



# Global Investments Limited

## 2015 Half Year Results

Period ended 30 June 2015

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# AGENDA

## **1. Key Financial Data for 1H 2015**

2. 2015 Half Year Overview

3. Portfolio Composition

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# 1. Key Financial Data for 1H 2015

	1H 2015	1H 2014	Change (%)	Remarks
Net Profit After Tax	S\$12.3 million	S\$16.8 million	(26.8%)	The lower net profit after tax was mainly due to higher expenses as well as the absence of share of profit of associate and net reversal of impairment of investments for 1H 2015.
Total Revenue	S\$19.4 million	S\$15.7 million	23.57%	The higher revenue for 1H 2015 was mainly due to the gain on sale of investments which contributed S\$12.3 million in 1H 2015, an increase of 2.8 times from S\$3.2 million reported in 1H 2014. The increase was offset partially by fair value loss on financial asset designated as fair value through profit or loss of S\$0.7 million, lower interest income and the absence of foreign exchange gain in 1H 2015.
Total Expenses	S\$6.9 million	S\$1.9 million	263.2%	The higher expenses for 1H 2015 was mainly due to the incentive fee of S\$2.8 million as well as net foreign exchange loss of S\$2 million.
Total Comprehensive Income	S\$9.7 million	S\$11.9 Million	(18.5)%	The lower total comprehensive income for 1H 2015 was mainly due to the lower net profit after tax offset by a lower other comprehensive loss. The lower other comprehensive loss for 1H 2015 was mainly due to a translation gain of S\$2.2 million following the strengthening of USD against SGD as compared to a translation loss of S\$1.3 million in 1H 2014.
Net Asset Value per Share (in Singapore cents)	21.0 (as at 30 June 2015)	21.5 (as at 30 June 2014) 18.4 (after adjustment for dividend paid and shares relating to the Scrip Dividend Scheme)	(2.3)% 14.1%	If the interim and final 2014 dividends had been paid and shares relating to the Scrip Dividend Scheme had been issued before 30 June 2014, the net asset value per share as at 30 June 2014 would have been 18.4 Singapore cents and not 21.5 Singapore cents and the increase in net asset value per share as at 30 June 2015 would have been 14.1%.
Interim Dividend	S\$10.4 million	S\$9.6 million	8.3%	The Company is declaring a 2015 interim dividend of 0.75 Singapore cents per share for the financial year ending 31 December 2015.

# Statement of Financial Position

	Group as at 30 June 2015 S\$'000	Group as at 31 December 2014 S\$'000	Change S\$'000
<b>Assets</b>			
Cash and cash equivalents	23,591	31,252	(7,661)
Financial assets at fair value through profit or loss	46,059	49,635	(3,576)
Available-for-sale financial assets	154,242	134,195	20,047
Loans and receivables	68,514	69,584	(1,070)
Other assets	8,757	1,403	7,354
<b>Total Assets</b>	<b>301,163</b>	<b>286,069</b>	<b>15,094</b>
<b>Liabilities</b>			
Other liabilities	9,404	1,347	8,057
<b>Total Liabilities</b>	<b>9,404</b>	<b>1,347</b>	<b>8,057</b>
<b>Net assets attributable to shareholders</b>	<b>291,759</b>	<b>284,722</b>	<b>7,037</b>
<b>Shareholders equity</b>	<b>291,759</b>	<b>284,722</b>	<b>7,037</b>
<b>Net asset value per share (in cents)</b>	<b>21.0</b>	<b>21.3<sup>1</sup></b>	<b>(0.3)</b>

<sup>1</sup> If the 2014 final dividend was paid and the shares relating to the Scrip Dividend Scheme had been issued before 31 December 2014, the net asset value per share as at 31 December 2014 would have been 20.3 Singapore cents instead of 21.3 Singapore cents per share and the increase in net asset value per share would be 3.4% for the half year ended 30 June 2015.

# Consolidated Statement of Comprehensive Income

Income Statement	Group for the half year ended 30 Jun 15 S\$'000	Group for the half year ended 30 Jun 14 S\$'000	Change S\$'000
<b>Revenue</b>			
Dividend income	1,624	1,768	(144)
Interest income	6,141	8,157	(2,016)
Net foreign exchange gains	-	1,276	(1,276)
Net gain on sale of investments	12,323	3,247	9,076
Net (loss)/gain on financial assets designated as fair value through profit or loss	(736)	1,221	(1,957)
Other income	-	-	-
<b>Total Revenue</b>	<b>19,352</b>	<b>15,669</b>	<b>3,683</b>
<b>Expenses</b>			
Management fees	(988)	(879)	(109)
Incentive fees	(2,840)	9	(2,849)
Net foreign exchange losses	(2,010)	-	(2,010)
Finance costs	(1)	(1)	-
Other operating expenses	(1,041)	(1,009)	(32)
<b>Total Expenses</b>	<b>(6,880)</b>	<b>(1,880)</b>	<b>(5,000)</b>
Net reversal of impairment	-	1,204	(1,204)
Share of profit of associate (net of tax)	-	2,183	(2,183)
<b>Profit before tax</b>	<b>12,472</b>	<b>17,176</b>	<b>(4,704)</b>
Income tax expense	(169)	(367)	198
<b>Profit after tax</b>	<b>12,303</b>	<b>16,809</b>	<b>(4,506)</b>
<b>Other comprehensive loss</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Available-for-sale financial assets			
- Fair value gains	4,970	1,878	3,092
- Reclassification to profit or loss	(9,712)	(5,551)	(4,161)
Currency translation differences arising from consolidation			
- Gains/(Losses)	2,155	(1,266)	3,421
<b>Other comprehensive loss for the period after tax</b>	<b>(2,587)</b>	<b>(4,939)</b>	<b>2,352</b>
<b>Total comprehensive income for the period attributable to shareholders</b>	<b>9,716</b>	<b>11,870</b>	<b>(2,154)</b>
<b>Basic earnings per share (cents per share)</b>	<b>0.91</b>	<b>1.37<sup>1</sup></b>	<b>(0.46)</b>
<b>Diluted earnings per share (cents per share)</b>	<b>0.91</b>	<b>1.37<sup>1</sup></b>	<b>(0.46)</b>

<sup>1</sup> Earnings per share of 0.91 Singapore cents is computed based on weighted average number of shares of 1,356.28 million after taking into account the additional shares issued pursuant to the Scrip Dividend Scheme for the half year ended 30 June 2015.

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1. Key Financial Data for 1H 2015

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## 2. 2015 Half Year Overview

### ❑ Scrip Dividend Scheme

- ❑ On 17 February 2015, the Company announced that the Scrip Dividend Scheme will be applied to the final dividend of 0.75 Singapore cents per share for FY 2014.
- ❑ The Company allotted and issued 56,382,672 new ordinary shares at an issue price of 13.00 Singapore cents for each new share.
- ❑ The proportion of the total dividend amount issued as new shares pursuant to the Scrip Dividend Scheme was approximately 73.23%.
- ❑ New shares were listed on 22 April 2015.

### ❑ Minimum Trading Price Requirement

- ❑ The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) has introduced a minimum trading price (“**MTP**”) of S\$0.20 per share for Mainboard listed issuers as a continuing listing requirement.
- ❑ On 6 August 2015, the Company announced that it is proposing to undertake a share consolidation exercise to consolidate every two existing ordinary share of par value S\$0.01 each in the capital of the Company into one ordinary share of par value S\$0.02 each in the capital of the Company.
- ❑ Subject to the receipt of the approval in-principle of the SGX-ST, a circular containing, inter alia, further information on the Proposed Share Consolidation and the notice of the SGM will be dispatched to Shareholders in due course.



## 2. 2015 Half Year Overview

### ❑ 2015 Annual General Meeting

- ❑ All resolutions put to the vote at the annual general meeting on 30 April 2015 were duly approved and passed by the Company's shareholders.

### ❑ Scrip Dividend Scheme

- ❑ Interim dividend of 0.75 Singapore cents per share for FY2015 is declared on 6 August 2015.
- ❑ The Scrip Dividend Scheme will be applied to the interim dividend of 0.75 Singapore cents per share.

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

Asset Class	As At 30 June 2015	As At 31 December 2014	Change In Percentage Point
Operating Lease Assets	6%	7%	▼ 1
Loan Portfolio And Securitisation Assets	23%	25%	▼ 2
Bonds	35%	25%	▲ 10
Listed Equities <sup>i</sup>	28%	32%	▼ 4
Cash And Other Assets	8%	11%	▼ 3

<sup>i</sup> Subsequent to 30 June 2015, the company sold off its Shanghai listed equities and the outstanding positions were less than S\$1.00 million by 7 July 2015. As at 31 July 2015, carrying value of the equity portfolio was reduced to approximately S\$62.36 million.

\* Percentage of the Company's Net Asset Value

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

Currency	As At 30 June 2015	As At 31 December 2014	Change In Percentage Point
USD	21%	26%	▼ 5
SGD	34%	14%	▲ 20
EUR	16%	24%	▼ 8
HKD	9%	19%	▼ 10
CNY/CNH	9%	4%	▲ 5
AUD	6%	7%	▼ 1
KRW	4%	3%	▲ 1
GBP	1%	2%	▼ 1

\* Percentage of the Company's Net Asset Value after currency hedge

# AGENDA

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# 4. Outlook

## ❑ Bonds

- ❑ The second quarter saw bond yields climbing across bond markets as statements from Fed convinced investors that rate hikes are expected in 2015. Corporate bonds in general struggled through the second quarter given soft returns in sovereign bonds and a continued high level of supply coming from the US.
- ❑ The Moody's Global Speculative-Grade Corporate Default Rate increased by 0.2 percentage points over the first six months of 2015 to finish 1H 2015 at 2.3%. Moody's lowered its expectation of the default rate at the end of 2015 from 2.7% to 2.6%.

## ❑ Listed Equities

- ❑ In the near term, cautious mood is likely to prevail in the equity markets as investors would stay in the sidelines to monitor further developments in Greece and the broader Eurozone area as well as China's financial markets.
- ❑ With the US's intention to raise rates by the end of this year coupled with continued weakness in commodity and oil prices, financial markets are susceptible to capital shifts which could threaten global economic growth recovery.

# 4. Outlook

## ❑ Operating Lease Assets

- ❑ In Europe, lease rates for freight equipment in the second quarter have remained resilient. Euro area external trade volumes rose in the first two months of 2Q 2015, with exports increasing 5.7% y-o-y and imports increasing 1.4% y-o-y. This has provided support for freight equipment lease rates.
- ❑ Demand for freight transport is expected to improve in the second half of the year with increased manufacturing and export activity supported by the weaker Euro currency.

## ❑ Loan Portfolio And Securitisation Assets

- ❑ Prices of global corporate loans retraced their gains in the early part of the year to finish slightly lower at the end of 1H 2015, due to uncertainties in the Greek debt situation, and weakness in commodities.
- ❑ The current low default rate and high liquidity environment will support loan prices in the second half of the year. Steady M&A activity and CLO issuance will continue to drive loan demand in 2H 2015.
- ❑ Housing prices in Australian capital cities increased by 5.0% in the first half of 2015. The unemployment rate has held steady, decreasing slightly to 6.0% at the end of June from 6.1% at the beginning of the year.
- ❑ Continued low interest rates will lend support to housing prices in the second half of 2015.

## 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.