



ASX Announcement

16 January 2020

December 2019 – AUM & Investment performance update

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

Highlights

- Total Group AUM as at 31 December 2019 is \$13.37 billion.
- Strong investment performance for December 2019 quarter, particularly for the month of December
- Higher than normal performance fee revenue to be recognised in December which had not been anticipated in the FY20 EBITDA guidance provided on 20 November 2019
- Lighthouse Customised Solutions received \$385 million of gross inflows for the quarter
- As previously flagged in our release of 20 November 2019, AUM from MAS funds was \$2.0 billion as at 31 December 2019, with the reduction due to \$695 million of net outflows for the quarter.
- With recent cost rationalisation, we expect the remaining MAS assets will continue to be accretive to the Group's operating result.

December 2019 quarter investment performance

Investment performance was a key contributor to AUM growth for the December 2019 quarter, with our global equity and relative value strategies generating strong returns. Despite upwardly trending markets, both the long and short portions of our portfolios contributed positive alpha which has continued into January.

Group performance fees

The solid investment performance has also resulted in the Group recognising higher than normal performance fee revenue for December, with the key portfolios generating these fees having Multi-strategy and Diversified investment strategies, as well as select Customised Solutions client portfolios.

Given the uncertainty associated with estimating performance fees, the FY20 EBITDA guidance released by the Group on 20 November 2019 included a lower amount of performance fees, based on the Group's long-term historical norm. As such we anticipate that the full year EBITDA will be somewhat higher than the previously announced US\$33.5m. We note that the amount of fees to be recognised is yet to be finalised, pending the completion of normal valuation and accounting processes for the underlying assets.



AUM

The Group was pleased to receive \$385m of additional inflows over the quarter from one of our largest customised solutions clients. The relationship with this client continues to evolve, and we are committed to continuing to assist them in getting the full benefits out of the functionality provided by our managed account platform.

We have continued to see some modest outflows across the Lighthouse commingled funds, although based on our past experience, we anticipate the positive performance for the quarter should contribute to a slowing of outflows for these products.

As flagged in the ASX announcement released on 20 November 2019, there were additional redemptions from the remaining MAS legacy assets of \$695 million, bringing the total AUM of these clients to \$2.0 billion as at 31 December 2019. Approximately \$500m of these redemptions were from MAS Customised Clients.

The level of redemptions experienced on the acquired assets has been higher than what we anticipated when we closed the transaction on 1 July 2018. With recent cost rationalisation, we believe that the remaining MAS assets will continue to be accretive to the Group's operating result.

Assets under management

Summary for the quarter ended 31 December 2019

	30 September 2019	Net flows	Performance	31 December 2019 (Estimate)
Commingled Funds	USD 4.60 bn	↓ USD 0.33 bn	↑ USD 0.19 bn	USD 4.46 bn
Customised Solutions	USD 8.93 bn	↓ USD 0.31 bn	↑ USD 0.29 bn	USD 8.91 bn
Total AUM	USD 13.53 bn	↓ USD 0.64 bn	↑ USD 0.48 bn	USD 13.37 bn

The above AUM figures have been determined on the following basis:

- 1 Net flows includes monies received by Lighthouse for applications and any redemptions effective 1 January 2020. 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 2019 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.*



December 2019 performance estimates for select Lighthouse Commingled Funds:

Lighthouse Commingled Fund	December 2019 Quarter	1 year	3 year	5 year	3 year volatility
Lighthouse Diversified Fund Limited Class A	2.66%	6.09%	2.81%	2.54%	2.71%
Lighthouse Global Long/Short Fund Limited Class A	7.01%	11.18%	3.39%	3.34%	5.91%
Benchmarks					
S&P 500 TR Index	9.07%	31.49%	15.28%	11.71%	12.10%
MSCI AC World Daily TR Gross USD	9.06%	27.28%	13.05%	9.00%	11.37%
Barclays US Agg Gov/Credit Total Return Value Unhedged USD	-0.01%	9.71%	4.34%	3.23%	3.31%
91-Day Treasury Bill	0.46%	2.28%	1.67%	1.07%	0.20%
Hedge Fund Research HFRX Global Hedge Fund Index	2.57%	8.62%	2.41%	1.19%	3.79%

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 2019 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. 2019 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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