



Global Masters Fund Limited

Offer of Unsecured Convertible Notes





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A Prospectus for the offer of securities in GFL will be made available when the securities are offered. Anyone wishing to acquire securities in GFL will need to complete the application form that will be in or will accompany the prospectus.



Global Masters Profile

- Global Masters Fund Limited (GFL) was listed on the ASX in 2006 to provide a vehicle for Australian Investors, seeking long-term capital growth through Berkshire Hathaway Inc
- Initially GFL was established as a passive investment vehicle holding key investments to achieve long term capital growth. Since 2017 the company has pursued an active investment strategy
- The active portfolio of investments comprise investments in capital efficient companies without excessive financial leverage and a sustainable competitive advantage enabling them to expand their economic footprint and maintain these characteristics into the future
- The proceeds from the GFL notes will be fully incorporated into the GFL Investment Portfolio (\$32.5m as at 30 June 2021) and deployed in accordance with GFL's investment mandate and investment process



Offer Details

- Unsecured Redeemable Convertible note
- Total offer size of up to \$10.0 million
- Offer price of \$3.10
 - Interest rate of 5.50% paid quarterly until Step Up date of 23 November 2024
 - After Step up date (3 years after issue) increases to 6.50% if 2 year Bank Bill Swap rate is above 1.8868%
- 1 Convertible Note converts to 1 ordinary share
- Maturity date of 24 November 2026 (5 years)
- Priority offer to existing shareholders of GFL and Broker Firm Offer

Prospectus

www.globalmastersfund.com.au/gfl-notes/

Boardroom Applications

<https://notes.globalmastersfund.com.au>



Purpose of the Offer

- To grow the size of the company
- Seek to increase the visibility, recognition and relevance to stockbrokers and financial planners
- Seek to expand the coverage by research houses
- Reduce the MER and ICR ratios by spreading the limited fixed costs of operating the Company across a larger asset base
- Expose the company to a new and a wider pool of investors



Investment Objectives

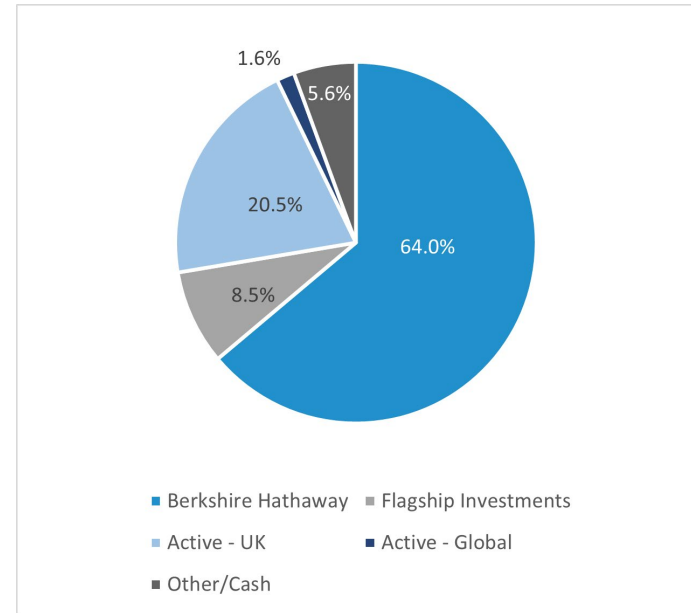
Investment Objectives

- Achieve medium to long-term capital growth and income through investing in a diversified portfolio of international companies; and
- Preserve and enhance the NTA backing per share

Investment Mandate

- Invest a substantial portion of the Company's assets in the USA and the UK
- Exposure to other currencies will remain unhedged
- Maintain more than 95% of available funds in equity investments

ASSET MIX





Benefits to Investors

- No historical gearing on the balance sheet
- 1:1 Conversion ratio of notes to shares
- Option on a manager with top quartile investment performance since inception
- Professional, disciplined management of an investment portfolio by EC Pohl & Co's highly rated and experienced team
- Reduced share investment risk through a quality investment portfolio
- Anticipated continued capital growth, with improving return profile from active management
- Security of 5.5% coupon with potential to benefit from long-term capital growth

Performance & Portfolio Overview



Fund Manager Profile

Independent Boutique

- EC Pohl & Co established in 2012
- 100% staff ownership
- Consistently in first quartile of Morningstar Survey

Proven Track Record

- Over 20 year track record in Australian Equities (Flagship Investments)
- Global track record in UK geography - proving strategy and resilience in difficult market conditions

Best Practice Operations

- World class systems
- GS007 Unqualified Audit Opinion 2021
- No Compliance or Mandate Breaches
- No Regulatory Investigations
- No Legal Proceedings

Committed & Aligned Team

- Outstanding team culture
- Zero turnover in portfolio management team
- Substantial team product investment
- Incentive based on performance



Portfolio Performance

	3m	1y	3y	5y	10y	Inception
GFL Portfolio ^	9.6%	40.4%	13.6%	14.0%	15.0%	8.6%
All Ordinaries Index	8.1%	26.4%	6.4%	7.4%	5.0%	2.5%
+ / -	+1.5%	+14.0%	+7.2%	+6.7%	+10.0%	+6.1%

^ Source: EC Pohl & Co Pty Ltd
Portfolio Performance to 30 June 2021
Gross performance before impact of fees, taxes and charges. Past performance no predictor of future returns



LIC Comparative Performance

	Market Cap \$m	1y	3y	5y	Premium/ Discount to NAV^^
Global Masters Fund	25.6	46.6%	4.7%	12.0%	-23.8%
Antipodes Global	543.4	28.7%	4.7%	na	-11.4%
Pengana International	336.7	33.9%	12.8%	8.0%	-8.1%
Lion Selection	65.3	-8.4%	13.2%	7.4%	-27.4%
MFF Capital	1,636.0	9.7%	7.6%	13.0%	-12.3%
Platinum Capital	444.1	29.3%	-3.0%	6.5%	-7.7%
WAM Global	619.2	48.2%	9.1%	na	-4.7%

^ Source: ASX Spotlight – Listed Investment Entities 30 June 2021

^^ Includes Special Dividends



Active Equity Performance – UK Only

	3m	6m	1y	3y	Inception
Portfolio (GBP)	10.7%	16.5%	35.2%	16.9%	15.9%
FTSE	4.8%	8.9%	14.1%	-2.7%	-1.4%
Portfolio (AUD)	12.5%	21.0%	39.0%	17.7%	17.5%
All Ordinaries	8.1%	10.7%	26.4%	6.5%	7.2%
+ / -	+4.4%	+10.3%	+12.6%	+11.2%	+10.3%

^ Portfolio Performance to 30 June 2021

- **High quality, growing businesses** generate superior investment returns – the strategy delivers **outperformance through times of economics stress**. Brexit / Covid demonstrate the resiliency of the investment strategy.
- Proven business models that are competitive, with stable management and a consistent strategy give us **predictability** of our forecasts and demonstrates that Quality compounds performance over time



Active Equity Performance – Global

	3m	6m	1y	Inception
Portfolio (AUD)	6.5%	20.7%	29.7%	29.3%
MSCI (AUD)	3.4%	12.7%	25.9%	24.7%
+ / -	+3.1%	+8.0%	+3.8%	+4.6%
^ Portfolio Performance to 30 September 2021				

- Portfolio Size between 40–60 investments and is currently exposed to Australia, UK, USA, France, Germany, Sweden, Norway, Taiwan
- The funds raised from the Offer will be used to **grow our global portfolio strategy**
- Leveraging success from UK and Australian portfolios, building on the same investment philosophy



Portfolio Holdings

Top 10 Holdings – UK	
Ashtead	9.8%
Liontrust Asset Management	7.0%
Rightmove	5.8%
Spirax-Sarco Engineering	5.5%
Diploma	5.3%
Relx	5.2%
Jarvis Securities	4.5%
Games Workshop	4.4%
Softcat	4.3%
Close Brothers	4.1%

Top 10 Holdings – Global	
Alphabet	5.7%
Apple	5.7%
Facebook	4.9%
Microsoft	4.5%
Taiwan Semiconductor Mfg Co	3.9%
Adobe	3.7%
Genovis	3.7%
Costco	3.1%
WD40	3.1%
Visa Inc	3.0%

Active Portfolio & Investment Process



Investment Philosophy

The economics of a business drives long-term investment returns

Investing in **high quality, growth businesses**, that have the ability to generate predictable, above average economic returns will produce superior investment performance over the long-term

- Valuing potential, not just performance
- Choosing high quality growing businesses
- Ignoring temporary market turbulence





Investment Process





Investment Selection

There is no substitute for due diligence.

We follow our [Pillars of a Quality Franchise](#) framework – the six-pillars that are interrelated and interdependent and provide a holistic assessment.

Through in-depth, detailed analysis, we determine as to whether a business is a Quality Franchise – it has a sustainable competitive advantage, is operating in a favourable industry and has the suitable management in place to execute on an appropriate strategy.





Market Inefficiencies We Exploit

Growth Anomaly

On average the market **undervalues** extremely high-quality, capital efficient, organic growth businesses.

QUALITY
GROWTH

SUSTAINABLE
OPPORTUNITY

LONG
TERM

Time Arbitrage

The market tends to **overemphasize** temporary themes and short-term factors.



ESG & Sustainability

Our Quality Franchise framework ensures superior sustainability and stewardship requirements.

- The **sustainability pillar** focuses on areas of a business where there may be risk to the predictability of business operations through time. This assists our mitigation of default risk and uncertainty of business expansion.
- The **management pillar** focuses on the trustworthiness of management. This assists our mitigation of uncertainty by reducing the risk of managerial conduct or failure of business strategy execution.

We exclude the following sectors due to ESG issues:

- Gambling
- Pornography
- Weapons / Armaments
- Tobacco
- Thermal Coal
- Petroleum
- Old-forest logging
- Palm Oil
- Pesticides

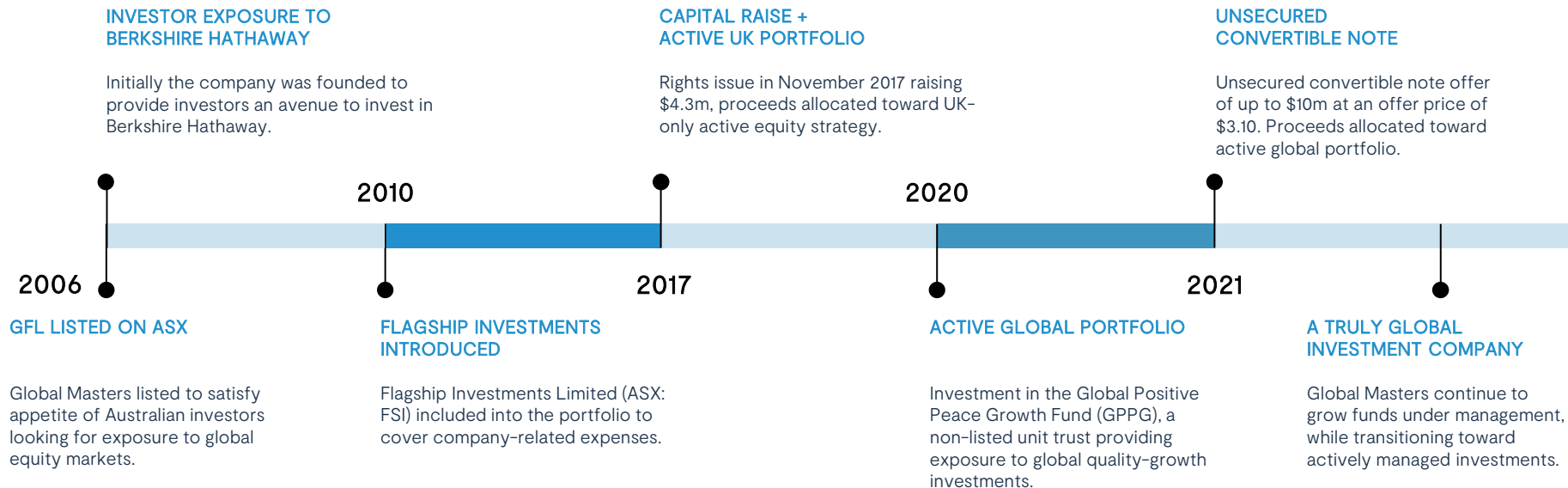
Sustainable Business is Good Business



Annexures



Strategic Milestones





Fees & Expenses

- GFL has **no fees** associated with the *passive* investments (80% of funds)
 - Passive investments include Berkshire Hathaway and Flagship Investments
- EC Pohl & Co is paid 1% management fee, and 20% performance fee for the *actively* managed portfolio.
 - Management fees are charged monthly, based on funds under management
 - Performance fees are charged annually and are paid when performance exceeds FTSE (UK) or MSCI (Global).
- GFL does not pay dividends - they are reinvested to drive capital accumulation
 - Berkshire Hathaway does not pay dividends
 - To date, the FSI investment dividends are used to service the Company's current expenses
 - Going forward, the active equity portfolio investment dividends will be used to service convertible note associated expenses and liabilities

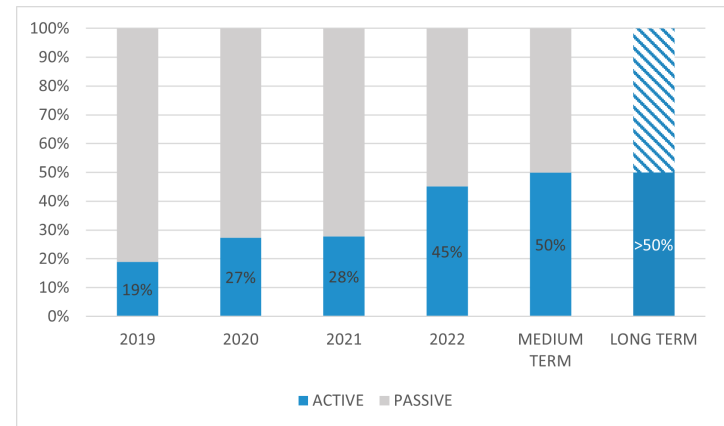


Active Transition Supports Convertible Note

Income derived from active global equity portfolios will support convertible note related expenses

- Actively managed assets will continue to shift toward a 50/50 split between active/passive over medium term
- UK Active Equity portfolio has provided ~2.0%-2.5% dividend yield (4yr)
 - Dividends over past year have been lower due to the pandemic and companies holding cash or reinvesting in their business
- Global Positive Peace Growth (GPPG) Fund has provided a ~1.0% dividend yield (1yr)
 - Expect a higher dividend yield given timing of this years asset purchases and resuming usual dividend payouts
- Continuing shift toward active equity provides GFL flexibility to service note-related expenses

ACTIVE v PASSIVE MIX





Offer Timetable

Event	Date
Priority Offer Record Date	18 October 2021
Announce offer and lodge prospectus	19 October 2021
Notice of Meeting issued to shareholders	19 October 2021
Offer Opens	27 October 2021
Offer Closes	12 November 2021
AGM of shareholders	18 November 2021
Issue of convertible notes	24 November 2021



Key Risks

- Each potential investor in the GFL Notes must determine the suitability of the investment considering their own circumstances. A potential investor should not invest in the GFL Notes unless they have the expertise (either alone or with the help of a financial adviser) to evaluate how the GFL Notes will perform under changing conditions, the resulting effects on the value of such GFL Notes and the impact this investment will have on the potential investor's overall investment portfolio
- GFL expects to be able to redeem the GFL Notes using the proceeds from cash flows from operations (if available) or proceeds from the sale of investments. While unlikely, there is a risk that GFL would be unable to procure or raise sufficient cash resources from the sale of investments and would, in that case, have insufficient cash flows to redeem the GFL Notes at the Maturity Date
- GFL invests in a portfolio of global investments using a defined investment process. Investment risks associated with the volatility of the equities market could mean a sustained period of under-performance and would impact the Company earnings and/or value of its holdings
- Other key risks include:
 - Market price volatility of Ordinary Shares;
 - Noteholders have no voting rights; and
 - Lack of public market for GFL Notes.

These risks are set out in further detail in the prospectus.



Noteholder Protections

Noteholder exit rights	If a Change of Control Event or a Delisting Event occurs, the Noteholder may require GFL to redeem all of the Notes held prior to the Maturity Date for an amount equal to their Face Value together with any accrued (but unpaid) interest.
Events of Default	Each of the following is an Event of Default in relation to any GFL Notes: <ul style="list-style-type: none">• (non-payment)• (non-issue of Ordinary Shares)• (breach of other obligations)• (cross default)• (insolvency)• (unlawfulness)• (vitiation)
Financial undertakings	GFL must not, without the approval of Noteholders by way of Special Resolution: <ul style="list-style-type: none">• make any In-specie Distribution or return of capital to ordinary shareholders;• make any other Distribution that would result in an LTV Ratio Event immediately after such Distribution; or• incur any Financial Indebtedness other than Permitted Financial Indebtedness.
Permitted Financial Indebtedness	GFL may incur Financial Indebtedness in any of the following circumstances: <ul style="list-style-type: none">• under GFL Notes issued on the Initial Issue Date;• where the Financial Indebtedness is incurred or guaranteed after the Initial Issue Date for the purpose of replacing, refinancing or extending the maturity of any other Permitted Financial Indebtedness;• where the Financial Indebtedness does not result in GFL's total Financial Indebtedness exceeding \$20million and also does not result in an LTV Ratio Event in each case immediately after the incurrence of such Financial Indebtedness; or• where the Financial Indebtedness has been approved by the Noteholders by way of Special Resolution pursuant to the Meeting Provisions.
Negative pledge	GFL must not create or permit to subsist any Security Interest upon the whole or any part of its present or future assets to secure any Financial Indebtedness other than a Permitted Security Interest, unless in any such case, before or at the same time as the creation of the Security Interest: <ul style="list-style-type: none">• all amounts payable by GFL under the Notes and the GFL Trust Deed are secured equally and ratably with the Financial Indebtedness; or• such other Security Interest is provided in respect of all amounts payable by GFL under the Notes and the GFL Trust Deed as the Trustee shall in its absolute discretion determine to be not materially less beneficial to the interests of the Noteholders as a whole.

