

## RISK

This is a marketing communication. Please refer to the prospectus, supplement, KIDs and KIID for the Fund, which contain detailed information on its characteristics and objectives, before making any final investment decisions.

The Guinness China RMB Income Fund is a bond fund. Investors should be willing and able to assume the risks of bond and fixed income investing. The value of an investment and the income from it can fall as well as rise as a result of market and currency movement, and you may not get back the amount originally invested. Further details on the risk factors are included in the Fund's documentation, available on our website.

Past performance does not predict future returns.

## ABOUT THE STRATEGY

<b>Launch</b>	09.03.2023
<b>Sector</b>	IA Specialist Bond
<b>Manager</b>	EPIC Investment Partners

## OBJECTIVE

The Guinness China RMB Income Fund aims to provide investors with a combination of capital appreciation and income. The Fund invests in a range of bonds and fixed income investments which will be denominated or hedged back to Renminbi (Renminbi or RMB being the official currency of China). The Fund buys government and quasi-sovereign bonds in the onshore China bond market and supranational and high-grade corporate credit in the offshore bond market. The Fund is actively managed without reference to a benchmark.

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## COMMENTARY

China's economic performance in Q2 2024 presented a mixed picture, with early signs of recovery tempered by persistent challenges. While the Caixin manufacturing purchasing managers' index (PMI) reached a three-year high of 51.8 in June, official PMI figures remained in contraction, highlighting divergent performance between larger state-owned enterprises and smaller private companies. In June, retail sales outperformed expectations, driven by stronger urban and rural consumption, but industrial output and fixed asset investment fell short of forecasts. The property sector remained a significant concern, prompting government intervention. In May, China took steps to actively stimulate its faltering economy through ultra-long sovereign bond issuances and coordinated fiscal stimulus efforts, timed amid potential US tariff threats and ahead of key reform meetings. Notably, proposals emerged for local governments to purchase unsold homes from struggling developers at discounts, converting units to affordable housing.

The People's Bank of China (PBoC) maintained the one-year medium-term lending facility at 2.5%, contrary to some expectations of a rate cut, possibly to maintain currency stability. Additionally, China kept its benchmark lending rates unchanged, with the one-year loan prime rate (LPR) at 3.45% and the five-year LPR at 3.95%, further emphasising the central bank's cautious approach to monetary policy.

The IMF warned of potential risks including geopolitical tensions and trade disputes, but also cited looser fiscal policy, falling inflation, and advancements in artificial intelligence as potential growth drivers. As we enter the second half of 2024, market participants will closely monitor further policy measures and economic indicators to gauge the strength and sustainability of China's economic recovery.

## PORTFOLIO REVIEW

The Fund's CNH Y class gained 0.45% in the second quarter of 2024.

The largest contributors to performance came from US dollar bonds issued by German state-owned investment and development bank KfW 2.9% 2026s and state-owned First Abu Dhabi Bank 3.4% 2025s, and China government bond 3.6% 2028.

## Guinness China RMB Income

The China Government 4% 2024s and 3.03% 2024s matured in May and June, respectively. The proceeds of these were used to add to the 2.2% 2025 and 2.55% 2025 sovereign issues, and a new holding in 2.3% 2026s.

The yield on the 2-year benchmark China Government closed 0.25 percentage points lower, at 1.66%.

Against the euro the onshore and offshore renminbi currencies returned +1.59% and +0.93%, respectively. The currencies returned +0.86% and +0.21%, respectively against the dollar.

The A1 (WARF) rated portfolio yields 2.45%, and has a duration of 1.40 years.

## OUTLOOK

The Chinese economy continues to face challenges, as evidenced by falling new home prices, lower-than-expected bank lending, and persistent factory contraction. These indicators highlight the delicate balance the government must strike between monetary easing and maintaining interest rate margins and currency stability. The bond market reflects these economic headwinds, with yields approaching record lows amid sluggish growth and anticipated interest rate reductions. Despite increased government borrowing for fiscal stimulus, investors remain attracted to these bonds, leading to excess liquidity in the financial system caused by weak loan demand.

Looking ahead, attention will switch to the upcoming Third Plenum, where details of fiscal and tax reforms may be unveiled. These potential reforms, following hints from Chinese leaders at a December economic meeting, could play a crucial role in shaping the country's economic trajectory. As the government continues to navigate these complex economic conditions, investors and policymakers alike will be closely monitoring developments for signs of a sustained recovery or further policy interventions to stimulate growth.

The renminbi remained relatively strong compared to other currencies through the second quarter. The PBoC took steps to moderate the renminbi's decline. We maintain a bullish long-term outlook on the renminbi, believing it to be undervalued. We expect it to appreciate as growth picks up in the second half of the year and when interest rate differentials begin to shrink once the Fed and ECB ease rates. China's ongoing economic development and gradual financial market liberalisation should further support long-term currency appreciation.

**GUINNESS CHINA RMB INCOME FUND - FUND FACTS**

Fund size	¥30.8m
Fund launch	09.03.2023
OCF	0.60%
Benchmark	n/a
Historic yield	2.7% (Y CNH Dist)

Historic yield reflects the distributions declared over the past 12 months expressed as a percentage of the mid-market price, as at the latest month end. It does not include any preliminary charges. Investors may be subject to tax on the distribution.

**GUINNESS CHINA RMB INCOME FUND - PORTFOLIO**

Top 10 holdings	Credit Rating	Country
China Govt Bond 3.6% 27/06/2028	8.6%	AAA
China Govt Bond 3.31% 30/11/2025	8.2%	AA
China Govt Bond 3.39% 21/05/2025	8.2%	A
China Govt Bond 2.52% 04/08/2028	8.2%	
China Govt Bond 3.38% 21/11/2024	8.2%	
China Govt Bond 2.55% 17/06/2025	8.2%	
China Govt Bond 2.20% 27/07/2025	8.1%	
KFW 2.90% 24/02/2026	6.5%	
Agri Dev Bank China 3.40% 06/11/2024	4.9%	
HK Mortgage Corp. 2.98% 12/09/2026	4.9%	
Top 10 holdings	74.0%	
Number of holdings	13	

Country	Percentage
China	67.2%
Cash	11.9%
Germany	6.5%
Hong Kong	4.9%
United Arab Emirates	4.9%
Qatar	4.5%

## Guinness China RMB Income Fund

Past performance does not predict future returns.

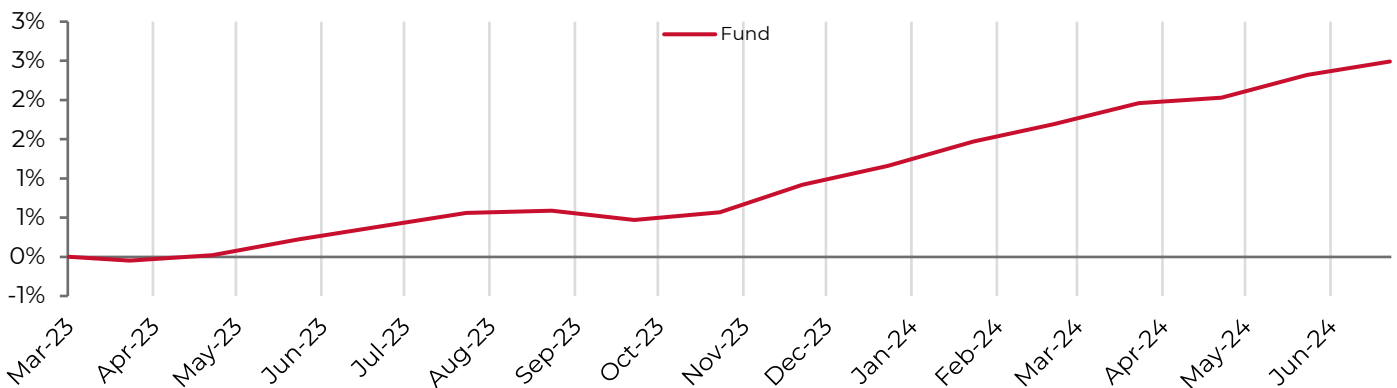
### GUINNESS CHINA RMB INCOME FUND - CUMULATIVE PERFORMANCE

(CNH)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+0.2%	+1.3%	+2.1%	-	-	-
(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+0.4%	-0.4%	+2.3%	-	-	-
(USD)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-0.3%	-1.2%	+1.7%	-	-	-
(EUR)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+1.0%	+1.9%	+3.6%	-	-	-

### GUINNESS CHINA RMB INCOME FUND - ANNUAL PERFORMANCE

(CNH)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	-	-	-	-	-	-	-	-	-	-
(GBP)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	-	-	-	-	-	-	-	-	-	-
(USD)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	-	-	-	-	-	-	-	-	-	-
(EUR)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	-	-	-	-	-	-	-	-	-	-

### GUINNESS CHINA RMB INCOME FUND - PERFORMANCE SINCE LAUNCH (CNH)



Source: FE fundinfo to 30.06.24. Graph is in CNH. Investors should note that fees and expenses are charged to the capital of the Fund. This reduces the return on your investment by an amount equivalent to the Ongoing Charges Figure (OCF). The current OCF for the share class used for the fund performance returns is 0.60%. Returns for share classes with a different OCF will vary accordingly. Transaction costs also apply and are incurred when a fund buys or sells holdings. The performance returns do not reflect any initial charge; any such charge will also reduce the return.

## IMPORTANT INFORMATION

**Issued by Guinness Global Investors**, a trading name of Guinness Asset Management Limited, which is authorised and regulated by the Financial Conduct Authority.

This report is primarily designed to inform you about fixed interest securities and equity and fixed interest markets invested in by the Guinness China RMB Income Fund. It may provide information about the Fund's portfolio, including recent activity and performance. It contains facts relating to the equity markets and our own interpretation. Any investment decision should take account of the subjectivity of the comments contained in the report. OCFs for all share classes are available on [www.guinnessgi.com](http://www.guinnessgi.com).

This document is provided for information only and all the information contained in it is believed to be reliable but may be inaccurate or incomplete; any opinions stated are honestly held at the time of writing, but are not guaranteed. The contents of the document should not therefore be relied upon. It should not be taken as a recommendation to make an investment in the Fund or to buy or sell individual securities, nor does it constitute an offer for sale.

### Documentation

The documentation needed to make an investment, including the Prospectus, the Key Information Document (KID) / Key Investor Information Document (KIID) and the Application Form, is available in English from [www.guinnessgi.com](http://www.guinnessgi.com) or free of charge from:-

- the Manager: Waystone Management Company (IE) Limited (Waystone IE) 2nd Floor 35 Shelbourne Road, Ballsbridge, Dublin D04 A4E0, Ireland; or,
- the Promoter and Investment Manager: Guinness Asset Management Ltd, 18 Smith Square, London SW1P 3HZ.

Waystone IE is a company incorporated under the laws of Ireland having its registered office at 35 Shelbourne Rd, Ballsbridge, Dublin, D04 A4E0 Ireland, which is authorised by the Central Bank of Ireland, has appointed Guinness Asset Management Ltd as Investment Manager to this fund, and as Manager has the right to terminate the arrangements made for the marketing of funds in accordance with the UCITS Directive.

### Investor Rights

A summary of investor rights in English is available here: <https://www.waystone.com/waystone-policies/>

### Residency

In countries where the Fund is not registered for sale or in any other circumstances where its distribution is not authorised or is unlawful, the Fund should not be distributed to resident Retail Clients. **NOTE: THIS INVESTMENT IS NOT FOR SALE TO U.S. PERSONS.**

### Structure & regulation

The Fund is a sub-fund of Guinness Asset Management Funds PLC (the "Company"), an open-ended umbrella-type investment company, incorporated in Ireland and authorised and supervised by the Central Bank of Ireland, which operates under EU legislation. If you are in any doubt about the suitability of investing in this Fund, please consult your investment or other professional adviser.

### Switzerland

This is an advertising document. The prospectus and KID for Switzerland, the articles of association, and the annual and semi-annual reports can be obtained free of charge from the representative in Switzerland, REYL & Cie S.A., Rue du Rhône 4, 1204 Geneva, Switzerland. The paying agent is Banque Cantonale de Genève, 17 Quai de l'Île, 1204 Geneva, Switzerland.

### Singapore

The Fund is not authorised or recognised by the Monetary Authority of Singapore ("MAS") and shares are not allowed to be offered to the retail public. The Fund is registered with the MAS as a Restricted Foreign Scheme. Shares of the Fund may only be offered to institutional and accredited investors (as defined in the Securities and Futures Act (Cap.289)) ('SFA') and this material is limited to the investors in those categories.

Telephone calls will be recorded and monitored