

Guinness Global Equity Income Fund

INVESTMENT COMMENTARY – May 2017

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 £287m

Launch date 31.12.10

Managers Dr. Ian Mortimer, CFA
Matthew Page, CFA

Analysts Joshua Cole
Sagar Thanki

Performance 30.04.17

	1 year	3 years	From launch
Fund	24.9	45.6	102.3
Index	30.6	56.7	109.9
Sector	23.5	36.0	78.2

Annualised % gross total return from launch (GBP)

Fund	10.6%
Index	11.2%
Sector	8.6%

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, gross total return.

Summary performance

In April, the Guinness Global Equity Income Fund produced a total return of -1.64% (in GBP) versus the MSCI World Index return of -1.87% (in GBP). The Fund therefore outperformed the index by 0.23% in the month.

Year-to-date the Fund is up 2.50%, underperforming the MSCI World Index which is up 3.30%.

April in review

Saturday 29th April was the 100th day in office for President Trump, and figuratively marked the end of the Presidential “honeymoon” period. This milestone dates back to 1933 when Franklin D. Roosevelt took office midst the Great Depression and vowed to implement immediate reform. The President’s first 100 days have since become a measure of how successful the new administration is in its initial stages, focusing particularly on whether campaign policies have translated into new legislation.

As we wrote in our Q1 2017 update, the initial optimism that the new US Government would be beneficial for corporate profitability led to a surge in global equity markets. This began to falter towards the end of March and continued in that manner at the start of April, before rallying strongly towards the second half of the month. Overall the S&P 500 was up in April, posting gains of 1.53% (in USD). This was aided by a strong first-quarter corporate earnings season. Of the 54% of S&P500 companies which reported before 28th April, 81% beat their mean earnings per share estimate and 65% beat their mean sales estimate. Further positivity for corporations

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came as President Trump continued to campaign for drastic tax reform and consequently proposed to cut US corporation tax from 35% down to 15%. There were also further promises of a 'haircut' for US banking laws, with speculation that this may involve a separation of commercial and investment banking. Furthermore, the administration announced that there will be a renegotiation – rather than termination – of the North American Free Trade Agreement.

It emerged in April that the US added only 98,000 jobs in March, which was far fewer than economists expected and only half the number for January and February. At the same time, the US economy grew by only 0.7% in the first quarter of the year – the slowest rate of growth since the first quarter of 2014, leaving the President some way to go to meet his election pledge of raising growth to 4%.

In Europe, the first round of the French election dominated headlines. Markets rallied in relief as centrist and pro-EU candidate Emmanuel Macron made it through to the second round of polling with 23.9% of the vote, followed by the right-wing Marine Le Pen (21.4%). Coupled with poll data that strongly indicated a comfortable Macron victory in the run-off election on 7th May, this led to a significant jump in global equity markets. The biggest challenges for the new President will undoubtedly be unemployment, which at around 10% is roughly double the rate in France's European neighbours (Austria, Netherlands, Germany, UK), and social division based on concerns over immigration and terrorism.

Meanwhile, the Purchasing Manager's Index in Germany hit its highest level since May 2011. The measure is at a six-year high for the Eurozone as a whole. In general, it seems that Europe may now be moving past some of its biggest risk flashpoints, and in April, European markets outperformed the US with the MSCI

Europe ex UK showing gains of +4.36% (in USD) versus +1.08% for the MSCI USA.

Elsewhere in equities, emerging market indices outperformed developed markets – a trend that has now lasted more than a year. In an environment of weakened commodity prices, this outperformance suggests that, at least in the short term, there is a lessening dependence on commodities in these markets; growth has instead come domestically and through relative political stability.

In terms of investment style, April was mixed, with defensive stocks benefitting the most at the start of the month, before a swing towards cyclicals. Industrials was the strongest performing sector and being our largest overweight benefited the Fund. Energy continues to be the worst performing and an underweight stance here was also beneficial. The Fund's underweight in Consumer Discretionary and IT were drags relative to the MSCI World, as these sectors also performed well. Small and mid-caps rallied more strongly than large-caps, and growth outperformed value stocks in April – both of these were drags on the Fund due to its large-cap, quality focus.

“The portfolio's strongest performer in April was Novo Nordisk. The Danish pharmaceutical company is a leader in the global insulin market and has been a relatively recent addition to the portfolio.”

The portfolio's strongest performer in April was Novo Nordisk. The Danish pharmaceutical company is a leader in the global insulin market and has been a relatively recent addition to the portfolio. We discussed our conviction for the company in our Q1 2017 update, and we were pleased to see the stock

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rally +13.0% in USD after beating earnings and sales expectations by benefitting from better cost control. NEX Group also performed very well (+12.0%); the electronic dealer, formerly ICAP, saw a rise in transaction volumes and continued a very strong run since the start of the year. The worst performing stock in April was Mattel. The world's largest toymaker posted first-quarter results that fell short of estimates, predominantly as its flagship brands, such as Barbie, saw sales fall around 13% in the quarter.

We made no changes to the portfolio in April.

Thank you for your continued support.

Portfolio Managers

Matthew Page, CFA
Dr Ian Mortimer, CFA

Analysts

Joshua Cole
Sagar Thanki

May 2017

Data sources

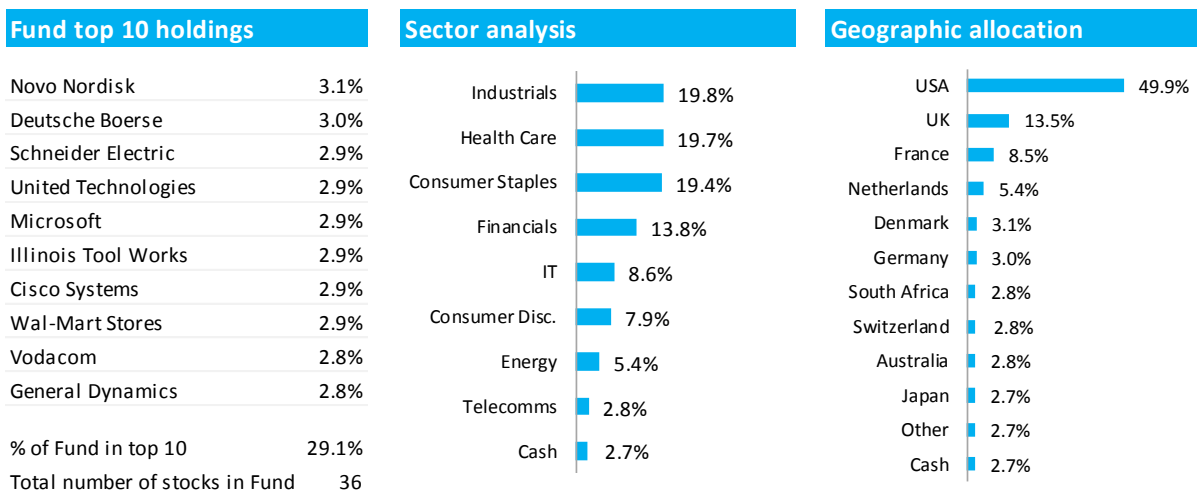
Fund performance: *Financial Express, gross total return in GBP*

Index and stock data: *Bloomberg*

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PORTFOLIO

30/04/2017



PERFORMANCE

30/04/2017

Annualised % gross total return from launch (GBP)

Fund (Y class, 0.99%OCF)	10.6%
MSCI World Index	11.2%
IA Global Equity Income sector average	8.6%

Discrete years % gross total return (GBP)

	Apr '13	Apr '14	Apr '15	Apr '16	Apr '17
Fund (Y class, 0.99%OCF)	22.4	8.1	16.8	-0.2	24.9
MSCI World Index	22.5	8.1	18.7	1.1	30.6
IA Global Equity Income sector average	21.6	6.0	12.2	-1.8	23.5

Cumulative % gross total return (GBP)

	1 month	Year-to-date	1 year	3 years	5 years	From launch
Fund (Y class, 0.99%OCF)	-1.7	2.5	24.9	45.6	92.7	102.3
MSCI World Index	-1.9	3.3	30.6	56.7	107.4	109.9
IA Global Equity Income sector average	-1.6	3.2	23.5	36.0	75.4	78.2

RISK ANALYSIS

30/04/2017

Annualised, weekly, from launch on 31.12.10, in GBP	Index	Sector	Fund
Alpha	0	0.56	1.44
Beta	1	0.77	0.87
Information ratio	0	-0.31	0.00
Maximum drawdown	-18.26	-15.50	-16.19
R squared	1	0.80	0.89
Sharpe ratio	1	0.51	0.65
Tracking error	0	6.19	4.51
Volatility	13.83	11.84	12.62

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Source: Financial Express, bid to bid, gross total return. Fund launch date: 31.12.10. **Fund Y class:** Composite simulated performance based on actual returns of E share class (available from Fund launch), calculated in GBP.

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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 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 annual management charge 0.75%, 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: 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.

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 may be recorded and monitored.

GUINNESS

ASSET MANAGEMENT LTD

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