

GLOBAL MASTERS FUND LIMITED

DECEMBER 2014

SHAREHOLDERS' QUARTERLY REPORT

OBJECTIVE

Long-term capital growth by investing in UK & US markets

FEES

Management fee – Nil
Performance fee – Nil

COUNTRIES WHERE LISTED

Australian Securities Exchange:
May 2006

STOCK EXCHANGE CODE

ASX: GFL

DIRECTORS

Jonathan Lancelot Addison (Snr)
Chairman

Dr Emmanuel (Manny) C Pohl
Patrick Corrigan AM

AUDITOR

Joe Pien

REGISTRY

Boardroom Pty Ltd

LEGAL DOMICILE

Australian Securities Exchange (ASX)
Listed Investment Company (LIC)

Global Masters Fund Limited

ABN 84 109 047 618

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OVERVIEW

The Global Masters Fund Limited (ASX: GFL) share price has posted an impressive 23.62% gain over the quarter while the NAV per share increased by 6.0% with the Net Asset Value (NAV) reported at 170.53 cents per share at 31 December 2014. This compares with the All Ordinaries Index return of 1.73% over the quarter.

PERFORMANCE SUMMARY

The GFL share price has recorded its biggest gains since mid-2013 with the price improving to close at a price of 157 cents per share due in most part to a solid performance by Berkshire Hathaway. Furthermore, the devaluation of the Australian dollar versus the US dollar boosted the overall return to GFL. During the quarter, Berkshire Hathaway (BRK) posted a 9.2% gain while Athelney Trust (ATY) declined in value in local currency as the gap between the share price and the net asset value closed. The net asset value at the end of the quarter was 195 p per share. The weaker Australian dollar against the Sterling Pound offset the losses made by ATY with the overall net market value showing an increase. The investment in FSI also decreased slightly losing around 2.2% over the quarter.

ECONOMIC COMMENTARY

Looking back over 2014, one word comes to mind: Volatility. Geopolitical tensions have escalated on the back of Eastern European and Asian conflicts, Ebola scares, ISIS advances into Iraq and Syria as well as Israel's military strikes on Gaza. Volatility in the stock market increased during the last quarter of 2014, particularly in resource stocks which were fuelled by plunging oil prices and declining commodity prices which have responded to reduced global economic growth. Notwithstanding these issues, the United States has shown improved economic performance which has flowed through to improved investor confidence. Employment has risen steadily although not quite back to ideal levels, while interest rates have remained steady for most of the year. As a consequence, the US Federal Reserve announced an end to its quantitative easing (QE) program which began in 2008. The stock markets performed well over the quarter which can be largely attributed to the lower oil prices that have spurred on a consumer-led recovery. The S&P500 posted a solid improvement of 4.4%, while the Dow Jones Index increased by 4.6%. Across the EU and Britain, the energy sectors were underperformers compared to the consumer-orientated sectors. The FTSE100, which is largely skewed toward commodities, saw a slight decrease of -0.9% and the DAX posted a 3.5% increase.

In Australia the economy is adjusting to the mining/energy sector investment boom which is now at an end and this is reflected in the value of the Australian dollar which suffered a significant devaluation during the quarter of -6.7% closing with the AUDUSD cross rate at 0.817.

INVESTMENT PERFORMANCE (as at 30 SEPTEMBER 2014)

Quarterly Return (USD)	
Berkshire Hathaway A	9.2%
S&P 500	4.4%

Total Net Market Value of GFL Assets
\$14,629,079 or 170.53 cents per share

Quarterly Return (AUD)	
Global Masters	23.6%
ASX All Ords	1.7%

RELATIVE PERFORMANCE HISTORY

