

Chairman's Address

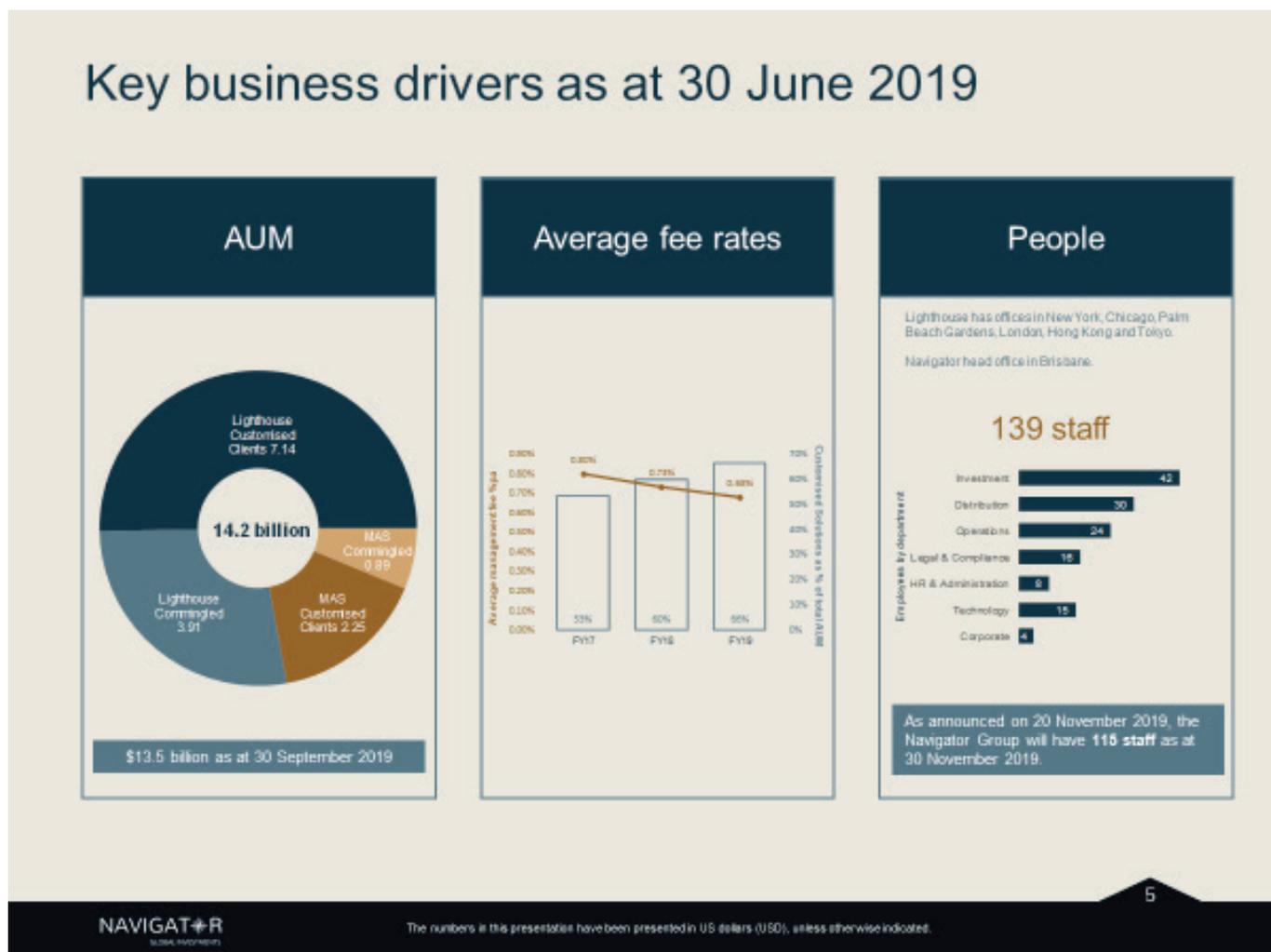
28 November 2019



Chairman’s Address by Michael Shepherd

1 Key business drivers

I would like to start by discussing what we consider the three key drivers of the success of our business, namely our clients, the fees we earn from providing services to these clients, and our staff who we rely on to deliver high quality services.



Clients

As at 30 June 2019 the Group had AUM of \$14.2 billion. 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.

However, we did not expect that we would retain all of the transitioned assets, and redemption of these assets was the key driver of the \$2.5 billion reduction to AUM over the 12 months to 30 June 2019.

Continued outflows, mainly from the MAS transitioned assets, have resulted in AUM of \$13.5 billion as at 30 September 2019.

Average 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.

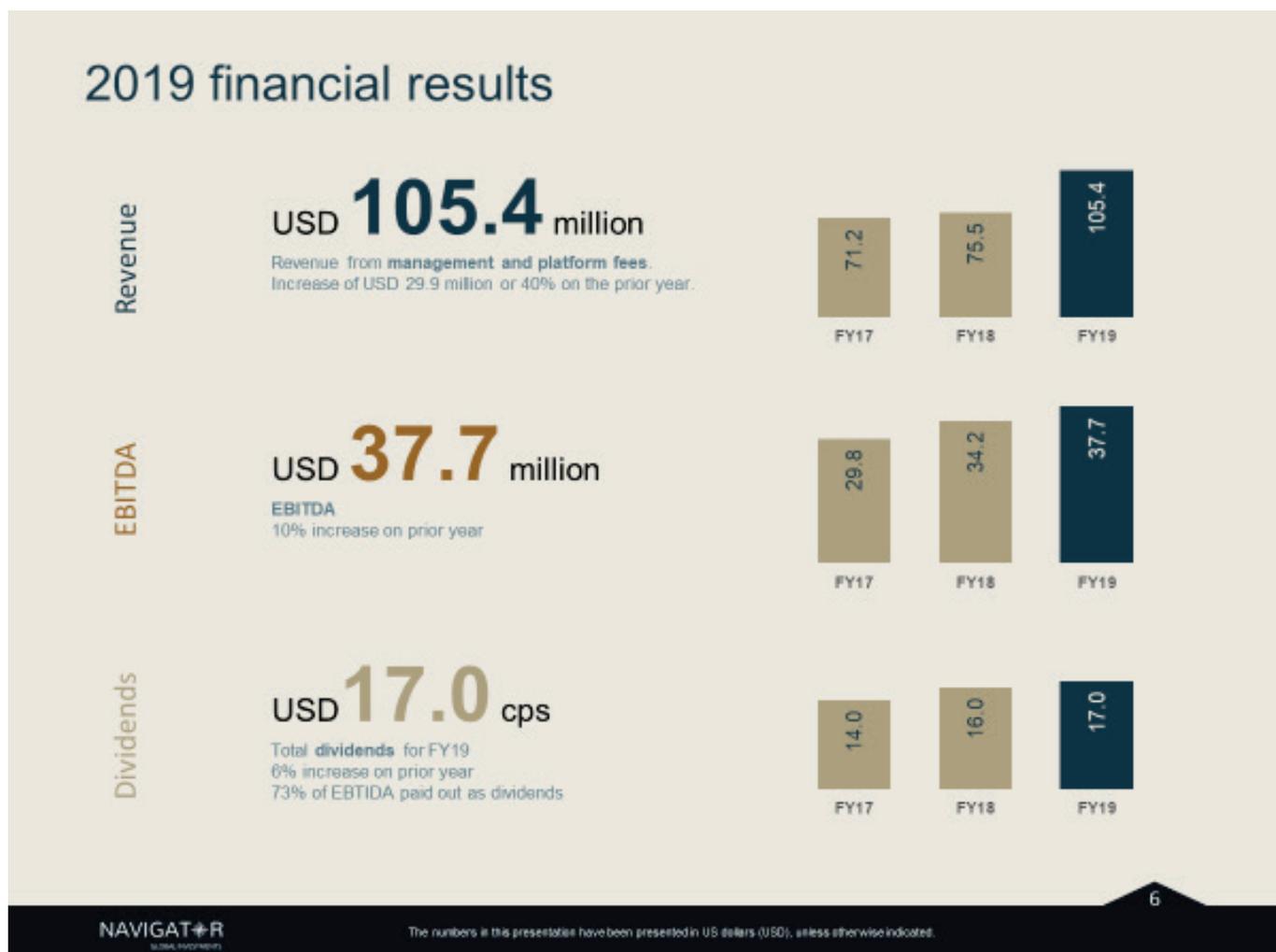
The average management fee for the 2019 financial year was 0.68% per annum, down from 0.73% per annum in the prior year. This management fee rate represents the blended net management fee rate across all AUM. While there a number of factors which impact the average management fee rate across periods, a key driver in the 2019 year was 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.

People

The Group had 139 employees across the following functional divisions as at 30 June 2019. The much higher number of staff in the 2019 financial year was due to the transition of MAS assets on 1 July 2018.

As the MAS assets have reduced, we have undertaken a review to identify the level of overall resources needed for the business. As part of this exercise, we have taken steps to reduce our headcount by the end of November 2019, after which headcount for the Group will be at 115.

2019 financial results



We were pleased with the results delivered by the Group for the 2019 financial year. I 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 offsetting both revenue from the provision of office space and services and revenue from reimbursement of fund operating expenses, were higher by \$19.4 million compared to 2018. This reflects the significant increase in scale of our operations across all major expense areas over the 2019 financial year, largely due to MAS acquisition and integration activities. We also continued to spend to make ongoing enhancements to investment processes and technology platforms across the business.

The 2019 financial year results allowed the directors to determine an US 8.0 cent per share interim dividend, and a US 9.0 cents per share final dividend, bringing the total for the year to a record US 17.0 cents per share. This represented a 6% increase on the 2018 financial year, and equated to a payout ratio of 73% of EBITDA.

Other initiatives

I would also like to discuss some other initiatives which in the business which have been a key focus in the past financial year.

Other initiatives

Platform services



We are having in-depth discussions with several global asset owners about utilising our platform

We have seen more than \$300 million of inflows on the platform from existing clients over the past month of November

We anticipate further inflows in the first quarter of the 2020 calendar year.



Corporate responsibility and sustainability

Board has undertaken to appoint a female director by the end of the 2020 financial year



Adoption of core Business Values





Key objective for 2020 financial year is to publish a Corporate Sustainability and Responsibility Report.

Remuneration review



Review of remuneration arrangements conducted by external consultant during the 2019 financial year.

Shareholders approved the grant of performance rights to CEO at last AGM. At the CEO's request, the issue of these performance rights has not been made in the last year.



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The numbers in this presentation have been presented in US dollars (USD), unless otherwise indicated.

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Platform services

Over the past year we have continued to develop our presence as a potential provider in the Platform Services space, where clients can outsource to us the set-up, implementation, ongoing operations and risk and performance analytics associated with operating their own custom hedge fund managed account platform. This evolution of our service model utilises our existing managed account platform capabilities to allow to explore new structuring solutions and vehicles to meet their investment return, liquidity, transparency and jurisdictional needs. The value of our platform offering is in its functionality, with powerful reporting tools which supports quality investment analysis and risk management requirements. We are excited about the overall level of discussions with prospective platform services clients, and the general acceptance of the value of managed accounts. Pleasingly, we are in the midst of in-depth discussions with several global asset owners about utilising our platform. In addition, these conversations have often led to opportunities to discuss our other products and services, thereby supporting business development activities across the whole of the Lighthouse business.

We are optimistic over a number of high-quality conversations we continue to have with prospective clients for our commingled and custom funds, as well as our platform offering.

Corporate responsibility and sustainability

As a business, we are very aware that people are at the heart of everything that we do. Lighthouse has operated under this set of core values since its beginning, encouraging a positive and ethical culture, and in May 2019 the Board formally adopted these core values to apply to the entire Navigator Group.

The values are centered on how we want our employees to behave with our clients, with each other, and with any other people who they interact with as part of their roles in the Group.

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 2020 is publishing a Corporate Sustainability and Responsibility Statement to document how the Group currently meets our environmental, social and governance responsibilities. Perhaps even more importantly, we will outline initiatives that we will be implementing in the short and medium term to make a positive impact at both a local and global level.

One of these initiatives is to appoint a female director to our Board by the end of the 2020 financial year. As you will see from the proxy results for my own re-election as a director, there has been some concerns from shareholders regarding the lack of gender diversity on our Board. We wish to assure our shareholders that this has not been due to any wish to actively prohibit the inclusion of a female director to our board, but is the outcome of seeking to have a small number of directors and stability in board composition over the past few years. The size of our Board is relatively small with only five directors, however we have felt that this is the right fit given our singular focus on the alternative asset management space and the diverse global location of our various directors. Whilst the stability of our board has been valuable, we look forward to welcoming at least one new female director in the near future.

Remuneration review

As noted in the 2019 Remuneration Report, during the last financial year the Remuneration and Nomination Committee engaged United States-based remuneration consultant, Focus Consulting Group, Inc to review the Group's remuneration arrangements against alternate asset management industry practice in the United States. The key takeaway from this benchmarking exercise was that, on the whole, the existing approach and methodology for variable compensation is in line with US industry norms.

The Board recognises that a major proxy adviser recommended voting against the 2020 Remuneration Report. Whilst we acknowledge their concerns, we continue to believe that our remuneration structure strikes the right balance in retaining a relatively high proportion of variable compensation, where the overall pool is set by reference to the year's actual profitability and individual allocation retains a level of discretion.

Remuneration arrangements for senior executives can be incredibly complex, and despite best efforts can often motivate a behaviour that on balance is not in the best interests of the Company and its shareholders. We are satisfied that our simple, direct metrics for setting the total amount of annual variable remuneration provides an incentive structure that is easily understandable to both staff and shareholders. Retaining discretion over individual allocations means that we can not only reward individual results, but ensure that we are fostering a culture which is able to reward effort, ethical behaviour and commitment outside formulaic metrics.

I would also like to note that shareholders approved the grant of performance rights to our CEO, Mr Sean McGould, at last year’s AGM. At Mr McGould’s request, the issue of these performance rights has not been made in the last year.

Strategic goals

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.

Strategic goals

Our focus is on 4 key areas

Global investment markets are competitive.

Continued growth will depend on:

- our ability to provide a quality investment service
- achieving consistent investment returns
- creating flexible solutions for clients.

Our strategic goals center around growing AUM through a quality client base, and diversify our product and service offering by leveraging the capabilities of our proprietary Managed Account Program.



Investment performance

- Focus on producing consistent, low volatility returns
- Further enhance data analytics capabilities
- Develop and leverage Managed Account Platform capabilities to improve treasury function, trading execution and overall security position management



Growing AUM

- Expanding products and services, in particular offering a "Platform Only" service
- Building on new opportunities, particularly in Asia, Europe and the Middle East
- Leveraging relationships with new MAS clients
- Deepening relationships with existing clients



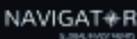
Innovation

- Continuing our evolution of data and technology
- Innovations in products, structures and operations, large and small, which will add value to us and our clients



Acquisition opportunities

- Industry continues to consolidate, which may create some opportunities to acquire or partner
- We continue to assess any opportunities as and when they arise


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Our strategy remains focused on four key areas:

Investment performance

The investment performance of our strategies in the 2019 financial year 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.

Global markets remain challenging. With concerns around global growth, Central Bankers remain in easing mode as equity markets reach new all-time highs. At present, one could argue that Central Bankers have been moderately successful as economic growth appears to be bottoming. Where markets go from here may depend on the outcome of the numerous geopolitical issues weighing on the markets, such as the delicate trade negotiations between the U.S. and China, 2020 U.S. elections, impeachment hearings, and Brexit resolution. In this odd, late cycle environment, we continue to 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.

Growing AUM

As I mentioned earlier, we continue to see opportunities for new and increased mandates across the globe, with high-quality conversations with prospective clients for our commingled and custom funds, as well as our platform offering. As we noted in our ASX release last week, do expect some continued attrition of the MAS assets such that AUM of these products will total approximately \$2.1 billion by the end of this calendar year. However, we are also seeing positive signs for improved growth for other parts of our business, with more than \$300 million of inflows to the platform offering from existing clients over this past month of November. We anticipate further inflows in the first quarter of the 2020 calendar year.

Innovation

Innovation is a driving force in our business, and we continue to proactively leverage technology to benefit both our business and our clients. We have made significant enhancements to our risk system capabilities over the past 18 months, and are well advanced in the creation of a proprietary trading system.

Acquisition opportunities

Much of our focus over the past 18 months has been on ensuring the smooth integration of the MAS clients into the existing Lighthouse operations. However, we continue to look at opportunities for expanding our business if and when they arise. Due to our strong balance sheet and position in the market, we are often presented with opportunities. The number of these has increased in the last year. As a Board we will be diligent in evaluating any such opportunities to satisfy ourselves that a transaction will create and maintain value for the Group.

In closing, I would like to take this opportunity to thank my fellow directors. They each contribute their own particular expertise and skills so that together we form a cohesive and productive team in guiding the Group.

I would also like to extend the Board's appreciation to all of our employees across the Group for their efforts over what has been a very busy 2019. 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. Because of them, the Lighthouse name continues to represent a reputation for quality and integrity in the marketplace.

I'm happy to now take any questions directed at either myself, our CEO Sean McGould or any of the other directors.