



ASX Announcement

16 January 2019

December 2018 – AUM & Investment performance update

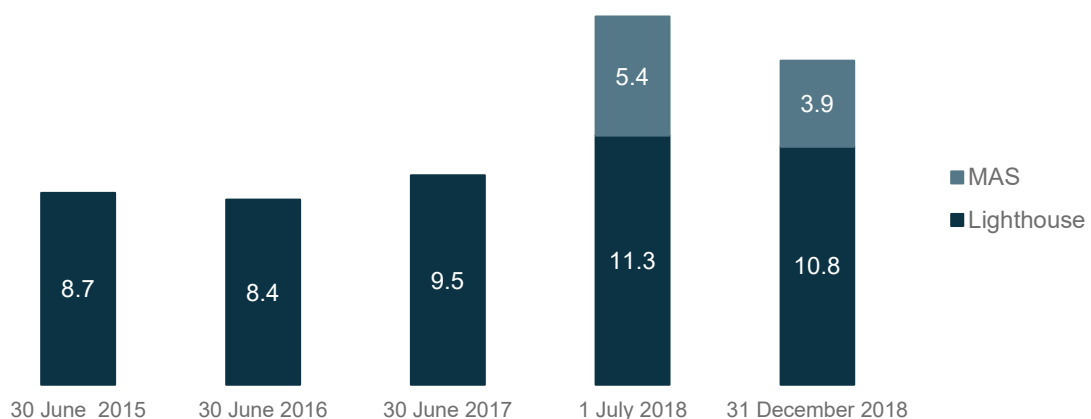
Navigator Global Investments Limited ('NGI' or 'the Company') provides the following update on Assets Under Management ('AUM'):

December 2018 Quarter

	30 September 2018	Net flows <i>Note 1</i>	Performance <i>Note 2 & 3</i>	31 December 2018 <i>(Estimate)</i> <i>Note 3</i>
Commingled Funds	USD 6.31 bn	↓ USD 0.43 bn	↓ USD 0.32 bn	USD 5.56 bn
Single Investor Customised Solutions	USD 9.83 bn	↓ USD 0.31 bn	↓ USD 0.36 bn	USD 9.16 bn
Total AUM	USD 16.14 bn	↓ USD 0.74 bn	↓ USD 0.68 bn	USD 14.72 bn

- 1 *Net flows includes monies received by Lighthouse for applications and any redemptions effective 1 January 2019. This convention in relation to the reporting of net flows and AUM has been consistently applied by the NGI Group since January 2008.*
- 2 *Performance includes investment performance, market movements, the impacts of foreign exchange on non-USD denominated AUM and distributions (if any).*
- 3 *31 December 2018 AUM is estimated and is based on performance estimates which may be subject to revision near the 20th business day of the month and upon final audit. AUM excludes a non-discretionary long-only managed account structured for a single investor. AUM may include transfers from other Lighthouse Funds that occurred on the first day of the following month.*

Total AUM





Six months to 31 December 2018 summary and reconciliation

	1 July 2018	Net flows	Performance	31 December 2018 (Estimate)
Commingled Funds				
- Lighthouse	USD 4.65 bn	↓ USD 0.16 bn	↓ USD 0.29 bn	USD 4.20 bn
- MAS	USD 2.08 bn	↓ USD 0.67 bn	↓ USD 0.05 bn	USD 1.36 bn
Single Investor Customised Solutions				
- Lighthouse	USD 6.67 bn	↑ USD 0.18 bn	↓ USD 0.23 bn	USD 6.62 bn
- MAS	USD 3.32 bn	↓ USD 0.74 bn	↓ USD 0.04 bn	USD 2.54 bn
Total AUM	USD 16.72 bn	↓ USD 1.39 bn	↓ USD 0.61 bn	USD 14.72 bn

Refer also to the notes on page 1 regarding the way AUM is determined.

As noted in our ASX release on 9 January 2019, AUM was negatively impacted in the December 2018 quarter due to investment losses, faster than anticipated redemptions from the transitioned MAS assets and slower than anticipated inflows.

Overall, negative investment performance for the most recent quarter resulted in a \$680 million reduction in AUM across all portfolios, representing a 4.2% reduction on the December 2018 quarter's opening AUM of \$16.14 billion. This is the largest investment performance loss in a quarter experienced by Lighthouse since 2008.

Almost the entirety of the net outflows for the six months to December 2018 are attributable to the MAS transitioned assets. When announcing the acquisition of the MAS client relationships, we highlighted that we expected a higher rate of redemption on these assets. At the Annual General Meeting on 28 November 2018, we advised that we considered a loss of 25% of the initial \$5.4 billion of assets transitioned would be a reasonable result. We hit this number as at 31 December 2018, a key driver of which are certain custom funds that transferred earlier than expected. Redemptions for the remainder of the 2019 financial year are expected to be in normal ranges for the six-month period.

Lighthouse Commingled Funds experienced net outflows of \$160 million over the same period, however this was off-set by \$190 million of net inflows from Single Investor Customised Clients. In normal circumstances, we would have expected to have net inflows over the six months to 31 December 2018, however the increased volatility and downturn in global asset markets has delayed the timing on some key client decisions. We expect that if global markets normalise over the near term, the pipeline and related timeline for new opportunities will also normalise, particularly for the Lighthouse Single Investor Customised Solutions products.



December 2018 performance estimates for select Lighthouse Commingled Funds:

Lighthouse Commingled Fund	December 2018	Calendar YTD (1 year)	3 year	5 year	3 year volatility
Lighthouse Diversified Fund Limited Class A	-0.50%	-2.54%	1.17%	2.82%	2.66%
Lighthouse Global Long/Short Fund Limited Class A	-1.75%	-6.25%	-0.29%	2.15%	5.39%
Benchmarks					
S&P 500 TR Index	-9.03%	-4.38%	9.27%	8.51%	10.96%
MSCI AC World Daily TR Gross USD	-7.00%	-8.92%	7.19%	4.83%	10.63%
Barclays US Agg Gov/Credit Total Return Value Unhedged USD	1.86%	-0.43%	2.19%	2.53%	3.20%
91-Day Treasury Bill	0.18%	1.87%	1.02%	0.63%	0.20%
Hedge Fund Research HFRX Global Hedge Fund Index	-1.93%	-6.73%	0.44%	-0.59%	3.94%

Performance may vary among different share classes or series within a Fund. Past performance is not indicative of future results.

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December 2018 returns for the Lighthouse Funds, and consequently, the other figures appearing in this document that include these returns in their computation, are estimated and subject to revision near the 20th business day of the month and upon final audit. The performance data represents the returns for each of the respective Lighthouse Funds, or any related predecessor Fund, net of all fees and expenses, including reinvestment of earnings. Results include reinvestment of all income and capital gains. Performance shown for periods over one year has been annualised. 2018 performance is not audited and is subject to revision. The performance data for the selected Class A shares of the above Lighthouse Funds is presented as a representative proxy for the two main investment strategies of AUM invested in Lighthouse Funds. Returns may vary between different Funds of a similar strategy, as well as between share classes or series within the same Fund.

The indices included are unmanaged and have no fees or expenses. An investment cannot be made directly in an index. The Lighthouse Funds consist of securities which vary significantly to those in the indices. Accordingly, comparing results shown to those of such indices may be of limited use.

S&P 500 TR Index: This index includes 500 leading companies in leading industries of the US economy. Although the S&P500® focuses on the large-cap segment of the market, with approximately 75% of coverage of US equities, it is also an ideal proxy for the total market. S&P 500 is part of a series of S&P US indices that can be used as building blocks for portfolio construction.

MSCI AC World Daily TR Gross USD: A free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 45 country indices comprising 24 developed and 21 emerging market country indices.

Barclays US Agg Gov/Credit Total Return Value Unhedged USD: An unmanaged market-weighted index, comprised of government and investment grade corporate debt instruments with maturities of one year or greater.

91-Day Treasury Bill: A short-term debt obligation backed by the US government with a maturity of 91 days. T-bills are sold in denominations of USD1,000 up to a maximum purchase of USD5 million and commonly have maturities of one month (28 days), three months (91 days), six months (182 days), or 1 year (364 days).

Hedge Fund Research HFRX Global Hedge Fund Index: This HFRX Global Hedge Fund Index is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies; including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage. The strategies are asset weighted based on the distribution of assets in the hedge fund industry.

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