

## 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 Fund is an equity fund. 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

<b>Launch</b>	23.12.2016
<b>Index</b>	MSCI Emerging Markets
<b>Sector</b>	IA Global Emerging Markets
<b>Managers</b>	Edmund Harriss Mark Hammonds CFA
<b>EU Domiciled</b>	Guinness Emerging Markets Equity Income Fund

## OBJECTIVE

The Guinness Emerging Markets Equity Income Fund is designed to provide investors with exposure to high-quality dividend-paying companies in Emerging Markets worldwide. The Fund aims to provide long-term capital appreciation and a source of income that has the potential to grow over time. The Fund is actively managed and uses the MSCI Emerging Markets Index as a comparator benchmark only.

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## COMMENTARY

Emerging markets were weaker in August. The MSCI Emerging Markets Net Total Return Index fell 0.6% in August (all performance figures in GBP unless stated otherwise).

The fund outperformed in this environment, rising 1.0%.

Emerging markets underperformed developed markets in the month, as the MSCI World rose 0.4% in August. The US also rose, with the S&P 500 Index gaining 0.2%.

Latin America was the best-performing region, up 0.4%. Asia was next, down 0.6%. EMEA (Europe, Middle East and Africa) was the worst performer, falling 1.2%.

Value marginally underperformed growth, down 0.6% versus down 0.5% for growth.

Among the largest countries, the best performers were Indonesia (+7.5%), Thailand (+6.9%), and Brazil (+4.4%).

The worst-performing countries were Mexico (-7.3%), Korea (-4.3%) and Saudi Arabia (-1.5%).

The strongest-performing stocks in the portfolio were Nien Made (+18.8%) and B3 (+14.3%).

The weakest performers were Netease (-14.5%), Yili (-10.2%) and Arca Continental (-9.9%).

Stock market volatility spiked, with the VIX index reaching the highest intraday peak since 1990.

Japan's Topix index suffered a sharp one-day drop, falling 12%. The move followed the Bank of Japan raising interest rates to 0.25%. Losses were subsequently largely recovered during the month.

Thailand's constitutional court ordered the opposition party, Move Forward, to disband. A subsequent decision saw the removal of the prime minister from office.

Ukrainian troops made an incursion into the Kursk region of Russia.

US inflation fell below 3% for the first time in three years.

In Brazil, a judge banned access to X (Twitter) in the country.

Crude oil prices fell 2.4%.

Emerging market currencies were flat, as the Dollar index (DXY) weakened by 2.3%.

### PORTFOLIO UPDATE

Updates came in during the month for several of the portfolio holdings:

Hon Hai, an electronics contract manufacturer, reported strong sales growth for the month, up 22% year-on-year. Spending on AI servers and a ramp-up in production of the iPhone (launched in September) have been driving the strong performance this quarter. Progress has also been achieved in the company's electric vehicle (EV) subsidiary. Shipments for the first EV SUV model, the Luxgen n7, are expected to reach 10,000 by the end of the year.

Elite Material reported revenue for July hitting a new record (for the fifth month straight). The company is seeing strong demand across a range of segments: networking switches, servers and ASIC (Application-specific Integrated Circuit) chips. ASIC chips are used in AI applications and have the potential to be a meaningful source of growth for the company next year.

Novatek reported a mixed set of results for the second quarter that beat expectations, but with guidance that was lower than expected. Sporting events this year have driven demand in the TV segment, and costs have been well controlled. Weakness across the sector more broadly, however, has put pricing under pressure. Stronger-than-expected demand for smartphones in the second half of the year would be supportive of results.

Catcher reported results that reflected higher margins due to better cost control. Upgrades to Windows 11 could boost demand for notebook computers over the second half of the year.

Kweichow Moutai reported results that were in line with expectations, with revenue and net profit for the first half up 17.8% and 15.9% year-on-year respectively. Shift in product mix and sales channel (towards wholesale) resulted in margins staying unchanged. Management left guidance unchanged at 15% revenue growth for the year. Reflecting the higher payouts received from special dividends in the past, the company increased the dividend payout ratio 75%. We view the results largely positively, especially given the recent weakness in the share price.

B3 reported earnings for the second quarter that came in above expectations. All revenue segments performed well, with revenues in aggregate growing 10% year-on-year. Management again showed good control of expenses. The company has an active share buyback programme where the limit was recently increased. Valuations for B3 also look very reasonable, indicating a positive setup from here.

Nien Made, a manufacturer of blinds, reported results for the second quarter that topped expectations. Gross margins reached a record level of 58.3% due to the mix shifting towards custom-made products and operational/efficiency improvements at the company's Mexico facility. Cost control was also an important factor contributing to results. More production capacity is due to come online in Mexico and Vietnam, which will help the company navigate a changing tariff environment.

### PORTFOLIO CHANGE

We made a change during the month with the purchase of Bank Rakyat Indonesia (Rakyat) and the sale of Hanon Systems.

Rakyat is an Indonesian state-owned commercial bank which has particular expertise in the small/medium and micro lending segments. The bank has a history of high returns on equity which, after a three-year decline through the covid period, have now returned to historical levels. The bank is trading on a trailing yield of over 6% and the dividend has grown by 20% a year over the past five years. The share price has been weaker this year due to asset quality concerns that we see as having been largely worked through, and this gave us our opportunity.

Hanon Systems is a Korean stock that we have stuck with for, perhaps, too long, and which gives exposure to the electric vehicle market. Its engine cooling technology is good, and its customer list reflects that. The sector outlook, however, continues to darken and the roadmap for recovery continues to lengthen. The recent news of Volkswagen's struggles only serves to emphasise the problem and we have therefore taken the decision to sell the holding.

### OUTLOOK

The volatility of August has reminded investors that there is the potential for market flare-ups from time to time and economies are not without patches of weakness. The 'growth scare' was the narrative attached to the market turbulence, as investors questioned the need for more immediate action on the part of the Federal Reserve (Fed) in the face of weakening payroll data and disappointing earnings reports from some consumer-facing businesses.

In the short term, the panic subsided over the course of the month. A sufficiently large portion of the economy is still functioning well and the employment data indicates that the jobs market is not going into a tailspin. As we approach the September Fed meeting, the likely start of an interest rate cutting cycle will bring relief to anxious market participants, but the commentary will still be watched closely as investors adjust expectations around the speed and degree of future cuts.

Nevertheless, the longer-term picture remains challenged. The Fed still has a narrow path to tread between sustaining the economy and the jobs market while preventing inflation from recurring. Additionally, some of the drivers that investors have been relying on to propel the market ever higher, for example the huge burst in investment in AI infrastructure, may be starting to slow.

Emerging markets have proved relatively resilient in the face of recent turbulence. Lower interest rates in the US are largely a positive for the region, easing the pressure caused by the rate differential. A weakening dollar would be welcomed by emerging market investors, giving local currencies a chance to perform again. Still, the remarkable lack of volatility in those currencies in the face of previous dollar strength should not be understated – emerging markets have come through this period relatively well.

China's economic slowdown remains a concern, and the perceived lack of action on the part of policymakers has so far not helped to boost sentiment. Nevertheless, the situation appears more like a gradual slowing than a sudden stop. Valuations in equity markets are at very low levels in relative terms; any indication that a growth stimulus is returning may well cause these low valuations to reverse, potentially at a rapid rate. As the saying goes, sentiment can turn on a dime.

In the parts of the market that we invest in, our expectation is that the results of the business will ultimately be the dominant driver of returns. Provided we believe the underlying business performance will be sound, the turbulence we have seen in stock prices can present opportunities.

Our focus is on the cash-based return on capital a business generates; the business must therefore be profitable and management must allocate capital rationally. The requirement that companies must have strong balance sheets generally makes them less dependent on capital markets (they do not have large debt burdens to refinance), and by looking at companies' performance over a long time horizon (at least eight years), we gain increased confidence that the business is likely to continue to perform well when handling challenging circumstances in the future.

#### Portfolio Managers

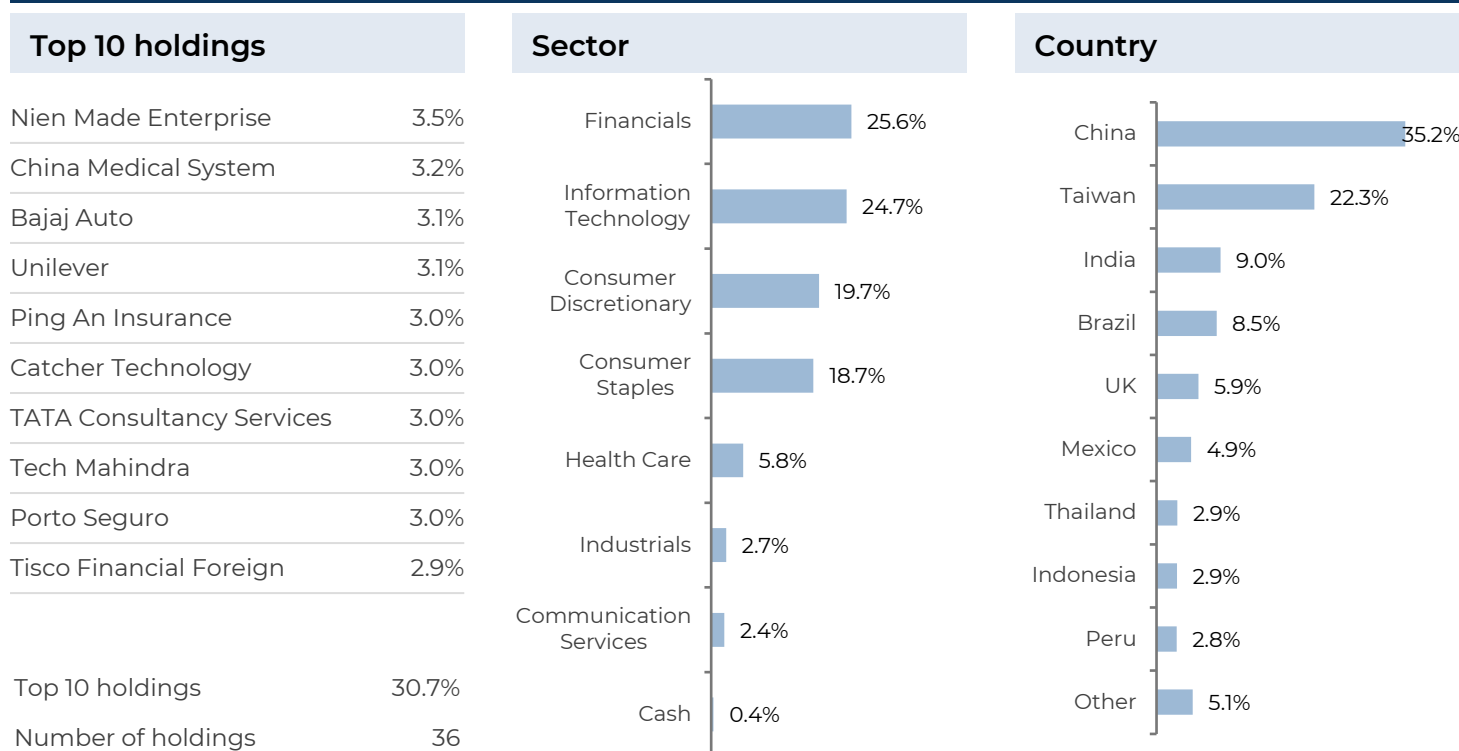
Edmund Harriss  
Mark Hammonds

**GUINNESS EMERGING MARKETS EQUITY INCOME FUND - FUND FACTS**

Fund size	\$6.7m
Fund launch	23.12.2016
OCF	0.89%
Benchmark	MSCI Emerging Markets TR
Historic yield	3.8% (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 EMERGING MARKETS EQUITY INCOME FUND - PORTFOLIO**



## Guinness Emerging Markets Equity Income Fund

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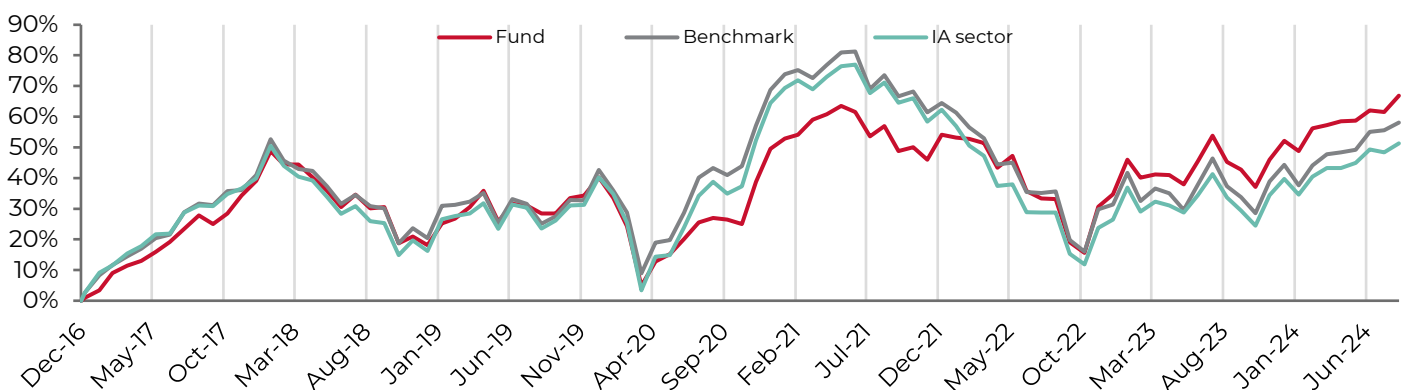
### GUINNESS EMERGING MARKETS EQUITY INCOME FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+1.0%	+6.3%	+10.7%	+11.3%	+20.3%	-
MSCI Emerging Markets TR	-0.7%	+6.3%	+11.0%	-4.6%	+17.1%	-
IA Global Emerging Markets TR	-0.4%	+5.0%	+9.1%	-7.4%	+13.5%	-
(USD)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+3.3%	+9.6%	+14.8%	+6.3%	+29.9%	-
MSCI Emerging Markets TR	+1.6%	+9.6%	+15.1%	-8.9%	+26.3%	-
IA Global Emerging Markets TR	+1.9%	+8.2%	+13.2%	-11.6%	+22.5%	-
(EUR)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+1.0%	+9.4%	+12.6%	+13.4%	+29.2%	-
MSCI Emerging Markets TR	-0.7%	+9.3%	+12.8%	-2.8%	+25.7%	-
IA Global Emerging Markets TR	-0.4%	+8.0%	+11.0%	-5.7%	+21.8%	-

### GUINNESS EMERGING MARKETS EQUITY INCOME FUND - ANNUAL PERFORMANCE

(GBP)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	+6.6%	-1.6%	+4.0%	+3.4%	+14.2%	-9.8%	+25.8%	-	-	-
MSCI Emerging Markets TR	+3.6%	-10.0%	-1.6%	+14.7%	+13.9%	-9.3%	+25.4%	-	-	-
IA Global Emerging Markets TR	+4.3%	-12.2%	-0.5%	+13.7%	+16.0%	-11.8%	+24.4%	-	-	-
(USD)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	+12.9%	-12.6%	+3.1%	+6.7%	+18.8%	-15.1%	+37.7%	-	-	-
MSCI Emerging Markets TR	+9.8%	-20.1%	-2.5%	+18.3%	+18.4%	-14.6%	+37.3%	-	-	-
IA Global Emerging Markets TR	+10.5%	-22.0%	-1.4%	+17.3%	+20.7%	-16.9%	+36.2%	-	-	-
(EUR)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	+9.1%	-6.8%	+10.9%	-2.2%	+20.9%	-10.8%	+20.9%	-	-	-
MSCI Emerging Markets TR	+6.1%	-14.9%	+4.9%	+8.5%	+20.6%	-10.3%	+20.6%	-	-	-
IA Global Emerging Markets TR	+6.8%	-16.9%	+6.1%	+7.6%	+22.9%	-12.8%	+19.7%	-	-	-

### GUINNESS EMERGING MARKETS EQUITY INCOME FUND - PERFORMANCE SINCE LAUNCH (USD)



Source: FE fundinfo to 31.08.24. 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**, 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 equities and equity markets invested in by the Guinness Emerging Markets Equity 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, Supplement, 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