

# International Dividend Payers SMA



A division of A.G.P. / Alliance Global Partners  
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PORTFOLIO AS OF JUNE 30, 2018

Please contact your investment advisor representative or call 1-800-727-7922 and ask about our managed accounts.

The Euro Pacific Dividend Payers Separately Managed Account (SMA) is offered at Euro Pacific Capital and is intended to match the investment philosophy of our CEO, Peter Schiff. The actively managed product provides turn-key access to Peter's investment philosophy, attempting to achieve dividend income by selectively choosing foreign companies with minimal exposure to the US Dollar and that the portfolio management team believes have the capacity to consistently pay dividends. As a secondary objective, the strategy will attempt to minimize portfolio volatility.

## Key Benefits:

- Access to a high dividend strategy with exposure to currencies that the portfolio management team believes have the most potential to appreciate versus the US Dollar over time
- Oversight from Peter Schiff, serving as Investment Committee Chairman
- Access to foreign markets not limited by the universe of domestic American Depository Receipts (ADRs)
- Transparency, with customization to individual investor needs
- Dedicated and disciplined portfolio management

## Opening an Account

If interested, please contact your investment advisor representative or call 1-800-727-7922 and ask about our managed accounts.

## Investment Team

**Peter Schiff, Euro Pacific Capital**  
*CEO & President*  
*Investment Committee Chairman*

Over 20 years in the Financial Services Industry



B.A. in Finance and Accounting, University of California, Berkeley, 1987  
*FINRA Series 4, 7, 24, 27, 53, 55, 63 & 65 licenses*

**Jim Nelson, CFA**  
*Euro Pacific Asset Management, LLC*  
*Managing Director/Portfolio Manager*

16 years in the Financial Services Industry  
B.S. in Management, United States Air Force Academy, 2000; MBA, California State University, Long Beach; Chartered Financial Analyst (CFA)

*FINRA Series 63, 65, & 87 licenses*

## Strategy Overview

The Euro Pacific Dividend Payers strategy seeks to maximize expected dividend income by investing outside of the United States, using a top-down analysis to select the best currencies and sectors, and a bottom-up analysis to select the securities with the most potential to pay out high, sustainable dividend yields. The strategy seeks to diversify currency risk and takes a long-term investment view with low portfolio turnover.

## Investment Process

The strategy adheres to a controlled investment process with Peter Schiff serving as the Investment Committee Chairman. Decisions regarding country, sector and stock allocation are presented to the Investment Committee for approval. The committee typically meets on a weekly basis to review the portfolio. The committee will decide upon country and sector focus, and utilize a bottom up approach to security selection by screening a universe of securities on their fundamentals, before settling upon approximately 25 to 40 securities for inclusion in the portfolio.

### Sample Country Criteria

- Expected 1-2 year trade surplus
- Real interest rates exceed those of US
- Low debt-GDP ratio
- Favorable GDP growth estimates

### Sample Industry Criteria

- Favorable growth rate
- Well-positioned against anticipated secular shifts in supply/demand
- Resource availability
- Favorable political and regulatory environment

### Sample Security Criteria

- High expected dividend yield, growth of dividend and cash flow coverage
- Attractive valuation
- Strong balance sheet
- Superior management

## Model Portfolio Composition

The model portfolios are balanced across Asia, Europe and the Resource Countries (Australia, New Zealand and Canada) to diversify currency risk, while using allocation between non-cyclical and cyclical industries to vary portfolio volatility.

## Portfolio Rebalancing

Portfolios are rebalanced on a regular basis. Individual positions may be rebalanced when their current allocations exceed the original intended portfolio allocation, provided the Portfolio Manager determined the benefits of rebalancing exceed the additional cost of the transaction(s).

## Performance (Number of Accounts in Composite: 378)

THROUGH JUNE 30, 2018						Inception		
	1H 2018	2017	2016	2015	2014	Feb 2010	StDev	Sharpe Ratio <sup>7</sup>
Euro Pacific International Dividend Payers SMA, Net of Fees <sup>1</sup>	-10.34%	15.37%	5.96%	-17.92%	-4.62%	13.90%	13.90%	0.12
S&P Global Dividend Opportunities Net Index <sup>2</sup>	-4.51%	19.60%	12.88%	-16.37%	-5.04%	20.89%	20.89%	0.14

## Portfolio Characteristics

Weighted Average Market Cap	\$74.4B
Harmonic Avg. Price / Book <sup>6,9</sup>	1.5x
Harmonic Average P/E (FY1) <sup>8</sup>	14.0x
Harmonic Average P/E (FY2) <sup>8</sup>	13.1x
Number of Holdings	28
Expected Dividend Yield (Gross)	5.0%

## Sector Diversification <sup>5</sup>

Telecom Services	32.1%	Utilities	7.1%
Consumer Staples	17.9%	Real Estate	7.1%
Energy	14.3%	Consumer Discretionary	7.1%
Health Care	10.7%	Materials	3.7%

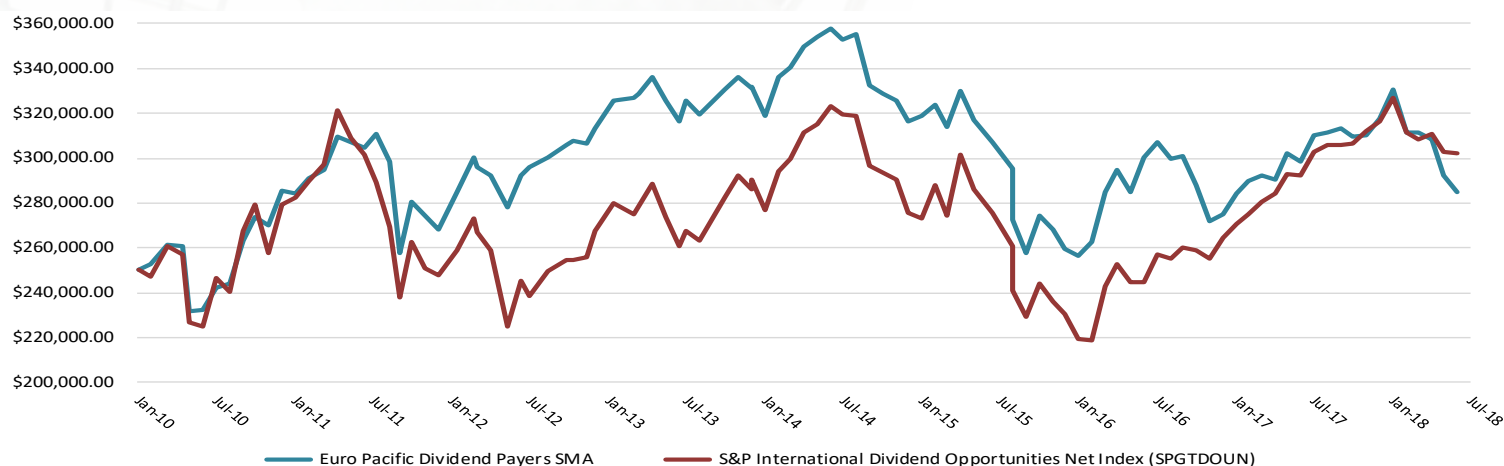
## Top 10 Countries <sup>4</sup>

Britain	14.3%	Canada	7.1%
Norway	10.7%	Singapore	7.1%
France	10.7%	United States	7.1%
New Zealand	10.7%	Australia	3.6%
Brazil	10.7%	Switzerland	3.6%

## Top 10 Holdings <sup>3</sup>

SECURITY NAME	COUNTRY	WEIGHT
Vodafone Group PLC	Britain	3.6%
Philip Morris International	U.S.	3.6%
Unilever PLC	Britain	3.6%
Kiwi Property Group Ltd	New Zealand	3.6%
BCE Inc	Canada	3.6%
British American Tobacco Plc	Britain	3.6%
Total SA	France	3.6%
Ambev SA	Brazil	3.6%
Singapore Telecom	Singapore	3.6%
Spark New Zealand Ltd	New Zealand	3.6%

## Performance of a \$250,000 Initial Investment February 2010 - June 2018\*



\*This chart illustrates the performance of a hypothetical \$250,000 investment made in the Euro Pacific International Dividend Payers SMA and S&P Global Dividend Opportunities Index at the time of inception on January 1, 2010 through June 30, 2018. It assumes reinvestment of dividends and capital gains, net of management fees. Clients cannot invest directly in the S&P Global Dividend Opportunities Net Index. This chart does not imply future performance.

## Disclosures:

- 1) Euro Pacific Capital (EPC) launched the International Dividend Payers SMA on January 1, 2010. From January 1, 2010 through July 31, 2013, the strategy was named Defensive Style SMA. Inception performance is calculated as of February 1, 2010. As of June 30, 2018, the International Dividend Payers SMA composite included 378 accounts and is not meant to be representative of the overall performance for EPC. Previously reported performance may differ based on changes in the number of accounts in the composite.
- 2) Prior to June 30, 2013, the International Dividend Payers SMA composite benchmark was the MSCI All Country World ex US Net Index. As of June 30, 2013, the benchmark was changed to S&P Global Dividend Opportunities Net Index as it more accurately compares to the International Dividend Payers SMA composite.
- 3) Holdings represent the 10 largest holdings in the International Dividend Payers SMA portfolio as of June 30, 2018. These holdings are subject to change at any time without prior notice and individual account holdings may vary. The specific securities do not represent all the securities EPC has purchased, sold or recommended for clients over the past year. The reader should not assume that investments in securities listed above were or will be profitable.
- 4) Country and regional (Europe, Asia and Resource Countries) diversification represents the countries that the International Dividend Payers SMA composite was invested in as of June 30, 2018. These country and regional holdings are subject to change at any time without prior notice and individual account country and regional holdings may vary.
- 5) Sector diversification represents sector allocations in the International Dividend Payers SMA composite as of June 30, 2018. These sector allocations are subject to change at any time without prior notice and individual account sector allocations may vary.
- 6) Harmonic mean is a way of averaging multiples, and gives equal weight to each data point rather than greater weights to high data points. For example, with a simple arithmetic mean, companies with high price to earnings multiples would have a greater impact on the overall earnings multiple of the portfolio due to their large size relative to other companies with smaller multiples, whereas the harmonic mean would adjust for this impact by giving equal weight to both the company with the high multiple and the low multiple in calculating the overall price to earnings multiple for the portfolio.
- 7) Sharpe Ratio is a method used to calculate risk-adjusted performance. The Ratio is calculated by subtracting the risk-free rate from the rate of the return of the portfolio and dividing the result by the standard deviation of the portfolio returns.
- 8) The P/E (price to earnings) ratio is an indicator of how much investors are willing to pay for the opportunity to share in the company's future earnings potential. "FY1" refers to the P/E ratio calculated using the company's current year earnings as projected by analysts. "FY2" refers to the P/E ratio calculated using the company's earnings as projected by analysts two fiscal years forward.
- 9) The Price / Book ratio is used to compare a stock's market value to its book value and is commonly used to compare a company's valuation to peers within its industry.

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The S&P Global Dividend Opportunities Net Index consists of 100 common stocks from around the world that offer high dividend yields. The Index is a benchmark for income seeking investors investing globally. It seeks to provide exposure to high yielding common stocks from around the world while meeting diversification, stability and tradability requirements. This Index is part of the Standard & Poors Index Suite. The S&P Global Dividend Opportunities Net Index is a registered trademark of Standard & Poor's Financial Services LLC (S&P), a part of McGraw Hill Financial, Inc. The strategy referred to herein is not sponsored, endorsed, or promoted by S&P, and S&P bears no liability with respect to any such strategy or any index on which such strategy is based. Clients cannot invest directly in the S&P Global Dividend Opportunities Net Index.