

GLOBAL MASTERS FUND LIMITED

SHAREHOLDERS' QUARTERLY REPORT

SEPTEMBER 2021

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

Patrick Corrigan AM
Non-Executive

COMPANY SECRETARY

Scott Barrett

COMPANY DETAILS

Global Masters Fund Limited
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OVERVIEW

During the quarter, Global Masters Fund Limited's (ASX: GFL) Net Tangible Asset (NTA) value (before estimated tax on unrealised gains), increased to 308.3 cents per share, a 2.2% improvement on 30 June 2021.

INVESTMENT PERFORMANCE (as at 30 September 2021)

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 [^]	2.5%	28.3%	10.7%	14.8%	15.2%	8.6%
ASX All Ordinaries Index (All Ords)	0.6%	27.0%	6.5%	6.7%	6.5%	2.5%
MSCI Index (AUD)	3.4%	25.9%	11.2%	13.1%	13.8%	5.6%
MSCI Index (USD)	-0.4%	27.0%	11.2%	11.7%	10.5%	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, the portfolio saw mixed returns: Berkshire Hathaway (NYSE: BRK.A) posted -1.7% and Flagship Investments (ASX: FSI) increased by 2.9%. Our UK portfolio continued to perform well, posting +3.9% over the quarter (in local currency), meaning the active UK portfolio has delivered +17.1% above the FTSE since inception. The investment in the Global Positive Peace Growth Fund (unlisted) is performing very well, with the fund posting 29.7% for the year, and continues GFL's strategic direction of shifting toward a more active investment approach.

ECONOMIC COMMENTARY

This quarter's performance differed between markets, with the US seeing record highs, while China was hit with sweeping regulatory action and concerns relating to their property market. Globally, many economies shifted from recovery to steady expansion, with positive corporate commentary, solid economic activity, and continued supportive fiscal policy. However, some slowdowns did occur due to the Covid-19 Delta variant. Governments appear to be shifting from damage control procedures toward the endgame of a post-Covid world, which is aimed at vaccination programs and removing social distancing practices – an approach led by the US and the UK, with early indications of an acceleration of growth and economic outperformance.

The US economy appears to be entering an expansionary phase, after a year of recovery from the pandemic. Consumer spending, housing and developments, and labour markets have been particularly strong, with early signs this growth is slowing to a steadier and more reasonable pace. The US Federal Reserve appeared to have a dovish stance to further tightening of policy and with a slowdown in asset purchases, rate projections are expected to hike at a faster rate. In the US, equities were muted over the quarter with strong corporate earnings driving performance in August, while inflationary and economic growth concerns placing pressure on markets by quarter-end. The S&P500 posted +0.2% while the Nasdaq posted -0.4%, by quarter-end.

In Europe, the recent Delta variant seemed to have less of an impact since many of the larger eurozone countries are over 75% fully vaccinated – many travel restrictions and other measures are largely lifted. Similarly, inflationary issues driven by rising energy prices and supply chain bottlenecks were the key issues plaguing markets. In the UK, the Bank of England (BoE) took a more hawkish tone as inflationary pressures continued to surpass expectations. Across Europe natural gas shortages, lack of wind, and fuel shortages presented key issues for investors. The FTSE posted +0.7%, the CAC +0.2%, the DAX was -1.7% and the Euro Stoxx was -0.4%.

In Australia, the housing market has proven to be remarkably resilient in spite of Covid restrictions limiting activity. Residential building approvals posted +6.8% in August, while price gains have been +18.3% over the year. Labour markets remained strong despite the severe restrictions in place across the country with unemployment steady at 4.5%. The ASX All Ordinaries posted +0.6% for the quarter, ASX 200 +0.3%, the MidCap 50 +3.0% and the Small Ordinaries was +2.6%, respectively. The AUD depreciated during the quarter, posting -3.6% against the US Dollar (72.3 US cents), -1.0% against the Pound (53.7 pence), and -1.3% against the Euro (62.4 cents).

PORTFOLIO CHARACTERISTICS (as at 30 September 2021)

NTA (before tax on unrealised gains) – total	\$33,063,356
NTA (before tax on unrealised gains) – per share	308.3 cents

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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 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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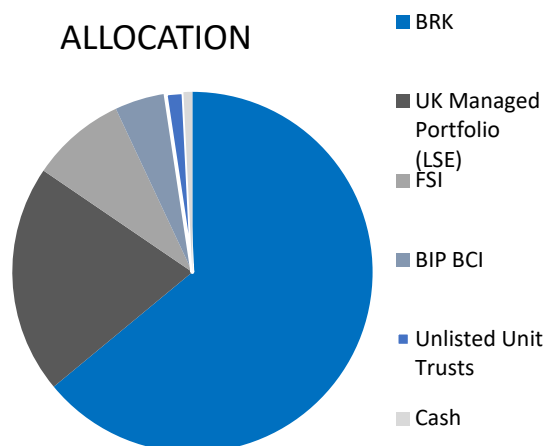


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PORTFOLIO ALLOCATION - as at 30 September 2021

GFL Investment Portfolio	%
Berkshire Hathaway (NYSE) (BRK)	64.0%
UK Managed Portfolio (LSE)	20.5%
Flagship Investments Limited (ASX) (FSI)	8.5%
BIP BCI Worldwide Flexible Fund Class B	4.6%
Unlisted Unit Trusts	1.6%
Cash	0.8%

ALLOCATION



NTA* BACKING LAST 5 YEARS

NTA Backing* as at	Cents per share
30 September 2021	308.3 cents
30 September 2020	244.9 cents
30 September 2019	248.2 cents
30 September 2018	242.6 cents
30 September 2017	206.2 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 including Brokers, Researchers, Advisers, Investor Associations and Shareholders. During the quarter the Investment Manager, Dr Manny Pohl AM presented at the Switzer Investor Strategy Day and was interviewed by various Brokers. For further information including about 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 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. In addition, news articles that can be read and interviews Dr Manny Pohl AM had during the quarter, can be found at www.globalmastersfund.com.au/news.

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.