Guinness Global Equity Income Fund

INVESTMENT COMMENTARY – May 2020

About the Fund

The Guinness Global Equity Income Fund is designed to provide investors with global exposure to dividend-paying companies.

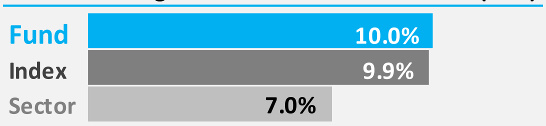
The Fund is managed for income and capital growth and invests in profitable companies that have generated persistently high return on capital over the last decade, and that are well placed to pay a sustainable dividend into the future.

Fund size	£946m
Launch date	31.12.10
Historic OCF (Y Class)	0.88%
Current OCF (at fund size)	0.86%
Managers	Dr. Ian Mortimer, CFA Matthew Page, CFA
Analysts	Sagar Thanki Joseph Stephens

Performance **30.04.20**

	1 year	3 years	From launch
Fund	-0.1	21.3	143.0
Index	-0.8	18.7	140.4
Sector	-5.6	5.8	88.6

Annualised % gross total return from launch (GBP)



Benchmark index	MSCI World Index
IA sector	Global Equity Income

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.
Source: Financial Express, bid to bid, total return. Y Class 0.88% OCF. Please refer to 'Performance data notes' for full details

Summary performance

In April the Fund was up 6.93% (in GBP), while the MSCI World Index benchmark was up 9.04%. The Fund therefore underperformed the Index by 2.11% over the month.

Year-to-date the Fund is down -7.10% (in GBP), versus the MSCI World Index benchmark, down -8.03%. The Fund has therefore outperformed the Index by 0.93% year-to-date.

In the drawdown from the peak of the market on 19th February to the trough (at the time of writing) on 23rd March, the Fund was down -23.95% (in GBP), versus the MSCI World Index benchmark, down -25.57%. The Fund therefore outperformed the Index by 1.62% over this period.

It is pleasing to see that the Fund has outperformed its IA Global Equity Income peers over key milestones in the table below.

	YTD	1yr	3yr	5yr	Since Launch*
Fund	-7.1%	-0.1%	21.3%	51.1%	143.0%
MSCI World Index	-8.0%	-0.8%	18.7%	54.9%	140.4%
IA sector average	-11.4%	-5.6%	5.8%	28.3%	88.6%
Rank vs peers	13/56	13/54	5/49	8/41	1/18
Quartile	1st	1st	1st	1st	1st

Source: Financial Express. Cumulative Total Return in GBP as of 30th April 2020. *Launch 31st December 2010

Since the launch of the Fund at the end of 2010, it has outperformed the MSCI World Index by 2.64% (in GBP). This places the Fund 1st out of 18 funds in the IA Global Equity Income sector.

Underperformance in April comes as a result of the market's sharp rebound led by the Energy and Materials sectors, to which the Fund has no exposure. Global efforts to shore up economies included huge monetary and fiscal stimulus packages, and when combined with talk of easing lockdowns, investor optimism led to a rally in the stocks and industries that were previously worst affected. Longer-term, however, underlying issues remain for businesses which are cash-strapped or envisage significant earnings declines.

Outperformance this year is a result of the Fund's stringent focus on quality companies.

- **We invest in companies with consistent high return on capital and strong balance sheets.** Our approach and philosophy have not changed since inception in 2010.
- **We have zero exposure to the industries most affected by the virus outbreak**. We have no exposure to banks, energy stocks, travel companies, hotels, airlines, luxury goods, or restaurants.
- **We have 50% of the portfolio in Consumer Staples and Health Care companies** (vs 21% in MSCI World Index), two sectors that have generally performed strongly in the current environment.

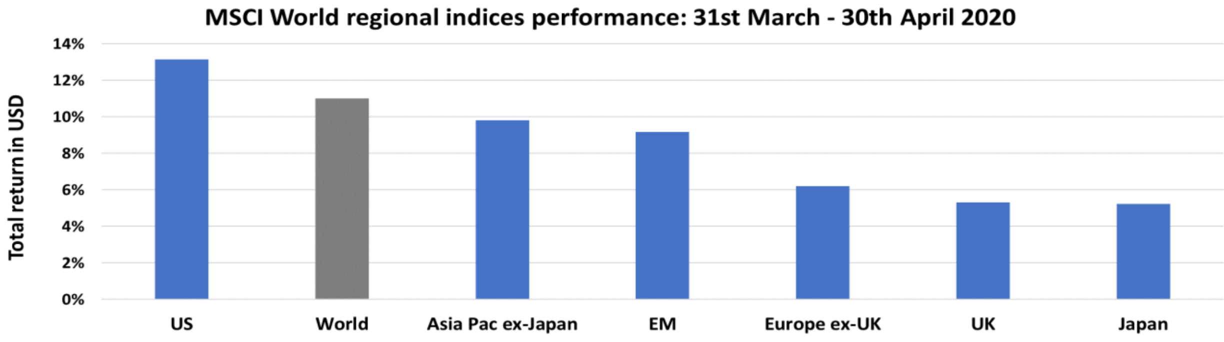
Summary: dividends

Dividend payments have been front of mind in the current market environment with demand shocks in many sectors of the equity market leading to a significant proportion of companies suspending or reducing their dividend payments. In this report, and in the recent webcast we produced, we attempt to assess the current global dividend outlook and look specifically at the companies held in the portfolio. To summarise our outlook for the Fund:

- **There have been no dividend suspensions or dividend cuts announced for portfolio companies to date.**
- Many companies held in the portfolio have *grown* their dividend this year
- We calculate that approximately 50% of 2019 fund dividend payment has been received (or gone ex-dividend) to date.
- We identify some uncertainty for dividend payments this year for a small number of portfolio holdings, but generally we see a positive outlook for the companies in the portfolio regarding their ability and willingness to pay dividends this year.
- Our current expectation is that the 2020 fund distribution will be similar to 2019 – but we note there are some moving parts to this analysis (FX rates or portfolio changes, for example), and we are therefore carefully monitoring the income received for the portfolio and will update our view as the year progresses.

April in Review

After the severe sell-off in March, global equity markets rebounded impressively in April. All regions registered significant gains, with the US leading the pack.

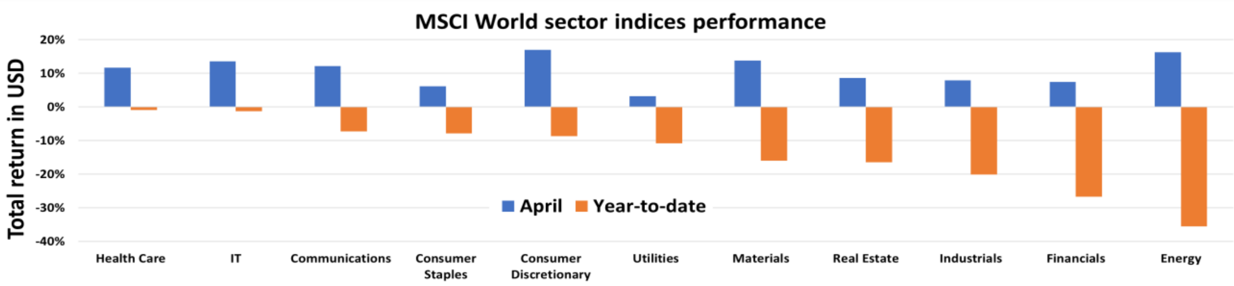


Source: Bloomberg. As of 30th April 2020

In fact, last month marked the S&P 500 Index's strongest rally since January 1987, and this market now sits only 14% below its record high reached earlier this year. After falling 33.8% from 19th February to 23rd March (peak-to-trough), the Index has surged 30.4% through to the end of April.

It is no coincidence that the rally began on 23rd March, when the Federal Reserve announced it would do everything in its power to alleviate credit stresses, including buying corporate bonds (and even junk bonds) for the first time. Coupled with President Trump's $3 trillion coronavirus relief bills (for context, the 2009 stimulus package was $831 billion), the current showdown features unprecedented stimulus facing off with an unprecedented economic contraction.

With increased fiscal and monetary support in Europe also, policymakers have (for now) essentially given equity markets a floor. Combined with increased optimism that lockdown measures have had some success in reducing infection rates, April's market rally was led by sectors which were previously hardest hit.



Source: Bloomberg. As of 30th April 2020

Consumer Discretionary stocks saw the strongest rebound in April as China eased its lockdown and prospects increased of the US and Europe doing the same. Energy and Materials also saw strong performance after being particularly hard hit in Q1. Though the WTI oil price (the US oil benchmark) temporarily turned negative for the first time in history (as May futures contracts came up for expiry) the Energy sector rebounded after Russia and Saudi reached an agreement on production cuts. The Fund is underweight the Consumer Discretionary sector (vs the MSCI World Index) and has no holdings in Energy and Materials, which proved a drag in April.

The Fund currently has 50% of the portfolio in Consumer Staples and Healthcare companies (vs 21% in MSCI World Index). These are sectors that tend to be more defensive, with earnings and dividends less sensitive to the economy. Despite Consumer Staples relatively underperforming in April, the sector – alongside Healthcare and IT – has performed strongly this year.

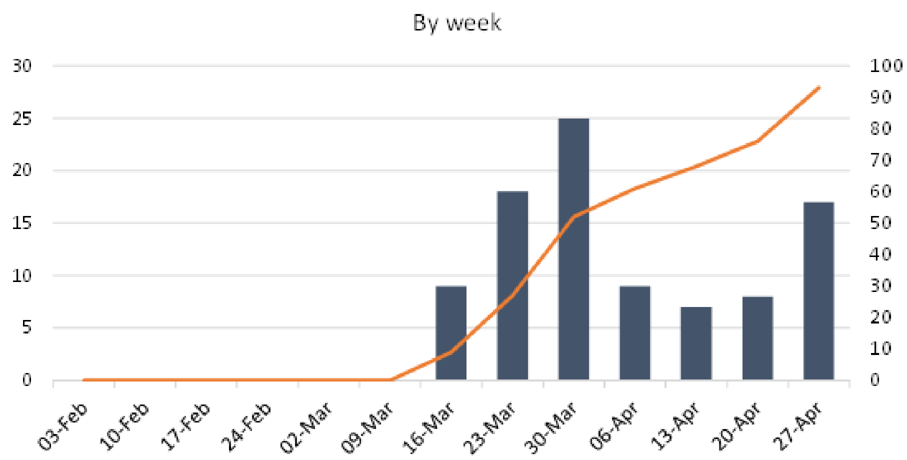
Financials and Industrials, two highly cyclical sectors, have seen poor performance both in April and over the year to date. Economic data releases have been poor, with record unemployment and declining annualised Q1 GDP growth in the US (-4.8%) and Euro-area (-3.8% year-on-year); there is currently a high level of uncertainty regarding the global economic outlook and many unanswered questions.

In the Fund, we currently have a good balance of defensive exposure (Consumer Staples and Healthcare) and cyclical exposure (Industrials, IT, Financials). Whilst the defensive names tend to have lower beta and hold up better when markets are falling, the cyclical holdings allow the Fund to maintain performance when markets are rebounding and rising. We believe that within these more cyclical sectors we are owning the 'quality' businesses. All the companies we seek to invest in have strong balance sheets and a history of performing well in difficult market environments. Within Financials, for example, we do not own any banks, but we do own exchange groups such as CME and Deutsche Boerse (which do well in periods of market volatility as exchange volumes tend to increase, resulting in higher revenues).

Dividends: Global review

More companies have suspended their dividends so far this year than in the previous 10 years combined, scrambling to preserve cash as the coronavirus pandemic saps revenue. Companies started cancelling dividends in mid-March as it became increasingly apparent that major western economies would all be going into lockdown.

Global Dividend Cancellation Announcements



Source: S&P Capital IQ. Data as of 30th April 2020

With an unprecedented number of dividend cancellations, we identify four main reasons why companies are opting to cut or cancel:

1. **Cash flow destruction** – the sudden halt to the economy has led to a 'cash crunch'

    - Companies most affected are those with the weakest balance sheets and those in particularly cyclical industries:

        - Airlines, travel, leisure, e.g. Boeing, Delta, Marriott
        - House builders e.g. Persimmon, Barratt Developments, Taylor Wimpey
        - Retail e.g. Macy's, Nordstrom, M&S, H&M
        - Energy e.g. Royal Dutch Shell, Occidental, Apache, John Wood
        - Autos e.g. Ford

2. **Prudence** – Despite having the ability to pay, significant uncertainty persuades companies to hold on to their cash

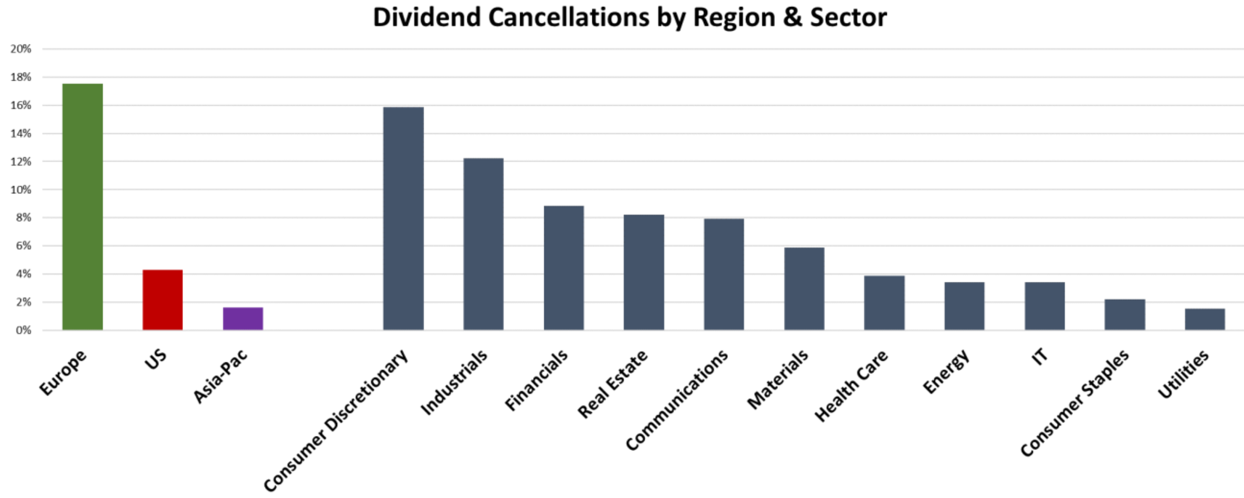
    - These companies may not have the weakest balance sheets but they are not particularly strong, so caution is sensible for them e.g. ITV, Sainsbury's, Western Digital

3. **Regulatory pressure** – Some financial regulators have told banks and insurers not to pay dividends

    - The Bank of England requested major UK banks to cancel dividends for 2020 and those still to be paid from fiscal year 2019 e.g. HSBC, Standard Chartered, Lloyds, Barclays, RBS
    - The European Central Bank asked banks not to pay dividends until at least October 2020 e.g. UniCredit, ABN-AMRO, ING
    - In the US, for recipients of the CARE package, dividend payments (and buybacks) are restricted for at least one year. Some US banks have not cancelled 2019 dividends still to be paid but have cancelled share buybacks e.g. Bank of America, Citi

4. **Government pressure** – Part nationally-owned companies have been told not to pay dividends

    - The French government has put pressure on companies they part-own to cut dividends by 30% and asked other French companies to show 'solidarity' by also cutting by the same amount e.g. Thales, Orange, ST Microelectronics



Source: S&P Capital IQ.
Date period: 1st Jan – 30th April 2020. Only includes companies over $1bn market cap as of 30th April.

At index level, dividend cuts and cancellations have been most pronounced in Europe and in the UK, although this is partly due to **timing** (companies in Europe tend to pay their dividend in one payment in the second quarter, whereas in the US they are paid quarterly) and **sector concentration** (e.g. compared to the MSCI World Index weights, the UK has more Energy, Financials and Materials and less IT). Bank dividends make up a significant proportion of European dividends, and regulators have prevented them from being paid.

US companies have broadly been less affected as they have lower payout ratios and can cut share buybacks first before dividends. Nevertheless, and despite the buffer, 142 companies have reduced their per-share dividend payout to shareholders in 2020, on pace for the worst year since 2009, when there were 316 such cuts.

In the short term, investors have not punished companies for suspending their dividends – a sign that they are ignoring the usual dour implications of such cuts at a time when companies across industries need to preserve cash. However, on a longer-term view, a dividend cut could well be indicative of a structural issue in a company's business model. Moreover, current dividends are likely financed by 2019 profits, and we may well see more cuts and cancellations in 2021, reflecting the lower profitability from this year.

Given its topical nature, in our recent paper *Why Dividends (Still) Matter* we revisit the long-term case for dividend investing. In short, we argue:

1. Dividends make up a large proportion of total returns
2. In recessions, dividends do not fall as much as earnings
3. Dividends are less volatile than earnings
4. Dividends act as an inflation hedge as businesses with pricing power pass through higher costs to customers

Further, the recent stock market rout and record low bond yields have made dividends an even more crucial source of income for investors. The collapse in prices has translated into a surge in yields: the

S&P 500's dividend yield has risen to 2.06% from 1.73% at the start of the year. It climbed as high as 2.56% on March 23rd when stocks hit their recent lows, the highest level since August 2009. In comparison, the yield on the benchmark 10-year U.S. Treasury note is 0.61%. The spread between the two yields on March 23rd was the widest on record in data going back to 1999.

Dividends versus fixed alternatives look more attractive, though this is on the premise that dividend-paying stocks can continue to provide the adequate income they advertise. Using examples of the companies we own in the Fund, we believe that dividends are likely to be maintained for firms exhibiting the following:

- Robust demand (e.g. Nestle)
- Asset-light business models (e.g. Microsoft)
- No near-term refinancing needs (e.g. Novo Nordisk)
- Significant family ownership (e.g. Roche)
- Strong credit ratings (e.g. Johnson & Johnson)

Dividends: Fund review

On looking at each of our individual holdings in more detail, our findings can be summarised thus:

- To date, **0 holdings have cut or cancelled their dividends**
- **4 holdings have paid** (or gone ex-dividend) their full dividend for the year
- We identify **24** holdings as having a **very high** probability of full dividend payment
- We identify **4** holdings as having a **good** probability of full dividend payment
- We identify **3** holdings as having **some uncertainty** regarding their dividend payment

Companies that have paid full dividend for the year (or gone ex-dividend)

Name	Sector	# dividend payments per year	Ex-date(s)	Ex-date	Dividend per share	Currency	Growth vs previous year
Nestle SA	Consumer Staples	1	Apr	27/04/2020	2.70	CHF	10.2%
Roche Holding AG	Health Care	1	Mar	19/03/2020	9.00	CHF	3.4%
ABB Ltd	Industrials	1	Apr	30/03/2020	0.80	CHF	0.0%
Schneider Electric SE	Industrials	1	May	05/05/2021	2.55	EUR	8.5%

Nestle: Maintained guidance for 2020 (>3.5% organic sales growth) in Q1 earnings call, grew dividend by 10.2%. Strong sales in pet care (but from 'stocking up').

Roche: Grew dividend 3.4%, confirmed 2020 outlook and said it would continue to increase the dividend into 2021. High exposure to oncology provides stability in current environment.

ABB: Industrial with exposure to robotics and automation – both weak in quarter. But paid full dividend (flat year-on-year) and committed to buyback using proceeds of cash from power grids sale (expected in June) which will represent significant proportion of shares outstanding. New CEO assessing 17 divisions and further transformation possible to improve growth and margins.

Schneider: Paid full dividend and grew 8.5% (unlike in 2009 when it cut – a different business today). Short-term impacts, but very well placed in secular growth themes (industrial automation, for example). See crisis as a "massive fast forward in digitisation".

Companies where we see a high probability of full payment

Name	Sector	# dividend payments per year	Dividend when growth is declared	Ex-date(s)	Last ex-date	Dividend per share	Currency	Growth vs previous year	% dividend in 2020 vs 2019
VF Corp	Consumer Discretionary	4	4	Mar, Jun, Sep, Dec	09/03/2020	0.48	USD	11.6%	27.1%
British American Tobacco PLC	Consumer Staples	4	1	Mar, Jun, Oct, Dec	26/03/2020	52.60	GBp	3.6%	25.9%
PepsiCo Inc	Consumer Staples	4	2	Mar, Jun, Sep, Dec	05/03/2020	0.96	USD	3.0%	25.2%
Procter & Gamble Co/The	Consumer Staples	4	2	Jan, Apr, Jul, Oct	04/23/2020	0.79	USD	6.0%	25.2%
Reckitt Benckiser Group PLC	Consumer Staples	2	1	Apr, Aug	16/04/2020	101.60	GBp	1.4%	58.7%
Unilever PLC	Consumer Staples	4	2	Feb, May, Aug, Nov	20/02/2020	34.72	GBp	3.3%	24.5%
Aflac Inc	Financials	4	1	Feb, May, Aug, Nov	18/02/2020	0.28	USD	3.7%	25.9%
Arthur J Gallagher & Co	Financials	4	1	Mar, May, Sep, Dec	05/03/2020	0.45	USD	4.7%	26.2%
BlackRock Inc	Financials	4	1	Mar, Jun, Sep, Dec	04/03/2020	3.63	USD	10.0%	27.5%
CME Group Inc	Financials	4	1	Mar, Jun, Oct, Dec	09/03/2020	0.85	USD	13.3%	28.3%
AbbVie Inc	Health Care	4	1	Jan, Apr, Jul, Oct	14/04/2020	1.18	USD	10.3%	55.1%
Johnson & Johnson	Health Care	4	2	Feb, May, Aug, Nov	24/02/2020	0.95	USD	5.6%	25.3%
Medtronic PLC	Health Care	4	2	Mar, Jul, Sept, Dec	26/03/2020	0.54	USD	8.0%	25.5%
Novo Nordisk A/S	Health Care	2	1	Mar, Aug	27/03/2020	5.35	DKK	3.9%	65.6%
Sonic Healthcare Ltd	Health Care	2	2	Mar, Sep	10/03/2020	0.34	AUD	3.0%	40.5%
Raytheon Technologies Corp	Industrials	4	tbd	Feb, May, Aug, Nov	13/02/2020	0.74	USD	0.0%	25.0%
Otis Worldwide Corp	Industrials	4	tbd	tbd	tbd	tbd	USD	tbd	na
Broadcom Inc	Information Technology	4	4	Mar, Jun, Sep, Dec	20/03/2020	3.25	USD	22.6%	29.0%
Cisco Systems Inc	Information Technology	4	2	Jan, Apr, Jul, Oct	02/04/2020	0.36	USD	2.9%	50.7%
Microsoft Corp	Information Technology	4	4	Feb, May, Aug, Nov	19/02/2020	0.51	USD	10.9%	27.0%
Paychex Inc	Information Technology	4	2	Jan, May, Jul, Oct	31/01/2020	0.62	USD	10.7%	25.6%
Taiwan Semiconductor Manufacturing Co Ltd	Information Technology	4	1	Mar, Jun, Sep, Dec	19/03/2020	2.50	TWD	na	25.0%
ANTA Sports Products Ltd	Consumer Discretionary	2	1	Apr, Aug/Sep	14/05/2020	0.36	HKD	28.6%	0.0%
Deutsche Boerse AG	Financials	1	1	May	20/05/2020	2.90	EUR	7.4%	0.0%

VF: Consumer discretionary (Vans, North Face) with sales hit from shutdowns. Cancelled buybacks but committed to pay dividend. Strong balance sheet, 30% revenues online, no debt refinancing until 2023, low fixed and high variable costs. 10% founder/family shareholding.

Anta Sports: Declared final dividend in late March representing a 29% increase year-on-year and an approximately 30% payout. 2020 Interim dividend to be declared in late August. April earnings update showed good recovery in revenues (up to 70%) and strong online sales.

British American Tobacco: Seen limited impact to date on consumer demand for cigarettes. Maintained guidance "and are confident of another year of high single figure constant currency adjusted diluted EPS growth". Grew dividend by 3.6%.

PepsiCo, Procter & Gamble, Reckitt Benckiser, Unilever: Generally strong results across the Consumer Staples with well covered dividends. Pepsi declared 7.0% increase in dividend on 5th May; P&G grew dividend 6.0% in April, Reckitt grew dividend 1.4% in April and reported record sales in late April sales update; Unilever held dividend flat (with 2% boost from FX) for May dividend declared in late April on back of EM sales declines reported at earnings.

Aflac: Potential increase in COVID-19 related claims, and slowdown in sales due to prevention of face-to-face meetings short-term headwinds, along with lower interest rates. But very well capitalised even in very conservative scenario. In Q1 results on April 30th management committed to "defending and extending our 37-year track record of annual dividend increases“ and dividend grew 3.7%.

Arthur J Gallagher: Management were relatively optimistic on property and casualty rates and organic growth and highlighted significant cost savings they could enact in the short term to protect margins if necessary. Grew dividend 4.7%.

BlackRock: The size and diversity of the company led to results much better than average peers. As previously announced in late-January, dividend increased by 10% and management have "…no plans to reduce our dividend during the remainder of the year". Buybacks of $400m in Q1 and guided to further $300m in each quarter for rest of the year.

CME Group, Deutsche Boerse: Exchange groups benefited from increased volatility. CME and Deutsche Boerse reported strong results in April on increased volumes. CME grew first quarterly dividend by 13.3% in early April. Deutsche Boerse's single, full-year dividend was confirmed at 28th April AGM, representing a growth of 7.4%.

AbbVie, Johnson & Johnson, Medtronic, Novo Nordisk, Sonic Healthcare: Generally positive results for healthcare companies through the crisis. Abbvie grew dividend 10.3%; Johnson & Johnson declared dividend growth of 6.3% for May dividend; Medtronic results 21st May when dividend growth declared; Novo Nordisk final dividend went ex- 27th March and grew 3.9%; Sonic Healthcare final dividend went ex- in early March (growth announced in July interim dividend); the pathology testing business has gained from COVID-19 testing but standard testing has fallen near-term.

Raytheon Technologies: Industrial company with exposure to aerospace and defence. Created through merger of United Technologies and Raytheon in late April (we previously held United Technologies in the portfolio). Defence business of Raytheon set to offset the commercial aerospace business of United Tech. As a 'Dividend Aristocrat', has grown dividend >25yrs and has strong balance sheet post-merger. Declared 15th May dividend will represent an approximately 10% increase (an adjusted basis vs United Technologies historic dividend)

Otis Worldwide: Lift and elevator business spun out from United Technologies in April. Included in Dividend Aristocrats. High recurring service revenue (accounting for 80% of operating profit). Management guided dividend equating to a yield of approximately 2.5%

Broadcom: Continued to pay regular dividend at level declared in September 2019 (which represented a 22.6% increase year-on-year), next growth in dividend announced in September 2020. Debt levels remain high (but not extreme) but company has high margins due to business model and has grown by acquisition. On earnings call management stated "…we are quite comfortable with the current dividend and our ability to generate excess cash beyond the dividend throughout the fiscal year. As a result, our capital allocation plan for the year remains unchanged". Will also pay down $4bn of debt in 2020.

Cisco: Grew dividend by 3.7% but noted some slow down due to COVID-19, which was thought to be temporary. Continuing move towards software subscription model.

Microsoft: Very strong quarter on back of cloud growth with no material impact from COVID-19 seen across the business. Maintained dividend with growth declared in November dividend.

Paychex: Declared May dividend flat year-on-year (vs growth of 10.7% last year), in line with company through 2009/2010. On earnings call management stated "We have $900 million in cash. We have an undrawn revolver. We have the highest cash generation of our peer group. We have the highest dividend and we have confidence that we will weather the storm for both our clients, our employees and our shareholders."

Taiwan Semiconductor: Has moved to quarterly dividend payments (so year-on-year comparisons not valid). Q1 earnings saw strong revenue growth of 30%, suggesting resilient demand for advanced semiconductors despite downturn. Increased capex for 2020. Also committed that dividend would be maintained at a level of at least current dividend.

Companies where we see a good probability of full payment

Name	Sector	# dividend payments per year	Dividend when growth is declared	Ex-date(s)	Last ex-date	Dividend per share	Currency	Growth vs previous year	% dividend in 2020 vs 2019
Henkel AG & Co KGaA	Consumer Staples	1	1	Apr	23/07/2020	1.85	EUR	0.0%	0.0%
Imperial Brands PLC	Consumer Staples	4	2	Feb, May, Aug, Nov	20/02/2020	72.01	GBp	10.0%	36.0%
Eaton Corp PLC	Industrials	4	1	Mar, May, Aug, Oct	12/03/2020	0.73	USD	2.8%	25.7%
Illinois Tool Works Inc	Industrials	4	3	Mar, Jun, Sep, Dec	30/03/2020	1.07	USD	7.0%	25.8%

Henkel: Proposed dividend of 1.85euro/share on 5th March, but postponed April 20th AGM due to COVID-19. Subsequently withdrew guidance for 2020 on April 7th. New AGM date announced for 17th June with 1.85euro dividend still proposed. Henkel family has 33% share ownership.

Imperial Brands: Final dividend (related to 2019 profits) went ex- in February. First Interim dividend for 2020 (which is when company has historically declared the growth in the dividend) to be declared at semi-annual results on 19th May. Company has moved away from continuously growing the dividend at 10% per annum but has committed to maintaining a progressive dividend policy. Sale of cigar business raised £1bn and will be used to reduce debt (to <3X net debt/EBITDA). Update in late March company stated "…there has been no material impact on Group performance to date and current trading remains in-line with expectations."

Eaton: Multi-industrial conglomerate with exposure to aerospace and automotive industries. Grew first dividend payment for the year by 2.8%, but pays quarterly. Q1 results taken positively (but withdrew guidance) and asset disposals confirmed to be continuing, raising cash and strengthening an already good balance sheet. Share buybacks in Q1 and management maintained optionality to continue in 2020 (and even M&A)

Illinois Tool Works: Industrial with exposure to automotive, but well diversified across industries and products. Q1 results better than expected but full-year guidance withdrawn and Q2 revenues guided down. Higher than average margins vs peers give some stability. 95% of manufacturing capacity currently operational. Good liquidity and can stop buybacks – but management looking at strategic opportunities in light of current valuations. Pays quarterly dividend (growth announced in September).

Companies with some uncertainty regarding their 2020 dividend payment

Name	Sector	# dividend payments per year	Ex-date(s)	Last ex-date	Dividend per share	Currency	Growth vs previous year	% dividend in 2020 vs 2019
Diageo PLC	Consumer Staples	2	Feb, Aug	27/02/2020	27.41	GBp	5.0%	40.0%

Name	Sector	# dividend payments per year	Ex-date(s)	Next ex-date	Dividend per share	Currency	Growth vs previous year	% dividend in 2020 vs 2019
Danone SA	Consumer Staples	1	May	23/06/2020	2.10	EUR	8.2%	0.0%
BAE Systems PLC	Industrials	2	Apr, Oct	17/09/2020	13.80	GBp	4.5%	0.0%

Diageo: Interim dividend announced at semi-annual results went ex- in late February (representing a 5.0% growth year-on-year). On 9th April company withdrew guidance and cancelled buyback. Has not committed to Final dividend. Company has stated that in China it is beginning to see a very slow return of on-trade consumption, whilst most bars are shut in US and Europe. Some peers cutting dividends.

Danone: 28th April AGM postponed (will be held before end of June but no confirmation of date yet) – thus dividend also postponed. Proposed a dividend of 2.10euro/share in late Feb (representing growth of 8% year-on-year). On a recent call, management ducked a direct question on the dividend. Pressure from French state to 'show solidarity' and cut dividend by 30%. Danone has the ability to pay the initial proposed dividend (Q1 2020 results sales grew 3.7%), and not all large French companies have succumbed to government pressure, but the risk is political pressure leads to a reduced dividend payment for 2020.

BAE systems: Deferred decision on the proposed 13.8p/share Final dividend (which normally goes ex- in mid April) to July half-year results. No discussion of October interim dividend. Trading update on 3rd April stated "We recognise the importance of the dividend payment to our shareholders and whilst it remains our intention to pay a dividend, the timing of any payment will be contingent on prevailing macro-economic and social conditions over the coming months.'. Defence companies well placed in current environment with long-term contracts and resilient demand, but social and political pressure coming to bear on the decision.

In summary:

- **There have been no dividend suspensions or dividend cuts announced for portfolio companies to date.**
- Many companies held in the portfolio have *grown* their dividend this year
- We calculate that approximately 50% of 2019 fund dividend payment has been received (or gone ex-dividend) to date.

- We identify there is some uncertainty for dividend payments this year for a small number of portfolio holdings, but generally we see a positive outlook for the companies in the portfolio regarding their ability and willingness to pay dividends this year.

- Our current expectation is that the 2020 fund distribution will be similar to 2019 – but we note there are some moving parts to this analysis (FX rates or portfolio changes, for example), and we are therefore carefully monitoring the income received for the portfolio and will update our view as the year progresses.

Although there may well be more dividend cuts still to come in the next year, and the economic recovery might take longer this time round (or indeed it might be quicker), over the longer term we continue to believe that the Fund's focus on quality – i.e. companies with strong balance sheets, which have consistently generated high return on capital – positions it well to weather various economic conditions.

We thank you for your continued support.

Portfolio Managers
Matthew Page, CFA
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Analysts
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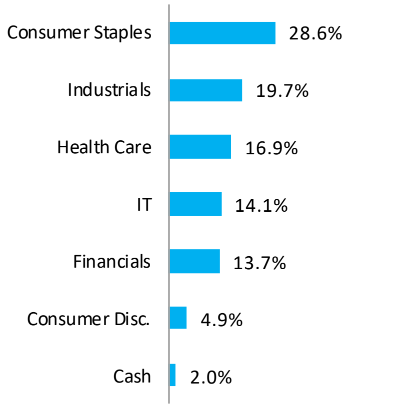
PORTFOLIO

30/04/2020

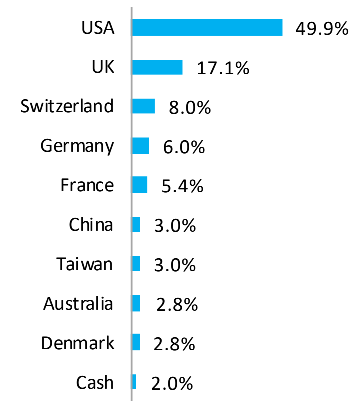
Fund top 10 holdings

Reckitt Benckiser	3.3%
Deutsche Boerse	3.2%
Otis Worldwide	3.1%
Procter & Gamble	3.1%
Anta Sports Products	3.0%
Abbvie	3.0%
Taiwan Semiconductor	3.0%
Illinois Tool Works	2.9%
Unilever	2.9%
Microsoft	2.9%
% of Fund in top 10	30.4%
Total number of stocks held	35

Sector analysis



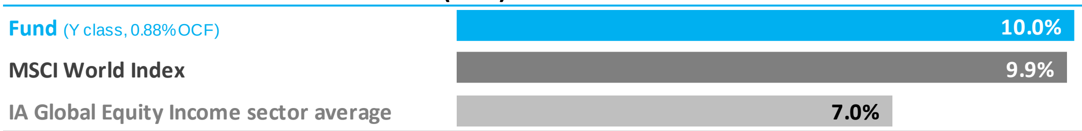
Geographic allocation



PERFORMANCE (see performance notes overleaf)

30/04/2020

Annualised % total return from launch (GBP)



Discrete years % total return (GBP)	Apr '20	Apr '19	Apr '18	Apr '17	Apr '16
Fund (Y class, 0.88% OCF)	-0.1	14.6	5.9	24.9	-0.2
MSCI World Index	-0.8	12.5	6.4	29.8	0.5
IA Global Equity Income sector average	-5.6	7.7	4.0	23.5	-1.8

Cumulative % total return (GBP)	1 month	Year-to-date	1 year	3 years	5 years	From launch
Fund (Y class, 0.88% OCF)	6.9	-7.1	-0.1	21.3	51.1	143.0
MSCI World Index	9.0	-8.0	-0.8	18.7	54.9	140.4
IA Global Equity Income sector average	7.9	-11.4	-5.6	5.8	28.3	88.6

RISK ANALYSIS

30/04/2020

Annualised, weekly, from launch on 31.12.10, in GBP	Index	Sector	Fund
Alpha	0	-0.67	1.49
Beta	1	0.77	0.86
Information ratio	0	-0.43	0.04
Maximum drawdown	-18.26	-22.41	-21.78
R squared	1	0.80	0.90
Sharpe ratio	1	0.25	0.49
Tracking error	0	6.49	4.66
Volatility	13.83	12.37	13.07

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.
Source: Financial Express, bid to bid, total return. Fund launch date: 31.12.10. Fund Y class (0.88% OCF): Composite simulated performance based on actual returns of E share class (available from Fund launch), calculated in GBP. Fund returns are for share classes with a current Ongoing Charges Figure (OCF) stated above; returns for share classes with a different OCF will vary accordingly.

Performance data notes

1) The performance numbers displayed on the previous page are calculated in GBP (Sterling). Please note: The Fund's Y class was launched on 11.03.15. The performance shown is a composite simulation for Y class performance being based on the actual performance of the Fund's E class, which has an OCF of 1.24%, and has existed since the Fund's launch. The Fund's E class is denominated in USD but for the purposes of this performance data its performance is calculated in GBP.

Important information

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

This report is primarily designed to inform you about Guinness Global Equity Income Fund. It may provide information about the Fund's portfolio, including recent activity and performance. It contains facts relating to the equity markets and our own interpretation. Any investment decision should take account of the subjectivity of the comments contained in the report.

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

Risk

The Guinness Global Equity Income Fund is an equity fund. Investors should be willing and able to assume the risks of equity investing. The value of an investment and the income from it can fall as well as rise as a result of market and currency movement, and you may not get back the amount originally invested. Details on the risk factors are included in the Fund's documentation, available on our website. Shareholders should note that all or part of the fees and expenses will be charged to the capital of the Fund. This will have the effect of lowering the capital value of your investment.

Documentation

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

- the Manager: Link Fund Administrators (Ireland) Ltd, 2 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland; or,
- the Promoter and Investment Manager: Guinness Asset Management Ltd, 18 Smith Square, London SW1P 3HZ.

Residency

In countries where the Fund is not registered for sale or in any other circumstances where its distribution is not authorised or is unlawful, the Fund should not be distributed to resident Retail Clients.

NOTE: THIS INVESTMENT IS NOT FOR SALE TO U.S. PERSONS.

Structure & regulation

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

Switzerland

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

Singapore

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

Telephone calls will be recorded and monitored.