

GLOBAL MASTERS FUND LIMITED

SEPTEMBER 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:
December 2000

STOCK EXCHANGE CODE

ASX: GFL

DIRECTORS

Jonathan Lancelot Addison (Snr)
Chairman

Dr Emmanuel (Manny) C Pohl
Patrick Corrigan AM

COMPANY SECRETARY

Brian Jones

AUDITOR

Joe Pien

REGISTRY

Boardroom Pty Limited

LEGAL DOMICILE

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

Global Masters Fund Limited

ABN 84 109 047 618

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GLOBAL MASTERS FUND LIMITED

OVERVIEW

The GFL share price improved over the quarter to close at 127 cents per share, an increase of +0.79% versus the All Ordinaries Index which returned -1.58% over the quarter. By comparison, the NAV per share increased by 11.06% over the quarter due to significant gains from the investments in both Berkshire Hathaway (BRK) and Athelney Trust (ATY) while the Australian investment in Flagship Investments (FSI) decreased in value offsetting some of these gains.

PERFORMANCE SUMMARY

GFL ended the quarter with the Net Asset Value (NAV) reported at 157.88 cents per share at 30 September 2014 which was an 11.06% improvement over the quarter as compared to the ASX All Ords which returned -1.58%. This quarter we have seen large portfolio gains due to a combination of a strong performance by Berkshire Hathaway and a significant decline in the value of the Australian Dollar compared to the US dollar. Berkshire Hathaway, the fund's largest asset, posted an 8.95% improvement and Athelney Trust increased by 2.04%. The gains from ATY were complimented, too, by the strengthening of the British Pound as compared to the Australian dollar.

ECONOMIC COMMENTARY

During the last quarter we have seen some troubling geopolitical developments in the Middle East and the Ukraine. While these conflicts have serious implications, especially for the energy sector, the markets overall have been largely unaffected by the politically generated turmoil. Rather, we believe the softening of equity markets over the past quarter after their record highs is largely attributed to concern regarding the outlook for economic growth in China and Europe as well as a likely end to quantitative easing and low interest rates in the US.

The US economy is improving albeit with mixed signals. Employment has been solid over the past quarter which should help drive their economy through to calendar year-end while productivity remains in decline due to low levels of capital investment. The S&P500 posted a modest improvement of 0.62%, while the Dow Jones Index had an increase of 1.29%. In the Eurozone, economic recovery remains fragile as divergences between member-nations continue to widen on the back of previous austerity measures. The FTSE declined by 1.80% and the DAX posted a decline of 3.65%. In Asia, the Chinese market has been cause for concern as the economy struggles to retain its growth momentum, while in Japan, Prime Minister Shinzo Abe recently unveiled the third aspect of his economic recovery plan. In Australia, the dollar suffered its biggest monthly drop in over a year and was on the verge of reaching four-year lows. This significant devaluation saw the Australian Dollar decline by 7.23%, closing at AUDUSD rate of 0.875. The All Ordinaries Index posted a decline of -1.58% over the quarter with the Small Ordinaries posting a better result of +0.29%.

INVESTMENT PERFORMANCE (as at 30 SEPTEMBER 2014)

Quarterly Return (USD)	
Berkshire Hathaway A	8.95%
S&P 500	0.62%

Total Net Market Value of GFL Assets
\$13,543,887 or 157.88 cents per share

Quarterly Return (AUD)	
Global Masters	0.79%
ASX All Ords	-1.58%

