Guinness Sustainable Global Equity Fund

2022 Annual Review

This is a marketing communication. Please refer to the prospectus and KID/KIID, 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
Fund Size	£12.0M
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

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. Further details on the risk factors are included in the Fund's documentation, available on our website.

PERFORMANCE

Past performance does not predict future returns

31/12/2022	1 Yr	Launch*
Fund (%)	-16.3	7.6
Index (%)	-7.8	13.1
Sector (%)	-11.1	5.7

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

SUMMARY

Having outperformed the MSCI World Index during 2021 by 4.9% (GBP), in 2022, the Fund underperformed the benchmark by 8.4%.

Pleasingly, however, the Fund has outperformed the MSCI World Growth Index in both a strong equity market year (2021) and weak year (2022) by 5.6% and 4.0% respectively.

Amongst a peer group of all the 'ESG funds' we identify in the IA Global sector, the Fund ranked within the 3rd quartile over the year and ranks 2nd quartile since launch. This group includes funds employing various ESG methodologies, from exclusionary and risk integration to sustainable and impact funds. For more details, please see page 17.

This 2022 performance was unsurprising given the Fund's greater growth focus. On the positive side, the Fund avoided many of the speculative unprofitable tech businesses that were large drags for various peer funds.

The Fund has $14.6m in AUM as of the end of its second full calendar year since launch.

PERFORMANCE ATTRIBUTION

Over the course of 2022, high levels of inflation and a strong jobs market spurred global central banks to tighten monetary policy at a historically high pace. This drove markets towards value-orientated stocks, with the MSCI World Value Index outperforming the MSCI World Growth Index by 26.4% in GBP terms over the course of 2022. This acted as a headwind to the Fund.

However, during the year, a significant divergence in performance emerged between more 'speculative' stocks with more extreme valuations, and 'quality growth' stocks where current valuations place lower weight on future growth prospects. The Goldman Sachs Unprofitable Tech Index, an example of more speculative tech stocks, fell 57.6% (GBP) over the period. The Fund, with its quality focus, avoided much of this effect.

The Fund's exposure to Industrials was a significant drag through stock selection. Primarily, this was a result of Fund holding Trex (-64.9%), the Fund's weakest performer. Here, the stock's valuation was negatively affected by rising interest rates as well as a weaker consumer spending outlook.

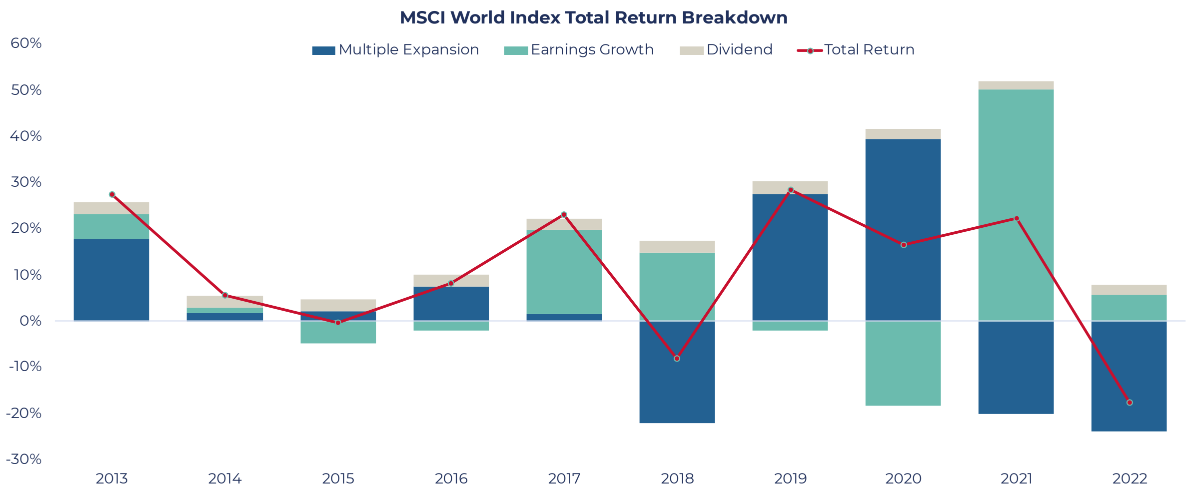
Additionally, not owning any Energy stocks, the best performing GICS sector, was a drag on performance as an energy crisis in Europe created supply shortages.

Finally, the Fund's largest overweight exposure, IT, was a positive for the Fund, despite the sector's underperformance. Strong stock selection from holdings including Checkpoint Software (+21.1%) and Jack Henry & Associates (+18.8%) more than offset the negative asset allocation.

2022 MARKET OVERVIEW

Equity markets experienced some of their weakest returns since 2008 as central banks began unprecedented monetary tightening measures to battle decade-high inflation rates, Russia invaded Ukraine creating an energy crisis in Europe, supply chains bottlenecks persisted, and China's zero-Covid policy slashed global growth prospects.

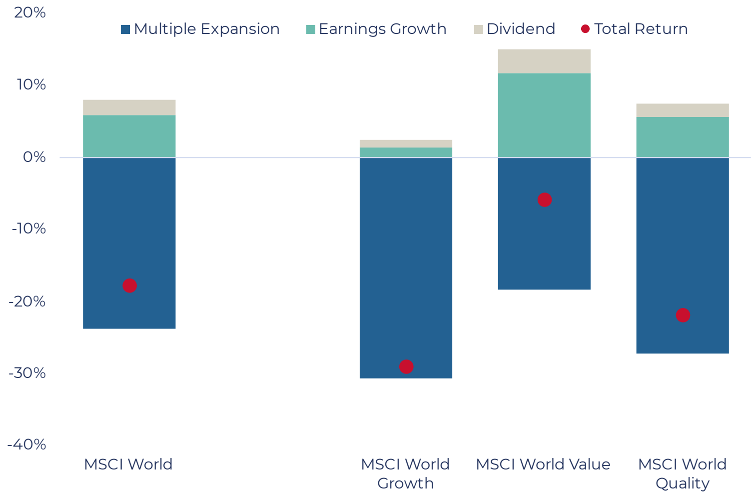
Indeed, whilst markets had enjoyed a prolonged period of ultra-low interest rates and quantitative easing, the last couple of years have seen central banks dramatically unwind such accommodative measures in pursuit of taming persistently high inflation. Subsequently, the MSCI World Net Return Index ended 2022 down 17.1% (USD), with multiple contraction the primary factor – as in 2021. And whilst markets were buoyed by robust earnings growth in 2021, this was not the case for 2022, as investors found themselves in an environment of substantially lower growth with potential recessions on the horizon.



Source: Bloomberg, data as of 31st December 2022

With interest rates on the rise, growth companies – those whose cash flows are more heavily weighted towards the future – were hit the hardest, with the MSCI World Growth Index underperforming the MSCI World Value index by 22.7%% (USD) over the year. Here, it was valuations that were significantly downgraded with the MSCI World Growth Index 1-year forward price-earnings ratio falling from 31x to 21x over the year – a fall of 32%.

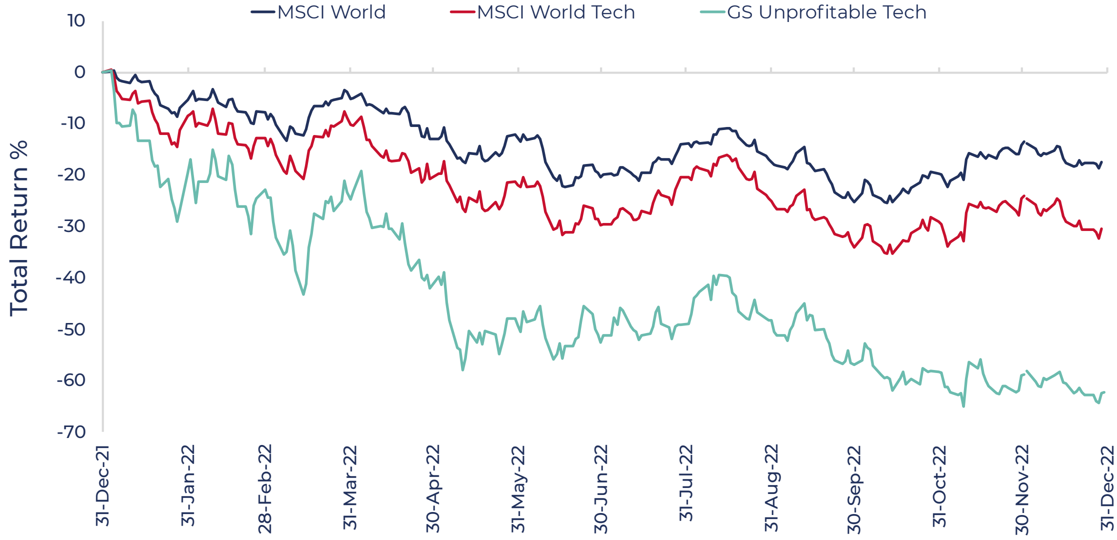
Guinness Sustainable Global Equity Fund



Source: Bloomberg, data as of 31st December 2022

However, it is important to differentiate between cyclical and structural growth. If a low-growth (and perhaps recessionary) environment persists, it is even more crucial to be invested in quality businesses that can actually grow throughout – i.e. real earnings driven by structural shifts in demand such as those underpinning the Fund philosophy. This has been felt hardest in the more speculative end of the growth spectrum, as illustrated by the weakness in the Goldman Sachs Unprofitable Tech Index (down 62.3% USD over the year).

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



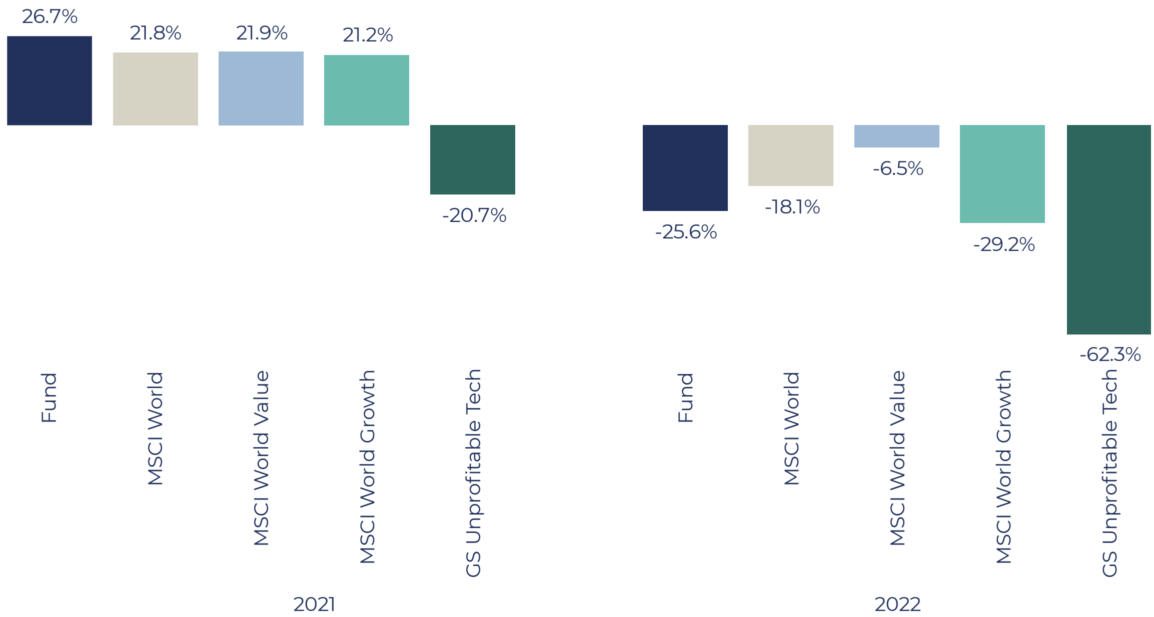
Source: Bloomberg, data as of 31st December 2022

Accordingly, while the shift in interest rates disproportionately affected the Fund's holdings which are tied to long-term structural growth themes, we did avoid many of the hardest-hit IT businesses with little or no real earnings. We believe this focus on quality growth – as opposed to growth for growth's sake – puts the Fund in good stead in this uncertain environment.

PERFORMANCE REVIEW

2022 was a difficult year for equity markets and the Fund was not excepted. Following a strong 2021 (its first full year since inception), in which the Fund outperformed the MSCI World Index by 4.9% (USD), in 2022 the Fund underperformed the benchmark by 7.5% (USD). In a year in which MSCI World Value was down only 6.5% vs the MSCI World Growth Index down 29.2%, it was not surprising the Fund with its focus on structural growth themes and mid-cap stocks, would underperform the broader MSCI World Index. However, this was not without its silver linings; it is pleasing that in both a strong equity year (2021) and a weak year (2022), the Fund has outperformed both the MSCI World Growth Index and the Goldman Sachs Non-Profitable Tech Index, owing to the Fund's quality and growth-at-a-reasonable-price philosophy.

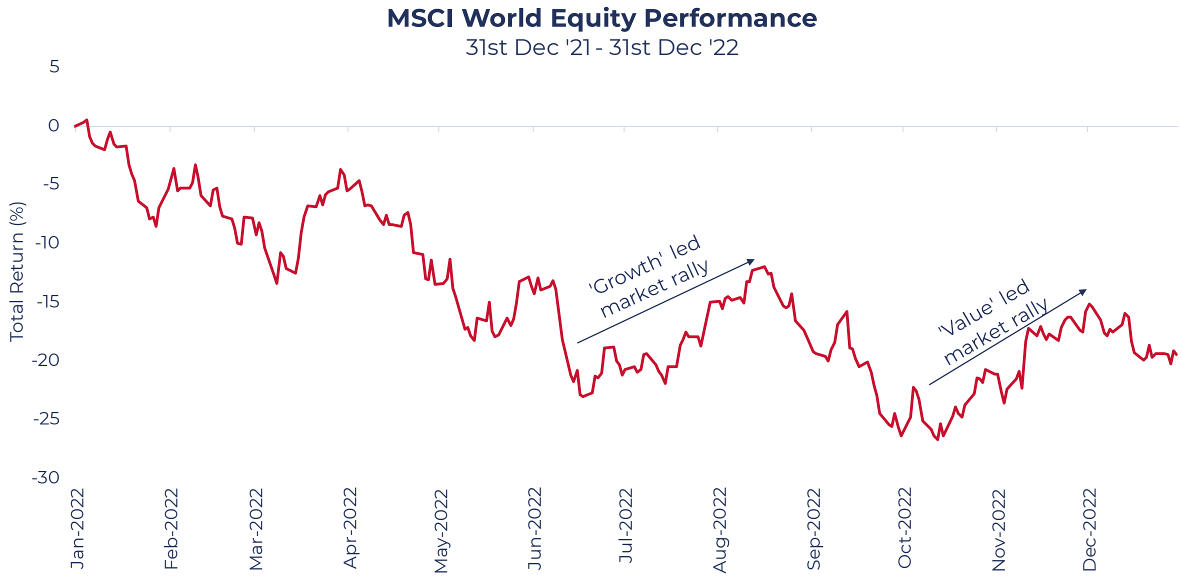
Sustainable Global Equity Fund Performance over 2021 and 2022 (USD)



Source: Bloomberg, data as of 31st December 2022

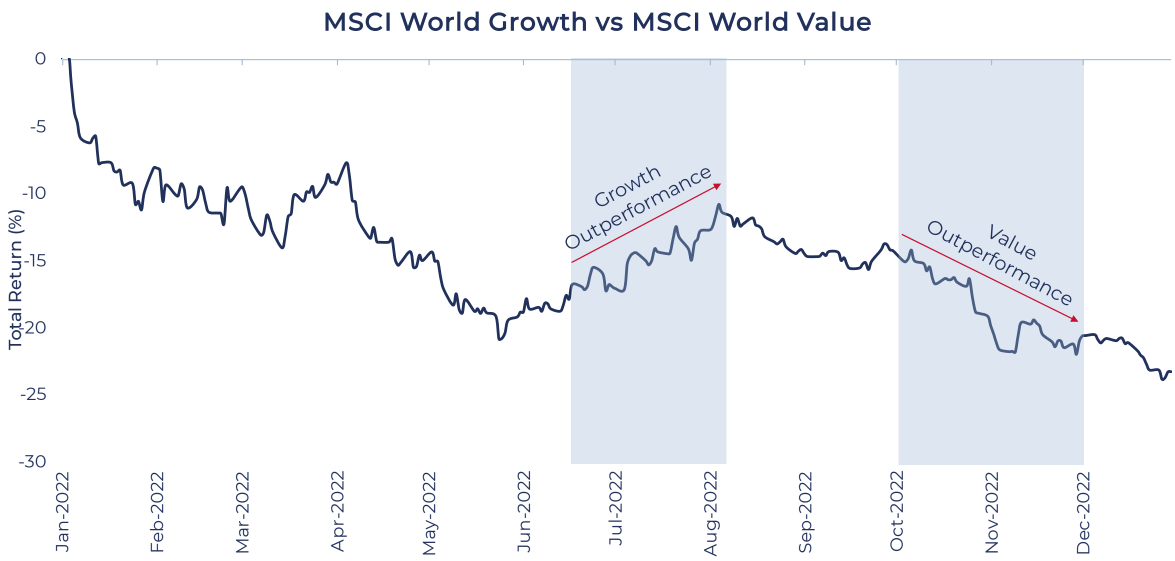
Whilst the weakness in equities across 2022 was fairly consistent, there were two noteworthy market rallies in mid-June and mid-October, in which the MSCI World rose 14.7% and 16.1% respectively, driven by differing factors.

Around mid-June, markets began anticipating a lower peak policy rate and earlier rate cuts, following dovish commentary from Fed Chair Jerome Powell. This led equity markets, and growth stocks in particular, higher. However, concerns over a dislocation between share price performance and fundamental outlook led many to muse of a 'bear market rally'. By mid-August, these fears were all but confirmed, following a broad sell-off that ensued until mid-October.



Source: Bloomberg, data as of 31st December 2022

The rally seen between mid-June and mid-August was very different to the later rally in October. First, the strength in equities seen since mid-October has been value-led, rather than growth-led. And rather than a case of strength in cyclical companies over defensive companies, whilst very volatile, the picture since mid-October has been rather more balanced.



Source: Bloomberg, data as of 31st December 2022

We can see something similar when looking from a sector perspective. In the growth-led rally seen in the summer (17th June to 16th August), the highly valued, cyclical sectors Consumer Discretionary and Information Technology outperformed all else. With the exception of Utilities, other defensive sectors such as Healthcare and Consumer Staples underperformed the MSCI World, alongside the commodity-based sectors of Energy and Materials.

The rally seen in October looked quite different. The picture is certainly less stark than what was seen in June. However, there is a small divide between growth and value. Information Technology was the only clear outperforming growth sector, and this was the only due to strong performance on the final day of the month, when Fed Chair Powell gave his strongest indication yet of a slower pace of rate hikes. Up until November 29th, Information Technology, Consumer Discretionary and Communication Services were the bottom three performing sectors over the rally. Even within cyclical stocks there is a divide between growth and value, with the more value-orientated Materials, Financials and Industrials (to an extent) sectors outperforming, and the more growth-tilted sectors of Communication Services and Consumer Discretionary significantly underperforming. Defensive sectors such as Utilities and Consumer Staples kept up broadly in line with the MSCI World.

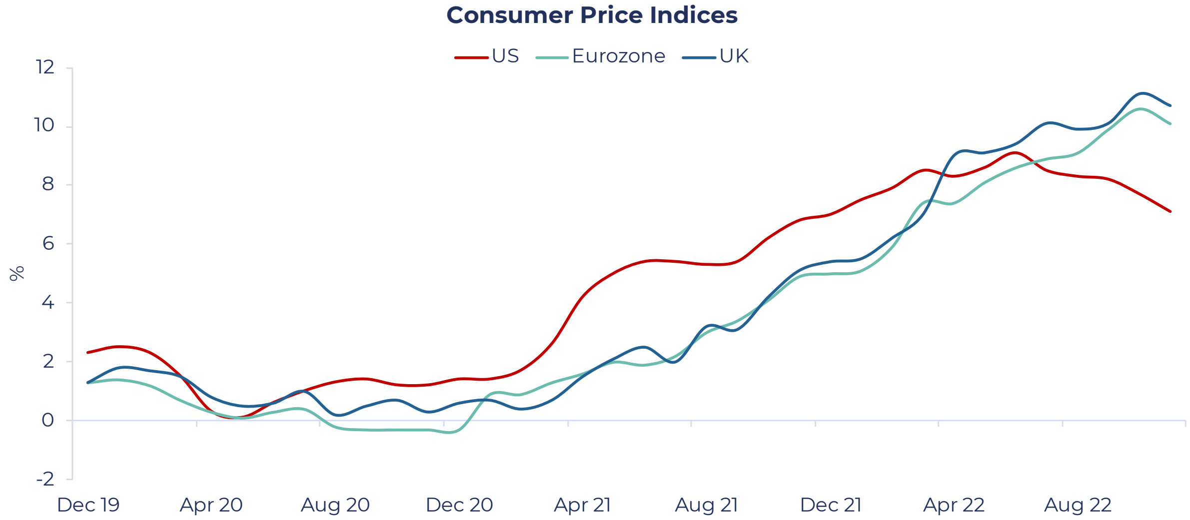
However, even with this value outperformance, the performance differential between growth and value was less stark than it was during the June rally. Both rallies have seen the MSCI World rise approximately 15%. In the growth-led rally of June, the MSCI World Growth Index outperformed the MSCI World Value Index by 9.6%. In the value-led rally of October, value outperformed growth by just 4.3%.

Pleasingly the Fund outperformed the MSCI World Index in both market rallies despite differing market drivers.

2022 MACRO REVIEW

Transitory inflation? Soft landing?

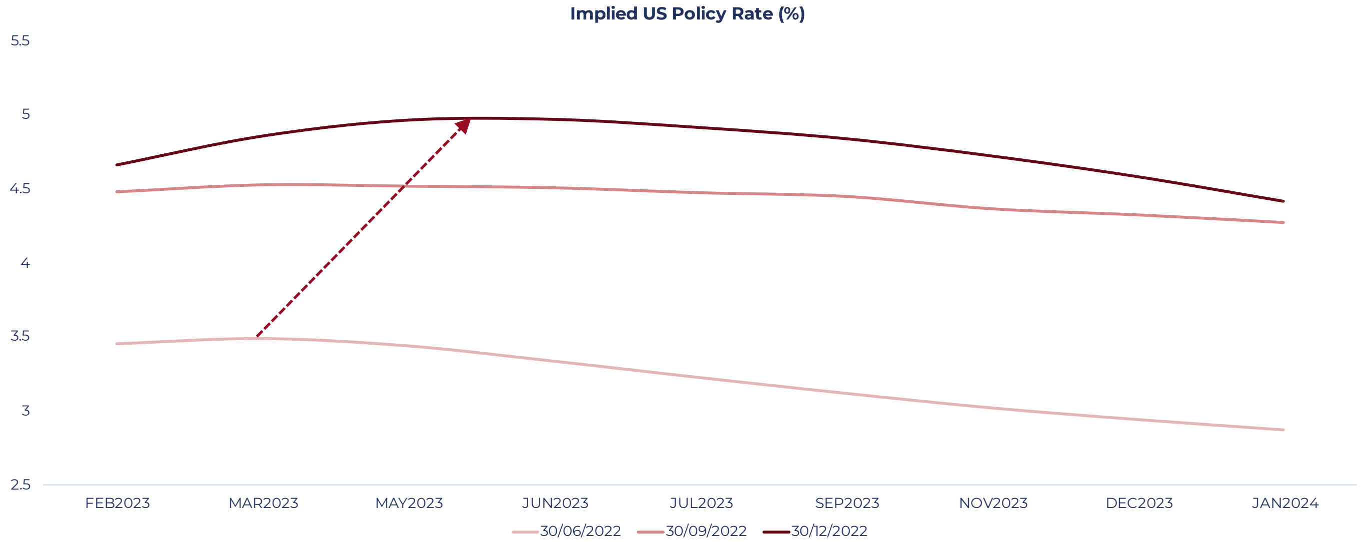
Long gone are the days where rising inflation was deemed to be 'transitory'. After a prolonged period of ultra-low interest rates, central banks began unwinding their monetary easing measures at unprecedented speeds and magnitudes. Indeed, over the course of 2022, inflation rates across the US, Europe and the UK hit decade high rates after businesses and consumers battled supply chain bottlenecks and an energy crisis in Europe – both exacerbated by Russia's invasion of Ukraine.



Source: Bureau of Labor Statistics. Eurostat. UK Office of National Statistics

In response to this 'persistent' inflation, central banks began tightening and set a course for the fasted rate-hiking cycle on record. Indeed, beginning in March 2022, the US Fed raised rates in each of the seven FOMC meetings bringing the target rate to its highest level in 15 years at 4.5%.

However, it wasn't purely central banks' current rates that negatively affected equities over the year, it was the expected trajectory of future rates and investors' evolving predictions that saw markets whip around. Below we look at option implied market expectation for the US Fed's future interest rate path at different points in time. As can be seen, investors' expectations for the Fed policy rate changed dramatically over the course of the year, with expectations on 30th June that rates would peak in March 2023 at 3.5% before the Fed would begin cutting. By year-end investors expected the Fed would instead raise rates to a peak of 5% in May 2023.

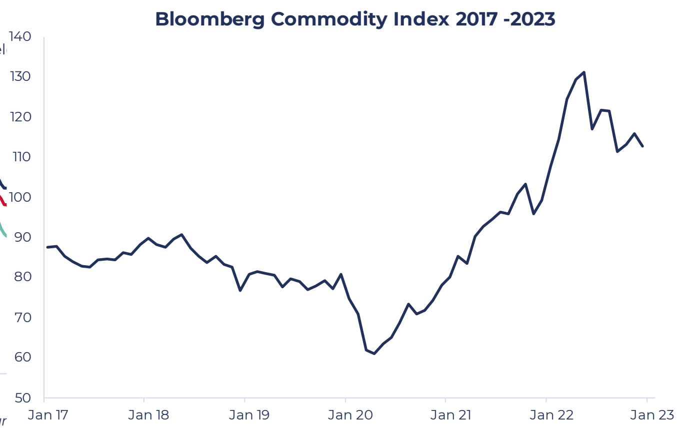


Source: Bloomberg, data as of 31st December 2022

This expectation of higher rates for longer affected growth stocks more negatively – those whose cash flows are more heavily weighted toward the future and as such are more heavily discounted. This was a negative for the Fund, with many holdings' valuations compressed substantially. However, it is important to reiterate the Fund's focus on *quality growth* as opposed to growth for growth's sake. We focus on businesses with high returns on capital that aren't overly leveraged and have real earnings – these are not the cash-burning more speculative businesses that have been hardest over the last two years.

Reasons to be optimistic on inflation

While inflation remains a headwind across many economies, we believe there is reason to be optimistic that the worst may behind us going into 2023. In the US, inflation has seemingly peaked, with many of the inflationary pressures easing including shipping costs and commodity prices.



Source: Bloomberg, data as of 31st December 2022

Aside from this, retail sales in the US remain robust – above pre-pandemic levels – unemployment remains low, and the relative strength in the US dollar means the US is not importing inflation. As a result, although Jerome Powell has indicated rate hikes are likely to continue into 2023, there is good reason to believe the pace of hikes will slow as inflationary pressures continue to ease – a move which can be expected to be taken positively by equity markets. If this is the case, and looking at the mid-June equity rally previously mentioned as a case study, this could lead to a strong Fund performance given the Fund's tilt towards mid-cap growth businesses.

Fund exposure to Russia's invasion of Ukraine

During the 1st quarter, the focus began to heavily shift to geopolitics as headlines were dominated by Russia's invasion of Ukraine. The devastating human consequences eclipse any financial ones, and as typical in times of heightened uncertainty, markets sank on the news of invasion. Russia has a very small equity exposure in the global indices, making up only 3% of the MSCI Emerging Markets Index and just 0.4% of the MSCI All-Country World Index. However, Russia is the third-largest oil producer in the world, producing about 11 million barrels per day (13% of global oil production), exporting about 4.3 million barrels per day, and supplying about 25% of Western Europe's oil imports. Russia also accounts for about 17% of global gas production and is a crucial exporter, accounting for 40% of Western Europe's gas imports.

As the war approaches its second year, it is important to reiterate the Fund's positioning. In the Fund we do not own any Russian or Ukrainian companies, nor do we own any companies domiciled in Eastern Europe. We also do not own any companies which generate a significant portion of revenue from these countries or have significant operations there. The Fund's holdings have therefore been relatively protected against some of the intense drawdowns seen elsewhere in the market.

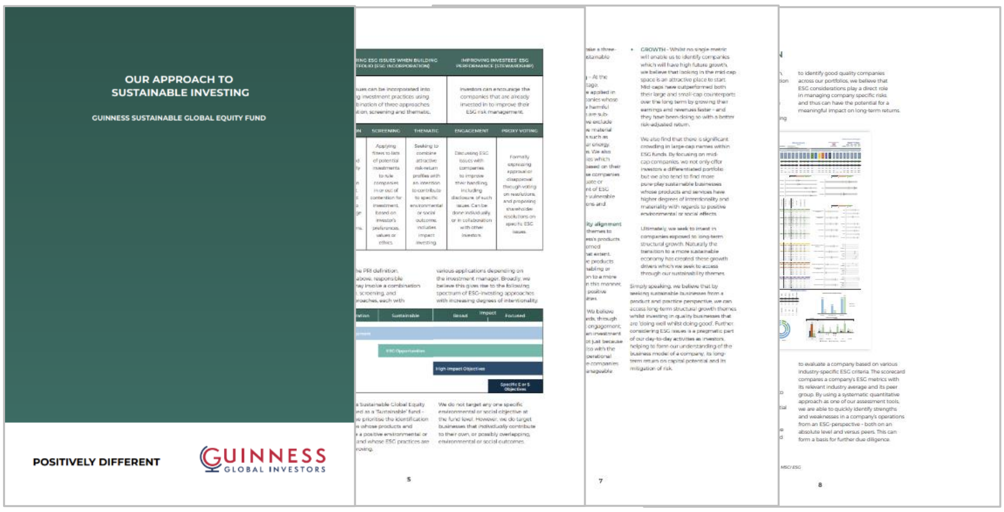
The table below demonstrates the limited exposure that the Fund's companies have to Russia and Ukraine. Exposure comes via specific holdings, and neither Russia nor Ukraine are significant contributors to company revenues. Further, local operations tend to supply the local demand.

Company	% Sales from Russia	% Sales from Ukraine	Sector
Recordati Industria Chimica	<6%	<1%	Healthcare
Kerry Group	<1%	<1%	Consumer Staples
Legrand	<2%	<1%	Industrial

Source: Company Reports, JPM estimates. As of 31st December 2022

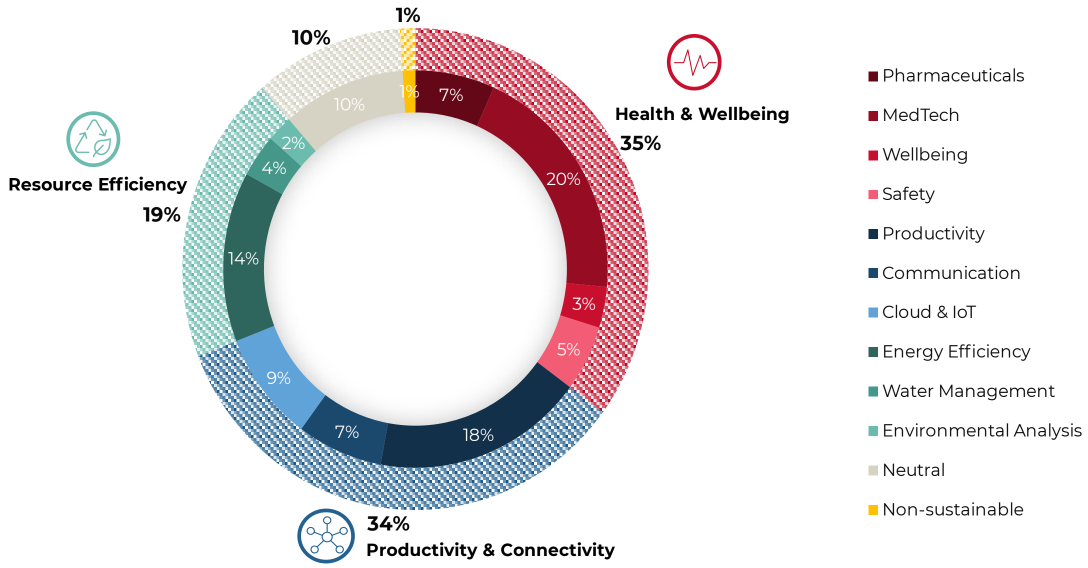
SUSTAINABILITY REVIEW

The Fund invests in businesses whose products and services are enabling or exposed to the transition to a more sustainable economy and which have good and improving ESG practices. In managing the Fund we take a multi-pronged approach, using exclusions, quantitative and qualitative reviews and active ownership. For further details, please see 'Our Approach to Sustainable Investing' available on our website.



Fund sustainability footprint

Within the Fund, we use sustainability themes and sub-themes to help guide our assessment of whether a company's products and services are enabling or exposed to a more sustainable economy. Whilst we do not target a proportion of the Fund to be invested in any one of our sustainability themes or sub-themes, we do think it gives investors a better insight into the types of exposures the holdings exhibit that a simple sectoral breakdown may not fully reflect. As can be noted from the below, the Fund has a good split between our three broad sustainability themes and their respective sub-themes.



Source: Guinness Global Investors, data as of 31st December 2022

ENGAGEMENT

At Guinness Global Investors, we believe that both individual and collaborative action around ESG issues is an important part of the investment process.

In 2022, we participated in the Carbon Disclosure Project (CDP) non-disclosure campaign, which offers investors the opportunity to engage with companies that have received the CDP disclosure request but have not yet provided a response. The objective of the annual campaign is to drive further corporate transparency around climate change, deforestation and water security, by encouraging companies to respond to CDP's disclosure requests.

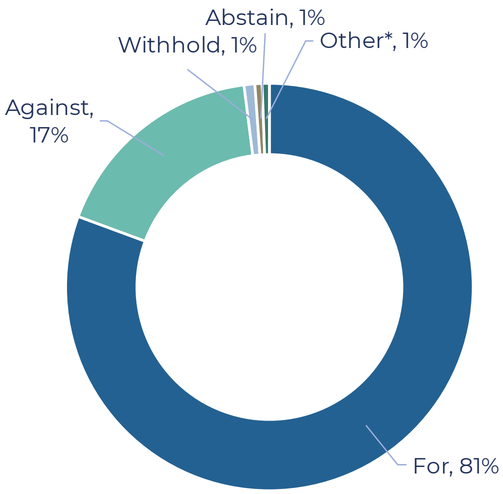
Within the Guinness Sustainable Global Equity Fund, we led a collaborative letter to Interroll requesting that they disclose to the Carbon Disclosure Project. Given the business's recent implementation of the Ecovadis platform and sustainability report that follows the Global Reporting Initiative standards, Interroll replied that they are unlikely to disclose to the CDP in the short term but will consider disclosure for the future. Whilst we are encouraged by the positive steps Interroll has taken, particularly given it remains a relatively small business (market cap c.$2bn), we have arranged a follow-up meeting with their Director of Sustainability in Q123 to discuss further.

Further, Guinness Global Investors holds a membership with Climate Action 100+, which is widely regarded as the world's leading engagement group on the issue of greenhouse gas emissions. By becoming a signatory, we further our efforts to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.

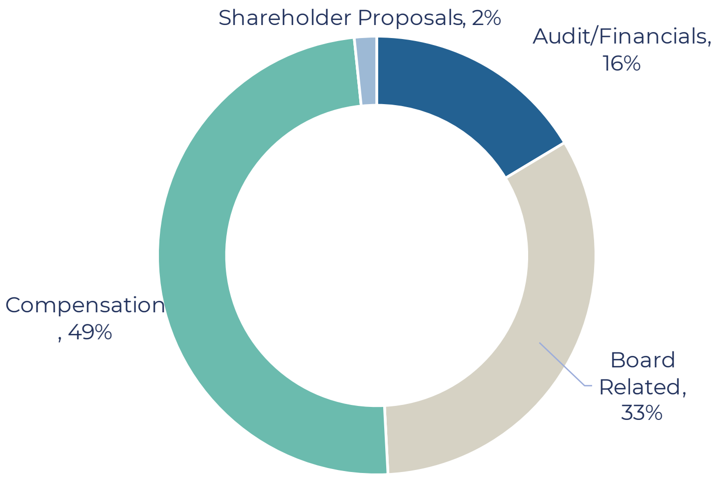
PROXY VOTING

As fund managers we exercise the voting rights of the shares entrusted to us. Our voting philosophy reflects our corporate values, our long-term perspective, and our focus on sustainable returns. Over 2022, we voted in 90% of the 390 proposals allocated to holdings within the Guinness Sustainable Global Equity Fund. It is important to note that in order to vote in some markets, such as Switzerland, some markets require shares to be temporarily immobilised from trading until after the shareholder meeting has taken place. In these instances, the team decided it would be in clients' best interests to refrain from voting – these 'non-voted' proposals accounted for the remaining 10% of proxy votes.

Voting decision of proposals voted



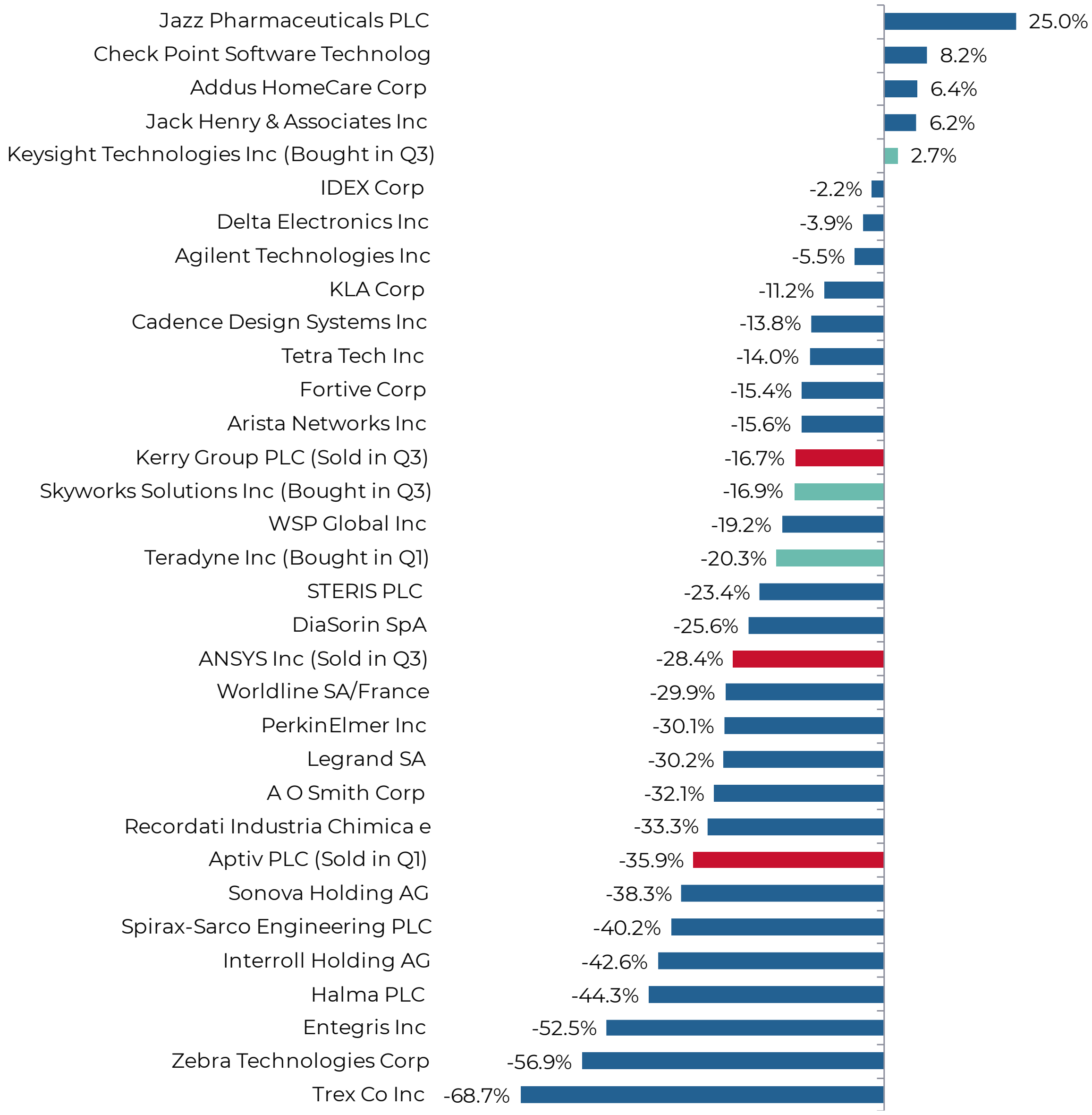
Voting decision against management



Source: Guinness Global Investors, data as of 31st December 2022

Of the proposals voted, 17% were 'Against' management. Within this, 49% of proposals voted 'Against' related to management compensation. We believe that there is good evidence to suggest that management incentive packages do indeed influence decision making, company strategy and overall company performance. We outline our thoughts in our paper 'Our approach to Executive Compensation', available on our website. Following these proposals in which we voted 'Against', we engaged with several holdings directly to request more detail and to encourage a more optimal framework.

STOCK PERFORMANCE



Source: Bloomberg, data as of 31st December 2022, in USD

Jazz Pharmaceuticals (+25.0% in USD):

We bought Jazz in July 2021, a leader in narcolepsy drugs, under the thesis that the market was being overly pessimistic on generic entry versus the company's ability to transition to its new (considerably) lower-sodium version of its headline drug, Xywav, alongside a more diversified portfolio post its acquisition of GW Pharma. Whilst the company ended 2021 relatively weak as investors digested the possibility of an accelerated generic entry given Jazz's faster than anticipated transition to Xywav (a real positive), 2022 was strong for the business. The company introduced its 'Vision 2025' outlook with expectations of $5bn in sales by 2025 – considerably higher versus market estimates. The $5bn estimate includes 60% from key new drugs, approval of at least five additional novel products by the end of the decade, and a 5% improvement in operating margin. We believe this new roadmap is a strong indication of management's drive to create a more balanced business alongside new growth drivers which draws parallels to our original thesis.

Checkpoint Software Technologies (+8.2%):

Checkpoint, which develops and markets a range of products and services for IT security, was the Fund's second best performer over the year. The business began the year well off the back of strong Q4 2021 results which beat analyst expectations. Subscription revenue, which represents around 33% of total revenue, was the main driver and grew 14% year-on-year to $204 million. Further, investors recognised that the company's trends in billings seem to have turned a corner. From Q2-2020 through Q3-2021, the company reported billings growth between 6% and 9% year-on-year, however, Q4 2021 billings growth accelerated to an impressive 14%. With $851 million in billings, it appears the company's pivot towards more subscription-based revenue has been paying off.

Aside from this, Checkpoint has benefitted from the elevated spend on cybersecurity driven by at-home working conditions during the pandemic, whilst Russia's invasion of Ukraine during the year only intensified the fear of cyberattacks across businesses and consumers, lifting the broader industry.

Fund semiconductor holdings: Entegris (-52.5%), Teradyne (-20.3% since purchase), Cadence Design Systems (-13.8%), KLA Corp (-11.2%)

A pandemic-induced boom in demand paired with heavily disrupted supply chains prompted a semiconductor super-cycle in 2020, as demand outstripped supply. However, a retrenchment in consumer demand for displays (PCs and Smartphones), fears of an economic slowdown spurring an inventory correction among manufacturers and improving supply chain conditions leading to a 'glut' in some end-markets, have all contributed to a sell-off in the semiconductor industry over 2022. More recently, the US has been implementing unilateral export controls on the Chinese chip industry, slowing progress in China's ability to obtain or manufacture advanced chips, and denting sentiment further for firms with exposure to the region. Overall, the uncertainty over the short-term outlook in the chip industry led the MSCI World Semiconductor index to fall 36.2% (USD) over 2022, underperforming the MSCI World by 18.5%. However, within the Fund, our semiconductor holdings' performances have been more mixed: whilst the businesses with higher exposure to China such as Entegris were more negatively affected by new export controls, Electronic Design Automation software producer, Cadence Design Systems, with its lesser exposure and more upbeat earnings commentary throughout 2022, performed relatively better.

Trex (-68.7%):

Trex was the Fund's weakest performer over the year as the company has been more negatively affected by weakening discretionary consumer spending as well as being more sensitive to changing interest rate expectations given its relatively higher valuation. Indeed, during their Q3 earnings report, management gave weak forward guidance that sent that stock down 15.0% on the day with management pointing 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 businesses higher sensitivity to weaker consumer spending in a low growth environment. We will continue to monitor the stock going forward.

CHANGES TO THE PORTFOLIO

During the 1st quarter, we sold 1 position (Aptiv) and initiated 1 new position (Teradyne).

Aptiv

Aptiv is a leading provider of the software and power and distribution hardware for electrified and more automated vehicles. Whilst longer-term we continue to like the company's positioning and exposure to secular trends (electric and automated vehicles), we believe the near-term outlook for the business and sector is more challenging. With the automotive market in a difficult period due to the pandemic, rising input costs are putting additional pressures on the sector. Consequently, Aptiv's quality characteristics deteriorated materially to the point where we believed there were better investment opportunities available elsewhere and decided to sell the position.

Teradyne

Teradyne is the leading semiconductor testing equipment producer, with its system testing over 50% of the world's chips before they make it into finished products. In addition, the business has a growing exposure to robotics and automation, predominantly through its acquisition of Universal Robots – the leading supplier of collaborative robots. This is a business we previously owned in the Fund up until Q3 2021, when we sold the business on concerns of inadequate human capital management. However, having reassessed the business six months later using our in-house sustainability assessment, we felt the company's human capital practices had improved, particularly through its updated disclosure in their new CSR report. Whilst we still view room for improvement, we believe the company is on the right trajectory and not egregious to warrant exclusion.

Further, during the year, Teradyne surprised investors negatively by disclosing that revenue for the upcoming year from its largest customer would see a large decline as TSMC's 3nm fabrication process is pushed back. The stock dropped 20% (USD) on the news. Whilst we are cautious on the guidance, management expect this to only be pushed back to 2023, whilst management also raised guidance for 2024, noting the step change in testing equipment needed for 3nm chip fabrication and increased complexity of chips including Gate All Around (GAA) process. As such, we felt the price drop was overdone and presented a good buying opportunity for long-term investors willing to look through the short-term weakness.

During the 3rd quarter, we made 2 changes to the portfolio, selling positions in Kerry Group and Ansys whilst initiating new positions in Skyworks and Keysight Technologies.

Ansys

Ansys, the design software provider, had become a lot cheaper amid weakness in growth stocks in 2022, but remained expensive vs peers. Whilst Ansys is regarded as a high-quality and high-growth stock, we felt we had similar exposure to design software through Fund holding Cadence and that Keysight was a better investment proposal. Finally, given the strong share price during the first half of Q3, we took the opportunity to sell the position.

Kerry Group

Kerry Group is a taste and nutritional specialist whose scientists help to create ingredients for products which people both enjoy and feel better consuming. Over the course of 2022, with investors preferring more defensive stocks such as Kerry, the stock had become expensive versus its history and on an absolute basis. When also considering the company's relatively slimmer margins and lower growth profile, we felt it was a good to time to exit the position with better ideas available.

Skyworks

Skyworks manufactures analogue semiconductors for use in radio frequency (RF) and mobile communications systems. The majority of its revenue comes from the mobile segment, which includes mobile products which switch, filter and amplify wireless signals in smartphones. Given the rise of advanced 4G and 5G-enabled devices (which use a wider variety of wireless spectrum and frequency bands than prior devices), the RF content per phone has grown exponentially. Whilst the company remains heavily levered to the mobile sector, it is diversifying its exposure with other end markets including automotive, home & factory automation, data centres, EVs, solar, wireless infrastructure, aerospace and defence, medical, smart energy, and wireless networking. Skyworks' share price had been heavily depressed over fears of Apple (their largest customer) taking RF production in-house in the future, with the stock trading on c.9x 1-year forward price-to-earnings. However, we believed this to be overdone, with Skyworks' front-end RF components highly complex and with other RF manufacturers (including Broadcom with more commoditised RF components) more likely to come under in-housing pressure. As such, we believe there is good upside to a stock trading on single-digits multiple with 30% profit margins and growing sales at double-digit pace.

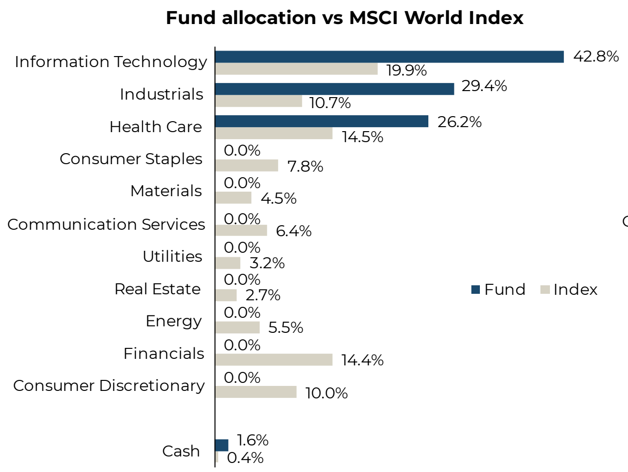
Keysight

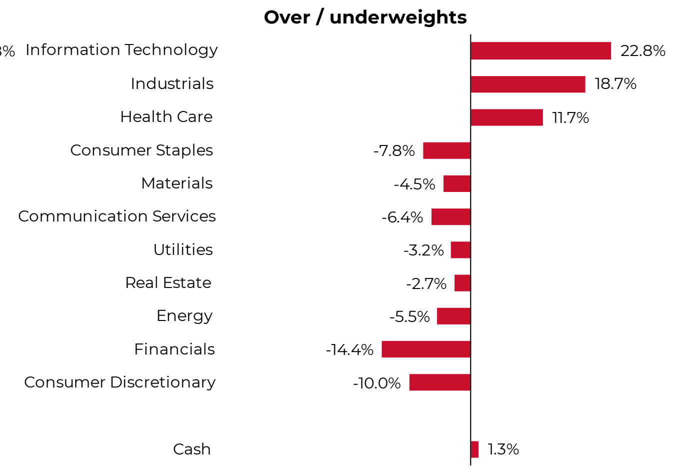
Keysight helps to accelerate innovation by providing electronic design and test solutions that are used in the simulation, design, validation, manufacture, installation and optimisation of electronics systems in the communications, networking and electronics industries. Its objective is to increase productivity and reduce time to market. The end market is primarily communications (c.70% sales) with the transition to 5G the core driver – regarded as more complex and longer process vs 3G and 4G. Other end markets include automotive, aerospace and defence, electronics, semiconductors. With a similar (but broader) exposure to design as Ansys (which we sold), we felt it was a better option, trading on a lower multiple (33% discount) and having expanded its cash-flow returns (as opposed to Ansys' declining returns).

FUND POSITIONING

Looking at the Fund exposure based on GICS sectors, the Fund continues to have no exposure to the highly regulated and commoditised areas of Real Estate, Energy, Materials, and Utilities. We continue to hold the majority of Fund holdings within the IT (42.8%), Industrial (29.4%), and Health Care sectors (26.2%). This is not a reflection of our view of sectors' outlooks but rather a bottom-up consequence of 1) our focus on quality 2) our search for companies with sustainable products and services and 3) our emphasis on mid-cap businesses. Also, as stated before, we have a well-diversified split between our sustainability themes and sub-themes which should better reflect the businesses' exposures.

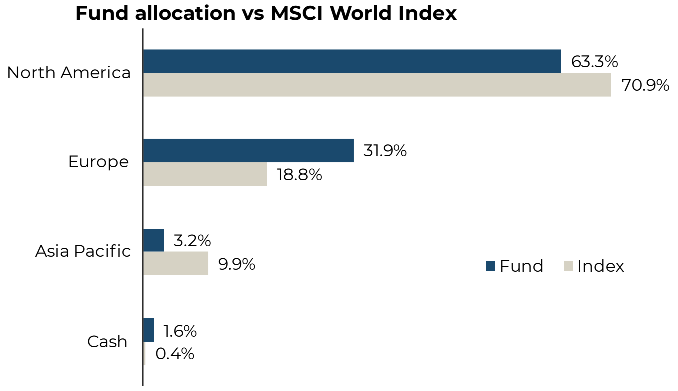
With the three switches made during the year, the Fund's net exposure to IT and the US increased by one position.

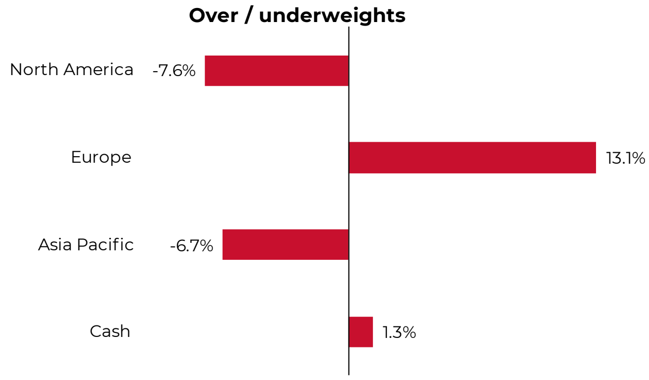




Source: Guinness Global Investors, data as of 31st December 2022

On a regional basis, North America continues to be the Fund's largest exposure (63.3%), followed by Europe (31.9%) and Asia Pacific (3.2%). The Fund has a modest underweight to North America vs the MSCI World Index, which is offset by its overweight exposure to Europe.





Source: Guinness Global Investors, data as of 31st December 2022

Finally, the table below illustrates the four key tenets of our approach: quality, sustainability, growth/value, and conviction. We follow these metrics at the portfolio level to make sure we are providing what we say we will. At the year end, we are pleased to report that the portfolio continues to deliver on all four of these measures relative to the MSCI World Index benchmark:

		Fund	MSCI World Index
Quality	Return-on-capital	▲14.9%	7.0%
	Net debt/equity	▼26.3%	71.2%
	EBIT Margin	▲21.0%	13.8%
Sustainability	Carbon intensity (tons)/USD	▼2.4	5.3
	Energy consumption intensity MWh/USD	▼39.8	74.9
	Renewable Energy as a % of total energy	▼8.5%	9.8%
	% Women Directors on board	▲33.3%	30.8%
	Annual employee turnover	▲13.0%	10.0%
	Board Independence	▲80.0%	80.0%
	Independent chair or lead director	▲80.0%	71.7%
	CEO-to-employee pay ratio	▲148.1x	111.3x
	Estimated tax gap	▲4.6%	2.0%
Growth (& valuation)	Trailing 5-year sales growth (annualised)	▲10.7%	3.5%
	Trailing 5-year EPS growth (annualised)	▲15.4%	9.8%
	Estimated 1-year EPS Growth	▲10.1%	8.5%
	PE (2022e)	▲27.4x	19.6x
Conviction	Number of stocks	30	1550
	Active share	99%	-

Source: Guinness Global Investors, data as of 31st December 2022

OUTLOOK

In the current market environment, where inflation concerns and slower growth remain front of mind, we are confident that the Fund's focus on high-quality growth stocks, underpinned by structural changes brought about from the shift to a more sustainable economy, stands us in good stead going forward. We also believe our differentiated approach of investing in mid-cap businesses and avoiding large-cap (often mega-cap tech) businesses commonly found in 'ESG' funds, can be a key performance driver as conglomerates come under government scrutiny.

As we look into 2023, although risks remain, there is reason to be optimistic: inflation is slowing in the US, with many previously inflationary pressures such as shipping and commodity costs easing; although the Fed has dampened any expectations for peak rates sooner-rather-than-later, it has pointed to slowing rate hikes going into 2023; the US economy remains in robust condition with low unemployment rates and strong retail sales; and finally China's relaxation of its strict Covid policies should provide an uplift in global growth expectations. From an investment perspective, many of the Fund holdings' valuations now trade below long-term averages whilst still yielding wide moats and strong long-term growth, which we believe positions the Fund well.

We look forward to keeping you informed on another year for the Guinness Sustainable Global Equity Fund and thank you for your support.

We thank you for your continued support.

Portfolio Managers

Joseph Stephens, CFA

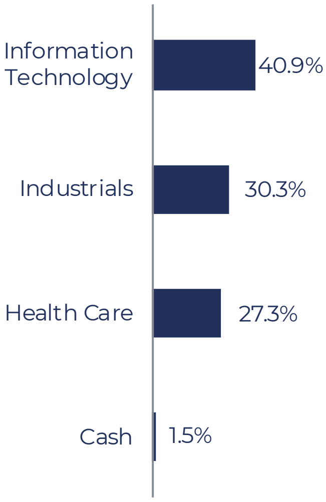
Sagar Thanki, CFA

PORTFOLIO

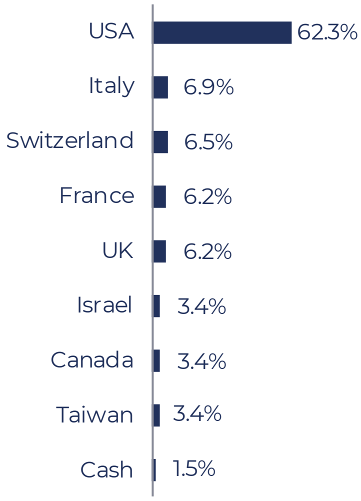
Fund top 10 holdings

KEYSIGHT TECHNOLOGIES IN	3.7%
IDEX Corp	3.7%
KLA-Tencor	3.7%
Fortive Corp	3.7%
Jazz Pharmaceuticals	3.7%
Interroll Holding	3.6%
Addus HomeCare	3.6%
Agilent Technologies Inc	3.6%
Cadence Design Systems Inc	3.5%
DiaSorin SpA	3.5%
% of Fund in top 10	36.3%
Total number of stocks	30

Sector analysis



Geographic allocation



PERFORMANCE

Past performance does not predict future returns

Annualised % total return from strategy inception (GBP)*	**31/12/2022**
Guinness Sustainable Global Equity (0.89% OCF)	3.6%
MSCI World Index	6.2%
IA Global sector average	2.7%

Discrete 12m % total return (GBP)	**Dec '22**	**Dec '21**
Guinness Sustainable Global Equity (0.89% OCF)	-16.3	27.9
MSCI World Index	-7.8	22.9
IA Global sector average	-11.1	17.7
ESG peer fund average**	-13.2	19.2
Quartile vs ESG peer funds**	3rd	1st

Cumulative % total return (GBP)	**1 year**	**Launch***
Guinness Sustainable Global Equity (0.89% OCF)	-16.3	7.6
MSCI World Index	-7.8	13.1
IA Global sector average	-11.1	5.7
ESG peer fund average**	-13.2	4.8
Quartile vs ESG peer funds**	3rd	2nd

RISK ANALYSIS

Annualised, weekly, since launch, in GBP	**Index**	**Sector**	**Fund**
Alpha	0.00	-2.48	-2.70
Beta	1.00	0.81	1.12
Information ratio	0.00	-0.58	-0.29
Maximum drawdown	-14.55	-18.11	-24.78
R squared	1.00	0.81	0.79
Sharpe ratio	0.18	0.00	0.00
Tracking error	0.00	6.18	8.50
Volatility	14.23	12.83	18.05

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). *Fund launch date: 15.12.2020.
**A custom universe of 69 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.

IMPORTANT INFORMATION

TB Guinness Sustainable Global Equity Fund: The Guinness Sustainable Global Equity strategy is also available via UK-domiciled vehicle. The TB Guinness Sustainable Global Equity Fund is available from 0.89% OCF. 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 wwww.guinnessgi.com.

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 Information Document (KID) / 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.