Navigator Global Investments Limited (ASX:NGI)

ASX Appendix 4D

For the six months ended 31 December 2020

Results for announcement to the market

(all comparisons to the six months ended 31 December 2019) *Amounts in USD'000*

				31 December 2020
Revenue from ordinary activities	Down	2%	To	**52,743**
Earnings before interest, tax, depreciation and amortisation	Down	23%	to	**15,504**
Profit from ordinary activities after tax attributable to members	Down	35%	to	**8,808**
Net profit for the period attributable to members	Down	35%	To	**8,808**

Dividends	Amount per ordinary share	Franked %	Conduit foreign income %
Interim 2020 dividend per share (paid 6 March 2020)	USD 8.5 cents	0%	100%
Final 2020 dividend per share (paid 4 September 2020)	USD 5.5 cents	0%	0%

The directors have determined an unfranked interim dividend of United States (US) 3.5 cents per share (with 100% conduit foreign income credits). The dividend dates are:

Ex-dividend date:	24 February 2021
Record date:	25 February 2021
Payment date:	12 March 2021

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 25 February 2021.

Dividend Policy

The Company has set a policy of paying a dividend of 70% to 80% of the earnings before interest, depreciation, amortisation, impairment expense and tax (EBITDA). Dividends will by unfranked, however 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 2020	31 December 2019
Per ordinary share[1]	USD 28.20 cents	USD 34.26 cents

Additional Appendix 4D requirements can be found in the Directors' Report and the 31 December 2020 interim financial report and accompanying notes.

This report is based on the 31 December 2020 interim financial report (which includes consolidated financial statements reviewed by Ernst & Young).

[1] Net tangible assets excludes the Group's $18.1 million (2019: $13.2 million) right-of-use asset recognised under AASB 16 *Leases.*

2021 INTERIM FINANCIAL REPORT

NAVIGATOR GLOBAL INVESTMENTS LIMITED
AND ITS CONTROLLED ENTITIES
ABN 47 101 585 737

Directors

Michael Shepherd
Fernando (Andy) Esteban
Randall Yanker
Nicola Meaden Grenham
Andy Bluhm
Sean McGould

Company Secretary

Amber Stoney

Securities Exchange Listing

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

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Auditor

Ernst & Young
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UNLESS OTHERWISE INDICATED, THE NUMBERS IN THIS ANNUAL REPORT HAVE BEEN PRESENTED IN

US DOLLARS (USD)

2021 INTERIM SNAPSHOT

AUM
13.2 billion
▲ 12% from 30 June 2020

Management fees
37.7 million
▼ 19% on pcp

Performance fees
9.8 million
▲ 166% on pcp

Underlying EBITDA
15.1 million
▼21% on pcp

Dividend
3.5 cps
▼ 59% on 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 2020.

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').

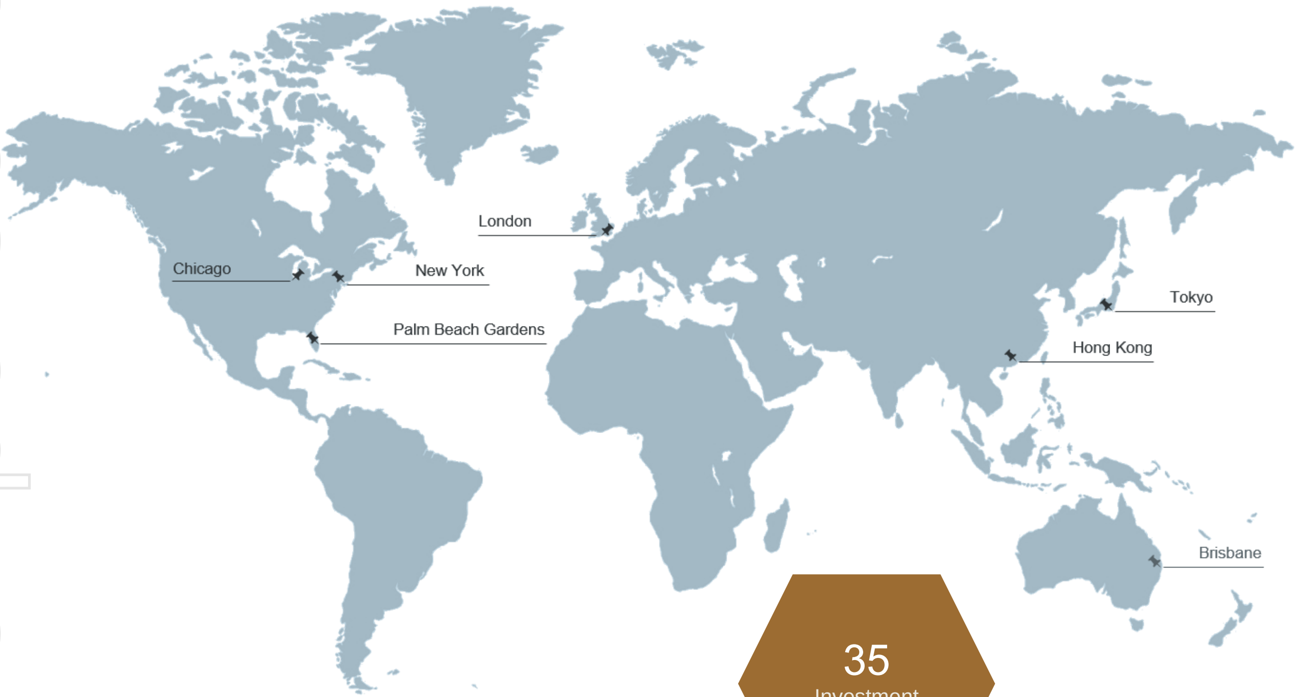
Lighthouse is a global investment management firm which offers hedge fund solutions to investors who are looking to diversify their asset mix and realise growth with a lower correlation to traditional equity and fixed income allocations.

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 31 December 2020, Lighthouse is managing $13.2 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.



35
Investment professionals

US$13.2 bn
Total AUM

114
Total employees

1000+
Investors worldwide

24+
Year track record

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.

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.

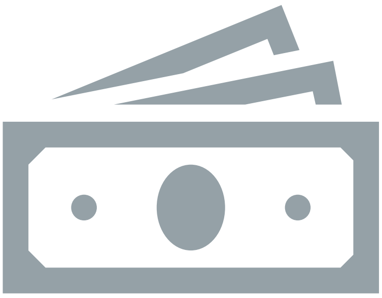
To attract, motivate and retain quality employees NGI needs to offer competitive compensation and incentive packages.

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 Customised mandates and Platform Services have negotiated fee rates.

We operate in a highly competitive market, and there is pressure from investors to negotiate lower fee rates across the global investment management industry.



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. Portfolio 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 portfolio managers to trade the assets within certain guidelines.

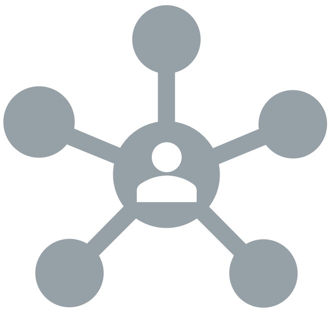
The largest strategies for the commingled funds are:

- 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.
- North Rock -specialising 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.

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 strategies and assets under management.

Assets under management

AUM

13.2 billion

▲ 12% from 30 June 2020

After experiencing a significant reduction to the Group's AUM at the beginning of the financial year due to the impacts on performance of the turbulent and challenging markets which were impacted by the COVID-19 pandemic, strong investment performance in the last few month of this half year have been a key contributor to a pleasing rebound in AUM.

Experiences have been mixed across the various product and service lines offered by Lighthouse:

Commingled Funds

The negative investment performance experienced by the multi-strategy portfolios in March 2020 had the biggest impact on the Commingled Funds in terms of redemption pressure.

Net outflows for the six months were $980 million, with the majority of outflows relating to various commingled multi-strategy portfolios.

December quarter net outflows showed improvement at $330 million, compared to $650 million for the September quarter.

There was approximately $150 million of outflows from MAS Commingled Funds over the period, bringing the closing AUM for these funds to $330 million.

Strong investment performance, particularly in the equity strategies, delivered an additional $720 million to AUM for the period.

Given the headwinds to the Commingled Funds which existed at the beginning of the financial year, we experienced a 5% reduction to AUM to close at $4.5 billion as at 31 December 2020.

Customised Solutions

Customised Solutions AUM grew by 22% or $560 million to close the half year at $6.77 billion.

The increase was due to investment performance, which added $640 million over the period.

Net outflows of $200 million offset the increase in AUM. The outflows were mainly from multi-strategy accounts, however $200 million of inflow was received from an existing equity based account.

Approximately $750 million of AUM remains in MAS Customised Solutions accounts.

Platform Services

Two new Platform Services clients commenced in July 2020 and funded approximately $400 million over the period. A third new client commenced during the December quarter with an initial funding of $200 million.

The remaining increase in AUM was due to additional net flows from existing clients.

Investment performance also added $210 million to AUM for Platform Services, and combined with net flows resulted in a 37% increase to AUM for the half year.

The below table sets out movements across the various products and services provided by Lighthouse. The allocation between the three categories has been revised compared to the AUM reported in the Company's ASX Announcement of 11 January 2021, although total AUM remains unchanged.

The re-allocation relates to AUM for a Customised Solutions client who has allocated AUM across all 3 services. Whilst previously AUM for this client was reported against Customised Solutions only, the below table shows the allocation of AUM based on the various service categories provided.

	30 June 2020	Net Flows	Performance	31 December 2020
Commingled Funds	USD 4.76 bn	▼ USD 0.98 bn	▲ USD 0.72 bn	USD 4.50 bn
Customised Solutions	USD 3.75 bn	▼ USD 0.20 bn	▲ USD 0.64 bn	USD 4.19 bn
Platform Services	USD 3.26 bn	▲ USD 0.99 bn	▲ USD 0.21 bn	USD 4.46 bn
Combined total	**USD 11.77 bn**	**▼ USD 0.19 bn**	**▲ USD 1.57 bn**	**USD 13.15 bn**

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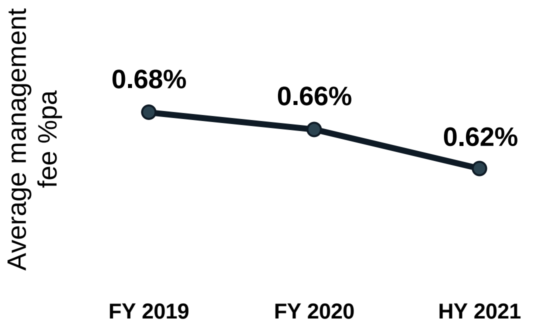
Fee rates

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 for the six months to 31 December 2020 was 0.62% per annum (2020: 0.66% 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:

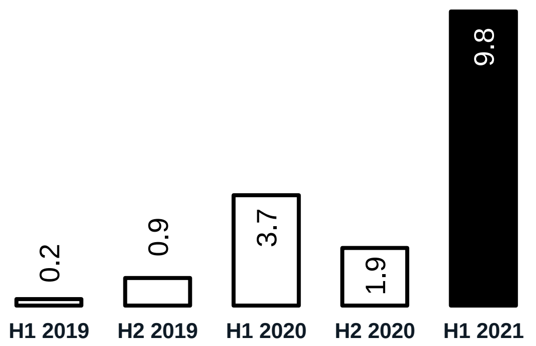
	Indicative management fee range
Commingled Funds	0.50%-1.50%pa
Customised Solutions	0.25%-0.90%pa
Platform Services	Up to 0.50%pa

There is a wide variation in the fee rates which apply across Customised Solutions and Platform Services, depending on the scale of investment and services provided and the individual arrangements applicable to each client.

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

Strong performance over the half, and in particular in the December 2020 quarter, has resulted in the Group earning performance fee revenue for the six months ended 31 December 2020 of $9.8 million, up $6.1 million on the prior 6 month period and up $4.2 million on 2020 full year.

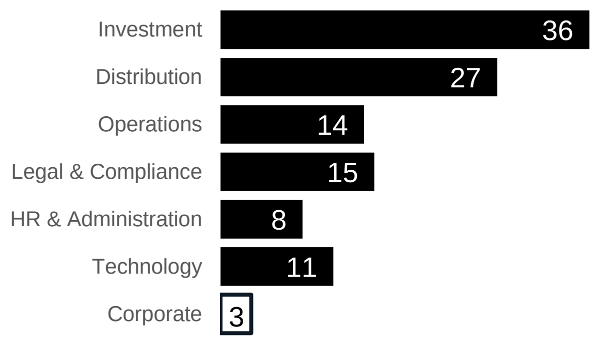


Performance fees are variable in nature, and it is difficult to forecast how much, if any, performance fee revenue will be earned by the Group in future periods.

People

Employees by department

The Group has 114 employees across the following functional divisions as at 31 December 2020 (2019: 116):



Summary of the Navigator Group HY21 result

Underlying EBITDA down 21%

	Consolidated USD'000		
	31 December 2020	**31 December 2019**	% change
Management fee revenue	37,696	46,568	(19%)
Performance fee revenue	9,755	3,662	166%
Revenue from reimbursement of fund operating expenses	4,449	2,702	65%
Revenue from provision of office space and services	843	879	(4%)
Total revenue	**52,743**	**53,811**	(2%)
Employee expense	(24,835)	(22,328)	(11%)
Professional and consulting expenses	(3,672)	(3,276)	(12%)
Reimbursable fund operating expenses	(4,449)	(2,702)	(65%)
Occupancy expense	(857)	(823)	(4%)
Information and technology expense	(2,180)	(1,511)	(44%)
Distribution expense	(818)	(1,393)	41%
Other operating expenses[1]	(1,632)	(2,207)	26%
Total expenses[1]	**(38,443)**	**(34,240)**	(12%)
Result from operating activities[1]	**14,300**	**19,571**	(27%)
Net finance income excluding interest	1,204	514	134%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**15,504**	**20,085**	(23%)
Net interest expense	(460)	(269)	(71%)
Depreciation and amortisation	(2,201)	(1,828)	(20%)
Profit before income tax	**12,843**	**17,988**	(29%)
Income tax expense	(4,035)	(4,501)	10%
Net profit after income tax	**8,808**	**13,487**	(35%)
Basic EPS (cents per share)	**5.43**	**8.32**	(35%)

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.

UNDERLYING EBITDA

	Consolidated USD'000		
	31 December 2020	**31 December 2019**	% change
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**15,504**	**20,085**	(23%)
Additional cash payments made for office leases (net)	(1,378)	(956)	(44%)
Non-recurring transaction costs expensed	946	-	100%
Underlying Earnings before interest, tax, depreciation and amortisation (Underlying EBITDA)	**15,072**	**19,129**	(21%)

The above 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 16.

Revenue

Management fee revenue

Management fee revenue was $37.7 million for the six months ended 31 December 2020, a decrease of 19% on the prior period. The movement was driven by a combination of:

- A 12% reduction in average AUM, which was $12.2 billion for the six months to 31 December 2020 (2019: $13.8 billion).
- A reduction in average fee rate to 0.62%pa (2019: 0.68%pa).

The reduction in fee rate reflects:

- Net outflows from Commingled Funds. Commingled Funds represent 27% of AUM as at 31 December 2020 (2019: 33%).
- A movement of AUM within Commingled Funds to performance fee classes with nil or low management fees.
- A 37% increase in AUM in Platform Services.

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 six months was $9.8 million, an increase of $6.1 million or 166% on the previous six month period and is reflective of very strong investment performance achieved across the portfolios, particularly in the December 2020 quarter.

Approximately 73% of the performance fees have been earned from Commingled funds (31 December 2019: 67%), with the remaining fees earned from Customised Client portfolios.

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 with no net impact on EBITDA or profit. For the six months ending 31 December 2020 these costs were $4.4 million (31 December 2019: $2.7 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. Revenue from provision of office space and services was $843 thousand for the six months to 31 December 2020, which is comparable to the prior period.

Operating expenses

Operating expenses increased by $4.2 million compared to the prior period. This is due primarily to additional bonus expense as a result of the high level of performance fees received to December 2020 compared to the prior half year.

Employee expense

There was a $2.5 million or 11% increase in employee expense for the Group as compared to the prior period.

The main contributor to the increase was due to higher accruals for staff bonuses:

- An additional $2.7 million for staff bonus expense attributable to the uplift in performance fees.
- A new allocation of approximately $500 thousand for a bonus pool specifically for staff involved in the significant strategic business and acquisition activities which were a focus in this half.

Other employee costs decreased by $650 thousand, which is broadly consistent with a reduction in Group headcount to 114 for the six months ended 31 December 2020 (31 December 2019: 132)

Professional & consulting fees

Professional and consulting fees vary depending on the specific projects and operating needs in each period but include specialist assistance and support in technology, legal, platform operations and acquisitions.

Professional fees for the six months are $3.6 million, a $396 thousand increase compared to the prior period. Key changes compared to the prior period were:

- transaction costs of $946 thousand were incurred for the half, (related to acquisition of a portfolio of assets approved by shareholders at the 18 November 2020 AGM)
- a reduction of the internally developed proprietary trading platform completed development during financial year 2020; resulting in a decreased spend on consulting fees by $378 thousand
- a $264 thousand reduction to some external administrator support services no longer being incurred and then on-charged by the Group.

Information and technology expenses

The Group continues to have evolving information technology requirements, with these expenses increasing by $670 thousand or 44% increase in information compared to the prior comparative period.

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. The $575 thousand reduction in distribution expense for this financial period has been driven by decreases in management fees from Commingled fund AUM over the period, and at present represents 3.7% of revenue (31 December 2019: 5.3%).

Income tax expense

The Group recognises an accounting tax expense in its income statement at an effective tax rate of 31.4% (30 June 2020: 29.9%, 31 December 2019: 25.0%). 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.

Solid financial position

Major balance sheet items include:

	Consolidated USD'000	
	31 December 2020	**30 June 2020**
Assets		
Cash	34,061	27,032
Receivables	24,808	16,047
Investments	16,744	14,734
Intangible assets	94,466	94,513
Right-of-use assets	18,059	19,280
Recognised deferred tax assets	41,938	45,972
Liabilities		
Lease liabilities	22,887	23,160
Net tangible assets per share	**28.20**	**25.18**

Sources and uses of cash

The Group primarily used cash generated from operating activities during the six months to 31 December 2020 to pay dividends to shareholders:

- + $17.8 million generated from operating activities
- - $9.2 million paid to shareholders as dividends
- - $0.7 million paid for acquisition of equipment and investments

Receivables

Receivables relates mainly to management and performance fees for which payment has not yet been received as at 31 December 2020. The increase in this balance compared to the prior period is largely due to performance fees earned for the current six month period which are outstanding as at 31 December 2020.

Investments

The Group holds two key types of investments: investment in Lighthouse funds and investment in external entities.

- The Group may hold investments in Lighthouse funds for a number of reasons, such as to meet regulatory commitments, to meet the contractual requirement of a customised client mandate, or to seed a new product which will be offered to external investors in the future. During the period, the Group's holdings in Lighthouse funds increased by $2 million to $15.3 million.
- The Group also invests in a number of external entities. The investments are each relatively small and strategic in nature. The combined fair value of these investments as at 31 December 2020 is $1.5 million (30 June 2020: $1.5 million).

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

During the 2020 financial year the Group adopted AASB 16 *Leases* and recognised right-of-use assets and lease liabilities in relation to certain office leases. The right-of-use asset has been depreciated on a straight-line basis since this time and is $1.2 million for the six month period to 31 December 2020.

Deferred tax assets

The Group's balance sheet includes a deferred tax asset of $41.9 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* in the 2020 financial year the Group recognised lease liabilities in relation to certain office leases. This lease liability represents discounted future lease payments for the life of these leases. Lease payments are allocated between principal and finance cost, with $463 thousand of lease interest expense recorded for the six months to 31 December 2020. The remaining movement in lease liabilities is a result of principal repayments and foreign exchange resulting in lease liabilities of $22.9 million as at 31 December 2020.

Outlook

The Group finished the first half of the 2021 financial year well, and in particular strong investment performance in the December 2020 quarter provides a good base to build on for the remainder of the financial year.

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 acquisition of the portfolio of minority investments was completed on 1 February 2021. The period to 30 June 2021 will be somewhat of a transition period, given the complexities of the acquisition accounting. Due to the various accounting treatments which will apply to pre and post acquisition earnings arising from the acquired portfolio, the EBITDA contribution from the transaction for the 5 months to 30 June 2021 is expected to be modest in comparison to the cash and balance sheet impact for that period. The full impact of the profit-sharing arrangement on the Group's EBITDA will be reflected in the 2022 financial year.

We expect underlying EBITDA for the 2021 financial year to be between $28 to $31 million. This updated guidance incorporates the following non-statutory items and the estimated impact of the portfolio acquisition:

- the exclusion of an estimated $5.5 million of transaction costs to be expensed in relation to acquisition;
- a reduction for approximately $3 million of the cash payments for rent which are no longer are recognised in occupancy costs with the implementation of *AASB 16 Leases*;
- an estimated contribution of accounting profit of $2 to $3 million from the portfolio acquired for the 5 months to 30 June 2021.

Dividends

At the date of this report, the directors have determined an unfranked dividend of USD 3.5 cents per share (with 100% conduit foreign income credits) payable on 12 March 2021. The record date for entitlement to the interim dividend is 25 February 2021.

Significant changes in state of affairs

In the opinion of the directors there were no other 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 4 to 12.

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 2020 remain in place and expected to continue to apply for the foreseeable future.

Events subsequent to end of financial period

Acquisition of portfolio of strategic investments

The Group completed an acquisition of six minority interests in leading established alternative asset managers from investment funds managed by Dyal Capital Partners, a division of Neuberger Berman on 1 February 2021.

The up-front consideration for the acquisition was:

- the issue of 40,524,306 ordinary shares
- the issue of 102,283 convertible notes, with an aggregate face value of $102,283,000.

As at the date of this report, the purchase acquisition accounting is under consideration and it is therefore impracticable to provide details on the fair value of the assets and liabilities acquired in the transaction.

Other than as outlined above, 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.

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 14 and forms part of the directors' report for the six months ended 31 December 2019.

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, 18 February 2021

Ernst & Young
111 Eagle Street
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Auditor's Independence Declaration to the Directors of Navigator Global Investments Limited

As lead auditor for the review of Navigator Global Investments Limited for the half-year ended 31 December 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 review; and
b) no contraventions of 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
18 February 2021

INTERIM FINANCIAL STATEMENTS

INCOME STATEMENT

For the six months ended 31 December 2020

	Note	Consolidated USD'000 31 December 2020	31 December 2019
Management fee revenue	2	37,696	46,568
Performance fee revenue	2	9,755	3,662
Revenue from reimbursement of fund operating expenses	2	4,449	2,702
Revenue from provision of office space and services	2	843	879
Total revenue		**52,743**	**53,811**
Operating expenses	3	(40,644)	(36,068)
Results from operating activities		**12,099**	**17,743**
Finance income	4	1,979	736
Finance costs	4	(1,235)	(491)
Profit before income tax		**12,843**	**17,988**
Income tax expense	5	(4,035)	(4,501)
Profit for the period		**8,808**	**13,487**
Attributable to equity holders of the parent		**8,808**	**13,487**

Earnings per share		Consolidated US cents 31 December 2020	31 December 2019
Basic earnings per share	7	5.43	8.32
Diluted earnings per share	7	5.43	8.32

STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2020

	Consolidated USD'000	
	31 December 2020	31 December 2019
Profit attributable to equity holders of the parent	8,808	13,487
Total comprehensive income for the year, net of tax	8,808	13,487
Attributable to equity holders of the parent	8,808	13,487

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	Consolidated USD'000 31 December 2020	Consolidated USD'000 30 June 2020
Assets			
Cash		34,061	27,032
Trade and other receivables		24,808	16,047
Current tax assets	5	19	19
Total current assets		**58,888**	**43,098**
Investments recognised at fair value	8	16,744	14,734
Plant and equipment		7,079	7,389
Right-of-use assets		18,059	19,280
Deferred tax assets	5	41,938	45,972
Intangible assets		94,466	94,513
Other non-current assets		2,447	2,503
Total non-current assets		**180,733**	**184,391**
Total assets		**239,621**	**227,489**
Liabilities			
Trade and other payables		2,844	2,944
Lease liabilities		2,805	2,377
Employee benefits		13,363	485
Total current liabilities		**19,012**	**5,806**
Trade and other payables		240	218
Lease liabilities		20,082	20,783
Employee benefits		104	90
Total non-current liabilities		**20,426**	**21,091**
Total liabilities		**39,438**	**26,897**
Net assets		**200,183**	**200,592**
Equity			
Share capital		257,355	257,355
Reserves		23,102	13,682
Accumulated losses		(80,274)	(70,445)
Total equity attributable to equity holders of the Company		**200,183**	**200,592**

STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2020

Consolidated USD'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 30 June 2019		**257,355**	**13,326**	**2,025**	**850**	**16,918**	**(76,354)**	**214,120**
Adoption of new accounting standard		-	-	-	-	-	(589)	(589)
Balance at 1 July 2019		**257,355**	**13,326**	**2,025**	**850**	**16,918**	**(76,943)**	**213,531**
Net profit for the period		-	-	-	-	-	13,487	13,487
Transfer to parent entity profits reserve[1]		-	-	-	-	11,644	(11,644)	-
Total comprehensive income for the period, net of tax		**-**	**-**	**-**	**-**	**11,644**	**1,843**	**13,487**
Dividends to equity holders	6	-	-	-	-	(14,540)	-	(14,540)
Total transactions with owners		-	-	-	-	(14,540)	-	(14,540)
Balance at 31 December 2019		**257,355**	**13,326**	**2,025**	**850**	**14,022**	**(75,100)**	**212,478**
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**

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

STATEMENT OF CASH FLOWS

For the six months ended 31 December 2020

	Note	Consolidated USD'000 31 December 2020	Consolidated USD'000 31 December 2019
Cash flows from operating activities			
Cash receipts from operating activities		44,321	51,847
Cash paid to suppliers and employees		(26,074)	(28,612)
Cash generated from operations		18,247	23,235
Bank interest received		3	107
Lease interest received		5	8
Lease interest paid		(463)	(384)
Income taxes paid		-	(22)
Net cash from operating activities		**17,792**	**22,944**
Cash flows from investing activities			
Acquisition of plant and equipment		(622)	(1,892)
Proceeds from disposal of investments		124	496
Acquisition of investments		(160)	(290)
Acquisition of other non-current assets		-	(17)
Net cash used in investing activities		**(658)**	**(1,703)**
Cash flows from financing activities			
Lease payments received from finance leases		56	54
Payment of principal portion of lease liabilities		(976)	(634)
Dividends paid to equity holders	6	(9,217)	(14,540)
Net cash used in financing activities		**(10,137)**	**(15,120)**
Net increase in cash		**6,997**	**6,121**
Cash balance at 1 July		27,032	29,029
Effect of exchange rate fluctuations on cash balances held in foreign currencies		32	(56)
Cash balance as at 31 December		**34,061**	**35,094**

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 December 2020

1. OPERATING SEGMENTS

As at 31 December 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 USD'000		Corporate USD'000		Consolidated USD'000	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Total revenue from contracts with customers	52,676	53,743	67	68	52,743	53,811
Earnings before interest, tax, depreciation and amortisation	**17,510**	**20,503**	**(2,006)**	**(418)**	**15,504**	**20,085**
Reportable segment profit / (loss) before income tax	**14,868**	**18,334**	**(2,025)**	**(346)**	**12,843**	**17,988**

Segment assets and liabilities

There has been no material change in the allocation of segment assets and liabilities compared to the Group's consolidated financial statements as at and for the year ended 30 June 2020.

2. REVENUE

	Consolidated USD'000	
	31 December 2020	31 December 2019
Management fees from commingled funds	22,218	26,069
Management fees from customised solutions clients	11,224	15,957
Management fees from platform services clients	4,254	4,542
Performance fees	9,755	3,662
Operating revenue	**47,451**	**50,230**
Revenue from reimbursement of fund operating expenses	4,449	2,702
Revenue from provision of office space and services	843	879
Other revenue	**5,292**	**3,581**
Total revenue from contracts with customers	**52,743**	**53,811**

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 December 2020

3. EXPENSES

	Consolidated USD'000	
	31 December 2020	**31 December 2019**
Employee expense	(24,835)	(22,328)
Professional and consulting expenses	(3,672)	(3,276)
Information and technology expense	(2,180)	(1,511)
Reimbursable fund operating expenses	(4,449)	(2,702)
Occupancy expense	(857)	(823)
Distribution expense	(818)	(1,393)
Travel expense	-	(592)
Depreciation of plant and equipment	(931)	(722)
Lease depreciation	(1,222)	(857)
Amortisation of intangible assets	(48)	(249)
Other expenses	(1,632)	(1,615)
Total expenses	**(40,644)**	**(36,068)**

4. FINANCE INCOME AND COSTS

Recognised directly in profit or loss

	Consolidated USD'000	
	31 December 2020	**31 December 2019**
Finance income		
Interest income on bank deposits	-	108
Interest income on net investment in finance lease	5	7
Net change in fair value of financial assets at fair value through profit or loss	1,974	621
Total finance income	**1,979**	**736**
Finance costs		
Bank charges	(69)	(68)
Net foreign exchange loss	(701)	(39)
Lease interest expense	(463)	(384)
Other interest expense	(2)	-
Total finance costs	**(1,235)**	**(491)**
Net finance income / recognised in profit or loss	**744**	**245**

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 December 2020

5. 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.

RECONCILIATION OF EFFECTIVE TAX RATE

	Consolidated USD'000	
	31 December 2020	31 December 2019
Profit before income tax	12,843	17,988
Income tax using the Company's domestic tax rate of 30% (31 December 2019: 30%)	(3,853)	(5,396)
Effect of tax rates in foreign jurisdictions	617	1,015
Non-deductible / non-assessable amounts included in accounting profit	(799)	(117)
Amounts not included in accounting profit	251	(133)
Current year tax losses for which no deferred tax asset is initially recognised	(251)	130
Total income tax expense reported in profit or loss	**(4,035)**	**(4,501)**

CURRENT TAX ASSETS AND LIABILITIES

	Consolidated USD'000	
	31 December 2020	30 June 2020
Current tax assets	**19**	**19**
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.

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 2020	30 June 2020
Carried forward tax losses	29,611	32,455
Goodwill and intangible assets	7,283	11,448
Employee benefits	3,082	92
Financial assets at fair value through profit or loss	(1,117)	(432)
Financial assets at fair value through other comprehensive income	264	264
Other items	2,815	2,145
	41,938	**45,972**

As at 31 December 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.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 December 2020

5. INCOME TAX (CONTINUED)

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 2030 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 2020	**30 June 2020**
Deductible temporary differences	90,479	80,623
Tax losses	3,587	2,962
	94,066	**83,585**

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

$90,479 thousand (30 June 2020: $80,623 thousand) of the deductible temporary differences not recognised relate to an impairment write-down taken during the year ended 30 June 2009 and 30 June 2020 on the carrying value of the Lighthouse Group. The movement in this balance relates to foreign currency movements only. 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.

6. DIVIDENDS

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

	Consolidated USD'000	
	31 December 2020	**31 December 2019**
Final ordinary dividend for the year ended 30 June 2020 of USD 5.5 cents	9,217	-
Final ordinary dividend for the year ended 30 June 2019 of USD 9.0 cents	-	14,540
	9,217	**14,540**

The Directors have determined an interim unfranked dividend of 3.5 cents per share (with 100% conduit foreign income credits). The dividend will be paid on 12 March 2021.The dividends were not determined or provided for as at 31 December 2020, and there are no income tax consequences.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 December 2020

7. EARNINGS PER SHARE

	Consolidated USD	
	31 December 2020	31 December 2019
Basic earnings per share	5.43	8.32
Diluted earnings per share	5.43	8.32

RECONCILIATION OF EARNINGS USED IN CALCULATING EARNINGS PER SHARE

BASIC AND DILUTED EARNINGS PER SHARE

	Consolidated USD'000	
	31 December 2020	31 December 2019
Profit attributable to ordinary equity holders of the Company used in calculating basic and diluted earnings per share	**8,808**	**13,487**

WEIGHTED AVERAGE NUMBER OF SHARES USED IN CALCULATING BASIC AND DILUTED EARNINGS PER SHARE

		'000 shares	
	Note	31 December 2020	31 December 2019
Issued ordinary shares	9	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.

8. INVESTMENTS RECOGNISED AT FAIR VALUE

	Consolidated USD'000	
	31 December 2020	30 June 2020
Financial assets at fair value through other comprehensive income	1,489	1,489
Financial assets at fair value through profit or loss	15,255	13,245
	16,744	**14,734**

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 10 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 10 provides details on the methods used to determine fair value for measurement and disclosure purposes.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 December 2020

9. CAPITAL

Ordinary shares on issue

	Shares '000	
	31 December 2020	30 June 2020
Ordinary shares on issue as at 31 December and 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.

10. 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 their levels in the fair value hierarchy.

		Consolidated USD'000			
	Note	Level 1	Level 2	Level 3	Total
		30 June 2020			
Financial assets at fair value through other comprehensive income					
Investment in unquoted securities of externally managed entities	8	-	-	1,489	**1,489**
Financial assets at fair value through profit or loss					
Investments in unquoted securities of Group managed entities	8	-	13,245	-	**13,245**
		31 December 2020			
Financial assets at fair value through other comprehensive income					
Investment in unquoted securities of externally managed entities	8	-	-	1,489	**1,489**
Financial assets at fair value through profit or loss					
Investments in unquoted securities of Group managed entities	8	-	15,255	-	**15,255**

There were no transfers between levels during the six months ended 31 December 2020 or the financial year ended 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 December 2020

10. 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 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 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.

Boutique asset manager

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 2020 financial year.

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

Movement in Level 3 assets

The following table presents the change in Level 3 assets for the financial year ended 30 June 2020 and for the six months ended 31 December 2020:

	Note	Investment in unquoted securities Consolidated USD'000
Opening balance 30 June 2019		5,288
Decrease in fair value through other comprehensive income		(3,799)
Closing balance 30 June 2020	8	1,489
Closing balance 31 December 2020	8	1,489

There were no transfers in or out of Level 3 during the six months ended 31 December 2020 or the financial year ended 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 December 2020

11. COMMITMENTS

The Group has no contractual obligations as at balance date (31 December 2019: $nil).

12. SUBSEQUENT EVENTS

Events occurring after reporting period

The Group completed an acquisition of six minority interests in leading established alternative asset managers from investment funds managed by Dyal Capital Partners, a division of Neuberger Berman on 1 February 2021.

The up-front consideration for the acquisition was:

- the issue of 40,524,306 ordinary shares
- the issue of 102,283 convertible notes, with an aggregate face value of $102,283,000.

As at the date of this report, the purchase acquisition accounting is under consideration and it is therefore impracticable to provide details on the fair value of the assets and liabilities acquired in the transaction.

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.

13. CORPORATE INFORMATION

The financial report of Navigator Global Investments Limited (the 'Company') for the six months ended 31 December 2020 was approved by the board of directors on the 18th day of February 2021.

The consolidated financial statements of the Company as at and for the six ended 31 December 2020 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.

14. 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 2020 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 2020 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 adoption of new and amended standards as set out in note 17.

15. 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 10.

16. 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 or loss.

17. 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; and
- notes 8 and 10 - 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 8 and 10 - investments in financial assets at fair value through profit or loss; and
- notes 8 and 10 - investment in financial assets at fair value through other comprehensive income.

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

- AASB 2020-3 Narrow scope amendments issued for:
  - AASB 116 Property, Plant and Equipment,
  - AASB 137 Provisions, Contingent Liabilities and Contingent Assets in relation to onerous contracts
  - AASB 3 Business combinations with reference to the Conceptual Framework
- 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 Amendments to AASB 9 - Fees in the '10 percent' Test for Derecognition of Financial Liabilities
- AASB 17 Insurance Contracts & AASB 2020-5 Amendments to Insurance contracts
- AASB 2020-1 Amendments to IAS 1 – Classification of liabilities as Current or Non-current.

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 16 to 29 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 2020 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
Chairman and Non-Executive Director

F P (Andy) Esteban
Non-Executive Director

Sydney, 18 February 2021

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

Report on the half-year financial report

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 2020, 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 policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not 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 31 December 2020 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*.

Directors' Responsibility 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 is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to 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 consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Rebecca Burrows
Partner
Brisbane
18 February 2021