

GLOBAL INVESTMENTS LIMITED
(Company Registration No. 201900747E)
(Registered in the Republic of Singapore)

Minutes of the 2026 Annual General Meeting (hereinafter referred to as “**AGM**” or the “**Meeting**”)
of Global Investments Limited (hereinafter referred to as the “**Company**” or “**GIL**”)
held at 60 Cecil Street, ISCA House, Level 4, Function Room 4-2/4-3, Singapore 049709
on Wednesday, 29 April 2026 at 10.00 a.m.

PRESENT:

Board of Directors

Boon Swan Foo	Non-Executive Chairman
Abdul Jabbar Bin Karam Din (via video-conference)	Lead Independent Director
Lay Charlie Nhuc Hiang	Independent Director
Ng Thiam Poh	Independent Director
Tan Mui Hong	Non-Executive Non-Independent Director Chief Executive Officer of the Manager

Shareholders

As set out in the attendance record

BY INVITATION:

Ke Peiyi	Partner, Ernst & Young LLP
Brian Thung	Partner, Ernst & Young LLP
Dennis Chan	Senior Manager, Ernst & Young LLP

IN ATTENDANCE:

Loh Cher Sze	Managing Director (Investments), Singapore Consortium Investment Management Limited
Tan Sock Kiang	Assistant Company Secretary and VP, Legal & Corporate Secretariat, Singapore Consortium Investment Management Limited
Chin Yee Seng	Company Secretary and representative of In.Corp Corporate Services Pte. Ltd.
Jorie Tan	Representative of Share Registrar, In.Corp Corporate Services Pte. Ltd.
Pong Wei Jian	Representative of Scrutineer, Virtus Assure Pte. Ltd.
Cathy Cao	Representative of Polling Agent, Septus Singapore Private Limited

1. Quorum

The meeting was chaired by Mr Boon Swan Foo (“**Chairman**” or “**Mr Boon**”). Having been advised that a quorum of members was present, the Chairman called the Meeting to order.

2. Notice of Meeting and Agenda and Chairman’s opening address for AGM

The Chairman welcomed the Shareholders to GIL’s AGM which was held physically. The Chairman proceeded to introduce to the Shareholders his fellow Directors who were present at the AGM, namely, Ms Tan Mui Hong (“**Ms Tan**”)⁽¹⁾, Dr Lay Charlie Nhuc Hiang⁽²⁾ and Mr Ng Thiam Poh⁽³⁾. The Lead Independent Director, Mr Abdul Jabbar Bin Karam Din⁽⁴⁾ attended the AGM via video-conference.

The Chairman informed the Shareholders that the Company has appointed Septus Singapore Private Limited as the polling agent (“**Polling Agent**”) and Virtus Assure Pte. Ltd. as the independent scrutineers.

With the consent of the Meeting, the Notice of AGM was taken as read.

3. Presentation by Chairman

The Chairman gave an overview of GIL’s corporate performance in 2025 as follows:

- (i) Governance;
- (ii) Awards and Accolades;
- (iii) Interim Dividend; and
- (iv) Final Dividend.

4. Presentation by Ms Tan

The Chairman invited Ms Tan to provide Shareholders with an overview of the Company’s financial performance in 2025 as follows:

- (i) Net Asset Value (“**NAV**”) Performance;
- (ii) Quarterly NAV Performance;
- (iii) Net Profit After Tax (S\$ million);
- (iv) Total Income (S\$ million);
- (v) Earnings Per Share (Singapore cents);
- (vi) Return On Equity (%);
- (vii) Dividend/Bonus & Yield (S\$ million and %);
- (viii) Breakdown by Asset Class (as at 31 December 2025); and
- (ix) Breakdown by Currency (as at 31 December 2025).

A copy of the presentation slides presented by the Chairman and Ms Tan is attached as **Appendix B**.

5. Questions and Answers Session

The Chairman invited questions from the Shareholders.

A copy of the questions from the floor and responses to the questions by the Directors is attached as **Appendix A**.

(1) Non-Executive Non-Independent Director and CEO of the Manager
(2) Independent Director and Chairman of the Audit & Risk Management Committee
(3) Independent Director and Chairman of the Sustainability & Remuneration Committee
(4) Lead Independent Director and Chairman of the Nomination & Governance Committee

6. Voting Procedures

The Chairman informed that all resolutions at the AGM would be voted on by poll. All the resolutions tabled are ordinary resolutions requiring a simple majority in votes of the Shareholders. He further informed that he was appointed as the proxy for some Shareholders and would be voting on their behalf in accordance with their instructions.

The Polling Agent then played a video on the voting to guide Shareholders on how to use the online electronic voting platform. The Chairman reminded Shareholders that technical support was available if they encountered difficulties with the voting platform.

After the briefing on voting procedures, the Chairman proceeded to address the formal business of the meeting as set out in the Notice of AGM and the formal resolutions to be put to the meeting.

ROUTINE BUSINESS

7. Resolution 1: To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2025 and the Directors' Statement and Auditors' Report thereon

The Chairman proposed the motion.

The Chairman invited the Shareholders to raise questions in relation to Resolution 1. As no questions were asked by the Shareholders, the Chairman invited Shareholders to second Resolution 1.

Resolution 1 was seconded by Mr Lim Tow Ghee, a Shareholder and put to a vote.

The Polling Agent presented the results of the poll on Resolution 1 as follows:

Ordinary Resolution 1	For		Against	
	Number of Shares	%	Number of Shares	%
	590,131,100	99.980	118,088	0.020

The Chairman declared Resolution 1 carried.

8. Resolution 2: Declaration of a final tax exempt one-tier dividend of 0.40 cents per ordinary share

The Chairman proposed the motion.

The Chairman invited the Shareholders to raise questions in relation to Resolution 2. As no questions were asked by the Shareholders, the Chairman invited Shareholders to second Resolution 2.

Resolution 2 was seconded by Mr Lim Li Seah, a Shareholder and put to a vote.

The Polling Agent presented the results of the poll on Resolution 2 as follows:

Ordinary Resolution 2	For		Against	
	Number of Shares	%	Number of Shares	%
	590,687,733	99.995	31,382	0.005

The Chairman declared Resolution 2 carried.

9. Resolution 3: Re-election of Ms Tan Mui Hong as Director

The Chairman informed that Ms Tan, being eligible, has offered herself for re-election. If re-elected, Ms Tan who is a Non-Executive Non-Independent Director, will remain as a member of the Audit & Risk Management Committee and a member of the Sustainability & Remuneration Committee.

The Chairman proposed the motion.

The Chairman invited questions from the Shareholders in relation to Resolution 3. As no questions were asked by the Shareholders, the Chairman invited Shareholders to second Resolution 3.

Resolution 3 was seconded by Mr Lim Li Seah, a Shareholder and put to a vote.

The Polling Agent presented the results of the poll on Resolution 3 as follows:

Ordinary Resolution 3	For		Against	
	Number of Shares	%	Number of Shares	%
	594,570,588	99.942	345,091	0.058

The Chairman declared Resolution 3 carried.

10. Resolution 4: Approval of Directors' fees for the financial year ending 31 December 2026

The Chairman proposed the motion.

The Chairman invited questions from the Shareholders in relation to Resolution 4. As no questions were asked by the Shareholders, the Chairman invited Shareholders to second Resolution 4.

Resolution 4 was seconded by Mr Teo Kee Wat, a Shareholder and put to a vote.

The Polling Agent presented the results of the poll on Resolution 4 as follows:

Ordinary Resolution 4	For		Against	
	Number of Shares	%	Number of Shares	%
	594,374,813	99.959	245,366	0.041

The Chairman declared Resolution 4 carried.

11. Resolution 5: Re-appointment of Ernst & Young LLP as Auditors of the Company and authorise the Directors to fix their remuneration

The Chairman informed that Ernst & Young LLP have expressed their willingness to accept re-appointment as Auditors of the Company.

The Chairman proposed the motion.

The Chairman invited questions from the Shareholders in relation to Resolution 5. As no questions were asked by the Shareholders, the Chairman invited Shareholders to second Resolution 5.

Resolution 5 was seconded by Mr Lim Li Seah, a Shareholder and put to a vote.

The Polling Agent presented the results of the poll on Resolution 5 as follows:

Ordinary Resolution 5	For		Against	
	Number of Shares	%	Number of Shares	%
	589,654,986	99.927	431,797	0.073

The Chairman declared Resolution 5 carried.

SPECIAL BUSINESS

12. Resolution 6: Renewal of Share Issue Mandate

The Chairman explained that the resolution would confer authority on the Directors of the Company to issue new shares and to make or grant other instruments convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 50% of the total issued shares, with a sub-limit of 20% for issues other than on a pro-rata basis to Shareholders.

He further explained that the resolution was a general mandate as contemplated by the SGX-ST Listing Manual and would facilitate capital raising for new investments and other activities during the year without having to convene a special general meeting to approve the issue. If approved, this authority would, unless revoked or varied at a general meeting, remain in place until the conclusion of the next AGM.

Although there were no plans to raise equity at the moment, Resolution 6, if approved by Shareholders, would grant the Board the flexibility to do so if and when an opportune time arises.

The Chairman proposed the motion.

The Chairman invited questions from the Shareholders in relation to Resolution 6. As no questions were asked by the Shareholders, the Chairman invited Shareholders to second Resolution 6.

Resolution 6 was seconded by Mr Lim Tow Ghee, a Shareholder and put to a vote.

The Polling Agent presented the results of the poll on Resolution 6 as follows:

Ordinary Resolution 6	For		Against	
	Number of Shares	%	Number of Shares	%
	589,273,865	99.766	1,384,159	0.234

The Chairman declared Resolution 6 carried.

13. Resolution 7: Renewal of Share Buyback Mandate

The Chairman explained the rationale for the Company to undertake the purchase or acquisition of its shares and the circumstances where the purchase or acquisition of shares would and would not be undertaken. If approved, the resolution would authorise the Directors from the date of the AGM to repurchase shares of the Company by way of on-market purchases or off-market purchases on equal access scheme of up to 10% of the total number of issued shares at the maximum price, details of which are set out in the Addendum to the Notice of AGM.

The Chairman proposed the motion.

The Chairman invited questions from the Shareholders in relation to Resolution 7. As no questions were asked by the Shareholders, the Chairman invited Shareholders to second Resolution 7.

Resolution 7 was seconded by Mr Toh Chew Yak, a Shareholder and put to a vote.

The Polling Agent presented the results of the poll on Resolution 7 as follows:

Ordinary Resolution 7	For		Against	
	Number of Shares	%	Number of Shares	%
	594,528,206	99.945	326,382	0.055

The Chairman declared Resolution 7 carried.

14. Resolution 8: Authority to issue shares pursuant to the Scrip Dividend Scheme

The Chairman explained that the resolution would confer authority on the Directors of the Company to issue shares (including but not limited to shares held in treasury) pursuant to the GIL Scrip Dividend Scheme (the “**Scheme**”) to enable Shareholders to elect to receive scrip in lieu of all or part of the cash amount of the qualifying dividend. If Resolution 8 was passed, shares issued pursuant to the Scheme would not be subject to the limits on the aggregate number of shares that may be issued pursuant to the Share Issue Mandate under Resolution 6.

The Chairman proposed the motion.

The Chairman invited questions from the Shareholders in relation to Resolution 8. As no questions were asked by the Shareholders, the Chairman invited Shareholders to second Resolution 8.

Resolution 8 was seconded by Mr Toh Chew Yak, a Shareholder and put to a vote.

The Polling Agent presented the results of the poll on Resolution 8 as follows:

Ordinary Resolution 8	For		Against	
	Number of Shares	%	Number of Shares	%
	591,978,720	99.859	838,707	0.141

The Chairman declared Resolution 8 carried.

15. CLOSE OF BUSINESS

There being no further business, the Chairman declared the Meeting closed at 11.32 a.m. and thanked all present for attending the meeting. The Chairman extended his well-wishes to all Shareholders and invited them to attend the hosted buffet lunch.

Confirmed as a correct record
 of the proceeding of the Meeting

Boon Swan Foo
 Chairman

Appendix A to the Minutes of 2026 GIL AGM

Questions and Answers Session

	Shareholder / Director	Question / Response
1.	Mr Toh Chew Yak ("Mr Toh")	(1) What percentage of your assets, whether in risky investments or cash, are currently held in U.S. dollars? The trend suggests the U.S. dollar may fall further. (2) What about the rest of your portfolio, could you provide a breakdown of your holdings in Euros, Renminbi, or Singapore dollars?
	Mr Boon	The breakdown is on page 4 of the Annual Report.
	Ms Tan	[Ms Tan referred to the presentation slide on the Breakdown by Currency (slide 22)] This is the breakdown by currency, about 30% in USD and 27.5% in SGD. We adopt a stable, three-way diversification, roughly one-third each in USD, SGD and other currencies. We maintain a significant USD position as there are much more opportunities in fixed income and structured products in USD market, compared to SGD or CNY markets. This "triangular" approach is designed to balance stability with better returns. Our strategy for managing the currency risk is to diversify among several currencies.
	Mr Toh	Over the last two years, the U.S. dollar has lost more than 10% of its value. Many forecasts suggest this could continue and some even predict a 30% to 50% drop, possibly driven by a policy shift toward trade competitiveness. The U.S. is struggling with its national debt and the government is resorting to aggressive trade policies and involvement in Middle Eastern conflicts. However, these efforts are unlikely to yield success. We are seeing de-dollarisation accelerating in China and Europe as they try to move away from U.S. control. The interest that you earn from the yield is so much less than the loss in the currency value. I believe holding U.S. debt instruments would increase your risk profile. What is your outlook and what is your advice on adjusting the portfolio?
	Ms Tan	Our fund mandate focuses on global fixed income, and adopted USD as a functional currency originally. We changed the functional currency to SGD in 2012 and have diversified the currency mix. By taking a long-term approach, the annual yield advantage from our bond holdings consistently outweighs any currency fluctuations. While news headlines often highlight sharp, short-term currency swings, these fluctuations tend to level out over a longer horizon. The additional yield we earn remains sufficient to cushion the impact of these movements. We are not increasing our risk profile. Despite the recent crisis, U.S. interest rates have largely stabilised, allowing us to achieve reasonable returns without overextending.
	Mr Boon	The Board pays special attention to currency and interest rate risks, with detailed management strategies outlined in the annual report (pages 85 to 96). Over the last three years, our USD allocation has remained prudent because returns from higher U.S. interest rates balance out the currency volatility. Since we are SGD-based, even a portfolio that mirrors a trade-weighted basket of currencies would still have a high USD component. Therefore, investing across different currencies is necessary. The Manager continues to mitigate these risks through active oversight and careful balancing.

2.	Mr Soo Kwok Weng ("Mr Soo")	<p>(1) Your investment in terms of Hong Kong dollars has gone up to 74% last year. Can you let us know what is the rationale of that?</p> <p>(2) Is the Company involved in any private credit in the private credit market?</p>
	Ms Tan	<p>We are currently not involved in private credit. While the Fund held such positions at the IPO stage, given the Fund's mandate allows for private equity and private credit, we have since strategically shifted out of those holdings.</p> <p>In terms of direct private credit specifically issuing direct loans to a company or participating in small lending syndicates, we are not currently active in that space, despite having the mandate to do so. While we have not committed to it yet, we may consider such opportunities in the future if market conditions improve following the current downturn.</p> <p>Regarding the Hong Kong dollar, the 74% figure you see refers specifically to the equity portfolio, as a percentage of the total Net Asset Value (NAV). Hong Kong exposure is only 12.2% and this consists primarily of Hong Kong shares (H-Shares) rather than bonds. Since the Hong Kong dollar is pegged to the U.S. dollar but offers much lower yields, we prefer U.S. dollar bonds for fixed income.</p>
3.	Mr Foo Kong Jiang ("Mr Foo")	<p>Could you clarify the strategy behind your share buybacks? Previously, you mentioned that these buybacks provide liquidity for shareholders looking to exit. Is the cash used for the share buyback directly from your investment fund? Is the primary goal to support the share price or to facilitate these exits? Has the Board considered reallocating those funds toward a higher dividend payout, perhaps increasing it by 0.1 cent to 0.5 cents per share? Please share your thoughts.</p>
	Ms Tan	<p>The cash that we used for share buybacks is effectively returned back to shareholders when you opt for the scrip dividend, that value is returned to you in the form of scrip shares.</p> <p>There was at one time a lot of feedback from shareholders that the share price discount to the NAV was very high.</p> <p>We initiated the share buyback program in response to shareholders' feedback regarding the substantial discount of our share price relative to its NAV.</p> <p>Under the Fund's previous incorporation in Bermuda, any shares repurchased had to be cancelled immediately. To avoid this, we chose to redomicile to Singapore early even before government schemes or grants were available, specifically so we could retain the flexibility to hold those repurchased shares as treasury shares.</p> <p>Since redomiciling to Singapore and initiating our share buyback program, we have successfully narrowed the share price discount to NAV compared to when we were not conducting buybacks.</p> <p>Our share buyback program is designed to bridge the gap between a closed-end fund and an open-ended one. While we are structurally a closed-end fund, the buybacks offer a level of liquidity similar to the redemption feature of a unit trust.</p>

		<p>However, we must operate within strict regulatory limits. We cannot hold more than 10% of our shares as treasury shares, we are capped at purchasing 10% between AGMs, and we cannot exceed a specific price ceiling based on the previous five days' trading average. Within these constraints, the program remains highly beneficial. By opting for the scrip dividend, which is typically priced attractively, and gradually selling those shares into the market rather than dumping them all at once, shareholders can effectively enhance their overall returns.</p>
	Mr Foo	<p>Are you considering issuing another bonus share similar to the one two years ago, as a way to reward shareholders?</p>
	Ms Tan	<p>Instead of a traditional bonus issue via new shares, we utilise treasury shares acquired through our buyback programme. However, if we have retained earnings, we will declare a normal dividend. We only issue bonus shares from the treasury shares in the event of significant mark-to-market losses, such as those caused by extreme geopolitical instability, although we remain confident in the long-term recovery and low-risk nature of our investments. In the event that we are unable to declare dividend from retained earnings, then we will do the bonus issue.</p> <p>We are motivated to execute bonus issues during market downturns. As share price discounts widen, we can accelerate our buyback programme. Since regulatory limits prevent us from holding more than 10% in treasury shares, these repurchased shares can be redistributed to shareholders as bonus issues.</p> <p>Since assuming management, we have distributed approximately S\$240 million in dividends to our shareholders. While retaining these funds would have increased the management fees, we prioritised shareholder distributions instead.</p> <p>Our share buyback programme is not intended to fully eliminate the discount to NAV which is a common characteristic of mutual funds. By using repurchased shares for bonus issues when retained earnings are low, we create a stable distribution mechanism. This helps mitigate price volatility to shareholders.</p>
4.	Mr Toh	<p>You have likely heard about the Bank of England Deputy Governor's recent warnings that the stock market might crash. The Company has a significant exposure to the U.K. (36.7% of its AT1 (Additional Tier 1) and Tier 2 bonds, as noted in the Annual Report). How do you determine if a U.K. company is using these specific bonds to borrow? If the stock market crashes, will these bonds disappear? What is the risk?</p>
	Ms Tan	<p>While our U.K. exposure appears high, it is primarily our HSBC holdings. As HSBC is regulated by the U.K.'s Financial Services Authority (FSA), it is classified as a U.K. entity. However, their operations are global, with significant business in Asia, Hong Kong, and China. Hence, our actual U.K. specific risk is lower than the classification suggests.</p> <p>While an equity market crash might cause AT1 and Tier 2 bond prices to decline, it does not necessarily mean that the bonds would become credit-impaired. We believe the credit risk remains manageable because these are major banks with strong capital adequacy, and they are highly regulated. These instruments offer higher yields and</p>

		<p>are institutional investments, which are usually less directly accessible to retail investors.</p> <p>By holding this Fund, you gain diversified exposure to complex instruments like AT1, Tier 2, and CLO. These assets are typically difficult to manage or access individually. Recent MAS regulations have tightened the distribution of these securities to retail clients. High minimum entry points (often S\$1 million per bond) make building a balanced portfolio nearly impossible for most. The Fund bridges this gap, providing access to institutional opportunities for retail investors, with professional risk management and diversification.</p> <p>Conversely, we generally avoid investing in REITs (Real Estate Investment Trusts) because they are easily accessible and cost-effective for you to hold directly in your CDP account. There is no reason for you to pay us management fees for something you can manage yourself at low cost. Furthermore, as a corporate entity, we do not enjoy the same tax advantages available to individual investors, making REITs a less efficient addition to our portfolio than they are to yours.</p>
5.	Mr Soo	What is the impact on the Company by the Iran war?
	Ms Tan	<p>Current geopolitical tensions are undeniably affecting the investment environment. However, as the market processes constant news cycles, investors often develop a psychological tolerance to the risk, causing initial shocks to diminish over time. History shows that while headline driven events trigger short-term volatility, markets eventually pivot to broader economic fundamentals once the news fatigue sets in.</p> <p>As a fund manager, we do not typically focus on geopolitical events unless they cross over into the economy. While the politics of a conflict might not change our strategy, the economic fallout, specifically the supply shocks to oil and commodities like fertiliser definitely does. Most of these initial shocks have already been priced in, and governments are actively working to mitigate them. However, the real concern is the upward pressure on interest rates and inflation. A scenario where growth slows while inflation and rates remain high is particularly challenging for the investment environment.</p> <p>Our portfolio is positioned defensively, with only about 20% allocated to equities. Most of our holdings are in Hong Kong and China, and since many of these positions have seen significant gains, we can take profits if needed. For now, we will just monitor the situation closely.</p> <p>Even though we are managing a high-yield portfolio, our bond strategy is quite defensive. We have focused on junk bonds from stronger, regulated issuers, including the AT1s. To address the question on private credit, this is not like the last crisis where the banking sector led to negative returns. The current volatility in private credit is concentrated within Non-Bank Financial Institutions (NBFIs). While asset managers like ourselves fall into this category, we have no direct exposure to private credit. Insurance companies which are also NBFIs often hold significant private credit allocations, making them higher-risk in the current environment.</p> <p>While the ongoing geopolitical conflict may cause some short-term mark-to-market volatility, but we do not think it will affect our portfolio</p>

		that much. If interest rates are higher, we can source for higher quality assets for the same yield. As you know, our philosophy is not about chasing higher risk for higher return. In fact, if we can find a way to get the same return with less risk, that is the path we will take to maintain the return.
	Mr Boon	Following our NAV announcement for the first quarter about two days ago, we noted a marginal decrease in the NAV per share. However, market conditions showed signs of stabilisation in April. For now, we view this as a short-term impact but we remain vigilant. The Manager is actively monitoring the market and the Board will continue its oversight responsibility through quarterly reviews with the Manager to discuss these issues.
6.	Mr Lim Wing Whye	<p>A few years ago, there was a bank, I believe it was Credit Suisse, where the Company had bought some CLOs. Then, they suddenly disappeared so quickly that there was no chance to even sell off the position, and we took a loss. Since we still hold this category of CLO and AT1 assets, and as another shareholder mentioned, these are very opaque asset classes, even good managers like yourselves might not be able to anticipate such events. How does the Board intend to anticipate or pre-emptively monitor these risks more closely?</p> <p>I am also concerned because U.S. regional banks can fail very quickly. We saw five of them go under just two or three years ago. Even if we do not hold them directly, the underlying instruments in our portfolio might be tied to those kinds of banks or stocks. Someone mentioned HSBC, I used to think of them as the 'DBS of the world,' but even a bank like HSBC can show weakness. If we do hold HSBC, perhaps we should look at trimming the position and taking some profit, because no bank is too big to fail. The important thing I want to ask the Board is, how are you managing our exposure to CLOs, AT1s, and AT2s? In general, how do you anticipate these risks so we do not take another hit like we did with Credit Suisse?</p>
	Ms Tan	<p>A significant portion of our AT1 holdings is non-investment grade (high-yield). To generate the distributable income this portfolio requires, we must naturally allocate primarily to this segment, though we do hold some investment-grade positions. By participating in this market, we are inherently exposed to its specific risks.</p> <p>The primary volatility we see is mark-to-market risk, the daily price fluctuations, but if we do not liquidate the position, that risk does not crystallise. Our more critical concern is credit risk. For non-investment grade debt, we monitor Moody's and S&P data to ensure our portfolio's default probability remains below historical averages.</p> <p>Regarding the previous Credit Suisse AT1s write-down, while we lost the principal, it was not a total loss in economic terms. We had already collected significant interest coupons prior to the default event. Furthermore, our historical default rate remains significantly lower than industry statistics.</p> <p>We manage these risks through several strategies:</p> <ul style="list-style-type: none"> • Mark-to-Market: We avoid selling during dips to prevent being whipsawed by market volatility. • Currency Risk: We maintain a diversified FX exposure, roughly split into three groups, to mitigate volatility. Since we stick to major

		<p>currencies rather than volatile emerging markets, annual fluctuations are manageable.</p> <ul style="list-style-type: none"> • Equities vs Fixed Income: In our equity sleeve, volatility is higher and stop-losses are more frequent if a company's fundamentals deteriorate. However, for bonds, if the credit profile remains intact, we will hold through a markdown rather than selling at a loss
7.	Mr Wong Meng Cheong ("Mr Wong")	<p>I want to understand your conceptual approach to risk. You operate in a very interesting, albeit volatile, area of the market. Your focus on diversification is excellent and quite helpful, especially since some investments, for example Credit Suisse, can occasionally disappoint. Generally, you seem to stay away from investment-grade bonds. While statistics vary depending on the rolling 10-year period sampled, some suggest a basket of investment-grade bonds carries a default risk of about 3%. Since we expect high-yield assets to carry a higher risk than investment-grade ones, I am curious about your outlook. If we use that 3% benchmark for investment-grade bonds, what level of default risk do you anticipate for the assets you invest in, such as CLOs and AT1s?</p>
	Ms Tan	<p>Over the long term, the default rate for this portfolio will certainly exceed that of investment-grade (IG) bonds. While we do hold some IG securities, they primarily serve as a temporary cash proxy to mitigate price risk and provide liquidity when we need to redeploy capital.</p> <p>Historically, our default rate has not breached the 3% mark, even accounting for events like the Credit Suisse write-down. However, given our mandate and dividend distribution targets, a 4% annual default rate is a threshold we are comfortable with.</p> <p>If you look back at the Babcock & Brown era, the risk profile was significantly more aggressive. At that time, the loss given default rate was likely around 10% per annum. Because the fund aimed for a 10% distribution yield, the expected default rate was naturally very high.</p> <p>We have since shifted our strategy toward the higher-quality end of the high-yield spectrum. We cannot maintain a permanent allocation to investment-grade bonds because, after expenses, the net yield is insufficient to support our distribution targets. Furthermore, we aim to provide value where individual investors cannot easily replicate the strategy. IG bonds are easily accessible but offer low yields, typically 2% to 3%, which simply does not meet our performance objectives.</p>
	Mr Wong	<p>Many in the industry suggest that investment-grade bonds carry a ballpark default risk of about 3% over time. In my opinion, if you can maintain a 4% rate within a higher-yielding portfolio, that is actually a very strong performance, especially given the reality that these assets sit lower in the capital structure than investment-grade debt. For my last question, regarding transaction costs for entering and exiting positions like AT1s and similar securities, which I assume is 'bread and butter' for you, what is the ballpark cost? How do you manage these costs over time, considering they can really add up?</p>
	Ms Tan	<p>Transaction costs for equities are transparent as brokerage fees and exchange costs are clearly listed. For bonds, the process is more opaque. We are not charged a traditional brokerage fee, the primary cost of execution is the bid-ask spread instead.</p>

		<p>Since the Global Financial Crisis (GFC), liquidity has tightened because banks are less willing to hold inventory on their balance sheets. Since they no longer act as primary market makers, they must find a counterparty for every trade, matching a buyer to every seller, which widens the spread.</p> <p>Fortunately, our strategy is primarily 'buy-and-hold' to maturity. If we buy a bond at 99 and sell at 98, that one-point spread is negligible when amortised over a five-year holding period, only about 20 basis points per year. When compared to the coupon income, it is quite manageable.</p> <p>The bond market remains largely Over-the-Counter (OTC). Even for bonds listed on an exchange, there is often no central pricing and quoted prices can vary significantly from actual execution levels. We subscribe to Bloomberg, which offers tools like ALLQ to track indicative quotes and other features to monitor actual trade and real-time spreads. Using these mechanisms allows us to achieve better price discovery and execution, though the market remains fundamentally different than it was pre-GFC.</p>
8.	Mr Soo	<p>Is AI being used in your investment decisions? We are hearing so much about AI everywhere now, and even banks are integrating it into their operations. As an investment company, are you using AI to help guide your decision-making process?</p>
	Ms Tan	<p>Our fund managers would still rely on experience to evaluate information and data presented to them, whether these are from internal or external sources, AI-generated or otherwise.</p>