

GLOBAL MASTERS FUND LIMITED

SHAREHOLDERS' QUARTERLY REPORT

SEPTEMBER 2017

OBJECTIVE

Long-term capital growth by investing in UK & US markets

FEES

Management fee – Nil
Performance fee – Nil

COUNTRIES WHERE LISTED

Australian Securities Exchange:
May 2006

STOCK EXCHANGE CODE

ASX: GFL

DIRECTORS

Jonathan Lancelot Addison (Snr)
Chairman

Dr Emmanuel (Manny) C Pohl
Managing Director

Patrick Corrigan AM
Independent

Murray d'Almeida
Independent

COMPANY SECRETARY

Brian Jones

AUDITOR

Joe Pien

REGISTRY

Boardroom Pty Limited
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LEGAL DOMICILE

Australian Securities Exchange (ASX)
Listed Investment Company (LIC)

Global Masters Fund Limited

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GLOBAL MASTERS FUND LIMITED

OVERVIEW

Global Masters Fund Limited (ASX: GFL) posted a gain of 10.9% during the quarter, trading at a premium to the underlying Net Tangible Asset Value (NTA*). In addition, the NTA* on the other hand increased by 5.1% from 196.2 cents per share to 206.2 cents per share, primarily because of an improvement in the major investment, Berkshire Hathaway, albeit with these gains partially offset by a firming Australian dollar.

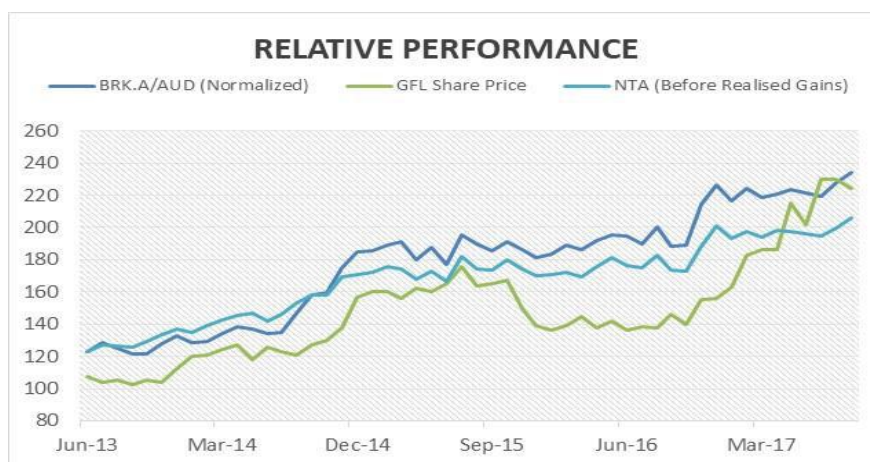
INVESTMENT PERFORMANCE (as at 30 September 2017)

Quarterly Return (US)		Total Net Market Value of GFL Assets	Quarterly Return (AUS)	
Berkshire Hathaway	+7.9%	\$ 17,694,581 or 206.2cents per share (before tax on unrealized gains)	Global Masters	+6.1%
S&P 500	+4.0%		ASX All Ords	-0.3%

During the quarter, Berkshire Hathaway (NYSE: BRK) posted gains of 7.9% while Athelney Trust (LSE: ATY) was unchanged. Flagship Investments (ASX: FSI) had a solid quarter and was up by 5.8% outperforming the Australian market which declined by 0.3% over the quarter.

ECONOMIC COMMENTARY

Global markets produced a range of results over the quarter with both political and economic events continuing to influence outcomes. The US market remained strong with the S&P 500 up 3.96% and the NASDAQ up 5.79% - both close to record highs. While the political environment remains as uncertain as ever, the market continues to react favourably to the policies of the Trump Administration and the threat of interest rate hikes only confirms the fact that the economy is growing. In Europe, momentum is slowly building and confidence is somewhat returning to the market. There are still plenty of structural issues that need to be dealt with but the recent reappointment of the Merkel Administration helped to drive confidence in the German market with the DAX up 4.09% for the quarter in local currency terms (up 7.64% in USD terms). France was also more stable as the Macron Administration sets about the large task of trying to reform the French economy. The CAC was also up 4.08% in local currency terms (up 7.64% in USD terms).



Markets in Australia were generally down for the September quarter. The ASX 20 was down 1.16% and ASX 200 was down 0.70%. The weakness during the quarter was driven by several sectors, but the Telecommunications Sector was the largest underperformer with the sector down 18.59% for the quarter., The Utilities Sector was down 7.21% given concerns on interest rates and the Healthcare sector, which is dominated by USD exposures was down 6.10%. ,The ASX Small Caps index was up 3.20% driven by the Small Resources which was up 12.16%.

The EUR/USD cross rate has been very strong since April 2017, up 12-13% over the period., This strong increase started to subside towards the end of the September quarter and helped to drive USD returns and also provided some indication as to the increased confidence that the market is starting to have in the region. ,The AUD appreciated by 1.9% against the USD (78.35 US Cents), declined by 1.5% against the EUR (66.3 EU Cents) and by 0.9% against the GBP (58.49 UK Pence).

RENOUNCEABLE RIGHTS ENTITLEMENT OFFER: KEY INFORMATION

(To be read in conjunction with Offer document)

ENTITLEMENT OFFER	2,144,649 New Shares	\$2.00 Offer Price	Based on 1 for 4																				
PURPOSE OF RAISING	To increase Company size and invest in accordance with Company investment strategy																						
SHARES ON ISSUE	Existing: 8,578,596	Assuming Full Subscription: 10,723,245																					
VALUES at 30 September 2017	Share Price: \$2.24	NTA*: \$2.06																					
TRADABILITY	Shareholders Entitlements can be traded on ASX (or transferred directly to another person) in whole or in part																						
ENTITLEMENT ASX CODE	GFLR																						
SHORTFALL AVAILABILITY	Any entitlements not taken up will be offered for sale through a Shortfall Bookbuild																						
PORTFOLIO ALLOCATION as at 30 September 2017	<table border="1"> <thead> <tr> <th>GFL Investment Portfolio</th> <th>%</th> </tr> </thead> <tbody> <tr> <td><i>Berkshire Hathaway (NYSE) (BRK)</i></td> <td>73.77 %</td> </tr> <tr> <td><i>Flagship Investments Limited (ASX) (FSI)</i></td> <td>12.12 %</td> </tr> <tr> <td><i>Athelney Unit Trust PLC (LSE) (ATY)</i></td> <td>8.53 %</td> </tr> <tr> <td><i>Other UK</i></td> <td>2.44 %</td> </tr> <tr> <td><i>Cash</i></td> <td>3.14 %</td> </tr> </tbody> </table>			GFL Investment Portfolio	%	<i>Berkshire Hathaway (NYSE) (BRK)</i>	73.77 %	<i>Flagship Investments Limited (ASX) (FSI)</i>	12.12 %	<i>Athelney Unit Trust PLC (LSE) (ATY)</i>	8.53 %	<i>Other UK</i>	2.44 %	<i>Cash</i>	3.14 %								
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KEY DATES

Entitlement Offer announced	Mon 9 October 2017
Entitlements commence trading on a <i>deferred</i> settlement basis	Wed 11 October 2017
Record Date for eligibility to participate in the Entitlement Offer	Thurs 12 October 2017
Information Booklet, Entitlement and Acceptance Forms dispatched	Mon 16 October 2017
Entitlement Offer opens	Mon 16 October 2017
Entitlements commence trading on a <i>normal</i> settlement basis	Tues 17 October 2017
Entitlement trading under Entitlement Offer on ASX ends	Wed 18 October 2017
Entitlement Offer Closes	Wed 25 October 2017
Shortfall Bookbuild (if any)	Fri 27 October 2017
Trading of New Shares expected to commence on ASX	Thurs 2 November 2017

Note: The timetable above is indicative only and subject to change. GFL reserves the right to amend any or all of these events, dates and times subject to the *Corporations Act 2001* (Cth) (Corporations Act), the ASX Listing Rules and other applicable laws. In particular, GFL reserves the right to extend the closing date of the Entitlement Offer, to accept late applications either generally or in particular cases or to withdraw the Entitlement Offer without prior notice. The Entitlement Offer Booklet and the Entitlement and Acceptance Form are issued by Global Masters Fund Limited (GFL). The Entitlement Offer Booklet is dated 9 October 2017. The Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow certain rights issues to be made without a prospectus. This document is not a prospectus under the Corporations Act and has not been lodged with the Australian Securities and Investments Commission (ASIC). As a result, it is important for Eligible Shareholders to read and understand the information on GFL and the Entitlement Offer made publicly available, prior to accepting all or part of their Entitlement. Please read this Entitlement Offer Booklet in its entirety along with the ASX Entitlement Offer announcements, the Entitlement and Acceptance Form and other information about GFL published on asx.com.au before making a decision whether or not to acquire New Shares. If you are in doubt as to the course you should follow, you should consult your broker or other professional advisor without delay.