Guinness Asian Equity Income

Investment Commentary – April 2023

RISK

This is a marketing communication. Please refer to the prospectuses, KIDs and KIIDs for the Funds, which contain detailed information on their characteristics and objectives, before making any final investment decisions.

The Funds are equity funds. 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. Further details on the risk factors are included in the Fund's documentation, available on our website.

Past performance does not predict future returns.

ABOUT THE STRATEGY

Launch	19.12.2013
Sector	IA Asia Pacific Excluding Japan
Managers	Edmund Harriss Mark Hammonds
Irish Domiciled	Guinness Asian Equity Income Fund
UK Domiciled	TB Guinness Asian Equity Income Fund

INVESTMENT POLICY

The Funds are designed to provide investors with exposure to high quality dividend-paying companies in the Asia Pacific region. The Funds are managed for income and capital growth and invest 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 Funds are actively managed. The Guinness Asian Equity Income Fund uses the MSCI AC Pacific ex Japan Index as a comparator benchmark only. The TB Guinness Asian Equity Income Fund uses the MSCI AC Asia Pacific ex Japan Index as a comparator benchmark only.

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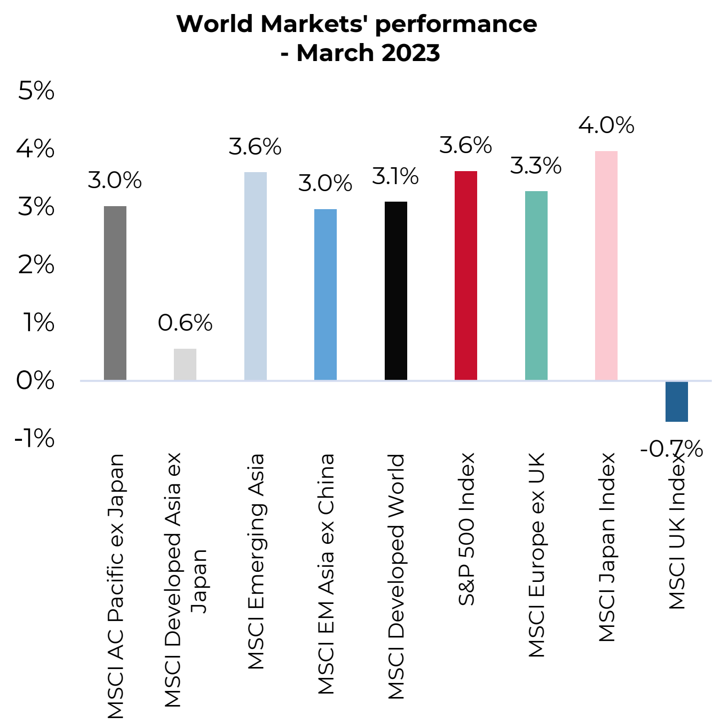
COMMENTARY

In March, the Guinness Asian Equity Income Fund fell -2.4% in GBP terms (Y share class) compared to the MSCI AC Pacific ex Japan Net Total Return Index benchmark which rose 0.9%. In the year to date, the Fund is up 2.1%, behind the Index which is up 2.9%. The Fund fell behind the index as technology growth stocks surged in the last ten days of March.

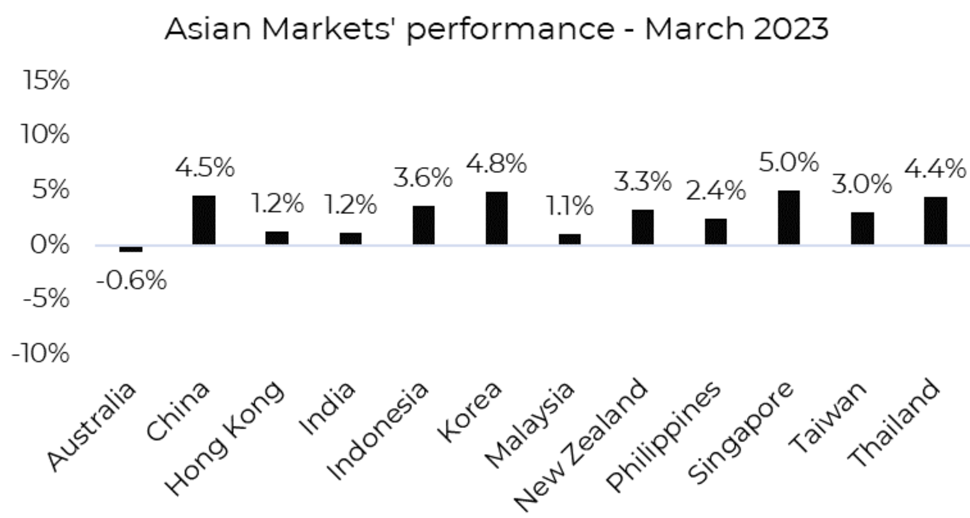
(Market and stock returns discussed below, are in US dollar terms.)

Asian markets, as measured by MSCI AC Pacific ex Japan Net Return Index rose 3.0% (in USD terms) in March, in line with global markets.



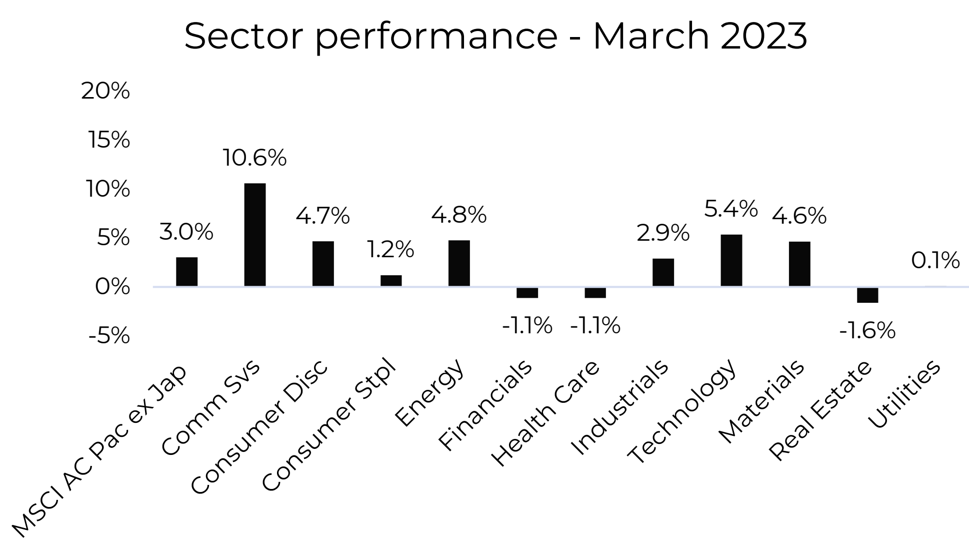
Source: Bloomberg, MSCI. Net returns in USD as of 31.03.2023.

In the Asia Pacific region, developed markets were notably weaker, with Australia and Hong Kong weighing most. In Emerging Asia, the rally was broad-based, with most markets rising 3.5-5% in USD; China was up 4.5%, Korea rose 4.8% and Taiwan rose 3.0%. India's market performance was muted, up only 1.2%.12



Source: Bloomberg, MSCI. Net returns in US dollars as of 31.03.2023

The best sector performance came from Communication Services, Consumer Discretionary, Technology and from Energy and Materials. Asian Financials were down only -1.1% over the month.



Source: Bloomberg, MSCI. Returns in US dollars as of 31.03.2023

Looking a little closer, Communication Services were strongest in China, Singapore and Thailand, with Baidu and Tencent the most influential. Much of this performance came at the end of the month and was accompanied over that period with a strong rebound in the Chinese e-commerce sector, especially Alibaba. In Singapore, SEA Ltd was a leader, and in Thailand, Advanced Info Services. Australian performance was dominated by weakness in Financials, which account for over 30% of the market and outweighed the stronger performance from Materials.

The Fund's performance over the month (-0.3%, Y class in USD terms) was in line with the benchmark until the growth rally, which began on 20th March and has since paused. Our best performing stocks over the month were NetEase, Sonic Healthcare, Broadcom, Industrial & Commercial Bank of China and Novatek Microelectronics. Our weakest stocks were China Resources Gas, Suofeiya Home Collection, BOC Hong Kong and Metcash.

Banks account for 18.9% of the portfolio, compared to a 15% in the benchmark. Our holdings fell in aggregate by 1.5% at their lowest point and ended the month down 1.3%. Our two Chinese state-owned banks turned in a positive performance and ended the month 6% higher. Our two weakest bank performers, BOC Hong Kong and China Merchants Bank, were down 8% and 6% respectively. The other three (DBS, Public Bank and Tisco) were flat to down 2% over the month.

MACRO REVIEW

Banks

There were two bank failures in the US and in Switzerland in the past month. In both cases, the banking systems themselves and the central banks averted a crisis, but markets remain highly sensitive to further signs of systemic weakness.

The underlying causes of the failures of Signature Bank and SVB in the US and of Credit Suisse in Switzerland are very different to those prevailing in 2008. In 2008 there was a credit crisis that affected primarily the investment banking and money centre banks that centred on securitised mortgages whose value was almost impossible to ascertain. Regional banks in the US were almost entirely unaffected.

In 2023, US regional banks suffered a liquidity crisis as higher deposit withdrawals than normal required the early sale of securities in their held-to-maturity (HTM) portfolios. These HTM portfolios consist primarily of Treasuries, but the prices achieved were lower because they were being sold prior to maturity and because since they were originally bought, interest rates have risen. Once depositors in SVB realised that the bank was losing money in funding deposit withdrawals, the rate of withdrawals increased. An extra complication for SVB was that whilst it held 35,000 deposit accounts, these were controlled by a much smaller number of venture capital firms. The bank not only had mismatched interest rate risk but also much higher customer concentration than first appeared.

However, setting aside the specific issues at SVB which have been resolved by its takeover, the solution to the regional banking problem is comparatively straightforward. The collateral the regional banks hold is in Treasuries which are liquid and whose value is known. The resolution therefore is to remove the requirement for banks to become forced sellers of these securities before maturity and this has been facilitated by creating a facility to allow any bank to post Treasuries as collateral and to borrow from the Federal Reserve at 100% of face value. Any bank doing so is assured of anonymity for a year. The Fed will never become a forced seller and so will receive the interest and the full value of the collateral in due course.

The fall of Credit Suisse also came about in a feverish environment but was the culmination of years of scandals, management missteps and significant losses. Ultimately, the bank paid the price of this through a loss of confidence and client losses which even a SFr 50 billion loan from the central bank was unable to staunch. Credit Suisse has a substantial deposit-taking and wealth management business, but it also incorporates an investment banking business which as a business model is more complex and has global systemic links. The takeover by UBS, which given the need for speed will almost certainly have ridden roughshod over rules and people (such as bondholders), has successfully stabilised that situation.

The problems of Credit Suisse are very much of their own making and are of comparatively less interest, now they have been contained. The issue of the US regional banks, however, is instructive. This is another product of a long period of ultra-low interest rates and the search for yield coming to a sudden end with a vertiginous rise in rates, which in the US have risen by a factor of 20, from 0.25% in January 2022 to 5%, in just 15 months. In the UK, a sharp rise in interest rates and bond yields nearly brought about a collapse in the pension industry and in the UK government bond market prompting central bank intervention. In the US, the sudden rise has brought about a significant inversion of the yield curve where 3-month interest rates are substantially higher than 2-year rates, encouraging depositors to switch away from banks into money funds, also initiating central bank intervention. We don't know which the next area is to spring a leak, but markets are likely to remain jumpy.

For the longer term, this has introduced a new dynamic into economic forecasts. So far, it has been interest rates that have been the focus of slower growth or recession forecasts. Now we should expect to see banks become more cautious, limiting credit and becoming choosier about those to whom they will lend. This would be expected to act as another downward force on economic growth and a force that responds to slower growth rather than one that responds to faster growth like interest rates, which can be adjusted quite quickly. This makes the management of the economic cycle by policy makers much harder. From our perspective, we need to be prepared for pressure on revenues and margins for perhaps rather longer than is currently priced in.

Oil

At the beginning of April, OPEC surprised the markets with an announcement of voluntary production cuts of 1.15m barrels per day, on top of Russia's decision to cut its production by 0.5m barrels per day. This follows an OPEC production cut of 2m barrels per day in October last year and in aggregate, this represents a cut to output of 3.7% from September 2022 levels. OPEC's aim appears to be to support of price $80 per barrel of (Brent) crude and comes against a backdrop of falling demand. The price of oil futures rebounded to $85 for delivery in three months and remains at $80 or above until March next 2024. OPEC's approach is a bet that the forces of demand inelasticity will outweigh weakening demand and that they will therefore achieve the volume sales at the price they want. The muted market reaction suggests some scepticism that this can work through the cycle.

From Asia's perspective, the current oil price does not present an inflationary problem and even a spike toward $100 a barrel, of which there has been no sign yet, would mean that the global oil bill will still remain within the historic range of 3% to 4% of world GDP and not be the source of a global inflationary pulse.

Interest rates

In Asia, the two surprises were that Taiwan raised rates and that India did not. Taiwan's increase followed the US move and reflects a concern that inflation will remain above 2% for the rest of the year (currently 2.43%). The Reserve Bank of India appears by contrast to have shifted its focus toward growth and is waiting for the lagged effect of a 2.5% increase in rates since April 2022 to become evident.

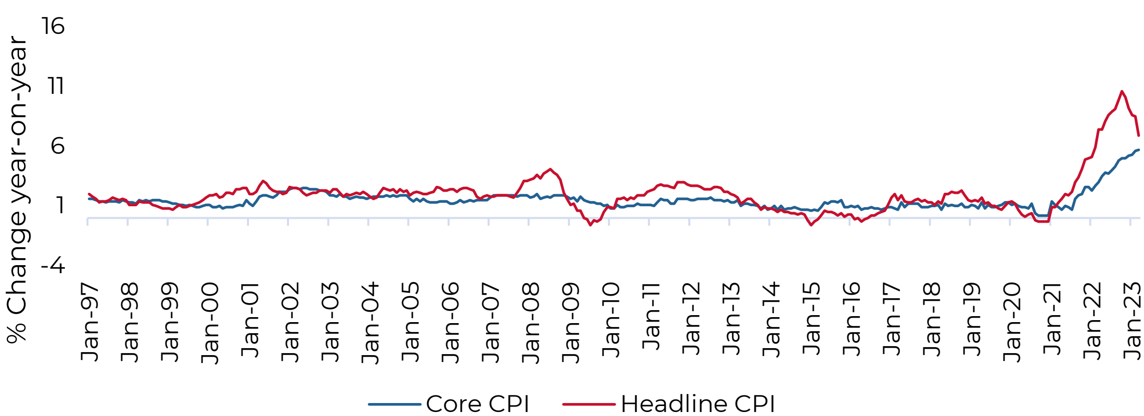
The table below shows the latest interest rate levels and their path since the beginning of 2022. The numbers in red show the latest peak and the month in which it was reached:

	Jan-22	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan-23	Feb	Mar
China	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70	**3.65**	3.65	3.65	3.65	3.65	3.65	3.65
Korea	1.25	1.25	1.25	1.50	1.75	1.75	2.25	2.50	2.50	3.00	3.25	3.25	**3.50**	3.50	3.50
Taiwan	1.125	1.125	1.375	1.375	1.375	1.50	1.50	1.50	1.63	1.625	1.625	1.75	1.750	1.750	**1.875**
Indonesia	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.75	4.25	4.75	5.25	5.50	**5.75**	5.75	5.75
Malaysia	1.75	1.75	1.75	1.75	2.00	2.00	2.25	2.25	2.50	**2.75**	2.75	2.75	2.75	2.75	2.75
Philippines	2.00	2.00	2.00	2.00	2.25	2.50	3.25	3.75	4.25	4.25	5.00	5.50	5.50	6.00	**6.25**
Thailand	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	1.00	1.00	1.25	1.25	1.50	1.50	**1.75**
India	4.00	4.00	4.00	4.00	4.40	4.90	4.90	5.40	5.90	5.90	5.90	6.25	6.25	**6.50**	6.50
Australia	0.10	0.10	0.10	0.10	0.35	0.85	1.35	1.85	2.35	2.85	2.85	3.10	3.10	3.35	**3.60**
NZ	0.75	1.00	1.00	1.50	2.00	2.00	2.50	3.00	3.00	3.50	4.25	4.25	4.25	**4.75**	4.75
Japan	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
US	0.25	0.25	0.50	0.50	1.00	1.75	2.50	2.50	3.25	4.00	4.00	4.50	4.75	4.75	**5.00**
ECB Deposit	-0.50	-0.50	-0.50	-0.50	-0.50	0.00	0.00	0.00	0.50	1.50	1.50	2.00	2.00	2.50	**3.00**
UK	0.25	0.50	0.75	0.75	1.00	1.25	1.25	1.75	2.25	3.00	3.00	3.50	4.00	4.00	**4.25**

Source: Central Banks' data to 31.03.2023

In developed markets, against the backdrop of pressures in the banking sector, the European Central Bank proceeded with a 0.5% increase, which markets had been expecting. The chart below shows the challenge they face with core inflation pressure continuing to climb. However, the ECB also chose to remove any forward guidance.

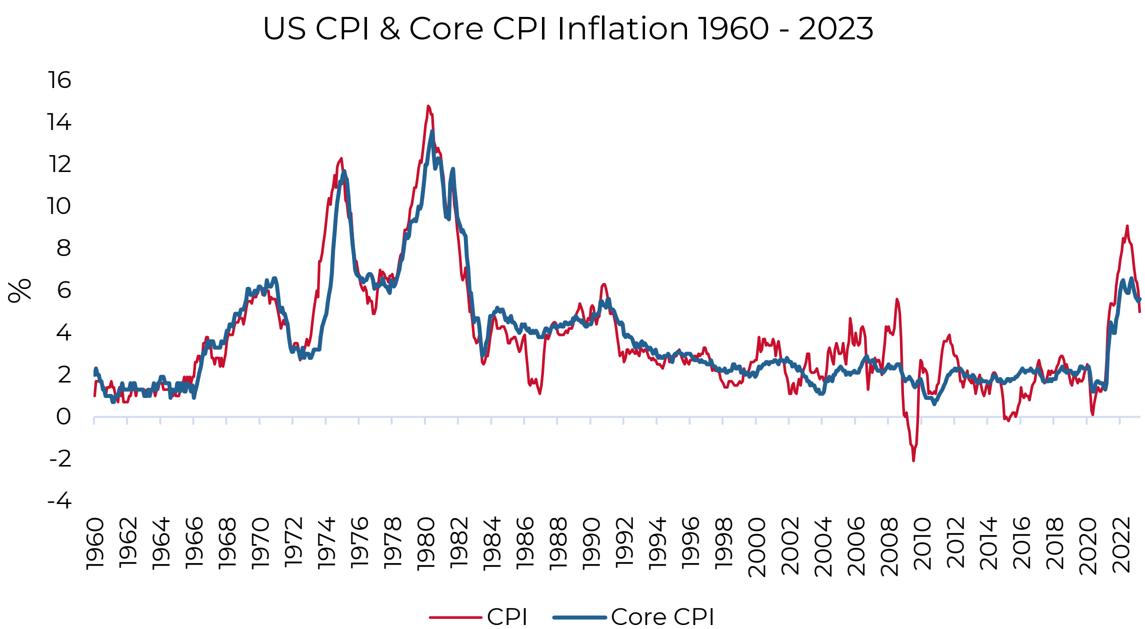
Eurozone Headline & Core inflation



Source: Eurostat Eurozone Core Monetary Union Index of Consumer Prices (MUICP). Data to March 2023

In the US, the Federal Reserve (the Fed) raised interest rates by a further 0.25% to 5%. The outlook from both the Fed and the market is for a more moderate interest rate peak but, as we have discussed at some length in recent months, the corollary to that and indeed the necessary condition, is slower growth. The most recent employment data however, points to continuing strength. The next discussion, about when interest rates may start to come down will also be conditional upon the speed and depth of an economic slowdown.

The chart below shows the history of US headline and core inflation over the past 50 years.



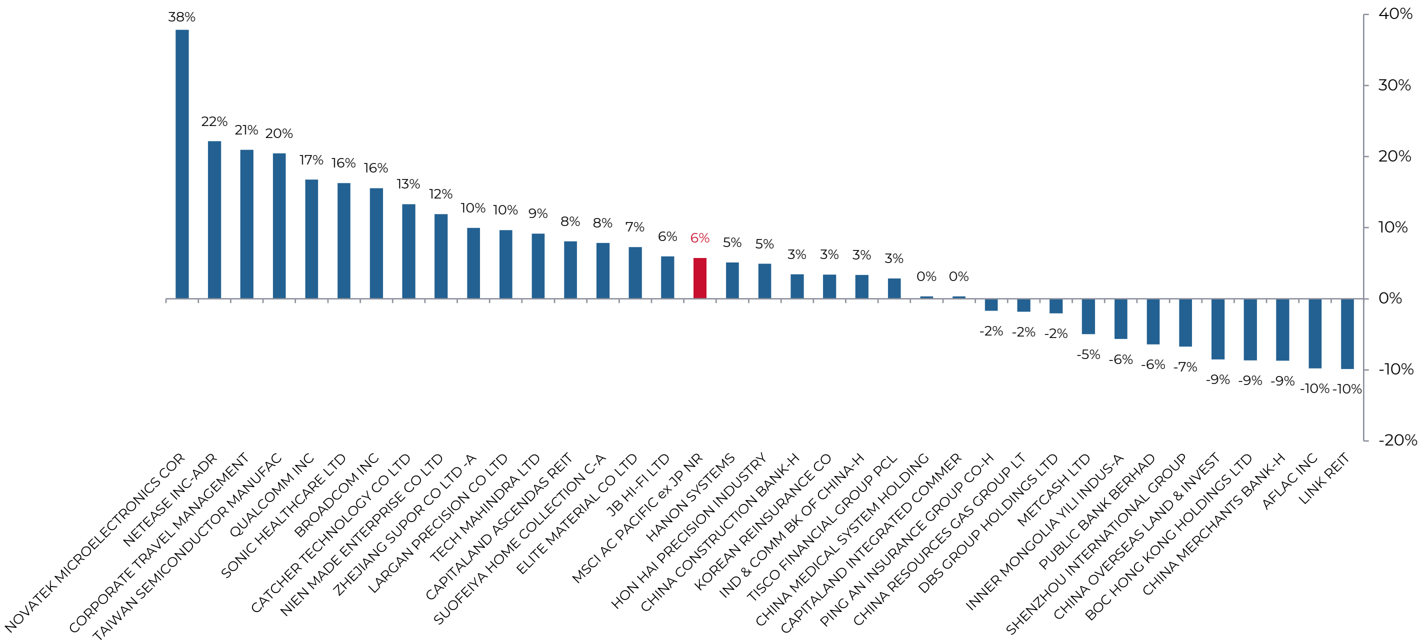
Source: Bureau of Labor Statistics. Data to March 2023.

The sharp peaks in the early 1970s serve as warnings that have shaped Fed policy in this cycle and we think are therefore not likely to occur. The long squeeze between 1985 and 1995 however, is something we think investors should focus on. A 2% target for core inflation is not easy to regain. Tighter monetary policy from the Fed sitting alongside tighter credit policies from the banking sector may shorten the adjustment period but won't necessarily make it easier to navigate.

FUND REVIEW

The Funds ended the quarter a little behind the benchmark after a strong rally in growth stocks pushed the benchmark higher. Nevertheless, we have seen some good stock performances over the first quarter and the Funds are outperforming as we enter the second.

The chart below shows the performance of the portfolio's holdings in the first three months of 2023 in US dollar terms.



Source: Bloomberg. Data 31.12.2022 – 31.03.2023

The best performing stock, up 38% this year in US dollar terms, was **Novatek Microelectronics**. Analysts are perennially sceptical about this company, which designs combination semiconductors that are used to drive screens on consumer devices that often incorporate touch controls. Concerns relate to the demand cycle, to competition and to the quality of their chip solution. The rebound in performance, following a weaker period last year, has come from much stronger sales growth to its Chinese customers which first became evident in the fourth quarter of 2022.

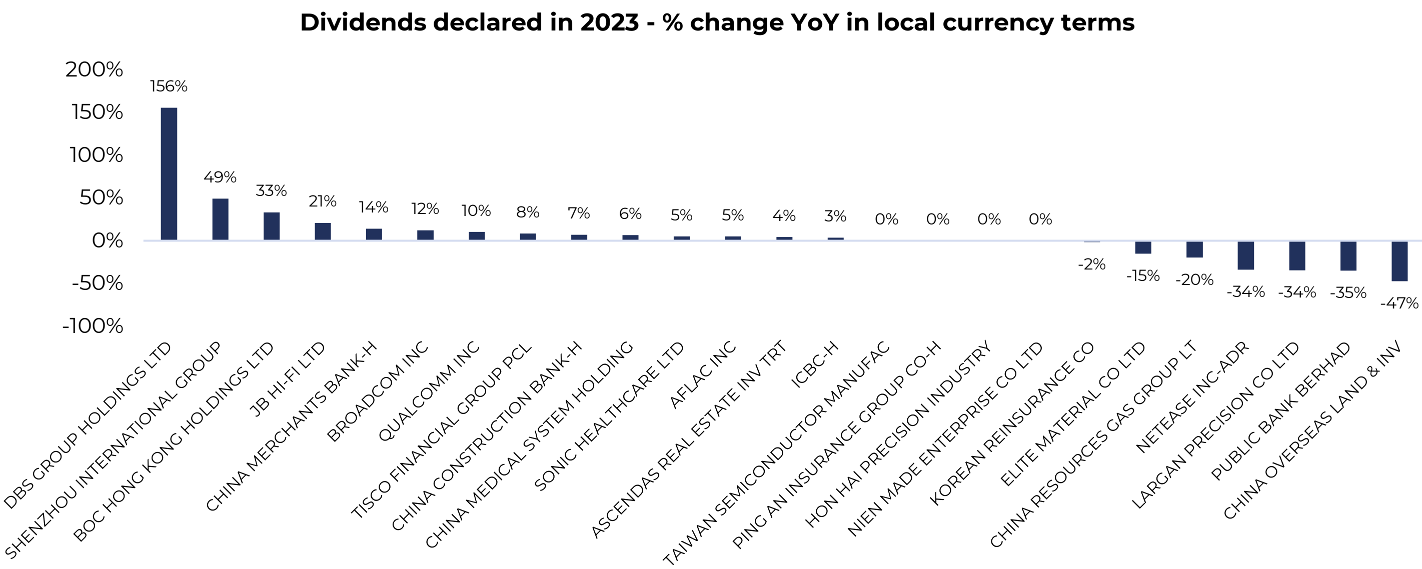
The weakest performer was **Link REIT**, which holds commercial, retail and car park space primarily in Hong Kong and China. The company surprised the market earlier in the year with a deeply discounted rights issue to help pay for some acquisitions in Singapore and to reduce borrowing to around 20% of equity. We met the company to talk through the rationale for the capital raise and understood that the requirement to refinance debt falling due over the next two years in a rising interest rate environment made equity finance the more attractive option. This clearly chimes with our view, discussed in the macro section above. The company proposes to diversify geographically but will remain focused on the Asia Pacific region and, as evidenced by recent acquisitions, it remains focused on similar types of property that are its core competence.

DIVIDENDS

So far this year 26 companies out of the 36 declared a dividend. The other 10 are expected to declare in the course of the next three months.

- 18 increased.
- 3 were maintained unchanged.
- 4 declined and
- 1 company resumed.

The chart below shows the percentage change against the same period last year:



Source: Bloomberg. Data as of 31.03.2023

As ever, there are some special considerations we need to consider for certain stocks. For example, DBS shows a 156% jump in its first quarter dividend, but this includes an additional special dividend; after excluding that we are still receiving a 17% uplift. In the case of Public Bank the 35% drop is a timing issue with part of the distribution falling into the end of 2022; adjusting for this, the dividend was 12.5% higher. In the case of Largan Precision, last year provided a high base for comparison with a special dividend that was not repeated this year. Adjusting for this, Largan's dividend grew 18% on a like-for-like basis.

The 47% decline in China Overseas Land's dividend might give rise to concern given the stresses we know are present in the Chinese property sector. However, the company gave a detailed discussion at its results briefing. Revenues were down because property completions were delayed in the second half of 2022, but we were given a detailed set of expectations for property deliveries over the next nine months, which was well received by the market. We expect, therefore, to see a recovery in sales, margin, profits and dividend over the coming year.

The overall dividend performance looks fine; special dividends may be harder to come by this year and year-on-year comparisons will probably be more modest given the moderated impact of covid-related disruption in 2022-23. We continue to see dividend policies consistent with history. It is still too early in the year to give much of an idea for how the full year dividend will play out but so far, we are happy with what we have seen.

STOCK COMMENTARY

The following are some short results comments on some or our stocks over the quarter:

Aflac

Q4 results were not well received by sell-side investors, in particular for the Japan business. Japan revenue growth was slower than expected due to the covid wave during the quarter, and margins missed expectations due to higher expenses and lower investment income. Management's commentary caused further concern, with the CFO claiming that maintaining the expense ratio in Japan is becoming harder due to shrinking revenues and policy base. However, dividend growth continued and the company declared a quarterly dividend of $0.42, 5% higher year-on-year.

Broadcom

Q1 revenues and EPS results beat consensus expectations. Guidance for the upcoming quarter also beat expectations as management expect the semiconductor portfolio to grow in the high single digits despite a continued Chinese demand-driven slowdown in the Industrial segment. Management declared a quarterly dividend of $4.6 per share, up 11% year-on-year.

Capitaland Integrated Commercial Trust

FY22 results were largely in line with sell-side consensus but dividend per unit was lower than forecast due to higher borrowing costs and more lease incentives for tenants. Given the ongoing macro environment, CICT is expecting a rise in cost of borrowing for FY23. However, this should not have too great an impact on the business given that 81% of the company's debt is fixed-rate. Distribution for the year rose 2% to SGD0.1058.

Capitaland Ascendas REIT

FY22 results were better than sell-side expected, driven by improving portfolio occupancy, rent reversion, lower borrowing costs and higher performance fees. Cost of borrowing is expected to rise in FY23 but the company is somewhat protected from this as 79% of its debt is fixed-rate. Full year dividends rose 4% to SGD0.158.

Catcher Technology

Q4 results were below sell-side expectations, with consumer demand driving weaker shipments and FX losses driving EPS decline. Whilst 1Q23 is expected to be the trough, management believe FY23's environment will remain difficult due to continued weak consumer demand and rising pricing competition.

Corporate Travel Management

H1 results were mixed as revenues came in above sell-side expectations whilst profit before interest and tax missed both management guidance and sell-side expectations. Labour investments and integration costs of the Helloworld Travel acquisition both came in higher than expectations. The company declared a $0.06 dividend per share after resuming dividend payments last year. It has recently been announced that the company has won a significant contract with the UK government worth £1.5 billion to handle travel for the Home Office.

DBS Group Holdings

Q4 results were mixed as net interest income came in below sell-side expectations but net profit after tax came in above. Expectations of rising rates have also caused management to become more cautious, stating a risk to net interest margins as the bank sees outflows to Treasury Bills, and higher funding costs. Quarterly dividends were raised by 17% and management also plan to pay out a special dividend of SGD0.50 per share. However, there is some discontent on the sell side as investors believe that DBS can pay even higher dividends since the company has seen capital rising faster than risk-weighted assets.

Hanon Systems

Q4 results saw increases to revenue and operating profit margin but a net loss that was driven by a one-off tax expense. Order wins of $1.9bn exceeded management's $1.5bn target, and the electric vehicle market made up 90% of all new wins and now accounts for roughly 60% of the total order backlog, highlighting Hanon's ability to shift with changing consumer demand. Final dividend per share of KRW90 was declared, in-line with the prior year's dividend per share. Management have also declared their intention to pay an interim dividend.

Hon Hai Precision Industry

4Q margin results missed consensus expectations due to higher pandemic costs and disruptions at the Zhengzhou park. Management also painted a cautious picture for FY23, with expectations of flat revenue growth as weak demand in the smart consumer business continues to offset growth in other key segments (cloud, PC and autos). Additionally, with no clear strategy presented by management, investors remain cautious of the company's ability to meet 2025 margin targets. DPS rose 2% year-on-year to NTD5.3.

JB Hi-Fi

First half results beat sell-side expectations as demand for consumer electronics and home appliances remained elevated, allowing for lower promotional activity and better product mix. DPS also grew 20% year-on-year to $1.97 per share. Despite a good set of results, investors remain sceptical of JB Hi-Fi's ability to sustain the rate of growth. Management intends to increase promotional activity, leading to some moderation of recent margin gains from both the JB Australia business and The Good Guys line.

Korean Reinsurance

FY22 saw a mixture of results with gross premiums rising 9% year-on-year, net premiums rising 10%. Underwriting losses increased year-on-year but saw sequential improvements in all business lines. Declared dividend per share of KRW430 was well received by investors.

Largan Precision

4Q22 gross margins beat sell-side expectations but EPS missed due to a NTD2.4bn FX loss. Management presented a cautious outlook for 1H23 citing continued weak consumer demand leading to expectations of sequential monthly declines through February. They also expect an increase in competition driven by the fact that customers are slowing their product launches, choosing instead to focus on flagship models. However, this focus on flagship models should actually be beneficial for Largan as their portfolio skews towards higher end lenses. DPS rose 18% year-on-year to NTD46.

Nien Made Enterprise

Q4 revenues and EPS results missed consensus expectations but margins beat due to improved mix and lower materials cost. Investors remain cautious in the near term as the wider housing demand environment remains uncertain and Nien Made's customers continue with their destocking strategies, keeping revenues suppressed.

Novatek Microelectronics

Q4 revenue and operating margin results beat consensus expectations. The company benefitted from rush orders for TV and smartphone related LDDIs and OLEDs and inventory days declined 30% year-on-year to 100 days. However, this positive news was somewhat tempered by management's guidance for the upcoming quarters. Customer inventory correction is still ongoing, consumer demand is still relatively weak and importantly, gross margins look to be impacted by pricing pressures as Novatek sees increasing competition from Tier 2 and Tier 3 Chinese peers.

Public Bank Berhad

FY22 results were fine with net interest margin improving 17bps to 2.39% and net profit growing 8% to MYR6.1bn. As with many other financial institutions in the region, fund management fees fell the most, down 11%. FY22 dividend came in at MYR0.17, a 12% increase year-on-year.

Qualcomm

Q1 results were roughly in line with sell-side expectations. However, management remained cautious around outlook for the first half of 2023 with revenue and EPS guidance for the upcoming quarter coming in below sell-side expectations. As is the case in the broader industry, management seem optimistic that inventory destocking will trough in H1 with expectations of a rebound in handsets in the second half of the year. DPS rose 10% year-on-year to $0.17.

Sonic Healthcare

H1 results were largely in line with consensus expectations. As expected, revenues and profits saw a year-on-year decline as the company saw a marked decrease in covid testing revenue and a rise in labour costs. Importantly, the non- covid business was actually ahead of pre-pandemic results and this performance seems to be continuing in 2023 with January revenues 10% ahead of January 2020. Management also declared a fully franked dividend of AUD0.42 per share, 5% higher year-on-year.

Taiwan Semiconductor Manufacturing

Q4 revenues missed consensus expectations but both gross and operating margins, and EPS beat. As expected, the digital consumer electronics segment was particularly weak (-23% year-on-year). Management expects 1H23 to be difficult but sees improvements in the second half of the year resulting in low growth for the full FY23. For reference, the foundry industry is expected to decline 3% and the semiconductor market is expected to decline 4% in the same period.

Tech Mahindra

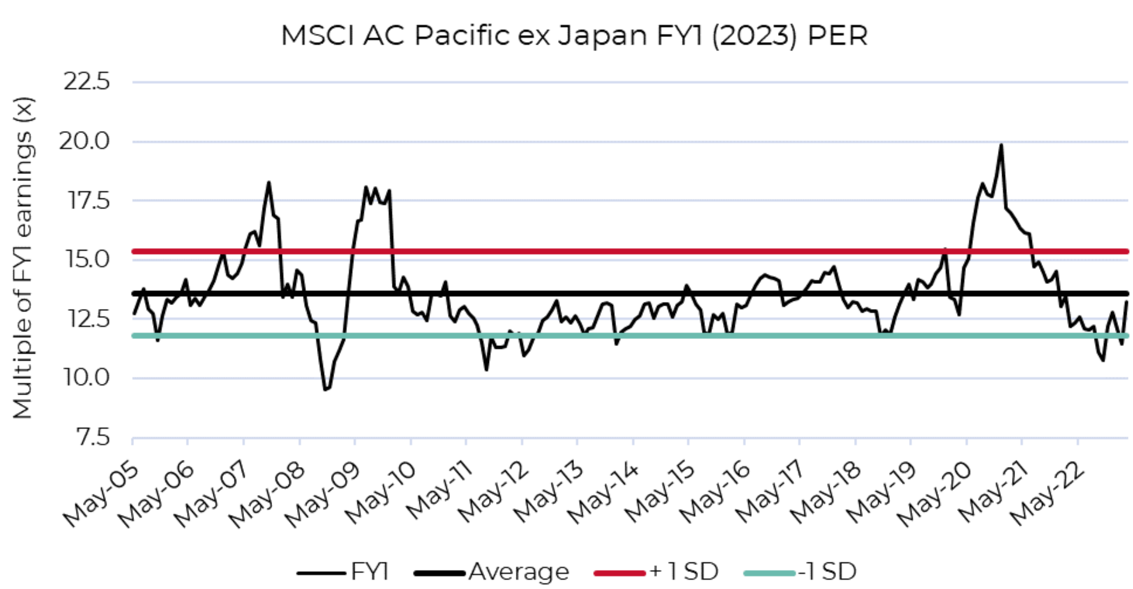
Despite Q3 revenues increasing 20% year-on-year, EBITDA margins declined 2.4% which management blamed on higher subcontractor labour costs and greater amortization impacts from previous acquisitions. Whilst industry peers are also experiencing longer decision cycles as clients move towards higher cuts in discretionary spend, Tech Mahindra also suffers greater key client risk. Revenue derived from the company's top five clients fell 14% year-on-year, leading to a drop in total revenues contributed from 23% in Q322 to 18% this quarter.

Tisco Financial Group

The loan portfolio saw a return to growth in FY22, leading to net interest income growth of 2% year-on-year. However, it was unable to offset the 12% drop in non-interest income. Annual DPS of THB7.75 (up 7% year-on-year) has been proposed by management.

OUTLOOK

There is a great deal of macroeconomic and geopolitical news to keep investors cautious on Asia which is why, in spite of the wide economic growth differential between the Asia region and the US & Europe, stock market valuations in Asia are trading at a little less than their long-run average. The chart below shows the forward PE multiple has rebounded from its lows but is a long way from being expensive or even fully valued.



Source: Bloomberg. Data to 31.03.2023

Away from the noise, the underlying picture is getting better. The Chinese property sector is picking up with residential sales increasing. It looks as if Chinese buyers haven't given up on housing as a store of wealth. Interest rates in the region continue to tick up as the Federal Reserve continues its inflation fight, but the process has not been anything like so disruptive. The region has been helped by the stability of its external position (low foreign debt and the widest measures of trade balances are in surplus) and by more tightly regulated and capitalised banking sectors. The banking turmoil in the US and Europe caused barely a ripple in Asia.

Slower growth in western economies is bound to affect Asian exports and this will dampen Asian earnings in those sectors. However, there is now a larger and wealthier consumer economy in Asia than there was the last time the world suffered a cyclical downturn. There are also many more established and profitable companies in the region serving the domestic markets, and so we believe there remain significant investment opportunities – good cash-generative companies with a sustainable growth path trading at attractive valuations.

Based on consensus estimates, the portfolio is expected to grow earnings by an average of 6% a year from 2022-24 compared 9% for the benchmark but is trading at a valuation discount of over 20% to the market. Earnings in the US and developed world are forecast to grow 4% and 5% a year over the same period.

Portfolio Managers

Edmund Harriss
Mark Hammonds

GUINNESS ASIAN EQUITY INCOME FUND - FUND FACTS

Fund size	$260.0m
Fund launch	19.12.2013
Benchmark	MSCI AC Pacific ex Japan TR
Historic yield	4.6% (Y GBP Dist)

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

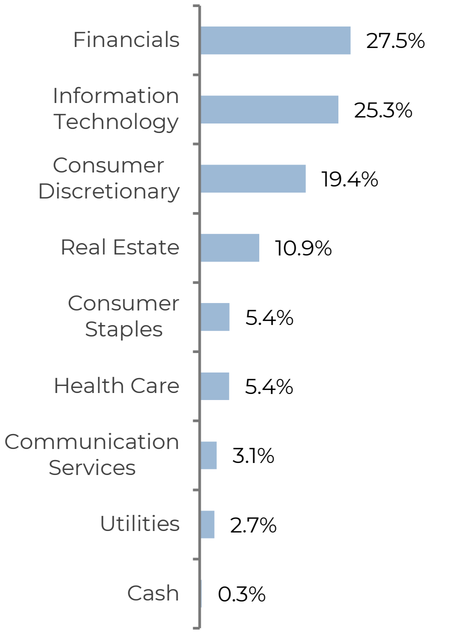
GUINNESS ASIAN EQUITY INCOME FUND - PORTFOLIO

Top 10 holdings

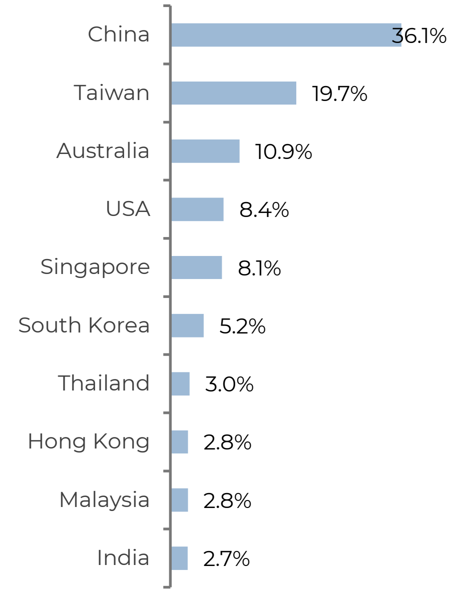
Novatek Microelectronics	3.4%
NetEase	3.1%
Tisco Financial Foreign	3.0%
China Construction Bank	3.0%
Shenzhou International	2.9%
Broadcom	2.9%
ICBC	2.8%
Zhejiang Supor	2.8%
China Merchants Bank	2.8%
Link REIT	2.8%

Top 10 holdings	29.5%
Number of holdings	36

Sector



Country



Past performance does not predict future returns.

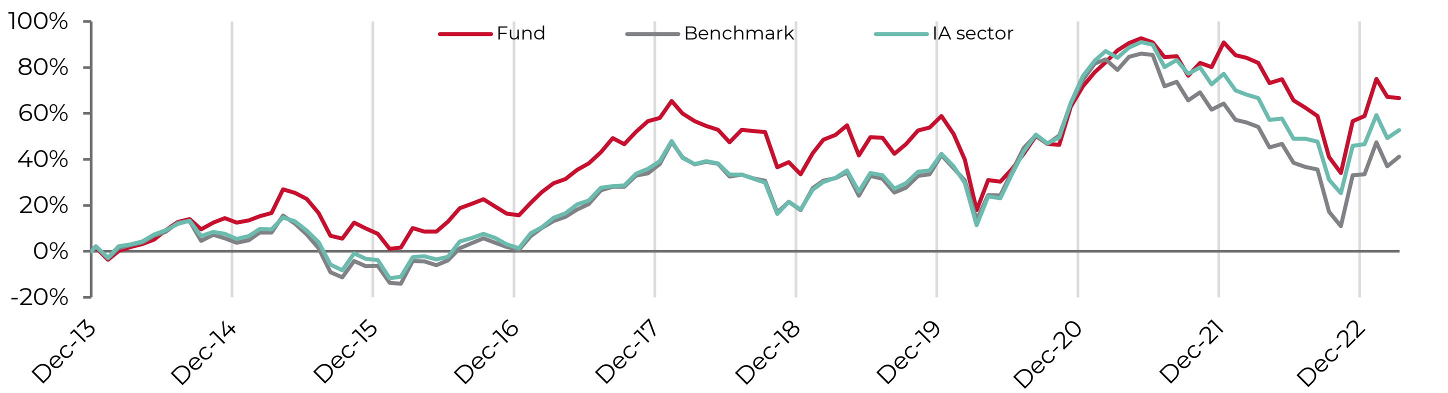
GUINNESS ASIAN EQUITY INCOME FUND - CUMULATIVE PERFORMANCE

Total Return (GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-2.4%	+2.1%	-2.5%	+41.8%	+20.8%	-
MSCI AC Pacific ex Japan TR	+0.9%	+2.9%	-2.5%	+24.4%	+16.2%	-
IA Asia Pacific Excluding Japan TR	+0.1%	+1.3%	-2.5%	+37.4%	+25.6%	-
Total Return (USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-0.3%	+5.0%	-8.4%	+41.4%	+6.5%	-
MSCI AC Pacific ex Japan TR	+3.0%	+5.7%	-8.4%	+24.0%	+2.4%	-
IA Asia Pacific Excluding Japan TR	+2.3%	+4.1%	-8.4%	+37.0%	+10.7%	-
Total Return (EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-2.7%	+3.1%	-6.2%	+42.8%	+20.5%	-
MSCI AC Pacific ex Japan TR	+0.6%	+3.9%	-6.2%	+25.2%	+15.9%	-
IA Asia Pacific Excluding Japan TR	-0.2%	+2.3%	-6.2%	+38.3%	+25.3%	-

GUINNESS ASIAN EQUITY INCOME FUND - ANNUAL PERFORMANCE

Total Return (GBP)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fund	-6.3%	+12.2%	+4.8%	+14.4%	-10.3%	+24.6%	+28.2%	+1.2%	+17.6%	-
MSCI AC Pacific ex Japan TR	-8.5%	-5.0%	+19.2%	+15.7%	-9.2%	+25.1%	+28.2%	-4.4%	+7.8%	-
IA Asia Pacific Excluding Japan TR	-6.9%	+1.5%	+20.0%	+15.8%	-9.8%	+25.3%	+25.7%	-3.4%	+9.5%	-
Total Return (USD)	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Fund	-16.8%	+11.1%	+8.1%	+19.0%	-15.5%	+36.5%	+7.5%	-4.4%	+10.7%	-
MSCI AC Pacific ex Japan TR	-18.8%	-5.9%	+23.0%	+20.3%	-14.5%	+36.9%	+7.5%	-9.6%	+1.5%	-
IA Asia Pacific Excluding Japan TR	-17.3%	+0.5%	+23.8%	+20.4%	-15.1%	+37.2%	+5.3%	-8.6%	+3.1%	-
Total Return (EUR)	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Fund	-11.4%	+19.6%	-0.8%	+21.2%	-11.3%	+19.9%	+10.7%	+6.5%	+26.0%	-
MSCI AC Pacific ex Japan TR	-13.4%	+1.3%	+12.9%	+22.5%	-10.2%	+20.3%	+10.7%	+0.7%	+15.6%	-
IA Asia Pacific Excluding Japan TR	-11.9%	+8.2%	+13.6%	+22.7%	-10.8%	+20.5%	+8.5%	+1.8%	+17.4%	-

GUINNESS ASIAN EQUITY INCOME FUND - PERFORMANCE SINCE LAUNCH (USD)



Source: FE fundinfo to 31.03.23. 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 current OCF for the share class used for the fund performance returns is 0.89%. Returns for share classes with a different OCF will vary accordingly. Transaction costs also apply and are incurred when a fund buys or sells holdings. The performance returns do not reflect any initial charge; any such charge will also reduce the 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 designed to inform you about equities and equity markets invested in by the Guinness Asian 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.

Documentation

The documentation needed to make an investment, including the Prospectus, the Key Investor Document (KID) / 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'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.

TB GUINNESS ASIAN EQUITY INCOME FUND - FUND FACTS

Fund size	£0.5m
Fund launch	04.02.2021
Benchmark	MSCI AC Asia Pacific ex Japan TR
Historic yield	4.8% (Y GBP Inc)

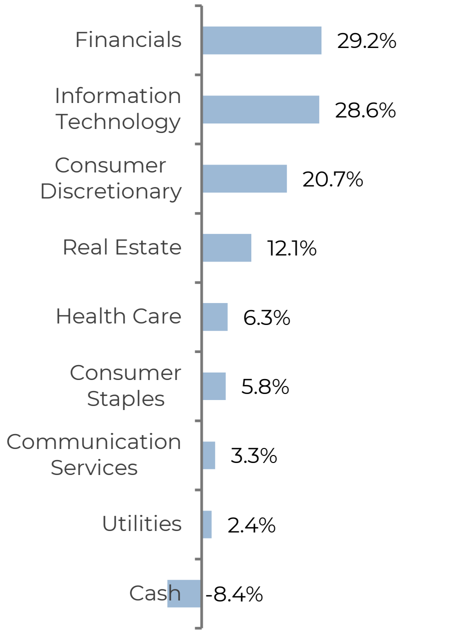
Historic yield reflects the distributions declared over the past 12 months expressed as a percentage of the mid-market price, as at the latest month end. It does not include any preliminary charges. Investors may be subject to tax on the distribution.

TB GUINNESS ASIAN EQUITY INCOME FUND - PORTFOLIO

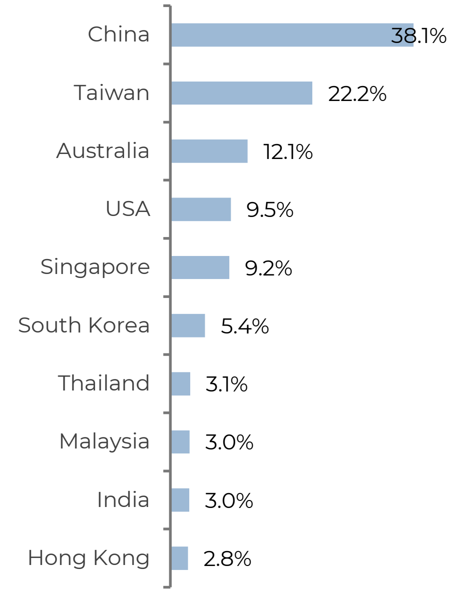
Top 10 holdings

Novatek Microelectronics	3.7%
Broadcom	3.4%
China Construction Bank	3.3%
NetEase	3.3%
Ascendas Real Estate Trust	3.2%
ICBC	3.2%
Qualcomm	3.2%
Sonic Healthcare	3.2%
CapitaLand Integrated Commercial	3.2%
Hon Hai Precision Industry	3.2%
Top 10 holdings	32.8%
Number of holdings	36

Sector



Country



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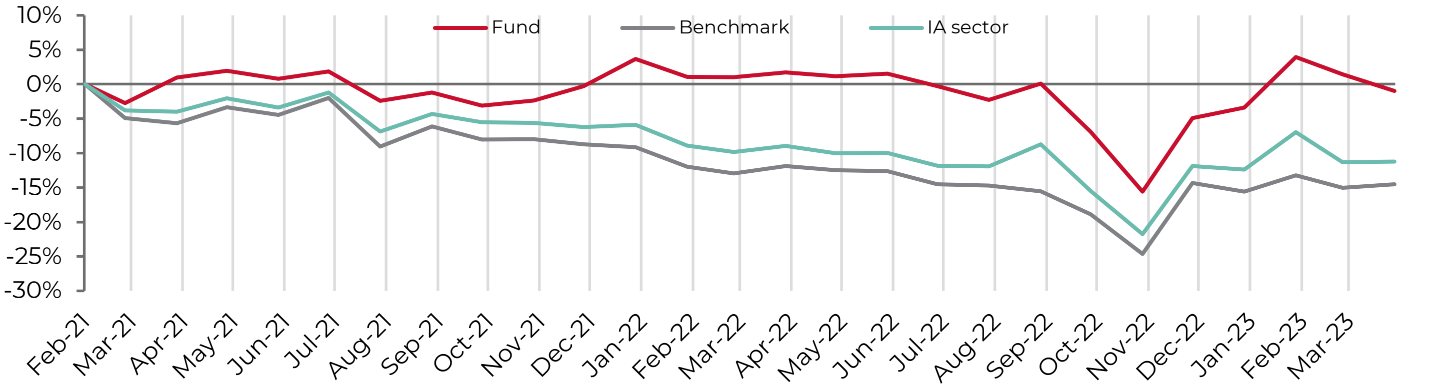
TB GUINNESS ASIAN EQUITY INCOME FUND - CUMULATIVE PERFORMANCE

Total Return (GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-2.4%	+2.5%	-2.7%	-	-	-
MSCI AC Asia Pacific ex Japan TR	+0.6%	+1.3%	-3.0%	-	-	-
IA Asia Pacific Excluding Japan TR	+0.1%	+1.3%	-2.5%	-	-	-

TB GUINNESS ASIAN EQUITY INCOME FUND - ANNUAL PERFORMANCE

Total Return (GBP)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fund	-6.8%	-	-	-	-	-	-	-	-	-
MSCI AC Asia Pacific ex Japan TR	-7.1%	-	-	-	-	-	-	-	-	-
IA Asia Pacific Excluding Japan TR	-6.9%	-	-	-	-	-	-	-	-	-

TB GUINNESS ASIAN EQUITY INCOME FUND - PERFORMANCE SINCE LAUNCH (GBP)



Source: FE fundinfo to 31.03.23. 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 current OCF for the share class used for the fund performance returns is 0.89%. Returns for share classes with a different OCF will vary accordingly. Transaction costs also apply and are incurred when a fund buys or sells holdings. The performance returns do not reflect any initial charge; any such charge will also reduce the return.

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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.tbaileyfs.co.uk or free of charge from:-

T. Bailey Fund Services Limited ("TBFS")
64 St James's Street
Nottingham
NG1 6FJ
General enquiries: 0115 988 8200
Dealing Line: 0115 988 8285
E-Mail: clientservices@tbailey.co.uk

T. Bailey Fund Services Limited is authorised and regulated by the Financial Conduct Authority.

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.

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Structure & regulation
The Fund is a sub-fund of TB Guinness Investment Funds, an investment company with variable capital incorporated with limited liability and registered by the Financial Conduct Authority.

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