

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 – October 2021

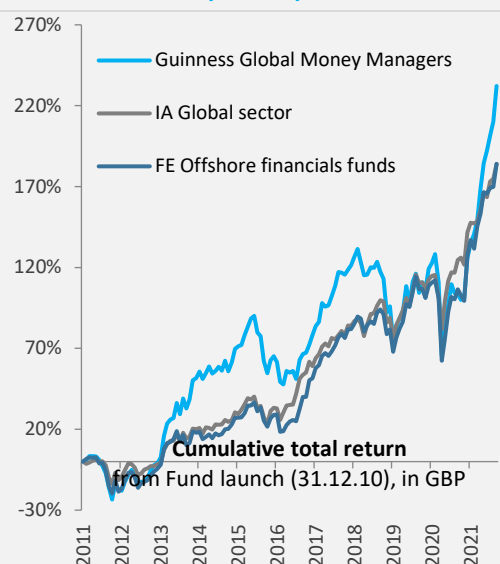
Aim

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.

This is a marketing communication. Please refer to the prospectus and KIID for the Fund before making any final investment decisions.

Performance* (in GBP) 31.09.2021



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.

Asset management sector

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

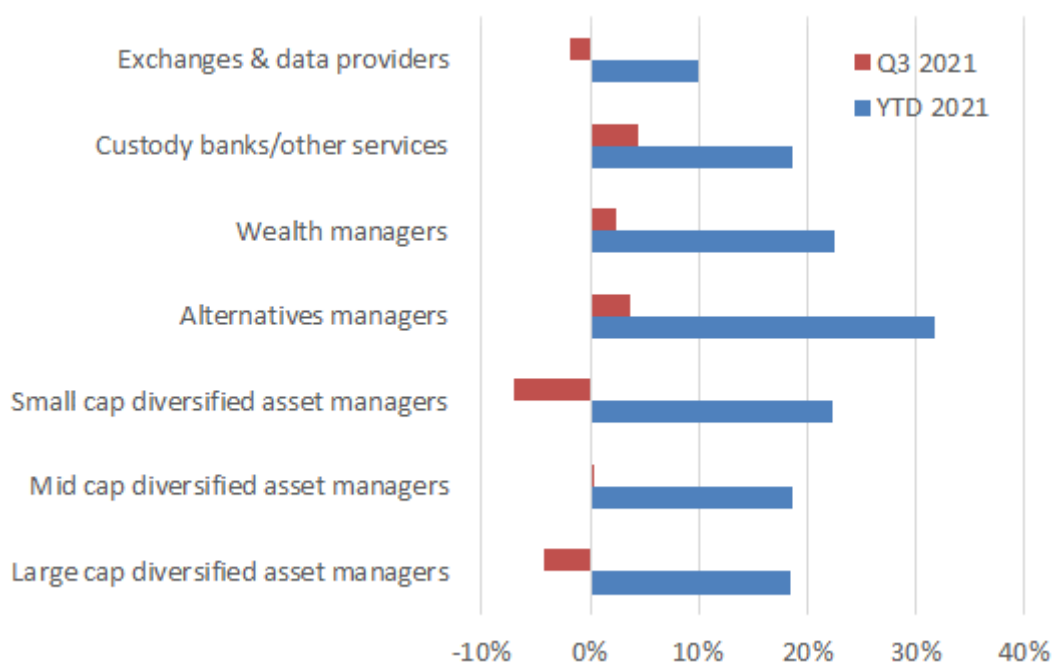
Performance in Q3 2021

The Global Money Managers Fund (class Y) in the three months to 30 September 2021 produced a total return of 3.8% (USD). This compares to the return of the MSCI World Index (net) of 0.0% and the MSCI World Financials Index (net) of 2.1%.

Developed market equities were essentially unchanged over the quarter after a decline in September erased the gains made in July and August. Developing markets struggled, however, with Chinese equities pulling the emerging market sector lower.

In the US, the Federal Reserve (the Fed) announced that it will soon begin to slow the pace of its asset purchases, with purchases set to come to an end by around the middle of next year. The Fed also released its projections for interest rates over the next few years, with the central expectation now being for US interest rates to increase to 1.75% by the end of 2024. The pace of rate increases was faster than the market had been pricing in, resulting in a rise in Treasury yields in the days following the Fed's September meeting, reversing the decline in yields from earlier in the quarter. The European Central Bank (ECB) announced a reduction in the pace of its asset purchases, but in contrast to the Fed, was keen to stress that this was not the beginning of a process of tapering purchases down to zero. Global government fixed income returns ended the quarter slightly negative.

Against this backdrop, the money management sector saw modest outperformance. The alternative asset management (including private equity and hedge funds) and wealth management sectors were outperformers over the quarter, whilst large and small cap diversified asset managers lagged.

Median total return for money management sectors, 3Q 2021 & YTD 2021 (%)

Source: Bloomberg; Guinness Asset Management. Guinness' sector definitions

Within the fund, the asset raising environment for alternative managers (Blackstone +20%; Ares +17%) has continued to be strong, helped by robust structural demand for illiquid alternatives.

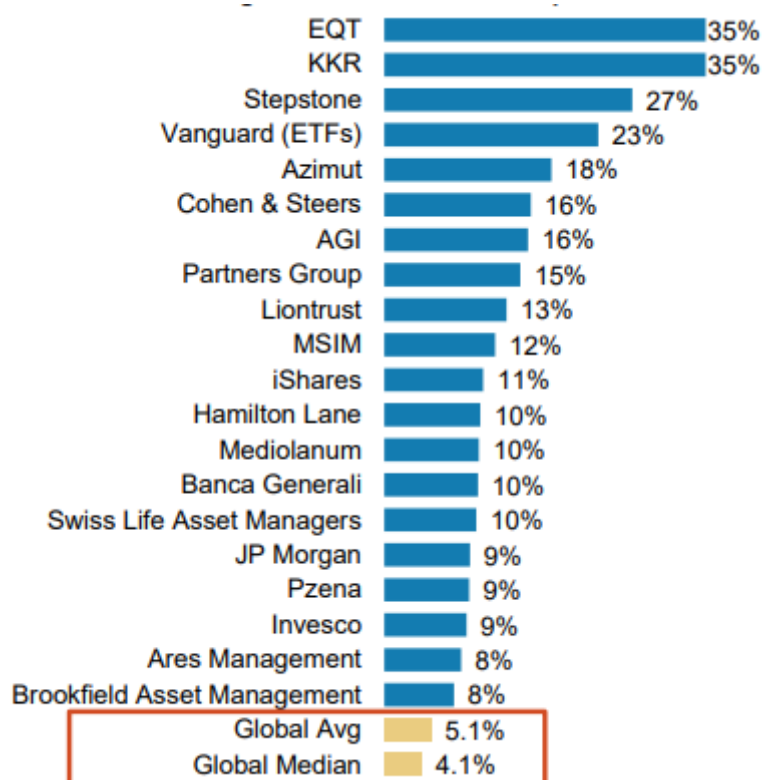
UK wealth managers also outperformed (Rathbone Brothers +10%; Brewin Dolphin +8%), thanks to robust operational results, inflows, supported by valuations which we regard as unusually low.

Value Partners (-21%) and Coronation Fund Managers (-2%) delivered weaker returns. Both companies are biased to emerging market equities, which were weak over the quarter. Value Partners was particularly affected owing to its high operational leverage to the weak Chinese equity market.

One of the key positives in the money management industry so far this year has been strength of net inflows. Morgan Stanley's analysis of net flows across global asset managers for the first half of 2021, tracking over \$57trn of AuM, shows global average net inflows at just over 5%, comfortably the highest in recent memory. Some of the best growth has been reported by the private equity sector, with alternatives managers reporting average net flow growth of 11%, ahead of traditional managers who averaged around +4% net inflows.

The persistence of private equity inflows is underpinned by low interest rates, which incentivises longer-duration investing to achieve targeted returns, outperformance versus public markets over the last five years, and the promise of diversification for investors. As the chart below shows, a number of private equity businesses (EQT, KKR, Stepstone, Partners, Hamilton Lane, Ares, Brookfield), feature in the top 20 for net new money, relative to the size of their existing businesses. Demand for low-cost beta is also evident in the growth for ETF/passive providers Vanguard and iShares.

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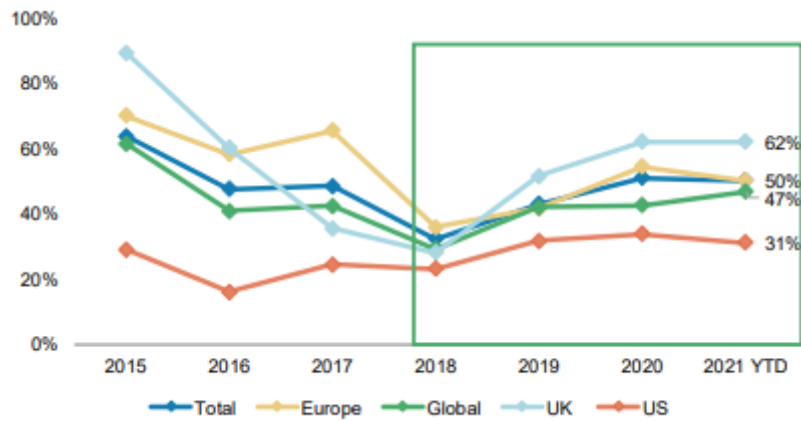
Global asset managers: net new money in 1H 2020 (%), top 20

Source: Morgan Stanley; Guinness Asset Management

It is interesting too to see the fundraising success of Italian managers, Azimut and Banca Generali, so far this year. Azimut has been focusing on private markets fundraising and growing the proportion of its AuM that is dedicated to the asset class. It is still a relatively small part of the group's overall AuM (c5%), but initiatives such as the launch of Azimut Alternative Capital Partners in the US are an illustration of future fundraising plans. Azimut targets \$10bn of private markets AuM by the end of 2024, which would be more than 15% of group assets. Banca Generali is pursuing a number of growth strategies. It expects to take on an additional 80-100 financial advisors during 2021, up from 47 new advisors in 2020. The group's Luxembourg fund range is expanding, particularly in higher fee areas, with new equity funds (up from 20 to 32 by year-end), alternatives funds (6 to 9), whilst reducing the number of bond funds.

Whilst the rate of net inflows for the traditional asset management sector has lagged private markets and ETFs, there has been a pick-up versus 2020 and 2019. Some of this can be explained by momentum in equity markets, but there has also been stronger relative performance from the active fund community.

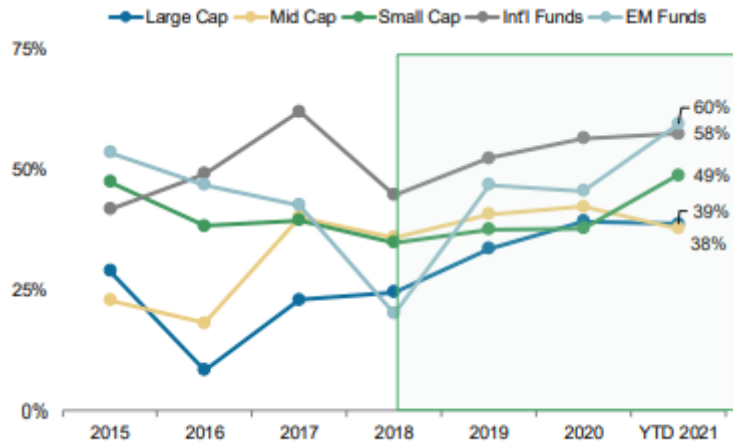
European-domiciled active equity funds outperforming (3 year rolling)



Source: Morgan Stanley; Guinness Asset Management

European domiciled active funds have seen outperformance move from 32% in 2018 to 50% in mid 2021, with a particular improvement in UK and European-focused funds. The proportion of US mutual funds outperforming their benchmarks on a 3 year rolling basis has improved from 32% to around 49%, the biggest rise coming in EM funds.

US-domiciled active equity funds outperforming (3 year rolling)



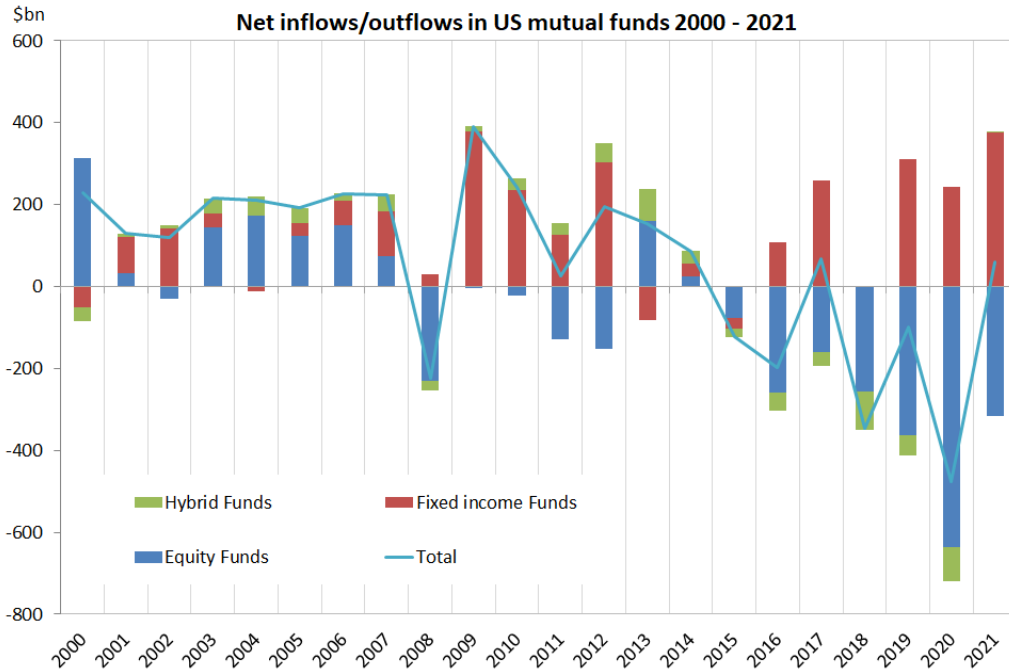
Source: Morgan Stanley; Guinness Asset Management

The consistent picture across European and US-domiciled funds is a failure to outperform the US equity market, especially at the mid and small cap level. The picture for international equities, is more positive, and this mirrors the pattern of active fund flows described below, with US active funds still seeing significant outflows, whereas international equity flows have been more stable.

Within the asset management sector, data for US mutual fund flows for the first nine months of 2021 indicates net positive flows overall, comprising inflows for the active bond and hybrid sectors, partially offset by outflows from active equity funds.

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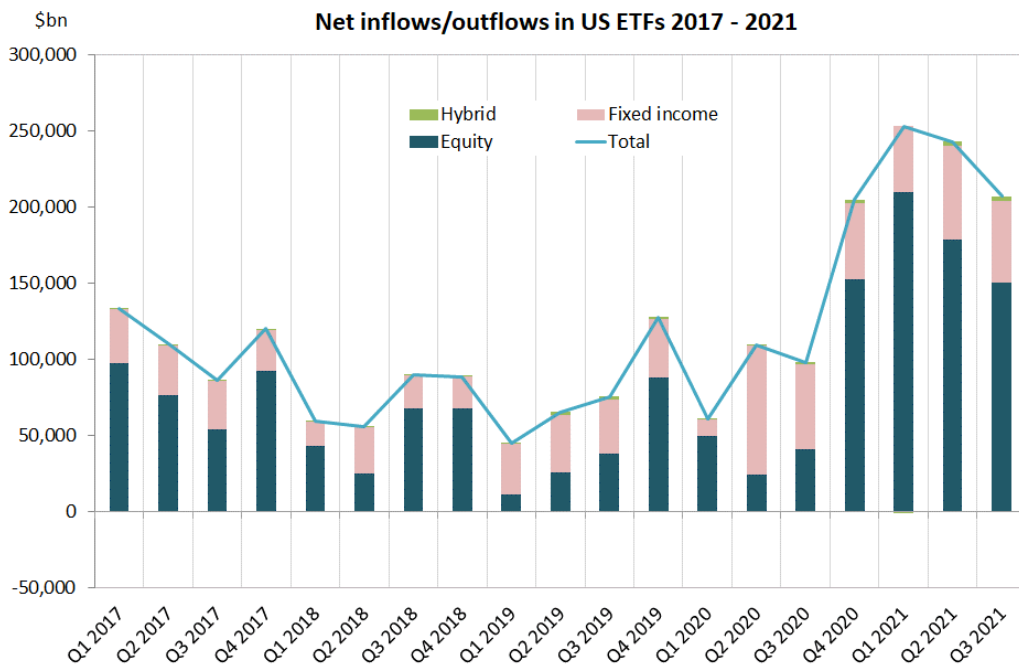
Guinness Global Money Managers Fund



Source: ICI; Bloomberg; Guinness Asset Management

Within the active equity fund sector, outflows have been dominated by ‘domestic’ equities, skewed towards US large-caps. Flows out of non-US equity funds have been far more modest, with some regions (e.g. EM) seeing net equity inflows.

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 four quarters, surpassing aggregate inflows for the previous eleven quarters:



Source: ICI; Guinness Asset Management

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Guinness Global Money Managers Fund

As we have said for some time now, the secular shift from active equities to passive/ETF equities will continue to be a headwind for larger low active share traditional managers, whose products lack sufficient differentiation. This is particularly true in the US domestic equity sector, where funds that are failing to outperform their benchmarks are being substituted for a lower cost passive option.

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 30 September 2021):

Guinness Global Money Managers Fund (30 September 2021)							
Stock	Curr.	% of NAV	2018	2019	2020	2021	2022
			B'berg mean PER	B'berg mean PER	B'berg mean PER	B'berg mean PER	B'berg mean PER
Large-cap diversified asset managers							
Affiliated Managers Group Inc	USD	3.15%	10.4	10.9	11.8	8.8	7.6
BlackRock Inc	USD	3.50%	30.7	30.1	25.8	22.0	19.4
Franklin Resources Inc	USD	2.98%	10.5	12.2	11.0	8.8	8.5
Invesco Ltd	USD	3.30%	9.5	9.3	13.6	8.1	7.7
Janus Henderson Group PLC	USD	3.36%	14.9	16.7	15.2	10.2	10.0
T Rowe Price Group Inc	USD	3.49%	26.5	24.0	20.8	15.2	14.8
Mid-cap diversified asset managers							
AllianceBernstein Holding LP	USD	3.67%	18.6	20.8	18.0	13.9	12.8
Artisan Partners Asset Managem	USD	3.21%	16.7	18.5	14.9	9.6	8.9
Azimut Holding SpA	EUR	3.74%	28.7	11.6	9.9	8.8	9.6
CI Financial Corp	CAD	3.88%	11.3	11.3	10.9	8.3	7.4
Coronation Fund Managers Ltd	ZAR	3.04%	11.3	15.4	n/a	n/a	n/a
Jupiter Fund Management PLC	GBP	2.87%	8.2	9.2	10.2	8.3	9.5
Liontrust Asset Management PLC	GBP	3.07%	52.8	48.1	40.1	24.4	19.7
Polar Capital Holdings PLC	GBP	3.37%	23.7	17.7	21.3	13.4	13.2
Value Partners Group Ltd	HKD	2.64%	16.3	17.5	8.0	8.7	8.2
Small-cap diversified asset managers							
GAM Holding AG	CHF	0.26%	2.7	82.8	n/a	n/a	455.6
River & Mercantile Group PLC	GBP	1.15%	12.3	12.8	n/a	20.6	15.4
Hedge fund/private equity/alternatives							
Ares Management Corp	USD	4.05%	56.6	48.9	41.8	30.1	23.6
Blackstone Inc	USD	3.88%	48.2	51.8	48.3	30.8	26.1
Carlyle Group Inc/The	USD	4.04%	44.2	28.4	25.6	14.5	13.4
KKR & Co Inc	USD	3.81%	32.5	37.3	35.9	16.8	15.5
Sculptor Capital Management In	USD	1.12%	23.5	9.8	15.5	6.8	7.3
Wealth management							
Ameriprise Financial Inc	USD	3.48%	17.9	16.2	18.8	12.1	11.1
Banca Generali SpA	EUR	3.77%	25.8	18.2	16.3	13.8	15.8
Brewin Dolphin Holdings PLC	GBP	3.31%	18.5	19.9	n/a	15.9	15.1
Rathbone Brothers PLC	GBP	3.45%	15.1	15.9	16.3	12.7	11.7
Raymond James Financial Inc	USD	3.95%	20.9	19.0	24.4	14.0	14.0
Vontobel Holding AG	CHF	3.41%	19.9	18.3	16.8	12.5	12.1
Other							
Nasdaq Inc	USD	4.34%	39.9	38.8	31.9	26.2	25.1
State Street Corp	USD	3.34%	11.8	14.5	13.0	11.6	10.1
Cash							
		3.37%					
			19.1	18.8	19.6	13.8	13.1

At 30 September 2021, the P/E ratio of the Fund was 13.8x 2021 earnings. This sits at a significant discount to the broad market, with the MSCI World trading on a 2021 P/E ratio of 19.4x earnings.

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Fund P/E ratios versus the MSCI World (30.09.21)

	'20	'21	'22
Fund P/E	19.6	13.8	13.1
MSCI World P/E	36.5	19.4	18.1
Premium (+)/ Discount (-)	-46%	-29%	-28%

Source: Bloomberg; Guinness Asset Management.

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

Will Riley & Tim Guinness

October 2021

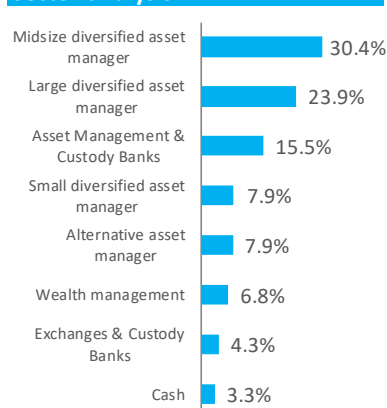
PORTFOLIO

30/09/2021

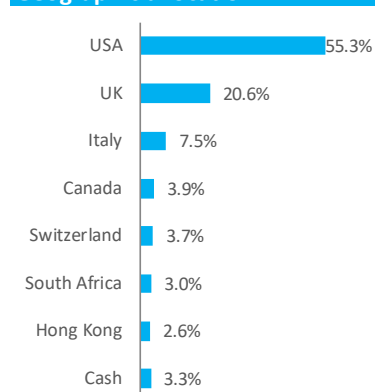
Fund top 10 holdings

Nasdaq	4.3%
Ares Management	4.1%
Carlyle Group	4.0%
Raymond James Financial	4.0%
CI Financial	3.9%
Blackstone Group	3.9%
KKR	3.8%
Banca Generali	3.8%
Azimut Holding	3.7%
AllianceBernstein	3.7%
% of Fund in top 10	39.1%
Total number of stocks in Fund	32

Sector analysis



Geographic allocation



PERFORMANCE (see Performance Data notes below)

30/09/2021

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

Guinness Global Money Managers Fund	11.45%
MSCI World Index	12.56%
MSCI World Financials Index	10.23%
Financial Express - Financial Sector average	9.09%

	1 month	Year-to-date	1 year	3 years	From launch
Cumulative % total return (Y Class, in GBP)					
Guinness Global Money Managers Fund	-3.4	36.6	60.4	50.7	220.8
MSCI World Index	-2.2	14.6	23.5	40.1	236.4
MSCI World Financials Index	0.7	24.9	46.5	25.2	167.7
Financial Express - Financial Sector average	-0.3	14.9	28.2	44.6	154.8

Discrete years (Y Class, in GBP)	Sep '21	Sep '20	Sep '19	Sep '18	Sep '17
Guinness Global Money Managers Fund	60.4	-5.1	-1.0	-1.3	28.8
MSCI World Index	23.5	5.2	7.8	14.4	14.4
MSCI World Financials Index	46.5	-18.8	5.2	4.8	28.8
Financial Express - Financial Sector average	28.2	7.0	5.4	5.4	23.8

RISK ANALYSIS

30/09/2021

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	-3.22	-1.98
Beta	1	1.12	1.19
Information ratio	0	-0.28	-0.05
Maximum drawdown	-24.58	-33.10	-36.61
R squared	1	0.79	0.77
Sharpe ratio	0.60	0.33	0.41
Tracking error	0	8.42	9.58
Volatility	14.36	18.11	19.37

Simulated past performance for the since launch performance which is based on actual returns of E share class (available from Fund launch), calculated in GBP. See Performance data notes on the next page. 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. Fund Y class 0.74% OCF. Returns for share classes with a different OCF will vary accordingly. 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 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. **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'Île, 1204 Geneva, Switzerland.

Telephone calls will be recorded and monitored.

GUINNESS

ASSET MANAGEMENT

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