Guinness Sustainable Global Equity Fund

Investment Commentary – August 2022

This is a marketing communication. Please refer to the prospectus and KIID for the Fund, which contain detailed information on the Fund's characteristics and objectives, before making any final investment decisions.
Past performance does not predict future returns.

ABOUT THE FUND

Launch date	15.12.2020
Index	MSCI World Index
Sector	IA Global
Team	Sagar Thanki CFA Joseph Stephens CFA

Aim

The Fund is a global growth fund designed to provide exposure to high quality growth companies, with sustainable products and practices. The Fund holds a concentrated portfolio of midcap 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 | Risk & reward | 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 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

31/07/2022	YTD	1 Yr	Launch*
Fund	-9.9	-1.5	15.9
Index	-4.5	3.8	17.2
Sector	-8.5	-2.9	8.8

Full discrete 12m performance is shown at the end of this commentary. Source: FE fundinfo, 0.89% OCF, bid to bid, total return. *Launch date 15/12/2020. 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 performance shown has been reduced by the current OCF of 0.89% per annum. Returns for share classes with different OCFs will vary accordingly. The performance returns do not reflect any initial charge; any such charge will also reduce the return.

SUMMARY

In July, the Fund returned 13.3% (in GBP), whilst the MSCI World Index returned 7.7%. The Fund therefore outperformed the Index by 5.5%.

Year-to-date, the Fund has returned -9.9% (in GBP), whilst the MSCI World Index has returned -4.5% (in GBP). The Fund has therefore underperformed the Index by 5.4%.

From the beginning of the year to late May, the style rotation into more defensive, value-orientated stocks was a drag on Fund performance. More recently, however, investors' growing fear that rate rises might tip economies into recession, requiring rate cuts sooner than expected to fuel growth, led to a rotation in favour of growth stocks to the end of July. This was a tailwind for the Fund.

Further, although the US Fed followed up June's 75bp interest rate rise with another, a mixed set of economic data and company data leaves uncertainty as to the Fed's future interest rate path.

Earnings season has so far been positive, with Big Tech businesses generally more positive on outlooks, payment businesses such as Visa indicating a strong pick-up in spending on services and cross-border payments, and the US personal consumer index growing at 1% (albeit down from 1.8% the previous month).

The latest quarterly US GDP growth figure of -0.9%, however, means the US has now entered a technical recession (two consecutive quarters of GDP contraction; although the US does not use this definition and instead relies on a determination by a group of researchers at the National Bureau of Economic Research based on a broader range of factors).

Overall, the Fund's outperformance over the month can be attributed to:

- The Fund's overweight exposures to IT and Industrials through both positive asset allocation and stock selection. Over July, IT and Industrials – the Fund's two largest overweight exposures – were the 2nd and 3rd best-performing sectors, whilst positive earnings reports from Fund holdings (such as Cadence Design Systems up 24.0%, USD, and Worldline up 18.49%, USD) led to a robust stock selection effect.
- The Fund's overweight exposure to Health Care. Although this was negative from an asset allocation perspective (with the sector's more defensive characteristics out of favour), positive stock selection more than offset this.
- Conversely, the Fund's lack of exposure to Consumer Discretionary stocks – the best-performing sector over the month – led to negative asset allocation and a relative drag on performance.

Again, whilst the significant outperformance of value stocks throughout much of the year has been a drag on performance, it is pleasing the Fund has remained well positioned vs ESG peers and continues to move up the rankings. Since launch the Fund ranks in the top quartile of ESG peer funds* within the IA Global Sector.

Total return in GBP as of 31.07.2022	YTD		1 Year	Rank (Quartile)	2021	Rank (Quartile)	Since launch	Rank (Quartile)
Guinness Sustainable Global Equity	-9.9%		-1.5%		27.8%		15.9%	
MSCI World	-4.5%		3.8%		22.9%		17.2%	
Avg. ESG peer fund*	-12.1%	n/a^	-6.16%	9/44 (1st)	17.0%	2/44 (1st)	6.1%	6/44 (1st)

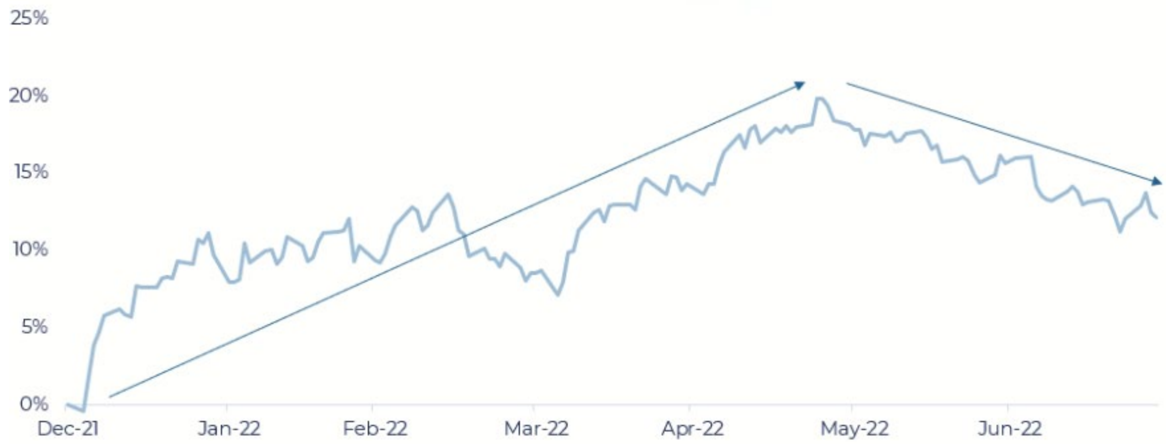
Source: Bloomberg, Cumulative Total Return in GBP
**A custom universe of 44 funds created by screening the IA Global Sector for all Responsible, Sustainable and Impact funds which have similar investment policies and risk profiles to the Guinness Sustainable Global Equity Fund. ^YTD ranking not shown in order to comply with European Securities & Markets Authority rules*

REVIEW

Growth back in favour?

From the beginning of the year until late May, investors sought safety as inflationary pressures and the war in Ukraine pressured businesses and consumers and led central banks to raise rates aggressively to combat decade-high inflation. This led to a significant outperformance of the MSCI World Value Index compared to the MSCI World Growth Index (albeit both fell). Specifically, since the beginning of the year to 24th May, the MSCI World Value has outperformed MSCI World Growth by 20.59% (USD). Whilst we avoided many of the more speculative growth businesses which were hardest hit, this factor rotation was a drag on Fund performance.

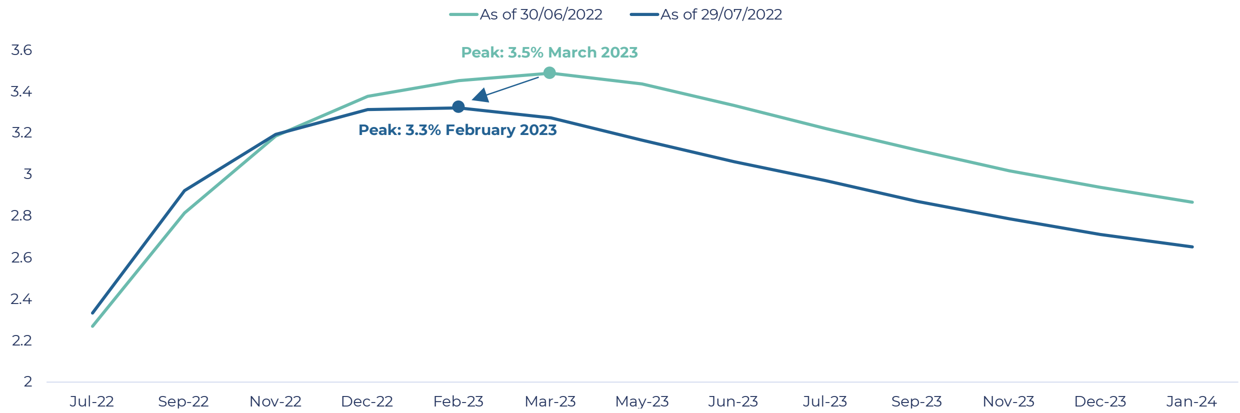
Relative performance of MSCI World Value and MSCI World Growth indices (Value – Growth)



Source: Bloomberg, Guinness Global Investors. Data as of 29.07.2022 in USD

However, since 24th May, investors have become increasingly worried that central banks' aggressive monetary tightening policies may tip economies into a recession (with the US economy in fact falling into a technical recession by month-end). This led investors to forecast rate *cuts* sooner than previously expected to fuel growth in a recessionary environment. By the end of July, investors were predicting rate cuts from the Fed sooner and from a lower peak than had been forecasted one month previously.

Implied US Policy Rate (%)

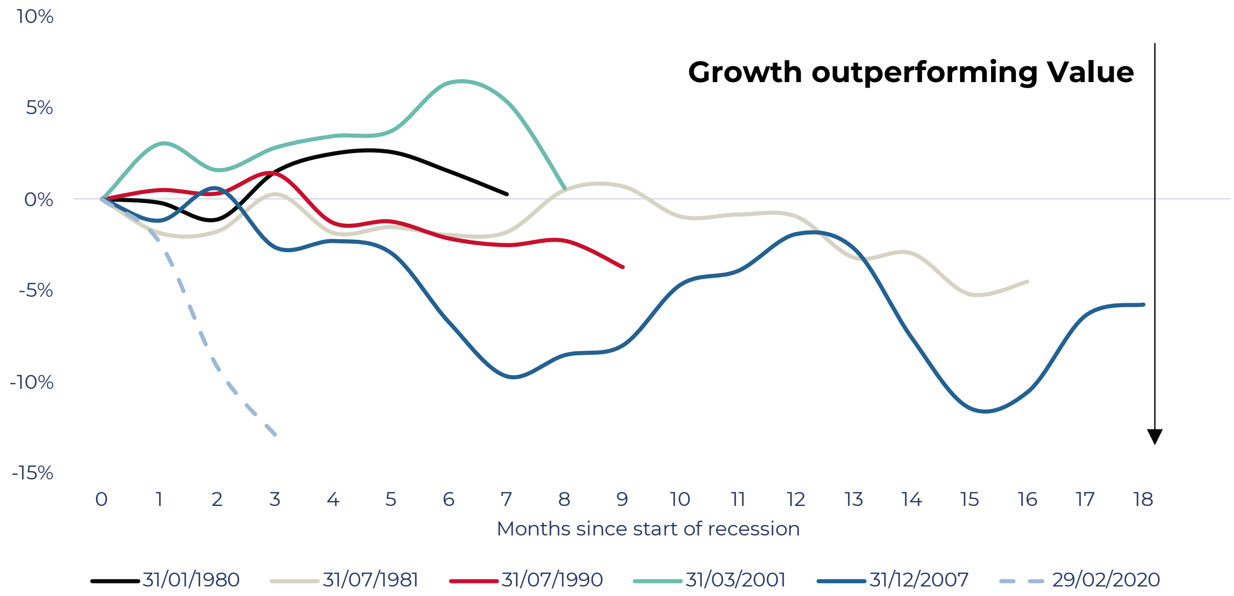


Source: Bloomberg, Guinness Global Investors. Data as of 29.07.2022

This had two benefits for growth stocks: 1) in a low-growth recessionary environment, it becomes increasingly important to invest in businesses that can actually continue to grow, and 2) a lower interest rate sooner would lower the discount rate applied to company valuations, lifting stock prices. The net effect was a rotation back in favour of growth businesses. Over the period 24th May to 31st July, MSCI World Growth outperformed MSCI World Value by 10.50% (USD).

This emphasis on companies that can continue to grow in a low-growth environment is highlighted by the fact that over the last six recessions in the US, growth has tended to outperform value as investors have sought sustainable growth in earnings.

Relative performance of MSCI World Value and MSCI World Growth indices (Value – Growth) in last six US recessions



Source: Bloomberg, Guinness Global Investors. Data as of 29.07.2022 in USD

Whilst the Fund remains behind the MSCI World Index over the year to 31st July, it has made up good ground. Its focus on quality growth businesses through a low-growth or recessionary period should stand it in good stead for the remainder of the year.

COMPANY EARNINGS

So far so good

All eyes were on earnings season, which began in the last week of July. Investors looked for signs of a recovery in economies and easing margin pressures which may impact future central bank rate decisions. To date, companies have on average surprised to the upside, with positive outlooks from Big Tech and payment companies in particular helping lift the market in the last week of July. Among the Fund's holdings, all nine of those which have reported have beaten analyst expectations for sales and earnings.

Examples include:

Cadence is a leading provider of simulation and optimisation software helping customers reduce time to market and development costs. In the second quarter, the company reported sales growth of 18% year-on-year, beating estimates by 2.5%, with double-digit growth across each reporting segment. Alongside this, operating margins expanded to 42.2% (up from 39.6% a year ago). Guidance was also raised for the full year 2022 to 16.5% sales growth and 39.25-40.25% operating margins. Cadence further announced two new acquisitions – Future Facilities, a software firm providing electronic cooling analysis and energy performance optimisation, and OpenEye Scientific, which provides computational molecular modelling and simulation software. Both acquisitions continue to expand Cadence's addressable market and simulation expertise.

Worldline – Alongside other payment businesses such as Visa and PayPal, which reported increasing consumer spending on services and cross-border payments, Worldline reported similarly positive results that sent the stock up 13.8% (USD) on the day. Indeed, the business reported merchant growth of 10% (new merchants and stores signing up to the payment provider), with payment volumes up 30% year-on-year and 28% vs 2019 (pre-pandemic). This growth has been felt both in-store and online, growing 20% and 31% respectively. Whilst 2021 was a tough year for Worldline as the pandemic significantly affected in-store payments and the broader payments space, we have held onto the thesis that the stock was subsequently undervalued and that the market was underappreciating both the future rebound in the payments space and the reshaping of the business – for example, it is set to complete the disposal of its hardware terminal business in 2H 2022.

Thank you for your continued support.

Portfolio Managers

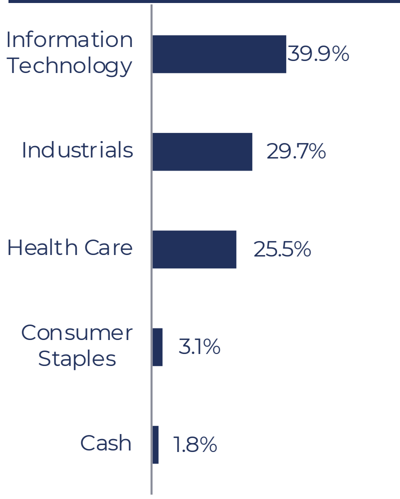
Joseph Stephens, CFA
Sagar Thanki, CFA

PORTFOLIO

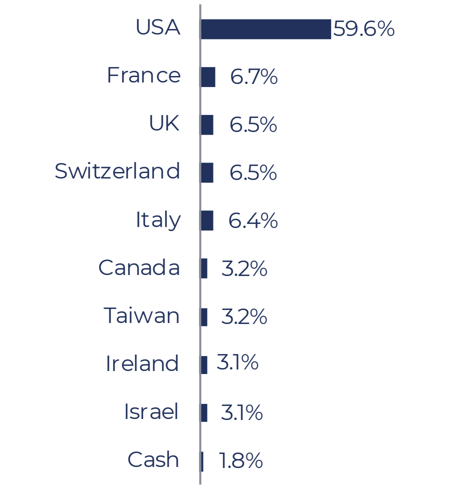
Fund top 10 holdings

Worldline	3.6%
Cadence Design Systems Inc	3.6%
ANSYS Inc	3.4%
Trex Co Inc	3.4%
IDEX Corp	3.4%
KLA-Tencor	3.4%
Teradyne Inc	3.4%
Spirax-Sarco Engineering	3.4%
Interroll Holding	3.4%
Fortive Corp	3.4%
% of Fund in top 10	34.4%
Total number of stocks	30

Sector analysis



Geographic allocation



PERFORMANCE

Past performance does not predict future returns.

Discrete years % total return (GBP)	Jul '22
Guinness Sustainable Global Equity (0.89% OCF)	-1.5
MSCI World Index	3.8
IA Global sector average	-2.9

Cumulative % total return (GBP)	YTD	1 year	Launch*
Guinness Sustainable Global Equity (0.89% OCF)	-9.9	-1.5	15.9
MSCI World Index	-4.5	3.8	17.2
IA Global sector average	-8.5	-2.9	8.8

RISK ANALYSIS

Annualised, weekly, since launch, in GBP	Index	Sector	Fund
Alpha	0.00	-3.32	-1.58
Beta	1.00	0.84	1.14
Information ratio	0.00	-0.81	-0.09
Maximum drawdown	-14.55	-18.11	-24.78
R squared	1.00	0.81	0.78
Sharpe ratio	0.49	0.10	0.33
Tracking error	0.00	5.98	8.49
Volatility	13.60	12.66	17.57

*Fund launch date: 15.12.2020.

Fund returns are for share classes with a current Ongoing Charges Figure (OCF) of 0.89%; returns for share classes with a different OCF will vary accordingly. Source: FE fundinfo bid to bid, total return.

IMPORTANT INFORMATION

Issued by Guinness Global investors, a trading name of Guinness Asset Management Limited, which is authorised and regulated by the Financial Conduct Authority.

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