

GLOBAL MASTERS FUND LIMITED

SHAREHOLDERS' QUARTERLY REPORT

DECEMBER 2021

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

Angela Obree
Non-Executive

COMPANY SECRETARY

Scott Barrett

COMPANY DETAILS

Global Masters Fund Limited
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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 330.1 cents per share, a 7.1% improvement on 30 September 2021.

INVESTMENT PERFORMANCE (as at 31 December 2021)

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 [^]	6.9%	31.4%	14.9%	12.8%	16.0%	9.0%
ASX All Ordinaries Index (All Ords)	2.0%	13.6%	10.9%	6.4%	6.6%	2.6%
MSCI Index (AUD)	7.1%	27.5%	18.6%	12.9%	14.4%	5.9%
MSCI Index (USD)	7.5%	20.1%	19.7%	13.0%	10.6%	5.6%

[^] 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, Berkshire Hathaway performed strongly; in US dollar terms the value of NYSE: BRK.A and BRK.B increased by 9.5% while the AUD strengthened marginally. Our UK portfolio continues to perform well, posting +8.3% over the quarter (in local currency), outperforming the FTSE which increased by 4.2% over the same period.

ECONOMIC COMMENTARY

By year end, global equities were stronger as investors focused on economic resilience and corporate earnings, despite the ongoing volatility caused by Covid-19. The rising Covid case numbers seemed to become less of a concern for investors as the new variants seem to result in less severe symptoms. Across the world, service-based sectors appear to be losing their positive momentum, while manufacturing sentiment has continued to remain resilient despite supply constraints and rising input prices. The strength in corporate earnings outlooks, combined with easing supply chain pressures have seen investors remain positive as we head into the new year where monetary policy normalisation and inflation issues are becoming of central importance.

In the US, by quarter-end, equities posted robust gains as the economy remained stable with unemployment falling to 4.2% and corporate earnings remained robust. Bond markets have priced for monetary policy normalisation, with short-dated bond yields rising more than their longer-dated counterparts indicating concerns regarding resilience to interest rate rises and sustained inflation. The S&P500 posted +10.6% while the Nasdaq posted +8.3%.

In Europe, strong corporate profits and economic resilience resulted in equities posting some gains over the quarter despite Omicron concerns. While some countries in the Eurozone reintroduced restrictions, these had little effect on markets. In the UK, equities performed well, following a similar path to other developed markets which recouped mid-quarter losses as investors received encouraging news regarding Omicron. The FTSE posted +4.2%, the CAC +9.7%, the DAX was +4.1% and the Euro Stoxx was +6.2%.

In Australia, investors have been acutely focused on the policy settings by the Reserve Bank of Australia (RBA) with growth related sectors underperforming. The RBA made no changes to monetary policy during the quarter; however, it did indicate a possible re-evaluation in February. The RBA noted improvements in the economy, with unemployment falling to 4.6% while housing prices appear to be moderating. The ASX All Ordinaries posted +2.0% for the quarter, ASX 200 +1.5%, the Midcap 50 +5.5% and the Small Ordinaries was +1.6%, respectively. The AUD appreciated during the quarter, posting +0.6% against the US Dollar (72.7 US cents), +0.1% against the Pound (53.7 pence), and +2.4% against the Euro (63.9 cents).

CAPITAL RAISING – GFL NOTES

On 24 November 2021 GFL finalised the offer of unsecured convertible notes (GFL Notes) which raised \$10 million before costs. The GFL Notes allowed the Company to raise additional funds without diluting existing Shareholders and as such, they were well supported by Shareholders and Investors introduced by the Lead Manager. The additional capital will be deployed in accordance with the existing investment strategy, providing greater exposure to global high-quality growth businesses. For more details about the notes please visit: www.globalmastersfund.com.au/gfl-notes/ Notes can be traded through the ASX, code: GFLGA.

PORTFOLIO CHARACTERISTICS (as at 31 December 2021)

NTA (before tax on unrealised gains) – total	\$35,392,361
NTA (before tax on unrealised gains) – per share	330.1 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 Environment

PORTFOLIO WEIGHTING

- 5 Year Risk Adjusted Total Return
- Market Risk Analysis

HIGH CONVICTION PORTFOLIO OF COMPANIES

This process is the basis for all our equities investment decisions.

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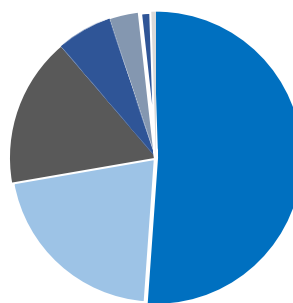


GLOBAL MASTERS FUND LIMITED

PORTFOLIO ALLOCATION - as at 31 December 2021

GFL Investment Portfolio	%
Berkshire Hathaway (NYSE) (BRK)	51.1%
MSCI Index Fund	21.2%
UK Managed Portfolio (LSE)	16.5%
Flagship Investments Limited (ASX) (FSI)	6.2%
BIP BCI Worldwide Flexible Fund Class B	3.3%
Unlisted Unit Trusts	1.2%
Cash	0.5%

ALLOCATION



- BRK
- MSCI
- UK Managed Portfolio (LSE)
- FSI
- BIP BCI
- Unlisted Unit Trusts
- Cash

NTA* BACKING LAST 5 YEARS

NTA Backing* as at	Cents per share
31 December 2021	330.1 cents
31 December 2020	254.3 cents
31 December 2019	264.3 cents
31 December 2018	231.2 cents
31 December 2017	216.4 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 remains visible in the digital spectrum and through multiple mediums with industry participants, Investor Associations and its Shareholders. During the quarter the Company met with and presented to various Brokers, Researchers and Financial Advisers. For those attending the March 2022 Australian Investors Association national conference in Gold Coast, the Company will be participating and exhibiting. In addition, the Investment Manager, Dr Manny Pohl AM will be presenting a session. 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 TO OUR MONTHLY NEWSLETTER

The Company website www.globalmastersfund.com.au has information about Global Masters Fund and links to articles, videos, announcements, reports and more. A monthly email is sent to subscribers and Shareholders and interested parties can subscribe through the website or by emailing the Company asking 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: Passive Investments – Nil, Active Investments - 1.0% p.a. Performance Fee: Applicable to Active Investments only – 20% of the annual outperformance over the FTSE 100 index.
MER ²	0.21%
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 2021.