

# **Pinnacle Investment Management Group Limited**

ABN 22 100 325 184

## **Interim Report**

**for the half year ended 31 December 2024**

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# Pinnacle Investment Management Group Limited

ABN 22 100 325 184

## Interim Report - 31 December 2024

### Contents

	Page
Directors' report	3
Interim financial report	7
Directors' declaration	25
Independent auditor's review report to the members of Pinnacle Investment Management Group Limited	26

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## Directors' report

We, your Directors, present our report on the consolidated group consisting of Pinnacle Investment Management Group Limited (the Company) and the entities it controlled (together, the Group) at the end of, or during, the half year ended 31 December 2024 (1H FY25).

### Directors

The following persons were Directors of Pinnacle Investment Management Group Limited during the half year and up to the date of this report:

Mr A Watson  
Mr I Macoun  
Ms D Beale AM  
Mr A Chambers  
Ms L Berends AM  
Ms C Lenard (appointed 2 August 2024)

### Review of operations

Profit attributable to shareholders for the half year was \$75.7 million, compared with \$30.2 million for the prior corresponding period (PCP), an increase of 151%. This translated to Earnings per Share of 36.9c (basic) and 36.7c (fully diluted), compared with 15.4c (basic) and 15.3c (fully diluted) for the PCP, representing increases of 140% in both basic earnings and on a fully diluted basis.

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

An interim dividend of 33.0 cents, franked to 72% (up 112% from 15.6c per share in the PCP and up 25% from the FY24 final dividend of 26.4c per share, franked to 72%), has been declared and will be payable on 21 March 2025 to shareholders registered on the record date of 7 March 2025. In addition, dividends totalling \$53.6 million have been paid to shareholders by the Company during the half year, being the FY24 final dividend of 26.4c per share.

### Funds under management and net inflows

Aggregate Affiliates' funds under management (at 100%) increased by 41% during the half year from \$110.1 billion at 30 June 2024 to \$155.4 billion at 31 December 2024. That figure includes \$27.9 billion FUM that Pinnacle 'acquired' in Pacific Asset Management (PAM) and VSS, as well as Antipodes' acquisition of Maple-Brown Abbott. Excluding that acquired FUM, FUM rose by \$17.3 billion or 16% in the half year.

Total net inflows for the half year were \$6.7 billion (retail net inflows were \$3.7 billion, international net inflows were \$0.8 billion, whilst domestic institutional net inflows were \$2.2 billion), with market movements and investment performance contributing positive \$10.7 billion over the half year. Tailwinds in asset raising in fixed income, credit (public and private) as well as private markets more generally have remained evident and underpinned these inflows for the half year, whilst appetite for active equities has remained constrained. Historically, investor appetites regarding public markets have been cyclical, but note that the diversification into other asset classes (and, indeed, geographies) has enabled overall flows to remain resilient.

### Revenues and expenses

Affiliate revenues including performance fees grew by 54% over the PCP (35% excluding performance fees).

It was pleasing that the alpha generation of nine Affiliates resulted in strong performance fees during the half, contributing \$36.4 million to Pinnacle's net profit after tax, compared with \$12.3 million from nine Affiliates in the PCP. Particularly noteworthy was the contribution from Hyperion, which delivered substantial performance fees and has been delivering long-term alpha generation for investors for nearly thirty years.

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

continuing robust results. Shareholders will recall that the level of this provisioning is adjusted near to the end of the financial year based on overall Company outcomes, as well as individual performance for the full financial year.

**Principal investments**

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

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

**Further commentary**

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

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

Pinnacle has an excellent platform in place to continue to prosper – driven by growth within existing Affiliates and incubating new Affiliates and strategies, domestically and offshore, as well as careful acquisitive growth into new asset classes and markets.

**Matters subsequent to the end of the reporting period**

In the interval between the end of the half year and the date of this Directors' report there has not arisen any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to significantly affect the:

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

**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 6.

**Rounding of amounts**

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

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



Mr A Watson  
Chair  
Sydney  
4 February 2025

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## Auditor's Independence Declaration

As lead auditor for the review of Pinnacle Investment Management Group Limited for the half-year ended 31 December 2024, I declare that to the best of my knowledge and belief, there have been:

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

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 that reads 'M. Laithwaite'.

Marcus Laithwaite  
Partner  
PricewaterhouseCoopers

Brisbane  
4 February 2025

# Pinnacle Investment Management Group Limited

ABN 22 100 325 184

## Interim Financial Report - 31 December 2024

### Contents

	Page
Interim financial report	
Consolidated Statement of Profit or Loss	8
Consolidated Statement of Comprehensive Income	9
Consolidated Statement of Financial Position	10
Consolidated Statement of Changes in Equity	11
Consolidated Statement of Cash Flows	12
Notes to the Interim Financial Report	13
Directors' declaration	25
Independent auditor's review report to the members	26

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by Pinnacle Investment Management Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This interim financial report covers the consolidated entity consisting of Pinnacle Investment Management Group Limited and its subsidiaries.

The interim financial report is 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 Street  
Brisbane QLD 4000

Its principal place of business is:

Level 25, Australia Square Tower  
264 George Street  
Sydney NSW 2000

The interim statements were authorised for issue by the Directors on 4 February 2025. The Directors have the power to amend and re-issue the interim financial report.

**Pinnacle Investment Management Group Limited**  
**Consolidated Statement of Profit or Loss**  
**For the half year ended 31 December 2024**

		Half Year	
	Notes	31 Dec 2024 \$'000	31 Dec 2023 \$'000
<b>Revenue from continuing operations</b>	3	27,643	23,683
Fair value gains/(losses) on financial assets at fair value through profit or loss		9,163	146
Fair value gains/(losses) on financial assets at fair value through profit or loss (non-current)		-	(3,360)
Employee benefits expense		(13,220)	(12,220)
Short-term incentives expense		(7,252)	(5,638)
Long-term incentives expense		(1,753)	(1,672)
Professional services expense		(977)	(667)
Travel and entertainment expense		(999)	(849)
Technology and communications expense		(1,377)	(955)
Finance costs expense		(3,733)	(3,708)
Other expenses from operating activities	4	(3,001)	(1,852)
Share of net profits of associates accounted for using the equity method		74,313	37,319
<b>Profit before income tax from continuing operations</b>		<b>78,807</b>	<b>30,227</b>
Income tax expense	5	(3,100)	-
<b>Profit from continuing operations</b>		<b>75,707</b>	<b>30,227</b>
<b>Profit for the half year</b>		<b>75,707</b>	<b>30,227</b>
Profit for the half year is attributable to:			
<b>Owners of Pinnacle Investment Management Group Limited</b>		75,707	30,227
Non-controlling interests		-	-
		<b>75,707</b>	<b>30,227</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share:</b>			
<b>From continuing operations attributable to owners of Pinnacle Investment Management Group Limited</b>			
Basic earnings per share	10	36.9	15.4
Diluted earnings per share	10	36.7	15.3
<b>Total profit attributable to owners of Pinnacle Investment Management Group Limited</b>			
Basic earnings per share	10	36.9	15.4
Diluted earnings per share	10	36.7	15.3

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

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**Pinnacle Investment Management Group Limited**  
**Consolidated Statement of Comprehensive Income**  
**For the half year ended 31 December 2024**  
**(continued)**

Notes	Half Year	
	31 Dec 2024 \$'000	31 Dec 2023 \$'000
<b>Profit for the half year</b>	75,707	30,227
Other comprehensive income	-	-
<b>Total comprehensive income for the half year</b>	<b>75,707</b>	<b>30,227</b>
Total comprehensive income for the half year is attributable to:		
<b>Owners of Pinnacle Investment Management Group Limited</b>	<b>75,707</b>	<b>30,227</b>
	<b>75,707</b>	<b>30,227</b>
Total comprehensive income for the half year attributable to owners of Pinnacle Investment Management Group Limited arises from:		
<b>Continuing operations</b>	<b>75,707</b>	<b>30,227</b>
	<b>75,707</b>	<b>30,227</b>

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

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**Pinnacle Investment Management Group Limited**  
**Consolidated Statement of Financial Position**  
**As at 31 December 2024**

	Notes	31 Dec 2024 \$'000	30 Jun 2024 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	90,403	32,565
Trade and other receivables		44,559	34,644
Financial assets at fair value through profit or loss	15	349,976	153,679
Assets held at amortised cost		1,997	922
<b>Total current assets</b>		<b>486,935</b>	<b>221,810</b>
<b>Non-current assets</b>			
Investments accounted for using the equity method	14(c)	541,339	341,300
Financial assets at fair value through profit or loss	15	240	240
Property, plant and equipment		90	92
Intangible assets	7	1,671	1,721
Deferred Tax Assets		3,629	-
Right-of-use assets		10,709	9,121
Assets held at amortised cost	14(b)	17,177	8,708
<b>Total non-current assets</b>		<b>574,855</b>	<b>361,182</b>
<b>Total assets</b>		<b>1,061,790</b>	<b>582,992</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		11,935	14,772
Lease liabilities		1,466	1,761
Borrowings	12	100,168	131
Provisions	16	2,648	2,574
<b>Total current liabilities</b>		<b>116,217</b>	<b>19,238</b>
<b>Non-current liabilities</b>			
Lease liabilities		9,684	7,536
Borrowings	12	-	100,000
Deferred Tax Liabilities		6,728	-
Provisions	16	375	324
<b>Total non-current liabilities</b>		<b>16,787</b>	<b>107,860</b>
<b>Total liabilities</b>		<b>133,004</b>	<b>127,098</b>
<b>Net assets</b>		<b>928,786</b>	<b>455,894</b>
<b>EQUITY</b>			
Contributed equity	8	879,790	430,735
Reserves	9(a)	(38,149)	(39,902)
Retained Earnings	9(b)	87,145	65,061
<b>Total equity</b>		<b>928,786</b>	<b>455,894</b>

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

**Pinnacle Investment Management Group Limited**  
**Consolidated Statement of Changes in Equity**  
**For the half year ended 31 December 2024**

		Attributable to owners of Pinnacle Investment Management Group Limited			
	Notes	Contributed equity \$'000	Reserves \$'000	Retained Earnings \$'000	Total Equity \$'000
Opening balance at 1 July 2023		418,479	(43,282)	47,376	422,573
<b>Profit and total comprehensive income for the half year</b>		-	-	30,227	30,227
<b>Transactions with owners in their capacity as owners:</b>					
Dividends paid to shareholders	11	856	-	(40,987)	(40,131)
Options exercised		-	-	-	-
Employee loan share repayments	8	2,837	-	-	2,837
Share-based payments	9(a)	-	1,672	-	1,672
		<b>3,693</b>	<b>1,672</b>	<b>(40,987)</b>	<b>(35,622)</b>
<b>Closing balance at 31 December 2023</b>		<b>422,172</b>	<b>(41,610)</b>	<b>36,616</b>	<b>417,178</b>
Opening balance at 1 July 2024		430,735	(39,902)	65,061	455,894
<b>Profit and total comprehensive income for the half year</b>		-	-	75,707	75,707
<b>Transactions with owners in their capacity as owners:</b>					
Dividends paid to shareholders	11	960	-	(53,623)	(52,663)
Capital contribution, net of issue costs		391,553	-	-	391,553
SPP, net of issue costs		50,293	-	-	50,293
Employee loan share repayments	8	6,249	-	-	6,249
Share-based payments	9(a)	-	1,753	-	1,753
		<b>449,055</b>	<b>1,753</b>	<b>(53,623)</b>	<b>397,185</b>
<b>Closing balance at 31 December 2024</b>		<b>879,790</b>	<b>(38,149)</b>	<b>87,145</b>	<b>928,786</b>

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

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**Pinnacle Investment Management Group Limited**  
**Consolidated Statement of Cash Flows**  
**For the half year ended 31 December 2024**

	Notes	Half Year	
		31 Dec 2024 \$'000	31 Dec 2023 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		15,945	17,194
Payments to suppliers and employees		(30,649)	(23,738)
Dividends and distributions received from financial assets at fair value		485	215
Dividends and distributions received from associates accounted for using the equity method		48,672	37,144
Interest received		608	362
Finance and borrowings costs paid		(3,367)	(3,671)
Proceeds from sale of financial assets at fair value through profit or loss		90,658	45,498
Payments to purchase financial assets at fair value through profit or loss		(275,605)	(18,599)
<b>Net cash inflow/(outflow) from operating activities</b>		<u>(153,253)</u>	<u>54,405</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(9)	(26)
Loan repayments from related parties		1,105	1,271
Loan advances to related parties		(9,913)	(262)
Loan repayments from shareholders		6,249	2,837
Payments for investments accounted for using the equity method	14(c)	(174,398)	(10,220)
<b>Net cash outflow from investing activities</b>		<u>(176,966)</u>	<u>(6,400)</u>
<b>Cash flows from financing activities</b>			
Ordinary dividends paid to shareholders	11	(52,663)	(40,131)
Lease payments		(1,126)	(476)
Repayment of borrowings		-	(20,000)
Proceeds from issue of shares, net of issue costs	8	441,846	-
<b>Net cash inflow from financing activities</b>		<u>388,057</u>	<u>(60,607)</u>
<b>Net decrease in cash and cash equivalents</b>		57,838	(12,602)
Cash and cash equivalents at the beginning of the half year		32,565	27,616
<b>Cash and cash equivalents at end of half year</b>	6	<u>90,403</u>	<u>15,014</u>

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

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## 1 Basis of preparation

This consolidated interim financial report for the half year reporting period ended 31 December 2024 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim financial report is to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by Pinnacle Investment Management Group Limited during the half year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

### (a) Material Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding half year reporting period, as disclosed in the 30 June 2024 annual report.

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

No new or amended standards became applicable for the current reporting period that had an impact on the Group.

### (c) Impact of standards issued but not yet applied by the entity

There are no standards that are not yet effective that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

## 2 Segment information

The Group operates one business segment, being its funds management operations. The business operations are principally conducted out of one geographic location, being Australia.

## 3 Revenue from operations and other income

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

	Half Year	
	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
<b>Revenue from contracts with customers</b>		
<i>Services revenue – over time</i>		
Service charges	23,508	19,576
	23,508	19,576
<b>Other income</b>		
Interest received or due	1,034	499
Dividends and distributions	2,993	3,600
Other income	108	8
	4,135	4,107
	27,643	23,683

**4 Expenses**

	Half Year	
	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
<b>Profit before income tax includes the following specific expenses:</b>		
<i>Right-of-use asset amortization - included in other expenses</i>		
Right-of-use asset amortization - leased properties	1,063	308
	1,063	308
<i>Depreciation and amortization - included in other expenses from operating activities</i>		
Depreciation - property, plant and equipment	10	9
Amortization - intangible assets	50	50
	60	59

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## 5 Income tax expense

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

	Half Year	
	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Profit from continuing operations before income tax expense	78,807	30,227
Profit before income tax	<u>78,807</u>	<u>30,227</u>
Tax at the Australian tax rate of 30.0% (31 December 2023 - 30.0%)	23,642	9,068
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share of profits from associates accounted for using the equity method	(22,294)	(11,196)
Non-deductible expenditure	569	543
Other items	<u>2,212</u>	<u>2,656</u>
	4,129	1,071
Offset against deferred tax assets *	<u>(1,029)</u>	<u>(1,071)</u>
Total income tax expense	<u>3,100</u>	<u>-</u>

\*There were no unrecognized deferred tax assets at 31 December 2024 (31 December 2023 - \$4.6m).

## 6 Cash and cash equivalents

	31 Dec 2024 \$'000	30 Jun 2024 \$'000
Cash at bank and on hand	<u>90,403</u>	<u>32,565</u>
	<u>90,403</u>	<u>32,565</u>

## 7 Intangible Assets

	Software \$'000	Customer Contracts \$'000	Total \$'000
<b>30 June 2024</b>			
Cost	15	4,574	4,589
Accumulated amortization	(15)	(2,853)	(2,868)
Net book value	<u>-</u>	<u>1,721</u>	<u>1,721</u>
<b>Half year ended 31 December 2024</b>			
Opening net book amount	-	1,721	1,721
Additions	-	-	-
Accumulated amortization	-	(50)	(50)
Closing net book amounts	<u>-</u>	<u>1,671</u>	<u>1,671</u>

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**7 Intangible Assets (cont.)**

	Software \$'000	Customer Contracts \$'000	Total \$'000
<b>31 December 2024</b>			
Cost	15	4,574	4,589
Accumulated amortization	(15)	(2,903)	(2,918)
Net book value	-	1,671	1,671

**8 Contributed equity**

**(a) Share capital**

	31 Dec 2024 No. of shares	31 Dec 2023 No. of shares	31 Dec 2024 Paid \$'000	31 Dec 2023 Paid \$'000
Ordinary shares:				
Fully paid contributed equity - Company	220,465,168	198,044,145	879,790	422,172
<b>Total contributed equity</b>	<b>220,465,168</b>	<b>198,044,145</b>	<b>879,790</b>	<b>422,172</b>

**(b) Movements in ordinary share capital**

Date	Details	Number of shares	\$'000
<b>1 July 2024</b>	<b>Opening balance</b>	<b>198,214,482</b>	<b>430,735</b>
	Shares issued under Dividend Reinvestment Plan (DRP), net of costs (\$16.60 per share)	57,840	960
	Capital contribution, net of issue costs (\$20.30 per share)	19,704,434	391,553
	SPP, net of issue costs (\$20.30 per share)	2,488,412	50,293
	Employee loan share repayments	-	6,249
<b>31 Dec 2024</b>	<b>Closing Balance</b>	<b>220,465,168</b>	<b>879,790</b>
<b>1 July 2023</b>	<b>Opening balance</b>	<b>194,601,091</b>	<b>418,479</b>
	Shares issued under Dividend Reinvestment Plan (DRP), net of costs (\$9.20 per share)	93,054	856
	Treasury stock vested	3,350,000	-
	Employee loan share repayments	-	2,837
<b>31 Dec 2023</b>	<b>Closing Balance</b>	<b>198,044,145</b>	<b>422,172</b>

**(c) Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on the 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.

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## 8 Contributed equity (cont.)

### (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 (refer note 14). The value ascribed to treasury stock is the balance of the loans secured by share mortgage at period end.

Treasury stock movement for the period is detailed in the table below:

Date	Details	Number of treasury shares	\$'000
1 July 2024	<b>Opening balance</b>	<b>4,897,000</b>	<b>50,237</b>
	Employee loan share repayments	-	(6,249)
	Issue of loan shares under Pinnacle Omnibus Plan	1,270,000	26,028
31 Dec 2024	<b>Closing Balance</b>	<b>6,167,000</b>	<b>70,016</b>
1 July 2023	<b>Opening balance</b>	<b>6,567,000</b>	<b>45,417</b>
	Employee loan share repayments	-	(2,837)
	Forfeited	(327,500)	(3,617)
	Vested shares	(3,350,000)	-
	Issue of loan shares under Pinnacle Omnibus Plan	1,917,500	17,502
31 Dec 2023	<b>Closing Balance</b>	<b>4,807,000</b>	<b>56,465</b>

## 9 Reserves and retained earnings

### (a) Reserves

	31 Dec 2024 \$'000	30 Jun 2024 \$'000
Share-based payments reserve	21,454	19,701
Transactions with non-controlling interests reserve	(59,603)	(59,603)
	<b>(38,149)</b>	<b>(39,902)</b>

The share-based payments reserve is used to recognise:

- the grant date fair value of options issued to employees but not exercised;
- the grant date fair value of shares issued to employees;
- the issue of shares held by employee share plans to employees; and
- the grant date fair value of the Pinnacle Long-term Employee Incentive Plan and Pinnacle Omnibus Incentive Plan.

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

**9 Reserves and accumulated losses (cont.)**

**(b) Retained earnings**

Movements in retained earnings were as follows:

	\$'000
<b>Balance at 1 July 2024</b>	65,061
Profit attributable to owners of Pinnacle Investment Management Group Limited	75,707
Dividends paid to shareholders (refer note 11)	<u>(53,623)</u>
<b>Balance at 31 December 2024</b>	<u>87,145</u>

**10 Earnings per share**

	Half Year	
	31 Dec 2024 Cents	31 Dec 2023 Cents
<b>(a) Basic earnings per share</b>		
Attributable to the ordinary equity holders of the Company:		
<b>From continuing operations</b>	36.9	15.4
<b>From total operations</b>	36.9	15.4

**(b) Diluted earnings per share**

Attributable to the ordinary equity holders of the Company:		
<b>From continuing operations</b>	36.7	15.3
<b>From total operations</b>	36.7	15.3

	Half Year	
	31 Dec 2024 \$'000	31 Dec 2023 \$'000
<b>(c) Basic and diluted earnings per share</b>		
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share:		
From continuing operations	75,707	30,227
Profit used in calculating basic and diluted earnings per share	75,707	30,227

	Half Year	
	31 Dec 2024 Number	31 Dec 2023 Number
<b>(d) Weighted average number of shares used as the denominator</b>		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	204,935,147	196,297,301
<i>Adjustments for calculation of diluted earnings per share:</i>		
Weighted average options and treasury stock	1,386,314	1,275,870
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	206,321,461	197,573,171

**(e) Information concerning the classification of securities**

Options granted to employees under 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 have not been included in the determination of basic earnings per share.

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## 11 Dividends

	Half Year	
	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
<b>(a) Ordinary shares</b>		
Final dividend for the year ended 30 June 2024 of 26.4 cents per fully paid ordinary share paid on 20 September 2024 (2024 – 20.4 cents paid on 15 September 2023)		
72% franked based on tax paid @ 30.0% (2024 – fully franked)	<u>53,623</u>	40,987
Total dividends paid	<u>53,623</u>	<u>40,987</u>

The Company activated its Dividend Reinvest Plan (DRP) on 29 August 2017. The final dividend for the year ended 30 June 2024, totaling \$53,622,320 was paid \$52,622,089 in cash and \$960,231 via the DRP. The DRP associated with the final dividend for the year ended 30 June 2023, totaling \$40,987,290, was paid \$40,130,804 in cash and \$856,486 via the DRP.

### (b) Dividends not recognised at the end of the half year

Since period end the Directors have recommended the payment of an interim dividend of 33.0 cents per fully paid ordinary share (2024 – 15.6 cents), 72% franked based on tax paid at 30%. The aggregate amount of the dividend expected to be paid on 21 March 2025 (2024 – 22 March 2024), but not recognised as a liability at half year end, is:

	<u>74,789</u>	31,657
	<u>74,789</u>	<u>31,657</u>

## 12 Borrowings and Financing Facilities

In June 2023, the Group entered into an amended facility deed, which is secured by a general security deed over the assets of the Group and guarantees provided by the Company and other Group entities. Further details regarding the Corporate Card Facility and Bank Guarantee are provided in Note 13.

As at 31 December 2024, the contractual maturities of the Group's non-derivative financial liabilities were as follows:

31 December 2024	0 - 1 year \$'000	1 - 2 years \$'000	2 - 5 years \$'000	Over 5 years \$'000	Total contractual cashflows \$'000	Carrying Amount \$'000
<i>Contractual maturity of financial liabilities</i>						
Trade payables	11,935	-	-	-	11,935	11,935
Borrowings	102,453	-	-	-	102,453	100,168
Lease Liabilities	2,281	2,419	7,739	245	12,684	11,150
<b>Total non-derivatives</b>	<u>116,669</u>	<u>2,419</u>	<u>7,739</u>	<u>245</u>	<u>127,072</u>	<u>123,253</u>
30 June 2024	0 - 1 year \$'000	1 - 2 years \$'000	2 - 5 years \$'000	Over 5 years \$'000	Total contractual cashflows \$'000	Carrying Amount \$'000
<i>Contractual maturity of financial liabilities</i>						
Trade payables	14,772	-	-	-	14,772	14,772
Borrowings	6,479	100,000	-	-	106,479	100,131
Lease Liabilities	1,762	1,871	7,072	-	10,705	9,297
<b>Total assets</b>	<u>23,013</u>	<u>101,871</u>	<u>7,072</u>	<u>-</u>	<u>131,956</u>	<u>124,200</u>

## **12 Borrowings and Financing Facilities (cont.)**

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 (minimum 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 31 December 2024, the interest cover ratio was 22x, the net leverage cover ratio was 0.1 and the tangible net wealth was \$927,114,000 (272% of the minimum net wealth at 30 June 2024).

The Loan Facility is split into three Tranches – Tranche A is \$60,000,000 and is for general corporate purposes. Tranche B is \$40,000,000 and is for acquisitions, or investments into certain liquid investment strategies managed by Pinnacle Affiliates. Tranche C was \$20,000,000 and was repaid during the previous period in line with the loan term. The Loan Facility of \$100,000,000 was fully drawn as at 31 December 2024. The loan is a variable rate, Australian-dollar denominated loan which is carried at amortised cost. The facility term is three years from drawdown.

## **13 Contingencies**

### **Guarantees**

The Group has provided guarantees in respect of Australian Financial Services License Net Tangible Asset obligations (via bank guarantee) in respect of the following subsidiaries:

- (i) Pinnacle Funds Services Limited - \$5,000,000 (30 June 2024: \$5,000,000).
- (ii) Pinnacle RE Services Limited - \$50,000 (30 June 2024 - \$50,000)

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

- (i) Pinnacle Services Administration Pty Ltd - \$2,789,000 (30 June 2024 - \$2,789,000)

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

The unused bank guarantee facility at balance date was \$275,000 (30 June 2024: \$275,000). The Group has also provided guarantees in relation to its corporate credit card facilities (facility limits totaling \$400,000, of which \$345,000 was unused at balance date).

These guarantees may give rise to liabilities for the Group 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.

**14 Related party transactions**

**(a) Movement in loans to Key Management Personnel**

**(i) Loans re-issued 25 August 2016**

Further details of these loans are provided in the Group's 2024 annual report.

The value of re-issued loans for each of the key management personnel at period end and repayments made during the half year were nil.

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

Further details of these loans are provided in the Group's 2024 annual report.

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

Key Management Personnel	Loan balance – 1 July 2024 \$	Issued \$	Repayments made \$	Loan balance - 31 Dec 2024 \$
Ian Macoun	1,447,390	-	-	1,447,390
Andrew Chambers	768,911	2,277,000	(18,308)	3,027,603
Daniel Longan	4,358,627	2,030,000	(73,234)	6,315,393
Calvin Kwok	3,390,391	2,030,000	(64,079)	5,356,312

**(b) Loans to other Related Parties**

On 27th October 2017, a subsidiary of the Company provided loan funding totaling \$5,226,000 to a number of executives of Pinnacle Affiliate Palisade Investment Partners Limited ('Palisade'), an Associate of the Group, 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. These loans are included within loans at amortised cost in the consolidated statement of financial position.

During the half year, interest of \$2,000 accrued on these loans and repayments of \$216,000 were made. The balance of the loans at 31 December 2024 including capitalized interest was nil (balance at 30 June 2024 \$214,000).

**(c) Investments accounted for using the equity method**

During the half year, the Group completed the acquisition of a 22.5% equity interest in the US-based structured capital firm VSS Holdings LLC (VSS) for US \$60.5m.

The Group also completed the acquisition of a 25% equity interest in the UK-based asset management platform Pacific Asset Management LLP (PAM) for £25.75m.

The Group also acquired a further 3.5% of Coolabah Capital Investments, taking its ownership to 38.5%.

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## 15 Fair value measurement of financial instruments

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report. The Group has fully drawn down its \$100,000,000 facility with the Commonwealth Bank of Australia (\$100,000,000 at 30 June 2024), with the proceeds deployed in liquid funds managed by Affiliates.

### (a) Fair value hierarchy

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

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) 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
- (c) 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 financial assets and financial liabilities measured and recognised at fair value at 31 December 2024 and 30 June 2024 on a recurring basis:

<b>31 December 2024</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Assets</b>				
<i>Financial assets at fair value through profit or loss:</i>				
Australian listed equity securities	7,722	-	-	7,722
Unlisted unit trusts	-	334,905	-	334,905
Derivative financial instruments - futures	6,944	-	-	6,944
Other unlisted instruments	-	-	645	645
	<b>14,666</b>	<b>334,905</b>	<b>645</b>	<b>350,216</b>
<b>Total assets</b>	<b>14,666</b>	<b>334,905</b>	<b>645</b>	<b>350,216</b>

No liabilities were held at fair value at 31 December 2024.

<b>30 June 2024</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Assets</b>				
<i>Financial assets at fair value through profit or loss:</i>				
Australian listed equity securities	13,772	-	-	13,772
Unlisted unit trusts	-	138,079	-	138,079
Derivative financial instruments - futures	1,423	-	-	1,423
Other unlisted instruments	-	-	645	645
	<b>15,195</b>	<b>138,079</b>	<b>645</b>	<b>153,919</b>
<b>Total assets</b>	<b>15,195</b>	<b>138,079</b>	<b>645</b>	<b>153,919</b>

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

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**15 Fair value measurement of financial instruments (cont.)**

The Group did not measure any financial assets or liabilities at fair value on a non-recurring basis as at 31 December 2024.

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.

**(b) Valuation techniques used to determine fair values**

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 associates and loans to shareholders are carried at amortised cost. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

**(c) 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 half year ended 31 December 2024:

	<b>Unlisted equity securities \$'000</b>
<b>Opening balance 1 July 2024</b>	<b>645</b>
Unrealised gains / (losses) recognised in fair value gains / (losses) on financial assets at fair value through profit and loss	-
Additions	-
Fair value adjustments recognised in other comprehensive income	-
<b>Closing balance 31 December 2024</b>	<b><u>645</u></b>

*(i) Valuation process*

Unlisted equity securities 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 investee 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.

*(ii) Transfer between levels*

There were no transfers between levels during the half year.

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## 16 Provisions

	31 Dec 2024 \$'000	30 Jun 2024 \$'000
<b>Current</b>		
Employee benefits – annual leave and long service leave	<u>2,648</u>	<u>2,574</u>
	<u>2,648</u>	<u>2,574</u>
<b>Non-Current</b>		
Employee benefits – long service leave	<u>375</u>	<u>324</u>
	<u>375</u>	<u>324</u>
	<b>Employee Benefits \$'000</b>	<b>Total \$'000</b>
<b>Current</b>		
Balance at 1 July 2024	2,574	2,574
Amounts provided for during the period (net)	<u>74</u>	<u>74</u>
Balance at 31 December 2024	<u>2,648</u>	<u>2,648</u>
<b>Non-Current</b>		
Balance at 1 July 2024	324	324
Amounts provided for during the period (net)	<u>51</u>	<u>51</u>
Balance at 31 December 2024	<u>375</u>	<u>375</u>

## 17 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.

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In the opinion of the Directors of Pinnacle Investment Management Group Limited (the Company):

- (a) the interim financial report and notes set out on pages 7 to 24 are in accordance with the *Corporations Act 2001*, 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 Group's financial position as at 31 December 2024 and of its performance for the half year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Mr A Watson  
Chair  
Sydney  
4 February 2025



## Independent auditor's review report to the members of Pinnacle Investment Management Group Limited

### Report on the half-year financial report

#### **Conclusion**

We have reviewed the half-year financial report of Pinnacle Investment Management Group Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Pinnacle Investment Management Group Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### **Basis for conclusion**

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

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

#### **Responsibilities of the directors for the half-year financial report**

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



### ***Auditor's responsibilities for the review of the half-year financial report***

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in black ink that reads 'R. M. Cooper'.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'M. Laithwaite'.

Marcus Laithwaite  
Partner

Brisbane  
4 February 2025

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