



4th February, 2025

By Electronic Lodgement

Market Announcements Office
ASX Ltd
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Pinnacle Investment Management Group Limited (ASX: PNI) FY2025 interim financial results

Pinnacle Investment Management Group Limited (**PNI**) announces its financial results for the six months ended 31 December 2024 (**1H FY25**) as follows:

- Net profit after tax (**NPAT**) attributable to shareholders of \$75.7 million, up 151% from \$30.2 million in the Prior Corresponding Period (**1H FY24, PCP**)
- Diluted earnings per share (**EPS**) attributable to shareholders of 36.7 cents, up 140% from 15.3 cents in 1H FY24
- Interim dividend of 33.0 cents per share, franked to 72%, up 112% from 15.6 cents (fully franked) in 1H FY24 and up 25% from the FY24 final dividend of 26.4 cents, which was franked to 72%
- Pinnacle's share of Affiliates' NPAT was \$74.3 million, up 99% from \$37.3 million in 1H FY24
- Performance fees earned by nine Pinnacle Affiliates, post-tax, contributed \$36.4m of Pinnacle's NPAT in 1H FY25 (\$12.3m from nine Affiliates in 1H FY24)
- Aggregate Affiliates' funds under management (**FUM**) of \$155.4 billion at 31 December 2024 (at 100%)
 - up \$45.3 billion or 41.1% from \$110.1 billion at 30 June 2024
 - up \$17.3 billion or 15.7% from \$110.1 billion at 30 June 2024, excluding FUM acquired by Pinnacle and Affiliates during 1H FY25
- Aggregate Retail FUM at 31 December 2024 (at 100%) was \$35.4 billion
 - up \$6.6 billion or 22.9% from \$28.8 billion at 30 June 2024
 - up \$5.4 billion or 18.8% from \$28.8 billion at 30 June 2024, excluding FUM acquired by Pinnacle and Affiliates during 1H FY25
- Aggregate International FUM at 31 December 2024 (at 100%) was \$44.8 billion
 - up \$26.4 billion or 143.5% from \$18.4 billion at 30 June 2024
 - up \$4.2 billion or 22.8% from \$18.4 billion at 30 June 2024, excluding FUM acquired by Pinnacle and Affiliates during 1H FY25

- Net inflows were \$6.7 billion:
 - Domestic retail net inflows - \$3.7 billion
 - Domestic institutional net inflows - \$2.2 billion
 - Offshore net inflows - \$0.8 billion
- Continued long-term outperformance across many Affiliates – 82% of 5-Year Affiliate strategies have outperformed their respective benchmarks over the five years to 31 December 2024 – consistent alpha generation underpins ongoing performance fee contributions
- Cash and Principal Investments (PI) totalled \$440.4 million at 31 December 2024. In November 2024, a capital raise was undertaken to fund the acquisition of interests in PAM and VSS, to build additional balance sheet capacity to seed new strategies for existing Affiliates (which is expected to be continually recycled), to fund the acquisition of additional equity in existing Affiliates and to support investment in additional Horizon 2 and Horizon 3 growth initiatives. This additional capital, along with the fully-drawn CBA facility of \$100m, is held in liquid funds managed by Affiliates until required, resulting in a net cash and PI of \$340.4m at 31 December 2024.

Pinnacle's Chair, Alan Watson, commented: *"This was a very busy period for Pinnacle. Our newest Horizon 2 Affiliate, Life Cycle Investment Partners, based in London, was launched during the half, with the business off to a pleasing start. In addition, the Horizon 3 acquisition of interests in PAM, based in London, and VSS, based in New York, were announced in November 2024. These partnerships demonstrate the growing opportunity to export Pinnacle's model into very large addressable markets outside of Australia and the ability to leverage the platform to assist each of those businesses to accelerate their growth. Importantly, we are grateful to the shareholders who supported our capital raising and associated Share Purchase Plan during the half, which funded these acquisitions and has provided Pinnacle with additional balance sheet capacity to support the growth of these, and future initiatives.*

When considering the results over this half, it was pleasing that the continued alpha generation of nine Affiliates resulted in strong performance fees during the half, contributing \$36.4 million to Pinnacle's net profit after tax, compared with \$12.3 million from nine Affiliates in the PCP.

We continue to caution that macroeconomic and geopolitical events retain the ability to cause uncertainty in investment markets. Notwithstanding this, Pinnacle, together with the Affiliates, has continued its deliberate program of investment to continue to diversify the business – across Horizons 2 and 3 – creating additional capacity and broadening the platform from which further growth can be delivered. The net cost of this program to Pinnacle has been reducing in recent times as initiatives have begun to generate inflows and therefore revenues, offsetting the cost. In this half, the estimated net cost to Pinnacle of Horizon 2 initiatives was broadly the same as in the second half of FY24, with the cost of certain new initiatives being offset by reducing losses on existing initiatives. We remain confident that these initiatives will prove valuable over the medium term."

Pinnacle's Managing Director, Ian Macoun commented: *"It has been a key strategy of Pinnacle and Affiliates to grow FUM subject to performance fees, with the number of strategies across the Pinnacle platform with the potential to deliver meaningful performance fees now 28, representing FUM of over \$44 billion. These strategies are across a range of investment styles and asset classes, with the likelihood of performance fees distinct between individual strategies, such that performance fees should be a significant and ongoing component of Pinnacle's overall earnings in any financial year, as we have been explaining to shareholders for some time. Whilst performance relative to benchmarks can vary, particularly over short periods of time, the*

continuing, long-term alpha generation of Affiliates – 82% of Affiliate strategies with track records of five years or longer have outperformed their benchmarks over that time period as at 31 December 2024 – underpins this ongoing performance fee contribution. Of particular note was the contribution from Hyperion, which delivered very substantial performance fees in the half and has been delivering long-term alpha generation for investors for nearly thirty years.

Markets were broadly supportive in 1H FY25, whilst the depreciation of the Australian Dollar against the US Dollar has boosted the valuation of USD denominated assets. Against that backdrop, however, we have still not seen a significant improvement in appetite for equities amongst institutional clients or the increasingly sophisticated wholesale market, with our flows remaining dominated by fixed income, credit and other private markets assets (tailwinds for these asset classes are in fact strengthening). Total net flows have capacity to grow should equity demand return to previously experienced levels.

Finally, we were delighted to welcome Life Cycle, Pacific Asset Management and VSS as new Pinnacle Affiliates in the half, all of which are high quality and domiciled outside of Australia. We believe that this is growing evidence that the ‘Pinnacle model’ can be exported to larger addressable international markets.”

Composition of Group Results

The profit after tax attributable to shareholders for 1H FY25 was \$75.7 million, representing diluted earnings per share of 36.7 cents, up 140% from 15.3 cents per share in 1H FY24.

Income tax was paid at the Affiliate level and there was also an income tax expense at the Group level of \$3.1m for the half year, compared with nil in the PCP, as the Group's carried forward tax losses have now been fully utilized by profits made within 'Pinnacle parent' and pre-tax distributions received from certain Affiliates.

Pinnacle's share of net profit after tax from its equity interests in Affiliates was \$74.3 million (up 99% from \$37.3 million in 1H FY24). Affiliate revenues including performance fees grew by 54% over PCP, or 35% excluding performance fees.

The net impact of performance fees on Pinnacle's NPAT in 1H FY25 was \$36.4 million, compared with \$12.3 million in 1H FY24. There are now 28 diverse strategies with the ability to deliver significant performance fees, of which 20 had the ability to contribute in the half year to 31 December 2024, with all strategies able to contribute at the full year, representing \$44.1 billion of total FUM. At 31 December 2024, 18 of those strategies (or 71% of the FUM able to earn performance fees) were at or above their respective high watermarks.

Whilst Horizon 2 spending continues in Pinnacle and Affiliates, and remains a fundamental part of our growth strategy, the revenues from those initiatives are growing, which reduces the net overall cost to Pinnacle. We will continue to seek additional initiatives of compelling quality – indeed, during the first half, we formed our latest Horizon 2 Affiliate, Life Cycle, based in London – recognizing that such initiatives serve to moderate earnings in the short-term but provide additional avenues for future growth and returns on similar initiatives in the past have been very high. In 1H FY25, the net cost to Pinnacle of all Horizon 2 initiatives (Pinnacle share, after tax), is estimated to have been ~\$4.5m, or broadly the same as in the second half of the last financial year and down from ~\$7m in 1H FY24.

Within 'Pinnacle Parent', staff costs were \$2.7 million or 14% higher than in the PCP, comprising both additional headcount and remuneration uplift including provision for short term incentives. Investment in our people is critical and focused on maintaining a high quality, highly effective workforce as the business continues to grow. Final remuneration decisions will be made when results for the full year are known, however, for the first half, the provision for incentives is at 100% of target maximum for all staff, given the robust results.

Cash and Principal Investments (PI) totalled \$440.4 million at 31 December 2024, of which PI was \$350.0 million, compared to \$153.7 million at 30 June 2024 and \$136.1 million at 31 December 2023. A capital raising was undertaken in November 2024 to fund the acquisition of interests in PAM and VSS, to build additional balance sheet capacity to seed new strategies for existing Affiliates (which is expected to be continually recycled), to fund the acquisition of additional equity in existing Affiliates and to support investment in additional Horizon 2 and Horizon 3 growth initiatives. This additional capital is held in Affiliate funds until deployed, as has historically been the case and is reflected in this higher PI number.

The return on PI, prior to interest expense, for 1H FY25 was \$12.2 million (1H FY24 \$3.7 million). The return on PI is made up of 'Dividends and distributions' received of \$3.0 million and 'Fair value gains/losses on financial assets at fair value through profit or loss' of net positive \$9.2 million, which includes gains/losses from hedging equity market exposures. The interest expense on the fully drawn \$100 million CBA borrowing facility, all of which is deployed in funds managed by Pinnacle Affiliates, was \$3.3 million in 1H FY25 (1H FY24 \$3.6 million), and earned a return in excess of the borrowing costs.

	1H FY25 (\$M)	1H FY24 (\$M)	% Change
PINNACLE			
Revenue ¹	27.6	23.7	17%
Expenses ^{2,3,4}	(23.1)	(30.8)	(25%)
Share of Pinnacle Affiliates net profit after tax	74.3	37.3	99%
Net profit before tax	78.8	30.2	161%
Taxation	(3.1)	-	
NPAT from continuing operations	75.7	30.2	150%
Discontinued operations	-	-	-
NPAT attributable to shareholders	75.7	30.2	150%
<i>NPAT attributable to shareholders - excluding net gains/losses on PI and interest cost</i>	<i>66.8</i>	<i>30.1</i>	<i>122%</i>
<i>NPAT attributable to shareholders - excluding net gains/losses on PI, interest cost and OpenInvest revaluation</i>	<i>66.8</i>	<i>33.5</i>	<i>99%</i>
Basic earnings per share:			
From continuing operations	36.9	15.4	140%
Total attributable to shareholders	36.9	15.4	140%
Diluted earnings per share:			
From continuing operations	36.7	15.3	140%
Total attributable to shareholders	36.7	15.3	140%
Dividends per share:	33.0	15.6	112%

All references to dollars, or '\$', refer to Australian Dollars, unless otherwise stated.

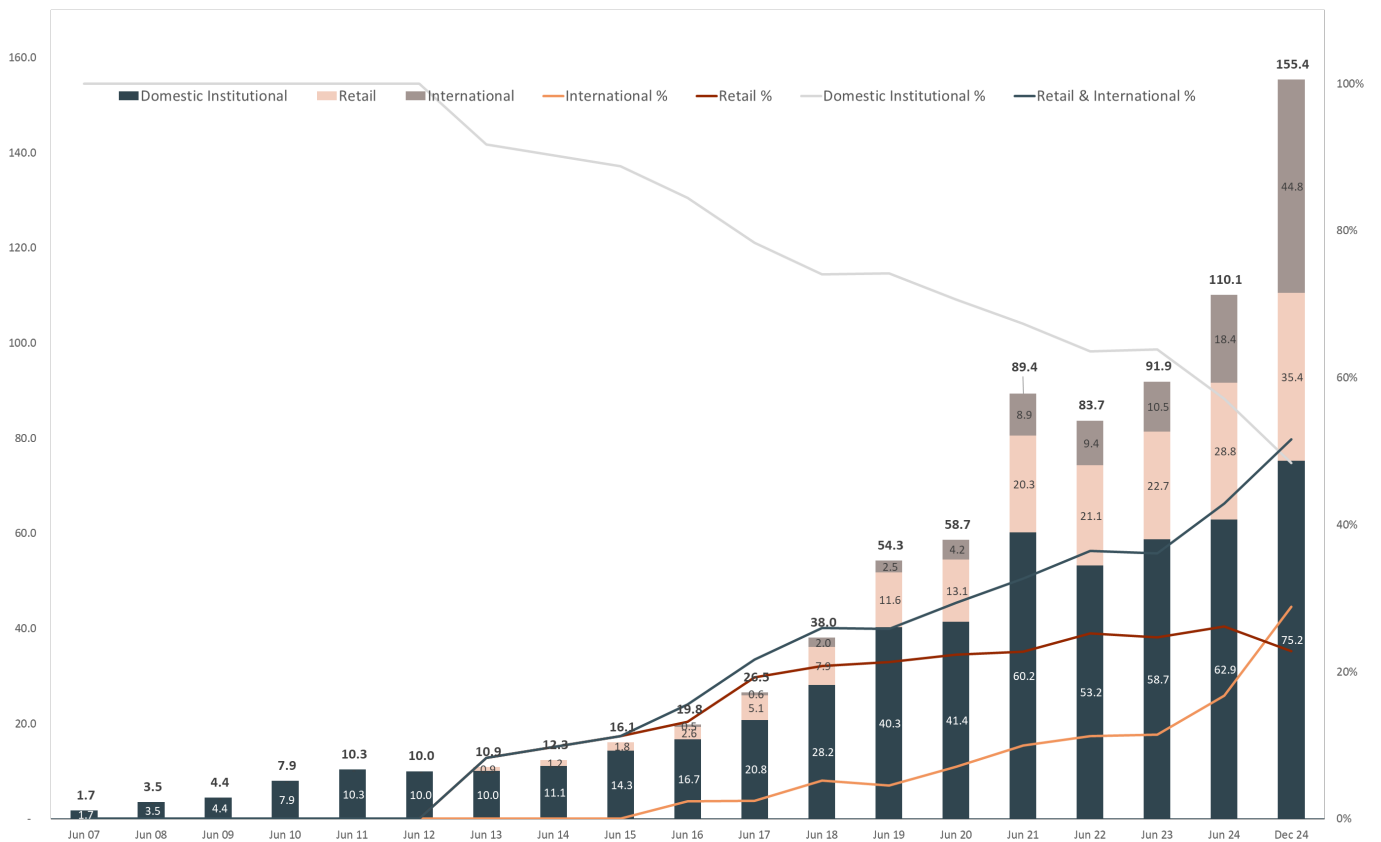
1. Includes dividends and distributions received on PI. These were \$3.0m in 1H FY25, compared with \$3.6m in 1H FY24
2. Includes interest cost on the CBA facility of \$3.3m in 1H FY25 (\$3.6m in 1H FY24)
3. Includes mark-to-market and realized gains/losses on PI, net of hedging. These were total net gains of \$9.2m in 1H FY25 (decreases 'expenses'), compared with total net gains of \$0.1m in FY24 (decreases 'expenses')
4. Includes the write-down of OpenInvest of \$3.4m in 1H FY24

FUM Update

The FUM of the eighteen Pinnacle Affiliates as at 31 December 2024 was \$155.4 billion, at 100%, reflecting:

- an increase in FUM of \$45.3 billion or 41.1% during 1H FY25, comprising net inflows of \$6.7 billion, 'acquired' FUM of \$27.9 billion and increases due to market movements/investment performance of \$10.7 billion
- A compounded annual growth rate (CAGR) of 20% over the last five years (14% excluding 'acquired' FUM)

Pinnacle Affiliates – FUM¹



¹ Includes \$6.8bn 'acquired' in Jul 2018, \$3.0bn 'acquired' in Dec 2019, \$1.1bn 'acquired' in Dec 2021, \$9.8bn 'acquired' in Aug 2024, \$17bn 'acquired' in Nov 2024 and \$1.1bn 'acquired' in Dec 2024. FUM shown is 100% of the FUM managed by Pinnacle Affiliates. Pinnacle holds significant minority stakes in each of the Affiliates and does not 'own' 100% of the FUM

Retail FUM Update

Retail FUM stood at \$35.4 billion at 31 December 2024:

- An increase in \$6.6 billion or 22.9% from \$28.8 billion at 30 June 2024, comprising net inflows of \$3.7 billion, 'acquired' FUM of \$1.2 billion and increases due to market movements/investment performance of \$1.7 billion

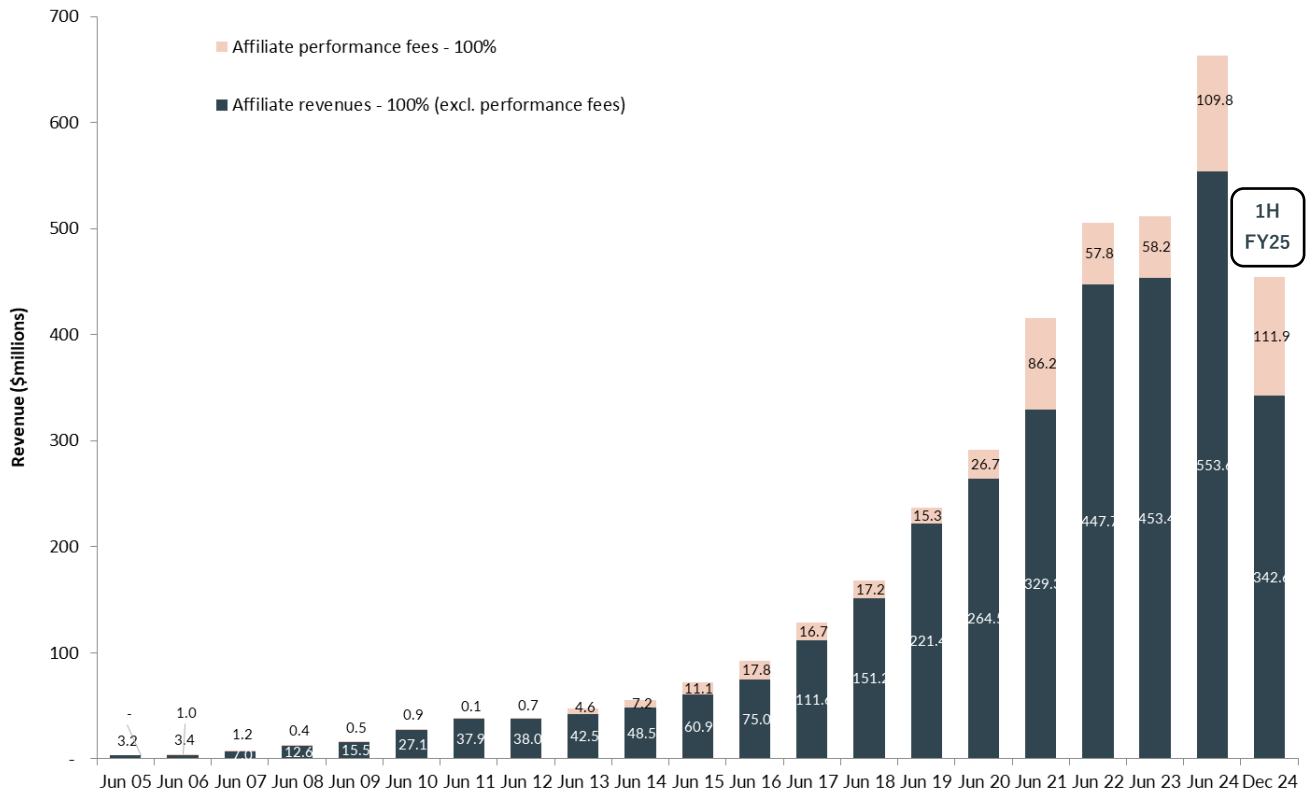
International FUM Update

International FUM stood at \$44.8 billion at 31 December 2024:

- an increase in FUM of \$26.4 billion or 143.5% from \$18.4 billion at 30 June 2024, comprising net inflows of \$0.8 billion, 'acquired' FUM of \$22.2 billion and increases due to market movements/investment performance of \$3.4 billion

Pinnacle Affiliates – Financial Highlights¹

	1H FY25 (\$M)	2H FY24 (\$M)	1H FY24 (\$M)
PINNACLE AFFILIATES (100% aggregated basis)			
FUM (\$billion) ²	155.4	110.1	100.1
Revenue (\$million)	454.5	368.6	294.8
Net profit before tax	236.2	182.3	120.4
Tax expense	(64.2)	(50.4)	(29.5)
Net profit after tax (NPAT)	172.0	131.9	90.9
<i>Pinnacle share of Affiliates' NPAT</i>	<i>74.3</i>	<i>53.5</i>	<i>37.3</i>



¹ Affiliate revenues are shown at 100% to indicate trend. Pinnacle owns significant minority stakes in each Affiliate and accounts for its share of Affiliates' NPAT

² Includes \$6.8bn 'acquired' in Jul 2018, \$3.0bn 'acquired' in Dec 2019, \$1.1bn 'acquired' in Dec 2021, \$9.8bn 'acquired' in Aug 2024, \$17bn 'acquired' in Nov 2024 and \$1.1bn 'acquired' in Dec 2024. FUM shown is 100% of the FUM managed by Pinnacle Affiliates. Pinnacle holds significant minority stakes in each of the Affiliates and does not 'own' 100% of the FUM

Dividend

The Board has resolved to pay an interim dividend per share of 33.0 cents, franked to 72% (up 112% from 15.6 cents (fully franked) in 1H FY24 and up 25% from the FY24 final dividend of 26.4 cents, which was franked to 72%) to shareholders recorded on the register on 7 March 2025 and payable on 21 March 2025, which represents a payout ratio of 90% of diluted EPS.

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

FY25 interim financial results teleconference

Shareholders and analysts are invited to attend a teleconference on 5 February 2025 with Alan Watson (Chair), Ian Macoun (Managing Director), Andrew Chambers (Executive Director and Head of Institutional & International Distribution), Dan Longan (Chief Financial Officer) and Kyle Macintyre (Head of Retail and Wholesale Distribution) who will discuss the 1H FY25 financial results and answer questions.

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

Date: Wednesday, 5 February 2025

Time: 9.00 am (AEDT)

If you would like to join, please pre-register [here](#).

Once registered, a calendar invite which will include the dial-in number, a passcode and an unique access PIN will be emailed to you. To join the teleconference, simply dial the number in the calendar invite and enter the passcode followed by your unique access PIN.

Please contact Ian Macoun at ian.macoun@pinnacleinvestment.com if you require any further information.

This announcement is authorised by the Board of Directors.