Grant Samuel Epoch Global Equity Shareholder Yield (Unhedged)

Quarterly Investment Option Update

31 March 2019

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

Investment Option Overview

Investment category	Global Shares
Suggested investment timeframe	7 years
Relative risk rating	6 / High
Investment style	Value

Asset Allocation	Benchmark (%)	Actual (%)
Global Shares	100%	97.5%
Cash	0%	2.5%

Regional Allocation	%
Australia & New Zealand	1.8
Emerging Markets	1.1
Europe – ex UK	24.0
Japan	0.5
North America	54.9
Pacific – ex Japan, Australia	1.0
UK	14.2

Sector Allocation	%
Consumer Discretionary	4.6
Communication Services	9.8
Consumer Staples	11.4
Energy	10.4
Financials inclg Real Estate	19.4
Health Care	10.4
Industrials	7.6
Information Technology	7.2
Materials	2.7
Utilities	13.9

Top Holdings	%
Munich Reinsurance Company	1.7
Allianz SE	1.7
AXA SA	1.7
BCE Inc.	1.7
Duke Energy Corporation	1.7
Verizon Communications Inc.	1.7
Welltower, Inc.	1.6
Total SA	1.5
Entergy Corporation	1.5
GlaxoSmithKline plc	1.5

Portfolio Summary

- Epoch remains committed to understanding the drivers of a company's cash flow and assessing whether the firm's business model will generate the cash flow needed to maintain and grow cash returns to shareholders through a combination of dividends, share repurchases and debt reduction.
- In parts of the world where Epoch expects a period of slower economic growth, Epoch is favouring companies that have structural growth opportunities rather than cyclical ones.

Investment Option Commentary

The Fund generated strong positive absolute returns in the quarter but trailed the broader market. Epoch remains committed to understanding the drivers of a company's cash flow and assessing whether the firm's business model will generate the cash flow needed to maintain and grow cash returns to shareholders through a combination of dividends, share repurchases and debt reduction. The consumer staples and utilities sectors, which are typically defensive sectors more heavily represented in the strategy, were the strongest positive contributors to absolute results. The energy sector, which performed well as the price of oil recovered during the quarter, also contributed positively to absolute performance.

In relative terms, stock selection in communication services detracted, as the portfolio is typically more invested in the telecommunications industry which lagged the broader communication services sector during the period. An underweight to information technology, which was the best performing sector of the period, also detracted, as did stock selection in the sector. While an overweight to the utilities sector hindered relative performance, it was partially offset by strong stock selection in the sector. Epoch continues to focus on regulated utilities which operate in supportive regulatory environments thus allowing the companies to earn attractive returns on their investments. Strong stock selection in consumer staples and consumer discretionary contributed positively to relative results. An overweight to the U.K. detracted from relative performance as uncertainty surrounding the Brexit outcome remained; however, currency movements in the British pound and strong stock selection within the country more than made up for the allocation detraction.

Market Commentary

Equity markets surged in the first quarter, rebounding from the previous quarter's selloff. Most of the gains came in January and early February thanks to solid corporate earnings, receding fears about a possible U.S. recession and dovish comments by central banks as they began backing off plans to normalize monetary policies. All sectors were positive, with many providing double-digit increases. The best returns came from information technology, real estate and energy, with the latter helped by rising crude oil prices following December's OPEC production cuts. Health care and financials lagged.

Strong equity returns came despite ongoing trade frictions and mounting evidence that economic growth rates were slowing globally. The International Monetary Fund again cut its forecast for global economic growth, saying the expansion had weakened. Bond yields declined, with the 10-year U.S. Treasury yield slipping to 2.41% and the benchmark 10-year German bund yield falling below zero for the first time since 2016.

European markets jumped when the European Central Bank announced it would keep interest rates at record lows until 2020 and offered a new program of cheap funding for banks, just three months after the end of its bond buying program. The eurozone economy grew only 0.2% in the most recent quarter, suffering from weaker global demand and political uncertainty.

Outlook

Slowing economic and earnings growth has become evident in most countries and regions. This, combined with a lack of inflationary pressure, has caused central banks to halt plans for policy normalization. The Federal Reserve, the European Central Bank and others have gently tested the limits of less accommodative monetary policy and have abruptly adopted a more dovish tone since the beginning of the year.

The U.S. economy appears the most robust among developed markets. While slowing, it remains stronger than economies in Europe or Japan, where growth is tepid. Even the Chinese economy has cooled further, although new stimulus measures are being rolled out despite concerns about growing debt burdens. In parts of the world where Epoch expects a period of slower economic growth, Epoch is favouring companies that have structural growth opportunities rather than cyclical ones.

As always, Epoch seeks companies that can generate a growing stream of free cash flow and can allocate that cash effectively for the benefit of shareholders.

Availability

Product name	APIR
AMP Flexible Lifetime Super	AMP1996
AMP Flexible Super - Retirement	AMP2021
AMP Flexible Super - Super	AMP2026
CustomSuper	AMP1996
Flexible Lifetime - Allocated	AMP2001
Flexible Lifetime Investment	AMP2033
SignatureSuper	AMP2006
SignatureSuper Allocated Pension	AMP2013

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INSIGHTS
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Statement for the relevant product, available from ASL, AMP Life or your financial planner.

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