

GLOBAL MASTERS FUND LIMITED

SHAREHOLDERS' QUARTERLY REPORT

SEPTEMBER 2019

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

Murray d'Almeida
Chairman

Dr Emmanuel (Manny) C Pohl AM
Managing Director

Jonathan Lancelot Addison (Snr)
Independent

Patrick Corrigan AM
Independent

COMPANY SECRETARY

Brian Jones

COMPANY DETAILS

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OVERVIEW

For the financial year, the Global Masters Fund Limited (ASX: GFL) maintained its strong investment performance with the Net Tangible Asset Value (NTA) (before estimated tax on unrealised gains) increasing by +2.6% by quarter-end. Despite the continued performance in the face of a challenging environment, the share price has declined by -2.6%, with a closing share price of \$1.85 representing a potential investment opportunity for Shareholders.

INVESTMENT PERFORMANCE (as at 30 September 2019)

Quarterly Return (US)		Quarterly Return (AUS)	
Berkshire Hathaway	-2.1%	Global Masters Portfolio [^]	2.8%
MSCI Index	0.1%	ASX All Ordinaries Index (All Ords)	1.5%
[^] Source: EC Pohl & Co Pty Ltd		ASX All Ord Accumulation Index	2.8%

During the quarter, Berkshire Hathaway (NYSE: BRK) posted -2.1%; whilst Athelney Trust (LSE: ATY) posted +9.8%; and Flagship Investments (ASX: FSI) +4.0%. ATY was a strong performer for the quarter, making up for prior quarters' poor performance. We highlight that the 'Other UK' investments performed particularly well over the quarter, with the portfolio delivering +2.3% versus the FTSE which posted -0.2% (in local currency). This brings the 'Other UK' performance to +10.3% over the past 12 months.

ECONOMIC COMMENTARY

During the quarter under review, equity markets reflected the ongoing geopolitical issues plaguing certain parts of the globe. Global economic growth is a concern as central banks are increasingly being supportive through rate cuts or restarting of quantitative easing programs. In Hong Kong protests are on the rise, and South Korea and Japan are at loggerheads on trade. We are seeing a higher risk premium being placed on oil due to the drone attacks on the Saudi production facilities and the threat of impeachment of President Trump looms.

The ongoing US-China trade tensions continue with further threats of tariff increases, and there is no end in sight. Against this backdrop, US equity markets continue to trudge along. The US yield curve inverted during the quarter, a phenomenon which often precedes a recession. The S&P500 posted +1.2%, the Dow Jones +1.2% and the NASDAQ -0.1%.

In Europe, economic data was typically lacklustre, with growth and inflation little changed from previous periods. The European Central Bank (ECB) restarted their quantitative easing programs, taking some initial steps to boost their economic region. In the UK, political uncertainty continued to plague the nation with ongoing Brexit worries being inflamed by Boris Johnson who has highlighted that he will not seek an extension to the departure date despite parliament stipulating that he will need to do so if a Brexit deal cannot be agreed upon. The German Dax posted marginal gains of +0.2%, the French CAC posted +2.5%, and the UK's FTSE posted -0.2%, by quarter-end.

In Australia, business and consumer sentiment have subdued, edging along with marginal improvements. The Reserve Bank of Australia (RBA) cut the cash rate in the hope to further boost the economy. Over the quarter, critical drivers of economic growth were from exports and government consumption. However, household and business investment presented a drag. The ASX All Ords posted +1.5% for the quarter, and the Small Ordinaries posted +2.1%, respectively.

The AUD was weaker against most major currencies, posting -3.9% against the US Dollar (67.5 US cents), -0.8% against the Pound (54.9 pence), and +0.3% against the Euro (61.9 cents), by quarter-end.

PORTFOLIO CHARACTERISTICS (as at 30 September 2019)

NTA (before tax on unrealised gains) – total	\$26,613,950
NTA (before tax on unrealised gains) – per share	248.2 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
- IPOs
- Revenue Growth
- Broker Ideas
- Interest cover
- 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.

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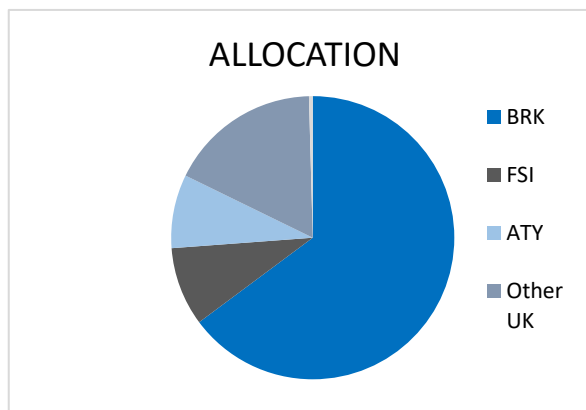
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GLOBAL MASTERS FUND LIMITED

PORTFOLIO ALLOCATION - as at 30 September 2019

GFL Investment Portfolio	%
Berkshire Hathaway (NYSE) (BRK)	64.8%
Flagship Investments Limited (ASX) (FSI)	9.0%
Athelney Unit Trust PLC (LSE) (ATY)	8.4%
Other UK	17.4%
Cash	0.4%



NTA* BACKING LAST 5 YEARS

NTA Backing* as at	Cents per share
30 September 2019	248.2 cents
30 September 2018	242.6 cents
30 September 2017	206.2 cents
30 September 2016	173.9 cents
30 September 2015	173.7 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, Stockbrokers and Investor Associations across Australia.

During the quarter the Company continued an active presence meeting with Brokers, Advisers and Shareholders in various cities, including as exhibitor at SMSF Professionals Days and also presenting and exhibiting at the Australian Investors Association (AIAO) Annual Conference in Gold Coast, where Dr Manny Pohl, CIO of the Company's Investment Manager EC Pohl & Co, won the 2019 award of the AIA's "Champion Stock Picker" for his 2018 selection of Afterpay Touch Group Ltd. In the coming quarter the Company will continue its active presence throughout the country.

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 Announcements and Reports. The address is www.globalmastersfund.com.au

STRUCTURE AND TERMS

Fees	Management Fee: Active Investments - 1.0% p.a.; Passive Investments – Nil. Performance Fee: Applicable to Active Investments only – 20% of the annual outperformance over the FTSE 100 index.
MER ²	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

² Calculated in accordance with ASX defined terms as at 30 June 2019.