Guinness Global Equity Income Fund

INVESTMENT COMMENTARY – December 2021

About the Fund

The Guinness Global Equity Income Fund is designed to provide investors with global exposure to dividend-paying companies. The Fund is managed for income and capital growth and invests in profitable companies that have generated persistently high return on capital over the last decade, and that are well placed to pay a sustainable dividend into the future.

Fund size	£1650m
Launch date	31.12.10
Historic OCF (Y Class)	0.82%
Current OCF (at fund size)	0.80%
Historic Yield** (Y Class)	2.4%
Managers	Dr. Ian Mortimer, CFA Matthew Page, CFA
Analysts	Sagar Thanki Joseph Stephens Will van der Weyden

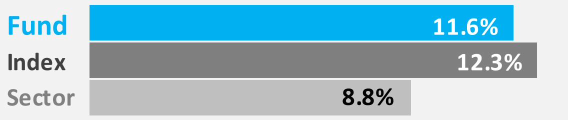
This is a marketing communication. Please refer to the prospectus and KIID for the Fund before making any final investment decisions.

Performance* **30.11.21**

Past performance does not predict future returns

	1 Yr	3 Yrs	5 Yrs	Launch
Fund	19.3	46.9	73.4	232.0
Index	22.9	54.0	86.8	254.3
Sector	15.9	31.5	50.6	151.1

Annualised % total return from launch (GBP)



Benchmark index	MSCI World Index
IA sector	Global Equity Income

The value of this investment and any income arising from it can fall as well as rise as a result of market and currency fluctuations.

Source: FE, bid to bid, total return. Y Class 0.80% OCF.
***Composite simulated performance. Please refer to 'Performance data notes' on the last page of this document for full details on performance and yield calculation.**
****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**

Summary

In November, the Fund was up 1.72% (in GBP), the MSCI World Index benchmark was up 1.34% (in GBP), and the IA Global Equity Income Sector was up 0.85% (on average, in GBP).

The Fund therefore outperformed the Index by 0.38% over the month and outperformed its peer group by 0.87% in GBP.

In Dollar terms, the Fund was down -1.82% in November, the MSCI World down -2.19%, and the IA Global Equity Income Sector down -2.66% (average). The large differences versus GBP returns are due to the sharp strengthening of the Dollar over the course of the month as investors sought refuge in safe havens and also positioned towards tighter US monetary policy.

For much of November, stocks benefited from evidence of a strong rebound in economic activity, solid earnings results, fiscal stimulus, and indications of interest rate stability, though gains were erased late in the month as new COVID variant fears surfaced and markets digested hawkish comments from the reappointed Fed chairman, Jerome Powell. While all sectors except IT posted losses for the month, the Fund's outperformance versus the benchmark can primarily be attributed to good stock selection within the Industrials, Healthcare and Financials sectors. As we have seen repeatedly since the launch of the Fund, our focus on high quality and persistently profitable businesses, as well as a good mix between defensive and cyclical holdings, has generally meant that the Fund's performance has tended to fare better during market downturns while keeping up with rising markets.

Year-to-date, the Fund is up 17.50% (in GBP), versus the MSCI World Index benchmark up 20.71%. The Fund has therefore underperformed the Index by 3.21%.

Past performance should not be taken as an indicator of future performance. The value of investments and any income arising from them can fall as well as rise as a result of market and currency fluctuations.

Over the longer term, it is pleasing to see that the Fund has outperformed the IA Global Equity Income Sector average over one, three, five and 10 years, and since launch. The Fund also continues to rank as the top performer versus its peers over the period since launch.

Cumulative % total return, in GBP, to 30/11/2021	YTD	1 year	3 years	5 years	10 Years	Launch*
Guinness Global Equity Income	17.5	19.3	46.9	73.4	228.5	232.0
MSCI World Index	20.7	22.9	54.0	86.8	276.6	254.3
MSCI AC World Index	17.8	20.4	50.4	81.8	249.6	223.1
IA Global Equity Income sector average	14.2	15.9	31.5	50.6	166.2	151.1
IA Global Equity Income sector ranking	19/53	17/53	6/46	6/42	3/16	1/12
IA Global Equity Income sector quartile	2	2	1	1	1	1

Source: Financial Express. Cumulative Total Return % in GBP, as of 30th November 2021
**Fund launched on 31st December 2010*

Summary: Dividend

So far in 2021 we have had dividend updates from 34 of our 35 holdings:

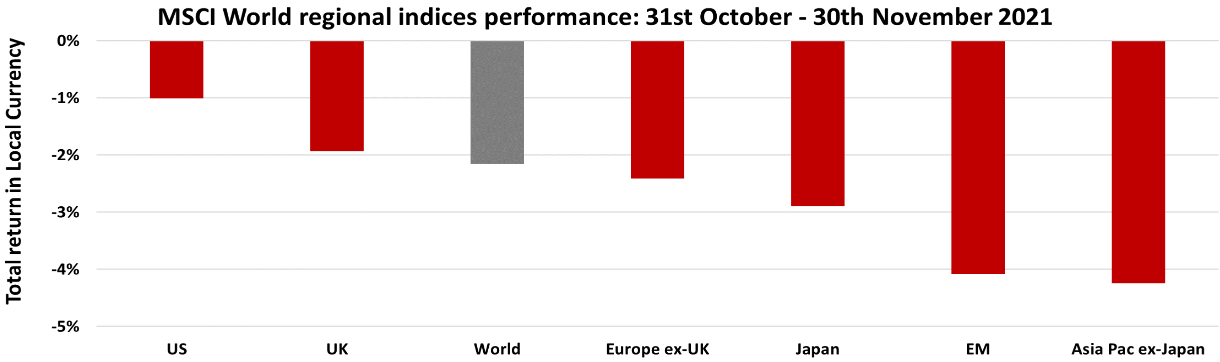
- 30 companies announced growth for their 2021 dividend vs 2020
- 3 companies have announced a flat dividend
- 1 company has announced a modest cut to its dividend
- 0 companies have announced dividend cancellations

- We await the dividend announcements of the remaining company, Broadcom.

The dividend yield of the Fund, at the end of the month, was 2.4% (net of withholding tax) vs the MSCI World Index 1.8% (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.

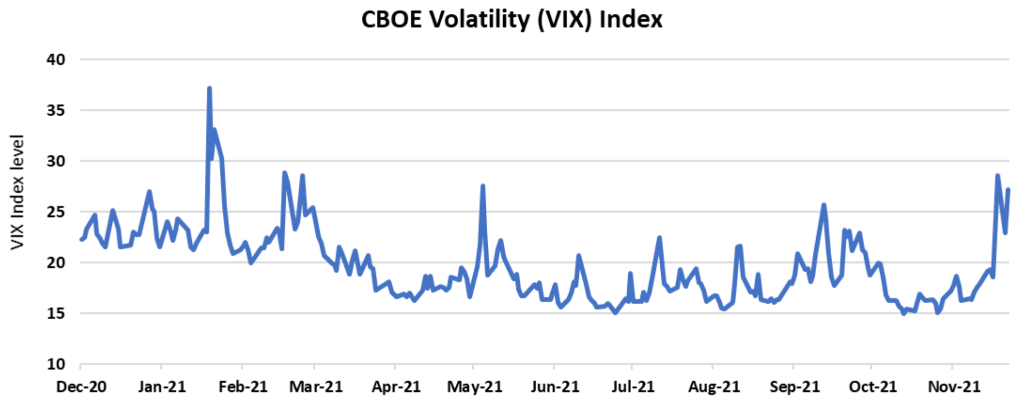
November in Review

Global equity markets began November strongly with six consecutive days of new all-time highs for the MSCI World Index, and eight consecutive days of highs for the S&P 500 Index. Nonetheless, both markets, alongside other regions, ended the month lower overall after a sharp sell-off at the end of November.



Source: Bloomberg. As of 30th November 2021

Covid was once again the culprit as the Omicron strain found in South Africa spooked investors and renewed concerns over the global economic outlook. Risk assets sold off, oil prices dropped dramatically, the US Dollar rose, and US Treasury yields fell as safe havens were sought. Defensive sectors outperformed cyclical ones and general market uncertainty returned, evident in the CBOE Volatility (VIX) Index – a gauge of market fear – spiking 54% to its highest level since February:



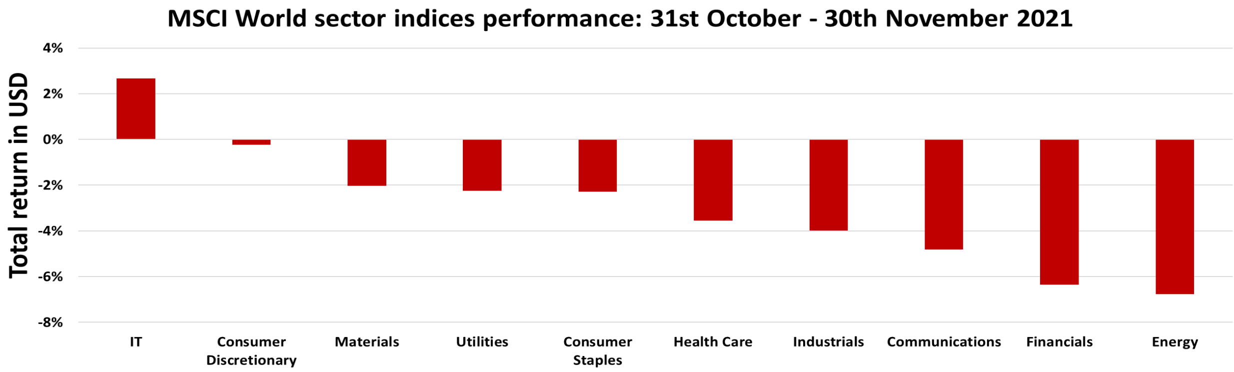
Source: Bloomberg. As of 30th November 2021

The Fund outperformed the MSCI World Index as it fell at the end of November. The risk-off mood in markets aided the Fund's relative performance given its high quality, defensive attributes. By seeking companies with persistently high profitability, strong balance sheets, robust competitive advantages, and attractive valuations, the Fund held up better in the sell-off, which dragged on those companies that bore relatively greater Covid, inflation, and interest rate risk, such as travel companies (airlines/hotels), companies with little pricing power, growth stocks with extreme valuations, and companies with high debt levels.

Further, the wall of worry was also raised at the end of the month by comments from the Chair of the Federal Reserve, Jerome Powell, in his first major appearance since being renominated. On November 30th, Powell caught markets off guard with a definitive shift in tone regarding inflation risks. Testifying before the Senate Banking Committee, he effectively extinguished the 'transitory' inflation assessment, saying "I think it's probably a good time to retire that word". In other words, the price increases of the last several months may indeed be more permanent than the Fed had been anticipating, and as such, a more hawkish policy response may be necessary. To that end, Powell also noted that "at this point, the economy is very strong and inflationary pressures are higher, and it is therefore appropriate to consider wrapping up the taper of our asset purchases… perhaps a few months sooner". The prevailing thought was that the Omicron variant would encourage the Fed to be more patient with tapering, especially after Powell also said that "the recent rise in Covid-19 cases and the emergence of the Omicron variant pose downside risks to employment and economic activity and increased uncertainty for inflation". The contradictory messages did little to dampen uncertainty and contributed to jittery markets.

Further, at the November 3rd Federal Open Market Committee meeting, as expected, the Fed announced a tapering pace of $15 billion per month, which would imply no new purchases by the end of Q2 2022. A speedier taper plan would mean the Fed could hike rates sooner than previously expected, which would overall be a drag for equity markets given that stock valuations would be subject to higher discount rates. Currently, the Fed Fund Futures are baking in a 27% chance of a rate hike in March and a 59% chance for May 2022. This news, over the course of November, most affected those growth stocks with the highest valuations, and comparatively the Fund's holdings held better given our focus on seeking attractively valued businesses. The Fund currently trades on a one-year forward price-to-earnings ratio of 18.3x, compared to the MSCI World Index at 19.5x – a discount of 6.1%.

On the economic front, US inflation (CPI) jumped to 6.2% year-over-year in October, its highest reading in 31 years. Retail sales proved resilient, growing 1.7% in October, showing that for now, concerns over inflation remain outweighed by other factors such as the strength of the labour market. Indeed, non-farm payrolls rose by 531,000 in October, well above the consensus estimates of a 450,000 gain, while in November only 199,000 Americans filed for initial unemployment benefits, the lowest number since 1969. In Europe, the flash November estimate put eurozone annual inflation at 4.9%, up from 4.1% in October and well above the European Central Bank's 2% target. It is the highest inflation level in the single currency era, but the ECB remained reluctant to tighten monetary policy, with President Christine Lagarde saying that the current price pressures would fade by the time tightening measures took effect.



Source: Bloomberg. As of 30th November 2021

Looking at sector performance, defensive equities that benefit more from a restricted economy such as Information Technology outperformed more cyclical sectors such as Energy and Financials, and growth therefore outperformed value by a large margin. This also led to the US outperforming the other regions given its higher exposure to large-cap tech stocks. Returns for Emerging Markets lagged as most large index constituents such as China and Russia saw negative returns due to the feared impact on export demand should the new Covid-19 variant indeed trigger a global slowdown. Only Taiwan stood out with low single-digit positive returns; its position as a principal exporter of semiconductors could prove to be beneficial if more countries lock down and working from home becomes a dominant trend again. This would be beneficial for the Fund's only holding in the Asian region, Taiwan Semiconductor Manufacturing, which returned +3.0% (in USD) in November.

Energy was the worst-performing sector in the month as oil prices went through their biggest monthly decline since March 2020, falling by around 21%. Markets positioned for the possibility that Omicron could lead to far-reaching mobility and travel restrictions and this could affect global energy demand. Prices had already been falling earlier in the month after President Biden announced a release of 50 million barrels of oil from the US strategic stockpile in coordination with a number of other large developed and emerging countries.

For the Fund, holding no Energy stocks, no banks and no Telecommunication stocks benefited performance in the month, while being underweight in the IT and Consumer Discretionary sectors dragged on performance. Nonetheless, the largest driver of Fund performance in November came from good stock selection within the Industrials, Health Care and Financials sectors. Within Financials, owning no banks dampens the Fund's cyclicality, while holding insurance names (Aflac and Arthur J Gallagher) and exchanges (CME Group and Deutsch Boerse) provides defensive qualities when uncertainty and volatility spikes.

Portfolio Holdings

ABB was the best performer in the Fund in November (+4.9% in USD). ABB is a leading European industrial electrical equipment company, making products used in electrical grids and transmission, industrial automation, and production line robotics. Its product lines are diverse and serve customers in a wide range of sectors, including automotive, buildings and infrastructure, data centres, and food and beverage. While the company posted mixed Q3 earnings results at the end of October, management made encouraging enough remarks for sell-side analysts to increase their price targets, contributing to positive sentiment and strong recent share price performance. While supply chain constraints impacted revenues more than anticipated, operational earnings came in line with expectations, with a solid improvement in margins and continued strong free cashflow. For 2021, ABB now sees 6-8% organic growth, down from just below 10% previously. Further, the company gained on news of Biden's $1.2 trillion Infrastructure Investment and Jobs Act passing through Congress on 5th November. This is geared to benefit construction companies, machinery providers, electrical sales and other industrial sectors the most.

Broadcom, the fabless (designs and sells but does not manufacture in-house) producer of digital and analogue semiconductor chips also performed well in the month (+4.1% in USD). Broadcom sells products for the plumbing in data centres and telecom/networking applications, including ethernet switches, routers and custom chips for cloud vendors, as well as products used for wireless communication in smartphones (e.g. Wi-Fi, Bluetooth). A market leadership position and expertise in producing niche yet vital chips make Broadcom a bellwether of the semiconductor industry. Apple is its biggest customer, contributing 20% of Q3 2021 revenue, and recent strong performance for Broadcom's stock price comes after Apple announced better-than-expected demand for its iPhone 13. For Broadcom, 5G phones provide a solid growth runway by increasing the company's dollar content per phone as more radio frequency filters are required. Further, in its November Investor Day, Broadcom's management spoke positively regarding its software business – previously an area of slower growth – and this led to analysts raising earnings estimates. More specifically, management highlighted that the number and size of software contracts has increased, the length of contracts have increased around 50% to 2.3 years, 50% (and growing) of contracts are now on a subscription model, and gross/operating margins for this segment of the business have improved to 91%/70% respectively over the last four quarters.

Henkel was the worst performer in November (-11.4% in USD). Henkel manufactures chemical products used in various industries: laundry and homecare (Persil, All, Pril); cosmetics and toiletries (Schwarzkopf, Dial, Syoss); and adhesives (Loctite, Pritt, UniBond). Henkel's business is centred in Europe, with a growing presence in developing economies. The company has a diversified revenue stream with Adhesive Technologies accounting for around 45% of sales, while Laundry and Homecare makes up around 35% and Beauty Care about 20%. Recent underperformance comes after supply-side issues and raw material costs have negatively affected the bottom line for the company. Despite reducing EBIT margin guidance to 13.5%-14.5% (from 14.0%-15.0%), the firm increased its full-year sales guidance to 6%-8% growth (from 4%-6%), with revenues already back above pre-pandemic levels. We see supply constraints as potentially short-term in nature and believe that over the medium term the company will be able to pass on costs. We remain confident that the firm's scale, brand strength and portfolio optimisation strategy will support the share price into the long term.

Medtronic also saw weak performance in the month (-11.0% in USD) after posting mixed fiscal Q2 2022 earnings results. While the medical device company's diligent control of operating expenses led it to beat analyst's consensus EPS estimates by 2.33%, revenue numbers missed estimates by 1.37%. The forward outlook was mixed as well, with management guiding to lower Q3 organic sales growth of +3-4% versus the analyst consensus of +6.5-7.0% heading into the earnings release. Delta-related COVID challenges and staffing shortages were given as the main reasons for lower revenues, and coupled with supply-side issues affecting the manufacturing of products such as Medtronic's Hugo surgical robot, investors turned bearish on short-term growth.

Looking longer-term, Medtronic – the world's largest pure-play medical device maker (current market capitalization of $150bn) – has a diversified and growing product base, covering (1) cardiac & vascular products, (2) minimally invasive therapies, (3) restorative therapies and robotics, and (4) diabetes products. The company has continuously invested into new, innovative areas through research and development which helps to protect from competition, offers new channels for growth and enables the business to sustain consistently high and stable returns on capital.

Portfolio Changes

We made no changes to the portfolio holdings in the month.

Thank you for your continued support.

Portfolio Managers

Matthew Page, CFA

Dr Ian Mortimer, CFA

Analysts

Joseph Stephens

Sagar Thanki

Will van der Weyden

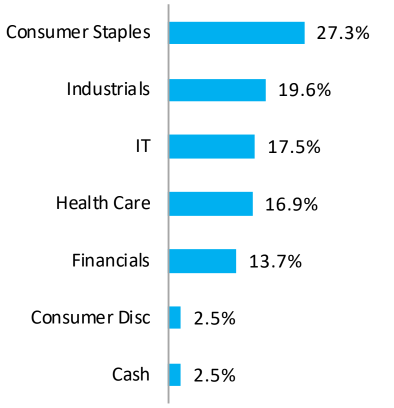
PORTFOLIO

30/11/2021

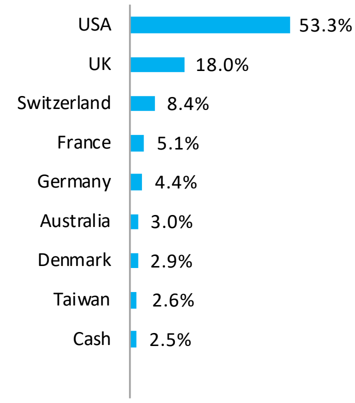
Fund top 10 holdings

Microsoft	3.4%
British American Tobacco	3.3%
Imperial Brands	3.2%
Unilever	3.2%
Paychex Inc	3.2%
Eaton	3.1%
Abbvie	3.1%
BAE Systems	3.1%
Broadcom	3.1%
Sonic Healthcare	3.1%
% of Fund in top 10	31.9%
Total number of stocks held	35

Sector analysis



Geographic allocation



PERFORMANCE

30/11/2021

Past performance is not a guide to future returns

Annualised % total return from launch (GBP)

Discrete years % total return (GBP)	Nov '21	Nov '20	Nov '19	Nov '18	Nov '17
Fund (Y class, 0.80% OCF)	19.3	7.0	15.1	7.7	9.7
MSCI World Index	22.9	11.0	13.0	6.2	14.1
IA Global Equity Income sector average	15.9	2.9	10.2	1.5	12.8
IA Global Equity Income sector ranking	17/53	10/50	5/46	4/45	33/42
IA Global Equity Income sector quartile	2nd	1st	1st	1st	4th

Cumulative % total return (GBP)	1 month	Year-to-date	1 year	3 years	5 years	From launch
Fund (Y class, 0.80% OCF)	1.7	17.5	19.3	46.9	73.4	232.0
MSCI World Index	1.3	20.7	22.9	54.0	86.8	254.3
IA Global Equity Income sector average	0.9	14.2	15.9	31.5	50.6	151.1

RISK ANALYSIS

30/11/2021

Annualised, weekly, from launch on 31.12.10, in GBP	Index	Sector	Fund
Alpha	0.00	-0.39	1.04
Beta	1.00	0.77	0.86
Information ratio	0.00	-0.46	-0.12
Maximum drawdown	-24.58	-22.41	-21.78
R squared	1.00	0.80	0.89
Sharpe ratio	0.61	0.44	0.62
Tracking error	0.00	6.50	4.75
Volatility	14.31	12.31	13.03

*Composite simulated performance (see Performance data notes below) based on actual returns of E share class (available from Fund launch), calculated in GBP.
Source: Financial Express, bid to bid, total return. Fund launch date: 31.12.10. Fund Y class (0.80% OCF): Fund returns are for share classes with a current Ongoing Charges Figure (OCF) stated above; returns for share classes with a different OCF will vary accordingly.

Past performance should not be taken as an indicator of future performance. The value of investments and any income arising from them can fall as well as rise as a result of market and currency fluctuations.

Performance data notes

1) The performance numbers displayed on the previous page are calculated in GBP. Please note: The Fund's Y class was launched on 11.03.15. The performance shown is a composite simulation for Y class performance being based on the actual performance of the Fund's E class, which has an OCF of 1.24%, and has existed since the Fund's launch. Historic yield reflects the distributions declared over the past 12 months expressed as a percentage of the mid-market price, as at month end. It does not include any preliminary charges. Investors may be subject to tax on the distribution.

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 Guinness Global 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.

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 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. **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.