

GLOBAL MASTERS FUND LIMITED

SHAREHOLDERS' QUARTERLY REPORT

JUNE 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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OVERVIEW

During the quarter, the Global Masters Fund Limited (ASX: GFL) under-performed the global markets with the Company's Net Tangible Asset Value (NTA), as at 30 June 2020 (before estimated tax on unrealised gains), closing at 219.0 cents per share, an 6.3% decline on the prior quarter. This was primarily due to a 1.7% decline in the quoted USD price for Berkshire Hathaway which translates into a 12.6% decline in Australian dollars. The ASX All Ordinaries Index increased by 17.4% while the MSCI increased by 5.7% in Australian dollars.

INVESTMENT PERFORMANCE (as at 30 June 2020)

Quarterly Return (US)		Quarterly Return (AUS)	
Berkshire Hathaway	-1.7%	Global Masters Portfolio [^]	-5.3%
MSCI Index	18.8%	ASX All Ordinaries Index (All Ords)	17.4%
[^] Source: EC Pohl & Co Pty Ltd		MSCI Index in A\$	5.7%

During the quarter, Berkshire Hathaway (NYSE: BRK.A) posted a decline of 1.7% in USD; whilst the UK portfolio increased by 22.4% in GBP and Flagship Investments (ASX: FSI) increased by 28.6%. We highlight that the strength of the AUD has had a negative impact on the values of overseas assets.

ECONOMIC COMMENTARY

After the fastest 30% decline in history which occurred in the March quarter, global markets were very strong over the June quarter producing the largest 50-day advance. This was driven by a number of key factors;

- Massive Government stimulus aimed at reducing the impact of COVID-19 on households.
- Regulatory relaxation on certain sectors to ensure that the hardship of an economic shutdown was minimised. This has been predominantly aimed at the Financial Sector.
- The gradual relaxation of social distancing rules has assisted in improving overall sentiment in the economy.
- A surge in technology related applications as individuals, households and businesses embraced the accelerated shift to online life.

These factors all saw markets post record returns for the quarter with US labour market and retail data supporting renewed optimism. The technology sector was particularly strong after what had been a substantial fall in the March Quarter. The Nasdaq was up 30.63% during the quarter and the S&P 500 was up 19.95%. Large technology names like Apple (+43.46%), Amazon (+41.50%), Facebook (+36.13%) and Google (+22.04%) really drove the rally as investors acquired not only technology exposures, but exposures to quality stocks that would benefit from an accelerated shift to an online world.

European markets were stronger also with the FTSE up 8.78%, the CAC up 12.28%, the DAX up 23.90% and the Euro Stoxx up 16.05%. China, which did not fall as much in the March quarter lagged the broader market with the Shanghai Comp up 8.52% while concerns related to China's position on Hong Kong and the internal unrest in Hong Kong meant the Hang Seng was up only 3.49%. Japan was strong with the Nikkei up 17.82%.

Australia has been one of the lucky countries, with lockdown measures proving to be highly successful in containing the virus with the focus now turning to strategies for economic recovery. The Australian market delivered a solid performance with the ASX All Ordinaries Index up 17.4% while the Reserve Bank of Australia held its interest rate steady at 0.25%

Negatively for our portfolio, the AUD appreciated against all major currencies, posting +12.5% against the US Dollar (69.0 US cents), +12.6% against the Pound (55.7 pence), and +10.5% against the Euro (61.5 cents), by quarter-end.

PORTFOLIO CHARACTERISTICS (as at 30 June 2020)

NTA (before tax on unrealised gains) – total	\$23,482,244
NTA (before tax on unrealised gains) – per share	219.0 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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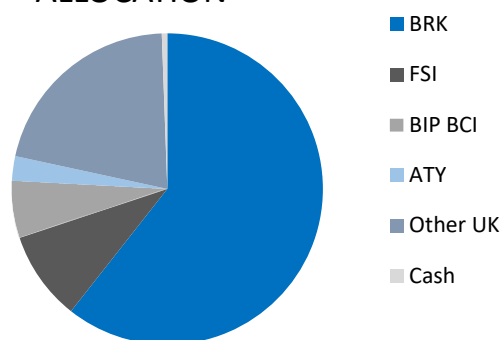


GLOBAL MASTERS FUND LIMITED

PORTFOLIO ALLOCATION - as at 30 June 2020

GFL Investment Portfolio	%
Berkshire Hathaway (NYSE) (BRK)	60.6%
Flagship Investments Limited (ASX) (FSI)	9.3%
BIP BCI Worldwide Flexible Fund Class B	5.9%
Athelney Unit Trust PLC (LSE) (ATY)	2.6%
Other UK	21.0%
Cash	0.6%

ALLOCATION



NTA* BACKING LAST 5 YEARS

NTA Backing* as at	Cents per share
30 June 2020	219.0 cents
30 June 2019	241.9 cents
30 June 2018	218.9 cents
30 June 2017	196.2 cents
30 June 2016	176.4 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) - while from an activity perspective the Company was less visible to the investing public as scheduled events and conferences were postponed, it was more visible in the digital spectrum and through telecommunications with industry participants. Despite physical limitations brought on by current travel restrictions and distancing requirements, the Company maintained an active digital communication program with Brokers, Researchers, Advisers and Investors through voice, email and video. The Company looks forward to engaging with its Shareholders during the coming periods through multiple 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.