Guinness Sustainable Global Equity

Investment Commentary – July 2023

RISK

This is a marketing communication. Please refer to the prospectuses, KIDs and KIIDs for the Funds, which contain detailed information on their characteristics and objectives, before making any final investment decisions.

The Funds are equity funds. 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. Further details on the risk factors are included in the Funds' documentation, available on our website.

Past performance does not predict future returns.

ABOUT THE STRATEGY

Launch	15.12.2020
Index	MSCI World
Sector	IA Global
Managers	Sagar Thanki, CFA Joseph Stephens, CFA
Irish Domiciled	Guinness Sustainable Global Equity Fund
UK Domiciled	TB Guinness Sustainable Global Equity Fund

INVESTMENT POLICY

The Guinness Sustainable Global Equity Funds are designed to provide exposure to high quality growth companies with sustainable products and practices. The Funds hold a concentrated portfolio of mid-cap companies in any industry and in any region. The Funds are actively managed and use the MSCI World Index as a comparator benchmark only.

CONTENTS

COMMENTARY

In the second quarter of 2023, the Guinness Sustainable Global Equity Fund returned 1.65% (in USD) whilst the MSCI World Index returned 6.83%. The Fund therefore underperformed the Index by 5.18%.

The Funds' performance versus the MSCI World Index during the quarter can be attributed to the following:

- Stock selection within IT was the largest drag on relative performance over the quarter since the Fund is mid-cap focused and does not own any of the mega-cap tech giants which have narrowly been the main drivers of index performance.
- Having no exposure to Energy, Utilities, Materials and Consumer Staples aided relative performance over the quarter as these were the four bottom-performing sectors.
- Overweight Heath Care proved a drag in the quarter from an allocation and stock selection perspective.
- Overall, mid-caps underperformed large-caps over the quarter, and this was a negative for relative performance.

Fund performance is shown overleaf.

The year so far can be split into four periods of equity market performance:

1) **Recovery Rally:** Over the start of 2023, equities rallied hard with the growthiest parts of the market significantly outperforming. Higher-beta areas performed particularly strongly as did the lowest-quality areas of the market, as the factors which had performed worst over 2022 saw a strong reversal and led the market higher.

2) **Market Reversal:** The positive sentiment that had driven markets quickly unwound. The rally had been led by a small number of seemingly fragile data points, but as new data emerged, investors reassessed their inflation expectations and the outlook became markedly more hawkish. With the prospect of higher rates for an extended period of time, longer duration assets were impacted the hardest, and markets retreated.

Guinness Sustainable Global Equity

Data to 30.06.2023 in USD	YTD	Rank (Quartile)	1 Year	Rank (Quartile)	Since Launch	Rank (Quartile)	2022	Rank (Quartile)	2021	Rank (Quartile)
Fund	12.1%		16.8%		9.2%		-25.7%		26.7%	
MSCI World	15.1%		18.5%		16.8%		-18.1%		21.8%	
MSCI World Mid Cap	7.8%		12..7%		4.4%		-19.1%		17.6%	
IA Global Sector	12.6%		16.0%		12.5%		-21.0%		16.6%	
Avg. ESG peer fund*	3.8%	^	19.0%	31/71 (2nd)	5.6%	23/56 (2nd)	-22.5%	50/69 (3rd)	18.2%	3/58 (1st)

*Source: Bloomberg, Cumulative Total Return in USD. Fund launched 15.12.2020. *A custom universe of funds created by screening the IA Global Sector for all Responsible, Sustainable and Impact funds which have similar investment policies and risk profiles to the Guinness Sustainable Global Equity Fund. ^Ranking not shown in order to comply with European Securities and Marketing Authority rules.*

3) **Banking Crisis:** Three large bank failures in the US and the Credit Suisse rescue in Europe showed growing stress in th banking sector and highlighted the impacts of an historically stringent monetary tightening cycle. However, after a short sel off in early March, volatility abated, and risk aversion retreated as swift liquidity support by central banks (and severa takeovers) prevented a widespread escalation. Over this period, the Financials and Energy sectors performed particularl poorly, but other parts of the market (notably Healthcare & IT) saw positive performance.

4) **AI Induced Rally**: Since the end of March, a focus on artificial intelligence (AI), and more specifically its potential use cases fo a range of business cases, caused a sharp market rally. The largest gainers were the semiconductor names within the IT secto as well as a range of associated sectors which have tangential exposure. It is worth noting that AI is not a new phenomenor but the launch of ChatGPT in early 2023 was the first consumer facing AI application and has therefore drawn attention to th technology. The number of S&P 500 companies citing AI on their earnings call has more than doubled over the last six month and, in many cases, they have been richly rewarded by the market. More specifically, the optimism surrounding AI has focuse on a handful of large-cap names which have driven the majority of performance (see last month's commentary). There i growing concern that such lack of breadth is not a stable base for an enduring bull market, as the largest 10 names in the S& 500 have accounted for nearly all the index's returns until the end of June.

Source: MSCI, as of 30th June 2023

Where we are now? A broadening rally

On the whole, H1 2023 was a record low for US equity market breadth. Just 32% of US stocks outperformed the market, highlighting the sharp concentration of winners. EU stocks have fared slightly better in this regard, with 45% of stocks outperforming as of half-year end, but this is still well below historical averages. That said, over the month of June, the rally broadened out somewhat. As has been the case for much of the year, the technology sector continued to run (+6.2% in USD), but positive performance was shared more equally amongst other sectors including Consumer Discretionary (+10.5%), Industrials (+9.0%) and Materials (8.3%.

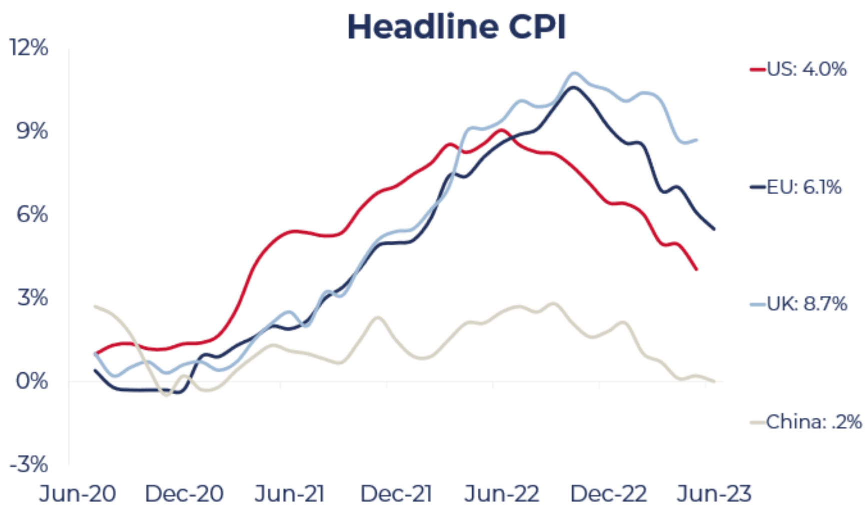
Source: MSCI, as of 30th June 2023

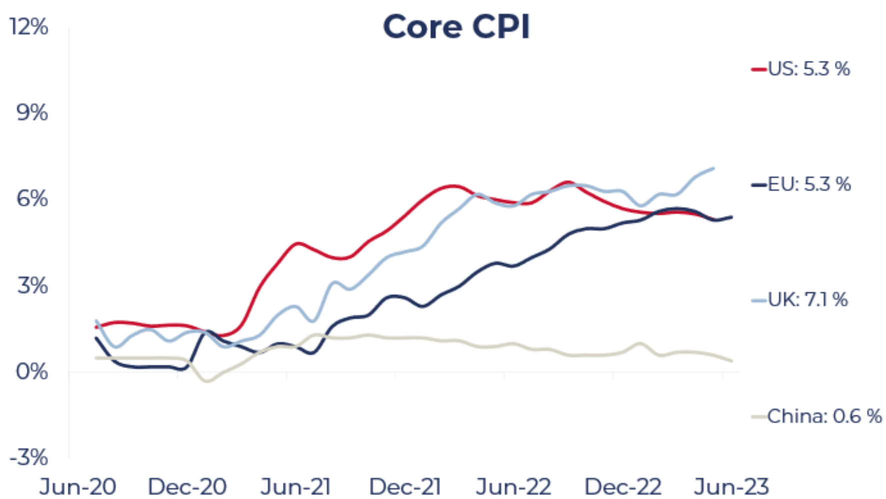
Until June, much of the AI rally had been driven by a narrow group of names, but as the macro conditions evolved and the market pricing of a recession diminished, cyclical sectors faired particularly well, allowing for a broader spread of performance. The consensus that a soft landing may still be possible gained conviction over June, with new data pointing to an increasingly robust US economy. Goldman Sachs now see just a 25% chance of a US recession in the next 12 months, as the regional banks have stabilised, deposit outflows have slowed, and lending volumes are up. This has been compounded by recently released data which shows that everything from GDP to new home sales and durable goods orders all beat consensus estimates. This domestic US strength gives the Federal Reserve additional room to slow the economy through further monetary tightening in an effort to get inflation under control, whilst still maintaining some economic growth and avoiding a hard landing.

Signs of Caution Emerge

Despite markets ending both the month and the quarter higher, a sense of caution emerged over the latter two weeks of June as investors questioned the widespread optimism that has been driving the latest rally. There is no doubt that the economy has shown surprising resilience and the risks of a hard landing may well have decreased but there are still multiple question marks that weigh heavy on the market. The yield curve remains strongly inverted, which has predicted the vast majority of prior recessions. Monetary policy remains tight across the US, Europe and parts of Asia, and the full impacts of such quantitative tightness is yet to fully emerge given significant lagging effects. Additionally, the AI theme trade has driven strong equity market performance but has been led by multiple expansion on earnings that (on an index level) are generally flat to down (see commentary below). The culmination of these factors has caused investors to pause, and return their focus to the issues which faced markets earlier in the year.

Inflation: What is the Data Showing?





Source: Bureau of Labor Statistics (US), Office for National Statistics (UK), Eurostat (EU), National Bureau of Statistics (China) as of 30th June 2023

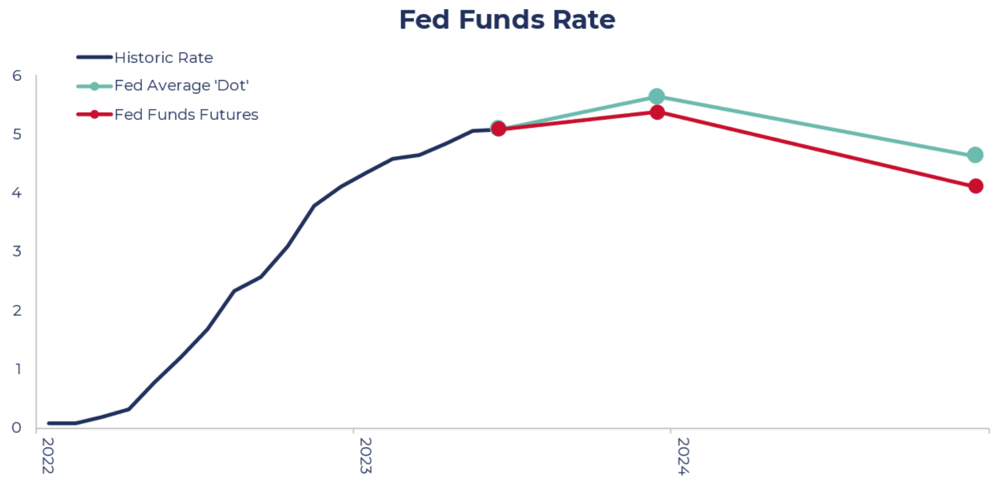
- **Summary:** Headline inflation is falling but core inflation is not declining fast enough.
- **Headline consumer price inflation (CPI)**: The headline figure is coming down as energy and food inflation continue to retreat from high levels. Europe will benefit from favourable base effects as the large gains in energy and food prices seen this time last year start to drop out of the annual calculation.
- **Core CPI**: Core is being driven by a) an historically tight labour market b) sticky services inflation, and c) shelter, which has a large weighting.

The US jobs market is still red hot with a 4.44m person job gap (total vacancies minus total unemployed). The tightness of the labour market and ongoing pressure on wages may keep labour costs high for a sustained period. Demand for services remains buoyant, with households still seemingly intent on making up for the lost experiences during the pandemic. Finally, shelter makes up 44% of core US CPI, and with a tight housing market and high rent prices, shelter continues to drive inflation higher.

A Bearish Pause

With US interest rates now at positive real levels (i.e., above personal consumption expenditure (PCE) inflation), the US Federal Reserve decided to hold rates at current levels, but it was a decidedly hawkish pause. The Fed suggested more rate hikes could be coming soon and an early Fed pivot seems firmly off the table for the time being. When looking at market expectations, the terminal rate has moved higher, and consensus now anticipates tighter monetary policy for longer. The

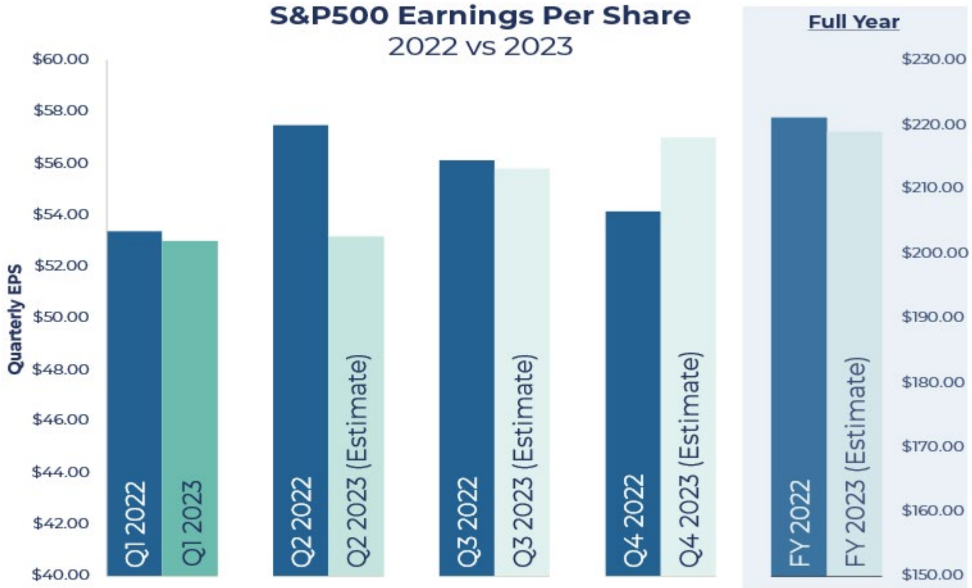
Fed's dot plot chart shows an anticipated two more rate hikes this year and, during his press conference, Fed Chair Jay Powell shared that "nearly all" committee members think further tightening this year is needed. He also added that as things stand, the US wouldn't be returning to pre-pandemic rates for a "good while." Whilst the Fed may be bluffing, in effect releasing a hawkish dot plot to stop the market from getting ahead of itself and easing financial conditions, it seems likely that the questions discussed early in the year will return to the fore. A focus on the path of rates, the impact of tight lending conditions, and the outlook for growth (and equity valuations) is increasingly being scrutinised. The chart below shows that the Fed average dot plot rate, prices in two more 25bp hikes before year end, although the futures market is still pricing in a lower terminal value, in effect, not buying the Fed's latest rhetoric.



Source: MSCI, as of 30th June 2023

Are Earnings Expectations Too Far Ahead?

Amid the uncertain macroeconomic backdrop discussed above, the market has maintained a cautiously optimistic outlook, as shown by S&P500 EPS estimates. For 2023, the market consensus is c.219 of earnings, which is relatively flat year-on-year (2022 EPS was $221). However, as illustrated by the chart below, Q1 2023 earnings were down year-on-year and Q2 earnings are also expected to come in lower. Therefore, in order to get to year-on-year earnings that are broadly flat, it would imply that the latter half of 2023 will see solid positive earnings growth. Whilst a more buoyant economy and a strong consumer may continue to surprise to the upside (thus enabling earnings growth), there is also a risk to the downside, namely that the market is too bullish. There are a range of potential headwinds on the horizon, with sticky inflation, the lagging effects of the fastest rate hiking cycle in history and an increasingly debt-laden US consumer, that may well slow. If earnings are revised downwards in a recessionary scenario, this would be bearish for markets, especially as such risks don't seem to be adequately priced in at present.



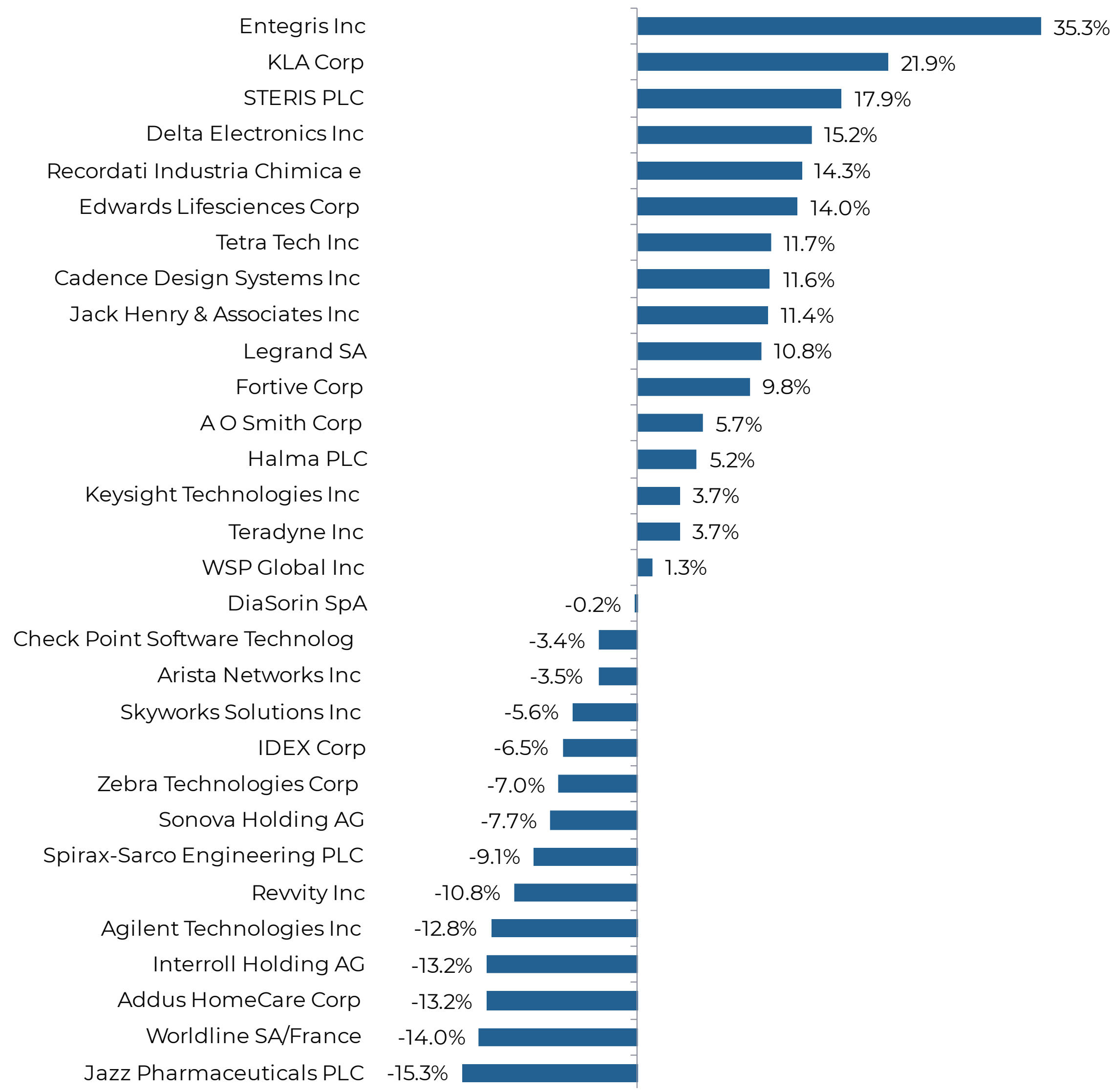
Source: Bloomberg, as of 30th June 2023

Why this leaves the Funds well placed

Global equity markets remain in a delicate situation, with the outlook increasingly uncertain as new data on inflation, growth and interest rates paints an ever more nuanced picture. Given this uncertainty, a strong case can be made for quality as a factor, given its focus on well-run businesses, with consistently high returns on capital, and whose defendable market positions & competitive advantages should enable them to earn above-market returns over the long run. This is especially valuable in both a volatile and a lower growth environment, because the stable earnings profile helps to avoid significant drawdowns and mitigates broader market fluctuations.

STOCK PERFORMANCE

The chart below shows the portfolio constituents' performances over Q2 2023 in USD.



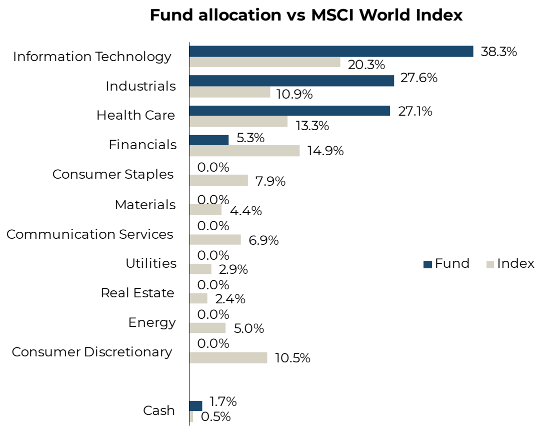
Source: Bloomberg, as of 30th June 2023

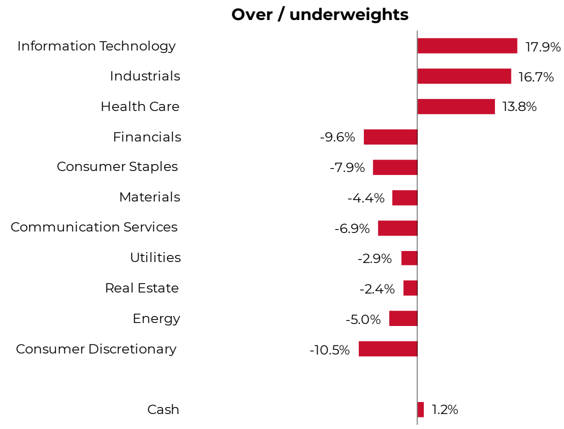
CHANGES TO THE PORTFOLIO

During the quarter we made no changes to the portfolio.

FUND POSITIONING

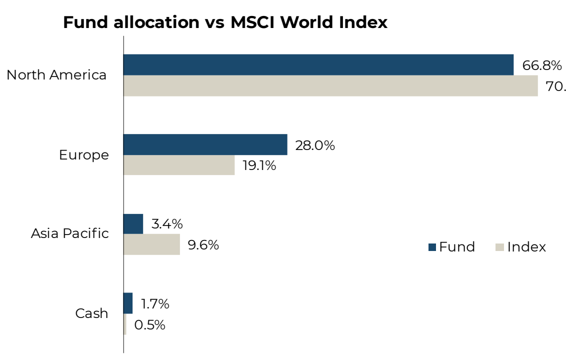
By sector, the Funds continue to have no exposure to highly regulated and commoditised areas of Real Estate, Energy, Materials, and Utilities. We continue to hold the majority of holdings within the IT (38%), Health Care (27%), Industrial (28%), and Financial (5%) sectors. This does not reflect a view of the outlook for these sectors but is instead a bottom-up consequence of 1) our focus on quality 2) our search for companies with sustainable products and services and 3) our emphasis on mid-cap growth businesses.

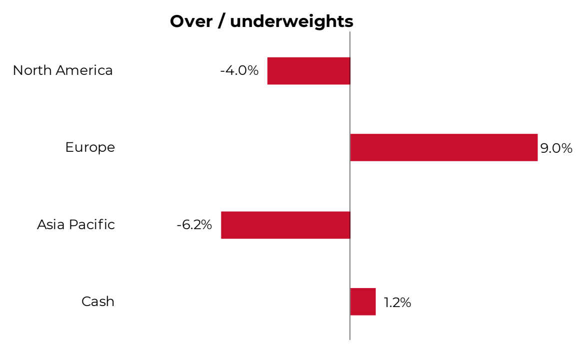




Data refers to the Guinness Sustainable Global Equity Fund. Source: Guinness Global Investors, data as of 30th June 2023

On a regional basis, North America continues to be the largest exposure (67%), followed by Europe (28%) and Asia Pacific (3%). The portfolio has a modest underweight to North America and Asia-Pacific vs the MSCI World Index, which is offset by its overweight exposure to Europe.





Source: Guinness Global Investors, data as of 30th June 2023

Finally, the table below illustrates the four key tenets of our approach: quality, sustainability, growth/value, and conviction. We follow these metrics at the portfolio level to make sure we are providing what we say we will. At the quarter end, we are pleased to report that the portfolio continues to deliver on all four of these measures relative to the MSCI World Index benchmark.

		Fund	MSCI World
Quality	Return-on-capital	▲13.6%	6.1%
	Net debt/equity	▼38.5%	44.8%
	EBIT Margin	▲19.6%	13.7%
Sustainability	Health & Wellbeing (% NAV)	38.5%	-
	Productivity & Connectivity (% NAV)	40.6%	-
	Resource Efficiency (% NAV)	16.1%	-
Growth	Trailing 5-year sales growth (annualised)	▲10.5%	3.5%
	Trailing 5-year EPS growth (annualised)	▲15.6%	8.5%
	Estimated 1-year Forward EPS Growth	▲10.9%	8.5%
	PE (2023e)	▲22.4x	17.9x
Conviction	Number of stocks	30	1550
	Active share	99%	-

Data refers to the Guinness Sustainable Global Equity Fund. Source: Guinness Global Investors, data as of 30th June 2023

OUTLOOK

In the current market environment, where inflation concerns and slower growth remain top of mind, we are confident that the strategy's focus on high-quality growth stocks, underpinned by structural changes brought about from the shift to a more sustainable economy, stands us in good stead. We also believe our differentiated approach of investing in mid-cap businesses and avoiding large-cap (often mega-cap tech) businesses commonly found in ESG funds can be a key performance driver.

As we look further into 2023, the market continues to contend with the usual story of high inflation and rate hike uncertainty. As such, we believe the strategy's focus on quality growth – that is, businesses that can continue to grow in a low growth environment stemming from structural demand drivers – makes it well placed.

We look forward to keeping you informed about the Funds and thank you for your support.

Portfolio Managers

Sagar Thanki
Joseph Stephens

GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - FUND FACTS

Fund size	$14.8m
Fund launch	15.12.2020
Benchmark	MSCI World TR

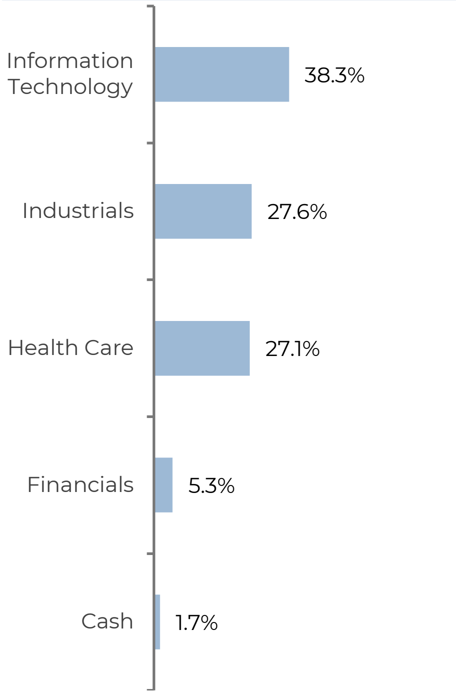
GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - PORTFOLIO

Top 10 holdings

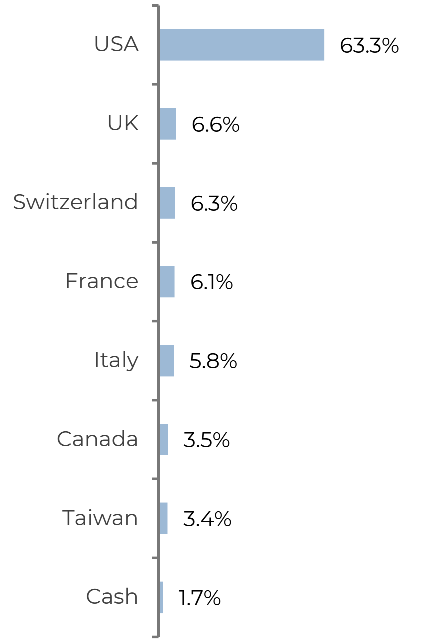
Arista Networks Inc	3.8%
KLA-Tencor	3.7%
Fortive Corp	3.7%
STERIS	3.7%
A O Smith Corp	3.7%
Teradyne Inc	3.7%
Cadence Design Systems Inc	3.7%
Edwards Lifesciences	3.7%
Legrand SA	3.6%
Entegris Inc	3.6%

Top 10 holdings	36.8%
Number of holdings	30

Sector



Country



Past performance does not predict future returns.

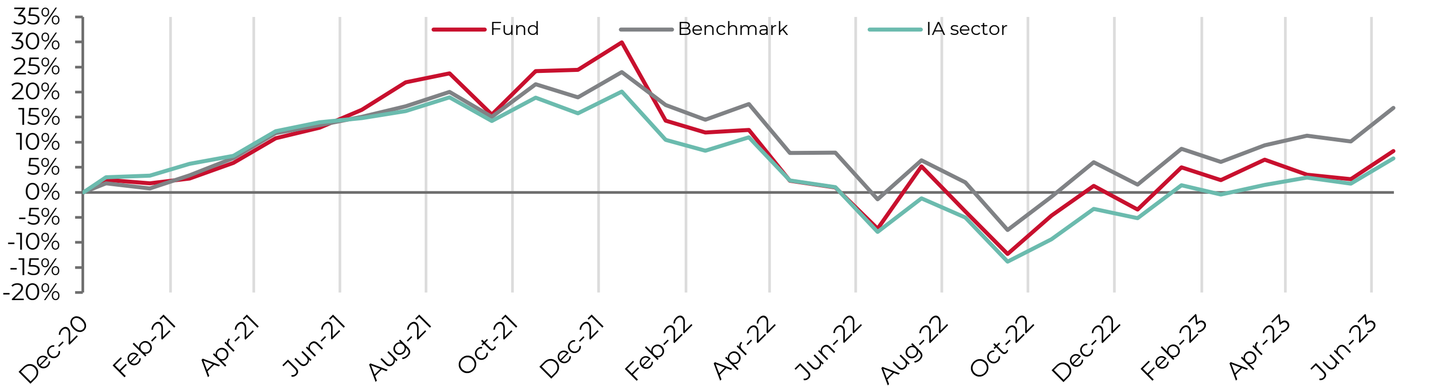
GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - CUMULATIVE PERFORMANCE

Total Return (GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+2.9%	+6.1%	+11.6%	-	-	-
MSCI World TR	+3.4%	+8.9%	+13.2%	-	-	-
IA Global TR	+2.4%	+6.5%	+10.8%	-	-	-
Total Return (USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	+5.5%	+12.1%	+16.8%	-	-	-
MSCI World TR	+6.1%	+15.1%	+18.5%	-	-	-
IA Global TR	+5.0%	+12.6%	+16.0%	-	-	-
Total Return (EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	+3.1%	+9.7%	+11.9%	-	-	-
MSCI World TR	+3.6%	+12.6%	+13.6%	-	-	-
IA Global TR	+2.6%	+10.1%	+11.1%	-	-	-

GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - ANNUAL PERFORMANCE

Total Return (GBP)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fund	-16.3%	+27.9%	-	-	-	-	-	-	-	-
MSCI World TR	-7.8%	+22.9%	-	-	-	-	-	-	-	-
IA Global TR	-11.1%	+17.7%	-	-	-	-	-	-	-	-
Total Return (USD)	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Fund	-25.7%	+26.7%	-	-	-	-	-	-	-	-
MSCI World TR	-18.1%	+21.8%	-	-	-	-	-	-	-	-
IA Global TR	-21.0%	+16.6%	-	-	-	-	-	-	-	-
Total Return (EUR)	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Fund	-20.8%	+36.4%	-	-	-	-	-	-	-	-
MSCI World TR	-12.8%	+31.1%	-	-	-	-	-	-	-	-
IA Global TR	-15.8%	+25.5%	-	-	-	-	-	-	-	-

GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - PERFORMANCE SINCE LAUNCH (USD)



Source: FE fundinfo to 30.06.23. 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 current OCF for the share class used for the fund performance returns is 0.89%. Returns for share classes with a different OCF will vary accordingly. Transaction costs also apply and are incurred when a fund buys or sells holdings. The performance returns do not reflect any initial charge; any such charge will also reduce the return. Graph data is in USD.

TB GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - FUND FACTS

Fund size	£0.5m
Fund launch	30.12.2022
Benchmark	MSCI World TR

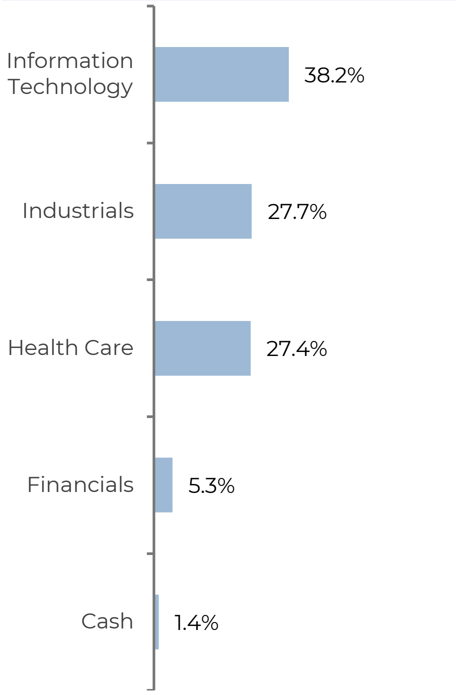
TB GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - PORTFOLIO

Top 10 holdings

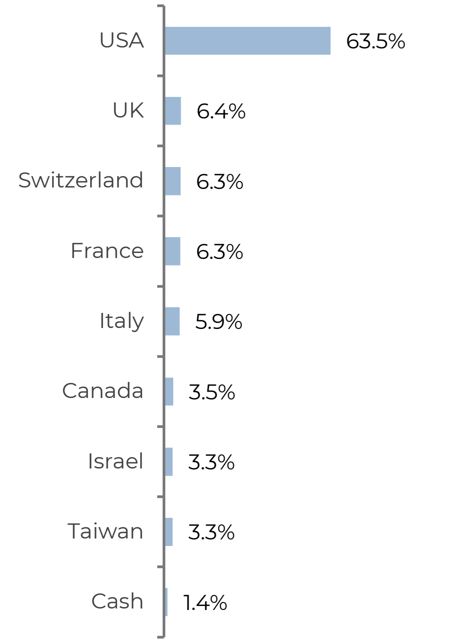
Arista Networks Inc	4.1%
KLA-Tencor	3.9%
Edwards Lifesciences	3.9%
A O Smith Corp	3.9%
Fortive Corp	3.8%
Cadence Design Systems Inc	3.8%
Legrand SA	3.7%
Teradyne Inc	3.7%
STERIS	3.7%
Recordati SpA	3.6%

Top 10 holdings	38.0%
Number of holdings	30

Sector



Country



Past performance does not predict future returns.

TB GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - CUMULATIVE PERFORMANCE

Total Return (GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
MSCI World TR	-	-	-	-	-	-
IA Global TR	-	-	-	-	-	-

TB GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - ANNUAL PERFORMANCE

Total Return (GBP)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
MSCI World TR	-	-	-	-	-	-	-	-	-	-
IA Global TR	-	-	-	-	-	-	-	-	-	-

TB GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - PERFORMANCE SINCE LAUNCH (GBP)

For regulatory reasons, we are unable to provide performance information where the track record is less than 12 months.

Source: FE fundinfo to 30.06.23. 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 current OCF for the share class used for the fund performance returns is 0.89%. Returns for share classes with a different OCF will vary accordingly. Transaction costs also apply and are incurred when a fund buys or sells holdings. The performance returns do not reflect any initial charge; any such charge will also reduce the return.

IMPORTANT INFORMATION

Issued by Guinness Global Investors which 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 the Guinness Sustainable Global Equity Fund and the TB Guinness Sustainable Global Equity Fund. It may provide information about the Funds' 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 Funds or to buy or sell individual securities, nor does it constitute an offer for sale.

GUINNESS SUSTAINABLE GLOBAL EQUITY FUND

Documentation

The documentation needed to make an investment, including the Prospectus, the Key Information Document (KID), 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 KID 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.

TB GUINNESS SUSTAINABLE GLOBAL EQUITY FUND

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.

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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.