

The Grant Samuel Epoch Global Equity Shareholder Yield Funds (the Funds) – hedged and unhedged – are managed by Epoch Investment Partners, Inc (Epoch). The Funds aim to deliver attractive total returns with an above-average level of income by investing in a diversified portfolio of global companies with strong and growing free cash flow.

Investment objective

The Funds aim to generate superior risk adjusted returns with a dividend yield that exceeds the dividend yield of the relevant benchmark.

Investment strategy

Epoch defines a shareholder yield strategy as one that focuses on companies with a consistent track record of delivering cash dividends, share buybacks and debt reduction to shareholders — these three factors are collectively known as ‘shareholder yield’. Through employing such a strategy, Epoch believes it can produce superior risk adjusted returns.

Epoch’s shareholder yield strategy is encapsulated by a ‘9% solution’, which defines an aspirational return from investing in a diversified portfolio of companies that generate, at minimum:

- a 4.5% yield from cash dividends
- an additional 1.5% from share repurchases and debt reduction
- an underlying cash-flow growth rate of 3%.

Investment process

The investment process starts with an initial screen of approximately 14,000 stocks, using proprietary quantitative research metrics consisting of 11 criteria; stocks must meet all 11 criteria to be considered for fundamental analysis.

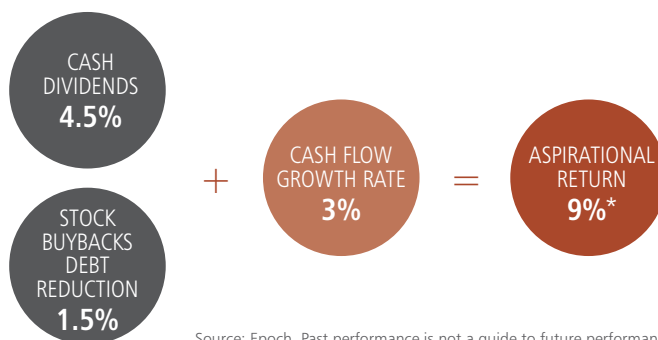
This is followed by a rigorous bottom-up approach that focuses heavily on free cash flows; on average, Epoch considers 150-250 stocks for fundamental analysis, which focuses on identifying companies paying high and sustainable returns to shareholders.

Interviews with company management are a key component of the investment process and Epoch personnel typically meet with more than 2000 companies each year.

Before making an investment, Epoch analyses a company as if it were looking to purchase the entire business. The Fund invests in businesses with understandable operating models, transparent financial statements, and a proven ability to generate free cash flow.

By actively seeking companies with strong shareholder yield characteristics, Epoch’s goal is to construct a portfolio of 90-120 stocks that will achieve a higher level of yield than other income options, as well as capital growth.

Figure 1: Epoch’s 9% solution



Source: Epoch. Past performance is not a guide to future performance.

FUND FACTS & FEES	
APIR CODE	GSF0001AU (HEDGED) GSF0002AU (UNHEDGED)
INCEPTION DATE	15 MAY 2008
BENCHMARK	MSCI WORLD EX AUSTRALIA INDEX NET DIVIDENDS RE-INVESTED, 100% HEDGED INTO \$A (HEDGED) MSCI WORLD EX AUSTRALIA INDEX IN \$A, NET DIVIDENDS RE-INVESTED (UNHEDGED)
MINIMUM INVESTMENT	\$25,000
UNIT VALUATION	DAILY
APPLICATIONS AND WITHDRAWALS	DAILY
DISTRIBUTION FREQUENCY	QUARTERLY
RESPONSIBLE ENTITY	GRANT SAMUEL FUND SERVICES LIMITED
INVESTMENT MANAGER	EPOCH INVESTMENT PARTNERS, INC
CUSTODIAN AND ADMINISTRATION	J.P. MORGAN CHASE BANK N.A. (SYDNEY BRANCH)
UNIT REGISTRY	FUNDBPO PTY LTD
ESTABLISHMENT FEE	NIL
CONTRIBUTION FEE	NIL
WITHDRAWAL FEE	NIL
MANAGEMENT COSTS	1.30% (HEDGED) 1.25% (UNHEDGED)
BUY/SELL SPREAD	BUY +0.20% / SELL -0.20%

How is this Fund different to other Global Equity Funds?

There are a number of features that differentiate the Grant Samuel Epoch Global Equity Shareholder Yield Funds from other global equity products:

- Provides the benefits of diversification of both portfolio assets and income sources
- A focus on the growth and allocation of free cash flow rather than traditional accounting metrics (such as the P/E ratio)
- Traditional equity dividend strategies tend to focus solely on cash dividends, while shareholder yield takes a broader approach; it focuses on cash dividends, share buybacks, debt reduction and cash flow growth
- Most active global equity managers are charged with maximising return per unit of risk, where the global shareholder yield strategy seeks to minimise volatility around a level of return sought.

The Fund's focus on shareholder yield characteristics means it generally complements other global equity strategies that primarily focus on traditional valuation methods and capital appreciation.

The investment manager

New York-based Epoch was established in 2004. Its distinct investment philosophy based on the generation and allocation of free cash flow and integrated portfolio risk management differentiates Epoch from other global managers. Each of Epoch's investment strategies is managed in accordance with this investment philosophy.

Epoch manages over A\$63 billion (as at 31 December 2017), with approximately A\$26 billion in its global equity shareholder yield strategy.

For more information about the Grant Samuel Epoch Global Equity Shareholder Yield Funds

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Important information

Grant Samuel Fund Services Limited ABN 48 129 256 104 AFSL 321517 (GSFS) is the responsible entity of the Grant Samuel Epoch Global Equity Shareholder Yield (Hedged) Fund ARSN 130 358 440 and Grant Samuel Epoch Global Equity Shareholder Yield (Unhedged) Fund ARSN 130 358 691 (collectively, the Funds) and the issuer of this document. The Funds are registered as managed investment schemes under the Corporations Act 2001 (Cth). GSFS has appointed Epoch as the investment manager of each Fund.

Before making an investment decision in relation to a Fund, investors should consider the appropriateness of this information, having regard to their own objectives, financial situation and needs. Prospective investors should read and consider the product disclosure statements for the Funds dated 1 March 2018 and the Additional Information to the Product Disclosure Statement which can be obtained by contacting Grant Samuel Funds Management on 1300 133 451 or at www.gsfm.com.au. This document is issued on 1 March 2018. ©2018 Grant Samuel Fund Services Limited.