



GLOBAL INVESTMENTS
LIMITED

Global Investments Limited

2020 Half Year Results

Period ended 30 June 2020

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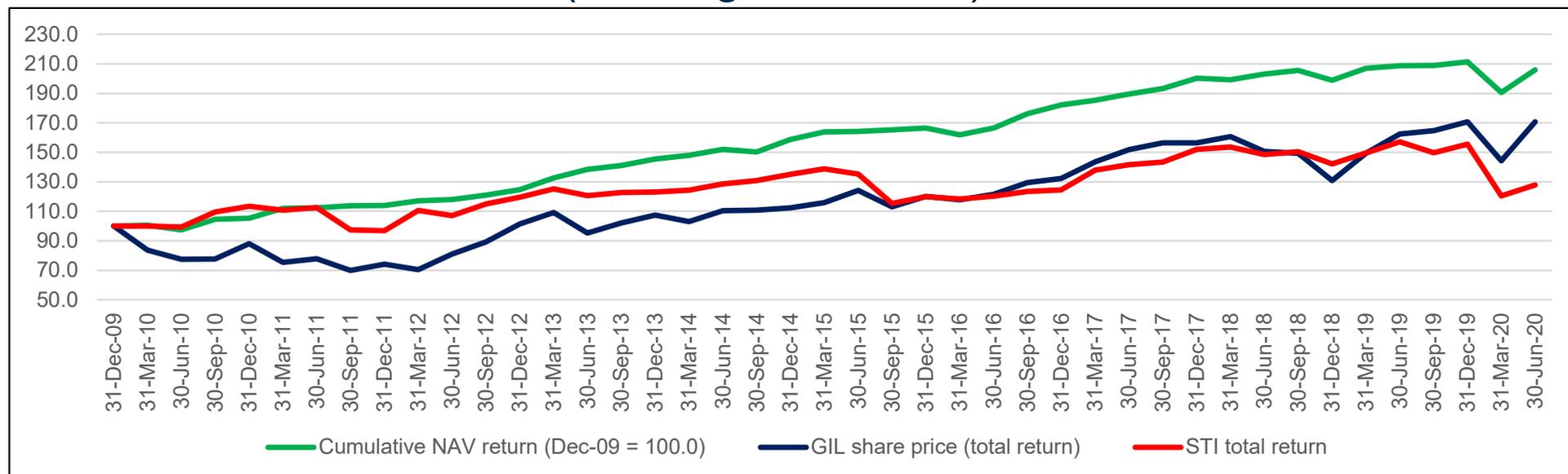
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Net asset value per share

	30 June 2020	31 December 2019	Change (%)	Remarks
Net asset value per share (S\$ per share)	0.1819	0.1895		The net asset value per share of the Group as at 30 June 2020 was 18.19 Singapore cents after declaration of 2019 final dividend of 0.50 Singapore cents per share as compared to 18.95 Singapore cents as at 31 December 2019. After adjusting for the 2019 final dividend, the net asset value per share as at 30 June 2020 would have been 18.69 Singapore cents and the decrease in net asset per share would have been 1.4% for the half year ended 30 June 2020.
	0.1869 (After adjustment for 2019 final dividend)	0.1895	(1.4)	

Cumulative Performance (Starting from 2010)



1. Key Financial Data for 1H 2020

Income

	1H 20 S\$m	1H 19 S\$m	Change (%)	Remarks
Dividend Income	0.9	1.1	(18.2)	<p>The Group reported a negative income of S\$6.6 million as compared to S\$17.9 million in the same period last year.</p> <p>This was mainly due to a net fair value loss on financial assets at FVTPL of S\$16.6 million as compared to a net fair value gain of S\$9.6 million in the comparative period last year. This net fair value loss was due to a drop in market prices for listed equities, bank contingent convertibles and other bonds during the half year. However, it was slightly offset by a net foreign exchange gain of S\$1.7 million as compared to a loss of S\$0.1 million recorded in the first half of 2019.</p>
Interest Income	7.4	7.3	1.4	
Net foreign exchange gain (net of hedges)	1.7	-	Nm ¹	
Net (loss)/gain on financial assets designated as fair value through profit or loss (FVTPL)	(16.6)	9.6	Nm ¹	
Total income	(6.6)	17.9	Nm¹	

¹ Nm: not meaningful

1. Key Financial Data for 1H 2020

Expenses

	1H 20 S\$m	1H 19 S\$m	Change (%)	Remarks
Management fees	1.1	1.1	-	Total expenses remained relatively unchanged for both half year ended 30 June 2020 and 2019.
Net foreign exchange loss (net of hedges)	-	0.1	Nm ¹	
Other operating expenses	0.9	0.9	-	
Total expenses	2.0	2.1	(4.8)	
Profit before tax	(8.6)	15.8	Nm ¹	
Income tax expense	0.1	0.1	-	
Profit after tax	(8.7)	15.7	Nm¹	For the half year ended 30 June 2020, the Group reported a net loss after tax of S\$8.7 million as compared to a net profit after tax of S\$15.7 million recorded in 1H 2019.

¹ Nm: not meaningful

1. Key Financial Data for 1H 2020

Total comprehensive income

	1H 20 S\$m	1H 19 S\$m	Change (%)	Remarks
Total comprehensive income for the period attributable to shareholders	(8.7)	15.7	Nm ¹	Total comprehensive income for the Group was a loss of S\$8.7 million in 1H 2020 versus S\$15.7 million in 1H 2019.
Basic earnings per share (cents per share)	(0.52)	0.92	Nm ¹	The group achieved earnings per share of negative 0.52 Singapore cents (based on weighted average number of shares of 1.66 billion) in 1H 2020 compared to 0.92 Singapore cents (based on weighted average number of shares of 1.70 billion) in 1H 2019.
Diluted earnings per share (cents per share)	(0.52)	0.92	Nm ¹	

Dividend

	1H 20 S\$m	2H 19 S\$m	Change (%)	Remarks
Dividend	6.5 ²	8.1	(19.8)	The Company has declared an interim dividend of 0.40 Singapore cents per share for the financial year ending 31 December 2020. This dividend will be paid on or about 7 October 2020.

¹ Nm: not meaningful

² FY 20 interim dividend is calculated based on the number of outstanding shares as at 30 June 2020. Actual amount paid will be dependent on the number of outstanding shares on record date.

Statement of Financial Position

	Group as at 30 June 2020 S\$m	Group as at 31 December 2019 S\$m	Change %	Remarks
Assets				
Non-current assets				
Financial assets at fair value through profit or loss	237.0	198.7	19.3	The increase was mainly due to a net purchase of investments, offset by fair value losses as a result of lower market prices.
Total non-current assets	237.0	198.7	19.3	
Current assets				
Cash and cash equivalents	12.7	40.9	(68.9)	The decrease was due to the net purchase of investments and the purchase of treasury shares during the half year.
Financial assets at fair value through profit or loss	51.5	79.9	(35.5)	Comprised investments in listed equities, other bonds and China domestic bonds maturing within a year.
Other assets	4.7	4.1	14.6	Comprised interest and dividend receivable.
Total current assets	68.9	125.0	(44.9)	
Total Assets	305.9	323.7	(5.5)	
Liabilities				
Other liabilities	12.3	2.8	339.3	Comprised fees payable to the Manager, accrual of operating expenses and FY2019 final dividend.
Total Liabilities	12.3	2.8	339.3	
Net assets attributable to shareholders	293.6	320.9	(8.5)	
Equity				
Share capital	270.8	270.8	-	
Treasury shares	(14.8)	(4.2)	252.4	A total of 80,053,100 ordinary shares which amounted to S\$10.6 million were purchased and held as treasury shares during 1H 2020.
Capital reserve	- ¹	- ¹	-	
Retained earnings	37.5	54.3	(30.9)	The decrease was due to a loss after tax of S\$8.7 million and the declaration of FY2019 final dividend of S\$8.1 million.
Total equity	293.6	320.9	(8.5)	
Net asset value per share (S\$ per share)	0.1819	0.1895	(4.0)	

¹ Denotes amount less than S\$0.1m

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2. 1H 2020 Overview

❑ Annual General Meeting for FY2019 (AGM)

- ❑ The Company issued the annual report for FY2019 (Annual Report) on 15 April 2020.
- ❑ On 22 May 2020, the Board announced that AGM would be held by way electronic means on 19 June 2020 at 4.00 p.m. pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The revised Notice of AGM and AGM related documents were announced on 28 May 2020.
- ❑ The record date of the proposed Final Dividend was deferred to 25 June 2020.
- ❑ The AGM presentation slides and the responses to the substantial and relevant questions received from shareholders and Securities Investors Association (Singapore) were published on SGXNET and GIL's website on 18 June 2020.
- ❑ All resolutions put to the vote at the AGM on 19 June 2020 were duly approved and passed by the Company's shareholders.

2. 1H 2020 Overview

❑ Retirement of Director

- ❑ Mr Tan Kok Wee who had served on the Board for more than 9 years, retired from the Board at the AGM.

❑ Appointment of New Independent Director and Reconstitution of Board Committees

- ❑ Mr Charlie Lay was appointed as an Independent Non-Executive Director and the Chairman of Remuneration Committee on 26 June 2020.
- ❑ Mr Ronald Seah Lim Siang was appointed as the Chairman of the Audit and Risk Management Committee on 26 June 2020 and relinquished his position as the Chairman of Remuneration Committee.
- ❑ Mr Boon Swan Foo was appointed as a member of the Nomination and Governance Committee on 26 June 2020.

2. 1H 2020 Overview

❑ **Scrip Dividend Scheme – FY 2019 Final Dividend**

- ❑ The Scrip Dividend Scheme was applied to the final dividend of 0.50 Singapore cents per share for FY 2019 and approximately 59.42% of the total final dividend amount was issued as shares under the scheme.
- ❑ The Company transferred 35,525,430 treasury shares for the allotment of shares at an issue price of 13.50 Singapore cents per share. The shares were listed on 5 August 2020.

❑ **FY 2020 Interim Dividend**

- ❑ Interim dividend of 0.40 Singapore cents per share for FY 2020 is declared on 12 August 2020 and the Scrip Dividend Scheme will be applied to the interim dividend.

2. 1H 2020 Overview

❑ Singapore Governance and Transparency Index 2020

- ❑ The Singapore Governance and Transparency Index (SGTI) 2020 was released in The Business Times on 5 August 2020. The Company was ranked 20th out of 577 listed companies in the SGTI 2020. The Company was awarded SGTI base score of 81 points and bonus score of 24 points. The Company achieved an overall SGTI score of 105 points compared to last year's 106 points.

❑ Cessation of Quarterly Reporting of Financial Results

- ❑ Following the amendments to Rule 705 of the Listing Manual of the Singapore Exchange Securities Trading Limited which took effect on 7 February 2020, the Board, on 23 March 2020, announced that GIL will cease to announce its quarterly financial results and will announce its financial results on a half yearly basis. GIL will also announce its net asset value per share on a quarterly basis.

2. 1H 2020 Overview

❑ Notification of Investigation on Independent Director

- ❑ On 15 June 2020, GIL announced that it had received notification from its Independent Director, Mr Tan Wee Peng Kelvin in relation to the joint investigation into current and former directors, and officers responsible for managing Eagle Hospitality Trust (EHT), in connection with suspected breaches of disclosure requirements under section 203 of the Securities and Futures Act (Cap. 289).
- ❑ After due deliberation, the Board was of the opinion that Mr Tan was able to discharge his duties professionally as an Independent Director of the Company. The business and operation of the Company were not affected by the joint investigation.

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3. Portfolio Composition (By Asset Class*)

Asset Class	As At 30 June 2020 %	As At 31 December 2019 %	Change In Percentage Point %
Listed Equities	11.6	13.4	▼ 1.8
Bank Contingent Convertibles	61.7	43.4	▲ 18.3
Loan Portfolio And Securitisation Assets	3.1	4.8	▼ 1.7
China Domestic Bonds	10.9	12.2	▼ 1.3
Other Bonds	11.0	13.0	▼ 2.0
Cash And Other Assets	1.7	13.2	▼ 11.5
Total	100.0	100.0	-

* Percentage of the Group's net asset value.

3. Portfolio Composition (By Currency Exposure*)

Currency	As At 30 June 2020 %	As At 31 December 2019 %	Change In Percentage Point %
SGD	29.0	25.8	▲ 3.2
USD	33.9	32.1	▲ 1.8
CNH/CNY	14.2	19.2	▼ 5.0
HKD	7.8	8.6	▼ 0.8
EUR	7.0	6.3	▲ 0.7
AUD	5.8	5.9	▼ 0.1
Others	2.3	2.1	▲ 0.2
Total	100.0	100.0	-

* Percentage of the Group's net asset value.

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❑ Listed Equities

- ❑ Equities markets fell sharply initially in March as the spread of COVID-19 crossed China's borders and escalated into a global pandemic. Economic activity came to a halt as countries impose lockdowns.
- ❑ However, investors' risk appetites have since returned, due to unprecedented levels of policy action on both monetary and fiscal fronts by several of the major economies. The sharp rally in the equity markets from the lows in March have seen several equity markets recovering back to end-2019 levels while price-to-earnings multiples are already looking past the impact of COVID-19.
- ❑ Certain sectors and countries have lagged behind the recovery, which could present opportunities. A foreseeable low interest rate environment in the short-term will support equity valuations. Going forward, caution is still called for, amidst the risks of a second wave of infections still present.

4. Outlook

❑ **Bank Contingent Convertibles**

- ❑ The CoCos markets saw issuance volumes decline to US\$25.1 billion in 1H 2020 from US\$93.6 billion from 2H 2019. Credit spreads on the CoCo market widened from 310 bps in 2H 2019 to 614 bps in 1H 2020, having retraced from the wides of 1319 bps during the March sell-off.
- ❑ 1Q 2020 reporting season saw asset quality remained broadly under control thanks to the combination of loan moratoriums, state guarantees and direct government relief. Banks reported increased provisioning for anticipated COVID-19 related loan losses. Regulatory forbearance in the form of bank capital relief measures and the encouraged suspension of equity dividends and share buyback further point to a larger capital cushion for AT1 coupons and reduced write-down risk at this time.
- ❑ Looking forward, the scale of both the Fed and ECB enhanced support programs in the form of lower rates and credit purchases, alongside the creation of a European Recovery Fund, are likely to ease fundamental stress for the asset class.

4. Outlook

❑ **Loan Portfolio And Securitisation Assets**

- ❑ Global CLO issuance for 1H 2020 was US\$47.1 billion, lower as compared to 1H 2019 of US\$107 billion. Refinancing and reset deals accounted for around 52.9% of volumes. Issuance volume has sharply fallen, as CLO spreads have stayed relatively wide this year due to credit deterioration in underlying portfolios.
- ❑ Relative to the same period last year, leveraged lending volumes declined and loan spreads have risen. Broad rating downgrades weighed on new loan issuances, particularly on the industries most affected by COVID-19.
- ❑ As for Australian RMBS, public year-to-date issuances have totalled AUD35.0 billion, flat from last year's AUD35.2 billion over the same period. Over the half year, new issuances were priced within existing ranges, aided by participation from the Australian Office of Financial Management (AOFM)'s Structured Finance Support Fund.

4. Outlook

❑ China Domestic Bonds

- ❑ China onshore bonds have proved to be resilient during the COVID-19 pandemic, as an aggressive response from the Chinese government brought the outbreak under control.
- ❑ Bond yields generally decreased, with 5-year government bond yields falling by 31 bps from the start of the year till June 2020, and 5-year AAA and AA-rated corporate bond yields falling by 8 bps and 6 bps over the same period respectively. However, credit spreads widened, with AAA, AA+ and AA 5-year credit spreads over treasuries increasing by 23 bps, 25 bps and 21 bps respectively, as concerns over the impact on the Chinese economy saw a flight to quality.
- ❑ Being the first-in-first-out of the COVID-19 pandemic, China is likely to lead the global economic recovery. As the economy recovers at a stable pace, monetary policy will focus more on maintaining loose credit conditions instead of relying on liquidity injections, which will lead to the bond market to see greater volatility amidst mixed expectations.

4. Outlook

❑ Other Bonds

- ❑ Credit registered poor performance initially with the COVID-19 outbreak as credit spreads widened to levels last seen in the European sovereign crisis in 2011. However, sentiment improved amid a concerted global easing effort to counter the economic drag from the virus containment measures, essentially retracing about half of their widening.
- ❑ Global credit spreads, as referenced from the Bloomberg Barclays Global High Yield Index, widened from 431 bps at the start of 2020 to 1192 bps at its widest on 23 March, before tightening down to 660 bps as of end June.
- ❑ Search for yield by investors will see continued demand, but uncertainties reside in re-escalation of US-China tensions, and a potential second wave of infections.

4. Outlook

Summary

- ❑ The COVID-19 outbreak and the measures taken to protect public health have led to sharp declines in economic activity and a surge in job losses.
- ❑ Most asset classes rebounded from March's sharp sell-off with unprecedented monetary and fiscal policy response from governments and central banks across the major economies, appeared to have cushioned the initial blow of the pandemic.
- ❑ Some developments in 2H 2020 that are likely to weigh on investors' risk sentiments include:
 - Political risk from US elections
 - The further worsening of economic and political relationships between China and other major economic powers, weighing further on business confidence
 - Potential disappointment of early monetary support withdrawal
 - Impact of further waves of COVID-19 resurgence

4. Company Outlook

❑ **Future Direction and Growth Strategy of GIL**

- ❑ To grow its assets and seek new investments that will generate steady income and potential appreciation in capital to deliver regular dividends and achieve capital growth.
- ❑ Active management of GIL's assets with focus on optimising risk-adjusted asset returns.

❑ **Investment Objective**

- ❑ To seek investment opportunities in high yield credits, hybrid instruments, public and private equities, operating lease assets and securitisation assets.
- ❑ Given the current state of the financial markets, the Company will be selective and focus on fundamental bottom-up analysis, with preference for assets with defensive characteristics, and good cash flow generating ability.