Guinness Global Equity Income

Investment Commentary – July 2024

RISK

This is a marketing communication. Please refer to the prospectuses, supplement, KIDs and KIIDs for the Funds, which contain detailed information on their characteristics and objectives, before making any final investment decisions.

The Funds are equity funds. Investors should be willing and able to assume the risks of equity 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

Launch	31.12.2010
Index	MSCI World
Sector	IA Global Equity Income
Managers	Dr Ian Mortimer, CFA Matthew Page, CFA
EU Domiciled	Guinness Global Equity Income Fund
UK Domiciled	WS Guinness Global Equity Income Fund

OBJECTIVE

The Guinness Global Equity Income Funds are designed to provide investors with global exposure to dividend-paying companies. The Funds are managed for income and capital growth and invest in profitable companies that have generated persistently high return on capital over the last decade, and that are well placed to pay a sustainable dividend into the future. The Funds are actively managed and use the MSCI World Index as a comparator benchmark only.

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COMMENTARY

Over the last 12 months the Guinness Global Equity Income Fund returned 14.1% (in GBP), the MSCI World Index returned 20.9%, and the IA Global Equity Income sector average return was 12.8%.

The Fund therefore underperformed the Index by 6.8% over the last 12 months, and outperformed its peer group average by 1.3%.

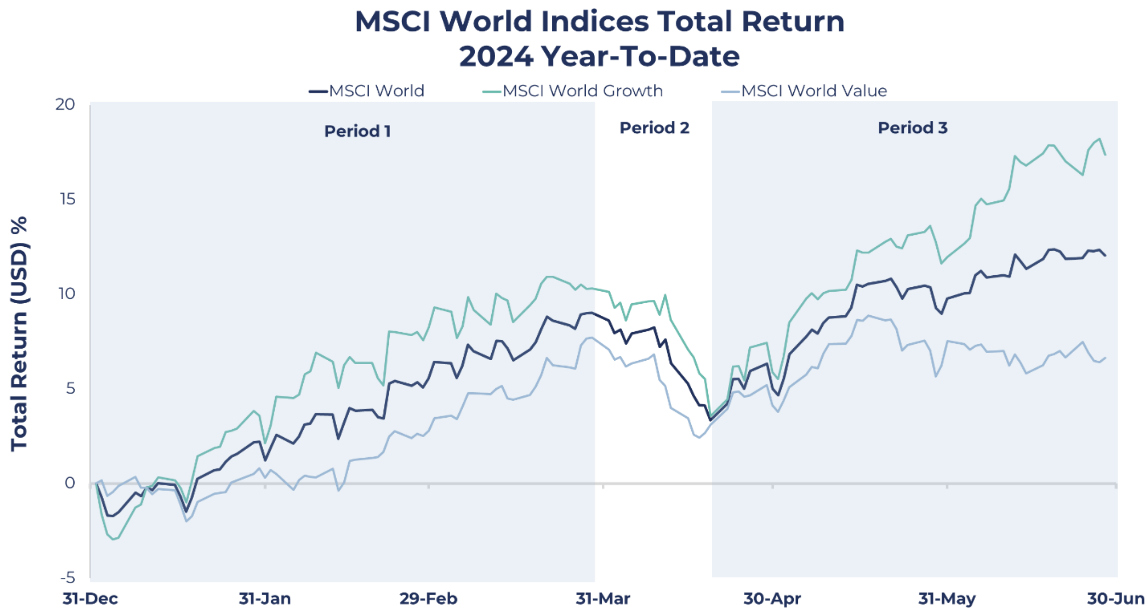
In the second quarter of 2024, the Fund returned 2.1% (in GBP), the MSCI World Index returned 2.6%, and the IA Global Equity Income sector average return was 0.5%.

The Fund therefore underperformed the Index by 0.5% over Q2, and outperformed its peer group average by 1.6%.

We can divide the first half of the year into three distinct periods for equity market returns.

Period 1: The first quarter of 2024 saw strong performance, the rally continuing on from late 2023. This was led by expectations of a 'Goldilocks' scenario, i.e. sustained economic growth alongside falling inflation and potential interest rate cuts. At the start of the year, markets were forecasting over six rate cuts for 2024, but by quarter end, this fell to fewer than three. Nonetheless, equities rallied as encouraging economic data, a good corporate earnings season and ongoing enthusiasm for artificial intelligence helped maintain positive sentiment, with growth and value both performing well.

Period 2: Over April, sentiment shifted as weaker economic data and sticky inflation reads dampened the 'Goldilocks' narrative. Equity markets had tolerated higher rates amid economic strength and positive earnings, but April's Q1 US GDP print and manufacturing purchasing managers' index missed forecasts, lowering market confidence. Concerns over 'stagflation' rose to the fore as services inflation remained sticky. Fears of an interest rate hike emerged after hawkish commentary from Fed Chair Jerome Powell and the market started to price in a delay to rate cut expectations, with all parts of the market selling off.



Source: MSCI as of 30th June 2024

Period 3: The negative sentiment was short-lived. Markets rebounded as corporate earnings came in generally strong and positive economic data returned. May US consumer price inflation of 3.4% pointed to price normalisation and was the first headline figure since November that was not ahead of consensus. As a result, markets gained confidence that a soft landing could be achieved. The number of market-implied interest rate cuts increased from 1.1 in April to 1.8 in June, a small change in absolute terms but a significant for the direction of travel. As shown in the chart above, the MSCI World performed well over this period, but the divergence between Growth and Value was evident. As was the case in 2023, a handful of large-cap technology stocks, in this case the Magnificent 6 (Apple, Amazon, Alphabet, Nvidia, Meta, Microsoft), led the index higher amid continued AI optimism and strong quarterly earnings, with growth as a factor significantly outperforming.

We have discussed each of these periods in previous monthly commentaries, explaining the macro causes behind each movement in greater detail and explaining the implications. In this quarterly update, we examine the Industrials sector (the Fund's second largest overweight allocation), exploring the make-up of the broader sector, the characteristics that set Industrial firms apart, and the long-term catalysts that are driving growth.

Over the second quarter, the Fund underperformed the MSCI World Index, which can be attributed to the following:

- The Fund's underweight allocations to Information Technology and Communication Services were the most significant drag on performance as these were the best two performing sectors over the quarter by some distance.

- An overweight allocation (the Fund's largest) to Consumer Staples was a headwind, as the sector underperformed the index.

- However, a zero weighting to Consumer Discretionary, Energy, Materials, and Real Estate acted as a positive, with all sectors posting negative returns.

- Finally, good stock selection in Industrials was a further tailwind, given particularly strong performance from ABB (+19.6%), Atlas Copco (12.0%) and Schneider electric (+7.9%).

It is pleasing to see that the Fund has outperformed the IA Global Equity Income Sector average year-to-date, and over 1 year, 3 years, 5 years, 10 years and since launch.

Cumulative % total return, in GBP, to 30/06/2024	YTD	1 year	3 year	5 year	10 year	Launch
Guinness Global Equity Income Y Dis GBP	8.8	14.1	34.9	70.8	197.5	323.0
MSCI World	12.7	20.9	33.3	75.7	224.9	337.8
IA Global Equity Income (average)	N/A	12.8	24.4	46.8	124.7	200.8
IA Global Equity Income (ranking)	N/A	22/52	9/49	7/45	5/33	2/13
IA Global Equity Income (quartile)	N/A	2	1	1	1	1

Source: FE fundinfo. Fund launched on 31st December 2010. Performance prior to the launch date of the Class Y class (11.03.15) is a composite simulation for Class Y performance based on the actual performance of the Fund's E class (1.24% OCF), which has existed since the Fund's launch on 31.12.10. The Fund's E class is denominated in USD but the performance data above is calculated in GBP.

^Ranking not shown in order to comply with European Securities and Markets Authority rules

SUMMARY: DIVIDENDS

So far, in 2024, we have had dividend updates from 27 of our 35 holdings.

- 25 companies announced increases for their 2024 dividend vs 2023. The average dividend growth these companies announced was 8.3%.
- 2 companies announced a flat dividend vs 2023.
- 0 companies announced a dividend cut.
- 0 companies announced dividend cancellations.

The Fund's dividend yield at the end of the quarter was 1.9% (net of withholding tax) vs the MSCI World Index's 1.8% (gross of withholding tax). (This is a historic yield and reflects the distributions declared over the past 12 months expressed as a percentage of the Fund price. It does not include any preliminary charges. Investors may be subject to tax on the distribution.)

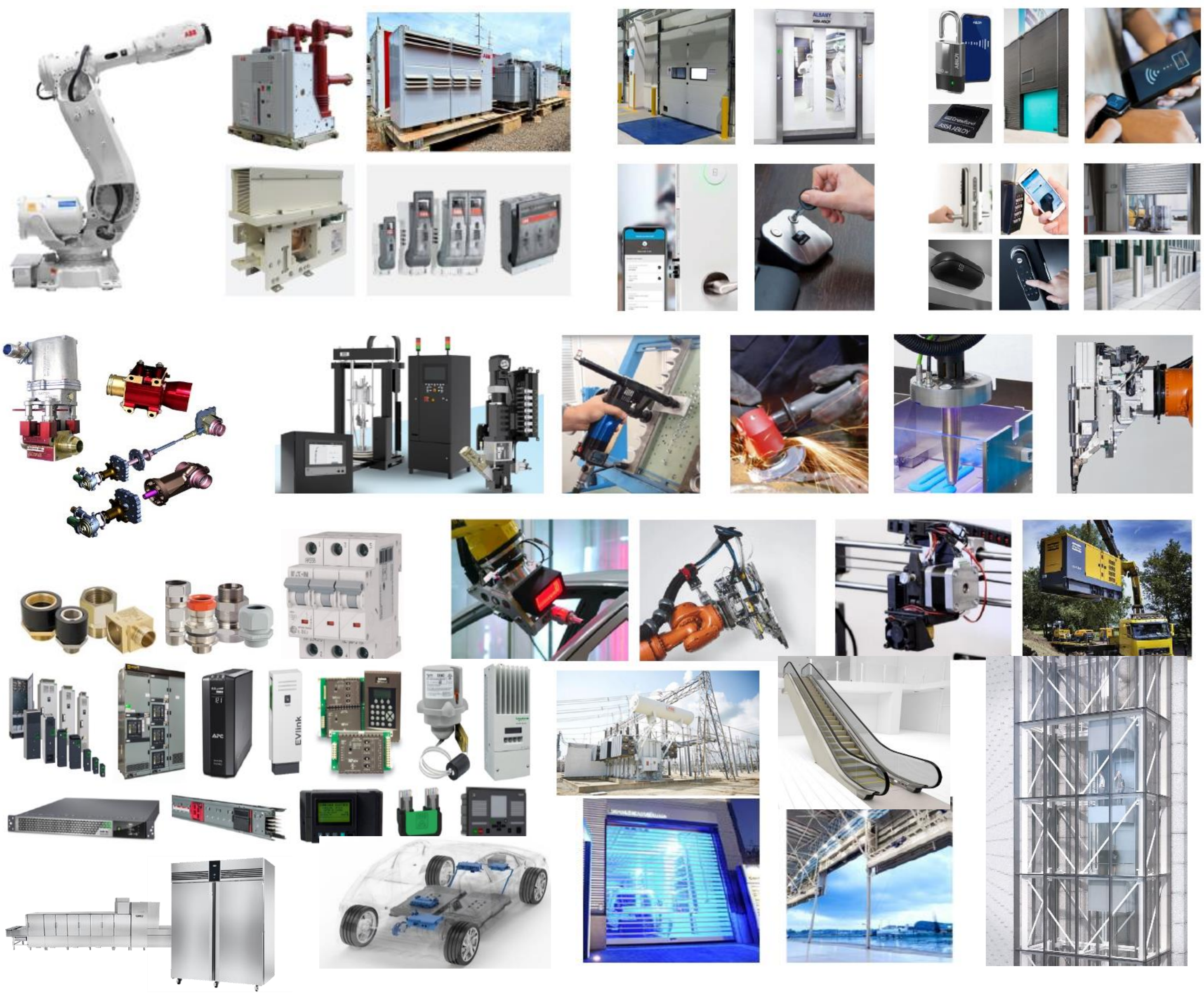
A moderate dividend yield, albeit ahead of the Index, is characteristic of the Fund because our focus is not on simply finding the highest-yielding companies, but instead on finding high-quality, cash-generative businesses which can consistently grow their dividend stream year-on-year.

Explicitly screening for persistently profitable companies also means that many industries – regulated sectors such as Utilities, Telecommunications and banks, and commodity-led sectors such as Energy and Materials – tend not to appear in our investible universe. These excluded industries often contain companies that exhibit the highest dividend yields, though we believe these same companies have a relatively greater risk of dividend cuts (as we saw in 2020) and are less likely to grow their dividend over time.

INDUSTRIALS IN REVIEW

The Guinness Global Equity Income Fund currently holds nine high-quality US and European Industrial names. These account for c.24.3% of the portfolio (vs 10.7% for the MSCI World Index), making Industrials the Fund's second largest sector overweight.

As for Consumer Staples, which we reviewed earlier this year, this overweight is a function of our bottom-up process (where we seek to identify high-quality companies, with consistently high returns on capital, strong balance sheets and a growing dividend). However, we also view the Industrials sector favourably given its range of attractive characteristics and emerging secular growth drivers. In this update, we will explore the sector in more detail, outline the characteristics of our current holdings, and look ahead to the tailwinds that are driving the sector.



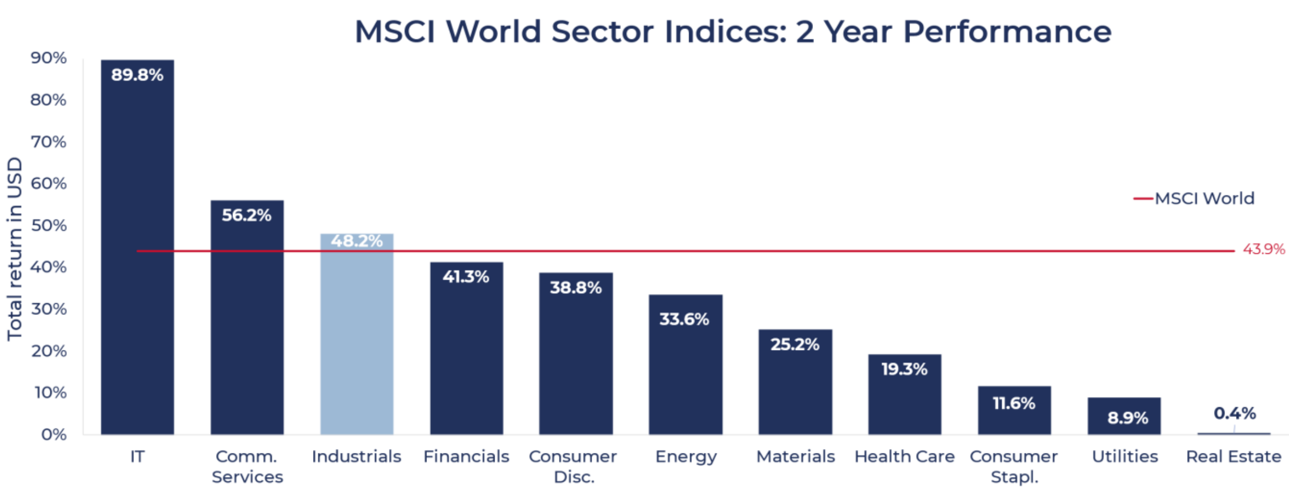
The Fund's nine industrial names span many different use cases, from power management to grid infrastructure, industrial compressors to robotics and even EV powertrains, aerospace components, and dishwashers. The range is broad and the end markets varied. Given this wide exposure, the Industrials sector is often perceived as a barometer for the health of the broader economy. The pictures above give an insight into the type of products that the Fund's holdings produce.

How has the sector performed?

Over the past two years, Industrials have performed particularly well. From June 2022 to June 2024, the MSCI World Industrials Index has returned +48.2%, outpacing the MSCI world (+43.9%) in USD.

Source: Bloomberg, MSCI as of 30th June 2024

This performance has been particularly impressive when looking at attribution by sector. As discussed in many prior commentaries, Information Technology has played a dominant role in driving index returns over the past ~2 years, which has led the index higher. The chart below illustrates the dominant performance of the Industrials sector, outperforming all other sectors other than Communication Services & IT.

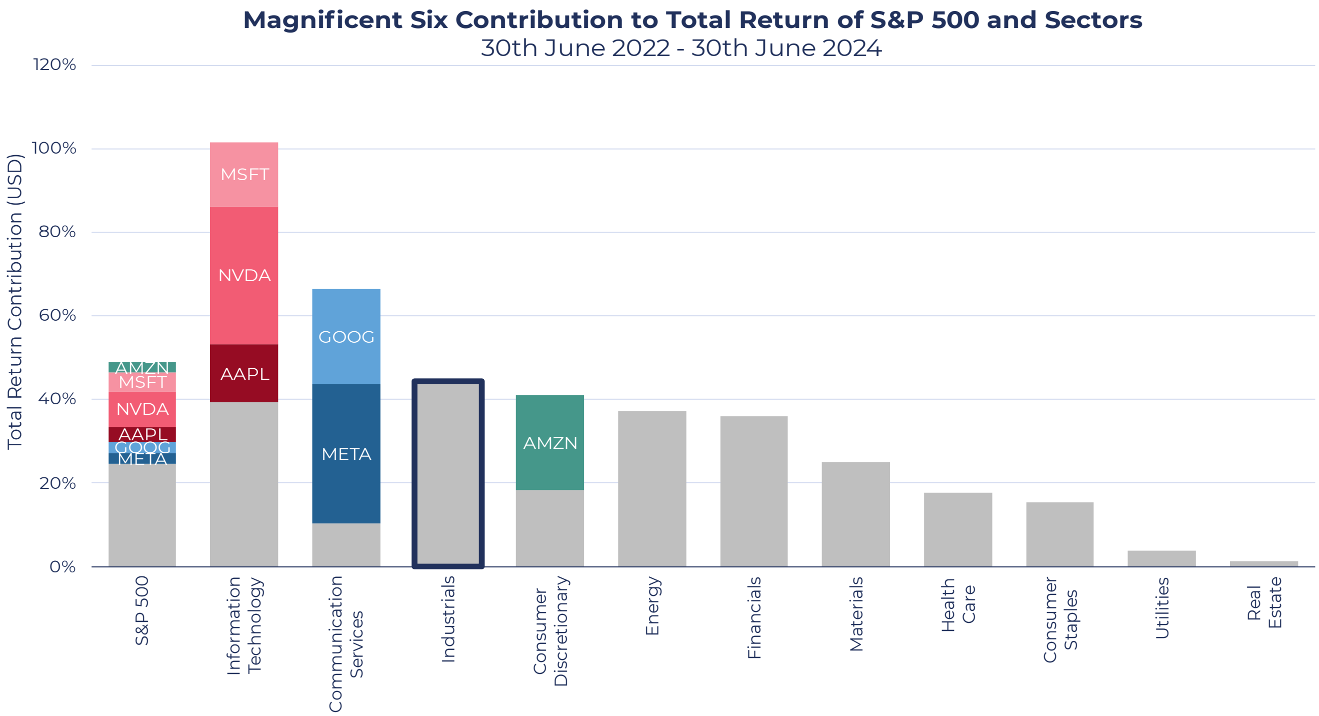


Source: Bloomberg, MSCI as of 30th June 2024

Industrials: the Best of the Rest

Taking this one step further, within the IT sector, it has been a handful of large-cap technology stocks that have skewed returns at the index level. If we take the S&P 500 return over the past two years and exclude performance from the "Magnificent 6" (Amazon, Apple, Google, Meta, Microsoft, Nvidia) we are left with the sector returns from the remaining 494 names.

This is illustrated by the grey bars in the chart below. Excluding these six names, that Industrials have outperformed all other sectors, in other words making them the 'best-of-the-rest".



Source: Bloomberg as of 30th June 2024

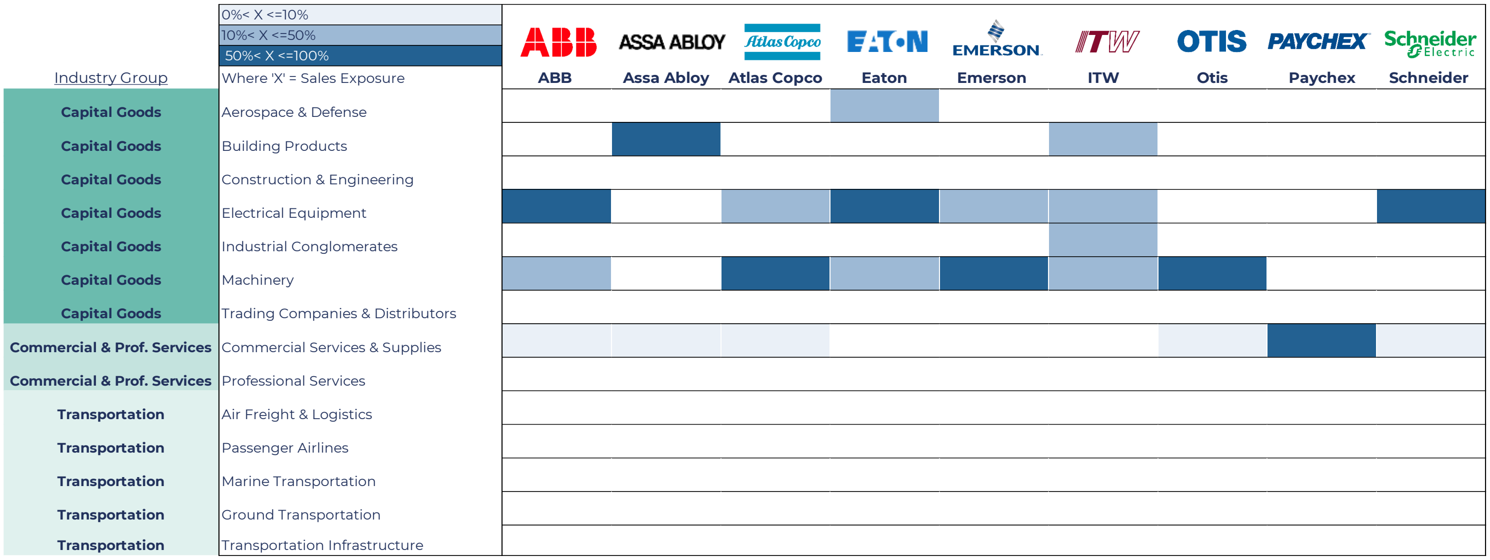
Industry groups

Whilst the temptation is to focus on Industrials as a whole, the sector is in fact very varied. The Global Industry Classification Standard (GICS) breaks it down into three industry groups:

1. Capital Goods
2. Commercial & Professional Services
3. Transportation

With different remits and different end markets, each industry group displays different growth and quality characteristics.

Global Equity Income Fund Industrial Holdings



Source: MSCI GICS, as of 30th June 2024

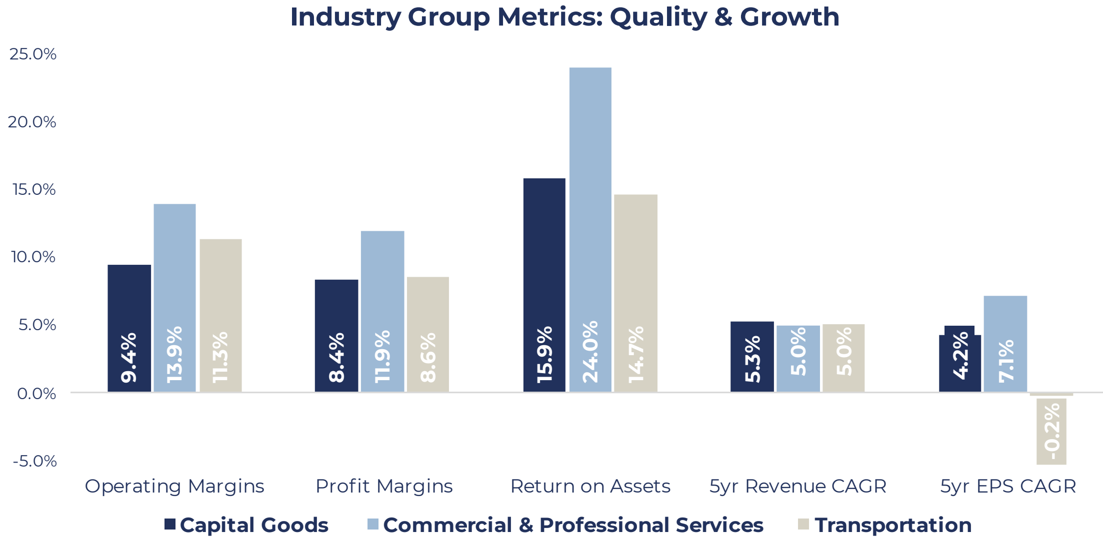
The allocation chart above shows that all Fund industrial revenues are derived from either Capital Goods or Commercial & Professional Services, with more weighting to the former. No revenues come from Transportation.

Within these industry groups, it is also noteworthy that Electrical Equipment (including electrical components, cables, grid infrastructure etc), Machinery (heavy-duty tools, construction equipment, compressors, elevators) and Commercial Services (payroll & HR software, ancillary service revenues) are the industries with the largest overweight allocations. Again, it is worth stressing that this is a result of our bottom-up stock selection process. However, when delving into the sub-group characteristics, it is evident that some areas provide more attractive investment opportunities due to superior quality and growth characteristics.

Industry Groups Explored: CapGoods In, Transport Out

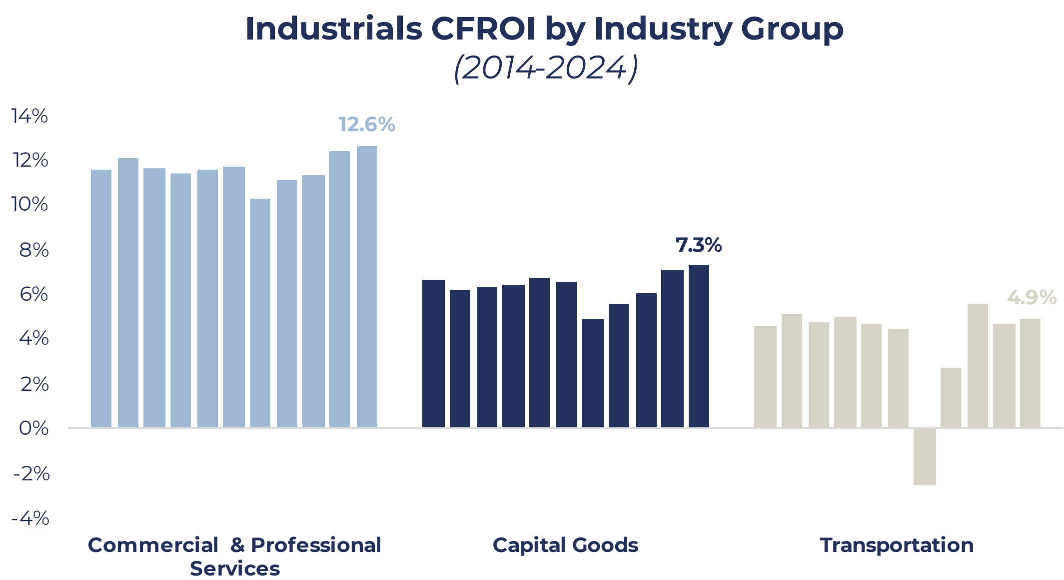
As noted above, each industry group can vary substantially:

- **Margins:** The generally leaner and more asset-light Commercial & Professional Services segment has a superior margin profile to both Capital Goods and Transportation.
- **Returns:** this is also the case when looking at returns. Commercial & Professional Services show superior return on assets as the focus on providing services with minimal need for capital-intensive spending generally leads to more favourable return metrics.
- **Growth:** All three industries have been growing revenues at c.5% over the past five years, but, encouraging, the two industry groups where the Fund has exposure has seen far better earnings growth. Conversely, Transportation has seen earnings fall over a five-year period, which may be due to inherent industry volatility with notable recent examples of the pandemic and conflict-affected supply chains both causing substantial disruptions.



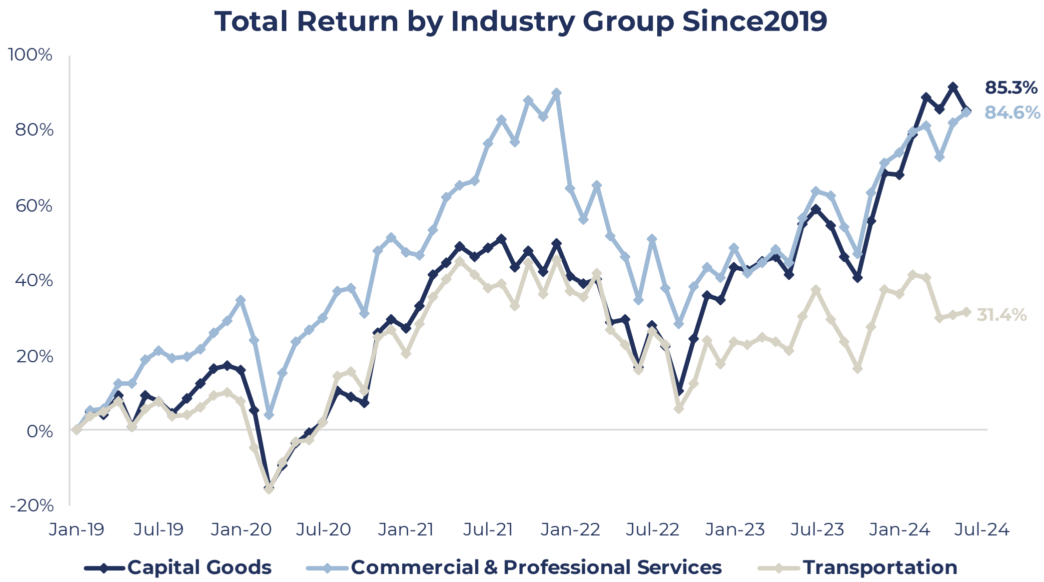
Source: Bloomberg, Credit Suisse Holt as of 30th June 2024

When looking at Cash Flow Return on Investment (CFROI), a return metric that measures the cash generated by a company's operations relative to its investment base, the difference in quality between the industry groups becomes more apparent. As expected, Services generates a superior CFROI, but even though Capital Goods and Transportation both have fairly capital-intensive business models, the former has a clearly superior CFROI profile over the period shown.



Source: Credit Suisse Holt as of 30th June 2024

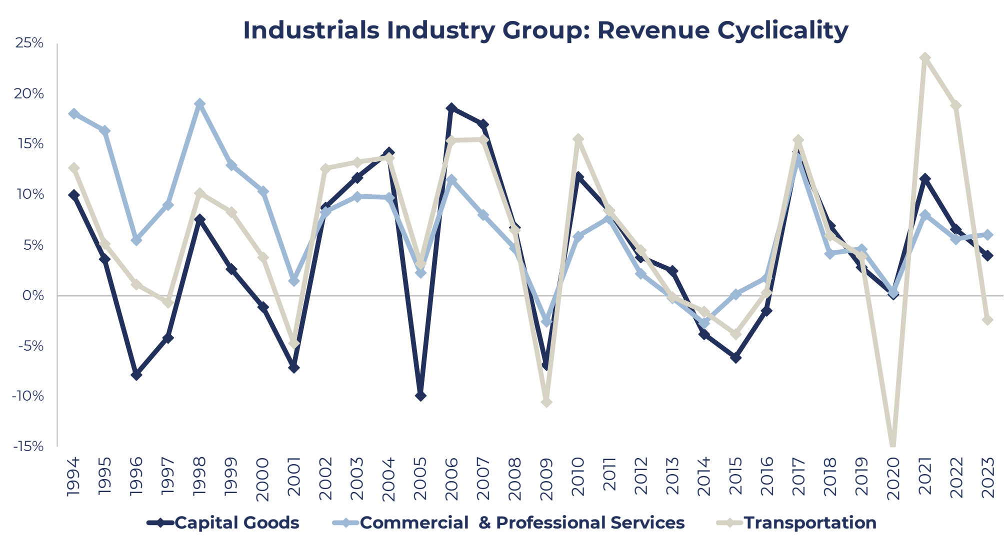
It is therefore perhaps unsurprising that given the superior quality and growth metrics (particularly the 5-year earnings growth rate), Capital Goods and Commercial & Professional Services have outperformed Transportation in performance terms (by over 50% since 2019). It is also noteworthy that Capital Goods (the Fund's largest overweight) was the best performer over this period and demonstrated lower volatility.



Source: Bloomberg, as of 30th June 2024

Cyclicality

Industrials are noted for being a cyclical sector, impacted by broader macroeconomic cycles, but also affected by smaller cycles of extended and retracted demand, based on inventory levels, company investment, and monetary policy. At present, the consensus is for a wider Industrial slowdown in 2024 as higher interest rates affect capital investment decisions and the post-pandemic investment boom fades. However, when looking back over the past 30 years, this appears inherently normal. The chart below shows the percentage change in Sector revenues, split out by industry group.



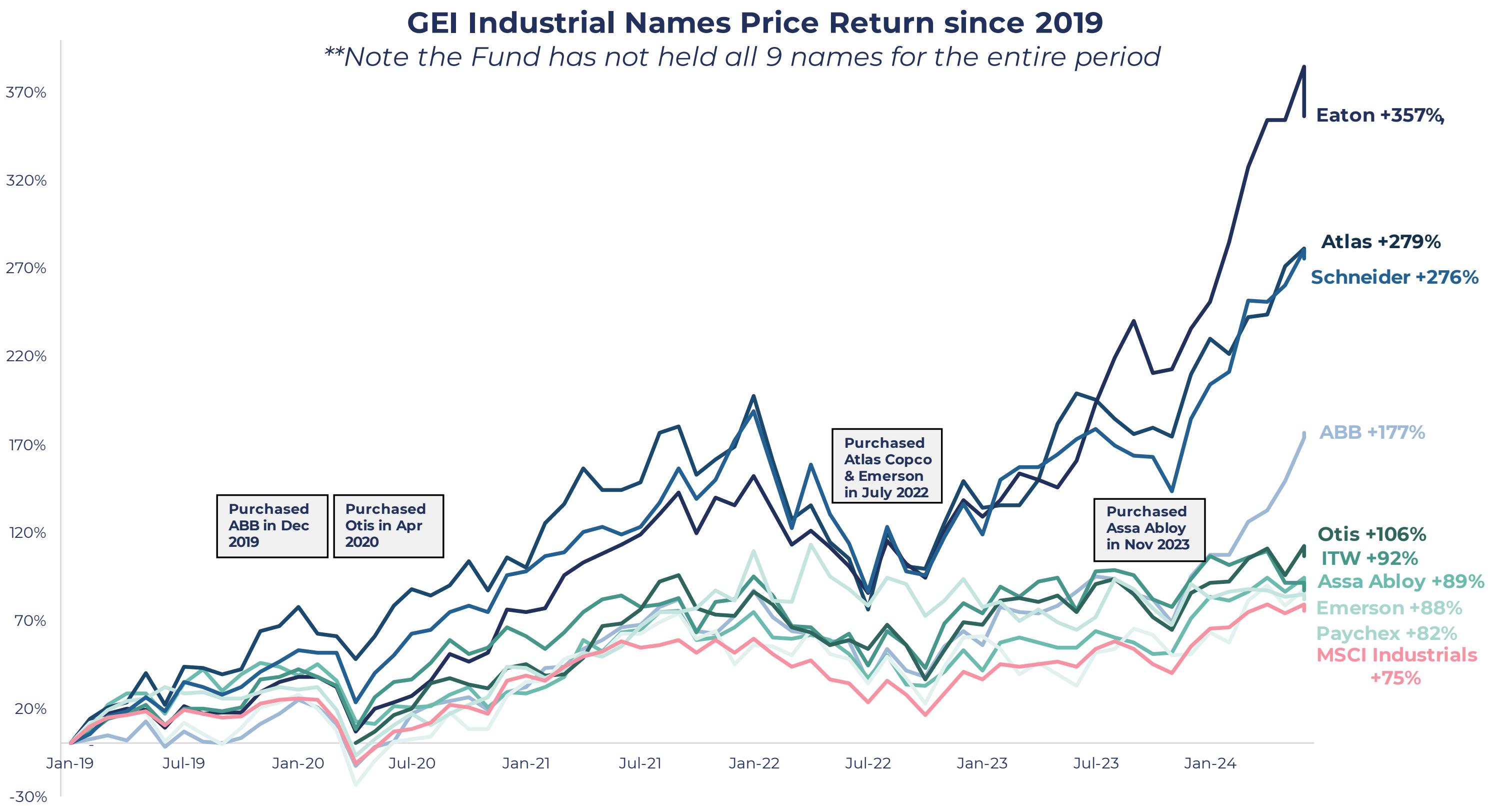
Source: Credit Suisse Holt as of 30th June 2024

- **Transportation** appears to show the most cyclicality, particularly over the past decade, where global exogenous shocks have caused pronounced supply chain disruptions for airlines, shipping, and logistics firms.

- **Capital Goods:** During economic expansions, businesses invest heavily in new equipment and infrastructure, but non-essential capex is often the first to be cut (or delayed) during downturns. However, enduring growth drivers (see section below) seem to have dampened volatility over the past decade.

- **Services** is the least cyclical group as many firms have a high proportion of recurring revenues and often have more sticky customers. Some of the Fund's Industrial holdings generate a significant portion of revenues from essential service contracts (incl. machine maintenance and repair) which are therefore less susceptible to macro conditions given their fixed nature.

The Fund's Industrial Holdings



Source: Bloomberg, as of 30th June 2024

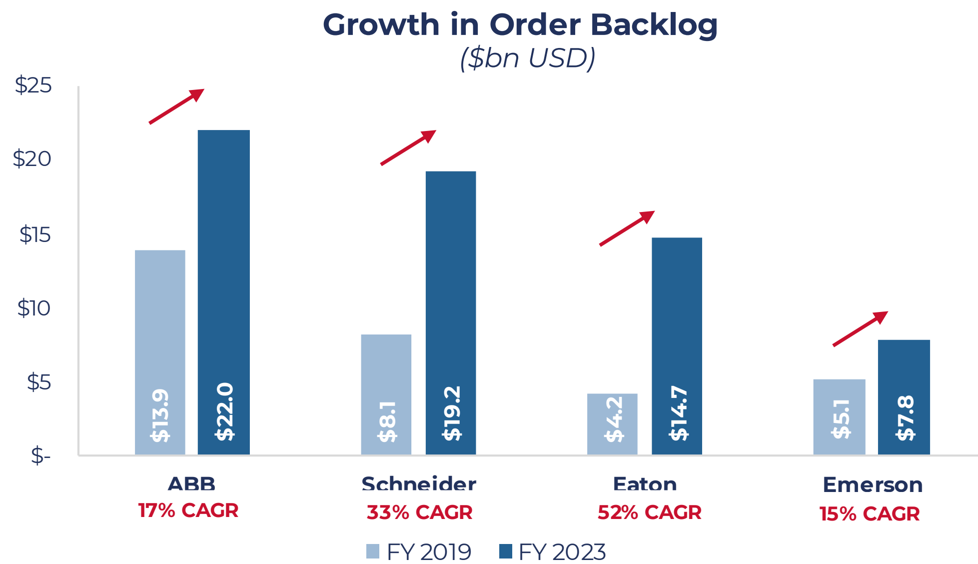
The nine current Industrial holdings in the Fund all exhibit high returns on capital, healthy margin profiles, strong balance sheets, dividends supported by growing free cash flows as well as an encouraging growth outlook. The combination of these factors helps to explain their good performance over the past five years and more. The superior quality and growth characteristics are shown in the table below. While there are no revenue growth figures for the Index, an average of 23% revenue growth since 2019 across the nine holdings and 57% average earnings per share growth (vs 22% for the index) shows the strong tailwinds supporting the Fund's Industrial names.

	FY 2023	FY 2023	1 Year Growth		2023 vs 2019	
Company	Operating Margin	CFROI	Revenue	EPS	Revenue	EPS
ABB	15%	16%	6%	17%	15%	311%
Assa Abloy	15%	23%	13%	-2%	50%	19%
Atlas	21%	27%	16%	16%	66%	63%
Eaton	17%	17%	11%	46%	8%	52%
Emerson	18%	20%	14%	22%	-13%	1%
ITW	25%	25%	0%	4%	14%	27%
Otis	15%	29%	5%	13%	8%	41%
Paychex	41%	35%	5%	12%	27%	50%
Schneider	17%	18%	3%	1%	32%	36%
Fund Industrials Avg.	21%	23%	8%	14%	23%	67%
MSCI Industrials	10%	7%	-	-2%	-	22%

Source: Bloomberg, as of 30th June 2024

Backlog

Backlog, a key indicator for the sector, refers to orders that are yet to be executed on but remain in the pipeline. They give visibility into the forward demand picture and can be used to forecast future revenues. Some firms receive orders months or even years in advance, due to the long-term planning going into future projects. While it is normal to operate with some backlog against which to execute, the industry is currently at elevated levels. This is due to strong demand for Industrial goods but is also exacerbated by bottlenecks (supply chain disruptions and tight labour markets) which have caused backlogs to build. These are forecast to ease going forward, as 'just in case' inventories are liquidated and supply chains normalise, but there is nonetheless a clear trend of growing backlogs in the sector which gives us good insight into the growth outlook for many Industrial firms. Not all companies report their backlog figures. The build-up for those Fund holdings that do (ABB, Eaton, Emerson, and Schneider) can be seen in the chart below.



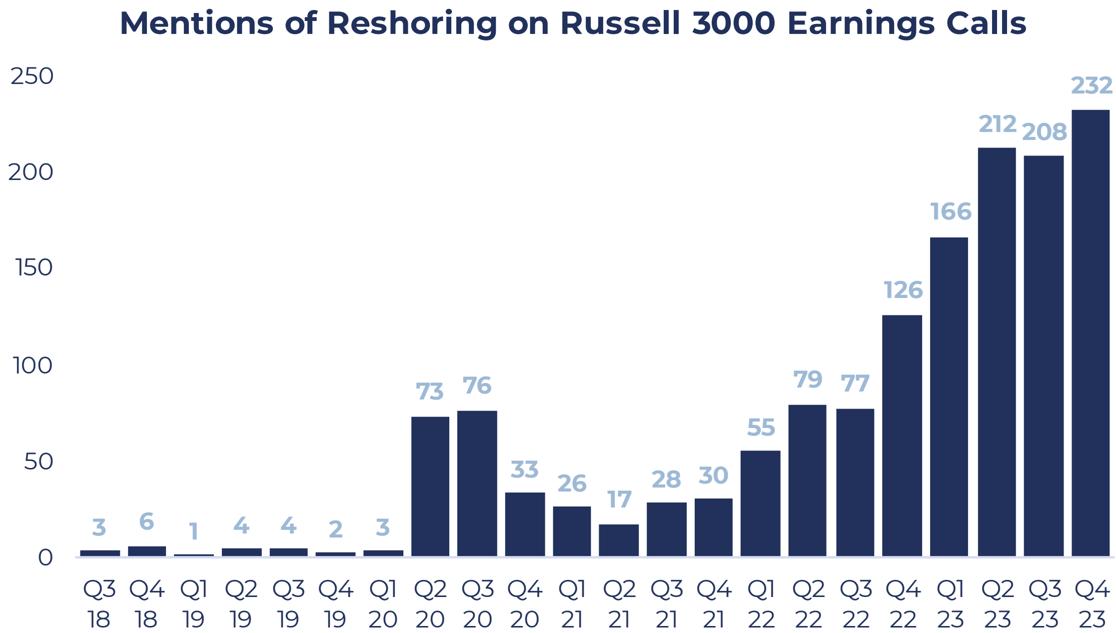
Source: Company filings, as of 30th June 2024

Trends in Industrials

Industrials have historically been considered a relatively cyclical sector. Now, however, a handful of enduring secular growth trends are helping to change that narrative by driving more sustainable long-term earnings growth.

Trend 1: Onshoring

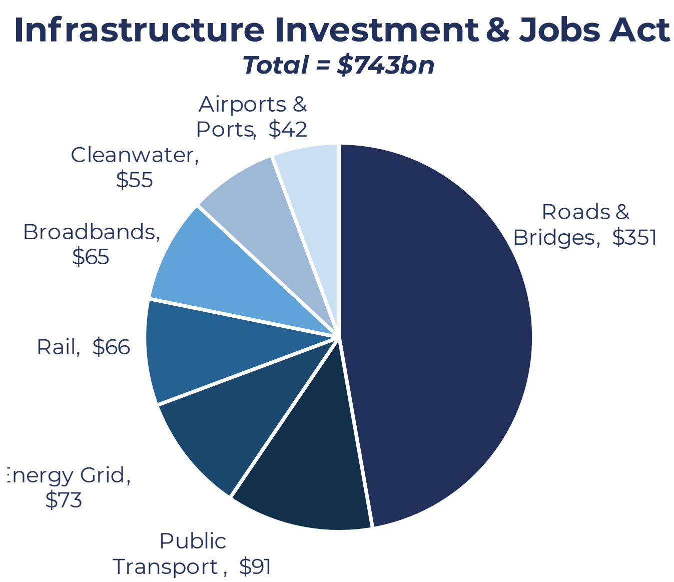
Trade tensions between the US and China gained momentum in 2018. The reintroduction of tariffs and greater protectionist measures signalled a new period of global trade relations and caused countries to rethink international supply chains. This was greatly exacerbated by the COVID-19 pandemic, since which firms have made a concerted effort to reduce supply chain complexity, limit overreliance on foreign manufacturing, and onshore more production domestically. While this investment has been costly and time consuming, it has caused a sustained increase in demand for capital goods and broader industrial products and services. The Zeitgeist is illustrated by mentions of reshoring or onshoring on Russell 3000 earnings calls.

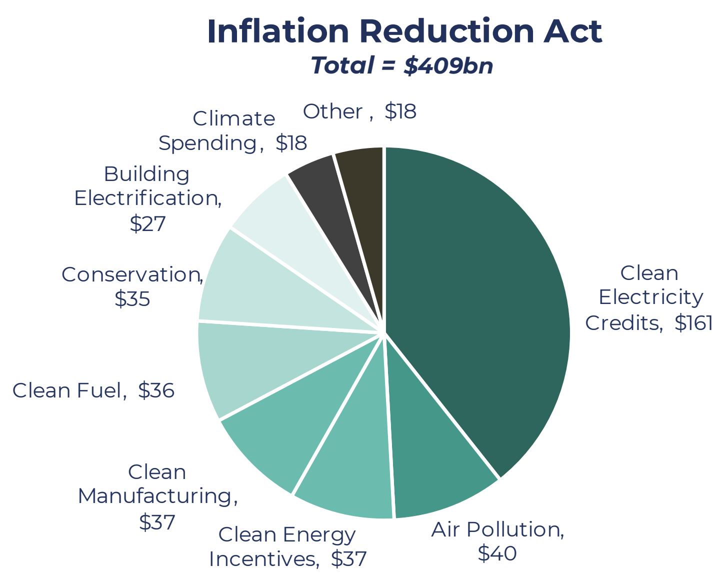


Source: Bloomberg, as of 30th June 2024

Trend 2: Megaprojects

It is not just companies which are leading the charge to bring production back onshore. Governments are also getting involved in incentivising large-scale industrial transformation through so-called 'megaprojects' (projects that cost over $1bn from start to finish). Industrial power management giant Eaton notes that there has been over $1.2tn in cumulative North American megaproject spend (or committed spend) since the start of 2021. Between 3-5% of this will go towards electrical content, which is a huge tailwind for the business and the electrical sector as a whole. Interestingly, 52% of this spend has come from US Federal Government Incentives alone, with landmark spending acts such as the Inflation Reduction Act (IRA) the Infrastructure Investment and Jobs Act (IIJA) and the Creating Helpful Incentives to Produce Semiconductors Act (CHIPS) all presenting a substantial tailwind for the sector. Two examples of the allocated funds can be seen via the IIJA and the IRA breakdowns below.



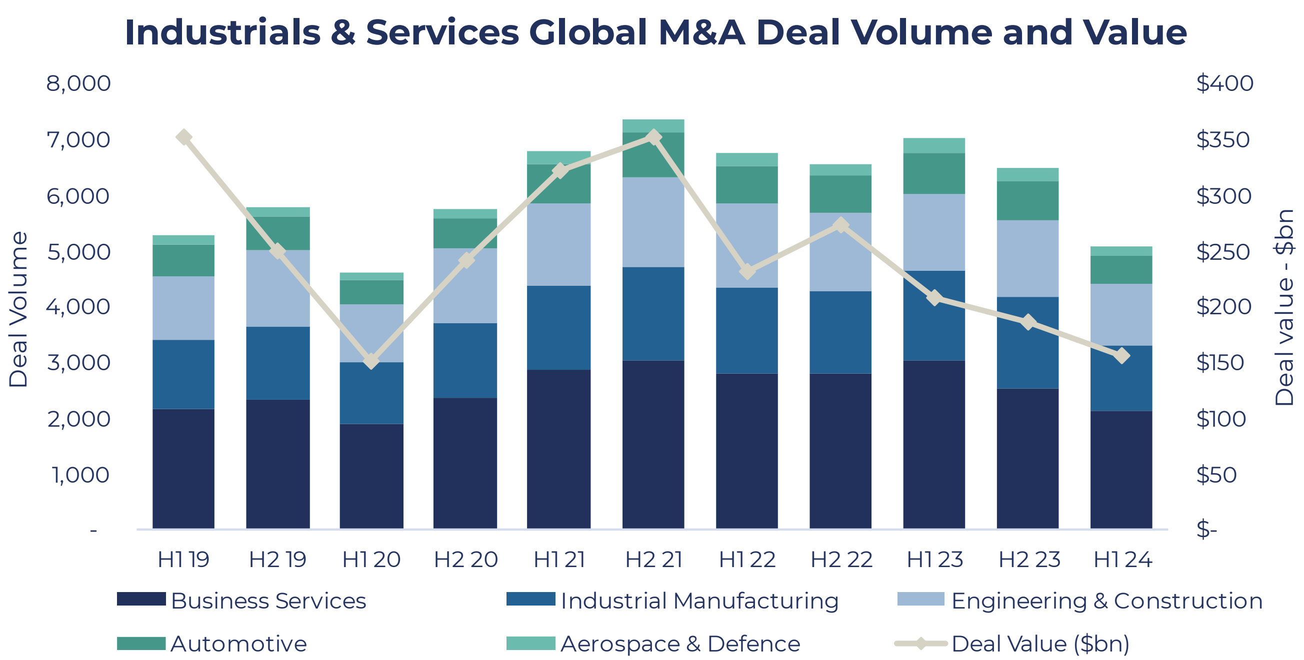


Source American Council of Engineering Companies and Congressional Budget Office, as of 30th June 2024

It is worth noting this is not just an American phenomenon. There is an estimated c.$500bn of large-scale project orders in Europe, with industrial firms equally as constructive about the outlook for ex-US geographies. Furthermore, only about 15% of the aggregate megaproject spend announced so far has found its way into company sales; the rest is in backlog or yet to be formalised, as many of these projects remain in the pipeline planning phase. This demand should feed through over the coming five years, presenting a substantial growth tailwind for the industry that shows no signs of abating.

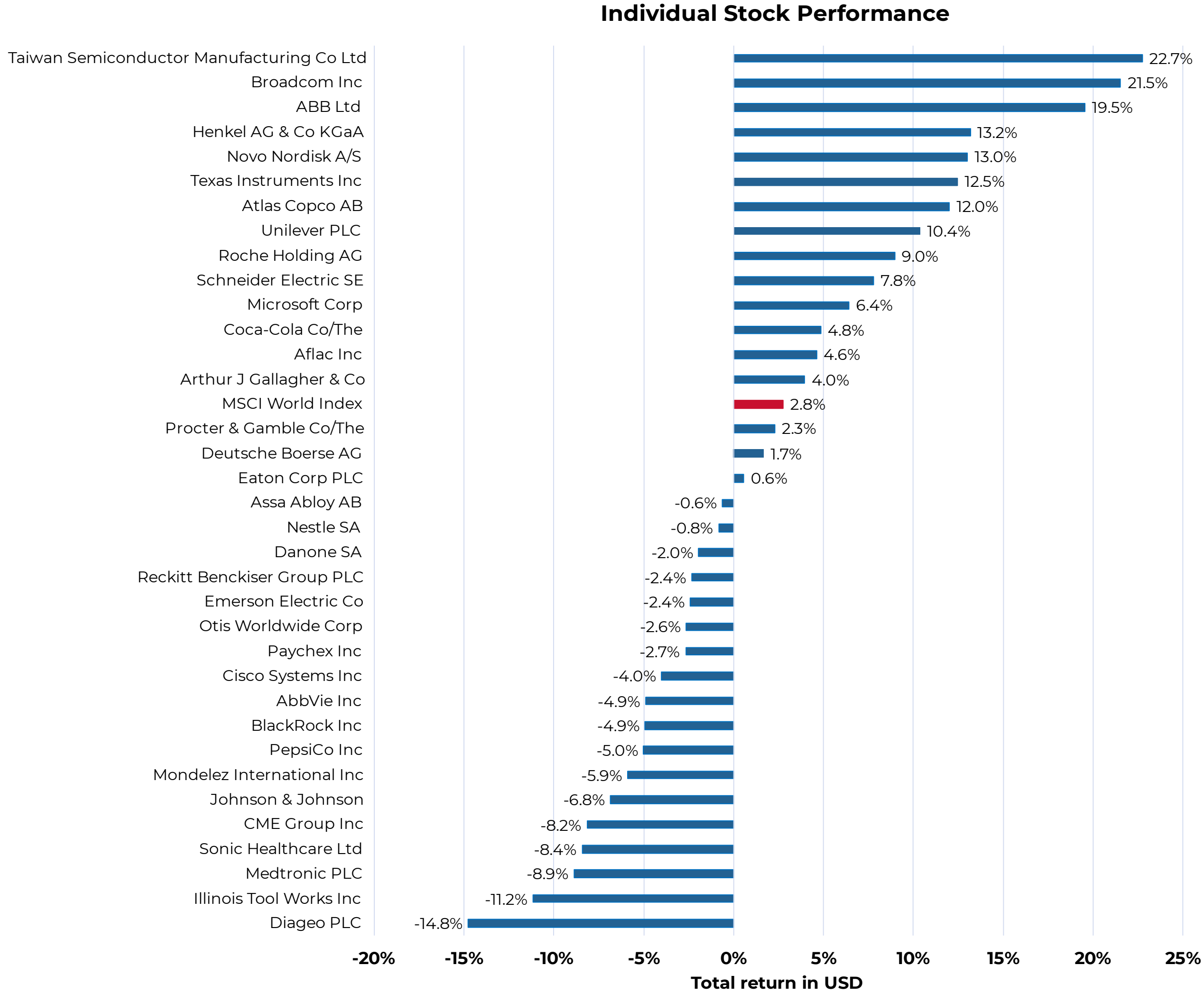
Trend 3: M&A

The trends above and the changing global landscape have led to a fast-moving and dynamic industry. Some sectors have seen an explosion in demand whilst others have lagged. Notable winners include Data Centres (fuelled by the AI boom), Energy Infrastructure (due to the climate transition) as well as Aerospace & Defence (given growing global conflicts and geopolitical tension). The Fund's nine Industrial names have diversified exposure at present, but active M&A over the coming decade will help reposition their portfolios to further benefit from these high-profile megatrends. M&A activity levels have contracted over 2023 and H1 2024 as higher interest rates have curtailed deal volumes. However, easing monetary policy over the coming 12 months should be constructive for global M&A deal flow, and Industrial & Services firms are likely to take advantage as they embark on further portfolio transformations. The chart below shows both global M&A deal volume and deal value, which is forecast to rebound to 2021 highs as interest rates start to fall.



Source: LSEG and PwC analysis of 30th June 2024

STOCK SELECTION OVER THE QUARTER



Individual stock performance over holding period during Q2 (TR in USD). Source: Bloomberg. As of 30th June 2024

Over the Quarter

TSMC was the Fund's best performer over the quarter (+22.7% in USD). The world's largest semiconductor foundry has continued its strong performance of late, buoyed by ongoing demand for high performance AI chips. TSMC has roughly 60% of global fabrication market share but, more notably, produces over 90% of the world's most advanced semiconductor chips (3nm - 5nm nodes), which are used to power everything from smartphones to AI applications. Despite some seasonal weakness in consumer electronic end markets, this was more than offset by demand for high-performance computing, which saw the Taiwanese based firm post revenues of $18.87B in its latest quarter, up 13% year-on-year. Later on in the quarter, news of Nvidia's exemplary quarterly results had a positive read-across for TSMC. TSMC derives over 10% of its revenues from the leading US-based GPU player, so the bullish market outlook for Nvidia was a further tailwind for TSMC. Finally, the firm announced two further investments into its global fab footprint, including a $5.3bn capital injection into a Japanese fab, or factory, to produce 6-nm and 40-nm chips for automotive, industrial and high-performance-computing applications. This came alongside a $5bn allocation to build a second Arizona fab, upgrading its process technology to 2 nanometres to support customers' continued demand for artificial intelligence (AI) chips. The new Arizona fab will enter volume production in 2028, about three years after the first Arizona fab ramps up production in the first half of next year. In sum, it was a strong quarter for TSMC.

Diageo was the Fund's weakest performer closing down -14.8% (in USD). The world's largest alcoholic beverage company has been struggling over the past 12 months. This was exacerbated by a press release in late 2023 that cut profit guidance for 2024 and forecast group margin decline given a very weak set-up in its Latin American (LATAM) markets. Investors grew increasingly concerned over the lack of clear explanation provided for the -20% expected decline in LATAM sales. Over the quarter, the stock continued to suffer as investor sentiment grapples with a soft discretionary consumer spending environment and concerns over the growth outlook. However, we still remain constructive on the longer-term opportunity for Diageo. The British-based firm has a broad beverage portfolio (over 200 high-quality brands sold in more than 180 countries), which is helping to offset some of the LATAM weakness. Additionally, Diageo's H1 2024 results released earlier in the year showed the premiumisation trend continues to gather steam, with the firm's high-end premium brands growing faster than the value segment. Diageo's portfolio is now more heavily weighted toward premium segments, which have generally higher margins and are leading the growth story. Additionally, bright spots in the portfolio continue to shine with the Guinness beer brand growing sales at 14% year-on-year, a positive development, particularly given its existing size and scale. While Diageo undoubtedly faces macroeconomic headwinds at present, the firm is continuing to invest in advertising & promotion to turnaround LATAM performance and is leaning into growth trends in its developed markets to offset weakness elsewhere. We therefore remain confident that it is well placed to benefit from the recovery once present headwinds subside.

CHANGES TO THE PORTFOLIO

Over the quarter, we sold our position in Henkel and, as part of our one-in-one-out process, we bought a new position in Publicis. In terms of sector allocation, we sold one Consumer Staples stock and replaced it with a Communication Services stock. Since both stocks are European listed the broader geographical positioning of the Fund remains unchanged.

Henkel, the chemical and consumer goods giant, has been struggling with slower growth in recent years. Half of the firm's sales come from its Consumer Staple Brands (across Beauty and Laundry & Homecare) with the remaining half derived from Adhesives & Sealants. The Staples side of the business has been struggling of late with under-pressure brands and increased competition. Since purchase (August 2019), gross sales volumes have fallen 18% with broad-based market share losses. The Adhesives part of the business has performed relatively better; it is the global leader and 3x the size of its closest competitor, but the end markets are cyclical and the growth outlook uncertain. We were also concerned by the declining quality of the business. Over our holding period of just under five years, both operating margins (-400bps) and net margins (-370bps) have declined due to SG&A costs growing substantially faster than revenues. This has also caused CFROI to decline from c.22% at time of purchase to 14% at present. The firm has turned to acquisitions to restart the growth story, but this gives us limited visibility on the outlook and raises the risk of poor capital allocation via either increased debt or overpriced M&A. Given these operational challenges, management have kept the dividend flat for five consecutive years. In the latest quarterly earnings (1Q24) Henkel alluded to progress on its turnaround efforts, and the stock has rallied almost 20% from recent March troughs. We felt that this presented a good selling opportunity, as ultimately Henkel has not done what we expected at purchase. With CFROI declining, margins down, a flat dividend and a modest growth outlook, we feel there are better ideas that are more in line with the Fund's philosophy. We therefore decided to sell the full position.

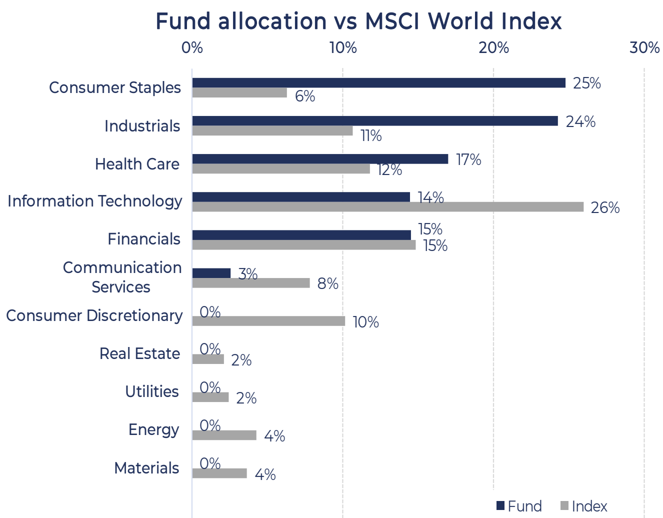
We replaced Henkel with a full position in **Publicis**, a French advertising & media agency comprised of over a hundred smaller brands. Publicis is the third-largest player behind WPP and Omnicom and provides a range of services including creative design, media buying, ad monitoring, data analytics, and consulting. Publicis has been very successful in transitioning its business away from traditional forms of media (print, billboards, cable TV) towards a complete solution provider by adding digital capabilities (online video, mobile, social media etc.). This has been enabled by the transformative acquisitions of Sapient (a business transformation consulting firm) and Epsilon (a unique data provider) which, between them, allow Publicis to offer its customers (c.3000 mid to large sized corporates) a differentiated service across all parts of the media and advertising value chain. Publicis is now widely regarded as a 'one-stop-shop'. As a result, it has outgrown the other 'Big Four' ad players over the previous eight consecutive quarters, enabling solid operating leverage and margin expansion. The group has also invested heavily in its own business via an internal AI-run operating platform which connects all its agencies and brings together insights from their proprietary data sets. The business has strong free cash flow generation, which supports a c.3.5% yield, and has been growing the dividend at 10% annually over five years. With 30% CFROI, peer-leading margins, and a favourable growth outlook the stock looks attractively valued at 13.8 times one-year forward earnings.

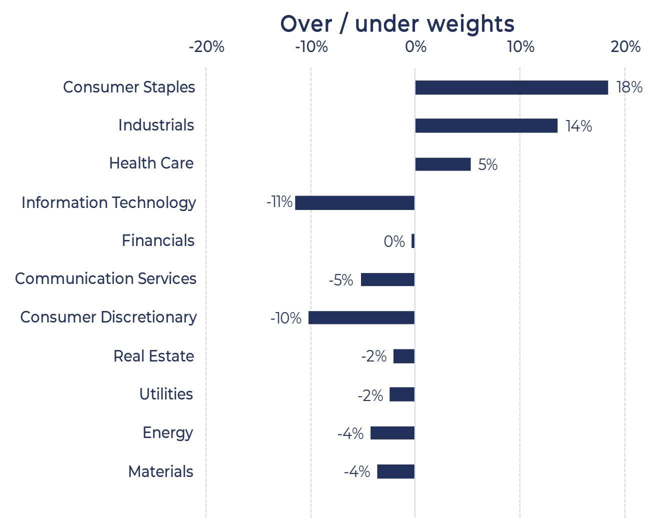
PORTFOLIO POSITIONING

We continue to maintain a balance between quality defensive and quality cyclical/growth companies. We have approximately 45% in quality defensive companies (e.g., Consumer Staples and Healthcare) and around 55% in quality cyclical or growth-oriented companies (e.g., Industrials, Financials, Consumer Discretionary, Information Technology).

Whilst the defensive names tend to have lower beta and hold up better when markets are falling, the cyclical holdings allow the Fund to maintain performance when markets are rebounding and rising. We believe that within these more cyclical sectors we are owning the 'quality' businesses. All the companies we seek to invest in have strong balance sheets and a history of performing well in difficult market environments. Within Financials, for example, whilst we do not own any banks, which helps to dampen the cyclicality of our Financials, we do own exchange groups such as CME and Deutsche Boerse (which do well in periods of market volatility as trading volumes tend to increase, resulting in higher revenues).

The Fund also has zero weighting to Energy, Utilities, Materials, and Real Estate. The largest overweight is to Consumer Staples.

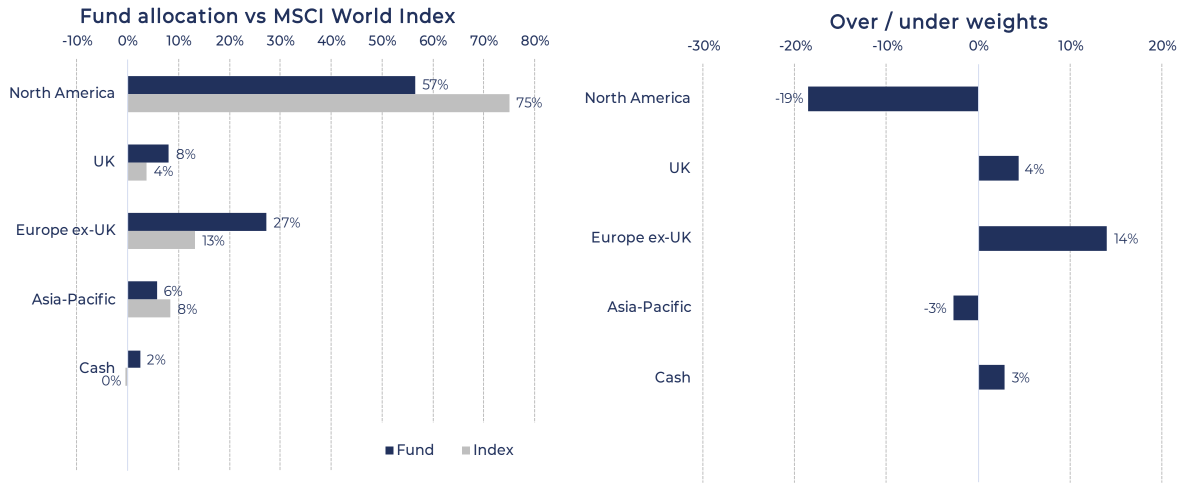




Sector breakdown of the Fund versus MSCI World Index. Source: Guinness Global Investors, Bloomberg. Data as of 30th June 2024

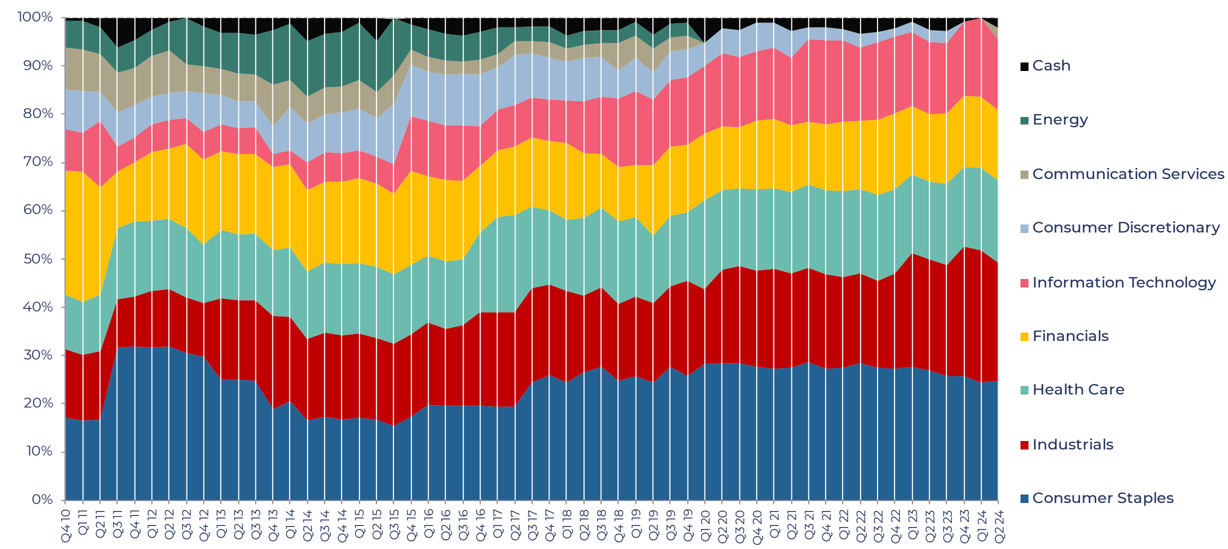
In terms of geographic exposure (shown below), the largest difference between the Fund and the benchmark is our exposure to the US (as measured by country of domicile). The Fund at quarter end had c.57% weighting to North America, which compares to the index at c.75%.

The largest geographic overweight remains Europe ex-UK and the UK, though we are diversified around the world with 57% in the US, 35% in Europe and 6% in Asia Pacific. Within Asia Pacific we have one company listed in Taiwan (Taiwan Semiconductor Manufacturing) and one company listed in Australia (Sonic Healthcare).

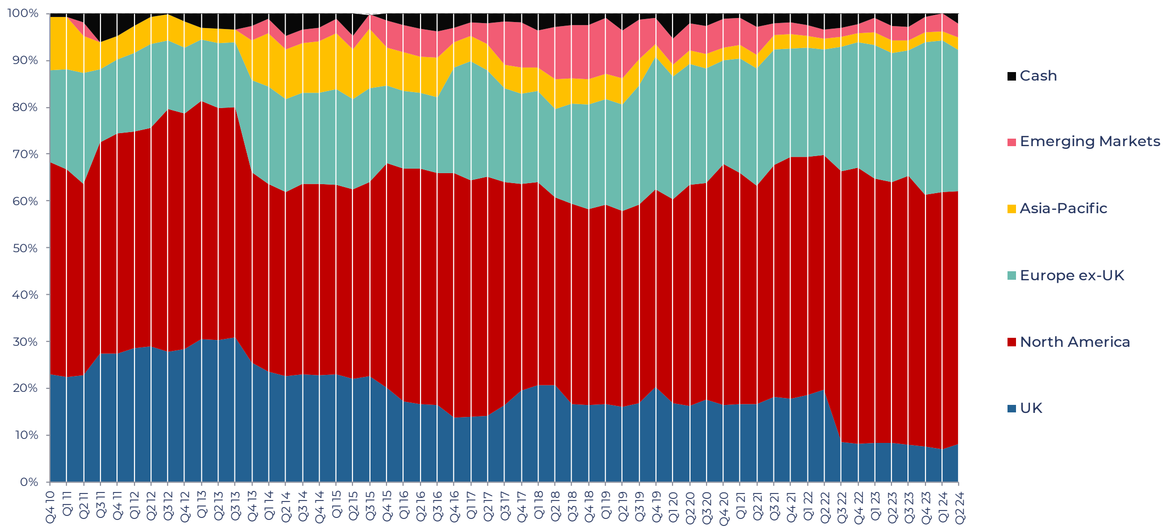


Regional breakdown of the Fund versus MSCI World Index. Source: Guinness Global Investors, Bloomberg. Data as of 30th June 2024

The two charts below show how the exposure of the Fund has evolved since we launched the strategy in 2010.



Sector breakdown of the Fund since launch. Source: Guinness Global Investors. Data as of 30th June 2024



Geographic breakdown of the Fund since launch. Source: Guinness Global Investors. Data as of 30th June 2024

OUTLOOK

The four key tenets to our approach are quality, value, dividend, and conviction. We follow metrics at the portfolio level to make sure we are adhering to them. At quarter end, we are pleased to report that the portfolio continues to deliver on all four, relative to the MSCI World Index.

		Fund	MSCI World Index
Quality	Weighted median return on capital	17.4%	7.0%
	Weighted net debt / equity	37.1%	36.5%
Value	PE (2024e)	20.3	19.8
	FCF Yield (LTM)	3.8%	3.7%
Dividend	Dividend Yield (LTM)	1.90% (net)	1.83% (gross)
	Weighted average payout ratio	61%	42%
Conviction	Number of stocks	35	1650
	Active share	89%	-

Portfolio metrics versus index. As of 30th June 2024 Source: Guinness Global Investors, Bloomberg

Our high-conviction Fund has companies which are on average far better quality at only a slight value premium to the index and with a higher dividend yield. At the end of the quarter the Fund's average return on capital was at 17.4% vs 7.0% for the Index and the Fund also commanded a dividend yield premium of 3.8%. Despite these quality and yield advantages, the Fund trades at a modest 2.4% premium to the index on a price/earnings basis.

The Fund continues to offer a portfolio of consistently highly profitable companies with strong balance sheets. With inflation and geopolitics front of mind, we are also confident that the companies in the portfolio are well placed from a pricing power perspective, and the defensive nature of the portfolio – which has outperformed in all market corrections since launch in 2010 – gives us confidence heading into uncertain markets. As in the past, our unchanging approach of focusing on quality compounders and dividend growers should continue to stand us in good stead in our search for rising income streams and long-term capital growth.

We thank you for your continued support.

Portfolio Managers

Matthew Page
Ian Mortimer

Investment Analysts

Sagar Thanki
Joseph Stephens
William van der Weyden
Jack Drew
Loshini Subendran

GUINNESS GLOBAL EQUITY INCOME FUND - FUND FACTS

Fund size	$5776.6m
Fund launch	31.12.2010
OCF	0.77%
Benchmark	MSCI World TR
Historic yield	1.9% (Y GBP 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.

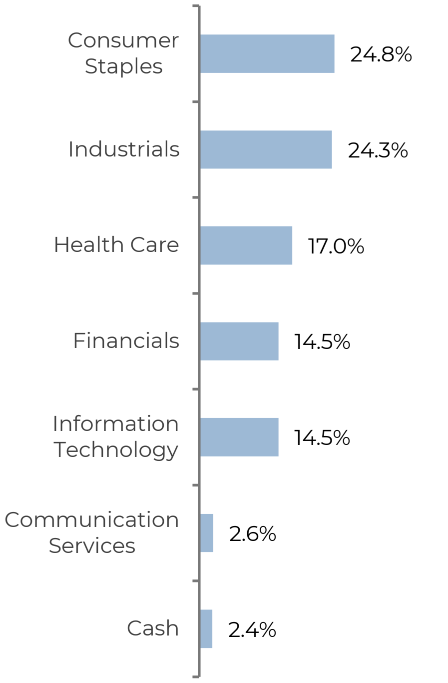
GUINNESS GLOBAL EQUITY INCOME FUND - PORTFOLIO

Top 10 holdings

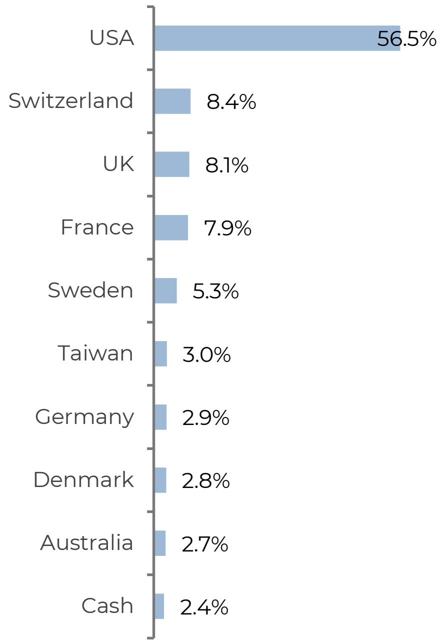
Roche Holding	3.1%
Gallagher, Arthur J	3.0%
Broadcom	3.0%
Taiwan Semiconductor	3.0%
Emerson Electric	2.9%
Deutsche Boerse	2.9%
Cisco Systems	2.9%
Abbvie	2.9%
Aflac	2.9%
Blackrock	2.9%

Top 10 holdings	29.5%
Number of holdings	35

Sector



Country



Past performance does not predict future returns.

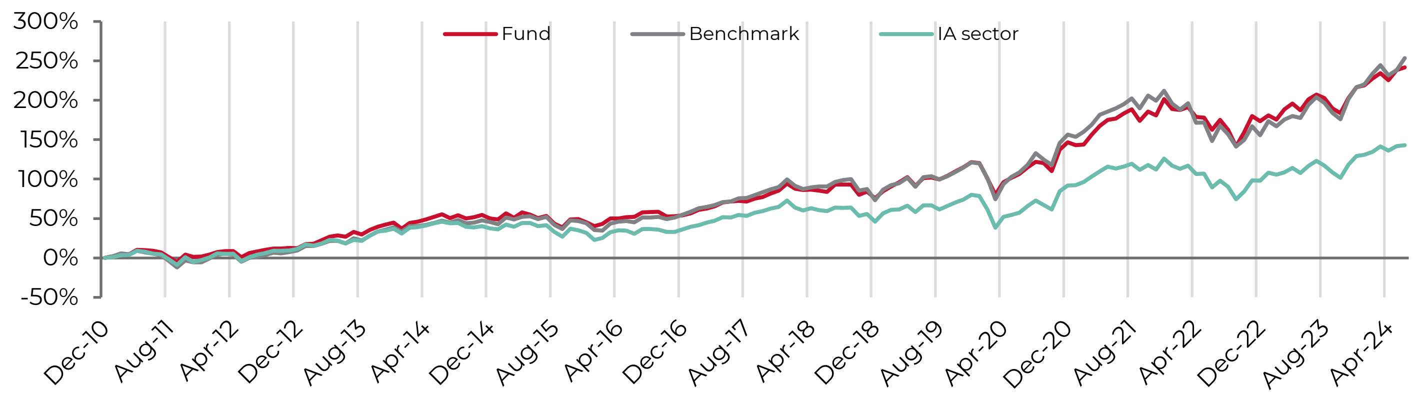
GUINNESS GLOBAL EQUITY INCOME FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+1.7%	+8.8%	+14.1%	+34.9%	+70.7%	+197.4%
MSCI World TR	+2.8%	+12.7%	+20.9%	+33.3%	+75.7%	+224.9%
IA Global Equity Income TR	+1.1%	+6.8%	+12.8%	+24.4%	+46.8%	+124.7%
(USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	+1.0%	+7.9%	+13.4%	+23.4%	+69.6%	+119.9%
MSCI World TR	+2.0%	+11.8%	+20.2%	+22.0%	+74.5%	+140.2%
IA Global Equity Income TR	+0.4%	+5.9%	+12.2%	+13.8%	+45.8%	+66.1%
(EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	+2.3%	+11.2%	+15.4%	+36.6%	+80.2%	+181.3%
MSCI World TR	+3.4%	+15.2%	+22.4%	+35.0%	+85.4%	+206.9%
IA Global Equity Income TR	+1.7%	+9.1%	+14.2%	+25.9%	+54.9%	+112.2%

GUINNESS GLOBAL EQUITY INCOME FUND - ANNUAL PERFORMANCE

(GBP)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	+9.2%	+2.1%	+23.3%	+8.1%	+21.2%	+0.7%	+9.6%	+26.9%	+2.2%	+10.1%
MSCI World TR	+16.8%	-7.8%	+22.9%	+12.3%	+22.7%	-3.0%	+11.8%	+28.2%	+4.9%	+11.5%
IA Global Equity Income TR	+9.2%	-1.2%	+18.7%	+3.3%	+18.6%	-5.8%	+10.4%	+23.2%	+1.5%	+6.7%
(USD)	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Fund	+15.8%	-9.3%	+22.2%	+11.5%	+26.0%	-5.2%	+20.0%	+6.4%	-3.4%	+3.7%
MSCI World TR	+23.8%	-18.1%	+21.8%	+15.9%	+27.7%	-8.7%	+22.4%	+7.5%	-0.9%	+4.9%
IA Global Equity Income TR	+15.8%	-12.3%	+17.6%	+6.5%	+23.4%	-11.3%	+20.8%	+3.3%	-4.0%	+0.4%
(EUR)	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Fund	+11.9%	-3.4%	+31.5%	+2.3%	+28.3%	-0.4%	+5.4%	+9.6%	+7.7%	+18.0%
MSCI World TR	+19.6%	-12.8%	+31.1%	+6.3%	+30.0%	-4.1%	+7.5%	+10.7%	+10.4%	+19.5%
IA Global Equity Income TR	+11.8%	-6.5%	+26.6%	-2.3%	+25.7%	-6.9%	+6.1%	+6.4%	+6.9%	+14.4%

GUINNESS GLOBAL EQUITY INCOME FUND - PERFORMANCE SINCE LAUNCH (USD)



Simulated past performance in 10 year and since launch numbers. Performance prior to the launch date of the Y class (11.03.15) is a composite simulation for Y class performance being based on the actual performance of the Fund's E class (1.24% Ongoing Charges Figure - OCF). Source: FE fundinfo 30.06.24. 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 OCF. The current OCF for the share class used for the fund performance returns is 0.77%. 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.

WS GUINNESS GLOBAL EQUITY INCOME FUND - FUND FACTS

Fund size	£167.3m
Fund launch	09.11.2020
OCF	0.79%
Benchmark	MSCI World TR
Historic yield	2.0% (Y GBP Inc)

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.

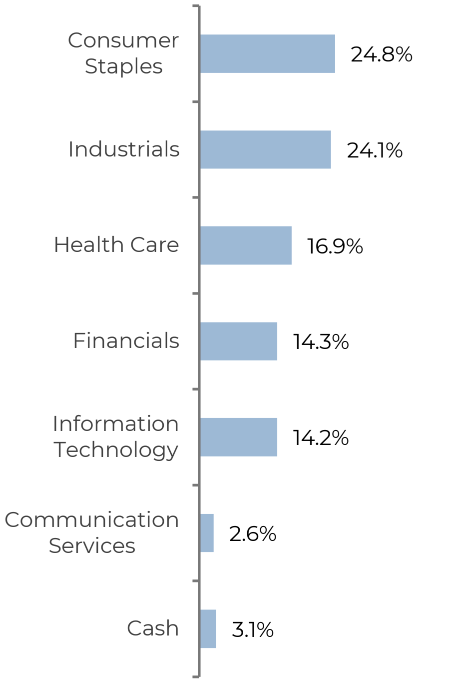
WS GUINNESS GLOBAL EQUITY INCOME FUND - PORTFOLIO

Top 10 holdings

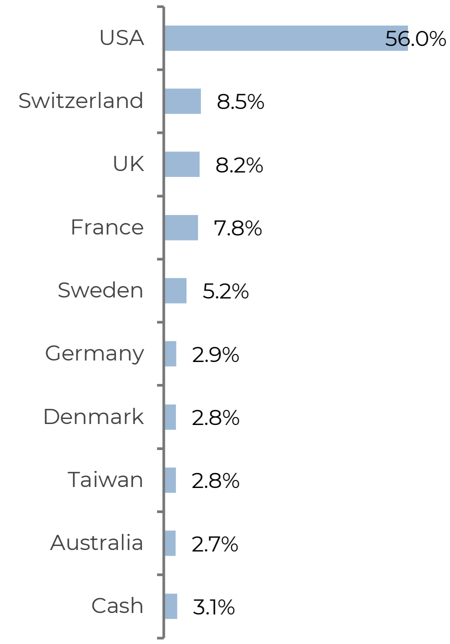
Roche Holding	3.1%
Broadcom	3.0%
Gallagher, Arthur J	3.0%
Cisco Systems	2.9%
Microsoft	2.9%
Deutsche Boerse	2.9%
Reckitt Benckiser Group	2.9%
Coca-Cola	2.8%
Blackrock	2.8%
Pepsico	2.8%

Top 10 holdings	29.0%
Number of holdings	35

Sector



Country

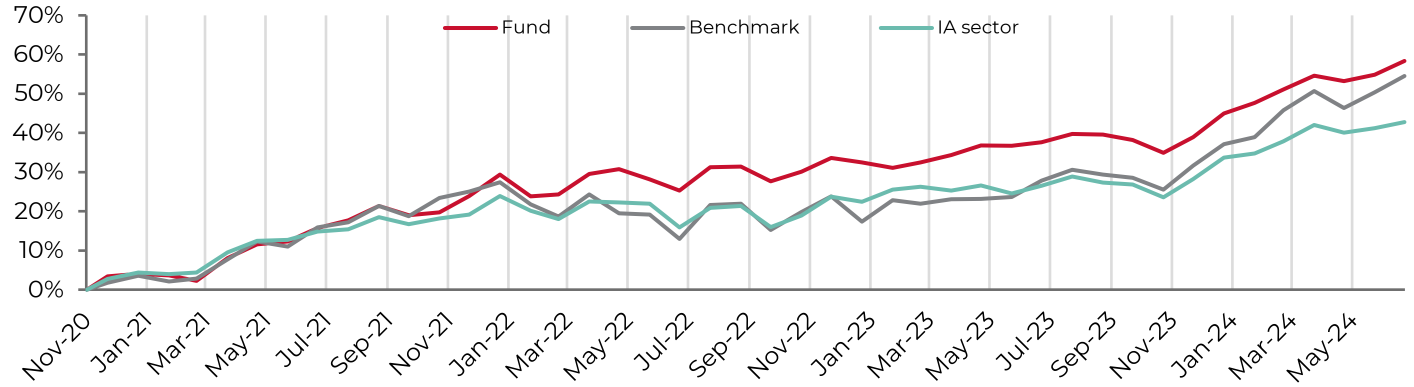


Past performance does not predict future returns.

WS GUINNESS GLOBAL EQUITY INCOME FUND - CUMULATIVE PERFORMANCE						
(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+2.3%	+9.2%	+15.1%	+36.8%	-	-
MSCI World TR	+2.8%	+12.7%	+20.9%	+33.3%	-	-
IA Global Equity Income TR	+1.1%	+6.8%	+12.8%	+24.4%	-	-

WS GUINNESS GLOBAL EQUITY INCOME FUND - ANNUAL PERFORMANCE										
(GBP)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	+9.5%	+2.4%	+24.3%	-	-	-	-	-	-	-
MSCI World TR	+16.8%	-7.8%	+22.9%	-	-	-	-	-	-	-
IA Global Equity Income TR	+9.2%	-1.2%	+18.7%	-	-	-	-	-	-	-

WS GUINNESS GLOBAL EQUITY INCOME FUND - PERFORMANCE SINCE LAUNCH (GBP)



Source: FE fundinfo to 30.06.24. 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 0.79%. 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 which is 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 the Guinness Global Equity Income Fund and the WS Guinness Global Equity Income Fund. It may provide information about the Funds' 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.

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 Funds or to buy or sell individual securities, nor does it constitute an offer for sale.

GUINNESS GLOBAL EQUITY INCOME FUND

Documentation
The documentation needed to make an investment, including the Prospectus, the Supplement the Key Information Document (KID), Key Investor Information Document (KIID) and the Application Form, is available in English from 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'Ile, 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.

WS GUINNESS GLOBAL EQUITY INCOME FUND

Documentation
The documentation needed to make an investment, including the Prospectus, the Supplement, the Key Investor Information Document (KIID) and the Application Form, is available in English from www.fundsolutions.net/uk/guinness-global-investors/ or free of charge from:-

Waystone Management (UK) Limited
PO Box 389
Darlington
DL1 9UF
General Enquiries: 0345 922 0044
E-Mail: investorservices@linkgroup.co.uk

Waystone Management (UK) Limited is authorised and regulated by the Financial Conduct Authority.

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.

Structure & regulation
The Fund is a sub-fund of WS Guinness Investment Funds, an investment company with variable capital incorporated with limited liability and registered by the Financial Conduct Authority.

Telephone calls will be recorded and monitored.