Navigator Global Investments Limited (ASX:NGI)

ASX Appendix 4E

For the year ended 30 June 2019

Results for announcement to the market

(all comparisons to the year ended 30 June 2018) *Amounts in USD'000*

				30 June 2019
Revenue from ordinary activities	Up	28%	To	**114,867**
Earnings before interest, tax, depreciation, amortisation and impairment	Up	10%	to	**37,652**
Profit from ordinary activities after tax attributable to members	Up	306%[1]	to	**26,843**
Net profit for the period attributable to members	Up	306%[1]	to	**26,843**

1 Reflects the impact of the US Tax Cuts and Jobs Act, ('HR1') that was passed into law on 22 December 2017. One of the key provisions of HR1 was to reduce the US Federal tax rate from 35% to 21% from 1 January 2018. The application of this change in tax rate resulted in a reduction in the carrying value of the Group's deferred tax assets by $35.5 million during the year ended 30 June 2018, with a corresponding increase to income tax expense in the income statement for this amount during the same period.

Dividends	Amount per ordinary share	Franked %	Conduit foreign income %
Final 2018 dividend per share (paid 31 August 2018)	USD 9.0 cents	0%	100%
Interim 2019 dividend per share (paid 8 March 2019)	USD 8.0 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:	14 August 2019
Record date:	15 August 2019
Payment date:	30 August 2019

NGI dividends are determined in US dollars. However, shareholders will receive their dividend in Australian dollars. Currency conversion will be based on the closing foreign exchange rate on the record date of 15 August 2019.

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 2019**	30 June 2018
Per ordinary share	USD 40.63 cents	USD 35.79 cents

Additional Appendix 4E requirements can be found in the Directors' Report and the 30 June 2019 Financial Report and accompanying notes.

This report is based on the 30 June 2019 Financial Report (which includes consolidated financial statements audited by Ernst & Young).

Navigator Global Investments Limited
and its controlled entities
ACN 101 585 737

Annual Report

30 June 2019

Navigator Global Investments Limited

ACN 101 585 737

Principal Office

Level 9, 39 Sherwood Road
Toowong QLD 4066

+61 7 3218 6200

www.navigatorglobal.com.au

Registered Office

Level 21
10 Eagle Street
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

Table of contents

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

US Dollars (USD)

Innovative Investment Solutions

A different approach

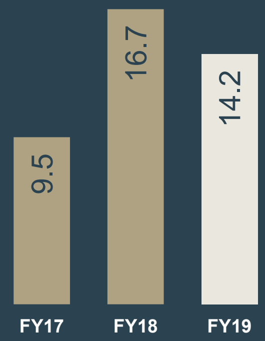
A passion to be better

2019 Snapshot

Closing assets under management

$US 14.2 bn

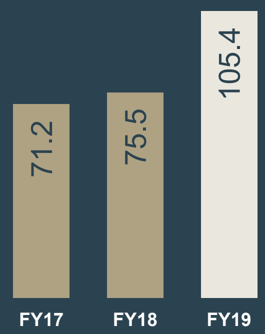
↓ 15%



Management fee revenue

$US 105.4 m

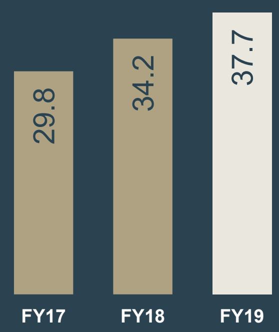
↑ 40%



EBITDA

$US 37.7 m

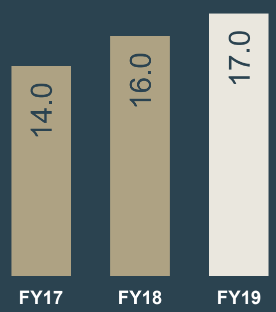
↑ 10%



Total dividends per share

17.0 US cents

↑ 6%



From the Chairman & CEO

From the Chairman & CEO

This past year has seen big changes for the Navigator Global Investments Limited Group (‘the Group’), and with change, there are always opportunities and challenges.

The financial year started with a peak in our assets under management (‘AUM’) of $16.7 billion, the result of an excellent year of asset raising by the Lighthouse team in the 2018 financial year as well as the transition of $5.4 billion of client relationships from the Mesirow Advanced Strategies (‘MAS’) transaction, which is discussed further below.

As discussed during last year’s results presentation, we did not expect to maintain that peak of AUM in this financial year. We took pains to point out that it was unlikely that we would retain all of the assets which transitioned. This proved to be true, and unfortunately was further compounded by some very difficult global markets during the December 2018 quarter which we believe prompted redemptions to occur faster than anticipated.

Despite the reduction in AUM from the peak over the past 12 months, we encourage our shareholders to take a broader focus than just that headline number. We have definitely experienced some positives over the year as well, not least of which is delivering a record FY19 EBITDA of $37.7 million.

We remain focused on executing on both our investment and business strategy. As an asset management firm with more than 20 years of experience, we know that underlying the short-term fluctuations in markets are long term business and credit cycles. It takes discipline to stay true to your process and not be distracted by noise. We also know that remaining keenly focused on creating value for our clients will be the way we continue to build a successful, long-term business.

Acquisition of client relationships from Mesirow Advanced Strategies

In early March 2018, the Group entered into an agreement to acquire substantially all of the client assets of MAS, the multi-manager hedge fund division of Mesirow Financial (‘Mesirow’). The transaction closed on 1 July 2018 with the transition of $5.4 billion of assets under management to Lighthouse on that date.

Twelve months on from transition date, we continue to manage 58% of the AUM transitioned, or $3.1 billion. The transaction was negotiated and closed in a relatively short timeframe, and as such we appreciated that there would be some uncertainty as to the exact number of clients and assets that we would retain post-transition. Redemption activity for the MAS business had picked up prior to the transaction, and we anticipated that this would continue post-transaction before stabilising. However, it is fair to say the size and speed of redemption activity was more than we expected.

While the transaction was successful from an AUM perspective, as a board we are focused on more than just the headline AUM. We remain satisfied that the MAS transaction has been and will continue to be positive for the Group. The transaction has been accretive to EBITDA in the first 12 months, and we expect this to continue as the client relationships settle and we scale the ongoing operating costs relevant to the remaining clients accordingly. The earnout calculation for the first 12 months ending 30 June 2019 has not been formally agreed with the vendor as at the date of this report. However, the Group estimates that any earnout amount payable for this period will be nominal or nil.

The terms of the transaction were unusual, whereby any purchase consideration that may be paid in the future will be determined under earnout payment terms over seven years, calculated as an agreed percentage of EBITDA generated by the transitioned assets above a floor amount below which no payment would be made. We believe this structure has ensured that the Group has both protection from the risks associated with the post-transition redemption activity, and ensured we are compensated for the considerable time and effort involved in an asset transition of this scale.

We anticipate a stabilisation of MAS customised clients over the next 12 months. This view is based on the best information currently available to us. As always, we caution that it is difficult to predict future outcomes, so our expectations may prove to be better or worse based on actual future events.

Corporate governance

Strong governance and a culture which values ethics and integrity are a key priority for the Navigator board.

Our core values

As a business, we are very aware that people are the heart of everything we do.

That's why our core values are centered around how we want employees to behave with our clients, our managers and with each other. These values have been the guiding force within our Lighthouse business since the beginning, and the Navigator board formally adopted these values in May 2019 to ensure that we articulate them externally as well as internally:

Ethics & Integrity

Do the right thing at all times and in all circumstances, whether or not anyone is watching

Teamwork

Work together and use all of the resources of the firm to make decisions that will maximise value

Professionalism

Treat all people (internally and externally) with respect and dignity

Client Loyalty

Do more than is expected by the client

Continuous Improvement & Excellence

All employees are responsible for proactively achieving regular, incremental improvements

Corporate responsibility and sustainability

Going hand-in-hand with our core values and focus on people is how our organisation meets its broader responsibilities as a global corporate citizen. A key objective for the 2020 financial year will be publishing a Corporate Sustainability and Responsibility Report to set out how our Group currently meets our environmental, social and governance responsibilities. Even more importantly, we will outline the projects and initiatives we will be implementing in the short and medium term to make a positive impact on the planet, on our people and on the local societies our business forms a part of.

Board composition

We consider that the stability in the membership of our board over the past 5 years has been important to the efficient functioning of the Group. While our board is relatively small with only five directors, given the singular focus of our strategy and operations on alternative investment management, and the diverse global locations of the various directors, we believe that a board of this size is the right fit for the Navigator Group.

While stability is valuable, change is also a positive force. During the 2020 financial year the board has approved a key objective to appoint a female director in a positive step to achieving gender diversity at a board level.

Major initiatives

Aside from our day to day investment management activities for our clients, we've also focused on several key projects and initiatives during the year:

Integration of MAS assets into existing operations

Our goal with our new clients from MAS is to integrate them into our existing processes and systems at Lighthouse. This has been a large undertaking, and we estimated that this would take 12 to 18 months.

Integration of the investment management teams and processes has occurred smoothly, and for the past six months we have been satisfied that the investment team is functioning as a cohesive unit, with the combined knowledge benefiting all of our clients.

We continue to make progress on the migration of the historical MAS data, and the adaption of consistent client reporting formats and procedures. This has been a complicated undertaking as MAS operated on a different technology backbone. As such, we have moved cautiously particularly in relation to the data migration to ensure clients receive the same, if not higher, level of service.

Overall, we have been pleased with the level of integration achieved over the past 12 months, and acknowledge the contribution of the team to the integration process whilst continuing to meet their on-going responsibilities to clients.

Continued investment in the platform

A key initiative which we have launched in earnest towards the end of this financial year is the development of additional tools for our manager platform. Our goal is to replace a number of existing off-the-shelf products with more customised tools for use by our portfolio managers that provides improved scalability, workflow transparency and better information security than our existing arrangements.

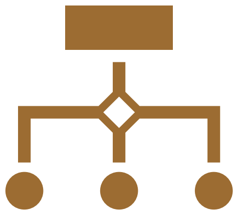
The creation of the proprietary platform requires the use of specialist consultants as well as dedicated internal information technology staff. We have expensed $1.5 million on consultants during the 2019 financial year, and expect a similar level of spend in the coming financial year to see the system completed.

Whilst this is a big investment of time and resources for our business, we see this as the next evolution in our systems technology to give us a competitive edge.

Platform services business

We have continued to develop our presence as a potential provider in the Platform Services space. This represents an evolution of our current service model to offer our existing managed account platform to clients for their customised use.

We believe the competitive advantage of our platform is that it has been developed with our proprietary knowledge of managing multi-manager hedge fund portfolios for more than 20 years. We have built it and continually evolved it for our own use.



We believe the functionality of the platform, with powerful reporting tools which assists investment analysis and risk management needs, can make a tangible difference to an investor's investment process when combined with the experience and expertise we have developed over these last two decades.

We are pleased with progress made to date with this new business line, with a dedicated team having completed a significant amount of prospecting activity as they refine how we position and price our service.

Investment performance

The investment performance of our strategies was most definitely a year of two halves.

The significant volatility and market dislocation experienced in the December 2018 quarter led to negative investment results across our portfolios, particularly in the global long/short space, although not nearly as bad as experienced in the markets.

Investment performance saw improvement in the second half of the financial year. Our hedge fund strategies broadly performed well throughout the half, generating positive returns in upwardly trending markets, while protecting capital in periods of market stress like experienced in May 2019.

Current global markets present some very interesting challenges. Institutional investors appear to be wrestling with the two, seemingly contradictory, paths that the equity and fixed income markets are taking. Fixed income markets appear to indicate fears of a global economic slowdown, while equity markets reach for all time highs. If Central Bankers are successful in promoting economic growth, bond market duration, let alone the trillions in negative yielding assets, will prove problematic. If they are unsuccessful or only modestly successful, equity investors may find valuations troublesome. In this odd, late cycle environment, we hold that diversification outside of traditional asset classes makes sense.

Our approach remains consistent: we seek to invest in differentiated strategies by partnering with specialised investment talent. We are focused on terms and structures that create alignment with our investors' goals and allow for flexibility to both find new and interesting opportunities and to manage risk in times of crisis. We believe hedge funds that are focused on idiosyncratic returns with discipline around hedging and liquidity are well positioned to serve investors ably over the intermediate to long term.

Global distribution

We continue to see opportunities for new and increased mandates across the globe, and particularly pleasing was a large mandate win in February 2019 from the Middle East. We maintain our focus on global distribution opportunities, and continue to work on building new relationships, while deepening existing ones. In the shorter term, we continue to see good opportunities in Asia, particularly Japan and the Middle East as our most promising markets.

FY19 operating performance

The Operating and Financial Review on pages 12 to 21 sets out detailed information on the Group's activities for the 2019 financial year. We take this opportunity to highlight a few key points:

- The investment management operating activities of the Group earned a record EBITDA of $37.7 million for the 2019 financial year, up 10% on 2018. Management fee revenue growth came primarily from the Customised Solutions business.
- Operating expenses (after the offset of revenue from the provision of office space and services and excluding reimbursement of fund operating expenses) were higher by $19.4 million compared to 2018. This reflects the significant increase in scale to our operations across all major expense areas from the 1 July transition of MAS client relationships, as well as costs relating specifically to MAS transition activities.
- The largest component of this relates to employee costs, and reflects the fact that we have grown our staff numbers to 139 people as at 30 June 2019. We have also continued to spend to make ongoing enhancements to investment processes and technology platforms across the business.

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 2019 grew 10% on the prior year, and the Board is pleased that Navigator has also delivered an increase in the dividend paid to shareholders:

	2015	2016	2017	2018	2019
EBITDA (USD 000's)	**28,839[2]**	**29,490[1]**	**29,848**	**34,212**	**37,652**
Cash flows from operating activities (USD 000's)	28,193	30,125	30,088	32,921	22,565
Dividends per share for the financial year (US cents)	10.5	12.0	14.0	16.0	17.0
Dividend amount for the financial year (USD 000's)	16,847	19,752	22,648	26,058	27,335
Dividend payout as a % of EBITDA	58%	67%	76%	76%	73%
Closing share price (dollars)	AUD 2.07	AUD 2.29	AUD 2.40	AUD 5.34	AUD 3.94
Change in share price (dollars)	*↑ AUD 1.02*	*↑ AUD 0.22*	*↑ AUD 0.11*	*↑ AUD 2.94*	*↓ AUD 1.40*

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

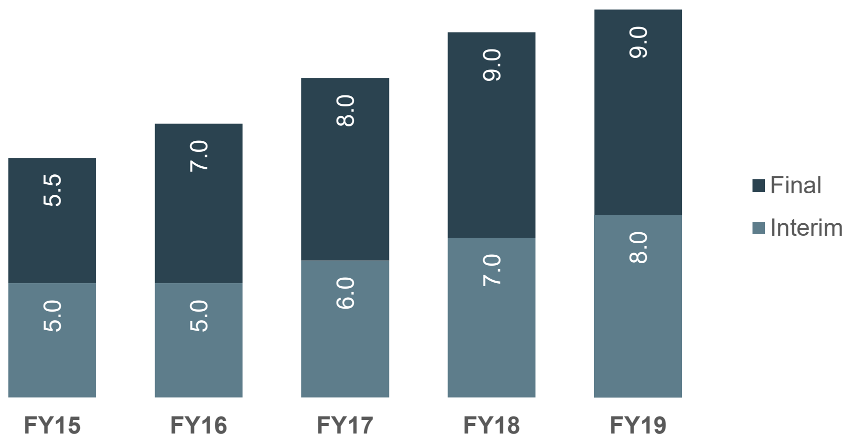
2 Underlying earnings before interest, tax, depreciation and amortisation from continuing operations, adjusted for the loss on settlement and conversion of convertible notes.

Dividends

The Directors have determined an unfranked dividend of 9.0 cents per share (with 100% conduit foreign income credits) payable 30 August 2019. Added to the interim dividend of 8.0 cents per share, this brings the total for the year to 17.0 US cents per share, which is a 6% increase on the prior year.

The FY2019 combined interim and final dividends equates to a payout ratio of 73% 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

As always at Navigator, we see the best way forward is to keep an unwavering focus – which is to deliver on our investment objectives for clients and to maintain a high quality of service. It also means to continue to find ways to enhance our processes, systems and products so that we differentiate ourselves from our competitors.

We will continue to promote our managed account platform, as we believe it provides a better model for investing in hedge funds. 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 differentiated alternative asset portfolios with exclusive exposure, 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 see many trends which indicate that markets are likely to continue to be unpredictable in the short term, but in our view, it is better to pay more attention to broader phenomena such as business and credit cycles rather than headlines. While the timing and scale of those cycles can prove difficult to predict, they are indeed a regular part of the investment landscape, and keeping to our asset allocation risk discipline is the best way to navigate our way through.

We would like to extend the Board's appreciation to all of our employees across the Group for their efforts over the past year. As a business centered around meeting our client's investment needs, we appreciate the contributions that they make individually and collectively to providing our clients with the best possible levels of investment expertise and service. The Lighthouse name continues to represent a reputation for quality and integrity in the marketplace.

Michael Shepherd
Chairman

Sean McGould
Chief Executive Officer

Operating & financial review

Operating & financial review

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

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

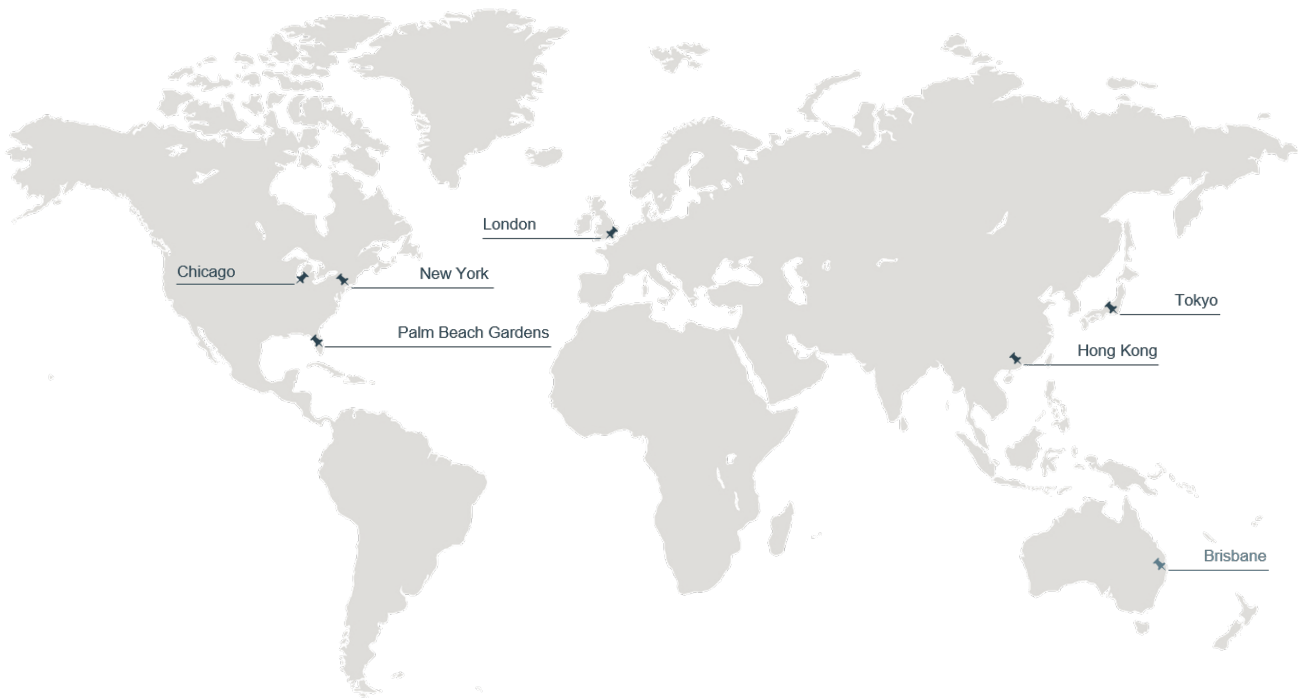
Lighthouse is a global investment management firm which offers hedge fund solutions to investors who are looking to diversify their asset mix and realise growth with a lower correlation to traditional equity and fixed income allocations.

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.

As at 30 June 2019, Lighthouse is managing $14.2 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.

As a global business with a global client base, Lighthouse has offices in New York, Chicago, Palm Beach Gardens, London, Hong Kong and Tokyo.



US$14.2 bn	23+	139	42	1000+
Total AUM	Year track record	Total employees	Investment professionals	Investors worldwide

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 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.

Assets under management

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 a 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.

Lighthouse managed accounts program

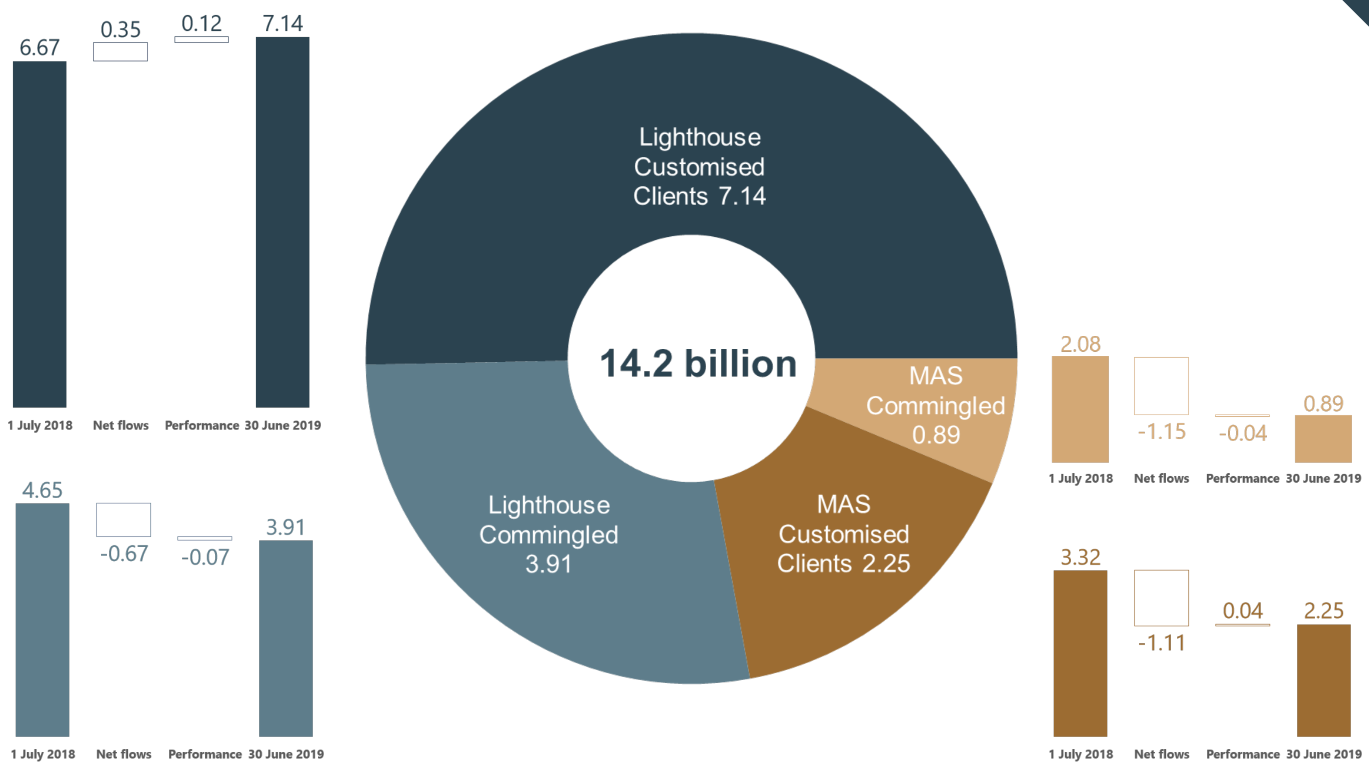
Both our commingled funds and customised solutions clients utilise our proprietary managed accounts program. Entrepreneurial and innovative, Lighthouse has since its inception employed proprietary managed accounts. We believe this has allowed us to build truly differentiated alternative asset portfolios 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 a Lighthouse entity. Hedge fund managers are authorised by Lighthouse to trade the assets within each managed account in accordance with defined investment guidelines and parameters.

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

As at 30 June 2019 the Group had AUM of $14.2 billion. Whilst our goal is to integrate the MAS client relationships acquired into our existing operations, for this transitional year we have provided a breakdown of our AUM across Commingled Funds and Customised Solutions clients for both the legacy Lighthouse assets and the MAS assets:



Our opening AUM as at 1 July 2018 of $16.7 billion was a milestone for the Group. It reflected both an excellent year of asset raising by the Lighthouse business over the previous financial year, as well as the significant boost of transitioning $5.4 billion of client relationships from MAS.

With our expectation that we would not retain all of the transitioned assets, the $2.5 billion reduction to AUM over the 12 months to 30 June 2019 should be viewed with this in mind.

Net fund flows for the year

The driver for the reduction in AUM for the year was net outflows, with a higher than normal level of outflows experienced across both Lighthouse and MAS, resulting in a combined $2.6 billion of net outflows. Given the significant volatility of markets across the year, and in particular the impacts this had on investment returns in the December 2018 quarter, it is not unexpected that we would see redemptions for the year higher than our historical levels.

The majority of the decrease in AUM was driven by anticipated redemptions from the transitioned MAS relationships, which totaled $2.3 billion across the year. The size of redemptions was approximately $1.1 billion for both Commingled funds and Customised Solutions client. As a result, 12 months after the transition of the assets we continue to manage a little under half of the AUM from the MAS Commingled funds, and two thirds of the MAS Customised Client AUM. We anticipate a stabilisation of MAS customised clients over the next 12 months. This view is based on the best information currently available to us, but as always may prove to be better or worse based on actual future events.

From a Lighthouse perspective, the Lighthouse Customised Solutions funds saw growth from net inflows of $350 million for the year, however the Lighthouse Commingled funds experienced net redemptions of $670 million. The majority of these redemptions were from the Lighthouse Global Long/Short Funds. As global equity markets have continued to advance higher, it has created challenging conditions for hedged equity approaches. We have seen this type of market environment before and it is important that we continue to follow our stated investment process.

Investment performance impact

After a difficult first half of the financial year in terms of investment performance across the Group's portfolios, investment returns improved in the second half, off-setting the $680 million reduction in AUM from performance in the first half to settle at a $50 million increase to AUM for the full year.

.

Fee rates

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.

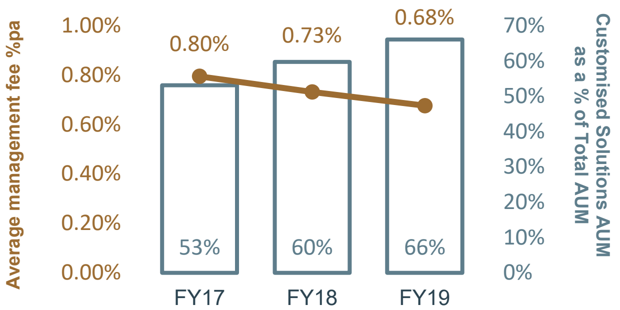
We have created share classes in our Commingled Funds which have a lower management fee rate and include a performance fee so as to provide more optionality for investors to select a fee structure which best suits their requirements.

Fee arrangements for Customised Solutions 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.

Management fees

The average management fee for the 2019 financial year was 0.68% per annum (2018: 0.73% per annum).

This management fee rate represents the blended net management fee rate across all AUM. While there a number of factors which impact the average management fee rate across periods, a key driver is the change in the relative proportion of AUM invested in Customised Solutions versus Commingled funds. Customised Solutions generally have a lower management fee, so as the proportion of total AUM which is invested by Customised Solutions clients increases, there is a reduction in the average fee rate.



In previous financial reports, the Group provided both:

- *"gross" average fee rates which were calculated using gross management fee revenue without a reduction for fee rebates or distribution expense; and*
- *"net" average fee rates, which were calculated on management fee revenue less both fee rebates and distribution expense.*

The Group has adopted a policy of recognising fee rebates directly against management fee revenue, and the above "average management fee" rates are calculated based on management fee revenue (net of fee rebates) without a reduction for distribution expense.

Performance fees

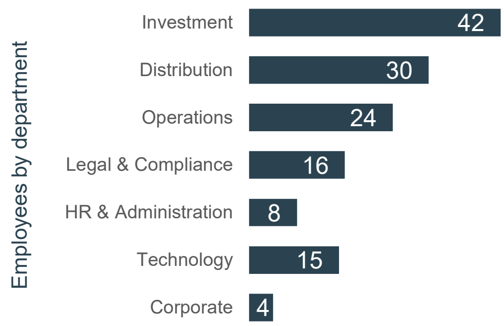
The difficult markets over the past year, particularly in the December 2018 quarter, have resulted in the Group earning performance fee income for the 2019 year of $1.1m, down $6.5m or 85% on the prior year.

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.

People

Employees by department

The Group has 139 employees across the following functional divisions as at 30 June 2019 (2018: 90):



With the acquisition of the MAS client relationships on 1 July 2018, the Group also welcomed 56 former MAS staff on that date. These staff were employed across all functional divisions of Lighthouse, although the highest increases to staff numbers were to Investments, Distributions and Operations.

There was also an increase in staff numbers in the Technology division to ensure that there are sufficient resources to manage the transition of historical MAS client data to Lighthouse systems, as well as to focus on other Lighthouse technology initiatives for the managed account platform and the development of a proprietary trading system.

Summary of the Navigator Group FY19 result

EBITDA up 10%

	Consolidated US$'000		
	2019	2018	% change
Management fee revenue	105,392	75,518	40%
Performance fee revenue	1,135	7,680	(85%)
Revenue from reimbursement of fund operating expenses	6,319	4,678	35%
Revenue from provision of office space and services	1,905	1,694	12%
Other income	116	-	100%
Total revenue	**114,867**	**89,570**	28%
Employee expense	(48,573)	(35,477)	(37%)
Professional and consulting expense	(6,800)	(3,567)	(91%)
Reimbursable fund operating expenses	(6,319)	(4,678)	(35%)
Occupancy expense	(3,959)	(3,067)	(29%)
Information and technology expense	(3,631)	(1,743)	(108%)
Distribution expense	(3,401)	(3,413)	0%
Other operating expenses[1]	(4,561)	(4,055)	(12%)
Total expenses[1]	**(77,244)**	**(56,000)**	(38%)
Result from operating activities[1]	**37,623**	**33,570**	12%
Net finance income, excluding interest	29	1,020	(97%)
Share of loss of equity accounted investee	-	(378)	100%
Earnings before interest, tax, depreciation, amortisation and impairment losses (EBITDA)	**37,652**	**34,212**	10%
Net interest income	126	216	(42%)
Depreciation and amortisation	(1,474)	(979)	(51%)
Impairment losses	-	(1,873)	100%
Profit before income tax	**36,304**	**31,576**	15%
Income tax expense[2]	(9,461)	(44,632)	79%
Net profit / (loss) after income tax	**26,843**	**(13,056)**	306%
Basic EPS (cents per share)	**16.55**	**(8.05)**	306%

[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] For 30 June 2018, $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 53 includes further information in relation to the income tax expense impact of this reduction.

The above presentation of the Group's results is a non-IFRS measure and is intended to show 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 income statement on page 41.

Revenue

Management fee revenue

Management fee revenue was $105.4 million for the year, an increase of 40% on the prior year.

The key driver of the increase in management fees was the increase in average total AUM. This was due to a combination of the $5.4 billion of MAS assets which transitioned on 1 July 2018 ($3.1 billion as at 30 June 2019), as well as the deferred effects of Lighthouse's record 2018 financial year where they achieved $1.3 billion of net inflows into Lighthouse products. Both of these factors combined to result in a 51% increase in average AUM for the 2019 financial year as compared to the prior year.

As foreshadowed in last year's Annual Report, we have seen a decrease in the overall average management fee rate, which was 0.68% per annum for this year (2018: 0.73% per annum). A key driver for this is the continually increasing proportion of total AUM which represents Customised Solutions. In addition, the lower rate also reflects the full year impact of the January 2018 restructure of arrangements with a long-term distribution partner which eliminated the distribution expense associated with this arrangement with the transfer of relevant assets to lower fee classes.

Performance fee revenue

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 $1.1 million, a decrease of $6.5 million on the previous financial year. The reduction in performance fees is consistent with the lower investment performance achieved this year across the portfolios. In addition, high watermarks for fees function so that a new performance fee is only earned in a fund's NAV per share exceeds its previous high point. Given the extent of the negative performance in the December 2018 quarter, most funds which may earn performance fees have not reached the previous high watermark NAV per share as at 30 June 2019.

Approximately 62% 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.

Revenue from reimbursement of fund operating expenses

The Group has applied AASB 15 *Revenue from Contracts with Customers* from 1 July 2018. The major change arising from this application is how the reimbursement for certain fund operating expenses is accounted for.

The Group is entitled to reimbursement for fund expenses that it has paid on behalf of the funds. While the funds generally pay their own operating expenses directly, there are some expenses, such as financial data services, software and technology expenses, where it is more practical for the Group to incur and pay the expense and then be reimbursed by the relevant fund(s).

The reimbursement is recognised as revenue, and there is a corresponding off-setting expense. As the revenue and expense directly off-set, there is no net impact on EBITDA or net profit after tax.

Revenue from reimbursement of fund operating expenses and reimbursable fund operating expenses incurred for the year were both $6.3 million (2018: $4.7 million).

Revenue from provision of office space and services

The Group provides office space and services to a number of external parties at its New York and London offices. This revenue is a direct recharge of occupancy and professional fees incurred by the Group.

Operating expenses

Operating expenses increased by $21.2 million compared to the prior year, reflecting the significant increase in the scale of our business with the transition of the MAS client relationships.

Employee expense

There was a $13.1 million (37%) increase in employee expense for the Group as compared to the prior period.

The key driver for the increase is the significant increase to Group headcount for the financial year:

- the addition of an average headcount of 50 staff for the year for staff who commenced employment with the Group as part of the transition of the MAS client relationships.
- a further increase in average headcount of 8 employees for the year to 94 staff (2018: 86).

The total bonus pool paid to staff is determined by reference to EBITDA earned and performance fee revenue earned.

Professional & consulting fees

The Group utilises a number of expert consultants across its business, in particular to provide specialist assistance and support in technology, legal, platform operations and investment process. Professional and consulting fees vary depending on the specific projects and operating needs in each period.

Professional fees for the year are $6.8 million, a $3.2 million increase compared to the prior year. Particular areas which contributed to the increased expense include:

- $0.9 million of consulting spend in relation to the integration of MAS client relationships into Lighthouse operations which transitioned from 1 July 2018;
- $0.9 million of additional consulting spend in relation to risk management systems and risk analysis. A total of $1.6 million was incurred for the financial year for these projects; and
- $1.5 million spend in relation to development of a new proprietary trading platform.

We expect an equivalent level of spending in relation to the risk management systems and proprietary trading platform to be incurred in the 2020 financial year.

Occupancy expense

The Group took occupancy of new office premises in New York in August 2017 and new office premises in Chicago in December 2018, and this has been a key driver of the $0.9 million increase occupancy costs for the year.

Information and technology expenses

There has been a $1.9 million or 108% increase in information and technology expenses.

$1.4 million of the increase relates to additional technology expenses incurred for the transition of MAS data, systems and staff. Whilst most of these costs are a transition expense, a portion will be on-going.

Managing our information technology needs, particularly in relation to the escalation of cyber threats, is a growing cost of the business. A portion of the remaining $0.5 million of the increase relates to changes for upgrading of datacentre services and other improvements to technology for cyber security and business continuity arrangements.

Distribution expense

Distribution expense relates to third party distribution arrangements, whereby ongoing payments are made to third parties in relation to clients they have introduced and who continue to be invested in Group portfolios. Distribution expense does not include rebates on management fees paid to clients, as these are off-set directly against management fee revenue.

The distribution expense for this financial year was $3.4 million (2018: $3.4 million). While the amount of the expense was unchanged from the prior year, it represents 3.2% of revenue, as compared to 4.5% in the prior year. This reduction is largely due to:

- the reduction in Commingled fund AUM over the year; and
- the full year impact of the restructure of arrangements with a third-party distribution partner which occurred in January 2018. Under the restructure 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.

Income tax expense

The Group recognises an accounting tax expense in its income statement at an effective tax rate of 26.1% (2018: 29.0%). The effective tax rate reflects a combination of the United States federal tax rate of 21%, individual United States state-based taxes, as well as the effect of other permanent and temporary tax adjustments.

The Group has significant tax losses available to off-set its tax liabilities, and hence there is no tax payable in relation to this accounting tax expense other than in relation to some relatively nominal United States state-based taxes.

For 30 June 2018, $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 53 includes further information in relation to the income tax expense impact of this reduction in the prior year.

Financial position remains solid

	Consolidated US$'000	
	2019	2018
Assets		
Cash	29,029	38,212
Receivables	19,423	14,628
Investments	17,953	16,459
Intangible assets	95,656	95,078
Recognised deferred tax assets	52,584	61,878
Liabilities	**6,738**	**16,271**
Net tangible assets per share	**40.63**	**35.79**

Sources and uses of cash

The Group primarily used cash generated from operating activities during the year to 30 June 2019 to pay dividends to shareholders:

- + $22.6 million generated from operating activities
- - $27.5 million paid to shareholders as dividends
- - $1.6 million net paid for investments in unquoted securities of entities managed by Lighthouse
- - $1.5 million paid for leasehold improvements and acquisition of equipment
- - $1.1 million paid for transaction costs associated with the MAS transaction

During the year ended 30 June 2019 the Group changed the bonus cycle for US employees from being determined on a calendar year basis to being determined on a financial year basis. To effect the change, employees received an additional bonus payment in June 2019 in relation to their performance for the 6 months ended on that date. This contributed to the reduction in cash generated in operating activities for the year, as it includes 18 months' worth of bonus payments.

Receivables

Receivables relates mainly to management and performance fees which payment has not yet been received as at 30 June 2019. The increase in this balance compared to the prior year is mainly due to the higher AUM managed by the Group as at 30 June 2019 compared to the prior year balance date.

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 $1.8 million to $12.7 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 2019 is $5.3 million (30 June 2018: $5.6 million).

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.

MAS Transaction

The Group acquired the rights to manage $5.4 billion of assets on behalf of clients from MAS on 1 July 2018. As substantially all of the fair value of the assets acquired in the transaction related to the intangible client relationships, the transaction has been accounted for as an asset acquisition.

- Consideration payable for the transaction is contingent on agreed earnout calculations over seven years.
  - The earnout calculation for the first 12 months ending 30 June 2019 has not been agreed with the vendor as at the date of the date of this report. However, the Group estimates that any earnout amount payable for this period will be nominal or nil.
  - There is inherent uncertainty in being able to reasonably estimate the contingent consideration, however, based on the earnout calculation for the first year and our assessment of the likelihood of potential earnout payments over the remaining six years, the Group has not recognised any liability for future contingent consideration as at 30 June 2019.
- Intangible client relationships of $1.1 million were recognised in the statement of financial position on 1 July 2018. The written down value of these assets at 30 June 2019 was $0.9 million.
- The client relationships will be amortised on a straight-line basis over 7 years.

Deferred tax assets

The Group's balance sheet includes a deferred tax asset of $52.6 million which is comprised of carried forward tax losses and deductible temporary differences relating to the US tax consolidated group.

$62.6 million of deferred tax assets relating to carried forward tax losses and deductible temporary differences of the Australian tax consolidated group remain unrecognised on the balance sheet as the Australian corporate entity is not expected to utilise these assets in the foreseeable future.

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 2019 comprise trade and other payables, and provisions for employee benefits. The Group does not have any loans or borrowings as at reporting date.

The Group's provision for short-term incentives has decreased $11.2 million since 30 June 2018 due to a change in the timing of the bonus payment from a calendar year ending 31 December to a financial year ending 30 June.

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 as at 30 June 2019.

Directors’ report

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 2019 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.

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.

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, operational, financial and governance 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.

Board meetings

The number of meetings of the Company's board of directors during the year ended 30 June 2019, and the number of meetings attended by each director were:

	Held	Attended
Michael Shepherd	9	9
Fernando Esteban	9	9
Andy Bluhm	9	8
Randall Yanker	9	8
Sean McGould	9	9

Audit and Risk Committee meetings

The number of meetings the Audit and Risk Committee held during the year ended 30 June 2019, and the number of meetings attended by each Committee Member were:

	Held	Attended
Michael Shepherd	3	3
Fernando Esteban	3	3
Andy Bluhm	3	3

Remuneration and Nominations Committee meetings

The number of meetings the Remuneration and Nomination Committee held during the year ended 30 June 2019, and the number of meetings attended by each Committee Member were:

	Held	Attended
Michael Shepherd	3	3
Fernando Esteban	3	3
Randall Yanker	3	3

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 Group recognises the value of good corporate governance. The board believes that effective governance processes and procedures add to the performance of the 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

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 12 to 21.

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 30 August 2019.

The aggregate amount of the proposed dividend will be paid out of the balance of the parent entity profits reserve as at 30 June 2019.

Declared and paid during the year ended 30 June 2019	Cents per share	Total amount US$'000	Date of payment
Final 2018 ordinary	9.0	14,710	31 August 2018
Interim 2019 ordinary	8.0	12,741	8 March 2019
Total amount		**27,451**	

Together with the unfranked interim dividend of USD 8.0 cents per share paid to shareholders on 8 March 2019, the total dividend to be paid in relation to the financial year ended 30 June 2019 will be USD 17.0 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 12 to 21.

Events subsequent to end of financial year

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	13,101,982	13,101,982 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	19,438,083	19,436,083 shares are held indirectly by SGM Holdings, LLC

Remuneration report (audited)

This Remuneration Report for the Company and its controlled entities for the year ended 30 June 2019 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 Group. 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 2019 was converted to USD at an average exchange rate of AUD/USD 0.7131 (2018: AUD/USD 0.7734).

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

The key management personnel during the year ended 30 June 2019 were:

Name		Term
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

Remuneration report (audited)

Overview of remuneration policy and approach

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

- embed a culture that promotes the Group's core values
- support the business strategy of the Group by attracting, retaining and rewarding quality staff
- encourage appropriate performance and results to uphold client and shareholder interests
- properly reflect each individual's duties and responsibilities

When setting the Group's approach to remuneration, the Board keeps three key factors front-of-mind:

Operations are based in the US

Navigator is an Australian company listed on the Australian Securities Exchange, however the Group's operations are predominantly based in the United States. To be effective in attracting and retaining high quality staff, remuneration arrangements must therefore be aligned to the expectations of people who are employed in the United States alternative asset management industry.

These remuneration arrangements may diverge from arrangements which would be considered industry practice within Australia. The quantum and proportion of variable remuneration to total remuneration packages is one such area.

Variable remuneration is a major component

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. This is particularly true for our United States based senior management. The Board believes this provides a dynamic basis to be able to adjust the Group's total remuneration expense, and is also consistent with United States industry practice.

This approach to remuneration has been in place at Lighthouse since prior to its acquisition in January 2008. The Lighthouse senior executives have each earned a $250,000 base salary since that time, and this has not been increased in over 11 years. In addition, select Lighthouse senior executives have had bonus entitlements specified in their employment contracts since Lighthouse joined the Navigator Group, and these contractual arrangements remain in place (see page 35 for additional details).

Simplicity

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 therefore translates into both an increase in the available bonus pool for Lighthouse staff and a higher dividend payment for shareholders.

This simplicity also extends to the Board exercising its discretion in setting the total amount of variable compensation, as well as the CEO being able to exercise discretion in allocating bonuses to individuals based on their performance and contribution. Whilst individual results are important, we also encourage a culture which is able to reward effort, ethical behaviour and commitment outside of formulaic metrics.

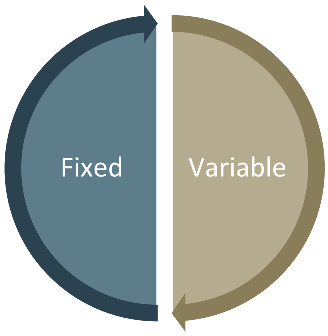
The Board is satisfied that the current arrangements are consistent with alternative asset management industry practice in the United States, and allow employees to focus on achieving results for clients, which is ultimately in the long-term interests of shareholders.

During the financial year, the Remuneration and Nominations Committee engaged United States-based remuneration consultant, Focus Consulting Group, Inc ('Focus') to review the existing remuneration arrangements against industry practice in the United States. Focus reported to the full Board in May 2019, with the key takeaway that, on the whole, the existing approach and methodology for variable compensation is in line with industry norms. The engagement conducted by Focus was a benchmarking exercise, and did not include any remuneration recommendations in relation to any of the key management personnel of the Group.

Remuneration report (audited)

Remuneration structure

The remuneration of staff across the Group, including our senior executives, is comprised of two key components:



Fixed

Fixed remuneration is comprised of:

- base salary; and
- employer contributions to superannuation and retirement plans and health care benefits.

Fixed remuneration is generally determined by reference to benchmark information where available, and having regard to responsibilities, performance, qualifications and experience.

For senior Lighthouse employees, fixed remuneration is also determined in accordance with the general principle that fixed remuneration is the smaller component of their overall compensation package. As such, these employees receive a base salary of $250,000, and this has remained unchanged for over 11 years.

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.

Variable

Variable remuneration is comprised of participation in a cash bonus pool.

While the Group does not currently have any equity compensation arrangements in place, should these be enacted, variable remuneration would also include participation in such arrangements for select employees.

The existing variable remuneration arrangements are short-term in nature, and are designed to motivate staff to create value for both:

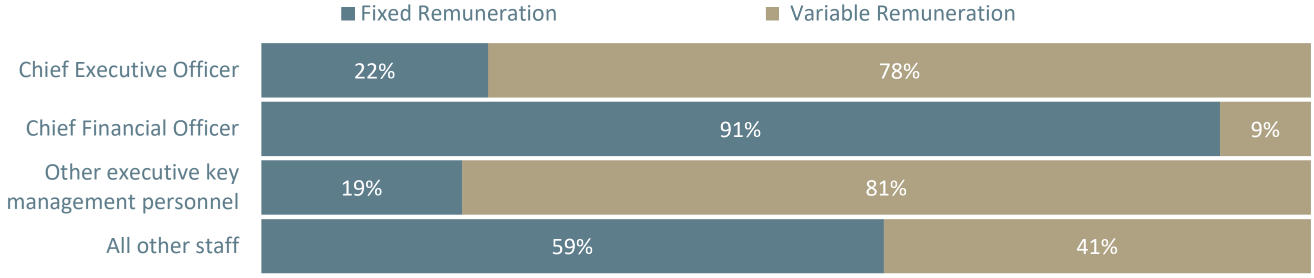
- our clients, thorough investment returns and a high level of client service; and
- the Company's shareholders

The performance of individual staff members, including senior executives, is conducted at least annually, after which the award of variable remuneration is considered.

The Board:

- approves the overall size of the variable remuneration pool,
- approves an award to the CEO,
- confirms any contractual obligations regarding variable remuneration have been complied with; and
- delegates authority to the CEO to exercise his discretion to make variable remuneration allocations to individual staff.

For the 2019 financial year, the proportion of fixed remuneration as compared to performance linked remuneration across the Group was as follows:



Further detail regarding the methodology for determining the 2019 financial year variable remuneration pool is contained on page 32.

Remuneration report (audited)

Long term incentive arrangements

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

At the November 2018 Annual General Meeting, shareholders voted to approve the grant of up to 540,000 performance rights to CEO, Sean McGould on the terms and conditions as set out in the Notice of Meeting. At the request of Mr McGould, the formal grant of those performance rights has been deferred, and as such as at 30 June 2019 there are no performance rights on issue.

The Board acknowledges that an equity incentive scheme is a common component of corporate remuneration structures, and is giving further consideration to the implementation of equity incentive arrangements for senior employees.

Other benefits

Lighthouse employees are entitled to additional benefits that may include educational assistance, adoption assistance and health care benefits.

Lighthouse employees are also 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.

Remuneration report (audited)

Relationship between remuneration policy and company performance

In implementing 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:

EBITDA - earnings before interest, tax, depreciation, amortisation, and impairment losses from continuing operations.

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 key management personnel compares to EBITDA and cash flows from operating activities over the past 5 years:

	US$'000				
	2019	**2018**	**2017**	**2016**	**2015**
EBITDA	37,652	34,212	29,848	29,490[1]	28,839[2]
Cash flows from operating activities	22,565[3]	32,921	30,088	30,125	28,193
Dividends paid during the financial year	27,451	24,390	21,023	17,222	15,965
Closing share price (AUD dollars)	3.94	5.34	2.40	2.29	2.07
Change in share price (AUD dollars)	(1.40)	2.94	0.11	0.22	1.02
Key management personnel:					
Bonus	4,671[4]	3,967	3,293	3,858	3,185
Bonus as a % of EBITDA	12%	12%	11%	13%	11%
Bonus as a % of dividends paid during the financial year	17%	16%	16%	22%	20%

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.

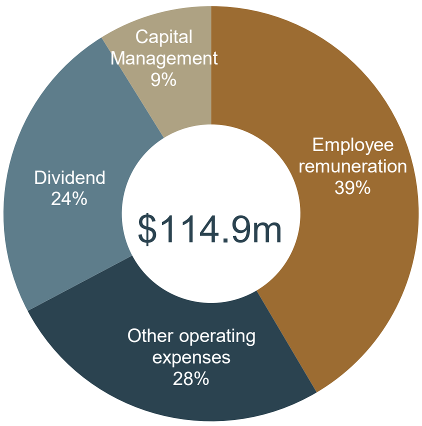
3 Reflects the change in US employee bonus cycle from calendar years to financial years (see page 32).

4 Includes cash bonus amounts for the 12 months to 31 December 2018 and 6 months to 30 June 2019 for Sean McGould and Scott Perkins (see page 34 for additional detail).

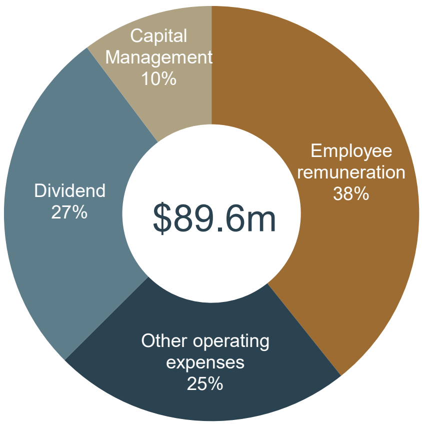
Distribution of revenue between shareholders and employees:

The following charts shows how total revenue recognised in 2019 and 2018 has been distributed between shareholders (as dividends), employee remuneration, other operating expenses and capital management:

2019



2018



Remuneration report (audited)

Variable compensation for the 2019 financial year

The Board has established a simple, direct methodology for balancing how we reward staff and deliver value to shareholders through company financial performance. The two metrics which are used to create annual variable remuneration pools are:

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

During 2019, this discretion was exercised in two ways:

- as part of the total remuneration arrangements for the new staff who transitioned with the MAS client relationships. As part of the transaction negotiations, it was agreed that for the first 12 months Lighthouse would honour the previous remuneration arrangements provided to these staff by Mesirow Financial Services, Inc.
- to reward key staff who had undertaken additional responsibilities and workload as part of the integration of MAS clients and processes into Lighthouse operations.

Change in timing of bonus cycle

Since its acquisition in 2008, the Lighthouse bonus cycle has been based on calendar years, and accordingly bonuses were generally paid in December of each year.

With the significant increase in staff from MAS, it was determined that it would be appropriate to have the bonus cycle coincide with 12 months of operations under the new combined business structure, and accordingly the annual bonus cycle is now based on financial years.

To effect the change, bonuses for Lighthouse staff have been determined and paid for the six months to 30 June 2019. On a go-forward basis, Lighthouse bonuses will be paid in June of each year. This change does not impact the bonus expense recognised in the income statement.

Lighthouse general pool

All Lighthouse staff 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. 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. This is paid on a semi-annual basis, and forms part of the Lighthouse general bonus pool.

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.

Corporate bonus pool

A discretionary bonus pool of $50,000 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.

Remuneration report (audited)

CEO remuneration arrangements

Mr McGould performs two key roles for the Group. He is both:

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

The Board considers that Mr McGould's remuneration needs to encompass 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 Mr McGould a discretionary bonus amount, taking into account the following factors:

- investment results achieved for clients;
- 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; and
- 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.

Mr McGould received a bonus of $850,000 in December 2018 to reward his performance for the 2018 calendar year, and a bonus of $225,000 for the six months to 30 June 2019. His achievements during that 18 month period included:

- the negotiation and close of the MAS transaction which has significantly increased Group AUM and EBITDA;
- net flows of $720 million to the Lighthouse legacy products for the 2018 calendar year; and
- investment performance which delivered $6.4 million of performance fee revenue.

Overall, the Board considers that Mr McGould's efforts and performance continue to be outstanding in the face of challenging global market conditions, he continually demonstrates his commitment to creating value and wealth for our clients and shareholders, and he leads by example in providing a positive workplace environment for all of our staff. He is further commended for delivering a record EBITDA of $37.7 million for the 2019 financial year.

At the November 2018 Annual General Meeting, shareholders voted to approve the grant of up to 540,000 performance rights to CEO, Sean McGould on the terms and conditions as set out in the Notice of Meeting. At the request of Mr McGould, the formal grant of those performance rights has been deferred, and as such as at 30 June 2019 there are no performance rights on issue.

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.

Fees paid to non-executive directors are USD, and for the 2019 financial year were as follows:

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 2019 was $331,850 (2018: $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.

Change in non-executive directors' fees from 1 July 2019

Directors' fees have remained unchanged since 2014. Following a review of publicly available information on non-executive director fees for ASX listed entities, the board (with the relevant director abstaining) approved the following fees be applicable from 1 July 2019:

Chairman	USD 170,000 per annum (plus superannuation)
Non-executive directors	USD 100,000 per annum (plus superannuation)

Remuneration report (audited)

Key management personnel remuneration disclosures

Directors' and executive officers' remuneration

The following remuneration was paid to key management personnel:

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	2019	150,000	-	-	14,250	-	164,250
	2018	150,000	-	-	14,250	-	164,250
Fernando Esteban	2019	80,000	-	-	7,600	-	87,600
	2018	80,000	-	-	7,600	-	87,600
Randall Yanker	2019	80,000	-	-	-	-	80,000
	2018	80,000	-	-	-	-	80,000
Executive Director							
Sean McGould[1]	2019	250,000	1,075,000[2]	20,557	25,800	-	1,371,357
	2018	250,000	850,000	19,533	7,500	-	1,127,033
Executives							
Kelly Perkins	2019	250,000	1,225,000	20,557	-	-	1,495,557
	2018	250,000	1,175,000	19,533	16,500	-	1,461,033
Scott Perkins	2019	250,000	1,475,000[3]	20,557	16,800	-	1,762,357
	2018	250,000	1,000,000	19,533	16,500	-	1,286,033
Rob Swan	2019	250,000	875,000	20,557	16,800	-	1,162,357
	2018	250,000	920,000	19,533	16,500	-	1,206,033
Amber Stoney	2019	204,109	21,039	-	14,715	3,215	243,078
	2018	208,488	22,173	-	15,569	3,616	249,846
Total	**2019**	**1,514,109**	**4,671,039**	**82,228**	**95,965**	**3,215**	**6,366,556**
	2018	**1,518,488**	**3,967,173**	**78,132**	**94,419**	**3,616**	**5,661,828**

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

2 Due to the change in bonus cycle to coincide with financial years rather than calendar years (refer page 32 for details), the Cash bonus amount for Sean McGould includes $850,000 paid for the 12 months to 31 December 2018 and $225,000 paid for the 6 months to 30 June 2019.

3 Due to the change in bonus cycle to coincide with financial years rather than calendar years (refer page 32 for details), the Cash bonus amount for Scott Perkins includes $1,000,000 paid for the 12 months to 31 December 2018 and $475,000 paid for the 6 months to 30 June 2019.

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[1]	$1,075,000	78%	100% [1]	0%
Kelly Perkins[2]	$1,225,000	82%	100% [2]	0%
Scott Perkins[3]	$1,475,000	84%	100% [3]	0%
Rob Swan[2]	$875,000	75%	100% [2]	0%
Amber Stoney[4]	$21,039	9%	100% [4]	0%

1 Due to the change in bonus cycle to coincide with financial years rather than calendar years (refer page 32 for details), the Cash bonus amount for Sean McGould includes $850,000 paid for the 12 months to 31 December 2018 and $225,000 paid for the 6 months to 30 June 2019.

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 2019. These arrangements have been in place since the acquisition of Lighthouse in 2008.

3 Due to the change in bonus cycle to coincide with financial years rather than calendar years (refer page 32 for details), the Cash bonus amount for Scott Perkins includes $1,000,000 paid for the 12 months to 31 December 2018 and $475,000 paid for the 6 months to 30 June 2019.

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 2019. 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 33 and 34 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.

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 of 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.

Remuneration report (audited)

Analysis of performance rights over equity instruments granted as remuneration

As at 30 June 2019 and 30 June 2018 there were no outstanding performance rights granted to any key management person of the Group.

At the November 2018 Annual General Meeting, shareholders voted to approve the grant of up to 540,000 performance rights to CEO, Sean McGould on the terms and conditions as set out in the Notice of Meeting. At the request of Mr McGould, the formal grant of those performance rights has been deferred, and as such as at 30 June 2019 there are no performance rights on issue.

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 2018	Purchases	Sales	Balance 30 June 2019
Directors				
Michael Shepherd[1]	125,000	-	-	125,000
Fernando Esteban[2]	27,000	-	-	27,000
Andy Bluhm[3]	26,101,982	-	(13,000,000)	13,101,982
Sean McGould[4]	19,438,083	-	-	19,438,083
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 13,101,982 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 19,436,083 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.

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.

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 21 of the financial statements.

Indemnification

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 38 and forms part of the directors' report for the financial year ended 30 June 2019.

Environmental regulation

The Group is not subject to any particular or significant environmental regulation under any Australian 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

Sydney, 8 August 2019

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
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 2019, 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
8 August 2019

Financial statements

Financial statements

Income statement

For the year ended 30 June 2019

	Note	Consolidated US$'000 2019	2018 (Restated)
Management fee revenue	2	105,392	75,518
Performance fee revenue	2	1,135	7,680
Revenue from reimbursement of fund operating expenses	2	6,319	4,678
Revenue from provision of office space and services	2	1,905	1,694
Other income	2	116	-
Total revenue		**114,867**	**89,570**
Operating expenses	3(a)	(78,718)	(56,979)
Results from operating activities		**36,149**	**32,591**
Finance income	4(a)	347	1,306
Finance costs	4(a)	(192)	(70)
Share of loss of equity accounted investee		-	(378)
Impairment losses	3(b)	-	(1,873)
Profit before income tax		**36,304**	**31,576**
Income tax expense	6	(9,461)	(44,632)
Profit / (loss) for the period		**26,843**	**(13,056)**
Attributable to equity holders of the parent		**26,843**	**(13,056)**

Earnings per share	Note	Consolidated US cents 2019	2018
Basic earnings per share	8	16.55	(8.05)
Diluted earnings per share	8	16.55	(8.05)

The accompanying notes form part of these consolidated financial statements

Statement of comprehensive income

For the year ended 30 June 2019

		Consolidated US$'000	
	Note	2019	2018
Profit / (loss) attributable to equity holders of the parent		**26,843**	**(13,056)**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Change in fair value of financial assets at fair value through other comprehensive income	4(b)	(350)	633
Income tax on financial assets at fair value through other comprehensive income	4(b)	94	153
Other comprehensive income for the year		**(256)**	**786**
Total comprehensive income / (loss) for the year, net of tax		**26,587**	**(12,270)**
Attributable to equity holders of the parent		**26,587**	**(12,270)**

The accompanying notes form part of these consolidated financial statements

Statement of financial position

As at 30 June 2019

	Note	Consolidated US$'000 2019	2018
Assets			
Cash	5(a)	29,029	38,212
Trade and other receivables	9	19,423	14,628
Current tax assets	6(b)	-	2
Total current assets		**48,452**	**52,842**
Investments recognised at fair value	10	17,953	16,459
Plant and equipment	11	4,791	2,688
Deferred tax assets	6(c)	52,584	61,878
Intangible assets	12	95,656	95,078
Other non-current assets		1,422	2,310
Total non-current assets		**172,406**	**178,413**
Total assets		**220,858**	**231,255**
Liabilities			
Trade and other payables	13	3,343	3,326
Employee benefits	14	600	11,785
Current tax liabilities	6(b)	6	-
Total current liabilities		**3,949**	**15,111**
Trade and other payables	13	2,687	1,052
Employee benefits	14	102	108
Total non-current liabilities		**2,789**	**1,160**
Total liabilities		**6,738**	**16,271**
Net assets		**214,120**	**214,984**
Equity			
Share capital	16	257,355	257,355
Reserves	16(b)	33,119	31,368
Accumulated losses		(76,354)	(73,739)
Total equity attributable to equity holders of the Company		**214,120**	**214,984**

The accompanying notes form part of these consolidated financial statements

Statement of changes in equity

For the year ended 30 June 2019

	Note	Share Capital	Share Based Payments Reserve	Fair Value Reserve (financial assets at FVOCI)	Translation Reserve	Parent Entity Profits Reserve	Accum-ulated Losses	Total Equity
		Consolidated US$'000						
		Amounts attributable to equity holders of the parent						
Balance at 1 July 2017		**257,355**	**13,326**	**1,495**	**850**	**13,279**	**(34,661)**	**251,644**
Net loss for the year		-	-	-	-	-	(13,056)	(13,056)
Transfer to parent entity profits reserve[1]	19	-	-	-	-	26,022	(26,022)	-
Other comprehensive income		-	-	-	-	-	-	-
Net change in fair value of financial assets at fair value through other comprehensive income	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)
Balance at 30 June and 1 July 2018		**257,355**	**13,326**	**2,281**	**850**	**14,911**	**(73,739)**	**214,984**
Net profit for the year		-	-	-	-	-	26,843	26,843
Transfer to parent entity profits reserve[1]	19	-	-	-	-	29,458	(29,458)	-
Other comprehensive income								
Net change in fair value of financial assets at fair value through other comprehensive income	4(b)	-	-	(350)	-	-	-	(350)
Income tax on other comprehensive income	4(b)	-	-	94	-	-	-	94
Total other comprehensive income, net of tax		-	-	(256)	-	-	-	(256)
Total comprehensive income for the year, net of tax		**-**	**-**	**(256)**	**-**	**29,458**	**(2,615)**	**26,587**
Dividends to equity holders	7	-	-	-	-	(27,451)	-	(27,451)
Balance at 30 June 2019		**257,355**	**13,326**	**2,025**	**850**	**16,918**	**(76,354)**	**214,120**

[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 2019

	Note	Consolidated US$'000 2019	2018 *(Restated)*
Cash flows from operating activities			
Cash receipts from operating activities		110,002	85,965
Cash paid to suppliers and employees		(87,492)	(53,208)
Cash generated from operations		22,510	32,757
Interest received		119	216
Income taxes paid		(64)	(52)
Net cash from operating activities	5(b)	**22,565**	**32,921**
Cash flows from investing activities			
Acquisition of plant and equipment		(1,506)	(1,924)
Proceeds from disposal of investments		277	4
Acquisition of investments		(1,900)	(416)
Transaction costs associated with MAS transaction		(1,088)	-
Distributions from investments received		-	38
(Acquisition) / redemption of other non-current assets		(50)	349
Net cash used in investing activities		**(4,267)**	**(1,949)**
Cash flows from financing activities			
Loan to associate		-	(1,666)
Dividends paid to equity holders		(27,451)	(24,390)
Net cash used in financing activities		**(27,451)**	**(26,056)**
Net (decrease) / increase in cash		**(9,153)**	**4,916**
Cash balance at 1 July		38,212	33,153
Effect of exchange rate fluctuations on cash balances held in foreign currencies		(30)	143
Cash balance as at 30 June	5(a)	**29,029**	**38,212**

The accompanying notes form part of these consolidated financial statements

Notes to the financial statements

For the year ended 30 June 2019

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 2019, 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 is responsible for day-to-day operations and the implementation of business strategy. Internal management reports are provided to the CEO on a monthly basis to monitor the operating results of its business 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 management fee rate.

	Lighthouse US$'000		Corporate US$'000		Consolidated US$'000	
	2019	**2018** *(Restated)*	**2019**	**2018**	**2019**	**2018** *(Restated)*
Operating revenue	106,386	82,933	141	265	106,527	83,198
Other revenue	8,340	6,372	-	-	8,340	6,372
Total revenue from contracts with customers	**114,726**	**89,305**	**141**	**265**	**114,867**	**89,570**
Operating expenses (excluding depreciation and amortisation)	(76,353)	(55,230)	(891)	(770)	(77,244)	(56,000)
Result from operating activities	**38,373**	**34,075**	**(750)**	**(505)**	**37,623**	**33,570**
Net finance income / (costs) (excluding interest)	53	879	(24)	141	29	1,020
Share of loss of equity accounted investee	-	(378)	-	-	-	(378)
Earnings before interest, tax, depreciation, amortisation and impairment losses	**38,426**	**34,576**	**(774)**	**(364)**	**37,652**	**34,212**
Interest revenue	83	204	43	12	126	216
Depreciation and amortisation	(1,470)	(974)	(4)	(5)	(1,474)	(979)
Impairment loss	-	(1,873)	-	-	-	(1,873)
Reportable segment profit / (loss) before income tax	**37,039**	**31,933**	**(735)**	**(357)**	**36,304**	**31,576**
Income tax expense	(9,461)	(44,632)	-	-	(9,461)	(44,632)
Reportable segment profit / (loss) after income tax	**27,578**	**(12,699)**	**(735)**	**(357)**	**26,843**	**(13,056)**
Segment assets	202,416	214,817	18,442	16,438	220,858	231,255
Segment liabilities	(6,461)	(15,980)	(277)	(291)	(6,738)	(16,271)
Net assets	**195,955**	**198,837**	**18,165**	**16,147**	**214,120**	**214,984**

Notes to the financial statements

For the year ended 30 June 2019

2. Revenue

	Consolidated US$'000	
	2019	**2018**
Management fees from commingled funds	62,435	51,451
Management fees from customised solutions clients	42,957	24,067
Performance fees	1,135	7,680
Operating revenue	**106,527**	**83,198**
Revenue from reimbursement of fund operating expenses	6,319	4,678
Revenue from provision of office space and services	1,905	1,694
Other income	116	-
Other revenue	**8,340**	**6,372**
Total revenue from contracts with customers	**114,867**	**89,570**

Management fees

Management fees are received from customers for providing:

- investment management / advice and related services to commingled funds; and
- investment management / advice and / or managed account services to customised solutions clients.

Management fee revenue is based on a percentage of the customer's portfolio value and is calculated in accordance with the applicable document or agreement which creates the contractual relationship with the customer. The management fee is a single fee which covers all of the individual components which make up the management service. Management fee revenue is variable in nature as it is based on a percentage of the customer's portfolio value.

The Group's obligation to provide management services to customers is satisfied as and when the customer receives and consumes the services on a continuous basis. The Group recognises revenue for the services performed at the end of each month.

Performance fees

Performance fees may be received from some commingled fund share classes and some customised solutions clients.

The amount of the performance fee is calculated in accordance with the terms of the applicable contract with the customer. The entitlement to performance fees for any given performance period is dependent on the customer's portfolio achieving a positive performance, and in some cases in outperforming an agreed hurdle. Performance fees are generally also subject to a high watermark arrangement which ensures that fees are not earned more than once on the same performance.

The Group satisfies its obligations to provide services in exchange for the performance fee revenue on a continuous basis, however the right to receive the revenue is constrained by achieving the required performance hurdles and/or high watermark. As such, performance fee revenue is only recognised to the extent that it is probable that a significant reversal of the revenue will not occur. Due to the uncertainty associated with the estimate of performance fees prior to the end of the performance period, this revenue is not recognised in the income statement until the entitlement to receive the fee becomes certain, which is 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. Performance periods for performance fee arrangements range from between 1 month to 1 year.

Notes to the financial statements

For the year ended 30 June 2019

2. Revenue (continued)

Revenue from reimbursement of fund operating expenses

The Group is entitled to reimbursement for fund expenses that it has paid on behalf of the funds. While the funds generally pay their own operating expenses directly, there are some expenses, such as financial data services, software and technology expenses, where it is more practical for the Group to incur and pay the expense and then be reimbursed by the funds.

The Group enters into contracts for the relevant good or service directly with the third parties service providers, and hence the Group controls the good or service until it subsequently directs the good or service to be transferred to the fund.

As the Group controls the good or service before it is transferred, the Group is not acting in a capacity as agent for the fund. The Group is required to recognise both:

- the expense incurred under the contract with the third-party service providers (see note 3a) to receive the good or service; and
- the revenue to which it expects to be entitled from the fund in exchange for transferring the good or service.

The revenue and expense in relation to these reimbursed costs directly off-set as the Group does not add a margin to the original cost of the good or service transferred to the fund.

Revenue from the provision of office space and services

The Group has a number of agreements with external parties to license office space at its New York and London offices. As part of these agreements, licensees are charged license fees and service charges on a monthly basis.

The Group has two obligations in relation to these agreements:

- to provide office space to licensees, including services in connection with licensees' use and occupancy of the office space; and
- to provide other on-going business services.

The Group's obligation to provide office space services and its obligation to provide business services to licensees are satisfied as and when the customer receives and consumes the services on a continuous basis. The Group recognises revenue as the amount to which it has a right to invoice for the period.

The Group is entitled to:

- a license fee and an occupancy-related service charge as per the terms of the applicable contract with each licensee as it satisfies its obligations to provide office space and related services; and
- a service charge as per the terms of the applicable contract with each licensee as it satisfies its obligations to provide business services.

Major revenue source

15% (2018: 22%) of the Group's operating revenue relates to management fees and performance fees earned on the Lighthouse Diversified commingled funds.

14% (2018: 26%) of the Group's operating revenue relates to management fees and performance fees earned on the Lighthouse Global Long/Short commingled funds.

The Group's largest individual client represents 8% of operating revenue (2018: 9%).

The Group's three largest individual clients combined represent 16% of operating revenue (2018: 19%).

Notes to the financial statements

For the year ended 30 June 2019

3. Expenses

a) Other operating expenses

	Consolidated US$'000	
	2019	2018 *(Restated)*
Employee expense	(48,573)	(35,477)
Professional and consulting expenses	(6,800)	(3,567)
Information and technology expense	(3,631)	(1,743)
Reimbursable fund operating expenses	(6,319)	(4,678)
Occupancy expense	(3,959)	(3,067)
Distribution expense	(3,401)	(3,413)
Travel expense	(1,719)	(1,475)
Depreciation	(975)	(634)
Amortisation of intangible assets	(499)	(345)
Other expenses	(2,842)	(2,580)
Total expenses	**(78,718)**	**(56,979)**

Employee expense

The largest operating expense is employee expense. Employee expense 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 expense for the year ended 30 June 2019 includes contributions to defined contribution superannuation and pension plans of $1,527 thousand (2018: $875 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.

Reimbursable fund operating expenses

The Group is entitled to reimbursement for fund expenses that it has paid on behalf of the funds. While the funds generally pay their own operating expenses directly, there are some expenses, such as financial data services, software and technology expenses, where it is more practical for the Group to incur and pay the expense and then be reimbursed by the funds.

A corresponding amount of revenue from reimbursement of fund operating expenses has also been recognised for the year (see note 2).

Distribution expense

Distribution expenses are paid to external intermediaries for marketing and investor servicing, largely in relation to commingled funds. Distribution expenses are variable in line with AUM and the associated management fee revenue. This expense is recognised on an accrual basis.

Notes to the financial statements

For the year ended 30 June 2019

3. Expenses (continued)

b) Impairment losses

	Consolidated US$'000	
	2019	**2018**
Impairment of investment in equity accounted investee	-	(122)
Impairment of unsecured loan to equity accounted investee	-	(1,751)
Total impairment loss	**-**	**(1,873)**

The Group had a 40% interest in a US based limited partnership which it transferred to the remaining partner in September 2018. The Group recognised impairment losses in the prior year of $1,873 thousand in relation to the value of its equity interest in the partnership and an unsecured loan advanced to the partnership.

4. Finance income and costs

a) Recognised directly in profit or loss

	Consolidated US$'000	
	2019	**2018**
Finance income		
Interest income on bank deposits	126	216
Net foreign exchange gain	-	92
Net change in fair value of financial assets at fair value through profit or loss	221	960
Distribution income from financial assets at fair value through other comprehensive income	-	38
Total finance income	**347**	**1,306**
Finance costs		
Bank charges	(126)	(70)
Net foreign exchange loss	(66)	-
Total finance costs	**(192)**	**(70)**
Net finance costs recognised in profit or loss	**155**	**1,236**

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.

Notes to the financial statements

For the year ended 30 June 2019

4. Finance income and costs (continued)

b) Recognised directly in other comprehensive income

	Consolidated US$'000	
	2019	**2018**
Change in fair value of financial assets at fair value through other comprehensive income	(350)	633
Income tax expense recognised directly in equity	94	153
Finance income attributable to equity holders recognised directly in equity	**(256)**	**786**
Recognised in:		
Fair value reserve	**(256)**	**786**

Financial assets at fair value through other comprehensive 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 (refer note 10).

Upon sale or derecognition of these investments, any gain or loss will be transferred to retained earnings.

5. Cash

a) Cash

	Consolidated US$'000	
	2019	**2018**
Cash at bank	12,429	38,212
Term deposits less than 90 days	16,600	-
	29,029	**38,212**

At balance date, AUD deposits earn interest of 1.05% (2018: 1.30%); USD deposits earn interest between 0% and 2.15% (2018: between 0% and 1.499%).

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 17.

Notes to the financial statements

For the year ended 30 June 2019

5. Cash (continued)

b) Reconciliation of cash flows from operating activities

		Consolidated US$'000	
Cash flows from operating activities	Note	**2019**	**2018**
Profit / (loss) for the period		**26,843**	**(13,056)**
Adjustments for:			
Depreciation expense	3(a)	975	634
Amortisation of intangible assets	3(a)	499	345
Impairment losses	3(b)	-	1,873
Share of loss of equity accounted investee		-	378
Distributions from financial asset at fair value through other comprehensive income	4(a)	-	(38)
Net foreign exchange (gain) / loss	4(a)	66	(92)
Fair value gain on financial assets at fair value through profit or loss	4(a)	(221)	(960)
Income tax expense, less income tax paid		9,397	44,580
Operating cash flow before changes in working capital and provisions		**37,559**	**33,664**
Decrease in receivables		(4,872)	(3,605)
(Increase) / decrease in other current assets		24	(198)
Increase / (decrease) in payables		1,027	(282)
Increase in deferred rent expense		9	331
(Decrease) / increase in employee benefits		(11,182)	3,011
Net cash from operating activities		**22,565**	**32,921**

Notes to the financial statements

For the year ended 30 June 2019

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 was administratively effective at the beginning of the financial year ended 30 June 2018, resulting in the use of a blended rate for the prior year. 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%.

In addition, the Group recognised an income tax expense of $35,480 thousand for the year ended 30 June 2018 related to the adjustment in the carrying value of existing deferred tax assets to reflect the new corporate tax rate.

The effective tax rate for the year ended 30 June 2019 is 26.1%, reflecting the full annual impact of the drop in the US federal statutory corporate rate to 21% and US state corporate taxes.

a) Reconciliation of effective tax rate

	Consolidated US$'000	
	2019	**2018**
Profit before income tax	36,304	31,576
Income tax using the Company's domestic tax rate of 30% (2018: 30%)	(10,891)	(9,473)
Effect of tax rates in foreign jurisdictions	2,064	(470)
Non-deductible / non-assessable amounts included in accounting profit	(247)	133
Amounts not included in accounting profit	(146)	89
Current year tax losses for which no deferred tax asset is initially recognised	141	(344)
Changes in estimates related to prior years	(382)	913
Effect of change in US tax rate on deferred tax assets	-	(35,480)
Total income tax expense reported in profit or loss	**(9,461)**	**(44,632)**

b) Current tax assets and liabilities

	Consolidated US$'000	
	2019	**2018**
Current tax assets	**-**	**2**
Current tax liabilities	**(6)**	**-**

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

Notes to the financial statements

For the year ended 30 June 2019

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	
	2019	**2018**
Carried forward tax losses	30,647	27,582
Goodwill and intangible assets	20,635	30,400
Employee benefits	20	2,597
Financial assets at fair value through profit or loss	(269)	217
Financial assets at fair value through other comprehensive income	(658)	(754)
Other items	2,209	1,836
	52,584	**61,878**

As at 30 June 2019 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.

Notes to the financial statements

For the year ended 30 June 2019

6. Income tax (continued)

c) Deferred tax assets (continued)

Deferred tax assets – Australian Group

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

	Consolidated US$'000	
	2019	**2018**
Deductible temporary differences	59,262	62,456
Tax losses	3,370	3,704
	62,632	**66,160**

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 2019, 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.

$59,262 thousand (30 June 2018: $62,456 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.

Notes to the financial statements

For the year ended 30 June 2019

7. Dividends

a) Dividends paid

The following dividends were paid by the Company:

	Consolidated US$'000	
	2019	**2018**
Interim ordinary dividend for the year ended 30 June 2019 of USD 8.0 cents	12,741	-
Final ordinary dividend for the year ended 30 June 2018 of USD 9.0 cents	14,710	-
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
	27,451	**24,390**

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 30 August 2019.

The dividends were not determined or provided for as at 30 June 2019, and there are no income tax consequences.

The aggregate amount of the proposed dividend will be paid out of the balance of the parent entity profits reserve as at 30 June 2019.

b) Dividend franking account

	Consolidated US$'000	
	2019	**2018**
Amount of franking credits available to shareholders of Navigator Global Investments Limited for subsequent financial years	**722**	**761**

Dividends paid and declared during the 2019 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 2019

8. Earnings per share

	Consolidated US$'000	
	2019	**2018**
Basic earnings per share	16.55	(8.05)
Diluted earnings per share	16.55	(8.05)

Reconciliation of earnings used in calculating earnings per share

Basic and diluted earnings per share

	Consolidated US$'000	
	2019	**2018**
Profit / (loss) attributable to ordinary equity holders of the Company used in calculating basic and diluted earnings per share	**26,843**	**(13,056)**

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

		'000 shares	
		2019	**2018**
Issued ordinary shares at 1 July	16	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 2019

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	
	2019	**2018**
Trade receivables from contracts with customers	18,733	13,800
Other receivables and prepayments	690	828
	19,423	**14,628**

Trade receivables from contracts with customers

Trade receivables due from contracts with customers comprise management service fees, performance fees, recoverable costs, licence fees, outgoings and other operating expenses on-charged under agreements with external parties to licence office space.

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 amount to which the Group has the right to invoice for the period for the services or recoverable costs provided.

Due to the short-term nature of the Group's trade receivables and the historically low default rate on payment by customers, there is no credit allowance against trade receivables as at 30 June 2019 or 30 June 2018. In determining this credit allowance, the Group has considered forward looking factors specific to the receivables and the economic environment.

Other receivables and prepayments

Other receivables and prepayments relate to items such as prepaid expenses (principally in relation to insurance policies), 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 17.

Notes to the financial statements

For the year ended 30 June 2019

10. Investments recognised at fair value

	Consolidated US$'000	
	2019	**2018**
Financial assets at fair value through other comprehensive income	5,288	5,638
Financial assets at fair value through profit or loss	12,665	10,821
	17,953	**16,459**

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise non-controlling equity holdings in unquoted securities of US based companies over which the Group does not have significant influence.

The Group has elected to account for these investments at fair value with changes to fair value recognised through other comprehensive income in the fair value reserve. Upon sale or derecognition of these investments, any gain or loss will be transferred to retained earnings.

Note 17 provides details on the methods used to determine fair value for measurement and disclosure purposes.

Financial assets at fair value through profit or loss

These assets have been classified as fair value through profit or loss upon initial recognition with changes in fair value recognised in profit or loss. Note 17 provides details on the methods used to determine fair value for measurement and disclosure purposes.

Notes to the financial statements

For the year ended 30 June 2019

11. Plant and equipment

	Consolidated US$'000			
	Furniture & equipment	Computer equipment & software	Leasehold improvements	Total
Cost				
Balance at 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 and 1 July 2018	**1,847**	**3,459**	**1,580**	**6,886**
Additions	695	848	1,572	3,115
Disposals	-	(41)	-	(41)
Balance at 30 June 2019	**2,542**	**4,266**	**3,152**	**9,960**
Depreciation				
Balance at 1 July 2017	(958)	(2,215)	(674)	(3,847)
Depreciation for the year	(110)	(367)	(157)	(634)
Disposals	-	-	283	283
Balance at 30 June and 1 July 2018	**(1,068)**	**(2,582)**	**(548)**	**(4,198)**
Depreciation for the year	(150)	(568)	(257)	(975)
Disposals	-	4	-	4
Balance at 30 June 2019	**(1,218)**	**(3,146)**	**(805)**	**(5,169)**
Carrying amounts				
At 1 July 2017	303	335	520	1,158
At 30 June and 1 July 2018	**779**	**877**	**1,032**	**2,688**
As at 30 June 2019	**1,324**	**1,121**	**2,347**	**4,791**

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:	2-3 years
Furniture and equipment:	5-20 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 2019

12. Intangible assets

	Consolidated US$'000				
	Goodwill	**Trademarks**	**Software**	**Client relationships**	**Total**
Cost					
Balance at 1 July 2017	499,519	1,900	2,050	-	503,469
Balance at 30 June and 1 July 2018	**499,519**	**1,900**	**2,050**	**-**	**503,469**
Additions	-	-	-	1,077	1,077
Balance at 30 June 2019	**499,519**	**1,900**	**2,050**	**1,077**	**504,546**
Amortisation and impairment losses					
Balance at 1 July 2017	(405,718)	(903)	(1,425)	-	(408,046)
Amortisation for the year	-	(95)	(250)	-	(345)
Balance at 30 June and 1 July 2018	**(405,718)**	**(998)**	**(1,675)**	**-**	**(408,391)**
Amortisation for the year	-	(95)	(250)	(154)	(499)
Balance at 30 June 2019	**(405,718)**	**(1,093)**	**(1,925)**	**(154)**	**(408,890)**
Carrying amounts					
At 1 July 2017	93,801	997	625	-	95,423
At 30 June and 1 July 2018	**93,801**	**902**	**375**	**-**	**95,078**
At 30 June 2019	**93,801**	**807**	**125**	**923**	**95,656**

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 29.

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.

Client relationships

The Group's United States subsidiary, Lighthouse Investment Partners, LLC (Lighthouse) acquired the rights to manage $5.4 billion of assets on behalf of clients from Mesirow Advanced Strategies (MAS) on 1 July 2018. The transaction was completed in accordance with a formal agreement with MAS whereby Lighthouse acquired the contractual rights to act as investment manager of these assets, along with some 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.

Notes to the financial statements

For the year ended 30 June 2019

12. Intangible assets (continued)

Client relationships (continued)

Purchase consideration

The key terms of the purchase consideration are:

- The purchase consideration is a contingent consideration arrangement. The contingent consideration that may be paid in the future will be determined under earnout payment terms over seven years, calculated as an agreed percentage of EBITDA generated by the transitioned assets above a floor amount:
  - The earnout calculation for the first 12 months ending 30 June 2019 has not been agreed with the vendor as at the date of this report. However, the Group estimates that any earnout amount payable for this period will be nominal or nil.
  - There is inherent uncertainty in being able to reasonably estimate the contingent consideration. Based on the earnout calculation for the first year and our assessment that it is unlikely there will be future earnout payments over the remaining six years of the earnout period, the Group has not recognised any liability for future contingent consideration as at 30 June 2019.
- Under the agreement, there was no upfront consideration at acquisition date, other than $343 thousand paid for transferred prepaid operating expenses. The Group also incurred $1,088 thousand of transaction costs.
- The transaction did not require an issue of equity by the Group or for the Group to obtain debt funding.

Accounting treatment

The Group engaged Grant Thornton, LLP (US) to determine the fair value of assets acquired in the transaction. Based on these valuations, the Group has assessed that substantially all of the fair value of the assets acquired in the transaction relate to the intangible client relationships. The Group has early adopted recent changes to AASB 3 *Business combinations*. Under these amendments to the standard, as the fair value of all the acquired assets and liabilities is concentrated in a group of similar assets, namely the intangible client relationships, the Group has determined that the transaction should be accounted for as an asset acquisition rather than a business combination.

- The total purchase price for the transaction is $1,431 thousand.
- Prepaid operating expenses assumed under the transaction are recognised at their fair value of $343 thousand, whilst the remaining assets are recognised at their relative fair value as a proportion of the remaining purchase price.
- As the transaction is accounted for as an asset acquisition, no goodwill or bargain from a purchase has been recognised.

Intangible client relationships of $1,077 thousand were recognised in the statement of financial position on 1 July 2018. The client relationships will be amortised on a straight-line basis over 7 years.

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
Client relationships	7 years
Capitalised software development costs	5 years

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

Impairment testing of intangible assets

The carrying amounts of the Group's intangible assets which have an indefinite life are reviewed at least annually, or when an impairment indicator exists.

The carrying amount of the Group's other intangible assets are reviewed 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.

Notes to the financial statements

For the year ended 30 June 2019

12. Intangible assets (continued)

Impairment testing as at 30 June

Cash generating units

For the purpose of impairment testing, intangible assets are allocated to either the Lighthouse cash generating unit (Lighthouse CGU) or the MAS cash generating unit (MAS CGU).

Lighthouse CGU

	Consolidated US$'000 Carrying Amount	
	2019	**2018**
Goodwill	93,801	93,801
Trademarks	807	902
Software	125	375
	94,733	**95,078**

The carrying value of the CGU tested at 30 June 2019 includes $4,775 thousand of directly attributable plant and equipment (2018: $2,675 thousand).

Impairment testing carried out on the Lighthouse CGU as at 30 June 2018 and 30 June 2019 did not result in the recognition of any impairment losses.

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	2019	2018
Discount rate	15.6%	15.6%
Terminal value growth rate	3.7%	3.7%
Forecast EBITDA growth rate (average next 5 years)	7%	6%

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% (2018: 10%) at a market interest rate of 4.72% (2018: 4.72%).

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

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

MAS CGU

	Consolidated US$'000 Carrying Amount	
	2019	**2018**
Client relationships	923	-
	923	**-**

There were no material indicators of impairment of the MAS CGU as at 30 June 2019.

Notes to the financial statements

For the year ended 30 June 2019

13. Trade and other payables

	Consolidated US$'000	
	2019	**2018**
Current		
Trade creditors	160	75
Deferred rent liability	108	122
Other creditors and accruals	3,075	3,129
	3,343	**3,326**
Non-current		
Deferred rent liability	2,637	1,052
Other long-term liabilities	50	-
	2,687	**1,052**

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 as 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 17.

Notes to the financial statements

For the year ended 30 June 2019

14. Employee benefits

	Consolidated US$'000	
	2019	**2018**
Current		
Short-term incentives	470	11,680
Liability for annual leave	130	105
	600	**11,785**
Non-current		
Liability for long service leave	**102**	**108**

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.

During the year ended 30 June 2019, the Group changed the bonus cycle for US employees from being determined on a calendar year basis to being determined on a financial year basis. To effect the change, employees received an additional bonus payment in June 2019 in relation to their performance for the 6 months ended on that date. This change is reflected in the reduction to the current liability for short-term incentives.

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 2019

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.

15. 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 2019 and 30 June 2018, the Company's capital comprises ordinary shares on issue.

Line of Credit

The Group has in place a $15 million Line of Credit with an expiry date of 27 July 2020. The facility is secured by a charge over certain of the Group's assets. This Line of Credit has not been drawn during the year ended 30 June 2019 and remains undrawn at the date of this report.

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.

16. Capital and reserves

a) Ordinary shares on issue

	Shares '000	
	2019	**2018**
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.

Notes to the financial statements

For the year ended 30 June 2019

16. Capital and reserves (continued)

b) Nature and purpose of reserves

	Consolidated US$'000	
	2019	**2018**
Parent entity profits reserve	16,918	14,911
Translation reserve	850	850
Fair value reserve	2,025	2,281
Share-based payments reserve	13,326	13,326
	33,119	**31,368**

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 financial assets at fair value through other comprehensive income above their original purchase value.

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

17. Financial risk management

Classes of financial instruments

Definitions

During the years ended 30 June 2018 and 2019, the Group held the following non-derivative financial assets and liabilities:

Classification	Description	Note
Financial assets at amortised cost	The carrying amount of these assets is a reasonable approximation of fair value	
	▪ Cash	5
	▪ Trade and other receivables	9
Other financial liabilities at amortised cost	The carrying amount of these assets is a reasonable approximation of fair value	
	▪ Trade and other payables	13
Financial assets at fair value through profit or loss	▪ Investments in unquoted securities of Group managed entities	10
Financial assets at fair value through other comprehensive income	▪ Non-controlling equity holdings in US based 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 2019

17. 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 control, or substantially all the risks and rewards of ownership are transferred.

The Group derecognises a financial liability when its obligations under the liability is discharged or cancelled or expire.

Offset of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to 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 2018		
Financial assets at fair value through other comprehensive income					
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 Group managed entities	10	-	10,821	-	10,821
			30 June 2019		
Financial assets at fair value through other comprehensive income					
Investment in unquoted securities of externally managed entities	10	-	-	5,288	5,288
Financial assets at fair value through profit or loss		-	-	-	-
Investments in unquoted securities of Group managed entities	10	-	12,665	-	12,665

There were no transfers between levels during the financial years ended 30 June 2019 or 30 June 2018.

Notes to the financial statements

For the year ended 30 June 2019

17. 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 Group managed entities

The Group holds investments in Group managed entities. 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 2019 and 30 June 2018 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 data.

The carrying amount has been based on an enterprise value calculated as 3.3% of AUM, with a 20% liquidity/marketability discount to take into account the unlisted nature of this investment.

A 10% increase (decrease) in the AUM multiple would result in an increase (decrease) in fair value of $380 thousand.

A 5% change in the liquidity/marketability discount would result in an increase/(decrease) in fair value of $237 thousand.

Text analytics platform provider

The fair value of this investment is based on the transaction price per share of additional capital issued by the entity as part of a Series B capital raising which was completed in March 2019.

A 10% increase (decrease) in the transaction price would result in an increase (decrease) in fair value of $148 thousand.

Operator of an online marketplace for alternative investments

Due to significant uncertainty as to the on-going viability of this investment, the board has impaired the carrying value of this investment to nil.

Movement in Level 3 assets

The following table presents the change in Level 3 assets for the financial years ended 30 June 2019 and 30 June 2018:

	Note	Investment in unquoted securities
Opening balance 30 June 2017		**5,005**
Increase in fair value through other comprehensive income		633
Closing balance 30 June 2018	10	**5,638**
Decrease in fair value through other comprehensive income		(350)
Closing balance 30 June 2019	10	**5,288**

There were no transfers in or out of Level 3 during the financial year ended 30 June 2019.

Notes to the financial statements

For the year ended 30 June 2019

17. 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 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, 79% of the Group's trade and other receivables related to amounts receivable from products managed by the Group (2018: 87%).

As at reporting date, the Group did not have any receivables which were past due. Due to the short-term nature of the Group's trade receivables, the fact that the majority relate to Group managed products, and the historically low default rates, the application of the expected credit loss model has not resulted in the recording of a material credit allowance as at 30 June 2019 or 30 June 2018. In determining this credit allowance, the Group has considered forward looking factors specific to the receivables and the economic environment.

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 2019, the Group's exposure to interest rate risk relates primarily to the Group's cash and term deposits which mature in less than 90 days.

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:

	2019	2018
AUD/USD: Average rate	0.7156	0.7753
AUD/USD: 30 June spot rate	0.7013	0.7391

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

- AUD denominated 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 which include cash, current receivables, current trade and other payables and employee benefits.
- AUD denominated balances recognised by the Lighthouse Group which has a functional currency of USD. These balances comprise of trade receivables due from a third party for 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	
	2019	2018
AUD/USD: appreciation of 10%, net of tax	61	51
AUD/USD: depreciation of 10%, net of tax	(61)	(51)

Notes to the financial statements

For the year ended 30 June 2019

17. 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
- financial assets at fair value through other comprehensive income which are comprised of investments in the unquoted securities of US based companies.

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

	Consolidated US$'000	
	2019	**2018**
Profit or loss (decrease) / increase		
Fair value + 5%, net of tax	468	384
Fair value - 5%, net of tax	(468)	(384)
Equity (decrease) / increase		
Fair value + 5%, net of tax	195	200
Fair value - 5%, net of tax	(195)	(200)

Management fees

The Group earns management fees as a percentage of the assets it manages on behalf of its funds and clients. Management 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 fees to a change in AUM due to movements in market prices:

	Consolidated US$'000	
	2019	**2018**
Profit or loss (decrease) / increase		
Fair value + 5%, net of tax	3,896	2,550
Fair value - 5%, net of tax	(3,896)	(2,550)

The impact of any change to management 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 2019

17. 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. The Group also has access to a $15 million line of credit (refer Note 15). 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 2019								
Trade and other payables - current	13	3,235	(3,235)	(3,235)	-	-	-	-
Trade and other payables – non-current	13	50	(50)	-	-	-	(50)	-
		3,285	**(3,285)**	**(3,235)**	**-**	**-**	**(50)**	**-**
30 June 2018								
Trade and other payables – current	13	**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 2019

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 and key parent entity disclosures.

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.

18. 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	
		2019	2018
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
MSW Director Services Limited[1]	Cayman Islands	100	-

1 This entity was acquired as part of the transfer of client relationships in the MAS transaction on 1 July 2018.

Basis of consolidation

The consolidated financial statements are those of the Group, comprising Navigator Global Investments 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 loses control of the subsidiary. The assets, liabilities, income and expenses of a subsidiary are included in the consolidated 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.

Notes to the financial statements

For the year ended 30 June 2019

19. Parent entity disclosures

As at, and throughout the financial year ended 30 June 2019, the parent company of the Group was Navigator Global Investments Limited.

	Company US$'000	
	2019	**2018**
Result of the parent entity		
Profit for the year	29,458	26,022
Total comprehensive income for the year	**29,458**	**26,022**
Financial position of the parent at year end		
Current assets	18,812	16,821
Total assets	285,825	283,833
Current liabilities	(175)	(183)
Total liabilities	(277)	(292)
Net assets	**285,548**	**283,541**
Total equity of the parent comprising of		
Share capital	257,355	257,355
Retained earnings	2,397	2,397
Parent entity profits reserve	16,918	14,911
Translation reserve	5,070	5,070
Share based payments reserve	3,808	3,808
Total equity	**285,548**	**283,541**

Notes to the financial statements

For the year ended 30 June 2019

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.

20. Related parties

Key management personnel remuneration

The key management personnel remuneration included in ‘employee expense’ (see note 3) is as follows:

	Consolidated US$	
	2019	**2018**
Short-term employee benefits	6,267,376	5,563,793
Long-term employee benefits	3,215	3,616
Post-employment benefits	95,965	94,419
	6,366,556	**5,661,828**

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

Revenue from group managed products

During the financial year Group entities recognised management fees, performance fees and fund reimbursement revenue received or receivable of $103,048,954 (2018 restated: $87,875,803) from investment products for which group entities act as general partner, investment manager or platform service provider. Amounts receivable from these products at 30 June 2019 were $15,426,885 (2018: $12,660,017).

Investment in products

As at 30 June 2019, Group entities hold $12,665,544 of investments in products for which they act as investment manager or platform service provider (2018: $10,821,366). Refer note 10 for additional detail.

During the financial year, the Group recognised distributions from its investments in these products of $nil (2018: $nil).

For the years ended 30 June 2019 and 30 June 2018, the Group has not recorded a credit allowance 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 17.

Equity accounted investee

The Group held a 40% interest in a US based limited partnership (Casement Capital Management LP) which it transferred to the remaining partner in September 2018. As at 30 June 2018, the directors had assessed the carrying amount of the investment at $Nil.

Other

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

Notes to the financial statements

For the year ended 30 June 2019

21. Auditors' remuneration

	Consolidated US$	
	2019	**2018**
Audit and review services		
EY: Audit and review of financial reports	309,056	245,864
Audit firms other than EY: Audit and review of financial reports	24,216	66,139
	333,272	**312,003**
Services other than statutory audit		
Audit firms other than EY: Taxation and other advisory services	35,243	19,903
	35,243	**19,903**

22. 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	
	2019	**2018**
Within one year	2,635	2,155
After one year but not more than five years	9,478	7,712
More than five years	8,658	8,067
	20,771	**17,934**

Group as lessor

The Group has entered into an operating sub-lease for one of its office premises. The lease has a remaining life of 4 years.

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

	Consolidated US$'000	
	2019	**2018**
Within one year	201	-
After one year but not more than five years	495	-
More than five years	-	-
	696	**-**

Capital Commitments

In July 2019, the Group entered into commitments to purchase computer equipment totaling $1,925 thousand. The equipment will be utilised in the development of the Group's proprietary trading platform.

Notes to the financial statements

For the year ended 30 June 2019

23. 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 2019.

Sale of Australian business

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.

24. Subsequent events

Events occurring after reporting period

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 2019

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 for the current or later years. We explain how these changes are expected to impact the financial position and performance of the Group.

25. Corporate information

The financial report of Navigator Global Investments Limited (the 'Company') for the year ended 30 June 2019 was approved by the board of directors on the 8th day of August 2019.

The consolidated financial statements of the Company as at and for the year ended 30 June 2019 comprise the Company and its subsidiaries (the 'Group') (see note 18).

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.

26. 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 29 as well as within the individual notes to the financial statements.

27. 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
Financial instruments at fair value through other comprehensive income	Fair value

The methods used to measure fair value are discussed further in note 17.

Notes to the financial statements

For the year ended 30 June 2019

28. 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.

29. 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 12 - impairment test: key assumptions underlying recoverable amounts of intangible assets;
- notes 10 and 17 - fair value measurement of investments; and
- note 12 - purchase consideration for client relationships acquired.

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 17 - investments in financial assets at fair value through profit or loss;
- notes 10 and 17 - investment in financial assets at fair value through other comprehensive income; and
- note 12 - relative fair value of assets acquired through the MAS transaction.

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 9 *Financial instruments*

AASB 9 brings together three aspects of accounting for financial instruments: classification and measurement, impairment and hedge accounting. The Group has applied AASB 9 retrospectively, with an initial application date of 1 July 2018 and adjusting the comparative information for the period beginning 1 July 2017. The adoption of AASB 9 did not have a material impact on the disclosures or the amounts recognised in the Group's financial statements.

a) Classification and measurement

The Group continues to measure all financial assets currently held at fair value.

Trade receivables (which are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest) continue to be classified as amortised cost. The Group 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.

The investments in unquoted securities of externally managed entities were previously held as available for sale, and accordingly fair value gains and losses for these assets were recorded in other comprehensive income (OCI). The Board has made an election to continue to present fair value changes in OCI for these investments. As such, the application of AASB 9 has not resulted in a material impact on the amounts recognised in the Group's financial statements. However, under this election, the fair value reserve associated with these investments is now prohibited from being recycled to the profit and loss on disposal, but can be transferred within equity.

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 has elected to apply the simplified approach and assess lifetime expected losses on all trade receivables.

For all other financial instruments in-scope of the impairment requirements of AASB 9, the Group assesses expected credit losses on a forward-looking basis and the impairment methodology applied will depend on whether there has been a significant increase in credit risk.

Notes to the financial statements

For the year ended 30 June 2019

29. Other accounting policies (continued)

Due to the short-term nature of the Group's trade receivables, the fact that the majority relate to Group managed products, and the historically low default rates, the application of the expected credit loss model has not resulted in the recording of a material credit allowance.

c) Hedge accounting

The Group does not currently have any existing hedge relationships. As such, there was no impact.

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 has been applied by the Group for the reporting period commencing 1 July 2018 using the full retrospective method (no practical expedients have been applied). The nature and effect of the changes as a result of adoption of the new accounting standard are described below.

a) Revenue from the provision of services

The consideration received by the Group for the provision of services is in the form of management fees, and in the case of some customers, performance fees. Historically, management fees have been recognised in the income statement as services have been provided. Performance fees have been recognised only when the entitlement to receive the fee has become certain, which is at the end of the relevant performance period.

The adoption of AASB 15 has not resulted in a change in timing or amount of revenue recognised in relation to either management fees or performance 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) Reimbursement of fund operating expenses

The Group is entitled to reimbursement for fund expenses that it has paid on behalf of the funds. While the funds generally pay their own operating expenses directly, there are some expenses, such as financial data services and software and technology expenses, where it is more practical for the Group to incur and pay the expense and then be reimbursed by the fund. These reimbursements have historically been recognised on a net basis in the income statement.

Under the principal versus agency considerations in AASB 15, the Group now recognises the fund expense reimbursements it incurs on a gross basis. Reimbursements received from funds are classified as 'Revenue from reimbursement of fund operating expenses', and payments made on behalf of funds are classified as 'Reimbursable fund operating expenses'. The prior period income statement and cashflow have restated to reflect this change.

The impact of this change for the year to 30 June 2019 is an increase to both revenue and expense of $6,319 thousand (30 June 2018: $4,678 thousand). This change does not have a net impact on the Group's income statement or statement of financial position.

c) Agreements for the provision of office space and services

The Group has a number of agreements with external parties to license desk / office space at their New York and London offices. As part of these agreements, licensees are charged license fees and service charges on a monthly basis.

The Agreements represent contracts with a customer under AASB 15. The revenue from these agreements is now described as 'Revenue from provision of office space and services' (previously termed of 'Rent, outgoings and other operating expenses on-charged to sublease tenants'). The amounts are unchanged.

AASB 3 *Business Combinations*

AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business amended AASB 3 to include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. This election is made on a transaction by transaction basis.

The amendments to AASB 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively. The Group has early applied the amendments from 1 July 2018 as permitted by the standard. See Note 12 for further details.

Notes to the financial statements

For the year ended 30 June 2019

29. Other accounting policies (continued)

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 2019.

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 becomes mandatory for the Group from 1 July 2019.

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 Group has assessed its existing contracts for use of office premises and ongoing use of assets and equipment. All of the contracts meet the lease criteria in AASB 16 and are identified as containing a lease. After applying practical expedients (short-term and low value exemptions), four leases for office premises remain which require a change in accounting under the new requirements.

The Group has selected a modified retrospective transition approach with the Right-of-use asset measured as if AASB 16 had always been applied, but using the transition discount rate rather than the discount rate at inception.

Upon adoption of the standard on 1 July 2019, the Group expects to recognised the following changes in the statement of financial position in relation to these leases:

	Statement of financial position impact US$'000
Recognise a lease liability	(18,012)
Recognise a Right-of-use asset	14,102
Recognise a finance lease receivable	385
Derecognise existing lease incentives/allowances	2,745
Recognise the tax effect of the balance sheet movements to deferred tax assets	191
Recognise the cumulative effect of initially applying the standard as an adjustment to retained earnings	589

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 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
- AASB Interpretation 23 Uncertainty over Income Tax Treatment
- AASB 17 Insurance Contracts
- 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 40 to 81, and the Remuneration report on pages 27 to 36 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 2019 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 2019.

3. The directors draw attention to note 26 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

Sydney, 8 August 2019

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

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 2019, 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 2019 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.

Building a better working world

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 24% 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 asset 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 the assumptions and estimates used were consistent with the criteria used for testing the recoverability of the Lighthouse cash generating unit; • 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.

Building a better working world

Recoverability of the Lighthouse cash generating unit

Refer to Note 12 of the financial report

Why significant	How our audit addressed the key audit matter
The recoverability of the Lighthouse cash generating unit ("CGU") was a key audit matter due to the value of goodwill allocated to the CGU relative to total assets and the degree of judgement involved in determining the value in use of the GGU. 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 CGU'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 value in use; • Ensured the assumptions and estimates were consistent with the criteria used for testing recoverability of deferred tax assets; • Assessed the historical accuracy of the Group's previous future cash flow forecasts by comparing forecasts 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; • 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 2019 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.

Building a better working world

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.

Building a better working world

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 2019.

In our opinion, the Remuneration Report of Navigator Global Investments Limited for the year ended 30 June 2019, 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

RBurrows

Rebecca Burrows
Partner
Brisbane
8 August 2019

Shareholder information

Shareholder information

As at 5 August 2019

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 Navigator Global Investments Limited:

Category	Number of ordinary shares	%
Sean McGould, his controlled entities and associates	19,438,083	11.99%
Delaware Street Capital Master Fund, LP	13,101,982	8.08%
IOOF Holdings Limited	11,147,302	6.88%

Twenty largest shareholders

Name	Number of ordinary shares held	Percentage of capital held
Citicorp Nominees Pty Limited	50,069,500	30.88%
HSBC Custody Nominees (Australia) Limited	36,351,320	22.42%
J P Morgan Nominees Australia Pty Limited	23,595,611	14.55%
National Nominees Limited	8,908,247	5.49%
BNP Paribas Noms Pty Ltd	5,158,756	3.18%
BNP Paribas Nominees Pty Ltd	4,677,984	2.89%
CS Third Nominees Pty Limited	1,460,920	0.90%
Warbont Nominees Pty Ltd	1,184,876	0.73%
BNP Paribas Nominees Pty Ltd	1,084,360	0.67%
UBS Nominees Pty Ltd	1,029,176	0.63%
Mr Shay Shimon Hazan-Shaked	900,000	0.56%
Winchester Global Trust Company Limited	742,719	0.46%
Australian Executor Trustees Limited	730,396	0.45%
Bond Street Custodians Limited	650,000	0.40%
Mr Ethan J Baron	593,862	0.37%
CS Fourth Nominees Pty Limited	526,489	0.32%
Mr Mark Sheffield Hancock & Brig Ian Denis Westwood	484,835	0.30%
eCapital Nominees Pty Limited	458,018	0.28%
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd Drp	426,291	0.26%
Mr Shay Shimon Hazan-Shaked	400,000	0.25%

Shareholder information

As at 5 August 2019

Distribution of shareholdings

Range	Number of holders of ordinary shares	% of holders	Number of ordinary shares	% of share
1-1,000	607	23.22%	293,686	0.18%
1,001-5,000	1,088	41.62%	3,034,125	1.87%
5,001-10,000	431	16.49%	3,275,057	2.02%
10,001-50,000	401	15.34%	8,584,601	5.29%
50,001 – 100,000	43	1.64%	3,138,052	1.94%
100,001 and over	44	1.68%	143,822,376	88.70%
Total	**2,614**	**100.00%**	**162,147,897**	**100.00%**

The number of shareholders holding less than a marketable parcel of ordinary shares is 135.

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.