Global Masters Fund

CORPORATE GOVERNANCE

Dividend Policy

Global Masters Fund Limited | ABN 84 109 047 618 | ASX: GFL

ADOPTED BY THE BOARD	NEXT REVIEW	SUPERSEDES
2 November 2026	November 2027	New policy

1 PURPOSE

Global Masters Fund Limited (the **Company** or **GFL**) is a long-term capital growth vehicle. Its overriding objective is to maximise long-term shareholder wealth through the compounding of retained capital, consistent with its philosophy of *Built on Quality. Driven by Compounding.*

This Policy sets out the Company's approach to dividends and other distributions. It gives effect to the Company's mandate: shareholders invest in GFL for long-term capital growth, not regular income. It operates together with the Capital Management Framework, which governs the Company's broader approach to the use of capital.

2 POLICY STATEMENT

> GFL does not pay regular dividends. Its default position is to retain all earnings, including income and realised gains, for reinvestment.

Retained earnings compound within the Company and are reflected in growth in net tangible assets (**NTA**) per share over time.

Retention is not a residual outcome; it is the deliberate, primary use of the Company's capital. The Company believes that retaining and reinvesting capital in high-quality assets generally produces greater long-term wealth for shareholders than distributing it, as shareholders do not pay personal tax on earnings the Company retains. Distribution decisions are assessed on long-term wealth creation for shareholders as a whole, not on short-term income.

The Board will pay a distribution only if it is satisfied that doing so is clearly better for shareholders, after tax, than retaining the capital. Retention is the default: the Board does not need a reason to retain capital, but it must have a clear reason to distribute it.

3 FRANKING CREDITS AND TAX ATTRIBUTES

The Company's tax attributes arise at two levels, which should not be confused:

- **Company level.** As an Australian company, GFL pays Australian tax on its assessable income, including realised capital gains. This generates franking credits and, for gains on assets held for more than 12 months, may generate LIC capital gains.
- **Offshore fund structures.** Where the Company invests through an offshore fund structure (such as its holding in an Ireland-domiciled fund), that structure operates outside the Australian imputation system and generally does not generate franking credits.

Over the long term, the Company's global, growth-oriented strategy is expected to generate comparatively limited franking. During the transition to an actively managed global portfolio, including the staged reduction of legacy holdings, the Company realises capital gains and accumulates franking credits and LIC capital gains at a faster rate than it will in steady-state operation.

The accumulation of franking credits does not, of itself, warrant a distribution. Consistent with the Capital Management Framework, proceeds from repositioning the portfolio are working capital for the strategy and are, by default, reinvested in the portfolio. Retaining franking credits and LIC capital gains does not extinguish them. They remain available to be attached to a future distribution if the Board determines that a distribution is clearly beneficial to shareholders.

4 DISTRIBUTIONS ARE EXCEPTIONAL AND DISCRETIONARY

The Board may, in its absolute discretion, make a distribution (whether a dividend or other return of capital), but will do so only where it is satisfied that the distribution is clearly more beneficial to shareholders, after tax, than retaining and reinvesting the capital, and would not compromise the Company's strategy or the compounding of NTA per share.

In considering a distribution, the Board may weigh factors including:

(a) the size and composition of accumulated franking credits and LIC capital gains, and whether a distribution would release meaningful after-tax value to shareholders;

(b) the after-tax benefit to shareholders, assessed on a capital-weighted basis across the register, recognising that the value of franking credits varies by shareholder type (for example, franking credits are more valuable to shareholders who can receive a refund of excess credits than to shareholders who can only offset them against tax payable);

(c) the expected return from retaining and reinvesting capital relative to distributing it, and the available investment opportunities;

(d) the Company's strategic objectives and the compounding of NTA per share;

(e) the Company's capital position and obligations, including any borrowings or other financing commitments;

(f) prevailing market conditions and valuations; and

(g) the most efficient and accretive form of any return of capital, noting that an on-market buy-back or a dividend reinvestment plan may be preferable to a cash distribution (see the Capital Management Framework).

No single factor is determinative. The Board retains full discretion and gives no assurance that any distribution will be made.

5 TRANSITION DISTRIBUTIONS

During or following the Company's transition away from legacy holdings, the Board may, applying the factors in section 4, determine that a distribution to release accumulated franking credits and LIC capital gains is clearly beneficial to shareholders. Any such distribution is exceptional, does not represent the commencement of regular dividends, and is made under this Policy. The Board is under no obligation to make any such distribution.

6 LIC CAPITAL GAIN ATTRIBUTION

If the Company pays a franked dividend, it will generally attribute to that dividend the maximum LIC capital gain amount available. The Board may attribute a lower amount where it considers that to be in shareholders' interests. An attributed LIC capital gain may entitle certain shareholders to a tax deduction, depending on their circumstances.

7 PROCESS AND COMMUNICATION

- **Annual review.** The Board will review, at least annually, whether a distribution is warranted under this Policy, and will report the outcome to shareholders, including in the Chair's address at the Annual General Meeting.
- **Announcement.** Any distribution will be announced to ASX with a clear rationale, and will be implemented in accordance with the timetable and record date requirements of the ASX Listing Rules and the ASX Settlement Operating Rules.
- **Disclosure.** The Company will disclose its franking account balance and LIC capital gain account balance in the Annual Report.

8 TAX

This Policy is not tax or financial advice. The tax consequences of any distribution, including the value of franking credits or an attributed LIC capital gain, depend on each shareholder's circumstances, including applicable holding period rules. Shareholders should obtain their own professional advice.

9 REVIEW

The Board will review this Policy at least annually, and earlier where:

(a) there are material changes in tax legislation or the Company's tax circumstances;

(b) there is a significant change in the composition of the Company's register; or

(c) the Company completes a material strategic transition, such as the move to a fully active portfolio.