

## RISK

This is a marketing communication. Please refer to the prospectus, 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

<b>Launch</b>	19.12.2013
<b>Index</b>	MSCI Europe ex UK
<b>Sector</b>	IA Europe Excluding UK
<b>Managers</b>	Nick Edwards Will James
<b>EU Domiciled</b>	Guinness European Equity Income Fund
<b>UK Domiciled</b>	WS Guinness European Equity Income Fund

## OBJECTIVE

The Guinness European Equity Income Funds are designed to provide investors with exposure to high-quality dividend-paying companies in the Europe ex UK region. The Funds aim to provide capital appreciation and a source of income that has the potential to grow over time. The Funds are actively managed and use the MSCI Europe ex UK Index as a comparator benchmark only.

## CONTENTS

Commentary	1
<b>Guinness European Equity Income Fund</b>	
Key Facts	6
Performance	7
<b>WS Guinness European Equity Income Fund</b>	
Key Facts	8
Performance	9
Important Information	10

## COMMENTARY

The Guinness European Equity Income Fund outperformed in October, falling just -0.8%, outperforming the MSCI Europe ex UK Index fall of -1.9% by 1.2 percentage points. It is pleasing to see the strategy continuing its track record for protecting on the downside after the outperformance gained during the June to August drawdown. Over the year to date, the Fund is +8.6% or 4.2 points ahead of the MSCI Europe ex UK Index return of +4.4% in GBP.

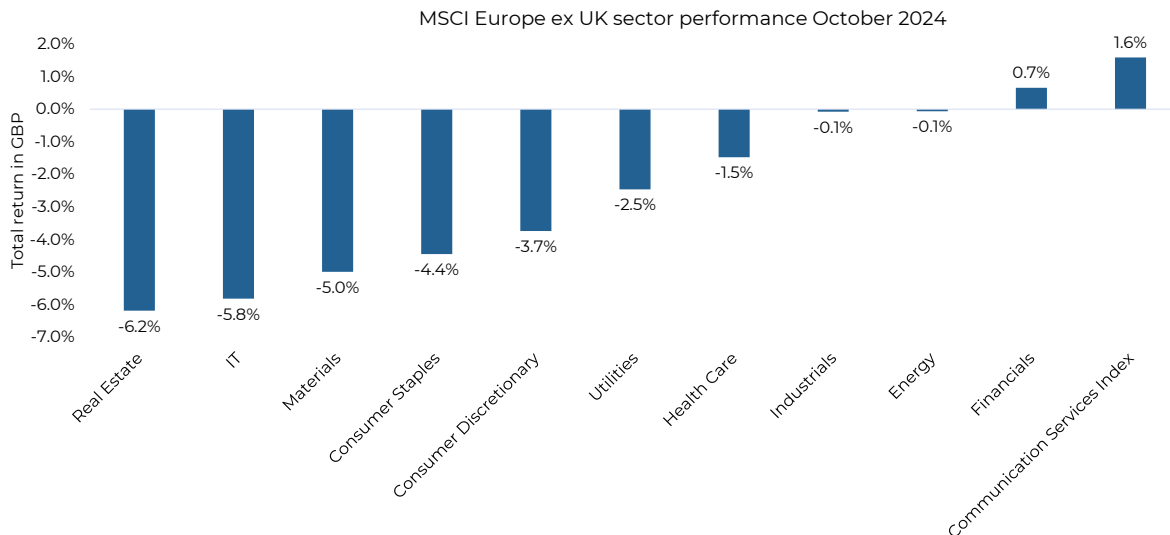
October saw the start of Q3 earnings season which, so far, has proved to be less straightforward than some had perhaps expected. While optically earnings appear to have been better than expected in most cases, there are signs of top-line pressures in certain sectors as well as evidence that the demand picture in general (both consumer and industrial) deteriorated towards the end of the third quarter. How much of this was to do with the much-anticipated US elections only time will tell, but it is clear that corporates have decided to err on the side of caution. This has also been reflected in outlook statements for the rest of the year, with few companies committing to a 2025 outlook.

The largest positive contributors to performance over the month of October (in EUR) were **Mapfre** (+9.8%), which delivered strong Q3 numbers and grew the interim dividend 8%, and **Kaufman & Broad**, which ended the month up +9.0% with its good set of numbers at the end of September. **Euronext** (+4.1%), **Recordati** (+2.6%) and **Deutsche Boerse** (+1.3%) also contributed, and it is good to see the positive contribution from a variety of companies across different sectors.

At the other end of the spectrum the biggest detractors from performance were **Melexis** (-18.1%), **Capgemini** (-17.9%), **Atlas Copco** (-12.4%), **TietoEVRY** (-7.8%) and **Deutsche Post** (-7.6%).

*Commentary continues overleaf.*

## Guinness European Equity Income



Data as of 31.10.2024 in GBP. Source: Bloomberg

Sector rotation continued to be broadly supportive for the strategy over the month of October, with Financials and Industrials remaining among the leading sectors; both sectors where the strategy has a meaningful overweight position, along with Consumer Staples. At the other end of the performance table Information Technology (where the Fund is in line with the benchmark) remained a drag, with all three fund holdings amongst the biggest five detractors from performance over the month of October:

**Melexis'** (-18.1% in EUR) share price drifted through the month after going ex-dividend and then fell further as the company reported an inventory overhang at OEM clients and cut its full-year sales forecast to between €935m and €945m vs €1bn previously. We had expected this reset in expectations given how resilient demand for Melexis' products has been this year. It is likely the inventory overhang will last into the early part of 2025 but we see this clearing of inventory as necessary and healthy for Melexis. Importantly, the setback is firmly cyclical rather than secular. It was interesting to note that activity in China, where the market tends to worry about rising competition, was up some 9% year-on-year with Melexis citing new design wins including sensors for electric vehicle powertrains. Overall Melexis' position looks robust, with a near net cash position on the balance sheet and continued high spend on innovation. The company is preparing to launch products in the areas of robotics, mobility and healthcare markets. In short, this looks like a opportunity to reweight the position back up to a full portfolio weight with the shares appearing very cheap on both our peer and historic value scores.

**Capgemini** (-17.9%) looks similarly good value after recent weakness, with the shares on offer at a discount to both history and peers. The company marginally cut 2024 organic sales growth guidance to between -2.4% and -2.8% vs -1% to -2% previously and 2024e margin guidance to between 13.3% and 13.4% vs 13.3% to 13.6% previously – adjustments that are arguably inconsequential to long-run returns while also reflecting how effective Capgemini is at controlling cost. Unfortunately, the revenue downgrade reflected a faster slowdown into year-end (perhaps related to US election uncertainty) than the company had expected in the summer. Capgemini is a classic case of a high-quality company trading at a discount to its global peers due it being listed in Europe. As a result, Capgemini's rating of 13.5x 2025e earnings looks anomalous to Accenture's rating of 26.9x; back in 2015 they traded at close to parity on 16x. We choose to focus on the longer-run improvements in cash return on investment and margin, and expect that this will also prove a good opportunity to reweight up our holding in the shares.

**TietoEVRY** (-7.8%), our third IT holding in the penalty box in October, reported weaker results and soft IT sentiment inline with expectations, but importantly, in our view, added that its strategic review for the capital-intensive Tech Services division is ongoing and has now entered into an exclusive process with a non-industrial buyer. A conclusion to this process should be good news for the shares, giving shareholders greater exposure to the more scalable and attractive software and healthcare segments.

## CHANGES TO THE PORTFOLIO

At the end of the month we made one portfolio change, selling our position in **Mercedes-Benz**, where delivery on improving margins, return on capital and cash returns post the disposal of Daimler Trucks has been overwhelmed by an increasingly challenging outlook for the continental European automotive original equipment manufacturers. As a result, the strategy has moved up the quality spectrum by buying **Sampo Oyj**, the Nordic market leader in property and casualty insurance.

The switch results in some marginal changes to portfolio metrics:

- **Overweight to Financials increases** to +7 percentage points
- **Underweight to Consumer Discretionary increases** to -7 points
- **Overweight to Finland increases** to +7 points, now closer to our universe's large overweight to the Scandinavian region.
- **Underweight to Germany increases** to -10 points.
- **Quality and growth statistics improve** with Sampo's vs Mercedes's return on capital at 15% vs 7%, EBIT margin 22% vs 12%, net debt to equity 3% vs -28%, five-year annual sales growth 7% vs -1.8% and a beta of 0.66 for Sampo vs 1.04 for Mercedes.
- **Valuation multiple rises to 14.9x 2025e PE** vs 14.4x with Mercedes, and onto a 4.5% premium to the MSCI Europe ex UK Index vs +1% previously, driven by Sampo's multiple of 16.4x vs Mercedes on 5.8x. While the dividend yield will fall a touch if there are no specials driven by Sampo's yield of 4.7% 2025e vs Mercedes' 6.2% (post 15% German withholding tax). This also does not of course consider the potential that Mercedes may have to review its cash return policy given the headwinds it faces.

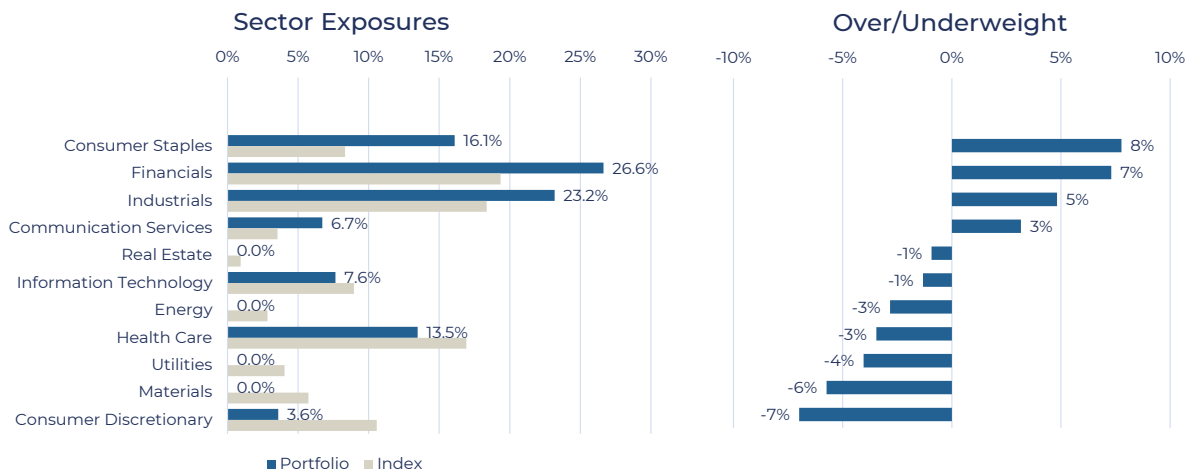
**Sampo Oyj** (€22.3bn) has created significant value over time and we think looks well placed to continue to do so in the future. The company occupies the market leading position in property and casualty (P&C) insurance in the Nordics with a c.20% market share, being some 60% bigger than the next largest insurer Tryg, and having approximately €5.3bn of personal lines premiums. Sampo displays best-in-class use of technology, with over €1bn spent on digitalization in the last 10 years and €200m in 2023. The group is strongly customer-focused, with a track record for profitable growth combined with efficiency gains. In fact, the group has reduced its property & casualty (P&C) cost ratio by over 20bps per annum for over 14 years, driven by its digitalization agenda, whilst at the same time reporting the highest customer retention numbers in the industry, driven by fair and stable pricing and a trusted brand. All of this is reflected in a long history of 10-15% cash returns on investment for over 10 years.

Sampo looks well placed to continue to grow, and the timing looks good. Following the sale and listing of Mandatum Life in 2023 the Group is now solely focused on higher quality P&C insurance; and with the recent buy-out of Topdanmark minorities the stage appears set for higher returns via scale and efficiency in the Danish market, which has historically been dilutive to margins. Looking at group history, we note an underwriting profits annualised growth of 11% 2012-2022. Sampo also has a fortress balance sheet backing up significant dividend paying capacity, with a solvency ratio of 177% and debt to equity of 27%. Further, management estimate that reaching group targets of <85% combined ratio and operating earnings growth of 7% per annum will generate an additional €4bn of deployable capital. On top of an expected 2025 dividend yield of 4.76% the group has a track record for both special dividends and buybacks, something we expect to hear more about in the future.

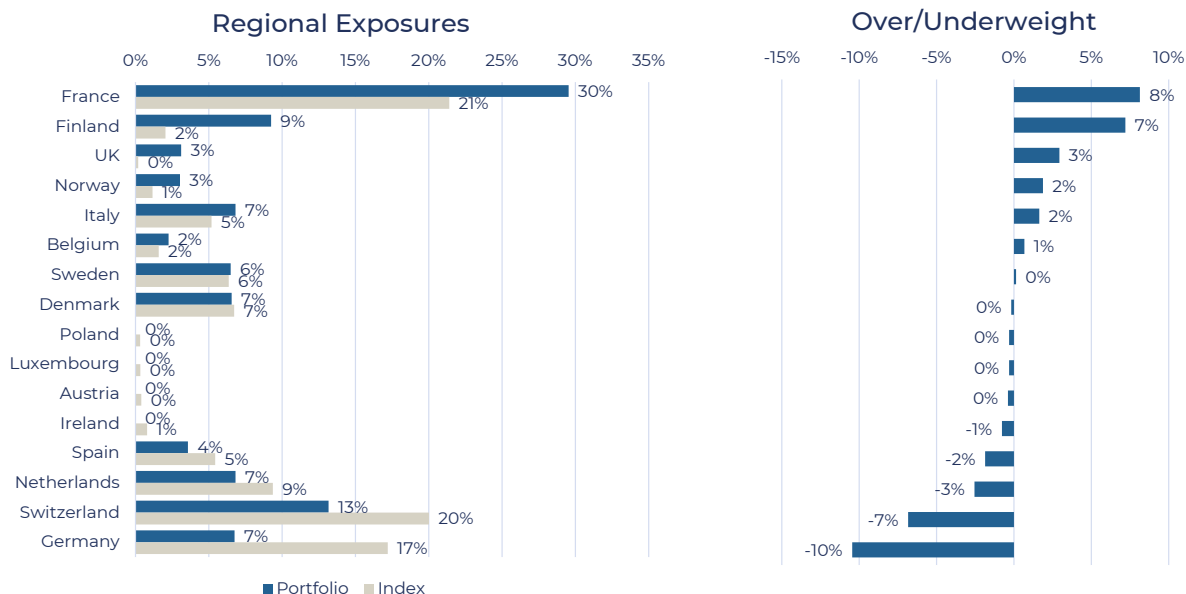
We think that this is a company where management incentives are fully aligned with you as shareholders, being characterized by high degrees of variable pay with the 2024 long-term incentive plan focused on absolute total shareholder return and underwriting profits growth. Meanwhile while the valuation on 16.4x next year's earnings may not appear cheap, this needs to be seen in the context of excess capital, sustainable high-teens returns to equity and a group that is overall getting stronger versus its peers.

## Guinness European Equity Income

### Fund sector exposures following the switch into Sampo Oyj and out of Mercedes



### Fund regional exposures following the switch into Sampo Oyj and out of Mercedes



*Source: Guinness Global Investors; data as of 01.11.2024*

## OUTLOOK

Things have become no more certain as we enter the final months of the year and as the market's eyes and thoughts turn to 2025. President-elect Trump's victory in the US election and the Republican renaissance would suggest that attention will remain on what is decided on the other side of the Atlantic, the implications of which could be far reaching e.g. tariffs, pulling out (again) of the Paris Agreement, an ongoing focus on budget deficits and the implications for bond yields, interest rates and inflation. Fortunately, we believe the strategy remains well placed in this environment as it has been so far this year. While not wanting to downplay the importance of the aforementioned factors, we feel we are much better qualified to focus on the fundamentals of the businesses we invest in on your behalf versus second guessing what President-elect Trump will do next and so are happy to ignore the 'noise'.

## Guinness European Equity Income

Our focus on quality companies that generate persistent high cash returns supported by strong balance sheets leaves the strategy well placed for such an environment. Your fund is equipped for all weathers, being well balanced across quality and value, with a focus on globally leading European companies supported by strong structural growth drivers and a solid and growing dividend yield. We believe that these characteristics will continue to stand the strategy and future performance in good stead.

We thank you for your continued support.

### **Portfolio Managers**

Nick Edwards

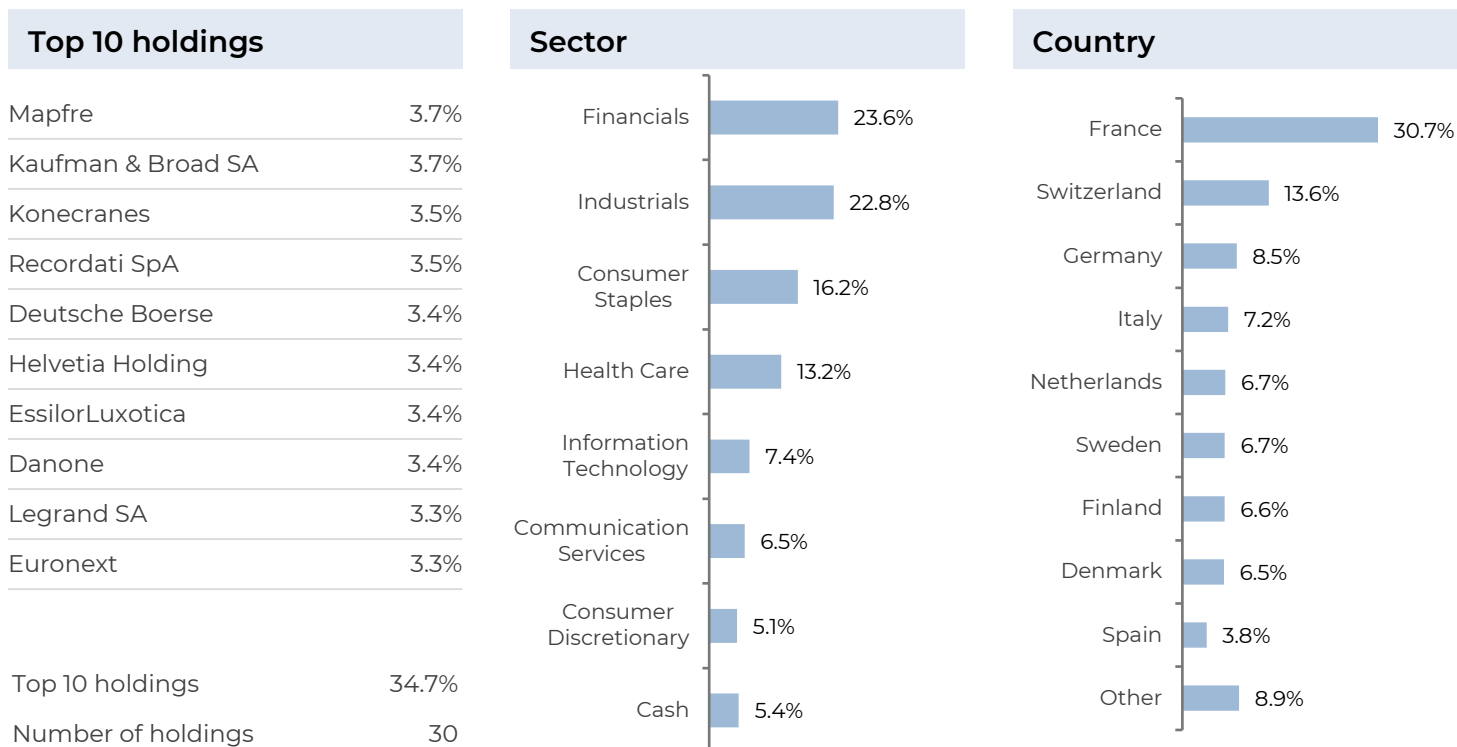
Will James

**GUINNESS EUROPEAN EQUITY INCOME FUND - FUND FACTS**

Fund size	\$39.6m
Fund launch	19.12.2013
OCF	0.89%
Benchmark	MSCI Europe ex UK TR
Historic yield	3.2% (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 EUROPEAN EQUITY INCOME FUND - PORTFOLIO**



## Guinness European Equity Income Fund

Past performance does not predict future returns.

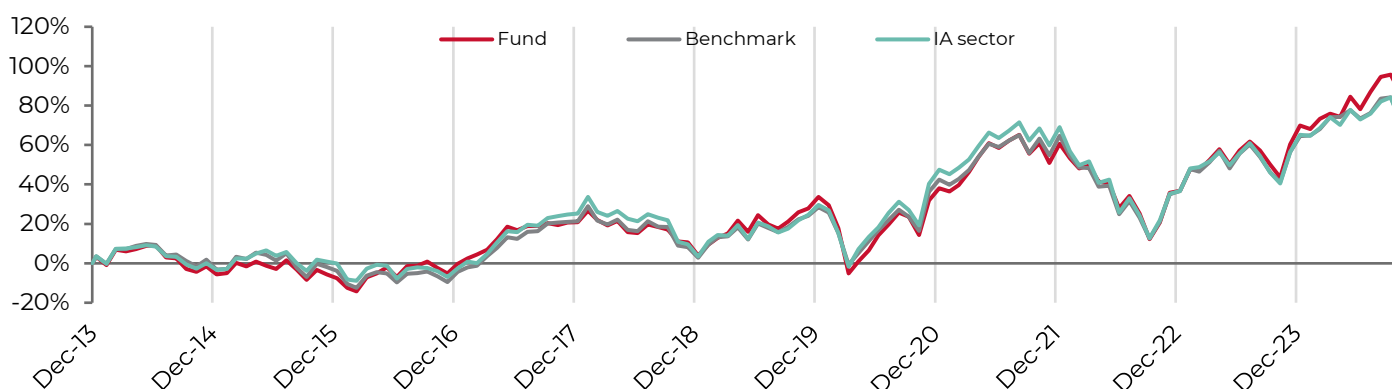
### GUINNESS EUROPEAN EQUITY INCOME FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-0.8%	+8.6%	+22.3%	+23.2%	+48.8%	+141.4%
MSCI Europe ex UK TR	-1.9%	+4.4%	+15.8%	+13.2%	+42.4%	+118.9%
IA Europe Excluding UK TR	-2.8%	+3.0%	+15.2%	+8.6%	+41.7%	+119.3%
(USD)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-5.0%	+9.5%	+29.6%	+15.5%	+47.8%	+94.4%
MSCI Europe ex UK TR	-6.0%	+5.3%	+22.7%	+6.1%	+41.5%	+75.9%
IA Europe Excluding UK TR	-6.8%	+3.9%	+22.1%	+1.8%	+40.8%	+76.3%
(EUR)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-2.3%	+11.5%	+26.1%	+23.2%	+52.0%	+123.6%
MSCI Europe ex UK TR	-3.4%	+7.1%	+19.5%	+13.1%	+45.4%	+103.0%
IA Europe Excluding UK TR	-4.2%	+5.7%	+18.9%	+8.5%	+44.7%	+103.4%

### GUINNESS EUROPEAN EQUITY INCOME FUND - ANNUAL PERFORMANCE

(GBP)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	+17.2%	-4.2%	+17.5%	+0.1%	+23.7%	-8.8%	+10.7%	+28.5%	+3.6%	-3.0%
MSCI Europe ex UK TR	+14.8%	-7.6%	+16.7%	+7.5%	+20.0%	-9.9%	+15.8%	+18.6%	+5.1%	-0.7%
IA Europe Excluding UK TR	+14.0%	-9.0%	+15.8%	+10.3%	+20.3%	-12.2%	+17.3%	+16.4%	+9.3%	-0.9%
(USD)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	+24.2%	-14.9%	+16.4%	+3.3%	+28.6%	-14.0%	+21.2%	+7.8%	-2.0%	-8.6%
MSCI Europe ex UK TR	+21.7%	-18.0%	+15.7%	+10.9%	+24.8%	-15.1%	+26.8%	-0.6%	-0.7%	-6.6%
IA Europe Excluding UK TR	+20.8%	-19.2%	+14.7%	+13.8%	+25.2%	-17.3%	+28.4%	-2.4%	+3.3%	-6.7%
(EUR)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	+20.0%	-9.3%	+25.2%	-5.2%	+31.1%	-9.8%	+6.4%	+10.9%	+9.0%	+3.9%
MSCI Europe ex UK TR	+17.6%	-12.6%	+24.4%	+1.8%	+27.1%	-10.9%	+11.4%	+2.4%	+10.7%	+6.4%
IA Europe Excluding UK TR	+16.7%	-13.9%	+23.4%	+4.4%	+27.5%	-13.1%	+12.8%	+0.5%	+15.1%	+6.2%

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



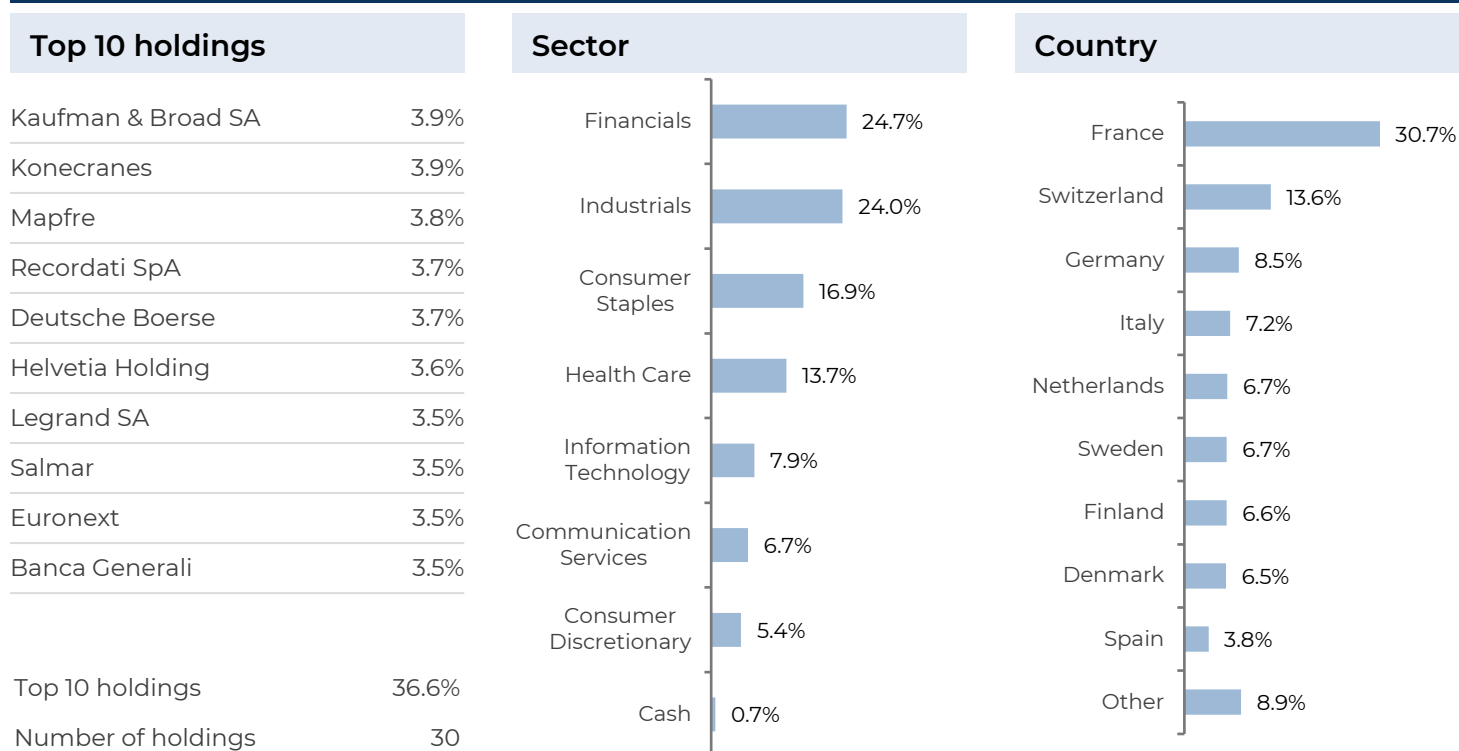
Source: FE fundinfo to 31.10.2024. Investors should note that fees and expenses are charged to the capital of the Fund. This reduces the return on your investment by an amount equivalent to the Ongoing Charges Figure (OCF). The current OCF for the share class used for the fund performance returns is 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 EUROPEAN EQUITY INCOME FUND - FUND FACTS**

Fund size	£0.7m
Fund launch	30.12.2022
OCF	0.89%
Benchmark	MSCI Europe ex UK TR
Historic yield	3.0% (Y 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 EUROPEAN EQUITY INCOME FUND - PORTFOLIO**





## WS Guinness European Equity Income Fund

Past performance does not predict future returns.

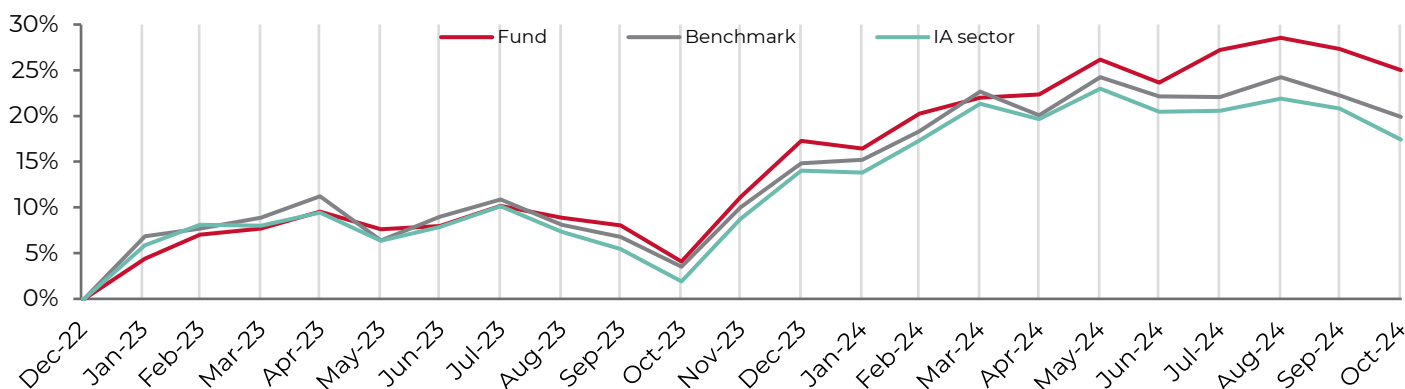
### WS GUINNESS EUROPEAN EQUITY INCOME FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-1.9%	+6.6%	+20.1%	-	-	-
MSCI Europe ex UK TR	-1.9%	+4.4%	+15.8%	-	-	-
IA Europe Excluding UK TR	-2.8%	+3.0%	+15.2%	-	-	-

### WS GUINNESS EUROPEAN EQUITY INCOME FUND - ANNUAL PERFORMANCE

(GBP)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	+17.3%	-	-	-	-	-	-	-	-	-
MSCI Europe ex UK TR	+14.8%	-	-	-	-	-	-	-	-	-
IA Europe Excluding UK TR	+14.0%	-	-	-	-	-	-	-	-	-

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



Source: FE fundinfo to 31.10.24. 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 European Equity Income Fund and the WS Guinness European 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](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 Funds or to buy or sell individual securities, nor does it constitute an offer for sale.

### GUINNESS EUROPEAN EQUITY INCOME FUND

#### 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.

### WS GUINNESS EUROPEAN 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/](http://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: [wtas-investorservices@waystone.com](mailto:wtas-investorservices@waystone.com)  
Dealing: [ordergroup@waystone.com](mailto:ordergroup@waystone.com)

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.