

# Annual Report

2024

For personal use only



# Contents

Contents.....	1
Pinnacle Glossary .....	3
Chair’s Letter .....	6
Overview, Operating and Financial Report.....	8
Nature of operations and principal activities .....	9
Key financial highlights .....	10
Pinnacle Affiliates.....	13
Business strategies and prospects for future financial years .....	19
Economic conditions and material business risks.....	19
Review of Group Results .....	20
Consolidated Statement of Comprehensive Income .....	20
Consolidated Statement of Financial Position .....	21
Corporate Sustainability .....	22
Directors’ Profiles.....	23
Directors’ Report.....	27
Remuneration Report .....	29
Letter from the Chair of the Remuneration and Nominations Committee.....	30
Key Management Personnel.....	32
Role of Remuneration and Nominations Committee .....	33
Remuneration policy and framework for the Company.....	34
Links between performance and outcomes .....	40
Details of Executive Key Management Personnel remuneration.....	41
Executive service agreements.....	43
Non-executive director remuneration.....	45
Share-based payment compensation .....	47

For personal use only

Equity instrument disclosures relating to Key Management Personnel .....48

Loans to Key Management Personnel .....49

Equity Capital .....50

Auditor’s Independence Declaration .....54

Financial Statements.....56

    Consolidated statement of profit or loss .....57

    Consolidated statement of comprehensive income .....58

    Consolidated statement of financial position .....59

    Consolidated statement of changes in equity .....60

    Consolidated statement of cash flows.....61

    Notes to the consolidated financial statements .....62

    Consolidated Entity Disclosure Statement .....119

Directors’ Declaration .....120

Independent Auditor's Report .....121

Shareholder Information .....127

Corporate Directory .....131

01

# Pinnacle Glossary

For personal use only

Term	Meaning
2023 Annual Report	the Group's annual report for the 2023 financial year.
2023 Financial Year	the period 1 July 2022 to 30 June 2023.
2024 Annual Report	this document.
2024 Financial Year	the period 1 July 2023 to 30 June 2024.
Affiliates or Pinnacle Affiliates	Pinnacle affiliated investment managers, being Aikya, Antipodes, Coolabah, Firetrail, Five V, Hyperion, Langdon, Longwave, Metrics, Palisade, Plato, Resolution Capital, Riparian, Solaris and Spheria.
Aikya	Aikya Investment Management Limited.
Antipodes	Antipodes Partners Limited.
ASX Principles	the Corporate Governance Principles and Recommendations 4 <sup>th</sup> Edition, published by the ASX Corporate Governance Council.
Auditor	PricewaterhouseCoopers Australia.
Board	the board of directors of Pinnacle.
Board Committees	the Audit, Compliance and Risk Management Committee and the Remuneration and Nominations Committee.
Chair	Alan Watson, the Chair of the Board.
Company	Pinnacle Investment Management Group Limited.
Company Secretary	Calvin Kwok, who held the position during the 2024 financial year.
Coolabah or CCI	Coolabah Capital Investments Pty Ltd.
Corporations Act	Corporations Act 2001 (Cth).
EOSP	Pinnacle Employee Option Share Plan.
Firetrail	Firetrail Investments Pty Limited.
Five V	Five V Capital Pty Ltd.
FUM	Funds Under Management.
Group or Pinnacle Group	Pinnacle and the wholly-owned entities that it controls.
Hyperion	Hyperion Asset Management Limited.
Key Management Personnel	the individuals identified as such on page 32 of the 2024 Annual Report.
Langdon	Langdon Equity Partners Ltd.
LTI	long-term incentives offered to individuals who are employees of the Group.
Longwave	Longwave Capital Partners Pty Limited.
Managing Director	Ian Macoun, who was appointed as an executive director on 25 August 2016.
Metrics or MCP	Metrics Credit Partners Pty Limited.
New Loans	is a reference to the loans more fully described at page 49.
NPAT	net profit after tax.
NPBT	net profit before tax.
Palisade	Palisade Investment Partners Limited.
PIML	Pinnacle Investment Management Limited, the principal operating subsidiary of the Group.

Term	Meaning
PIML Acquisition	the transaction approved by shareholders on 16 August 2016, pursuant to which the Company acquired the 24.99% equity stake in PIML it did not already own.
Pinnacle or PNI	Pinnacle Investment Management Group Limited.
Pinnacle Omnibus Plan	the Pinnacle Omnibus Incentive Plan described on page 39 of the 2024 Annual Report.
Plato	Plato Investment Management Limited.
PNI Foundation	previously the Pinnacle Charitable Foundation.
Principal Investments	investments made by the Group in listed and unlisted equities and unit trusts on its own behalf.
Resolution Capital	Resolution Capital Limited.
Riparian	Riparian Capital Partners Pty Limited.
Solaris	Solaris Investment Management Limited.
Spheria	Spheria Asset Management Pty Limited.
STI	short-term incentives offered to individuals who are employees of the Group.

# Chair's Letter

Dear Fellow Shareholders,

On behalf of your Board, I am pleased to present Pinnacle's Annual Report for the financial year ended 30 June 2024.

Over the year, your Company has delivered Net Profit After Tax of \$90.4 million, fully diluted earnings of 45.5c per share and full year dividends of 42.0c per share, which have grown of 18%, 17% and 17% respectively over the prior year.

During this financial year, markets continued to face prolonged geopolitical tensions, most notably conflicts in Ukraine and the Middle East, with concomitant effects on global supply chains. In addition, as central banks sought to address inflation across the world, prospects for interest rate reductions were continually deferred as the year progressed. This produced challenging conditions in many asset markets that are important to us; however the Affiliates continued to respond well to these pressures and I am delighted to report that of those strategies that have a 5 year track record, 85% outperformed their relevant benchmarks. Complementing the Affiliates' investment performance, Pinnacle's distribution teams delivered a strong level of total inflows across the platform and the combination of these produced the robust financial outcomes described in the paragraph above.

FY24 was another year in which we continued to invest in the firm, with the twin objectives of preparing foundations for future growth and continuing to broaden the firm's diversification across client types, Affiliates and asset classes. Pinnacle's net share of these Horizon 2 investments was approximately \$11.5m. We note as evidence of our medium-term diversification, as recently as 5 years ago, around 89% of gross Affiliate FUM, and 81% of gross Affiliate revenues were derived solely from equity assets. By FY24 these numbers have reduced to 70% and 54% respectively, reflecting our growth in fixed income, private equity, private credit and debt and infrastructure within our gross FUM. Whilst such Horizon 2 investments may reduce earnings in the short term, and the level of investment will vary year to year, the benefits resulting from these investments are an important part of our growth strategy.

Where appropriate, and as part of alignment with clients, the Affiliates have continued to actively seek the ability to earn performance fees. Currently around 35% of gross FUM, across 25 diverse strategies and 13 Affiliates is eligible to earn significant performance fees; and, reflecting the strong investment performance referred to above, it was pleasing to see performance fees of \$109.8m in aggregate compared to \$58.2m in the previous year, generated by all 13 Affiliates this year.

Pinnacle's distribution teams, both institutional and retail, produced very creditable results; with overall net inflows for the year of \$9.9bn. Highlights included offshore inflows of \$7.0bn and consistent strong retail flows into private markets and alternative strategies. These were pleasing results within a market context of anaemic retail equity flows during the first three quarters of the financial year, noting however tentative signs of improvement were evident towards the end of the year. We recognize that the work required to crystallise these inflows does not produce major results overnight and is the result of consistent diligent longer-term work, at which our people excel. Whilst we have continued to be pleased with the work ethic of our people over recent years, we have always recognized that ultimately the financial results of the Company must be a key consideration when determining remuneration. As a result, remuneration outcomes for all staff were relatively muted in FY22 and FY23; however, the strong growth in financial results this year has merited a return to a more robust level of overall compensation outcomes. Details on our approach to remuneration are described from page 29 in the Remuneration Report, including the letter from the Chair of the Remuneration and Nominations Committee, and further operational detail is discussed in the Operating and Financial Report commencing on page 8.

In our interim results announcement in February, we ventured that we enter the second half "with grounds for cautious optimism". As we have stated before, we do not set out to be soothsayers of future market levels, nor would we be immune to the consequences of any major market dislocation; but rather that our optimism for the future is derived from a view that Pinnacle enters

FY25 with a variety of growth opportunities both in train and yet to be prosecuted and these continue to broaden and deepen. Indeed, as we engage with investment firms and investment professionals both in Australia and overseas, we continue to believe that the opportunity set for Pinnacle’s ability to deliver “supported independence” to future new Affiliates remains very significant and very attractive.

We are delighted to announce that Ms. Christa Lenard will be appointed to the Board effective from 2 August 2024. Ms. Lenard specialises in employment and workplace law, with a practice that spans both the public and private sectors. She has 20 years’ experience in advising and representing clients on a wide range of contentious and non-contentious employment law matters, including discrimination law, industrial disputation, enterprise bargaining, day to day employment law advisory, managing psychosocial welfare and organisational change, workplace investigations and alternative dispute resolution. She is a trusted advisor to many government agencies and works with clients across a range of industries, including banking and financial services, health and aged care, maritime and logistics, technology and the amusement industry. Pinnacle is delighted to welcome Ms. Lenard to the Board.

Finally, we wish to thank you, our owners, for your continued support of the Company, and look forward to welcoming you to the Company’s Annual General Meeting in Sydney on 25<sup>th</sup> October, 2024.

Yours sincerely,



Alan Watson

1 August 2024

For personal use only

03

# Overview, Operating and Financial Report

For personal use only

## Nature of operations and principal activities

Pinnacle is a global multi-affiliate investment management firm, headquartered in Australia. Our mission is to establish, grow and support a diverse stable of world-class investment management firms.

Founded in 2006, Pinnacle currently consists of 15 investment Affiliates. At 30 June 2024, the Pinnacle Affiliates collectively managed approximately \$110.1 billion in assets across a diverse range of asset classes. Pinnacle offers the Affiliates:

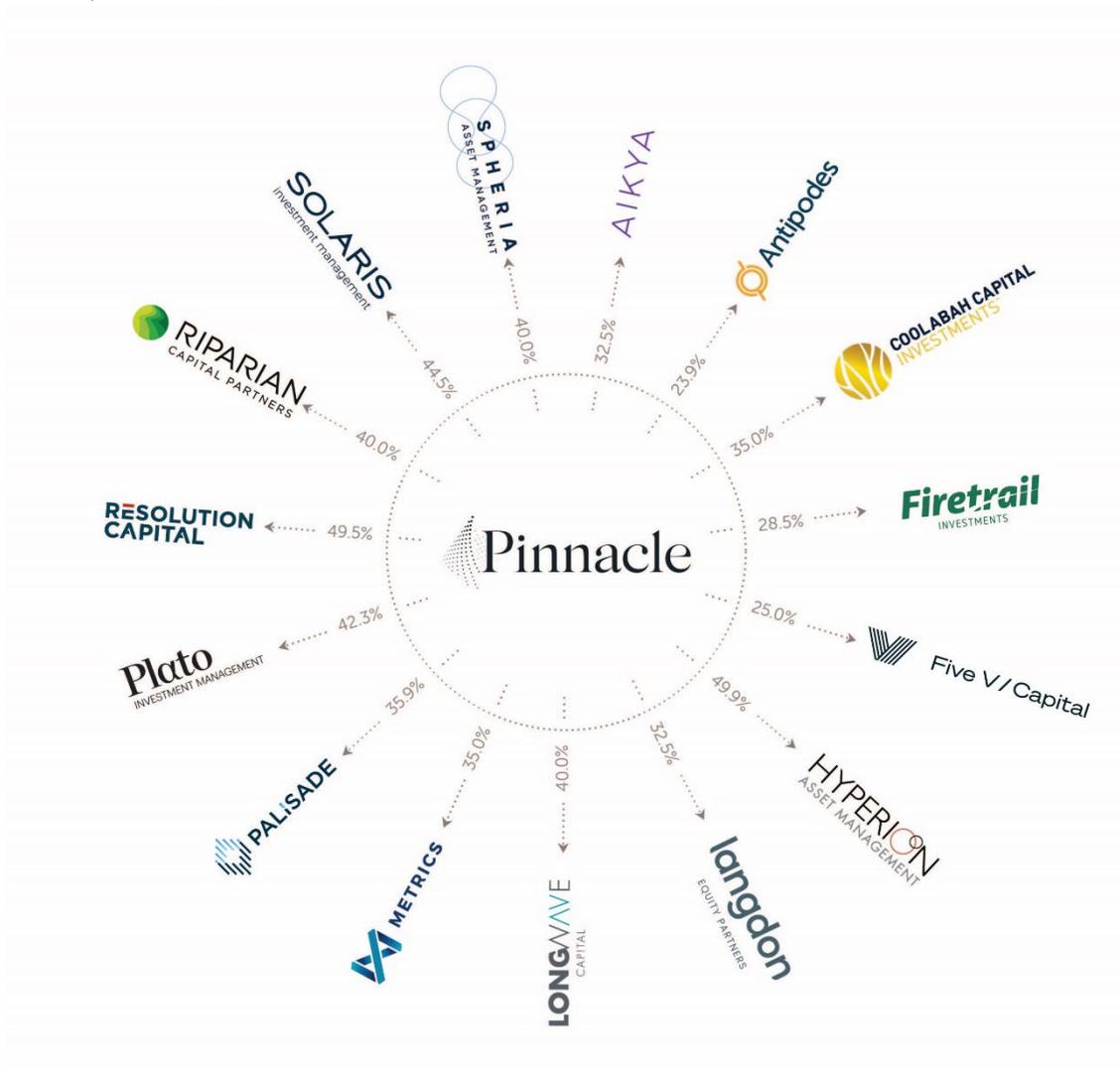
- equity, seed capital and working capital;
- superior distribution services, business support, product development and management and responsible entity services, to allow investment managers to focus on delivering investment outperformance; and

- independence, including separate management reporting structures and boards of directors, whilst still offering the economies of scale and financial support inherent in being part of a larger investment group.

The principal activities of the Group during the 2024 financial year continued to be:

- building, growing and operating investment management businesses; and
- providing distribution services, business support and responsible entity services to the Pinnacle Affiliates.

The diagram below shows the Pinnacle Affiliates and Pinnacle’s effective interest in each as at 30 June 2024.



## Key financial highlights



During the 2024 financial year, the Group held shareholdings (through its principal operating subsidiary, PIML) of between 23.5% and 49.9% in each of the Pinnacle Affiliates, which together have \$110.1 billion in FUM as at 30 June 2024. In the 2024 financial year:

Pinnacle Affiliates generated aggregate revenues (at 100%) of \$663.4 million, up from \$511.6 million in the previous year. Of this, \$109.8 million was performance fees (\$58.2m in the previous year).

Pinnacle generated total NPAT attributable to shareholders of \$90.4 million, up 18.2% from \$76.5 million in the prior year.

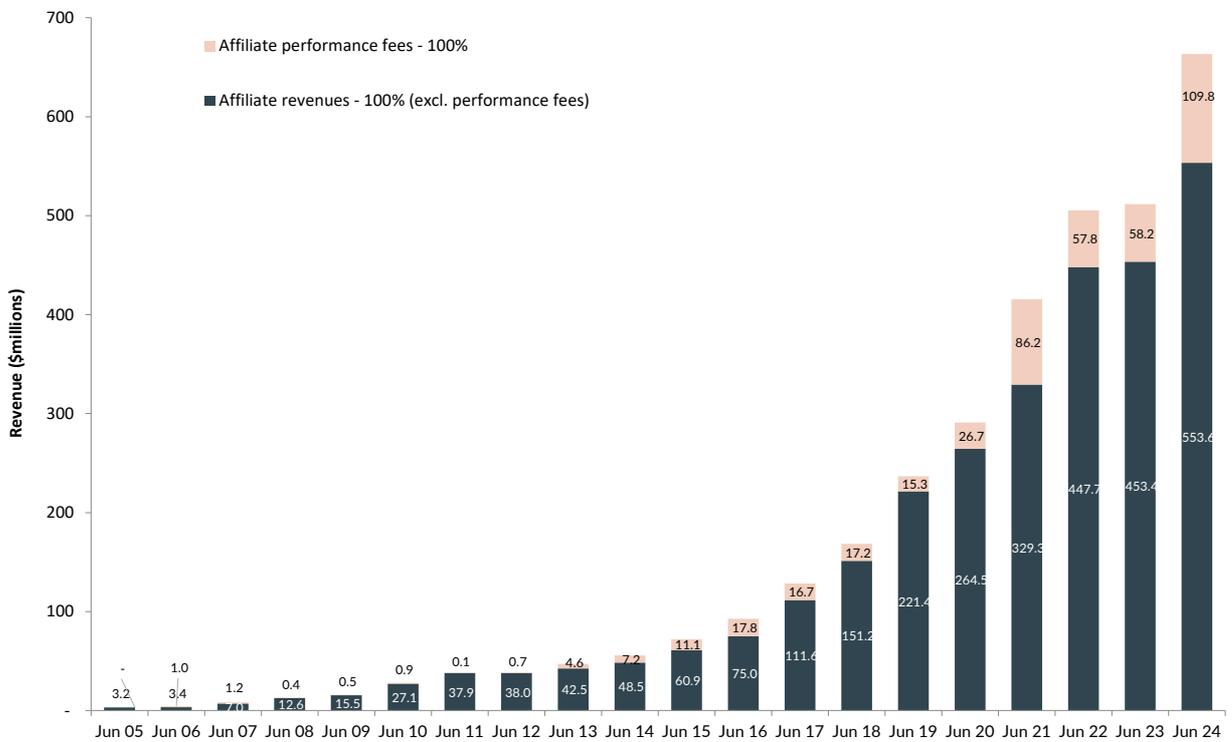
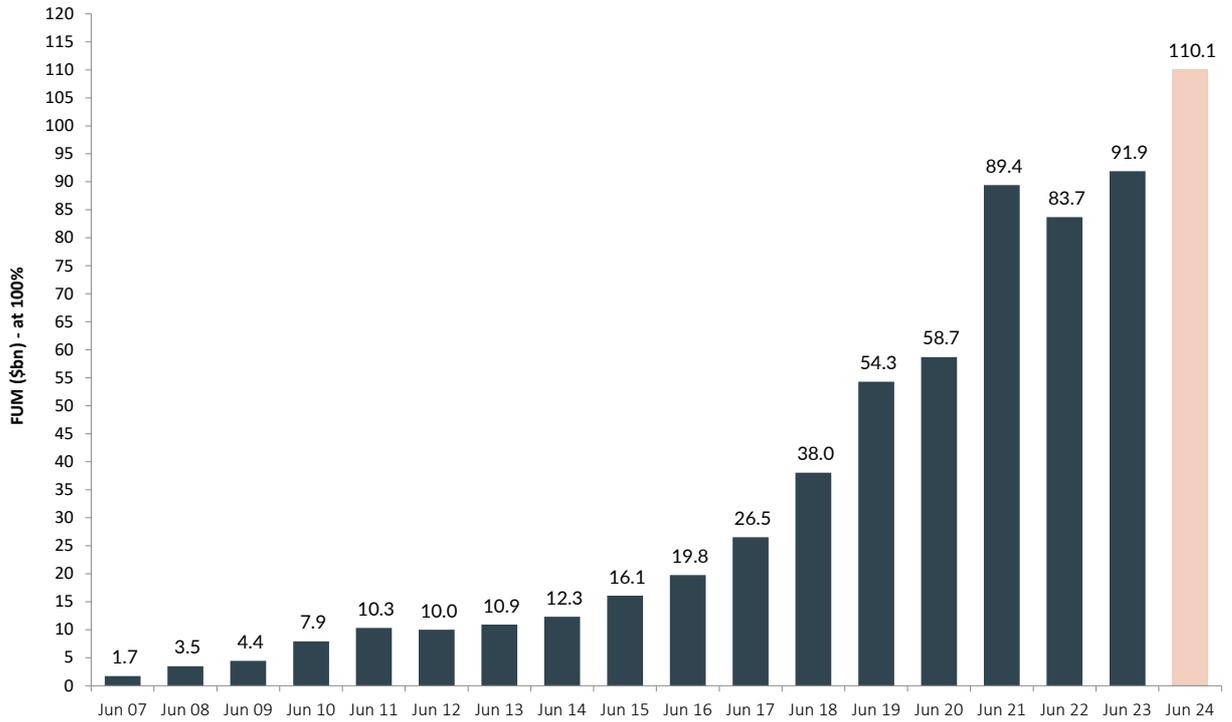
Pinnacle's share of NPAT from Pinnacle Affiliates was \$90.8 million, up 34.7% on the prior year.

The table below sets out in summary form the performance of the Pinnacle Group for the 2024 and 2023 financial years:

	FY2024	FY2023
Pinnacle Affiliates (100% aggregate basis)		
FUM (\$billion)*	110.1	91.9
Revenue (\$million)	663.4	511.6
Net profit before tax	302.7	228.4
Tax expense	(79.9)	(61.1)
Net profit after tax	222.8	167.3
Pinnacle Group (\$million)		
Revenue	49.0	45.5
Expenses	(49.4)	(36.4)
Write-down of investment	-	-
Share of Pinnacle Affiliates net profit after tax	90.8	67.4
NPBT from continuing operations attributable to shareholders	90.4	76.5
Taxation	-	-
NPAT from continuing operations attributable to shareholders	90.4	76.5
Discontinued operations	-	-
Total profit attributable to shareholders	90.4	76.5
Basic earnings per share (cents):		
From continuing operations	45.8	39.3
Total attributable to shareholders	45.8	39.3

\*Non-statutory measure

For personal use only



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

2 Revenue shown is 100% of all Pinnacle Affiliates' revenue. This is shown to indicate trend and excludes revenue derived by Pinnacle itself.

Pinnacle and the Affiliates continued to focus on growth and diversification, together with careful exploration of attractive expansion opportunities. At 30 June 2024, private markets FUM was \$22.8bn, or 21% of total FUM, up from \$1.5bn or 6% at 30 June 2016. FUM sourced from international clients was \$18.4bn, or 17% of total FUM, up from \$0.5bn or 2% at 30 June 2016

For personal use only

## Pinnacle Affiliates

Pinnacle remains strongly focused on supporting each of the Pinnacle Affiliates and assisting them to grow their businesses and profitability over the medium-term. Pinnacle continues to carefully invest in additional resourcing ahead of further growth, in both distribution and in infrastructure, with a continuing focus on growing the Group's international distribution and infrastructure capabilities. Pinnacle Affiliates have also invested significantly in growth initiatives, with Pinnacle's continuing support.

Pinnacle also continues to explore opportunities for growth, both organic and inorganic, within Australia and internationally.

The quality of the Pinnacle Affiliates was again affirmed and demonstrated during the year. Following is an overview of each of the Pinnacle Affiliates, including during the 2024 financial year:

### AIKYA

#### Aikya

Aikya Investment Management was founded in London in 2020 and specialises in managing emerging markets equity portfolios. The team maintains a small and simple organisational structure in order to avoid the bureaucracy and distractions that often arise in larger, more complex investment management businesses.

Aikya's edge is their long-term approach, which primarily focuses on assessing the quality of the business owners and managers in emerging markets. Aikya looks to identify long-term stewards who have grown cash flows, navigated a few economic cycles and demonstrated fairness to all stakeholders. Their approach has proven over time that such people create shareholder value and drive long-term investment returns. Sustainability is at the heart of Aikya's investment approach. The name Aikya means oneness in Sanskrit which reflects the team's core belief that true stewards align their businesses with the interests of all stakeholders. Companies that take short cuts when it comes to customers, employees, suppliers, the environment or broader society are unlikely to be rewarding long-term investments.

During FY24, Aikya continued to expand and diversify its client base. Aikya's investment solutions are now available through vehicles domiciled in Australia, Ireland and the United States, serving a wide range of end markets.

### Antipodes

#### Antipodes Partners

Antipodes was founded in 2015 and manages global and emerging markets equities. Its ~40 member team serves a global client base from offices in Sydney and London.

Antipodes adopts a 'pragmatic value' style and aspires to grow client wealth over the long-term by generating absolute returns in excess of the benchmark at below market levels of risk. Antipodes' approach seeks to take advantage of the market's tendency for irrational extrapolation around change, identify great businesses that are not valued as such and build high conviction portfolios with a capital preservation focus.

During FY24, Antipodes continued to expand and diversify its client base and product suite, including by acquiring the management rights for three retail managed funds from another manager: Antipodes Asia Fund, Antipodes China Fund and Antipodes Asia Income Fund.



## Coolabah

Coolabah Capital Investments Pty Ltd (CCI) is an independent long and long-short active credit manager founded in 2011. Pinnacle initially acquired an equity interest in Coolabah in 2019.

CCI is responsible for managing numerous institutional mandates, the Smarter Money Investments' product suite and the BetaShares Active Australian Hybrid ETF (ASX: HBRD).

CCI's edge is in alpha generation in liquid, high-grade credit in contrast to traditional fixed-income strategies that drive returns through adding more interest rate duration, credit default and/or illiquidity risk (beta). This alpha is a function of the world-class analytical insights rendered by CCI's human capital, which includes 47 executives with a long-term track-record of delivering prescient insights. In 2019, CCI's portfolio managers were selected as one of FE fundinfo's Top 11 "Alpha Managers" based on their risk-adjusted performance across all asset-classes.

During FY24, CCI seeded its global sovereign bond strategy and began distributing its strategies into the UK and European markets. CCI's portfolios once again delivered class-leading performance.



## Firetrail Investments

Firetrail Investments is a boutique asset manager, founded in 2018, specialising in high conviction investing. Firetrail has a simple mission: to generate outstanding long-term performance for its clients.

Firetrail manages Australian equities, Global equities and Alternatives strategies. It has a diverse range of clients including superannuation funds, institutional investors, financial advisors, HNW individuals and retail investors.

The Firetrail investment team has a deep history managing high conviction portfolios with many senior team members working together for more than 15 years. Importantly, the firm is majority owned by its investment staff and the team invests alongside their clients in their high conviction strategies.

During FY24, Firetrail continued to increase the depth of its investment team whilst working to further diversify its client base.



Five V / Capital

## Five V Capital

Five V Capital, a Certified B Corporation, is a leading private equity and venture capital boutique founded in 2016. Pinnacle acquired an equity interest in Five V in November 2021.

Five V's strategies span private equity, growth equity and venture capital, so they can draw on a range of unique insights and experience from both well-established businesses primed for growth and start-ups working on some of the newest ideas, models and industries destined for future success. The core principle of Five V is alignment: the team are among the largest investors in Five V's funds and share the entrepreneurial resilience and passion of founders to go the extra mile.

Five V partners with leading founders and businesses in Australia and New Zealand. Their recent Fund V sits alongside the Five V private equity Fund I, Fund II, Fund III, Fund IV and Venture Fund I and II portfolios, taking its current funds under management to over \$2.4bn.



Five V believes that building long lasting, personal relationships with the people who drive their portfolio companies, their investors and those around them defines its success.

During FY24, Five V reached a successful first and final close for Fund V and launched its Horizons Fund, with a significantly lower minimum investment amount, targeting the wholesale market for the first time.

## Hyperion Asset Management

Hyperion Asset Management (Hyperion) was founded in 1996. The firm exists to sustainably grow clients' capital over the long-term. When investing capital in listed companies, it has the mindset of a long-term business owner, not a short-term trader. The average holding period for the companies in Hyperion's portfolios is ten years, and long-term economic sustainability is core to its philosophy.

Hyperion's mindset is centred on achieving attractive long-term positive real (inflation-adjusted) portfolio returns.

Its investment philosophy and process aim to compound returns above the relevant passive benchmarks over long time horizons.

During FY24, Hyperion continued implementing its long-term, consistent investment process, delivering leading returns for clients, and continued to expand the availability of its products to clients in Australia and overseas.



## Langdon Equity Partners

Langdon is a global and Canadian smaller companies investment boutique founded in Toronto, Canada, in 2022. They are active and engaged owners of world class smaller companies.

Langdon approaches the public equity markets as a long-term owner of businesses. They are a patient, primary research-led investment firm, performing intensive due diligence on every investment idea pursued.

Langdon is focused on high quality, growing companies that are fundamentally undervalued, with their bottom-up process resulting in a concentrated, high-conviction portfolio.

During FY24, Langdon again delivered above benchmark returns for their clients across all portfolios and continued to broaden their investor base, in Canada, Australia and beyond.



## Longwave Capital Partners

Longwave is a boutique investment manager dedicated to delivering superior, more consistent, long-term results through the innovative combination of technology, experience and insight.

The founding partners of Longwave have a long history of investing in markets and designing, building and managing highly successful investment strategies. From pioneering the Schroders Australia small cap and micro cap strategies to running global multi-asset portfolios, they have worked with a broad range of institutional, retail, charitable and sovereign wealth fund clients.



Longwave currently offers investors a unique, diversified small companies fund focusing on high quality companies likely to be tomorrow's winners.

During FY24, Longwave continued to deliver performance above of benchmark and significantly expanded its client base, ending the year managing \$870m.

## Metrics

Metrics is an independent, alternative asset manager, founded in 2011.

Metrics is the leading Australian non-bank corporate lender with a presence in Sydney, Melbourne, Auckland and London. Metrics specialises in fixed income, private credit, equity and capital markets. Through its managed funds Metrics provides unrivalled access to the highly attractive Australian private debt market to investors ranging from individuals to global institutions.

Metrics launched its first wholesale fund in June 2013 and is the manager of a number of wholesale and retail investment trusts in addition to the Metrics Master Income Trust (ASX: MXT), which successfully listed on the ASX in October 2017. Metrics' second ASX-listed vehicle, Metrics Income Opportunities Trust (ASX: MOT), was successfully listed on the ASX in April 2019. Pinnacle acquired an equity interest in Metrics in August 2018, having been its distribution partner for a number of years.

During FY24, Metrics continued to expand its operations with a focus on growing its consumer and sustainable finance businesses, real estate equity funds and distribution of a range of products to offshore investors.



## Palisade

Palisade is an independent, global infrastructure and real assets manager, founded in 2007.

Palisade provides institutional and wholesale investors with access to infrastructure and infrastructure-like assets through co-mingled funds, co-investment mandates and tailored portfolios. Palisade's multi-disciplinary and experienced team focuses on attractive mid-market assets that are essential to the efficient functioning of the communities and economies they serve.

Palisade manages investments in assets within the Airports, Ports, Bulk Liquid Storage, Energy, Renewables, Digital, Waste, Social and Agri-infrastructure sectors.

During FY24, Palisade continued to build out its offshore strategy with two US investments completed, as well as securing a significant commitment from Dutch pension fund APG for its UK-focused bioenergy platform (BioticNRG). Palisade also launched a wholesale feeder fund, Palisade's Feeder Infrastructure Trust, to allow wholesale investors access to Palisade's flagship Australian-focused institutional fund, with the new fund achieving 'Recommended' ratings from Zenith and Lonsec.



## Plato Investment Management

Plato was founded in Sydney, Australia, in 2006 and is majority owned and operated by its investment staff.

## RESOLUTION CAPITAL

Plato is a stable, research-led organisation focused on and aligned to client outcomes. Plato has a team of highly experienced investment professionals, portfolio managers and quantitative analysts. Plato provides a number of actively managed strategies, encompassing global and Australian equities, including strategies that are tailored to specific investor objectives of wealth accumulation, income generation and downside protection.

During FY24, Plato continued to build out its suite of complementary solutions, now offering equity income (Australian and Global), alpha equity (Australian and Global), enhanced low carbon, low volatility and a range of ESG-focused strategies, with the ability to tailor portfolios to specific investor needs, all of which draw from the team's deep quantitative research base. FUM passed \$15bn for the first time during FY24.

### Resolution Capital

Resolution Capital is a highly rated specialist global listed real assets manager, investing in both listed real estate and infrastructure securities. The firm was founded in 2004 and the investment team has over a 30-year track record. The firm is majority employee-owned by key staff and is headquartered in Sydney, Australia and maintains an office in New York. The firm and staff co-invest in the funds that Resolution Capital manages to ensure strong alignment with clients.

Resolution Capital is an active investment manager with the objective of delivering superior risk adjusted long-term returns, compared with recognised industry benchmarks. This is achieved through investment in concentrated portfolios of carefully selected listed real estate and infrastructure securities with an emphasis on avoiding fundamental flaws, which could reasonably result in permanent impairment of the underlying investments. This aligns their investment process and security selection with clients' objectives of long-term real wealth creation.

The firm continues to grow and diversify its investment capabilities. The firm also continues to diversify its client base and has notably grown its funds sourced from international markets as its investment capability is recognised by asset consultants globally. The firm launched an active ETMF for its Global REIT strategy (Resolution Capital Global Property Securities Fund (Managed Fund)) on the ASX on 22 February 2022 under the ticker RCAP.

During FY24, the firm continued to deliver strong investment outcomes for its clients and notably continued to grow its retail client base, in a challenging capital raising market for public markets.



### Riparian Capital Partners

Riparian is a specialist water, agriculture and food investment firm, founded in early 2019 with the specific purpose of identifying, acquiring and managing investments across the agricultural sector.

The team has proven its ability to identify key areas for operational and environmental efficiency, expansion and redevelopment of agri-sector assets while driving value through active management of water portfolios and exposures. With investments that span Australian water markets, irrigated horticulture, annual crops and agricultural infrastructure, the team is focused on sustainable agri-food systems that drive investor returns.

During FY24, Riparian continued to diversify and grow their client base, from both Australia and overseas.

# SOLARIS

investment management

## Solaris Investment Management

Solaris is a style neutral, Australian equities fund manager, founded in 2008. The Solaris team consists of a diverse and experienced group of investment professionals.

Solaris uses fundamental analysis to choose stocks, to exploit market inefficiencies in forecasts and valuations. All investment decisions are supported by detailed analysis of the securities and key financial markets, with an eye on the global perspective.

Solaris analysts are empowered as portfolio managers, making them fully accountable for their investment ideas and decisions. Solaris's tried and tested investment process offers Core, Income and Long Short strategies with after-tax investment and ESG criteria as specialties.

During FY24, Solaris maintained strong ratings across all products and continued to focus on delivering for their clients.



## Spheria

Spheria is a fundamental-based investment manager, founded in 2016, specialising in small and micro cap companies.

Spheria's mission is to achieve strong investment performance for its clients with an emphasis on risk management. The team has grown to nine highly skilled investment professionals, providing clients with deep expertise in small and micro cap investing.

Spheria's investment philosophy is to purchase securities where the present value of future free cash flows can be reasonably ascertained and the security is trading at a discount to its intrinsic value. Assessing risk is fundamental to Spheria's investment philosophy. Explicit risk controls include a preference for companies with low or no balance sheet gearing.

During FY24, Spheria delivered strong performance for its clients and continued to diversify its client base.

## Business strategies and prospects for future financial years

We continue to build Pinnacle by taking a measured, medium-term approach to growth, supporting each of the Pinnacle Affiliates and assisting them to grow their businesses and profitability, together with careful exploration of expansion opportunities.

We continue to carefully invest in additional resources, particularly in support of our retail and international distribution capabilities, to enable and drive this growth. We will also continue to invest in and seed new Affiliates and strategies where management teams have a strong track record and growth potential, even though this may moderate our profitability somewhat in the short-term.

Similarly, growth initiatives continue in a significant number of our Affiliates, which moderate their profitability in the short-term but provide a range of additional growth options over the medium-term. During FY24, we began to see the results of this latest round of Horizon 2 investing in Affiliates with Affiliate revenues increasing significantly and net cost to Pinnacle reducing as these additional growth options began to mature.

Our platform is strong and sufficiently adaptable to consider both organic and inorganic growth, both in Australia and overseas. We will consider acquisitions only when we believe they are complementary to our existing core, will not place the Company at risk and offer the potential of a high medium-term return on the capital deployed. We retain conviction in the value potential provided by Horizon 2 and Horizon 3 growth initiatives, but will pursue these only when quality and price are sufficiently compelling.

## Economic conditions and material business risks

The major business risks facing the Group are investment market conditions and regulatory risk.

### Market conditions

The Group's results and outlook are influenced by prevailing equity market conditions and by broader economic trends and investor sentiment.

Following the extremely challenging market conditions we faced in the second half of FY22 and across FY23, there was something of a recovery, at least in headline market returns, during FY24, as inflation began to stabilize and central bank rhetoric shifted toward base rates moderating (albeit leaving investors guessing as to the timing). That headline picture, however, masked significant volatility and complexity within certain sectors, with gains being driven by the outsized performance of technology firms leveraged to generative AI and, domestically, the banks. Uncertainty therefore remained high and, together with the continuing war in Ukraine and

growing political instability in many regions, investors remained cautious, many continuing to seek refuge from the volatility in cash, or at least away from traditional risk assets.

As shareholders will be aware, we have sought to build a platform of Affiliates and investment strategies that enables us to be 'more relevant to more clients, more often' and have invested in our distribution and infrastructure capabilities meaningfully to allow us to make this broader range of products available to a wider range of clients and geographies. We have particularly seen the benefits of this diversification in our business outcomes during FY24.

Across the financial year, we delivered total net inflows of \$9.9 billion, with \$7.0 billion of those net inflows coming from investors outside of Australia. Total FUM sourced from non-Australian clients stood at \$18.4 billion, or 16.7%, of total FUM at 30 June 2024, up from 2.4% at 30 June 2016.

This international success has been achieved after a lengthy process of building a product set relevant to international markets and building relationships in those markets, augmented in more recent years by the investment in highly capable distribution executives based in key international markets. Our international growth is now showing meaningful momentum and, with a further expansion of our product range and continuing investment in our distribution capabilities, we are confident that we can build further on our success in the years ahead.

Similarly important has been the broadening of our product set as market conditions and investor appetites have changed. At 30 June 2016, 67% of our FUM was in Australian equities, compared with 38% of FUM at 30 June 2024. During FY24, we raised \$5.6 billion into private markets asset classes, with a further \$2.2 billion into liquid alternatives. As flows into 'traditional' equities have remained under pressure, it has been pleasing to see the robust flow outcomes across other parts of the platform.

We remind shareholders that our earnings and net inflows can moderate during times of market dislocation. As we have explained in the past, we have deliberately sought to build a robust, diverse business that is able to succeed across market cycles. The growth in size and breadth of the Affiliate base is delivering clear benefits to shareholders, with greater diversification across different asset classes and investment strategies and enhanced performance fee potential across a range of strategies and market conditions. We recognize that global economic conditions remain uncertain due to, among other things, shifts in monetary policy and continuing geopolitical tensions, which could have a significant impact on wider market conditions and sentiment. We are, however, confident that our business is in excellent shape and there is cause for optimism for what lies ahead.

## Regulatory risk

The Group operates within a highly regulated environment. The Group remains vigilant with regard to regulatory requirements which are continually evolving. In response, Pinnacle continues to develop its business model to accommodate the changing environment within which it operates. We continue to invest in our Risk and Compliance function, including in support of our expansion outside of Australia.

## Review of Group Results

Total net profit after tax (NPAT) attributable to shareholders for the 2024 financial year was \$90.4 million. NPAT from continuing operations attributable to shareholders was also \$90.4 million.

- The Group delivered a \$90.4 million total NPAT attributable to shareholders for the 2024 financial year, an 18.2% increase compared with the 2023 financial year. Pinnacle's share of net profits from the Pinnacle Affiliates increased by 34.7% to \$90.8 million (of which \$28.3 million was Pinnacle's share of performance fees earned by thirteen Affiliates during the financial year, after tax, compared with \$13.9 million from eleven Affiliates in the 2023 financial year). Complementing the Affiliates' strong investment performance, the distribution team delivered a strong level of total inflows across the platform, also contributing to the result for the year.
- FUM Increased by 19.8% to \$110.1 billion in the 2024 financial year.
- Of the increase in FUM over the 2024 financial year, \$8.3 billion was due to market movements/investment performance, whilst there were net inflows of \$9.9 billion.
- Diluted earnings per share attributable to shareholders of 45.5 cents have increased by 16.7% from 39.0 cents.
- The Board has declared a 72% franked final dividend of 26.4 cents per share payable on 20 September 2024.

## Consolidated Statement of Comprehensive Income

The following commentary provides an analysis of revenues and expenses for the 2024 financial year in comparison to the prior financial year.

During the 2024 financial year, the Group's revenues and expenses were derived from Pinnacle and its controlled entities. Revenues and expenses of the Pinnacle Affiliates,

is reflected through Pinnacle's Share of net profit of associates accounted for using the equity method.

## Revenue from Continuing Operations

Revenue from contracts with customers increased \$2.5 million to \$41.2 million, from \$38.7 million in the prior financial year. Shareholders will be aware that there is typically a 'skew' in revenues towards the second half of the financial year, when certain 'performance-based' distribution fee revenues crystallize. Revenues were \$19.6 million in the first half of the financial year and \$21.6 million in the second half.

Further information regarding revenues is provided below and at note 1 of the financial statements.

## Return on financial assets at fair value through profit or loss

This reflects the mark-to-market gains or losses on the Group's Principal Investments (PI).

During the year to 30 June 2024, the Group made a net \$17.4 million return on its PI, on a mark-to-market basis. This gain consists of distribution and dividends received of \$6.4 million, and net realized and unrealized gains of \$11.0 million. As shareholders will be aware, we partially hedge our direct equity market exposure on these investments. The group repaid \$20.0 million of the CBA facility at the end of September (at the end of the 18-month term). That tranche was provided as seed capital to Palisade Real Assets to enable them to acquire the first asset in their energy transition portfolio, on which Pinnacle earned a preferred return of 8.0% (see note 26d(iii) for further information). The balance of the facility (\$100.0 million), remains fully drawn and invested predominantly in non-duration and floating rate credit strategies, managed by Affiliates. Offsetting these higher returns somewhat was the higher interest cost on our CBA facility, which was \$6.9 million in FY24 compared with \$5.9 million in FY23. The net overall return on PI, net of the interest expense on the CBA loan, was \$10.5 million in FY24 and \$8.3 million in FY23.

We also marked our investment in the digital wealth platform, OpenInvest (which has not been carried within our PI portfolio), to the value at which the business most recently raised funding (Pinnacle did not participate in that funding round). This resulted in a \$3.4 million write-down during FY24, compared with an appreciation in the value of that holding in FY23 of \$0.6 million, with our holding now valued at \$0.2 million.

## Expenses from Continuing Operations

During FY24, the Group continued to carefully add additional resources to support future growth. Employee benefits expense increased by \$1.7 million to \$24.2 million.

STI expense for FY24 was \$12.0 million, up from \$4.7 million in FY23. We have an outstanding group of people who continue to perform at high levels. Remuneration challenges every year are to balance the need to reward outstanding performance with the interests of

shareholders, both in the short- and long-term. As a result, remuneration outcomes for all staff were relatively muted in FY22 and FY23; however, the strong growth in financial results this year has merited a return to a more robust level of overall compensation outcomes.

## Share of net profit of associates accounted for using the equity method

Share of net profit of associates accounted for using the equity method relates to the Group's share of the profits of the Pinnacle Affiliates. Pinnacle's share of the net profits after tax from Pinnacle Affiliates for the 2024 financial year was \$90.8 million (of which \$28.3 million was Pinnacle's share of performance fees earned by thirteen Affiliates during the financial year, after tax, compared with \$13.9 million from eleven Affiliates in the 2023 financial year); up 34.7% or \$23.4 million on the prior financial year. Underlying base management fees within the Pinnacle Affiliates were up 22.1% on the prior financial year, with costs higher than the prior year due predominantly to spending across a number of Affiliates in support of future growth, in new asset classes and strategies, with that spending now beginning to deliver meaningful revenue growth.

Pinnacle Affiliates' FUM, which underpins the share of Pinnacle Affiliates' profits, increased by 19.8% to \$110.1 billion in the 2024 financial year. We remind shareholders that a significant proportion of Affiliates' FUM is linked to movements in equity markets which, although broadly up across the financial year, experienced significant periods of volatility and complexity within certain sectors during the year. This produced challenging fundraising conditions in many asset markets that are important to us. Further information is provided in note 23 to the financial statements.

## Consolidated Statement of Financial Position

The following commentary provides an analysis of assets and liabilities for the 2024 financial year.

**Cash.** Cash and cash equivalents increased by \$5.0 million to \$32.6 million at year-end compared to \$27.6 million at the end of the prior financial year. Cash inflows from operating activities were \$96.3 million, which included net proceeds of \$21.3 million received from funds managed by Affiliates and dividends received from Affiliates of \$84.8 million (compared with \$66.1 million in the prior financial year). The group repaid \$20.0 million of our CBA facility at the end of September (at the end of the 18-month term). Our remaining facility of \$100.0 million remained fully drawn at 30 June 2024.

Total cash and PI, net of the CBA debt facility, was \$86.2 million at 30 June 2024, compared with \$67.2 million at 30 June 2023. Further information is provided at notes 6 and 25.

**Trade and other receivables.** The value of trade and other receivables increased by \$10.0 million during the

year. Further information is provided at note 7 of the financial statements.

**Financial assets at fair value through profit or loss** were \$153.9 million, a decrease of \$9.3 million on the prior year. During the year, Pinnacle continued to support the Affiliates in both equity recycling and through the provision of seed and foundation FUM for strategies managed by the Affiliates. Of the \$153.9 million, \$141.4 million was held in strategies managed by Pinnacle Affiliates. The Group substantially hedged its equity market exposure to movements in the underlying indices.

**Assets held at amortised cost.** The value of current and non-current assets held at amortised cost increased by \$3.1 million to \$9.6 million at year end. This balance includes loans to affiliates. There were advances to Affiliate executives during the current financial year to assist with further equity recycling. Further information is provided at note 9 and 11 of the financial statements.

**Investments accounted for using the equity method** reflects the carrying value of Pinnacle's investments in the Pinnacle Affiliates. This increased by \$12.8 million during the period to \$341.3 million. The change is attributable to the equity accounted profits of \$90.8 million from Pinnacle Affiliates, less the dividends received from the Pinnacle Affiliates of \$84.8 million, plus additional net capital contributed to the Pinnacle Affiliates during the year of \$6.8 million. Further information is provided at note 23 of the financial statements.

**Intangible assets** decreased by \$0.1 million. During FY23, Pinnacle acquired the distribution contracts previously owned by Winston Capital Partners for an upfront consideration of \$2.0 million. The distribution contracts acquired are being amortized over a period of 20 years as revenues are earned. Further Information is provided at note 13.

**Trade and other payables** increased by \$8.0 million to \$14.8 million. The increase largely relates to the increase in accrued incentives. Further information is provided at note 14 of the financial statements.

**Provisions.** The value of current and non-current provisions increased by \$0.2 million compared with the prior financial year. The balance relates directly to the increase in staff costs. Further information is provided at note 15 of the financial statements.

**Lease liabilities** increased by \$8.9 million and **Right-of-use assets** increased by \$8.8 million compared with the prior year. The Group leases offices in Brisbane and Sydney. The Group moved to new premises in Sydney, with a new lease commencing on 1 December 2023. Further information is provided at note 12.

**Borrowings** decreased by \$20.0m, to \$100.0 million. The group repaid \$20 million of our CBA facility at the end of September (at the end of the 18-month term). Our remaining facility of \$100.0 million remained fully drawn at 30 June 2024. The entire facility is currently invested in certain investment strategies managed by Affiliates. Further information is provided at note 19.

04

# Corporate Sustainability

We are focused on continuous improvement, striving to do better by building a long-term, sustainable firm that focuses on our employees, clients and shareholders, as well as the communities in which we engage.

Further information is set out in our Corporate Sustainability Report, which can be viewed at <https://pinnacleinvestment.com/sustainability-report/>.

For personal use only

# Directors' Profiles



## Alan Watson

(Non-executive Independent Chair; member of Audit, Compliance and Risk Management Committee and Remuneration and Nominations Committee) BSc, GAICD

Mr Watson became Chair of Pinnacle in 2016.

During his executive career, Mr Watson worked in investment banking, accumulating over 30 years of experience within various global equity markets. During this period, he was responsible for starting and leading a number of securities businesses both in Europe and Asia, advising many companies on capital structuring, initial public offerings, takeovers and mergers and investment relations strategies. Mr Watson held positions as Managing Director at Barclays de Zoete Wedd Limited, Donaldson, Lufkin & Jenrette Securities Corporation, at Lehman Brothers Holdings Inc and as Head of Securities Europe for Macquarie Capital (Europe) Ltd., concluding his executive career in 2011.

Subsequent to this, he has been an independent director of various public companies, both in Australia and North America. In addition to Pinnacle, currently Mr Watson is also an independent director of Airboss of America, listed on the Toronto Stock Exchange and an independent non-executive director of Australis Oil and Gas, listed on the ASX.

ASX Listed Company Directorships held in last 3 years (current & recent):

- Current Director of Australis Oil & Gas

Interests in shares and options at 30 June 2024

- 174,172 ordinary shares in the Company



## Ian Macoun

(Managing Director) CFA, B Com, MFM, Dip FinSer (FP), FCPA, FAICD

Mr Macoun was appointed Managing Director of the Company on 17 August 2016 and an Executive Director on 25 August 2016, having been the Managing Director and Chair of PIML since 2006. Mr Macoun's career to date has included more than 30 years as the CEO and chief investment officer of investment management firms, including the establishment of Australia's first "multi-boutique" funds management firm (Perennial Investment Partners – founding Managing Director from 1998), building a major new investment corporation (Queensland Investment Corporation (QIC) - inaugural Chief Executive from 1988), and the management of a major Australian bank's investment operation (Westpac Investment Management; Managing Director from 1993).

Mr Macoun's early experience, in more than 10 years at Queensland Treasury, included extensive involvement with many major Australian and International financial market participants, and the Queensland Government's commercial participation in many major industrial development projects during the late 1970s and the 1980s. He was a First Assistant Under Treasurer when he moved to build and lead QIC.

Mr Macoun is also a director of the following Pinnacle Affiliates: Aikya, Antipodes, Coolabah, Firetrail Hyperion, Langdon, Metrics, Palisade, Plato, Resolution Capital and Solaris.

ASX Listed Company Directorships held in last 3 years (current & recent)

- None

Interests in shares and options at 30 June 2024

- 18,276,077 ordinary shares in the Company



## Deborah Beale AM

(Non-executive Independent Director, Chair of Remuneration and Nominations Committee and member of the Audit, Compliance and Risk Management Committee) B Comm, Grad Dip App Fin, MBA

Ms Beale began her working career in the finance industry where she was employed by Merrill Lynch for over a decade. She then moved to Ernst & Young where she specialised in risk management, governance and public and government relations. Ms Beale also served and continues to serve on a number of government, public, private and not-for-profit boards. Her broad experience includes the areas of finance, corporate governance, risk management, government and public relations.

Ms Beale is also the Chair of the Melbourne Convention Bureau and a director of Visit Victoria.

ASX Listed Company Directorships held in last 3 years (current & recent)

- None

Interests in shares and options at 30 June 2024

- 114,439 ordinary shares in the Company



## Lorraine Berends AM

(Non-executive Independent Director, Chair of Audit Compliance and Risk Management Committee and member of Remuneration and Nominations Committee) B Sc, FIAA, MAICD and FASFA

Ms Berends has worked in the financial services industry for over 40 years and possesses extensive experience in both investment management and superannuation. Before moving to a non-executive career in 2014, she worked for 15 years with US based investment manager Marvin & Palmer Associates. Ms Berends contributed extensively to industry associations throughout her executive career, serving on the boards of the Investment Management Consultants Association (**IMCA Australia**, now the **CIMA Society of Australia**) for 13 years (7 as Chair) and the Association of Superannuation Funds Australia (**ASFA**) for 12 years (3 as Chair). Ms Berends has been awarded Life Membership of both the CIMA Society and ASFA. Ms Berends holds a BSc from Monash University, is a Fellow of the Actuaries Institute and a Fellow of ASFA.

Ms Berends is an independent non-executive director of Plato Income Maximiser Limited, Spheria Emerging Companies Limited and Hearts and Minds Investments Limited (listed investment companies), a company appointed director of Qantas Superannuation Limited, a non-executive director of the PNI Foundation and an independent member of the Australian Commonwealth Games Foundation Investment Committee.

---

### ASX Listed Company Directorships held in last 3 years (current & recent)

- Current Director of Plato Income Maximiser Limited
- Current Director of Spheria Emerging Companies Limited
- Current Director of Hearts and Minds Investments Limited
- Former Director of Antipodes Global Investment Company Limited (resigned 17 December 2021)

### Interests in shares and options at 30 June 2024

- 27,000 ordinary shares in the Company



## Andrew Chambers

(Executive Director) MSc, B Arts (Hons), Grad Dip App Fin

Mr Chambers was appointed Executive Director of the Company on 1 September 2016 and is Head of Institutional and International Distribution. He has been a senior executive with PIML since he commenced with the firm in March 2008.

Mr Chambers has extensive multi-channel (retail, wholesale and institutional) and multi-jurisdictional distribution experience and is currently responsible for leading the firm's institutional and international distribution divisions. Prior to joining Pinnacle, Mr Chambers worked for Franklin Templeton, one of the world's largest, multi-affiliate investment management firms.

Mr Chambers is also a director of the following Pinnacle Affiliates: Five V, Metrics, Plato and Riparian.

---

ASX Listed Company Directorships held in last 3 years (current & recent)

- None

Interests in shares and options at 30 June 2024

- 4,253,614 ordinary shares in the Company
-

06

# Directors' Report

Your directors present their report on the Group, consisting of the Company and the entities it controlled at the end of, or during, the year ended 30 June 2024.

## Directors

The directors of the Company during the whole of the financial year and up to the date of this report were:

- Mr A Watson
- Mr I Macoun
- Ms D Beale AM
- Ms L Berends AM
- Mr A Chambers

Information on the qualifications, experience and responsibilities of the directors is included in the directors' profiles on pages 23 to 26 of the 2024 Annual Report.

## Earnings per share

	2024 Cents	2023 Cents
From continuing operations		
Basic earnings per share	45.8	39.3
Diluted earnings per share	45.5	39.0
Total attributable to shareholders		
Basic earnings per share	45.8	39.3
Diluted earnings per share	45.5	39.0

## Dividends

In the 2024 financial year, the following dividends were paid:

- a fully franked final dividend of 20.4 cents per share on 15 September 2023.
- a fully franked interim dividend of 15.6 cents per share on 22 March 2024.

Since the end of the financial year, the Company has declared:

- a 72% franked final dividend of 26.4 cents per share, to be paid on 20 September 2024.

Total dividends declared in respect of the FY24 financial year were 42.0 cents per share (2023: 36.0 cents per share).

## Operating and Financial Review

The Operating and Financial Review can be found at pages 8 to 21 of the 2024 Annual Report.

## Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the reporting period.

## Matters subsequent to the end of the financial year

Other than as outlined in note 30 of the financial statements at page 105, there has not arisen in the interval between the end of the financial year and the date of this directors' report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect:

- the Group's operations in future financial years; or
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

# Remuneration Report

The Group's 2024 Remuneration Report sets out remuneration information for the Group's Key Management Personnel.

The Remuneration Report contains the following sections:

1. Letter from the Chair of the Remuneration and Nominations Committee
2. Key Management Personnel
3. Role of Remuneration and Nominations Committee
4. Executive remuneration policy and framework for the Company
5. Links between performance and outcomes
6. Details of Executive Key Management Personnel remuneration
7. Executive service agreements
8. Non-executive director remuneration
9. Share based payment compensation
10. Equity instrument disclosures relating to Key Management Personnel
11. Loans to Key Management Personnel

Information in this Remuneration Report has been audited as required by section 308(3C) of the Corporations Act.

For personal use only

1.

## Letter from the Chair of the Remuneration and Nominations Committee

Dear Fellow Shareholders

In presenting the Remuneration Report for the year ended 30 June 2024 I would like to recognise the efforts of our employees in delivering robust results for our clients and shareholders. This has occurred against the backdrop of an uncertain economic environment including inflation, interest rate developments and geopolitical turbulence, which has created complexity and volatility in some asset classes. Notwithstanding this environment, our people have continued to deliver growth.

We believe that a major strength and principal reason for our success is the quality, dedication and determination of our people, which enables us to serve our clients, generate long-term value for our shareholders and contribute strongly to the broader community. We invest heavily in developing and supporting our people throughout their careers and we strive to maintain a work environment that fosters professionalism, excellence, high standards of business ethics, diversity and collaboration among our employees worldwide.

Our ongoing investment in employee development is enabled by our supportive leaders and managers and we offer a range of development initiatives to help cultivate their skills. This helps equip our employees for success and facilitate career progression, strengthening our pipeline of leaders. Relatedly, our commitment to diversity and inclusion ensures an equitable approach is taken to our workforce across all aspects of the employee cycle, from hiring through to development, promotion and remuneration.

We remain committed to building on our competitive and flexible benefits programs and continue to invest in our teams and provide opportunities for long-term career growth at our Company. Recognising the importance of physical and mental wellness for our employees, and listening to their feedback in this area, has enabled us to focus more strongly on these aspects. Providing supportive care through our Employee Assistance Program and other external partnerships has provided our employees with access to helpful skills to enable them to succeed and deliver results.

The Company's pay-for-performance compensation approach recognises and rewards performance through the provision of competitive pay, at all levels. We strive to pay our employees fairly based on market rates for their roles, experience and individual performance, and we regularly benchmark both within and outside our industry to help confirm that our remuneration structure remains competitive. Our commitment to pay equity is evidenced by our ongoing annual pay equity analyses, which inform remuneration decisions, to ensure reward outcomes accurately reflect performance and our Company values.

Our remuneration approach is well suited to support our ambitions and provide strong alignment with shareholders through incentivising both short-term and long-term performance. The Company continues to require an assessment of both quantitative and qualitative criteria, which are weighted differently depending on role, to determine overall performance and remuneration outcomes. Flexibility is preserved to enable rewarding employees whose results and impact on the business have been outstanding.

We believe that our results for this financial year were creditable given the market and economic conditions. In recognition of this and the ongoing competitive talent environment, with respect to short-term incentives, we have enabled employees to receive up to their maximum earning potential this year. Salaries have been adjusted in circumstances where role scope or responsibilities have been increased and long-term incentives have been proposed for key people. The provision of such incentives is a powerful retention and motivational tool for the company.

Each year we report to shareholders on the key quantifiable factors which have been considered in determining STI grants for the year. Our financial results and quantitative outcomes are discussed on page 40 of this report, and I repeat the key factors here for completeness:

- increase in diluted earnings per share attributable to shareholders of 16.7% in the 2024 financial year; compound annual growth rate (CAGR) in basic earnings per share attributable to shareholders of 21.7% over the five years to 30 June 2024

- growth in total NPAT attributable to shareholders from \$76.5 million in the 2023 financial year to \$90.4 million in the 2024 financial year; CAGR in total NPAT attributable to shareholders of 24.3% over the five years to 30 June 2024
- increase in FUM from \$91.9 billion as at 30 June 2023 to \$110.1 billion as at 30 June 2024
- net FUM inflows of \$9.9 billion during the 2024 financial year
- net retail FUM inflows of \$3.9 billion during the 2024 financial year
- 85% of Affiliate strategies and products that have a track record of at least 5 years outperformed their benchmarks over the 5 years to 30 June 2024

The process used to determine remuneration outcomes remains unchanged. The Managing Director puts forward recommendations to the Remuneration and Nominations Committee for STI and LTI amounts for every eligible person. The Remuneration and Nominations Committee reviews the recommended amounts, considers Company results and decides on the amounts that it will recommend to the Board. Payments to KMP, and the aggregate amounts to be paid by Pinnacle, are reported and subject to shareholder review in our Annual Report and financial statements.

We remain confident our remuneration framework enables us to attract, reward and retain our employees in a way that aligns with shareholders and meets business needs.

We hope you find the information set out in this letter and the Remuneration Report that follows to be instructive and helpful.



Deborah Beale AM  
Chair of Remuneration and Nominations Committee

2.

## Key Management Personnel

This Remuneration Report provides details of the remuneration of the Key Management Personnel of the Group for the year ended 30 June 2024. In accordance with the Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011 (Cth), the Key Management Personnel of the Group during the year ended 30 June 2024 comprised:

### Executive Key Management Personnel

Name	Position
Ian Macoun	Managing Director and Executive Director
Andrew Chambers	Executive Director
Dan Longan	Chief Financial Officer
Calvin Kwok	Chief Legal and Commercial Officer

### Non-Executive Key Management Personnel

Name	Position
Alan Watson	Chair
Deborah Beale AM	Non-executive Director
Lorraine Berends AM	Non-executive Director

For personal use only

3.

## Role of Remuneration and Nominations Committee

The Remuneration and Nominations Committee is a committee of the Board. The committee performs its role consistent with the overall objective of ensuring maximum shareholder benefit from the retention of a high quality, high performing Board and executive team. Its responsibilities during the 2024 financial year included the following:

- reviewing and making recommendations in relation to the Group's remuneration policies and practices to ensure that the Group provides a competitive and flexible remuneration structure; fairly and responsibly rewards employees; recognises categories of financial and non-financial performance; links reward to the creation of shareholder value; and adopts an appropriate balance between fixed remuneration, short-term incentives and long-term incentives;
- reviewing employee remuneration and incentives and making recommendations to the Board in relation to share option schemes and equity participation plans;
- setting the terms and conditions of the employment of the Managing Director; advising the Board on the Managing Director's remuneration package; and reviewing the performance of the Managing Director at least annually including progress made towards achieving the Group's strategic goals;
- reviewing the remuneration of non-executive directors for serving on the Board or any committee (both individually and in total) and recommending to the Board the remuneration and retirement policies for non-executive directors having regard to market trends and shareholder interests;
- setting the entitlements and expenses policy for the Chair, non-executive directors and the Managing Director;
- ensuring the Group's remuneration policies and practices comply with the provisions of the ASX Listing Rules and the Corporations Act and have regard to the ASX Principles;
- making recommendations to the Board concerning the appointment of new directors and, to the extent delegated to it by the Board, the Managing Director;
- identifying individuals who, by virtue of their experience, expertise, skills, qualifications, backgrounds, contacts or other qualities, are suitable candidates for appointment to the Board and recommending individuals accordingly for consideration by the Board;
- establishing procedures, for recommendation to the Chair, for the proper oversight of the Board and management;
- preparing, recommending for approval by the Board and overseeing the implementation of the Company's diversity policy;
- on an annual basis, reviewing the proportion of women who are employed by the Company, receiving a pay equity analysis and submitting a report to the Board outlining its findings; and
- reviewing and approving relevant policies delegated to the Remuneration and Nominations Committee by the Board.

During the 2024 financial year, the Remuneration and Nominations Committee received recommendations on the remuneration for employees from the Managing Director. These recommendations were reviewed and, following discussion, recommendations were made to the Board.

The Charter for the Remuneration and Nominations Committee is incorporated in the Company's Corporate Governance Board and Committees Charter which can be found on the Company's website at <https://pinnacleinvestment.com/shareholders/#corporate-governance>

4.

## Remuneration policy and framework for the Company

The Board remains focused on achieving sustainable growth and attractive returns for investors in the medium to long-term. During the 2024 financial year, we have applied our remuneration framework consisting of base salary, short-term incentives and long-term incentives and our remuneration policy which is aimed at motivating and retaining highly-skilled employees and aligning their interests with shareholders. Section 5 of this Remuneration Report illustrates the sustained growth in Earnings Per Share (EPS) that the Company has delivered for its shareholders over a number of years.

Our approach to remuneration is aligned with our purpose, to enable better lives through investment excellence, and our values. Pinnacle has a core set of KPIs, against which the performance of all employees is measured, in addition to KPIs set at a team or individual level, to ensure that these values are embedded in the behaviours of all employees and considered consistently as part of the remuneration process. These common KPIs are set out below:

Pinnacle Purpose and Values	Understand, and contribute strongly to Pinnacle's Purpose and Values
Client Focus	Demonstrate commitment to and accountability for strong client service and satisfaction, both with external clients and Affiliates through delivering on the promises we make to our clients
Flexibility	Demonstrate flexibility and a preparedness to adapt to the changing needs of the Company
Work Ethic	Demonstrate a strong personal work ethic and commitment to being highly productive at all times
Innovation	Contribute to a culture of innovation and continuous improvement by suggesting ways in which we can enhance the manner in which we operate and interact with clients
Risk	Foster a risk aware culture in which business activity occurs within Pinnacle's Risk Management Framework and Risk Appetite Statement
Sustainability	Contribute to a culture of acting lawfully, ethically and responsibly by complying with our legal, regulatory and ethical obligations in particular adhering to Pinnacle's Code of Conduct and policies relevant to your role
	Contribute to an inclusive culture that enables performance and fosters collaboration, leading to investment excellence

The remuneration framework and policy apply to Pinnacle employees only as Affiliates independently determine their own remuneration practices.

### Base salary

Base salary is structured as a package, which may be delivered as a combination of cash and prescribed non-financial benefits and includes superannuation contributions.

Employees are offered a competitive base salary, which is reviewed on promotion or a substantial change in responsibilities.

There are no guaranteed base salary increases included in any employee's contract.

On 1 July 2021, there were revisions to the salaries of Executive Key Management personnel, recognizing the significant increase in responsibilities across the Group as the business had grown. There were no revisions to base salaries for Executive Key Management Personnel during FY23 or FY24, given the challenging economic and market conditions prevailing. Remuneration for Executive Key Management Personnel for FY25 will be considered in the annual review cycle in August/September 2024.

For personal use only

## Short-term incentives (STI)

STI is a discretionary 'at risk' cash incentive payment which is paid to employees on an annual basis and in accordance with remuneration policies and the terms and conditions of employment.

The Remuneration and Nominations Committee is responsible for reviewing recommendations from the Managing Director for STI and recommending them to the Board for approval.

All employees have an annual maximum STI expectation (up to, but not exceeding, 100% of their base salaries) and, if their personal performance is strong, their work unit delivers on its key objectives and overall business performance meets or exceeds our objectives, then they should receive that expectation. We are clear that 'results matter' in determining remuneration, both at an individual and overall business level, and we have regard to performance against each of the common KPIs in determining STI, ensuring that all employees exhibit behaviours aligned with our values, together with individual performance. We do not believe, however, that inflexible, formulaic targets against which personal performance is measured would achieve the best outcomes for shareholders. We have a group of 15 Affiliates and supporting those which are early in their development and those which may be facing more challenging circumstances is as important to preserving and growing the value of our business as is continuing to deliver for Affiliates in times of great success. Certain initiatives require a significant investment of time, with no immediate reward, in order to lay the foundation for future growth in profitability. It is important that we are able to reward people for genuine high-performance, even when the results of their efforts do not immediately translate into numerical success. It is on that basis that STI is largely discretionary, with final determination by the Remuneration and Nominations Committee, following recommendations from the Managing Director, incorporating the input of all members of the leadership group.

As well as individual performance, we also consider the performance of the business as a whole when determining STI for any given year. During the challenging conditions we experienced in FY22 and FY23, results fell below our expectations and, even though this was to a significant extent due to circumstances outside of our control, it is important that the remuneration of our people reflects shareholder outcomes, and reductions were therefore made relative to the maximum STI people were eligible to receive in respect of results and performance for both of those years. In FY24, whilst market conditions have been complex, we have delivered what we believe to be a robust set of results in those circumstances and have determined that it is appropriate that our people are eligible to earn up to 100% of their maximum STI in respect of FY24, subject to a review and assessment of individual performance.

Performance against KPIs for the five Executive KMP is set out in the tables below:

Managing Director	Key Performance Indicators	Outcomes
	<ul style="list-style-type: none"> <li>Growth in NPAT</li> <li>Growth in diluted EPS</li> </ul>	<ul style="list-style-type: none"> <li>NPAT increased by 18.2% to 90.4m <b>KPI met</b></li> <li>Diluted EPS increased by 16.7% to 45.5c per share <b>KPI met</b></li> </ul>
<b>Financial</b>	<ul style="list-style-type: none"> <li>Institutional and international net inflows</li> <li>Net Retail FUM inflows</li> </ul>	<ul style="list-style-type: none"> <li>Net institutional and international FUM inflows of \$9.9 billion <b>KPI met</b></li> <li>Net Retail FUM inflows of 3.9 billion <b>KPI met</b></li> </ul>
<b>Growth Strategy, Client and Investment Performance</b>	<ul style="list-style-type: none"> <li>Investment performance of Affiliates</li> <li>Horizon 1 – protect and grow existing Affiliates; advance new strategies in existing Affiliates</li> <li>Growth initiatives (Horizon 2 and Horizon 3)</li> </ul>	<ul style="list-style-type: none"> <li>85% of Affiliate strategies and products that have a track record of at least 5 years outperformed their benchmarks over the 5 years to 30 June 2024 <b>KPI met</b></li> <li><b>KPI met</b></li> <li><b>KPI met</b></li> </ul>
<b>People</b>	<ul style="list-style-type: none"> <li>Succession plans in place for Pinnacle and Affiliate critical roles</li> <li>Drive high performance culture</li> </ul>	<ul style="list-style-type: none"> <li>Emergency, ready now succession plans and medium-term succession processes in place <b>KPI met</b></li> <li><b>KPI met</b></li> </ul>
<b>Operations, Risk Management and Regulatory</b>	<ul style="list-style-type: none"> <li>Enhance operational effectiveness</li> </ul>	<ul style="list-style-type: none"> <li><b>KPI met</b></li> </ul>

	<ul style="list-style-type: none"> <li>No significant regulatory issues in AU, EU, USA</li> </ul>	<ul style="list-style-type: none"> <li>KPI met</li> </ul>
	<ul style="list-style-type: none"> <li>Protect and enhance the reputation of Pinnacle and promote a culture of risk management and disclosure</li> </ul>	<ul style="list-style-type: none"> <li>KPI met</li> </ul>
<b>Pinnacle Purpose and Values</b>	<ul style="list-style-type: none"> <li>Understand, and contribute strongly to Pinnacle's Purpose and Values</li> </ul>	<ul style="list-style-type: none"> <li>KPI met</li> </ul>
<b>Client Focus</b>	<ul style="list-style-type: none"> <li>Demonstrate commitment to and accountability for strong client service and satisfaction, both with external clients and Affiliates</li> </ul>	<ul style="list-style-type: none"> <li>KPI met</li> </ul>
<b>Flexibility</b>	<ul style="list-style-type: none"> <li>Demonstrate flexibility and a preparedness to adapt to the changing needs of the Company</li> </ul>	<ul style="list-style-type: none"> <li>KPI met</li> </ul>
<b>Work Ethic</b>	<ul style="list-style-type: none"> <li>Demonstrate a strong personal work ethic and commitment to being highly productive at all times</li> </ul>	<ul style="list-style-type: none"> <li>KPI exceeded</li> </ul>
<b>Innovation</b>	<ul style="list-style-type: none"> <li>Lead a culture of innovation and continuous improvement</li> </ul>	<ul style="list-style-type: none"> <li>KPI met</li> </ul>
<b>Risk</b>	<ul style="list-style-type: none"> <li>Lead a risk aware culture in which business activity occurs within Pinnacle's Risk Management Framework and Risk Appetite Statement</li> </ul>	<ul style="list-style-type: none"> <li>KPI met</li> </ul>
<b>Sustainability</b>	<ul style="list-style-type: none"> <li>Lead a culture of acting lawfully, ethically and responsibly by complying with our legal, regulatory and ethical obligations in particular adhering to Pinnacle's Code of Conduct and policies</li> <li>Lead an inclusive culture that enables performance and fosters collaboration, contributing to investment excellence</li> </ul>	<ul style="list-style-type: none"> <li>KPI met</li> </ul>

<b>Executive Director, Institutional and International Distribution</b>	<b>Key Performance Indicators</b>	<b>Outcomes</b>
	<ul style="list-style-type: none"> <li>Growth in NPAT</li> </ul>	<ul style="list-style-type: none"> <li>NPAT increased by 18.2% to 90.4m KPI met</li> </ul>
<b>Financial</b>	<ul style="list-style-type: none"> <li>Growth in EPS (diluted)</li> <li>Total combined institutional and international contained annual revenue (CAR)</li> </ul>	<ul style="list-style-type: none"> <li>Diluted EPS increased by 16.7% to 45.5c per share KPI met</li> <li>Net institutional and international FUM inflows of \$6.1 billion KPI met</li> </ul>
<b>Growth Strategy, Client and Investment Performance</b>	<ul style="list-style-type: none"> <li>Horizon 1 (affiliate MD satisfaction with Pinnacle's Institutional and International team)</li> <li>Horizon 2 (emphasis on international start-ups across traditional and alternative asset classes)</li> <li>Horizon 3 (emphasis on international, alternative asset managers and platforms of strategic value)</li> </ul>	<ul style="list-style-type: none"> <li>KPI met</li> <li>KPI met</li> <li>KPI met</li> </ul>
<b>People</b>	<ul style="list-style-type: none"> <li>Drive high performance culture</li> </ul>	<ul style="list-style-type: none"> <li>KPI met</li> </ul>
<b>Collaboration</b>	<ul style="list-style-type: none"> <li>Support cross-department collaboration</li> </ul>	<ul style="list-style-type: none"> <li>KPI met</li> </ul>
<b>Pinnacle Purpose and Values</b>	<ul style="list-style-type: none"> <li>Understand, and contribute strongly to Pinnacle's Purpose and Values</li> </ul>	<ul style="list-style-type: none"> <li>KPI met</li> </ul>
<b>Client Focus</b>	<ul style="list-style-type: none"> <li>Demonstrate commitment to and accountability for strong client service and satisfaction, both with external clients and Affiliates</li> </ul>	<ul style="list-style-type: none"> <li>KPI met</li> </ul>
<b>Flexibility</b>	<ul style="list-style-type: none"> <li>Demonstrate flexibility and a preparedness to adapt to the changing needs of the Company</li> </ul>	<ul style="list-style-type: none"> <li>KPI met</li> </ul>
<b>Work Ethic</b>	<ul style="list-style-type: none"> <li>Demonstrate a strong personal work ethic and commitment to being highly productive at all times</li> </ul>	<ul style="list-style-type: none"> <li>KPI exceeded</li> </ul>

<b>Innovation</b>	<ul style="list-style-type: none"> <li>Lead a culture of innovation and continuous improvement</li> </ul>	<ul style="list-style-type: none"> <li><b>KPI met</b></li> </ul>
<b>Risk</b>	<ul style="list-style-type: none"> <li>Lead a risk aware culture in which business activity occurs within Pinnacle's Risk Management Framework and Risk Appetite Statement</li> </ul>	<ul style="list-style-type: none"> <li><b>KPI met</b></li> </ul>
<b>Sustainability</b>	<ul style="list-style-type: none"> <li>Lead a culture of acting lawfully, ethically and responsibly by complying with our legal, regulatory and ethical obligations in particular adhering to Pinnacles Code of Conduct and policies</li> <li>Lead an inclusive culture that enables performance and fosters collaboration, contributing to investment excellence</li> </ul>	<ul style="list-style-type: none"> <li><b>KPI met</b></li> </ul>

<b>Chief Financial Officer</b>	<b>Key Performance Indicators</b>	<b>Outcomes</b>
<b>Financial</b>	<ul style="list-style-type: none"> <li>Contribute to a culture of cost control and focus on value</li> <li>Optimise aggregate costs across the Affiliates leveraging scale</li> <li>Ensure PNI, Affiliate and Fund audits are delivered on time and within budget</li> </ul>	<ul style="list-style-type: none"> <li><b>KPI met</b></li> </ul>
<b>Growth Strategy, Client and Investment Performance</b>	<ul style="list-style-type: none"> <li>Operational SLAs consistently met</li> <li>Satisfaction from Affiliate MDs with respect to Pinnacle Infrastructure Services</li> <li>Deliver a technology platform that allows Pinnacle and Affiliates to operate in a secure, scalable manner</li> </ul>	<ul style="list-style-type: none"> <li><b>KPI met</b></li> </ul>
<b>People</b>	<ul style="list-style-type: none"> <li>Mentor, challenge and develop talented professionals</li> </ul>	<ul style="list-style-type: none"> <li><b>KPI met</b></li> </ul>
<b>Collaboration</b>	<ul style="list-style-type: none"> <li>Support cross department collaboration</li> </ul>	<ul style="list-style-type: none"> <li><b>KPI met</b></li> </ul>
<b>Pinnacle Purpose and Values</b>	<ul style="list-style-type: none"> <li>Understand, and contribute strongly to Pinnacle's Purpose and Values</li> </ul>	<ul style="list-style-type: none"> <li><b>KPI met</b></li> </ul>
<b>Client Focus</b>	<ul style="list-style-type: none"> <li>Demonstrate commitment to and accountability for strong client service and satisfaction, both with external clients and Affiliates</li> </ul>	<ul style="list-style-type: none"> <li><b>KPI met</b></li> </ul>
<b>Flexibility</b>	<ul style="list-style-type: none"> <li>Demonstrate flexibility and a preparedness to adapt to the changing needs of the Company</li> </ul>	<ul style="list-style-type: none"> <li><b>KPI met</b></li> </ul>
<b>Work Ethic</b>	<ul style="list-style-type: none"> <li>Demonstrate a strong personal work ethic and commitment to being highly productive at all times</li> </ul>	<ul style="list-style-type: none"> <li><b>KPI exceeded</b></li> </ul>
<b>Innovation</b>	<ul style="list-style-type: none"> <li>Lead a culture of innovation and continuous improvement</li> </ul>	<ul style="list-style-type: none"> <li><b>KPI met</b></li> </ul>
<b>Risk</b>	<ul style="list-style-type: none"> <li>Lead a risk aware culture in which business activity occurs within Pinnacle's Risk Management Framework and Risk Appetite Statement</li> </ul>	<ul style="list-style-type: none"> <li><b>KPI met</b></li> </ul>
<b>Sustainability</b>	<ul style="list-style-type: none"> <li>Lead a culture of acting lawfully, ethically and responsibly by complying with our legal, regulatory and ethical obligations in particular adhering to Pinnacle's Code of Conduct and policies</li> <li>Lead an inclusive culture that enables performance and fosters collaboration, contributing to investment excellence</li> </ul>	<ul style="list-style-type: none"> <li><b>KPI met</b></li> </ul>

<b>Chief Legal and Commercial Officer and Company Secretary</b>	<b>Key Performance Indicators</b>	<b>Outcomes</b>
<b>Financial</b>	<ul style="list-style-type: none"> <li>Optimise internal and external legal counsel, product and company secretarial spending commensurate with workload levels.</li> </ul>	<ul style="list-style-type: none"> <li><b>KPI met</b></li> </ul>
<b>Clients</b>	<ul style="list-style-type: none"> <li>Clients are satisfied with the quality and value of services delivered</li> </ul>	<ul style="list-style-type: none"> <li><b>KPI met</b></li> </ul>

<b>Process</b>	<ul style="list-style-type: none"> <li>Deliver Services to Affiliates in a compliant manner in accordance with agreed SLA</li> </ul>	<ul style="list-style-type: none"> <li><b>KPI met</b></li> </ul>
<b>Corporate Activity</b>	<ul style="list-style-type: none"> <li>Involvement and contribution towards new corporate activity of the Company and Affiliates, including corporate action projects (capital raising, acquisitions, equity arrangements), new strategic initiatives (Affiliates, products, geographies).</li> </ul>	<ul style="list-style-type: none"> <li><b>KPI met</b></li> </ul>
<b>People</b>	<ul style="list-style-type: none"> <li>Drive high performance culture</li> </ul>	<ul style="list-style-type: none"> <li><b>KPI met</b></li> </ul>
<b>Collaboration</b>	<ul style="list-style-type: none"> <li>Support cross-department collaboration</li> </ul>	<ul style="list-style-type: none"> <li><b>KPI met</b></li> </ul>
<b>Pinnacle Purpose and Values</b>	<ul style="list-style-type: none"> <li>Understand, and contribute strongly to Pinnacle's Purpose and Values</li> </ul>	<ul style="list-style-type: none"> <li><b>KPI met</b></li> </ul>
<b>Client Focus</b>	<ul style="list-style-type: none"> <li>Demonstrate commitment to and accountability for strong client service and satisfaction, both with external clients and Affiliates</li> </ul>	<ul style="list-style-type: none"> <li><b>KPI met</b></li> </ul>
<b>Flexibility</b>	<ul style="list-style-type: none"> <li>Demonstrate flexibility and a preparedness to adapt to the changing needs of the Company</li> </ul>	<ul style="list-style-type: none"> <li><b>KPI met</b></li> </ul>
<b>Work Ethic</b>	<ul style="list-style-type: none"> <li>Demonstrate a strong personal work ethic and commitment to being highly productive at all times</li> </ul>	<ul style="list-style-type: none"> <li><b>KPI exceeded</b></li> </ul>
<b>Innovation</b>	<ul style="list-style-type: none"> <li>Lead a culture of innovation and continuous improvement</li> </ul>	<ul style="list-style-type: none"> <li><b>KPI met</b></li> </ul>
<b>Risk</b>	<ul style="list-style-type: none"> <li>Lead a risk aware culture in which business activity occurs within Pinnacle's Risk Management Framework and Risk Appetite Statement</li> </ul>	<ul style="list-style-type: none"> <li><b>KPI met</b></li> </ul>
<b>Sustainability</b>	<ul style="list-style-type: none"> <li>Lead a culture of acting lawfully, ethically and responsibly by complying with our legal, regulatory and ethical obligations in particular adhering to Pinnacle's Code of Conduct and policies</li> <li>Lead an inclusive culture that enables performance and fosters collaboration, contributing to investment excellence</li> </ul>	<ul style="list-style-type: none"> <li><b>KPI met</b></li> </ul>

Following the assessment of each KMP's performance as outlined above, the following STI awards were made:

<b>KMP</b>	<b>% of Maximum STI awarded</b>
Ian Macoun	80%
Andrew Chambers	100%
Dan Longan	100%
Calvin Kwok	100%

Further detail relating to the Company's approach to STI is set out in the letter from the Chair of the Remuneration and Nominations Committee at the beginning of this Remuneration Report.

## Long-term incentives (LTI)

LTI is designed to encourage alignment of the interests of employees with increased value to shareholders in the long-term. Participants are granted LTI, which only vest subject to specific conditions being met by the end of the vesting period.

LTI awards are granted at the Board's discretion following recommendations from the Remuneration and Nominations Committee, which has responsibility for reviewing recommendations made by the Managing Director in relation to LTI awards.

### *Omnibus incentive plan*

On 22 August 2018, the Board approved the Pinnacle Omnibus Incentive Plan, which constitutes a set of LTI arrangements that provide for the ability to offer options, performance rights and loan funded shares to employees.

Relevant employees will principally be offered loan funded ordinary shares in the Company, whereby the Company will provide limited recourse loans to employees to acquire shares at their current market value at the time of grant. Shares issued prior to FY21 only vest if the employee remains employed with the Group for 5 years from the time of grant, with a portion vesting only upon the satisfaction of the following performance condition (in addition to the 5 year service condition): the Company's earnings per share grows by an average annual growth rate of at least 15% per annum over the 5 year period.

Shares issued from 1 July 2021 and beyond are subject to the satisfaction of various performance conditions and employment, as follows:

- for Operations employees, 100% of their award will vest on a graduated basis, based on EPS growing by an average annual growth rate of at least 10% - 15% p.a. over a five-year period;
- for Retail Distribution employees, 50% of their award will vest on a graduated basis, based on EPS growing by an average annual growth rate of at least 10% - 15% p.a. over a five-year period, and the remaining 50% will be earned on a graduated basis, subject to the satisfaction of total annual retail net inflow targets; and
- for Institutional Distribution employees, 50% of their award will vest on a graduated basis, based on EPS growing by an average annual growth rate of at least 10% - 15% p.a. over a five-year period, and the remaining 50% will be earned on a graduated basis, subject to the satisfaction of Contained Annual Revenue in net inflow targets

During the 2024 financial year, 337,500 loan shares were forfeited by departing employees. Additionally, 2,017,500 loan shares and 292,500 options were issued to current employees.

5.

## Links between performance and outcomes

During the 2024 financial year, the Managing Director conducted performance reviews of executives and made recommendations to the Remuneration and Nominations Committee in respect of all employees' STIs and any awards of LTI. In making those recommendations, regard was given to the Group, team and individual performance relative to expectations (both financial and non-financial) over the period, as well as to the degree of responsibility involved in each role.

The table below shows key financial performance indicators which have been applied consistently over many years, with the support and encouragement of shareholders, to measure the progress of the Group's performance during the 2024 financial year and over the last five financial years.

- increase in diluted earnings per share attributable to shareholders of 16.7% in the 2024 financial year; compound annual growth rate (CAGR) in basic earnings per share attributable to shareholders of 21.7% over the five years to 30 June 2024
- growth in total NPAT attributable to shareholders from \$76.5 million in the 2023 financial year to \$90.4 million in the 2024 financial year; CAGR in total NPAT attributable to shareholders of 24.3% over the five years to 30 June 2024
- increase in FUM from \$91.9 billion as at 30 June 2023 to \$110.1 billion as at 30 June 2024
- net FUM inflows of \$9.9 billion during the 2024 financial year
- net retail FUM inflows of \$3.9 billion during the 2024 financial year
- 85% of Affiliate strategies and products that have a track record of at least 5 years outperformed their benchmarks over the 5 years to 30 June 2024

Key indicators of the Company's progress towards achieving its medium-term objectives included:

	2024	2023	2022	2021	2020
Net profit/(loss) after tax from continuing operations attributable to shareholders (\$m)	90.4	76.5	76.4	67.0	32.4
Total net profit/(loss) after tax attributable to shareholders (\$m)	90.4	76.5	76.4	67.0	32.2
Funds Under Management (\$bn)*	110.1	91.9	83.7	89.4	58.7
Net FUM Inflows*	9.9	1.5	0.6	16.7	3.0
Net Retail FUM Inflows*	3.9	0.6	3.6	4.5	0.9
Closing share price (\$)	14.18	9.98	7.03	11.97	3.92
Dividend per share (cents)	42.0	36.0	35.0	28.7	15.40
Basic earnings per share (cents) from continuing operations	45.8	39.3	40.2	38.2	18.9
Diluted earnings per share (cents) from continuing operations	45.5	39.0	39.5	36.5	18.0
Basic earnings per share (cents) attributable to shareholders	45.8	39.3	40.2	38.2	18.8
Diluted earnings per share (cents) attributable to shareholders	45.5	39.0	39.5	36.5	17.9

\* Non-statutory measure

6.

## Details of Executive Key Management Personnel remuneration

The relative weightings of the three remuneration components for Key Management Personnel are set out in the table below for the year to 30 June 2024.

	Fixed Remuneration	Performance-based remuneration	
		STI	LTI
Ian Macoun	54%	43%	3%
Andrew Chambers	44%	42%	14%
Dan Longan	35%	35%	30%
Calvin Kwok	37%	37%	26%

### Ian Macoun

Mr Macoun's base salary remained unchanged at \$750,000 per annum (inclusive of superannuation) during the year. For FY24, he earned an STI of \$600,000 (inclusive of superannuation). STI is a performance incentive of up to 100% of base salary awarded on the basis of meeting business and strategic objectives.

### Andrew Chambers

Mr Chambers' base salary remained unchanged at \$510,000 per annum (inclusive of superannuation) during the year. For FY24, he earned an STI of \$510,000 (inclusive of superannuation). STI is a performance incentive of up to 100% of base salary awarded on the basis of meeting business and strategic objectives.

### Dan Longan

Mr Longan's base salary remained unchanged at \$350,000 per annum (inclusive of superannuation) during the year. For FY24, he earned an STI of \$350,000 (inclusive of superannuation). STI is a performance incentive of up to 100% of base salary awarded on the basis of meeting business and strategic objectives.

### Calvin Kwok

Mr Kwok's base salary remained unchanged at \$352,000 per annum (inclusive of superannuation) during the year. For FY24, he earned an STI of \$352,000 (inclusive of superannuation). STI is a performance incentive of up to 100% of base salary awarded on the basis of meeting business and strategic objectives.

For personal use only

Remuneration details for Executive Key Management Personnel (calculated in accordance with applicable accounting standards) are set out in the table below:

Name	Short-term employee benefits			Post-employment benefits		Total short-term and post-employment benefits	Long-term benefits Long Service leave	Share based payments		Total	Portion of remuneration at risk - STI %	Portion of remuneration at risk - LTI %
	Cash salary & fees \$	Cash Bonus (STI) \$	Non-monetary benefits \$	Superannuation \$	Retirement Benefits \$			Options & Rights (LTI) \$	Termination benefits \$			
<b>Managing Director</b>												
<b>Ian Macoun</b>												
2024	722,500	600,000	-	27,500	-	1,350,000	11,624	48,719	-	1,410,343	43%	3%
2023	722,500	187,500	-	27,500	-	937,500	11,695	129,917	-	1,079,112	17%	12%
<b>Other Key Management Personnel</b>												
<b>Andrew Chambers</b>												
2024	482,500	510,000	-	27,500	-	1,020,000	8,163	172,724	-	1,200,887	42%	14%
2023	482,500	255,000	-	27,500	-	765,000	8,214	346,447	-	1,119,661	23%	31%
<b>Dan Longan</b>												
2024	322,500	350,000	-	27,500	-	700,000	1,958	301,495	-	1,003,453	35%	30%
2023	322,500	175,000	-	27,500	-	525,000	18,821	271,871	-	815,692	21%	33%
<b>Adrian Whittingham</b>												
2023*	197,500	-	-	27,500	-	225,000	(7,930)	-	-	217,070	0%	0%
<b>Calvin Kwok</b>												
2024	324,500	352,000	-	27,500	-	704,000	3,234	254,675	-	961,909	37%	26%
2023	324,500	176,000	-	27,500	-	528,000	7,054	276,363	-	811,417	22%	34%
<b>Totals</b>												
2024	1,852,000	1,812,000	-	110,000	-	3,774,000	24,979	777,613	-	4,576,592		
2023	2,049,500	793,500	-	137,500	-	2,980,500	37,854	1,024,598	-	4,042,952		

\* Remuneration is pro-rated to 31 December 2022. Mr Whittingham ceased to be a KMP from this date.

For personal use only

7.

## Executive service agreements

Remuneration and other terms of employment for Executive Key Management Personnel are formalised in service agreements.

### Ian Macoun

Mr Macoun's contract provides for termination by either party upon giving three months' notice except where termination is due to misconduct. In addition, as part of the PIML Acquisition, shareholders voted to approve the payment of termination benefits to Mr Macoun in an amount of \$900,000 or 12 months' salary (whichever is higher), should Mr Macoun's employment be terminated in certain circumstances and consistent with his previous terms of employment. The termination provisions were agreed between Mr Macoun and PIML as part of his employment agreement in 2006 when he was initially employed by the Group. Termination benefits are not payable in the event of misconduct. No termination benefits were paid during the 2024 financial year.

In November 2018, 300,000 loan shares were issued to Mr Macoun under the Pinnacle Omnibus Plan, approved by the board on 22 August 2018. The shares were subject to service and performance conditions and vested after three years. The loans are interest free and limited in recourse to the shares. They are repayable 10 years from grant date, on termination of employment or when the underlying equity is sold, whichever occurs earlier.

### Andrew Chambers

Andrew Chambers, an executive director of the Company, is engaged under an employment agreement dated 9 March 2008 and subsequently amended on 7 May 2015 and 25 August 2016. The contract provides for termination by either party on at least three months' notice, except where termination is due to misconduct.

In June 2009, July 2011 and January 2012, PIML advanced to Mr Chambers' nominated shareholding entity three unsecured, limited recourse and interest free loans to acquire shares in PIML. The loans were immediately repayable if Mr Chambers ceased employment with the Company or sold some or all of his shares. These loans were repaid in full during the year.

In November 2018, 800,000 loan shares were issued to Mr Chambers under the Pinnacle Omnibus Plan, approved by the board on 22 August 2018. The shares were subject to service and performance conditions and vested after five years. The loan was interest free and limited in recourse to the shares and was repaid in full during the year.

In October 2023, a further 100,000 loan shares were issued to Mr Chambers under the Pinnacle Omnibus Plan. The shares are all subject to both service and performance conditions and will vest after five years, if all of those conditions are met. The loans are interest free and limited in recourse to the shares. They are repayable 10 years from grant date, on termination of employment or when the underlying equity is sold, whichever occurs earlier.

### Dan Longan

Dan Longan, the Chief Financial Officer, is engaged under an employment agreement dated 9 November 2015. The contract provides for termination by either party on one month's notice except where termination is due to misconduct.

In September 2018, 150,000 loan shares were issued to Mr Longan under the Pinnacle Omnibus Plan, approved by the board on 22 August 2018. The shares were subject to service and performance conditions and vested after five years. The loans are interest free and limited in recourse to the shares. They are repayable 10 years from grant date, on termination of employment or when the underlying equity is sold, whichever occurs earlier.

In September 2020, a further 200,000 loan shares were issued to Mr Longan under the Pinnacle Omnibus Plan. The shares are all subject to both service and performance conditions and will vest after five years, if all of those conditions are met. The loans are interest free and limited in recourse to the shares. They are repayable on termination of employment or when the underlying equity is sold, whichever occurs earlier.

In September 2021, a further 100,000 loan shares were issued to Mr Longan under the Pinnacle Omnibus Plan. The shares are all subject to both service and performance conditions and will vest after five years, if all of those conditions are met. The loans are interest free and limited in recourse to the shares. They are repayable on termination of employment or when the underlying equity is sold, whichever occurs earlier.

In September 2023, an additional 100,000 loan shares were issued to Mr Longan under the Pinnacle Omnibus Plan. The shares are all subject to both service and performance conditions and will vest after five years, if all of those conditions are met. The loans are interest free and limited in recourse to the shares. They are repayable 10 years from grant date, on termination of employment or when the underlying equity is sold, whichever occurs earlier.

## Calvin Kwok

Calvin Kwok, the Chief Legal and Commercial Officer, is engaged under an employment agreement dated 10 November 2014. The contract provides for termination by either party on one month's notice except where termination is due to misconduct.

In September 2018, 250,000 loan shares were issued to Mr Kwok under the Pinnacle Omnibus Plan, approved by the board on 22 August 2018. The shares were subject to service and performance conditions and vested after five years. The loans are interest free and limited in recourse to the shares. They are repayable 10 years from grant date, on termination of employment or when the underlying equity is sold, whichever occurs earlier.

In September 2020, a further 200,000 loan shares were issued to Mr Kwok under the Pinnacle Omnibus Plan. The shares are all subject to both service and performance conditions and will vest after five years, if all of those conditions are met. The loans are interest free and limited in recourse to the shares. They are repayable on termination of employment or when the underlying equity is sold, whichever occurs earlier.

In September 2021, a further 50,000 loan shares were issued to Mr Kwok under the Pinnacle Omnibus Plan. The shares are all subject to both service and performance conditions and will vest after five years, if all of those conditions are met. The loans are interest free and limited in recourse to the shares. They are repayable on termination of employment or when the underlying equity is sold, whichever occurs earlier.

In September 2023, an additional 100,000 loan shares were issued to Mr Kwok under the Pinnacle Omnibus Plan. The shares are all subject to both service and performance conditions and will vest after five years, if all of those conditions are met. The loans are interest free and limited in recourse to the shares. They are repayable 10 years from grant date, on termination of employment or when the underlying equity is sold, whichever occurs earlier.

8.

## Non-executive director remuneration

The structure of non-executive director remuneration is separate and distinct from that of executive remuneration.

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain non-executive directors with the appropriate skills and experience while incurring a cost that is acceptable to shareholders and other stakeholders.

Non-executive directors' fees are determined within an aggregate non-executive directors' fee pool limit, with any increase in the fee pool requiring approval by shareholders. The fee pool is a maximum annual limit and does not indicate that fees will necessarily be increased according to that limit. The fee pool was last increased during the FY22 financial year, when it was increased from \$600,000 per annum to \$1,200,000 per annum. The increase in the fee pool was:

- to allow for some growth in non-executive directors' remuneration now and in the future to align closer to non-executive director remuneration of companies of similar size, profitability, growth and risk profile in the financial services sector; and
- to enable the Board to appoint up to two new non-executive directors in the future and to ensure that the Company has the ability to remunerate competitively and attract and retain high calibre non-executive directors.

The increase in the fee pool to \$1,200,000 per annum was approved by shareholders at the Company's annual general meeting on 26 October 2021.

Non-executive directors are able to sacrifice up to 100% of their fees in favour of immediately vesting performance rights under the Pinnacle Omnibus Incentive Plan, as approved at the AGM on 15 November 2018. To align the interests of non-executive directors with the long-term interests of shareholders, each non-executive director is required to acquire and hold Company shares equal to 150% of their annual gross Director Fees (inclusive of Board Committee fees). During the 2024 financial year, nil (2023: nil) performance rights were granted to non-executive directors; nil (2023: 3,516) were exercised during the year. The performance rights were granted in lieu of fees.

The annual fees paid to non-executive directors for Board and Committee positions are set out in the table below:

	Base fees
Chair	\$240,000
Non-executive Director	\$130,000
Audit Compliance and Risk Management Committee	
• Chair	\$20,000
• Member	\$7,500
Remuneration and Nominations Committee	
• Chair	\$20,000
• Member	\$7,500

Non-executive directors do not receive, nor are eligible for, STI, any non-monetary benefits, termination allowances, long-service leave or LTI. The Company does not provide retirement allowances for non-executive directors, which is consistent with the guidance contained in the ASX Principles. Superannuation contributions required under the Australian superannuation guarantee legislation are deducted from the relevant directors' overall fee entitlements where their fees are paid through payroll.

Total remuneration for the non-executive directors in relation to the Company, Committee positions and subsidiaries for the 2024 financial year was \$570,000 and is presented in accordance with applicable accounting standards and shown in the table below:

Name	Cash salary & fees \$	Superannuation \$	Performance Rights \$	Total \$
Non-executive Directors				
Alan Watson				
2024	229,420	25,580	-	255,000
2023	227,107	23,518	-	250,625
Gerard Bradley				
2023*	70,871	7,441	17,688	96,000
Deborah Beale AM				
2024	141,892	15,608	-	157,500
2023	126,527	13,285	17,688	157,500
Lorraine Berends AM				
2024	153,598	3,902	-	157,500
2023	136,878	14,372	-	151,250
Totals				
2024	524,910	45,090	-	570,000
2023	561,383	58,616	35,376	655,375

\*Includes \$17,250 fee for Pinnacle Fund Services Limited compliance committee. Mr Bradley retired from the board on 1st January 2023.

### New non-executive director appointments

On appointment to the Board, new non-executive directors are provided with a letter of appointment setting out the Company's expectations, their responsibilities, rights and the terms and conditions of their engagement. All new non-executive directors participate in an induction process, which covers the operation of the Board and its committees and financial, strategic, operational and risk management issues. For further detail, refer to the Corporate Governance Statement on the Company's website.

For personal use only

9.

## Share-based payment compensation

### Loan Shares

The terms and conditions of each grant of equity and associated loan to Key Management Personnel is provided at pages 43 to 44. Details of the loan arrangements affecting remuneration in the previous, this or future reporting periods as at 30 June 2024 are as follows:

Name	Date of grant	Number of loan shares	Loan value at date of grant	Share based payments value (i)	Vesting date	Number of shares vested	Value (\$) of shares vested (ii)	Number of shares forfeited /lapsed /sold	Value (\$) of shares forfeited /lapsed /sold	Final repayment date
<b>Key Management Personnel of the Group</b>										
<b>Ian Macoun</b>										
Loan Shares	15-Nov-18	300,000	\$1,697,460	\$649,587	14-Nov-21	300,000	\$5,385,000	-	-	
Sub-Total		300,000	\$1,697,460	\$649,587		300,000	\$5,385,000	-	-	
<b>Andrew Chambers</b>										
Loan Shares	25-Aug-16	133,509	\$126,834	\$1,221	21-Mar-17	133,509	\$311,076	133,509	\$311,076	30-May-24
Loan Shares	15-Nov-18	800,000	\$4,526,560	\$1,732,233	14-Nov-23	800,000	\$6,744,000	800,000	\$6,744,000	30-May-24
Loan Shares	30-Oct-23	100,000	\$780,721	\$321,048	29-10-28	-	-	-	-	
Sub-Total		1,033,509	\$5,434,115	\$2,054,502		933,509	\$7,055,076	933,509	\$7,055,076	
<b>Dan Longan</b>										
Loan Shares	17-Sep-18	150,000	\$1,093,755	\$388,592	16-Sep-23	150,000	\$1,423,500	-	-	
Loan Shares	11-Sep-20	200,000	\$1,048,080	\$497,565	10-Sep-25	-	-	-	-	
Loan Shares	17-Sep-21	100,000	\$1,681,750	\$597,724	16-Sep-26	-	-	-	-	
Loan Shares	11-Sep-23	100,000	\$919,960	\$391,080	10-Sep-28	-	-	-	-	
Sub-Total		550,000	\$4,743,545	\$1,874,961		150,000	\$1,423,500	-	-	
<b>Calvin Kwok</b>										
Loan Shares	17-Sep-18	250,000	\$1,822,925	\$647,653	16-Sep-23	250,000	\$2,372,500	125,000	\$1,186,250	
Loan Shares	11-Sep-20	200,000	\$1,048,080	\$497,565	10-Sep-25	-	-	-	-	
Loan Shares	17-Sep-21	50,000	\$840,890	\$298,862	16-Sep-26	-	-	-	-	
Loan Shares	11-Sep-23	100,000	\$919,960	\$391,080	10-Sep-28	-	-	-	-	
Sub-Total		600,000	\$4,631,855	\$1,835,160		250,000	\$2,372,500	125,000	\$1,186,250	

(i) Fair values are calculated using a Black-Scholes option pricing model that takes into account the exercise price, the terms of the arrangement, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the arrangement. (ii) The amount is based on the intrinsic value of the option or right at vesting date.

For personal use only

10.

## Equity instrument disclosures relating to Key Management Personnel

### Options and rights holdings

The number of options and rights over ordinary shares in the Company held during the 2024 financial year by the directors of the Company and other Key Management Personnel of the Group, including personally related parties, are set out below.

	2024	2023
Balance start of the year	-	3,516
Granted as compensation	-	-
Exercised	-	(3,516)
Expired and another changes	-	-
Balance at end of the year	-	-

### Shareholdings

The numbers of shares in the Company held during the financial year by each director of the Company and other Key Management Personnel of the Group, including their related parties, are set out below.

	Balance at start of year	Other changes	Granted during reporting year as compensation	Received during the year on the exercise of rights	Disposals during the year	Balance at the end of the year or on date of ceasing to be KMP if earlier
<b>Non-executive directors</b>						
Alan Watson	174,172	-	-	-	-	174,172
Lorraine Berends AM	27,000	-	-	-	-	27,000
Deborah Beale AM	129,439	-	-	-	(15,000)	114,439
<b>Executive directors</b>						
Ian Macoun	18,276,077	-	-	-	-	18,276,077
Andrew Chambers	5,303,614	-	100,000	-	(1,150,000)	4,253,614
<b>Key Management Personnel</b>						
Dan Longan	450,000	-	100,000	-	-	550,000
Calvin Kwok	514,014	-	100,000	-	(125,000)	489,014

For personal use only

## 11.

### Loans to Key Management Personnel

Details of loans made to directors of the Company and other Key Management Personnel of the Group, including their related parties, are set out below.

#### (i) Aggregates for Key Management Personnel

	Balance at start of year \$	Other changes during the year \$	Repayments made \$	New Loans Issued \$	Loan Shares Forfeited \$	Interest paid and payable for the year \$	Interest not charged \$	Balance at end of year \$	Number in Group at end of year
2024	12,410,216	-	(5,065,539)	2,620,641	-	-	1,152,267	9,965,318	4

Details of options provided as remuneration to Executive Key Management Personnel are set out below.

#### (ii) Individuals with loans above \$100,000 during the financial year

	Balance at start of year \$	Other changes during the year \$	Repayments made \$	New Loans Issued \$	Loan Shares Forfeited \$	Interest paid and payable for the year \$	Interest not charged \$	Balance at end of year \$	Highest indebtedness during the year
Ian Macoun	1,447,388	-	-	-	-	-	121,741	1,447,388	1,569,131
Andrew Chambers	4,079,560	-	(4,091,369)	780,721	-	-	357,155	768,912	5,159,745
Dan Longan	3,532,245	-	(93,578)	919,960	-	-	351,376	4,358,627	4,710,003
Calvin Kwok	3,351,023	-	(880,592)	919,960	-	-	321,995	3,390,391	4,410,288

The loans referenced in the above table comprise:

- loans originally advanced by PIML for the purpose of acquiring shares in PIML
- the New Loans
- loans granted under the Pinnacle Omnibus Plan.

As part of the PIML Acquisition, shareholders approved the repayment of the original loans with the proceeds of loans reissued by the Company on 25 August 2016, as well as the advance of the New Loans. See pages 43 to 44 for further detail on the terms of the loans.

During the year to 30 June 2024, 300,000 loan shares were issued to Key Management Personnel (having been granted in relation to FY23). No loan shares were Issued to Key Management Personnel during the previous financial year. See pages 43 to 44 for further details on the terms of the loans.

The amounts shown for interest not charged in the tables above represent the difference between the amount paid and payable for the year and the amount of interest that would have been charged on an arms' length basis.

End of Remuneration Report

For personal use only

## Equity Capital

### Shares under option

Unissued ordinary shares of the Company under option at 30 June 2024 are as follows:

Date options granted	Expiry date	Exercise price of options	Number under option
25 March 2020	25 March 2030	\$2.9683	200,000
11 September 2020	11 September 2030	\$5.2404	200,000
30 December 2020	30 December 2030	\$6.8447	100,000
17 September 2021	17 September 2031	\$16.8178	100,000
30 September 2022	30 September 2032	\$8.6456	100,000
11 September 2023	11 September 2033	\$9.1996	92,500
4 March 2024	4 March 2034	\$11.036	200,000
TOTAL			992,500

On 25 March 2020, 200,000 options were issued to overseas employees under the Pinnacle Omnibus Plan.

On 11 September 2020 and 30 December 2020, 200,000 and 100,000 options respectively were issued to overseas employees under the Pinnacle Omnibus Plan.

On 17 September 2021, 100,000 options were issued to overseas employees under the Pinnacle Omnibus Plan.

On 30 September 2022, 100,000 options were issued to overseas employees under the Pinnacle Omnibus Plan.

On 11 September 2023, 92,500 options were issued to overseas employees under the Pinnacle Omnibus Plan.

On 4 March 2024, 200,000 options were issued to an overseas employee under the Pinnacle Omnibus Plan.

For personal use only

## Meetings of Board and Board Committees

The number of meetings of the Company's Board and of the Board Committees held during the year ended 30 June 2024 and the number of meetings attended by each director were as follows:

	Board		Audit, Compliance and Risk Management Committee		Remuneration and Nominations Committee	
	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend
A Watson	12	12	6	6	8	8
I Macoun	12	12	6	-*	8	-*
D Beale AM	11	12	6	6	8	8
L Berends AM	12	12	6	6	8	8
A Chambers	11	12	-	-	-	-

\* I Macoun attended respective meetings by invitation.

## Board Committee Membership

As at the date of this report, the Company had an Audit, Compliance and Risk Management Committee and a Remuneration and Nominations Committee.

Members acting on the Board Committees are:

Audit, Compliance and Risk Management Committee	Remuneration and Nominations Committee
L Berends AM (Chair)	D Beale AM (Chair)
D Beale AM	L Berends AM
A Watson	A Watson

## Company Secretary

The role of Company Secretary is performed by Mr Calvin Kwok. Mr Kwok is also Chief Legal and Commercial Officer of the Company with prior experience at Herbert Smith Freehills, UBS Global Asset Management and Deutsche Bank. Mr Kwok holds a Masters of Applied Finance, a Graduate Diploma of Applied Corporate Governance, a Bachelor of Laws and a Bachelor of Commerce.

## Environmental regulation

The Group is not affected by any significant environmental regulation in respect of its operations.

## Insurance of officers

The Company has paid a premium for a contract insuring all directors and executive officers of the Company and certain related bodies corporate against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. The directors have not included in this report details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors and executive officers insurance liability contract as disclosure is prohibited under the terms of the contract.

The Company has agreed to indemnify each person who is, or has been, a director, officer or agent of the Company and/or of certain of its related bodies corporate against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as director, officer or agent, except where the liability arises out of conduct involving a lack of good faith. The Company is required to meet the full amount of any such liabilities, including costs and expenses for a period of seven years.

No liability has arisen since the end of the previous financial year which the Company would, by operation of the above indemnities, be required to meet.

## Audit and non-audit services

The Company may decide to employ the Auditor (PricewaterhouseCoopers Australia) on assignments additional to their statutory audit duties.

Details of the amounts paid or payable to the Auditor for audit and non-audit services provided during the year are set out below.

The Board has considered the position and, in accordance with the advice received from the Audit, Compliance and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the Auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit, Compliance and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the Auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the Auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

During the 2024 financial year the following fees were paid or are payable for services provided by the Auditor, its related practices and non-related audit firms:

	2024 \$	2023 \$
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	297,920	289,635
Other assurance services:		
Audit of regulatory returns	26,340	25,560
Audit of compliance plan – Responsible entity *	161,235	131,905
Other assurance services	-	-
<b>Total remuneration for audit and other assurance services</b>	<b>485,495</b>	<b>447,100</b>
<b>(ii) Taxation services</b>		
Tax services	46,275	37,165
<b>Total remuneration for taxation services</b>	<b>46,275</b>	<b>37,165</b>
<b>(iii) Other services</b>		
Other services	-	-
<b>Total remuneration of PricewaterhouseCoopers Australia</b>	<b>531,770</b>	<b>484,265</b>
<b>Total remuneration of auditors</b>	<b>531,770</b>	<b>484,265</b>

\* Compliance plan audit charges are on-charged to managed funds to which responsible entity services are provided. An additional amount of \$935,000 for audit fees and \$284,000 for non-audit fees (tax and distribution review fees) was paid or payable to PricewaterhouseCoopers as fees for services to various funds that are not part of the Consolidated Group but for which Pinnacle Fund Services Limited acts as Responsible Entity.

## Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 55 of the 2024 Annual Report.

## Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in this report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

## Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act.

This report is made in accordance with a resolution of directors.



A Watson  
Chair  
Pinnacle Investment Management Group Limited

Sydney  
1 August 2024

07

# Auditor's Independence Declaration

For personal use only



## Auditor's Independence Declaration

As lead auditor for the audit of Pinnacle Investment Management Group Limited for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Pinnacle Investment Management Group Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'R. Balding', written over a faint circular stamp.

R Balding  
Partner  
PricewaterhouseCoopers

Sydney  
1 August 2024

PricewaterhouseCoopers, ABN 52 780 433 757  
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001  
T: +61 2 8266 0000, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)  
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124  
T: +61 2 9659 2476, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

08

# Financial Statements

Pinnacle Investment Management Group Limited

ABN 22 100 325 184

Financial Report – 30 June 2024

## Contents

<b>Consolidated statement of profit or loss</b>	57
<b>Consolidated statement of comprehensive income</b>	58
<b>Consolidated statement of financial position</b>	59
<b>Consolidated statement of changes in equity</b>	60
<b>Consolidated statement of cash flows</b>	61
<b>Notes to the consolidated financial statements</b>	62

These financial statements are the consolidated financial statements of the consolidated entity consisting of Pinnacle Investment Management Group Limited and its subsidiaries. The financial statements are presented in the Australian currency.

Pinnacle Investment Management Group Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office is Level 19, 307 Queen St, Brisbane QLD 4000 and its principal place of business is Level 25, 264 George Street, Sydney NSW 2000.

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report, which is not part of these financial statements.

These financial statements were authorised for issue by the directors on 1 August 2024. The directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available at the 'about us' and investor relations pages on our website: [www.pinnacleinvestment.com/shareholders-investor-centre](http://www.pinnacleinvestment.com/shareholders-investor-centre)

For personal use only

## Consolidated statement of profit or loss

For the year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000
Revenue from contracts with customers and other revenue	1	48,988	45,513
Fair value gains/(losses) on financial assets at fair value through profit or loss		10,993	8,095
Fair value gains/(losses) on financial assets at fair value through profit or loss (non-current)		(3,360)	600
Employee benefits expense		(24,235)	(22,541)
Short-term incentives expense		(12,043)	(4,711)
Long-term incentives expense	28	(3,160)	(3,408)
Professional services expense		(1,633)	(1,817)
Property expense	2	(1,347)	(1,308)
Travel and entertainment expense		(1,692)	(1,076)
Technology and communications expense		(2,351)	(1,842)
Donations		(977)	(709)
Finance cost	2	(7,372)	(6,064)
Other expenses from operating activities	2	(2,276)	(1,619)
Share of net profit/(loss) of associates accounted for using the equity method	23(d)	90,816	67,359
Profit before income tax		90,351	76,472
Income tax expense	3	-	-
Profit from continuing operations		90,351	76,472
Profit/(loss) from discontinued operations (attributable to equity holders of the Company)		-	-
Profit for the year		90,351	76,472
Profit for the year is attributable to:			
Owners of Pinnacle Investment Management Group Limited		90,351	76,472
Earnings per share:		Cents	Cents
For profit from continuing operations attributable to owners of Pinnacle Investment Management Group Limited			
Basic earnings per share	5	45.8	39.3
Diluted earnings per share	5	45.5	39.0
For profit attributable to owners of Pinnacle Investment Management Group Limited			
Basic earnings per share	5	45.8	39.3
Diluted earnings per share	5	45.5	39.0

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

For personal use only

## Consolidated statement of comprehensive income

For the year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000
Profit for the year		90,351	76,472
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Changes in the fair value of financial assets at fair value through other comprehensive income		-	-
Total comprehensive income/(loss) for the year		90,351	76,472
Total comprehensive income for the year is attributable to:			
Owners of Pinnacle Investment Management Group Limited		90,351	76,472
		90,351	76,472
Total comprehensive income for the year attributable to owners of Pinnacle Investment Management Group Limited arises from:			
Continuing operations		90,351	76,472
Discontinued operations		-	-
		90,351	76,472

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

For personal use only

# Consolidated statement of financial position

For the year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	32,565	27,616
Trade and other receivables	7	34,644	24,632
Financial assets at fair value through profit or loss	8	153,679	159,594
Assets held at amortised cost	9	922	911
<b>Total current assets</b>		<b>221,810</b>	<b>212,753</b>
<b>Non-current assets</b>			
Investments accounted for using the equity method	23	341,300	328,465
Financial assets at fair value through profit or loss	8	240	3,600
Property, plant and equipment		92	76
Intangible assets	13	1,721	1,821
Right-of-use assets	12	9,121	336
Assets held at amortised cost	11	8,708	5,585
<b>Total non-current assets</b>		<b>361,182</b>	<b>339,883</b>
<b>Total assets</b>		<b>582,992</b>	<b>552,636</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	14	14,772	6,834
Lease liabilities	12	1,761	357
Borrowings	19	131	20,137
Provisions	15	2,574	2,414
<b>Total current liabilities</b>		<b>19,238</b>	<b>29,742</b>
<b>Non-current liabilities</b>			
Lease liabilities	12	7,536	-
Borrowings	19	100,000	100,000
Provisions	15	324	321
<b>Total non-current liabilities</b>		<b>107,860</b>	<b>100,321</b>
<b>Total liabilities</b>		<b>127,098</b>	<b>130,063</b>
<b>Net assets</b>		<b>455,894</b>	<b>422,573</b>
<b>EQUITY</b>			
Contributed equity	16	430,735	418,479
Reserves	17(a)	(39,902)	(43,282)
Retained earnings/(losses)	17(b)	65,061	47,376
<b>Total equity</b>		<b>455,894</b>	<b>422,573</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

For personal use only

## Consolidated statement of changes in equity

For the year ended 30 June 2024

	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2022		412,066	(47,099)	37,217	402,184
Total comprehensive income for the year		-	-	76,472	76,472

### TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:

Share-based payments	17(a)	-	3,408	-	3,408
Shares issued on exercise of options		1,572	-	-	1,572
Dividends paid to shareholders	16(b), 18	3,234	-	(66,313)	(63,079)
Performance rights		64	(29)	-	35
Employee loan arrangements	16(b), 17(a)	1,543	438	-	1,981
		6,413	3,817	(66,313)	(56,083)
Balance at 30 June 2023		418,479	(43,282)	47,376	422,573
Balance at 1 July 2023		418,479	(43,282)	47,376	422,573
Total comprehensive income for the year		-	-	90,351	90,351

### TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:

Share-based payments	17(a)	-	3,160	-	3,160
Shares issued on exercise of options		566	-	-	566
Dividends paid to shareholders	16(b), 18	1,658	-	(72,666)	(71,008)
Performance rights		-	-	-	-
Employee loan arrangements	16(b), 17(a)	10,032	220	-	10,252
		12,256	3,380	(72,666)	(57,030)
Balance at 30 June 2024		430,735	(39,902)	65,061	455,894

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

For personal use only

# Consolidated statement of cash flows

For the year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		35,308	40,646
Payments to suppliers and employees		(41,002)	(41,291)
Dividends and distributions received from financial assets at fair value through profit or loss		1,977	905
Dividends and distributions received from jointly controlled entities		84,787	66,090
Interest received		975	551
Finance and borrowings costs paid		(7,068)	(6,002)
Proceeds from disposal of financial assets at fair value through profit or loss		76,739	85,568
Payments for financial assets at fair value through profit or loss		(55,415)	(91,426)
Net cash inflow/(outflow) from operating activities	25	96,301	55,041
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(36)	(9)
Proceeds from sale of investments accounted for using the equity method		2,221	-
Payments for investments accounted for using the equity method		(11,964)	(4,389)
Loan repayments from employee shareholders		10,252	1,980
Loan repayments from related parties		1,841	734
Loan advances to related parties		(1,749)	(1,276)
Net cash inflow/(outflow) from investing activities		565	(2,960)
<b>Cash flows from financing activities</b>			
Dividends paid to shareholders		(71,008)	(63,079)
Lease payments		(1,475)	(1,223)
Repayment of borrowings		(20,000)	-
Proceeds from issue of shares, net of issue costs		566	1,572
Net cash (outflow)/inflow from financing activities		(91,917)	(62,730)
Net increase/(decrease) in cash and cash equivalents		4,949	(10,649)
Cash and cash equivalents at the beginning of the financial year		27,616	38,265
Cash and cash equivalents at end of year	6	32,565	27,616

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

For personal use only

## Notes to the consolidated financial statements

	Page	
<b>Group Results</b>		
1	Revenue from contracts with customers and other income	63
2	Expenses	64
3	Income tax expense	64
4	Segment information	65
5	Earnings per share	66
<b>Operating Assets and Liabilities</b>		
6	Cash and cash equivalents	67
7	Trade and other receivables	67
8	Financial assets at fair value through profit or loss	68
9	Assets held at amortised cost	68
10	Net deferred tax assets	69
11	Assets held at amortised cost – non-current	69
12	Leases	70
13	Intangible assets	71
14	Trade and other payables	72
15	Provisions	72
<b>Capital and Financial Risk Management</b>		
16	Contributed equity	73
17	Reserves and retained earnings	75
18	Dividends	76
19	Borrowings and financing arrangements	77
20	Financial risk management	78
21	Contingencies and commitments	85
<b>Group Structure</b>		
22	Subsidiaries	86
23	Investments accounted for using the equity method	87
24	Parent Entity financial information	90
<b>Other Notes</b>		
25	Additional cash flow information	91
26	Related party transactions	92
27	Key Management Personnel	94
28	Share-based payments	95
29	Remuneration of auditors	105
30	Events occurring after the reporting period	105
31	Critical accounting estimates and judgements	106
32	Summary of significant accounting policies	107

For personal use only

## Group Results

This section provides information regarding the results and performance of the Group during the year, including further detail regarding revenue and expenses, income tax, segment reporting and earnings per share.

### 1. Revenue from contracts with customers and other income

#### a) Disaggregation of revenue from contracts with customers and other income

The Group derives its revenue from contracts with customers from the transfer of services over time. A disaggregation of the Group's revenue is shown below.

	2024 \$'000	2023 \$'000
Revenue from contracts with customers		
Service charges – over time	41,235	38,650
	41,235	38,650
Other income		
Interest received or due	1,315	727
Dividends and distributions*	6,382	6,136
Other income	56	-
	7,753	6,863
Total revenue and other income	48,988	45,513

\*Dividends and distributions are received from financial assets held at fair value through profit or loss.

For personal use only

## 2. Expenses

PROFIT BEFORE INCOME TAX INCLUDES THE FOLLOWING SPECIFIC EXPENSES:	2024 \$'000	2023 \$'000
Finance cost		
Interest and finance charges	7,372	6,064
Total finance cost expense	7,372	6,064
Lease amortisation expense – included in property expense	1,319	1,247
Depreciation and amortisation expense – included in other expenses from operating activities		
Depreciation – property, plant and equipment	22	43
Amortization - intangible assets	100	267
Total depreciation and amortisation expense	122	310

## 3. Income tax expense

	2024 \$'000	2023 \$'000
a) Income tax expense/(benefit)		
Income tax expenses is attributable to:		
Continuing operations	-	-
Discontinued operations	-	-
Total income tax expense/(benefit)	-	-
Current tax	3,485	1,637
Deferred tax	(3,485)	(1,637)
Adjustments for tax in respect of prior periods	-	-
Total current tax expense	-	-
Deferred income tax expense/(benefit) included in income tax expense/(benefit) comprises:		
(Increase)/decrease in deferred tax assets	3,485	1,637
Increase in deferred tax liabilities	-	-
Total deferred tax expense/(benefit)	3,485	1,637

## b) Numerical reconciliation of income tax expense to prima facie tax payable

Profit from continuing operations before income tax expense	90,351	76,472
Profit /(Loss) from discontinued operations before income tax expense	-	-
Profit before income tax	90,351	76,472
Tax at the Australian tax rate of 30% (2023: 30%)	27,105	22,942
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share of profits of affiliates	(27,245)	(20,208)
Impairment	-	-
Non-deductible expenditure	1,022	1,092
Sundry items	4,082	2,995
	4,964	6,821
Adjustments for current tax in respect of prior periods	-	-
Deferred tax assets previously not recognised	(4,964)	(6,821)
Total income tax expense/(benefit)	-	-

## c) Tax losses not recognised

Unused tax losses for which no deferred tax asset has been recognised	3,431	19,978
Potential tax benefit at 30%	1,029	5,993

A deferred tax asset in relation to tax losses is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits against which to recover the losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax assets have not been recognised in full on the basis that there remains uncertainty regarding the timing and quantum of the generation of taxable profits.

## d) Tax consolidation legislation

Pinnacle Investment Management Group Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation from 1 July 2003. Next Financial Holding Company Pty Ltd (see note 22) and its subsidiaries joined the tax consolidated group on 1 April 2009. Pinnacle Investment Management Limited and its subsidiaries joined the tax consolidated Group on 25 August 2016. The accounting policy in relation to this legislation is set out in note 32(f) and further information is provided at Note 32(z).

## 4. Segment information

The Group operates one business segment being the funds management operations of Pinnacle. The business is principally conducted in one geographic location, being Australia.

## 5. Earnings per share

	2024 Cents	2023 Cents
<b>a) Basic earnings per share</b>		
From continuing operations	45.8	39.3
<b>Total basic earnings per share attributable to the ordinary equity shareholders of the Company</b>	<b>45.8</b>	<b>39.3</b>

<b>b) Diluted earnings per share</b>		
Attributable to the ordinary equity shareholders of the Company		
From continuing operations	45.5	39.0
<b>Total diluted earnings per share attributable to the ordinary equity shareholders of the Company</b>	<b>45.5</b>	<b>39.0</b>

<b>c) Reconciliations of earnings used in calculating earnings per share</b>		
Basic and diluted earnings per share		
Profit/(loss) attributable to the ordinary owners of the Company used in calculating basic and diluted earnings per share:		
From continuing operations	90,351	76,472
<b>Profit used in calculating basic and diluted earnings per share</b>	<b>90,351</b>	<b>76,472</b>

<b>d) Reconciliations of holdings used in calculating earnings per share</b>		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	197,227,386	194,353,235
Adjustments for calculation of diluted earnings per share:		
Weighted average treasury stock (see note 16(d))	977,917	1,402,386
Weighted average options	285,983	340,502
<b>Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share</b>	<b>198,491,286</b>	<b>196,096,123</b>

### e) Information concerning the classification of securities

Options and loan shares granted to employees under the employee share schemes are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options and loan shares have not been included in the determination of basic earnings per share.

## Operating assets and liabilities

This section provides information regarding the assets and liabilities of the entity and includes more detailed breakdowns of individual balance sheet items.

### 6. Cash and cash equivalents

	2024 \$'000	2023 \$'000
Available cash at bank and on hand	32,565	27,616
	32,565	27,616

#### a) Risk exposure

The Group's exposure to interest rate risk is discussed in note 20. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

#### b) Fixed term and at call deposits

Fixed-term and at-call deposits bear floating interest rates between 0.25% and 5.21% (2023: 0.25% and 5.21%). At-call deposits have an average maturity of 30 days.

### 7. Trade and other receivables

	2024 \$'000	2023 \$'000
Trade receivables	6,335	6,276
Income receivables	21,241	14,422
Other receivables	5,841	3,043
Prepayments	1,227	891
	34,644	24,632

#### a) Fair values of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

#### b) Impairment and risk exposure

Information about the impairment of trade and other receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 20(a) and 20(b).

## 8. Financial assets at fair value through profit or loss

Current	2024 \$'000	2023 \$'000
Australian listed equity securities	13,772	14,884
Unlisted unit trusts*	138,079	120,818
Derivative financial assets	1,423	3,716
Other unlisted instruments	405	20,176
	153,679	159,594

\*see note 20 for further details

Non-current	2024 \$'000	2023 \$'000
Unlisted equity securities	240	3,600
	240	3,600

## Risk exposure and fair value measurements

Information about the Group's exposure to price risk and the methods and assumptions used in determining fair value is provided in note 20(d). See also note 26.

## 9. Assets held at amortised cost

	2024 \$'000	2023 \$'000
Loans to associates	922	911
	922	911

Loans to associates includes any adjustments for accumulated equity accounted losses where the associated equity investment value is less than zero as a result of accumulated losses being greater than the carrying value of the investment.

## 10. Net deferred tax assets

	2024 \$'000	2023 \$'000
Deferred tax assets (a)	3,705	2,478
Deferred tax liabilities (b)	(3,705)	(2,478)
Net deferred tax assets	-	-

### a) Deferred tax assets

The deferred tax asset balance comprises temporary differences attributable to:

Unrealised loss on fair value assets	-	-
Lease liabilities	-	-
Other	707	-
Tax losses	2,998	2,478
Total deferred tax assets	3,705	2,478
Set-off of deferred tax liabilities pursuant to set-off provisions	(3,705)	(2,478)
Net deferred tax assets	-	-

2024 \$'000	2023 \$'000
----------------	----------------

### b) Deferred tax liabilities

The deferred tax liabilities balance comprises temporary differences attributable to:

Financial assets at fair value through profit or loss	3,030	1,603
Intangible assets	516	726
Right-of-use assets	101	101
Receivables	58	48
Total deferred tax liabilities	3,705	2,478

## 11. Assets held at amortised cost – non-current

	Note	2024 \$'000	2023 \$'000
Loans to associates	26	8,708	5,585
		8,708	5,585

As outlined in note 32(l)(ii) loans to associates (including affiliate executives) are assessed at least annually for possible indicators of impairment. Where indicators of impairment exist, the recoverability of these loans is determined. If the carrying amount exceeds the recoverable amount an impairment expense is recorded. See note 26.

## 12. Leases

The Group leases offices in Brisbane and Sydney. Rental contracts are typically made for fixed periods of 3 – 6 years. See note 32(g) for further details. The Group moved to new premises in Sydney, with a new lease commencing on 1 December 2023.

The balance sheet shows the following amounts relating to leases:

RIGHT-OF-USE ASSETS	30 June 2024 \$'000	30 June 2023 \$'000
Office leases	14,352	4,249
Office leases – accumulated amortization	(5,231)	(3,913)
	9,121	336

Additions to the right-of-use assets during the 2024 financial year were \$10,104,000 (2023: \$nil)

LEASE LIABILITIES		
Current	1,761	357
Non-current	7,536	-
	9,297	357

The statement of profit or loss shows the following amounts relating to leases:

DEPRECIATION CHARGE OF RIGHT-OF-USE ASSETS (INCLUDED IN PROPERTY EXPENSES)		
Office leases	1,319	1,247
	1,319	1,247
Interest expense (included in finance costs)	309	10

## 13. Intangible assets

	Software \$'000	Customer Contracts \$'000	Total \$'000
<b>AT 1 JULY 2022</b>			
Cost	15	4,574	4,589
Accumulated amortisation	(15)	(2,486)	(2,501)
Net book value	-	2,088	2,088
<b>YEAR ENDED 30 JUNE 2023</b>			
Opening net book value	-	2,088	2,088
Additions	-	-	-
Amortisation charge	-	(267)	(267)
Closing net book value	-	1,821	1,821
<b>AT 30 JUNE 2023</b>			
Cost	15	4,574	4,589
Accumulated amortisation	(15)	(2,753)	(2,768)
Net book value	-	1,821	1,821
<b>YEAR ENDED 30 JUNE 2024</b>			
Opening net book value	-	1,821	1,821
Additions	-	-	-
Amortisation charge	-	(100)	(100)
Closing net book value	-	1,721	1,721
<b>AT 30 JUNE 2024</b>			
Cost	15	4,574	4,589
Accumulated amortisation	(15)	(2,853)	(2,868)
Net book value	-	1,721	1,721

For personal use only

## 14. Trade and other payables

	2024 \$'000	2023 \$'000
Trade payables	1,216	1,008
Accrued expenses	1,513	723
Accrued employee incentives	11,185	4,569
Other payables	858	534
	14,772	6,834

## 15. Provisions

	2024 \$'000	2023 \$'000
Current		
Employee benefits - annual leave and long service leave	2,574	2,414
	2,574	2,414
Non-Current		
Employee benefits - long service leave	324	321
	324	321

### a) Movements in provisions

Movements in each class of provision during the financial year, are set out below:

	Employee Benefits \$'000
Current	
BALANCE AT 1 JULY 2023	2,414
Amounts provided for during the year	160
Balance at 30 June 2024	2,574
Non-Current	
BALANCE AT 1 JULY 2023	321
Amounts provided for during the year	3
Balance at 30 June 2024	324

## 16. Contributed equity

### a) Share capital

	2024 Shares	2023 Shares	2024 \$'000	2023 \$'000
Ordinary shares:				
Fully paid contributed equity (b)	198,214,482	194,601,091	430,735	418,479
Total contributed equity	198,214,482	194,601,091	430,735	418,479

### b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	\$'000
1 July 2022	Opening balance	193,860,297		412,066
	Issue of ordinary shares on exercise of options	400,000	\$3.93	1,572
	Issue of ordinary shares on exercise of performance rights	3,516	-	-
	Transfer from performance rights reserve on exercise of performance rights	-	-	64
	Dividend reinvestment	337,278	\$9.59	3,234
	Employee loan share repayments (d)	-		1,543
30 June 2023	Closing Balance	194,601,091		418,479
	Issue of ordinary shares on exercise of options	100,000	\$5.66	566
	Issue of ordinary shares on exercise of performance rights	-	-	-
	Dividend reinvestment	163,391	\$10.15	1,658
	Treasury stock vested (d)	3,350,000		-
	Employee loan share repayments (d)	-		10,032
30 June 2024	Closing Balance	198,214,482		430,735

### c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

#### d) Treasury stock

Treasury stock are shares in Pinnacle Investment Management Group Limited that are subject to share mortgage under employee loans used for the purposes of acquiring interests in the Company. The value ascribed to treasury stock is the value of the loans secured by share mortgage at period end.

Treasury stock movement for the year includes the issue of 2,017,500 and the forfeiture of 337,500 loan shares to employees, issued under the Pinnacle Omnibus Plan approved by the board on 22 August 2018.

Date	Details	Number of treasury shares	\$'000
1 July 2022	Opening balance	5,700,000	39,453
	Issue of loan shares under Pinnacle Omnibus Plan	1,017,000	8,792
	Forfeited loan shares	(150,000)	(1,285)
	Employee loan share repayments	-	(1,543)
30 June 2023	Closing Balance	6,567,000	45,417
	Issue of loan shares under Pinnacle Omnibus Plan	2,017,500	18,558
	Forfeited loan shares	(337,500)	(3,706)
	Treasury stock vested during the year	(3,350,000)	-
	Employee loan share repayments	-	(10,032)
30 June 2024	Closing Balance	4,897,000	50,237

#### e) Employee share plans

Information relating to the Pinnacle Investment Management Group Employee Option Share Plan and Pinnacle Omnibus Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 28.

#### f) Capital risk management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

The Group monitors capital on the basis of both Group liquidity and capital and liquidity ratios required under various licenses held by subsidiaries.

There have been no reportable instances of non-compliance with externally imposed capital requirements in the current period.

## 17. Reserves and retained earnings

### a) Reserves

	2024 \$'000	2023 \$'000
Share-based payments reserve	19,701	16,321
Transactions with non-controlling interests reserve	(59,603)	(59,603)
	(39,902)	(43,282)
<b>MOVEMENTS:</b>		
Share-based payments reserve		
Balance at 1 July	16,321	12,476
Share-based payments expense	3,160	3,408
Employee loans subject to share-based payments arrangements	220	437
Balance at 30 June	19,701	16,321
Transactions with non-controlling interests reserve		
Balance at 1 July	(59,603)	(59,603)
Balance at 30 June	(59,603)	(59,603)

The share-based payments reserve is used to recognise:

- the grant date fair value of options issued to employees but not exercised;
- the grant date fair value of shares issued to employees;
- the issue of shares held by employee share plans to employees; and
- the grant date fair value of reissued loans under the Pinnacle Long-term Employee Incentive Plan and Pinnacle Omnibus Incentive Plan approved by the board on 22 August 2018.

The transactions with non-controlling interests reserve is used to recognise the excess of the consideration paid to acquire non-controlling interests above the carrying value of the non-controlling interest at time of acquisition. In 2016, the Company acquired the remaining 24.99% interest in its subsidiary Pinnacle Investment Management Limited that it did not own. The difference between the fair value of the consideration paid and the carrying value of the non-controlling interest is reflected in the Transactions with non-controlling interests reserve.

### b) Retained earnings

Movements in retained earnings were as follows:

	2024 \$'000	2023 \$'000
Balance at 1 July	47,376	37,217
Profit/(loss) for the year attributable to owners of Pinnacle Investment Management Group Limited	90,351	76,472
Dividends paid to shareholders	(72,666)	(66,313)
Balance at 30 June	65,061	47,376

## 18. Dividends

### a) Ordinary shares

	2024 \$'000	2023 \$'000
Interim dividend for the year ended 30 June 2024 of 15.6 cents per fully paid ordinary share paid on 22 March 2024 (2023 – 15.6 cents paid on 17 March 2023)		
Fully franked based on tax paid @ 30%	31,679	31,389
Final dividend for the year ended 30 June 2023 of 20.4 cents per fully paid ordinary share paid on 15 September 2023 (2023 – 17.5 cents paid on 16 September 2022)		
Fully franked based on tax paid @ 30%	40,987	34,924
Total dividends paid	72,666	66,313

### b) Dividends not recognised at the end of the reporting period

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 26.4 cents per fully paid ordinary share (2023 – 20.4 cents). The aggregate amount of the proposed dividend to be paid on 20 September 2024 out of retained earnings at 30 June 2024, but not recognised as a liability at year end, is \$53,621,000 (2023 – \$41,038,000).

### c) Franked dividends

The final dividends recommended after 30 June 2024 will be 72% franked out of existing franking credits.

	2024 \$'000	2023 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2023: 30%)	16,723	19,582

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- franking credits that will arise from the receipt of dividends recognised as receivables at the end of each reporting date.

The consolidated amounts include franking credits that would be available to the Company if distributable profits of subsidiaries were paid as dividends.

## 19. Borrowings and Financing arrangements

### a) Secured liabilities and assets pledged as security

In June 2023, the Group entered into an amended facility deed, which is secured by a general security deed over the assets of the Group and guarantees provided by the Company and other Group entities. Further details regarding the Corporate Card Facility and Bank Guarantee are provided in Note 21.

	2024			2023		
	Current \$'000	Non-Current \$'000	Total \$'000	Current \$'000	Non-Current \$'000	Total \$'000
Secured						
Bank Loan	131	100,000	100,131	20,137	100,000	120,137
Total Borrowings	131	100,000	100,131	20,137	100,000	120,137

The amended facility agreement includes the following covenants:

- The interest cover ratio must be at least 4.0 times
- The net leverage cover ratio is no more than 2.0 times
- The minimum tangible net wealth in respect of any financial year must be at least the greater of:
  - \$130 million; and
  - an amount equal to 75% of the tangible net wealth in respect of the previous financial year.

The Group has provided the bank with a security interest over its property, excluding its holdings in Affiliates. Compliance with covenants is reviewed on a regular basis and compliance has been maintained during the period. As at 30 June 2024, the interest cover ratio was 14 times, the net leverage cover ratio was 0.69 times and the tangible net wealth was \$417 million (132% of the tangible net wealth at 30 June 2023).

The Loan Facility is split into three Tranches – 'Tranche A' is \$60 million and is for general corporate purposes. 'Tranche B' is \$40 million and is for acquisitions, or investments into certain liquid investment strategies managed by the Pinnacle Affiliates. 'Tranche C' was \$20 million and was repaid during the period in line with the loan term. The Loan Facility of \$100m was fully drawn as at 30 June 2024. The loan is a variable rate, Australian-dollar denominated loan, which is carried at amortised cost. The facility term is two years from drawdown.

The carrying amounts of assets pledged as security at balance date in relation to the bank guarantees are set out below:

	2024 \$'000	2023 \$'000
<b>Current</b>		
Cash and cash equivalents	32,565	27,616
Financial assets at fair value through profit or loss	153,679	159,594
Assets held at amortised cost	922	911
Receivables	34,644	24,632
Total current assets pledged as security	221,810	212,753
<b>Non-current</b>		
Plant and equipment	92	76
Financial assets at fair value through profit or loss	240	3,600
Assets held at amortised cost	8,708	5,585
Total non-current assets pledged as security	9,040	9,261
Total assets pledged as security	230,850	222,014

## b) Interest rate risk exposure

Information about the Group's exposure to interest rate changes are provided in note 20.

## 20. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk, foreign currency risk and price risk), credit risk and liquidity risk. A core focus of the Group's overall risk management program is on the volatility of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk governance is managed through the Board's Audit, Compliance and Risk Management Committee, which provides direct oversight of the Group's Risk Management Framework and performance. The Board approves written principles for risk management covering areas such as PI, including the use of appropriate hedging strategies, and cash flow management. Financial support to Affiliates or Affiliate executives is subject to Board approval, following consideration of the strategic merits of providing support and the financial standing of the counterparty. The management of risk throughout the Group is achieved through the procedures, policies, people competencies and risk monitoring functions that form part of the overall Group Risk Management Framework. This is achieved through regular updates in the form of targeted risk management analysis and reporting functions that provide an assessment of the Group's risk exposure levels and performance to benchmarks/tolerance limits.

The Group holds the following financial instruments:

	2024 \$'000	2023 \$'000
<b>Financial assets</b>		
Cash and cash equivalents	32,565	27,616
Trade and other receivables*	33,417	23,741
Financial assets at fair value through profit or loss (current)	153,679	159,594
Financial assets at fair value through profit or loss (non-current)	240	3,600
Loans to associates (including Affiliate executives) (current)	922	911
Loans to associates (including Affiliate executives) (non-current)	8,708	5,585
	229,531	221,047

\*Excludes prepayments (see note 7)

	2024 \$'000	2023 \$'000
<b>Financial liabilities</b>		
Trade and other payables	14,772	6,834
Lease liabilities (current)	1,761	357
Lease liabilities (non-current)	7,536	-
Borrowings (current)	131	20,137
Borrowings (non-current)	100,000	100,000
	124,200	127,328

## a) Market risk

### (i) Foreign exchange risk

The Group is not materially exposed to foreign exchange risk. Major contracts with counterparties are denominated and settled in Australian dollars, which is the reporting and operating currency of the Group. Most of the Group's PI are also quoted and priced in Australian Dollars. As certain of the Group's Affiliates have grown their product sets in international markets, those Affiliates have begun receiving management fees in currencies other than Australian Dollars and the Group has begun to invest in strategies denominated in currencies other than Australian Dollars. The Group hedges part of its direct foreign currency exposure through the use of forward foreign exchange contracts and will continue to review its approach as its international business grows.

### (ii) Price risk

Through its business transactions and investments, the Group is exposed to equity securities price risk. This risk is the potential for losses in Group earnings as a result of adverse market movements and arises from investments held by the Group that are classified on the consolidated statement of financial position as financial assets at fair value through profit or loss (FVPL).

The Group manages the price impact of market risk through an established Risk Management Framework. This includes the procedures, policies and functions undertaken by the business to manage market risk within tolerances set by the Board. Equity derivatives are used as an active risk mitigation function and the Group currently utilises such derivatives to reduce the market risk of its equity exposures. The performance of the Group's direct equity exposures and market risk mitigants are monitored on a regular basis.

The majority of the Group's equity investments are Australian listed equity securities and unlisted unit trusts as shown in the table below:

	Total \$'000
30 June 2024	
ASSETS	
Australian listed equity securities	13,772
Other unlisted instruments	645
Unlisted unit trusts	138,079
Derivative financial instruments	1,423
<b>Total assets at FVPL</b>	<b>153,919</b>
30 June 2023	
ASSETS	
Australian listed equity securities	14,884
Other unlisted instruments	4,005
Unlisted unit trusts	120,818
Derivative financial instruments	3,716
<b>Total assets at FVPL</b>	<b>143,423</b>

### *Sensitivity*

The table below summarises the impact of increases/decreases in equity securities prices on the Group's after tax profit for the year and on equity. The analysis is based on the assumption that equity securities prices had increased/decreased by +/- 15% (2023: +/- 15%) at 30 June 2024 with all other variables held constant and all the Group's equity investments included in financial assets at fair value through profit and loss moved in correlation with the index.

	Impact on after-tax profit		Impact on equity	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Group	+5,713/-5,713	+5,584/-5,584	+5,713/-5,713	+5,584/-5,584

### (iii) Interest rate risk

The Group's main interest rate risk arises from holding cash and cash equivalents and borrowings with variable rates. During 2024 and 2023, substantially all of the Group's cash and cash equivalents were denominated in Australian dollars. The Group's borrowings were also denominated in Australian dollars. The Group reviews its interest rate exposure as part of the Group's cash flow management and takes into consideration the yields, duration and alternative financing options as part of the renewal of existing positions. As at the reporting date, the Group had the following cash and cash equivalents and borrowings:

	30 June 2024		30 June 2023	
	Weighted average interest rate %	Floating interest rate \$'000	Weighted average interest rate %	Floating interest rate \$'000
Cash and cash equivalents	4.01%	32,565	3.86%	27,616
Exposure to cash flow interest rate risk		32,565		27,616

	30 June 2024		30 June 2023	
	\$'000	% of total borrowings	\$'000	% of total borrowings
Variable rate borrowings	100,000	100%	120,000	100%
Exposure to cash flow interest rate risk		100%		100%

The Group's loans to jointly controlled associates (including Affiliate executives) are subject to fixed interest rates and carried at amortised cost. They are therefore not subject to interest rate risk as defined by AASB 7.

### Sensitivity

At 30 June 2024, if interest rates had changed by +/-200 basis points from the year end rates with all other variables held constant, after tax profit and equity for the year would have been \$944,000 lower/higher (2023: change of 200 basis points: \$1,293,000 lower/higher).

### b) Credit risk

Credit risk arises from cash and cash equivalents, loans to entities under joint control, loans to shareholders and outstanding receivables.

Credit risk is managed on a Group basis. Credit risk relates to the risk of a client or counterparty defaulting on their financial obligations resulting in a loss to the Group. These obligations primarily relate to distribution and management fees. The Group does not carry significant trade receivable exposure to either a single counterparty or a group of counterparties. For banks and financial institutions, only independently rated parties with a minimum rating of BBB+ / A-1 are accepted as counterparties. Loans to Affiliates or Affiliate executives are subject to Board approval, following consideration of the strategic merits of providing support and the financial standing of the counterparty. Additionally, loans to individuals to purchase shares are structured in such a way that they are either full recourse or secured on the shares issued. As at the reporting date, the Group held the following credit risks:

	2024 \$'000	2023 \$'000
Cash and cash equivalents	32,565	27,616
Trade and other receivables*	33,417	23,741
Financial assets at fair value through profit or loss (current)	-	19,771
Loans to associates (including Affiliate executives) (non-current)	922	5,585
Loans to associates (including Affiliate executives) (current)	8,708	911
	75,612	77,624

\*Excludes prepayments (see note 7).

## Impaired trade, other and loan receivables

The Group has the following types of financial assets that are subject to the expected credit loss model:

- Trade and other receivables
- Loans to associates (including Affiliate executives)

While cash and cash equivalents and financial assets at fair value through profit or loss are also subject to the impairment requirements of AASB 9, the identified impairment loss was nil (2023: nil).

## Loans to associates (including Affiliate executives)

All loans to jointly controlled associates are considered low credit risk, have had no significant increase in credit risk during the year, and as such the loss allowance was limited to 12 months' expected credit losses. Loans to joint associates are considered to be low credit risk when they have a low risk of default and the borrower has a strong capacity to meet its contractual cash flow obligations in the near term. New loans provided to joint associates are only provided once the underlying prospects of the entity have been fully evaluated and are within our risk appetite. Additionally, loans to individuals to purchase shares are structured in such a way that they are either full recourse or secured on the shares issued. As such, at 30 June 2024 and 30 June 2023, the expected credit loss rate in relation to loans to joint associates was 0% and the loss allowance was \$nil.

Refer to note 32(l) for more information on the investments and other financial assets policy of the Group.

## Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are considered to be low credit risk when the borrower has a strong capacity to meet its contractual cash flow obligations over the term. New funding provided to affiliates is only provided once the underlying prospects of the entity have been fully evaluated and are within our risk appetite.

## Trade and other receivables

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected loss rate and loss allowance has been assessed as \$nil as at 30 June 2024 (30 June 2023: \$nil). This is because there is no history of default, revenue is generated primarily through providing services to associates and cost recharges are also primarily to associates, hence the recoverability of receivables can be determined with a high degree of certainty on a forward-looking basis. Refer to note 32(k) for more information on the trade receivables policy of the Group.

The Group records trade receivables and loans in the following classifications:

Neither past due nor impaired trade receivables and loans are those that are within their relevant contractual payment terms and thus have no expected credit loss due to the reasons above.

Past due but not impaired trade receivables and loans are those that have fallen outside of their contractual settlement terms.

Past due and impaired trade receivables and loans are those that have fallen outside of the prescribed settlement terms and/or there is evidence to suggest that the client or counterparty will fail to meet their obligations and thus would result in an expected credit loss. This is \$nil as at 30 June 2024 (2023 - \$nil).

	2024 \$'000	2023 \$'000
Trade and other receivables		
Neither past due nor impaired	33,234	23,232
Past due but not impaired	1,410	509
	34,644	23,741
Loans held at amortised cost		
Neither past due nor impaired	9,630	6,495
Total trade, other and loan receivables	9,630	6,495

## Credit quality

The credit quality of financial assets can be assessed by reference to credit ratings. These credit ratings are only available for cash assets:

	2024 \$'000	2023 \$'000
Cash at bank and short-term bank deposits		
AA-	32,565	27,616
	32,565	27,616

## c) Liquidity risk

The Group manages liquidity risk by continuously monitoring actual and forecast cash flows. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding through available cash and readily liquefiable investments in the Group's PI portfolio. At 30 June 2024 the Group has \$186 million in available cash and PI (\$86 million net of the \$100 million debt facility).

Subsidiaries of the Company, Pinnacle Funds Services Limited, Pinnacle Investment Management Limited and Pinnacle RE Services Limited hold Australian Financial Services Licences and hold amounts in liquid assets in accordance with relevant ASIC regulations on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

### *Maturities of financial liabilities*

The table below analyses the Group's financial liabilities. The financial liabilities are broken down into maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES	1 - 30 days	30 days to 90 days	90 days to 1 year	1 to 2 years	2 to 5 years	Total contractual cash flows	Carrying amount
At 30 June 2024	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	3,589	11,183	-	-	-	14,772	14,772
Borrowings (see note 19)	-	1,126	5,353	100,000	-	106,479	100,131
Lease liabilities (see note 12)	141	282	1,339	1,871	7,072	10,705	9,297
Total financial liabilities	3,730	12,591	6,692	101,871	7,072	131,956	124,200

At 30 June 2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	2,265	4,569	-	-	-	6,834	6,834
Borrowings (see note 19)	-	21,587	4,761	6,348	100,000	132,696	120,137
Lease liabilities (see note 12)	32	65	260	-	-	357	357
<b>Total financial liabilities</b>	<b>2,297</b>	<b>26,221</b>	<b>5,021</b>	<b>6,348</b>	<b>100,000</b>	<b>139,887</b>	<b>127,328</b>

#### d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's PI measured and recognised at fair value:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2024				
ASSETS				
Australian listed equity securities	13,772	-	-	13,772
Other unlisted instruments	-	-	645	645
Unlisted unit trusts	-	138,079	-	138,079
Derivative financial instruments	1,423	-	-	1,423
<b>Total assets</b>	<b>15,195</b>	<b>138,079</b>	<b>645</b>	<b>153,919</b>

No liabilities were held at fair value at 30 June 2024.

30 June 2023				
ASSETS				
Australian listed equity securities	14,884	-	-	14,884
Other unlisted equity securities	-	19,771	4,005	23,776
Unlisted unit trusts	-	120,818	-	120,818
Derivative financial instruments	3,716	-	-	3,716
<b>Total assets</b>	<b>18,600</b>	<b>140,589</b>	<b>4,005</b>	<b>163,194</b>

No liabilities were held at fair value at 30 June 2023.

There were no transfers between levels for recurring fair value measurements during the current year. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The fair value of Australian listed securities and exchange traded futures is based on quoted market prices at the end of the reporting period. The quoted price used for Australian listed securities and exchange traded options held by the Group is the current bid price. These instruments are included in level 1.

The quoted market price used for unlisted unit trusts is the current exit unit price. These instruments are included in level 2. The fair value of unlisted debt instruments (see note 26(d)(iii)) is based on observable and quoted returns third party investors would expect to earn for similar assets in markets. These instruments are included in level 2.

The fair value of unlisted equity securities is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. In the circumstances where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level 3.

The carrying amounts of cash and cash equivalents and trade receivables and payables are assumed to approximate their fair values due to their short-term nature. Loans to associates and loans to shareholders are carried at amortised cost. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

#### *Fair value measurements using significant unobservable inputs (level 3)*

Level 3 items include unlisted equity securities held by the Group. The following table presents the changes in level 3 instruments for the years ended 30 June 2024 and 30 June 2023:

	Unlisted equity securities \$'000
Closing balance 30 June 2022	3,582
Fair value adjustments recognised in profit or loss	423
Closing balance 30 June 2023	4,005
Fair value adjustments recognised in profit or loss	(3,360)
Closing balance 30 June 2024	645

#### (i) Valuation process

Unlisted equities valued under level 3 are investments in unlisted companies. Where available, the investments are valued based on the most recent transaction involving the securities of the company. Where there is no recent information or the information is otherwise unavailable, the value is derived from calculations based on the value per security of the underlying net tangible assets of the investee company.

## 21. Contingencies and commitments

### a) Secured liabilities and assets pledged as security

#### (i) Guarantees

Pinnacle Investment Management Group Limited has provided guarantees in relation to Australian Financial Services License Net Tangible Asset obligations (via bank guarantee) in respect of:

- (i) Pinnacle Funds Services Limited - \$5,000,000 (2023: \$5,000,000)
- (ii) Pinnacle RE Services Limited - \$50,000 (2023: \$50,000)

The Group has also provided guarantees in respect of its leased premises:

- (iii) Pinnacle Services Administration Pty Ltd - \$2,789,000 (30 June 2023 - \$2,480,000)

The guarantee for the leases noted above is held between Pinnacle Investment Management Group Limited (\$175,000), Pinnacle Investment Management Limited (\$457,000) and Pinnacle Services Administration Pty Ltd (\$2,157,000).

The unused bank guarantee facility available at balance date was \$275,000 (30 June 2023: \$275,000). The Group has also provided guarantees in relation to its corporate credit card facility (facility limit of \$400,000 of which \$336,000 was unused at balance date).

These guarantees may give rise to liabilities in the Company if the related entities do not meet their obligations that are subject to the guarantees.

No material losses are anticipated in respect of any of the above contingent liabilities.

### b) Commitments

#### (i) Capital commitments

There were no capital expenditure commitments and no other expenditure commitments at balance sheet date.

The Group has previously entered into agreements whereby it has agreed to advance sufficient funds to associates to cover their operating expenses until such time as the entity becomes profitable and is generating positive cash flows. Further information in relation to these balances is provided in note 26.

## Group Structure

This section provides information regarding the Group's subsidiaries and associates, and detail regarding discontinued operations.

### 22. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following material subsidiaries in accordance with the accounting policy described in note 32(b). The country of incorporation of all subsidiaries is also their principal place of business.

Name of entity	Country of incorporation	Class of security	Equity holding	
			2024 %	2023 %
Pinnacle Investment Management Limited	Australia	Ordinary share	100	100
Pinnacle Funds Services Limited	Australia	Ordinary share	100	100
Pinnacle Services Administration Pty Ltd	Australia	Ordinary share	100	100
Pinnacle RE Services Limited	Australia	Ordinary share	100	100
Priority Funds Management Pty Ltd	Australia	Ordinary share	100	100
Priority Investment Management Pty Ltd	Australia	Ordinary share	100	100
Ariano Pty Ltd	Australia	Ordinary share	100	100
Next Financial Holding Company Pty Ltd	Australia	Ordinary share	100	100
PNI Option Plan Managers Pty Ltd	Australia	Ordinary share	100	100
Pingroup IM Limited	United States	Ordinary share	100	100
Pinnacle Investment Management (Canada) Ltd.	Canada	Ordinary share	100	100
Pinnacle Investment Management (UK) Ltd	United Kingdom	Ordinary share	100	100

For personal use only

## 23. Investments accounted for using the equity method

### a) Carrying amounts

The Group holds investments in associates that undertake investment management activities. Information relating to these entities is set out below.

Name of company	Principal Activity	Ownership interest		Carrying Value	
		2024	2023	2024	2023
Unlisted		%	%	\$'000	\$'000
Plato Investment Management Limited	Funds Management	42.29	42.59	8,052	6,814
Palisade Investment Partners Limited	Funds Management	35.90	35.90	11,422	12,424
Hyperion Holdings Limited	Funds Management	49.99	49.99	19,507	20,904
Foray Enterprises Pty Limited (holding company for Resolution Capital)	Funds Management	49.50	49.50	44,010	39,320
SolCorp Holdings Pty Ltd (holding company for Solaris)	Funds Management	44.50	44.50	5,625	5,596
Spheria Asset Management Pty Ltd	Funds Management	40.00	40.00	1,569	2,241
Antipodes Partners Holdings Pty Ltd	Funds Management	23.88	24.24	9,174	9,177
Firetrail Investments Limited	Funds Management	28.50	23.50	23,644	17,449
Metrics Credit Holdings Pty Limited	Funds Management	35.00	35.00	51,570	50,629
Longwave Capital Partners Pty Limited	Funds Management	40.00	40.00	3,594	3,069
Riparian Capital Partners Pty Limited	Funds Management	40.00	40.00	1,347	1,362
Coolabah Capital Investments Pty Ltd	Funds Management	35.00	35.00	72,522	73,886
Five V Capital Pty Ltd	Funds Management	25.00	25.00	77,150	76,481
Langdon Equity Partners Ltd	Funds Management	32.50	32.50	3,198	2,635
Aikya Investment Management Limited	Funds Management	32.50	32.50	8,916	6,478
				341,300	328,465

Each of the above entities is incorporated and has their principal place of business in Australia (except for Aikya Investment Management Limited (United Kingdom) and Langdon Equity Partners Ltd (Canada)). Each of the above entities is accounted for using the equity method.

Impairment testing is carried out on the carrying value of the Group's investments accounted for using the equity method at each reporting date. For the purpose of impairment testing, each investment is assessed individually as each represents a separate 'cash generating unit' (CGU), with the carrying value compared to the 'recoverable amount'. The 'recoverable amount' is defined as the higher of each CGU's fair value less costs of disposal and its value in use.

An impairment trigger assessment was carried out at 30 June 2024 and no impairment triggers were deemed to exist at this date. As a result of these analyses, there has been no impairment to the Group's investments accounted for using the equity method in the financial year ended 30 June 2024 (30 June 2023: nil).

Revenues generated by Affiliates are impacted by movements in equities and other markets which, in turn, could impact the Group's share of net profit of associates accounted for using the equity method. Revenues generated by Affiliates may also be impacted by movements in interest rates which, in turn, could impact the Group's share of net profit of associates accounted for using the equity method.

## b) Summarised financial information for associates

The tables below provide summarised financial information for those associates that are individually material to the group. The Group assesses materiality based on each associate's relative contribution to share of carrying value and share of net profits, and other qualitative factors. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not Pinnacle Investment Management Group Limited's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	Hyperion Holdings Limited		Foray Enterprises Pty Limited*		Metrics Credit Holdings Pty Ltd		Coolabah Capital Investments Pty Ltd	
	2024 \$000	2023 \$000	2024 \$000	2023 \$000	2024 \$000	2023 \$000	2024 \$000	2023 \$000
<b>Summarised statement of financial position</b>								
Total current assets	49,514	44,153	52,594	42,191	107,231	83,904	23,435	21,072
Total non-current assets	3,881	6,386	8,074	5,932	389,909	354,911	10,647	11,593
Total current liabilities	(14,476)	(8,909)	(17,880)	(14,585)	(380,007)	(221,007)	(12,048)	(7,154)
Total non-current liabilities	(92)	(22)	(1,234)	(1,458)	(63,267)	(161,426)	(3,009)	(3,514)
<b>Net Assets</b>	<b>38,827</b>	<b>41,608</b>	<b>41,554</b>	<b>32,080</b>	<b>53,866</b>	<b>56,382</b>	<b>19,025</b>	<b>21,997</b>
<b>Reconciliation to carrying amounts:</b>								
Opening net assets 1 July	41,608	43,239	32,080	25,028	56,382	53,855	21,997	16,903
Issued shares	-	-	-	-	-	1,200	913	262
Non-controlling interest	-	-	-	-	(5,311)	-	-	-
Reserves	-	-	-	-	1,179	852	(76)	(81)
Total comprehensive income	57,478	40,591	29,474	25,552	21,616	14,975	32,216	18,120
Dividends paid	(60,259)	(42,222)	(20,000)	(18,500)	(20,000)	(14,500)	(36,025)	(13,207)
Closing net assets	38,827	41,608	41,554	32,080	53,866	56,382	19,025	21,997
Non-controlling Interest	-	-	-	-	5,311	4,514	-	-
Closing net assets (parent)	38,827	41,608	41,554	32,080	59,177	51,868	19,025	21,997
Group share in %	49.99%	49.99%	49.5%	49.5%	35.0%	35.0%	35.0%	35.0%
Group's share of net assets	19,409	20,800	20,569	15,880	20,713	18,153	6,659	7,699
Excess consideration over share of net assets	98	104	23,441	23,440	30,857	32,476	65,863	66,187
Carrying amount	19,507	20,904	44,010	39,320	51,570	50,629	72,522	73,886
<b>Summarised statement of comprehensive income</b>								
Revenue	98,065	70,898	72,628	67,687	157,492	102,146	68,020	41,950
Net profit for the year after tax	57,478	40,591	29,474	25,552	21,617	14,975	32,216	18,120
Total comprehensive income	57,478	40,591	29,474	25,552	21,617	14,975	32,216	18,120
Non-controlling interest	-	-	-	-	(1,074)	(1,063)	-	-
Total comprehensive income (parent)	57,478	40,591	29,474	25,552	22,691	16,038	32,216	18,120
Dividends received from associate entities (Pinnacle share)	30,129	21,111	9,900	9,158	7,000	5,075	12,639	4,676

\*holding company for Resolution Capital Limited

### Individually immaterial associates

In addition to the interests disclosed above, the Group also has interests in a number of individually immaterial entities that are accounted for using the equity method.

	2024 \$'000	2023 \$'000
Aggregate carrying amount of individually immaterial associates	153,691	143,726
Aggregate amounts of the Group's share of:		
Profit for the year	28,276	22,475
Other comprehensive income	-	-
Total comprehensive income	28,276	22,475

### c) Movements in carrying amounts

	2024 \$'000	2023 \$'000
Carrying amount at the beginning of the financial year	328,465	325,252
Purchase of shares in associates	11,964	4,389
Sales of shares in associates	(5,158)	(2,445)
Share of profit after income tax	90,816	67,359
Impairment provision	-	-
Dividends received/receivable	(84,787)	(66,090)
Carrying amount at the end of the financial year	341,300	328,465

### d) Share of entities' revenue, expenses and results

	2024 \$'000	2023 \$'000
Revenues	252,260	193,591
Expenses	(128,081)	(101,042)
Profit before income tax	124,179	92,549
Income tax expense	(33,363)	(25,190)
Profit after income tax	90,816	67,359

## e) Summary of investments accounted for using the equity method

	2024 \$'000	2023 \$'000
Current assets	160,877	142,537
Non-current assets	169,021	152,156
<b>Total assets</b>	<b>329,898</b>	<b>294,693</b>
Current liabilities	184,304	132,244
Non-current liabilities	25,740	65,010
<b>Total liabilities</b>	<b>210,044</b>	<b>197,254</b>
<b>Net assets</b>	<b>119,854</b>	<b>97,439</b>

## 24. Parent Entity financial information

### a) Summary financial information

The individual financial statements for the Parent Entity (PNI) show the following aggregate amounts:

	2024 \$'000	2023 \$'000
<b>Statement of financial position</b>		
Current assets	1,150	961
Non-current assets	330,192	312,977
<b>Total assets</b>	<b>331,342</b>	<b>313,938</b>
Current liabilities	123	122
Non-current liabilities	14,321	9,483
<b>Total liabilities</b>	<b>14,444</b>	<b>9,605</b>
<b>Net assets</b>	<b>316,898</b>	<b>304,333</b>
<b>Shareholders' equity</b>		
Contributed equity	430,205	417,949
Reserves	(65,270)	(65,490)
Accumulated losses	(48,037)	(48,126)
<b>Total equity</b>	<b>316,898</b>	<b>304,333</b>
<b>Profit/(loss) for the year</b>	<b>72,755</b>	<b>66,548</b>
<b>Total comprehensive income/(loss)</b>	<b>75,755</b>	<b>66,548</b>

### b) Guarantees entered into by the Parent Entity

Details of guarantees entered into by the Group are provided at note 21.

## 25. Additional cash flow information

### a) Reconciliation to cash at the end of the year

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash at bank and on hand, deposits at call and cash held in trust net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	2024 \$'000	2023 \$'000
Cash and cash equivalents	34,644	27,616
Balances per statement of cash flows	34,644	27,616

### b) Reconciliation of net cash flow from operating activities to profit

	2024 \$'000	2023 \$'000
Profit/(loss) for the year	90,351	76,472
Depreciation and amortisation	120	310
Right-of-use asset depreciation and interest charge	1,628	1,257
Reinvested distributions received	(4,408)	(5,684)
Equity settled share-based payments and performance rights	3,160	3,443
Interest Expense	(6)	52
Net losses/(gains) on financial assets at fair value through profit or loss	(5,913)	(10,853)
Interest on assets at amortised cost	(290)	(220)
Change in operating assets and liabilities, net of effects from acquisition and disposal of businesses:		
Trade and other receivables	(10,011)	(1,374)
Investments accounted for using the equity method	(6,029)	(1,272)
Financial assets at fair value through profit or loss	19,596	(3,745)
Trade and other payables	7,940	(3,607)
Provisions	163	262
Net cash inflow/(outflow) from operating activities	96,301	55,041

The reconciliation of net cash flow from operating activities to profit/(loss) includes continuing operations only.

## 26. Related party transactions

### a) Parent entity

The Parent Entity of the Group is Pinnacle Investment Management Group Limited (refer note 24).

### b) Subsidiaries and associates

Interests in subsidiaries are set out in note 22.

Interests in associates are set out in note 23.

Details of service charges to associates are provided in note 1 and note 26(g).

Details of dividend payments from associates are provided in note 23.

### c) Key Management Personnel (KMP) and Compensation

Disclosure relating to KMP is set out in note 27.

Disclosure relating to share-based payments is set out in note 28.

### d) Transactions with other related parties

The following transactions occurred with related parties:

#### (i) Movement in loans to KMP - Loans re-issued 25 August 2016

Upon acquisition of the non-controlling interest of Pinnacle Investment Management Limited, existing loans amounting to \$4,303,485 issued by Pinnacle Investment Management Limited in prior years to its senior executives to assist executives to acquire equity were re-issued by the Company. This included existing loans to Mr Ian Macoun and Mr Andrew Chambers who are or have been KMP of the Group.

The loans date from 2009, 2011, 2012 and 2015 and were used to assist the executives to acquire equity in PIML. The loans are interest free and repayable on termination of employment or when the underlying equity is sold, whichever event occurs earlier. The re-issued loans are also secured by share mortgages with limited recourse to the shares.

The value of re-issued loans for each of the KMP and repayments made during the year were as follows:

Key Management Personnel	Loan balance – 1 July 2023 \$	Repayments made \$	Other changes during the year \$	Loan balance – 30 June 2024 \$
Andrew Chambers	219,851	(219,851)	-	-

#### (ii) Loan Shares issued under the Pinnacle Omnibus Plan

During the year to 30 June 2024, 300,000 loan shares were issued to KMP under the Pinnacle Omnibus Plan (no loan shares were issued during the year to 30 June 2023).

The loan shares issued in the year to 30 June 2024, 30 June 2022 and year to 30 June 2021 are subject to service and performance conditions and will vest after five years, if those conditions are met. The loans are interest free and limited in recourse to the shares. They are repayable on termination of employment or when the underlying equity is sold, whichever occurs earlier.

The remaining loan shares are subject to service and performance conditions and will vest after five years, if the conditions are met. The loans are interest free and limited in recourse to the shares. They are repayable 10 years from grant date, on termination of employment or when the underlying equity is sold, whichever occurs earlier.

The value of the loans issued for each of the KMP at period end and repayments made during the year were as follows:

Key Management Personnel	Loan balance – 1 July 2023 \$	New loans issued \$	Repayments made \$	Loan shares forfeited* \$	Other changes during the year* \$	Loan balance – 30 June 2024 \$
Ian Macoun	1,447,390	-	-		-	1,447,390
Andrew Chambers	3,859,707	780,721	(3,871,517)		-	768,911
Dan Longan	3,532,245	919,960	(93,578)		-	4,358,627
Calvin Kwok	3,351,023	919,960	(880,592)		-	3,390,391

(iii) Loans to other Related Parties

On 27 October 2017, a subsidiary of the Company provided loan funding totalling \$5,226,000 to a number of executives of Palisade, to facilitate their purchase of shares in Palisade from an exiting shareholder. The loans have terms of between five and seven years, are interest-bearing and secured by shares in Palisade. The loans are recorded within other current and non-current assets in the consolidated statement of financial position.

During the year, interest of \$23,000 accrued on these loans and repayments of \$910,000 were made. The balance of the loans at 30 June 2024 including capitalized interest was \$214,000 (balance at 30 June 2023 \$1,101,000).

During the year to 30 June 2023, Palisade Real Assets acquired its first energy transition asset in Malaby, Wiltshire, UK. This was funded initially by Pinnacle, with a fixed return on the capital provided of 8% and a term of 1.5 year. The asset was recorded within financial assets at fair value through profit or loss in the statement of financial position and repaid during the year to 30 June 2024.

e) Loans to/from related parties

	2024 \$	2023 \$
Loans to associates (including Affiliate executives)		
Balance at 1 July	6,495,365	3,287,326
Loans advanced	4,693,372	3,672,761
Interest accrued	371,523	220,368
Loans repaid	(1,929,798)	(685,090)
Balance at 30 June	9,630,462	6,495,365

f) Guarantees

The Group has provided guarantees to subsidiaries as described in note 21.

## g) Transactions with other related parties and affiliates

The following transactions occurred with related parties:

- Sales of services to other related parties/ affiliates \$41,234,952 (2023: \$36,959,227)
- Transactions associated with PI managed by Affiliates:
  - Acquisition of financial assets at fair value through profit and loss \$47,107,902 (2023: \$82,040,581)
  - Proceeds for disposal of financial assets at fair value through profit and loss \$67,809,617 (2023: \$81,801,838)
  - Balance of financial assets at fair value through profit and loss at 30 June 2024 \$141,442,285 (2023: \$148,456,759)
  - Dividend revenue \$6,041,481 (2023: \$6,136,168)
- Balance of trade receivables to affiliates at 30 June 2024 \$30,027,652 (2023: \$19,832,525)

## 27. Key Management Personnel

### a) Key Management Personnel compensation

	2024 \$	2023 \$
Short-term employee benefits	3,664,000	2,843,000
Post-employment benefits	110,000	137,500
Long-term benefits	24,979	37,854
Share-based payments	777,613	1,024,598
Total Key Management Personnel compensation	4,576,592	4,042,952

Certain Executive KMP are party to the long-term employee incentive arrangements described in note 32(s)(vii). At 30 June 2024, the balance of loans issued to Executive KMP was \$9,965,319 (2023: \$12,410,259) relating to 1,550,000 shares issued in the Company (2023: 2,296,583 shares).

Detailed remuneration disclosures for KMP are provided in the Remuneration Report.

## b) Loans to Key Management Personnel

Details of loans made to executive directors of Pinnacle Investment Management Group Limited and other Executive KMP of the Group, including their related parties, are set out below.

### (i) Aggregates for Key Management Personnel

	Balance at the start of the year \$	Interest paid and payable for the year \$	Loans advanced during the year \$	Loan repayments received \$	Other Changes* \$	Balance at the end of the year \$	Interest not charged \$	Number of KMP in Group at the end of the year
2024	12,410,216	-	2,620,641	(5,065,538)	-	9,965,319	1,152,267	4
2023	12,938,391	-	-	(528,175)	-	12,410,216	726,667	4

The amounts shown for interest not charged in the table above represents the difference between the amount paid and payable for the year and the amount of interest that would have been charged on an arm's length basis.

## 28. Share-based payments

Options were granted for no consideration and vest based on fulfilment of specified service conditions. Vested options are exercisable for a period of 6 months after vesting. The fair value of options was determined using a Black-Scholes pricing model taking into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the instrument.

### a) Pinnacle Long-term Employee Incentive Plan

Information regarding the Pinnacle Long-term Employee Incentive Plan is provided in notes 32(s)(vii) and 26(d).

### b) Pinnacle Omnibus Plan

The establishment of the Pinnacle Omnibus Plan was approved by the Board on 22 August 2018 and by shareholders at the AGM on 18 October 2018. The plan is designed to provide long-term incentives for employees (including executive and non-executive directors) to deliver long-term shareholder returns. The plan provides for the ability to offer options, performance rights and loan funded shares to employees. Under the plan, the shares and options only vest if certain service and performance conditions are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Set out below are summaries of options and loan shares granted under the plan.

## (i) Loan Shares

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeit during the year	Balance at end of the year	Vested and exercisable at end of the year
2024								
17 September 2018	16 September 2023	\$7.2917	1,850,000	-	(1,850,000)	-	-	-
15 November 2018	14 November 2023	\$5.6582	1,100,000	-	(1,100,000)	-	-	-
12 March 2019	11 March 2024	\$5.1234	400,000	-	(400,000)	-	-	-
25 March 2020	24 March 2025	\$2.9683	150,000	-	-	-	150,000	-
11 September 2020	10 September 2025	\$5.2404	1,150,000	-	-	(100,000)	1,050,000	-
30 December 2020	29 December 2024	\$6.8450	350,000	-	-	-	350,000	-
17 September 2021	16 September 2026	\$16.8178	700,000	-	-	(150,000)	550,000	-
30 September 2022	29 September 2027	\$8.6451	867,000	-	-	(30,000)	837,000	-
11 September 2023	10 September 2033	\$9.1996	-	1,817,500	-	(57,500)	1,760,000	-
30 October 2023	29 October 2033	\$7.8072	-	100,000	-	-	100,000	-
5 February 2024	4 February 2034	\$10.5669	-	100,000	-	-	100,000	-
			6,567,000	2,017,500	(3,350,000)	(337,500)	4,897,000	-
Weighted average exercise price			\$7.60	\$9.20	\$6.50	\$11.36	\$8.75	-
2023								
17 September 2018	16 September 2023	\$7.2917	1,850,000	-	-	-	1,850,000	-
15 November 2018	14 November 2023	\$5.6582	1,100,000	-	-	-	1,100,000	-
12 March 2019	11 March 2024	\$5.1234	400,000	-	-	-	400,000	-
25 March 2020	24 March 2025	\$2.9683	150,000	-	-	-	150,000	-
11 September 2020	10 September 2025	\$5.2404	1,150,000	-	-	-	1,150,000	-
30 December 2020	29 December 2024	\$6.8450	350,000	-	-	-	350,000	-
17 September 2021	16 September 2026	\$16.8178	700,000	-	-	-	700,000	-
30 September 2022	29 September 2027	\$8.6451	-	1,017,000	-	(150,000)	867,000	-
			5,700,000	1,017,000	-	(150,000)	6,567,000	-
Weighted average exercise price			\$7.44	\$8.65	-	\$8.65	\$7.60	-

2,017,500 loan shares were issued to employees during the financial year and 337,500 loan shares were forfeited by employees during the year. Additionally, 3,350,000 loan shares vested during the year. The shares are subject to service and performance conditions and will vest after five years, if the conditions are met. The loans are interest free (until vesting date) and limited in recourse to the shares. They are repayable 10 years from grant date, on termination of employment or when the underlying equity is sold, whichever occurs earlier.

Loan shares issued under the plan carry dividend and voting rights.

## Fair value of interests granted – 17 September 2018

The fair value of loan shares were determined using a Black-Scholes pricing model taking into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the instrument.

- Fair value at grant date: \$2.59 per loan share
- Exercise price: \$7.2917
- Grant date: 17 September 2018
- Vesting date: 16 September 2023
- Share price at grant date: \$7.31
- Expected price volatility of the Company's shares: 36%
- Expected dividend yield: 0.0%
- Risk-free interest rate: 2.28%

## Fair value of interests granted – 15 November 2018

The fair value of loan shares were determined using a Black-Scholes pricing model taking into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the instrument.

- Fair value at grant date: \$2.17 per loan share
- Exercise price: \$5.6582
- Grant date: 15 November 2018
- Vesting date: 14 November 2023
- Share price at grant date: \$5.64
- Expected price volatility of the Company's shares: 40%
- Expected dividend yield: 0.0%
- Risk-free interest rate: 2.28%

## Fair value of interests granted – 12 March 2019

The fair value of loan shares were determined using a Black-Scholes pricing model taking into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the instrument.

- Fair value at grant date: \$2.31 per loan share
- Exercise price: \$5.1234
- Grant date: 12 March 2019
- Vesting date: 11 March 2024
- Share price at grant date: \$5.18
- Expected price volatility of the Company's shares: 49%
- Expected dividend yield: 0.0%
- Risk-free interest rate: 1.76%

## Fair value of interests granted – 25 March 2020

The fair value of loan shares were determined using a Black-Scholes pricing model taking into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the instrument.

- Fair value at grant date: \$1.02 per loan share
- Exercise price: \$2.9683
- Grant date: 25 March 2020
- Vesting date: 24 March 2025
- Share price at grant date: \$2.51
- Expected price volatility of the Company's shares: 53%
- Expected dividend yield: 0.0%
- Risk-free interest rate: 0.48%

## Fair value of interests granted – 11 September 2020

The fair value of loan shares were determined using a Black-Scholes pricing model taking into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the instrument.

- Fair value at grant date: \$2.4878 per loan share
- Exercise price: \$5.2404
- Grant date: 11 September 2020
- Vesting date: 10 September 2025
- Share price at grant date: \$4.99
- Expected price volatility of the Company's shares: 61%
- Expected dividend yield: 0.0%
- Risk-free interest rate: 0.28%

## Fair value of interests granted – 30 December 2020

The fair value of loan shares were determined using a Black-Scholes pricing model taking into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the instrument.

- Fair value at grant date: \$3.7704 per loan share
- Exercise price: \$6.8450
- Grant date: 30 December 2020
- Vesting date: 29 December 2025
- Share price at grant date: \$7.24
- Expected price volatility of the Company's shares: 61%
- Expected dividend yield: 0.0%
- Risk-free interest rate: 0.34%

## Fair value of interests granted – 17 September 2021

The fair value of loan shares were determined using a Black-Scholes pricing model taking into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the instrument.

- Fair value at grant date: \$5.9772 per loan share
- Exercise price: \$16.8178
- Grant date: 17 September 2021
- Vesting date: 16 September 2026
- Share price at grant date: \$17.08
- Expected price volatility of the Company's shares: 39%
- Expected dividend yield: 0.0%
- Risk-free interest rate: 0.65%

## Fair value of interests granted – 30 September 2022

The fair value of loan shares were determined using a Black-Scholes pricing model taking into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the instrument.

- Fair value at grant date: \$3.8435 per loan share
- Exercise price: \$8.6451
- Grant date: 30 September 2022
- Vesting date: 29 September 2027
- Share price at grant date: \$8.31
- Expected price volatility of the Company's shares: 49%
- Expected dividend yield: 0.0%
- Risk-free interest rate: 3.76%

## Fair value of interests granted – 11 September 2023

The fair value of loan shares were determined using a Black-Scholes pricing model taking into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the instrument.

- Fair value at grant date: \$3.9108 per loan share
- Exercise price: \$9.1996
- Grant date: 11 September 2023
- Vesting date: 10 September 2024
- Share price at grant date: \$9.15
- Expected price volatility of the Company's shares: 43%
- Expected dividend yield: 0.0%
- Risk-free interest rate: 3.90%

### Fair value of interests granted – 30 October 2023

The fair value of loan shares were determined using a Black-Scholes pricing model taking into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the instrument.

- Fair value at grant date: \$3.2105 per loan share
- Exercise price: \$7.8072
- Grant date: 30 October 2023
- Vesting date: 29 October 2028
- Share price at grant date: \$7.69
- Expected price volatility of the Company's shares: 40%
- Expected dividend yield: 0.0%
- Risk-free interest rate: 4.51%

### Fair value of interests granted – 5 February 2024

The fair value of loan shares were determined using a Black-Scholes pricing model taking into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the instrument.

- Fair value at grant date: \$3.9603 per loan share
- Exercise price: \$10.5669
- Grant date: 5 February 2024
- Vesting date: 4 February 2029
- Share price at grant date: \$10.80
- Expected price volatility of the Company's shares: 33%
- Expected dividend yield: 0.0%
- Risk-free interest rate: 3.73%

(ii) Options

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Vested and exercisable at end of the year
2024								
15 November 2018	14 November 2023	\$5.6582	100,000	-	(100,000)	-	-	-
25 March 2020	24 March 2025	\$2.9683	200,000	-	-	-	200,000	-
11 September 2020	10 September 2025	\$5.2404	200,000	-	-	-	200,000	-
30 December 2020	29 December 2025	\$6.8450	100,000	-	-	-	100,000	-
17 September 2021	16 September 2026	\$16.8178	100,000	-	-	-	100,000	-
30 September 2022	29 September 2027	\$8.6451	100,000	-	-	-	100,000	-
11 September 2023	10 September 2028	\$9.1996	-	92,500	-	-	92,500	-
4 March 2024	3 March 2029	\$11.036	-	200,000	-	-	200,000	-
			800,000	292,500	(100,000)	-	992,500	-
			\$6.80	\$10.46	\$5.66	-	\$7.99	-
2023								
15 November 2018	14 November 2023	\$5.6582	100,000	-	-	-	100,000	-
25 March 2020	24 March 2025	\$2.9683	200,000	-	-	-	200,000	-
11 September 2020	10 September 2025	\$5.2404	200,000	-	-	-	200,000	-
30 December 2020	29 December 2025	\$6.8450	100,000	-	-	-	100,000	-
17 September 2021	16 September 2026	\$16.8178	100,000	-	-	-	100,000	-
30 September 2022	29 September 2027	\$8.6451	-	100,000	-	-	100,000	-
			700,000	100,000	-	-	800,000	-
			\$6.54	\$8.65	-	-	\$6.80	-

### Fair value of interests granted – 15 November 2018

250,000 options were granted for no consideration and vest based on fulfilment of specified service and performance conditions and will vest after five years if the conditions are met. The fair value of options were determined using a Black-Scholes pricing model taking into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the instrument.

- Fair value at grant date: \$1.86 per option
- Exercise price: \$5.6582
- Grant date: 15 November 2018
- Vesting date: 14 November 2023
- Share price at grant date: \$5.64
- Expected price volatility of the Company's shares: 40%

- Expected dividend yield: 1.6%
- Risk-free interest rate: 2.28%
- Options issued under the plan carry no dividend and voting rights.

### Fair value of interests granted – 25 March 2020

200,000 options were granted for no consideration and vest based on fulfilment of specified service and performance conditions and will vest after five years if the conditions are met. The fair value of options were determined using a Black-Scholes pricing model taking into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the instrument.

- Fair value at grant date: \$0.75 per option
- Exercise price: \$2.9683
- Grant date: 25 March 2020
- Vesting date: 24 March 2025
- Share price at grant date: \$2.51
- Expected price volatility of the Company's shares: 53%
- Expected dividend yield: 3.7%
- Risk-free interest rate: 0.48%
- Options issued under the plan carry no dividend and voting rights.

### Fair value of interests granted – 11 September 2020

200,000 options were granted for no consideration and vest based on fulfilment of specified service and performance conditions and will vest after five years if the conditions are met. The fair value of options were determined using a Black-Scholes pricing model taking into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the instrument.

- Fair value at grant date: \$1.88 per option
- Exercise price: \$5.2404
- Grant date: 11 September 2020
- Vesting date: 10 September 2025
- Share price at grant date: \$4.99
- Expected price volatility of the Company's shares: 61%
- Expected dividend yield: 3.7%
- Risk-free interest rate: 0.28%
- Options issued under the plan carry no dividend and voting rights.

### Fair value of interests granted – 30 December 2020

100,000 options were granted for no consideration and vest based on fulfilment of specified service and performance conditions and will vest after five years if the conditions are met. The fair value of options were determined using a Black-Scholes pricing model taking into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the instrument.

- Fair value at grant date: \$2.86 per option
- Exercise price: \$6.8450
- Grant date: 30 December 2020

- Vesting date: 29 December 2025
- Share price at grant date: \$7.24
- Expected price volatility of the Company's shares: 61%
- Expected dividend yield: 3.7%
- Risk-free interest rate: 0.34%
- Options issued under the plan carry no dividend and voting rights.

### Fair value of interests granted – 17 September 2021

100,000 options were granted for no consideration and vest based on fulfilment of specified service and performance conditions and will vest after five years if the conditions are met. The fair value of options were determined using a Black-Scholes pricing model taking into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the instrument.

- Fair value at grant date: \$4.70 per option
- Exercise price: \$16.8178
- Grant date: 17 September 2021
- Vesting date: 16 September 2026
- Share price at grant date: \$17.08
- Expected price volatility of the Company's shares: 39%
- Expected dividend yield: 2.4%
- Risk-free interest rate: 0.65%
- Options issued under the plan carry no dividend and voting rights.

### Fair value of interests granted – 30 September 2022

100,000 options were granted for no consideration and vest based on fulfilment of specified service and performance conditions and will vest after five years if the conditions are met. The fair value of options were determined using a Black-Scholes pricing model taking into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the instrument.

- Fair value at grant date: \$2.53 per option
- Exercise price: \$8.6451
- Grant date: 30 September 2022
- Vesting date: 29 September 2027
- Share price at grant date: \$8.31
- Expected price volatility of the Company's shares: 49%
- Expected dividend yield: 5.0%
- Risk-free interest rate: 3.76%
- Options issued under the plan carry no dividend and voting rights.

## Fair value of interests granted – 11 September 2023

92,500 options were granted for no consideration and vest based on fulfilment of specified service and performance conditions and will vest after five years if the conditions are met. The fair value of options were determined using a Black-Scholes pricing model taking into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the instrument.

- Fair value at grant date: \$2.82 per option
- Exercise price: \$9.1996
- Grant date: 11 September 2023
- Vesting date: 10 September 2028
- Share price at grant date: \$9.15
- Expected price volatility of the Company's shares: 43%
- Expected dividend yield: 3.6%
- Risk-free interest rate: 3.90%
- Options issued under the plan carry no dividend and voting rights.

## Fair value of interests granted – 4 March 2024

200,000 options were granted for no consideration and vest based on fulfilment of specified service and performance conditions and will vest after five years if the conditions are met. The fair value of options were determined using a Black-Scholes pricing model taking into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the instrument.

- Fair value at grant date: \$2.54 per option
- Exercise price: \$11.0360
- Grant date: 4 March 2024
- Vesting date: 3 March 2029
- Share price at grant date: \$11.15
- Expected price volatility of the Company's shares: 30%
- Expected dividend yield: 3.6%
- Risk-free interest rate: 3.77%
- Options issued under the plan carry no dividend and voting rights.

## c) Expenses arising from share-based transactions

Total expenses arising from share-based payment transactions recognised during the period as part of incentive expenses were as follows:

	2024 \$'000	2023 \$'000
Pinnacle Investment Management Group Employee Option Share Plan	-	-
Pinnacle Omnibus Plan	3,160	3,408
Pinnacle Long-term Employee Incentive Plan	-	-
Total share-based payment transactions	3,160	3,408

## 29. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Company and its related practices:

	2024 \$	2023 \$
<b>PricewaterhouseCoopers Australia</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	297,920	289,635
Other assurance services:		
Audit of regulatory returns	26,340	25,560
Audit of compliance plan - Responsible entity *	161,235	131,905
Other assurance services	-	-
Total remuneration for audit and other assurance services	485,495	447,100
<b>(ii) Taxation services</b>		
Tax services	46,275	37,165
Total remuneration for taxation services	46,275	37,165
<b>(iii) Other services</b>		
Other services	-	-
Total remuneration of PricewaterhouseCoopers Australia	531,770	484,265
Total remuneration of auditors	531,770	484,265

\* Compliance plan audit charges are on-charged to managed funds to which responsible entity services are provided.

An additional amount of \$935,000 for audit fees and \$284,000 for non-audit fees (tax and distribution review fees) was paid or payable to PricewaterhouseCoopers as fees for services to various funds that are not part of the Consolidated Group but for which Pinnacle Fund Services Limited acts as Responsible Entity.

## 30. Events occurring after the reporting period

No matter or circumstance has occurred subsequent to year-end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

## 31. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

### a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future in the preparation of the financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (i) Estimated impairment of non-financial assets

The Group considers at least annually whether assets have suffered any impairment, in accordance with the accounting policy stated in note 32(i). Where required, the recoverable amounts of assets have been determined based on value-in-use calculations. These calculations require the use of assumptions. For impairment policies regarding financial assets see notes 32(k) and 32(l).

#### (ii) Income taxes

The Group can recognise deferred tax assets relating to carried forward tax losses and deductible timing differences to the extent that it is considered probable that there will be future taxable profits relating to the same taxation authority against which the carried forward tax losses and deductible timing differences will be utilized. As at the reporting date the deferred tax assets arising from tax losses of the consolidated entity have not been recognised on the basis that their recovery is not considered probable.

### (b) Critical judgements in applying the Group's accounting policies

#### (i) Fair value of financial assets

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date (refer to note 20(d) for further details).

#### (ii) Investments accounted for using the equity method

Entities accounted for using the equity method are not considered controlled entities for the purposes of AASB 10 on the basis that the Group holds a minority shareholding (20%-49.99%) of the voting rights (with no preferential rights to returns) and there is a requirement for unanimous decision making in relation to a number of strategic matters contained in the shareholders agreements. (refer to note 32(b) for further details).

#### (iii) Share-based payments

The Group measures equity settled share-based payment transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by management using option pricing models that use estimates and assumptions. Management exercises judgement in preparing the valuations and these may affect the value of any share-based payments recorded in the financial statements (refer to notes 32(s)(iv) and 26 for further details).

## 32. Summary of material accounting policies

The material accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Pinnacle Investment Management Group Limited and its subsidiaries ("the Group") - refer to note 22.

### a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Group is a for profit entity for the purpose of preparing the financial statements.

#### (i) Compliance with AASB

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### (ii) New and amended standards adopted by the Group

There are no new or amended standards adopted by the Group for the first time for their annual reporting period commencing 1 July 2023 that have had any material impact on the Group's accounting policies nor have had any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### (iii) Early adoption of standards

The Group has elected not to apply any of the pronouncements before their operative date in the annual reporting period beginning 1 July 2023.

#### (iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets, and financial assets (including derivative instruments) at fair value through profit or loss.

### b) Principles of consolidation

#### (i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Pinnacle Investment Management Group Limited as at 30 June 2024 and the results of all subsidiaries for the year then ended. Pinnacle Investment Management Group Limited and its subsidiaries together are referred to in these financial statements as the "Group" or the "consolidated entity".

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 32(h)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position, respectively.

#### (ii) Employee share trust

The Group has formed a trust to administer the Group's employee share plans. Where the substance of the relationship is that control rests with the Group, the employee share trust is consolidated and any shares held by the trust are disclosed as treasury stock and deducted from contributed equity (refer to note 16 and note 28(a)).

#### (iii) Investments accounted for using the equity method

Entities accounted for using the equity method are all entities over which the Group has a shareholding of between 20% and 49.99% of the voting rights, and there is the requirement for unanimous decision making in relation to a number of strategic matters contained in the shareholders agreements. Further, the Group does not have direct rights to the assets, and obligations for the liabilities of the entities. Investments in these entities are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in these entities includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer to note 23).

The Group's share of the post-acquisition profits or losses and other comprehensive income of entities accounted for using the equity method is recognised in the consolidated statement of comprehensive income.

The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends received or receivable from these entities are recognised as a reduction in the carrying amount of the investment in the consolidated statement of financial position.

When the Group's share of losses in an entity equals or exceeds its interest in that entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of that entity.

Unrealised gains on transactions between the Group and these entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of entities accounted for using the equity method have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amounts of investments accounted for using the equity method is tested for impairment in accordance with the policy described in note 32(i).

#### (iv) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate 'transactions with non-controlling interests' reserve within equity attributable to owners of Pinnacle Investment Management Group Limited.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the consolidated statement of comprehensive income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, entity under joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated statement of comprehensive income.

If the ownership interest in an entity under joint control is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

### c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

## d) Foreign currency translation

### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Australian dollars, which is also the functional and presentation currency of all entities in the Group.

### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

## e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of amounts collected on behalf of third parties. The Group recognises revenue based on the principle that revenue is recognised when control of a good or service transfers to a customer.

Revenue is recognised for the major business activities as follows:

### (i) Service charges

Revenue for providing services is recognised over time using the output method in the accounting period when the services are rendered. Fees are not recognised where there is a risk of significant revenue reversal. Where the contracts include multiple performance obligations, the transaction will be allocated based on the stand-alone selling prices. Consideration is payable when invoiced.

### (ii) Interest received or due

Interest income is recognised using the effective interest method. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit impaired financial assets, interest income is calculated by applying the effective interest rate to the net carrying amount of the financial asset (after deduction of the loss allowance).

### (iii) Dividends and distributions

Dividends and distributions are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence (refer to note 32(i))

## f) Income tax

The income tax expense or benefit for the period is the tax payable or receivable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and entities under joint control operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### (i) Tax consolidation legislation

Pinnacle Investment Management Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated statement of financial position.

The head entity, Pinnacle Investment Management Group Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred amounts, Pinnacle Investment Management Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities. Details about the tax funding agreement are disclosed in note 32(z)(ii).

#### g) Leases

The Group leases offices in Brisbane and Sydney. Rental contracts are typically made for fixed periods of 3 – 6 years. The lease agreements do not impose any covenants. Leases of property were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- restoration costs.

#### h) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of comprehensive income as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration for a business combination is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the consolidated statement of comprehensive income.

#### i) Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## j) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires lifetime expected losses to be recognised from initial recognition of the receivables. The expected loss rates are based on the payment profiles of sales over a period of 36 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are also adjusted to reflect current and forward-looking information on factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off if there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 180 days past due. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

## l) Investments and other financial assets

### *Classification and measurement*

The classification and measurement of financial instruments is determined by the accounting standard AASB 9 Financial Instruments. AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and liabilities, and is driven by the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial instruments.

In accordance with AASB 9 Financial Instruments: Recognition and Measurement, the Group's investments and other financial assets are categorised in one of the three categories: amortised cost, fair value through other comprehensive income and fair value through profit or loss.

### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also carried at fair value through profit or loss unless they are designated as hedges (see note 32(m)) for further details about the types of derivatives held).

At initial recognition, the Group measures a financial instrument at fair value through profit or loss at its fair value. Transaction costs of financial assets and liabilities at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within net gains/(losses) on financial instruments at fair value through profit or loss in the period in which they arise.

Assets in this category are classified as current assets if they are expected to be settled within 12 months, otherwise they are classified as non-current.

### (ii) Loans at amortised cost

A financial asset is classified at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument represent solely payments of principal and interest (SPPI) on the principal outstanding. This comprises loans to associates (including Affiliate executives) which are included in other current and non-current assets within the statement of financial position.

Loans are held for collection of contractual cash flows and the contractual cash flows under the instrument represent SPPI on the principal outstanding. Loans assets are measured initially at fair value plus transaction costs and subsequently at amortised cost using the effective interest rate method, less impairment losses if any. Such assets are reviewed at each reporting date to determine whether there is objective evidence of impairment.

At each reporting date, the Group measures the loss allowance on loans at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Group shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income on a separate line item. When a loan receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

#### *Recognition and derecognition*

The Group recognises financial assets on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets from this date.

Financial assets are derecognised when the right to receive cash flows from the investments has expired or the Group has transferred substantially all risks and rewards of ownership.

#### m) Derivative financial instruments

Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value through profit and loss at each reporting date. Derivative instruments include equity futures, interest rate futures and equity options.

The Group enters into transactions in certain derivative financial instruments which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments such as forwards, futures and options. The Group uses derivatives to manage its exposure to equity investments held.

The Group holds the following derivative instruments:

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange.

#### n) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or in the case of leasehold improvements, the shorter lease term as follows:

- Plant and equipment	2 - 5 years
- Furniture and fittings	2 - 5 years
- Leasehold improvements	3 - 10 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 32(i)).

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of comprehensive income.

## o) Intangible assets

### *IT development and software*

Costs incurred in developing products or systems and acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. The costs capitalised are external direct costs of materials and services, and where applicable the direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years from the point at which the asset is ready to use.

IT development costs include only those costs directly attributable to the development phase that can be reliably measured and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

### *Customer contracts*

Costs incurred which are directly associated with the acquisition of a customer contract, have been capitalized as an intangible asset and are being amortised over the agreement term of (3 years – 20 years). Amortisation is calculated on a straight-line basis over the contract term.

## p) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## q) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

AASB101(69) Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

## r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

## s) Employee benefits

### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months after the end of each reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

### (ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave which are not expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service are recognised in the provision for employee benefits. They are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Remeasurement as a result of experience adjustments and changes in assumption are recognised in the consolidated statement of comprehensive income.

The obligations are presented as current liabilities in the consolidated statement of financial position if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

### (iii) Retirement benefit obligations

Contributions to defined contribution funds are recognised as an employee benefits expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The Group has no further payment obligations once the contributions have been paid.

### (iv) Share-based payments

Share-based compensation benefits are provided to certain employees via the Pinnacle Investment Management Group Employee Option Share Plan, the Pinnacle Omnibus Plan and where applicable, Pinnacle long-term employee incentive agreements. Information relating to these schemes is set out in note 28.

The fair value of options and rights granted under the plans is recognised as an employee benefits expense with a corresponding increase in share based payments reserve. The total amount to be expensed is determined by reference to the fair value of the options and rights granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market performance vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options and rights that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to the share based payment reserve.

The plan is administered by AET Structured Finance Services Pty Ltd, see note 32(b)(ii). When the options are exercised, the trust transfers the appropriate amount of shares to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

The fair value at grant date of the plans is determined using option pricing models that take into account the exercise price, the vesting period, the vesting and performance criteria, the impact of dilution, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield, and the risk-free interest rate for the vesting period.

(v) Bonuses

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(vi) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(vii) Long-term employee incentive agreements

The Group has long-term employee incentive schemes which enable certain employees of the Group, under full recourse and limited recourse loan arrangements, to acquire PNI shares. The schemes are designed to align the interests of the employees with those of shareholders.

The fair value of the limited recourse loan arrangements under the long-term employee incentive schemes are recognised as an employee benefits expense with a corresponding increase in share-based payment reserve. The total amount to be expensed is determined by reference to the fair value of the limited recourse loan arrangements, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions. The total expense is recognised over the vesting period, which is the period over all of the specified vesting conditions are to be satisfied. The inflows and outflows associated with these arrangements are accounted for on a net basis, as the arrangements are expected to be settled net.

Certain entities under joint control have similar incentive schemes and Pinnacle may provide cash funding to certain employees of these entities in order for the employees to acquire shares in the entities. Pinnacle accounts for these contributions as investments in entities under joint control. Remuneration of the employees is recorded in the entities under joint control and Pinnacle records its share of the profits or losses of these entities upon equity accounting. A liability is recorded to the extent that Pinnacle has a net obligation to the employee of a jointly-controlled entity under the employee contract.

t) Contributed equity

Ordinary shares are classified as equity (note 16).

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

u) Dividends

Provision is made for the amount of any dividend declared being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

v) Earnings per share

(i) Basic earnings per share

Basic earnings after tax per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by;
- the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (see note 16(d)).

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

w) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

x) Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

y) New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published which are not mandatory for 30 June 2024 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

z) Parent Entity financial information

The financial information for the Parent Entity, Pinnacle Investment Management Group Limited, disclosed in note 24 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of Pinnacle Investment Management Group Limited.

(ii) Tax consolidation legislation

Pinnacle Investment Management Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation – refer note 32(f)(i).

The entities have entered into a tax funding agreement under which the wholly-owned entities fully compensate Pinnacle Investment Management Group Limited for any current tax payable assumed and are compensated by Pinnacle Investment Management Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses

or unused tax credits that are transferred to Pinnacle Investment Management Group Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

(iii) Share based payments

The grant by the Parent Entity of options over its equity instruments to the employees of subsidiaries in the Group is treated as a capital contribution to that subsidiary. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to share based payment reserve.

For personal use only

# Consolidated Entity Disclosure Statement

As at 30 June 2024

Name of entity	Type of entity	Trustee, partner or participant in JV	Country of incorporation	% Ownership	Australian resident or foreign resident	Foreign jurisdiction(s) of foreign residents
Pinnacle Investment Management Limited	Body corporate	-	Australia	100	Australian	n/a
Pinnacle Funds Services Limited	Body corporate	-	Australia	100	Australian	n/a
Pinnacle Services Administration Pty Ltd	Body corporate	-	Australia	100	Australian	n/a
Pinnacle RE Services Limited	Body corporate	-	Australia	100	Australian	n/a
Priority Funds Management Pty Ltd	Body corporate	-	Australia	100	Australian	n/a
Priority Investment Management Pty Ltd	Body corporate	-	Australia	100	Australian	n/a
Ariano Pty Ltd	Body corporate	-	Australia	100	Australian	n/a
Next Financial Holding Company Pty Ltd	Body corporate	-	Australia	100	Australian	n/a
Investment Solutions Client Services Pty Ltd	Body corporate	-	Australia	100	Australian	n/a
Next Financial Nominees No. 2 Pty Ltd	Body corporate	-	Australia	100	Australian	n/a
Next Financial Nominees Pty Ltd	Body corporate	-	Australia	100	Australian	n/a
PNI Option Plan Managers Pty Ltd	Body corporate	-	Australia	100	Australian	n/a
Pingroup IM Limited	Body corporate	-	United States	100	Foreign	United States
Pinnacle Investment Management (Canada) Ltd.	Body corporate	-	Canada	100	Foreign	Canada
Pinnacle Investment Management (UK) Ltd	Body corporate	-	United Kingdom	100	Foreign	United Kingdom

## Basis of preparation

This consolidated entity disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

## Determination of tax residency

Section 295 (3A)(vi) of the Corporation Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

### *Australian tax residency*

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

### *Foreign tax residency*

Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with (see section 295(3A)(vii) of the Corporations Act 2001).

## Partnerships and trusts

Australian tax law generally does not contain corresponding residency tests for partnerships and trusts and these entities are typically taxed on a flow-through basis. Additional disclosures on the tax status of partnerships and trusts have been provided where relevant.

For personal use only

09

# Directors' Declaration

In the directors' opinion:

- a) the financial statements and notes set out on pages 56 to 118 are in accordance with the Corporations Act, including:
  - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the year ended on that date, and
- b) there are reasonable grounds to believe that Pinnacle Investment Management Group Limited will be able to pay its debts as and when they become due and payable, and
- c) The consolidated entity disclosure statement on page 119 is true and correct.

Note 32(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the Corporations Act.

This declaration is made in accordance with a resolution of the directors.



Alan Watson, Chair  
Sydney, 1 August 2024

10

# Independent Auditor's Report

For personal use only



## Independent auditor's report

To the members of Pinnacle Investment Management Group Limited

### Report on the audit of the financial report

---

#### Our opinion

In our opinion:

The accompanying financial report of Pinnacle Investment Management Group Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *What we have audited*

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2024
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of profit or loss for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information
- the consolidated entity disclosure statement as at 30 June 2024
- the directors' declaration.

---

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757  
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001  
T: +61 2 8266 0000, F: +61 2 8266 9999  
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124  
T: +61 2 9659 2476, F: +61 2 8266 9999

Liability limited by a scheme approved under Professional Standards Legislation.



## Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

During the year, the Group held equity interests in fifteen affiliated fund managers (the Pinnacle Affiliates or Affiliates) with differing investment styles and offerings. The Group also provides distribution services, business support, and responsible entity services to the Pinnacle Affiliates and external parties via subsidiaries.

The Group has minority shareholdings in the Pinnacle Affiliates and has assessed them to be associates due to the requirement for unanimous decision making in relation to a number of strategic matters contained in the shareholders agreements. The financial results of the Group include the consolidation of subsidiaries and the share of net profit of associates accounted for using the equity method for the Pinnacle Affiliates.

For personal use only

Audit scope	Key audit matters
<p>Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.</p> <p>We audited the most financially significant subsidiaries within the Group. We performed targeted audit procedures over the remaining significant balances and further audit procedures over the consolidation process.</p> <p>We, or component auditors, performed an audit of each of the financially significant Pinnacle Affiliates on a standalone basis. In establishing the overall approach to the Group audit, we considered the type of work that needed to be performed by us, as the Group's auditor, or by the component auditors operating under our instructions.</p> <p>We audited the Group's equity accounting for the Pinnacle Affiliates, including the Group's share of net profit of associates accounted for using the equity method and the Group's investments accounted for using the equity method recognised in the Group financial statements.</p>	<p>Amongst other relevant topics, we communicated the following key audit matter to the Audit, Compliance and Risk Management Committee:</p> <ul style="list-style-type: none"> <li>– Share of net profit of associates accounted for using the equity method.</li> </ul> <p>This is further described in the <i>Key audit matters</i> section of our report.</p>



## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

For personal use only

Key audit matter	How our audit addressed the key audit matter
<p><b>Share of net profit of associates accounted for using the equity method</b></p> <p>(Refer to note 23(d) - \$90.8m)</p> <p>The share of net profit of associates accounted for using the equity method is calculated by reference to Pinnacle's share of each Affiliate's net profit for the year.</p> <p>Pinnacle Affiliates' funds under management have the potential to earn performance fees, based on an assessment of actual performance relative to benchmarks. These benchmarks are agreed between the Affiliates and their clients and are set out in relevant Product Offering Documents and Investment Services Agreements.</p> <p>The performance fee revenue has a significant impact on Pinnacle's share of net profits of associates accounted using the equity method.</p> <p>This was a key audit matter because the share of net profit of associates accounted for using the equity method is material, and the performance fee revenues recognised by Pinnacle Affiliates are material in nature, and the variability of returns can be significant depending on the performance relative to contractual benchmarks.</p> <p>This was a key audit matter because the share of net profit of associates accounted for using the equity method is material. The performance fee revenues recognised by Pinnacle Affiliates are material and inherently complex in nature, and the variability of returns can be significant depending on the performance relative to contractual benchmarks.</p>	<p>We performed the following procedures, amongst others:</p> <ul style="list-style-type: none"> <li>For a sample of Pinnacle Affiliates, we           <ul style="list-style-type: none"> <li>Obtained supporting evidence for a sample of changes in Pinnacle's equity ownership during the year.</li> <li>Obtained the share registers of the Affiliates and recalculated Pinnacle's ownership percentage.</li> <li>Obtained the Affiliates' profit and loss statement and recalculated Pinnacle's share of net profit.</li> <li>Assessed whether the accounting policies across the Group were reasonable and consistent.</li> </ul> </li> <li>For a sample of performance fees recorded by Pinnacle Affiliates, we obtained the relevant source documents and:           <ul style="list-style-type: none"> <li>Assessed whether the calculation methodologies used by management were in accordance with the contractual arrangements, the Group accounting policy and requirements of Australian Accounting Standards.</li> <li>Compared the hurdle rates and any accumulated deficiency clauses to the relevant contracts.</li> <li>Obtained evidence from relevant external sources to assess key inputs into the calculations (for example net asset values and fund returns).</li> <li>Reperformed the performance fee calculation with reference to the key inputs used in the calculations.</li> </ul> </li> </ul>



---

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

---

### Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

---

### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf).

This description forms part of our auditor's report.



## Report on the remuneration report

---

### Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2024.

In our opinion, the remuneration report of Pinnacle Investment Management Group Limited for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.

---

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

R Balding  
Partner

Sydney  
1 August 2024

For personal use only

11

# Shareholder Information

For personal use only

The shareholder information set out below is correct as at 26 July 2024.

## Shares on issue

### Distribution of securities

Range	No. of shareholders	No. of shares	% of issued shares
1 - 1,000	3,201	1,262,525	0.62
1,001 - 5,000	2,253	5,576,325	2.75
5,001 - 10,000	556	3,995,753	1.97
10,001 - 100,000	492	12,794,244	6.30
100,001 - 9,999,999,999	116	179,482,635	88.37
Rounding			-0.01
<b>Total</b>	<b>6,618</b>	<b>203,111,482</b>	<b>100.00</b>

### Unmarketable parcels

	Minimum parcel size	No. of shareholders	No. of shares
Minimum \$500 parcel at \$15.93 per unit	32	242	1,249

### Twenty largest shareholders (as at 26 July 2024)

Rank	Name	No. of shares	% of issued shares
1	HSBC Custody Nominees (Australia) Limited	37,145,370	18.29
2	J P Morgan Nominees Australia Pty Limited	31,429,221	15.47
3	Citicorp Nominees Pty Limited	17,813,946	8.77
4	Macoun Generation Z Pty Ltd	13,993,985	6.89
5	National Nominees Limited	5,057,893	2.49
6	Mr Alexander William Macdonald	5,041,850	2.48
7	Andrew Chambers & Fleur Chambers	4,253,614	2.09
8	Macoun Superannuation Pty Ltd	3,882,092	1.91
9	HSBC Custody Nominees (Australia) Limited	2,991,249	1.47
10	Mr David Francis Cleary	2,807,149	1.38
11	Mr David Noel Groth	2,801,224	1.38

For personal use only

Rank	Name	No. of shares	% of issued shares
12	BNP Paribas Noms Pty Ltd	2,647,388	1.30
13	Vestinoz Pty Ltd	2,552,766	1.26
14	Earlston Nominees Pty Ltd	2,500,000	1.23
15	Kinauld Pty Ltd	2,200,000	1.08
16	Kinauld Pty Ltd	2,000,000	0.98
17	Mr Mark Bryant Cormack and Mrs Melanie Louise Cormack	1,999,293	0.98
18	Warragai Investments Pty Ltd	1,800,000	0.89
19	BNP Paribas Nominees Pty Ltd	1,455,879	0.72
20	BNP Paribas Nominees Pty Ltd	1,412,899	0.70
	<b>Total</b>	<b>145,785,818</b>	<b>71.78</b>
	<b>Total remaining holders balance</b>	<b>57,325,664</b>	<b>28.22</b>

The names of the shareholders who have notified the Company of a substantial holding in accordance with section 671B of the Corporations Act are:

Substantial shareholder	No. of shares	% of shares
Steve Wilson and associates	24,284,240	11.96
Ian Macoun and associates	18,276,077	9.0

## Voting rights

Upon a poll each share shall have one vote.

## Options and performance rights on issue

### Distribution of securities

#### Options

There are 992,500 options on issue as at 26 July 2024. These options have been issued to six employees under the Pinnacle Omnibus Plan.

Range	No. of holders	No. of options	% of options
1 – 1,000	-	-	-
1,001 – 5,000	1	2,500	0.25
5,001 – 10,000	1	10,000	1
10,001 – 100,000	-	-	-
100,001 – 9,999,999,999	4	980,000	98.74

Rounding			0.01
Total	6	992,500	100.00

## On-market buy-backs

There is no current on-market buy back in relation to the Company's securities.

### Performance rights

There are no performance rights on issue as at 26 July 2024.

### Voting rights

There are no voting rights attaching to the options.

For personal use only

12

# Corporate Directory

For personal use only

# Pinnacle Investment Management Group Limited

Incorporated in Queensland on 23 April 2002

## ABN

22 100 325 184

## Directors

Alan Watson,  
Chair (appointed director 15 July 2013, appointed Chair 23 October 2015)

Ian Macoun,

Managing Director (appointed MD 17 August 2016; appointed director 25 August 2016)

Deborah Beale AM (appointed 1 September 2016)

Lorraine Berends AM (appointed 1 September 2018)

Andrew Chambers (appointed 1 September 2016)

## Chief Legal and Commercial Officer and Company Secretary

Calvin Kwok

## Chief Financial Officer

Dan Longan

## Share Registry

Computershare Investor Services Pty Limited  
Level 1, 200 Mary Street  
Brisbane QLD 4000  
Telephone 1300 850 505

## ASX Code

PNI

Shares are listed on the Australian Securities Exchange.

## Bankers

Commonwealth Bank of Australia  
240 Queen Street,  
Brisbane QLD 4000

## Auditor

PricewaterhouseCoopers  
One International Towers Sydney  
Watermans Quay  
Barangaroo NSW 2000

## Australia

Brisbane  
Registered Office  
Level 19, 307 Queen Street  
Brisbane QLD 4000  
Telephone 1300 651 577

Sydney  
Level 25, 264 George Street  
Sydney NSW 2000  
Telephone 1300 651 577

Melbourne  
Level 8, 90 Collins Street  
Melbourne VIC 3000

## United Kingdom

London  
Floor 8, 125 Old Broad St  
London EC2N 1AR

## Canada

Toronto  
7th Floor  
30A Hazelton Ave Suite 400  
Toronto, ON M5R 2E2

## United States

New York  
Suite 354  
1185 Avenue of the Americas  
11th floor  
New York, NY 10036

For personal use only

For personal use only

Website address  
[www.pinnacleinvestment.com](http://www.pinnacleinvestment.com)