

Epoch Global Equity Shareholder Yield (Unhedged)

Quarterly Investment Option Update

31 December 2020

Aim and Strategy

To generate superior risk adjusted returns with a dividend yield that exceeds the dividend yield of the MSCI World ex-Australia index in Australian dollars (net dividends reinvested). The strategy is designed for investors who want a medium to long-term exposure to a portfolio of high quality global companies with attractive income and capital appreciation potential. The strategy pursues attractive total returns with an above average level of income by investing in a diversified portfolio of global companies with strong and growing free cash flow.

Investment Option Performance

To view the latest investment performances for each product please visit amp.com.au/performance

Investment Option Overview

Investment Category	Global Shares
Suggested Investment timeframe	7 years
Relative risk rating	6 / High
Investment style	Value
Manager style	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Global Shares	100	96.9
Cash	0	3.1

Sector Allocation	%
Consumer Discretionary	6.7
Consumer Staples	11.7
Energy	4.7
Financials inclg Real Estate	15.7
Health Care	13.1
Industrials	8.1
Information Technology	15.0
Materials	4.6
Communication Services	8.0
Utilities	9.6

Regional Allocation	%
Australia & New Zealand	0.0
Emerging Markets	3.5
Europe – ex UK	20.5
Japan	2.4
North America	63.6
Pacific – ex Japan, Australia	0.6
UK	6.4

Top Holdings	%
Verizon Communications	1.9
Allianz SE	1.8
Samsung Electronics Co.	1.8
AbbVie, Inc.	1.7
Microsoft Corporation	1.7
Taiwan Semiconductor	1.7
Snam S.p.A.	1.6
Nutrien Ltd.	1.6
International Business Machines	1.5
Takeda Pharmaceutical	1.5

Portfolio Summary

- The Fund's focus on dividend-paying stocks was under pressure during the last few weeks of the quarter as confidence about a recovery led investors to focus on growth and cyclical stocks as opposed to yield.
- Epoch remains committed to maintaining a portfolio of high-quality companies that are well-positioned to deliver their shareholder yield characteristics during these volatile markets. They are happy with the upside participation but acknowledge that the strategy may lag during record-setting market rallies.
- Epoch's screen continues to provide a robust opportunity set, and they have continued to deliver an attractive level of income. Many of the drivers that led to strong dividend payouts over the past decades remain intact. Epoch continues to believe that companies will not abandon sound capital allocation practices.

Investment Option Commentary

The Fund generated a positive absolute return for the fourth quarter. Epoch remains committed to maintaining a portfolio of high-quality companies that are well-positioned to deliver their shareholder yield characteristics during these volatile markets. Epoch are happy with the upside participation but acknowledge that the strategy may lag during record-setting market rallies. During the quarter, the majority of sectors contributed positively to absolute performance. Strong returns for portfolio holdings in financials and information technology led to some of the largest contributions on the sector level. Materials and energy also contributed positively. Health care, consumer staples and utilities detracted. Most countries contributed positively with the U.S. the strongest contributor by far while the U.K. detracted.

The Fund's focus on dividend-paying stocks was under pressure during the last few weeks of the quarter as confidence about a recovery led investors to focus on growth and cyclical stocks as opposed to yield. Utilities detracted from relative performance, driven by both stock selection and an overweight. Stock selection in communication services, health care and industrials also detracted. On the positive side, stock selection in information technology was the most notable contributor as semiconductor and technology hardware holdings in the portfolio outperformed. On a country basis, the U.K. was the largest detractor, followed by the U.S., while an overweight to Korea and Taiwan modestly contributed. Among the largest individual positive contributors to absolute performance were Samsung Electronics and Taiwan Semiconductor Manufacturing (TSMC). Among the largest individual detractors were Kimberly-Clark and Amgen.

Market Commentary

Stocks surged following November announcements from Pfizer/BioNTech and Moderna that their respective mRNA vaccines for COVID-19 had high efficacy rates in late-stage trials. Both vaccines were granted fast-track approvals from regulators. AstraZeneca subsequently reported positive results for its more traditional viral vector vaccine. Broad-based indexes achieved record highs, with many sectors recording positive returns. Many industries hardest hit by the pandemic saw their shares rebound. The energy sector was the best-performing with a recovery in oil prices, followed by financials and consumer discretionary stocks. Consumer staples and health care detracted. Information technology provided market-like returns as investors weighed heightened regulatory scrutiny against the sector's leverage to secular growth and disruption themes. In the U.S., the recovery in the labour market slowed. Returns were strongest in Europe.

Outlook

The short-term macro-outlook is challenging, as COVID-19 cases are on the rise in many parts of the globe. Broad lockdowns have been re-imposed across much of Europe and North America, and in many emerging markets, although they are expected to be shorter-lived than in early 2020. As a consequence, GDP growth is expected to slow before increasing for the remainder of the year.

Epoch's screen continues to provide a robust opportunity set, and they have continued to deliver an attractive level of income. Many of the drivers that led to strong dividend payouts over the past decades remain intact. Epoch continues to believe that companies will not abandon sound capital allocation practices. Many management teams continue to reaffirm their commitment to paying dividends and resuming share repurchase programs. They expect this trend to continue and even perhaps accelerate. They remain confident that the strategy will deliver market-like returns over the long-run, with lower-than-market volatility, attractive and consistent income in a yield-starved world, good upside participation and strong downside protection.

Availability

Product Name	APIR Code
AMP Flexible Super - Super	AMP2026AU
AMP Flexible Super - Retirement	AMP2021AU
CustomSuper	AMP1996AU
Flexible Lifetime - Super	AMP1996AU
Flexible Lifetime - Allocated Pension	AMP2001AU
Flexible Lifetime - Investments (Series 2)	AMP2033AU**
SignatureSuper	AMP2006AU
SignatureSuper - Allocated Pension	AMP2013AU

**Closed to new and existing investors

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