TB Guinness Global Equity Income Fund

Investment Commentary - November 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	£32.5m
Strategy size	£3,269m
Fund launch	09.11.2020
Strategy launch	31.12.2010
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, Jack Drew

The TB 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 TB Guinness Global Equity Income Fund was launched on 9th November 2020. It is a UK-domiciled UCITS fund, authorised and regulated by the Financial Conduct Authority. Where stated, portfolio data prior to 9th November 2020 and other information in this document relates to the Guinness Global Equity Income Fund, an Irish-domiciled, FCA-recognised UCITS fund launched on 31st December 2010. Both funds are managed in accordance with the same investment process and with the same portfolios.

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 has been classed as 5 because its volatility has been measured as above average to high. Historic data may not be a reliable indicator for the future. The 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

% total return in GBP	YTD	1 year
Fund	0.6	8.6
Index	-6.0	-2.9
Sector	-4.0	0.7

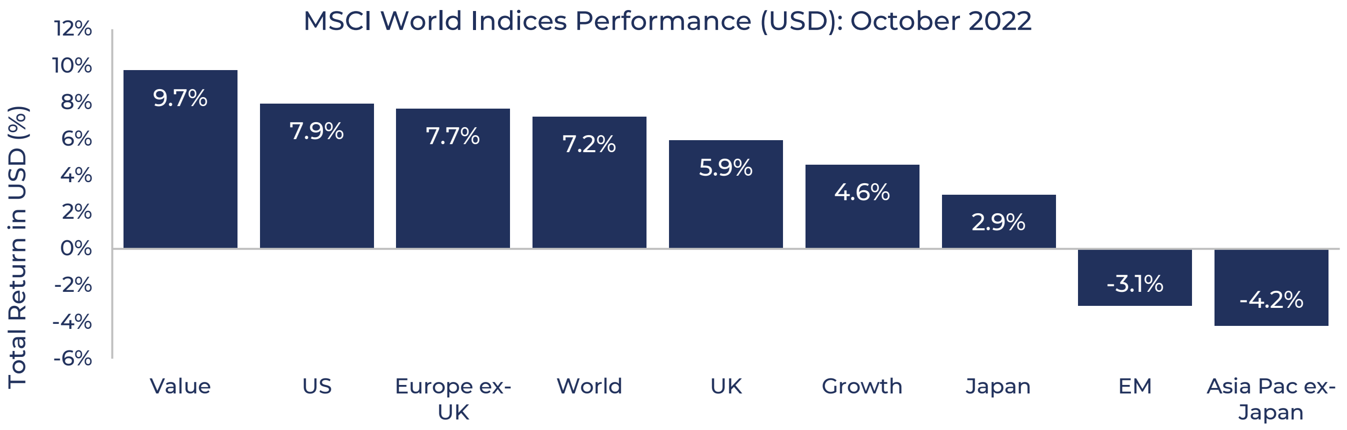
Source: FE, bid to bid, total return to 31.10.22. Investors should note that fees and expenses are charged to the capital of the fund. This reduces the return on your investment by an amount equivalent to the Ongoing Charges Figure (OCF). The fund performance shown has been reduced by the current OCF of 0.79% 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.

SUMMARY: PERFORMANCE

In October, the Fund returned 1.9% (in GBP), the MSCI World Index returned 3.9%, and the IA Global Equity Income sector average return was 2.5%. The Fund therefore underperformed the Index by 2.0% and its peer group by 0.6%.

Year-to-date, the Fund has returned 0.6%, the MSCI World Index has returned -6.0%, and the IA Global Equity Income sector average return has been -4.0%. The Fund has therefore outperformed the Index by 6.6% and outperformed its peer group by 4.6%.

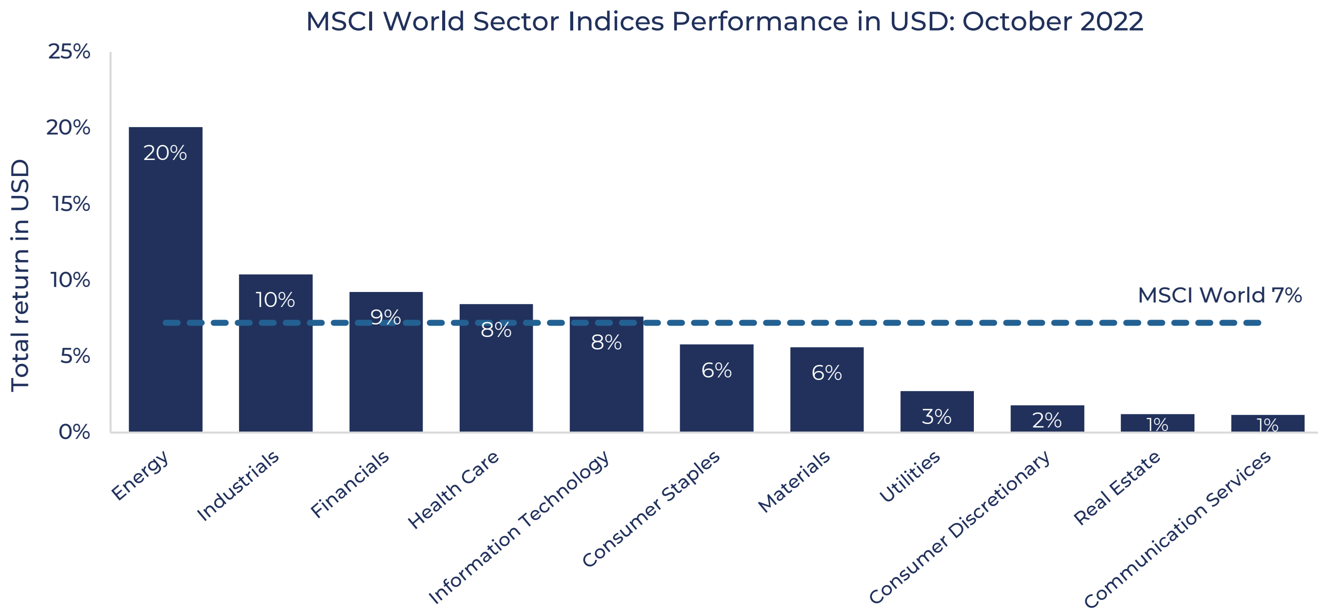
The first two weeks of October told a familiar tale for equity investors. High inflation reads continued to weigh heavily on markets, global central banks continued with hawkish monetary policy, and geopolitical tension as well as political upheaval (not least in the UK) continued to create an uncertain macroeconomic picture. However, as earnings season kicked off, fortunes were quickly reversed as results came in generally better than expected. Despite pockets of weakness in certain sectors (Big Tech, Materials) the broader index surprised to the upside and key bellwether stocks showed a level of robustness in their core businesses which the market was not expecting. This led to a renewed sense of optimism that the sell-off this year may have been somewhat overdone. An equities rally ensued over the second half of the month with the MSCI World ending October up 7.2% in USD.



Source: Bloomberg, as of 31/10/2022

However, the picture was varied from both a stylistic and a geographical perspective. The US (+7.9% in USD) led the global market rally thanks in part to certain strong domestic conditions including a solid GDP print, continued tightness in the labour market and an appreciating dollar. European equity markets also saw broad-based increases with positive sentiment stemming from government interventions in energy markets. Pledges to further dampen the ongoing energy crisis included a price cap, a common purchase system and new fiscal stimulus worth €40bn, targeting both households and businesses. With storage full and the autumn proving unseasonably warm so far, gas prices moved lower, which acted as an additional tailwind for European markets. Even global supply chain constraints eased, with global shipping container rates falling by up to 25%. Geopolitical tensions continued to simmer, however, evidenced by military escalations in the Ukraine-Russia war alongside the severing of a previously agreed grain deal to alleviate pressure on global food prices.

Elsewhere, emerging markets struggled, particularly in Asia Pacific, which closed the month down -4.2%. Leading the decline was China, as domestic instability weighed heavy on investor sentiment. As expected, President Xi was reappointed at the 20th Party Congress and leadership changes in key positions created further volatility, especially amongst the already hard-hit tech sector. China's Caixin September services PMI showed a sizable fall of 5.7 points to 49.3 due to the latest Omicron wave, and the services sector is still suffering from sporadic lockdowns across the country. However, with headline inflation subdued (2.8% year-on-year), this affords the People's Bank of China room to pursue more accommodative monetary policy with new rate cuts expected in 2023.



Source: Bloomberg, as of 31/10/2022

Over the month of October, Fund performance can be attributed to the following:

- The Fund's high exposure to Consumer Staples, which was a headwind from an allocation perspective, as the sector underperformed the index by 1.4%.
- Additionally, a zero exposure to the Energy sector was a significant drag on performance as the sector closed the month up 20% and was the MSCI World's strongest performer.
- However, the Fund did benefit from an overweight allocation to Industrials (19.4% vs 10.0%) and Financials (16.0% vs 13.6%). These were the MSCI's second and third best performing sectors.
- The Fund also benefited from good stock selection within the Industrials sector as strong performance from Emerson Electric (+18.3% in USD), Illinois Tool Works (+18.2%), and Atlas Copco (+14.1%) was a source of outperformance over the month.

DIVIDENDS

So far in 2022 we have had dividend updates from 34 of our 35 holdings, and the average dividend growth in the Fund has been 7.3%.

- 29 companies announced increases for their 2022 dividend vs 2021. The average dividend growth of these companies has been 8.6%.
- 5 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.

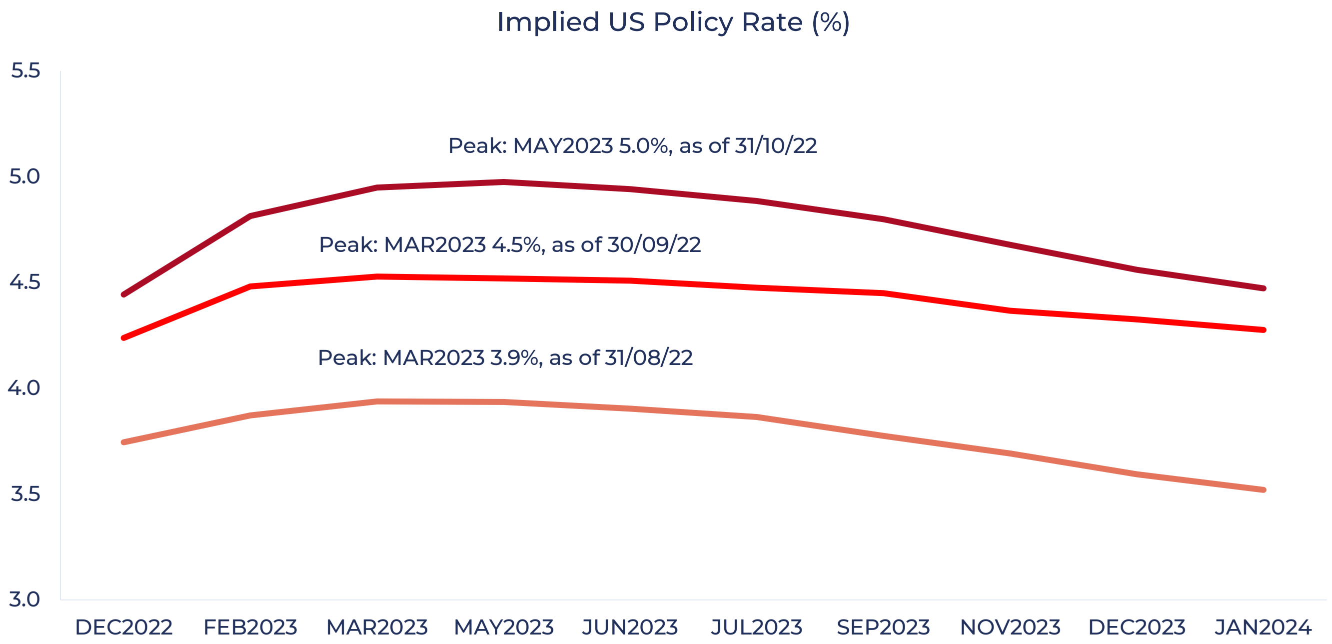
The Fund's dividend yield at the end of the month was 2.5% (net of withholding tax) vs the MSCI World Index's 2.2% (gross of withholding tax).

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.

OCTOBER IN REVIEW

Inflated expectations?

It was a difficult start to the month, as equity markets reverted to the status quo. Fears of a hard landing dampened sentiment and central banks did little to allay them, reiterating their hawkish outlook and hinting at further rapid rate hikes to come. Indeed, as the month progressed, the European Central Bank (ECB) announced a rate rise of 75 basis points and the Federal Reserve (Fed) posited further hikes of a similar magnitude for its early November meeting. It has become increasingly clear that inflation expectations are being revised upwards, as the market prices in higher rates for longer. The implied US policy rate now stands at a high of 5% for May 2023, a significant shift in expectations from just one month prior.

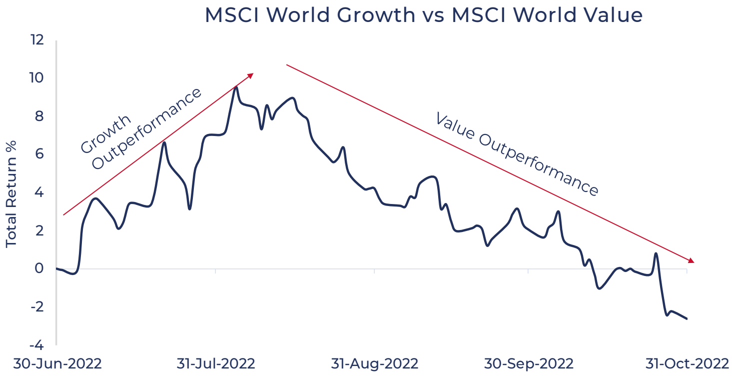


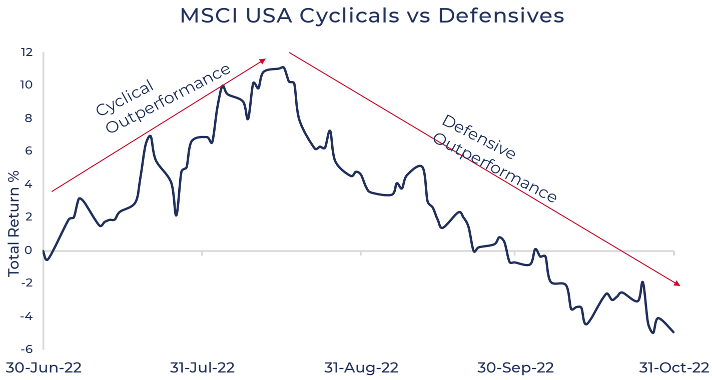
Source: Bloomberg, as of 31/10/2022

Good news is bad news

Given that the Fed has made clear its intention to fight inflation until economic data show evidence of a slowing economy, a paradox exists whereby good news is bad news for global markets. In other words, so long as US domestic conditions remain firm, including better than expected GDP reads (+2.6% for Q3) and tight labour markets (job openings exceeding job seekers by c.5 million people), the Fed may stick to an aggressive rate hiking cycle, given the robust nature of the real-world economy. Therefore, global markets have interpreted strong economic data with caution. Further positive news from US labour markets included record-low unemployment of 3.5% with a stable participation rate of 62.3%. As more economic data was released, a broader shift away from cyclicals towards more defensive areas of the market ensued. At the same time, value outperformed over the later stages of the month, as the growthier parts of the markets fell out of favour.

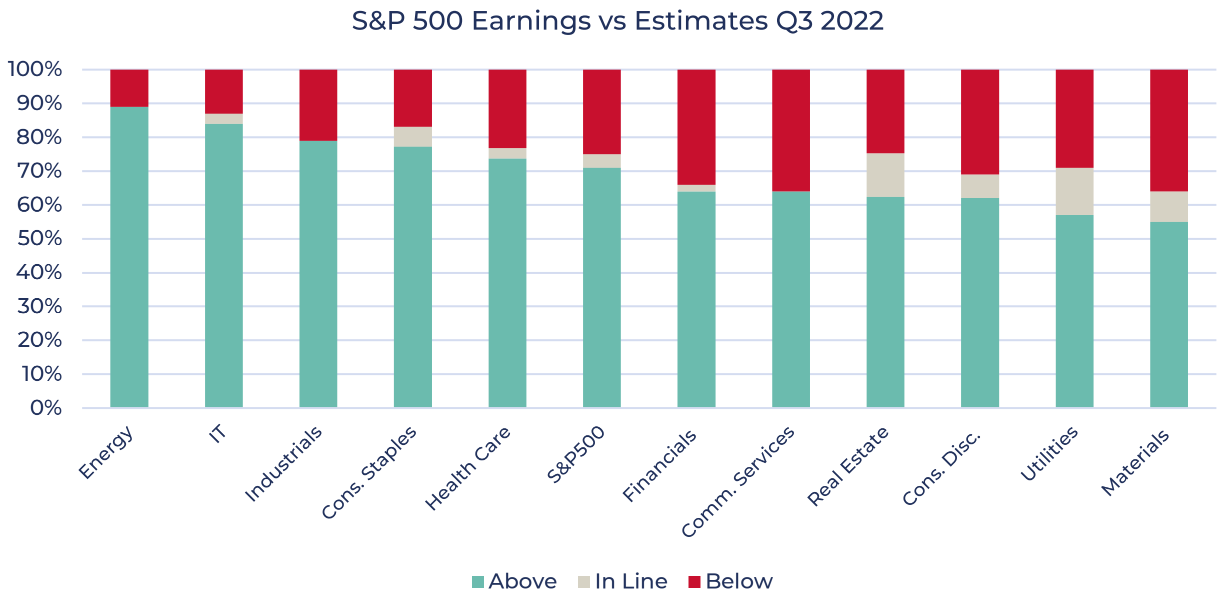
Earnings: less bad than feared





Source: Bloomberg, as of 31/10/2022

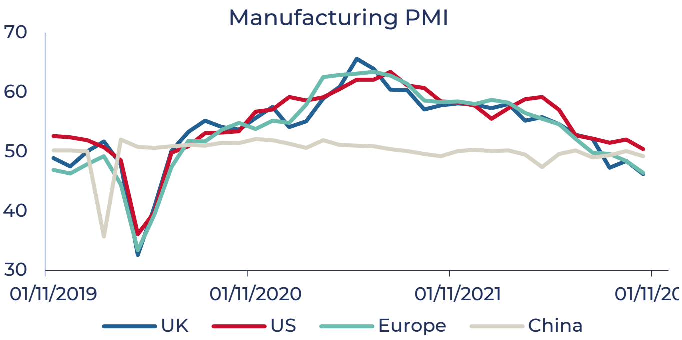
Third-quarter earnings season began in earnest during the second full week of October, with a wave of market leaders reporting results. This quarter was seen as a key earnings season not only to gauging whether the early signs of an economic slowdown had affected profitability, but also to assessing the forward-looking demand pipeline for bellwether stocks. Before the earnings season even kicked off, the difficult macro environment had fed through into expectations. Estimates from FactSet showed that the market was predicting an earnings growth rate of 2.2% for the S&P 500, the lowest earnings growth rate by the index since Q3 2020. However, earnings have been fairly robust so far. To date, 52% of S&P 500 companies have reported, of which 71% have come in ahead of expectations. A more granular breakdown of S&P 500 earnings by sector is illustrated in the chart below. It is worth noting that the surprise to the upside has been modest (also 2.2% above consensus), which is the second-lowest amount in the past nine years and is significantly below the 5-year and 10-year averages (8.7% & 6.5% respectively). Even with this meagre growth, results have held up relatively well, or rather, they have come in less bad than previously feared given the significant negative sentiment that had already been built into consensus.

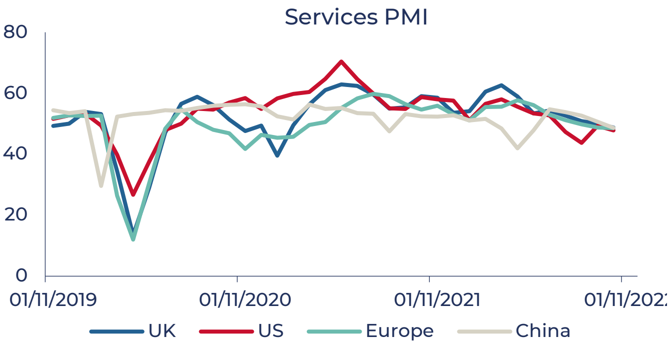


Source: FactSet, as of 31/10/2022

Forward-Looking Indicators

Given this negative consensus, it is worth considering the actual data that hint at a troubling outlook. Flash Purchasing Managers' Indices (PMIs), which show business strength across the manufacturing and service sectors, showed signs of declining confidence over October. In the US, manufacturing PMI fell to 49.9, its lowest level since early in the pandemic. Meanwhile the services survey declined to 46.6, with forward-looking indicators notably weak. It was a similar tale for both the UK and China, where political and market instability have caused the composite PMIs to fall to 47.2 and 49.3 respectively. The broader declines can be seen in the charts below, which split our confidence between manufacturing and services. Whilst the trend is more pronounced amongst the manufacturing sector, services PMIs have clearly been declining over 2021 and continued this downward trend in October.





Source: Bloomberg, as of 31/10/2022

Further bad news came in the form of Big Tech earnings. Market leaders (including Google and Meta) reported a slowing advertising spend over the past quarter, which is often an early warning sign of declining business confidence. Meta noted "near-term challenges on revenue and pricing declines driven by lower advertiser demand" whilst Google's parent company Alphabet saw "a pullback in spend by some advertisers as … in challenging times like these, advertisers are carefully evaluating the effectiveness of their budgets". In addition, the real estate market saw troubles with a slowdown in both housing starts and home sales in the US, which demonstrates the impact of higher mortgage rates on sector activity. Across a broad range of indicators, the macroeconomic data paints a fairly bleak outlook for the state of the global economy. However, even if the economic outlook deteriorates further, the declines in equity markets this year might suggest that a significant amount of bad news has already been priced in. This would help to explain the October equities rally as any semblance of good news prompted a strong market reaction, despite the challenging backdrop.

PORTFOLIO HOLDINGS

Emerson was the Fund's top performer, gaining +18.3% in USD over the month. It is promising to see one of the newest additions to the Fund performing well. October began with news that Emerson was entertaining a sale of its Climate Technologies business to private equity giant Blackstone. The division sits within its Commercial & Residential Solutions business and sells critical components for residential, commercial and refrigeration climate control systems. The market reacted positively to this news as a potential simplification of the Emerson portfolio at a reasonable valuation would support an evolution towards a higher underlying growth rate and a more streamlined set of operations. The deal closed on the last day of the month, with Emerson selling a majority stake for $14.0 billion, a valuation in excess of what the market had previously expected. Whilst this positive news undoubtedly drove strong performance over the month, it was also the growing expectations of a potential Fed pivot that helped returns. The possibility that the Fed would adopt a more dovish tone in its early November meeting led to a rally across the Industrials sector as any easing in monetary policy would be a particular tailwind for cyclically exposed businesses.

Illinois Tool Works (ITW) also performed strongly, closing October up +18.2% in USD. The engineering firm was a beneficiary of the rally within the Industrials sector, although a good set of quarterly earnings towards the end of the month continued the positive momentum. ITW posted revenues of $4bn and EPS of $2.35, a 16% organic increase year-on-year for both measures. These strong results showed few signs of broader recessionary headwinds, which was particularly surprising given that the firm operates a short business cycle and should therefore be a relatively good indicator of industrial market conditions. With the exception of the Speciality Products division (which came in essentially flat), all segments delivered positive organic sales growth, and Auto OEM grew a notable 25% year-on-year, showing a breadth in end-market strength. Additionally, a combination of volume growth, enterprise initiatives, pricing actions, and some moderation in the pace of input cost inflation led to 130 basis points of operating margin expansion as the firm returned to its long-term margin target of 30%+. The strong results show that the business is well placed to capitalise on the current market conditions, and we are pleased to see that the its core markets remain robust.

TSMC (-9.1% in USD) was the Fund's weakest performer in October. An escalation in geopolitical tension between the US and China weighed heavily on the stock, as did the news that the US would impose tighter controls over chip exports to China, shrouding the semiconductor industry in uncertainty. The stock fell 8.3% on the news, its biggest drop since going public in 1994. The new restrictions expand curbs on exports for advanced chips used in AI and supercomputing as well as tightening the rules on the sale of semiconductor equipment to any Chinese company. TSMC produces chips for a range of international companies which sell a significant portion of their products into the Chinese market. It derives c.10% of its revenue from Chinese-based customers. TSMC did respond by cutting CAPEX c.10% and pushing some expenses out until 2023, but showed no signs of slowing growth, posting a strong set of quarterly results. Revenues were up 48% year-on-year while net income grew 80%, supported by sustained demand for TSMC's industry-leading 5-nanometer (5NM) technologies. Going forward, end markets may soften due to customer inventory adjustments, but the outlook remains positive given that demand for 5NM remains buoyant and structural growth tailwinds remain beneficial to the business.

It was also a mixed month for **CME Group**, which ended October down -2.2% in USD. However, we are encouraged by a solid set of results which were reported late in the month. They saw group revenues increase 10.6% year-on-year to $1.23 billion and volume growth in five out of the six asset classes as clients continue to manage risk amid global economic and geopolitical uncertainty. Interestingly, the group noted particular strength in its Equity Complex which not only recorded a 45.9% average daily volume (ADV) increase but also saw rapid uptake in their newer 'micro E-mini contracts' which grew volumes an impressive 62%. While these smaller contracts do carry lower costs and therefore put pressure on CME's total average fee, it is encouraging to see greater transaction volumes across the board. Over the last quarter, ADV was up 26.1% to 22.4 million contracts per day. Overall, we are pleased by the growth in CME's trading volume and see this as a positive step whilst the firm continues to expand into new markets. In addition, the current market volatility should be a significant tailwind to the business, and we remain optimistic on its future outlook.

CHANGES TO THE PORTFOLIO

We made no changes to the portfolio holdings 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
	Jack Drew

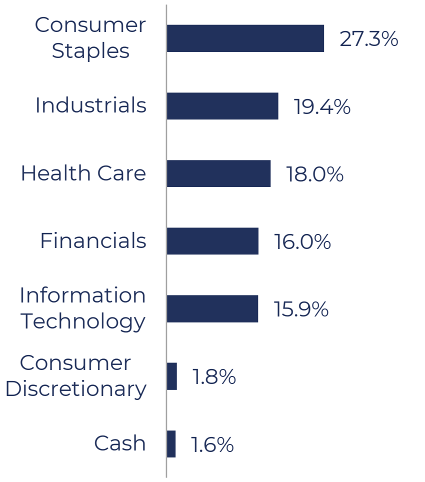
TB Guinness Global Equity Income Fund

PORTFOLIO

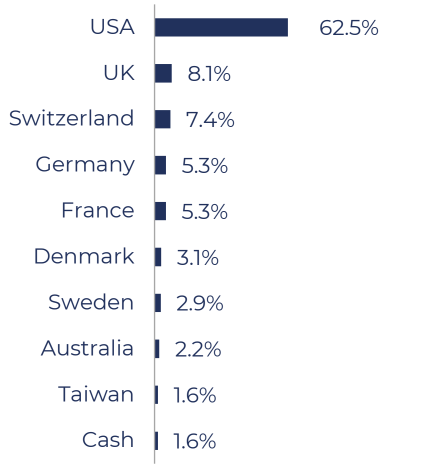
Fund top 10 holdings

Abbvie	4.2%
Aflac	3.7%
Gallagher, Arthur J	3.6%
Johnson & Johnson	3.5%
Pepsico	3.4%
Paychex Inc	3.3%
Blackrock	3.2%
Cisco Systems	3.2%
Novo Nordisk	3.1%
Emerson Electric Co	3.1%
% of Fund in top 10	34.4%
Total stocks held	35

Sector analysis



Geographic allocation



PERFORMANCE*

Past performance does not predict future returns.

31.10.2022	YTD	1 yr	Launch
Fund (0.79% OCF)	0.6%	8.6%	30.1%
MSCI World Index	-6.0%	-2.9%	19.8%
IA Global Equity Income sector	-4.0%	0.7%	18.9%

Source: FE fundinfo, bid to bid, total return. 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. Launch date: 09.11.2020

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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 TB 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 TB 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 as described below. 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.tbaileyfs.co.uk or free of charge from:-

T. Bailey Fund Services Limited ("TBFS")
64 St James's Street
Nottingham
NG1 6FJ
General enquiries: 0115 988 8200
Dealing Line: 0115 988 8285
E-Mail: clientservices@tbailey.co.uk

T. Bailey Fund Services Limited is authorised and regulated by the Financial Conduct Authority.

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.

Structure & regulation

The Fund is a sub-fund of TB Guinness Investment Funds, an investment company with variable capital incorporated with limited liability and registered by the Financial Conduct Authority.

Telephone calls will be recorded and monitored.