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How Global Equity Income can help investors in an inflationary environment

October 2022

Dr Ian Mortimer, CFA
Matthew Page, CFA

Risk & performance

Risk: The Guinness Global Equity Income Fund is an equity fund. Investors should be willing and able to assume the risks of equity investing. The value of an investment and the income from it can fall as well as rise as a result of market and currency movement, and you may not get back the amount originally invested. Details on the risk factors are included in the Funds' documentation, available on our website (guinnessgi.com/literature).



The risk and reward indicator shows where the fund ranks in terms of its potential risk and return. The higher the rank the greater the potential reward but the greater the risk of losing money.

Performance: Past performance does not predict future returns.

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.

The fund is actively managed with the MSCI World Index used as a comparator benchmark only.

The Global Equity Income Fund invests in companies which are expected to provide a higher than average income.

Portfolio managers



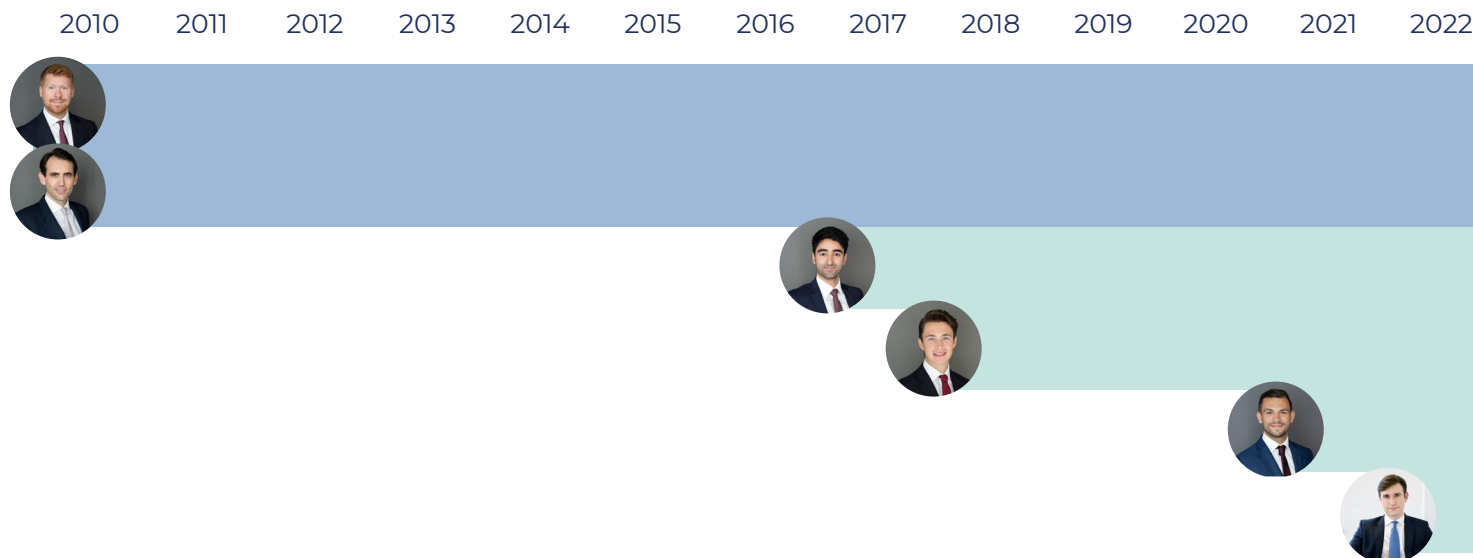
Matthew Page, CFA

- Joined Guinness Global Investors in 2005
- Previously worked for Goldman Sachs as an analyst in Fixed Income Currencies and Commodities (FICC)
- Graduated from University of Oxford, with a Masters degree in Physics in 2004
- Manager of Global Equity Income strategy since launch in 2010
- Manager of Global Innovators strategy since 2009



Dr Ian Mortimer, CFA

- Joined Guinness Global Investors in 2006
- Graduated from University of Oxford, with a D.Phil. in Physics in 2006
- Graduated from University College London, University of London, with a Masters degree in Physics in 2003
- Manager of Global Equity Income strategy since launch in 2010
- Manager of Global Innovators strategy since 2009



Analysts



Sagar Thanki, CFA

- Joined Guinness Global Investors in 2017
- Prior to joining Guinness, Sagar worked at Bloomberg as an Equity and Portfolios Product Specialist, within the Financial Analytics and Sales department.
- Sagar graduated from Selwyn College, University of Cambridge, with a Master's degree in Economics
- He is a CFA Charterholder and has a Diploma in Investment Management having passed the IMC Certificate and CFA Certificate in ESG Investing.



Joseph Stephens, CFA

- Joined Guinness Global Investors in 2018
- Prior to joining Guinness, Joseph interned at Goldman Sachs within the Operations department.
- Joseph has a Master's degree in Investment Management from Henley Business School, and a Master's degree in Mathematics from University of Bath.
- He is a CFA Charterholder and has passed the CFA Certificate in ESG Investing.



William Van Der Weyden

- Joined Guinness Global Investors in 2021
- Will previously worked for St James's Place DFM as an Equity Analyst, specialising in the UK Tech and Telecommunications sectors.
- Will graduated from Homerton College, University of Cambridge, with a Master's degree in Management, following his BSc in Maths and Physics at the University of Bath.
- He has since passed the IMC qualification.



Jack Drew

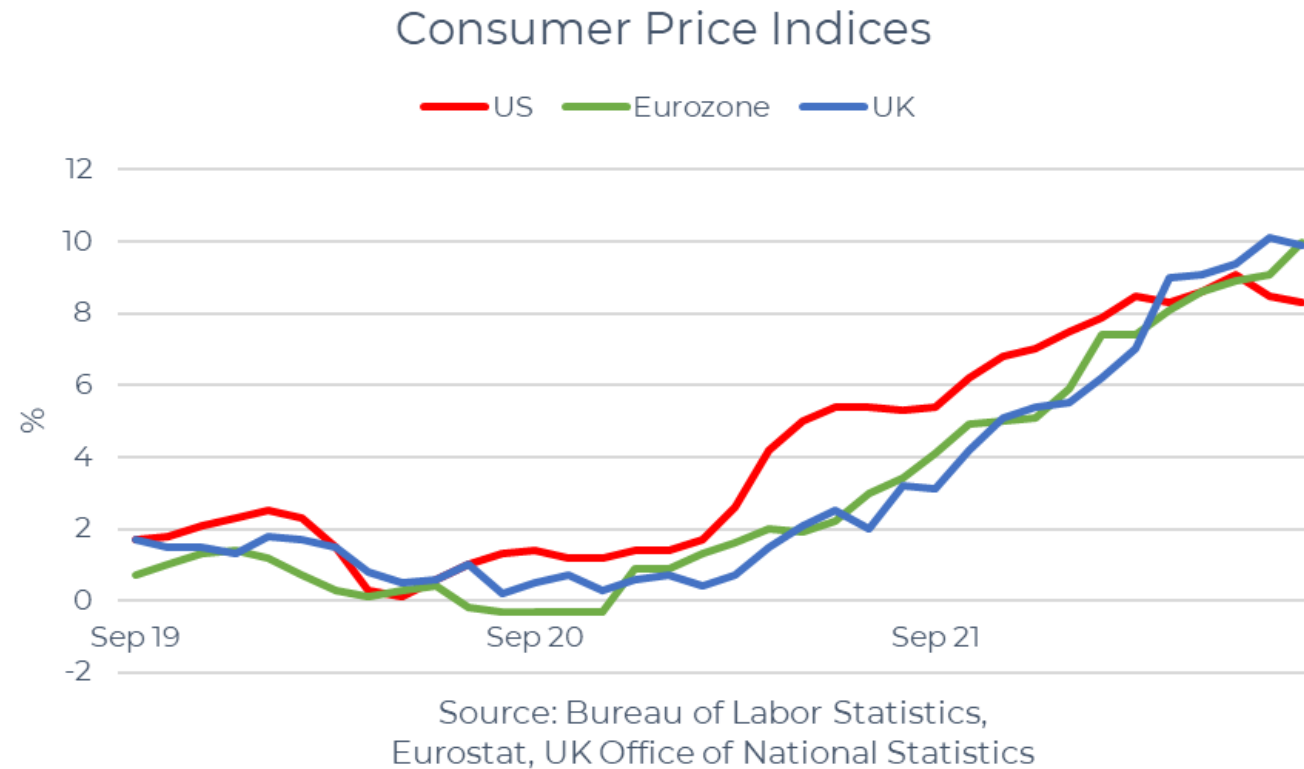
- Joined Guinness Global Investors in 2022.
- Prior to joining Guinness, Jack worked as a financial consultant at Orbit Partners. He has also interned as an equity research analyst at Lazard Asset Management, covering the Auto and Industrial sectors.
- Jack graduated from Selwyn College, University of Cambridge, with a First-Class degree in Geography.

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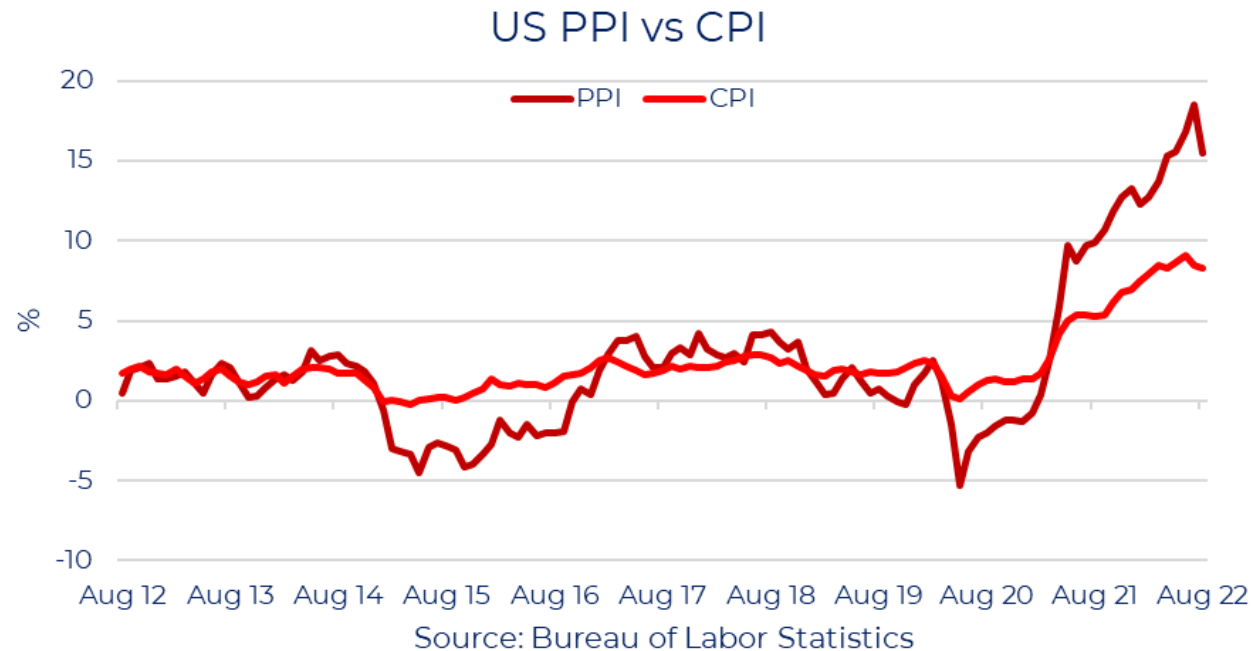
- Inflation review
- Why dividends matter
- Where are we today & outlook
- Guinness Global Equity Income
- Conclusions
- Q&A

Inflation review

Inflation has been rising... but has US inflation peaked?



Has US inflation peaked?



- Producer Price Inflation (PPI) usually leads Consumer Price Inflation
- Therefore, the fact PPI is falling is positive for CPI

Has US inflation peaked?

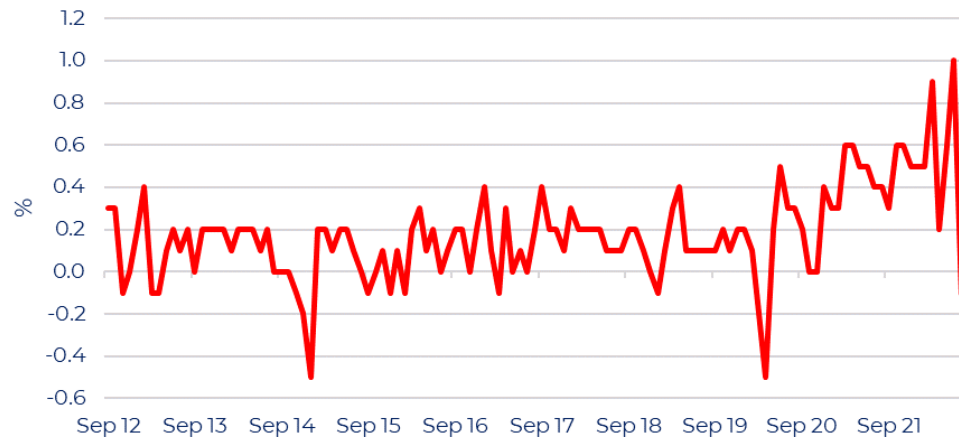
US Personal Consumption Expenditure YoY



Source: Bureau of Economic Analysis

- The FED's preferred measure of inflation is Personal Consumption Expenditure, and this is falling...

US Personal Consumption Expenditure MoM

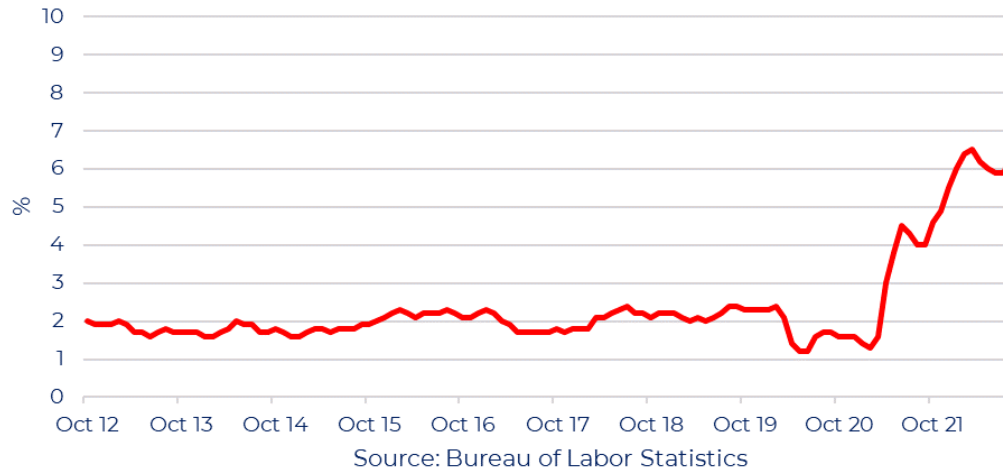


Source: Bureau of Economic Analysis

- ...indeed, the July month on month (MoM) data point was negative at -0.1%...

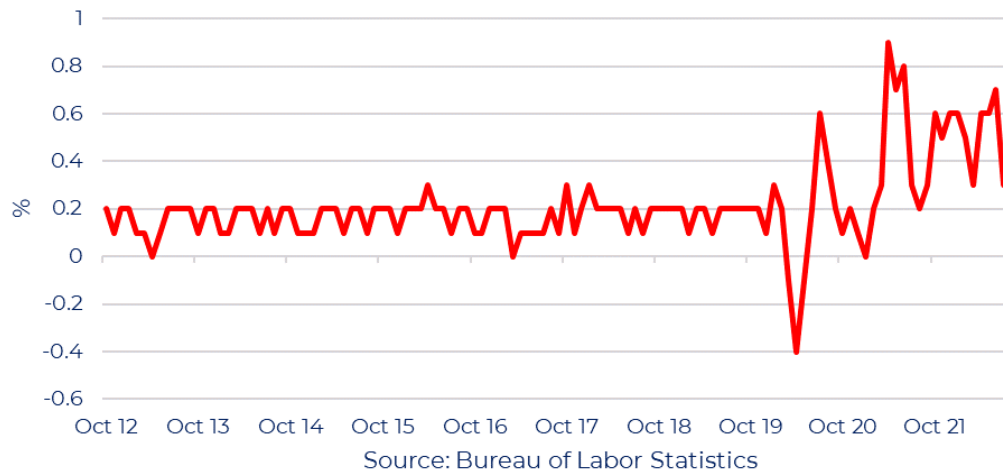
Has US inflation peaked?

US CPI ex Food & Energy



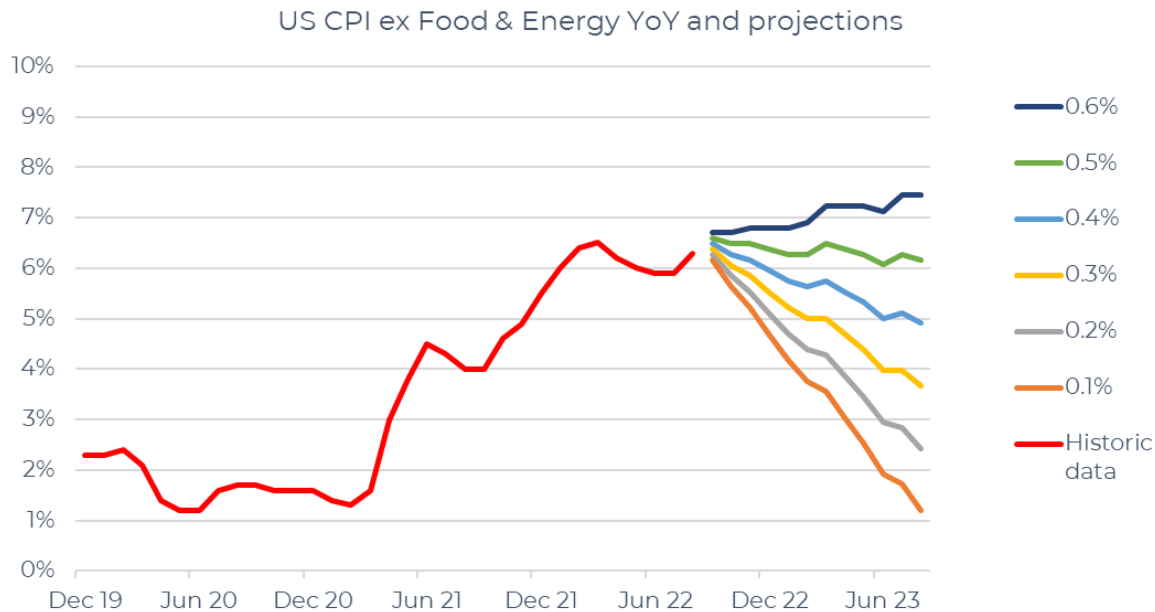
- However, CPI ex Food & Energy is not declining

US CPI ex Food & Energy MoM



- The latest MoM data point was high at 0.6%, vs a forecast of 0.3%, suggesting the core drivers of inflation have not yet been tamed

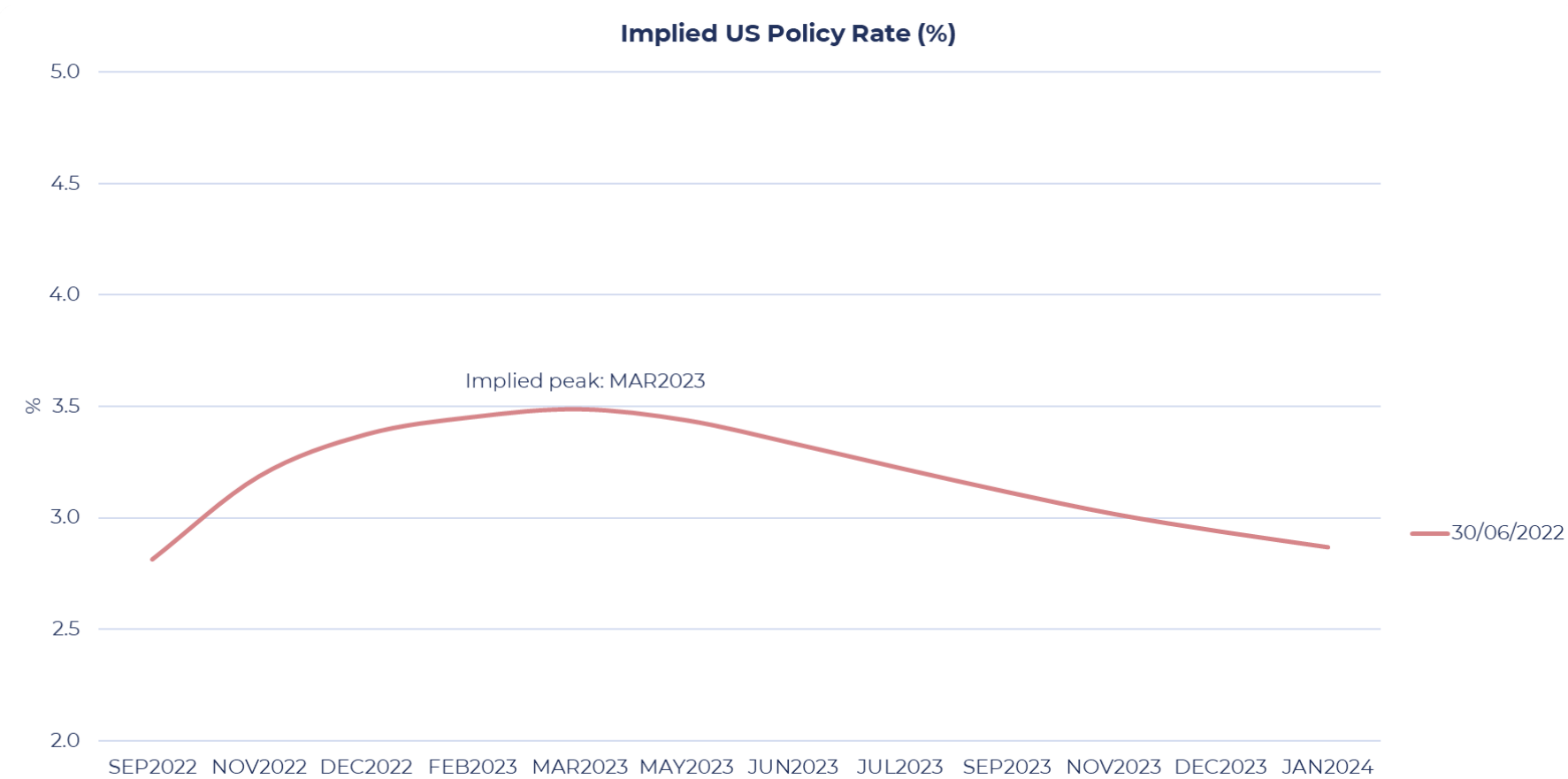
Has US inflation peaked?



- For CPI ex Food & Energy to get back to a level closer to 2% we need to start seeing a number of MoM data points that are <0.2%
- As this chart shows if we were to see data points of 0.2% MoM for each of the next 12 months then CPI ex Food & Energy would get to 2.4% in August 2023. But 0.6% for 12 months would imply 7.4%
- Data points of 0.2% or less will see the market react positively, anything above that suggests the FED will have to continue raising rates

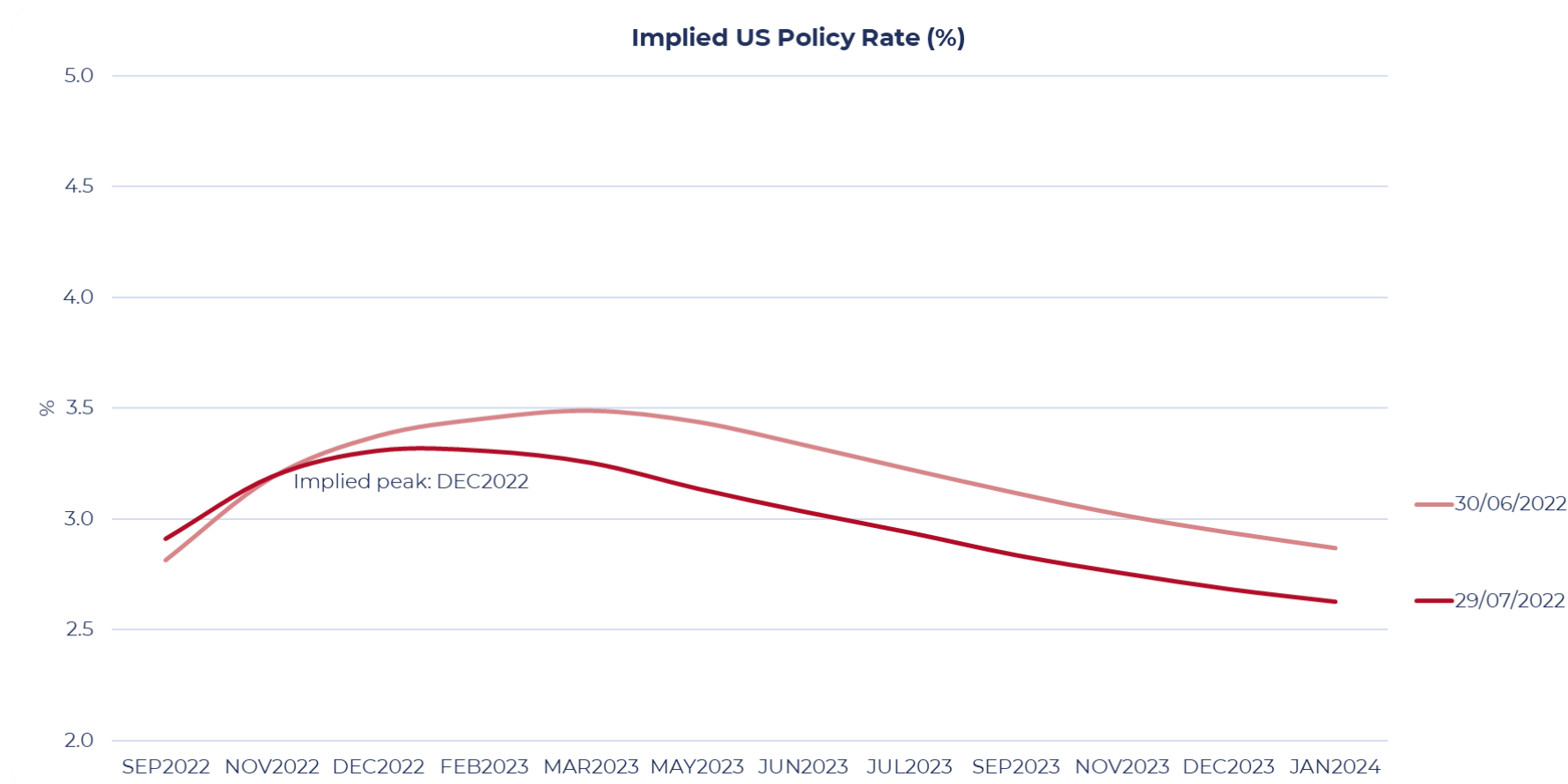
Implied US policy rate

Poor inflation data has driven interest rate expectations higher and the peak rate further out...



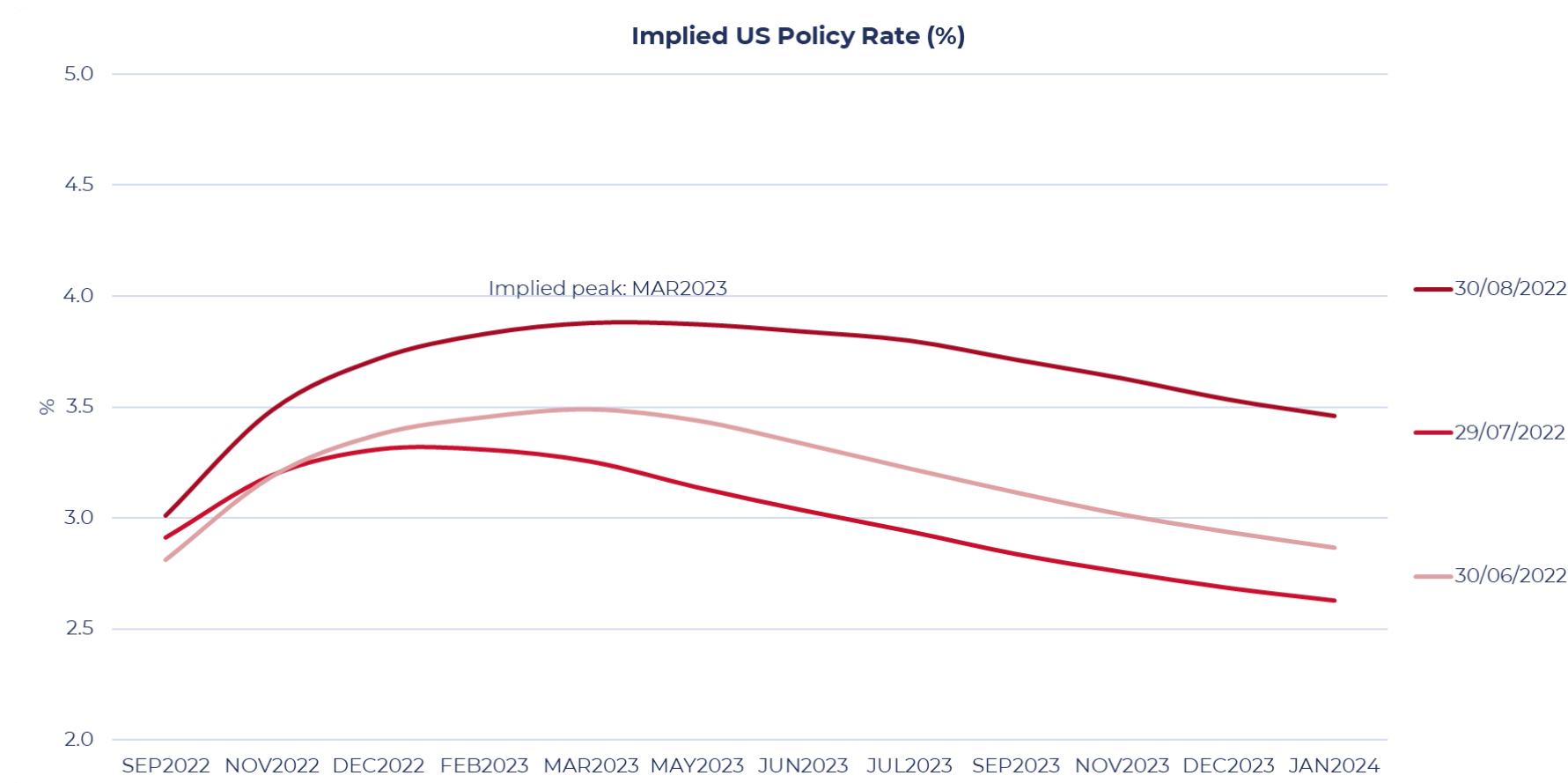
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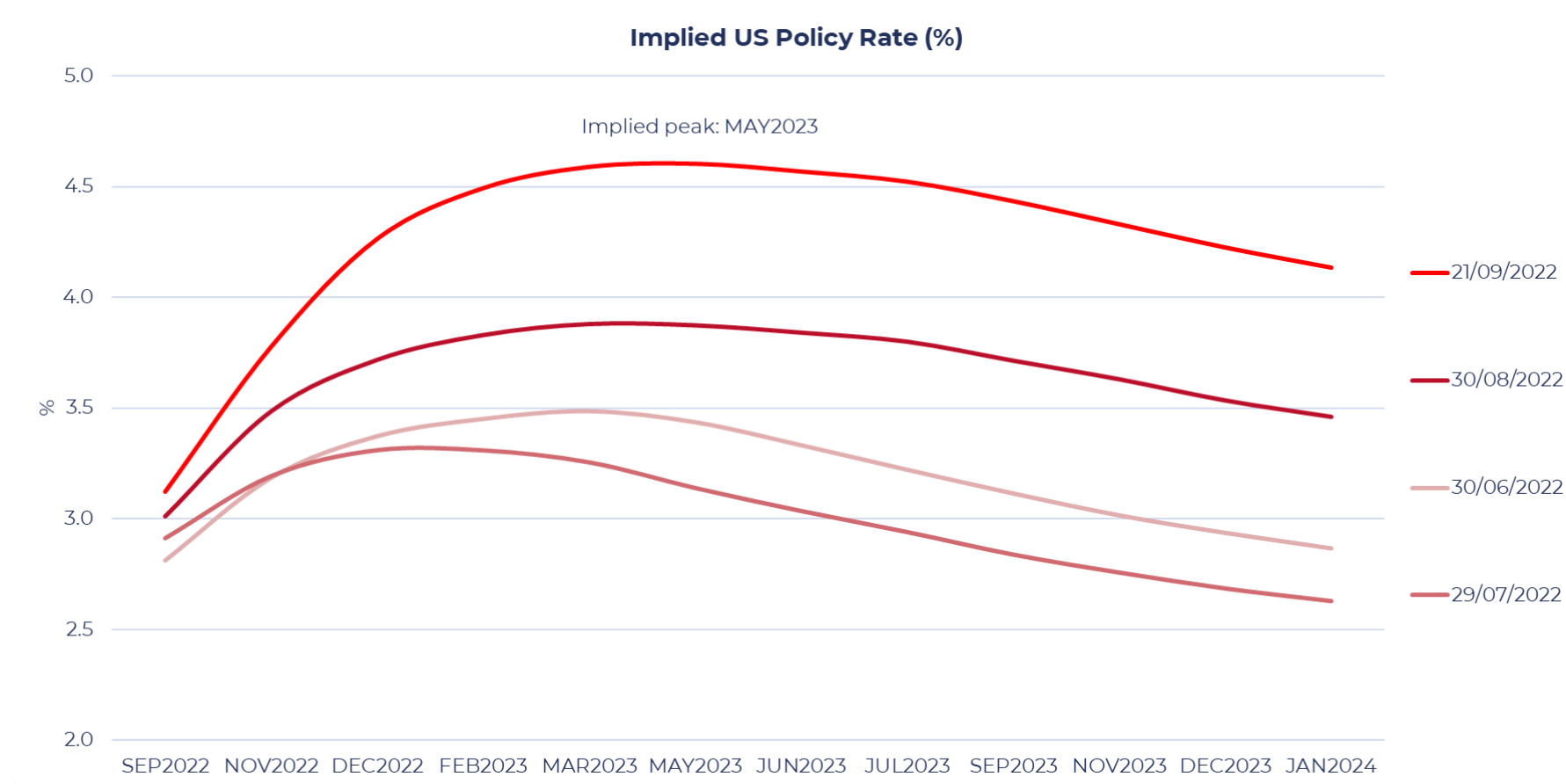
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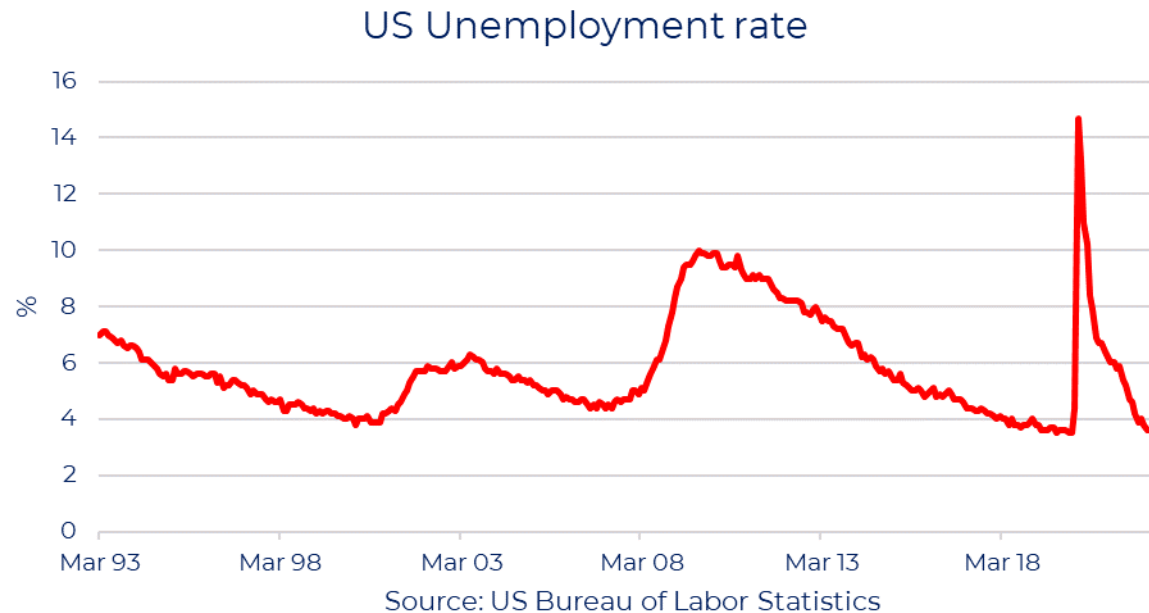


Implied US policy rate

Poor inflation data has driven interest rate expectations higher and the peak rate further out...



Unemployment remains low despite higher interest rates...



- The fact unemployment remains so low means the Fed can continue to raise rates to tame inflation

US wage growth remains high



- ...but higher inflation and a tight labour market leads to increasing wage demands...
- ...which in turn further fuels inflation...

Is the US heading to a recession?

- Technical recession indicators (yield curve inversions) show a mixed picture...

US 10Y-2Y spread



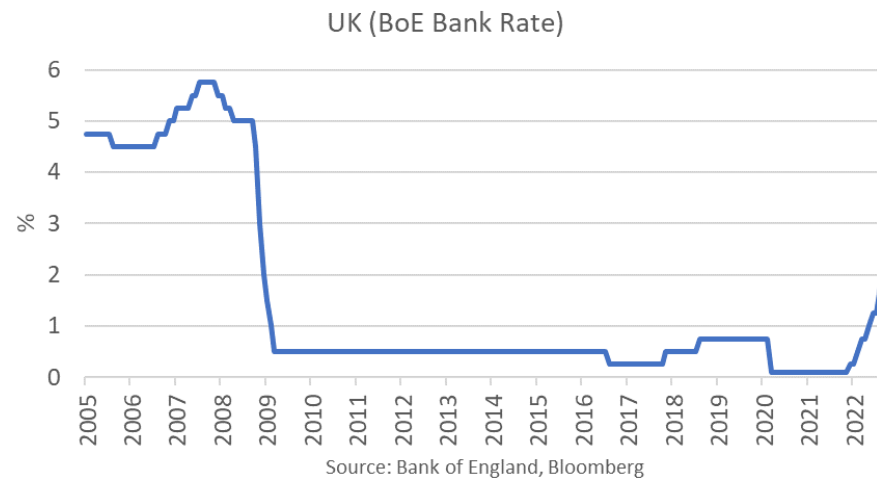
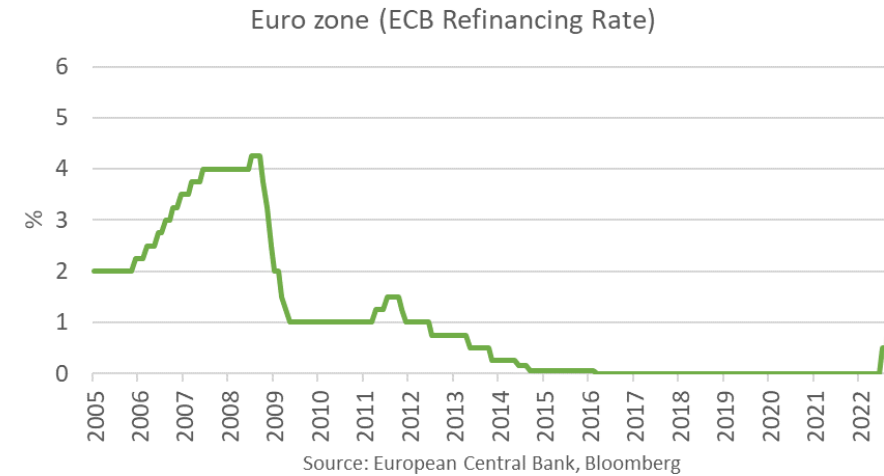
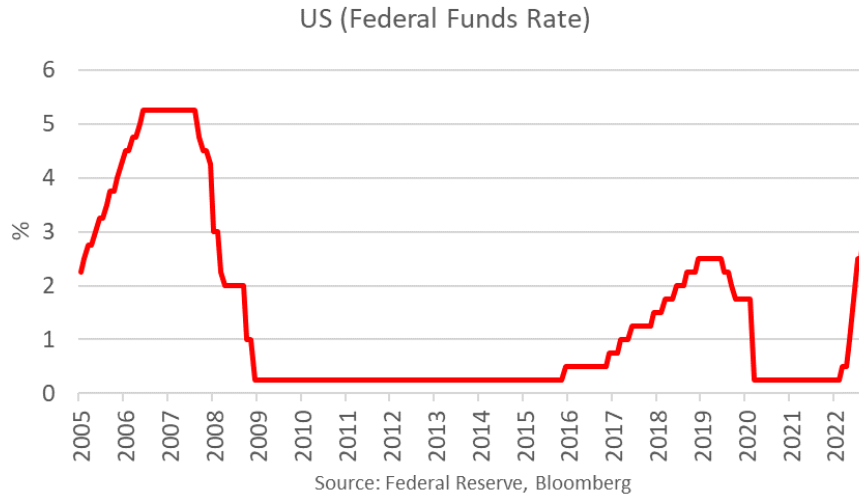
10Y-2Y spread suggests recession

US 10Y-3M spread

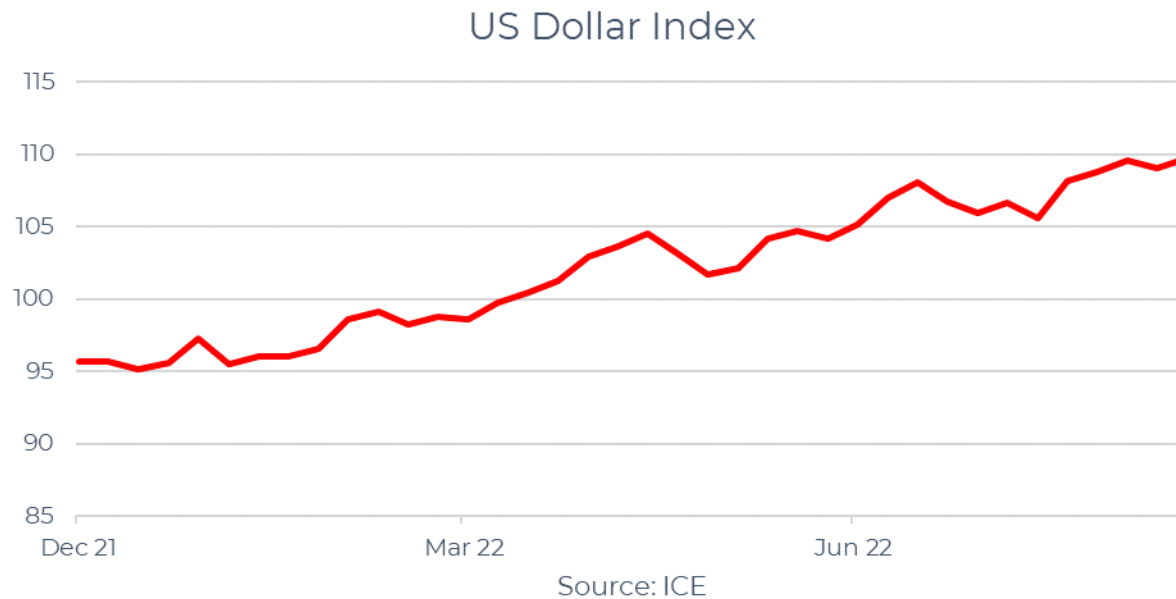


while 10Y-3M spread is close to zero

Central banks are raising rates but not as fast the US Fed...



...which has led to strength in the US dollar this year



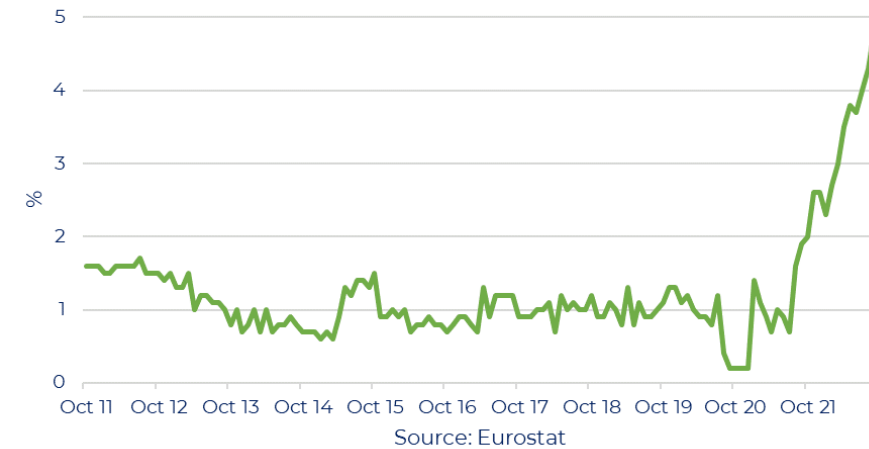
- A strong US dollar at least means the US is not importing inflation...
- ...as opposed to the UK where we have seen a weak pound making imports more expensive

Eurozone and UK are also suffering from inflation

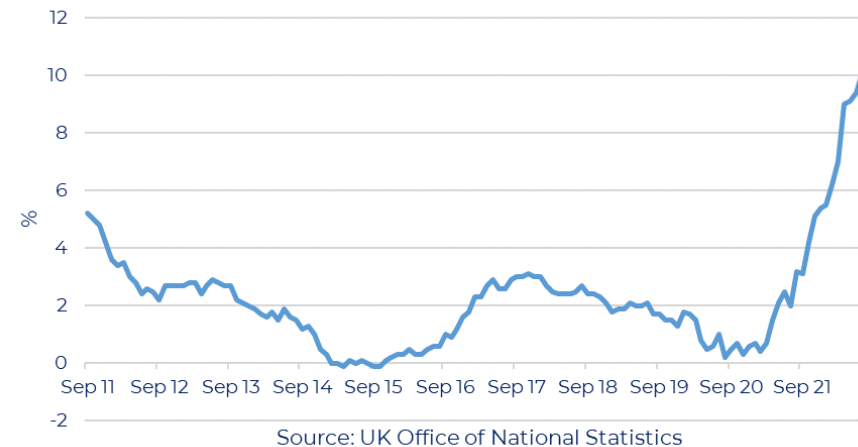
Eurozone Inflation



Eurozone Core Inflation



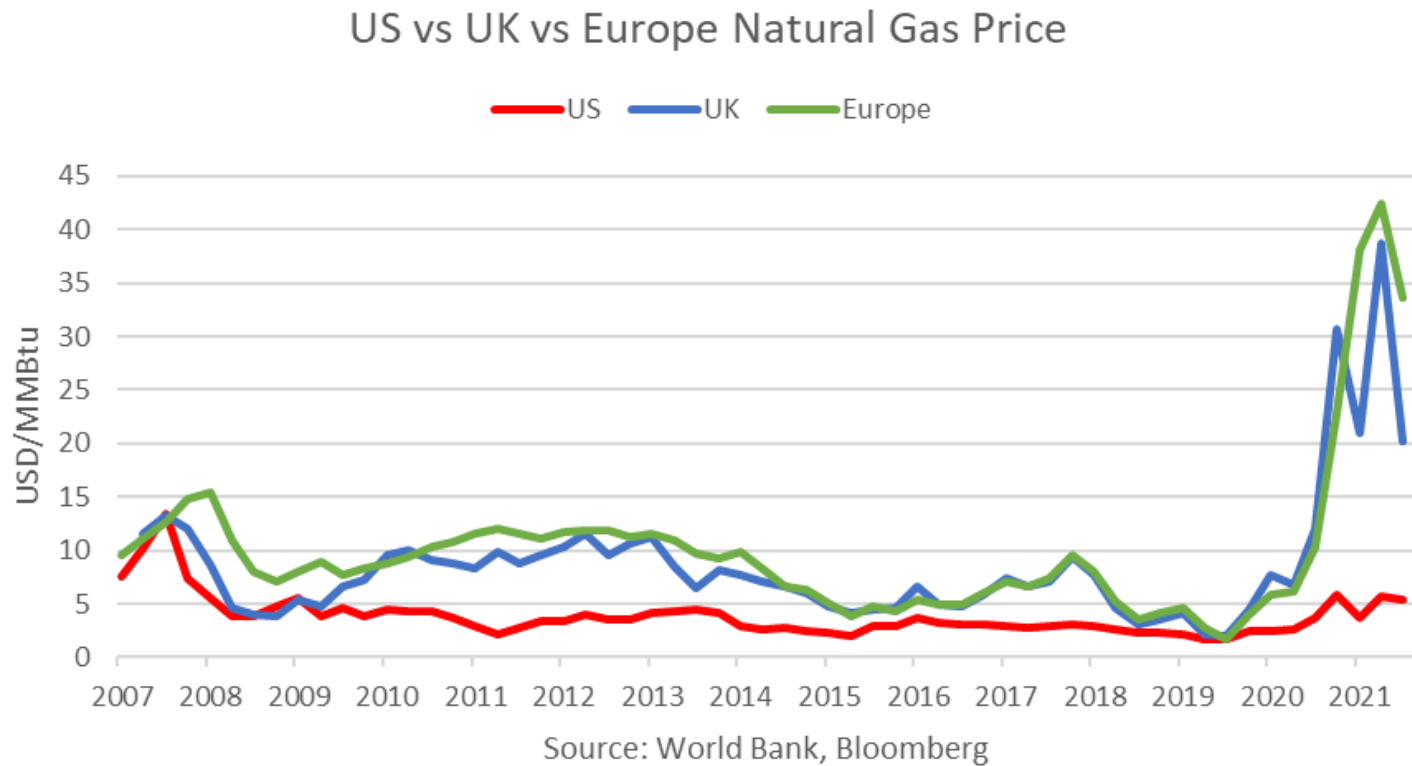
UK CPI Inflation



UK Core CPI Inflation

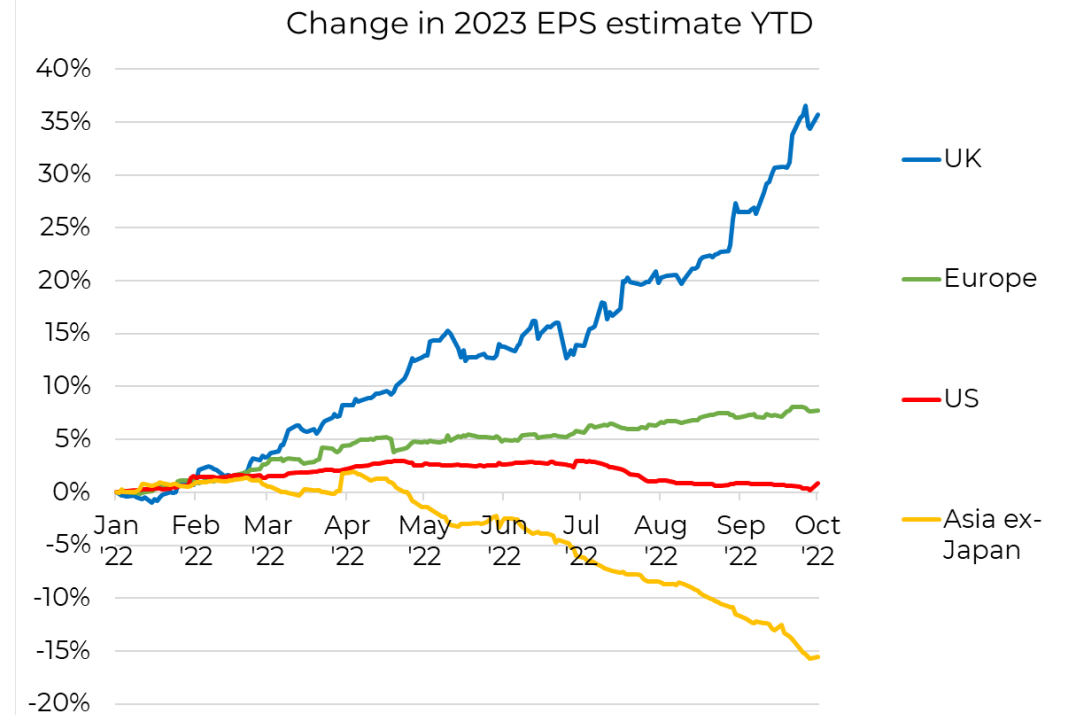
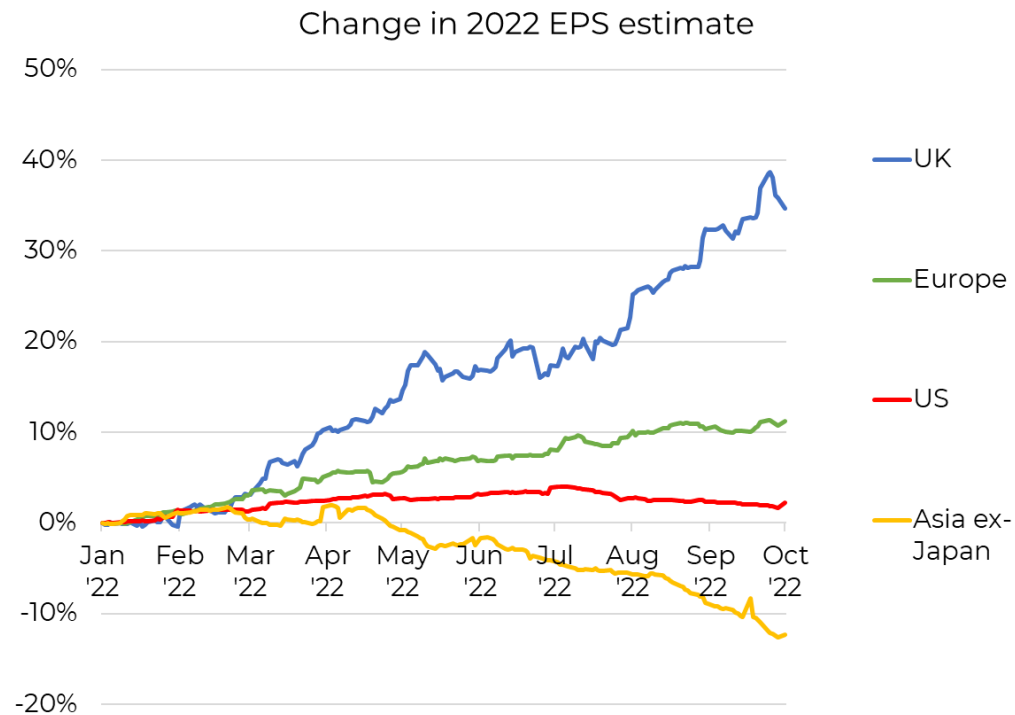


...but Natural Gas is a much bigger issue for Europe than US



- Natural gas price and security of supply is an issue for Europe this winter

Earnings estimates remain steady



How are our companies managing this environment?

Q2 Consumer Staples results					
			Sales growth yoy		
			Organic Growth	Volume	Price/Mix
MDLZ US	MONDELEZ INTERNATIONAL INC-A	Packaged Foods & Meats	13%	5%	8%
BN FP	DANONE	Packaged Foods & Meats	8%	1%	7%
NESN SW	NESTLE SA-REG	Packaged Foods & Meats	8%	2%	7%
KO US	COCA-COLA CO/THE	Soft Drinks	20%	8%	12%
PEP US	PEPSICO INC	Soft Drinks	13%	1%	12%
RKT LN	RECKITT BENCKISER GROUP PLC	Household Products	12%	2%	10%
HEN3 GR	HENKEL AG & CO KGAA VOR-PREF	Household Products	11%	0%	11%
PG US	PROCTER & GAMBLE CO/THE	Household Products	7%	-1%	8%
ULVR LN	UNILEVER PLC	Personal Products	8%	-2%	10%
DGE LN	DIAGEO PLC	Distillers & Vintners	21%	10%	11%
Average			12.1%	2.6%	9.5%

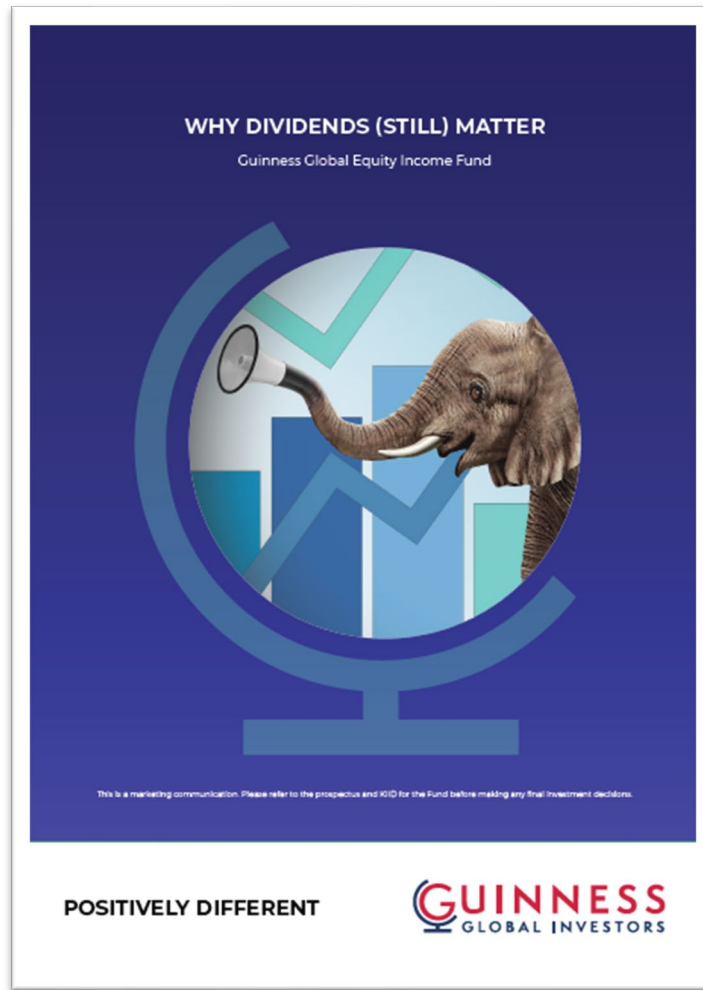
- Quality companies can pass on inflation to their customers...
- e.g. our Consumer Staples companies increased their prices by an average of 9.5% YoY (Q2 2022 vs Q2 2021)

Conclusion

- Inflation remains an issue and it is not yet under control
- The US looks better positioned to deal with it than Europe/UK due to US\$ strength and secure natural gas supply
- Revenues and earnings of quality companies have not been particularly affected e.g. our Consumer Staples holdings on average grew their revenues 12.1% year on year in their latest results

Why dividends matter

Whitepaper



1 Both instil and indicate efficient capital management in mature businesses.

Dividend policies “leave no room for vanity projects or frivolous uses of capital”.

2 Provide a simple but powerful stock selection guide for total return investors.

“Dividend payers have outperformed the broad market, and non-dividend payers significantly underperformed.”

3 Deliver a proportion of total return that grows considerably over the life of an investment.

“The importance of dividends increases over time. Over a 20 year holding period dividends accounted for an average 57% of total returns.”

4 Deliver an even greater proportion of total returns in periods of low growth.

“The importance of dividends increases dramatically in low growth decades; in the 1940s and 1970s, dividends accounted for over 75% of total returns.”

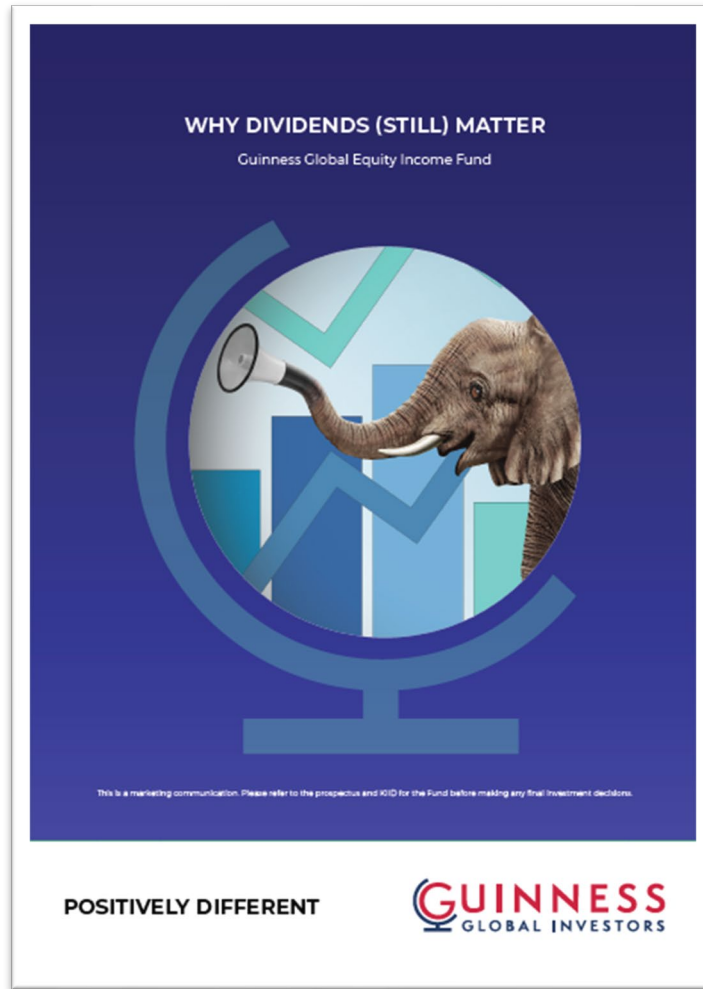
5 Deliver an income stream that is much more consistent than company earnings.

“Dividends are much less volatile than earnings. Since 1940 there have been 8 years of dividend cuts, versus 25 years where earnings declined.”

6 Provide a hedge against inflation.

“Dividend-paying companies can, over the long term, provide an inflation hedge – dividend income grows in line with (or often at a higher rate than) inflation.”

Whitepaper



1	Both instil and indicate efficient capital management in mature businesses.	<i>Dividend policies “leave no room for vanity projects or frivolous uses of capital”.</i>
2	Provide a simple but powerful stock selection guide for total return investors.	<i>“Dividend payers have outperformed the broad market, and non-dividend payers significantly underperformed.”</i>
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4	Deliver an even greater proportion of total returns in periods of low growth.	<i>“The importance of dividends increases dramatically in low growth decades; in the 1940s and 1970s, dividends accounted for over 75% of total returns.”</i>
5	Deliver an income stream that is much more consistent than company earnings.	<i>“Dividends are much less volatile than earnings. Since 1940 there have been 8 years of dividend cuts, versus 25 years where earnings declined.”</i>
6	Provide a hedge against inflation.	<i>“Dividend-paying companies can, over the long term, provide an inflation hedge – dividend income grows in line with (or often at a higher rate than) inflation.”</i>



Equity returns since 1940

Figure 4 S&P500 returns for individual decades since 1940

	Total return	Price appreciation	Dividends	Dividends as % of total return
1940s	143.1%	34.8%	108.3%	75.7%
1950s	467.4%	256.7%	210.7%	45.1%
1960s	109.5%	53.7%	55.8%	51.0%
1970s	76.9%	17.2%	59.7%	77.6%
1980s	389.2%	227.4%	161.8%	41.6%
1990s	423.2%	315.7%	107.5%	25.4%
2000s	-9.1%	-24.1%	15.0%	<i>Not meaningful</i>
2010s	256.4%	189.7%	66.7%	26.0%
Average	232.1%	133.9%	98.2%	48.9%

Equity returns since 1940

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1980s	389.2%	227.4%	161.8%	41.6%
1990s	423.2%	315.7%	107.5%	25.4%
2000s	-9.1%	-24.1%	15.0%	Not meaningful
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High growth

High growth

Equity returns since 1940

Figure 4 S&P500 returns for individual decades since 1940

	Total return	Price appreciation	Dividends	Dividends as % of total return	
1940s	143.1%	34.8%	108.3%	75.7%	Low growth
1950s	467.4%	256.7%	210.7%	45.1%	
1960s	109.5%	53.7%	55.8%	51.0%	
1970s	76.9%	17.2%	59.7%	77.6%	Low growth
1980s	389.2%	227.4%	161.8%	41.6%	
1990s	423.2%	315.7%	107.5%	25.4%	High growth
2000s	-9.1%	-24.1%	15.0%	Not meaningful	
2010s	256.4%	189.7%	66.7%	26.0%	High growth
Average	232.1%	133.9%	98.2%	48.9%	

Dividends vs earnings in recessionary periods

Figure 5**S&P500 DPS and EPS falls in the last 5 US recessionary periods**

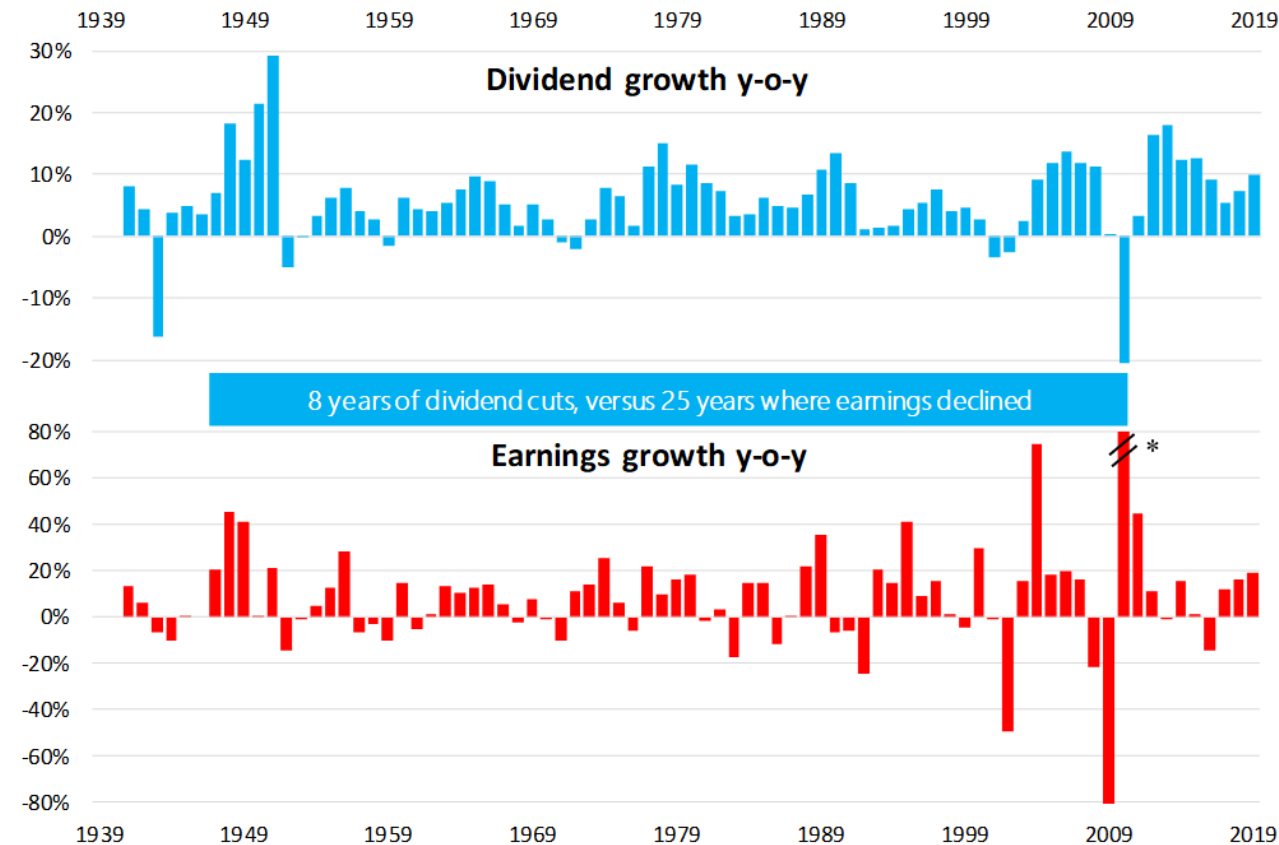
US Recessionary period	Dividend per share (DPS) trough date	Earnings per share (EPS) trough date	Peak to trough (%)	
			DPS	EPS
Nov 1973 to Feb 1975	Dec 1975	Sep 1975	-1%	-15%
Jul 1981 to Oct 1982	No decline in DPS	Mar 1983	-	-19%
Jul 1990 to Feb 1991	Dec 1991	Jun 1992	-1%	-32%
Mar 2001 to Oct 2001	Jun 2001	Dec 2001	-6%	-54%
Dec 2007 to May 2009	Mar 2009	Mar 2009	-24%	-92%
Average			-8%	-42%

Dividends vs earnings in recessionary periods

Figure 6

S&P500 dividends per share and earnings per share year-on-year growth

12 months to 1st January each year, 1940 - 2019

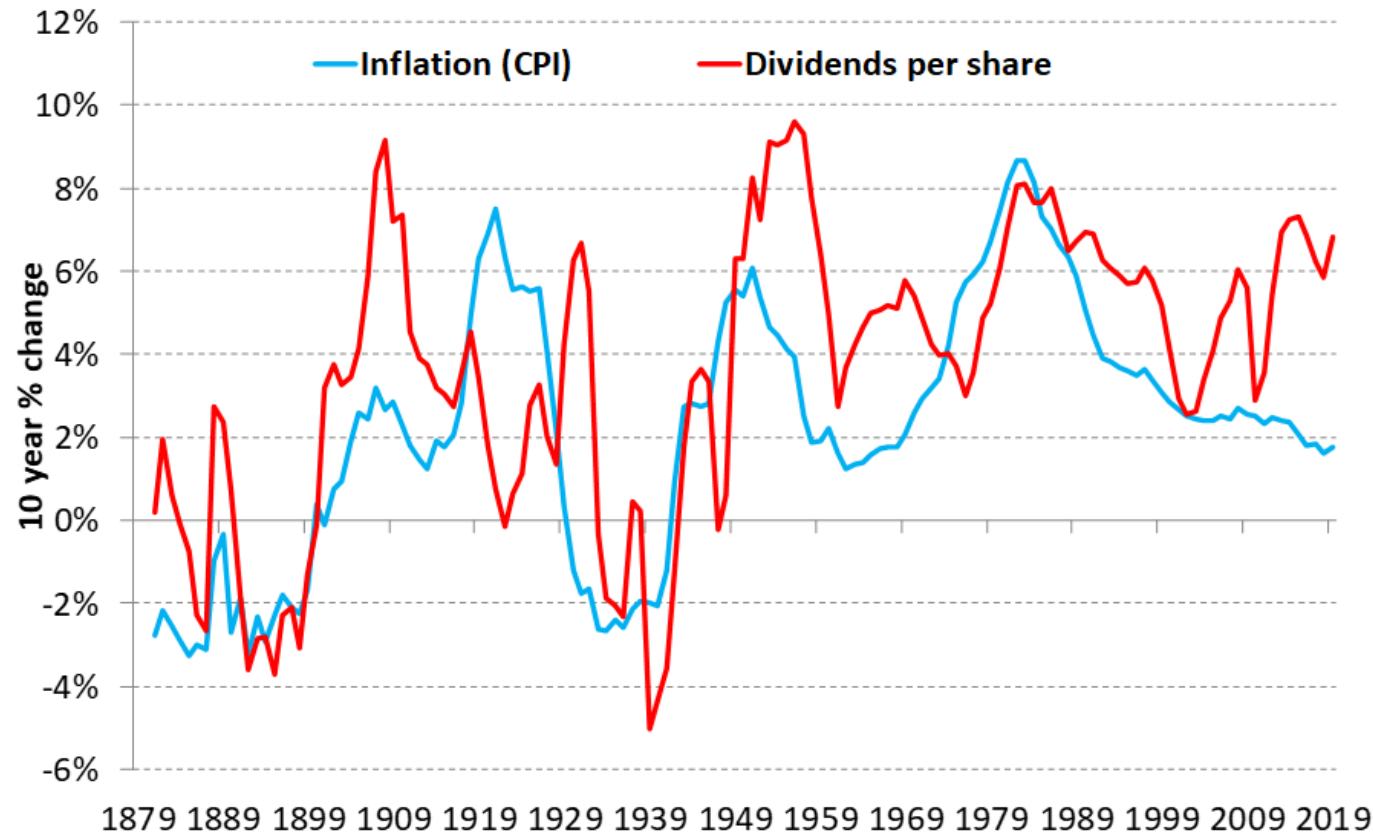


Dividends and inflation

Figure 7

Rolling 10-year growth in inflation (CPI) and S&P500 dividends per share

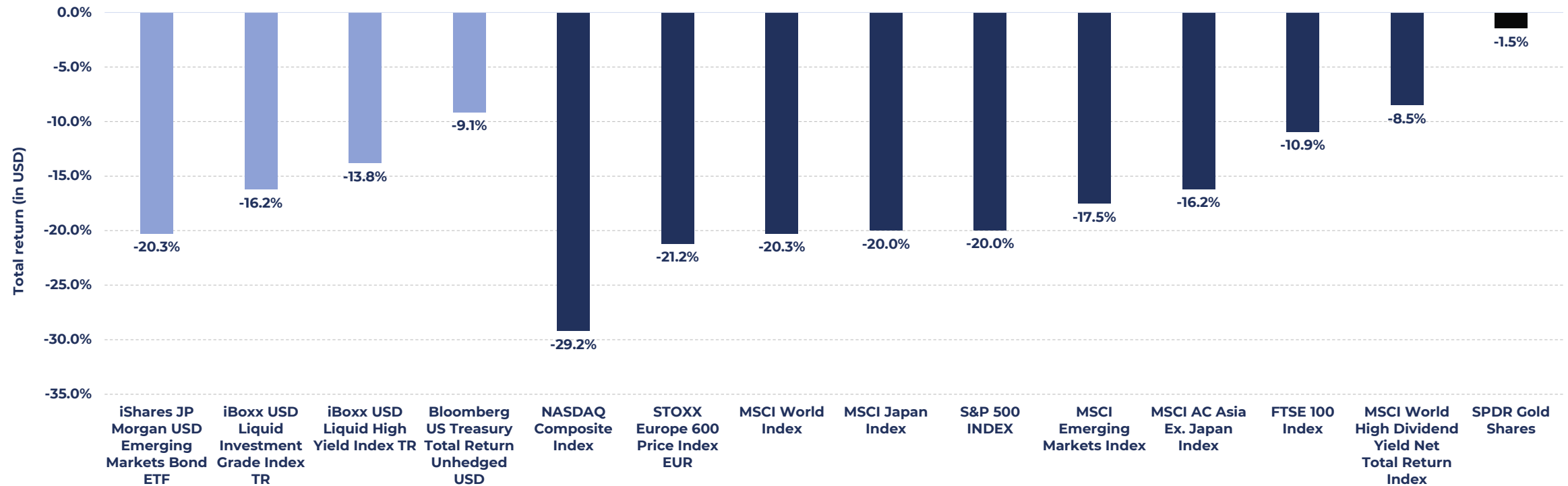
January 1881 to January 2019



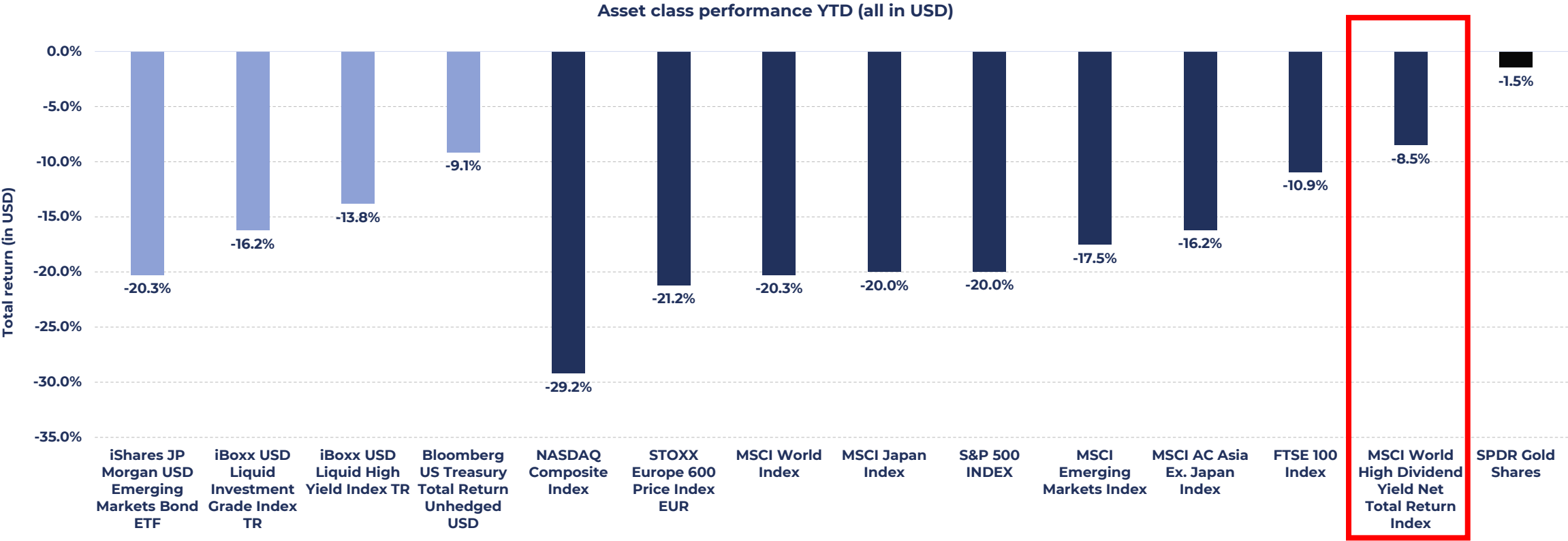
Where are we today & outlook

Market Performance YTD – Fixed Income, Equities, Gold

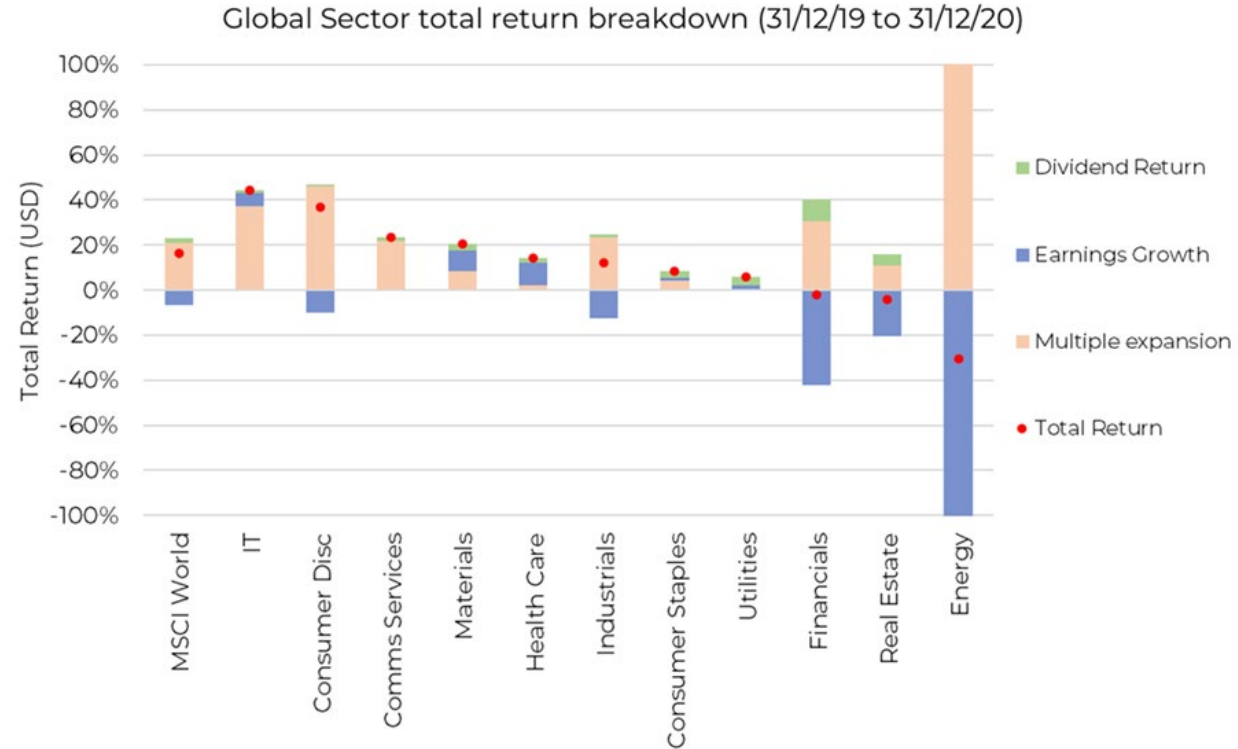
Asset class performance YTD (all in USD)



Market Performance YTD – Fixed Income, Equities, Gold

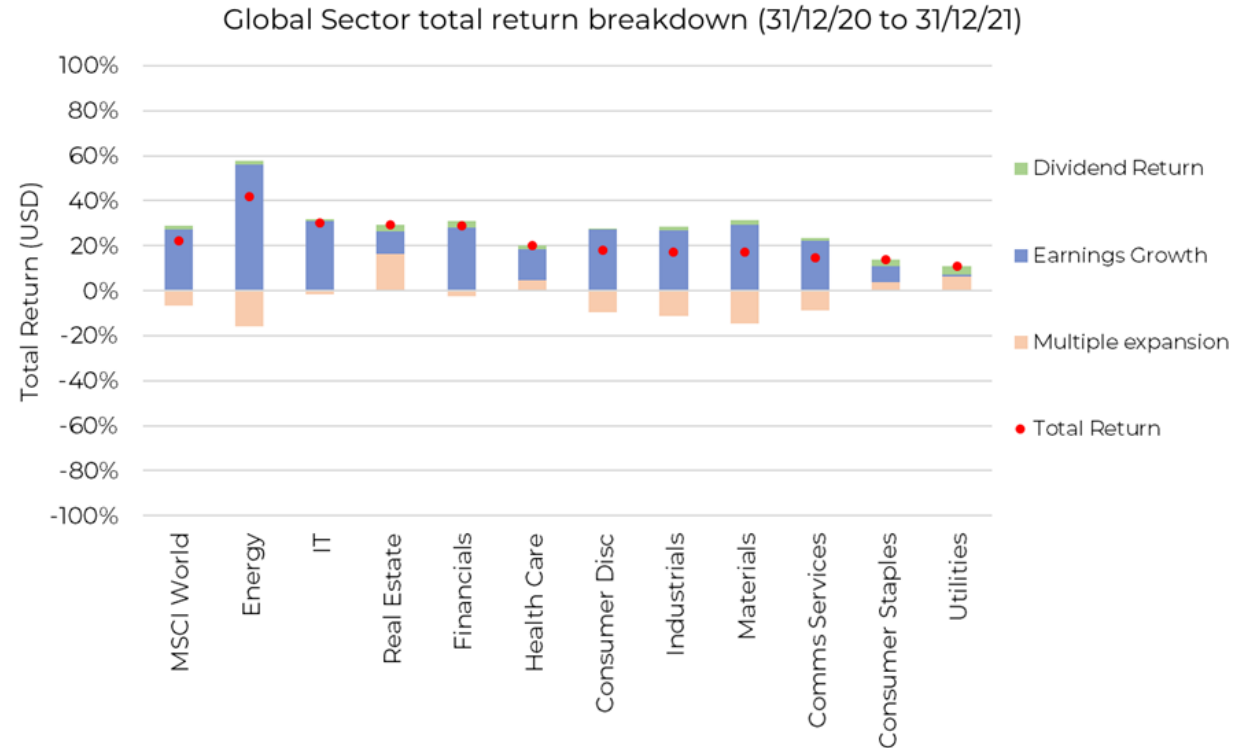


Drivers of market returns: 2020



- **Multiple expansion**
- Market 'looking through' pandemic earnings declines

Drivers of market returns: 2021



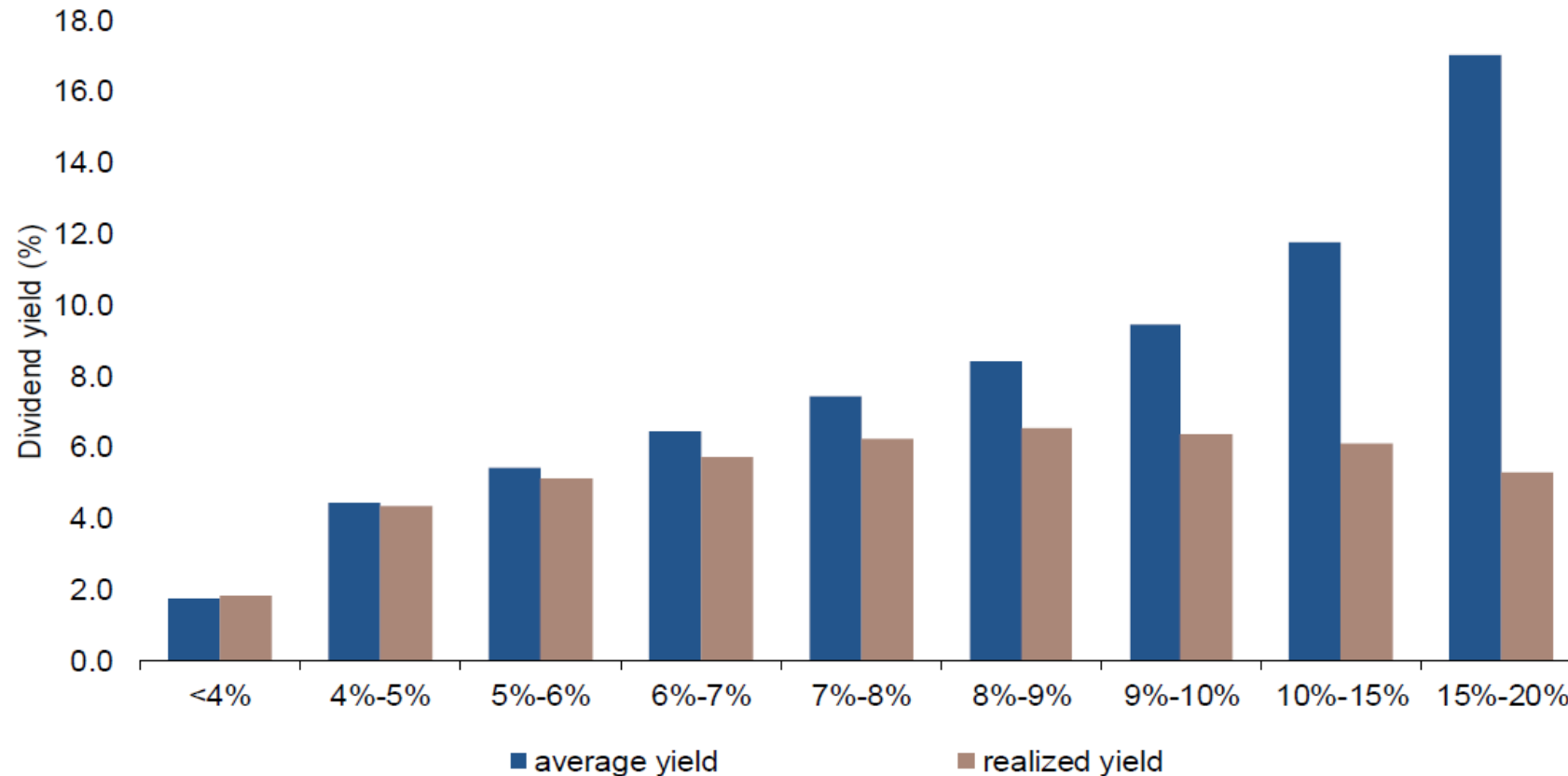
- **Earnings growth**
- Market rewarding companies that were able to grow in a challenging environment

Drivers of market returns: 2022

- **Dividends?**
- Continued de-rating in market multiple in a rising rate environment
- Lower growth (or recessionary?) economy leads to lower earnings growth alongside
- Dividend, as a proportion of total return, likely to be much greater than 2020 or 2021

Remain cautious of 'high yield' dividends

Comparing forecast and realized dividend yields since 1995



Note: Average yield is average forecast yield

Source: SG Cross Asset Research/Equity Quant, FTSE, I/B/E/S, FactSet

Quality dividends – less likely to cut, more robust in a downturn

- | | | |
|--|----|---|
| <ul style="list-style-type: none">• Return on capital• Balance sheet strength• Dividend growth | VS | <ul style="list-style-type: none">• Dividend payment history• Dividend cover• High dividend yield |
|--|----|---|

Guinness Global Equity Income Fund

Philosophy

Quality

We focus on companies with a long history of persistent high return on capital

We avoid highly leveraged companies

Value

We try to identify companies that are cheap vs market, peers, and their own history

Fund investment process is fundamentally driven from the bottom-up

Dividends

The Fund targets a moderate dividend yield (we do not screen for high dividend yield companies)

The Fund aims to grow the dividend stream year-on-year

Conviction

The Fund typically has 35 equally weighted positions

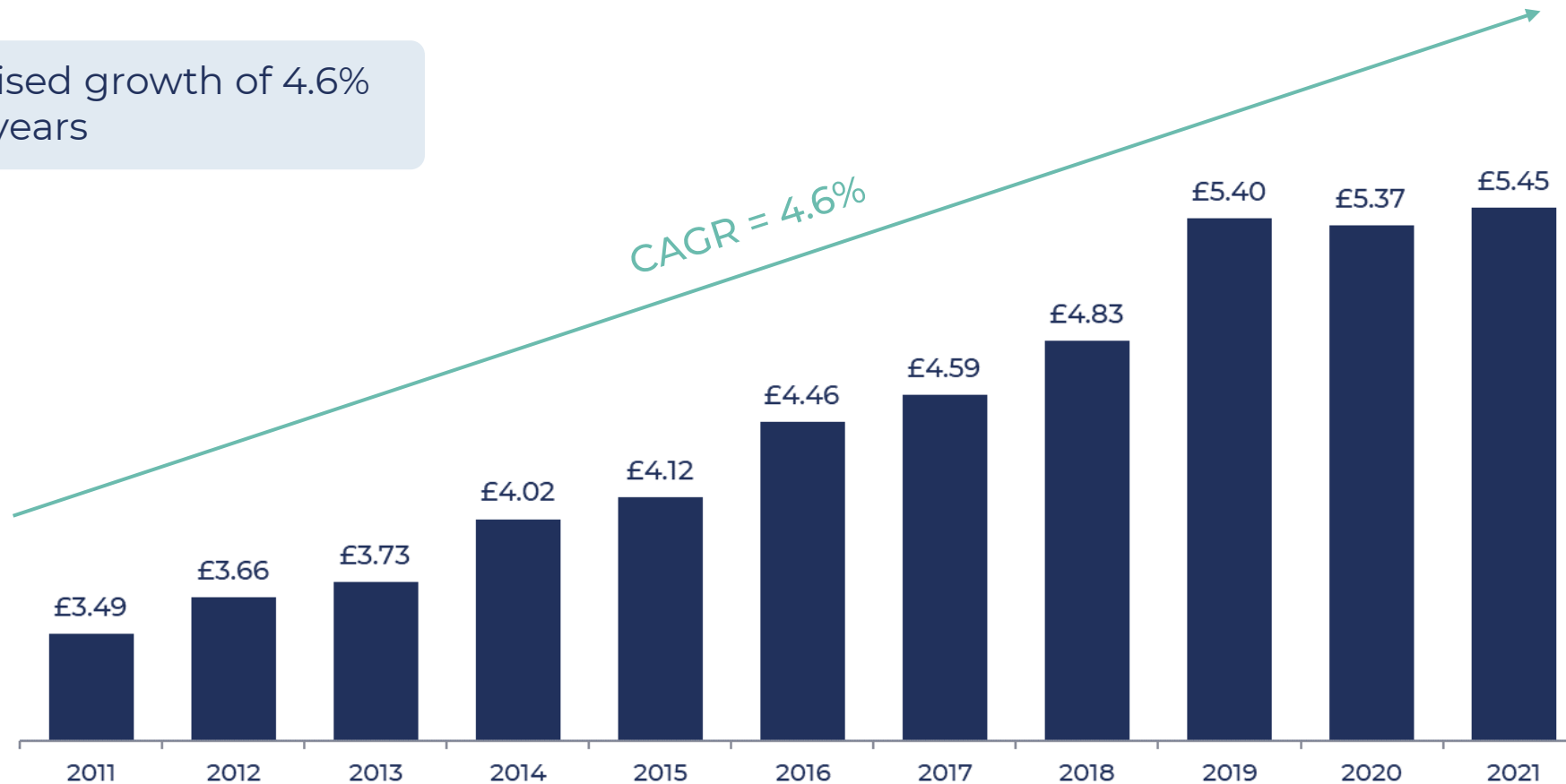
We target a low turnover with average of 3 – 5 year investment horizon

Concentrated portfolio of good quality companies, at attractive valuations, with a moderate dividend yield and good potential for dividend growth.

Dividend distribution history

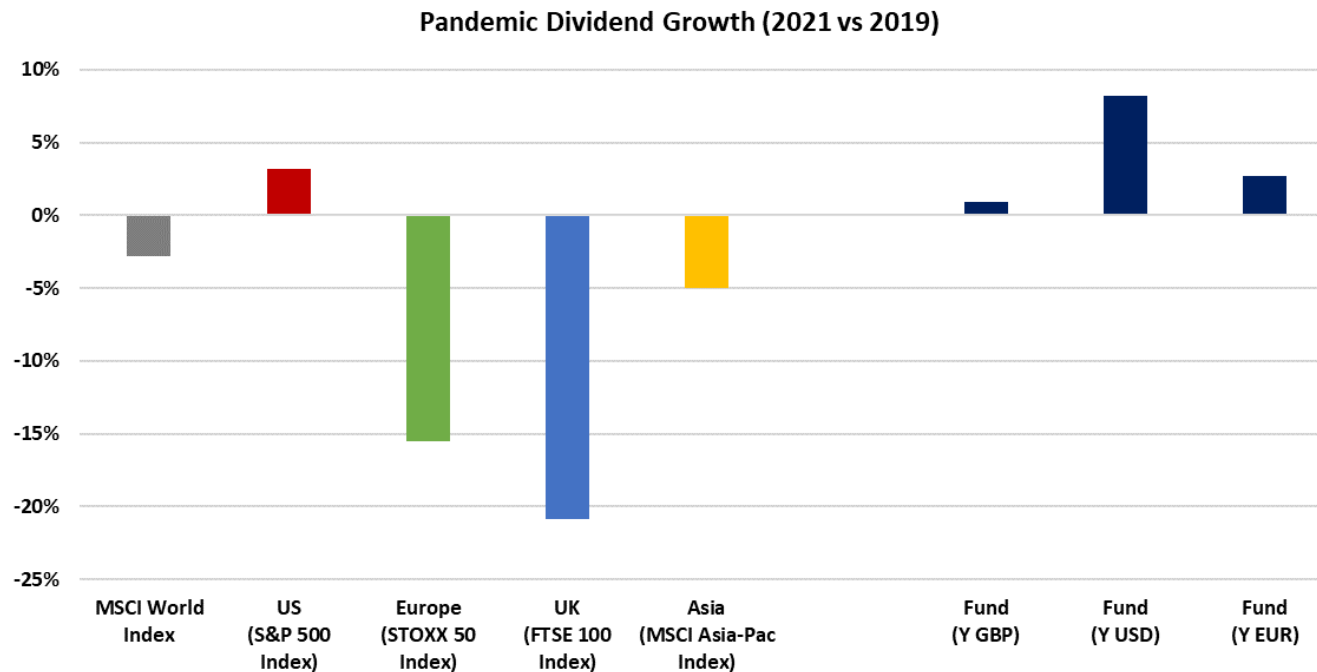
Past performance does not predict future returns

Annualised growth of 4.6%
over 11 years



Imputed income generated by investing £100 at launch (31/12/2010) and switching into lower OCF share class when introduced on first ex-dividend date. Source: Guinness Global Investors.

Pandemic dividend growth: 2021 vs 2019 (all local currency)

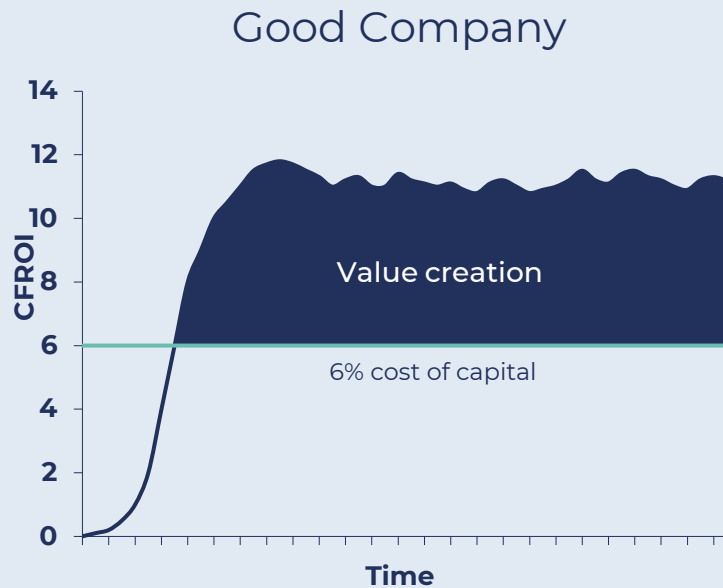


- Comparing the dividend distributions from 2019 (pre-pandemic) to 2021 distributions:
 - Of major global markets, only US is at level above 2019 (by +3.2%)
 - UK -20.9%
 - Europe -15.5%
 - Asia ex-Japan -5.0%
 - MSCI World Index -2.8%
- Fund weathered 2020 divided storm well and has grown since. Now 0.9% higher than 2019 distribution (GBP Y-class)

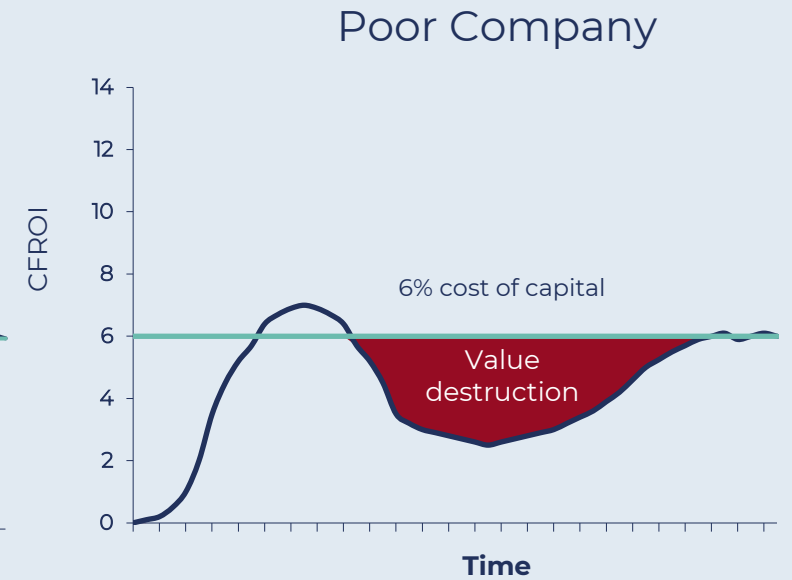
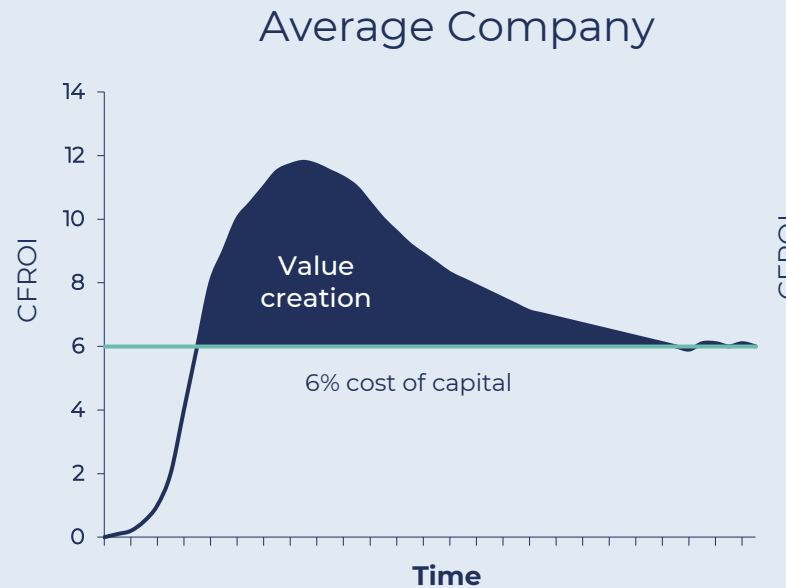
Source: Guinness Global Investors, Bloomberg, as of 31.12.2021

Identifying Consistent Creators Of Shareholder Value

Our universe **includes** companies like this...



...but **excludes** companies like these

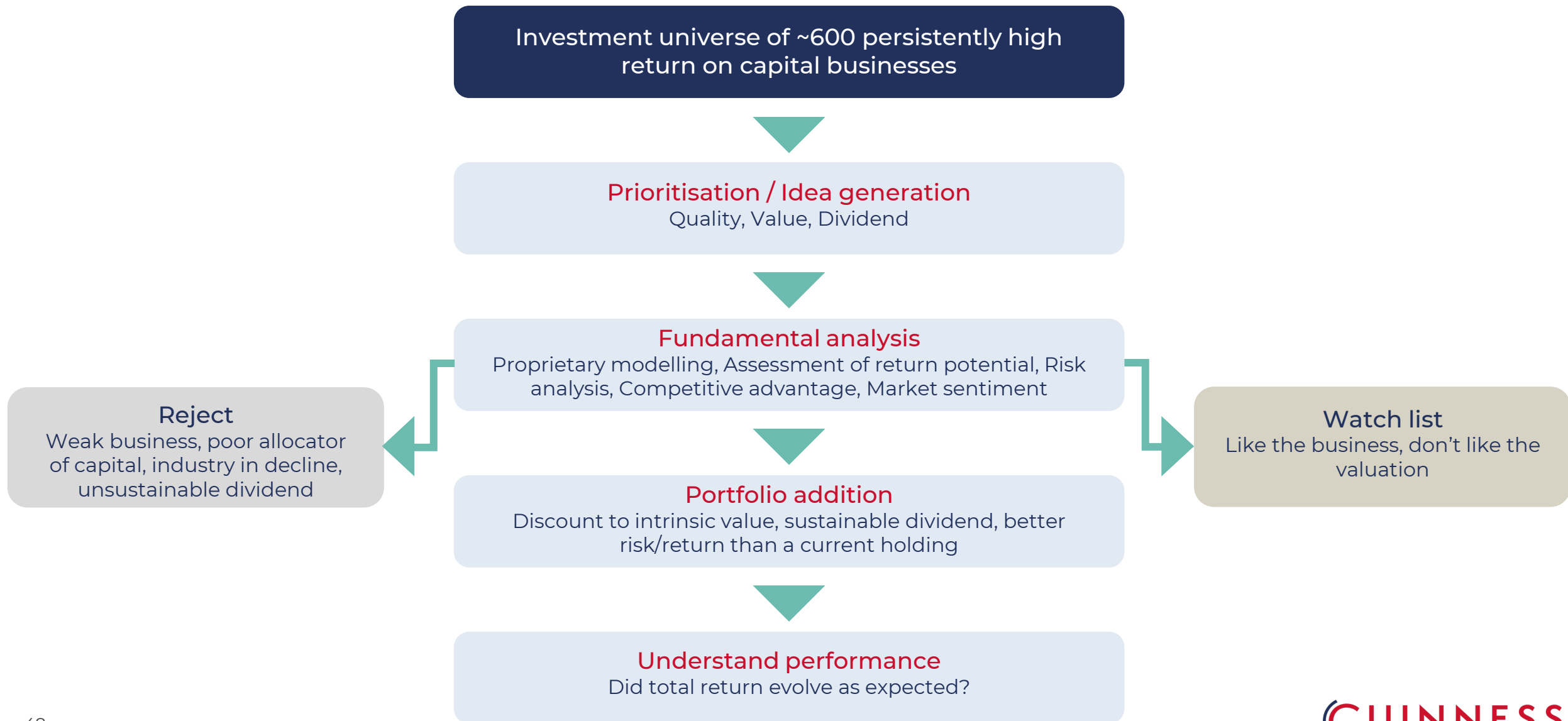


Powerful
Indicator



CFROI >10% for 10 years is a powerful indicator of continuing high returns: there is a 93% chance that qualifying companies will achieve it again the following year, and an 80% chance they will still be achieving it after three years

Systematic, repeatable, robust



Portfolio breakdown

Name	Sector	Mkt. cap	Country of domicile	% NAV	PE	PE
					22Y	23Y
VF Corp	Consumer Discretionary	12.3	US	2.1%	9.3	11.0
Henkel AG & Co KGaA	Consumer Staples	26.2	DE	2.3%	15.9	14.5
Diageo PLC	Consumer Staples	98.2	GB	2.9%	24.5	21.9
Reckitt Benckiser Group PLC	Consumer Staples	48.6	GB	2.8%	17.6	16.9
Nestle SA	Consumer Staples	299.6	CH	2.7%	22.4	20.9
Danone SA	Consumer Staples	32.7	FR	2.6%	14.7	13.5
Coca-Cola Co/The	Consumer Staples	245.6	US	2.9%	22.8	21.5
Mondelez International Inc	Consumer Staples	78.8	US	2.9%	18.9	17.6
PepsiCo Inc	Consumer Staples	230.6	US	3.3%	24.4	22.5
Procter & Gamble Co/The	Consumer Staples	310.9	US	2.8%	21.7	21.3
Unilever PLC	Consumer Staples	114.1	GB	3.1%	18.4	16.9
BlackRock Inc	Financials	89.7	US	3.0%	16.4	14.8
Arthur J Gallagher & Co	Financials	37.9	US	3.5%	22.3	19.6
Aflac Inc	Financials	37.9	US	3.5%	10.5	10.4
Deutsche Boerse AG	Financials	32.6	DE	3.4%	21.2	19.1
CME Group Inc	Financials	65.5	US	2.6%	22.4	21.3
Johnson & Johnson	Health Care	435.4	US	3.5%	16.2	15.4
Medtronic PLC	Health Care	112.3	IE	2.5%	14.3	14.6
Sonic Healthcare Ltd	Health Care	9.9	AU	2.2%	9.7	17.6
AbbVie Inc	Health Care	251.1	US	4.1%	9.7	11.4
Novo Nordisk A/S	Health Care	240.9	DK	3.1%	31.8	25.7
Roche Holding AG	Health Care	279.6	CH	2.8%	15.4	15.0
Otis Worldwide Corp	Industrials	28.2	US	2.5%	19.9	18.0
Illinois Tool Works Inc	Industrials	59.8	US	2.4%	19.9	18.8
Emerson Electric Co	Industrials	46.3	US	2.9%	14.3	13.4
Eaton Corp PLC	Industrials	57.1	US	2.9%	17.7	16.0
Atlas Copco AB	Industrials	48.5	SE	2.8%	22.9	21.1
ABB Ltd	Industrials	51.2	CH	2.4%	17.0	15.1
Schneider Electric SE	Industrials	69.9	FR	2.8%	16.6	15.4
Taiwan Semiconductor Manufacturing Co Ltd	Information Technology	365.9	TW	2.0%	11.5	11.2
Broadcom Inc	Information Technology	194.3	US	2.8%	11.8	10.9
Cisco Systems Inc	Information Technology	171.8	US	3.1%	11.9	11.3
Microsoft Corp	Information Technology	1856.1	US	2.7%	24.5	22.9
Texas Instruments Inc	Information Technology	150.9	US	2.6%	16.2	17.3
Paychex Inc	Information Technology	41.6	US	3.4%	29.9	26.9

Average mkt. cap	191.6
Median mkt. cap	78.8

Total portfolio	16.6	16.2
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MSCI World Net TR Index	14.3	13.4
Fund premium/(discount)	16.1%	20.7%

Source: Guinness Global Investors, Bloomberg (data as at 30.09.2022)

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Turnover – since launch

Year	Buys	Sells
2011	       	        
2012	   	  
2013	      	       
2014	 	  
2015	      	     
2016	   	   
2017	    	    
2018	   	   
2019	   	   
2020	  	  
2021		
2022	   	   

Fund statistics

Quality

Focus on companies with a long history of persistent high return on capital

Avoid highly leveraged companies

	Fund	Index
Weighted median return on capital	18.5%	8.6%
Weighted median debt / equity	62%	71%

Value

Identify companies that are cheap vs market, peers, or their own history

Fundamentally driven bottom-up process

	Fund	Index
P/E (2021e)	16.6	14.3
FCF Yield	4.8%	5.8%

Dividends

Target a moderate dividend yield (do not screen for high dividend yield companies)

Aim to grow the dividend stream year-on-year

	Fund	Index
Dividend yield (LTM)	2.4%* (net)	2.4% (gross)
Weighted average payout ratio	56%	42%

Conviction

Typically 35 equally weighted positions in the portfolio

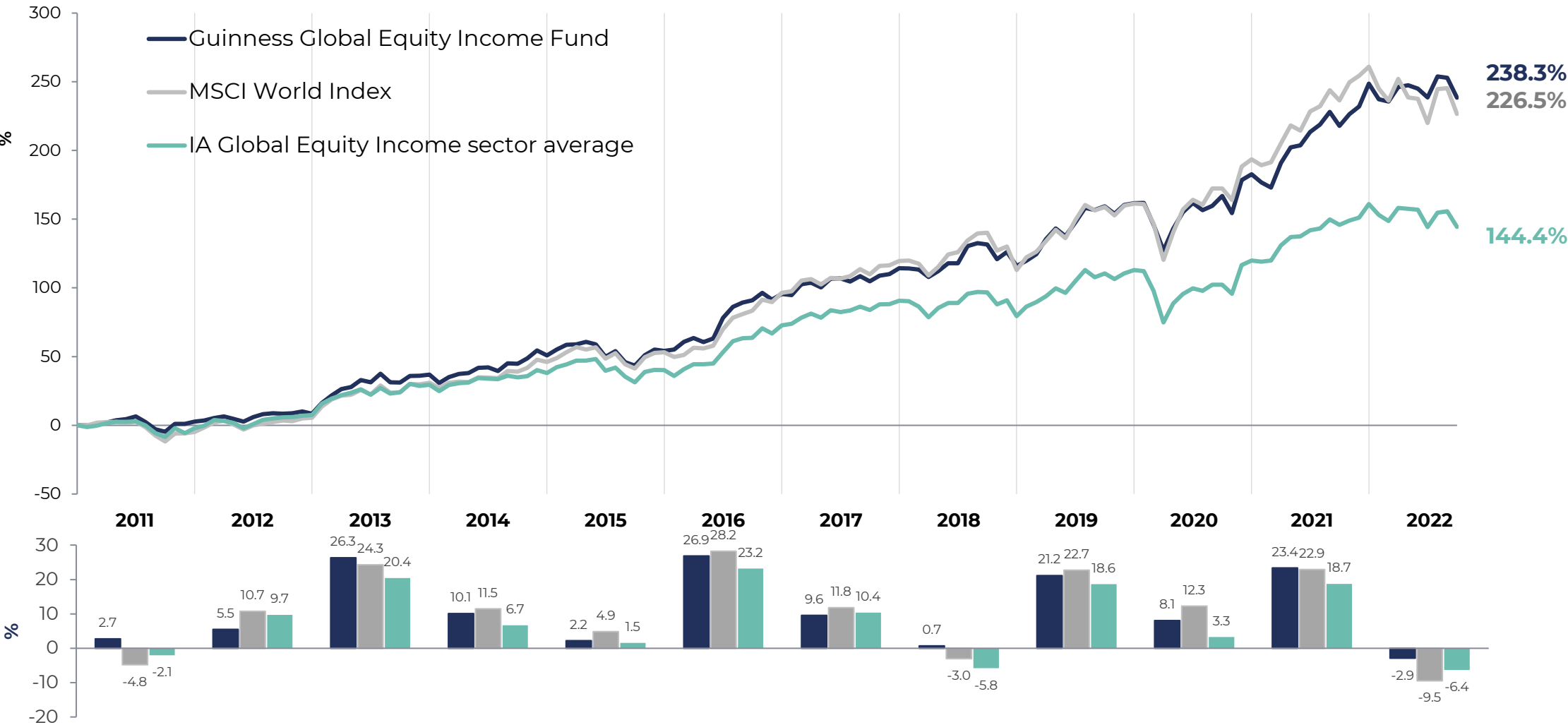
Low turnover: average 3 – 5 year investment horizon

	Fund
Positions	35
Top 10% NAV	34%
Bottom 10% NAV	24%
Active share	89%
Average yearly position turnover	4

Source: Guinness Global Investors, Bloomberg (data as at 31.09.2022). Y Class GBP. The dividend yield of the Fund, at the end of the month, was 2.4% (net of withholding tax) vs the MSCI World Index 2.4% (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.

Fund cumulative total return since launch (in GBP)

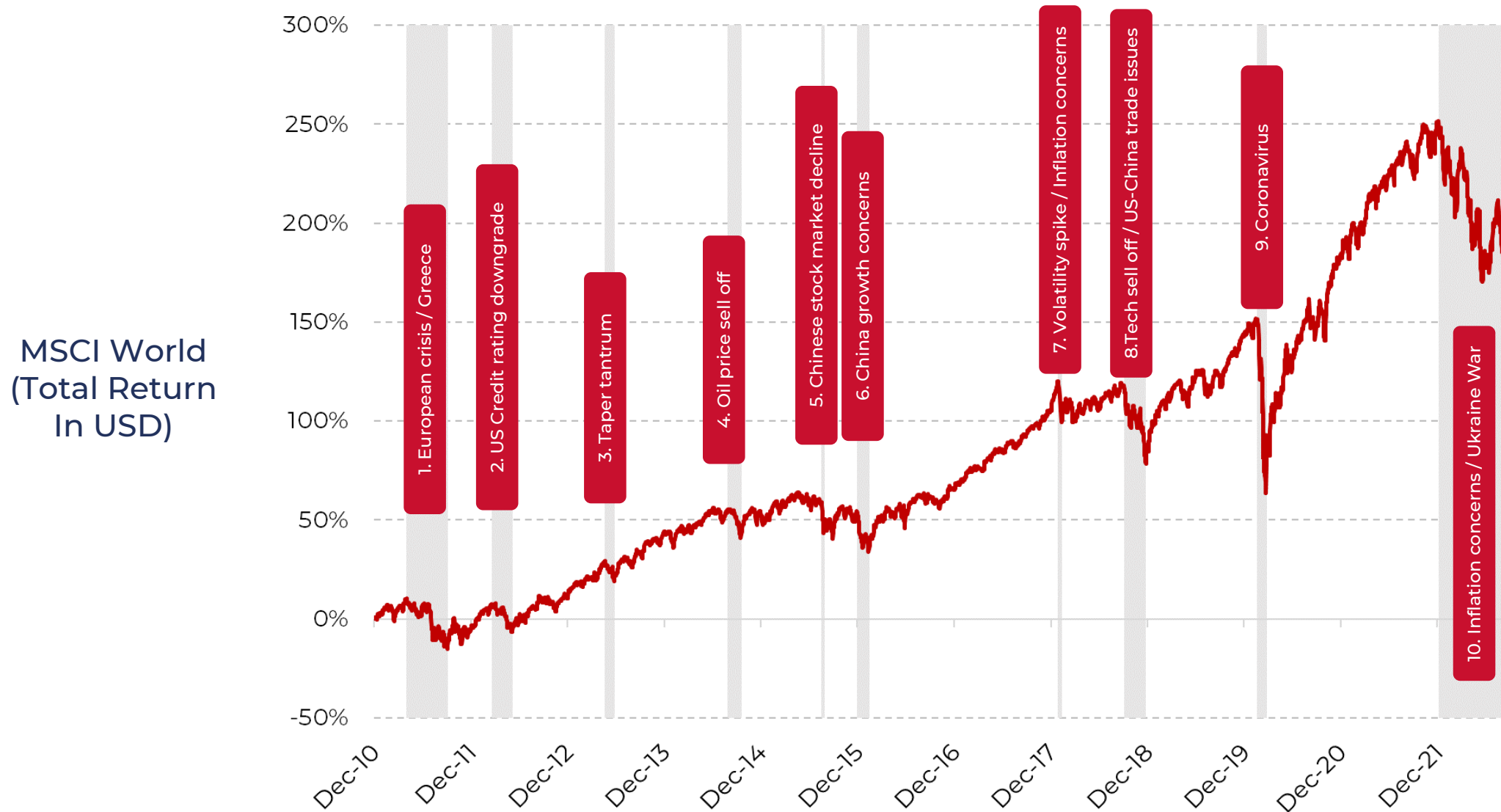
Past performance does not predict future returns



Source FE fundinfo Y Class shares (0.79% OCF), bid to bid basis, total return, 31.12.2010 to 30.09.2022.

UK Investors should be aware that the Guinness Global Equity Income Fund is available as a UK Domiciled fund denominated in GBP. The TB Guinness Global Equity Income Fund is available with an OCF of 0.79%. The documentation needed to make an investment including the Prospectus, the Key Investor Information Document (KIID) and the Application Form is available on www.guinnessqi.com.

Largest drawdowns in global equity markets (since launch 31.12.2010)



Performance of fund vs benchmark in the largest drawdowns (since launch 31.12.2010)

Past performance does not predict future returns

Reason for sell off	Start date	End date	MSCI World Index	Guinness Global Equity Income	Fund relative performance
1. European crisis / Greece	02/05/2011	04/10/2011	-22.0%	-15.6%	6.4%
2. US credit rating downgrade	19/03/2012	04/06/2012	-12.5%	-8.9%	3.5%
3. "Taper tantrum"	21/05/2013	24/06/2013	-7.7%	-5.2%	2.5%
4. Oil price sell off	27/08/2014	16/10/2014	-8.8%	-8.3%	0.5%
5. Chinese stock market decline	17/08/2015	25/08/2015	-9.4%	-8.5%	0.9%
6. China growth concerns	31/12/2015	11/02/2016	-11.5%	-6.1%	5.4%
7. Volatility spike / inflation concerns	26/01/2018	08/02/2018	-9.0%	-7.1%	2.0%
8. Tech sell off / US-China trade issues	03/10/2018	25/12/2018	-17.5%	-12.0%	5.5%
9. Coronavirus	19/02/2020	23/03/2020	-34.0%	-32.5%	1.4%
10. Inflation concerns / Ukraine war	04/01/2022	30/09/2022	-25.8%	-20.5%	5.3%

Performance vs peers

IA Global Equity Income sector

% total return in GBP, data as at: 30/09/2022

1 year	3 years	5 Years	10 Years	From launch (31.12.10)
abrdn World Income Equity 9.61	JPM Global Equity Income 37.42	JPM Global Equity Income 71.72	JPM Global Equity Income 215.98	Guinness Global Equity Income 238.46
Vanguard Global Equity Income 7.98	Baillie Gifford Responsible Global Equity Income 31.05	Guinness Global Equity Income 65.35	Guinness Global Equity Income 212.37	BNY Mellon Global Income 217.07
BNY Mellon Global Income 7.58	Guinness Global Equity Income 30.52	Liontrust Global Dividend 60.50	Aegon Global Equity Income 188.03	Baillie Gifford Global Income Growth 203.80
TB Guinness Global Equity Income 7.29	Baillie Gifford Global Income Growth 28.46	Fidelity Fidelity Global Quality Income UCITS E 59.31	Baillie Gifford Global Income Growth 185.87	Aviva Inv Global Equity Income 194.48
JPM Global Equity Income 7.12	Aviva Inv Global Equity Income 28.22	Morgan Stanley Global Brands Equity Income 58.15	Aviva Inv Global Equity Income 183.66	Artemis Global Income 193.98
Troy Asset Management Ltd Trojan Global Inco 7.10	M&G Global Dividend 27.95	Baillie Gifford Global Income Growth 57.59	Fidelity Global Dividend 181.47	M&G Global Dividend 187.81
Guinness Global Equity Income 6.43	Aegon Global Equity Income 26.88	Aviva Inv Global Equity Income 56.92	BNY Mellon Global Income 179.48	Invesco Global Equity Income (UK) 181.70
IQ EQ Fund Management Defensive Equity Inc 5.01	Fidelity Fidelity Global Quality Income UCITS E 25.35	Aegon Global Equity Income 53.52	Artemis Global Income 176.75	Sarasin Global Higher Dividend 171.80
Quilter Investors Global Equity Value 4.30	Premier Miton Global Sustainable Optimum In 25.19	Troy Asset Management Ltd Trojan Global Inco 49.97	M&G Global Dividend 169.13	Schroder Global Equity Income 155.10
Vanguard FTSE All World High Dividend Yield I 4.16	Liontrust Global Dividend 23.44	BNY Mellon Global Income 49.75	Sarasin Global Higher Dividend 168.34	IQ EQ Fund Management Global Equity Income 146.41
Thesis TM Redwheel Global Equity Income 4.10	M&G Global Dividend 22.48	M&G Global Dividend 48.23	Invesco Global Equity Income (UK) 149.06	Sector : IA Global Equity Income 144.43
BNY Mellon Sustainable Global Equity Income 3.92	HSBC Global Equity Income 22.27	Sarasin Global Dividend 47.04	BlackRock Global Income 145.15	CT Global Equity Income 141.92
Aegon Global Equity Income 3.87	Vanguard Global Equity Income 22.00	HSBC Global Equity Income 45.21	abrdn Global Income Equity 145.14	Veritas Global Equity Income 122.00
Royal London Global Equity Income 3.52	Jupiter Merian Global Equity Income (IRL) 20.65	Mirabaud Sustainable Global High Dividend 42.43	Janus Henderson Global Equity Income 144.54	Lazard Global Equity Income 117.84
Aviva Inv Global Equity Income 3.48	Morgan Stanley Global Brands Equity Income 19.66	Quilter Investors Global Equity Value 42.43	CT Global Equity Income 134.80	
Fidelity Fidelity Global Quality Income UCITS E 3.43	Lazard Global Equity Income 18.96	Fidelity Global Dividend 42.37	Schroder Global Equity Income 133.25	
IQ EQ Fund Management Global Equity Income 2.89	TB Chawton Global Equity Income 18.93	Sarasin Global Higher Dividend 40.20	IQ EQ Fund Management Global Equity Income 133.05	
Janus Henderson Global Equity Income 1.74	BNY Mellon Global Income 18.91	Barings Global Dividend Champions CL 39.37	Sector : IA Global Equity Income 131.08	
Artemis Global Income 1.53	Troy Asset Management Ltd Trojan Global Inco 18.46	Vanguard Global Equity Income 35.36	Sanlam Sustainable Global Dividend 127.97	
abrdn Global Income Equity 1.28	T. Bailey Fund Srvs Ltd (ACD) Aptus Global Fina 17.63	Fidelity Global Enhanced Income 34.77	TB Saracen Global Income & Growth 126.5	
Jupiter Global Equity Income 1.18	Sarasin Global Higher Dividend 17.54	IQ EQ Fund Management Global Equity Income 34.44	LF Canlife Global Equity Income 122.12	
CT Global Equity Income 1.06	Sarasin Global Dividend 16.78	Capital Group World Dividend Growers (LUX) 34.30	Kempfen (Lux) Global High Dividend 113.68	
Fidelity Global Enhanced Income 0.87	Sector : IA Global Equity Income 16.10	Jupiter Merian Global Equity Income (IRL) 34.13	Lazard Global Equity Income 107.73	
Sarasin Global Higher Dividend 0.45	BlackRock Global Income 15.99	Sector : IA Global Equity Income 32.95	Veritas Global Equity Income 100.14	
Fidelity Global Dividend 0.34	IQ EQ Fund Management Defensive Equity Inc 15.85	Lazard Global Equity Income 32.79	Oldfield Overstone Global Equity Income 99.22	
Aberdeen Standard Aberdeen Standard SICAV 0.14	BNY Mellon Sustainable Global Equity Income 15.75	abrdn Global Income Equity 32.00	IQ EQ Fund Management Defensive Equity Inc 82.91	
Capital Group World Dividend Growers (LUX) 0.12	TB Saracen Global Income & Growth 15.33	BlackRock Global Income 31.83	abrdn World Income Equity 61.91	
Sanlam Sustainable Global Dividend 0.02	Invesco Global Equity Income (UK) 15.29	Jupiter Global Equity Income 30.23	Barclays GlobalAccess Global Equity Income 44.41	
Veritas Global Equity Income -0.21	Sanlam Sustainable Global Dividend 14.95	IQ EQ Fund Management Defensive Equity Inc 29.99		
M&G Global Dividend -0.36	abrdn Global Income Equity 14.83	CT Global Equity Income 29.61		
Morgan Stanley Global Brands Equity Income -0.54	Vanguard FTSE All World High Dividend Yield I 14.69	Vanguard FTSE All World High Dividend Yield I 29.11		
Sector : IA Global Equity Income -0.61	Jupiter Global Equity Income 14.55	Artemis Global Income 27.97		
Baillie Gifford Responsible Global Equity Income -0.71	CT Global Equity Income 14.35	LF Canlife Global Equity Income 27.49		
Baillie Gifford Global Income Growth -1.44	IQ EQ Fund Management Global Equity Income 14.31	Veritas Global Equity Income 26.41		
BlackRock Global Income -1.52	TB Evenlode Global Income 14.10	Invesco Global Equity Income (UK) 26.28		
First Trust Global Equity Income UCITS ETF -1.72	Capital Group World Dividend Growers (LUX) 13.82	Sanlam Sustainable Global Dividend 24.97		
TB Saracen Global Income & Growth -1.92	Courtiers Global (ex UK) Equity Income 13.06	Janus Henderson Global Equity Income 24.63		
Kempfen (Lux) Global High Dividend -2.14	Quilter Investors Global Equity Value 12.80	Kempfen (Lux) Global High Dividend 20.25		
Invesco Global Equity Income (UK) -2.28	Janus Henderson Global Equity Income 12.58	Schroder Global Equity Income 19.66		
TB Evenlode Global Income -2.37	Fidelity Global Dividend 12.56	TB Saracen Global Income & Growth 18.14		
Schroder Global Equity Income -3.22	Mirabaud Sustainable Global High Dividend 11.62	abrdn World Income Equity 17.48		
Sarasin Global Dividend -3.23	LF Canlife Global Equity Income 11.12	Courtiers Global (ex UK) Equity Income 16.80		
Barings Global Dividend Champions CL -4.38	Veritas Global Equity Income 10.13	First Trust Global Equity Income UCITS ETF 7.50		
Mirabaud Sustainable Global High Dividend -4.45	Fidelity Global Enhanced Income 9.86	Oldfield Overstone Global Equity Income 2.40		
HSBC Global Equity Income -4.96	abrdn World Income Equity 9.50	T. Bailey Fund Srvs Ltd (ACD) Aptus Global Fina 1.08		
Jupiter Merian Global Equity Income (IRL) -4.97	Barings Global Dividend Champions CL 8.54	UBS Global Enhanced Equity Income Sustaina -0.86		
LF Canlife Global Equity Income -5.34	Kempfen (Lux) Global High Dividend 8.32	Barclays GlobalAccess Global Equity Income -0.91		
Liontrust Global Dividend -5.80	Schroder Global Equity Income 7.56			
Lazard Global Equity Income -6.13	Barclays GlobalAccess Global Equity Income 2.89			
TB Chawton Global Equity Income -7.62	First Trust Global Equity Income UCITS ETF -2.55			
UBS Global Enhanced Equity Income Sustaina -8.04	UBS Global Enhanced Equity Income Sustaina -4.34			
Courtiers Global (ex UK) Equity Income -8.70	Oldfield Overstone Global Equity Income -10.28			
Premier Miton Global Sustainable Optimum In -9.13				
T. Bailey Fund Srvs Ltd (ACD) Aptus Global Fina -12.52				
Oldfield Overstone Global Equity Income -19.13				
Barclays GlobalAccess Global Equity Income -19.14				
MSCI World Index -2.93	MSCI World Index 26.18	MSCI World Index 55.61	MSCI World Index 215.48	MSCI World Index 226.53
MSCI AC World Index -4.17	MSCI AC World Index 23.27	MSCI AC World Index 49.36	MSCI AC World Index 192.13	MSCI AC World Index 196.22

Conclusions

Conclusions

- Inflation continues to be an issue
- Central bank policy changes reacting to highest inflation in decades
- Significant changes in market leadership in reaction
- Prospects for lower growth (recessionary?) environment: continued multiple contraction, higher costs, lower earnings?
- Historically dividends have
 - Delivered an even greater proportion of total return in periods of low growth
 - Delivered an income stream that is much more consistent than that of company earnings
 - Grown at a rate equal or above that of inflation over the longer-term
- Dividends as a 'factor' have outperformed in 2022...
- ..but not all dividends created equally – cautious on 'high yield' in low growth/recessionary environment
- **Good case for quality, growing dividends: less likely to cut, may protect better in a downturn, better prospects for stable/sustainable earnings growth alongside**

Q&A

Performance Rolling Calendar Year

Past performance does not predict future returns

Guinness Global Equity Income

Discrete years % total return	Sep '22	Sep '21	Sep '20	Sep '19	Sep '18	Sep '17	Sep '16	Sep '15	Sep '14	Sep '13	Sep '12
Guinness Global Equity Income Fund (Y Class GBP)	6.4	19.1	3.0	12.0	13.2	7.2	33.1	-0.9	10.5	21.0	13.8
MSCI World Index (GBP)	-2.9	23.5	5.2	7.8	14.4	14.4	29.8	1.6	12.1	19.9	17.3
IA Global Equity Income sector average (GBP)	-0.6	21.6	-3.9	7.0	7.0	12.3	24.7	-2.7	8.8	17.2	15.5
Guinness Global Equity Income Fund (Y Class USD)	-11.9	24.2	8.0	5.8	10.0	10.7	14.1	-7.4	10.6	21.3	18.0
MSCI World Index (USD)	-19.6	28.8	10.4	1.8	11.2	18.2	11.4	-5.1	12.2	20.2	21.6
IA Global Equity Income sector average (USD)	-17.7	26.8	0.8	1.2	4.0	16.0	6.9	-9.1	8.9	17.6	19.8

Source: FE fundinfo Y Class shares , bid to bid basis, total return, to 30.09.2022.

Important Information

Issued by Guinness Global Investors, authorised and regulated by the Financial Conduct Authority.

This report is primarily designed to inform you about Guinness Global Equity Income Fund. Any investment decision should take account of the subjectivity of the comments contained in the report. It is provided for information only and all the information contained in it is believed to be reliable but may be inaccurate or incomplete; any opinions stated are honestly held at the time of writing, but are not guaranteed. The contents of the document should not therefore be relied upon. It should not be taken as a recommendation to make an investment in the Fund or to buy or sell individual securities, nor does it constitute an offer for sale.

Risk

The Guinness Global Equity Income Fund is an equity fund. Investors should be willing and able to assume the risks of equity investing. The value of an investment and the income from it can fall as well as rise as a result of market and currency movement, and you may not get back the amount originally invested. Details on the risk factors are included in the Fund's documentation, available on our website. Shareholders should note that all or part of the fees and expenses will be charged to the capital of the Fund. This will have the effect of lowering the capital value of your investment.

Documentation

The documentation needed to make an investment, including the Prospectus, the Key Investor Information Document (KIID) and the Application Form, is available in English from www.guinnessfunds.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. **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. The Fund has been approved by the Financial Conduct Authority for sale in the UK. If you are in any doubt about the suitability of investing in this Fund, please consult your investment or other professional adviser.

Switzerland

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Telephone calls will be recorded and monitored.

13/10/2022, USD

Glossary

Volatility: Standard deviation is a statistical measurement that, when applied to an investment fund, expresses its volatility, or risk. It shows how widely a range of returns varied from the fund's average return over a particular period. Low volatility reduces the risk of buying into an investment in the upper range of its deviation cycle and then seeing its value head toward the lower extreme.

For example, if a fund had an average return of 5%, and its volatility was 15, this would mean that the range of its returns over the period had swung between +20% and -10%. Another fund with the same average return and 5% volatility would return between 10% and nothing, but there would at least be no loss.

While volatility is specific to a fund's particular mix of investments, and comparison to other portfolios is difficult, for those that offer similar returns the lower-volatility funds are preferable. There is no point in taking on higher risk than necessary in order to achieve the same reward.

Sharpe: This is a commonly used measure that calculates the level of a fund's return over and above the return of a notional risk-free investment, such as cash or government bonds. The difference in returns is then divided by the fund's standard deviation (volatility). The resulting ratio is an indication of the amount of excess return generated per unit of risk.

Sharpe is useful when comparing similar portfolios or instruments. There is no absolute definition of a "good" or "bad" Sharpe ratio, beyond the thought that a fund with a negative Sharpe would have been better off investing in risk-free government securities. However, in general it is considered that the higher the Sharpe ratio, the better. As the ratio increases, so does the risk-adjusted performance. In effect, when analysing similar investments, the one with the highest Sharpe has achieved more return while taking on no more risk than its fellows — or, conversely, has achieved a similar return with less risk.

Downside risk is a measurement that considers only negative returns. It is calculated as a downside deviation of returns below a specified risk-free rate. It represents an estimation of a security's potential to suffer a decline in price in negative market conditions and could be considered as an estimate of the potential loss on any investment.

Sortino Ratio: This ratio is similar to the Sharpe ratio, using downside risk rather than standard deviation as the denominator. Thus, the Sortino ratio is calculated by subtracting the risk-free rate from the return of the portfolio and then dividing by the downside deviation. The Sortino ratio measures the return to "bad" volatility, thereby giving investors a measure to assess risk in a better manner than simply looking at excess returns to total volatility. A large Sortino ratio indicates a low risk.

Tracking Error: This statistic measures the standard deviation of a fund's excess returns over the returns of an index or benchmark portfolio. As such, it can be an indication of "riskiness" in the manager's investment style. A tracking error below 2 suggests a passive approach, with a close fit between the fund and its benchmark. At 3 and above, the correlation is progressively looser and indicates that the manager will be deploying a more active investment style and taking bigger positions away from the composition of the benchmark.

While zero tracking error would indicate a fund that was a perfect replication of its benchmark portfolio, this is hardly likely to be encountered in reality. The fund will not be fully invested at all times in its benchmark components, since an element of liquidity will need to be retained for redemptions, and the assumed reinvestment of dividends will not always be possible. Transaction costs dilute returns — and proportionately more so in smaller funds. Issues of timing and availability mean that changes in the benchmark's constituents cannot be instantaneously mirrored in the fund's portfolio. These factors will all produce greater tracking error — and be reflected in the beta and r-squared ratios. Ultimately, this is actually only an "error" if the investment strategy goes unrewarded by outperformance of the benchmark.

Information Ratio: The information ratio is a versatile and useful risk-adjusted measure of actively managed fund performance. It assesses the degree to which a manager uses skill and knowledge to enhance the fund returns.

It is calculated by deducting the returns of the fund's benchmark by the fund's overall returns. This result is then divided by the fund's tracking error, which is a measure of the volatility of the fund's excess returns. The value that is arrived is an expression of, for each unit of extra risk assumed, the success of the manager's decisions ("tilts") away from the benchmark.

The higher the information ratio, the better. It is generally considered that a figure of 0.5 reflects a good performance, 0.75 very good, and 1 outstanding. This is particularly useful when comparing a group of funds with similar management styles and asset allocation policies. If two funds have near-identical alphas, the higher information ratio identifies the manager who has been more skilful in betting on stock picks that deviated from the benchmark or index, while the lower denotes gains that have more to do with market movements than active management. However, this comes with both a caveat and a means of using it creatively. As ever, the r-squared correlation between the fund and its benchmark must be strong if any discrete reliance is to be placed on the information ratio. Its versatility, however, comes from the point that "added value" does not necessarily mean value added to the fund's own benchmark. Analysts can decide which benchmark or index they wish the fund to outperform and adjust the statistics accordingly.

Treynor Ratio: This is another risk-adjusted performance measure, similar in calculation and application to the Sharpe ratio. The difference is that while Sharpe weighs a fund's returns against total risk (standard deviation, or volatility), Treynor looks at excess return for each unit of systemic risk (the volatility, inherent in the market that cannot be diversified).

The Treynor calculation takes the fund's excess return over a notional risk-free rate, then divides it by the fund's beta. A Treynor ratio greater than 1 shows that the fund has produced more units of return than of risk. Based on market risk alone, the ratio assumes that nonsystemic risk is capable of being eliminated by diversification across a wide range of investments, and it measures whether the systemic risk has been rewarded.

Also known as the volatility-to-reward ratio, Treynor is useful in comparing funds that invest in similar market sectors and achieve similar returns. For example, when assessing a range of UK equity funds, it is the one with the highest Treynor ratio that is taking on the least market risk to achieve its level of performance. Also, since it factors out the manager's ability from movements in the fund's sector, Treynor may be used to compare fund performances adjusted for systemic risks in different market sectors because, although intuitively the ratio should be higher for bond funds than for those investing entirely in equities, this is not necessarily true in every case. While not perfect, and not to be taken in isolation, the Treynor ratio can be a pointer to the optimum risk- and sector-adjusted fund for a particular risk-aversion profile.

Jensen's Alpha: This is a risk-adjusted measure used to gauge the extent to which a manager has added value to the returns that could have been expected from a benchmark portfolio, while taking into account the fund's sensitivity to that benchmark. Jensen's alpha is therefore a test of whether the fund has achieved better performance than the beta would suggest. If the value is positive, it indicates an active management style with superior stockpicking ability. If the value is negative, it indicates that returns are falling short of the adjusted benchmark return.

For further details visit: <https://analytics.financialexpress.net/help/documentation/glossary-statistical-calculations/>