

# Grant Samuel Epoch Global Equity Shareholder Yield

Quarterly Investment Option Update

31-December-2017



## Availability

Product name	APIR
AMP Flexible Super – Choice (Retirement)	AMP2021AU
AMP Flexible Super – Choice (Super)	AMP2026AU
CustomSuper	AMP1996AU
Flexible Lifetime – Allocated Pension	
Flexible Lifetime – Super	AMP1996AU
SignatureSuper	
Flexible Lifetime Investment (Series 2)	AMP2033AU

## Investment Option Performance

Investment performances are subject to product fees and where relevant tax as outlined in the product PDS. Therefore investment performance may differ between products. In addition, activity on your account such as contributions and deductions will also impact the investment performance specific to you. To view the latest investment performances for each product, please visit [www.amp.com.au](http://www.amp.com.au). You can also view the last investment performance specific to you by visiting your My Portfolio account.

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## Overview

**Aim & Strategy:** The strategy's goal is to generate superior risk adjusted returns with a dividend yield that exceeds the dividend yield of the MSCI World ex-Australia 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 category:** Global shares – income

**Suggested Investment Timeframe:** 3+ years

**Standard Risk Measure:** 6/ High

Asset Allocation	Actual (%)	Range (%)	
Equities	96.5%	100	90-100
Cash	3.5%	0	0-10

## Holdings

Industry Exposure	%
Consumer Discretionary	3.0
Consumer Staples	13.4
Energy	10.5
Financials (including Property)	17.7
Health Care	10.3
Industrials	7.3
Information Technology	4.9
Materials	2.9
Telecommunication Services	12.8
Utilities	13.7

Regional Exposure	%
USA & Canada	48.5
United Kingdom	15.7
Europe ex UK	28.5
Asia ex Japan	1.6
Australia & New Zealand	2.2

Top Ten Securities	%
Vodafone Group Plc	2.0
BCE Inc.	1.9
Imperial Brands PLC	1.9
Royal Dutch Shell Plc Sponsored ADR Class A	1.8
Verizon Communications Inc.	1.8
Altria Group, Inc.	1.7
Total SA	1.7
AT&T	1.7
AXA SA	1.6
GlaxoSmithKline plc	1.6

## Market Commentary

Stocks advanced during the quarter, capping off a solid year. Markets were aided by a synchronized global recovery and strong corporate results. Technology stocks continued their strong run and provided the best returns, followed by materials and consumer discretionary stocks. Energy also outperformed, helped by firmer oil prices. Utilities, health care and telecom lagged.

## Investment Option Commentary

The Fund posted positive results, but did underperform the broader market as represented by the MSCI World ex Australia Index in \$A (Net). Technology was among the largest positive contributors to absolute results while the real estate and health care sector were the only detractors. On a

relative basis, utilities, driven by the overweight to the sector, was the largest detractor as utilities was the weakest performing sector of the market. On a positive note, strong stock selection partially offset some of this negative impact with strong returns from Red Electrica, Entergy and WEC Energy. An underweight to technology, the best performing sector this quarter also pressured relative results; however, strong stock selection more than offset this negative impact. In particular, the Fund's semiconductor holdings including Qualcomm, Texas Instruments and Intel performed well.

Top contributors included Vodafone, which outperformed on reported results that demonstrated traction in its convergent offerings, solid European growth, and strong cost containment. Among the largest individual detractors was health care company, GlaxoSmithKline.

## Outlook

Quantitative easing has had an enormously positive impact on markets following the Global Financial Crisis. As quantitative easing is slowly withdrawn, Epoch expects equity market volatility to gradually rise and the dispersion of returns across sectors and stocks to increase. In this environment, it should prove even more important to favor companies with a demonstrated ability to produce free cash flow and allocate that cash flow wisely between return of capital options and reinvestment/acquisition opportunities. Epoch has always favored such companies, believing they are the most probable winners. These attributes are likely to reward investors going forward as the unprecedented monetary experiment of the last decade is unwound.

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