

Guinness Global Money Managers Fund

Investment Commentary - April 2022



This is a marketing communication. Please refer to the prospectus and KIID for the Fund before making any final investment decisions. The value of an investment and the income from it can fall as well as rise as a result of market and currency movement; you may not get back the amount originally invested. Past performance does not predict future returns.

ABOUT THE FUND

Launch	31.12.2010
Index	MSCI World
Sector	IA Financials and Financial Innovation
Manager	Will Riley Tim Guinness

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. The Fund is actively managed and uses the MSCI World Index as a comparator benchmark only.

RISK

◀ Lower risk Risk & reward Higher risk ▶

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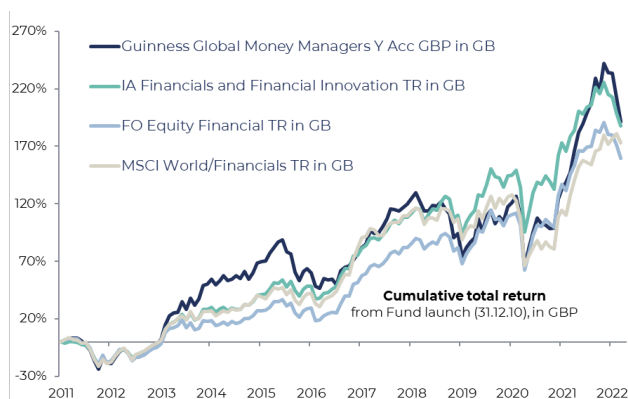
Typically lower rewards

Typically higher 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



Source: FE fundinfo, bid to bid, total return. Investors should note that fees and expenses are charged to the capital of the Fund. This reduces the return on your investment by an amount equivalent to the Ongoing Charges Figure (OCF). The fund performance shown has been reduced by the current OCF of 0.74% per annum. Returns for share classes with a different OCF will vary accordingly. The performance returns do not reflect any initial charge; any such charge will also reduce the return.

ASSET MANAGEMENT SECTOR

In this month's update, we review the asset management sector and our Fund performance over the first quarter of 2022, including acquisition news in the wealth management sector, and consider the outlook for the rest of the year and beyond.

The Global Money Managers Fund (Class Y) in the quarter to 31 March 2022 produced a total return of -10.4% (USD). This compares to the return of the MSCI World Index (net) of -5.2% and the MSCI World Financials Index (net) of -1.5%.

After a strong 2021, the first quarter of 2022 was challenging for most markets. Concerns over the economic impact of the Russia/Ukraine crisis and the possible need for an acceleration in interest rate hikes to dampen inflation weighed on both equities and fixed income.

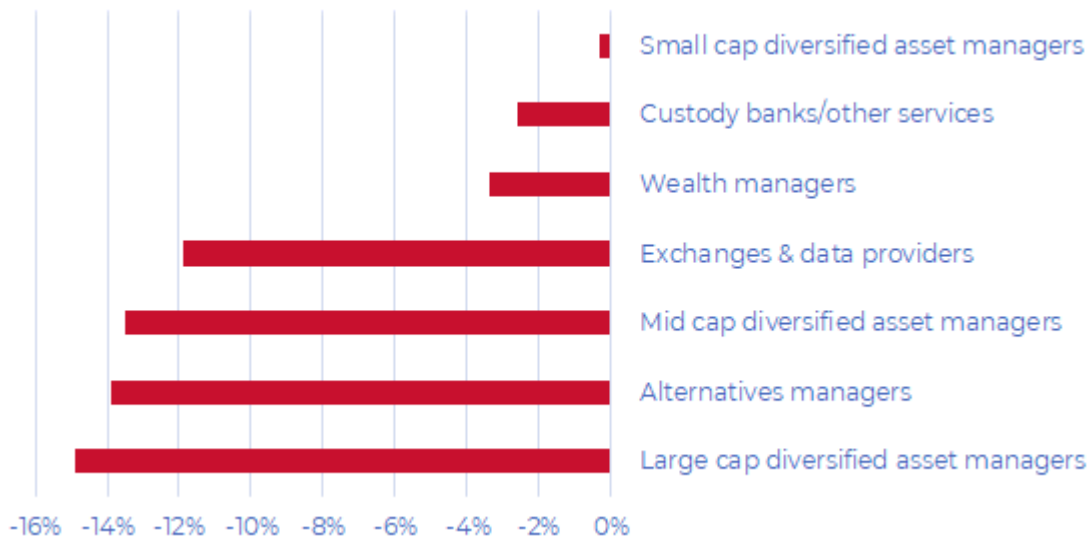
Developed market equities recovered some of their losses in March but still finished the quarter down around 5%. Developed market value stocks fell by only 0.5% while growth stocks declined nearly 10%. This was partly due to the fact that 10-year Treasury yields reached 2.4%, up from only 1.5% at the start of the year, after the Federal Reserve delivered its first rate hike since 2018. The Global Aggregate Bond Index fell 6.2% over the quarter. Emerging market equities declined around 7%, as a new wave of Omicron cases in China weighed on top of the broader geographical concerns.

Expectations for faster monetary tightening in the US also contributed to a rally in the dollar, which finished the quarter up about 3% against both the pound and the euro.

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Against this backdrop, the money management sector underperformed, with most subsectors lagging the MSCI World:

Money management subsector performance in Q1 2022 (total return in USD)



Source: Bloomberg; Guinness Global Investors

The most significant event for the portfolio during the quarter was the announcement on March 31 that Royal Bank of Canada (RBC) had agreed to buy UK wealth manager Brewin Dolphin (Brewin) for £1.6bn. RBC have offered to pay 515p per share, a 62% premium to the previous closing price, in an all-cash offer.

RBC's acquisition of Brewin Dolphin, if completed, is the second large takeover of a UK wealth manager in the last 12 months, demonstrating a growing appetite for the sector. In July 2021, Raymond James acquired Charles Stanley for £279m, adding around £27bn of client assets to Raymond James' UK platform. The attraction of acquiring wealth assets in the UK would seem to be its ageing population and the shift from the annuity pension model to an increasing requirement for individuals to find help managing their own retirement savings.

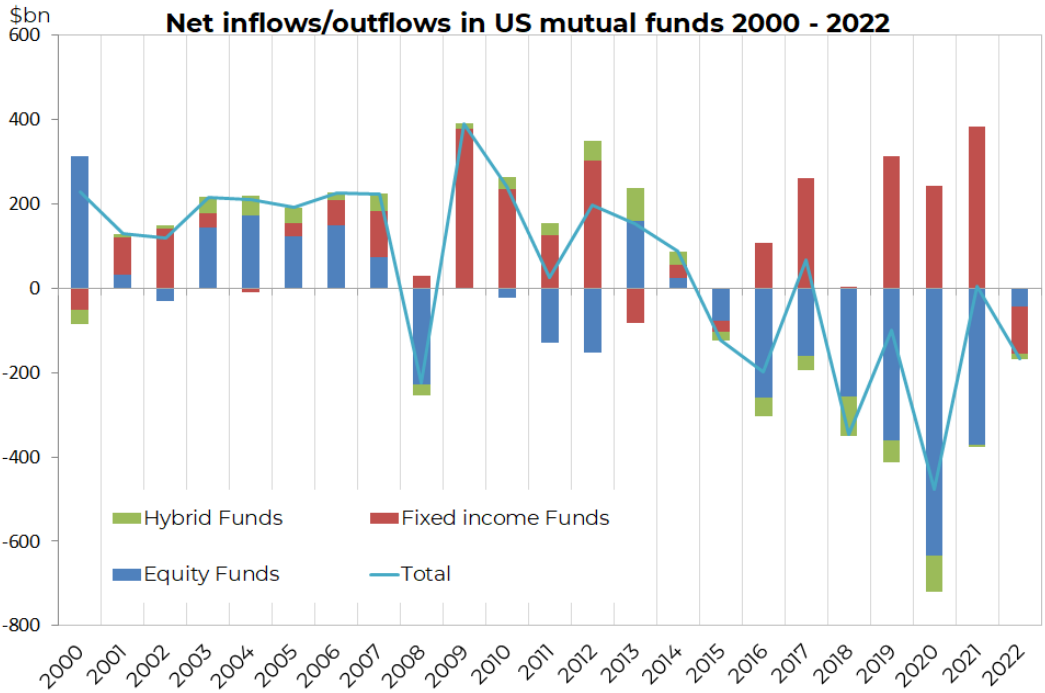
We hold two UK wealth managers in the portfolio: Brewin Dolphin and Rathbones. At the start of the year, Brewin traded on just under 15x 2022 earnings, whilst Rathbones traded on just under 12x. We felt these were undemanding valuations for businesses of their quality, notwithstanding wider uncertainties in the market.

Elsewhere in the portfolio, we saw strength (or relative strength) in Raymond James (+9.8%) and Ameriprise Financial (-0.1%). Raymond James' business has a skew to wealth management and rate-sensitive commercial banking revenues, so has done relatively better in the rising interest rate environment. The business is enjoying net new money growth of over 10%, which is helping to drive profit margins higher. Ameriprise has grown its investment advice and wealth management operations well in recent quarters, whilst maintaining an aggressive programme of stock repurchases. We expect the company to increase EPS by around 10% this year, which should drive further share repurchases and a healthy dividend increase.

Weaker stocks included UK asset managers Liontrust (-44%) and Polar Capital (-24%). Liontrust saw net outflows for the first quarter of £0.4bn (c.1.2% of AuM), reversing a long period of net inflows. Against this, the company on April 1 completed the acquisition of Majedie Asset Management, adding £5.5bn to lift total AuM to around £39bn. Following the sell-off in Liontrust's stock, the company trades on 11x 2022 earnings, which appears cheap. Polar has an asset base skewed to technology stocks, so has seen its funds hit harder than most so far this year. Polar's stock also now trades on 11x 2022 earnings.

OUTLOOK

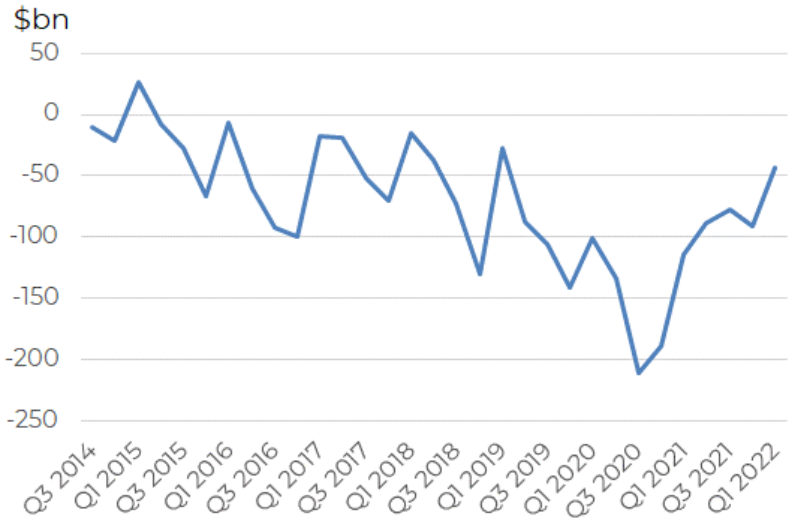
Despite the growth of ETFs and other passive products, data for active mutual fund flows in the US for 2021 indicates small net positive flows overall, comprising inflows for the active bond sector, largely offset by outflows from active equity and hybrid funds.



Source: ICI; Bloomberg; Guinness Global Investors

The net picture for the first quarter of 2022 has turned marginally negative again, with outflows from fixed income emerging as interest rates start to rise quicker than expected. Interestingly though, the overall pattern for equity fund flows an improving one, with the shallowest outflows since the start of 2019:

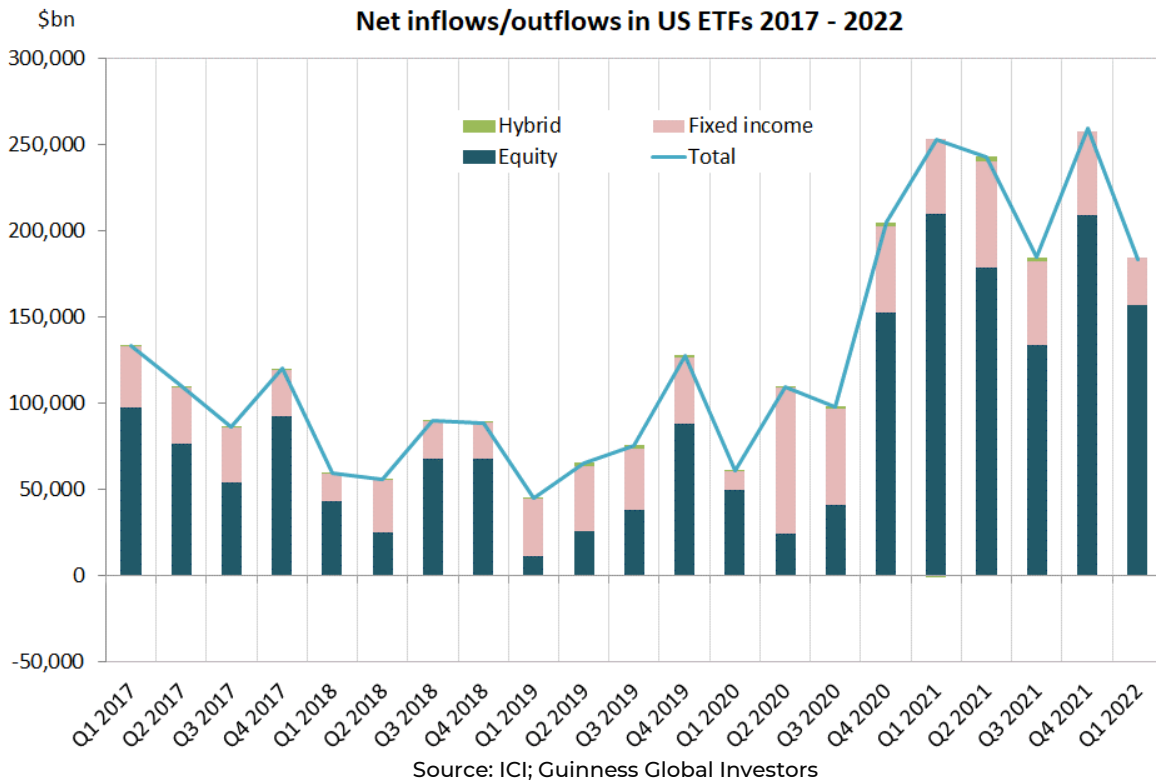
Net inflows/outflows in US mutual equity funds by quarter 2014-2022



Source: ICI; Bloomberg; Guinness Global Investors

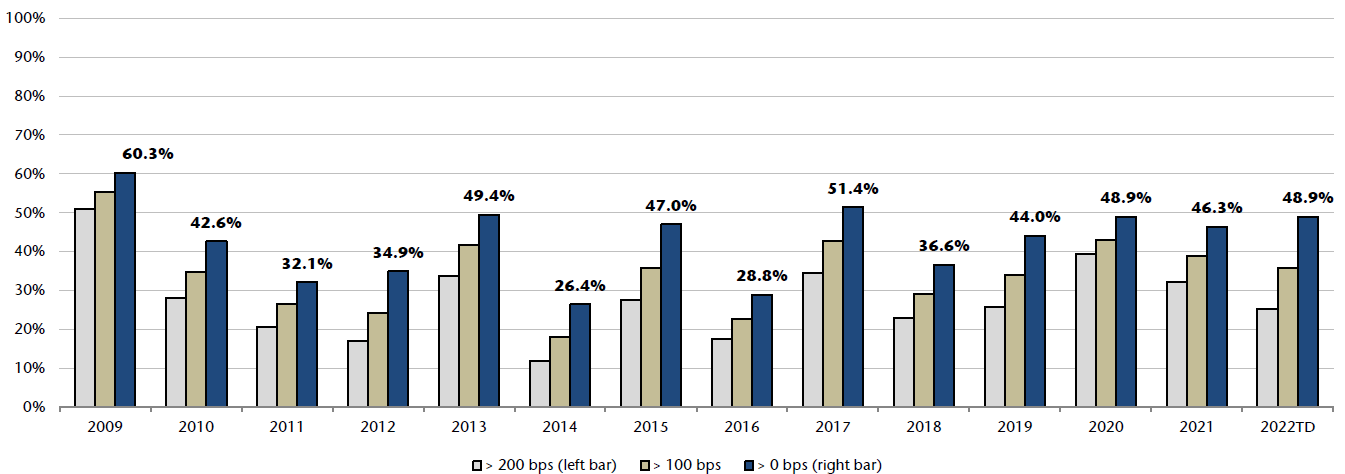
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Data from the US ETF industry shows inflows across equity ETFs, bond & income ETFs and hybrid ETFs in every quarter since the start of 2017. There has been a notable ramp-up in equity ETF net inflows over the most recent five quarters, matching aggregate inflows for the previous 12 quarters:



Investment performance for active equity managers so far in 2022 is holding up reasonably well, with around 49% of funds ahead of their respective benchmarks. This compares to the 10-year average of around 41% of active equity funds beating their benchmarks:

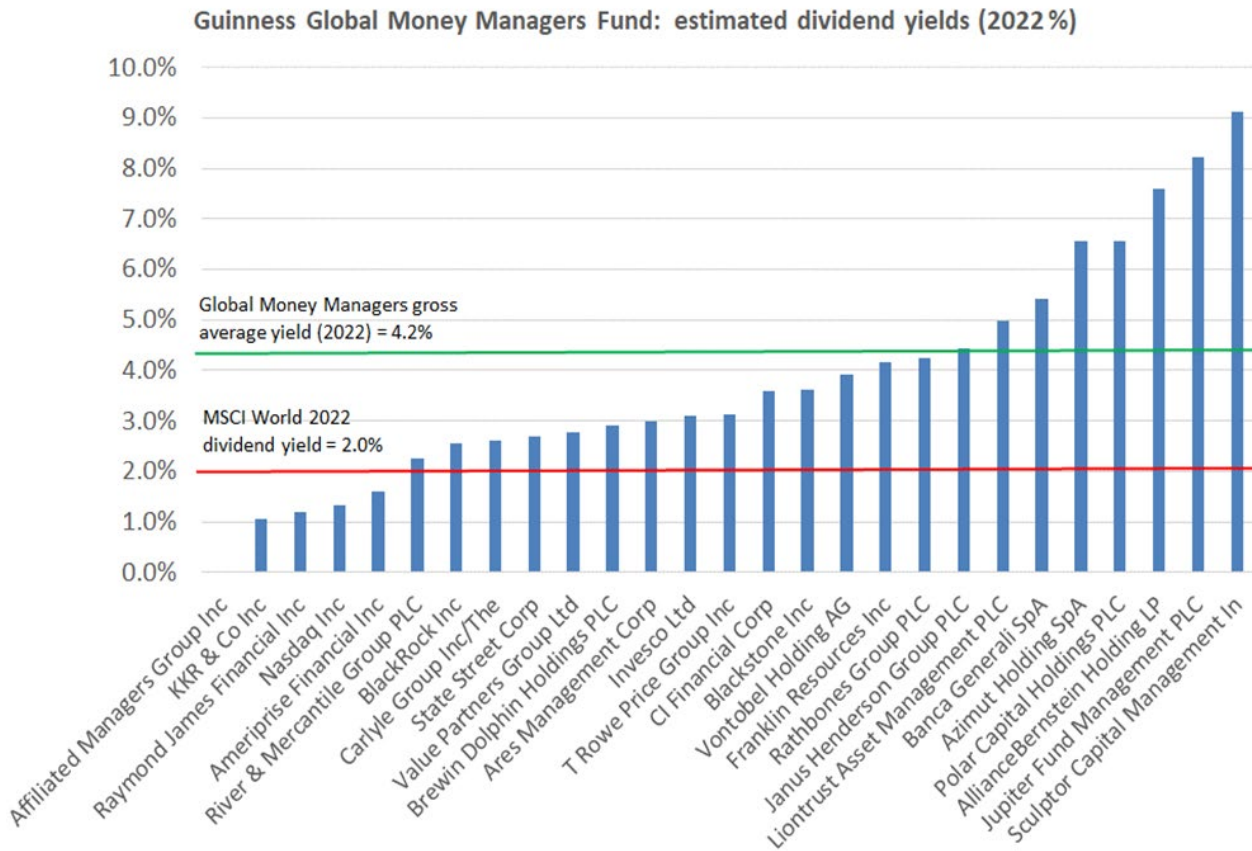
US active equity outperformance vs benchmarks (2009-2022YTD)



We continue to focus on the dividend being generated by companies in our portfolio. Companies in this sector tend to generate significant excess cash, and usually, Boards are willing to return the cash to shareholders in the form of dividends. At 31 March 2022, the portfolio currently shows an average gross dividend yield for 2022 of 4.2% (n.b. this is rolled up in the Fund rather than paid out), well ahead of the MSCI World at 2.0%. The portfolio

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dividends estimated for 2022 are, on average, around 9% higher than 2021 dividends. (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.)



Source: Bloomberg; Guinness Global Investors

It is important to consider the sustainability of the portfolio's yield: dividend harvesting is of little use if it represents a return of capital rather than a return on capital. At 31 March 2022, the median dividend cover (defined as the ratio of estimated 2022 net earnings to dividends paid to ordinary shareholders) of the Fund stood at around 2.1x, with all companies owned achieving at least 1x cover. We take comfort, then, that the 'affordability' of the portfolio's dividend remains good.

At 31 March 2022, the P/E ratio of the Fund was 12.4x 2022 earnings. This sits at a significant discount to the broad market, with the MSCI World trading on a 2022 P/E ratio of 17.9x.

	2021	2022
Fund P/E	11.9	12.4
MSCI World P/E	20.2	17.9
Premium (+) / Discount (-)	-41%	-31%

In the longer term, we expect asset managers as a sector (and therefore the Fund) to outperform the broad market, due primarily to the ability of successful asset management companies to grow their earnings more rapidly than the broad market.

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

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PORTFOLIO

Fund top 10 holdings	Sector analysis	Geographic allocation
Raymond James Financial 5.0%	Midsize diversified asset manager 30.3%	USA 58.7%
Brewin Dolphin 4.8%	Large diversified asset manager 26.3%	UK 20.7%
Blackstone Group 4.4%	Asset Management & Custody Banks 15.5%	Italy 7.2%
Nasdaq 4.4%	Alternative asset manager 8.6%	Switzerland 4.2%
Ameriprise Financial 4.4%	Wealth management 8.2%	Canada 3.3%
Ares Management 4.2%	Small diversified asset manager 6.7%	South Africa 3.1%
Carlyle Group 4.1%	Exchanges & Custody Banks 4.4%	Hong Kong 2.7%
Vontobel 4.1%	Cash 0.10%	Cash 0.1%
State Street 3.9%		
AllianceBernstein 3.9%		
% of Fund in top 10 43.2%		
Total number of stocks in Fund 31		

PERFORMANCE

Past performance does not predict future returns.

Cumulative % total return (Y Class, in GBP)	1 M	YTD	1 Yr	3 Yrs	Launch
Guinness Global Money Managers Fund	5.5	43.3	15.5	61.7	210.2
MSCI World Index	4.7	22.9	15.4	50.4	252.1
MSCI World Financials Index	2.5	29.1	16.5	40.2	180.1
Financial Express - Financial Sector average	-0.6	11.8	-2.2	32.8	127.9

Discrete years (Y Class, in GBP)	Mar '22	Mar '21	Mar '20	Mar '19	Mar '18
Guinness Global Money Managers Fund	15.5	62.6	-13.8	-10.9	9.9
MSCI World Index	15.4	38.4	-5.8	12.0	1.3
MSCI World Financials Index	16.5	45.0	-17.0	-1.2	2.5
Financial Express - Financial Sector average	-2.2	43.9	-5.6	2.1	6.4

Discrete years (Y Class, in GBP)	Mar '17	Mar '16	Mar '15	Mar '14	Mar '13
Guinness Global Money Managers Fund	25.5	-14.8	15.4	26.2	32.8
MSCI World Index	31.9	-0.3	19.1	8.5	17.7
MSCI World Financials Index	44.5	-7.2	16.0	8.7	23.8
Financial Express - Financial Sector average	30.1	-10.0	14.5	6.3	20.2

RISK ANALYSIS				31/03/2022
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	-2.60	-2.87	
Beta	1	1.11	1.19	
Information ratio	0	-0.22	-0.15	
Maximum drawdown	-24.58	-33.10	-36.61	
R squared	1	0.77	0.77	
Sharpe ratio	0.57	0.34	0.34	
Tracking error	0	8.69	9.66	
Volatility	14.33	18.04	19.38	

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. Source: FE fundinfo bid to bid, total return (0.74% OCF). Fund launch: 31.12.2010

Guinness Global Money Managers Fund

IMPORTANT INFORMATION

Issued by Guinness Global investors, 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 equities and equity markets invested in by the Guinness Global Money Managers 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 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.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'Île, 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.