

## 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 Fund's documentation, available on our website.

Past performance does not predict future returns.

## ABOUT THE STRATEGY

<b>Launch</b>	19.12.2013
<b>Index</b>	MSCI Europe ex UK
<b>Sector</b>	IA Europe Excluding UK
<b>Manager</b>	Nick Edwards
<b>EU Domiciled</b>	Guinness European Equity Income Fund
<b>UK Domiciled</b>	TB Guinness European Equity Income Fund

## OBJECTIVE

The Guinness European Equity Income Funds are designed to provide investors with exposure to high-quality dividend-paying companies in the Europe ex UK region. The Funds aim to provide capital appreciation and a source of income that has the potential to grow over time. The Funds are actively managed and use the MSCI Europe ex UK Index as a comparator benchmark only.

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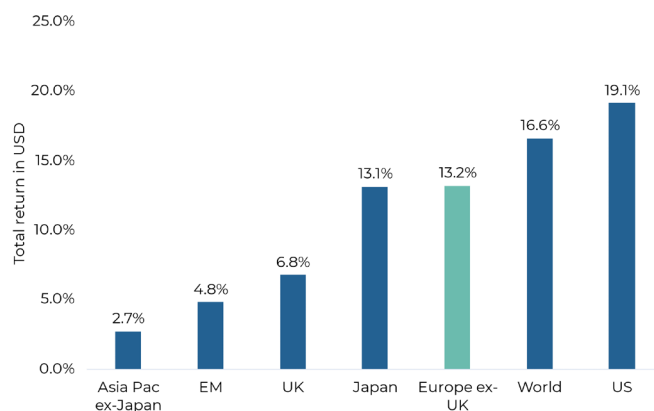
## COMMENTARY

The Fund performed relatively well in August, falling just -1.3% in GBP, hence outperforming the MSCI Europe ex UK Index fall of -2.5% by +1.2%. The fund also continued to outperform MSCI Europe Growth (-3.1%), MSCI Europe Value (-1.8%) and MSCI Europe High Dividend Yield (-2.9%) Indices.

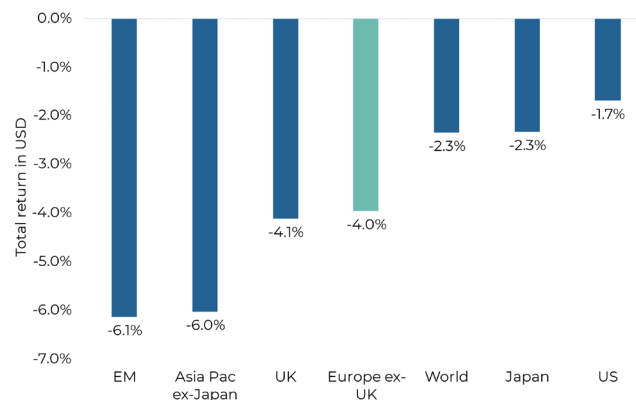
The largest positive contributors to performance over the month of August (with their returns in EUR) were Novo Nordisk +17.2%, Salmar +7.1%, Kaufman & Broad +6.2%, Capgemini +4.5% and Helvetia Holding +4.5%.

At the other end of the spectrum the biggest detractors from performance were Melexis -10.9%, DHL Group -7.8%, Mercedes-Benz -7.1%, Deutsche Boerse -5.8% and Atlas Copco -5.7%.

### Regional returns YTD



### Regional returns in August

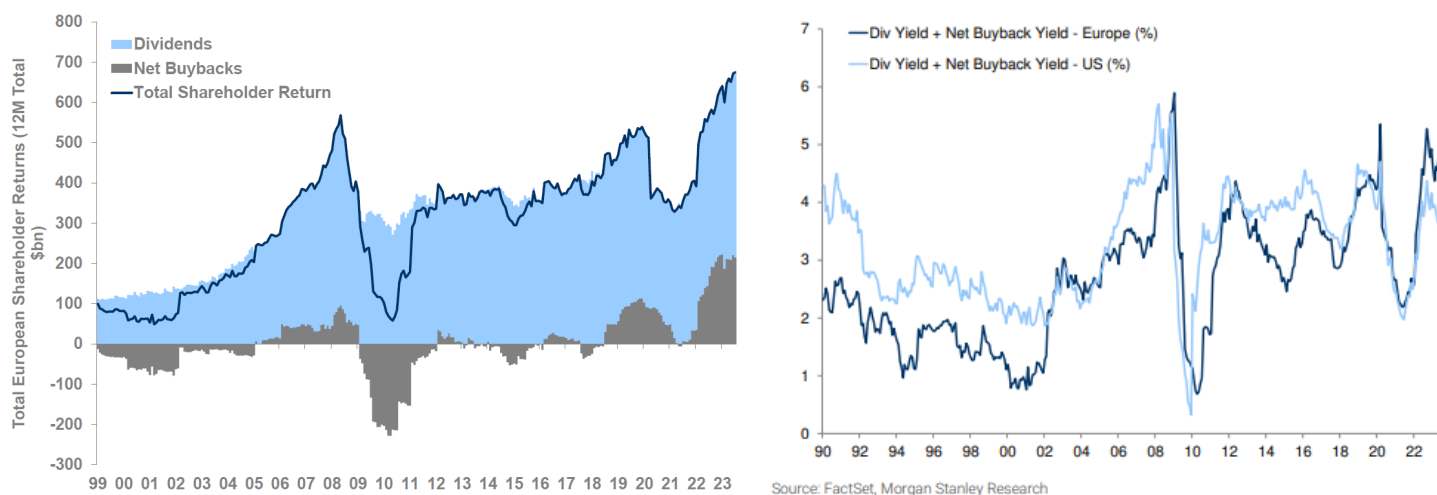


MSCI regional indices. Data to 31.08.2023. Source: Bloomberg

## Guinness European Equity Income

In August European leading indicators continued to soften following the recent tightening in credit, with the Eurozone Services purchasing managers' index (PMI) (48.3 Aug vs 50.9 July) leading the Composite PMI lower, while the Manufacturing PMI (43.5 vs 42.7) bounced off recent lows. This led to a fall in market implied peak interest rates, to 3.8% in December 2023, and a thereby increasing the chances of a pause or peak in the interest rate cycle at the 13<sup>th</sup> – 14<sup>th</sup> September European Central Bank meeting. That said, falling headline inflation and input costs, ongoing wage growth and increased interest income continue to appear supportive for the consumer.

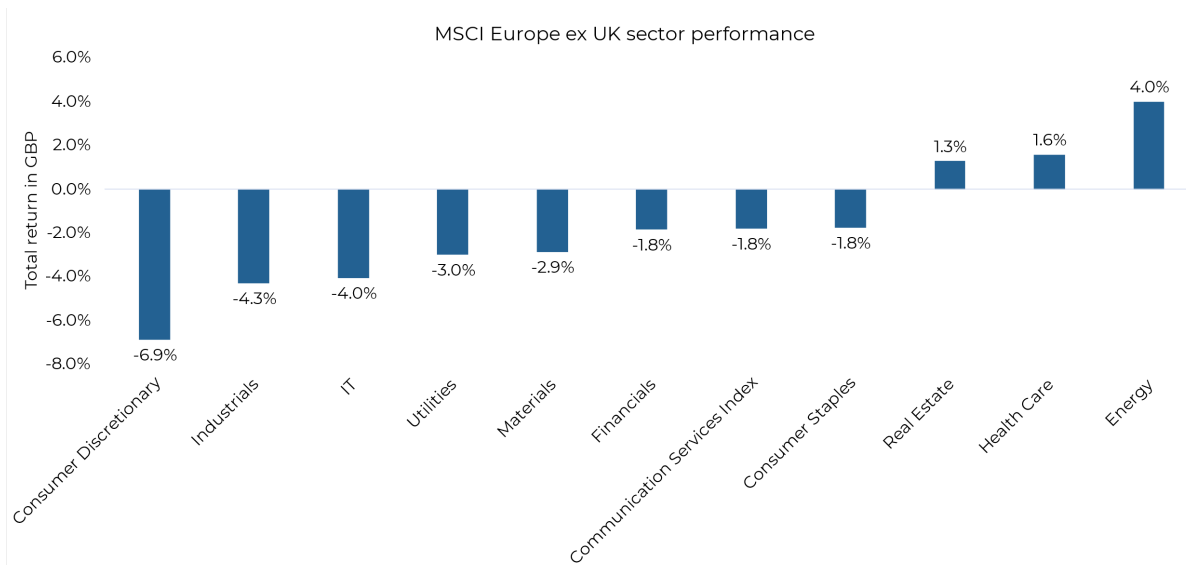
Softening European economic data is also in part driven by Europe's higher exposure to slowing external markets such as China, with some 55% of company revenue foreign vs just under 30% in the US. Irrespective of that and the related recent relative softening in European earnings data vs the US, **European corporates continue to signal confidence by buying back their own stock at the fastest pace in over twenty years**, with the portion of total shareholder return from buybacks at a record c.32% according to Morgan Stanley data. Encouragingly, this increase in the portion of return from buybacks is driven by cashflow and not leverage; balance sheets are in good shape with payout ratios ex buybacks at the low end of history at just 47%.



European dividends and net buybacks \$bn (left), and dividend yield + net buyback yield Europe (dark blue) vs US (light blue) (right). August 2023. Source: Morgan Stanley.

MSCI Europe ex UK Index performance in August was driven by quality defensives over cyclicals as growth slowed, also accompanied by a recovery in depressed Energy and Real Estate sectors.

## Guinness European Equity Income



Total return 31.07.2023 to 31.08.2023. Source: Bloomberg

This was mirrored at Fund level with Health Care and Consumer Staples companies leading performance and Industrials and Technology the weakest.

**Novo Nordisk** (+17.2% in EUR) was the top performing portfolio holding in August, supported by significantly better than expected SELECT trial results of its GLP-1 type once-weekly 2.4mg Semaglutide treatment named Wegovy in reduced cardiovascular risk and greater weight loss in obesity. It resulted in an upgrade to company full year constant currency sales growth guidance from 24% - 30% to 27% to 33%. Novo Nordisk is in a strong position holding a no.1 position in global diabetes treatment with market share of 32.7% (rising 1.7ppts year-on-year), and a GLP-1 market share of 54.1% vs GLP-1's just c.5% penetration of total diabetes prescriptions - the runway for this new beneficial class of medicine to take share from standard insulins remains significant. The potential for end market treatment growth is also large, with Novo estimating that approximately just 15% of some 537m global sufferers of diabetes are in good control of their condition, a number which is seen expanding by 32% to 784m in 2045. Worse, for obesity Novo estimates that just 2% of some 764m living with the condition are receiving medical treatment. That is not to say there aren't factors to keep an eye on. Supply bottlenecks aside, Novo's valuation on 31x 2024 earnings is at the top end of history vs a 10Y average of c.22x, and patent expiries pick up from the end of this decade onwards. But overall, the trial result is another example of the power of Novo Nordisk's focused innovation engine and its track record for expanding into related market niches outside of its core diabetes franchise characterised by large unmet clinical need. We note the positive market reception to the launch of Novo's GLP-1 class of drugs in European markets and await further data on the potential for Semaglutide in related treatments beyond weight reduction and cardiovascular risk due in November with interest. With a 2024e dividend yield of 1.5% Novo may be the lowest yielding European Equity Income holding, but that is only a small part of the picture given an annualised 10Y dividend growth rate of 13% and a track record for persistent near equivalent annual share buybacks.

**Salmar** (+7.1%) also performed well in August following the release of quarterly results highlighting 12% year-on-year harvest volume growth and good progress in terms of project milestones and acquisition integration. Alongside came continued high levels of innovation in terms of new and offshore farming developments. News that the company will cancel 13.1m treasury shares also met with a positive reception, reducing overhang and signalling a degree of confidence given the uncertain regulatory backdrop. This continues to weigh on investment capex, returns and the share price in the form of the aquaculture tax which the Norwegian Parliament voted in retrospectively to the start of 2023 in May at a rate of 25% on top of the existing regular corporate tax rate of 22%, thereby equating to a margin tax rate on aquaculture of 47%. However, the rules for tax calculation are not yet finalised, and Salmar continues to lobby government, highlighting the potential for significant national withdrawal of investment capital from the industry based on the government assumption that aquaculture is a "location-bound resource rent industry". It doesn't seem unlikely that further middle ground will be found. In the meantime, the shares trade around historic average multiples off arguably depressed earnings and amid low global supply growth, and offer a dividend yield of just over 3.5%, with scope for a resumption in dividend growth in due course.

**Melexis** (-10.9%) was the worst performing holding in the month of August after semiconductor peer Infineon cited weak consumer markets and gave softer than expected guidance, while important Far Eastern markets, notably China, continued

## Guinness European Equity Income

to slow. Melexis itself presented a reassuring set of Q2 results at the start of the month, citing ongoing strong demand for its niche mainly EV-focused product solutions significantly ahead of supply, with management particularly upbeat on the prospects for sensors and drivers used in thermal management applications for battery range optimisation and citing a ramp-up in its embedded lighting products into new car platforms. Recent concern at Q1 results around down payments to X-Fab (owned by parent company Xtrion which also owns 50% plus one share of Melexis) in order to secure increased wafer supply in response to strong demand should prove a misnomer given management's reassurance that price clauses cover both the demand and supply side of contracts. While related worries over supply bottlenecks should also continue to fade, particularly for Melexis given the capital-light and innovative nature of the business, with robust gross margins that have remained stable over time above 40%. This is a company that remains well placed in our view to continue to invest and grow the dividend (4.1% yield, +35% year-on-year) for the long term.

**DHL Group** (-7.8%) was the second worst performing position over the month, with softening quarterly earnings driven primarily by normalisation in global air and sea forwarding rates from high levels and as Asian markets, notably China, remained weak. That said, DHL Express (c.50% group EBIT) volumes remained broadly stable, amid ongoing good capacity discipline and the leading international (ex US) position in a three-player global oligopoly. Importantly, DHL highlighted ongoing strong structural growth drivers for e-commerce and digitally led business including DHL Supply Chain, highlighting the structural improvement in its overall position post-pandemic in spite of short-term cyclical headwinds. We also note that the company continues to buy back its own shares as part of the €3bn buyback plan which runs through the end of 2024. Equating to a total return yield not far off 7% (split c.5% dividend yield and c.2% buyback), off shares which at current levels trade off a modest discount to historic levels.

Thank you for your continued support.

### Portfolio Manager

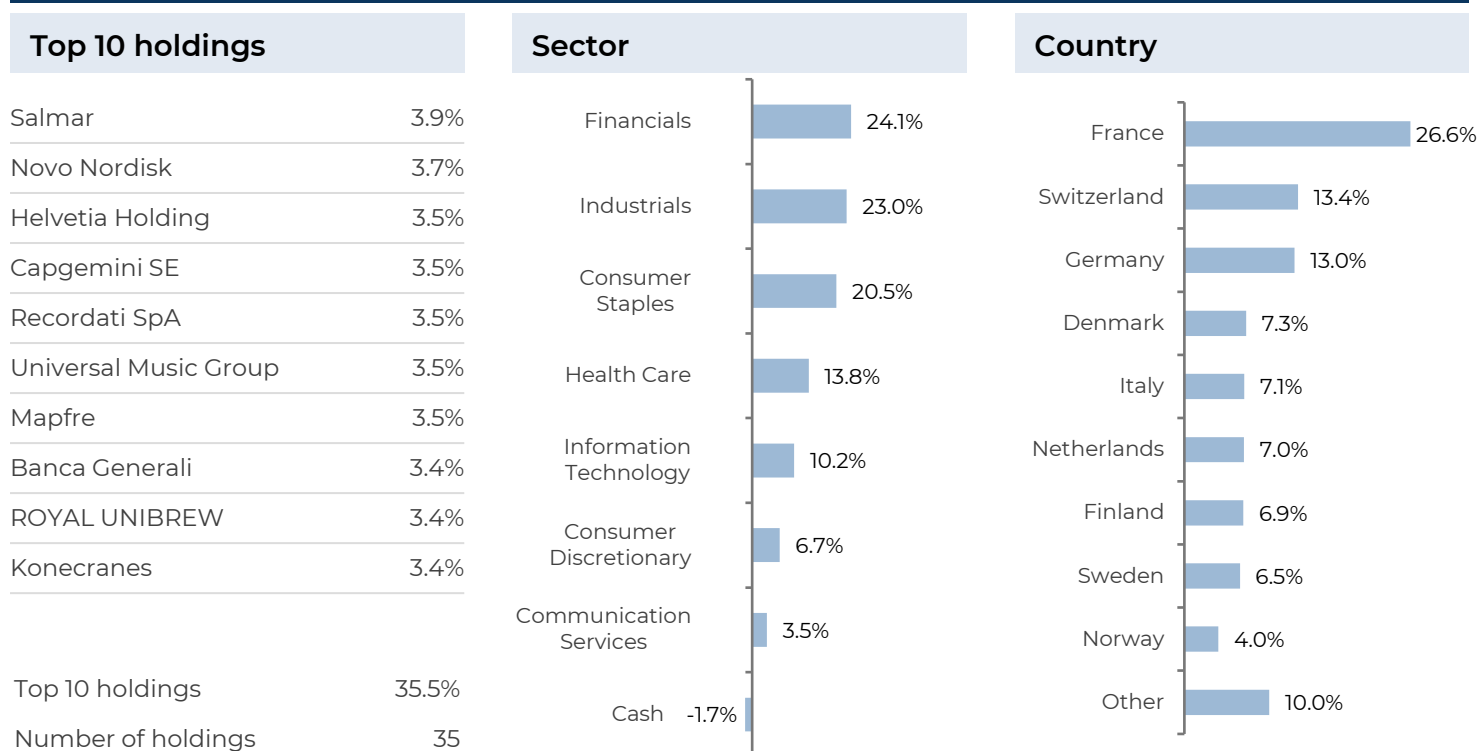
Nick Edwards

**GUINNESS EUROPEAN EQUITY INCOME FUND - FUND FACTS**

Fund size	\$9.8m
Fund launch	19.12.2013
OCF	0.89%
Benchmark	MSCI Europe ex UK TR
Historic yield	3.4% (Y GBP Dist)

Historic yield reflects the distributions declared over the past 12 months expressed as a percentage of the mid-market price, as at the latest month end. It does not include any preliminary charges. Investors may be subject to tax on the distribution.

**GUINNESS EUROPEAN EQUITY INCOME FUND - PORTFOLIO**



## Guinness European Equity Income Fund

Past performance does not predict future returns.

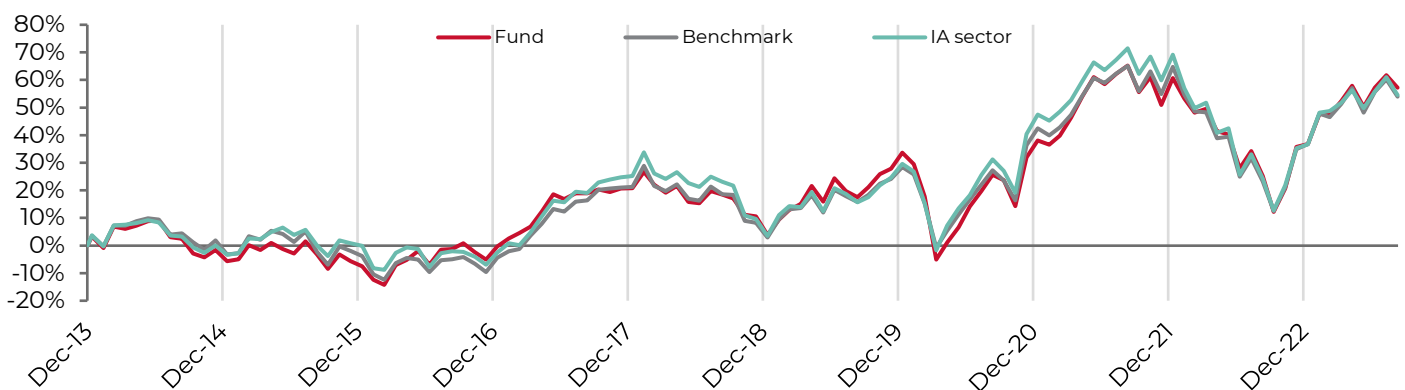
### GUINNESS EUROPEAN EQUITY INCOME FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-1.3%	+9.1%	+15.3%	+32.2%	+36.1%	-
MSCI Europe ex UK TR	-2.5%	+8.1%	+14.7%	+27.8%	+33.2%	-
IA Europe Excluding UK TR	-2.5%	+7.3%	+14.2%	+24.4%	+28.8%	-
(USD)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-2.8%	+15.0%	+25.5%	+25.1%	+32.7%	-
MSCI Europe ex UK TR	-4.0%	+13.9%	+25.0%	+21.0%	+29.8%	-
IA Europe Excluding UK TR	-4.0%	+13.1%	+24.3%	+17.7%	+25.5%	-
(EUR)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-1.3%	+13.0%	+16.3%	+37.9%	+42.4%	-
MSCI Europe ex UK TR	-2.4%	+12.0%	+15.8%	+33.3%	+39.2%	-
IA Europe Excluding UK TR	-2.5%	+11.2%	+15.2%	+29.7%	+34.6%	-

### GUINNESS EUROPEAN EQUITY INCOME FUND - ANNUAL PERFORMANCE

(GBP)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fund	-4.2%	+17.5%	+0.1%	+23.7%	-8.8%	+10.7%	+28.5%	+3.6%	-3.0%	-
MSCI Europe ex UK TR	-7.6%	+16.7%	+7.5%	+20.0%	-9.9%	+15.8%	+18.6%	+5.1%	-0.7%	-
IA Europe Excluding UK TR	-9.0%	+15.8%	+10.3%	+20.3%	-12.2%	+17.3%	+16.4%	+9.3%	-0.9%	-
(USD)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fund	-14.9%	+16.4%	+3.3%	+28.6%	-14.0%	+21.2%	+7.8%	-2.0%	-8.6%	-
MSCI Europe ex UK TR	-18.0%	+15.7%	+10.9%	+24.8%	-15.1%	+26.8%	-0.6%	-0.7%	-6.6%	-
IA Europe Excluding UK TR	-19.2%	+14.7%	+13.8%	+25.2%	-17.3%	+28.4%	-2.4%	+3.3%	-6.7%	-
(EUR)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fund	-9.3%	+25.2%	-5.2%	+31.1%	-9.8%	+6.4%	+10.9%	+9.0%	+3.9%	-
MSCI Europe ex UK TR	-12.6%	+24.4%	+1.8%	+27.1%	-10.9%	+11.4%	+2.4%	+10.7%	+6.4%	-
IA Europe Excluding UK TR	-13.9%	+23.4%	+4.4%	+27.5%	-13.1%	+12.8%	+0.5%	+15.1%	+6.2%	-

### GUINNESS EUROPEAN EQUITY INCOME FUND - PERFORMANCE SINCE LAUNCH (USD)



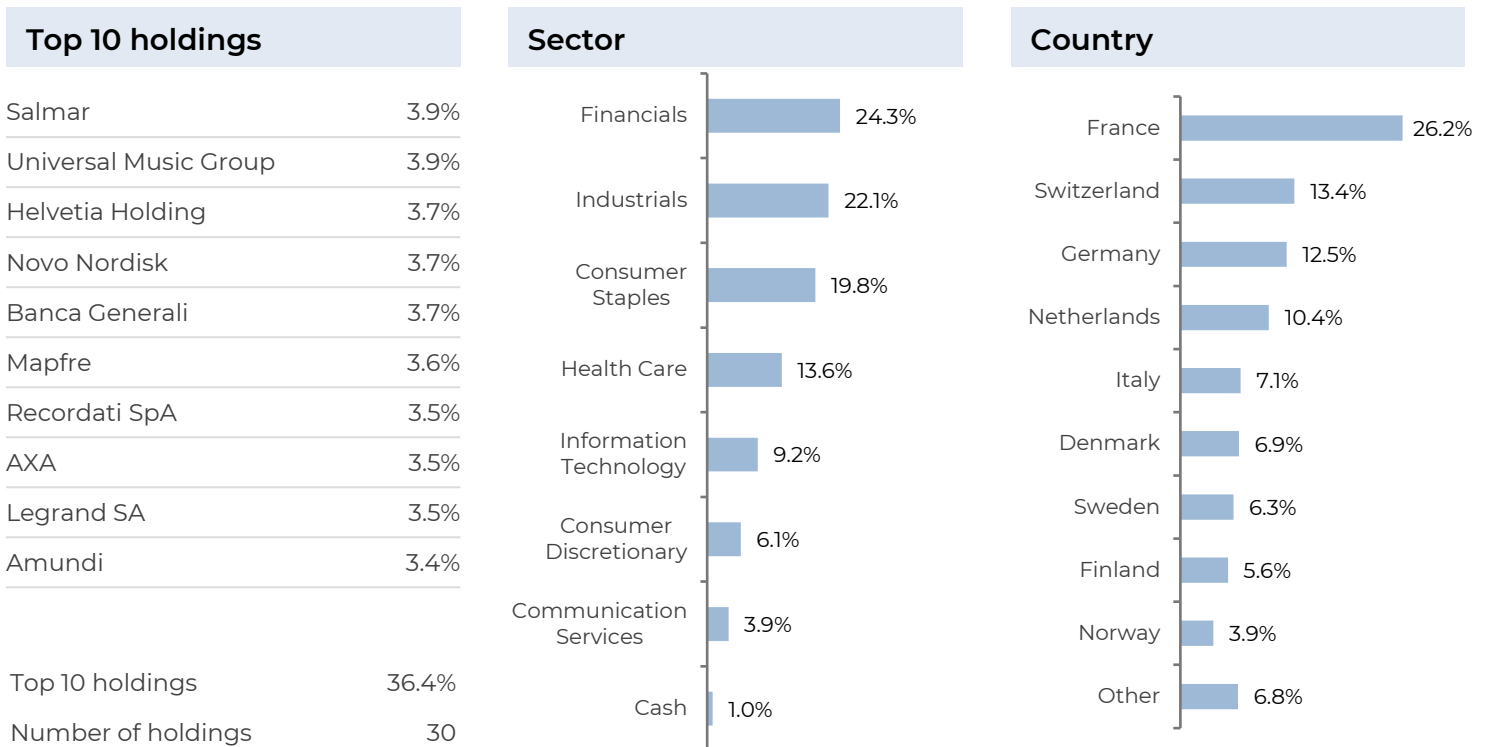
Source: FE fundinfo to 31.08.23. Investors should note that fees and expenses are charged to the capital of the Fund. This reduces the return on your investment by an amount equivalent to the Ongoing Charges Figure (OCF). The current OCF for the share class used for the fund performance returns is 0.89%. 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.

**TB GUINNESS EUROPEAN EQUITY INCOME FUND - FUND FACTS**

Fund size	£0.6m
Fund launch	30.12.2022
OCF	0.89%
Benchmark	MSCI Europe ex UK TR
Historic yield	2.7% (Y Inc)

Historic yield reflects the distributions declared over the past 12 months expressed as a percentage of the mid-market price, as at the latest month end. It does not include any preliminary charges. Investors may be subject to tax on the distribution.

**TB GUINNESS EUROPEAN EQUITY INCOME FUND - PORTFOLIO**



## TB Guinness European Equity Income Fund

Past performance does not predict future returns.

### TB GUINNESS EUROPEAN EQUITY INCOME FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
MSCI Europe ex UK TR	-	-	-	-	-	-
IA Europe Excluding UK TR	-	-	-	-	-	-

### TB GUINNESS EUROPEAN EQUITY INCOME FUND - ANNUAL PERFORMANCE

(GBP)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
MSCI Europe ex UK TR	-	-	-	-	-	-	-	-	-	-
IA Europe Excluding UK TR	-	-	-	-	-	-	-	-	-	-

### TB GUINNESS EUROPEAN EQUITY INCOME 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 31.08.23. 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 European Equity Income Fund and the TB Guinness European Equity Income 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. OCFs for all share classes are available on [www.guinnessgi.com](http://www.guinnessgi.com).

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 EUROPEAN EQUITY INCOME 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](http://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](http://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.

**TB GUINNESS EUROPEAN EQUITY INCOME 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.tbbaileys.co.uk](http://www.tbbaileys.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@tbbailey.co.uk](mailto:clientservices@tbbailey.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.