

# ASX Announcement

14 October 2020



## September 2020 Assets Under Management and earnings guidance

Navigator Global Investments Limited ('NGI' or 'the Company') provides an update on Assets Under Management, investment performance as at 30 September 2020 and FY21 earnings guidance:

### AUM movements for the quarter ended 30 September 2020

- AUM as at 30 September 2020 is **USD 11.99 billion**
- Net outflows for the quarter of USD 210 million, with key drivers being:
  - Two new platform service clients commenced in July and funded approximately US\$400 million over the quarter.
  - Net outflows from both legacy MAS portfolios and Lighthouse's multi-strategy funds were offset by strong performance across all of the portfolios during the quarter ended 30 September.

	30 June 2020	Net flows	Performance	30 September 2020 (Estimate)
Commingled Funds	USD 3.92 bn	↓ USD 0.57 bn	↑ USD 0.17 bn	USD 3.52 bn
Customised Solutions	USD 5.55 bn	↑ USD 0.06 bn	↑ USD 0.23 bn	USD 5.84 bn
Platform Services	USD 2.30 bn	↑ USD 0.30 bn	↑ USD 0.03 bn	USD 2.63 bn
<b>Total AUM</b>	<b>USD 11.77 bn</b>	<b>↓ USD 0.21 bn</b>	<b>↑ USD 0.43 bn</b>	<b>USD 11.99 bn</b>

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

*Net flows include monies received by Lighthouse for applications and any redemptions effective 1 October 2020. This convention in relation to the reporting of net flows and AUM has been consistently applied by the NGI Group since January 2008.*

*Performance includes investment performance, market movements, the impacts of foreign exchange on non-USD denominated AUM and distributions (if any).*

*30 September 2020 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.*



## FY21 Earnings guidance

Navigator anticipates some continued redemptions across the Lighthouse's multi-strategy complex as an on-going consequence of March 2020 performance and overall market conditions, however with improving performance over the past six months we expect to see these redemptions trend downward. Further, Navigator expects AUM growth from continued interest in our equity-based strategies and platform services offering. In the current market environment, the quantum and timing of changes in AUM is difficult to predict.

Navigator anticipates a reduction of approximately 20% in total revenue for FY21 to US\$82.5 million (FY20: US\$101.5m), taking into account:

- the lower starting point of AUM for FY21 of US\$11.8 billion (compared to average AUM for the FY20 year of US\$13.3 billion);
- expected net outflows over the coming year;
- a continued shift towards platform service and customised client AUM which generally has lower fee rates and will hence impact the average management fee for FY21 as compared to the prior year; and
- uncertainty as to the level of performance fee revenue which may be earned in FY21.

Cost management is a focus for FY21, however the Company expects to be cautious in instituting any major cost reduction initiatives over the coming financial year. As a result, the EBITDA margin for FY21 is expected to be in the range of 26.5% to 29%, which is slightly below the 30% achieved on total revenue for FY20. As a result (and excluding the potential financial impacts of the Proposed Transaction announced on 13 August 2020), at this time the Board provides FY21 EBITDA guidance of:

	Low	High
EBITDA	US\$22.0m	US\$24.0m
Adjusted EBITDA <sup>1</sup>	US\$19.0m	US\$21.0m

<sup>1</sup> Adjusted for expected cash lease payments of \$3.0m for FY21 not recognised in operating expenses under AASB 16 Leases

## September 2020 performance estimates for select Lighthouse Commingled Funds:

Lighthouse Commingled Fund	September 2020 1 Month	Calendar year to date	3 year	5 year	3 year volatility
Lighthouse Diversified Fund Limited Class A	0.35%	-9.44%	-1.57%	0.34%	11.12%
Lighthouse Global Long/Short Fund Limited Class A	2.15%	7.20%	4.64%	4.20%	6.68%
<b>Benchmarks</b>					
S&P 500 TR Index	-3.80%	5.57%	12.28%	14.16%	17.74%
MSCI AC World Daily TR Gross USD	-3.19%	1.77%	7.68%	10.90%	16.87%
Barclays US Agg Gov/Credit Total Return Value Unhedged USD	-0.05%	8.04%	5.85%	4.65%	4.03%
91-Day Treasury Bill	0.01%	0.63%	1.69%	1.20%	0.25%
Hedge Fund Research HFRX Global Hedge Fund Index	-0.17%	1.62%	1.48%	2.14%	5.68%

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

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Fund performance figures are unaudited and subject to change. 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 all dividends, income and capital gains. Performance shown for periods over one year has been annualised. 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.

Authorised for release by Amber Stoney, Company Secretary

Enquiries:  
Amber Stoney, Chief Financial Officer & Company Secretary  
07 3218 6200