Guinness Sustainable Global Equity Fund

Investment Commentary - November 2022

GUINNESS GLOBAL INVESTORS

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. The value of an investment and the income from it can fall as well as rise as a result of market and currency movement; you may not get back the amount originally invested. Past performance does not predict future returns.

SUMMARY

Launch date	15.12.2020
Fund Size	£14.8M
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 is ranked as higher risk as its price has shown high fluctuations historically. Historic data may not be a reliable indicator for the future

PERFORMANCE

Past performance does not predict future returns

31/10/2022	YTD	1 Yr	Launch*
Fund (%)	-14.2	-9.2	10.3
Index (%)	-5.6	-2.9	15.4
Sector (%)	-11.2	-9.3	5.5

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.

For the month of October, the Guinness Sustainable Global Equity Fund provided a total return of +4.7% (GBP) against the MSCI World Index net total return of +3.9% (GBP). Hence the fund outperformed the benchmark by 0.8% (GBP).

The first two weeks of October told a familiar tale for equity investors. High inflation reads continued to weigh heavily on markets, global central banks continued with hawkish monetary policy, and geopolitical tension as well as political upheaval (not least in the UK) continued to create an uncertain macroeconomic picture. However, as earnings season kicked off, fortunes were quickly reversed as results came in generally better than expected. Despite pockets of weakness in certain sectors (Big Tech, Materials) the broader index surprised to the upside and key bellwether stocks showed a level of robustness in their core businesses which the market was not expecting. This led to a renewed sense of optimism that the year-to-date sell off may have been somewhat overdone. An equities rally ensued over the back half of the month with the MSCI World ending October up 7.2% in USD.

Guinness Sustainable Global Equity Fund

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

- The Fund's overweight exposure to Industrials was the main contributor to Fund outperformance through positive allocation.
- Additionally, *not* owning sectors that lagged the broader index including Consumer Discretionary, Communications and Real Estate, were positives from an asset allocation perspective.
- Finally, *not* owning the mega cap stocks – primarily Big Tech names – that sold off on weaker earnings reports, contributed positively to the Fund's relative performance.
- Information Technology more broadly, however, was the main drag through negative stock selection. This was primarily through the Fund's exposure to semiconductor stocks including Cadence Design Systems and Entegris which ended the month as the Fund's weakest two performers. Further, *not* owning Apple, the benchmark's largest position, which negative as the stock rose 11.0% over the month.
- Finally, not owning any energy stocks, the best performing sector, was a further drag on performance.

Whilst the short-term performance has been weaker, it is pleasing to see the fund ranks 13th/52 since launch vs ESG peers.

Data to 31-Oct-22 (GBP)	YTD	Rank (Quartile)	1-Year	Rank (Quartile)	Since Launch	Rank (Quartile)	2021	Rank (Quartile)
Guinness Sustainable Global Equity Fund	-14.24%		-9.40%		10.52%		27.80%	
MSCI World	-5.66%		-2.80%		16.08%		22.86%	
Avg. ESG peer fund	-13.74%		-11.78%	24/60 (2nd)	3.83%	13/52 (2nd)	18.67%	3/54 (1st)

Source: Bloomberg, Cumulative Total Return in GBP, as of 31st October 2022

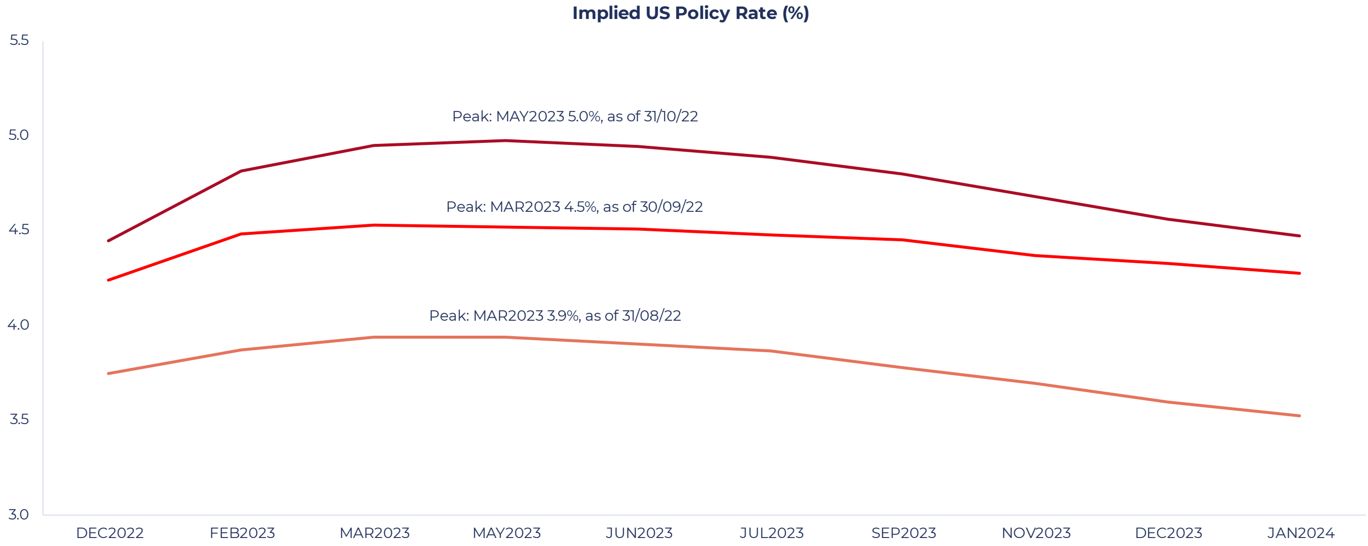
**A custom universe of 65 funds created by screening the IA Global Sector for all Responsible, Sustainable and Impact funds which have similar investment policies and risk profiles to the Guinness Sustainable Global Equity Fund*

MONTH IN REVIEW

Whilst the MSCI World index rallied during October, the picture was much more varied from both a stylistic and a geographical perspective. The US (+7.9% USD) led the global market rally thanks in part to certain strong domestic conditions including a solid GDP print, continued tightness in the labour market and an appreciating dollar. Likewise, European equity markets also saw broad-based increases with positive sentiment stemming from government interventions in energy markets. Pledges to further dampen the ongoing energy crisis included a price cap, a common purchase system and new fiscal stimulus to the tune of €40bn, targeting both households and businesses. With storage tanks full and autumn proving unseasonably warm so far, gas prices moved lower which acted as an additional tailwind to European markets. Even global supply chain constraints eased up with global shipping container rates falling by up to 25%. However, it was not all rosy news. Geopolitical tensions continued to simmer evidenced by military accelerations in the Ukraine-Russia war alongside the severing of a previously agreed grain deal to alleviate global food prices. Elsewhere emerging markets struggled: the APAC region, closed the month down -4.2%, whilst Taiwan was down 5.1%, weigh on Fund holding Delta Electronics, which ended the month as the Fund's 3rd weakest stock.

Inflated expectations?

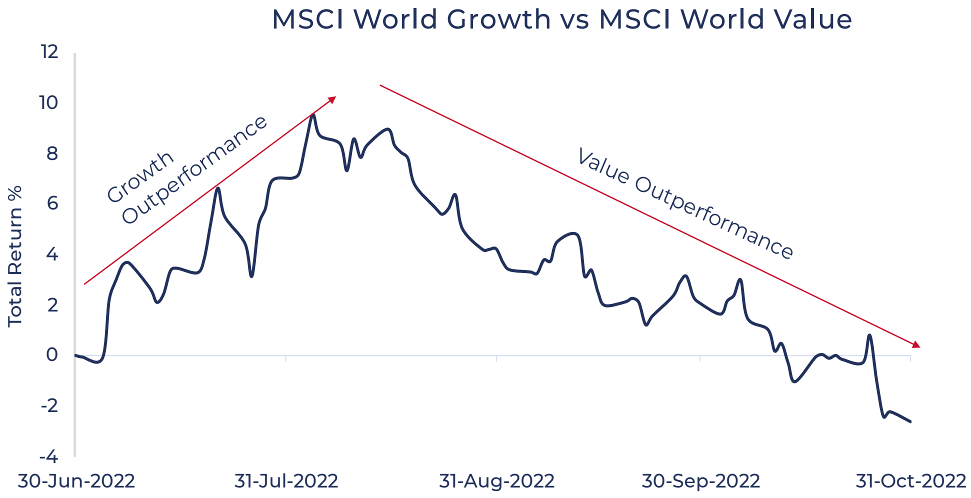
It was a difficult start to the month, as equity markets reverted to the status quo. Fears of a hard landing dampened sentiment and central banks did little to allay fears, reiterating their hawkish outlook, and hinting at further rapid rate hikes to come. Indeed, as the month progressed, the European Central Bank (ECB) announced 75 basis points of tightening and the Federal Reserve (Fed) posited further hikes of a similar magnitude for its early November meeting. It has become increasingly clear that inflation expectations are being revised upwards, as the market prices in higher rates for longer. The implied US policy rate now stands at a high of 5% for May 2023, a significant shift in expectations from just one month prior.



Source: Bloomberg, as of 31/10/2022

Good news is bad news

Given that the Fed has made its intentions clear to continue raising rates until economic data shows evidence of a slowing economy, a paradox exists whereby good news is bad news for global markets. In other words, so long as US domestic conditions remain firm, including better than expected GDP reads (+2.6% for Q3) and tight labour markets (job openings exceeding job seekers by c.5 million people), the Fed may stick to an aggressive rate hiking cycle, given the robust nature of the real-world economy. Therefore, global markets have interpreted strong economic data with caution. Further positive news from US labour markets included record low unemployment of 3.5% with a stable participation rate of 62.3%. As more economic data was released, a broader shift away from cyclicals towards more defensive areas of the market ensued. At the same time, value outperformed over the later stages of the month, as the growthier parts of the markets fell out of favour.



Source: Bloomberg, as of 31/10/2022

Big tech, big sell off

Further bad news came in the form of Big Tech earnings. Google and Meta (Facebook) reported slowing advertising spend over the past quarter, which is often an early warning sign of declining business confidence. Meta noted "near-term challenges on revenue and pricing declines driven by lower advertiser demand" whilst Google parent company Alphabet saw "a pullback in spend by some advertisers as … in challenging times like these, advertisers are carefully evaluating the effectiveness of their budgets". Similarly, Amazon issued weaker than anticipated Q4 guidance (their important holiday quarter). Consequently over $800bn was wiped off the value of Big Tech over that week: Following their respective earnings reports, Amazon dropped 20% in after-hours before recovering to -6.8% during the day, Meta was down 24.6%, and Alphabet was down 9.1%.

Despite the weak guidance, Meta did issue higher than expected capex guidance at $30-34bn for this year and $34-39bn next year versus expectations of $30.5bn and 29bn respectively. This was particularly positive for data centre enablers such as semiconductor stocks Nvidia and AMD, but also Fund holding Arista, which provides high-speed networking infrastructure and software, which was up 9.3% after Meta's announcement.

Further, the weak guidance and subsequent sell offs in the large cap tech companies was a positive for the Fund from an asset allocation perspective given the Fund focus of investing in mid-cap stocks.

Individual stock performance

Arista Networks (+7.1% USD):
Arista, the leading producer of high-speed networking infrastructure and software used in data centres, rose during the month primarily on capex forecasts from its big tech customers as opposed to company-specific news. As mentioned above, despite Facebook's weaker than expected results, the company did guide to higher-than-expected capex budgets for both this year and next. This capex will go towards expanding the company's data

centres capabilities – a key technology if the business is to realise its plan of a metaverse. Given this, and in anticipation of Arista's quarterly results due in early November, analysts upgraded their expectations for results which helped lift the stock during the month.

Cadence (-7.4%) & Entegris (-4.4%):
Whilst not the weakest industry over the month, semiconductors did have a mixed month. Despite positive news around capex budgets from the big tech names, new US export restrictions to China weighed on sentiment. Indeed, during the month, the US announced a new round of export restrictions on semiconductor prohibiting US companies from exporting to China the technology, software, and equipment used in producing advanced computing chips and supercomputers. Inevitably, stocks with higher exposure to China fells proportionately more, but sentiment more broadly in the sector was weakened. Cadence and Entegris currently derive 12.7% and 15.6% from China respectively. However, as restrictions are aimed at leading-edge fabrication, the negative impact on revenue is relatively more muted: Cadence management commented that new restrictions will be limited and manageable for the foreseeable future, whilst Entegris guided a $40-50mn hit to Q4 22 revenue (4-5% of sales).

Both stocks also reported quarterly earnings during the month with differing results. Whilst Entegris missed both quarterly results and guidance expectations on the new China export controls, weakness in the memory market and the continued appreciated of the US dollar, Cadence beat on both counts owing to the relative robustness of the electronic design market (versus Entegris which supplies fabrication materials) through more uncertain macroeconomic landscapes.

We thank you for your continued support.

Portfolio Managers

Joseph Stephens, CFA

Sagar Thanki, CFA

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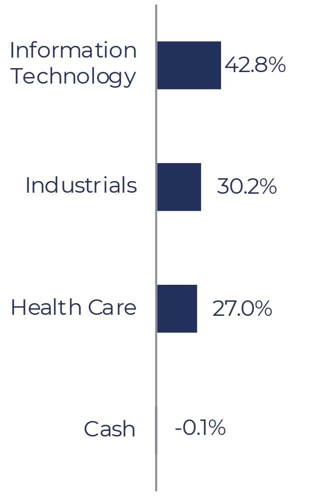
PORTFOLIO

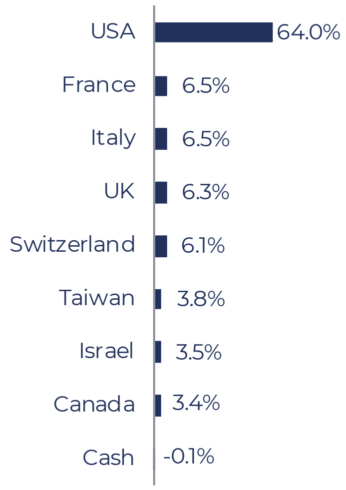
Fund top 10 holdings

IDEX Corp	4.1%
Agilent Technologies Inc	4.0%
Addus HomeCare	3.8%
Delta Electronics Inc	3.8%
KEYSIGHT TECHNOLOGIES IN	3.8%
Fortive Corp	3.7%
KLA-Tencor	3.7%
Arista Networks Inc	3.7%
Cadence Design Systems Inc	3.6%
Jazz Pharmaceuticals	3.5%
% of Fund in top 10	37.6%
Total number of stocks	30

Sector analysis



Geographic allocation



PERFORMANCE

Past performance does not predict future returns

Annualised % total return from launch (GBP)

Discrete 12m % total return (GBP)	Oct '22
Guinness Sustainable Global Equity (Y class)	-9.2
MSCI World Index	-2.9
IA Global sector average	-9.3

Cumulative % total return (GBP)	YTD	1 year	Launch
Guinness Sustainable Global Equity (Y class)	-14.2	-9.2	10.3
MSCI World Index	-5.6	-2.9	15.4
IA Global sector average	-11.2	-9.3	5.5

RISK ANALYSIS

Annualised, weekly, since launch, in GBP	Index	Sector	Fund
Alpha	0.00	-3.86	-5.83
Beta	1.00	0.86	1.16
Information ratio	0.00	-1.15	-0.49
Maximum drawdown	-9.68	-12.22	-17.04
R squared	1.00	0.84	0.75
Sharpe ratio	0.91	0.40	0.38
Tracking error	0.00	4.95	8.54
Volatility	12.28	11.53	16.53

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.

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.