

GUINNESS

ASSET MANAGEMENT

STEWARDSHIP POLICY COMPLIANCE WITH THE UK STEWARDSHIP CODE

This policy describes how Guinness Asset Management (GAM) applies the seven Principles of the UK Stewardship Code which was adopted by the Financial Reporting Council (“FRC”) in July 2010 and updated in September 2012.

Guinness Asset Management (GAM) is a specialist London-based investment management company that focuses on investing in long-term dynamic growth trends through long-only, actively managed funds.

Guinness Asset Management’s main objective is to manage our clients’ assets in such a way that we deliver on their mandate. Although these mandates are often quite specialised, the essential purpose of our work is to preserve and grow the real purchasing power of the assets entrusted to us by our clients over the long term. In fulfilling this purpose we of course assume a stewardship role over the assets of our clients. We construct portfolios of stocks based on our analysis of factors such as company profitability, operational efficiency and value. We will monitor, evaluate and, if necessary, actively engage or withdraw capital to preserve or add value to our clients. In representing our clients’ interest in relation to the investments made on their behalf, we recognise the responsibilities that go with ownership, and the related rights. Corporate governance is a risk factor that we consider when we assess a company’s operational performance, its value to shareholders and when we determine the price we are prepared to pay to invest. Our approach to these responsibilities in the context of the seven principles detailed by “The Stewardship Code” is set out below.

PRINCIPLE 1

Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.

GAM’s Stewardship Policy document is published on the Guinness Funds website www.guinnessfunds.com and details our policy on voting and stewardship.

PRINCIPLE 2

Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.

Procedures to identify and manage conflicts of interest that may give rise to a material risk of damage to the interests of our clients have been established for staff to follow when dealing with investee companies. Actual or possible conflicts of interest in relation to stewardship are reported initially to the Compliance Officer who will then refer the matter to the Board of Directors and/or the client if the conflict cannot be avoided.

PRINCIPLE 3

Institutional investors should monitor their investee companies.

Fund managers monitor the activities and announcements of companies in which we invest on behalf of our clients as part of our duty of care. We draw on companies’ financial reports, proxy statements and shareholder circulars. Where appropriate we engage directly with company management.

We vote our clients’ shares by proxy where applicable but do not generally attend company AGMs except in exceptional circumstances when we consider it necessary or appropriate.

We maintain an audit trail of voting activity and meetings, where applicable.

PRINCIPLE 4

Institutional investors should establish clear guidelines on when and how they will escalate their stewardship activities.

Where it is necessary to protect and enhance our clients' long-term returns we will consider escalating our stewardship and engagement activities. However we do not have a set approach for how this will happen as the circumstances and method may be different depending on the issues and the timescale.

We would consider escalating our activities where we believe a company represents a good investment but where management is either putting value at risk or is preventing its release. Such escalations may include meeting with management and/or board members to discuss our concerns, working with other institutional shareholders to encourage a company to address concerns and hence increase the influence we may have on our client's behalf.

PRINCIPLE 5

Institutional investors should be willing to act collectively with other investors where appropriate.

We may work with other like minded shareholders from time to time to promote good governance and prevent the destruction of value if that seems in the interest of our clients. However any action that we take to resolve an issue would always be in a manner which is not detrimental to our own clients' holding.

We would also be particularly conscious to avoid any risk of being deemed a concert party.

PRINCIPLE 6

Institutional investors should have a clear policy on voting and disclosure of voting activity.

Under the terms of the investment management agreements our clients may delegate voting discretion to us as the fund manager.

In these circumstances it is our policy to vote where we believe this is in our clients' interest or in accordance with specific guidelines agreed with our clients. Voting decisions are taken internally by the investment team responsible for the clients' portfolio.

Currently our voting record is publicly disclosed where clients require this.

PRINCIPLE 7

Institutional investors should report periodically on their stewardship and voting activities.

Our reporting to clients is customized according to each clients' reporting requirements. Where proxy voting is undertaken for clients reports are made annually. As stated above where clients require it the voting record is in addition made public.

We are supportive of clients who take an interest in ownership responsibilities and it would always be our intention to ensure that clients are kept informed on a regular basis should they request information on how their ownership responsibilities are being fulfilled.

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For further information please contact:

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