

GLOBAL MASTERS FUND LIMITED

AUGUST 2014

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

COMPANY SECRETARY

Brian E. Jones

AUDITOR

Joe Pien

REGISTRY

Boardroom Pty Ltd

LEGAL DOMICILE

Australian Securities Exchange (ASX)
Listed Investment Company (LIC)
Global Masters Fund Limited
ABN 84 109 047 618

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OVERVIEW

The Global Masters Fund Limited (ASX: GFL) share price increased by 1.61% versus the All Ordinaries Index return of -0.39% over the quarter with the share price improving by 2 cents to 126 cents per share at 30 June 2014. Over the past twelve months the GFL share price has increased by 17.21% as compared to the NAV per share which increased by 15.78%.

PERFORMANCE SUMMARY

During the current quarter there was a slight improvement in the NAV to 142.2 cents per share as at 30 June 2014. While the share prices of both Athelney Trust (ATY) (4.26%) and Berkshire Hathaway (BRK) (1.36%) increased in local currency during the quarter, the gains from ATY were complimented by a slight weakening of the British Pound and BRK was negatively impacted by a decline in the US dollar as compared to the A\$.

ECONOMIC COMMENTARY

At the end of this quarter, the current global economic expansion celebrates its fifth birthday. The global recovery, having started in the second quarter of 2009, appears to have lost impetus as different regions still battle their own respective headwinds including lack of global demand for goods and services. In the US, this quarter has seen some improvement in consumer and business sentiment, an improving housing market and a tighter labour market that have led to the Federal Reserve continuing its tapering of Quantitative Easing and announcing cuts to its monthly asset purchases. This quarter saw the S&P500 index hit record highs posting a 4.7% improvement with the Dow Jones Industrial Average posting a positive result of 2.2%. The UK has continued to perform well with growth in household spending and larger business investment. The UK unemployment rate has fallen to 6.6% and the FTSE 100 Index posted a 2.2% increase. While the Australian economy has been burdened with a negative impetus from the resources boom transition, it (the economy) remains on track for GDP growth this year, with increases in our iron ore and coal exports taking up much of the slack from a declining investment in mining. However, in spite of increased geopolitical risks, the market has had low levels of volatility over the quarter, arguably reflecting investor complacency as they shrugged off the consequences of these issues.

During the quarter the Australian dollar surged past its highest level in 2014 on the back of the Reserve Bank of Australia's (RBA) decision to keep the official interest rate on hold at 2.5 per cent. The AUD has strengthened again for the second quarter in a row against the USD, increasing by 1.8%.

INVESTMENT PERFORMANCE (as at 30 JUNE 2014)

Quarterly Return (USD)	
Berkshire Hathaway A	1.36%
S&P 500	4.69%

Total Market Value of GFL Assets
\$12,798,764 or 142.20 cents per share

Quarterly Return (AUD)	
Global Masters	1.61%
ASX All Ords	-0.39%

