Guinness Sustainable Global Equity Fund

INVESTMENT COMMENTARY – November 2021

About the Fund

The Fund is a global growth fund designed to provide exposure to high quality growth companies, with sustainable products and practices. The Fund holds a concentrated portfolio of midcap companies in any industry and in any region.

Fund size	£12.6m
Fund launch date	15.12.2020
Managers	Sagar Thanki Joseph Stephens

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

Performance

Since the fund was launched on 15.12.2020 there is insufficient data to provide a useful indication of past performance to investors

Strategy	Guinness Sustainable Global Equity
Index	MSCI World Index
Sector	IA Global

Market summary

Growth stocks outperformed their value counterparts in October reversing some of the weakness growth endured during September, whilst quality stocks (as measured by the MSCI World Quality index) continued to outperform both growth and value, showing investors ongoing appetite for companies with robust balance sheets that can continue to grow in a lower growth environment.

Overall, Fund performance vs the benchmark can be attributed to the following:

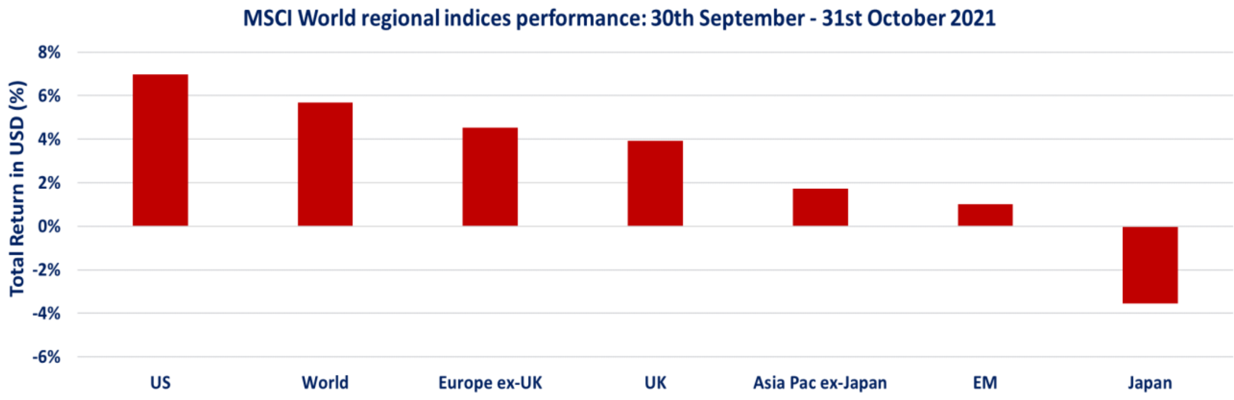
- Strong stock selection within the Industrials sector was the biggest positive contributor to relative performance, particularly from the Fund's US holdings including A.O. Smith, Tetra Tech and WSP Global.
- Strong stock selection within the Healthcare sector was also a positive for the fund, with Addus Homecare a standout performer.
- No exposure to Energy and Financials dragged on the fund's performance as these were the best performing sectors over the month, given their strong start to the month.
- No exposure to Consumer Staples and Utilities benefitted the fund as these were the worst performing sectors over the month.

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.

October in review:

Global stock performance was broadly positive throughout October, with almost all key regions delivering positive growth. This was a reversal of trends from a difficult September, which saw stocks fall following a barrage of negative news flow, including increasingly disrupted supply chains, hawkish federal reserve rhetoric, concerns over an approaching US debt ceiling, higher inflation across developed markets, and an energy crisis in Europe. Negative sentiment from these events meant stocks remained relatively subdued in early October, particularly with talks of "stagflation" dominating headlines.

Whilst many of these headwinds are still in the mind of investors, markets soon regained momentum following the onset of a strong start to the Q3 earnings season, as over 80% of S&P 500 companies (of the 56% that reported over the month) beat earnings expectations, driving the index to new peaks. The index reported what was the third highest (year-over-year) quarterly growth in earnings since Q2 2010, and positively surprised by +10.3%, 190bps above the 5 year average.



Source: Bloomberg

In the US, the top performing region for the month, concerns over the impending debt ceiling were eased as the House of Representatives approved a short-term increase in the US's borrowing limit, averting a potential debt default across what is often seen as one of the world's debt safe-havens. President Biden also made progress with his infrastructure agenda following weeks of fraught negotiations, announcing a framework agreement for a $1.75 trillion infrastructure package.

In Europe, the US and EU agreed a deal to ease tariffs on steel and aluminium, resolving a trade dispute inflicted by the Trump administration. Brussels also signalled that it could extend a relaxation of state aid rules beyond the end of the year, following pressure from business to maintain the current measures. The energy crisis lasted throughout much of October. Intervention from Russian President Vladimir Putin helped ease tensions after ordering Russian state-run Gazprom to start filling European storage facilities at the end of the month, causing gas prices to tumble. European gas contracts for delivery in November leapt to over €100 during October, up from €18 euros just six months ago, before eventually falling to €60-70 at the end of the month. Elsewhere, Bundesbank President Jens Weidmann unexpectedly stood down. Known very much for being a lone opposition figure to much of the European Central Bank's (ECB) unconventional loose monetary policies, speculation arose that any successor may be less hawkish and allow a further continuation of cheap funding.

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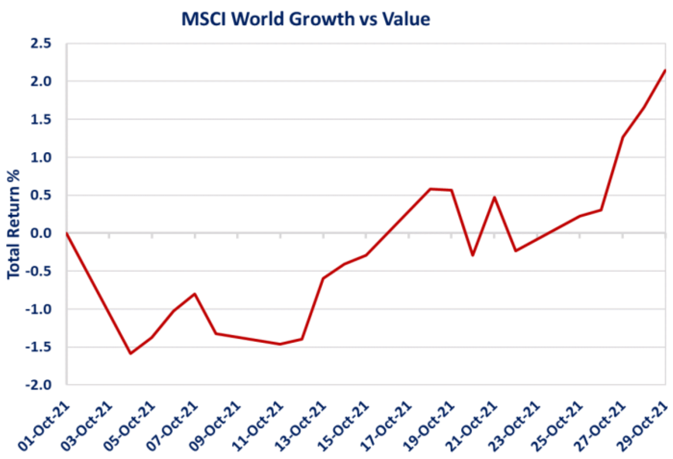
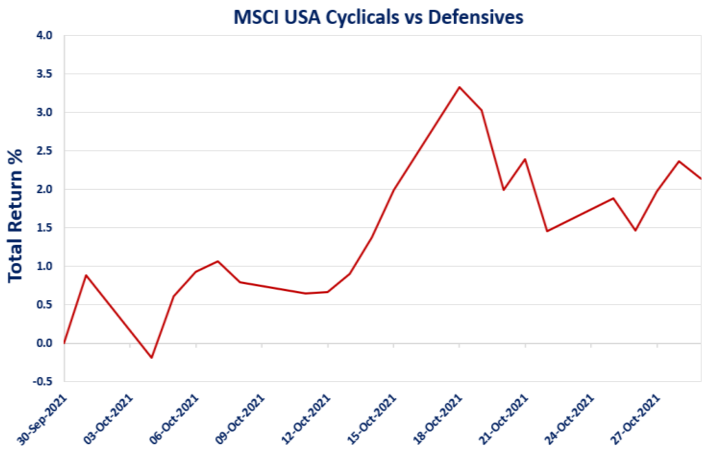
Following a torrid third quarter, Asia Pacific managed to reverse momentum and return a positive month during October. The region was previously weighed down by weak Chinese performance (MSCI China fell 16% during Q3), with a sustained regulatory offensive impacting stocks early on in the quarter and concerns over the ability of property group Evergrande to service its debts causing a sharp sell-off during September. Yet Chinese tech stocks rebounded during October, as analysts upgraded forecasts and investors became more confident that peak regulatory risk had passed. Chinese property developer Evergrande, one of the world's largest debt-holders, narrowly avoided default by paying creditors the weekend before a 30-day grace period expired. Despite these positive drivers, the region still suffers from energy shortages and weak economic indicators, with energy 'blackouts' weighing on manufacturing activity.





Source: Bloomberg

During the month, following a difficult start, the MSCI World Growth Index Outperformed the MSCI World Value Index, making the relative performance of the two indices equal year-to-date. In the Fund, rather than trying to predict the future and how investor sentiment will react to that case, we instead focus on holding high-quality businesses that can weather most economic scenarios successfully and take a long-term view. We currently have 30% exposure to quality defensive (Consumer Staples and Healthcare) and 70% to quality cyclical/growth companies (Industrials, Consumer Discretionary, Information Technology). The Fund also has zero weighting to Energy, Utilities, Materials, Real Estate, Financials and Communication Services.

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Stock performances

A.O. Smith (+20.1% USD):

A.O. Smith was the best performer in October after posting strong earnings results amid solid demand in North America and key foreign market, China. In North America, roughly 85% of the demand was for replacements, the core of the business in this region. Segment earnings here rose 21% year over year, thanks mostly to price increases. In China, segment earnings rose 19%, with good results in water heaters and water filtration products. However, looking to the long-term future, the company also noted that sales in India rose 38% in the quarter. China has long been A. O. Smith's primary growth market, but it is maturing. So the strength in India, which is a newer market for the company, is very exciting to see.

The company is one of the world's leading manufacturers of energy efficient residential and commercial water heating equipment and boilers, as well as a manufacturer of water treatment products for residential and light commercial applications. As a percentage of revenue, 31% comes from products that reduce the impact on the environment throughout their lifecycle. A.O. Smith has established a goal of 10% reduction in GHG emissions by 2025 and is committed to meeting the highest operational and safety stands (ISO 14001 for environment and 45001 for safety) and maintain its status as a great place to work.

A.O. Smith expects to drive organic growth of 7% annually over the long term driven by high-growth areas like China (water heaters, water treatment, air purification), India, and North America water treatment (35% of sales growing 10%+), residential and commercial North America water heater growth (60% of sales growing 2-4%), and strength in boilers driven by shift to higher efficiency condensing technology (7% of sales growing high-single-digits).

Worldline (-23.8% USD):

Worldline, the payment processing business, was the Fund's weakest performer over the month after posting weaker than expected sales growth. Worldline's Q3 2021 reported sales of €960m was 2.2% below consensus estimates of €981.2m, and this followed the company only just meeting estimates in Q2 2021. Worldline has been considered a "re-opening" play by the market i.e. a beneficiary of the re-opening of shops, restaurants, hotels etc and investors were left disappointed that for 2 consecutive re-opening quarters, the company did not beat estimates.

Having said this, Worldline's EV/EBITDA multiple (the metric typically used to value consolidating payment companies) has de-rated from over 20x at end 2020 to 12.4x currently. Management has guided to at least 6% organic revenue growth in 2021, and 9-11% CAGR through 2024. Through the acquisition of Ingenico in 2020, Worldline becomes the clear leader in the European payments

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consolidation race and increases the global attraction of its position as well as the opportunity to grow earnings through synergy-led cost extraction.

We thank you for your continued support.

Portfolio Managers
Joseph Stephens
Sagar Thanki

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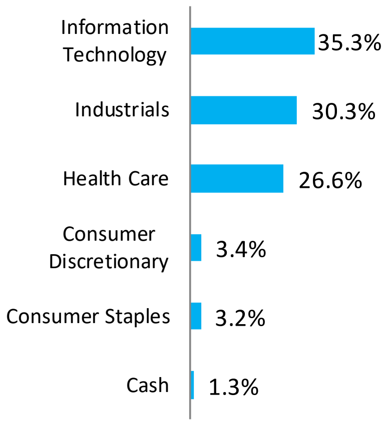
PORTFOLIO

31/10/2021

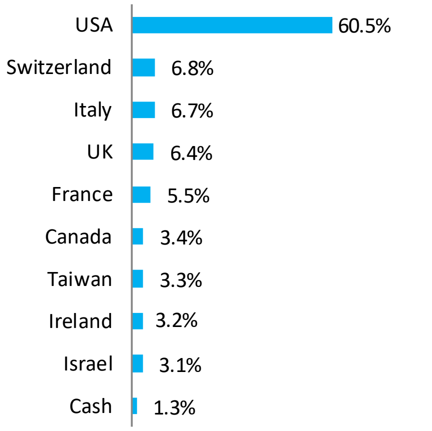
Fund top 10 holdings

Addus HomeCare	3.8%
Trex Co Inc	3.6%
KLA-Tencor	3.6%
Arista Networks Inc	3.5%
Entegris Inc	3.5%
Tetra Tech Inc	3.5%
DiaSorin SpA	3.4%
Interroll Holding	3.4%
Cadence Design Systems I	3.4%
A O Smith Corp	3.4%
% of Fund in top 10	35.0%
Total number of stocks	30

Sector analysis



Geographic allocation



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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 Sustainable Equity 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 Sustainable Equity 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.

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.