Guinness Global Equity Income Fund

INVESTMENT COMMENTARY – July 2020

About the Fund

The 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.

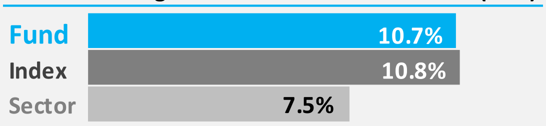
Fund size	£988m
Launch date	31.12.10
Historic OCF (Y Class)	0.88%
Current OCF (at fund size)	0.86%
Managers	Dr. Ian Mortimer, CFA Matthew Page, CFA
Analysts	Sagar Thanki Joseph Stephens

Performance

30.06.20

	1 year	3 years	From launch
Fund	5.7	26.5	155.1
Index	5.9	27.7	157.1
Sector	-2.6	9.4	95.5

Annualised % gross total return from launch (GBP)



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. Y Class 0.88% OCF. Please refer to 'Performance data notes' for full details.

Summary performance

In June the Fund was up 2.61% (in GBP), the MSCI World Index benchmark was up 2.70% (in GBP), and the IA Global Equity Income Sector was up 2.10% (on average, in GBP).

- The Fund therefore underperformed the Index by 0.09% over the month but outperformed its peer group average by 0.60%.

In the second quarter of 2020 the Fund was up 15.19% (in GBP), the MSCI World Index benchmark was up 19.78% (in GBP), and the IA Global Equity Income sector was up 14.20% (on average, in GBP).

- The Fund therefore underperformed the Index by 4.59% over the quarter but outperformed its peer group average by 0.99%.

	YTD	1yr	3yr	5yr	Since Launch*
Fund	-2.5%	5.7%	26.5%	74.7%	155.1%
MSCI World Index	-1.6%	5.9%	27.7%	77.7%	157.1%
IA sector average	-8.2%	-2.6%	9.4%	42.9%	95.5%
Rank vs peers	11/56	7/55	4/50	4/41	1/18
Quartile	1st	1st	1st	1st	1st

Source: Financial Express. Cumulative Total Return in GBP as of 30th June 2020. *Launch 31st December 2010

It is pleasing to see that the Fund has outperformed the IA Global Equity Income Sector average over both the short term and all the longer-term periods outlined above.

Since launch at the end of 2010, the Fund ranks 1st out of 18 funds in the IA Global Equity Income Sector.

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

Underperformance in the quarter comes as a result of the market's sharp rebound, led by growth stocks and cyclical sectors. IT and Consumer Discretionary were the best-performing sectors in the quarter, with much of the recent optimism in equity markets driven by easing lockdowns and signs of progress towards a coronavirus vaccine. Being overweight Consumer Staples and underweight IT was a drag on Fund performance in the quarter, whereas zero exposure to Banks, Real Estate, Utilities and Energy proved positive.

Overall, in the quarter and over the first half of the year, dividend-orientated strategies have lagged the market. The MSCI World High Yield Index was up +11.44% (in GBP) in Q2 and is down -6.91% year-to-date. In both periods the Fund has outperformed this Index, by 3.75% and 6.99% respectively.

In the coming years we believe income will be more in demand, but dependable and sustainable income will be harder to find. We believe this will be positive for the dividend paying companies that we own. The growing dividends that our stocks provide are a consequence of the companies themselves being able to grow successfully; our search for persistently high return on capital businesses leads us to companies which have navigated different economic environments well, not least the most recent. We therefore believe that our approach should stand us in good stead in our search for rising income streams and long-term capital growth in the future.

Summary: dividends

Dividend payments have been front of mind in the current market environment as we have seen significant demand shocks in many sectors of the equity market leading to a significant proportion of companies suspending or reducing their dividend payments. For example, the overall EuroSTOXX Index dividend is expected to decline by over 30% in 2020 compared to 2019; 25% of all companies in the index have cancelled their dividend so far this year with a further 25% having reduced their dividend.

Broadly, the dividend cuts seen this year have been concentrated in companies affected by (i) significant loss of revenues due to COVID lockdowns (airlines, travel & leisure, retail, energy), (ii) regulatory pressure (European banks, insurance), (iii) government pressure (French state-owned businesses in particular), and (iv) companies with weak balance sheets conserving capital by reducing or cancelling dividend payments.

In contrast, the Fund, as of the end of June, has seen 22 companies (out of our 35 holdings) announce **dividend increases**. Our current expectation is that the 2020 fund distribution will be similar to 2019 – but we note there are some moving parts to this analysis (e.g. FX rates or portfolio changes). We are carefully monitoring the income received for the portfolio and will update our view as the year progresses. To summarise our outlook for the Fund, out of our 35 holdings:

- 7 companies have **paid their full dividend** for the year (or gone ex-dividend)
- 25 companies where we see **high probability** of full payment for the year
- 2 with **some uncertainty**
    - *Diageo***:** Interim dividend announced at the semi-annual results went ex- in late February (representing a 5.0% growth year-on-year). On 9th April Diageo withdrew guidance and cancelled buybacks; the company has not committed to the final dividend yet. Management stated that China is

beginning to see a slow return of on-trade consumption, whilst most bars are still shut in US and Europe. We also note that some peers are cutting their dividends.

- *BAE Systems*: Deferred decision on the proposed 13.8p/share Final dividend (which normally goes ex- in mid-April) to July half-year results. There has been no discussion regarding the October interim dividend. In the trading update on 3rd April management said: "We recognise the importance of the dividend payment to our shareholders and whilst it remains our intention to pay a dividend, the timing of any payment will be contingent on prevailing macro-economic and social conditions over the coming months". Defence companies are well placed in the current environment due to long-term contracts and resilient demand, but social/political pressure bears on any dividend decisions.

- 1 **dividend cut** announced for portfolio holdings to date

  - *Imperial Brands*: Final dividend (related to 2019 profits) went ex- in February. The first Interim dividend for 2020 (which is when the company has historically declared the growth in the dividend) was announced at the semi-annual results on 19th May and was rebased by 33%. Thereafter, management committed to a progressive dividend policy.

  - The lower dividend saves about £650mn in the current year, which alongside the £1bn cigar business sale, will be used to strengthen the balance sheet by reducing debt (to <3X net debt/EBITDA).

  - This decision to lower the dividend payout was partly due to the delayed expectations of reduced-risk-product profitability. Potential incoming regulation lowers revenue growth expectations and forced management to scale back investment in new products.

  - Although vapour offerings only represent about 3.5% of Imperial Brands' sales globally, such products, along with new reduced-risk offerings, are seen as an increasingly important solution to offset falling cigarette sales.

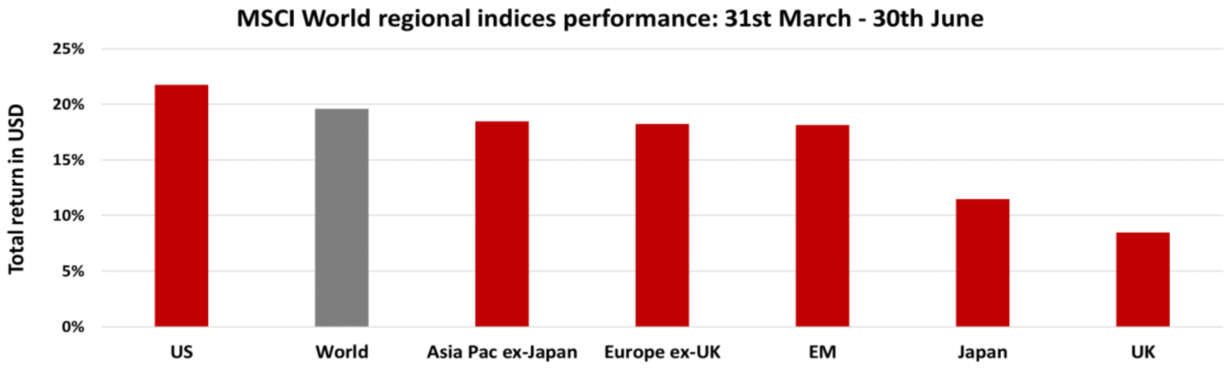
  - Imperial Brands was the worst performer in the portfolio in May, down -13.3% (TR, in USD).

  - Interim CEO Dominic Brisby insisted that the dividend cut was not related to coronavirus. He said: "Covid-19 has only had a small impact on trading but we expect this to be more pronounced in the second half due to continued pressures to our duty free and travel retail businesses". With airports largely shut, smokers are missing out on bulk buying cheap duty-free cigarettes. It means that fewer packs are being bought, but customers are having to spend more on their habit in the shops so the value of sales has held up.

- **0 dividend cancellations/suspensions**

Quarter Review

After the severe sell-off seen in March, global equity markets rebounded impressively in the second quarter. All regions registered significant gains, with the US leading the pack.



Source: Bloomberg, as of 30th June 2020

In fact, last month, on 8th June, the round trip was officially completed; the fastest US stock market collapse on record was followed by the fastest recovery, and the S&P 500 Index reached positive territory for the year. After some volatility at the quarter end, the S&P 500 Index is down only 3% year-to-date.

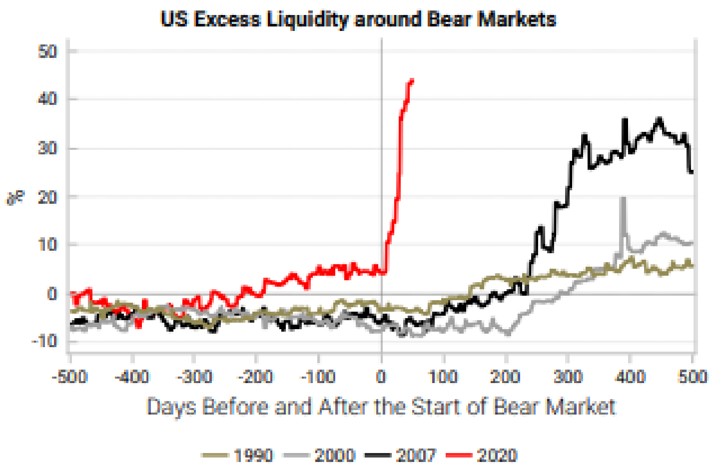
This is extraordinary – and perhaps surprising – given that the coronavirus has not been fully contained, nor a vaccine approved. In continental Europe, Australasia and some parts of Asia, including China, new infections have fallen to low levels and economies are reopening. In the UK, new infections have also continued to fall, albeit not to such low levels as in Europe. However, in the US, the number of new infections is rising again, while several emerging markets, including India and much of Latin America, have been unable to get the virus under control.

Despite this, there has been an evident disconnect between 'Main Street' and 'Wall Street', with stock markets seemingly discounting in advance the expected success of reopened economies and the introduction of therapeutics or a vaccine for the virus itself. Accordingly, the best-performing periods for the MSCI World Index came on days when there was a significant development announced with regards to therapeutics or vaccine results for the virus.

Further, it is no coincidence that the market sell-off halted – and the rally began – on 23rd March, when the US Federal Reserve (Fed) announced it would do everything in its power to alleviate credit stresses. For many, the main lesson of the events of 2020 so far has been to never ignore liquidity. Growth in US M2, a broad measure of money supply, has been its strongest since the Fed's records began in 1960.

Source: Bloomberg. Latest data as of 31st May 2020.

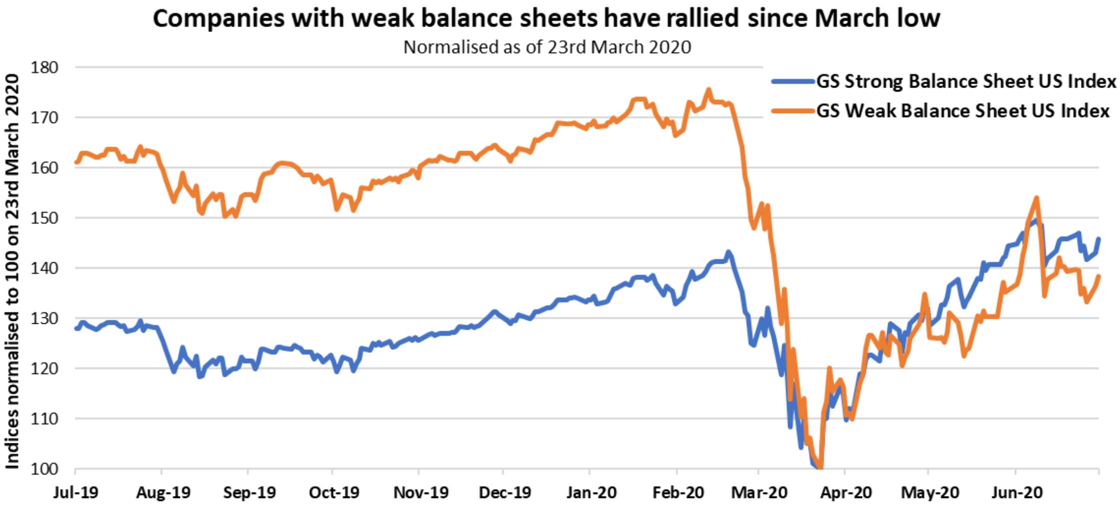
The Fed's response in this latest crisis has been swift and very large in scope. The chart below illustrates how excess liquidity grew during each of the last four bear markets and how the current response compares.



Source: Variant Perception. Latest data as of 31st May 2020

The Fed's actions have provided unprecedented support to markets and the clearest evidence comes from the performance of companies with the weakest balance sheets, compared to those with the strongest. The sell-off earlier this year was particularly brutal for companies with weak balance sheets, reflecting the belief that over-leveraged companies would not be able to survive the loss of revenues and profits from the Covid-19 lockdowns.

The most leveraged businesses still lag behind the market for the year to the date, but since the bottom on 23rd March, the following chart shows that they have rallied strongly and kept pace with the strong balance sheet companies, at least according to the popular baskets of stocks maintained by Goldman Sachs.



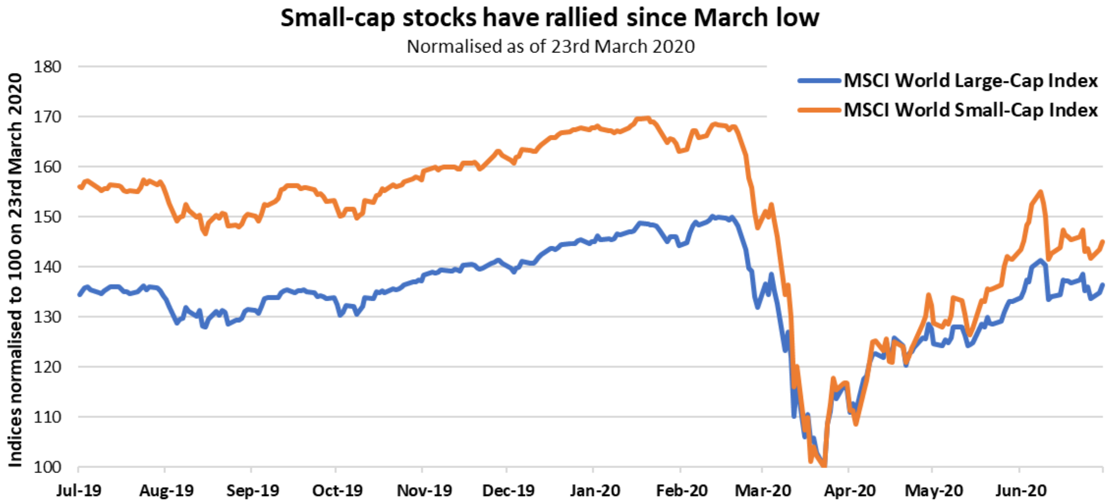
Source: Bloomberg. Data as of 30th June 2020.

The rally in over-leveraged companies reflects the optimism that any recession will be mild and that there will be no secondary financial crisis caused by insolvency. However, for the long-term investor, companies with large amounts of debt remain highly risky; such companies tend to rely on external debt financing to fuel any growth and they also carry interest rate refinancing risk. For an income investor particularly, there is also an opportunity cost of deleveraging since less cash can be returned to shareholders. When searching for companies in our Fund, we seek companies that prioritise return of capital and face as few hurdles as possible in doing so. Based on a few simple metrics, we are pleased that overall our holdings are better quality versus the benchmark index:

		Fund	MSCI World Index
Quality	Average 10-year Cashflow Return on Investment	17%	8%
	Weighted average net debt / equity	66%	90%

Source: Guinness Asset Management, Credit Suisse HOLT, Bloomberg. Data as of 30th June 2020

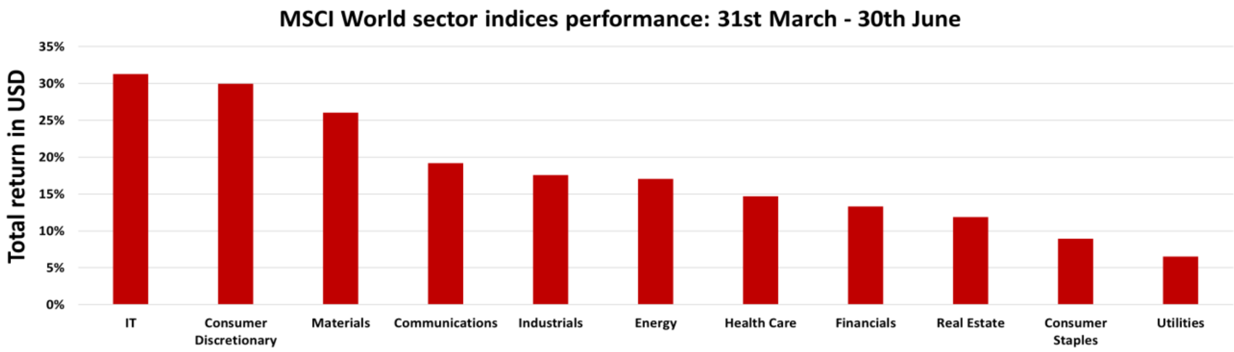
In another sign of widening market breadth, small cap stocks have now outperformed large caps since the March bottom:



Source: Bloomberg. Data as of 30th June 2020.

This proved a drag on Fund performance versus the Index over the quarter. We screen out companies under $1bn market cap and focus on more mature companies with greater business diversification. Small cap businesses also tend not to have the persistence in return on capital we seek nor the balance sheet strength or dividend profile we like to see in our holdings.

In terms of sectors, the recent rally was most pronounced in IT and Consumer Discretionary stocks:



Source: Bloomberg, as of 30th June 2020

Cyclical sectors and growth stocks outperformed and were fuelled by market optimism regarding an economic recovery. The Consumer Discretionary sector had its best quarterly gain on record, and the IT sector also saw large gains, cementing its leadership for the year. The Fund's underexposure in both sectors (c.5% in each) dragged on performance.

US consumer spending shrank by record amounts in March and April, falling 6% and 12% respectively, as consumers cut spending due to job losses and stay-at-home orders. In May, spending rebounded as the economy reopened, consumers regained confidence, and the government supplied $5 trillion in stimulus measures. The June release showed that US non-farm payroll employment increased by 2.5m in May and that the unemployment rate declined, though still high at 13.3%. US retail sales in May were

17.7% higher than in the previous month and this aided the performance of the economically sensitive sectors such as Consumer Discretionary.

Defensive sectors lagged. Having performed well in the drawdown, weaker performance from Consumer Staples and Healthcare weighed on Fund performance. This was partially offset by some positive stock selection as Reckitt Benckiser and Henkel outperformed the MSCI World Index over the quarter.

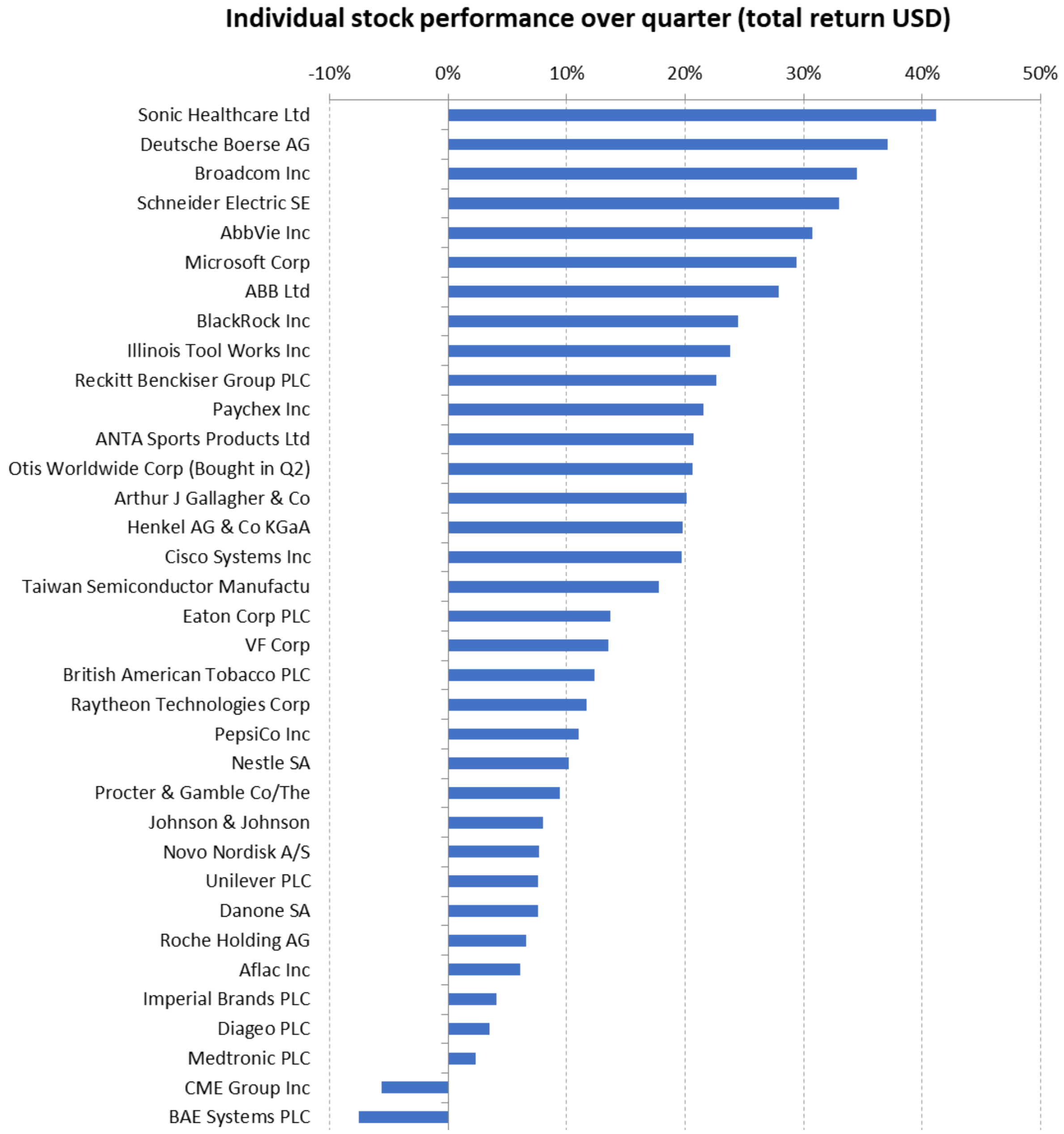
Having no exposure to Utilities, Real Estate and Banks proved beneficial once again in the last quarter as these sectors relatively underperformed.

All sectors posted positive gains in the quarter as stock markets have so far brushed aside political tensions, social unrest, weak economic readings and the possibility that the recovery from the Covid-led recession may well not be V-shaped. Monetary and fiscal stimulus – and more recently news on virus treatments/vaccines – have fuelled an epic rally from March lows, though ultimately there is a risk that the stock market is not accurately reflecting second-order and longer-term economic impacts of the virus and attendant economic shutdown (including bankruptcies and temporary layoffs becoming permanent job losses). There is also a risk that the stock market is not accurately reflecting the weakness yet to be fully felt in corporate earnings.

The upcoming earnings season will mark the first full quarter since the economic lockdown was implemented. According to FactSet, Q2 earnings growth in the US is expected to decline 43.9% which would mark the largest YoY decline since Q4 2008 (-69.1%). The estimated Q2 earnings decline was -13.6% as of 31st March and today all 11 sectors have seen those estimates decline further.

Given the uncertainty, we believe that our perpetual approach of focusing on good quality companies with strong balance sheets and persistently high return on capital should stand us in good stead in our search for rising income streams and long-term capital growth.

Stock Selection



Source: Bloomberg. As of 30th June 2020

Sonic Healthcare was the best performer in the Fund in the quarter (+41.2% in USD). The Australian healthcare company provides medical diagnostic services to clinicians (GPs and specialists), hospitals, community health services, and private patients. Pathology accounts for 84% of revenue and the business benefits from long-term contracts with Government bodies and insurance companies. The company withdrew guidance in late March after social isolation and quarantine measures impacted normal diagnostic volumes as patients opted to delay routine testing. As economies opened up, pent-up testing has begun to resume and Sonic provided a guidance update towards the end of June, stating that the company expects full-year 2020 underlying earnings to be in line with last year. CEO Dr

Goldschmidt added that Sonic's trading results for March and April were substantially below forecast, with May results stronger than expected and this positive trend continuing through June. Much of Sonic's lost revenue has been replaced with new revenue via COVID testing in the US, Germany and Australia.

Deutsche Boerse also performed well in the quarter (+34.6% in USD), driven by a coronavirus-induced volatility surge. The company reported strong earnings results, beating analyst expectations by 1.4%; reported revenue for the first quarter also beat estimates by 14.0%. Deutsche Boerse offers listing and trading services and operates the trading platforms Xetra and Frankfurter Wertpapierboerse. It also provides clearing, reporting, settlement and custody services for fixed-income securities, stocks and investment funds.

Having met 2020 guidance targets and with net debt-to-Ebitda lower than 1, Deutsche Boerse is focusing on strategic M&A to diversify the business. Analysts also expect a second wave of volume-related catalysts for European exchanges in general, mainly from the reversion of net outflows of over 13 billion Euros in equity exchange-traded products (ETPs) in March. While fixed-income ETPs have reported a stronger recovery – particularly in corporate bonds – equity ETPs have fallen behind as investors bide time to trade on positive news of the pandemic and economic stimulus.

After being one of the best-performing stocks at the start of the year, **BAE Systems** was in fact one of the worst performers over Q2 (-7.5% in USD). The company provides some of the world's most advanced defence, aerospace and security solutions, and the recent share price fall has largely been due to a profit decline: management announced at the end of June that it expects profits for the first half of 2020 to fall by around 15% and sales to be stable, after the coronavirus pandemic disrupted operations and lowered productivity.

Longer term, the wider defence industry is expected to deliver an improving growth rate in future years as continued geopolitical risks across a variety of regions mean that defence spending is forecast to increase at a faster pace. The US has already increased its defence budget, while other NATO members are expected to do likewise as they seek to meet their responsibilities and achieve the required military spending of 2% of GDP. This could act as a tailwind for defence-related companies and boost BAE's financial performance.

Changes to the Portfolio

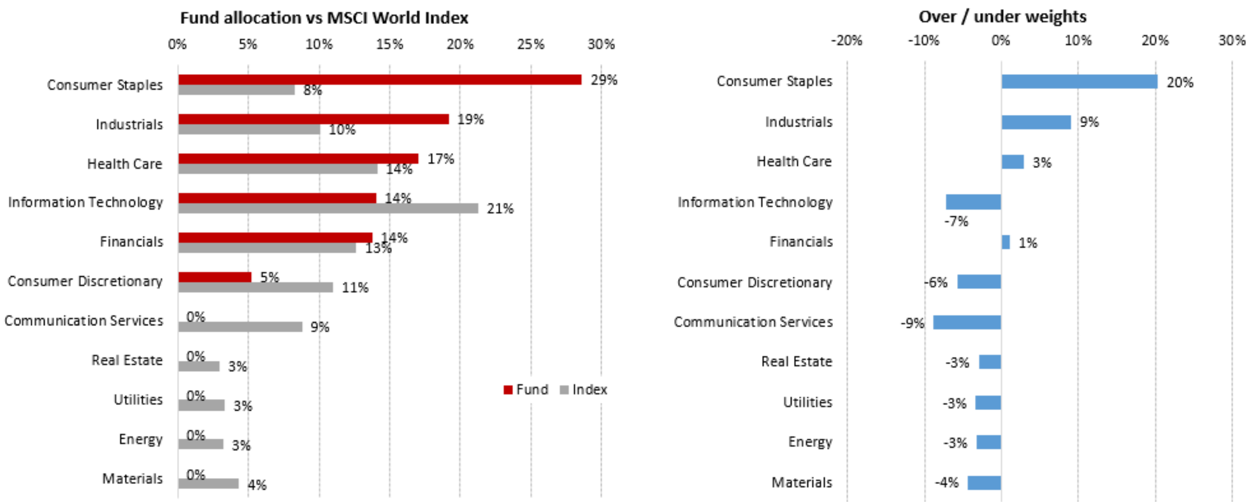
The changes made to the portfolio in the second quarter relate to our holding in United Technologies, which underwent a series of corporate actions at the start of April. The company spun out two businesses: Carrier, a manufacturer of heating, ventilating and air conditioning equipment; and Otis, a manufacturer of escalators and lifts. This left business segments related to aircraft engines and aerospace products and services which then merged with Raytheon, the US defence company, to create Raytheon Technologies. Following this we decided to (i) sell all our shares in Carrier (ii) buy additional shares in Otis to bring it to a full position in the portfolio and (iii) buy additional shares in Raytheon Technologies to bring it to a full position. This left the Fund with our stated 35 positions, since in the first quarter we had sold three companies (Shell, WPP, Randstad) and only immediately replaced them with two (Pepsico and Medtronic).

Our decision to make whole our position in Otis Worldwide comes as a result of the strong competitive positioning the company holds. Otis is the largest manufacturer of elevators and escalators in the world; its maintenance base is 55%, i.e. where it receives recurring service revenues, and is almost twice the size of rivals' (Kone, Schindler); this may well help Otis weather falling equipment sales in 2020. The large installed base can also be leveraged for margin improvement with new cloud-based software (Otis ONE) which allows remote monitoring and predictive maintenance of lifts and escalators. The company has a return on capital above 20% and management has committed to an investment-grade debt rating, resulting in $500m of debt to be paid down across 2020/21. The guided payout ratio at purchase stood at c.60%, with an indicated dividend yield of 2.6% for 2020.

Portfolio Positioning

We continue to maintain a fairly even balance between quality defensive and quality cyclical/growth companies. We have approximately 50% in quality defensive companies (e.g. Consumer Staples and Healthcare companies) and around 50% in quality cyclical or growth-oriented companies (e.g. Industrials, Financials, Consumer Discretionary, Information Technology etc.) Within Financials, however, we do not own any banks, which helps to dampen the cyclicality of our Financials.

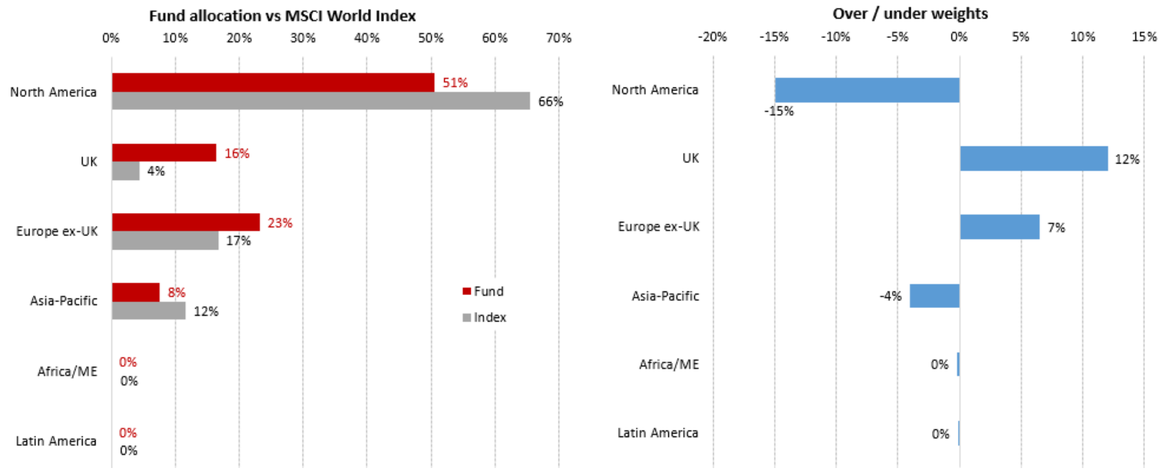
The Fund also has zero weighting to Energy, Utilities, Materials, and Real Estate. The largest overweight is to Consumer Staples.



Sector breakdown of the Fund versus MSCI World Index.
Source: Guinness Asset Management, Bloomberg. Data as of 30th June 2020

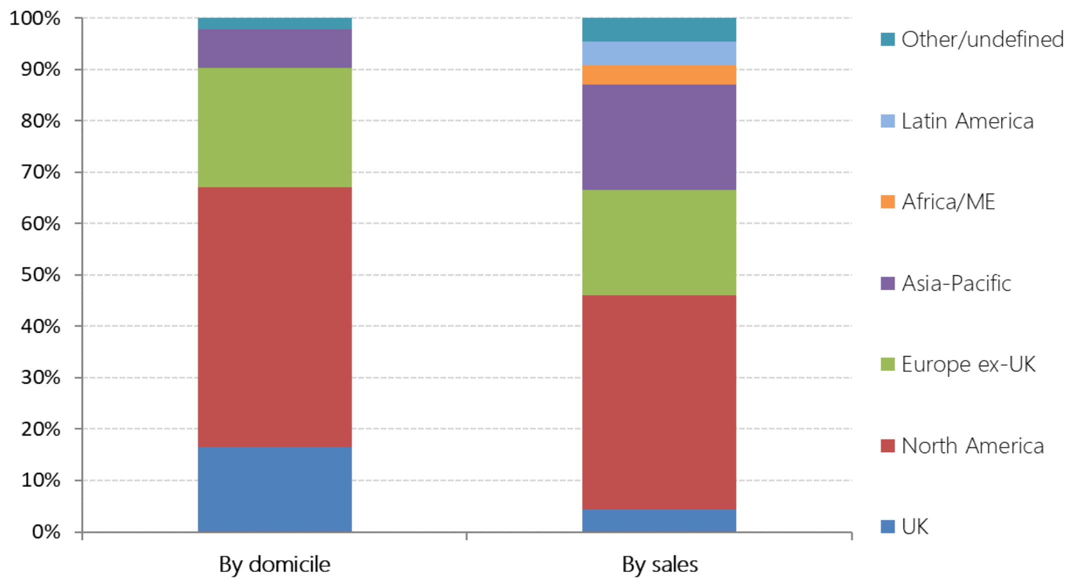
In terms of geographic exposure (chart below), the largest difference between the Fund and the benchmark is our exposure to the US (as measured by country of domicile). The Fund over the quarter had on average c.51% weighting to North America which compares to the index at c.66%. The largest geographic overweight remains Europe ex-UK and the UK.

We are diversified around the world with 51% in the US, 39% in Europe and 8% in Asia-Pacific. Within the Asia-Pacific region we have one company listed in Hong Kong (Anta Sports), one company listed in Taiwan (Taiwan Semiconductor) and one company listed in Australia (Sonic Healthcare).



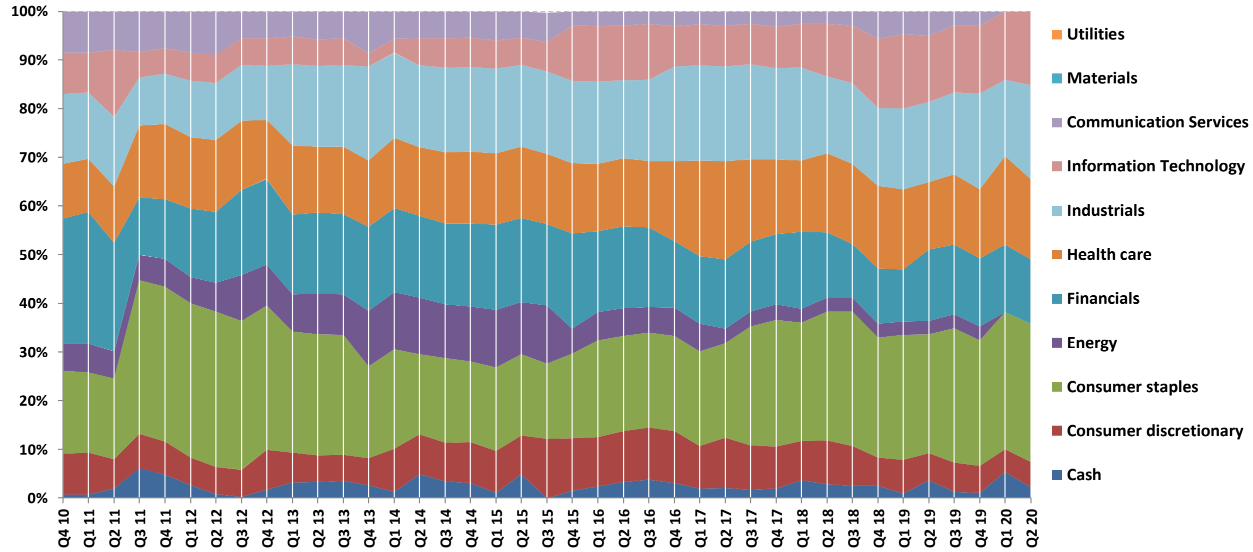
Regional breakdown of the Fund versus MSCI World Index.
Source: Guinness Asset Management, Bloomberg. Data as of 30th June 2020

With regards to our UK exposure, we would note two main points, referring to the chart below; (i) the Fund has a lower exposure to the UK when considered in revenues (c.4%) versus by domicile (c.18%). This is because we have favoured UK-domiciled companies with a more global exposure (such as Unilever and Imperial Brands); and (ii) there is a larger exposure to Asia-Pacific by revenues (c.20%) than the equivalent statistic as measured by domicile (c.8%).

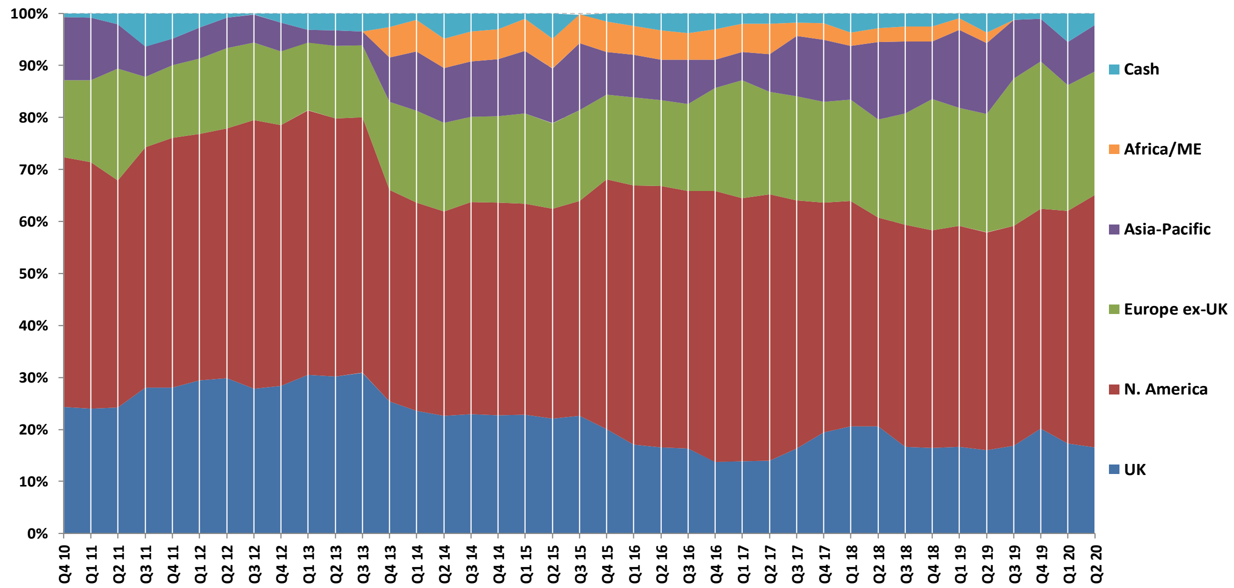


Geographic breakdown of the Fund.
Source: Guinness Asset Management, Bloomberg. Data as of 30th June 2020

The below two charts show how the exposure of the Fund has evolved since we launched the strategy in 2010.



Sector breakdown of the Fund since launch.
Source: Guinness Asset Management. Data as at 30th June 2020



Geographic breakdown of the Fund since launch.
Source: Guinness Asset Management. Data as at 30th June 2020

Outlook

The four key tenets to our approach are: quality, value, dividend, and conviction. We follow these metrics at the portfolio level to make sure we are providing what we say we will. We are pleased to report that the portfolio continues to deliver on all four of these measures relative to the benchmark MSCI World Index.

		Fund	MSCI World Index
Quality	Average 10 year Cashflow Return on Investment	17%	8%
	Weighted average net debt / equity	66%	90%
Value	PE (2020e)	18.3	23.0
	FCF Yield (LTM)	5.9%	5.5%
Dividend	Dividend Yield (LTM)	2.8% (net)	2.3% (gross)
	Weighted average payout ratio	67%	63%
Conviction	Number of stocks	35	1650
	Active share	90%	-

Portfolio metrics versus index.
Source: Guinness Asset Management, Credit Suisse HOLT, Bloomberg. Data as of 30th June 2020

The Fund at quarter end was trading on 18.3x 2020 expected price to earnings; a discount of 20.2% to the broad market. Additionally, on a free cashflow basis, the Fund trades at a 7.3% discount to the market.

With so much uncertainty as we look to the next six months, forecasting earnings is very difficult. What we can focus on with greater clarity is the balance sheet strength of our companies and we believe the holdings we have selected in the Fund remain very robust. We believe these companies are well placed to weather whatever happens next and will come out the other side ready for their next stage of growth. As investors in these companies we will receive a share of their profits each year in the form of a dividend and look forward to seeing those dividends grow in the years ahead.

We thank you for your continued support.

Portfolio Managers
Matthew Page, CFA
Dr Ian Mortimer, CFA

Analysts
Joseph Stephens
Sagar Thanki

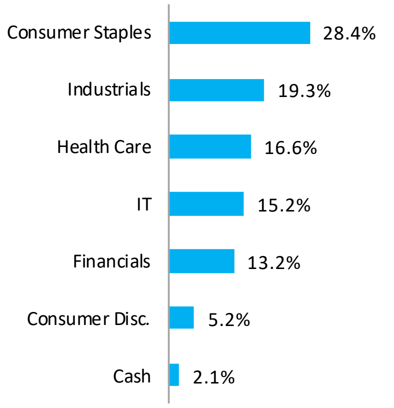
PORTFOLIO

30/06/2020

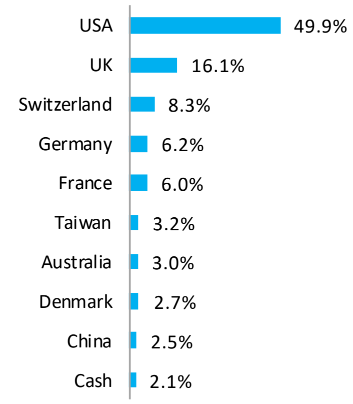
Fund top 10 holdings

Broadcom	3.3%
Taiwan Semiconductor	3.2%
Henkel AG & Co KGaA	3.2%
British American Tobacco	3.1%
Microsoft	3.1%
Danone	3.0%
Abbvie	3.0%
Deutsche Boerse	3.0%
Sonic Healthcare	3.0%
Schneider Electric	3.0%
% of Fund in top 10	30.8%
Total number of stocks held	35

Sector analysis



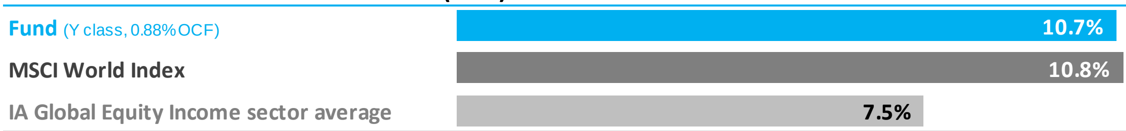
Geographic allocation



PERFORMANCE (see performance notes overleaf)

30/06/2020

Annualised % total return from launch (GBP)



Discrete years % total return (GBP)	Jun '20	Jun '19	Jun '18	Jun '17	Jun '16
Fund (Y class, 0.88% OCF)	5.7	13.7	5.3	16.1	18.9
MSCI World Index	5.9	10.3	9.3	21.6	14.4
IA Global Equity Income sector average	-2.6	8.4	3.6	19.2	9.6

Cumulative % total return (GBP)	1 month	Year-to-date	1 year	3 years	5 years	From launch
Fund (Y class, 0.88% OCF)	2.6	-2.5	5.7	26.5	74.7	155.1
MSCI World Index	2.7	-1.6	5.9	27.7	77.7	157.1
IA Global Equity Income sector average	2.1	-8.2	-2.6	9.4	42.9	95.5

RISK ANALYSIS

30/06/2020

Annualised, weekly, from launch on 31.12.10, in GBP	Index	Sector	Fund
Alpha	0.00	-0.45	1.39
Beta	1.00	0.77	0.86
Information ratio	0.00	-0.41	0.00
Maximum drawdown	-24.58	-22.41	-21.78
R squared	1.00	0.80	0.90
Sharpe ratio	0.48	0.32	0.53
Tracking error	0.00	6.58	4.68
Volatility	14.54	12.46	13.15

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. Fund launch date: 31.12.10. Fund Y class (0.88% OCF): Composite simulated performance based on actual returns of E share class (available from Fund launch), calculated in GBP. 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.

Performance data notes

1) The performance numbers displayed on the previous page are calculated in GBP (Sterling). Please note: The Fund's Y class was launched on 11.03.15. The performance shown is a composite simulation for Y class performance being based on the actual performance of the Fund's E class, which has an OCF of 1.24%, 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.

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: Link Fund Administrators (Ireland) Ltd, 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.

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'Ile, 1204 Geneva, Switzerland.

Singapore

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

Telephone calls will be recorded and monitored.