

Guinness Global Equity Income Fund

INVESTMENT COMMENTARY - June 2015

About the Fund

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 £108m

Launch date 31.12.10

Managers Dr. Ian Mortimer, CFA
Matthew Page, CFA

Performance 31.05.15

	1 year	3 years	From launch
Fund	12.0	54.7	58.8
Index	16.2	61.9	56.8
Sector	10.3	51.3	48.1

Annualised % total return from launch (GBP)

Fund	11.0%
Index	10.7%
Sector	9.3%

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.



Guinness Global Equity Income
BEST FUND OVER 3 YEARS
EQUITY GLOBAL INCOME

Monthly update

In May the Fund generated a total return of -1.2% (in GBP), compared to its MSCI World Index benchmark return of 1.1%, thereby underperforming by 2.3%.

The Fund therefore gave back the gains seen in April, where the Fund outperformed the Index by 2.2%. The Fund is now slightly behind the Index year-to-date – up 5.3% versus the MSCI World up 7.4%.

Our small overweight to the energy sector was a drag on performance in the month. The energy sector was the worst performing MSCI World Index sector over the month, declining just over 5% (in USD). The best performing sector in the month was Healthcare, up just under 3% (in USD). The Fund has a small overweight to healthcare (at 14.5% vs 13.0% in the benchmark), which helped overall performance. Specifically it was the three US-domiciled companies we own in the healthcare sector that performed particularly well; Abbvie, Merck, and Johnson & Johnson. Otherwise our sector weights (which have remained steady since last month) were essentially neutral, neither adding nor subtracting significantly to overall fund performance over the period.

The main driver of underperformance in the month were our holdings in the emerging market and Asian regions. The MSCI Emerging Market Index was down just over 4% (in USD) over the month, underperforming the broad market by almost 5%. This is in sharp contrast to April when the exact reverse was true; the emerging market index posted a return just over 5% greater than that of the broad market. The MSCI Asia Index held up better, but was still approximately 2.5% behind the broad market.

The Fund has approximately 10% in companies listed in Hong Kong (CNOOC, China Mobile, and

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Li & Fung), and one 'truly' emerging market company (Vodacom, the South African telecoms business), which has a 3% weight in the portfolio. On average these four companies were down 9.7% in the month, meaning they contributed approximately -1.2% to overall Fund performance.

The last two months serve as a good reminder that investing in companies in these regions can mean one has to be prepared for the inevitable bouts of volatility than can, and frequently do, occur. However, by taking a long-term view and trying to use any periods of extreme relative performance as an opportunity to take profits or top up on holdings, we believe this can add meaningfully to Fund performance. As value investors we also recognise that quality companies in these regions can offer

exceptional value, particularly in periods like today when western company valuations are getting headier. We are cautious of not overfilling the portfolio with such companies, however, and limit the maximum weight we can have in emerging market companies to 20%, thereby building in a degree of diversification to the process of portfolio construction. It's worth noting that we are not planning to 'fill' that 20% anytime soon.

We thank you for your continuing support.

Dr. Ian Mortimer & Matthew Page
Co-managers, Guinness Global Equity Income Fund

June 2015

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PORTFOLIO

31/05/2015

Fund top 10 holdings	Sector analysis	Geographic allocation
Imperial Tobacco 3.1%	Industrials 17.4%	USA 40.8%
H & R Block 3.0%	Financials 17.3%	UK 22.8%
Schneider Electric 3.0%	Consumer Staples 17.2%	France 8.4%
Coca-Cola 3.0%	Health Care 14.6%	China 5.4%
Merck & Co 3.0%	Energy 11.0%	Germany 2.9%
Gallagher, Arthur J 3.0%	Consumer Disc 8.2%	Israel 2.9%
General Dynamics 3.0%	IT 5.8%	Australia 2.8%
Johnson & Johnson 2.9%	Telecoms 5.3%	Netherlands 2.8%
Abbvie 2.9%	Cash 3.4%	Italy 2.7%
Microsoft 2.9%		South Africa 2.6%
% of Fund in top 10 29.7%		Other 2.5%
Total number of stocks in Fund 34		Cash 3.4%

PERFORMANCE

31/05/2015

Annualised % total return from launch (GBP)

Fund (X class, 0.75% AMC)	11.04%
MSCI World Index	10.72%
IA Global Equity Income sector average	9.31%

Discrete years % total return (GBP)

	May '11	May '12	May '13	May '14	May '15
Fund (X class, 0.75% AMC)	-	-1.6	29.5	6.7	12.0
MSCI World Index	13.1	-4.8	29.7	7.4	16.2
IA Global Equity Income sector average	16.2	-4.4	28.8	6.6	10.3

Cumulative % total return (GBP)

	1 month	Year-to-date	1 year	3 years	From launch
Fund (X class, 0.75% AMC)	-1.2	5.3	12.0	54.7	58.8
MSCI World Index	1.1	7.4	16.2	61.9	56.8
IA Global Equity Income sector average	0.8	7.3	10.3	51.3	48.1

RISK ANALYSIS

31/05/2015

Annualised, weekly, from launch on 31.12.10, in GBP	Index	Sector	Fund
Alpha	0	1.00	2.06
Beta	1	0.78	0.82
Information ratio	0	-0.21	0.07
Maximum drawdown	-18.26	-15.50	-16.34
R squared	1	0.81	0.89
Sharpe ratio	1	0.50	0.64
Tracking error	0	5.76	4.49
Volatility	13.29	11.50	11.58

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Source: Financial Express, bid to bid, total return. Fund launch date: 31.12.10. **Fund X class:** Simulated performance based on actual returns of E share class (available from Fund launch), calculated in GBP. **IA sector** performance based on highest fee share classes for each fund (C Class (1.5% AMC) for Guinness Global Equity Income). **See Notes overleaf.**

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Performance data notes

1) The performance numbers displayed on the previous page are calculated in GBP (Sterling). Please note: The Fund's X class was launched on 15/02/2012. The performance shown is a simulation for X class performance being based on the actual performance of the Fund's E class, which has the same annual management charge as the X class, 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. Hence the Fund's E Share class is used here to illustrate the performance of a GBP-based clean-fee (RDR-compliant) share class since the Fund's launch on 31.12.10.

2) The performance of the IA Global Equity Income sector is based on the average of the highest fee share class of each constituent fund, e.g. C class for the Guinness Global Equity Income Fund, with an annual management fee of 1.5%.

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: Capita Financial Managers (Ireland) Limited, 2 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland; or,
- the Promoter and Investment Manager: Guinness Asset Management Ltd, 14 Queen Anne's Gate, London SW1H 9AA.

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. The Fund has been approved by the Financial Conduct Authority for sale in the UK. If you are in any doubt about the suitability of investing in this Fund, please consult your investment or other professional adviser.

Switzerland

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'Île, 1204 Geneva, Switzerland.

Telephone calls may be recorded and monitored.

GUINNESS

ASSET MANAGEMENT LTD

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