

# Guinness Global Equity Income Fund

A high conviction equity fund managed in accordance with our intelligent investment process for high quality income portfolios.

<b>Aim</b>	<b>We don't chase yield, we want capital and dividend growth</b>
<b>Performance</b>	<b>Ahead of benchmark, ahead of peer group in 2011</b>
<b>Process</b>	<b>Quality before yield</b>
<b>Opportunity</b>	<b>Capturing quality value and growing dividends in difficult markets</b>

## Aim

*Dividend and capital growth*

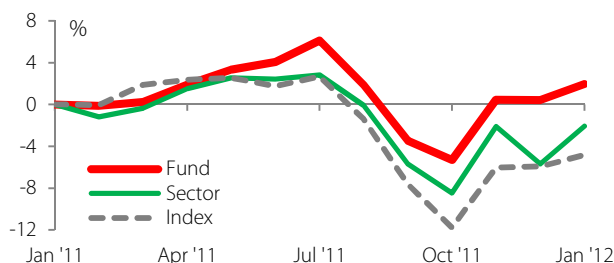
Our aim is long-term capital growth and a steady rising dividend stream, balanced with a yield higher than the global market average. We expect the Fund to yield around 3-4%.

## Performance

*Top quartile in 2011*

From launch on 31.12.10 to 31.12.11, the Fund was:

- **Up 1.95%, 6.8% ahead of the MSCI World Index.**
- **4.0% ahead of the IMA Global Equity Income average.**



% total return	2007	2008	2009	2010	2011
<b>Fund</b>	-	-	-	-	2.0
MSCI World Index	7.2	-17.9	15.7	15.3	-4.8
IMA sector average	-	-	-	-	-2.1

## Process

*Quality before yield*

Although the Fund is designed to invest in dividend-paying companies, our starting point in identifying our investment universe is sustainable Cash Flow Returns on Investment (CFROI).

Our analysis shows that companies with persistently high CFROI are highly likely to earn high CFROI in the future,

and thereby continue to create shareholder value. We invest in companies that have delivered CFROI over 10% for ten consecutive years.

**10% CFROI**

On average, 25% of companies achieve a CFROI over 10% each year. 10%, at almost twice the average real cost of capital, represents true value creation.

**every year**

Consistency each year excludes highly cyclical companies or those with high but declining or volatile earnings.

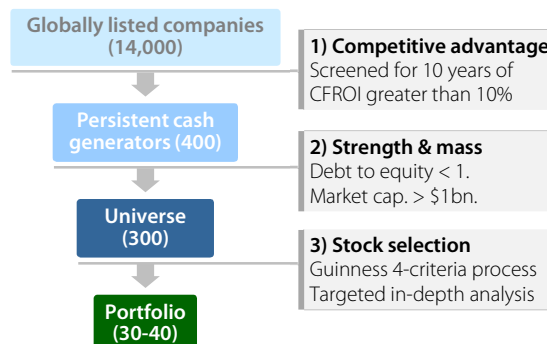
**for ten years**

Business cycles tend to last less than ten years. Our ten year rule picks companies able to weather the global economy's fluctuations over an entire business cycle.

*"It's a rare achievement for a company to meet our investment criteria – 10% cash flow return on investment every year for ten years is a mark of genuine quality. That's where our portfolio starts – persistent cash generation before yield."*

Ian Mortimer, co-manager, Guinness Global Equity Income Fund.

On average, only 3% of globally listed companies achieve our threshold of 10% CFROI in every discrete year over ten years. We then exclude companies less than \$1 billion in size or with a debt to equity ratio greater than 1 to give us a pool of c. 300 companies from which to build our portfolio.



\*Source: Financial Express, bid to bid, total return, GBP. Past performance should not be taken as an indicator of future performance. The value of this investment and any income arising from it can fall as well as rise.

From our pool we select candidates for extended research on the basis of value, earnings sentiment and earnings and price momentum. Research on companies' cash flow, capital budgeting, dividend policy and potential for dividend growth identifies our final portfolio selection.

This process gives us a portfolio of companies that have maintained top quartile returns on capital every year over a business cycle, are likely to continue to achieve top quartile returns on capital in the near future, are well managed and able to adapt to changing circumstances, and often generate significant amounts of cash.

### Portfolio

*Equally-weighted, high conviction, low turnover*

We run an equally-weighted portfolio of around 35 quality companies. This ensures no closet indexing, avoids undue stock risk, and instils a strong sell discipline.

### Opportunity

*Growing array of global dividend payers*

We believe our proven cash-generative businesses are a suitable investment right now. In low growth markets, dividends become even more important, often accounting for an even greater proportion of total returns. For example, in both the 1940s and 1970s – periods of slow economic growth, inflation and unemployment, – dividends accounted for over 75% of the total return of the S&P500.

While UK companies have a long history of paying dividends, today just six companies account for over 40% of all UK dividend payments. High quality companies with long histories of paying dividends can now be found in many developed markets. More and more companies around the world are responding to shareholder pressure to adopt more progressive dividend policies, including those companies in emerging markets. A global approach therefore offers not only geographic diversification but access to a growing and broader range of dividend payers.

### Managers

*Quality managers in a specialist group*

The Fund is managed by Ian Mortimer and Matthew Page.

**Dr. Ian Mortimer** joined Guinness Asset Management in December 2006 and is co-manager of the Guinness Global Equity Income Fund and the Guinness Global Energy Fund.

Prior to joining Guinness, Ian completed a D.Phil. in experimental physics at Christ Church, Oxford in 2006. He graduated from University College London with a First Class Honours Master's degree in Physics in 2003. He has completed the IMC and is a level 3 candidate in the CFA programme.

**Matthew Page, CFA**, joined Guinness Asset Management in 2005 and is the co-manager of the Guinness Global Equity Income Fund and the Guinness Alternative Energy Fund.

Previously, Matthew joined Goldman Sachs in 2004, working in Foreign Exchange and Fixed Income. He graduated from New College, Oxford with a Master's Degree in Physics. He has completed the IMC and is a CFA charterholder.

**Guinness Asset Management**, the Fund's Investment Manager, offers a range of specialist funds that focus on compelling global investment areas for long-term investors.

We believe that active investment management, when coupled with the discipline and intellectual integrity of our investment process, is the best way to achieve superior returns in our specialist areas. Our portfolios are intelligently constructed to enable investors to benefit from the structural drivers of growth in today's economy.

### How to invest

Investments in the Fund can be made either via a selection of investment platforms (details available on request) or direct with the Fund's Administrator, Capita Financial Administrators (Ireland) Limited.

Further details, the Prospectus, Simplified Prospectus and application forms for direct investments are available direct from Guinness or from our website.

Issued by Guinness Asset Management Ltd, authorised and regulated by the Financial Services Authority.

Guinness Global Equity Income Fund is an equity fund. Investors should be willing and able to assume the risks of equity investing. The value of the Fund's portfolio changes daily and can be affected by changes in currencies, interest rates, general market conditions and other political, social and economic developments, as well as specific matters relating to the companies in whose securities the Fund invests. Investment in the Fund carries with it a degree of risk and investors should read the risk factors section in the Prospectus before investing.

Past performance should not be taken as an indicator of future performance. The value of this investment and any income arising from it can fall as well as rise. This will be as a result of market, currency and exchange rate fluctuations as well as other factors both directly and indirectly related to the stocks in which it is invested.

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The full Fund documentation contains more complete and detailed information of risk, fees, charges and expenses that are to be borne by an investor. The documentation should be read carefully before investing. The full documentation needed to make an investment, including the Prospectus, the Simplified Prospectus and the Application Form are available, free of charge, from the Manager: Capita Financial Managers (Ireland) Limited, Montague House, Adelaide Road, Dublin 2 Ireland or the Promoter and Investment Manager: Guinness Asset Management Ltd, 14 Queen Anne's Gate, London SW1H 9AA. **Documentation is also available from the website [guinnessfunds.com](http://guinnessfunds.com).**

Telephone calls to Guinness Asset Management may be recorded.