

Guinness Global Money Managers Fund

2022 Annual Review



This is a marketing communication. Please refer to the prospectus and KID/KIID for the Fund before making any final investment decisions. Past performance does not predict future returns.

ABOUT THE FUND

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

Aim

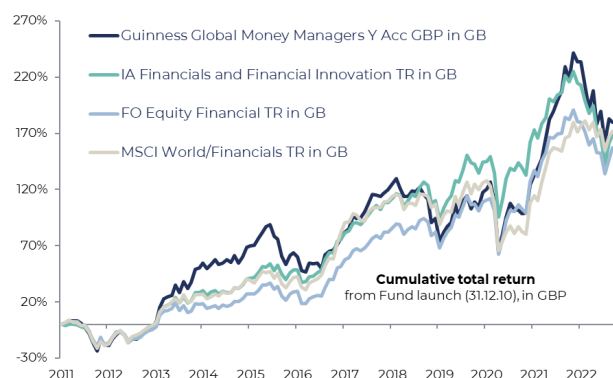
The Fund aims to deliver long-term capital growth by capturing the strong returns that successful asset management companies can deliver to shareholders. We expect asset managers to outperform the broad market over the long term, primarily due to the ability of successful managers to grow their earnings more rapidly than the broad market. The Fund is actively managed and uses the MSCI World Index as a comparator benchmark only.

RISK

The Guinness Global Money Managers Fund is an equity fund. Investors should be willing and able to assume the risks of equity investing. The Fund invests only in companies involved in asset management and other related industries; it is therefore susceptible to the performance of that one sector and can be volatile. 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. Further details on the risk factors are included in the Fund's documentation, available on our website.

PERFORMANCE

Past performance does not predict future returns.



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

ASSET MANAGEMENT SECTOR

In this month's update, we review the asset management sector and our Fund performance over 2022, and consider the outlook for 2023 and beyond.

After a strong 2021, the global inflation shock in 2022 triggered an interest rate shock and ultimately a valuation shock in financial markets. This was reflected in higher yields in government bonds, wider spreads in credit markets and lower equity price-to-earnings ratios. We saw sharp drawdowns in stocks, corporate credit, emerging market debt and government bonds. There were few places to hide in a highly correlated market environment.

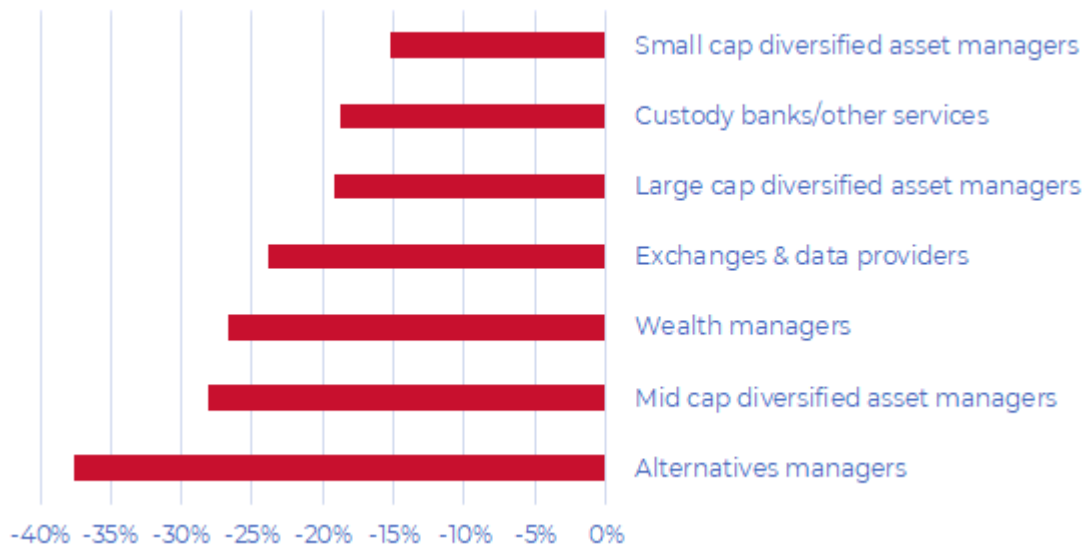
Within equities, value stocks significantly outperformed growth stocks. This can largely be explained by the high starting valuations for growth stocks, some growth disappointments, and the effect of rising interest rates. At the start of 2022, the valuation of growth stocks looked stretched, with the MSCI World Growth Index trading at 31x forward earnings, compared with 14x forward earnings for the MSCI World Value Index. By the end of the year, the valuations had fallen to 21x and 12x times respectively.

It was an unusually difficult year for government bonds, caused by central banks having to raise interest rates by far more than investors had expected at the beginning of the year, to tame inflation. The UK government bond market was particularly hard hit, falling by 25% over the year.

Expectations for faster monetary tightening in the US also contributed to a rally in the dollar, which despite a sell off towards the end of the year, finished the period up around 6% against the euro.

Guinness Global Money Managers Fund

Money management subsector performance in 2022 (USD)



Subsector performance in USD. Source: Bloomberg; Guinness Global Investors

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

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

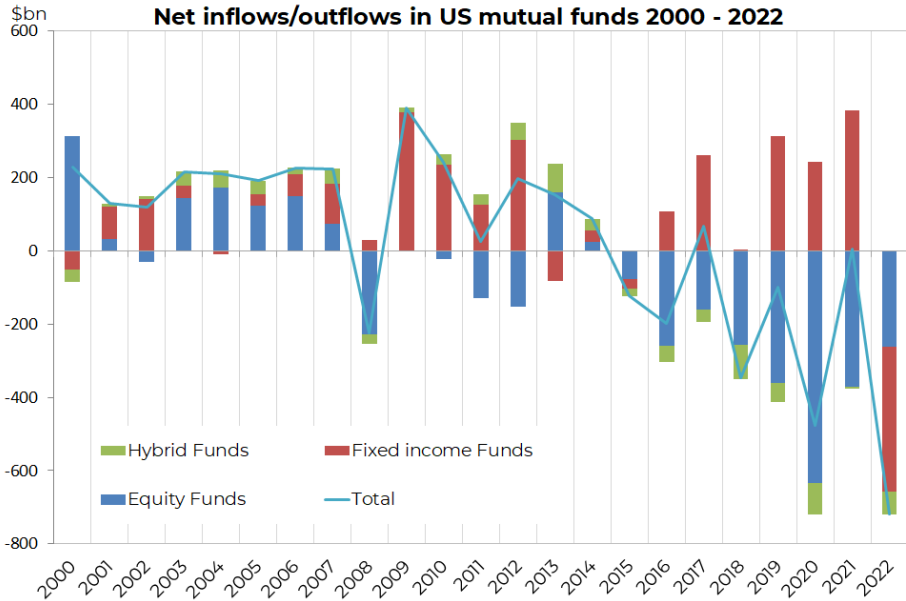
Elsewhere in the portfolio, we saw relatively better performance from Rathbones (-4%), Raymond James (+8%) and Affiliated Managers Group (-4%). Rathbones' share price benefitted from positive sentiment towards the UK wealth sector following the Brewin acquisition news. Raymond James' business has a skew to wealth management and rate-sensitive commercial banking revenues, so has done relatively better in the rising interest rate environment. The business is enjoying net new money growth of over 10%, which is helping to drive profit margins higher. Meanwhile, Affiliated Managers Group has seen a pickup in interest in its liquid alternatives (absolute return; relative value) and value-sensitive strategies.

Weaker stocks included UK asset managers Liontrust (-51%) and Polar Capital (-41%). Liontrust saw net inflows for the year to 31 March 2022 to £2.5bn (c.7% of AuM), though the trend turned negative in the six months to 30 September 2022, with net outflows of £2.2bn, reversing a long period of net inflows. Polar has an asset base skewed to technology stocks, so has seen its funds hit harder than most so far this year. US large cap traditional managers also proved to be an area of weakness (T Rowe Price -42%; Janus Henderson -41%), with market movements and net outflows depressing earnings.

Guinness Global Money Managers Fund

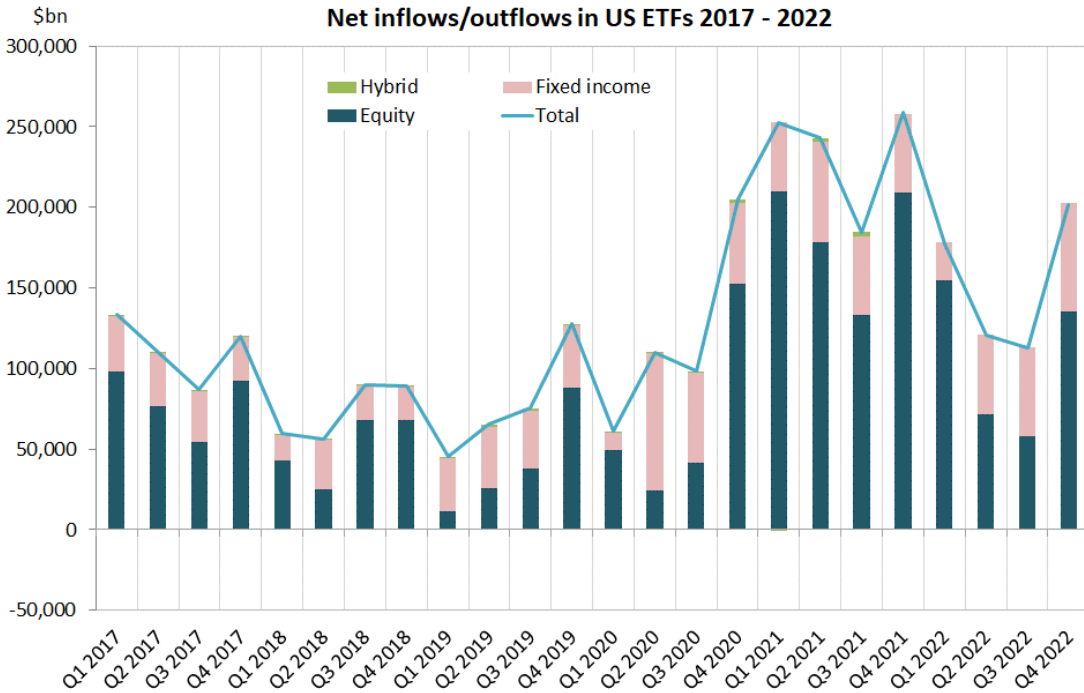
OUTLOOK

Despite the growth of ETFs, and other passive products, data for active mutual fund flows in the US for 2021 indicated net positive flows overall, comprising inflows for the active bond sector, largely offset by outflows from active equity and hybrid funds. In 2022, negative market performance was accompanied by net outflows for the three asset classes:



Source: ICI; Guinness Global Investors

Data from the US ETF industry shows inflows across equity ETFs, bond & income ETFs and hybrid ETFs in every quarter since the start of 2017. The trend has continued in 2022, though the rate of net inflows slowed in the middle of the year as markets faltered:



Source: ICI; Guinness Global Investors

Guinness Global Money Managers Fund

The benign environment for money managers in 2021 turned in 2022 to significantly more challenging conditions. Asset managers are seeing more muted outlooks for revenue growth, and the risk of squeezed operating margins as management teams balance the desire for investing in growth with keeping cost bases under control in the downturn.

Amid the market turmoil, there remain bright spots for activity. Alternative-asset managers should continue to see good levels of fundraising. Despite rising interest rates and more volatile equity and credit markets, fundraising for private equity will be fueled by institutional and high-net-worth clients continuing to expand their allocations to alternative strategies. Managers in the sector will broaden their fundraising pipeline through a greater pursuit of perpetual strategies.

Consolidation is set to accelerate as the gap between the 'haves' and 'have-nots' in the industry widens. Some deals will provide greater scale, but many will provide acquirers with access to growth areas in the market (e.g. privates; solutions; China onshore).

Ultimately, participants in this market will need to be nimble, innovating to further client engagement, but addressing their cost base to remain competitive on price.

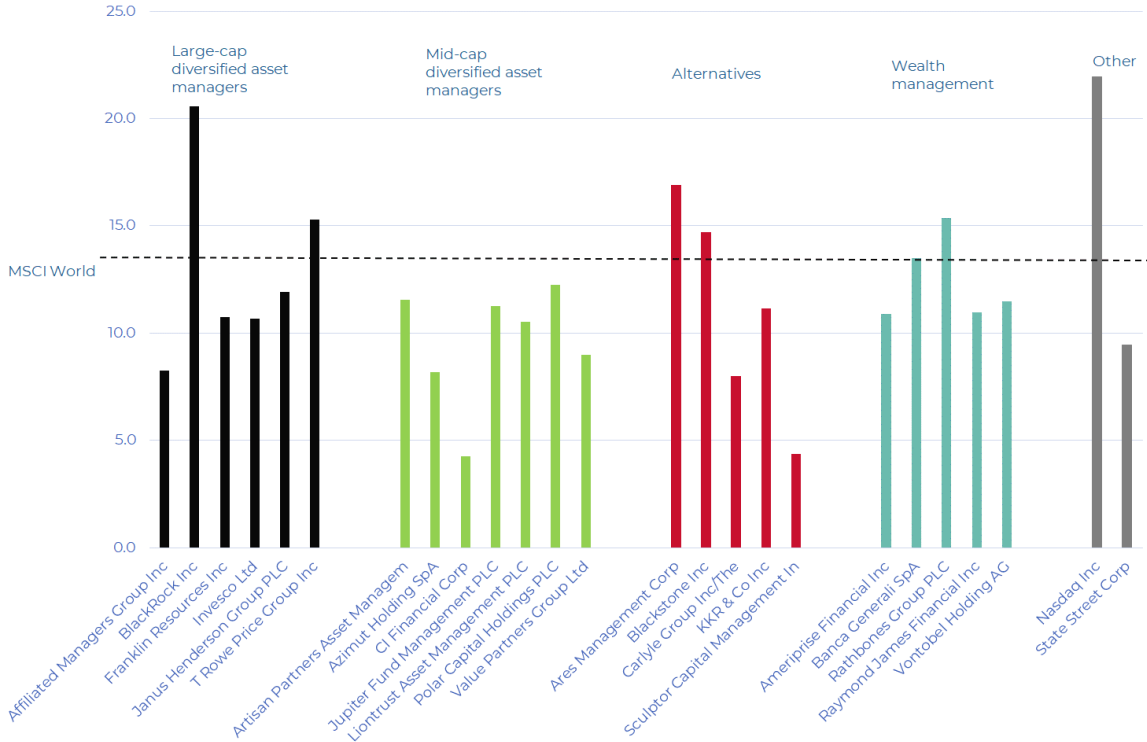
The shift to passive investing via ETFs is being already embraced by active managers, and this must continue. Successful participants will increasingly combine the benefits of liquidity, transparency, cost and tax efficiency with the benefits of active asset allocation, security selection and market timing. Indeed, already a quarter of ETF launches are integrated in some way with active strategies.

Fixed income management will see a pick up in demand, driven by nominal-minded investors. The bulk of assets, however, will flow to investment managers who offer portfolios capable of generating real returns. This will be particularly beneficial for managers that can offer specific equity, infrastructure and real estate investments that can at least keep pace with inflation.

The fall in equity prices in 2022 has reset valuations. At the start of the year, the Guinness Global Money Managers portfolio traded on a 12 month forward P/E ratio of 13.5x. At the end of December, the forward P/E for the fund had fallen to 12.1x, a 14% discount to the MSCI World P/E which sits at 14.1x. The market may of course question the stability of the 'E' in this calculation, but already it reflects the movement in equities/fixed income/AuM experienced in 2022. Overall, we see stocks in this sector trading at attractive multiples, both in absolute and relative terms.

Guinness Global Money Managers Fund

Guinness Global Money Managers portfolio: 2023 P/E ratio vs MSCI World



Source: Bloomberg; Guinness Global Investors

To recap our views on secular trends in the sector, we believe that the most successful money management investments over the coming years will be companies that deliver a quality product to their clients, whether active traditional management, alternatives or passive; companies that provide helpful asset allocation services; well-run wealth managers; and efficient support services. Combining these themes with our stock selection process leads us to the following portfolio (at 31 December 2022):

Theme	Example holdings	Weighting (%)
1 High active share	LIONTRUST POLAR CAPITAL	16.5%
2 Alternatives	KKR Blackstone	14.9%
3 Growth of ETFs/passive distribution	BLACKROCK Invesco	8.0%
4 Wealth management	Rathbones FRANKLIN TEMPLETON	15.2%
5 Traditional value	T.RowePrice FRANKLIN TEMPLETON	11.5%
6 Support services	Nasdaq	9.8%
7 Asset management consolidators	AMG	4.4%
8 Secular shift in Europe to equities	VONTOBEL AZIMUT	12.0%
9 Other (incl cash)		7.6%

Source: Guinness Global Investors

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

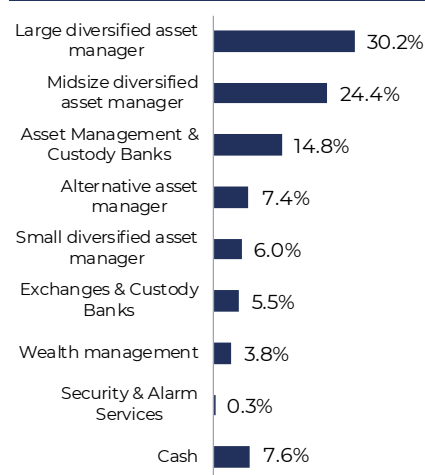
Guinness Global Money Managers Fund

PORTFOLIO

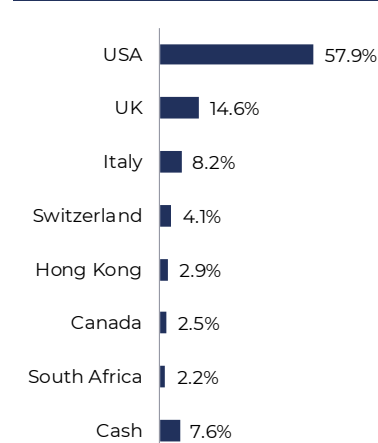
Fund top 10 holdings

Raymond James Financial	5.9%
Nasdaq	5.5%
Ameriprise Financial	5.5%
Blackrock	4.6%
Affiliated Managers Group	4.4%
State Street	4.2%
Ares Management	4.2%
Azimut Holding	4.2%
Banca Generali	4.0%
Vontobel	3.8%
% of Fund in top 10	46.4%
Total number of stocks in Fund	29

Sector analysis



Geographic allocation



PERFORMANCE

Past performance does not predict future returns.

Annualised % total return from launch (Y Class, 0.74% OCF, in GBP)

Guinness Global Money Managers Fund	9.20%
MSCI World Index	11.13%
MSCI World Financials Index	9.59%
IA Financials & Financial Innovation	7.15%

Cumulative % total return (Y Class, in GBP)

	1 M	YTD	1 Yr	3 Yrs	5 Yrs	Launch
Guinness Global Money Managers Fund	-5.2	-14.6	-14.6	29.2	26.8	185.1
MSCI World Index	-5.2	-7.8	-7.8	27.3	51.5	232.6
MSCI World Financials Index	-3.5	1.1	1.1	22.9	30.8	179.7
IA Financials & Financial Innovation	-4.6	-20.4	-20.4	1.8	17.5	149.0

Discrete years (Y Class, in GBP)

	Dec '22	Dec '21	Dec '20	Dec '19	Dec '18	Dec '17
Guinness Global Money Managers Fund	-14.6	43.3	5.5	27.0	-22.7	23.4
MSCI World Index	-7.8	22.9	12.3	22.7	-3.0	11.8
MSCI World Financials Index	1.1	29.1	-5.8	20.7	-11.8	12.1
IA Financials & Financial Innovation	-20.4	14.6	11.6	26.9	-9.0	16.9

Discrete years (Y Class, in GBP)

	Dec '16	Dec '15	Dec '14	Dec '13	Dec '12	Dec '11
Guinness Global Money Managers Fund	13.7	-5.7	10.0	51.9	25.0	-18.7
MSCI World Index	28.2	4.9	11.5	24.3	10.7	-4.8
MSCI World Financials Index	34.2	2.2	9.6	25.0	23.7	-17.9
IA Financials & Financial Innovation	22.0	5.5	8.4	29.2	20.6	-16.5

RISK ANALYSIS

Y Class, in GBP, annualised, weekly, from launch on 31.12.10, relative to the MSCI World Index

	MSCI World	MSCI World Financials	Fund
Alpha	0	-1.88	-2.56
Beta	1	1.09	1.20
Information ratio	0	-0.17	-0.13
Maximum drawdown	-24.58	-33.10	-36.61
R squared	1	0.77	0.77
Sharpe ratio	0.48	0.30	0.28
Tracking error	0	8.63	10.01
Volatility	14.52	17.99	19.86

Fund returns are for share classes with a current Ongoing Charges Figure (OCF) stated above; returns for share classes with a different OCF will vary accordingly. Source: FE fundinfo bid to bid, total return (0.74% OCF). Fund launch: 31.12.2010

IMPORTANT INFORMATION

Issued by Guinness Global investors, a trading name of Guinness Asset Management Limited, which is authorised and regulated by the Financial Conduct Authority.

This report is primarily designed to inform you about equities and equity markets invested in by the Guinness Global Money Managers Fund. It may provide information about the Fund's portfolio, including recent activity and performance. It contains facts relating to the equity markets and our own interpretation. Any investment decision should take account of the subjectivity of the comments contained in the report.

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

Documentation

The documentation needed to make an investment, including the Prospectus, the Key Information Document (KID), 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 KID for

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

Singapore

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

Telephone calls will be recorded and monitored.