Guinness Alternative Energy Fund

A high conviction pureplay equity fund managed by Edward Guinness investing in quoted companies in the alternative energy sector.

INVESTMENT COMMENTARY – review of the 1st quarter 2017

Manager	**Edward Guinness** (from launch in December 2007)
Fund size	**$8.0m**
AUM under strategy	**$18.0m**

Aim

Guinness Alternative Energy Fund gives investors pureplay exposure to global alternative energy markets.

The Fund is managed for capital growth and invests in companies in the solar, wind, hydro, geothermal, biofuels, biomass and energy efficiency sectors.

Investment case

We believe that over the next twenty years the alternative energy sector will benefit from the combined effects of:

- Higher energy prices driven by population growth, developing world industrialisation and diminishing fossil fuel supplies
- Falling costs of alternative energy assets as the technology improves
- Energy security concerns
- Climate change and environmental issues

The Guinness Alternative Energy team has been managing alternative energy portfolios since 2007.

The Fund is a long-only equity portfolio of around 30 equally-weighted positions.

Normally the Fund is invested in companies with a market capitalisation over $100 million.

Alternative energy review

Alternative energy stocks recovered after their weak response to the election of Donald Trump as the president of the United States. His presidency is expected to have a relatively low impact on installation figures globally given the low US market share of installations. All subsectors in which the Fund invests contributed positively to performance. Wind holdings provided the highest contribution, followed by solar and hydro holdings.

Performance contribution

Wind

The robust performance of the Fund's wind holdings was led by three of its Chinese Independent Power Producer (IPP) positions, with support from Senvion, the Fund's only wind turbine manufacturer, and Boralex, the Canadian listed IPP. China Suntien was up 49.7% after higher profit growth than expected due to higher wind speeds and lower curtailment. China Datang and Huaneng Renewables were up 12.4% and 6.5% respectively on the news that China may introduce new renewable energy certificates to pay renewable energy projects faster for their production (currently producers sometimes have to wait for as much as two years before subsidies owed are paid). China Longyuan was down 0.57% over the quarter due to lower than expected wind utilization and poor performance in its conventional power generation business. Concord New Energy was down 2.70% as it continued to execute its change in strategy to focus on building and owning projects rather than providing only the engineering, procurement and construction

Tel: +44 (0) 20 7222 5703
Email: info@guinnessfunds.com
Web: guinnessfunds.com

GUINNESS ASSET MANAGEMENT LTD

services. This strategy shift has resulted in a fall in revenue but an increase in net profit by 13.4%. The company saw a boost from high wind power output from new projects and maintained a strong project pipeline for 2017, which was offset over 2016 by higher than expected curtailment.

The Chinese government has introduced several policies to reduce levels of curtailment, including building four to five high voltage transmission lines each year, introducing guaranteed minimum offtake levels for wind installations and halting the development of further projects in areas of high wind power curtailment. Lower curtailment is of direct benefit to the profitability of the Chinese IPP companies held in the Fund.

Our Canadian IPP holding Boralex was up 12.7% with solid project pipelines and high earnings visibility. Mytrah, our Indian wind IPP holding, was the worst performing wind energy holding (down 18.7%), due to low liquidity in the stock and rumours that Indian electricity distribution companies would cut their offtake prices.

Our only wind manufacturing holding, Senvion, was up 7.6% after a poor Q4 2016. The stock trades at multiples that reflect a significant discount to its peers. We think it will be rerated as the company expands away from its home German market.

Solar

The solar sector saw a flat quarter overall, with Chinese module manufacturers recovering from last year's sell-off and US module manufacturers underperforming. Of the Chinese module manufacturers, JA Solar and JinkoSolar performed particularly well due to the more numerous installations than expected in China's H2 2016 which they reported in Q1 2017. FirstSolar and SunPower, which sell mainly to the US market, were hurt by continued negative sentiment following the election of Trump.

China Singyes, a solar installer in China, and Xinyi Solar Holdings, a glass-sheet manufacturer for solar panels, were down 5.6% and 1.8% respectively, reflecting slightly weaker expectations for Chinese solar demand. China Singyes had rallied in H2 2016 on the news that over 20GW of solar had been installed in H1 2016. Since then, the company has given up some of its gains, potentially due to preliminary data showing that H1 2017 could see fewer PV installations in China than previously expected before the feed-in tariff cut on 30 June 2017.

Efficiency

Our efficiency holdings had a successful quarter, with Centrotec, a German energy-efficient boiler company, leading the pack. The company has met its revenue and profit forecasts and has predicted further growth for 2017. Sensata, a US electronics manufacturer mainly serving the automotive market, increased with gains across the automotive sector.

Schneider Electric, a French automation and power electronics specialist, and Prysmian, an Italian cable company, also performed well. Schneider Electric has exposure to the building sector in the United States, China and the recovering building sector in Europe. Prysmian reported results in line with expectations and has a strong order book from energy projects.

Johnson Controls, a US energy efficiency products manufacturer, Nibe Industrier, a Swedish heat pump specialist, and Kingspan Group, an Irish insulation panel producer, had a relatively flat quarter.

Our Chinese efficiency holdings underperformed during the quarter. Tianneng Power, an electric bicycle battery manufacturer, was down 1.1% despite reporting a 50% increase in revenue for 2016. Wasion, a Chinese meter manufacturer, was down 2.2%, which was partly caused by delays to the roll-out of a State Grid upgrade; the resulting slower replacement of smart meters led to lower sales of Wasion products

than had been hoped for. The upgrading of the grid in China is government mandated and we continue to have a positive outlook on Wasion in the long term. Boer Power, our energy management systems holding, was the weakest of the three, down 15.7%. The company has gone through restructuring which resulted in a larger loss than expected for 2016. We believe the industry in which Boer Power is situated - electrical distribution systems and energy efficiency management - will grow substantially in the years to come.

Ricardo, the automotive engineering consultancy, was down 8.1% despite reporting improved half-year results this quarter. The company provides services in combustion engine efficiency. Ricardo is also exposed to the increased electrification of vehicles, an area which we expect will grow exponentially over the next decade.

Hydro

Cemig was up 44.3% in the first quarter. The company has benefitted from the rise in value of the Brazilian real to the US dollar and an increase in the Brazilian IBOVESPA Index. The stock came off towards the end of the quarter due to legal complications regarding concessions for the running of three hydro plants.

Iniziative Bresciane, a small Italian hydropower utility, was down 10.0% in the first quarter. The company suffered from poor rainfall and lack of liquidity in the market. Over the last two years the company has completed several small hydro facilities that are expected to contribute to higher earnings in 2017 and it is well placed for any improvement in European power prices.

Geothermal

Ormat Technologies continues to do well as more plants are completed and begin to generate cash flow. Its 2016 revenues were a new record, increasing 11.4% year-on-year. The company finalised its acquisition of Viridian Energy, a demand response, energy management and energy storage specialist.

Biofuel

Brazil's Cosan was up 4.4%, tracking the IBOVESPA Index and reflecting an improving outlook for ethanol sales. The company pulled back in late February due to a capital raise and a downgrade from a prominent broker due to valuation concerns.

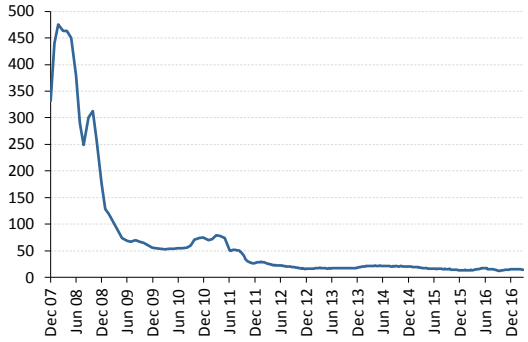
On a stock basis, the top five performers over the quarter were China Suntien Green Energy (49.7%), CEMIG (44.3%), JA Solar (37.4%), Centrotec (19.3%) and Boralex (12.7%).

The bottom five performers were Mytrah (-19.0%), Boer Power (-15.7%), FirstSolar (-15.6%), Iniziative Bresciane (-10.0%) and Ricardo (-8.5%).

Outlook

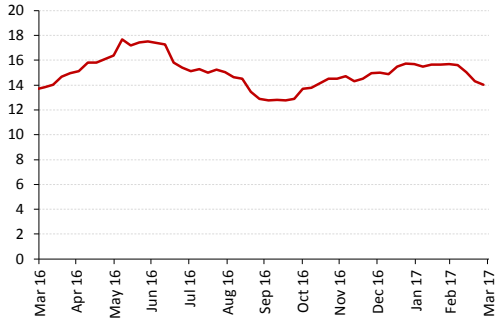
Solar

Long-term Silicon price ($/kg)



Source: Bloomberg

TTM Silicon price ($/kg)

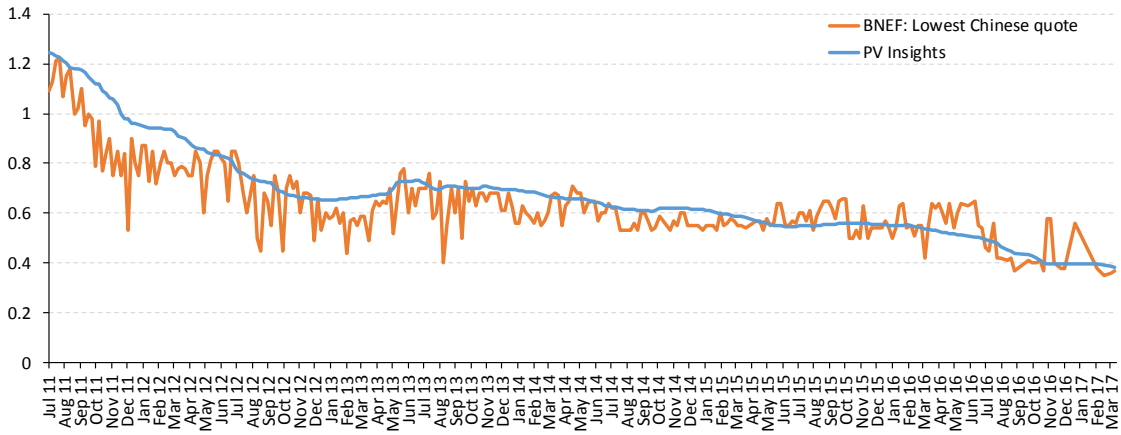


Source: Bloomberg

Past performance should not be taken as an indicator of future performance. The value of investments and any income arising from them can fall as well as rise.

Over the quarter, the Bloomberg New Energy Finance polysilicon spot price decreased from $14.53 to $14.01. Polysilicon prices had reached an all-time low at the end of Q3 2016 of $12.88. For historical context, polysilicon prices have fallen from a high of $475/kg in February 2008 to just over $50/kg in December 2009. Since then, polysilicon has continued to fall in price, albeit not as dramatically. Since August 2012, polysilicon has failed to maintain a price above $20/kg for any significant amount of time. The costs for producing silicon in existing plants is now believed to be just under $10/kg for the lowest cost producers. Several polysilicon production plants still have costs of over $20/kg[1]. We are aware of smaller suppliers entering the market who claim to have production costs below $10/kg using new technologies. We do not believe that there will be a major bottleneck in polysilicon supply (which would cause a price spike) unless annual installation volumes more than double from current levels in the next year. We have no investments in polysilicon producers.

Module Price ($/W)



Source: Bloomberg

Solar module prices have declined steadily and have seen a lurch downwards following the reduction in Chinese feed-in tariffs in June 2016, when supply outstripped demand. During Q1 2017 module prices have fallen 8% from $0.37/W to $0.34/W, squeezing manufacturer margins. China has a cycle of feed-in tariff cuts that occur in June each year, leading to a surge in demand in Q2. The rest of the world typically has a strong demand cycle driven by installation completion by calendar year end, leading to a second surge in Q4. We expect the module price to stabilize as demand for 2017 ramps up.

Over the long run, prices and costs are likely to continue to decline further due to economies of scale and incremental manufacturing process technology improvements which should enable manufacturers to defend margins over the long run. Consolidation of the solar module manufacturers is likely and will further support margins. We believe that the companies in the portfolio are well placed to weather this period, with low cost bases, strong balance sheets and shareholder support.

Solar PV forecast

	2013	2014	2015	2016	2017	2018	2019
World	**41.6**	**45.0**	**56.0**	**75.0**	**78.7**	**89.4**	**93.0**
Asia	23.8	25.5	35.7	47.8	48.1	42.0	42.3
North America & Caribbean	5.5	7.4	8.2	15.0	13.0	18.5	19.2
EU Europe	9.8	6.8	7.9	5.8	5.3	5.6	5.9
Non-EU Europe	0.9	0.8	1.0	1.4	3.1	4.4	5.0
Central & South America	0.2	1.0	0.7	1.5	2.7	5.6	4.4
Oceania	0.9	1.3	1.3	1.4	2.4	4.7	6.3
Middle East & North Africa	0.3	0.8	0.7	1.1	2.4	5.6	6.1
Africa (excl. North Africa)	0.3	1.5	0.4	0.9	1.6	2.9	3.6

Source: Bloomberg. Note: Sorted by 2017 forecast installations

[1] Bloomberg New Energy Finance

Overall, analyst forecasts of demand for solar panels show continued growth. It is probable that the global demand for solar panels will hit 100GW by the end of the decade. Many countries have announced the phase-out of any subsidy support for solar by the mid-2020s due to its rapid cost declines and belief that the technology will be able to compete with fossil-fired generators. We believe that this would be a positive boost to the industry, which would no longer be vulnerable to policy changes.

Asia is by far the most important region for solar demand. China today accounts for most of Asian demand and is expected by market commentators to stabilize at 25-35GW of annual demand between 2017 and 2020. China has problems with paying out its subsidies on time as solar installation rates are higher than expected and the subsidy pot empties faster than it can be replenished. So far, this has not stopped developers from developing and commissioning plants. China is also looking to introduce a renewable energy certificate (REC) scheme that will enable faster payments to developers.

The emerging Asian solar heavyweight is India. The country installed a record 4.5GW in 2016 and is poised to install around 9GW annually over the next three years. India has set an ambitious goal of 100GW of solar capacity by 2022. Although the target may not to be met, it is not unthinkable that India could come close given the growth rates that have been achieved in other countries. Installation volumes in Japan – once the second largest PV market – will decrease to 5GW per year as the latest incentives are reduced. Other Asian market demand is forecast to pick up as governments and entrepreneurs increasingly recognize the possibilities for reform of electricity systems that solar affords in high energy cost, high insolation countries. We believe that analysts are underestimating the potential surge in solar installations in South and South East Asia.

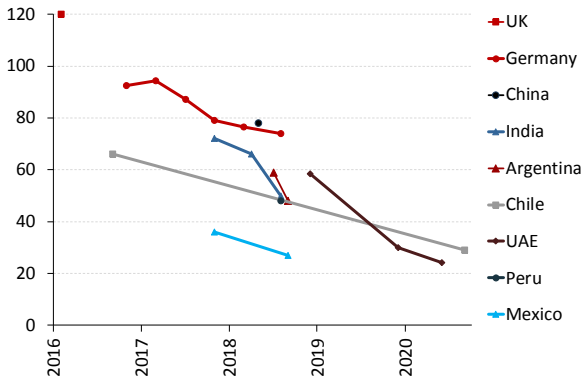
After Asia, the next most important market is the US, where the extension of the Investment Tax Credit in December 2015 created a supportive environment for the growth of solar installations. However, the uncertainty around Donald Trump's energy policy has meant sentiment for renewable energy in the US has nose-dived. Prices for rooftop installations in the United States are still double those in Australia and Germany. We believe there is scope for installation costs to reach the lower levels seen in China and Europe if tax credits are removed, since they have a side-effect of encouraging high upfront installation pricing. Lowering installation costs to such levels would allow customers to achieve similar economics as with the tax credits. The economics of solar in many parts of the United States are so favourable that they should not require subsidies to support installations. This should underpin continued installation growth over the medium term in the US, notwithstanding any policy change implemented.

The European Union countries are seeing the highest growth in unsubsidised installations. Unsurprisingly, it is the sunny southern European countries with high energy costs where we believe there to be upside to analysts' forecasts between 2017 and 2020. Among the non-EU countries, Turkey is driving solar demand as significant complications in its subsidy regime have now been overcome.

The Latin American markets continue to have excellent prospects. Mexico has hosted several successful solar auctions, as has Argentina, and growth even remains strong in Brazil, notwithstanding its political turmoil and stalling economy. The Middle East and Africa have immense potential, especially while many countries in Africa have high power prices alongside relatively high economic growth. In the Middle East, countries dependent on oil revenues while burning diesel for power present a particularly compelling case for solar.

Solar LCOE developments

PV bids by delivery date ($/MWh)



Source: Bloomberg, Cleantechnica, Guinness Asset Management

Implied price decreases, total and annualised

Country	Absolute decrease ($/MWh)	Years over which price decreases	Annualised rate of price decrease
UAE	35	1.5	44%
Mexico*	9	0.8	35%
Argentina	11	0.5	34%
Chile	37	4	19%
India	6	0.5	16%
Germany	18	1.75	12%

*Source: Guinness Asset Management Note: *results from second auction are preliminary and still to be confirmed by government.*

The chart and table above show the trend of decreasing solar power prices over time according to delivery dates of tender-winning projects and by country.

Photovoltaic module prices and project prices are falling rapidly, with solar outcompeting fossil fuels in sunny countries. As subsidies are rolled back, the solar market and module demand can grow organically without being rocked by subsidy changes as it was in the past. Other than cost, the advantages of solar power projects over conventional power generators, such as easy permitting, short construction time and its modular nature, will allow for quick adoption and continued increases in demand.

Wind

The global wind power market decreased marginally in 2016 but is set to increase from 55GW of installations in 2016 to 65GW in 2019. Much of this growth is due to the rapid increase in offshore wind installations in China, the United Kingdom, Germany and other European countries.

China remains the largest market by far for the wind sector. China is forecast to install around 23GW per year between 2017 and 2020, including offshore wind. China has tightened curtailment rules, making it less easy to curtail wind output. This translates to an increase in revenues for Chinese wind power plant owners overall. So far, curtailment has stopped increasing and the new legislation has been enforced successfully, although curtailment remains a drag on performance for operators. The Chinese government has halted further development of onshore wind farms in regions where curtailment is highest, meaning that there will be less electricity price pressure on those areas and on existing wind facilities' margins. Annual installations of onshore wind in China may decrease, but those decreases will be countered by an increase in annual installations of offshore wind projects providing between 1.5 and 2.5GW of incremental demand in China.

Wind power installations forecast

	2013	2014	2015	2016	2017	2018	2019	2020
World (including offshore)	**33.9**	**48.7**	**62.4**	**55.1**	**58.3**	**63.0**	**64.6**	**64.2**
Asia	17.2	23.7	32.4	28.0	28.0	28.8	30.0	31.1
EU Europe	11.9	10.5	13.8	11.8	14.6	11.3	12.4	11.8
North America & Caribbean	2.5	7.8	10.6	9.7	9.2	11.9	12.7	13.3
Central & South America	0.7	3.9	3.3	3.3	2.6	6.1	3.8	3.4
Non-EU Europe	0.9	0.9	1.0	1.4	1.5	1.8	1.9	1.8
Africa (excl. North Africa)	0.0	0.7	0.7	0.4	1.4	1.5	1.3	1.6
Oceania	0.5	0.8	0.4	0.3	0.4	0.8	1.6	0.1
Middle East & North Africa	0.2	0.4	0.2	0.2	0.4	0.8	0.9	1.1

Source: Bloomberg. Note: Sorted by 2017 forecast installations

The United States is the largest individual market for wind power outside Asia. At the end of 2015 the United States Congress extended the production tax credit (PTC), which supports wind installations, out to 2019. The PTC will decline annually from the end of 2016, a schedule which caused a rush to secure the subsidy last year and led to record orders for larger global wind turbine manufacturers. Similarly, there will be a rush to begin construction of onshore wind farms before the end of every year until the end of 2019. However, this may not translate into immediate earnings for turbine manufacturing companies, since the PTC is determined by the start of construction or the amount spent on the project, rather than by commissioning date. To qualify for the PTC, projects must be completed within two years from start of construction, meaning that wind turbine manufacturers are likely to see an increase in their earnings with a one-year lag. This two-year completion rule also explains the increase in wind installations in North America expected in 2018.

With the expected cost and performance improvements of turbines, we believe that onshore wind power will be even more competitive compared to conventional sources in the United States. This may support higher growth than expected in 2018 and 2019 and will support the industry after the PTC has tapered off.

Europe is expected to continue to see annual wind installation demand of between 11GW and 13GW between 2016 and 2018, driven by feed-in tariffs in France and by competitiveness of wind power with conventional sources. Auctions for wind power projects are being introduced in Germany in May 2017 and are expected to drive down wind installation pricing. Expected annual onshore wind installation levels in Germany are expected to fall by around 1GW, although there may be unexpected demand resulting from the change in market dynamics. Germany is starting construction on a transmission link with Norway essentially as a means of using Norway's many hydro plants as energy storage. This opens up grid capacity and should allow for even higher penetration of renewables in northern and central Europe.

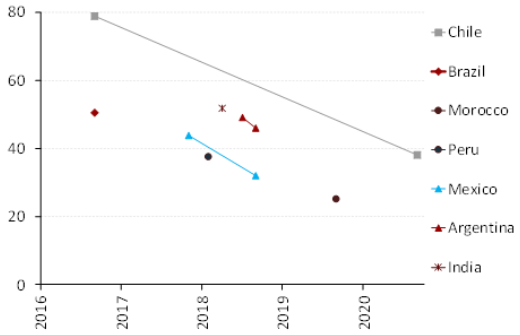
Canada and Mexico are the next sources of demand growth. Mexico's liberalization of the energy market has brought new interest. The country's second power auction in early October brought new records to Latin America when wind dropped to $32/MWh, only $2 off the cheapest wind bid record set in Morocco. Chile has made headlines due to its auctions where wind power bids have decreased in price since last year, down to $38/MWh from $79/MWh. The delivery dates for these two prices are four years apart, which partly explains the dramatic drop in price, equivalent to an annualized decrease of 17%.

Auctions around the globe continue to bring wind power prices down, with turbine suppliers seeing pressure on margins. Price pressure in the onshore wind sector is not as intense as in the solar sector; there are fewer manufacturers, the technology is broadly competitive today and policy remaining broadly supportive. However, as with all industries, further research and

development spending to improve efficiency and lower costs will be critical in allowing all in the value chain to maintain margins. The larger question remains whether Chinese manufacturers will gain the trust of developers outside of China.

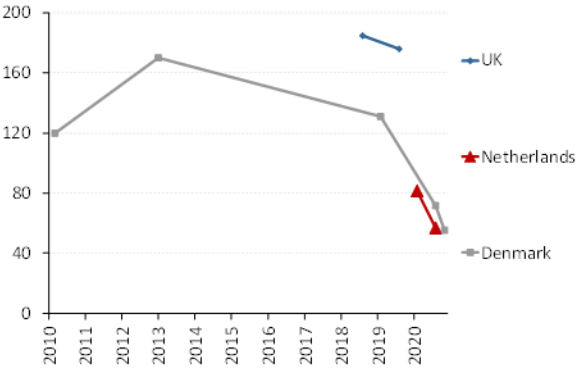
Corporates continue to provide purchase power agreements (PPAs) to renewable energy projects, predominantly wind. The US market was historically driven in part by large corporations signing PPAs, and we are beginning to see the same thing happen in Europe, reducing the importance of the utilities. We believe this trend will continue and support unsubsidized installations.

Onshore wind bids by delivery date ($/MWh)



Source: Bloomberg, Guinness Asset Management

Offshore wind bids by delivery date ($/MWh)



Source: UK government, Government of the Netherlands, Windpower Monthly, Vattenfall, Guinness Asset Management

Note: Projects have not been standardised for plant lifetime or financing cost and so values may not necessarily be directly comparable.

Offshore wind updates

Germany is set to tender offshore wind power contracts for developed projects in April 2017 and 2018 totaling 3.1GW. These offshore wind plants would have to be grid connected and ready to deliver power, depending on their location, between 2021 and 2025. Although the industry recorded very low bids in Dutch and Danish waters, we expect these new German contracts to be more expensive. The power industry will watch closely as offshore wind has come down in price significantly in the last year, but lags onshore wind and solar significantly.

Electric vehicles

Electric vehicles (EV) sales continued to show robust growth in 2016. The compound quarterly growth rate is 10.8% between Q4 2013 and Q4 2016, translating to a 50.5% compound annual growth rate.

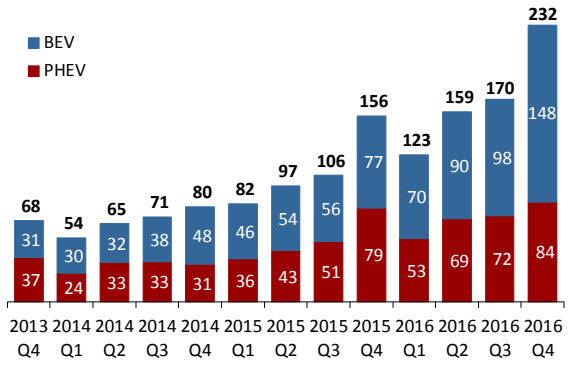
The graph on the right (below) shows the trailing 12-month market share of EVs in new car sales in the selected countries. The market share has been consistently growing for the last two and a half years. As has been the case for the duration of the graph, Norway has the highest market share of EVs among new car sales, with preliminary Q1 2017 numbers showing a record 35%, up from 29% in Q4 2016 and 30% in Q3 2016. The exceptionally high market share in Norway is due to effective tax breaks and benefits to EV owners along with a relatively extensive charging network. Two other countries had double-digit market share for electric vehicles: Netherlands at 15.1% and Iceland at 11.2%. In the Netherlands, PHEV subsidies run until the year end, which explains why the fourth quarter of the year has shown strong market share for electric vehicles in both 2015 and 2016. In Iceland, Q4 2016 was the first quarter ever in which the EV market share was in double digits.

The fourth quarter saw the release of the new Renault Zoe, which has 250 miles of driving range on a single charge under ideal conditions

and some 186 miles in real life conditions. The Chevrolet Bolt and the Tesla Model 3 will be released in 2017. These EV models are set to be the first batch of affordable, long-range models coming to market at a $30,000 price point.

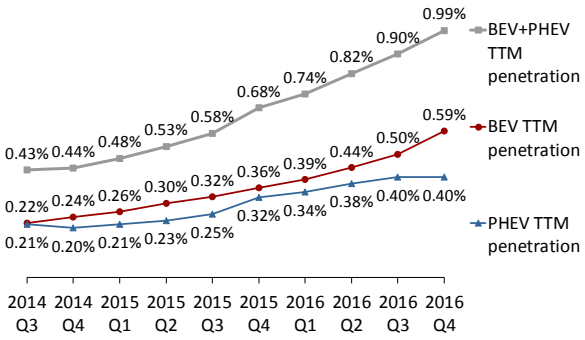
Preliminary numbers for Q1 2017 show that in the countries where the new Renault Zoe has been released, it has been the one of the most popular electric vehicle models.

Quarterly plug-in vehicle sales in selected countries (thousands)



Source: Bloomberg, Cleantechnica

Trailing 12-month plug-in vehicle penetration of new car sales in selected countries (%)



Source: Bloomberg. Note: TTM means trailing twelve months. Total EV sales across selected countries divided by total car sales in these countries show the penetration above.

Note: Selected countries include Austria, Belgium, Canada, China, Denmark, France, Germany, Ireland, Italy, Japan, Netherlands, Norway, Spain, Sweden, Switzerland, UK and USA. These countries were chosen for data availability and represent three-quarters of all car sales globally.

Portfolio changes

We sold SolarEdge, a US microinverter manufacturer, due to pricing concerns. We replaced the holding with Prysmian, an Italian cable company in the energy (including renewable energy) and high-voltage transmission sector. We expect Prysmian to benefit from increased grid build-out due to renewable energy increases globally. We have reduced some of our illiquid holdings and have purchased a position in Kingspan, an Ireland-based global insulation material supplier. Kingspan is well positioned to benefit from the requirement of new buildings around the world for increased energy efficiency.

Fund Performance (Q1 2017)

The Guinness Alternative Energy Fund (Class A in USD) was up 5.26% for the first quarter of 2017. This compared to a rise in the Wilderhill Clean Energy Index of 8.99%, a rise in the Wilderhill New Energy Global Innovation Index of 6.44% and an increase in the MSCI World Index of 6.53%.

Edward Guinness & Samira Rüdig-Sotomayor
Guinness Alternative Energy Fund

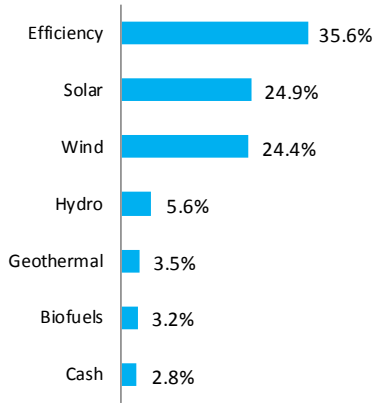
PORTFOLIO

31/03/2017

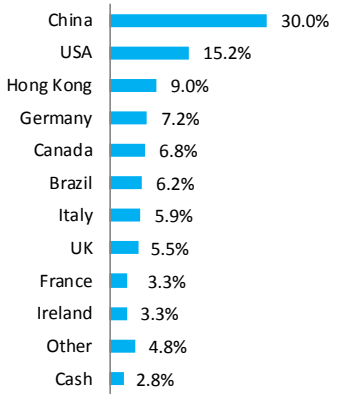
Fund top 10 holdings

JA Solar	4.5%
Jinko Solar Holdings	3.7%
Boralex	3.6%
Senvion	3.6%
Centrotec Sustainable	3.6%
Ormat Technologies	3.5%
Sensata Technologies	3.4%
Prysmian	3.4%
China Datang Renewable Power	3.3%
Schneider Electric	3.3%
% of Fund in top 10	35.9%
Total number of stocks in Fund	31

Sector analysis



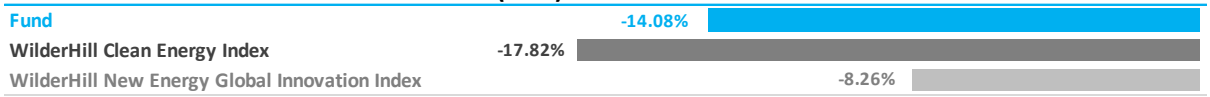
Geographic allocation



PERFORMANCE

31/03/2017

Annualised % total return from launch* (USD)



Discrete years % total return (USD)	Mar '13	Mar '14	Mar '15	Mar '16	Mar '17
Fund	-11.0	70.8	-14.5	-19.3	-4.3
WilderHill Clean Energy Index	-20.7	65.3	-20.5	-28.0	-0.1
WilderHill New Energy Global Innovation Index	-2.0	57.9	-4.0	-11.5	4.5

Cumulative % total return (USD)	3 months	Year-to-date	1 year	3 years	5 years	From launch*
Fund	5.3	5.3	-4.3	-33.9	0.4	-76.4
WilderHill Clean Energy Index	9.0	9.0	-0.1	-42.8	-25.0	-83.9
WilderHill New Energy Global Innovation Index	6.4	6.4	4.5	-11.3	37.4	-55.1

RISK ANALYSIS

31/03/2017

Annualised, three years, in USD	Wilderhill Clean Energy Index	Fund
Alpha	0	-0.42
Beta	1	0.68
Correlation	1	0.83
R squared	1	0.68
Volatility	17.12	13.37

*Fund launch date: 19/12/2007.

Performance data based on the Fund's 'E' share class (AMC: 0.75%, max OCF: 1.24%), except periods starting prior to 02/09/2008, which are based on a composite of the Fund's 'A' share class (AMC: 1.00%, max OCF: 1.49%) from Fund launch (19/12/2007) until the launch of the Fund's E class (02/09/2008).

Source: Bloomberg and Financial Express, bid to bid, (inclusive of all annual management fees but excluding any initial charge or redemption fee), gross income reinvested. Performance would be lower if initial charge and/or redemption fee were included.

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 as a result of market and currency fluctuations.

All returns stated here are in US dollars; which is the Fund's base currency. Returns in different currencies may be higher or lower as a result of currency fluctuations.

Past performance should not be taken as an indicator of future performance. The value of investments and any income arising from them can fall as well as rise.

Important information and risk factors

Issued by Guinness Asset Management Limited, authorised and regulated by the Financial Conduct Authority.

This report is primarily designed to inform you about recent developments in the alternative energy markets invested in by the Guinness Alternative Energy Fund. It may also provide information about the Fund's portfolio, including recent activity and performance. It contains facts relating to the alternative energy market and our own interpretation. Any investment decision should take account of the subjectivity of the comments contained in the report.

This document is provided for information only and all the information contained in it is believed to be reliable but may be inaccurate or incomplete; any opinions stated are honestly held at the time of writing, but are not guaranteed. The contents of the document should not therefore be relied upon. It should not be taken as a recommendation to make an investment in the Fund or to buy or sell individual securities, nor does it constitute an offer for sale.

Risk
The Guinness Alternative Energy Fund is an equity fund. Investors should be willing and able to assume the risks of equity investing. The value of an investment and the income from it can fall as well as rise as a result of market and currency movement, and you may not get back the amount originally invested. The Fund invests only in companies involved in the alternative energy sector; it is therefore susceptible to the performance of that one sector, and can be volatile. Details on the risk factors are included in the Fund's documentation, available on our website.

Documentation
The documentation needed to make an investment, including the Prospectus, the Key Investor Information Document (KIID) and the Application Form, is available from the website www.guinnessfunds.com , or free of charge from:-

- the Manager: Capita Financial Managers (Ireland) Limited, 2 Grand Canal Square, Dublin 2, Ireland; or,
- the Promoter and Investment Manager: Guinness Asset Management Ltd, 14 Queen Anne's Gate, London SW1H 9AA.

Residency
In countries where the Fund is not registered for sale or in any other circumstances where its distribution is not authorised or is unlawful, the Fund should not be distributed to resident Retail Clients. **NOTE: THIS INVESTMENT IS NOT FOR SALE TO U.S. PERSONS.**

Structure & regulation
The Fund is a sub-fund of Guinness Asset Management Funds PLC (the "Company"), an open-ended umbrella-type investment company, incorporated in Ireland and authorised and supervised by the Central Bank of Ireland, which operates under EU legislation. If you are in any doubt about the suitability of investing in this Fund, please consult your investment or other professional adviser.

Switzerland
The prospectus and KIID for Switzerland, the articles of association, and the annual and semi-annual reports can be obtained free of charge from the representative in Switzerland, Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva, Switzerland, Tel. +41 22 705 11 77, www.carnegie-fund-services.ch. The paying agent is Banque Cantonale de Genève, 17 Quai de l'Ile, 1204 Geneva, Switzerland.

Singapore
The Fund is not authorised or recognised by the Monetary Authority of Singapore ("MAS") and shares are not allowed to be offered to the retail public. The Fund is registered with the MAS as a Restricted Foreign Scheme. Shares of the Fund may only be offered to institutional and accredited investors (as defined in the Securities and Futures Act (Cap.289)) ('SFA') and this material is limited to the investors in those categories

Telephone calls maybe recorded and monitored.

GUINNESS
ASSET MANAGEMENT LTD
Guinness Asset Management Ltd is authorised and regulated by the Financial Conduct Authority

Tel: +44 (0) 20 7222 5703
Email: info@guinnessfunds.com
Web: guinnessfunds.com