



GLOBAL INVESTMENTS  
LIMITED

# **Global Investments Limited**

## **FY2020 Financial Results**

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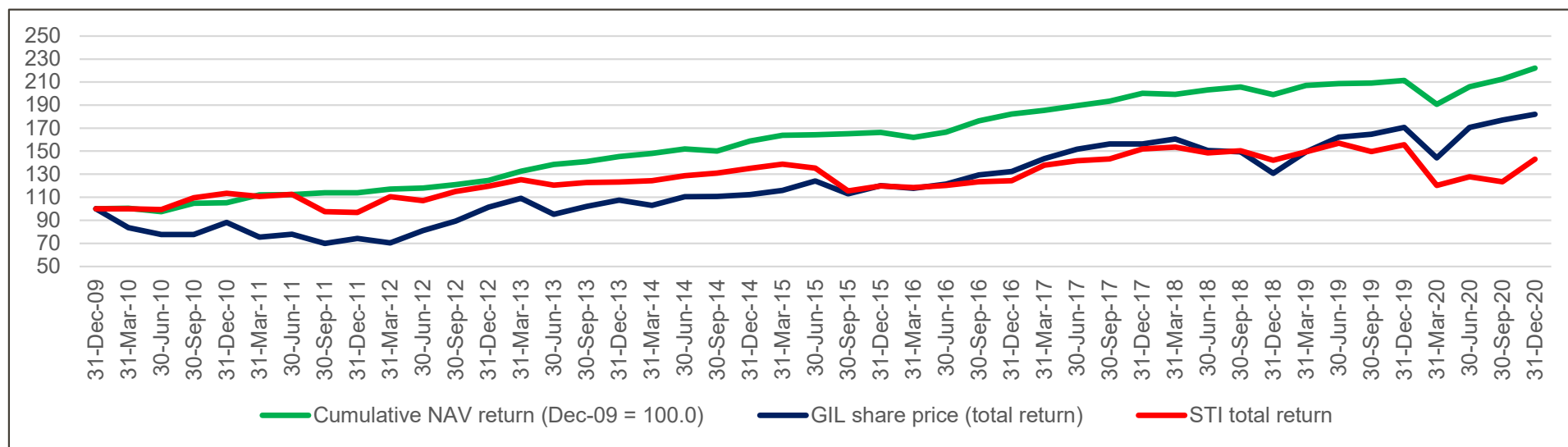
# AGENDA

- 1. Financial Highlights**
2. Corporate Overview
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# Net Asset Value per Share

	FY 20	FY 19	Change (%)	Remarks
Net asset value per share (S\$ per share)	0.1915	0.1895	1.1	The net asset value per share of the Group as at 31 December 2020 was 19.15 Singapore cents after the payment of 2019 final dividend and 2020 interim dividend, 0.50 and 0.40 Singapore cents per share respectively. If the 2019 final dividend was paid and the treasury shares relating to the Scrip Dividend Scheme had been utilised before 31 December 2019, the net asset value per share as at 31 December 2019 would have been 18.37 Singapore cents instead of 18.95 Singapore cents per share. After adjusting for the 2020 interim dividend, the net asset value per share as at 31 December 2020 would have been 19.67 Singapore cents and the increase in net asset value per share would be 7.1%.
	0.1967 (after adjustment for 2020 interim dividend paid and transfer of treasury shares relating to the Scrip Dividend Scheme)	0.1837 (after adjustment for 2019 final dividend paid and transfer of treasury shares relating to the Scrip Dividend Scheme)	7.1	

## Cumulative Performance (Starting from 2010)



# 1. Key Financial Highlights for 2H 2020

## Income

	2H 20 S\$m	2H 19 S\$m	Change (%)	Remarks
Dividend Income	0.7	0.6	16.7	The Group reported an income of S\$25.4 million for the half year ended 31 December 2020, about 3.1 times of the S\$8.1 million recorded in the same period last year. The higher income was mainly contributed by a higher net fair value gain on financial assets at fair value through profit or loss (FVTPL) of S\$17.2 million versus S\$0.3 million recorded in 2H 2019. This sharp recovery was mainly contributed by the increase in valuation from the listed equities and bank contingent convertibles asset classes during 2H 2020.
Interest Income	7.5	7.1	5.6	
Net gain on financial assets at fair value through profit or loss	17.2	0.3	5633.3	
<b>Total income</b>	<b>25.4</b>	<b>8.1</b>	<b>(213.6)</b>	

## Expenses

	2H 20 S\$m	2H 19 S\$m	Change (%)	Remarks
Management fees	1.2	1.2	-	Expenses for the half year ended 31 December 2020 was lower at S\$2.4 million as compared to S\$4.0 million recorded in 2H 2019. This was mainly due to the absence of incentive fee of S\$1.3 million which were recorded in 2H 2019.
Incentive fees	-	1.3	Nm <sup>1</sup>	
Net foreign exchange loss	0.1	0.3	(66.7)	
Other operating expenses	1.1	1.1	-	
<b>Total expenses</b>	<b>2.4</b>	<b>4.0</b>	<b>(40.0)</b>	
Profit before tax	23.1	4.1	463.4	
Income tax expense	0.1	- <sup>2</sup>	-	
<b>Profit after tax</b>	<b>23.0</b>	<b>4.1</b>	<b>461.0</b>	

<sup>1</sup> Nm: not meaningful

<sup>2</sup> Nm: Denotes amount less than S\$0.1m

# 1. Key Financial Data for 2H 2020

## Total comprehensive income

	2H 20 S\$m	2H 19 S\$m	Change (%)	Remarks
Total comprehensive income for the period attributable to shareholders	23.0	4.1	461.0	Total comprehensive income for the Group was S\$23.0 million as compared to \$4.1 million recorded in 2H 2019.
Basic earnings per share (cents per share)	1.41	0.24	487.5	
Diluted earnings per share (cents per share)	1.41	0.24	487.5	

# 1. Key Financial Highlights for FY 2020

## Income

	FY 20 S\$m	FY 19 S\$m	Change (%)	Remarks
Dividend Income	1.6	1.7	(5.9)	The Group reported an income of S\$18.8 million for the year, 27.7% lower than the S\$26.0 million recorded last year. The lower income was mainly contributed by a lower net fair value gain on financial assets at FVTPL of S\$0.7 million versus S\$9.9 million last year. The Group also recorded a net foreign exchange gain of S\$1.6 million during the year as compared to a loss of S\$0.4 million last year.
Interest Income	14.9	14.4	3.5	
Net foreign exchange gain	1.6	-	Nm <sup>1</sup>	
Net gain on financial assets at fair value through profit or loss	0.7	9.9	(92.9)	
<b>Total income</b>	<b>18.8</b>	<b>26.0</b>	<b>(27.7)</b>	

## Expenses

	FY 20 S\$m	FY 19 S\$m	Change (%)	Remarks
Management fees	2.3	2.3	-	Expenses for the current year was lower at S\$4.3 million as compared to S\$6.1 million recorded last year. This was mainly due to the absence of incentive fee of S\$1.3 million and a net foreign exchange loss of S\$0.4 million which were recorded last year.
Incentive fees	-	1.3	Nm <sup>1</sup>	
Net foreign exchange loss	-	0.4	Nm <sup>1</sup>	
Other operating expenses	2.0	2.0	-	
<b>Total expenses</b>	<b>4.3</b>	<b>6.1</b>	<b>(29.5)</b>	
Profit before tax	14.4	19.9	(27.6)	
Income tax expense	0.1	0.1	-	
<b>Profit after tax</b>	<b>14.3</b>	<b>19.7</b>	<b>(27.4)</b>	

<sup>1</sup> Nm: not meaningful

# 1. Key Financial Data for FY 2020

## Total comprehensive income

	FY 20 S\$m	FY 19 S\$m	Change (%)	Remarks
Total comprehensive income for the period attributable to shareholders	14.3	19.7	(27.4)	Total comprehensive income for the Group was S\$14.3 million as compared to \$19.7 million recorded last year.
Basic earnings per share (cents per share)	0.87	1.16	(25.0)	
Diluted earnings per share (cents per share)	0.87	1.16	(25.0)	



# Statement of Financial Position

	Group as at 31 Dec 2020 S\$m	Group as at 31 Dec 2019 S\$m	Change %	Remarks
<b>Assets</b>				
<b>Non-current assets</b>				
Financial assets at fair value through profit or loss	214.3	198.7	7.9	The increase was mainly due to the net purchase of financial assets during the year.
<b>Total non-current assets</b>	<b>214.3</b>	<b>198.7</b>	<b>7.9</b>	
<b>Current assets</b>				
Cash and cash equivalents	26.9	40.9	(34.2)	The decrease was mainly due to the purchase of treasury shares and investments as well as the payment of FY2019 final dividend and FY2020 interim dividend during the year.
Financial assets at fair value through profit or loss	68.2	79.9	(14.6)	Comprised investments in listed equities, bank contingent convertibles, China domestic bonds and other bonds maturing within a year.
Other assets	4.0	4.1	(2.4)	Comprised interest and dividend receivable.
<b>Total current assets</b>	<b>99.1</b>	<b>125.0</b>	<b>(20.7)</b>	
<b>Total Assets</b>	<b>313.5</b>	<b>323.7</b>	<b>(3.2)</b>	
<b>Liabilities</b>				
Other liabilities	1.6	2.8	(42.9)	Comprised fees payable to the Manager and accrual of operating expenses.
<b>Total Liabilities</b>	<b>1.6</b>	<b>2.8</b>	<b>(42.9)</b>	
<b>Net assets attributable to shareholders</b>	<b>311.9</b>	<b>320.9</b>	<b>(2.8)</b>	
<b>Equity</b>				
Share capital	270.8	270.8	-	
Treasury shares	(13.0)	(4.2)	209.5	131,096,600 ordinary shares which amounted to S\$17.6 million were purchased during the year. As part of the Scrip Dividend Scheme, 66,495,785 treasury shares were transferred for the purpose of allotment of shares and amounted to S\$8.8 million.
Capital reserve	0.1	- <sup>1</sup>	-	
Retained earnings	53.9	54.3	(0.7)	
<b>Total equity</b>	<b>311.9</b>	<b>320.9</b>	<b>(2.8)</b>	
<b>Net asset value per share (S\$ per share)</b>	<b>0.1915</b>	<b>0.1895</b>	<b>1.1</b>	

<sup>1</sup> Denotes amount less than S\$0.1m

# Statement of Financial Position

## Return on Equity

	FY 20 %	FY 19 %	Change (%)	Remarks
Return on Equity	4.5	6.1	(26.2)	The Group achieved a lower return on equity (computed based on net profit after tax over the average total equity) of 4.5% in 2020 as compared to 6.1% in 2019 due to lower profit after tax.

## Earnings per Share

	FY 20 cts	FY 19 cts	Change (%)	Remarks
Earnings per Share	0.87	1.16	(25.0)	The Group achieved earnings per share of 0.87 Singapore cents (based on weighted average number of shares of 1.65 billion) for the year ended 31 December 2020 compared to 1.16 Singapore cents (based on weighted average number of shares of 1.70 billion) for the year ended 31 December 2019.

## Dividend

	FY 20 S\$m	FY 19 S\$m	Change (%)	Remarks
Interim Dividend	6.6	8.4	(21.4)	Together with the interim dividend of 0.4 Singapore cents per share paid in October 2020, total dividend for the financial year ended 31 December 2020 will be 0.8 Singapore cents per share as compared to 1.0 Singapore cents per share for the year ended 31 December 2019.
Final Dividend	6.5 (Proposed)	8.1	(19.8)	

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## 2. Corporate Overview

### ❑ Awards

- ❑ GIL will remain on the SGX Fast Track until the next review in 2021. SGX Fast Track recognises the efforts and achievements of listed issuers which have upheld high corporate governance standards and maintained a good compliance track record.

### ❑ 2020 Dividends

- ❑ Interim dividend for FY2020 of 0.40 Singapore cents per share was paid on 7 October 2020.
  - The Company transferred 30,970,355 treasury shares for the allotment of shares at an issue price of 13.30 Singapore cents per share.
  - The proportion of the total interim dividend amount issued as shares pursuant to the Scrip Dividend Scheme was approximately 62.76%.
- ❑ For the final dividend of 2020, the Company recommended a payout of 0.40 Singapore cents per share and the Scrip Dividend Scheme will be applied to it. This payment is subject to the approval of shareholders at the Annual General Meeting.
- ❑ Based on closing share price of 14.20 Singapore cents on 31 December 2020, the full year dividend paid of 0.90 Singapore cents per share represented an annual dividend yield of 6.34%.

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### 3. Portfolio Composition (By Asset Class\*)

Asset Class	As At 31 December 2020 %	As At 31 December 2019 %	Change In Percentage Point %
Listed Equities	12.8%	13.4%	▼ 0.6
Bank Contingent Convertibles	58.0%	43.4%	▲ 14.6
Loan Portfolio And Securitisation Assets	3.1%	4.8%	▼ 1.7
China Domestic Bonds	9.7%	12.2%	▼ 2.5
Other Bonds	7.0%	13.0%	▼ 6.0
Cash And Other Assets	9.4%	13.2%	▼ 3.8
Total	100.0%	100.0%	

\* Percentage of the Group's Net Asset Value.

### 3. Portfolio Composition (By Currency Exposure\*)

Currency	As At 31 December 2020 %	As At 31 December 2019 %	Change In Percentage Point %
SGD	27.8%	25.8%	▲ 2.0
USD	33.7%	32.1%	▲ 1.6
CNH/CNY	14.0%	19.2%	▼ 5.2
HKD	8.6%	8.6%	-
EUR	7.2%	6.3%	▲ 0.9
AUD	5.9%	5.9%	-
OTHERS	2.8%	2.1%	▲ 0.7
Total	100.0%	100.0%	

\* Percentage of the Group's Net Asset Value.

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# 4. Outlook

## Listed Equities

- ❑ Towards the end of year, most Asian economies had emerged from their respective lockdowns, with China and Korea leading the recovery in Asia equities. China was the only major economy to register positive growth. Korea, on the other hand, implemented effective virus containment policies and injected massive stimulus to keep its economy running. Asia recovery is expected to be broad-based, with most economies forecast to experience strong growth in 2021.
- ❑ With vaccination programs scheduled to roll out in 2021, global economy is projected to show improving momentum. US/China relation remains a key risk as both countries has not demonstrated readiness to warm up to each other, post-US election.

## Bank Contingent Convertibles

- ❑ Credit spreads on the CoCo market have tightened significantly into the end of 2020, but it was still not back at the pre-pandemic lows last seen in February 2020. However, the ECB has clearly indicated its stand to assure favourable financing conditions for the duration of the pandemic.
- ❑ Downside risks were still substantial, relating to rising non-performing loans, deleveraging in the banking sector and rising unemployment depressing the wage and inflation outlook. Nonetheless, investors recognised that bank balance sheets were strong enough to withstand the likely asset quality deterioration.

## 4. Outlook

### Loan Portfolio and Securitisation Assets

- ❑ Given the market recovery and vaccine progress, loan upgrades are expected to improve while downgrades remain muted. Spreads are at risk of consolidating in the first half of next year as markets remain vulnerable to shocks due to uncertainties around vaccine distribution and economic recovery. However, central bank support and low net supply across spread products will further support the CLO market.
- ❑ In Australian public RMBS market, primary issuances in March and April were impacted by the pandemic, the market quickly recovered following government support, with a surge in the 4th quarter of the year. Issuances are expected to increase in 2021, while investors' demand will remain strong amidst a low yield environment and Australian RMBS providing attractive relative value.

### China Domestic Bonds

- ❑ As the Chinese economy recovered from the COVID-19 pandemic, investors increased allocation significantly into equities, which saw bond yields moved higher and credit spreads tightened. A number of high-profile defaults including state-owned enterprises and a major automotive company drove a divergence in credit spread movement, with higher quality issuers seeing more spread tightening.
- ❑ The PBOC may shift to a less accommodative monetary policy stance in 2021 to preserve policy room, on the back of China's economic recovery. The tapering of monetary support may be in the form of slowing money and credit supply instead of interest-rate hikes.

# 4. Outlook

## Other Bonds

- ❑ High yield bond prices also saw a strong recovery from the pandemic amid positive vaccine news, a dovish Fed, progress on a new economic relief package, and better than feared earnings. With the exception of emerging markets, high-yield spreads are still higher than lows last seen in February 2020.
- ❑ Going into 2021, given prospects for more vaccine options, ongoing central banks' support, likely additional fiscal support, and improving economic activity, there should be room for further tightening.

## Summary

- ❑ Global equities markets recovered strongly from the trough in March 2020, driven by massive stimulus programs and optimism over vaccine roll-outs.
- ❑ Despite the optimism, investors should be wary of high valuations in the financial markets and watchful for potential risk such as:
  - Deterioration in geopolitical environment, particularly US/China relation
  - The ability to conduct mass vaccination programs across the globe and efficacy of vaccine in face of virus mutations
  - Stimulus-driven inflation and policy tightening could send unexpected shock to the financial markets

## 4. 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.
- ❑ 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.