



Guinness Global Equity Income Fund – Fund Research Summary

Overview and Objectives

The Guinness Global Equity Income Fund aims to deliver income and long-term capital growth by investing in high-quality global companies that exhibit persistent returns on capital and the ability to grow dividends sustainably.

- Fund Launch: 31 December 2010
- AUM: \$7.2bn (strategy \$8.3bn)
- Benchmark: MSCI World Total Return Index
- OCF: 0.77% (2024)
- Historic Yield: 2.0% (net of withholding tax)
- Domicile: Ireland (UCITS structure)
- Managers: Dr Ian Mortimer, CFA & Matthew Page, CFA

The fund is actively managed but uses the MSCI World Index as a comparator benchmark only. It invests in 35 equally weighted stocks, avoiding yield traps and instead targeting companies capable of compounding dividends and capital returns over time.

Team and Resources

The fund is managed by Dr Ian Mortimer and Matthew Page, who have co-managed the strategy since its inception in 2010, one of the longest-running partnerships in global equity income. Both are Oxford physics graduates and CFA charterholders.



They are supported by seven generalist analysts with diverse professional backgrounds (Bloomberg, St James's Place, BlackRock, Deloitte, PGIM, Orbit Partners). The average experience level across the team is 7.4 years, and Guinness has a flat, collaborative structure, with no investment committee, all decisions are made by mutual agreement between the two portfolio managers.

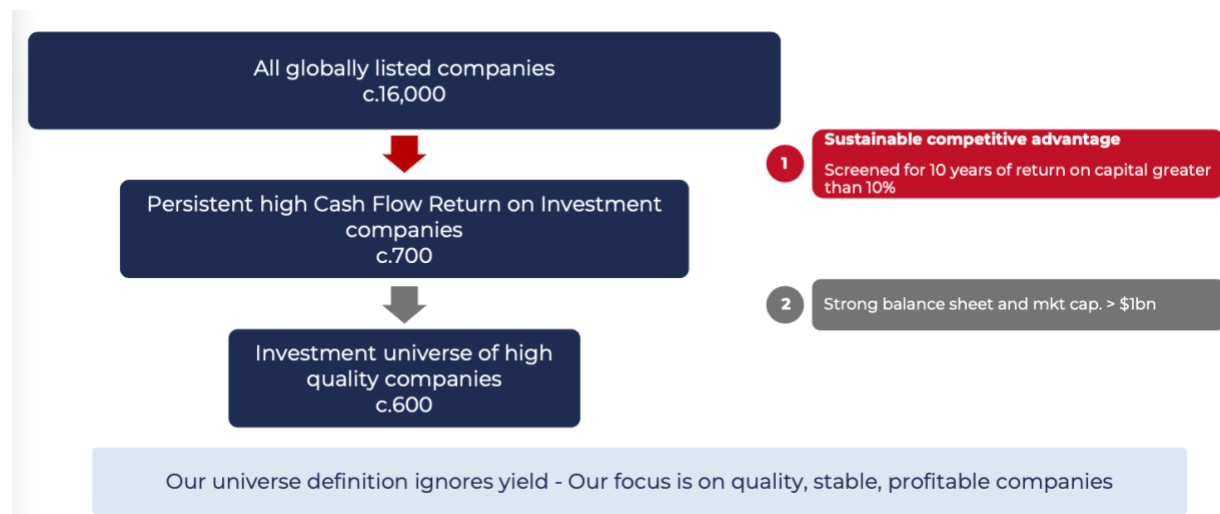
Team Stability: No management changes since inception; analysts are developed internally with a view to future portfolio management roles.

Investment Process

The investment process is systematic, repeatable, and fundamentally driven, blending quality, value, dividend, and conviction as its four pillars:

a. Universe Definition

- Starts with ~16,000 global listed companies.
- Screens for ≥ 10 consecutive years of return on capital $> 10\%$, ensuring resilience through full market cycles.
- Excludes highly leveraged firms and those with market capitalisation $< \$1\text{bn}$.
- Result: an investible universe of ~600 quality businesses with durable competitive advantages.



b. Stock Selection

A bottom-up, cash flow-focused approach:

- Quality metrics: Return on capital, balance sheet strength, margins, and debt ratios.
- Valuation metrics: P/E, EV/EBITDA, price/cash flow, and relative/absolute historical comparisons.
- Dividend metrics: Yield, payout ratio, and 1–5-year dividend growth.
- ESG integration: Proprietary ESG scorecard aligned to SASB materiality metrics and UN PRI principles.

Companies must demonstrate sustainable cash flows, disciplined capital allocation, and resilience across cycles.



c. Portfolio Construction

- Equally weighted 35-stock portfolio (c.2.9% each).
- Max 30% in any sector; max 20% in emerging markets.
- Low turnover (average holding period 3–5 years).
- “One in, one out” discipline to ensure conviction and avoid portfolio bloat.
- Rebalancing naturally trims winners and tops up underperformers.

Holdings & Sizing	<ul style="list-style-type: none"> • 35 companies in portfolio (typically) • Equally weighted portfolio construction approach <p>Rebalancing effect: Trim winners, top up underperformers</p> <p>One in, one out: Strong sell discipline, no long tail of small positions</p> <p>Limit stock specific risk: No large weights in just one or two positions</p> <p>High active share: Genuinely index agnostic</p>
Diversification	<ul style="list-style-type: none"> • Maximum 30% in any one sector • Maximum 20% directly invested in emerging markets
Turnover	<ul style="list-style-type: none"> • Low turnover of positions • 3 – 5 year average holding period
Macro/Top-down	<ul style="list-style-type: none"> • Fundamentally driven stock selection – index agnostic • Consider macro factors at the company level

d. Risk Management

- Independent investment risk team produces monthly VaR, stress, and scenario analyses.
- Drawdown history: Maximum -32.5% (COVID-19 sell-off, 2020).
- Fund captured only 73% of market downside across major global corrections since 2010 — a hallmark of defensive resilience.

Portfolio philosophy

- Diversity of revenue streams by industry, category, and geography
- Persistently high returns on capital, strong balance sheets, robust business models
- Position size - 35 stock, typically equally weighted portfolio
- Good liquidity in individual holdings (no private markets, \$1bn+ market cap minimum)
- Attribution and style analysis to understand portfolio performance contributions

Monitoring

- Investment risk in the Fund is monitored by the risk/compliance team, who report to the CIO
- **Weekly** risk report detailing various market risk indicators, for example volatility, tracking error, beta and VaR. Any exceptions outside established parameters will be raised with the investment team.
- **Monthly** risk report which includes analysis of stocks held, weightings, performance and fund decisions. A monthly meeting is held between the CIO, risk/compliance team and fund management team
- **Quarterly** investment risk summary report is presented to the Board of Directors and trustees of the Fund

Portfolio Characteristics (as of 30 Sep 2025)

Metric	Fund	MSCI World
Median Return on Capital	21.4%	9.5%
Net Debt / Equity	49.6%	40.9%
P/E (2025e)	20.9x	22.3x
Free Cash Flow Yield	4.0%	3.2%
Dividend Yield (LTM)	2.0% (net)	1.7% (gross)
Weighted Average Payout Ratio	56%	44%
Active Share	90%	—
Positions	35	—

Top 10 Holdings (31.9% of NAV):

AbbVie, Broadcom, CME Group, Danone, Taiwan Semiconductor, Arthur J. Gallagher, Aflac, Roche, Atlas Copco, Johnson & Johnson.

Sector Allocation:

Consumer Staples 25%, Industrials 25%, Financials 15%, Healthcare 15%, Technology 15%, others minimal.

Regional Exposure:

U.S. 57%, UK 10%, Europe ex-UK 26%, Asia-Pacific 6%, Emerging Markets 1%.

Name	Sector	Mkt. cap (USDbn)	Country of domicile	% NAV	PE	
					2025E	2026E
Publicis Groupe SA	Communication Services	24.4	FR	2.4%	10.9	10.3
AMTA Sports Products Ltd	Consumer Discretionary	33.7	CN	2.9%	17.8	15.8
Coca-Cola Co/The	Consumer Staples	285.4	US	2.6%	22.3	20.8
Danone SA	Consumer Staples	59.4	FR	3.3%	19.6	18.5
Diageo PLC	Consumer Staples	53.2	GB	2.5%	14.3	13.7
Mondelez International Inc	Consumer Staples	80.8	US	2.9%	20.7	18.8
Nestle SA	Consumer Staples	236.9	CH	2.8%	17.1	16.1
PepsiCo Inc	Consumer Staples	192.3	US	2.7%	17.4	16.4
Procter & Gamble Co/The	Consumer Staples	359.6	US	2.8%	22.6	21.3
Reckitt Benckiser Group PLC	Consumer Staples	52.0	GB	3.1%	16.2	15.2
Unilever PLC	Consumer Staples	145.2	GB	2.5%	17.0	16.1
Aflac Inc	Financials	59.7	US	3.1%	16.2	15.3
Arthur J Gallagher & Co	Financials	79.4	US	3.1%	27.9	22.8
Blackrock Inc	Financials	190.3	US	3.1%	24.4	22.3
CME Group Inc	Financials	97.4	US	3.4%	24.3	23.4
Deutsche Boerse AG	Financials	50.6	DE	2.9%	20.6	19.4
AbbVie Inc	Health Care	409.0	US	3.4%	19.3	16.2
Haleon PLC	Health Care	39.9	GB	2.3%	18.3	16.7
Johnson & Johnson	Health Care	446.6	US	3.1%	18.3	16.6
Medtronic PLC	Health Care	122.2	IE	2.8%	19.6	16.3
Roche Holding AG	Health Care	266.3	CH	3.1%	13.2	12.5
ABB Ltd	Industrials	133.0	CH	3.0%	27.8	25.6
Asia Alloy AB	Industrials	38.7	SE	2.8%	22.6	20.3
Atlas Copco AB	Industrials	80.2	SE	3.1%	28.1	26.0
Eaton Corp PLC	Industrials	145.7	IE	2.8%	31.0	27.2
Emerson Electric Co	Industrials	73.8	US	3.0%	24.1	19.9
Illinois Tool Works Inc	Industrials	76.0	US	2.6%	25.0	23.3
Otis Worldwide Corp	Industrials	35.9	US	2.1%	22.7	20.6
Paychex Inc	Industrials	45.6	US	2.5%	24.5	22.5
Schneider Electric SE	Industrials	161.2	FR	2.7%	27.0	23.9
Broadcom Inc	Information Technology	1558.0	US	3.4%	59.2	33.5
Cisco Systems Inc	Information Technology	270.5	US	2.9%	20.9	16.4
Microsoft Corp	Information Technology	3850.0	US	2.9%	35.4	31.0
Taiwan Semiconductor Manufacturing Co Ltd	Information Technology	110.9	TW	3.3%	21.8	19.0
Texas Instruments Inc	Information Technology	167.0	US	2.2%	31.6	26.6

Average mkt. cap	315.2
Median mkt. cap	122.2

Total portfolio	20.9	18.9
Y-o-Y growth		11.0%
MSCI World Index	22.3	19.8
Fund premium / discount	-6.3%	-4.6%

Source: Guinness Global Investors, Bloomberg (data as at 30.09.2025).
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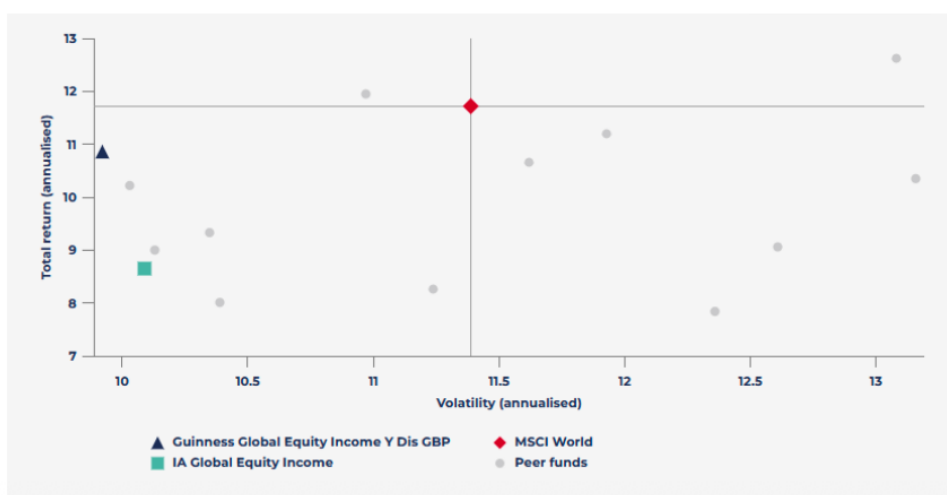
Performance

Annualised Total Returns (to 30 Sep 2025):

Period	Fund (GBP)	Benchmark	IA Sector
1 Year	4.9%	16.8%	10.3%
3 Years	35.1%	57.0%	39.0%
5 Years	71.3%	88.3%	68.0%
10 Years	218.6%	263.0%	158.8%

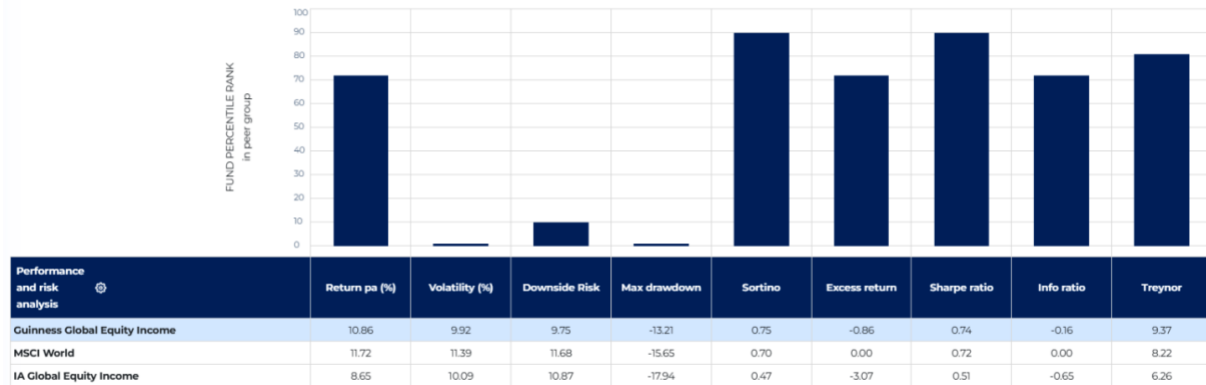
Past performance does not predict future returns

Performance and risk analysis	1 year		3 year		5 year		10 year		Since Launch	
(GBP)	Fund	Index	Fund	Index	Fund	Index	Fund	Index	Fund	Index
Return pa (%)	4.94	16.82	10.56	16.23	11.37	13.49	12.29	13.76	10.86	11.72
Beta	0.62	1.00	0.62	1.00	0.70	1.00	0.75	1.00	0.79	1.00
Tracking Error	6.15	0.00	5.49	0.00	5.90	0.00	5.33	0.00	4.92	0.00
Volatility (%)	8.87	13.25	7.66	10.53	9.59	11.85	10.02	11.91	9.92	11.39



Source: FE fundinfo, Y Class bid to bid basis, annualised total return 31.12.2010 (launch date) to 30.09.2025 monthly data.

Past performance does not predict future returns



Source: FE fundinfo, Y Class, annualised weekly performance, 31.12.2010 to 30.09.2025. All Funds in the sector have a similar investment policy and risk profile.

Risk/Return Profile:

- Lower drawdown participation (avg. 73% downside capture).
- Outperformed peers in 8 of 10 major drawdowns since inception.
- Fund ranks top decile over 10 years within the IA Global Equity Income sector.
- Volatility and beta consistently below benchmark, reflecting its defensive nature.

Investment Theme and Edge

The fund's "Quality Dividend Growth" philosophy targets companies with high and persistent profitability, disciplined balance sheets, and the ability to reinvest for sustainable growth.

Edge:

- Focus on consistent capital efficiency rather than short-term yield chasing.
- Equally weighted, high-conviction structure enforces natural discipline and mean reversion benefits.
- Long-term partnership between the same co-managers ensures process stability and cultural alignment.
- Proven downside resilience — outperforming in every major correction since launch.

Strengths

- Proven 15-year live track record of strong risk-adjusted returns.
- Distinctive equal-weighted construction, promoting discipline and avoiding concentration risk.
- High active share (90%) with benchmark-agnostic decision making.
- Strong dividend growth history — every year of positive distributions since 2011.
- Robust risk oversight and embedded ESG process.
- Long-tenured, stable management team with meaningful firm ownership (~7% each).

Risks

- **Underperformance in strong bull markets** due to quality/value bias.
- **Currency exposure** (unhedged global equities).
- **Concentration risk** from holding only 35 stocks.
- **Dividend risk:** Companies may alter payout policy in stress periods.
- **Sector tilts:** Overweights to staples and industrials may lag tech-driven rallies.

Role in a Portfolio

An ideal core global equity income holding for investors seeking:

- Growing income stream above inflation.
- Defensive equity exposure with lower drawdown risk.
- Diversification away from UK income bias.
- Suitable complement to growth-oriented or index-tracking equity allocations.

As part of a wider portfolio, whether built using passive, active, or blended approaches, this fund can act as an effective complement to a passive global equity strategy by introducing a quality- and dividend-focused tilt.

Summary

The Guinness Global Equity Income Fund exemplifies disciplined, research-driven equity income investing, a blend of quality, value, and dividend growth, managed with conviction and patience.

It has proven resilient through multiple market cycles, offering consistent income, capital growth, and meaningful downside protection. The fund's equal-weighted, high-conviction design, coupled with long-standing manager experience, makes it one of the most credible global equity income options available.

In essence: a quality-focused, dividend-growth strategy built for long-term investors seeking sustainable income and capital preservation through market cycles.

What to Be Aware Of

Many investors may feel that compared to passive global equity strategies, this fund has not recently rewarded them. Its defensive nature, favouring high-quality, cash-generative companies, means it has gone through a period of underperformance relative to the benchmark during strong, narrow market rallies.

However, if your belief is that the future will be different from the recent, AI-driven growth cycle (e.g., more normalised inflation, more balanced leadership, and greater market volatility), then this fund is positioned to resume outperformance, particularly in periods when quality, valuation discipline, and free-cash-flow strength are rewarded.

Disclaimer

Past performance is not a reliable guide to future results. The value of investments can fall as well as rise, and investors may not get back the amount originally invested.

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Review Completed: November 2025