

# Epoch Global Equity Shareholder Yield (Hedged)

MAY 2021

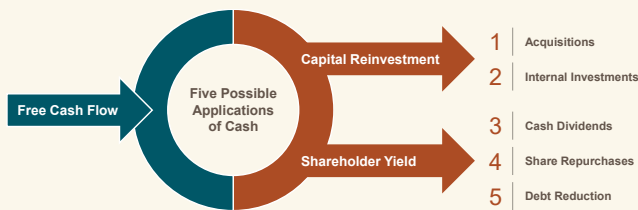
## Fund Overview

### INVESTMENT PHILOSOPHY

Epoch believes the key to understanding a company requires a focus on the cash generation drivers of the business and how management allocates that cash to benefit shareholders. Rather than traditional accounting-based metrics such as price-to-earnings or book value, a company's value is derived from its ability to generate free cash flow. Management's ability to allocate cash flow effectively determines whether the company's value rises or falls.

Companies in the portfolio possess management teams that focus on creating value for shareholders through consistent and rational capital allocation policies with an emphasis on cash dividends, share repurchases and debt reduction – the key components of shareholder yield.

#### Companies Maximize Returns Through Disciplined Capital Allocation



A company should reinvest capital if the expected return on invested capital is greater than the company's cost of capital. Remaining free cash flow should be returned to shareholders via shareholder yield.

### INVESTMENT APPROACH

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

- Income generation from global equities, paid quarterly
- Benchmark unaware, diversified portfolio of 90-120 global companies, including many household names
- Provides diversification of income sources and free cash flow growth
- Fund's holdings have history of increasing dividends
- Low turnover (av.20% p.a.)
- Has consistently delivered significant downside protection

## Fund Characteristics

### HOLDINGS HAVE A HISTORY OF RAISING DIVIDENDS



\* Several companies increased their dividends more than once in each year

Source: Epoch Investment Partners, Inc. This data shown 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.

### HISTORY OF PROTECTION IN DOWN MARKETS



Source: GSFM as of 31 March 2021

### PORTFOLIO CHARACTERISTICS

Characteristics	Portfolio	Index
Number of Equity Positions	108	1,498
Dividend Yield (%)	3.6	1.6
Return on Equity	18.8	18.2
Enterprise Value to EBITDA (x)	13.3	34.2
Predicted Beta	0.9	1.0
12-Month Turnover (%)	31.0	--
Active Share	79.0	--

## Performance as at 30 April 2021

	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>2</sup>	0.00	0.14	3.23	3.44	7.43	8.60	8.56	8.81
Growth	2.30	10.50	23.47	3.25	(0.99)	(2.32)	0.39	(1.23)
Total Return <sup>3</sup>	2.30	10.64	26.70	6.69	6.44	6.28	8.95	7.58
Benchmark <sup>4</sup>	0.99	9.51	35.61	12.68	13.63	11.41	12.44	9.01

1. Inception date: 15 May 2008

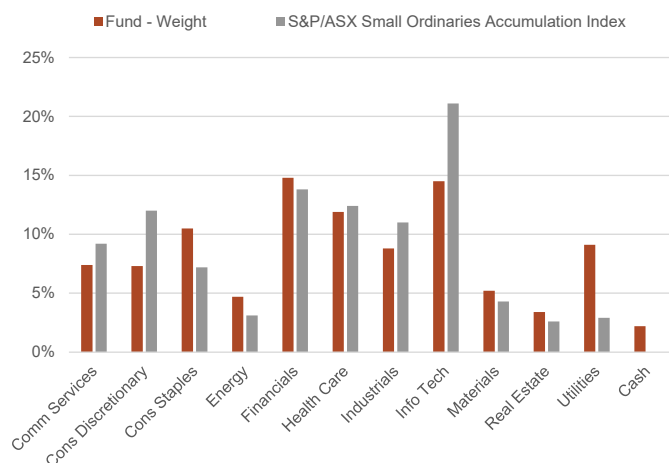
2. Distribution may include income, realised capital gains, and any return of capital

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

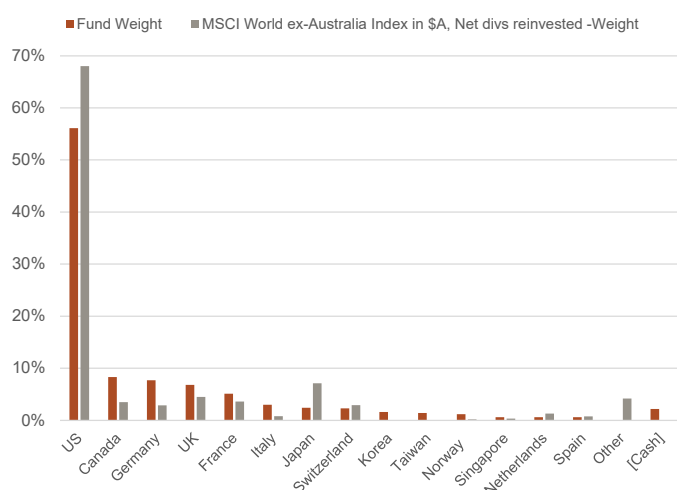
4. MSCI World ex- Australia Index, net dividends reinvested, 100% hedged into \$A\*

Past performance is not a guide to future performance

## SECTOR ALLOCATION



## REGIONAL ALLOCATION



## TOP 10 HOLDINGS

	Sector	Dividend Yield %
Nutrien Ltd.	Materials	2.9
Microsoft Corporation	Information Technology	0.9
Allianz SE	Financials	4.5
Iron Mountain, Inc.	Real Estate	5.7
AbbVie, Inc.	Health Care	4.4
Samsung Electronics	Information Technology	3.1
IBM	Information Technology	4.5
Broadcom Inc.	Information Technology	2.9
Philip Morris International	Consumer Staples	4.9
MetLife, Inc.	Financials	2.8

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 posted a positive return of 2.3% for May. Equity markets rose despite a volatile month as investors digested more solid corporate earnings reports, accelerating inflation and mixed economic signals. On an absolute basis, nearly all sectors contributed positively to fund performance with financials adding the most due to strong performance from select insurance and bank holdings. Industrials and materials also helped drive performance, with industrials mainly driven by outperformance from our airfreight & logistics holding and materials boosted by our chemical companies. By country, the U.S. contributed strongly followed by Canada and Germany, and no countries notably detracted.

Performance relative to the broad MSCI World index was driven by strong stock selection across multiple sectors. Information technology and consumer discretionary were the strongest contributors, led by both stock selection and also not owning some high-growth companies outside our investable universe, as well as respective underweights. Strong stock selection in a few chemical companies within the materials sector also contributed positively. However, an overweight to utilities modestly detracted though this was nearly offset by strong stock selection. By country, stock selection in the U.S. contributed positively as did stock selection in Canada as well as an overweight. No countries notably detracted.

Among the largest individual positive contributors to absolute performance were Deutsche Post and Nutrien. Deutsche Post is one of the world's largest package delivery companies. Shares outperformed on strong first quarter results showing persistent gains in volume and pricing. This was largely driven by direct-to-consumer deliveries, but economies that have reopened have shown a growth in business-to-business deliveries, suggesting that growth for 2021 will remain robust as more economies emerge from pandemic lockdowns. The company pays an attractive, growing dividend along with a share repurchase program. Nutrien is a major producer of plant nutrients such as potash, nitrogen fertilizer and phosphate. The company also operates an extensive retail network for the distribution of nutrients to growers in the U.S., Canada, Australia, and Brazil, as well as providing an expanding suite of value-enhancing services. Shares rose following a better-than-expected first quarter earnings report. Fundamentals have further improved in the agriculture sector in recent months with higher crop prices supporting farmer income and lifting prices for key crop nutrients like potash. Nutrien has a transparent shareholder distribution policy that includes an attractive, growing dividend along with regular share repurchases.

Among the largest individual detractors were AT&T and Dominion Energy. AT&T is the largest pay TV and second largest mobile telecommunication services provider in the U.S. Shares underperformed as the company announced its intention to spin off its WarnerMedia segment and combine the operations with Discovery, Inc. The result will be two separate companies: one focused on providing fixed and wireless broadband and the other dedicated to media. The current dividend will continue to be paid until the deal closure in the middle of 2022, after which AT&T will resize its dividend to reflect the remaining operations. Both companies anticipate increasing investment in their respective areas and focusing on debt reduction as part of a prudent capital allocation program. A more focused AT&T should be able to deliver low single-digit growth in a sustainable oligopoly environment. Dominion Energy is one of the largest utility companies in the U.S., providing regulated electric and gas services to customers in several northeast, east, mountain and western states. It is also involved in merchant power generation, though on a much smaller scale. While the company reported solid first quarter results and reaffirmed its full year 2021 guidance, shares underperformed as investors remained cautious about the ongoing triennial regulatory review in Virginia. Dominion remains focused on highly visible and regulated growth, driven by the need to improve transmission and distribution infrastructure and to generate electricity from renewable sources, such as offshore wind. These projects will generate strong cash flow that allows Dominion to continue paying an attractive dividend that is expected to grow mid-to-high single digits each year.

Positions in Linde and NextEra were initiated during the period. Linde is the largest industrial gas company worldwide, serving a diverse group of industries by offering purified atmospheric gases such as oxygen and nitrogen and process gases such as hydrogen and helium. The company generates strong cash flow by distributing its products through various profitable methods, such as on-site, merchant, and packaged gases. Cash flow growth is coming from exposures to high-growing markets such as healthcare and electronics and expansions in geographies with strong industrial growth. It has a strong project backlog and is well-positioned to

offer clean energy solutions with its expertise in carbon dioxide and hydrogen. Linde rewards its shareholders with an attractive and growing dividend and regular share buybacks. NextEra Energy is one of the largest utility companies in North America. It not only operates regulated electric utilities in Florida but is also the world's largest generator of renewable energy from solar and wind. The company generates strong cash flow both from the regulated operations that are under constructive regulations and through attractive long-term contracts for its renewable generation assets. Cash flow growth is driven by continued investment in the regulated generation, transmission, and distribution rate bases and from completing a strong backlog of projects in developing, constructing, and operating contracted renewable assets. NextEra has a strong balance sheet and rewards its shareholders with an attractive and growing dividend. No positions were closed during the period.

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

## FUND FACTS

<b>APIR CODE</b> GFS0001AU	<b>INVESTMENT MANAGER</b> Epoch Investment Partners Inc.
<b>MFUND CODE</b> GSF01	<b>RESPONSIBLE ENTITY</b> GSFM Responsible Entity Services Limited
<b>INCEPTION DATE</b> 15 May 2008	<b>MANAGEMENT FEE</b> 1.30% P.A.
<b>DISTRIBUTIONS</b> Quarterly	<b>BUY/SELL SPREAD</b> Buy +0.20% / Sell -0.20%

### Important Information

\*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.

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