Guinness European Equity Income Fund

INVESTMENT COMMENTARY – April 2021

Launch date	19.12.2013
Manager	Nick Edwards

Aim

The Guinness European Equity Income Fund is designed to provide investors with exposure to high quality dividend-paying companies in the Europe ex UK region. The Fund aims to provide long-term capital appreciation and a source of income that has the potential to grow over time.

Performance

31.03.21

Fund	European Equity Income (Z Class, 0.35% OCF)
Index	MSCI Europe ex UK
Sector	IA Europe ex UK

	1 year	3 years	From launch
Fund	39.5	26.5	79.1
Index	33.5	25.1	74.8
Sector	39.6	25.0	81.0

Annualised % total return from launch (GBP)

Fund	8.3%
Index	8.0%
Sector	8.5%

Risk analysis (annualised, weekly, from launch)

	Index	Sector	Fund
Alpha	0.0	1.3	0.9
Beta	1.0	0.9	0.9
Info ratio	0.0	0.1	0.1
Max drwdn	-25.0	-24.4	-30.3
Tracking err	0	5	5
Volatility	16.2	15.0	16.1
Sharpe ratio	0.3	0.3	0.3

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Source: Financial Express, Z class 0.35%, bid to bid, total return.

Summary performance

In Q1 2021 the Guinness European Equity Income Fund produced a total return of 5.2% (in GBP) versus the IA Europe ex UK net TR Index return of 2.5% (in GBP). The fund therefore outperformed the index by 2.7% over the quarter. It is pleasing to see that both the short and long-term performance of the fund's strategy remain ahead versus IA Europe ex UK peers.

	1 month	YTD	1 Yr	3 Yr	5 Yr	Since Launch
Fund	6.2%	5.2%	39.5%	26.5%	67.7%	79.1%
Index	4.6%	2.5%	33.5%	25.1%	63.9%	74.8%
Sector	4.1%	2.5%	39.6%	25.0%	63.3%	81.0%
Fund vs Sector	2.0%	2.7%	0.0%	1.6%	4.4%	-1.9%

Figure 1: Performance data. Source: Financial Express 0.35% OCF. Cumulative Total Return in GBP as of 31.03.2021

Quarter in review

At the end of Q1 2021 and one year on from the fastest stock market sell-off in history your fund is up 39.5% YoY, and 6% ahead of its benchmark return of 33.5%. We responded to the crisis by tilting the fund towards enablers of resilience and job creation, across communications leaders like **ASML** and **Capgemini** and automation and clean & healthy infrastructure champions including **Assa Abloy**, **Epiroc, Sika,** and **Fresenius SE**. Companies with dominant market positions and strong balance sheets in a position to take market share in a downturn. The crisis having underscored yet again the importance of cash flow resilience and financial room to manoeuvre when things go wrong. This crisis in particular highlighting the need for a more sustainable and fairer recovery; and taking us back to **Adam Smith** in reminding us of business's role to create shared prosperity. When we look at the fund we can feel good in this respect, with a well-balanced portfolio of unique and vital companies, offering solutions to big

problems, that will stand the test of time (not to mention **KitKats** and coffee not going out of fashion any time soon).

Moving in Europe's direction. The increased focus on sustainability alongside rebounding global trade, helped by the arrival of Joe Biden in the White House, plays to Europe's strength as a leading export market across smart green industrials, consumer staples and healthcare. Europe is increasingly finding itself in a position to supply what the world wants. We are also seeing increased confidence in Europe as a political entity, giving rise to the potential for reduced risk premiums. Last year it was the €750bn Recovery Fund characterised by previously taboo joint borrowing and grants as well as loans that highlighted, contrary to popular perception, that Europe can and will work together (to look after most impacted nations). This year it may be the undoing of the unanimity principle that breaks down the other long-held belief of European paralysis at the hands of too many actors all needing to agree to get anything done. We note the Netherlands and Spain's recent proposal towards majority voting to enable "autonomous decisions… without being compromised by one-sided dependencies". The arrival of Mario Draghi to Prime Minister in Italy is another strong leg, as is the resurrection of Germany to popular Italian opinion on the back of crisis management strength. While in Germany iftself mistakes by a couple of members of the CDU around PPE procurement has given the green party a big leg up ahead of the election, and potentially even a shot at the chancellorship.

As highlighted in our last paper, **Europe Looking Good as a Destination for Income**, Europe offers higher levels of income vs. the US not just in domestic segments of the market (like banks, telcos, utilities and energy) but also across global market leaders held by your fund including Industrials, Materials and Healthcare sectors. As well as our specific holdings of Staples (Nestle, Unilever, Danone and two salmon farmers) yielding more than their US counterparts, whilst also more than squaring up to them in terms of sustainable product innovation and cash returns. In short, the Guinness European Equity Income Fund offers investors the best of Europe; characterised by long-term structural growth, modest valuations and higher dividend yields vis-à-vis US counterparts.

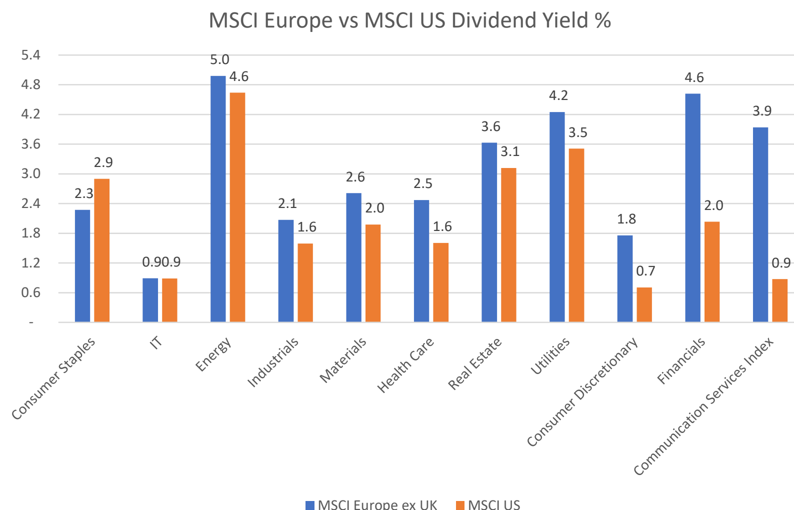

Chart 1: MSCI Europe vs MSCI US dividend yield by sector, end Q1 2021. Source: Bloomberg

Meanwhile Europe vs. US valuations meanwhile remain far apart by historic standards. Much of this discrepancy is driven by US tech valuations, which is justifiable while moats and opportunity sets are expanding. However, there is certainly an argument to say that taxation in the US looks likely to march back upward while the return of multilateralism and the pivot towards sustainability and industrial technology play, as we have already said, to Europe's strengths. Comparative yields also look stretched

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with the S&P500 dividend yield of 1.5% now below long rates at 1.74% (10Y), while for France's CAC40 Index the corresponding dividend yield is 2.75% versus a small minus for government bonds.

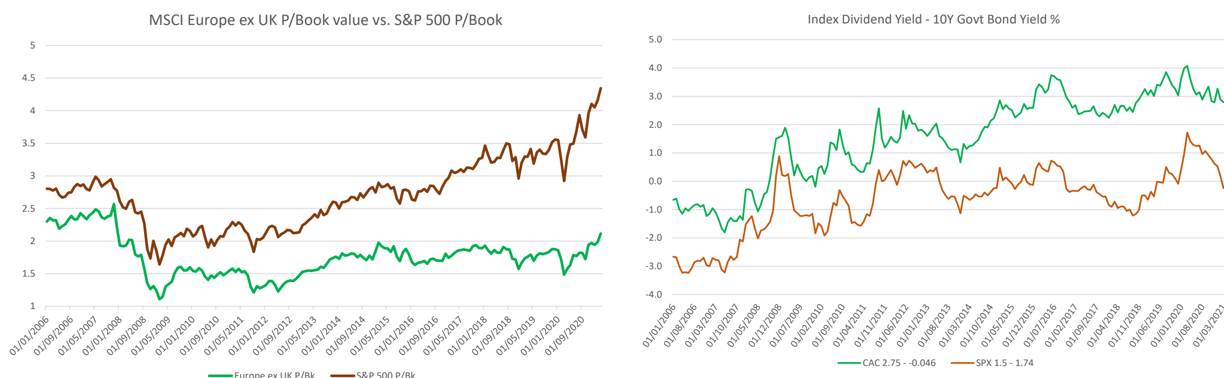

Chart 2: MSCI Europe ex UK P/Bk vs S&P500 P/Bk (LHS). CAC40 (France) dividend yield – 10Y govt. bond yield vs S&P500 dividend yield – US 10Y yield (RHS). Source: Bloomberg

On that note it is worth remembering that **relative size** means that it only requires small shifts in global capital allocation away from the US towards Europe to drive outperformance. With just the top seven holdings in MSCI USA nearly 50% larger than market value of MSCI Europe Value (which includes UK) and equivalent to MSCI Europe ex UK market cap of €6.3trn.

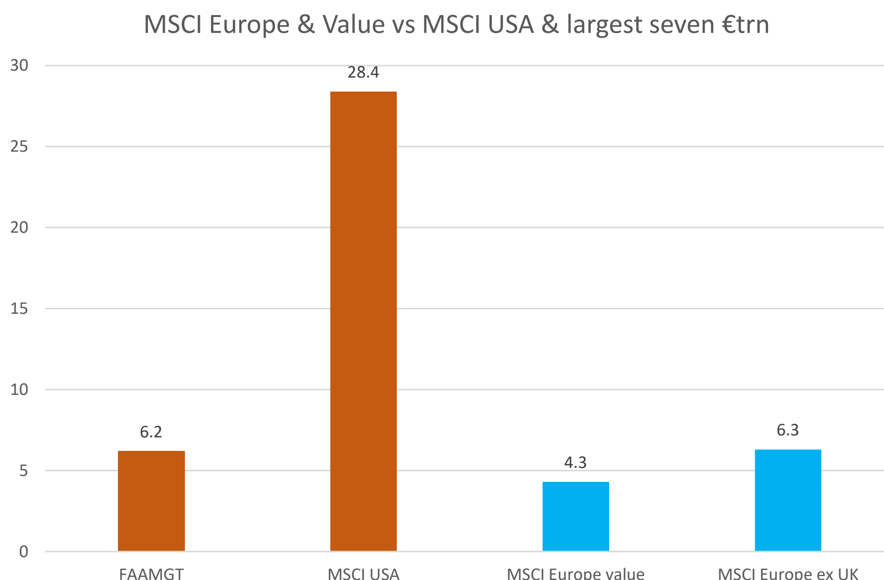

Chart 3: MSCI Europe ex UK and MSCI Europe Value (blue) vs. MSCI USA and "FAAMGT" largest seven constituents market capitalisation, in Euros. Source: MSCI data.

In the shorter term we see Manufacturing PMIs running well ahead of Services PMIs and EC Industrial Confidence now well ahead of Consumer Confidence. As those PMIs top out over the coming months sector rotation may shift back away from early cyclicals towards more defensive areas of the market. Do not fear the portfolio remains well balanced and we have reweighted on flows, trimming near-term winners, and increasing our Staples, Exchanges and Healthcare sector exposures. Counterintuitively our staples and healthcare holdings have good "unlocking" recovery potential, with the latter impacted by cancellations to elective surgeries and within the former our salmon farmers and Danone both impacted by out of home consumption weakness. As for our high-quality Industrial cyclicals, it is well worth hanging

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on with structural growth drivers and green stimulus spending extending out across the decade – including buildings efficiency (just 3% of European buildings now meet standards), clean and healthy infrastructure acceleration, automation and digital resilience.

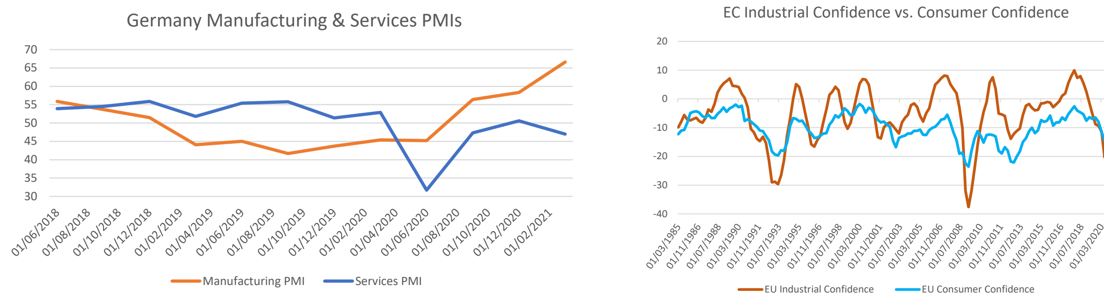

Chart 4: Germany Manufacturing PMI (orange) vs Services PMI (LHS). EC Industrial Confidence vs. Consumer Confidence (blue) (RHS). Source: Bloomberg

The dividend. Our primary focus is on business model and balance sheet strength along with the related potential for long-term high cash returns resulting in a nice steady rising stream of income. In this respect, the changes we made to the fund last year, away from businesses that looked set to be weakened by the crisis towards high IP names that provided long-term solutions to problems posed by the crisis, lowered the fund **dividend yield** to just over 3% (gross). Corresponding news around dividend growth in 2021 has been positive, with most 2020 dividends for payment in 2021 now confirmed, including large upcoming specials from both **Epiroc** and **Konecranes.** Altogether resulting in current portfolio YoY local currency dividend growth of approximately 24%.

Whatever the political and economic weather in Europe, which as a region accounts for just over 50% of fund holdings sales, we think the Guinness European Equity Income Fund is well placed due to its holdings in companies characterised by high levels of self-determination. Namely leading market positions with a proven track record of generating persistent high cash returns, widening moats, aligned interests and long runways for growth. We continue to hold no positions in sectors characterised by high levels of regulation (Telecoms, Utilities and Banks) or cyclicality (Mining and Energy).

Performance Drivers

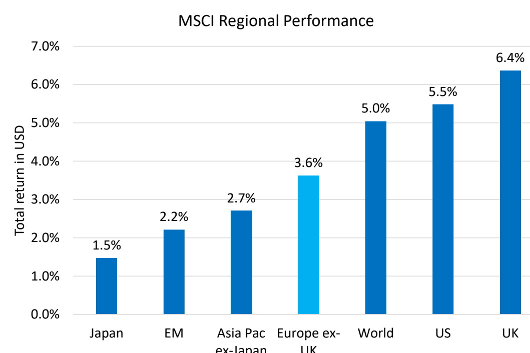

Chart 1: MSCI World Index geographic total return breakdown for Q1 2021, in USD. Source: Bloomberg

Sector performance was firmly risk on in Q1, driven by strong rebounds across banks and oil & gas, followed by industrial cyclicals, consumer discretionary and continued IT strength - by country reflected in the outperformance of Sweden (Industrials), Norway (oils) and Netherlands (tech). Meanwhile more

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bond like areas of the market and long-duration from Utilities and Real Estate to Staples and Healthcare under-performed as European long rates drifted higher, but not nearly to the same extent as in the US. As we touched on above a backdrop of accelerating global trade and renewed dollar strength is a positive backdrop for Europe in a global context. The region remains underweight in most portfolios and a recent survey at JPM highlighted entrenched pessimism towards the region with just 3% of respondents expecting Europe to outperform in 2021.

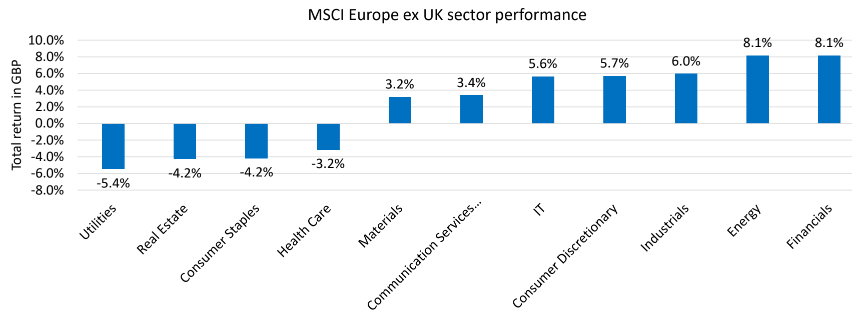

Chart 2: MSCI Europe ex UK Index sector total return breakdown for Q1 2021, in GBP. Source: Bloomberg

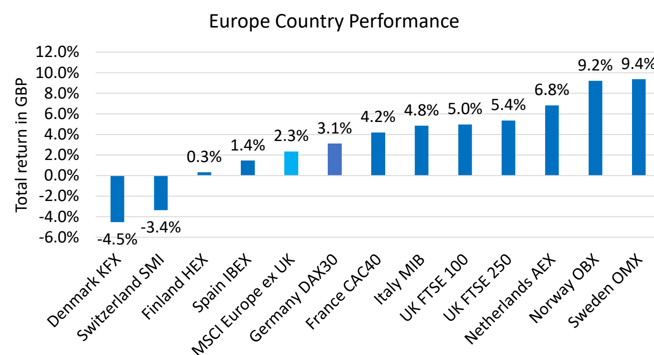

Chart 3: MSCI Europe ex UK Index country total return breakdown for Q1 2021. Source: Bloomberg

Positioning

Your fund holds no exposure to highly cyclical areas such as Mining, Oils and Banks or regulated ones including Utilities and Telecoms. It is also has limited exposure to the high street with an underweight in Consumer Discretionary. Few companies from these sectors make it into our universe given our focus on quality and persistent high cash returns. Industrials, Consumer Staples, and Financials (exchanges and insurers) remain our sector overweight holdings, as shown in the tables below. For a sector breakdown of the fund since launch please see our year end 2020 review.

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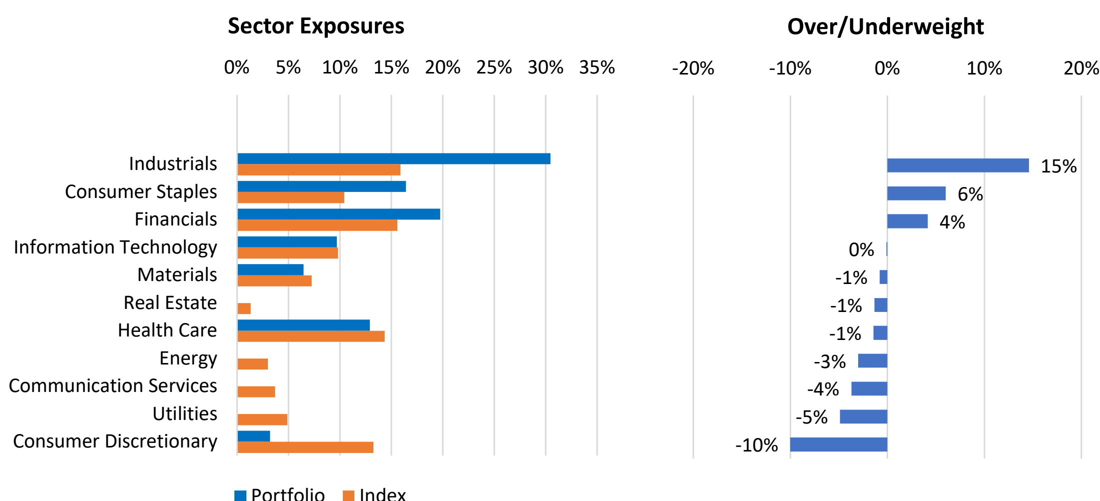

Chart 4: Left: Sector weightings, Right: Sector overweight / underweight vs. MSCI Europe ex UK.

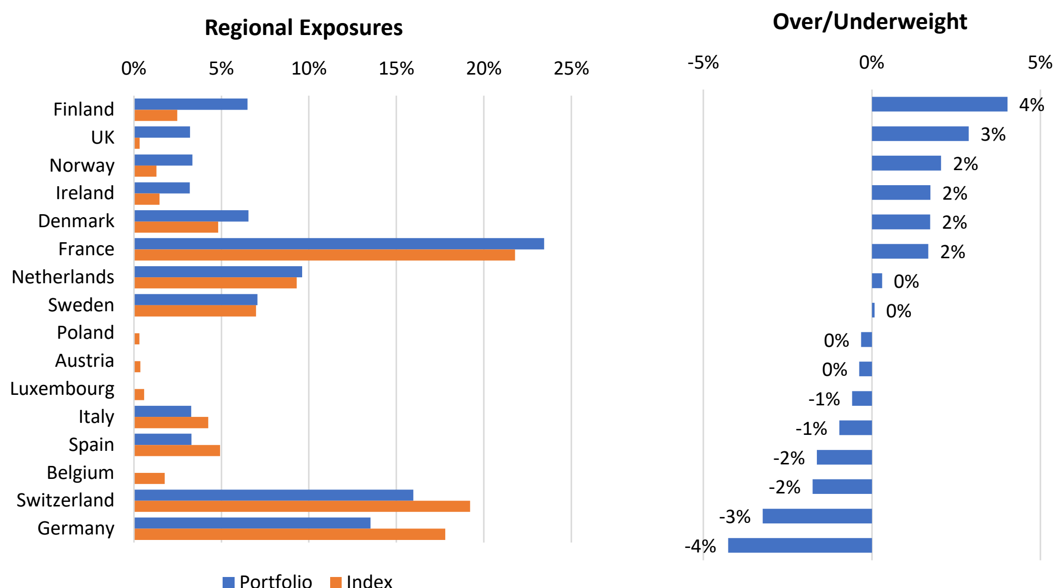

Chart 5: Left: Country weightings, Right: Country overweight / underweight vs. MSCI Europe ex UK.

By country we remain overweight the northern European countries including Scandinavia, Ireland, France and the Netherlands. This results from two factors. Firstly, we find more high-quality companies in Scandinanvia and Northern Europe, and secondly, these countries represent quite low weights in the MSCI Europe ex UK Index. Our 4% underweight to Germany reflects the fact that many of the companies within its chemical and automotive industries fail to make it into our universe; but also 4% is not a large underweight, at just over one position size.

Holdings Performance Analysis

We made no portfolio changes over the course of Q1 2021. As such sector weightings remained broadly the same as for December.

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Individual companies that performed well in Q1 included **Konecranes, ASML** and **Epiroc.** On the same basis, companies that posted weaker performance included **Euronext** and **Unilever.**

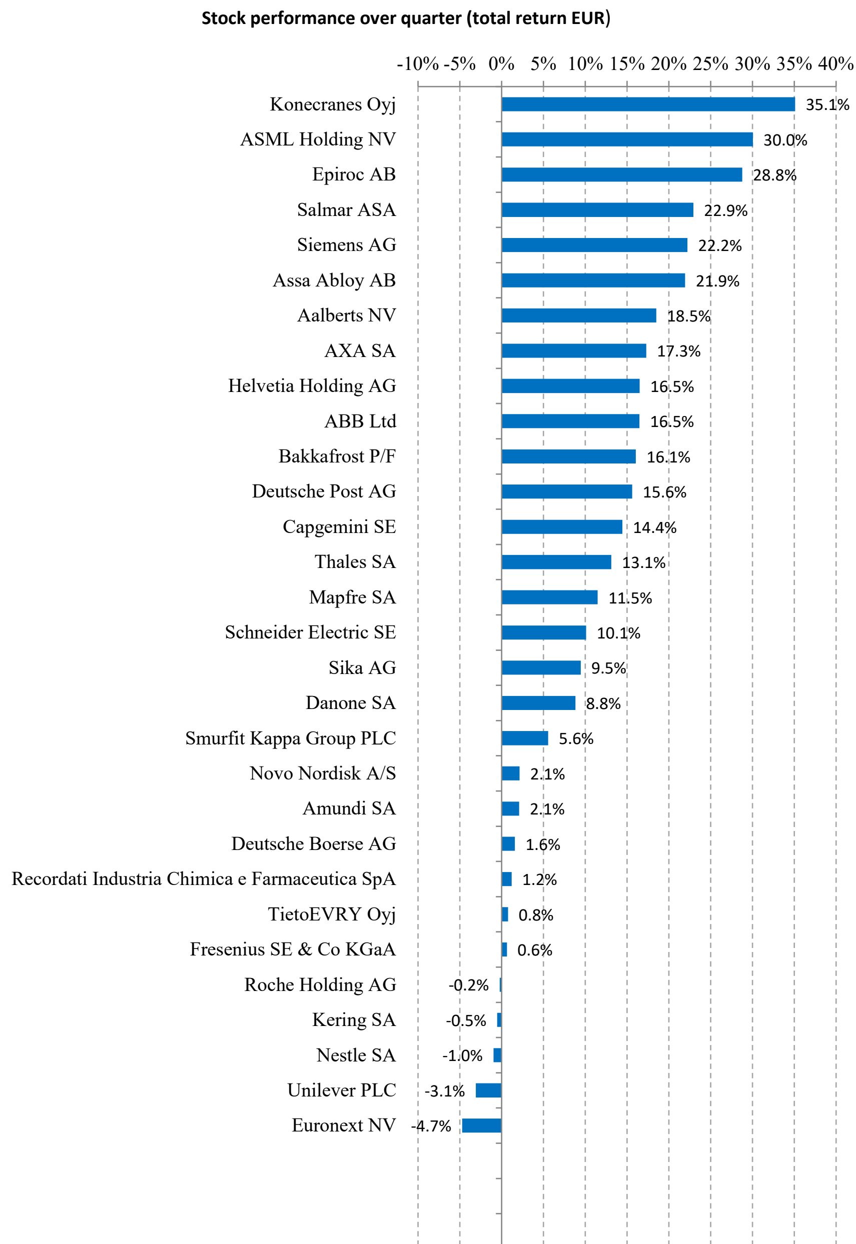

Chart 6: Individual stock performance over the quarter, in GBP. Source: Bloomberg data

Konecranes (+35.1% in GBP) outperformed materially in Q1, as global trade moved out of reverse and a constructive tone emerged from the new Biden

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led US administration, with Q4 Port Solutions orders rebounding +87% YoY. Rocketing freight rates may also have had some positive impact on sentiment. Konecranes also confirmed it will pay a €2/shr special dividend (on top of the 88c ordinary dividend) ahead of the merger with **Cargotec**, driving FY 2021 dividend growth of 140% vs. -27% without the special. The merger with Cargotec will strengthen its global market leadership position in industrial cranes where it already ranks #1-3 in the market in all lifting product categories for ports and container terminals. Konecranes global service network is unique, with no competing global competitor in industrial crane maintenance – the 2017 acquisition of MHPS in the US having extended Konecranes lead in the industrial lifting and port solutions markets and giving a new leg to higher margin service revenue growth, the target having sold through third-party dealer networks. At the big picture level rising global demand for automation is driving increased requirements for Konecranes flow solutions and systems. While advancements in technology and sensors mean increased levels of higher margin service revenue as remote surveillance of client equipment increasingly enables pre-emptive action and repair. The merger with Cargotec looks set to drive material synergies of over €100m, resulting in rising cash returns and a combined group well positioned to lead the industry shift towards sustainability based on intelligent solutions. A culture of long-term thinking focused on value creation looks likely to endure in the new merged Konecranes Carotech entity, with both companies characterised by the presence of active owners. We continue to view Konecranes as an investment that is well aligned with the long-term interests of shareholders.

ASML (+30%) performed well in Q1 supported by very strong newsflow regarding prospective capital expenditure across several key clients. ASML is the global market leader in extreme ultraviolet (EUV) semiconductor immersion lithography with some 90% global market share, driving some 3-6x increase in cycle time and client cost reductions of 15% - 50% across logic, foundry and DRAM vs. non-litho tools. The roll out of EUV gives ASML strong top-line and margin growth potential through this decade. With EUV set to grow to 80% of sales by 2025 vs. 25% in 2019, and for related recurring higher margin service and installed based management sales growth (from ~20% of litho revenue currently to up to 50%), collectively suggesting potential for rising operating margins towards the region of 50% helped by positive operating leverage. Over the quarter Intel announced $20bn spending plans on two new plants in Arizona focused on EUV as it moves to catch up with Samsung and TSMC, with potential for more in Europe. While TSMC itself announced plans for 2021 capital spending of $25bn - $28bn vs. $17.2bn in 2020, with some 80% to be allocated to leading edge process; as part of plans to spend $100bn over three years to grow capacity. Added to which, in the shorter-term there also appears to be good potential for sales to accelerate as the memory market picks up, following strong growth in logic over the last few years. If there is one company in Europe that is critical to the global economy and technological progress over this decade (allowing the continuation of Moore's Law) it is ASML. Trends towards AI, big data, cloud, gaming, edge computing and more all ultimately lead back to ASML. We also think that company management incentives are well aligned with shareholders with 40% of long-term incentives focused on returns based metrics (RoCE).

Epiroc (28.8%) surprised positively in Q1 with the announcement of a SEK3 special dividend on top of the expected SEK2.5 ordinary dividend, equating to 4% YoY earnings growth after 19% in 2020, or +129% YoY growth in 2021 including the SEK3 special. Epiroc is a cash machine dominating the hard rock drilling equipment, aftermarket and service market with market share of around 65%. The latter two, aftermarket and service, account for nearly 70% of profits driven by attractive higher margin recurring revenues – with drilling requiring a regular stream of attachments, and connected state of the art emissions free electric mining equipment requiring regular service and remote monitoring and maintenance. Barriers to entry are very high, and the moat is

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widening, with trends towards declining ore grades also meaning that machines and attachments have to increasingly work harder - good news for Epiroc. The timing of the spin out from Atlas Copco was immaculate, ahead of a sharp pickup in price across copper, gold and other metals markets. With the world pivoting toward clean energy and infrastructure to build back better Epiroc is in a strong position, with potential for approximately 10% revenue CAGR through 2030. While ESG trends also support Epiroc as regulators increasingly mandate strict emissions controls and regulatory compliance along with safety requirements across clients, further positives for Eprioc's state of the art clean and increasingly all electric equipment. On top of attractive top line growth and cash generation Eprioc is also surprisingly countercyclical, as customers tend to increase expenditure on service and maintenance in a downturn whilst cutting capex – not the case right now with Q4 equipment orders +26% vs. +9% for Service and +5% for attachments. While management incentives are also firmly on our side as minority shareholders, characterised by a focus on returns and value creation and supported by Investor AB's 23.7% stake, ensuring best in class capital allocation and a long-term view.

Unilever (-3.1%) underperformed over the quarter, with several trends working against it and its Staples peer group. At a big picture level the run up in long-rates which worked in Unilever's and long-duration asset's favour for the last decade went into reverse. At the micro level company cost saving and rationalisation plans are pushing uphill against rising input costs including the shift to sustainable packaging. More specific to Unilever this quarter was its lower exposure to the US (18% sales) vs. US peers, which reported strong domestic sales performance over the quarter. Meanwhile out of home continues to hurt, offsetting the positives from increased home hygiene related sales. Most of that will iron out over the quarters ahead, and in our view the core remains sound with around 60% of the portfolio taking market share, or 70% on a volume basis, and with over 80% of brands occupying no.1 or no.2 category market positions. Plans for increased R&D spend and to capitalise on e-commerce strength make good sense too. Unilever has also shown good agility over the crisis, re-directing workers to critical projects and enabling more flexible employment, including a 60% uplift YoY to 4m hours in in-house learning platform uptake. While the move to London means that the company is now able to focus on portfolio optimisation, and area where Unilever had been somewhat restricted in recent years by the dual listed shareholder structure. A shift towards higher growth and higher return lines across beauty, health and personal care looks likely, alongside potential for a part or whole spin out of slower growth and lower return foods segment (earmarked for Euronext Amsterdam if undertaken). The shares look good value now vs. peers and history trading on a historic average multiple of earnings (15x EV/EBITDA) and offering an attractive 3.7% dividend yield for next year 2022. With a culture focused on the long-term value creation via share based incentives geared towards economic profit and long-holding periods, Unilever is a company which we can continue to hold with confidence.

Euronext (-4.7%) continued its recent run of underperformance ahead of the conclusion of the Borsa Italiana MTS acquisition for €4.3bn, including with a €1.7bn rights offering to shareholders outstanding. The acquisition will give Euronext critical mass in European fixed income trading, clearing and custody, putting it on a more equal footing with Deutche Boerse. In addition to existing market leadership in European cash equity trading with 70% market share, and as the no.1 equity listing venue in Europe along with market leading positions in debt and funds listing services. Euronext has a strong track record regarding acquisition integration and synergies and we continue to see a good runway for its Optiq software amid a still partially fragmented European exchange and data landscape. Equally regulation should keep working the benefit of both Deutsche Boerse and Euronext as leading liquidity pools characterised by strong network effects. With tighter regulation pushing OTC business and clearing on

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exchange, and similarly credit away from Banks characterised by tighter post GFC capital adequacy regimes, to Euronext's benefit. Irrespective of the BI MTS transaction Euronext increased the 2020 dividend to be paid in 2021 by 42% to €2.25/shr following the prior consolidations of Oslo Borse and the Irish Stock Exchange (ISE), now Euronext Dublin. We continue to see good potential for enduring high cash returns at Euronext against a valuation that is broadly inline with company history for the prior five- and ten-year periods.

Key Fund Metrics Today

The four key tenets to our approach are: quality, value, dividend, and conviction. We follow these metrics at the portfolio level to make sure we are providing what we say we will. Based on the measures, holistically, the high-conviction fund has companies which are on average better quality at similar value verses the index.

At the quarter end, we are pleased to report that the portfolio continues to deliver on all four of these measures relative to the benchmark MSCI Europe ex UK Index.

		Guinness European Income Fund	MSCI Europe ex UK Index	Guinness Delta vs. MSCI Europe
Quality	Average 8 year CFROI %	13.2	8.4	4.8
	Debt / equity %	75.8	200.5	-124.7
	ROE %	20.8	8.7	12.1
Value	PE (2021e)	17.8	18.9	-1.1
	FCF Yield % 12m trailing	8.5	6.2	2.3
Dividend	Dividend Yield (2021e) % gross	2.9	2.7	0.2
	Weighted average payout ratio %	56.0	89.1	-33.1
Conviction	Number of stocks	30	344	-314.0
	Active share	85	NA	

Source: Bloomberg, Guinness data

Chart 7: Portfolio metrics versus index. Guinness Asset Management, Credit Suisse HOLT, Bloomberg (data as at 31.03.2021)

Outlook

An equal weighted conviction portfolio of high-quality companies trading at reasonable valuations paying moderate to high and growing dividends is an attractive profile in a low growth volatile environment. Your fund offers significantly higher return characteristics and balance sheet metrics compared to the wider index, whilst trading at a small discount. In general, our portfolio companies exhibit strong levels of self-determination, characterised by market leadership positions, widening moats, aligned interests and long runways for growth. We believe that whatever the weather this represents a good place to be.

Nick Edwards (Portfolio Manager)

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PORTFOLIO

31/03/2021

Fund top 10 holdings

Holding	%
Assa Abloy AB	3.5%
Epiroc AB	3.5%
Deutsche Post	3.5%
Bakkafrost	3.4%
Deutsche Boerse	3.4%
Konecranes	3.4%
Aalberts	3.4%
Capgemini SE	3.4%
AXA	3.4%
Schneider Electric	3.4%
% of Fund in top 10	34.4%
Total number of stocks	30

Sector analysis

Sector	%
Industrials	30.67%
Financials	19.79%
Consumer Staples	16.63%
Health Care	12.98%
Information Technology	9.71%
Materials	6.49%
Consumer Discretionary	3.22%
Cash	0.51%

Geographic allocation

Country	%
France	23.48%
Switzerland	16.12%
Germany	13.63%
Netherlands	9.62%
Sweden	7.09%
Norway	6.85%
Finland	6.54%
Spain	3.32%
Italy	3.25%
UK	3.24%
Other	6.36%
Cash	0.51%

PERFORMANCE

31/03/2021

Annualised % total return from launch (19/12/2013 in GBP)

Fund (0.35% OCF)	8.3%
MSCI Europe ex UK Index	8.0%
IA Europe ex UK sector average	8.5%

Discrete years % total return (GBP)	Mar '21	Mar '20	Mar '19	Mar '18	Mar '17
Fund (0.35% OCF)	39.5	-12.9	4.2	-0.2	32.7
MSCI Europe ex UK Index	33.5	-8.3	2.2	3.0	27.2
IA Europe ex UK sector average	39.6	-9.4	-1.2	5.6	23.7

Cumulative % total return (GBP)	1 month	Year-to-date	1 year	3 years	5 years	From launch
Fund (0.35% OCF)	6.2	5.2	39.5	26.5	67.7	79.1
MSCI Europe ex UK Index	4.6	2.5	33.5	25.1	63.9	74.8
IA Europe ex UK sector average	4.1	2.5	39.6	25.0	63.3	81.0

RISK ANALYSIS

31/03/2021

Annualised, weekly, from launch on 19.12.13, in GBP	Index	Sector	Fund
Alpha	0.00	1.34	0.88
Beta	1.00	0.87	0.94
Information ratio	0.00	0.08	0.08
Maximum drawdown	-25.02	-24.43	-30.29
R squared	1.00	0.89	0.90
Sharpe ratio	0.27	0.32	0.29
Tracking error	0.00	5.43	5.16
Volatility	16.16	14.96	16.08

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Important information

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This report is primarily designed to inform you about equities and equity markets invested in by the Guinness European Equity Income Fund. It may provide information about the Fund's portfolio, including recent activity and performance. It contains facts relating to the equity markets and our own interpretation. Any investment decision should take account of the subjectivity of the comments contained in the report.

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Risk
The Guinness European 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. The Fund invests only in stocks of companies that are traded on European stock exchanges or that do at least half of their business in Asia; it is therefore susceptible to the performance of that region, and can be volatile. 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, 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. 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.