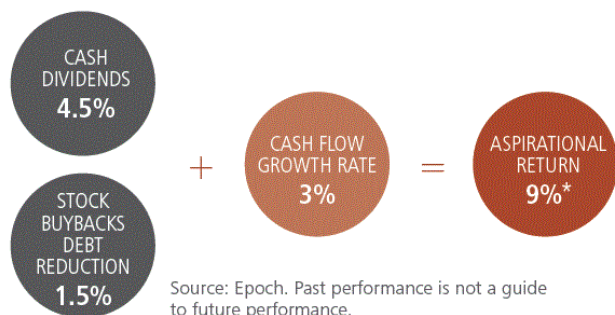


# EPOCH GLOBAL EQUITY SHAREHOLDER YIELD (HEDGED): MONTHLY REPORT



August 2019

## Fund overview

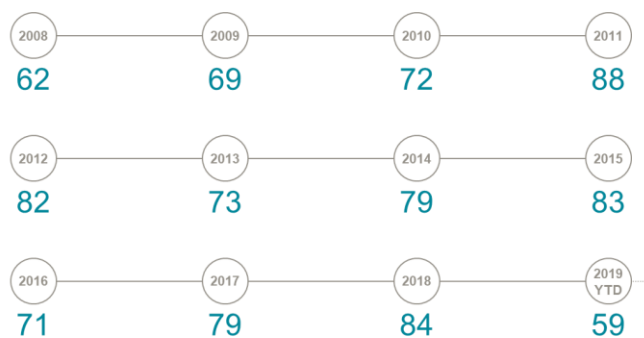


The Fund invests in companies that grow free cash flow and use it intelligently

- Income generation from global equities, paid quarterly
- A diversified portfolio of 90-120 global companies, including many household names
- Provides diversification across assets and income sources
- Benchmark unaware, low turnover (av.20% p.a.)
- Fund's holdings have history of increasing dividends
- Consistently delivers significant downside protection.

## Holdings Have a History of Raising Dividends

Number of companies that increased their dividends - Epoch Global Equity Shareholder Yield Strategy



As of 30 June 2019

Source: Epoch Investment Partners, Inc. The data shown above is for a representative account. Such data may vary for each fund in the strategy due to market conditions, investment guidelines and diversity of portfolio holdings. The data is unaudited and may change at any time.

## Performance

As at 31 August 2019

	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	7 years % pa	10 years % pa	Since inception <sup>1</sup> % pa
Fund <sup>2</sup>	(0.81)	3.95	3.51	5.57	5.84	9.35	11.29	7.62
Benchmark <sup>3</sup>	(2.05)	4.90	0.47	10.51	8.64	12.73	12.05	7.54
Value added	1.24	(0.95)	3.04	(4.94)	(2.80)	(3.38)	(0.76)	0.08

## Performance components

	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	7 years % pa	10 years % pa	Since inception <sup>1</sup> % pa
Distribution <sup>4</sup>	0.00	1.52	1.93	7.30	9.11	9.47	10.48	9.84
Growth	(0.81)	2.43	1.58	(1.73)	(3.27)	(0.12)	0.81	(2.22)
Total <sup>2</sup>	(0.81)	3.95	3.51	5.57	5.84	9.35	11.29	7.62

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, 100% hedged into \$A\*

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

Past performance is not a guide to future performance.

## Fund facts

Sector allocation	Fund%	Index% <sup>1</sup>
Communication Services	7.4	8.7
Consumer Discretionary	5.2	10.6
Consumer Staples	12.1	9.0
Energy	9.3	5.0
Financials	14.8	14.7
Health Care	11.7	12.7
Industrials	7.9	11.1
Information Technology	7.0	16.8
Materials	2.9	4.1
Real Estate	4.3	3.3
Utilities	14.2	3.6
Cash	3.3	--
Unassigned	--	0.3
<b>TOTAL<sup>2</sup></b>	<b>100.0</b>	<b>100.0</b>

Regional allocation	Fund%	Index% <sup>1</sup>
US and Canada	59.3	68.4
United Kingdom	10.5	5.5
Europe ex-UK	22.1	15.8
Asia ex-Japan	1.5	1.7
Japan	1.5	8.3
Australia and New Zealand	1.9	0.1
Other	0.0	0.2
Cash	3.3	0.0
<b>Total<sup>2</sup></b>	<b>100.0</b>	<b>100.0</b>

Top 10 holdings	Sector	Dividend yield%
BCE Inc.	Communication Services	4.9
Duke Energy Corporation	Utilities	4.0
Welltower, Inc.	Real Estate	3.9
Allianz SE	Financials	4.5
Verizon Communications Inc.	Communication Services	4.1
FirstEnergy Corp.	Utilities	3.3
Entergy Corporation	Utilities	3.2
AXA SA	Financials	6.5
AT&T Inc.	Communication Services	5.8
Munich Reinsurance Company	Financials	4.3

1. MSCI World Ex-Australia Index in \$A

2. May not total 100 due to rounding

The data presented in these tables and graphs 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.

## Manager commentary

The Fund generated negative absolute returns in August, but outperformed the broader market as measured by the MSCI World Ex-Australia Index (Net) 100% hedged into \$A. In August, investors turned to more defensive sectors amid escalating trade tensions and a declining rate environment. The utilities sector, typically well-represented in the portfolio, strongly contributed to absolute performance, followed by real estate. The financials, energy and information technology sectors were the largest detractors from absolute results.

The Fund outperformed the broader market in August, as stocks pulled back and volatility increased. An overweight to utilities contributed positively to relative results, further helped by strong stock selection. Stock selection in communication services, largely driven by the portfolio's telecommunication holdings, also contributed positively to relative performance. Additionally, strong stock selection in industrials and real estate helped drive relative results. On the other hand, stock selection in information technology, largely driven by holdings in the software industry, detracted from relative performance. An overweight to the energy sector also detracted from relative performance, as escalating U.S.-China trade war tensions increased investor concerns for oil demand. However, strong stock selection in the energy sector nearly offset the detraction.

Among the largest individual positive contributors to absolute performance were Target and Welltower. Target shares traded higher on strong second quarter 2019 results, highlighted by the company's best two year comparable store sales growth in a decade, the first year-over-year improvement in gross margin in three years, and better than expected operating profit and cash flow growth. Target generates robust, sustainable cash flows and consistently returns a substantial portion of these cash flows to shareholders via an attractive and growing dividend, regular share repurchases and debt reduction. Welltower shares traded higher following a favourable earnings report at the end of July that included upwardly revised guidance for net operating income this year.

Among the largest individual detractors to absolute performance were Cisco Systems and AXA. Shares of AXA traded lower despite a favourable earnings report at the beginning of the month that highlighted the contribution from last year's acquisition of XL Group. Growing concerns about the pace of global economic growth along with a step downward in global interest rates weighed on the shares of AXA and financial companies generally. AXA continues to have a transparent capital allocation policy, pay an attractive, growing dividend that is well supported by earnings, and maintain a strong regulatory capital position. Debt reduction remains a focus following the September 2018 acquisition of XL Group.

See [gsfm.com.au](http://gsfm.com.au) for more information about the Epoch Global Equity Shareholder Yield (Hedged) Fund.

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### **Important Information**

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