Guinness Sustainable Global Equity Fund

Investment Commentary - September 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
Benchmark	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

31/08/2022	YTD	1 Yr	Launch*
Fund	-13.8	-8.0	10.8
Index	-4.3	0.5	17.4
Sector	-8.0	-5.6	9.4

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

For the month of August, the Guinness Sustainable Global Equity Fund provided a total return of -4.4% (GBP) against the MSCI World Index net total return of 0.2%. Hence the fund underperformed the benchmark by 4.6%.

Whilst July offered investors some reprieve from the weak market performance that 2022 had thus far provided, August was a month of two halves. Whilst the first two weeks seemed to have continued with July's positive momentum, with the US CPI figure also coming in below expectations, the second half of the month saw some sharp drawdowns as investors digested the possibility of higher interest rates for longer. Indeed, minutes released from the US Fed's July meeting, alongside Fed Chairman Jay Powell's Jackson Hole speech, pointed to sustained elevated rates that would likely cause the economy pain for some time.

Subsequently, the market weakness in the second half of the month erased all the gains made in the first, with value stocks outperforming their growth counterparts over the full month (although both finished in negative territory). Further, the market's shift in interest rate expectations left regional returns also in the negative, with Europe as weakest region as the energy crisis continues.

Guinness Sustainable Global Equity Fund

Over the month of August, Fund performance can be attributed to the following:

- The Fund benefited from having no exposure to the Consumer Discretionary, Real Estate and Communication Services sectors – three weak sectors over the month.
- The Fund's relative overweight to the semiconductor industry, the weakest industry over the month, was conversely, a drag on performance.
- Finally, stock selection with the Fund's Industrial and Healthcare sectors was the largest drag on performance with Trex (Industrials) and Sonova (Healthcare) falling significantly on weaker earnings outlooks.
- Whilst the Fund did underperform over the month, most of the deficit came in the first two weeks with stock specific downgrades dragging down performance. However, what is relatively pleasing is the Fund's outperformance vs the MSCI World Growth Index in the last two weeks of the month when stocks, and particularly growth stocks, fell sharply.

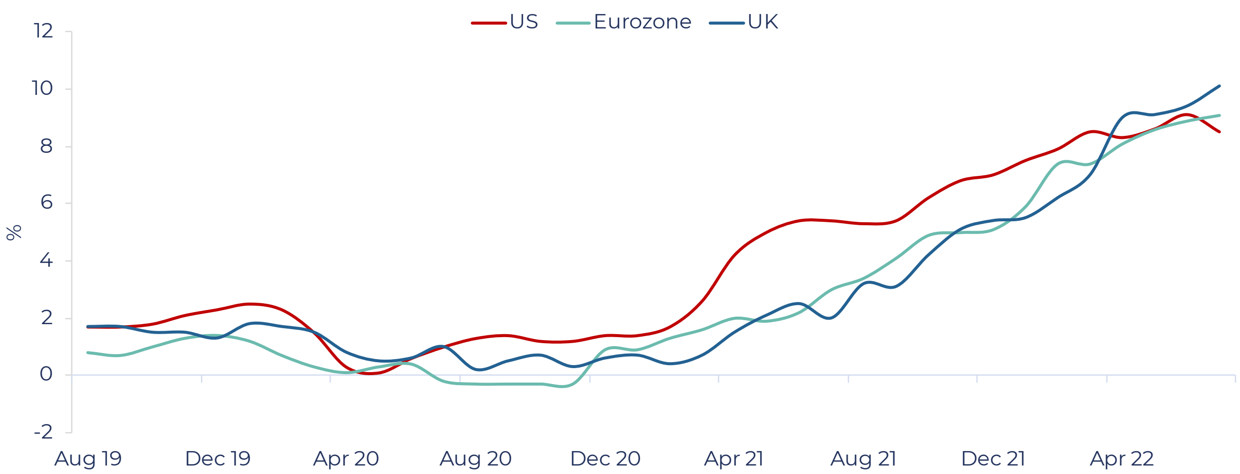
Whilst the short-term performance has been weaker, it is pleasing to see the fund has outperformed the average of ESG peers since launch.

Total return in GBP as of 31.08.2022	YTD		1 Year	Rank (Quartile)	2021	Rank (Quartile)	Since launch	Rank (Quartile)
Guinness Sustainable Global Equity	-13.8%		-8.0%		27.9%		10.8%	
MSCI World	-4.3%		0.5%		22.9%		17.4%	
Avg. ESG peer fund*	-10.7%	n/a^	-8.5%	40/66 (3rd)	19.2%	3/61 (1st)	8.0%	29/61 (2nd)
IA Global Sector Average	-8.0%	n/a^	-5.6%	314/489 (3rd)	17.7%	16/461 (1st)	9.4%	235/461 (3rd)

Source: Bloomberg, Cumulative Total Return in GBP, as of 31st August 2022
**A custom universe of 72 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*

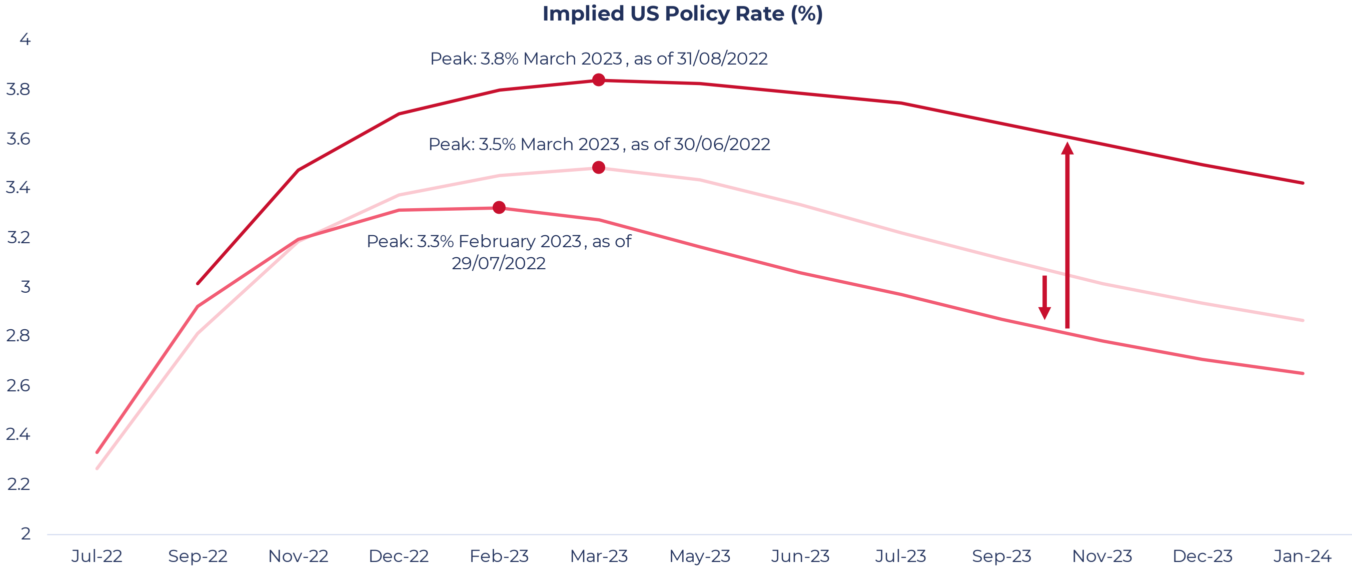
MONTH IN REVIEW

Following a strong July for equity markets, with investors forecasting that the US Fed would begin cutting rates sooner and from a lower peak than had been forecasted one month prior in order to avoid a recession, August looked to be much the same. The US Consumer Price Index (CPI) headline rate fell more than expected to 8.5% (versus 8.7% forecasted) which, although still at decade highs, pointed to a decreasing need for aggressive central bank tightening. In contrast, the ongoing energy crisis in Europe and the UK led respective their CPIs to continue to grow. In all, the start of the month was a positive one, with the MSCI World Index up 3.65% (USD) to the 16th August, led by growth stocks.



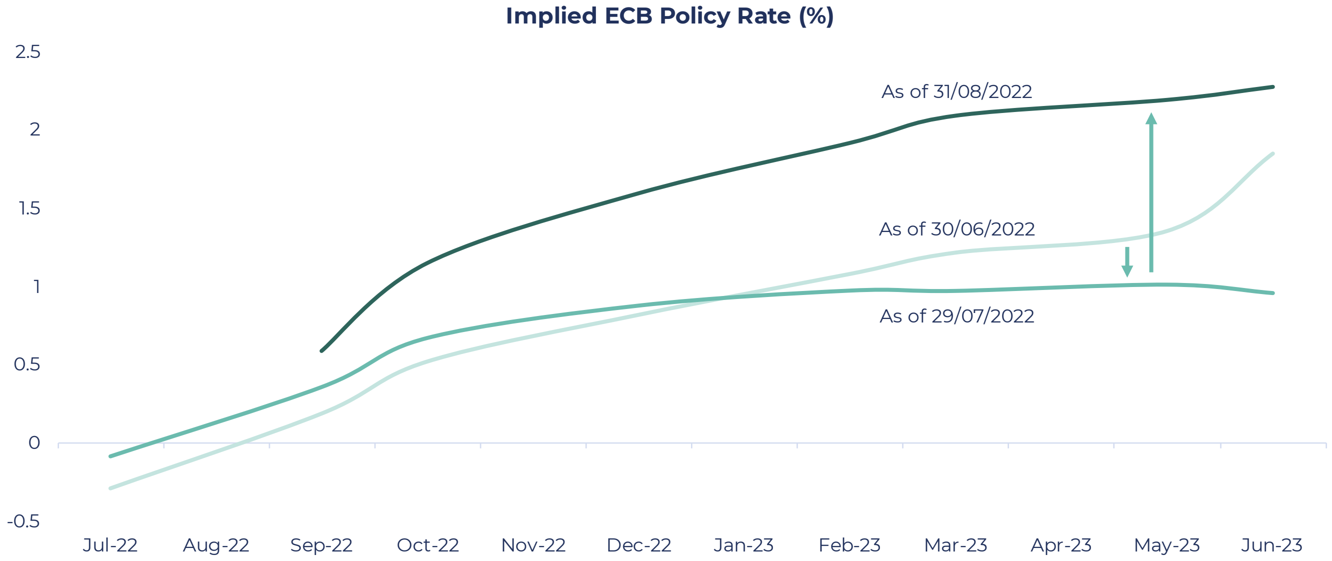
Source: Bloomberg, as of 31/08/2022

However, the market peaked as minutes released from the US Fed's July meeting (when rates were raised by 75bps) revealed officials discussed the need to keep interest rates at levels that will restrict the economy "for some time", whilst Jay Powell declared at his Jackson Hole speech that there would very likely be softening labour markets and some pain for households and businesses. The hawkish commentary sent markets down sharply, with the MSCI World Index down 2.67% (USD) after the Jackson Hole speech on the 26th August. As a result, investors, which had forecasted sooner-than-expected cuts at the end of July, now reversed their expectations – the market now expects the US Fed to raise rates to a peak of 3.8% (versus 3.3% at the end of July).



Source: Bloomberg, as of 31/08/2022

Similarly, the market shifted up its expectations for the European Central Bank (ECB) policy rates, now forecasting a rate of 2.3% in June 2023 from 1.0% expected as of the end of July.



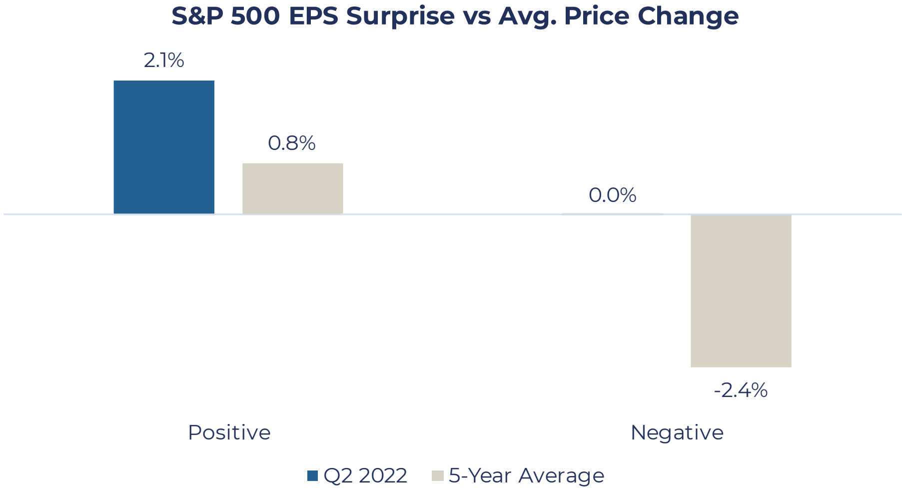
Source: Bloomberg, as of 31/08/2022

Growth stocks were subsequently hit hardest with the MSCI World Growth Index down 9.1% from the 16th to month-end. Consequently, value stocks outperformed growth over the month (although both were in negative territory) which was a drag on Fund performance. Further, with the energy crisis and relatively larger jump in rate expectations in Europe, the region was the weakest performer over the month. The Fund's relative overweight exposure to Europe was also a drag on performance.

EARNINGS SEASON

With earnings season coming to a close, it is useful to assess the broad market reaction to what was a particulary important earnings season as an indication of how businesses are faring with continued supply chain issues, inflationary pressures, and weakening consumer sentiment.

As of the 5th August, when 87% of S&P 500 companies had reported results, 75% had reported EPS surprises, whilst 70% had reported positive revenue surprises. Interestingly, the market has reacted very positively to positive EPS surprises (price increase of 2.1% versus a 5-year average of 0.8%), whereas the market has *not* punished compaines that reported negative EPS surprises on average.



Source: FactSet, as of 05/08/2022

Seemingly, investors were much more focused on company outlooks, with markets reacting positively to more optimistic outlooks, even if the prior quarter was weak. According to FactSet, companies' outlooks have been *less* negative than average: 58% of S&P 500 companies have issued negative Q3 2022 EPS guidance vs the 5-year average of 60% and 10-year average of 67%. A prime example would be Amazon Inc, which reported Q2 EPS of -$0.20 vs expectations of +$0.12 but was up 10.4% on the day as investors welcomed a more positive outlook than had been expected.

Looking more specifically at Fund holdings, and their performances over the month, we identify two strong and two weaker holdings over the month.

Arista Networks (+2.8% in USD in August):

Arista, the networking business specialising in high-speed data flow primarily used in data centres, was the Fund's best-performing stock. The company reported Q2 earnings on 1st August which surpassed EPS estimates by 18%, resulting in year-on-year growth of 56%, whilst Q3 guidance was also ahead of expectations. This comes despite continued decommitments from suppliers during the quarter which weighed on margins (as more expensive alternatives had to be sourced). However, Arista's large exposure to cloud titans such as Meta and Amazon remains healthy, as these customers' forecasted capital expenditure for 2022 remains strong.

Keysight Technologies (+0.8% in USD):

A recent addition to the portfolio, Keysight is a provider of electronic design and test solutions that are used in the simulation, design, validation, manufacture, installation and optimization of electronics systems in the communications, networking and electronics industries. In a similar vein to Arista, Keysight reported results (17th August) that beat EPS expectations and raised guidance for the full 2022 year to 20% (vs 14-15% prior). This left the company as the Fund's second-best performer over the month. With limited commentary on order pull-forwards, and against a backdrop of supply chain issues, these latest results give us confidence on the company's growth sustainability.

Sonova (-25.9% in USD):

While Sonova, the manufacturer of hearing aids and broader solutions, did not report earnings during the month, management did release a profit warning which sent the stock down 15.9% on the day. The company had been one of the best performing medical technology business year-to-date, but management cut their guidance for the year from 17-21% sales growth and 12-18% adjusted EBITDA growth, to 15-19% and 6-10% respectively, citing subdued market conditions and inflationary pressures. Whilst the downgraded guidance is obviously not positive for the business, Sonova now trades on a valuation in line with the broader European healthcare equipment industry. This is despite Sonova exhibiting higher growth and wider margins, and gives us confidence that there is upside to the investment and that the price reaction was possibly an overreaction.

Trex (-27.5% in USD):
Trex was the Fund's weakest performer over the month after reporting weak forward guidance that sent that stock down 15.0% on the day. Indeed, whilst the company beat estimates for Q2 EPS by 17%, management pointed to significantly weaker 2H22 sales, now expecting *declines* of 7-9% for the full 2022 year, from previously expecting increases by strong double digits. Management pointed to inventory destocking and weakening end market demand as the causes. From a fundamental perspective we continue to favour the business with its strong market leadership in a high=growth market, but acknowledge the business's higher sensitivity to weaker consumer spending in a low-growth environment. We will continue to monitor the stock.

We thank you for your continued support.

Portfolio Managers

Joseph Stephens, CFA

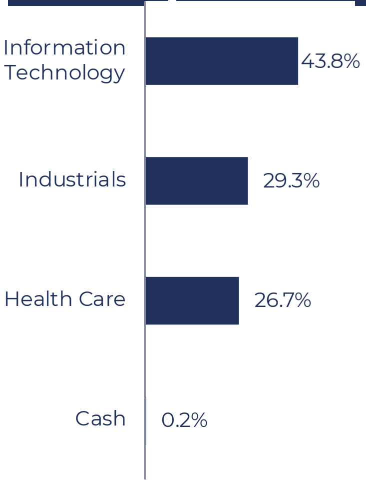
Sagar Thanki, CFA

PORTFOLIO

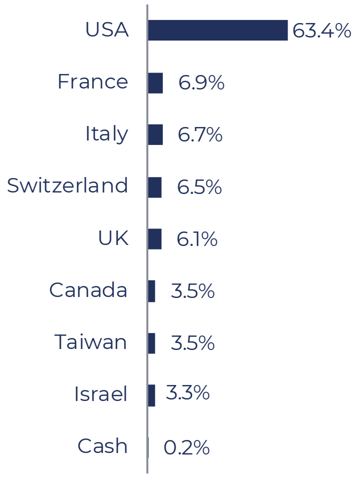
Fund top 10 holdings

Worldline	3.9%
Arista Networks Inc	3.8%
Cadence Design Systems Inc	3.7%
Fortive Corp	3.6%
IDEX Corp	3.6%
Jazz Pharmaceuticals	3.6%
KEYSIGHT TECHNOLOGIES IN	3.6%
WSP Global Inc	3.5%
Delta Electronics Inc	3.5%
STERIS	3.5%
% of Fund in top 10	36.3%
Total number of stocks	30

Sector analysis



Geographic allocation



PERFORMANCE

Annualised % total return from strategy inception (GBP)*	31/08/2022
Guinness Sustainable Global Equity (0.89% OCF)	6.2%
MSCI World Index	9.8%
IA Global sector average	5.4%

Discrete 12m % total return (GBP)	Aug '22
Guinness Sustainable Global Equity (0.89% OCF)	-8.0
MSCI World Index	0.5
IA Global sector average	-5.6

Cumulative % total return (GBP)	YTD	1 year	Launch*
Guinness Sustainable Global Equity (0.89% OCF)	-13.8	-8.0	10.8
MSCI World Index	-4.3	0.5	17.4
IA Global sector average	-8.0	-5.6	9.4

RISK ANALYSIS

Annualised, weekly, since launch, in GBP	Index	Sector	Fund
Alpha	0.00	-2.37	-4.49
Beta	1.00	0.83	1.13
Information ratio	0.00	-0.68	-0.43
Maximum drawdown	-14.55	-18.11	-24.78
R squared	1.00	0.81	0.77
Sharpe ratio	0.52	0.20	0.17
Tracking error	0.00	5.97	8.52
Volatility	13.70	12.61	17.59

*Fund launch date: 15.12.2020.
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. Source: FE fundinfo bid to bid, total return (0.89% OCF).

GUINNESS GLOBAL INVESTORS

IMPORTANT INFORMATION

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

This report is primarily designed to inform you about 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.