Navigator Global Investments Limited (ASX:NGI)

ASX Appendix 4D

For the six months ended 31 December 2021

Results for announcement to the market

Amounts in USD'000

Results in brief (all comparisons to the six months ended 31 December 2020)				**31 December 2021**
Revenue from ordinary activities	Up	16%	to	**61,380**
Earnings before interest, tax, depreciation and amortisation	Down	7%	to	**14,450**
Adjusted Earnings before interest, tax, depreciation and amortisation[1]	Up	33%	to	**20,039**
Profit from ordinary activities after tax attributable to members	Down	5%	to	**8,387**
Net profit for the period attributable to members	Down	5%	to	**8,387**

[1] Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) is non-IFRS financial information and is not subject to audit procedures, and does not represent profit in accordance with Australian Accounting Standards. This measure is intended to show the Group's performance before the impact of non-operating items such as unrealised fair value gains/losses one equity investments. Refer to table on page 2 for reconciliation of EBITDA to adjusted EBITDA results.

Dividends	**Amount per ordinary share**	**Franked %**	**Conduit foreign income %**
Interim 2021 dividend per share (paid 12 March 2021)	USD 3.5 cents	0%	100%
Final 2021 dividend per share (paid 10 September 2021)	USD 6.0 cents	0%	100%

The directors have determined an unfranked interim dividend of United States (US) 5.5 cents per share (with 100% conduit foreign income credits). The dividend dates are:

Ex-dividend date:	23 February 2022
Record date:	24 February 2022
Payment date:	11 March 2022

NGI dividends are determined in US dollars. However, shareholders will receive their dividend in Australian dollars. Currency conversion will be based on the closing foreign exchange rate on the record date of 24 February 2022.

Dividend Policy

The Company has set a policy of paying a dividend of 70% to 80% of adjusted earnings before interest, depreciation, amortisation, impairment expense and tax [1] which is outlined in the Directors' Report in the 31 December 2021 interim financial report. Dividends will be unfranked and will have conduit foreign income credits attached.

The payment of dividends will be subject to corporate, legal and regulatory considerations.

The above policy allows the NGI Group to retain a portion of cash generated from operating activities, and to therefore have funds available to make additional investments into the Lighthouse Funds where such investments further the overall operating interests of the Group, or to act on external investment and/or acquisition opportunities as and when they may arise.

A dividend reinvestment plan does not operate in respect to dividends of the Company.

Net tangible assets	**31 December 2021**	31 December 2020
Per ordinary share	USD 113.95 cents	USD 39.33 cents

The current period net tangible asset per ordinary share is impacted by the shares issued in part consideration for the acquisition of NGI Strategic portfolio investments on 1 February 2021. Net tangible assets include the Group's $12.6 million right-of-use asset recognised under AASB 16 Leases. The comparative has been restated to include $18.1 million of leased assets.

Results for announcement to the market (continued)

Details of joint ventures and associates	31 December 2021	31 December 2020
Investments in joint ventures		
Longreach Alternatives Ltd	34.06%	-

On 30 September 2021, the Group acquired a 34.06% interest in Longreach Alternatives Limited, an Australian based diversified asset management firm with six underlying boutiques for USD $9.3 million. This investment will allow NGI to broaden business in Australia in a meaningful way and execute on our mission of providing differentiated investment solutions to a broad market.

Investments in associates		
GROW Investment Group	6.67%	-

On 20 September 2021, the Group acquired a 6.67% shareholding in GROW Investment Group, a newly formed entity which will capitalise on opportunities in the Chinese asset management industry and the continued evolution of China's markets, further expanding the Group's international presence.

Reconciliation to Adjusted EBITDA [1]	31 December 2021	31 December 2020
	Amounts in USD'000	
Earnings before interest, tax, depreciation and amortisation	**14,450**	**15,504**
Additional cash payments made for office leases (net)	(1,632)	(1,378)
Non-recurring transaction costs expensed	-	946
Net fair value impact of the NGI Strategic portfolio and liability (Net unrealised fair value gains/losses)	7,221	-
Adjusted Earnings before interest, tax, depreciation and amortisation[1]	**20,039**	**15,072**

[1] Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) is non-IFRS financial information and is not subject to audit procedures, and does not represent profit in accordance with Australian Accounting Standards. This measure is intended to show the Group's performance before the impact of non-operating items such as unrealised fair value gains/losses on equity investments.

Additional Appendix 4D requirements can be found in the Directors' Report and the 31 December 2021 interim financial report and accompanying notes.

This report is based on the 31 December 2021 interim financial report (which includes consolidated financial statements reviewed by Ernst & Young).

2022 Interim Financial Report

Navigator Global Investments Limited
and its controlled entities
ABN 47 101 585 737

Securities Exchange Listing

Navigator Global Investments Limited shares are listed on the Australian Securities Exchange (ASX Code: **NGI**)

Website

www.navigatorglobal.com.au

Directors

Michael Shepherd
Fernando (Andy) Esteban (resigned 28 January 2022)
Suvan de Soysa (appointed 22 September 2021)
Nicola Meaden Grenham
Andy Bluhm
Sean McGould

Company Secretary

Amber Stoney

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Auditor

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2022 INTERIM SNAPSHOT

Group AUM

US$21.6 bn
Ownership adjusted

▲ 3%
from 30 June 2021

Adjusted Revenue

US$53.4 m

▲ 12% pcp

Adjusted EBITDA

US$20.0 m
▲ 33% pcp

Dividend

US 5.5 cps
▲ 43% pcp

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 six months ended 31 December 2021.

Navigator Global Investments Limited is a diversified asset management holding company dedicated to partnering with leading management teams who operate institutional quality businesses globally, primarily in the alternative investment management sector

Navigator Global Investments Limited ('Navigator') operates a business which is broader and more diversified than ever before. Our performance is driven by high quality earnings diversified across product, client type, geography and positioned with the financial resources and capabilities to drive strong long-term growth. Our focus is on a sector of the asset management industry experiencing strong growth and high barriers to entry.

We look for opportunities which provide exposure to high quality asset management businesses for our shareholders and look to achieve this with flexible ownership and operating structures. With the successful acquisition of minority stakes in high quality alternative asset managers during the 2021 financial year and further acquisitions made in the current period, our business is currently structured along three key lines:

NAVIGATOR
GLOBAL INVESTMENTS

Operating businesses Full/Majority owned	Strategic Investments Minority Stakes	Strategic Partners Associates & JVs
LIGHTHOUSE	**NGI Strategic Holdings** ***Strategic Portfolio***	LONGREACH ALTERNATIVES

Navigator is well positioned to continue executing its strategic plan for growth with:

- **Diversified and scaled portfolio of cash flow generating assets**
- **A clean balance sheet**
- **Large and growing addressable market**
- **Deep investment and operational expertise**
- **Dyal Capital Partners, the industry leading investor in alternative investment management companies globally, as a strategic partner and long-term shareholder**

Navigator Group results

HY 2022 Adjusted EBITDA of $20.0m

	Statutory USD millions	Excluded from Adjusted (unaudited) USD millions: Netting of off-setting revenue & expenses (1)	Cash lease payments not in operating expenses (2)	Unrealised changes in fair value assets and liabilities of NGI Strategic Portfolio (3)	Adjusted (unaudited, non-IFRS measure) USD millions
Management fees	37.2				37.2
Performance fees	8.8				8.8
Reimbursement of fund operating expenses	14.4	(14.4)			-
Revenue from provision of serviced office space	0.9	(0.9)			-
Net distributions from NGI Strategic Portfolio	7.2				7.2
Share of profits from joint ventures and associate entities	0.2				0.2
Total revenue	**68.7**				**53.4**
Less: Operating expenses	45.5	15.3	(1.6)		31.8
Result from operating activities	**23.2**	**-**	**(1.6)**	**-**	**21.6**
Net finance income/(costs) excl. interest	(8.8)			7.2	(1.6)
Non-operating expenses	-				-
EBITDA	**14.4**	**-**	**(1.6)**	**7.2**	**20.0**

1. These revenues are a direct reimbursement of expenses incurred and on-charged to other parties at no mark-up. They have been off set directly against expenses in the presentation of 'Adjusted EBITDA'

2. Following the adoption of AASB 16 *Leases*, the office lease component of occupancy expense is recognised below the EBITDA line as a financing activity. The net cash lease payments of $1.6 million made during the year are adjusted against EBITDA so that it represents a closer measure of the annual cash operating cost associated with the Group's various office premises leases.

3. On acquiring the NGI Strategic portfolio the Group recognised both investments and a liability for contingent consideration (the redemption liability) in the balance sheet at fair value. Changes in the fair value of these assets and liability have resulted in a net decrease of $7.2m being recognised in the profit and loss statement. This net change in fair value has been excluded from the presentation of 'Adjusted EBITDA'

More details in relation to the distributions from NGI Strategic portfolio are set out on page 14.

Adjusted EBITDA up 33%

The 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 and amortisation, and non-operating items such as net interest income. Net profit before and after income tax reconciles to the income statement on page 19.

	Consolidated USD'000		
	31 December 2021	**31 December 2020**	***Increase / (decrease)***
Management fee revenue	37,230	37,696	(1%)
Performance fee revenue	8,783	9,755	(10%)
Revenue from reimbursement of fund operating expenses	14,410	4,449	224%
Revenue from provision of office space and services	957	843	13%
Net distribution from strategic investment portfolio	7,167	-	100%
Share of profits from joint ventures and associate entities	169	-	100%
Total revenue	**68,716**	**52,743**	**30%**
Employee expense	(24,855)	(24,835)	-
Reimbursable fund operating expenses	(14,410)	(4,449)	224%
Professional and consulting expenses	(1,685)	(3,672)	(54%)
Information and technology expense	(1,102)	(2,180)	(49%)
Distribution expense	(920)	(818)	13%
Other operating expenses[1]	(2,499)	(2,489)	(<1%)
Total expenses[1]	**(45,471)**	**(38,443)**	18%
Result from operating activities[1]	**23,245**	**14,300**	63%
Net finance income/(costs) excluding interest	(8,795)	1,204	(831%)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**14,450**	**15,504**	**(7%)**
Net interest expense	(316)	(460)	(31%)
Depreciation and amortisation	(2,325)	(2,201)	6%
Profit before income tax	**11,809**	**12,843**	**(8%)**
Income tax expense	(3,422)	(4,035)	(15%)
Net profit after income tax	**8,387**	**8,808**	**(5%)**
Basic EPS (cents per share)	**4.14**	**5.43**	**(24%)**
Adjustments **(unaudited)**			
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**14,450**	**15,504**	**(7%)**
Additional cash payments made for office leases (net)	(1,632)	(1,378)	18%
Non-recurring transaction costs expensed	-	946	(100%)
Net fair value impact of the NGI Strategic portfolio and liability	7,221	-	100%
Adjusted EBITDA (unaudited, non-IFRS measure)	**20,039**	**15,072**	**33%**

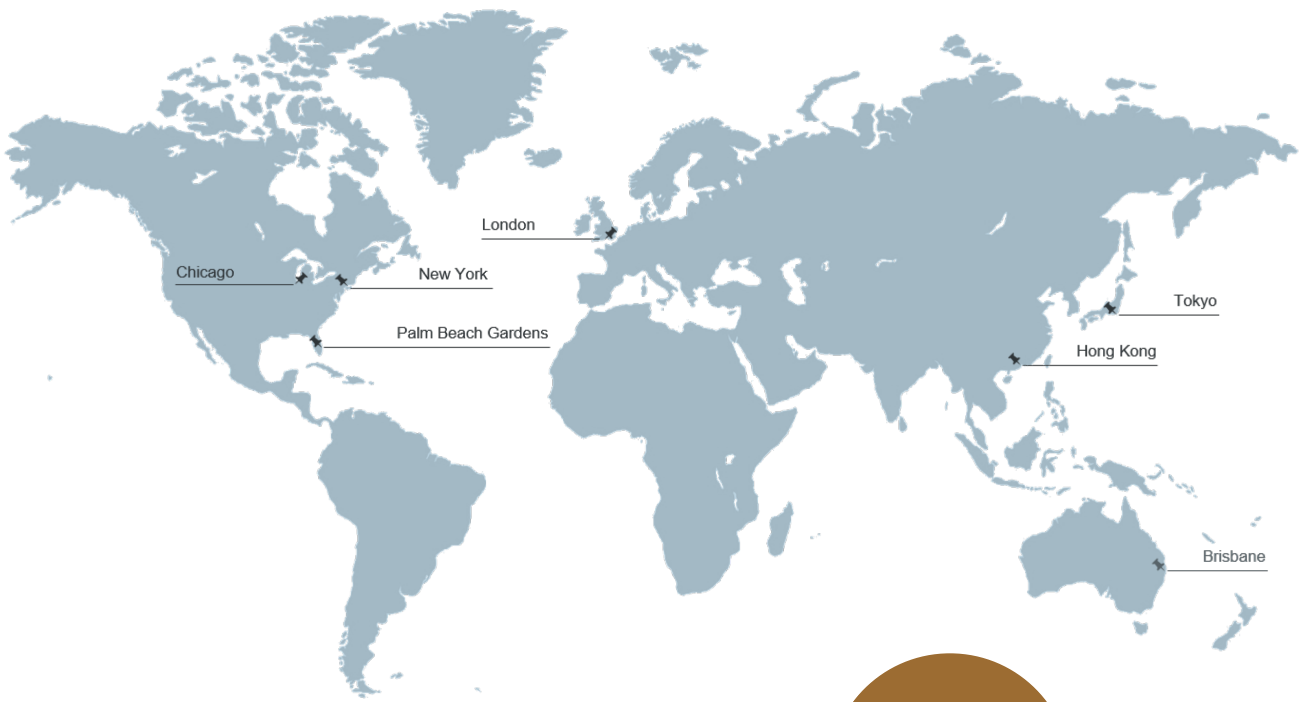
1 Excludes net finance income / (costs) including interest, depreciation of fixed assets and amortisation. These items have been excluded so as to present the expenses and result arising from the Group's core operating activities.

Review of operating business

LIGHTHOUSE

Lighthouse is a $13.9 billion global diversified alternative asset management firm with more than two decades delivering competitive risk-adjusted returns and innovative solutions to investors. The firm has three distinct businesses: proprietary multi–portfolio manager platforms, which include North Rock and Mission Crest; hedge fund solutions, which strategically allocate capital to leading investment managers; and platform services, which provides comprehensive structural and administrative expertise to institutional investors.

Lighthouse's collaborative, transparent, and entrepreneurial approach has enabled it to continually improve, innovate, and evolve the hedge fund experience. The firm's efforts have produced a culture that attracts top-notch talent who share its vision and appreciate a focus on exceptional client service. Lighthouse and its affiliates employ over 150 professionals across offices in New York, London, Chicago, Hong Kong, and Palm Beach Gardens. Its global investor base includes pension plans, sovereign wealth funds, corporations, insurance companies, endowments, foundations, family offices, and individual investors.



US$13.9 bn
Total AUM

25+
Year track record

163[1]
Total employees

54[1]
Investment professionals

1000+
Investors worldwide

1 Employee count includes employees of Lighthouse and its affiliates as of 31 December 2021

Lighthouse is a global investment firm with a diversified mix of business

Hedge Fund Solutions

US$ 6.6 bn

Lighthouse offers a broad range of hedge fund solutions, including strategic partnerships, custom managed portfolios and commingled funds.

In its **strategic partnerships**, Lighthouse works closely with large strategic investors to customise their alternative investment exposure and meet specific needs across middle office, risk monitoring and investment advisory services. Strategic partners may utilise a variety of Lighthouse's services, ranging from investments in its Hedge Funds or Commingled Funds, Customised Funds or utilisation of its Managed Account Services (discussed further below).

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 portfolio construction, manager selection and due diligence services from the Lighthouse investment team.

Lighthouse also offers a number of hedge fund solutions through its **commingled funds,** the largest strategies of which are:

- Global Long/Short – a global long/short equity fund seeking equity-like returns with lower volatility than traditional global equity investments.
- Diversified – a multi-strategy approach, absolute return focused with low correlation and beta to traditional markets.

Hedge Funds

US$ 2.1 bn

A growing focus of the Lighthouse business is its **Hedge Fund** offering. These products are structured as multi-portfolio manager hedge fund products.

- The largest Hedge Fund product is **North Rock,** which specialises in absolute return strategies with a low correlation to public equity markets. The North Rock fund houses multiple investment teams, representing independent investment specialists operating under North Rock's platform.
- **Mission Crest** is a relatively new offering now accessible by direct investors, and is a multi-portfolio manager global macro hedge fund.

Additional products using the multi-portfolio manager structure are in development and Lighthouse sees this as a key area for additional growth.

Managed Account Solutions

US$ 5.2 bn

Lighthouse offers dedicated **Managed Account Services** for large institutions who have significant allocations to hedge fund assets. It has recently launched as **Luminae** in order to further differentiate it as a unique service offering.

Managed Account Services provides these clients with access to the benefits of a managed account structure, allowing them to maintain control of manager selection and allocation decisions.

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

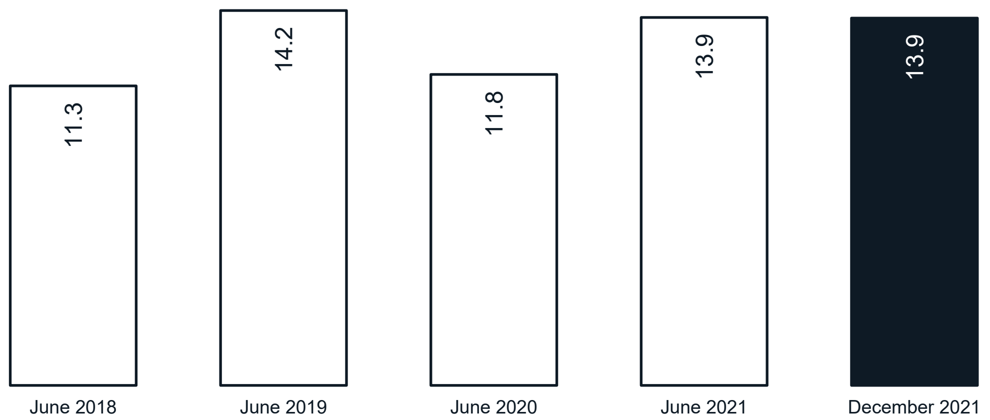
Lighthouse has built its infrastructure over time to handle the complexity of operating a large account program in terms of number of managers strategies and assets under management.

Assets under management (AUM)

Lighthouse has maintained it's AUM since June 2021, closing the half year at $13.9 billion.

There continues to be shifts in the composition of AUM, with the Hedge Funds segment continuing to grow through a combination of net inflows and investment performance.

Lighthouse Firm AUM (USD billions)



The following table summarises the fund flows from 30 June 2021 to 31 December 2021 by product:

	30 June 2021	Net Flows[1]	Performance[2]	31 December 2021[3]
Hedge Fund Solutions				
Commingled Funds	USD 2.94 bn	▼ USD 0.19 bn	USD 0.00 bn	USD 2.75 bn
Customised Solutions	USD 4.16 bn	▼ USD 0.40 bn	▲ USD 0.08 bn	USD 3.84 bn
Hedge Funds	USD 1.68 bn	▲ USD 0.40 bn	▲ USD 0.01 bn	USD 2.09 bn
Managed Account Services	USD 5.15 bn	▲ USD 0.04 bn	▲ USD 0.03 bn	USD 5.22 bn
Combined total	**USD 13.93 bn**	**▼ USD 0.15 bn**	**▲ USD 0.12 bn**	**USD 13.90 bn**

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

1. *Net flows include monies received by Lighthouse for applications and any redemptions effective 1 January 2022. This convention in relation to the reporting of net flows and AUM has been consistently applied by the NGI Group since January 2008.*
2. *Performance includes investment performance, market movements, the impacts of foreign exchange on non-USD denominated AUM and distributions (if any).*
3. *31 December 2021 AUM is estimated and is based on performance estimates which may be subject to revision near the 20th business day of the month and upon final audit. AUM may include transfers from other Lighthouse Funds that occurred on the first day of the following month.*

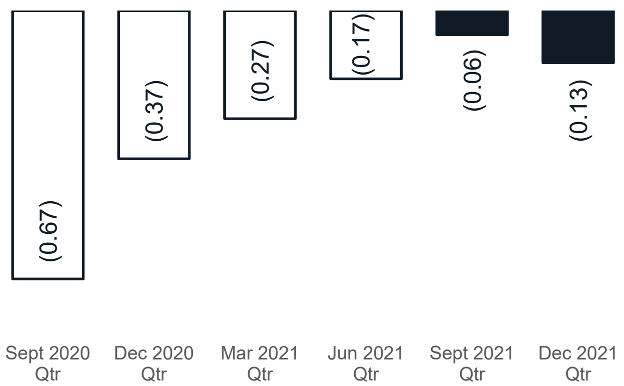
Hedge Fund Solutions

Commingled Funds

With relatively flat investment performance across the range of funds and $190 million of net outflows, Commingled Funds finished the half down 6% to $2.75 billion.

Whilst outflows were negative, they have shown an improving trend to be at more normalised historical levels after a significant increase in the prior financial year as a result of challenged performance in March 2020 at the start of the global pandemic.

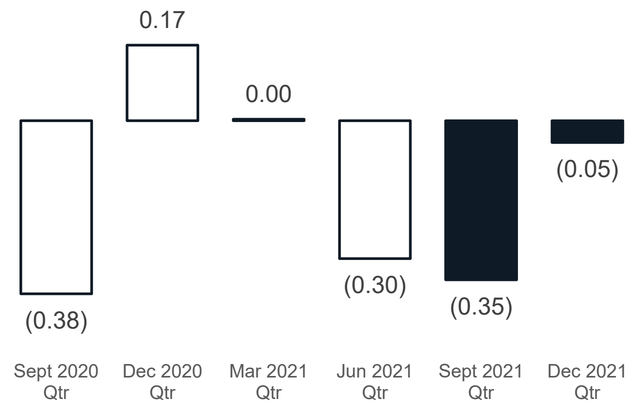
Commingled Funds Net Flows (USD billions)



Customised Solutions

Customised Solutions AUM reduced by 8% to $3.84 billion over the half. The reduction was driven by approximately $400 million of net outflows, most of which occurred in the September 2021 quarter. We are encouraged with relatively low net outflows in the December quarter.

Customised Solutions Net Inflows (USD billions)

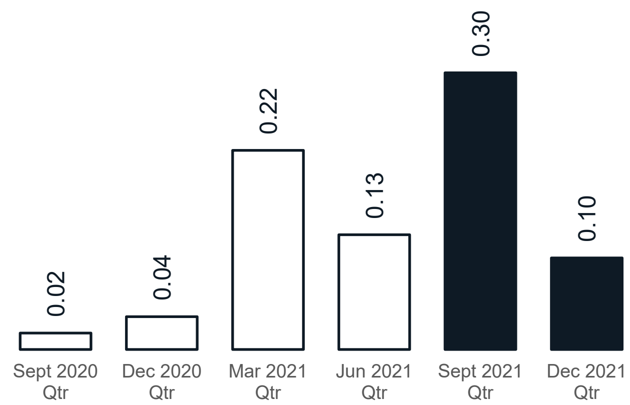


Hedge Funds

Lighthouse's Hedge Fund business continues to be strong performer, with AUM as at 31 December 2021 of $2.09 billion. This represents a 24% increase since June 2021 and is due to net inflows.

The Hedge Fund products continue to be of significant interest to both our existing clients and potential new clients. We expect these products to continue to drive AUM growth in for the foreseeable future.

Hedge Funds Net Flows (USD billions)

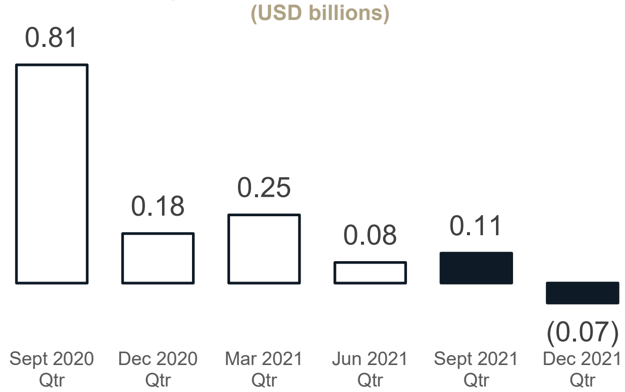


Managed Account Services

After having exceptionally good growth over the 2021 financial year, AUM in Managed Account Services has remained steady over the past six months.

Managed Account Services clients are by nature small in number but with large potential AUM, and the sales cycle on these clients can be an extended period. We continue to have productive interaction with potential clients and remain optimistic about future growth in this area.

Managed Accounts Services Net Inflows (USD billions)

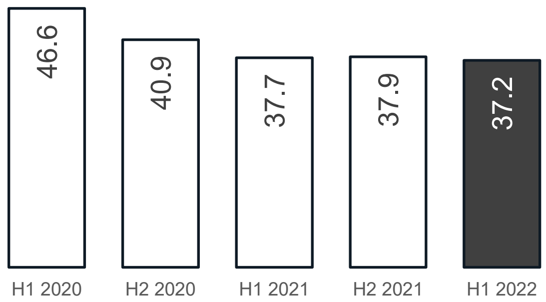


Financial results

Management fees $37.2 million (▼ 1% pcp)

Management fees remained steady compared to the previous corresponding half year.

Management fees USD millions



The average management fee rate represents the blended net management fee rate across all AUM. While there are 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 Managed Account Services clients. The reduction of the average fee rate this half reflects the more recent trend.

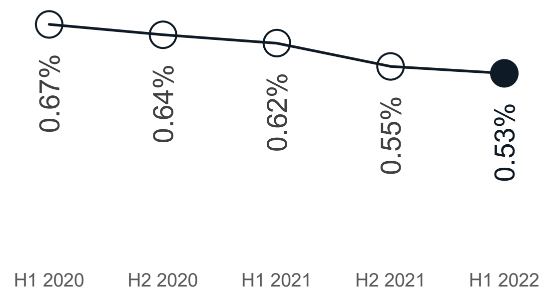
In addition, new product offerings with performance fee arrangements are being launched, giving clients more flexibility over selecting fee structures which best suit their needs. These products generally have lower management fees, consequently further reducing the overall average management fee rate.

Lighthouse revenue from clients is largely generated by management fees, although it has a number of portfolios across both Commingled funds and Customised solutions clients which also may generate a performance fee.

Whilst management fee revenue has remained steady, this has been impacted by two off-setting factors:

- Average AUM in this first half of 2022 financial year was 14.0 billion, a 15% increase on the prior corresponding period.
- The average management fee rate has decreased to 0.53%pa, a 15% reduction to the prior corresponding period.

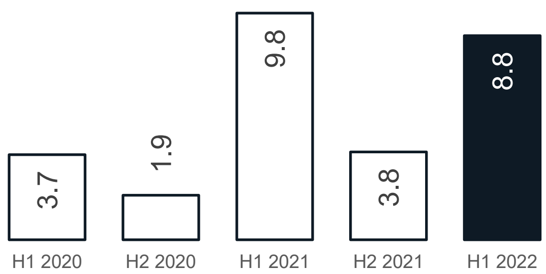
Average management fee rate %pa



Performance fees $8.8 million (▼ 10% pcp)

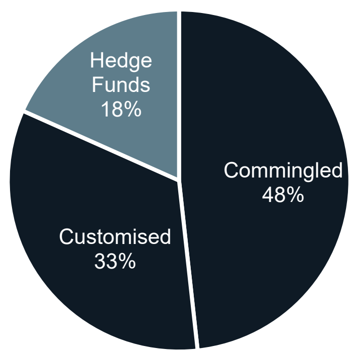
The first half of this financial year delivered solid performance fees of $8.8 million (2021: $9.8 million). Whilst investment in this half was not as strong across the portfolios compared to the comparative period, the performance fees earned reflects a growing set of investment options offered by Lighthouse which are able to earn a performance fee.

Performance fees USD millions



The Group earns performance fees on select 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.

The $8.8 million of fees this half were earned from various Commingled Funds, Customised Solutions and Hedge Fund products as follows:



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.

Lighthouse operating expenses — $28.7 million (▼ 9% pcp)

Employee expenses

$23.6 million (▼ 1% pcp)

The overall Lighthouse employee compensation expense remained consistent with the prior comparative period.

Changes were implemented from 1 January 2021 to directly employ existing portfolio managers for Hedge Fund products, whereas previously these portfolio managers had contracted their services directly to the Hedge Fund products. This structural change has increased the total number of Lighthouse Group employees to 163, although most of the associated cost of the additional employees is passed through to the Hedge Fund products and forms part of the Reimbursable fund operating revenue and expense lines in the profit and loss.

Professional & consulting fees

$1.0 million (▼ 60% pcp)

The Group utilises a number of expert consultants across its business, in particular to provide specialist assistance and support in technology, legal, managed account services and investment process. Professional and consulting fees vary depending on the specific projects and operating needs in each period.

The significant reduction in professional and consulting fees marks the end of period of investment in creating new and evolving technology infrastructure, particularly for the Hedge Fund products, with on-going costs relating to this infrastructure now passed through to the products themselves.

Information and technology expenses

$1.0 million (▼ 50% pcp)

Similar to professional and consulting fees, there has been a significant reduction in information and technology costs with the completion of technology infrastructure, and the on-going costs relating to this infrastructure passed through to the products themselves.

Distribution expense

$0.9 million (▲ 13% pcp)

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.

For the half, distribution expense was $0.9 million (2021: $0.8 million) increasing due to additional distribution arrangements in relation to Hedge Fund products.

Other operating expenses

$2.2 million (▼ 1% pcp)

Other operating expenses, including occupancy, travel, insurance and other administrative costs, remained flat compared to the prior period.

Adjusted EBITDA on page 5 and 6 includes an additional $1.6 million of cash payments made for office leases (net of additional cash rent received from sub-leases) that is not included in other operating expenses per statutory accounting. We include this expense so that it represents a closer measure of the cash operating cost associated with the Group's various office premises leases.

Review of strategic investments

NGI Strategic Holdings was established as a division of Navigator during the 2021 financial year to commence a new initiative for making investments in high quality boutique alternative asset managers.

The first transaction completed for this strategic initiative was the acquisition of a portfolio of six minority interests in alternative asset managers in February 2021, which is referred to as the NGI Strategic Portfolio.

As at 31 December 2021, the NGI Strategic Holdings portfolio represents $7.2 billion of AUM to the NGI Group on an ownership adjusted basis.

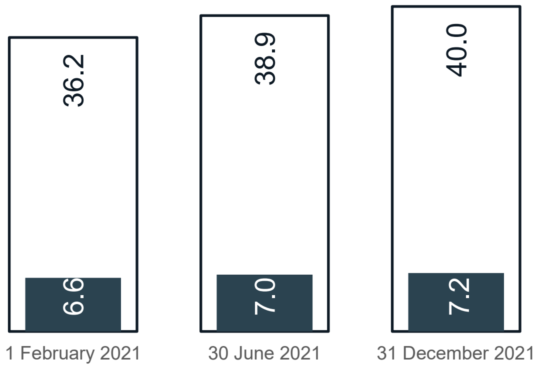
NGI Strategic Holdings

Strategic Portfolio

The NGI Strategic Portfolio comprises minority interest stakes in the following six alternative asset managers:

Waterfall Asset Management	**Investment Strategy:** Structured public and private credit strategies across high yield asset-based securities, commercial and residential credit	Bardin Hill Investment Partners	**Investment Strategy:** Multi-strategy across various credit and relative value strategies, including performing credit (CLOs and bank loan SMAs)
capstone	**Investment Strategy:** A global, alternative investment management firm operating across a broad range of derivatives-based strategies with a deep understanding of volatility	Pinnacle Asset Management L.P.	**Investment Strategy:** Global commodities specialist platform with exposure to energy, metals and agricultural sectors
CFM Insight.Data.Clarity.	**Investment Strategy:** Global quantitative and systematic strategies	MKP Capital Management	**Investment Strategy:** Global macro

Assets under management (AUM)



The NGI Strategic Portfolio total AUM is at its highest levels than over the previous five years, showing a 3% increase for the half year, and an 11% increase since the Portfolio was acquired on 1 February 2021[1].

Ownership adjusted total AUM of $7.2 billion[2] is up from $7.0 billion as at 30 June 2021.

Strategies across the NGI Strategic Portfolio generated strong relative returns for their clients throughout the 2021 calendar year and continue to show a low correlation to one another. We are seeing sustained and diversified client demand across the managers.

1 Historical portfolio AUM excludes one manager's 2021 sale of certain assets. As noted in the 30 June 2021 Annual Report, the sale is not expected to have a material impact on the earnings outlook of that manager.

2 AUM shown as being 31 December 2021 represents latest available information from the individual managers and is for periods ranging from 30 September 2021 to 31 December 2021.

Financial results

Distribution income $7.2 million (no pcp)

To 31 December 2021, $7.2 million of distributions had been received, all of which are attributable to the Navigator Group.

Under the terms of the acquisition of the Portfolio, NGI is entitled to the first $17.5 million of distributions received from the Portfolio for the 2022 financial year, and then 20% of any distributions received above that amount.

As at 10 February 2022, Navigator had earned an additional $12.9 million of revenue from distributions received from the Portfolio. The gross total distributions of $30.6 million received for the 2022 financial year as of that date are allocated as follows:

Navigator revenue:	$20.1 million
Dyal share	$10.5 million

Net unrealised changes in fair value ($7.2 million) (no pcp)

Increase in fair value of investment assets	28.7 million
Increase in fair value of redemption liability	(35.9 million)
Net unrealised change in fair value	**(7.2 million)**

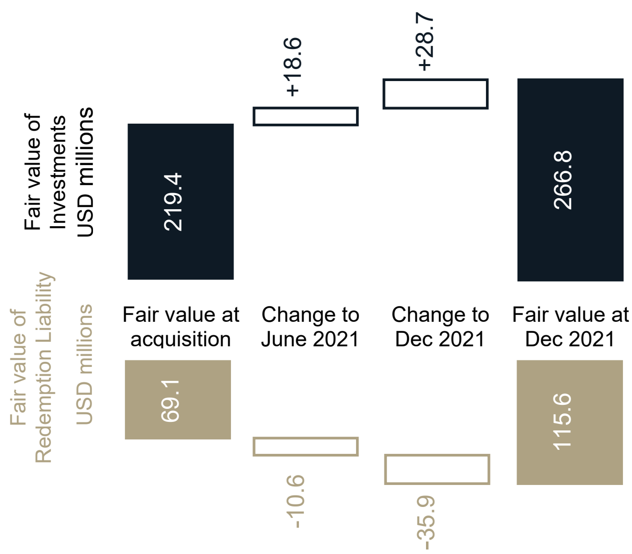
The increase in both the fair value of the investments and the liability for the future redemption payment are a result of higher calendar year 2021 earnings across the Portfolio than originally expected.

The estimated fair value of the redemption liability reflects the now historical calendar year 2021 earnings, which has resulted in an increase in the estimated future amount payable, as well as the unwind of the discount applicable for period. The combination has created a relatively large change in fair value for the redemption liability.

The fair value of the investments is based on estimated discounted future cash flows and whilst calendar year 2021 results are taken into account in determining the assumptions underlying these estimated cash flows, they do not directly contribute to the estimated fair value of these assets.

The NGI Strategic Portfolio transaction involved the acquisition of an approximately 70% share of the combined minority interest stakes in 6 alternative managers, as well as a future commitment to acquire the remaining 30% in 2026. Both the assets and liability are required to be carried at fair value, with changes in each accounting period recognised in the Income Statement.

The chart shows the cumulative changes in fair value of the investments and liabilities since acquisition on 1 February 2021



Review of strategic partners

Navigator acquired a 34.1% stake in Longreach Alternatives Ltd ('Longreach') on 30 September 2021. Founded in 2016, Longreach is an Australian based investment management firm, providing support and infrastructure to a stable of leading alternative investment managers.

Longreach identifies, builds and invests into growing world-class alternative investment management teams. Longreach provides investors with access to considered and differentiated alternative investment opportunities across market segments including alternative income, private credit, quantitative equity and real assets. Longreach Alternatives continues to work both locally and globally to develop innovative and fit for purpose alternative investment solutions to private and institutional investors alike.

The Longreach approach is to establish partnerships with investment management teams who can provide investors with access to a range of differentiated alternative investment opportunities. The current Longreach investment offerings cover a diversified range of investment classes:

Longreach Credit Investors was established in 2017 as a specialised private debt firm with expertise in providing Australian and international investors with access to high quality Australian private debt investment opportunities.

Longreach Energy was established in 2017 with a focus on investing in the US Energy space. The focus of Longreach Energy is investment in natural gas reserves as a part of the transition in a future global energy mix increasingly powered by renewable energy. Longreach Energy is also exploring investment opportunities in a wider mix of energy sources, including renewable energy.

Longreach CAI was established in 2017 as a quantitative investment management firm that specialises in systematic global equity strategies including market-neutral, long-only and benchmark aware variations through the application of a proprietary machine learning algorithm.

Longreach Maris is an Australian asset manager investing into and partnering with Australia's wild-caught seafood industry, in a way that supports both environmental sustainability and social resilience.

Longreach has shown impressive growth since it was first established, both through growth of its initial credit focused business as well as the successful addition of new partnerships in the US Energy and Australian sustainable seafood space. Navigator is looking to actively support Longreach's growth including administrative support.

Longreach revenue is a combination of management fees, performance fees and consulting fees from its various partnership interests. As a growing business, we expect the contribution to Navigator's financial result from Longreach to modest in the short-term, however are optimistic that it will be an important driver in earnings growth in the next few years.

Navigator will recognise its share of Longreach's profit on a pro-rata basis and for the three months the investment has been held, has contributed $0.2 million to Navigator's result.

NGI also acquired a less than 10% stake in new start up alternatives manager, Grow Investment Group, for $4 million. Grow Investment Group is a China based multi strategy multi asset management company whose goal is to capitalise on opportunities in the Chinese asset management industry and the continued evolution of China's markets. By bringing together a team with extensive experience, market presence, networks and track record, they are in an excellent position to take advantage of the immediate growth opportunities offered in the Chinese market.

Despite having a small ownership stake, Navigator has a seat on the Grow board and will be a strategic partner in this early stage. As such, Navigator will recognise its share of Grow's profit or loss on a pro-rata basis.

Outlook

The Group had a positive first half of the 2022 financial year, in particular good investment performance in the period to December 2021.

We are pleased with indications of demand for our Equity portfolios and Platform Services and see both of these areas as key to growth for the Lighthouse business.

The NGI Strategic Portfolio has performed well for calendar year 2021, and subsequent to period end we have received our full preferred distribution amount of $17.5 million of the 2022 financial year. This has been an excellent start to our long-term strategic holding of this Portfolio and gives us confidence that it will add enormous value to our shareholders over the long term.

We remain active in evaluating additional transaction opportunities as we continue on our path to diversifying and growing the Navigator Group in the alternative asset management sector.

Dividends

At the date of this report, the directors have determined an unfranked dividend of USD 5.5 cents per share (with 100% conduit foreign income credits) payable on 11 March 2022. The record date for entitlement to the interim dividend is 24 February 2022.

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 period 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 interim financial report on pages 3 to 15.

Covid-19 impact

The Group is in a fortunate position in that while our business and operations have certainly been impacted by the pandemic, and will likely continue to be for some time, we have not experienced some of the acute issues that have arisen in relation to revenue reduction and cash flows in industries that have been more directly affected.

The Group's response and management plans for the pandemic as reported in the Annual Report for 30 June 2021 remain in place and are expected to continue to apply for the foreseeable future.

Events subsequent to end of financial period

On 28 January 2022, shareholders approved the Group's performance rights plan to establish a long-term incentive scheme for select executives. As at the date of this report these rights are yet to be formally granted.

Other than the above, there has not arisen in the interval between the end of the reporting period and the date of this report, any 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.

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 period.

During the period, 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*.

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 period.

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 17 and forms part of the directors' report for the six months ended 31 December 2021.

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

Suvan de Soysa
Non-Executive Director

Sydney, 17 February 2022

Building a better
working world

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Auditor's Independence Declaration to the Directors of Navigator Global Investments Limited

As lead auditor for the review of the half-year financial report of Navigator Global Investments Limited for the half-year ended 31 December 2021, 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 review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Navigator Global Investments Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

RBurrows

Rebecca Burrows
Partner
17 February 2022

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Income statement

For the six months ended 31 December 2021

	Note	Consolidated USD'000 31 December 2021	Consolidated USD'000 31 December 2020
Management fee revenue	2(a)	37,230	37,696
Performance fee revenue	2(a)	8,783	9,755
Revenue from reimbursement of fund operating expenses	2(a)	14,410	4,449
Revenue from provision of office space and services	2(a)	957	843
Total revenue		**61,380**	**52,743**
Other income	2(b)	7,167	-
Expenses	3	(47,796)	(40,644)
Share of profits / (loss) from joint ventures and associates		169	-
Results from operating activities		**20,920**	**12,099**
Finance income	4	27,575	1,979
Finance costs	4	(36,686)	(1,235)
Profit before income tax		**11,809**	**12,843**
Income tax expense	5	(3,422)	(4,035)
Profit for the period		**8,387**	**8,808**
Attributable to equity holders of the parent		**8,387**	**8,808**

Earnings per share	Note	Consolidated US cents 31 December 2021	Consolidated US cents 31 December 2020
Basic earnings per share	7	4.14	5.43
Diluted earnings per share	7	3.10	5.43

The accompanying notes form part of these consolidated financial statements

Statement of comprehensive income

For the six months ended 31 December 2021

	Consolidated USD'000	
	31 December 2021	31 December 2020
Profit attributable to equity holders of the parent	**8,387**	**8,808**
Other comprehensive income		
Other comprehensive income that may be reclassified to profit and loss in subsequent periods:		
Exchange differences on translation of foreign operations	27	-
Other comprehensive income not to be reclassified to profit and loss in subsequent periods:	-	-
Change in fair value of financial assets at fair value through other comprehensive income	-	-
Income tax on financial assets at fair value through other comprehensive income	12	-
Total comprehensive income for the year, net of tax	**39**	**8,808**
Attributable to equity holders of the parent	**8,426**	**8,808**

Statement of financial position

As at 31 December 2021

		Consolidated USD'000	
	Note	31 December 2021	30 June 2021
Assets			
Cash		42,860	52,097
Trade and other receivables		24,513	21,144
Current tax assets	5	109	53
Total current assets		**67,482**	**73,294**
Investments recognised at fair value	8	279,584	252,151
Investment in joint ventures and associates	9	14,069	-
Plant and equipment		5,993	6,255
Right-of-use assets		12,576	13,700
Deferred tax assets	5	37,298	40,620
Intangible assets		94,371	94,418
Other non-current assets		5,845	6,331
Total non-current assets		**449,736**	**413,475**
Total assets		**517,218**	**486,769**
Liabilities			
Trade and other payables	10	4,115	11,681
Lease liabilities		3,238	3,260
Employee benefits		12,639	917
Total current liabilities		**19,992**	**15,858**
Trade and other payables		242	243
Lease liabilities		17,143	18,802
Employee benefits		3	1
Other financial liabilities	11	117,227	81,264
Total non-current liabilities		**134,615**	**100,310**
Total liabilities		**154,607**	**116,168**
Net assets		**362,611**	**370,601**
Equity			
Share capital		320,146	320,146
Non-share capital		99,818	99,818
Reserves		38,539	33,006
Accumulated losses		(95,892)	(82,369)
Total equity attributable to equity holders of the Company		**362,611**	**370,601**

The accompanying notes form part of these consolidated financial statements

Statement of changes in equity

For the six months ended 31 December 2021

Consolidated USD'000

Amounts attributable to equity holders of the parent

	Note	Share Capital	Non-share Capital	Share Based Payments Reserve	Fair Value Reserve	Translation Reserve	Parent Entity Profits Reserve	Accumulated Losses	Total Equity
Balance at 1 July 2020		**257,355**	**-**	**13,326**	**(848)**	**850**	**354**	**(70,445)**	**200,592**
Net profit for the period		-	-	-	-	-	-	8,808	8,808
Transfer to parent entity profits reserve[1]		-	-	-	-	-	9,420	(9,420)	-
Total comprehensive income for the period, net of tax		**-**	**-**	**-**	**-**	**-**	**9,420**	**(612)**	**8,808**
Dividends to equity holders	6	-	-	-	-	-	-	(9,217)	(9,217)
Total transactions with owners		-	-	-	-	-	-	**(9,217)**	**(9,217)**
Balance at 31 December 2020		**257,355**	**-**	**13,326**	**(848)**	**850**	**9,774**	**(80,274)**	**200,183**
Balance at 1 July 2021		**320,146**	**99,818**	**13,326**	**(1,783)**	**850**	**20,613**	**(82,369)**	**370,601**
Net profit for the period		-	-	-	-	-	-	8,387	**8,387**
Transfer to parent entity profits reserve[1]		-	-	-	-	-	21,913	(21,913)	-
Other comprehensive income									
Foreign Currency translation differences, net of tax		-	-	-	-	27	-	-	27
Income tax on other comprehensive income		-	-	-	9	-	-	3	12
Total other comprehensive loss, net of tax		-	-	-	9	27	-	3	39
Total comprehensive income for the period, net of tax		**-**	**-**	**-**	**9**	**27**	**21,913**	**(13,523)**	**8,426**
Dividends to equity holders	6	-	-	-	-	-	(16,416)	-	**(16,416)**
Total transactions with owners		**-**	**-**	**-**	**-**	**-**	**(16,416)**	**-**	**(16,416)**
Balance at 31 December 2021		320,146	99,818	13,326	(1,774)	877	26,110	(95,892)	362,611

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

The accompanying notes form part of these consolidated financial statements

Statement of cash flows

For the six months ended 31 December 2021

	Note	Consolidated USD'000 31 December 2021	31 December 2020
Cash flows from operating activities			
Cash receipts from operating activities		57,626	44,321
Cash paid to suppliers and employees		(31,493)	(26,074)
Cash generated from operations		**26,133**	**18,247**
Bank interest received		-	3
Lease interest received		113	5
Lease interest paid		(423)	(463)
Income taxes paid		(145)	-
Net cash from operating activities		**25,678**	**17,792**
Cash flows from investing activities			
Distributions received from investments		7,167	-
Acquisition of plant and equipment		(892)	(622)
Proceeds from disposal of investments		8	124
Acquisition of investments		-	(160)
Investments in joint ventures and associates	9	(13,312)	-
Transaction cost associated with acquisition of investments	9	(759)	-
Proceeds from security deposit returns		370	-
Net cash used in investing activities		**(7,418)**	**(658)**
Cash flows from financing activities			
Distributions made to non-controlling interests		(9,444)	-
Lease payments received from finance leases		220	56
Payment of principal portion of lease liabilities		(1,542)	(976)
Dividends paid to equity holders	6	(16,416)	(9,217)
Net cash used in financing activities		**(27,182)**	**(10,137)**
Net (decrease) / increase in cash		**(8,922)**	**6,997**
Cash balance at 1 July		52,097	27,032
Effect of exchange rate fluctuations on cash balances held in foreign currencies		(315)	32
Cash balance as at 31 December		**42,860**	**34,061**

The accompanying notes form part of these consolidated financial statements

Notes to the financial statements

For the six months ended 31 December 2021

1. Operating segments

As at 31 December 2021, the Group has two reportable segments:

- Lighthouse Group, which operates as a global absolute return funds manager for investment vehicles; and
- NGI Strategic Group, was established during the financial year following the business combination outlined in Note 2. This division holds several strategic investments on a minority basis in a number of alternative asset management entities.

Corporate includes assets and liabilities and corporate expenses relating to the corporate parent entity provisionally including equity accounted investments made during the period. Adjustments to eliminate on consolidation of the Group are also included in this segment.

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 USD'000		NGI Strategic USD'000		Corporate & Adjustments USD'000		Consolidated USD'000	
	31 Dec 2021	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**
Total revenue from contracts with customers	61,120	52,676	-	-	260	67	**61,380**	**52,743**
Earnings before interest, tax, depreciation and amortisation	**16,522**	**17,510**	**(978)**	**-**	**(1,094)**	**(2,006)**	**14,450**	**15,504**
Reportable segment profit / (loss) before income tax	**13,927**	**14,868**	**(978)**	**-**	**(1,140)**	**(2,025)**	**11,809**	**12,843**
	31 Dec 2021	**30 June 2021**	**31 Dec 2021**	**30 June 2021**	**31 Dec 2021**	**30 June 2021**	**31 Dec 2021**	**30 June 2021**
Segment assets	212,568	206,403	280,060	267,679	24,590	12,687	**517,218**	**486,769**
Segment liabilities	(35,626)	(22,098)	(116,719)	(90,815)	(2,262)	(3,255)	**(154,607)**	**(116,168)**
Net assets	**176,942**	**184,305**	**163,341**	**176,864**	**22,328**	**9,432**	**362,611**	**370,601**

There has been no material change in the allocation of segment results, assets and liabilities compared to the Group's consolidated financial statements as at and for the year ended 30 June 2021.

Notes to the financial statements

For the six months ended 31 December 2021

2. Revenue

a) Revenue from contracts with customers

	Consolidated USD'000	
	31 December 2021	31 December 2020
Management fees from commingled funds	22,057	22,218
Management fees from customised solutions clients	10,205	11,224
Management fees from managed account services clients	4,968	4,254
Performance fees	8,783	9,755
Total operating revenue	**46,013**	**47,451**
Revenue from reimbursement of fund operating expenses	14,410	4,449
Revenue from provision of office space and services	957	843
Total other revenue	**15,367**	**5,292**
Total revenue from contracts with customers	**61,380**	**52,743**

b) Other income

	Consolidated USD'000	
	31 December 2021	31 December 2020
Distribution income	7,167	-
Share of profits to non-controlling interest holders	-	-
Net strategic investment income	**7,167**	**-**

Distribution income is recognised when received from investments the Group holds in unquoted securities in externally managed entities.

Non-controlling interest holders are entitled to a share of profits above a minimum level of distributions received from the strategic portfolio investments. As at 31 December 2021 this minimum distribution level was not yet reached.

Notes to the financial statements

For the six months ended 31 December 2021

3. Expenses

	Consolidated USD'000	
	31 December 2021	**31 December 2020**
Operating expenses		
Employee expense	(24,855)	(24,835)
Professional and consulting expenses	(1,685)	(3,672)
Information and technology expense	(1,102)	(2,180)
Reimbursable fund operating expenses	(14,410)	(4,449)
Occupancy expense	(337)	(857)
Distribution expense	(920)	(818)
Insurance	(323)	(298)
Travel expense	(53)	-
Other expenses	(1,786)	(1,334)
Total operating expenses	**(45,471)**	**(38,443)**
Non-operating expenses		
Depreciation of plant and equipment	(1,154)	(931)
Lease depreciation	(1,123)	(1,222)
Amortisation of intangible assets	(48)	(48)
Total non-operating expenses	**(2,325)**	**(2,201)**
Total expenses	**(47,796)**	**(40,644)**

4. Finance income and costs

Recognised directly in profit and loss

	Consolidated USD'000	
	31 December 2021	**31 December 2020**
Finance income		
Unrealised fair value changes in financial assets	27,440	1,974
Finance income on net investment in finance lease	135	5
Total finance income	**27,575**	**1,979**
Finance costs		
Unrealised fair value changes in financial liabilities	(35,936)	-
Lease interest expense	(423)	(463)
Net foreign exchange loss	(197)	(701)
Bank charges	(101)	(69)
Other interest expense	(29)	(2)
Total finance costs	**(36,686)**	**(1,235)**
Net finance income / recognised in profit and loss	**(9,111)**	**744**

Notes to the financial statements

For the six months ended 31 December 2021

5. Income tax

The Group has an Australian tax consolidated group and two separate US tax consolidated groups; one for the Lighthouse segment and one which includes US entities within the NGI Strategic segment. Several entities within the NGI Strategic segment are incorporated in the Cayman islands including the partnership entities which receive distribution income from portfolio investments acquired in the current year.

Income tax expense comprises current and deferred tax and is recognised in profit and loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Reconciliation of effective tax rate

	Consolidated USD'000	
	31 December 2021	**31 December 2020**
Profit before income tax	11,809	12,843
Income tax using the Company's domestic tax rate of 30% (31 December 2020: 30%)	(3,543)	(3,853)
Effect of tax rates in foreign jurisdictions	(650)	617
Non-deductible / non-assessable amounts included in accounting profit	907	(799)
Amounts not included in accounting profit	(374)	251
Current year tax losses for which no deferred tax asset is initially recognised	95	(251)
Changes in estimates relating to prior years	143	-
Total income tax expense reported in profit and loss	**(3,422)**	**(4,035)**

Current tax assets and liabilities

	Consolidated USD'000	
	31 December 2021	**30 June 2021**
Current tax assets	**109**	**53**
Current tax liabilities	**-**	**-**

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 six months ended 31 December 2021

5. Income tax (continued)

Deferred tax assets

Deferred tax assets – US Group

Deferred tax assets have been recognised in respect of the following items:

	Consolidated USD'000	
	31 December 2021	30 June 2021
Carried forward tax losses	34,855	36,251
Goodwill and intangible assets	(1,024)	3,074
Employee benefits	2,814	71
Financial assets at fair value through profit and loss	(1,037)	(1,329)
Financial assets at fair value through other comprehensive income	551	581
Foreign tax credits	490	608
Other items	649	1,384
	37,298	**40,620**

As at 31 December 2021 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, and for the NGI Strategic tax group, following a full year of taxable earnings.

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. Tax losses incurred after 1 January 2018 have an indefinite life.

Deferred tax assets – Australian Group

Deferred tax assets have not been recognised in respect of the following items:

	Consolidated USD'000	
	31 December 2021	30 June 2021
Deductible temporary differences	85,492	88,653
Tax losses	3,341	3,561
	88,833	**92,214**

Unrecognised deferred tax assets relating to the Australian Group of AUD$122.4 million equivalent (2021: AUD$122.7 million) consist of deductible temporary differences (including impairment losses recognised in previous financial years) and carried forward operating tax losses.

As at 31 December 2021, 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.

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 six months ended 31 December 2021

6. Dividends

The following dividends were paid by the Company during the period:

	Consolidated USD'000	
	31 December 2021	31 December 2020
Final ordinary dividend for the year ended 30 June 2021 of USD 6.0 cents	16,416	-
Final ordinary dividend for the year ended 30 June 2020 of USD 5.5 cents	-	9,217
	16,416	**9,217**

The Directors have determined an interim unfranked dividend of 5.5 cents per share (with 100% conduit foreign income credits). The dividend will be paid on 11 March 2022.

The dividends were not determined or provided for as at 31 December 2021, and there are no income tax consequences.

7. Earnings per share

	Consolidated USD	
	31 December 2021	31 December 2020
Basic earnings per share	4.14	5.43
Diluted earnings per share	3.10	5.43

Reconciliation of earnings used in calculating earnings per share

Basic and diluted earnings per share (EPS)

	Consolidated USD'000	
	31 December 2021	31 December 2020
Profit attributable to ordinary equity holders of the Company used in calculating basic and diluted EPS	**8,387**	**8,808**

Weighted average number of shares used in calculating basic and diluted EPS

		'000 shares	
	Note	31 December 2021	31 December 2020
Weighted average number of ordinary shares used in calculating basic EPS (i)	12	**202,672**	**162,148**
Adjustment for calculation of diluted EPS relating to Convertible notes (ii)		67,574	-
Weighted average number of ordinary shares used in calculating diluted EPS		**270,246**	**162,148**

(i) The weighted average number of shares takes into account the weighted average effect of shares issued as part of the business combination on 1 February 2021.

(ii) Diluted earnings per share includes potential shares associated with the convertible notes issued as part of the business combination on 1 February 2021. Shares are not weighted.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

Notes to the financial statements

For the six months ended 31 December 2021

8. Investments recognised at fair value

	Note	Consolidated USD'000 31 December 2021	Consolidated USD'000 30 June 2021
Financial assets at fair value through profit and loss			
Investments in unquoted securities of externally managed entities		266,784	238,068
Investments in unquoted securities of Group managed entities		12,800	14,083
		279,584	**252,151**

Note 14 provides details on the methods used to determine fair value for measurement and disclosure purposes.

9. Investment in joint ventures and associates

Interest in joint venture

	Consolidated USD'000 31 December 2021	Consolidated USD'000 30 June 2021
Opening balance	-	-
Acquisition of shareholding inclusive of transaction costs	10,010	-
Share of profit from joint venture	238	-
Foreign exchange translation difference	27	-
Closing balance	**10,275**	**-**

On 30 September 2021, the Group acquired a 34.06% shareholding in Longreach Alternatives Ltd ('Longreach'). Longreach is an Australian based diversified asset management firm with six underlying boutiques which they have varying ownership stakes in.

Consideration of USD$9.3 million was paid and USD$0.7 million of transaction costs were capitalised to the investment carrying value. Consideration paid exceeded the Group's share of Longreach's net assets by USD$7.8 million which is anticipated to represent Goodwill and management contracts. Purchase price accounting for the transaction is being finalised and therefore balances reported at 31 December 2021 are considered provisional. Goodwill and management contract intangibles will be recorded within the investments carrying value.

The Group's result includes a share of profit from Longreach for the 3-month period to 31 December 2021 of $0.2 million with minor foreign exchange translation difference as Longreach's functional and reporting currency is AUD.

This investment is classified as a joint venture as the Group has joint control with another major shareholder. The Shareholders Agreement is contractually structured so that both major shareholders are responsible for the overall direction and supervision of Longreach. Decisions over relevant activities require both major shareholders to agree.

There are no fees received, purchases made or commitments to the joint venture entity.

Joint arrangements

Joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Investments in joint ventures are accounted for using the equity method.

Notes to the financial statements

For the six months ended 31 December 2021

9. Interest in joint ventures and associates (continued)

Interest in associates

	Consolidated USD'000	
	31 December 2021	30 June 2021
Opening balance	-	-
Acquisition of shareholding inclusive of transaction costs	3,863	-
Share of loss from associate	(69)	
Closing balance	**3,794**	**-**

On 20 September 2021, the Group acquired a 6.67% shareholding in GROW Investment Group ('GROW') a newly formed entity which will own both Hong Kong and Shanghai based subsidiaries and capitalized on opportunities in the Chinese asset management industry and the continued evolution of China's markets.

The Group's investment of $4 million included a negative contingent consideration assessed as the Group's shareholding will increase to 10% for no further consideration if earnings targets are not met by an agreed timeframe. The fair value of this asset is $0.2 million at acquisition date and 31 December 2021 based on the probability of contingent events occurring. A contingent asset is recorded separate from the investment balance, within 'Other non-current assets'. There were $0.06 million transaction costs capitalised to the carrying value of the investment.

Consideration paid exceeded the Group's share of net assets in GROW as operations are establishing. As such Goodwill of $3.8 million is incorporated within this investment balance.

It has been determined the Group has significant influence over GROW with a 25% representation on the board of directors. The board is ultimately responsible for the key operating and financial decisions of the company to which the Group has influence over.

There are no fees received, purchases made or commitments to the associate entity.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Significant influence may exist for shareholdings less than 20% if through voting power, significant influence can be demonstrated. Investments in associates are accounted for using the equity method.

None of the Group's joint ventures or associates are listed on any public exchange.

Equity method

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Identifiable intangibles relating to the associate or joint venture are also included in the carrying amount of the investment with the Group's share of related amortisation adjusted against the share of profit and loss recorded at each balance date.

The aggregate of the Group's share of profit and loss from associates and joint ventures is shown on the face of the profit and loss statement and represents profit and loss after tax and non-controlling interests in the subsidiaries of associates or joint ventures. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associates or joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit and loss of joint ventures and associates' in the profit and loss statement.

Upon loss of significant influence over an associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit and loss.

Notes to the financial statements

For the six months ended 31 December 2021

10. Trade and other payables

	Consolidated USD'000	
	31 December 2021	30 June 2021
Current		
Trade creditors	93	288
Distribution costs payable	2,610	472
Accruals	1,193	1,122
Profit share payable to non-controlling interest	-	9,444
Other payables	219	355
	4,115	**11,681**
Non-current		
Other long-term liabilities	242	243
	242	**243**

Trade creditors are non-interest bearing and normally settle on 30 to 90 day terms. The carrying amount of these liabilities is a reasonable approximation of fair value.

During the period the Group settled the profit share arrangement for the period ended 30 June 2021 with non-controlling interests and related party Dyal Capital Partners of $9.4 million.

11. Other financial liabilities

		Consolidated USD'000	
	Note	31 December 2021	30 June 2021
Non-current			
Financial liabilities at amortised cost – Convertible notes		1,574	1,547
Financial liabilities at fair value – Redemption payment liability	11(a)	115,653	79,717
Closing balance		**117,227**	**81,264**

Notes to the financial statements

For the six months ended 31 December 2021

11. Other financial liabilities (continued)

a) Redemption payment liability

	Consolidated USD'000	
	31 December 2021	30 June 2021
Opening fair value / as at acquisition date	79,717	69,071
Unrealised fair value changes recognised in profit and loss	35,936	10,646
Closing fair value	**115,653**	**79,717**

The Group has a written put arrangement over the non-controlling interest in acquired partnerships; NGI Strategic Holdings (A) Limited Partnership and NGI Strategic Holdings (B) Limited Partnership. The deferred consideration payable represents the fair value of non-controlling interest held by the vendor which the Group has an obligation to acquire in 2025. Once this redemption payment is made, the two acquired partnerships will be wholly owned entities of the Group.

The fair value of estimated consideration is calculated over two discrete measurement periods; Calendar year 2021-2023 and calendar years 2024-2025, and payable in financial year ending 2026. The amount is determined as the average relevant gross earnings of the six portfolio investments (ownership adjusted) over a minimum distribution threshold with the average relevant gross earnings multiplied by 2.25x up to a maximum undiscounted amount of $200 million.

The fair value at balance date involves the estimation of future cash flows and align with earnings estimates utilised to determine the fair value of the corresponding fair value investment assets. Amounts are discounted by 11.9% (June 2021: 12%) to present value, comprising of the cost of debt plus a risk premium to reflect variability in earnings.

As the redemption payment is considered contingent consideration, fair value movements are recorded through profit and loss and discounted to determine its present value.

12. Capital

a) Share capital

	Shares '000	
	31 December 2021	30 June 2021
Ordinary shares on issue as at 31 December and 30 June	**202,672**	202,672

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.

b) Non-share capital

Non-share capital of $99.8 million (June 2021: $99.8 million) represents the equity component of 102,283 convertible notes issued as part consideration for a business combination in FY2021. As this is a compound instrument, the liability component is included in Other financial liabilities (refer Note 11).

Notes to the financial statements

For the six months ended 31 December 2021

13. Business Combinations

Current year acquisitions

There were no business combination acquisitions made in the current period. Refer to Note 9 for details on acquisition of investment in equity completed in the six months to 31 December 2021.

Prior year acquisitions

NGI Strategic Portfolio investments

The accounting for the business combination of six minority ownership interest in leading established alternative asset managers, was finalised during the period. There were no changes to the acquisition accounting of this transaction reported in the 30 June 2021 Annual Report.

14. Financial instruments

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 liabilities and their levels in the fair value hierarchy.

		Consolidated USD'000			
	Note	Level 1	Level 2	Level 3	Total
		30 June 2021			
Financial assets at fair value through profit and loss					
Investment in unquoted securities of externally managed entities	8	-	-	238,068	**238,068**
Investments in unquoted securities of Group managed entities	8	-	14,083	-	**14,083**
Financial liabilities					
Redemption payment liability	11	-	-	79,717	**79,717**
		31 December 2021			
Financial assets at fair value through profit and loss					
Investment in unquoted securities of externally managed entities	8	-	-	266,784	**266,784**
Investments in unquoted securities of Group managed entities	8	-	12,800	-	**12,800**
Contingent consideration		-	-	200	**200**
Financial liabilities					
Redemption payment liability		-	-	115,653	**115,653**

There were no transfers between levels during the six months ended 31 December 2021 or the financial year ended 30 June 2021.

Notes to the financial statements

For the six months ended 31 December 2021

14. Financial instruments (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 assets are outlined below. Valuation techniques used to value level 3 financial liabilities as well as detailed movements in fair value is detailed in Note 11(a).

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 balance date 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.

Operator of an online marketplace for alternative investments

This investment remains at $nil fair value as no further evidence suggests an improvement in the future viability of this investment.

Alternative asset managers

On 1 February 2021, the Group acquired a portfolio of six investments in alternative asset managers, each operating within their own niche market. Fair values at balance date have been estimated using a discounted cash flow model. The valuation requires management to make certain assumptions about the model inputs including forecasted cash flows, growth rates and the discount rate on management and performance fee income streams. The probabilities of various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these investments where movements are recorded in profit and loss.

Boutique asset managers & *Text analytics platform provider*

Due to significant uncertainty as to the on-going viability of these investments, the carrying value continues to be $nil after it was revalued to $nil in prior periods.

Contingent consideration asset

A contingent consideration asset is recognised in 'Other non-current assets' relating to an investment in associate made during the period. The Group has determined that it is classified as Level 3 under the AASB 13 *Fair value measurement* hierarchy as the main valuation inputs are unobservable. The potential amount of the asset is based on an expectation of whether the associate entity will meet EBITDA targets by a specified timeframe. The Group's shareholding increases from 6.67% to 10% in the associate for nil additional consideration if earnings targets are not reached.

Movement in Level 3 assets

The following table presents the change in level 3 assets for periods ended 31 December 2021 and 30 June 2021. Movement in level 3 financial liabilities are outlined in Note 11(a). There were no transfers between categories.

	Consolidated USD'000	
	Investment in unquoted securities through profit and loss	**Contingent Asset through profit and loss**
Balance at 1 July 2020	-	-
Acquisition through business combination at fair value	219,396	-
Increase/(Decrease) in fair value through other comprehensive income	18,672	-
Closing balance 30 June 2021 / Opening balance 1 July 2021	**238,068**	-
Acquisition	-	200
Increase/(Decrease) in fair value	28,716	-
Closing balance 30 December 2021	**266,784**	**200**

Notes to the financial statements

For the six months ended 31 December 2021

15. Commitments

The Group has $0.1 million contractual obligations as at balance date (31 December 2020: $nil) associated with property fit outs.

16. Subsequent events

Events occurring after reporting period

On 28 January 2022, shareholders approved the Group's performance rights plan to establish a long-term incentive scheme for select executives. As at the date of this report these rights are yet to be formally granted.

Other than the above, there has not arisen in the interval between the end of the reporting period and the date of this report, any 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.

17. Corporate information

The financial report of Navigator Global Investments Limited (the 'Company') for the six months ended 31 December 2021 was approved by the board of directors on the 17th day of February 2022.

The consolidated financial statements of the Company as at and for the six months ended 31 December 2021 comprise the Company and its subsidiaries (the 'Group').

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.

18. Statement of compliance

These interim financial statements have been prepared in accordance with AASB 134 Interim Financial Reporting; the Corporations Act 2001; and IAS 34 Interim Financial Reporting. They do not include all of the information required for a full annual financial report and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 June 2021 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The consolidated financial statements of the Group as at and for the year ended 30 June 2021 are available on the Company's website at www.navigatorglobal.com.au, or a copy can be requested by contacting the Company.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the following:

- adoption of new and amended standards introduced by the accounting standard board as set out in Note 21; and
- adoption of new accounting policies as they apply for the first time in this reporting period (Refer Note 9).

19. 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 assets and liabilities at fair value through profit and 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 11(a) and 14.

20. 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 period end exchange rate of monetary assets and liabilities denominated in foreign currencies, are recognised in profit and loss.

Notes to the financial statements

For the six months ended 31 December 2021

21. 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 5 - recognition of deferred tax assets: availability of future taxable profit against which carried forward tax losses can be used;
- Notes 8 & 14 - fair value measurement of investments;
- Note 11(a) - other liabilities which includes a redemption payment for non-controlling interests in two partnerships; and
- Note 9 – classification of joint arrangements and assessment of significant influence in associates.

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:

- Note 14 - investments in financial assets at fair value through profit and loss; and
- Notes 11(a) & 14 - financial liabilities at fair value through profit and loss.

Changes in accounting policies

New and amended standards and interpretations

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. These have not had an impact on the Group's consolidated 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 period ended 31 December 2021. These standards are not expected to have a significant impact on the Group's consolidated financial statements:

- AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- AASB 2020-3 Reference to the conceptual framework amending the following standards:
  - AASB 3 Business Combinations – referencing the conceptual framework
  - AASB 16 Property, Plant and Equipment relating to the proceeds before intended use
  - AASB 137 Provisions, Contingent liabilities and Contingent Assets relating to costs associated with onerous contracts
  - AASB 9 Financial Instruments relating to fees included in assessing a modified liability.
- AASB 2020-1 Amendments to AASB 101 regarding the classification of Liabilities as Current or Non-current
- AASB 2021-2 Amendments to Disclosure of Accounting Policies and definition of Accounting Estimates
- AASB 2021-56 Amendments to Deferred Tax related Assets and Liabilities arising from a single transaction.

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 19 to 37 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-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.

Signed in accordance with a resolution of the directors.

Michael Shepherd, AO	**Suvan de Soysa**
Chairman and Non-Executive Director	Non-Executive Director

Sydney, 17 February 2022

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Building a better working world

Independent Auditor's Review Report to the Members of Navigator Global Investments Limited

Conclusion

We have reviewed the accompanying half-year financial report of Navigator Global Investments Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2021, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Company does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the Company's financial position as at 31 December 2021 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

RBurrows

Rebecca Burrows
Partner
Brisbane
17 February 2022