

GLOBAL MASTERS FUND LIMITED

SHAREHOLDERS' QUARTERLY REPORT

MARCH 2018

OBJECTIVE

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

COUNTRY WHERE LISTED

Australian Securities Exchange:
May 2006

STOCK EXCHANGE CODE

ASX: GFL

RATINGS

- Independent Investment Research – Recommended+¹

DIRECTORS

Jonathan Lancelot Addison (Snr)
Chairman

Dr Emmanuel (Manny) C Pohl
Managing Director

Patrick Corrigan AM
Independent

Murray d'Almeida
Independent

COMPANY SECRETARY

Brian Jones

COMPANY DETAILS

Global Masters Fund Limited
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GLOBAL MASTERS FUND LIMITED

OVERVIEW

Global Masters Fund Limited (GFL) has performed strongly through a volatile March quarter, with both the Net Tangible Asset Value (NTA*) and the Share Price rising. By the quarter-end the Company had returned +19.9% to Shareholders over the twelve months and traded at a slight premium to its NTA*.

INVESTMENT PERFORMANCE (as at 31 March 2018)

Quarterly Return (US)		Quarterly Return (AUS)	
Berkshire Hathaway	+0.5%	Global Masters [^]	+2.4%
S&P 500 Index	-1.2%	ASX All Ordinaries Index (All Ords)	-4.8%

[^] Source: EC Pohl & Co Pty Ltd

During the quarter, Berkshire Hathaway (NYSE: BRK) posted negligible gains of 0.5%; whilst Athelney Trust (LSE: ATY) posted losses of 8.3% for the quarter in British Pounds. Flagship Investments (ASX: FSI) remained largely flat posting a 0.6% decline.

ECONOMIC COMMENTARY

Global economic growth has continued into 2018 as consumption, investment and trade continue to provide strong support. Whilst many indicators prove to be in support of a healthy world economy, market volatility has returned creating some headaches for investors. The issues and tensions resulting from geopolitics continues to be a distraction for investors who remain anxious about the potentially rising protectionism and looming trade war. Expected interest rate rises and concerns around the continuing tensions on the Korean peninsula and other regional conflicts, continue to weigh on global stock markets which by quarter-end had declined from recent highs. Global bond markets reflected higher inflation, with most major government bond yields climbing.

US equities began the year strongly, boosted by tax reforms, but ended the quarter lower amid concerns over inflation and the impact of protectionism from recent US-China trade tariffs. President Trump's tweets continue to cause volatility in the markets however, one thing appears true and his comments at Davos seem to be accurate: "America is open for business!". The US remains a growing economy with solid earnings and the potential for benefits from tax legislation by year-end. The S&P 500 posted -1.2% by quarter-end, and the Dow Jones posted -2.5%. Interestingly, the NASDAQ was surprisingly the best performer, posting +2.3% over the quarter.

Turning to the UK and Europe, equities across the board posted negative returns as worries over US rates and trade affected other markets. Italy's election was inconclusive but had limited impact on the equity market, whilst other ongoing regional spouts continue. UK equities were negatively impacted by sterling strength amid expectations that the Bank of England may lift rates sooner, and faster than the market had previously anticipated. The FTSE 100 posted a significant decline of 8.2%, while the DAX posted a 6.4% loss over the quarter.

Here in Australia, economic performance has been drawn out further as a series of positive economic reports have shown strong business and consumer confidence, a further drop in unemployment and wage growth. However, the economy continues to be clouded by constrained consumer spending and record levels of debt. During the quarter, the RBA announced that they had held the cash rate at 1.5% with the Governor alluding to a likely future increase in the cash-rate. The All Ords posted a disappointing quarter with losses of 4.8%, while the Small Ords also retracted prior quarter performance, 3.8% down by quarter-end.

The AUD has performed poorly against most major currencies. The AUD has finally depreciated against the US Dollar posting a 1.6% decline reaching 76.80 US Cents and has continued to depreciate further against the EUR and the GBP, posting -4.1% (62.31 EU Cents) and -5.2% (54.74 UK Pence), respectively.

PORTFOLIO CHARACTERISTICS (as at 31 March 2018)

NTA (before tax on unrealised gains) - total	\$23,456,781
NTA (before tax on unrealised gains) - per share	218.7 cents

FUND MANAGER

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INVESTMENT PHILOSOPHY

- Investments should outperform the risk-free rate
- The price one pays determines the ultimate long-term return
- High quality growth companies outperform over the longer term

INVESTMENT PROCESS

INITIAL SCREENING PROCESS

- ROE
- Revenue Growth
- Interest cover
- IPOs
- Broker Ideas
- Internal Ideas

FUNDAMENTAL ANALYSIS

- Understanding the Business Model
- Sustainable Competitive Advantage
- Organic Growth Opportunities
- Assessing Management
- Assessing the Operating

PORTFOLIO WEIGHTING

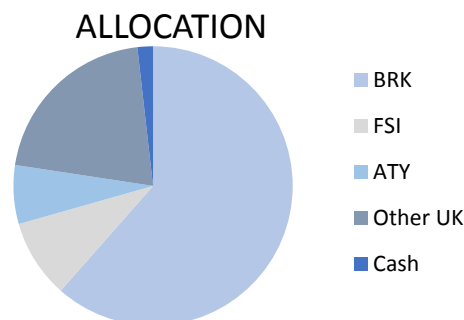
- 5 Year Risk Adjusted Total Return
- Market Risk Analysis

HIGH CONVICTION PORTFOLIO OF COMPANIES

This process is the basis for all our Australian equities investment decisions.

PORTFOLIO ALLOCATION - as at 31 March 2018

GFL Investment Portfolio	%
Berkshire Hathaway (NYSE) (BRK)	61.5%
Flagship Investments Limited (ASX) (FSI)	9.1%
Athelney Unit Trust PLC (LSE) (ATY)	6.8%
Other UK	20.8%
Cash	1.8%



NTA BACKING LAST 5 YEARS

NTA Backing* as at	Cents per share
31 March 2018	218.7 cents
31 March 2017	194.2 cents
31 March 2016	169.4 cents
31 March 2015	174.3 cents
31 March 2014	142.9 cents

*NTA is after all fees, expenses and tax on realised gains, but before tax payable on unrealised gains

ACTIVELY PROMOTING THE COMPANY

Global Masters Fund Limited (the Company) is committed to growing the Company and promoting itself to investors, financial advisers and stockbrokers and investor associations across Australia.

During the March quarter, the Company participated in the Australian Investors Association National Investment Summit in Sydney, amongst other events.

The June Quarter will continue to see the active presence of the Company, including participation in the Australian Shareholders' National Conference in Sydney in May, as well as various other Investor presentations and exhibitions.

Please contact the Company for further information about these and other events through info@globalmastersfund.com.au or call 1800 352 474 if you would like us to present at your investor function or to visit your office.

VISIT THE WEBSITE

The Company has a website which has additional information about Global Masters Fund and links to all Announcements and Reports. The address is www.globalmastersfund.com.au

STRUCTURE AND TEMS

Fees	Management Fee: Active Investments - 1.0%; Passive Investments - Nil
MER	Estimated at 0.23%
Dividend Reinvestment Plan	Nil
Legal Domicile	Australian Securities Exchange (ASX) Listed Investment Company (LIC)
Reporting and Correspondence	Monthly Net Tangible Asset Values on www.asx.com.au and Quarterly Reports, Half-Yearly and Annual Reports on www.globalmastersfund.com.au
Auditor	WPIAS Pty Ltd
Registry	Boardroom Pty Limited 1300 737 760 OR enquiries@boardroomlimited.com.au
Share price and NTA	www.asx.com.au and www.globalmastersfund.com.au

¹ This opinion is provided by Independent Investment Research and must be read together with whole report including the disclaimer and relevant legal notices which can be found at www.independentresearch.com.au