

**SHINING A LIGHT ON THE.....
Guinness Emerging Markets Equity Income Fund**

AT A GLANCE

Investment Objective	
The investment objective of the Fund is to provide investors with both income and long-term capital appreciation.	

Inception Date	23 rd December 2016
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000YD2W

Management	
Manager Name	Start Date
Mark Hammonds	23 rd December 2016
Edmund Harriss	23 rd December 2016

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	38.00%
Large	31.33%
Medium	19.87%
Small	10.60%
Micro	0.00%

Top 10 Holdings		
Total number of holdings	36	
Assets in Top 10 Holdings	31.47%	
Name	Sector	% of Assets
Indiabulls Housing Finance Ltd	Financial Services	3.67%
Novatek Microelectronics Corp	Technology	3.64%
Elite Material Co Ltd	Technology	3.52%
Haitian International Holdings Ltd	Industrials	3.06%
China Lilang Ltd	Consumer Cyclical	3.04%
Broadcom Inc	Technology	3.03%
Shenzhou International Group Holdings	Consumer Cyclical	2.96%
Qualcomm Inc	Technology	2.88%
Unilever PLC	Consumer Defensive	2.84%
Truworths International Ltd	Consumer Cyclical	2.82%

Volatility Measurements	
3-Yr Std Dev (volatility)	-
3-Yr Mean Return (average)	-

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FUND PERFORMANCE

Performance from 1st January 2017 to 31st March 2019:

	2017	2018	2019
Guinness Emerging Markets Equity Income Fund	26.42%	-9.50%	8.12%
iShares MSCI EM ETF	24.43%	-9.25%	6.27%

Performance over 12 months and since launch:

	1 year	Since launch
Guinness Emerging Markets Equity Income Fund	-2.41%	23.93%
iShares MSCI EM ETF	-1.42%	24.21%

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....

The investment philosophy is the same across all strategies. The team are looking for companies with a long history of persistent high returns, and those companies which are cheap vs the market, peers or their own history.

The total pool of available companies is 4000. They are looking for those companies with 8% p.a. real returns over an eight-year period, and low debt to equity. This then reduces the available pool to 360. In terms of selecting from this they are looking for companies undervalued by the markets and with a growing income stream. They then pick 36 equally weighted companies. This moves but is rebalanced. The average holding period is 3 to 5 years.

Similar to the global equity income strategy this should perform better in a down market, however, in the short period this fund has been operating this has not come through. The fund is slightly behind the index as it approaches its three-year anniversary.

In terms of where they are investing, they explained that you cannot view emerging markets as one block. In Asia the main sectors are Information Technology and Financials, but they do have a broad spread. In Latin America this is mainly Materials, Consumer Staples and Financials, and in EMEA this is Communication Services, Energy and Financials.

They build from the bottom up, looking for good quality companies. Companies which have done well for them include Porto Seguro, Tata Consultancy Services, Novatek Microelectronics and Infosys. AAC has been a poor performer but they have been buying more as the share price has come down. The fund is skewed towards technology and financial services.

In terms of the markets the valuations are back to 2015 levels and they believe positive trade talks will be good for the markets.

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In summary, the Guinness Management team follow a similar style, across all the funds making it easy to understand where they sit. This aims to be defensive but in its short history this has not come through. In terms of comparing to the benchmark this will be very different, and doesn't contain the names that are seen in many of the emerging market funds.

The source of information in this note has been provided by Guinness and is correct as at April 2019. 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.