

**SHINING A LIGHT ON THE.....
Guinness European 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	20 December 2013
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000SFJ1

Management	
Manager Name	Start Date
Matthew Page	20 December 2013
Ian Mortimer	20 December 2013

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	19.78%
Large	33.59%
Medium	33.56%
Small	13.27%
Micro	0.00%

Top 10 Holdings		
Total number of holdings	30	
Assets in Top 10 Holdings	36.60%	
Name	Sector	% of Assets
Millicom International Cellular SA DR	Communication Services	3.90%
Schneider Electric SE	Industrials	3.87%
Novo Nordisk A/S B	Healthcare	3.74%
Roche Holding AG Dividend Right Cert.	Healthcare	3.68%
Continental AG	Consumer Cyclical	3.65%
Smurfit Kappa Group PLC	Consumer Cyclical	3.61%
TietoEVRY Corp	Technology	3.59%
Thales	Industrials	3.59%
Deutsche Boerse AG	Financial Services	3.50%
Euronext NV	Financial Services	3.48%

Volatility Measurements	
3-Yr Std Dev (volatility)	14.34%
3-Yr Mean Return (average)	-3.26%

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FUND PERFORMANCE

Performance from 1st January 2014 to 31st March 2020:

	2014	2015	2016	2017	2018	2019	2020
Guinness European Income Fund	-2.52%	4.09%	29.16%	11.22%	-8.49%	24.15%	-24.03%
iShares MSCI Europe ex-UK ETF	-0.47%	4.77%	19.16%	15.96%	-9.22%	19.41%	-17.34%

Performance over 12 months, 3 years and since launch:

	1 year	3 years	Since launch
Guinness European Income Fund	-12.96%	-9.46%	28.68%
iShares MSCI Europe ex-UK ETF	-8.06%	-3.17%	27.87%

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 update has been written at the time of the Coronavirus Pandemic of 2020, which has impacted the global financial markets in a way that has never been seen before.**

This is the first time we have met the team. The strategy has a quality value approach with the companies they invest in having better free cash flow vs the index, and lower levels of debt. Therefore, they believe they are investing in companies which offer the potential for higher returns with lower levels of risk.

If investors look at their fund, the management team believe they will see a portfolio of leaders; these will likely be in the top 3 of their peer group or are niche businesses. These are businesses which are more likely to survive a downturn, and if anything, grow. The team like management they can trust and are prepared to hand capital back to shareholders.

The market does misprice good businesses and this provides opportunities for them. They are overweight industrials which tend to be more robust with high repeat income streams. They are also investing in green energy where they see long term structural changes happening.

The fund tends to outperform in down cycles but this time the markets have shown there is really no place to hide. They remain positive as they think the companies they invest in will come out stronger. They do expect some to stop dividends, but this could be because they cannot hold their AGMs, but they think many of these companies will still pay them going into the future.

They are talking to management within the companies they hold, and they have not made any major changes. They have removed Continental due to its positioning to the auto industry.

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We talked about the outlook and they think that the banking system is much stronger than markets are pricing. They expect markets to perhaps drift for the next 3 to 4 weeks and then may go down again before any recovery comes in. They think we will be entering an inflationary environment which is needed to deflate away the debt. The other option would be higher taxes which would be deflationary and not good for the economy. They do not think the eurozone will collapse and potentially may bring them together to keep it intact.

In summary, this discussion was done at a time of extreme market stress and we would like to go back in 12 months to get a proper feel for the management style and see how the fund comes out of this current phase.

The source of information in this note has been provided by Guinness and is correct as at March 2020. 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.