Guinness Global Equity Income Fund

Investment Commentary - June 2022

This is a marketing communication. Please refer to the prospectus and KIID for the Fund before making any final investment decisions. Past performance does not predict future returns.

ABOUT THE FUND

Fund size	£2,045m
Launch date	31.12.10
Historic Yield† (Class Y GBP)	2.2%
Index	MSCI World
Sector	IA Global Equity Income
Managers	Dr. Ian Mortimer, CFA Matthew Page, CFA
Analysts	Sagar Thanki Joseph Stephens Will van der Weyden

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. The Fund is actively managed and uses the MSCI World Index as a comparator benchmark only.

RISK

Lower Risk						Higher Risk
1	2	3	4	5	**6**	7

Typically lower rewards — Typically higher rewards

The risk and reward indicator shows where the fund ranks in terms of its potential risk and return. The fund is ranked as higher risk as its price has shown high fluctuations historically. Historic data may not be a reliable indicator for the future. 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.

PERFORMANCE

Past performance does not predict future returns

31.05.22	1 Yr	3 Yrs	5 Yrs	Launch*
Fund	13.6	45.2	66.9	245.0
Index	7.4	43.0	62.9	237.5
Sector	8.2	30.9	39.8	156.9

Source: FE, bid to bid, total return. Y Class 0.80% OCF.
*Simulated past performance. Performance prior to the launch date of the Y class of the fund (11.03.15) is a composite simulation for Y class performance being based on the actual performance of the Fund's E class (1.24% OCF), which has existed since the Fund's launch on 31.12.10. The Fund's E class is denominated in USD but the performance data above is calculated in GBP.
Investors should note that fees and expenses are charged to the capital of the fund. This reduces the return on your investment by an amount equivalent to the Ongoing Charges Figure (OCF). The fund performance shown has been reduced by the current OCF of 0.80% per annum. Returns for share classes with different OCFs will vary accordingly. Performance returns do not reflect any initial charge; any such charge will also reduce the return.
† Historic yield reflects the distributions declared over the past 12 months expressed as a percentage of the mid-market price, as at the date shown. It does not include any preliminary charges. Investors may be subject to tax on the distribution.

SUMMARY

In May, the Fund returned -0.69% (in GBP), the MSCI World Index returned -0.31%, and the IA Global Equity Income sector average return was -0.24%.

The Fund therefore underperformed the Index by 0.38% and underperformed its peer group by 0.45%.

Year-to-date, the Fund has returned -1.02%, the MSCI World Index has returned -6.46%, and the IA Global Equity Income sector average return is -1.55%.

The Fund has therefore outperformed the Index by 5.44%, and has outperformed its peer group average by 0.53%.

In May, equity markets initially continued their descent before staging a rally in the final week, and closed broadly flat in USD terms. Market participants remained on edge due to high inflation and the risk that the Federal Reserve over-tightens US monetary policy to combat it, in turn sending the economy into recession. The lack of a cease-fire in Ukraine, ongoing Covid lockdowns in China, and weakness in retail earnings further pressured investor sentiment.

Energy and Utilities were the best-performing sectors in the month, and lack of exposure here dragged on Fund performance. Consumer Staples performed weakest in May – after a strong showing in April and year-to-date – and whilst this weighed on Fund performance from an allocation perspective, strong stock selection in the sector more than offset the allocation drag.

Longer-term, it is pleasing to see that the Fund has outperformed the IA Global Equity Income sector over 1 year, 3 years, 5 years, 10 years and since launch. The Fund also continues to rank as the top performer versus its peers since launch.

Guinness Global Equity Income Fund

Cumulative % total return in GBP to 31/05/2022	YTD	1 year	3 years	5 years	10 Years*	Launch*
Guinness Global Equity Income	-1.02	13.68	45.37	67.09	236.36	245.16
MSCI World Index	-6.46	7.90	43.68	63.71	250.35	237.54
MSCI AC World Index	-6.32	5.43	39.80	58.06	224.94	207.49
IA Global Equity Income sector average	-1.55	8.21	30.89	39.88	162.48	156.96
IA Global Equity Income sector ranking	n/a^	6/55	3/50	4/46	2/24	1/12
IA Global Equity Income sector quartile	n/a^	1	1	1	1	1

**Simulated past performance. Performance prior to the launch date of the Y class of the Fund (11.03.15) is a composite simulation for Class Y performance being based on the actual performance of the Fund's E class (1.24% OCF), which has existed since the Fund's launch on 31.12.10. The Fund's E class is denominated in USD but the performance data above is calculated in GBP.*

Source: FE fundinfo. All funds in the sector have a similar investment policy and risk profile to the Guinness Global Equity Income Fund. ^Ranking not shown in order to comply with European Securities and Markets Authority rules.

SUMMARY: DIVIDENDS

So far in 2022, we have had dividend updates from 26 of our 35 holdings, and the average dividend growth in the Fund has been 7.5%.

- 23 companies announced increases for their 2022 dividend vs 2021. The average dividend growth of these companies has been 8.5%.
- 3 companies announced a flat dividend vs 2021.
- 0 companies announced dividend cuts.
- 0 companies announced dividend cancellations.

This follows the Fund seeing 0 cancellations in 2021 and 2020.

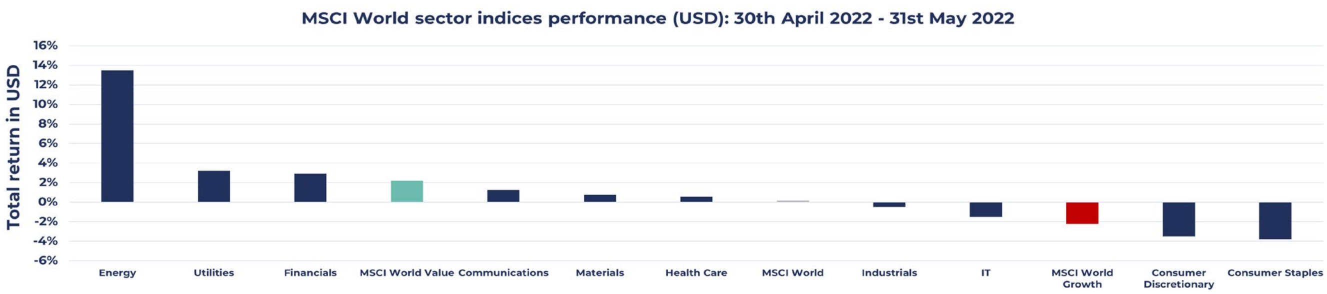
The Fund's dividend yield at the end of the month was 2.22% (net of withholding tax) vs the MSCI World Index's 2.10% (gross of withholding tax). (Historic yield reflects the distributions declared over the past 12 months expressed as a percentage of the mid-market price, as at the date shown. It does not include any preliminary charges. Investors may be subject to tax on the distribution.)

MAY IN REVIEW

In May, equity markets continued their descent before staging a rally in the final week. Before the respite, global equities had sustained seven consecutive weeks of losses.

While the falls in the initial weeks were driven by concerns about rising inflation and the negative valuation effect from the higher interest rates needed to tame it, more recent losses were a function of increasing worries about the effect of higher inflation and rates on the real economy and, as a result, on corporate profits. Thus, the market's focus evolved from risks associated with a 'rates shock' to those associated with a 'growth shock'.

Investors globally faced the prospect of an economic slowdown impacted by accelerating inflation, rising interest rates, the ongoing war in Ukraine, and lukewarm corporate earnings reports. Amid this, growth stocks unsurprisingly continued to struggle in May. While valuations were being compressed, several high-profile companies also released weaker-than-expected earnings results and announced underwhelming forward guidance, which the market viewed particularly unfavourably. Value stocks outperformed, and this was reflected in sector performance over the month.

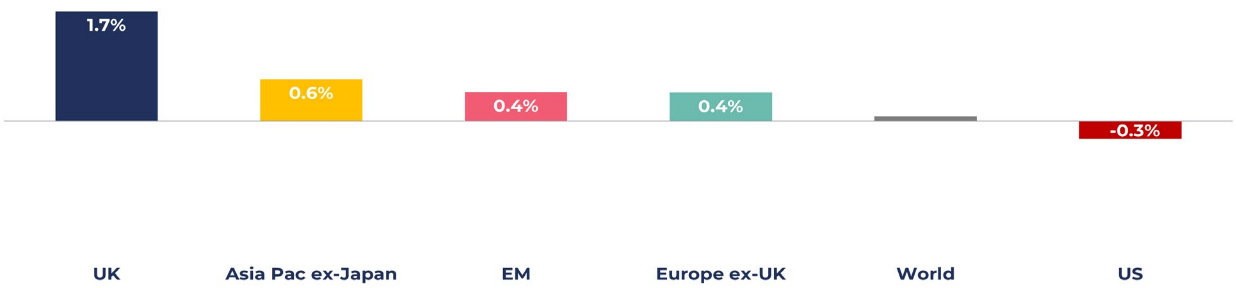


Source: Bloomberg. As of 31st May 2022

Energy was the best-performing sector as crude oil prices gradually rose during the month and surged on its last day when the European Union imposed an immediate ban on two-thirds of all Russian oil imports (in a further response to Russia's invasion of Ukraine). Crude oil prices advanced over 10% to nearly $115 per barrel as demand exceeded supply, while gas prices also continued to increase, reaching record highs along the way. Having no exposure to the Energy sector in the Fund proved to be a drag on active performance in the month, though the impact was subdued since the sector only makes up c.5% of the MSCI World Index.

The Consumer Staples and Consumer Discretionary sectors were the worst-performing in May as sentiment soured on consumer spending. Walmart and Target – bellwether proxies for the US consumer and US retail sector – both made headlines after announcing in their respective earnings calls that whilst revenues were growing, profit margins were being squeezed. Though this was likely priced in by the market to some extent, the sharp falls in share price (>20%) came after management revealed that inventory levels had significantly built up; this often leads to future discounting in order to shift higher stock levels, and therefore lowers profitability. Neither Walmart nor Target is a Fund holding, and it is worth noting that the consumer stocks held in the Fund tend to have significantly higher pricing power, higher net margins (Walmart's net margin is c.3%, Target's is c.5%), and more diverse end markets. Further, we noted in last month's commentary that many of the Fund's Consumer Staples holdings have in fact been able to manage cost pressures and maintain high margins.

MSCI World regional indices performance (USD): 30th April - 31st May 2022



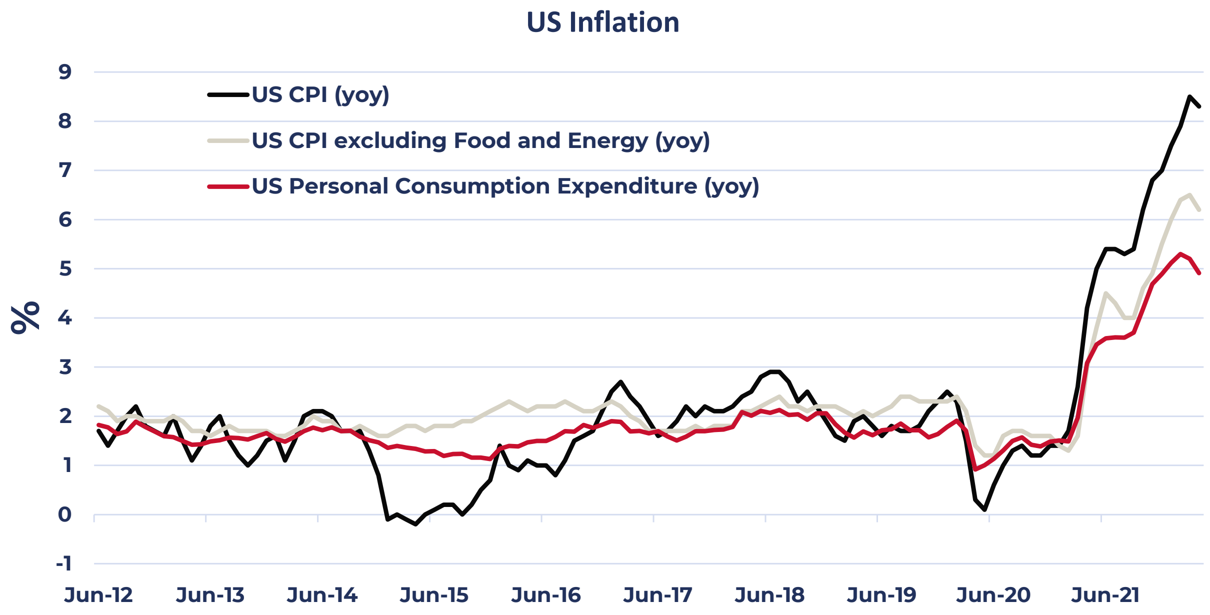
Source: Bloomberg. As of 31st May 2022

Regionally, a large weighting to the Energy sector did continue to benefit UK equities, and the region was the best-performing in May. The UK is also the only developed equity market in positive territory this year, and this has been beneficial to the Fund due to our c.19% weighting (by domicile) compared to c.4% in the MSCI World Index. We note, however, that the UK exposure is lower (c.5%) when considered in revenues rather than domicile, and this is because we have favoured UK-domiciled companies with more global revenue (e.g. Unilever and Imperial Brands).

Asian and emerging markets also performed relatively well in May as lockdown measures in Shanghai began to be lifted and the Chinese government stepped up stimulus. Meanwhile, US equities were the worst-performing in the month and posted a decline. The Fund has a c.17% underweight to the US versus the MSCI World Index, so this aided active performance.

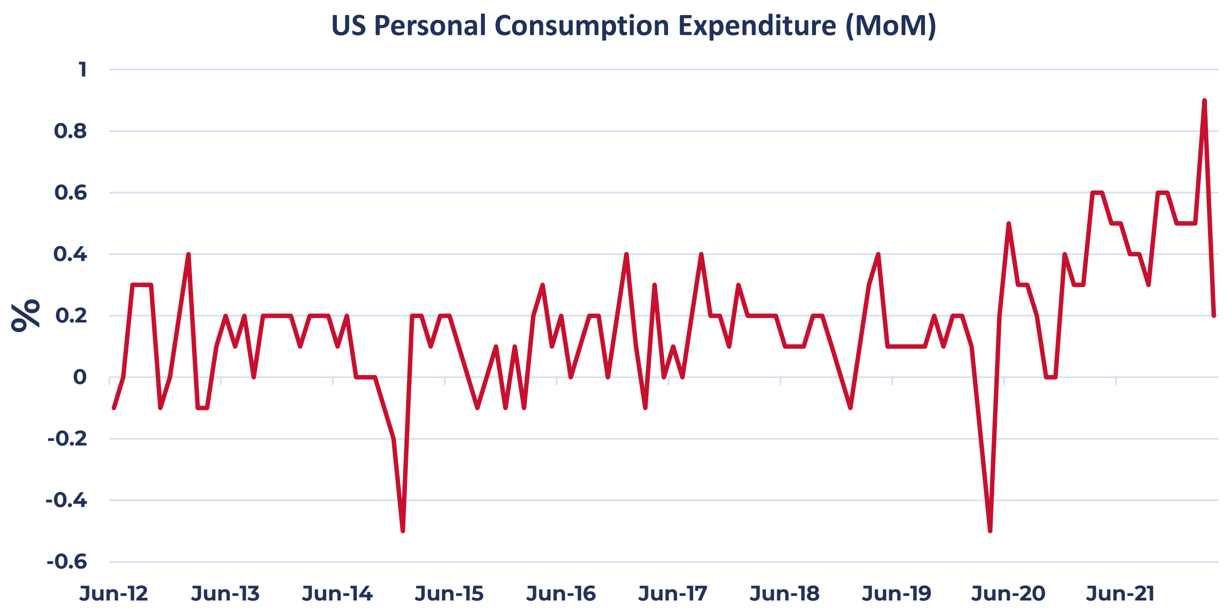
The Federal Reserve's tone grew increasingly hawkish over the month, while growth concerns mounted. As anticipated, the Fed raised rates by 50bps in May, and the market is now pricing another two sequential 50bps hikes in June and July, though there is some uncertainty thereafter. Chair Jerome Powell stated that policymakers will "keep pushing" until inflation falls convincingly, while adding that this may require the central bank to move "more aggressively". This signalled that the Fed was willing to accept an increase in the unemployment rate from its historically low 3.6% to achieve its inflation target. It also emphasised the speed with which monetary tightening could potentially occur.

Nevertheless, though short-term, US inflation figures did show some glimmer of moderation, and the market rally in the last week of May somewhat acknowledged this. The headline consumer prices index (CPI) rose by 8.3% year-on-year in April, and whilst this continues to be a 40-year high, it is a little lower than the 8.5% rate reported in March. Stripping out Food and Energy from the CPI basket, and inflation peaked at 5.3% in March. Even if we look at the Fed's preferred inflation measure (PCE), we see that it peaked in February at 5.3%.



Source: Bureau of Labor Statistics, Bureau of Economic Analysis. As of 31st May 2022

At the start of the year, we noted that inflation was likely to remain high in the first half of 2022 but was likely to fall in the second half. When we look at month-on-month data for PCE, the most recent data point is encouraging, showing that prices only increased 0.2%, down from a 0.9% increase in March and a 0.5% increase in February. If data points for May and June continue to be below 0.3%, the markets will likely see this positively as inflation slowing down. If this number remains at 0.2% or below, the market will likely take this very positively as it allows the Fed to stop raising rates if inflation is under control. Conversely, a higher reading may well be seen as a trigger for the Fed to act more aggressively. This is just one data point, of course, and it may turn out that the March figure of 0.9% was the anomaly, but it continues to be one to watch.



Source: Bureau of Economic Analysis. As of 31st May 2022

Overall, the 'slowflation' environment, with increasing growth concerns and historically high inflation rates, weighed on equity markets in May and won't necessarily go away in the short term. There is still significant macro uncertainty with regards to the direction of the global economy, but we believe that the Fund is well placed to weather different economic conditions.

We have a fairly even balance between quality defensive and quality cyclical/growth companies: we have approximately 45% in quality defensive companies (e.g. Consumer Staples and Healthcare) and around 55% in quality cyclical or growth-oriented companies (e.g. Industrials, Financials, Consumer Discretionary, Information Technology, etc). While the defensive names tend to have lower beta and hold up better when markets are falling, the cyclical holdings allow the Fund to maintain performance when markets are rebounding and rising. We believe that within these more cyclical sectors we are owning the 'quality' businesses and all the companies we seek to invest in have strong balance sheets and a history of performing well in difficult market environments.

PORTFOLIO HOLDINGS

Imperial Brands was the best performer in the Fund in May (+9.1% in USD). The world's fourth-largest cigarette and tobacco manufacturer (by market capitalisation) sells products under brands including Davidoff, West, Golden Virginia, Drum and Rizla. Whilst Imperial Brand's stock has proved resilient year-to-date, particularly strong share price performance in May comes after the company reported pleasing half-year earnings results which beat analyst expectations, and saw EPS grow 7.7% year-on-year (in constant currency).

Revenues grew 0.3% overall in the half-year; tobacco revenue was up 0.1% as higher prices were able to offset a 0.7% decline in volumes, while sales of its next-generation products, which include Pulze heated tobacco and blu e-cigarettes, saw an 8.7% rise, driven by a strong performance in Europe.

In addition, management announced that the company's "recovery strategy" involved investing to improve market share performance in five key markets (US, the UK, Germany, Spain and Australia) as well as lowering group debt. On the former, having seen aggregate market share decline by c.30bps per year over FY16-20, it was broadly flat in FY21 and grew +25bp in H1 2022, with additional investments planned for H2 2022. In terms of debt, the group reduced net debt by £1.1bn year-on-year, and net debt/Ebitda (2.4x) is now within the company's target range of 2-2.5x.

Management also said that it is now ready to launch the Pulze heated tobacco device and ID heatsticks in major European markets following the successful trials in Greece and the Czech Republic. Although New Generational Products (NGP) remains a small part of Imperial Brand's portfolio, a successful range of products is needed in the long term to combat tobacco volume declines – though from an investment perspective, tobacco volume declines are perhaps priced into the stock valuation. Imperial Brands trades at a 1-year forward price-to-earnings multiple of c.7x (vs the MSCI World Index figure of c.16x) and provides a dividend yield of c.8% (vs the MSCI World Index figure of c.2.1%).

CME Group was the worst performer in May (-9.4% in USD). CME Group owns the Chicago Mercantile Exchange (CME), Chicago Board of Trade (CBOT), New York Mercantile Exchange (NYMEX) and the Commodity Exchange (COMEX), and 80% of revenues are generated by clearing and transaction fees. Though there were no obvious catalysts for the weaker performance in May, CME Group trades at a valuation premium to the MSCI World Index (1-year forward price-to-earnings of 25x vs c16x) and so was caught up in the inflation-induced sell-off of premium stocks. We believe, however, that the higher valuation is warranted given the unique combination of defensive and cyclical qualities that CME possesses, and its relatively strong performance year-to-date. This comes from the fact that exchange groups like CME do well in periods of market volatility as trading volumes tend to increase. This was reflected in the most recent earnings results, which showed that volumes were strong in Q1 2022, up 19% year-on-year and 26% quarter-on-quarter. All key asset classes displayed double-digit quarter-on-quarter growth while CME's largest asset classes (Rates, Equities and Energy) exhibited particularly strong activity due to the overall market turbulence during the quarter. Rate volumes were up 21% YoY, Equity volumes were up 30% YoY and Energy volumes were up 6% YoY. Separately, CME's Market Data business (up 5% YoY) benefited from pricing increases that went into effect during the quarter.

CHANGES TO THE PORTFOLIO

We made no changes to the portfolio in the month.

We thank you for your continued support.

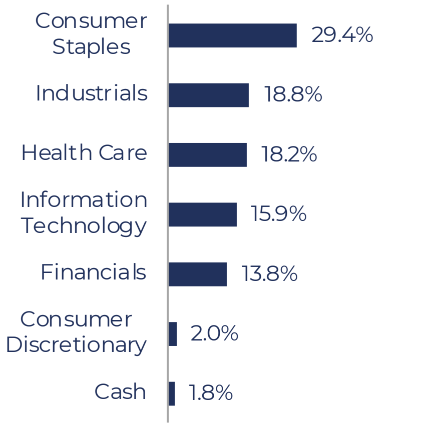
Portfolio Managers	Investment Analysts
Matthew Page	Sagar Thanki
Ian Mortimer	Joseph Stephens
	William van der Weyden

PORTFOLIO

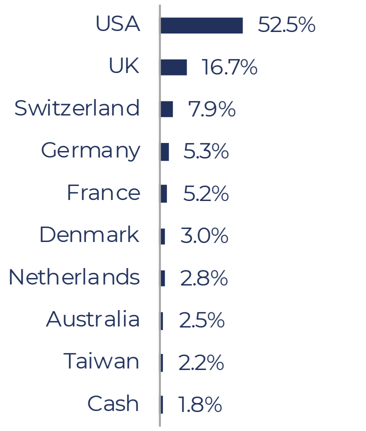
Fund top 10 holdings

British American Tobacco	4.0%
Abbvie	3.8%
BAE Systems	3.8%
Johnson & Johnson	3.3%
Paychex Inc	3.2%
Imperial Brands	3.2%
Deutsche Boerse	3.1%
Novo Nordisk	3.0%
Aflac	3.0%
Procter & Gamble	3.0%
% of Fund in top 10	33.6%
Total number of stocks held	35

Sector analysis



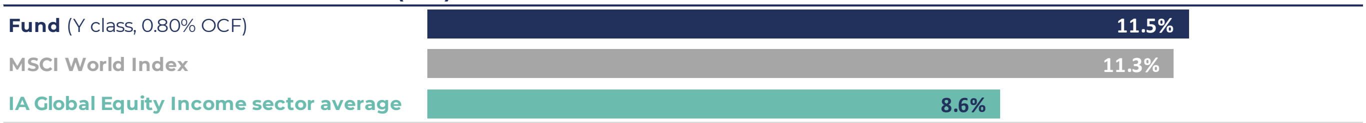
Geographic allocation



PERFORMANCE*

Past performance does not predict future returns

Annualised % total return from launch (GBP) 31/05/2022



Discrete 12m % total return (GBP)	May '22	May '21	May '20	May '19	May '18	May '17	May '16	May '15	May '14	May '13	May '12
Fund (Y class, 0.80% OCF)	13.6	19.1	7.4	9.0	5.4	26.6	2.7	12.0	6.7	29.5	-1.6
MSCI World Index	7.4	22.3	8.9	5.3	8.2	31.3	0.7	16.2	7.4	29.7	-4.9
IA Global Equity Income Sector average	8.2	21.5	-0.4	3.9	2.9	26.8	-2.2	10.3	6.6	28.8	-4.4

Cumulative % total return (GBP)	1m	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Launch
Fund (Y class, 0.80% OCF)	-0.7	-1.0	13.6	45.2	66.9	236.0	245.0
MSCI World Index	-0.3	-6.5	7.4	43.0	62.9	248.6	237.5
IA Global Equity Income Sector average	-0.2	-1.6	8.2	30.9	39.8	162.4	156.9

RISK ANALYSIS 31/05/2022

Annualised, weekly, from launch on 31.12.10, in GBP	Index	Sector	Fund
Alpha	0.00	0.13	1.76
Beta	1.00	0.75	0.85
Information ratio	0.00	-0.36	0.03
Maximum drawdown	-24.58	-22.41	-21.78
R squared	1.00	0.79	0.88
Sharpe ratio	0.54	0.41	0.61
Tracking error	0.00	6.69	4.91
Volatility	14.35	12.18	12.96

*Simulated past performance. Performance prior to the launch date of the Y class of the fund (11.03.15) is a composite simulation for Y class performance being based on the actual performance of the Fund's E class (1.24% OCF), which has existed since the Fund's launch on 31.12.10. The Fund's E class is denominated in USD but the performance data above is calculated in GBP. Source: Financial Express, bid to bid, total return. Fund Y class (0.80% OCF): 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.

IMPORTANT INFORMATION

Issued by Guinness Global Investors. Guinness Global Investors is a trading name of Guinness Asset Management Limited which is 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
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 in English from www.guinnessgi.com or free of charge from:-

- the Manager: Link Fund Manager Solutions (Ireland) Ltd (LFMSI), 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.

LFMSI, as UCITS Man Co, has the right to terminate the arrangements made for the marketing of funds in accordance with the UCITS Directive.

Investor Rights
A summary of investor rights in English is available here: https://www.linkgroup.eu/policy-statements/irish-management-company/

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