

This is a marketing communication. Please refer to the prospectus and KIID for the Fund, which contains detailed information on the Fund's characteristics and objectives before making any final investment decisions.

1 Intelligently run business make above average returns.

The simple idea behind this Fund is that companies with a culture of innovation can outperform. Innovation can drive increases in productivity and can create profits. The benefits also accrue to the consumer; better processes, better products and better services mean an enhanced consumer experience, creating loyal customers driving profit growth.

Innovation is the intelligent application of ideas. Companies with a culture of innovation can develop competitive strengths that can improve their return on capital. We believe these types of companies are likely to earn a higher return on capital for longer, and thus outperform their peers over the longer term.

Key attributes of success

We believe innovative companies that develop competitive strengths (and maintain good capital discipline) will deliver the key factors behind superior shareholder returns:

- ▶ **Above average return on investment**
- ▶ **Persistent growth over a business cycle**

Management consultant *Arthur D Little* has found that "Top quartile innovation performers obtain on average 13% more profit from new products and services".

2 Companies of any size and in any industry can be innovative.

Crucially, though, this is not about small, risky tech start-ups. In managing the Fund we apply a methodical process for identifying intelligently run, innovative companies across all sectors and throughout the market cap. range. As well as innovative companies in strong growth phases, the Fund also holds a good number of more mature companies that might be more incremental in their innovation – in their production processes or their business model. So in terms of sectors and market cap, it's a broader portfolio than the name might suggest, but it's entirely invested in intelligently-run companies at attractive valuations.

The shape of our portfolio is driven by our bottom-up selection of the best value ideas from our investment universe, not by thematic or benchmark-driven sector weightings.

Looking at the portfolio's sector allocation over the last ten years, the averages are as follows:

Information technology	40%
Consumer discretionary	15%
Financials	15%
Industrials	10%
Healthcare	6%
Energy	6%
Telecoms	6%

The Fund has also held companies in the Materials and Consumer Staples sectors. The one sector not held at all is Utilities – their lack of pricing power largely precludes the ability to generate persistently high return on capital.

3 We avoid hype. Smart but out-of-favour businesses can be far more rewarding.

It's important to recognise that sentiment and hype can sometimes drive up the valuations of innovative companies, so we maintain a strict value discipline. We do not want to pay up for high levels of expected growth in the future; very high growth expectations are often not met, which can have a very detrimental effect a company's value. We look for companies with profitable growth, in particular when they or their industry might be out of favour with investors and therefore trading at attractive valuations. Valuation anomalies can take a long to rectify; our average holding period is 3-5 years.

Real earnings at attractive valuations

The combination of avoiding "story" stocks with high valuation multiples and looking for companies with real earnings that can be analysed and compared means the Fund typically trades at only a small premium to the MSCI World Index on simple price/earnings metrics.

4 Our equally-weighted portfolio provides a sensible balance of risk and return.

✓ High active share

A concentrated portfolio with stock weights that are not driven by the benchmark will – by design – have a high active share. In our equally-weighted portfolio of 30 positions, each position is comfortably bigger than the largest stock in the MSCI World Index.

Since launch our portfolio's active share has always been over 90% versus the MSCI World Index.

✓ Rebalancing effect

Sensible periodic rebalancing forces us to go against market movement and (assuming our original rationale still stands) buy more of a company that has underperformed and trim our holdings in companies that have outperformed. If our longer-term conviction proves correct, the Fund will benefit materially.

Loss aversion is one of the key behavioural biases that portfolio managers must confront. The discipline of equal weighting counteracts it. We can never grow a long tail of 'legacy losers' which we no longer have conviction in.

✓ One in, one out

It's often easier to identify companies we'd like to buy than finding something we already own that we should be selling. By having one in, one out policy it forces us to consider which in the portfolio we like the least.

When we identify a company to buy, we can't just add another position – we have to sell something too. This keeps the portfolio up-to-date with our current best ideas.

✓ Limited stock-specific risk

Having an equally-weighted portfolio limits your stock-specific risk to a reasonable level. Index-weighted portfolios will have higher weightings in large cap companies, and therefore higher stock risk.

Large cap companies can make up a significant proportion of index-weighted portfolios. There are many examples of larger companies that didn't turn out to be good investments.

✓ Conviction in every position

Some argue that by equally weighting the portfolio we are limiting the scale of conviction in any one company. We believe it's higher conviction to have equal weights in all our 30 holdings than larger weights in a few and small weights in the rest.

Our equally-weighted portfolio means we have the same weight in a £1 billion company as a £100 billion company. In our minds that demonstrates high conviction.

5 Growing fund with an experienced team

Proprietary investment process

The investment process applied to the Fund was developed in-house by its managers. The objective of their research was how to identify successful companies with unusually persistent competitive strengths, and then how to invest in this type of company at valuations that will maximise long-term returns.

Independent fund group

Guinness Global Investors is an independent fund group wholly owned by its directors and staff.

Issued by Guinness Global Investors which is a trading name of Guinness Asset Management Limited which is authorised and regulated by the Financial Conduct Authority.

This report is primarily designed to inform you about the Guinness Global Innovators Fund and the WS Guinness Global Innovators Fund. It may provide information about the Funds' 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. OCFs for all share classes are available on www.guinnessgi.com.

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 Funds or to buy or sell individual securities, nor does it constitute an offer for sale.

GUINNESS GLOBAL EQUITY INCOME FUND

Documentation

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

- the Manager: Waystone Management Company (IE) Limited (Waystone IE) 2nd Floor 35 Shelbourne Road, Ballsbridge, Dublin DO4 A4E, Ireland or
- the Promoter and Investment Manager: Guinness Asset Management Ltd, 18 Smith Square, London SW1P 3HZ.

Waystone IE Management Company (IE), 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.waystone.com/waystone-policies/>

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 KID 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.