

Guinness Global Innovators Fund

Innovation | Quality | Growth | Conviction

INVESTMENT COMMENTARY – February 2021

About the Fund

The Fund is a global growth fund designed to provide exposure to companies benefiting from innovations in technology, communication, globalisation or innovative management strategies. The Fund holds a concentrated portfolio of large and medium-sized companies in any industry and in any region.

Fund size	£366m
AUM in strategy	£509m
Fund launch date	31.10.14
Strategy launch date	01.05.03

Managers	Dr. Ian Mortimer, CFA Matthew Page, CFA
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Analysts	Sagar Thanki Joseph Stephens
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Performance 31.01.21

Cumulative % total return (GBP)	1 year	3 years	5 years	10 years
Strategy*	31.1	51.6	146.6	327.0
Index	10.8	31.6	93.4	189.4
Sector	14.8	31.4	96.7	150.6
Position in sector	36 /351	44 /307	21 /270	7 /182

Annualised % total return from strategy inception (GBP)

Strategy*	13.53%
Index	9.98%
Sector	9.41%

Strategy	Guinness Global Innovators*
Index	MSCI World Index
Sector	IA Global

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. *Composite simulation of performance. Guinness Global Innovators Fund (UCITS) launched on 31.10.14. Performance data prior to this date is based on the actual returns of a US mutual fund managed by the same team using the same investment process as applied to the UCITS version. Source: Financial Express 0.99% OCF, bid to bid, total return, in GBP.



Summary performance

For the month of January, the Guinness Global Innovators Fund provided a total return of -0.45% (GBP) against the MSCI World Index net total return of -1.44% (GBP). Hence the fund outperformed the benchmark by 0.99% (GBP).

Going into the new year there was optimism as two of 2020's main uncertainties became a little clearer. Three COVID-19 vaccines showed high efficacy rates and began to roll out across nations, while Joe Biden and the Democrats were able to win both chambers of Congress after taking two key Senate seats in Georgia. Both of these breakthroughs made for enthusiasm around a recovery in the economy in 2021 backed by further fiscal stimulus and largely vaccinated nations. And while the month of January began with a rally in equities, concerns over delays in the supply of vaccines in Europe increased the possibility of a slower roll-out than anticipated. Having said that, good results for fund holdings including Big Tech names alongside Tencent's US blacklist avoidance were positives for the fund.

Building upon another strong year in 2020, we believe the fund remains well positioned to benefit from some of innovative transformations accelerated by COVID-19 and subsequent lockdowns. While the fund currently sits in the 3rd quartile YTD versus peers, over all periods the fund's performance has been very strong, sitting in the top quartile versus its IA Global Equity sector peers.

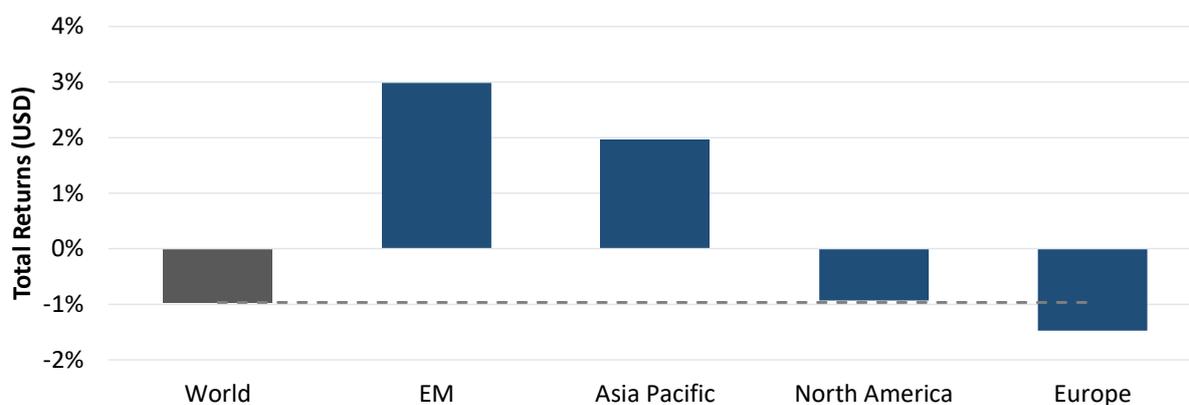
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	YTD	1 year	3 years	5 years	10 years
Global Innovators	-0.45	31.13	51.56	146.60	327.02
Index	-1.44	10.83	31.55	93.37	189.42
Sector	-0.14	14.78	31.43	96.74	150.60
Position in sector	211/374	36/351	44/307	21/270	7/182
Quartile	3rd	1st	1st	1st	1st

Source: Financial Express. Cumulative Total Return in GBP, as of 31st January 2021

January in review:

With nations approving COVID-19 vaccines for use, mass distribution and vaccination rollouts became the focal point for many nations as new waves of infections combined with new variants of the virus made for cautious reading. European markets in particular were the worst performing over the month after suffering from a supply squeeze in the EU’s vaccination programme.



MSCI World Regional Index returns. Source: Bloomberg in USD, as of 31st January 2021

Elsewhere, President Biden and the Democrats’ victory in the US Senate meant that although the ‘blue wave’ sweeping victory did not play out, the party does now control both chambers of Congress, with Vice President Kamala Harris creating a one seat majority. And while with such a slim majority, major policy will not be a given to pass, it does give a clearer picture into possible stimulus packages including a proposed \$1.9 trillion ‘American Rescue Plan’.

January also brought about the beginning of earning season with some bellwether names posting strong results. In particular, fund holding **Facebook** posted record quarterly revenues as the company’s push into ecommerce bore fruit, while a surge in advertising towards the end of the year helped **Alphabet** comfortably beat analysts’ forecasts. Elsewhere there was continued optimism around the semiconductor industry beginning with TSMC, the largest chip foundry in the world, which plans to increase capex spending from \$17bn in 2020 to \$28bn in 2021, helping lift semiconductor equipment manufacturers, **KLA Corp**, **Lam Research** and **Applied Materials** – all held in the fund. Moreover, sustained commentary around a shortage in automotive chips, alongside broader accelerations in demand, made for bullish outlooks for 2021.

Across fund holdings, **Tencent** (up 20.8% USD) was the fund’s best-performing stock over the month, after the US Treasury blocked an attempt to blacklist some of China’s largest IT companies which

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would have barred US investors from holding the stock. Having dropped around 5% earlier in the month as reports of a possible blacklisting emerged – and with the prospect of tighter regulations from China authorities aimed at their IT giants – the blocking of the attempted blacklisting gave investors some reprieve, seeing the stock rise over 10% (USD) on the announcement. We continue to believe Tencent offers attractive growth opportunities in many different areas and we are cognisant that not all companies will be affected equally, however, an evolving regulatory landscape could provide headwinds and we will therefore continue to monitor the situation closely.

Conversely, the fund’s two payment network holdings, **Visa** (down 11.6% USD) and **Mastercard** (down 11.3% USD) were the worst-performing stocks over the month. Although both companies reported robust results during the month that showed continued improvement in card payment volumes over the prior quarter, both businesses continue to lag as extended national lockdowns and subsequently lower cross-border payments from travelling consumers create a drag on top line revenue. However, we remain bullish on the broader acceleration in digital payments for which both these companies are key enablers and beneficiaries, and consequently believe it is a matter of when – not if – these companies return to favour.

We thank you for your continued support.

Portfolio Managers

Dr Ian Mortimer, CFA
Matthew Page, CFA

Analysts

Joseph Stephens
Sagar Thanki

Data sources

Fund performance: *Financial
Express, Total return in GBP*
Index and stock data: *Bloomberg*

Guinness Global Innovators Fund

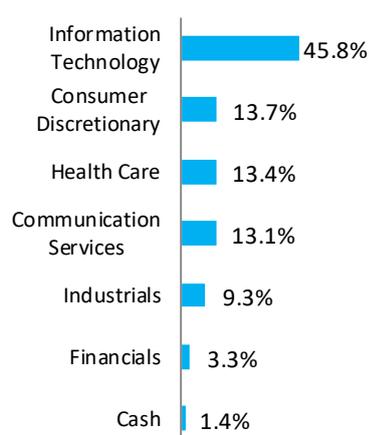
PORTFOLIO

31/01/2021

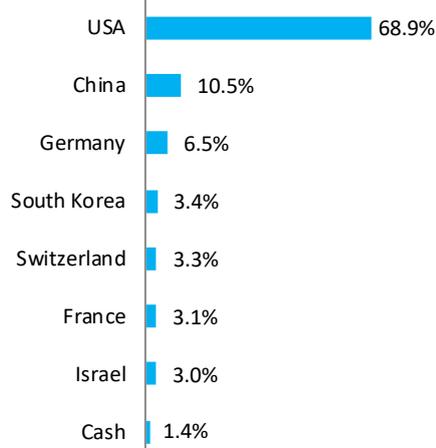
Fund top 10 holdings

Anta Sports Products	3.9%
Tencent Holdings	3.5%
Danaher Corp	3.5%
Paypal	3.5%
KLA-Tencor	3.5%
Microsoft	3.5%
Nike	3.4%
Samsung Electronics GDR	3.4%
Mastercard Inc	3.4%
Intercontinental Exchange	3.3%
% of Fund in top 10	34.8%
Total number of stocks	30

Sector analysis



Geographic allocation



31/01/2021

Annualised % total return from strategy inception (GBP)

Guinness Global Innovators strategy*	13.53%
MSCI World Index	9.98%
IA Global sector average	9.41%

Discrete years % total return (GBP)

	Jan '21	Jan '20	Jan '19	Jan '18	Jan '17
Guinness Global Innovators strategy*	31.1	23.0	-6.0	20.8	34.6
MSCI World Index	10.8	17.5	1.0	11.3	31.9
IA Global sector average	14.8	16.8	-2.0	13.2	32.1

Cumulative % total return (GBP)

	1 month	Year-to-date	1 year	3 years	5 years	10 years
Guinness Global Innovators strategy*	-0.5	-0.5	31.1	51.6	146.6	327.0
MSCI World Index	-1.4	-1.4	10.8	31.6	93.4	189.4
IA Global sector average	-0.1	-0.1	14.8	31.4	96.7	150.6

RISK ANALYSIS

31/01/2021

Annualised, weekly, 5 years, in GBP	Index	Sector	Strategy*
Alpha	0	1.83	4.74
Beta	1	0.84	1.05
Information ratio	0	-0.06	0.75
Maximum drawdown	-24.58	-21.61	-22.23
R squared	1	0.85	0.85
Sharpe ratio	0.75	0.79	1.00
Tracking error	0	6.01	6.95
Volatility	15.42	14.12	17.64

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Source: Financial Express, bid to bid, total return, in GBP

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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 Innovators 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 Innovators 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 from the website www.guinnessfunds.com, or free of charge from:-

- the Manager: Link Fund Manager Solutions (Ireland) Limited, 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'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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