

Guinness Sustainable Global Equity Fund

INVESTMENT COMMENTARY – September 2021

About the Fund

The Fund is a global growth fund designed to provide exposure to high quality growth companies, with sustainable products and practices. The Fund holds a concentrated portfolio of midcap companies in any industry and in any region.

Fund size £11.2m

Fund launch date 15.12.2020

Managers Sagar Thanki
Joseph Stephens

This is a marketing communication. Please refer to the prospectus and KIID for the Fund before making any final investment decisions.

Performance

Since the fund was launched on 15.12.2020 there is insufficient data to provide a useful indication of past performance to investors

Strategy Guinness Sustainable Global Equity

Index MSCI World Index

Sector IA Global

Market summary

While inflationary concerns, debates over the timing of central bank monetary tightening, and the COVID-19 delta variant persisted into August, broadly positive economic data and the gradual reopening of economies enabled global equity markets to advance over the month.

Overall, Fund performance vs the benchmark can be attributed to the following:

- There was strong stock selection within the Industrials sector, particularly from the Fund's US holdings including Trex Company, WSP Global and Tetra Tech.
- No exposure to Energy, Materials and Real Estate contributed positively to Fund performance, whilst no exposure to Communications and Utilities dragged on performance.
- The largest drag on Fund performance came from its mid-cap tech names. Whilst the Fund's overweight exposure to IT – the 2nd best performing sector over the month – was a positive from an asset allocation perspective, this was led by large-cap names.
- From a market cap perspective, with big tech companies continuing to surprise to the upside, the Fund's mid cap focus was a detractor from an asset allocation standpoint.

August in review

Although the delta variant continues to be a concern, broad macroeconomic data remains positive: manufacturing and service PMIs in the

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 as a result of market and currency fluctuations.

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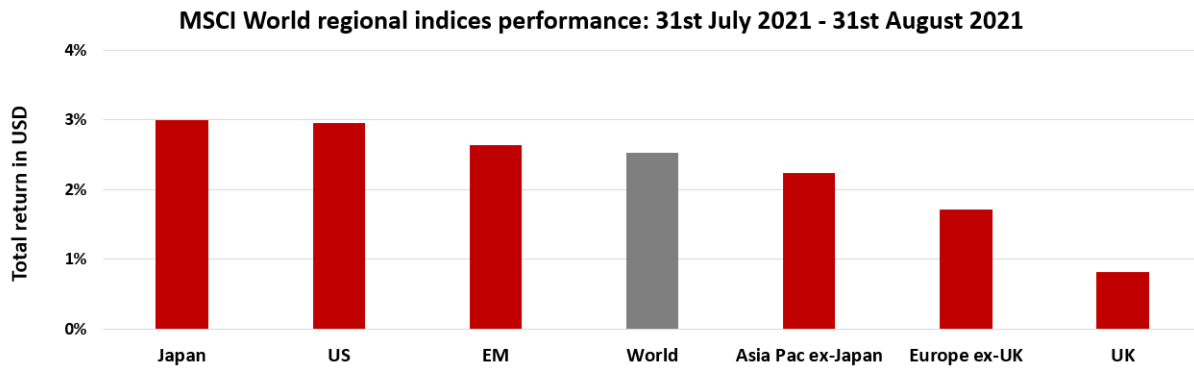
US came in at 61.2 and 55.4 respectively, while the Eurozone printed 61.5 and 59.5 respectively – pointing to continued economic expansion. However, with broad reopening of economies and ongoing loose monetary and fiscal policies, concerns that economies may run too hot persisted. In the US, headline CPI delivered 5.4%, while in the Eurozone, CPI came in at 3.0% – both surpassing economists' expectations whilst remaining at decade highs. Further, the momentum of economic data, having now rolled off the troughs of 2020, seems to be losing steam: the Citi Economic surprise indices for the US and Eurozone – an indication of whether data was surprising to the upside or downside – both made their way into negative territory.



Source: Bloomberg. As of 31st August 2021

However, with broadly expansionary data, global equity markets performed strongly in August, buoyed by strong economic data, alongside the supportive comments from the Fed and the unlocking of economies. With the US being the Fed's home market, it is unsurprising to see the region among the top performers. Also in the US, the Senate passed an infrastructure bill containing \$550 billion of new spending. Together, this overshadowed any concerns over the withdrawal from Afghanistan and Hurricane Ida. European equities, whilst lagging the MSCI World Index, also performed well, supported by a positive earnings season and continued economic recovery. In Japan, the top performing region globally, GDP increased 1.3% quarter on quarter, topping analyst expectations. Despite being one of the first major economies to remove the majority of restrictions following a successful vaccine rollout, the UK lagged the broader market.

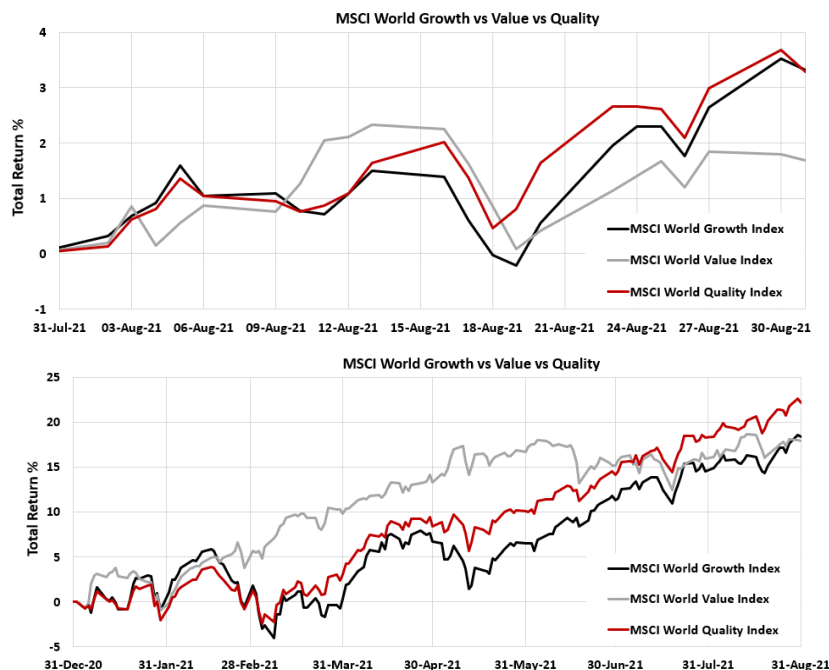
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Regionally, the Fund particularly benefitted from not owning any Chinese stocks, where negative economic signals and a heightened level of regulatory activity took place over the month. The Shanghai Shenzhen CSI 300 delivered just 0.14% total return.

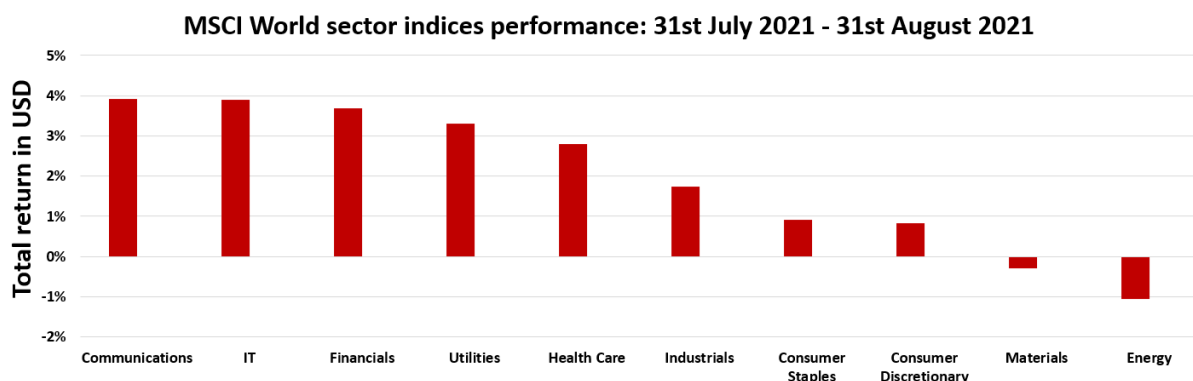
As has been the case since mid-May, the MSCI World Growth Index outperformed the MSCI World Value Index year-to-date. In August, MSCI World Growth Index closed the gap with the MSCI World Value Index year-to-date, overtaking the Index in the later stages of the month. Further, overlapping both styles to some extent, we find that the quality factor has outperformed overall in 2021 so far and seen relatively less volatility:



Source: Bloomberg. As of 31st August 2021

Looking at performance by sector in August, communications, IT and Financials led, closely followed by Utilities and Health care, whilst Energy and Materials were the two worst performers.

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Source: Bloomberg. As of 31st August 2021

No exposure to the Energy and Materials sectors benefitted the Fund, though most of the Fund's performance was attributed to stock selection. Strong stock selection within Industrials aided the Fund, whilst weaker performance across many IT names dragged on performance. No exposure to Communications and Utilities was a headwind to the Fund too, relative to the MSCI World.

Stock performances

Agilent Technologies (+14.5% USD):



Agilent Technologies

Agilent Technologies was the best performer in August after posting strong earnings results and improving guidance. A leading maker of scientific testing equipment, Agilent supplies a slew of analytical and measurement instruments, including gas and liquid chromatographs, mass spectrometers, spectroscopy, lab automation and robotics, vacuum technology, and cell analysis. Agilent operates through three business segments: life sciences and applied markets (45% of revenue), Agilent CrossLab (40%), and diagnostics and genomics (20%). Overall, products generate 75% of total revenue, and services generate the remaining 25% of total revenue. Agilent focuses its products and services on six markets and its latest corporate results indicated growth in each of: food, environmental and forensics, pharmaceutical, diagnostics, chemical and energy, and research.

Jazz Pharmaceuticals (-22.3% USD):



Jazz Pharmaceuticals

Jazz Pharmaceuticals was the worst performer in August. With the first FDA approved drug for type 1 narcolepsy, Xyrem, Jazz had seen strong growth since its approval in 2002. However, more recently investors have become worried about the impending generic entry in 2023, and the over reliance on this main drug. That has left the company trading on subdued multiples (1-year forward price-to-earnings ~12x) despite recent efforts to reposition the business. Indeed, Jazz has been attempting to transfer existing patients (whilst taking on new patients) to its new (considerably) lower-sodium version of Xyrem, Xywav. This should help curtail generic entry whilst possibly making the drug more accessible to new patients given its lower sodium make-up. Moreover, Jazz has recently completed its acquisition of GW Pharma – a business which includes blockbuster drug, Epidiolex, a cannabinoid seizure drug (and only US approved cannabinoid drug). The result is a more diversified revenue stream, and strong exposure to the potential growth in cannabinoid drugs. Subsequently, at

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suppressed multiples, there was a good chance the company would surprise to the upside going forward.

We thank you for your continued support.

Portfolio Managers

Joseph Stephens

Sagar Thanki

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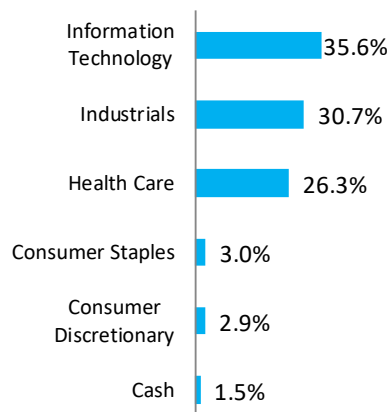
PORTFOLIO

31/08/2021

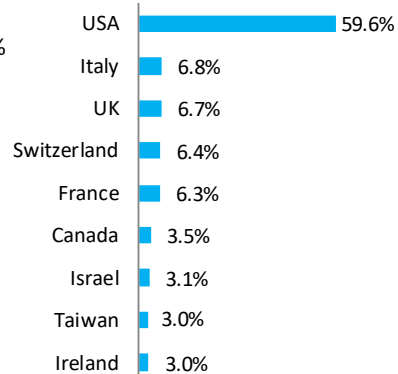
Fund top 10 holdings

Agilent Technologies Inc	3.7%
Trex Co Inc	3.7%
DiaSorin SpA	3.6%
Tetra Tech Inc	3.5%
WSP Global Inc	3.5%
Cadence Design Systems I	3.5%
PerkinElmer Inc	3.5%
KLA-Tencor	3.5%
Addus HomeCare	3.4%
Fortive Corp	3.4%
% of Fund in top 10	35.3%
Total number of stocks	30

Sector analysis



Geographic allocation



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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 Sustainable Equity 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 Sustainable Equity 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.

Documentation

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

- the Manager: Link Fund Manager Solutions (Ireland) Ltd (LFMSI), 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.

LFMSI, as UCITS Man Co, has the right to terminate the arrangements made for the marketing of funds in accordance with the UCITS Directive.

Investor Rights

A summary of investor rights in English is available here: <https://www.linkgroup.eu/policy-statements/irish-management-company/>

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'Île, 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.

GUINNESS

ASSET MANAGEMENT

Guinness Asset Management Ltd is authorised and regulated by the Financial Conduct Authority

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