



2 May 2022

*By electronic lodgement*

Market Announcements Office  
ASX Ltd  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam,

**Macquarie Australia Conference Presentation**

Pinnacle Investment Management Group Limited is pleased to attach a copy of a presentation that will be given to investors and analysts at the Macquarie Australia Conference on 3 May 2022.

Authorised by:

Calvin Kwok  
Company Secretary



# Macquarie Australia Conference

PINNACLE INVESTMENT MANAGEMENT GROUP LIMITED (PNI)

Ian Macoun – CEO/Managing Director

Andrew Chambers – Executive Director, Head of Institutional and International Distribution

Ramsin Jajoo – Director, Head of Retail

3<sup>rd</sup> May, 2022

# Pinnacle Investment Management Group Limited (PNI)

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# Agenda

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01 Introduction to Pinnacle

02 Business Model

03 Latest Update

04 Growth Agenda

05 Corporate Responsibility

06 Additional Information

## 01 Introduction to Pinnacle

## • What PNI offers shareholders

- Highly diverse earnings stream, generated from multiple asset classes
- High growth – 5-year compound NPAT growth in excess of 60% per annum
- High growth in dividends – 5-year compound dividend growth of 54.1%<sup>1</sup> per annum
- Continuing operational leverage from current Affiliate cost base
- Significant growth opportunities – organic, Affiliate self-funded investment and non-organic (three Horizons of growth)
- Capacity of the **current strategies** managed by Pinnacle Affiliates is in excess of \$300bn (at 100%)

## • How is this generated?

- A ‘pure play’ investment management firm providing affiliated investment managers with high quality distribution, infrastructure and other support services allowing investment professionals to focus on investment excellence
- Equity ownership in Affiliates – has been helpful in delivering alignment with Affiliate principals
- Founded in 2006 (became listed in 2016), Pinnacle currently holds an equity interest in 16 specialist investment managers, across multiple asset classes
- Pinnacle’s affiliated investment managers have delivered sustained, long-term outperformance over their benchmarks
- Highly regarded distribution teams have consistently delivered industry leading FUM inflows; strong in the Australian retail, Australian institutional, and (increasingly) offshore institutional and wholesale markets

<sup>1</sup>excluding the special dividend paid ahead of Pinnacle listing as a ‘pure play’ investment management business in 2016.

- **How we receive our profits**

- Our share of Affiliates' profits – equity accounted (1H FY22 NPAT – our share \$39.2m of \$100.1m total)
- 'Parent' revenues for our services, offset by costs of provision and 'Horizon 2' investment for future growth
- Three Horizons of growth:
  - Horizon 1: organic growth of the existing business of existing Affiliates
  - Horizon 2: new Affiliates, new initiatives within existing Affiliates, new 'Pinnacle parent' initiatives – short-term 'drag' on profits
  - Horizon 3: acquisition of interests in new Affiliates or synergistic businesses – requires capital

- **We have grown strongly and plan to further accelerate growth, from multiple sources**

- Multiple sources of future growth (3 Horizons, both within Australia and internationally)
- Aggregate Affiliates' FUM at 31 December 2021 (at 100%) \$93.6 billion<sup>1</sup>; CAGR of 26.0% p.a. over the ten years to 31 December 2021 (24.5% excluding \$6.8bn 'acquired' in July 2018, \$3.0bn 'acquired' in December 2019 and \$1.1bn 'acquired' in December 2021)
- See independent Research Reports for information relating to expected future growth

- **What is 'special'/distinctive about Pinnacle?**

- Our distinctive business model was designed specifically to ensure sustained investment excellence - embedded in our DNA
- The most talented and experienced investment professionals love it; more importantly, their clients love it – it delivers stability and sustainability/longevity, which traditional investment institutions are less able to facilitate
- We are 'experts' at the 'multi-affiliate' model (successfully executing on it for two decades)
- Distribution pre-eminence
- We execute on it better than others; we understand the talented people and their needs, the subtle forces that sustain enduring excellence and those that are inimical to it. We ensure succession when others don't seem able or willing to

1. \$91.4 billion, at 100%, at 31 March 2022

- How we can we continue to grow
  - Our business model is deliberately modular, with autonomous units, and highly-scalable
  - Continuing investment in distribution and infrastructure
- Is it sustainable over the long term?
  - 'Stand alone' Boutique investment firms and institutional investment firms can be fragile - but our 'supported independence' model makes our Affiliates stronger and more sustainable
  - We have added significant value to each of the businesses we have acquired interests in

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# A broadly diversified platform in place to move ahead with sustained growth

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## 1. Ongoing opportunities for growth from multiple sources

- Short term domestic institutional rebalancing offset by continued strength in international and higher margin, sticky retail inflows
- Continued 'Horizon 2' investments driving strategic growth through the cycle
- Continued growth in performance fee FUM – revenue opportunity not correlated to equity market levels
- Improvement in average base rate fees and client diversity
- Benefits of embedded operating leverage clearly emerging, notwithstanding continuing 'Horizon 2' investment both within Affiliates and in Pinnacle

## 2. Diversified, increasingly international platform generating sustained and resilient performance

- High quality existing Affiliates
- Incubating new Affiliates and strategies
- Enhanced by careful, but deliberate, acquisitive growth into new asset classes and markets

## 3. Prepared for and seeking attractive inorganic growth – over \$100m in 'dry powder' available

- Multiple attractive opportunities emerging, but discipline and patience means timing uncertain
- Committed to taking advantage of the significant offshore opportunity to evolve into a global multi-affiliate by 'exporting our model', (with adaptations for different market practices)

## 4. Resilient to the possibility of further external adversity

## Track record of investing to deliver medium-term growth



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

Seed FUM and working capital	Middle office and fund administration	Technology and other firm infrastructure
Distribution and client services	RE, compliance, finance, legal	Interface for outsourced services
<b>49.9%</b> <b>\$14.0bn</b> Global & Australian Growth Equities 1998	<b>42.7%</b> <b>\$10.9bn</b> Global & Australian Systematic Equities 2006	<b>37.6%</b> <b>\$2.7bn</b> Private Infrastructure 2007
<b>40.0%<sup>4</sup></b> <b>\$1.8bn</b> Global & Australian Small & Micro-Cap Equities 2016	<b>49.0%</b> <b>\$0.1bn</b> Systematic Global Macro 2017	<b>44.5%<sup>6</sup></b> <b>\$19.2bn</b> Global & Australian REITs 2007
<b>35.0%</b> <b>\$8.0bn</b> Alternative Public Credit 2011 (3)	<b>32.5%</b> <b>\$0.4bn</b> Global Emerging Market Equities 2019	<b>44.5%</b> <b>\$10.5bn</b> Core & L/S Australian Equities 2008
	<b>23.5%<sup>4</sup></b> <b>\$7.1bn</b> High Conviction & L/S Australian & Global Equities 2018	<b>23.5%</b> <b>\$9.0bn</b> Global L/S & long only Equities 2015
	<b>35.0%</b> <b>\$8.6bn<sup>1</sup></b> Private Credit 2011 (2)	<b>40.0%<sup>4</sup></b> <b>\$0.2bn</b> Australian Small Cap Equities 2018
	<b>25.0%</b> <b>\$1.1bn</b> Private Equity 2013 (5)	<b>40.0%</b> <b>\$0.1bn</b> Water, Agricultural Private Equity 2019
	<b>32.5%</b> <b>\$0bn</b> Global and Canadian Small Cap Equities 2022	

## FYTD 22 Highlights:

- ‘Horizon 3’ acquisition of a 25% interest in Five V Capital:
  - Consistent with strategy of increasing exposure to private capital markets, including private equity
  - High quality investment team with a proven track record of delivering investment excellence
  - Demonstrates flexibility of Pinnacle’s model and ability to partner with investment managers across all asset classes
- ‘Horizon 2’ launch of Langdon Equity Partners:
  - Based in Toronto, Canada
  - Global & Canadian Small Cap equities
  - Pinnacle’s first ‘Horizon 2’ build in North America and Pinnacle’s first North American based Affiliate
- Deepened Pinnacle’s relationship with Palisade, enhancing the growth of our private capital and sustainability platform – increases Pinnacle’s exposure to private markets and diversification away from equities markets, during a time of increased volatility:
  - Pinnacle to provide \$35m in seed capital to Palisade’s Impact Fund, which is targeting an initial \$250m raise. We have extended our CBA facility by \$20m to partly fund this
  - Pinnacle to provide £12.15m in seed capital to Palisade’s Real Assets strategy, to facilitate the acquisition of its first asset – an energy transition asset in the UK
  - Pinnacle to acquire a 5% direct equity interest in each of Palisade Impact and Palisade Real Assets (in addition to the interest it holds indirectly through Palisade)
  - Palisade and Pinnacle have entered into a global distribution agreement, covering all of Palisade’s strategies

FUM shown for each Affiliate is Gross FUM at 31 December 2021, at 100%  
 1. FUA of \$10.6bn including leverage, at 31 December 2021. Metrics earns fees on the full FUA figure  
 2. Founded in 2011. Pinnacle acquired equity in August 2018

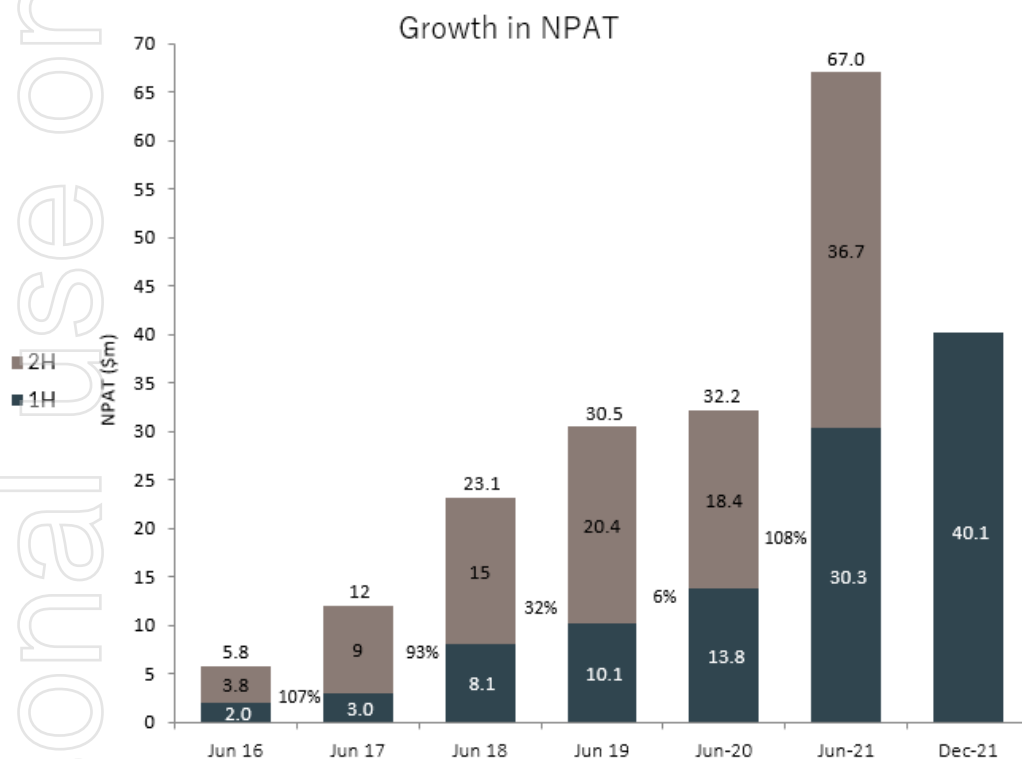
3. Founded in 2011. Pinnacle acquired 25% equity in December 2019 and an additional 10% in September 2021.  
 4. The percentage represents Pinnacle’s total shareholding in the Affiliate. Pinnacle currently holds less than 1% of the voting shares in the Affiliate, however, it has full economic rights in respect of its holding

5. Founded in 2013. Pinnacle acquired a 25% interest via convertible redeemable preference shares, which convert into ordinary equity in certain situations, in November 2021  
 6. 49.5% at 22 April 2022

The strength of our platform and award-winning brands generates material earnings growth for our shareholders

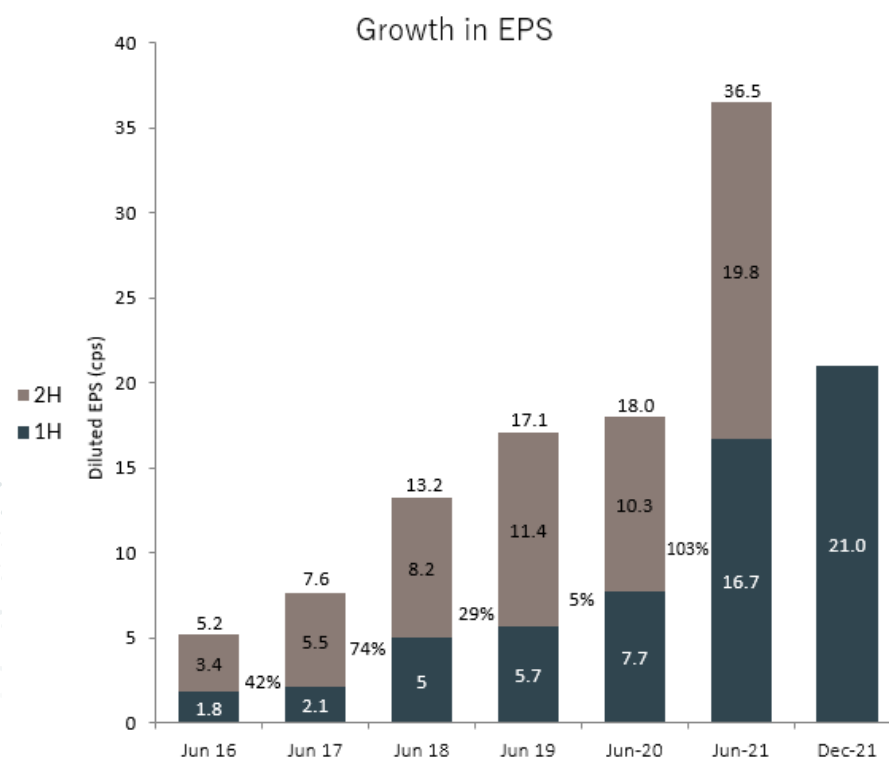
## NPAT growth: 2016 - 2021

CAGR (five years): 63.1%



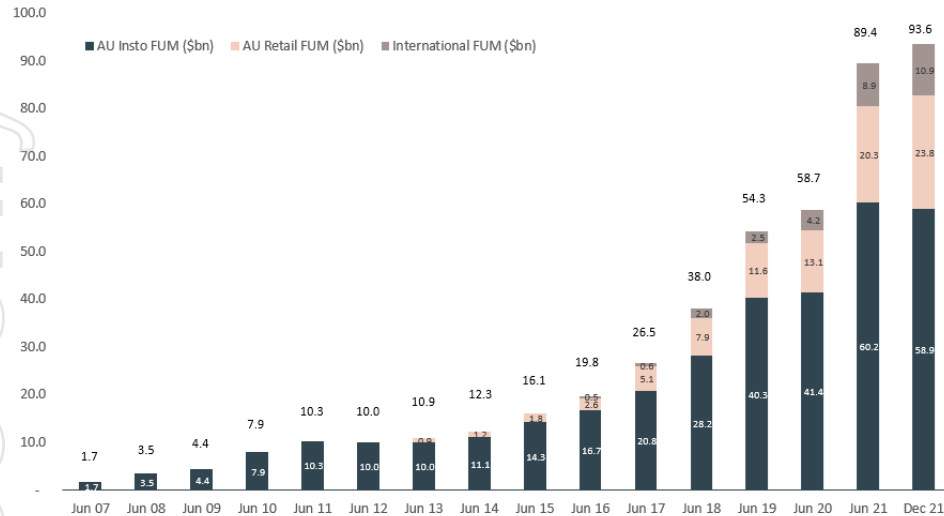
## EPS growth: 2016 - 2021

CAGR (five years): 47.7%



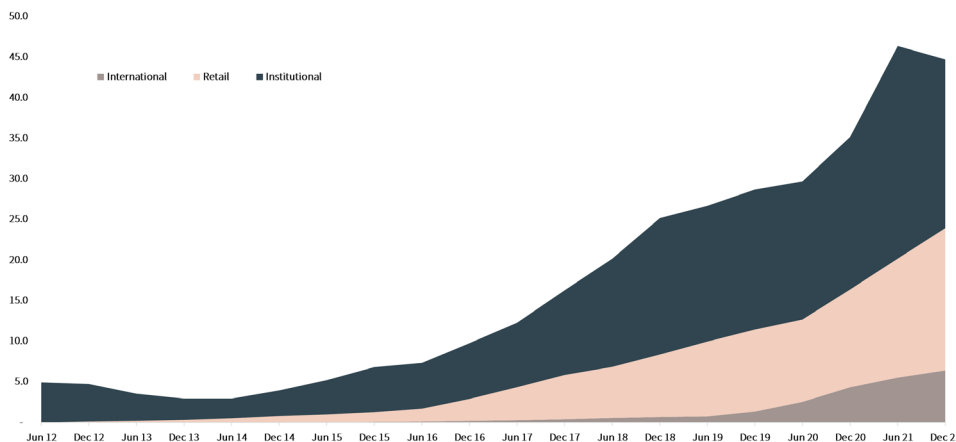
Fully franked dividends have grown at a CAGR of 54.1% over the same period (excluding the special dividend paid ahead of Pinnacle listing as a 'pure play' investment management business in 2016)

## Gross FUM (\$bn)<sup>1,2</sup>



- FUM has grown at a CAGR of 26.0% p.a. over the ten years to 31 December 2021 (24.5% excluding \$6.8bn 'acquired' in July 2018, \$3.0bn 'acquired' in December 2019 and \$1.1bn 'acquired' in December 2021), driven by:
  - Sustained investment outperformance; and
  - Strong track record of net flows across multiple channels
- Strong growth expected to continue over medium term

## Cumulative net flow history (\$bn)



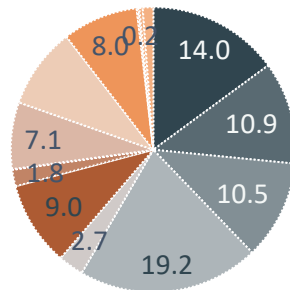
- Diverse institutional client base of ~260 with strong pipeline domestically and offshore
- Increasing focus on international institutions given large addressable market with higher margins relative to Australian market
  - International FUM has grown from ~3% of Gross FUM in FY16 to ~12% at 1H22
- Leading capabilities in higher-margin domestic retail channel
  - Retail FUM has grown from ~13% of Gross FUM in FY16 to ~25% at 1H22
  - Averaged ~\$500m of net flows per month in H122

<sup>1</sup> FUM is 100% of FUM managed by Pinnacle Affiliates. Includes \$6.8bn 'acquired' in July 2018, \$3.0bn 'acquired' in December 2019 and \$1.1bn 'acquired' in December 2021  
<sup>2</sup> \$91.4 billion, at 100%, at 31 March 2022

A broadly diversified platform in place to move ahead with sustained growth

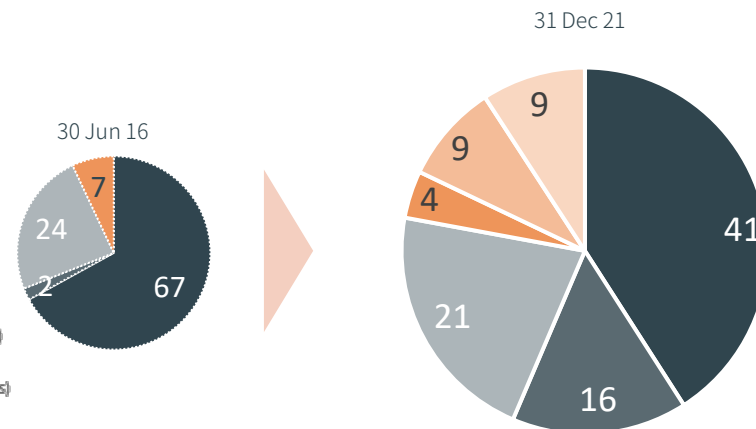
1H FY22 FUM by Affiliate (%)

■ Hyperion  
 ■ Plato  
 ■ Solaris  
 ■ Resolution Capital  
 ■ Palisade  
 ■ Antipodes  
 ■ Spheria  
 ■ Two Trees  
 ■ Firetrail  
 ■ Metrics  
 ■ Coolabah  
 ■ Longwave  
 ■ Riparian  
 ■ Aikya  
 ■ Five V



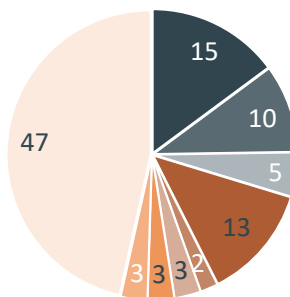
1H FY22 FUM by Asset Class (%)

■ Australian Equities  
 ■ Global Equities  
 ■ Real Assets (Public Markets)  
 ■ Real Assets (Private Markets)  
 ■ Credit (Public Markets)  
 ■ Credit (Private Markets)

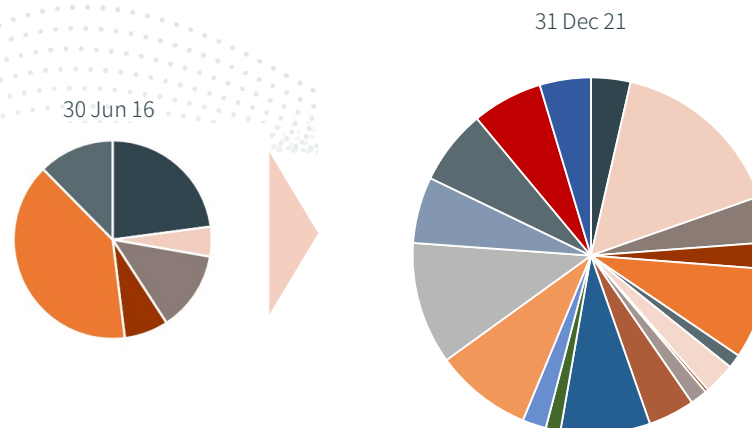


1H FY22 Revenue by Client (%)

■ Industry Super Fund  
 ■ Public Pension Fund  
 ■ Corporate Pension Fund  
 ■ Financial Institution  
 ■ Sovereign Fund  
 ■ Insurance Fund  
 ■ Endowment/Foundation  
 ■ Family Office  
 ■ Retail



1H FY22 FUM subject to performance fees by Strategy



## 02 Business Model

## Australia's leading 'multi-affiliate' investment firm

1. Hand-picked selection of high-quality investment management firms

2. Aligned interests with dedicated investment professionals – who are performance driven; and have retained significant equity interests

3. Recognises the advantages and benefits of a 'boutique environment'

4. Institutional-grade technology and infrastructure, supporting its "world-class" distribution and service capability

5. Understands the importance of succession planning within Affiliates and creating long term sustainable businesses

*Pinnacle understands that investors want their investment management firms to be long term, enduring and sustainable*

1

Highly attractive platform for the best investment professionals

- Platform liberates investment professionals to focus on what they do best
- 85% of FUM has outperformed benchmark over five-year period

2

Track record of strong FUM growth

- Gross FUM (at 100%) of \$91.4bn across a range of different asset classes and strategies
- Between 2016 and 2021, gross FUM growth at ~32% CAGR

3

Diversification across investment strategies and asset classes

- Highly diverse earnings stream, generated from multiple asset classes
- Alternative strategies (incl. credit, real assets and private equity) now accounts for ~43% of our FUM

4

Increasing leverage to performance fees

- Number and diversity of strategies with performance fee potential has increased
- FUM with performance fee potential significantly increased due to exposure to alternative strategies where fee structures can incl. hurdles rates

5

Strong financial performance and shareholder value creation

- High growth – 5 year NPAT and dividend CAGR >50%
- Significant operating leverage inherent in “multi-affiliate” business model

6

Multiple drivers of future growth

- Significant growth opportunities across three “Horizons” – organic, Affiliate self-funded and inorganic



## 03 Latest Update

- Total Affiliate FUM (at 100%) at 31 March 2022 of \$91.4 billion
  - down \$2.2 billion (2.4%) from \$93.6 billion at 31 December 2021
  - up \$2.0 billion (2.2%) from \$89.4 billion at 30 June 2021 (up \$5.9bn, or 6.6%, over the nine months to 31 March 2022, excluding the \$3.9bn outflow of the Omega Morningstar mandate on very modest fees during August, which was withdrawn as expected and previously reported; and up \$4.7bn or 5.3%, also excluding the \$1.1bn of FUM ‘acquired’ in Five V)
- Total net inflows for the three months to 31 March 2022 were \$1.3 billion:
  - \$0.8 billion institutional
  - \$0.5 billion retail
- For the three months to 31 March 2022:
  - The S&P/ASX 300 Index was up 0.6%
  - The MSCI World Index was down 5.7%
- For the nine months to 31 March 2022:
  - The S&P/ASX 300 Index was up 2.6%
  - The MSCI World Index was down 1.2%

- During the nine months to 31<sup>st</sup> March, there has been ‘recycling’ of institutional FUM, with the outflows skewed towards older, lower margin domestic business and the inflows into higher margin strategies including international markets, with the result that the contained annual revenue impact of net institutional flows to 31<sup>st</sup> March 2022 has been significantly positive
- Industry-wide, retail flows are significantly down in the first quarter of 2022. We have not been immune from this trend but continue to deliver positive net inflows, spread across a number of Affiliates
- Most Affiliates and strategies continue to deliver performance to expectations or better; short-term ‘style headwinds’ in a couple of Affiliates
- Highlights of newer Affiliates include:
  - Aikya's FUM doubled in Q1 of calendar year 2022 and surpassed the important US\$500m milestone; run-rate profitability for our first internationally domiciled start-up achieved in H2 FY22 (less than 2.5 years)
  - Capital raising for Five V's VC Fund II brought forward – targeting \$100m; first close July 31st

- Capacity of the **current strategies** managed by Pinnacle Affiliates is in excess of \$300bn (at 100%)
- Pinnacle, and many of the Affiliates, continue to invest in initiatives that will provide further growth in the medium-term, recognizing that these initiatives are a ‘drag’ on short-term profitability (Horizon 2). Each of these initiatives provides additional capacity and additional medium-term growth opportunities
- Current initiatives underway within Affiliates include:
  - Firetrail – S3 Global Opportunities: a strategy focused on Firetrail’s best global equity ideas. S3 refers to the three attributes of the ideal stocks for the portfolio – Sustainable business models, Sustainable earnings, and Sustainable positive change
  - Hyperion – global strategy now available to US investors and NZ investors through the recently seeded US Mutual Fund and NZ PIE Fund
  - Metrics has launched Metrics Business Finance to accelerate its expansion of lending to small and medium enterprises (SME) and small commercial property projects. To support growth of its SME lending, Metrics acquired Bigstone Finance, which brings deep experience and valuable relationships in this dynamic sector of the Australian economy
  - Metrics is also developing innovative sustainable finance strategies to support the global transition to a low carbon economy
  - Palisade’s Impact Fund drew down its first external capital during April 2022, as it targets an initial \$250m raise
  - Palisade Real Assets working to complete due diligence on its first asset, as it seeks to build an energy transition platform in Europe
  - Riparian has secured the first asset for its Controlled Environment Foods Australasia (CEFA) strategy, backed by committed capital from investors and a seed commitment from Pinnacle. CEFA will be offered to investors standalone, or as part of Riparian’s diversified agriculture offering (Water, CEFA and agricultural PE)
  - ResCap Real Assets and Global Listed Infrastructure funds generating interest with clients
  - Langdon – formal registration approval expected from the Ontario Securities Commission in May, with the first funds to be launched in Australia and Canada shortly thereafter
  - Plato Net Zero Hedge Fund and Enhanced Low Carbon strategies launched to significant interest
- Pinnacle provides capital and seed FUM (if required), and distribution and operational firepower to accelerate the commercialization of these growth initiatives
- Pinnacle is also undertaking its own Horizon 2 initiatives, including the recruitment of senior executives in North America and to support the expansion of quant

- Whilst we remain ready and prepared to take advantage of Horizon 3 opportunities as they arise, there is a high bar; we will only consider such opportunities if they are low risk and will provide a high return on invested capital
- Pinnacle is the ‘natural buyer’ of additional equity in Affiliates – extremely high-quality businesses that we know very well – and will do so over time where it is in the long-term interests of the Affiliate. In FY22 to date, we have acquired:
  - An additional 10% equity in Coolabah, in September 2021
  - An additional 4.5% equity in Solaris, in December 2021
  - An additional 5.0% equity in Res Cap, in April 2022
  - Direct equity stakes of 5% in both Palisade Real Assets and Palisade Impact (in addition to our indirect interest through Palisade)
- We have built a diversified platform that provides:
  - ‘all weather relevance’ to clients
  - significant reduction in reliance on individuals
  - ‘multiple ways of winning’

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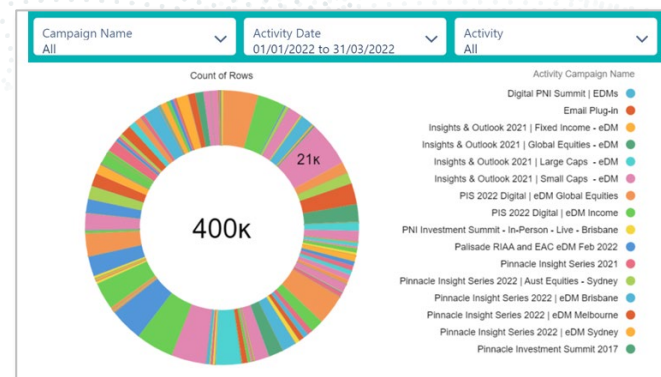
- Global outlook for asset class valuations, inflation and rates driving institutional allocation behaviour
- Institutional **search activity in equities encouraging in specific market segments**
  - Consultants and asset owners broadly underweight global equities in their strategic asset allocation (SAA) weights; generally neutral Australian equities in their SAA weights
  - Mandate search activity in global value and emerging market equities remains encouraging
  - Mandate search activity picking up in Australian high conviction and low tracking error core
- Institutional **search activity in real assets and alternatives** – Pinnacle has added significant additional capability in recent times
  - Private infrastructure viewed as providing defensive qualities and inflation protection
  - Real estate viewed as more attractive than equities but less attractive than infrastructure (preference for industrial, residential/multi-family and healthcare over retail and commercial)
  - Public real estate and infrastructure have performed strongly relative to equities so some trimming by institutions
  - Private credit viewed as attractive given defensive, floating rate and premium yield characteristics so demand remains strong
  - Alternative credit (private credit and zero duration public credit) viewed as attractive in supplanting traditional fixed income allocations
  - Appetite for private equity and private agriculture remain strong (particularly from international investors)
- As previously communicated, our institutional pipeline remains strong and diversified – onshore and offshore. Near-term, rebalancing may remain a factor

Real assets – public markets	<i>Listed infrastructure</i> Resolution Capital
Real assets – private markets	<i>Real Assets</i> Resolution Capital
	<i>Water &amp; Ag</i> Riparian
	<i>Unlisted infrastructure</i> Palisade – including Impact
	<i>Private equity</i> Five V
Credit – public markets	Coolabah – including exchange-traded vehicles
Credit – private markets	Metrics – including exchange-traded vehicles
Equities – market neutral/absolute return	Antipodes – including exchange-traded vehicles Firetrail Plato

- Successful execution of client events delivering **increased activity** and **opportunities pipeline**
  - The annual Insight Series event covering major asset classes (completed in February/March 2022) with record attendance (2,317 advisers, researchers and consultants attended in Q1 2022 versus 2,054 in Q1 2021)
  - Planning underway for the Pinnacle Annual Summit 2022 (refreshed and back to live in-person)
  - Commitment to digital distribution practice to ensure flexible broad-based engagement (including multimedia content creation and dissemination)
- 3<sup>rd</sup> Party Platforms (e.g. Firstlinks, Livewire) and Adviser education programs successfully executed across PCF, IMAP, AMP, IOOF and numerous other key client events
- Pinnacle Affiliates continue to enjoy **strong** and **broad-based support** from Investment Consultants
- The retail distribution team's individual (1:1) client activity levels reached 1,881 client interactions during Q1 2022



- Pinnacle Affiliates' continued commitment to listed / active ETFs – successful listing of the Resolution Capital Global Property Securities Fund (Managed Fund) (ETF - ASX:RCAP) on 22 February 2022
  - Pinnacle's engagement and support for the broker channel continues to increase
- New Research House ratings released in Q1 2022 include:
  - Resolution Capital Real Assets Fund – upgraded to 'Highly Recommended' by Lonsec Research
  - Zenith initiated coverage of the Resolution Capital Global Property Securities Fund (Managed Fund) (ETF - ASX:RCAP) with 'Highly Recommended'
  - Zenith initiated coverage of the Firetrail S3 Global Opportunities Fund with 'Recommended' (New)
- Business Intelligence initiatives introduced in Q1 2022: new lead generation toolkit and 3<sup>rd</sup> party CRM add-on application
- During Q1 2022, there were more than 400K engagements with investors, advisers and institutions across the Pinnacle Affiliate digital assets



Source: Pinnacle, Salesforce & Pardot

## Continuing strong investment performance of Affiliates to 31 March 2022

85% of Pinnacle Affiliates' strategies and products (with a track record exceeding 5 years) have outperformed their benchmarks over the 5 years to 31 March 2022

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	5Y (p.a.)	10Y (p.a.)	Inception (p.a.)	Inception date
<b>Pinnacle Investment Management</b>				
<b>Hyperion Asset Management - Gross Performance</b>				
Hyperion Australian Growth Companies Fund	14.83%	14.93%	13.04%	1/10/2002
Outperformance	5.45%	4.82%	3.64%	
Hyperion Small Growth Companies Fund	14.09%	17.24%	16.91%	1/10/2002
Outperformance	4.19%	11.22%	9.28%	
Hyperion Australian Equities Composite	15.75%	15.29%	13.93%	1/11/1996
Outperformance	6.37%	5.19%	4.76%	
Hyperion Global Growth Companies Fund (Class B Units)	24.85%		22.21%	22/05/2014
Outperformance	11.49%		9.00%	
<b>Plato Investment Management - Gross Performance</b>				
Plato Australian Shares Equity Income Fund - Class A	11.54%	13.22%	13.48%	9/9/2011
Outperformance	0.82%	1.66%	1.68%	
Plato Global Shares Income Fund	6.91%		6.10%	30/11/2015
Outperformance	-5.97%		-5.00%	
<b>Solaris Investment Management - Gross Performance</b>				
Solaris Core Australian Equity Fund	9.28%	11.20%	7.35%	9/01/2008
Outperformance	0.06%	1.05%	1.40%	
Solaris Total Return Fund (including franking credits)	10.84%		11.15%	13/01/2014
Outperformance	0.12%		0.81%	
Solaris Australian Equity Long Short Fund	11.94%		12.58%	1/03/2017
Outperformance	2.72%		2.82%	
Solaris Australian Equity Income Fund	11.13%		12.08%	12/12/2016
Outperformance	0.41%		0.49%	
<b>Resolution Capital - Gross Performance</b>				
Resolution Capital Real Assets Fund	10.90%	14.75%	9.85%	30/09/2008
Outperformance	2.51%	2.20%	2.83%	
Resolution Capital Global Property Securities Fund	9.43%	11.59%	11.17%	30/09/2008
Outperformance	3.54%	2.94%	4.15%	
Resolution Capital Core Plus Property Securities Fund - Series II	10.05%	13.77%	9.47%	31/08/1994
Outperformance	1.66%	1.17%	1.24%	
Resolution Capital Global Property Securities Fund - Series II	8.36%	9.92%	5.25%	30/04/2006
Outperformance	2.47%	0.96%	-0.47%	
Resolution Capital Global Property Securities Fund (Unhedged) - Series II	10.43%	12.93%	13.80%	30/11/2011
Outperformance	3.60%	2.53%	2.53%	
<b>Palisade Investment Partners - Gross Performance</b>				
Palisade Diversified Infrastructure Fund	10.70%	12.50%	10.40%	1/08/2008
Palisade Australian Social Infrastructure Fund	10.20%	13.30%	12.90%	31/05/2011
<b>Antipodes Partners - Gross Performance</b>				
Antipodes Global Fund	5.89%		7.15%	1/07/2015
Outperformance	-6.10%		-2.46%	
Antipodes Global Fund - Long	10.06%		10.98%	1/07/2015
Outperformance	-1.93%		0.61%	
Antipodes Asia Fund	4.66%		6.32%	1/07/2015
Outperformance	-2.47%		0.55%	
<b>Sphera Asset Management - Gross Performance</b>				
Sphera Australian Microcap Fund	18.62%		19.93%	16/05/2016
Outperformance	8.72%		10.24%	
Sphera Australian Smaller Companies Fund	14.37%		13.58%	11/07/2016
Outperformance	4.46%		4.56%	
Sphera Opportunities Fund	14.33%		13.83%	11/07/2016
Outperformance	3.04%		2.64%	
<b>Metrics Credit Partners - Gross Performance</b>				
Metrics Credit Partners Diversified Australian Senior Loan Fund	4.81%		5.10%	4/06/2013
Outperformance	3.82%		3.52%	
Metrics Credit Partners Secured Private Debt Fund	8.07%		8.02%	26/11/2015
Outperformance	7.09%		6.81%	
<b>Coolabah Capital Investments - Gross Performance</b>				
Smarter Money (Active Cash) Fund Assisted	2.50%	3.92%	3.99%	20/02/2012
Outperformance	1.68%	2.31%	2.35%	
Smarter Money Higher Income Fund Assisted	2.98%		3.59%	8/10/2014
Outperformance	2.17%		2.40%	
Coolabah Active Composite Bond Strategy	3.53%		3.62%	7/03/2017
Outperformance	1.67%		1.63%	
Coolabah Long-Short Active Credit Alpha Strategy	6.85%		6.81%	14/02/2017
Outperformance	2.53%		2.47%	

# Affiliates' investment performance

31 March 2022

The investment returns for each fund or strategy shown are for information purposes only. Unless otherwise stated, the investment returns have been calculated for the relevant period in AUD (with distributions reinvested) and are gross of applicable fees, costs and taxes. Past performance is not indicative of future performance.

	1Y	3Y (p.a.)	5Y (p.a.)	10Y (p.a.)	Inception (p.a.)	Inception date
<b>Pinnacle Investment Management</b>						
<b>Hyperion Asset Management - Gross Performance</b>						
Hyperion Australian Growth Companies Fund	5.19%	17.81%	14.83%	14.93%	13.04%	1/10/2002
Outperformance	-10.02%	6.95%	5.45%	4.82%	3.64%	
Hyperion Small Growth Companies Fund	0.34%	14.23%	14.09%	17.24%	16.91%	1/10/2002
Outperformance	-9.34%	4.58%	4.19%	11.22%	9.28%	
Hyperion Australian Equities Composite	7.24%	19.09%	15.75%	15.29%	13.93%	1/11/1996
Outperformance	-7.96%	8.24%	6.37%	5.19%	4.76%	
Hyperion Growth Companies Fund (Managed Fund)***	0.64%	21.29%	24.85%		22.21%	1/06/2014
Outperformance	-11.54%	7.86%	11.49%		9.00%	
<b>Plato Investment Management - Gross Performance</b>						
Plato Australian Shares Equity Income Fund - Class A	17.65%	12.75%	11.54%	13.22%	13.48%	9/9/2011
Outperformance	1.03%	0.78%	0.82%	1.46%	1.68%	
Plato Global Shares Income Fund	7.84%	5.29%	6.91%		6.10%	30/11/2015
Outperformance	-3.76%	-7.63%	-5.97%		-5.00%	
<b>Solaris Investment Management - Gross Performance</b>						
Solaris Core Australian Equity Fund	16.64%	8.96%	9.28%	11.20%	7.35%	9/01/2008
Outperformance	1.67%	-1.63%	0.06%	1.05%	1.40%	
Solaris Total Return Fund (including franking credits)	18.55%	10.22%	10.84%		11.15%	13/01/2014
Outperformance	1.93%	-1.75%	0.12%		0.81%	
Solaris Australian Equity Long Short Fund	22.37%	8.25%	11.94%		12.58%	1/03/2017
Outperformance	7.40%	-2.34%	2.72%		2.82%	
Solaris Australian Equity Income Fund	19.14%	11.69%	11.13%		12.08%	12/12/2016
Outperformance	2.52%	-0.28%	0.41%		0.49%	
<b>Resolution Capital - Gross Performance</b>						
Resolution Capital Real Assets Fund	20.81%	9.88%	10.90%	14.75%	9.85%	30/09/2008
Outperformance	1.65%	3.93%	2.51%	2.20%	2.83%	
Resolution Capital Global Property Securities Fund	21.59%	8.03%	9.43%	11.59%	11.17%	30/09/2008
Outperformance	5.94%	3.81%	3.54%	2.94%	4.15%	
Resolution Capital Core Plus Property Securities Fund - Series II	20.93%	8.51%	10.05%	13.77%	9.47%	31/08/1994
Outperformance	1.77%	2.56%	1.66%	1.17%	1.24%	
Resolution Capital Global Property Securities Fund - Series II	21.21%	7.06%	8.36%	9.92%	5.25%	30/04/2006
Outperformance	5.56%	2.84%	2.47%	0.96%	-0.47%	
Resolution Capital Global Property Securities Fund (Unhedged) - Series II	21.61%	7.56%	10.43%	12.93%	13.80%	30/11/2011
Outperformance	5.51%	4.07%	3.60%	2.53%	2.53%	
Resolution Capital Global Listed Infrastructure Fund						30/09/2021
Outperformance						
<b>Palisade Investment Partners - Gross Performance</b>						
Palisade Diversified Infrastructure Fund	12.60%	9.80%	10.70%	12.50%	10.40%	1/08/2008
Palisade Australian Social Infrastructure Fund	7.20%	9.60%	10.20%	13.30%	12.90%	31/05/2011
<b>Antipodes Partners - Gross Performance</b>						
Antipodes Global Fund	-3.31%	4.96%	5.89%		7.15%	1/07/2015
Outperformance	-12.11%	-6.70%	-6.10%		-2.46%	
Antipodes Global Fund - Long	-0.40%	8.93%	10.06%		10.98%	1/07/2015
Outperformance	-9.20%	-2.73%	-1.93%		0.61%	
Antipodes Asia Fund	-23.09%	0.61%	4.66%		6.32%	1/07/2015
Outperformance	-9.67%	-2.60%	-2.42%		0.55%	
<b>Spheria Asset Management - Gross Performance</b>						
Spheria Australian Microcap Fund	44.92%	28.06%	18.62%		19.93%	16/05/2016
Outperformance	35.24%	18.42%	8.72%		10.24%	
Spheria Australian Smaller Companies Fund	14.99%	14.97%	14.37%		13.58%	11/07/2016
Outperformance	5.31%	5.33%	4.46%		4.56%	
Spheria Opportunities Fund	18.48%	15.00%	14.33%		13.83%	11/07/2016
Outperformance	4.64%	2.40%	3.04%		2.64%	
Spheria Global Microcap Fund	2.80%	17.56%			17.13%	1/03/2019
Outperformance	5.21%	3.36%			4.05%	
<b>Two Trees Investment Management - Gross Performance **</b>						
Two Trees Global Macro Fund - USD Composite	0.84%	-5.04%			-3.45%	7/03/2018
Outperformance	-0.95%	-5.76%			-4.51%	

# Affiliates' investment performance

31 March 2022

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	1Y	3Y (p.a.)	5Y (p.a.)	10Y (p.a.)	Inception (p.a.)	Inception date
<b>Pinnacle Investment Management</b>						
<b>Firetrail Investments - Gross Performance</b>						
Firetrail Australian High Conviction Fund	13.58%	11.95%			8.79%	14/03/2018
<i>Outperformance</i>	-1.39%	1.37%			-1.22%	
Firetrail Absolute Return Fund	-7.35%	10.96%			7.65%	14/03/2018
<i>Outperformance</i>	-7.45%	10.54%			6.96%	
Firetrail Australian Small Companies Fund	13.49%				32.56%	20/02/2020
<i>Outperformance</i>	3.81%				25.82%	
<b>Metrics Credit Partners - Gross Performance</b>						
Metrics Credit Partners Diversified Australian Senior Loan Fund	4.26%	4.58%	4.81%		5.10%	4/06/2013
<i>Outperformance</i>	4.21%	4.19%	3.82%		3.52%	
Metrics Credit Partners Secured Private Debt Fund	6.91%	7.77%	8.07%		8.02%	26/11/2015
<i>Outperformance</i>	6.86%	7.38%	7.09%		6.81%	
MCP Secured Private Debt Fund II	6.08%	7.37%			8.11%	9/10/2017
<i>Outperformance</i>	6.03%	6.98%			7.22%	
MCP Real Estate Debt Fund	7.36%	8.24%			8.40%	9/10/2017
<i>Outperformance</i>	7.31%	7.85%			7.50%	
MCP Wholesale Investments Trust	5.24%	5.88%			6.13%	9/10/2017
<i>Outperformance</i>	5.14%	5.46%			5.36%	
MCP Credit Trust	20.39%	14.45%			14.11%	26/12/2018
<i>Outperformance</i>	20.34%	14.06%			13.57%	
Metrics Master Income Trust (MXT)*	4.19%	4.81%			5.04%	5/10/2017
<i>Outperformance</i>	4.09%	4.40%			4.26%	
Metrics Income Opportunities Trust (MOT)*	11.10%				8.73%	23/04/2019
<i>Outperformance</i>	11.00%				8.32%	
Metrics Direct Income Fund*	4.74%				6.36%	1/07/2020
<i>Outperformance</i>	4.64%				6.23%	
<b>Longwave Capital Partners - Gross Performance</b>						
Longwave Australian Small Companies Fund	14.30%	11.99%			14.34%	1/02/2019
<i>Outperformance</i>	4.62%	2.36%			2.88%	
<b>Coolabah Capital Investments - Gross Performance</b>						
Smarter Money (Active Cash) Fund Assisted	0.05%	2.07%	2.50%	3.92%	3.99%	20/02/2012
<i>Outperformance</i>	0.02%	1.71%	1.68%	2.31%	2.35%	
Smarter Money Higher Income Fund Assisted	0.19%	2.66%	2.98%		3.59%	8/10/2014
<i>Outperformance</i>	0.16%	2.30%	2.17%		2.40%	
Smarter Money Long Short Credit Fund Assisted	-1.21%	5.62%			5.67%	31/08/2017
<i>Outperformance</i>	-1.24%	5.26%			4.92%	
Coolabah Active Composite Bond Strategy	-5.92%	1.81%	3.53%		3.62%	7/03/2017
<i>Outperformance</i>	-0.37%	2.13%	1.67%		1.63%	
Coolabah Long-Short Active Credit Alpha Strategy	2.39%	6.95%	6.85%		6.81%	14/02/2017
<i>Outperformance</i>	-1.14%	3.09%	2.53%		2.47%	
BetaShares Active Australian Hybrids Fund (HBRD)	3.02%	4.48%			4.57%	13/11/2017
<i>Outperformance</i>	0.48%	1.62%			1.35%	
<b>Alkya Investment Management - Gross Performance</b>						
Alkya Global Emerging Markets Fund - Class A	-0.94%				4.07%	5/03/2020
<i>Outperformance</i>	9.16%				3.58%	
<b>Riparian Capital Partners - Gross Performance</b>						
Riparian Water Fund	11.82%				7.01%	1/12/2019
<i>Outperformance</i>	4.82%				0.01%	

\*Metrics MXT, Mot, and MDIF performance figures are net

\*\* Two Trees performance as at 30 Mar

\*\*\* The fund changed its name from Hyperion Global Growth Companies Fund - Class B to Hyperion Global Growth Companies Fund (Managed Fund) on 5 February 2021 in order to facilitate quotation of the fund on the ASX

# Pinnacle Affiliates continue to win major industry awards

## 2021 Australian Alternative Investment Awards:

- Metrics – Best 2021 Private Debt Fund
- Pinnacle – Best 2021 Investor Supporting Australian Alternative Managers

## 2021 Lonsec & SuperRatings Fund of the Year Awards

- Hyperion - Active Equity Fund Winner

## 2021 Zenith Fund Awards:

- Metrics – Listed Entities Category Winner
- Firetrail – Alternative Strategies Category Winner
- Spheria – Australian Equities – Small Cap Winner
- Metrics – Australian Fixed Interest Category Finalist
- Pinnacle – Distributor of the Year Finalist

## 2021 Money Management Fund Manager of the Year:

- Hyperion – Fund Manager Of The Year Winner
- Hyperion – Australian Large Cap Equities Winner
- Hyperion – Australian Small/Mid Cap Equities Winner
- Hyperion – Global Equities Highly Commended

## 2021 Morningstar Fund Manager of the Year Awards:

- Hyperion – Australian Fund Manager of the Year
- Hyperion – Domestic Equities – Large Cap Category Winner
- Hyperion – Domestic Equities - Small Cap Category Winner
- Hyperion – Global Equities – Category Finalist
- Resolution Capital - Listed Property and Infrastructure – Category Finalist

## 2020 Zenith Fund Awards:

- Resolution Capital – Global REIT Category Winner (seventh consecutive year)
- Metrics – Listed Investment Companies Category Winner (second consecutive year)
- Firetrail - Alternative Strategies Category Winner
- Pinnacle – Distributor of the Year Finalist
- Antipodes Partners – International Equities – Alternative Strategies Category Finalist

## 2020 Money Management Fund Manager of the Year:

- Resolution Capital – Global REIT Category Finalist
- Hyperion – Global Equities Category Finalist

## 2020 Morningstar Fund Manager of the Year Awards:

- Hyperion – Domestic Equities – Large Cap Category Winner
- Hyperion – Domestic Equities - Small Caps Category Finalist
- Hyperion – Australian Fund Manager of the Year Finalist

## 2020 Australian Alternative Investment Awards:

- Metrics – Best 2020 Alternative Investment Manager Award

## 2019 Zenith Fund Awards:

- Pinnacle – Distributor of the Year Winner (fourth consecutive year)
- Resolution Capital – Global REIT Category Winner (sixth consecutive year)
- Metrics – Listed Investment Entities Category Winner
- Solaris Investment Management - Australian Equities – Alternative Strategies Category Winner
- Solaris Investment Management - Australian Equities – Large Cap Category Finalist
- Antipodes Partners – International Equities – Alternative Strategies Category Finalist

## 2019 Lonsec/Money Management Fund Manager of the Year:

- Solaris – Equities (Long/Short) Category Winner
- Antipodes Partners – Equities (Long/Short) Category Finalist
- Metrics – Listed Products Category Finalist

## 2019 Australian Alternative Investment Awards:

- Metrics – Best Private Debt Fund Category Winner

## 2018 Professional Planner | Zenith Fund Awards:

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

## 2018 Lonsec/Money Management Fund Manager of the Year:

- Resolution Capital – Global REIT Category Finalist

## 2018 SuperRatings & Lonsec Fund of the Year Awards:

- Metrics – Listed Fund Award Winner

## 2017 Lonsec/Money Management Fund Manager of the Year:

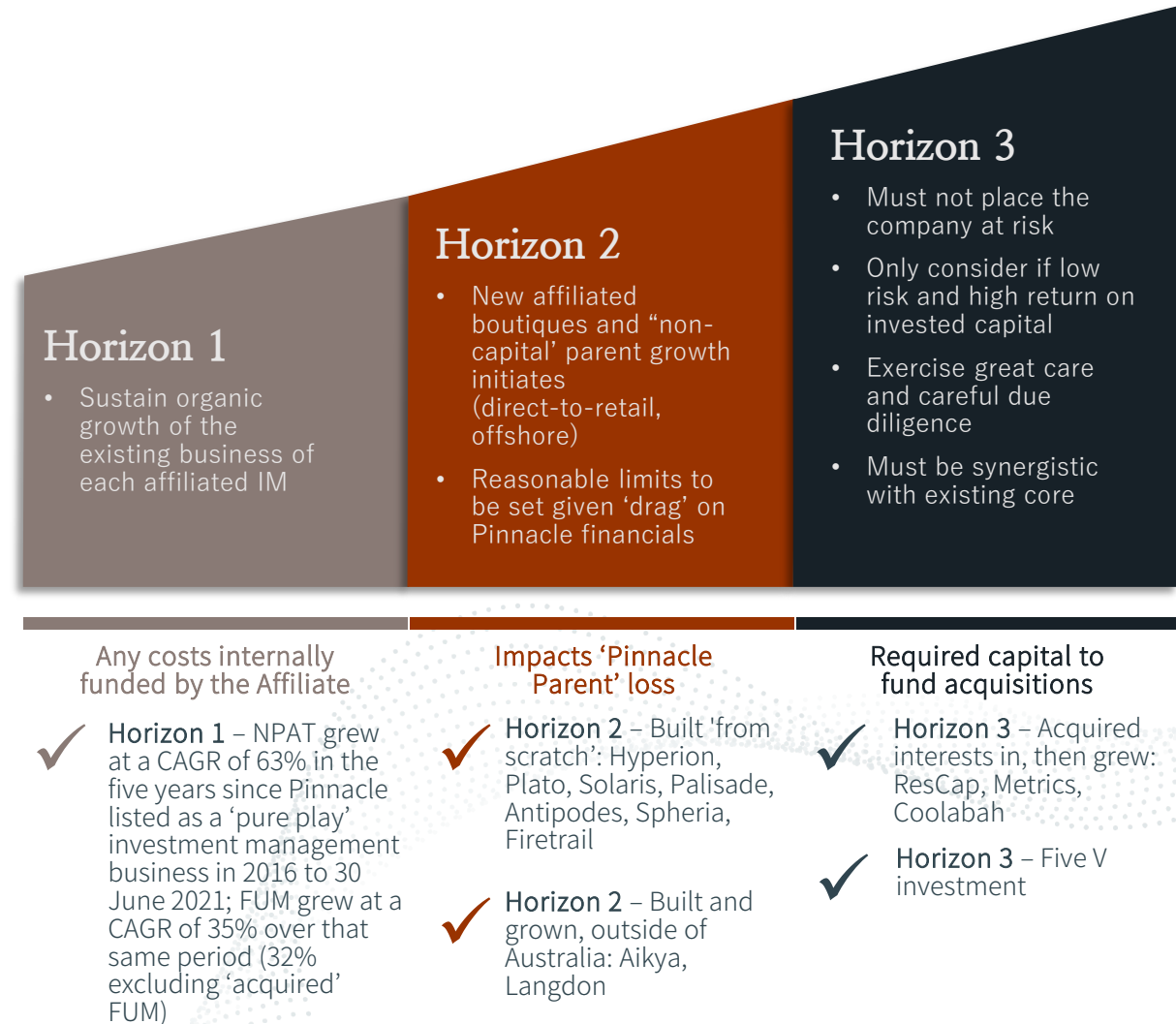
- Antipodes Partners – Equities (Long/Short) Category Winner
- Antipodes Partners – Global Equities (Broad Cap) Category Winner
- Antipodes Partners – Emerging Manager Category Winner
- Antipodes Partners – Overall Fund Manager of the Year Finalist
- Spheria Asset Management – Emerging Manager Finalist

## 04 Growth Agenda

- For several years, we have been consistently implementing our strategy:
  - A 'pure play' investment management firm comprising only the best investment professionals, focused on investment excellence
  - Highly-regarded distribution teams, the best in the Australian retail and institutional markets
  - High-quality shared common infrastructure
  - Multiple Ways of Winning, irrespective of market conditions (both at the Affiliate level and the Pinnacle level)
- Three Horizons of Growth
- Adding new assets classes and investment strategies, diversifying sources of revenue and further growth
- Over the past few years, including the COVID-19 crisis, this strategy has delivered:
  - Horizon 1 – NPAT has grown at a CAGR of 63% in the five years since Pinnacle listed as a 'pure play' investment management business in 2016 to 30 June 2021; FUM has grown at a CAGR of 35% over that same period (32% excluding 'acquired' FUM)
  - Horizon 2 – Built 'from scratch' Hyperion, Plato, Solaris, Palisade, Antipodes, Spheria, Firetrail...
  - Horizon 3 – Acquired interests in, then grew: ResCap, Metrics, Coolabah, Five V


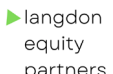
Prepared for, and seeking, further expansion opportunities – committed to taking advantage of the significant offshore opportunity to evolve into a global multi-affiliate by ‘exporting our model’

- Continue to build Pinnacle by taking a measured approach to growth
- Support the growth of Pinnacle’s 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
- Offshore opportunities are becoming compelling – ability to ‘export our model’ – delayed somewhat to date by COVID-19





## An excellent platform in place to move ahead with sustained growth

Distribution Platform Growth	Operating Platform	Start-Up Affiliates Thriving	Established Affiliates Expanding	Acquisitive Growth
<ul style="list-style-type: none"> <li>Investment in (and continuing to evolve and grow in size and sophistication) our distribution platform</li> <li>Investment in high growth, high margin retail and international channels</li> <li>Adoption of advanced digital marketing tools</li> <li>Listen to clients and move quickly to meet their evolving needs</li> <li>Do not become the market – be ahead of it</li> </ul>	<ul style="list-style-type: none"> <li>Stable / robust, diversified platform enabling strong further growth</li> <li>Continuing investment excellence (strong reputation for such)</li> <li>Widespread industry recognition and support</li> <li>'Article of faith' reputation for performance, quality and capability excellence – significantly improves 'speed to market' for new Affiliates</li> </ul>	<ul style="list-style-type: none"> <li>Develop investment capability and support growth</li> <li>Significant opportunity to launch new strategies to further diversify FUM</li> <li>Gaining traction as strategies mature and performance record established</li> </ul> <div>  </div> <p>  </p>	<ul style="list-style-type: none"> <li>Investment in new strategies adds diversification and further growth</li> <li>Sustainability and Impact strategies</li> <li>Global equities (developed &amp; emerging markets)</li> <li>Alternative Fixed income</li> <li>Private capital (debt &amp; equity)</li> <li>Absolute return (single &amp; multi-asset)</li> </ul>	<ul style="list-style-type: none"> <li>Existing Affiliates are increasingly able to build or buy (with Pinnacle backing) then grow additional new businesses - 'Affiliates within Affiliates'</li> <li>Offshore provides a large range of opportunities, carefully 'exporting our model'</li> </ul>

**Result:** additional growth, corporate stability/robustness, better meeting clients' evolving and expanding needs

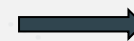
- 1<sup>st</sup> incubation in North America
  - 1<sup>st</sup> half 2022
  - Global Small Companies and Canadian Equities
- Opportunities generated from:
  - Trusted industry experts
  - Proactive screening of strategies/capabilities
  - Asset class focus combined with performance filtering
  - Nimbleness allowing us to pivot and engage quickly as opportunities arise
  - Advocates of our model are providing leads/introductions
- Progress:
  - 1<sup>st</sup> incubation completed
  - Select asset class research in progress (i.e., incubation)
  - Added sales hire in USA
  - Fund vehicle analysis framework completed
  - Establishment of 'Advisory Board- Americas'
  - Progress on sales efforts & client relationships

## Asset Classes



Credit, Real Estate, Infrastructure, Global Equity, Quant Equity, High Yield, US Smalls/Micro, Asia/China Equities, Canadian Smalls, Global Smalls, EMD, Absolute Return Fixed Income, Canada Large Cap, US All Cap, US Value Equities

## Locations



United States, Canada, Singapore, Hong Kong, United Kingdom, South Africa and Nordics

## Clear evidence of strategy execution success - growth and resilience simultaneously delivered

Objectives	Then	NOW
Growth in retail distribution – highly diversifying and higher fees	30 June 2016: \$2.6bn, 13% of total FUM	31 December 2021: \$23.8bn, 25% of total FUM
Growth in international distribution – vast addressable market with superior product margins relative to Australian institutional	30 June 2016: \$0.5bn, 3% of total FUM	31 December 2021: \$10.9bn, 12% of total FUM
Diversification of our platform – global, alternative and private capital asset classes	30 June 2016: 7 Affiliates, \$19.8bn FUM, 67% domestic equities	31 December 2021: 16 Affiliates, \$93.8bn FUM, <50% domestic equities, 40% alternatives
Successful acquisition and growth of Horizon 3 opportunities, domestically and offshore	30 June 2016: 1 Horizon 3 acquisition	31 December 2021: 4 Horizon 3 acquisitions, significant pipeline of opportunities offshore

## Summary

### Pinnacle's diverse Affiliate portfolio and extensive distribution channels provide stability whilst fostering growth opportunities

#### Fundamentals in place for sustained sales growth

- Highly regarded Affiliates with strong local and international investment consultant ratings
- Diverse stable of Affiliates (asset class, style, strategy, maturity) aims to achieve 'all-weather' relevance to asset owners despite market volatility
- Private and public credit expected to sustain current growth trajectory
- Global equities and global emerging markets expected to emerge as bigger drivers of FUM growth
- Australian equities and global real estate securities growth expected to moderate given active capacity management

#### Australian institutional consolidation will continue to present ongoing risk ... and opportunity

- Incumbency provides Pinnacle Affiliates a seat at the table in portfolio rationalizations
- 'Supported' start-ups offer the capacity, fees, alpha potential and financial viability that large, growing investors need
- Retail and international distribution platforms enable us to 'recycle liberated capacity' from Australian institutions into a more diverse and higher margin client base
- Pinnacle is an attractive partner for new Affiliates seeking FUM from diversified sources (institutional and retail)


















#### International distribution emerging as an 'engine of growth'








- Over a decade organically building global investor networks, strategies and infrastructure
- International distribution making a material contribution to net flows
- Fiduciary outsourcing, virtual due diligence and northern hemisphere distribution/investment hubs bridging distance between Australian-based Pinnacle Affiliates and the world's largest pools of capital
- Incremental expansion of offshore distribution hubs will continue throughout FY22 and beyond

## 05 Corporate Responsibility

Pinnacle recognises the need for strategies that foster economic development, reduce inequities and transition towards a more sustainable future. By aligning our sustainable initiatives with the UN SDGs and through the support of the Pinnacle Charitable Foundation, we can begin to turn global challenges into opportunities.

Sustainable Development Goals

																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Responsible Investment								x								x	
Diversity & Inclusion				x	x			x									
Approach to Climate Risk							x		x			x	x		x		
University & Society Partnerships				x	x												
Employee Wellbeing			x													x	
The Pinnacle Charitable Foundation	x		x	x	x					x	x				x	x	
Donations & Workplace Giving	x	x	x	x	x					x	x				x	x	

	No Poverty		Zero Hunger		Good Health and Wellbeing		Quality Education		Gender Equality		Clean Water and Sanitation
	Affordable and Clean Energy		Decent Work and Economic Growth		Industry, Innovation and Infrastructure		Reduced Inequalities		Sustainable Cities and Communities		Responsible Consumption and Production
	Climate Action		Life Below Water		Life on Land		Peace, Justice and Strong Institutions		Partnerships for the Goals		

- Pinnacle is passionate about enabling better lives through investment excellence. This belief is strongly reflected in Pinnacle's commitment – together with Affiliates – to the Pinnacle Charitable Foundation
- The Foundation's focus is on growing the reach and impact of creative and clever Australian not-for-profit organisations, directly linking into the Group's broad commitment to sustainability practices. Charity partners are actively sought out and invited to apply for annual support based around exploring new projects, programs, and services which align closely with UN Sustainable Development Goals (UN SDGs). In each case the aim is to facilitate the delivery of solutions which can be analysed and assessed, scaled and strengthened, with early stage backing often provided
- Financially underpinned by Pinnacle and with access to extensive in-house pro bono services across investment management, portfolio reporting, finance, marketing, compliance and IT, the Foundation operates with low overheads and high impact. Its investment strategy aims to provide capital protection in volatile markets whilst seeking to drive growth over the longer term, and has proven to be highly effective in protecting the corpus during unpredictable environments. Investments are held in a range of Affiliate strategies offering Australian and global equity exposure, franking credits, and monthly income streams, together with holdings in a number of non-equity exposed assets. Affiliates offer donations equivalent to rebates for management fees, and the portfolio is managed on a pro bono basis by the Pinnacle MD
- Total donations by the Foundation in calendar 2021 were \$927,000 (an increase of almost 300% from 2020), with Affiliates providing a further \$330,000 via direct support to several jointly funded charity partners (an increase of 60% from 2020)
- These collective funds of circa \$1.25m were predominantly directed to 14 not-for-profit partners across six identified priority areas, including a new focus on environmental sustainability



# Pinnacle Charitable Foundation

- A total of 14 charity partners operating across six core categories are driving long term sustainable, impactful partnerships, with 5 new partnerships initiated in 1H FY22:

Mental wellbeing - together with illness prevention and early intervention

Sexual, domestic and family violence – legal support and advocacy for sufferers

Disadvantaged children and young people – providing education and welfare

Specialised medical research – new treatments for children and the elderly

Current issues – addressing long term social impacts in a COVID-19 world

Environmental sustainability – water resource management, disaster recovery and drought mitigation



\* Denotes new partnerships initiated in FY22





Thirteen Affiliates are signatories to the United Nations supported Principles of Responsible Investment (“PRI”):

Affiliate	Signatory to PRI	Incorporate ESG into Investment process	Have an ESG policy
Aikya	Yes	Yes	Yes
Antipodes	Yes	Yes	Yes
Coolabah	Yes	Yes	Yes
Firetrail	Yes	Yes	Yes
Five V	(B Corporation)	Yes	Yes
Hyperion	Yes	Yes	Yes
Longwave	Yes	Yes	Yes
Metrics	Yes	Yes	Yes
Palisade	Yes	Yes	Yes
Palisade Impact	Yes	Yes	Yes
Plato	Yes	Yes	Yes
ResCap	Yes	Yes	Yes
Riparian	Yes	Yes	Yes
Solaris	Yes	Yes	Yes
Spheria	Yes	Yes	Yes
Two Trees	No	No	Yes

## 06 Additional information

# 1H FY22 Results Presentation

Revenue growth delivered by strong retail net inflows, offsetting weaker institutional net flows which reflect short term investor rebalancing/lumpiness; institutional pipeline remains strong

Affiliate FUM / Revenue (100%)				NPAT / EPS				DPS			
Aggregate Affiliate FUM (at 100%) <sup>1,3</sup>	\$93.6bn	▲	+5%	NPAT <sup>2,4</sup>	\$40.1m	▲	+32%	DPS <sup>2</sup>	17.5c	▲	+50%
Aggregate Retail FUM (at 100%) <sup>1</sup>	\$23.8bn	▲	+17%	Basic EPS <sup>2</sup>	21.5c	▲	+23%	DPR <sup>2</sup>	81%	▲	+13%
Aggregate Affiliate Revenue (at 100%) <sup>2</sup>	\$240.5m	▲	+19%	Diluted EPS <sup>2</sup>	21.0c	▲	+26%	Franking	100%	—	(unchanged)
Aggregate Affiliate Base Fees (at 100%) <sup>2</sup>	\$221.7m	▲	+42%								
Aggregate Affiliate Performance fees at (100%) <sup>2</sup>	\$18.8m	▼	-58%								
Aggregate Affiliate Performance fee FUM (at 100%) <sup>1</sup>	\$31.2bn	▲	+9%								
Cash / Investments				Inflows				Investment Performance			
Cash	\$29.4m			Retail	\$2.9bn			% strategies outperforming over 5 years	77%		
Investments	\$147m			International	\$0.9bn						
				Institutional – domestic	-\$5.4bn						
				Institutional – domestic (ex-‘passive’ FUM outflow)	-\$1.4bn						
ASX300	+2.0%			Total net inflows (ex-‘passive’ FUM outflow)	\$2.2bn						
MSCI World	+4.8%										

1. % change relative to 30 June 2021
2. % change relative to 1H FY21
3. Up \$8.1bn, or 9%, excluding the \$3.9bn outflow of the Omega ‘passive’ mandate on very modest fees during August
4. NPAT excluding the one-off \$1.8m write-down of Pinnacle’s investment in Reminiscent Capital would have been \$41.9m, up 38% on the PCP

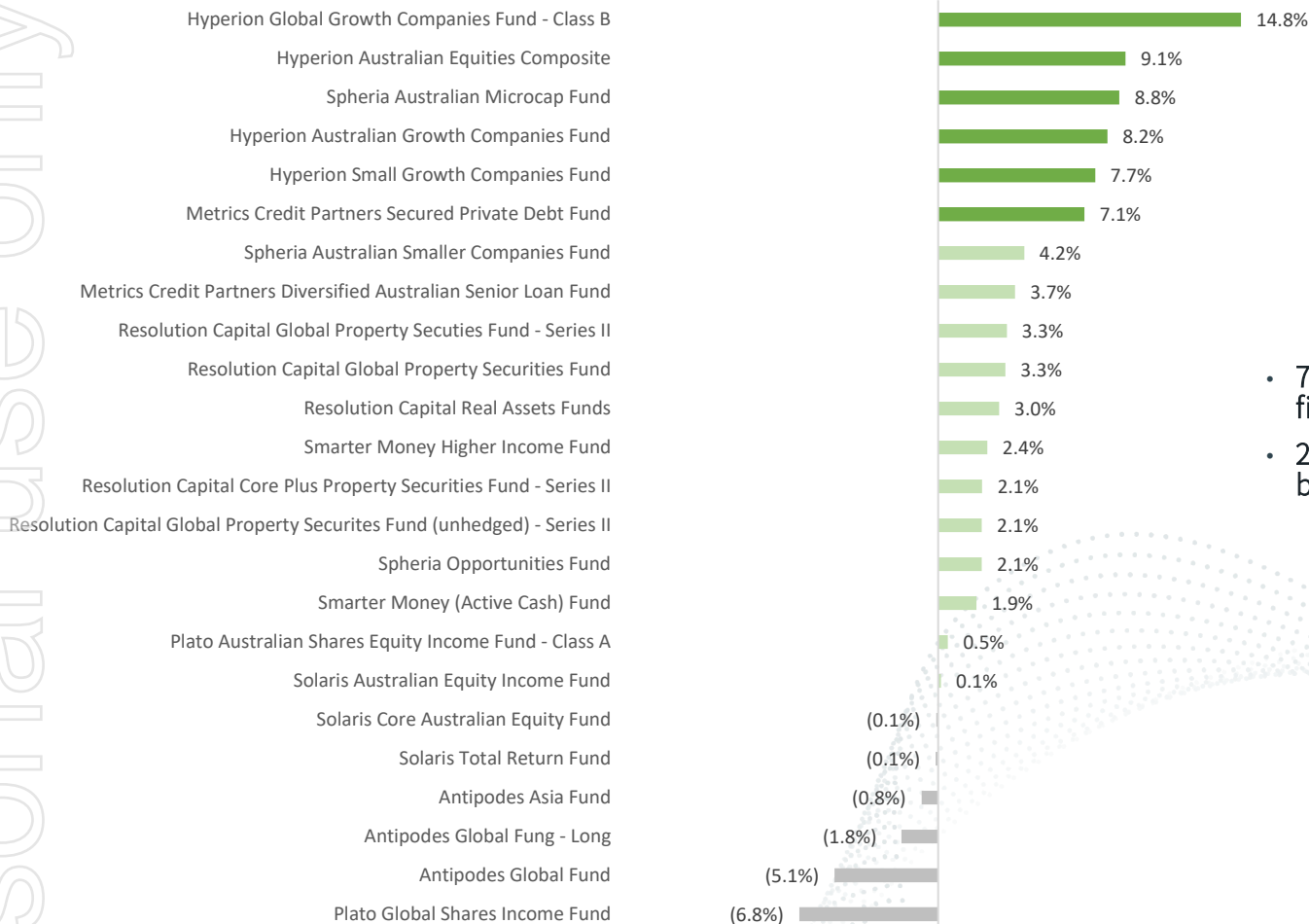
- Whilst growth in FUM and profitability were suppressed in FY20 due to the impacts of the COVID-19 crisis on markets and our business, Pinnacle has grown strongly, on average, over the 2½ year period to 31 December 2021, which encompasses the entire ‘crisis period’ to date:
  - NPAT growth of 59.8% per annum over the two-year period to 30 June 2021
  - Growth in diluted EPS of 56.7 % per annum over the two-year period to 30 June 2021
  - FUM growth of 32.3% per annum over the two-year period to 30 June 2021
- During the two years to 30 June 2021, the S&P/ASX300 was up 5.6% per annum and the MSCI World was up 18.8% per annum

	1H FY22	FY21	Growth %	FY20	Growth %	FY19	Average growth p.a. % (FY19-FY21)
PINNACLE							
FUM (\$m)	93.6	89.4	52.3%	58.7	8.1%	54.3	32.3%
NPAT (\$m)	40.1	67.0	108.1%	32.2	5.6%	30.5	59.8%
Diluted EPS from continuing operations (cps)	21.0	36.5	102.8%	18.0	5.3%	17.1	56.7%
Dividends (cps)	17.5	28.7	86.4%	15.4	0.0%	15.4	43.2%
Institutional and International Net Inflows (\$bn) <sup>1</sup>	-4.6	12.2	481.0%	2.1	-41.7%	3.6	119.4%
Retail Inflows (\$bn)	2.9	4.5	400.0%	0.9	-69.0%	2.9	27.6%
ASX300	2.0%		24.7%		-10.8%		5.6%
MSCI World	4.8%		37.2%		0.3%		18.8%

1. \$1.4bn net outflows, excluding the \$3.9bn outflow of the Omega ‘passive’ mandate on very modest fees during August. Institutional and international net inflows in FY21 were \$7.3bn excluding the \$3.9 billion one-off low fee Plato mandate funded in April 2021

**Our industry leading portfolio of high performing Affiliates continues to outperform benchmarks and provides an engine for continued FUM growth and performance fee generation**

**Affiliate fund outperformance over benchmarks (alpha) – over 5-year period, p.a.**

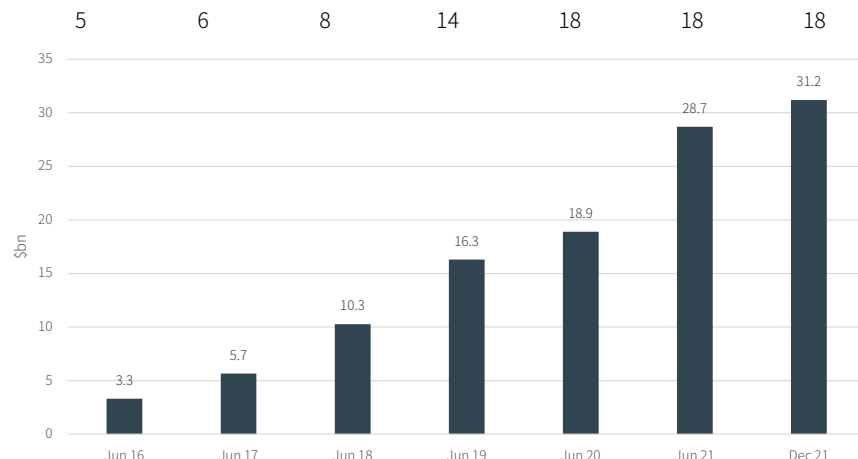


- 77% of funds have outperformed over a five-year period<sup>1</sup>
- 25% of funds have outperformed their benchmarks by > than 5% p.a.

1. Funds with track records exceeding 5 years

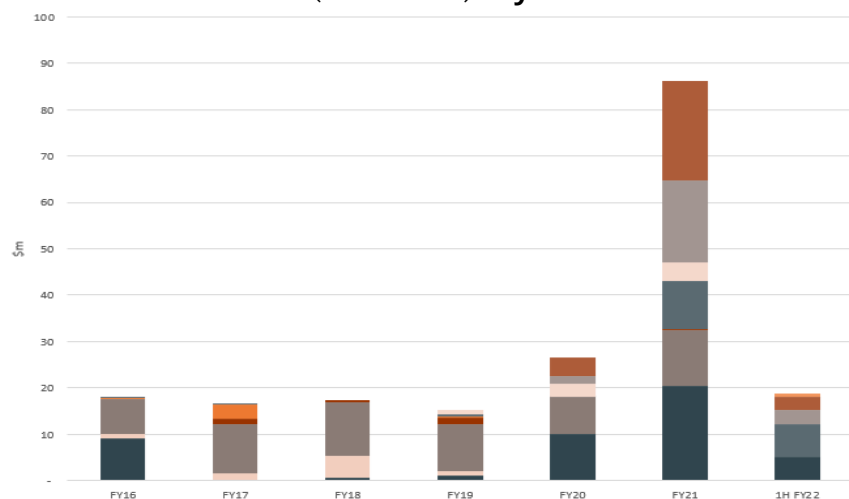
**18 strategies with the potential to crystallise performance fees in FY22 – delivering uncorrelated opportunities to drive a diverse base of growth**

## Closing FUM & number of strategies subject to performance fees



- The volume of FUM with performance fee potential continues to increase
- FUM subject to performance fees as at 31 December 2021 is 24% higher than the average during 2H FY21
- The number and diversity of strategies with significant performance fee potential has increased in recent years (improving the annual reliability of overall performance fee revenue)
- Likelihood of performance fee success is not correlated to equity market levels – based on performance relative to individual hurdles
- Likelihood of performance fees is distinct between individual strategies – indeed, some possibility of inverse correlation

## Performance fees (at 100%) by Affiliate



- Five Affiliates earned performance fees totalling \$18.8m (at 100%; Pinnacle post-tax share \$6.4m) in 1H FY22. In 1H FY21, four Affiliates earned performance fees totalling \$45.2m (at 100%; Pinnacle share post-tax \$11.0m)
- Performance fees of virtually every strategy are distinct from each other (performance fees are based on individual strategy alpha, not on market gains)
- Of the 18 strategies that currently have the potential to deliver significant performance, 11 crystallize in 1H but all 18 have such potential in 2H (of course, the range of possible outcomes remains large every half, and it is by no means guaranteed that in any particular year 2H will exceed 1H)

## Major industry awards



### 2021 Zenith Fund Awards:

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- Metrics – Listed Entities Category Winner
- Firetrail - Alternative Strategies Category Winner (second consecutive year)
- Spheria – Australian Equities – Small Cap Category Winner
- Metrics – Fixed Interest Category Finalist
- Pinnacle – Distributor of the Year Finalist



### 2021 Money Management Fund Manager of the Year:

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- Hyperion – Fund Manager Of The Year Winner
- Hyperion – Australian Large Cap Equities Winner
- Hyperion – Australian Small/Mid Cap Equities Winner
- Hyperion – Global Equities Highly Commended



### 2021 Morningstar Fund Manager of the Year Awards:

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- Hyperion – Australian Fund Manager of the Year
- Hyperion – Domestic Equities – Large Cap Category Winner
- Hyperion – Domestic Equities – Small Cap Category Winner
- Hyperion – Global Equities – Category Finalist
- Resolution Capital - Listed Property and Infrastructure – Category Finalist

The awards referred to above are determined using proprietary methodologies. Awards are solely statements of opinion and do not represent recommendations to purchase, hold or sell any securities or make any other investment decisions. Awards are generally current for 12 months from the date awarded and are subject to change at any time. Awards for previous years are referenced for historical purposes only.



# Financial Performance

Dan Longan

	H1 FY22 (\$M)	H1 FY21 (\$M)	% Change
<b>PINNACLE</b>			
Revenue <sup>1</sup>	21.6	14.4	50%
Expenses <sup>2,3</sup>	(19.0)	(15.9)	19%
Write-down of investment in Reminiscent Capital	(1.8)	-	0%
Share of Pinnacle Affiliates net profit after tax <sup>4</sup>	39.2	31.8	23%
Net profit before tax	40.1	30.3	32%
Taxation	-	-	-
<b>NPAT attributable to shareholders</b>	<b>40.1</b>	<b>30.3</b>	<b>32%</b>
<b>Basic earnings per share:</b>			
Total attributable to shareholders	21.5	17.5	23%
<b>Diluted earning per share:</b>			
Total attributable to shareholders	21.0	16.7	26%
<b>Dividends per share:</b>	<b>17.5</b>	<b>11.7</b>	<b>50%</b>

- NPAT attributable to shareholders of \$40.1m (+32% on 1H FY21 (**PCP**))
  - Performance fees earned by Pinnacle Affiliates, post-tax, contributed \$6.4m of Pinnacle's NPAT in 1H FY22 (\$11.0m in 1H FY21)<sup>4</sup>
  - Includes full write-down of Pinnacle's investment in Reminiscent Capital in 1H FY22, of \$1.8m
- Revenue growth driven by strong retail inflows and revenue-sharing fees
- Pinnacle is continuing to add resources to support the growth in existing Affiliates as well as 'Horizon 2' and 'Horizon 3' initiatives, including:
  - Recruitment of additional, senior sales people internationally
  - Increasing the depth of the retail sales team
  - Continuing investments in infrastructure, including offshore
- Pinnacle Parent revenues are generally stronger in 2H, when certain 'success-based' distribution fees crystallize and become payable
- Positive net return on Principal Investments (**PI**) of \$2.0m in 1H FY22 compared with \$0.8m in 1H FY21
- Basic EPS attributable to shareholders of 21.5 cents, +23% from 17.5 cents in PCP
- Diluted EPS attributable to shareholders of 21.0 cents, +26% from 16.7 cents in PCP
- Share of NPAT from Pinnacle Affiliates of \$39.2m, +23% from \$31.8m in PCP
- Fully franked interim dividend per share of 17.5 cents (up 50% from the fully franked 1H FY21 interim dividend of 11.7 cents), payable on 18 March 2022

1. Includes dividends and distributions received on PI. These were \$1.9m in 1H FY22, compared with \$1.4m in 1H FY21

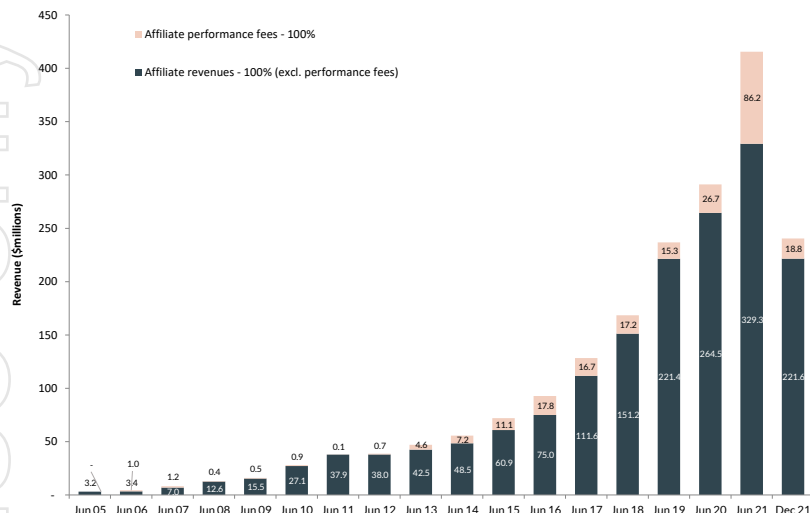
2. Includes interest cost on the CBA facility of \$1.0m in 1H FY22 (\$0.3m in 1H FY21) and amortization of the PL8 offer costs of \$0.4m in 1H FY22 (\$0.4m in 1H FY21)

3. Includes mark-to-market and realized gains/losses on PI, net of hedging. These were total net gains of \$0.1m in 1H FY22 (decreases 'expenses'), compared with total net losses of \$0.6m in 1H FY21 (increases 'expenses'). Adjusting for these, expenses increased by \$3.8m, or 25%

4. Affiliate performance fees contributed \$6.4m, post tax, to Pinnacle's NPAT in 1H FY22 (\$11.0m in 1H FY21)

## Benefits of embedded operating leverage clearly emerging, notwithstanding continuing 'Horizon 2' investment both within Affiliates and in Pinnacle

### Revenue (Pinnacle and Affiliates)<sup>1</sup>



- Affiliate NPAT margins continuing to strengthen
- Total Affiliate revenues<sup>1</sup> (at 100%) were \$240.5m in 1H FY22, including \$18.8m (8%) of performance fees; in 1H FY21, total Affiliate revenues (at 100%) were \$201.3m, including \$45.2m (22%) in performance fees
- This represents growth of 19% in total Affiliate revenues (at 100%), or 42% excluding performance fees
- Average base fee rates have increased over 1H FY22 with FUM 'cycled' out of lower fee, domestic institutional and into retail and international

### Summary results – Affiliates (at 100%)

	H1 FY22 (\$M)	H1 FY21 (\$M)	% Change
<b>PINNACLE AFFILIATES (100% aggregated basis)</b>			
FUM (\$billion) <sup>2</sup>	93.6	70.5	33%
Revenue (\$million)	240.5	201.3	19%
<b>Net profit before tax</b>	<b>137.4</b>	<b>118.2</b>	<b>16%</b>
Tax expense	(37.3)	(33.3)	12%
<b>Net profit after tax (NPAT)</b>	<b>100.1</b>	<b>84.9</b>	<b>18%</b>
<i>Pinnacle share of Affiliates' NPAT</i>	<i>39.2</i>	<i>31.8</i>	<i>23%</i>

- Overall margins continue to strengthen, notwithstanding:
  - 'Horizon 2' spending continuing in a number of Affiliates, for example:
    - Firetrail – Small Caps, Global S3
    - Plato – Global Long/Short, Enhanced Low Carbon and Net Zero
    - Palisade – Real Assets and Impact
    - Res Cap – GLI and Real Assets
- Includes losses from early-stage Affiliates, such as Two Trees, Longwave, Riparian, Aikya and Langdon

<sup>1</sup>Affiliate revenues are shown at 100% to indicate trend. Includes Five V revenues from 1<sup>st</sup> December 2021. Pinnacle owns significant minority stakes in each Affiliate and accounts for its share of Affiliates' NPAT

<sup>2</sup>Includes \$1.1bn 'acquired' in December 2021. FUM shown is 100% of the FUM managed by Pinnacle Affiliates. Pinnacle holds significant minority stakes in each of its Affiliates and does not 'own' 100% of the FUM

	31 Dec 2021 (\$M)	30 Jun 2021 (\$M)	Change
<b>CURRENT ASSETS</b>			
<b>Cash and cash equivalents</b>	<b>29.4</b>	<b>96.1</b>	<b>(69%)</b>
Financial assets	147.0	58.9	150%
<b>Total cash and financial assets</b>	<b>176.4</b>	<b>155.0</b>	<b>14%</b>
Other current assets	26.0	18.4	41%
<b>Total current assets</b>	<b>202.4</b>	<b>173.4</b>	<b>17%</b>
<b>NON-CURRENT ASSETS</b>			
Investments in affiliates	297.9	187	59%
Other non-current assets	9.8	5.8	69%
<b>Total non-current assets</b>	<b>307.7</b>	<b>192.8</b>	<b>60%</b>
<b>Total Assets</b>	<b>510.1</b>	<b>366.2</b>	<b>39%</b>
<b>LIABILITIES</b>			
Debt facility	100.0	100.0	0%
Other liabilities	12.5	22.3	44%
<b>Total liabilities</b>	<b>112.5</b>	<b>122.3</b>	<b>8%</b>
<b>Net assets</b>	<b>397.6</b>	<b>243.9</b>	<b>63%</b>
<b>Net shareholders' equity</b>	<b>397.6</b>	<b>243.9</b>	<b>63%</b>

- Cash and PI of \$176.4m
  - Includes \$147.0m invested in strategies managed by Pinnacle Affiliates
  - Excludes \$11.9m of cash applied for Affiliate equity recycling loans, working capital loans and additional Affiliate equity purchased
- CBA facility of \$100m fully-drawn (up from \$30m – in June 2021) and deployed into liquid funds managed by Affiliates until required
- Excludes impact of interim dividend of 17.5 cents per share payable on 18 March 2022 and dividends received or to be received from Affiliates since 31<sup>st</sup> December
- Investments in Affiliates represents the 'equity accounted' value, i.e., investment cost, plus Pinnacle's share of profits, less Pinnacle's share of dividends received. The balance is tested for impairment at each reporting period. Pinnacle's share of Affiliate performance fees that crystallized during 1H FY22 are included in Pinnacle's share of profits and increases the carrying value of the investments; any associated dividends will reduce the carrying value when paid
  - Includes \$75m paid to acquire a 25% interest in Five V capital in November 2021
  - Includes \$32.8m paid to acquire an additional 10% interest in Coolabah in October 2021
- Balance sheet strength provides \$135 million of 'dry powder' for future opportunities

# 1H FY22 funds under management

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	Pinnacle (total) (\$m)	Hyperion (\$m)	Plato (\$m)	Solaris (\$m)	RCL (\$m)	Palisade (\$m)	Antipodes (\$m)	Spheria (\$m)	Two Trees (\$m)	Firetrail (\$m)	Metrics <sup>4</sup> (\$m) <sup>1</sup>	Omega <sup>3,5</sup> (\$m) <sup>1</sup>	Longwave (\$m)	Riparian (\$m)	Coolabah (\$m) <sup>2</sup>	Reminiscent (\$m)	Aikya (\$m)	Five V <sup>6</sup> (\$m)
<b>FUM History (at 100%)</b>																		
31 Dec 21	<b>93,564</b>	13,957	10,893	10,532	19,240	2,706	8,990	1,753	71	7,073	8,594	-	197	94	7,995	-	354	1,114
30 Jun 21	<b>89,371</b>	11,887	10,826	11,099	16,372	2,512	9,356	1,736	69	6,587	6,986	4,615	197	28	6,735	28	340	-
31 Dec 20	<b>70,482</b>	9,945	6,266	9,971	11,317	2,384	8,542	1,539	63	5,496	5,087	4,424	178	4	5,002	22	243	-
30 Jun 20	<b>58,671</b>	7,847	5,175	8,548	8,979	2,244	7,957	1,210	91	4,110	4,439	4,303	3	3	3,737	24	2	-
31 Dec 19	<b>61,636</b>	7,454	5,790	9,454	9,241	2,257	8,956	1,471	323	4,719	4,325	4,509	3	3	3,123	8	-	-
30 Jun 19	<b>54,276</b>	6,595	5,279	9,089	8,314	2,035	9,071	1,195	245	4,369	3,807	4,273	3	-	-	-	-	-
31 Dec 18	<b>46,741</b>	5,599	4,680	7,606	7,779	2,010	8,149	640	214	3,603	2,771	3,689	-	-	-	-	-	-
30 Jun 18	<b>38,032</b>	6,507	4,918	8,319	8,038	1,847	7,554	702	71	74	-	-	-	-	-	-	-	-
31 Dec 17	<b>32,338</b>	6,056	4,644	6,618	6,552	1,585	6,261	596	26	-	-	-	-	-	-	-	-	-
30 Jun 17	<b>26,526</b>	5,877	4,003	5,135	5,956	1,514	3,830	211	-	-	-	-	-	-	-	-	-	-
31 Dec 16	<b>23,339</b>	5,664	3,536	5,032	5,274	1,456	2,191	186	-	-	-	-	-	-	-	-	-	-
30 Jun 16	<b>19,756</b>	5,633	3,067	4,595	4,576	1,436	449	-	-	-	-	-	-	-	-	-	-	-
30 Jun 15*	<b>15,995</b>	5,474	2,265	2,938	3,980	1,126	212	-	-	-	-	-	-	-	-	-	-	-
30 Jun 14*	<b>12,232</b>	4,886	986	2,537	2,933	890	-	-	-	-	-	-	-	-	-	-	-	-
30 Jun 13*	<b>10,846</b>	4,032	742	2,649	2,694	729	-	-	-	-	-	-	-	-	-	-	-	-
30 Jun 12*	<b>9,790</b>	3,158	332	3,855	1,864	581	-	-	-	-	-	-	-	-	-	-	-	-
30 Jun 11	<b>10,336</b>	3,229	525	4,421	1,758	403	-	-	-	-	-	-	-	-	-	-	-	-
<i>*Pinnacle (total) includes FUM of a former Pinnacle Affiliate</i>																		
<b>Change in FUM - at 100%</b>																		
30 Jun 21 - 31 Dec 21	<b>4.7%</b>	17.4%	0.6%	-5.1%	17.5%	7.7%	-3.9%	1.0%	3.4%	7.4%	23.0%	-100.0%	0.1%	237.6%	18.7%	-100.0%	4.2%	0.0%
<b>PNI ownership<sup>3</sup></b>		49.9%	42.7%	44.5%	44.5%	37.6%	23.5%	40.0%	49.0%	23.5%	35.0%	45.0%	40.0%	40.0%	35.0%	40.0%	32.5%	25.0%
<b>PNI effective FUM - 31 Dec 2021</b>	<b>36,430</b>	6,965	4,651	4,687	8,562	1,017	2,113	701	35	1,662	3,008	-	79	37	2,798	-	115	279

<sup>1</sup> Pinnacle acquired equity interests in Metrics and Omega in July 2018. FUM not included prior to that date

<sup>2</sup> Pinnacle acquired an equity interest in Coolabah in December 2019. FUM not included prior to that date

<sup>3</sup> The percentage represents Pinnacle's total shareholding in the Affiliate. In some Affiliates, Pinnacle currently holds less than 1% of the voting shares. However, it has full economic rights in respect of its holdings

<sup>4</sup> FUA of \$10.6bn including leverage, at 31 December 2021. Metrics earns fees on the full FUA figure

<sup>5</sup> Following the integration of Omega into Plato, Omega FUM is wholly included within Plato's FUM figure

<sup>6</sup> Pinnacle acquired an equity interest in Five V in December 2021. FUM not included prior to that date.

# Market Update – Institutional and International

Andrew Chambers

### **Institutional and international client base was enlarged and further diversified in 1H FY22**

- 260+ individual institutional clients at 31 December 2021
  - ~230 at 30 June 2021
  - ~190 at 31 December 2020
  - ~60 at 30 June 2016
- Top 20 institutional clients by FUM are invested with 5 Affiliates on average
- Pinnacle's largest single institutional client by FUM contributes less than 2% towards Pinnacle's NPAT

**1H FY22 Australian gross inflows were higher than PCP however this was offset by portfolio rebalancing away from rallying equity markets and a lumpy, 'passive' FUM loss. Our domestic sales pipeline outlook remains positive**

## Summary

- 1H FY22 Australian gross inflows were higher than PCP
- This was offset by a lumpy, 'passive' ~\$4bn (low single bps) mandate outflow and tactical portfolio 'rebalancing'
  - Institutions rebalanced away from Australian and global equities in proportion to strengthening equity market returns
  - Several super funds 'reined in' their asset class bets and active manager risk tolerance to align with new regulatory benchmarks
  - Our mandate retention rates remained high but some portfolios were trimmed as a result
  - \$1.4bn domestic institutional net outflows excluding Omega's ~\$4bn 'passive' FUM outflow (or \$5.4bn including it)
- Affiliate consultant ratings remained strong throughout 1H
  - New ratings achieved
  - No downgrades
- Significant institutional search activity and flows into
  - Private credit
  - Alternative public credit
  - Australian and global equity 'decarbonisation'

## Outlook

- Australian sales pipeline remains robust across
  - Private credit
  - Alternative public credit
  - Australian equities (decarbonisation mandates; Affiliates with scarce capacity)
  - Global value equities
  - Global emerging market equities
- Strong, broad-based investment consultant ratings that will help underwrite new search activity and flows
- Affiliate asset class diversity, style diversity and product innovation provides us with 'all-weather' relevance as market demand changes through time. For example:
  - Higher inflation – real assets, floating rate private credit and alternative public credit, value equities
  - Nominal bond substitution – private credit, alternative public credit, private infrastructure, liquid alternatives
  - Decarbonisation – many Affiliates 'fit-for-purpose' for the net-zero targets of asset owners (e.g., Plato global net zero, Palisade renewable energy and impact, Firetrail global S3, Metrics sustainability-linked finance, Antipodes decarbonisation, Aikya sustainable emerging markets, ResCap global listed infrastructure)



## International inflows maintaining positive momentum in 1H FY22

### Summary

- ~\$11bn international FUM
  - 37 countries
- \$850m net inflows in 1H FY22
  - 32 countries
- Largest flows from the US, South Africa, New Zealand, Germany and UK
  - US state pension plans and insurers
  - US, European and South African corporate pension plans
  - European and New Zealand private wealth
- New Global, US and UK consultant ratings achieved in H1
  - No global consultant downgrades
- Continued to expand our global distribution footprint
  - Appointed second AMER distribution executive
  - Appointed third EMEA distribution executive
  - Established several distribution partnerships in Japan
- Local distribution hubs, native products, consultant advocacy and virtual due diligence remain important drivers of flows

### Outlook

- International sales pipeline continues to build across
  - Aikya global emerging market equities
  - Antipodes global value equities
  - Hyperion global growth equities
- Approx. two-thirds of gross sales flow opportunities for Aikya, Antipodes and Hyperion global are from international investors
- Select opportunities across Metrics, Coolabah, Palisade, Riparian
- The expanding number of global investment consultant ratings and the volume of current search processes encourages us about potential business growth ahead
- Expecting to hire additional distribution executives in AMER and EMEA in the next 6-12 months
- Speed of hiring will be in proportion to
  - Commitment to international marketing by Affiliates
  - Breadth of native products for local investors
  - Availability of culturally-aligned distribution talent

# Market Update – Retail

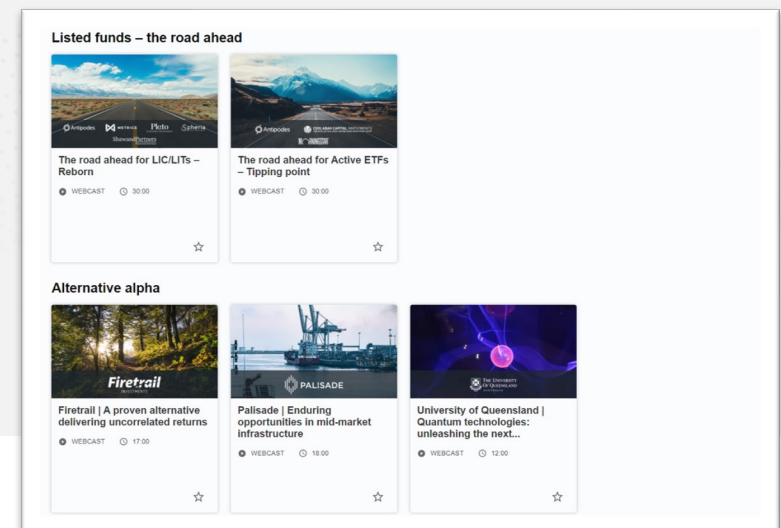
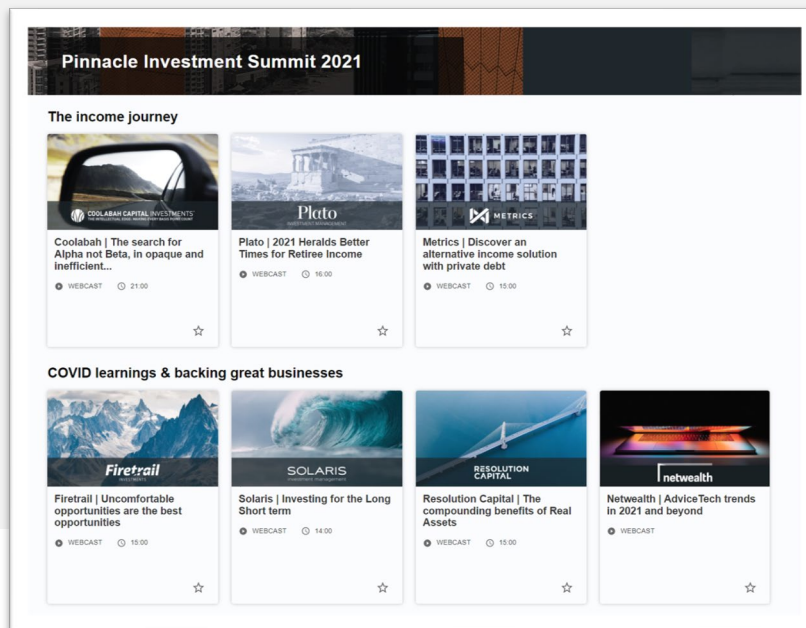
Ramsin Jajoo

## Record 1H retail flows achieved on the back of strong investment performance, research ratings, consultants' allocations, continued lift in sales activities and high-performance operating model

- Record retail net flows of \$2.9bn achieved in H1 FY22 (vs \$1.9bn PCP)
  - 10,013 advisers actively investing with PNI Affiliate(s) across major platforms as at 31 December 2021<sup>1</sup>
    - 10,118 advisers investing with PNI Affiliate(s) as at 31 December 2020
    - 11,799 advisers investing with PNI Affiliate(s) as at 31 December 2019
  - Top 20 wealth management clients are invested with 3 or more Affiliates on average and across 5 or more strategies
  - Strong contributions from Hyperion, Coolabah, Metrics, Resolution Capital, Firetrail and Plato
- Products, marketing and services innovation to meet the changing needs of investors
  - New digital marketing approaches (across digital assets, events, communications) have further lifted client engagement and increased opportunities
  - Participation in the growth of managed accounts, quoted unit products (dual structure) and tech-enabled platform services
  - Acquisition of Winston Capital Partners has expanded the retail senior leadership team, broadened our national footprint, and mitigated key person risks
  - Cornerstone investor in OpenInvest, a Melbourne-based fintech – new entrant in the platform market that has built its value proposition around 'content driven' managed solutions using new technology (such as APIs) to target retail direct investors
- 'Business Intelligence' utilising data insights, analytics, and enhanced digital distribution practices to lift productivity, deliver superior and personalised experiences, growth and measurable ROI

<sup>1</sup> Source: Pinnacle and third-party investment platforms. Aggregated adviser numbers calculated from third party platform reports.

- Finetuning Engagement and Communications to earn a larger share of voice with increasingly time-poor advisers/investors
  - Development of on-site studio and multimedia production facilities underway along with recruitment of video production specialists
  - Digital and video content creation is in line with PNI and Affiliates' commitment to remaining a leading provider of high-quality thought leadership, investment insights and broader client communications
  - Demand for video content has spiked due to extended COVID-19 lockdowns and Pinnacle's retail team has successfully pivoted to delivering best-in-class virtual events. The Pinnacle Investment Summit 2021 was produced internally and live-streamed to a company-record audience across Australia and New Zealand
  - The 'network effect' created by delivering superior insights and content across multiple Affiliates provides regular cross-promotion opportunities across valuable audiences
  - Industry partners remain a key pillar of Communications Strategy. Key partnerships include Firstlinks, Livewire, Portfolio Construction Forum and content agreements with various investment platforms and Advisory networks



## \$4bn<sup>1</sup> of FUM in eight listed vehicles spanning most asset classes across > 70 000 underlying investors

### Active ETFs

- ETF penetration has a long runway ahead in Australia:
  - ETF FUM of \$134bn is 4% of unlisted managed fund FUM in Australia vs 25% in the US<sup>2</sup>
  - Active ETF FUM of ~\$13bn<sup>3</sup> or 10% of total ETF FUM in Australia vs >20% in Canada
- Pinnacle continues to embrace new dual/quoted unit structure as a potential active ETF 'game changer'
  - HYGG a successful first nine months, growing to >\$500m, one of the largest active ETFs on the ASX
  - Resolution Capital Global active ETF (ASX:RCAP) expected to list on 22 February 2022

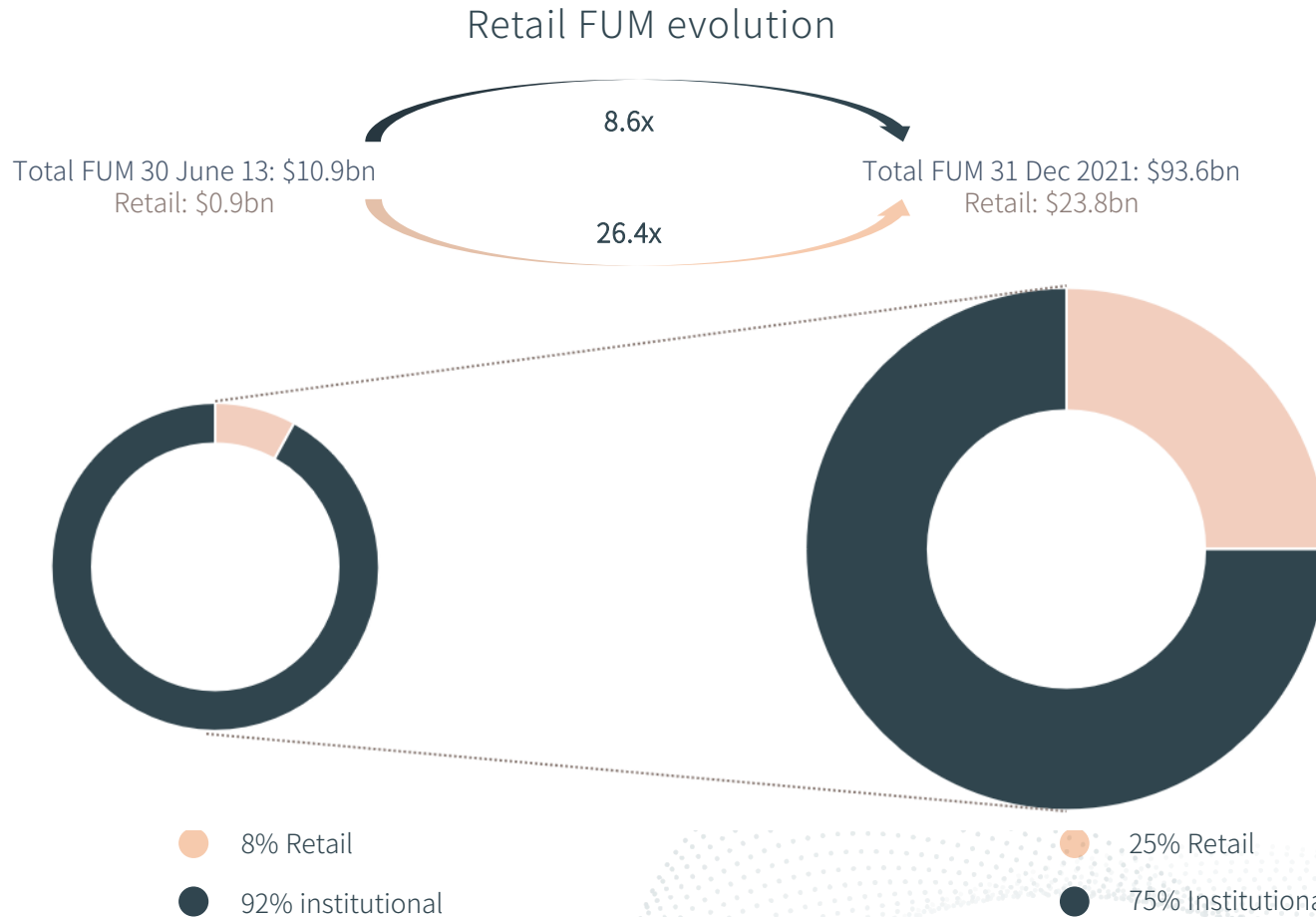
### LICs / LITs

- LIC market continues to heal with NTA discounts narrowing as a result of improved performance and improved governance (including a pick-up in M&A)
- Increasingly, the rationale for using the LIC/LIT structure must stack up
  - Income (fully franked dividends) is a key rationale. Demand for Plato LIC (PL8) remains strong. PL8 raised \$139.5m of new capital in 1H FY22
  - Unique access to private asset classes is a key rationale. Demand for Metrics (MXT and MOT) remains strong. MOT raised \$75.7m and MXT raised \$97.2m of new capital in 1H FY22
- Shareholder friendly Scheme exchanging shares in Antipodes LIC (APL) to units in the Antipodes active ETF (AGX1)
  - Permanently removed the NTA discount on APL. Shareholders provided overwhelming support
  - AGX1 increased from \$25m of FUM prior to the Scheme to \$508m of FUM at 31 December 2021, one of the largest active ETFs on the ASX

1- Does not include the total fund size of the Hyperion Global Growth Companies Fund (Managed Fund) (ASX: HYGG) listed on 22 March 2021 or any Affiliate (such as Coolabah) assets raised with third party 'Exchange Traded Products' (ETPs) such as BetaShares Active Australian Hybrids Fund (ASX: HBRD) or The Switzer Higher Yield Fund (Chi-X: SHYF). Otherwise, there are 10 ETPs (in aggregate) including third party solutions with total funds under management across Affiliates of \$7.4bn as at 31 December 2021

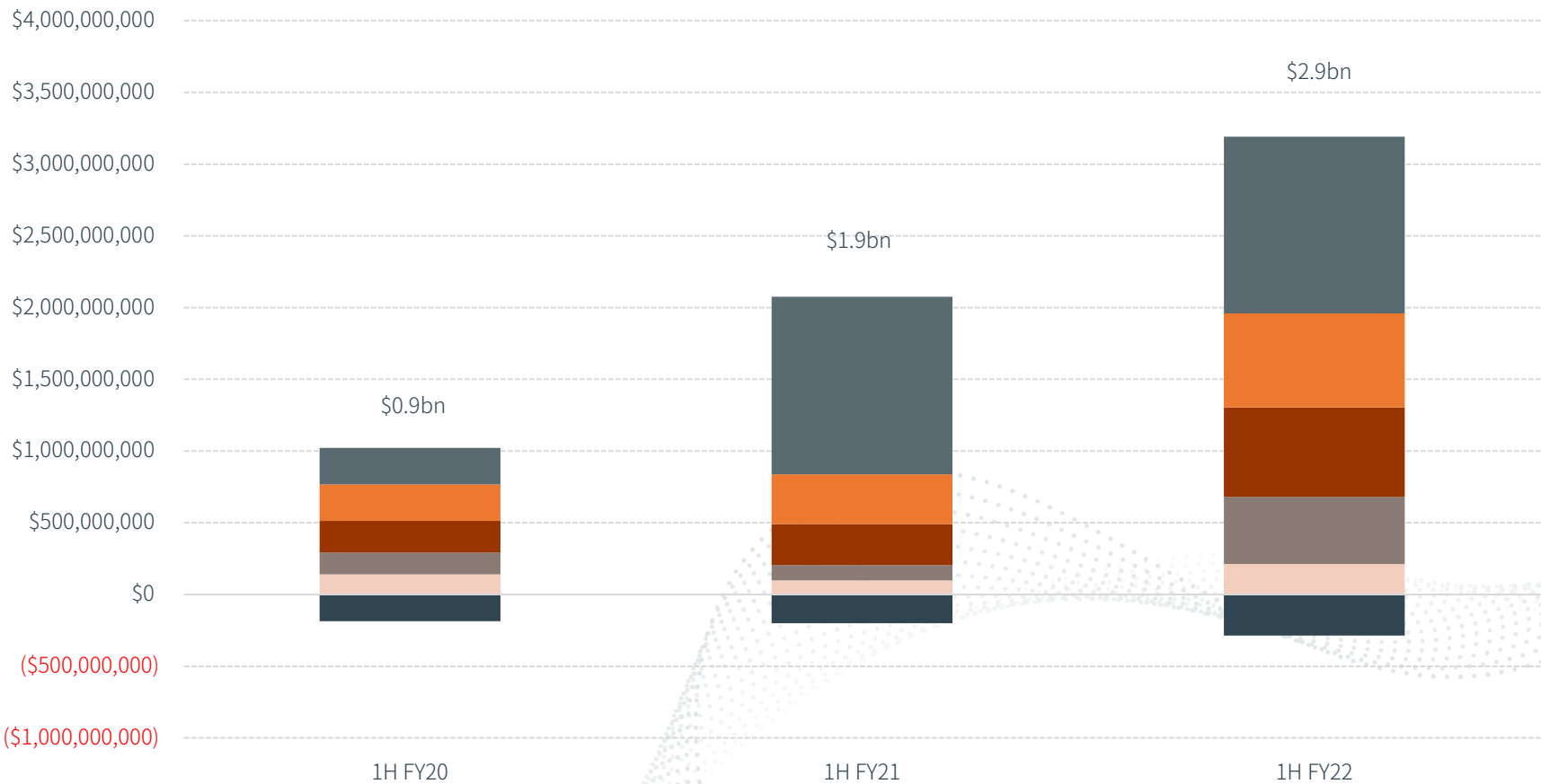
2- Firstlinks, 26 January 2022, "Despite the focus on ETFs, unlisted funds still dominate"

3- ASX December 2021 investment products monthly update. Excludes unlisted FUM in dual structure ETFs, notably MGOC and HYGG



- Pinnacle has invested significantly in retail distribution and has generated substantial retail FUM in the last 8 years (~\$23bn of retail FUM growth)
- Initiatives include growth of internal and external sales teams, LIC/LITs and exchange traded and quoted funds (open & closed ended)
- Significant increase in absolute and % of retail FUM over 1H FY22, with net inflow rate averaging close to \$500m per month over the half year

1H FY Retail Net Flows and Top 5 Affiliate Contributions



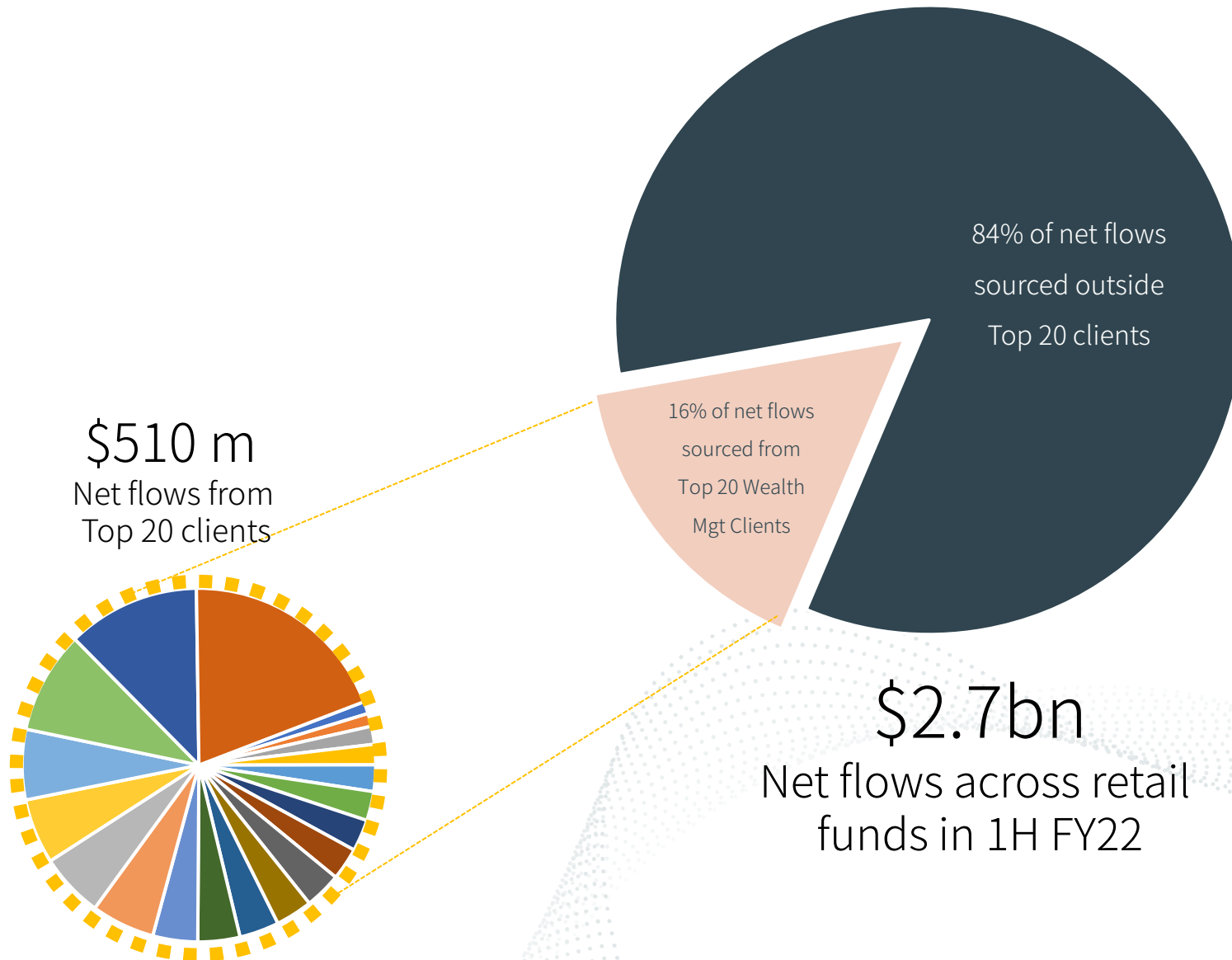
Source: Salesforce, Pinnacle Retail

Overall Retail Activity



[View Report \(Retail Act. - Last 3 Years 19/20/21\)](#)





## Lonsec Research

- Antipodes Global Fund – Long - Recommended
- Firetrail Absolute Return Fund - Highly Recommended
- Firetrail Australian High Conviction Fund - Highly Recommended
- Hyperion Australian Growth Companies Fund - Highly Recommended
- Hyperion Global Growth Companies Fund - Highly Recommended
- Resolution Capital Global Property Securities Fund - Highly Recommended
- Resolution Capital Real Assets Fund - Recommended
- Smarter Money Fund - Recommended
- Smarter Money Higher Income Fund - Recommended
- Smarter Money Long-Short Credit Fund - Recommended
- Solaris Australian Equity Long Short Fund - Highly Recommended
- Solaris Core Australian Equity Fund - Highly Recommended
- Spheria Australian Microcap Fund – Recommended
- Longwave Australian Small Companies Fund - Recommended

## Morningstar

- Resolution Capital Global Property Securities Fund – Gold
- Solaris Core Australian Equity Fund (Performance Alignment) – Gold
- Hyperion Australian Growth Companies Fund – Silver
- Solaris Core Australian Equity Fund – Silver
- Antipodes Global Fund – Long – Bronze
- Antipodes Global Shares (Quoted Managed Fund) - Bronze
- Firetrail Australian High Conviction Fund - Bronze
- Hyperion Global Growth Companies Fund - Bronze
- Solaris Australian Equity Long Short Fund - Bronze

## Zenith

- Antipodes Global Fund – Long - Highly Recommended
- Firetrail Absolute Return Fund - Highly Recommended
- Firetrail Australian High Conviction Fund - Highly Recommended
- Firetrail Australian Small Companies Fund - Recommended
- Hyperion Australian Growth Companies Fund - Highly Recommended
- Hyperion Global Growth Companies Fund - Highly Recommended
- Metrics Direct Income Fund - Highly Recommended
- Plato Australian Shares Income Fund - Recommended
- Resolution Capital Global Property Securities Fund - Highly Recommended
- Resolution Capital Real Assets Fund - Recommended
- Smarter Money Fund - Recommended
- Smarter Money Higher Income Fund - Recommended
- Smarter Money Long-Short Credit Fund - Recommended
- Solaris Australian Equity Long Short Fund - Highly Recommended
- Solaris Core Australian Equity Fund - Highly Recommended
- Spheria Australian Microcap Fund – Recommended
- Spheria Global Microcap Fund - Recommended

## Consultant Models

- Research house aligned consultants
- Independent consultants
- Platform models
- Private wealth models

<sup>1</sup>Sample of current Affiliate strategy ratings from major Research houses as at 2 February 2022. Refer to slide 61 for further disclaimers from the major Research Houses



**21,300+**  
Advisers



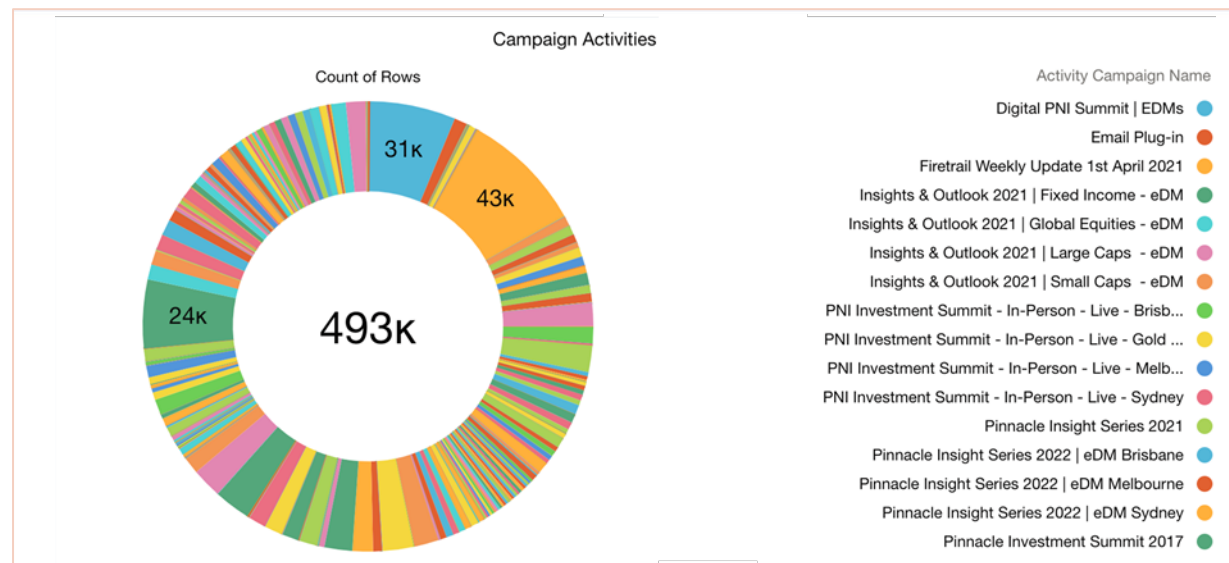
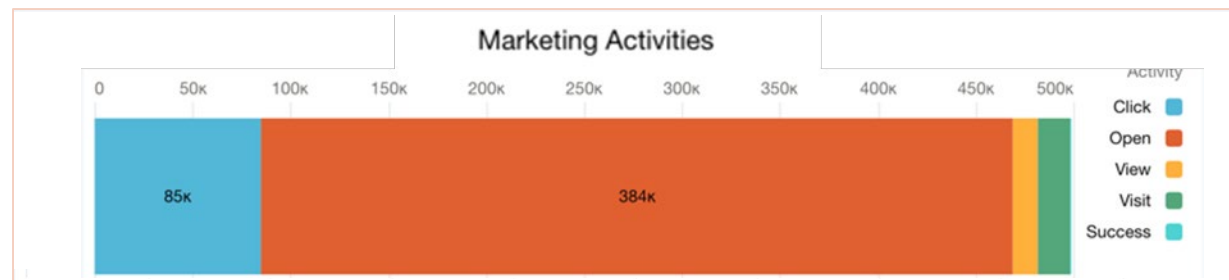
**1,050+**  
Researchers



**150+**  
Consultants



**1,000+**  
Brokers



## Email version testing is enabling our content to break through the clutter

- A/B testing experiments are doubling client click through engagement<sup>1</sup>
- Increasing the variety of content sent to clients:
  - 651 emails sent in 1H FY22 / over 4 emails per business day<sup>1</sup>
  - Timely insight delivery, fund launches, celebrating industry awards and recognitions

## On-demand 'Netflix-style' event hub helps drive record attendance at Pinnacle's Multi-Affiliate Annual Virtual Summit

- A record 2,217 attendees to the summit (last year: 1,404 attendees)<sup>2</sup>
- Viewers were encouraged to access a digital hub featuring content from industry leaders and Affiliates

## New digital platform launches are providing richer experiences and investing avenues for our clients

- Pinnacle's new website lifts traffic by 500 monthly active users and is accounting for ~50% of online referrals to Affiliate websites<sup>3</sup>
- Spheria's new website increased pageviews by ~4,000 and dwell time by 37 seconds

## Pinnacle's pulsating LinkedIn channel breaches 10,000 followers

- Key news and insights highlights delivered expediently feeds a hungry investor community

# The digital activities continue to nourish the sales engine

## Video Content & Events

**Pinnacle Investment Summit 2021**

**The Income Journey**

Coolabah | The search for Alpha not Beta, in opaque and inefficient...

Plato | 2021 Heralds Better Times for Retiree Income

Metrics | Discover an alternative income solution with private debt

**COVID learnings & backing great businesses**

Firetrail | Uncomfortable opportunities are the best

Solaris | Investing for the Long Short term

Resolution Capital | The compounding benefits of Real

## Email Automation

### White Paper Series

Dear {{Recipient.FirstName}},

**Revisiting a low growth, low interest rate, low inflation world through COVID-19**, is the title of the latest white paper series just published by the Hyperion investment team.

The series provides a thorough and thought-provoking examination on whether inflation is likely to stay at low levels over the next decade. Importantly, it also delves into how future inflation and overall economic growth rates will impact the returns Hyperion's global equity strategy is likely to produce in the long run.

This series is another example of the deep economic and industry analysis that underpins Hyperion's strong track record of growing and protecting client capital.

[READ ARTICLE](#)

## Websites

**S P H E R I A**  
ASSET MANAGEMENT

About Funds ASKSEC Performance Insights Corporate Responsibility

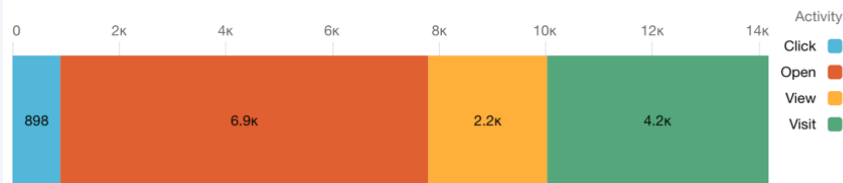
Spheria Asset Management is a leading domestic and global smaller company specialist

Attendance | Views | Clicks | Page Views



## Distribution Team Leads

### Marketing Activities



### Most Active Contacts

Adviser A	532
Adviser B	234
Researcher C	178
Adviser D	146
Family Office CIO E	117
Adviser F	110
Investment Consultant G	107

## Direct Applications

[Invest](#)

## Affiliate Summaries



### Global Emerging Market Equities

- High quality
- Absolute return
- Concentrated portfolio
- Long term sustainable growth
- Stewardship and Sustainability
- Headquartered in London, United Kingdom



### Global, Asian and Emerging Markets equities

- 'Pragmatic value' investment approach
- Strategies accessible via listed (ASX: APL, AGX1), unlisted and offshore (UCITS, Cayman, CIT) vehicles
- Founded 2015
- 30+ staff
- Headquartered in Sydney, Australia, with office in London, UK

### Australian and Global Credit (Long Only and Long/Short)

- Australia's most active credit investor with over \$25bn of trades in 2020
- Australia's largest long/short active credit manager CCI believes it has the biggest team in investment-grade fixed-income with 27 execs, including 14 analysts and 5 portfolio managers with a total of 4 PhDs
- CCI minimizes client exposures to fixed-income betas: interest rate duration, credit default risk and illiquidity risk
- Applying 30-40 internally developed quant models, CCI seeks to acquire cheap, mispriced bonds paying excess credit spread for their risk factors
- As credit spreads normalise/mean revert towards CCI's fair value targets, clients capture capital gains on top of interest income
- These capital gains are driven by credit alpha, not beta
- CCI has an outstanding macro forecasting track-record
- Headquartered in Sydney, Australia, with offices in London, UK, and Melbourne, Australia





### Australian, Global, Small Cap & Long/Short Equities

- Deep fundamental research approach consistently applied for 15+ years
- Experts in high conviction investing
- Focused on generating alpha from stock selection, whilst reducing exposure to unintended macroeconomic or thematic risks
- Unconstrained approach provides flexibility to invest across different styles (value/growth), sectors and market cap
- Australian, Global, Small Cap & Long/Short (market-neutral) equities
- Team of over 17 investment professionals
- Headquartered in Sydney, Australia



Five V / Capital

### Australian and New Zealand Private Equity (Growth & Venture Capital)

- Focused on growth assets in the attractive small to mid-market
- Specialist knowledge and skills supporting high growth businesses
- Focus on growing businesses rather than buy-out
- Track record of helping to build market leaders
- Collaborative approach – full alignment with investee businesses
- Global investor network of entrepreneurs and family offices
- Flexibility of investment, majority and significant minority partnerships
- Founders are supported by ~12 investment professionals
- Certified B-Corporation
- Headquartered in Sydney, Australia



### Australian and Global Growth Equities

- Investment process focused on high quality structural growth businesses
- Predictable long-term earnings and low debt
- Concentrated portfolios
- Low portfolio turnover
- Headquartered in Brisbane, Australia

Personal use only





### Canadian and Global Small Cap Equities

- Idiosyncratic approach to small caps in a conviction-based manner
- Bottom-up process resulting in a concentrated, high-conviction portfolio
- Headquartered in Toronto, Canada



### Australian Small Cap Quality Equities

- Quantamental approach delivers repeatable investment edge
- Investment philosophy centred on the view that quality is the long-term driver of small cap excess returns
- Quality is embedded to remove the negative tail in returns
- Fundamental understanding determines how value is created or destroyed by companies for shareholders
- Quantitative methods provide discipline, repeatability and controls behavioural biases
- Index agnostic and unconstrained
- Headquartered in Sydney, Australia



### Australasian Private Credit

- One of Australasia's largest non-bank lenders
- Participation across all loan market segments – leverage finance, project finance, commercial real estate, corporate
- Investment across the capital structure – investment grade debt through to equity, warrants and options
- Deep, active primary and secondary market experience
- Extensive bank, non-bank and borrower networks
- Significant corporate restructuring and workout experience
- Extensive loan distribution experience and networks
- PRI Signatory
- Headquartered in Sydney, Australia, offices in Melbourne, Australia and Auckland, New Zealand



### Australasian Private Infrastructure

- Mid-Market focus results in better acquisition multiples and portfolio yield
- Actively involved in the operational management and governance of the assets unlocks embedded value
- Owns airports, seaports, portside bulk liquid storage, gas pipelines, solar and wind renewable energy assets, subsea data cables, waste management facilities, social infrastructure PPPs
- Unique risk management framework - credit approach to asset selection and financial structuring and VaR approach to portfolio construction
- Recently established Real Assets and Impact Affiliates to consider and pursue investment into adjacent asset classes
- Headquartered in Sydney, Australia, office in Melbourne, Australia



### Australian Accumulation, Low Volatility and Tax-Exempt Equities; Global Income Equities and Global Long/Short Equities; Enhanced Low Carbon and Net-Zero strategies

- Customised alpha models and portfolio construction for accumulation, retirement and absolute return solutions
- Launched Enhanced Low Carbon and Net-Zero strategies in August 2021
- Systematic implementation of fundamental ideas
- State of the art technology
- Headquartered in Sydney, Australia



### Global Listed Real Assets

- Specialist Real Estate and Infrastructure securities investment manager
- Concentrated portfolios of 'high conviction ideas'
- Multi Portfolio Manager approach
- Sector based research
- Centralised, proprietary research mitigates regional biases
- PRI and UN Global Compact signatory
- >25-year investment track record
- Headquartered in Sydney, Australia, investment office in New York, USA



### Australasian Private Agriculture, Food & Water

- Real asset backed investments across the food and agriculture sector
- Participation throughout the value chain investing in assets that are critical to the production of essential goods; water, farmland, agricultural infrastructure and agribusinesses.
- Deep agriculture, finance and asset management experience.
- Agriculture sector assets have the potential to generate attractive returns, demonstrate low correlation to traditional asset classes and offer the potential of portfolio diversification
- PRI Signatory and supporter of the Task Force of Climate-Related Financial Disclosures
- Headquartered in Brisbane, Australia, office in New York, USA



### Australian Style Neutral Equities

- Analysts empowered as Portfolio Managers
- 100% short term incentives linked to client alpha (no alpha, no bonus)
- Portfolio risk directly aligned with expected stock returns
- No style bias
- Headquartered in Brisbane, Australia



### Australian Micro-, Small- and Mid-Cap Equities, Global Micro-Cap Equities

- Greater potential for long term capital appreciation
- Under-researched stock universe provides fertile ground for higher alpha
- Quality orientation
- Focus on recurring cashflows and valuation
- Conservative balance sheets
- Headquartered in Sydney, Australia

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### Systematic Global Macro

- Former GMO SGM team
- Competitive edge is the novel way in which the firm fuses together a deep philosophical understanding of financial economics with rigorous scientific techniques for forecasting returns, volatility and correlations and the way in which they change through time
- Harnesses the diversifying power of an optimiser through novel volatility and correlation models that drive alpha
- Headquartered in Sydney, Australia

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### Morningstar Research

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Q&A