



GLOBAL INVESTMENTS
LIMITED

Global Investments Limited

2017 Half Year Results
Period ended 30 June 2017

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AGENDA

1. Key Financial Data for 1H 2017

2. 2017 Half Year Overview

3. Portfolio Composition

4. Outlook

1. Key Financial Data for 1H 2017

Net Profit after tax

	1H 17 S\$m	1H 16 S\$m	Change (%)	Remarks
Net profit after tax	11.6	12.3	(5.7)	For the half year ended 30 June 2017, the Group's net profit was slightly lower at S\$11.6 million compared to S\$12.3 million recorded in 1H 2016.

Revenue

	1H 17 S\$m	1H 16 S\$m	Change (%)	Remarks
Dividend Income	0.7	0.8	(12.5)	The Group reported a lower revenue of S\$ 20.0 million for 1H 2017 compared to S\$21.7 million in 1H 2016 mainly due to the absence of gain from sale of Ascendos in the current year. The lower gain on sale of investments was offset by net gain on financial assets designated as fair value through profit or loss of S\$1.6 million as well as net foreign exchange gain of S\$1.9 million in 1H 2017.
Interest Income	8.8	7.7	14.3	
Net foreign exchange gain (net of hedges)	1.9	-	Nm	
Net gain on sale of investments	7.0	13.4	(47.8)	
Net gain/(loss) on financial assets designated as fair value through profit or loss	1.6	(0.2)	Nm	
Total revenue	20.0	21.7	(7.8)	

- Nm: not meaningful

1. Key Financial Data for 1H 2017

Expenses

	1H 17 S\$m	1H 16 S\$m	Change (%)	Remarks
Management fees	1.1	1.0	10.0	Total expenses for 1H 2017 was S\$6.4 million compared to S\$4.0 million in 1H 2016. This was mainly due to 1H 2017 incentive fee of S\$4.2 million partially offset by an absence of net foreign exchange loss of S\$1.9 million in 1H 2017.
Incentive fees	4.2	-	Nm	
Net foreign exchange loss (net of hedges)	-	1.9	Nm	
Finance costs	- *	- *	-	
Other operating expenses	1.1	1.1	-	
Total expenses	6.4	4.0	60.0	
Net impairment expense	1.9	5.4	(64.8)	The Group recognised a net impairment expense of S\$1.9 million in 1H 2017 compared to S\$5.4 million in 1H 2016. Net impairment expense during 1H 2017 was mainly contributed by the impairment of listed equities and bonds, partially offset by the reversal of impairment following the sale of bonds and a bank contingent convertible. In 1H 2016, the Group recognised an impairment expense from its portfolio of listed equities.
Profit before tax	11.7	12.4	(5.6)	
Income tax expense	0.1	- *	Nm	
Profit after tax	11.6	12.3	(5.7)	

- Denotes amount less than S\$0.1m
- Nm: not meaningful

1. Key Financial Data for 1H 2017

Total comprehensive income

	1H 17 S\$'m	1H 16 S\$'m	Change (%)	Remarks
Other comprehensive income Items that may be reclassified subsequently to profit or loss Available-for-sale financial assets				Other comprehensive income for 1H 2017 amounted to S\$0.7 million compared to a loss of S\$12.2 million in 1H 2016. This is mainly contributed by a net fair value gain of S\$7.8 million for available-for-sale ("AFS") financial assets, partially offset by reclassification of fair value gain of S\$2.8 million to profit and loss following the sale and impairment of AFS financial assets and a translation loss of S\$4.4 million. In the same period last year, the loss of S\$12.2 million was mainly due an overall negative movement in the AFS financial asset revaluation reserve of S\$6.0 million as well as a translation loss of S\$6.2 million.
- Fair value gain/(loss)	7.8	(3.7)	Nm	
- Reclassification to profit or loss	(2.8)	(2.4)	16.7	
Currency translation differences arising from consolidation				
- (Loss)	(4.4)	(6.2)	(29.0)	
Other comprehensive income for the period after tax	0.7	(12.2)	Nm	
Total comprehensive income for the period attributable to shareholders	12.3	0.1	Nm	Total comprehensive income for the Group was S\$12.3 million in 1H 2017 versus S\$0.1 million in 1H 2016.
Basic earnings per share (cents per share)	0.74	0.84	(11.9)	The group achieved earnings per share of 0.74 Singapore cents (based on weighted of shares of 1,572.44 million after taking into account the additional shares issued pursuant to the Scrip Dividend Scheme) in 1H 2017 compared to 0.84 Singapore cents (based on weighted average number of shares of 1,464.24 million) in 1H 2016.
Diluted earnings per share (cents per share)	0.74	0.84	(11.9)	

- Nm: not meaningful

Statement of Financial Position

	Group as at 30 June 2017 S\$m	Group as at 31 December 2016 S\$m	Change %	Remarks
Assets				
Non-current assets				
Loans and receivables	53.3	54.0	(1.3)	Comprised investments in Collateralised Loan Obligations ("CLO"), Asset Backed Securities ("ABS") and a bond. Portfolio was relatively unchanged during the period.
Available-for-sale financial assets	136.6	128.1	6.6	Comprised investments in bonds and bank contingent convertibles and the increase was mainly due to the net purchases during the period and increase in valuation.
Financial assets at fair value through profit or loss	74.6	63.0	18.4	Comprised investments in bonds and bank contingent convertibles and the increase was mainly due to the net purchases during the period and increase in valuation.
Total non-current assets	264.5	245.1	7.9	
Current assets				
Cash and cash equivalents	9.6	21.9	(56.2)	The lower cash and cash equivalents of S\$9.6 million as at 30 June 2017 compared to S\$21.9 million as at 31 December 2016 was mainly due to a net purchase of investments and cash outflow arising from cash dividend distributed.
Available-for-sale financial assets	46.8	45.8	2.2	Comprised investments in listed equities and CLO.
Financial assets at fair value through profit or loss	-	0.5	Nm	
Other assets	5.2	3.2	62.5	Comprised interest, dividend receivable and net unrealised gain on forward contracts.
Total current assets	61.6	71.4	(13.7)	
Total Assets	326.1	316.5	3.0	
Liabilities				
Other liabilities	7.0	5.7	22.8	Comprised fees payable to the manager, accrual of operating expenses and purchase trades pending settlement.
Total Liabilities	7.0	5.7	22.8	
Net assets attributable to shareholders	319.2	310.8	2.7	
Equity				
Share capital	557.1	549.4	1.4	
Capital reserve	(65.8)	(65.8)	-	
Available-for-sale financial assets revaluation	18.1	13.0	39.2	
Translation reserve	10.2	14.6	(30.1)	
Accumulated losses	(200.4)	(200.4)	-	
Total equity	319.2	310.8	2.7	
Net asset value per share (S\$ per share)	0.1984	0.2003	(0.9)	

- Nm: not meaningful

Statement of Financial Position

Net asset value

	1H 17	2H 16	Change (%)	Remarks
Net asset value per share (S\$ per share)	0.1984	0.2003 0.1908 (after adjustment for dividend paid and shares relating to the Scrip Dividend Scheme)	(0.9) -	If the 2016 final dividend was paid and the shares relating to the Scrip Dividend Scheme had been issued before 31 December 2016, the net asset value per share as at 31 December 2016 would have been 19.08 Singapore cents instead of 20.03 Singapore cents per share and the increase in net asset value per share would be 3.98% for the half year ended 30 June 2017.

Dividend

	1H 17 S\$m	2H 16 S\$m	Change (%)	Remarks
Dividend	10.5	11.6	(9.5)	The Company has declared an interim dividend of 0.65 Singapore cents per share for the financial year ending 31 December 2017 amounting to S\$10.45 million. This dividend will be paid on or about 16 October 2017.

AGENDA

1. Key Financial Data for 1H 2017

2. 2017 Half Year Overview

3. Portfolio Composition

4. Outlook

2. 2017 Half Year Overview

❑ **Scrip Dividend Scheme – FY 2016 Final Dividend**

- ❑ The Scrip Dividend Scheme was applied to the final dividend of 0.75 Singapore cents per share for FY 2016 and approximately 66.23% of the total final dividend amount was issued as new shares under the scheme.
- ❑ The Company allotted and issued 56,674,853 new ordinary shares at an issue price of 13.60 Singapore cents for each new share. The new shares were listed on 26 April 2017.

❑ **Change Of Company Assistant Secretaries**

- ❑ On 15 March 2017, the Company announced the resignation of Ms Alicia Chan as Assistant Secretary of the Company with effect from 13 March 2017.
- ❑ Ms Wong Yen Sim was appointed as the Company's Assistant Secretary with effect from 26 May 2017 in place of Ms Lim Xinhua, whose resignation took effect on the same day.

❑ **2017 Annual General Meeting (“AGM”) And Special General Meeting (“SGM”)**

- ❑ All resolutions put to the vote at the AGM and SGM on 27 April 2017 were duly approved and passed by the Company's shareholders.

2. 2017 Half Year Overview

❑ **FY 2017 Interim Dividend**

- ❑ On 11 May 2017, the Company announced an interim dividend guidance of 0.65 Singapore cents per Share in respect of FY 2017.
- ❑ On the same day, the Company announced that the Board is embarking on a review of the longer-term sustainability of the dividend pay-out, taking into consideration of the economic income, the build-up of retained earnings and net asset value growth.
- ❑ Interim dividend of 0.65 Singapore cents per share for FY 2017 is declared on 11 August 2017 and the Scrip Dividend Scheme will be applied to the interim dividend.

AGENDA

1. Key Financial Data for 1H 2017
2. 2017 Half Year Overview
- 3. Portfolio Composition**
4. Outlook

3. Portfolio Composition (By Asset Class*)

Asset Class	As At 30 June 2017	As At 31 December 2016	Change In Percentage Point
Loan Portfolio And Securitisation Assets	15.9%	16.5%	▼ 0.6
Bonds	20.4%	26.2%	▼ 5.8
Bank Contingent Convertibles	46.9%	38.8%	▲ 8.1
Listed Equities	14.3%	12.3%	▲ 2.0
Cash And Other Assets	2.5%	6.2%	▼ 3.7

* Percentage of the Group's Net Asset Value.

3. Portfolio Composition (By Currency Exposure*)

Currency	As At 30 June 2017	As At 31 December 2016	Change In Percentage Point
SGD	38.5%	41.2%	▼ 2.7
USD	25.3%	24.1%	▲ 1.2
EUR	17.9%	18.0%	▼ 0.1
AUD	7.8%	7.6%	▲ 0.2
HKD	5.3%	2.7%	▲ 2.6
GBP	3.0%	2.8%	▲ 0.2
CNH/CNY	1.4%	2.2%	▼ 0.8
KRW	0.8%	1.4%	▼ 0.6

* Percentage of the Group's net asset value after currency hedge.

AGENDA

1. Key Financial Data for 1H 2017
2. 2017 Half Year Overview
3. Portfolio Composition
- 4. Outlook**

4. Outlook

❑ **Loan Portfolio And Securitisation Assets**

- ❑ Global CLO issuance for 1H 2017 reached a high of US\$163 billion with refinancing and reset deals accounting for over 65% of volumes.
- ❑ CLO spreads widened slightly from the end of 1Q 2017 due to increased supply from new issues and resets. Shorter duration issues continue to tighten as supply decreases due to refinancing and reset issuances.

❑ **Bank Contingent Convertibles**

- ❑ 1H 2017 saw the first two regulatory bail-ins within the Spanish and Italian banking sectors while a German Landesbank was the first to voluntarily omit AT1 coupons. Nonetheless, Bank Contingent Convertibles market valuations proved resilient to these events, with the BAML COCO index ending the half up in USD terms; confirming a more stable and mature market than in 1H 2016, aided in part by regulatory developments since, and adequate common equity Tier 1 (CET1) ratios at most issuing banks in Europe.
- ❑ Successful equity capital raises by Deutsche Bank, Unicredit and Credit Suisse within 1H 2017 further assisted to strengthen regulatory capital requirements of G-SIBs.
- ❑ A continued accommodative monetary policy from ECB and a 50bps hike in US interest rates within the half give rise to a continued positive earnings environment for banks. In the near term, uncertainties surrounding political event risk within the Eurozone have eased slightly with the results of the French and UK General Elections passing without significant upsets.

4. Outlook

❑ Bonds

- ❑ The first half saw an overall strength in the bond market with global credit rising largely driven by continued accommodative monetary policy.
- ❑ The first quarter was driven by potential pro-growth effects from President Trump's fiscal stimulus plans. Nevertheless, details over Trump's fiscal plans remained thin and even in the second quarter there was no meaningful fiscal policy announcement.
- ❑ As fundamental macroeconomic outlook shows signs of a improvement, there could be risk of spread decompression as rates rises.

❑ Listed Equities

- ❑ The global equity markets showed strong returns from positive macroeconomic data and strong corporate earnings
- ❑ While the market was initially optimistic over President's Trump's plans, failure at the end of the period to pass revisions to healthcare legislation was negative for sentiments about the Administration's ability to implement his policies in the future.
- ❑ Going forward, some political risks remains with continued Brexit negotiations . Investor sentiment could turn cautious before the FOMC meeting in September.

4. Outlook

Summary

- ❑ The global economic environment remains challenging for 2H 2017. While financial markets have performed in 1H, investors remain wary of spikes in volatility. Some events that bear watching are:
 - The normalisation of the Fed's balance sheet is likely to start at the end of the year
 - Early tapering by the ECB
 - Uncertainties surrounding post-Brexit negotiations with the EU
 - Uncertainty surrounding the new US administration's ability to work with Congress to push through policy programmes
 - Volatility in commodities prices, particularly crude oil
 - Geopolitical tension arising from the ongoing hard-line rhetoric between US and North Korea

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 to protect capital and grow value.

❑ **Investment Objective**

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