Guinness Global Equity Income Fund

INVESTMENT COMMENTARY – February 2021

About the Fund

The Guinness Global Equity Income Fund is designed to provide investors with global exposure to dividend-paying companies.

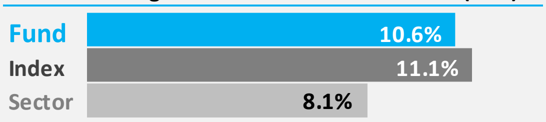
The Fund is managed for income and capital growth and invests in profitable companies that have generated persistently high return on capital over the last decade, and that are well placed to pay a sustainable dividend into the future.

Fund size	£1277m
Launch date	31.12.10
Historic OCF (Y Class)	0.82%
Current OCF (at fund size)	0.82%
Managers	Dr. Ian Mortimer, CFA Matthew Page, CFA
Analysts	Sagar Thanki Joseph Stephens

Performance **31.01.21**

	1 Yr	3 Yrs	5 Yrs	Launch
Fund	5.7	29.3	78.5	176.8
Index	10.8	31.6	93.4	189.3
Sector	3.3	15.2	61.3	119.1

Annualised % gross total return from launch (GBP)



Benchmark index	MSCI World Index
IA sector	Global Equity Income

Past performance should not be taken as an indicator of future performance. The value of this investment and any income arising from it can fall as well as rise as a result of market and currency fluctuations.

Source: Financial Express, bid to bid, total return. Y Class 0.82% OCF. Please refer to 'Performance data notes' on the last page of this document for full details.

Summary performance

In January, the Fund was down -2.07% (in GBP), versus the MSCI World Index benchmark, down -1.44%. The Fund therefore underperformed the Index by 0.63% over the month.

The month started strongly for global equity markets, though ended poorly as concerns mounted over the pace of vaccine roll-outs and abnormal levels of targeted retail trading contributed to a rise in market volatility. Drags on the Fund came from our exposure to the Consumer Staples sector – the worst performer in the month – and underexposure to Asia Pac ex-Japan and EM, which continued their strong relative performance from the latter part of 2020. Notably, this was somewhat offset by good stock selection, particularly within the IT sector.

Longer-term, it is pleasing to see that the Fund has outperformed the IA Global Equity Income sector over all the periods outlined in the table below:

	1yr	3yr	5yr	Since Launch*
Fund	5.7%	29.3%	78.5%	176.8%
MSCI World Index	10.8%	31.6%	93.4%	189.3%
IA Sector average	3.3%	15.2%	61.3%	119.1%
Rank vs peers	17/55	11/51	8/42	2/18
Quartile	2nd	1st	1st	1st

Source: Financial Express. Cumulative Total Return in GBP as of 31st January 2020. *Launch 31st December 2010

Summary: Dividend

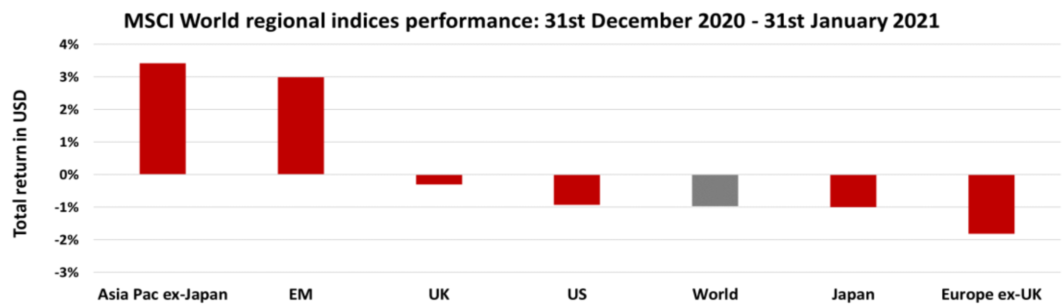
Leading on from the extensive dividend update provided last month, in our 2020 Annual Review, we are pleased to report that in 2021 we have already seen dividend growth announced by 5 of our portfolio companies:

- **Aflac**: Grew its dividend by 18% for 2021. This follows the 4% growth seen in 2020.
- **Blackrock**: Grew its dividend by 14% for 2021. This follows the 10% growth seen in 2020.
- **AbbVie**: Grew its dividend by 10% for 2021. This follows the 10% growth seen in 2020.
- **Arthur Gallagher**: Grew its dividend by 7% for 2021. This follows the 5% growth seen in 2020.
- **Diageo**: Grew its interim (semi-annual) dividend by 2%. Final dividend announced in August.

After seeing only 1 dividend cut last year, and 0 cancellations, we are confident that all our companies have the ability to grow their dividend in the coming year. We will be carefully monitoring the income received for the portfolio and look forward to updating you in our monthly reviews throughout 2021.

January in Review

After a strong start to the year, most equity markets gave up their gains as January came to a close. Developed market equities ended the month down, whilst Asia-Pac and EM significantly outperformed, ending January up around 3%.



Source: Bloomberg. As of 31st January 2021

Initially, at the turn of the year, the global roll out of vaccinations and the promise of further fiscal and monetary stimulus helped the market overlook any concerns over virus driven restrictions. In the US, stimulus expectations particularly rose after the surprise Democratic sweep in the run-off election for the two Senate seats in Georgia; this completed Biden's 'blue wave', with hold of both chambers of Congress and the White House.

Leading up to the Presidential election in early November 2020, a 'blue wave' was cited as the worst possible outcome for markets, particularly given the potential for sweeping tax reform. Come the start of January, it became clear that that such legislative reform would face higher hurdles due to the slim Democratic majority in the Senate. Markets therefore more optimistically focused on the Biden administration's $1.9 trillion "American Rescue Plan" – which is proposed on top of the bi-partisan $900 billion fiscal stimulus that was agreed in late December.

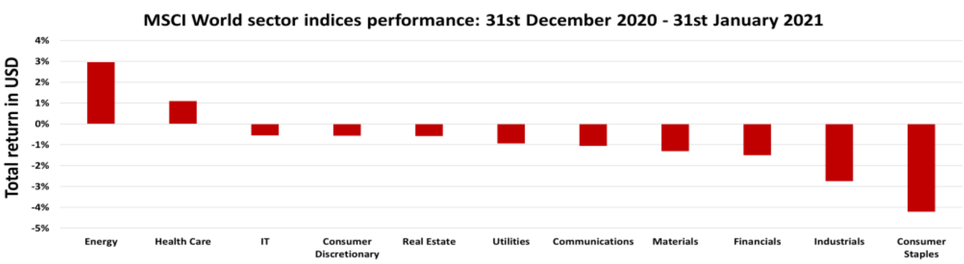
Whilst global equity markets rose higher initially, they sputtered as it became clear that the global vaccine rollout may be progressing more slowly than desired, particularly in continental Europe. The US leads the world in total vaccine doses administered (roughly 32 million doses, or slightly less than a third of the global total), but per-capita vaccination rates remain relatively low, at sub-10% of the US population. The story is worse in other parts of the developed and emerging world, though Asian countries have generally managed to maintain lower infection rates. This has enabled a faster increase in consumer activity in the region, reflected in better economic data releases and stock market performance. China was the best-performing region as GDP growth in 2020 was recorded as 6.5% year-on-year – back to the long-term growth rate.

Within the Fund our EM and Asia-Pac exposure comes via three companies: TSMC (Taiwan), Anta Sports (Hong Kong) and Sonic Healthcare (Australia). All three performed well in the month.

Taiwan Semiconductor Manufacturing Company (TSMC) was the best performer in January (+11.8% in USD) after the world's leading global foundry announced a $28 billion capital investment target for 2021. This was 50% more than investors expected, and amounts to management's strong vote of confidence in demand for smartphones and high-performance computing (HPC) chips over the next three years. The capital outlay target implies 2021 sales could leap to $56 billion, 4% higher than the $54 billion consensus expects, assuming 50% capital spending intensity.

TSMC dominates the advanced node-processing foundry market with about 75% market share. The company's extreme ultraviolet lithography (EUV) process capacity is more than triple its peers such as Samsung and Intel after it spent more than $3.3 billion on 18 new EUV machines in 2019. TSMC's success in adopting the 5-nanometer node process in mass production should allow it to command a higher selling price, helping it maintain its revenue growth amid the Covid-19 pandemic. The company also has plans to start trial production of 3-nm chips in 2H 2021, and its expansion into a new semiconductor packaging business, though less profitable than chipmaking, should help to retain its market-share leadership amid increasing competition with Samsung.

VF Corp (-10.0% in USD) was the worst performer in the month. The global clothing manufacturer, whose line-up of high-profile brands includes Vans, The North Face, Timberland and Dickies, is a dividend aristocrat with 48 years of consecutive years of dividend growth. At the end of January, VF Corp reported fiscal 2021 third-quarter results that missed expectations, citing that a COVID-19 resurgence forced more retail store closures in the period. Nonetheless, the company lifted full-year 2021 guidance and sees good potential for future revenue growth from its newly acquired Supreme brand. "Digital and China" – as cited by CEO Steve Rendle – also remain key pillars of growth and management expect high-single-digit annual revenue gains through till 2024.



Source: Bloomberg. As of 31st January 2021

By sector, Energy was the best performer and Consumer Staples was the worst in the month. Although OPEC+ modestly increased oil production in January, Saudi Arabia unexpectedly announced a cut in output, in turn giving crude oil prices a boost. Given the Fund has no exposure to the Energy sector and is overweight Staples, this proved a drag on relative fund performance in January.

Portfolio Changes

We made no changes to the portfolio holdings in the month.

Portfolio Managers

Matthew Page, CFA

Dr Ian Mortimer, CFA

Analysts

Joseph Stephens

Sagar Thanki

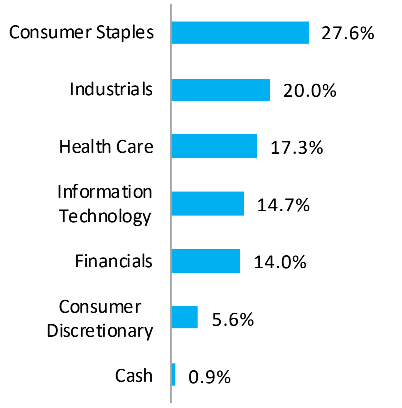
PORTFOLIO

31/01/2021

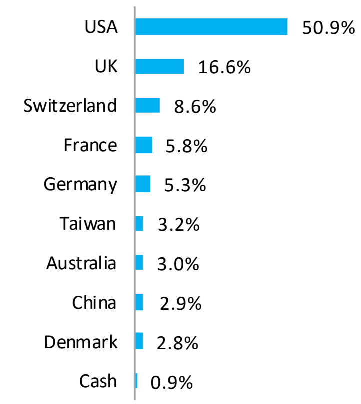
Fund top 10 holdings

Taiwan Semiconductor	3.2%
Broadcom	3.1%
Illinois Tool Works	3.0%
ABB	3.0%
British American Tobacco	3.0%
Aflac	3.0%
Microsoft	3.0%
Sonic Healthcare	3.0%
Johnson & Johnson	3.0%
Medtronic	2.9%
% of Fund in top 10	30.3%
Total number of stocks held	35

Sector analysis



Geographic allocation



PERFORMANCE (see performance notes overleaf)

31/01/2021

Annualised % total return from launch (GBP)

Discrete years % total return (GBP)	Jan '21	Jan '20	Jan '19	Jan '18	Jan '17
Fund (Y class, 0.82% OCF)	5.7	19.2	2.6	9.9	25.6
MSCI World Index	10.8	17.5	1.0	11.3	32.0
IA Global Equity Income sector average	3.3	13.8	-2.1	9.4	28.0

Cumulative % total return (GBP)	1 month	Year-to-date	1 year	3 years	5 years	From launch
Fund (Y class, 0.82% OCF)	-2.1	-2.1	5.7	29.3	78.5	176.8
MSCI World Index	-1.4	-1.4	10.8	31.6	93.4	189.3
IA Global Equity Income sector average	-0.4	-0.4	3.3	15.2	61.3	119.1

RISK ANALYSIS

31/01/2021

Annualised, weekly, from launch on 31.12.10, in GBP	Index	Sector	Fund
Alpha	0.00	-0.54	0.98
Beta	1.00	0.77	0.86
Information ratio	0.00	-0.42	-0.09
Maximum drawdown	-24.58	-22.41	-21.78
R squared	1.00	0.80	0.89
Sharpe ratio	0.52	0.31	0.53
Tracking error	0.00	6.58	4.74
Volatility	14.59	12.48	13.30

Past performance should not be taken as an indicator of future performance. The value of this investment and any income arising from it can fall as well as rise as a result of market and currency fluctuations.
Source: Financial Express, bid to bid, total return. Fund launch date: 31.12.10. Fund Y class (0.82% OCF): Composite simulated performance (see Performance data notes below) based on actual returns of E share class (available from Fund launch), calculated in GBP. Fund returns are for share classes with a current Ongoing Charges Figure (OCF) stated above; returns for share classes with a different OCF will vary accordingly.

Performance data notes

1) The performance numbers displayed on the previous page are calculated in GBP (Sterling). Please note: The Fund's Y class was launched on 11.03.15. The performance shown is a composite simulation for Y class performance being based on the actual performance of the Fund's E class, which has an OCF of 1.24%, and has existed since the Fund's launch. The Fund's E class is denominated in USD but for the purposes of this performance data its performance is calculated in GBP.

Important information

Issued by Guinness Asset Management Limited, authorised and regulated by the Financial Conduct Authority.

This report is primarily designed to inform you about Guinness Global Equity Income Fund. It may provide information about the Fund's portfolio, including recent activity and performance. It contains facts relating to the equity markets and our own interpretation. Any investment decision should take account of the subjectivity of the comments contained in the report.

This document is provided for information only and all the information contained in it is believed to be reliable but may be inaccurate or incomplete; any opinions stated are honestly held at the time of writing, but are not guaranteed. The contents of the document should not therefore be relied upon. It should not be taken as a recommendation to make an investment in the Fund or to buy or sell individual securities, nor does it constitute an offer for sale.

Risk

The Guinness Global Equity Income Fund is an equity fund. Investors should be willing and able to assume the risks of equity investing. The value of an investment and the income from it can fall as well as rise as a result of market and currency movement, and you may not get back the amount originally invested. Details on the risk factors are included in the Fund's documentation, available on our website. Shareholders should note that all or part of the fees and expenses will be charged to the capital of the Fund. This will have the effect of lowering the capital value of your investment.

Documentation

The documentation needed to make an investment, including the Prospectus, the Key Investor Information Document (KIID) and the Application Form, is available from the website www.guinnessfunds.com , or free of charge from:

- the Manager: Link Fund Administrators (Ireland) Ltd, 2 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland; or,
- the Promoter and Investment Manager: Guinness Asset Management Ltd, 18 Smith Square, London SW1P 3HZ.

Residency

In countries where the Fund is not registered for sale or in any other circumstances where its distribution is not authorised or is unlawful, the Fund should not be distributed to resident Retail Clients.

NOTE: THIS INVESTMENT IS NOT FOR SALE TO U.S. PERSONS.

Structure & regulation

The Fund is a sub-fund of Guinness Asset Management Funds PLC (the "Company"), an open-ended umbrella-type investment company, incorporated in Ireland and authorised and supervised by the Central Bank of Ireland, which operates under EU legislation. If you are in any doubt about the suitability of investing in this Fund, please consult your investment or other professional adviser.

Switzerland

This is an advertising document. The prospectus and KIID for Switzerland, the articles of association, and the annual and semi-annual reports can be obtained free of charge from the representative in Switzerland, Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva, Switzerland, Tel. +41 22 705 11 77, www.carnegie-fund-services.ch. The paying agent is Banque Cantonale de Genève, 17 Quai de l'Ile, 1204 Geneva, Switzerland.

Singapore

The Fund is not authorised or recognised by the Monetary Authority of Singapore ("MAS") and shares are not allowed to be offered to the retail public. The Fund is registered with the MAS as a Restricted Foreign Scheme. Shares of the Fund may only be offered to institutional and accredited investors (as defined in the Securities and Futures Act (Cap.289)) ('SFA') and this material is limited to the investors in those categories.

Telephone calls will be recorded and monitored.