

### Performance Summary

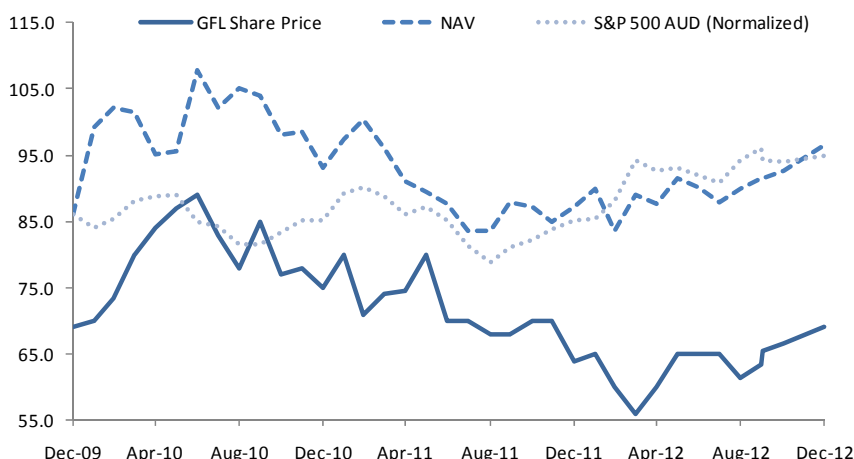
The performance of **Global Masters Fund Limited** (ASX: GFL) was positive this quarter with a Net Asset Value (NAV) reported at 96.58 cents per share at 31 December 2012, a 4.06% improvement on the previous quarter's NAV. The share price of Berkshire Hathaway (BRK-A), the fund's largest asset, increased by 1.02% during the final quarter. This increase exceeded that of Standard & Poor's 500 Index during the quarter which declined by 1.01%. The slight decrease in the S&P500 may be attributed to the general market speculation from the economic headwinds, notably the Eurozone debt crisis and U.S. 'fiscal cliff'. The slight weakening of the Australian dollar against the United States dollar between 30 September and 31 December 2012 US\$1.039 added to Global Master's performance this period. The GFL share price increased by 8.66%, while the All Ordinaries Index increased by only 5.86%.

### Investment & General Economic Activity

During the quarter, Berkshire Hathaway reported in a news release that they had authorized the repurchase of \$1.2 billion worth of Class A shares from "the estate of a long time stockholder." This coincides with raising the price limit for repurchases to 120% of book value. *The Berkshire Hathaway quarterly financial statements are yet to be released.*

At the start of October Berkshire Hathaway prices decreased slightly, offset by the strengthening of the US Dollar against the Australian Dollar for the same period. Over the remainder of the quarter we saw strong NAV growth of 4.14% in December, despite the US Dollar strengthening, which can be attributed to not only strong Australian investment performance but also an increase in the Berkshire Hathaways share price. Our Australian investment, Flagship Investments (ASX: FSI), increased by 13.6%, which was one of the fund's best performing assets beating the All Ordinaries Index over the same period. Global Masters Fund did not change its investment portfolio during the quarter and the asset allocation is shown graphically below.

**GFL Relative Performance History**



In the global arena, the US 'Fiscal Cliff' dominated discussions in the investment landscape during the quarter. The Fiscal Cliff is the popular shorthand term used to describe the challenge that the U.S. government faced at the end of 2012, when the terms of the Budget Control Act of 2011 were scheduled to come into effect. The effect of which would have seen large budget cuts and tax increases in early 2013. Three hours before the midnight deadline on January 1, the Senate agreed to a deal to avert the fiscal cliff and this deal was approved by the House of Representatives the following day. The uncertainty surrounding the fiscal cliff delayed many business decisions in hiring and expanding which subsequently hurt the economy. However, a larger problem facing the US in the first quarter of 2013 is whether they are likely to hit the 'debt ceiling' which is the same issue that roiled the markets in the summer of 2011.

### Investment Performance

Quarterly Return	Quarter	1 Year
Berkshire Hathaway A	1.02%	13.13%
S&P 500	-1.01%	14.37%

*(In US dollar terms)*

Total Net Market Value of Assets
\$ 8,289,966 or 96.58 cents per share

As of 31 December 2012

**Global Masters Asset Allocation**

