

GLOBAL MASTERS FUND LIMITED

SHAREHOLDERS' QUARTERLY REPORT

DECEMBER 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
Retired 30 October 2020

Patrick Corrigan AM
Non-Executive

COMPANY SECRETARY

Brian Jones

COMPANY DETAILS

Global Masters Fund Limited
ABN 84 109 047 618
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2 Corporate Court
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AUSTRALIA

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OVERVIEW

During the quarter, Global Masters Fund Limited's (ASX: GFL) Net Tangible Asset (NTA) value (before estimated tax on unrealised gains), increased to 254.3 cents per share, a 3.9% improvement on the prior quarter and 16.1% higher than at 30 June 2020.

INVESTMENT PERFORMANCE (as at 31 December 2020)

UNDERLYING PORTFOLIO PERFORMANCE

	3 months	1 year	3 years p.a.	5 years p.a.	10 years p.a.	Since Inception (1 May 2006) p.a.
Portfolio [^]	4.3%	-1.2%	7.7%	10.8%	12.4%	7.6%
NAV	3.9%	-3.8%	5.5%	8.4%	10.6%	6.8%
ASX All Ordinaries Index (All Ords)	14.0%	0.7%	3.6%	5.1%	3.5%	2.2%
MSCI Index (AUD)	5.8%	4.0%	9.1%	8.9%	10.8%	9.6%
MSCI Index (USD)	13.6%	14.1%	8.5%	10.1%	7.8%	5.0%

[^] Source: EC Pohl & Co Pty Ltd

Gross performance before impact of fees, taxes and charges. Past performance no predictor of future returns

During the quarter, the portfolio saw strong returns across all investments; Berkshire Hathaway (NYSE: BRK.A) posted +8.7%, Flagship Investments (ASX: FSI) posted +17.5%, and Athelney Trust (LSE: ATY) posting +16.2%. Our UK portfolio continued to perform well, posting +8.9% over the quarter. Since inception, the active UK portfolio has delivered +17.3% above the FTSE.

ECONOMIC COMMENTARY

Globally, recent news has been mixed, with the US and Europe seeing rising infections, with these economies losing momentum in their recovery. Despite this, most major economies have survived the pandemic with relatively little long-term economic damage.

In the US, a US\$900 billion stimulus package was announced in late December, with the Federal Reserve continuing its ultra-accommodative policies seeing a continuation of the current levels of quantitative easing. Equity markets responded well to vaccine news, with several vaccines to be made available throughout 2021. With this news, the markets have seen a rotation away from technology-heavy stocks towards more cyclical, defensive, and economically sensitive sectors. The S&P 500 posted +11.7%, the Dow Jones posted +10.2%, and the NASDAQ was up 15.40%.

In Europe, the pandemic continues to wreak havoc as rising infections sweep across many European countries. EU leaders approved the €1.8 trillion budget package, and by quarter-end equity markets rebounded strongly on the back of vaccine effectiveness. In a long-awaited development, the EU and the UK have agreed on a Brexit trade deal which defined their future relationship. Broadly, the deal allows for similar trading conditions, with both sides agreeing to some shared rules and standards on workers' rights, and many social and environmental regulations. Of particular importance is that there is no longer the ability to work and live between the EU and the UK, with visa's being introduced. Further, the UK can negotiate other trade deals with nations; and moreover, these new rules will provide significant paperwork causing expected delays between the bloc and the UK. The FTSE posted 10.1%, the CAC +15.6%, and the DAX posting +7.5%.

In Australia, we have fared better than most countries regarding the spread of COVID, the economic impact, and the ongoing social restrictions. The Reserve Bank of Australia (RBA) has kept interest rates at 0.1% and has continued its \$100 billion quantitative easing program. Governor Philip Lowe noted that the economy is now recovering much faster than expected, with the recovery being dependent on ongoing support from both fiscal and monetary policy. The ASX All Ordinaries posted +14.0% for the quarter, and the Small Ordinaries up +13.3%, respectively. The AUD appreciated against most currencies during the quarter, posting +7.4% against the US Dollar (77.0 US cents), +1.6% against the Pound (56.3 pence), and +3.0% against the Euro (63.0 cents).

PORTFOLIO CHARACTERISTICS (as at 31 December 2020)

NTA (before tax on unrealised gains) – total	\$27,272,322
NTA (before tax on unrealised gains) – per share	254.3 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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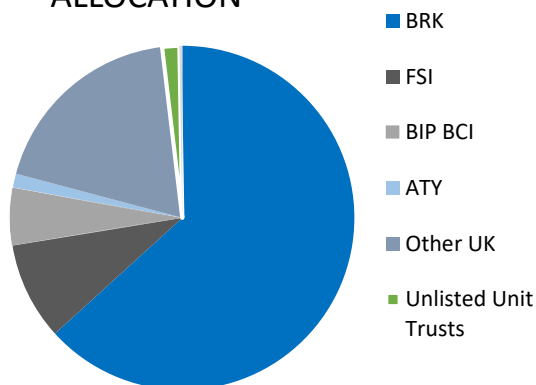


GLOBAL MASTERS FUND LIMITED

PORTFOLIO ALLOCATION - as at 31 December 2020

GFL Investment Portfolio	%
Berkshire Hathaway (NYSE) (BRK)	61.5%
Flagship Investments Limited (ASX) (FSI)	10.3%
BIP BCI Worldwide Flexible Fund Class B	5.4%
Athelney Unit Trust PLC (LSE) (ATY)	1.4%
Other Listed UK	19.6%
Unlisted Unit Trusts	1.6%
Cash	0.2%

ALLOCATION



NTA* BACKING LAST 5 YEARS

NTA Backing* as at	Cents per share
31 December 2020	254.3 cents
31 December 2019	264.3 cents
31 December 2018	231.2 cents
31 December 2017	216.4 cents
31 December 2016	200.8 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 remains visible in the digital spectrum and through telecommunications with industry participants including brokers, researchers, advisers, Investor Associations and Shareholders. The Company looks forward to engaging with the market during the coming periods through multiple mediums. For further information including about upcoming events please contact the Company at info@globalmastersfund.com.au or call 1800 352 474 including if you would like a representative to present to you, at an investor function or your office.

VISIT THE WEBSITE AND SUBSCRIBE

The Company website www.globalmastersfund.com.au has information about Global Masters Fund and links to Announcements and Reports. A monthly email is also sent to subscribers and Shareholders and interested parties can subscribe through the website or emailing the Company to be added to the mailing list. Information about the Company on Social Media platforms can be found at the bottom left of this page.

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	0.25%
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	Connect National Audit 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 2020.