

# Guinness Asset Management Funds plc

15 January 2018

Dear Shareholder

**Re: Guinness Asset Management Funds plc (the "Fund")  
MiFID II and Research Costs**

The Directors of the Company hereby notify all Shareholders in the Fund of the following changes to the Prospectus of the Fund and its sub-fund Supplements as a result of changes introduced by the EU Markets in Financial Instruments Directive II ("MiFID II") specifically in respect of the charging of research costs.

Guinness Asset Management Limited (the "Investment Manager") receives investment research published by third-parties, including brokers, to assist with its decision-making in respect of its investment management of the Fund.

This research may relate to financial instruments or other assets that are held or may be held by the Fund or may relate to the issuers of financial instruments or is related to a specific industry or market such that it informs views on these and provides a substantiated opinion as to the present or future value or price of such instruments or assets. It could also contain analysis, original insights and reach conclusions that could inform an investment strategy or add value to our decisions in relation to the Fund.

Prior to 3<sup>rd</sup> January 2018 the costs of such research were part of the transaction costs charged by brokers when purchases and sales of investments were undertaken by the Investment Manager for the Fund. However, under changes introduced by MiFID II, with effect from 3 January 2018, research costs are now being 'unbundled' and will be separately identifiable from transaction costs charged by brokers. The transaction costs charged by brokers will be at lower rates post 3 January 2018 and any research will be charged for separately.

Whilst it is **not the current intention** of the Investment Manager to charge research costs to the relevant sub-funds of the Fund, the Prospectus for the Fund and the Supplements for each of the sub-funds of the Fund have been updated with effect from 12<sup>th</sup> January 2018 to provide for the ability to pay research costs out of the assets of the relevant sub-funds up to a maximum of 0.10% of the Net Asset Value of the relevant sub-fund.

If and when research costs are to be charged to the relevant sub-funds of the Fund, payment for research will be made from an account funded by the Fund, which will be ring-fenced for use only to pay for investment research (a "**Research Payment Account**"). The total amount of the research charge borne by the Fund for the relevant accounting period will be reported in the Fund's annual report and accounts.

Until such time as the Investment Manager determines that it is appropriate to charge research costs to the relevant sub-funds of the Fund and the Board of Directors of the Fund approves such charge any research costs will be paid for by the Investment Manager and the expenses borne by the sub-funds will remain unchanged.

## **Guinness Asset Management Funds plc**

Should you have any queries in respect of the above, please do not hesitate to contact [info@guinnessfunds.com](mailto:info@guinnessfunds.com).

Yours faithfully,



Director

For and on behalf of

**Guinness Asset Management Funds plc**