NAVIGATOR GLOBAL INVESTMENTS

2020 Annual Report

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

Corporate information

Navigator Global Investments Limited

and its controlled entities

ACN 101 585 737

Principal Office

Level 3, 9 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

From the Chairman & CEO

The past financial year has been one of both significant challenge and unique opportunity for the Navigator Group. Not since the global financial crisis has our business felt such global market turmoil. The world continues to feel the impacts of the global COVID-19 pandemic as we wait to see how and when we can settle into a 'new normal'.

Navigator adapted to the challenges, implementing a work-from-home practice across all our offices, and embracing new forms of technology to see to our day-to-day business. It was the disruption to and extreme volatility of global markets early in the pandemic which presented the biggest challenge, and we had mixed investment results in response.

We commenced the 2020 financial year (**FY20**) with $14.2 billion of assets under management (**AUM**), and the impacts of COVID-19 on the markets and the continued reduction of the client relationships acquired from the Mesirow Advanced Strategies (**MAS**) transaction has led to a closing AUM as at 30 June 2020 of $11.8 billion.

Acquisition

Whilst grappling with the pandemic impacts on the core business, Navigator continued to explore a unique opportunity for growth through acquisition of a portfolio of high-quality alternative investment stakes. For the past few years, we have been focused on a strategy for achieving growth through acquisition as well as organic growth of the Lighthouse business, and we are very pleased to have identified a transaction which we believe will be in the best interests of our shareholders.

On 13 August 2020, Navigator announced that it had entered into a proposal to acquire a portfolio of six minority equity investments in established alternative asset managers. The portfolio is being acquired from funds managed by Dyal Capital Partners and its affiliates. Dyal Capital Partners is a leading provider of capital to alternative investment management companies globally.

Navigator will acquire a portion of the portfolio up front from the Dyal sellers in exchange for issuing 40,524,306 Navigator shares and 10-year Convertible Notes convertible into 67,574,292 Navigator shares. The shares and Convertible Notes together represent a 40% economic interest in Navigator on a fully diluted basis, although the Dyal sellers voting interest will be less than 20% on closing. After five years, Navigator will make an additional single payment to acquire the remaining interests in the Portfolio.

The transaction terms entitle Navigator to a preferential distribution from the portfolio's combined cash distributions of $17 million (indexed at 3% pa and subject to a catch-up should the preferred distribution amount not be met in a particular year), as well as 20% of earnings in excess of this preferred distribution amount. After Navigator makes the final payment after five years it will acquire the rights to the remaining 80% of the portfolio's combined cash distributions.

This acquisition has a compelling strategic rationale. Each business within the acquired portfolio has a proven track record of generating strong returns through multiple market cycles, managing expenses and making cash distributions to partners. These high-quality minority stakes are expected to provide earnings diversification and support Navigator's future earnings and dividend profile. The transaction also creates an ongoing partnership with Dyal Capital Partners, and can assist in Navigator's access to a variety of future accretive, organic and inorganic growth opportunities.

The transaction is subject to Navigator shareholder approval at the upcoming Annual General Meeting, as well as some other regulatory approvals. A full explanation of the transaction will be set out in the Explanatory Memorandum which will accompany the Annual General Meeting Notice of Meeting. The Board considers that this is an important step for Navigator to deliver on a sound growth and diversification strategy and creates a platform for Navigator to seek and implement other acquisition opportunities.

We encourage all of our Shareholders to vote in favour of the transaction at the upcoming Annual General Meeting.

Operating performance

Investment performance

The 2020 financial year (**FY20**) was one of the most challenging we have seen in some time in terms of global market conditions, and the investment results of the Lighthouse investment portfolios were mixed.

Global equity strategies showed resilience over this volatile period in the markets around March 2020, delivering positive returns whilst global indices saw significant negative returns. Conversely, the multi-strategy products experienced some difficulties in key strategies, which lead to disappointing performance in the month of March 2020.

This mixed investment performance creates both risk and opportunities to the assets under management of the Lighthouse business. Lighthouse has worked with its clients to reposition the multi-strategy portfolios to reflect the current opportunity set in this 'new normal'. This has been a key initiative in working proactively to not only retain existing assets, but to pursue potential new opportunities, particularly in the platform services and hedged equity space.

We do expect, however, that reflective of the reduction to assets under management (AUM) experienced since March 2020, the operating result of the Lighthouse business will be lower in the 2021 financial year (**FY21**).

FY 20 operating performance

The Operating and Financial Review on pages 5 to 16 sets out detailed information on the Group's activities for FY20. We take this opportunity to highlight a few key points:

- Navigator delivered EBITDA of $30.5m (with adjusted EBITDA of $28.3m after the attribution of cash rent payments which are no longer recognised in operating expenses under the AASB 16 Leases accounting standard).
- Management fee revenue was $87.5 million for the year, a decrease of 17% on the prior year. The main driver of the decrease in management fees was a 15% reduction in the average total AUM to $13.2 billion for FY20 (2019: $15.6 billion).
- Performance fee revenue for the year was $5.6 million, an increase of $4.5 million on the previous financial year. Despite the economic impacts of the COVID-19 pandemic during the second half of FY20, strong investment performance in the December 2019 quarter resulted in positive performance achieved for certain calendar year funds and portfolios.
- Operating expenses decreased by $5.3 million compared to the prior year. This reduction is due primarily to staff reductions implemented in November 2019, the completion of MAS transition expenses; and the reduction to occupancy expenses due to the Group's transition to AASB 16 on 1 July 2019.

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 2020 fell by 19% on the prior year, a reflection in the deterioration of operating conditions in the second half of the financial year, however the Board was pleased that Navigator was still in a position to pay a final dividend to shareholders:

	2016	2017	2018	2019	2020
EBITDA (USD 000's)	**29,490**[1]	**29,848**	**34,212**	**37,652**	**30,518**
Cash flows from operating activities (USD 000's)	30,125	30,088	32,921	22,565	32,562
Dividends per share for the financial year (US cents)	12.0	14.0	16.0	17.0	14.0
Dividend amount for the financial year (USD 000's)	19,752	22,648	26,058	27,281	22,885
Dividend payout as a % of EBITDA	67%	76%	76%	72%	75%
Closing share price (dollars)	AUD 2.29	AUD 2.40	AUD 5.34	AUD 3.94	AUD 1.19
Change in share price (dollars)	*↑ AUD 0.22*	*↑ AUD 0.11*	*↑ AUD 2.94*	*↓ AUD 1.40*	*↓ AUD 2.75*

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

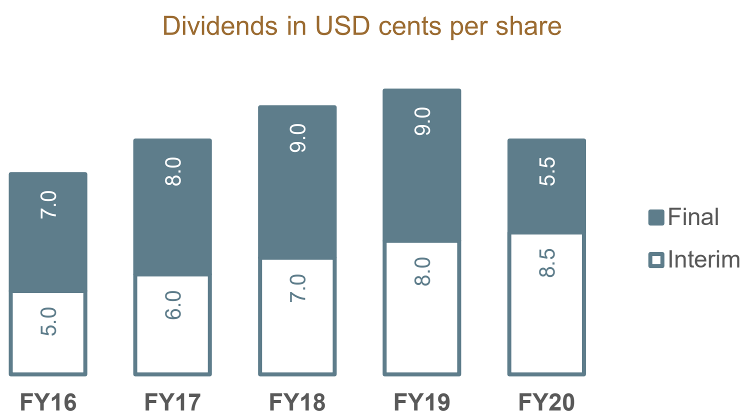
Dividends

Despite the significant cash flow challenges created by the COVID-19 pandemic, the Directors are pleased that the Company was in a position to pay a final dividend to shareholders.

The Directors determined an unfranked dividend of 5.5 cents per share (with nil conduit foreign income credits) payable 4 September 2020. Added to the interim dividend of 8.5 cents per share, this brings the total for the year to 14.0 US cents per share.

The FY2020 combined interim and final dividends equates to a payout ratio of 75% 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.



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

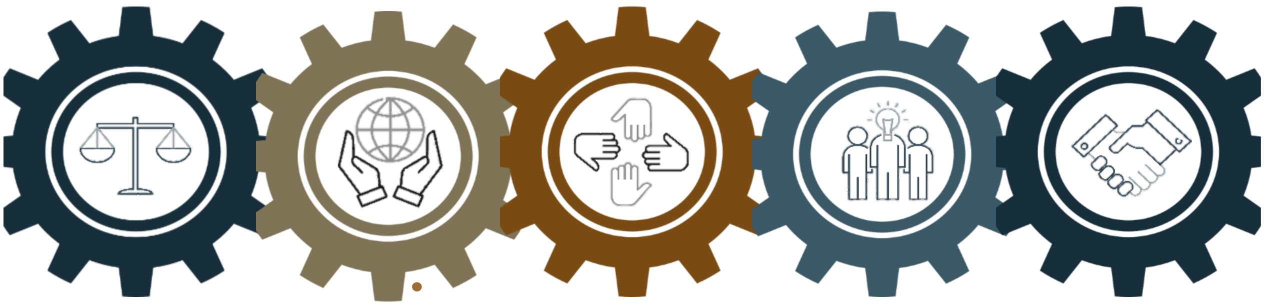
Do the right thing at all times and in all circumstances, whether or not anyone is watching

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 FY20 was for Navigator to publish a Corporate Sustainability and Responsibility Report to set out how our Group currently meets our environmental, social and governance responsibilities. Unfortunately, the demands of dealing with the global pandemic, coupled with the significant acquisition transaction have meant that this goal was not achieved this year.

The Board sees this as an important goal in demonstrating how our Group meets its broader responsibilities, and we are committed to ensuring that this is completed for FY21.

Board composition

The stability in the membership of our board over the past six years has been important to the efficient functioning of the Group. Whilst our board has been 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, a board of this size has been the right fit for the Navigator Group until now.

The proposed transaction prompted the board to review its composition, as the terms include Dyal being able to nominate a director for appointment to the board. As a result, the Board considers that this is an appropriate time to appoint an additional independent, non-executive Director. We are very pleased that Ms Nicola Meaden Grenham agreed to join the Navigator board and was appointed as a Director on 8 October 2020.

Ms Grenham brings over 30 years of knowledge and experience in the global alternative asset management sector. Her background and skills are an excellent complement to the existing Directors, and she will provide valuable insight in expertise to Navigator, particularly as we embark on the growth path provided by the proposed transaction.

Outlook

FY20 proved to be a busy and challenging year. Whilst the worst of the pandemic crisis has not passed, markets have shown signs of stabilisation over the past few months. However, the significant impacts to the economies of every country around the world are far from over.

Lighthouse will keep an unwavering focus on delivering investment performance which meets the objectives of its clients and maintaining a high quality of service. Complementing this will be maximizing opportunities which have arisen due to the disruption caused by the pandemic in a variety of areas:

- pursuing new clients in both equity-based strategies and the platform services offerings;
- new investment opportunities for the portfolios;
- refining our mix of talent globally; including through access to research, data, and analysis; and
- reviewing operating costs.

Navigator delivered resilient financial performance for FY20, however the full impact of the challenges created by the COVID-19 pandemic and underperformance of the multi-strategy funds in March 2020 will not fully impact the financial performance of the Navigator Group until the financial year ended 30 June 2021.

Navigator currently expects some future redemptions across MAS and Lighthouse portfolios as a consequence of March 2020 performance and overall market conditions. However, Navigator also expects this to be off-set by increased 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. However, expectations for the Group's FY21 performance should take into account:

- an expectation of a lower average AUM for FY21, given the lower starting point of AUM of US$11.8 billion compared to the FY20 average AUM of US$13.3 billion.
- an expectation of net outflows over the coming year, although the exact quantum is unknown;
- a continued shift towards platform service and customised client AUM which generally has lower fee rates; and
- uncertainty as to the level of performance fee revenue which may be earned for FY21.

Given the likely challenges in the core business returning to its pre-pandemic size and profitability, we are pleased that we have the opportunity with the proposed transaction to add significant scale and diversification to the Navigator Group. With a strong alignment of interests through the issue of Navigator shares and Convertible Notes to the Dyal Sellers, we also look forward to a productive partnership with Dyal where Navigator may access additional acquisition opportunities.

On behalf of the Directors, we would like to extend our thanks to all of our staff, who have shown resilience and adaptability in responding to the necessary changes in working conditions arising from the global pandemic. They have remained focused on delivering quality investment and client service, with the goal of assisting our clients through the continuing global uncertainties. We look forward to the safe and hopefully swift resolution of the pandemic, and in the meantime extend our hope that you and your family remain safe and well.

Michael Shepherd
Chairman

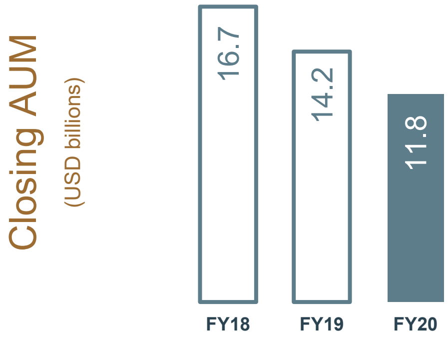
Sean McGould
Chief Executive Officer

Contents

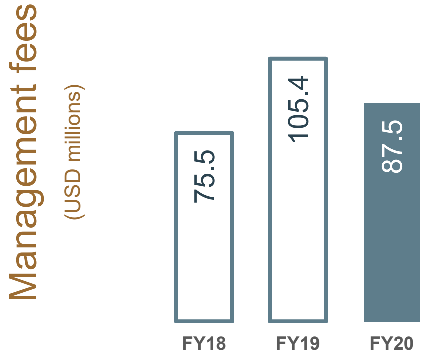
Unless otherwise indicated, the numbers in this annual report have been presented in

US Dollars (USD)

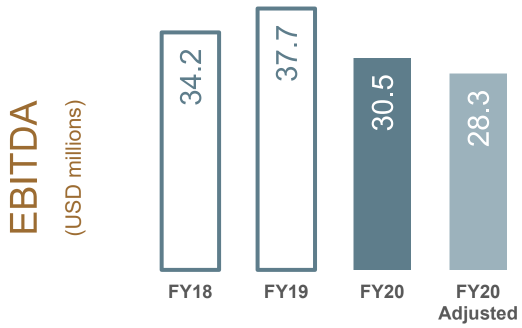
2020 Snapshot



USD 11.8 bn

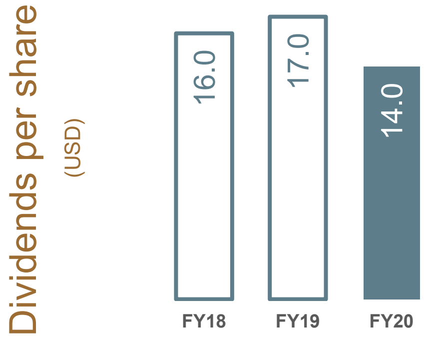


USD 87.5 m



USD 30.5 m

Adjusted EBITDA[1] USD 28.3 m



USD 14.0 cents

1 Adjusted to exclude the impact of the new AASB 16 *Leases* accounting standard. Adjusted EBITDA includes an additional $2.2m of cash lease payments which are no longer included in occupancy expense.

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').

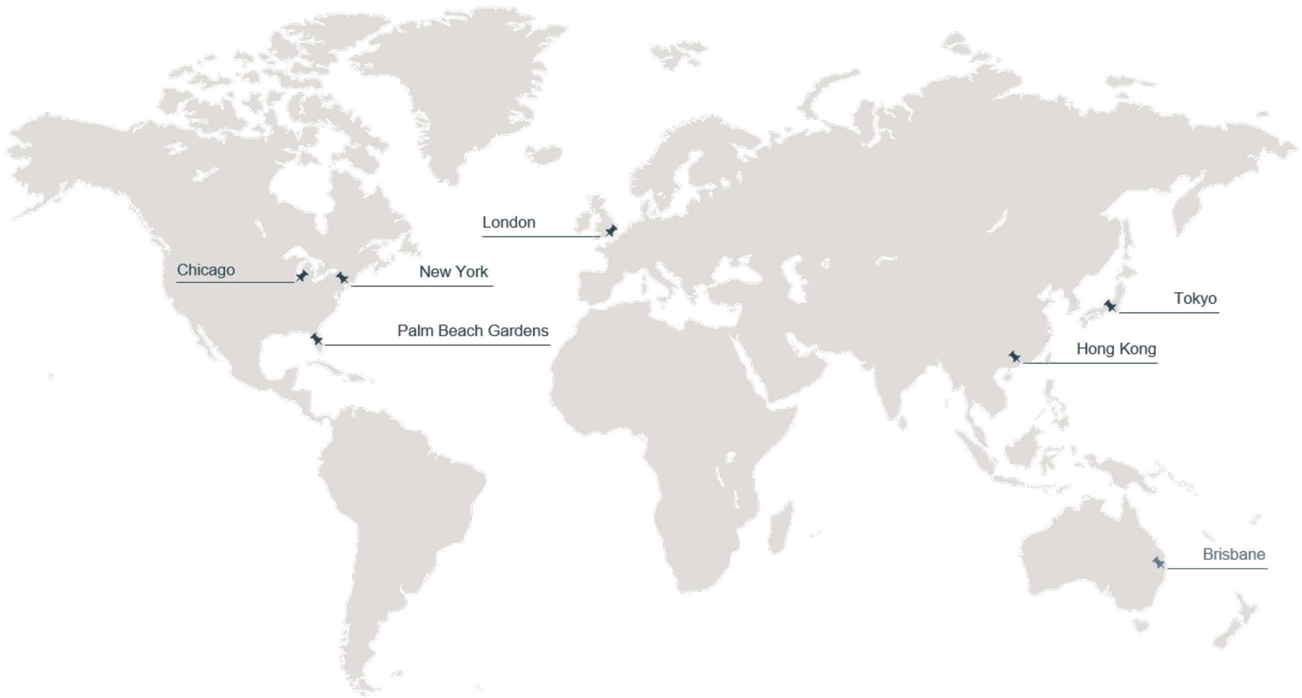
Lighthouse is a global investment management firm which offers hedge fund solutions to investors who are looking to diversify their asset mix and realise growth with a lower correlation to traditional equity and fixed income allocations.

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 2020, Lighthouse is managing $11.8 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$11.8 bn	24+	114	37	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.

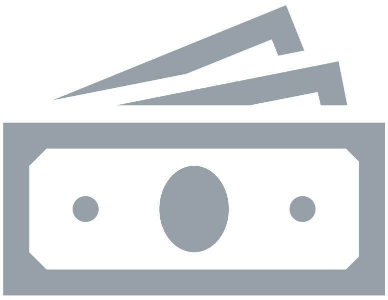
Our success depends on three key factors

Assets Under Management

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.

Our solutions

The foundation for all of our services is 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.

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.

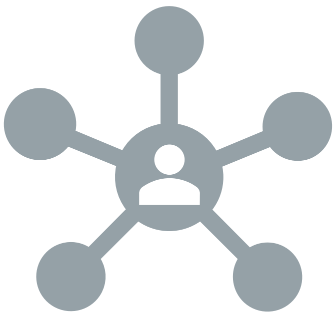
The two largest strategies for the commingled funds are:

- 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 while still receiving portfolios construction, manager selection and due diligence services from the Lighthouse investment team.

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.



Platform Services

Platform services provides clients who have significant allocations to hedge fund assets to access the benefits of a managed account structure while maintaining control of manager selection and allocation decisions.

We offer our clients a unique skill set and knowledge which allows us to provide clients with efficient onboarding, specialised legal structuring and compliance services, counterparty management and robust operational oversight. Our internally built expertise also means we can offer a high level of customisation, and support purpose-built tools for advanced portfolio analytics, risk management and treasury functionality.

Lighthouse has built its infrastructure over time to handle the complexity of operating a large account program in terms of number of managers and assets under management.

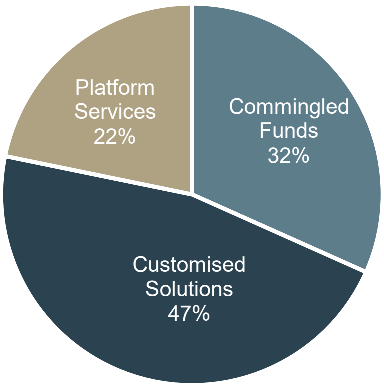
Assets under management

30 June 2020 AUM

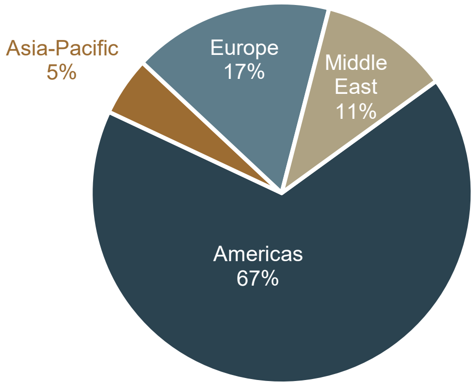
$11.8 billion

Composition of AUM as at 30 June 2020:

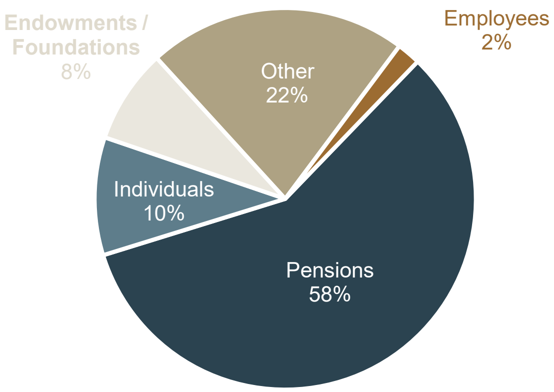
Service



Investor Geography



Investor Type

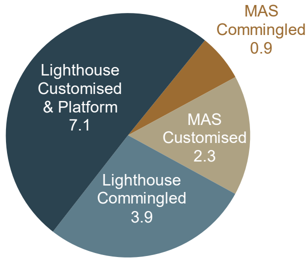


Changes to AUM over the financial year

The Group saw a 17% reduction in AUM over the 2020 financial year, attributable to:

- A $0.2 billion reduction to AUM from investment performance impacts
- A reduction of $1.8 billion due to net outflows from MAS assets, of which 77% related to Customised Funds
- A reduction of $0.5 billion due to net outflows from Lighthouse (ex MAS) products, of which 77% related to Commingled Funds

AUM at the beginning of the financial year was $14.2bn:



By 30 September 2019, AUM had seen a $0.7 billion reduction, of which $0.5 billion was attributable to net outflows. MAS Customised assets represented the majority of these outflows, with the remaining representing a small reduction to Commingled Funds.

The December 2019 quarter saw AUM remain steady, with AUM increasing $0.5 billion due to positive performance. $0.4 billion of inflows were received over the quarter from our largest Platform Services client. MAS redemptions continued to impact AUM however, with an additional $0.7 billion recorded in the quarter.

The $1.4 billion reduction to AUM in the March quarter was almost solely due to negative performance, as net flows were largely flat. Whilst the Group's equity strategies performed well in this period, the disappointing performance of the multi-strategy portfolios in what were extreme global market conditions in March was the key contributor to the AUM reduction.

AUM remained steady over the last quarter of the 2020 financial year. Investment performance added $0.8 billion in AUM over the quarter, which was largely off-set by $1.0 billion of net outflows over the same period. The June quarter redemptions were mainly attributable to some of our larger clients either reducing their exposure to hedge funds in order to generate liquidity in their portfolios or update asset allocations.

.

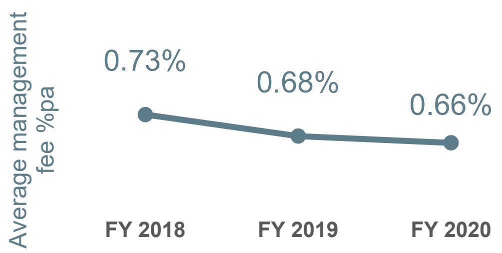
Fee rates

Our revenue from clients is largely generated by management fees, although we have a number of portfolios across both our Commingled funds and our Customised solutions clients which also may generate a performance fee:

- Some of our Commingled funds have share classes which have a management fee and include a performance fee. Generally, where a performance fee arrangement fee is in place, the management fee rate for that share class is lower. The varying fee options for a particular Commingled fund allow 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 2020 financial year was 0.66% per annum (2019: 0.68% 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, the main driver is the relative proportion of AUM invested across Commingled Funds, Customised Solutions funds and Platform Services clients. The indicative range for management fee rates for each of these services is as follows:

	Indicative management fee range
Commingled Funds	0.50%-1.50%pa
Customised Solutions	0.45%-0.90%pa
Platform Services	0.20%-0.50%pa

Management fee rebate arrangements may also apply to fees charged to particular clients within Commingled Fund structures. Fee rebates are directly off-set against management fee revenue.

Performance fees

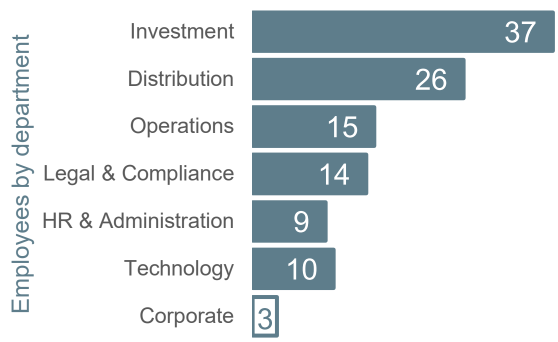
Performance fee revenue for the year was $5.6 million, an increase of $4.5 million on the previous financial year. Despite the economic impacts of COVID-19 pandemic during the second half of FY20, positive investment performance in the December 2019 quarter resulted in positive performance achieved for certain calendar year funds and portfolios. Positive performance of the equity portfolios throughout the second half have also resulted in performance fees being earned by global long/short portfolios.

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 114 employees across the following functional divisions as at 30 June 2020 (2019: 139):



The decrease in employee headcount is primarily a result of redundancies made in November 2019, which were implemented as part of the business rationalising its cost structure by identifying the level of overall resources needed for current and anticipated future business requirements.

Summary of the Navigator Group FY20 result

Revenue		USD 101.5m
Expenses		USD 71.9 m
EBITDA		USD 30.5 m
Additional cash lease payments	1	USD 2.2 m
Adjusted EBITDA		USD 28.3 m
Non-recurring items		
Expensed transaction costs	2	USD 1.8 m
Impairment of intangible	3	USD 0.8 m
Redundancy costs	4	USD 1.1 m
Adjusted EBITDA excluding non-recurring items:		USD 32.0 m

1. AASB 16 *Leases* commenced on 1 July 2019. Part of the impact of its introduction is to reclassify the office lease component of occupancy expense to be a financing activity. The net cash lease payments made during the year are adjusted against EBITDA to aid comparability against the Group's 2019 EBITDA.

2. The Group has pursued a significant transaction during the year in relation to the acquisition of a portfolio of minority interests in US hedge fund managers. Legal, tax and other professional services incurred in relation to the transaction to 30 June 2020 have been expensed.

3. The impairment loss relates to the full write-down of the intangible asset related to the acquisition of client relationships from Mesirow Advanced Strategies on 1 July 2018. The MAS AUM have seen a 75% reduction since acquisition date, with the remaining AUM operationally absorbed into Lighthouse. As a result, the $0.8 million intangible balance has been written down to $nil.

4. $1.1m of termination payments were made to staff who were made redundant during the year.

The below 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 non-operating items such as net interest income. Net profit before and after income tax reconciles to the income statement on page 36.

	Consolidated US$'000		
	2020	**2019**	% change
Management fee revenue	87,511	105,392	(17%)
Performance fee revenue	5,576	1,135	391%
Revenue from reimbursement of fund operating expenses	7,068	6,319	12%
Revenue from provision of office space and services	1,354	1,905	(29%)
Other income	-	116	(100%)
Total revenue	**101,509**	**114,867**	(12%)
Employee expense	(44,216)	(48,573)	9%
Professional and consulting expense	(8,143)	(6,800)	(20%)
Reimbursable fund operating expenses	(7,068)	(6,319)	(12%)
Occupancy expense	(1,583)	(3,959)	60%
Information and technology expense	(3,540)	(3,631)	3%
Distribution expense	(2,798)	(3,401)	18%
Impairment loss	(769)	-	(100%)
Other operating expenses[1]	(3,795)	(4,561)	17%
Total expenses[1]	**(71,912)**	**(77,244)**	7%
Result from operating activities[1]	**29,597**	**37,623**	(21%)
Net finance income, excluding interest	921	29	3,076%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**30,518**	**37,652**	(19%)
Net interest (expense) / income	(651)	126	(617%)
Depreciation and amortisation	(3,998)	(1,474)	(171%)
Profit before income tax	**25,869**	**36,304**	(29%)
Income tax expense	(7,721)	(9,461)	18%
Net profit after income tax	**18,148**	**26,843**	(32%)
Basic EPS (cents per share)	**11.19**	**16.55**	(32%)

AASB 16 *Leases* commenced on 1 July 2019. Part of the impact of its introduction is to reclassify the office lease component of occupancy expense to be a financing activity. The Adjusted EBITDA below adds back net cash lease payments made during the financial year in order to aid comparability against the Group's 2019 EBITDA, which is still accounted for under the previous accounting standard.

	Consolidated US$'000		
	2020	**2019**	% change
Earnings before interest, tax, depreciation and amortisation (EBITDA)	30,518	**37,652**	(19%)
Additional cash payments made for office leases (net)	(2,238)	-	
Adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA)	**28,280**	**37,652**	(25%)

1 Excludes net finance income / (costs) including interest, depreciation and amortisation. These items have been excluded so as to present the expenses and result arising from the Group's core operating activities.

Revenue

Management fee revenue

Management fee revenue was $87.5 million for the year, a decrease of 17% on the prior year.

The main driver of the decrease in management fees was a 15% reduction in the average total AUM to $13.2 billion for the 2020 financial year (2019: $15.6 billion).

The reduction in AUM is primarily due to a $1.9 billion decrease in MAS assets for the year ended 30 June 2020, which is a combination of $1.8 billion of net outflows plus a $98 million decrease in AUM from investment performance for the period.

The average management fee rate has decreased to 0.66% per annum for this year (FY2019: 0.68% per annum).

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 $5.6 million, an increase of $4.5 million on the previous financial year. Despite the economic impacts of the COVID-19 pandemic during the second half of FY20, strong investment performance in the December 2019 quarter resulted in positive performance achieved for certain calendar year funds and portfolios. Positive performance of the equity portfolios throughout the second half have also resulted in performance fees being earned by global long/short portfolios.

Approximately 59% 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 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 profit.

Revenue from reimbursement of fund operating expenses and reimbursable fund operating expenses incurred for the year were both $7.1 million (2019: $6.3 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 decreased by $5.3 million compared to the prior year. This reduction is due primarily to:

- staff reductions implemented in November 2019;
- the completion of MAS transition expenses; and
- the reduction to occupancy expenses due to the Group's transition to AASB 16 on 1 July 2019.

Employee expense

There was a $4.4 million (9%) decrease in employee expense for the Group as compared to the prior year.

This reflects the reduction in Group headcount over the 2020 financial year, particularly staff redundancies implemented in November 2019. The average headcount for the year ended 30 June 2020 was 123 (30 June 2019: 144).

Total bonus expense decreased by 10% compared to the prior year.

Employee expense also includes $1.1 million of severances related to redundancies made during year.

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 $8.1 million, a $1.3 million increase compared to the prior year. Particular areas which contributed to the increased expense include:

- $1.8 million of legal and tax spend in relation to a business acquisition opportunity;
- $0.9 million of additional spend in relation to development and testing of a new proprietary trading platform. The development of this platform was highlighted in last year's Annual Report. Once the platform is fully operational, we expect to see a reduction in the on-going costs associated with the operation of the trading platform; offset by
- $0.5m decrease in MAS professional fees as a result of completion of the MAS transition;
- $0.5m decrease in consulting spend on risk management systems / risk analysis and operational and business efficiency; and
- $0.3m decrease in external administrator support service charges which are now being charged directly to the funds.

Occupancy expense

Under AASB 16 *Leases*, occupancy expense in the current year relates to short-term leases and common area maintenance costs. Office premises rent expense previously included as occupancy expense is now reclassified as a financing activity.

Occupancy expense for year ended 30 June 2020 is $1.6 million, a $2.4 million decrease from the prior year. This reduction relates primarily to the adoption of AASB 16 on 1 July 2019.

Adjusted EBITDA on page 11 includes an additional $2.2 million of cash payments made for office leases (net of additional cash rent received) to provide better comparability of results to the prior year which is accounted for under the previous accounting standard.

Information and technology expenses

There has been a $91 thousand or 3% decrease in information and technology expenses.

An additional $1.1 million of spend has been incurred in the current year in relation to the development and testing of a new proprietary trading platform. As noted above, only a portion of costs will be on-going once the platform is fully operational.

This has been offset by a $1.3 million decrease in costs for the MAS business. The prior year included additional technology expenses for the transition of MAS data, systems and staff, of which only $142 thousand are on-going and incurred in the current year.

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 $2.8 million (2019: $3.4 million). This reduction is largely due to the reduction in Commingled fund AUM over the year, and at present represents 3.2% of revenue (30 June 2019: 3.2%).

Impairment loss

The impairment loss relates to the full write-down of the intangible asset related to the acquisition of client relationships from Mesirow Advanced Strategies on 1 July 2018. The MAS AUM have seen a 75% reduction since acquisition date, with the remaining AUM operationally absorbed into Lighthouse. As a result, the $0.8 million intangible balance has been written down to $nil.

Income tax expense

The Group recognises an accounting tax expense in its income statement at an effective tax rate of 29.9% (2019: 26.1%). 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.

Financial position remains solid

Major balance sheet items include:

	Consolidated US$'000	
	2020	**2019**
Assets		
Cash	27,032	29,029
Receivables	16,047	19,423
Investments	14,734	17,953
Intangible assets	94,513	95,656
Right-of-use (lease) assets	19,280	-
Recognised deferred tax assets	45,972	52,584
Liabilities		
Lease liabilities	23,160	-
Deferred rent liability	-	2,745
Net tangible assets per share	**25.18**	**40.63**

Sources and uses of cash

The Group primarily used cash generated from operating activities during the year to 30 June 2020 to pay dividends to shareholders:

- + $33.2 million generated from operating activities
- - $28.2 million paid to shareholders as dividends
- - $4.2 million paid for leasehold improvements and acquisition of equipment
- - $2.2 million paid for office rent not included in operating activities

Receivables

Receivables relates mainly to management and performance fees for which payment has not yet been received as at 30 June 2020. The decrease in this balance compared to the prior year is consistent with the lower AUM managed by the Group as at 30 June 2020 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 holds $13.2 million of investments in Lighthouse funds. Investments are held for a number of reasons, including to meet regulatory commitments, contractual requirement of a customised client mandate, or to seed a new product which will be offered to external investors in the future.
- 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 combined fair value of these investments as at 30 June 2020 is $1.5 million (30 June 2019: $5.3 million). A revaluation to $nil of the largest investment was recorded as at 30 June 2020 as the entity's prospects are considered significantly uncertain.

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.

Right-of-use assets

With the adoption of AASB 16 *Leases* on 1 July 2019, the Group recognised right-of-use (ROU) assets of $14.1 million in relation to certain office leases. The Group recognised an additional $7.2 million of ROU assets during the year in relation to new office leases entered into during the year.

Deferred tax assets

The Group's balance sheet includes a deferred tax asset of $46.0 million which is comprised of carried forward tax losses and deductible temporary differences relating to the US tax consolidated group.

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.

Lease liabilities & deferred rent liability

With the adoption of AASB 16 *Leases* on 1 July 2019, the Group recognised lease liabilities of $18.0 million in relation to certain office leases. The Group recognised an additional $7.0 million of lease liabilities during the year in relation to new office leases. Lease payments are allocated between principal and finance cost, with $823 thousand of lease interest expense recorded for the year. Lease liabilities total $23.2 million as at 30 June 2020.

The Group's previous existing deferred rent liability was off-set against its newly recognised right-of-use asset on 1 July 2019.

COVID-19 impact

The COVID-19 pandemic has created unprecedented interruption to the lives of billions around the globe and created unique risks and challenges to businesses across every industry. Whilst the public health effects have of course been immense, the disruptions to world economies and the resultant detriment to individual businesses has come with unimaginable swiftness and severity.

The Group is in a more fortunate position than most in that while our business and operations have certainly been impacted by the pandemic, and will likely continue to be so for some time, we have not experienced some of the acute issues that have arisen for businesses in other industries that have been more directly affected. The key implications and impacts for the business as a result of the pandemic are outlined below.

The Group's response and management plans for the pandemic have focused on:

- Ensuring the well-being of our staff, including the implementation of work-from-home capability as and when required across all of our offices globally;
- Assisting our clients to understand the impacts on their investment portfolios and working with them to adapt their investment allocations in response to changing market conditions;
- Ensuring that we keep stakeholders informed of key impacts on the business; and
- Reviewing the cost base of the business and identifying where cost reductions may be implemented should the business see a higher than expected contraction to AUM.

Business and economic factors

As investment management is the Group's core operations, business and economic factors have had the largest impact on our business.

The extreme volatility of global markets in March led to some disappointing investment performance in our multi-strategy funds, which resulted in significant losses to the market value of assets we manage across our portfolios. Whilst investment returns of the multi-strategy portfolios have regained ground since March 2020, we consider that there is some risk that clients will opt to reduce their exposure to these multi-strategy portfolios over the next 12 months.

In contrast, our equity portfolios performed well during this period, and we consider this may in fact create some opportunities to attract new clients into these strategies in future.

Amounts receivable from external parties

The majority of our revenue is earned from products managed by the Group, and we have historically had a very low default rate in relation to our trade and other receivables. The pandemic has not had any impact on the expectation that all of the Group's trade and other receivables will be received in accordance with normal trading terms.

Supply chains

The nature of the Group's operations means that it is not dependant on supply chains for obtaining inventory or consumables critical to the Group being able to provide its services.

Key service providers have been able to continue to provide services to the Group without significant interruption despite 'stay-at-home' orders applying in various global locations out of which they may operate.

Exposures to overseas operations, transactions and currencies

The Group's functional currency is USD and the majority of its assets, liabilities, revenues and expenses are denominated in USD. Whilst there was significant volatility in the AUD:USD exchange rate at the beginning of the pandemic, it has not resulted in any material losses to the Group.

Containment measures

The Group has been very fortunate that we have been able to shift to a work-from-home model with minimal disruptions. The Group has and will continue to adhere to all local health, social distancing and travel advice/guidelines. Changes have been implemented as necessary, including:

- elimination of non-essential travel;
- restriction of access to our office premises in accordance with local guidelines; and
- utilisation of digital technologies, particularly for online collaboration and meetings.

Although the duration of the pandemic is still an unknown, it is not expected that these changes will be permanent in any way that would be detrimental to future operations.

Government support and assistance

The Group has not applied for any government or other support or assistance.

Cash flow management

Whilst we have seen a reduction in AUM and hence revenue, the Group has not experienced any cash flow issues, and expects to be able to appropriately manage its cash flow in both the short and long term.

Debt and lease contracts

The Group has renewed its existing $15 million Credit Facility for a further two years until 27 July 2022.

There has not been any modifications to our existing leases. Unrelated to the pandemic, the Group had a significant reduction to headcount in its Chicago office in November 2019 and has entered into an arrangement to sub-lease this office during the 2021 calendar year.

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 2020 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 2020, and the number of meetings attended by each director were:

	Held	Attended
Michael Shepherd	12	11
Fernando Esteban	12	11
Andy Bluhm	12	11
Randall Yanker	12	12
Sean McGould	12	12

Audit and Risk Committee meetings

The number of meetings the Audit and Risk Committee held during the year ended 30 June 2020, and the number of meetings attended by each Committee Member were:

	Held	Attended
Michael Shepherd	2	2
Fernando Esteban	2	2
Andy Bluhm	2	2

Remuneration and Nominations Committee meetings

The number of meetings the Remuneration and Nomination Committee held during the year ended 30 June 2020, and the number of meetings attended by each Committee Member were:

	Held	Attended
Michael Shepherd	2	2
Fernando Esteban	2	2
Randall Yanker	2	2

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 4 to 16.

Dividends

The directors have determined an unfranked dividend of United States (US) 5.5 cents per share (with 0% conduit foreign income credits). The dividend will be paid on 4 September 2020.

Declared and paid during the year ended 30 June 2020	Cents per share	Total amount US$'000	Date of payment
Final 2019 ordinary	9.0	14,540	30 August 2019
Interim 2020 ordinary	8.5	13,668	6 March 2020
Total amount		**28,208**	

Together with the unfranked interim dividend of USD 8.5 cents per share paid to shareholders on 6 March 2020, the total dividend to be paid in relation to the financial year ended 30 June 2020 will be USD 14.0 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 4 to 16.

Events subsequent to end of financial year

Line of credit facility

The Group has renewed its existing $15 million Credit Facility for a further two years until 27 July 2022. This Line of Credit has not been drawn during the year ended 30 June 2020 and remains undrawn at the date of this report

Proposed acquisition of portfolio of strategic investments

On the 13th of August, NGI announced that it has entered into a definitive agreement to acquire six minority ownership interests in leading established alternative asset managers from investment funds managed by Dyal Capital Partners, a division of Neuberger Berman.

The transaction is expected to complete between December 2020 and January 2021 and remains subject to shareholder and certain regulatory approvals (including FIRB) and the satisfaction of other customary closing conditions.

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 2020 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 2020 was converted to USD at an average exchange rate of AUD/USD 0.6741 (2019: AUD/USD 0.7131).

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 2020 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:

1

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.

2

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 12 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 30 for additional details).

3

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.

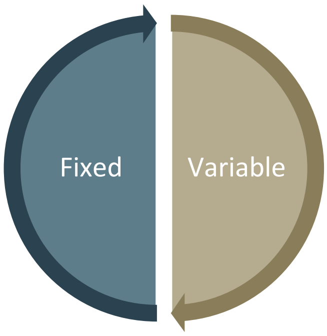
This simplicity also extends to the Board exercising its discretion in setting the total amount of variable compensation, as well as the CEO being able to exercise discretion in allocating bonuses to individuals based on their performance and contribution. Whilst individual results are important, we 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.

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 12 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:

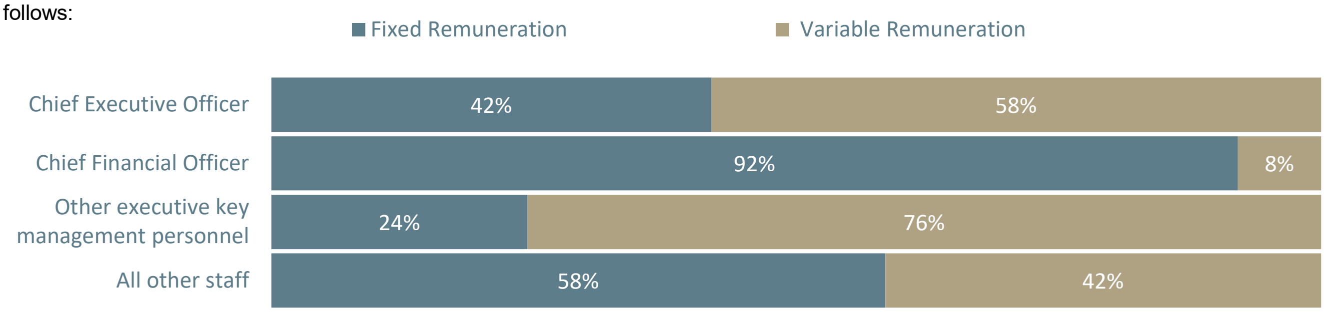
- our clients, thorough investment returns and a high level of client service; and
- the Company's shareholders

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 2020 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 2020 financial year variable remuneration pool is contained on page 27.

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.

The Board acknowledges that an equity incentive scheme is a common component of corporate remuneration structures, and regularly reviews whether the implementation of equity incentive arrangements for senior employees would be an appropriate addition to the Group's remuneration structure.

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, and amortisation 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				
	2020	**2019**	**2018**	**2017**	**2016**
EBITDA	30,518	37,652	34,212[1]	29,848[1]	29,490
Cash flows from operating activities	32,562	22,565[2]	32,921	30,088	30,125
Dividends paid during the financial year	28,208	27,451	24,390	21,023	17,222
Closing share price (AUD dollars)	1.19	3.94	5.34	2.40	2.29
Change in share price (AUD dollars)	(2.75)	(1.40)	2.94	0.11	0.22
Key management personnel:					
Bonus	3,091	4,671[3]	3,967	3,293	3,858
Bonus as a % of EBITDA	10%	12%	12%	11%	13%
Bonus as a % of dividends paid during the financial year	11%	17%	16%	16%	22%

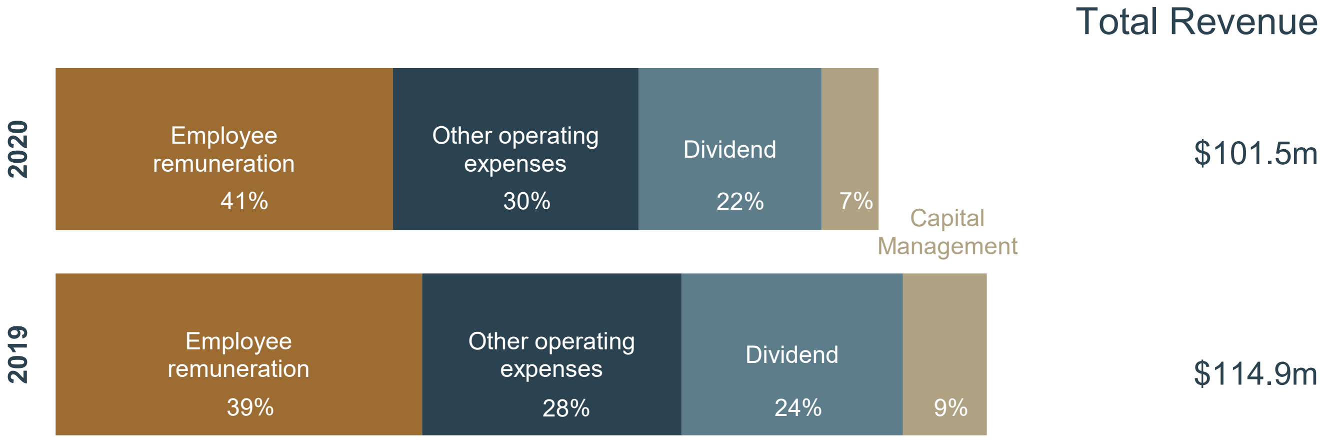
[1] Underlying earnings before interest, tax, depreciation, amortisation and impairment losses from continuing operations.

[2] Reflects the change in US employee bonus cycle from calendar years to financial years (see page 29).

[3] Includes 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 29 for additional detail).

Distribution of revenue between shareholders and employees:

The following charts shows how total revenue recognised in 2020 and 2019 has been distributed between shareholders (as dividends), employee remuneration, other operating expenses and capital management:



Remuneration report (audited)

Variable compensation for the 2020 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.

Allocation of bonuses for the 2020 financial year took into account the 2 very different investment results experienced by the Group's equity portfolios compared to the Group's multi-strategy portfolios through the extremely volatile global market conditions arising under the COVID-19 pandemic, particularly in March 2020:

- the strong performance of the Lighthouse equity portfolios;
- the under-performance of the Lighthouse multi-strategy portfolios, particularly in March 2020.

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 $45,000 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 $400,000 for the year ended 30 June 2020. The significant reduction on his prior year bonus (even after adjusting for the 18 months of bonus paid to 30 June 2019 per page 29) is in acknowledgement of the underperformance of the Lighthouse multi-strategy portfolios in March 2020, as well as the generally negative impacts expected on the Group's operating performance due to the impacts of this negative performance on assets under management.

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 2020 financial year were as follows:

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

Actual remuneration for non-executive directors for the financial year ended 30 June 2020 was $393,630 (2019: $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.

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
		Salary & fees	Bonus	Other[1]	Pension & superannuation	Long service leave	
		$	$	$	$	$	$
Non-Executive Directors							
Michael Shepherd	2020	170,000	-	-	14,130	-	184,130
	2019	150,000	-	-	14,250	-	164,250
Fernando Esteban	2020	100,000	-	-	9,500	-	109,500
	2019	80,000	-	-	7,600	-	87,600
Randall Yanker	2020	100,000	-	-	-	-	100,000
	2019	80,000	-	-	-	-	80,000
Executive Director							
Sean McGould	2020	250,000	400,000	21,620	17,100	-	688,720
	2019	250,000	1,075,000[2]	20,557	25,800	-	1,371,357
Executives							
Kelly Perkins	2020	250,000	1,150,000	21,620	22,975	-	1,444,595
	2019	250,000	1,225,000	20,557	-	-	1,495,557
Scott Perkins	2020	250,000	600,000	21,620	7,500	-	879,120
	2019	250,000	1,475,000[3]	20,557	16,800	-	1,762,357
Rob Swan	2020	250,000	920,000	21,620	17,100	-	1,208,720
	2019	250,000	875,000	20,557	16,800	-	1,162,357
Amber Stoney	2020	215,808	20,589	-	14,129	9,780	260,306
	2019	204,109	21,039	-	14,715	3,215	243,078
Total	**2020**	**1,585,808**	**3,090,589**	**86,480**	**102,434**	**9,780**	**4,875,091**
	2019	**1,514,109**	**4,671,039**	**82,228**	**95,965**	**3,215**	**6,366,556**

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 below), the 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 below), the 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.

Change in timing of bonus cycle at June 2019

Since its acquisition in 2008 the Lighthouse bonus cycle was based on calendar years, and accordingly bonuses were generally paid in December of each year. Effective at 30 June 2019, the Board resolved to change the bonus cycle to be based on financial years. To effect the change, bonuses for Lighthouse staff were determined and paid for the six months to 30 June 2019. This resulted in 18 months of bonus being paid for the period 1 July 2018 to 30 June 2019.

Remuneration report (audited)

Analysis of bonuses included in remuneration

Details of the vesting profile of the short-term incentive 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]	$400,000	58%	100% [1]	0%
Kelly Perkins[2]	$1,150,000	80%	100% [2]	0%
Scott Perkins[3]	$600,000	68%	100% [3]	0%
Rob Swan[2]	$920,000	76%	100% [2]	0%
Amber Stoney[4]	$20,589	8%	100% [4]	0%

1 Sean McGould's bonus is paid annually on a financial year basis. No amounts vest in future financial years in respect of the financial year ended 30 June 2020.

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 2020. These arrangements have been in place since the acquisition of Lighthouse in 2008.

3 Scott Perkins bonus is paid annually on a financial year basis. No amounts vest in future financial years in respect of the financial year ended 30 June 2020.

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 2020. Per her revised remuneration arrangements effective from 1 July 2019, Ms Stoney's short-term incentive bonus is capped at 20% 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 page 28 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.

Shareholders approved potential termination benefit arrangements at the 2018 Annual General Meeting for US executives as follows:

- A severance payment of up to $1 million on cessation of employment, except where their employment has been terminated for Cause as defined by their employment contract. Any severance payment made is in lieu of any unpaid short-term incentive bonus which they would otherwise be entitled to receive for their performance during the relevant year in which they ceased employment. The amount of the severance payment will be pro-rata'd based on the number of days of service provided by the US Relevant Executive during a year prior to cessation of their employment.
- Restraint payments may be paid to enforce post-employment restraint clauses if considered necessary and/or appropriate to protect matters such as confidential information or intellectual property. In some jurisdictions, restraint clauses may be legally unenforceable, or difficult to successfully enforce, without payment.

  The amount of the restraint payment is determined based on the following circumstances:

  - If employment ceases due to termination for Cause, their providing notice to the Company, or them not renewing their contract then:
    - they will be entitled to restraint payments for 6 months at their monthly base salary, and
    - the Board will have the option, but not the obligation, to extend the restraint period for up to an additional 6 months by paying the Relevant Executive a restraint payment of up to USD 166,667 per month.

Remuneration report (audited)

- If employment ceases due to the Company providing the required contractual notice, the Board has the discretion, but not the obligation, to enforce the restraint clauses in the employment contract for up to 12 months by paying the Relevant Executive a restraint payment of up to USD 166,667 per month.
- These payments are capped at a maximum of $2 million.

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$330,000 per annum inclusive of superannuation, and a cap to any short-term incentive bonus of 20% 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.

Analysis of performance rights over equity instruments granted as remuneration

As at 30 June 2020 and 30 June 2019 there were no outstanding performance rights granted to any key management person of the Group.

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 2019	Purchases	Sales	Balance 30 June 2020
Directors				
Michael Shepherd[1]	125,000	-	-	125,000
Fernando Esteban[2]	27,000	-	-	27,000
Andy Bluhm[3]	13,101,982	-	-	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 22 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 32 and forms part of the directors' report for the financial year ended 30 June 2020.

Environmental regulation

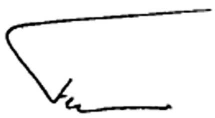
The Group is not subject to any particular or significant environmental regulation under any Australian Commonwealth, State or Territory legislation.

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, 13 August 2020

Building a better working world

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 2020, 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

Rebecca Burrows
Partner
13 August 2020

Financial statements

Income statement

For the year ended 30 June 2020

	Note	Consolidated US$'000 2020	2019
Management fee revenue	2	87,511	105,392
Performance fee revenue	2	5,576	1,135
Revenue from reimbursement of fund operating expenses	2	7,068	6,319
Revenue from provision of office space and services	2	1,354	1,905
Other income	2	-	116
Total revenue		**101,509**	**114,867**
Operating expenses	3	(75,910)	(78,718)
Results from operating activities		**25,599**	**36,149**
Finance income	4(a)	1,234	347
Finance costs	4(a)	(964)	(192)
Profit before income tax		**25,869**	**36,304**
Income tax expense	6(a)	(7,721)	(9,461)
Profit for the period		**18,148**	**26,843**
Attributable to equity holders of the parent		**18,148**	**26,843**

Earnings per share		Consolidated US cents 2020	2019
Basic earnings per share	8	11.19	16.55
Diluted earnings per share	8	11.19	16.55

The accompanying notes form part of these consolidated financial statements

Statement of comprehensive income

For the year ended 30 June 2020

	Note	Consolidated US$'000 2020	Consolidated US$'000 2019
Profit attributable to equity holders of the parent		**18,148**	**26,843**
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)	(3,799)	(350)
Income tax on financial assets at fair value through other comprehensive income	4(b)	926	94
Other comprehensive loss for the year		**(2,873)**	**(256)**
Total comprehensive income for the year, net of tax		**15,275**	**26,587**
Attributable to equity holders of the parent		**15,275**	**26,587**

The accompanying notes form part of these consolidated financial statements

Statement of financial position

As at 30 June 2020

	Note	Consolidated US$'000 2020	2019
Assets			
Cash	5(a)	27,032	29,029
Trade and other receivables	9	16,047	19,423
Current tax assets	6(b)	19	-
Total current assets		**43,098**	**48,452**
Investments recognised at fair value	10	14,734	17,953
Plant and equipment	11	7,389	4,791
Right-of-use assets	12	19,280	-
Deferred tax assets	6(c)	45,972	52,584
Intangible assets	13	94,513	95,656
Other non-current assets		2,503	1,422
Total non-current assets		**184,391**	**172,406**
Total assets		**227,489**	**220,858**
Liabilities			
Trade and other payables	14	2,944	3,343
Lease liabilities	12	2,377	-
Employee benefits	15	485	600
Current tax liabilities	6(b)	-	6
Total current liabilities		**5,806**	**3,949**
Trade and other payables	14	218	2,687
Lease liabilities	12	20,783	-
Employee benefits	15	90	102
Total non-current liabilities		**21,091**	**2,789**
Total liabilities		**26,897**	**6,738**
Net assets		**200,592**	**214,120**
Equity			
Share capital	17	257,355	257,355
Reserves	17(b)	13,682	33,119
Accumulated losses		(70,445)	(76,354)
Total equity attributable to equity holders of the Company		**200,592**	**214,120**

The accompanying notes form part of these consolidated financial statements

Statement of changes in equity

For the year ended 30 June 2020

Consolidated US$'000

Amounts attributable to equity holders of the parent

	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
Balance at 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]	20	-	-	-	-	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 loss, 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**
Adoption of new accounting standard		-	-	-	-	-	(595)	(595)
Balance at 1 July 2019		**257,355**	**13,326**	**2,025**	**850**	**16,918**	**(76,949)**	**213,525**
Net profit for the year		-	-	-	-	-	18,148	18,148
Transfer to parent entity profits reserve[1]	20	-	-	-	-	11,644	(11,644)	-
Other comprehensive income								
Net change in fair value of financial assets at fair value through other comprehensive income	4(b)	-	-	(3,799)	-	-	-	(3,799)
Income tax on other comprehensive income	4(b)	-	-	926	-	-	-	926
Total other comprehensive loss, net of tax		-	-	(2,873)	-	-	-	(2,873)
Total comprehensive income for the year, net of tax		**-**	**-**	**(2,873)**	**-**	**11,644**	**6,504**	**15,275**
Dividends to equity holders	7	-	-	-	-	(28,208)	-	(28,208)
Balance at 30 June 2020		**257,355**	**13,326**	**(848)**	**850**	**354**	**(70,445)**	**200,592**

[1] Relates to the net profit of the parent entity (Navigator Global Investments Limited).

Statement of cash flows

For the year ended 30 June 2020

	Note	Consolidated US$'000 2020	2019
Cash flows from operating activities			
Cash receipts from operating activities		106,509	110,002
Cash paid to suppliers and employees		(73,282)	(87,492)
Cash generated from operations		33,227	22,510
Bank interest received		166	119
Lease interest received		13	-
Lease interest paid		(823)	-
Income taxes paid		(21)	(64)
Net cash from operating activities	5(b)	**32,562**	**22,565**
Cash flows from investing activities			
Acquisition of plant and equipment		(4,204)	(1,506)
Proceeds from disposal of investments		561	277
Acquisition of investments		(414)	(1,900)
Transaction costs associated with MAS transaction		-	(1,088)
Distributions received from investments		1	-
Acquisition of other non-current assets		(916)	(50)
Net cash used in investing activities		**(4,972)**	**(4,267)**
Cash flows from financing activities			
Lease payments received from finance leases		108	-
Payment of principal portion of lease liabilities		(1,536)	-
Dividends paid to equity holders		(28,208)	(27,451)
Net cash used in financing activities		**(29,636)**	**(27,451)**
Net decrease in cash		**(2,046)**	**(9,153)**
Cash balance at 1 July		29,029	38,212
Effect of exchange rate fluctuations on cash balances held in foreign currencies		49	(30)
Cash balance as at 30 June	5(a)	**27,032**	**29,029**

The accompanying notes form part of these consolidated financial statements

Notes to the financial statements

For the year ended 30 June 2020

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 2020, 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	
	2020	2019	2020	2019	2020	2019
Operating revenue	92,953	106,386	134	141	93,087	106,527
Other revenue	8,422	8,340	-	-	8,422	8,340
Total revenue from contracts with customers	101,375	**114,726**	134	**141**	**101,509**	**114,867**
Operating expenses (excluding depreciation and amortisation)	(68,781)	(76,353)	(3,131)	(891)	(71,912)	(77,244)
Result from operating activities	32,594	**38,373**	(2,997)	**(750)**	**29,597**	**37,623**
Net finance income / (costs) (excluding interest)	887	53	34	(24)	921	29
Earnings before interest, tax, depreciation and amortisation	33,481	**38,426**	(2,963)	**(774)**	**30,518**	**37,652**
Interest revenue	58	83	116	43	174	126
Interest expense	(824)	-	(1)	-	(825)	-
Depreciation and amortisation	(3,981)	(1,470)	(17)	(4)	(3,998)	(1,474)
Reportable segment profit / (loss) before income tax	28,734	**37,039**	(2,865)	**(735)**	**25,869**	**36,304**
Income tax expense	(7,721)	(9,461)	-	-	(7,721)	(9,461)
Reportable segment profit / (loss) after income tax	21,013	**27,578**	(2,865)	**(735)**	**18,148**	**26,843**
Segment assets	215,983	202,416	11,506	18,442	227,489	220,858
Segment liabilities	(25,985)	(6,461)	(912)	(277)	(26,897)	(6,738)
Net assets	189,998	**195,955**	10,594	**18,165**	**200,592**	**214,120**

Notes to the financial statements

For the year ended 30 June 2020

2. Revenue

	Consolidated US$'000	
	2020	**2019**
Management fees from commingled funds	49,917	62,435
Management fees from customised solutions clients	37,594	42,957
Performance fees	5,576	1,135
Operating revenue	**93,087**	**106,527**
Revenue from reimbursement of fund operating expenses	7,068	6,319
Revenue from provision of office space and services	1,354	1,905
Other income	-	116
Other revenue	**8,422**	**8,340**
Total revenue from contracts with customers	**101,509**	**114,867**

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 2020

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 party 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 3) 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

14% (2019: 14%) of the Group's operating revenue relates to management fees and performance fees earned on the Lighthouse Diversified commingled funds.

13% (2019: 14%) 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 11% of operating revenue (2019: 8%).

The Group's three largest individual clients combined represent 22% of operating revenue (2019: 16%).

Notes to the financial statements

For the year ended 30 June 2020

3. Expenses

	Consolidated US$'000	
	2020	**2019**
Employee expense	(44,216)	(48,573)
Professional and consulting expenses	(8,143)	(6,800)
Information and technology expense	(3,540)	(3,631)
Reimbursable fund operating expenses	(7,068)	(6,319)
Occupancy expense	(1,583)	(3,959)
Distribution expense	(2,798)	(3,401)
Travel expense	(785)	(1,719)
Depreciation of plant and equipment	(1,606)	(975)
Lease depreciation	(2,018)	-
Amortisation of intangible assets	(374)	(499)
Impairment losses	(769)	-
Other expenses	(3,010)	(2,842)
Total expenses	**(75,910)**	**(78,718)**

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 2020 includes contributions to defined contribution superannuation and pension plans of $1,156 thousand (2019: $1,527 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).

Occupancy expense

Under AASB 16 *Leases*, occupancy expense in the current year relates to short-term leases and common area maintenance costs. The comparative information continues to be presented under AASB 117, which includes all payments made for operating leases charged to profit or loss on a straight-line basis over the period of the lease.

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.

Lease depreciation

Lease depreciation has been recognised in the current year in accordance with AASB 16 *Leases*. The Group's right-of-use asset is depreciated using the straight-line method over the term of the lease.

Notes to the financial statements

For the year ended 30 June 2020

4. Finance income and costs

a) Recognised directly in profit or loss

	Consolidated US$'000	
	2020	**2019**
Finance income		
Interest income on bank deposits	161	126
Finance income on net investment in finance lease	13	-
Net foreign exchange gain	332	-
Net change in fair value of financial assets at fair value through profit or loss	727	221
Distribution income from financial assets at fair value through profit or loss	1	-
Total finance income	**1,234**	**347**
Finance costs		
Bank charges	(139)	(126)
Net foreign exchange loss	-	(66)
Lease interest expense	(823)	-
Other interest expense	(2)	-
Total finance costs	**(964)**	**(192)**
Net finance costs recognised in profit or loss	**270**	**155**

Finance income

Interest income is recognised in profit or loss as it accrues.

Finance income on net investment in finance lease is recognised over the term of the lease based on a pattern reflecting a constant rate of return on the lessor's net investment in the lease. Refer to Note 12 for additional detail.

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.

Finance costs

Lease interest expense relates to the Group's lease liabilities and is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Refer to Note 12 for additional detail.

Other interest expense reflects the current period finance cost associated with unwinding the discount recognised on the Group's office lease make good provision.

Notes to the financial statements

For the year ended 30 June 2020

4. Finance income and costs (continued)

b) Recognised directly in other comprehensive income

	Consolidated US$'000	
	2020	**2019**
Change in fair value of financial assets at fair value through other comprehensive income	(3,799)	(350)
Income tax expense recognised directly in equity	926	94
Finance income attributable to equity holders recognised directly in equity	**(2,873)**	**(256)**
Recognised in:		
Fair value reserve	**(2,873)**	**(256)**

Financial assets at fair value through other comprehensive income 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	
	2020	**2019**
Cash at bank	16,232	12,429
Term deposits less than 90 days	10,800	16,600
	27,032	**29,029**

At balance date, AUD deposits earn interest of 0.05% (2019: 1.05%); USD deposits earn interest between 0% and 0.73% (2019: between 0% and 2.15%).

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 18.

Notes to the financial statements

For the year ended 30 June 2020

5. Cash (continued)

b) Reconciliation of cash flows from operating activities

		Consolidated US$'000	
Cash flows from operating activities	Note	**2020**	**2019**
Profit for the period		**18,148**	**26,843**
Adjustments for:			
Depreciation of plant and equipment	3	1,606	975
Lease depreciation	3	2,018	-
Amortisation of intangible assets	3	374	499
Impairment losses	3	769	-
Distributions from financial asset at fair value through profit or loss	4(a)	(1)	-
Net foreign exchange (gain) / loss	4(a)	(332)	66
Fair value gain on financial assets at fair value through profit or loss	4(a)	(727)	(221)
Other interest expense (non-cash)	4(a)	2	-
Income tax expense, less income tax paid		7,700	9,397
Operating cash flow before changes in working capital and provisions		**29,557**	**37,559**
Decrease / (increase) in receivables		5,005	(4,872)
(Increase) / decrease in other current assets		(1,562)	24
(Decrease) / increase in payables		(315)	1,027
Increase in deferred rent expense		-	9
Decrease in employee benefits		(123)	(11,182)
Net cash from operating activities		**32,562**	**22,565**

Notes to the financial statements

For the year ended 30 June 2020

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.

a) Reconciliation of effective tax rate

	Consolidated US$'000	
	2020	**2019**
Profit before income tax	25,869	36,304
Income tax using the Company's domestic tax rate of 30% (2019: 30%)	(7,760)	(10,891)
Effect of tax rates in foreign jurisdictions	1,026	2,064
Non-deductible / non-assessable amounts included in accounting profit	(886)	(247)
Amounts not included in accounting profit	(320)	(146)
Current year tax losses for which no deferred tax asset is initially recognised	330	141
Changes in estimates related to prior years	(111)	(382)
Total income tax expense reported in profit or loss	**(7,721)**	**(9,461)**

b) Current tax assets and liabilities

	Consolidated US$'000	
	2020	**2019**
Current tax assets	**19**	**-**
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 2020

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	
	2020	**2019**
Carried forward tax losses	32,455	30,647
Goodwill and intangible assets	11,448	20,635
Employee benefits	92	20
Financial assets at fair value through profit or loss	(432)	(269)
Financial assets at fair value through other comprehensive income	264	(658)
Other items	2,145	2,209
	45,972	**52,584**

As at 30 June 2020 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 2020

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	
	2020	**2019**
Deductible temporary differences	80,623	59,262
Tax losses	2,962	3,370
	83,585	**62,632**

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 2020, it is not probable that the Australian Group will produce sufficient taxable profits or capital gains against which these deferred tax assets can be utilised and therefore the deferred tax assets remain unrecognised.

$80,623 thousand (30 June 2019: $59,262 thousand) of the deductible temporary differences not recognised relate to impairment write-downs taken during the years ended 30 June 2009 and 30 June 2020 on the carrying value of the Lighthouse Group. 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 2020

7. Dividends

a) Dividends paid

The following dividends were paid by the Company:

	Consolidated US$'000	
	2020	**2019**
Interim ordinary dividend for the year ended 30 June 2020 of USD 8.5 cents	13,668	-
Final ordinary dividend for the year ended 30 June 2019 of USD 9.0 cents	14,540	-
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
	28,208	**27,451**

The Directors have determined a final unfranked dividend of 5.5 cents per share (with 0% conduit foreign income credits). The dividend will be paid on 4 September 2020.

The dividends were not determined or provided for as at 30 June 2020, and there are no income tax consequences.

b) Dividend franking account

	Consolidated US$'000	
	2020	**2019**
Amount of franking credits available to shareholders of Navigator Global Investments Limited for subsequent financial years	**707**	**722**

Dividends paid and declared during the 2020 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 2020

8. Earnings per share

	Consolidated US$'000	
	2020	**2019**
Basic earnings per share	11.19	16.55
Diluted earnings per share	11.19	16.55

Reconciliation of earnings used in calculating earnings per share

Basic and diluted earnings per share

	Consolidated US$'000	
	2020	**2019**
Profit attributable to ordinary equity holders of the Company used in calculating basic and diluted earnings per share	**18,148**	**26,843**

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

		'000 shares	
		2020	**2019**
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 2020

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	
	2020	**2019**
Trade receivables from contracts with customers	13,674	18,733
Other receivables and prepayments	2,373	690
	16,047	**19,423**

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 2020 or 30 June 2019. In determining this credit allowance, the Group has considered forward looking factors specific to the receivables and the economic environment and determined that any allowance would be insignificant.

Other receivables and prepayments

Other receivables and prepayments relate to items such as prepaid expenses (principally in relation to software licences and insurance policies), short-term deposits, interest receivable on cash deposits, pending redemptions from investments in Group managed products, and the current portion of finance leases receivable.

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 18.

Notes to the financial statements

For the year ended 30 June 2020

10. Investments recognised at fair value

	Consolidated US$'000	
	2020	**2019**
Financial assets at fair value through other comprehensive income	1,489	5,288
Financial assets at fair value through profit or loss	13,245	12,665
	14,734	**17,953**

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 18 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 18 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 2020

11. Plant and equipment

	Consolidated US$'000			
	Furniture & equipment	Computer equipment & software	Leasehold improvements	Total
Cost				
Balance at 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 and 1 July 2019	2,542	4,266	3,152	9,960
Additions	520	2,208	1,476	4,204
Disposals	-	(5)	-	(5)
Balance at 30 June 2020	**3,062**	**6,469**	**4,628**	**14,159**
Depreciation				
Balance at 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 and 1 July 2019	(1,218)	(3,146)	(805)	(5,169)
Depreciation for the year	(188)	(1,110)	(308)	(1,606)
Disposals	-	5	-	5
Balance at 30 June 2020	**(1,406)**	**(4,251)**	**(1,113)**	**(6,770)**
Carrying amounts				
At 1 July 2018	779	877	1,032	2,688
At 30 June and 1 July 2019	1,324	1,120	2,347	4,791
As at 30 June 2020	**1,656**	**2,218**	**3,515**	**7,389**

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 or 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 2020

12. Leases

The Group has a number of leases for office premises and equipment with lease terms varying from 2 months to 9 years. The Group adopted AASB 16 on 1 July 2019 under the modified retrospective approach and therefore the comparative information continues to be reported under AASB 117. Refer to Note 30 for the impact of change in accounting policy.

a) Group as lessee

Amounts recognised in the balance sheet

Right-of-use assets

	Consolidated US$'000	
	Office premises	**Total**
Balance at 1 July 2019	14,101	14,101
Additions	7,197	7,197
Depreciation for the period	(2,018)	(2,018)
Balance at 30 June 2020	**19,280**	**19,280**

Lease liabilities

	Consolidated US$'000					
	Balance at 1 July 2019	Cash flows	Foreign exchange	New leases	Other	Balance at 30 June 2020
Lease liabilities - current	1,629	(1,536)	-	39	2,245	2,377
Lease liabilities – non-current	16,383	-	(339)	6,984	(2,245)	20,783
	18,012	**(1,536)**	**(339)**	**7,023**	**-**	**23,160**

The 'Other' column includes the effect of reclassification of non-current portion of lease liabilities to current due to the passage of time. The Group classifies interest paid as cash flows from operating activities.

Lease payments have been discounted using the following incremental borrowing rates:

Office premises: 3.23% to 4.36%

The Group discounts lease payments using its incremental borrowing rate as of 1 July 2019 or the date of entering into a new lease. Incremental borrowing rates are determined for each lease based on its maturity profile. The rates for US based leases were determined in reference to the 1 month USD Swap Monthly Money rate to effectively swap the Group's current Line of Credit borrowing rate (1 month USD LIBOR) to a fixed longer term borrowing. For non-US based leases, comparable country specific reference rates were selected. All rates were supplemented by a margin to reflect a leasing risk premium.

	Consolidated US$'000					
	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
30 June 2020						
Lease liabilities	(27,292)	(1,430)	(1,837)	(3,629)	(9,540)	(10,856)
Total undiscounted lease liabilities	**(27,292)**	**(1,430)**	**(1,837)**	**(3,629)**	**(9,540)**	**(10,856)**
Future finance charges	(4,132)					
Lease liabilities in the statement of financial position	**23,160**					
Current	2,377					
Non-current	20,783					

Notes to the financial statements

For the year ended 30 June 2020

12. Leases (continued)

Amounts recognised in the statement of profit or loss

	Consolidated US$'000 2020
Lease interest expense (included in finance costs)	823
Expense relating to short-term leases (included in occupancy expense)	520
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in occupancy expense)	18
Income from subleasing right-of-use assets	13

Total cash outflow for leases in 2020 was $2.8 million.

Lease accounting policies

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of office premises that have a lease term of 12 months or less, and leases of low-value assets comprising certain equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease liabilities include the net present value of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments (linked to an index or a rate), and any expected residual value guarantee payments.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Possible future cash outflows amounting to $13.5 million were not included in the lease liability because it is not reasonably certain that the leases will be extended.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred or restoration obligations, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method over the term of the lease. An impairment review is undertaken for any right-of-use lease asset that shows indicators of impairment, and an impairment loss is recognised against any right-of-use lease asset that is impaired.

Notes to the financial statements

For the year ended 30 June 2020

12. Leases (continued)

b) Group as sublessor

Amounts recognised in the balance sheet

	Consolidated US$'000				
	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-3 years
30 June 2020					
Finance lease receivable	290	60	60	120	50
Total undiscounted lease receivable	**290**	**60**	**60**	**120**	**50**
Unearned finance income	(13)				
Finance lease receivable in the statement of financial position	**277**				
Current	112				
Non-current	165				

Amounts recognised in the statement of profit or loss

	Consolidated US$'000
	2020
Finance income on net investment in the lease	13

The Group currently subleases one of its office premises. Under AASB 16, this is classified as a finance lease as the sublease is for the whole of the remaining term of the head lease. This lease was accounted for as an operating lease under AASB 117.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. At inception of each sublease, the Group determines whether it is a finance lease or an operating lease. It assesses the lease classification with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

If an arrangement contains lease and non-lease components, the Group applies AASB 15 to allocate the consideration in the contract.

Finance income is recognised over the term of the sublease based on a pattern reflecting a constant rate of return on the lessor's net investment in the lease. For purposes of calculating finance income on the sublease, the Group has used the incremental borrowing rate on the head lease.

Notes to the financial statements

For the year ended 30 June 2020

13. Intangible assets

	Consolidated US$'000				
	Goodwill	Trademarks	Software	Client relationships	Total
Cost					
Balance at 1 July 2018	499,519	1,900	2,050	-	503,469
Additions	-	-	-	1,077	1,077
Balance at 30 June and 1 July 2019	499,519	1,900	2,050	1,077	504,546
Additions	-	-	-	-	-
Balance at 30 June 2020	**499,519**	**1,900**	**2,050**	**1,077**	**504,546**
Amortisation and impairment losses					
Balance at 1 July 2018	(405,718)	(998)	(1,675)	-	(408,391)
Amortisation for the year	-	(95)	(250)	(154)	(499)
Balance at 30 June and 1 July 2019	(405,718)	(1,093)	(1,925)	(154)	(408,890)
Amortisation for the year	-	(95)	(125)	(154)	(374)
Impairment losses	-	-	-	(769)	(769)
Balance at 30 June 2020	**(405,718)**	**(1,188)**	**(2,050)**	**(1,077)**	**(410,033)**
Carrying amounts					
At 1 July 2018	93,801	902	375	-	95,078
At 30 June and 1 July 2019	93,801	807	125	923	95,656
At 30 June 2020	**93,801**	**712**	**-**	**-**	**94,513**

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 19.

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, at which time intangible client relationships of $1,077 thousand were recognised in the statement of financial position. A straight-line amortisation basis was selected over a period of 7 years.

Due to a higher than anticipated level of redemptions on the MAS assets, it was determined that the economic benefits associated with the client relationships had been materially consumed by the Group over the past 2 years. As such, an impairment loss of $769 thousand has been recorded in the current period to reduce the value of the investment management relationships to $nil.

Notes to the financial statements

For the year ended 30 June 2020

13. Intangible assets (continued)

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
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. 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.

Impairment testing as at 30 June

Cash generating unit

For the purpose of impairment testing, intangible assets are allocated to a US based funds management cash generating unit (US CGU):

	Consolidated US$'000 Carrying Amount	
	2020	**2019**
Goodwill	93,801	93,801
Trademarks	712	807
Software	-	125
	94,513	**94,733**

The carrying value of the CGU tested at 30 June 2020 includes $7,329 thousand of directly attributable plant and equipment (2019: $4,775 thousand).

Impairment testing carried out on the US CGU as at 30 June 2019 and 30 June 2020 did not result in the recognition of any impairment losses.

Recoverable amount

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 and terminal value growth rates:

Key assumption	**2020**	**2019**
Discount rate	12.2%	15.6%
Terminal value growth rate	1.6%	3.7%

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 20% (2019: 10%) at a market interest rate of 3.58% (2019: 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.

Notes to the financial statements

For the year ended 30 June 2020

14. Trade and other payables

	Consolidated US$'000	
	2020	**2019**
Current		
Trade creditors	152	160
Deferred rent liability	-	108
Other creditors and accruals	2,792	3,075
	2,944	**3,343**
Non-current		
Deferred rent liability	-	2,637
Other long-term liabilities	218	50
	218	**2,687**

Trade creditors are non-interest bearing and normally settle on 30 to 90 day terms.

Other creditors and accruals relate to items such as accrued distribution costs, accrued operating expenses, and product costs and expenses.

The Group's deferred rent liability was derecognised on transition to AASB 16 on 1 July 2019. See Note 30 for change in accounting policy.

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 18.

Notes to the financial statements

For the year ended 30 June 2020

15. Employee benefits

	Consolidated US$'000	
	2020	**2019**
Current		
Short-term incentives	371	470
Liability for annual leave	114	130
	485	**600**
Non-current		
Liability for long service leave	**90**	**102**

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.

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 2020

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.

16. 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 2020 and 30 June 2019, the Company's capital comprises ordinary shares on issue.

Line of Credit

The Group has renewed its existing $15 million Line of Credit for a further two years until 27 July 2022. 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 2020 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.

17. Capital and reserves

a) Ordinary shares on issue

	Shares '000	
	2020	**2019**
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 2020

17. Capital and reserves (continued)

b) Nature and purpose of reserves

	Consolidated US$'000	
	2020	**2019**
Parent entity profits reserve	354	16,918
Translation reserve	850	850
Fair value reserve	(848)	2,025
Share-based payments reserve	13,326	13,326
	13,682	**33,119**

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 or decrease in the fair value of financial assets at fair value through other comprehensive income above or below their original purchase value.

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

18. Financial risk management

Classes of financial instruments

Definitions

During the years ended 30 June 2019 and 2020, 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	14
	▪ Lease liabilities	12
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 2020

18. 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 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
			30 June 2020		
Financial assets at fair value through other comprehensive income					
Investment in unquoted securities of externally managed entities	10	-	-	1,489	1,489
Financial assets at fair value through profit or loss					
Investments in unquoted securities of Group managed entities	10	-	13,245	-	13,245

There were no transfers between levels during the financial years ended 30 June 2020 or 30 June 2019.

Notes to the financial statements

For the year ended 30 June 2020

18. 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 2020 and 30 June 2019 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

Due to a change in capital structure as a result of the business's inability to service its debt, there is significant uncertainty as to the on-going viability of this business. As such, the carrying value of this investment has been revalued to $nil.

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 carrying value of this investment continues to be $nil after it was revalued to $nil during the 2019 financial year.

Movement in Level 3 assets

The following table presents the change in Level 3 assets for the financial years ended 30 June 2020 and 30 June 2019:

	Note	Investment in unquoted securities
Opening balance 30 June 2018		**5,638**
Decrease in fair value through other comprehensive income		(350)
Closing balance 30 June 2019	10	**5,288**
Decrease in fair value through other comprehensive income		(3,799)
Closing balance 30 June 2020	10	**1,489**

There were no transfers in or out of Level 3 during the financial year ended 30 June 2020.

Notes to the financial statements

For the year ended 30 June 2020

18. 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 / A-1 (Standard & Poor's).

Trade and other receivables

At reporting date, 70% of the Group's trade and other receivables related to amounts receivable from products managed by the Group (2019: 79%).

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 2020 or 30 June 2019. 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 2020, 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:

	2020	2019
AUD/USD: Average rate	0.6713	0.7156
AUD/USD: 30 June spot rate	0.6863	0.7013

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	
	2020	2019
AUD/USD: appreciation of 10%, net of tax	112	61
AUD/USD: depreciation of 10%, net of tax	(112)	(61)

Notes to the financial statements

For the year ended 30 June 2020

18. 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	
	2020	**2019**
Financial assets at fair value through profit or loss		
Profit or loss (decrease) / increase		
Fair value + 5%, net of tax	465	468
Fair value - 5%, net of tax	(465)	(468)
Financial assets at fair value through other comprehensive income		
Equity (decrease) / increase –		
Fair value + 5%, net of tax	52	195
Fair value - 5%, net of tax	(52)	(195)

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	
	2020	**2019**
Profit or loss (decrease) / increase		
Fair value + 5%, net of tax	3,070	3,896
Fair value - 5%, net of tax	(3,070)	(3,896)

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 2020

18. 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 16). 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	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
30 June 2020								
Trade and other payables - current	14	2,944	(2,944)	(2,944)	-	-	-	-
Trade and other payables – non-current	14	50	(50)	-	-	-	(50)	-
		2,994	**(2,994)**	**(2,944)**	**-**	**-**	**(50)**	**-**
30 June 2019								
Trade and other payables - current	14	3,235	(3,235)	(3,235)	-	-	-	-
Trade and other payables – non-current	14	50	(50)	-	-	-	(50)	-
		3,285	**(3,285)**	**(3,235)**	**-**	**-**	**(50)**	**-**

Refer to Note 12 for contractual maturities of the Group's lease liabilities.

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 2020

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.

19. 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	
		2020	**2019**
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	Cayman Islands	100	100
NR Technology Group, LLC[1]	United States	100	-

1 NR Technology Group, LLC is a single member LLC of which the sole member is Lighthouse Partners NY, LLC. It was formed on 8 July 2019 in the US state of Delaware.

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 2020

20. Parent entity disclosures

As at, and throughout the financial year ended 30 June 2020, the parent company of the Group was Navigator Global Investments Limited.

	Company US$'000	
	2020	**2019**
Result of the parent entity		
(Loss) / profit for the year	(80,876)	29,458
Total comprehensive (loss) / income for the year	**(80,876)**	**29,458**
Financial position of the parent at year end		
Current assets	12,213	18,812
Total assets	177,375	285,825
Current liabilities	(697)	(175)
Total liabilities	(911)	(277)
Net assets	**176,464**	**285,548**
Total equity of the parent comprising of		
Share capital	257,355	257,355
(Accumulated losses) / Retained earnings	(90,123)	2,397
Parent entity profits reserve	354	16,918
Translation reserve	5,070	5,070
Share based payments reserve	3,808	3,808
Total equity	**176,464**	**285,548**

Notes to the financial statements

For the year ended 30 June 2020

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.

21. Related parties

Key management personnel remuneration

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

	Consolidated US$	
	2020	**2019**
Short-term employee benefits	4,762,879	6,267,376
Long-term employee benefits	9,780	3,215
Post-employment benefits	102,434	95,965
	4,875,093	**6,366,556**

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 $91,780,976 (2019: $103,048,954) 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 2020 were $11,254,984 (2019: $15,426,885).

Investment in products

As at 30 June 2020, Group entities hold $13,245,015 of investments in products for which they act as investment manager or platform service provider (2019: $12,665,544). Refer note 10 for additional detail.

During the financial year, the Group recognised distributions from its investments in these products of $669 (2019: $nil).

For the years ended 30 June 2020 and 30 June 2019, 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 18.

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 2020

22. Auditors' remuneration

	Consolidated US$	
	2020	**2019**
Fees to Ernst & Young		
EY (Australia): Audit and review of financial reports	94,351	111,208
Overseas member firms of EY (Australia): Audit and review of financial reports	151,484	197,848
Total fees to Ernst & Young	**245,835**	**309,056**
Fees to other audit firms		
Other audit firms (Australia): Other services (taxation)	20,422	35,243
Other audit firms (Australia): Other services (advisory)	143,107	-
Total fees to other audit firms (Australia)	163,529	35,243
Overseas member firms of other auditors: Audit and review of financial reports	19,244	24,216
Overseas member firms or other auditors: Other services (advisory)	450,000	-
Total fees to overseas member firms of other auditors	469,244	24,216
Total fees to other audit firms	**632,773**	**59,459**
Total auditor's remuneration	**878,608**	**368,515**

23. Commitments

Operating lease commitments

Group as lessee

The Group has a number of leases for office premises and equipment with remaining lease terms varying from 2 months to 9 years. The Group adopted AASB 16 on 1 July 2019. Refer to Note 30 for a reconciliation of operating lease commitments as at 30 June 2019 to lease liabilities recognised as at 1 July 2019.

Group as lessor

The Group is party to an operating sub-lease for one of its office premises. The lease has a remaining life of 2 years. This sublease is now captured on the Statement of Financial Position under AASB 16.

Notes to the financial statements

For the year ended 30 June 2020

24. 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 2020.

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.

25. Subsequent events

Events occurring after reporting period

Line of credit facility

The Group has renewed its existing $15 million Credit Facility for a further two years until 27 July 2022. This Line of Credit has not been drawn during the year ended 30 June 2020 and remains undrawn at the date of this report.

Proposed acquisition of portfolio of strategic investments

On the 13th of August, NGI announced that it has entered into a definitive agreement to acquire six minority ownership interests in leading established alternative asset managers from investment funds managed by Dyal Capital Partners, a division of Neuberger Berman.

The transaction is expected to complete between December 2020 and January 2021 and remains subject to shareholder and certain regulatory approvals (including FIRB) and the satisfaction of other customary closing conditions.

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 2020

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.

26. Corporate information

The financial report of Navigator Global Investments Limited (the 'Company') for the year ended 30 June 2020 was approved by the board of directors on the 13th day of August 2020.

The consolidated financial statements of the Company as at and for the year ended 30 June 2020 comprise the Company and its subsidiaries (the 'Group') (see note 19).

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.

27. 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 30 as well as within the individual notes to the financial statements.

28. 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 18.

29. 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.

Notes to the financial statements

For the year ended 30 June 2020

30. 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 13 - impairment test: key assumptions underlying recoverable amounts of intangible assets; and
- notes 10 and 18 - fair value measurement of investments.

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 18 - investments in financial assets at fair value through profit or loss; and
- notes 10 and 18 - investment in financial assets at fair value through other comprehensive income.

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 16 *Leases*

As indicated in Note 12, the Group adopted AASB 16 *Leases* from 1 July 2019 under the modified retrospective approach and therefore the comparative information continues to be reported under AASB 117.

On adoption of AASB 16, the Group recognised an additional $14.1 million of right-of-use assets, $18.0 million of lease liabilities, and $0.4 million of finance lease receivables; derecognised $2.7 million of deferred rent liabilities; increased deferred tax assets by $0.2m to recognise the tax effect; and recognised the difference of $0.6 million in accumulated losses.

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate as of 1 July 2019. An incremental borrowing rate was determined for each lease based on its maturity profile, ranging from 4.15% to 4.36%. The rates were determined in reference to the 1 month USD Swap Monthly Money rate to effectively swap the Group's current Line of Credit borrowing rate (1 month USD LIBOR) to a fixed longer term borrowing. The rates were supplemented by a margin to reflect a leasing risk premium.

A reconciliation of operating lease commitments as at 30 June 2019 to lease liabilities recognised as at 1 July 2019 is as follows:

	Consolidated USD'000
Operating lease commitments disclosed as at 30 June 2019	20,771
Discounted using the Group's incremental borrowing rate	(3,730)
Exemption applied for short term leases	(311)
Exemption applied for low-value leases	(19)
Adjustment for fixed leases payments assessed as being non-lease components	(2,450)
Adjustment for variable lease payments assessed as being in-substance fixed	3,751
Lease liabilities recognised as at 1 July 2019	18,012

The associated right-of-use assets were measured on a retrospective basis as if the new rules had always been applied, but using the transition discount rate rather than the discount rate at inception.

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases, and
- the option to adjust the right-of-use asset by the amount of any provision for onerous leases recognised in the balance sheet immediately before the date of initial application.

AASB Interpretation 23 Uncertainty over Income Tax Treatments

The Group does not currently have any uncertain tax positions where there is doubt as to whether a taxation authority would accept the Group's tax treatment. As such, there was no impact on the Group's financial statements.

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 2020. These standards are not expected to have a significant impact on the Group's consolidated financial statements:

- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework
- 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 34 to 76, and the Remuneration report on pages 22 to 31 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 2020 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 2020.

3. The directors draw attention to note 27 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
Chairman and Non-Executive Director

F P (Andy) Esteban
Non-Executive Director

Sydney, 13 August 2020

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

Building a better working world

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 Investment Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 30 June 2020, 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 2020 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 (including Independence Standards)* (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.

Building a better working world

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.

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 20% 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. The judgements also included those concerning COVID-19 and the impact the pandemic may have on the company's ability to earn sufficient future taxable profits to utilise deferred tax assets.	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; • Evaluated the company's consideration of the impact of COVID-19 in the forecasted cash flows; • 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; • Involved our tax specialists to review the recognition of the deferred tax assets under the tax law; • 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 US cash generating unit

Refer to Note 13 of the financial report

Why significant	How our audit addressed the key audit matter
The recoverability of the US cash generating unit ("US 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 CGU. 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 and related impacts to these forecasts due to the COVID-19 pandemic.	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; • Evaluated the company's consideration of the impact of COVID-19 in the forecasted cash flows; • 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 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 2020 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 judgment 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.

Building a better working world

- 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, actions taken to eliminate threats or safeguards applied.

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 2020.

In our opinion, the Remuneration Report of Navigator Global Investments Limited for the year ended 30 June 2020, 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
13 August 2020

Shareholder information

ASX additional information

As at 5 October 2020

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%
Eley Griffiths Group	14,722,949	9.08%
Delaware Street Capital Master Fund, LP	13,101,982	8.08%
Perennial Value Management Limited	12,517,331	7.72%

Twenty largest shareholders

Name	Number of ordinary shares held	Percentage of capital held
Citicorp Nominees Pty Limited	54,127,121	33.38%
HSBC Custody Nominees (Australia) Limited	24,441,248	15.07%
J P Morgan Nominees Australia Pty Limited	22,045,682	13.60%
National Nominees Limited	11,450,594	7.06%
BNP Paribas Noms Pty Ltd	3,791,802	2.34%
BNP Paribas Nominees Pty Ltd	2,455,969	1.51%
UBS Nominees Pty Ltd	2,310,284	1.42%
HSBC Custody Nominees (Australia) Limited	2,262,479	1.40%
BNP Paribas Nominees Pty Ltd	1,983,433	1.22%
Brispot Nominees Pty Ltd	1,642,727	1.01%
Australian Executor Trustees Limited	1,083,000	0.67%
Mr Shay Shimon Hazan-Shaked	950,000	0.59%
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd	706,977	0.44%
Winchester Global Trust Company Limited	655,158	0.40%
Mr Mark Sheffield Hancock & Brig Ian Denis Westwood	635,252	0.39%
Bond Street Custodians Limited	469,807	0.29%
Mr Shay Shimon Hazan-Shaked	400,000	0.25%
Krumpet No 16 Pty Limited	377,200	0.23%
Mr Richard James Williams & Ms Jane Clare Frobisher Dunlop	326,000	0.20%
EHCL Pty Ltd	280,000	0.17%

Distribution of shareholdings

Range	Number of holders of ordinary shares	% of holders	Number of ordinary shares	% of share
1-1,000	931	26.24%	488,467	0.30%
1,001-5,000	1,369	38.59%	3.811.586	2.35%
5,001-10,000	578	16.29%	4,362,158	2.69%
10,001-50,000	563	15.87%	11,882,467	7.33%
50,001 – 100,000	53	1.49%	3,858,605	2.38%
100,001 and over	54	1.52%	137,744,614	84.95%
Total	**3,401**	**100.00%**	**162,147,897**	**100.00%**

The number of shareholders holding less than a marketable parcel of ordinary shares is 281.

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.