

## Consider the risks

Guinness Asset Management provides investment products for professional and private investors, which include:

- A range of long-only open-ended funds (sub-funds within an OEIC (Guinness Asset Management Funds PLC) that is incorporated in Ireland and authorised and supervised by the Central Bank of Ireland, which operates under EU legislation). The Funds are approved by the Financial Conduct Authority for sale in the UK.
- A discretionary-managed Enterprise Investment Scheme (EIS Service) investing in EIS-qualifying companies. The Service comprises a range of investment themes which can be accessed by investors via a sequence of dated “offerings”.

### LONG-ONLY OPEN-ENDED FUNDS

Guinness Asset Management Funds PLC – an umbrella-type OEIC containing the Guinness range of long-only, open ended equity funds

Guinness Asset Management Funds PLC (the “Company”) is an umbrella-type open-ended investment company (OEIC), incorporated in Ireland and authorised and supervised by the Central Bank of Ireland, which operates under EU legislation. The Company’s sub-funds comprise the Guinness range of long-only, open ended equity funds (the “Funds”) as follows:

- Guinness Alternative Energy Fund
- Guinness China & Hong Kong Fund
- Guinness Global Energy Fund
- Guinness Global Equity Income Fund
- Guinness Global Money Managers Fund

#### Fund risk factors

All the Guinness Funds are open ended, long-only equity funds. Investors should be willing and able to assume the risks of equity investing. Investment in the Funds carries with it a degree of risk and investors should read the risk factors section in the prospectus before investing. The value of the Funds’ portfolios changes daily in accordance with the movement of underlying capital markets and the specific share price movements of the companies in whose shares each Fund invests.

Past performance is not a guide to future performance.

#### Performance risks

We identify the following performance risks in our Funds:

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<b>Market risk</b>	The value of investments and the income from them may go down as well as up and are not guaranteed. An investor may not get back the amount originally invested. The value of an investment can be affected by changes in general market conditions, other political, social and economic developments, as well as specific matters relating to the companies in whose securities each Fund invests.
<b>Currency risk</b>	Changes in the rates of exchange may cause the value of investments to go up or down. While the Funds have share classes priced in various currencies, the base currency of all the Funds is US Dollars, and the Fund valuations for all share classes are initially calculated each dealing day in US Dollars. Non-US Dollar share classes are then converted into their respective currencies from the US Dollar valuation. The Funds invest internationally and hold all investments in local currency. Guinness Asset Management does not conduct any hedging of currency exposure on the Funds’ capital value or income. The Funds aim to be fully invested most of the time, but any cash balances are normally held in US dollars. This means that the exposure of the Funds to any one currency is mainly limited to the value of its holdings in stocks priced in that currency. Therefore, as well as the impact of share price movements in the securities each Fund holds, the capital value of an investment in a Fund will be affected by changes in exchange rates between the stocks’ local currency, the Fund’s base currency (USD) and the currency of the Fund share class you own.

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## Guinness Asset Management – Consider the risks

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<b>Emerging market risk</b>	The risk inherent in a Fund is higher when it is invested in markets which may be considered 'emerging'. These Funds are only suitable for those investors who are prepared to accept the above average volatility inherent in emerging market investment.
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There are other risks of investing in our funds, such as credit and counterparty risks, which are detailed in the [Prospectus](#).

Shareholders in Guinness Global Equity Income Fund and Guinness Global Money Managers Fund should note that all or part of the fees and expenses can be charged to the capital of the Funds. Charging fees and expenses to capital has the effect of lowering the capital value of your investment.

### Fund specific risks

In addition some funds carry their own specific risks:

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<b>Sector risk</b>	Some funds invest only in companies involved in a single industry or a single sector of the market. These funds are very susceptible to the performance of that one industry or sector, and can be volatile. Examples in the Guinness fund range include: <ul style="list-style-type: none"><li>• Guinness Alternative Energy Fund</li><li>• Guinness Global Energy Fund</li><li>• Guinness Global Money Managers Fund</li></ul>
<b>Geographic risk</b>	Some funds invest only in stocks listed in or exposed to one single country or region. These funds are very susceptible to the performance of that one country or region, and can be volatile. Examples in the Guinness fund range include: <ul style="list-style-type: none"><li>• Guinness China &amp; Hong Kong Fund</li></ul>

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For more detail on the risks relating to specific products, please refer to the relevant documentation for that product.

### Further information

The Funds are approved by the Financial Conduct Authority for sale in the UK. The Company and the Funds have been recognised in the UK by the FCA pursuant to section 264 of the Financial Services and Markets Act 2000. Guinness Asset Management Ltd is authorised and regulated by the Financial Conduct Authority (FCA registered company number 223077).

The Funds are not offered for sale to Retail Clients in countries where the Funds are not registered for sale, or in any country or jurisdiction in which an offer is not permitted under applicable law. **THESE INVESTMENTS ARE NOT FOR SALE TO U.S. PERSONS.**

The Funds' full 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 KIID and the Application Form are available, free of charge, from:

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The Manager	Capita Financial Managers (Ireland) Limited 2 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland
The Promoter and Investment Manager	Guinness Asset Management Ltd 14 Queen Anne's Gate, London SW1H 9AA

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**Documentation is also available from this website, [guinnessfunds.com](http://guinnessfunds.com).** The content and documents on this website should not be distributed to Retail Clients who are resident in countries where the Funds are not registered for sale or in any other circumstances where their distribution is not authorised or is unlawful.

The prospectus for Switzerland, the KIID for Switzerland, the articles of association, the annual and semi-annual reports, as well as the list of the buying and selling transactions 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, Fax: + 41 22 705 11 79, [www.carnegie-fund-services.ch](http://www.carnegie-fund-services.ch)

The paying agent is Banque Cantonale de Genève, 17 Quai de l'Île, 1204 Geneva, Switzerland.

## ENTERPRISE INVESTMENT SCHEME

### Guinness EIS Service

An Enterprise Investment Scheme (EIS) is a government initiative to encourage investment in smaller, higher-risk companies by offering a range of tax reliefs to investors. EIS-qualifying companies can be unlisted smaller companies (companies whose shares are not quoted on any recognised stock exchange), or companies listed on the Alternative Investment Market (AIM).

The Guinness EIS Service is a discretionary managed service investing in EIS qualifying companies and managed by Guinness Asset Management Ltd, the Investment Manager. The Service comprises a range of investment themes which can be accessed by investors via a sequence of dated “offerings”. Each offering has a finite subscription period, with an opening and closing date for subscriptions. To qualify for the full range of tax benefits of an EIS investment, investors should be prepared to hold their investment for a minimum of three years. Each offering has its own *Information Memorandum* detailing the terms and conditions, specific risks and tax implications of investment.

The range of investment themes in the Guinness EIS Service include AIM-listed companies and Sustainable Energy companies.

An investment in the Guinness EIS Service is subject to a number of risks, both general and specific to each offering within the Service. Before making any decision to invest, prospective investors need to understand that investing in EIS-qualifying companies can be highly speculative and carries high risk. The Information Memorandum for each offering contains details of the risks involved. Investors should consider carefully whether a subscription is suitable for them in the light of the information in the Information Memorandum and their personal circumstances. Before investing, investors are strongly recommended to consult an authorised financial adviser. We recommend you seek appropriate independent advice before investing.

### General EIS investment risks

#### 1. Market risk

The value of an investment in any investee company may go down as well as up and investors may not get back the full amount invested. The Investment Manager will rely on achieving an exit for the investments made in each offering in order to generate a capital gain for investors. There is no guarantee that exits will be available at the prices anticipated by the Investment Manager. Past performance of the Investment Manager is no guarantee of future performance.

#### 2. Concentration risk

The Investment Manager may be unable to make sufficient investments in suitable investee companies. If sufficient investments are not made, the returns achieved by the Service could be materially impacted.

The Investment Manager intends to invest across a portfolio of investee companies to diversify exposure to any one company. However, there is a risk that the investments are concentrated or there is a weighting towards one or more sectors. In these circumstances returns to investors may be adversely affected by the underperformance of a particular company or sector.

#### 3. Size and liquidity risk

The Guinness EIS Service invests in companies that are relatively small. Smaller investee companies can be vulnerable to government actions and changes in statute. In particular, there may be changes to the EIS legislation which may affect investors’ tax positions.

Investee companies may be reliant on the skills or knowledge of a small number of individuals, and should a key individual leave performance may be adversely affected.

Some companies’ shares in which the Investment Manager invests will be listed on AIM, other companies will be unlisted.

#### *Listed shares*

Although some companies’ shares in which the Guinness EIS Service can invest are listed on AIM, not all shares are readily realisable at all times.

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Investment in shares traded on AIM involves a higher degree of risk, and such shares may be less liquid, than shares in companies which are listed on the main market of the London Stock Exchange. The rules governing AIM companies are less demanding than those of companies listed on the main market of the London Stock Exchange.

The market price of AIM-listed shares may not necessarily reflect their underlying value.

The share price of AIM-listed companies can be highly volatile and shareholdings can be illiquid. The price at which AIM-listed shares are quoted and the price at which such shares may realise will be influenced by a large number of factors, some specific to the relevant investee company and its operations, and others which may affect AIM-listed companies generally, such as legislative changes, and general economic, political, regulatory or social conditions.

Some AIM-listed companies are majority owned by connected parties who may be in a position to exert influence on the relevant investee company and their interests may differ from other shareholders.

### *Unlisted shares*

Some offerings in the Guinness EIS Service can invest in companies which are not expected to have a listing or quotation. Therefore, there may not be a recognised or active market for the shares of investee companies and it may be difficult to sell or realise the investment or obtain reliable information about their value. Investors should not consider investing money in an offering which can hold shares in unlisted companies if their investment may be required during the life of the offering, which is normally at least three years.

Investors should not consider subscribing unless they can afford a total loss of their subscription.

Minority holdings in unquoted investments may be difficult to protect and difficult to realise. The timing of realisations of investments by the Service cannot therefore be predicted.

### **4. Tax risks**

The tax reliefs referred to in the Information Memorandum for each offering in the Guinness EIS Service are those currently applicable. However, investors should be aware that tax reliefs can change. Their applicability and value will depend upon the individual circumstances of a given investor, and investors should seek their own independent professional advice on their particular tax situation and the application of such tax reliefs prior to making a subscription in the Service.

It is the intention of the Investment Manager to invest in companies which qualify under the EIS legislation, but there is no guarantee that EIS status can be maintained throughout the life of the Investment. Both investee companies and investors need to comply with the requirements of the EIS legislation in order to maintain EIS Income Tax Relief, CGT free disposal and CGT Deferral Relief, and non-compliance may result in the loss or partial claw-back of EIS Income Tax Relief and CGT Deferral Relief, and potential interest penalties. Subscription funds will not be returned in these instances; investments will be exited as deemed appropriate by the Investment Manager.

Shares in companies which qualify under the EIS legislation will normally qualify for Business Property Relief for Inheritance Tax purposes. In order to secure this relief investors must retain their shareholding in an investee company for a minimum of two years. The Investment Manager intends to invest in companies which qualify for EIS Relief, CGT Deferral Relief and Business Property Relief, although there is a possibility that investments will not qualify for one or more of these.

To qualify for the full range of tax benefits of an EIS investment, it is the intention of the Investment Manager that investments in qualifying companies will be held for three years. However, the Investment Manager reserves the right to realise individual investments before three years if it believes it is in the best interests of investors.

### **Specific EIS risks**

Additional risks and uncertainties apply to each offering in the Service and the companies in which it invests. These specific risks may have an adverse effect on the business of the investee companies. **Investors should consider carefully whether a subscription to the Service is suitable for them in the light of the information in the relevant Information Memorandum, and their personal circumstances.**