GLOBAL INVESTMENTS LIMITED

SGX Quarterly Report
30 June 2019

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PERFORMANCE REVIEW

FINANCIAL PERFORMANCE FOR QUARTER ENDED 30 JUNE 2019

The Company and its subsidiaries (the Group) reported a profit after tax of S$2.8 million for the current quarter as compared to S$4.2 million in the same quarter last year.

INCOME

Income for 2Q 2019 was slightly higher at S$5.6 million as compared to S$5.4 million in 2Q 2018. During the quarter, a slight net fair value gain on financial assets at fair value through profit or loss (FVTPL) of S$1.0 million was recorded as compared to a net fair value loss of S$6.8 million recorded in the comparative quarter. However, the loss recorded in 2Q 2018 was offset by S$6.8 million settlement proceeds received from the BBRNA litigation.

EXPENSES

Expenses was higher at S$2.7 million in 2Q 2019 as compared to S$1.2 million in 2Q 2018. This was mainly due to net foreign exchange loss of S$1.7 million during the quarter as compared to a net gain of S$0.7 million in 2Q 2018.

OTHER COMPREHENSIVE INCOME

There was no other comprehensive income for the quarter as compared to a translation gain of S$2.2 million in 2Q 2018. As a result, total comprehensive income for the Group was S$2.8 million versus S$6.4 million recorded in the same quarter last year.

FINANCIAL PERFORMANCE FOR HALF YEAR ENDED 30 JUNE 2019

For the half year ended 30 June 2019, the Group reported a net profit after tax of S$15.7 million as compared to S$1.9 million recorded for the half year ended 30 June 2018.

INCOME

The Group reported a higher income of S$19.2 million as compared to S$4.2 million in the same period last year. The higher income was mainly contributed by a net fair value gain on financial assets at FVTPL of S$10.9 million as compared to a net fair value loss of S$11.7 million in the comparative period. The loss recorded in 2018 was slightly offset by S$6.8 million settlement proceeds received from the BBRNA litigation.

EXPENSES

Expenses for the half year ended 30 June 2019 was higher at S$3.4 million as compared to S$2.3 million in the comparative period. This was mainly due to net foreign exchange loss of S$1.4 million recognised for the half year ended 30 June 2019 as compared to a gain of S$0.8 million recorded in the comparative period.

OTHER COMPREHENSIVE INCOME

There was no other comprehensive income for the half year ended 30 June 2019 as compared to a translation gain of S$1.1 million in the comparative period. As a result, total comprehensive income for the Group was S$15.7 million which was almost 5 times of S$3.1 million recorded in the same period last year.

STATEMENT OF FINANCIAL POSITION

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial assets at FVTPL as at 30 June 2019 was S$294.6 million and comprised the entire portfolio of investments held by the Group. This was S$10.8 million higher than the carrying value of the portfolio of investments of S$283.8 million as at 31 December 2018. The increase was mainly due to an overall increase in fair value of investments and net purchase of investments.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents decreased to S$27.7 million as at 30 June 2019 compared to S$35.4 million as at 31 December 2018. This was mainly due to the net purchase of investments, purchase of treasury shares and payment of FY2018 final dividend.

NET ASSET VALUE PER SHARE

The net asset value per share of the Group as at 30 June 2019 was 19.20 Singapore cents after payment of 2018 final dividend of 0.50 Singapore cents per share. If the 2018 final dividend was paid and the shares relating to the Scrip Dividend Scheme had been issued before 31 December 2018, the net asset value per share as at 31 December 2018 would have been 18.10 Singapore cents instead of 18.69 Singapore cents and the increase in net asset per share would have been 6.08% for the half year ended 30 June 2019.

INVESTMENT PORTFOLIO

GIL was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 20 December 2006. On 7 January 2019, the company transferred its domicile from Bermuda to Singapore and it is now registered in Singapore.

GIL's investment policy is to make investments in a portfolio of assets in different sectors through different means which includes but not limited to direct asset ownership, swaps, credit default swaps, debts, warrants, options, convertibles, preference shares, equity, guarantees of assets and performance, securities lending and participating loan agreements provided that it will not make any direct investments in real estate and commodities.

The Group's investment portfolio as at 30 June 2019 comprised the following assets:

LISTED EQUITIES

GIL is invested in a portfolio of listed equities traded on various exchanges including Australia, Europe, China, Hong Kong, Singapore, South Korea and US.

BANK CONTINGENT CONVERTIBLES

The Group is invested in a portfolio of bank contingent convertible securities denominated in various currencies.

LOAN PORTFOLIO AND SECURITISATION ASSETS

The Group is invested in a portfolio of USD denominated collateralised loan obligation (CLO) notes and a credit-linked note (CLN). The CLO investments are in mezzanine notes which are issued by securitisation vehicles that hold collateral consisting of mainly senior secured corporate debt. The CLN investment references a portfolio of trade finance obligations and corporate loans, with the obligors mainly domiciled in Asia. In addition, the Group is invested in a portfolio of asset backed securities (ABS) comprising Australian residential mortgage backed securities (RMBS), Australian credit card ABS and Chinese auto ABS.

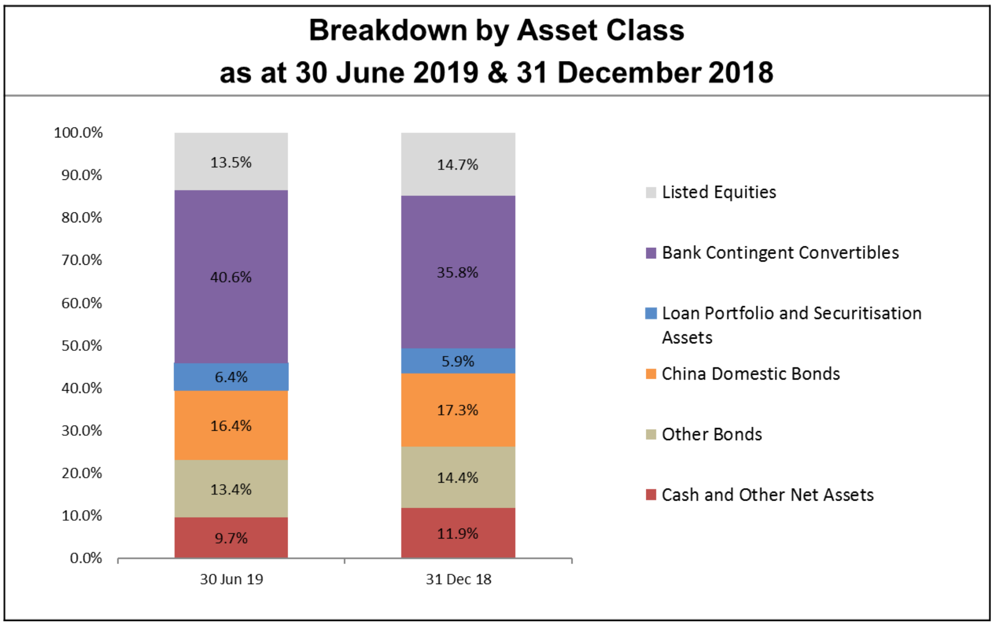
BONDS

CHINA DOMESTIC BONDS

The Group is invested in a portfolio of China domestic bonds.

OTHER BONDS

The Group is invested in a portfolio of mainly high yield bonds other than China domestic bonds.



Net asset value as at 30 June 2019 and 31 December 2018 is S$326.03 million and S$322.21 million respectively.

BUSINESS REVIEW AND OUTLOOK[1]

MACROECONOMIC

The International Monetary Fund ("IMF") lowered its projections for global economic growth to 3.2% in 2019 and 3.5% in 2020 in its latest World Economic Outlook report released in July 2019. The revised forecasts reflect a downward revision of 0.1% for both years as compared to its April's report. The IMF highlighted that global growth remains subdued, especially after the US further increased tariffs on Chinese imports with China retaliating in response. Much uncertainty surrounds the projected growth outlook for 2020 although stabilisation in emerging market and developing economies, and any signs of progress towards a resolution of trade policy differences between the US and China could lessen the current downward pressure on global growth momentum.

In the US, according to the advance estimate by the Bureau of Economic Analysis ("BEA"), Gross Domestic Product ("GDP") grew by 2.1% quarter-on-quarter ("q-o-q") in 2Q 2019, as compared to 3.1% q-o-q in 1Q 2019. The ISM Manufacturing Purchasing Manager Index ("PMI") decreased to 51.7 in June 2019 as compared to 55.3 in March 2019, while the ISM Non-Manufacturing PMI Index decreased to 55.1 in June 2019 as compared to 56.1 in March 2019. Meanwhile, the annual inflation rate as measured by the Consumer Price Index ("CPI") was 1.6% in June 2019 as compared to 1.9% in March 2019. The US unemployment rate decreased to 3.7% in June 2019 as compared to 3.8% in March 2019 while the participation rate decreased to 62.9% in June 2019 as compared to 63.0% in March 2019.

The Federal Reserve ("Fed") again kept the target federal fund rate unchanged at the June meeting at a range of 2.25%-2.50%. However notably, in response to signs of weakness in macroeconomic data released in the second quarter, the tone of Fed statements turned more dovish with interest rates in the US potentially reversing its upward trend. The median federal fund rate is now projected at 2.1% by 2020, revised downwards from a previous forecast of 2.6% in its March meeting. Core Personal Consumption Expenditures Price Index continued to run below Fed's 2% target with 2019's forecast revised to 1.5% from 1.8% three months earlier. Growth outlook remains unchanged at 2.1% for 2019.

China's economy grew 6.2% y-o-y in 2Q 2019, in line with expectation of analysts polled by Reuters. This was slower than the 6.4% growth seen in the first quarter of 2019. The Caixin Manufacturing PMI declined to 49.4 in June 2019 as compared to 50.8 in March 2019 while the Caixin Services PMI decreased to 52.0 from 54.4. Retail sales grew 9.8% y-o-y in June 2019 as compared to 8.7% in March 2019. Exports declined by 1.3% y-o-y in June 2019 as compared to 13.8% increase in March 2019 while imports contracted by 7.3% y-o-y in June 2019 as compared to 7.8% contraction in March 2019. CPI increased 2.7% y-o-y in June 2019, up from 2.3% in March 2019. As of June 2019, China's foreign exchange reserves increased to US$3,119.2 billion from US$3,098.8 billion in March 2019.

Following the release of stronger results for the first quarter, expectations that stimulus measures could come to a halt probably led to a deceleration in economic activity during the second quarter. Nonetheless, the Chinese government is likely to step in to stabilise growth and support the economy when necessary. They also explicitly indicated that they will maintain support for the slowing economy as global risks rise, though at a cautious pace to reduce exacerbating China's debt load and structural risks.

Eurozone real GDP growth increased by 1.1% y-o-y in 2Q 2019, as compared to 1.2% increase in 1Q 2019. The Markit Eurozone Composite PMI, which tracks sentiment among purchasing managers within the manufacturing and service sectors, increased to 52.2 in June 2019 as compared to 51.6 in March 2019. The Consumer Confidence Indicator decreased to -7.2 in June 2019 as compared to -6.6 in March 2019, while CPI increased 1.3% y-o-y in June 2019 from 1.4% in March 2019.

The European Central Bank ("ECB") kept interest rates on main refinancing operations, marginal lending facility and deposit facility unchanged at 0%, 0.25% and -0.40% respectively in its June meeting while pushing back its rate hike plan to at least through the first half of 2020 from end of 2019 projected in its March meeting. The ECB also revised its forecasts for inflation and GDP growth higher in 2019 but lower in 2020. GDP growth and inflation for 2019 were both revised upwards by 0.1% to 1.4% and 1.3% respectively. For 2020, GDP growth was revised downwards by 0.2% to 1.4% while inflation was revised downwards by 0.1% to 1.4%.

Commodity

Bloomberg Commodity Index, which tracks global commodities prices, declined 1.19% in 2Q 2019 amid a weaker economic growth outlook. Brent crude price declined 4.87% to US$66.55 on expectations that oil demand will weaken as global growth slows while the industry remains oversupplied. The International Energy Agency cut oil demand growth forecast for 2019 by 0.1 million to 1.2 million barrels per day ("mbpd") in its June report but expect demand to accelerate in 2020 to 1.4 mbpd. Thus far, OPEC and its allies, led by Russia ("OPEC+"), have kept 1.2 mbpd off the market since the start of the year and the agreement was extended till March 2020. Oil supply in the first six months of 2019 has continued to outpace demand by 0.9 mbpd.

Currency

The Singapore dollar nominal effective exchange rate (S$NEER) continued to increase over the quarter. The S$NEER Index increased from 127.45 on 29th March 2019 to 127.86 as of 28th June 2019. In 2Q 2019, SGD strengthened against USD by 0.18%, AUD by 1.25%, CNY by 2.33% and weakened against EUR by 1.05%. At the April 2019 meeting, the Monetary Authority of Singapore ("MAS") decided to maintain the slope of the S$NEER policy band. There will be no change to the width of the band or the level at which it was centred.

In its quarterly Recent Economic Developments in Singapore report released in June, MAS lowered its GDP forecast for 2019 to 1.5%-2.5% from 1.5%-3.5% in the previous quarter. The forecast takes into account the weaker performance of the Singapore economy in the past quarters and the weaker external demand outlook. According to the advance estimates by the Ministry of Trade and Industry ("MTI"), the Singapore economy grew by 0.1% y-o-y in 2Q 2019, slower than the 1.1% growth in the previous quarter. On a q-o-q seasonally-adjusted annualised basis, real GDP contracted by 3.4% as compared to the 3.8% expansion seen in the preceding quarter.

Singapore headline inflation was unchanged from the previous quarter as the CPI-All Items inflation for 2Q 2019 came in at 0.6% y-o-y. The MAS Core Inflation, which excludes the cost of accommodation and private road transport, fell to average 1.2% y-o-y in 2Q 2019, compared to 1.4% in 1Q 2019. This was because of lower services and retail inflation, as well as a steeper decline in the cost of electricity & gas. MAS revised expectation for Core Inflation downwards by 0.5% to 1.0-2.0%, and kept CPI-All Items inflation expectation unchanged at 0.5%-1.5% for 2019.

TARGETED ASSET CLASSES

Listed Equities

Equity markets ended modestly higher in 2Q 2019 though gains have significantly slowed as compared to the previous quarter. Developed markets delivered positive returns while emerging markets posted flat to negative returns. Specifically, the US benchmark equity index, S&P500, was the clear outperformer, posting 4.30% return while China's Shanghai Composite Index and Hong Kong's Hang Seng Index dipped into negative territory at -0.62% and -0.07% respectively. US President Trump's trade rhetoric of imposing additional tariffs caused the equity markets to whipsaw in May though renewed optimism of a possible trade deal and further dovishness from key central banks towards the end of quarter supported a price rally of most equity indexes. The Chinese markets underperformed largely due to expectations that the Chinese government will slow its stimulus measures and refocus on structural reforms after posting better than expected macroeconomic data in 1Q 2019.

US corporate earnings in 1Q 2019 were considered solid and supported a slightly optimistic outlook for 2019. On the macroeconomic side, data were mixed with overall strong job growth and employment numbers for the quarter though wage growth missed consensus for all three months of data reported in the second quarter. Given the weaker wage growth, it is not surprising that the Fed lowered its inflation expectations for 2019. Looking forward, we see low likelihood of a significant rally in the equity markets due to the lack of near-term catalysts. However, a better-than-expected corporate earnings season for 2Q 2019 or a constructive trade agreement struck between US-China could see equity indexes breaking new highs in the following months.

The MSCI All Country World Index, which tracks the global equity markets across both developed and emerging markets, increased by 2.93% in USD terms or 2.81% in SGD terms in 2Q 2019.

Bank Contingent Convertibles (CoCos)

Additional Tier 1 ("AT1") issuances for 2Q 2019 declined slightly to US$23.0 billion from US$23.5 billion in the previous quarter. Banks from Switzerland, UK, and France continued to pre-finance AT1s close to their first call while several Chinese Banks issued for the first time following Bank of China's inaugural 40 billion yuan AT1 issuance in the first quarter.

The CoCo markets continued its positive repricing trend seen in 1Q 2019 as spreads tightened by 52 bps in 2Q 2019, compared to 98 bps in 1Q 2019. Weaker reported economic activities in 2Q 2019 have yet to translate into higher cost of risk for new loans. Capital adequacy ratios continue to be robust though risk weighted asset (RWA) intensity could inch up slightly once the ECB Targeted Review of Internal Models, which seeks to standardize credit risk models across banks under its purview, concludes.

Looking forward, political risk will remain one of the key risk drivers for the CoCos asset class, borne out via Brexit related developments and unresolved global trade tensions against the technical price support of dovish central banks' rate policies.

The Bank of America Merrill Lynch Contingent Capital Index, which tracks the global CoCo debt markets, increased by 4.68% in USD terms or 4.56% in SGD terms in 2Q 2019.

Loan Portfolio and Securitisation Assets

Issuances of new US and European CLOs totalled US$36.3 billion and €7.0 billion respectively during 2Q 2019. Over the same period, older CLOs that were refinanced, reset or re-issued amounted to US$13.5 billion and €2.2 billion.

In 2Q 2019, secondary loan prices ended higher in June against a backdrop of continued light primary loan issuance. Quarterly repayments increased to 4.0% in 2Q 2019, compared to 3.3% in the previous quarter, which was the first q-o-q increase since 2Q 2018. Trailing 12-month defaults of 1.2% as of June continued to remain below long-term averages, though leverage ratios of underlying issuers remained elevated.

Looking forward, further tightening in CLO spreads are expected to remain muted, as investors remain cautious on late cycle concerns, amid dovish central banks' stance.

The Palmer Square CLO Debt Index, which tracks the total return performance of US mezzanine CLO debt tranches, increased by 2.15% in USD terms or 2.03% in SGD terms in 2Q 2019.

As for Australian RMBS, public year-to-date issuances have totalled AUD18.5 billion, up 39.1% from last year's AUD13.2 billion. Over the quarter, pricing widened due to increased supply, with most of the issuance volumes coming in May and June.

China Domestic Bonds

During the second quarter, the CNY sovereign curve traded higher as the market reassessed whether the Chinese central bank will roll out additional stimulus to support the economy following better-than-expected 1Q 2019's GDP growth. The yield on 3-year government bond was 22 bps higher at 2.90%, 5-year yield increased 13 bps to 3.05%, and 10-year yield increased 18 bps to 3.24%.

Onshore default cases continued to increase at a faster pace compared to previous year over the same period, highlighting the increasing challenges faced by corporates in an environment where economic growth is slowing due to pressure from trade tensions and the government's efforts to reduce structural risks. Even though stimulus measures may become more restrained, the Chinese government is expected to step in when necessary to support liquidity. During the quarter, the PBoC cut the reserve requirement ratio for small and medium banks and continued to inject capital into the economy via its medium-term lending facility. Going forward, investors are likely to remain watchful given stronger signs of rising credit risks. A continued rise in defaults and tightened liquidity conditions may cause heightened volatility in China's credit markets.

The Bloomberg Barclays China Aggregate Index, which tracks the bonds listed on the Chinese interbank market, gained 0.70% in CNY terms or -1.80% in SGD terms in 2Q 2019.

Other Bonds

Over the second quarter, we witnessed pronounced spread widening in May as Trump's trade rhetoric once again sparked fear of the possibility of a prolonged trade war. Spreads recovered broadly towards the end of the quarter on some optimism over US-China trade negotiations while the Fed's and other major central banks' increasing dovishness supported risk-taking sentiments. As a result, we saw a significant slowdown in spread tightening in 2Q 2019 as compared to the previous quarter. In the US, HY corporate credit spreads tightened 14 bps for the quarter after tightening 135 bps in 1Q 2019. In Asia, HY corporate credit spreads tightened 8 bps after tightening 170 bps in 1Q 2019.

In 2Q 2019, US Treasury yield curve continued to trade aggressively lower with market pricing in at least 2 rate cuts by the end of the year. Futures implied forward rate at the end of the year decreased to 1.71% from 2.18% over the quarter. Overall, the yield curve bull-steepened with the 2-year yield traded 51 bps lower at 1.76% while 10-year yield traded 40 bps lower at 2.00%.

Going forward, yields can be expected to stay depressed and could possibly go lower as growth and inflation outlooks remain subdued. Uncertainty on US-China trade issues are likely to keep investors side-lined to avoid excessive risk-taking.

The Bloomberg Barclays High Yield Index, which tracks global high yield multiple-currencies bond markets increased by 2.97% in USD terms or 2.77% in SGD terms in 2Q 2019.

Summary

Valuations in risk assets were driven more on fundamentals in 2Q 2019 as opposed to the previous quarter where it was mostly driven by technicals after the steep selloff observed in 4Q 2018. Corporate earnings were considered solid while most major economies also reported better than expected growth for 1Q 2019 which helped support valuations. An unexpected escalation of trade tensions due to higher tariffs by US and China, coupled with signs of decelerating global growth in 2Q 2019's macroeconomic data re-ignited recession fears and weighed on market sentiments. Towards the end of the quarter, we saw risk sentiments improve after US and China decided to resume trade talks following the G20 summit and key central banks indicating that they are willing to keep monetary policies accommodative.

Both the Fed and ECB adopted a more dovish tone in their guidance on forward monetary policies. The Fed signalled a possible reversal in the uptrend in interest rates while the ECB pushed back interest rate hike plans to second half of 2020 from end of 2019. Following the release of better-than-expected GDP growth data for 1Q 2019, initial concerns that the Chinese government will be less supportive in rolling out stimulus measures to support the economy were alleviated after they came out publicly to reassure the market that they will maintain support but at a cautious pace.

Valuations of risk assets seem to be peaking and lack significant catalysts to push valuations higher in the near-term. The market widely expects the Fed to cut interest rates by 25 bps – 50 bps this year despite the Fed's dot plot suggesting otherwise. Trade talks between the US and China have resumed though there is no concrete evidence that suggests the trade issues between the two major economies will be resolved soon. Both technical and fundamental factors seem to advocate for a more defensive approach as we go through the late business cycle. With that in consideration, the Company will continue to take a cautious stance in rebalancing its portfolio of assets and adopt a selective approach in its investment.

[1.] Sources include research publications by brokerage house, banks, information service providers, associations and media.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group Quarter ended 30 Jun 19 S$'000	Group Year to date 30 Jun 19 S$'000	Group Quarter ended 30 Jun 18 S$'000	Group Year to date 30 Jun 18 S$'000
Income				
Dividend income	902	1,071	770	834
Interest income	3,680	7,260	3,867	7,467
Net foreign exchange gain (net of hedges)	-	-	674	791
Net gain/(loss) on financial assets at fair value through profit or loss	988	10,869	(6,763)	(11,687)
Other income	-	-	6,838	6,838
Total income	5,570	19,200	5,386	4,243
Expenses				
Management fees	(573)	(1,121)	(587)	(1,179)
Net foreign exchange loss (net of hedges)	(1,720)	(1,392)	-	-
Finance costs	(1)	(1)	-	-
Other operating expenses	(442)	(910)	(578)	(1,076)
Total expenses	(2,736)	(3,424)	(1,165)	(2,255)
Profit before tax	2,834	15,776	4,221	1,988
Income tax expense	(63)	(83)	(41)	(45)
Profit after tax	2,771	15,693	4,180	1,943
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Currency translation differences arising from consolidation				
- Gain	-	-	2,186	1,134
Other comprehensive income for the period after tax	-	-	2,186	1,134
Total comprehensive income for the period attributable to shareholders	2,771	15,693	6,366	3,077
Basic earnings per share (cents per share)	0.16	0.92	0.25	0.12
Diluted earnings per share (cents per share)	0.16	0.92	0.25	0.12

STATEMENT OF FINANCIAL POSITION

	Group As at 30 Jun 19 S$'000	Group As at 31 Dec 18 S$'000	Company As at 30 Jun 19 S$'000	Company As at 31 Dec 18 S$'000
ASSETS				
Non-current assets				
Financial assets at fair value through profit or loss	236,760	220,523	236,760	220,523
	236,760	220,523	236,760	220,523
Current assets				
Cash and cash equivalents	27,655	35,363	27,655	35,363
Financial assets at fair value through profit or loss	57,809	63,299	57,809	63,299
Other assets	5,039	4,244	5,039	4,244
	90,503	102,906	90,503	102,906
Total Assets	327,263	323,429	327,263	323,429
LIABILITIES				
Other liabilities	1,231	1,216	1,231	1,216
Total Liabilities	1,231	1,216	1,231	1,216
Net assets attributable to shareholders	326,032	322,213	326,032	322,213
EQUITY				
Share capital	267,382	270,837	267,382	270,837
Capital reserve	10	-	10	-
Retained earnings	58,640	51,376	58,640	51,376
Total Equity	326,032	322,213	326,032	322,213
Net asset value per share (S$ per share)	0.1920	0.1869	0.1920	0.1869

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group Quarter ended 30 Jun 19 S$'000	Group Year to date 30 Jun 19 S$'000	Group Quarter ended 30 Jun 18 S$'000	Group Year to date 30 Jun 18 S$'000
Cash flows from operating activities				
Operating costs paid	(1,194)	(2,276)	(1,367)	(3,023)
Interest income received	2,851	6,852	2,981	6,038
Dividend income received	592	656	376	433
Settlement of forward contracts	-	-	2,357	2,357
Other income received	-	-	6,838	6,838
Income tax paid	(63)	(83)	(40)	(44)
Net cash inflow from operating activities	2,186	5,149	11,145	12,599
Cash flows from investing activities				
Purchase of financial assets	(14,458)	(17,665)	(16,906)	(108,183)
Redemption/maturity of financial assets	-	2,022	564	7,989
Proceeds from disposal of financial assets	3,351	14,548	14,634	24,587
Net cash outflow used in investing activities	(11,107)	(1,095)	(1,708)	(75,607)
Cash flows used in financing activities				
Dividends paid out to shareholders	(3,914)	(3,914)	(3,663)	(3,663)
Purchase of treasury shares	(5,083)	(7,791)	-	-
Net cash outflow used in financing activities	(8,997)	(11,705)	(3,663)	(3,663)
Net (decrease)/increase in cash and cash equivalents	(17,918)	(7,651)	5,774	(66,671)
Cash and cash equivalents at beginning of period	45,501	35,363	15,975	88,090
Effects of exchange rate changes on cash and cash equivalents	72	(57)	(64)	266
Cash and cash equivalents at end of period	27,655	27,655	21,685	21,685

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Changes in shareholders' equity of the Group for the quarter and half year ended 30 June 2019	Share capital S$'000	Capital reserve S$'000	Treasury shares S$'000	Retained earnings S$'000	Total S$'000
Total equity at 1 January 2019	270,837	-	-	51,376	322,213
Total comprehensive income for the 1st quarter ended 31 March 2019	-	-	-	12,922	12,922
Transactions with equity holders in their capacity as equity holders:					
Purchase of treasury shares	-	-	(2,971)	-	(2,971)
Total equity at 31 March 2019	270,837	-	(2,971)	64,298	332,164
Total comprehensive income for the 2nd quarter ended 30 June 2019	-	-	-	2,771	2,771
Transactions with equity holders in their capacity as equity holders:					
Purchase of treasury shares	-	-	(4,989)	-	(4,989)
Dividend for the period	-	-	-	(8,429)	(8,429)
Reissuance of treasury shares[2]	-	10	4,505	-	4,515
Total equity at 30 June 2019	270,837	10	(3,455)	58,640	326,032

Changes in shareholders' equity of the Group for the quarter and half year ended 30 June 2018	Share capital S$'000	Capital reserve S$'000	Available-for-sale financial assets revaluation reserve S$'000	Translation reserve S$'000	Accumulated losses S$'000	Total S$'000
Total equity at 1 January 2018 (as previously stated)	563,537	(65,846)[1]	7,631	11,115	(183,545)	332,892
Adjustment due to adoption of IFRS 9	-	-	(7,631)	-	9,303	1,672
Total equity at 1 January 2018 (restated)	563,537	(65,846)	-	11,115	(174,242)	334,564
Total comprehensive income for the 1st quarter ended 31 March 2018	-	-	-	(1,052)	(2,237)	(3,289)
Transactions with equity holders in their capacity as equity holders:						
Dividends for the period	-	-	-	-	(9,915)	(9,915)
Total equity at 31 March 2018	563,537	(65,846)	-	10,063	(186,394)	321,360
Total comprehensive income for the 2nd quarter ended 30 June 2018	-	-	-	2,186	4,180	6,366
Transactions with equity holders in their capacity as equity holders:						
Issuance of new shares pursuant to Scrip Dividend Scheme, net of share issuance expenses	6,252	-	-	-	-	6,252
Total equity at 30 June 2018	569,789	(65,846)	-	12,249	(182,214)	333,978

1. Following the change in the Company's functional currency from United States Dollar to Singapore Dollar on 1 January 2012, cumulative currency translation differences which had arisen up to the date of the change of functional currency were reallocated to capital reserve and accumulated losses. On 31 December 2018, with the passing of the Ordinary Resolution in respect of the proposed share premium reduction at the Special General Meeting, the Company's share premium was reduced by setting-off against the accumulated losses of the Company as at 31 December 2009 and the losses in the Company's capital reserve.

2. This relates to the transfer of treasury shares for the purpose of allotment of shares pursuant to the Scrip Dividend Scheme. Any realised gain or loss will be recognised in the capital reserve.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

Changes in shareholders' equity of the Company for the quarter and half year ended 30 June 2019	Share capital S$'000	Capital reserve S$'000	Treasury shares S$'000	Retained earnings S$'000	Total S$'000
Total equity at 1 January 2019	270,837	-	-	51,376	322,213
Total comprehensive income for the 1st quarter ended 31 March 2019	-	-	-	12,922	12,922
Transactions with equity holders in their capacity as equity holders:					
Purchase of treasury shares	-	-	(2,971)	-	(2,971)
Total equity at 31 March 2019	270,837	-	(2,971)	64,298	332,164
Total comprehensive income for the 2nd quarter ended 30 June 2019	-	-	-	2,771	2,771
Transactions with equity holders in their capacity as equity holders:					
Purchase of treasury shares	-	-	(4,989)	-	(4,989)
Dividend for the period	-	-	-	(8,429)	(8,429)
Reissuance of treasury shares[1]	-	10	4,505	-	4,515
Total equity at 30 June 2019	270,837	10	(3,455)	58,640	326,032

Changes in shareholders' equity of the Company for the quarter and half year ended 30 June 2018	Share capital S$'000	Capital reserve S$'000	Available-for-sale financial assets revaluation reserve S$'000	Accumulated losses S$'000	Total S$'000
Total equity at 1 January 2018 (as previously stated)	563,537	(65,846) [1]	7,631	(172,430)	332,892
Adjustment due to adoption of IFRS 9	-	-	(7,631)	9,303	1,672
Total equity at 1 January 2018 (restated)	563,537	(65,846)	-	(163,127)	334,564
Total comprehensive income for the 1st quarter ended 31 March 2018	-	-	-	(3,289)	(3,289)
Transactions with equity holders in their capacity as equity holders:					
Dividends for the period	-	-	-	(9,915)	(9,915)
Total equity at 31 March 2018	563,537	(65,846)	-	(176,331)	321,360
Total comprehensive income for the 2nd quarter ended 30 June 2018	-	-	-	6,366	6,366
Transactions with equity holders in their capacity as equity holders:					
Issuance of new shares pursuant to Scrip Dividend Scheme, net of share issuance expenses	6,252	-	-	-	6,252
Total equity at 30 June 2018	569,789	(65,846)	-	(169,965)	333,978

1. Refer to note on page 13.

ACCOUNTING POLICIES APPLICATION

Accounting policies and methods of computation applied in preparation of these figures that are not stated in this report are the same as those used in the most recently audited annual financial statements of the Group and the Company.

DIVIDENDS

The Company has declared an interim dividend of 0.50 Singapore cents per share for the financial year ending 31 December 2019. This dividend will be paid on or about 10 October 2019.

For the financial year ending 31 December 2019, the Company has obtained the Inland Revenue Authority of Singapore's confirmation that it is a tax resident of Singapore.

Dividends paid in 2019 are exempt from tax (one-tier) when received in the hands of Shareholders.

Ordinary Shares	**Group 2019**	**Group 2018**
Interim Dividend		
Dividend per Share (cents)	0.50	0.50
Dividend amount (S$'000)	8,489*	8,481
Final Dividend		
Dividend per Share (cents)	-	0.50
Dividend amount (S$'000)	-	8,429
Total Dividend (S$'000)	**8,489**	**16,910**

* FY19 interim dividend is calculated based on the number of outstanding shares as at 30 June 2019.

SHARE CAPITAL

The movement in the number of issued and fully paid-up ordinary shares is as follows:

Number of shares	**Half year ended 30 Jun 19 '000**	**Half year ended 30 Jun 18 '000**	**Quarter ended 30 Jun 19 '000**	**Quarter ended 30 Jun 18 '000**
Issued ordinary shares				
Balance at beginning of period	1,723,842	1,652,575	1,723,842	1,652,575
Shares issued pursuant to Scrip Dividend Scheme	-	43,720	-	43,720
Balance at end of period	1,723,842	1,696,295	1,723,842	1,696,295
Treasury shares				
Balance at beginning of period	-	-	(23,265)	-
Purchase of treasury shares	(60,738)	-	(37,473)	-
Transfer of treasury shares[1]	34,731	-	34,731	-
Balance at end of period	(26,007)	-	(26,007)	-
Issued ordinary shares net of treasury shares	**1,697,835**	**1,696,295**	**1,697,835**	**1,696,295**

[1] On 21 June 2019, 34,731,270 treasury shares were transferred for the purpose of allotment of shares pursuant to the Scrip Dividend Scheme.

The Company has no subsidiary holdings as at 30 June 2019 and 30 June 2018.

Under the Share Buy Back Mandate, the Company purchased a total of 37,473,600 ordinary shares during the current quarter. These are held as treasury shares. The amount paid, including brokerage fee, totalled S$5.0 million and was deducted against equity.

In the previous quarter, the Company purchased a total of 23,265,500 ordinary shares. These are held as treasury shares. The amount paid, including brokerage fee, total S$3.0 million and was deducted against equity.

As at 30 June 2019, the outstanding number of treasury shares represented 1.53% (31 March 2019: 1.35%) of the total number of issued shares.

NET ASSET VALUE

	Group and Company As at 30 Jun 19	**Group and Company As at 31 Dec 18**
Total net asset value (S$'000)	326,032	322,213
Total number of ordinary shares in issue used in calculation of net asset value per share ('000)	1,697,835	1,723,842
Net asset value per ordinary share (S$ per share)	0.1920	0.1869

Net asset value per ordinary share is derived by dividing the net assets as disclosed in the statement of financial position of the Company and the Group by the number of ordinary shares in issue as at the end of the accounting period.

The net asset value per share of the Group as at 30 June 2019 was 19.20 Singapore cents after payment of 2018 final dividend of 0.50 Singapore cents per share. If the 2018 final dividend was paid and the shares relating to the Scrip Dividend Scheme had been issued before 31 December 2018, the net asset value per share as at 31 December 2018 would have been 18.10 Singapore cents instead of 18.69 Singapore cents and the increase in net asset per share would have been 6.08% for the half year ended 30 June 2019.

EARNINGS PER SHARE

	Group Quarter ended 30 Jun 19	**Group Year to date 30 Jun 19**	**Group Quarter ended 30 Jun 18**	**Group Year to date 30 Jun 18**
Basic earnings per share				
Earnings used in calculation of basic earnings per share (S$'000)	2,771	15,693	4,180	1,943
Weighted average number of shares in issue used in calculation of basic earnings per share ('000)	1,683,978	1,699,860	1,684,764	1,668,758
Basic earnings per share (cents per share)	0.16	0.92	0.25	0.12
Diluted earnings per share				
Earnings used in calculation of diluted earnings per share (S$'000)	2,771	15,693	4,180	1,943
Weighted average number of ordinary shares in issue used in calculation of diluted earnings per share ('000)	1,683,978	1,699,860	1,684,764	1,668,758
Diluted earnings per share (cents per share) [1]	0.16	0.92	0.25	0.12

[1] In future period, shares may be issued to the Manager in lieu of management fees otherwise payable in cash. This will have a dilutive effect on earnings per share.

AUDIT OR REVIEW

The figures in this report have not been audited or reviewed.

INTERESTED PERSON TRANSACTION

The Company has not obtained a general mandate from shareholders for interested person transactions.

CONFIRMATION OF THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

On behalf of the Board of Directors of Global Investments Limited, we, the undersigned hereby confirm to the best of our knowledge that nothing has come to their attention which may render the financial statements for the quarter ended 30 June 2019 to be false or misleading in any material respect.

CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL

The Company confirms that it has procured the undertakings from all its Directors in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual.

On behalf of the Board of Directors

Boon Swan Foo
Chairman
8 August 2019

Tan Kok Wee
Director
8 August 2019