

# GLOBAL MASTERS FUND LIMITED

DECEMBER 2015

SHAREHOLDERS' QUARTERLY REPORT

## 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

Patrick Corrigan AM

## AUDITOR

Joe Pien

## REGISTRY

Boardroom Pty Ltd

## LEGAL DOMICILE

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

## Global Masters Fund Limited

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## OVERVIEW

Global Masters Fund Limited posted a 1.95% decline in its NAV during the quarter with the share price closing at 139.0 cents per share. The NAV over the year to 31 December 2015 decreased by 0.13% and by comparison, the All Ordinaries Index posted a decline of 0.82% over the same period.

## PERFORMANCE SUMMARY

During the quarter the Berkshire Hathaway (NYSE: BRK) share price posted a +1.31% improvement while Athelney Trust (LSE: ATY) posted a +7.87 gain over the quarter, closing at 240.0 cps. However, these gains were partially negated by a strengthening AUD which rebounded by year-end against both the USD and GBP posting a +3.89% and +6.62% improvement during the quarter. The investment in Flagship Investments (ASX: FSI) posted a slight improvement of +1.79%.

## ECONOMIC COMMENTARY

2015 has been a particularly eventful year for investors with aggressive quantitative easing (QE) by the European Central Bank (ECB), a spike in bond yields, the Greek debt drama, raised concerns over Chinese economic growth, political upheaval in the middle east and the slump in the oil price. Monetary policy divergence was evident in December when, within two weeks of each other, the ECB provided more stimulus and lowered interest rates into negative territory and committed to extending its QE program into 2017, while the US Federal Reserve (the Fed) decided to head in the opposite direction, increasing interest rates by 25 basis points for the first time since 2006. 2015 was the fifth consecutive year of negative commodity price returns and spreads over Treasuries moved significantly higher than the historical average.

Employment conditions in the US continued to improve, giving rise to the prospect of U.S. monetary policy normalization and a strengthening of the U.S. dollar in 2015. The December interest rate rise by the Fed brought an end to the period of low interest rate policy. During the December quarter the S&P500 improved by +6.45% reducing the overall decline over the calendar year to -0.73%; the NASDAQ posted an increase of +8.38% and +5.73% over the same respective periods and the Dow Jones Index was the worst performer closing the year with a decline of 2.23%.

Europe's economy remained relatively stagnant over the year, struggling with low inflation, large numbers of refugees and political turmoil with member-states. As the markets rallied through to year-end, the German DAX posted a +11.21% improvement during the quarter; the FTSE posted a +2.98% increase while the EUR gained +3.00% against the USD.

China's transition from heavy industrial investment toward a greater service orientation, raised concerns about economic growth and policy stability resulting in a currency devaluation and volatile equity markets. Japan, on the other hand, has continued with their QE and corporate profits have been growing despite a lackluster economic recovery. The Shanghai Index and the NIKKEI posted similar returns for the year of +9.41% and +9.07%, respectively.

In Australia the All Ordinaries Index posted a modest improvement of +5.65% during the quarter, reducing the decline in the All Ordinaries to 0.82% for the year.

## INVESTMENT PERFORMANCE (as at 31 December 2015)

Quarterly Return (US)	
Berkshire Hathaway	+1.31%
S&P 500	+6.45%

Total Net Market Value of GFL Assets
\$14,610,206 or 170.31 cents per share

Quarterly Return (AUS)	
Global Masters	+9.69%
ASX All Ords	+5.65%

## RELATIVE PERFORMANCE

