



GLOBAL MASTERS FUND LIMITED

ACN 109 047 618

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 December 2019**

Directors' Report

The Directors of Global Masters Fund Limited (the "Company") submit herewith their report together with the Interim Financial Report for the half-year ended 31 December 2019 and the Auditor's Independent Review Report thereon.

DIRECTORS

The following persons were Directors of the Company since 30 June 2019 and up to the date of this report, unless stated otherwise.

- Mr Murray d'Almeida (Chairman)
- Dr Emmanuel Clive Pohl AM (Managing Director)
- Mr Patrick Corrigan AM
- Mr Jonathan Lancelot Addison
- Mr Jason Pohl (Alternate Director to Dr Pohl)

PRINCIPAL ACTIVITY

The principal activity of the Company is holding investments in Berkshire Hathaway Inc on NYSE. In addition to Berkshire Hathaway, the Company has invested in Athelney Trust Plc on LSE and Flagship Investments Ltd on the ASX. In addition to these investments the Company maintains an actively managed portfolio of equities listed on the London Stock Exchange.

REVIEW OF OPERATIONS

During the last six months, Global Masters Fund Limited (ASX: GFL) recorded portfolio gains of 9.8%. This is reflected in the Net Tangible Assets per share (tax on realised gains only) increasing by 9.2% to 264.3 cents per share at 31 December 2019. The portfolio was aided by favourable currency fluctuations against the pound while the US dollar remained on par with the 30 June 2019 position. In local currency terms all investments increased in value over the 6 months and contributed to the overall portfolio gains, the UK portfolio of actively managed investments increased 14.7% versus the FTSE which grew 1.6%.

Portfolio Performance:

	1 st Qtr to Sept 19	2 nd Qtr to Dec 19	6 mths to Dec 19	12 Mths to Dec 19
Global Masters Portfolio	2.8%	6.9%	9.8%	16.7%
FTSE	-0.2%	1.8%	1.6%	12.1%
MSCI Index	0.1%	8.2%	8.3%	25.2%
ASX All Ordinaries	1.5%	0.0%	1.5%	19.1%

During the period the Company realised gains in part of its holding in the Athelney Trust Plc. The generated cashflow has been invested in The BIP BCI Worldwide Flexible Fund B, an ETF listed on the Johannesburg Stock Exchange. Boutique Collective Investments is an aligned fund manager and the investment allows the continuing expansion of Global Masters Fund into a truly global diversified investment vehicle, without diluting the investment in Berkshire Hathaway.

In the first six months of the financial year, dividends in the amount of \$116,508 were received, an \$8,014 year-on-year increase, while revenue overall was down due to a decrease in realised gains recognised in the P&L of \$74,504. The strong performance of the UK Portfolio (mentioned above) was the key driver in growing net profit for the six months to December 2019, which was up \$1,085,376 on last year.

MARKET COMMENTARY

Over the last twelve months geopolitical woes, market volatility, trade complexity, and ambiguity of world leadership has seen the world divided across many issues. However, as 2019 came to a close there were positive signs from an imminent first stage trade agreement between the US and China and surety of Brexit on 31 January 2020. Central banks have generally been working to ease monetary conditions with many share markets reacting positively, over the year the ASX All Ords gained 19.1%, the FTSE grew 12.1%, the US S&P 500 increased 28.9% and the global MSCI index grew 25.2%.

After robust growth over the past few years, the International Monetary Fund (IMF) forecasts global economic growth to be 3.5% in 2020. The IMF expects that most markets will have a slight improvement in growth rates, with the US being a notable exception with growth moderating to 1.9% as fiscal stimulus unwinds. The Company remains cautiously optimistic for the year ahead.

DIVIDEND

The Company has historically not paid dividends due to the major investment, Berkshire Hathaway, not yielding a dividend. For the Half-year ending 31 December 2019 a dividend has not been declared.

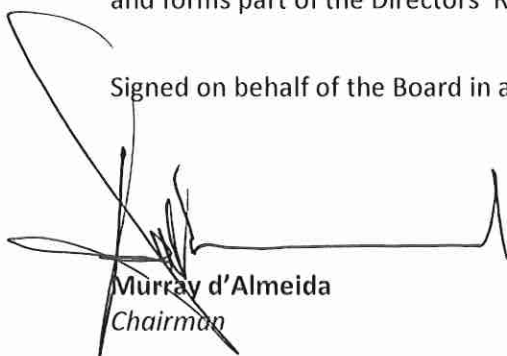
NET TANGIBLE ASSETS

The NTA per share (tax on realised gains only) at 31 December 2019 was 264.3 cents compared with 241.9 cents at 30 June 2019, an increase of 9.2%. Portfolio performance equating to 24.7 cents per share has contributed to the increase after subtracting 2.3 cents per share for the operating costs of the business.

AUDITORS' INDEPENDENCE DECLARATION

The Auditor's Independence Declaration under section 307C of the *Corporations Act 2001* is set out on page 3 and forms part of the Directors' Report for the half-year ended 31 December 2019.

Signed on behalf of the Board in accordance with a Resolution of the Directors.



Murray d'Almeida
Chairman

26 February 2020



For your peace of mind

GLOBAL MASTERS FUND LIMITED
ABN 84 109 047 618

**AUDITOR'S INDEPENDENCE DECLARATION UNDER
SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS GLOBAL MASTERS FUND LIMITED**

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2019, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

WPIAS Pty Ltd
Authorised Audit Company No. 440306

A handwritten signature in black ink, appearing to read 'Lee-Ann Dippenaar', is positioned above the printed name.

LEE-ANN DIPPENAAR BCom CPA RCA
DIRECTOR

Dated this 26th day of February 2020

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WPIAS Pty Ltd ABN 99 163 915 482

WPIAS is an Authorised Audit Company and a Limited Partnership
Liability limited by a scheme approved under Professional Standards Legislation

Condensed Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2019

	Note	31 Dec 2019 \$	31 Dec 2018 \$
Statement of Profit/(Loss)			
Revenue	2	177,915	245,117
Unrealised gains/(losses) on investments through profit or loss		812,343	(824,535)
Other expenses	3	(251,396)	(189,127)
Profit/(Loss) before income tax		738,862	(768,545)
Income tax benefit/(expense)		(222,371)	202,660
Net Profit/(Loss) attributable to members of the Company		516,491	(565,885)
Other Comprehensive Income			
Realised and Unrealised gains on Financial Assets taken to equity		1,655,966	1,975,673
Income tax benefit/(expense) relating to components of Other Comprehensive Income		(477,804)	(518,038)
Net Other Comprehensive Income		1,178,162	1,457,635
Total Comprehensive Income for the period		1,694,653	891,750
Earnings per share:			
		Cents	Cents
Basic earnings/(loss) per share		4.82	(5.28)
Diluted earnings/(loss) per share		4.82	(5.28)
Comprehensive income:			
Comprehensive earnings per share		15.80	8.32
Weighted average number of ordinary shares on issue		10,723,159	10,723,159

The above Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Condensed Financial Statements.

Condensed Statement of Financial Position

As at 31 December 2019

	Note	31 Dec 2019 \$	30 June 2019 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents		162,369	632,741
Trade and Other Receivables		20,109	21,255
Other Assets		25,423	19,652
TOTAL CURRENT ASSETS		207,901	673,648
NON-CURRENT ASSETS			
Financial Assets	4	28,206,593	25,360,011
TOTAL NON-CURRENT ASSETS		28,206,593	25,360,011
TOTAL ASSETS		28,414,494	26,033,659
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables		76,531	90,525
TOTAL CURRENT LIABILITIES		76,531	90,525
NON-CURRENT LIABILITIES			
Deferred Tax Liability		4,114,340	3,414,164
TOTAL NON-CURRENT LIABILITIES		4,114,340	3,414,164
TOTAL LIABILITIES		4,190,871	3,504,689
NET ASSETS		24,223,623	22,528,970
EQUITY			
Issued Capital	5	12,871,873	12,871,873
Reserves		10,966,496	9,788,334
Retained Earnings/(Accumulated losses)		385,254	(131,237)
TOTAL EQUITY		24,223,623	22,528,970

The above Condensed Statement of Financial Position should be read in conjunction with the Notes to the Condensed Financial Statements.

Condensed Statement of Changes in Equity

For the half-year ended 31 December 2019

	Issued Share Capital \$	Retained Profits/ (Accumulated Losses) \$	Reserves \$	Total Equity \$
2018				
Balance at 1 July 2018	12,871,873	(504,698)	8,626,576	20,993,751
Total Comprehensive Income				
Profit/(Loss) for the half-year	-	(565,885)	-	(565,885)
Other Comprehensive Income	-	-	1,457,635	1,457,635
Total Comprehensive Income	-	(565,885)	1,457,635	891,750
Other				
Reclassify available for sale financial assets to financial assets held at fair value through profit or loss	-	410,915	(410,915)	-
Transfer from reserves to accumulated losses		(23,021)	23,021	-
Balance at 31 December 2018	12,871,873	(682,689)	9,696,317	21,885,501
2019				
Balance at 1 July 2019	12,871,873	(131,237)	9,788,334	22,528,970
Total Comprehensive Income				
Profit/(Loss) for the half-year	-	516,491	-	516,491
Other Comprehensive Income	-	-	1,178,162	1,178,162
Total Comprehensive Income	-	516,491	1,178,162	1,694,653
Other				
Transfer from reserves to accumulated losses	-	-	-	-
Balance at 31 December 2019	12,871,873	385,254	10,966,496	24,223,623

The above Condensed Statement of Change in Equity should be read in conjunction with the Notes to the Condensed Financial Statements.

Condensed Statement of Cash Flows

For the half-year ended 31 December 2019

	31 Dec 2019 \$	31 Dec 2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Distributions and Dividends received	116,067	113,912
Interest received	21	733
Payments to suppliers and employees	(270,235)	(272,541)
Net cash provided by/(used in) operating activities	(154,147)	(157,896)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of Investments	1,879,867	1,319,600
Payments for Investments	(2,219,218)	(1,204,896)
Net cash provided by/(used in) investing activities	(339,351)	114,704
Net increase/(decrease) in cash and cash equivalents	(493,498)	(43,192)
Effects of foreign currency exchange rate changes on cash and cash equivalents	23,126	(37,186)
Cash and cash equivalents at beginning of the financial period	632,741	497,002
Cash and cash equivalents at the end of the financial period	162,369	416,624

The above Condensed Statement of Cash Flows should be read in conjunction with the Notes to the Condensed Financial Statements.

Notes to the Condensed Financial Statements

For the half-year ended 31 December 2019

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These general purpose Interim Financial Statements for the half-year reporting period ended 31 December 2019 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. Global Masters Fund Limited is a for-profit Company for financial reporting purposes under Australian Accounting Standards.

This Interim Financial Report is intended to provide users with an update on the latest annual financial statements of Global Masters Fund Limited. As such it does not include all the notes of the type normally included in an Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial statements for the year ended 30 June 2019, together with any public announcements made by Global Masters Fund Limited during the half-year ended 31 December 2019 in accordance with the continuous disclosure requirements of the ASX listing rules.

These Interim Financial Statements were authorised for issue on 26 February 2020.

b) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

c) Changes in Accounting Policy

There are no changes in accounting policy that apply for the half-year ended 31 December 2019. The same accounting policies have been followed as were applied in the most recent annual financial statements.

d) New, revised or amending Accounting Standards and Interpretations adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

e) Investments

Investments are classified as either "financial assets at fair value through profit or loss (FVPL) or "financial assets at fair value through other comprehensive income" (FVOCI). The election is made on the basis of the contractual cashflows characteristics and the business model for managing financial assets.

Investments are valued continuously. Unrealised and realised net gains of FVPL are recognised in the profit or loss while unrealised and realised net gains of FVOCI are recognised in other comprehensive income.

Dividends and distributions are brought to account on the date that the shares or units are traded "ex-dividend". Interest income is brought to account on an accruals basis.

f) Foreign Currency

Both the functional and presentation currency of the Company is Australian dollars (\$).

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the financial report are taken to the profit and loss with the exception of differences on assets classified as FVOCI, these are taken directly to equity.

Notes to the Condensed Financial Statements

For the half-year ended 31 December 2019

	31 Dec 2019 \$	31 Dec 2018 \$
NOTE 2 REVENUE AND OTHER INCOME		
Realised gain on sale of investments	61,386	135,890
Interest – other person/corporations	21	733
Dividends received	116,508	108,494
	<u>177,915</u>	<u>245,117</u>
NOTE 3 OTHER EXPENSES		
Auditors Remuneration	5,125	5,125
ASX and Share Registry costs	25,935	26,384
Management Fee	25,052	25,939
Performance Fee	66,001	-
Directors Fees	84,063	84,063
Administration costs	45,219	47,616
	<u>251,395</u>	<u>189,127</u>

NOTE 4 FAIR VALUE MEASUREMENTS

The following assets and liabilities are recognised and measured at fair value on a recurring basis:

- Financial Assets at fair value through Other Comprehensive Income.
- Financial Assets at fair value through Profit or Loss.

Assets classified as held for sale are measured at fair value on a non-recurring basis. Assets and liabilities are measured and disclosed using the three-level hierarchy:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 Inputs other than quoted prices included with level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), and

Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets out the Company's assets and liabilities that are measured and recognised at fair value in the financial statements

Assets – 30 June 2019	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	TOTAL \$'000
Recurring fair value measurements.				
<i>Financial Assets</i>				
- FVPL	4,312,618	-	-	4,312,618
- FVOCI	21,047,393	-	-	21,047,393
Total Financial Assets	25,360,011	-	-	25,360,011

Assets – 31 December 2019	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	TOTAL \$'000
Recurring fair value measurements.				
<i>Financial Assets</i>				
- FVPL	5,396,031	-	-	5,396,031
- FVOCI	22,810,562	-	-	22,810,562
Total Financial Assets	28,206,593	-	-	28,206,593

Notes to the Condensed Financial Statements

For the half-year ended 31 December 2019

NOTE 4 FAIR VALUE MEASUREMENTS *(Continued)*

There were no transfers during the year between Level 1 and Level 2 for recurring fair value measurements.

The Company's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

Due to their short-term nature, the carrying amount of trade receivables and payables are assumed to approximate their fair values.

The carrying amount of current trade and other payables are assumed to approximate their fair values because the impact of discounting is not significant.

NOTE 5 MOVEMENTS IN ISSUED CAPITAL

Date	Details	Number of shares	Price	\$
30 June 2018	Balance	10,723,159		12,871,873
	Nil Movement			
30 June 2019	Balance	10,723,159		12,871,873
	Nil Movement			
31 December 2019	Balance	10,723,159		12,871,873

(a) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

NOTE 6 OPERATING SEGMENTS

Segment Information

The Company is domiciled and incorporated in Australia. The Company operates solely in the investment industry.

The Company invests in quoted equities, including investing in listed companies on the New York Stock Exchange, the London Stock Exchange, the Johannesburg Stock Exchange and on the Australian Stock Exchange.

NOTE 7 EVENTS OCCURRING AFTER REPORTING DATE

The Directors are not aware of any matter or circumstance which has arisen since balance date that has significantly affected or may significantly affect the operations of the Company other than the volatility in the stock markets.

NOTE 8 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company has no known contingent liabilities or contingent assets.

DIRECTORS' DECLARATION

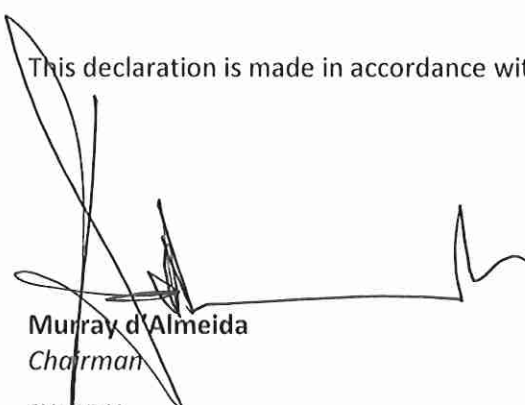
The Directors of the Company declare that:

The Financial Statements and Notes set out on pages 4 to 10 are in accordance with the *Corporations Act 2001*, including:

- (a) comply with Accounting Standard AASB134 Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Company's financial position as at 31 December 2019 and of its performance as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the Directors' opinion, there are reasonable grounds to believe that Global Masters Fund Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'Murray d'Almeida', is written over the printed name and title.

Murray d'Almeida
Chairman

SYDNEY
26 February 2020



For your peace of mind

GLOBAL MASTERS FUND LIMITED
ABN 84 109 047 618

**INDEPENDENT AUDITOR'S REVIEW REPORT
 TO THE MEMBERS OF GLOBAL MASTERS FUND LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Global Masters Fund Limited, which comprises the Condensed Statement of Financial Position as at 31 December 2019, the Condensed Statement of Profit or Loss and Other Comprehensive Income, the Condensed Statement of Changes in Equity and the Condensed Statement of Cash Flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Global Masters Fund Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Global Masters Fund Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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GLOBAL MASTERS FUND LIMITED
ABN 84 109 047 618

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF GLOBAL MASTERS FUND LIMITED

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Global Masters Fund Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of Global Masters Fund Limited's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

WPIAS Pty Ltd

Authorised Audit Company No. 440306



LEE-ANN DIPPENAAR BCom CA RCA

Dated this 26th day of February 2020

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