

MONTHLY FUND UPDATE

31 January 2019

Month in review

Stocks rebounded sharply from the previous month's selloff. All sectors were positive in Australian dollar terms. The best returns came from economically sensitive stocks while those with more defensive characteristics lagged. These returns came despite mounting evidence that economic growth rates were slowing globally, lower revenue forecasts from high-profile technology and industrial companies, and lingering uncertainty about the U.S.-China trade dispute. The International Monetary Fund again cut its forecast for global economic growth, saying the expansion had weakened.

Stocks got a lift from dovish central bank comments. The Federal Reserve announced it would leave interest rates on hold and that it would watch "patiently and carefully" as it considers monetary policy in 2019. The European Central Bank said it would keep interest rates at record lows at least through the summer. While China reported its slowest growth rate in three decades, signs of a bottom in the economic slowdown were also well received.

The Fund generated positive absolute returns but lagged the broader market. Companies within the diversified global portfolio continued to grow free cash flow and remained committed to returning cash to shareholders. On an absolute basis, the strongest positive contributors were the energy, utilities and real estate sectors, while health care and communication services detracted.

As economically sensitive stocks outperformed more defensive stocks, the Fund lagged relative to the market. Within the communication services sector, the Fund tends to be more invested in the telecommunications industry, a typically more defensive industry, which underperformed the broader sector this period. As a result, stock selection in communication services detracted from relative performance. An overweight to utilities also hindered relative results as stocks reversed their December gains; however, the Fund's strong stock selection in the utilities sector provided a partial offset. In addition, stock selection in health care and financials detracted from relative returns. Conversely, real estate modestly positively contributed to relative performance, as the Fund's holdings performed well over the period. Currencies modestly contributed positively to relative performance during the period.

Among the largest individual positive contributors to absolute performance were Pembina Pipeline and Enterprise Products Partners. Among the largest individual detractors to absolute performance were Vodafone and AstraZeneca. AstraZeneca shares traded lower on concerns related to recent organizational changes. However, Epoch believes these changes more closely align research and development with commercial operations in core therapy areas. This alignment should support cash flow growth by advancing the company's pipeline with greater speed and focus while also rationalizing its cost structure. AstraZeneca returns capital to shareholders through an attractive and progressive dividend.

Performance

As at 31 January 2018

	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	7 years % pa	10 years % pa	Since inception ¹ % pa
Fund ²	1.75	(1.52)	2.81	5.14	7.80	12.73	7.97	7.08
Benchmark ³	4.08	(2.19)	3.84	10.13	10.96	15.70	9.99	7.28
Value added	(2.33)	0.67	(1.03)	(4.99)	(3.16)	(2.97)	(2.02)	(0.20)

Performance components

	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	7 years % pa	10 years % pa	Since inception ¹ % pa
Distribution ⁴	0.00	0.45	10.53	8.17	8.37	7.33	5.67	5.28
Growth	1.75	(1.97)	(7.72)	(3.03)	(0.57)	5.40	2.30	1.80
Total ²	1.75	(1.52)	2.81	5.14	7.80	12.73	7.97	7.08

1. Inception date: 15 May 2008

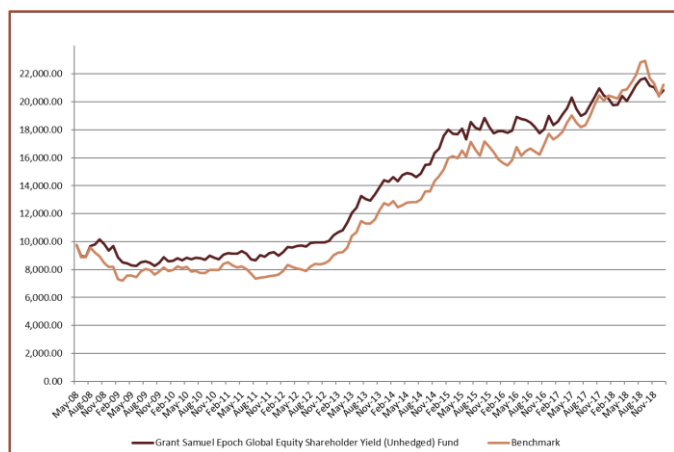
2. Fund returns are calculated net of management fees and assume distributions are reinvested

3. MSCI World ex- Australia Index, net dividends reinvested*

4. Distribution may include income, realised capital gains, and any return of capital

Past performance is not a guide to future performance.

Growth of A\$10,000



Benchmark: MSCI World ex- Australia Index, net dividends reinvested *
Calculations are based on exit price with distributions reinvested and net of fees and expenses.

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*All data is the property of MSCI. No use or distribution without written consent. Data provided "as is" without any warranties. MSCI assumes no liability for or in connection with the data.

Fund facts

Top 10 holdings (Alphabetical order)	Sector	Dividend yield%
Allianz SE	Financials	4.3
Astrazeneca PLC	Health Care	3.7
AXA SA	Financials	6.2
BCE Inc.	Communication Services	5.3
Duke Energy Corp	Utilities	4.1
Munich Reinsurance	Financials	4.4
Royal Dutch Shell Plc	Energy	5.2
Total SA	Energy	5.3
Verizon Comms	Communication Services	4.3
Welltower, Inc.	Real Estate	4.5

Regional allocation	Fund%	Index% ¹
US and Canada	54.8	67.0
United Kingdom	14.6	6.0
Europe ex-UK	24.2	16.1
Asia ex-Japan	2.2	1.9
Japan	0.0	8.7
Australia and New Zealand	1.8	0.1
Other	0.0	0.2
Cash	2.4	0.0
Total²	100.0	100.0

Sector allocation	Fund%	Index% ¹
Communication Services	10.8	8.6
Consumer Discretionary	3.7	10.7
Consumer Staples	12.3	8.5
Energy	10.1	6.1
Financials	15.4	15.7
Health Care	10.0	13.1
Industrials	6.3	11.1
Information Technology	6.8	15.2
Materials	2.7	4.3
Real Estate	4.6	3.2
Utilities	14.9	3.4
Cash	2.4	--
Unassigned	--	0.2
TOTAL²	100.0	100.0

1. MSCI World Ex-Australia Index in \$A, net dividends reinvested*
2. May not total 100 due to rounding

The data presented in these tables is unaudited and may change at any time. The data is shown for informational purposes only and is not indicative of any future portfolio characteristics.

For more information about the Grant Samuel Epoch Global Equity Shareholder Yield (Unhedged) Fund, please go to www.gsfm.com.au.

Important Information

Grant Samuel Fund Services Limited 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). 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. Class A Units in each Fund are available for issue by GSFS, as responsible entity of the Funds.

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 from www.gsfm.com.au or by calling 1300 133 451.

Past performance information given in this document is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance. None of Grant Samuel Fund Services Limited, its related bodies or associates nor any other person guarantees the repayment of capital or the performance of the Funds or any particular returns from the Funds. No representation or warranty is made concerning the accuracy of any data contained in this document. This document is issued on **11 February 2019**.