Guinness Sustainable Global Equity Fund

Investment Commentary - October 2022

This is a marketing communication. Please refer to the prospectus and KIID for the Fund which contain detailed information on the fund's characteristics and objectives before making any final investment decisions. Past performance does not predict future returns.

ABOUT THE FUND

Launch date	15.12.2020
Fund Size	£11.8M
Benchmark	MSCI World Index
Sector	IA Global
Team	Sagar Thanki CFA Joseph Stephens CFA

Aim

The Fund is a global growth fund designed to provide exposure to high quality growth companies, with sustainable products and practices. The Fund holds a concentrated portfolio of midcap companies in any industry and in any region. 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 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	YTD	1 Yr	Launch*
Fund	-18.0	-8.3	5.3
Index	-9.5	-2.9	11.0
Sector	-13.0	-8.9	3.4

Discrete 12m performance is shown at the end of this commentary. Source: FE fundinfo, bid to bid, total return in GBP. *Launch: 15.12.2020. 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 0.89% per annum. Returns for share classes with a different OCF will vary accordingly. Returns do not reflect any initial charge; any such charge will also reduce the return.

SUMMARY

For the third quarter of the year, the Guinness Sustainable Global Equity Fund provided a total return of 3.53% (GBP) against the MSCI World Index net total return of 2.64% (GBP). Hence the fund outperformed the benchmark by 0.89% (GBP).

Global equity markets were volatile over the third quarter, with an initial recovery in the earlier parts of the quarter quickly running out of steam. Despite a strong rally in the first half of the quarter, led primarily by growthier names and a 'risk-on' sentiment, the early optimism was cut short as high inflation persisted and market expectations priced in a tighter monetary policy. Global central banks continued to adopt a hawkish tone, whilst also hiking rates by large increments at an unprecedented pace. It became increasingly clear that an aggressive rate hiking cycle will persist, and the hopes of a so called 'soft-landing' have largely abated. As investors weighed up impacts of such drastic policy changes, the question quickly turned to the likely depth and duration of an impending recession, given news that the US notched two consecutive quarters of negative economic growth (the technical definition of a recession). The increasingly bearish outlook drove further poor performance over the back half of the quarter, as a flight to safety towards more defensive 'risk-off' assets ensued.

Guinness Sustainable Global Equity Fund

Over the quarter, Fund performance can be attributed to the following:

- Strong performance in the first half of the quarter to the 16th August, when markets rallied.
- From the 17th August to quarter-end, when markets fell on higher expectations for future central bank rates, the Fund underperformed slightly.
- The largest positive sector contributor was the Fund's exposure to IT. Whilst our overweight exposure was a slight drag from an asset allocation perspective, strong stock selection more than offset this. Namely, Fund holdings Arista Networks (+20.4% USD over the quarter) and Ansys (+20.0% until position sold), and not owning large-cap stocks Nvidia (-19.9%) and Intel (-30.4%), contributed particularly positively.
- Conversely, the Fund's overweight position to Health Care was both a slight drag on performance from asset allocation and a drag from stock selection – specifically, Sonova, which was the Fund's weakest performer, was down 29.8% over the quarter.
- From a market cap perspective, mid-cap stocks generally underperformed their large and small-cap counterparts over the quarter. However, positive stock selection, both within the mid-cap and large-cap spaces (through not owning weaker large-caps), more than offset the weaker asset allocation.

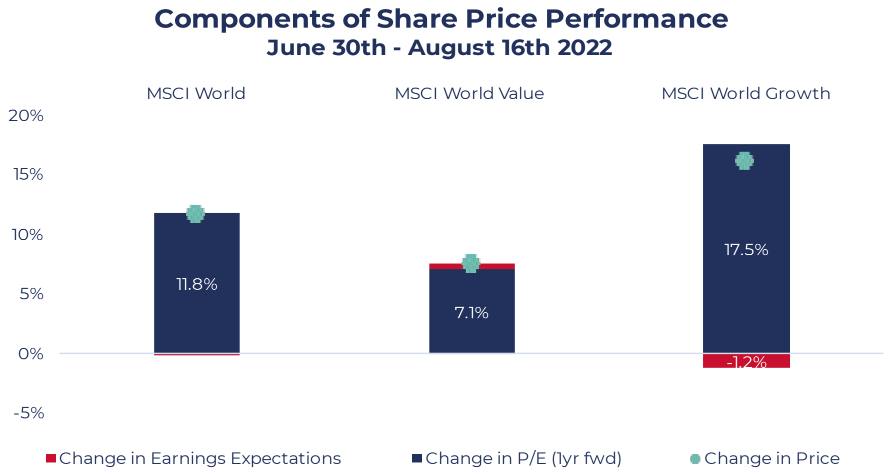
Whilst the short-term performance has been weaker, it is pleasing to see the fund ranks 17th/53 since launch vs ESG peers*.

Total return in GBP as of 30.09.2022	YTD		1 Year	Rank (Quartile)	2021	Rank (Quartile)	Since launch	Rank (Quartile)
Guinness Sustainable Global Equity	-18.0%		-8.3%		27.9%		5.3%	
MSCI World	-9.5%		-2.9%		22.9%		11.0%	
Avg. ESG peer fund*	-15.6%	n/a^	-11.4%	20/61 (2nd)	19.2%	3/55 (1st)	1.6%	17/53 (2nd)
IA Global Sector Average	-13.0%	n/a^	-8.9%	252/493 (3rd)	17.7%	16/461 (1st)	3.4%	220/458 (2nd)

Source: Bloomberg, Cumulative Total Return in GBP, as of 30th September 2022.
**A custom universe of 66 funds created by screening the IA Global Sector for all Responsible, Sustainable and Impact funds which have similar investment policies and risk profiles to the Guinness Sustainable Global Equity Fund.*
^YTD ranking not shown in order to comply with European Securities & Markets Authority rules

QUARTER IN REVIEW

The broad rally across equity markets at the end of Q2 continued into much of Q3, as all regions posted gains in the first six weeks of the quarter, led by the US. Signs of a slowdown in economic growth were taken, on the whole, as a positive by market, buoyed by the assumption that the Fed would start cutting rates sooner to stimulate the economy. The rally gained momentum as news of lower commodity and gas prices gave further cause for optimism.

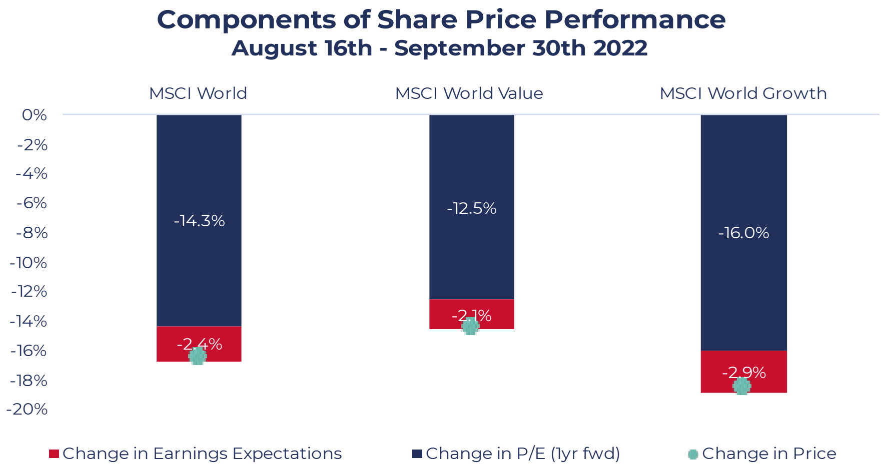


Source: Bloomberg, Guinness Global Investors

With expectations of easier money, multiples expanded to drive equity performance upwards, with growth stocks leading the pack. Despite a stronger than expected earnings season, with multiple companies offering reasonably strong guidance, there was almost no change to analyst expectations of company earnings. In fact, growth stocks even experienced a small downgrade, on average.

During the 1st half of the quarter (30/06/2022 – 16/08/2022), the broad equity rally in which IT and Industrials (two of the Fund's largest overweight exposures) posted strong gains and was a strong contributor to the Fund outperformance. The Fund's focus on mid-cap stocks was also a positive contributor with the smaller stocks outperforming in the market rally.

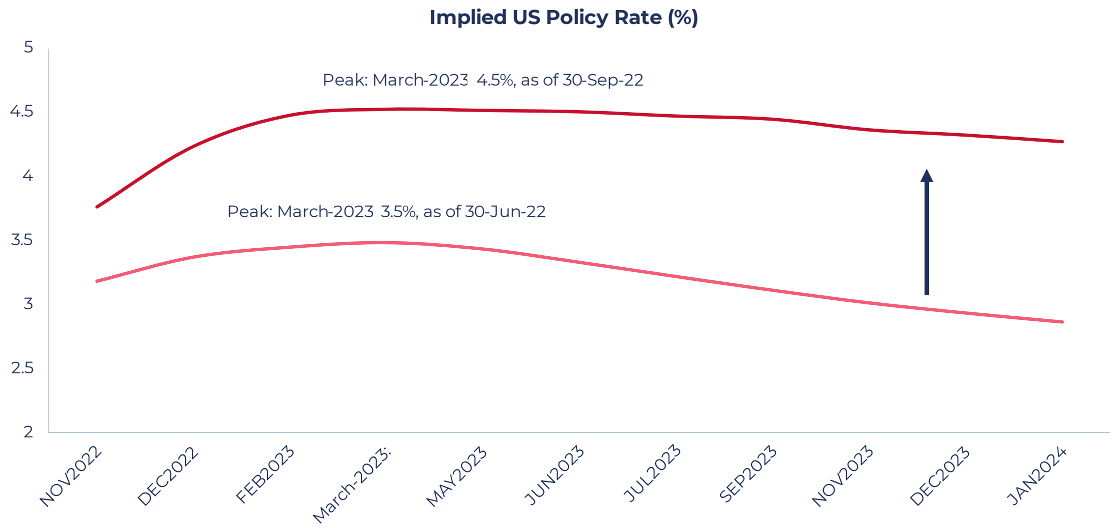
This dislocation between share price performance and fundamental outlook led many to muse of a 'bear market rally'. These fears were all but confirmed in the subsequent half of the quarter, as a broad sell-off ensued across all major equity markets, again with growth stocks leading the way. However, unlike before, multiples were not the only driver of equity market performance, with analyst downgrades materially contributing to the equity market correction.



Source: Bloomberg, Guinness Global Investors

Minutes released on the 17th of August from the US Fed's July meeting (when rates were raised by 75bps) proved to be a key trigger for the correction in equity markets, with officials discussing the need to keep interest rates at levels that will restrict the economy "for some time", with Jay Powell reaffirming this view at Jackson Hole in late August: "We are taking forceful and rapid steps to moderate demand so that it comes into better alignment with supply, and to keep inflation expectations anchored. We will keep at it until we are confident the job is done." The Fed's hawkish commentary was a clear signal to the market that optimism of rate cuts in early 2023 was misplaced. By the end of the quarter, central bank officials had implemented three consecutive rate hikes of 75bps, an unprecedented sequence.

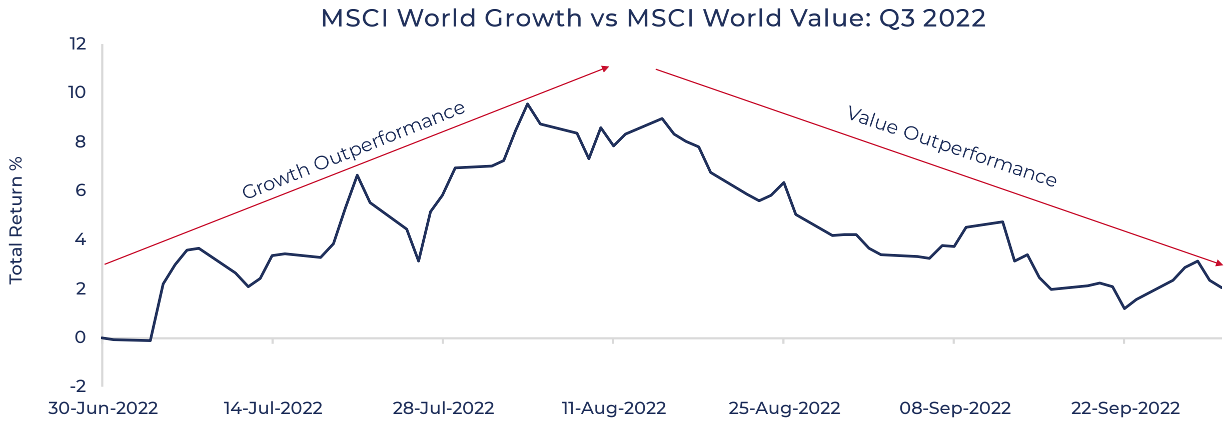
The release of August's inflation numbers in mid-September did little to appease investor concerns, and perhaps justified the Fed's decision to deliver a third consecutive 75bp hike (paired with an aggressive forecast). US headline CPI dropped to 9.9% year-on-year from 10.1% a month prior, yet investor focus was on the core reading – a 0.1% increase month-on-month compared to an expected 0.1% decrease. This resulted in a reacceleration of a year-on-year data to +0.6% from just +0.2% a month prior, dashing some investor hopes that peak inflation may have already been reached.



Source: Bloomberg, Guinness Global Investors

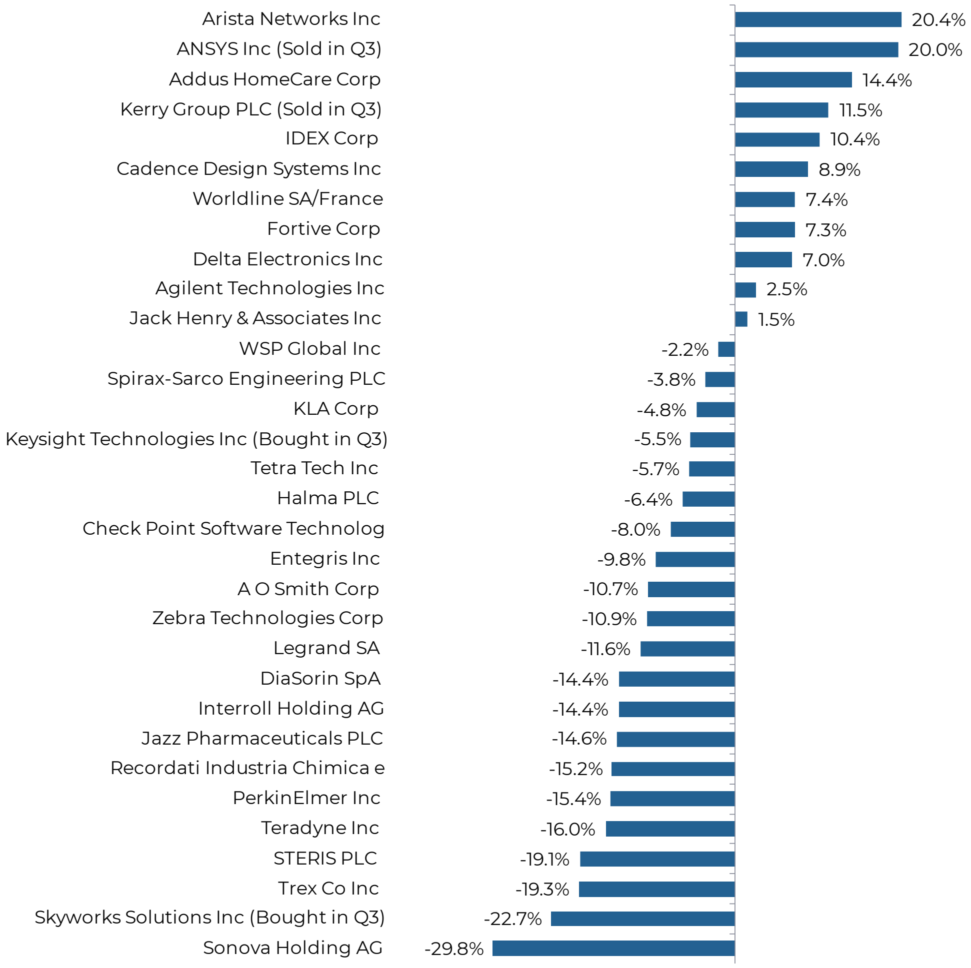
Whilst our overweight exposure to Health Care was a positive as investors sought more defensive stocks, the strong reversal of IT and Industrial stocks was a large drag on performance. In a similar vein, our focus on mid-cap stocks, which will generally underperform in market declines, was a drag on performance. Conversely, not owning the more speculative growth stocks – those with little-to-no earnings – was a positive for the Fund. Over this second period, the Fund lagged the Index.

Consequently, the rotation towards value stocks throughout the remainder wiped out nearly the entirety of the gains that growth had made in the initial weeks of Q3 and again provided a headwind for the Fund, with stocks typically tilted towards growth rather than value.



Source: Bloomberg, Guinness Global Investors

STOCK PERFORMANCE IN Q3



Total return in USD. Source: Bloomberg, Guinness Global Investors

Arista Networks (+2.8%, USD, over the month):
Arista, the networking business specialising in high-speed data flow primarily used in data centres, was the Fund's best-performing stock over the month. The company reported Q2 earnings on the 1st August which surpassed EPS estimates by 18% resulting in year-on-year growth of 56%, whilst Q3 guidance was also ahead of expectations. This comes despite continued decommitments from suppliers during the quarter which weighed on margins (as more expensive alternatives had to be sourced). However, Arista's large exposure to cloud titans such as Meta and Amazon remains healthy as these customers' forecasted capital expenditure for 2022 remains strong.

Ansys (+20.0% USD from start of quarter to sell date):
Ansys was a strong performer for the Fund. We sold the position towards the middle of August which was before the market started to fall on rising rate expectations. In the absence of any stock-specific news, Ansys was one of the Fund's higher-beta names and as such, it benefited from the market rally in the first half of the quarter. By selling the position during August, we avoided the subsequent c.20% USD *fall* in share price Ansys experienced to quarter end. More detail is outlined in the 'Changes to the portfolio' section below.

Sonova (-25.9%, USD):
Whilst Sonova, the manufacturer of hearing aids and broader solutions, did not report earnings during the month, management did release a profit warning which sent the stock down 15.9% (USD) on the day. Whilst the company had been one of the best-performing medical technology businesses year-to-date, management cut their guidance for the year from 17-21% sales growth and 12-18% adjusted EBITDA growth, to 15-19% and 6-10% respectively, citing subdued market conditions and inflationary pressures. Whilst the downgraded guidance is obviously not positive for the business, Sonova now trades at a valuation in line with the broader European healthcare equipment industry. This despite Sonova exhibiting higher growth and wider margins, gives us confidence that there is upside to the investment and the price reaction was possibly an over-reaction.

Skyworks (-22.7% USD from purchase to quarter-end)
Purchased at the beginning of August, Skyworks, which manufactures analogue semiconductors for use in radio frequency (RF) and mobile communications systems, was down 22.7% (USD) to the end of the quarter. However, this was broadly expected given the MSCI World IT Index was down 19.8% (USD) over the same period, as investors tilted back in favour of value stocks and as markets fell on rising rate expectations. Whilst a weak start to life within the portfolio, we hold a strong conviction going forward in the stock as detailed below.

CHANGES TO THE PORTFOLIO

During the quarter, we made two changes to the portfolio, selling positions in Kerry Group and Ansys whilst initiating new positions in Skyworks and Keysight Technologies.

Skyworks
Skyworks manufactures analogue semiconductors for use in radio frequency (RF) and mobile communications systems. The majority of their revenue comes from the mobile segment, which includes mobile products which switch, filter and amplify wireless signals in smartphones. Given the rise of advanced 4G and 5G-enabled devices (which use a wider variety of wireless spectrum and frequency bands than previous devices), the RF content per phone has grown exponentially. Whilst the company remains heavily levered to the mobile sector, it is diversifying its exposure with other end-markets including automotive, home & factory automation, data centres, EVs, solar, wireless infrastructure, aerospace and defence, medical, smart energy, and wireless networking. Skyworks's share price had been heavily depressed over fears of Apple (its largest customer) taking RF production in-house in the future, with the stock trading on c.9x 1-year forward price-to-earnings. However, we believe this to be overdone with Skyworks' front-end RF components highly complex and with other RF manufacturers (including Broadcom with more commoditised RF components) more likely to come under in-housing pressure. As such, we believe there is good upside to a stock trading on single-digit multiples with 30% profit margins and growing sales at double-digit pace.

Keysight
Keysight helps accelerate innovation by providing electronic design and test solutions that are used in the simulation, design, validation, manufacture, installation and optimisation of electronics systems in the communications, networking and electronics industries. Its objective is to increase productivity and reduce time to market. The end-market is primarily communications (c.70% sales) with the transition to 5G the core driver – regarded as more complex and longer process vs 3G and 4G. Other end-markets include automotive, aerospace and defence, electronics, semiconductors. With a similar (but broader) exposure to design as Ansys (which we sold), we felt it was a better option, trading on a lower multiple (33% discount) and expanding its cash-flow returns (as opposed to Ansys' declining returns).

Ansys
Ansys, the design software provider, had become a lot cheaper with growth stocks particularly weak during 2022, but remained relatively expensive on an absolute basis. Whilst Ansys is regarded as a high-quality and high-growth stock, we felt we had similar exposure to design software through Cadence and that Keysight (as mentioned above) was a better investment proposal. Finally, given the strong share

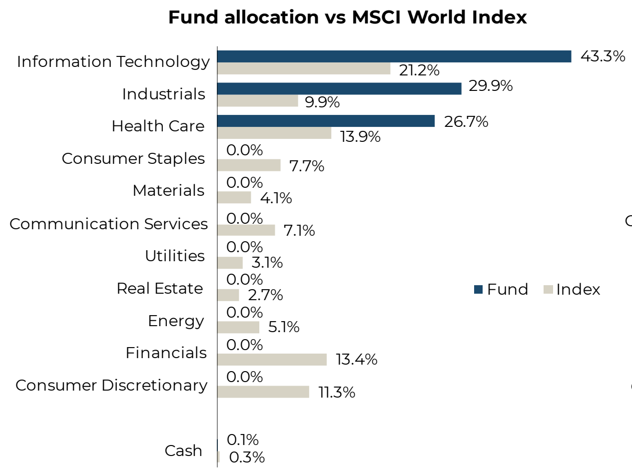
price during the first half of Q3, we felt it was an opportune time to sell the position.

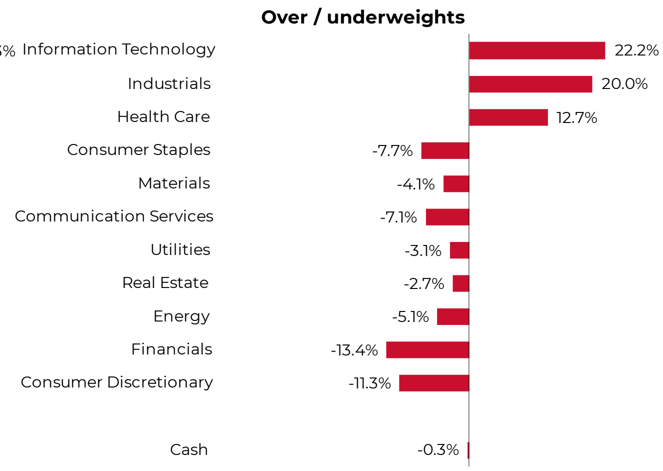
Kerry Group

Kerry Group is a taste and nutritional specialist with its scientists helping to create ingredients for products people enjoy and feel better consuming. Over the course of 2022, with investors preferring more defensive stocks such as Kerry, the stock had become expensive versus its history and on an absolute basis. When also considering the company's relatively slimmer margins and lower growth profile, we felt it was a good to time to exit the position with better ideas available.

PORTFOLIO POSITIONING

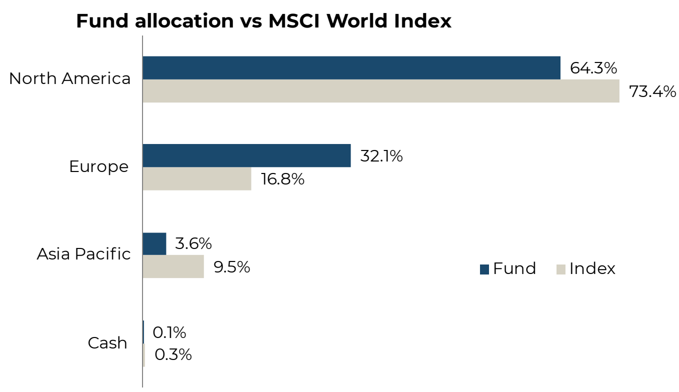
Looking at the Fund exposure based on GICS sectors, the Fund continues to have no exposure to highly regulated and commoditised areas of Real Estate, Energy, Materials, and Utilities. We continue to hold the majority of Fund holdings within the IT (43.3%) Industrials (29.9%) and Heath Care sectors (26.7%). This is not a reflection of our view of the sectors' outlooks but rather a bottom-up consequence of 1) our focus on quality 2) our search for companies with sustainable products and services and 3) our emphasis on mid-cap businesses. Also as stated before, we have a well-diversified split between our sustainability themes and sub-themes which should better reflect the businesses' exposures.

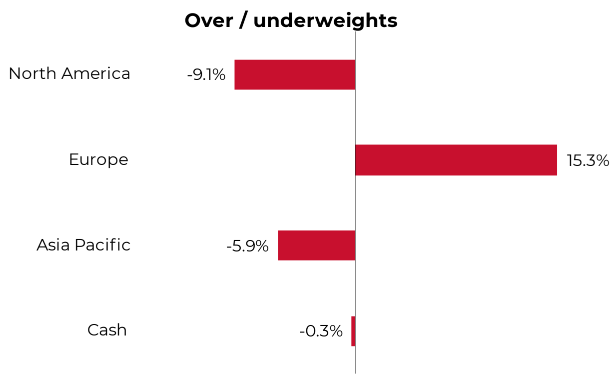




Source: Guinness Global Investors, Bloomberg. Data as of 30th September 2022

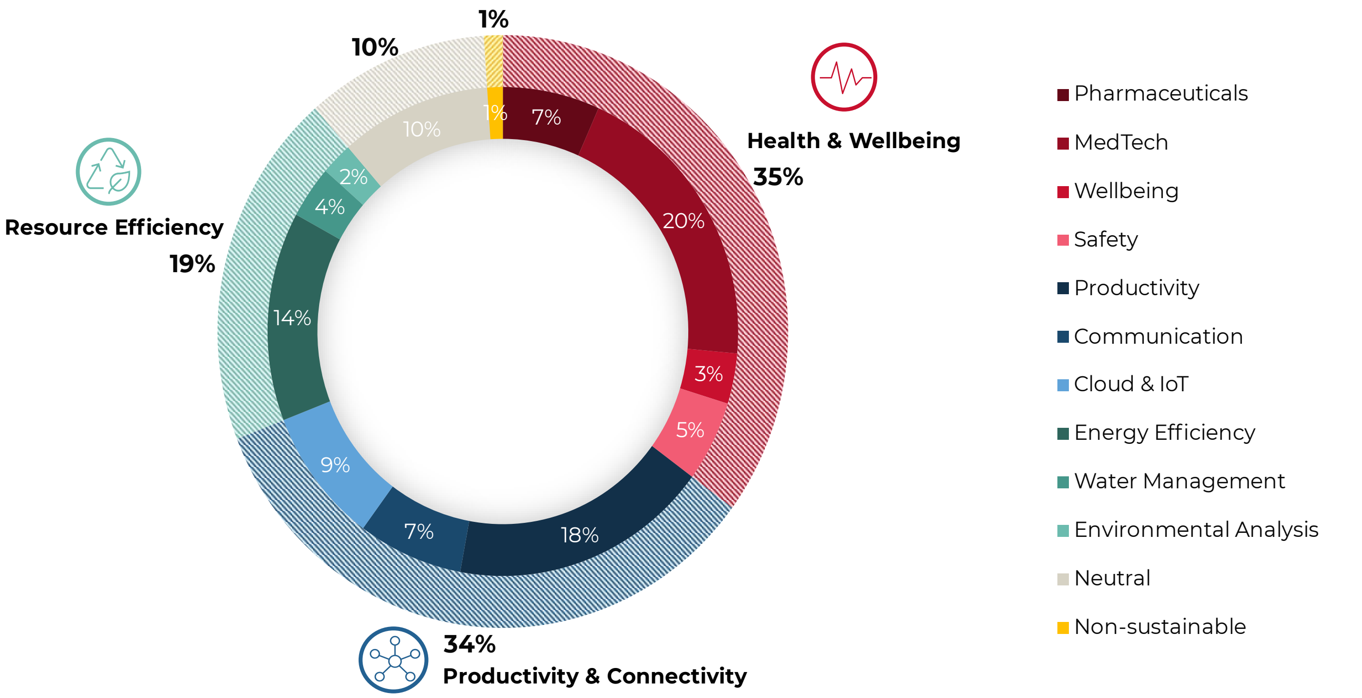
On a regional basis, North America continues to be the Fund's largest exposure (64.3%) followed by Europe (32.1%) and Asia Pacific (3.6%). The Fund has a modest underweight to North America vs the MSCI World Index, which is offset by its overweight exposure to Europe.





Source: Guinness Global Investors, Bloomberg. Data as of 30th September 2022

Looking instead at the holdings' exposure to our sustainable themes and sub-themes – which we believe is a better presentation of risk and opportunity than broad GICS sectors – we see a good split of exposures. To reiterate, we use themes to guide our assessment of a company's sustainability exposure. To be included within the Fund, a stock must derive the majority of its revenue from at least of one theme. In this way, we focus on businesses that have built a strategy around a specific environmental or social purpose and which has a material proportion (often 100%) of its revenue derived from this positive purpose. Subsequently, we go beyond simply using ESG as a risk assessment tool and prevents us from 'crowbarring' businesses that would otherwise not be considered 'ESG' into our portfolio.



Sustainable theme breakdown of the Fund.
Source: Guinness Global Investors, Bloomberg. Data as of 30th September 2022

Finally, the table below illustrates the four key tenets of our approach: quality, sustainability, growth/value, and conviction. We follow these metrics at the portfolio level to make sure we are providing what we say we will. At the year end, we are pleased to report that the portfolio continues to deliver on all four of these measures relative to the MSCI World Index benchmark:

		Fund	MSCI World Index
Quality	Return-on-capital	▲14.9%	7.2%
	Net debt/equity	▼23.7	67.3%
	EBIT Margin	▲20.9%	14.6%
Sustainability	Carbon intensity (tons)/USD	▼3.2	5.1
	Energy consumption intensity MWh/USD	▼38.6	78.3
	Renewable Energy as a % of total energy	▲17.0%	7.3%
	% Female Directors on board	▲30.0%	30.0%
	Annual employee turnover	▲11.0%	8.0%
	Global Compact Compliance	▲100.0%	95.2%
	Board Independence	▲78.6%	78.6%
	Independent chair or lead director	▲86.7%	68.0%
	CEO-to-employee pay ratio	▲107.4x	98.7x
	Estimated tax gap	▲4.5%	1.7%
Growth (& valuation)	Trailing 5-year sales growth (annualised)	▲10.6%	3.5%
	Trailing 5-year EPS growth (annualised)	▲14.8%	13.3%
	Estimated 1-year EPS Growth	▲7.8%	6.5%
	PE (2022e)	▲17.8x	14.3x
Conviction	Number of stocks	30	1551
	Active share	99%	-

Source: Guinness Global Investors, Bloomberg. Data as of 30th September 2022

Based on the measures, holistically, the high-conviction Fund has companies which are on average better quality, have grown faster (and are forecasted to continue doing so) and have better sustainability credentials. Whilst the Fund does trade on a premium to the benchmark, we feel the stronger characteristics of the Fund naturally warrant a higher valuation and we are comfortable with this positioning.

We thank you for your continued support.

Portfolio Managers

Joseph Stephens, CFA

Sagar Thanki, CFA

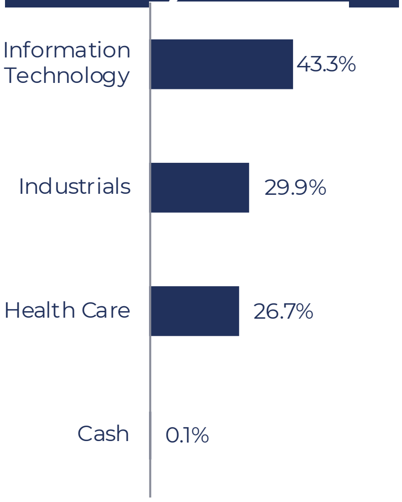
Guinness Sustainable Global Equity Fund

PORTFOLIO

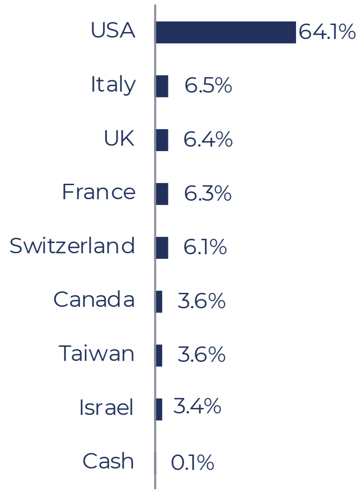
Fund top 10 holdings

IDEX Corp	4.0%
Cadence Design Systems Inc	3.9%
KEYSIGHT TECHNOLOGIES IN	3.8%
Addus HomeCare	3.8%
Fortive Corp	3.7%
WSP Global Inc	3.6%
Agilent Technologies Inc	3.6%
Delta Electronics Inc	3.6%
Arista Networks Inc	3.4%
Recordati SpA	3.4%
% of Fund in top 10	36.8%
Total number of stocks	30

Sector analysis



Geographic allocation



PERFORMANCE

Past performance does not predict future returns

Annualised % total return from strategy inception (GBP)*	**30/09/2022**
Guinness Sustainable Global Equity (0.89% OCF)	2.9%
MSCI World Index	6.0%
IA Global sector average	1.9%

Discrete 12m % total return (GBP)	**Sep '22**
Guinness Sustainable Global Equity (0.89% OCF)	-8.3
MSCI World Index	-2.9
IA Global sector average	-8.9

Cumulative % total return (GBP)	**YTD**	**1 year**	**Launch***
Guinness Sustainable Global Equity (0.89% OCF)	-18.0	-8.3	5.3
MSCI World Index	-9.5	-2.9	11.0
IA Global sector average	-13.0	-8.9	3.4

RISK ANALYSIS

Annualised, weekly, since launch, in GBP	**Index**	**Sector**	**Fund**
Alpha	0.00	-3.24	-3.06
Beta	1.00	0.82	1.10
Information ratio	0.00	-0.69	-0.34
Maximum drawdown	-14.55	-18.11	-24.78
R squared	1.00	0.81	0.77
Sharpe ratio	0.17	0.00	0.00
Tracking error	0.00	6.14	8.60
Volatility	14.24	12.96	17.87

*Fund launch date: 15.12.2020.

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

IMPORTANT INFORMATION

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

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

Risk

The Guinness Sustainable Global Equity Fund is an equity fund. Investors should be willing and able to assume the risks of equity investing. The value of an investment and the income from it can fall as well as rise as a result of market and currency movement, and you may not get back the amount originally invested. Details on the risk factors are included in the Fund's documentation, available on our website. 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.