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## MEDIA RELEASE

### **New fund aims to maintain exposure to growth assets while limiting downside risk**

Grant Samuel Funds Management (GSFM) has launched a new fund combining the expertise of Epoch Investment Partners' shareholder yield strategy and Triple3 Partners' volatility management strategy.

Called the Grant Samuel Global Equity Advantage Fund, it is designed to enable investors, particularly those close to or in retirement, to retain an exposure to global equities while mitigating the potential loss of capital.

Mr Damien McIntyre, director and head of distribution with Grant Samuel Funds Management, said the fund seeks to maintain the significant capital gains investors have made in markets in recent years, and to help investors manage equity market volatility and drawdowns in a cost effective way.

"The average life expectancy is increasing and many retirees face the very real prospect of outliving their retirement savings. There is no question that investors need growth assets, but fear can drive them toward low risk investments that have little potential for capital growth or keeping pace with inflation," Mr McIntyre said.

"As well, the issue of sequencing risk, which is the risk that the order and timing of investment returns is unfavourable, is top of mind for many retirees. The wrong sequence of returns can have a big impact on a retirement portfolio.

"Volatility in markets and the order in which investment returns occur can make a big difference to the capital base once investors begin to draw on their retirement savings. If investors experience positive investment returns in the first few years of retirement, they will be better placed to ride out market downturns.

"However, if returns early in retirement are negative, then proportionally more capital is required to fund ongoing living expenses. This was the case for many retirees during the GFC; they were regularly withdrawing from a diminishing capital base, which significantly reduces the possibility of being able to recoup losses over time."

The Grant Samuel Global Equity Advantage Fund aims to address these concerns, by combining the expertise of global equity specialist Epoch, which manages the underlying fund - the Global Equity Shareholder Yield strategy - and Sydney based volatility experts

Triple3, which manages the options based volatility overlay that seeks to mitigate the risk of capital loss in the underlying fund.

Simon Ho, founder and chief investment officer of Triple3, said the options overlay aims to limit downside risk without constraining the upside.

“A growth investment with a volatility overlay allows retirees to maintain the exposure they need to growth assets to mitigate longevity risk, while providing a buffer that aims to limit the downside and help manage sequencing risk.”

The Fund aims to achieve a superior risk adjusted returns (before fees) over the medium to long term while maintaining a lower level of volatility than the benchmark. It aims to provide quarterly income derived from two sources: the investment in the underlying fund and income from its option strategy. It is aimed at:

- investors who need growth but are concerned about market volatility
- income investors who need to look beyond term deposits in a low interest rate environment
- retirees worried about loss of principal but requiring growth and income to maintain their lifestyle
- alternative investors looking for absolute returns strategies.

The underlying fund is unique in the Australian market as it offers a diversified equity portfolio of listed global companies with a history of attractive dividend yields and positive growth in free cash flow. Companies in the portfolio are run by management that focus on creating value for shareholders through consistent and rational capital allocation policies, with an emphasis of cash dividends, share buy-backs and debt reduction – the key components of shareholder yield.

The options based overlay, managed by Triple3, aims to smooth and reduce the volatility of returns in the underlying fund. By entering into options contracts, which generally move in the opposite direction to the underlying fund, the options overlay seeks to smooth returns so that the value of the fund does not fall as far as the underlying fund in times of market stress.

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**Grant Samuel Funds Management (GSFM) Grant Samuel Funds Management (GSFM)** was established in July 2007 and is a subsidiary of the Grant Samuel Group, and co-owned by the executives of GSFM. Grant Samuel Group is an independent investment advisory house founded in 1988 and owned by its executives. GSFM specializes in marketing funds managed by high calibre local and international managers to Australian and New Zealand institutional and Australian retail investors.

GSFM formed an alliance in October 2007 with New York based Epoch Investment Partners, Inc. to distribute Epoch's investment products to Australian and New Zealand clients.

In May 2008, GSFM acquired an equity stake in Tribeca Investment Partners, a successful Australian boutique manager which has been investing clients' funds since 1999.

In May 2011, GSFM formed a relationship with Payden & Rygel, a Los Angeles based independent investment management firm established in 1983, to distribute its global fixed income and absolute return strategies in the Australian and New Zealand market.

In early 2014, GSFM established a relationship with Triple Three Partners Pty Ltd (Triple3) a boutique research and investment management firm based in Sydney. Triple3 specialises in volatility as an asset class.

GSFM currently represents \$5.7 billion funds under management (as at 30 September 2015). For more information about GSFM please visit the website: [www.gsfm.com.au](http://www.gsfm.com.au)

The Product Disclosure Statement (PDS) for the Fund may be obtained from [www.gsfm.com.au](http://www.gsfm.com.au) or by calling 1300 133 451. Before making an investment decision in relation to the Fund, investors should read and consider the PDS for the Fund.