Navigator Global Investments Limited (ASX:NGI)

ASX Appendix 4E

For the year ended 30 June 2018

Results for announcement to the market

(all comparisons to the year ended 30 June 2017) *Amounts in USD'000*

				30 June 2018
Revenue from ordinary activities	Up	14%	to	**83,198**
Earnings before interest, tax, depreciation, amortisation and impairment	Up	15%	to	**34,212**
Profit from ordinary activities after tax attributable to members[1]	Down	(174%)	to	**(13,056)**
Net profit for the period attributable to members[1]	Down	(174%)	to	**(13,056)**

1 Net profit for the period includes a US$35.5 million tax expense arising from the reduction in the carrying value of the Group's deferred tax assets due to the change in the US Federal Tax Rate on 1 January 2018.

Dividends	Amount per ordinary share	Franked %	Conduit foreign income %
Final 2017 dividend per share (paid 1 September 2017)	USD 8.0 cents	0%	100%
Interim 2018 dividend per share (paid 9 March 2018)	USD 7.0 cents	0%	100%

The directors have determined an unfranked final dividend of United States (US) 9.0 cents per share (with 100% conduit foreign income credits). The dividend dates are:

Ex-dividend date:	16 August 2018
Record date:	17 August 2018
Payment date:	31 August 2018

NGI dividends are determined in US dollars. However, shareholders will receive their dividend in Australian dollars. Currency conversion will be based on the foreign exchange rate on the record date of 17 August 2018.

Dividend Policy

The Company has set a policy of paying a dividend of 70% to 80% of the earnings before interest, depreciation, amortisation, impairment expense and tax (EBITDA). Dividends will by unfranked, however may have conduit foreign income credits attached.

The payment of dividends will be subject to corporate, legal and regulatory considerations.

The above policy allows the NGI Group to retain a portion of cash generated from operating activities, and to therefore have funds available to make additional investments into the Lighthouse Funds where such investments further the overall operating interests of the Group, or to act on external investment and/or acquisition opportunities as and when they may arise.

A dividend reinvestment plan does not operate in respect to dividends of the Company.

Net tangible assets	30 June 2018	20 June 2017
Per ordinary share	USD 35.79 cents	USD 30.79 cents

Additional Appendix 4E requirements can be found in the Directors' Report and the 30 June 2018 Financial Report and accompanying notes.

This report is based on the 30 June 2018 Financial Report (which includes consolidated financial statements audited by Ernst & Young).

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Navigator Global Investments Limited
and its controlled entities

ACN 101 585 737

(formerly HFA Holdings Limited)

Annual Report

30 June 2018

Navigator Global Investments Limited

ACN 101 585 737

The Company changed its name from HFA Holdings Limited effective from 6 November 2017

Principal Office

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Toowong QLD 4066

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www.navigatorglobal.com.au

Registered Office

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Brisbane QLD 4000

Shareholder information and inquiries

All inquiries and correspondence regarding shareholdings should be directed to the share registry provider:

Link Market Services Limited

Level 12
680 George Street
Sydney NSW 2000
Locked Bag A14
Sydney South NSW 1235

1300 554 474

+61 2 8280 7111

www.linkmarketservices.com.au

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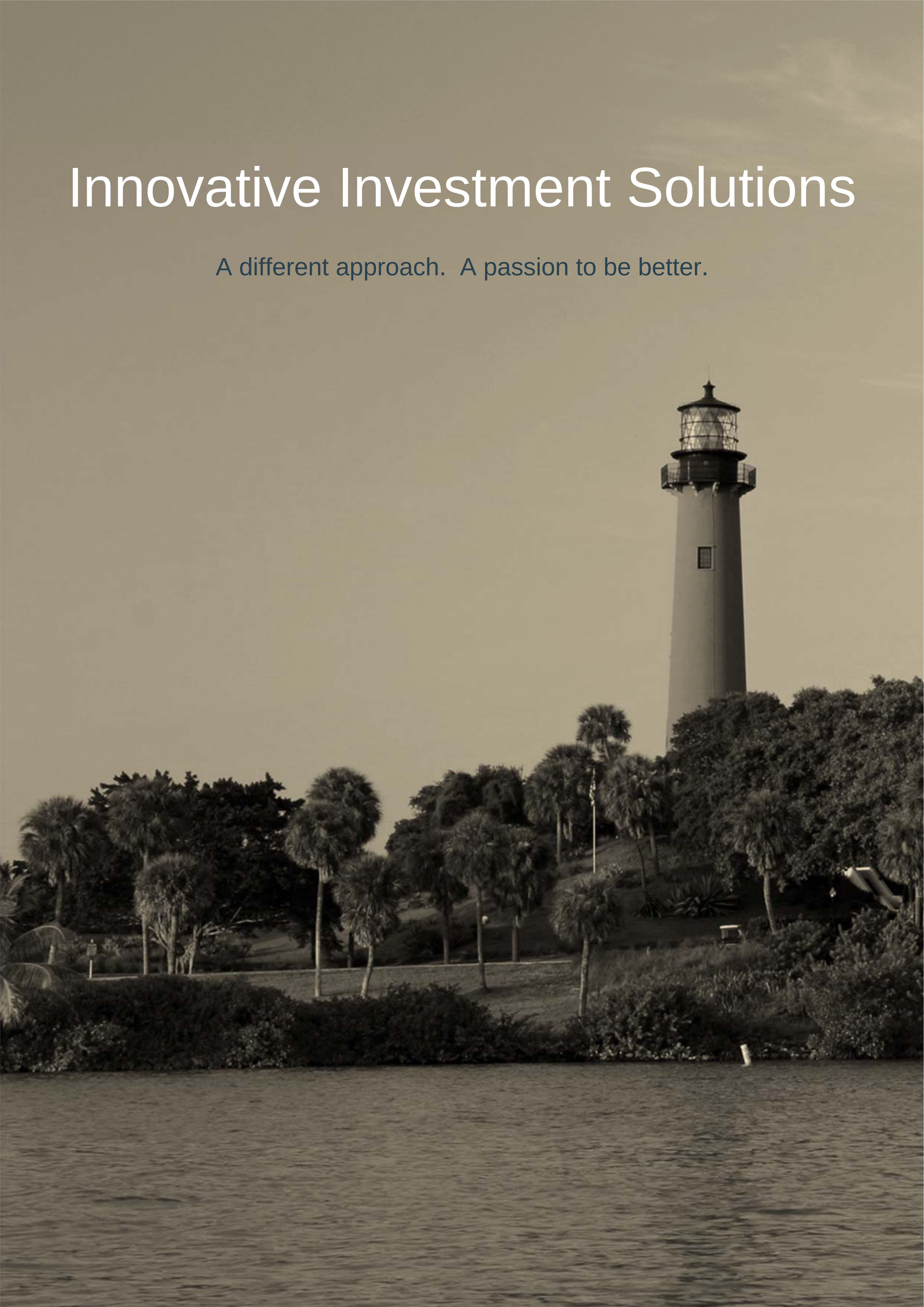
Unless otherwise indicated, the numbers in this financial report have been presented in

US Dollars (USD)

Innovative Investment Solutions

A different approach. A passion to be better.

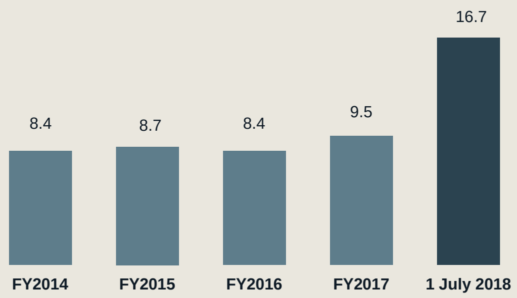


2018 Highlights

Closing assets under management (AUM)

US$16.7 billion

Up 76% from 30 June 2017

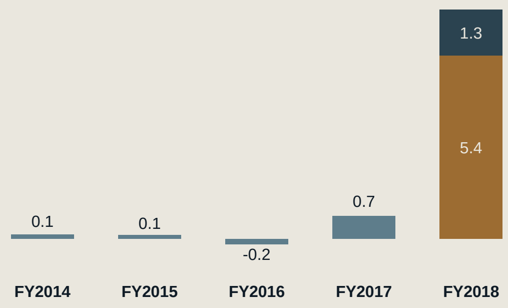


2018 financial year saw AUM close at $16.7 billion, a $7.2 billion increase on the prior year.

This was driven by a $1.8 billion increase from the existing Lighthouse business, as well as an additional $5.4 billion which transitioned on 1 July 2018 from Mesirow Advanced Strategies.

Net investment flows

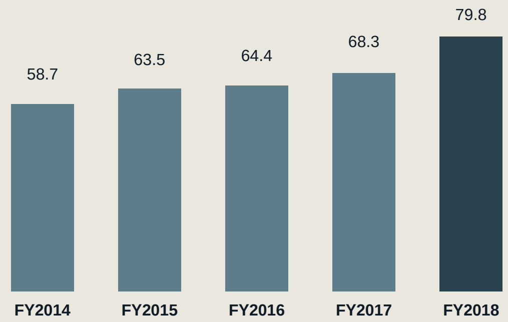
US$6.7 billion



Net operating revenue

US$79.8 million

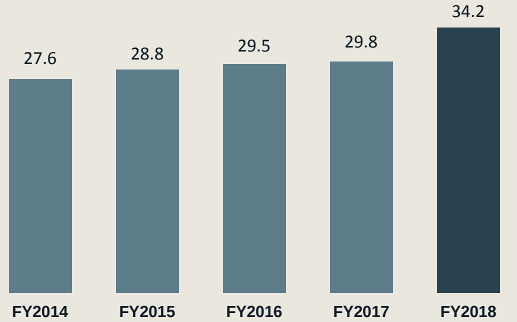
Up 17% from FY2017



EBITDA

US$34.2 million

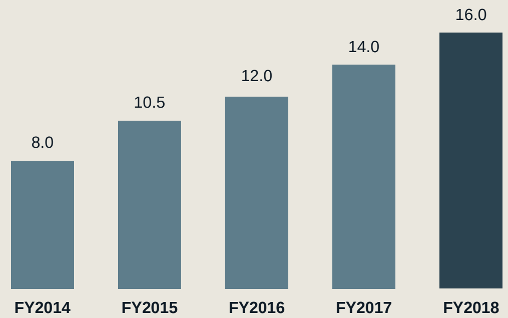
Up 15% from FY2017



Total dividends per share

16.0 US cents

Up 14% from FY2017



From the Chairman & CEO

A strong end to an exceptional year

2018 has proven to be a transformative year for the Navigator Global Investments Limited Group.

In recent years we have made investments in our distribution team, our investment team and our information technology systems which has allowed us to continue to innovate and evolve. This has paved the way for strong growth and performance in 2018, topped off with a 48% increase in AUM from closing a transaction with Mesirow Financial. This is the most significant growth of AUM that we have seen in the Group's history, and as at 1 July 2018 the Group's AUM stands at a record $16.72 billion.

Change of name

2018 saw us change our Company name to Navigator Global Investments Limited. This name change was overwhelmingly supported by shareholders, and we believe has been well received by external stakeholders.

We chose this name so that it resonated with our existing investment brand of Lighthouse Partners, and would have relevance and flexibility in the future as we grow.

Acquisition of client assets from Mesirow Financial's Multi-Manager Hedge Fund Business

In early March 2018, the Group entered into an agreement to acquire substantially all of the client assets of Mesirow Advanced Strategies ('MAS') the multi-manager hedge fund division of Mesirow Financial. We were very pleased that this transaction closed on 1 July 2018 with the transition of $5.39 billion of assets under management to Lighthouse on that date.

Aside from the purely financial benefits from such a substantial increase in assets under management, we believe the transaction will also provide other benefits. The transitioned assets are largely in credit and other lending strategies, and include some less liquid strategies than our existing Lighthouse business. When combined with Lighthouse's proprietary managed account platform, we believe this has the opportunity to create a unique offering which will benefit both our new and existing clients.

The transaction structure is somewhat unusual, in that there is no agreed component to the purchase price, and instead is wholly deferred and contingent in nature. The contingent consideration that may be paid in the future will be determined under an earnout payment over seven years, calculated as an agreed percentage of EBITDA generated by the transitioned assets. The structure reflects both parties' commitment to achieve the best outcomes for the transitioning clients, as well as our intentions to have a close relationship with Mesirow as a partner in the future.

We're also pleased to welcome many of the talented individuals from MAS, who bring with them an enormous amount of investment and client knowledge. We are confident that they will mesh well with our Lighthouse culture.

We see this transaction as an important milestone for the Group. It creates further scale, expands our skill set and enhances our distribution opportunities.

Growing global distribution

We have continued to see additional opportunities present themselves in geographical areas such as Japan and the Middle East, and we are pleased to have delivered some key mandate wins from these regions over the year. We also raised additional assets in North America and Europe, evidence that we have a well-rounded distribution team which is working successfully around the globe. We maintain our focus on global distribution opportunities, and hope to gain access to even more market areas over the coming year.

The MAS transaction also brings us a significant number of new client relationships. We welcome the opportunity to work with so many new clients, and we look forward to ensuring that they continue to receive a high level of service and support, as well as also illustrating the full extent of our investment capabilities and services.

From the Chairman & CEO

Investment performance

After the markets had a relatively quiet first half of the year, the second half of the 2018 financial year brought change to the investment landscape. We see indications of frequent shifting of market sentiment as global expansion faced uncertainty in the form of trade tensions turning into tariffs, inflation starting to rear its head, and coordinated global growth beginning to diverge. At the same time, some trends persist as growth stocks continued to outperform value stocks with technology stocks leading the way, and small-capitalisation stocks dramatically outperformed their large-cap counterparts broadly. How long these trends continue is open for question as we start to consume widely divergent fiscal and monetary policies globally.

Long-term bond rates have fluctuated towards the end of this financial year as markets focused on the potential adverse impact that growing trade tensions may have on the path of future global growth. Two U.S. Federal Reserve rate increases and indications that two more may follow later this year have boosted the U.S. dollar and led to pressures on emerging markets. The European Central Bank has indicated that it will end its bond buying program, although at a later date than initially thought, while the Bank of Japan has kept its existing monetary policy in place.

Consumer sentiment has varied considerably but weakened at the end of the year, which pushed U.S. gross domestic product projections down even as the June 2018 quarter came in at 4.1%. Nevertheless, U.S. economic growth and corporate profitability remain strong even as Europe and Asia show signs of slowing. In keeping with that contrast, U.S. equity markets were positive for the June 2018 quarter, driven by large-cap technology names, while many markets in Asia and across the emerging markets were down significantly.

While predicting markets is extremely difficult, it is worthwhile to consider the range of possible outcomes from current levels. This year, the six-month correlation of daily changes in the S&P and the 10-year Treasury yield, a formal measure of the strength of the relationship, is only 27%, which is half the level of a year ago. We think it is quite possible that, at some point, we will see a market where economic cycles, equity multiple compression, and the unwinding of global quantitative easing creates a scenario where both stocks and bonds actually lose money at the same time. Our multi-strategy funds, built to maintain low correlation to both equity and bond markets, may prove quite beneficial if the trusted diversification benefit between stocks and bonds breaks down.

Strategic investments

The Group holds investments in certain funds managed by Lighthouse. These investments are made and held for a variety of reasons, including creating a more visible alignment of interests between Lighthouse and their clients, as well as providing seed money to commence a performance track record for new products. Whilst we only added a modest $416,000 to these investments during this financial year, we expect to invest several more million into the Lighthouse funds over the next few years in order to support strategic goals and operating requirements.

From time to time the Group also makes strategic investments in external entities. These usually take the form of small stakes in start-up entities where we see innovation and knowledge which might help us further build our own skills, products or processes. We monitor the progress of these entities closely, and while we see promise in the potential for success of these new businesses, we are aware that every new business faces challenges and uncertainties in the early stages. We take this into consideration when assessing the value that these investments should be held at on the balance sheet.

Unfortunately, not every decision can be a successful one. During 2017 we took a 40% equity stake in a start-up investment manager specialising in the commodities space, and we provided funding for their operations over this time. Whilst we continue to believe in the talent and skills of the principals, expected opportunities and mandates have not come to fruition, and hence the business model has not made sufficient progress for us to continue our support. The business has spent the past several months rationalising operations, and we have recorded an impairment loss of $1.9 million for the 2018 financial year.

FY18 operating performance

The Operating and Financial Review on pages 10 to 16 sets out detailed information on the Group's activities for the 2018 financial year. We take this opportunity to highlight a few key points:

Results from core operating activities

The core investment management operating activities of the Group earned $33.6 million for the 2018 financial year, up 10% on 2017. Management and platform fee revenue growth came from Customised Solutions, as it is this part of the business which has achieved growth over the past year. The Group also earned higher performance fee revenue this year, which is a result of a higher proportion of our AUM being able to earn performance fees than has been the case historically, coupled with positive investment performance in the relevant portfolios across the year.

The first half trend of higher operating expenses continued in the second half of the year, and overall costs were higher by $9.6 million compared to 2017. The largest component of this relates to staff costs, and reflects the fact that we have grown our staff numbers to 90 people as at 30 June 2018. We have also continued to spend to make ongoing enhancements to investment processes and technology platforms across the business. We see positive opportunities to continue to expand our client base. Fundamental to this is ensuring we have skilled staff who continue to deliver quality services to our clients, as well as encouraging ideas which lead to innovation and an evolution of our service offerings.

From the Chairman & CEO

5 year historical performance

The Board considers EBITDA to be the most relevant measure of the Company's overall financial performance. Given the nature of our operations, and taking into account timing differences arising from trade receivables and payables, EBTIDA is largely consistent with the cash flows generated by operating activities. EBITDA for 2018 grew 15% on the prior year, and the Board is pleased that Navigator has also delivered a corresponding increase in the dividend paid to shareholders. It has been very satisfying to see the Group achieve positive growth in both dividends and share price over the past five financial years:

	2014	2015	2016	2017	2018
EBITDA (USD 000's)	**27,624**[1]	**28,839**[2]	**29,490**[1]	**29,848**	**34,212**
Cash flows from operating activities (USD 000's)	27,898	28,193	30,125	30,088	32,921
Dividends per share for the financial year (US cents)	8.0	10.5	12.0	14.0	16.0
Dividend amount for the financial year (USD 000's)	11,602	16,847	19,752	22,648	25,941
Dividend payout as a % of EBITDA	42%	58%	67%	76%	76%
Closing share price (dollars)	AUD 1.05	AUD 2.07	AUD 2.29	AUD 2.40	AUD 5.34
Change in share price (dollars)	AUD 0.15	AUD 1.02	AUD 0.22	AUD 0.11	AUD 2.94

1 Underlying earnings before interest, tax, depreciation and amortisation from continuing operations.

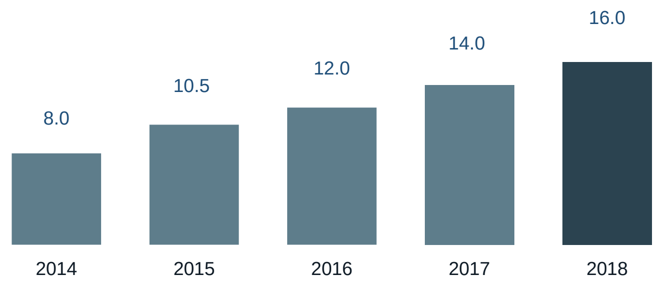
2 Underlying earnings before interest, tax, depreciation and amortisation from continuing operations, adjusted for the loss on settlement and conversion of convertible notes.

Dividends

The Directors have determined an unfranked dividend of 9.0 cents per share (with 100% conduit foreign income credits) payable 31 August 2018. Added to the interim dividend of 7.0 cents per share, this brings the total for the year to 16.0 US cents per share, which is a 14% increase on the prior year.

The FY2018 combined interim and final dividends equates to a payout ratio of 76% of EBITDA.

The Directors are satisfied that the current capital management policy of paying a dividend of between 70-80% of EBITDA continues to strike the right balance between rewarding shareholders and ensuring the Group can retains sufficient resources to take advantage of any growth opportunities which may arise.



Outlook

The MAS transaction is certainly a milestone transaction. Our goal is to see the transitioned assets integrate seamlessly into the existing Lighthouse business.

In the future we will be reporting to shareholders and the market on the new combined AUM base and operations. Whilst $5.39 billion is a substantial increase, we have been cautious in pointing out in our announcements about the transaction that we believe there is likely to be a somewhat heightened level of attrition of these transitioned assets in the short term. This should be taken into consideration when assessing the longer term impact on revenue from the transitioned assets, as well as expectations for total Group AUM over the next one to two years.

We operate in a competitive global industry, competing not only with our direct peers for client assets but against the asset management sector as a whole. One of the key competitive pressures is on management fee rates, and we have felt the effects of this in our business this year. The Group's overall average fee rate is likely to be impacted again next year with the change in proportional allocation of AUM between Commingled Funds and Customised Solutions from 1 July 2018 as a result of the MAS transaction, as well as from potential growth in Platform Service only client assets.

From the Chairman & CEO

At Lighthouse, we believe our managed account platform provides a better model for investing in hedge funds, and that our approach, infrastructure, and risk management system together provide us a structural advantage that is rare in the alternative asset management sector. This belief has allowed us to build truly differentiated alternative asset portfolios with exclusive exposures, and it spurs our evolution.

We believe hedge funds, and more specifically portfolios focused on alpha-oriented managers with limited market and factor exposures, prove their worth across a range of potential market outcomes. Our focus is to improve the efficiency by which our portfolios seek their objectives by proactively finding the best mix of talent globally; improving access to research, data, and analysis; and reducing overall costs. We are focused on those objectives across the firm and believe our managed account platform and risk analytics provides an excellent toolkit to achieve them.

We would like to extend the Board's appreciation to all of our staff across the Group for their efforts in what has been a truly amazing year of achievement. Every part of the business is fundamental in delivering quality investment management services for our clients, and for ensuring that Lighthouse maintains a reputation for quality and integrity in the marketplace. We also consider ourselves fortunate to have employees who find it a rewarding to push for ways to evolve and grow our business. One of our best assets is our organisational culture, and it is ultimately this which drives future benefits for both our clients and shareholders.

We would also like to welcome all our new employees who come to us from MAS. We are confident that they will be valuable additions to our team, and will be an integral part of future successes.

Michael Shepherd
Chairman

Sean McGould
Chief Executive Officer

Operating and financial review

We deliver innovative investment solutions centred around alternative investments to a range of clients around the world

Navigator Global Investments Limited is the ultimate parent entity of Lighthouse Investment Partners, LLC ('Lighthouse').

Lighthouse is a global investment management firm which offers hedge fund solutions to investors who are looking to diversify their asset mix and realize growth with a lower correlation to traditional equity and fixed income allocations.

Lighthouse believes the most effective way to achieve diversification from traditional markets is through exposure to intelligently designed and actively managed portfolios of hedge fund strategies. Lighthouse's overall objective is to create and deliver innovative investment solutions that compound investor capital.

Lighthouse has offices in New York, Chicago, Palm Beach Gardens, London and Hong Kong. As at 1 July 2018, Lighthouse is managing $16.7 billion of assets.

Lighthouse has an investor base that spans North America, Europe, the Asia-Pacific and the Middle East. It includes high net worth individuals, family offices, endowments, foundations, trusts, investment banks, benefit plans, pension funds, healthcare and insurance companies.

Lighthouse managed accounts program

Entrepreneurial and innovative, Lighthouse has since its inception employed proprietary managed accounts. We believe this has allowed us to build truly differentiated alternative asset portfolios with idiosyncratic exposures, and it spurs our continuing evolution.

Lighthouse invests in portfolios of actively managed hedge funds that seek to diversify traditional market exposures. Our objective is to create and deliver innovative investment solutions that safely compound investor capital.

Each managed account is typically owned by at least one Lighthouse fund and is managed by Lighthouse. Hedge fund managers are authorised by Lighthouse to trade the assets within each managed account. An Investment Advisory Agreement sets out investment guidelines and parameters within which the hedge fund manager may operate.

Lighthouse investors can place their assets in commingled funds or in customised solutions. We now typically structure all our hedge fund allocations within our proprietary managed account framework.

Commingled funds

Lighthouse manages a number of multi-strategy and strategy-focused funds. The funds utilise Lighthouse's proprietary managed accounts which own and control the assets and liabilities, and authorise external fund managers to trade the assets within certain guidelines.

The two largest strategies for the commingled funds are:

- Diversified – which is a multi-strategy, absolute return strategy with low correlation and beta to traditional markets.
- Global Long/Short – which is global long/short equity fund seeking equity-like returns with lower volatility than traditional global equity investments.

Customised solutions

Customised solutions offers investors who are able to commit to a significant investment size the ability to access the benefits of the managed account structure in their own customised portfolio.

Lighthouse is able to work closely with large strategic investors to customise their alternative investment exposure and meet specific needs across middle office, risk monitoring and investment advisory services. Investors can choose some or all of the available services depending on their own requirements, and fees are structured accordingly.

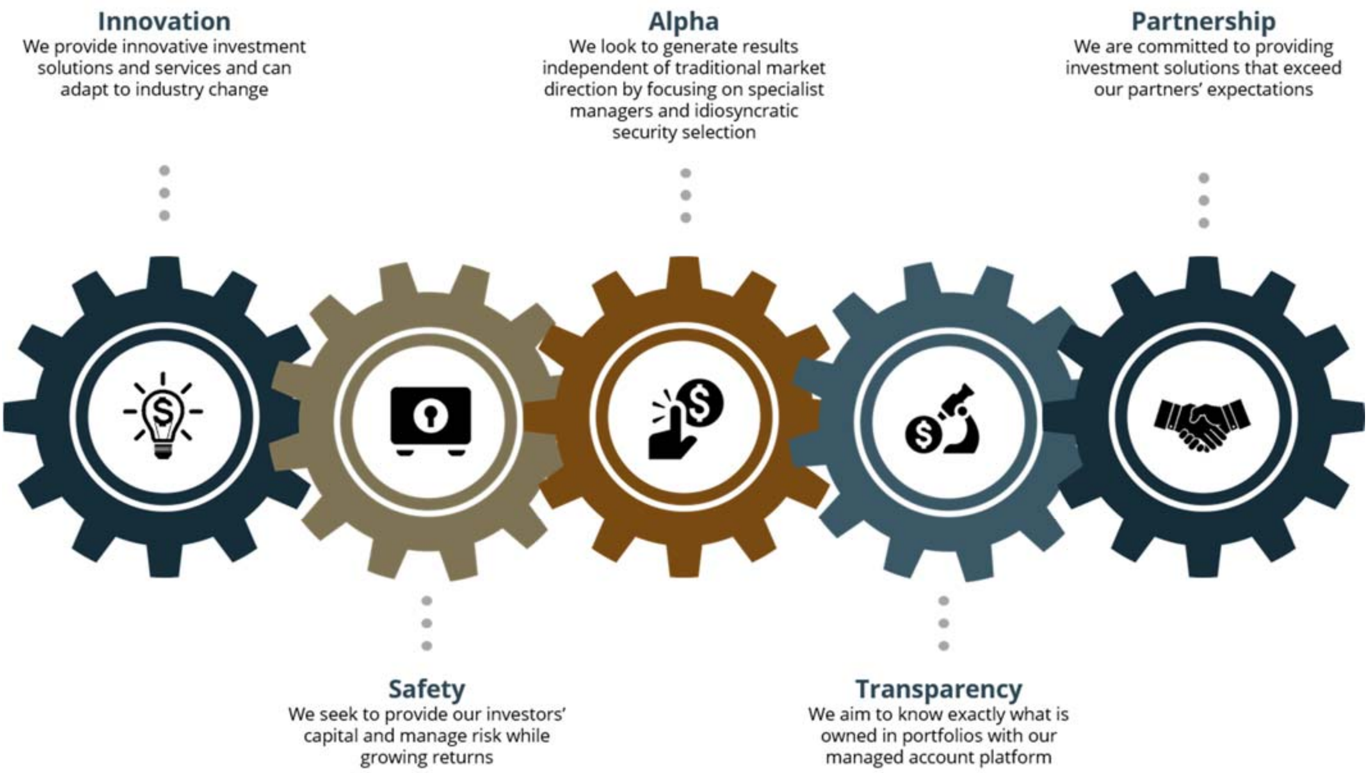
Lighthouse has a number of sizeable strategic clients, and believes that customised client solutions will represent a significant area of growth in the future.

Operating and financial review

The global asset management industry is a highly competitive space. Our focus is on the alternatives sector, and more specifically multi-manager hedge funds solutions.

Our purpose is to protect and grow our investors' assets, and we seek to achieve this through diversification from traditional markets with exposure to intelligently and actively managed portfolios of hedge fund strategies.

Our core values, and the guiding force behind our business philosophy, are:



Our success depends on three key factors

AUM

- We earn revenue from managing assets on behalf of our clients (which we refer to as "Assets Under Management" or "AUM").

  We seek to attract and retain AUM by offering quality investment products and services, and delivering competitive performance and features.

  Our ability to do this can also be impacted by external factors such as global markets and investor sentiment.

Fee rates

- The revenue we earn on our AUM depends on the management and performance fees we are entitled to charge for our services.

  Our commingled investment products pay us management and performance fees based on disclosed rates, whilst our institutional clients can negotiate fees with us.

  We operate in a highly competitive market, and there is pressure from investors to negotiate lower fee rates across the global investment management industry.

People

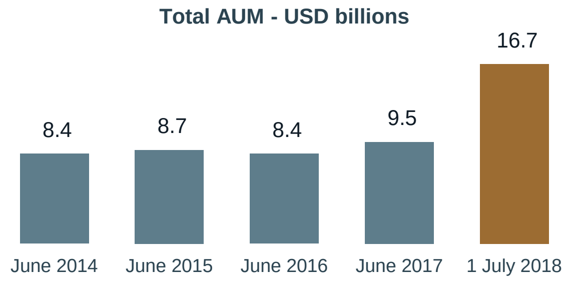
- Our success relies on attracting and retaining talented employees.

  It is our employees who use their skills and knowledge to enable us to provide quality investment products and services, to innovate to meet changing investor needs and to respond to compliance requirements in what is a highly regulated industry.

  To attract, motivate and retain quality employees NGI needs to offer competitive compensation and incentive packages.

Operating and financial review

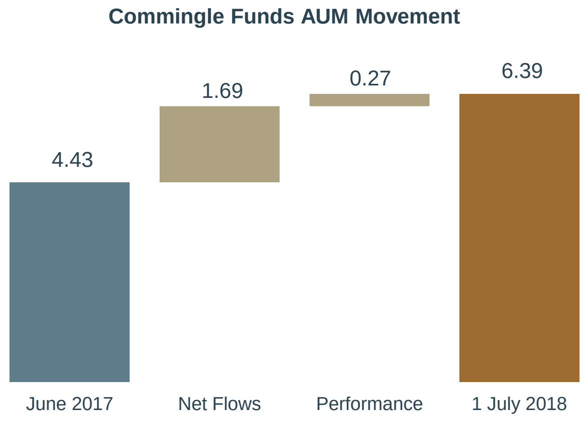
Assets under management

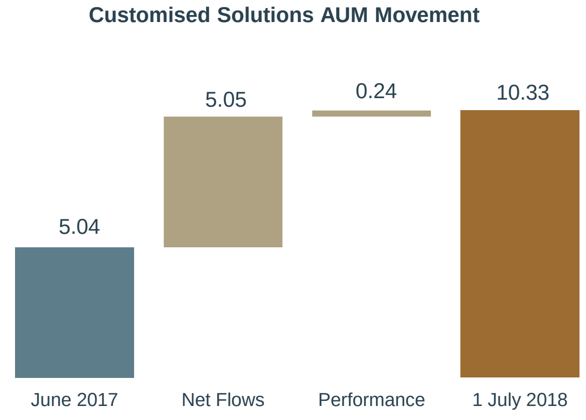


AUM has grown by $7.2 billion, or 76%, over the 12 months to 1 July 2018. A significant proportion of this growth is due to $5.4 billion of assets under management acquired in a transaction with Mesirow Advanced Strategies (MAS) which closed on 1 July 2018. 67% of these transitioned assets are Customised Solutions clients.

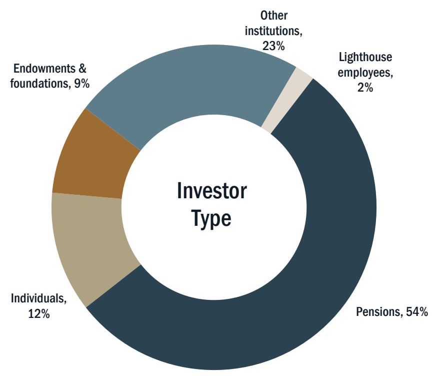
The remaining increase for the year was due to $1.3 billion of net inflows and $0.5 billion of positive investment performance.

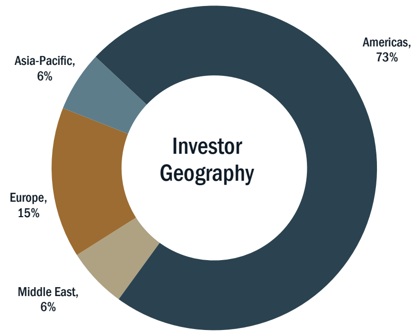
The movements in Commingled Fund and Customised Solutions due to net flows and the impact of investment performance over the half year were as follows:





Composition of AUM as at 30 June 2018[1]





1 Composition is based on Lighthouse AUM as at 30 June 2018 and excludes the AUM transitioned from MAS as at 1 July 2018

Notes on AUM:

- Net flows includes monies received by Lighthouse for applications effective 1 July 2018, and accordingly excludes monies received by Lighthouse which were effective 1 July 2017. This convention in relation to the reporting of net flows and AUM has been consistently applied by the NGI Group since January 2008.
- Performance includes investment performance, market movements, the impacts of foreign exchange on non-USD denominated AUM and distributions (if any).
- 30 June 2018 and 1 July 2018 AUM is estimated and is based on performance estimates which may be subject to revision near the 20th business day of the month and upon final audit. AUM excludes a non-discretionary long-only managed account structured for a single investor. AUM may include transfers from other Lighthouse Funds that occurred on the first day of the following month.

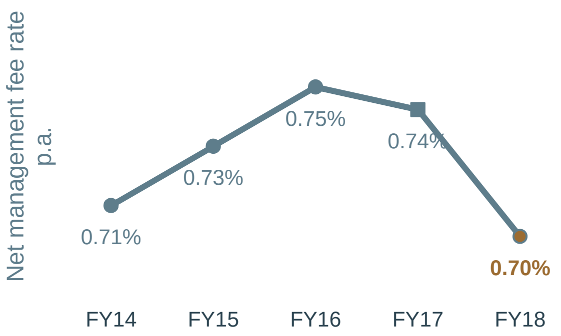
Operating and financial review

Fee rates

Management fees

The average net management fee for the 2018 financial year was 0.70%pa.

The net management fee rate represents the blended net management fee rate across all AUM. This decrease has been largely driven by increases in AUM in Commingled Fund share classes which have a lower management fee. In some cases, the fee structure for these share classes allow Lighthouse to earn a performance fee.



Performance fees

Fees are a key consideration for investors, and there is pressure to reduce fees across the broader asset management industry. We engage with clients and potential clients to ensure that fees are structured to provide an alignment of interests.

We have created share classes in our Commingled Funds to provide more optionality for these investors to select a fee structure which best suits their requirements.

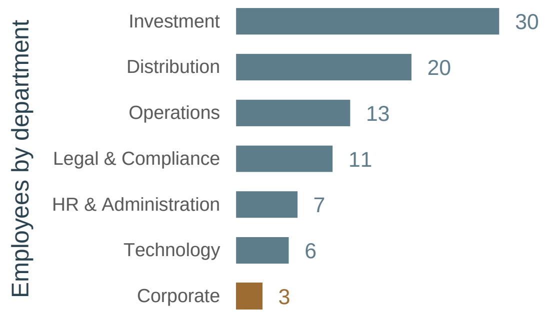
Fee arrangements for Customised Solution clients are negotiated individually. Whilst most arrangements involve only a management fee, some clients also have a performance fee component as part of their fee structure.

Portfolios within both Commingled Funds and Customised Solutions which have the potential to earn a performance fee are approximately 12% of AUM as at 30 June 2018 (2017: 12%). This percentage can fluctuate within any given annual period. Due to improved investment performance in relevant portfolios, performance fee income for the 2018 year was $7.7m, up $6.1m or 388% on the prior year.

People

Employees by department

As a business, our success is strongly linked to the knowledge and experience of our people. As at 30 June 2018 we have 90 employees across our various functional departments.



As part of the transaction with MAS, 56 former MAS staff accepted offers of employment with Lighthouse. As at 1 July 2018 the Group has a total of 146 employees, of which 46 are investment professionals.

Operating and financial review

Summary of the Navigator Group FY18 result

EBITDA up 15%

	Consolidated US$'000		
	2018	2017	% change
Management and platform fee income	75,518	71,157	6%
Performance fee income	7,680	1,574	388%
Distribution costs	(3,413)	(4,417)	23%
Net revenue	**79,785**	**68,314**	17%
Other income	1,694	494	243%
Operating expenses[1]	(47,909)	(38,278)	(25%)
Result from operating activities[1]	**33,570**	**30,530**	10%
Net finance income / (costs), excluding interest	1,020	(58)	1,859%
Share of loss of equity accounted investee	(378)	(624)	39%
Earnings before interest, tax, depreciation, amortisation and impairment losses (EBITDA)	**34,212**	**29,848**	15%
Net interest income	216	59	266%
Depreciation and amortisation	(979)	(706)	(39%)
Impairment losses	(1,873)	(572)	(227%)
Profit before income tax	**31,576**	**28,629**	10%
Income tax expense[2]	(44,632)	(10,946)	(308%)
Net profit / (loss) after income tax	**(13,056)**	**17,683**	(174%)
Basic EPS (cents per share)	(8.05)	10.91	(174%)

1 Excludes net finance income / (costs) including interest, depreciation, amortisation, impairment losses and share of loss of equity accounted investee. These items have been excluded so as to present the expenses and result arising from the Group's core operating activities.

2 $35.5 million of the income tax expense relates to the restatement of the Group's deferred tax assets due to the reduction in the US Federal income tax rate from 35% to 21%. Page 46 includes further information in relation to the income tax expense impact of this reduction.

The above presentation of the Group's results is intended to provide a measure of the Group's performance before the impact of expense items such as depreciation, amortisation and impairment losses, and non-operating items such as net interest income. Net profit before and after income tax reconciles to the consolidated income statement on page 35.

Management and platform fee income

Management and platform fee income of $75.518 million has increased 6% on the prior year. This has been driven by:

- ⬆ a 16% increase in average AUM; offset by
- ⬇ a 7 basis point decrease in the average annual gross fee rate from 0.80% to 0.73%.

The reduction in the average annual gross fee rate has been driven primarily by changes to fee structures within Commingled Funds. Whilst fee rates in relation to Commingled Funds have historically been relatively stable, there was a 5 basis point reduction in Commingled Fund fees this year. This was a result of a number of factors, including:

- the transfer of monies within Commingled Funds to a lower fee class which also has a 10% performance fee; and
- net AUM flows into Commingled Funds classes with lower management fee rates.

In addition, the average fee rate earned in relation to Customised Solutions has reduced in the 2nd half of FY18, even though on an annual comparison basis the average fee rates for FY17 and FY18 are similar.

Overall, we have seen the impact of an increase in fee pressure over this year, and consider there is potential for a further reduction in the Group's average fee rate. The average fee rate is also likely to be impacted by the change in proportional allocation of AUM between Commingled Funds and Customised Solutions from 1 July 2018 as a result of the MAS transaction.

Operating and financial review

Performance fee income

The Group earns performance fees on selected Commingled Funds and Customised Solutions portfolios. The fees represent an agreed share of investment outperformance of a fund or portfolio over a defined benchmark and/or high watermark, and may be subject to hurdles.

Performance fee revenue for the year was $7.7 million, an increase of $6.1 million on the previous financial year.

Approximately 65% of the performance fees have been earned from Commingled Funds. Share classes have been introduced to some Commingled Funds which have a fee structure that has a lower management fee, but allows Lighthouse to earn a performance fee. As noted above, whilst a transfer of AUM to these fee classes has led to a reduction in the average management fee rate for Commingled Funds, it has contributed to the increase in performance fees this year.

AUM which has the potential to earn performance fees is approximately 12% of total AUM as at 30 June 2018 (2017: 12%). Performance fees are variable in nature, and it is difficult to forecast how much, if any, performance fee revenue will be earned by the Group in future periods.

Distribution costs

Distribution costs relate to third party distribution arrangements in place for Lighthouse, whereby Lighthouse makes ongoing payments to third parties in relation to clients they have introduced to Lighthouse and who continue to be invested in Lighthouse portfolios.

Distribution costs as a percentage of revenue was 4.5% (2017: 6.2%). This reduction is mainly due to a restructure of arrangements with a third party distribution partner, whereby distribution payments ceased in relation to relevant investor assets which were reallocated to different share classes within the Commingled Funds with a lower management fee.

Other income

Other income relates to rent, outgoings and operating costs charged to portfolio managers who sublease office space in the Group's New York and London offices.

Lighthouse commenced occupancy of new larger premises in New York in August 2017, and as a result sub-lease and expense on-charging arrangements have increased since that time.

Operating expenses

Operating expenses increased by $9.7 million compared to the prior year. The increase is primarily due to:

Employee costs

There was a $6.9 million (24%) increase in employee costs for the Group as compared to the prior period. There are a number of factors which has led to this increase:

- an increase in headcount to 90 employees (2017: 80);
- the increase in staff included the hire of an investment team of 4 people in New York in July 2017 to establish the Inlet Point brand;
- an increase in bonus remuneration paid to Lighthouse staff due to:
  - higher performance fee revenue, of which 50% is allocated to the Lighthouse Incentive Bonus pool in accordance with the Group's remuneration policy; and
  - an additional amount approved at the Board's discretion for the 2017 calendar year to acknowledge the success in asset raising efforts over that period.

Occupancy costs

The Group took occupancy of new office premises in New York in August 2017, and as a result occupancy costs have increased by $0.8m.

Professional fees

Professional fees for the year are $3.6 million. The $1.0 million increase is driven by an increase in tax advisory fees, legal fees for new client mandates and continued consulting spend in relation to key investment functions and product development.

A portion of the tax advisory fees are on-charged to portfolio managers, and this is included in other income.

Information and technology expenses

There has been a $0.4m or 33% increase in information and technology expenses. This is due to increased IT support costs associated with the New York and London premises, as well as a new contract for data centre services, including infrastructure support and disaster recovery / business continuity.

Share of loss of equity accounted investee and impairment losses

The Group holds a 40% interest in a US based limited partnership which commenced operations in July 2016. The Group has written down the remaining balance of this interest, and no further share of loss from the equity accounted investee will be incurred.

In addition, the Group has provided $1.7m of funding to the entity which was classified as a non-current unsecured loan to an equity accounted investee. Based on an assessment of the likely prospects of the associate, both the equity investment and unsecured loan have been written down to nil as at 30 June 2018. This has resulted in an impairment loss of $1.9 million being recognised.

Income tax expense

The US Tax Cuts and Jobs Act, ('HR1') was passed into law on 22 December 2017. One of the key provisions of HR1 is to reduce the US Federal tax rate from 35% to 21% from 1 January 2018. The application of this change in tax rate results in a reduction in the carrying value of the Group's deferred tax assets by $35.5 million, with a corresponding increase to income tax expense in the income statement for this amount.

The HR1 has not impacted the gross value of the Group's existing tax losses available to off-set its current and future tax liabilities, and it is not expected to impact the future timing of when the Group uses all of its tax losses and transitions into a tax payable position.

Excluding the impact of the reduction in the carrying value of the Group's deferred tax assets due to the change in the US Federal tax rate, the Group has a non-cash accounting income tax expense for the year of $9.1 million (2017: $10.9 million), representing an effective tax rate for the year of 29.0% (2017: 38.2%).

Operating and financial review

Financial position remains solid

	Consolidated US$'000	
	2018	**2017**
Assets		
Cash	38,212	33,153
Receivables	14,628	11,230
Investments	16,459	14,455
Intangible assets	95,078	95,423
Recognised deferred tax assets	61,878	106,302
Liabilities	**16,271**	**12,234**
Net tangible assets per share	**35.79**	**27.41**

Sources and uses of cash

The Group primarily used cash generated from operating activities during the six months to 31 December 2017 to pay dividends to shareholders:

- + $32.9 million generated from operating activities
- - $24.4 million paid to shareholders as dividends
- - $1.9 million paid for leasehold improvements and acquisition of equipment
- - $1.7 million loaned to associate

Investments

The Group holds two key types of investments: investment in Lighthouse funds and investment in external entities.

- The Group may hold investments in Lighthouse funds for a number of reasons, such as to meet regulatory commitments, to meet the contractual requirement of a customised client mandate, or to seed a new product which will be offered to external investors in the future. During the period, the Group's holdings in Lighthouse funds increased by $1.4 million to $10.8 million.
- The Group also invests in a number of external entities. The investments are each relatively small and strategic in nature, and may provide interesting synergistic opportunities for Lighthouse. The Directors consider that these investments offer valuable insights into evolving market practices and technologies within the financial services sector. The combined fair value of these investments as at 30 June 2018 is $5.6 million (30 June 2017: $5.0 million).

Receivables

Receivables relates mainly to management and performance fees which have not yet been paid as at 30 June 2018. The increase in this balance compared to the prior year is mainly due to the increase in performance fee revenue.

Intangible assets

When the Company acquired Lighthouse in January 2008, it recognised $499.5 million of goodwill in relation to the transaction. An impairment loss of $405.7 million was recognised against the goodwill balance in the 2009 financial year. The Company has continued to carry a written-down goodwill balance of $93.8 million since that time.

Deferred tax assets

The Group's balance sheet includes a deferred tax asset of $61.8 million which is comprised of carried forward tax losses and deductible temporary differences relating to the US tax consolidated group.

The significant reduction in the deferred tax asset compared to 30 June 2017 is mainly due to the impact of HR1 and the resulting reduction in the US Federal corporate tax rate from 35% to 21%.

It is not expected that the Group will be in a tax payable position for a number of years other than in relation to some relatively nominal US state-based taxes.

Liabilities

The Group's liabilities as at 30 June 2018 comprise trade and other payables, and provisions for employee benefits. The Group does not have any loans or borrowings as at reporting date.

On 27 July 2018 the Group entered into a $15 million line of credit arrangement. The facility has been put in place to provide the Group with access to funding if considered necessary. This arrangement is undrawn.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Directors' report

The Directors present their report together with the financial statements of the Group comprising Navigator Global Investments Limited ('Navigator' or 'the Company') and its subsidiaries for the year ended 30 June 2018 and the auditor's report thereon.

The Directors of the Company at any time during or since the end of the financial year are:

Michael Shepherd, AO

Chairman and Independent Non-Executive Director

Appointed 16 December 2009

Chairman of the Remuneration and Nominations Committee

Member of the Audit and Risk Committee

Michael has extensive experience in financial markets and the financial services industry having held a range of senior positions including Vice Chairman of ASX Limited, and directorships of several of ASX's subsidiaries including Australian Clearing House Pty Ltd.

Currently, Michael is Chairman of the Shepherd Foundation, an independent director of Investsmart Group Limited, and is an independent Compliance Committee Member for UBS Global Asset Management (Australia) Limited. Michael is also a Senior Fellow (SF Fin), Life Member and past President of the Financial Services Institute of Australasia and a Member of the Australian Institute of Company Directors.

Fernando (Andy) Esteban

Independent Non-Executive Director

Appointed 18 June 2008

Chairman of the Audit and Risk Committee

Member of the Remuneration and Nominations Committee

Andy holds a Bachelor of Business majoring in Accounting, is a CPA and a Member of the Australian Institute of Company Directors.

He has over 35 years' experience in the financial services industry, of which 21 years were with Perpetual Trustees Australia Ltd. In 1999 he established FP Esteban and Associates, a private business specialising in implementing and monitoring risk management and compliance frameworks in the financial services industry.

He has provided consulting services to a number of domestic and global organisations in Australia and South East Asia. From July 2005 until June 2008 he was an independent director of Credit Suisse Asset Management (Australia) Ltd.

Directors' report

Andrew Bluhm

Non-Executive Director

Appointed 17 October 2012

Member of the Audit and Risk Committee

Andrew is the founder and principal of Chicago-based DSC Advisors, LP (DSC), which is the investment manager of Delaware Street Capital Master Fund, LP. Delaware Street Capital Master Fund, LP holds a substantial shareholding in NGI.

DSC invests in a wide array of companies and industries seeking to identify and acquire undervalued securities and sell-short overvalued securities.

Prior to forming DSC, he was a founder and Principal of Walton Street Capital, LLC, and prior thereto worked as a Vice President at JMB Realty Corporation and as an Associate at Goldman Sachs.

Randall Yanker

Independent Non-Executive Director

Appointed 14 October 2014

Member of the Remuneration and Nominations Committee

Randall has extensive experience in the investment management industry, and in particular hedge funds. He co-founded Alternative Asset Managers, L.P. ('AAM') in 2004, which is a private investment firm with primary focus on making strategic investments in the asset management sector.

Prior to AAM, Randall was responsible for establishing multi-billion dollar global alternative investment and hedge fund platforms as CEO of Lehman Brothers Alternative Investment Management, and before that as a Managing Director of Swiss Bank Corp.

He is a graduate of Harvard College (1983) with a degree in Economics, and serves on the board and is a Trustee of The New School University, a Trustee of SEI Advisors' Inner Circle Fund III, and Advisory Board member of HF2 Financial Management.

Sean McGould

Executive Director and Chief Executive Officer

Appointed 3 January 2008

Sean is the co-founder of Lighthouse and has served as its Chief Executive Officer, President and Co-Chief Investment Officer since inception.

He supports the investment team in the manager search, selection and review process and is the Chairman of the Investment Committee. Sean has been overseeing all aspects of the portfolios since August 1996.

For more than 20 years, Sean has been investing in various alternative investment strategies. Prior to founding Lighthouse, Sean was the director of the Outside Trader Investment Program at Trout Trading Management Company and was responsible for the allocation of the fund's assets to external alternative asset strategies. Prior to Trout, Sean worked for Price Waterhouse and passed the Certified Public Accountant examination.

Directors' report

Board and Committee meetings

The agenda for meetings is prepared by the Company Secretary in consultation with the Chairman and Chief Executive Officer, and is set to ensure adequate coverage of strategic, financial, governance and compliance matters.

Board papers are circulated in advance of the meetings. Senior executives are invited to attend board meetings, however the directors may have closed sessions without executive involvement during meetings at their discretion.

The number of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2018, and number of meetings attended by each director were:

	Board Meetings		Audit & Risk Committee		Remuneration & Nominations Committee	
Director	A	B	A	B	A	B
Michael Shepherd	9	9	3	3	2	2
Fernando Esteban	9	8	3	3	2	2
Andy Bluhm	9	8	3	3	-	-
Randall Yanker	9	9	-	-	2	1
Sean McGould	9	9	-	-	-	-

A – Eligible to attend
B - Attended

Company secretary

Ms Amber Stoney BCom (Hons) CA holds the position of company secretary. Amber has held this position for most of her tenure at NGI, specifically for the periods 15 March 2007 to 20 November 2008, 18 July 2011 to 9 May 2016 and from 27 June 2016. Amber also holds the position of Chief Financial Officer of NGI. Prior to joining the Company in 2003, Amber was a senior manager at KPMG, specialising in the funds management industry.

Corporate governance

The NGI Group recognises the value of good corporate governance. The board believes that effective governance processes and procedures add to the performance of the HFA Group and engenders the confidence of the investment community.

The Company has adopted Listing Rule 4.10.3 which allows companies to publish their corporate governance statement on their website rather than in their annual report. The directors have reviewed the statement, and a copy of the statement, along with any related disclosures, is available at: http://www.navigatorglobal.com.au/site/about/corporate-governance

Change of Company name

The Company changed its name from HFA Holdings Limited (ASX:HFA) to Navigator Global Investments Limited (ASX:NGI) effective from 6 November 2017.

Principal activities

The principal activity of the Group during the course of the financial year was the provision of investment management products and services to investors globally through wholly-owned subsidiary Lighthouse Investment Partners, LLC.

Operating and financial review

Information on the operations and financial position of the Group and its business strategies and prospects is included in this annual financial report on pages 10 to 16.

Dividends

The directors have determined an unfranked dividend of United States (US) 9.0 cents per share (with 100% conduit foreign income credits). The dividend will be paid on 31 August 2018.

The aggregate amount of the proposed dividend will be paid out of the balance of the parent entity profits reserve as at 30 June 2018.

Declared and paid during the year ended 30 June 2018	Cents per share	Total amount USD'000	Date of payment
Final 2017 ordinary	8.0	13,042	1 September 2017
Interim 2018 ordinary	7.0	11,348	9 March 2018
Total amount		**24,390**	

Together with the unfranked interim dividend of USD 7.0 cents per share paid to shareholders on 9 March 2018, the total dividend to be paid in relation to the year ended 30 June 2018 will be USD 16.0 cents per share.

Significant changes in state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Group that occurred during the financial year not otherwise disclosed in this financial report.

Likely developments and expected results

Further information on likely developments in the operations of the Group and the expected results of operations have been included in this annual financial report on pages 10 to 16.

Directors' Report

Events subsequent to end of financial year

Mesirow Advanced Strategies

On 1 July 2018 the Group's United States subsidiary, Lighthouse Investment Partners, LLC ('Lighthouse') completed an agreement with Mesirow Financial ('Mesirow') under which it acquired the right to manage $5.39 billion of client assets from Mesirow Advanced Strategies ('MAS'), the multi-manager hedge fund division of Mesirow ('the transitioned assets').

Under the transaction, Lighthouse acquired the contractual rights to act as investment manager of these assets, along with some related de minimus intellectual property, tangible property and prepayments. As part of the transaction, Lighthouse also made employment offers to 56 of the MAS staff, and these staff commenced as Lighthouse employees on 1 July 2018.

The Group did not acquire any equity interests in Mesirow as part of the transaction.

The purchase consideration is a contingent consideration arrangement. Under the agreement, there is no upfront consideration at acquisition date, other than reimbursement in cash of an immaterial amount for transferred prepaid operating expenses.

The transaction does not require an issue of equity by the Company or for the Company to obtain debt funding.

The contingent consideration that may be paid in the future will be determined under an earnout payment over seven years, calculated as an agreed percentage of EBITDA generated by the transitioned assets above a floor amount. Significant assumptions must be made in estimating the contingent consideration, including but not limited to, the retention level of the assets over the full earnout period and the operating expenses required to support these assets.

The Group is still in the process of assessing the fair values of the acquired assets and assumed liabilities in relation to the transaction. As a result, as at the date of this report the Group is not in a position to determine and disclose:

- the fair value of assets acquired as at acquisition date;
- the amount of any goodwill or gain from a bargain purchase which may arise on the transaction; or
- the revenue and profit or loss of the combined entity for the reporting period ending 30 June 2018 as though the acquisition had occurred as at 1 July 2017.

As at 30 June 2018, approximately $1 million of acquisition costs has been incurred in relation to the transaction.

Line of Credit arrangement

On 27 July 2018 the Group entered into a $15 million line of credit arrangement. The facility has been put in place to provide the Group with access to funding if considered necessary. This arrangement is undrawn.

There has not arisen in the interval between the end of the reporting period and the date of this report, any other item, transaction or event of a material nature, likely to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Directors' interests

The relevant interest of each director in the shares issued by the Company at the date of this report is as follows:

Director	Ordinary shares	Notes
Michael Shepherd	125,000	125,000 shares are held indirectly by Tidala Pty Ltd as Trustee for the Shepherd Provident Fund
Fernando Esteban	27,000	27,000 shares are held indirectly by FJE Superannuation Fund
Andy Bluhm	26,101,982	26,101,982 shares are held indirectly by Delaware Street Capital Master Fund, LP (DSC). Mr Bluhm is the founder and principal of DSC Advisors, LP, which is the investment manager of DSC
Sean McGould	19,438,084	19,436,084 shares are held indirectly by SGM Holdings, LLC

Directors' report

Remuneration report (audited)

This Remuneration Report for the Company and its controlled entities for the year ended 30 June 2018 forms part of the Directors' Report and is audited in accordance with section 300A of the Corporations Act 2001.

Contents

Reporting in United States dollars

In this report the remuneration and benefits reported have been presented in US dollars ('USD'). This is consistent with the functional and presentation currency of the Company. Where compensation for Australian-based employees is paid in Australian dollars, it is converted to USD for reporting purposes based on either specific transaction exchange rates, or the average exchange rate for the payment period as appropriate. The Australian dollar based compensation paid during the year ended 30 June 2018 was converted to USD at an average exchange rate of AUD/USD 0.7734 (2017: AUD/USD 0.7564).

The Remuneration Report outlines the remuneration arrangements for the Group's key management personnel ('KMP'). KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the activities of the Group.

The KMP during FY18 were:

Name		Term as KMP
Non-Executive Directors		
Michael Shepherd	Chairman and Non-Executive Director	Full year
Fernando Esteban	Non-Executive Director	Full year
Andy Bluhm	Non-Executive Director	Full year
Randall Yanker	Non-Executive Director	Full year
Executive Director		
Sean McGould	Group Chief Executive Officer and President & Co-Chief Investment Officer, Lighthouse Investment Partners, LLC	Full year
Executives		
Kelly Perkins	Co-Chief Investment Officer, Lighthouse Investment Partners, LLC	Full year
Scott Perkins	Executive Managing Director, Lighthouse Investment Partners, LLC	Full year
Rob Swan	Chief Operating Officer, Lighthouse Investment Partners, LLC	Full year
Amber Stoney	Chief Financial Officer and Company Secretary, Navigator Global Investments Limited	Full year

Directors' report

Remuneration report (audited)

Overview of remuneration policy and structure

The overall objectives of the Group's remuneration policies are to:

- **support the business strategy of the Group by attracting, retaining and rewarding quality executives and staff;**
- **encourage appropriate performance and results to uphold client and shareholder interests;**
- **properly reflect each individual's duties and responsibilities.**
- **Embedding a culture that rewards performance whilst maintaining integrity, reputation and mitigating risk.**

The NGI Group's approach to setting remuneration is influenced by the following key factors:

Simplicity

The Board believes that having a simple, direct metric for setting annual variable remuneration provides an incentive structure that is easily understandable to both staff and shareholders. An increase in operating results and cash flows therefore correlates into both an increase in the available bonus pool for Lighthouse staff and a higher dividend payment for shareholders.

This simplicity also translates into the Board and the CEO being able to exercise discretion in allocating bonuses to individuals based on their performance and contribution, and the overall performance of the Group. Whilst individual results are important, we also encourage a culture which is able to reward effort and commitment.

The Board believes the current arrangements are consistent with common industry practice in the United States, and allow the employees to focus on achieving results for clients, which is ultimately in the long-term interests of shareholders.

Variable remuneration is the major component of remuneration

The remuneration arrangements in place for Lighthouse are structured around setting a relatively low fixed remuneration amount, and having the opportunity to earn variable remuneration as a major component of overall remuneration. The Board believes this provides a dynamic basis to be able to easily adjust the Group's total remuneration expenses, and is also consistent with US industry practice.

This approach to remuneration has been in place at Lighthouse since prior to its acquisition in January 2008. The Lighthouse KMP have each earned a $250,000 base salary since that time, and this has not been increased in over 10 years. In addition, select Lighthouse KMP have had bonus entitlements specified in their employment contracts since Lighthouse joined the NGI Group, and these contractual arrangements remain in place (see page 29 for additional details).

Operations are based in the United States

NGI is an Australian company listed on the Australian Securities Exchange, however its Group operations are predominantly based in the United States. The Board is cognisant that remuneration arrangements in place must meet the standards and benchmarks applicable to the United States funds management industry in order to:

- attract and retain high quality staff.; and
- operate efficiently in the jurisdictions where our staff are based.

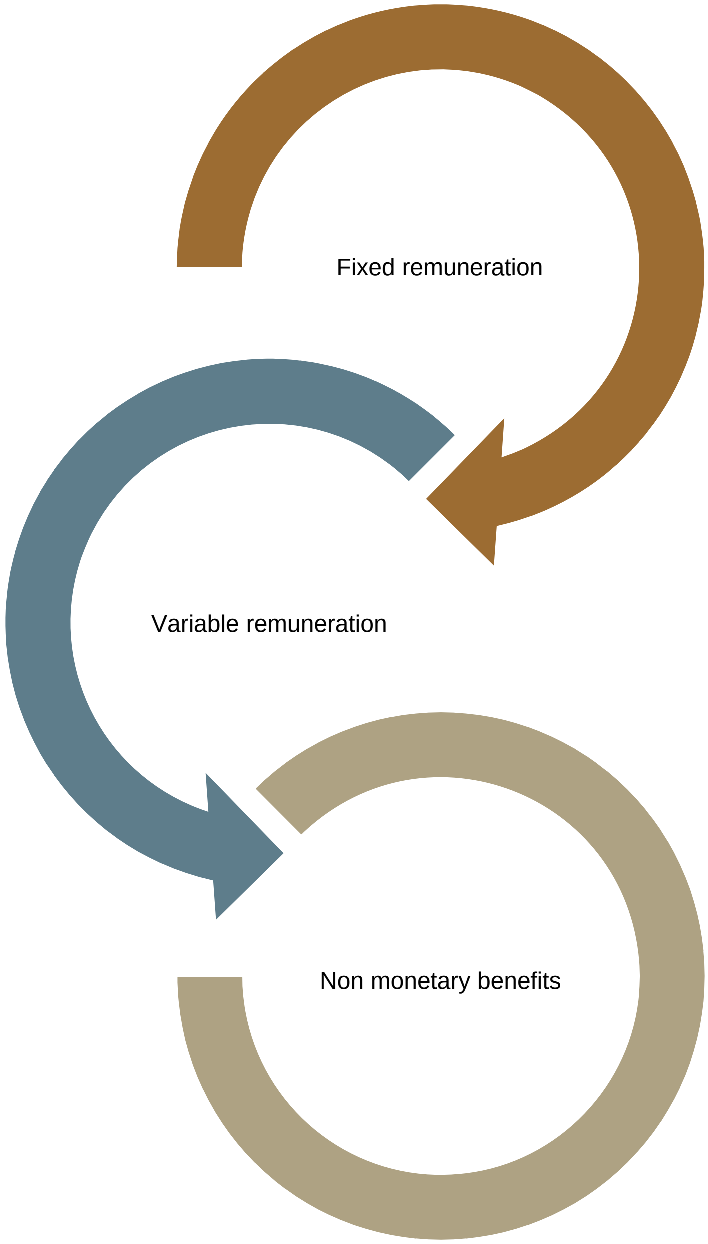
These standards and benchmarks may diverge from arrangements which would be considered industry practice within Australia.

Directors’ report

Remuneration report (audited)

Remuneration structure

The remuneration of staff across the Group, including our senior executives, is comprised of three elements:



Base salary, as well as leave entitlements and employer contributions to superannuation and retirement plans. Lighthouse employees are entitled to additional benefits that include educational assistance, adoption assistance and health care benefits.

Fixed remuneration is determined by reference to benchmark information where available, and having regard to responsibilities, performance, qualifications and experience. For senior Lighthouse employees, it is also determined in accordance with the general principle that fixed remuneration is the smaller component of their overall compensation package.

Fixed remuneration is reviewed at least annually, or on promotion, to ensure that it is competitive and reasonable. There are no guaranteed increases to the fixed remuneration amount.

The amount of fixed remuneration is not dependent on the satisfaction of a performance condition, or the performance of the Group or business unit, the Company's share price, or dividends paid by the Company.

The variable component of senior executives’ remuneration is comprised of potential participation in a bonus pool and ability to participate in equity incentive schemes when made available.

The Board believes that short-term incentive arrangements should motivate senior executives and other staff to create wealth for both the Company's shareholders and our investment clients. The Group seeks to recognise the contributions and achievements of individuals towards these goals.

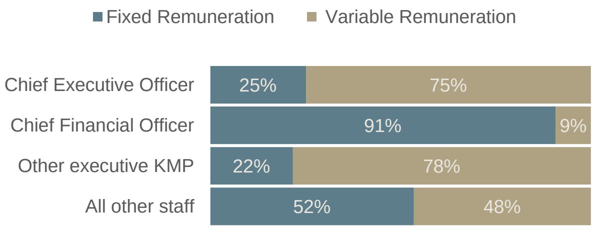
Individual performance appraisals are conducted at least annually for all employees, including senior executives, as part of the annual remuneration review process. These performance appraisals assist the Board and CEO to make appropriate remuneration decisions, particularly in relation to short-term incentives. The Board and CEO exercise their discretion when determining the amount of short-term incentive compensation awarded to an individual employee.

Lighthouse employees are able to make investments into Lighthouse managed funds without incurring a management fee. There is no incremental cost incurred by the Group in providing fee-free investment management services via the Lighthouse funds to employees. Having employees invest their own assets into Lighthouse managed funds is viewed positively by clients and potential clients as it demonstrates an alignment of interest between the Lighthouse employee and future investment results for clients. Nil fee arrangements for employees is common practice in the United States asset management industry.

Directors' report

Remuneration report (audited)

As outlined in the discussion of the remuneration policy above, the Group's remuneration is structured so that variable remuneration is a significant component of remuneration packages, and makes up the majority of overall remuneration for Lighthouse senior executives. For the 2018 financial year, the proportion of fixed remuneration as compared to performance linked remuneration across the Group was as follows:



Short-term incentive arrangements

The Board has established a simple, direct correlation between rewarding staff and delivering value to shareholders through company performance and cash flow. The two metrics driving variable remuneration are:

Company performance metric	Basis of variable remuneration
Lighthouse EBITDA *(excluding performance fees, before bonuses and adjusted for other specified items)*	30% allocated to Lighthouse general bonus pool
Performance fees	50% allocated to Lighthouse incentive fee bonus pool

The Board retains the discretion to vary the final amounts approved after calculation based on the above metrics, to ensure that they can also factor in extenuating circumstances, such as exceptional results in asset raising or investment results, or a negative change in macro-economic conditions.

Long term incentive arrangements

The Group does not currently have any equity incentive schemes or other long-term incentive arrangements in place.

The Group's senior executives hold significant shareholdings in the Company due to historical transactions and employee incentive plans. As at 30 June 2018, the CEO owns 12.0% (30 June 2017: 12.0%) of the Company's shares on issue, and other Lighthouse executives also hold a meaningful number of shares (as disclosed on page 30).

The Board acknowledges that an equity incentive scheme is a common component of corporate remuneration structures. Due to the already significant level of senior executive shareholdings, the Board considers that there is a clear alignment of interest to incentivise them to deliver long term growth for the benefit of all shareholders. The Board will continue to review equity incentive schemes going forward as a means to continue to align management and shareholders.

Relationship between remuneration policy and company performance

In designing the remuneration policy and structure, the Board has had regard to what it considers to be the key measure of the profitability of the Company: earnings before interest, tax, depreciation, amortisation, and impairment losses from continuing operations (EBITDA).

As an asset management business, the Group's EBITDA is largely consistent with the cash flow which it generates from its operating activities, and which is available to pay dividends to shareholders. It is for this reason that NGI's dividend policy has been set as a pay-out ratio based on EBITDA.

The following table shows how cash bonuses paid to KMP compares to EBITDA and cash flows from operating activities over the past 5 years:

USD'000	2018	2017	2016	2015	2014
EBITDA	34,212	29,848	29,490[1]	28,839[2]	27,624[1]
Cash flows from operating activities	32,921	30,088	30,125	28,193	27,898
Dividends paid during the financial year	24,390	21,023	17,222	15,965	8,033
Closing share price (AUD dollars)	5.34	2.40	2.29	2.07	1.05
Change in share price (AUD dollars)	2.94	0.11	0.22	1.02	0.15
KMP cash bonus	3,967	3,293	3,858	3,185	3,194
KMP bonus as a % of EBITDA	12%	11%	13%	11%	12%
KMP bonus as a % of dividends paid during the financial year	16%	16%	22%	20%	40%

1 Underlying earnings before interest, tax, depreciation, amortisation from continuing operations.

2 Underlying earnings before interest, tax, depreciation and amortisation from continuing operations, adjusted for the loss on settlement and conversion of convertible notes.

Directors' report

Remuneration report (audited)

Variable compensation arrangements for the 2018 financial year

The particular arrangements which relate to variable remuneration for the Group as at 30 June 2018 are:

Lighthouse

General pool

All Lighthouse staff, including Lighthouse executives, are eligible to participate in the Lighthouse general bonus pool, the amount of which is calculated as 30% of Lighthouse's EBITDA (before the bonus pools and excluding performance fee revenue and adjusted for other specified items).

- Allocation of the Lighthouse general bonus pool to staff (other than as noted below) is determined by the CEO in accordance with remuneration structure and guidelines established by the Remuneration and Nominations Committee.
- No individual bonus can be greater than 10% of the Lighthouse general bonus pool without board approval.
- A bonus for the CEO is determined and approved by the board based on an assessment of his performance for the previous calendar year. This bonus amount forms part of the overall Lighthouse general bonus pool.
- In accordance with their service agreements, Kelly Perkins and Rob Swan are entitled to semi-annual compensation calculated as 1.25% and 1.00% respectively of the gross revenue of Lighthouse Investment Partners, LLC. This is paid on a semi-annual basis, and forms part of the Lighthouse general bonus pool.

Due to particularly strong net inflow results for the 2017 calendar year, the Board exercised its discretion to increase the Lighthouse general bonus pool by $459,000.

Incentive fee pool

Senior members of the Lighthouse investment team are eligible to participate in a bonus pool determined as 50% of performance fee revenue earned by the Lighthouse business from its Commingled Funds and Customised Solutions portfolios.

This pool is allocated at the discretion of the CEO based on his assessment of the contribution of each eligible staff member to the creation of the performance fee revenue. These staff members may still also receive an allocation from the general bonus pool.

CEO remuneration arrangements

The board considers that Mr McGould is performing two distinct roles. He is both:

- Chief Executive Officer of the NGI Group; and
- Co-Chief Investment Officer of Lighthouse.

The Board considers that Mr McGould's remuneration needs to take into account both of these roles, and that it should also be structured so that it is consistent with remuneration principles which operate in the United States alternative asset management industry. In particular, this means that Mr McGould's remuneration is substantially weighted towards variable remuneration.

Mr McGould has a base salary of $250,000, which has remained unchanged since the Company acquired the Lighthouse business in 2008. Mr McGould is also entitled to receive health care benefits and retirement benefits.

The Board has not set specific key performance indicators (KPIs) for the CEO. Instead, the Board awards the Mr McGould a discretionary bonus amount at the end of each calendar year, taking into account the following factors:

- investment results achieved for clients, assessed in comparison to peers;
- achievement of board-approved budgets and targets, strategic goals, capital and business restructuring and development of new business opportunities;
- growth in AUM, through both net investment flows and investment performance of Lighthouse portfolios;
- Group financial results and dividends paid to shareholders;

Given Mr McGould's low base salary, his variable remuneration is not capped as a % of base salary, as is commonly the case in Australia. Instead, the CEO's bonus is capped at a maximum of 10% of the Lighthouse general bonus pool. In practice, this means that Mr McGould's variable remuneration is constrained by the profitability of the Group's operating business unit.

Corporate

A discretionary bonus pool of A$60,000 has been allocated for staff who directly contribute to the operation of the listed parent company, namely staff involved in finance and company secretarial functions in Australia. The Remuneration and Nominations Committee recommends a bonus amount for the Chief Financial Officer, which is allocated from the Corporate bonus pool.

Directors' report

Remuneration report (audited)

Non-executive director remuneration

Non-executive directors may receive director fees. The Company's policy is to remunerate non-executive directors at market rates for comparable companies having regard to the time commitments and responsibilities assumed. The aggregate of non-executive director fees is capped at a maximum of $750,000 per annum (including superannuation), as approved by shareholders at the AGM held on 20 November 2014.

Current fees paid to non-executive directors are USD:

Chairman	USD 150,000 per annum (plus superannuation)
Non-executive directors	USD 80,000 per annum (plus superannuation)

Actual remuneration for non-executive directors for the financial year ended 30 June 2018 was $331,850 (2017: $331,850).

A Bluhm has elected not to receive remuneration from the Company for his role as a non-executive director.

Non-executive directors' fees cover all main board activities and membership of any committee. Executive and non-executive directors may be reimbursed for reasonable expenses properly incurred in their role as a director. Non-executive directors are not entitled to participate in executive remuneration schemes, may not receive performance-linked equity or bonus payments, and are not provided with retirement benefits other than statutory superannuation entitlements. Non-executive directors are not entitled to any benefits or payments on retirement from office.

Directors’ report

Remuneration report (audited)

Key management personnel remuneration disclosures

Directors’ and executive officers’ remuneration

The following remuneration was paid to KMPs:

Benefit Category		Short-term			Post-employment	Other long-term	Total
		Cash salary & fees	Cash bonus	Other[1]	Pension & superannuation	Long service leave	
		$	**$**	**$**	**$**	**$**	**$**
Non-Executive Directors							
Michael Shepherd	2018	150,000	-	-	14,250	-	164,250
	2017	150,000	-	-	14,250	-	164,250
Fernando Esteban	2018	80,000	-	-	7,600	-	87,600
	2017	80,000	-	-	7,600	-	87,600
Randall Yanker	2018	80,000	-	-	-	-	80,000
	2017	80,000	-	-	-	-	80,000
Executive Director							
Sean McGould	2018	250,000	850,000	19,533	7,500		1,127,033
	2017	250,000	700,000	18,432	23,700	-	992,132
Executives							
Kelly Perkins	2018	250,000	1,175,000	19,533	16,500		1,461,033
	2017	250,000	1,025,000	18,432	25,850	-	1,319,282
Scott Perkins	2018	250,000	1,000,000	19,533	16,500	-	1,286,033
	2017	250,000	775,000	18,432	23,700	-	1,067,132
Rob Swan	2018	250,000	920,000	19,533	16,500	-	1,206,033
	2017	250,000	770,000	18,434	24,600	-	1,063,034
Amber Stoney	2018	208,488	22,173	-	15,569	3,616[2]	249,846
	2017	230,395	23,076	-	14,849	13,621[2]	281,941
Total	**2018**	**1,518,488**	**3,967,173**	**78,132**	**94,419**	**3,616**	**5,661,828**
	2017	**1,540,395**	**3,293,076**	**73,730**	**134,549**	**13,621**	**5,055,371**

1 Other short term fixed remuneration amounts relate to health care benefits paid on behalf of Lighthouse staff.

2 Reflects the allocation of long service provision movements into the appropriate financial year.

Directors' report

Remuneration report (audited)

Analysis of cash bonuses included in remuneration

Details of the vesting profile of the short-term incentive cash bonuses awarded as remuneration to key management personnel of the Group in the current reporting period are detailed below:

	Included in remuneration	Proportion of remuneration which is performance based	% Vested in year	% Forfeited in year
Sean McGould	$850,000	75%	100% [1]	0%
Kelly Perkins	$1,175,000	80%	100% [2]	0%
Scott Perkins	$1,000,000	78%	100% [3]	0%
Rob Swan	$920,000	76%	100% [2]	0%
Amber Stoney	$22,173	9%	100% [4]	0%

1 Sean McGould's cash bonus is paid annually on a calendar year basis. The 2018 bonus included above relates to the amount paid for the 12 months ended 31 December 2017. Mr McGould's discretionary bonus for the six month period ended 30 June 2018 has not yet been determined.

2 As per their service agreements, Kelly Perkins and Rob Swan are entitled to semi-annual compensation calculated as 1.25% and 1.00% respectively of the gross revenue of Lighthouse Investment Partners, LLC. No amounts vest in future financial years in respect of the financial year ended 30 June 2018. These arrangements have been in place since the acquisition of Lighthouse in 2008.

3 Scott Perkins' cash bonus is paid annually on a calendar year basis. The 2018 bonus included above relates to the amount paid for the 12 months ended 31 December 2017. Mr Perkins' discretionary bonus relating to the six month period ended 30 June 2018 and has not yet been determined.

4 The short-term incentive plan for Amber Stoney is discretionary and no amounts vest in future financial years in respect of the financial year ended 30 June 2018. Per her revised remuneration arrangements effective from 1 July 2016, Ms Stoney's short term incentive cash bonus is capped at 10% of her combined annual base salary and superannuation.

Contractual arrangements

The Group has entered into service agreements with each member of key management personnel, excluding non-executive directors. These agreements specify the duties and obligations to be fulfilled.

Refer to pages 27 and 28 for details regarding the appointment and remuneration of non-executive directors.

Lighthouse senior executives

Sean McGould, Scott Perkins, Kelly Perkins and Rob Swan entered into service agreements commencing on 7 March 2011. The agreements were for an initial term of four years and thereafter automatically extend for a one year term unless either the Group or the employee gives not less than sixty days' notice of their intention not to extend the agreement.

The Group may terminate the agreement at any time for gross negligence or willful misconduct ('Good Cause Termination'). In these circumstances there is no entitlement to a termination payment.

The Group may terminate the agreement for any reason other than gross negligence or willful misconduct at any time by giving not less than sixty days' notice.

The employee may terminate the agreement at any time if the Group fails to comply in any material respect with the terms of the agreement, there is a material reduction in the compensation opportunities or there is a material and unconsented change to responsibilities.

The employee may terminate the agreement and their employment at any time for any reason other than those noted above by giving not less than sixty days' notice.

After such termination other than for Good Cause Termination, a payment of $1,000,000 multiplied by the number of days since the fiscal year ending before termination divided by 365 will be made in lieu of any unpaid bonus.

Sean McGould and Scott Perkins are entitled to participate in incentive plans, including equity based plans.

Kelly Perkins and Rob Swan, in addition to their base salary, are entitled to semi-annual compensation calculated as 1.25% and 1.00% respectively of the gross revenue of Lighthouse Investment Partners, LLC for the relevant six month period and are entitled to participate in equity based plans.

The above arrangements have been in place since NGI acquired Lighthouse in 2008.

Navigator Global Investments senior executives

Amber Stoney is engaged pursuant to an executive services agreement. Ms Stoney's working hours are 25 hours per week for a base salary to A$300,000 per annum inclusive of superannuation, and a cap to any short-term incentive bonus of 10% of this amount.

The Group may terminate Ms Stoney's executive services agreement at any time, without notice for a number of reasons including bankruptcy, gross negligence or willful and serious misconduct. In these circumstances there is no entitlement to a termination payment. Ms Stoney may terminate the agreement at any time by giving 6 months' notice and the Group may terminate the agreement at any time by giving 6 months' notice or payment in lieu.

Directors' report

Remuneration report (audited)

Analysis of performance rights over equity instruments granted as remuneration

As at 30 June 2017 and 30 June 2018 there were no outstanding performance rights granted to any key management person of the Group.

Additional information

Movement in shares

The movement during the reporting period in the number of shares in the Company held, directly, indirectly or beneficially, by key management personnel, including their related parties, is as follows:

	Balance 1 July 2017	Purchases	Sales	Balance 30 June 2018
Directors				
Michael Shepherd[1]	125,000	-	-	125,000
Fernando Esteban[2]	27,000	-	-	27,000
Andy Bluhm[3]	26,101,982	-	-	26,101,982
Sean McGould[4]	19,438,084	-	-	19,438,084
Executives				
Scott Perkins	2,936,512	-	-	2,936,512
Kelly Perkins	2,405,624	-	-	2,405,624
Rob Swan	2,936,512	-	-	2,936,512
Amber Stoney[5]	180,374	-	-	180,374

1 125,000 shares are held indirectly by Tidala Pty Ltd as Trustee for the Shepherd Provident Fund.
2 27,000 shares are held indirectly by FJE Superannuation Fund.
3 26,101,982 shares are held indirectly by Delaware Street Capital Master Fund, LP (DSC). Mr Bluhm is the founder and principal of DSC Advisors, LP, which is the investment manager of DSC.
4 19,436,084 shares are held indirectly by SGM Holdings, LLC.
5 162,396 shares are held indirectly by AJ Stoney Family Trust.

Other transaction with key management personnel

There were no other transactions with key management personnel during the year.

Directors' report

Indemnification and insurance

The Company has a Deed of Indemnity, Insurance and Access in place with each of the Directors ('the Deeds'). Pursuant to the Deeds, the Company indemnifies each Director to the extent permitted by law for losses and liabilities incurred by the Director as an officer of the Company or of a subsidiary. This indemnity remains in force for a period of 7 years from the date the Director ceases to hold office as a director of the Company.

In addition, the Company will advance reasonable costs incurred or expected to be incurred by the Director in defending relevant proceedings on terms determined by the Board. No such advances were made during the financial year.

During the year, the Group paid insurance premiums to insure the Directors and Officers of the Company. The terms of the contract prohibit the disclosure of the premiums paid.

Auditor

Ernst & Young is the auditor of the Group in accordance with section 327 of the Corporations Act 2001. Shareholders approved the appointment of Ernst & Young at the Annual General Meeting on 3 November 2017, and the appointment became effective on that date.

Prior to 3 November 2017, the Group's auditor was KPMG.

Non-audit services

There were no non-audit services provided by the entity's auditors during the financial year.

Details of remuneration paid to auditors is presented in Note 22 of the financial statements.

Indemnification and insurance

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount).

No payment has been made to indemnify Ernst & Young Australia during or since the end of the financial year.

Auditor's independence declaration

The lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 32 and forms part of the directors' report for the financial year ended 30 June 2018.

Environmental regulation

The Group is not subject to any particular or significant environmental regulation under Commonwealth, State or Territory legislation.

Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of directors:

Michael Shepherd, AO
Chairman and Non-Executive Director

F P (Andy) Esteban
Non-Executive Director

Dated at Sydney this 9th day of August 2018

Ernst & Young
111 Eagle Street
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ey.com/au

Auditor's Independence Declaration to the Directors of Navigator Global Investments Limited

As lead auditor for the audit of Navigator Global Investments Limited for the financial year ended 30 June 2018, I declare 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 Navigator Global Investments Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

RBurrows

Rebecca Burrows
Partner
9 August 2018


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Financial statements

Income statement

For the year ended 30 June 2018

		Consolidated US$'000	
	Note	2018	2017
Operating revenue	2(a)	83,198	72,731
Distribution costs	2(b)	(3,413)	(4,417)
Net revenue		**79,785**	**68,314**
Other income	2(a)	1,694	494
Operating expenses	3(a)	(48,888)	(38,984)
Results from operating activities		**32,591**	**29,824**
Finance income	4(a)	1,306	259
Finance costs	4(a)	(70)	(258)
Share of loss of equity accounted investee	11	(378)	(624)
Impairment losses	3(b)	(1,873)	(572)
Profit before income tax		**31,576**	**28,629**
Income tax expense	6	(44,632)	(10,946)
Profit / (loss) for the year		**(13,056)**	**17,683**
Profit / (loss) attributable to members of the parent		**(13,056)**	**17,683**

Earnings per share		Consolidated US cents	
		2018	2017
Basic earnings per share	8	(8.05)	10.91
Diluted earnings per share	8	(8.05)	10.91

The accompanying notes form part of these consolidated financial statements

Statement of comprehensive income

For the year ended 30 June 2018

		Consolidated US$'000	
	Note	2018	2017
Profit / (loss) attributable to members of the parent		**(13,056)**	**17,683**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Change in fair value of available-for-sale financial asset	4(b)	633	910
Income tax on other comprehensive income	4(b)	153	(346)
Other comprehensive income for the year		**786**	**564**
Total comprehensive income / (loss) for the year		**(12,270)**	**18,247**

The accompanying notes form part of these consolidated financial statements

Statement of financial position

As at 30 June 2018

		Consolidated US$'000	
	Note	2018	2017
Assets			
Cash	5(a)	38,212	33,153
Trade and other receivables	9	14,628	11,230
Current tax assets	6(b)	2	6
Total current assets		**52,842**	**44,389**
Investments recognised at fair value	10	16,459	14,455
Investment in equity accounted investee	11	-	500
Plant and equipment	12	2,688	1,158
Deferred tax assets	6(c)	61,878	106,302
Intangible assets	13	95,078	95,423
Other non-current assets		2,310	1,651
Total non-current assets		**178,413**	**219,489**
Total assets		**231,255**	**263,878**
Liabilities			
Trade and other payables	14	3,326	2,656
Employee benefits	15	11,785	8,772
Total current liabilities		**15,111**	**11,428**
Trade and other payables	14	1,052	689
Employee benefits	15	108	117
Total non-current liabilities		**1,160**	**806**
Total liabilities		**16,271**	**12,234**
Net assets		**214,984**	**251,644**
Equity			
Share capital	17	257,355	257,355
Reserves	17(b)	31,368	28,950
Accumulated losses		(73,739)	(34,661)
Total equity attributable to equity holders of the Company		**214,984**	**251,644**

The accompanying notes form part of these consolidated financial statements

Statement of changes in equity

For the year ended 30 June 2018

		Consolidated US$'000						
		Amounts attributable to equity holders of the parent						
	Note	Share Capital	Share Based Payments Reserve	Fair Value Reserve	Translation Reserve	Parent Entity Profits Reserve	Accum-ulated Losses	Total Equity
Balance at 1 July 2016		**257,355**	**13,326**	**931**	**850**	**12,394**	**(30,436)**	**254,420**
Net profit for the year		-	-	-	-	-	17,683	17,683
Transfer to parent entity profits reserve[1]	20	-	-	-	-	21,908	(21,908)	-
Other comprehensive income								
Net change in available-for-sale financial assets	4(b)	-	-	910	-	-	-	910
Income tax on other comprehensive income	4(b)	-	-	(346)	-	-	-	(346)
Total other comprehensive income, net of tax		-	-	564	-	-	-	564
Total comprehensive income for the year, net of tax		**-**	**-**	**564**	**-**	**21,908**	**(4,225)**	**18,247**
Dividends to equity holders	7	-	-	-	-	(21,023)	-	(21,023)
Total transactions with owners		-	-	-	-	(21,023)	-	(21,023)
Balance at 30 June and 1 July 2017		**257,355**	**13,326**	**1,495**	**850**	**13,279**	**(34,661)**	**251,644**
Net profit / (loss) for the year		-	-	-	-	-	(13,056)	(13,056)
Transfer to parent entity profits reserve[1]	20	-	-	-	-	26,022	(26,022)	-
Other comprehensive income		-	-	-	-	-	-	-
Net change in available-for-sale financial assets	4(b)	-	-	633	-	-	-	633
Income tax on other comprehensive income	4(b)	-	-	153	-	-	-	153
Total other comprehensive income, net of tax		-	-	786	-	-	-	786
Total comprehensive income for the year, net of tax		**-**	**-**	**786**	**-**	**26,022**	**(39,078)**	**(12,270)**
Dividends to equity holders	7	-	-	-	-	(24,390)	-	(24,390)
Total transactions with owners		-	-	-	-	(24,390)	-	(24,390)
Balance at 30 June 2018		**257,355**	**13,326**	**2,281**	**850**	**14,911**	**(73,739)**	**214,984**

[1] Relates to the net profit of the parent entity (Navigator Global Investments Limited).

The accompanying notes form part of these consolidated financial statements

Statement of cash flows

For the year ended 30 June 2018

	Note	Consolidated US$'000 2018	Consolidated US$'000 2017
Cash flows from operating activities			
Cash receipts from operating activities		84,752	73,487
Cash paid to suppliers and employees		(51,995)	(43,424)
Cash generated from operations		32,757	30,063
Interest received		216	46
Income taxes paid		(52)	(21)
Net cash from operating activities	5(b)	**32,921**	**30,088**
Cash flows from investing activities			
Acquisition of plant and equipment		(1,924)	(343)
Acquisition of investments		(416)	(4,861)
Proceeds from disposal of investments		4	2,953
Distributions from investments received		38	200
(Acquisition) / redemption of other non-current assets		349	(726)
Net cash used in investing activities		**(1,949)**	**(2,777)**
Cash flows from financing activities			
Loan to associate		(1,666)	(85)
Dividends paid to equity holders		(24,390)	(21,023)
Net cash used in financing activities		**(26,056)**	**(21,108)**
Net increase in cash		**4,916**	**6,203**
Cash balance at 1 July		33,153	27,014
Effect of exchange rate fluctuations on cash balances held in foreign currencies		143	(64)
Cash balance as at 30 June	5(a)	**38,212**	**33,153**

The accompanying notes form part of these consolidated financial statements

Notes to the financial statements

For the year ended 30 June 2018

Results for the Year

This section of the notes to the financial statements focuses on the results and performance of the Navigator Global Investments Limited Group. On the following pages you will find disclosures explaining the Group's results for the year, segment information, taxation and earnings per share.

Where an accounting policy or key estimate is specific to a single note, the policy or estimate is described in the note to which it relates.

1. Operating segments

As at 30 June 2018, the Group had one reportable segment, being the US based Lighthouse Group, which operates as a global absolute return funds manager for investment vehicles.

Corporate includes assets and liabilities and corporate expenses relating to the corporate parent entity, Navigator Global Investments Limited, and balances that are eliminated on consolidation of the Group and are not considered to be operating segments.

No operating segments have been aggregated to form the above reportable operating segments.

The CEO and board of directors review internal management reports on a monthly basis to monitor the operating results of its business units for the purpose of making decisions about resource allocation and performance assessment. Business unit performance is evaluated based on the financial information as set out below, as well as other key metrics such as Assets under Management and the average net management fee rate.

	Lighthouse US$'000		Corporate US$'000		Consolidated US$'000	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Operating revenue	82,933	72,662	265	69	83,198	72,731
Distribution costs	(3,413)	(4,417)	-	-	(3,413)	(4,417)
Net revenue	**79,520**	**68,245**	**265**	**69**	**79,785**	**68,314**
Other income	1,694	494	-	-	1,694	494
Operating expenses (excluding depreciation and amortisation)	(47,139)	(37,513)	(770)	(765)	(47,909)	(38,278)
Result from operating activities	**34,075**	**31,226**	**(505)**	**(696)**	**33,570**	**30,530**
Net finance income / (costs) (excluding interest)	879	16	141	(74)	1,020	(58)
Share of loss of equity accounted investee	(378)	(624)	-	-	(378)	(624)
Earnings before interest, tax, depreciation, amortisation and impairment losses	**34,576**	**30,618**	**(364)**	**(770)**	**34,212**	**29,848**
Interest revenue	204	49	12	10	216	59
Depreciation and amortisation	(974)	(702)	(5)	(4)	(979)	(706)
Impairment loss	(1,873)	(572)	-	-	(1,873)	(572)
Reportable segment profit / (loss) before income tax	**31,933**	**29,393**	**(357)**	**(764)**	**31,576**	**28,629**
Income tax expense	(44,632)	(10,946)	-	-	(44,632)	(10,946)
Reportable segment profit / (loss) after income tax	**(12,699)**	**18,447**	**(357)**	**(764)**	**(13,056)**	**17,683**
Segment assets	214,817	249,016	16,438	14,862	231,255	263,878
Segment liabilities	(15,980)	(11,920)	(291)	(314)	(16,271)	(12,234)
Net assets	**198,837**	**237,096**	**16,147**	**14,548**	**214,984**	**251,644**

Notes to the financial statements

For the year ended 30 June 2018

2. Net revenue

a) Revenue

	Consolidated US$'000	
	2018	**2017**
Management and platform service fee income	75,518	71,157
Performance fee income	7,680	1,574
Operating revenue	**83,198**	**72,731**
Rent, outgoings and other operating expenses on-charged to sublease tenants	1,694	494
Other income	**1,694**	**494**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable.

The specific methods used for each category of revenue are outlined below.

Management and platform service fees

Management and platform service fees are received for providing:

- platform oriented services to individual clients. Platform services can incorporate some or all of the following functions - fund structuring, corporate governance, investment advice, middle and back office operations, investment and back office due diligence, investment monitoring and any other mutually agreed upon service;
- investment management services to commingled funds and individual clients. Investment management services can incorporate investment management and platform services.

Management and platform service fee revenue is based on a percentage of the commingled fund or client portfolio value and is calculated in accordance with the applicable offer document, constituent document and/or investment management agreement. The revenue is recognised in the income statement as the services are provided.

Performance fees

Performance fees may be received from some commingled fund share classes and some individual client portfolios. Where a performance fee arrangement is in place, the management fee is generally lower than earned from commingled fund share classes and individual client portfolios where no performance fee is applicable.

The entitlement to performance fees for any given performance period is dependent on the portfolio achieving a positive performance, and in some cases in outperforming an agreed hurdle. Performance fees are also subject to a high watermark arrangement which ensures that fees are not earned more than once on the same performance. The amount of the performance fee is calculated in accordance with the applicable offer document, constituent document and/or investment management agreement, and is generally determined as an agreed percentage of the performance greater than the high watermark, and in some cases greater than the agreed hurdle.

Performance fees are recognised in the income statement only when the entitlement to receive the fee becomes certain, which is at the end of the relevant performance period. Performance periods for performance fee arrangements range from between 1 month to 1 year.

Rent, outgoings and other operating expenses on-charged to sublease tenants

Other income relates to rent, outgoings and other operating expenses charged to portfolio managers who sub-lease London and New York office space held by Lighthouse. Income is recognised when it is receivable under the terms of these arrangements.

Major revenue source

22% (2017: 27%) of the Group's operating revenue relates to management fees and performance fees earned on the Lighthouse Diversified Fund, which is a commingled fund.

26% (2017: 27%) of the Group's operating revenue relates to management fees and performance fees earned on the Lighthouse Global Long/Short Fund, which is a commingled fund.

The Group's largest individual client represents 9% of operating revenue (2017: 9%).

The Group's three largest individual clients combined represent 19% of operating revenue (2017: 20%).

Notes to the financial statements

For the year ended 30 June 2018

2. Net revenue (continued)

b) Distribution costs

	Consolidated US$'000	
	2018	2017
Total distribution costs	**(3,413)**	**(4,417)**

Distribution costs are payments to financial advisors, platforms and other third parties for the provision of placement services. These costs are recognised on an accrual basis.

3. Expenses

a) Other operating expenses

	Consolidated US$'000	
	2018	2017
Employee expenses	(35,477)	(28,572)
Professional and consulting fees	(3,567)	(2,529)
Occupancy expenses	(3,067)	(2,305)
Information and technology expenses	(1,743)	(1,308)
Travel costs	(1,475)	(1,338)
Depreciation	(634)	(361)
Amortisation of intangible assets	(345)	(345)
Other expenses	(2,580)	(2,226)
Total expenses	**(48,888)**	**(38,984)**

The majority of operating expenses are recognised as the services are received.

Certain costs, including payments made under operating leases and capitalised costs such as plant and equipment, software and trademark assets, are charged evenly over the life of the relevant contract or useful life of the asset. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. The Group is not a party to any finance leases. Leases are operating leases and the leased assets are not recognised on the Group's statement of financial position.

Employee expenses

The largest operating expense is employee expenses. Employee expenses includes salaries and wages, together with the cost of other benefits provided to employees such as contributions to superannuation and retirement plans, health care benefits, educational assistance and cash bonuses. It also includes regulatory costs such as payroll tax.

Employee expenses for the year ended 30 June 2018 includes contributions to defined contribution superannuation and pension plans of $875 thousand (2017: $798 thousand).

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Notes to the financial statements

For the year ended 30 June 2018

3. Expenses (continued)

b) Impairment losses

	Consolidated US$'000	
	2018	**2017**
Impairment of available-for-sale assets	-	(196)
Impairment of investment in equity accounted investee	(122)	(376)
Impairment of unsecured loan to equity accounted investee	(1,751)	-
Total impairment loss	**(1,873)**	**(572)**

The Group's has a 40% interest in a US based limited partnership. During the 2018 financial year the Group provided a $1,666 thousand (2017: $85 thousand) of funding to the entity which was classified as a non-current unsecured loan to an equity accounted investee. Based on an assessment of the likely prospects of the associate, both the equity investment and unsecured loan have been written down to nil as at 30 June 2018. This has resulted in an impairment loss of $1,873 thousand being recognised for the financial year.

4. Finance income and costs

a) Recognised directly in profit or loss

	Consolidated US$'000	
	2018	**2017**
Finance income		
Interest income on bank deposits	216	46
Interest income on convertible promissory notes	-	13
Net foreign exchange gain	92	-
Net change in fair value of financial assets at fair value through profit or loss	960	-
Distribution income from available-for-sale financial asset	38	200
Total finance income	**1,306**	**259**
Finance costs		
Bank charges	(70)	(65)
Net foreign exchange loss	-	(80)
Net change in fair value of financial assets at fair value through profit or loss	-	(113)
Total finance costs	**(70)**	**(258)**
Net finance costs recognised in profit or loss	**1,236**	**1**

4. Finance income and costs (continued)

a) Recognised directly in profit or loss (continued)

Interest income is recognised in profit or loss as it accrues.

Distribution income is recognised on the date that the Group's right to receive payment is established.

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements result in a net gain or net loss position for the reporting period.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value, with changes in fair value reported in the profit or loss on a net basis as either finance income or finance costs depending on whether the fair value movements result in a net gain or net loss position for the reporting period.

b) Recognised directly in other comprehensive income

	Consolidated US$'000	
	2018	**2017**
Change in fair value of available-for-sale financial assets	633	910
Income tax expense recognised directly in equity	153	(346)
Finance income attributable to equity holders recognised directly in equity	**786**	**564**
Recognised in:		
Fair value reserve	**786**	**564**

Foreign currency translation differences recognised in other comprehensive income represent exchange differences from the translation at balance date of entities whose functional currency is different to the Group's presentation currency.

Available-for-sale financial assets are carried in the statement of financial position at fair value, with changes in fair value reported in other comprehensive income and presented in the fair value reserve in equity. Where a decline in fair value is significant or prolonged, it is recognised as an impairment loss in the profit or loss. On derecognition of an available-for-sale financial asset, any cumulative gain or loss in the fair value reserve is reclassified to profit or loss.

The income tax expense recognised directly in equity for the year ended 30 June 2018 includes a $355 thousand movement relating to the impact of the change in the US federal statutory corporate rate from 35% to 21% on tax balances carried directly in equity. Refer to note 6 for additional detail regarding this change in tax rate.

Notes to the financial statements

For the year ended 30 June 2018

5. Cash

a) Cash

	Consolidated US$'000	
	2018	**2017**
Cash at bank	**38,212**	**33,153**

At balance date, AUD deposits earn interest of 1.30% (2017: 1.30%); USD deposits earn interest between 0% and 1.499% (2017: 0.01%).

The carrying amount of these assets is a reasonable approximation of fair value. The Group's exposure to interest rate and foreign currency risk on cash is disclosed in note 18.

b) Reconciliation of cash flows from operating activities

		Consolidated US$'000	
Cash flows from operating activities	Note	**2018**	**2017**
Profit for the year		**(13,056)**	**17,683**
Adjustments for:			
Depreciation expense	3(a)	634	361
Amortisation of intangible assets	3(a)	345	345
Impairment losses	3(b)	1,873	572
Share of loss of equity accounted investee	11	378	624
Interest revenue on convertible promissory notes	4(a)	-	(13)
Distributions from available-for-sale financial asset	4(a)	(38)	(200)
Net foreign exchange loss	4(a)	(92)	80
Fair value (gain) / loss on financial assets at fair value through profit or loss	4(a)	(960)	113
Income tax expense, less income tax paid		44,580	10,925
Operating cash flow before changes in working capital and provisions		**33,664**	**30,490**
(Increase) / decrease in receivables		(3,605)	(1,012)
(Increase) / decrease in other current assets		(198)	(142)
Increase / (decrease) in payables		(282)	69
Increase / (decrease) in deferred rent expense		331	(251)
Increase in employee benefits		3,011	934
Net cash from operating activities		**32,921**	**30,088**

Notes to the financial statements

For the year ended 30 June 2018

6. Income tax

The Company is the only Australian resident tax-paying entity within the Group. Non-Australian entities within the Group are part of a US consolidated tax group.

Income tax expense comprises current and deferred tax and is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

As at 31 December 2017 the Group revised its estimated annual effective rate to reflect a change in the US federal statutory corporate rate from 35% to 21% effective from 1 January 2018. The rate change is administratively effective at the beginning of the Group's financial year, resulting in the use of a blended rate for the annual period. The application of this lower blended corporate tax rate reduced income tax expense for the year ended 30 June 2018 by $2,113 thousand, resulting in an effective tax rate for the year ended 30 June 2018 of 29.0%, compared to 38.2% for the corresponding prior period.

In addition, the Group recognised an income tax expense of $35,480 thousand related to the adjustment in the carrying value of existing deferred tax assets to reflect the new corporate tax rate.

a) Reconciliation of effective tax rate

	Consolidated US$'000	
	2018	**2017**
Profit before income tax	31,576	28,629
Income tax using the Company's domestic tax rate of 30% (2017: 30%)	(9,473)	(8,589)
Effect of tax rates in foreign jurisdictions	(470)	(2,315)
Non-deductible / non-assessable amounts included in accounting profit	133	(310)
Deductible amounts not included in accounting profit	89	115
Current year tax losses for which no deferred tax asset is initially recognised	(344)	(78)
Changes in estimates related to prior years	913	231
Effect of change in tax rate under newly enacted US tax legislation on deferred tax assets	(35,480)	-
Total income tax expense reported in profit or loss	**(44,632)**	**(10,946)**

b) Current tax assets and liabilities

	Consolidated US$'000	
	2018	**2017**
Current tax assets	**2**	**6**

Current tax assets represent the amount of income taxes receivable or payable to the relevant tax authority, using tax rates current at reporting date.

Notes to the financial statements

For the year ended 30 June 2018

6. Income tax (continued)

c) Deferred tax assets

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences related to investments in wholly-owned subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on a tax consolidated group of entities.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve interpretations of tax law and judgements about future events. New information may become available that causes the Group to change its judgement regarding the calculation of tax balances, and such changes will impact the profit or loss in the period that such a determination is made.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The carrying value of both recognised and unrecognised deferred tax assets are reassessed at each reporting date.

Deferred tax assets – US Group

Deferred tax assets have been recognised in respect of the following items:

	Consolidated US$'000	
	2018	**2017**
Carried forward tax losses	27,582	38,239
Goodwill and intangible assets	30,400	61,197
Employee benefits	2,597	2,895
Financial assets at fair value through profit or loss	217	(285)
Available-for-sale financial assets	(754)	(914)
Other items	1,836	5,170
	61,878	**106,302**

As at 30 June 2018 it is considered more likely than not that the US Group's carried forward tax losses and deductible temporary differences will be fully recovered. This position is supported by the current profitability of the US Group which is expected to continue into the future.

Carried forward tax losses relating to the US Group which existed prior to 1 January 2018 have a life of 20 years, and will expire during the period from 2029 to 2038. Any tax losses incurred after 1 January 2018 will have an indefinite life.

Deferred tax assets – Australian Group

Deferred tax assets have not been recognised in respect of the following items:

	Consolidated US$'000	
	2018	**2017**
Deductible temporary differences	62,456	65,000
Tax losses	3,704	3,213
	66,160	**68,213**

Notes to the financial statements

For the year ended 30 June 2018

6. Income tax (continued)

c) Deferred tax assets (continued)

Unrecognised deferred tax assets relating to the Australian Group consist of deductible temporary differences (including impairment losses recognised in previous financial years), and carried forward operating tax losses.

As at 30 June 2018, it is not probable that the Australian Group will produce sufficient taxable profits against which these deferred tax assets can be utilised and therefore the deferred tax assets remain unrecognised.

$62,456 thousand (30 June 2017: $65,000 thousand) of the deductible temporary differences not recognised relate to an impairment write-down taken during the year ended 30 June 2009 on the carrying value of the Lighthouse Group. The movement in this balance relates to foreign currency movements only. The realisation of this tax asset is subject to the application of relevant tax legislation and the structure of any future business transactions in relation to the Lighthouse Group, if and when any such transaction was to occur.

Tax losses relating to the Australian Group and deductible temporary differences do not expire under current tax legislation.

7. Dividends

a) Dividends paid

The following dividends were paid by the Company:

	Consolidated US$'000	
	2018	**2017**
Interim ordinary dividend for the year ended 30 June 2018 of USD 7.0 cents	11,348	-
Final ordinary dividend for the year ended 30 June 2017 of USD 8.0 cents	13,042	-
Interim ordinary dividend for the year ended 30 June 2017 of USD 6.0 cents	-	9,606
Final ordinary dividend for the year ended 30 June 2016 of USD 7.0 cents	-	11,417
	24,390	**21,023**

The Directors have determined a final unfranked dividend of 9.0 cents per share (with 100% conduit foreign income credits). The dividend will be paid on 31 August 2018.

The aggregate amount of the proposed dividend will be paid out of the balance of the parent entity profits reserve as at 30 June 2018.

The dividends have not been provided for as at 30 June 2018, and there are no income tax consequences.

b) Dividend franking account

	Consolidated US$'000	
	2018	**2017**
Amount of franking credits available to shareholders of Navigator Global Investments Limited for subsequent financial years	**761**	**792**

Dividends paid and declared during the 2018 financial year have been unfranked. The movement in the franking account balance relates to foreign currency movements only.

Notes to the financial statements

For the year ended 30 June 2018

8. Earnings per share

	Consolidated US$'000	
	2018	2017
Basic earnings per share	(8.05)	10.91
Diluted earnings per share	(8.05)	10.91

Reconciliation of earnings used in calculating earnings per share

Basic and diluted earnings per share

	Consolidated US$'000	
	2018	2017
Profit from continuing operations attributable to ordinary equity holders of the Company used in calculating basic and diluted earnings per share	**(13,056)**	**17,683**

Weighted average number of shares used in calculating basic and diluted earnings per share

		'000 shares	
		2018	2017
Issued ordinary shares at 1 July	17	162,148	162,148
Weighted average number of ordinary shares used in calculating basic, diluted and underlying earnings per share		**162,148**	**162,148**

The Company did not have any potential ordinary shares outstanding at balance date. The weighted average number of shares used in calculating basic and diluted earnings per share are therefore the same.

Notes to the financial statements

For the year ended 30 June 2018

Operating assets and liabilities

This section of the notes to the financial statements provides information on the operating assets and liabilities of the Navigator Global Investments Limited Group, including explanations of the Group's key assets used to generate operating results and the corresponding liabilities. Information on other assets and liabilities can be found in the following sections:

- Section 1 – Cash; Deferred tax assets
- Section 3 – Capital and reserves

Where an accounting policy or key estimate is specific to a single note, the policy or estimate is described in the note to which it relates.

9. Trade and other receivables

	Consolidated US$'000	
	2018	**2017**
Trade receivables due from Group managed products	12,660	9,943
Trade receivables due from externally managed products	606	414
Other receivables and prepayments	1,362	873
	14,628	**11,230**

Trade receivables due from Group managed products comprise management and platform service fees, performance fees, and recoverable costs. Trade receivables due from externally managed products comprise receivables due from a third party and relate to management and performance fees on funds for which Lighthouse performs investment services.

Trade receivables are non-interest bearing and are generally on 30 to 90 day terms. Trade receivables are initially recognised at fair value, being the original invoice amount rendered for the services or recoverable costs provided. Collectability of trade receivables is reviewed regularly and an allowance is made against the fair value of trade receivables for any amounts which are considered uncollectible. There are no amounts considered uncollectible or impaired as at 30 June 2018 or 30 June 2017.

Other receivables and prepayments relate to items such as prepaid expenses (principally in relation to insurance policies), rent, outgoings and other operating expenses on-charged to sublease tenants, short-term deposits, interest receivable on cash deposits, and pending redemptions from investments in Group managed products.

The carrying amount of these assets is a reasonable approximation of fair value. The Group's exposure to credit risk, currency risk and impairment losses related to trade and other receivables is disclosed in note 18.

Notes to the financial statements

For the year ended 30 June 2018

10. Investments recognised at fair value

	Consolidated US$'000	
	2018	**2017**
Available-for-sale financial assets	5,638	5,005
Financial assets at fair value through profit or loss	10,821	9,450
	16,459	**14,455**

Available-for-sale financial assets

Available-for-sale financial assets comprise non-controlling equity holdings in the unquoted securities of US based limited liability companies over which the Group does not have significant influence.

Available-for-sale financial assets are initially recognised at transaction price plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value with changes, other than impairment losses, recognised in other comprehensive income and presented in the fair value reserve in equity. On derecognition of an available-for-sale financial asset, any cumulative gain or loss in the fair value reserve is reclassified to profit or loss.

Available-for-sale financial assets are assessed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. A significant or prolonged decline in fair value below its cost is objective evidence of impairment.

Impairment losses on available-for-sale financial assets are recognised in profit or loss as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale financial asset in a future period will be recognised in other comprehensive income.

Note 18 provides details on the methods used to determine fair value, and information on exposure to credit and market rate risks related to these investments.

Financial assets at fair value through profit or loss

	Consolidated US$'000	
	2018	**2017**
Investments in unquoted securities of entities managed by Lighthouse	10,821	9,450
	10,821	**9,450**

These assets have been classified as fair value through profit or loss upon initial recognition as the Group manages these assets and evaluates performance in relation to these financial assets on a fair value basis. These investments are measured at fair value, and changes in their fair value are recognised in profit or loss.

Note 18 provides details on the methods used to determine fair value, and information on exposure to credit and market rate risks related to these investments.

Notes to the financial statements

For the year ended 30 June 2018

11. Investment in equity accounted investee

The Group has a 40% interest in Casement Capital Management LP, a US based limited partnership that is in the start-up phase of developing an institutional grade investment opportunity in the commodities trading area. This interest is accounted for using the equity method in the consolidated financial statements. Under the equity method, the investment in the entity is initially recognised at cost. The carrying amount of the investment is adjusted to recognise the Group's share of the entity's operating profit or loss.

The Group contributed $1,500 thousand of equity to this entity during the year ended 30 June 2017. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in the entity.

Taking into account the future funding requirements and the likelihood of success of the business model, the directors have assessed the carrying amount of the investment at 30 June 2018 at $Nil (30 June 2017: $500 thousand).

A reconciliation of the carrying amount of the investment in the consolidated financial statements is set out below:

Reconciliation of the carrying amount of the Group's investment in Casement Capital Management LP:

	Consolidated US$'000	
	2018	**2017**
Opening balance 1 July	500	-
Investment into Casement Capital Management LP	-	1,500
Group's share of operating loss	(378)	(624)
Impairment loss	(122)	(376)
Closing balance 30 June	**-**	**500**

Notes to the financial statements

For the year ended 30 June 2018

12. Plant and equipment

	Consolidated US$'000			
	Furniture & equipment	Computer equipment & software	Leasehold improvements	Total
Cost				
Balance at 1 July 2016	1,210	2,342	1,110	4,662
Additions	51	208	84	343
Balance at 30 June and 1 July 2017	1,261	2,550	1,194	5,005
Additions	586	914	668	2,168
Disposals	-	(5)	(282)	(287)
Balance at 30 June 2018	**1,847**	**3,459**	**1,580**	**6,886**
Depreciation				
Balance at 1 July 2016	(894)	(1,994)	(598)	(3,486)
Depreciation for the year	(64)	(221)	(76)	(361)
Balance at 30 June and 1 July 2017	(958)	(2,215)	(674)	(3,847)
Depreciation for the year	(110)	(367)	(157)	(634)
Disposals	-	-	283	283
Balance at 30 June 2018	**(1,068)**	**(2,582)**	**(548)**	**(4,198)**
Carrying amounts				
At 1 July 2016	316	348	512	1,176
At 30 June and 1 July 2017	303	335	520	1,158
As at 30 June 2018	**779**	**877**	**1,032**	**2,688**

Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and impairment.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Ongoing repairs and maintenance is expensed as incurred.

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use. Gains and losses on disposal of an item are determined by comparing the proceeds from disposal with the carrying amount, and are recognised in profit and loss.

Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful life of the asset as follows:

Leasehold improvements:	Lease term
Computer software and equipment:	3-5 years
Furniture and equipment:	7-20 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually. The carrying value of plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements

For the year ended 30 June 2018

13. Intangible assets

	Consolidated US$'000			
	Goodwill	Trademarks	Software	Total
Cost				
Balance at 1 July 2016	499,519	1,900	2,050	503,469
Balance at 30 June and 1 July 2017	499,519	1,900	2,050	503,469
Balance at 30 June 2018	**499,519**	**1,900**	**2,050**	**503,469**
Amortisation and impairment losses				
Balance at 1 July 2016	(405,718)	(808)	(1,175)	(407,701)
Amortisation for the year	-	(95)	(250)	(345)
Balance at 30 June and 1 July 2017	(405,718)	(903)	(1,425)	(408,046)
Amortisation for the year	-	(95)	(250)	(345)
Balance at 30 June 2018	**(405,718)**	**(998)**	**(1,675)**	**(408,391)**
Carrying amounts				
At 1 July 2016	93,801	1,092	875	95,768
At 30 June and 1 July 2017	93,801	997	625	95,423
At 30 June 2018	**93,801**	**902**	**375**	**95,078**

Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the Group's accounting policy relating to the measurement of goodwill at initial recognition, see note 19.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses

Other intangible assets

Other intangible assets acquired by the Group, which have finite lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Trademarks:	20 years
Capitalised software development costs:	5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

13. Intangible assets (continued)

Impairment testing of intangible assets

The carrying amounts of the Group's intangible assets are reviewed at least annually, or when an impairment indicator exists. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in profit or loss. An impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of the other assets in the CGU on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

Impairment testing as at 30 June

Cash generating unit

For the purpose of impairment testing, intangible assets are allocated to a US based funds management cash generating unit (US CGU):

	Consolidated US$'000 Carrying Amount	
	2018	**2017**
Goodwill	93,801	93,801
Trademarks	902	997
Software	375	625
	95,078	**95,423**

Impairment testing carried out on the US CGU as at 30 June 2017 and 30 June 2018 did not result in the recognition of any impairment losses.

Recoverable amount

The recoverable amount of the CGU was determined based on a value-in-use calculation.

The calculation utilises five years of cash flow projections. The first three years of these projections are based on financial forecasts approved by the board of directors, which are then extrapolated over an additional two years.

Revenue for the additional two years is extrapolated using an industry long term growth rate. Investment management costs and operating expenses are extrapolated based on ratios consistent with the third year of the approved financial forecasts. Key assumptions used in the calculation are discount rates, terminal value growth rates, and the EBITDA growth rate:

Key assumption	2018	2017
Discount rate	15.6%	13.8%
Terminal value growth rate	3.7%	3.2%
Forecast EBITDA growth rate (average next 5 years)	6%	7%

The discount rate is a post-tax measure calculated based on US risk factors as well as other risk factors specific to the industry and operational nature of the business, including an assumed debt leveraging of 10% (FY17: 15%) at a market interest rate of 4.72% (FY17: 4.44%).

The terminal growth rate is based on the forecast long-term growth rate for Open-End Investment Funds in the United States.

The average forecast EBITDA growth rate for 5 years of cash flow projections of 6% is considered to be reasonable in comparison to the average EBITDA growth achieved by the US CGU for the 5 year period to 30 June 2018 of 9%.

A reasonably possible change in these assumptions would not result in an implied impairment of this CGU.

Notes to the financial statements

For the year ended 30 June 2018

14. Trade and other payables

	Consolidated US$'000	
	2018	**2017**
Current		
Trade creditors	75	14
Deferred rent liability	122	154
Other creditors and accruals	3,129	2,488
	3,326	**2,656**
Non-current		
Deferred rent liability	**1,052**	**689**

Trade creditors are non-interest bearing and normally settle on 30 to 90 day terms.

Deferred rent relates to operating leases for office space. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Current deferred rent represents the amount to be recognised within 12 months of reporting date. Non-current deferred rent represents the amount to be recognised more than 12 months from reporting date.

Other creditors and accruals relate to items such accrued distribution costs, accrued operating expenses, and product costs and expenses.

The carrying amount of these liabilities is a reasonable approximation of fair value. The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 18.

15. Employee benefits

	Consolidated US$'000	
	2018	**2017**
Current		
Short-term incentives	11,680	8,648
Liability for annual leave	105	124
	11,785	**8,772**
Non-current		
Liability for long service leave	**108**	**117**

Short-term benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be measured reliably. These liabilities are not discounted.

Long-term benefits

The Group's obligation in relation to long-term employee benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. The discount rate used is the relevant corporate bond rate at reporting date.

Notes to the financial statements

For the year ended 30 June 2018

Capital and risk

This section of the notes to the financial statements provides information on how Navigator Global Investments Limited manages its capital and financial risk. On the following pages you will find disclosures explaining the Group's:

- capital management, including structure, policies, and related accounts balances; and
- exposure to financial risks, including market risks, credit risk, liquidity risk, and the risk arising from financial instruments.

Where an accounting policy or key estimate is specific to a single note, the policy or estimate is described in the note to which it relates.

16. Capital management

Capital management of the Group focuses on aiming to ensure:

- that the Group continues as a going concern;
- there is sufficient cash flow to meet operating requirements;
- flexibility is maintained for future business expansion; and
- that the payment of dividends is supported in accordance with the Group's dividend policy.

As at 30 June 2018 and 30 June 2017, the Company's capital comprises ordinary shares on issue.

Regulatory Capital Requirements

In accordance with the requirements of the Central Bank of Ireland, wholly-owned subsidiary LHP Ireland Fund Management Limited must maintain a prescribed capital amount, determined as a base requirement of 125 thousand Euros plus .02% of excess over 250 million Euros in assets under management, plus an additional .01% of the assets under management for potential liability risk. This requirement was complied with throughout the year.

17. Capital and reserves

a) Ordinary shares on issue

	Shares '000	
	2018	**2017**
Ordinary shares on issue as at 30 June	**162,148**	**162,148**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. The Company does not have authorised capital or par value in respect of issued shares. All ordinary shares rank equally with regard to the Company's residual assets. Ordinary shares have the right to receive dividends as declared and are entitled to one vote per share at general meetings of the Company.

17. Capital and reserves (continued)

b) Nature and purpose of reserves

	Consolidated US$'000	
	2018	**2017**
Parent entity profits reserve	14,911	13,279
Translation reserve	850	850
Fair value reserve	2,281	1,495
Share-based payments reserve	13,326	13,326
	31,368	**28,950**

The parent entity profits reserve comprises the balance of accumulated profit for the Company not yet distributed as dividends and represents profits available for distribution to shareholders as dividends in future years.

The translation reserve is used to record foreign currency differences arising from the translation of the financial statements of operations which have a functional currency that is different to the Group's presentation currency.

The fair value reserve comprises of the increase in the fair value of available-for-sale financial assets above their original purchase value.

The share based payments reserve records share based payments associated with historical performance rights and share options.

18. Financial risk management

Classes of financial instruments

Definitions

During the years ended 30 June 2017 and 2018, the Group held the following non-derivative financial assets and liabilities:

Classification	Description	Note
Loans and receivables	The carrying amount of these assets is a reasonable approximation of fair value	
	▪ Cash	5
	▪ Trade and other receivables	9
Other financial liabilities	The carrying amount of these assets is a reasonable approximation of fair value	
	▪ Trade and other payables	14
Financial assets at fair value through profit or loss	▪ Investments in unquoted securities of entities managed by Lighthouse	10
Available-for-sale financial assets	▪ Non-controlling equity holdings in US based limited liability companies over which the Group does not have significant influence. Fair value movements in these assets are recognised through other comprehensive income.	10

Notes to the financial statements

For the year ended 30 June 2018

18. Financial risk management (continued)

Derecognition of financial instruments

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Offset of financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Fair value of financial instruments

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The different levels of fair value hierarchy are:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data.

Fair value measurements

The following table shows the fair values of financial assets and their levels in the fair value hierarchy.

	Note	Level 1	Level 2	Level 3	Total
			30 June 2017		
Available-for-sale financial assets					
Investment in unquoted securities of externally managed entities	10	-	-	5,005	5,005
Financial assets at fair value through profit or loss					
Investments in unquoted securities of entities managed by Lighthouse	10	-	9,450	-	9,450
			30 June 2018		
Available-for-sale financial assets					
Investment in unquoted securities of externally managed entities	10	-	-	5,638	5,638
Financial assets at fair value through profit or loss					
Investments in unquoted securities of entities managed by Lighthouse	10	-	10,821	-	10,821

There were no transfers between levels during the financial years ended 30 June 2018 or 30 June 2017.

Notes to the financial statements

For the year ended 30 June 2018

18. Financial risk management (continued)

Valuation techniques used to derive level 2 and level 3 fair values

The fair value of financial instruments that are not in an active market are determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available. If the significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3, as is the case for unlisted equity securities.

Specific valuation techniques used to value level 2 and level 3 financial instruments include:

Share in unquoted securities of entities managed by Lighthouse

The Group holds investments in entities managed by Lighthouse. Each investment entity has an external administrator who is responsible for determining the fair value of the underlying investments of each entity and using this to calculate the net asset value per share at which any investor in the entity can redeem their investment holding ('the exit price'). The fair value of these investments as at 30 June 2018 and 30 June 2017 is the exit price as calculated and provided by the external administrator of the investment entities. All significant inputs required to fair value the investments are therefore observable.

Unquoted securities of externally managed entities

The shares held in other externally managed entities are unquoted and are considered level 3 as the inputs to the fair value are not based on observable market prices.

Boutique asset manager

The fair value of this investment has been determined with reference to publicly available current industry valuation multiples, and then applying a liquidity/marketability discount to take into account the unlisted nature of this investment.

Operator of an online marketplace for alternative investments

The fair value of this investment is based on a sale transaction between existing equity holders which occurred in May 2018, and then applying a liquidity/marketability discount to take into account the unlisted nature of the investment.

Text analytics platform provider

The fair value of this investment is based on the price per share of additional capital issued by the entity as part of a Series B capital raising which commenced in May 2018.

Movement in Level 3 assets

The following table presents the change in Level 3 assets for the financial years ended 30 June 2018 and 30 June 2017:

		Consolidated US$'000			
	Note	Investment in unquoted securities	Investment in promissory notes	Deferred consideration receivable	Total
Opening balance 30 June 2016		**2,889**	**686**	**178**	**3,753**
Receipt of deferred revenue recognised on sale of subsidiary		-	-	(212)	(212)
Movement due to foreign exchange losses and change in estimates		-	-	34	34
Increase in fair value through other comprehensive income		910		-	910
Investments in convertible promissory notes		-	150	-	150
Interest income on convertible promissory notes		-	13	-	13
Increase in fair value through profit or loss		-	353	-	353
Conversion of promissory notes to equity		1,202	(1,202)	-	-
Investments in unquoted securities		200	-	-	200
Impairment of unquoted securities		(196)	-	-	(196)
Closing balance 30 June 2017	10	**5,005**	**-**	**-**	**5,005**
Increase in fair value through other comprehensive income		633	**-**	**-**	633
Closing balance 30 June 2018	10	**5,638**	**-**	**-**	**5,638**

There were no transfers in or out of Level 3 during the financial year ended 30 June 2018.

Notes to the financial statements

For the year ended 30 June 2018

18. Financial risk management (continued)

Financial Risk Management

The Group has direct and indirect exposure to credit risk, liquidity risk and market risk (including currency risk, interest rate risk and equity price risk) arising from its activities.

These risks can impact the Group's net profit and total equity value through:

- fluctuations in the value of the Group's investments and other financial assets and liabilities;
- the effect of market risks on the Group's Assets Under Management (AUM), which can impact management, platform and performance fees; and
- the amount of interest earned on the Group's cash balances.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash deposits and receivables. The carrying amount of these financial assets represents the Group's maximum credit risk exposure.

Cash and lease guarantee deposits

Cash and lease guarantee deposits held in Australia are held with bank counterparties which are rated A-1+ (Standard & Poor's).

Cash and lease guarantee deposits held in the United States are held in deposit accounts which are rated A-2 (Standard & Poor's).

Trade and other receivables

At reporting date, 87% of the Group's trade and other receivables related to amounts receivable from products managed by the Group (2017: 89%).

As at reporting date, the Group did not have any receivables which were past due. Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade and other receivables.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Interest rate risk

As at 30 June 2018, the Group's exposure to interest rate risk relates primarily to the Group's cash.

A change in interest rates at reporting date would not have impacted the carrying value of the Group's variable rate deposits, and would therefore not have impacted the Group's equity or profit or loss.

Currency risk

The Group is exposed to currency risk on revenue, expenses, receivables and payables that are denominated in a currency other than the respective functional currencies of the Group entities. The following significant exchange rates applied during the year:

	2018	2017
AUD/USD: Average rate	.7753	0.7545
AUD/USD: 30 June spot rate	.7391	0.7692

At reporting date, the Group's direct exposure to currency risk relates to:

- AUD denominated transactions and balances recognised by Navigator Global Investments Limited which has a functional currency of USD. Due to Navigator Global Investments Limited's position as the parent entity of the Australian listed group, it retains a number of working capital balances denominated in AUD.
- AUD denominated balances recognised by the Lighthouse Group which has a functional currency of USD. These balances comprise receivables due from a third party which relate to management and performance fees on funds for which Lighthouse performs investment services.

The following table summarises the sensitivity of the balance of financial instruments held at reporting date to movement in the AUD/USD exchange rate, with all other variables held constant.

	Consolidated US$'000	
	2018	2017
AUD/USD: appreciation of 10%, net of tax	51	6
AUD/USD: depreciation of 10%, net of tax	(51)	(6)

18. Financial risk management (continued)

Price risk

The Group is exposed to price risk in relation to the value of its investments, and indirectly through the impacts on management and performance fees earned from the fluctuations in the value of the AUM in the investment products it manages due to market price movements.

Investments

The Group's investments comprise:

- financial assets at fair value through profit or loss, which are comprised of investments in the unquoted securities of investment funds
- available-for-sale financial assets which are comprised of investments in the unquoted securities US based limited liability companies.

The following table summarises the sensitivity of the fair value (after tax) of these assets to movements in market prices:

	Consolidated US$'000	
	2018	**2017**
Profit or loss (decrease) / increase		
Fair value + 5%, net of tax	384	288
Fair value - 5%, net of tax	(384)	(288)
Equity (decrease) / increase		
Fair value + 5%, net of tax	200	153
Fair value - 5%, net of tax	(200)	(153)

Management and platform fees

The Group earns management and platform fees as a percentage of the assets it manages on behalf of its funds and clients. Management and platform fees will be impacted by changes in the value of these assets from movements in the individual prices of the underlying securities held as well as the fluctuations in exchange rates for assets which are not denominated in USD.

The following table summarises the sensitivity of management and platform fees to a change in AUM due to movements in market prices:

	Consolidated US$'000	
	2018	**2017**
Profit or loss (decrease) / increase		
Fair value + 5%, net of tax	2,550	2,033
Fair value - 5%, net of tax	(2,550)	(2,033)

The impact of any change to management and platform fees due to changes in AUM from inflows and outflows of assets by clients due to changes in market prices has not been estimated.

Performance fees

The Group earns performance fees from some of its funds and clients. The Group's entitlement to performance fees varies between the relevant funds and clients, and generally is dependent on the relevant fund or client portfolio outperforming a high watermark and in some cases a benchmark hurdle over a performance period. Given the nature of performance fees, the Group is subject to the risk that in any given financial year it may earn no performance fees.

Notes to the financial statements

For the year ended 30 June 2018

18. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it has sufficient resources available to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group maintains 12 month rolling forecasts, which assist it in monitoring cash flow requirements. The Group ensures that it has sufficient cash on demand to meet operational requirements. This approach excludes the potential impact of extreme circumstances which cannot be predicted.

The following are the contractual maturities of non-derivative financial liabilities as at balance date:

		Consolidated US$'000						
	Note	Carrying value	Cont-ractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
30 June 2017								
Trade and other payables - current	14	**2,502**	**(2,502)**	**(2,502)**	**-**	**-**	**-**	**-**
30 June 2018								
Trade and other payables - current	14	**3,204**	**(3,204)**	**(3,204)**	**-**	**-**	**-**	**-**

Trade and other payables

It is not expected that the cash flows included in the maturity analysis for these liabilities could occur significantly earlier, or at significantly different amounts.

Notes to the financial statements

For the year ended 30 June 2018

Group structure

This section of the notes to the financial statements outlines how the Navigator Global Investments Limited's group structure affects the financial position and performance of the Group as a whole. On the following pages you will find disclosures explaining the Group's composition, key parent entity disclosures and discontinued operations.

Where an accounting policy or key estimate is specific to a single note, the policy or estimate is described in the note to which it relates.

19. Group entities

The Group's consolidated financial statements include the financial statements of Navigator Global Investments Limited and its subsidiaries:

Name	Country of incorporation	% Equity interest	
		2018	2017
HFA Lighthouse Holdings Corp	United States	100	100
HFA Lighthouse Corp	United States	100	100
LHP Investments, LLC	United States	100	100
Lighthouse Investment Partners, LLC	United States	100	100
Lighthouse Partners NY, LLC	United States	100	100
Lighthouse Partners UK, LLC	United States	100	100
North Rock Capital Management LLC	United States	100	100
Lighthouse Partners Limited (HK)	Hong Kong	100	100
LHP Ireland Fund Management Limited	Ireland	100	100
LDO 906 Limited	Cayman Islands	100	100

Basis of consolidation

The consolidated financial statements are those of the Group, comprising Navigator Global Investments Limited (the parent company, formally HFA Holdings Limited) and all entities that Navigator Global Investments Limited controlled during the period and at reporting date.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement in the investee and has the power to affect those returns through its power over the investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group losses control of the subsidiary. The assets, liabilities, income and expenses of a subsidiary are included in the consolidation financial statements from the date the Group gains control, until the date the Group ceases to control the subsidiary.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange.

20. Parent entity disclosures

As at, and throughout the financial year ended 30 June 2018, the parent company of the Group was Navigator Global Investments Limited.

	Company US$'000	
	2018	**2017**
Result of the parent entity		
Profit for the year	26,022	21,908
Total comprehensive income for the year	**26,022**	**21,908**
Financial position of the parent at year end		
Current assets	16,821	15,210
Total assets	283,833	282,224
Current liabilities	(183)	(197)
Total liabilities	(292)	(315)
Net assets	**283,541**	**281,909**
Total equity of the parent comprising of:		
Share capital	257,355	257,355
Retained earnings	2,397	2,397
Parent entity profits reserve	14,911	13,279
Translation reserve	5,070	5,070
Share based payments reserve	3,808	3,808
Total equity	**283,541**	**281,909**

Other disclosures

This section includes information that the Directors do not consider to be significant in understanding the financial performance and position of the Group, but must be disclosed to comply with the Accounting Standards, the Corporations Act 2001 or the Corporations Regulations.

21. Related parties

Key management personnel remuneration

The key management personnel remuneration included in 'employee expenses' (see note 3) is as follows:

	Consolidated US$	
	2018	2017
Short-term employee benefits	5,563,793	4,907,201
Long-term employee benefits	3,616	13,621
Post-employment benefits	94,419	134,549
	5,661,828	**5,055,371**

Individual directors' and executives' remuneration disclosure

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

Other related party transactions

Lighthouse Investment Partners, LLC

Lighthouse Investment Partners, LLC (Lighthouse) is a wholly owned subsidiary of the Group and is a registered investment advisor under the Investment Advisors Act of 1940 and operates as general partner and investment manager for the Lighthouse investment products.

During the financial year Lighthouse recognised management, platform service fees and performance fees received or receivable of $83,197,714 (2017: $72,731,155 from investment products for which Lighthouse acts as general partner and investment manager or platform service provider. Amounts receivable from these products at 30 June 2018 were $12,660,017 (2017: $9,942,741).

Investment in products

As at 30 June 2018, Group entities hold $10,822,366 of investments in products for which they act as investment manager or platform service provider (2017: $9,450,482 Refer note 10 for additional detail.

During the financial year, the Group recognised distributions from its investments in these products of $nil (2017: $nil).

Equity accounted investee

As disclosed in note 11, the Group holds a 40% interest in a US based limited partnership which commenced operations in July 2016.

In addition to the $1,500,000 equity provided to the entity, the Group also provided an additional $1,750,597 as an unsecured loan to the entity for operating costs. The Group also provided certain operational support to the entity, including legal and compliance assistance and office space.

As at 30 June 2018, the entity has not made material progress in meeting is business objectives and has operated at a loss since its inception. The Group has determined that it will not provide any further funding to the entity after 30 June 2018. As such, it is considered that it is unlikely that the entity will make a return of equity or repay the funding provided, and as such these amounts have been written down to nil, resulting in an impairment expense for the 2018 financial year of $1,872,597 (2017: $375,890)

Other

There have been no guarantees provided or received for any related party receivables.

For the years ended 30 June 2018 and 30 June 2017, the Group has not raised a provision for doubtful debts relating to amounts owed by related parties. Additional information regarding the Group's assessment of credit risk in relation to related party receivables and investments is disclosed in note 18.

Notes to the financial statements

For the year ended 30 June 2018

22. Auditors' remuneration

	Consolidated US$ 2018	Consolidated US$ 2017
Audit and review services		
EY (FY17: KPMG): Audit and review of financial reports	245,864	287,620
Audit firms other than EY (FY17: other than KPMG): Audit and review of financial reports	66,139	17,425
	312,003	**305,045**
Services other than statutory audit		
Audit firms other than EY (FY17: other than KPMG): Taxation and other advisory services	19,903	38,850
	19,903	**38,850**

23. Commitments

Operating lease commitments

Group as lessee

The Group has entered into operating leases on office equipment and premises. These leases have a remaining life of between 2 months and 10 years.

Future minimum lease payments payable under non-cancellable operating leases as at 30 June are as follows:

	Consolidated US$'000 2018	Consolidated US$'000 2017
Within one year	2,155	1,815
After one year but not more than five years	7,712	7,845
More than five years	8,067	9,720
	17,934	**19,380**

Group as lessor

The Group has entered into operating leases to sub-lease office premises. These leases have a remaining life of 2 years.

Future minimum lease payments receivable under these sub-leases as at 30 June are as follows:

	Consolidated US$'000 2018	Consolidated US$'000 2017
Within one year	630	238
After one year but not more than five years	1,728	257
More than five years	2,179	-
	4,537	**495**

24. Contingent liabilities

Investment fund related obligations

The Company's subsidiary Lighthouse Investment Partners, LLC acts as the Investment Manager for certain private investment funds under Delaware Law, Cayman Islands Law and Irish Law. Due to its role as Investment Manager the subsidiary may be subject to contingent liabilities as a result of its obligations to the funds. The directors of Lighthouse Investment Partners, LLC consider that all obligations have been met to 30 June 2018.

Sale of Certitude

The Share Sale Agreement for the sale of Certitude Global Investments Limited completed on 30 April 2015 included a number of representations to, and warranties and indemnities for the benefit of, the purchaser. These representations, warranties and indemnities relate to potential losses arising from the conduct of the Certitude business as a responsible entity whilst a member of the Group. As part of the sale, the Company has purchased a professional indemnity and directors and officer insurance policy which provides run-off cover for a period of 7 years from the date of the sale.

Notes to the financial statements

For the year ended 30 June 2018

25. Subsequent events

Events occurring after reporting period

Mesirow Advanced Strategies

On 1 July 2018 the Group's United States subsidiary, Lighthouse Investment Partners, LLC ('Lighthouse') completed an agreement with Mesirow Financial ('Mesirow') under which it acquired the right to manage $5.39 billion of client assets from Mesirow Advanced Strategies ('MAS'), the multi-manager hedge fund division of Mesirow ('the transitioned assets').

Under the transaction, Lighthouse acquired the contractual rights to act as investment manager of these assets, along with some related de minimus intellectual property, tangible property and prepayments. Lighthouse also made employment offers to 56 of the MAS staff, and these staff commenced as Lighthouse employees on 1 July 2018.

The Group did not acquire any equity interests in Mesirow as part of the transaction.

The purchase consideration is a contingent consideration arrangement. Under the agreement, there is no upfront consideration at acquisition date, other than reimbursement in cash of an immaterial amount for transferred prepaid operating expenses.

The transaction does not require an issue of equity by the Company or for the Company to obtain debt funding.

The contingent consideration that may be paid in the future will be determined under an earnout payment over seven years, calculated as an agreed percentage of EBITDA generated by the transitioned assets above a floor amount. Significant assumptions must be made in estimating the contingent consideration, including but not limited to, the retention level of the assets over the full earnout period and the operating expenses required to support these assets.

The Group is still in the process of assessing the fair values of the acquired assets and assumed liabilities in relation to the transaction. As a result, as at the date of this report the Group is not in a position to determine and disclose:

- the fair value of assets acquired as at acquisition date;
- the amount of any goodwill or gain from a bargain purchase which may arise on the transaction; or
- the revenue and profit or loss of the combined entity for the reporting period ending 30 June 2018 as though the acquisition had occurred as at 1 July 2017.

As at 30 June 2018, approximately $1 million of acquisition costs has been incurred in relation to the transaction.

Line of Credit arrangement

On 27 July 2018 the Group entered into a $15 million line of credit arrangement. The facility has been put in place to provide the Group with access to funding if considered necessary. This arrangement is undrawn.

Other than noted above, there has not arisen in the interval between the end of the reporting period and the date of this report, any other item, transaction or event of a material nature, likely to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Notes to the financial statements

For the year ended 30 June 2018

Basis of preparation

This section sets out the basis upon which the Group's financial statements are prepared as a whole. Specific accounting policies are described in their respective notes to the financial statements. This section also shows information on new accounting standards, amendments and interpretations, and whether they are effective in 2018 or later years. We explain how these changes are expected to impact the financial position and performance of the Group.

26. Corporate information

The financial report of Navigator Global Investments Limited (the 'Company', formerly known as HFA Holdings Limited) for the year ended 30 June 2018 was approved by the board of directors on the 9th day of August 2018.

The consolidated financial statements of the Company as at and for the year ended 30 June 2018 comprise the Company and its subsidiaries (the 'Group') (see note 19).

The Company is a for profit company limited by shares incorporated in Australia and is listed on the Australian Securities Exchange. The registered office of the Company is Level 21, 10 Eagle Street, Brisbane QLD 4000.

27. Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards (AASB) and other authoritative pronouncements of the Australian Accounting Standards Board.

The consolidated financial statements also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

During the period, disclosures reflect changes to the comparative period to conform to the current period's presentation.

Details of the Group's accounting policies, including changes during the year, are included in note 30 as well as within the individual notes to the financial statements.

28. Basis of measurement

The consolidated financial statements have been prepared on a going concern basis. The consolidated financial statements have been prepared on a historical cost basis except for the following items:

Items	Measurement basis
Financial instruments at fair value through profit or loss	Fair value
Available-for-sale financial assets measured at fair value	Fair value

The methods used to measure fair value are discussed further in note 18.

29. Functional and presentation currency

The consolidated financial statements are presented in US dollars ('USD'), which is the Company's functional currency.

The amounts contained in this financial report have been rounded to the nearest thousand dollars in accordance with the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016, unless otherwise stated.

Translation of foreign currency

Transactions in foreign currencies are translated to the respective functional currency of Group entities at rates of exchange ruling on the date of those transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at the year-end exchange rate of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss.

Notes to the financial statements

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30. Other accounting policies

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- note 6 - recognition of deferred tax assets: availability of future taxable profit against which carried forward tax losses can be used;
- note 13 - impairment test: key assumptions underlying recoverable amounts of intangible assets;
- note 10 - fair value measurement of investments;

Measurement of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value. The methods used to determine fair values for measurement and / or disclosure purposes are included in the following notes:

- notes 10 and 18 - investments in financial assets at fair value through profit or loss; and
- notes 10 and 18 - investments in available-for-sale financial assets.

Changes in accounting policies

New and amended standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period:

- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle

These did not have a material impact on the disclosures or the amounts recognised in the Group's financial statements.

Accounting standards and interpretations issued but not yet effective

The following Australian accounting standards and interpretations that are relevant to the Group's operations have been issued but are not yet effective and have not been adopted by the Group for the year ended 30 June 2018.

The Group intends to adopt these standards, if applicable, when they become effective.

AASB 9 Financial Instruments

AASB 9 brings together three aspects of accounting for financial instruments: classification and measurement, impairment and hedge accounting. The standard is mandatory for annual periods beginning on or after 1 January 2018 and will be applied by the Group from the reporting period commencing 1 July 2018.

The Group has performed an impact assessment of AASB 9. Overall, the Group does not expect a significant impact on its statement of financial position or income statement. The Group will implement changes in classification of certain financial instruments.

(a) Classification and measurement

The Group does not expect a significant impact on its statement of financial position or income statement from applying the classification and measurement requirements of AASB 9. It expects to continue measuring at fair value all financial assets currently held at fair value. For those investments in unquoted securities of externally managed entities that are currently held as available for sale with fair value gains and losses recorded in other current income (OCI), the Board has applied the option to continue to present fair value changes in OCI, and therefore the application of AASB 9 will not have a significant impact. As a result of applying this option, the fair value reserve associated with these investments is prohibited from being recycled to the profit and loss on disposal, but can be transferred within equity.

Trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group has analysed the contractual cash flow characteristics of these instruments and concluded that they meet the criteria for amortised cost measurement under AASB 9. Therefore, reclassification of these instruments is not required.

(b) Impairment

AASB 9 requires the Group to record expected credit losses on its receivables on either a 12-month or lifetime basis. As the Group's trade receivables are short-term in nature and do not contain a significant financing component, the Group will apply the simplified approach and record lifetime expected losses on all trade receivables. Due to the short-term nature of these receivables, the fact that the majority of trade receivables relate to Group managed products, and the historically low default rates for trade receivables, the application of expected credit loss model is not expected to result in the recognition of a material credit allowance.

(c) Hedge Accounting

The Group does not currently have any existing hedge relationships.

Notes to the financial statements

For the year ended 30 June 2018

30. Other accounting policies (continued)

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard is mandatory for annual periods beginning on or after 1 January 2018 and will be applied by the Group from the reporting period commencing 1 July 2018. The Group plans to apply the standard using the full retrospective method, and as a result will restate comparatives for the financial year ended 30 June 2018 where required.

The Group is in the business of providing fund and investment management services to investment entities. These services are provided based on contracts entered into with investment entities.

The impact of adopting this standard outlined in the following sections relates to revenue contracts that the Group had in place up to and including 30 June 2018. Contracts transitioned to the Group as part of the transfer of investment management rights from Mesirow Advanced Strategies ('MAS') on 1 July 2018 (refer note 25) will be assessed prior to 31 December 2018 and accounted for in accordance with the requirements of AASB 15.

(a) Sale of services

The consideration received by the Group for the provision of fund and investment management services is in the form of management and platform services fees, and in the case of some customers, performance fees.

Under current fee arrangements, the Group has concluded that the application of AASB 15 is not expected to result in a change in timing or amount of revenue recognised in relation to these fees. This is because of the uncertainty associated with the estimate of performance fees, which is not included in the transaction price until the final performance has been determined at the end of the relevant performance period. At all times prior to this, there is a high probability of any revenue recognised being reversed. All relevant performance periods are 12 months or less.

(b) Principal versus agent considerations

Under its contracts with customers, the Group is entitled to reimbursement where it pays expenses on behalf of the customer. These reimbursements have historically been recognised on a net basis in the income statement.

Where it has been assessed that the Group controls a specified good or service before it is transferred to the customer, these expenses will be presented gross from 1 July 2018, with a corresponding increase in revenue. The value of this gross up to both revenue and expenses in future years will depend of the amount of customer expense and reimbursement transactions incurred during that year and is likely to be higher with the addition of the assets transitioned from MAS on 1 July 2018. The net impact of the change is not expected to be material to net profit.

AASB 16 Leases

AASB 16 removes the classification of leases as either operating or finance leases for a lessee, and introduces a single approach to AASB 16 Leases

AASB 16 removes the classification of leases as either operating or finance leases for a lessee, and introduces a single approach to accounting for leases requiring the lessee to recognise an asset and liability in relation to the lease. The standard does not become mandatory until 1 January 2019, but is available for early adoption if AASB 15 Revenue from Contracts with Customers has also been adopted.

The Group has a number of leases for office premises and equipment, and adoption of this standard is expected to result in the following impacts to the Group's consolidated financial statements:

- recording additional assets and liabilities in its balance sheet;
- removing lease payments as an operating expense and replacing this amount with a depreciation and finance cost expense in the income statement; and
- a reclassification in the cash flow statement for payments relating to leases from operating cash outflows to financing cash outflows.

The full quantum of financial and disclosure impacts are yet to be determined with the choice of transition yet to be decided. Further information will be provided in coming financial periods.

Other Standards

The following additional new or amended standards have not yet been adopted and are not expected to have a significant impact on the Group's consolidated financial statements:

- AASB 2016-5 Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014–2016 Cycle and Other Amendments
- AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration
- AASB Interpretation 23 Uncertainty over income tax treatments
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement
- Conceptual Framework for Financial Reporting
- AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

Directors' declaration

In the opinion of the directors of Navigator Global Investments Limited (the 'Company'):

(a) the consolidated financial statements and notes that are set out on pages 35 to 71, and the Remuneration report on pages 22 to 30 of the Directors' report, are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and

  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; 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.

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2018.

3. The directors draw attention to note 27 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors.

Michael Shepherd, AO	**F P (Andy) Esteban**
Chairman and Non-Executive Director	Non-Executive Director

Dated at Sydney this 9th day of August 2018

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Independent Auditor's Report to the Members of Navigator Global Investments Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Navigator Global Investments Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 30 June 2018, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2018 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Recoverability of deferred tax assets

Refer to note 6 of the financial report

Why significant	How our audit addressed the key audit matter
Deferred tax assets represent 27% of total assets. Assessing their recoverability was subject to significant judgements made by the Group in forecasting future taxable profits and determining the availability and expected timing of utilising the deferred tax assets against future taxable income in accordance with tax laws in each applicable jurisdiction. These judgements included those concerning the ability of the US based Lighthouse Group to earn sufficient future taxable profits to utilise deferred tax assets, which include prior period tax losses, prior to the tax losses expiring.	Our audit procedures included the following: • Assessed the mathematical accuracy of the Group's deferred tax assets utilisation model; • Agreed the amount of unused tax losses carried forward as deferred tax assets to prior period lodged income tax returns; • Evaluated the company's assumptions and estimates in relation to the likelihood of generating sufficient future taxable income based on most recent Board approved forecasts, prepared by the Group, principally by performing sensitivity analyses and evaluating and testing the key assumptions used to determine the amounts recognised; • Ensured these assumptions and estimates were consistent with the criteria used for testing goodwill for impairment; • Assessed the historical accuracy of the Group's previous future taxable profit forecasts by comparing to actual performance; • Assessing the Group's determination of availability and expected timing of utilisation of deferred tax assets for consistency with tax laws in each applicable jurisdiction; and • Assessed the adequacy of the related disclosures in the financial report.

Recoverability of goodwill and other intangible assets

Refer to note 13 of the financial report

Why significant	How our audit addressed the key audit matter
The recoverability of goodwill and other intangible assets is a key audit matter due to the value of goodwill relative to total assets and the degree of judgement involved in the impairment assessment. Specifically, the judgement concerning the value in use of the US based funds management cash generating unit ("CGU") to which goodwill and other intangible assets have been allocated (the Lighthouse Group). The model used by the Group to determine value in use is subject to significant judgement due to the assumptions and estimations utilised in forecasting the future cash flows of the CGU.	Our audit procedures included the following: • Assessed the mathematical accuracy of the Lighthouse Group's value in use model; • Evaluated the company's assumptions and estimates in relation to the forecast cash flows based on most recent Board approved forecasts, prepared by the Group, principally by performing sensitivity analysis and evaluating and testing the key assumptions used to determine the amounts recognised • Ensured the assumptions and estimates were consistent with the criteria used for testing recoverability assessment of deferred tax assets • Assessed the historical accuracy of the Group's previous future cash flow forecasts by comparing to actual performance; • Involved our valuation specialists in the assessment of key assumptions utilised in the value in use model. Where applicable, we corroborated key assumptions with external information; and • Performed sensitivity analysis by varying key assumptions and assessing the impact on the recoverability of goodwill; and • Assessed the adequacy of the related disclosures in the financial report

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report, 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, with the exception of the Remuneration Report and our related assurance opinion.

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, 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 Group's ability to continue as a going concern, disclosing, as applicable, matters relating 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Navigator Global Investments Limited for the year ended 30 June 2018, 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.

Ernst & Young

Ernst & Young

R Burrows

Rebecca Burrows
Partner
Brisbane
9 August 2018

Shareholder information

As at 7 August 2018

Additional information required by the Australian Securities Exchange Limited Listing Rules is set out below.

Substantial shareholdings (not less than 5%)

The following parties have a substantial relevant interest in ordinary shares of HFA Holdings Limited:

Category	Number of ordinary shares	%
Delaware Street Capital Master Fund, LP	26,101,982	16.10%
Sean McGould, his controlled entities and associates	19,438,084	11.99%
Vinva Investment Management	8,194,511	5.05%

Twenty largest shareholders

Name	Number of ordinary shares held	Percentage of capital held
Citicorp Nominees Pty Limited	64,714,800	39.91%
HSBC Custody Nominees (Australia) Limited	27,171,983	16.76%
J P Morgan Nominees Australia Limited	22,851,743	14.09%
National Nominees Limited	9,030,634	5.57%
BNP Paribas Noms Pty Ltd	3,251,795	2.01%
BNP Paribas Nominees Pty Limited	2,252,963	1.39%
BNP Paribas Nominees Pty Limited	1,134,978	0.70%
Neweconomy.Com.Au Nominees Pty Ltd	1,093,099	0.67%
UBS Nominees Pty Ltd	971,483	0.60%
Mr Shay Shimon Hazan-Shaked	900,000	0.56%
Winchester Global Trust Company Limited	742,719	0.46%
Bond Street Custodians Limited	600,000	0.37%
Mr Ethan J Baron	593,862	0.37%
Australian Executor Trustees Limited	518,002	0.32%
Mr Mark Sheffield Hancock & Brig Ian Denis Westwood	422,252	0.26%
MR Shay Shimon Hazan-Shaked	400,000	0.25%
CS Third Nominees Pty Ltd	392,302	0.24%
Porta Group Pty Ltd	380,000	0.23%
Brispot Nominees Pty Ltd	373,074	0.23%
Mr Richard James Williams & Ms Jane Clare Frobisher Dunlop	326,000	0.20%

Shareholder information

As at 7 August 2018

Distribution of shareholdings

Range	Number of holders of ordinary shares	% of holders	Number of ordinary shares	% of share
1-1,000	668	25.14%	329,462	0.20%
1,001-5,000	1,070	40.27%	2,876,872	1.77%
5,001-10,000	413	15.54%	3,130,800	1.93%
10,001-50,000	407	15.32%	8,803,281	5.43%
50,001 – 100,000	45	1.69%	3,076,401	1.90%
100,001 and over	54	2.03%	143,931,081	88.77%
Total	**2,657**	**100.00%**	**162,147,897**	**100.00%**

The number of shareholders holding less than a marketable parcel of ordinary shares is 110.

Voting rights

Ordinary Shares

The Company has 162,147,897 fully paid ordinary shares on issue.

The fully paid ordinary shareholders of the Company are entitled to vote at any meeting of the members of the Company and their voting rights are:

- on a show of hands – one vote per shareholder; and
- on a poll – one vote per fully paid ordinary shares.

On-market buy-back

There is no current on-market buy-back.

Unquoted equity securities

There are no unquoted equity securities.