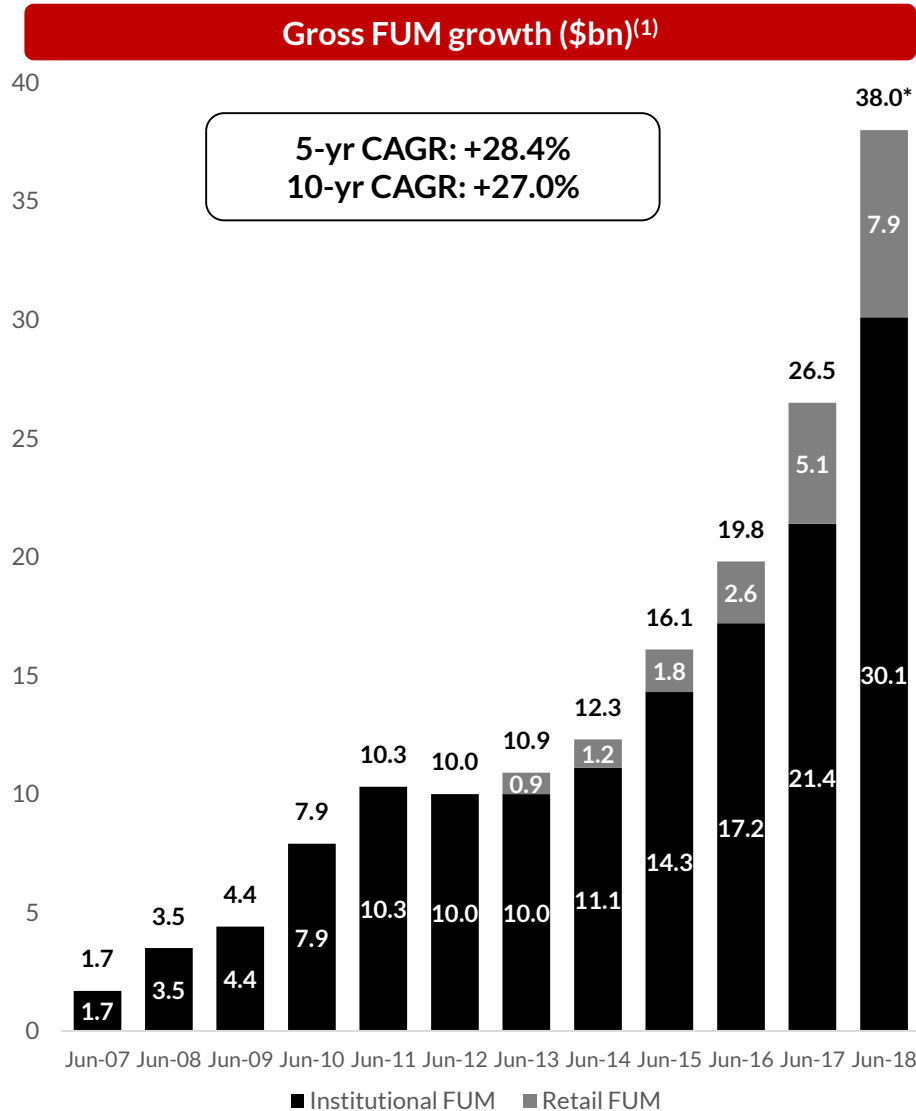
Affiliates' investment performance – 30 September 2018

	1Y	3Y	5Y	10Y	Inception	Inception date
Hyperion Asset Management - Gross Performance						
Hyperion Australian Growth Companies Fund	24.48%	14.50%	11.27%	12.24%	12.70%	1/10/2002
<i>Outperformance</i>	10.45%	2.34%	3.08%	4.59%	3.42%	
Hyperion Small Growth Companies Fund	27.92%	15.42%	13.94%	18.46%	17.86%	1/10/2002
<i>Outperformance</i>	7.60%	-1.55%	5.19%	13.68%	10.19%	
Hyperion Australian Equities Composite	23.82%	14.22%	11.02%	12.19%	13.66%	1/11/1996
<i>Outperformance</i>	9.79%	2.06%	2.83%	4.54%	4.58%	
Hyperion Global Growth Companies Fund (Class B Units)	40.44%	21.72%			23.07%	22/05/2014
<i>Outperformance</i>	19.88%	9.60%			9.15%	
Plato Investment Management - Gross Performance						
Plato Australian Shares Core Fund	14.82%	12.18%	9.37%	8.49%	6.74%	30/10/2006
<i>Outperformance</i>	0.79%	0.02%	1.18%	0.84%	1.06%	
Plato Australian Shares Equity Income Fund - Class A	16.14%	13.48%	10.84%		12.36%	9/09/2011
<i>Outperformance</i>	0.53%	-0.27%	1.03%		2.02%	
Plato Global Shares Income Fund	14.18%				8.97%	30/11/2015
<i>Outperformance</i>	-6.64%				-2.65%	
Solaris Investment Management - Gross Performance						
Solaris Core Australian Equity Fund	17.34%	14.44%	10.99%	9.77%	7.06%	9/01/2008
<i>Outperformance</i>	3.37%	2.33%	2.79%	2.02%	2.26%	
Solaris High Alpha Australian Equity Fund	18.10%	15.04%	11.39%	10.20%	7.92%	4/02/2008
<i>Outperformance</i>	4.13%	2.93%	3.20%	2.46%	2.72%	
Solaris Total Return Fund (including franking credits)	19.06%	15.90%			12.09%	13/01/2014
<i>Outperformance</i>	3.45%	2.16%			2.25%	
Resolution Capital - Gross Performance						
Resolution Capital Core Plus Property Securities Fund	13.54%	12.41%	14.06%		9.04%	30/09/2008
<i>Outperformance</i>	0.29%	2.11%	1.47%		2.59%	
Resolution Capital Global Property Securities Fund	7.32%	8.91%	11.90%		11.74%	30/09/2008
<i>Outperformance</i>	1.68%	1.83%	2.59%		4.33%	
Palisade Investment Partners - Gross Performance						
Palisade Diversified Infrastructure Fund	15.18%	14.40%	13.39%		10.91%	1/08/2008
Palisade Australian Social Infrastructure Fund	13.53%	13.65%	14.81%		16.19%	31/05/2011
Antipodes Partners - Gross Performance						
Global Fund	14.75%	14.71%			15.12%	1/07/2015
<i>Outperformance</i>	-4.30%	2.43%			4.15%	
Global Long Only	19.10%	17.75%			16.74%	1/07/2015
<i>Outperformance</i>	0.06%	5.48%			5.77%	
Asia Fund	12.36%	14.99%			12.47%	1/07/2015
<i>Outperformance</i>	2.34%	2.81%			4.54%	

Affiliates' investment performance – 30 September 2018

	1Y	3Y	5Y	10Y	Inception	Inception date
Sphera Asset Management - Gross Performance						
Microcap Fund	10.12%				19.12%	16/05/2016
<i>Outperformance</i>	-10.19%				5.88%	
Smaller Companies Fund	18.01%				15.21%	11/07/2016
<i>Outperformance</i>	-2.31%				3.49%	
Opportunities Fund	18.22%				16.13%	11/07/2016
<i>Outperformance</i>	-1.53%				2.21%	
Two Trees Investment Management - Gross Performance						
Global Macro Fund					-3.52%	1/11/2017
<i>Outperformance</i>					-5.24%	
Firetrail Investments - Gross Performance						
High Conviction Fund					3.62%	14/03/2018
<i>Outperformance</i>					-3.31%	
Absolute Return Fund					3.45%	14/03/2018
<i>Outperformance</i>					2.63%	
Omega Global Investors - Gross Performance						
Omega Global Corp Bonds Fund	0.10%	3.66%	4.64%		6.25%	11/03/2010
<i>Outperformance</i>	0.09%	-0.63%	-0.55%		-0.69%	
Omega Australian Bonds Fund	3.75%	3.31%	4.57%		4.90%	12/09/2011
<i>Outperformance</i>	0.15%	0.36%	0.27%		0.23%	
Omega Global Listed Infrastructure Fund	-2.22%	7.79%	10.44%		11.64%	3/08/2012
<i>Outperformance</i>	-0.94%	0.22%	0.68%		0.74%	
Metrics - Gross Performance						
DASLF	4.73%	4.45%			4.96%	4/06/2013
<i>Spread to RBA Cash Rate</i>	3.23%	2.82%			2.98%	
<i>Spread to Bank Bills</i>	2.85%	2.52%			2.75%	
SPDF	7.83%				7.80%	26/11/2015
<i>Spread to RBA Cash Rate</i>	6.33%				6.19%	
<i>Spread to Bank Bills</i>	5.94%				5.88%	
SPDF II					9.00%	9/10/2017
<i>Spread to RBA Cash Rate</i>					7.49%	
<i>Spread to Bank Bills</i>					7.10%	

FY18 funds under management

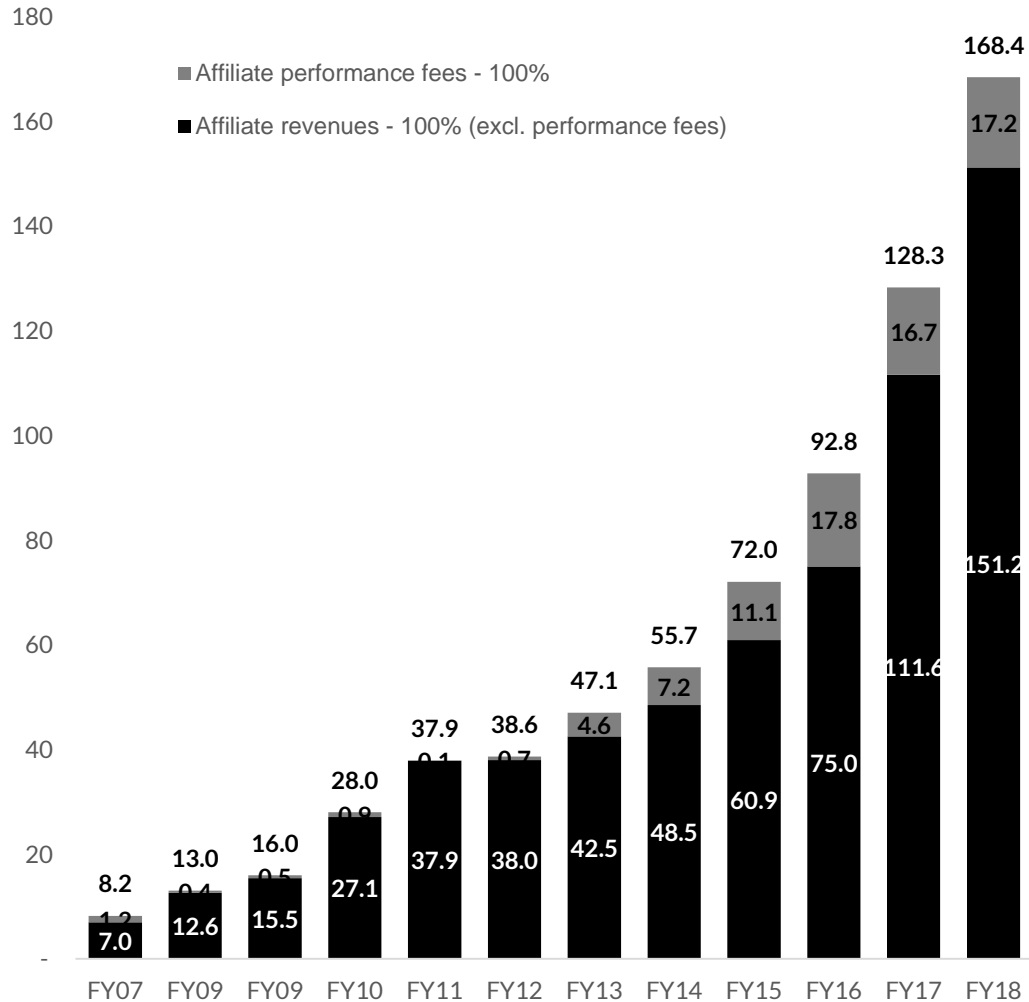


- FUM of \$38.0bn* as at 30 June 2018 (increased to \$47.8bn* at 30 September 2018 including Metrics Credit (\$2.7bn) and Omega (\$4.1bn))
- FUM has grown at a CAGR of 27.0% p.a. over the last ten years
- Increase in FUM of \$11.5bn in the year to 30 June 2018, driven by net inflows of \$7.9bn and market 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

- Pinnacle has a strong belief in corporate Australia's responsibility to give back to the communities which sustain and inspire businesses both large and small
- In partnership with Affiliates, Pinnacle primarily supports the community through the Pinnacle Charitable Foundation, which operates as an independent public ancillary fund
- The Foundation has a mission to facilitate positive social change and help build an engaged and vibrant Australia. Support is frequently provided an early stage, with seed funding offered to encourage trials, conduct specialist research and incubate new projects
- During the 2018 financial year donations totaling \$261,000 were made by the Foundation, supported by a further \$66,000 from Affiliates
- The majority of the total funding of \$327,000 was directed towards national prevention and early intervention programs and services, aiming to help reduce the high incidence of mental health problems across Australia. This included a new long-term partnership announced in June 2018 with suicide prevention charity R U OK?
- The Foundation was the largest recipient of an employee payroll giving program introduced in October 2017 by Pinnacle and several Affiliates. Donations made through salary sacrifice were matched by employers, resulting in a total of \$35,000 being distributed to 40 charities up to the end of June 2018

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 in July 2018
- We will continue to explore opportunities such as:
 - existing profitable investment management firms that we could help
 - distribution/retail businesses that may be synergistic

The Changing Landscape for Investment Management Distribution

Andrew Chambers

Executive Director

Large market underwritten by structural market growth

100+ Australian institutional funds with >\$1 billion	Super is the largest channel by AUM (\$2.7 trillion, \$100+ billion net inflows)	Institutional market \$1.4+ trillion AUM
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20 years of Structural Change: Outsource or Merge

Largest Super funds (>\$25bn) have >75% of industry AUM, cashflows & members	Corporate Funds = Outsource	Industry & Public Funds = Merge	Fewer investors, larger mandates, fee compression & internalisation
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Positive for start ups, pivot towards retail & international

'Happy marriage' between large instos & start-up boutiques	Large instos prepared to pay for scarcity in 3 forms: pedigree, alpha and capacity	Pivot towards retail to improve yield and diversification = large distribution force; digital skills	Pivot offshore to improve yield and diversification = global products, infrastructure, distribution
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Source: APRA, KPMG Super Report, Pinnacle Analysis. Market size estimates 31/03/18.

Reversal of a 20 year super-cycle of consolidation

Retail \$1.3 trillion	'Big 6' consolidated Manufacturing, Administration & Distribution	Progressive reduction in pricing power and market access	FOFA, Royal Commission now triggering 'fragmentation'
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'Fragmentation': IPO, Demerge, Trade-Sale, Spin-Off

CBA/CFS demerger/IPO	NAB/MLC demerger/IPO	ANZ Wealth trade sale to IOOF	Top practice 'spin offs' from vertically-integrated groups	Movement towards the exchange (LICs/LITs/EQMFs)	Growth of FinTech platforms & solutions (MDAs, Blockchain)
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Potential to increase market share & operating margins

Level playing field between 'best-in-class' and 'in-house'	Fragmentation = better pricing power, client diversification & retention	More 'points of sale' = greater distribution demands	Dedicated sales team to service growing exchange-traded market	Digital marketing key to accessing self-directed retail & SMSFs
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Source: APRA, KPMG Super Report, Pinnacle Analysis. Market size estimates 31/03/18.

International Market Opportunity

North America ~US\$38 trillion market	Europe ~US\$22 trillion market	Asia/Middle East ~US\$16 trillion market
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Potential to Improve Business Yield & Lower Risk Profile

Extremely diverse universe of investors with different objectives & regulatory drivers	Potentially stronger operating margins relative Australian institutional market	Diversification of business revenue by geography, channel & currency	Mitigate risks associated with domestic market structural change
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Global Manufacturing, Distribution & Infrastructure

Global Equities (x4), Asian Equities, Global Listed Real Estate, Global Listed Infrastructure, Global Macro, Global Bonds, Asia Private Debt	Global distribution from Sydney, Melbourne & London focused on institutional and wealth channels	Cayman Islands Umbrella Platform, Dublin Domiciled UCITS Platform, US Collective Investment Trust
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Source: WillisTowersWatson, Cap Gemini, McKinsey, Pension & Investments, AMG Analysis, Pinnacle Analysis.
Market size estimates 30/06/18.