

# GLOBAL MASTERS FUND LIMITED

## SHAREHOLDERS' QUARTERLY REPORT

JUNE 2023

### 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+<sup>1</sup>

### DIRECTORS

Murray d'Almeida  
*Non-Executive Chairman*

Dr Emmanuel (Manny) C Pohl AM  
*Managing Director*

Jason Pohl  
*Executive*

Angela Obree  
*Non-Executive*

### COMPANY SECRETARY

Scott Barrett

### COMPANY DETAILS

Global Masters Fund Limited  
ABN 84 109 047 618  
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2 Corporate Court  
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AUSTRALIA

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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 359.4 cents per share, a 10.0% increase from 31 March 2023.

### INVESTMENT PERFORMANCE (as at 30 June 2023)

#### 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 <sup>^</sup>	8.9%	25.6%	18.5%	11.7%	12.9%	8.6%
ASX All Ordinaries Index (All Ords)	0.4%	9.7%	7.2%	3.3%	4.5%	2.1%
MSCI Index (AUD)	6.6%	20.3%	11.8%	9.6%	11.0%	7.6%
MSCI Index (USD)	6.3%	16.5%	10.5%	7.3%	7.5%	4.6%

<sup>^</sup> Source: EC Pohl & Co Pty Ltd

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

During the quarter, our largest investment Berkshire Hathaway (NYSE: BRK) posted +11.2% for the quarter. GFL have invested the funds from our convertible note in the ECP Global Growth Fund, further diversifying its international exposure to actively managed quality-growth investments.

### ECONOMIC COMMENTARY

Global shares experienced gains in the second quarter, with developed markets, particularly the US, leading the way while emerging markets lagged. Technology stocks were boosted by enthusiasm over Artificial Intelligence (AI). Central banks adopted a more hawkish stance, causing market expectations to fluctuate between rate cuts and potential rate hikes in 2023, with most banks raising interest rates during the period. Inflation and employment rates varied across regions. Government bond yields rose, resulting in falling prices.

In the US, the quarter started with concerns about fragility in the U.S. banking system and contagion risk. These worries subsided as the banking fallout was contained, but there are ongoing concerns about the impact of commercial real estate valuations. Equities ended the quarter higher, with most gains occurring in June. The economy showed resilience despite higher interest rates, with Q1 GDP growth revised to 2%. The Federal Reserve raised rates by 25 bps in May and predicted two further rate rises in 2023. The S&P500 increased by 8.3%, while the Nasdaq posted +12.8% over the quarter.

In Europe, equities saw gains in Q2, led by the financials and IT sectors. Semiconductor stocks were boosted by higher-than-expected sales projections and the growth potential of AI. Both the European Central Bank and the Bank of England raised interest rates twice during the quarter. UK equities fell over the quarter, with energy and basic materials groups being the main detractors due to weak commodity prices and concerns about the Chinese economy. The FTSE posted -1.3%, the CAC +1.1%, and the DAX by +3.3%.

In Asia, Japanese shares showed strong momentum, supported by yen weakness, foreign investment, and positive economic data. However, Asia ex Japan equities faced challenges due to a cooling Chinese economy and rising interest rates. China, Malaysia, and Thailand being the worst-performing markets in the region, with China's economic rebound cooling down, affecting factory output due to lacklustre consumer spending and weak demand for exports following interest rate rises in the US and Europe. The Shanghai Composite posted -2.2%, the Hang Seng -7.3%, and the Nikkei +18.4%.

In Australia, the Reserve Bank of Australia (RBA) raised the cash rate by 25 bps in June, to 4.1%, which saw a total increase of 375 bps over the year. While the RBA's intention to continue raising rates is clear, the impact on consumers is yet to be fully felt. Consumer spending continues to perform well, despite consumer confidence being significantly weaker since 2021. Despite mixed consumer sentiment, the labour market and wage growth are showing resilience. In May, 76,000 jobs were added, leading to a drop in the unemployment rate to 3.6%. Interestingly, the housing market is showing early signs of a turnaround, despite expectations for further rate hikes.

The ASX All Ordinaries posted +0.4% for the quarter, ASX 200 +0.4%, the Midcap 50 +4.2%, and the Small Ordinaries was -1.0%, respectively. The AUD struggled during the quarter, posting a -0.3% against the US Dollar (66.6 US cents), -3.2% against the Pound (52.5 pence), and -1.0% against the Euro (61.1 cents).

### PORTFOLIO CHARACTERISTICS (as at 30 June 2023)

NTA (before tax on unrealised gains) – total	\$38,538,045
NTA (before tax on unrealised gains) – per share	359.4 cents

# GLOBAL MASTERS FUND LIMITED

JUNE 2023

## FUND MANAGER

EC Pohl & Co Pty Ltd  
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Level 12, Corporate Centre One  
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[www.ecpohl.com](http://www.ecpohl.com)

## 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
- Revenue Growth
- Interest cover
- IPOs
- Broker Ideas
- 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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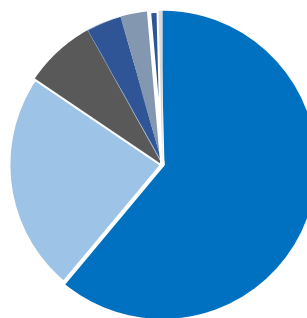


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## PORTFOLIO ALLOCATION – as at 30 June 2023

GFL Investment Portfolio	%
Berkshire Hathaway (NYSE) (BRK)	61.07 %
ECP Global Growth Fund	23.40 %
UK Managed Portfolio (LSE)	7.45 %
Flagship Investments Limited (ASX) (FSI)	3.73 %
BIP BCI Worldwide Flexible Fund Class B	2.96 %
Unlisted Unit Trusts	0.99 %
Cash	0.40 %

## ALLOCATION



- BRK
- ECP Global Growth
- UK Managed Portfolio (LSE)
- FSI
- BIP BCI
- Unlisted Unit Trusts
- Cash

## NTA\* BACKING LAST 5 YEARS

NTA Backing* as at	Cents per share
30 June 2023	359.4 cents
30 June 2022	280.7 cents
30 June 2021	301.7 cents
30 June 2020	219.0 cents
30 June 2019	241.9 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 as well as participated in the SMSF Professional days in Melbourne and Sydney. New articles and interviews can be found on the Company website, YouTube and other social media pages.

For further information including about other upcoming events the Company is participating in, please contact the Company at [info@globalmastersfund.com.au](mailto: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](http://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 <sup>2</sup>	0.14%
Dividend Reinvestment Plan	Nil
Legal Domicile	Australian Securities Exchange (ASX) Listed Investment Company (LIC)
Reporting and Correspondence	Monthly Net Tangible Asset Values on <a href="http://www.asx.com.au">www.asx.com.au</a> and Quarterly Reports, Half-Yearly and Annual Reports on <a href="http://www.globalmastersfund.com.au">www.globalmastersfund.com.au</a>
Auditor	Connect National Audit Pty Ltd
Registry	Boardroom Pty Limited 1300 737 760 OR <a href="mailto:enquiries@boardroomlimited.com.au">enquiries@boardroomlimited.com.au</a>

Share price and NTA [www.asx.com.au](http://www.asx.com.au) and [www.globalmastersfund.com.au](http://www.globalmastersfund.com.au)

<sup>1</sup> 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](http://www.independentresearch.com.au)

<sup>2</sup> Calculated in accordance with ASX defined terms as at 30 June 2023.