Guinness Asian Equity Income

Investment Commentary – August 2024

GUINNESS GLOBAL INVESTORS

RISK

This is a marketing communication. Please refer to the prospectuses, supplements, 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 Funds' documentation, available on our website.

Past performance does not predict future returns.

ABOUT THE STRATEGY

Launch	19.12.2013
Sector	IA Asia Pacific Excluding Japan
Managers	Edmund Harriss Mark Hammonds
EU Domiciled	Guinness Asian Equity Income Fund
UK Domiciled	WS Guinness Asian Equity Income Fund

INVESTMENT POLICY

The Funds are designed to provide investors with exposure to high quality dividend-paying companies in the Asia Pacific region. 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. The Guinness Asian Equity Income Fund uses the MSCI AC Pacific ex Japan Index as a comparator benchmark only. The WS Guinness Asian Equity Income Fund uses the MSCI AC Asia Pacific ex Japan Index as a comparator benchmark only.

CONTENTS

PERFORMANCE

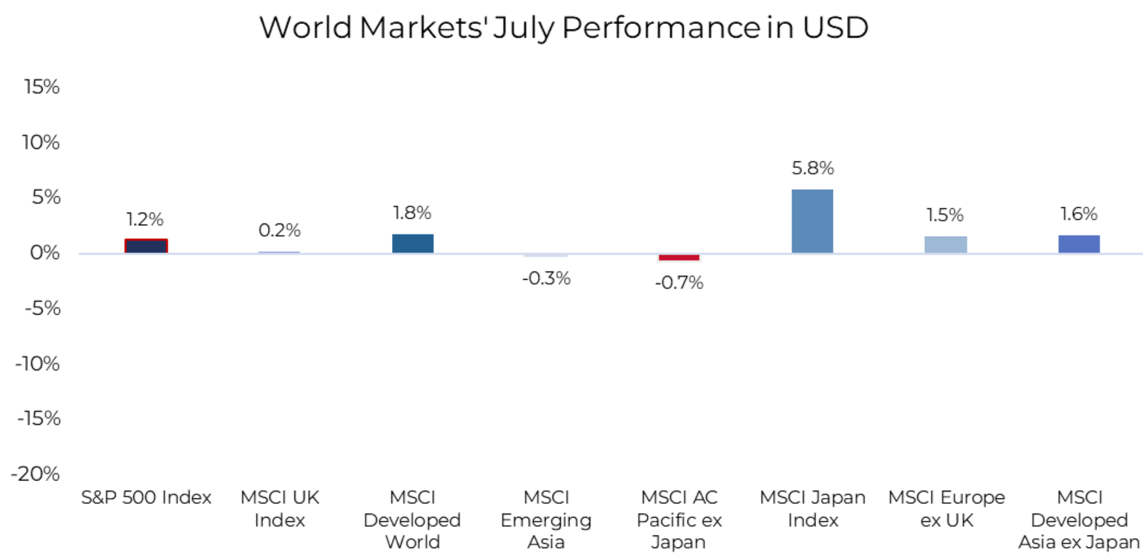
In July, the Fund fell -2.6% in GBP terms (Y share class, in GBP) and underperformed the MSCI AC Pacific ex Japan Net Total Return Index benchmark which fell -2.3%. In the year to date the Fund rose 3.0% versus the benchmark's 5.3%. Through the market falls in early August and the subsequent recovery, the Fund has gained, and gained ground against the benchmark.

Commentary continues overleaf

MACRO

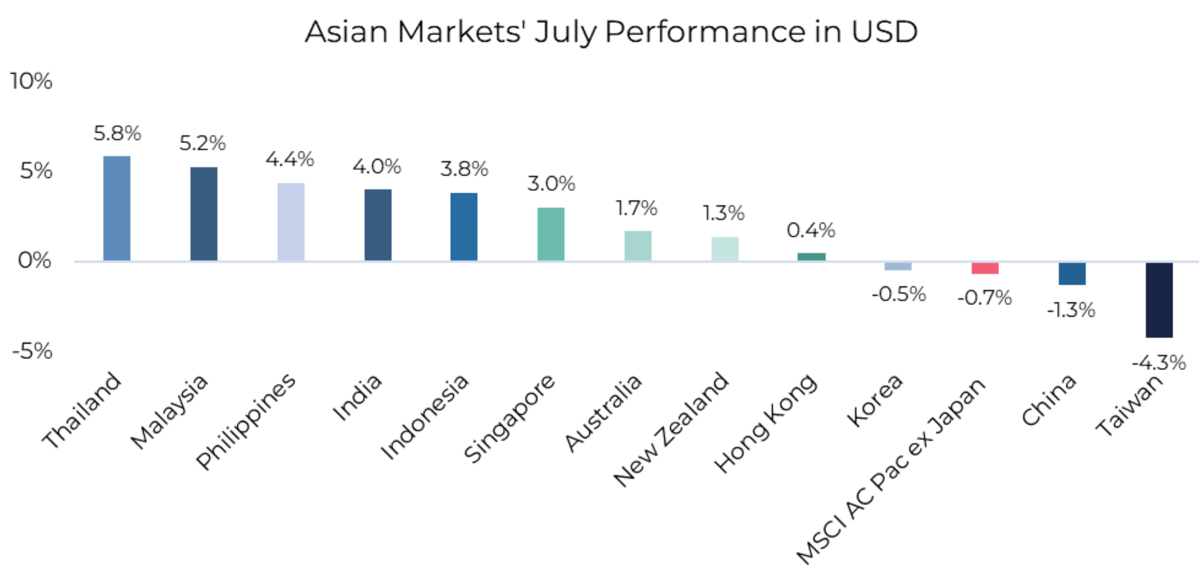
Market and stock returns discussed below, are in US dollar terms.

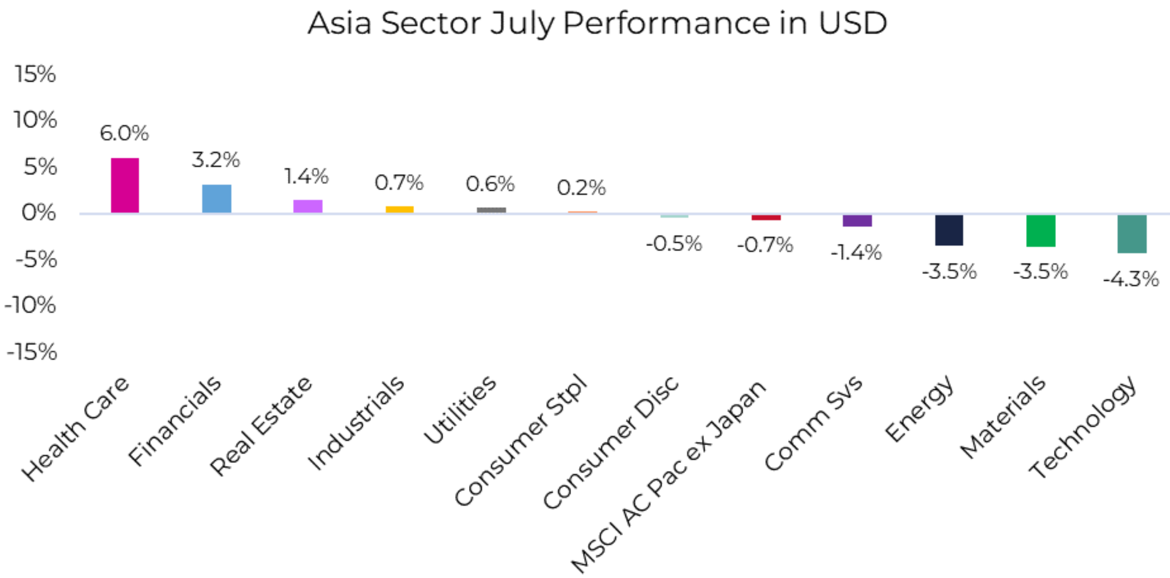
Volatility hit the currency markets in July to be followed in August by dramatic moves in stock markets. The most significant currency shift has been in the Japanese Yen as traders shifted views on the outlook for both Japanese and US interest rates. The rise in the Japanese equity market, as shown by the MSCI Japan Index in the chart below, was entirely due to the strengthening Yen, which delivered a 5.8% increase in dollar terms. In Yen terms, the market was down -1% over the month.



Source: Bloomberg, MSCI. Net returns in US dollars as of 31st July 2024

In Asia, there was a notable change in tempo for technology/Taiwan stocks which were down -4% during the month. The relative performances of India +4% / China -1% continued the pattern we have seen over past months but there was a notable rebound in countries and sectors that have lagged this year. Except for Hong Kong, Thailand and Indonesia have been the weakest markets in the region while Healthcare has been the weakest sector.





Source: Bloomberg, MSCI. Net returns in US dollars as of 31st July 2024.

Although in this report we would normally focus on July, we cannot ignore the market rout in the first week of August. Stock markets have become noticeably more skittish in recent weeks, perhaps due to a combination of seasonal factors including thinner volumes during the holiday period and a confluence of macro and geopolitical issues coming to the fore. Amongst all of this, we think the outlook for US interest rates is the most influential. We are getting closer to the point where the Federal Reserve begins to cut. The aim of higher rates, as the Fed has continually emphasised, is to lower inflationary pressures and in doing so to slow the economy. It was a fairly innocuous data point on US jobs that triggered a sharp sell-off in August. Traders interpreted the jobs number as a sign the US economy has slowed too sharply, that it was heading for a deeper recession, and that the Fed would have to cut rates possibly by as much as 0.5% within the week.

In Japan, where the Yen has been falling for most of this year, the focus has been on the gradual return of inflation that perhaps might bring an end to the unorthodox monetary policy of negative policy rates and bond market interventions to manage longer-term market rates. The combined prospect of lower interest rates in the US and higher rates in Japan had already led to a reversal in the Yen's decline against the dollar and it is here that thinner market volumes played their part. There has been a very active carry trade in progress where traders, both Japanese and international, borrow in Yen (at ultra-low interest rates) and invest into higher returning assets. This trade of course entails leverage, but the sharp reversal in the Yen exchange rate necessitated a rapid unwinding of these leveraged positions which in thinner trading conditions had a higher impact and snowballed.

Another piece of the puzzle concerns the strong performance we have seen in the technology space, driven by the artificial intelligence (AI) theme. We believe this is quite clearly a tangible advance in technology reflected by investment in physical infrastructure to the benefit of manufacturers throughout the supply chain. Nevertheless, it is also a 'crowded trade' from a stock market perspective. The sector is a seen as a source of growth that stands in contrast to areas such as automobiles, for example. As the technology sector has run ahead, so other areas may be seen to be offering value, and if the interest rate outlook were to change significantly this might be another reason for rotation away.

In Asia, Taiwan has been the clear beneficiary of the AI theme. Taiwanese companies are at the forefront of technology manufacturing, supported by a virtuous circle of quality, pricing power and capital investment. As cash generative businesses they have been a source both of growth and of dividends. The Fund's exposure to the AI theme has played out through its holdings in Taiwan Semiconductor Manufacturing, Elite Material, Hon Hai Precision and US-listed Broadcom, which together account for 12.6% of the portfolio. However, the Fund also has 14% exposure to consumer electronics and technology services. These areas have also contributed to performance but were not as severely affected in the recent sell-off.

Whilst views on the outlook for the US and for technology continue to oscillate, the Chinese economic slowdown remains entrenched. The effects of this are being felt in global commodities where the price of iron ore has revisited its 2022 low and copper inventories outside China continue to hit new highs, according to the London Metals Exchange. At the same time, forecasts for oil demand growth have been scaled back as around 50% of the expected growth in demand was linked to China. Yields on Chinese Government Bonds (CGBs) have reached record lows, with traders betting on lower interest rates and while steps have been taken to ease pressure on local government financing cracks are starting to appear in the convertible bond market, previously seen as a haven.

We do not think that investors should worry unduly about China's economic stability; the slowdown is a function of choices that have been and continue to be made. At the same time, the financial system is liquid, well-capitalised and affords policy makers multiple options should they become necessary. However, the genesis of this economic transition was the recognition domestically, and externally, that Chinese growth encompassed falling productivity and overdependence on real estate development funded by debt. We can see the process of increased funding to the new industrial growth drivers and significant reduction in funding to the old sectors which are now facing severe headwinds, not least the steel industry. Our position on China remains the same: there is an economic transition underway which, although creating strain, China can support, which makes low valuations look cheap to us. We remain selective on the stocks we hold in the portfolio, focusing on operational performance and resilience.

FUND REVIEW

Top performers

JB Hi-Fi is an Australian electricals retailer with a highly capable management team and a strong balance sheet. The stock rose 11.4% in July on optimism that revenue growth might accelerate in the computer and telecom products segment. Many market analysts have been sceptical that the valuation re-rating we have seen is warranted, but results reported in mid-August recorded gross and operating margins which were stronger than expected. The chunky dividend (including a special dividend) was also well received.

Tech Mahindra rose 10.3% in July and is up 23% in the year to date. In recent months the company has experienced slower new orders, order cancellations and margin pressure. However, following the appointment of a new CEO from Infosys, and the announcement of the three-year action plan, optimism around the stock has grown. The results for the recent quarter included stronger margins led by greater operational efficiency. There has been a steady improvement in new deal wins, but the conversion cycle (from deal win through to implementation and execution) remains elongated. The company is still heavily exposed to the telecom segment, which declined 2% compared to the last quarter, but services provided to the healthcare, retail and manufacturing segments all grew between 2% and 8%. In our view, the operational progress seen so far has justified our holding on to the position.

Link REIT has had a challenging year with the stock down -20% this year. The company has had to deal with rising costs of funding and the reduction in customer activity in its shopping malls as people have been attracted to the shops in nearby Shenzhen. However, in the past month the mood has changed, and stock rose 8.7%. The main driver of stock performance has been the prospect of interest rate cuts, which make the yield on the stock look more attractive. Fundamentally, however, there has also been a stabilisation in customer 'leakage' into Shenzhen. At the same time, we have also seen a stabilisation in Hong Kong's retail sales and there has been an improvement in sales of consumer staples. This combination of factors looks set to continue, in our view.

Bottom performers

Shenzhou International, an apparel and textile maker with production facilities in China and Vietnam, fell -13% in July following weak guidance from Nike, one of its major customers. In Nike's case, its reduced 2025 sales outlook is company-specific, in our view, linked to strategy changes from wholesale to direct selling and back again. There is now some confusion over channels and inventory has built up, so we are cautious about reading across to Shenzhou's other customers. Manufacturing peers have indicated good new order momentum at their annual shareholder meetings. The company has demonstrated a good track record in production efficiency and has been able to preserve margins even during the tough covid period.

Novatek Microelectronics fell -10% in July, putting it flat for the year to date. The Taiwanese chip designer had a strong year in 2023 and its collaboration with ARM pushed its stock to new highs, although this is unrelated to the AI theme. The company designs chips that run displays, and Chinese rivals have been snapping at its heels. Nevertheless, the System on

Chip (SoC), which is a combination semiconductor, still keeps it ahead and has preserved its higher margins. Its second-quarter earnings were up sequentially but down on the same period last year; however, they were well ahead of the market consensus. The earnings call in August was more encouraging about the near-term outlook.

Qualcomm fell -9.2% after a strong run this year, but the underlying story appears to be intact. Smartphone sales seem now to have begun a recovery, there is an emerging AI story, and new opportunities opening up, in PCs for example. The recent results were good and above consensus on revenue and earnings. Guidance for the coming quarter was also upbeat, with revenue growth driven both by handsets and Internet of Things (IoT).

OUTLOOK

We are just entering the results season for many of our portfolio holdings. The signs so far have been promising and we have seen stronger performance coming through in August. The macro-economic outlook remains highly uncertain, as we have seen from recent market actions. However, our focus remains on quality companies and it would seem that despite a challenging environment they continue to deliver. We shall have more detail on this next month.

Portfolio Managers

Edmund Harriss
Mark Hammonds

GUINNESS ASIAN EQUITY INCOME FUND - FUND FACTS

Fund size	$227.5m
Fund launch	19.12.2013
OCF	0.89%
Benchmark	MSCI AC Pacific ex Japan TR
Historic yield	4.1% (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.

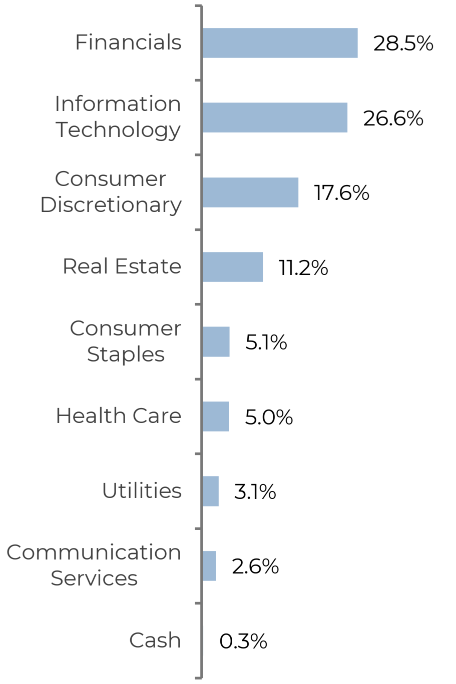
GUINNESS ASIAN EQUITY INCOME FUND - PORTFOLIO

Top 10 holdings

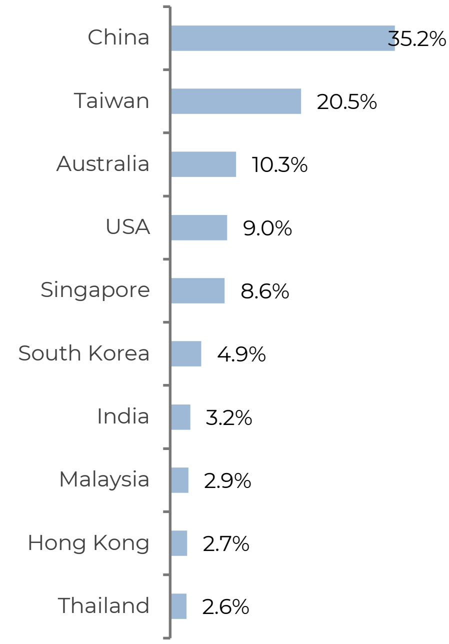
Hon Hai Precision Industry	3.3%
Taiwan Semiconductor	3.2%
Broadcom	3.2%
Tech Mahindra	3.2%
China Construction Bank	3.1%
China Resources Gas Group	3.1%
Nien Made Enterprise	3.1%
Largan Precision	3.0%
ICBC	3.0%
Aflac	3.0%

Top 10 holdings	31.1%
Number of holdings	36

Sector



Country



Past performance does not predict future returns.

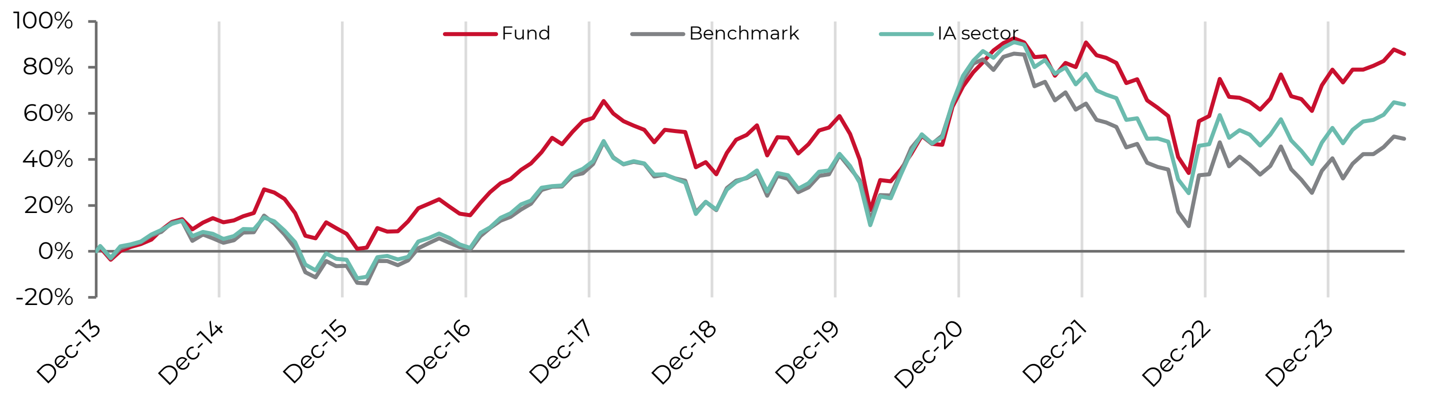
GUINNESS ASIAN EQUITY INCOME FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-2.6%	+3.0%	+5.3%	+9.1%	+18.6%	+116.5%
MSCI AC Pacific ex Japan TR	-2.3%	+5.3%	+2.5%	-6.1%	+7.9%	+74.1%
IA Asia Pacific Excluding Japan TR	-2.2%	+5.7%	+4.3%	-1.5%	+17.4%	+92.3%
(USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-1.0%	+3.8%	+5.1%	+0.8%	+24.4%	+64.8%
MSCI AC Pacific ex Japan TR	-0.7%	+6.1%	+2.3%	-13.3%	+13.2%	+32.4%
IA Asia Pacific Excluding Japan TR	-0.6%	+6.5%	+4.1%	-9.0%	+23.2%	+46.3%
(EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-2.0%	+6.0%	+7.1%	+10.4%	+28.0%	+103.8%
MSCI AC Pacific ex Japan TR	-1.7%	+8.3%	+4.2%	-5.0%	+16.5%	+63.8%
IA Asia Pacific Excluding Japan TR	-1.6%	+8.8%	+6.0%	-0.3%	+26.7%	+80.9%

GUINNESS ASIAN EQUITY INCOME FUND - ANNUAL PERFORMANCE

(GBP)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	+6.4%	-6.3%	+12.2%	+4.8%	+14.4%	-10.3%	+24.6%	+28.2%	+1.2%	+17.6%
MSCI AC Pacific ex Japan TR	-0.8%	-8.5%	-5.0%	+19.2%	+15.7%	-9.2%	+25.1%	+28.2%	-4.4%	+7.8%
IA Asia Pacific Excluding Japan TR	-1.0%	-6.9%	+1.5%	+20.0%	+15.8%	-9.8%	+25.3%	+25.7%	-3.4%	+9.5%
(USD)	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Fund	+12.7%	-16.8%	+11.1%	+8.1%	+19.0%	-15.5%	+36.5%	+7.5%	-4.4%	+10.7%
MSCI AC Pacific ex Japan TR	+5.2%	-18.8%	-5.9%	+23.0%	+20.3%	-14.5%	+36.9%	+7.5%	-9.6%	+1.5%
IA Asia Pacific Excluding Japan TR	+4.9%	-17.3%	+0.5%	+23.8%	+20.4%	-15.1%	+37.2%	+5.3%	-8.6%	+3.1%
(EUR)	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Fund	+8.9%	-11.4%	+19.6%	-0.8%	+21.2%	-11.3%	+19.9%	+10.7%	+6.5%	+26.0%
MSCI AC Pacific ex Japan TR	+1.6%	-13.4%	+1.3%	+12.9%	+22.5%	-10.2%	+20.3%	+10.7%	+0.7%	+15.6%
IA Asia Pacific Excluding Japan TR	+1.4%	-11.9%	+8.2%	+13.6%	+22.7%	-10.8%	+20.5%	+8.5%	+1.8%	+17.4%

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



Source: FE fundinfo to 31.07.24. 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 0.89%. 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 ASIAN EQUITY INCOME FUND - FUND FACTS

Fund size	£0.7m
Fund launch	04.02.2021
OCF	0.89%
Benchmark	MSCI AC Asia Pacific ex Japan TR
Historic yield	3.9% (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.

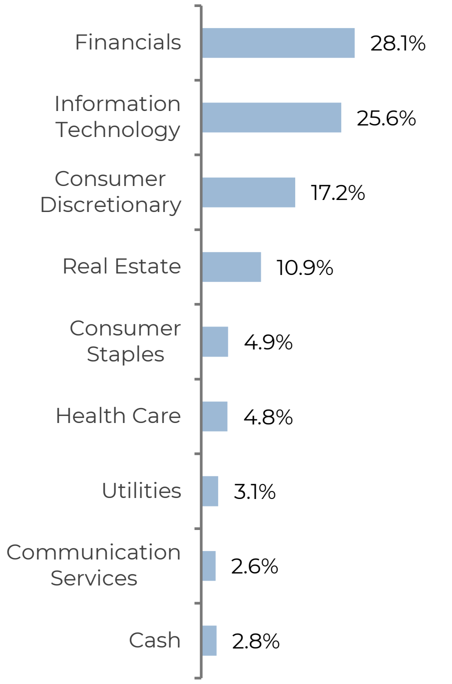
WS GUINNESS ASIAN EQUITY INCOME FUND - PORTFOLIO

Top 10 holdings

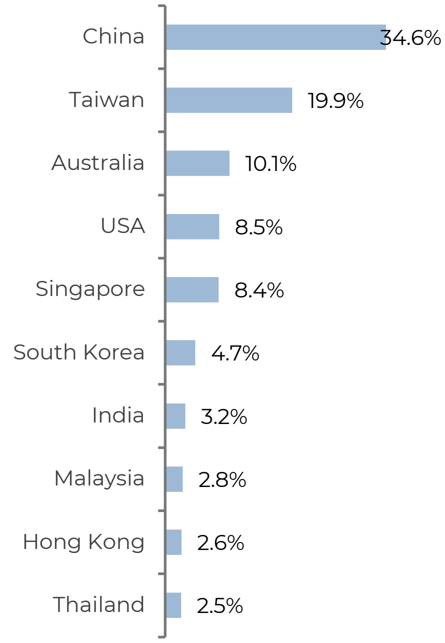
Taiwan Semiconductor	3.3%
Hon Hai Precision Industry	3.2%
Tech Mahindra	3.2%
China Resources Gas Group	3.1%
China Construction Bank	3.0%
Aflac	3.0%
Nien Made Enterprise	3.0%
Largan Precision	2.9%
Broadcom	2.9%
ICBC	2.9%

Top 10 holdings	30.5%
Number of holdings	36

Sector



Country

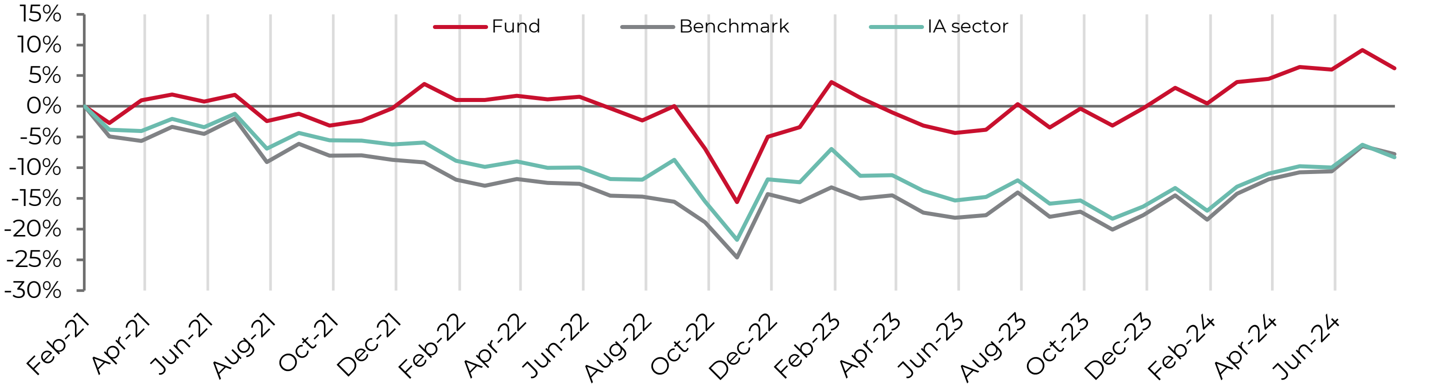


Past performance does not predict future returns.

WS GUINNESS ASIAN EQUITY INCOME FUND - CUMULATIVE PERFORMANCE						
(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-2.7%	+3.0%	+5.8%	+8.8%	-	-
MSCI AC Asia Pacific ex Japan TR	-1.4%	+7.8%	+7.2%	+1.4%	-	-
IA Asia Pacific Excluding Japan TR	-2.2%	+5.7%	+4.3%	-1.5%	-	-

WS GUINNESS ASIAN EQUITY INCOME FUND - ANNUAL PERFORMANCE										
(GBP)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	+6.7%	-6.8%	-	-	-	-	-	-	-	-
MSCI AC Asia Pacific ex Japan TR	+1.3%	-7.1%	-	-	-	-	-	-	-	-
IA Asia Pacific Excluding Japan TR	-1.0%	-6.9%	-	-	-	-	-	-	-	-

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



Source: FE fundinfo to 31.07.24. 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 0.89%. 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 Asian Equity Income Fund and the WS Guinness Asian 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 ASIAN EQUITY INCOME FUND

Documentation

The documentation needed to make an investment, including the Prospectus, suuplement, Key Information Document (KID), Key Investor Information Document (KIID) and 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.

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 ASIAN EQUITY INCOME FUND

Documentation

The documentation needed to make an investment, including the Prospectus, 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.

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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.