GUINNESS

Asian Equity Income Fund

Annual review

2017

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Portfolio managers

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Analyst

GUINNESS
ASSET MANAGEMENT

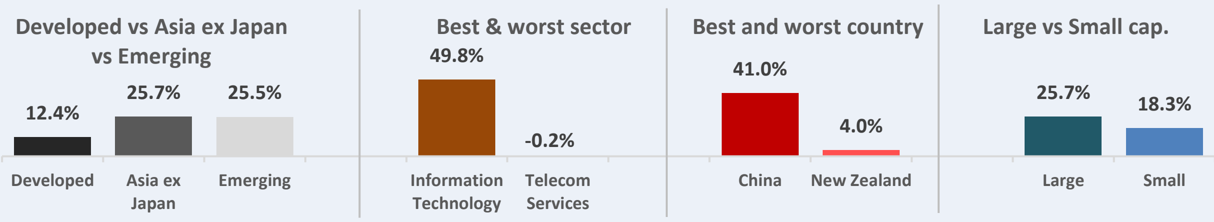
2017

Fund size
Start of year **£28m**
End of year **£72m**

What happened in Asia and the world?

A year of macroeconomic worries, with the Eurozone crisis at the top of the agenda

- Donald Trump was inaugurated as 45th President of the United States.
- South Korea's President Park was impeached. Jae-in Moon was elected President in April.
- The US Federal Reserve raised the target range for interest rates by 0.25% in March, June and December to 1.25-1.50%.
- President Trump announced reforms to personal and corporate income tax and a tax reform bill was finally approved by the House of Representatives in December.
- Moody's upgraded China banks' outlook in July. S&P downgraded China sovereign debt from AA- to A+ in September.
- North Korea tensions rose following missile launches in July, September and November.
- New Apple iPhone models were announced in September.
- China's 19th National Congress in October revealed little about the future leadership leading to the assumption Xi Jinping will stay on beyond the expected 10-year tenure.
- Asian currencies appreciated against the dollar by an average 6%. The South Korean Won rose 13% while the currencies of Malaysia, Singapore and Thailand rose 8%-10%. More significantly, China's Yuan strengthened 7% as economic growth momentum continued and capital flows stabilised.



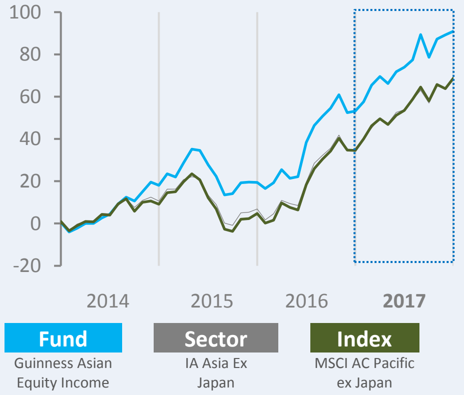
Total return in GBP; MSCI World & MSCI Emerging Markets Index; MSCI AC Pacific ex Japan; individual MSCI World GICS sectors.

What happened in the Fund?

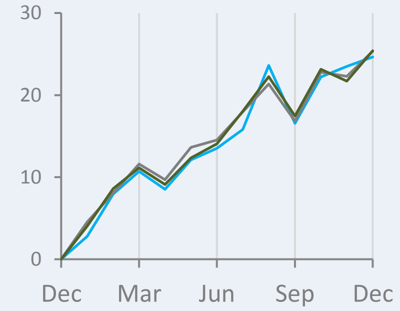
- The Fund had a good year, capturing 96% of the market rise in 2017 and rising 24.6% (Y class, total return in GBP) compared to the market rise of 25.4%, as measured by the MSCI AC Pacific ex Japan Index.
- There was an even split in the Fund's 36 holdings between out-performers and under-performers. The strongest periods of outperformance came during the results season.
- The performance drivers during the year were stock-specific rather than attributable to country or sector factors. China was the strongest market and Technology the strongest sector, but the top 10 performers were drawn from a much wider grouping.
- The top three stocks were Yangzijiang Shipbuilding, AAC Technologies and Relo Holdings.
- The weakest three stocks were Elite Material Co, China Minsheng Bank and Qualcomm.
- **Purchases:** Elite Material Co.
- **Sales:** Belle International (acquired).

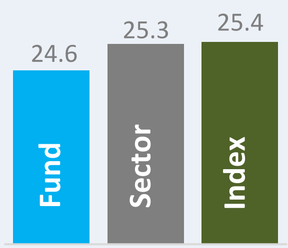
Performance (%)

Cumulative since launch



Calendar year 2017





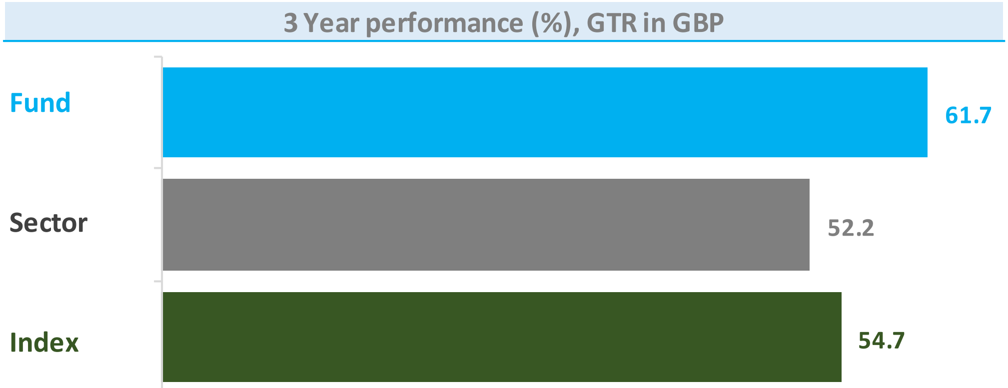
Cumulative % gross total return, in GBP.
Source: Financial Express, Y Class (0.99% OCF)

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 fluctuation

2017

Review

2017 has been a strong year for Asian equities with the market up 25.4% (as measured by the MSCI AC Pacific ex Japan Index in GBP terms). The Fund has performed well, rising 24.6% (Y class, total return in GBP) and capturing 96% of the market rise. This was better than we might have expected given the nature of this Fund, with its focus on higher-quality dividend-paying stocks giving it a lower sensitivity (or Beta) to overall market movements. The Fund's Beta in 2017 was 0.7, which would suggest (in theory) it would have lagged more.



Source: Y class (0.99% OCF) to 31.12.2017, Financial Express

The best-performing sectors in 2017, as measured by the sector indices within the MSCI AC Pacific ex Japan Index in GBP terms, were Technology +49.8%, Healthcare +39%, Consumer Discretionary +28.3% and Real estate +27.4%. The best countries were China +41% and South Korea +32.7%. The overall story was accelerating profits growth driven by stronger-than-expected economic growth in China, a resurgence in Chinese domestic consumption and a significant upswing in Technology names related to consumer electronics, especially smartphones.

Chinese stocks, as measured by the MSCI China Index, have had their best year since 2009, marking a decisive reversal of the gloomy sentiment that has dominated for so many years. The stock market recovery is as much about what did not happen as what did. The 'near certain' banking sector crisis did not happen. We have long argued that debt servicing capacity, rather than the ratio of debt to GDP, is the most important metric when assessing the burden of debt and gauging financial stability. The recovery in heavy industrial profits and cash flows by 9% in 2016 and by a further 16% for the first 11 months of 2017 has improved matters considerably. According to our analysis of 3,000 listed companies in China the share of debt at risk (where operating profit does not cover their annual interest expense) has almost halved from 2015, from 30% to 17%. Government efforts to slow debt accumulation appear to be having an effect, according to the International Institute of Finance, with the stock of debt to GDP rising only 2% in 2017, compared to an average rise of 17% per annum between 2010-2016.

Technology has also been a big part of the investment story this year. In Asia, Technology features both in application and in production. These areas show the region at its most innovative. In the region's burgeoning consumer markets, the race is on for businesses to adapt to changing business methods, to adopt new technologies and to respond rapidly to developing consumer spending patterns. Online retail, e-commerce platforms and e-payments have taken off, which has caused the stock prices of the Chinese internet names especially to surge. On the production side, the launch of the new iPhone has brought with it significant advances in production technology from phone casings, to camera lenses, through to facial recognition and screens. The resultant increased performance requirements of handheld devices and the growth in Internet of

Things has fed through to an upswing in demand for memory chips. There has been an increase in component prices, lifting profit forecasts throughout the supply chain.

South-East Asia (Indonesia, Malaysia, Philippines, Singapore and Thailand) has been out of favour for the past three years compared to North Asia, with only Thailand looking attractive, in our view. However, there are signs that Singapore's prospects are looking brighter. In 2017, full year economic growth came at top end of the official forecast range at 3.5%. The main drivers have been a strong rebound in services and stronger external demand pushing up exports growth across all major categories but especially in pharmaceuticals/biotech. There are expectations that improved productivity will support rising wages and hence lift domestic activity. The Monetary Authority of Singapore has been quick in the past to anticipate such turns and interest rate increases are possible. Mortgage rates have moved higher in anticipation.

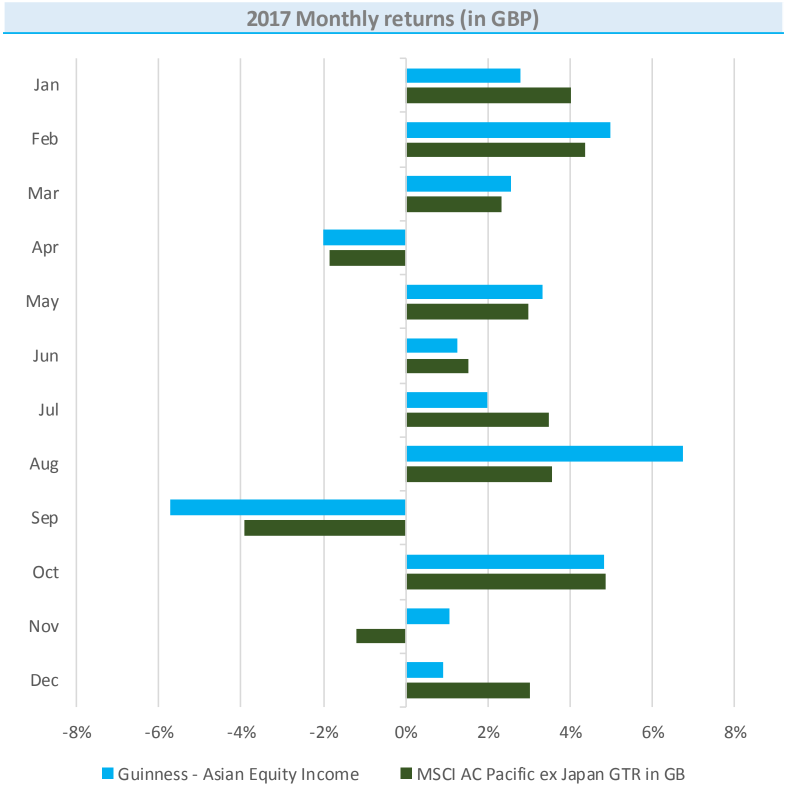
If it was exceptionally low market valuations which drove the recovery in Asian markets in 2016, it was profit growth that drove them in 2017. In aggregate, Asian markets saw profits reported in the 12-month period to 31 December 2017 rise 21% over the same period in 2016; and if commodity-heavy Australia is added to the mix, they were up over 30% in US dollar terms. Korea and Taiwan led the group, rising 43% and 19% respectively, while elsewhere (China, Thailand, Singapore) reported profits grew over 13%. Earnings for calendar year 2017 are not yet in and companies will be reporting in February through to April 2018. Forecasts for these have risen through the year and this too has propelled stock prices higher.

These top-down drivers of markets have created a very favourable backdrop for the Fund, but they have not been the main drivers of its performance. The portfolio was split half-and-half between outperformers and underperformers. Out of the eighteen stocks that outperformed, only six were Chinese names and only three were in the Technology sector. Some of the big drivers of market performance this year (Tencent, Alibaba, Baidu, Samsung Electronics) are not held in this portfolio and it is a markedly different set of names and stock-specific factors which have delivered such good performance this year.

We normally expect the Fund to outperform falling markets and to lag a little in strong market conditions. Month-to-month we may expect some variations from this pattern. Performance in 2017 did largely conform to our expectations. Below, we review the Fund's performance behaviour through the year and look at the reasons behind deviations from expectations.

Quarter-by-quarter the Fund tended to lag the rising markets, but by capturing 95% of the rise in the first quarter, 98% in the second and 93% in the third, it did better than we would have expected given the Fund's lower Beta, and in the fourth quarter, the Fund beat the market. Given the Fund was underweight the two best-performing countries and underweight the best-performing sector, asset allocation has not been a deciding factor behind the performance. We are left with stock selection.

The following chart shows the Fund's performance on a monthly basis:



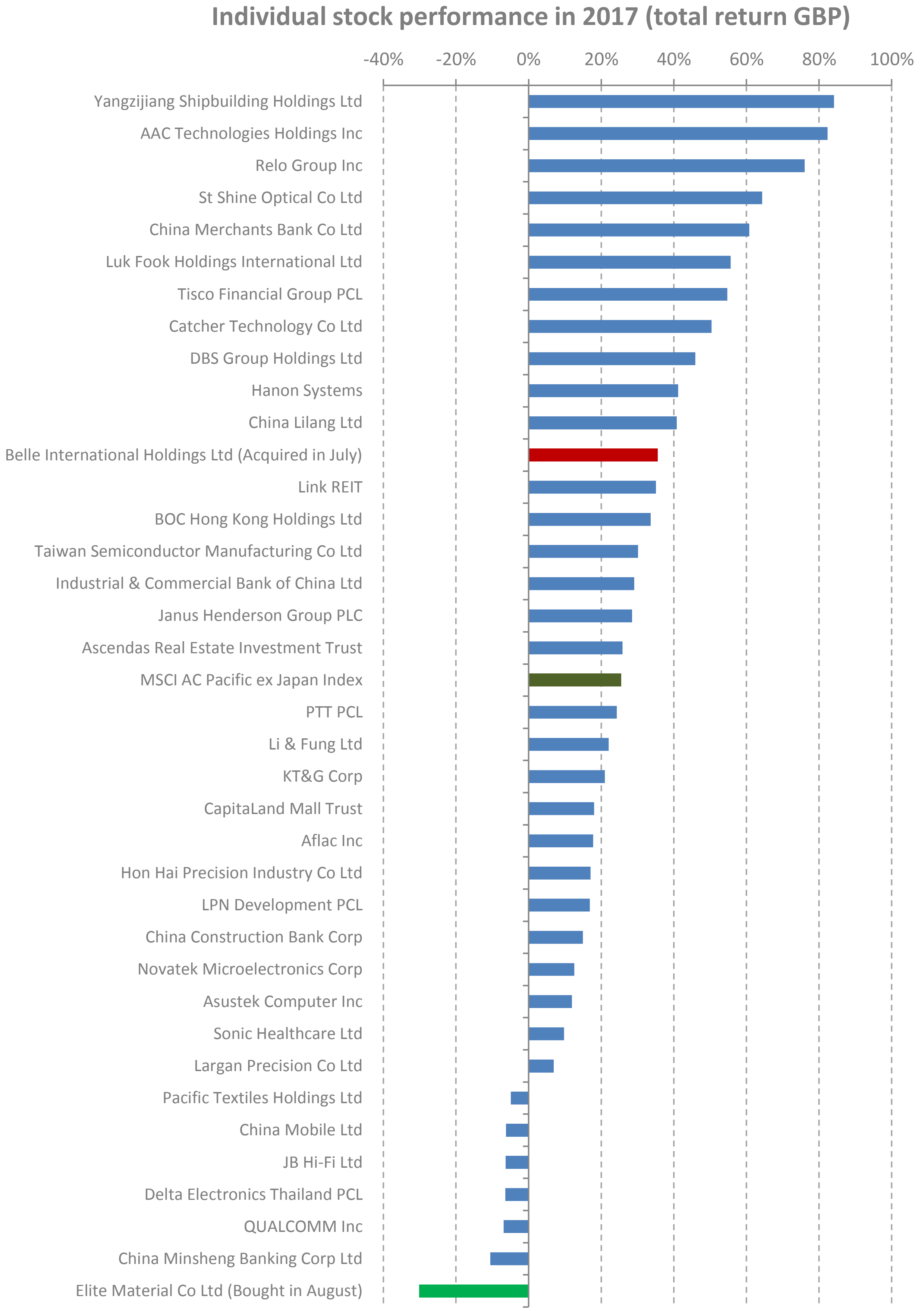
Source: Y class (0.99% OCF), Financial Express

Striking periods of outperformance are February, March and August, which are company reporting seasons for year-end and interim results. August was particularly notable in this regard when a number of companies which had hitherto reported flat or declining profits in the past year—and to which we had been adding on associated weakness—surprised the market: Catcher Technology (smartphone casings), China Lilang, (clothing retailer), China Merchants Bank, Hanon Systems (temperature controls for car engines, both conventional and electric), Li & Fung (factory agent) and St Shine Optical (contact lens maker) all reported a turn in fortunes with higher sales growth, new orders or expanded margins and their stock prices rose sharply. November was notable inasmuch as the Fund rose when the market was down. Outperformance in the portfolio was broad-based but three stocks stood out: Qualcomm, St Shine Optical and KT&G (a Korean tobacco company). Qualcomm, which has been beset by legal wrangling with Apple, had seen its stock languish this year, leaving it vulnerable to a takeover bid. That bid duly arrived in November from Broadcom. KT&G rose on the back of a successful launch of its new electronic cigarette product while St Shine reported accelerating sales growth and continued its run which began in August.

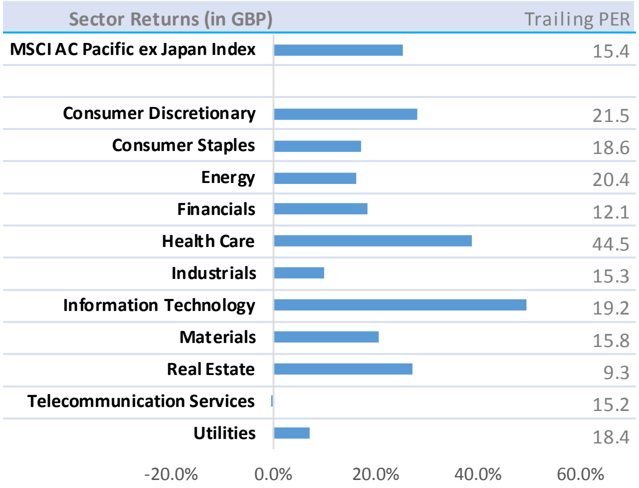
The most notable period of underperformance came in September. There was some reversal of the gains in August from KT&G and St Shine Optical but with China Lilang, Hanon and Li & Fung holding on and advancing further, there were some additional factors to consider. The iPhone 8 and X were launched in September but only the 8 was available immediately. Orders for the iPhone X were delayed into November amid talk of production issues surrounding the facial recognition sensors. As investor excitement in the lead-up to the launch subsided and concerns grew about the impact of production delays to the premium X version, the effect rippled through the supply chain. Catcher Technology fell almost a quarter while Hon Hai Precision (assembly), Largan Precision (camera lenses) and AAC Technology (acoustics and controllers) fell over 10%. The Fund's Chinese banks also fell during the month, following strength in July and August, in response to further central bank moves to limit banks' use of wholesale funding and force further reduction in their use of leverage.

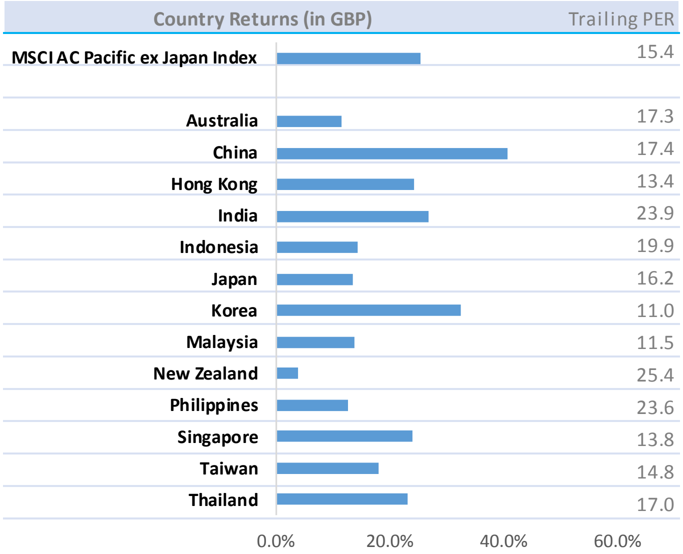
Underperformance in December followed on from a strong period in the previous two months. Largan Precision was notably weaker on slower sales growth and some reduction in operating margin. The 21% fall in the stock price represents a valuation de-rating (which we believe to be temporary) on slower expansion, not the result of a sudden profit decline. By contrast, Li & Fung was the best performer over the month, rising 24% on news of the disposal of its manufacturing division and the payment of a special dividend on completion. The company is re-focusing its energies on sourcing and production services and has had a good year in stock price terms following a reported pick-up in operating margins at the interim reporting stage that surprised the market.

Stocks performance and commentary



Source: Bloomberg, Guinness Asset Management





Source: Bloomberg, Guinness Asset Management

Leaders

The performance of the portfolio in 2017, as in previous years, has been characterised by individual stock performances rather than sector or country exposures.

Yangzijiang Shipbuilding was the Fund's best performer in 2017. Shipbuilding has been out of favour for a number of years as global growth, and trade growth in particular, has slowed. This has driven down shipping rates for both container and bulk transportation, with a decline in orders for new ships the inevitable knock-on effect. However, Yangzijiang has maintained returns on invested capital at levels above the cost of capital for over ten years. The company has low debt and it has scale. It is also active in incorporating newer technology (for example in the design of the hull) to make a more efficient vessel. While their new orders have declined in number and with lower associated margins, they have still held up better than the rest. The valuation of the company had been driven down to low levels in line with the sector but when 2016 results came in 'not-as-bad-as expected', the stock bounced. A recent recovery in shipping rates and orders evident in the Korean shipyards also provided further momentum.

AAC Technologies was our second-best-performing stock on the back of growth in smartphone sales and in anticipation of the new iPhone launch in September. It had a tumultuous period in the early part of the year; in May, the stock fell 27% before being suspended following the issue of a report by a short-seller, Gotham, who alleged the company was engaged in dubious accounting practices. The report was, in our opinion, deeply flawed and in June AAC produced a report of investigations conducted by an independent party that laid these allegations to rest fairly comprehensively. The stock resumed trading and has hit new highs on good results and also on news of new product development in camera motors, sensors and MEMS (micro-electrical mechanical systems).

Relo Holdings, our only Japanese name, has outperformed in each of the four years since we bought it and has been in our top five performers in 2014, 2015 and 2017. Its business is the provision of relocation services for Japanese executives and it is branching out into other human resources services. The company operates a progressive dividend policy and has increased the dividend per share every year for 14 years. Profits are expected to grow by an average 20% over the next two years.

St Shine Optical's share price by the end of July had risen only 1.4% compared to the market's rise of 18%. Results reported in March were not inspiring, with lower margins and little volume growth. The company did, however, announce a capacity expansion plan. The picture improved following a positive outlook from its main Japanese customer SEED delivered in May, but the share price only began to move following St Shine's results announcement in August. The capacity expansion came online in September and was accompanied by increased order flow from existing Japanese customers and the prospect of growing orders from a new US customer. The share price rose 62% in the last five months of the year.

China Merchants Bank was the fifth best performer over the year. This is the largest of the non-state-owned banks and one we have liked because of its greater focus on retail banking and wealth management. This helps them achieve stable funding costs (an on-going challenge for those with a smaller depositor base) and lower credit risk. Their private banking business is now ranked in the top 20 on a worldwide basis and surpasses those of its Chinese peers. Management is also more willing and able to adopt financial technology solutions and the bank is already showing a measurable improvement in reduced operating costs and in cross-selling products as a consequence. The expectation is that in a sector that is coming under increasing regulatory pressure, China Merchants is laying foundations for long-term success.

Laggards

EMC 台光電子材料股份有限公司 Elite Material Co., Ltd.

中国民生银行 CHINA MINSHENG BANK

QUALCOMM

DELTA ELECTRONICS (THAILAND) PCL.

JB HI-FI

Elite Material produces printed circuit boards used in smartphones, servers and the automotive sector. It is the largest producer of halogen-free laminates in the world which are increasingly being adopted due to their environmentally-friendly nature. We think that spending on servers is likely to continue growing at a rapid pace as cloud storage continues to boom. Additionally, consumers are becoming more data hungry, whether it is through using their mobile phone to watch high quality videos or through streaming on their PCs. As the 5G buildout is likely to begin soon, these trends will only accelerate, placing greater demand on data and therefore the servers behind them. Though Elite is predominantly known for its expertise in smartphones, it has been growing its networking division quickly to gain exposure to the expected increase in demand. While the share price has not performed as well as we would have hoped following the initial purchase, we are confident in the business and the development of its networking and server clients. We think that the sell-off in the shares has been overdone and, of course, we have been adding to the position at lower levels.

China Minsheng Bank weakened in April and then did little for the rest of the year. It is the second-largest private sector bank in China and has traditionally focused on lending to small and medium-sized enterprises. It has also, like China Merchants Bank, shown itself to be much more dynamic than the state-owned sector. However, unlike China Merchants, it is more exposed to higher funding costs with its smaller retail business and greater reliance on wholesale funding. This reliance has also become an Achilles' heel with authorities' increasing effort to reduce banks' leverage by limiting the amount of funding from the interbank markets that can be used to expand the business. Minsheng Bank has responded to regulatory requirements and is doing what is asked of it but the shares remain out of favour until Minsheng has completed the process.

Qualcomm has had a torrid year as its dispute with Apple over Qualcomm's royalty model has intensified. The share price came down sharply earlier in the year leaving the company open to a potential bid, which was eventually made by Broadcom. Qualcomm's chip design business is very diverse, but the heart of its problem lies in the licensing side of its business model which requires the payment of a royalty calculated on the overall price of device that uses its chips, most particularly the modem. Qualcomm argues that without this, the device would not work and therefore this is an appropriate basis for calculation. Apple argues that while this may have made sense in the past, its devices have moved far beyond being just phones and that Qualcomm is now taking a share of other design and functionality that is more than its due. Our view remains that Qualcomm's products are indeed superior to those of its competitors, that the two companies will ultimately come to an agreement, and that Broadcom's bid at $70/share is too low.

Delta Electronics (Thailand) saw its share price weaken in the last six weeks of the year. Mostly this was related to the reorganisation of the local stock market index, the SET (Stock Exchange of Thailand) Index. Recent results from the company have not been especially good, but not bad either. The most recent report showed core net profit up 4% (a little below estimates) with gross margin down 1% to 25.5%. Delta produces power solutions (embedded power supply, AC/DC converters and custom designed power systems) for data centres, telecoms and the automotive sector for clients in Asia, the US and Europe. We expect the growth to come from Delta's car segment.

JB Hi-Fi fell 6% in Sterling terms in 2017, which follows a strong year in 2016 when the stock rose 82%. Share price weakness this year has been in anticipation of Amazon's arrival in the Australian market. Sales growth in 2017 has certainly been slower than last year but the reasons behind that (a high base for comparison, the timing of new product releases) do not give us cause for concern. The rate of sales growth has improved in recent months; added to that, the achievement of synergies between JB Hi-Fi and the recent acquisition of the Good Guys is expected to be higher than expected and to come sooner than expected. Amazon launched its operations in December and so far there has been limited impact. For existing retailers, it is likely that product delivery rather than product range is going to be the key battleground. Product pricing is already highly competitive, and this Christmas seems to have been as challenging for the sector as it was last year. JB Hi-Fi appears, once again, to be doing better than its competitors and we believe that this will become evident at the next results report in February 2018.

Portfolio activity in 2017

This year there was only one change to the portfolio:

Belle 百麗國際
International

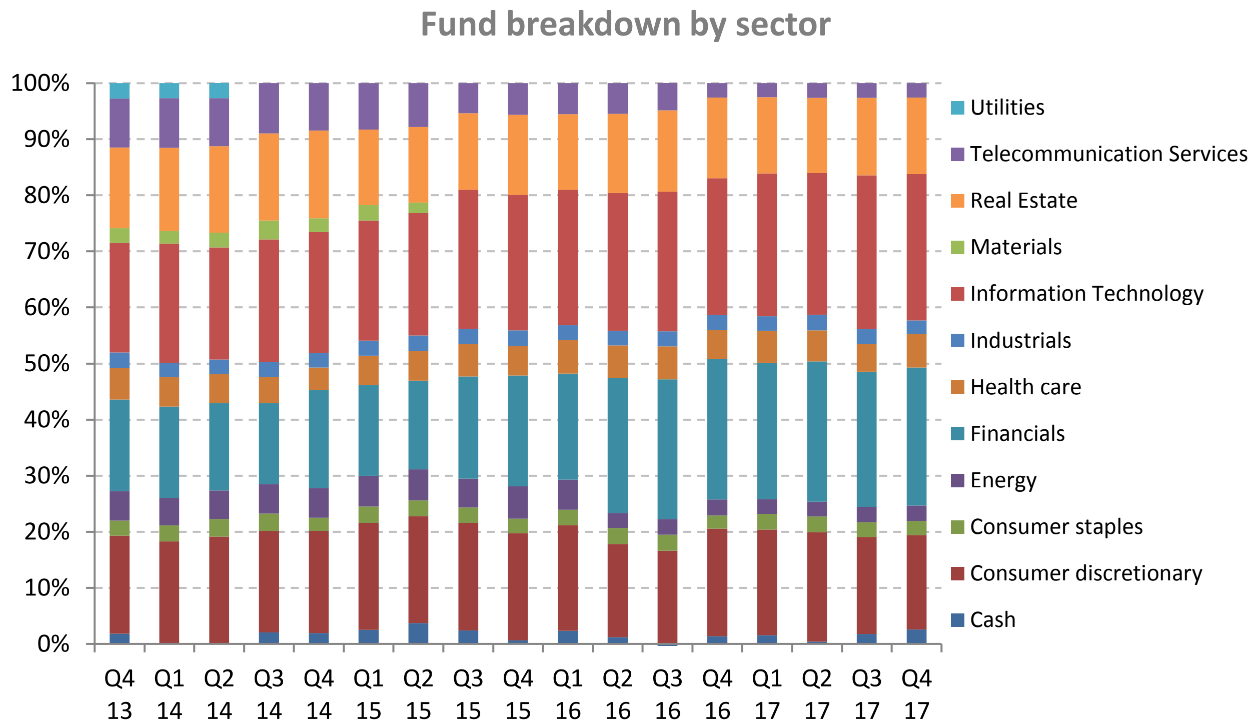
Belle International, a Chinese shoe designer and retailer, was acquired and taken private. The business has been struggling in the last couple of years as online retailers have eaten into its margins in the so-called 'brown shoe' business. The company's response has been to build up sportswear and it has successfully delivered higher growth and higher margins. In August, a private equity firm acquired the shares at a 30% premium to market.

The position was replaced by:

台光電子材料股份有限公司
Elite Material Co., Ltd.

Elite Material, discussed above, is a manufacturer of printed circuit boards used in smartphones, servers and the automotive sector. While the share price has not performed as well as we would have hoped following the initial purchase, we are confident in the business and the development of its networking and server clients. We think that the sell-off in the shares has been overdone and have been adding to the position at lower levels.

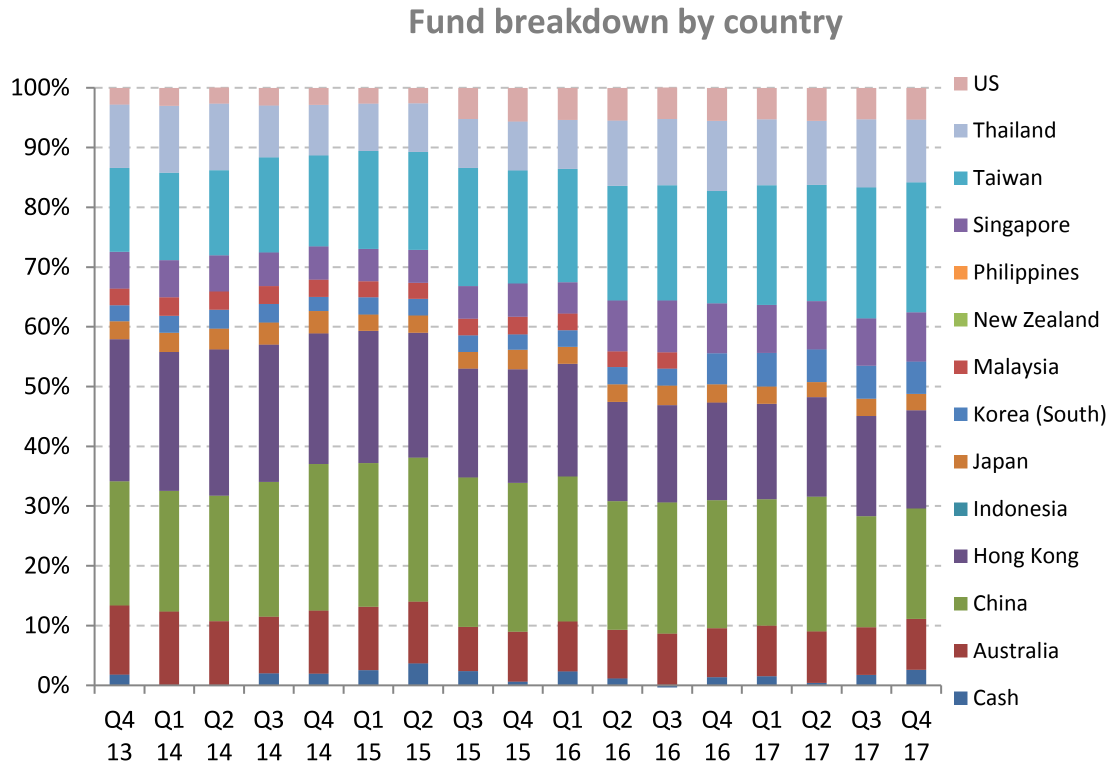
Portfolio Position



Source: Bloomberg, Guinness Asset Management

Over the past four years our exposure to Consumer Discretionary, Financials and Information Technology has increased at the expense of Energy, Materials and Utilities. However, we have made very few changes to the portfolio over that time, reflecting the conviction we have when buying a position.

We reiterate that our investment process is stock-specific and not driven from the top down or by benchmark considerations. But for interest, against our benchmark our 17% exposure to Consumer Discretionary puts us 9% overweight, our 26% position in Information Technology puts us 1.6% underweight and our 25% in Financials puts us 2% underweight. The Fund is 7% overweight to Real Estate and is 7% underweight to Materials.



Source: Bloomberg, Guinness Asset Management

On a country basis, relative to our benchmark the most significant deviations are in Australia where the Fund is 11% underweight and in Korea where we are 10% underweight. Our heavy absolute exposure to China and Hong Kong in fact puts us 6% underweight. The main overweight exposures are to Thailand, Taiwan and Singapore.

Outlook

Asian markets had a strong year in 2017, pushing valuations above their 10-year averages. In contrast to much of the past 10 years, however, corporate earnings have risen over the past year giving us greater confidence in the more bullish analyst forecasts for 2018 and 2019. Market confidence has also been lifted by China's economic growth momentum and by the crisis that did not happen. The focus for the last five years has been on rising Chinese debt levels and the potential instability caused by efforts to tackle it. This year we have seen intensifying efforts to regulate banks' behaviour and this has carried on into the new year.

At the time of writing the positive outlook hinges on continued acceleration in external demand, hope for a recovery in global capital expenditure and for Asian domestic demand to be lifted on the back of this. The risks to the outlook revolve around central bank policies in the US and Europe as they seek to wind down or reverse the years of quantitative easing, stretched valuations in developed markets and as ever, the possibility that China's economic outlook deteriorates.

For more information

Read more on the Fund

Visit our website for more information on the Fund and to register for regular email updates on its performance and portfolio.

Keeping you updated

Detailed portfolio and performance analysis

White papers

Our thoughts on a range of topics including: the importance of dividends; whether to meet company management; concentrated portfolio; the effectiveness of economic modelling.

To sign up for updates or search the archive, visit guinnessfunds.com

or contact our sales team

Contact our sales team

Our sales team are on hand to explain the Fund and its investment process in more detail and answer any queries you might have.

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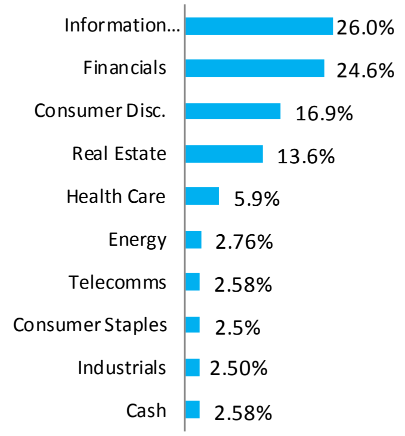
PORTFOLIO

31/12/2017

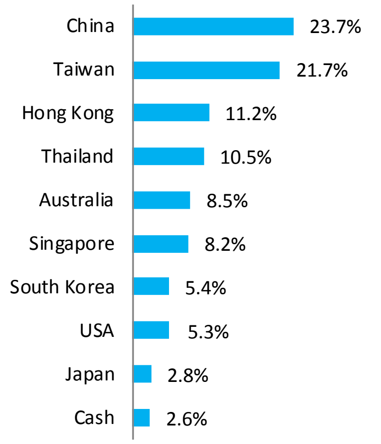
Fund top 10 holdings

Li & Fung	3.2%
St. Shine Optical Co	3.1%
JB Hi-fi	3.0%
Hanon Systems	2.9%
Sonic Healthcare	2.8%
China Construction Bank	2.8%
Capitamall Trust	2.8%
ICBC	2.8%
PTT Public Company	2.8%
DBS Group Holdings	2.8%
% of Fund in top 10	28.9%
Total number of stocks in Fund	36

Sector analysis



Geographic allocation



PERFORMANCE

31/12/2017

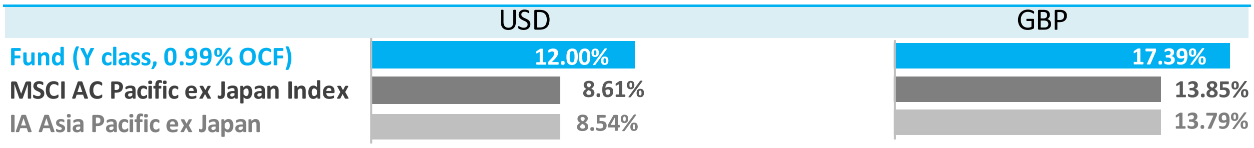
Discrete years % total return

	Dec '13		Dec '14		Dec '15		Dec '16		Dec '17	
	USD	GBP	USD	GBP	USD	GBP	USD	GBP	USD	GBP
Fund (Y class, 0.99% OCF)	-	-	-	-	-4.4	1.2	7.5	28.2	36.5	24.6
MSCI AC Pacific ex Japan Index	4.2	2.3	1.8	8.1	-9.4	-4.1	7.8	28.5	37.3	25.4
IA Asia Pacific ex Japan	3.8	1.9	3.1	9.5	-8.6	-3.4	5.3	25.6	37.2	25.3

Cumulative % total return

	1 month		Year-to-date		1 year		3 years		From launch	
	USD	GBP	USD	GBP	USD	GBP	USD	GBP	USD	GBP
Fund (Y class, 0.99% OCF)	0.8	0.9	36.5	24.6	36.5	24.6	40.3	61.7	58.0	91.0
MSCI AC Pacific ex Japan Index	3.0	3.1	37.3	25.4	37.3	25.4	34.1	54.6	39.5	68.8
IA Asia Pacific ex Japan	2.4	2.5	37.2	25.3	37.2	25.3	32.1	52.2	39.2	68.4

Annualised % total return from launch



Risk analysis - Annualised, weekly, from launch on 19.12.2013

31/12/2017	Index		Sector		Fund	
	USD	GBP	USD	GBP	USD	GBP
Alpha	0.0	0.0	1.0	1.6	5.1	5.3
Beta	1.0	1.0	0.9	0.9	0.8	0.9
Information ratio	0.0	0.0	0.0	0.0	0.6	0.6
Maximum drawdown	-29.1	-26.2	-26.7	-24.5	-24.3	-20.6
R squared	1.0	1.0	0.9	1.0	0.9	0.9
Sharpe ratio	0.4	0.7	0.4	0.8	0.7	1.0
Tracking error	0.0	0.0	3.7	3.7	5.7	5.7
Volatility	14.3	15.2	12.9	13.5	12.0	13.9

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. Fund launch date: 19.12.2013.

Guinness Asset Management

Guinness Asset Management provides a range of long-only actively managed funds to individual and institutional investors. Founded in 2003, Guinness is independent and is wholly owned by its employees.

We believe in in-house research, intelligent screening for prioritisation of research and well-designed investment processes. We manage concentrated, high conviction portfolios, with low turnover and no benchmark constraints. Since our establishment we have developed a variety of specialisms in global growth and dividend funds, global sector funds and Asian regional and country funds. The Guinness equity funds sit within an Irish-listed OEIC. They are managed alongside a range of similar SEC-registered funds offered to US investors by our US sister company, Guinness Atkinson Asset Management Inc. We also offer an Enterprise Investment Scheme (EIS service) investing in UK-based renewable energy projects and AIM-listed companies.

Our Products

Equity Income	Global Equity Income Asian Equity Income European Equity Income UK Equity Income Emerging Markets Equity Income
Growth & Innovation	Global Innovators Best of China Global Equity US Equity
Specialist	Global Energy Alternative Energy Global Money Managers

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Risk

The Guinness Asian 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 Link Fund Manager Solutions (Ireland) Ltd, 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'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

Telephone calls will be recorded and monitored.

GUINNESS
ASSET MANAGEMENT