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By Electronic Lodgement

Market Announcements Office
ASX Ltd
20 Bridge Street
SYDNEY NSW 2000

Investment in Five V Capital, FUM update and equity raising

Key highlights

- Acquisition of convertible redeemable preference shares that would give Pinnacle a 25% equity stake in Australian based private equity firm Five V Capital
- Investment of $65m plus an additional $10m contingent on a successful second fund raising for Five V's Venture Capital strategy[1]
- Five V has a high quality investment team with a proven track record of delivering investment excellence
- Strategic investment that is expected to deliver attractive returns for Pinnacle shareholders
- No sell down by Five V principals Adrian MacKenzie and Srdjan Dangubic
- Pinnacle's investment provides Five V with a source of capital to support co-investments and growth / business development initiatives
- Over time, members of the broader investment management team will be invited to acquire equity in Five V from the principals to support long-term succession, enhance internal alignment and promote longevity and consistency of performance
- The investment and equity raising is expected to be broadly neutral to EPS pre performance fees
- Pinnacle also announces the establishment of its first North American based Affiliate – a Global and Canadian Small Cap equities fund manager based in Toronto, Canada, established in partnership with Greg Dean (former Principal Manager at Cambridge Global Asset Management)
- Pinnacle has launched a $105m fully underwritten institutional placement to fund the Investment and replenish balance sheet capacity that was used to fund the acquisition of the 25% stake in Coolabah in 2019. In addition to the placement, Pinnacle will offer eligible shareholders the opportunity to participate in a non-underwritten share purchase plan
- Concurrently with the Placement, Adrian Whittingham will be conducting a fully underwritten sell down of 875,000 Pinnacle shares at the Placement Price, which is worth $14.6m

Five V investment

Pinnacle Investment Management Group Limited (**PNI** or **Pinnacle**) is pleased to announce that it has agreed to subscribe for convertible redeemable preference shares that would give Pinnacle a 25%

[1] The $10m is payable upfront but must be repaid by Five V if the fund raising milestone is not met.

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equity stake in leading Australian based private equity firm Five V Capital (**Five V**) (**Preference Shares**) (**Investment**), with an investment of $65m plus an additional $10m contingent on a successful second fund raising for Five V's Venture Capital strategy.[2]

Five V focuses on high growth assets in the attractive small to mid-market and currently has A$1.1bn FUM following the successful completion of the fund raising process in respect of Fund IV.

Five V is led by principals Adrian MacKenzie and Srdjan Dangubic, supported by a team of investment professionals. The Five V team have consistently delivered strong returns with money multiples of 10.3x and 4.4x across Fund I and Fund II respectively.

Five V specialises in high growth, technology enabled companies and has made 15 private equity and 17 venture capital investments to date, including in businesses such as Education Perfect, Probe Group and Universal Store.

Pinnacle's investment will be used by Five V to support co-investments, business development and growth initiatives, providing an important source of capital and profitability, with no sell down by existing Five V principals.

Following the investment, Pinnacle will have exposure to Five V's Fund III, Fund IV (closed in November 2021) and VC Fund 1, totalling FUM of $1.1 billion, and future funds raised by Five V. Pinnacle will provide enhanced distribution capabilities and assist Five V with distribution and fund raising.

The Investment is consistent with Pinnacle's strategy of increasing exposure to private capital markets, including private equity. It is expected to deliver attractive returns for Pinnacle shareholders and further demonstrates the flexibility of PNI's model and ability to partner with fund managers across all asset classes.

The conversion of the Preference Shares is subject to a number of conditions associated with retention and fund raising. The Investment remains subject to various conditions precedent and is expected to close prior to the end of November 2021.

PNI Managing Director Ian Macoun commented:

"We are very pleased to have the opportunity to partner with the Five V Capital team led by Adrian and Srdjan. Five V Capital have a proven investment strategy that has delivered exceptional returns and a track record of successful fund raising.

The investment announced today is consistent with Pinnacle's strategy of diversifying into higher growth alternative asset classes such as private equity; and demonstrates the attractiveness of Pinnacle as a trusted partner to fund managers across all asset classes.

The investment made today ensures a strong degree of alignment between Pinnacle, the existing Five V principals and the broader investment management team. Our investment will provide a source of capital for Five V to use for co-investments, growth and business development initiatives. Over time, investment professionals within the Five V group will also have the opportunity to buy a portion of the equity currently held by Adrian and Srdjan, enhancing internal alignment and promoting longevity and consistency of performance."

[2] The $10m is payable upfront but must be repaid by Five V if the fund raising milestone is not met.

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Five V founder Adrian MacKenzie commented:

"We are delighted to be partnering with Pinnacle for the next stage of our journey. Culture and a shared philosophy are critical to any partnership and we feel that Pinnacle are a natural fit. We are flattered that we have been invited to sit alongside Pinnacle's other managers given their excellent track record and best of breed reputation.

The primary capital investment in Five V will enable us to now invest our balance sheet alongside the significant team investment in our funds. This creates even greater alignment with our investors and with our management teams, founders and partners. We see significant opportunities to invest and grow in our part of the market and this capital will allow us to further execute our strategy and make great investments. We also look forward to working together with the Pinnacle team on distribution and fund raisings in the future."

FUM and outlook

After delivering strong financial performance in FY21, momentum has continued through the start of FY22 and Pinnacle is seeing the benefits of increasing diversity across the asset classes and investment strategies of the Affiliates.

PNI is pleased to provide the following update in respect of October 2021 FUM:

- Aggregate Affiliates' FUM of $90.9bn as at 31 October 2021 (at 100%)
    - Up $1.5bn or 1.7% from $89.4bn at 30 June 2021
    - Up $5.4bn or 6.3% over the four months to 31 October 2021 excluding the $3.9bn outflow of the Omega "passive" mandate on very modest fees during August, which was disclosed with our year-end results
    - Aggregate Retail FUM (at 100%) of $23.0bn at 31 October 2021, up $2.7bn or 13.3% from $20.3bn at 30 June 2021
    - Aggregate Institutional FUM (100%) of $67.9bn at 31 October 2021 (down (1.7%) vs. 30 June 2021) – up 4.1% vs 30 June 2021 excluding the $3.9bn Omega "passive" outflow
- Total net outflows of ($1.3bn) for 4 months to 31 October 2021:
    - Total net inflows of $2.6bn for the 4 months to 31 October 2021, excluding the $3.9bn Omega "passive" outflow
    - Of the $2.6bn net inflows excluding the Omega "passive" outflow, $2.0bn were retail net inflows, which is an average of approximately $500m per month
- During the four months to 31 October S&P/ASX 300 Index was up 0.4%, and The MSCI World Index was up 3.5%
- Affiliate investment outperformance contributed to FUM growth

Pinnacle expects to deliver growth in FY22, with current Aggregate Affiliate FUM more than 30% higher than average FUM in FY21.

Pinnacle is committed to taking advantage of the significant offshore opportunity by evolving into a global multi-affiliate platform.

Pinnacle is pleased to announce the establishment of its first North American based Affiliate – a Global and Canadian Small Cap equities fund manager based in Toronto, Canada, which Pinnacle

has established in partnership with Greg Dean (former Principal Manager at Cambridge Global Asset Management).

Pinnacle will own 32.5% of this new Affiliate, with the remaining 67.5% held by the founding executives, and will provide the Affiliate with distribution and infrastructure services.

Institutional Placement

PNI has today launched a fully underwritten institutional placement (**Placement**) of approximately 6.3 million new fully paid ordinary shares (**New Shares**) to raise A$105 million equivalent to 3.3% of the existing shares on issue.

The Placement will be conducted at a price of $16.70 per share representing a 4.6% discount to the last close on 22 November 2021 of $17.50 per share and a 7.6% discount to the 5-day VWAP to 22 November 2021 of $18.08 per share.

Proceeds from the Placement will fund the investment in Five V Capital and replenish balance sheet capacity that was used to fund the acquisition of the 25% stake in Coolabah in 2019.

Following completion of the Placement and investment in Five V, Pinnacle will have approximately $150m in cash and liquid funds managed by Affiliates, providing flexibility to continue investing in growth initiatives.

New Shares issued under the Placement will rank equally with existing shares on issue. The Placement is within PNI's placement capacity, and accordingly no shareholder approval is required in connection with the Placement.

Concurrently with the Placement, Adrian Whittingham will be conducting a fully underwritten sell down of 875,000 Pinnacle shares at the Placement Price, which is worth $14.6m (**Sell-down**). Adrian has committed to the Board of directors that he will not sell any further shares that he holds in PNI at any time in the 12 months following settlement of the Sell-down.

The Placement and Sell-down are being conducted today, Tuesday 23rd November 2021, with PNI's shares to remain in a trading halt pending completion of the Placement and Sell-down.

Macquarie Capital (Australia) Limited and Wilsons Corporate Finance Limited are acting as Joint Lead Managers, Underwriters and Bookrunners in respect of the Placement and Sell-down. Blackpeak Capital acted as financial adviser in respect of Pinnacle's investment in Five V.

Share Purchase Plan

Following completion of the Placement, PNI will also offer eligible shareholders the opportunity to acquire up to $30,000 in New Shares via a Share Purchase Plan (**SPP**). Applications under the SPP will be subject to scale back at Pinnacle's absolute discretion. The SPP offer period will commence on 30 November 2021 and conclude on 15 December 2021. Shares under the SPP will be issued at the lower of the Placement Price and the 5-day VWAP of PNI shares up to the SPP closing date. The SPP is not underwritten.

The terms, including the timetable, of the SPP will be set out in the SPP booklet, which will be lodged with the ASX and sent to shareholders in due course. The New Shares offered under the SPP will rank equally with existing PNI shares on issue.

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Indicative timetable

The timetable below is indicative only and subject to change. PNI reserves the right to alter the below dates at its full discretion and without prior notice, subject to the relevant ASX Listing Rules. All references to time are to Sydney time.

Event	Date
Record date for SPP	Monday, 22 November 2021
Trading halt and announcement of the Placement, Sell-down and SPP	Tuesday, 23 November 2021
Placement and Sell-down bookbuild	Tuesday, 23 November 2021
Announcement of the outcome of the Placement and Sell-down	Wednesday, 24 November 2021
Trading halt lifted – trading resumes on the ASX	Wednesday, 24 November 2021
Settlement of New Shares issued under the Placement as well as existing shares under the Sell-down	Friday, 26 November 2021
Allotment and normal trading of New Shares issued under the Placement	Monday, 29 November 2021
SPP offer opens and SPP booklet is dispatched	Tuesday, 30 November 2021
SPP offer closes	Wednesday, 15 December 2021
Announcement of results of SPP	Monday, 20 December 2021
SPP allotment date	Wednesday, 22 December 2021
Normal Trading of New Shares issued under the SPP	Thursday, 23 December 2021

Further details of the offer are set out in the Investor Presentation provided to the ASX on Tuesday, 23 November 2021. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the offer. This presentation can be accessed on the Pinnacle website at https://pinnacleinvestment.com/shareholders/#asx-announcements.

Nothing in this announcement constitutes investment, legal, tax or other advice. You should seek appropriate professional advice before making an investment decision.

Please contact Ian Macoun on +61 (2) 8970 7700 if you require any further information.

Authorised by:

Calvin Kwok

Company Secretary

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IMPORTANT NOTICES

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This announcement includes forward-looking statements. These forward-looking statements are based on the Company's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of the Company, which could cause actual results to differ materially from such statements. The Company makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of this announcement.

The information contained in this announcement does not constitute investment or financial product advice (nor taxation, accounting or legal advice), is not a recommendation to acquire PNI shares and is not intended to be used or relied upon as the basis for making an investment decision. This announcement has been prepared without taking into account the investment objectives, financial situation or needs of any individuals. Before making any investment decisions, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and should seek legal, accounting and taxation advice appropriate to their jurisdiction. PNI is not licensed to provide investment or financial product advice in respect of PNI shares. Cooling off rights do not apply to the acquisition of PNI shares pursuant to the Placement or SPP.

JOINT LEAD MANAGERS DISCLAIMER

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Neither the Joint Lead Managers nor any other Limited Party makes any recommendation as to whether any potential investor should participate in the Placement or Director Sell-Down. Further, neither the Joint Lead Managers nor any other Limited Party accepts any fiduciary obligations to or relationship with any investor or potential investor in connection with the Placement, Director Sell-Down or otherwise, and by accessing this announcement each recipient expressly disclaims any such fiduciary relationship and agrees that it is responsible for making its own independent judgements with respect to the Placement, Director Sell-Down and any other transaction or other matter arising in connection with this announcement. The Joint Lead Managers and other Limited Parties may have securities or associated derivatives as principal or agent. Such persons may receive fees or other benefits for engaging in these activities.

Determination of eligibility of investors for the purposes of the Placement and SPP is determined by reference to a number of matters, including legal requirements and the discretion of PNI and the Joint Lead Managers. To the maximum extent permitted by law, PNI and the Joint Lead Managers each disclaim any liability in respect of the exercise of that discretion or otherwise. The Joint Lead Managers may rely on information provided by or on behalf of institutional investors in connection with managing, conducting or underwriting the Placement and Director Sell-Down without having

independently verified that information and the Joint Lead Managers do not assume responsibility for the accuracy or completeness of the information.

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