

# Guinness Global Money Managers Fund

A high conviction equity fund managed by Will Riley and Tim Guinness investing in quoted companies in the asset management sector.

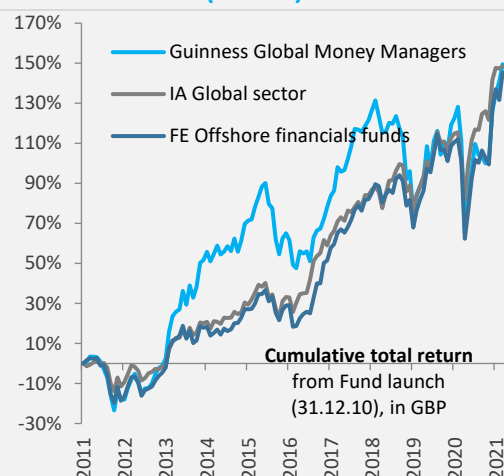
## INVESTMENT COMMENTARY – April 2021

### Aim

The Fund aims to deliver long-term capital growth by capturing the strong returns that successful asset management companies can deliver to shareholders.

We expect asset managers to outperform the broad market over the long term, primarily due to the ability of successful managers to grow their earnings more rapidly than the broad market.

### Performance\* (in GBP) 31.03.2021



Index MSCI World Index

Financials Index MSCI World Financials Index

Fund launch 31.12.10

### \*Simulated Past Performance

See performance data notes on the last page of this document. 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. Returns for share classes with a different OCF will vary.

Source: Financial Express (Y class, 0.74% OCF), bid to bid, total return.



THOMSON REUTERS  
LIPPER FUND AWARDS 2015  
SWITZERLAND

2015: BEST FUND OVER 3 YEARS

EQUITY SECTOR BANKS & OTHER FINANCIALS

## Asset management sector

In this month's update, we review the asset management sector and our Fund performance in the first quarter of 2021, and consider the outlook for the rest of the year and beyond.

### Performance in Q1 2021

The Global Money Managers Fund (class Y, in USD) in the first quarter of 2021 produced a total return of +15.5%. This compares to the return of the MSCI World Index (net return) of +4.9% and the MSCI World Financials Index of +13.2%. Most subsectors within the money management industry performed well over the quarter.

The first quarter was a particularly benign environment for traditional asset managers, with rising earnings driven by appreciation in most equity markets. Net fee rates have remained stable, bolstered by strength in equities and retail flows. And whilst mutual fund equity outflows have continued, the outflows have been shallower than expected, and the net flow picture across all asset classes has been positive. Active fund performance in the traditional asset management sector has also been strong, with the percentage of US active equity assets outperforming moving to the highest level since 2011.

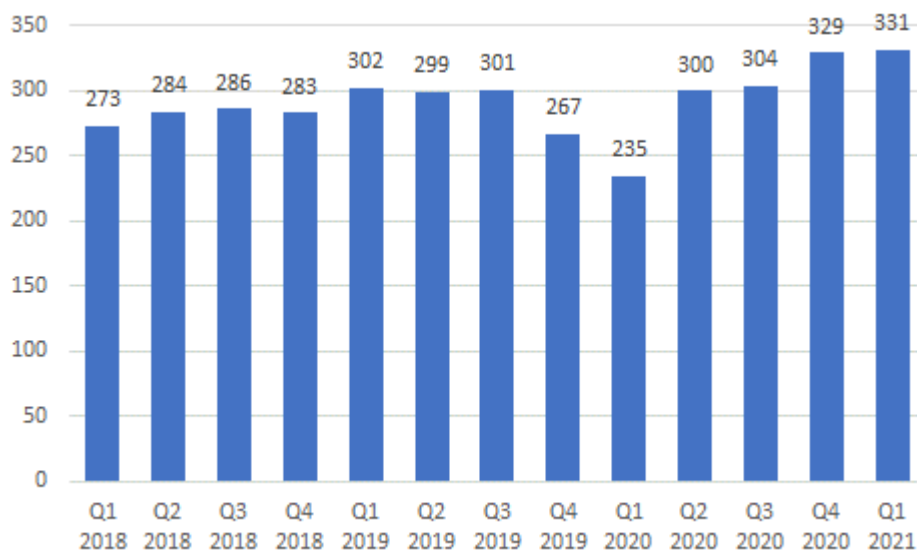
Large cap traditional asset managers generally outperformed mid cap managers, with the large cap names enjoying a better environment for flows than expected at the start of the year. Within the fund, Invesco (+45.7%) and Affiliated Managers Group (+46.5%) were particular beneficiaries of these trends.

As a group, alternative asset managers were the strongest, benefitting from record net inflows, whilst continuing to defend fees and margins more successfully than public equity and fixed income-oriented managers.

The environment for alternative asset managers has also been positive. Fundraising by the major participants in the sector has been robust, helped by low interest rates and strong structural demand for illiquid alternatives. The rebound in global stock markets has improved the outlook for realisations, though it will of course increase the

challenges around investing new capital. The improvement in fund raising can be seen in the chart below, with funds gathered by the 'big 5' listed alternative managers (Apollo; Ares; Blackstone; KKR and Carlyle) over the last twelve months reaching a new high:

**12 month trailing fund raising by largest alt managers (\$bn)**

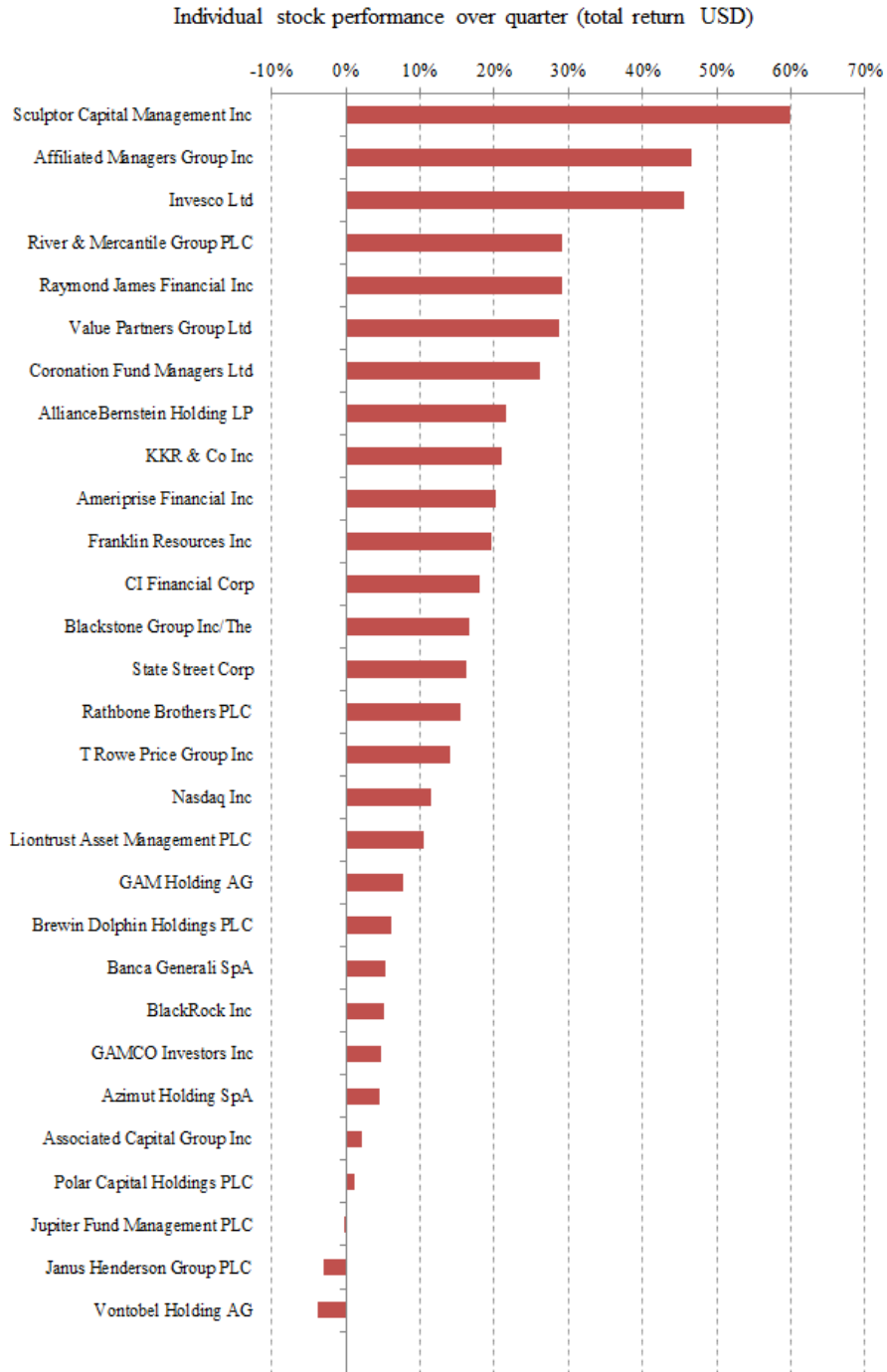


Source: Credit Suisse; Guinness Asset Management estimates

Stronger alternative performers within the fund in the first quarter included KKR (+21.0%) and Ares Management (+20.1%).

The performance of each individual stock held in the fund at the end of the quarter can be seen in the chart below.

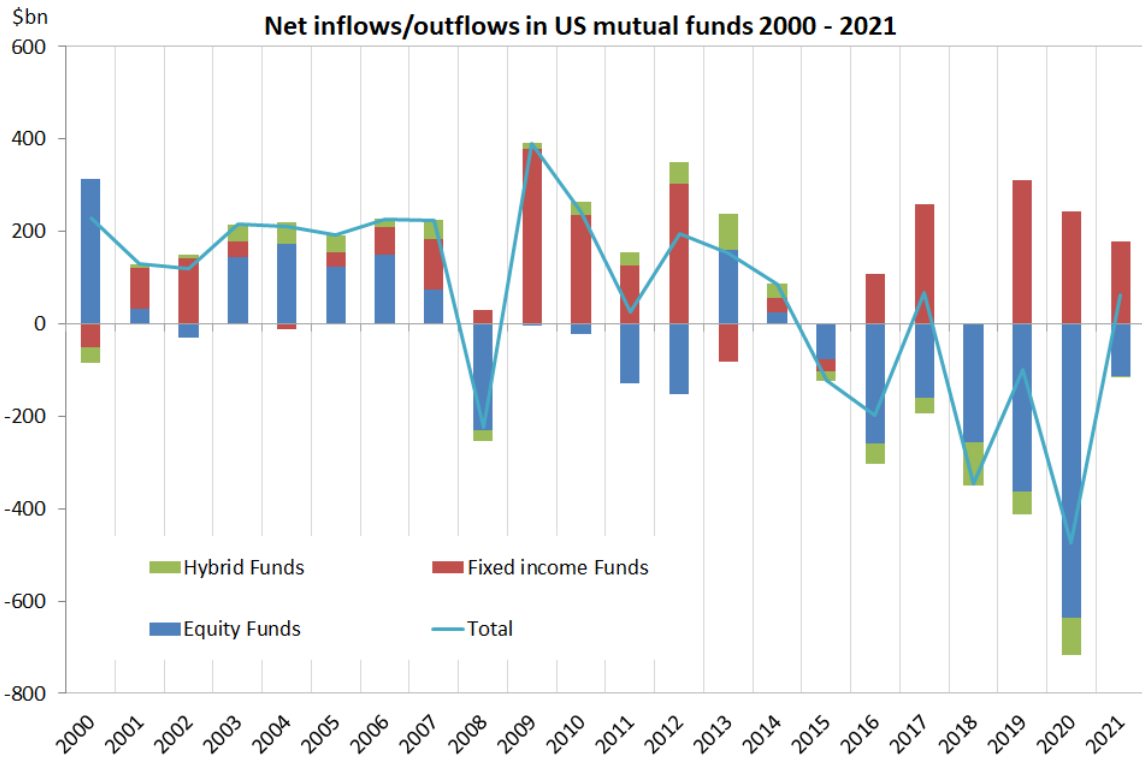
## Guinness Global Money Managers Fund



Source: Credit Suisse; Guinness Asset Management estimates

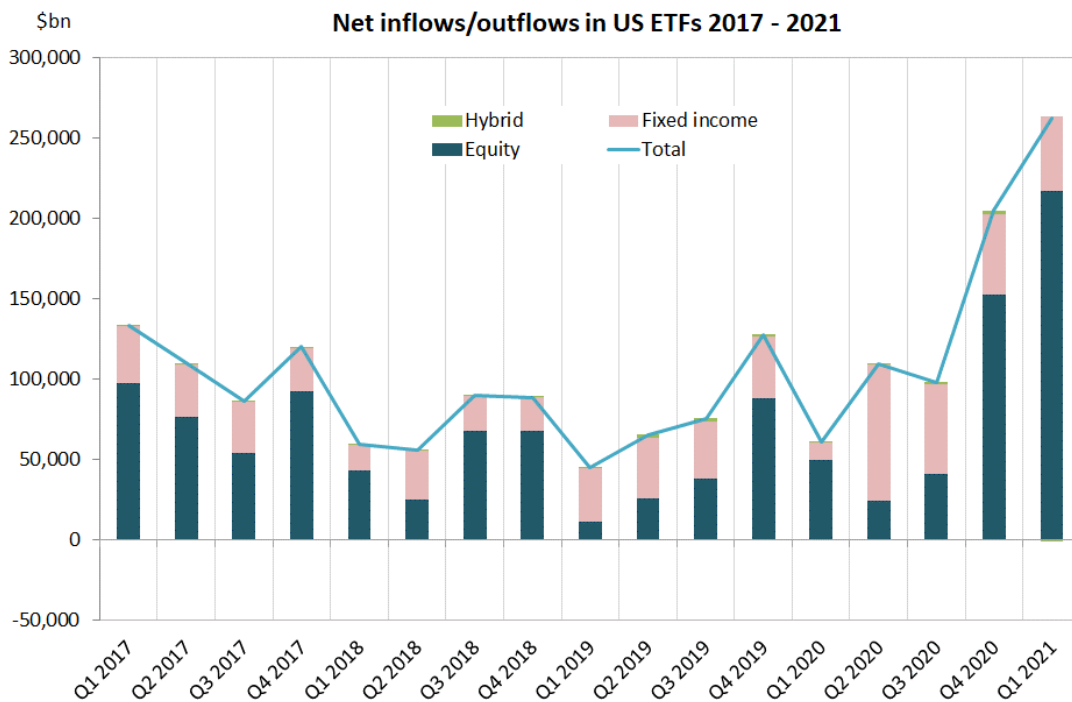
Within the asset management sector, data for US mutual fund flows (which we treat as a proxy for global flows) indicated record outflows from active equity funds in 2020, surpassing the outflows seen in 2019. The picture for active bond & income funds was better, with strong positive flows for a second year. The first quarter of 2021 has seen net positive flows, comprising positive flows for the active bond sector, offset to an extent by negative flows from active equity funds.

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Source: ICI; Bloomberg; Guinness Asset Management

Data from the US ETF industry shows a contrasting picture, with inflows across equity ETFs, bond & income ETFs and hybrid ETFs in every quarter since the start of 2017. There has been a notable ramp-up in equity ETF net inflows over the most recent two quarters, surpassing aggregate inflows for the previous five quarters:

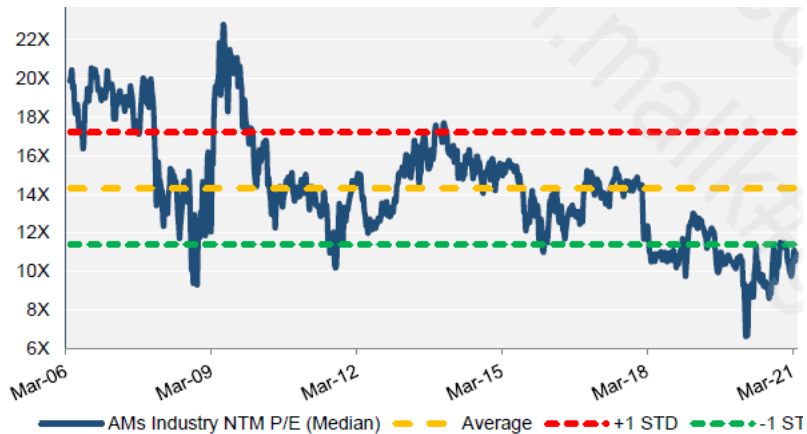


Source: ICI; Guinness Asset Management

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Strong performance over the first quarter of 2021 was also helped by undemanding valuations at the start of the year. The median P/E ratio (forward 12 months) of traditional asset managers in January was around 11x, and has moved up a little since then, but remains around one standard deviation below the 15 year average.

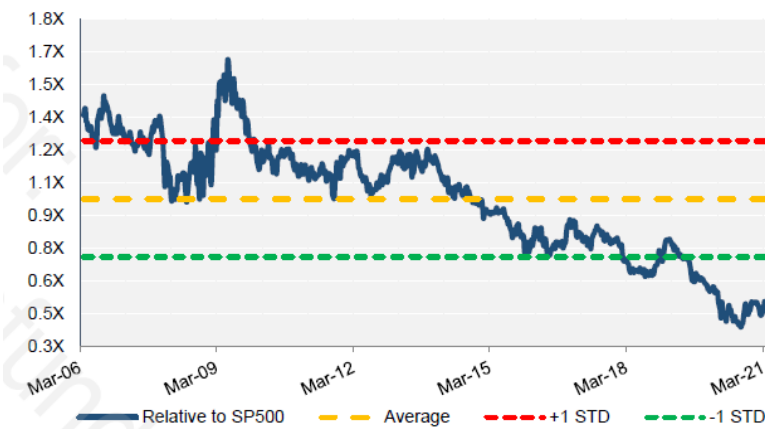
**Traditional Asset Manager P/E ratio (NTM)**



Source: Credit Suisse; Factset

Valuations of traditional asset managers relative to the S&P 500 look even more extreme, sitting well below the one standard deviation mark. The group now trades at about half of the level of the S&P:

**Traditional Asset Manager P/E ratio (NTM) relative to S&P 500**



Source: Credit Suisse; Factset

To recap our views on secular trends in the sector, we believe that the most successful money management investments over the coming years will be companies that deliver a quality product to their clients, whether active traditional management, alternatives or passive; companies that provide helpful asset allocation services; well-run wealth managers; and well-run support services. Combining these themes with our stock selection process, which allows us to identify the equities of managers whose products are succeeding, leads us to the following portfolio (at 31 March 2021):

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## Guinness Global Money Managers Fund

Guinness Global Money Managers Fund (31 March 2021)									
Stock	Curr.	% of NAV	2015	2016	2017	2018	2019	2020	2021
			B'berg mean PER	B'berg mean PER	B'berg mean PER	B'berg mean PER	B'berg mean PER	B'berg mean PER	B'berg mean PER
<b>Large-cap diversified asset managers</b>									
BlackRock Inc	USD	4.03%	39.2	38.4	39.3	33.6	27.6	27.1	23.2
Franklin Resources Inc	USD	3.62%	8.0	8.5	10.6	10.0	10.4	12.1	11.0
Ameriprise Financial Inc	USD	3.93%	27.6	25.3	28.4	23.5	15.8	14.2	16.5
T Rowe Price Group Inc	USD	3.85%	38.4	37.8	37.4	31.7	23.1	20.9	18.2
Invesco Ltd	USD	3.87%	10.0	10.2	11.3	9.5	9.9	9.7	14.3
Raymond James Financial Inc	USD	3.73%	38.0	35.1	34.5	24.4	18.5	16.8	21.6
Affiliated Managers Group Inc	USD	3.87%	13.1	11.9	11.7	10.3	10.3	10.8	11.6
<b>Mid-cap diversified asset managers</b>									
Banca Generali SpA	EUR	3.36%	22.1	18.7	24.5	16.2	20.7	14.6	13.1
Vontobel Holding AG	CHF	3.11%	29.5	25.3	21.8	19.7	18.0	16.5	15.2
Jupiter Fund Management PLC	GBP	3.16%	9.6	9.7	10.2	7.9	9.4	10.5	11.6
Azimut Holding SpA	EUR	3.35%	18.8	13.4	22.8	13.9	23.8	9.6	8.2
AllianceBernstein Holding LP	USD	3.89%	22.3	21.8	23.2	19.0	15.0	16.8	14.6
Coronation Fund Managers Ltd	ZAR	3.54%	7.4	10.5	11.5	11.7	12.5	17.2	n/a
Janus Henderson Group PLC	USD	3.24%	29.0	25.2	32.0	13.1	11.2	12.6	11.5
CI Financial Corp	CAD	3.32%	9.8	9.8	9.7	8.3	8.0	8.1	7.8
Value Partners Group Ltd	HKD	3.51%	13.9	17.9	48.5	4.9	21.9	23.4	10.8
<b>Small-cap diversified asset managers</b>									
Polar Capital Holdings PLC	GBP	3.46%	20.9	22.2	27.7	38.1	20.8	15.5	18.8
GAM Holding AG	CHF	1.14%	2.2	2.8	5.1	3.2	3.9	120.2	n/a
GAMCO Investors Inc	USD	0.81%	4.3	5.6	n/a	n/a	n/a	n/a	n/a
Associated Capital Group Inc	USD	1.56%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
River & Mercantile Group PLC	GBP	3.09%	9.9	11.8	21.9	10.9	11.3	11.8	n/a
Liontrust Asset Management PLC	GBP	3.74%	80.6	63.4	59.0	55.3	36.1	32.9	27.4
<b>Hedge fund/private equity/alternatives</b>									
Blackstone Group Inc/The	USD	4.53%	21.8	39.2	37.8	26.6	30.9	33.2	30.9
KKR & Co Inc	USD	4.47%	21.3	34.9	70.2	20.3	26.1	29.9	28.8
Ares Management Corp	USD	4.29%	41.6	58.1	39.7	30.0	42.9	37.1	31.7
Sculptor Capital Management In	USD	0.88%	2.2	3.8	n/a	4.3	18.4	7.7	12.1
<b>Wealth management</b>									
Rathbone Brothers PLC	GBP	3.22%	15.8	14.7	17.1	13.1	13.5	14.2	14.5
Brewin Dolphin Holdings PLC	GBP	3.20%	16.4	16.5	21.3	16.9	15.4	16.5	n/a
<b>Other</b>									
State Street Corp	USD	3.76%	16.8	17.2	16.7	13.4	11.7	14.4	12.8
Nasdaq Inc	USD	4.04%	51.1	43.5	40.2	35.2	30.5	29.6	24.4
<b>Cash</b>			0.41%						

At 31 March 2021, the P/E ratio of the Fund was 17.7x 2021 earnings. This sits at a significant discount to the broad market, with the S&P 500 trading on a 2021 P/E ratio of 23.0x earnings.

Fund P/E ratios versus the S&P 500 Index (31.03.21)			
	'19	'20	'21
<b>Fund P/E</b>	15.8	16.2	17.7
<b>S&amp;P 500 P/E</b>	25.3	32.5	23.0
<b>Premium (+)/ Discount (-)</b>	<b>-38%</b>	<b>-50%</b>	<b>-23%</b>

Source: Standard & Poor's, Guinness Asset Management.

The Fund remains positioned to capitalise on the increasing value of successful companies in the sector.

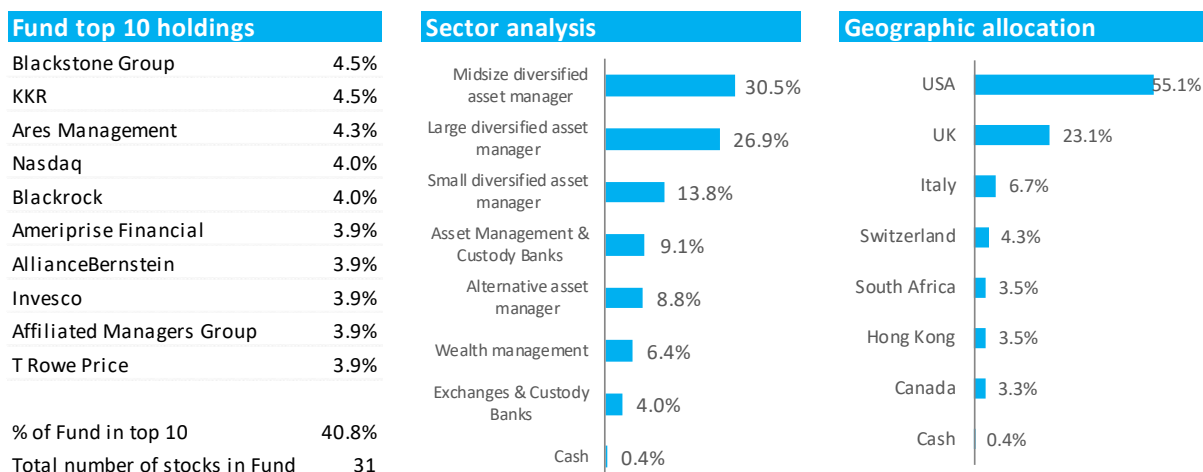
**Will Riley & Tim Guinness**

**April 2021**

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## PORTFOLIO

31/03/2021



## PERFORMANCE (see Performance Data notes below)

31/03/2021

## Annualised % total return from launch (Y Class, 0.74% OCF, in GBP)



Cumulative % total return (Y Class, in GBP)	1 month	Year-to-date	1 year	3 years	From launch
Guinness Global Money Managers Fund	7.7	14.4	62.6	24.8	168.7
MSCI World Index	4.7	4.0	38.4	46.0	205.1
MSCI World Financials Index	5.9	12.2	45.0	18.9	140.3
Financial Express - Financial Sector average	2.1	5.0	43.9	38.6	132.9

Discrete years (Y Class, in GBP)	Mar '21	Mar '20	Mar '19	Mar '18	Mar '17
Guinness Global Money Managers Fund	62.6	-13.8	-10.9	9.9	25.5
MSCI World Index	38.4	-5.8	12.0	1.3	31.9
MSCI World Financials Index	45.0	-17.0	-1.2	2.5	44.5
Financial Express - Financial Sector average	43.9	-5.6	2.1	6.4	30.1

## RISK ANALYSIS

31/03/2021

Y Class, in GBP, annualised, weekly, from launch on 31.12.10, relative to the MSCI World Index	MSCI World	MSCI World Financials	Fund
Alpha	0	-3.12	-2.71
Beta	1	1.13	1.19
Information ratio	0	-0.27	-0.14
Maximum drawdown	-24.58	-33.10	-36.61
R squared	1	0.80	0.78
Sharpe ratio	0.54	0.30	0.33
Tracking error	0	8.36	9.63
Volatility	14.60	18.40	19.69

Simulated past performance based on actual returns of E share class (available from Fund launch), calculated in GBP. See Performance data notes on the next page.

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Source: Financial Express, bid to bid, gross total return. Fund launch date: 31.12.10.

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### Performance data notes

The performance numbers displayed on the previous page are calculated in GBP (Sterling). Please note: The Fund's Y class was launched on 15/02/2012. The since launch performance shown is a simulation for Y class performance being based on the actual performance of the Fund's E class, which has the same annual management charge as the Y class, and has existed since the Fund's launch. The Fund's E class is denominated in USD but for the purposes of this performance data its performance is calculated in GBP. Hence the Fund's E Share class is used here to illustrate the performance of a GBP-based clean-fee (RDR-compliant) share class since the Fund's launch on 31.12.10.

### IMPORTANT INFORMATION

**Issued by Guinness Asset Management Limited**, authorised and regulated by the Financial Conduct Authority.

This report is primarily designed to inform you about recent developments in the asset management sector invested in by the Guinness Global Money Managers Fund. It may also provide information about the Fund's portfolio, including recent activity and performance. It contains facts relating to investment markets and our own interpretation. Any investment decision should take account of the subjectivity of the comments contained in the report.

This document is provided for information only and all the information contained in it is believed to be reliable but may be inaccurate or incomplete; any opinions stated are honestly held at the time of writing, but are not guaranteed. The contents of the document should not therefore be relied upon. It should not be taken as a recommendation to make an investment in the Fund or to buy or sell individual securities, nor does it constitute an offer for sale.

#### Risk

The Guinness Global Money Managers 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. The Fund invests only in companies involved in asset management and other related industries; it is therefore susceptible to the performance of that one sector, and can be volatile. Details on the risk factors are included in the Fund's documentation, available on our website.

#### 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](http://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, 18 Smith Square, London SW1P 3HZ.

#### 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 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](http://www.carnegie-fund-services.ch). The paying agent is Banque Cantonale de Genève, 17 Quai de l'Île, 1204 Geneva, Switzerland.

**Telephone calls** will be recorded and monitored.

**GUINNESS**

ASSET MANAGEMENT

Guinness Asset Management Ltd is authorised and regulated by the Financial Conduct Authority

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