Guinness Global Innovators 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. Past performance does not predict future returns.

Innovation. Quality. Growth. Conviction.

ABOUT THE FUND

Fund/strategy size	£549m/£697m
Fund/strategy launch	31.10.2014/01.05.2003
Index	MSCI World
Sector	IA Global
Managers	Dr. Ian Mortimer, CFA Matthew Page, CFA
Analysts	Sagar Thanki, CFA Joseph Stephens, CFA Will van der Weyden

Aim

The Fund is a global growth fund designed to provide exposure to companies benefiting from innovations in technology, communication, globalisation or innovative management strategies. The Fund holds a concentrated portfolio of large and medium-sized companies in any industry and in any region.
The Fund is actively managed and uses the MSCI World Index as a comparator benchmark only.

RISK

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

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

31/03/2022	1 Yr	3 Yrs	5 Yrs	10 Yrs
Strategy*	8.0	68.1	93.4	358.7
Index	15.4	50.4	70.6	241.0
Sector	8.4	43.2	60.2	181.5

Annualised % total return from launch (GBP)

Strategy*	13.3%
Index	10.5%
Sector	9.5%

Full discrete 12m performance is shown at the end of this commentary. Source: FE fundinfo, bid to bid, total return in GBP. *Composite simulation of performance. Guinness Global Innovators Fund (UCITS) launched on 31.10.14. Performance data prior to this date is based on the actual returns of a US mutual fund managed by the same team using the same investment process as applied to the UCITS version. 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 0.84% per annum. Returns for share classes with different OCFs will vary accordingly. Performance returns do not reflect any initial charge; any such charge will also reduce the return.

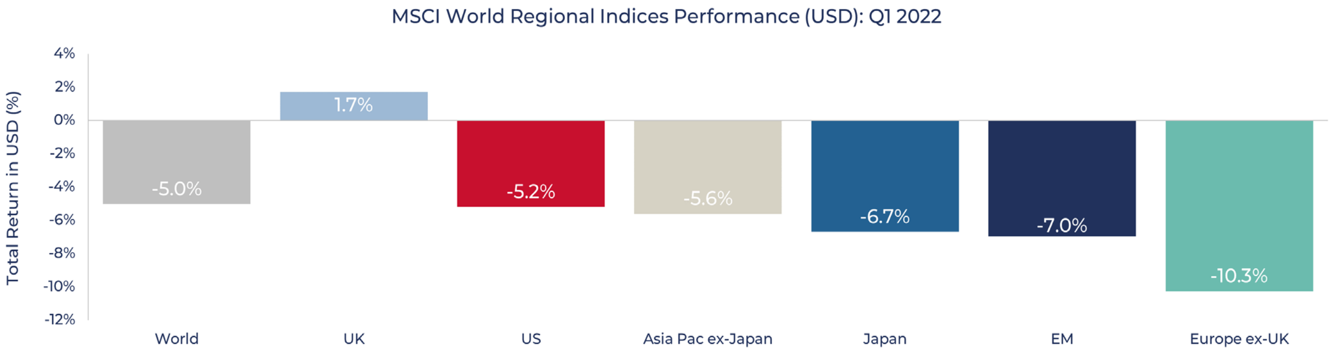
SUMMARY

Over the last 12 months the Fund returned 8.01% (in GBP), the MSCI World Index returned 15.39%, and the IA Global Sector average return was 8.39%. The Fund therefore underperformed the Index by 7.38% over the last 12 months and its peer group average by 0.38%.

In the first quarter of 2022, the Fund returned -8.98% (in GBP), the MSCI World Index returned -2.43%, and the IA Global Sector average return was -4.95%. The Fund therefore underperformed the Index by 6.55% over Q1 and underperformed its peer group average by 4.03%.

Global equity markets fell during Q1, with broad declines across most major markets and sectors. Two key themes dominated investor sentiment over the period, as a marked shift towards more hawkish policy from central banks lead to an increase in the discount rate, driving outperformance of value over growth. The outbreak of war in Europe in late February delivered markets an additional shock, exacerbating fears over supply chain disruption, the energy crisis and further inflation.

The MSCI World Index fell -5% (in USD) over the period. Whilst each major market was subject to these two key themes, regional dynamics caused significant differentials in performance. The UK was the sole positively performing region during the quarter, the MSCI UK outperforming the MSCI World by +6.7% (USD), as the region's exposure to more defensive sectors such as Consumer Staples, and value-oriented sectors such as Financials offered a relatively more attractive market to shield from macro concerns. The tech-heavy U.S. market closed out its first quarterly loss since Q1 2020 as inflationary pressures and interest rate expectations drove a rotation away from tech. Europe understandably suffered more than any other, as proximity with Russia and close economic ties threatened supply chains, energy importation and business revenues within the region, exacerbating existing inflationary pressures. While these pressures also impacted Asian markets, further coronavirus outbreaks in Shenzhen and Shanghai led to lockdowns and shutdowns of manufacturing facilities, placing further pressure on the region's equities.

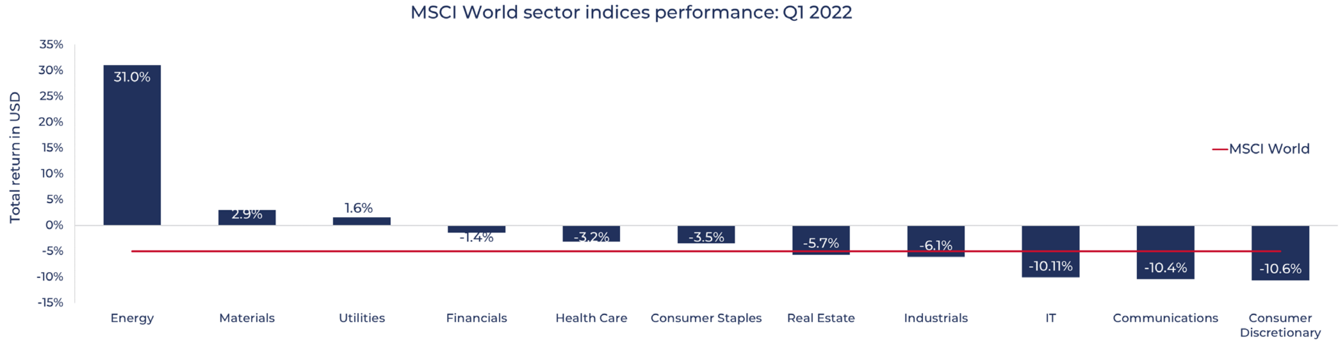


Source: Guinness Global Investors, Bloomberg

It was not until the end of November last year that the Fed "retired" the word "transitory" from its description of inflation. Yet at the turn of the year, the tone became markedly more hawkish, as Jay Powell, its chairman, failed to rule out potential rate hikes at every subsequent FOMC meeting from March until the end of 2022. In fact, the latest dot-plot following the FOMC meeting suggested officials expect to lift the federal funds rate to 1.9% by year-end, translating to a total of seven quarter-point increases over 2022. As of the end of March, the market was pricing in between eight and nine. This is in stark contrast to the market's position in June last year, where consensus estimated zero interest rate rises in the US during 2022, and just one by the end of 2023. This rapid change in expectations has acted as a significant headwind to equities, and growth stocks in particular, causing modest declines over January and February. After the Bank of England initiated a second rate hike in January, the Fed proceeded with its first 25bps hike, as expected, in March. The European Central Bank, which has been significantly more dovish in policy, indicated for the first time in February that rate hikes may no longer be completely out of the question, bringing rhetoric more closely in line with market expectations. The ECB also confirmed a faster pace of reductions in asset purchases.

In mid-February, the market had been pricing in a 50bps hike by the Fed, but as tensions in Ukraine escalated into a Russian invasion, concerns over economic implications tamed expectations. Western companies scrambled to disentangle their business exposure from Russia, with firms such as Microsoft and Apple pausing sales in the region and Google and Meta suspending advertising. Within the Fund, we do not own any Russian or Ukrainian companies, nor any domiciled in Eastern Europe. We also do not own any companies which generate a material portion of revenue from these countries. The Fund's holdings have therefore fared relatively well so far this year amid some of the intense drawdowns seen elsewhere in the market. Nevertheless, that did not prevent stocks from being caught up in the volatility that followed.

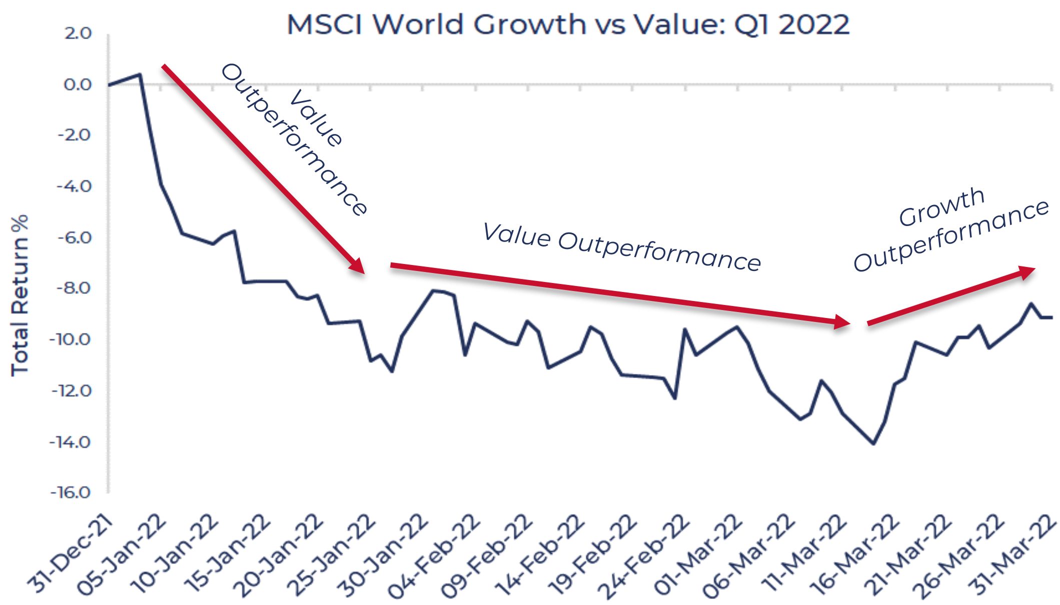
The Energy sector vastly outperformed all others during the quarter, with the MSCI Energy Index up +31% over Q1. Russia is the largest exporter of oil and gas to the European Union, and the region's reliance on this energy kept sanctions relatively limited. Germany suspended its approval of the Nord Stream 2 pipeline and the US implemented a ban on oil imports. Concerns over the security of supply lead to a spike in oil and gas prices, with Brent oil and European gas prices ending the quarter up 33% and 55% since the beginning of Q1. Materials, Utilities, Financials, and Consumer Staples also outperformed the broader market, driven by a combination of value rotation, their defensive properties and a rising interest rate environment. IT and Consumer Discretionary were among the bottom performers, with rising interest rates and dented consumer sentiment causing declines in excess of -10% (USD).



Source: Guinness Global Investors, Bloomberg

During the quarter, relative portfolio performance can be attributed to the following:

- The relative outperformance of value was a headwind for the Fund. Rising interest rates and the transition to defensive sectors, which are typically value-oriented, resulted in a sell-off in stocks with growth attributes, such as those typically found in the Fund.



Source: Guinness Global Investors, Bloomberg

- The firm's high exposure to Information Technology, and in particular semiconductor names, was a core driver behind relative underperformance.
- The Fund has no exposure to Energy, Consumer Staples, Utilities and Materials, and holds just one Financials stock. These sectors all featured in the top six performers, a result of their value or defensive properties. This provided a further negative allocation effect to the Fund.
- Whilst Healthcare was just the fifth top performing sector during the quarter (MSCI World Health Care Index -3.2%), the Fund's top two performers for the period were both Healthcare stocks: Bristol-Myers Squibb (+19.0% USD) and Medtronic (+7.9%) were thus both positive drivers from a stock selection perspective.

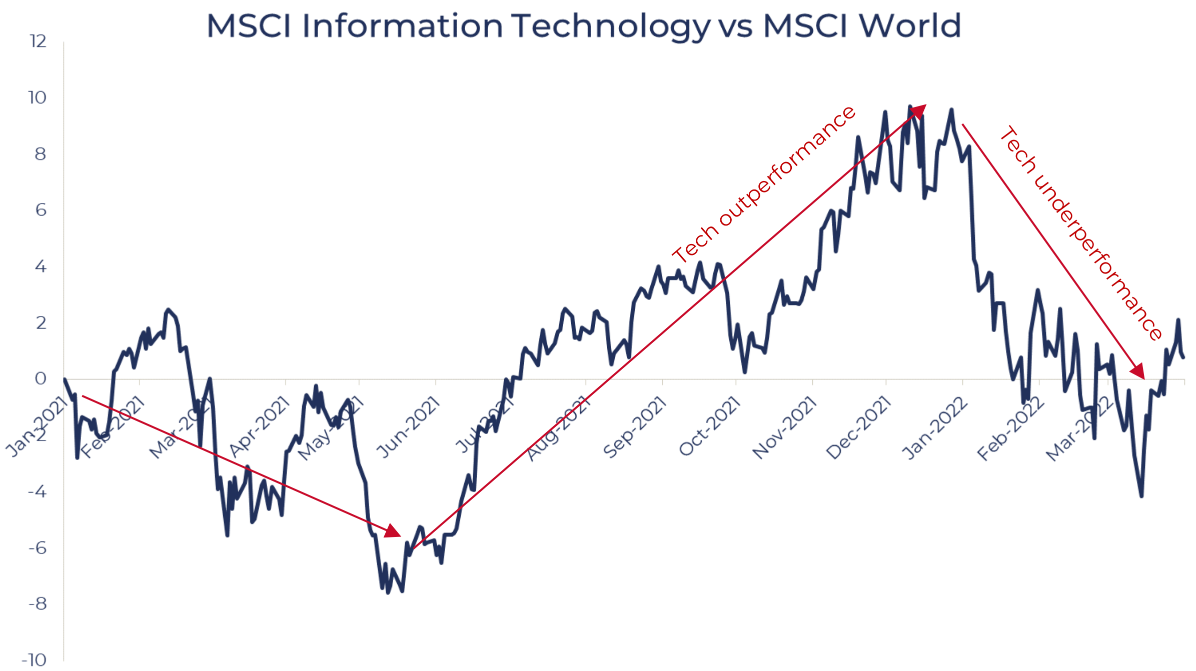
Following a difficult quarter, the Fund dropped into the third quartile of performance over a 1-year period. Despite this, it is pleasing to see that the Fund's performance remains resilient over a long time frame, featuring the top quartile of performance over all longer time periods.

Cumulative % total return in GBP to 31/03/2022	3 months	1 year	3 years	5 years	10 years*	Launch*
Guinness Global Innovators strategy	-8.98	8.01	68.07	93.38	358.66	967.74
MSCI World Index	-2.43	15.39	50.43	70.56	240.96	559.42
MSCI AC World Index	-2.64	12.42	45.67	64.71	214.62	543.65
IA Global sector average	-4.95	8.39	43.17	60.16	181.49	453.39
IA Global sector ranking	384/492	254/458	20/387	28/324	7/218	6/98
IA Global sector quartile	4	3	1	1	1	1

*Figure 1: Global Innovators strategy performance (total return in GBP). Source: FE fundinfo. * Composite simulation of performance. Guinness Global Innovators Fund (UCITS) launched on 31.10.14. Performance data prior to this date is based on the actual returns of a US mutual fund managed by the same team using the same investment process as applied to the UCITS version. The Global Innovators strategy was launched on 01.05.2003.*

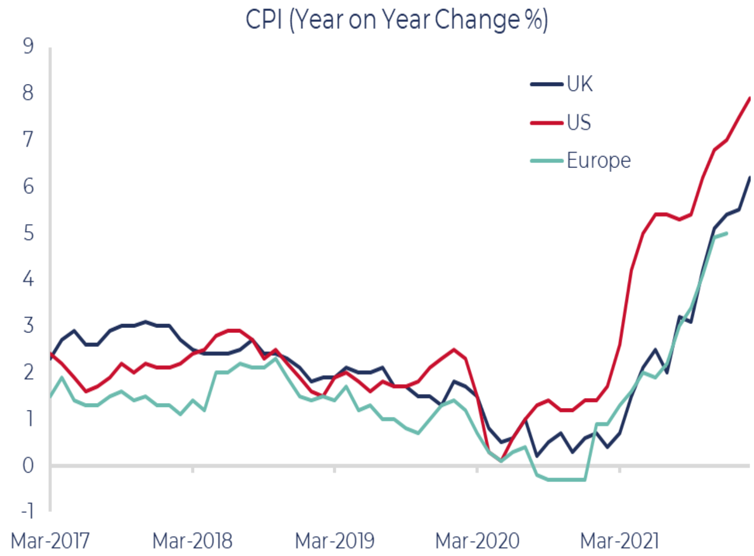
QUARTER IN REVIEW

Following a strong period of tech outperformance versus the MSCI World since May 2021, the first quarter saw the sector sell-off and all but wiped out the previous year's gains. Underperformance can be put down to a number of factors, including an increase to the discount rate, weak performance of 'unprofitable tech' companies, a shift towards 'risk-off' sentiment, and a number of weak earnings releases during the quarter.



Source: Guinness Global Investors, Bloomberg

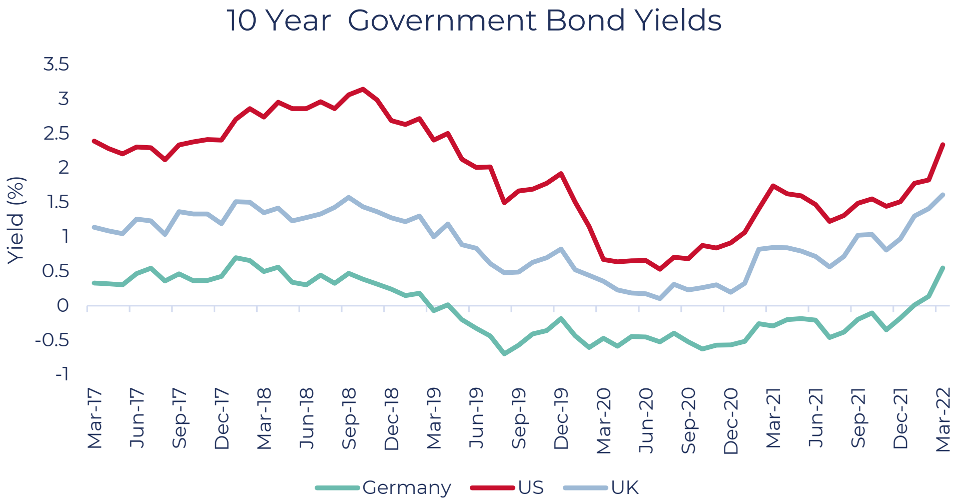
Growth stocks tend to be 'high-duration' in nature, with the majority of their cash flows forecast to materialise in the relatively distant future. Consequently, they are typically more sensitive to changes in interest rates and yields, as not only do these determine the borrowing costs to fund growth, but they are also important to the discount rate with which the present values of future cash flows are measured. The technology sector, in particular, features many of these 'high-duration' growth stocks.



Source: Guinness Global Investors, Bloomberg

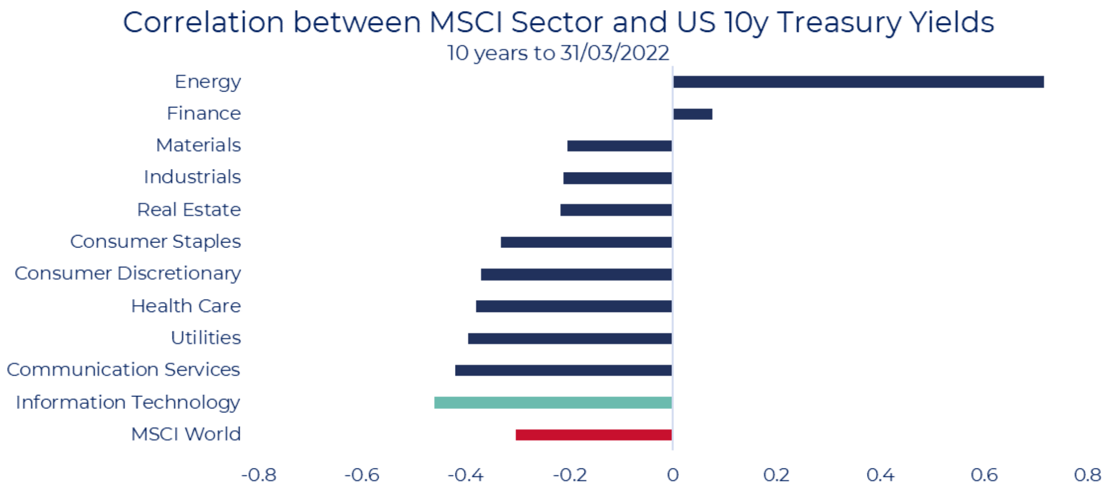
The shift by central banks towards more hawkish policies accelerated at the turn of the year. Early in January, The Federal Reserve released its FOMC minutes from December, indicating that interest rate hikes would be "required faster and sooner", sparking a sell-off in both bonds and equities. In recent months, monetary policy has been put under the spotlight as consumers deal with inflation at 40-year highs (in the US). Fuelled by higher energy, food and shelter costs, US inflation reached 7.9% in February, the fastest annual rate since 1982 and up almost 1% since January. Even stripping out Food and Energy, 'core CPI' reached 6.4%, again the highest level since 1982, highlighting the breadth of inflation.

With inflation now proving to be less "transient" than first thought and employment generally stable, central banks have been spurred to action. The Banks of England has now raised rates a second time since its first hike in December, and the Fed made its first hike in March. While polices began to shift at the end of last year, the rapid rate of change for these expected hikes has created the greatest market concern. At the end of Q4, the Fed's "dot-plot" graph of individual interest rate hikes indicated members expected three hikes during 2022. By the end of the quarter under observation, the dot plot indicated a total of seven. Markets are pricing in a potential eight or nine hikes during the year, potentially concerned that the Fed is underestimating how long inflation could impact consumers and businesses alike. Consequently, with markets pricing in a faster rate of hikes, 10-year Treasury yields sharply rose across regions, with the German 10-year Bund even crossing into positive territory for the first time since early 2019.



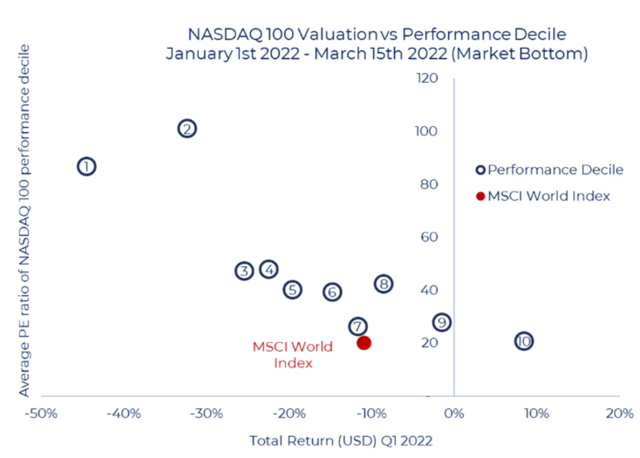
Source: Guinness Global Investors, Bloomberg

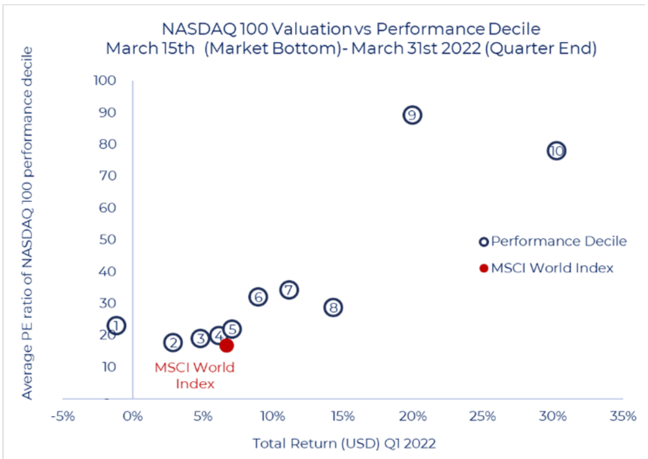
As can be seen below, whilst most sectors tend to have a negative correlation with the US 10-year Treasury yield, the MSCI Information Technology Index is shown to be the most sensitive to increases in yield.



Source: Guinness Global Investors, Bloomberg

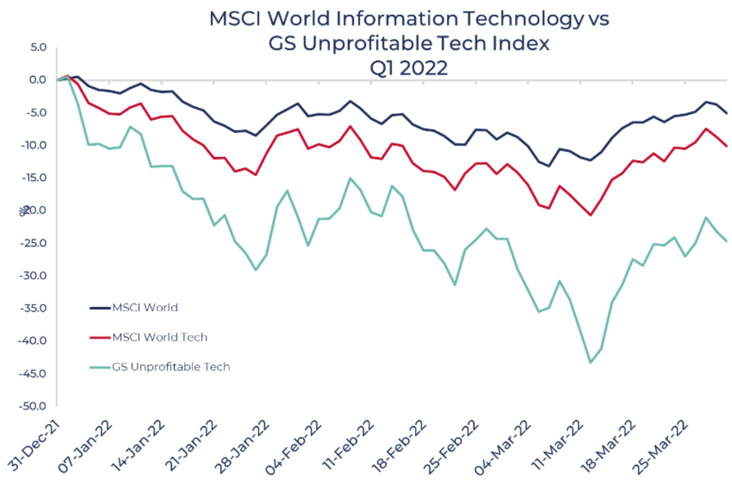
With inflation driving interest rate expectations and yields upwards over the month, there was a strong headwind for most high-duration technology companies – but some more than others. We have seen over the quarter a stark difference in performance between the higher-duration hyper-growth stocks, and 'quality growth' stocks, where current valuations have a lower weight on future growth prospects. This can be seen in the chart on the left below. In the Nasdaq 100 (regarded as a more growth/tech-focused index), the bottom two deciles of stocks by performance (labelled 1 & 2) since the beginning of the year until March 15th (where the market bottomed out) were also the highest-valued (on average) on a 1-year forward PE basis. On the other hand, we can see lower-valued stocks performing in the top two deciles (9 & 10). In the chart on the right, which covers the period between the market bottoming out and the end of the quarter, this phenomenon reversed as the market recovered some of its previously lost gains and we see outperformance of growth, and therefore highly-valued stocks.





Source: Guinness Global Investors, Bloomberg

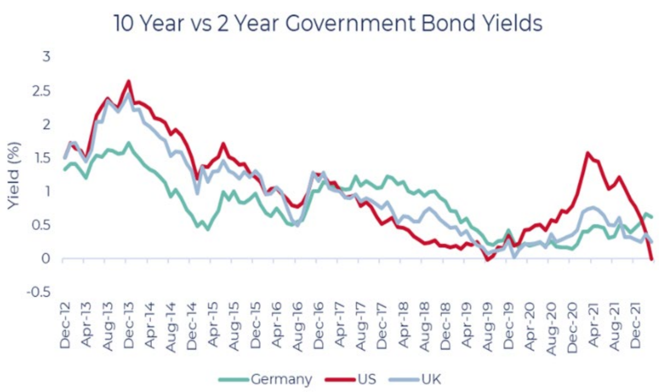
Observing the Goldman Sachs Unprofitable Tech Index over the quarter reinforces this point. This index, which is made up of a basket of unprofitable tech companies, significantly underperformed the broader MSCI Technology Index over the quarter. These companies were typically the more speculative stocks with 'frothier' valuations, and since most cash flows are forecast far into the future, a rise in bond yields affected these companies the most. In times of market stress, investors prefer the sanctuary of quality stocks with good balance sheets, stable earnings and strong fundamentals. This graph also highlights that when growth returns to favour, these 'unprofitable tech' stocks tend to outperform, as can be seen in the last couple of weeks in the quarter.

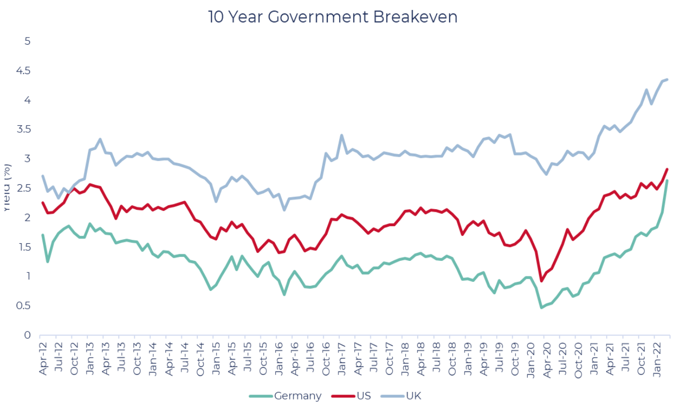


Source: Guinness Global Investors, Bloomberg

Our focus on quality growth-at-a-reasonable-price has shown its strength in avoiding the highly valued non-profitable tech businesses that have swung between large rises and falls. Whilst our high exposure to the IT sector means we are not immune from the potential impact of rising rates on valuations, our investment philosophy has always been to seek out companies delivering profitable growth, steering us away from companies that are the most sensitive to changes in interest rate expectations. In the Fund we continue to apply a valuation discipline to stock selection and monitor carefully the valuation we are ascribing to future growth vs that of the current business. We believe the secular growth trends and innovation themes that our companies are exposed to are unlikely to be slowed down significantly by higher levels of inflation and we believe the fundamental outlooks for our companies remain robust.

During the quarter, not only did we see a rotation away from growth, but we saw a rotation into more defensive areas of the market, such as Consumer Staples and Utilities. The outbreak of war in Europe fuelled a number of negative market indicators that sparked this rotation. In the UK, consumer sentiment plummeted at the prospect of stagflation. Not only did the Office for Budget Responsibility downgrade the UK's growth outlook from 6% (forecast October 2021) to 3.8%, but inflation reached 30-year highs. The situation was similar in Europe, where German inflation reached 40-year highs (CPI 7.6%) and the economy's 2022 growth forecast was slashed from 4.6% to 1.8%. In the US, the 10yr vs 2yr yield curve inverted, a popular forward indicator for impending recession. 10-year government breakevens, a common indicator of future inflation market expectations, also rose sharply to new 10-year highs.





Source: Guinness Global Investors, Bloomberg

It is not all doom and gloom for equities, however. Manufacturing PMIs remained firmly above 50 in the US, Europe and UK, indicating largely un-dented business sentiment following the invasion of Ukraine. And although the recent quarter reduced the deficit significantly, the real risk free rate remains firmly below zero, helping to prop up equity markets where investors are able to earn a real return. Equity investors can also take comfort from the fact that while monetary policy is tightening, fiscal spending and Capex is increasing. We believe the secular growth trends and innovation themes that our companies are exposed to, matched with a quality focus and a valuation tilt, deliver a strong fundamental outlook for our companies.

Stock performance over Q1 2022 (all total return in USD):

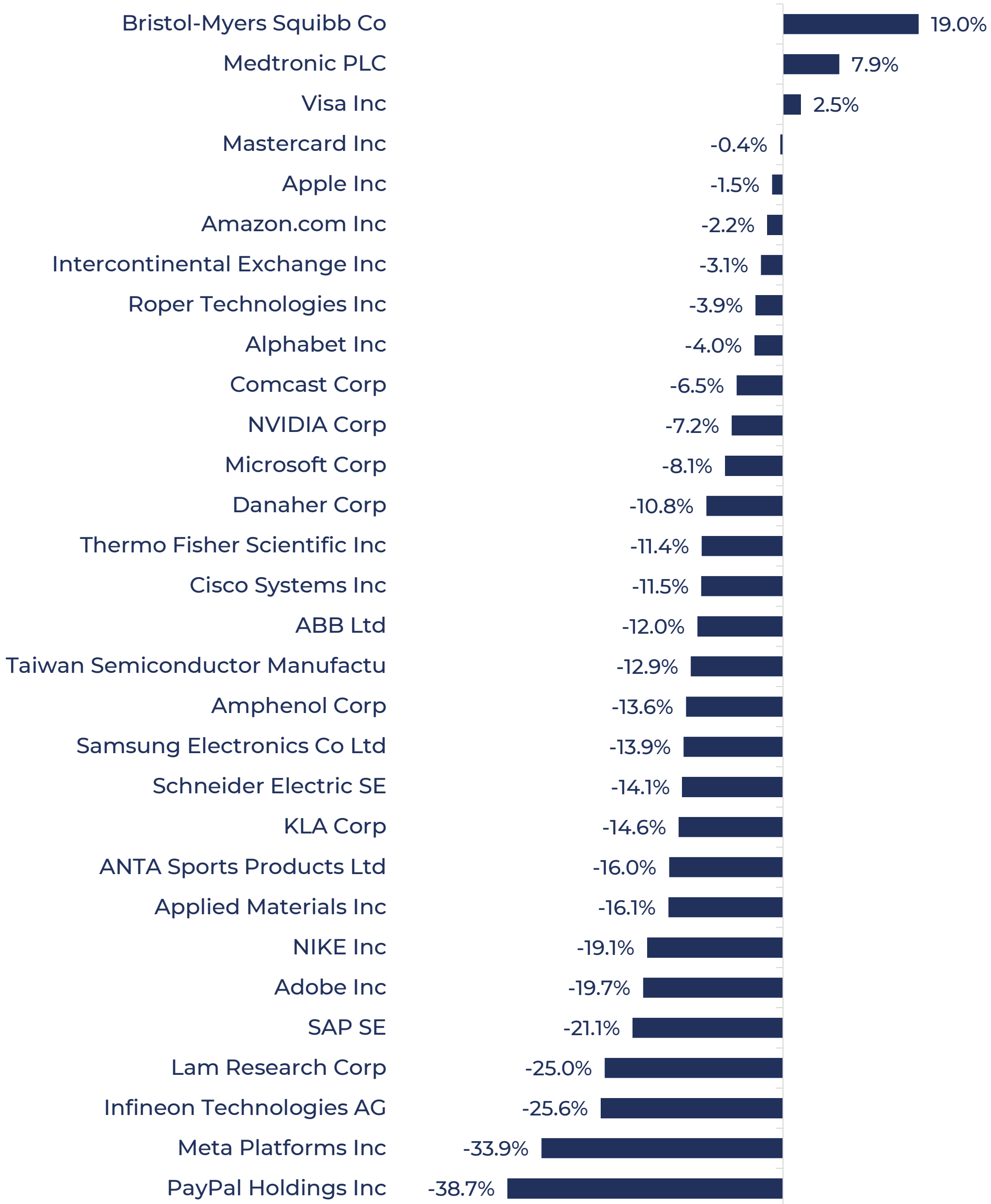


Figure 2: Performances of Fund constituents. Guinness Global Investors, Bloomberg

Bristol-Myers Squibb (+19.0% USD), Medtronic (+7.9%)

Whilst Healthcare was just the fifth top performing sector during the quarter, the Fund's top two performers for the period were both Healthcare stocks.

Bristol-Myers Squibb was the Fund's top performer during the first quarter, with the stock's +19.0% USD total return over the period significantly outperforming that of the MSCI World Healthcare Index (-3.20%). The drug manufacturer presented at the JP Morgan Healthcare Conference early on in the month, announcing its long-term strategy and guidance, which was well received by the market. The firm's top-selling cancer drug, Revlimid, which accounted for 27% of sales last year, comes off patent in March 2022, and is expected to face stiff competition from generic brands.

While this was likely already baked into the share price, until the conference there was little clarity over the firm's strategy to deal with this patent cliff. Announcements on its product pipeline and long-term business strategy during the conference were met with a strong positive market response, the stock rising +3.61% USD from the previous day's close. The firm expects its current immuno-oncology brands (Opdivo and Yervoy) and blood-thinner (Eliquis) to add an additional $8-10bn in sales by 2025 (these brands already account for c. $18bn), and in the longer term, the firm's new product portfolio (most notably reblozyl, deucravacitinib, mavacamten and relatlimab) could generate $25 billion or more annually by 2029. Bristol-Myers Squibb has an further 50 drugs in the product pipeline. Overall, the diversification offered from a number of promising drug hopefuls reassured investors about the long-term future of the firm.

Following a solid set of 4Q21 earnings, with the firm coming in largely in line with estimates, it later announced an acceleration in the share buyback programme ($5bn expected to settle in Q2 and Q3 alone, and a $15bn increase in total). More positive news followed with positive results in the Phase 3 trials of a "new product portfolio" drug. Mavacamten, intended for a rare cardiovascular disease, is viewed as one of Bristol-Myers Squibb's most promising future products, and the results addressed lingering market concerns with the drug.

Medtronic was the firm's second top performer during the month, outperforming the MSCI World Healthcare Index by +11% (USD). The stock slowly declined in the first half of the quarter, with investor expectations softened after peers announced material impact from the outbreak of the omicron variant. The firm's 3Q22 earnings announcement catalysed a strong re-rating in the second half. Revenues came in relatively flat, but the firm managed to grow margins by keeping a tight lid on expenses despite the inflationary environment. Gross margins were up 200bps since 3Q21 to 68.32%, and operating margins up 470bps over the same period (to 22.23%). The firm also gave initial FY23 guidance (current FY for MDT), with a +5% growth target from management, topping analyst expectations. Recovery trends on the top line have continued to improve, as management expect a return to pre-pandemic levels in late April.

Visa (+2.5% USD), Mastercard (-0.4%% USD)

Mastercard and **Visa** featured third and fourth respectively in the Fund's top performers during the quarter. The electronic payments companies generate revenue through processing transactions such as credit card payments, debit-card payments or cross border transactions. On each transaction, the firm will earn a flat fee (switch transaction fee) and a percentage of the gross dollar volume (switch volume fee). The firms therefore benefit when activity picks up in both value and volume, and generate the greatest margins on cross-border transactions.

Both firms experienced positive price reactions following quarterly earnings announcements during January, with spending on their networks reaching record levels. In the final quarter of the year, Mastercard and Visa saw spending surge +27% and +20% respectively. Much of this volume growth has come from domestic spending, with the pandemic expected to have catalysed the shift from cash to electronic payments. Yet it is the high-margin cross-border payments segment that carried the majority of investor attention, with volumes rising +53% and +40% respectively, despite the emergence of omicron in the final month of the quarter. Pent-up demand for travel and the re-opening of borders spurred this growth, alleviating investor concerns about the magnitude of omicron's impact, which investors and management alike no longer expect to last. While cross-border payments are yet to completely recover, both companies guided for cross-border travel volumes to reach above 2019 levels by the end of the fiscal year, as falling case counts and higher global vaccination rates help to alleviate Covid pressures. Near-term uncertainty remains, with the potential rise of new variants and further lockdowns, but the acceleration of cash to electronic payments and further upside from the re-opening of economies provides a strong outlook for both Visa and Mastercard.

After this strong performance in the opening month, the war in Ukraine threatened to offset it, causing both stocks to fall over 13% in the days following the invasion. In response to the invasion, both firms suspended all operations and transactions in Russia – although payment cards issued by Russian banks would continue to work within the country borders until expiry. Russia represented c.4% of revenues for both firms, and as the Russian payment network switches to China's Unionpay, it is unlikely these revenues will return. Despite this drag, the stocks rebounded strongly at the end of March, recovering their losses. News that the firms would bring forward their much anticipated credit card fee hikes helped spark a rebound, with the stocks also caught up in the general rebound in growth towards the end of the period.

Paypal (-38.3%USD)

Paypal was the Fund's bottom performer, falling -38.3% (in USD) over the quarter. Following the outbreak of the pandemic in 2020, share prices surged amid an accelerated shift from cash to digital payments, supported by a significant upswing in ecommerce. Year-on-year revenue growth topped out at +30.6% in Q1 2021. However, the firm has struggled ever since a weak 2Q22 earnings release in July last year. The firm's failed $45bn bid for Pinterest was met with investor pushback, and a second miss to consensus estimates in a row during its 3Q22 catalysed further downgrades.

Despite breaking the streak of missing consensus at the top line, the firm's 4Q22 earnings release saw the share price fall 25% fall in one day. Revenue growth of +13% came in slightly ahead of management's guidance mid-point and EPS was in line at +4%. However, it was management guidance that concerned the market, with the firm having to abandon its target set just last year of reaching 750m users, after finding that many of the 120m new customers added over the two years of the pandemic were no longer 'active'. Previous strategies and targets focused on user growth, yet this quarter represents a pivot towards a more engaged user (33% of users currently drive the majority of total payment volume), aiming to improve average revenue per user. This quarter was perhaps a necessary opportunity for management to reset expectations and return to beats and raises, following a level of hype built up over the pandemic.

Whilst this was clearly a difficult quarter for Paypal, we now expect the majority of the pain to be over. Revenue growth is expected to bottom out next quarter at +6.2%, before climbing back to +16% for the full year, and +21% for FY23 – ahead of pre-pandemic levels. The headwind from the eBay disposal (c. 3% of total payment volume) has diminished significantly, the firm's Buy Now Pay Later business is growing rapidly with TPV jumping +325% year-on-year ($3.2bn total during the quarter), and its Venmo platform grew revenues in excess of 80%. Expansion into new product areas such as credit cards and cryptocurrency offer further visibility to catalysts down the road. Whilst growth has slowed as consumers returned to the high street, growth is expected to remain above pre-pandemic levels on an annual basis. With a strong outlook and solid fundamentals, paired with a 1-yr forward P/E ratio at 24x, a 33% discount to its all-time average (since 2015), we continue to view Paypal as an attractive opportunity.

Meta (-33.9% USD)

Meta suffered a 26.4% fall in a single day following its Q4 earnings announcement, wiping out $230bn of its market capitalization. During the quarter, Meta reported a fall in users for the first time in history, with CEO Mark Zuckerberg citing strong competition from fast growing rival TikTok, a company which he had previously labelled "the most effective competitor we have ever faced". The firm has also suffered a $10bn headwind from Apple's privacy changes to its operating system iOS 14, which prohibits certain data collection and sharing, significantly reducing the accuracy of targeted ads. These factors combined to lead to a -4.3% surprise to the bottom line. Although the firm is clearly subject to a number of headwinds, the market reaction appears unwarranted. The core advertising business continues to perform well, with an increase in advertising revenue of 20% in Q4, and with margins of over 50%. The firm retains the world's largest user base and will continue to attract advertising revenues despite privacy changes – which will have an outweighed negative effect on smaller competitors with lower investing capabilities. The firm is also likely to improve targeted advertising accuracy over time, through spending on new advertising measurement tools helping to improve advertising ROIs.

PORTFOLIO CHARACTERISTICS

The two charts below show how the exposure of the strategy has evolved since its launch in 2003. We continue to hold no exposure to Real Estate, Energy, Materials, Consumer Staples, and Utilities. Information Technology remains our largest exposure, split between the three sub-sectors of semiconductors, software and services, and technology hardware. On a regional basis, North America continues to be the largest exposure (74%), followed by Europe (15%) and Asia Pacific (9%).

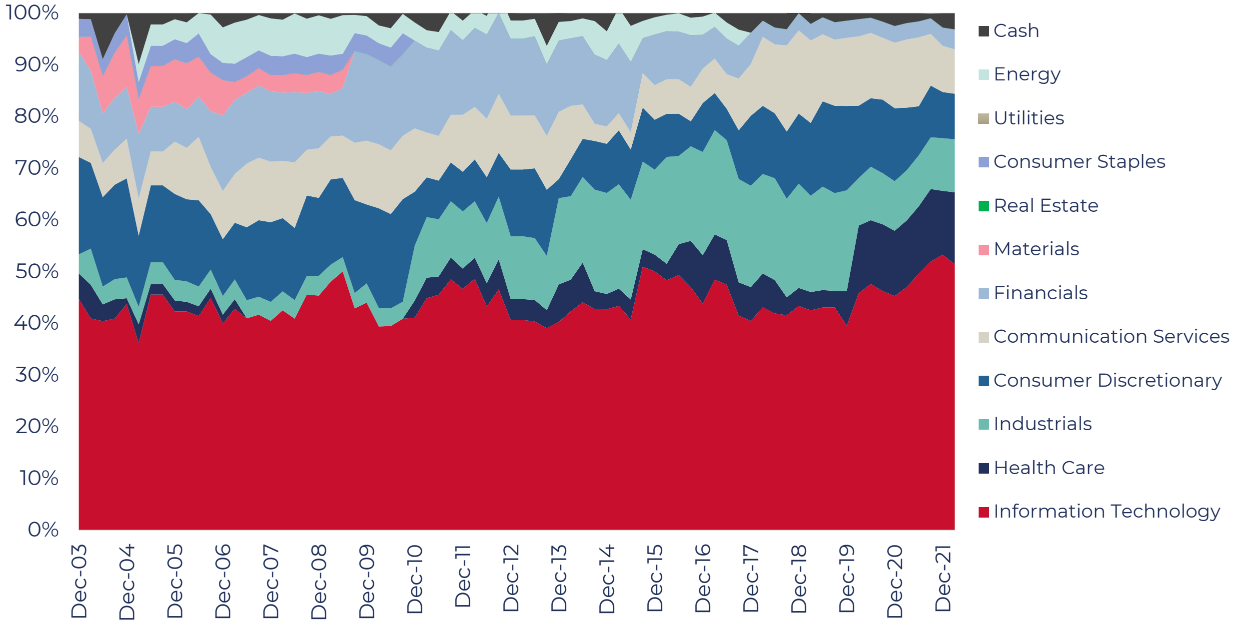


Figure 3: Strategy portfolio sector breakdown. Source: Guinness Global Investors, Bloomberg (data to 31.03.2022)

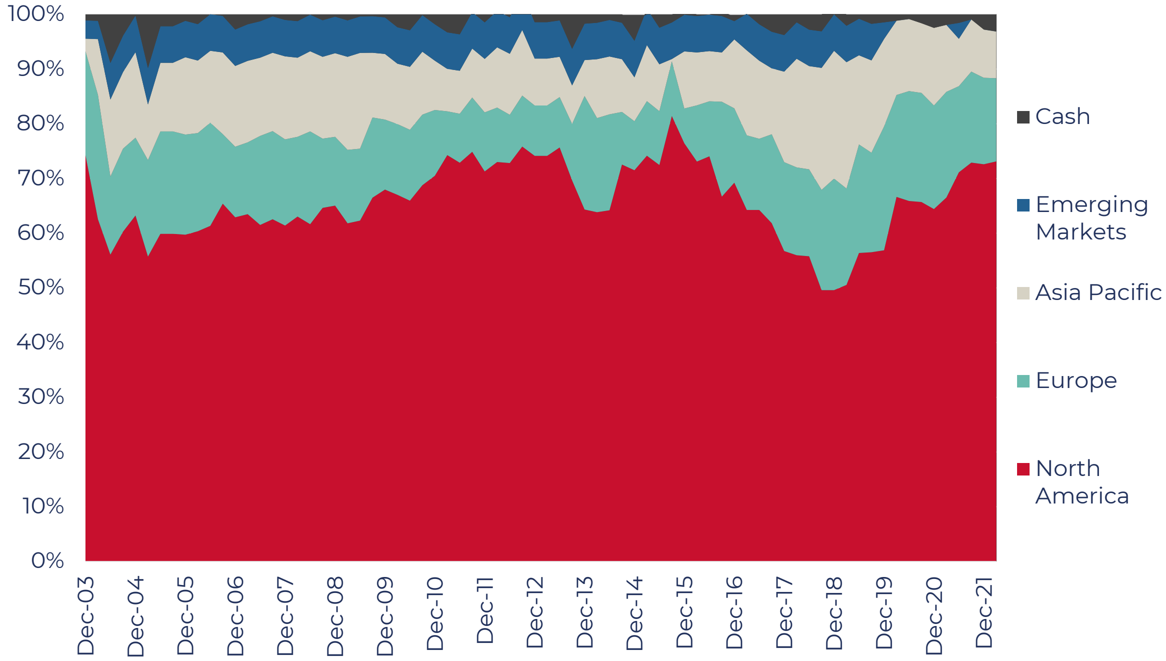


Figure 4: Strategy geographic breakdown. Source: Guinness Global Investors, Bloomberg (data to 31.03.2022)

On a regional level, at the end of the quarter the Fund held a relatively neutral position to North America, with Europe and Asia Pacific being slightly underweight relative to the benchmark.

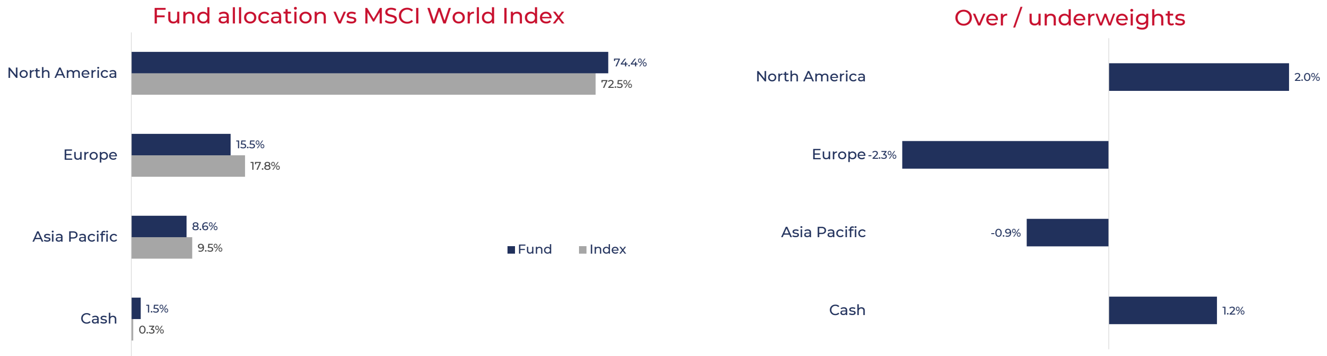


Figure 5: Guinness Global Investors, Bloomberg (data as at 31.03.22)

On a sector level, the Fund continues to have a large overweight to IT (30.0%), while the Fund's 0% exposure to Real Estate, Energy, Materials, Consumer Staples, and Utilities leaves these areas underweight relative to the benchmark.

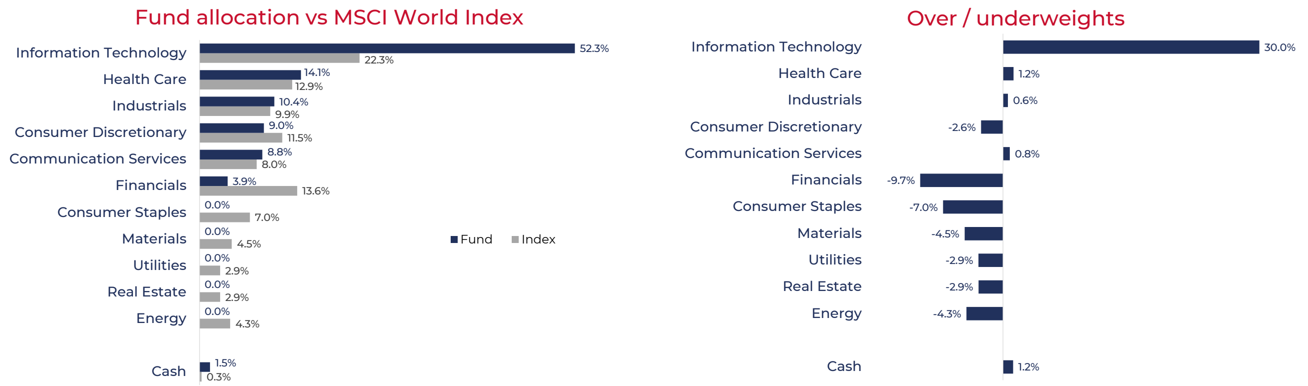


Figure 6: Guinness Global Investors, Bloomberg (data as at 31.03.22)

Key fund metrics today

Innovation: We seek companies that are exposed to secular growth themes which should therefore be more insulated to cyclical cycles. Semiconductor companies have yielded a recent example of this effect; demand for chips enabling technologies from cloud computing to video streaming continues to increase in response to more consumers working from home.

Quality: We only invest in companies with good (and ideally growing) returns on capital and strong balance sheets. In the recent sell-off a clear distinction was seen between businesses with strong vs weak balance sheets. For those companies which have taken on too much debt but have been 'propped up' by low interest rates, a shock to revenues has the potential to alter this balance, and the market quickly discounted this scenario.

Growth and valuation: We look to buy good growth companies at reasonable valuations. Specifically we try to avoid paying too high a premium for expected future growth – as this is inherently less predictable. While valuations have optically become stretched, we believe companies that are able to continue growing, such as those exposed to our innovation themes, will continue to justify a greater premium.

Conviction: Although we run a concentrated portfolio of 30 stocks, we equally weight each position. This caps stock-specific risk to approximately 3.3%, thereby limiting the impact to the overall portfolio of a single company performing particularly poorly.

The table below illustrates these four key tenets of our approach in the portfolio today.

		Fund	MSCI World Index
Innovation	R&D / Sales	8.7%	6.5%
	CAPEX / Sales	6.5%	8.3%
Quality	Return-on-Capital	20.6%	7.2%
	Weighted average net debt / equity	13.6%	66.6%
Growth (& valuation)	Trailing 5-year sales growth (annualised)	13.7%	3.7%
	Estimated earnings growth (2022 vs 2021)	12.8%	7.8%
	PE (2021e)	21.1	17.9
Conviction	Number of stocks	30	1630
	Active share	81%	-

Figure 7: Guinness Global Investors, Bloomberg (data as at 31.03.22)

We thank you for your continued support.

Portfolio Managers

Matthew Page, CFA

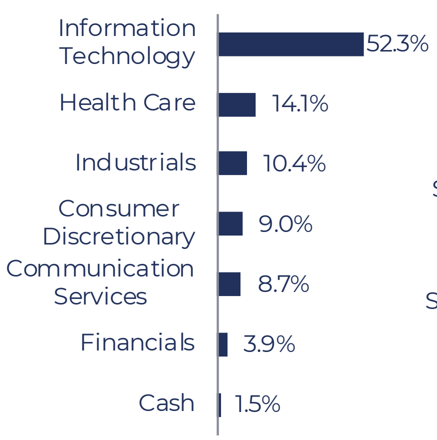
Dr Ian Mortimer, CFA

PORTFOLIO

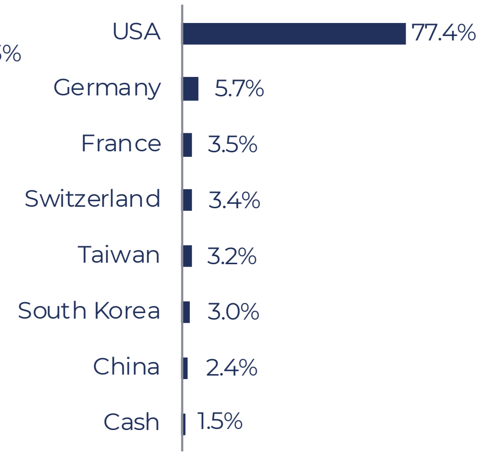
Fund top 10 holdings (%)

Apple	4.3%
Bristol-Myers Squibb Co	4.2%
Intercontinental Exchange	3.9%
Microsoft	3.8%
KLA-Tencor	3.6%
Roper Industries Inc	3.6%
Thermo Fisher Scientific	3.5%
Alphabet	3.5%
Mastercard Inc	3.5%
Schneider Electric	3.5%
% of Fund in top 10	37.5%
Total number of stocks	30

Sector analysis (%)



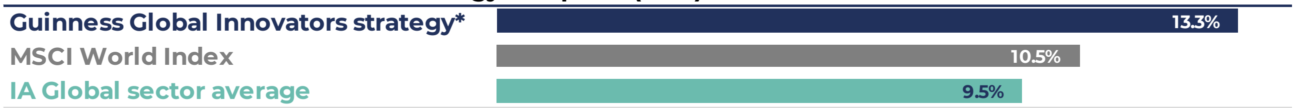
Geographic allocation (%)



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 strategy inception (GBP) **31/03/2022**



Discrete years % total return (GBP)	Mar '22	Mar '21	Mar '20	Mar '19	Mar '18
Guinness Global Innovators Fund	8.0	52.6	2.0	3.9	10.8
MSCI World Index	15.4	38.4	-5.8	12.0	1.3
IA Global sector average	8.4	40.6	-6.0	9.0	2.7
IA Global sector ranking	225/461	67/427	62/390	303/364	36/326
IA Global sector quartile	2nd	1st	1st	4th	1st

Cumulative % total return (GBP)	YTD	1 Yr	3 Yrs	5 Yrs	Launch*
Guinness Global Innovators strategy	-9.0	8.0	68.1	93.4	967.7
MSCI World Index	-2.4	15.4	50.4	70.6	559.4
IA Global sector average	-5.0	8.4	43.2	60.2	453.4

RISK ANALYSIS **31/03/2022**

Annualised, weekly, 5 years, in GBP	Index	Sector	Fund
Alpha	0	0.40	2.20
Beta	1	0.83	1.07
Information ratio	0	-0.23	0.36
Maximum drawdown	-24.58	-21.61	-22.25
R squared	1	0.85	0.84
Sharpe ratio	0.51	0.45	0.60
Tracking error	0	5.91	7.22
Volatility	15.06	13.60	17.61

*Simulated past performance. Performance prior to the launch of the Guinness Global Innovators Fund (31.10.14) reflects the Guinness Atkinson Global Innovators Fund (IWIRX), a US mutual fund with the same investment process since 01.05.2003.

Source: FE fundinfo, bid to bid, total return. Fund Y GBP class (0.84% 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.

DISCRETE 12-MONTH PERFORMANCE

Past performance does not predict future returns.

Discrete years % total return (GBP)	Mar '22	Mar '21	Mar '20	Mar '19	Mar '18	Mar '17	Mar '16	Mar '15	Mar '14	Mar '13
Guinness Global Innovators Strategy	8.0	52.6	2.0	3.9	10.8	35.3	-2.2	23.2	21.4	19.8
MSCI World Index	15.4	38.4	-5.8	12.0	1.3	31.9	-0.3	19.1	8.5	17.7
IA Global sector average	8.4	40.6	-6.0	9.0	2.7	28.6	-3.4	15.3	7.1	14.6

	Mar '12	Mar '11	Mar '10	Mar '09	Mar '08	Mar '07	Mar '06	Mar '05	Mar '04	Mar '03
Guinness Global Innovators Strategy	4.7	7.8	55.2	-17.0	3.5	-2.2	39.2	0.1	23.1	-
MSCI World Index	0.9	7.4	44.0	-20.4	-4.5	2.1	28.6	7.5	23.7	-
IA Global sector average	-2.2	7.7	44.7	-23.3	-3.9	2.9	31.4	8.7	25.9	-

Source FE fundinfo to 31.03.22 in GBP *Composite simulation of performance. Guinness Global Innovators Fund (UCITS) launched on 31.10.14. Performance data prior to this date is based on the actual returns of a US mutual fund managed by the same team using the same investment process as applied to the UCITS version.

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 Innovators 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 Innovators 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.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