Guinness Sustainable Global Equity

Investment Commentary – September 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 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 Funds' documentation, available on our website.

Past performance does not predict future returns.

ABOUT THE STRATEGY

Launch	15.12.2020
Index	MSCI World
Sector	IA Global
Managers	Sagar Thanki, CFA Joseph Stephens, CFA
EU Domiciled	Guinness Sustainable Global Equity Fund
UK Domiciled	TB Guinness Sustainable Global Equity Fund

INVESTMENT POLICY

The Guinness Sustainable Global Equity Funds are designed to provide exposure to high quality growth companies with sustainable products and practices. The Funds hold a concentrated portfolio of mid-cap companies in any industry and in any region. The Funds are actively managed and use the MSCI World Index as a comparator benchmark only.

CONTENTS

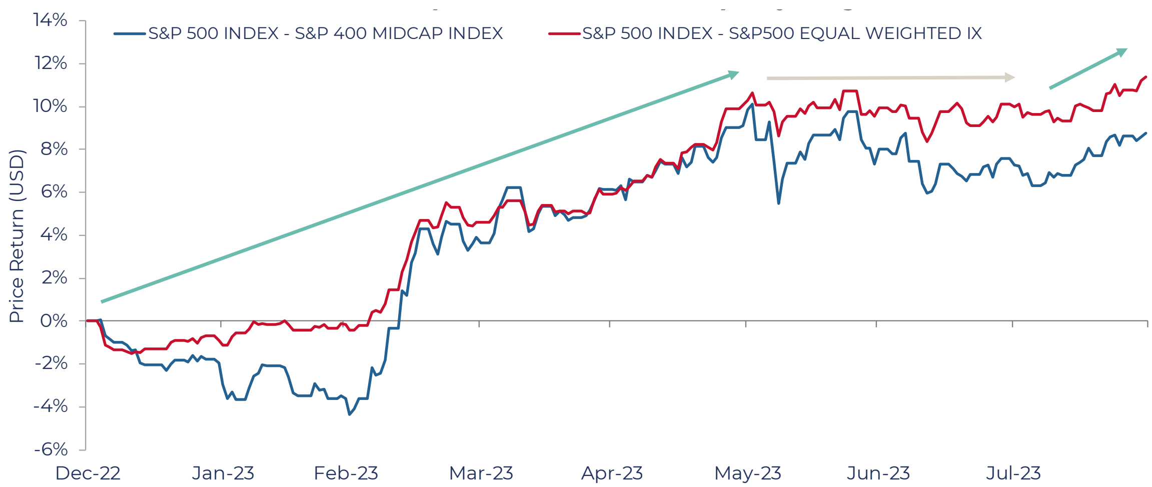
COMMENTARY

In August, the Guinness Sustainable Global Equity Fund returned -3.1% (in USD) compared to the MSCI World Index return of -2.4% and the MSCI World Mid Cap Index return of -3.5%. The Fund therefore underperformed the MSCI World Index by 0.7% but outperformed the mid-cap index by 0.4%.

Equities faltered during August, breaking a five-month streak of month-on-month gains. Over the course of the year so far investors have largely brushed aside various concerns: persistently high core-inflation across regions, tighter-than-expected monetary policy from global central banks, broad downgrades of corporate earnings expectations over the year, banking failures, a disappointing Chinese re-opening, and recession concerns. Markets have instead been optimistic that the US may yet achieve a soft landing, with the economy remaining surprisingly resilient (despite interest rate hikes), but not too 'hot' to risk a return to elevated levels of inflation, and hence tighter-for-longer monetary policy.

Index performance in the first five months of the year was buoyed by a narrow selection of 'big tech' stocks, particularly those most exposed to the long-term secular trend of artificial intelligence. With 'narrowness' concentrated particularly within the technology sector (one of three sectors to outperform the MSCI World), growth-orientated stocks have outperformed, despite interest rate expectations and yields increasing meaningfully over the period. While this narrowness stabilised or reversed somewhat over June and July, August reverted to that narrow leadership (albeit in a declining market) with the S&P 500 Index outperforming its equally weighted version by 1.4% (USD) over the month. Similarly, large-caps have outperformed mid-caps over the year with August proving no different. Year-to-date outperformance of the S&P 500 vs S&P MidCap 400 stands at 8.7% (USD).

S&P 500 vs S&P MidCap 400 and S&P 500 Equally Weighted Indices



Source: Guinness Global Investors, Bloomberg, as of 31st August 2023

August's declines were shallow but broad, with only the Energy sector giving a positive return. During the month, the 10-year US treasury yield rose to 4.35%, a level not seen since November 2007. This has been attributed to a number of factors including a.) the US credit downgrade; b.) greater supply of debt following the resolution of the debt ceiling and c.) positive economic data, including continued consumer resilience, suggesting a stronger economic growth outlook. The increase in yields not only enticed investors away from equities but created a headwind for 'high duration' growth stocks in particular. Unlike last year, the chair of the Federal Reserve Jay Powell's speech at Jackson Hole was largely well received by markets, offering guidance relatively in line with expectations – that the Fed would continue to be data driven and that further rate rises are not off the table.

In the final third of the month, the US GDP growth estimate was revised downwards (to 2.1% from 2.4%), the S&P's US composite purchasing managers' index (PMI) fell from 52 to 50.4 in August (a number above 50 indicating growth), data suggested fewer job openings and a measure of consumer confidence fell. This all helped to fuel a resurgence in stocks, and growth stocks in particular, with investors buoyed by this news that the economy was continuing to perform well, but not so well that inflation may re-accelerate which, all else equal, could push the Fed to issue further rate rises.

During the month, relative performance of the Funds was driven by the following factors:

- The portfolio's zero exposure Utilities, Consumer Staples, Materials, Real Estate, and Consumer Discretionary sectors were all positive from an asset allocation perspective over the month.
- However, the Funds' zero exposure to Energy (the only sector with a positive return over the month) was a drag from an asset allocation perspective, whilst weak stock selection within Financials also provided a drag.
- Although large-cap stocks outperformed mid-caps over the month by 1.1% (USD), which was a drag on performance, the Guinness Sustainable Global Equity Fund did outperform the MSCI World Mid Cap Index by 0.4%.
- Within large-caps, a handful of stocks led the outperformance (as indicated by the relative outperformance by MSCI World vs MSCI World Equally Weighted Index). Not owning both large-caps, and in particular the few leaders, was a drag.
- Whilst growth outperformed value, speculative growth was particularly weak. The Goldman Sachs Unprofitable Tech index, for example, was down 12.8% (USD) over the month. By focusing on quality growth, the Funds avoided much of this weakness.

Whilst the Fund has lagged the large-cap focused MSCI World Index over 2023, it is pleasing to see continued outperformance versus the MSCI World Mid Cap Index over both the short and long term.

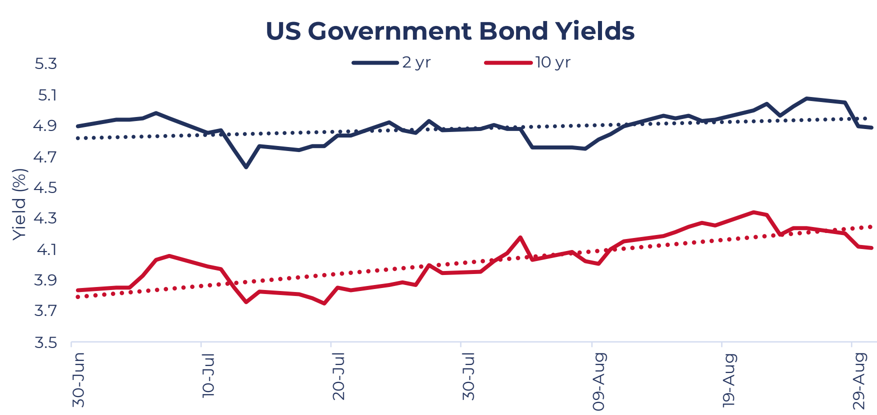
Past performance does not predict future returns.

Data to 31.08.2023 in USD	YTD	Rank (Quartile)	1 Year	Rank (Quartile)	Since Launch	Rank (Quartile)	2022	Rank (Quartile)	2021	Rank (Quartile)
Fund	11.0%		11.5%		7.2%		-25.7%		26.7%	
MSCI World	16.1%		15.6%		17.9%		-18.1%		21.8%	
MSCI World Mid Cap	8.4%		8.6%		5.0%		-19.1%		17.6%	
IA Global Sector	12.6%		12.4%	387/541 (3rd)	6.8%	260/472 (3rd)	-21.0%	392/511 (4th)	16.6%	15/473 (1st)
Avg. ESG peer fund*	11.9%	^	12.2%	41/70 (3rd)	4.6%	24/56 (2nd)	-22.5%	50/69 (3rd)	18.2%	3/58 (1st)

*Source: Bloomberg, Cumulative Total Return in USD. Fund launched 15.12.2020. *A custom universe of 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. ^Ranking not shown in order to comply with European Securities and Marketing Authority rules.*

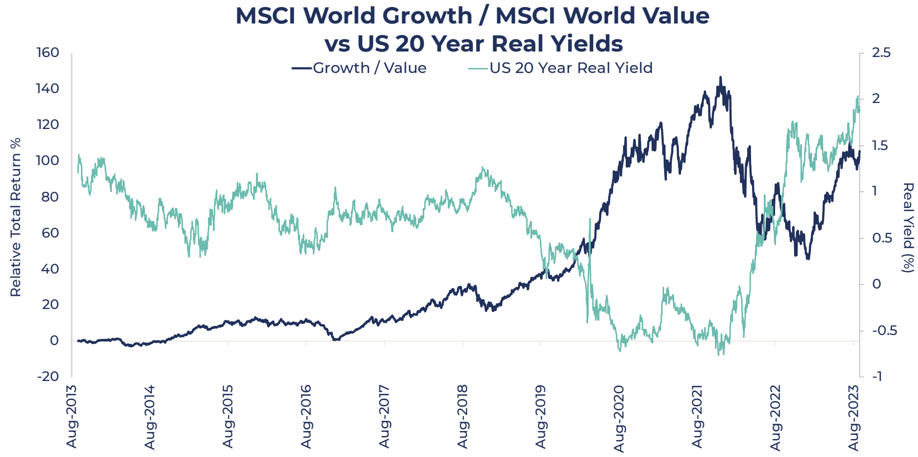
AUGUST IN REVIEW

How have yields impacted factor performance year to date?



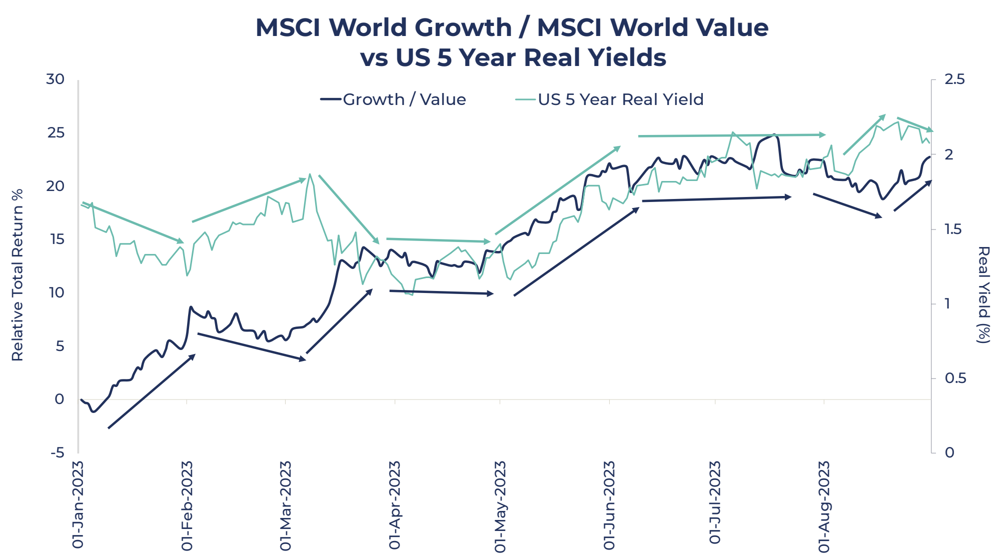
Source: Guinness Global Investors, Bloomberg, as of 31st August 2023

Rising yields typically impact growth-tilted stocks more negatively than value-tilted stocks. This relationship can be seen by comparing the relative total return of MSCI World Growth against MSCI World Value with the US 20-year Treasury Real Yield (which strips out the impact of inflation), with the two lines typically moving in opposite directions. Over a 10-year period to August 2023, they have a correlation coefficient of -0.59, suggesting a reasonably strong negative correlation (over a 20-year period, the correlation is -0.63). When the Growth/Value line is rising, this indicates the outperformance of growth over value, and vice versa. When yields are rising, value tends to outperform, and when yields are falling, growth tends to outperform.



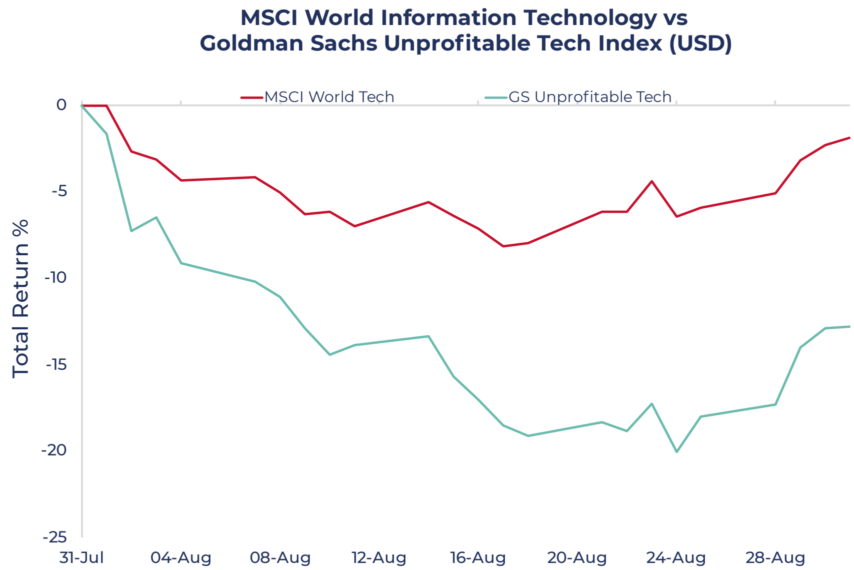
Source: Guinness Global Investors, MSCI, Bloomberg, as of 31st August 2023

Clearly, this relationship has not always held true, particularly over shorter time periods. For example, looking at the 5-year real yield (which shows a higher level of volatility over the period), we can see that during May and June, the two lines move almost in lock-step – likely a result of enthusiasm for artificial intelligence (AI) driving growth stocks higher, despite a rise in yields at the time. We can see the usual relationship return in July and August.



Source: Guinness Global Investors, MSCI, Bloomberg, as of 31st August 2023

In August, we saw a significant increase in yields across longer maturities (10 years and longer). This created a headwind for growth stocks early in the month, and particularly at the 'speculative end' of the growth spectrum, where there is typically an even greater sensitivity to interest rates.

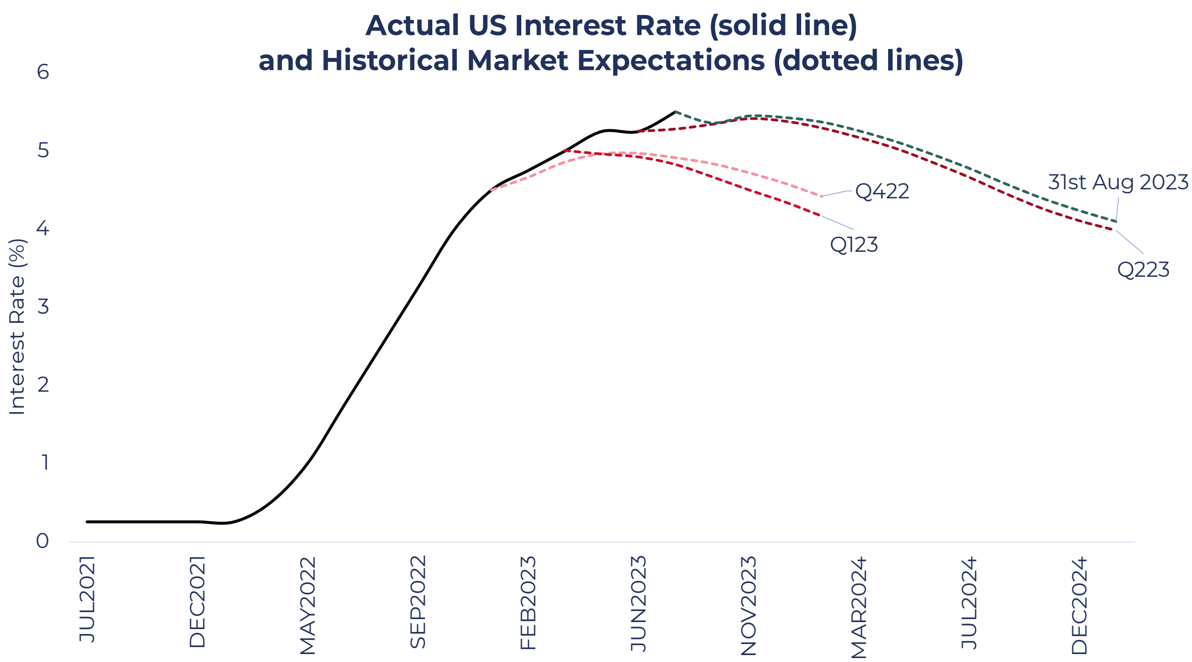


Source: Guinness Global Investors, MSCI, Goldman Sachs, Bloomberg, as of 31st August 2023

As the Fund focuses on quality-growth as opposed to speculative growth, the Fund outperformed the Goldman Sachs Unprofitable Tech index by 9.8% over August.

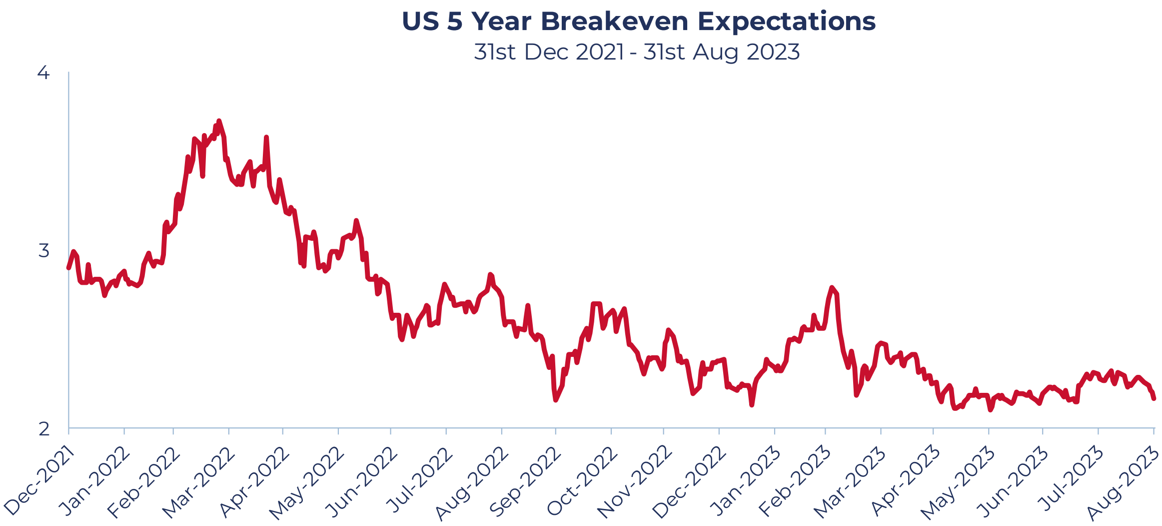
Why are yields now rising?

Over the past two years, the increase in yields has been driven predominantly by interest rate expectations. As the US Federal Reserve has undertaken a historic tightening cycle, bond yields have been driven upwards.



Source: Guinness Global Investors, Bloomberg, as of 31st August 2023

Interestingly, despite the rise in government yields at the long end of the spectrum over the past couple of months, there has been very little change in interest rate expectations. So what is driving the increase? One way to look at this is by breaking down the nominal yields into a real yield and inflation expectations (since nominal yields = the breakeven rate + a real yield). Real yields are often used as a reflection for market expectations of economic growth, and the breakeven rate is a measure of the implied average inflation expectation over the defined time period.

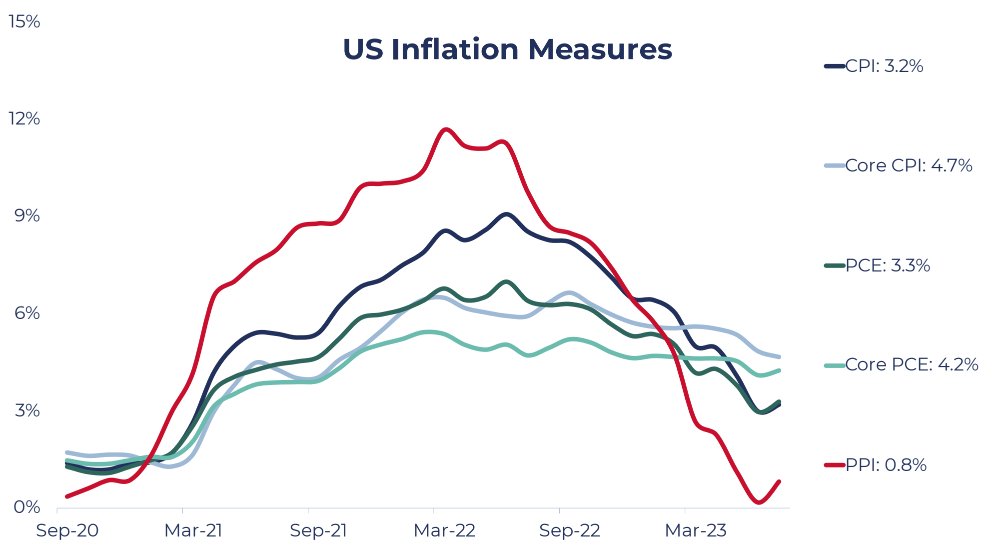


Source: Guinness Global Investors, Bloomberg, as of 31st August 2023

The US 5-year breakeven has remained stable since May and even declined over the month of August. Hence any change in the nominal yield must be driven by a change in the *real* yield, suggesting a change in market expectations of economic growth. The recent rise in treasury yields reflects improved growth expectations, as fears about recession have subsided at the same time as inflation data continues to show improvement. It should be pointed out that these are market implied figures rather than actual economic estimates.

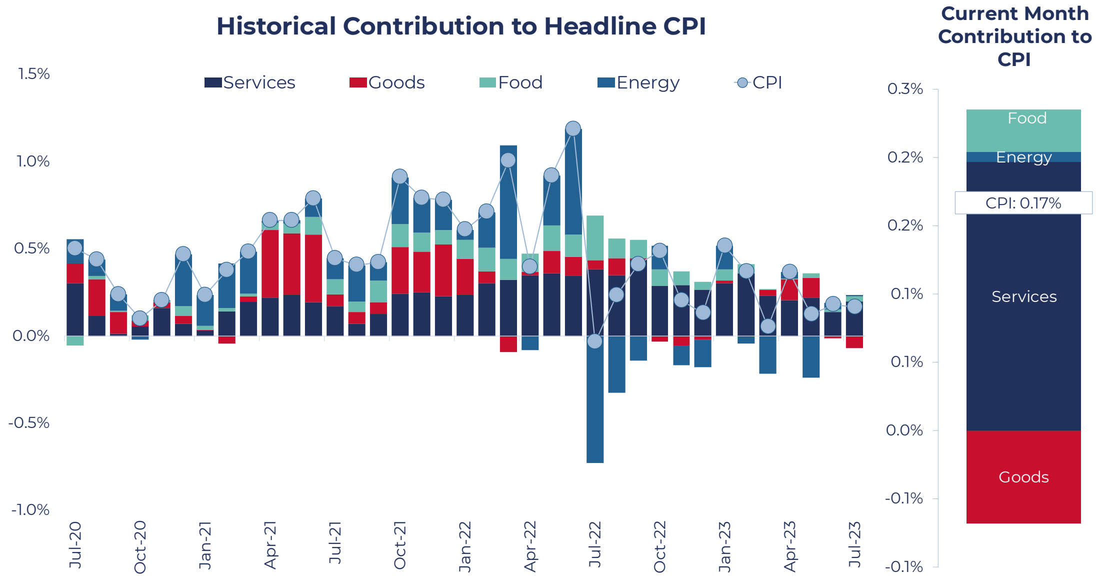
Does this mean a soft landing is now priced in?

The best-case scenario for the market is a soft landing. This means that the Federal Reserve has adjusted interest rates such that there is a return to normalised inflation of around the 2% target without an economic recession (and ideally without a significant increase in unemployment). Progress in inflation is clear in the US. Most measures of inflation have shown signs of improvement, although the Fed's preferred measure, Core Personal Consumption Expenditures (PCE), is showing the slowest downward trend.



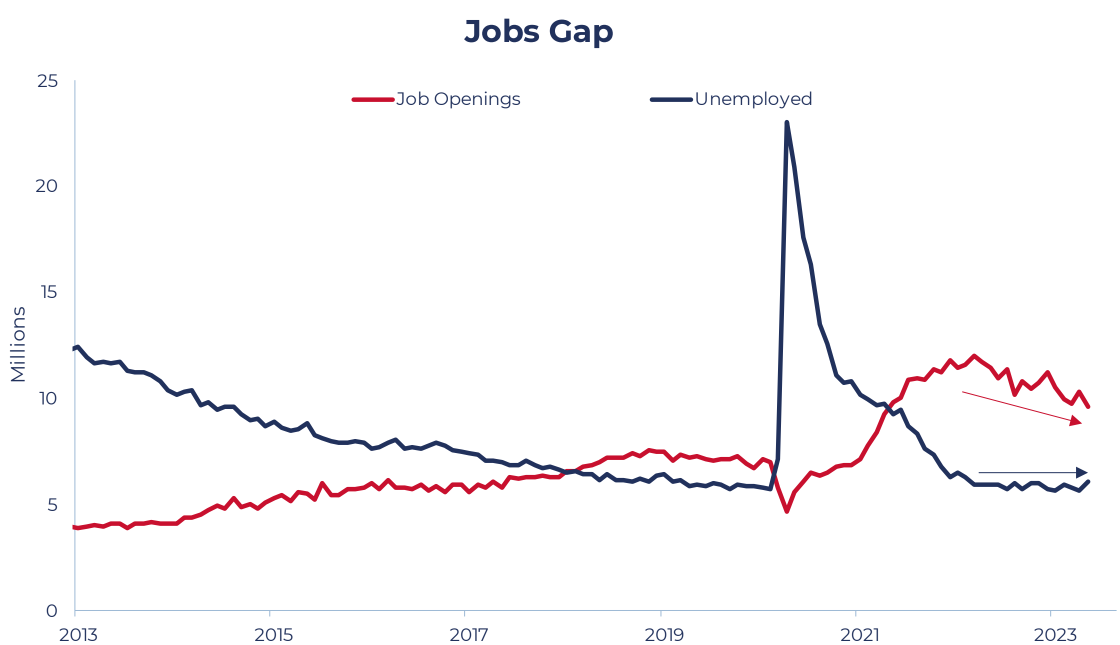
Source: Guinness Global Investors, Bureau of Labor Statistics, Bureau of Economic Analysis, Bloomberg, as of 31st August 2023

In terms of inflationary pressures, we have seen an improvement in the 'stickiest' source of inflation, Services. Although still the biggest contributor to month-on-month inflation, Services has made significant progress over the last 12 months, with Food, Energy and Goods no longer offering a meaningful contribution over a sustained period.



Source: Guinness Global Investors, Bureau of Labor Statistics, Bloomberg, as of 31st August 2023

There has also been good progress in the jobs market, as the jobs gap has shown persistent progress in closing. Whilst the unemployed rate has stayed relatively flat, job openings have been trending downwards, reducing pressures on wages and hence inflation pressures.



Source: Guinness Global Investors, Bureau of Labor Statistics, Bloomberg, as of 31st August 2023

Despite a record hiking cycle over the past two years, the economy has remained surprisingly resilient, and inflation has trended downward, all pointing to an improved outlook and a greater chance of a soft landing. On the other hand, the yield curve remains deeply inverted – one of the most reliable forward indicators for economic recessions.

What does this all mean for equities?

Over the year, we have often commented on the apparent contradiction that good news in the economy can often be interpreted as bad news for equity markets. Expectations of an improved economic growth outlook have often invited views of greater inflationary pressures and hence continued tight monetary policy from central banks, creating a further headwind for equities – not just in their cost of debt, but the discount rate at which they are valued. The opposite is also true; tentative signs of a cooling economy and a marginally weakening outlook across several data points has been viewed as a positive for markets over the medium term, as investors began to price in central bank rate cuts sooner than previously expected.

At the start of August, however, it appeared that market expectations for a "Goldilocks" scenario that had supported the recent equity rally had been called into question and we saw equity markets fall in the first half of the month, serving as a reminder of the potential negative impact of tighter monetary policy and of its lagged effects. The rally into the month end, however, followed what we have seen across much of the year – growth outperforming, with Information Technology and Communication Services leading.

The future direction of markets into the year-end therefore continues to reflect the balance between the benefit of lower rates to equity valuations and a weaker economic picture that might precede those lower rates. This is also in context of a market rally that has been predominantly driven by a re-rating upwards of market multiples, rather than a fundamental change in company earnings today. We therefore believe our 'quality growth' approach and our focus on the valuation we are paying for any future growth in our investee companies remain sensible in this environment.

STOCK PERFORMANCE

Arista (+20.6% in USD in August):

Arista, the Fund's weakest performer in July, was the strongest in August. This was predominantly driven by the company's quarterly earnings which were released after market on the 31st of July and sent the stock up c.13% (USD) in after-market trading. Before the earnings release, the stock had seen relatively weak sentiment concerning capex spending by the hyperscalers (large cloud providers including Amazon, Meta) which weighed on analysts' estimates for the stock. However, the company released results that beat estimates to see sales increase by 39% year-on-year, and with gross margins of 61.3% (above expectations of 61%). Furthermore, management increased their own sales growth guidance for 2023 from 27% to 30%, highlighting the company's positioning in the upcoming investment cycle across cloud (AI and non-AI) and enterprise.

Keysight (-17.7% in USD):

Keysight Technologies, a leading provider of electronic design and testing software, was the Fund's weakest performer over the month predominately on mixed results. Indeed, quarterly results were broadly positive despite a small miss to revenue forecasts – revenue of $1.382bn vs estimates of $1.387bn over the quarter. Further, operating expenses came in below estimates which resulted in earnings per share (EPS) of $2.2 vs $2.04 estimated. However, orders dropped by 15% which broadly drove the negative share price reaction as the company drew upon its elevated order book without seeing new orders offset this as clients pushed out projects. The company is still expected to grow EPS by 7% which is strong in an otherwise challenging macro environment. Longer-term, we still believe Keysight is a strong opportunity with its over-exposure to R&D testing (which is typically more resilient to downturns) and to broader secular growth themes across end-markets in communications, industrial and auto.

Aside, management commented briefly on the recently announced proposed acquisition of ESI Group, a French simulation company serving the automotive and aerospace markets which is viewed as a good bolt-on and shows a growing focus on the automotive market for the company.

Thank you for your continued support.

Portfolio Managers

Sagar Thanki
Joseph Stephens

GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - FUND FACTS

Fund size	$15.2m
Fund launch	15.12.2020
OCF	0.89%
Benchmark	MSCI World TR

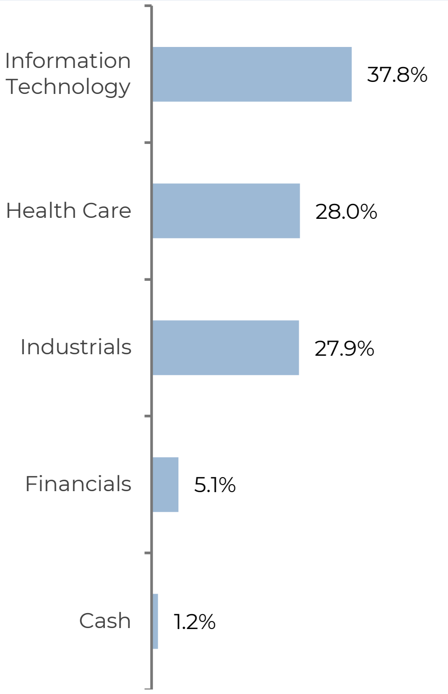
GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - PORTFOLIO

Top 10 holdings

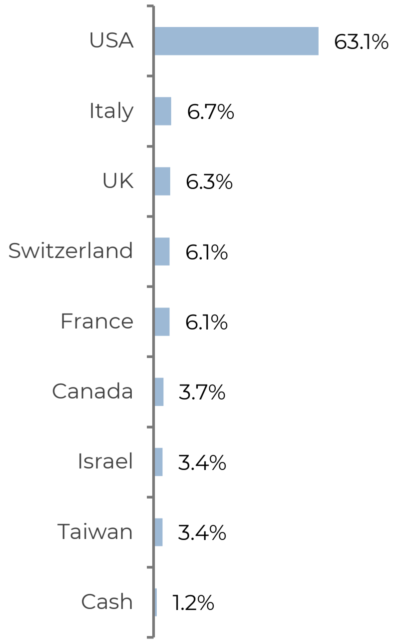
Arista Networks Inc	4.6%
Fortive Corp	4.0%
KLA-Tencor	3.9%
STERIS	3.8%
Cadence Design Systems Inc	3.8%
Recordati SpA	3.8%
WSP Global Inc	3.8%
A O Smith Corp	3.7%
Legrand SA	3.7%
Teradyne Inc	3.6%

Top 10 holdings	38.7%
Number of holdings	30

Sector



Country



Past performance does not predict future returns.

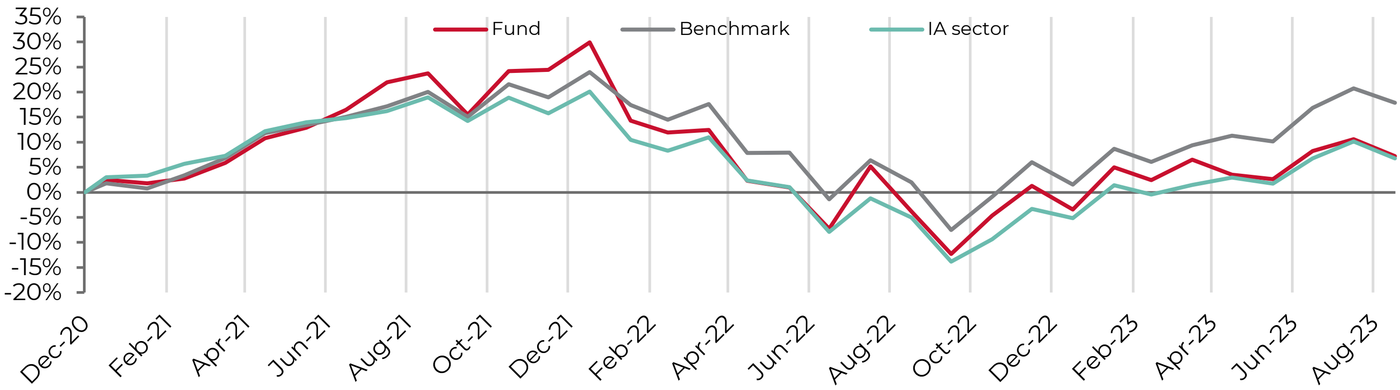
GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-1.6%	+5.4%	+2.4%	-	-	-
MSCI World TR	-0.9%	+10.2%	+6.2%	-	-	-
IA Global TR	-1.6%	+6.9%	+3.3%	-	-	-
(USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-3.1%	+11.0%	+11.5%	-	-	-
MSCI World TR	-2.4%	+16.1%	+15.6%	-	-	-
IA Global TR	-3.0%	+12.6%	+12.4%	-	-	-
(EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-1.5%	+9.2%	+3.3%	-	-	-
MSCI World TR	-0.8%	+14.2%	+7.1%	-	-	-
IA Global TR	-1.5%	+10.7%	+4.2%	-	-	-

GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - ANNUAL PERFORMANCE

(GBP)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fund	-16.3%	+27.9%	-	-	-	-	-	-	-	-
MSCI World TR	-7.8%	+22.9%	-	-	-	-	-	-	-	-
IA Global TR	-11.1%	+17.7%	-	-	-	-	-	-	-	-
(USD)	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Fund	-25.7%	+26.7%	-	-	-	-	-	-	-	-
MSCI World TR	-18.1%	+21.8%	-	-	-	-	-	-	-	-
IA Global TR	-21.0%	+16.6%	-	-	-	-	-	-	-	-
(EUR)	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Fund	-20.8%	+36.4%	-	-	-	-	-	-	-	-
MSCI World TR	-12.8%	+31.1%	-	-	-	-	-	-	-	-
IA Global TR	-15.8%	+25.5%	-	-	-	-	-	-	-	-

GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - PERFORMANCE SINCE LAUNCH (USD)



Source: FE fundinfo to 31.08.23. 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. Graph data is in USD.

TB GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - FUND FACTS

Fund size	£0.5m
Fund launch	30.12.2022
OCF	0.89%
Benchmark	MSCI World TR

TB GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - PORTFOLIO

Top 10 holdings

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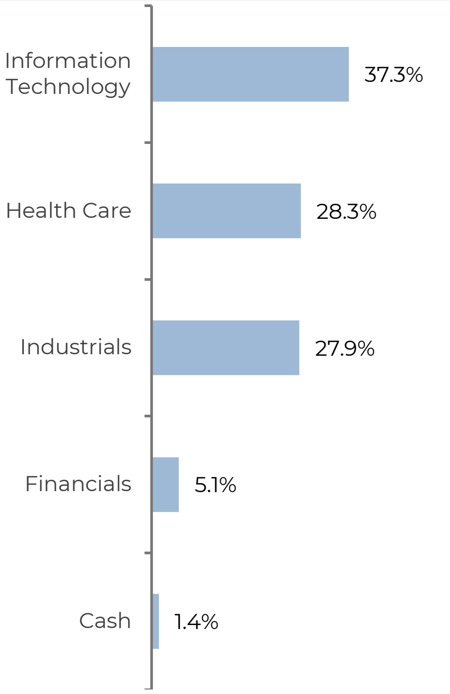
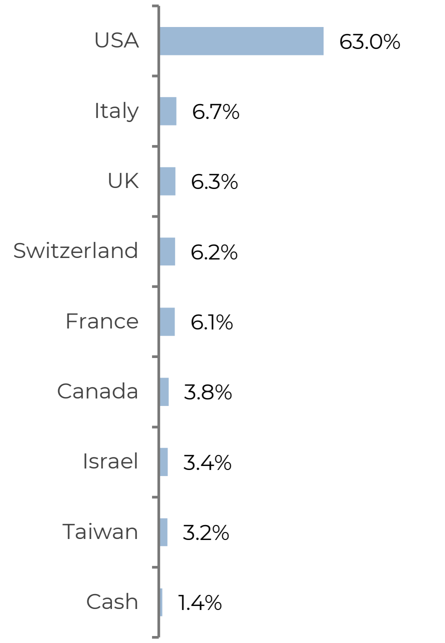


Country



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TB GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - CUMULATIVE PERFORMANCE						
(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
MSCI World TR	-	-	-	-	-	-
IA Global TR	-	-	-	-	-	-

TB GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - ANNUAL PERFORMANCE										
(GBP)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
MSCI World TR	-	-	-	-	-	-	-	-	-	-
IA Global TR	-	-	-	-	-	-	-	-	-	-

TB GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - PERFORMANCE SINCE LAUNCH (GBP)

For regulatory reasons, we are unable to provide performance information where the track record is less than 12 months.

Source: FE fundinfo to 31.08.23. 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 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 the Guinness Sustainable Global Equity Fund and the TB Guinness Sustainable Global Equity Fund. It may provide information about the Funds' 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.OCFs for all share classes are available on www.guinnessgi.com.

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 Funds or to buy or sell individual securities, nor does it constitute an offer for sale.

GUINNESS SUSTAINABLE GLOBAL EQUITY FUND

Documentation

The documentation needed to make an investment, including the Prospectus, the Key Information 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.

TB GUINNESS SUSTAINABLE GLOBAL EQUITY FUND

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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.

Telephone calls will be recorded and monitored.