Guinness European Equity Income Fund

Investment Commentary – October 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

Launch date	19.12.2013
Index	MSCI Europe ex UK
Sector	IA Europe excluding UK
Manager	Nick Edwards

Aim

The Guinness European Equity Income Fund is designed to provide investors with exposure to high quality dividend-paying companies in the Europe ex UK region. The Fund aims to provide long-term capital appreciation and a source of income that has the potential to grow over time. The Fund is actively managed and uses the MSCI Europe Ex UK 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 has been classed as 6 because its volatility has been measured as above average to high. Historic data may not be a reliable indicator for the future. 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.

PERFORMANCE

Past performance does not predict future returns

30/09/2022	1 year	3 years	5 years	Launch*
Fund	-12.9	2.3	12.0	64.1
Index	-12.8	4.9	12.6	65.0
Sector	-16.1	5.8	10.2	65.2

Full discrete 12m performance is shown at the end of this commentary. Source: FE fundinfo, 0.89% OCF, bid to bid, total return. *Launch date 19.12.13. 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 performance shown has been reduced by the current OCF of 0.89% per annum. Returns for share classes with different OCFs will vary accordingly. The performance returns do not reflect any initial charge; any such charge will also reduce the return.

SUMMARY PERFORMANCE

At the end of September 2022, your fund had returned -4.6% (in GBP) over the third quarter, or -2.5% versus the MSCI Europe Ex UK Net Return Index, which fell -2.0% (in GBP) over the quarter. At the close of Q3, with -15.2% year-to-date your fund remains +1.9% ahead of the MSCI Europe ex UK index with -17.1% year-to-date.

Your fund failed to build on H1's outperformance over Q3 primarily because of its multi-cap exposure and the weakness seen across small and mid-cap companies over the quarter as liquidity conditions tightened. Approximately 1/3rd of fund holdings have market capitalisation below $10bn.

Short-term factors aside, we continue to believe that a balanced portfolio of strong companies characterised by best-in-class cash flow and structural growth drivers alongside balance sheet strength will stand investors in good stead over time. Valuations across Europe's global market leaders haven't looked this attractive for the best part of a decade and since 2009 vs the US. This represents a real opportunity for income investors to achieve a significant yield premium without giving up on quality.

Guinness European Equity Income Fund

Cumulative return in GBP to 30.09.2022	Sept.	Qtd	Ytd	1yr	3yr	5yr
Guinness European Equity Income	**-6.6%**	**-4.6%**	**-15.2%**	**-12.9%**	**2.3%**	**12.0%**
MSCI Europe Midcap Index	-7.2%	-5.2%	-23.6%	-20.6%	1.2%	7.5%
MSCI Europe Growth Index	-4.9%	-0.5%	-19.3%	-13.7%	11.9%	28.7%
MSCI Europe Euro Index	-4.4%	-1.8%	-17.6%	-14.6%	1.7%	7.0%
MSCI Europe Value Index	-4.5%	-3.4%	-7.1%	-3.6%	1.6%	2.6%
MSCI Europe High Dividend	-4.7%	-3.6%	-3.6%	2.7%	7.0%	21.6%
MSCI UK net total return Index	-5.0%	-2.9%	-1.3%	3.8%	5.4%	13.9%
MSCI Europe ex UK (benchmark)	-4.8%	-2.0%	-17.1%	-12.8%	4.9%	12.6%
Out/underperformance vs MSCI Europe ex UK	*-1.8%*	*-2.5%*	*1.9%*	*-0.1%*	*-2.6%*	*-0.5%*

Source: Bloomberg

QUARTER IN REVIEW

The dual impacts of ongoing exceptionally high European natural gas prices and interest rate rises fed through into weakening economic data over the quarter as consumers and industrialists reacted to the tightening conditions. These ranged from PMIs and key indicators of European business and consumer confidence to global freight rates and important food input costs such as palm oil, suggesting that the upward pressure on interest rates should at least be softening, and the risks of over-tightening are becoming more apparent. German IFO expectations and Eurozone consumer confidence continued to new historic lows over the quarter.

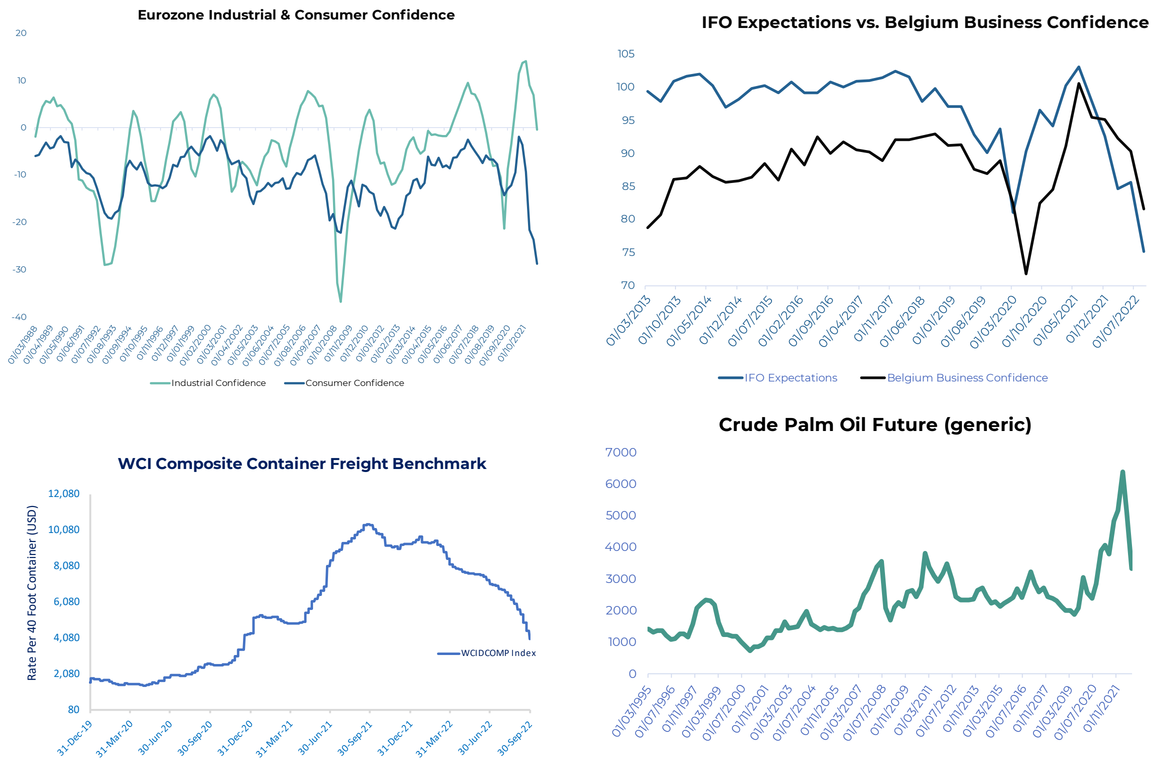
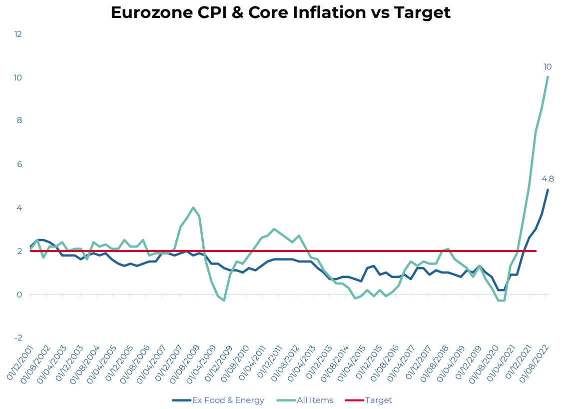


Figure 2: Clockwise from top left: Eurozone Industrial and Consumer Confidence, IFO Expectations and Belgium Business Confidence, Palm oil and Freight Rates. Data as of 30th September 2022 in GBP. Source: Bloomberg.

Despite the evidence of slowing, the quarter saw continued upward pressure on consumer price data, with Eurozone CPI +10% year-on-year (YoY) leading US CPI growth +8.3%, due to ongoing high gas prices and currency weakness vs. the US Dollar feeding through into producer prices at an alarming rate (+14.5% ex Construction & Energy and +43% ex Construction in August). Eurozone Core inflation (+4.8% YoY in Sept) also accelerated albeit at a slower pace than in the US (+6.3%) as those cost increases made their way into the wider economy, leading to a continued deceleration in European savings ratios.



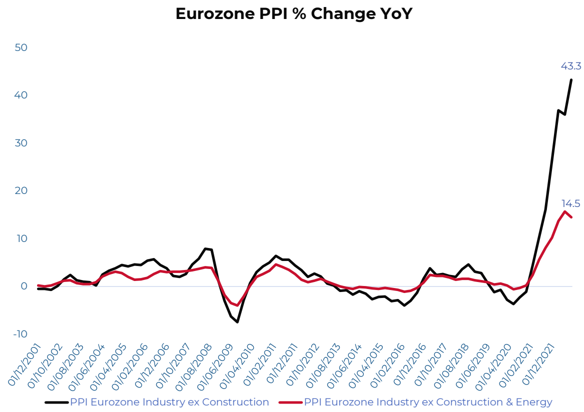
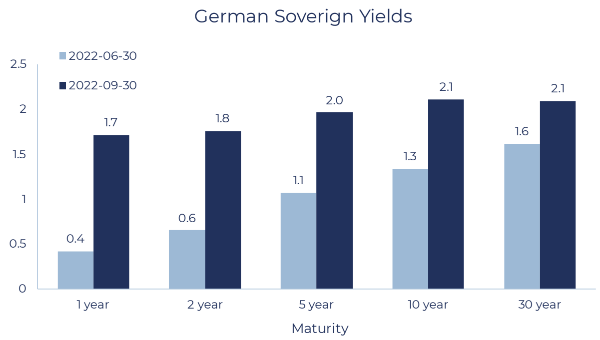


Figure 3: Eurozone CPI & Core Inflation (lhS), Eurozone PPI ex Construction (dark) and ex Construction & Energy (red) (rhs). Performance data as of 30th September 2022 in GBP. Source: Bloomberg.

The markets are now showing evidence of having fully acknowledged the step change to a higher rate of inflation in the economy, with the German 10Y yield now matching the 10Y breakeven rate at 2.1% as shown in the right-hand chart below, while the left-hand graph shows the extent of rate rises seen across the curve seen over the course of Q3 2022. That said, base rates are still expected to rise in the short term as the ECB looks to fully reset inflation expectations and head off further Euro currency weakness.



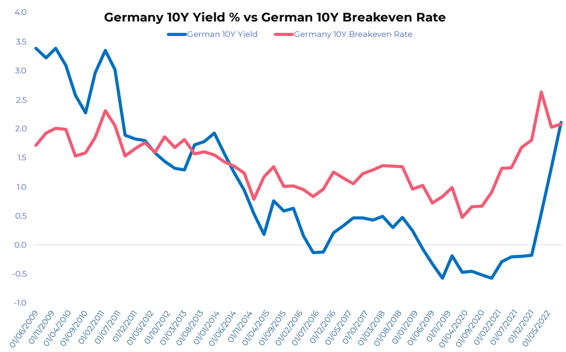


Figure 4: German Sov. Yield change over Q3 2022 (lhs), German 10Y Yield vs 10Y breakeven (rhs). Performance data as of 30th September 2022 in GBP. Source: Bloomberg.

European labour cost growth of 4.1% remains well below recent US readings of +9.1% YoY, despite disproportionately higher energy costs, largely due to Europe's meaningfully higher labour market slack. The European unemployment rate is at historic lows of 6.6% but still positively loose compared to the US market at 3.6%. This factor has historically contributed to persistent undershooting of Eurozone inflation targets, and should, once temporary energy and supply chain factors abate, enable far more moderate rates of inflation to return – something that could cause policy makers to look through very high short-term rates of inflation whist continuing to send hawkish messages to the market.

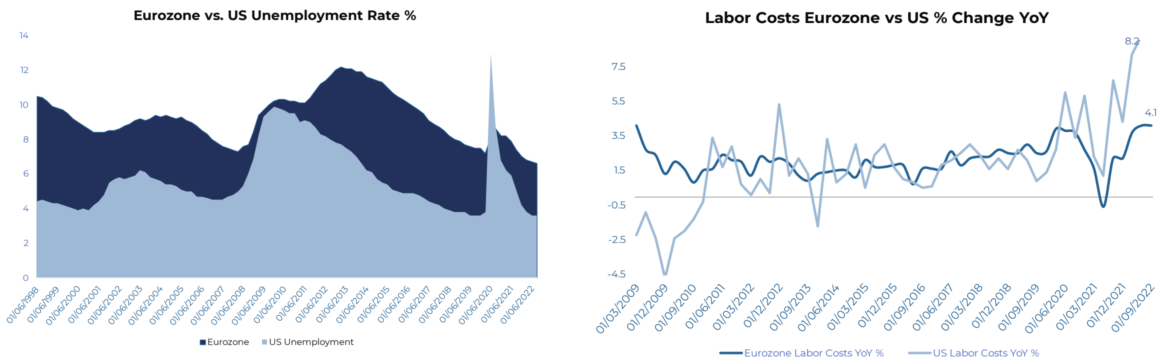


Figure 5: Eurozone vs US unemployment rate (lhs), Eurozone labour costs change vs US % (rhs). Performance data as of 30th September 2022 in GBP. Source: Bloomberg.

Volatility will almost certainly continue for a while, and we note Germany's federal network agency saying Germany must cut gas use by 20% to avoid rationing this winter alongside the Europe centre for medium-range weather forecasts now predicting a cold November and December. Despite these very real impacts to industry and competitive advantage based on cheap gas, the narrative should improve over time as natural gas sourcing, alternatives substitution (renewables and nuclear) and efficiency measures take hold. While at the political level this appears to be another setback for Europe, like Coronavirus it seems likely to work to create a more cohesive, self-sufficient and agile bloc. For Germany the logical conclusion and policy response to the current situation should be higher spending to the benefit of the rest of Europe, after years of austerity and under-investment. This would represent a positive development compared to the existing market narrative focused on the risks of stagflation – a view supported by recent comments from the German defence minister, building on Olaf Scholz's February Zeitenwende speech, arguing for Germany to adopt a leading position commensurate with its scale within Europe. In Italy the new coalition government under Giorgia Meloni's Bothers of Italy party has signalled its intention to continue to work with Brussels and Italian spreads remain at historically low levels vs bunds.

Whatever the weather we continue to believe that the long-run outlook for high-quality, globally focused and leading European dividend paying companies such as those held in the Guinness European Equity Income Fund remains attractive. With Europe ex UK continuing to offer a higher level of income vs other main regions and bonds at the end of Q3 2022.

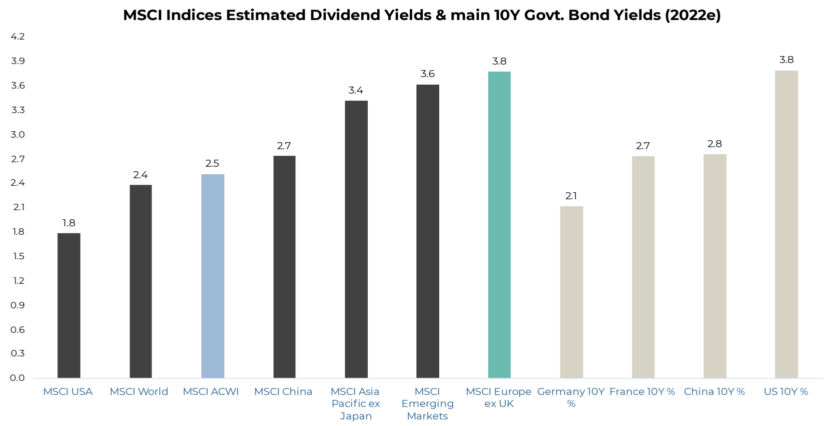


Figure 6: Regional MSCI Dividend Yields and main 10Y Sov. Yields. Data as of 30th September 2022. Source: Bloomberg.

The backdrop for income seekers in European cash and credit remained difficult, with Eurozone real two-year yield (defined as 2Y German government bond yield minus core inflation) at historic lows of -3% at end Q3 2022. Only adding to the attractions of quality income given its track record for providing a hedge against inflation through capital growth (see our white paper Why Dividends Matter).

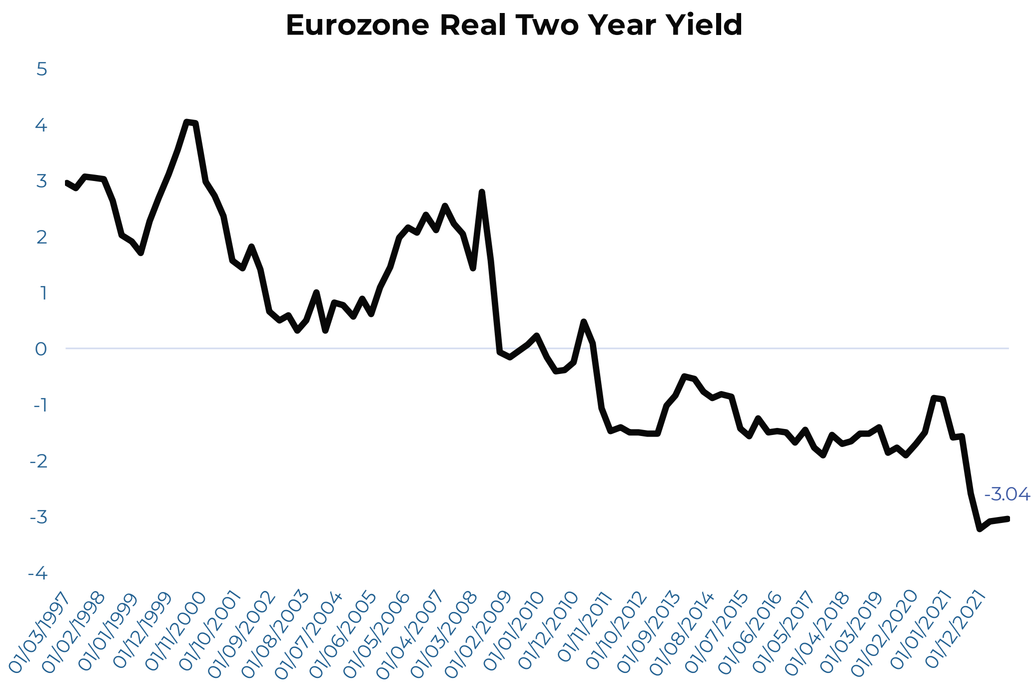


Figure 7: Eurozone real yield (2Y – Core Inflation). Data as of 30th September 2022. Source: Bloomberg.

Recent underperformance of MSCI Europe ex UK vs MSCI US driven by temporary geopolitical events has resulted in a widening of the dividend yield spread seen between quality European and US sectors. This represents a real opportunity for income investors to achieve a higher level of yield without giving up on growth or quality. Your fund remains invested in and focused on the quality sectors shown in blue below where we find globally leading, dividend paying companies with long runways for growth, where the ebb and flow of the economy should make little difference to long-run returns.

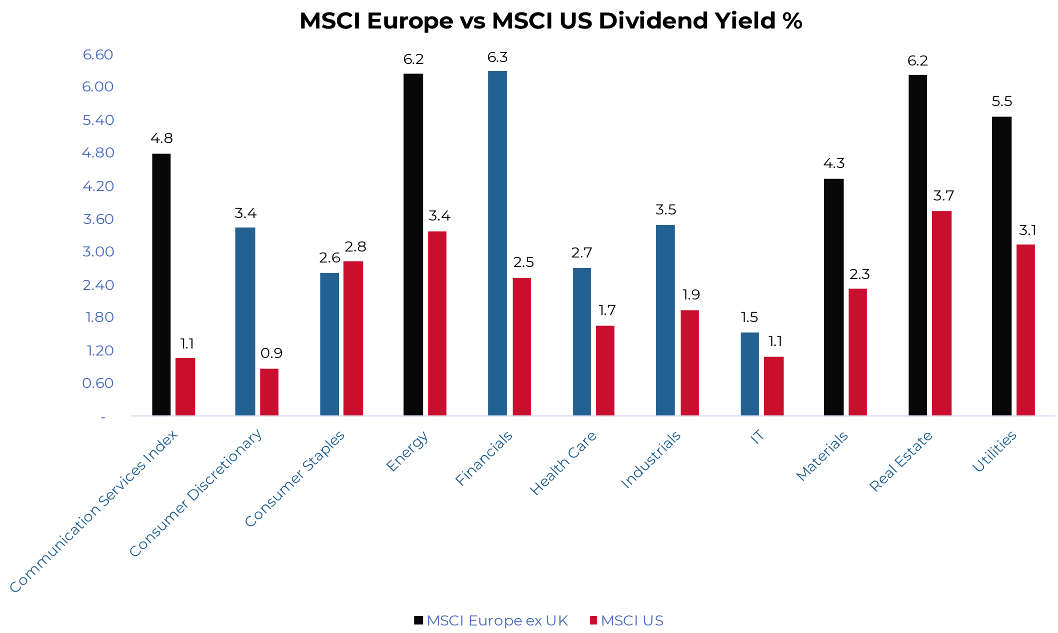


Figure 8: MSCI Europe ex UK Sector Dividend Yields vs MSCI US (red). "Quality" European sectors in blue. Data as of 30th September 2022. Source: Bloomberg.

At the end of the quarter MSCI Europe ex UK traded on just 11.6x earnings, the lowest level since the Euro crisis in 2012, and vs MSCI US (16.3x) since the great financial crisis (GFC) in 2009. An opportunity that is likely to unwind as and when the headwinds of European gas prices and geopolitics calm down.

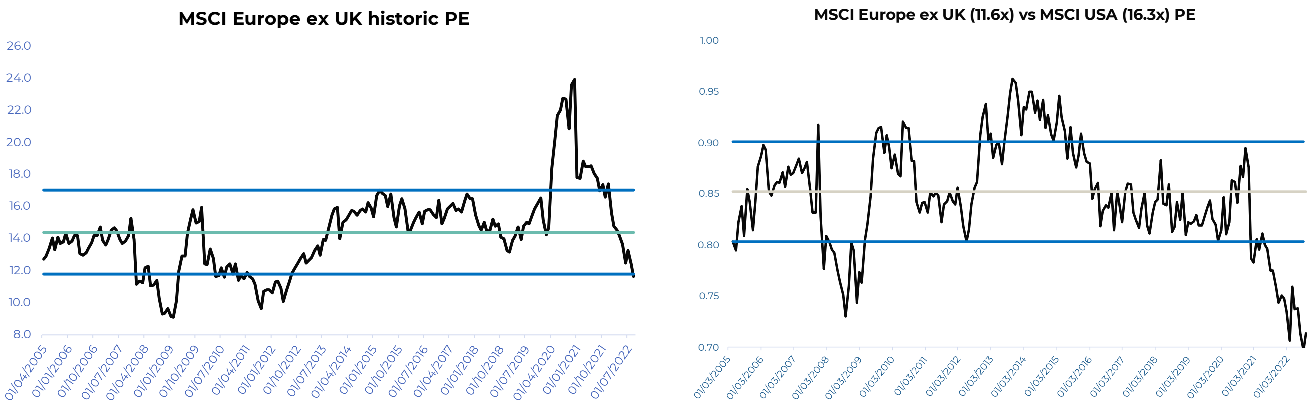


Figure 9: MSCI Europe ex UK historic PE (LHS) and relative to MSCI USA (RHS). Source: Bloomberg data

FUND PERFORMANCE

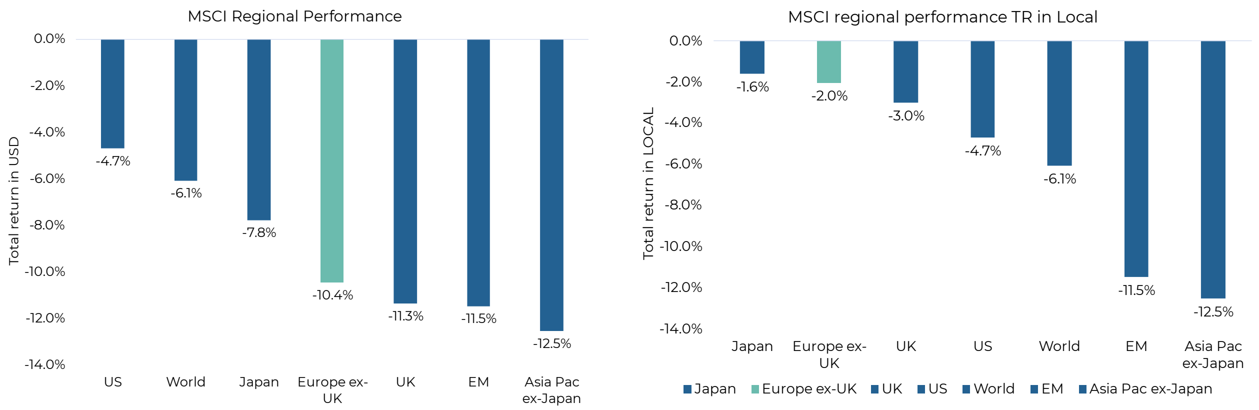


Figure 10: MSCI World Index geographic total return breakdown for Q3 2022, in USD (left) and Local currency (right). Europe in light green. Source: Bloomberg data

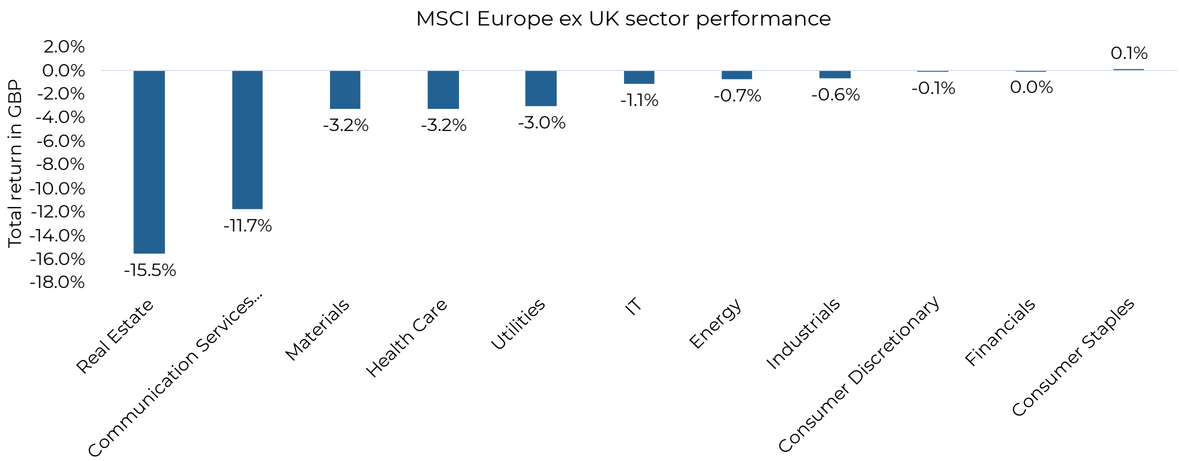


Figure 11: MSCI Europe ex UK Index sector total return breakdown for Q3 2022, in GBP. Source: Bloomberg

MSCI Europe ex UK Index fell -10.4% in USD or -2.0% in GBP over the course of Q3 2022 as a rapid pace of interest rate increases saw the Euro and Sterling weaken sharply vs the US dollar. This put our core benchmark broadly in the middle of global peers in dollar terms and close to the top end in local currency.

Over the quarter our focus on quality helped us but was undone by stock specific and size-related factors. At the index level **Consumer Staples** was the best-performing sector, led at the portfolio level by **Unilever** (+5% in EUR) where the rollover in input costs such as palm oil (-19.5% in Q3) has been a welcome relief, and the arrival of Nelson Peltz's Trian Fund Management on the shareholder register with a 1.5% stake in May alongside the September announcement of departure of CEO Alan Jope by end 2023 (after 35 years with the company) collectively suggest further portfolio efficiency measures and better capital allocation to come (see below for more). Otherwise good performance was offset by stock specific factors impacting **Salmar**, also written up below.

Financials was the second-best performing sector at the index level, reflected in the portfolio by Deutsche Boerse and Axa (+5% and 4% respectively). However Helvetia (-14%, life insurance) and Amundi (-18%) both underperformed as their large bond portfolios come under pressure in spite of gradually rising rates being a welcome long-term development for Helvetia. Euronext (-16%) also underperformed Deutsche Boerse by a wide margin primarily due to unrealised fears around the Italian election, where Euronext has high exposure after its acquisition of Borsa Italiana / MTS from the LSE.

Industrials performed well against a weak backdrop, led by Schneider Electric (+4%), perhaps a nod to the size of the opportunity unfolding for Europe's globally leading enablers of industrial efficiency and resilience, where the long-term outlook is accelerating across electrification, automation, decarbonisation and energy efficiency, irrespective of near-term factors impacting the wider construction industry. Deutsche Post and Konecranes were the weakest sector performers given their high sensitivity to industrial activity and input costs. We continue to think both are in good shape with long-term outlooks improved by the pandemic shift to e-commerce and delivery for the former and the need for new energy capex cycles a real long-term driver for the latter.

Within **Healthcare** strong performance from Roche was offset by weakness at Fresenius SE where the market responded negatively to the possibility that rising interest rates could impact borrowing costs after an already difficult couple of years for elective surgeries. In **Consumer Discretionary**, our smallest market capitalisation company, Kaufman & Broad, a high-quality housebuilder focused on the Paris area, traded poorly as the market worried about the impact of rising interest rates on its customers as mortgage rate expectations rose.

STOCK PERFORMANCE

The two best-performing holdings held over the quarter were **Roche** (+5% in EUR) and **Unilever** (+5%) while the two worst-performing stocks were **Salmar** (-49%) and **Fresenius SE** (-26%).

Unilever was the second-best performer over Q3 2022, following on from recent strong earnings data where the company reported price growth of +8.2% driving underling sales growth of 7.3%. Sentiment was given additional support over the quarter by the sharp pullback in key input costs such as palm oil (-19.5% Q3 in EUR). Irrespectively, the sector has an exceptional track record for passing on inflation enabled by consumer attachment to strong brands, and especially small sized and priced items that make them look or feel good; 400 such items in case of Unilever, exemplified by the likes of Dove deodorant and Magnum ice cream. The market may also be warming to the idea of further optimisation. The unification of group structure and relocation of Group domicile to the UK has put Unilever in a much stronger position to make meaningful change. Added to this, the arrival of Nelson Peltz's Trian Fund Management on the shareholder register in May with a 1.5% stake, now compounded by the announcement that CEO Alan Jope will retire next year after 35 years at Unilever, is focusing minds on the potential to unlock value. Trian has a strong track record for value creation, including at Procter & Gamble, and importantly has a long-term focus centred around accountability and investment rather than short-term measures like cost cutting. Under the influence of

Peltz, P&G regained market share and saw a rerating in its shares as the group was reorganised in a way that addressed its poor pay performance history and an insular culture by promoting greater group accountability and flexibility, bringing all business units under one structure, along with a focus on productivity, diversity, innovation, incentives and digital. For Unilever this probably means we won't see a sharp upturn in margin, but rather steady improvement in overall group performance (though P&G's LFY net margin of 18% lies well above Unilever's at 13%). The recent shift to five business groups under one centralised structure is a step in the right direction. The shares are not cheap vs the market after the recent sell-off, but remain attractive vs history and at a sizeable discount of over 25% to peer group on 2023e earnings multiples.

Roche, like Unilever, has a long history of generating persistent high cash returns with low volatility, and the shares are priced at approximately fair value vs peers and history. However, a 2023e earnings multiple in the low teens is arguably at odds with the group's global leadership position in both biotech and diagnostics, the latter key to the future of personalised medicine, and responsible for some 60% of clinical decision making but just 2% of healthcare cost. Short-term share price performance however is being driven by pharma portfolio news flow, with the market focused on the outlook for gantenerumab (Alzheimer's) and tiragolumab (oncology) clinical trials (the former given a sentiment boost by related test results at Eisai/Biogen at quarter end). Arguably at the expense of the breadth and depth of the wider pharma portfolio with other areas of strength notable across haematology, neuroscience and ophthalmology. At any rate, Roche's pharma division's capital markets day gave further reassurance on revenues from new medicines (+CHF18.6bn) more than offsetting losses from biosimilars (CHF-7.5bn) through 2025 irrespective of the near-term gantenerumab and tiragolumab trials. Whatever the short-term portfolio news, we remain happy holders of the shares, with Roche well placed to deliver for its shareholders as well as its customers for the long term.

Salmar (-49%) fell sharply over the quarter as both the spot price of salmon moved lower with the oil price (hitting sentiment more than underlying earnings) but principally as the Norwegian government announced plans for a $3bn / 40% resource rent tax on the aquaculture sector, suggesting a >60% effective tax on salmon farming, which would be material for Salmar given the high percentage of its current cash flows that come from Norwegian waters, and would certainly impact sector investment. It's hard to give any accurate estimate of impact until details of how the tax might be levied are known; and indeed, if it comes to pass at all, as measures like this have been put forward by Norway's left party before and came to nothing due to a lack of support in parliament. The consultation period runs through January 2023. The move highlights the risks for commodity and regulated industries including energy, materials, utilities, banks and telecoms (which your fund avoids due to its focus on persistent high cash returns) as governments around Europe look to plug funding gaps. At a fundamental level we continue to rate Salmar highly given its best-in-class assets, management and cashflows alongside industry leading innovation in offshore and sustainable farming methods.

Fresenius SE (-26%) was our second worst performing holding over the quarter. The shares have struggled over the last year, first, as the pandemic impacted elective treatments and dialysis care numbers, and more recently as supply chain bottlenecks, inflationary pressures and rising interest rates have caused the market to pause over leverage at 93% Debt to Equity. Net debt / EBITDA at 3.9x is currently above company target range of 3 – 3.5x, but the schedule is long-dated and multiples should normalise as pandemic headwinds on the top line abate and the company is able to pass on input cost increases. It typically takes around 12 months in Germany and 24 months in the US for inflationary effects to find their way back into dialysis reimbursement rates and pricing. While in the Kabi IV generics business, the company is seeing signs of easing price pressure and potential for a meaningful pick-up next year. In spite of the weak share price we were pleased see the Kabi division win FDA approval for Stimufend, its first approved US biosimilar. Importantly, newsflow will likely pick up from October onwards, when both Fresenius Medical Care and the Group come under new management. Carla Kriwet will take over as CEO of FMC on 1st October, with a background in connected care and patient monitoring solutions from Philips. While Michael Sen, who managed the Siemens turnaround (and spin-out of Healthineers and Siemens Energy) will take over as Group CEO after his initial spell as CEO of the Kabi division. Management have signalled openness regarding all divisions except for Kabi which is deemed core, and a look at close peer multiples highlights significant opportunity vs Fresenius SE's current low 8x earnings multiple. Our purchase of the shares ahead of the pandemic was miss timed but from where we stand we see good recovery potential.

Stock performance over Q3 2022 (EUR)

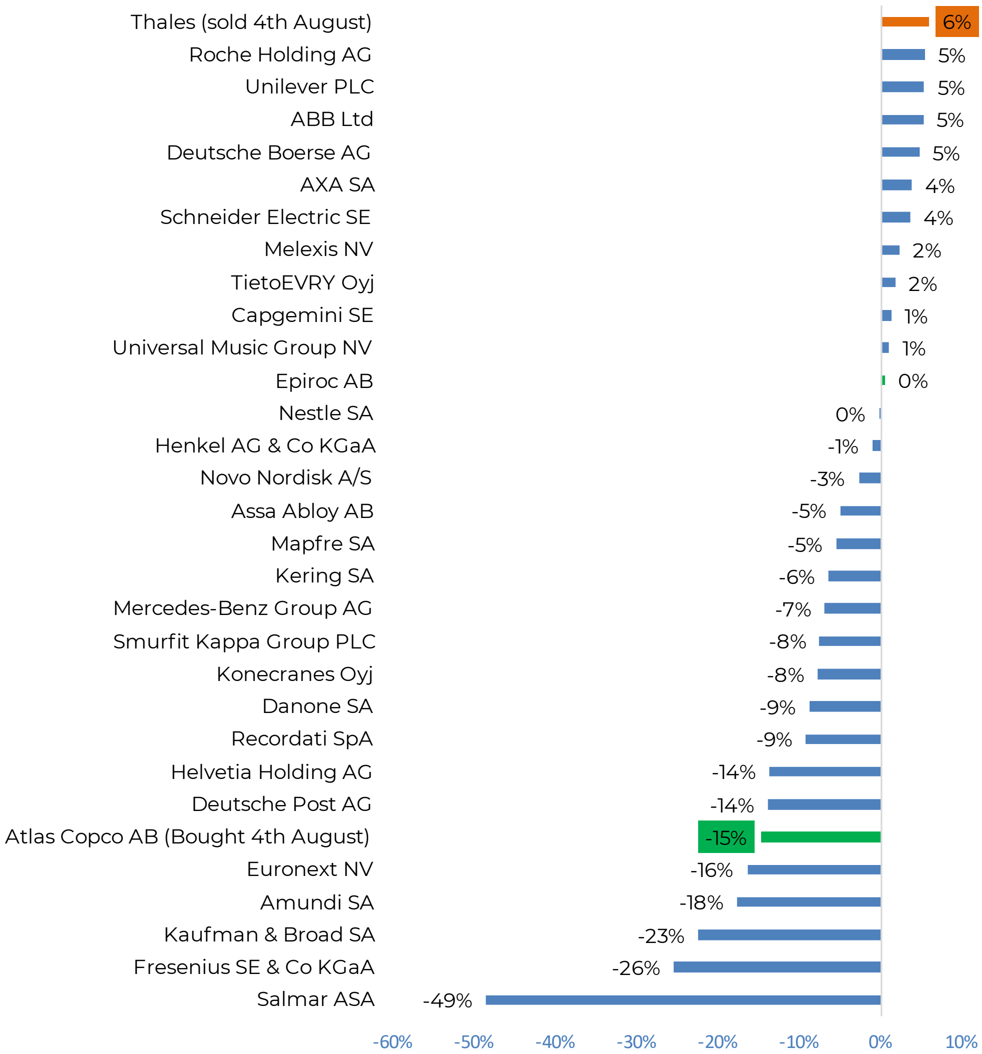


Figure 12: Fund holdings performance breakdown for Q3 2022 in EUR. Bloomberg (data as at 30.09.2022).

CHANGES TO THE PORTFOLIO

Over the course of Q3 2022 we made one change to the portfolio, buying **Atlas Copco** against the sale of **Thales** on 4th August.

Atlas Copco is a 140-year-old Swedish company and a pioneer in air compression technology. Today, the company is still the world's leading air compressor manufacturer, with around 25% market share. Its product portfolio includes power tools and vacuum pumps; equipment is highly engineered, often with customization and application-specific variations. To that point, equipment sales are done by engineers, and end-markets for the company's compressors are diverse, ranging from automotive assembly to food processing. The economic cycle can cause short-term demand volatility, but the company's flexible cost structure and large portion of service revenue underpin gross margins of c.40%. Maintenance services and spare parts contribute more than 30% of group revenue, and Atlas Copco leverages its large service operation by training its technicians to service competitors' equipment as well its own. Further, as a pioneering company, Atlas Copco possesses a patent-protected deep expertise in air compressors. Its portfolio is geared toward high-end compressors, with less exposure to lower-end basic compressors available, for example, in hardware stores. Through the years, Atlas Copco has developed several important innovations that allow it to charge a premium for its products and defend its leading market share position. The most recent of these innovations is its line of variable-speed compressors, which offer 35% energy savings on average versus fixed-speed compressors.

POSITIONING

The Guinness European Equity Income Fund is characterised by a high 83% active share against the Europe Ex UK benchmark. Our focus on companies with good track records that are in charge of their own destiny and have the potential to deliver high and rising returns for a long-time to come means the fund has no exposure to commodity and regulated sectors such as Utilities, Real Estate, Energy and banks. Meanwhile sectors like Industrials, Consumer Staples, Financials and Information Technology, in which your fund is overweight, hold many high-quality and scalable companies. All holdings in the fund use technology well.

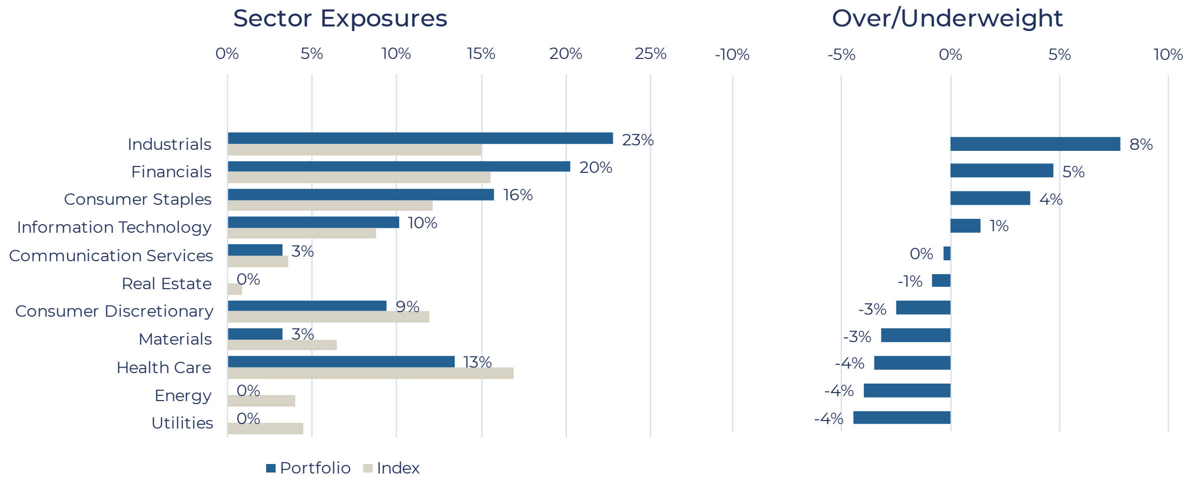


Figure 13: Sector over/underweight % breakdown of the fund versus MSCI Europe ex UK Index. Guinness Global Investors, Bloomberg (data as at 30.09.2022).

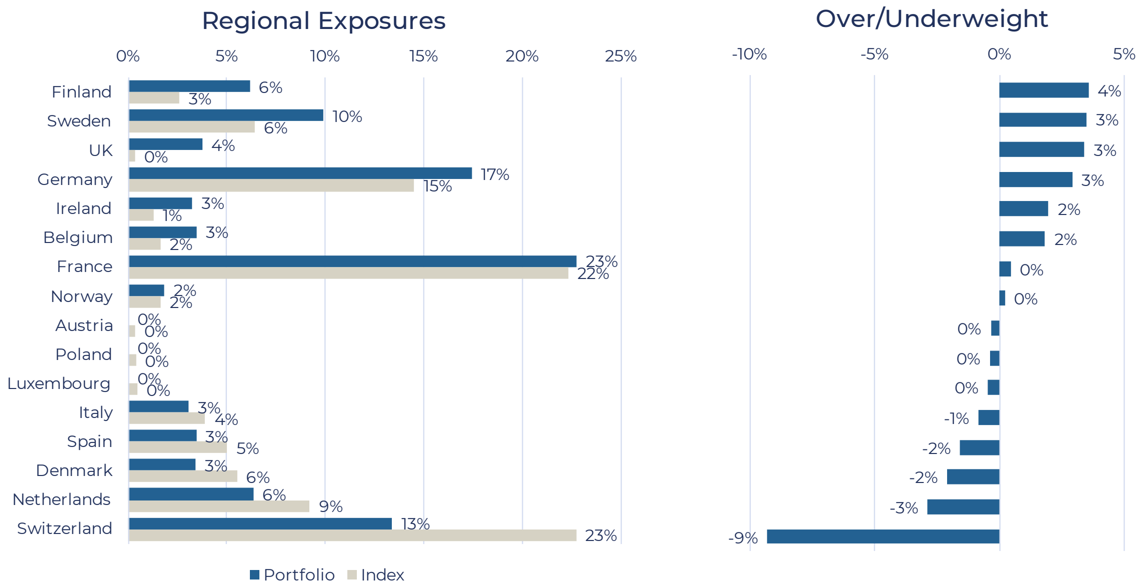


Figure 14: Regional breakdown of the fund versus MSCI Europe ex UK Index on a geographic basis. Guinness Global Investors, Bloomberg (data as at 30.09.2022).

The Guinness European Equity Income Fund's country over and underweight positions result from a pull between two factors. Naturally France and Germany represent high absolute weights in the index at 22% and 15% respectively; but it is also the case that we simply find a greater number of high-quality companies with strong prospects in Northern European "high-IP" markets with good corporate governance like Scandinavia.

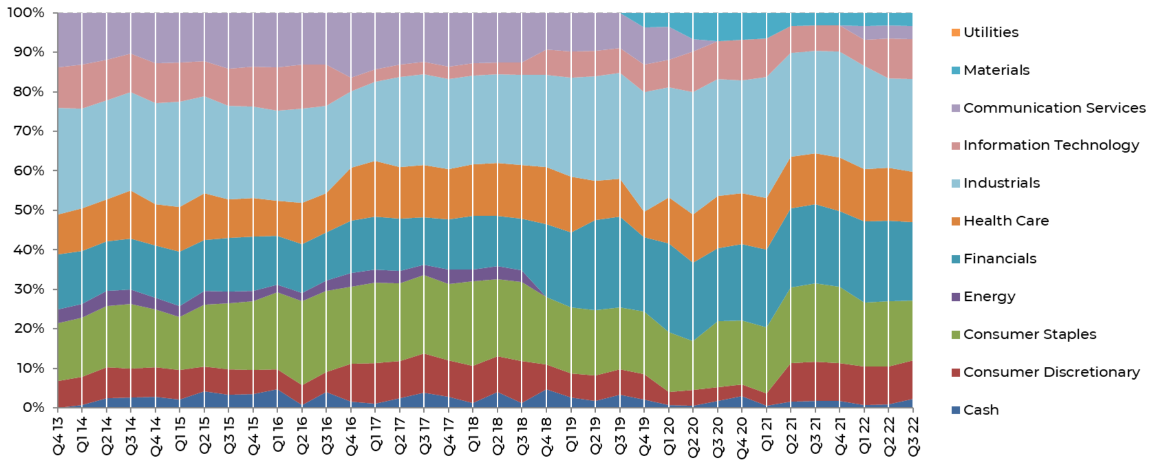


Figure 15: Portfolio sector breakdown at end Q3 2022

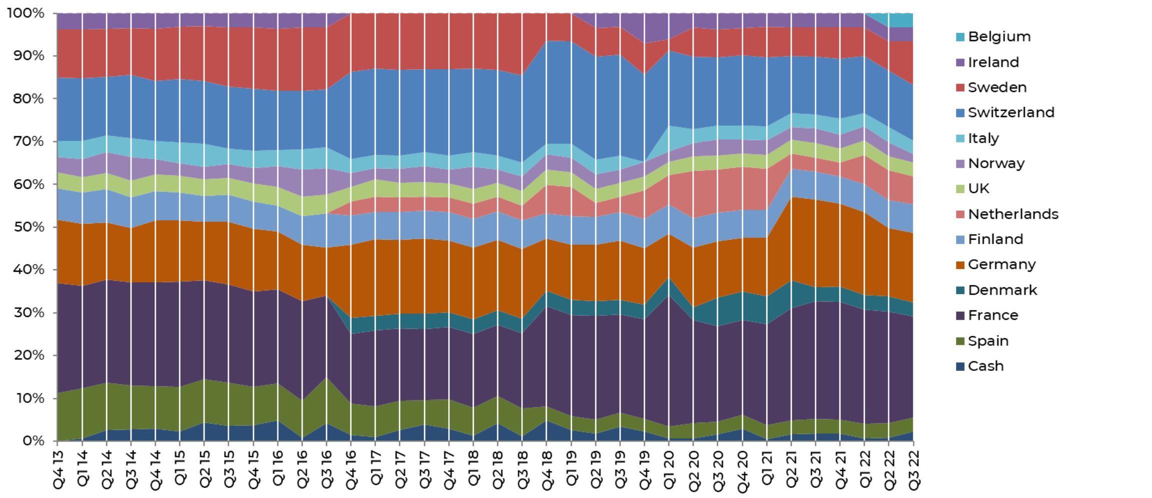


Figure 16: Portfolio geographic breakdown at end Q3 2022

DIVIDENDS

Following the declaration of a class Z GBP distribution of 0.4066 per share in July 2022, a 32% increase over the July 2021 declaration of 0.3077 per share, the outlook for the fund dividend remains in good shape. With the majority (~85%) of 2022 income in the bag and good visibility on outstanding income with just three interim dividends remaining to be declared. Assuming a progression in the second half dividend due in January 2023, Fund lifetime dividend CAGR should be back above 6%, a level that is we believe well above most competing European income funds. Over the year, just four portfolio companies have kept dividends flat, meaning 26 have grown dividends YoY vs 2021. On a last 12-month (LTM) basis (January + July 2022 dividends) the fund dividend yield is **3.6%** (net) based on the end Q3 price for the Sterling Z Class, and approximately in line with the MSCI Europe ex UK Index (gross) dividend yield.
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.

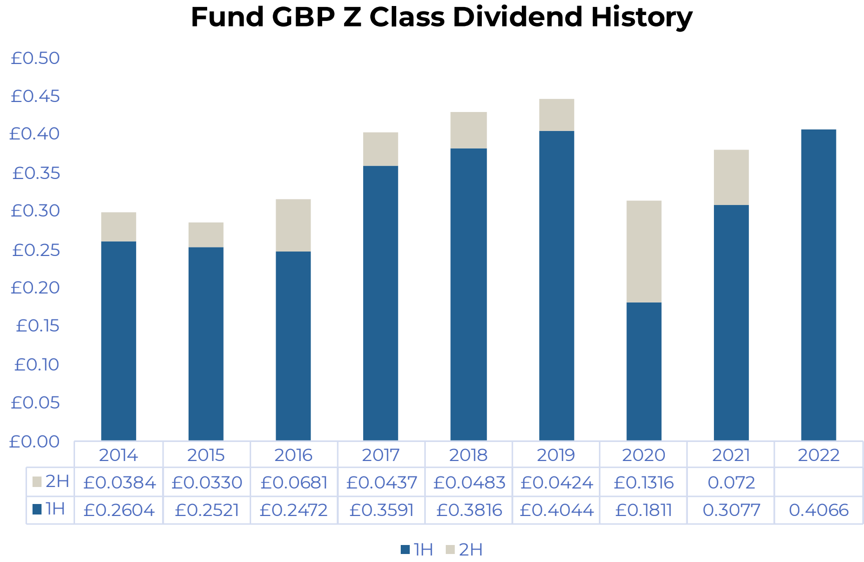


Figure 17: Fund GBP Z Class dividend history. Guinness Global Investors, Bloomberg (data as at 30.09.2022).

The good track record supported by our focus on quality companies and sectors and geographically on Northern Europe, where historic dividend growth rates at least match up to MSCI US and Asia ex Japan. With valuations at lows vs MSCI US since 2009 and dividend yields approximately double those on offer from closest US competitors, we continue to believe that Europe represents a real opportunity for income investors, offering premium income without giving up on quality.

KEY FUND METRICS

The four key tenets to our approach are: quality, value, dividend, and conviction. We follow these metrics at the portfolio level to make sure we are providing what we say we will. At the quarter end, we are pleased to report that the portfolio continues to deliver on all four of these measures relative to the benchmark MSCI Europe ex UK Index.

		GUINNESS EUROPEAN EQUITY INCOME FUND	MSCI EUROPE EX UK INDEX	GUINNESS DELTA VS. MSCI EUROPE
QUALITY	Debt / equity %	68.0	201.0	**-133.0**
	Net debt / Equity %	43.2	49.4	**-6.2**
	ROE %	24.0	12.0	**12.0**
VALUE	PE (2023e)	10.8	11.1	**-0.3**
	FCF Yield %	5.6	5.1	**0.5**
DIVIDEND	Dividend Yield % (LTM) vs Index gross 2022e	3.6	3.6	**0.0**
	Weighted average payout ratio %	50.8	42.8	**8.0**
CONVICTION	Number of stocks	30	344	**-314.0**
	Active share	83	NA	

Figure 18: Portfolio metrics versus index. Source: Guinness Global Investors, Credit Suisse HOLT, Bloomberg (data as at 30.09.2022)

OUTLOOK

No matter what news flow the market sends next, it should make little difference to long-run portfolio returns. Such periods can be useful however in the sense that they create opportunities. MSCI Europe ex UK as a region now offers a globally leading dividend yield and is trading on its lowest multiple since the Euro crisis in 2012 and relative to the US since the GFC in 2009. We continue to think that a portfolio of high-quality, globally leading companies trading on attractive valuations that happen to be listed in Europe represents a real opportunity for income investors – offering premium income without giving up on quality.

Whatever the weather, your fund is well balanced across companies characterised by persistent high cash returns and strong balance sheets, alongside high levels of self-determination, namely, identifiable barriers to entry, strong market positions, widening moats, aligned interests and long runways for growth. The metrics above show it to be a high-conviction fund with companies which are better quality at better value versus the index.

Thank you for your continued support.

Portfolio Manager

Nick Edwards

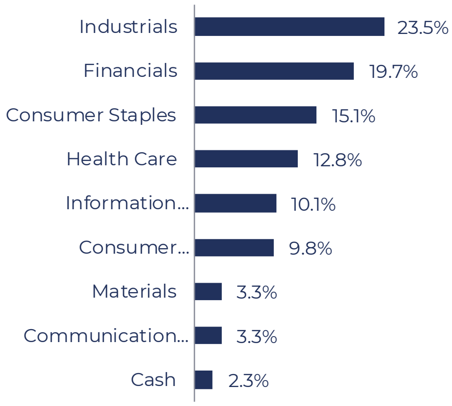
Guinness European Equity Income Fund

PORTFOLIO

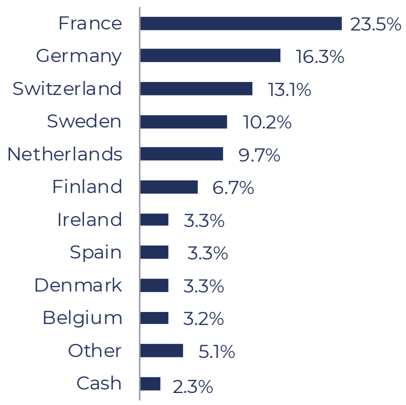
Fund top 10 holdings

Schneider Electric	3.5%
Capgemini SE	3.5%
Deutsche Boerse	3.5%
Epiroc AB	3.5%
Danone	3.4%
Atlas Copco	3.4%
Konecranes	3.3%
Tieto	3.3%
Kaufman & Broad SA	3.3%
Amundi	3.3%
% of Fund in top 10	34.1%
Total number of stocks	30

Sector analysis



Geographic allocation



PERFORMANCE

Past performance does not predict future returns.

Annualised % total return from launch on 19/12/2013 in GBP	30/09/2022
Fund (Y Class, 0.89% OCF)	5.8%
MSCI Europe ex UK Index	5.9%
IA Europe ex UK sector average	5.9%

Discrete years % total return (GBP)	Sep '22	Sep '21	Sep '20	Sep '19	Sep '18	Sep '17	Sep '16	Sep '15
Fund (Y Class, 0.89% OCF)	-12.9	20.7	-2.7	9.5	0.0	15.5	28.3	0.9
MSCI Europe ex UK Index	-12.8	20.9	-0.5	5.9	1.4	21.5	20.0	-1.6
IA Europe ex UK sector average	-16.1	22.4	3.1	2.2	1.9	21.9	18.4	3.6
Fund vs sector	3.2	-1.8	-5.7	7.3	-1.9	-6.4	9.9	-2.7

Cumulative % total return (GBP)	1 month	YTD	1 year	3 years	5 years	Launch*
Fund (Y Class, 0.89% OCF)	-6.6	-15.2	-12.9	2.3	12.0	64.1
MSCI Europe ex UK Index	-4.8	-17.1	-12.8	4.9	12.6	65.0
IA Europe ex UK sector average	-5.5	-19.2	-16.1	5.8	10.2	65.2

RISK ANALYSIS 30/09/2022

Annualised, weekly, from launch on 19/12/2013 in GBP	Index	Sector	Fund
Alpha	0.00	0.70	0.42
Beta	1.00	0.88	0.94
Information ratio	0.00	0.01	0.01
Maximum drawdown	-25.02	-24.43	-30.36
R squared	1.00	0.89	0.90
Sharpe ratio	0.14	0.15	0.15
Tracking error	0.00	5.35	4.98
Volatility	16.05	14.93	15.92

*Fund launch date: 19.12.13.

Fund returns are for share classes with a current Ongoing Charges Figure (OCF) of 0.89%; returns for share classes with a different OCF will vary accordingly. Source: FE fundinfo bid to bid, total return.

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 Guinness European Equity Income Fund. It may provide information about the Fund's portfolio, including recent activity and performance. It contains facts relating to the equity markets and our own interpretation. Any investment decision should take account of the subjectivity of the comments contained in the report.

This document is provided for information only and all the information contained in it is believed to be reliable but may be inaccurate or incomplete; any opinions stated are honestly held at the time of writing, but are not guaranteed. The contents of the document should not therefore be relied upon. It should not be taken as a recommendation to make an investment in the Fund or to buy or sell individual securities, nor does it constitute an offer for sale.

Risk

The Guinness European Equity Income Fund is an equity fund. Investors should be willing and able to assume the risks of equity investing. The value of an investment and the income from it can fall as well as rise as a result of market and currency movement, and you may not get back the amount originally invested. Details on the risk factors are included in the Fund's documentation, available on our website. Shareholders should note that all or part of the fees and expenses will be charged to the capital of the Fund. This will have the effect of lowering the capital value of your investment.

Documentation

The documentation needed to make an investment, including the Prospectus, the Key Investor Information Document (KIID) and the Application Form, is available in English from www.guinnessgi.com or free of charge from:-

- the Manager: Link Fund Manager Solutions (Ireland) Ltd (LFMSI), 2 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland; or the Promoter and Investment Manager: Guinness Asset Management Ltd, 18 Smith Square, London SW1P 3HZ.

LFMSI, as UCITS Man Co, has the right to terminate the arrangements made for the marketing of funds in accordance with the UCITS Directive.

Investor Rights

A summary of investor rights in English is available here:https://www.linkgroup.eu/policy-statements/irish-management-company/

Residency

In countries where the Fund is not registered for sale or in any other circumstances where its distribution is not authorised or is unlawful, the Fund should not be distributed to resident Retail Clients. **NOTE: THIS INVESTMENT IS NOT FOR SALE TO U.S. PERSONS.**

Structure & regulation

The Fund is a sub-fund of Guinness Asset Management Funds PLC (the "Company"), an open-ended umbrella-type investment company, incorporated in Ireland and authorised and supervised by the Central Bank of Ireland, which operates under EU legislation. If you are in any doubt about the suitability of investing in this Fund, please consult your investment or other professional adviser.

Switzerland

This is an advertising document. The prospectus and KIID for Switzerland, the articles of association, and the annual and semi-annual reports can be obtained free of charge from the representative in Switzerland, Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva, Switzerland, Tel. +41 22 705 11 77, www.carnegie-fund-services.ch. The paying agent is Banque Cantonale de Genève, 17 Quai de l'Ile, 1204 Geneva, Switzerland.

Singapore

The Fund is not authorised or recognised by the Monetary Authority of Singapore ("MAS") and shares are not allowed to be offered to the retail public. The Fund is registered with the MAS as a Restricted Foreign Scheme. Shares of the Fund may only be offered to institutional and accredited investors (as defined in the Securities and Futures Act (Cap.289)) ('SFA') and this material is limited to the investors in those categories

Telephone calls will be recorded and monitored.