



GLOBAL INVESTMENTS
LIMITED

Global Investments Limited

2016 Half Year Results
Period ended 30 June 2016

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1. Key Financial Data for 2Q2016/1H 2016

2. 2016 Half Year Overview

3. Portfolio Composition

4. Outlook

1. Key Financial Data for 2Q 2016

Net Profit after tax

	2Q 16 S\$m	2Q 15 S\$m	Change (%)	Remarks
Net profit after tax	10.3	6.8	51.5	Net profit after tax for 2Q 2016 increased by 51.5% to S\$10.3m compared to S\$6.8m in 2Q 2015.

Revenue

	2Q 16 S\$m	2Q 15 S\$m	Change (%)	Remarks
Dividend Income	0.6	1.1	(45.5)	Revenue increased by 69.6% to S\$19.0m in 2Q 2016 from S\$11.2m in 2Q 2015 mainly due to the completion of the sale of the Group's stake in Ascendos Investments Limited ("Ascendos"). There was a net gain on financial assets designated as fair value through profit or loss of S\$1.6m versus a loss of S\$2.0 million in 2Q 2015.
Interest Income	4.0	3.4	17.6	
Net gain on sale of investments	12.8	8.7	47.1	
Net gain/(loss) on financial assets designated as fair value through profit or loss	1.6	(2.0)	180.0	
Total revenue	19.0	11.2	69.6	

1. Key Financial Data for 2Q 2016

Expenses

	2Q 16 S\$m	2Q 15 S\$m	Change (%)	Remarks
Management fees	0.5	0.5	-	Total expenses decreased by 13.6% to S\$3.8m in 2Q 2016 from S\$4.4m in 2Q 2015. The lower expenses was mainly due to the absence of incentive fee in 2Q 2016. Net foreign exchange loss of S\$2.7m was higher compared to S\$0.4m in 2Q 2015 as a result of the weakening of AUD and EUR against USD and USD against SGD.
Incentive fees	-	2.8	(100.0)	
Net foreign exchange loss	2.7	0.4	575.0	
Finance costs	- *	- *	-	
Other operating expenses	0.6	0.6	-	
Total expenses	3.8	4.4	(13.6)	
Impairment expense	4.8	-	100.0	During the quarter, an impairment of S\$4.8m was recognised from the portfolio of listed equities classified under the available-for-sale (“AFS”) financial assets.
Profit before tax	10.4	6.8	52.9	
Income tax expense	- *	- *	-	
Profit after tax	10.3	6.8	51.5	

* Denotes amount less than S\$0.1m

1. Key Financial Data for 2Q 2016

Total comprehensive income

	2Q 16 S\$m	2Q 15 S\$m	Change (%)	Remarks
Other comprehensive income Items that may be reclassified subsequently to profit or loss Available-for-sale financial assets				<p>Other comprehensive income for the Group amounted to a loss of S\$2.4m in 2Q 2016 compared to a loss of S\$6.1m in 2Q 2015. The negative movement in the AFS revaluation reserve was mainly due to the reclassification of fair value gain to profit or loss of S\$2.1m following the sale of Ascendos offset by the reclassification of fair value loss arising from AFS listed equities to impairment expense. In addition, a translation loss of S\$0.3m was recorded in the current quarter following the weakening of USD against SGD.</p> <p>In the same period last year, other comprehensive income amounting to a loss of S\$6.1m mainly due to reclassification of fair value gain to profit or loss of S\$5.3m following the sale of listed equities and translation loss of S\$2.3m, offset by fair value gain from AFS financial assets of S\$1.5m.</p>
- Fair value (loss)/gain	(0.1)	1.5	(106.7)	
- Reclassification to profit or loss	(2.1)	(5.3)	60.4	
Currency translation differences arising from consolidation				
- (Loss)/gain	(0.3)	(2.3)	87.0	
Other comprehensive income for the period after tax	(2.4)	(6.1)	60.7	
Total comprehensive income for the period attributable to shareholders	7.9	0.7	1,028.6	Total comprehensive income increased significantly to S\$7.9m in 2Q 2016 from S\$0.7m in 2Q 2015.
Basic earnings per share (cents per share)	0.70	0.49	42.9	The group achieved earnings per share of 0.70 Singapore cents (based on weighted of shares of 1,482.05m after taking into account the additional shares issued pursuant to the Scrip Dividend Scheme) in 2Q 2016 compared to S\$0.49 (based on weighted average number of shares of 1,377.84m) in 2Q 2015.
Diluted earnings per share (cents per share)	0.70	0.49	42.9	

1. Key Financial Data for 1H 2016

Net Profit after tax

	1H 16 S\$m	1H 15 S\$m	Change (%)	Remarks
Net profit after tax	12.3	12.3	-	Net profit after tax for 1H 2016 remains unchanged at S\$12.3m compared to 1H 2015.

Revenue

	1H 16 S\$m	1H 15 S\$m	Change (%)	Remarks
Dividend Income	0.8	1.6	(50.0)	Revenue of S\$21.7m for 1H 2016 was 12.4% higher than 1H 2015. As compared to 1H 2015, the higher revenue was mainly contributed by higher gain on sale of investments due to the sale of Ascendos and higher interest income due to the increased investment in the bond portfolio.
Interest Income	7.7	6.1	26.2	
Net gain on sale of investments	13.4	12.3	8.9	
Net loss on financial assets designated as fair value through profit or loss	(0.2)	(0.7)	71.4	
Total revenue	21.7	19.4	12.4	

1. Key Financial Data for 1H 2016

Expenses

	1H 16 S\$m	1H 15 S\$m	Change (%)	Remarks
Management fees	1.0	1.0	-	Total expenses decreased by 42.0% to S\$4.0m in 1H 2016 from S\$6.9m in 1H 2015. This was mainly due to the absence of incentive fee in 1H 2016.
Incentive fees	-	2.8	(100.0)	
Net foreign exchange loss	1.9	2.0	(5.0)	
Finance costs	- *	- *	-	
Other operating expenses	1.1	1.0	10.0	
Total expenses	4.0	6.9	(42.0)	
Impairment expense	5.4	-	100.0	In 1H 2016, an impairment of S\$5.4m was recognised from the portfolio of listed equities classified under the AFS financial assets.
Profit before tax	12.4	12.5	(0.8)	
Income tax expense	- *	(0.2)	100.0	
Profit after tax	12.3	12.3	-	

* Denotes amount less than S\$0.1m

1. Key Financial Data for 1H 2016

Total comprehensive income

	1H 16 S\$m	1H 15 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 the Group amounted to a loss of S\$12.2m in 1H 2016 compared to a loss of S\$2.6m in 1H 2015. This is mainly due to a translation loss of S\$6.2m following the weakening of USD against SGD compared to a translation gain of S\$2.2m in 1H 2015. The negative movement in the AFS revaluation reserve was a result of net fair value loss of S\$3.7m from AFS financial assets and reclassification of fair value gain to profit or loss of S\$2.4m following the sale of Ascendos offset by the reclassification of fair value loss arising from AFS listed equities to impairment expense.
- Fair value (loss)/gain	(3.7)	5.0	(174.0)	
- Reclassification to profit or loss	(2.4)	(9.7)	75.3	
Currency translation differences arising from consolidation				
- (Loss)/gain	(6.2)	2.2	(381.8)	
Other comprehensive income for the period after tax	(12.2)	(2.6)	(369.2)	In the same period last year, other comprehensive income amounted to a loss of S\$2.6m mainly due to reclassification of fair value gain to profit or loss of S\$9.7m following the sale of listed equities offset by a fair value gain of S\$5.0m from AFS financial assets.
Total comprehensive income for the period attributable to shareholders	0.1	9.7	(99.0)	Total comprehensive income for the Group was S\$0.1m in 1H 2016 versus S\$9.7m in 1H 2015.
Basic earnings per share (cents per share)	0.84	0.91	(7.7)	The group achieved earnings per share of 0.84 Singapore cents (based on weighted of shares of 1,464.24m after taking into account the additional shares issued pursuant to the Scrip Dividend Scheme) in 1H 2016 compared to S\$0.91 (based on weighted average number of shares of 1,356.28m) in 1H 2015.
Diluted earnings per share (cents per share)	0.84	0.91	(7.7)	

Statement of Financial Position

	Group as at 30 June 2016 S\$m	Group as at 31 December 2015 S\$m	Change %	Remarks
Assets				
Non-current assets				
Loans and receivables	56.1	57.7	(2.8)	Slight decrease in loans and receivables was due to full redemption of a RMBS offset by the purchase of a CLO.
Available-for-sale financial assets	112.7	96.4	16.9	Comprised investments in bonds and the increase was mainly due to the net purchase of bonds during the period.
Financial assets at fair value through profit or loss	61.0	53.9	13.2	Comprised investments in bonds and the increase was mainly due to the net purchase of bonds during the period.
Total non-current assets	229.7	208.1	10.4	
Current assets				
Cash and cash equivalents	21.8	29.1	(25.1)	Decrease in cash and cash equivalents was mainly due to a net purchase of investments and net cash outflow arising from cash dividend distributed.
Available-for-sale financial assets	39.6	52.1	(24.0)	Comprised of investments in listed equities and CLOs. The decrease was mainly due to the sale of Ascendos.
Other assets	4.2	4.4	(4.5)	
Total current assets	65.6	85.6	(23.4)	
Total Assets	295.3	293.7	0.5	
Liabilities				
Other liabilities	7.4	1.5	393.3	
Total Liabilities	7.4	1.5	393.3	
Net assets attributable to shareholders	287.9	292.2	(1.5)	
Equity				
Share capital	542.2	535.8	1.2	
Capital reserve	(65.8)	(65.8)	-	
Available-for-sale financial assets revaluation	(2.4)	3.6	(166.7)	
Translation reserve	7.9	14.0	(43.6)	
Accumulated losses	(193.9)	(195.4)	0.8	
Total equity	287.9	292.2	(1.5)	
Net asset value per share (S\$ per share)	0.192	0.202	(5.0)	

Statement of Financial Position

Net asset value

	1H 16	2H 15	Change (%)	Remarks
Net asset value per share (S\$ per share)	0.192	0.202 0.192 (after adjustment for dividend paid and shares relating to the Scrip Dividend Scheme)	(5.0) -	If the 2015 final dividend was paid and the shares relating to the Scrip Dividend Scheme had been issued before 31 December 2015, the net asset value per share as at 31 December 2015 would have been 19.2 Singapore cents instead of 20.2 Singapore cents per share.

Dividend

	1H 16 S\$m	2H 15 S\$m	Change (%)	Remarks
Dividend	11.2	10.4	7.7	The Company is declaring a 2016 interim dividend of 0.75 Singapore cents per share for the financial year ending 31 December 2016.

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2. 2016 Half Year Overview

❑ **Scrip Dividend Scheme**

- ❑ On 25 February 2016, the Company announced that the Scrip Dividend Scheme would be applied to the final dividend of 0.75 Singapore cents per share for FY 2015.
- ❑ The Company allotted and issued 49,856,073 new ordinary shares at an issue price of 12.80 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 58.82%.
- ❑ New shares were listed on 28 April 2016.

❑ **Lead Independent Director**

- ❑ Mr Adrian Chan Pengee was appointed Lead Independent Director of the Company with effect from 25 February 2016.

❑ **2016 Annual General Meeting (“AGM”) And Special General Meeting (“SGM”)**

- ❑ All resolutions put to the vote at the AGM and SGM on 29 April 2016 were duly approved and passed by the Company’s shareholders.

2. 2016 Half Year Overview

- ❑ On 29 April 2016, the shareholders of the Company has approved the change of manager from ST Asset Management Ltd (“STAM”) to Singapore Consortium Investment Management Limited (“SICIM”).
- ❑ On 23 May 2016, the Company announced that SICIM had completed its negotiations with and had appointed STAM as its consultant retrospective from 29 April 2016 for a period of 6 months. Consequently, the delegation of the Delegated Services under the Original Management Agreement by STAM to SICIM had been terminated with effect from 29 April 2016.
- ❑ Following the appointment of SICIM as the manager, Mr See Yong Kiat has been nominated by SICIM and appointed by the Company as Manager Nominated Director.

❑ **Assistant Secretaries**

- ❑ Ms Lim Xinhua and Ms Alicia Chan have been appointed as Assistant Secretaries of the Company in place of Ms Rohana Bte Saharom and Ms Kamaliah Bte Mohamed Kamari with effect from 12 May 2016.

2. 2016 Half Year Overview

❑ **Divestment of Ascendos Investments Limited (“Ascendos”)**

- ❑ The sale of Ascendos had been completed on 16 June 2016 and it had ceased to be an associated company of the Company.

❑ **Scrip Dividend Scheme**

- ❑ Interim dividend of 0.75 Singapore cents per share for FY2016 will be declared on 5 August 2016.
- ❑ The Scrip Dividend Scheme will be applied to the interim dividend of 0.75 Singapore cents per share.

❑ **2016 Best Managed Board Award**

- ❑ The Company has won the Bronze Award for the Best Managed Board for companies with less than S\$300 million in market capitalisation category. The award is organised by the Institute of Singapore Chartered Accountants, Singapore Institute of Directors and The Business Times, supported by Accounting and Corporate Regulatory Authority (ACRA) and Singapore Exchange, and sponsored by Bank Julius Baer. The award focuses on boards' attention on transparency, accountability, performance orientation, good processes and practices.

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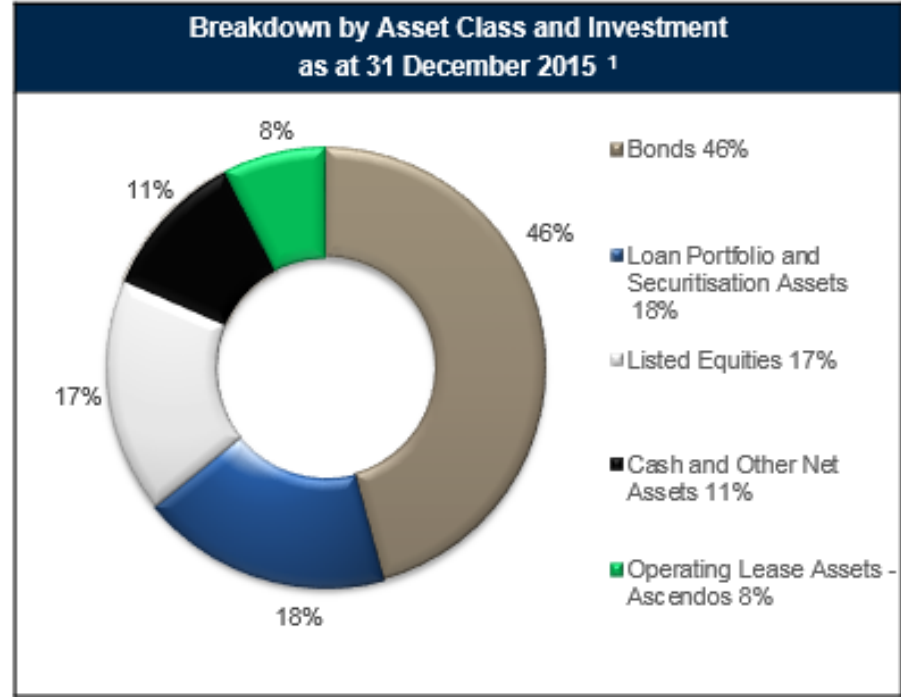
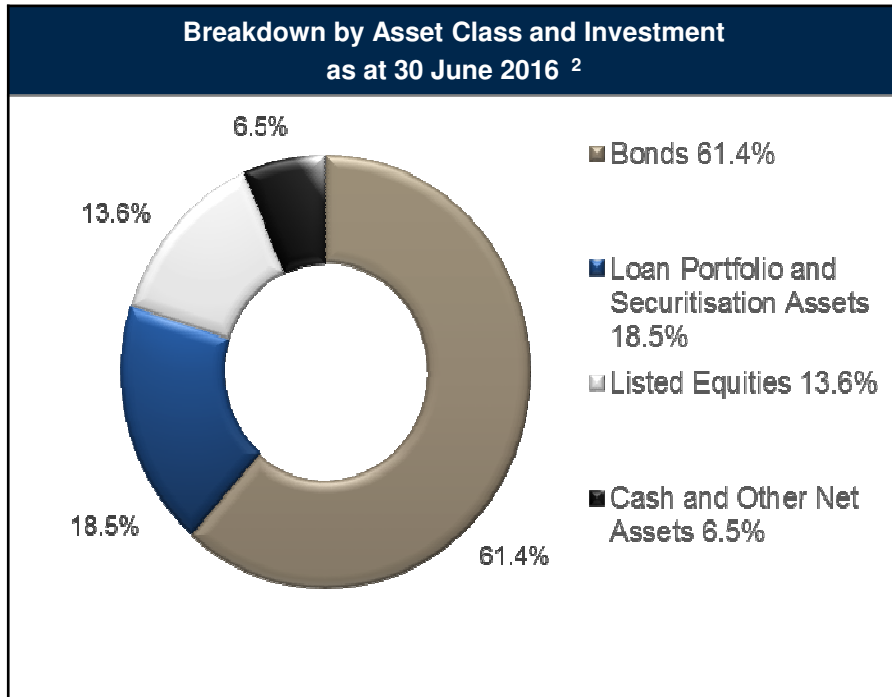
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3. Portfolio Composition (By Asset Class*)

Asset Class	As At 30 June 2016	As At 31 December 2015	Change In Percentage Point
Operating Lease Assets	-	8%	▼ 8
Loan Portfolio And Securitisation Assets	18%	18%	-
Bonds	62%	46%	▲ 16
Listed Equities	14%	17%	▼ 3
Cash And Other Assets	6%	11%	▼ 5

* Percentage of the Company's Net Asset Value.

3. Portfolio Composition (By Asset Class*)



¹ Net Asset Value as at 31 December 2015 is S\$292.21 million

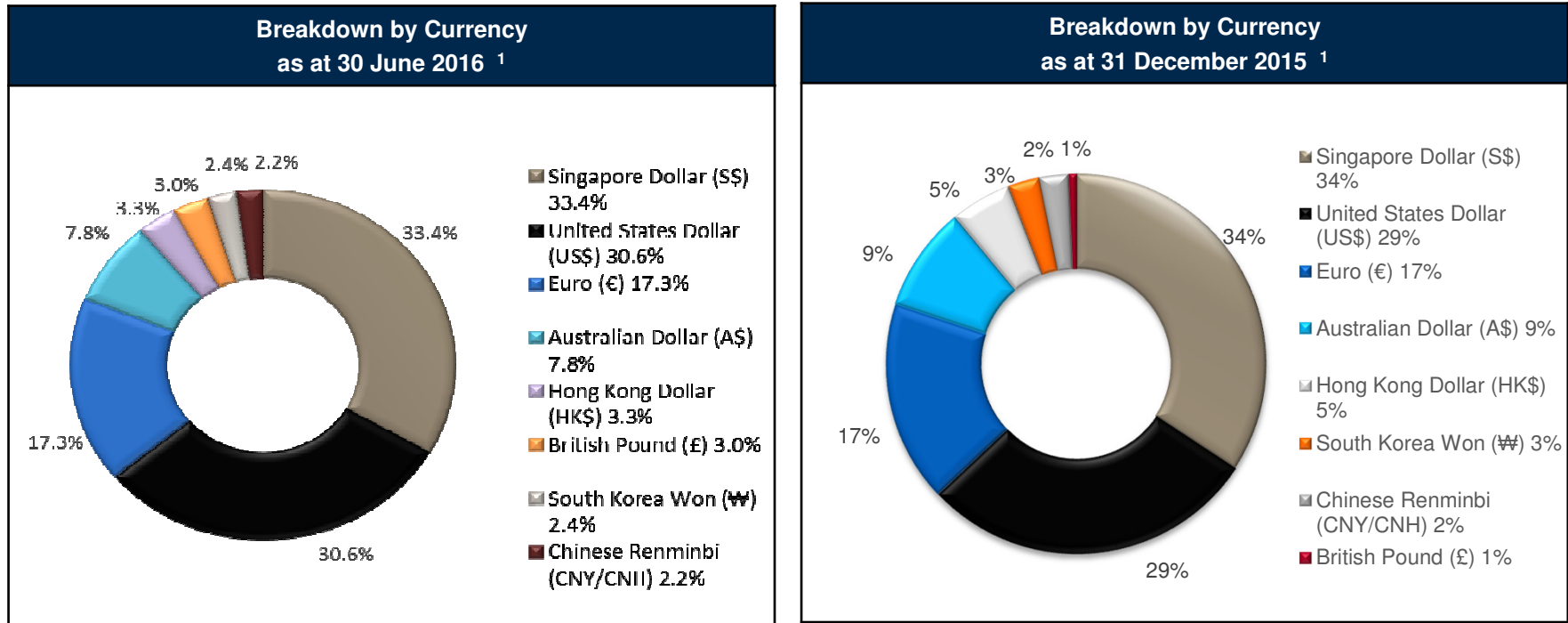
² Net Asset Value as at 30 June 2016 is S\$288.09 million

3. Portfolio Composition (By Currency Exposure*)

Currency	As At 30 June 2016	As At 31 December 2015	Change In Percentage Point
USD	31%	29%	▲ 2
SGD	34%	34%	-
EUR	17%	17%	-
HKD	3%	5%	▼ 2
AUD	8%	9%	▼ 1
OTHERS	7%	6%	▲ 1

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

3. Portfolio Composition (By Currency Exposure*)



¹ Currency positions are net of hedging

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❑ Loan Portfolio And Securitisation Assets

- ❑ Prices of global corporate loans continued to rally in 2Q 2016. Moody's expects the global speculative-grade default rate to rise to 4.9% at the end of 2016, but sees upward pressure easing in 2017.
- ❑ CLO spreads rallied in 2Q 2016 on the back of oil price gains, and dovish actions taken by the Fed and the ECB. While the EUR CLO market activity is poised to eclipse 2015, US CLO markets are on track to record the lowest activity in the last 3 years.

❑ Bonds

- ❑ The first quarter saw an overall strength in the bond market with global credit rising largely driven by the momentum in March's recovery carrying late into April and May. Positive economic data releases in developed markets, together with ongoing policy support from global central banks as well as a rebound in oil and commodity prices aided the turnaround in investor sentiment.
- ❑ In an environment of global disinflation, low yields and accommodative monetary policy is expected to persist until fundamental macroeconomic outlook shows signs of a sustainable improvement
- ❑ De-leveraging of higher risk weighted assets via asset sales as well as pulling back from certain capital market business lines will result in lower volatility in earnings which is positive for bank credit

4. Outlook

❑ **Listed Equities**

- ❑ The global equity markets followed a V-shape trajectory with stocks falling sharply to mid-February before rebounding towards the end of June. Investors were cautious on the growth momentum of global economy and were unnerved further by the unexpected Brexit vote, but central banks successfully took steps to shore up investor confidence.
- ❑ In the near term, central banks' pledge in maintaining easing monetary policies to stimulate growth should remain supportive of equity markets
- ❑ Some countries are expected to step up fiscal stimulus to spur their domestic demand as export outlook worsens. Japan is in the midst of introducing supplementary budget after the recent elections. UK has indicated openness to a more generous budget after the Brexit vote. China has been injecting liquidity, and more fiscal supports are expected.

4. Outlook

Summary

- ❑ The global economic environment is challenging for 2H 2016. Financial market volatility remains high, and geopolitical conflicts, terrorism and refugee flows continue to complicate the global economic environment. Furthermore, there are uncertainties surrounding post-Brexit impact and the health of the European banking sector. In such a difficult environment coupled with high oil inventory and a strong USD, the oil prices are likely to remain weak and volatile which continues to present strong headwind to the oil and gas sector. In view of the less than desirable global economic recovery and a growing concern about a wave of anti-globalization sentiment, the finance ministers and central bankers from the Group of 20 (“G-20”) in their recent meeting in China, put a stepped-up emphasis on fiscal and structural policies to boost growth and renewed a pledge to promote inclusiveness. Brexit has escalated the importance of inclusive economic expansion and more needs to be done to share the benefits of growth and economic openness broadly within and among countries.

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.