

GLOBAL MASTERS FUND LIMITED

SHAREHOLDERS' QUARTERLY REPORT

MARCH 2022

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
ABN 84 109 047 618
Level 12, Corporate Centre One
2 Corporate Court
BUNDALL QLD 4217
AUSTRALIA

Tel: 1800 352 474
Fax: +61 7 5574 1457
Email: info@globalmastersfund.com.au

www.globalmastersfund.com.au



OVERVIEW

During the quarter, Global Masters Fund Limited's (ASX: GFL) Net Tangible Asset (NTA) value (before estimated tax on unrealised gains), increased to 331.5 cents per share, a 0.4% improvement on 31 December 2021.

INVESTMENT PERFORMANCE (as at 31 March 2022)

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 [^]	1.0%	21.7%	15.0%	13.7%	16.0%	8.9%
ASX All Ordinaries Index (All Ords)	0.1%	11.0%	7.6%	5.7%	5.8%	2.6%
MSCI Index (AUD)	-8.5%	10.5%	11.2%	10.9%	12.4%	5.2%
MSCI Index (USD)	-5.5%	8.6%	13.2%	10.5%	8.8%	5.2%

[^] 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 17.4% and 18.0% respectively. Berkshire Hathaway has outperformed during the quarter amid news of significant investments in Alleghany Corporation (NYSE: Y) and Occidental Petroleum (NYSE: OXY). The remainder of the GFL portfolio has been negatively impacted by inflation and interest rate concerns as noted below.

ECONOMIC COMMENTARY

The start of 2022 has presented an unpredictable, yet not unprecedented, set of geopolitical events that have plagued world markets. At year-end, manufacturing sectors had proven resilient in the face of ongoing restrictions. The new year saw a return to service-based sectors – building strong support for economic momentum. Globally, concerns are centered on the lower growth environment than inflationary fears due to a supply-side, rather than demand-side, shock resulting from Covid and the Russia-Ukrainian war. The war continues to amplify energy and food price issues, and continued disruptions to global supply chains suggest that inflation will continue to rise.

In the US, economic activity slowed sharply during the quarter as Covid variants swept across the country and increased concern over the Federal Reserve's asset tapering. 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. While equity markets had begun to price monetary policy normalisation before the Russian invasion, the Federal Reserve's indication of six rate hikes in 2022 will continue to pressure equities. During the quarter, unemployment fell to 3.6%, and wage growth has not kept up with inflationary pressures, with US inflation reaching +7.9% in February. The S&P500 posted -5.0% while the Nasdaq posted -9.1% by quarter-end.

In Europe, equities fell sharply due to the Eurozone's close ties with Ukraine and Russia – particularly Russian oil and gas. While Europe has already experienced higher energy prices over the past year, the invasion has led to energy security fears. In Germany, the suspension of the Nord 2 gas pipeline from Russia has heightened concerns about increasing energy prices and impacts on broader economic activity. The Russia-Ukraine war has further deepened supply chain woes, impacting part availability. The European Central Bank (ECB) announced plans to end bond purchases, with inflation hitting 7.5% in March. In the UK, equities have remained resilient given their significant exposure to mining, healthcare, and banking sectors. The Bank of England (BoE) raised their rates by 50 bps over the quarter, with another two hikes expected this year. Similarly, high growth companies underperformed, as did consumer-related sectors. The FTSE posted +1.8%, the CAC -6.9%, the DAX was -9.3%, and the Euro Stoxx was -0.2%.

In Australia, investors flocked toward defensive sectors, with growth-related sectors facing increased pressure. Energy and consumer staples were key outperformers, while IT and consumer discretionary were the poorest performers. The Reserve Bank of Australia (RBA) held onto their policy settings despite seemingly taking a hawkish view considering the inflationary environment. Wage growth is increasingly moving into the spotlight, as wage growth remains below inflation and well below in real terms. Unemployment is stable at 4.2%, while the housing market appears to be softening in major markets.

The ASX All Ordinaries posted +0.1% for the quarter, ASX 200 +0.7%, the MidCap 50 -3.5%, and the Small Ordinaries was -5.1%, respectively. The AUD appreciated during the quarter, posting +3.0% against the US Dollar (74.8 US cents), +6.0% against the Pound (57.0 pence), and +5.8% against the Euro (67.6 cents).

PORTFOLIO CHARACTERISTICS (as at 31 March 2022)

NTA (before tax on unrealised gains) – total	\$35,550,312
NTA (before tax on unrealised gains) – per share	331.5 cents

FUND MANAGER

EC Pohl & Co Pty Ltd
 ABN 68 154 399 916
 Level 12, Corporate Centre One
 2 Corporate Court
 BUNDALL QLD 4217
 AUSTRALIA

Tel: +61 7 5644 4400
 Fax: +61 7 5574 1457

www.ecpohl.com

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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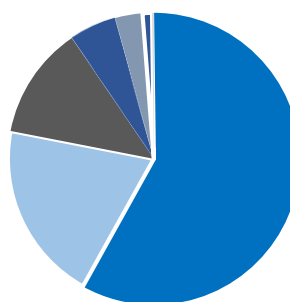


GLOBAL MASTERS FUND LIMITED

PORTFOLIO ALLOCATION - as at 31 March 2022

GFL Investment Portfolio	%
Berkshire Hathaway (NYSE) (BRK)	58.1%
MSCI Index Fund	20.0%
UK Managed Portfolio (LSE)	12.4%
Flagship Investments Limited (ASX) (FSI)	5.3%
BIP BCI Worldwide Flexible Fund Class B	3.0%
Unlisted Unit Trusts	1.0%
Cash	0.2%

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 March 2022	331.5 cents
31 March 2021	277.1 cents
31 March 2020	233.8 cents
31 March 2019	231.6 cents
31 March 2018	218.7 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. The Investment Manager Dr Manny Pohl AM, was also a featured speaker at the Australian Investors Association national conference held in Gold Coast and the presentation is able to be viewed through the company website. For further information including about other 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 who 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.