

**SHINING A LIGHT ON THE.....
Guinness Global Innovators Fund**

AT A GLANCE

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

Fund Factsheet Link
https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000UNFC

Management	
Manager Name	Start Date
Ian Mortimer	31 October 2014
Matthew Page	31 October 2014

FUND PERFORMANCE

Performance from 1st January 2016 to 31st January 2022:

	2016	2017	2018	2019	2020	2021	2022
Guinness Global Innovators Fund	28.00%	22.30%	-11.65%	31.64%	32.41%	22.76%	-6.67%
MSCI World NR	28.24%	11.80%	-3.04%	22.74%	12.32%	22.94%	-4.39%

Performance over 12 months, 3 years, 5 years and since launch:

	1 year	3 years	5 years	Since launch
Guinness Global Innovators Fund	15.07%	86.48%	112.73%	919.19%
MSCI World NR	19.27%	55.30%	74.66%	422.43%

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.

Tracking Error	Information Ratio	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
5.66	1.28	-	08.09	96.90	63.89	1.05	2.12	Growth/Large

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Volatility Measurements	
3-Yr Std Dev (volatility)	15.96%
3-Yr Mean Return (average)	23.09%

Investment Style Details	
Giant	63.86%
Large	33.38%
Medium	0.00%
Small	0.00%
Micro	0.00%

Top 5 Holdings – 30 Equity Holdings		
Apple Inc	Technology	3.76%
KLA Corp	Technology	3.73%
Lam Research Corp	Technology	3.69%
Microsoft	Technology	3.57%
Applied Materials Inc	Technology	3.56%

Top 5 Sectors	
Technology	45.41%
Financial Services	13.03%
Healthcare	12.69%
Industrials	10.49%
Communication Services	9.19%

Top 5 Regions	
United States	77.17%
Germany	6.63%
France	3.61%
Switzerland	3.52%
Taiwan	3.32%

UPDATE....

We have done extensive research on this strategy and this remains on our watchlist. As a recap, the managers are aligned both to the fund and business, with their own personal investments in the funds they manage, and an equity stake in the business. This is really important as the success of both the fund and business directly impacts the team.

The fund itself invests across 9 core innovative themes: advanced healthcare, AI and big data, clean energy and sustainability, cloud computing, internet, media and entertainment, mobile tech and internet of things, next gen consumer, payments and fintech, robotics and automation.

It is a concentrated portfolio of large cap names with equal weightings, which are rebalanced 2 or 3 times a year. The characteristics of the companies they hold are those with faster profit growth, wider profit margins and are not exposed to the economic cycle. They don't like debt and they have a quality growth bias.

We discussed the performance in 2021, which Matthew explained followed four trends.

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Up to 14 May, value significantly outperformed growth, with areas like energy and financials performing the best. From mid-May to late-September this reversed, with a switch to growth and technology doing well.

Between 21 September and 12 October, there was a switch back to value, and then the last part saw growth slightly outperform. There was therefore no clear winner in terms of style, but the nature of this strategy meant that it was able to keep pace with the index because of its bias towards quality.

Over the year they sold New Oriental, Check Point and Tencent, and added Apple, Amephenol and RSMC. They have also reduced exposure to industrials and added to IT and healthcare. They have reduced exposure to China, selling New Oriental before the changes came in, and Tencent. They continue to hold Anta Sports which they believe will benefit from the Winter Olympics.

In terms of whether they hold over valued stocks, they explained that quality and fundamentals come into play. For those companies where valuations are based on hope, these are being hit the hardest. Valuation discipline is a key element of what they do and they believe this will crucial to delivering long term out performance.

In summary, this continues to be a well-managed strategy. During the value rally in 2021 this fund was able to keep up as well as benefit from the growth rallies. This meant that it was able to match the index. This year, with the switch to value, it is slightly behind the index, but the team believe investing in the very best companies will deliver strong returns over the long term.

The source of information in this note has been provided by Guinness and is correct as of January 2022. 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.