EPOCH | Epoch Investment Partners, Inc.

GLOBAL EQUITY SHAREHOLDER YIELD – STRATEGY UPDATE AS OF APRIL 3, 2020.

Year-to-Date performance and since the market peak of February 19, 2020.

- As of April 3, the Global Equity Shareholder Yield strategy has underperformed the MSCI World Index year-to-date driven by stock selection in the real estate sector.
- Our exposure to dividend-yielding companies detracted from relative returns during the period, but our lower-than-market beta partially offset that effect, positively contributing to relative performance.
- The challenges since the market peak on February 19 have been our stock selection in real estate and our energy exposure. On the positive side, stock selection in industrials and an underweight to the sector helped relative performance. Strong stock selection in health care also positively contributed, as did an overweight to consumer staples.

Positioning

- Over the week, we initiated a position in a global semiconductor manufacturer with solid franchises in the auto, industrial, communications and consumer segments. The company is committed to returning a significant amount of its cash to shareholders, and we have confidence in the dividend due to its strong balance sheet, net cash position and free-cash-flow growth that is expected to be in the mid-to-high single digit range over the longer term.
- We exited our position in a bank during the week that despite declaring a dividend and continuing to exhibit earnings resiliency and a strong regulatory capital position, was being pressured along with other banks, to reconsider their capital distribution plans in the current environment. The company suspended their dividend after we exited.
- We exited our position in a French construction and concessions company that has been dealing with some challenges associated with the effects of COVID-19 and is also being pressured to postpone their dividend as one of their competitors had already done.
- In utilities, we sold our position in a mostly regulated utility, after the company announced an abrupt change in their capital allocation policy. The company reduced its dividend as a result of decreased distributions from a midstream company they have a stake in. This is further clouded by abrupt management departures in recent weeks.

Utilities Review

- The utilities sector continues to be an important part of the strategy and a significant weight in the portfolio at roughly 15%. The sector was the second strongest in the benchmark leading up to the market peak, and our overweight has helped relative performance year-to-date.
- It has not been as defensive since the drawdown began, but our view is that the volatility and concerns within the sector have been indiscriminate and not truly reflective of the actual impact from COVID-19.
- In the current environment, utilities are suspending disconnections for non-payment and waiving late payment fees. This development does not cause us to reevaluate our positions as we believe the payments are delayed and customers will still be expected to pay their bills at a later date.
- The utility companies owned in the portfolio are mostly regulated and earn an allowed rate of return on their rate base growth. This allows the utility companies to offer stable and predictable earnings, cash flows and dividends in most market environments.

- We also look for management teams that have the operational track record of consistently delivering on their projects and the associated growth.
- The characteristics of regulated utilities' growth are are independent of electricity consumption, have multi-year visibility from the rate-making process and offer low correlation with, yet often higher rates than, GDP growth.
- The utilities sector also has historically low betas, providing a risk-reduction benefit to the portfolio in most market environments, and we expect this to continue.

Sources: FactSet Research Systems Inc.; MSCI. Investors cannot directly invest in an index.

The information contained herein is distributed for informational purposes only and should not be considered investment advice or a recommendation of any particular security, strategy or investment product. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed. The information contained herein is confidential and should not be shared with third-parties. The information contained in this presentation is accurate as of the date submitted, but is subject to change. Any performance information referenced in this presentation represents past performance and is not indicative of future returns. Any projections, targets, or estimates in this presentation are forward looking statements and are based on Epoch's research, analysis, and assumptions made by Epoch. There can be no assurances that such projections, targets, or estimates will occur and the actual results may be materially different. Other events which were not taken into account in formulating such projections, targets, or estimates may occur and may significantly affect the returns or performance of any accounts and/or funds managed by Epoch. To the extent this presentation contains information about specific companies or securities including whether they are profitable or not, they are being provided as a means of illustrating our investment thesis. Past references to specific companies or securities are not a complete list of securities selected for clients and not all securities selected for clients in the past year were profitable.