

# **Audited Reports and Financial Statements**

*For the period 12<sup>th</sup> December 2007 (date of  
incorporation) until 31<sup>st</sup> December 2008*

**Financial Statements (Audited)**

*For the period 12<sup>th</sup> December 2007 (date of incorporation) until 31<sup>st</sup> December 2008*

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## Management and Administration

### Directors of the Company

Paul Nunan \* (Appointed 12<sup>th</sup> Dec 2007)  
Anthony Joyce \* (Appointed 12<sup>th</sup> Dec 2007)  
Timothy W.N. Guinness \*\* (Resigned 30<sup>th</sup> Oct 2008)  
Edward Guinness \*\* (Appointed 9<sup>th</sup> Sept 2008)  
Andrew E. Martin Smith \*\* (Appointed 9<sup>th</sup> Sept 2008)  
James Leslie (Appointed 24<sup>th</sup> Sept 2008)  
Johnny McClintock (Appointed 9<sup>th</sup> Sept 2008)  
David McGeough (Appointed 8<sup>th</sup> Oct 2008)

### Independent Auditors

Deloitte & Touche  
Deloitte & Touche House  
Earlsfort Terrace  
Dublin 2  
Ireland

### Registered Office

1 Adelaide Court  
Adelaide Road  
Dublin 2  
Ireland

### Irish Legal Advisers

Dillon Eustace  
33 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### Promoter & Investment Manager

Guinness Asset Management Limited  
14 Queen Anne's Gate  
London SW1H 9AA  
United Kingdom

### Manager

Capita Financial Managers (Ireland) Limited  
1 Adelaide Court  
Adelaide Road  
Dublin 2  
Ireland

### Administrator, Registrar and Company Secretary

Capita Financial Administrators (Ireland) Limited  
1 Adelaide Court  
Adelaide Road  
Dublin 2  
Ireland

### Custodian

JP Morgan Bank (Ireland) plc  
JP Morgan House  
IFSC  
Dublin 1  
Ireland

### Global Distributor

Guinness Asset Management Limited  
14 Queen Anne's Gate  
London SW1H 9AA  
United Kingdom

**Company Number: 450670**

\* Directors of the Manager and Administrator

\*\* Employees of the Investment Manager

## Directors' Report Guinness Asset Management

The Directors of Guinness Asset Management Fund Plc (the "Company") present herewith their Annual Report and Audited Financial Statements for the year ended 31 December 2008.

### Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland.

Irish Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that year. In preparing those financial statements, the Directors are required to:

- \* select suitable accounting policies and then apply them consistently;
- \* make judgments and estimates that are reasonable and prudent; and
- \* prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at anytime the financial position of the Company and enable them to ensure that the financial statements comply with Irish Statute comprising the Companies Acts, 1963 to 2006, the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003 and the Listing Rules of the Irish Stock Exchange. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to this end the Company has appointed JPMorgan Bank (Ireland) Plc as Custodian of its assets.

### Basis of Preparation

The format and certain wordings of the financial statements have been adapted from those contained in the Companies (Amendment) Act 1986 so that, in the opinion of the Directors, they more appropriately reflect the nature of the Company's business as an investment fund.

### Directors' Statement on Proper Books of Account

To ensure that proper books of account are kept in accordance with Section 202 of the Companies Act 1990, the Directors of the Company have employed a service organisation, Capita Financial Administrators (Ireland) Limited (the "Administrator"). The books of account are located at the offices of the Administrator as stated on page 2.

### Activities and Business Review

See the Investment Manager's report on page 5.

### Risks and Uncertainties

The principal risks and uncertainties faced by the Company are outlined in the Prospectus. These risks include market price risk, currency risk, interest rate risk, liquidity risk and credit risk as per FRS 29. The Investment Manager reviews and agrees policies for managing each of these risks and these are detailed in Note 8 to the Financial Statements.

### Directors

The current Directors are as stated on page 2.

## **Directors' Report Guinness Asset Management (Continued)**

### **Directors' Interests in Shares of the Company**

During the period the following directors have a share holding in the Company. As at 31<sup>st</sup> December 2008, Tim Guinness has a holding of 99,425 shares in Guinness Global Energy Fund and Edward Guinness has a holding of 2,347.12 shares in Guinness Alternative Energy Fund.

### **Transactions involving Directors**

Other than as disclosed in note 7 to the Financial Statements under Related Party Disclosures, there were no contracts or arrangements of any significance in relation to the business of the Company in which the Directors had any interest, as defined in the Companies Act, 1990, at any time during the year.

### **Results of Operations**

The results of operations for the year are set out in the Statement of Operations on page 21.

### **Distributions**

The Directors declared a distribution of GBP 0.028 per share on Class A US\$ of the Guinness Global Energy Fund amounting to GBP 248,168 with an Ex date of 2<sup>nd</sup> March 2009 and pay date of 12<sup>th</sup> March 2009. The remaining classes had insufficient income to distribute. Guinness Alternative Energy Fund had insufficient income to distribute.

### **Independent Auditors**

The Auditors, Deloitte & Touche, have indicated their willingness to continue in office in accordance with Section 160 (2) of the Companies Act, 1963.

### **Events After the Balance Sheet Date**

There have been no events after the balance sheet date, which impact on the financial statements for the year ended 31 December 2008. The Board noted with regret the sad passing of Mr. James Leslie, Director on the 22<sup>nd</sup> February 2009.

On behalf of the Board

Paul Nunan

Anthony Joyce

Directors

Date: 28<sup>th</sup> April 2009

## Investment Manager's Report Guinness Global Energy Fund

### Review

The collapse of Lehman Brothers and the broader financial crisis thereafter created a challenging trading environment for energy commodities and energy equities in the second half of 2008. The Global Energy Fund from March 31<sup>st</sup> launch to end of 2008 produced a total return in US dollars of -45.1% (class B). This can be compared to the MSCI World Energy Index which returned -32.73% and the MSCI World Index which returned -34.57%. This negative full-year return is despite a healthy positive return in the second quarter of the year, when the Global Energy Fund was up 25.23%, versus the MSCI World Energy Index up 18.63% and the MSCI World Index down 1.42%.

The best performing stocks over the period were integrated companies Chevron (down 13.3%), Occidental (down 18.0%), Royal Dutch Shell (down 24.5%), BP (down 25.5%) and Total (down 27.2%). It is also worth mentioning that Exxon Mobil, which we held until November, was down 4.19% over the nine month period. The three worst performers were Opti Canada (down 91.4%), Helix (down 77.0%) and Singapore Petroleum (down 67.9%).

In a rapidly falling commodity price environment we would expect to see the large integrated companies holding up better than more directly levered names. Interesting to observe was the gulf in performance between the large cap integrations (Exxon, Chevron, BP, Total, Royal Dutch Shell) and the mid-caps (ConocoPhillips, ENI, Statoil, Occidental, Repsol, Marathon, Hess, Petro-Canada, OMV). The large caps were down an average of 18.94% while the mid-caps were down an average of 39.4%.

### Activity

We have made a number of changes to the portfolio since the launch.

During April we reduced our exposure to Canadian oil sands by selling our holding in Suncor Energy. Suncor reached an all time high share price in April and had been a particularly strong beneficiary of the high oil price.

In June we switched out of Whiting Petroleum and bought Swift Energy. Whiting had been one of our best performing stocks in 2008, and in switching into Swift, we replaced it with another US oil and gas exploration company but one which traded more cheaply on around 7x 2008 earnings. We also reduced our overweight position in nine integrated stocks and bought Marathon and Repsol, giving us the same overall exposure to integrated companies but diversified among two additional companies. Marathon and Repsol both have what we believe are increasingly promising international exploration and production (E&P) portfolios, while also trading on attractive multiples.

In September we sold our 1/3 unit of Ensign as it had been one of the best performers in the fund and the stock had held its value well in the difficult climate. In September we also increased our positions in Addax Petroleum and Dragon Oil, moving them from research positions into 1/3 unit each. Addax is an E&P company with producing assets offshore Nigeria and useful exposure to Iraq and Dragon is an E&P company with producing assets in Turkmenistan.

During October we sold our holdings in Hercules Offshore and Unit Corporation and replaced them with a holding in Newfield Exploration. The switch into Newfield did not alter significantly the Fund's weighting in oil and gas (Hercules, Unit and Newfield are all predominantly gassy) but moved us into a company which has attractively priced onshore US assets, around three-quarters of which are natural gas. We also sold Plains Exploration and purchased another E&P company, Noble Energy, in its place. Noble has a well-diversified asset base with oil, natural gas liquids and gas production in onshore and offshore US, offshore West Africa, North Sea and offshore Israel. Similar to Newfield, Noble looks cheap on expected value (EV)/reserves and on price/earnings ratio (PER) and has impressive free cash flow. In addition we repurchased a small position in Suncor Energy as part of a re-weighting of our oil sands exposure, reducing our Opti Canada holding in the process.

## Investment Manager's Report Guinness Global Energy Fund (Continued)

During November we sold our holding in Exxon and replaced it with a holding in CNOOC. Exxon had been one of the best performing stocks in the Fund in 2008, particularly in the period after the oil price peaked in July. We have held CNOOC in the past and are re-attracted to the stock by its depressed valuation and impressive oil production growth profile in offshore China over the next 1-3 years.

### Outlook

How long and deep the current recession turns out to be is still unclear. We incline to the view that the recapitalisation of our banks that has now occurred and the sizeable fiscal and government spending stimuli are large enough to do the job of preventing a depressionary spiral. We expect the recession to be the deepest since the war – 5% peak to trough in US GDP – and to have its nadir around Q3 2009. We expect the broad US market (S&P 500) to trade between 700 and 1200. We expect S&P earnings to trough in the \$40s (the 2007 high was \$90) and to recover by 2011 to around \$60. It may yo-yo between a PER in the 12-14x range (fearing the single digits of 1929 and 1974) and the 18-20x range of past non-inflationary recessions (1957, 1991 and 2001).

As for energy equities our view is that they remain a great store of value and potential for above average returns as the oil price is first stabilized above a \$30-\$40 floor and then recovers to the long term level sought by OPEC (\$60 - \$80) and finally in perhaps three years' time resumes its rise to the level that will match dwindling supply and relentless demand from developing economies. We find it much easier to see how energy equities on a PER of 6-7X 2007 earnings when oil was \$72 and gas \$6.90 can double or more than how the broad US market (at 900) can rise 50% to 1350.

We recognise there are risks. OPEC may fail to stabilise the price and then bring it back to the \$60 – \$80 level. The US natural gas market may not rebalance as fast as we hope. But we keep coming back to one key proposition: oil and gas are running out and it does seem reasonable to believe that before they do run out they will trade at much higher prices than we have yet seen and shareholders in companies that are part of that world will be duly rewarded.

Overall, the Fund continues to seek to be well placed to benefit from the oil price environment described above and to enable investors to benefit from a recovery in energy markets when it comes.

**Investment Manager's Report  
Guinness Global Energy Fund (Continued)**

Fund highlights as at 31st December 2008

Share prices				
Class	Currency	Price 31st December 2008	Price 30th June 2008	Price at launch
A	USD	5.51	12.51	10.00
B	USD	5.49	12.49	10.00
C	GBP	7.02	n/a	10.00
D	EUR	5.92	n/a	10.00
E	USD	5.67	n/a	10.00

Top 10 holdings (% of net assets)			
Petroleo Brasileiro	4.1%	OMV	3.6%
Hess	4.0%	CNOOC	3.6%
Occidental Petroleum	3.8%	Repsol YPF	3.5%
Halliburton	3.7%	Nexen	3.5%
Marathon Oil	3.7%	StatoilHydro	3.5%

Sector breakdown (% of net assets)	
Integrated Oil & Gas	53.9%
Oil & Gas Exploration & Production	28.8%
Oil & Gas Equipment & Services	6.4%
Oil & Gas Drilling	5.2%
Oil & Gas Refining & Marketing	2.4%
Coal & Consumable Fuels	2.3%
Construction & Engineering	0.4%
Cash & net current assets	0.7%

Country breakdown (% of net assets )	
United States	46.3%
Canada	14.3%
Brazil	4.1%
China & Hong Kong	4.0%
United Kingdom	3.7%
Austria	3.6%
Norway	3.5%
Spain	3.5%
France	3.4%
Netherlands	3.3%
Italy	3.3%
Singapore	2.4%
Other	3.9%
Cash & Net Current Assets	0.7%

*Past performance should not be taken as an indicator of future performance. The source for all returns quoted is Bloomberg. Returns stated are in US dollars; returns in other currencies may be higher or lower as a result of currency fluctuations. Performance would be lower if initial charge and/or redemption fee were included. The information provided herein represents the opinion of the investment manager for the period stated and is not intended to be a forecast of future events, a guarantee of future results, nor investment advice. Opinions, fund holdings and sector allocations are subject to change at any time and are not recommendations to buy or sell any security.*

## Investment Manager's Report Guinness Alternative Energy Fund

### Review

The Guinness Alternative Energy Fund had a poor year in 2008 in absolute terms and was down 67.37% (B shares in US dollars). In relative terms this was unexceptional, the fund performance ending up between the performance of the two main benchmark indices, the Wilderhill New Energy Global Innovation Index (down 60.52%) and the Wilderhill Clean Energy Index (down 69.88%). Unfortunately the sector performed much worse than the MSCI World Energy Index the conventional energy benchmark which is also shown for comparative reasons. Out of interest the MSCI World Energy Index return was very similar to that of the broad US market as exemplified by the S&P500 Index which returned -36.99%. The entire alternative energy sector was hit hard by the change in global economic conditions and specifically the large falls in fossil fuel prices which affected competitiveness and the drying up of credit for project finance.

The larger cap renewable utilities and certain niche stocks were the best performing areas, and while we had good exposure to the utilities, it was not enough to stem the weak performance elsewhere. We did well by avoiding the meltdowns in the biofuels and fuelcell sectors, but were caught out by the crippling impact of the credit crunch on capital availability for solar and wind projects. Our hydro and geothermal holdings performed relatively well.

### Portfolio

The portfolio at year end 2008 is reasonably concentrated in the wind and solar sectors, with 46.1% in solar and 30.2% in Wind. We believe these sectors have the best long term growth potential of the alternative energy space. Stock prices have been hit hard, but that provides an opportunity in the event of a recovery in the markets. While the lack of capital is creating difficult trading conditions now, valuations reflect much of this concern, and we believe that the higher quality companies should do well later in 2009.

For the solar sector, lower prices should ultimately enable the industry to grow faster sooner, and much of these prices are matched by ongoing cost reductions and lower silicon prices. We have exposure to thin film solar panel manufacturing via our holding in First Solar and are otherwise invested across the photovoltaic value chain.

The wind sector has seen concerns over the quality of contract backlogs and potential declining order-books and prices for turbine manufacturers. However, costs (particularly steel) are falling too, which should assist the turbine manufacturers in maintaining margins. This should feed through into higher returns for developers with access to capital, who should also benefit from lower financing costs. We have exposure to turbine manufacturing and to wind farm developers in the fund.

Our hydro holdings are in utilities and small independent power producers. These businesses have solid cashflows and low cost bases. As such, we believe they are well placed in the current economic environment.

Efficiency is an area where the Obama stimulus plan will likely provide a wealth of opportunity. However, the biggest beneficiary is the eventual energy user. We have interesting investments in ground source heat pumps, building efficiency and smart metering, with some exposure to transmission grid service providers.

We are invested in three geothermal companies, of which one is the principle builder of systems, Ormat, the second is a Philippines utility and the third small position is invested in a hot rock project in Australia. We expect geothermal to become a more important part of alternative energy plans as a result of its low costs and established technology.

Our biomass investment is in a company where the biomass part of the business is being used to finance the development of a wind portfolio. We think there are some interesting niche biomass projects and we are interested in those companies that do not have constraints on future biomass supply.

We have no holdings in biofuels. We monitor the sector closely, but have concerns about overcapacity and negative margins in the US ethanol refining sector.

We have no investments in fuelcells, tidal or wave power companies, but remain interested in these areas.

## **Investment Manager's Report Guinness Alternative Energy Fund (Continued)**

The fund has 54.1% of its holdings in companies domiciled in Europe, reflecting the more mature European industry. North America accounts for 27.3% of the fund of which 5.8% is in Canada. The fund's 20.5% of emerging markets holdings is principally in Asia, with our investment in Chinese companies making up 13.9% of the fund.

The liquidity of the fund remains excellent, with 63.4% of the fund in companies with a market capitalisation over US\$1,000 million. The fund now has 22 full units and 15 half units. We have successfully moved the portfolio to lower the number of half units as valuation and liquidity levels have made it more attractive to hold more full units.

### **Activity**

We have increased our exposure to solar over the year, with the intention of turning a painful investment to date into what we hope will be good long term returns for the fund. In the second half we have increased our holdings of Asian solar stocks as they ran into difficulties and bought a position in First Solar. This has been at the expense of our German downstream solar holdings and our Taiwanese cell manufacturers.

In the wind sector we sold one of our turbine manufacturers, Nordex on concerns that second tier turbine manufacturers will suffer disproportionately, but were able to buy a stake in Hansen Transmissions, the leading gearbox manufacturer, at an attractive valuation.

We have increased our holdings on the utility side with purchases of EDP Renovaveis, Verbund and Canadian Hydro, while selling one of our Latin American Hydro stocks, CPFL Energia. We sold the Spanish company Acciona and Babcock & Brown Wind because of concerns over their shareholders and balance sheet issues.

After Xantrex was acquired by Schneider, we were able to take a position in SMA Solar, their European competitor, after the share price weakened. This keeps us exposed to the attractive inverter market.

### **Outlook**

After the weak performance over the last 12 months, we still believe strongly that the long term fundamental alternative energy story is intact. The three principle drivers – finite fossil fuel supplies, energy security concerns and climate change – are still pertinent and provide us with confidence that the long term investment story should generate good investor returns.

Energy security and climate change concerns remain unchanged, and while current lower energy prices create a headwind for alternative energy economics, the long term challenges in providing enough oil and gas to satisfy demand will likely lead to higher energy prices.

The hardest question to answer today is whether the near term issues which companies face is adequately factored into share prices. Strong balance sheets are an important factor in determining the likelihood of survival for companies, and the industry is in surprisingly good shape from that perspective. Many companies have raised capital and are sitting on net cash positions. By postponing capital expenditures and reducing costs, positive cashflows are achievable which should position the high quality companies to emerge well into the next phase of growth for the sector.

In many ways, the current crisis should enable this growth to be achieved in a shorter timeframe. The costs of capital equipment for end users (eg solar panels, wind turbines) are being lowered by a combination of manufacturing technology improvements, scale, lower interest rates and lower raw material costs. While in the near term this may lead to some contraction in margins, the potential growth in volumes should rapidly more than compensate for this.

## **Investment Manager's Report Guinness Alternative Energy Fund (Continued)**

Political support is now firmly behind the sector, with stimulus programmes that exceed previous expectations, particularly in the US. The alternative energy sector is being championed as the best place for investment to return economies to a more even keel. The first steps of the Obama administration are demonstrating that there is an understanding that long term incentive programmes are important for lowering technology costs and that there needs to be a focus on enabling capital to be invested in the sector.

In the near term the major constraint on the industry is this lack of capital. We anticipate that the industry will likely benefit from being one of the more obvious areas for banks to put balance sheets to work and should therefore be one of the first sectors to recover access to reasonably priced capital. Long term, government backed, predictable off take agreements, combined with low operating costs make the industry particularly well suited for debt financing. In fact, capital costs may turn out to be a plus for the industry as low interest rates improve returns for developers provided interest margins come down over the year.

A further concern is that demand declines in electricity and gasoline consumption will lead to postponement of projects. However, much of the new electricity generating capacity that need to be built relates to replacement of power plants that have reached the end of their useful lives. Utilities are required to take a long term view as a result of the long lead times, which supports the continuing rollout of planned new capacity.

Overall we look at the extreme volatility the fund has experienced and see it as providing opportunities to acquire holdings in companies hurt by indiscriminate selling. Given that we believe the long term outlook for alternative energy remains excellent, we are excited about the prospects for the fund. In the medium term we are looking for improvements in capital availability and a firming of energy prices to drive returns. In the long run, we are looking for the costs of alternative energy sources to be low enough to support a strong industry without subsidies and provide abundant cheap energy that does not rely on depleting fossil fuel reserves.

*Tim Guinness*

*February 2009*

**Investment Manager's Report  
Guinness Alternative Energy Fund (Continued)**

**Fund highlights as at 31<sup>st</sup> December 2008**

<b>Share prices</b>				
<b>Class</b>	<b>Currency</b>	<b>Price 31<sup>st</sup> December 2008</b>	<b>Price 30th June 2008</b>	<b>Price at launch</b>
<b>A</b>	<b>USD</b>	<b>3.44</b>	<b>8.57</b>	<b>10.00</b>
<b>B</b>	<b>USD</b>	<b>3.42</b>	<b>8.55</b>	<b>10.00</b>
<b>C</b>	<b>GBP</b>	<b>5.50</b>	<b>n/a</b>	<b>10.00</b>
<b>D</b>	<b>EUR</b>	<b>4.63</b>	<b>n/a</b>	<b>10.00</b>
<b>E</b>	<b>USD</b>	<b>4.44</b>	<b>n/a</b>	<b>10.00</b>

<b>Top 10 holdings (% of net assets)</b>			
<b>SMA Solar Technology</b>	<b>4.5%</b>	<b>Suntech Power</b>	<b>3.9%</b>
<b>JA Solar Holdings</b>	<b>4.3%</b>	<b>Solarworld</b>	<b>3.9%</b>
<b>Echelon</b>	<b>4.2%</b>	<b>Iberdrola Renovables</b>	<b>3.8%</b>
<b>Sunpower</b>	<b>4.0%</b>	<b>Hansen Transmissions</b>	<b>3.7%</b>
<b>Q-Cells</b>	<b>3.9%</b>	<b>Vestas Wind Systems</b>	<b>3.7%</b>

<b>Sector breakdown (% of net assets)</b>	
<b>Solar</b>	<b>49.8%</b>
<b>Wind</b>	<b>26.4%</b>
<b>Hydro</b>	<b>9.9%</b>
<b>Efficiency</b>	<b>7.3%</b>
<b>Geothermal</b>	<b>6.9%</b>
<b>Biomass Energy</b>	<b>1.5%</b>
<b>Cash &amp; net current assets</b>	<b>-1.9%</b>

<b>Country breakdown (% of net assets)</b>	
<b>United States</b>	<b>21.6%</b>
<b>Germany</b>	<b>17.4%</b>
<b>China &amp; Hong Kong</b>	<b>13.9%</b>
<b>Spain</b>	<b>11.8%</b>
<b>France</b>	<b>6.5%</b>
<b>Canada</b>	<b>5.8%</b>
<b>Denmark</b>	<b>5.6%</b>
<b>Belgium</b>	<b>3.7%</b>
<b>Austria</b>	<b>3.4%</b>
<b>Norway</b>	<b>3.2%</b>
<b>Philippines</b>	<b>3.1%</b>
<b>Brazil</b>	<b>3.0%</b>
<b>United Kingdom</b>	<b>2.4%</b>
<b>Australia</b>	<b>0.5%</b>
<b>Cash &amp; net current assets</b>	<b>-1.9%</b>

*Past performance should not be taken as an indicator of future performance. The source for all returns quoted is Bloomberg. Returns stated are in US dollars; returns in other currencies may be higher or lower as a result of currency fluctuations. Performance would be lower if initial charge and/or redemption fee were included. The information provided herein represents the opinion of the investment manager for the period stated and is not intended to be a forecast of future events, a guarantee of future results, nor investment advice. Opinions, fund holdings and sector allocations are subject to change at any time and are not recommendations to buy or sell any security.*

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GUINNESS ASSET MANAGEMENT FUNDS PLC**

We have audited the financial statements of Guinness Asset Management Funds plc from 12<sup>th</sup> December 2007 (Date of Incorporation) to 31<sup>st</sup> December 2008 which comprise of the Statement of Net Assets Attributable to Participating Shareholders, the Statement of Operations, the Statement of Changes in Net Assets Attributable to Participating Shareholders and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report, including as set out in the Statement of Directors' Responsibilities, the preparation of the Financial Statements in accordance with applicable law and accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Our responsibility, as independent auditor, is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2006, and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003. We also report to you whether in our opinion: proper books of account have been kept by the company and whether the information given in the directors' report is consistent with the financial statements. In addition, we state whether we have obtained all information and explanations necessary for the purposes of our audit and whether the company's Statement of Net Assets Attributable to Participating Shareholders and Statement of Operations are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law or the Listing Rules of the Irish Stock Exchange regarding directors' remuneration and directors' transactions is not given and, where practicable, include such information in our report.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the Financial Statements. The other information comprises only the Directors Report, the Investment Manager's Report, the Custodian's Report, the Schedule of Investments, the Portfolio of Movements and Appendix 1. Our responsibilities do not extend to other information.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GUINNESS ASSET MANAGEMENT FUNDS PLC (CONTINUED)**

### **Basis of audit opinion (continued)**

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the affairs of the company as at 31<sup>st</sup> December 2008 and of the loss for the period from 12<sup>th</sup> December 2007(Date of Incorporation) to 31<sup>st</sup> December 2008,
- have been properly prepared in accordance with the Companies Acts, 1963 to 2006, and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003.

We have obtained all the information and explanations we considered necessary for the purpose of our audit. In our opinion proper books of account have been kept by the company. The company's Statement of Net Assets Attributable to Participating Shareholders and its Statement of Operations are in agreement with the books of account.

In our opinion the information given in the directors' report is consistent with the financial statements.

Deloitte & Touche  
Chartered Accountants and Registered Auditors  
Dublin

Date: 28<sup>th</sup> April 2009

## Custodians' Report

### Statement of Custodian's Responsibilities

The Custodian is required under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003, as amended, (the "Regulations") to:-

1. ensure that the sale, issue, repurchase, redemption and cancellation of shares effected by or on behalf of the Company are carried out in accordance with the Regulations and in accordance with the Memorandum and Articles of Association.
2. ensure that the value of shares is calculated in accordance with the Regulations and the Memorandum and Articles of Association.
3. carry out the instructions of the Company unless they conflict with the Regulations or the Memorandum and Articles of Association .
4. ensure that in transactions involving the Company's assets, any consideration is remitted to it within time limits which are acceptable market practice in the context of a particular transaction.
5. ensure that the Company's income is applied in accordance with the Regulations and the Memorandum and Articles of Association.
6. enquire into the conduct of the Company in each annual accounting period and report thereon to the share holders. The Custodian's report shall be delivered to the Company in good time to enable the Company to include a copy of the report in its Annual Report. The Custodian's Report shall state whether in the Custodian's opinion the Company has been managed in that period:
  - (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company and Custodian by the Memorandum and Articles of Association and the Regulations; and
  - (ii) otherwise in accordance with the provisions of the Memorandum and Articles of Association and the Regulations.

If the Company does not comply with (i) or (ii) above, the Custodian must state why this is the case and outline the steps which the Custodian has taken to rectify the situation.

7. notify the Financial Regulator promptly of any material breach of the Regulations, conditions imposed by the Financial Regulator or provisions of the prospectus with regard to the Company.

The duties provided for above may not be delegated by the Custodian to a third party. These duties must be carried out in the State.

The Custodian also takes into its custody or under its control all the assets of the Company and holds them in safekeeping for the share holders.

### Report of the Custodian to the Shareholders

We have enquired into the conduct of the Guinness Asset Management Funds Plc ('the Company') for the period ended 31<sup>st</sup> Dec 2008 in our capacity as Custodian to the Company.

This report including the opinion has been prepared for and solely for the shareholders in the Company as a body, in accordance with the Financial Regulator's UCITS Notice 4 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

### Responsibilities of the Custodian

Our duties and responsibilities are outlined in the Financial Regulator's UCITS Notice 4. One of those duties is to enquire into the conduct of the Company in each annual accounting period and report thereon to the shareholders.

## **Custodians' Report (Continued)**

### **Responsibilities of the Custodian (Continued)**

Our report shall state whether, in our opinion the Company has been managed in that period, in accordance with the provisions of the Company's Memorandum and Articles of Association and the UCITS Regulations. It is the overall responsibility of the Company to comply with these provisions. If the Company has not complied we, as Custodian must state why this is the case and outline the steps which we have taken to rectify the situation.

### **Basis of Custodian Opinion**

The Custodian conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in UCITS Notice 4 and to ensure that, in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documents and the appropriate regulations and (ii) otherwise in accordance with the Company's constitutional documents and the appropriate regulations.

### **Opinion**

In our opinion, the Company has been managed during the period, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum and Articles of Association and by the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003, as amended, ('the Regulations'); and
- (ii) otherwise in accordance with the provisions of the Memorandum and Articles of Association and the Regulations.

For and on behalf of  
J.P. Morgan Bank (Ireland) plc  
JPMorgan House,  
IFSC, Dublin, 1.

28<sup>th</sup> April 2009

**Schedule of Investments as at 31<sup>st</sup> December 2008**  
**Guinness Global Energy Fund**

<b>Financial assets at fair value through profit or loss</b>	<b>Country</b>	<b>Nominal holding</b>	<b>Fair value USD</b>	<b>% of NAV</b>
<b>Equity Securities</b>				
<b>Integrated Oil &amp; Gas</b>				
BP	UK	204,130	1,543,749	3.21%
Chevron Corp	US	20,460	1,513,426	3.15%
ConocoPhillips	US	31,190	1,615,642	3.36%
ENI	Italy	68,940	1,604,192	3.34%
Hess	US	36,190	1,941,232	4.04%
Imperial Oil	Canada	49,510	1,643,916	3.42%
Marathon Oil	US	65,020	1,778,947	3.70%
Occidental Petroleum	US	30,450	1,826,696	3.80%
OMV	Austria	67,290	1,750,999	3.64%
Petro-Canada	Canada	73,210	1,584,586	3.30%
Petroleo Brasileiro	Brazil	95,470	1,948,543	4.05%
Repsol YPF	Spain	80,770	1,695,339	3.53%
Royal Dutch Shell	Netherlands	61,570	1,604,723	3.34%
StatoilHydro	Norway	102,200	1,662,441	3.46%
Suncor Energy	Canada	28,270	543,187	1.13%
Total SA	France	30,140	1,630,174	3.39%
			<u>25,887,792</u>	<u>53.86%</u>
<b>Oil &amp; Gas Exploration &amp; Production</b>				
Addax Petroleum	Switzerland	41,700	712,396	1.48%
Afren	UK	205,320	76,752	0.16%
Anadarko Petroleum	US	30,370	1,170,764	2.44%
Apache	US	15,500	1,155,215	2.40%
CNOOC	Hong Kong	1,848,000	1,726,344	3.59%
Coastal Energy	UK	138,600	167,286	0.35%
Dragon Oil	Ireland	398,510	913,869	1.90%
EnCana	Canada	23,560	1,087,062	2.26%
Grey Wolf Exploration	Canada	174,890	66,584	0.14%
Newfield Exploration	US	53,100	1,048,725	2.18%
Nexen	Canada	96,160	1,670,824	3.48%
Noble Energy	US	33,335	1,640,749	3.41%
OPTI Canada	Canada	138,330	201,696	0.42%
Pioneer Natural Resources	US	37,260	602,867	1.25%
Swift Energy	US	89,660	1,507,185	3.14%
WesternZagros Resources	Canada	171,780	83,490	0.17%
			<u>13,831,808</u>	<u>28.77%</u>
<b>Oil &amp; Gas Equipment &amp; Services</b>				
Halliburton	US	99,070	1,801,093	3.75%
Helix Energy Solutions Group	US	146,030	1,057,257	2.20%
Shandong Molong Petroleum Machinery	China	4,072,000	215,416	0.45%
			<u>3,073,766</u>	<u>6.40%</u>

**Schedule of Investments as at 31<sup>st</sup> December 2008**  
**Guinness Global Energy Fund (continued)**

	Country	Nominal Holding	Fair Value USD	% of NAV
<b>Oil &amp; Gas Drilling</b>				
Patterson-UTI Energy	US	97,740	1,124,987	2.34%
Transocean	US	28,910	1,365,998	2.84%
			2,490,985	5.18%
<b>Oil &amp; Gas Refining &amp; Marketing</b>				
Singapore Petroleum	Singapore	745,000	1,173,798	2.44%
<b>Coal &amp; Consumable Fuels</b>				
Peabody Energy	US	48,160	1,095,640	2.28%
<b>Construction &amp; Engineering</b>				
Kentz	Ireland	119,470	178,639	0.37%
Total financial assets at fair value through profit or loss			47,732,428	99.30%
Cash at bank			2,671,660	5.56%
Other net liabilities			(2,331,957)	(4.86%)
			48,072,131	100.00%

**Schedule of Investments as at 31<sup>st</sup> December 2008**  
**Guinness Alternative Energy Fund**

Financial assets at fair value through profit or loss	Country	Nominal holding	Fair value USD	% of NAV
<b>Equity Securities</b>				
<b>Solar</b>				
Daystar Technologies	US	4,570	4,296	0.27%
First Solar	US	420	57,943	3.67%
JA Solar Holdings	China	15,620	68,259	4.32%
LDK Solar	China	1,970	25,847	1.64%
MEMC Electronic Materials	US	2,490	35,557	2.25%
Q-Cells	Germany	1,760	61,896	3.92%
Renesola	China	7,860	34,663	2.20%
Renewable Energy	Norway	5,530	50,940	3.23%
SMA Solar Technology	Germany	1,370	71,414	4.53%
Solar Millenium	Germany	120	2,010	0.13%
Solar-Fabrik	Germany	3,367	23,823	1.51%
Solaria Energia	Spain	8,640	22,939	1.45%
Solarworld	Germany	2,910	61,080	3.87%
Sunpower	US	2,070	63,011	3.99%
Suntech Power	China	5,230	61,191	3.88%
Trina Solar	China	3,090	28,706	1.82%
Wacker Chemie	Germany	520	54,002	3.42%
			786,680	46.10%
<b>Wind</b>				
Clipper Windpower	UK	11,480	11,719	0.74%
Composite Technology	US	76,880	20,757	1.32%
EDF Energies Nouvelles	France	1,410	49,489	3.14%
EDP Renovaveis	Spain	8,230	57,235	3.63%
Gamesa	Spain	2,640	46,752	2.96%
Greentech Energy Systems	Denmark	7,130	30,626	1.94%
Hansen Transmissions	Belgium	35,210	59,103	3.74%
Iberdrola Renovables	Spain	14,030	59,482	3.77%
Innergex Renewable Energy	Canada	9,260	30,004	1.90%
Theolia	France	12,440	52,568	3.33%
Vestas Wind Systems	Denmark	1,030	58,380	3.70%
			417,012	30.17%
<b>Hydro</b>				
Boralex	Canada	4,490	27,460	1.74%
Canadian Hydro Developers	Canada	12,120	29,257	1.85%
CEMIG	Brazil	3,436	47,211	2.99%
Oest Elektrizitatswirts	Austria	1,170	52,954	3.35%
			156,882	9.93%

**Schedule of Investments as at 31<sup>st</sup> December 2008**  
**Guinness Alternative Energy Fund (continued)**

	Country	Nominal Holding	Fair Value USD	% of NAV
<b>Efficiency</b>				
Echelon	US	8,130	66,259	4.20%
Tanfield	UK	48,890	3,515	0.22%
Thermal Energy	Canada	99,567	4,436	0.28%
Waterfurnace Renewable Energy	US	2,240	41,733	2.64%
			115,943	7.34%
<b>Geothermal</b>				
Energy Development	Philippines	1,241,000	49,588	3.14%
Geodynamics	Australia	10,760	8,402	0.53%
Ormat Technologies	US	1,600	50,992	3.23%
			108,982	6.90%
<b>Biomass Energy</b>				
Novera Energy	UK	48,350	23,288	1.48%
Total financial assets at fair value through profit or loss			1,608,787	101.92%
Cash at bank			5,130	0.32%
Other net liabilities			(35,432)	(2.24%)
			1,578,485	100.00%

**Statement of Net Assets Attributable to Participating Shareholders**

*As at 31<sup>st</sup> December 2008*

	Notes	Guinness Global Energy Fund \$	Guinness Alternative Energy Fund \$	TOTAL \$
<b>ASSETS</b>				
Financial assets at fair value through profit or loss (Cost \$90,986,576)	2	47,732,428	1,608,787	49,341,215
Cash at bank		2,671,660	5,130	2,676,790
Dividends receivable		76,890	-	76,890
Other assets		8,189	18,611	26,800
<b>Total assets</b>		<b>50,489,167</b>	<b>1,632,528</b>	<b>52,121,695</b>
<b>LIABILITIES</b>				
Redemption payable		25,186	-	25,186
Other accrued expenses		28,156	38,505	66,661
Investment management fees payable	3	40,727	1,827	42,554
Administration fee payable	3	8,781	8,830	17,611
Custodian fee payable	3	15,990	4,881	20,871
Payable for securities purchased		2,298,196	-	2,298,196
<b>Total liabilities (excluding net assets attributable to participating shareholders)</b>		<b>2,417,036</b>	<b>54,043</b>	<b>2,471,079</b>
<b>Net assets attributable to participating shareholders</b>		<b>48,072,131</b>	<b>1,578,485</b>	<b>49,650,616</b>
Number of redeemable participating shares in issue				
Class A shares	6	8,244,387.81	134,281.66	
Class B shares	6	469,705.32	314,622.33	
Class C shares	6	7,574.61	9,782.24	
Class D shares	6	68.87	68.87	
Class E shares	6	13,262.39	100	
Net asset value per redeemable participating share				
Class A shares	11	\$5.50	\$3.36	
Class B shares	11	\$5.48	\$3.34	
Class C shares	11	£7.00	£5.37	
Class D shares	11	€9.91	€4.52	
Class E shares	11	\$5.66	\$4.33	

On behalf of the Board

Paul Nunan

Anthony Joyce

28<sup>th</sup> April 2009

*The accompanying notes form an integral part of the financial statements*

**Statement of Operations**

*For the period 12<sup>th</sup> December 2007 (date of incorporation) until 31<sup>st</sup> December 2008*

		<b>Guinness Global Energy Fund**</b>	<b>Guinness Alternative Energy Fund*</b>	<b>TOTAL</b>
	Notes	\$	\$	\$
<b>Investment income</b>				
Dividend income		970,009	12,995	983,004
Interest income		451	189	640
Other Income		9,136	-	9,136
Net realised loss on financial assets at fair value through profit or loss and foreign exchange		(17,259,816)	(599,475)	(17,859,291)
Net movement in unrealized loss on financial assets at fair value through profit or loss and foreign exchange		(39,669,046)	(1,965,650)	(41,634,696)
		<u>(55,949,266)</u>	<u>(2,551,941)</u>	<u>(58,501,207)</u>
<b>Expenses</b>				
Management fees	3	474,254	28,678	502,932
Administration fees	3	82,435	58,350	140,785
Organisational fees		87,003	50,627	137,630
Other expenses		62,815	51,024	113,839
Custodian fees	3	66,390	40,081	106,471
Directors fees	4	26,936	39,753	66,689
Audit fees		12,307	19,342	31,649
		<u>812,140</u>	<u>287,855</u>	<u>1,099,995</u>
Fee Cap Reimbursement	3	<u>10,063</u>	<u>190,357</u>	<u>200,420</u>
<b>Net Expenses</b>		<b>802,077</b>	<b>97,498</b>	<b>899,575</b>
Decrease in Net Assets attributable to holders of participating shares from operations		<u>(56,751,343)</u>	<u>(2,649,439)</u>	<u>(59,400,782)</u>

\* launched on 20th December 2007

\*\* launched on 31st March 2008

On behalf of the Board

Paul Nunan

Anthony Joyce

28<sup>th</sup> April 2009

*The accompanying notes form an integral part of the financial statements*

**Statement of Changes in Net Assets Attributable  
to Participating Shareholders**

*For the period 12<sup>th</sup> December 2007 (date of incorporation) until 31<sup>st</sup> December 2008*

	<b>Guinness Global Energy Fund**</b>	<b>Guinness Alternative Energy Fund*</b>	<b>TOTAL</b>
	\$	\$	\$
<b>Net assets attributable to participating Shareholders at the 12<sup>th</sup> December 2007</b>	-	-	-
Decrease in Net Assets attributable to participating shareholders from operations	(56,751,343)	(2,649,439)	(59,400,782)
Proceeds from sale of participating shares	128,521,369	6,609,293	135,130,662
Payment on redemption of participating shares	(23,697,895)	(2,381,369)	(26,079,264)
<b>Net assets attributable to participating Shareholders at 31<sup>st</sup> December 2008</b>	<u>48,072,131</u>	<u>1,578,485</u>	<u>49,650,616</u>

\* launched on 20th December 2007

\*\* launched on 31st March 2008

**Portfolio Movements (Unaudited)**

*For the period 12<sup>th</sup> December 2007 (date of incorporation) until 31<sup>st</sup> December 2008*

**Guinness Global Energy Fund**

<b>Purchases</b>	<b>Cost \$</b>	<b>Sales</b>	<b>Proceeds \$</b>
Plains Exploration & Production	5,002,346	Exxon Mobil	3,472,107
OMV	4,968,942	Whiting Petroleum	2,520,147
Singapore Petroleum	4,925,118	Plains Exploration & Production	2,225,948
Swift Energy	4,892,802	Chevron Corp	1,958,508
Helix Energy Solutions Group	4,661,596	BP	1,644,065
Petroleo Brasileiro	4,637,142	Royal Dutch Shell	1,424,498
Repsol YPF	4,562,533	Total SA	1,376,555
Nexen	4,556,632	ENI	1,289,328
Halliburton	4,430,349	ConocoPhillips	1,236,651
Transocean	4,427,697	Repsol YPF	1,198,864
BP	4,417,601	Occidental Petroleum	1,182,553
OPTI Canada	4,403,684	Ensign Energy Services	1,109,812
StatoilHydro	4,381,154	Imperial Oil	1,060,081
Petro-Canada	4,336,421	Singapore Petroleum	950,516
ENI	4,335,877	Nexen	928,896
Total SA	4,265,574	OMV	820,321
Hess	4,254,836	Marathon Oil	799,001
Royal Dutch Shell	4,182,197	Swift Energy	764,093
Imperial Oil	4,160,785	Unit Corp	738,674
Chevron Corp	4,120,566	StatoilHydro	709,700
Marathon Oil	4,107,645	Anadarko Petroleum	703,061
ConocoPhillips	4,089,350	Noble Energy	629,272
Occidental Petroleum	4,072,602	EnCana Corp	627,088
Exxon Mobil	4,046,959	Hercules Offshore	614,142
Peabody Energy	3,196,202	Transocean	600,095
Patterson-UTI Energy	3,052,566	Hess	595,997
Anadarko Petroleum	2,900,380	Petro-Canada	591,508

**Portfolio Movements (Unaudited) (Continued)**

*For the period 12<sup>th</sup> December 2007 (date of incorporation) until 31<sup>st</sup> December 2008*

**Guinness Global Energy Fund (Continued)**

Purchases	Cost \$	Sales	Proceeds \$
EnCana Corp	2,759,474	Apache	580,903
Apache	2,737,954	OPTI Canada	552,442
Pioneer Natural Resources	2,670,945	Pioneer Natural Resources	477,715
Whiting Petroleum	2,066,314	Peabody Energy	468,142
Noble Energy	1,995,226	Helix Energy Solutions Group	452,345
CNOOC	1,861,726	CNOOC	390,068
Hercules Offshore	1,834,499	Patterson-UTI Energy	386,970
Dragon Oil	1,507,374	Halliburton	377,114
Ensign Energy Services	1,348,860	Petroleo Brasileiro	359,360
Unit Corp	1,335,441	Suncor Energy	277,007
Addax Petroleum	1,236,816	Synenco Energy	227,424
Newfield Exploration	1,152,681	Dragon Oil	79,363
		Addax Petroleum	73,389
		Newfield Exploration	59,399
		Granby Oil & Gas	14,894

**Portfolio Movements (Unaudited) (Continued)**

*For the period 12<sup>th</sup> December 2007 (date of incorporation) until 31<sup>st</sup> December 2008*

**Guinness Alternative Energy Fund**

<b>Purchases</b>	<b>Cost \$</b>	<b>Sales</b>	<b>Proceeds \$</b>
EDP Renovaveis	241,145	Solon	140,189
Sunpower	237,069	EDP Renovaveis	128,066
Tanfield	192,462	Sunpower	127,718
Suntech Power	187,658	Acciona	83,649
Theolia	181,424	Nordex	66,572
Q-Cells	175,408	Babcock & Brown Wind	59,240
Solaria Energia	174,435	Echelon	55,570
Renewable Energy	173,542	CPFL Energia	54,192
Solarworld	164,343	E-TON Solar Tech	44,677
Conergy	163,419	CEMIG	43,902
MEMC Electronic Materials	163,259	LDK Solar	43,724
Solon	160,541	Motech Industries	41,469
Energy Development	156,735	Q-Cells	38,711
Nordex	154,757	Oest. Elektrizitätswirts	36,570
Echelon	154,348	Renewable Energy	35,920
Iberdrola Renovables	151,585	Ormat Technologies	34,993
Wacker Chemie	144,859	Xantrex Technology	32,330
JA Solar Holdings	141,794	Iberdrola Renovables	32,081
Gamesa	139,787	Fuel Systems Solutions	29,520
EDF Energies Nouvelles	139,114	Suntech Power	24,400
Ormat Technologies	134,969	Solarworld	24,299
CEMIG	134,218	Solar Millenium	23,852
Clipper Windpower	122,589	Renesola	23,193
Oest. Elektrizitätswirts	117,647	Westport Innovations	23,156
Acciona	111,862	EDF Energies Nouvelles	22,864
Vestas Wind Systems	108,229	Conergy	22,076
Innergex Renewable Energy	103,978	Jetion	21,622

**Portfolio Movements (Unaudited) (Continued)**

*For the period 12<sup>th</sup> December 2007 (date of incorporation) until 31<sup>st</sup> December 2008*

**Guinness Alternative Energy Fund ( Continued)**

Purchases	Cost \$	Sales	Proceeds \$
LDK Solar	81,099	Fuelcell Energy	17,844
Renesola	80,618	Innergex Renewable Energy	17,675
Solar Millenium	74,571	Composite Technology	17,455
Hansen Transmissions	72,551	Contact Energy	16,792
Solar-Fabrik	72,187	Gamesa	15,116
Composite Technology	71,830	Wacker Chemie	12,362
Boralex	71,671	ITM Power	8,767
Greentech Energy Systems	70,587	Solaria Energia	7,501
Canadian Hydro Developers	70,469	Solar-Fabrik	6,454
Novera energy	69,940	Tanfield	4,934
Motech Industries	65,125	Hansen Transmissions	4,182
Trina Solar	60,735		
Waterfurnace Renewable Energy	57,354		
E-TON Solar Tech	56,643		
Babcock & Brown Wind	56,009		
Xantrex Technology	54,751		
Solar Tech	53,258		
First Solar	51,696		
CPFL Energia	50,548		
Fuel Systems Solutions	34,912		
Thermal Energy	21,518		
Westport Innovations	18,354		
Jetion	18,221		
Daystar Technologies	18,142		
Fuelcell Energy	18,017		
ITM Power	17,842		
Geodynamics	17,821		
Contact Energy	15,923		

## Notes to the Financial Statements

*For the period 12<sup>th</sup> December 2007 (date of incorporation) until 31<sup>st</sup> December 2008*

### 1. Organisation and Nature of Business

The Guinness Asset Management Funds plc (the “Company”) is an open-ended investment company with variable capital incorporated in Ireland on 12<sup>th</sup> December, 2007 under the Companies Acts, 1963 to 2006 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 with registration number 450670.

The Company launched “The Guinness Alternative Energy Fund” (the “Fund”) on 20<sup>th</sup> December 2007. Two different Classes of Shares were issued in respect of the Fund, US Dollar Class A and US Dollar Class B shares. The investment objective of the Fund is to provide investors with long-term capital appreciation.

The Company launched “The Guinness Global Energy Fund” (the “Fund”) on 31<sup>st</sup> March 2008. Two different Classes of Shares were issued in respect of the Fund, US Dollar Class A and US Dollar Class B shares. The investment objective of the Fund is to provide investors with long-term capital appreciation.

The Company launched three new share classes on the 3<sup>rd</sup> September 2008 on both Sub funds. The three different share classes issued were GBP Sterling Class C Shares, Euro Class D Shares and USD Class E Shares.

### 2. Principal Accounting Policies

#### *Basis of Preparation*

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2006 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 and the Listing Rules of the Irish Stock Exchange. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board (“ASB”).

The format and certain wordings of the financial statements has been adapted from those contained in the Companies (Amendment) Act, 1986 and FRS 3 “Reporting Financial Performance” so that, in the opinion of the Directors, they more appropriately reflect the nature of the Company’s business as an investment fund.

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss.

All references to net assets throughout this document refer to net assets attributable to holders of participating shares unless otherwise stated.

#### *Foreign exchange translation*

##### (a) Functional currency

The Fund’s financial statements are measured using the currency of the primary economic environment in which it operates (the ‘functional currency’). The functional currency for both the Guinness Alternative Energy Fund and the Guinness Global Energy Fund is US dollars (\$).

## Notes to the Financial Statements (continued)

For the period 12<sup>th</sup> December 2007 (date of incorporation) until 31<sup>st</sup> December 2008

### 2. Principal Accounting Policies (continued)

#### (b) Transactions and balances

Assets and liabilities denominated in other currencies are translated into the functional currency using exchange rates prevailing at period end.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Operations.

#### *Financial Assets at fair value through profit or loss*

This category has two sub-categories: financial assets held for trading, and those designated by management at fair value through profit or loss at inception. Financial assets held for trading are acquired or incurred principally for the purpose of selling or repurchasing in the short term. The Funds investments are held for trading.

Purchases and sales of investments are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value, and transaction costs for all financial assets carried at fair value through profit or loss are expensed as incurred. Financial assets at fair value through profit or loss are subsequently measured at fair value at the period end. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are included in the Statement of Operations in the period in which they arise.

Securities held by the Company listed or traded on a stock exchange for which market quotations are available are valued at the last traded price on the Valuation day. In the opinion of the Directors this is not materially different from the valuation using bid prices as required by Financial Reporting Standard, 26.

#### *Income from investments and deposits*

Dividend income arising from investments is accounted for on an ex-dividend basis. Deposit interest is accounted for on a receipt basis.

#### *Cash and Other Liquid Assets*

Cash and other liquid assets are valued at their face value as at close of business at 31<sup>st</sup> December 2008.

#### *Redeemable Participating Shares*

Participating shares are redeemable at the Shareholder's option and are classified as financial liabilities.

The participating shares provide the shareholders with the right to redeem their shares at any time for cash equal to a proportionate share of the Company's net asset value. The redeemable shares are carried at the redemption amount that is payable at the period end date if the Shareholder exercised its right to put the share back to the Company and is presented as "Net assets attributable to Participating Shareholders" on the Statement of Net assets attributable to Participating Shareholders Report.

#### *Operating Expenses*

The Company is responsible for all normal operating expenses including audit fees, stamp and other duties and charges incurred on the acquisition and realisation of investments. The Investment Manager meets all other operating expenses incurred by it in connection with its services.

**Notes to the Financial Statements (continued)**

*For the period 12<sup>th</sup> December 2007 (date of incorporation) until 31<sup>st</sup> December 2008*

**3. Management, Distribution, Administration and Custodian Fees**

Guinness Asset Management Limited, the Investment Manager, is entitled to receive from the Manager out of the assets of the Fund the following fees in respect of both the Guinness Alternative Energy Fund and the Guinness Global Energy Fund.

Class A Shares – 1.0% of the Net Asset Value of the Class A Shares  
 Class B Shares – 1.5% of the Net Asset Value of the Class B Shares  
 Class C Shares – 1.5% of the Net Asset Value of the Class C Shares  
 Class D Shares – 1.0% of the Net Asset Value of the Class D Shares  
 Class E Shares – 0.75% of the Net Asset Value of the Class E Shares

Guinness Asset Management Limited, the Global Distributor, is entitled to receive a distribution fee of 2% on subscription proceeds in respect of Class B Shares on each Fund and 5% on Class C.

Capita Financial Managers (Ireland) Limited, the Manager, is entitled to receive from the Company out of the assets of both the Guinness Alternative Energy Fund and the Guinness Global Energy Fund a fee as detailed below subject to a minimum annual fee of €78,000 (plus VAT, if any) thereon:

- 0.15% of the Net Asset Value of the Fund on the first \$100 million  
 - 0.12% of the Net Asset Value of the Fund on amounts in excess of \$100 million

Capita Financial Administrators (Ireland) Limited, the Administrator, will be paid by the Manager out of the fees which the Manager earns. The Administrator is also entitled to be repaid out of the assets of the Company, all of its reasonable out of pocket expenses incurred on behalf of the Fund which shall include, inter alia, legal fees, courier's fees and telecommunication costs and expenses.

JP Morgan Bank (Ireland) plc, the Custodian, shall be entitled to receive out of the assets of each Fund an annual fee accrued at each Valuation Point and payable monthly in arrears, which shall not exceed 0.2% per annum of the Net Asset Value of each Fund subject to a minimum annual fee of €35,000.

Notwithstanding the fees and expenses detailed above, the Investment Manager has agreed to reimburse until further notice, to the account of the Fund, any fees and expenses of the Fund, other than the fees of the Investment Manager, which exceed 0.5% of the Net Asset Value of the Fund per annum ( such fees and expenses to include the annual fees of the custodian, the Manager, the Auditor, any Paying Agent and the Directors, and excluding any transaction charges, disbursements and out-of-pocket expenses that the Custodian, Manager, any Paying Agent and the Directors may be entitled to receive out of the assets of the Fund as outlined in the fund legal documents).

**4. Director Remuneration**

As at 31<sup>st</sup> December 2008, the Company paid out \$48,316 to Directors and held an accrual for outstanding fees of \$18,373.

<b>Director</b>	<b>Fee at Company Level*</b>
	<b>EUR</b>
Paul Nunan	15,000
Anthony Joyce	15,000
Timothy W.N. Guinness	Waived
Edward Guinness	Waived
Andrew E. Martin Smith	Waived
James Leslie	15,000
Johnny McClintock	15,000
David McGeough	15,000

\*This is the fee per annum which would be pro rated from date of appointment.

**Notes to the Financial Statements (continued)**

*For the period 12<sup>th</sup> December 2007 (date of incorporation) until 31<sup>st</sup> December 2008*

**5. Exchange Rates**

The following exchange rates were used at the period end;

	<b>Exchange Rate To USD 31st December 2008</b>
Euro	0.719400
Pound Sterling	0.695530
Norwegian Kroner	7.0021
Taiwan Dollar	32.818
Canadian Dollar	1.2345
Philippine Pesos	47.5500
Australian Dollar	1.43431
Danish Kroner	5.35465
Hong Kong Dollar	7.7502
Singapore Dollar	1.44075

**6. Shareholders' Funds**

*Subscriber Shares*

The authorised share capital of the Company is 500,000,000,000 shares of no par value and Euro 2 divided into 2 redeemable non-participating shares of Euro 1.00 each. There are two non-participating shares currently in issue which were taken by the subscribers to the Company and are held by Guinness Asset Management Limited.

*Participating Shares*

At 31<sup>st</sup> December 2008, the Company had 8,378,669.47 Class A shares, 784,327.65 Class B US Dollar class shares, 17,356.85 Class C GBP shares, 137.74 Class D shares and 13,362.39 Class E shares in issue.

The Participating Share transactions during the year were as follows:

	<b>Guinness Global Energy Fund Class A</b>	<b>Guinness Global Energy Fund Class B</b>	<b>Guinness Global Energy Fund Class C</b>	<b>Guinness Global Energy Fund Class D</b>	<b>Guinness Global Energy Fund Class E</b>
Opening balance	-	-	-	-	-
Subscriptions	11,318,021.45	734,307.82	8,757.36	68.87	13,262.39
Redemptions	3,073,633.64	264,602.50	1,182.75	-	-
Closing balance	<b>8,244,387.81</b>	<b>469,705.32</b>	<b>7,574.61</b>	<b>68.87</b>	<b>13,262.39</b>

	<b>Guinness Alternative Energy Fund Class A</b>	<b>Guinness Alternative Energy Fund Class B</b>	<b>Guinness Alternative Energy Fund Class C</b>	<b>Guinness Alternative Energy Fund Class D</b>	<b>Guinness Alternative Energy Fund Class E</b>
Opening balance	-	-	-	-	-
Subscriptions	292,134.00	439,342.74	9,883.58	68.87	100.00
Redemptions	157,852.34	124,720.41	101.34	-	-
Closing balance	<b>134,281.66</b>	<b>314,622.33</b>	<b>9,782.24</b>	<b>68.87</b>	<b>100.00</b>

## Notes to the Financial Statements (continued)

*For the period 12<sup>th</sup> December 2007 (date of incorporation) until 31<sup>st</sup> December 2008*

### 7. Related Party Disclosures

As at 31<sup>st</sup> December 2008, the Company paid the Investment Manager \$460,378 and the Company held an accrual for outstanding fees of \$42,554.

As at 31<sup>st</sup> December 2008, Tim Guinness (a director of the Company during the period) has a holding of 99,425 shares in Guinness Global Energy Fund and Edward Guinness (a director of the Company) has a holding of 2,347.12 shares in Guinness Alternative Energy Fund.

The following directors have waived their fee; Timothy W.N. Guinness, Edward Guinness and Andrew E. Martin Smith

Guinness Asset Management Limited had the following shares in the fund as detailed below:

	Guinness Global Energy	Guinness Alternative Energy
Class A shares	-	-
Class B shares	-	108,834.83
Class C shares	-	-
Class D shares	68.87	68.87
Class E shares	100.00	100.00

### 8. Financial Instruments & Derivatives

In accordance with its investment objectives and policies, the Company holds financial instruments, which at any one time may comprise the following:

- securities held in accordance with the investment objectives and policies
- cash and short-term debtors and creditors arising directly from operations

The main risks arising from the Company's financial instruments are market risk and liquidity risk. The Investment Manager reviews and agrees policies for managing each of these risks and they are summarised below.

#### 8.1 Market Risk

Market risk consists of currency risk, interest rate risk and market price risk. It represents the potential loss the Company might suffer through holding market positions in the face of market movements.

##### 8.1.1 Currency Risk

The following table sets out the Company's total exposure to foreign currency risk in their US Dollar equivalents.

	Guinness Global Energy 31 <sup>st</sup> December 2008 US\$	Guinness Alternative Energy 31 <sup>st</sup> December 2008 US\$
Australian Dollar	-	8,402
Canadian Dollar	7,760,325	132,847
Danish Kroner	-	89,006
Euro	8,285,427	615,645
Great British Pound	2,713,009	98,386
Hong Kong Dollar	1,941,762	-
Norwegian Kroner	1,662,441	50,940
Philippine Peso	-	49,588
Singapore Dollar	1,173,798	-
Taiwan Dollar	-	35
<b>Total</b>	23,536,762	1,044,849

## Notes to the Financial Statements (continued)

For the period 12<sup>th</sup> December 2007 (date of incorporation) until 31<sup>st</sup> December 2008

### 8.1.1 Currency Risk (continued)

A substantial portion of the net assets of the Company are denominated in currencies other than the US Dollar with the effect that the financial statements and total return can be significantly affected by currency movements. The Company does not currently enter into forward currency contracts to hedge this foreign currency risk.

#### Currency Sensitivity Analysis

##### Guinness Global Energy

The following details the Company's sensitivity to a 10% increase and decrease in the Euro – US Dollar exchange rate and also a 10% increase and decrease in the Canadian – US Dollar exchange rate, representing management's assessment of a reasonably possible change in exchange rates.

At 31<sup>st</sup> December 2008, if the Euro had strengthened by 10% against the US Dollar with all other variables held constant, the Net Assets attributable to Participating Shareholders would have been \$828,543 lower arising due to the decrease in the fair value of financial assets at fair value through profit or loss. If the Euro had weakened by 10% against the US Dollar, with all other variables held constant, the Net Assets attributable to Participating Shareholders would have been \$828,543 higher.

At 31<sup>st</sup> December 2008, if the Canadian Dollar had strengthened by 10% against the US Dollar with all other variables held constant, the Net Assets attributable to Participating Shareholders would have been \$776,103 lower arising due to the decrease in the fair value of financial assets at fair value through profit or loss. If the Canadian Dollar had weakened by 10% against the US Dollar, with all other variables held constant, the Net Assets attributable to Participating Shareholders would have been \$776,103 higher.

##### Guinness Alternative Energy

The following details the Company's sensitivity to a 10% increase and decrease in the Euro – US Dollar exchange rate and also a 10% increase and decrease in the Canadian – US Dollar exchange rate, representing management's assessment of a reasonably possible change in exchange rates.

At 31<sup>st</sup> December 2008, if the Euro had strengthened by 10% against the US Dollar with all other variables held constant, the Net Assets attributable to Participating Shareholders would have been \$61,564 lower arising due to the decrease in the fair value of financial assets at fair value through profit or loss. If the Euro had weakened by 10% against the US Dollar, with all other variables held constant, the Net Assets attributable to Participating Shareholders would have been \$61,564 higher.

At 31<sup>st</sup> December 2008, if the Canadian Dollar had strengthened by 10% against the US Dollar with all other variables held constant, the Net Assets attributable to Participating Shareholders would have been \$13,289 lower arising due to the decrease in the fair value of financial assets at fair value through profit or loss. If the Canadian Dollar had weakened by 10% against the US Dollar, with all other variables held constant, the Net Assets attributable to Participating Shareholders would have been \$13,289 higher.

### 8.1.2 Interest Rate Risk

The Company is not significantly exposed to interest rate risk as 100% of its investments are in equities.

**Notes to the Financial Statements (continued)**

*For the period 12<sup>th</sup> December 2007 (date of incorporation) until 31<sup>st</sup> December 2008*

**8.1.3 Market Price Risk**

Market price risk arises mainly from uncertainty about future prices of equity investments held. It represents the potential loss the Company might suffer through holding market positions in the face of price movements. Details of all investments held at 31<sup>st</sup> December 2008 are listed in the schedule of investments including the comparative holdings within each country. The Investment Manager manages the Fund's market price risk on a daily basis in accordance with the Fund's investment objective and policies. The Fund's overall market positions are monitored on a quarterly basis by the Board of Directors.

**Price Sensitivity Analysis****Guinness Global Energy**

The following details the Company's sensitivity to a 10% increase and decrease in equity market prices, representing an illustrative change in market prices. Further discussion on performance of the portfolio is set out in the Investment Manager's Report.

At 31<sup>st</sup> December 2008, if equity prices had been 10% higher, with all other variables held constant, the net assets attributable to Participating Shareholders would have been \$4,773,243 higher, arising due to the increase in the fair value of financial assets at fair value through profit or loss.

At 31<sup>st</sup> December 2008, if equity prices had been 10% lower with all other variables held constant, the net assets attributable to holders of redeemable shares for the period would have been \$4,773,243 lower, arising due to the decrease in the fair value of financial assets at fair value through profit or loss.

**Guinness Alternative Energy**

The following details the Company's sensitivity to a 10% increase and decrease in equity market prices, representing an illustrative change in market prices. Further discussion on performance of the portfolio is set out in the Investment Manager's Report.

At 31<sup>st</sup> December 2008, if equity prices had been 10% higher, with all other variables held constant, the net assets attributable to Participating Shareholders shares would have been \$160,879 higher, arising due to the increase in the fair value of financial assets at fair value through profit or loss.

At 31<sup>st</sup> December 2008, if equity prices had been 10% lower with all other variables held constant, the net assets attributable to holders of redeemable shares for the period would have been \$160,879 lower, arising due to the decrease in the fair value of financial assets at fair value through profit or loss.

**8.2 Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities as they fall due.

The Fund's assets comprise mainly readily realisable securities, which can be sold in a short time frame. The main liability of the Fund is the redemption of any shares that the investors wish to sell.

## Notes to the Financial Statements (continued)

*For the period 12<sup>th</sup> December 2007 (date of incorporation) until 31<sup>st</sup> December 2008*

### 8.2 Liquidity Risk (Continued)

The following table shows the residual contractual maturities of the Fund's financial liabilities:

All amounts stated in USD	Less than 1 month	1 to 3 months	3 months to 1 year	No stated maturity	Total
Accrued expenses	66,661	-	-	-	66,661
Investment Management fees payable	42,554	-	-	-	42,554
Administration fee payable	17,611	-	-	-	17,611
Custodian fee payable	20,871	-	-	-	20,871
Payable for Securities Purchased	2,298,196	-	-	-	2,298,196
Redemption Payable	25,186	-	-	-	25,186
Total assets	<u>52,121,695</u>			-	<u>52,121,695</u>
Net assets attributable to holders of redeemable participating shares	<u>49,650,616</u>				<u>49,650,616</u>
Total liabilities	<u>2,471,079</u>	-		-	<u>2,471,079</u>

### 8.3 Credit Risk

The Company is exposed to credit risk on parties with whom it trades and also bears the risk of settlement default. Credit risk arises on cash at bank which is held with the Custodian. The Company has adopted a policy of only dealing with credit worthy counterparties and the Company's exposure and the counterparty's exposure are constantly monitored.

### 9. Soft Commission Arrangements

There were no soft commission arrangements in place during the period.

### 10. Taxation

The Company qualifies as an investment undertaking as defined in Section 739B of the Taxation Consolidation Acts 1997. As such, it is not chargeable to Irish tax on its income and gains.

However, Irish tax may arise on the happening of a "chargeable event". A chargeable event includes any distribution payments to shareholders or any encashment, redemption or transfer of shares.

No tax will arise on the Company in respect of chargeable events in respect of:

- (i) a shareholder who is neither Irish resident nor ordinarily resident in Ireland at the time of the chargeable event, provided the necessary signed statutory declarations are held by the Company, and
- (ii) Certain exempted Irish resident investors who have provided the Company with the necessary signed statutory declarations.

Dividend income, interest and capital gains received by the Company may be subject to non-recoverable withholding tax in the country of origin.

## Notes to the Financial Statements (continued)

*For the period 12<sup>th</sup> December 2007 (date of incorporation) until 31<sup>st</sup> December 2008*

### 11. Net Asset Value per Share

The Net Asset Value of a Fund is the value of the assets of the relevant Fund less its liabilities at each Valuation Point. The Net Asset Value per Share is the Net Asset Value of the relevant Fund divided by the total number of Shares of the relevant Fund in issue at each Valuation Point and rounding the resulting total to the nearest four decimal points

For the purpose of determining Net Asset Value in accordance with the terms of the Prospectus, establishment expenses are being amortised over 60 months. However, for the purpose of these financial statements, establishment expenses have been expensed as incurred as required under accounting standards generally accepted in Ireland. Also, for the purposes of these financial statements redemptions with a value date as of the 31<sup>st</sup> of December must also be included as payable on the 31<sup>st</sup> of December 2008 where as per the prospectus, it would only be included on trade date which in this case would be the 1<sup>st</sup> of January 2009. Again, this is required under accounting standards generally accepted in Ireland.

	<b>Guinness Global Energy Fund</b>	<b>Guinness Alternative Energy Fund</b>	<b>Total</b>
	\$	\$	\$
Net Asset Value per financial statements	48,072,131	1,578,485	49,650,616
Capitalised expenses	78,168	37,930	116,098
Redemption payable	25,186	0	25,186
Published Net Asset Value	48,175,485	1,616,415	49,791,900

			<b>Guinness Global Energy Fund</b>	<b>Guinness Alternative Energy Fund</b>
Number of shares in issue class	USD	Class A shares	8,244,387.81	134,281.66
	USD	Class B shares	469,705.32	314,622.33
	GBP	Class C shares	7,574.61	9,782.24
	EUR	Class D shares	68.87	68.87
	USD	Class E shares	13,262.39	100
Published Net asset value per share class	USD	Class A shares	\$5.51	\$3.44
	USD	Class B shares	\$5.49	\$3.42
	GBP	Class C shares	£7.02	£5.50
	EUR	Class D shares	€5.92	€4.63
	USD	Class E shares	\$5.67	\$4.44
Net impact reduction of NAV's per share	USD	Class A shares	\$0.01	\$0.08
	USD	Class B shares	\$0.01	\$0.08
	GBP	Class C shares	£0.02	£0.13
	EUR	Class D shares	€0.01	€0.11
	USD	Class E shares	\$0.01	\$0.11

**Notes to the Financial Statements (continued)**

*For the period 12<sup>th</sup> December 2007 (date of incorporation) until 31<sup>st</sup> December 2008*

**12. Distributions**

The Company may in general meeting declare dividends but no dividend shall exceed the amount recommended by the Directors. Dividends, if declared, will be paid annually within four months of declaration. It is intended that the Fund will pursue a distribution policy so that the Fund will be able to obtain certification as a "Distributing Fund" under the United Kingdom Income and Corporation Taxes

Act 1988 for the purpose of United Kingdom taxation. A failure of the Fund to comply with this requirement will result in the Fund failing to obtain certification.

Dividends may be paid out of the net investment income. Otherwise all income and gains of the Fund will be accumulated within the Fund. Dividends which are not claimed or collected within six years of payment shall revert to and form part of the assets of the Fund.

Where the amount of any distribution payable to an individual Shareholder would be less than US\$100 the Directors in their sole discretion may determine that such amount shall not be distributed but shall be retained and reinvested within and for the benefit of the Fund.

The Directors declared a distribution of USD 0.028 per share on Class A US\$ of the Guinness Global Energy Fund amounting to USD 248,168 with an Ex date of 2<sup>nd</sup> March 2009 and pay date of 12<sup>th</sup> March 2009. The remaining classes had insufficient income to distribute. Guinness Alternative Energy Fund had insufficient income to distribute.

**13. Events after the Period End**

There have been no subsequent events since the period end.

**14. Efficient Portfolio Management**

No efficient portfolio management techniques were used during the year.

**15. Approval of Financial Statements**

The financial statements were approved for issue by the board of directors on 28<sup>th</sup> April 2009.

**Appendix 1 – Total Expense Ratio (TER) Calculations (Unaudited)**

**Guinness Alternative Energy Fund**

**TER**

**- Share Class Level**

<b>CLASS</b>	<b>A</b>	1.50%
<b>CLASS</b>	<b>B</b>	2.00%
<b>CLASS</b>	<b>C</b>	2.00%
<b>CLASS</b>	<b>D</b>	1.50%
<b>CLASS</b>	<b>E</b>	1.25%

**Guinness Global Energy Fund**

**TER**

**- Share Class Level**

<b>CLASS</b>	<b>A</b>	1.41%
<b>CLASS</b>	<b>B</b>	1.91%
<b>CLASS</b>	<b>C</b>	1.91%
<b>CLASS</b>	<b>D</b>	1.41%
<b>CLASS</b>	<b>E</b>	1.16%