Guinness Global Equity Income Fund

Investment Commentary - May 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	£1,928m
Launch date	31.12.10
Historic Yield† (Class Y GBP)	2.2%
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. The Fund is actively managed and uses the MSCI World Index as a comparator benchmark only.

RISK

Lower Risk						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. 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.

PERFORMANCE

Past performance does not predict future returns

	1 Yr	3 Yrs	5 Yrs	Launch*
Fund	14.9	42.9	73.4	247.4
Index	6.4	39.8	67.2	238.6
Sector	8.7	29.0	44.5	157.6

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.
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 0.80% 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.
† Historic yield reflects the distributions declared over the past 12 months expressed as a percentage of the mid-market price, as at the date shown. It does not include any preliminary charges. Investors may be subject to tax on the distribution.

SUMMARY

In April, the Fund returned 0.36% (in GBP), the MSCI World Index returned -3.84%, and the IA Global Equity Income sector average return was -0.23%. The Fund therefore outperformed the Index by 4.20%, and outperformed its peer group average by 0.59%.

Year-to-date, the Fund has returned -0.33%, the MSCI World Index has returned -6.18%, and the IA Global Equity Income sector average return is -1.32%. The Fund has therefore outperformed the Index by 5.85%, and has outperformed its peer group average by 0.99%.

In April, global equity markets continued their Q1 sell-off as the Ukraine war, Chinese lockdowns, supply chain disruptions, and the prospect of substantially tighter US monetary policy all weighed on investor sentiment. Growth stocks – and those on higher valuation multiples – continued to be worst affected, whilst defensive sectors and value-oriented stocks performed relatively better. This proved beneficial to the Fund in April, and has aided outperformance versus peers and the benchmark in the month and year-to-date.

Longer-term, it is pleasing to see that the Fund has outperformed the IA Global Equity Income sector 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, and over 1 year and 10 years.

Guinness Global Equity Income Fund

Cumulative % total return, in GBP, to 30/04/2022	YTD	1 year	3 years	5 years	10 Years*	Launch*
Guinness Global Equity Income	-0.33	14.93	42.94	73.44	231.90	247.56
MSCI World Index	-6.18	6.40	39.76	67.21	237.05	238.57
MSCI AC World Index	-6.07	4.28	36.01	61.89	212.06	208.31
IA Global Equity Income sector average	-1.32	8.67	28.96	44.51	153.41	157.56
IA Global Equity Income sector ranking	23/55	5/54	5/49	3/45	2/23	1/12
IA Global Equity Income sector quartile	2	1	1	1	1	1

**Simulated past performance. Performance prior to the launch date of the Y class of the Fund (11.03.15) is a composite simulation for Class Y 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: FE fundinfo. All funds in the sector have a similar investment policy and risk profile to the Guinness Global Equity Income Fund.

Since the launch of the Fund, its high-quality characteristics have also allowed it to outperform in each of the largest drawdowns seen in the last 11 years. This year to date has been no exception.

SUMMARY: DIVIDENDS

So far in 2022, we have had dividend updates from 23 of our 35 holdings, and the average dividend growth in the Fund has been 8.3%.

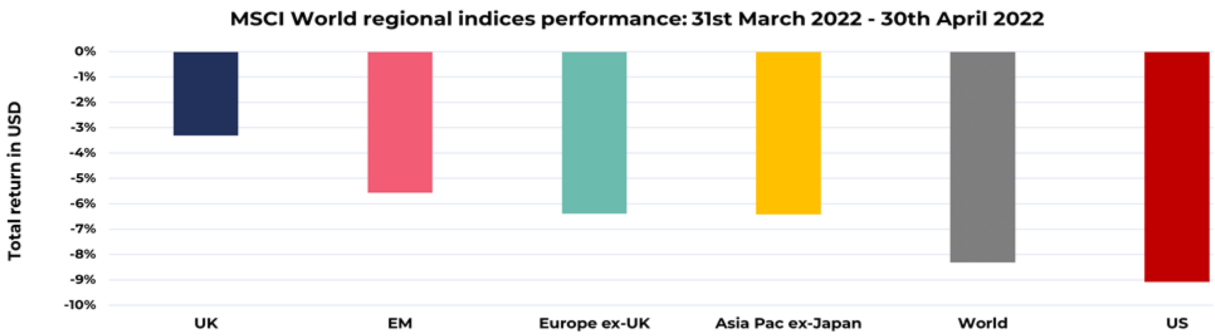
- 20 companies announced increases for their 2022 dividend vs 2021. The average dividend growth of these companies has been 9.1%.
- 3 companies announced a flat dividend vs 2021.
- 0 companies announced dividend cuts.
- 0 companies announced dividend cancellations.

This follows the Fund seeing 0 cancellations in 2021 and 2020.

The Fund's dividend yield at the end of the month was 2.20% (net of withholding tax) vs the MSCI World Index's 1.99% (gross of withholding tax).

APRIL IN REVIEW

In April, global equity markets continued their Q1 sell-off as the Ukraine war, Chinese lockdowns, supply-chain disruptions, and the prospect of substantially tighter US monetary policy all weighed on investor sentiment. The MSCI World Index fell -8.27% (in USD), posting its worst monthly decline since March 2020.



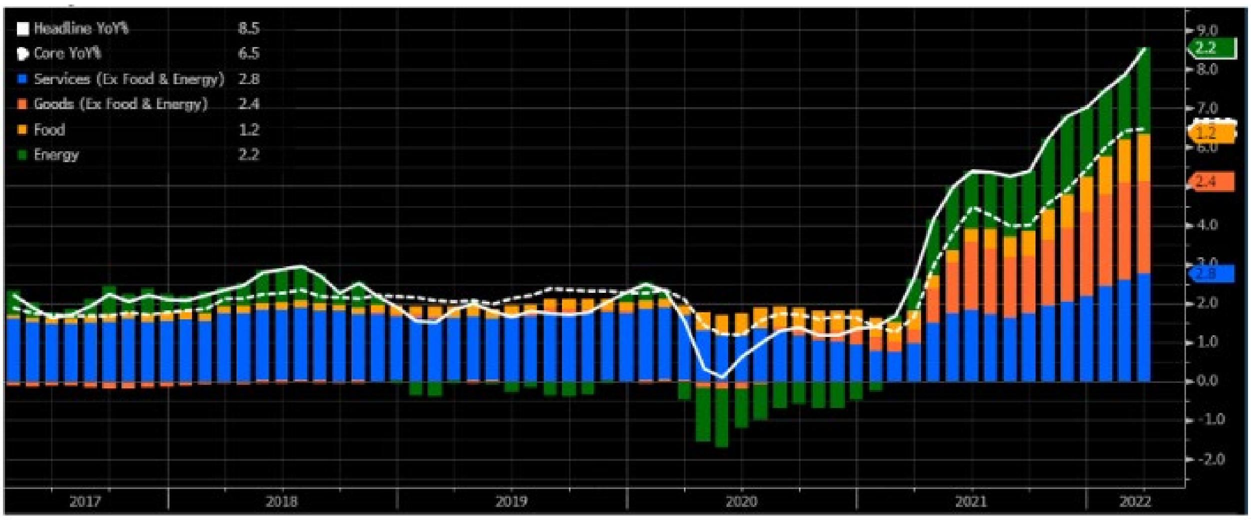
Source: Bloomberg. As of 30th April 2022

The US was the weakest-performing region in April and the end of the month also marked the S&P 500 Index's worst monthly return (-8.72%) since March 2020 (and its worst start to the year since 1939!). The tech-heavy Nasdaq Index suffered more, falling 13.24% in April, posting its biggest monthly drop since the Global Financial Crisis in October 2008. Weakness in the market has predominantly been driven by fears that the US Federal Reserve (Fed) will have to be more aggressive in its monetary policy to tame the current record inflation. Several members of the Fed's Board of Governors used speeches in April to highlight their desire to take rates back to neutral as quickly as possible, and the market has now priced in 50 basis point hikes at each of the

Fed's next three meetings – a path that Fed Chair Jerome Powell hinted was perfectly feasible during a panel discussion at the International Monetary Fund (IMF).

Bond markets reacted sharply to Powell's more hawkish tone, and US 2-year and 10-year yields rose by 38 basis points (bps) and 60 bps respectively in April. Unsurprisingly, higher-duration assets sold off most; value continued its outperformance vs growth, and defensive sectors outperformed cyclical sectors.

Headline US consumer price inflation increased 1.2% in March, a sharp pick-up from February. This took the annual rate of inflation to 8.5% from 7.9%, its highest level since December 1981.



Headline US CPI Inflation Breakdown. Source: Bloomberg. As of 30th April 2022

Much of the higher inflation has been caused by higher energy prices and increasing prices of goods. Though this trend has been persistent since late 2021, it has recently been reinforced by the invasion of Ukraine and China's continuation of its zero-Covid policy. Whilst the ongoing war has impacted global markets mainly via higher fuel prices, the shutdown of 40% of the world's second-largest economy has exacerbated existing supply chain challenges. Despite monetary and fiscal stimulus plans, the lack of activity in Shanghai and Beijing dampened Chinese (and global) growth expectations; China's 5.5% growth target for 2022 is now looking increasingly difficult to achieve. (In the Fund, we have no Chinese holdings).

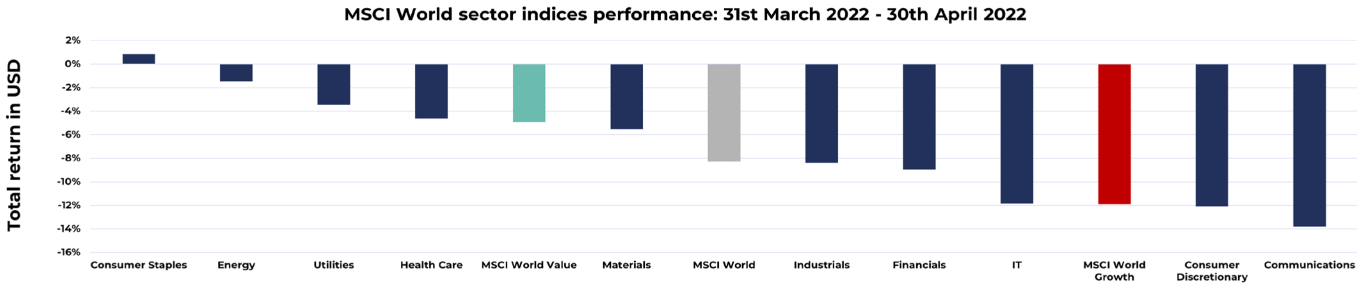
The IMF has reduced its forecast for the expansion in the world economy from 4.4% at the start of the year to 3.6%, with the Eurozone area seeing the largest cut in expected growth, from 3.9% to 2.8%, not least due to the region's reliance on Russian gas and oil. Global growth too has stalled, with the US economy contracting by 0.4% in the first quarter, increasing the possibility of prolonged stagflation, i.e. a combination of stagnant growth and rampant inflation.

The UK was the best-performing developed region in April, despite official data showing that the economy slowed more sharply than expected in February. Monthly GDP rose by 0.1%, but had risen by 0.8% in January. Meanwhile, the annual rate of UK consumer inflation climbed to 7.0% in March from 6.2% in February, its highest level since March 1992. Typically, defensive groups provided most of the impetus for equity market returns, notably the pharmaceuticals and Consumer Staples. Many of these companies are also big dollar earners and received additional support from the strength of the US currency, especially amid sterling weakness. This was beneficial to the Fund in the month; the Fund has a c.19% weighting to the UK (by domicile) compared to c.4% in the MSCI World Index. We note, however, that the UK exposure is lower (c.5%) when considered in revenues rather than by domicile because we have favoured UK-domiciled companies with more global revenue (e.g. Unilever and Imperial Brands).

In terms of geographic exposure, the largest difference between the Fund and the MSCI World Index benchmark is our exposure to the US (as measured by country of domicile). The Fund has c.54% weighting to North America, which compares to the Index at c.71%. This too was beneficial in April given the weak performance from the US market, which was not helped by several high-profile US tech firms missing earnings expectations.

April saw the start of Q1 2022 earnings prints and companies generally faced difficult comparators due to unusually high earnings growth in Q1 2021. In the US, the aggregate earnings growth rate was in the single digits for the first time since Q4 2020. With almost 55% of S&P 500 companies having reported fourth-quarter earnings, we have seen 81% of companies report positive earnings surprises, with an average beat of c.3.5%. This is above the five-year average of 77% but below the five-year average beat of 8.9%.

On the growth front, 67% of companies have reported earnings growth, with an average growth of 3.2%. Generally, the average earnings growth has been lower than the average revenue growth, indicating a margin squeeze from higher materials and labour costs. Coupled with residual pandemic effects, such as the continuing lockdowns in China, supply chain backlogs and further volatility in energy costs as a result of the war in Ukraine, the overall picture for most sectors in April was gloomy, with Consumer Staples the only sector posting a gain.



Source: Bloomberg. As of 30th April 2022

According to Bloomberg estimates, Consumer Staples companies overall led the way in terms of the number of companies reporting earnings surprises, with 94% beating estimates.

We wrote in our annual review of 2021:

> *"We believe that most developed global markets have now likely passed through the 'recovery phase' of the economic cycle, where companies that see the fastest recovery in their earnings outperform. We believe we are now in the phase of the cycle where fundamentals will drive returns, i.e. companies that offer steady compounding earnings and reasonable valuation will be rewarded. We continue to see many high-quality Consumer Staples companies trading at valuations around their 5 or 10-year average, which we do not necessarily see in other sectors."*

So far in 2022, Consumer Staples have indeed been rewarded for their compounding earnings and reasonable valuations, and this has boded well for the Fund given its overweight exposure (c.27% in the Fund vs c.7% in the benchmark). The sector was the best-performing in April and is the second best-performing this year (after Energy). Consumer Staples tend to be relatively shorter-duration, in that they generate more of their cash flows in the near term rather than the distant future, and so their valuations are relatively less affected by higher future interest rates. Further, their defensive qualities arise from the inelastic demand for the goods they sell (such as low-cost everyday essentials: food, household & personal products, etc). This essentially means that if prices increase, demand drops by proportionally less than the price increase – in essence, this allows Consumer Staples to maintain margins by passing on any inflationary costs to the consumer. This is exactly the narrative we saw in this quarter's earnings calls for the companies we hold.

Unilever, CEO Alan Jope, 28 April 2022

> *We've delivered the strong price growth with only a small impact on volumes, and we think that's due to the strength of our brands. The pricing momentum established during 2021 has continued, with increases being landed across all geographies and all divisions. While we're acutely aware of the pressure on consumers, we believe that increasing prices in response to this extreme commodity cost pressure is the right thing to do. It's critical to enable us to continue to invest in the quality and performance of our brands. We continue to win competitively. 58% of our business is winning market share.*

Danone, CFO Juergen Esser, 20 April 2022

> *In order to address the heavy inflation on our cost of goods sold, we have been activating the full playbook of mitigation actions over the last couple of weeks and months. It starts with revenue growth management and pricing that had a plus 4.9% positive contribution this quarter. As of today, we have passed price increases across all our categories and all our geographies. In some geographies, we even passed*

already several subsequent price increases.

Henkel, CFO Marco Swoboda, 5 May 2022

We are facing drastic headwinds from the price inflation of raw materials and logistics. And of course, we launched comprehensive countermeasures. Next to savings initiatives in supply chain and procurement, we will further step up pricing. Already in the first quarter, we have seen strong pricing across all businesses resulting in a price contribution of 9.4% to organic sales growth on group level. But what is clear, we will need additional pricing efforts.

Reckitt Benckiser, CEO Laxman Narasimhan, 29 April 2022

We're now facing inflation up close to high teens, which is around GBP 1 billion of cost inflation versus last year. We entered the year as a stronger business. We have a strong portfolio of brands that have been invested in. This has enabled us to take pricing responsibly whilst growing volume. We have taken pricing in the quarter and will take further pricing actions as required. We will benefit from favorable product mix this year. Our productivity initiatives are delivering ahead of plan, and we will see a reduction in finite-life transformation costs. The benefits from favorable mix, productivity initiatives ahead of plan and pricing, give us the confidence to expect adjusted operating margins in line with both the prior year and current market expectations, while continuing to invest in the long-term growth of our brands.

Nestlé, CFO François-Xavier Roger, 21 April 2022

The impact from cost inflation is expected to be significantly higher in 2022 versus 2021. We now expect an even greater inflationary impact as a result of the war in Ukraine. So far, we have not seen any material evidence of negative RIG [real internal growth] elasticity linked to price increases.

Procter & Gamble, CFO Andre Schulten, 20 April 2022

Building on the strength of our brands, we are thoughtfully executing tailored price increases. We closed a couple of price increases with innovation to improve consumer value along the way. The strategic need for investments to continue to strengthen the superiority of our brands, the short-term need to manage through this challenging cost environment and the ongoing need to drive balanced top and bottom-line growth, including margin expansion, underscore the importance of ongoing productivity. We are committed to driving cost savings and cash productivity in all facets of our business. No area of cost is left untouched. Each business is driving productivity within their P&L and balance sheet to support balanced top and bottom-line growth and strong cash generation.

PepsiCo, CFO Hugh F. Johnston, 26 April 2022

If you look over time, our categories have always performed pretty well during inflationary times. And as a result of that, I think as a company, our performance has been pretty inflation-resistant as well as recession-resistant, which obviously makes us a pretty good defensive stock.

Diageo, CFO Lavanya Chandrashekar, 21 April 2022

We are seeing a higher level of inflation. And we're seeing that come through in terms of both commodity costs as well as energy costs. We're also seeing the impact of higher logistics costs due to just shortages of drivers and containers, et cetera, that's impacting everybody, not just Diageo. Where we are seeing the leverage that we have to offset inflation, first of all, I'll remind you that because of the nature of our business and the percentage of our business that have aged product, we have a natural buffer against inflation just because a large percentage of what we are selling today we actually laid down the liquids several years ago, more than a decade ago in many cases.

We are confident that all the companies we own in the Fund have persistently high profitability, low leverage, trade at reasonable valuations, and have good potential for dividend growth. With this in mind, we believe there are several reasons why the Fund protects against higher inflation and higher interest rates:

- We seek companies that have persistently generated a return on capital greater than cost of capital. Companies that have achieved this feat tend to have done so due to their competitive advantages – or moats – which give them pricing power. This pricing power can somewhat protect them from inflation since higher input costs can be passed on to consumers (as demonstrated by the recent results in the Consumer Staples sector).

- We seek companies which have low leverage. These companies tend to be cash generative and do not need to borrow excessively to fund their operations or fuel their growth (or return capital to shareholders). Highly leveraged companies are at risk of having to make higher interest payments should interest rates rise. Refinancing debt would also be at comparatively unfavourable terms, and this has opportunity costs for the use of the company's capital.

- We seek companies capable of sustainably growing their dividend. Although we are investing for income, we look only for companies capable of growing their dividend over time, which gives some protection from inflation on a relative basis compared to fixed or slowly growing income generating assets. It is also worth noting that over the long term, dividend growth tends to match or better long term inflation, meaning these income streams generally continue to grow in real terms.

- We seek companies trading at reasonable valuations. Higher interest rates – and the associated higher discount rates – reduce the present value of future cashflows. This tends to disproportionately affect growth companies, which typically trade on lofty valuations given their higher expected future growth.

CHANGES TO THE PORTFOLIO

We made no changes to the portfolio in the month.

We thank you for your continued support.

Portfolio Managers

Matthew Page

Ian Mortimer

Investment Analysts

Sagar Thanki

Joseph Stephens

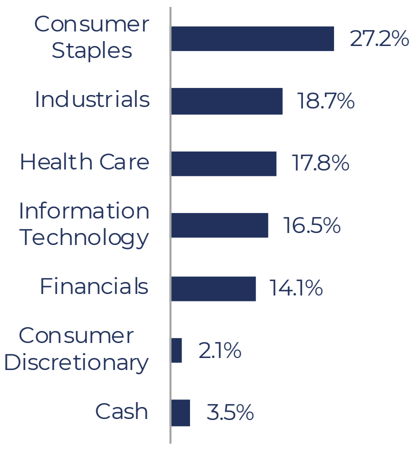
William van der Weyden

PORTFOLIO

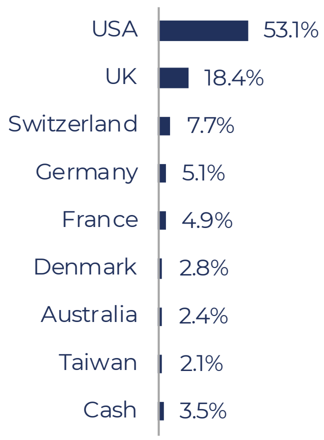
Fund top 10 holdings

Abbvie	4.0%
British American Tobacco	3.8%
BAE Systems	3.6%
Paychex Inc	3.3%
Aflac	3.3%
Broadcom	3.2%
Johnson & Johnson	3.1%
Imperial Brands	3.1%
Deutsche Boerse	3.0%
Microsoft	2.9%
% of Fund in top 10	33.2%
Total number of stocks held	35

Sector analysis

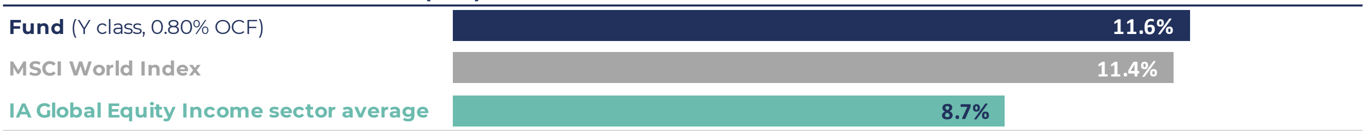


Geographic allocation



PERFORMANCE*

Annualised % total return from launch (GBP) **30/04/2022**



Discrete 12m % total return (GBP)	Apr '22	Apr '21	Apr '20	Apr '19	Apr '18	Apr '17	Apr '16	Apr '15	Apr '14	Apr '13	Apr '12
Fund (Y class, 0.80% OCF)	14.9	24.4	-0.1	14.6	5.9	24.9	-0.2	16.5	8.0	22.1	1.1
MSCI World Index	6.4	32.4	-0.8	12.5	6.4	29.8	0.5	18.0	7.5	21.8	-2.0
IA Global Equity Income Sector average	8.7	25.6	-5.6	7.7	4.0	23.5	-1.8	12.2	6.0	21.6	-0.9

Cumulative % total return (GBP)	1m	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Launch
Fund (Y class, 0.80% OCF)	0.4	-0.3	14.9	42.9	73.4	231.8	247.4
MSCI World Index	-3.8	-6.2	6.4	39.8	67.2	237.1	238.6
IA Global Equity Income Sector average	-0.2	-1.3	8.7	29.0	44.5	153.4	157.6

RISK ANALYSIS **30/04/2021**

Annualised, weekly, from launch on 31.12.10, in GBP	Index	Sector	Fund
Alpha	0.00	0.21	1.82
Beta	1.00	0.76	0.85
Information ratio	0.00	-0.35	0.05
Maximum drawdown	-24.58	-22.41	-21.78
R squared	1.00	0.79	0.88
Sharpe ratio	0.54	0.42	0.62
Tracking error	0.00	6.65	4.89
Volatility	14.30	12.19	12.94

*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
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