

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

Innovation. Quality. Growth. Conviction.

ABOUT THE FUND

Fund/strategy size	£443m/£562m
Fund/strategy launch	31.10.2014/01.05.2003
Index	MSCI World
Sector	IA Global
Managers	Dr. Ian Mortimer, CFA Matthew Page, CFA
Analysts	Sagar Thanki, CFA Joseph Stephens, CFA Will van der Weyden Jack Drew

Aim

The Fund is a global growth fund designed to provide exposure to companies benefiting from innovations in technology, communication, globalisation or innovative management strategies. The Fund holds a concentrated portfolio of large and medium-sized 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					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 Guinness Global Innovators 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.

PERFORMANCE

Past performance does not predict future returns

30/06/2022	1 Yr	3 Yrs	5 Yrs	10 Yrs
Strategy*	-14.3	39.6	64.3	319.7
Index	-2.6	28.4	54.8	220.4
Sector	-8.8	21.0	42.0	168.6

Discrete 12m performance is shown at the end of this commentary. Source: FE fundinfo, bid to bid, total return in GBP. *Composite simulation of performance. Guinness Global Innovators Fund (UCITS) launched on 31.10.14. Performance data prior to this date is based on the actual returns of a US mutual fund managed by the same team using the same investment process. 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 0.88% per annum. Returns for share classes with different OCFs will vary accordingly. Performance returns do not reflect any initial charge; any such charge will also reduce the return.

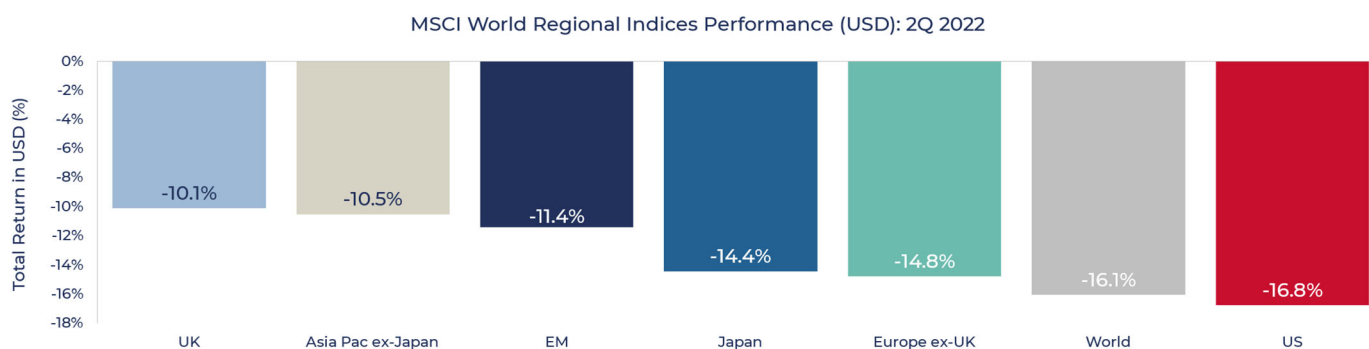
SUMMARY

In the second quarter of 2022, the Fund returned -12.99% (in GBP), the MSCI World Index returned -9.13%, and the IA Global Equity sector returned -10.05%. The Fund therefore underperformed the Index by 3.86% over Q2, and underperformed its peer group by 2.94%.

Over the year-to-date, the Fund returned -20.80% (in GBP), the MSCI World Index returned -11.34%, and the IA Global sector returned -14.50%. The Fund therefore underperformed the Index by 9.46% over the period, and underperformed its peer group by 6.30%.

Global equity markets continued their downward trend in Q2, leading to the worst first-half performance for developed equity markets in more than 50 years. Some key markets, such as the S&P 500 and Stoxx 600, entered bear market territory, following declines in excess of 20%. In the context of rapidly accelerating inflation, the first quarter saw global Central Banks pivot sharply towards more hawkish monetary policy, with the outbreak of war in Europe also heavily denting sentiment and adding further stress to global supply chains. Similar themes echoed across markets into the second quarter, with inflation continuing to run at 40-year highs in the US, and 30-year highs in Europe. As markets priced in higher and more rapid rate increases, equities continued on their downward trajectory. Around the beginning of June, the possibility of recession became 'front of mind', driving further poor performance across equity markets, and a 'flight to safety' towards more defensive areas of the market. All major markets suffered declines in excess of 10% (in USD terms).

Guinness Global Innovators Fund



Source: Guinness Global Investors, Bloomberg

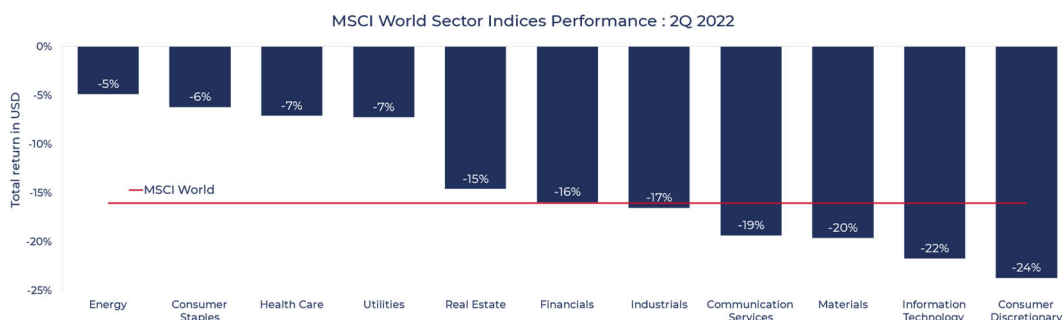
Inflation continued to accelerate across regions throughout the second quarter, due to a range of contributing factors. With global economies unlocking themselves from Covid-19 induced 'lockdowns' at varying rates, global supply chains continue to suffer numerous pressure points, driving disruption in manufacturing and delivery in particular. Further coronavirus outbreaks in China (Shenzhen and Shanghai), led to subsequent lockdowns and shutdowns of manufacturing, a gentle reminder that the world is still very much subject to Covid related struggles. This impact was often noted in corporate earnings as upstream manufacturers struggled to get products into Chinese factories, and downstream retailers dealt with disruption to inventories. The Russia-Ukraine war complicated the situation further, particularly in areas of close proximity and those with close economic ties. Political tensions between Europe and Russia exacerbated the energy crisis, a core component of the acceleration in inflation, as concerns over the security of supply have caused spikes in oil and gas prices.

These inflationary pressures have led to a high level of volatility in market interest rates expectations over 2022, with the speed and magnitude of rate hikes by global central banks brought to the forefront of investor attention. It was not until the end of November last year that the Fed "retired" the word transitory from describing inflation. Since then, the Fed has delivered rate hikes of 25bps, 50bps (the first 50bps hike since 2000) and 75bps (the first 75bps hike since 1994) in three successive FOMC meetings. 'Higher duration' growth stocks – firms whose expected future cash flows are weighted further into the future - were hit particularly hard, causing a relative rotation into 'value' names. Bond markets have also offered little sanctuary from falling equity prices, as rising rate expectations drove yields higher.

The Fed's difficult balancing act – taming inflation without significantly crimping growth – was brought firmly into focus towards the end of May, with Jay Powell, the chair of the Federal Reserve, stating that the Fed couldn't guarantee a soft landing. Solidifying these concerns were signs of downward pressure on the economic growth outlook and investors went from primarily worrying about inflation, to also worrying about a recession. Markets even began to anticipate a hiking program that would finish by 2023, followed by a number of cuts in the second half of 2023 – the implication being that the Fed would need to cut rates to revive economic growth by that point. This saw yields fall, and in contrast to the rest of 2022, led to a relative outperformance of growth stocks.

In the context of inflation and a perceived risk of recession increasing over the quarter, investors moved into defensive areas of the market. Whilst energy was the top performing sector, this was due to exogenous factors and the continued high oil price, traditional defensive sectors such as consumer staples, health care, and utilities all significantly outperformed over the period. More cyclical sectors, such as technology, consumer discretionary, and materials, significantly underperformed. Whilst value outperformed overall, growth outperformed in the final month of the quarter. This late quarter move was not necessarily a reflection of 'risk-on' sentiment, but a result of falling yields seemingly driving growth stock valuations higher, a fall in the oil price (which, if sustained, would help lower inflationary pressures), and market expectations of future inflation levels (as measured by breakeven rates) also falling alongside.

Guinness Global Innovators Fund



Source: Guinness Global Investors, Bloomberg

During the second quarter, relative portfolio performance can be attributed to the following:

- The relative outperformance of value was a headwind. Rising interest rates and the transition to defensive sectors, which do not typically feature in the Fund, resulted in a sell-off for stocks with growth-tilted attributes, which are typically found in the Fund.
- The Fund's high exposure to Information Technology, and in particular semiconductor companies, was a core driver behind relative underperformance. However, good stock selection within the sector somewhat offset this negative allocation effect, with companies such as Visa (-11.05% in USD), Mastercard (-11.60%), KLA (-12.56%) and Amphenol (-14.29%) all outperforming the technology sector, which fell -21.73%.
- The Fund has no exposure to energy, consumer staples and utilities, all of which outperformed relatively over the quarter and as such provided a negative allocation affect.
- Good relative performance from names such as Bristol-Myers Squibb (+6.18% in USD) and Anta Sports (-1.45%) were positive from a stock-selection perspective.

Following a difficult quarter, the fund ended the period in the fourth quartile vs peers in the IA Global Equity sector in terms of performance over the year-to-date, and 1 year. Despite the notable headwinds to growth investing we outline above, we are pleased our focus on quality growth-at-a-reasonable-price has shown its strength in avoiding the highly valued, non-profitable tech businesses that have seen the most significant share price falls over the past 12-18 months - as the lofty expectations predicted post-pandemic have not materialised and the 'get big quick' model of growth has come under severe pressure in a changing rate environment. We believe our more measured approach to investing in growth will continue to perform well over the longer term. Indeed, it is pleasing to see that the Fund's performance remains resilient over longer time frames, featuring in the top quartile of performance over 3-, 5- and 10-year periods, and since launch vs peers.

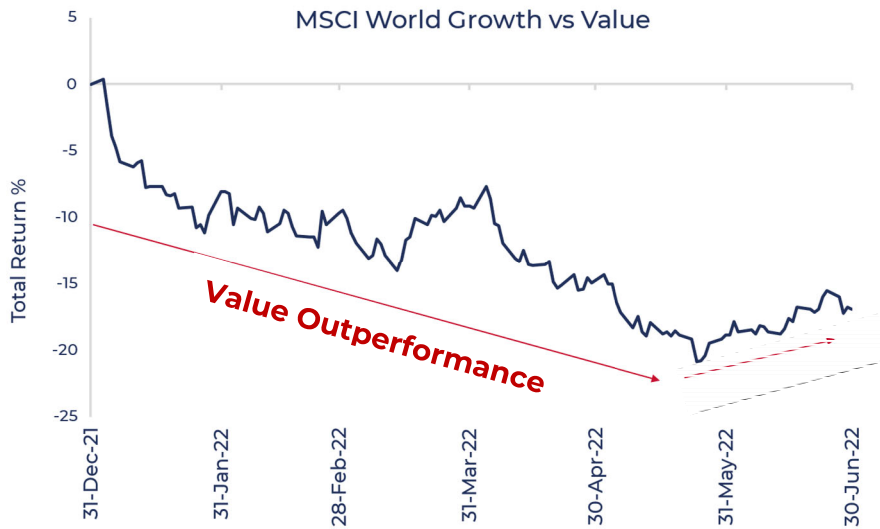
Cumulative % total return, in GBP, to 30.06.2022	YTD	1 year	3 years	5 years	10 years	Launch*
Guinness Global Innovators	-20.80	-14.26	39.55	64.32	319.69	829.08
MSCI World Index	-11.34	-2.56	28.37	54.76	220.37	499.19
MSCI AC World Index	-10.98	-4.17	25.55	50.04	199.03	488.54
IA Global sector average	-14.50	-8.77	21.03	41.96	168.62	397.77
IA Global sector ranking	n/a [^]	358/473	17/395	31/328	7/217	7/99
IA Global sector quartile	n/a [^]	4	1	1	1	1

Source: FE fundinfo.

* Simulated past performance. Performance prior to the launch of the Guinness Global Innovators Fund (31.10.14) reflects the Guinness Atkinson Global Innovators Fund (IWIRX), a US mutual fund with the same investment process since 01.05.2003. [^]Ranking not shown in order to comply with European Securities and Markets Authority rules.

PERFORMANCE REVIEW

Over the first half of 2022, there has been a significant divergence in performance between growth and value, a trend which was particularly pronounced over the first 5 months of the year. General themes of inflationary pressures and hawkish monetary policy have created an environment that is not conducive for strong equity performance on the whole. This is particularly the case for growth tilted names, as shown by the MSCI World Growth Index, which underperformed the MSCI World Value Index by 16.92% (in USD) over the first half of 2022 (MSCI World Value -11.79% (in USD) vs MSCI World Growth -28.71%), and by 8.43% vs the broad MSCI World Index, which was down -20.28%. (Source Bloomberg)



Source: Bloomberg, Guinness Global Investors in USD

As inflation has continued to accelerate across economies globally, central banks have scrambled to decrease the money supply in order to counteract its impact. This has included the fastest rate hiking cycles in 30 years, concurrent with large balance sheet reductions. As a result, we have seen yields rising across maturities, particularly at the shorter end of the spectrum, leaving a higher and flatter yield curve.

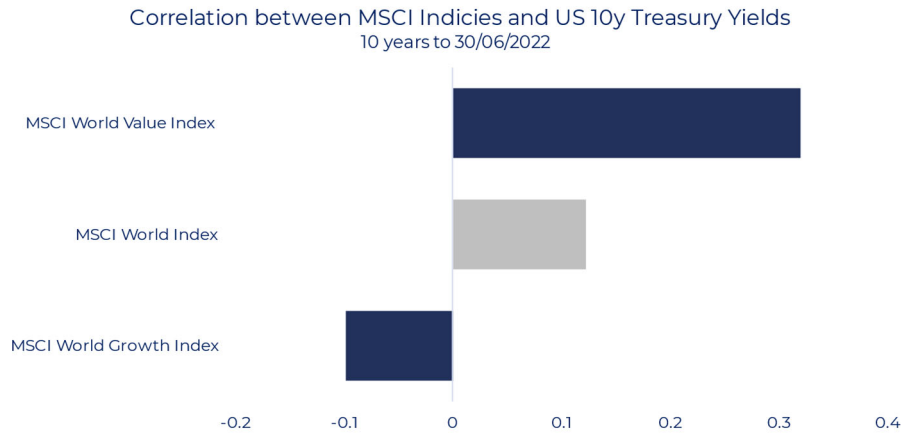


Source: Bloomberg, Guinness Global Investors

Yields are an important element when determining the discount rate for which many use to assess the valuation

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of a given stock's future cash flows. Growth stocks are typically 'higher duration' in nature (as compared to value stocks), meaning cash flows are weighted further out into the future. Since distant cash flows are more sensitive to changes in discount rates, growth companies are therefore also more sensitive to these changes. This has been a key driver of growth underperformance during 2022. Furthermore, in the past 10 years, there has been a positive correlation between yields and value orientated stocks. When yields increase, value tends to outperform – as has been seen over the first half of 2022.

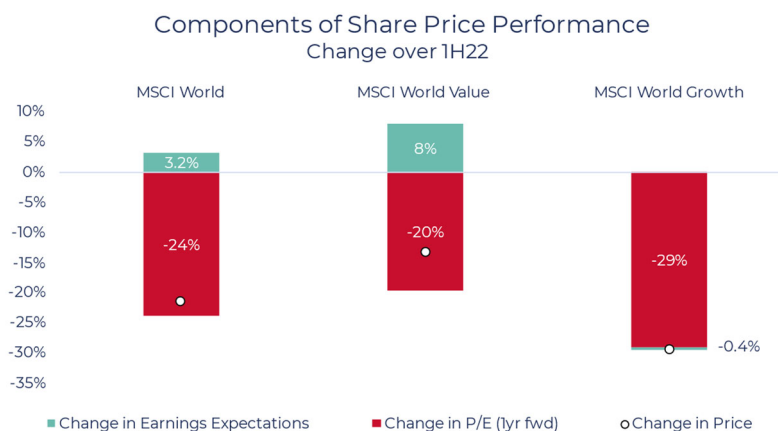


Source: Bloomberg, Guinness Global Investors

Within the context of the value/growth performance, we have also seen typically defensive sectors perform strongly – suggesting investors are cautious about future economic growth. Sectors such as consumer staples and healthcare have performed strongly in 2022.

However, value outperformance does not necessarily equate to value performing well. In the second quarter, the MSCI World Value Index outperformed the MSCI World by +4.7% (in USD), but the Value Index still fell -11.4% overall.

Despite the macroeconomic headwinds outlined above, it has been notable that analyst earnings expectations at the index level have barely budged – and are still approximately 10% above earnings levels seen in 2021 and have continued to be modestly upgraded over the first half of the year. With little change in the expectations of the 'E' in the Price to Earnings ratio, the poor equity performance seen in 2022 to date has therefore been caused almost all by multiple contraction. This is demonstrated in the chart below which shows the overall negative returns are almost entirely driven by the contraction in forward P/E multiples. It is interesting to note that this is the case regardless of 'style', although growth has had a slight negative impact (-0.4%) from forward earnings downgrades.

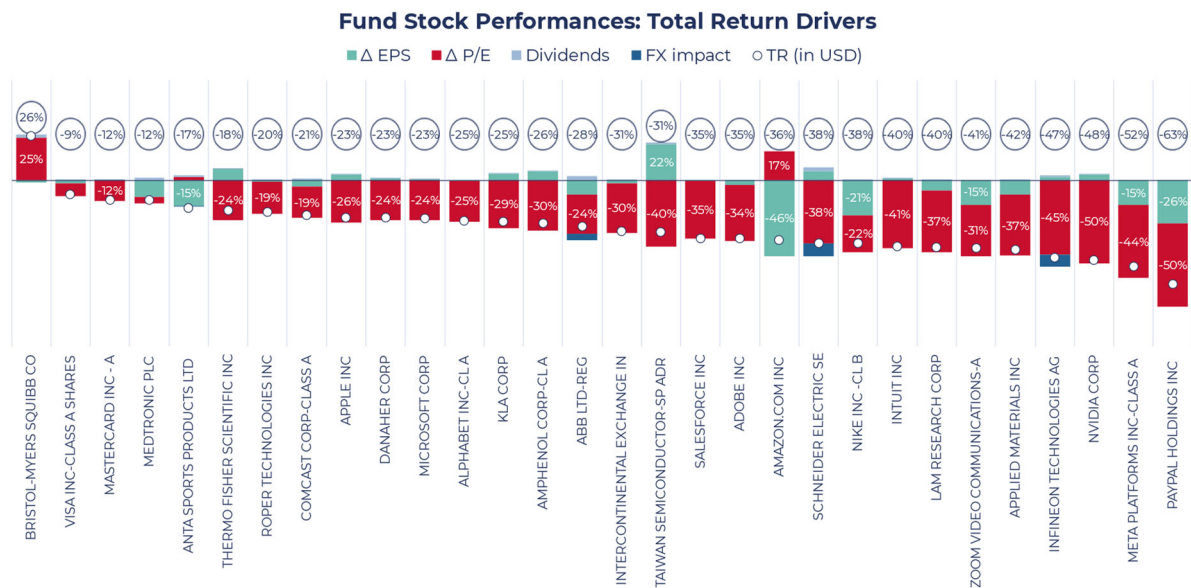


Source: Bloomberg, Guinness Global Investors in USD

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Multiple contraction has also been the core driver of negative returns at the portfolio level. We have seen three stocks where 2022 earnings estimates have been downgraded by greater than 20% versus expectations at the start of the year (Amazon -46%, Paypal -26% and Nike -21%). Of these, Nike earnings are expected to decline 4% vs 2021, which would be 79% ahead of 2020 earnings; Paypal is expected to see earnings for the calendar year 2022 drop by 13% compared to 2021 (which is approximately flat vs 2020 earnings, and 25% higher than 2019), and Amazon is expected to see 2022 earnings decline by 53% versus 2021 levels, which is still significantly below 2020, but well up on 2019 levels – indicating the strong growth Amazon has seen through the pandemic and the increased spending to grow the business.

Of the Fund's 30 stocks, 16 have seen analyst earnings downgrades for 2022 expected earnings compared to the start of the year expectations, 4 are roughly flat, and 10 have seen material upgrades. The average (median) earnings adjustment year-to-date across the whole portfolio is -1.3%, versus an average (median) multiple contraction of -27.1%.



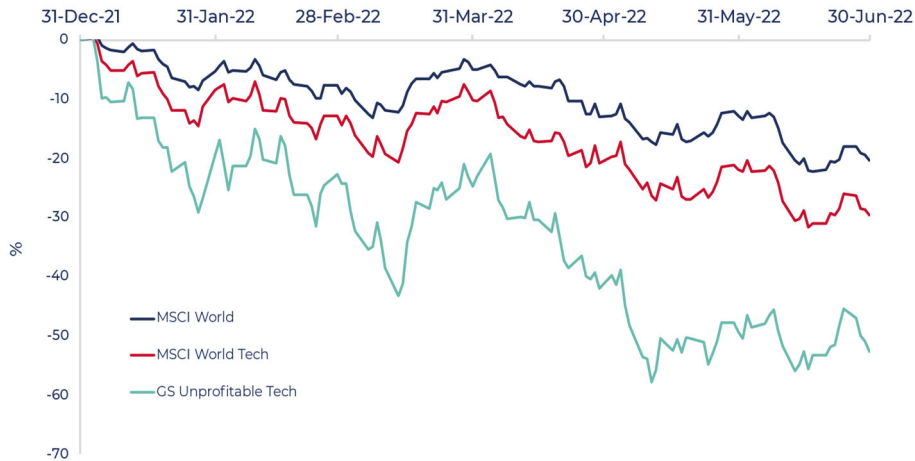
Source: Bloomberg, Guinness Global Investors in USD. Data from 31/12/2021 to 30/06/2022

In addition, many growth names, particularly at the speculative end of the spectrum, are now also dealing with the negative effects of the 'pull forward' in demand that occurred during the pandemic. Over the last couple of years, the market often failed to accurately distinguish between stocks in which a permanent change in customer behaviour (stemming from the pandemic) and those for which the tailwinds were just temporary. A number of stocks with perceived permanent behavioral change tailwinds, such as the "stay-at-home" trends, were bid up to high valuations as demand accelerated for their products. However, in some cases, this demand was just brought forward, rather than a catalyst for long term growth. As the 'pull forward in demand' is given back, we have seen many significant share price de-ratings, alongside changing future rate expectations.

'Speculative' growth is often characterized by a low (if not negative) bottom-line, paired with a significant valuation premium relative to the market. The Goldman Sachs Unprofitable Tech Index (a basket of tech stocks with negative earnings), offers a good proxy for stocks at the speculative end of the spectrum. As observed in the chart below, 2022 has seen a significant underperformance of stocks in this category.

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MSCI World Information Technology vs Goldman Sachs Unprofitable Tech Index (USD)
1H 2022

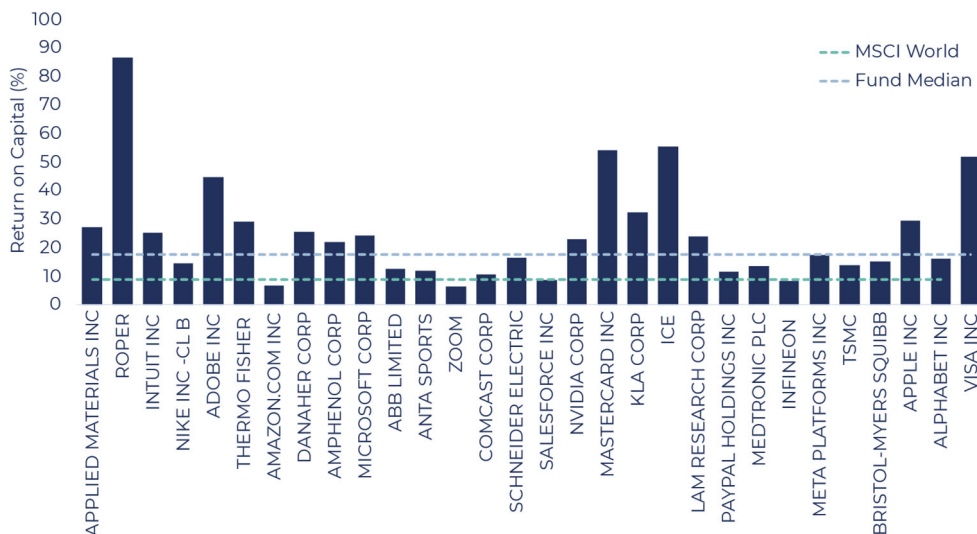


Source: Bloomberg, Guinness Global Investors data from 31/12/2021 to 30/06/2022

Within the Fund, holdings are exposed to long-term secular growth themes. This is often in contrast to many speculative stocks where ‘hype’ can drive valuations to unsustainable levels. Whilst the pandemic may have been a catalyst for demand in products and services within the themes identified by the Fund (Cloud Computing, Artificial Intelligence, and Big Data, for example), these revenues are typically ‘stickier’ and hence longer-term in nature. To illustrate this, the shift to the cloud for many companies was simply accelerated rather than a one-off event, and business models in this space tend to rely on recurring subscriptions rather than one-time payments. As a result, the Fund has largely been isolated from the temporary behavioral changes that many speculative stocks at first benefitted from, and are now suffering.

Alongside exposure to long-term secular trends, the Fund’s quality tilt is particularly important in periods of volatility and weak equity performance. One commonly used indicator of ‘quality’ is return on capital. As seen in the chart below, 90% of Fund holdings have a Return on Capital above that of the MSCI World, with a portfolio median of 19.9% vs the MSCI World of 8.7%.

Portfolio Return on Capital vs MSCI World

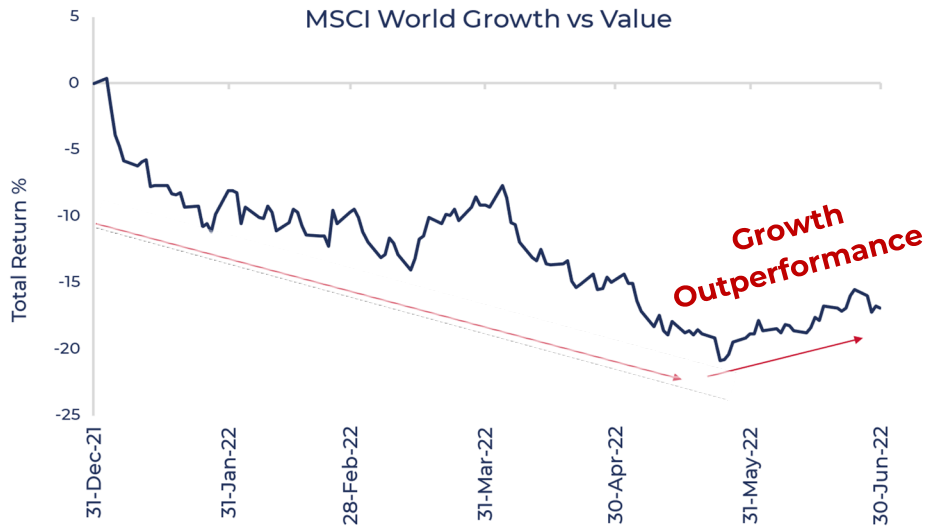


Source: CS Holt, Guinness Global Investors. Annual CFROI of the portfolio measured on the 30th June

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Whilst the rotation away from many speculative stocks in this kind of market environment may be justified, in many instances we perceive that growth companies with strong, quality characteristics and bright long-term outlooks have been caught up in the broader growth sell-off, and which therefore may not necessarily reflect their fundamental business strength.

In the last month of the quarter, although a short period in which to get a meaningful read, there were indications that growth could be returning to favour.



Source: Bloomberg, Guinness Global Investors

As mentioned previously, markets went from primarily worrying about inflation and slower growth, to worrying about a greater risk of recession. As central banks move aggressively in order to bring inflation under control, the market has become increasingly nervous that they will be unable to navigate the narrow path required to provide a 'soft landing'. Value stocks, which are typically more economically sensitive have historically performed poorly when heading into recession, but performed well in any recovery. Therefore, with limited economic growth expected in the near term, markets may have rotated towards stocks with stronger prospects for sustainable earnings, such as those with more secular growth exposure. We also saw in June a falling oil price (which is a key component of inflation), market expectations of lower future inflation (as measured by breakeven rates), and expectations that the Fed would need to begin cutting rates around the second half of 2023 (and may reach a lower 'terminal rate' in the current hiking cycle). However, we would note again that this was a short period and the market is focused on upcoming inflation readings over the next few months in order to be able to establish a clear trend, and again note that outperformance does not necessarily equate to good performance. Despite outperforming value, MSCI World Growth still posted negative returns.

US 2 Year Breakeven Expectations

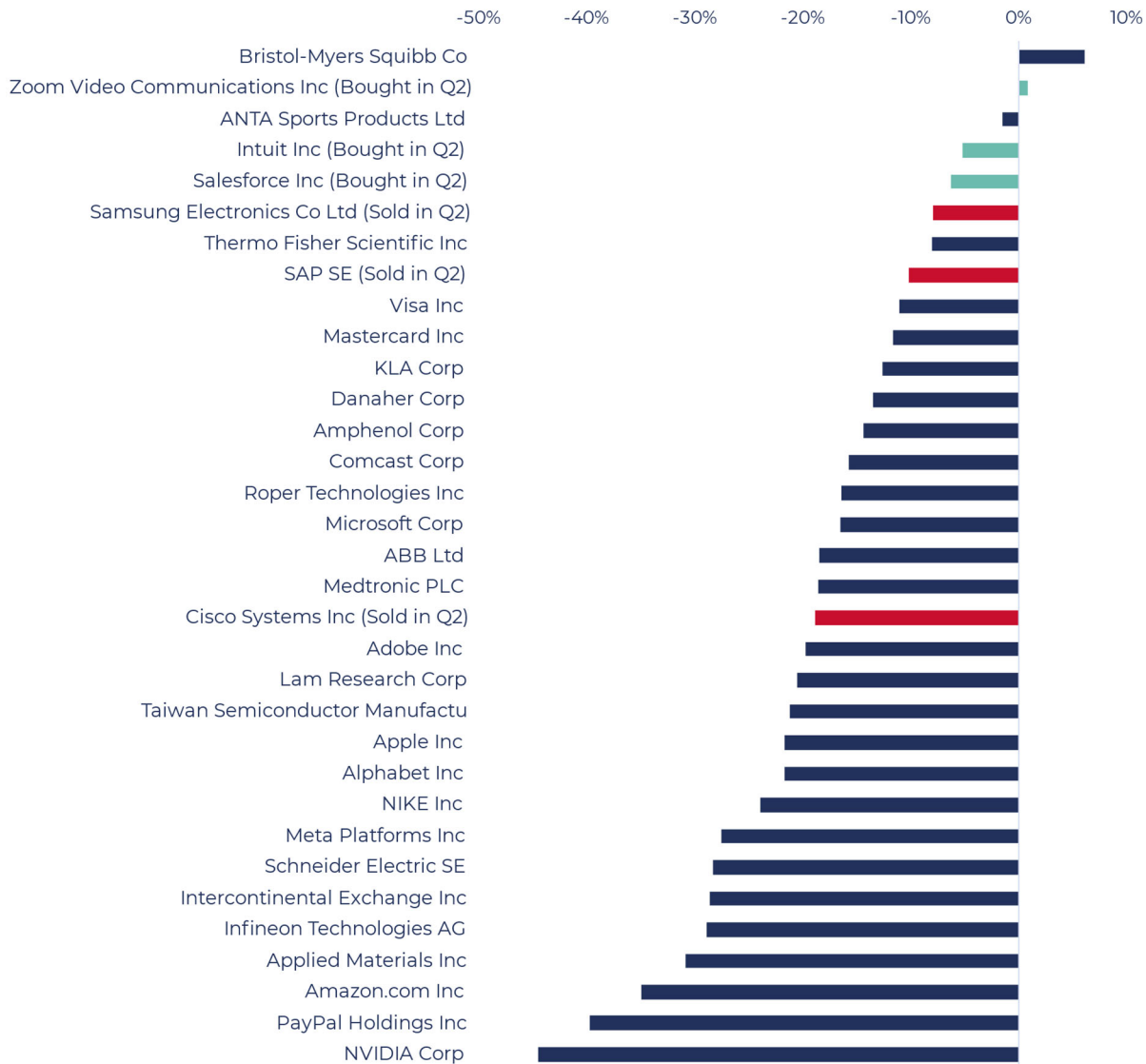


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Source: Bloomberg, Guinness Global Investors

Stock performance over Q2 2022 (all total return in USD):

Individual stock performance over quarter (total return USD)



Performances of fund constituents. Guinness Global Investors, Bloomberg



Bristol-Myers Squibb (+6.18% USD)

Bristol-Myers Squibb was the fund's top performer for the second quarter in a row, with a total return of (+6.18% in USD) significantly outperforming the MSCI World Healthcare Index (-7.09%).

Whilst Bristol-Myers Squibb's top selling cancer drug, Revlimid, came off patent this quarter and was therefore faced with generic market alternatives, the firm continued its positive momentum in growing out the future drug pipeline. This included recent approvals of two new drugs, Camzyos and Opdualag, which target cardiomyopathy and cancer treatment respectively. The strength of the pipeline has allayed investor fears over sales declines, and the firm has continued to make strong progression in the cancer treatment space, following promising sales

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growth in the previous quarter from core cancer treatments. The tailwind for cancer focussed drugs seems likely to continue, with the majority of their late-stage pipeline split between immunology and cancer treatments. Both these areas have historically received rapid FDA approval and typically hold stronger pricing power. This progress has been compounded by the announcements of two notable deals, firstly the planned \$4.1 billion acquisition of precision cancer medicine company Turning Point Therapeutics (TPTX), as well as a deal with Immutics (IMTX) to develop next-generation cell therapies.

During the period, the firm declared a quarterly dividend of \$0.54 cents a share, which represented a 3% yield at the time of the announcement. Given strong drug development, a promising acquisition pipeline, and the continued strength of the share buy back program, we maintain our positive outlook for the stock, on top of a good relative valuation (FY1 PE 9.87x) vs the industry average (FY1 PE 12.83).



ANTA Sports (-1.45% USD)

ANTA Sports has outperformed the benchmark on a relative basis (-1.45% in USD), ending the quarter as one of the fund's better relative performers.

Management initially indicated a fairly cautious outlook for Q2, given the continuation of China's stringent covid policy disproportionately hitting the more affluent consumers in first-tier cities as well as the prospect of further lockdowns impacting in-store demand. Additionally, a high fixed cost base (currently more than 50% of operating expenses), is likely to lead to margin compression over the short term. However, their supply chain has remained resilient, given the reliance on a strong domestic manufacturing base (predominantly located in Fujian and Guangdong) which have avoided the worst of the latest omicron wave. This has enabled ANTA Sports to maintain a tight control over their manufacturing & distribution, avoiding some of the more severe supply chain disruptions in doing so.

Additionally, the 618 Shopping Festival kicked-off in June, which offered a short-term tailwind for online sales. The popular annual Chinese ecommerce event is held over three weeks and promotes large scale discounts on an array of online products, with the Sports and Outdoor Clothing segment notably growing 9.1% YoY. This positive news was compounded towards the end of the quarter, after management indicated that fewer than 1% of all stores were currently affected by COVID restrictions. They also outlined a more optimistic short-term growth outlook and confirmed that June retail sales had indeed seen an improvement from earlier in the quarter, subsequently causing the stock to rise 14.5% over the last week of the quarter. We remain optimistic about the company and see the potential easing of China's lockdown as a continued tailwind, which should drive further retail consumption through the reopening of malls and in-person shopping.



Nvidia (-44.4% USD)

With the rotation away from growth and into value, it was a difficult period for many of the Fund's Semiconductor companies, leaving Nvidia as the funds bottom performer over Q2. The industry was the MSCI's worst-performing,

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with the MSCI World Semiconductor Index trailing the MSCI World by 12.73% over the quarter. However, it was pleasing to see that out of the six semiconductor stocks within the Fund, only Nvidia underperformed the MSCI World Semiconductor Index (which was down -15.6% in USD). The industry as a whole grew significantly over the pandemic, as the global surge in demand from consumer electronics and the auto industry, paired with pandemic-related supply chain disruptions and capacity constraints, led to a supply-demand imbalance of chips causing prices to rise. Global semiconductor revenues grew by 26% over 2021 (S&P Global). Nvidia performed particularly well over that period, delivering total shareholder returns of +122% (in USD) in 2020, and +126% in 2021.

Despite this sell-off, we believe the investment thesis remains strong and intact – not just for Nvidia, but all of our semiconductor holdings. Whilst supply chain constraints will persist into the mid-term, the outlook for the industry remains strong. For chip equipment manufacturers LAM Research, Applied Materials and KLA, large-scale capacity expansion across the US, Europe and Asia offers significant visibility to future revenues. TSMC provided a prime example during February, announcing a year on year increase for expected capex spend of \$44bn during 2022 in order to expand capacity, up from \$30bn last year and over triple the spend from 2019. Intel also announced a \$28bn package (up from \$25bn) for two new fabs in the US. The “Innovation Race” between the US and China is expected to bring large fiscal packages (c.\$54bn in the US) for domestic chip production, helping to alleviate the reliance each country has on the other. A multi \$100-billion capex per year spend across the industry are clear tailwinds for capital equipment vendors such as Lam Research, Applied Materials and KLA. Designers such as Nvidia will be key in servicing this strong demand outlook into the long-term, as themes such as autonomous driving, automation and digital transformation continue to generate growth in the industry.



PayPal (-39.6%USD)

PayPal also featured in the fund's bottom performers, falling -39.6% (in USD) over the second quarter. Following the outbreak of the global pandemic in 2020, the share price surged as an accelerated shift from cash to digital payments took place, supported by a significant upswing in ecommerce. Year-on-year revenue growth topped out at +30.6% in Q1 2021. However, ever since a weak 2Q21 earnings release in July last year, the firm's share price has struggled. A failed \$45bn bid for Pinterest was met with significant investor pushback, and a second miss to consensus in a row during their 3Q21 earnings (November 2021) catalysed further downgrades. In the subsequent quarter (4Q21, February 2022), it was management guidance that concerned the market the most; the firm abandoned its target set just last year of reaching 750m users, after finding that many of the 120m new customers added over the two years of the pandemic were no longer 'active'.

Over April, the stock slid a further -24%, battling a mix of both negative stock momentum from the previous quarter, and being caught up in the general technology sell-off. Other than a solid set of results during the month, which saw the stock bounce +11% on the day, there was very little news-flow elsewhere, perhaps suggesting an over-reaction from the market. Revenue, which was expected to come in at +6% for 1Q22, grew by +7.5% year-on-year. The quarter, which was up against a difficult comparable, is largely expected by the markets to be the 'bottom' of revenue growth, before accelerating in subsequent quarters to reach +11% for the full year. Analyst estimates expect revenue growth of +16% in FY23, in line with pre-pandemic levels. Whilst management cut guidance for the full-year, citing a few increasing headwinds (Russia, supply chain and inflation), these problems are expected to be transitory, and this was likely a necessary reset of expectations required in order to stem the negative stock momentum.

The firm's recent shift in strategy towards higher quality users (rather than simply driving new user numbers) makes the metric “transactions per active account” a key indicator. In the most recent quarter, it was up +11% year-on-year. This strategy is likely to improve the quality of the firm's revenues, helping to reduce volatility in

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turbulent markets. The headwind from the eBay disposal (c. 2% of revenues) is diminishing, and growth avenues such as Buy Now Pay Later and Venmo are carrying strong momentum. Expansion into new product areas such as credit-cards and cryptocurrency offer further visibility to growth catalysts down the road. With results triggering negative momentum over the first couple of weeks, PayPal largely tracked the index over the remainder of the quarter. With a strong outlook and solid fundamentals, paired with a 1-yr forward P/E ratio at all time lows (19x), a 48% discount to its all time average (since 2015), we continue to view PayPal as an attractive opportunity.

CHANGES TO THE PORTFOLIO

During the quarter, we made six changes to the portfolio. With the market de-rating significantly this year, a number of attractive buying opportunities emerged, allowing us to make room for additions of companies that had been on our watchlist but not offered an attractive entry point. In keeping with our one-in one-out strategy, this meant the removal of three companies.

Buys



Intuit Technologies

Intuit Technologies is a global technology platform which provides its target market of small businesses and self-employed customers with key financial management and compliance products and services. Key products include QuickBooks, an accounting software platform for small and medium-sized enterprises, and US income tax return management software TurboTax. At the end of 2021 the firm bought MailChimp for \$12bn, adding an email marketing platform to its product portfolio.

QuickBooks' market-leading position (c.80% market share) has a wide economic moat, with significant switching costs stemming from product integration within business processes. Customer retention rates of 79% highlight a defensible market position. In addition, having such a commanding share of the market offers a platform in which to launch additional products to upsell such as TurboTax and MailChimp, or any other new innovation the firm may bring to the market. Intuit grew customer numbers from 57m in 2020 to 102m in 2021, and we expect a combination of both organic and inorganic top-line growth to continue into the long term. In addition, its relatively high operating leverage offers ample runway for improved profitability, through closing the gap between operating margins (currently 24%) and gross margins (82%) as the top line grows. Whilst offering a higher-growth outlook than peers, Intuit is trading at roughly similar P/E levels – an attractive entry point considering it traditionally trades at a significant premium. All in all, the track record of innovation, quality attributes and growth potential that Intuit offers make it a natural fit for the Fund.



Salesforce.com

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Salesforce is regarded as one of the most innovative companies within the cloud computing application space, having built up a formidable brand among enterprise software providers. Through a number of products of substantial scale and growth, Salesforce aims to increase the productivity and efficiency of sales representatives. The firm's cloud-hosted customer relationship management technology is the outright market leader, with a market share over four times the size of its nearest competitor, Oracle, but with just c.24% (up from c.20% 2020) of the total market, there is still a large growth opportunity. Furthermore, the end-market of each of the firm's five operating segments is expected to grow with a CAGR of at least 11% until 2025. Diversification is such that each product segment offers at least 17% of revenues (FY22 Q2).

Through building on the idea of Customer 360, a holistic product catalogue for companies in managing their business processes, the firm achieved a 26% eight-year CAGR by year-end 2022 whilst also expanding operating margins from below 0% to 19% over the same period. Through an integrated offering, the firm is building upon customer relationships and improving the quality of its revenues through customer switching costs and stickiness. The firm has demonstrated exemplary success in growing the top line through a combination of both organic and inorganic opportunities, with highly successful acquisitions such as ExactTarget, Demandware, MuleSoft and Tableau all delivering growth of at least c.29% (based on 1H22). Through the ability to cross-sell across adjacent products, margin expansion, inherent end-market growth, market share growth and both innovation and inorganic opportunities, Salesforce has many levers to pull in order to continue on its strong growth trajectory.



Zoom Video Communications

Zoom was one of the primary beneficiaries of the 'stay-at-home' period of the Covid pandemic, with the firm's Zoom Meetings product offering a low-cost platform for friends, family and colleagues to keep in touch during lockdowns. Market hype surrounding the new age of working from home and video conferencing caused the market to bid up the stock to extremely high levels. Concerns over whether the stock could maintain both market share and growth have caused a sharp decline since market highs in October 2020, with the stock now trading at near pre-pandemic levels despite a much greater client base.

Although Zoom was certainly a 'speculative' stock in the early days of the pandemic, the company has executed an excellent strategy that built on the extreme growth it underwent and now holds a commanding position in a \$43bn market (latest fiscal year revenues of \$4.1bn), that is expected to reach in excess of \$90bn by 2025. With a low-touch, 'freemium' model that lends itself to viral adoption, paired with a market-leading product, the firm has quickly become one of the best-known brands within video communications. By focusing on enterprise customers (now 50% of sales), Zoom is increasing the stickiness and therefore the quality of its revenues. Still in the early growth stage, it continues to invest heavily, but with a strong cash position, it has the capacity to do so. An erstwhile concern was that Zoom would be displaced by in-person meetings after the pandemic. Clearly, this has not happened. Net customer adds continue to grow, albeit at a lower pace, as video calling is now normalised in offices and businesses appear likely to continue with a hybrid approach. The technology is now a necessity, rather than a luxury. The company's portfolio stemming from Zoom Meetings is expanding, in particular with Zoom Phone (the product went from a test two years ago to over two million 'seats' today), giving a long potential runway for revenue growth. Whilst it remains to be seen whether Zoom will be one of the 'winners' in the space, in which it competes with strong brand names such as Microsoft, we believe the firm has given itself every chance of doing so, with a superior product, strength in the brand name, and a strong, sensible strategy.

Sells



SAP

Bought August 2015 and sold late May 2022. Underperformed benchmark over the period (+64% vs +94%, total return in USD).

SAP is a global software vendor which provides enterprise resource planning and database management software, among other products. The business has been transitioning away from licensing towards offering software as a service and has disappointed the market by pushing back guidance (some of which was pandemic-related) and seeing a somewhat slower and less profitable shift to cloud than potentially expected. This is likely to lead to higher margins and better profitability if successfully executed in the medium term, and the stock's discount to the wider software sector (SAP trades on 17.5X 2022 expected earnings) reflects some of this uncertainty. Nevertheless, we felt there were better opportunities with clearer earnings growth potential elsewhere, considering the significant market sell-off in 2022. We also noted some concern that the shift to cloud could in fact open the company up to higher levels of competition from cloud-only vendors if switching costs for customers became less onerous.



Cisco

Bought in strategy in June 2014 and sold late May 2022. Outperformed the MSCI World benchmark over the period (+132% vs +91%, total return in USD).

Cisco, a leading supplier of network IT hardware and in particular switches and routers, has been increasing its software capabilities over recent years and moving to capture a greater recurring revenue stream, even within its hardware offerings. The business is very well run and has been improving returns on capital over the past few years. Earnings had been growing at a high-teens rate leading up to the pandemic but fell as hardware orders declined. We have seen a recovery since, and management were bullish on the latest earnings call that demand remained strong – despite difficulties with supply chains in China causing issues in the near term. Although we rate the company highly, we are somewhat cautious on the potential for macro headwinds in a lower-growth (or potentially recessionary) environment, and although the valuation has de-rated to reflect this (along with the broader market) to a PE of 12.5X, we felt there were better opportunities for high-quality companies offering potentially higher growth.



Guinness Global Innovators Fund

Samsung Electronics

Bought in strategy mid-2004 and sold in late May. Strong outperformance versus the MSCI World benchmark (+748% vs +306%, total return in USD) over this period.

Although we are broadly constructive on the semiconductor market due to the expanding demand drivers versus history, we are conscious of the overall exposure of the Fund to this industry. Samsung Electronics generates a significant proportion of both revenues and earnings from memory within its semiconductor business, alongside consumer electronics such as displays and smartphones. The latter category does not command such high barriers to entry and may suffer from any consumer spending downturn, which may also affect the memory market alongside. We also note concerns regarding corporate governance and the potential exposure to (and lack of clarity and action on) significant carbon emissions via the power used in a large part of its manufacturing processes. Because of the strong run of the stock price through the pandemic period (some of which has been given back alongside the broader market sell-off this year), its exposure to lower-margin consumer electronics, and our significant exposure to the semiconductor industry, we felt it was an opportune time to take profits and invest in other companies that may offer greater secular growth opportunities that may be less susceptible to cyclical pressures – and which have potentially de-rated in similar magnitude to lower-quality businesses in the tech sell-off since the Fed pivot in late 2021.

PORTFOLIO CHARACTERISTICS

The two charts below show how the exposure of the fund has evolved since we launched the strategy back in 2003. We continue to hold no exposure to Real Estate, Energy, Materials, Consumer Staples, and Utilities. Information Technology remains our largest exposure, split between the three sub-sectors of semiconductors; software and services; and technology hardware. On a regional basis, North America continues to be the largest exposure (76%), followed by Europe (12%) and Asia Pacific (9%).

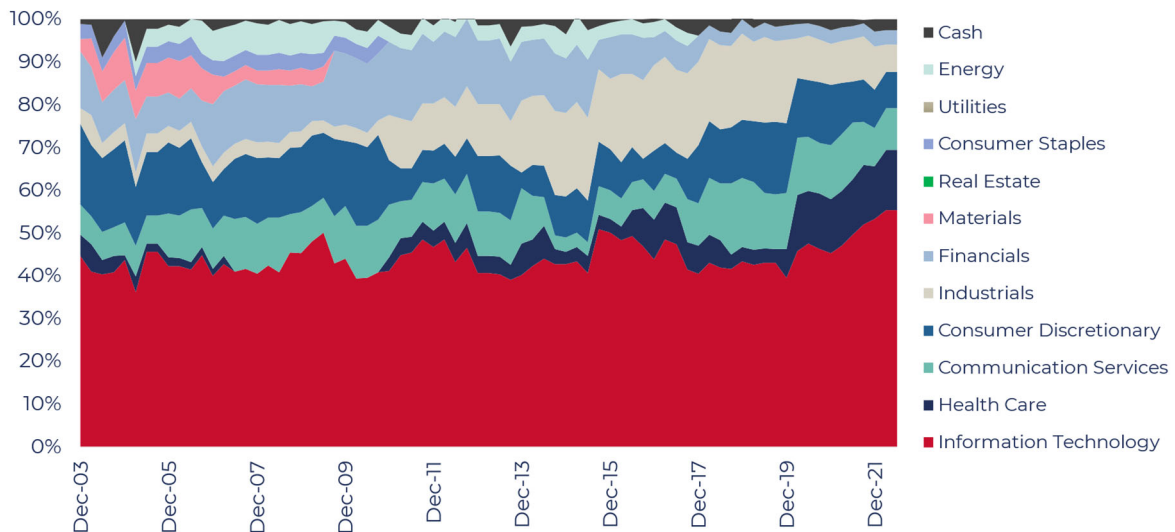


Figure 3: Portfolio sector breakdown. Guinness Global Investors, Bloomberg (30.06.2022)

Guinness Global Innovators Fund

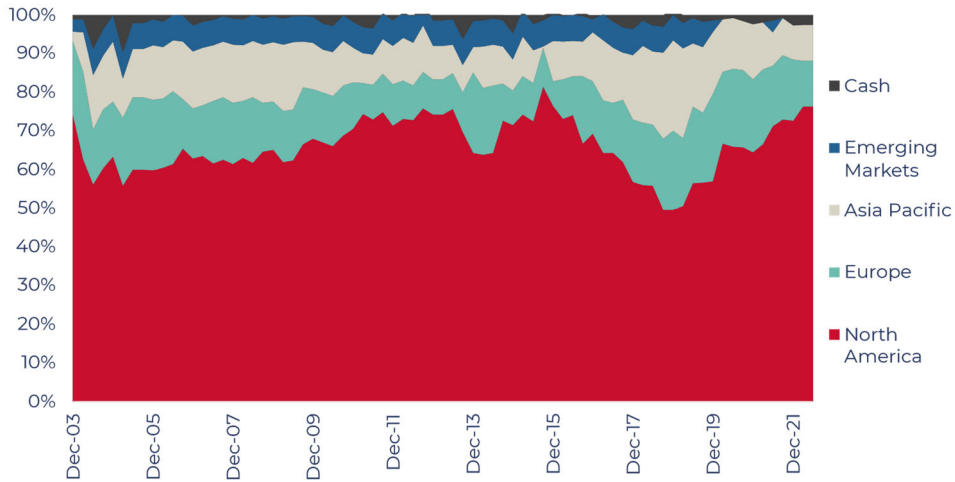


Figure 4: Portfolio geographic breakdown. Guinness Global Investors, Bloomberg (30.06.2022)

On a regional level, at the end of the quarter the fund held a relatively small overweight position to North America, a slight underweight position to Europe and a neutral position to Asia Pacific, relative to the benchmark.

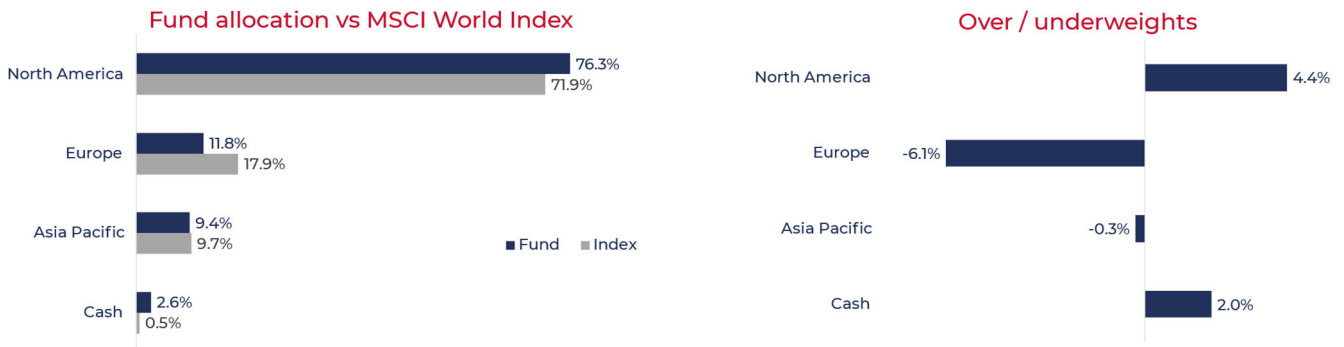


Figure 5: Guinness Global Investors, Bloomberg (data as at 30.06.22)

On a sector level, the fund continues to have a large overweight to IT (34.4%), while the fund's 0% exposure to Real Estate, Energy, Materials, Consumer Staples, and Utilities leaves these areas underweight relative to the benchmark.

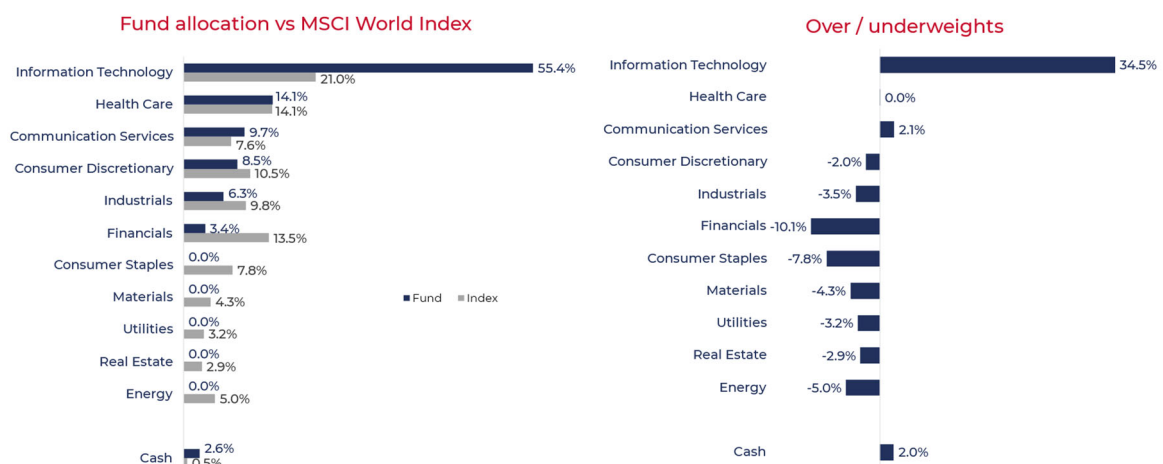


Figure 6: Guinness Global Investors, Bloomberg (data as at 30.06.22)

Guinness Global Innovators Fund

KEY FUND METRICS TODAY

Innovation: We seek companies that are exposed to secular growth themes, which should therefore be more insulated to cyclical cycles.

Quality: We only invest in companies with good (and ideally growing) returns on capital and strong balance sheets.

Growth and valuation: We look to buy good growth companies at reasonable valuations and specifically we try to avoid paying too high a premium for expected future growth – as this is inherently less predictable.

Conviction: We run a concentrated portfolio of 30 stocks, equally weighted.

The table below illustrates these four key tenets of our approach in the portfolio today.

		Fund	MSCI World Index
Innovation	R&D / Sales	8.8%	6.3%
	CAPEX / Sales	6.1%	8.4%
Quality	Return-on-Capital	19.4%	7.2%
	Weighted average net debt / equity	12.7%	66.8%
Growth (& valuation)	Trailing 5-year sales growth (annualised)	14.1%	3.7%
	Estimated earnings growth (2022 vs 2021)	13.8%	9.6%
	PE (2022e)	19.3	14.9
Conviction	Number of stocks	30	1630
	Active share	83%	-

Figure 7: Guinness Global Investors, Bloomberg (data as at 30.06.2022)

We thank you for your continued support.

Portfolio Managers

Matthew Page, CFA

Dr Ian Mortimer, CFA

Guinness Global Innovators Fund

PORTFOLIO

Fund top 10 holdings (%)		Sector analysis (%)		Geographic allocation (%)	
Thermo Fisher Scientific	4.0%	Information Technology	51.9%	USA	83.0%
KLA-Tencor	3.9%	Health Care	14.1%	Switzerland	3.4%
Microsoft	3.8%	Industrials	10.0%	Taiwan	3.1%
Mastercard Inc	3.8%	Communication Services	9.7%	France	3.0%
Visa	3.7%	Consumer Discretionary	8.5%	China	2.8%
Roper Industries Inc	3.7%	Financials	3.4%	Germany	2.5%
Amphenol Corp	3.6%	Cash	2.3%	Cash	2.3%
Bristol-Myers Squibb Co	3.6%				
ZOOM VIDEO COMMUNICA	3.6%				
Danaher Corp	3.5%				
% of Fund in top 10	37.2%				
Total number of stocks	30				

PERFORMANCE*

Past performance does not predict future returns.

Annualised % total return from strategy inception (GBP)

30/06/2022

Guinness Global Innovators strategy*	12.3%
MSCI World Index	9.8%
IA Global sector average	8.7%

Discrete years % total return (GBP)	Jun '22	Jun '21	Jun '20	Jun '19	Jun '18
Guinness Global Innovators Fund	-14.3	31.1	24.1	3.4	13.9
MSCI World Index	-2.6	24.4	5.9	10.3	9.3
IA Global sector average	-8.8	25.9	5.4	7.5	9.1
IA Global sector ranking	358/453	91/432	29/395	298/366	71/328
IA Global sector quartile	3rd	1st	1st	4th	1st
Cumulative % total return (GBP)	YTD	1 Yr	3 Yrs	5 Yrs	Launch*
Guinness Global Innovators strategy	-20.8	-14.3	39.6	64.3	829.1
MSCI World Index	-11.3	-2.6	28.4	54.8	499.2
IA Global sector average	-14.5	-8.8	21.0	42.0	397.8

RISK ANALYSIS

30/06/2022

Annualised, weekly, 5 years, in GBP	Index	Sector	Fund
Alpha	0	-0.24	2.20
Beta	1	0.83	1.07
Information ratio	0	-0.28	0.36
Maximum drawdown	-24.58	-21.61	-22.25
R squared	1	0.84	0.84
Sharpe ratio	0.38	0.28	0.60
Tracking error	0	6.19	7.22
Volatility	15.55	13.98	17.61

*Simulated past performance. Performance prior to the launch of the Guinness Global Innovators Fund (31.10.14) reflects the Guinness Atkinson Global Innovators Fund (IWIRX), a US mutual fund with the same investment process since 01.05.2003. Discrete 12m performance is shown below.

Source: FE fundinfo, bid to bid, total return. Fund Y GBP class (0.86% OCF): 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.

Guinness Global Innovators Fund

DISCRETE 12-MONTH PERFORMANCE*

Past performance does not predict future returns.

Discrete 12m % total return (GBP)	Jun '22	Jun '21	Jun '20	Jun '19	Jun '18	Jun '17	Jun '16	Jun '15	Jun '14	Jun '13
Guinness Global Innovators Strategy	-14.3	31.1	24.1	3.4	13.9	32.2	10.2	9.5	21.5	31.8
MSCI World Index	-2.6	24.4	5.9	10.3	9.3	21.6	14.4	10.3	10.0	22.6
IA Global sector average	-8.8	25.9	5.4	7.5	9.1	23.7	6.7	8.4	9.0	21.4

	Jun '12	Jun '11	Jun '10	Jun '09	Jun '08	Jun '07	Jun '06	Jun '05	Jun '04	Jun '03
Guinness Global Innovators Strategy	2.5	25.0	23.5	-8.1	-12.6	20.9	16.5	6.9	8.8	-
MSCI World Index	-2.7	21.6	21.3	-14.8	-10.0	13.9	13.3	11.3	12.8	-
IA Global sector average	-7.5	19.1	20.4	-16.3	-8.8	15.7	16.6	13.3	13.3	-

Source FE fundinfo. *Composite simulation of performance. Guinness Global Innovators Fund (UCITS) launched on 31.10.14. Performance data prior to this date is based on the actual returns of a US mutual fund managed by the same team using the same investment process as applied to the UCITS version.

IMPORTANT INFORMATION

Issued by Guinness Global Investors. Guinness Global Investors 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 Global Innovators 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 Global Innovators 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.

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'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