

Epoch Global Equity Shareholder Yield (Unhedged)

Quarterly Investment Option Update

31 December 2021

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	3 years
Relative risk rating	7 / Very High
Investment style	Value
Manager style	Single Manager

Asset Allocation	Benchmark (%)	Actual (%)
Global Shares	100%	98.4%
Cash	0%	1.6%

Sector Allocation	%
Consumer Discretionary	6.9
Consumer Staples	9.7
Energy	4.9
Financials incl Real Estate	18.3
Health Care	12.5
Industrials	8.7
Information Technology	16.6
Materials	5.2
Communication Services	7.0
Utilities	8.6

Regional Allocation	%
Australia & New Zealand	0.0
Emerging Markets	3.4
Europe – ex UK	20.6
Japan	1.3
North America	67.0
Pacific – ex Japan, Australia	0.0
UK	6.2

Top Holdings	%
Broadcom Inc	2.2
AbbVie Inc	2.1
Microsoft Corp	2.0
Cisco Systems	2.0
International Business Machines Corp	1.9
Nutrien Ltd	1.8
TotalEnergies SE	1.8
Analog Devices Inc	1.7
Astrazeneca PLC	1.6
Iron Mountain Inc	1.5

Portfolio Summary

The Fund posted a strong positive return for the fourth quarter. Nearly all sectors contributed to performance on an absolute basis.

Investment Option Commentary

The Fund posted a strong positive return for the December quarter. Nearly all sectors contributed to absolute performance led by Information Technology due to outperformance of several semiconductor, software, and hardware holdings. Within Utilities, the portfolio's electric, gas and multi-utility holdings generated positive returns for the period as defensive stocks did well in the face of a more aggressive Fed. Select pharmaceutical and biotech positions within Healthcare also supported absolute returns. Communication Services was the only detractor due to holdings in diversified telecommunication services companies that underperformed.

While the strategy slightly lagged the broad-market MSCI World Index for the quarter, performance was in-line with the MSCI World High Dividend Index. Stock selection in Consumer Discretionary detracted from relative returns, mostly because of not owning an electric automobile manufacturer that outperformed. Relative returns were also impacted by a couple of large software and hardware stocks that performed well but are underweight in the portfolio. On the positive side, stock selection in Utilities and an overweight to one of the best performing sectors in the Index helped relative performance as did an underweight to Communication Services, largely due to not owning a handful of media, entertainment, and interactive media companies that underperformed. On a country basis, the U.S. and Germany detracted while Japan contributed.

Market Commentary

Stocks had a strong quarter, hitting an all-time high as the corporate earnings recovery continued. There were periods of volatility in November and December, however, as the rise of the Omicron variant along with inflation fears spooked investors. Higher input costs also threatened to pressure margins. The OECD are forecasting that the pickup in inflation rates around the world will be longer-lasting and sharper than previously anticipated. The Information Technology sector had the best results followed by Utilities. Communication Services was the only sector to decline. Financials and Energy also lagged.

Outlook

The current economic and market environments are positive for cash flow generation and shareholder distributions. Companies have accumulated enormous amounts of cash on their balance sheets and there are a finite number opportunities for these companies to earn above their cost of capital by reinvesting in their business or making acquisitions. Therefore, much of this cash will be returned to shareholders through dividends and share repurchases.

GSFM believe their investment approach is well suited to this environment, as earnings growth remains strong for their holdings and companies around the world continue to raise their dividends and resume share repurchase programs in response to recovering business performance. Market participation remains broad across sectors, industries, and geographies. Companies that provide meaningful distributions to shareholders should also be more resilient than longer-duration stocks in the face of potential pressure on valuations from higher interest rates as they normalize. GSFM remain focused on those companies that can generate free cash flow and have managements that have proven they can allocate cash effectively. The Shareholder Yield strategy should deliver good absolute and relative returns, with consistent and attractive dividend income, lower-than-market volatility, and upside participation coupled with downside protection.

Availability

Product name	APIR
SignatureSuper*	AMP2006AU
SignatureSuper Allocated Pension*	AMP2013AU
Flexible Lifetime Investments (Series 2)**	AMP2033AU

*Closed to new investors

** Closed to new and existing investors

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