

Guinness Global Equity Income Fund

INVESTMENT COMMENTARY - April 2015

About the Fund

Guinness Global Equity Income Fund is designed to provide investors with global exposure to dividend-paying companies.

The Fund is managed for income and capital growth and invests 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.

Fund size £98.6m

Launch date 31.12.10

Managers Dr. Ian Mortimer, CFA
Matthew Page, CFA

Performance 31.03.15

	1 year	3 years	From launch
Fund	15.8	49.2	58.9
Index	19.1	52.0	56.9
Sector	12.6	42.7	47.1

Annualised % total return from launch (GBP)

Fund	11.5%
Index	11.2%
Sector	9.5%

Benchmark index MSCI World Index

IA sector Global Equity Income

Past performance should not be taken as an indicator of future performance. The value of this investment and any income arising from it can fall as well as rise as a result of market and currency fluctuations.

Source: Financial Express, bid to bid, total return.



Guinness Global Equity Income
BEST FUND OVER 3 YEARS
EQUITY GLOBAL INCOME

Special offer share class closing 30th April 2015

Having grown the Fund to £99m, we are closing the Fund's early investor share class ('Z' class, 0.25% AMC, max 0.74% OCF) to new investment on 30th April 2015.

Monthly update

The Fund generated a total return of 0.20% (in GBP) in March compared to its benchmark MSCI World Index total return of 2.47%, thereby underperforming by 2.27%.

Over the first quarter the Fund generated a total return of 5.42% (in GBP), versus 7.47% by MSCI World Index.

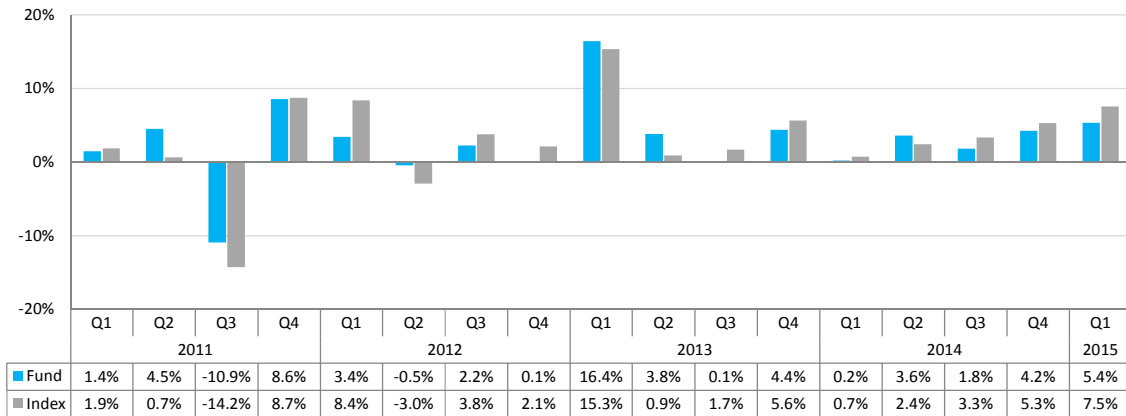
Since launch (31st December 2010) the Fund is up 58.93%, versus the MSCI World Index up 56.94%, placing the Fund 3rd out of 21 funds over that period in the IA Global Equity Income sector.

Pleasingly, the growth in AUM of the Fund has continued, and we are happy to report that the Fund is now just shy of £100 million in size. We are hopeful to get through the £100 million barrier soon, and would like to take the opportunity to welcome any new investors into the Fund. We would also like to remind everyone that the 'early investor' share class offer with a 0.25% AMC will be closing to new investments at the end of April.

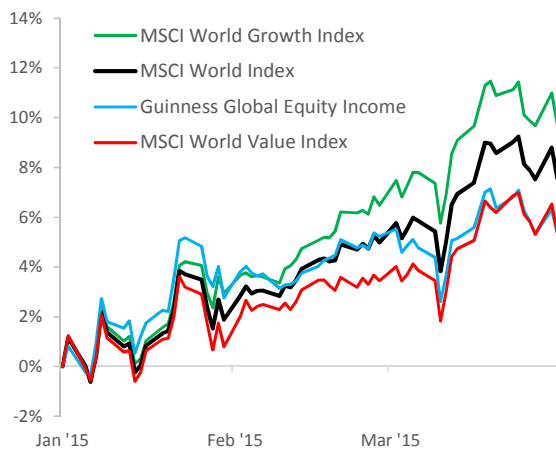
So, over the quarter as a whole performance of the Fund was positive but about 2% behind the index. Most of this underperformance came in March with the Fund essentially flat in a month when the MSCI World Index appreciated by almost 2.5%.

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Guinness Global Equity Income Fund



If we plot the total return of the Fund since the start of the year on a cumulative basis compared to the MSCI World Index, and also the growth and value components of that index, we can see why this underperformance may have come about.

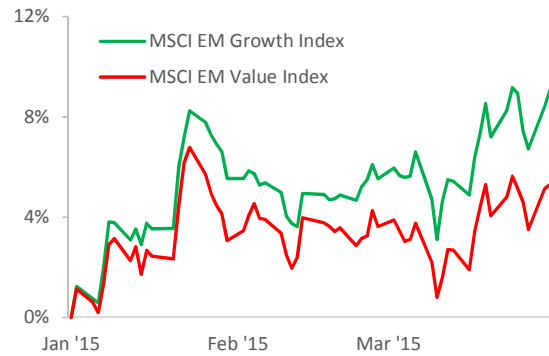


The black line represents the MSCI World Index and, unsurprisingly, it sits roughly in-between its growth and value derivatives. What is interesting to note is the bifurcation of the growth and value styles since the beginning of the year; with growth outperforming value by a not insignificant 4%. The light blue line in the chart represents the Fund; you can see that it more closely followed the value index in March and did not capture the strong performance of the growth index which essentially 'dragged up' the overall MSCI World.

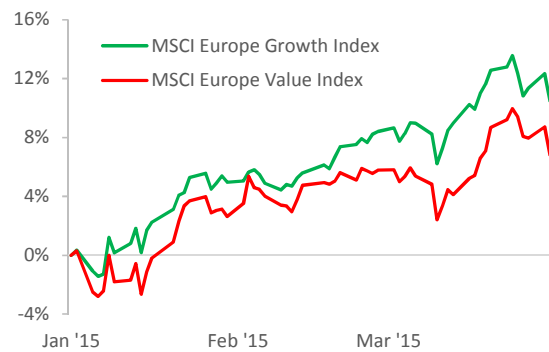
Looking on a more regional basis it is also interesting to note that this growth versus

value bias was, to a greater or lesser extent, seen across all markets, but with the US showing the largest difference.

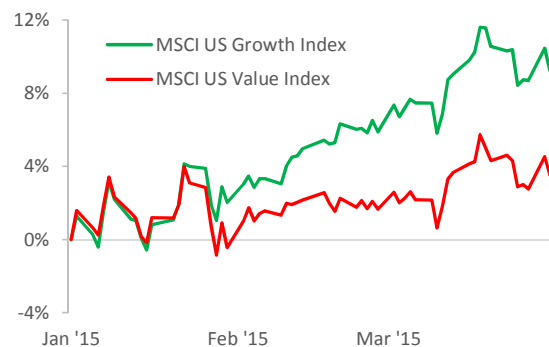
MSCI Emerging Markets



MSCI Europe



MSCI US



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The table below shows the valuations of the Fund versus the MSCI World Index on some simple P/E metrics based on consensus analyst earnings estimates.

PE ratios at 31.03.15	2013	2014	2015e	2016e
Fund	13.8	14.9	16.3	14.4
MSCI World Index	19.3	17.8	17.4	15.5
Fund premium/discount	-28.4%	-16.4%	-6.3%	-6.8%

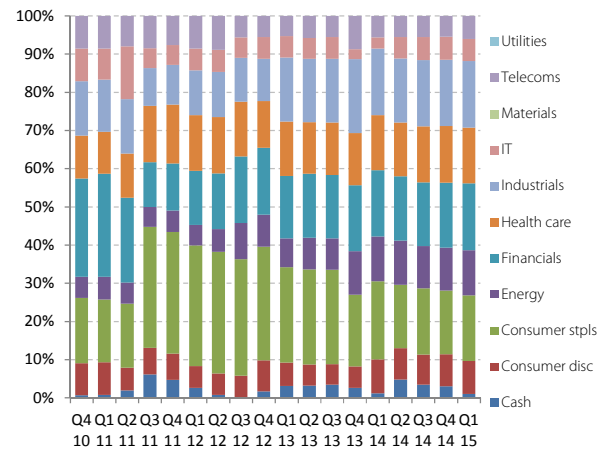
In absolute terms, multiples have expanded quite significantly over the four years we have been running the Fund, as the various rounds of QE have pushed equity prices higher and higher and world economies have recovered from the financial crisis. But, on a relative basis, the Fund continues to trade on a decent discount to the broad market. When we consider that we are only looking to invest in quality companies with persistently high returns on capital, reasonable balance sheets, and sustainable growing dividends we think this is quite compelling.

We have always been big advocates of value investing and strongly believe this approach will outperform over the longer term. We are loathe to chase the market, and if anything this recent change in sentiment will allow us to find better opportunities in the types of companies we like to invest in, if they start to become ignored or out of favour by the market.

The portfolio

We made no changes to the portfolio in the first quarter. This meant the sector and geographical weightings of the Fund did not change dramatically compared to where they were at the end of the year.

Sector allocation (quarterly)



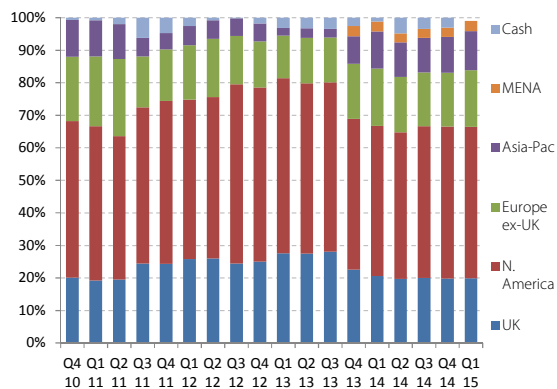
From a sector point of view, the Fund has a reasonable distribution across a number of different sectors, and no one sector is much larger than any of the others. I think this is a fair (if simplistic) reflection of how we view the market today. In our investible universe of high quality companies there is no one sector which is stand out cheap today, which is in contrast to three or four years ago when large capitalisation consumer staples or global pharmaceuticals (with hindsight) looked remarkable value, for example.

We still have in mind to reduce further the consumer staples companies we own in the Fund, as valuations continue to rise to levels we are increasingly uncomfortable with, and as the year progresses we will keep you informed with progress on that front. It is also worth noting the Fund still does not own any utilities companies, and has only a single telecoms company (China Mobile). We have always been cautious of chasing high dividend yields for the sake of it and have a strong preference for companies with reasonable yields and an ability to grow their dividend over time. With potential interest rate rises on the cards in the US, we think this is a particularly prescient approach. In terms of European rates, which have been falling since the start of ECB bond purchases, 'bond like' equities have been the beneficiary. However,

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we believe that our focus on companies who are able to reinvest in high return businesses will still do well if we begin to see a recovery in the economic environment on the back of these stimulus packages.

Geographic allocation (quarterly)



The geographic allocation of the Fund (calculated by where the companies are domiciled) has remained steady since the start of the year due to the lack of changes made to companies held. The chart also shows this allocation has remained steady for the last twelve months as any changes we made to the fund were such that the overall geographic mix did not alter.

It is interesting to note that the Fund allocation versus the benchmark MSCI World *has* changed over the last year, however.

	Fund		MSCI World Index		Over/under weights	
	Q1 '14	Q1 '15	Q1 '14	Q1 '15	Q1 '14	Q1 '15
North America	46.6	47.0	57.8	60.5	-11.2	-13.4
UK	20.9	20.1	8.0	7.3	12.9	12.8
Europe ex-UK	17.9	17.6	15.5	12.1	2.4	5.5
Asia Pacific	11.5	12.1	13.2	13.6	-1.7	-1.5
MENA	3.1	3.2	0.2	0.2	2.8	2.9

The most obvious changes are that the Fund today is now more underweight the US (13.4% versus 11.2%) and more overweight Europe ex-UK (2.4% versus 5.5%). As the Fund allocation did not change, this is purely a reflection of the market capitalisation weighting approach of the benchmark.

The arguments as to why market cap weighting is ludicrous as an investment approach over the long term (buy more and more of the companies whose share prices have risen the most) are well rehearsed, but as a measurement tool for the market it is quite reasonable. Suffice to say we are index agnostic when making investment decisions for the Fund, but this quick comparison does serve as a useful reminder that ‘doing nothing’ is a decision in itself.

We thank you for your continued support.

Dr. Ian Mortimer & Matthew Page
Co-managers, Guinness Global Equity Income Fund

April 2015

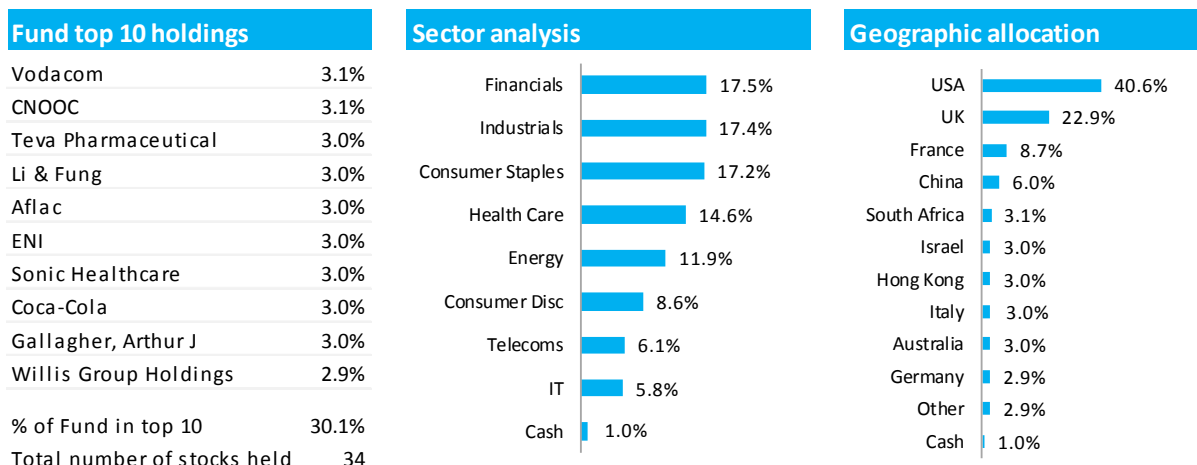
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PORTFOLIO

31/03/2015



PERFORMANCE

31/03/2015

Annualised % total return from launch (GBP)

Fund (X class, 0.75% AMC)	11.52%
MSCI World Index	11.19%
IA Global Equity Income sector average	9.51%

Discrete years % total return (GBP)

	Mar '11	Mar '12	Mar '13	Mar '14	Mar '15
Fund (X class, 0.75% AMC)	-	4.3	18.6	8.7	15.8
MSCI World Index	7.4	0.9	17.7	8.5	19.1
IA Global Equity Income sector average	9.1	1.6	18.3	7.1	12.6

Cumulative % total return (GBP)

	1 month	Year-to-date	1 year	3 years	From launch
Fund (X class, 0.75% AMC)	0.2	5.4	15.8	49.2	58.9
MSCI World Index	2.5	7.5	19.1	52.0	56.9
IA Global Equity Income sector average	2.0	6.6	12.6	42.7	47.1

RISK ANALYSIS

31/03/2015

Annualised, weekly, from launch on 31.12.10, in GBP	Index	Sector	Fund
Alpha	0	0.68	2.22
Beta	1	0.78	0.81
Information ratio	0	-0.27	0.07
Maximum drawdown	-18.26	-15.50	-16.34
R squared	1	0.81	0.89
Sharpe ratio	1	0.50	0.69
Tracking error	0	5.78	4.53
Volatility	13.35	11.59	11.52

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Source: Financial Express, bid to bid, total return. Fund launch date: 31.12.10. **Fund X class:** Simulated performance based on actual returns of E share class (available from Fund launch), calculated in GBP. **IA sector** performance based on highest fee share classes for each fund (C Class (1.5% AMC) for Guinness Global Equity Income). **See Notes overleaf.**

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Performance data notes

1) The performance numbers displayed on the previous page are calculated in GBP (Sterling). Please note: The Fund's X class was launched on 15/02/2012. The performance shown is a simulation for X class performance being based on the actual performance of the Fund's E class, which has the same annual management charge as the X class, and has existed since the Fund's launch. The Fund's E class is denominated in USD but for the purposes of this performance data its performance is calculated in GBP. Hence the Fund's E Share class is used here to illustrate the performance of a GBP-based clean-fee (RDR-compliant) share class since the Fund's launch on 31.12.10.

2) The performance of the IA Global Equity Income sector is based on the average of the highest fee share class of each constituent fund, e.g. C class for the Guinness Global Equity Income Fund, with an annual management fee of 1.5%.

Important information

Issued by Guinness Asset Management Limited, authorised and regulated by the Financial Conduct Authority.

This report is primarily designed to inform you about Guinness Global 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.

Risk

The Guinness Global Equity Income Fund is an equity fund. Investors should be willing and able to assume the risks of equity investing. The value of an investment and the income from it can fall as well as rise as a result of market and currency

movement, and you may not get back the amount originally invested. Details on the risk factors are included in the Fund's documentation, available on our website. Shareholders should note that all or part of the fees and expenses will be charged to the capital of the Fund. This will have the effect of lowering the capital value of your investment.

Documentation

The documentation needed to make an investment, including the Prospectus, the Key Investor Information Document (KIID) and the Application Form, is available from the website www.guinnessfunds.com, or free of charge from:-

- the Manager: Capita Financial Managers (Ireland) Limited, 2 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland; or,
- the Promoter and Investment Manager: Guinness Asset Management Ltd, 14 Queen Anne's Gate, London SW1H 9AA.

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. The Fund has been approved by the Financial Conduct Authority for sale in the UK. If you are in any doubt about the suitability of investing in this Fund, please consult your investment or other professional adviser.

Switzerland

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.

Telephone calls may be recorded and monitored.

GUINNESS

ASSET MANAGEMENT LTD

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