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Annual Report

2022



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Pinnacle Glossary

Term	Meaning
2021 Annual Report	the Group's annual report for the 2021 financial year.
2021 Financial Year	the period 1 July 2020 to 30 June 2021.
2022 Annual Report	this document.
2022 Financial Year	the period 1 July 2021 to 30 June 2022.
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 th Edition, published by the ASX Corporate Governance Council.
Auditor	PricewaterhouseCoopers Australia.
Board	the Board of Directors.
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 2022 financial year.
Coolabah or CCI	Coolabah Capital Investments Pty Ltd.
Corporations Act	Corporations Act 2001 (Cth).
Deutsche Australia	Deutsche Australia Limited, which held an 18.8% shareholding in the Company at the start of the 2016 financial year. As at the date of this report, Deutsche Australia no longer has any shareholding in the Company.
EOSP	Pinnacle Employee Option Share Plan.
Firetrail	Firetrail Investments Pty Limited.
Five V	Five V Capital Pty Ltd.
Foundation	the Pinnacle Charitable Foundation.
FUM	Funds Under Management.
Group or Pinnacle Group	Pinnacle and the entities that it controlled during the 2022 financial year.
Hyperion	Hyperion Asset Management Limited.
Key Management Personnel	the individuals identified as such on page 32 of the 2022 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.

Term	Meaning
Omega	Omega Global Investors Pty Limited.
Palisade	Palisade Investment Partners Limited.
PIML	Pinnacle Investment Management Limited, the principal operating subsidiary of the Group.
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 2022 Annual Report.
Plato	Plato Investment Management Limited.
PL8	Plato Income Maximiser Limited (ASX: PL8)
Principal Investments	investments made by the Group in listed and unlisted equities and unit trusts on its own behalf.
Reminiscent	Reminiscent Capital Pty Limited.
Resolution Capital or ResCap	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.
Two Trees	Two Trees Investment Management Pty Limited renamed to Plato Systematic Global Macro Pty Limited.

Chair's Letter

Dear Fellow Shareholders,

I am pleased to present Pinnacle's Annual Report for the financial year ended 30 June 2022.

Over the year, your Company has delivered Net Profit After Tax of \$76.4 million, fully diluted earnings of 39.5c per share and full year dividends of 35c per share, which represents growth of 14%, 8% and 22% over FY21 respectively.

Whilst these growth rates are not as high as your Board anticipated at the interim stage of the year, they were unquestionably affected by the market context of current geopolitical tension, war, elevated inflation and sharply rising interest rates. We have stated in the past, that at Pinnacle, we do not attempt to be soothsayers of financial markets, but strive to continue to grow a business that can flourish over the medium term through our affiliation with the most talented investment professionals, operating in a diverse set of asset classes, presenting opportunities to an increasingly diverse client base. It is worth noting that the persistence with which our management team have pursued this goal has delivered consistent strong outcomes for shareholders, with compound annual growth rate in Net Profit After Tax, diluted earnings per share, and dividends of 45%, 39% and 38% respectively over the five years to 30 June 2022.

Reviewing the year in more detail, it is self-evident that the second half was more challenging than the first, with record FUM levels and retail inflows in the first half, being followed by considerably muted levels of inflows in the second half. Whilst the Managing Director will comment in more detail, we experienced some headwinds in the domestic institutional market during the year. Investors sold into equity market strength in the first half but have not yet been buying into equity market weakness in significant volumes. The Your Future Your Super performance test has also had a significant impact on portfolio design and accelerated the speed of Super Fund consolidation and restructuring, with generally negative consequences for active managers in traditional asset classes. We have long anticipated these trends in the domestic institutional market and although they tend to be negative for headline flow numbers we are well placed

to re-purpose the capacity from resultant outflows into generally higher fee markets. Pleasingly, our average base fees have continued to rise and the revenue impact of our net flows has been significantly positive. We also have significant and growing capabilities in asset classes which are benefitting from these trends. Our pipeline remains healthy across both domestic and international markets and the quality of Pinnacle Affiliates, their asset class and style diversity, together with their continuous innovation ensure that we retain 'all weather' relevance to institutional investors as their preferences and market conditions change through time.

It was pleasing to see performance fee contributions from a record breadth of ten Affiliates. The aggregate performance fee revenue amount was a modest \$57.8 million (down from \$86.2 million in FY21) as none of our 'large performance fee FUM' strategies, other than Palisade, produced performance fees this year. This does however represent another source of higher future profits when contributions are forthcoming from those strategies in future years. We continue to pursue a deliberate strategy of seeking performance fee structures as an alternative to higher base fees – they are direct substitutes and a means of maximising average annual revenue potential, particularly in capacity-constrained strategies and/or strategies in extremely high demand.

We were delighted to welcome two new Affiliates to Pinnacle this year, further broadening our offering. During November 2021 we completed the acquisition of a 25% equity interest in the Australian based private equity firm Five V Capital and we are grateful to shareholders for their support of the associated \$105 million equity placement. We were also delighted to partner with Langdon Equity Partners, the first Pinnacle Affiliate based in North America, which will be a 'Horizon 2' build. During the second half, despite strenuous efforts, we have found it difficult to identify sufficiently attractive acquisition opportunities at reasonable prices, and have refused to compromise our standards.

Nonetheless, we have continued to pursue significant growth investments both within Pinnacle itself and in

the Affiliates. During the year, Pinnacle and Affiliates committed in the order of \$20m to these internal growth investments, which translated into a net share to Pinnacle, after tax, of approximately \$12m. Whilst these investments may retard our profitability in the short term, we should note that we have achieved very strong returns on previous similar 'Horizon 2' investments, and expect this to continue.

The Board has declared a fully franked final dividend of 17.5 cents per share, making a fully franked total of 35.0 cents for the full year (22% higher than total dividends of 28.7 cents for FY21).

Over the past 12 months, we have needed the people of Pinnacle and all the Affiliates to work tirelessly during these challenging times. By continuing to service and engage with our clients in perhaps their times of greatest need, and by remaining strong, resilient and flexible, and achieving the best possible outcomes in the circumstances, they have laid the groundwork for a resumption of stronger growth when market conditions improve. I wish to acknowledge their good work, and thank them for their commitment on behalf of all shareholders.

Finally, we wish to again express our thanks to you, our owners, for your continued support of our Company as shareholders, notwithstanding the challenging market

conditions. We are grateful for your understanding and recognition of the virtues of our Company's capabilities and strategies for growth over the long term.

Further operational detail is discussed in the Operating and Financial Report commencing on page 8. Given our results this year, remuneration outcomes across the firm (including this year's Short-Term Incentives) were restrained compared to last year, details of which are described from page 29 in the Remuneration Report, including the letter from the Chair of the Remuneration and Nominations Committee.

We look forward to welcoming you to the Company's Annual General Meeting on 27 October, 2022.

Yours sincerely



Alan Watson
2 August 2022

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Overview, Operating and Financial Report

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 2022, the Pinnacle Affiliates collectively managed approximately \$83.7 billion in assets across a diverse range of asset classes. Pinnacle offers its Affiliates:

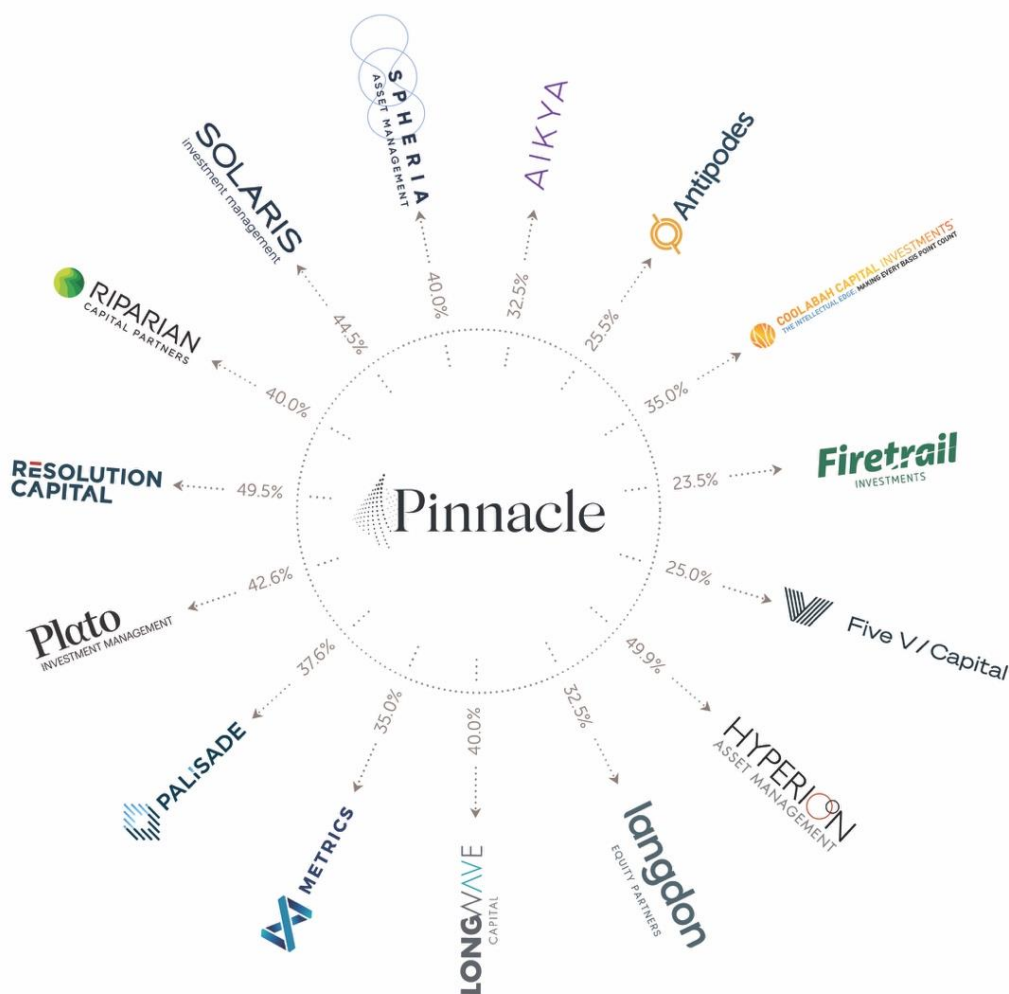
- equity, seed capital and working capital;
- superior distribution services, business support, product development and management, and responsible entity services, to allow investment managers to focus on delivering investment outperformance; and

- 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 2022 financial year continued to be:

- developing 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 the date of this report.



Key financial highlights

\$505.5
million in Affiliate
revenues

NPAT
of \$76.4
million

\$83.7
billion in
Affiliate FUM

39.5c
diluted earnings
per share

17.5c
fully franked
final dividend

During the 2022 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 \$83.7 billion in FUM as at 30 June 2022.

In the 2022 financial year:

Pinnacle Affiliates generated aggregate revenues (at 100%) of \$505.5 million, up 21.7% from \$415.5 million in the previous year. Of this, \$57.8 million was performance fees (\$86.2m in the previous year).

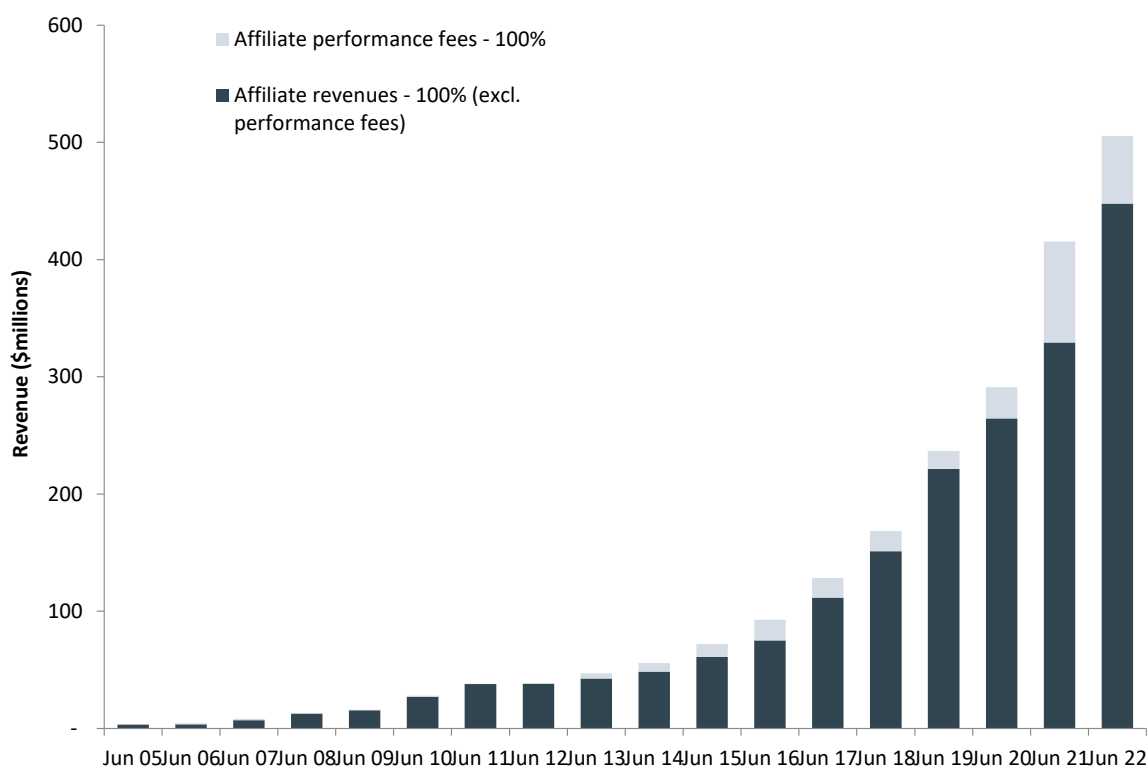
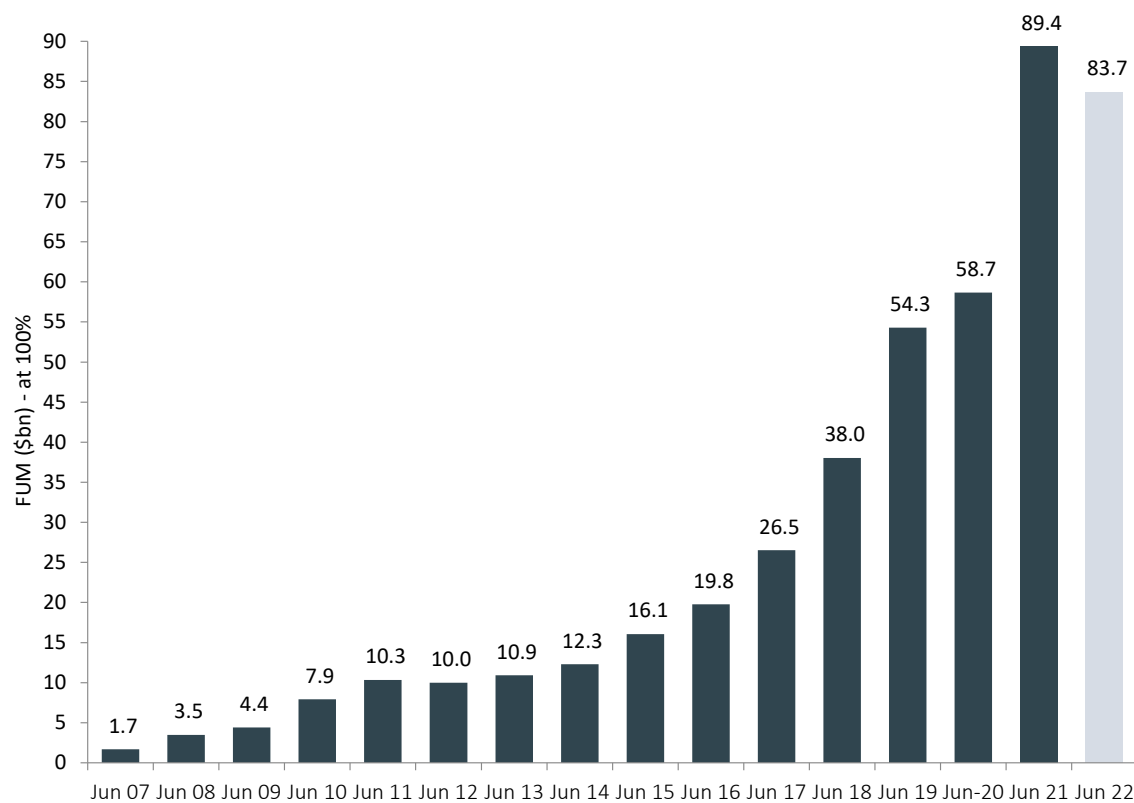
Pinnacle generated total NPAT attributable to shareholders of \$76.4 million, up 14.0% from \$67.0 million in the prior year.

Pinnacle's share of NPAT from Pinnacle Affiliates was \$75.7 million, up 14.0% on the prior year.

The table below outlines the performance of the Pinnacle Group for the 2022 and 2021 financial years:

	FY2022	FY2021
Pinnacle Affiliates (100% aggregate basis)		
FUM (\$billion)*	83.7	89.4
Revenue (\$million)	505.5	415.5
Net profit before tax	264.0	245.4
Tax expense	(70.9)	(65.9)
Net profit after tax	193.1	179.5
Pinnacle Group (\$million)		
Revenue	46.0	32.5
Expenses	(43.5)	(31.9)
Write-down of investment	(1.8)	-
Share of Pinnacle Affiliates net profit after tax	75.7	66.4
NPBT from continuing operations attributable to shareholders	76.4	67.0
Taxation	-	-
NPAT from continuing operations attributable to shareholders	76.4	67.0
Discontinued operations	-	-
Total profit attributable to shareholders	76.4	67.0
Basic earnings per share (cents):		
From continuing operations	40.2	38.2
Total attributable to shareholders	40.2	38.2

*Non-statutory measure



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, with the cost to Pinnacle of these initiatives being in the order of \$12m (Pinnacle share, after tax), together with careful exploration of attractive expansion opportunities.

Pinnacle Affiliates

Pinnacle remains strongly focused on supporting each of the Pinnacle Affiliates and assisting them to grow their businesses and profitability. Pinnacle continues to carefully invest in additional resourcing ahead of further growth, both in distribution and in infrastructure, with a continuing focus on growing the Group's international distribution and infrastructure capabilities. 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 during the 2022 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.



Antipodes Partners

Antipodes was founded in 2015 and manages global, Asian and emerging markets equities. Its 40-strong 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.

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 over 30 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.

Firetrail

INVESTMENTS

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.



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 has in excess of \$550m of long-term capital available to partner with leading founders and businesses in Australia and New Zealand. Capital from its most recent Fund IV sits alongside its Fund I, Fund II, Fund III and Venture Fund I portfolios, taking its current funds under management to over \$1.3bn.

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.



Hyperion Asset Management

Hyperion Asset Management was founded in 1996. The firm exists to help clients protect and grow their capital over the long-term. When investing capital in listed companies on its clients' behalf, Hyperion has the mindset of long-term business owners, not short-term traders. The average holding period for the companies in their portfolios is 10 years and the long-term sustainability of the businesses Hyperion invests in is core to its philosophy.

Hyperion's mindset is centered on achieving attractive long-term absolute positive real (inflation adjusted) returns on their clients' portfolios. Hyperion's investment philosophy and process aims to compound their clients' capital at rates of return that are not only positive in absolute (inflation adjusted) terms but also above the relevant passive benchmarks over long term horizons.



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.



Longwave Capital Partners

Longwave is a boutique investment manager, founded in 2018, that is dedicated to delivering superior, long-term results through the innovative combination of technology, experience and insight.

David Wanis and Jai Beathe are the founders of Longwave. Together, they have a long history of designing, building and managing highly successful investment strategies. From pioneering the Schroders Australia small 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 that they think are tomorrow's winners.



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 and Auckland NZ. 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.



Palisade

Palisade is a specialist, independent infrastructure manager, founded in 2007.

Palisade provides institutional and wholesale investors with access to infrastructure assets through tailored portfolios and co-mingled funds. 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 Transport, Energy, Utilities, Renewables, Agri-infrastructure and Social (PPP) sectors. Each asset is specifically targeted in sectors where Palisade believes it can exhibit a competitive advantage. During the year, Palisade has launched additional, complementary capabilities in Impact investing and Real Assets.



Plato Investment Management

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

Plato is a stable, research-led organisation focused on and aligned to client outcomes. Plato has a team of fifteen, consisting 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.

Plato has continued to build out its suite of complementary solutions, successfully adding Low Beta, Fixed Income, Net Zero, Enhanced Low Carbon and Systematic Global Macro strategies during the year, all of which draw from the team's deep quantitative research base.

RESOLUTION CAPITAL

Resolution Capital

ResCap is a specialist global listed real assets manager, investing in both listed real estate and infrastructure. The firm was founded in 2004 and the investment team has a 27 year track record. The firm is majority employee-owned by eight 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 ResCap manages.

ResCap 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 ResCap's investment process and security selection with clients' objectives of long term real wealth creation and avoids the culture of index hugging.

The firm continues to grow and diversify its investment and operational capabilities, recently launching its listed Real Assets and Global Listed Infrastructure strategies. The firm also continues to diversify its client base and has notably grown its funds sourced from international markets. The firm also 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.



Riparian Capital Partners

Riparian is a specialist water, agriculture and food investment firm, established 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.



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, High Alpha, Income and Long Short strategies with after-tax investment as a specialty.



Spheria

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

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Business strategies and prospects for future financial years

We continue to build Pinnacle by taking a measured 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 are carefully investing in additional resources, particularly in support of our retail and international 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.

Our platform is strong and sufficiently adaptable to consider both organic and inorganic growth from a significantly enhanced base, both in Australia and offshore. We will consider acquisitions only when we believe they are complementary to our existing core, will not place the Company at risk and are relatively low risk with a high medium term return on the capital deployed.

Economic conditions and material business risks

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

Equity market conditions

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

The first half of the 2022 financial year saw broadly supportive market conditions, which provided the backdrop for record retail inflows for that six month period, of \$2.9 billion. The second half of the financial year, however, has seen significant dislocation caused by, inter alia, spiralling inflation and the accompanying tightening of fiscal and monetary support, continuing supply chain challenges, and the onset of war in Ukraine, which has sent markets plunging. This has led to industry-wide challenges in the retail market, from which we have not been immune. Pleasingly, our aggregate retail net inflows for the second half were positive, at \$0.7 billion, albeit significantly lower than those record levels in the first half.

Institutionally, the picture is more complex. Whilst we continue to see encouraging levels of search activity, and retain a healthy pipeline of opportunities, there are undoubtedly pressures in the domestic market brought about by the continuing trend of consolidation in the

superannuation industry, and the impacts of the Your Future, Your Super reforms. The growth of both insourcing and outsourcing creates risks and opportunities: as we've mentioned to shareholders in the past, internalisation remains an ongoing risk to mandate retention, but there remains plenty of opportunity for external managers, particularly in global asset classes and high skill, hard-to-replicate areas of public and private markets. In addition, the growth of Delegated Consulting or Fiduciary Management services across the globe presents an opportunity for Affiliates to leverage the extensive client networks of key consultants and third-party investment managers.

Internationally, there remains appetite for high quality active management, across a broad range of asset classes. The continuing expansion of our distribution platform, allocator networks and preferential investment consultant ratings will underpin our future growth.

During the 2022 financial year, the S&P/ASX 300 index fell by 10.4%, whilst the MSCI World fell by 17.1%; both indices rose in the first half of the financial year – by 2.0% and 4.8% respectively – falling sharply in the second half, by 12.2% and 20.9% respectively (of which 9.1% and 8.6% was during the month of June alone).

We remind shareholders that our earnings and net inflows can be somewhat suppressed during times of dislocation in markets. 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 there remains uncertainty around global economic conditions due to, among other things, the ongoing COVID-19 crisis, shifts in monetary policy and continuing geopolitical tensions, any of which could have a significant impact on wider market conditions. 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 and, in response, Pinnacle will continue to develop its business model to accommodate the changing environment within which it operates. We continue to invest in our Legal, Risk and Compliance function, with the recruitment of a Chief Risk and Compliance officer (separating the Chief Legal, Risk and Compliance role previously held by Calvin Kwok, providing for additional direct focus on regulatory, risk and compliance issues) and the addition of onshore resources in Canada during FY22.

Review of Group Results

Total net profit after tax (NPAT) attributable to shareholders for the 2022 financial year was \$76.4 million. NPAT from continuing operations attributable to shareholders was also \$76.4 million.

- The Group delivered a \$76.4 million total NPAT attributable to shareholders for the 2022 financial year, a 14% improvement compared with the 2021 financial year. This was underpinned by a 14% increase in Pinnacle's share of net profits from the Pinnacle Affiliates to \$75.7 million (of which \$14.8 million was Pinnacle's share of performance fees earned by ten Affiliates during the financial year, after tax, compared with \$19.5 million from seven Affiliates in the 2021 financial year).
- FUM decreased by 6.4% to \$83.7 billion in the 2022 financial year (by 2.0% when the \$3.9 billion Omega very low fee 'passive' mandate outflow during August is excluded).
- Of the decrease in FUM over the 2022 financial year, \$6.2 billion was due to market movements/investment performance, whilst there were net inflows of \$0.6 billion (net inflows of \$4.5 billion excluding the excluding the \$3.9bn Omega outflow noted above).
- Diluted earnings per share attributable to shareholders of 39.5 cents have increased by 8% from 36.5 cents.
- The Board has declared a fully franked final dividend of 17.5 cents per share payable on 16 September 2022.

Statement of Comprehensive Income

The following commentary provides an analysis of revenues and expenses for the 2022 financial year in comparison to the prior financial year.

During the 2022 financial year, the Group's revenues and expenses were derived from Pinnacle and its controlled entities, which excludes the revenues and expenses of the Pinnacle Affiliates, the effect of which is reflected through Pinnacle's share of equity accounted net profits.

Revenue from Continuing Operations

Revenue from continuing operations increased \$13.5 million to \$46.0 million, from \$32.5 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 \$21.6 million in the first half of the financial year and \$24.4 million in the second half.

Due to the broad declines in the market and the lower retail net inflows in the second half of the financial year, these performance-based fees were lower than might otherwise have been expected.

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

Gains/(losses) 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.

During the year to 30 June 2022, the Group made a net \$0.1 million gain on its Principal Investments, on a mark-to-market basis. This gain consists of distribution and dividends received of \$3.9 million, and realized and unrealized losses of \$3.8 million. As shareholders will be aware, we substantially hedge our direct equity market exposure on these investments.

Expenses from Continuing Operations

During FY22, the Group has continued to add additional resources to support future growth. Employee benefits expense increased by \$5.5 million to \$20.0 million.

STI expense for FY22 was \$6.6m, down from \$7.4 million in FY21. Whilst 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 our results for the year fell short of our expectations, STI levels have been reduced accordingly.

Share of net profit of jointly controlled entities

Share of net profit of jointly controlled entities 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 2022 financial year was \$75.7 million (of which \$14.7 million was Pinnacle's share of performance fees earned by ten Affiliates during the financial year, after tax, compared with \$19.5 million from seven Affiliates in the 2021 financial year); up 14% or \$9.3 million on the prior financial year. Underlying base management fees within the Pinnacle Affiliates also increased 36% on the prior financial year.

Pinnacle Affiliates' FUM, which underpins the share of Pinnacle Affiliates' profits, decreased by 6.4% to \$83.7 billion in the 2022 financial year. We remind shareholders

that a significant proportion of Affiliates' FUM is linked to movements in equity markets, which experienced broad declines over the year; having continued their ascent in the first half, the S&P/ASX 300 ended the year down by 10.4% (down by 12.2% in the second half) and the MSCI World down by 17.1% (down by 20.9% in the second half). Notably, the decline was sharpest during the last month of the financial year, with the S&P/ASX 300 down by 9.1% and the MSCI World down by 8.6% in that month alone.

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 2022 financial year.

Cash. Cash and cash equivalents decreased by \$57.8 million to \$38.3 million at year-end compared to \$96.1 million at the end of the prior financial year. Cash outflows from operating activities were \$14.9 million, which included a further \$81.9 million invested in funds managed by Affiliates and dividends received from Affiliates of \$68.6 million (compared with \$49.1 million in the prior financial year). In March 2022, we increased our facility with the Commonwealth Bank of Australia (CBA) by \$20.0 million, which was fully drawn as at 30 June 2022.

Total cash and Principal Investments, net of the CBA debt facility, was \$58.2 million at 30 June 2022, compared with \$55.0 million at 30 June 2021.

Further information is provided at notes 6 and 25.

Trade and other receivables. The value of trade and other receivables increased by \$5.9 million during the year, given the higher revenues in Pinnacle. Further information is provided at note 7 of the financial statements.

Financial assets at fair value through profit or loss were \$142.9 million, an increase of \$84.0 million on the prior year. During the year, Pinnacle continued to support its Affiliates in both equity recycling and through the provision of seed and foundation FUM for strategies managed by our Affiliates. Of the \$142.9 million, \$134.2 million is held in strategies managed by Pinnacle Affiliates. The Group has 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 \$0.5 million to \$3.3 million at year end. This balance includes loans to entities under joint control. There were advances to Affiliate executives during the current financial year to assist with further equity recycling. Further information is provided at note 9 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 \$138.3 million during the period to \$325.3 million. The change is attributable to the equity accounted profits of \$75.7 million from Pinnacle Affiliates, less the dividends received from the Pinnacle Affiliates of \$68.6 million, plus additional net capital contributed to the Pinnacle Affiliates during the year of \$133.0 million, less impairment of \$1.8 million (our investment in Reminiscent Capital was written-down in full following a joint decision to close the business). During the year we completed the acquisition of 25% of Five V Capital for \$75m, which was funded via equity placement. Further information is provided at note 23 of the financial statements.

Intangible assets increased by \$1.1 million. Plato, the investment manager of PL8, and the Group previously entered into a distribution agreement for a period of three years. The costs associated with the acquisition of that contract have been capitalized as an intangible asset and are being amortised over the distribution agreement period of three years. During the year, 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 decreased by \$7.1 million to \$10.4 million. The final \$5.0 million additional consideration payable relating to the Group's acquisition of an interest in Coolabah, which was recorded as a payable as at 30 June 2021 given that the agreed profitability milestones were reached as at that date, was paid during the year to 30 June 2022. The balance also includes accrued incentives. Further information is provided at note 14 of the financial statements.

Provisions. The value of current and non-current provisions increased by \$0.6 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 decreased by \$1.3 million and **Right-of-use assets** decreased by \$1.3 million compared with the prior year. The Group leases offices in Brisbane and Sydney. Further information is provided at note 12.

Borrowings increased to \$120.0m. The Group had a \$100.0 million Loan Facility with the CBA during the prior financial year, which was fully drawn as at 30 June 2021. During the current year, the Group extended this facility by a further \$20.0 million with an additional \$20.0 million extension for investment into certain investment strategies managed by Pinnacle Affiliates. The facility was drawn down in full on 30 June 2022. \$90.0 million of that facility is currently invested in liquid funds 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, customers 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/>.

Directors' Profiles



Alan Watson

(Non-executive Independent Chair; member of 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.

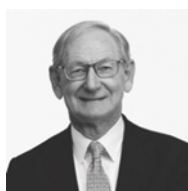
Subsequent to this he has been an independent director of various public companies, both in Australia and North America. In addition to Pinnacle, currently Mr Watson is also an independent director of Airboss of America, listed on the Toronto Stock Exchange and an independent non-executive director of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

- 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 25 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, Hyperion, Metrics, Palisade, Plato, Resolution Capital and Solaris.

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

- None

Interests in shares and options

- 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 Fed Square Pty Ltd, Visit Victoria and The Production Company.

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

- None

Interests in shares and options

- 127,681 ordinary shares in the Company



Lorraine Berends

(Non-executive Independent Director and member of Audit Compliance and Risk Management Committee and 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 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

- 27,000 ordinary shares in the Company



Gerard Bradley AO

(Non-executive Independent Director and Chair of the Audit Compliance and Risk Management Committee and member of the Remuneration and Nominations Committee) B Com, Dip Adv Acc

Mr Bradley was Chair of Queensland Treasury Corporation and its related companies for 10 years (retired 30 June 2022) and also previously served for 14 years as Under Treasurer and Under Secretary of the Queensland Treasury Department. He has extensive experience in public sector finance in both the Queensland and South Australian Treasury Departments.

Mr Bradley has substantial board experience, including 10 years as Chair of QSuper, and a wide range of directorships of major Government financial and commercial corporations. Since 2012, he has worked in non-executive director roles in the public and private sectors.

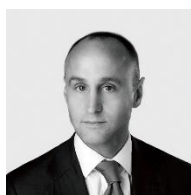
Mr Bradley is also a director of the Pinnacle Charitable Foundation and the Winston Churchill Memorial Trust, a Fellow of the Australian Institute of Company Directors, CPA Australia, Australian Institute of Chartered Accountants and Institute of Managers and Leaders.

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

- Current Director of Star Entertainment Group Limited

Interests in shares and options

- 77,430 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 Legg Mason, 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, and Riparian.

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

- None

Interests in shares and options

- 5,303,614 ordinary shares in the Company



Adrian Whittingham

(Executive Director) B Bus

Adrian Whittingham was appointed Executive Director of the Company on 1 September 2016 and leads Pinnacle's international growth and expansion initiatives.

Prior to joining the Company in 2008, Mr Whittingham was Director, Head of Retail Sales with Schroder Investment Management in Sydney, from 2002 to April 2008. At Schroders, Mr Whittingham was responsible for leading the business's direction and engagement with researchers, consultants, dealer groups and private clients.

Prior to Schroders, Mr Whittingham spent 8 years at Zurich in product, research and business development roles.

Mr Whittingham is also a director of the following Pinnacle Affiliates: Coolabah, Firetrail, Langdon, Longwave and Spheria.

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

- Former Director of Spheria Emerging Companies Limited (resigned 30 November 2021)

Interests in shares and options

- 2,228,614 ordinary shares in the Company

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 2022.

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
- Mr G Bradley AO
- Mr A Chambers
- Mr A Whittingham

Information on the qualifications, experience and responsibilities of the directors is included in the directors' profiles on pages 23 to 26 of the 2022 Annual Report.

Earnings per share

	2022 Cents	2021 Cents
From continuing operations		
Basic earnings per share	40.2	38.2
Diluted earnings per share	39.5	36.5
Total attributable to shareholders		
Basic earnings per share	40.2	38.2
Diluted earnings per share	39.5	36.5

Dividends

In the 2022 financial year, the following dividends were paid:

- a fully franked final dividend of 17.0 cents per share on 17 September 2021.
- a fully franked interim dividend of 17.5 cents per share on 18 March 2022.

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

- a fully franked final dividend of 17.5 cents per share, to be paid on 16 September 2022.

Total dividends declared in respect of the FY22 financial year were 35.0 cents per share (2021: 28.7 cents per share).

Operating and Financial Review

The Operating and Financial Review can be found at pages 8 to 21 of the 2022 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 2022 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
12. Equity Capital

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

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 2022 I would like to emphasise our strong focus on supporting and delivering positive outcomes for our clients and shareholders in what has been a challenging year. These challenges include the continuing COVID-19 pandemic and other health issues, adverse geopolitical and global economic events, and equity and other investment market downturns.

The ability to deliver such outcomes relies on the commitment and performance of our people in both Pinnacle and in the Affiliates. Our people continued to demonstrate flexibility, resilience and focus in investing significant effort to achieve reasonable commercial results for the business in the face of these challenges. Growth in both responsibility and role scope occurred in various areas as employees responded to meet both client and company needs. We appreciate the ongoing efforts of our people and their focus on excellence.

It is critical we can attract and retain top talent within Pinnacle and the Affiliates, in what has been, and continues to be, a highly competitive talent market. Our focus remains on ensuring all behaviours and interests are aligned with our values and those of our clients and shareholders. These include empowering our employees, fostering a high-performance culture, and building leadership capability and business model resilience in a flexible and entrepreneurial environment.

In my letters introducing previous years' Remuneration Reports I have sought to explain in some detail the Company's remuneration philosophy. This philosophy has been specifically designed to serve the needs of our business and our clients. It recognises the value of longevity and stability of investment processes, and in motivating and retaining highly talented key employees. Our approach enables us to reward outstanding performance consistent with the interests of shareholders, both in the short- and long-term.

Our remuneration framework requires that a combination of both quantitative and qualitative criteria be assessed to determine appropriate remuneration outcomes. Performance is evaluated against both role specific and Pinnacle wide key performance indicators, which reflect our Purpose and Values. In my letter introducing last year's Remuneration Report I outlined the specific quantitative and non-quantifiable factors against which performance is appraised. Our people continue to be rewarded based on their performance against these metrics and attributes. Preserving our flexibility in rewarding employees, the weighting of each financial and non-financial attribute may differ depending on the role.

As results for shareholders this year are below the expectations we had at the start of the financial year, notwithstanding that this was largely due to factors beyond the control of our people, restraint has been exercised to keep overall remuneration outcomes modest in each of the three key elements – base salary increases, short-term incentives and long-term incentive grants. In the 2023 financial year, salaries for our executives have remained unchanged and only limited LTI awards will be made in relation to this financial year.

Consistent with previous years, STI amounts are determined within the context of both Pinnacle's performance and progress in achieving key commercial and business outcomes and the maximum potential reward specified for the role. As Pinnacle fell short of the original financial and FUM inflow expectations, the maximum STI payable during the 2022 financial year to any person was limited to 70% of the maximum that would be possible had the Company experienced a fully successful year. The reduction to a maximum of 70% was applied 'across the board' to the STI, including for the people assessed to have made truly outstanding contributions.

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:

- growth in diluted earnings per share¹ attributable to shareholders of 8.2% in the 2022 financial year; compound annual growth rate (CAGR) in diluted earnings per share attributable to shareholders of 39.0% over the five years to 30 June 2022

- growth in total NPAT attributable to shareholders from \$67.0 million in the 2021 financial year to \$76.4 million in the 2022 financial year; CAGR in total NPAT attributable to shareholders of 44.8% over the five years to 30 June 2022
- FUM decreased by 6.4% from \$89.4 billion at 30 June 2021 to \$83.7 billion at 30 June 2022 (by 2.1% when the \$3.9 billion Omega very low fee 'passive' mandate outflow during August is excluded)
- net FUM inflows of \$0.6 billion during the 2022 financial year (net inflows of \$4.5bn excluding the Omega 'passive' outflow)
- net retail FUM inflows of \$3.6 billion during the 2022 financial year
- 83% 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 2022

The process used to determine remuneration outcomes remains unchanged. Recommendations are put forward by the Managing Director to the Remuneration and Nominations Committee for STI and LTI payment amounts for every eligible person. The Remuneration and Nominations Committee reviews the recommended amounts, considers whether they are reasonable in the light of the results and outcomes of the Company's key success factors 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.

Our remuneration framework supports us in ensuring a robust process is in place to reward, motivate and empower employees. We remain confident that this approach meets business needs and aligns the interests of our people and shareholders. We regularly review our approach to ensure continued alignment with the Company's strategy and growth.

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

¹Growth in basic earnings per share was 5%. We have previously quoted this measure in this report. Following feedback from analysts that diluted earnings per share is the more relevant measure, we now refer to this as the primary measure.

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 2022. The Key Management Personnel for this period are listed in the tables below:

- each non-executive director of the Company;
- Ian Macoun, Andrew Chambers and Adrian Whittingham, each being executive directors of the Company;
- Dan Longan as Chief Financial Officer;
- Calvin Kwok as Chief Legal and Commercial Officer.

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 2022 comprised:

Executive Key Management Personnel

Name	Position
Ian Macoun	Managing Director and Executive Director
Andrew Chambers	Executive Director
Adrian Whittingham	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	Non-executive Director
Gerard Bradley AO	Non-executive Director

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 2022 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 executive 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;
- facilitating the review of individual directors' performance and of the Board annually;
- 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 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 2022 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 Charters which can be found on the Company's website at <http://www.pinnacleinvestment.com/shareholders-investor-centre/>

4.

Executive 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 2022 financial year, it has 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 executives 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. We made some important changes in 2021 to the hurdles in our LTI plan to further align future outcomes for employees with our shareholders, which we explain in further detail in the sections following.

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 has grown. These are set out in section 6. No revisions to base salaries for Executive Key Management Personnel are proposed or expected during FY23.

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 executives have an annual 'maximum' STI expectation (up to, but not exceeding, 100% of their base salaries, in some cases) 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 'Pinnacle-wide 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 platform 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 current financial year, results fell below our expectations and, even though this was due to circumstances largely outside of our control, it is important that the remuneration of our people reflects this, and reductions are therefore being made to the 'maximum STI' people are eligible to receive in respect of results and performance for FY22. We must always strike a balance between rewarding individual excellence, and recognizing that we are accountable, as a group, for the overall outcomes of the business.

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

Managing Director	Key Performance Indicators	Outcomes
Financial	Growth in NPAT	NPAT increased by 14% to \$76.4m NPAT increased but Target not met
	Growth in diluted EPS	Diluted EPS increased by 8% to 39.5c per share EPS increased but Target not met
	Institutional net inflows (including international), with particular reference to the Contained Annual Revenue of net inflows (FUM x Fee rate)	Net Institutional FUM inflows of \$0.9 billion (excluding the very low fee Omega outflow) Net FUM inflows low but Contained Annual Revenue of net inflows was substantial - Target not met
	Net Retail FUM inflows	Net Retail FUM inflows of 3.6 billion Target met
Growth Strategy, Client and Investment Performance	Investment performance of Affiliates	83% of Affiliate strategies have outperformed their benchmark KPI met
	Approval rating from Affiliate MDs with respect to Pinnacle Distribution and Infrastructure Services	Client advocacy scores with respect to Distribution and Infrastructure services from Affiliate MDs KPI met
	Progress towards Enablement of Horizon 3 initiatives	KPI met
People	Succession plans in place for Pinnacle and Affiliate critical roles	Emergency, ready now succession plans in place, development plans in place for successors 2-3 years out KPI met
	Drive high performance culture	KPI met
Operations, Risk Management and Regulatory	Enhance operational effectiveness	KPI met

	No significant regulatory issues in AU, EU, USA	KPI met
	Protect and enhance the reputation of Pinnacle and promote a culture of risk management and disclosure	KPI met
Pinnacle Purpose and Values	Understand, and contribute strongly to Pinnacle's Purpose and Values	KPI met
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	KPI met
Flexibility	Demonstrate flexibility and a preparedness to adapt to the changing needs of the Company	KPI met
Work Ethic	Demonstrate a strong personal work ethic and commitment to being highly productive at all times	KPI exceeded
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	KPI met
Risk	Foster a risk aware culture in which business activity occurs within Pinnacle's Risk Management Framework and Risk Appetite Statement	KPI met
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	KPI met

Executive Director, Institutional and International Distribution	Key Performance Indicators	Outcomes
Financial	Institutional net inflows (including international), with particular reference to the Contained Annual Revenue of net inflows (FUM x Fee rate)	Net FUM inflows of \$0.9 billion (excluding the very low fee Omega outflow) Net FUM inflows low but Contained Annual Revenue of net inflows was substantial - Target not met
People	Drive high performance culture	KPI met
Pinnacle Purpose and Values	Understand, and contribute strongly to Pinnacle's Purpose and Values	KPI met
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	KPI met
Flexibility	Demonstrate flexibility and a preparedness to adapt to the changing needs of the Company	KPI met
Work Ethic	Demonstrate a strong personal work ethic and commitment to being highly productive at all times	KPI exceeded
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	KPI met
Risk	Foster a risk aware culture in which business activity occurs within Pinnacle's Risk Management Framework and Risk Appetite Statement	KPI met
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	KPI met

Executive Director, Pinnacle International	Key Performance Indicators	Outcomes
Financial/Core role	- Progress towards Enablement of Horizon 2 initiatives offshore - Progress towards Enablement of Horizon 3 initiatives offshore	KPI met
People	Drive high performance culture	KPI met
Pinnacle Purpose and Values	Understand, and contribute strongly to Pinnacle's Purpose and Values	KPI met
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	KPI met
Flexibility	Demonstrate flexibility and a preparedness to adapt to the changing needs of the Company	KPI met
Work Ethic	Demonstrate a strong personal work ethic and commitment to being highly productive at all times	KPI met
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	KPI met
Risk	Foster a risk aware culture in which business activity occurs within Pinnacle's Risk Management Framework and Risk Appetite Statement	KPI met
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	KPI met
Chief Financial Officer	Key Performance Indicators	Outcomes
Financial	- Contribute to a culture of cost control and focus on value - Optimise aggregate costs across the Affiliates leveraging scale	KPI met
Clients	Clients (Affiliates, LICs, Pinnacle Foundation) are satisfied with the quality and value of services delivered	KPI met
Process	- Deliver Services to Affiliates in a compliant manner in accordance with agreed SLAs - Ensure PNI, Affiliate and Fund audits are delivered on time and within budget - Deliver a technology platform that allows Pinnacle and Affiliates to operate in a secure, scalable manner	KPI met
People	Drive high performance culture	KPI met
Pinnacle Purpose and Values	Understand, and contribute strongly to Pinnacle's Purpose and Values	KPI met
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	KPI met
Flexibility	Demonstrate flexibility and a preparedness to adapt to the changing needs of the Company	KPI met

Work Ethic	Demonstrate a strong personal work ethic and commitment to being highly productive at all times	KPI exceeded
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	KPI met
Risk	Foster a risk aware culture in which business activity occurs within Pinnacle's Risk Management Framework and Risk Appetite Statement	KPI met
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	KPI met

Chief Legal and Commercial Officer and Company Secretary	Key Performance Indicators	Outcomes
Financial	Optimise internal and external legal counsel spending commensurate with workload levels	KPI met
Corporate Activity	Involvement and contribution towards new corporate activity of the Company and Affiliates, including corporate action projects (capital raising, acquisitions, equity arrangements) and new strategic initiatives (Affiliates, products, geographies)	KPI met
Consistency and efficiency of performance	Demonstrate ability to meet deadlines and maintain quality of work and advice	KPI met
Professional development and additional responsibilities	Develop new competencies and taking on or expanding scope of additional responsibilities	KPI met
People	Drive high performance culture	KPI met
Pinnacle Purpose and Values	Understand, and contribute strongly to Pinnacle's Purpose and Values	KPI met
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	KPI met
Flexibility	Demonstrate flexibility and a preparedness to adapt to the changing needs of the Company	KPI met
Work Ethic	Demonstrate a strong personal work ethic and commitment to being highly productive at all times	KPI exceeded
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	KPI met
Risk	Foster a risk aware culture in which business activity occurs within Pinnacle's Risk Management Framework and Risk Appetite Statement	KPI met
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	KPI met

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

KMP	% of Maximum STI awarded
Ian Macoun	50%
Andrew Chambers	70%
Adrian Whittingham	70%
Dan Longan	70%
Calvin Kwok	70%

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.

Executives will principally be offered loan funded ordinary shares in the Company, whereby the Company will provide limited recourse loans to executives 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.

For shares issued during the year ended 30 June 2021, the current financial year and for future issues, 100% are subject to 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 2022 financial year, 450,000 loan shares were forfeited by departed employees. Additionally, 700,000 loan shares and 100,000 options were issued to existing employees.

5.

Links between performance and outcomes

During the 2022 financial year, the Managing Director conducted performance reviews of executives and made recommendations to the Remuneration and Nominations Committee in respect of their 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 2022 financial year and over the last five financial years.

- growth in diluted earnings per share attributable to shareholders of 8.2% in the 2022 financial year; compound annual growth rate (**CAGR**) in basic earnings per share attributable to shareholders of 39.0% over the five years to 30 June 2022
- growth in total NPAT attributable to shareholders from \$67.0 million in the 2021 financial year to \$76.4 million in the 2022 financial year; CAGR in total NPAT attributable to shareholders of 44.8% over the five years to 30 June 2022
- decrease in FUM from \$89.4 billion as at 30 June 2021 to \$83.7 billion as at 30 June 2022
- net FUM inflows of \$0.6 billion during the 2022 financial year (\$4.5 billion excluding the very low fee, 'passive' Omega outflow)
- net retail FUM inflows of \$3.6 billion during the 2022 financial year
- 83% 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 2022

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

	2022	2021	2020	2019	2018
Net profit/(loss) after tax from continuing operations attributable to shareholders (\$m)	76.4	67.0	32.4	30.5	23.1
Total net profit/(loss) after tax attributable to shareholders (\$m)	76.4	67.0	32.2	30.5	23.5
Funds Under Management (\$bn)*	83.7	89.4	58.7	54.3	38.0
Net FUM Inflows*	0.6	16.7	3.0	6.5	7.9
Net Retail FUM Inflows*	3.6	4.5	0.9	2.9	2.2
Closing share price (\$)	7.03	11.97	3.92	4.38	5.37
Dividend per share (cents)	35.0	28.7	15.40	15.40	11.60
Basic earnings per share (cents) from continuing operations	40.2	38.2	18.9	18.3	14.3
Diluted earnings per share (cents) from continuing operations	39.5	36.5	18.0	17.1	13.2
Basic earnings per share (cents) attributable to shareholders	40.2	38.2	18.8	18.3	14.5
Diluted earnings per share (cents) attributable to shareholders	39.5	36.5	17.9	17.1	13.4

* 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 2022.

	Fixed Remuneration	Performance-based remuneration	
		STI	LTI
Ian Macoun	61%	29%	10%
Andrew Chambers	43%	29%	28%
Adrian Whittingham	59%	41%	0%
Dan Longan	41%	28%	31%
Calvin Kwok	42%	27%	31%

Ian Macoun

On 1 July 2021, Mr Macoun's base salary increased from \$600,000 to \$750,000 per annum (inclusive of superannuation) and he earned an STI of \$375,000 (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. Mr Macoun's salary was increased for the first time since the 2016 financial year.

Andrew Chambers

On 1 July 2021, Mr Chambers' base salary increased from \$425,000 to \$510,000 per annum (inclusive of superannuation) and he earned an STI of \$357,000 (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.

Adrian Whittingham

On 1 July 2021, Mr Whittingham returned to a full-time role as Executive Director – Pinnacle International. His base salary was \$450,000 per annum (inclusive of superannuation) and he earned an STI of \$315,000 (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. In the prior year, he was in a part-time role, as requested by him. His base salary in that role was \$195,000 per annum (inclusive of superannuation) with no eligibility for short-term or long-term incentives.

Dan Longan

On 1 July 2021, Mr Longan's base salary increased from \$290,000 to \$350,000 per annum (inclusive of superannuation) and he earned an STI of \$245,000 (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

On 1 July 2021, Mr Kwok's base salary increased from \$320,000 to \$352,000 per annum (inclusive of superannuation) and he earned an STI of \$246,400 (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.

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

	Short-term employee benefits			Post-employment benefits			Long-term benefits	Share based pay-ments				
	Cash salary & fees	Cash Bonus (STI)	Non-monetary benefits	Super annuation	Retire-ment Benefits	Total short-term and post-employ-ment benefits	Long Service leave	Options & Rights (LTI)	Terminatio n benefits	Total	Portion of remuneration at risk - STI %	Portion of remuneration at risk - LTI %
Name	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Managing Director												
Ian Macoun												
2022	722,500	375,000	-	27,500	-	1,125,000	48,358	129,917	-	1,303,275	29%	9%
2021	575,000	600,000	-	25,000	-	1,200,000	10,115	136,953	-	1,347,068	45%	10%
Other Key Management Personnel												
Andrew Chambers												
2022	482,500	357,000	-	27,500	-	867,000	12,957	346,447	-	1,226,404	29%	28%
2021	400,000	425,000	-	25,000	-	850,000	7,019	354,754	-	1,211,774	35%	29%
Adrian Whittingham												
2022	422,500	315,000	-	27,500	-	765,000	6,318	-	-	771,318	41%	0%
2021	234,753	-	-	22,302	-	257,055	(60,487)	(202,808)	-	(6,240)	0%	0%
Alex Ihlenfeldt												
2021*	48,706	12,177	-	17,960	-	78,843	590	26,689	-	106,122	11%	25%
Dan Longan												
2022	322,500	245,000	-	27,500	-	595,000	13,593	271,878	-	880,464	28%	31%
2021**	258,150	286,102	-	24,664	-	568,916	4,319	154,396	-	727,631	39%	21%
Calvin Kwok												
2022	324,500	246,400	-	27,500	-	598,400	20,409	276,363	-	895,172	27%	31%
2021**	245,833	200,000	-	20,833	-	466,667	6,990	173,593	-	647,250	31%	27%
Totals												
2022	2,274,500	1,538,400	-	137,500	-	3,950,400	101,635	1,024,598	-	5,076,633		
2021	1,762,443	1,523,279	-	135,759	-	3,421,480	(31,454)	643,578		4,033,605		

*Alex Ihlenfeldt ceased being a KMP from 1 September 2020. Remuneration is pro-rated until this date.

**Dan Longan commenced being a KMP from 6th July 2020. Calvin Kwok commenced being a KMP from 1 September 2020. Remuneration is pro-rated from the this date in the prior year.

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 2022 financial year.

In May 2015, PIML advanced to shareholding entities associated with Mr Macoun a loan of \$547,293 to acquire shares in PIML. The loan was unsecured, limited recourse and interest free. As part of the PIML Acquisition, this loan was repaid and new loans reissued by the Company under the EOSP on substantially the same terms, save that it was now subject to a share mortgage. These loans were fully repaid during the 2022 financial year.

In August 2016, as part of the PIML Acquisition, which was approved by shareholders on 16 August 2016, the Company advanced to Mr Macoun's nominated shareholding entity a loan of \$500,000 for the express purpose of acquiring shares in the Company in the secondary market from Deutsche Australia. This loan was interest bearing and subject to a five-year term, limited recourse and secured by way of a share mortgage. Repayment occurred in August 2021.

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.

In May 2015, and as part of the PIML LTI Scheme, PIML advanced to Mr Chambers' nominated shareholding entity, an unsecured, limited recourse and interest free loan of \$547,293 to acquire shares in PIML. The loan included clawback and share cancellation arrangements if Mr Chambers ceased employment with the Company prior to certain key dates. As part of the PIML Acquisition, which was approved by shareholders on 16 August 2016, all of the aforementioned loans were repaid and new loans reissued by the Company under the EOSP on substantially the same terms, save that they were now subject to various share mortgages. These loans were fully repaid during the 2022 financial year.

In August 2016, as part of the PIML Acquisition, which was approved by shareholders on 16 August 2016, the Company advanced to Mr Chambers' nominated shareholding entity a loan of \$500,000 for the express purpose of acquiring shares in the Company in the secondary market from Deutsche Australia. This loan was interest bearing and subject to a five-year term, limited recourse and secured by way of a share mortgage. Repayment occurred in August 2021.

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 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 10 years from grant date, on termination of employment or when the underlying equity is sold, whichever occurs earlier.

Adrian Whittingham

Adrian Whittingham, an executive director of the Company, was engaged under an employment agreement dated 28 April 2008 and subsequently amended on 7 May 2015 and 25 August 2016. He transitioned to a part-time role from 1 January 2021, under a new employment agreement that commenced on that date. The contract provides for termination by either party on at least four weeks' notice except where termination is due to misconduct. From 1 July 2021, Mr Whittingham has returned to a full-time role with the Company.

In June 2009, July 2011 and January 2012, PIML advanced to Mr Whittingham's nominated shareholding entity, three unsecured, limited recourse and interest free loans to acquire shares in PIML. The loans were immediately repayable if Mr Whittingham ceased employment with the Company or sold some or all of his shares. In May 2015, and as part of the PIML LTI Scheme, PIML advanced to Mr Whittingham's nominated shareholding entity, an unsecured, limited recourse and interest free loan of \$547,293 to acquire shares in PIML. The loan included clawback and share cancellation arrangements if Mr Whittingham ceased employment with the Company prior to certain key dates. As part of the PIML Acquisition, which was approved by shareholders on 16 August 2016, all of the aforementioned loans were repaid and new loans were reissued by the Company under the EOSP on substantially the same terms, save that they were now subject to various share mortgages. These loans were repaid in full during the 2021 financial year.

In August 2016, as part of the PIML Acquisition, which was approved by shareholders on 16 August 2016, the Company advanced to Mr Whittingham's nominated shareholding entity a loan of \$500,000 for the express purpose of acquiring shares in the Company in the secondary market from Deutsche Australia. This loan was interest bearing and subject to a five-year term, limited recourse and secured by way of a share mortgage. Repayment occurred in August 2021.

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 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 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.

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 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 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.

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. During the current financial year, the Company sought shareholder approval to increase the fee pool by \$600,000 from \$600,000 per annum to \$1,200,000 per annum. The previous fee pool of \$600,000 was approved by Shareholders in October 2006. The increase in the fee pool is:

- 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 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.

From the 2019 financial year, 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 (non-executive directors must take a minimum of 30% of their fees either in this way, or by acquiring shares in the Company directly). During the 2022 financial year, 5,274 (2021: 26,609) performance rights were granted to non-executive directors; 19,497 (2021: 27,708) were exercised during the year. The performance rights were granted in lieu of fees.

The annual fees paid to non-executive directors from 1 November 2021 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

*during FY22, the Company received data on levels of non-executive director fee pools from Godfrey Remuneration Group Pty Limited (GRC) for which GRC were paid a fee of \$3,500.

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 2022 financial year was \$684,500 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				
2022	180,875	18,088	27,704	226,667
2021	101,370	9,630	74,000	185,000
Deborah Beale				
2022	92,692	9,269	43,039	145,000
2021	76,712	7,288	36,000	120,000
Gerard Bradley				
2022*	136,461	-	43,039	179,500
2021*	112,178	1,822	36,000	150,000
Lorraine Berends				
2022	121,212	12,121	-	133,333
2021	100,457	9,543	-	110,000
Totals				
2022	531,240	39,478	113,782	684,500
2021	360,717	28,283	146,000	565,000

*Includes \$34,500 fee for Pinnacle Fund Services Limited compliance committee.

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.

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 2022 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
Key Management Personnel of the Group									
Ian Macoun									
Loan shares	25-Aug-16	288,210	\$273,799	\$30,799	31-Dec-18	288,210	\$1,265,242	-	-
Loan Shares	25-Aug-16	287,888	\$273,494	\$33,846	31-Jan-20	287,888	\$1,378,984	-	-
Loan Shares	25-Aug-16	1,111,112	\$500,000	\$14,162	25-Aug-16	1,111,112	\$1,955,555	-	-
Loan Shares	15-Nov-18	300,000	\$1,697,460	\$649,587	14-Nov-21	300,000	\$5,385,000	-	-
Sub-Total		1,987,210	\$2,744,753	\$728,394		1,687,210	\$9,984,781	-	-
Andrew Chambers									
Loan Shares	25-Aug-16	133,509	\$126,834	\$1,221	21-Mar-17	133,509	\$311,076	-	-
Loan Shares	25-Aug-16	288,210	\$273,799	\$30,799	31-Dec-18	288,210	\$1,265,242	-	-
Loan Shares	25-Aug-16	287,888	\$273,494	\$36,392	31-Dec-20	287,888	\$2,044,005	-	-
Loan Shares	25-Aug-16	1,111,112	\$500,000	\$14,162	25-Aug-16	1,111,112	\$1,955,555	-	-
Loan Shares	15-Nov-18	800,000	\$4,526,560	\$1,732,233	14-Nov-23	-	-	-	-
Sub-Total		2,620,719	\$5,700,687	\$1,814,807		1,532,831	\$3,531,873	-	-
Adrian Whittingham									
Loan Shares	25-Aug-16	133,509	\$126,834	\$1,221	21-Mar-17	133,509	\$311,076	-	-
Loan Shares	25-Aug-16	288,210	\$273,799	\$30,799	31-Dec-18	288,210	\$1,265,242	-	-
Loan Shares	25-Aug-16	287,888	\$273,494	\$36,392	31-Dec-20	287,888	\$2,044,005	-	-
Loan Shares	25-Aug-16	1,111,112	\$500,000	\$14,162	25-Aug-16	1,111,112	\$1,955,555	-	-
Loan Shares	15-Nov-18	300,000	\$1,697,460	\$649,587	14-Nov-23	-	-	300,000	\$1,697,460
Sub-Total		2,120,719	\$2,871,587	\$732,161		1,532,831	\$3,531,873	300,000	\$1,697,460
Dan Longan									
Loan Shares	17-Sep-18	150,000	\$1,093,755	\$388,592	16-Sep-23	-	-	-	-
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	-	-	-	-
Sub-Total		400,000	\$3,823,585	\$1,483,881		-	-	-	-
Calvin Kwok									
Loan Shares	17-Sep-18	250,000	\$1,822,925	\$647,653	16-Sep-23	-	-	-	-
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	-	-	-	-
Sub-Total		500,000	\$3,711,895	\$1,444,080		-	-	-	-

(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.

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 2022 financial year by the directors of the Company and other Key Management Personnel of the Group, including personally related parties, are set out below.

	2022	2021
Balance start of the year	17,739	18,838
Granted as compensation	5,274	26,609
Exercised	(19,497)	(27,708)
Expired and another changes	0	0
Balance at end of the year	3,516	17,739

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	Granted during reporting year as compensation	Received during the year on the exercise of options and rights	Other changes during the year	Balance at the end of the year
Non-executive directors					
Alan Watson	159,181	-	8,991	6,000	174,172
Lorraine Berends	25,000	-	-	2,000	27,000
Deborah Beale	118,710	-	5,253	3,718	127,681
Gerard Bradley	72,177	-	5,253		77,430
Executive directors					
Ian Macoun	18,276,077		-		18,276,077
Andrew Chambers	5,303,614		-		5,303,614
Adrian Whittingham	3,103,614		-	(875,000)	2,228,614
Key Management Personnel					
Dan Longan	350,000	-	-	100,000	450,000
Calvin Kwok	467,044	-	-	46,970	514,014

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
2022	12,993,205	-	(2,583,967)	2,522,670	-	6,483	595,783	12,938,391	5

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	2,349,489	-	(829,082)	-	-	2,161	78,435	1,522,568	2,358,341
Andrew Chambers	5,251,962	-	(959,681)	-	-	2,161	210,543	4,294,442	5,271,743
Adrian Whittingham	564,209	-	(566,370)	-	-	2,161	2,178	-	566,370
Dan Longan	2,067,904	-	(104,669)	1,681,780	-	-	151,082	3,645,015	3,798,835
Calvin Kwok	2,759,597	-	(124,164)	840,890	-	-	153,545	3,476,323	3,641,687

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 2019, 1.7 million loan shares were issued to Key Management Personnel under the Pinnacle Omnibus Plan, approved by the board on 22 August 2018. See pages 41 to 43 for further details on the terms of the loans. During the year to 30 June 2021, a further 400,000 loan shares were issued to Key Management Personnel. Additionally, 600,000 loan shares were forfeited by Key Management Personnel during the year to 30 June 2021. During the year to 30 June 2022, 150,000 loan shares were issued to Key Management Personnel (having been granted in relation to FY21).

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

Equity Capital

Shares under option/rights

Unissued ordinary shares of the Company under option at 30 June 2022 are as follows:

Date options granted	Expiry date	Exercise price of options	Number under option
21 December 2017	12 June 2023	\$3.93	400,000
15 November 2018	15 November 2023	\$5.6582	100,000
18 November 2021	18 November 2022	Nil	3,516
25 March 2020	25 March 2025	\$2.9683	200,000
11 September 2020	10 September 2025	\$5.2404	200,000
30 December 2020	30 December 2025	\$6.8450	100,000
17 September 2021	16 September 2026	\$16.8178	100,000
TOTAL			1,103,516

400,000 of the options granted on 21 December 2017 remained at 30 June 2022.

On 15 November 2018, 250,000 options were issued to overseas employees under the Pinnacle Omnibus Plan. 150,000 of these options were forfeited by departing employees during the year ended 30 June 2021.

On 15 November 2019 28,256 performance rights were granted to non-executive directors under the plan, of which 9,418 were exercised during previous year. During the previous year, an additional 26,609 performance rights were granted to non-executive directors and a further 27,708 were exercised during the year. During the current year, an additional 5,274 performance rights were granted to non-executive directors and a further 19,497 were exercised during the year.

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 employees under the Pinnacle Omnibus Plan.

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

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 2022 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	18	18	6	.*	7	7
I Macoun	18	18	6	.*	7	.*
D Beale AM	18	18	6	6	7	7
G Bradley AO	18	18	6	6	7	7
L Berends	18	18	6	6	7	7
A Chambers	18	18	-	-	-	-
A Whittingham	17	17	-	-	-	-

*A Watson and 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
G Bradley AO (Chair)	D Beale AM (Chair)
D Beale AM	L Berends
L Berends	G Bradley AO
	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 2022 financial year the following fees were paid or are payable for services provided by the Auditor, its related practices and non-related audit firms:

	2022 \$	2021 \$
(i) Audit and other assurance services		
Audit and review of financial statements	291,100	241,601
Other assurance services:		
Audit of regulatory returns	24,000	21,939
Audit of compliance plan – Responsible entity *	137,350	91,059
Other assurance services	-	-
Total remuneration for audit and other assurance services	452,450	354,599
(ii) Taxation services		
Tax services	56,657	61,893
Total remuneration for taxation services	56,657	61,893
(iii) Other services		
Other services	-	-
Total remuneration of PricewaterhouseCoopers Australia	509,197	416,492
Total remuneration of auditors	509,197	416,492

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

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 2022 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
2 August 2022

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 2022, 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 'Ben Woodbridge'.

Ben Woodbridge
Partner
PricewaterhouseCoopers

Brisbane
2 August 2022

Financial Statements

Pinnacle Investment Management Group Limited

ABN 22 100 325 184

Financial Report – 30 June 2022

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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 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 35, 60 Margaret St, 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 2 August 2022. 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

Consolidated statement of profit or loss

For the year ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Revenue from contracts with customers and other revenue	1	45,997	32,514
Fair value gains/(losses) on financial assets at fair value through profit or loss		(3,875)	(93)
Employee benefits expense		(19,991)	(14,489)
Short-term incentives expense		(6,586)	(7,436)
Long-term incentives expense	28	(2,848)	(2,007)
Professional services expense		(1,681)	(1,435)
Property expense	2	(973)	(843)
Travel and entertainment expense		(676)	(232)
Technology and communications expense		(1,484)	(1,224)
Donations	2, 32	(760)	(1,311)
Other expenses from operating activities	2	(4,633)	(2,867)
Provision for impairment of jointly controlled entities	23	(1,811)	-
Share of net profit of associates and joint ventures accounted for using the equity method	23(d)	75,686	66,440
Profit before income tax		76,365	67,017
Income tax expense	3	-	-
Profit from continuing operations		76,365	67,017
Profit/(loss) from discontinued operations (attributable to equity holders of the Company)		-	-
Profit for the year		76,365	67,017
Profit for the year is attributable to:			
Owners of Pinnacle Investment Management Group Limited		76,365	67,017
Earnings per share:		Cents	Cents
For profit from continuing operations attributable to owners of Pinnacle Investment Management Group Limited			
Basic earnings per share	5	40.2	38.2
Diluted earnings per share	5	39.5	36.5
For profit attributable to owners of Pinnacle Investment Management Group Limited			
Basic earnings per share	5	40.2	38.2
Diluted earnings per share	5	39.5	36.5

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

Consolidated statement of comprehensive income

For the year ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Profit for the year		76,365	67,017
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		76,365	67,017
Total comprehensive income for the year is attributable to:			
Owners of Pinnacle Investment Management Group Limited		76,365	67,017
		76,365	67,017
Total comprehensive income for the year attributable to owners of Pinnacle Investment Management Group Limited arises from:			
Continuing operations		76,365	67,017
Discontinued operations		-	-
		76,365	67,017

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

Consolidated statement of financial position

For the year ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6	38,265	96,136
Trade and other receivables	7	23,258	17,361
Financial assets at fair value through profit or loss	8	139,912	58,866
Intangible assets	13	167	858
Assets held at amortised cost	9	552	223
Total current assets		202,154	173,444
Non-current assets			
Investments accounted for using the equity method	23	325,252	186,957
Financial assets at fair value through profit or loss	8	3,000	-
Property, plant and equipment		111	153
Intangible assets	13	1,921	167
Right-of-use assets	12	1,584	2,914
Assets held at amortised cost	11	2,736	2,565
Total non-current assets		334,604	192,756
Total assets		536,758	366,200
LIABILITIES			
Current liabilities			
Trade and other payables	14	10,445	17,505
Lease liabilities	12	1,223	1,375
Borrowings	19	85	22
Provisions	15	2,236	1,719
Total current liabilities		13,989	20,621
Non-current liabilities			
Lease liabilities	12	348	1,531
Borrowings	19	120,000	100,000
Provisions	15	237	156
Total non-current liabilities		120,585	101,687
Total liabilities		134,574	122,308
Net assets		402,184	243,892
EQUITY			
Contributed equity	16	412,066	266,274
Reserves	17(a)	(47,099)	(50,494)
Retained Earnings/(Losses)	17(b)	37,217	28,112
Total equity		402,184	243,892

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

Consolidated statement of changes in equity

For the year ended 30 June 2022

	Notes	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2020		237,663	(48,060)	(1,056)	188,547
Total comprehensive income for the year		-	-	67,017	67,017

TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:

Share-based payments	17(a)	-	2,007	-	2,007
Shares issued on exercise of options		4,749	(4,749)	-	-
Shares issued via underwritten DRP		21,309	-	-	21,309
Dividends paid to shareholders	18	969	-	(37,849)	(36,880)
Performance rights		146	-	-	146
Employee loan arrangements	16, 17(a)	1,438	308	-	1,746
		28,611	(2,434)	(37,849)	(11,672)
Balance at 30 June 2021		266,274	(50,494)	28,112	243,892
Balance at 1 July 2021		266,274	(50,494)	28,112	243,892
Total comprehensive income for the year		-	-	76,365	76,365

TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:

Share-based payments	17(a)	-	2,848	-	2,848
Institutional placement (net of issue costs)		108,876	-	-	108,876
Shares issued via underwritten DRP		31,158	-	-	31,158
Dividends paid to shareholders	18	1,379	-	(67,260)	(65,881)
Performance rights		129	(15)	-	114
Employee loan arrangements	16, 17(a)	4,250	562	-	4,812
		145,792	3,395	(67,260)	81,927
Balance at 30 June 2022		412,066	(47,099)	37,217	402,184

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

Consolidated statement of cash flows

For the year ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Receipts from customers		40,248	32,572
Payments to suppliers and employees		(37,608)	(25,120)
Dividends and distributions received from financial assets at fair value through profit or loss		916	564
Dividends and distributions received from jointly controlled entities		68,591	49,075
Interest received		130	119
Finance and borrowings costs paid		(2,279)	(566)
Proceeds from disposal of financial assets at fair value through profit or loss		66,081	13,898
Payments for financial assets at fair value through profit or loss		(151,005)	(37,571)
Net cash inflow/(outflow) from operating activities	25	(14,926)	32,971
Cash flows from investing activities			
Payments for property, plant and equipment		(13)	(55)
Proceeds from sale of investments accounted for using the equity method		2,907	-
Payments for intangible assets		(2,000)	-
Payments for investments accounted for using the equity method		(140,927)	(5,404)
Loan repayments from shareholders		4,813	1,746
Loan repayments from related parties		872	576
Loan advances to related parties		(1,375)	(2,657)
Net cash inflow/(outflow) from investing activities		(135,723)	(5,794)
Cash flows from financing activities			
Dividends paid to shareholders		(65,881)	(36,880)
Lease payments		(1,375)	(1,536)
Proceeds from borrowings		20,000	70,000
Proceeds from issue of shares, net of issue costs		140,034	21,309
Net cash (outflow)/inflow from financing activities		92,778	52,893
Net increase/(decrease) in cash and cash equivalents		(57,871)	80,070
Cash and cash equivalents at the beginning of the financial year		96,136	16,066
Cash and cash equivalents at end of year	6	38,265	96,136

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

Notes to the consolidated financial statements

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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.

	2022 \$'000	2021 \$'000
Revenue from contracts with customers		
Service charges – over time	41,771	30,022
	41,771	30,022
Other income		
Interest received or due	126	112
Dividends and distributions	3,923	2,328
Other income	177	52
	4,226	2,492
Total revenue	45,997	32,514

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

2. Expenses

PROFIT BEFORE INCOME TAX INCLUDES THE FOLLOWING SPECIFIC EXPENSES:	2022 \$'000	2021 \$'000
Finance cost expense – included in other expenses from operating activities		
Interest and finance charges	2,382	650
Total finance cost expense	2,382	650
Leases amortisation expense – included in property costs	1,330	1,461
Depreciation and amortisation expense – included in other expenses from operating activities		
Depreciation – property, plant and equipment	55	64
Amortization - intangible assets	937	859
Total depreciation and amortisation expense	992	922
Total donations	760	1,311

The Company made donations totalling \$760,000 during the current financial year, compared with \$1,311,000 in the prior year, principally to the Pinnacle Charitable Foundation. Through building and growing the capacity of excellent Australian charities, the Foundation is helping to deliver tangible impact within communities across five key causes – identified as highly important by Affiliates, employees, shareholders and client groups:

- promotion of strong mental health awareness, together with support for prevention and early intervention strategies aimed at reducing mental illness and driving down suicide rates;
- support for children from a range of environments who face acute and / or systemic disadvantage;
- legal assistance and advocacy for victims of sexual abuse and domestic violence;
- capacity building for world-leading medical researchers seeking treatments and cures for children's genetic diseases and for Alzheimer's sufferers; and
- building awareness in a COVID-19 world of the critical need for kindness, empathy, community and resilience.

The amount of the donation in the prior year represents the \$641,000 received during the prior financial year under the Government's Jobkeeper scheme, into which the Company elected during FY20, in addition to the amount of approximately \$670,000 that would otherwise have been donated to charities in FY21.

3. Income tax expense

	2022 \$'000	2021 \$'000
a) Income tax expense/(benefit)		
Income tax expenses is attributable to:		
Continuing operations	-	-
Discontinued operations	-	-
Total income tax expense/(benefit)	-	-
Current tax	5,379	3,475
Deferred tax	(5,379)	(3,475)
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	5,379	3,475
Increase in deferred tax liabilities	-	-
Total deferred tax expense/(benefit)	5,379	3,475
b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	76,365	67,017
Profit /(Loss) from discontinued operations before income tax expense	-	-
Profit before income tax	76,365	67,017
Tax at the Australian tax rate of 30% (2020: 30%)	22,910	20,105
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share of profits of entities under joint control	(22,163)	(19,932)
Impairment	-	-
Non-deductible expenditure	928	642
Sundry items	2,659	2,114
	4,334	2,928
Adjustments for current tax in respect of prior periods	-	-
Deferred tax assets not recognised	(4,334)	(2,928)
Total income tax expense/(benefit)	-	-
c) Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	25,076	48,018
Potential tax benefit at 30%	7,523	14,406

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 Limited 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(aa).

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

	2022 Cents	2021 Cents
c) Basic earnings per share		
From continuing operations	40.2	38.2
Total basic earnings per share attributable to the ordinary equity shareholders of the Company	40.2	38.2
d) Diluted earnings per share		
Attributable to the ordinary equity shareholders of the Company		
From continuing operations	39.5	36.5
Total diluted earnings per share attributable to the ordinary equity shareholders of the Company	39.5	36.5
e) Reconciliations of earnings used in calculating earnings per share		
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	76,365	67,017
Profit used in calculating basic and diluted earnings per share	76,365	67,017
f) Reconciliations of earnings used in calculating earnings per share		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	189,938,458	175,291,025
Adjustments for calculation of diluted earnings per share:		
Weighted average treasury stock (see note 16(d))	2,709,553	7,295,214
Weighted average options	596,702	869,216
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	193,244,713	183,455,455

g) 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

	2022 \$'000	2021 \$'000
Available cash at bank and on hand	38,265	96,136
	38,265	96,136

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 0.01% and 0.25% (2021: 0.01% and 0.04%). At-call deposits have an average maturity of 30 days. Fixed-term deposits have a maturity ranging from 90 days to 1 year.

7. Trade and other receivables

	2022 \$'000	2021 \$'000
Trade receivables	7,347	6,926
Income receivables	12,516	7,965
Other receivables	2,657	1,767
Prepayments	738	703
	23,258	17,361

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	2022 \$'000	2021 \$'000
Australian listed equity securities	7,430	6,017
Other unlisted equity securities	582	631
Derivative financial assets	5,151	1,775
Unlisted unit trusts*	126,749	50,443
	139,912	58,866
<i>*see note 19 for further details</i>		
Non-current	2022 \$'000	2021 \$'000
Other unlisted equity securities	3,000	-
	3,000	-

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

	2022 \$'000	2021 \$'000
Loans to entities under joint control	552	223
	552	223

Loans to entities under joint control 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

	2022 \$'000	2021 \$'000
Deferred tax assets (a)	579	2,368
Deferred tax liabilities (b)	(579)	(2,368)
Net deferred tax assets	-	-

a) Deferred tax assets

The deferred tax asset balance comprises temporary differences attributable to:

Unrealised loss on fair value assets	54	309
Lease liabilities	475	1,263
Other	50	796
Total deferred tax assets	579	2,368
Set-off of deferred tax liabilities pursuant to set-off provisions	(579)	(2,368)
Net deferred tax assets	-	-

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 income against which to recover the losses and from which the future reversal of underlying timing differences can be deducted. The deferred tax assets of the consolidated entity are currently not recognised under these criteria - refer note 3(c).

	2022 \$'000	2021 \$'000
b) Deferred tax liabilities		
The deferred tax liabilities balance comprises temporary differences attributable to:		
Financial assets at fair value through profit or loss	579	1,131
Intangible assets	-	307
Right-of-use assets	-	874
Receivables	-	56
Total deferred tax liabilities	579	2,368

11. Assets held at amortised cost – non-current

	Note	2022 \$'000	2021 \$'000
Loans to entities under joint control	26	2,736	2,565
		2,736	2,565

As outlined in note 32(l)(ii) loans to entities under joint control (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 – 5 years. See note 32(g) for further details.

The balance sheet shows the following amounts relating to leases:

RIGHT-OF-USE ASSETS	30 June 2022 \$'000	30 June 2021 \$'000
Office leases	4,249	4,249
Office leases – accumulated amortization	(2,665)	(1,335)
	1,584	2,914

Additions to the right-of-use assets during the 2022 financial year were \$nil (2021: \$2,568,000)

LEASE LIABILITIES		
Current	1,223	1,375
Non-current	348	1,531
	1,571	2,906

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	1,330	1,461
	1,330	1,461
Interest expense (included in other expenses from operating activities)	40	83

13. Intangible assets

	Software \$'000	Customer Contracts \$'000	Total \$'000
AT 1 JULY 2020			
Cost	15	2,574	2,589
Accumulated amortisation	(14)	(691)	(705)
Net book value	1	1,883	1,884
YEAR ENDED 30 JUNE 2021			
Opening net book value	1	1,883	1,884
Additions	-	-	-
Amortisation charge	(1)	(858)	(859)
Closing net book value	-	1,025	1,025
AT 30 JUNE 2021			
Cost	15	2,574	2,589
Accumulated amortisation	(15)	(1,549)	(1,564)
Net book value	-	1,025	1,025
YEAR ENDED 30 JUNE 2022			
Opening net book value	-	1,025	1,025
Additions	-	2,000	2,000
Amortisation charge	-	(937)	(937)
Closing net book value	-	2,088	2,088
AT 30 JUNE 2022			
Cost	15	4,574	4,589
Accumulated amortisation	(15)	(2,486)	(2,501)
Net book value	-	2,088	2,088

14. Trade and other payables

	2022 \$'000	2021 \$'000
Trade payables	2,115	2,515
Accrued expenses	1,017	1,873
Accrued bonuses	6,675	7,442
Other payables*	638	5,675
	10,445	17,505

*\$5.0 million payable in relation to the Group's acquisition of an interest in Coolabah was paid during the year, as the agreed profitability milestones were reached at 30 June 2021. In the prior year this amount was shown in other payables.

15. Provisions

	2022 \$'000	2021 \$'000
Current		
Employee benefits - annual leave and long service leave	2,236	1,719
	2,236	1,719
Non-Current		
Employee benefits - long service leave	237	156
	237	156

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 2021	1,719
Amounts provided for during the year	517
Balance at 30 June 2022	2,236
Non-Current	
BALANCE AT 1 JULY 2021	156
-	
Amounts provided for during the year	82
-	
Balance at 30 June 2022	237

16. Contributed equity

a) Share capital

	2022 Shares	2021 Shares	2022 \$'000	2021 \$'000
Ordinary shares:				
Fully paid contributed equity (b)	193,860,297	178,467,333	412,066	266,274
Total contributed equity	193,860,297	178,467,333	412,066	266,274

b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	\$'000
30 June 2020	Closing Balance	173,132,050		237,663
	Issue of ordinary shares on exercise of options	1,079,365	-	-
	Transfer from options reserve on exercise of options	-	-	4,749
	Issue of ordinary shares via underwritten DRP, net of costs	2,450,542	\$8.83	21,309
	Issue of ordinary shares on exercise of performance rights	27,708	-	-
	Transfer from performance rights reserve on exercise of performance rights	-	-	146
	Dividend reinvestment	152,951	\$6.34	969
	Treasury stock vested (d)	1,624,717		1,438
30 June 2021	Closing Balance	178,467,333		266,274
	Share purchase plan, net of costs	420,436	\$16.14	6,720
	Share placement, net of costs	6,287,426	\$16.70	102,156
	Issue of ordinary shares via underwritten DRP, net of costs	1,884,272	\$16.82	31,158
	Issue of ordinary shares on exercise of performance rights	19,497	-	-
	Transfer from performance rights reserve on exercise of performance rights	-	-	129
	Dividend reinvestment	114,661	\$12.03	1,379
	Treasury stock vested (d)	6,666,672		4,250
30 June 2022	Closing Balance	193,860,297		412,066

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 700,000 and the forfeiture of 450,000 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
30 June 2020	Closing Balance	12,841,389	31,118
	Issue of loan shares under Pinnacle Omnibus Plan	1,500,000	8,422
	Forfeited loan shares	(600,000)	(3,702)
	Treasury stock vested during the year	(1,624,717)	(1,438)
30 June 2021	Closing Balance	12,116,672	34,400
	Issue of loan shares under Pinnacle Omnibus Plan	700,000	11,776
	Forfeited loan shares	(450,000)	(2,473)
	Treasury stock vested during the year	(6,666,672)	(4,250)
30 June 2022	Closing Balance	5,700,000	39,453

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/(accumulated losses)

a) Reserves

	2022 \$'000	2021 \$'000
Share-based payments reserve	12,476	9,065
Options reserve	-	-
Transactions with non-controlling interests reserve	(59,603)	(59,603)
Performance rights reserve	28	44
	(47,099)	(50,494)
MOVEMENTS:		
Share-based payments reserve		
Balance at 1 July	9,065	6,750
Share-based payments expense	2,848	2,007
Employee loans subject to share-based payments arrangements	563	308
Balance at 30 June	12,476	9,065
Options reserve		
Balance at 1 July	-	4,749
Options issued (refer note 23(a))	-	-
Options exercised	-	(4,749)
Balance at 30 June	-	-
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.

The options reserve is used to recognise the value of zero-priced options issued by Pinnacle associated with investments in entities under joint control (see note 23).

b) Retained earnings/(accumulated losses)

Movements in retained earnings/(accumulated losses) were as follows:

	2022 \$'000	2021 \$'000
Balance at 1 July	28,112	(1,056)
Profit/(loss) for the year attributable to owners of Pinnacle Investment Management Group Limited	76,365	67,017
Dividends paid to shareholders	(67,260)	(37,849)
Balance at 30 June	37,217	28,112

18. Dividends

a) Ordinary shares

	2022 \$'000	2021 \$'000
Interim dividend for the year ended 30 June 2022 of 17.5 cents per fully paid ordinary share paid on 18 March 2022 (2021 – 11.7 cents paid on 19 March 2021)		
Fully franked based on tax paid @ 30.0%	34,910	22,041
Final dividend for the year ended 30 June 2021 of 17.0 cents per fully paid ordinary share paid on 17 September 2021 (2020 – 8.5 cents paid on 11 September 2020)		
Fully franked based on tax paid @ 30.0%	32,350	15,808
Total dividends paid	67,260	37,849

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 17.5 cents per fully paid ordinary share (2021 – 17.0 cents). The aggregate amount of the proposed dividend to be paid on 16 September 2022 out of retained earnings at 30 June 2022, but not recognised as a liability at year end, is \$34,923,000 (2021 – \$32,350,000).

c) Franked dividends

The final dividends recommended after 30 June 2022 will be fully franked out of existing franking credits.

	2022 \$'000	2021 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2021: 30%)	23,943	29,085

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

- a) franking credits that will arise from the payment of the amount of the provision for income tax;
- b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- c) 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 March 2022, 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. The availability period for the Corporate Card Facility and Bank Guarantee is until 30 June 2022, for the Loan Facility (Tranche A and B) is until 30 June 2024 and Tranche C is until 15 September 2023. The Loan Facility was increased from \$100 million to \$120 million. Further details regarding the Corporate Card Facility and Bank Guarantee are provided in Note 21.

	2022			2021		
Secured	Current \$'000	Non-Current \$'000	Total \$'000	Current \$'000	Non-Current \$'000	Total \$'000
Bank Loan	85	120,000	120,085	22	100,000	100,022
Total Borrowings	85	120,000	120,085	22	100,000	100,022

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:
 - \$130,000,000; 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 2022, the interest cover ratio was 36 times, the net leverage cover ratio was 1.03 times and the tangible net wealth was \$400m (120% of the tangible net wealth at 30 June 2021).

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' is \$20m and for investments into certain investment strategies managed by a Pinnacle Affiliate. The Loan Facility was fully drawn as at 30 June 2022. The initial \$30m was used to fund the acquisition of a 25% interest in Coolabah Capital Investments Pty Ltd in the previous financial year. At 30 June 2022, \$90 million is invested in liquid Affiliate Funds and available for future growth opportunities. The loan is a variable rate, Australian-dollar denominated loan which is carried at amortised cost. The facility term is three years from drawdown.

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

	2022 \$'000	2021 \$'000
Current		
Cash and cash equivalents	38,265	96,136
Financial assets at fair value through profit or loss	139,912	58,866
Assets held at amortised cost	552	223
Receivables	23,258	17,361
Total current assets pledged as security	201,987	172,586
Non-current		
Plant and equipment	111	153
Financial assets at fair value through profit or loss	3,000	-
Assets held at amortised cost	2,736	2,565
Total non-current assets pledged as security	5,847	2,718
Total assets pledged as security	207,834	175,304

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 Principal Investments, including the use of appropriate hedging strategies, and cash flow management. 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:

	2022 \$'000	2021 \$'000
Financial assets		
Cash and cash equivalents	38,265	96,136
Trade and other receivables*	22,520	16,658
Financial assets at fair value through profit or loss (current)	139,912	58,866
Financial assets at fair value through profit or loss (non-current)	3,000	-
Loans to jointly controlled associates (including Affiliate executives) (non-current)	2,736	2,565
Loans to jointly controlled associates (including Affiliate executives) (current)	552	223
	206,985	174,448

*Excludes prepayments (see note 7)

	2022 \$'000	2021 \$'000
Financial liabilities		
Trade and other payables	10,445	17,505
Lease liabilities (current)	1,223	1,375
Lease liabilities (non-current)	348	1,531
Borrowings (current)	85	22
Borrowings (non-current)	120,000	100,000
	132,101	120,433

a) Market risk

(i) Foreign exchange risk

The Group is not materially exposed to foreign exchange risk. All of its major contracts with counterparties are denominated and settled in Australian dollars, which is the reporting and operating currency of the Group. Substantially all of the Group's Principal Investments are also quoted and priced in Australian Dollars.

(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 2022	
ASSETS	
Australian listed equity securities	7,430
Other unlisted equity securities	3,582
Unlisted unit trusts	126,749
Derivative financial instruments	5,151
Total assets at FVPL	142,912
30 June 2021	
ASSETS	
Australian listed equity securities	6,017
Other unlisted equity securities	631
Unlisted unit trusts	50,443
Derivative financial instruments	1,775
Total assets at FVPL	58,866

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% (2021: +/- 15%) at 30 June 2022 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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Group	+2,691/-2,691	+1,307/-1,307	+2,691/-2,691	+1,307/-1,307

(iii) Interest rate risk

The Group's main interest rate risk arises from holding cash and cash equivalents and borrowings with variable rates. During 2022 and 2021, 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 2022		30 June 2021	
	Weighted average interest rate %	Floating interest rate \$'000	Weighted average interest rate %	Floating interest rate \$'000
Cash and cash equivalents	0.25%	38,265	0.01%	96,136
Exposure to cash flow interest rate risk		38,265		96,136

	30 June 2022		30 June 2021	
	2022 \$'000	% of total borrowings	2021 \$'000	% of total borrowings
Variable rate borrowings	120,000	100%	100,000	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 2022, 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 \$1,144,000 lower/higher (2021: change of 100 basis points: \$27,000 lower/higher).

b) Credit risk

Credit risk arises from cash and cash equivalents, financial assets at fair value through profit or loss, 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. As at the reporting date, the Group held the following credit risks:

	2022 \$'000	2021 \$'000
Cash and cash equivalents	38,265	96,136
Trade and other receivables*	22,520	16,658
Financial assets at fair value through profit or loss (current)	139,912	58,866
Financial assets at fair value through profit or loss (non-current)	3,000	-
Loans to jointly controlled associates (including affiliate executives) (non-current)	2,736	2,565
Loans to jointly controlled associates (including affiliate executives) (current)	552	223
	206,985	174,448

*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 jointly controlled 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 (2021: nil).

Loans to jointly controlled 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 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 2022 and 30 June 2021, 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.

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 2022 (30 June 2021: \$nil). This is because there is no history of default, revenue is generated primarily through providing services to jointly controlled entities and cost recharges are also primarily to jointly controlled entities, 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 2022 (2021 - \$nil).

	2022 \$'000	2021 \$'000
Trade and other receivables		
Neither past due nor impaired	22,520	17,361
Past due but not impaired	-	-
	22,520	17,361
Loans held at amortised cost		
Neither past due nor impaired	3,288	2,788
Total trade, other and loan receivables	3,288	2,788

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:

	2022 \$'000	2021 \$'000
Cash at bank and short-term bank deposits		
AA-	38,265	96,136
	38,265	96,136

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 Principal Investments portfolio. At 30 June 2022 the Group has \$181 million in available cash and Principal Investments (\$61 million net of the \$120 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 2022	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	3,770	6,675	-	-	-	10,445	10,445
Borrowings (see note 19)	-	-	85	20,000	100,000	120,085	120,085
Lease liabilities (see note 12)	115	232	875	357	-	1,579	1,571
Total financial liabilities	3,885	6,907	960	20,357	100,000	132,109	132,101

At 30 June 2021	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	10,063	7,442	-	-	-	17,505	17,505
Borrowings (see note 19)	-	-	22	-	100,000	100,022	100,022
Lease liabilities (see note 12)	114	229	1,032	1,223	357	2,955	2,906
Total financial liabilities	10,177	7,671	1,054	1,223	100,357	120,482	120,433

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 Principal Investments measured and recognised at fair value:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2022				
ASSETS				
Australian listed equity securities	7,430	-	-	7,430
Other unlisted equity securities	-	-	3,582	3,582
Unlisted unit trusts	-	126,749	-	126,749
Derivative financial instruments	5,151	-	-	5,151
Total assets	12,581	126,749	3,582	142,912
No liabilities were held at fair value at 30 June 2022.				
30 June 2021				
ASSETS				
Australian listed equity securities	6,017	-	-	6,017
Other unlisted equity securities	-	-	631	631
Unlisted unit trusts	-	50,443	-	50,443
Derivative financial instruments - futures	1,775	-	-	1,775
Total assets	7,792	50,443	631	58,866

No liabilities were held at fair value at 30 June 2021.

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 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 entities under joint control 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 2022 and 30 June 2021:

	Unlisted equity securities \$'000
Closing balance 30 June 2020	479
Contingent consideration received	-
Fair value adjustments recognised in profit or loss	152
Closing balance 30 June 2021	631
Contingent consideration received	(471)
Assets acquired	3,000
Fair value adjustments recognised in profit or loss	422
Closing balance 30 June 2022	3,582

(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 (2021: \$5,000,000)
- (ii) Pinnacle RE Services Limited - \$50,000 (2021: \$50,000)

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

- (iii) Pinnacle Services Administration Pty Ltd - \$632,000 (30 June 2021 - \$632,000)

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

The unused bank guarantee facility available at balance date was \$275,000 (30 June 2021: \$275,000). The Group has also provided guarantees in relation to its corporate credit card facility (facility limit of \$400,000 of which \$344,000 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 entities under joint control to cover their operating expenses until such time as the entity becomes profitable on a monthly basis 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 significant 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	
			2022 %	2021 %
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	-
Pinnacle Investment Management (UK) Ltd	United Kingdom	Ordinary share	100	100

23. Investment accounted for using the equity method

a) Carrying amounts

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

		Ownership interest		Carrying Value	
Name of company	Principal Activity	2022	2021	2022	2021
Unlisted		%	%	\$'000	\$'000
Plato Investment Management Limited	Funds Management	42.59	42.66	6,063	1,335
Palisade Investment Partners Limited	Funds Management	37.60	37.60	13,781	9,715
Hyperion Holdings Limited	Funds Management	49.99	49.99	21,723	18,633
Foray Enterprises Pty Limited	Funds Management	49.50	44.50	35,840	20,816
Solaris Investment Management Ltd	Funds Management	44.50	40.00	6,065	4,043
Sphera Asset Management Pty Ltd	Funds Management	40.00	40.00	3,585	4,666
Antipodes Partners Holdings Pty Ltd	Funds Management	25.54	23.57	10,033	13,383
Two Trees Investment Management Pty Ltd	Funds Management	-	49.00	-	3,046
Firetrail Investments Limited	Funds Management	23.50	23.50	18,096	17,663
Metrics Credit Holdings Pty Limited	Funds Management	35.00	35.00	50,090	46,730
Omega Global Investors Pty Limited	Funds Management	-	44.95	-	2,017
Longwave Capital Partners Pty Limited	Funds Management	40.00	40.00	2,962	1,952
Riparian Capital Partners Pty Limited	Funds Management	40.00	40.00	1,382	1,196
Reminiscent Capital Pty Limited	Funds Management	-	40.00	-	1,667
Coolabah Capital Investments Pty Ltd	Funds Management	35.00	25.00	72,219	37,950
Five V Capital Pty Ltd	Funds Management	25.00	-	77,685	-
Langdon Equity Partners Ltd	Funds Management	32.50	-	983	-
Aikya Investment Management Limited	Funds Management	32.50	32.50	4,745	2,145
				325,252	186,957

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

During the year, the Group completed the acquisition of a 25% stake in Five V Capital Pty Ltd for \$75m, which was funded via equity placement.

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.

Following a detailed assessment of the future of Reminiscent Capital, Pinnacle Investment Management Group (Pinnacle), in conjunction with David Adams, the Founder and Chief Investment Officer of Reminiscent Capital, resolved to close that business. A full write-down of Pinnacle's investment in Reminiscent was provided for during the year.

For all other Affiliates, an impairment trigger assessment was carried out at 30 June 2022 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 remaining investments accounted for using the equity method in the financial year ended 30 June 2022 (30 June 2021: \$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 and joint ventures 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 and joint ventures accounted for using the equity method.

b) Summarised financial information for joint ventures

The tables below provide summarised financial information for those joint ventures and associates that are material to the group. The Group assesses materiality based on each joint venture'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 joint ventures 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*		Palisade Investment Partners Limited		Solaris Investment Management Limited		Metrics Credit Holdings Pty Ltd		Coolabah Capital Investments Pty Ltd		Firetrail Investments Ltd	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Summarised statement of financial position														
Total current assets	38,759	30,906	40,227	29,792	30,043	32,936	10,712	11,439	54,373	45,618	14,368	14,581	29,119	25,550
Total non-current assets	10,849	13,353	5,086	4,779	22,273	8,950	1,284	986	95,575	57,732	10,156	10,542	1,251	2,470
Total current liabilities	(6,322)	(7,183)	(19,608)	(14,662)	(25,133)	(8,871)	(4,115)	(3,601)	(31,527)	(9,069)	(5,010)	(4,471)	(10,046)	(8,057)
Total non-current liabilities	(47)	(26)	(677)	(1,024)	(1,525)	(11,627)	(37)	(57)	(64,566)	(50,074)	(2,611)	(7,070)	(137)	(1,620)
Net Assets	43,239	37,050	25,028	18,885	25,658	21,388	7,844	8,766	53,855	44,207	16,903	13,582	20,187	18,343
Group share in %	49.99%	49.99%	49.5%	44.5%	37.60%	37.60%	44.5%	40.0%	35.0%	35.0%	35.0%	25.0%	23.5%	23.5%
Reconciliation to carrying amounts:														
Opening net assets 1 July	37,050	32,896	18,885	14,320	21,388	16,795	8,766	6,573	44,207	41,425	13,582	4,559	18,343	9,362
Issued shares	-	-	-	-	-	-	190	622	1,294	-	1,717	390	-	-
Reserves	-	-	73	125	308	286	-	-	(806)	(1)	-	-	-	-
Total comprehensive income	40,179	42,435	33,070	21,440	14,762	12,407	12,848	14,621	23,160	13,093	13,169	17,457	13,144	22,046
Dividends paid	(33,990)	(38,281)	(27,000)	(17,000)	(10,800)	(8,100)	(13,960)	(13,050)	(14,000)	(10,310)	(11,565)	(8,824)	(11,300)	(13,065)
Closing net assets	43,239	37,050	25,028	18,885	25,658	21,388	7,844	8,766	53,855	44,207	16,903	13,582	20,187	18,343
Group's share of net assets	21,615	18,522	12,388	8,404	9,648	8,042	3,491	3,507	18,849	15,472	5,916	3,396	4,744	4,311
Excess consideration over share of net assets	108	111	23,452	12,412	4,133	1,673	2,574	536	31,241	31,258	66,303	34,554	13,352	13,352
Carrying amount	21,723	18,633	35,840	20,816	13,781	9,715	6,065	4,043	50,090	46,730	72,219	37,950	18,096	17,663
Summarised statement of comprehensive income														
Revenue	79,813	72,738	78,754	54,254	38,980	30,107	28,430	28,719	78,314	42,585	31,243	39,915	31,783	38,507
Net profit for the year after tax	40,179	42,435	33,070	21,440	14,762	12,407	12,848	14,621	23,160	13,093	13,169	17,457	13,144	22,046
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	40,179	42,435	33,070	21,440	14,762	12,407	12,848	14,621	23,160	13,093	13,169	17,457	13,144	22,046
Dividends received from joint venture entities (Pinnacle share)	16,995	19,140	12,465	7,565	4,084	3,078	6,041	5,220	4,900	3,609	2,971	2,274	2,656	3,070

*holding company for Resolution Capital Limited

Individually immaterial jointly controlled entities

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

	2022 \$'000	2021 \$'000
Aggregate carrying amount of individually immaterial joint ventures	107,438	31,407
Aggregate amounts of the Group's share of:		
Profit for the year	13,867	11,057
Other comprehensive income	-	-
Total comprehensive income	13,867	11,057

c) Movements in carrying amounts

	2022 \$'000	2021 \$'000
Carrying amount at the beginning of the financial year	186,957	161,867
Purchase of shares in entities under joint control	133,011	7,725
Sales of shares in entities under joint control	-	-
Share of profit after income tax	75,686	66,440
Impairment provision of entities under joint control	(1,811)	
Dividends received/receivable	(68,591)	(49,075)
Carrying amount at the end of the financial year	325,252	186,957

d) Share of entities' revenue, expenses and results

	2022 \$'000	2021 \$'000
Revenues	191,781	151,112
Expenses	(87,701)	(59,497)
Profit before income tax	104,080	91,688
Income tax expense	(28,394)	(25,175)
Profit after income tax	75,686	66,440

e) Summary of entities under joint control

	2022 \$'000	2021 \$'000
Current assets	132,279	101,878
Non-current assets	67,063	39,637
Total assets	199,342	141,515
Current liabilities	60,007	29,632
Non-current liabilities	25,711	31,352
Total liabilities	85,718	60,984
Net assets	113,624	80,531

24. Parent Entity financial information

a) Summary financial information

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

	2022 \$'000	2021 \$'000
Statement of financial position		
Current assets	704	1,588
Non-current assets	317,177	166,829
Total assets	317,881	168,417
Current liabilities	180	113
Non-current liabilities	10,008	10,019
Total liabilities	10,188	10,132
Net assets	307,693	158,285
Shareholders' equity		
Contributed equity	407,356	261,524
Reserves	(51,302)	(54,697)
Accumulated losses	(48,361)	(48,542)
Total equity	307,693	158,285
Profit/(loss) for the year	67,442	36,599
Total comprehensive income/(loss)	67,442	36,599

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:

	2022 \$'000	2021 \$'000
Cash and cash equivalents	38,265	96,136
Balances per statement of cash flows	38,265	96,136

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

	2022 \$'000	2021 \$'000
Profit/(loss) for the year	76,365	67,017
Depreciation and amortisation	992	922
Impairment provision	1,811	-
Right-of-use asset depreciation and interest charge	1,370	1,543
Reinvested distributions received	(2,998)	(1,170)
Equity settled share-based payments and performance rights	2,962	2,153
Interest Expense	63	1
Net losses/(gains) on financial assets at fair value through profit or loss	5,647	(3,266)
Assets at amortised cost	4	8
Change in operating assets and liabilities, net of effects from acquisition and disposal of businesses:		
Trade and other receivables	(5,898)	(974)
Investments accounted for using the equity method	(7,095)	(17,365)
Financial assets at FVTPL	(86,695)	(20,444)
Trade and other payables	(2,050)	4,102
Provisions	598	444
Net cash inflow/(outflow) from operating activities	(14,924)	32,971

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

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 jointly controlled entities

Interests in subsidiaries are set out in note 22.

Interests in jointly controlled entities are set out in note 23.

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

Details of dividend payments from entities under joint control are provided in note 23.

c) Key Management Personnel 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 provided 25 August 2016

Upon acquisition of the non-controlling interests of Pinnacle Investment Management Limited, the Company provided senior executives of its subsidiary Pinnacle Investment Management Limited with loans totalling \$3,000,002, the proceeds of which were used to partially fund the acquisition of shares from Deutsche Australia. This included loans of \$500,000 each to Mr Ian Macoun, Mr Adrian Whittingham and Mr Andrew Chambers who are KMP of the Group.

The key terms of the loans were as follows:

- a) The loans had a five year term, were limited recourse and were interest bearing;
- b) They were secured by way of a share mortgage (see further detail below);
- c) Repayment was to occur at the earlier of the end of the five year term (in August 2021), the date on which any shares were sold or within six months of cessation of employment;
- d) Events of default include cessation of employment, insolvency or any representation or warranty or statement of the borrower being incorrect or misleading.

As security for the loans, the Company obtained a first ranking mortgage over 1,111,111 shares held by each executive. In the occasion of any event of default under the loans, the Company could exercise its rights to enforce its security including by the appointment of a receiver.

During the year, interest of \$2,161 accrued on each of these loans to KMP and repayments of \$566,370 on each of these loans were paid. The balance of each loan at 30 June 2022 including capitalised interest was nil.

(ii) 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, Mr Adrian Whittingham and Mr Andrew Chambers who are 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 2021 \$	Repayments made \$	Other changes during the year \$	Loan balance – 30 June 2022 \$
Ian Macoun	184,351	(184,351)	-	-
Adrian Whittingham	-	-	-	-
Andrew Chambers	418,605	(184,352)	-	234,253

(iii) Loan Shares issued under the Pinnacle Omnibus Plan

During the year to 30 June 2022, 150,000 additional loan shares were issued to KMP under the Pinnacle Omnibus Plan (400,000 loan shares were issued during the year to 30 June 2021).

The additional loan shares issued during the year to 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 2021 \$	New loans issued \$	Repayments made \$***	Loan shares forfeited* \$	Other changes during the year* \$	Loan balance – 30 June 2022 \$
Ian Macoun	1,600,930	-	(78,360)		-	1,522,570
Andrew Chambers	4,269,147	-	(208,960)		-	4,060,187
Dan Longan	2,067,904	1,681,780	(104,669)		-	3,645,015
Calvin Kwok	2,759,597	840,890	(124,164)		-	3,476,323

**Adrian Whittingham was not awarded any LTI during FY22.

***Repayments are from dividends received in relation to the loan shares.

(iv) Loans to other Related Parties

On 27 October 2017, a subsidiary of the Company provided loan funding totalling \$5.226m 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 non-current assets in the consolidated statement of financial position.

During the year, interest of \$0.1m accrued on these loans and repayments of \$0.3m were made. The balance of the loans at 30 June 2022 including capitalized interest was \$1.4m.

e) Loans to/from related parties

	2022 \$	2021 \$
Loans to joint associates (including Affiliate executives)		
Balance at 1 July	2,788,054	4,458,806
Loans advanced	1,374,951	2,657,334
Interest accrued	121,897	109,618
Loans repaid	(997,576)	(4,437,704)
Share of equity accounted losses from Affiliates	-	-
Balance at 30 June	3,287,326	2,788,054

f) Guarantees

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

g) Transactions with other related parties and jointly controlled entities

The following transactions occurred with related parties:

- Sales of services to other related parties/jointly controlled affiliates \$39,552,938 (2021: \$30,022,351).
- Transactions associated with Principal Investments managed by jointly controlled affiliates
 - Purchase of financial assets at fair value through profit and loss \$131,005,069 (2021: \$36,068,000)
 - Proceeds for disposal of financial assets at fair value through profit and loss \$46,081,234 (2021: \$13,897,517)
 - Balance of financial assets at fair value through profit and loss at 30 June 2022 \$134,179,716 (2021: \$56,459,977)
- Dividend revenue \$3,922,607 (2021: \$2,328,453)
- Balance of trade receivables to jointly controlled entities at 30 June 2022 \$20,302,751 (2021: \$17,360,658)

27. Key Management Personnel

a) Key Management Personnel compensation

	2022 \$	2021 \$
Short-term employee benefits	3,812,900	3,285,722
Post-employment benefits	137,500	135,759
Long-term benefits	101,635	(31,454)
Share-based payments	1,024,598	643,578
Total Key Management Personnel compensation	5,076,633	4,033,605

Certain Executive KMP are party to the long-term employee incentive arrangement described in note 32(s)(vii). At 30 June 2022, the balance of loans issued to Executive KMP was \$12,938,348 (2021: \$11,300,535) relating to 2,296,583 shares issued in the Company (2021: 4,121,460 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 in Group at the end of the year
2022	12,993,205	6,483	2,522,670	(2,583,967)	-	12,938,391	595,783	5
2021*	13,964,165	43,963	2,096,160	(1,051,860)	(2,059,223)	12,993,205	640,711	5

*Includes changes due to employees commencing or ceasing to be KMP during the year.

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 25(a).

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
2022								
17 September 2018	16 September 2023	\$7.2917	2,000,000	-	-	(150,000)	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	700,000	-	-	(300,000)	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	-
			5,450,000	700,000	-	(450,000)	5,700,000	-
Weighted average exercise price			\$6.10	\$16.82	-	\$5.84	\$7.44	-
2021								
17 September 2018	16 September 2023	\$7.2917	2,200,000	-	-	(200,000)	2,000,000	-
15 November 2018	14 November 2023	\$5.6582	1,400,000	-	-	(300,000)	1,100,000	-
12 March 2019	11 March 2024	\$5.1234	800,000	-	-	(100,000)	700,000	-
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	-
			4,550,000	1,500,000	-	(600,000)	5,450,000	-
Weighted average exercise price			\$6.27	\$5.61	-	\$6.11	\$6.10	-

700,000 loan shares were issued to employees during the financial year and 450,000 loan shares were forfeit by employees 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%

(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
2022								
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	-
			600,000	100,000	-	-	700,000	-
Weighted average exercise price			\$4.82	\$16.82	-	-	\$6.54	-
2020								
15 November 2018	14 November 2023	\$5.6582	250,000	-	-	(150,000)	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	-
			450,000	300,000	-	(150,000)	600,000	-
Weighted average exercise price			\$4.46	\$5.78	-	\$5.66	\$4.88	-

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.

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:

	2022 \$'000	2021 \$'000
Pinnacle Investment Management Group Employee Option Share Plan	-	-
Pinnacle Omnibus Plan	2,848	1,961
Pinnacle Long-term Employee Incentive Plan	-	46
Total share-based payment transactions	2,848	2,007

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:

	2022 \$	2021 \$
PricewaterhouseCoopers Australia		
(i) The deferred tax asset balance comprises temporary differences attributable to:		
Audit and review of financial statements	291,100	241,601
Other assurance services:		
Audit of regulatory returns	24,000	21,939
Audit of compliance plan - Responsible entity *	137,350	91,059
Other assurance services	-	-
Total remuneration for audit and other assurance services	452,450	354,599
(ii) Taxation services		
Tax services	56,657	61,893
Total remuneration for taxation services	56,657	61,893
(iii) Other services		
Other services	-	-
Total remuneration of PricewaterhouseCoopers Australia	509,107	416,492
Total remuneration of auditors	509,107	416,492

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

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 tests 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 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) Entities subject to joint control

Entities subject to joint control 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 significant accounting policies

The principal 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 2021 that have had any impact on the Group's accounting policies nor have had any 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 2021.

(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 2022 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) Entities under joint control

Entities under joint control are all entities over which the Group has a shareholding of between 20% and 49.99% of the voting rights, which have been assessed to meet the classification of joint venture under AASB 11 Joint arrangements, due to 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 entities under joint control 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 entities under joint control 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 under joint control 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 entities under joint control 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 under joint control equals or exceeds its interest in the entity under joint control, 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 the entity under joint control.

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

The carrying amounts of investments in entities under joint control is tested for impairment in accordance with the policy described in note 32(i).

(i) 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(aa)(ii).

g) Leases

The Group leases offices in Brisbane and Sydney. Rental contracts are typically made for fixed periods of 3 – 5 years. The lease agreements do not impose any covenants. Until the current financial year, 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 joint 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)(iii). 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 2022 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 30(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.

aa) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Grants related to income are presented as part of profit or loss, deducted in reporting the related expense. Government Jobkeeper assistance is included in the 'employee benefits expense' line item as an offset in the prior year. There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of government assistance. This amount, in its entirety, was donated for worthy charitable purposes, in addition to the amount which would otherwise have been donated by the Group in the prior year, as explained in Note 2.

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 2022 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.

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, 2 August 2022

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Independent Auditor's Report

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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 2022 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
- 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, which include significant accounting policies and other explanatory information
- 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.

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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 eighteen 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 joint ventures 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 and joint ventures accounted for using the equity method for the Pinnacle Affiliates.



Materiality

- For the purpose of our audit we used overall Group materiality of \$3,818,000 which represents approximately 5% of the Group's profit before tax from continuing operations.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- We audited the most financially significant subsidiaries within the Group, being Pinnacle Investment Management Limited, Pinnacle Funds Services Limited, Pinnacle Services Administration Pty Ltd and Pinnacle RE Services Limited. We performed targeted audit procedures over the remaining significant balances and further audit procedures over the consolidation process.
- 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.
- We audited the Group's equity accounting for the Pinnacle Affiliates, including the Group's share of net profit of jointly controlled associates and joint ventures accounted for using the equity method and the Group's investments accounted for using the equity method recognised in the Group financial statements.

Key audit matters

Amongst other relevant topics, we communicated the following key audit matter to the Audit, Compliance and Risk Management Committee:

- Share of net profit of associates and joint ventures accounted for using the equity method

These are further described in the *Key audit matters* section of our report.

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.

Key audit matter	How our audit addressed the key audit matter
Share of net profit of associates and joint ventures accounted for using the equity method Refer to note 23(d) - \$75,686k The share of net profit of associates and joint ventures accounted for using the equity method is calculated by reference to Pinnacle's share of each Affiliate's net profit for the year. 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. The performance fee revenue has a significant impact on Pinnacle's share of net profits of jointly controlled associates and joint ventures accounted using the equity method. This was a key audit matter because the share of net profit of associates and joint ventures 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.	We performed the following procedures, amongst others: - For a sample of Pinnacle Affiliates, we - Obtained supporting evidence for a sample of changes in Pinnacle's equity ownership during the year; - Obtained the share registers of the Affiliates and recalculated Pinnacle's ownership percentage; - Obtained the Affiliates' profit and loss statement and recalculated Pinnacle's share of net profit. - Assessed whether the accounting policies across the Group were reasonable and consistent. - For a sample of performance fees recorded by Pinnacle Affiliates, we obtained the relevant source documents and: - Assessed whether the calculation methodologies used by management were in accordance with the contractual arrangements, the Group accounting policy and the requirements of Australian Accounting Standards. - Compared the hurdle rates and any accumulated deficiency clauses to the relevant contracts. - Obtained evidence from relevant external sources to assess key inputs into the calculations (for example net asset values and fund returns). - Reperformed the performance fee calculation with reference to the key inputs used in the calculations.

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 2022, 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.

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 that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and 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. 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 pages 32 to 53 of the directors' report for the year ended 30 June 2022.

In our opinion, the remuneration report of Pinnacle Investment Management Group Limited for the year ended 30 June 2022 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.

A stylized, handwritten signature of the PricewaterhouseCoopers firm.

PricewaterhouseCoopers

A handwritten signature of Ben Woodbridge.

Ben Woodbridge
Partner

Brisbane
2 August 2022

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Shareholder Information

The shareholder information set out below is correct as at 29 July 2022.

Shares on issue

Distribution of securities

Range	No. of shareholders	No. of shares	% of issued shares
1 – 1,000	3,812	1,647,045	0.83
1,001 – 5,000	3,062	7,644,682	3.83
5,001 – 10,000	699	5,095,286	2.55
10,001 – 100,000	587	15,670,602	7.85
100,001 – 9,999,999,999	114	169,502,682	84.94
Rounding			0.00
Total	8,274	199,560,297	100.00

Unmarketable parcels

	Minimum parcel size	No. of shareholders	No. of shares
Minimum \$500 parcel at \$10.01 per unit	50	315	4,952

Twenty largest shareholders (as at 29 July 2022)

Rank	Name	No. of shares	% of issued shares
1	HSBC Custody Nominees (Australia) Limited	40,903,495	20.50
2	J P Morgan Nominees Australia Pty Limited	27,379,399	13.72
3	Macoun Generation Z Pty Ltd	13,617,506	6.82
4	Citicorp Nominees Pty Limited	5,713,741	2.86
5	Andrew Chambers & Fleur Chambers	5,303,614	2.66
6	Mr Alexander William Macdonald	5,045,090	2.53
7	National Nominees Limited	4,933,631	2.47
8	BNP Paribas Noms Pty Ltd	4,285,078	2.15
9	Kinauld Pty Ltd	3,900,000	1.95
10	Macoun Superannuation Pty Ltd	3,777,999	1.89
11	Mr David Francis Cleary	2,807,149	1.41

Rank	Name	No. of shares	% of issued shares
12	Mr David Noel Groth	2,801,224	1.40
13	Vestinoz Pty Ltd	2,752,766	1.38
14	Earlston Nominees Pty Ltd	2,350,000	1.18
15	Mr Adrian Whittingham	2,228,614	1.12
16	Mr Mark Bryant Cormack and Mrs Melanie Louise Cormack	1,385,435	0.69
17	Mirrabooka Investments Limited	1,364,082	0.68
18	Ms Alison Jane Fraser	1,353,657	0.68
19	Warragai Investments Pty Ltd	1,350,000	0.68
20	Mr Robert James Wilson	1,200,000	0.60
	Total	134,452,480	67.37%
	Total remaining holders balance	65,107,817	32.63%

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	22,311,240	11.18%
Ian Macoun and associates	18,276,077	9.2%

Voting rights

Upon a poll each share shall have one vote.

Options and performance rights on issue

Distribution of securities

Options

There are 1,100,000 options on issue as at 29 July 2022.

The options are held by:

A&T Structured Finance Services Pty Ltd as trustee for the Pinnacle Investment Management Group Employee Option Share Plan;

Alison Maschmeyer;

Ben Cossey; and

David Batty.

The options are not listed.

Performance rights

There are 3,516 performance rights on issue as at 29 July 2022.

The performance rights are held by:

Dab Hand Pty Ltd; and

Gerard Bradley.

Voting rights

There are no voting rights attaching to the options or performance rights.

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Corporate Directory

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 (appointed 1 September 2018)

Gerard Bradley AO (appointed 1 September 2016)

Andrew Chambers (appointed 1 September 2016)

Adrian Whittingham (appointed 1 September 2016)

Chief Legal and Commerical 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

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Auditor

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Brisbane QLD 4000

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Brisbane QLD 400
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Sydney
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