

Annual Report

2021

 Pinnacle

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Pinnacle Glossary

Term	Meaning
2020 Annual Report	the Group's annual report for the 2020 financial year.
2020 financial year	the period 1 July 2019 to 30 June 2020.
2021 Annual Report	this document.
2021 Financial Year	the period 1 July 2020 to 30 June 2021.
Affiliates or Pinnacle Affiliates	Pinnacle's sixteen affiliated investment managers, being Aikya, Antipodes, Coolabah, Firetrail, Hyperion, Longwave, Metrics, Omega, Palisade, Plato, Resolution Capital, Reminiscent, Riparian, Solaris, Spheria and Two Trees.
Aikya	Aikya Investment Management Limited.
Antipodes	Antipodes Partners Limited.
ASX Principles	the Corporate Governance Principles and Recommendations 3rd Edition, published by the ASX Corporate Governance Council.
Auditor	PricewaterhouseCoopers.
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 2021 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.
Foundation	the Pinnacle Charitable Foundation.
FUM	Funds Under Management.
Group or Pinnacle Group	Pinnacle and the entities that it controlled during the 2020 financial year.
Hyperion	Hyperion Asset Management Limited.
Key Management Personnel	the individuals identified as such on page 32 of the 2021 Annual Report.
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 48.
NPAT	net profit after tax.
NPBT	net profit before tax.
NTA	net tangible assets.
Omega	Omega Global Investors Pty Limited.

Term	Meaning
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.
PIML LTI Scheme	the long-term incentive scheme described on page 37 of the 2021 Annual Report.
Pinnacle or PNI	Pinnacle Investment Management Group Limited.
Pinnacle Omnibus Plan	the Pinnacle Omnibus Incentive Plan described on page 37 of the 2021 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	Resolution Capital Limited.
Riparian	Riparian Capital Partners Pty Limited.
Securities business	the corporate finance, equity capital markets, institutional sales, research and private wealth management businesses previously owned by the Company and now known as Wilsons Advisory.
Sellers	each of Macoun Superannuation Fund Pty Ltd as trustee for the Macoun Superannuation Fund, Macoun Generation Z Pty Ltd as trustee for the Macoun Generation Z Family Trust, Usinoz Pty Ltd as trustee for the Ihlenfeldt Family Trust, AJF Squared Pty Ltd as trustee for the AJF Squared Family Trust, Andrew Chambers and Fleur Chambers as trustee for the Andrew C Chambers Family Trust, Adrian Whittingham as trustee for the Whittingham Family Trust, Mark Cormack and Melanie Cormack as trustee for the Cormack Family Trust and Dellreid Pty Limited as trustee for the Dell Family Trust.
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.

Chair's Letter

Dear Fellow Shareholders,

I am pleased to present Pinnacle's Annual Report for the financial year ended 30 June 2021.

Your Company has concluded a successful year, delivering record profits, record funds inflows – both institutional and retail – together with an enhanced, more robust platform, well positioned for further growth. We have commenced the 2022 financial year with by far our highest level of Funds Under Management ever achieved, and distribution and infrastructure capabilities to allow for substantial further growth, both in Australia and overseas.

Funds Under Management commenced the 2021 financial year at \$58.7 billion. Net inflows of \$16.7 billion were achieved during the year and gains from market movements and investment performance totalled \$14.0 billion, resulting in Funds Under Management at the start of the 2022 financial year of \$89.4 billion. Notably, this is in excess of 20% higher than our average Funds Under Management through the 2021 financial year.

Since 2016 we have pursued a strategy of diversification of our business and we believe that this has led to a platform that is flexible, strong and sufficiently adaptable to pursue both organic and inorganic growth, domestically and offshore. We do not know what opportunities will present themselves to us, or when; however, we will continue to apply our rigorous criteria to any such opportunities. Nonetheless, our business enters FY22 in excellent shape as we progress to the next stage of our growth.

During the 2021 financial year, seven Affiliates delivered performance fees totalling \$86.2 million, of which Pinnacle's share, after tax, was \$19.5 million. This is a significant increase on 2020, in which five Affiliates delivered performance fees totalling \$26.7 million of which Pinnacle's share, after tax, was \$6.6 million. We continue to pursue a deliberate strategy to seek 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, and further align

client outcomes with performance. We have a healthy mixture of base fees and performance fees, which we believe yields optimal overall business outcomes – ample consistent base fee revenues whilst maximising average annual revenue by a diversified range of substantial potential performance fees. We are encouraged by the balance and diversity of our fee structures and asset classes at this stage of our development and growth.

Our distribution force continues to excel, both at home and overseas. We delivered record inflows during the 2021 financial year across domestic institutional, retail and offshore. This is despite the continued and well-understood challenges in the Australian institutional market, which we expect to continue into FY22. We are encouraged particularly by the momentum we are building in offshore markets, where the opportunity for further growth in Funds Under Management is significant.

In summary, during the 2021 financial year, Pinnacle produced:

- NPAT attributable to shareholders of \$67.0m (up 108% from \$32.2m in the 2020 financial year), representing basic earnings per share of 38.2 cents per share (up 103% from 18.8 cents in the 2020 financial year);
- Aggregate Affiliate revenue (at 100%) growth of 43% to \$415.5m (including performance fees of \$86.2m, and Coolabah revenues for the full financial year);
- Growth in our share of aggregate Affiliate NPAT of 75% to \$66.4m;
- Growth in Funds Under Management of 52.3% to \$89.4 billion at 30 June 2021, up from \$58.7 billion at 30 June 2020;
- Net inflows of \$16.7 billion, of which retail was \$4.5 billion;

- A strong and flexible balance sheet, with FY21 year end net financial assets of \$55.0 million, comprising cash and Principal Investments of \$155.0 million, and debt of \$100.0 million.

In recognition of these strong financial results the Board has declared a fully franked final dividend of 17.0 cents per share, double the fully franked final dividend of 8.5 cents per share declared in FY20, making a fully franked total of 28.7 cents for the full year (86% higher than total dividends of 15.4 cents for FY20).

These results are only achievable by the combined effort of the people of Pinnacle and all the Affiliates working both tirelessly and symbiotically for the benefit of our clients, and I wish to acknowledge their diligence and commitment on behalf of all shareholders.

Finally, we wish to express our thanks to you, our owners, for your continued support of our Company as shareholders.

Further operational detail is discussed in The Operating and Financial Report commencing on page 8, and detail of our remuneration philosophy and outcomes 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 26 October, 2021.

Yours sincerely



Alan Watson
4 August 2021

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Overview, Operating and Financial Report

Nature of operations and principal activities

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

Founded in 2006, Pinnacle currently consists of 16 investment Affiliates. At 30 June 2021, the Pinnacle Affiliates collectively managed approximately \$89.4 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 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 2021 financial year were:

- 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

\$415.5
million in Affiliate
revenues

NPAT
of \$67.0
million

\$89.4
billion in
Affiliate FUM

38.2c
earnings
per share

17c
fully franked
final dividend

During the 2021 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 \$89.4 billion in FUM as at 30 June 2021.

In the 2021 financial year:

Pinnacle Affiliates generated aggregate revenues (at 100%) of \$415.5 million, up 42.7% from \$291.1 million in the previous year. Of this, \$86.2 million was performance fees (\$26.7m in the previous year).

Pinnacle generated total NPAT attributable to shareholders of \$67.0 million, up 108.1% from \$32.2 million in the prior year.

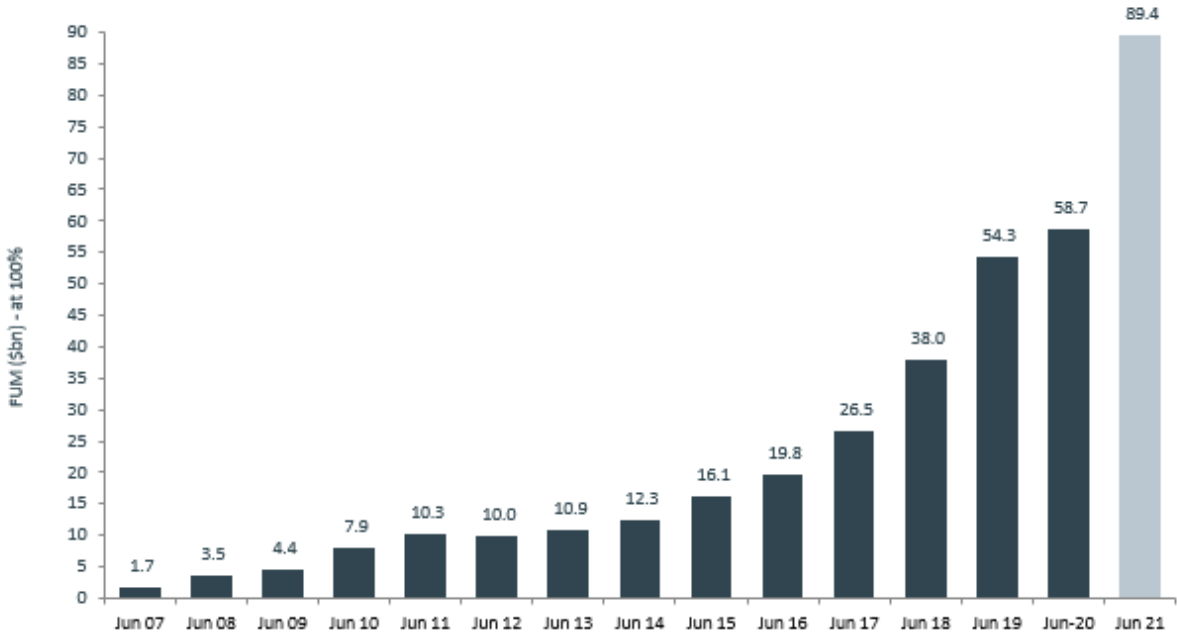
Pinnacle's share of NPAT from Pinnacle Affiliates was \$66.4 million, up 74.7% on the prior year.

The table below outlines the performance of the Pinnacle Group for the 2021 and 2020 financial years:

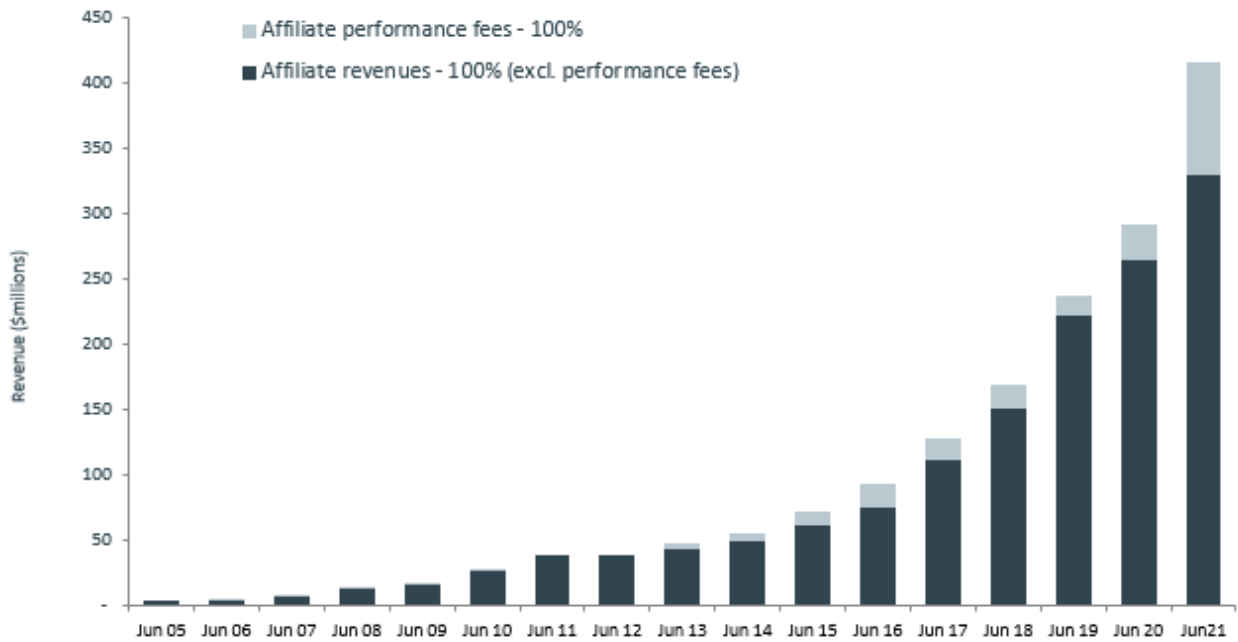
	FY2021	FY2020
Pinnacle Affiliates (100% aggregate basis)		
FUM (\$billion)*	89.4	58.7
Revenue (\$million)	415.5	291.1
Net profit before tax	245.4	142.7
Tax expense	(65.9)	(42.5)
Net profit after tax	179.5	100.2
Pinnacle Group (\$million)		
Revenue	32.5	22.4
Expenses	(31.9)	(28.0)
Share of Pinnacle Affiliates net profit after tax	66.4	38.0
NPBT from continuing operations attributable to shareholders	67.0	32.4
Taxation	-	-
NPAT from continuing operations attributable to shareholders	67.0	32.4
Discontinued operations	-	(0.2)
Total profit attributable to shareholders	67.0	32.2
Basic earnings per share (cents):		
From continuing operations	38.2	18.9
Total attributable to shareholders	38.2	18.8

*Non-statutory measure

Pinnacle Affiliates FUM¹



Pinnacle Affiliates Revenue²



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's focus during the year was on continuing to support each of the Pinnacle Affiliates and assisting them to grow their businesses and profitability.

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. 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 2021 financial year:

AIKYA

Aikya

Aikya Investment Management was founded in 2020 and specialises in managing Emerging Markets equity portfolios. The team intends to maintain 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.

The Aikya Global Emerging Markets Fund was launched in March 2020.

Antipodes

Antipodes Partners

Antipodes was founded in 2015 and manages global, Asian and emerging markets equities. Its 30-strong investment 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 (**CCI**) is a leading long-only and long-short active credit manager that 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 27 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.

Pinnacle acquired a 25% holding in CCI in December 2019.



Firetrail Investments

Firetrail is an investment management boutique founded in 2018. The firm was established with a goal to align its people with their clients. Importantly, the firm is majority owned by its investment staff and the team is invested alongside their clients in the investment strategies.

While founded in 2018, the Firetrail investment team have a long, successful track record of investing in equities. Prior to establishing Firetrail, the portfolio management team including Patrick Hodgens, Blake Henricks and James Miller worked together at Macquarie for over a decade. The team were responsible for managing the highly successful Macquarie High Conviction Fund, which was one of the top-performing Australian equity funds over the medium- and long-term.

Firetrail has a diverse client base across Institutional Investors, Foundations, Family Offices, High Net Worth individuals, Financial Advisors and Retail Investors.



Hyperion Asset Management

Hyperion Asset Management 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.

The Hyperion Global Growth Companies Fund was established in 2014 for wholesale investors. Based on the strong performance record of the strategy, it was opened to retail investors during the 2019 financial year and, since March 2021, investors have been able to invest in the Hyperion Global Growth Companies Fund (Managed Fund) via the ASX (ASX:HYGG). As at 30 June 2021, the fund has outperformed its benchmark by 12.57% (per annum, since inception, gross of fees).



Longwave Capital Partners

Longwave is a boutique investment manager 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.

The Longwave Australian Small Companies Fund, Longwave's active and diversified portfolio of high-quality small companies that has been built through the combination of quantitative discipline and fundamental insight, launched on 1 February 2019.



Metrics

Metrics is the leading Australian non-bank corporate lender with a presence in Sydney, Melbourne and Auckland NZ. Metrics is an alternative asset manager specialising 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 MCP Master Income Trust (ASX: MXT), which successfully listed on the ASX in October 2017. Metrics' second ASX-listed vehicle, MCP 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.



Omega Global Investors

Omega's "Smart Beta Plus" approach optimises exposures to factors that are researched to be return drivers while controlling common risk, thereby ensuring investors are appropriately rewarded.

Omega believes the benefits derived from Smart Beta Plus are compelling, providing the opportunity for investors to improve investment outcomes via a cost-effective systematic approach. Omega offers smart beta, factor-based investing across bonds, equities, FX and cash. Pinnacle acquired an equity interest in Omega in July 2018.

Subsequent to 30 June 2021, Omega, Plato and Pinnacle have agreed that Omega will integrate into Plato, as Plato continues to build-out a multi-strategy 'quant powerhouse'.



Palisade

Palisade provides institutional and wholesale investors with access to Australian 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.

As at 30 June 2021, Funds Under Management and investor commitments totalled approximately \$3.2 billion across Palisade's three pooled funds and separately managed accounts. Palisade's flagship fund, Palisade's Diversified Infrastructure Fund, generated a gross return of 7.7% for the year, including 8.7% yield.



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. The firm's strategies today encompass global and Australian equities that are tailored to specific investor objectives of wealth accumulation, income generation and downside protection.

The majority of Plato's strategies outperformed in the financial year, and the firm saw pleasing growth in assets under management. Plato hired one of its Women in Finance Scholarship winners during the year, following a successful internship.



Reminiscent

Reminiscent Capital is a Discretionary Asia Macro investment firm based in Sydney, Australia. Reminiscent aims to deliver attractive, uncorrelated absolute returns through a concentrated, directional and dynamic investment portfolio of fixed income, foreign exchange and equities, by employing an eclectic top-down approach for uncovering important macro themes and using a combination of conventional and novel methods for implementing skewed expressions of their best ideas.

Reminiscent was founded by David Adams, formerly of Brevan Howard and Morgan Stanley, in partnership with Pinnacle.

The Reminiscent Capital Global Macro Fund was launched in February 2019, with the strategy also being made available through a Cayman Islands vehicle from April 2020.

RESOLUTION CAPITAL

Resolution Capital

Resolution Capital is a specialist global listed real assets manager, with a 26-year investment track record. The firm is majority employee owned and is headquartered in Sydney, Australia and maintains an office in New York.

The firm is a fundamental analysis orientated investment manager with the objective of delivering superior risk adjusted long-term returns, compared with recognised industry benchmarks. This is achieved through investment in a concentrated portfolio of carefully selected securities with an emphasis on avoiding fundamental flaws which could reasonably result in permanent impairment of the underlying investments. All strategies managed by the firm have outperformed their respective benchmarks since inception.

The firm continues to grow and diversify its investment and operational capabilities. The firm recently launched its listed Real Assets Strategy and as part of this initiative expanded its research coverage to include Australian and Global listed infrastructure companies. The firm also continues to diversify its client base and has notably grown its funds sourced from international markets.



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.

Riparian's investment team has extensive experience in agriculture, finance and asset management, predominantly in Australia but also covering the United States and Asia-Pacific. The team has proven its ability to identify key areas for operational efficiency, expansion and redevelopment of agri-sector assets while driving value through active management of water portfolios and exposures.



Solaris Investment Management

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

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.

Solaris's core strategy has outperformed the S&P/ASX 200 Index by 1.3% per annum since inception on 9 January 2008 (to 30 June 2021). The information ratio for the strategy is notably favourable since inception.



Spheria

Spheria is a fundamental-based investment manager specialising in small and microcap companies. Spheria specifically seeks out businesses where the present value of future free cash flows can be reasonably ascertained and the underlying security is trading at a discount to its intrinsic value. Spheria's mission is to achieve strong investment performance for its clients with an emphasis on risk management.



Two Trees

Two Trees is an investment management firm that specialises in systematic global macro investing. Two Trees' mission is to help institutions, advisers, and individuals around the world grow their long-term wealth and attain genuine portfolio diversity for when they need it most.

Two Trees' competitive edge is in fusing together a deep philosophical understanding of financial economics with rigorous scientific techniques for forecasting returns, risk, and volatility, and the way in which they change through time.

Two Trees' Global Macro strategy is available through a UCITS vehicle, which is domiciled in Ireland.



Business strategies and prospects for future financial years

We continue to build Pinnacle by taking a measured approach to growth. Despite the turbulence in markets and the broader economy during the 2020 financial year, we made a conscious decision to keep our core capabilities well-resourced to enable us to both continue to support the Pinnacle Affiliates and to remain well-positioned for further growth. During the 2021 financial year, we saw the results of this decision and the exceptional efforts and flexibility of our people as our business emerged from the crisis in excellent shape.

We continue to carefully invest in additional resources, particularly in support of our international capabilities, to enable and drive this growth. We will also continue to invest in and seed new Affiliates where management teams have a strong track record and growth potential, even though this may retard 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 domestic and offshore. We will consider acquisitions only when we believe they are synergistic with our existing core, will not place the Company at risk and are both relatively low risk and offer 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 2020 financial year was unprecedented. The extensive impact of the COVID-19 virus crisis, particularly during the second half of the year, caused extreme disruption in financial markets and the global economy more broadly. As we entered the 2021 financial year, a

broad market recovery was already underway, underpinned by extraordinary levels of fiscal stimulus as governments sought to mitigate the financial impacts of the virus and associated lockdowns.

During the 2020 financial year, the S&P/ASX 300 index fell by 10.8%, whilst the MSCI World rose by only 0.3%; both indices suffered precipitous falls during March 2020 and rebounded towards the end of that financial year. During the 2021 financial year, the S&P/ASX 300 rose by 24.7%, whilst the MSCI World rose by 37.2%; the increase in Funds Under Management driven by these rising markets, as well as record inflows during the 2021 financial year, have led to significant revenue increases in both Pinnacle and the Affiliates.

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.

Having been somewhat suppressed in the prior financial year given the dislocation in markets, we delivered record net inflows in the current financial year across all three major 'channels' – retail, domestic institutional and offshore, pleasingly across a range of Affiliates, further evidencing the benefits of the diversity of our platform.

Whilst market conditions during the 2021 financial year and to date have been supportive, we recognize that there remains uncertainty around global economic conditions due to, inter alia, the continuing COVID-19 crisis 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, adding onshore resources in the UK during FY21.

Review of Group Results

Total net profit after tax (NPAT) attributable to shareholders for the 2021 financial year was \$67.0 million. NPAT from continuing operations attributable to shareholders was also \$67.0 million, with discontinued operations now concluded.

- The Group delivered a \$67.0 million total NPAT attributable to shareholders for the 2021 financial year, a 108% improvement compared with the 2020 financial year. This was underpinned by a 75% increase in Pinnacle's share of net profits from the Pinnacle Affiliates to \$66.4 million (of which \$19.5 million was Pinnacle's share of performance fees earned by seven Affiliates during the financial year, after tax, compared with \$6.6 million in the 2020 financial year).
- FUM increased by 52.3% to \$89.4 billion in the 2021 financial year.
- Group net tangible assets have increased by 29% to \$243.9 million.
- Basic earnings per share attributable to shareholders of 38.2 cents have increased by 103% from 18.8 cents.
- The Board has declared a fully franked final dividend of 17 cents per share payable on 17 September 2021.

Statement of Comprehensive Income

The following commentary provides an analysis of revenues and expenses for the 2021 financial year in comparison to the prior financial year.

During the 2021 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 \$10.1 million to \$32.5 million, from \$21.1 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 \$14.4 million in the first half of the financial year and \$18.1 million in the second half.

We remind shareholders that, due to the decline in the market in the second half of the 2020 financial year and the impact on net inflows during March and April 2020, these performance-based fees were lower than might

otherwise have been expected and there was no such skew in revenues during the prior financial year (revenues were \$11.0 million in the second half of the 2020 financial year, compared with \$11.4 million in the first half).

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 2021, the Group made a net \$2.2 million gain on its Principal Investments, on a mark-to-market basis. This gain consists of distribution and dividends received of \$2.3 million, and realized and unrealized losses of \$0.1 million. As shareholders will be aware, we substantially hedge our equity market exposure on these investments.

Expenses from Continuing Operations

During FY21, the Group has continued to carefully add additional resources to support future growth. Employee benefits expense increased by \$0.9 million to \$14.5 million.

Shareholders will recall that there were significant reductions to STI in the 2020 financial year, given that results for that year fell short of our original expectations. In the 2021 financial year, STI increased by \$4.5 million to \$7.4 million, representing a more normal level of STI, recognizing the outstanding contribution our people have made this year and the excellent results they have delivered.

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 which are equity accounted. Pinnacle's share of the net profits after tax from Pinnacle Affiliates for the 2021 financial year was \$66.4 million (of which \$19.5 million was Pinnacle's share of performance fees earned by seven Affiliates during the financial year, after tax, compared with \$6.6 million in the 2020 financial year); up 75% or \$28.4 million on the prior financial year. Underlying Base management fees within the Pinnacle Affiliates also increased 25% on the prior financial year.

Pinnacle Affiliates' FUM, which underpins the share of Pinnacle Affiliates' profits, increased by 52.3% to \$89.4 billion in the 2021 financial year. We remind shareholders that a significant proportion of our Affiliates' FUM is linked to movements in equity markets, which rallied strongly during the year, with the S&P/ASX 300 up by 24.7% and the MSCI World up by 37.2%.

Further information is provided in note 23 to the financial statements.

Discontinued Operations

Discontinued operations have now concluded and made no contribution to the Group's result in the current financial year.

Consolidated Statement of Financial Position

The following commentary provides an analysis of assets and liabilities for the 2021 financial year.

Cash. Cash and cash equivalents increased by \$80.1 million to \$96.1 million at year-end compared to \$16.1 million at the end of the prior year. Cash inflows from operating activities were \$33.0 million, which included dividends received from Affiliates of \$49.1 million, compared with \$33.0 million in the prior year. In June 2021, we increased our facility with the Commonwealth Bank of Australia (CBA) by \$70.0 million, which was drawn down on 30 June 2021. Subsequent to the year end, we have invested the additional cash in liquid funds managed by our Affiliates.

Further information is provided at notes 6 and 25.

Trade and other receivables. The value of trade and other receivables increased by \$1.0 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 \$58.9 million, an increase of \$24.9 million on the prior year. During the year, Pinnacle has 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 \$58.9 million, \$56.5 million is held in strategies managed by Pinnacle Affiliates. The Group has substantially hedged its exposure to movements in the underlying indices.

Assets held at amortised cost. The value of current and non-current assets held at amortised cost decreased by \$1.7 million to \$2.8 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, whilst a working capital loan provided to one of the Pinnacle Affiliates was converted to equity during the year. 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 \$25.1 million during the period to \$187.0 million. The change is attributable to the equity accounted profits of \$66.4 million from Pinnacle Affiliates, less the dividends received from the Pinnacle Affiliates of \$49.1 million,

plus additional net capital contributed to the Pinnacle Affiliates during the year of \$9.1 million, less impairment of \$1.4 million (where loan funding is provided to Affiliates, equity-accounted losses are treated as 'impairments' to these loan balances, which reverse when Affiliates reach profitability). Further information is provided at note 23 of the financial statements.

Intangible assets decreased by \$0.9 million. Plato, the Investment Manager of PL8 and an Affiliate of the Group, and the Group have 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. Further information is provided at note 13.

Trade and other payables increased by \$7.7 million to \$17.5 million, which includes the final \$5.0 million additional consideration payable relating to the Group's acquisition of an interest in Coolabah, given that the agreed profitability milestones were reached as at 30 June 2021. The balance also includes accrued incentives which, as set out previously, are significantly higher than in the prior year. Further information is provided at note 14 of the financial statements.

Provisions. The value of current and non-current provisions decreased by \$4.6 million compared with the prior year. \$5.0 million payable in relation to the Group's acquisition of an interest in Coolabah has been transferred to trade and other payables, given that the agreed profitability milestones were reached as at 30 June 2021. In the prior year, the amount was held as a provision as the Group assessed that the profitability milestones were likely to be reached but they had not been at that time. 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 \$0.6 million and **Right-of-use assets** decreased by \$0.9 million compared with the prior year. The Group leases offices in Brisbane and Sydney. During the current financial year, the Group reduced its leased space in Sydney with a resulting reduction in both the associated asset and liability. Further information is provided at note 12.

Borrowings increased to \$100.0m. The Group secured a \$30.0 million Loan Facility with the CBA during the prior financial year, which was fully drawn as at 30 June 2020 to fund the acquisition of a 25% interest in Coolabah Capital Investments Pty Ltd. During the current year, the Group has extended this facility by a further \$30.0 million with an additional \$40.0 million extension as additional 'dry powder'. The facility was drawn down in full on 30 June 2021. Subsequent to the year end, we have invested the additional cash in liquid funds managed by our 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/>.

05

Directors' Profiles



Alan Watson

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

Mr Watson joined the board on 15 July 2013 and became Chair on 23 October 2015. Mr Watson is a Sydney-based former investment banker with 35 years of experience within various global equity markets. Over this period, he established, directed and was responsible for the conduct of securities business both in Europe and Asia advising many companies on capital structuring, initial public offerings, takeovers and mergers and investment relations strategies.

Mr Watson has 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.

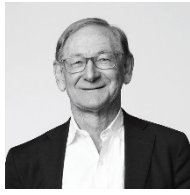
Mr Watson is also an independent director of Airboss of America, listed on the Toronto Stock Exchange and an independent non-executive director of Australis Oil and Gas, listed on ASX.

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

Director of Australis Oil & Gas

Interests in shares and options

159,181 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

118,710 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 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 Antipodes Global Investment Company Limited, Plato Income Maximiser Limited, Spheria Emerging Companies Limited and Hearts and Minds Investments Limited (listed investment companies) and a company appointed director of Qantas Superannuation Limited.

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

Antipodes Global Investment Company Limited

Plato Income Maximiser Limited

Spheria Emerging Companies Limited

Hearts and Minds Investments Limited

Interests in shares and options

25,000 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 is Chair of Queensland Treasury Corporation and related companies, having 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.

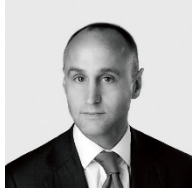
Mr Bradley is also a Fellow of the Australian Institute of Company Directors, CPA Australia, Australian Institute of Chartered Accountants and Institute of Managers and Leaders.

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

Star Entertainment Group Limited

Interests in shares and options

72,177 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 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: Metrics, Omega, Riparian and Two Trees.

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

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, Hyperion, Longwave and Spheria.

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

Spheria Emerging Companies Limited

Interests in shares and options

3,103,614 ordinary shares in the Company

06

Directors' Report

Your directors present their report on the Group, consisting of the Company and the entities it controlled at the end of, or during, the year ended 30 June 2021.

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 2021 Annual Report.

Earnings per share

	2021 Cents	2020 Cents
From continuing operations		
Basic earnings per share	38.2	18.9
Diluted earnings per share	36.5	18.0
Total attributable to shareholders		
Basic earnings per share	38.2	18.8
Diluted earnings per share	36.5	17.9

Dividends

In the 2021 financial year, the following dividends were paid:

- a fully franked final dividend of 8.5 cents per share on 11 September 2020.
- a fully franked interim dividend of 11.7 cents per share on 19 March 2021.

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

- a fully franked final dividend of 17 cents per share, to be paid on 17 September 2021.

Total dividends declared in respect of the FY21 financial year were 28.7 cents per share (2020: 15.4 cents per share).

Operating and Financial Review

The Operating and Financial Review can be found at pages 8 to 21 of the 2021 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 102, 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 2021 Remuneration Report sets out remuneration information for the Group's non-executive directors and 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 2021 I would like to begin by reiterating the vital importance of outstanding people both in Pinnacle and in the Affiliates, especially given the ongoing challenges this year of the COVID-19 pandemic.

Our people continued to demonstrate resilience, dedication, and flexibility in investing significant effort to achieve strong commercial outcomes for the business during the past year. Growth in both responsibility and role scope occurred in various areas as employees adapted and responded to meet both client and company needs. Their efforts and dedication to our organisation are to be commended.

We continue to recognise the importance of attracting and retaining top talent within Pinnacle and the Affiliates. This includes ensuring all behaviours and interests are aligned with our values and those of our clients and shareholders. The focus is on empowering our employees, fostering a high-performance culture, and building leadership capability and business model resilience in a flexible and entrepreneurial environment.

The 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.

Our remuneration system requires 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, the latter which reflect our Purpose and Values. Quantitative factors such as profitability, revenue growth, cost control and net sales are all vitally important. Non-quantifiable factors such as team effort, consideration of Pinnacle's Purpose and Values, flexibility, work ethic, innovation, fostering risk awareness and personal contribution to a positive work environment are equally valuable and must also be taken into consideration. Preserving our flexible scheme in rewarding employees, the weighting of each attribute may differ depending on role.

Consistent with previous years, STI amounts are determined within the context of Pinnacle's performance and progress in achieving key commercial and business outcomes and the maximum potential reward specified for the role. Given our strong results, in general, we are awarding 100% of target maximum this year. Our senior executives continue to have a significant exposure to Pinnacle equity, further aligning employee and shareholder interests. LTI awards have also been proposed in circumstances where there has been a large increase in role responsibility.

Each year we report to shareholders on the key quantifiable factors which have been considered in determining STI grants for the year. Our strong financial results and quantitative outcomes are discussed on page 38 of this report and I repeat the key factors here for completeness:

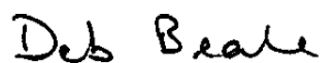
- growth in basic earnings per share attributable to shareholders of 102.1% in the 2021 financial year; compound annual growth rate (CAGR) in basic earnings per share attributable to shareholders of 49.0% over the five years to 30 June 2021
- growth in total NPAT attributable to shareholders from \$32.2 million in the 2020 financial year to \$67.0 million in the 2021 financial year; CAGR in total NPAT attributable to shareholders of 63.1% over the five years to 30 June 2021
- increase in FUM from \$58.7 billion as of 30 June 2020 to \$89.4 billion as of 30 June 2021
- net FUM inflows of \$16.7 billion during the 2021 financial year
- net retail FUM inflows of \$4.5 billion during the 2021 financial year
- 80% 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 2021

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 rewarding and empowering employees. We remain confident that this approach is optimised to meet business needs and 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

A handwritten signature in black ink that reads "Deb Beale". The signature is written in a cursive, slightly informal style.

Chair of Remuneration and Nominations Committee

2.

Key Management Personnel

This Remuneration Report provides details of the remuneration of the Key Management Personnel of the Group For the year ended 30 June 2021. The Key Management Personnel for this period are listed in the tables below:

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 2021 comprised:

- 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, Risk and Compliance Officer*

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 (from 6 July 2020)
Calvin Kwok*	Chief Legal, Risk and Compliance Officer (from 1 September 2020)
Alex Ihlenfeldt*	Chief Operating Officer (until 1 September 2020)

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

* Dan Longan was appointed as the Chief Financial Officer of the Company on 6 July 2020 and became a KMP from that date. Calvin Kwok became a KMP from 1 September 2020. Alex Ihlenfeldt ceased to be a KMP from 1 September 2020.

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 2021 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 or to any relevant management position 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 2021 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 2021 financial year, it has adopted a remuneration framework consisting of base salary, short-term incentives and long-term incentives and a 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 have made some important changes 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 vision, 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.

During the 2021 financial year, there were no increases in base salary for any Executive Key Management Personnel, other than Dan Longan, who became an Executive Key Management Personnel on 6th July 2021 (Andrew Chambers and Alex Ihlenfeldt received modest increases in the 2019 financial year; the first increases since 2015). Additionally, Alex Ihlenfeldt and Adrian Whittingham both transitioned to part-time contracts in the 2021 financial year. The fixed remuneration of the Managing Director, Ian Macoun remains unchanged (and has not been changed since 2015) as detailed in section 6.

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, now, 16 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 prior 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 were therefore made to the 'maximum STI' people were eligible to receive in that year. 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.

As Pinnacle exceeded the original financial and FUM inflow expectations in the 2021 financial year, the maximum STI payable to any executive was 100% of the predetermined maximum.

Performance against KPIs for the Company's Executive Directors who received STI during the year is set out in the tables below:

Managing Director	Key Performance Indicators	Outcomes
	<ul style="list-style-type: none"> Growth in NPAT 	<ul style="list-style-type: none"> NPAT increased by 108% to \$67.0m Target exceeded
	<ul style="list-style-type: none"> Growth in basic EPS 	<ul style="list-style-type: none"> Basic EPS increased by 103% to 38.2c per share Target exceeded
Financial	<ul style="list-style-type: none"> Growth in gross FUM 	<ul style="list-style-type: none"> FUM increased 52% to \$89.4m Target exceeded
	<ul style="list-style-type: none"> Net FUM inflows 	<ul style="list-style-type: none"> Net FUM inflows of \$16.7 billion Target exceeded
	<ul style="list-style-type: none"> Net Retail FUM inflows 	<ul style="list-style-type: none"> Net Retail FUM inflows of 4.5 billion Target exceeded
Growth Strategy, Client and Investment Performance	<ul style="list-style-type: none"> Investment performance of Affiliates 	<ul style="list-style-type: none"> 80% of Affiliate strategies have outperformed their benchmark KPI met
	<ul style="list-style-type: none"> Approval rating from Affiliate MDs with respect to Pinnacle Distribution and Infrastructure Services 	<ul style="list-style-type: none"> Client advocacy scores with respect to Distribution and Infrastructure services from Affiliate MDs KPI met
	<ul style="list-style-type: none"> Progress towards Enablement of Horizon 3 initiatives 	<ul style="list-style-type: none"> KPI met
People	<ul style="list-style-type: none"> Succession plans in place for Pinnacle and Affiliate critical roles 	<ul style="list-style-type: none"> Emergency, ready now succession plans in place, development plans in place for successors 2-3 years out KPI met
	<ul style="list-style-type: none"> Drive high performance culture 	<ul style="list-style-type: none"> KPI met

	<ul style="list-style-type: none"> Enhance operational effectiveness 	<ul style="list-style-type: none"> KPI met
Operations, Risk Management and Regulatory	<ul style="list-style-type: none"> No significant regulatory issues in AU, EU, USA Protect and enhance the reputation of Pinnacle and promote a culture of risk management and disclosure 	<ul style="list-style-type: none"> KPI met KPI met
Pinnacle Purpose and Values	<ul style="list-style-type: none"> Understand, and contribute strongly to Pinnacle's Purpose and Values 	<ul style="list-style-type: none"> KPI met
Client Focus	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> KPI met
Flexibility	<ul style="list-style-type: none"> Demonstrate flexibility and a preparedness to adapt to the changing needs of the Company 	<ul style="list-style-type: none"> KPI met
Work Ethic	<ul style="list-style-type: none"> Demonstrate a strong personal work ethic and commitment to being highly productive at all times 	<ul style="list-style-type: none"> KPI exceeded
Innovation	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> KPI met
Risk	<ul style="list-style-type: none"> Foster a risk aware culture in which business activity occurs within Pinnacle's Risk Management Framework and Risk Appetite Statement 	<ul style="list-style-type: none"> KPI met
Sustainability	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> KPI met

Executive Director, Institutional and International Distribution	Key Performance Indicators	Outcomes
Financial	<ul style="list-style-type: none"> Institutional net inflows (including international), with particular reference to the Contained Annual Revenue of net inflows (FUM x Fee rate) 	<ul style="list-style-type: none"> Net institutional inflows \$12.2 billion Inflows & Revenue targets exceeded
People	<ul style="list-style-type: none"> Drive high performance culture 	<ul style="list-style-type: none"> KPI met
Pinnacle Purpose and Values	<ul style="list-style-type: none"> Understand, and contribute strongly to Pinnacle's Purpose and Values 	<ul style="list-style-type: none"> KPI met
Client Focus	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> KPI met
Flexibility	<ul style="list-style-type: none"> Demonstrate flexibility and a preparedness to adapt to the changing needs of the Company 	<ul style="list-style-type: none"> KPI met
Work Ethic	<ul style="list-style-type: none"> Demonstrate a strong personal work ethic and commitment to being highly productive at all times 	<ul style="list-style-type: none"> KPI exceeded
Innovation	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> KPI met
Risk	<ul style="list-style-type: none"> Foster a risk aware culture in which business activity occurs within Pinnacle's Risk Management Framework and Risk Appetite Statement 	<ul style="list-style-type: none"> KPI met
Sustainability	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> KPI met

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 the 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 the current financial year 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, and for future issues, 100% are subject to satisfaction of various performance conditions, 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 2021 financial year, 600,000 loan shares and 150,000 options were forfeited by existing and departed employees. Additionally, 1,500,000 loan shares and 300,000 options were issued, predominantly to existing employees.

Equity component

As part of the PIML LTI Scheme, in May 2015 the Company sold 4.29% of its equity in PIML to senior executives, subject to claw back arrangements. As part of the PIML Acquisition, this equity was 'swapped' for equity in the Company and a deed of acknowledgment was put in place, the effect of which is to roll over and preserve the long-term retentive nature of the PIML LTI scheme by continuing the service conditions. In particular, should the relevant executives of the Group cease employment prior to certain dates ranging from March 2017 to December 2020, they will be required to forfeit and repay increases in the value of certain equity holdings based on a pre-agreed formula. The PIML Acquisition, including the terms of these equity arrangements for senior executives, was approved by shareholders on 16 August 2016. The service condition was fulfilled by all relevant employees at December 2020.

5.

Links between performance and outcomes

During the 2021 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 had 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 2021 financial year and over the last five financial years.

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

- growth in basic earnings per share attributable to shareholders of 102.1% in the 2021 financial year; compound annual growth rate (CAGR) in basic earnings per share attributable to shareholders of 49.0% over the five years to 30 June 2021
- growth in total NPAT attributable to shareholders from \$32.2 million in the 2020 financial year to \$67.0 million in the 2021 financial year; CAGR in total NPAT attributable to shareholders of 63.1% over the five years to 30 June 2021
- increase in FUM from \$58.7 billion as at 30 June 2020 to \$89.4 billion as at 30 June 2021
- net FUM inflows of \$16.7 billion during the 2021 financial year
- net retail FUM inflows of \$4.5 billion during the 2021 financial year
- 80% 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 2021

	2021	2020	2019	2018	2017
Net profit/(loss) after tax from continuing operations attributable to shareholders (\$m)	67.0	32.4	30.5	23.1	12.0
Total net profit/(loss) after tax attributable to shareholders (\$m)	67.0	32.2	30.5	23.5	13.1
Funds Under Management (\$bn)*	89.4	58.7	54.3	38.0	26.5
Net FUM Inflows*	16.7	3.0	6.5	7.9	4.9
Net Retail FUM Inflows*	4.5	0.9	2.9	2.2	2.5
Closing share price (\$)	11.97	3.92	4.38	5.37	2.90
Dividend per share (cents)	28.7	15.40	15.40	11.60	7.00
Basic earnings per share (cents) from continuing operations	38.2	18.9	18.3	14.3	8.1
Diluted earnings per share (cents) from continuing operations	36.5	18.0	17.1	13.2	7.6
Basic earnings per share (cents) attributable to shareholders	38.2	18.8	18.3	14.5	8.9
Diluted earnings per share (cents) attributable to shareholders	36.5	17.9	17.1	13.4	8.2

* 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 2021.

	Fixed Remuneration	Performance-based remuneration	
		STI	LTI
Ian Macoun	45%	45%	10%
Andrew Chambers	36%	35%	29%
Adrian Whittingham	100%	0%	0%
Dan Longan**	40%	39%	21%
Calvin Kwok**	42%	31%	27%
Alex Ihlenfeldt*	63%	12%	25%

*Alex Ihlenfeldt ceased being a KMP from 1 September 2020

**Dan Longan commenced being a KMP from 6 July 2020. Calvin Kwok commenced being a KMP from 1 September 2020

***Adrian Whittingham was not awarded any LTI during FY21 and the loan shares previously awarded to him under the Omnibus Incentive Plan were forfeited when he transitioned to a part-time role on 1 January 2021

Ian Macoun

In the 2021 financial year, Mr Macoun's base salary remained unchanged at \$600,000 per annum (inclusive of superannuation) and he earned an STI of \$600,000 (inclusive of superannuation). STI is a performance incentive of up to 100% of base salary awarded on the basis of meeting business and strategic objectives. Mr Macoun's salary has remained unchanged since the 2016 financial year.

Andrew Chambers

In the 2021 financial year, Mr Chambers' base salary remained unchanged at \$425,000 per annum (inclusive of superannuation) and he earned an STI of \$425,000 (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

In the 2021 financial year, Mr Whittingham's employment status transitioned from a full-time to 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. In the prior year, his base salary was \$400,000 per annum (inclusive of superannuation) and he did not receive an STI. From 1 July 2021, Mr Whittingham has returned to a full-time role with the Company as Executive Director – Pinnacle International.

Dan Longan

Mr Longan became a KMP on 6 July 2020. His base salary was \$290,000 per annum (inclusive of superannuation) from 1 September 2020 and he earned an STI of \$290,000 (inclusive of superannuation). STI is a performance incentive of up to 100% of base salary awarded on the basis of meeting business and strategic objectives.

Calvin Kwok

Mr Kwok became a KMP on 1 September 2020. His base salary was \$320,000 per annum (inclusive of superannuation) and he earned an STI of \$240,000 (inclusive of superannuation). STI is a performance incentive of up to 75% 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:

Name	Short-term employee benefits			Post-employment benefits		Total short-term and post-employment benefits	Long-term benefits	Share based payments		Total	Portion of remuneration at risk - STI %	Portion of remuneration at risk - LTI %
	Cash salary & fees	Cash Bonus (STI)	Non-monetary benefits	Superannuation	Retirement Benefits		Long Service leave	Options & Rights (LTI)	Termination benefits			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Managing Director												
Ian Macoun												
2021	575,000	600,000	-	25,000	-	1,200,000	10,115	136,953	-	1,347,068	45%	10%
2020	575,000	300,000	-	25,000	-	900,000	9,909	153,200	-	1,063,109	28%	14%
Other Key Management Personnel												
Andrew Chambers												
2021	400,000	425,000	-	25,000	-	850,000	7,019	354,754	-	1,211,774	35%	29%
2020	400,000	212,500	-	25,000	-	637,500	(9,266)	370,826	-	999,060	21%	37%
Adrian Whittingham												
2021**	234,753	-	-	22,302	-	257,055	(60,487)	(202,808)	-	(6,240)	0%	0%
2020	375,000	-	-	25,000	-	400,000	6,559	154,296	-	560,855	0%	27%
Alex Ihlenfeldt												
2021*	48,706	12,177	-	17,960	-	78,843	590	26,689	-	106,122	11%	25%
2020	295,000	80,000	-	25,000	-	400,000	4,998	117,409	-	522,407	15%	23%
Dan Longan												
2021**	258,150	286,102	-	24,664	-	568,916	4,319	154,396	-	727,631	39%	21%
Calvin Kwok												
2021**	245,833	200,000	-	20,833	-	466,667	6,990	173,593	-	647,250	31%	27%
Totals												
2021	1,762,443	1,523,279	-	135,759	-	3,421,480	(31,454)	643,578	-	4,033,605		
2020	1,645,000	592,500	-	100,000	-	2,337,500	12,200	795,731	-	3,145,431		

*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.

***Adrian Whittingham was not awarded any LTI during FY21 and the loan shares previously awarded to him under the Omnibus Incentive Plan were forfeited when he transitioned to a part-time role on 1 January 2021

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 2021 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 is now subject to a share mortgage.

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 is interest bearing and subject to a five-year term, limited recourse and secured by way of a share mortgage. Repayment will occur at the earlier of the end of the five-year term (in August 2021), the date on which any of the underlying shares are sold or within six months of the cessation of Mr Macoun's employment. Events of default under the loan include cessation of employment.

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 are subject to service and performance conditions and will vest after three 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.

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 are now subject to various share mortgages.

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 is interest bearing and subject to a five-year term, limited recourse and secured by way of a share mortgage. Repayment will occur at the earlier of the end of the five-year term (in August 2021), the date on which any of the underlying shares are sold or within six months of the cessation of Mr Chambers' employment. Events of default under the loan include cessation of employment.

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 this 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 are 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 is interest bearing and subject to a five-year term, limited recourse and secured by way of a share mortgage. Repayment will occur at the earlier of the end of the five-year term (in August 2021), the date on which any of the underlying shares are sold or within six months of the cessation of Mr Whittingham's employment. Events of default under the loan include cessation of employment.

In November 2018, 300,000 loan shares were issued to Mr Whittingham 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. These loan shares were forfeited in the current year, following Mr Whittingham's transition to a part-time role on 1 January 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.

Calvin Kwok

Calvin Kwok, the Chief Legal, Risk and Compliance 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.

Alex Ihlenfeldt

Alex Ihlenfeldt transitioned to a part-time role and ceased to be Chief Operating Officer and a KMP of the Company from 1 September 2020.

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 current aggregate fee pool currently stands at \$600,000 per annum and was approved by shareholders at the Company's annual general meeting on 24 October 2006. No changes were proposed or made to the aggregate fee pool during the 2021 financial year. Non-executive directors are not eligible to receive STI.

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. During the 2021 financial year, 26,609 (2020: 28,256) performance rights were granted to non-executive directors; 27,708 (2020: 30,863) were exercised during the year. The performance rights were granted in lieu of fees.

The fees paid to non-executive directors from 1 July 2020 for Board and Committee positions are set out in the table below:

	Base fees
Chair	\$180,000
Non-executive Director	\$100,000
Audit Compliance and Risk Management Committee	
• Chair	\$15,000
• Member	\$5,000
Remuneration and Nominations Committee	
• Chair	\$15,000
• Member	\$5,000

For clarity, 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 2021 financial year was \$565,000 and is presented in accordance with applicable accounting standards and shown in the table below:

Name	Cash salary & fees \$	Superannuation \$	Performance Rights \$	Total \$
Non-executive Directors				
Alan Watson				
2021	101,370	9,630	74,000	185,000
2020	99,699	9,471	75,830	185,000
Deborah Beale				
2021	76,712	7,288	36,000	120,000
2020	77,738	7,385	34,877	120,000
Gerard Bradley				
2021*	112,178	1,822	36,000	150,000
2020	80,356	3,644	36,000	120,000
Lorraine Berends				
2021	100,457	9,543	-	110,000
2020	89,175	8,471	12,354	110,000
Totals				
2021	360,717	28,283	146,000	565,000
2020	349,968	28,971	159,061	535,000

*Includes \$30,000 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 41 to 43. Details of the loan arrangements affecting remuneration in the previous, this or future reporting periods as at 30 June 2021 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	-	-	-	-
Sub-Total		1,987,210	2,744,753	\$728,394		1,687,210	4,599,781	-	-
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	\$1814,807		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	-	-	-	-
Sub-Total		350,000	2,141,835	\$886,157		-	-	-	-
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	-	-	-	-
Sub-Total		450,000	2,871,005	\$1,145,218		-	-	-	-

(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 2021 financial year by the directors of the Company and other Key Management Personnel of the Group, including personally related parties, are set out below.

	2021	2020
Balance start of the year	18,838	1,358,445
Granted as compensation	26,609	28,256
Exercised	(27,708)	(1,367,863)
Expired and another changes	0	0
Balance at end of the year	17,739	18,838

*Includes changes due to employees commencing or ceasing to be Key Management Personnel during the year.

Shareholdings

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

	Balance at start of year	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	145,137	-	14,044	-	159,181
Lorraine Berends	20,832	-	-	4,168	25,000
Deborah Beale	111,878	-	6,832	-	118,710
Gerard Bradley	64,451	-	6,832	894	72,177
Executive directors					
Ian Macoun	27,276,077	-	-	(9,000,000)	18,276,077
Andrew Chambers	5,603,614	-	-	(300,000)	5,303,614
Adrian Whittingham	4,403,614	-	-	(1,300,000)	3,103,614
Key Management Personnel					
Alex Ihlenfeldt	4,934,290	-	-	(610,000)	4,324,290
Dan Longan	-	-	-	350,000	350,000
Calvin Kwok	-	-	-	467,044	467,044

* includes changes resulting from commencing or ceasing to be KMP

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
2021	13,964,165	(431,719)	(1,051,860)	2,096,160	(1,627,504)	43,963	640,711	12,993,205	5

*Includes changes due to employees commencing or ceasing to be Key Management Personnel during the year. Alex Ihlenfeldt ceased being a KMP from 1 September 2020. Dan Longan commenced being a KMP from 6th July 2020. Calvin Kwok commenced being a KMP from 1 September 2020.

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	2,497,858	-	(162,252)	-	-	13,883	103,347	2,349,489	2,500,194
Andrew Chambers	5,476,798	-	(238,719)	-	-	13,883	245,689	5,251,962	5,479,131
Adrian Whittingham	2,732,113	-	(554,283)	-	(1,627,504)	13,883	72,647	564,209	2,734,448
Alex Ihlenfeldt	3,257,396	(3,259,710)	-	-	-	2,314	23,777	-	3,259,687
Dan Longan	-	1,060,480	(40,656)	1,048,080	-	-	83,718	2,067,904	2,098,907
Calvin Kwok	-	1,767,467	(55,950)	1,048,080	-	-	111,533	2,759,597	2,799,459

*Includes changes due to employees commencing or ceasing to be Key Management Personnel during the year. Alex Ihlenfeldt ceased being a KMP from 1 September 2020. Dan Longan commenced being a KMP from 6th July 2020. Calvin Kwok commenced being a KMP from 1 September 2020.

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 41 to 43 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.

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.

12.

Equity Capital

Shares under option/rights

Unissued ordinary shares of the Company under option at 30 June 2021 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
13 November 2020	13 November 2021	Nil	17,739
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
TOTAL			1,167,739

200,000 of the options granted on 21 December 2017 lapsed during the current financial year, leaving a remaining balance at 30 June 2021 of 400,000.

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 current year, an additional 26,609 performance rights were granted to non-executive directors and a further 27,708 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.

End of Remuneration Report

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 2021 and the number of meetings attended by each director were as follows:

	Board		Audit, Compliance and Risk Committee		Remuneration and Nominations Committee	
	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend
A Watson	11	11	7	-*	7	7
I Macoun	11	11	7	-*	7	-*
D Beale AM	11	11	7	7	7	7
G Bradley AO	11	11	7	7	7	7
L Berends	11	11	7	7	7	7
A Chambers	11	11	-	-	-	-
A Whittingham	10	11	-	-	-	-

*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 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, Risk & Compliance 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 2021 financial year the following fees were paid or are payable for services provided by the Auditor, its related practices and non-related audit firms:

	2021 \$	2020 \$
(i) Audit and other assurance services		
Audit and review of financial statements	241,601	266,621
Other assurance services:		
Audit of regulatory returns	21,939	21,939
Audit of compliance plan – Responsible entity *	91,059	102,744
Other assurance services	-	50,000
Total remuneration for audit and other assurance services	354,599	441,304
(ii) Taxation services		
Tax services	61,893	93,759
Total remuneration for taxation services	61,893	93,759
(iii) Other services		
Other services	-	2,987
Total remuneration of PricewaterhouseCoopers Australia	416,492	538,050
Total remuneration of auditors	416,492	538,050

* 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 53 of the 2021 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
4 August 2021

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Auditor's Independence Declaration



Auditor's Independence Declaration

As lead auditor for the audit of Pinnacle Investment Management Group Limited for the year ended 30 June 2021 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', written in a cursive style.

Ben Woodbridge
Partner
PricewaterhouseCoopers

Brisbane
4 August 2021

08

Financial Statements

Pinnacle Investment Management Group Limited

ABN 22 100 325 184

Financial Report – 30 June 2021

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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 4 August 2021. 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 2021

	Notes	2021 \$'000	2020 \$'000
Revenue from contracts with customers and other revenue	1	32,514	22,407
Fair value gains/(losses) on financial assets at fair value through profit or loss		(93)	(1,292)
Employee benefits expense		(14,489)	(13,567)
Short-term incentives expense		(7,436)	(2,931)
Long-term incentives expense	28(d)	(2,007)	(1,961)
Professional services expense		(1,435)	(2,131)
Property expense	2	(843)	(1,148)
Travel and entertainment expense		(232)	(407)
Technology and communications expense		(1,224)	(1,003)
Donations	2, 32	(1,311)	(356)
Other expenses from operating activities	2	(2,867)	(3,210)
Share of net profit of associates and joint ventures accounted for using the equity method	23(d)	66,440	37,953
Profit before income tax		67,017	32,354
Income tax expense	3	-	-
Profit from continuing operations		67,017	32,354
Profit/(loss) from discontinued operations (attributable to equity holders of the Company)		-	(148)
Profit for the year		67,017	32,206
Profit for the year is attributable to:			
Owners of Pinnacle Investment Management Group Limited		67,017	32,206
Earnings per share:		Cents	Cents
For profit from continuing operations attributable to owners of Pinnacle Investment Management Group Limited			
Basic earnings per share	5	38.2	18.9
Diluted earnings per share	5	36.5	18.0
For profit attributable to owners of Pinnacle Investment Management Group Limited			
Basic earnings per share	5	38.2	18.8
Diluted earnings per share	5	36.5	17.9

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 2021

	Notes	2021 \$'000	2020 \$'000
Profit for the year		67,017	32,206
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		67,017	32,206
Total comprehensive income for the year is attributable to:			
Owners of Pinnacle Investment Management Group Limited		67,017	32,206
		67,017	32,206
Total comprehensive income for the year attributable to owners of Pinnacle Investment Management Group Limited arises from:			
Continuing operations		67,017	32,354
Discontinued operations		-	(148)
		67,017	32,206

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 2021

	Notes	2021 \$'000	2020 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6	96,136	16,066
Trade and other receivables	7	17,361	16,387
Financial assets at fair value through profit or loss	8	58,866	33,986
Intangible assets	13	858	858
Assets held at amortised cost	9	223	123
Total current assets		173,444	67,420
Non-current assets			
Investments accounted for using the equity method	23	186,957	161,867
Property, plant and equipment		153	162
Intangible assets	13	167	1,026
Right-of-use assets	12	2,914	3,823
Assets held at amortised cost	11	2,565	4,335
Total non-current assets		192,756	171,213
Total assets		366,200	238,633
LIABILITIES			
Current liabilities			
Trade and other payables	14	17,505	9,827
Lease liabilities	12	1,375	1,566
Borrowings	19	22	21
Provisions	15	1,719	6,357
Total current liabilities		20,621	17,771
Non-current liabilities			
Lease liabilities	12	1,531	2,241
Borrowings	19	100,000	30,000
Provisions	15	156	74
Total non-current liabilities		101,687	32,315
Total liabilities		122,308	50,086
Net assets		243,892	188,547
EQUITY			
Contributed equity	16	266,274	237,663
Reserves	17(a)	(50,494)	(48,060)
Retained Earnings/(Losses)	17(b)	28,112	(1,056)
Total equity		243,892	188,547

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 2021

	Notes	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2019		231,255	(50,694)	(3,508)	177,053
Total comprehensive income for the year		-	-	32,206	32,206

TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:

Share-based payments	17(a)	-	1,961	-	1,961
Shares issued on exercise of options		2,096	-	-	2,096
Shares issued		698	-	-	698
Dividends paid to shareholders	18	1,907	-	(29,754)	(27,847)
Performance rights		170	(11)	-	159
Employee loan arrangements	16, 17(a)	1,537	684	-	2,221
		6,408	2,634	(29,754)	(20,712)
Balance at 30 June 2020		237,663	(48,060)	(1,056)	188,547
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

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 2021

	Notes	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Receipts from customers		32,572	23,117
Payments to suppliers and employees		(25,120)	(23,612)
Dividends and distributions received from financial assets at fair value through profit or loss		564	344
Dividends and distributions received from jointly controlled entities		49,075	32,995
Interest received		119	132
Finance and borrowings costs paid		(566)	(526)
Proceeds from disposal of financial assets at fair value through profit or loss		13,898	16,047
Payments for financial assets at fair value through profit or loss		(37,571)	(26,403)
Net cash inflow/(outflow) from operating activities	25	32,971	22,094
Cash flows from investing activities			
Payments for property, plant and equipment		(55)	(124)
Proceeds from sale of investments accounted for using the equity method		-	261
Payments for intangible assets		-	(2,574)
Payments for investments accounted for using the equity method		(5,404)	(35,026)
Loan repayments from shareholders		1,746	2,221
Loan repayments from related parties		576	295
Loan advances to related parties		(2,657)	(1,030)
Net cash inflow/(outflow) from investing activities		(5,794)	(35,977)
Cash flows from financing activities			
Dividends paid to shareholders		(36,880)	(27,847)
Lease payments		(1,536)	(1,718)
Proceeds from borrowings		70,000	30,000
Proceeds from issue of shares, net of issue costs		21,309	2,794
Net cash (outflow)/inflow from financing activities		52,893	3,229
Net increase/(decrease) in cash and cash equivalents		80,070	(10,654)
Cash and cash equivalents at the beginning of the financial year		16,066	26,720
Cash and cash equivalents at end of year	6	96,136	16,066

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 revenue

a) Disaggregation of revenue from contracts with customers

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.

	2021 \$'000	2020 \$'000
Revenue from contracts with customers		
Service charges – over time	30,022	21,305
	30,022	21,305
Other revenue		
Directors fees	44	44
Interest received or due	112	169
Dividends and distributions	2,328	818
Other revenue	8	71
	2,492	1,102
	32,514	22,407

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:	2021 \$'000	2020 \$'000
Finance cost expense – included in other expenses from operating activities		
Interest and finance charges	650	641
Total finance cost expense	650	641
Amortisation expense under AASB 16 leases – included in property costs*	1,461	1,721
Depreciation and amortisation expense – included in other expenses from operating activities		
Depreciation – property, plant and equipment	64	81
Amortization - intangible assets	859	693
Total depreciation and amortisation expense	922	774
Donations		
Total donations	1,311	356

The Company made donations totalling \$1,311,000 during the current financial year, compared with \$356,000 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 represents the \$641,000 received during the current financial year under the Government’s Jobkeeper scheme, into which the Company elected during the previous financial year (see Note [32bb]), in addition to the amount of approximately \$670,000 that would otherwise have been donated to charities in FY21. The Company did not participate in Jobkeeper 2.0. Consequently, the level of FY21 NPAT was unaffected by Jobkeeper receipts.

3. Income tax expense

	2021 \$'000	2020 \$'000
a) Income tax expense/(benefit)		
Income tax expenses is attributable to:		
Continuing operations	-	-
Discontinued operations	-	-
Total income tax expense/(benefit)	-	-
Current tax	3,475	(3)
Deferred tax	(3,475)	3
Adjustments for tax in respect of prior periods	-	-
Total current tax expense	-	-
Deferred income tax expense/(benefit) included in income tax expense/(benefit) comprises:		
(Increase)/decrease in deferred tax assets	3,475	3
Increase in deferred tax liabilities	-	-
Total deferred tax expense/(benefit)	3,475	3
b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	67,017	32,354
Profit /(Loss) from discontinued operations before income tax expense	-	(148)
Profit before income tax	67,017	32,206
Tax at the Australian tax rate of 30% (2020: 30%)	20,105	9,662
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share of profits of entities under joint control	(19,932)	(11,386)
Impairment	-	-
Non-deductible expenditure	642	611
Sundry items	2,114	1,673
	2,928	560
Adjustments for current tax in respect of prior periods	-	-
Deferred tax assets not recognised	(2,928)	(560)
Total income tax expense/(benefit)	-	-
c) Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	48,018	61,333
Potential tax benefit at 30%	14,406	18,400

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

	2021 Cents	2020 Cents
a) Basic earnings per share		
From continuing operations	38.2	18.9
From discontinued operations	-	(0.1)
Total basic earnings per share attributable to the ordinary equity shareholders of the Company	38.2	18.8

b) Diluted earnings per share

Attributable to the ordinary equity shareholders of the Company		
From continuing operations	36.5	18.0
From discontinued operations	-	(0.1)
Total diluted earnings per share attributable to the ordinary equity shareholders of the Company	36.5	17.9

c) 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	67,017	32,354
From discontinued operation	-	(148)
Profit used in calculating basic and diluted earnings per share	67,017	32,206

d) 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	175,291,025	170,927,363
Adjustments for calculation of diluted earnings per share:		
Weighted average treasury stock (see note 16(d))	7,295,214	7,238,633
Weighted average options	869,216	1,956,724
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	183,455,455	180,122,720

e) Information concerning the classification of securities

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

Operating assets and liabilities

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

6. Cash and cash equivalents

	2021 \$'000	2020 \$'000
Available cash at bank and on hand	96,136	15,796
Fixed-term deposits	-	270
	96,136	16,066

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 0.04% (2020: 0.04% and 1.20%). 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

	2021 \$'000	2020 \$'000
Trade receivables	6,926	7,562
Income receivable	7,965	4,707
Other receivables	1,767	3,930
Prepayments	703	188
	17,361	16,387

a) Fair values of trade 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 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

	2021 \$'000	2020 \$'000
Australian listed securities	6,017	12,941
Other unlisted equity securities	631	479
Derivative financial assets	1,775	1,075
Unlisted unit trusts	50,443	19,491
	58,866	33,986

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

	2021 \$'000	2020 \$'000
Loans to entities under joint control	223	123
	223	123

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.

As outlined in note 32(1)(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.

10. Net deferred tax assets

	2021 \$'000	2020 \$'000
Deferred tax assets (a)	2,368	1,953
Deferred tax liabilities (b)	(2,368)	(1,953)
Net deferred tax assets	-	-

a) Deferred tax assets

The deferred tax asset balance comprises temporary differences attributable to:

Unrealised loss on fair value assets	309	376
Lease liabilities	1,263	1,415
Other	796	162
Total deferred tax assets	2,368	1,953
Set-off of deferred tax liabilities pursuant to set-off provisions	(2,368)	(1,953)
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).

	2021 \$'000	2020 \$'000
b) Deferred tax liabilities		
The deferred tax liabilities balance comprises temporary differences attributable to:		
Financial assets at fair value through profit or loss	1,131	185
Intangible assets	307	565
Right-of-use assets	874	1,146
Receivables	56	57
Total deferred tax liabilities	2,368	1,953

11. Assets held at amortised cost – non-current

	Note	2021 \$'000	2019 \$'000
Loans to related parties	26	2,565	4,335
		2,565	4,335

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 2021 \$'000	30 June 2020 \$'000
Office leases	4,249	5,544
Office leases – accumulated amortization	(1,335)	(1,721)
	2,914	3,823

Additions to the right-of-use assets during the 2021 financial year were \$2,568,000 (2020: \$5,544,000)

LEASE LIABILITIES		
Current	1,375	1,566
Non-current	1,531	2,241
	2,906	3,807

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	1,461	1,721
	1,461	1,721
Interest expense (included in other expenses from operating activities)	83	94

13. Intangible assets

Plato Income Maximiser Limited (ASX: PL8) undertook an entitlement and shortfall offer in August 2019. As part of the arrangements pursuant to which it was appointed as distributor to the offer, and will be paid distribution fees, the Group agreed to pay the costs associated with the offer. Plato Investment Management Limited, the Investment Manager of PL8 and an Affiliate of the Group, and the Group have entered into a distribution agreement for a period of three years (customer contract). These costs, which are 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.

	Software \$'000	Customer Contracts \$'000	Total \$'000
AT 1 JULY 2019			
Cost	15	-	15
Accumulated amortisation	(12)	-	(12)
Net book value	3	-	3
YEAR ENDED 30 JUNE 2020			
Opening net book value	3	-	3
Additions	-	2,574	2,574
Amortisation charge	(2)	(691)	(693)
Closing net book value	1	1,883	1,884
AT 30 JUNE 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

14. Trade and other payables

	2021 \$'000	2020 \$'000
Trade payables	2,515	3,977
Accrued expenses	1,873	844
Accrued bonuses	7,442	3,057
Other payables (see also note 15)	5,675	1,949
	17,505	9,827

15. Provisions

	2021 \$'000	2020 \$'000
Current		
Employee benefits - annual leave and long service leave	1,719	1,357
Contingent consideration - investment in affiliates*	-	5,000
	1,719	6,357
Non-Current		
Employee benefits - long service leave	156	74
	156	74

*\$5.0 million payable in relation to the Group's acquisition of an interest in Coolabah has been transferred to trade and other payables, given that the agreed profitability milestones were reached as at 30 June 2021. In the prior year, the amount was provided for as contingent consideration as the Group assessed that the profitability milestones were likely to be reached but they had not been at that time.

a) Movements in provisions

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

	Contingent Consideration \$'000	Employee Benefits \$'000
Current		
BALANCE AT 1 JULY 2020	5,000	1,357
Amounts provided for during the year	-	362
Amounts transferred to other payables during the year	(5,000)	-
Balance at 30 June 2021	-	1,719
Non-Current		
BALANCE AT 1 JULY 2020	-	74
Amounts provided for during the year	-	82
Balance at 30 June 2021	-	156

16. Contributed equity

a) Share capital

	2021 Shares	2020 Shares	2021 \$'000	2020 \$'000
Ordinary shares:				
Fully paid contributed equity (b)	178,467,333	173,132,050	266,274	237,663
Total contributed equity	178,467,333	173,132,050	266,274	237,663

b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	\$'000
30 June 2019	Closing Balance	169,676,000		231,255
	Issue of ordinary shares on exercise of options	2,125,000	\$0.99	2,096
	Issue of ordinary shares	708,192	\$0.99	698
	Issue of ordinary shares on exercise of performance rights	30,863	-	-
	Transfer from performance rights reserve on exercise of performance rights	-	-	170
	Dividend reinvestment	491,097	\$3.88	1,907
	Treasury stock vested (d)	100,898		1,537
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

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 1,500,000 and the forfeiture of 600,000 loan shares to employees, issued under the Pinnacle Omnibus Plan approved by the board on 22 August 2018.

Date	Details	Number of treasury shares	Issue price
30 June 2019	Closing Balance	13,192,287	34,966
	Issue of loan shares under Pinnacle Omnibus Plan	150,000	445
	Forfeited loan shares	(400,000)	(2,647)
	Loan share repayments	-	(1,550)
	Treasury stock vested during the year	(100,898)	(96)
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

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

	2021 \$'000	2020 \$'000
Share-based payments reserve	9,065	6,750
Options reserve	-	4,749
Transactions with non-controlling interests reserve	(59,603)	(59,603)
Performance rights reserve	44	44
	(50,494)	(48,060)
MOVEMENTS:		
Share-based payments reserve		
Balance at 1 July	6,750	4,106
Share-based payments expense	2,007	1,961
Employee loans subject to share-based payments arrangements	308	683
Balance at 30 June	9,065	6,750
Options reserve		
Balance at 1 July	4,749	4,749
Options issued (refer note 23(a))	-	-
Options exercised	(4,749)	-
Balance at 30 June	-	4,749
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 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 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 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:

	2021 \$'000	2020 \$'000
Balance at 1 July	(1,056)	(3,508)
Profit/(loss) for the year attributable to owners of Pinnacle Investment Management Group Limited	67,017	32,206
Dividends paid to shareholders	(37,849)	(29,754)
Balance at 30 June	28,112	(1,056)

18. Dividends

a) Ordinary shares

	2021 \$'000	2020 \$'000
Interim dividend for the year ended 30 June 2021 of 11.7 cents per fully paid ordinary share paid on 19 March 2021 (2020 – 6.9 cents paid on 20 March 2020)		
Fully franked based on tax paid @ 30.0%	22,041	12,759
Final dividend for the year ended 30 June 2020 of 8.5 cents per fully paid ordinary share paid on 11 September 2020 (2020 – 9.3 cents paid on 4 October 2019)		
Fully franked based on tax paid @ 30.0%	15,808	16,995
Total dividends paid	37,849	29,754

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] cents per fully paid ordinary share (2020 – 8.5 cents). The aggregate amount of the proposed dividend to be paid on 17 September 2021 out of retained earnings at 30 June 2021, but not recognised as a liability at year end, is \$32,399,000 (2020 – \$15,808,000).

c) Franked dividends

The final dividends recommended after 30 June 2021 will be fully franked out of existing franking credits.

	2021 \$'000	2020 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2020: 30%)	29,085	32,766

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

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

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

19. Borrowings and Financing arrangements

a) Secured liabilities and assets pledged as security

In June 2021, 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 and for the Loan Facility is until 30 June 2024. The Loan Facility was increased from \$30 million to \$100 million. Further details regarding the Corporate Card Facility and Bank Guarantee are provided in Note 21.

	2021			2020		
	Current \$'000	Non-Current \$'000	Total \$'000	Current \$'000	Non-Current \$'000	Total \$'000
Secured						
Bank Loan	22	100,000	100,022	20	30,000	30,020
Total Borrowings	22	100,000	100,022	20	30,000	30,020

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 2021, the interest cover ratio was 139x, the net leverage cover ratio was 0.06 times and the tangible net wealth was \$243m (173% of the tangible net wealth at 30 June 2020).

The Loan Facility is split into two 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. The Loan Facility was fully drawn as at 30 June 2021. The initial \$30m was used to fund the acquisition of a 25% interest in Coolabah Capital Investments Pty Ltd in the previous financial year. The extra \$70 million will be 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:

	2021 \$'000	2020 \$'000
Current		
Cash and cash equivalents	96,136	16,066
Financial assets at fair value through profit or loss	58,866	33,986
Assets held at amortised cost	223	123
Receivables	17,361	16,387
Total current assets pledged as security	172,586	66,562
Non-current		
Plant and equipment	153	162
Assets held at amortised cost	2,565	4,335
Total non-current assets pledged as security	2,718	4,497
Total assets pledged as security	175,304	71,059

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:

	2021 \$'000	2020 \$'000
Financial assets		
Cash and cash equivalents	96,136	16,066
Trade and other receivables*	16,658	16,199
Financial assets at fair value through profit or loss	58,866	33,986
Loans to jointly controlled associates (including affiliate executives) (non-current)	2,565	4,335
Loans to jointly controlled associates (including affiliate executives) (current)	223	123
	174,448	70,709

*Excludes prepayments (see note 7)

	2021 \$'000	2020 \$'000
Financial liabilities		
Trade and other payables	17,505	9,827
Lease liabilities (current)	1,375	1,566
Lease liabilities (non-current)	1,531	2,241
Borrowings (current)	22	21
Borrowings (non-current)	100,000	30,000
	120,433	43,655

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 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
30 June 2020	
ASSETS	
Australian listed equity securities	12,941
Other unlisted equity securities	479
Unlisted unit trusts	19,491
Derivative financial instruments - futures	1,075
Total assets at FVPL	33,986

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% (2020: +/- 15%) at 30 June 2021 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Group	+1,307/- 1,307	+721/-721	+1,307/-1,307	+721/-721

(iii) Interest rate risk

The Group's main interest rate risk arises from holding cash and cash equivalents and borrowings with variable rates. During 2021 and 2020, 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 2021		30 June 2020	
	Weighted average interest rate %	Floating interest rate \$'000	Weighted average interest rate %	Floating interest rate \$'000
Cash and cash equivalents	0.01%	96,136	0.06%	16,066
Exposure to cash flow interest rate risk		96,136		16,066

	30 June 2021		30 June 2020	
	2021 \$'000	% of total borrowings	2020 \$'000	% of total borrowings
Variable rate borrowings	100,000	100%	30,000	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 in AASB 7.

Sensitivity

At 30 June 2021, if interest rates had changed by +/-100 basis points from the year end rates with all other variables held constant, after tax profit and equity for the year would have been \$27,000 lower/higher (2020: change of 100 basis points: \$112,000 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:

	2021 \$'000	2020 \$'000
Cash and cash equivalents	96,136	16,066
Trade and other receivables*	16,658	16,199
Financial assets at fair value through profit or loss	58,866	33,986
Loans to jointly controlled associates (including affiliate executives) (non-current)	2,565	4,335
Loans to jointly controlled associates (including affiliate executives) (current)	223	123
	174,448	70,709

*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 joint associates

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.

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 2021 and 30 June 2020, 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 2021 (30 June 2020: \$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. Furthermore, the Group also considered the classification of trade receivables as shown below. 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. However there remains an expectation of full recovery, with no change in credit risk based on the value of the underlying equities and the financial position of the client or counterparty and as such there is no expected credit loss.

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 2021 (2020 - \$nil).

	2021 \$'000	2020 \$'000
Trade and other receivables		
Neither past due nor impaired	17,361	16,387
Past due but not impaired	-	-
	17,361	16,387
Loans held at amortised cost		
Neither past due nor impaired	2,788	4,458
Total trade, other and loan receivables	2,788	4,458

Credit quality

The credit quality of financial assets can be assessed by reference to external credit ratings. These credit ratings are only available for cash assets, Australian listed debt securities and non-exchange traded derivative financial assets:

	2021 \$'000	2020 \$'000
Cash at bank and short-term bank deposits		
AA-	96,136	16,066
	96,136	16,066

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 2021 the Group has \$155.0 million in available cash and Principal Investments (\$55.0 million net of the \$100.0 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 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

At 30 June 2020	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	6,770	3,057	-	-	-	9,827	9,827
Borrowings (see note 19)	-	-	21	30,000	-	30,021	30,021
Lease liabilities (see note 12)	146	292	1,128	1,029	1,310	3,905	3,807
Total financial liabilities	6,916	3,349	1,149	31,029	1,310	43,753	43,655

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 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	1,775	-	-	1,775
Total assets	7,792	50,443	631	58,866

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

30 June 2020				
ASSETS				
Australian listed equity securities	8,920	4,021	-	12,941
Other unlisted equity securities	-	-	479	479
Unlisted unit trusts	-	19,491	-	19,491
Derivative financial instruments - futures	1,075	-	-	1,075
Total assets	9,995	23,512	479	33,986

No liabilities were held at fair value at 30 June 2020.

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 2021 and 30 June 2020:

	Unlisted equity securities \$'000
Closing balance 30 June 2019	479
Contingent consideration received	-
Fair value adjustments recognised in profit or loss	-
Closing balance 30 June 2020	479
Contingent consideration received	-
Fair value adjustments recognised in profit or loss	152
Closing balance 30 June 2021	631

(i) Valuation process

Unlisted equities valued under level 3 are investments in unlisted companies. Where possible, 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 (2020: \$5,000,000)
- (ii) Pinnacle RE Services Limited - \$50,000 (2020: \$50,000)

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

- (iii) Pinnacle Services Administration Pty Ltd - \$632,000 (30 June 2020 - \$786,000)

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 2020: \$24,000). The Group has also provided guarantees in relation to its corporate credit card facility (facility limit of \$400,000 of which \$371,000 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	
			2021 %	2020 %
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 (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.

Name of company	Principal Activity	Ownership interest		Carrying Value	
		2021	2020	2021	2020
Unlisted		%	%	\$'000	\$'000
Plato Investment Management Limited	Funds Management	42.66	42.66	1,335	1,274
Palisade Investment Partners Limited	Funds Management	37.60	37.60	9,715	8,127
Hyperion Holdings Limited	Funds Management	49.99	49.99	18,633	16,560
Foray Enterprises Pty Limited	Funds Management	44.50	44.50	20,816	18,839
Solaris Investment Management Ltd	Funds Management	40.00	40.00	4,043	3,415
Spheria Asset Management Pty Ltd	Funds Management	40.00	40.00	4,666	1,565
Antipodes Partners Holdings Pty Ltd	Funds Management	23.57	23.57	13,383	8,277
Two Trees Investment Management Pty Ltd	Funds Management	49.00	43.96	3,046	-
Firetrail Investments Limited	Funds Management	23.50	23.50	17,663	15,552
Metrics Credit Holdings Pty Limited	Funds Management	35.00	35.00	46,730	45,769
Omega Global Investors Pty Limited	Funds Management	44.95	42.97	2,017	1,861
Longwave Capital Partners Pty Limited	Funds Management	40.00	40.00	1,952	1,131
Riparian Capital Partners Pty Limited	Funds Management	40.00	40.00	1,196	1,284
Reminiscent Capital Pty Limited	Funds Management	40.00	40.00	1,667	1,135
Coolabah Capital Investments Pty Ltd	Funds Management	25.00	25.00	37,950	35,860
Aikya Investment Management Limited	Funds Management	32.50	32.50	2,145	1,218
				186,957	161,867

Each of the above entities under joint control (except for Aikya Investment Management Limited) 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. Each of the above entities are accounted for using the equity method.

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

An impairment trigger assessment was carried out at 30 June 2021 and no impairment triggers were deemed to exist at this date. As a result of these analyses, there has been no impairment to the Group's investments accounted for using the equity method in the financial year ended 30 June 2021 (30 June 2020: \$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**
	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2020 \$000	2021 \$000	2021 \$000	2021 \$000
Summarised statement of financial position											
Total current assets	30,906	25,220	29,792	20,610	32,936	31,328	11,439	10,008	45,618	14,581	25,550
Total non-current assets	13,353	15,169	4,779	4,855	8,950	7,134	986	366	57,732	10,542	2,470
Total current liabilities	(7,183)	(7,415)	(14,662)	(10,588)	(8,871)	(6,514)	(3,601)	(3,739)	(9,069)	(4,471)	(8,057)
Total non-current liabilities	(26)	(78)	(1,024)	(557)	(11,627)	(15,153)	(57)	(62)	(50,074)	(7,070)	(1,620)
Net Assets	37,050	32,896	18,885	14,320	21,388	16,795	8,766	6,573	44,207	13,582	18,343
Group share in %	49.99%	49.99%	44.5%	44.5%	37.60%	37.60%	40.0%	40.0%	35.0%	25.0%	23.5%
Reconciliation to carrying amounts:											
Opening net assets 1 July	32,896	22,764	14,320	11,426	16,795	13,671	6,573	8,057	41,415	4,559	9,362
Issued shares	-	-	-	-	-	708	622	-	-	390	-
Reserves	-	-	125	125	286	263	-	-	(1)	-	-
Total comprehensive income	42,435	24,813	21,440	14,769	12,407	9,953	14,621	13,316	13,093	17,457	22,046
Dividends paid	(38,281)	(14,681)	(17,000)	(12,000)	(8,100)	(7,800)	(13,050)	(14,800)	(10,310)	(8,824)	(13,065)
Closing net assets	37,050	32,896	18,885	14,320	21,388	16,795	8,766	6,573	15,230	13,582	18,343
Group's share of net assets	18,522	16,445	8,404	6,372	8,042	6,315	3,507	2,629	15,472	3,396	4,311
Excess consideration over share of net assets	111	115	12,412	12,467	1,673	1,812	536	786	31,258	34,554	13,352
Carrying amount	18,633	16,560	20,816	18,839	9,715	8,127	4,043	3,415	46,730	37,950	17,663
Summarised statement of comprehensive income											
Revenue	72,738	44,467	54,254	39,973	30,107	25,577	28,719	27,395	42,585	39,915	38,507
Net profit for the year after tax	42,435	24,813	21,440	14,769	12,407	9,953	14,621	13,316	13,093	17,457	22,046
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	42,435	24,813	21,440	14,769	12,407	9,953	14,621	13,316	13,093	17,457	22,046
Dividends received from joint venture entities (Pinnacle share)	19,140	7,341	7,565	5,280	3,078	3,207	5,220	5,920	3,609	2,274	3,070

*holding company for Resolution Capital Limited

**Metrics, Firetrail and Coolabah became material for the first time in the year ended 30 June 2021. They are reported in aggregate as part of the Individually Immaterial jointly controlled entities in the prior year.

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.

	2021 \$'000	2020 \$'000
Aggregate carrying amount of individually immaterial joint ventures	31,407	114,926
Aggregate amounts of the Group's share of:		
Profit for the year	11,057	9,984
Other comprehensive income	-	-
Total comprehensive income	11,057	9,984

c) Movements in carrying amounts

	2021 \$'000	2020 \$'000
Carrying amount at the beginning of the financial year	161,867	113,351
Purchase of shares in entities under joint control	7,725	43,819
Sales of shares in entities under joint control	-	(261)
Share of profit after income tax	66,440	37,953
Dividends received/receivable	(49,075)	(32,995)
Carrying amount at the end of the financial year	186,957	161,867

d) Share of entities' revenue, expenses and results

	2021 \$'000	2020 \$'000
Revenues	151,112	105,676
Expenses	(59,497)	(51,412)
Profit before income tax	91,688	54,264
Income tax expense	(25,175)	(16,311)
Profit after income tax	66,440	37,953

e) Summary of entities under joint control

	2021 \$'000	2020 \$'000
Current assets	101,878	73,788
Non-current assets	39,637	36,639
Total assets	141,515	110,427
Current liabilities	29,632	23,520
Non-current liabilities	31,352	12,027
Total liabilities	60,984	35,547
Net assets	80,531	74,880

24. Parent Entity financial information

a) Summary financial information

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

	2021 \$'000	2020 \$'000
Statement of financial position		
Current assets	1,588	2,623
Non-current assets	166,829	140,865
Total assets	168,417	143,488
Current liabilities	113	112
Non-current liabilities	10,019	10,029
Total liabilities	10,132	10,141
Net assets	158,285	133,347
Shareholders' equity		
Contributed equity	261,524	237,663
Reserves	(54,697)	(57,012)
Accumulated losses	(48,542)	(47,304)
Total equity	158,285	137,347
Profit/(loss) for the year	36,599	30,520
Total comprehensive income/(loss)	36,599	30,520

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:

	2021 \$'000	2020 \$'000
Cash and cash equivalents	96,136	16,066
Balances per statement of cash flows	96,136	16,066

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

	2021 \$'000	2020 \$'000
Profit/(loss) for the year	67,017	32,206
Depreciation and amortisation	922	774
Right-of-use asset depreciation and interest charge	1,543	1,815
Reinvested distributions received	(1,170)	(460)
Equity settled share-based payments	2,153	2,120
Interest Expense	1	21
Net losses/(gains) on financial assets at fair value through profit or loss	(3,266)	1,530
Assets at amortised cost	8	(37)
Change in operating assets and liabilities, net of effects from acquisition and disposal of businesses:		
Trade and other receivables	(974)	(445)
Investments accounted for using the equity method	(17,365)	(4,958)
Financial assets at FVTPL	(20,444)	(10,592)
Trade and other payables	4,102	(101)
Provisions	444	221
Net cash inflow/(outflow) from operating activities	32,971	22,094

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 and Mr Alex Ihlenfeldt who ceased being a KMP from 1 September 2020.

The key terms of the loans are as follows:

- a) The loans have a five year term, are limited recourse and are interest bearing;
- b) They are secured by way of a share mortgage (see further detail below);
- c) Repayment will occur at the earlier of the end of the five year term (in August 2021), the date on which any shares are 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 has 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 can exercise its rights to enforce its security including by the appointment of a receiver.

During the year interest of \$13,883 accrued on each of these loans to KMP. The balance of each loan at 30 June 2021 including capitalised interest was \$564,209.

(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 and Mr Alex Ihlenfeldt who ceased being a KMP from 1 September 2020.

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 2020 \$	Repayments made \$	Other changes during the year \$	Loan balance – 30 June 2021 \$
Ian Macoun	300,723	(116,372)	-	184,351
Alex Ihlenfeldt	586,106	-	(586,106)	-
Adrian Whittingham	534,977	(534,977)	-	-
Andrew Chambers	534,977	(116,372)	-	418,605

*Alex Ihlenfeldt ceased being a KMP from 1 September.

(iii) Loan Shares issued under the Pinnacle Omnibus Plan

During the year to 30 June 2021, 0.4 million additional loan shares were issued to KMP under the Pinnacle Omnibus Plan (no additional loan shares were issued during the year to 30 June 2020).

The additional loan shares issued during the 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 existing 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 2020 \$	New loans issued \$	Repayments made \$***	Loan shares forfeited* \$	Other changes during the year* \$	Loan balance – 30 June 2021 \$
Ian Macoun	1,646,810	-	(45,880)			1,600,930
Alex Ihlenfeldt	2,120,961	-	-		(2,120,961)	-
Adrian Whittingham	1,646,810	-	(19,306)	(1,627,504)	-	-
Andrew Chambers	4,391,494	-	(122,347)			4,269,147
Dan Longan	-	1,048,080	(40,656)		1,060,480	2,067,904
Calvin Kwok	-	1,048,080	(55,950)		1,767,467	2,759,597

*Includes changes due to employees commencing or ceasing to be KMP during the year. Dan Longan commenced being a KMP from 6th July 2020. Calvin Kwok commenced being a KMP from 1 September 2020. Alex Ihlenfeldt ceased being a KMP from 1 September 2020.

**Adrian Whittingham was not awarded any LTI during FY21 and the loan shares previously awarded to him under the Omnibus Incentive Plan were forfeited when he transitioned to a part-time role on 1 January 2021

***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 Investment Partners Limited ("Palisade"), an Affiliate of the Company, 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 \$0.2m were made. The balance of the loans at 30 June 2021 including capitalized interest was \$1.6m.

e) Loans to/from related parties

	2021 \$	2020 \$
Loans to joint associates (including Affiliate executives)		
Balance at 1 July	4,458,806	6,047,018
Loans advanced	2,657,334	1,030,000
Interest accrued	109,618	125,467
Loans repaid	(4,437,704)	(2,471,852)
Share of equity accounted losses from Affiliates	-	(271,827)
Balance at 30 June	2,788,054	4,458,806

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:

- (i) Sales of services to other related parties/jointly controlled affiliates \$30,022,351 (2020: 21,070,413). Also see note 13
- (ii) Transactions associated with Principal Investments managed by jointly controlled affiliates
 - Purchase of financial assets at fair value through profit and loss \$36,068,000 (2020: \$25,025,000)
 - Proceeds for disposal of financial assets at fair value through profit and loss \$13,897,517 (2020: \$15,335,538)
 - Balance of financial assets at fair value through profit and loss at 30 June 2021 \$56,459,977 (2020: \$32,431,785)
- (v) Dividend revenue \$2,328,453 (2020: \$818,324)
- (vi) Balance of trade receivables to jointly controlled entities at 30 June 2021 \$17,360,658 (2020: \$16,387,019)

27. Key Management Personnel

a) Key Management Personnel compensation

	2021 \$	2020 \$
Short-term employee benefits	3,285,722	2,237,500
Post-employment benefits	135,759	100,000
Long-term benefits	(31,454)	12,200
Share-based payments	643,578	795,731
Total Key Management Personnel compensation	4,033,605	3,145,431

Certain KMP are party to the long-term employee incentive arrangement described in note 32(s)(vii). At 30 June 2021, the balance of loans issued to Key Management Personnel was \$11,300,535 (2020: \$11,762,818) relating to 4,121,460 shares issued in the Company (2020: 4,685,272 shares).

Detailed remuneration disclosures for Key Management Personnel are provided in the Remuneration Report.

b) Loans to Key Management Personnel

Details of loans made to directors of Pinnacle Investment Management Group Limited and other 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
2021	13,964,165	43,963	2,096,160	(1,051,860)	(2,059,223)	12,993,205	640,711	5
2020	14,451,181	54,312	-	(541,328)	-	13,964,165	705,861	4

*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 Omnibus 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
2021								
17 September 2018	16 September 2023	\$7.2917	2,200,000	-	-	(300,000)	1,900,000	-
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	-	-	-	800,000	-
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)	5,700,000	-
Weighted average exercise price			\$6.27	\$5.61	-	\$6.48	\$6.06	-
2020								
17 September 2018	16 September 2023	\$7.2917	2,600,000	-	-	(400,000)	2,200,000	-
15 November 2018	14 November 2023	\$5.6582	1,400,000	-	-	-	1,400,000	-
12 March 2019	11 March 2024	\$5.1234	800,000	-	-	-	800,000	-
25 March 2020	24 March 2025	\$2.9683	-	150,000	-	-	150,000	-
			4,800,000	150,000	-	(400,000)	4,550,000	-
Weighted average exercise price			\$6.45	\$2.97	-	\$7.29	\$6.27	-

1,500,000 loan shares were issued to employees during the financial year and 600,000 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%

(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
2021								
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	-
2020								
15 November 2018	14 November 2023	\$5.6582	250,000	-	-	-	250,000	-
25 March 2020	24 March 2025	\$2.9683	-	200,000	-	-	200,000	-
			250,000	-	-	-	450,000	-
Weighted average exercise price			\$5.66	\$2.97	-	-	\$4.46	-

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.

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:

	2021 \$'000	2020 \$'000
Pinnacle Investment Management Group Employee Option Share Plan	-	76
Pinnacle Omnibus Plan	1,961	1,823
Pinnacle Long-term Employee Incentive Plan	46	62
Total share-based payment transactions	2,007	1,961

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:

	2021 \$	2020 \$
a) PricewaterhouseCoopers Australia		
(i) The deferred tax asset balance comprises temporary differences attributable to:		
Audit and review of financial statements	241,601	266,621
Other assurance services:		
Audit of regulatory returns	21,939	21,939
Audit of compliance plan - Responsible entity *	91,059	102,744
Other assurance services	-	50,000
Total remuneration for audit and other assurance services	354,599	441,304
(ii) Taxation services		
Tax services	61,893	93,759
Total remuneration for taxation services	61,893	93,759
(iii) Other services		
Other services	-	2,987
Total remuneration of PricewaterhouseCoopers Australia	416,492	538,050
Total remuneration of auditors	416,492	538,050

* 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).

(iv) Contingencies

The Group has made certain judgements and estimates relating to the contingent assets and liabilities outlined in note 21(a). These assumptions are based on all existing information available through to the date of signing the Financial Report.

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 and the Corporations Act 2001. The Group is a for profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

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

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2020:

- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet issued in Australia
- Conceptual Framework for Financial Reporting and AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework.

The amendments listed above did not have any impact on the Group's accounting policies and did not have 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 2020.

(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 2020 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.

Cash held in trust for clients is reported as other cash and cash equivalents and is included within trade payables.

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. Amortisation is calculated on a straight-line basis over the contract term.

p) Trade and other payables

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

q) Borrowings

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

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

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

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

r) Provisions

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

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

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

s) Employee benefits

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

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

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

(iii) Retirement benefit obligations

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

(iv) Share-based payments

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

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

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

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

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

(v) Bonuses

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

(vi) Termination benefits

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

(vii) Long-term employee incentive agreements

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

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

over all of the specified vesting conditions are to be satisfied. The inflows and outflows associated with these arrangements are accounted for on a net basis, as the arrangements are expected to be settled net.

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

t) Contributed equity

Ordinary shares are classified as equity (note 16).

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

u) Dividends

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

v) Earnings per share

(i) Basic earnings per share

Basic earnings after tax per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

w) Goods and Services Tax (GST)

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

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

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

x) Discontinued operations

A discontinued operation is a component of the Group's business that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated statement of comprehensive income.

y) Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial / Director's 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.

z) New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published which are not mandatory for 30 June 2021 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below. These standards that are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

aa) 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.

bb) 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. 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, has been donated for worthy charitable purposes, in addition to the amount which would otherwise have been donated by the Group, as explained in Note 2.

09

Directors' Declaration

In the directors' opinion:

- a) the financial statements and notes set out on pages 55 to 116 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 2021 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, 4 August 2021

10

Independent Auditor's Report



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 2021 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2021
- 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*

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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.

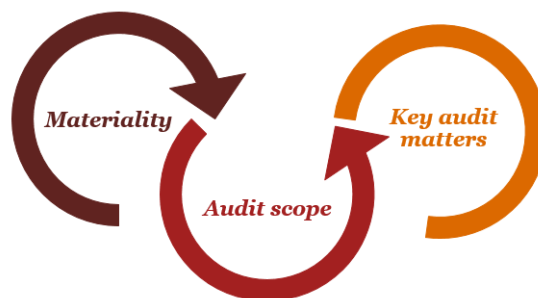
Our audit approach

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 sixteen 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 \$3,350 thousand 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 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 entities 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

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. We communicated the key audit matters to the Audit, Compliance, and Risk Management Committee.

Key audit matter	How our audit addressed the key audit matter
<p>Share of net profit of associates and joint ventures accounted for using the equity method</p> <p>Refer to note 23(d) - \$66,440k</p> <p>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.</p>	<p>We performed the following procedures, amongst others:</p> <ul style="list-style-type: none"> • 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;



<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p>Pinnacle Affiliates' funds under management have the potential to earn performance fees, based on an assessment of performance relative to benchmarks. These benchmarks are agreed between the Affiliates and their clients and are set out in relevant Product Offering Documents.</p> <p>The performance fee revenue has a significant impact on the Group's share of net profits of jointly controlled entities accounted using the equity method.</p> <p>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.</p>	<ul style="list-style-type: none">• Obtained the Affiliates' profit and loss statement, assessed whether consistent accounting policies were adopted, and recalculated Pinnacle's share of net profit.• For a sample of performance fees recorded by Pinnacle Affiliates, we obtained the relevant source documents and:<ul style="list-style-type: none">• 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 the 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 2021 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 29 to 49 of the directors' report for the year ended 30 June 2021.

In our opinion, the remuneration report of Pinnacle Investment Management Group Limited for the year ended 30 June 2021 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 handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive script.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Ben Woodbridge' in a cursive script.

Ben Woodbridge
Partner

Brisbane
4 August 2021

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Shareholder Information

The shareholder information set out below is correct as at 2 August 2021.

Shares on issue

Distribution of securities

Range	No. of shareholders	No. of shares	% of issued shares
1 – 1,000	1,819	824,328	0.43
1,001 – 5,000	1,830	4,874,092	2.56
5,001 – 10,000	551	4,061,363	2.13
10,001 – 100,000	512	14,364,355	7.54
100,001 – 9,999,999,999	119	166,459,867	87.34
Rounding			0.00
Total	4,831	190,584,005	100.00

Unmarketable parcels

	Minimum parcel size	No. of shareholders	No. of shares
Minimum \$500 parcel at \$13.20 per unit	38	163	473

Twenty largest shareholders (as at 2 August 2021)

Rank	Name	No. of shares	% of issued shares
1	HSBC Custody Nominees (Australia) Limited	33,300,625	17.47
2	J P Morgan Nominees Australia Pty Limited	27,446,224	14.40
3	Macoun Generation Z Pty Ltd	13,617,506	7.15
4	National Nominees Limited	7,346,331	3.85
5	Andrew Chambers & Fleur Chambers	5,303,614	2.78
6	Mr Alexander William Macdonald	5,270,090	2.77
7	Kinauld Pty Ltd	4,740,000	2.49
8	Citicorp Nominees Pty Limited	4,409,537	2.31
9	Macoun Superannuation Pty Ltd	3,777,999	1.98
10	BNP Paribas Noms Pty Ltd	3,514,631	1.84
11	Mr Adrian Whittingham	3,103,614	1.63

Rank	Name	No. of shares	% of issued shares
12	Vestinoz Pty Ltd	2,987,766	1.57
13	AJF Squared Pty Ltd	2,896,609	1.52
14	Mr David Francis Cleary	2,807,149	1.47
15	Mr David Noel Groth	2,801,224	1.47
16	Earlston Nominees Pty Ltd	2,280,000	1.20
17	HSBC Custody Nominees (Australia) Limited	2,177,869	1.14
18	BNP Paribas Nominees Pty Ltd	1,924,664	1.01
19	Mark Cormack and Melanie Cormack	1,585,435	0.83
20	Mirrabooka Investments Limited	1,226,582	0.64
	Total	132,517,469	69.53%
	Total remaining holders balance	58,066,536	30.47%

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	18,767,500	9.8%
Ian Macoun and associates	18,276,077	9.6%

Voting rights

Upon a poll each share shall have one vote.

Options and performance rights on issue

Distribution of securities

Options

There are 1,000,000 options on issue as at 2 August 2021.

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; and

Ben Cossey.

The options are not listed.

Performance rights

There are 17,739 performance rights on issue as at 2 August 2021.

The performance rights are held by:

Alan Watson;

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, Risk and Compliance Officer and Company Secretary

Calvin Kwok

Chief Financial Officer

Dan Longan

Share Registry

Computershare Investor Services Pty Limited
Level 1, 200 Mary Street
Brisbane QLD 4000
Telephone 1300 850 505

ASX Code

PNI

Shares are listed on the Australian Securities Exchange.

Bankers

Commonwealth Bank of Australia
240 Queen Street,
Brisbane QLD 4000

Auditor

PricewaterhouseCoopers
480 Queen Street,
Brisbane QLD 4000

Australia

Brisbane
Registered Office
Level 19, 307 Queen Street
Brisbane QLD 4000
Telephone 1300 651 577

Sydney
Level 35, 60 Margaret Street
Sydney NSW 2000
Telephone 1300 651 577

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Melbourne VIC 3000

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