



GLOBAL MASTERS FUND LIMITED

Annual Report
30 June 2016

FINANCIAL YEAR END

30 June 2016

ANNUAL GENERAL MEETING

The Annual General Meeting of
Global Masters Fund Limited:

WILL BE HELD AT:

The office of
Rothsay Chartered Accountants
Level 1
12 O'Connell Street
Sydney NSW 2000

TIME:

2.00pm (NSW Time)

DATE:

Friday 18 November 2016

INVESTING IN GLOBAL MASTERS FUND LIMITED

Investors can purchase shares in
Global Masters Fund Limited through
the Australian Securities Exchange.

ASX code: **GFL**

Global Masters Fund Limited
ABN 84 109 047 618
Registered in NSW
12 May 2004



GLOBAL MASTERS FUND LIMITED DIRECTORS (from left to right)

Dr Manny Pohl, Jonathan Addison and Patrick Corrigan AM

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HIGHLIGHTS FOR 2016

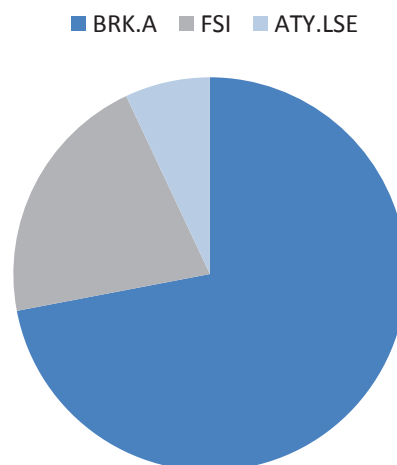


Highlights for the year ending June 2016

- The Net Tangible Assets (NTA) Value of the Company increased by 5% after recognising the deferred tax liability on unrealised gains, whilst the All Ordinaries Index of ASX decreased by 2.6% over the twelve months ended 30 June 2016.
- In April 2016 the Company acquired 21,850 shares in Athelney Trust PLC (ATH) for \$97,634.



Major Investments June 2016



OVERVIEW

COMPANY PROFILE

Global Masters Fund Limited (the “Company”) was listed on the ASX in 2006 with the strategy to provide a vehicle for Australian investors, seeking long-term capital growth through investing in Berkshire Hathaway Inc listed on the New York Stock Exchange (NYSE) and other global investments. The Company’s policy is not to hedge the underlying currencies of its portfolio of global investments.

The portfolio is managed by EC Pohl & Co Pty Ltd which has a strong funds management investment team. The composition and performance of the investment portfolio is monitored by the Board of Directors, which comprises business people with many years of experience in the business, investment and funds management.

There is no fixed management fee and no performance fee payable to the Manager.

OBJECTIVES

The investment objectives of Global Masters Fund Limited are:

- To achieve medium to long-term capital growth and income through investing in listed international companies, including Berkshire Hathaway Inc (NYSE), Athelney Unit Trust Plc (LSE) and Flagship Investments Limited (ASX); and
- To preserve and enhance the NTA backing per share after allowing for inflation.

INVESTOR BENEFITS

The benefits for investors in Global Masters Fund Limited are:

- Reduced share investment risk through a diversified investment portfolio;
- Professional and disciplined management of an investment portfolio;
- No fixed management fees or performance fee;
- No entry or exit charges made by the Company; and
- Easy access to information via the Company’s website www.globalmastersfund.com.au.

INVESTMENT MANAGER

The management of the Company’s investment portfolio is undertaken by EC Pohl & Co Pty Ltd which provides administration support.

Dr Manny Pohl is the Managing Director and major shareholder of EC Pohl & Co Pty Ltd. Information on the Investment Manager is available from www.ecpohl.com.

CHAIRMAN'S REPORT

Dear Shareholder,

I am pleased to present the 11th Annual Chairman's Report of Global Masters Fund Limited for the 2015/16 financial year.

The Year in Review:

During the past twelve months, global markets have been subjected to heightened uncertainty and increasing volatility, due to a number of concerns:

- Continued economic slowdown in Europe
- China's increasing debt burden
- Historically low interest rates and the impact of negative interest rates.

Immediately following the UK referendum to leave the European Union (EU), global markets initially reacted badly, but quickly recovered, have largely been resilient across most regions - "Brexit" was not seen as causing a global financial crisis. The longer term impact of Brexit may not be known for some time, possibly years.

Sterling did fall in value, which affects the value of your investment through Athelney. The companies that they invest in have, in the past, proved to be reasonably recession proof.

As a matter of policy, the overseas assets have not been hedged on the basis that most investors seeking off-shore assets seek both company and currency exposures. This policy is reviewed from time to time.

The Australian share market, as represented by the All Ordinaries Index, decreased by 2.6% over the year ended 30 June 2016.

The Net Tangible Asset per share (NTA) of the Company increased by 5% in 2015/16 compared with an increase of 13% in the prior year.

The Market Outlook

We remain cautiously positive about the outlook for markets generally but it is not without risks. The Australian economy is still dealing with a depressed commodity market but should see some benefits from the lower dollar and low interest rates.

In our view, companies with strong market positions, strong balance sheets and good management, will continue to perform well and reward patient investors, although we expect market returns to be modest again in the coming year.

With very low and sometimes negative interest rates, there has been a renewed interest in income producing shares and investors generally are looking more carefully at companies with good balance sheets and a profitable business. At a corporate level companies are finding debt cheaper than new equity to meet their capital requirements.

The underlying Global Masters investments through Berkshire Hathaway, Athelney and Flagship's, are well placed to continue to add value through their strategies.

The Board

I particularly want to thank my fellow Board members for their support and input in the past year. Special thanks must go to Dr Manny Pohl and his small but brilliant team of investment professionals at E C Pohl & Co. Our success would not be possible without the outstanding contribution of these very committed individuals.

I thank Shareholders for their on-going support and look forward to another good year ahead.

Yours sincerely



Jonathan Addison
Chairman



DIRECTORS' REPORT

Your Directors present their report on Global Masters Fund Limited for the financial year ended 30 June 2016.

1. DIRECTORS

The following persons were Directors of Global Masters Fund Limited from the beginning of the financial year until the date of this report, unless otherwise stated: J Addison, Dr E Pohl, P Corrigan AM. Jason Pohl was appointed an Alternate Director to Dr Manny Pohl on 16 June 2016.

2. INFORMATION ON DIRECTORS



Jonathan L Addison

B Ec, ASIS, CFTP (Snr), MAICD

Non-Executive Chairman

Member of Audit and Risk Committee

Experience and expertise

Non-Executive Chairman since 19 April 2005

Over 32 years experience in the investment management industry. Investment consultant and former CEO of the Meat Industry Employees Superannuation Fund. Previous experience includes Director and Asset consultant with the Corporate Finance Section of Pricewaterhouse Coopers and Manager at Sedgwick Noble Lowndes.

Other Current directorships

Chairman of Investment Committee of Centaur Property Funds Management

Hawkesbridge Private Equity Ltd

Gardior Ltd

Athelney trust PLC (Alternate to Dr E C Pohl)

Diversa Trustees Ltd Investment Committee Member

Former Listed Company directorships in last 3 years

None

Interest in Shares

NIL



Dr Emmanuel (Manny) C Pohl

Pr Eng, B.Sc (Eng), MBA, DBA, FAICD, MSAA, F Fin

Managing Director

Member of Audit and Risk Committee

Experience and expertise

Managing Director since the inception of the Company in April 2005.

Extensive experience in the funds management industry.

Other current directorships

Managing Director of Flagship Investments Limited

Executive Director of Barrack Street Investments Limited

Chair of Athelney Trust Plc

Chairman of EC Pohl & Co Pty Ltd and its subsidiaries

Director of Bond University Limited

Director of Huysamer International Holdings (Pty) Ltd

Trustee of Currumbin Wildlife Hospital Foundation

Former Listed Company directorships in last 3 years

None.

Interest in Shares

Directly Held: 5,000

4,639,049 ordinary shares

Has a relevant interest in shares in the Company over which he holds a Power of Attorney arrangement with a number of Shareholders.



Patrick Corrigan AM
HonD (Bond University)

Non-Executive Director
Chairman of Audit and Risk Committee

Experience and expertise

Appointed a Non-Executive Director on 29 November 2006

Extensive experience in accounting, financial management and other commercial acumen, including investments. Chairman of an international freight forwarding company for numerous years.

Other current directorships

Non-Executive Chairman of UBI Logistics (Australia) Pty Ltd
Chairman of Qantas Art Scholarship Committee
Emeritus Chairman of Gold Coast Regional Art Gallery
Deputy Chair of Air Freight Export Council of NSW Inc
Director of Better Read Pty Ltd
Director of Aboriginal Benefits Foundation Limited
Director of National Portrait Gallery

Former Listed Company directorships in last 3 years

Director Flagship Investments Limited (Retired 6/11/15)

Interest in Shares

Nil ordinary shares



Jason Pohl
B.Com, LLB

Alternate Director

Experience and expertise

Appointed an Alternate Director to Dr Manny Pohl on 20 June 2016.

Jason has five years of professional experience in fundamental bottom-up investment research at ECP Asset Management Pty Ltd.

Originally pursuing a legal career, Jason spent his initial stages of his professional career working for Ashurst (previously Blake Dawson) before being admitted as a Legal Practitioner in the NSW Supreme Court.

Other current directorships

Director of The Tabu Vodka Co Pty Ltd

Former Listed Company directorships in last 3 years

Interest in Shares

Nil ordinary shares

DIRECTORS' REPORT (Continued)

3. PRINCIPAL ACTIVITIES

The principal activity of the Company is investing in Berkshire Hathaway Inc on NYSE, Athelney Unit Trust Plc on LSE and Flagship Investments Limited on the ASX. There have been no significant changes in the nature of this activity during the year.

4. REVIEW OF OPERATIONS

Our portfolio outperformed the market with the NTA increasing by 5% over the past twelve months, as compared to the ASX All Ordinaries Index, which declined by 2.6%.

During the past twelve months global markets have been subject to a period of heightened uncertainty and increasing volatility due to the fear of economic slowdowns in the US and Europe; undesirable side-effects of negative interest rates; lagging corporate investment in the US; and, China's increasing debt burden. Commodities have rebounded slightly but remained subdued for most of fiscal 2016. In June the world watched as Britain voted to exit ("Brexit") the European Union (EU), leaving a political crisis with some adverse economic consequences.

Despite Britain's vote to leave the EU, global markets have largely been resilient across most regions - supporting the notion that this was not a global financial crisis. In the US, the Federal Reserve raised interest rates in December causing global equity markets to come under pressure with bond markets declining significantly. The US economy is faced with the combined generational issue of retiring baby-boomers and weak gains in labour productivity. This has led to supply constraints in the labour market and it is likely that this should soon be evident in goods and services. However, despite declining energy and commodity prices and cheaper imports due to the strong dollar, the current inflation environment is close to the Fed's two percent target.

In Europe, we have seen another year of friction amongst regional countries with risks more likely to come from politics than economics. Brexit is expected to have an adverse effect across Europe and, to a much lesser extent, the world at both an economic and political level. The UK and the Eurozone account for 6% and 28% respectively of global GDP and scepticism toward the EU and the euro has been increasing in EU electorates and will be heightened by the Brexit vote.

This financial year has proved to be another turbulent one for the Australian share market. While the ASX is likely to experience some increased volatility from global uncertainty, it's important to note that only around 5% of aggregate earnings are derived from the UK and Europe. Weakness in the economy was partly driven by the miners and energy stocks in the first half and a shift in sentiment toward the banks in the second half. The All Ordinaries Index posted gains over the quarter of 3.1% although posting a decline of 2.6% for the year. The AUD/USD exchange rate has fallen 3.3% over the year closing at 0.745 US cents.

5. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Company during the financial year were as follows:

- The value of the portfolio before fees and taxes increased by 5.9%.
- Jason Pohl as appointed Alternate Director to Dr Manny Pohl.
- Global Masters Fund owns 13.78% of Athelney Trust Plc.

6. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No other matter or circumstance not otherwise dealt with in the Director's Report or Financial Report, which has arisen since the end of the year that has significantly affected, or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

7. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

There are no planned changes to principal activities. Any general decline in equity markets may have an adverse effect on results in future years.

8. ENVIRONMENTAL ISSUES

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

9. EARNINGS PER SHARE

Based on profit after income tax.

	2016 Cents	2015 Cents
Basic earnings per share	0.01	0.18
Diluted earnings per share	0.01	0.18

As a result of moving to AASB 9 Total Comprehensive Income is a more appropriate base for detailing earnings per share.

	2016 Cents	2015 Cents
Basic earnings per share	7.50	17.59
Diluted earnings per share	7.50	17.59

See Note 16 of the Financial Report.

10. COMPANY SECRETARY

Brian Jones B.Com, FCA

Brian Jones is a Chartered Accountant and a partner of Rothsay Chartered Accountants in Sydney. He is a member of the Institute of Chartered Accountants and is a registered tax agent. He has been Company Secretary of Global Masters Fund Limited since 1 March 2007. He has over 35 years' experience in the accounting and finance industries and is currently Company Secretary of two other listed Companies.

11. MEETINGS OF DIRECTORS

The number of Directors' meetings attended by each of the Directors of the Company during the financial year are:

Director	Board		Audit and Risk Committee	
	Eligible to attend	Attend	Eligible to attend	Attend
J L Addison	4	4	4	4
Dr E C Pohl	4	4	4	4
P Corrigan AM	4	4	4	4
J C Pohl	-	-	-	-

12. REMUNERATION REPORT (AUDITED)

The remuneration report is set out under the following main headings:

- (A) Principles used to determine the nature and amount of remuneration
- (B) Details of remuneration
- (C) Service agreements
- (D) Share-based compensation
- (E) Related Party Transactions
- (F) Equity Instrument Disclosure relating to Key Management Personnel

(A) Principles used to determine the nature and amount of remuneration

Fees and payments to Directors reflect the demands which are made on, and the responsibilities of, the Directors.

No remuneration consultants were engaged during the year.

The per annum remuneration of the Directors increased from previous year:

- Chairman \$46,125
- Other Directors \$41,000

Remuneration of Directors is determined by the Board within the maximum amount of \$150,000 previously approved by the Shareholders.

There is no performance based remuneration for Directors.

(B) Details of remuneration

Details of the remuneration of each Director of Global Masters Fund Limited and the executives of the Company are set out in the following table.

DETAILS OF REMUNERATION								
Director	Year	Short-term Benefits			Post-Employment Super	Equity		Total
		Fees	Performance Fees	Non-monetary Benefits		Shares	Options	
		\$	\$	\$	\$	\$	\$	
J L Addison <i>Non-executive Chairman</i>	2016	46,125	-	-	-	-	-	46,125
	2015	30,750	-	-	-	-	-	30,750
Dr E C Pohl <i>Managing Director</i>	2016	41,000	-	-	-	-	-	41,000
	2015	20,500	-	-	-	-	-	20,500
P Corrigan AM <i>Non-executive Director</i>	2016	41,000	-	-	-	-	-	41,000
	2015	20,500	-	-	-	-	-	20,500
Total Directors Remuneration	2016	128,125						128,125
	2015	71,750						71,750

(C) Service agreements

As the Company does not employ any staff, there are no employment service agreements entered into by the Company. The Company Secretary is employed by Rothsay Chartered Accountants and the Managing Director is employed by the Investment Manager – EC Pohl & Co Pty Ltd.

(D) Share-based compensation

No share-based compensation exists.

(E) Related Party Transactions

The Investment Manager of Global Masters Fund Limited is EC Pohl & Co Pty Ltd, of which Dr Manny Pohl is a Director. Dr Pohl is also Managing Director of Global Masters Fund Limited. The remuneration he received from the company (GFL) is in respect of his services as Managing Director. There have been no related party transactions during the year.

DIRECTORS' REPORT (Continued)

(F) Equity Instrument Disclosure relating to Key Management Personnel

The number of shares in the Company held during the financial year by each Director of Global Masters Fund Limited, including their related parties is set out below. There were no shares granted during the year as compensation.

2016	Balance At The Start Of The Year	Received During The Year By Exercise Of Rights	Other Changes During The Year	Balance At the End Of The Year
J L Addison	NIL	-	-	NIL
Dr E C Pohl *	5,000	-	-	5,000
P Corrigan AM	NIL	-	-	NIL

• In addition to the securities owned directly by Dr EC Pohl, there are 4,639,049 shares registered in entities associated with EC Pohl & Co Pty Ltd, of which he is a Director and Shareholder.

END OF REMUNERATION REPORT (AUDITED)

13. GENERAL TRANSACTIONS

Other than the Director's remuneration, the Company does not directly contract with any of the Directors.

14. LOANS

There are no loans issued to any of the Directors (30 June 2015 – Nil).

15. OPTIONS

No options have been issued during or since the financial year (30 June 2015 – Nil).

16. INSURANCE OF OFFICERS AND/OR AUDITORS

During the financial year the Company insured the Directors and Officers against certain liabilities as permitted by the *Corporations Act 2001*. The insurance policy prohibits disclosure of the nature of the cover, the amount of the premium, the limit of liability and other terms.

The Company has entered into an agreement for the purpose of indemnifying Directors and Officers, to the extent permitted by law, against any liability (including the costs and expenses of defending actions for an actual or alleged liability) incurred in their capacity as a Director and Officer of the Company.

The Company has not during or since the financial year indemnified or paid any insurance premiums to indemnify the auditors.

17. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceeding to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under Section 237 of the *Corporations Act 2001*.

18. NON-AUDIT SERVICES

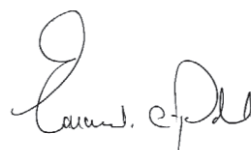
The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

There have been no amounts paid or payable to the auditors for non-audit services provided during the year.

The Directors have considered the position and are satisfied that the provision of any non-audit services (if necessary in future) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Audit and Risk Committee is satisfied that the provision of any non-audit services by the auditor, would not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services would be reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the Auditors' Independence Declaration as required under section 307C of the *Corporation Act 2001* is set out on page 11.



Dr Emmanuel (Manny) C Pohl
Managing Director

29 August 2016

AUDITOR'S INDEPENDENCE DECLARATION

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there have been:

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



Joseph Pien
Chartered Accountant

Dated this 29 August 2016

Suite 503 Level 5
276 Pitt Street
Sydney, NSW, 2000

CORPORATE GOVERNANCE STATEMENT: FOR THE YEAR ENDED 30 June 2016

This statement outlines the main corporate governance practices that were in place for the year ended 30 June 2016. The statement explains the extent to which the Company complies with the ASX Corporate Governance Principles and Recommendations, including explanations of why certain recommendations have not been followed. For ease of comparison with the Principles and Recommendations, this section summarises the Company's compliance with each of the specific recommendations as follows.

PRINCIPLE 1: Lay solid foundations for management and oversight

Recommendation 1.1: Respective roles and responsibilities of its Board and Management

Compliant

The Board is responsible for the overall corporate governance of the entity and its overriding objective is to protect and increase Shareholder value. The Board guides and monitors the business to ensure that the Company is properly managed in the best interest of Shareholders. The Board is accountable to its Shareholders.

It is responsible for a broad range of matters including:

- monitoring the Investment Manager and the composition and performance of the investment portfolio;
- monitoring and assessing the performance of the Managing Director;
- undertaking Director nomination matters including succession planning for the Board to ensure an appropriate mix of skills, experience, expertise and diversity is maintained;
- approving and maintaining appropriate risk management and internal control systems to identify, assess, monitor and manage the Company's business risks on an ongoing basis;
- overseeing the Company's process for disclosure and communications; and
- developing and approving appropriate Company policies, procedures and codes of behaviour as required to maintain a culture of integrity and a strong framework of corporate governance.

The Board has adopted a formal Board Charter that details the Board's role, authority, responsibilities, membership and operations, and is available on the Company's website www.globalmastersfund.com.au

The Charter sets out the matters specifically reserved for the Board and the powers delegated to its Committees.

Recommendation 1.2: Information prior to Director election/re-election

Compliant

Before the Board appoints a new Director or puts forward a candidate for election, the Board will ensure that appropriate background checks are undertaken. Shareholders are provided with all material information in our possession that is relevant to their decision on whether or not to elect or re-elect a Director through a number of channels, including via the Notice of Meeting, the Director Résumés and other information contained in the Annual Report.

Recommendation 1.3: Written agreement with each Director and senior executive setting out the terms of their appointment

Compliant

Upon appointment, each Director receives a letter of appointment which sets out the formal terms of their appointment, along with a deed of indemnity, insurance and access.

Recommendation 1.4: The Company Secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board

Compliant

The Company Secretary is employed by a third party as disclosed in the Directors' Report and is directly accountable to the Board on matters relating to the proper functioning of the Board.

Details regarding the Company Secretary, including experience and qualifications, are set out in the Directors' Report.

Recommendation 1.5: Gender Diversity

Not Compliant

In respect of diversity, the Board considers that diversity includes differences that relate to gender, age, ethnicity and cultural background. It also includes differences in background and life experience, communication styles, interpersonal skills, education and problem solving skills.

The Board seeks to develop a culture of diversity whereby a mix of skills and diverse backgrounds are employed by the Company at all levels, through structuring the recruitment processes at all levels, so that a diverse range of candidates are considered and there are no excuses or unconscious biases that might discriminate against certain candidates. However, as the Company is an externally managed entity, this recommendation is not applicable.

Recommendations 1.6 and 1.7: Board and Senior Executive Evaluation

Compliant

The Board is committed to formally evaluating its performance and the performance of the Audit and Risk Committee and individual Directors, as well as the governance processes supporting the Board. The Board does this through an annual assessment process. Any issues identified are addressed at subsequent Board meetings.

PRINCIPLE 2: Structure the Board to add value

Recommendation 2.1: Establish a Nomination Committee

Non-Compliant

The Company has not established a formal Nomination Committee, as the Board considers that, due to the scope and nature of the Company's activities, the whole Board should undertake the responsibility.

Recommendation 2.2: Have and disclose a Board skills matrix

Compliant

The Company's objective is to have an appropriate mix of expertise and experience on our Board and its Committees so that the Board can effectively discharge its corporate governance and oversight responsibilities. This mix is described in the Board skills matrix below.

Expertise	Experience
<ul style="list-style-type: none">● Financial knowledge and experience● Legal, governance and compliance● Commercial acumen● Risk management	Industry Finance Superannuation Market Australian Listed Securities Geographic Australia

Recommendation 2.3: Independent Directors

Compliant

The Board has accepted that an Independent Director is as defined in Box 2.3 of the ASX Corporate Governance Principles and Recommendations (3rd Edition).

Of the current Board members, Mr Jonathan Addison and Mr Patrick Corrigan AM are considered to be independent Directors.

The length of service of each director is set out in the Directors Report.

Recommendation 2.4: A majority of the Board of a listed entity should be independent Directors

Compliant

The structure of the Board does comply with this recommendation in that a majority of the Directors are independent (refer recommendation 2.3).

Recommendation 2.5: The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity

Compliant

The Company's Chairman is Mr Jonathan Addison an independent Director.

Recommendation 2.6: Director induction and professional development

Compliant

New Directors are inducted into the Company's processes and policies in a suite of ways, including the provision of a 'Board manual', interviews with senior management of the Investment Manager and out of session meetings with other Directors. All Directors are encouraged to undertake ongoing professional development both in their area of technical expertise and in the skills required to effectively execute the role of Director.

PRINCIPLE 3: Act ethically and responsibly

Recommendation 3.1: Code of Conduct

Compliant

The Company has developed a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all Directors and officers. The Code is reviewed annually and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity. A summary of the Code is available on the Company's website:

www.globalmastersfund.com.au

The Code sets out the Company's commitment to conducting its business in accordance with all applicable laws and regulations while demonstrating and promoting the highest ethical standards.

PRINCIPLE 4: Safeguard integrity in corporate reporting

Recommendation 4.1: Audit Committee

Compliant

The Company has an Audit and Risk Committee which comprises three independent Directors.

The composition of the Committee, a record of its meetings, and the relevant experience of each member of the Committee is set out in the Directors Report.

The Audit and Risk Committee charter is available on the Company's website: www.globalmastersfund.com.au

Recommendation 4.2: CEO and CFO declaration on the financial records

Compliant

The Board has received a declaration from the CEO and CFO that the Company's financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

A summary of the Code is available on the Company's website: www.globalmastersfund.com.au

Recommendation 4.3: The external auditor should attend the AGM and be available to answer questions from security holders relevant to the audit

Compliant

A partner of Joe Pien Chartered Accountants, the Company's auditor, was available at the most recent AGM and will be available at the next AGM to answer questions from Shareholders. It is the policy of the Board to always request auditor presence at AGMs.

PRINCIPLE 5: Make timely and balanced disclosure

Recommendation 5.1: Continuous Disclosure Policy

Compliant

The Company has a Continuous Disclosure Policy which sets out the obligations of the Company's Directors and officers in relation to continuous disclosure as well as the Company's obligations under the Corporations Act and the ASX Listing Rules. The policy also contains procedures for internal notification and external disclosure, as well as procedures for promoting understanding of compliance with the disclosure requirements and for the monitoring of Company compliance.

The Disclosure Policy is available on the Company's website: www.globalmastersfund.com.au

PRINCIPLE 6: Respect the rights of security holders

Recommendation 6.1: A listed entity should provide information about itself and its governance to investors via its website

Compliant

Investors and other stakeholders can find information about the Company on its website: www.globalmastersfund.com.au

Information on the Company's corporate governance practices can also be found at www.globalmastersfund.com.au

Recommendation 6.2: A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors

Compliant

The Company's Communications Policy sets out how the Company will communicate with Shareholders.

Information is communicated to Shareholders through the distribution of a quarterly report, annual and half yearly financial reports, announcements through the ASX and the media, on the Company's website and through the Chairman's address at the Annual General Meeting.

If requested, the Company will provide general information by email, facsimile or post.

Through the Company's information email address and phone number, and at AGMs, the Company encourages two-way communication with Shareholders.

The Communication Policy is available on the Company's website: www.globalmastersfund.com.au

Recommendation 6.3: Disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders

Compliant

The Company facilitates and encourages participation at meetings of security holders by having sections of each meeting dedicated to questions from the floor. Shareholders are given at least 30 days' notice of security holder meetings and those that are unable to attend in person may email or fax questions they would like answered. The Company provides a direct voting facility to allow security holders to vote ahead of AGMs without having to attend or appoint a proxy.

Recommendation 6.4: Give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically

Compliant

Quarterly reports and other information required to be sent to Shareholders are sent by email to all persons who have requested their name to be added to the Company's email list. If requested, the Company will provide general information by email, facsimile or post.

PRINCIPLE 7: Recognise and manage risk

Recommendation 7.1: Risk Committee

Compliant

The Audit and Risk Committee monitors the Company's business risks.

The composition of the Committee and a record of its meetings is set out in the Directors Report.

The Audit and Risk Committee charter is available on the Company's website: www.globalmastersfund.com.au

Recommendation 7.2: Annual risk management framework review

Compliant

Each year, the Audit and Risk Committee, reviews the Company's risk management framework. Ad hoc reviews may also be conducted when the Board perceives that the risk environment has shifted significantly. A review was conducted during the year.

Recommendation 7.3: Internal audit function

Non-Compliant

The Company does not have an internal audit function as the Board has deemed it is not necessary giving consideration to the size and nature of the Company. Instead, the full Board through the Audit and Risk Committee liaises closely with the Company's external auditor to identify potential improvements to the risk management and internal control processes.

Recommendation 7.4: Exposure to economic, environmental and social sustainability risks

Compliant

The Board monitors the business risk and guides the affairs of the Company in the discharge of its stewardship responsibilities.

The Board meeting agendas and reports advise the Board of current and forthcoming issues relevant to the Company's operations and performance. The Board reviews the investment portfolio at their regular meetings.

Management has designed and implemented a risk management and internal control system through a Risk Management Framework. The Framework is monitored by the Audit & Risk Committee with regular reporting to Committee meetings. The Framework is reviewed yearly by the Committee.

The identified risks are grouped within the Framework under the following headings:

- Strategic
- Operational
- External Macro
- Environmental

PRINCIPLE 8: Remunerate fairly and responsibly

Recommendation 8.1: Remuneration Committee

Non-Compliant

Given the size of the Company and the nature of its activities, these functions are undertaken by the Board.

Recommendation 8.2: Disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives

Compliant

The maximum amount of Directors' fees is fixed by Shareholders at the Annual General Meeting and can only be varied by Shareholders in a similar manner. In determining the allocation of fees, the Board takes into account the time demands on each Director, together with the responsibilities undertaken by them and market practices of similar sized businesses in the Listed Investment Company sector.

It is the policy of the Board not to issue Directors incentive shares or options.

The details of the remuneration received by Directors in the 2015/2016 year are included in the Remuneration Report contained within the Directors' Report.

Recommendation 8.3: Equity-based remuneration

Non-Compliant

As the Company does not have an equity-based remuneration scheme, Recommendation 8.3 is not applicable.

FINANCIAL REPORT

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This financial report covers Global Masters Fund Limited as an individual entity. There are no controlled entities.

Global Masters Fund Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Global Masters Fund Limited
Level 1
12 O’Connell Street
SYDNEY NSW 2000

The financial report was authorised for issue by the Directors on 29 August 2016.

A description of the nature of the entity’s operations and its principal activities is included in the Operating and Financial Review.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the Company. All media releases, financial reports and other information are available from the Company at the above address or from our website:

www.globalmastersfund.com.au

GLOBAL MASTERS FUND LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$	2015 \$
Revenue	5	250,384	200,274
Other expenses	6	(249,339)	(185,081)
Profit before income tax		1,045	15,193
Income tax expense	7	-	-
Profit for the year		1,045	15,193
Other Comprehensive Income, net of income tax			
Items that will not be reclassified subsequently to profit & loss when specific conditions are met			
Changes in fair value of available-for-sale Financial Assets		642,079	1,493,997
Other Comprehensive Income for the year, net of tax		642,079	1,493,997
Total Comprehensive Income for the year		643,124	1,509,190
Earnings per share:			
		Cents	Cents
Basic earnings per share	16	0.01	0.18
Diluted earnings per share	16	0.01	0.18
Comprehensive Income:			
Earnings per share	16	7.50	17.59

The accompanying notes form part of these financial statements.

FINANCIAL REPORT

GLOBAL MASTERS FUND LIMITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Notes	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	8	56,302	53,766
Trade and Other Receivables	9	1,787	1,321
Other assets	11	6,575	7,824
TOTAL CURRENT ASSETS		64,664	62,911
NON-CURRENT ASSETS			
Financial Assets	10	15,078,717	14,233,144
TOTAL NON-CURRENT ASSETS		15,078,717	14,233,144
TOTAL ASSETS		15,143,381	14,296,055
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	12	13,407	12,475
TOTAL CURRENT LIABILITIES		13,407	12,475
NON-CURRENT LIABILITIES			
Deferred Tax Liabilities	13	1,623,812	1,420,542
TOTAL NON CURRENT LIABILITIES		1,623,812	1,420,542
TOTAL LIABILITIES		1,637,219	1,433,017
NET ASSETS		13,506,162	12,863,038
EQUITY			
Issued Capital	14	8,609,085	8,609,085
Reserves	15	5,463,876	4,821,797
Accumulated losses		(566,799)	(567,844)
TOTAL EQUITY		13,506,162	12,863,038

The accompanying notes form part of these financial statements.

GLOBAL MASTERS FUND LIMITED
STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 JUNE 2016

2015	Note	Issued Securities	Accumulated Losses	Reserves	Total
		\$	\$	\$	\$
Balance at 1 July 2014		8,609,085	(583,037)	3,327,800	11,353,848
Profit for the Year		-	15,193	-	15,193
Other comprehensive income					
- Changes in fair value of available-for-sale financial assets		-	-	1,493,997	1,493,997
Total comprehensive income for the year		-	15,193	1,493,997	1,509,190
Balance at 30 June 2015		8,609,085	(567,844)	4,821,797	12,863,038

2016	Note	Issued Securities	Accumulated Losses	Reserves	Total
		\$	\$	\$	\$
Balance at 1 July 2015		8,609,085	(567,844)	4,821,797	12,863,038
Profit for the Year		-	1,045	-	1,045
Other comprehensive income					
- Changes in fair value of available-for-sale financial assets		-	-	642,079	642,079
Total comprehensive income for the year		-	1,045	642,079	643,124
Balance at 30 June 2016		8,609,085	(566,799)	5,463,876	13,506,162

The accompanying notes form part of these financial statements.

FINANCIAL REPORT

GLOBAL MASTERS FUND LIMITED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest, distributions and dividends received		194,918	(197,441)
Payments to suppliers and employees		(247,622)	(184,751)
Net cash provided by/(used in) operating activities	23	(52,704)	12,690
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of FSI		56,926	52,685
Proceeds from sale of Berkshire Hathaway		93,799	-
Proceeds from sale of Colonial First State Units		2,149	-
Purchase of shares in Athelney Trust Plc		(97,634)	(150,078)
		55,240	(97,393)
Net increase/(decrease) in cash and cash equivalents held		2,536	(84,703)
Cash and cash equivalents at the beginning of the year		53,766	138,469
Cash and cash equivalents at end of year	8	56,302	53,766

The accompanying notes form part of these financial statements.

GLOBAL MASTERS FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

The functional and presentation currency of Global Masters Fund Limited is Australian dollars. Its shares are publicly traded on the Australian Stock Exchange ("ASX").

1. BASIS OF PREPARATION

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001*.

These financial statements and associated notes comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue and Other Income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

Interest Revenue

Interest is recognised using the effective interest method

Dividend Revenue

Dividends are recognised when the entity's right to receive payment is established.

(b) Income Tax

The income tax expense recognised in the statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(c) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Cash and Cash Equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(e) Financial Instruments

Financial Assets At Fair Value Through Profit Or Loss

Financial assets at fair value through Profit or Loss are Financial Instruments convertible in to Equity Instruments. A financial asset is classified in this category if it is so designated by management and within the requirement of AASB 9 Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the profit or loss in the period in which they arise.

FINANCIAL REPORT

GLOBAL MASTERS FUND LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

(e) Financial Instruments *(continued)*

Financial Assets At Fair Value Through Other Comprehensive Income

The Company is a long-term investor in equity instruments. Under AASB 9, these investments are classified as fair value through Other Comprehensive Income. After initial recognition at fair value (being cost), the Company has elected to present in Other Comprehensive Income changes in fair value of equity instruments investments.

Unrealised gains and losses on investments are recognised in the Asset Revaluation Reserve until the investment is sold or otherwise disposed of, at which time the cumulative gain or loss is transferred to the Profit and Loss Statement.

The Company derecognises an investment when it is sold or it transfers the investment and the transfer qualifies for derecognition in accordance with AASB 9. Upon derecognition, unrealised gains/losses net of tax relating to the investment are transferred from the revaluation reserve to the realisation reserve.

Available-For-Sale Financial Assets

These investments are measured at fair value.

Unrealised gains and losses arising from changes in the fair value of these assets are taken directly to Other Comprehensive Income and accumulated in Equity.

When these financial Assets are sold, the accumulated fair value adjustments are reclassified from Equity to the profit or loss as gains and losses on sale.

Available-For-Sale Financial assets are assessed at each reporting date to determine whether there is an objective evidence that it is impaired. In the case of Available-For-Sale Financial Instruments, a significant or prolonged decline in the value of the instruments below cost is considered to be evidence of whether or not impairment has arisen.

Any cumulative impairment loss in respect of an Available-For-Sale Financial Asset previously recognised in equity is reclassified to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For Available-For-Sale Financial Assets that are debt securities, the reversal is recognised in profit or loss. For equity securities, the reversal is recognised in Other Comprehensive Income.

Loans and Receivables

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trades receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of loans and receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the provision is the different between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the profit or loss in other expenses.

Fair Value Estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and securities) is based on quoted market prices at the Statement of Financial Position date. The quoted market price used for financial assets held by the Company is the current bid price. The appropriate quoted market price for financial liabilities is the current bid price.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

(f) Trade And Other Payables

Liabilities for trade payables and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

(g) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions for Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(h) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects

GLOBAL MASTERS FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2016

(i) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

AASB 9 Financial Instruments and amending standards AASB 2010-7 / AASB 2012-6	
Effective Date	Changes to the classification and measurement requirements for financial assets and financial liabilities
31 July 2016	The impact of AASB 9 did not have a material impact on the Company

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Key Estimates

There are no key assumptions or sources of estimation uncertainty that have a risk of causing material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period as investments are carried at their market value.

(b) Key Judgements

The preparation of financial reports in conformity with Australian Account Standards require the use of certain critical accounting estimates. This requires the Board to exercise their judgement in the process of applying the Company's accounting policies.

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. In accordance with AASB 112 Income Taxes, deferred tax liabilities and deferred tax assets have been recognised for Capital Gains Tax (CGT) on the unrealised gains/losses in the investment portfolio at current tax rates.

As the Directors do not intend to dispose of the portfolio, the tax liability/benefit may not be crystallised at the amount disclosed in Note: 13. In addition, the tax liability/benefit that arises on the disposal of these securities may be impacted by changes in tax legislation relating to treatment of capital gains and the rate of taxation applicable to such gains/losses at the time of disposal.

The Company has an investment process which is anticipated will deliver medium to long-term capital growth - minimum investment period is three to five years.

The deferred tax asset has been carried forward as it believed that this process will deliver growth over this period to utilise the deferred tax asset.

The Company does not hold any securities for short term trading purposes. Therefore the investment portfolio is classified as Financial Assets at fair value through Other Comprehensive Income.

4. OPERATING SEGMENTS

Segment Information

The Company operates in the investment industry. Its core business focuses on investing in Australian equities to achieve medium to long-term capital growth and income.

Operating segments have been determined on the basis of reports reviewed by the Managing Director. The Managing Director is considered to be the chief operating decision maker of the Company. The Managing Director considers the business from both a product and geographic perspective and assesses performance and allocates resources on this basis. The Managing Director considers the business to consist of just one reportable segment.

FINANCIAL REPORT

GLOBAL MASTERS FUND LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$	2015 \$
5. REVENUE AND OTHER INCOME			
Dividends Received		194,749	197,237
Distributions Received		74	4
Interest Received		95	200
Gain on sale of Flagship Investments		2,510	2,833
Gain on Sale of Berkshire Hathaway		55,398	-
Realised Foreign Exchange Loss		(3,178)	-
Gain on Sale of Colonial Units		736	-
		250,384	200,274
6. OTHER EXPENSES			
ASX and Share Registry costs		17,695	18,380
Administration Costs		231,645	166,700
		249,340	185,080
7. INCOME TAX EXPENSE			
(a) Reconciliation of income tax to accounting profit			
Accounting profit before tax		1,045	15,193
Prima facie tax payable on ordinary activities before income tax rate at 30% (2015 - 30%)		313	4,558
Income tax expense		313	4,558
Tax losses not recognised		(313)	(4,558)
Tax expense shown in profit and loss statement		-	-
8. CASH AND CASH EQUIVALENTS			
Cash at bank and on hand		55,684	51,028
Short-term deposits		618	2,738
Balance as per Statement of Cash Flows		56,302	53,766
Reconciliation of cash			
Cash and Cash Equivalents reported in the Statement of Cash Flows are reconciled to the equivalent items in the Statement of Financial Position as follows:			
Cash and Cash Equivalents		56,302	53,766
9. TRADE AND OTHER RECEIVABLES			
CURRENT			
GST receivable		1,787	1,321
Total current trade and other receivables		1,787	1,321

GLOBAL MASTERS FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
10. OTHER FINANCIAL ASSETS		
(a) Available-for-sale Financial Assets comprise		
Listed investments, at fair value		
Shares in other Corporations	15,078,174	14,230,352
	<u>15,078,174</u>	<u>14,230,352</u>
Unlisted investments, at fair value	543	2,892
	<u>543</u>	<u>2,892</u>
Total Available-for-sale Financial Assets	<u>15,078,717</u>	<u>14,233,144</u>
11. OTHER ASSETS		
CURRENT		
Prepayments	6,575	7,824
	<u>6,575</u>	<u>7,824</u>
12. TRADE AND OTHER PAYABLES		
CURRENT		
Trade payables	1,931	-
Accrued expenses	11,476	12,475
	<u>13,407</u>	<u>12,475</u>
13. NON CURRENT LIABILITIES		
Deferred tax liabilities	1,623,812	1,420,542
Comprises tax on unrealised gains on currency exchange and market fluctuations of listed investments.		
14. ISSUED CAPITAL		
8,578,596 (2015: 8,578,596) Ordinary Shares	<u>8,609,085</u>	<u>8,609,085</u>
15. RESERVES		
(a) Revaluation Reserve		
The investment revaluation reserve is used to accumulate unrealised capital profits and losses. The reserve can only be used in limited circumstances for payment of dividends.		

FINANCIAL REPORT

GLOBAL MASTERS FUND LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2015	2015
	\$	\$

16. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.

Net gain (loss) used in calculating basic and diluted earnings per share	1,045	15,193
Total comprehensive income used in calculating total comprehensive income per share	643,124	1,509,190
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	8,578,596	8,578,596
Total ordinary shares on issue	8,578,596	8,578,596

(a) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	8,578,596	8,578,596
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	Cents	Cents
Basis earnings per share (cents per share)	0.01	0.18
Diluted earnings per share (cents per share)	0.01	0.18
Total Comprehensive Income per share (cents per share)	7.50	17.59

17. FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks through its use of financial instruments.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Company does not speculate in financial assets.

The most significant financial risks to which the Company is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - currency risk, interest rate risk and price risk

Financial instruments used

The principal categories of financial instrument used by the Company are:

- Trade receivables
- Cash at bank
- Investments in listed shares
- Trade and other payables

17. FINANCIAL RISK MANAGEMENT (continued)

(a) Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Effective Interest Rate	2016	2015
	%	%
Financial Assets		
Cash and cash equivalents	0.17	3.05
6 Months or less		
	2016	2015
	\$	\$
Financial Assets		
Cash and cash equivalents	56,302	53,766
Total Financial Assets	56,302	53,766

All other financial assets and liabilities are non-interest bearing - apart from investment in Colonial Wholesale Funds which on average earned 2.5%

(b) Currency Risk

The Company's investment portfolio includes investments in USA and UK, cash on deposit and interest receivable denominated in US dollars and Pounds Sterling. As such, the Company's balance sheet can be affected significantly by movements in exchange rates. The Company's current policy is not to hedge its investment portfolio. The carrying value of these foreign currency denominated assets at balance date was as follows:

Carrying Amount	2016	2015
	AUD \$	AUD \$
Cash and cash equivalents	563	2,682
Investments	11,943,844	11,256,816
Total	11,944,407	11,259,498

(c) Credit risk

The Company is not a trading entity. The maximum exposure to credit risk at balance date in relation to each class of financial assets (excluding investments) is the carrying amount of those assets as indicated in the balance sheet. The Company has no commercial debtors and receivables are due from reputable companies listed on the world's stock exchange or major financial banking institutions.

With respect to credit risk on cash and investment, the Company's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of those investments. The Company's business activities do not necessitate the requirement for collateral.

(d) Net Fair Value

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

Cash, cash equivalents and short-term investments:

The carrying amount approximates fair value because of their short term to maturity.

Trade receivables and payables:

The carrying amount approximates fair value as the time to receipt or payment is usually less than 30 days.

Listed shares:

The current quoted market bid price approximates fair value and the carrying amount.

The carrying value of all the financial assets and liabilities of the Company as disclosed in the balance sheet and notes to the financial statements is the same as the net fair value.

(e) Sensitivity Analysis

The following table illustrates sensitivities to the Company's exposures to changes in interest rates, exchange rates and commodity and equity process. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

At 30 June 2016, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

6 Months or less	2016	2015
	\$	\$
Change in profit		
+/- 2% in interest rates		+/- 1,000
Change in equity		
+/- 5% in \$A/US\$		+/- 675,308
+/- 10% in listed investments		+/- 1,507,871

18. SEGMENT INFORMATION

Company is domiciled and incorporated in Australia.

The Company's principal activity is investment in quoted equities, Berkshire Hathaway Inc listed on the New York Stock Exchange, Athelney Trust Plc listed on the London Stock Exchange and Flagship Investments Limited listed on the Australian Securities Exchange.

FINANCIAL REPORT

GLOBAL MASTERS FUND LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

19. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Key Management Personnel (KMP) for all of the financial year unless otherwise shown were

Directors

JL Addison	Chairman (Non-executive), appointed 19 April 2005
Dr EC Pohl	Managing Director (Executive), appointed 19 April 2005
P Corrigan AM	Director (Non-executive), appointed 29 November 2006

(b) Other Key Management Personnel Transactions

Compensation Policy

The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the key management personnel. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit.

Executive Personnel

The Managing Director Dr Manny Pohl is an Executive Director but only gets remunerated as a Director as has been the case in prior years. The Company's Non-executive Directors are Jon Addison and Pat Corrigan.

Non-Executive Director Compensation

In accordance with the Company's Constitution and the ASX Listing Rules, the aggregate amount of remuneration payable to the Non-executive Directors (including the Managing Director) in any year is determined from time to time by Shareholders in a General Meeting. The last determination was at a General Meeting on 10 May 2006 when Shareholders fixed an aggregate amount not exceeding \$150,000.

Within the limit of aggregate amount determined by the Shareholders, the Board determines the remuneration for Non-executive Directors. The remuneration arrangements for the Non-executive Directors are reviewed annually by the Board.

The Board assess the appropriateness of the remuneration for Non-executive Directors, having regard to market practice, the duties and accountability of the Non-executive Directors and the objective of maintaining a balanced Board which has appropriate expertise and experience, at a reasonable cost to the Company.

The compensation of Non-executive Directors (including the Managing Director) for the year ending 30 June 2016 is shown in the table of detailed remuneration disclosures, provided in section 12 (A) to (F) of the Remuneration Report on pages 9 and 10.

2016	2015
\$	\$

20. AUDITORS REMUNERATION

Remuneration of the auditor of the company, Joseph Pien

- audit of the half year and annual financial report of the Company

Total

11,275	11,275
11,275	11,275

21. CONTINGENCIES

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2016 (30 June 2015: None).

22. RELATED PARTIES

There were no related party transactions during the year, other than shown below:

Brian Jones (Company Secretary) is a partner of Rothsay Chartered Accountants, which provides company secretarial, accounting and taxation services to the Company at normal commercial rates.

Fees Charged

Total

64,332	56,375
64,332	56,375

GLOBAL MASTERS FUND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$

23. CASH FLOW INFORMATION

(a) Reconciliation of result for the year to cash flows from operating activities		
Profit for the year	1,045	15,193
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit		
- net (gain)/loss on disposal of investments	(58,644)	(2,833)
- losses on foreign exchange	3,178	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in prepayments	1,252	-
- (increase)/decrease in other assets	(466)	327
- increase/(decrease) in trade and other payables	931	3
Cash flow from operations	(52,704)	12,690

24. EVENTS OCCURRING AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

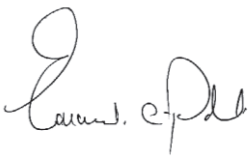
- (a) the Financial Statements and Notes set out on pages 16 to 29 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (ii) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date; and

in the Directors' opinion,

- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) the remuneration disclosures set out on pages 9 and 10 of the Directors' Report (as part of the audited remuneration report) for the year ended 30 June 2016 comply with section 300A of the *Corporations Act 2001*.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors by:



Dr Emmanuel (Manny) C Pohl
Managing Director

29 August 2016

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the members Of Global Masters Fund Limited

Report on the Financial Report

I have audited the accompanying financial report of Global Masters Fund Limited, which comprises the statement of financial position as at 30 June 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company at the year's end.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

(In Note 1, the directors also state, in accordance with Australian Accounting Standard 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards (IFRS).)

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Global Masters Fund Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Auditor's Opinion

In my opinion:

- (a) the financial report of Global Masters Fund Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with international Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

I have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. My responsibility is to express an opinion on the Remuneration Report, based on my audit conducted in accordance with Australian Auditing Standards.

Opinion

In my opinion, the Remuneration Report of Global Masters Fund Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.



Joseph Pien CA
Chartered Accountant

Dated: 29 August 2016

SHAREHOLDER INFORMATION

The Shareholder information set out below was applicable as at 22 August 2016.

1. DISTRIBUTION OF SECURITIES:

Distributions	No. of Shareholders
1 to 1,000	85
1,001 to 5,000	129
5,001 to 10,000	67
10,001 to 100,000	56
100,001 and over	9
Total	346
Holdings of less than a marketable parcel	11

2. TWENTY LARGEST SHAREHOLDERS

Shareholders	Ordinary Shares	%
CITICORP NOMINEES PTY LIMITED	4,639,049	54.1%
MARA SUPER PTY LTD <MVL SUPER FUND A/C>	390,000	4.5%
LIC INVESTMENTS PTY LTD <LIC INVESTMENTS UNIT A/C>	335,000	3.9%
TRADLAW PTY LTD <THE MVL FAMILY>	180,000	2.1%
SECURITIES & ESTATES PTY LTD <R J WILSON F/T A/C>	140,519	1.6%
MR PETER LEECE	120,737	1.4%
PETER I H WONG PTY LTD <PETER I H WONG P/L SUP A/C>	120,000	1.4%
ONE MANAGED INVT FUNDS LTD <SANDON CAPITAL INV LTD A/C>	115,274	1.3%
MR FRANCO DI LORENZO & MRS ANGELA DI LORENZO	106,655	1.2%
J BARLOW CONSULTANTS PTY LTD	85,854	1.0%
MRS SYLVIA MARIA VALMADRE	60,000	0.7%
MILBURN PTY LTD	53,632	0.6%
RITCHIE FAMILY SUPER PTY LTD <RITCHIE FAMILY S/F A/C>	50,000	0.6%
HOWZAT SERVICES PTY LTD <HOWARTH SUPER FUND A/C>	50,000	0.6%
MR WILLIAM PAUL CHUN TIE & MS ORLEENA MOO	48,623	0.6%
MR DAVID GRAEME BERECHREE & MS HEATHER JULIE BERECHREE <THE BERECHREE FAMILY A/C>	45,000	0.5%
MR KENNETH MURRAY BARTLEY <K M & J D BARTLEY SUPER A/C>	31,602	0.4%
DR ROBERT JOHN LUGTON	30,000	0.3%
MR CHARLES RONALD SMITH	30,000	0.3%
MS HELEN-LOUISE BROWN <INVESTMENT A/C>	30,000	0.3%
Total	6,661,945	77.7%

3. SUBSTANTIAL SHAREHOLDINGS

The names of the Shareholders who have notified the Company of a substantial holding in accordance with section 671B of the *Corporations Act 2001* are:

Substantial Shareholder	Number of Shares	% of Total
Dr E C Pohl *	4,644,049	54.1

* Has the power to control voting and/or the disposal of securities in accordance with a Power Of Attorney in relation to 4,639,049 shares.

4. VOTING RIGHTS

On a show of hands every Shareholder present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

INVESTMENTS

(1) HOLDINGS OF SECURITIES AT 30 JUNE 2016

Individual investments at 30 June 2016 are listed below. The list should not, however, be used to evaluate portfolio performance or to determine the net asset backing per share at other dates. Individual holdings in the portfolio may change during the course of the year.

ORDINARY SHARES	Shares	Market Value \$
Berkshire Hathaway Inc A Class Shares	27	7,888,938
Berkshire Hathaway Inc B Class Shares	15,300	2,983,150
Athelney Unit Trust plc	297,359	1,071,757
Flagship Investments Limited	2,132,197	3,134,329
		15,078,174
Colonial		543
Total		15,078,717
Cash		56,302
TOTAL		15,135,019

(2) TRANSACTIONS AND BROKERAGE

There were 5 (2015: 5) transactions in securities during the year on which brokerage of \$750 (2015: \$650) was paid.

NOTES

NOTES

CORPORATE DIRECTORY

GLOBAL MASTERS FUND LIMITED
ABN 84 109 047 618
REGISTERED IN NEW SOUTH WALES
12 MAY 2004.

BOARD OF DIRECTORS

Jonathan L Addison
Non-Executive Chairman

Dr Emmanuel (Manny) C Pohl
Managing Director

Patrick Corrigan AM
Non-Executive Director

Jason Pohl
Alternate Director

COMPANY SECRETARY

Brian E Jones
Rothsay Chartered Accountants
Level 1
12 O'Connell Street
SYDNEY NSW 2000

PRINCIPAL PLACE OF BUSINESS

Level 1
12 O'Connell Street
SYDNEY NSW 2000

MANAGER

EC Pohl & Co Pty Ltd
ACN 154 399 916
Level 12
Corporate Centre One
2 Corporate Court
BUNDALL QLD 4217
Tel: +61 (0) 7 5644 4400
Fax: +61 (0) 7 5574 1457

SOLICITORS

McCullough Robertson Lawyers
Level 32 MLC Centre
19 Martin Place
SYDNEY NSW 2000

AUDITORS

Joe Pien Chartered Accountants
Suite 503
Level 5
276 Pitt Street
SYDNEY NSW 2000

SHARE REGISTRY

Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001
Toll Free: 1300 737 760
International: +61 (0) 2 9290 9600
Fax: +61 (0) 0 9279 0664

REGISTERED OFFICE

Level 1
12 O'Connell Street
SYDNEY NSW 2000

WEBSITE ADDRESS

www.globalmastersfund.com.au



GLOBAL MASTERS FUND LIMITED



GLOBAL MASTERS FUND LIMITED

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