

Guinness Global Equity Income Fund

INVESTMENT COMMENTARY - November 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 £98.2m

Launch date 31.12.10

Managers Dr. Ian Mortimer, CFA
Matthew Page, CFA

Performance 31.10.15

	1 year	3 years	From launch
Fund	0.7	35.7	50.8
Index	2.4	31.0	49.5
Sector	1.5	38.7	38.9

Annualised % total return from launch (GBP)

Fund	8.9%
Index	8.7%
Sector	7.0%

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

Fund review

In October the Fund produced a total return of +5.10%, compared to the MSCI World Index return of +5.76%. The Fund therefore underperformed the MSCI World Index by 0.66% in the month, in what was a sharp recovery from the correction seen through August and September.

Since the low of 25th August the Index has recovered just under 10%, with the majority of this performance coming since the end of September. Unsurprisingly, the rally was led by those companies and sectors that had underperformed most dramatically in the summer sell off, with energy and materials posting 10%+ gains (in USD terms) over October alone. It is interesting to note that these gains appeared to be driven by a change in sentiment, rather than fundamentals. The prices of oil and other bulk commodities were essentially flat over the month (for both spot and longer-dated futures), so it is unlikely that this was the driver for the short-term moves. Perhaps it was a recognition of a better longer-term demand outlook, as the Chinese economy began to look more stable (for example), or just hedge fund short-covering boosting share purchases (the go-to explanation when there's no obvious cause of sharp price rises in a relatively short time period). Utilities, unsurprisingly, were the worst performing sector over the month, registering gains of just 1.54%. Other 'defensive' sectors such as healthcare and consumer staples also underperformed the broader market.

The types of companies that performed best in the month were more unusual, however, in that large cap companies led the rally, rather

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than small cap companies as one might expect in a swift recovery. Generally speaking small caps have done better this year, so their valuations are more stretched relative to their long-term multiples. The outperformance of large cap companies in a swift recovery could be a recognition of this value. We run the Fund with a strong value discipline and, as we have been saying for a while now, we feel that if this 'style' comes back into favour (as we believe it always will, assuming long holding periods) then the Fund should be well positioned to benefit from that change.

Standout performances from single stocks in the month were mostly driven by market reaction to quarterly results updates. We try not to focus too much on individual quarterly results as there is a danger these short-term results can influence your view on the longer term (which is frankly far more important), but market reactions to companies reporting results were particularly acute this earnings season, which we have seen before when the market is skittish. On the positive side we saw strong results from Microsoft, with revenue, margins, and earnings above consensus driven by better than expected sales and management starting to get costs under control. The growth in the number of subscribers to Office 365 was particularly strong – a data point which was a concern in the market as the company continues to transition away from the old license model. The day after results the company was up over 10% (in USD) and was up almost 19% for the month as a whole.

On the negative side, the worst performing company in the Fund was Meggitt, the UK-based engineering group. The company

reported at the end of the month and warned operating income would be 'meaningfully' lower than what they themselves had previously indicated. The weakness in their energy business was perhaps not surprising considering the wider market, but the decline in margins associated with their aviation aftermarket business was what appeared to drive market reaction. The margins are eroding as the proportion of new aircraft that they service goes up (work on older aircraft demands a higher margin). On the day of their results the stock was down 20% (in GBP) and finished down just over 25% for the month as whole.

As the two (extreme) examples above show, these types of markets can throw up good opportunities if and when markets over react to news flow. We continue to be on the lookout for attractive new ideas for the Fund, but in October we did not make any changes to the companies we hold. We look forward to updating you again next month which will be the last portfolio update before 2016.

Thanks for your continued support.

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

November 2015

Data sources

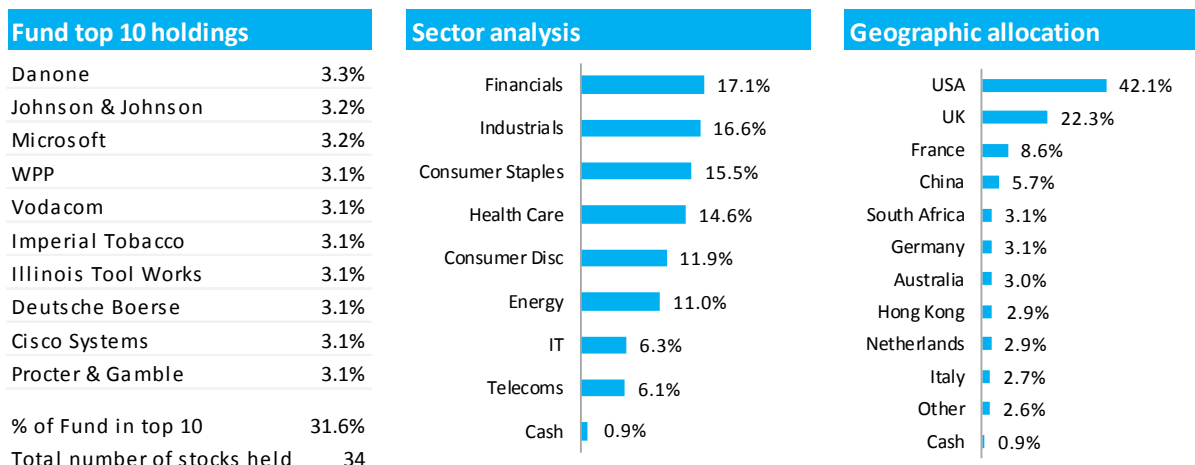
Fund performance: *Financial Express, total return in GBP*

Index and stock data: *Bloomberg*

Guinness Global Equity Income Fund

PORTFOLIO

31/10/2015



PERFORMANCE

31/10/2015

Annualised % total return from launch (GBP)

Fund (X class, 0.75%AMC)	8.86%
MSCI World Index	8.67%
IA Global Equity Income sector average	7.03%

Discrete years % total return (GBP)

	Oct '11	Oct '12	Oct '13	Oct '14	Oct '15
Fund (X class, 0.75%AMC)	-	7.5	25.0	9.4	1.5
MSCI World Index	0.8	9.7	26.1	9.1	5.4
IA Global Equity Income sector average	3.5	8.3	22.7	4.3	2.4

Cumulative % total return (GBP)

	1 month	3 months	Year-to-date	1 year	3 years	From launch
Fund (X class, 0.75%AMC)	5.22	-1.95	0.0	1.5	38.7	50.8
MSCI World Index	5.85	-1.92	2.4	5.4	45.1	49.5
IA Global Equity Income sector average	5.81	-2.13	0.6	2.4	31.0	38.9

RISK ANALYSIS

31/10/2015

Annualised, weekly, from launch on 31.12.10, in GBP	Index	Sector	Fund
Alpha	0	0.45	1.51
Beta	1	0.77	0.83
Information ratio	0	-0.24	0.04
Maximum drawdown	-18.26	-15.50	-16.34
R squared	1	0.80	0.89
Sharpe ratio	0	0.31	0.45
Tracking error	0	5.99	4.44
Volatility	13.32	11.42	11.75

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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. 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

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