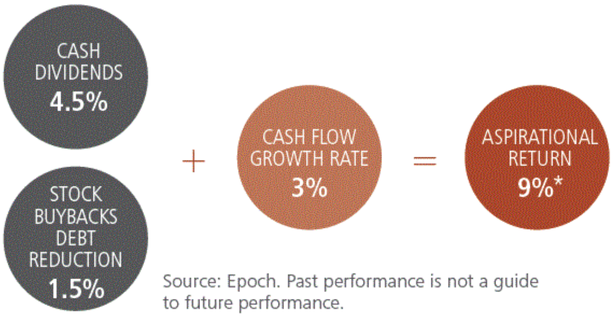
EPOCH GLOBAL EQUITY SHAREHOLDER YIELD (HEDGED): MONTHLY REPORT

October 2020

Fund overview



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

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

2008	2009	2010	2011
62	69	72	88
2012	2013	2014	2015
82	73	79	83
2016	2017	2018	2019
71	79	84	85
2020 YTD			
54			

As of 30 September 2020

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 October 2020

	1 month %	3 months %	1 year %	3 years % pa	5 years % pa	7 years % pa	10 years % pa	Since inception[1] % pa
Distribution[2]	0.00	0.14	2.20	3.35	7.11	8.40	8.84	9.03
Growth	(3.64)	(2.82)	(16.87)	(5.60)	(5.00)	(4.31)	(1.24)	(3.14)
Total Return[3]	(3.64)	(2.68)	(14.67)	(2.25)	2.11	4.09	7.60	5.89
Benchmark[4]	(3.19)	(0.25)	1.12	4.90	7.98	8.97	10.99	7.26

1. Inception date: 15 May 2008
2. Distribution may include income, realised capital gains, and any return of capital
3. Fund returns are calculated net of management fees and assume distributions are reinvested
4. MSCI World ex- Australia Index, net dividends reinvested, 100% hedged into $A*

Past performance is not a guide to future performance.

Fund facts

Sector allocation	Fund%	Index%[1]
Communication Services	7.6	9.4
Consumer Discretionary	6.7	12.0
Consumer Staples	11.6	8.2
Energy	3.4	2.4
Financials	12.4	11.6
Health Care	13.5	13.5
Industrials	8.3	10.4
Information Technology	15.0	21.8
Materials	3.9	4.2
Real Estate	2.6	2.7
Utilities	11.0	3.4
Cash	3.9	--
Unassigned	--	0.4
TOTAL[2]	**100.0**	**100.0**

Regional allocation	Fund%	Index%[1]
US and Canada	63.7	71.3
United Kingdom	6.3	4.0
Europe ex-UK	20.3	14.8
Asia ex-Japan	3.4	1.4
Japan	2.1	8.1
Australia and New Zealand	0.2	0.1
Other	--	0.2
Cash	3.9	--
Total[2]	**100.0**	**100.0**

Top 10 holdings	Sector	Dividend yield%
Microsoft Corporation	Information Technology	1.0
Verizon Communications	Communication Services	4.3
Taiwan Semiconductor	Information Technology	1.6
Snam S.p.A.	Utilities	5.7
Nutrien Ltd.	Materials	4.5
Unilever PLC	Consumer Staples	3.3
Takeda Pharmaceutical	Health Care	5.5
AbbVie, Inc.	Health Care	5.5
Samsung Electronics	Information Technology	2.1
Eaton Corp. Plc	Industrials	2.8

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 a negative return of 3.6% during October. Markets continued to slip in October, driven by fears about the coronavirus pandemic, reinstated lockdowns in Europe and the U.S. presidential election. On an absolute basis, health care and consumer staples were the most notable detractors. Utilities contributed as investors started to factor in the potential benefits of a Democrat win, which could deliver a push towards renewables and tax policies that are more favourable to utilities than other sectors. Consumer discretionary also modestly contributed. By country, Germany and the U.K. detracted the most, while there were no notable contributors.

Stock selection in health care was the largest detractor from relative performance, due to the strategy's exposure to the pharmaceutical subsector as our pharma holdings were challenged along with the broader industry on uncertainty related to potential regulatory reform leading into the U.S. elections. Stock selection in consumer staples and communication services also detracted. On the positive side, strong stock selection in information technology contributed, further buoyed by an underweight to the sector that was challenged during the month. The utilities sector also contributed positively, driven by an overweight, as utilities was the best performing sector in the benchmark. By country, the U.S. contributed positively while the U.K. detracted.

Among the largest individual positive contributors to absolute performance were American Electric Power Company and Truist Financial. American Electric Power Company (AEP) is mainly a regulated utility company that operates in several Eastern, Midwest, and Southern states of the U.S. It also manages the largest electric transmission network in the country. Shares outperformed along with utility peers as investors started to factor in the benefits of a Biden win, which could deliver a push towards renewables and tax policies that are more favourable to utilities than other sectors. Management remains focused on delivering regulated earnings growth with an emphasis on transmission and distribution, leading to strong cash flow generation and mid-to-high single digits growth. AEP rewards its shareholders with an attractive and growing dividend. Truist Financial is one of the largest, super-regional banks serving retail and business clients across the Mid-Atlantic and Southeastern U.S. The new company reflects the completion of the BB&T and SunTrust merger, which was completed in December 2019. Shares traded higher in the month after a favourable third quarter earnings reaction, which showed better than expected fee income and net interest income remaining resilient. Following the COVID-19 outbreak, all large banks voluntarily suspended their repurchase programs to maintain maximum liquidity in the interim. We believe Truist has the capacity to absorb these headwinds. The company returns excess cash flow to shareholders with an attractive, growing dividend.

Among the largest individual detractors were Takeda Pharmaceutical and BAE Systems. Takeda is a global pharmaceutical company based in Japan that develops, manufactures, markets and sells prescription drugs, as well as vaccines. Shares of Takeda underperformed due to fiscal second quarter results that were pressured by currency headwinds and COVID-19 impacts such as declines in physician visits, as well as uncertainty related to potential regulatory reforms leading into the U.S. elections. Takeda pays an attractive and well-covered dividend and plans to aggressively repay debt over the next few years. BAE Systems is a leading British aerospace and defence contractor. Shares underperformed on political uncertainty. Its defence business is exposed to potential competing budget priorities given the pandemic induced recession, Brexit brinkmanship and a potential for an administration shift in the U.S. It however enjoys well-funded long-term contracts in most of its defence business supporting cash generation. BAE pays a well-covered dividend, and we expect share repurchases to resume after the current need to support its suppliers subsides.

Positions in Medtronic and MSC Industrial Direct were initiated during the period. Medtronic develops and sells therapeutic and diagnostic medical devices to treat a variety of conditions, including cardiac rhythm diseases, vascular and heart disease, spinal conditions and diabetes. The company has also developed a line of advanced surgical devices and systems. Cash flows are sustained by Medtronic's diversification across business segments, customer type and geography. Cash flow growth drivers include sales growth through penetration of existing markets and the creation of new markets with innovative new therapies, margin expansion from cost reduction and improved sourcing, and higher cash conversion from better working capital management. Medtronic returns capital to shareholders through a consistently growing dividend, with a 40% earnings payout target, and regular share repurchases. MSC Industrial Direct is a distributor of metalworking and maintenance, repair and operations products and services in North America. Addressing a highly fragmented market, it focuses on product availability and customer service. Cash flows are sustained by strong customer relationships and providing superior logistics and in-stock products to support customer needs. Growth is driven by market share gains and moving its sales force from fulfillment to a partnership with its customers. This partnership allows MSC to provide customers with unique insights that drive down their bill of materials and improve their products and manufacturing processes, pushing MSC's cash margins higher. By leveraging its infrastructure and implementing a strong cost reduction program, the company should experience margin expansion and lower working capital requirements through better inventory management, leading to better cash generation. MSC returns cash through a growing dividend and regular share repurchases.

Exxon Mobil and UnitedHealth Group were closed during the period. Exxon Mobil is a global integrated energy company that explores and produces crude oil and natural gas. It is also involved in the downstream operations that include refining, chemicals and marketing. As the energy sector experienced prolonged demand destruction from COVID-19, Exxon Mobil's ability to leverage its balance sheet to support both growth and dividend has become challenging. We exited the position to fund better shareholder yield opportunities. UnitedHealth is a diversified health care company with two strategically aligned business platforms, health benefits and health services. Earnings and cash flow growth could slow in the near term driven by a confluence of factors, including continued customer assistance measures, normalization in medical utilization, rising acuity as a result of missed and deferred treatment, COVID-19 vaccine and treatment costs, and a mix shift from higher-margin commercial membership to lower-margin Medicaid membership. We exited the position in favour of other opportunities.

See **gsfm.com.au** for more information about the Epoch Global Equity Shareholder Yield (Hedged) Fund.