

GLOBAL MASTERS FUND LIMITED

SHAREHOLDERS' QUARTERLY REPORT

JUNE 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
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2 Corporate Court
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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), decreased to 280.7 cents per share, a 15.3% decrease from 31 March 2022.

INVESTMENT PERFORMANCE (as at 30 June 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 [^]	-15.0%	-5.5%	7.2%	9.9%	13.9%	7.7%
ASX All Ordinaries Index (All Ords)	-13.4%	-11.1%	0.2%	3.2%	5.0%	1.6%
MSCI Index (AUD)	-9.6%	-8.4%	5.9%	8.2%	11.8%	4.5%
MSCI Index (USD)	-16.6%	-15.6%	5.3%	5.9%	7.5%	3.9%

[^] 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 value of Berkshire Hathaway decreased significantly giving up the gains made between July 2021 and March 2022. In US dollar terms the value of NYSE: BRK.A and BRK.B decreased by 22.7% and 22.6% respectively. The remainder of the GFL portfolio has remained under pressure from rising inflation and interest rate movements by central banks as noted below.

ECONOMIC COMMENTARY

Equity markets in the fourth quarter have been under pressure as investor sentiment turned increasingly downbeat due to heightened concerns regarding global inflation and ongoing supply chain issues, accentuated by the Ukraine crisis, could see the world move into a recession. Equity markets have priced in interest rate rises and the potential recessionary risks, driving substantial declines in equity valuations. Inflation has continued to be a major issue for most major economies, with several central banks taking appropriate action. This year, the policy response has been far more rapid than previously thought in 2021.

In the US, investors are primarily focused on inflationary fears and the Federal Reserve's policy responses. The US equity market has recorded its worst first half period in 60 years, shifting the market into bear territory. The Fed has signaled more rate hikes to come, noting the difficulty of bringing down inflation without triggering a recession. Despite the economy slowing and early signs of a recession, the US labour market continues to remain strong. During the quarter, unemployment held steady at 3.6%, and wage growth has not kept up with inflationary pressures, with US inflation rising +8.6% compared to a year ago. The S&P500 posted -16.5%, while the Nasdaq posted -22.4% by quarter-end.

In Europe, the ongoing Ukraine conflict has continued to drive steep declines for Eurozone equities as concerns related to gas shortages continue to rise. High inflation and the increasing cost of living are affecting consumer confidence, with the European Central Bank (ECB) expected to raise rates in the coming month. Ongoing disruptions saw Germany shift into phase two of its emergency plan, with the next steps being to ration gas. In the UK, The Bank of England increased its official rate by a combined 50 bps, with equities performing relatively well due to the large cap, defensive stocks. The FTSE posted -4.6%, the CAC -11.1%, and the DAX was -11.3%.

In Asia, China was the outlier with their market being the only region moving into positive territory. As lockdown measures relaxed, investors reacted positively on the back of factory data improving. South Korea was the worst performing region, while Taiwan also suffered on the back of concerns regarding demand for technology products. In Japan, concerns echoed those around the world, with few companies posting surprise results. The Shanghai Composite posted +4.5%, the Hang Seng -0.6%, and the Nikkei was -5.1%.

In Australia, cost of living pressures continues to rise, however, retail sales remain resilient. The Reserve Bank of Australia (RBA) increased interest rates by 50 bps in June, as inflation continues to be a key issue. In Australia, our quarterly inflationary statistics seemed to lag compared to our US and European counterparts, with +2.1% posted in the prior quarter, bringing inflation to 5.1% for the year ending March-quarter. The unemployment rate remained stable at 3.9%, while the participate rate rose to 66.7%.

The ASX All Ordinaries posted -13.4% for the quarter, ASX 200 -12.4%, the Midcap 50 -15.0%, and the Small Ordinaries was -20.8%, respectively. The AUD depreciated during the quarter, posting -7.7% against the US Dollar (69.0 US cents), -0.5% against the Pound (56.7 pence), and -2.6% against the Euro (65.9 cents).

PORTFOLIO CHARACTERISTICS (as at 30 June 2022)

NTA (before tax on unrealised gains) – total	\$30,097,509
NTA (before tax on unrealised gains) – per share	280.7 cents

GLOBAL MASTERS FUND LIMITED

JUNE 2022

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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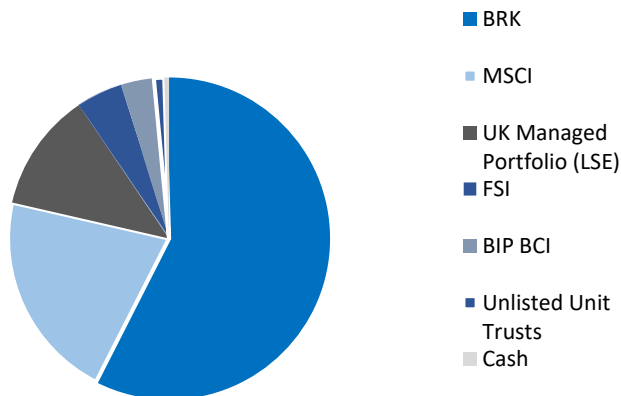
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PORTFOLIO ALLOCATION - as at 30 June 2022

GFL Investment Portfolio	%
Berkshire Hathaway (NYSE) (BRK)	57.5%
MSCI Index Fund	21.1%
UK Managed Portfolio (LSE)	12.0%
Flagship Investments Limited (ASX) (FSI)	4.7%
BIP BCI Worldwide Flexible Fund Class B	3.3%
Unlisted Unit Trusts	1.0%
Cash	0.5%

ALLOCATION



NTA* BACKING LAST 5 YEARS

NTA Backing* as at	Cents per share
30 June 2022	280.7 cents
30 June 2021	301.7 cents
30 June 2020	219.0 cents
30 June 2019	241.9 cents
30 June 2018	218.9 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 and also participated in the SMSF Professionals Day held in Sydney.

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	0.22%
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 2022.