

GLOBAL MASTERS FUND LIMITED

SHAREHOLDERS' QUARTERLY REPORT

MARCH 2020

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
Non-Executive Chairman

Dr Emmanuel (Manny) C Pohl AM
Managing Director

Jonathan Lancelot Addison (Snr)
Non-Executive

Patrick Corrigan AM
Non-Executive

COMPANY SECRETARY

Brian Jones

COMPANY DETAILS

Global Masters Fund Limited
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AUSTRALIA

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GLOBAL MASTERS FUND LIMITED

OVERVIEW

During the quarter, the Global Masters Fund Limited (ASX: GFL) maintained its strong investment performance (compared to the market) with the Company's Net Tangible Asset Value (NTA), as at 31 March 2020 (before estimated tax on unrealised gains), closing at 233.8 cents per share, an 11.5% decline on the prior quarter. This compares with a -24.9% decrease in the ASX All Ordinaries Index, and a -21.4% decline in the MSCI Index.

INVESTMENT PERFORMANCE (as at 31 March 2020)

Quarterly Return (US)		Quarterly Return (AUS)	
Berkshire Hathaway	-19.9%	Global Masters Portfolio [^]	-10.9%
MSCI Index	-21.4%	ASX All Ordinaries Index (All Ords)	-24.9%
[^] Source: EC Pohl & Co Pty Ltd		ASX All Ord Accumulation Index	-23.9%

During the quarter, Berkshire Hathaway (NYSE: BRK) posted -19.9%; whilst Athelney Trust (LSE: ATY) posted -23.4%; and Flagship Investments (ASX: FSI) -26.5%. We highlight that the devaluation of the AUD has supported the values of overseas assets.

ECONOMIC COMMENTARY

The spread of COVID-19 has profoundly affected global equity markets as stock markets fell from the increased uncertainty and the economic impact this event would have on local economies. Stock markets across the globe have suffered steep declines, and government bond yields fell as many investors flocked to safety. Central banks have unleashed a raft of measures aimed to support businesses and households while they attempt to contain the outbreak through strict lockdown procedures. Going forward, the balancing act of social distancing and recession risk will dominate equity market uncertainty.

In the US, the equity market declined significantly as the number of COVID-19 cases increased exponentially, reaching over 100,000 by quarter-end. Within the last month, US unemployment claims have grown to historical highs, growing to over nine million claims. In response, the US Federal Reserve cut their interest rates twice and ramped up their quantitative easing, and the government announced a \$2 trillion stimulus package. While the economic impact of COVID-19 remains unclear, government intervention is doing its best to lessen the fall. The S&P500 posted -20.0%, the Dow Jones -23.2% and the NASDAQ -14.2%.

In spite of a reduction in uncertainty relating to Brexit, the election of a new ECB president and robust Germany economic data, the European stock markets were also struck hard by the spread of the virus, which has severely impacted the economy of all European nations. Italy and Spain have become two of the most affected countries, with all nations across Europe taking steps to shut down their economies and restrict the movement of people. The German Dax declined by 25.0%, the French CAC posted -26.5%, and the UK's FTSE posted -24.8%, by quarter-end.

In Australia, the baton of social responsibility amongst emergency workers was passed between our firefighters and medical professionals. With economic growth already slowing toward the end of 2019, the catastrophic bushfires further dampened segments of the economy. To compound this, the arrival of COVID-19 has had a sudden and immediate impact on economic activity. The Reserve Bank of Australia has cut our interest rates twice this quarter to a record low of 0.25%. The Australian All Ords posted -24.9% for the quarter, and the Small Ordinaries posted -27.4%, respectively.

The AUD depreciated against all major currencies, posting -12.5% against the US Dollar (61.4 US cents), -6.5% against the Pound (49.5 pence), and -11.1% against the Euro (55.6 cents), by quarter-end.

PORTFOLIO CHARACTERISTICS (as at 31 March 2020)

NTA (before tax on unrealised gains) – total	\$25,072,446
NTA (before tax on unrealised gains) – per share	233.8 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.

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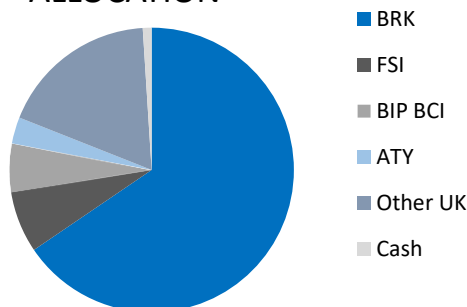


GLOBAL MASTERS FUND LIMITED

PORTFOLIO ALLOCATION - as at 31 March 2020

GFL Investment Portfolio	%
Berkshire Hathaway (NYSE) (BRK)	65.5%
Flagship Investments Limited (ASX) (FSI)	7.0%
BIP BCI Worldwide Flexible Fund Class B	5.5%
Athelney Unit Trust PLC (LSE) (ATY)	3.0%
Other UK	18.0%
Cash	1.0%

ALLOCATION



NTA* BACKING LAST 5 YEARS

NTA Backing* as at	Cents per share
31 March 2020	233.8 cents
31 March 2019	231.6 cents
31 March 2018	218.7 cents
31 March 2017	194.2 cents
31 March 2016	169.4 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 using the current health crisis as an opportunity to grow the Company and continue promoting itself to Investors, Financial Advisers, Stockbrokers and Investor Associations across Australia. Despite physical limitations brought on by current travel restrictions and distancing requirements, the Company maintained an active digital communication program with Brokers, Advisers and Shareholders through voice, email and video.

Investor Association events in which GFL had been scheduled to participate in during the quarter have started to utilise video delivery to its membership, including provision of content from its fund manager supporters. The Company looks forward to engaging with its Shareholders during the coming periods through multiple digital mediums.

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 a representative to digitally present to you, an investor function or 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.