



# GLOBAL INVESTMENTS LIMITED

## **SGX Quarterly Report 30 September 2019**

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This financial report has been prepared to enable the directors to comply with their obligations under the Listing Manual of the Singapore Exchange Securities Trading Limited (Listing Manual) and where relevant, to satisfy the requirements of the International Financial Reporting Standards. The responsibility for the preparation of the financial report and any financial information contained in this financial report rests solely with the directors of GIL.

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## PERFORMANCE REVIEW

### **FINANCIAL PERFORMANCE FOR QUARTER ENDED 30 SEPTEMBER 2019**

The Company and its subsidiaries (the Group) reported a profit after tax of S\$0.5 million in 3Q 2019 as compared to S\$6.3 million recorded in 3Q 2018.

#### **INCOME**

Income for 3Q 2019 was lower at S\$1.7 million as compared to S\$7.5 million in 3Q 2018. The lower income recorded during the current quarter was mainly due to a net fair value loss on financial assets at fair value through profit or loss (FVTPL) of S\$2.5 million, largely contributed by the drop in prices of listed equities, as compared to a net fair value gain of S\$1.0 million recorded in the comparative quarter. During the quarter, the Group also recognised a lower net foreign exchange gain of S\$0.1 million as compared to a net foreign exchange gain of S\$2.1 million recorded in 3Q 2018.

#### **EXPENSES**

Total expenses remained relatively unchanged for both quarters.

#### **OTHER COMPREHENSIVE INCOME**

There was no other comprehensive income for the quarter as compared to a translation loss of S\$2.4 million in 3Q 2018. As a result, total comprehensive income for the Group was S\$0.5 million versus S\$3.9 million recorded in the same quarter last year.

### **FINANCIAL PERFORMANCE FOR NINE MONTHS ENDED 30 SEPTEMBER 2019**

For the nine months ended 30 September 2019, the Group reported a net profit after tax of S\$16.2 million, about 2 times of the S\$8.3 million recorded in the same period last year.

#### **INCOME**

The Group reported an income of S\$19.5 million for the nine months ended 30 September 2019, 66.7% higher than S\$11.7 million recorded in the same period last year. The higher income was mainly contributed by a net fair value gain on FVTPL of S\$7.1 million versus a net fair value loss of S\$9.3 million in the same period last year. The loss recorded in 2018 was slightly offset by S\$6.8 million settlement proceeds received from the BBRNA litigation as well as a slight net foreign exchange gain of S\$1.5 million.

#### **EXPENSES**

Total expenses remained relatively unchanged for the nine months ended 30 September 2019 and 2018 at S\$3.2 million and S\$3.4 million respectively.

#### **OTHER COMPREHENSIVE INCOME**

There was no other comprehensive income for the nine months ended 30 September 2019 as compared to a translation loss of S\$1.3 million in the comparative period. As a result, total comprehensive income for the Group was S\$16.2 million which was more than 2 times of the S\$7.0 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 September 2019 was S\$282.9 million and comprise the entire portfolio of investments held by the Group. This was S\$0.9 million lower than the carrying value of the portfolio of investments of S\$283.8 million as at 31 December 2018. The decrease was mainly due to the disposal/redemption of financial assets during the year.

### **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents increased to S\$40.0 million as at 30 September 2019 compared to S\$35.4 million as at 31 December 2018, mainly due to net proceeds received from the disposal/redemption of financial assets during the year.

### **NET ASSET VALUE PER SHARE**

The net asset value per share of the Group as at 30 September 2019 was 18.81 Singapore cents after the payment of 2018 final dividend and 2019 interim dividend, each 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 per share. After adjusting for the 2019 interim dividend, the net asset value per share as at 30 September 2019 would have been 19.31 Singapore cents and the increase in net asset value per share would be 6.7%.

## 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 ownerships, 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 at 30 September 2019 comprised the following assets:

### LISTED EQUITIES

GIL is invested in a portfolio of listed equities traded on various exchanges including 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 and EUR 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.

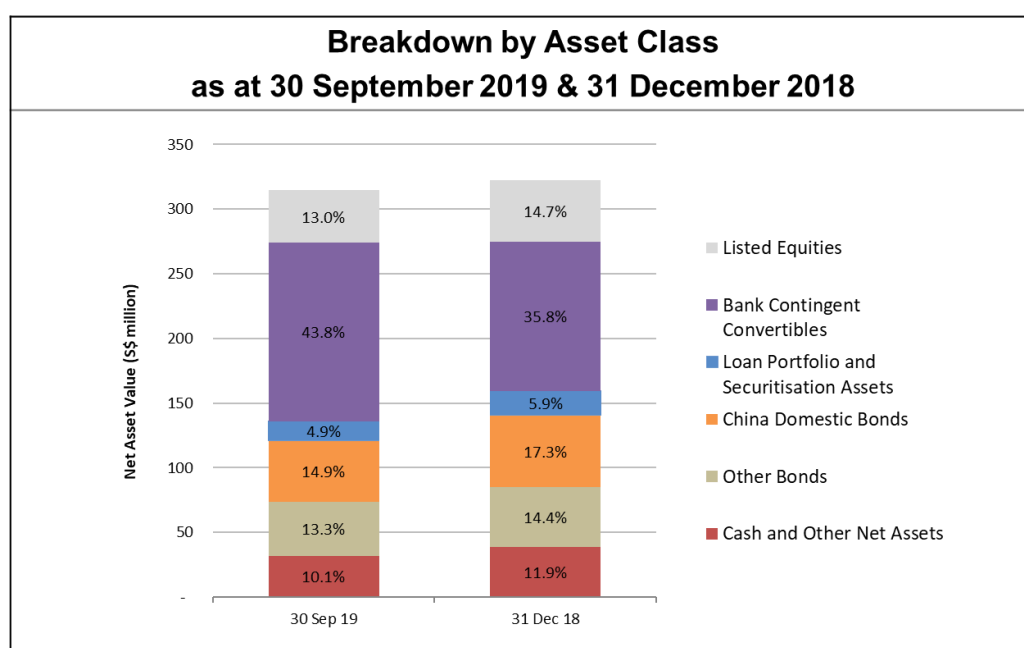
### BONDS

#### CHINA DOMESTIC BONDS

The Group is invested in a portfolio of CNY denominated bonds issued mainly by Chinese companies rated AAA domestically.

#### OTHER BONDS

The Group is invested in a portfolio of bonds issued mainly by high yield US and European companies.



Net asset value as at 30 September 2019 and 31 December 2018 is S\$314.78 million and S\$322.21 million respectively.

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## BUSINESS REVIEW AND OUTLOOK<sup>1</sup>

### MACROECONOMIC

The International Monetary Fund (“IMF”) downgraded its projections for global economic growth to 3.0% in 2019 and 3.4% in 2020 in its latest World Economic Outlook report released in October 2019. The revised forecasts reflect downward revisions of -0.3% for 2019 and -0.2% for 2020 as compared to its April report. The IMF highlighted that global growth remains subdued, with the sharp and geographically broad-based slowdown in manufacturing and global trade cushioned by increased monetary policy accommodation and a generally resilient service sector. While a resolution of trade policy differences between the US and China would lessen the current downward pressure on global growth momentum, a fiscal response may be necessary in advanced economies with a more constrained monetary policy environment in order to support growth.

In the US, according to the advance estimate by the Bureau of Economic Analysis (“BEA”), Gross Domestic Product (“GDP”) growth slowed slightly to 1.9% quarter-on-quarter (“q-o-q”) in 3Q 2019, as compared to 2.0% q-o-q in 2Q 2019. The ISM Manufacturing Purchasing Manager Index (“PMI”) decreased to 47.8 in September 2019 as compared to 51.7 in June 2019, while the ISM Non-Manufacturing PMI Index decreased to 52.6 in September 2019 as compared to 55.1 in June 2019. Meanwhile, the annual inflation rate as measured by the Consumer Price Index (“CPI”) was 1.7% in September 2019 as compared to 1.6% in June 2019. The US unemployment rate decreased to 3.5% in September 2019 as compared to 3.7% in June 2019 while the participation rate increased to 63.2% in September 2019 as compared to 62.9% in June 2019.

The Federal Reserve (“Fed”) lowered the target federal fund rate at the October meeting to a range of 1.5%-1.75%, with three consecutive rate cuts since July. Fed minutes cited concerns over an outlook of weak global growth and trade policy uncertainty against the continued benign inflation environment, prompted the mid-cycle cuts to provide an accommodative policy stance. The median federal fund rate is now projected at 1.875% by 2020, revised downwards from a previous forecast of 2.1% in its June meeting. Core Personal Consumption Expenditures Price Index continued to run below Fed’s 2% target with 2019’s forecast maintained at 1.5% from the previous quarter. Growth outlook remains unchanged at 2.1% for 2019.

China’s economy grew 6% y-o-y in 3Q 2019, slower than the 6.2% growth seen in the 2Q 2019. The Caixin Manufacturing PMI improved to 51.4 in September 2019 as compared to 49.4 in June 2019 while the Caixin Services PMI decreased to 51.3 from 52.0. Retail sales growth slowed to 7.8% y-o-y in September 2019 as compared to 9.8% in June 2019. Exports contracted by 3.2% y-o-y in September 2019 as compared to the contraction of 1.3% in June 2019 while imports similarly trended downwards with a contraction of 8.5% y-o-y in September 2019 as compared to the 7.2% contraction in June 2019. CPI increased 3.0% y-o-y in September 2019, up from 2.7% in June 2019. As of September 2019, China’s foreign exchange reserves decreased to US\$3,092.43 billion from US\$3,119.2 billion in June 2019.

Following the release of weaker results in the 3rd quarter, policy support in the form of further RRR cuts may be constrained by rising inflation against the backdrop of slowing growth momentum. Looking ahead, trade war remains the biggest risk to China’s economy with about two thirds of mainland exports to the US (US\$360 billion) currently subject to punitive tariffs.

Eurozone real GDP growth slowed to 1.1% y-o-y in 3Q 2019, as compared to 1.2% in 2Q 2019. The Markit Eurozone Composite PMI, which tracks sentiment among purchasing managers within the manufacturing and service sectors, declined to 50.1 in September 2019 as compared to 52.2 in June 2019. The Consumer Confidence Indicator improved to -6.5 in September 2019 as compared to -7.2 in June 2019, while CPI declined to 0.8% y-o-y in September 2019 from 1.3% in June 2019.

The European Central Bank (“ECB”) kept interest rates on main refinancing operations and marginal lending facility unchanged at 0% and 0.25%. The ECB also cut its deposit facility to -0.5% from -0.40% respectively while restarting net purchases under the Governing Council’s asset purchase programme (APP) at a monthly pace of €20 billion from 1 November. The ECB also revised its forecasts for inflation and GDP growth downwards in 2019 and 2020 with a recovery in 2021. GDP growth and inflation for 2019 were both revised to 1.1% and 1.2% respectively. For 2020, GDP growth was revised downwards by 0.2% to 1.2% while inflation was revised downwards by 0.4% to 1.0%.

### Commodity

Bloomberg Commodity Index, which tracks global commodities prices, declined 1.83% in 3Q 2019 amid a weaker economic growth outlook. Brent crude price declined 8.67% to US\$60.78 as weaker demand growth and the prospect of a wave of new oil production coming on stream from Norway helped to shrug off the supply disruption from attacks on the Saudi Arabia facilities. The International Energy Agency further cut oil demand growth forecast for 2019 by 0.1 million to 1 million barrels per day (“mbpd”) in its Oct report but expect demand to accelerate in 2020 to 1.2 mbpd. Global oil supply plunged 1.5 mb/d in September to 99.3 mb/d after attacks on Saudi oil facilities briefly shut in more than half the kingdom’s production.

## Currency

The Singapore dollar nominal effective exchange rate (S\$NEER) decreased over the quarter. The S\$NEER Index declined from 127.86 on 28th June 2019 to 127.64 as of 27th Sept 2019. In 3Q 2019, SGD weakened against USD by 2.05%, and strengthened against AUD by 1.61%, CNY by 1.52% and EUR by 1.83%. At the Oct 2019 meeting, the Monetary Authority of Singapore (“MAS”) decided to reduce slightly the rate of appreciation 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 the MAS Monetary Policy Statement in October, GDP forecast for 2019 was downgraded to 0%-1% from 1.5%-2.5% in the previous quarter. The forecast takes into account the ongoing downturn in the global electronics cycle as well as the pullback in investment spending amidst 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 3Q 2019, similar to the previous quarter. On a q-o-q seasonally-adjusted annualised basis, real GDP expanded by 0.6% as compared to the 2.7% contraction 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 0.7% y-o-y in 2Q 2019, compared to 1.2% in 2Q 2019. This was because of lower services and retail inflation, as well as a steeper decline in the cost of electricity & gas. MAS kept expectations for Core Inflation steady at 1.0%-2.0%, and projected CPI-All Items inflation expectation to 0.5% for 2019.

## TARGETED ASSET CLASSES

### Listed Equities

Equities markets were resilient in 3Q 2019 with most markets posting positive returns in their respective currencies. Developed markets were mostly positive while Emerging markets’ returns were dragged lower by a stronger dollar. Individually, US benchmark equity index, S&P500, was up 1.70%, MSCI Europe Equity Index was up 2.11%, Nikkei 225 was up 3.09% while MSCI Emerging market was down 5.11%. China’s Shanghai Composite Index posted positive return in local currency term but negative in USD term as USDCNY broke the 7.0 level and strengthened 4.10% over the third quarter. The stronger dollar seen is most likely attributed to the Federal Reserve’s less-than-expected dovishness by terming the two rate cuts in 3Q 2019 as “mid-term cycle adjustment to policy” rather than the start of a protracted easing cycle. Additionally, trade tensions continued to escalate through third quarter which probably led to investors shunning from riskier and more volatile equity markets.

US corporate earnings released in 3Q 2019 for the second quarter appeared buoyant despite signs of further slowdown in earnings growth. On the macroeconomic side, GDP growth for second quarter also was better than expected at 2.1%, led by robust growth in consumer spending. That said, inflation numbers continued to trend below Federal Reserve’s targeted level which will support the case for another rate cut in October, anticipated by the market. Looking forward, despite supportive monetary policies across key central banks against the backdrop of slowing economies’ growth, valuations across equity markets appear rich with seemingly more downside risks than upside.

The MSCI All Country Asia ex-Japan Index, which track the Asian equity markets across both developed and emerging markets excluding Japan, declined in both USD terms and SGD terms by 5.35% and 3.29% respectively in 3Q 2019.

### Bank Contingent Convertibles (CoCos)

Additional Tier 1 (“AT1”) issuances for 3Q 2019 increased to US\$68.1 billion from US\$23.0 billion in the previous quarter. Chinese banks led issuances with US\$51.4 billion notional issued into their domestic market, while Swiss, Dutch and French banks lead the remaining issuances.

The CoCo market spreads ended modestly tighter by 12 bps in 3Q 2019, compared to 52 bps in 2Q 2019. Lowered forward guidance of net interest margins was offset by ongoing improvements in asset quality and capital build. The ECB issued a comprehensive dovish set of measures including open-ended QE, deposit tiering and another TLTRO near the end of the quarter. The ECB Targeted Review of Internal Models, concluded with a lower than previously modelled impact of the output floors (+5% RWA inflation versus +9% previously) indicates a more moderate capital build pressure for issuers moving forward.

Looking forward, the restarting of the ECB QE and the increasingly negative sovereign yield curves in Europe is likely to continue to provide technical support for the CoCo asset class against political risk from Brexit related developments and a weakening economic outlook.

The Bank of America Merrill Lynch Contingent Capital Index, which tracks the global CoCo debt markets, increased by 0.792% in USD terms or 3.023% in SGD terms in 3Q 2019.

### **Loan Portfolio and Securitisation Assets**

Issuances of new US and European CLOs totalled US\$22.1 billion and €6.6 billion respectively during 3Q 2019. Over the same period, older CLOs that were refinanced, reset or re-issued amounted to US\$11.3 billion and €3.3 billion.

In 3Q 2019, secondary loan prices ended higher in September against a continued slowing primary loan issuance and increased paydowns. Quarterly repayments increased to 7.4% in 3Q 2019, compared to 4.0% in the previous quarter. Trailing 12-month defaults of 1.3% as of Sept continued to remain below long-term averages, though leverage ratios of underlying issuers increased slightly with a decline in rating mix.

Looking forward, further tightening in CLO spreads are expected to remain muted, as investors remain cautious on late cycle concerns.

The Palmer Square CLO Debt Index, which tracks the total return performance of US mezzanine CLO debt tranches, increased by 0.47% in USD terms or 2.651% in SGD terms in 3Q 2019.

As for Australian RMBS, public year-to-date issuances have totalled AUD26.0 billion, in line with last year's full year issuance of AUD27.9 billion. Over the quarter, new prime RMBS deals were pricing within existing ranges.

### **China Domestic Bonds**

During the quarter, the CNY sovereign curve traded lower amid: (1) a key interest rate reform that is expected to steer borrowing costs lower for companies; a seventh bank reserve requirement ratio cut since 2008 and; a weaker than expected GDP growth in 3Q19. The yield on 3-year government bond was 14 bps lower at 2.76%, 5-year yield decreased 11 bps to 2.94%, and 10-year yield declined 10 bps to 3.14%.

The pace of China onshore bond defaults appear to have stabilized and track closely to 2018's level. According to data compiled by Goldman Sachs, there have been 26 corporate cases of onshore default for the first nine months of 2019, amounting to 100.3 billion yuan as compared to 103.4 billion yuan default in 2018 over the same period. In September, we saw the first case of SOE default in 2019, highlighting that SOE is not immune to credit stress albeit that it is a regional SOE, 27% owned by the local SASAC. Interestingly, credit spreads movement remained broadly supported according to Wind's data. China 5-year Corporate AAA spread tightened 16 bps in 3Q19. Looking forward, investors are likely to remain selective given credit risks has inevitably heightened despite supportive policies. It will be unsurprising if we see gradual repricing of the Chinese credit market in the following months if default start to pick up pace again.

The Bloomberg Barclays China Aggregate Index, which tracks the bonds listed on the Chinese interbank market, gained 1.71% in CNY terms but declined 0.20% on weaker CNYSGD.

### **Other Bonds**

Over the third quarter, we saw more pronounced credit divergence within the high yield space. Unsurprisingly, trade issues between US-China continued to keep investors taking a cautious approach. Asia credit underperformed US credit which could be dragged by risk-off sentiments within the Chinese developers' names after the China National Development and Reform Commission announced further tightening of offshore bond issuance in July. Trump's threat to impose additional tariffs on USD 300 billion worth of Chinese imports in August also disrupted investors' confidence to take excessive risk. Over the quarter, credit spreads between Asia and US HY widened by 86 bps. Asia HY spreads widened by 82 bps while US HY spreads tightened by 4 bps. The Emerging Market HY spreads widened by 118 bps.

Looking forward, investors may deploy capital towards riskier assets selectively given that credit valuations are less expensive in selective markets.

The Bloomberg Barclays High Yield Index, which tracks global high yield multiple-currencies bond markets declined by 0.67% in USD terms or increased by 1.46% in SGD terms in 3Q 2019 on stronger US dollar against Singapore dollar.

### **Summary**

Against a backdrop of slowing economic activity, central banks have committed to easing monetary policy amidst continued subdued inflation data. The Fed committed to a series of interest rate cuts since July while the ECB has indicated its quantitative easing programme would be restarted later this year. A number of other central banks swiftly followed suit by cutting their benchmark interest rates, including New Zealand, Mexico, India, and Thailand. Synchronized fiscal stimulus while being touted as a necessity to simulate anaemic global growth may be hamstrung by political considerations. The upcoming 2020 US elections restrains bipartisan consensus on major new initiatives while in the Eurozone, Germany would be reluctant to run a structural deficit to stimulate the economy. China likewise is opting for more targeted and domestically focused stimulus over this period, cautious of reflating asset bubbles onshore.



UNAUDITED FINANCIAL REPORT  
For the quarter ended 30 September 2019

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While initially robust, risk asset performance gave up some gains in the latter part of September as geopolitical and growth uncertainties eventually weighed on risk appetite, a trend evident in equities, credit, and interest rates. Conclusive market friendly outcomes of trade talks between the US and China continue to be lacking in visibility. With that in consideration, the Company will continue to take a defensive stance in rebalancing its portfolio of assets and adopt a selective approach in its investments.

<sup>1</sup> Sources include research publications by brokerage house, banks, information service providers, associations and media.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group Quarter ended 30 Sep 19 S\$'000	Group Year to date 30 Sep 19 S\$'000	Group Quarter ended 30 Sep 18 S\$'000	Group Year to date 30 Sep 18 S\$'000
<b>Income</b>				
Dividend income	511	1,582	731	1,565
Interest income	3,592	10,852	3,730	11,197
Net foreign exchange gain (net of hedges)	72	-	2,051	1,472
Net (loss)/gain on financial assets at fair value through profit or loss	(2,518)	7,053	984	(9,333)
Other income	-	-	-	6,838
<b>Total income</b>	<b>1,657</b>	<b>19,487</b>	<b>7,496</b>	<b>11,739</b>
<b>Expenses</b>				
Management fees	(592)	(1,713)	(552)	(1,731)
Net foreign exchange loss (net of hedges)	-	(22)	-	-
Other operating expenses	(519)	(1,430)	(586)	(1,662)
<b>Total expenses</b>	<b>(1,111)</b>	<b>(3,165)</b>	<b>(1,138)</b>	<b>(3,393)</b>
Profit before tax	546	16,322	6,358	8,346
Income tax expense	(20)	(103)	(43)	(88)
<b>Profit after tax</b>	<b>526</b>	<b>16,219</b>	<b>6,315</b>	<b>8,258</b>
<b>Other comprehensive income</b>				
Items that may be reclassified subsequently to profit or loss				
Currency translation differences arising from consolidation				
- Loss	-	-	(2,400)	(1,266)
<b>Other comprehensive income for the period after tax</b>	<b>-</b>	<b>-</b>	<b>(2,400)</b>	<b>(1,266)</b>
<b>Total comprehensive income for the period attributable to shareholders</b>	<b>526</b>	<b>16,219</b>	<b>3,915</b>	<b>6,992</b>
<b>Basic earnings per share (cents per share)</b>	<b>0.03</b>	<b>0.96</b>	<b>0.37</b>	<b>0.49</b>
<b>Diluted earnings per share (cents per share)</b>	<b>0.03</b>	<b>0.96</b>	<b>0.37</b>	<b>0.49</b>

## STATEMENT OF FINANCIAL POSITION

	Group As at 30 Sep 19 S\$'000	Group As at 31 Dec 18 S\$'000	Company As at 30 Sep 19 S\$'000	Company As at 31 Dec 18 S\$'000
<b>ASSETS</b>				
Non-current assets				
Financial assets at fair value through profit or loss	234,188	220,523	234,188	220,523
	234,188	220,523	234,188	220,523
Current assets				
Cash and cash equivalents	39,987	35,363	39,987	35,363
Financial assets at fair value through profit or loss	48,690	63,299	48,690	63,299
Other assets	3,795	4,244	3,795	4,244
	92,472	102,906	92,472	102,906
<b>Total Assets</b>	<b>326,660</b>	<b>323,429</b>	<b>326,660</b>	<b>323,429</b>
<b>LIABILITIES</b>				
Other liabilities	11,880	1,216	11,880	1,216
<b>Total Liabilities</b>	<b>11,880</b>	<b>1,216</b>	<b>11,880</b>	<b>1,216</b>
<b>Net assets attributable to shareholders</b>	<b>314,780</b>	<b>322,213</b>	<b>314,780</b>	<b>322,213</b>
<b>EQUITY</b>				
Share capital	264,036	270,837	264,036	270,837
Capital reserve	10	-	10	-
Retained earnings	50,734	51,376	50,734	51,376
<b>Total Equity</b>	<b>314,780</b>	<b>322,213</b>	<b>314,780</b>	<b>322,213</b>
<b>Net asset value per share (S\$ per share)</b>	<b>0.1881</b>	<b>0.1869</b>	<b>0.1881</b>	<b>0.1869</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Group Quarter ended 30 Sep 19 S\$'000	Group Year to date 30 Sep 19 S\$'000	Group Quarter ended 30 Sep 18 S\$'000	Group Year to date 30 Sep 18 S\$'000
<b>Cash flows from operating activities</b>				
Operating costs paid	(1,080)	(3,356)	(1,245)	(4,268)
Interest income received	4,555	11,407	4,999	11,037
Dividend income received	737	1,393	936	1,369
Settlement of forward contracts	-	-	-	2,357
Other income received	-	-	-	6,838
Income tax paid	(15)	(98)	(43)	(87)
<b>Net cash inflows from operating activities</b>	<b>4,197</b>	<b>9,346</b>	<b>4,647</b>	<b>17,246</b>
<b>Cash flows from investing activities</b>				
Purchase of financial assets	(4,767)	(22,432)	(20,369)	(128,552)
Redemption/maturity of financial assets	16,091	18,113	21,216	29,205
Proceeds from disposal of financial assets	-	14,548	12,143	36,730
<b>Net cash outflows generated from/ (used in) investing activities</b>	<b>11,324</b>	<b>10,229</b>	<b>12,990</b>	<b>(62,617)</b>
<b>Cash flows used in financing activities</b>				
Dividends paid out to shareholders	-	(3,914)	-	(3,663)
Purchase of treasury shares	(3,239)	(11,030)	-	-
<b>Net cash flows used in financing activities</b>	<b>(3,239)</b>	<b>(14,944)</b>	<b>-</b>	<b>(3,663)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>12,282</b>	<b>4,631</b>	<b>17,637</b>	<b>(49,034)</b>
Cash and cash equivalents at beginning of period	27,655	35,363	21,685	88,090
Effects of exchange rate changes on cash and cash equivalents	50	(7)	(306)	(40)
<b>Cash and cash equivalents at end of period</b>	<b>39,987</b>	<b>39,987</b>	<b>39,016</b>	<b>39,016</b>

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Changes in shareholders' equity of the Group for the quarter and period ended 30 September 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 half ended 30 June 2019	-	-	-	15,693	15,693
Transactions with equity holders in their capacity as equity holders:					
Purchase of treasury shares	-	-	(7,960)	-	(7,960)
Dividends for the period	-	-	-	(8,429)	(8,429)
Reissuance of treasury shares <sup>2</sup>	-	10	4,505	-	4,515
Total equity at 30 June 2019	270,837	10	(3,455)	58,640	326,032
Total comprehensive income for the 3rd quarter ended 30 September 2019	-	-	-	526	526
Transactions with equity holders in their capacity as equity holders:					
Purchase of treasury shares	-	-	(3,346)	-	(3,346)
Dividends for the period	-	-	-	(8,432)	(8,432)
Total equity at 30 September 2019	270,837	10	(6,801)	50,734	314,780

Changes in shareholders' equity of the Group for the quarter and period ended 30 September 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) <sup>1</sup>	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 half ended 30 June 2018	-	-	-	1,134	1,943	3,077
Issuance of new shares pursuant to Scrip Dividend Scheme, net of share issuance expenses	6,252	-	-	-	-	6,252
Dividends for the period	-	-	-	-	(9,915)	(9,915)
Total equity at 30 June 2018	569,789	(65,846)	-	12,249	(182,214)	333,978
Total comprehensive income for the 3rd quarter ended 30 September 2018	-	-	-	(2,400)	6,315	3,915
Transactions with equity holders in their capacity as equity holders:						
Dividends for the period	-	-	-	-	(8,481)	(8,481)
Total equity at 30 September 2018	569,789	(65,846)	-	9,849	(184,380)	329,412

<sup>1</sup> 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.

<sup>2</sup> 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

<b>Changes in shareholders' equity of the Company for the quarter and period ended 30 September 2019</b>	<b>Share capital S\$'000</b>	<b>Capital reserve S\$'000</b>	<b>Treasury Shares S\$'000</b>	<b>Retained earnings S\$'000</b>	<b>Total S\$'000</b>
Total equity at 1 January 2019	270,837	-	-	51,376	322,213
Total comprehensive income for the 1st half ended 30 June 2019	-	-	-	15,693	15,693
Transactions with equity holders in their capacity as equity holders:					
Purchase of treasury shares	-	-	(7,960)	-	(7,960)
Dividends for the period	-	-	-	(8,429)	(8,429)
Reissuance of treasury shares <sup>1</sup>	-	10	4,505	-	4,515
Total equity at 30 June 2019	270,837	10	(3,455)	58,640	326,032
Total comprehensive income for the 3rd quarter ended 30 September 2019	-	-	-	526	526
Transactions with equity holders in their capacity as equity holders:					
Purchase of treasury shares	-	-	(3,346)	-	(3,346)
Dividends for the period	-	-	-	(8,432)	(8,432)
Total equity at 30 September 2019	270,837	10	(6,801)	50,734	314,780

<b>Changes in shareholders' equity of the Company for the quarter and period ended 30 September 2018</b>	<b>Share capital S\$'000</b>	<b>Capital reserve S\$'000</b>	<b>Available-for-sale financial assets revaluation reserve S\$'000</b>	<b>Accumulated losses S\$'000</b>	<b>Total S\$'000</b>
Total equity at 1 January 2018 (as previously stated)	563,537	(65,846) <sup>1</sup>	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 1 <sup>st</sup> half year ended 30 June 2018	-	-	-	3,077	3,077
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
Dividends for the period	-	-	-	(9,915)	(9,915)
Total equity at 30 June 2018	569,789	(65,846)	-	(169,965)	333,978
Total comprehensive income for the 3rd quarter ended 30 September 2018	-	-	-	3,915	3,915
Transactions with equity holders in their capacity as equity holders:					
Dividends for the period	-	-	-	(8,481)	(8,481)
Total equity at 30 September 2018	569,789	(65,846)	-	(174,531)	329,412

<sup>1</sup> 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

No dividend has been declared in respect of the current period.

On 8 August 2019, the Company declared an interim dividend of 0.50 Singapore cents per share for the financial year ending 31 December 2019 amounting to S\$8.43 million. This dividend has been paid on 10 October 2019.

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

Ordinary Shares	Group 2019	Group 2018
<u>Interim Dividend</u>		
Dividend per Share (cents)	0.50	0.50
Dividend amount (S\$'000)	8,432	8,481
<u>Final Dividend</u>		
Dividend per Share (cents)	-	0.50
Dividend amount (S\$'000)	-	8,429
<b>Total Dividend (S\$'000)</b>	<b>8,432</b>	<b>16,910</b>

## CHANGES IN SHARE CAPITAL

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

	Quarter ended 30 Sep 19 '000	Year to date 30 Sep 19 '000	Quarter ended 30 Sep 18 '000	Year to date 30 Sep 18 '000
<b>Number of shares</b>				
<b>Issued ordinary shares</b>				
Balance at beginning of period	1,723,842	1,723,842	1,696,295	1,652,575
Shares issued pursuant to Scrip Dividend Scheme	-	-	-	43,720
Balance at end of period	1,723,842	1,723,842	1,696,295	1,696,295
<b>Treasury shares</b>				
Balance at beginning of period	(26,007)	-	-	-
Purchase of treasury shares	(24,432)	(85,170)	-	-
Transfer of treasury shares <sup>1</sup>	-	34,731	-	-
Balance at end of period	(50,439)	(50,439)	-	-
<b>Issued ordinary shares net of treasury shares</b>	<b>1,673,403</b>	<b>1,673,403</b>	<b>1,696,295</b>	<b>1,696,295</b>

<sup>1</sup> 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 September 2019 and 30 September 2018.

Under the Share Buy Back Mandate, the Company purchased a total of 24,431,900 ordinary shares during the current quarter. These are held as treasury shares. The amount paid, including brokerage fee, totalled S\$3.3 million and was deducted against equity.

In the previous quarter, the Company purchased a total of 37,473,600 ordinary shares. These are held as treasury shares. The amount paid, including brokerage fee, total S\$5.0 million and was deducted against equity.

As at 30 September 2019, the outstanding number of treasury shares represented 3.01% (30 June 2019: 1.53%) of the total number of issued shares.

## NET ASSET VALUE

	Group and Company As at 30 Sep 19	Group and Company As at 31 Dec 18
Total net asset value (S\$'000)	314,780	322,213
Total number of ordinary shares in issue used in calculation of net asset value per share ('000)	1,673,403	1,723,842
Net asset value per ordinary share (S\$ per share)	0.1881	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 September 2019 was 18.81 Singapore cents after the payment of 2018 final dividend and 2019 interim dividend, each 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 per share. After adjusting for the 2019 interim dividend, the net asset value per share as at 30 September 2019 would have been 19.31 Singapore cents and the increase in net asset value per share would be 6.7%.

## EARNINGS PER SHARE

	Group Quarter ended 30 Sep 19	Group Year to date 30 Sep 19	Group Quarter ended 30 Sep 18	Group Year to date 30 Sep 18
<b>Basic earnings per share</b>				
Earnings used in calculation of basic earnings per share (S\$'000)	526	16,219	6,315	8,258
Weighted average number of shares in issue used in calculation of basic earnings per share ('000)	1,686,157	1,695,242	1,696,295	1,678,038
Basic earnings per share (cents per share)	0.03	0.96	0.37	0.49
<b>Diluted earnings per share</b>				
Earnings used in calculation of diluted earnings per share (S\$'000)	526	16,219	6,315	8,258
Weighted average number of ordinary shares in issue used in calculation of diluted earnings per share ('000)	1,686,157	1,695,242	1,696,295	1,678,038
Diluted earnings per share (cents per share) <sup>1</sup>	0.03	0.96	0.37	0.49

<sup>1</sup> 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 September 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

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Boon Swan Foo  
Chairman  
12 November 2019

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Tan Kok Wee  
Director  
12 November 2019