Guinness Global Equity Income Fund

Investment Commentary - March 2022

This is a marketing communication. Please refer to the prospectus and KIID for the Fund before making any final investment decisions. Past performance does not predict future returns.

ABOUT THE FUND

Fund size	£1,786m
Launch date	31.12.10
Historic Yield (Y Class)**	2.3%
Index	MSCI World
Sector	IA Global Equity Income
Managers	Dr. Ian Mortimer, CFA Matthew Page, CFA
Analysts	Sagar Thanki Joseph Stephens Will van der Weyden

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.

RISK

◀ Lower risk			Risk & reward			Higher risk ▶
1	2	3	4	5	**6**	7

Typically lower rewards — Typically lower rewards

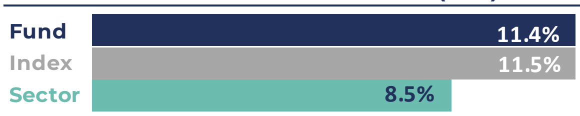
The risk and reward indicator shows where the fund ranks in terms of its potential risk and return. The fund is ranked as higher risk as its price has shown high fluctuations historically. Historic data may not be a reliable indicator for the future.

PERFORMANCE*

Past performance does not predict future returns

	1 Yr	3 Yrs	5 Yrs	Launch
Fund	22.9	49.4	65.7	235.6
Index	15.4	48.6	63.8	236.3
Sector	13.1	31.1	39.4	148.7

Annualised % total return from launch (GBP)



Source: FE, bid to bid, total return. Y Class 0.80% OCF.

*Simulated past performance. Performance prior to the launch date of the Y class of the fund (11.03.15) is a composite simulation for Y class performance being based on the actual performance of the Fund's E class (1.24% OCF), which has existed since the Fund's launch on 31.12.10. The Fund's E class is denominated in USD but the performance data above is calculated in GBP.

**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

Over the 12 months to 28th February the Fund returned 22.91%, the MSCI World Index returned 15.40%, and the IA Global Equity Income sector returned 13.08% (average).

The Fund therefore outperformed the Index by 7.51% over the last 12 months and outperformed its peer group by 9.83%. Over the 12 months, the Fund ranks 1/54 funds.

In February, the MSCI World Index fell -2.54% (in GBP) and the IA Global Equity Income sector average fell -1.74% over the month. Global equity markets sold off as geopolitical tensions spiked amid Russia's invasion of Ukraine, and investors also continued to digest concerns over inflation, the prospects of rising interest rates, and the pace of the global economic recovery. Growth stocks – and those on higher valuation multiples – continue to be most affected, whilst defensive sectors and value orientated stocks performed relatively better. This proved beneficial to the Fund.

As expected, those companies with greater exposure to Russia and Ukraine sold off significantly given that they were weighed down by uncertainty and the potential for heavy international sanctions.

In the Fund we do not own any Russian or Ukrainian companies, nor do we own any companies domiciled in Eastern Europe (please see geographic allocation on page 6). We also do not own any companies which generate a material portion of revenue from these countries or have significant operations there. The Fund's holdings have therefore been relatively protected against some of the intense drawdowns seen elsewhere in the market so far this year. We also do not anticipate that any of our companies face a threat to cut or cancel their dividend payment.

Further, 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 provide better downside protection during market downturns whilst keeping up with rising markets.

In February, the Fund's lack of exposure to the Energy and Materials sectors (which were the best performing) proved to be a drag on performance, however, this was offset by good allocation and stock selection within the Consumer Staples, Healthcare, and Industrial sectors – with particularly strong performance from our defence holdings.

Also, whilst the IT sector was a laggard overall, Semiconductors outperformed the other two industries (Software and Hardware) and good stock selection here benefitted the Fund too.

Longer-term, it is pleasing to see that the Fund has outperformed the IA Global Equity Income Sector average over 1 year, 3 years, 5 years, 10 years and since launch. The Fund also continues to rank as the top performer versus its peers since launch.

Cumulative % total return in GBP to 28/02/2022	**1yr**	**3yr**	**5yr**	**10yr**	**Launch***
Guinness Global Equity Income Y Acc	22.91	49.44	65.68	218.47	235.57
MSCI World Index	15.40	48.58	63.83	229.77	236.28
MSCI AC World Index	12.34	44.61	59.37	204.14	206.94
IA Global Equity Income Sector Average	13.08	31.10	39.44	139.68	148.69
IA Global Equity Income Sector ranking	1/54	3/49	3/44	1/23	1/12
IA Global Equity Income Sector quartile	1	1	1	1	1

Source: FE fundinfo. The risk profile of peer funds may vary.
*Fund launched on 31st December 2010

FEBRUARY IN REVIEW

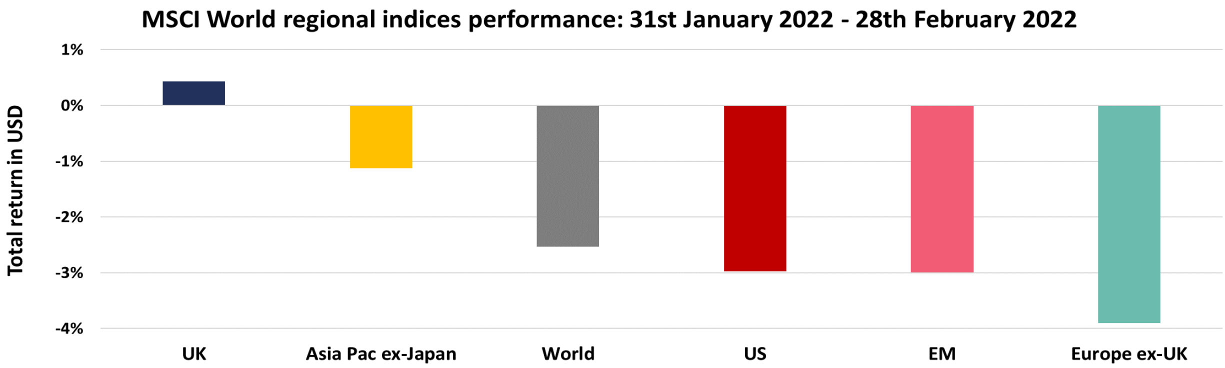
Geopolitics and macroeconomics contributed to a tumultuous month for markets in February. The month started on a positive note for equity markets, piggybacking off the late January rally, as investors remained sceptical that the US Federal Reserve (Fed) would hike interest rates by 0.5% at the March FOMC meeting. The early rally quickly faded, though, as January CPI data in the US came in hotter than expected, with headline and core inflation at the highest levels since 1982. With this came renewed calls for higher interest rates and this dampened the prospects for growth stocks, particularly affecting those companies with elevated stock valuations or weak fundamentals. Such companies are screened out of the Fund's investment universe by our stringent focus on persistently profitable companies with strong balance sheets.

In the second half of the month, the focus began to heavily shift to geopolitics as headlines were dominated by Russia's invasion of Ukraine. The devastating human consequences eclipse any financial ones, and as typical in times of heightened uncertainty, markets sank on the news of invasion. A short rally followed as sanctions were initially seen to be less severe than expected, but after fighting picked up over the final weekend of the month, harsher sanctions were introduced (including removing some Russian banks from the SWIFT network and freezing Russian central bank assets held in the US), and markets trended downwards overall.

Whilst the sanctions themselves are likely to have a limited impact on the global economy, a concern for market participants is the impact of war on inflation. Russia has a very small equity exposure in the global indices, making up only 3% of the MSCI Emerging Markets Index and just 0.4% of the MSCI All-Country World Index. However, Russia is the third-largest oil producer in the world, producing about 11 million barrels per day (13% of global oil production), exporting about 4.3 million barrels per day, and supplying about 25% of Western Europe's oil imports. Russia also accounts for about 17% of global gas production, and is a crucial exporter, accounting for 40% of Western Europe's gas imports.

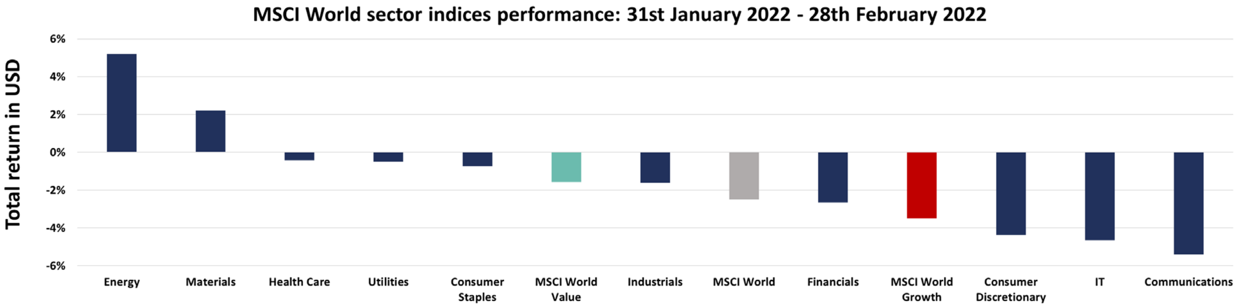
Any disruption to oil and gas supply, therefore, could have a material impact on energy prices, increasing the risk of a stagflation environment, i.e. one of slowing economic growth but high inflation. As the market digests the macro and policy implications of this, we are confident from a bottom-up perspective that the companies we hold in the Fund are well placed from a pricing power standpoint, and we note that the defensive nature of the portfolio – which has outperformed in all market corrections since launch in 2010 – gives us confidence heading into more volatile markets. Like in the past, our perpetual approach of focusing on quality compounders and dividend-growers should continue to stand us in good stead in our search for rising income streams and long-term capital growth.

MARKET REVIEW



Source: Bloomberg. As of 28th February 2022

European equities were understandably hit hardest in February given their closer trading links with Russia, with European banks the worst affected industry. The UK fared as the best-performing region given higher exposure to defensive areas of the market. In the Fund, holding no banks and having a c.14% overweighting to the UK versus the MSCI World Index was beneficial in February. Overall, the Fund is well diversified around the world, with 54% in the US, 39% in Europe and 6% in Asia-Pacific.



Source: Bloomberg. As of 28th February 2022

In terms of sectors, following strong performance in January, Energy was once again the best-performing sector in February. This comes as no surprise given that the price of Brent crude oil reached $100 a barrel for the first time since October 2014, and European natural gas prices rose 15% over the month.

Although having no exposure to the Energy sector proved to be a drag on performance, this was offset by good allocation and stock selection within the Consumer Staples, Healthcare, and Industrials sectors – with particularly strong performance from our defence holdings. Also, whilst the IT sector was a laggard overall, Semiconductors outperformed the other two industries (Software and Hardware) and good stock selection here benefitted the Fund too.

PORTFOLIO HOLDINGS

In the Fund we do not own any Russian or Ukrainian companies, nor do we own any companies domiciled in Eastern Europe (please see geographic allocation on page 6). We also do not own any companies which generate a material portion of revenue from these countries, or have significant operations there. The Fund's holdings have therefore, so far this year, been relatively protected against some of the intense drawdowns seen elsewhere in the market.

The table below highlights the limited exposure that the Fund's companies have to Russia and Ukraine. Exposure comes via our large-cap, multi-national Consumer Staples and Industrials names, and neither Russia nor Ukraine are significant contributors to company revenues. Further, local operations tend to supply the local demand.

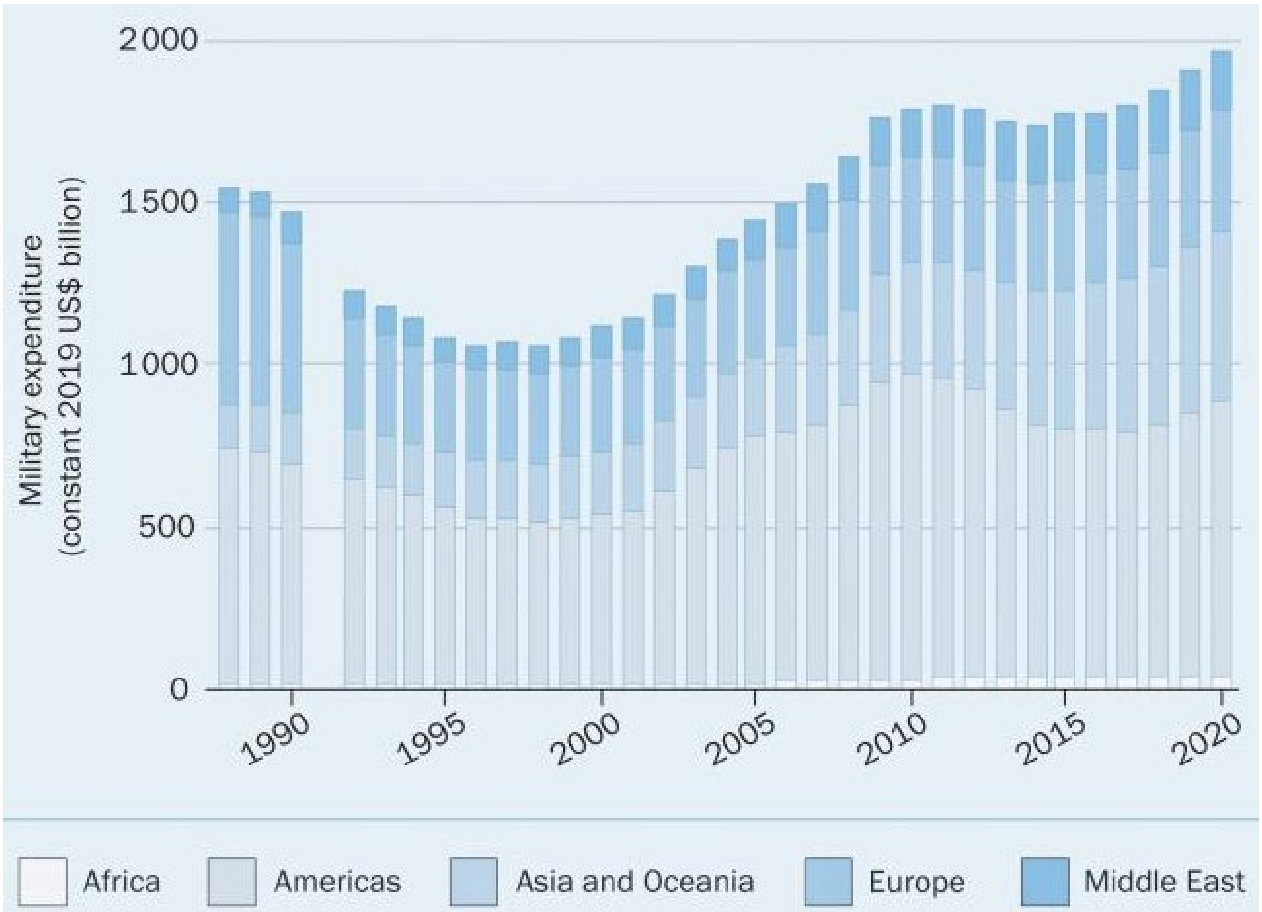
Company	% Sales from Russia	% Sales from Ukraine	Sector
Henkel	5%	<1%	Consumer Staples
Danone	5%	<1%	Consumer Staples
PepsiCo	4%	<1%	Consumer Staples
British American Tobacco	4%	<1%	Consumer Staples
Nestle	2%	<1%	Consumer Staples
Unilever	2%	<1%	Consumer Staples
Reckitt Benckiser	2%	<1%	Consumer Staples
ABB	2%	<1%	Industrials
Schneider Electric	2%	<1%	Industrials
Imperial Brands	1%	<1%	Consumer Staples
Procter & Gamble	1%	<1%	Consumer Staples
Diageo	<1%	<1%	Consumer Staples

Source: JPM & Morgan Stanley estimates. As of 28th February 2022

BAE Systems and Raytheon Technologies – our two defence holdings – were the best performers in February, returning 24.2% and 14.5% respectively (in USD).

BAE Systems – the British multinational manufacturer of advanced defence, security and aerospace systems – is the largest defence contractor in Europe (by revenue) and the third largest in the world. The company has diversified exposure to many key defence markets and many key defence programmes; strong recent share price performance therefore comes as no surprise given the rise in geopolitical tensions and the prospect of continued growth – perhaps at a faster rate – in overall global defence spending, which has grown every year since 2014 and almost doubled over the last 20 years.

World Military Expenditure, by region. 1988 - 2020



Source: SIPRI Military Expenditure Database. Data as of 30th April 2021
Notes: The absence of data for the Soviet Union in 1991 means that no total can be calculated for that year. Rough estimates used for the Middle East are included in the world totals for 2015-2020.

Most European countries have increased defence spending in recent years, but several countries – most notably Germany – remain well below the 2% of GDP NATO target. We expect accelerated defence spending will be an important feature of European budgets, and an important area of growth for the market in future years.

BAE Systems generates c.50% of revenue from the US, where it is one of the six largest suppliers to the US Department of Defense, and around 25% from Europe. Around 45% of total revenue is recurring and comes from the provision of support services on incumbent long-term military programmes; this provides high visibility and stability of revenues and cashflows, in turn reducing the cyclicality of BAE Systems' business.

In the longer term, growing global defence spending bodes well for BAE Systems. Biggest contributors to growth are the ramp-up of the F-35 fighter jet, US combat vehicle deliveries, US Navy ship repair, and UK and Australian maritime activity.

- BAE has 15% programme share and an incumbent position on the F-35 Lightning II fighter jet, the world's largest programme, which could aid production and support revenue for decades.
- BAE's Typhoon Fighter Jet is one of the main front-line aircrafts of the UK Royal Air Force (RAF). BAE is currently developing a 6th-Gen jet fighter aircraft for the RAF marketed as the "Tempest" along with the Ministry of Defence, Rolls-Royce, Leonardo S.p.A. This is intended to replace the Typhoon aircraft, in service with the RAF, in 2035.
- US combat vehicles and US navy are set to double their fleet orders from BAE in next five years.

Raytheon Technologies manufactures advanced technology products in the aerospace and defence industry, including aircraft engines, avionics, aerostructures, cybersecurity, guided missiles, air defence systems, satellites, and drones. The company is the result of a merger in 2020 between United Technologies' aerospace business and Raytheon's defence business.

The company is a large military contractor, receiving a significant portion of its revenue (c.12%) from the US government. Overall, 50% of revenue is from the US, 25% from Europe and 20% from Asia-Pac. Raytheon Technologies operates as four divisions:

- Collins Aerospace Systems (30% of revenue) – maker of engine controls and flight systems for military and commercial aircrafts.
- Pratt & Whitney (30%) – aircraft engine manufacturer.
- Intelligence, space and airborne systems (20%) – a mix between a sensors business and a government IT contractor.
- Integrated defence and missile systems (20%) – defence prime contracting focusing on missiles and missile defence hardware.

The above highlights Raytheon Technologies' unique diversification between commercial aerospace and defence industries given that most other competitor businesses are heavily skewed to one area. Military exposure is sticky and subject to ultra-long contracts, in turn providing revenue visibility and reduced cyclicality (45% of revenue is aftermarket and recurring). Similar to BAE Systems above, Raytheon Technologies also has significant exposure to the F-35 programme – the most expensive military programme in history – as it is the sole supplier of engines for the US fighter jets. Increased defence spending arising from geopolitical conflicts aid long-term demand for Raytheon technologies' products and services and hence the stock price has understandably appreciated over the last month.

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

Thank you for your continued support.

Portfolio Managers	Investment Analysts
Matthew Page	Sagar Thanki
Ian Mortimer	Joseph Stephens
	William van der Weyden

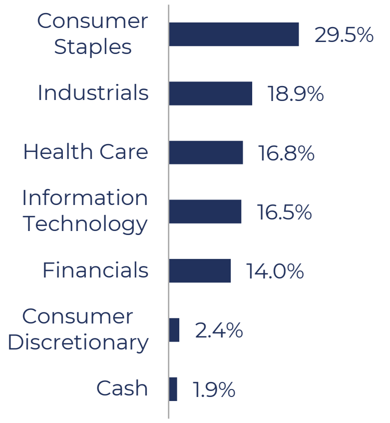
Guinness Global Equity Income Fund

PORTFOLIO

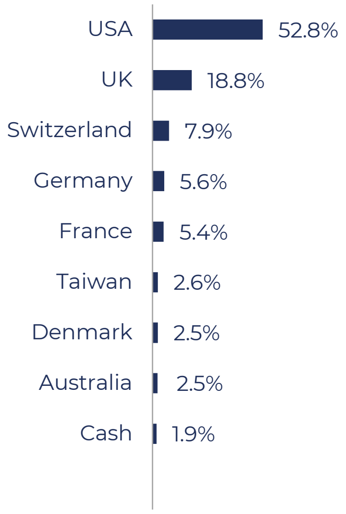
Fund top 10 holdings

British American Tobacco	3.9%
Abbvie	3.4%
Imperial Brands	3.4%
Aflac	3.2%
BAE Systems	3.1%
Johnson & Johnson	3.0%
Deutsche Boerse	3.0%
Broadcom	3.0%
Microsoft	3.0%
Unilever	2.9%
% of Fund in top 10	31.9%
Total number of stocks held	35

Sector analysis



Geographic allocation



PERFORMANCE*

Past performance does not predict future returns. We are now following new requirements from the European Securities and Markets Authority (ESMA) which came into force on 2nd February 2022 relating to information on past performance. These mean that we can only illustrate fund performance information with 12-month minimum periods, with the exception of year-to-date performance, which can be shown to quarter-end.

Annualised % total return from launch (GBP)	
Fund (Y class, 0.80% OCF)	11.4%
MSCI World Index	11.5%
IA Global Equity Income sector average	8.5%

Discrete years % total return (GBP)	Feb '22	Feb '21	Feb '20	Feb '19	Feb '18	Feb '17	Feb '16	Feb '15	Feb '14	Feb '13
Fund (Y class, 0.80% OCF)	22.9	11.0	9.5	5.3	5.3	26.1	1.3	17.4	10.9	15.6
MSCI World Index	15.4	18.2	9.0	4.0	6.0	35.8	-1.3	17.0	10.2	16.5
IA Global Equity Income sector average	13.1	11.1	4.3	1.8	4.5	26.6	-2.3	11.5	8.3	15.1

Cumulative % total return (GBP)	1 Yr	3 Yrs	5 Yrs	10 Yrs	Launch
Fund (Y class, 0.80% OCF)	22.9	49.4	65.7	218.5	235.6
MSCI World Index	15.4	48.6	63.8	229.8	236.3
IA Global Equity Income sector average	13.1	31.1	39.4	139.7	148.7

RISK ANALYSIS **28/02/2022**

Annualised, weekly, from launch on 31.12.10, in GBP	Index	Sector	Fund
Alpha	0.00	-0.17	1.54
Beta	1.00	0.76	0.85
Information ratio	0.00	-0.41	0.00
Maximum drawdown	-24.58	-22.41	-21.78
R squared	1.00	0.79	0.89
Sharpe ratio	0.55	0.40	0.61
Tracking error	0.00	6.60	4.82
Volatility	14.29	12.24	12.96

*Simulated past performance. Performance prior to the launch date of the Y class of the fund (11.03.15) is a composite simulation for Y class performance being based on the actual performance of the Fund's E class (1.24% OCF), which has existed since the Fund's launch on 31.12.10. The Fund's E class is denominated in USD but the performance data above is calculated in GBP. Source: Financial Express, bid to bid, total return. 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.

IMPORTANT INFORMATION

Issued by Guinness Global Investors. Guinness Global Investors is a trading name of Guinness Asset Management Limited which is 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.guinnessgi.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