

**SHINING A LIGHT ON THE.....  
Guinness Asian Equity Income Fund**

**AT A GLANCE**

<b>Investment Objective</b>	
The investment objective of the Fund is long term capital appreciation and income	

<b>Inception Date</b>	19 December 2013
<b>Fund Factsheet Link</b>	<a href="http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000SFIO">http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000SFIO</a>

<b>Management</b>	
<b>Manager Name</b>	<b>Start Date</b>
Edmund Harriss	19 December 2013

<b>Investment Style Details</b>	
<b>Equity Style</b>	
<b>Market Capitalisation</b>	<b>% of Equity</b>
Giant	35.03%
Large	33.70%
Medium	28.61%
Small	2.65%
Micro	0.00%

<b>Top 10 Holdings</b>		
<b>Total number of holdings</b>	35	
<b>Assets in Top 10 Holdings</b>	30.42%	
<b>Name</b>	<b>Sector</b>	<b>% of Assets</b>
Corporate Travel Management Ltd	Consumer Cyclical	3.15%
CapitalLand Mall Trust	Real Estate	3.06%
China Merchants Bank Co Ltd Class H	Financial Services	3.02%
TISCO Financial Group PCL	Financial Services	2.93%
Link Real Estate Investment Trust	Real Estate	2.92%
St Shine Optical Co Ltd	Healthcare	2.91%
JB Hi Fi Ltd	Consumer Cyclical	2.89%
KT&G Corp	Consumer Defensive	2.88%
Industrial And Commercial Bank Of Chi...	Financial Services	2.87%
Public Bank Bhd	Financial Services	2.86%

<b>Volatility Measurements</b>	
<b>3-Yr Std Dev (volatility)</b>	13.75%
<b>3-Yr Mean Return (average)</b>	15.59%

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## FUND PERFORMANCE

Performance from 1<sup>st</sup> January 2014 to 30<sup>th</sup> November 2018:

	2014	2015	2016	2017	2018
<b>Guinness Asian Equity Income Fund</b>	17.59%	1.15%	28.23%	24.52%	-7.08%
<b>iShares MSCI AC Far East ex Japan ETF</b>	8.54%	-5.92%	27.34%	28.84%	-8.32%

Performance over 12 months, 3 years and since launch:

	1 year	3 years	Since launch
<b>Guinness Asian Equity Income Fund</b>	-6.24%	48.15%	77.28%
<b>iShares MSCI AC Far East ex Japan ETF</b>	-6.57%	50.42%	54.68%

*You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.*

## UPDATE....

This was our first introduction to the team. The investment philosophy is the same across all strategies. They are looking for companies with a long history of persistent high returns, those companies which are cheap vs the market, and those companies with a moderate-income yield (between 2.5% and 2.8%).

This reduces the investible universe from 7,000 companies to 300 and from that they currently hold 36 companies. These are equally weighted with an upper weighting of 4% and lower weighting of 2%. They rebalance to bring in line with equal weightings and when topping up a stock they review whether they wish to continue holding.

They like China which they see as continuing to move up the value scale and over time expect them to focus on areas like electric vehicles, robotics and rail equipment. They are positioning themselves towards where Korea is now.

As a whole, Asia is an exciting region to invest in with many economies moving up the value chain as wages rise, and consumption is exceeding the developed world. In China car sales are exceeding the US and companies like Apple, Starbucks and Nike have a growing exposure to Asia.

The types of companies they like include Hanon Systems who are the largest manufacturers of climate control systems for cars. They provide critical cooling components for Tesla, BMW and VW. TSMC produce chips used in everyday consumer goods. Focusing on consumer growth, Lukfook Jewellery provide jewellery sets for consumers and Lilanz are a male fashion retailer.

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In terms of performance since launch, the fund has slightly outperformed but over short periods has struggled. Similar to other strategies they see this as a defensive strategy that will perform better when the markets are struggling.

In summary, the concern would be performance but the holdings are different to many funds operating in this space and it may act as a defensive blend.

*The source of information in this note has been provided by Guinness and is correct as at November 2018. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.*