

GLOBAL MASTERS FUND LIMITED

SHAREHOLDERS' QUARTERLY REPORT

DECEMBER 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

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GLOBAL MASTERS FUND LIMITED

OVERVIEW

During the quarter, Global Masters Fund Limited's (ASX: GFL) Net Tangible Asset (NTA) value (before estimated tax on unrealised gains), increased to 315.2 cents per share, a 9.1% increase from 30 September 2022.

INVESTMENT PERFORMANCE (as at 31 December 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 [^]	7.9%	-4.4%	7.7%	9.6%	14.3%	8.1%
ASX All Ordinaries Index (All Ords)	8.1%	-7.2%	2.0%	3.2%	4.5%	2.0%
MSCI Index (AUD)	4.9%	-13.8%	4.5%	7.3%	11.6%	4.6%
MSCI Index (USD)	9.4%	-19.5%	3.3%	4.4%	6.9%	3.9%

[^] Source: EC Pohl & Co Pty Ltd

Gross performance before impact of fees, taxes and charges. Past performance no predictor of future

During the quarter, Berkshire Hathaway (NYSE: BRK) outperformed the market, posting +15.3% increase for the quarter. The remainder of the GFL portfolio has remained under pressure from rising inflation and interest rate movements by central banks as noted below. Since inception, the UK portfolio has posted +7.4% above the FTSE in local currency terms.

ECONOMIC COMMENTARY

By year end, equity markets closed off a tough year with some gains posted in Q4. The relaxation of China's zero-Covid policy saw regional markets perform well, while Europe and the US advanced strongly. Globally, central banks reiterated plans to tighten monetary policy, despite some early signs that inflation may be peaking.

In the US, equity markets performed on the back of strong corporate earnings in most sectors. Investors continued to balance the Federal Reserve's (Fed) cautious stance with the expectation that the pace of tightening would slow. Inflation for the year remained elevated at 7.1%, however, some expect that inflation may be cooling. The Fed raised the funds rate by 50bps to 4.25%-4.5% during its last monetary policy meeting of 2022, pushing borrowing costs to the highest level since 2007. The S&P500 increased by 7.1%, while the Nasdaq posted -1.0% over the quarter.

In Europe, equities performed strongly driven by energy, financials, industrials, and consumer discretionary sectors. In the Eurozone, inflation averaged 8.4% in 2022, however, falling gas prices due to unusually mild weather helped alleviate some cost pressures by year end. The European Central Bank (ECB) raised interest rates by 50 bps, taking the deposit facility to 2%, and the refinancing rate to 2.5%, a level not seen in fourteen years. The FTSE increased by 8.1%, the CAC 12.4%, and the DAX by 14.9%.

In Asia, the relaxation of China's zero-Covid policy saw regional markets perform well, with China, Hong Kong and Taiwan all posting strong growth. Additionally, the meeting between US President Biden and Chinese leader Xi Jinping paved the way for improving US-China relations. In Japan, corporate earnings were strong following the Yen's weakness, with many companies pursuing share buybacks indicating optimistic business confidence. The Shanghai Composite posted 2.1%, the Hang Seng 14.9%, and the Nikkei was 0.6%.

In Australia, even though the market declined by -3.5% in December, it remained in positive territory over the quarter. The Reserve Bank of Australia (RBA) hiked interest rates by 25bps to 3.1% as widely expected at their December meeting. The unemployment rate remained stable at 3.4% while the participation rate moved higher to 66.8%. While the savings rate has dropped from 8.3% to 6.9%, it remains above long-term averages meaning there remains some support against expected higher living costs.

The ASX All Ordinaries posted +8.1% for the quarter, ASX 200 +8.7%, the Midcap 50 +6.7%, and the Small Ordinaries was +7.0%, respectively. The AUD performed well during the quarter, posting a 6.5% against the US Dollar (68.0 US cents), -1.7% against the Pound (56.3 pence), and -2.5% against the Euro (63.7 cents).

PORTFOLIO CHARACTERISTICS (as at 31 December 2022)

NTA (before tax on unrealised gains) – total	\$33,796,820
NTA (before tax on unrealised gains) – per share	315.2 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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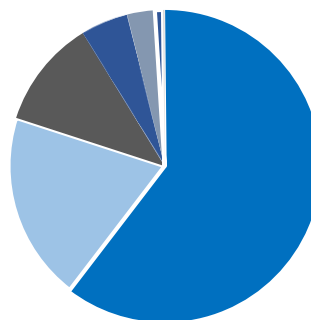


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PORTFOLIO ALLOCATION – as at 31 December 2022

GFL Investment Portfolio	%
Berkshire Hathaway (NYSE) (BRK)	60.40%
MSCI Index Fund	19.60%
UK Managed Portfolio (LSE)	11.23%
Flagship Investments Limited (ASX) (FSI)	4.92%
BIP BCI Worldwide Flexible Fund Class B	2.85%
Unlisted Unit Trusts	0.84%
Cash	0.16%

ALLOCATION



- BRK
- MSCI
- UK Managed Portfolio (LSE)
- FSI
- BIP BCI
- Unlisted Unit Trusts
- Cash

NTA* BACKING LAST 5 YEARS

NTA Backing* as at	Cents per share
31 December 2022	315.2 cents
31 December 2021	330.1 cents
31 December 2020	254.3 cents
31 December 2019	264.3 cents
31 December 2018	231.2 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, Investor Associations and its Shareholders. During the quarter the Company met with and presented to various Brokers, Researchers and Financial Advisers. New interviews with the Company and stockbrokers can be found on the Company website, youtube and social media pages.

For further information including about other upcoming events please contact the Company at info@globalmastersfund.com.au or call +61 7 5644 4400 or 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.