

Global Investments Limited

2022 Full Year Results

Period ended 31 December 2022

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AGENDA

1. Financial Highlights

2. Corporate Overview

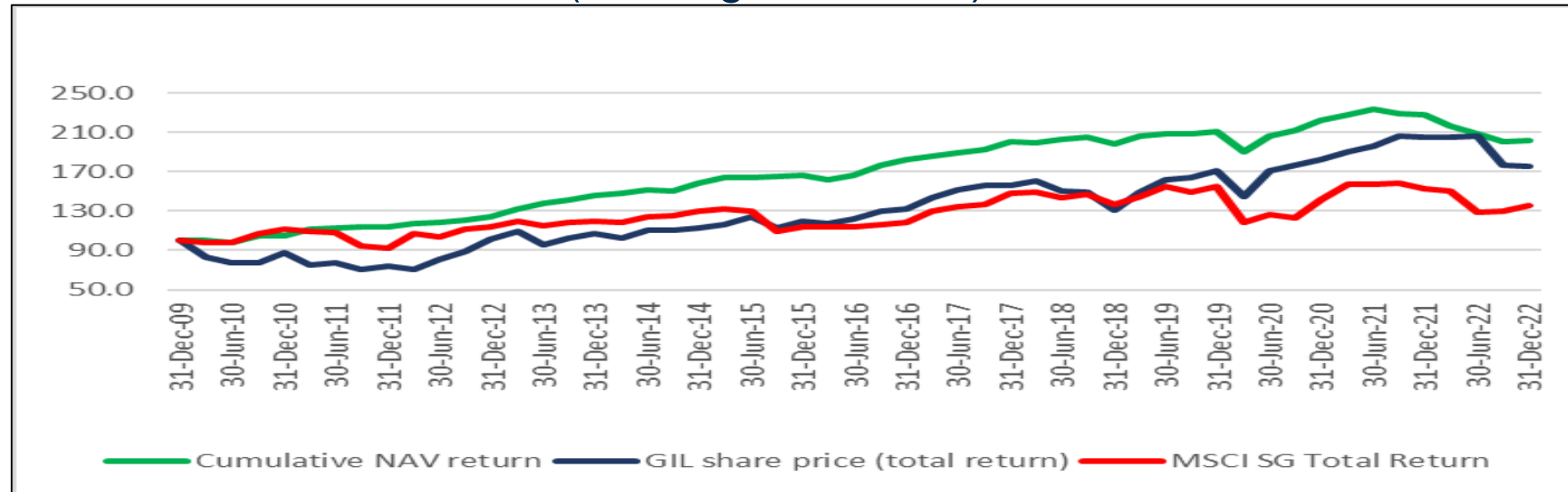
3. Portfolio Overview

4. Market Overview

Net asset value per share

	FY 2022	FY 2021	Change (%)	Remarks
Net asset value per share (S\$ per share)	0.1682	0.1933 0.1887 (After adjustment for 2021 final dividend paid and transfer of treasury shares relating to the Scrip Dividend Scheme)	(10.86)	The net asset value per share of the Group as at 31 December 2022 was 16.82 cents after the payment of 2021 final dividend of 0.40 cents per share. If the 2021 final dividend was paid and the treasury shares relating to the Scrip Dividend Scheme had been utilised before 31 December 2021, the net asset value per share as at 31 December 2021 would have been 18.87 cents instead of 19.33 cents per share, and the decrease in net asset value per share would be 10.86%.

Cumulative Performance (Starting from 2010)



1. Financial Highlights for 2H 2022

Income

	2H '22 S\$m	2H '21 S\$m	Change (%)	Remarks
Dividend Income	1.1	0.8	37.5	The Group reported a negative income of S\$3.8 million compared to an income of S\$0.9 million recorded in the same period last year.
Interest Income	5.5	6.4	(14.1)	
Net foreign exchange gain (net of hedges)	-	0.6	Nm ¹	The main difference in the income level was higher fair value loss on financial assets at fair value through profit or loss (FVTPL) of S\$10.4 million as compared to a S\$6.9 million fair value loss in the comparative period. The Group also reported a lower interest income of S\$5.5 million as compared to S\$6.4 million in the comparative period due to the increase in the redemption/maturity of investments during the half year.
Net loss on financial assets designated as fair value through profit or loss (FVTPL)	(10.4)	(6.9)	(50.7)	
Total income	(3.8)	0.9	Nm¹	

¹ Nm: not meaningful

1. Financial Highlights for 2H 2022

Expenses

	2H '22 S\$m	2H '21 S\$m	Change (%)	Remarks
Management fees	1.2	1.3	(8.3)	Expenses for the six months ended 31 December 2022 were higher at S\$4.6 million as compared to S\$2.4 million in the comparative period. The increase was due to a net foreign exchange loss of S\$2.4 million.
Incentive fees	-	-	Nm ¹	
Net foreign exchange loss	2.4	-	Nm ¹	
Other operating expenses	1.0	1.1	(9.1)	
Total expenses	4.6	2.4	92.0	
Loss before tax	(8.5)	(1.5)	(466.7)	
Income tax expense	0.1	0.1	-	
Loss after tax	(8.5)	(1.5)	(466.7)	For the six months ended 31 December 2022, the Group reported a net loss after tax of S\$8.5 million as compared to a net loss after tax of S\$1.5 million recorded for the six months ended 31 December 2021.

¹ Nm: not meaningful

1. Financial Highlights for 2H 2022

Total comprehensive income

	2H '22 S\$m	2H '21 S\$m	Change (%)	Remarks
Total comprehensive loss for the period attributable to shareholders	(8.5)	(1.5)	(466.7)	Total comprehensive loss for the Group was S\$8.5 million in 2H 2022 compared to S\$1.5 million loss in 2H 2021.
Basic earnings per share (cents per share)	(0.54)	(0.10)	(440.0)	The Group recorded an earnings per share of negative 0.54 cents (based on weighted average number of shares of 1.58 billion) in 2H 2022 compared to 0.10 cents (based on weighted average number of shares of 1.61 billion) in 2H 2021.
Diluted earnings per share (cents per share)	(0.54)	(0.10)	(440.0)	

¹ Nm: not meaningful

1. Financial Highlights for FY 2022

Statement of Comprehensive Income

	FY 22 S\$m	FY 21 S\$m	Change (%)	Remarks
Dividend Income	2.4	1.7	41.2	The Group reported a loss of S\$27.2 million as compared to an income of S\$22.0 million recorded last year. The loss was due to the revaluation of financial assets at FVTPL of S\$40.7 million compared to a fair value gain of S\$6.5 million last year. The Group also reported a lower interest income of S\$11.1 million as compared to S\$12.7 million last year due to the increase in the redemption/maturity of investments during the year.
Interest Income	11.1	12.7	(12.6)	
Net foreign exchange gain	-	1.0	Nm ¹	
Net gain/(loss) on financial assets designated as fair value through profit or loss (FVTPL)	(40.7)	6.5	Nm ¹	
Total income/(loss)	(27.2)	22.0	Nm¹	
Management fees	2.5	2.6	(3.8)	Expenses for the year ended 31 December 2022 were S\$7.7 million, slightly higher than S\$7.0 million recorded last year. This was mainly due to the net foreign exchange loss of S\$3.3 million partially offset by the absence of incentive fee in the current year.
Incentive fees	-	2.3	Nm ¹	
Net foreign exchange loss	3.3	-	Nm ¹	
Other operating expenses	1.9	2.0	(5.0)	
Total expenses	7.7	7.0	10.0	

¹ Nm: not meaningful

1. Financial Highlights for FY 2022

Statement of Comprehensive Income (cont'd)

	FY 22 S\$m	FY 21 S\$m	Change (%)	Remarks
Profit/(loss) before tax	(34.9)	15.0	Nm ¹	
Income tax expense	(0.2)	(0.1)	100.0	
Profit/(loss) after tax	(35.1)	14.9	Nm ¹	For the year ended 31 December 2022, the Group reported a net loss after tax of S\$35.1 million as compared to a net profit after tax of S\$14.9 million recorded for the year ended 31 December 2021.
Total comprehensive income for the period attributable to shareholders	(35.1)	14.9	Nm ¹	
Basic earnings per share (cents per share)	(2.23)	0.93	Nm ¹	The Group had a negative earnings per share of 2.23 cents (based on weighted average number of shares of 1.57 billion) for the full year ended 31 December 2022 compared to an earnings per share of 0.93 cents (based on weighted average number of shares of 1.61 billion) for the full year ended 31 December 2021.
Diluted earnings per share (cents per share)	(2.23)	0.93	Nm ¹	

¹ Nm: not meaningful

1. Financial Highlights for FY 2022

Statement of Financial Position

	Company as at 31 Dec 2022 S\$m	Group & Company as at 31 Dec 2021 S\$m	Change %	Remarks
Assets				
Non-current assets				
Financial assets at fair value through profit or loss	162.3	212.1	(23.5)	The financial assets at FVTPL as at 31 December 2022 was S\$208.6 million and was S\$57.3 million lower than the carrying value of the portfolio of investments of S\$265.9 million as at 31 December 2021. The decrease was mainly due to fair value loss through profit or loss and net redemption/maturity of investments.
Right-of-use asset	0.1	0.2	(50.0)	
Total non-current assets	162.4	212.2	(23.5)	
Current assets				
Cash and cash equivalents	51.1	41.9	22.0	Cash and cash equivalents increased to S\$51.1 million as at 31 December 2022 from S\$41.9 million as at 31 December 2021. This was mainly due to the net redemption/maturity of investments, offset by the purchase of treasury shares and payment of FY 2021 final dividend.
Financial assets at fair value through profit or loss	46.3	53.8	(13.9)	Comprised investments in listed equities and bonds maturing within a year.
Other assets	2.5	3.0	(16.7)	Comprised interest and dividend receivable.
Total current assets	99.9	98.7	1.2	
Total Assets	262.3	311.0	(15.7)	

1. Financial Highlights for FY 2022

Statement of Financial Position (cont'd)

	Company as at 31 Dec 2022 S\$m	Group & Company as at 31 Dec 2021 S\$m	Change %	Remarks
Liabilities				
Current liabilities				
Lease Liabilities	0.1	0.1	Nm ¹	
Other liabilities	1.1	1.4	(21.4)	Comprised fees payable to the Manager and accrual of operating expenses.
Total current liabilities	1.2	1.5	(20.0)	
Non-current liabilities				
Lease liabilities	0.1	0.1	Nm ¹	
Total non-current liabilities	0.1	0.1	Nm¹	
Total Liabilities	1.2	1.6	(25.0)	
Net assets attributable to shareholders	261.1	309.4	(15.6)	
Equity				
Share capital	270.8	270.8	-	
Treasury shares	(25.5)	(18.2)	(40.1)	A total of 75,572,700 ordinary shares which amounted to S\$11.1 million were purchased and held as treasury shares during FY 2022. As part of the Scrip Dividend Scheme, 27,599,302 treasury shares were transferred for the purpose of allotment of shares and amounted to S\$3.8 million.
Capital reserve	1.1	0.7	57.1	
Retained earnings	14.7	56.0	(73.8)	
Total Equity	261.1	309.4	(15.6)	
Net asset value per share (S\$ per share)	0.1682	0.1933	(13.0)	

1. Financial Highlights for FY 2022

Return on Equity

	FY 22 %	FY 21 %	Change (%)	Remarks
Return on Equity	(12.3)	4.8	Nm ¹	The Group recorded a return on equity (computed based on net profit/loss after tax over the average total equity) of -12.3% in 2022 as compared to 4.8% in 2021 due to loss after tax for the year.

Earnings per Share

	FY 22 cents	FY 21 cents	Change (%)	Remarks
Earnings per Share	(2.23)	0.93	(339.8)	The Group had a negative earnings per share of 2.23 cents (based on weighted average number of shares of 1.57 billion) for the full year ended 31 December 2022 compared to an earnings per share of 0.93 cents (based on weighted average number of shares of 1.61 billion) for the full year ended 31 December 2021.

Dividend

	FY 22 S\$m	FY 21 S\$m	Change (%)	Remarks
Interim Dividend	6.2 (Declared)	6.4	(3.1)	The Company has declared FY 2022 interim dividend of 0.4 cents per share, and have recommended FY 2022 final dividend of 0.4 cents per share.
Final Dividend	6.2 (Proposed)	6.2	Nm ¹	

¹ Nm: not meaningful

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2. Corporate Overview

❑ Awards and Accolades

- ❑ GIL will remain on the SGX Fast Track until the next review in 2H 2023. SGX Fast Track recognises the efforts and achievements of listed issuers which have upheld high corporate governance standards and maintained a good compliance track record.
- ❑ GIL has won a Merit Award under the companies with less than \$300 million in market capitalization category for Best Risk Management Award at the Singapore Corporate Awards 2022.

2. Corporate Overview

❑ Singapore Governance and Transparency Index 2022

- ❑ The Singapore Governance and Transparency Index (SGTI) 2022 was released in The Business Times on 4 August 2022. The Company was ranked 27th out of 489 listed companies in the SGTI 2022.
- ❑ The Company was awarded SGTI base score of 74 points and bonus score of 22 points. The Company achieved an overall SGTI score of 96 points compared to last year's 98 points.

❑ 2022 Dividends

- ❑ The Company has declared an interim dividend of 0.4 cents per share for FY 2022.
- ❑ For the final dividend of 2022, the Company recommended a payout of 0.40 cents per share and the Scrip Dividend Scheme will be applied to it. This payment is subject to the approval of shareholders at the Annual General Meeting.

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3. Portfolio Composition (By Asset Class*)

Asset Class	As At 31 December 2022 %	As At 31 December 2021 %	Change In Percentage Point %
Listed Equities	17.7	16.7	▲ 6.0
Bank Contingent Convertibles	47.7	55.2	▼ 13.6
Bonds and Collateralised Loan Obligations	14.5	14.0	▲ 3.6
Cash And Other Assets	20.1	14.1	▲ 42.6
Total	100.0	100.0	-

* Percentage of the Group's net asset value.

3. Portfolio Composition (By Currency Exposure*)

Currency	As At 31 December 2022 %	As At 31 December 2021 %	Change In Percentage Point %
SGD	31.7	27.8	▲ 14.0
USD	29.2	33.5	▼ 12.8
CNH/CNY	16.4	15.7	▲ 4.5
HKD	10.3	9.9	▲ 4.0
EUR	5.6	5.8	▼ 3.4
AUD	4.1	4.3	▼ 4.7
Others	2.7	3.0	▼ 10.0
Total	100.0	100.0	-

* Percentage of the Group's net asset value.

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4. Market Overview

❑ Bonds and Collateralised Loan Obligations

- ❑ In FY 2022, the Bloomberg Barclays Global High Yield Total Return Index fell 12.7% in USD terms and 13.3% in SGD terms. Investment grade bonds underperformed high yield bonds in FY 2022 as the equivalent investment grade index fell by 16.2%. Specifically, corporate investment grade bonds fell 16.7%.
- ❑ Inflation was a pressing theme as it remained elevated despite showing signs of slowing down since Q3 2022. Most central banks adopted various contractionary monetary policies such as interest rate hikes and Quantitative Tightening (QT) programmes to combat soaring inflation. As a result, energy and housing prices declined towards the end of the year, which allowed the Fed to make a modest rate hike of 50 bps in December after four consecutive 75 bps rate hikes. However, due to the resilient labour market, inflation remained at unacceptably high levels and hence a pivot in monetary policy is not to be expected moving into 1H 2023.

4. Market Overview

❑ Bank Contingent Convertibles (CoCos)

- ❑ In FY 2022, the Bloomberg Barclays Global CoCo Banking Total Return Index fell 13.6% in USD terms and 14.2% in SGD terms.
- ❑ Bank contingent convertibles spreads narrowed by 49 bps over the past 6 months, lowering the overall spread widening to 145 bps in 2022. Contingent convertibles spreads had been generally widening through October 2022, before narrowing towards the end of the year. This was attributed to the hawkish stance from the Fed, with the lagged effect of aggressive rate hikes taking effect in Q4 2022. The widening of credit spreads is attributed to the increase in risk-free rates, reflecting the heightened inflationary pressures and this translates to higher refinancing needs, which could disrupt the sovereign debt dynamics. With the substantial increase in banks' bond funding costs, banks have reduced their issuance of debt.

4. Market Overview

❑ Bank Contingent Convertibles (CoCos)

- ❑ Along with the Fed, the European Central Bank (ECB) raised interest rates four times to 2.50% in 2022. ECB had also concluded net asset purchases under their Asset Purchase Programme (APP) as of 1 July 2022. In addition, ECB will commence the shrinking of its APP portfolio in March 2023 by not reinvesting €15 billion of the proceeds of maturing securities per month until the end of Q2 2023, thereby marking the transition to quantitative tightening. The Reserve Bank of Australia (“RBA”) had raised the cash rate 8 times since May 2022 and signalled more interest rate hikes in 2023 to combat sticky inflation.

4. Market Overview

❑ Listed Equities

- ❑ Global equities, represented by the MSCI ACWI Index fell 19.8% over the past 12 months.
- ❑ In FY 2022, the global economy continued to decline over concerns with inflationary pressures, rising interest rates and the ongoing Russia – Ukraine conflict. In China, the property developer sector remained weak with the continued pessimism among investors and consumers. The frequent lockdowns over the past few months had weakened domestic demand, constrained production and delayed the unclogging of supply chains.
- ❑ In response, the Chinese government adopted a 16-point plan to rescue its ailing property sector and announced significant relaxation of Covid-19 measures in a bid to stimulate economic growth by boosting domestic consumption. On the back of China's priority to revive the struggling property sector and sudden reversal of the stringent zero-Covid policy, the near-term environment will be marked by heightened uncertainty with frequent bouts of volatility.

4. Market Overview

❑ Listed Equities

- ❑ Looking at Singapore, a cooling tech cycle caused Singapore's electronics non-oil domestic exports (NODX) to fall sharply, with semiconductor shipments slumping 10% year-on-year. Although the reopening of its borders and booming domestic demand helped to boost growth, the persistent inflationary pressures threatened to diminish private consumption and hence stifling growth recovery. PMIs are also pointing to a challenging trade outlook in 2023 with new export orders falling. The effects of the 1% GST hike, effective from 1 January 2023, will provide crucial guidance to MAS monetary policy decision-making process in 2023.

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 on optimising risk-adjusted asset returns.

☐ **Investment Objective**

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