Guinness Asian Equity Income

Investment Commentary – December 2024

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

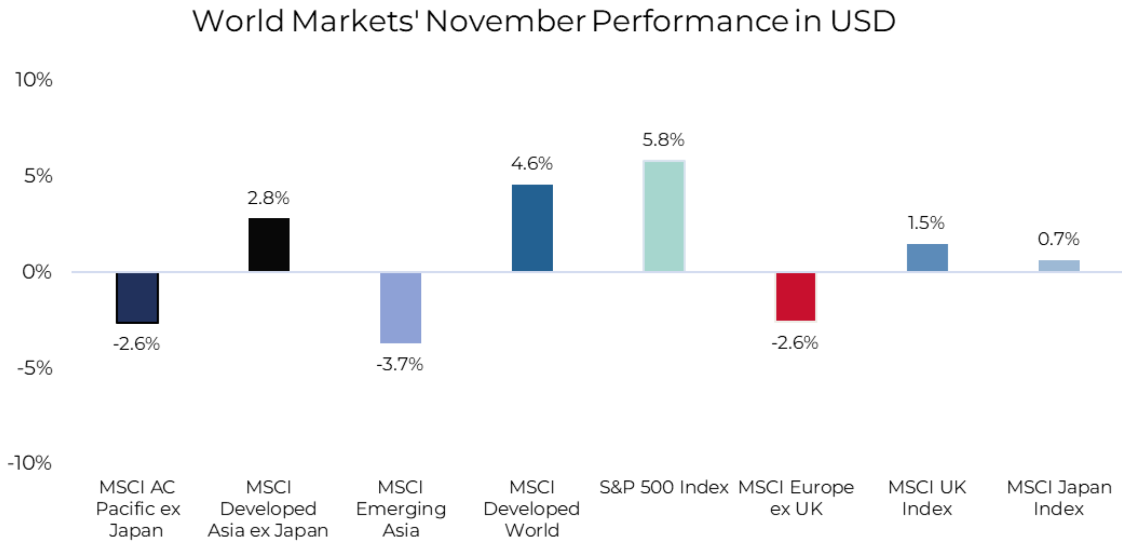
In November, the Fund fell 0.8% in GBP terms (Y share class, in GBP) compared to the MSCI AC Pacific ex Japan Net Total Return Index benchmark which fell 1.5%. Over the year to date the Fund is up 10.8% versus the index up 11.3%.

Commentary continues overleaf

MACRO

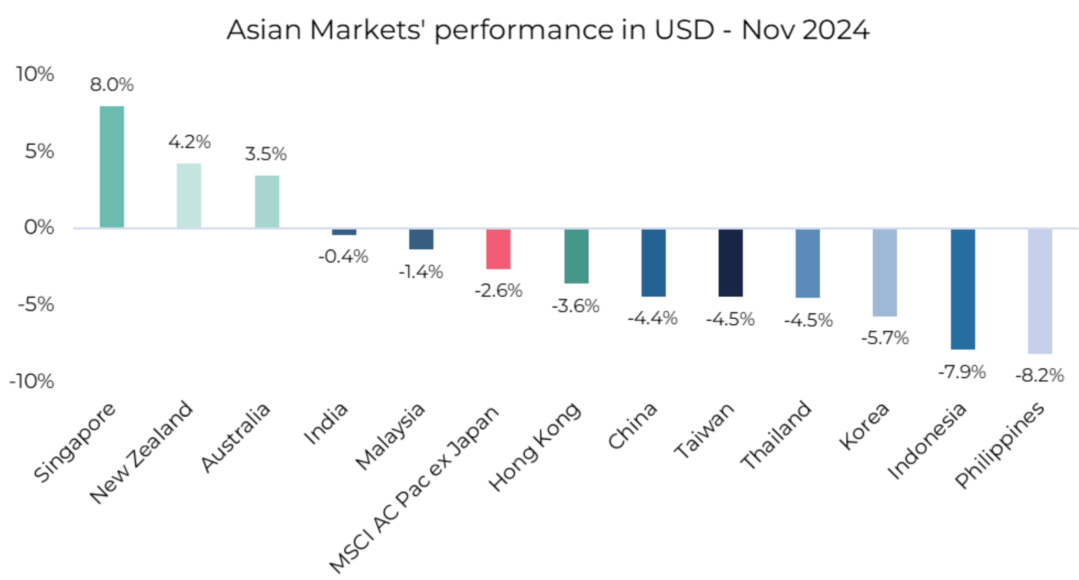
Market and stock returns discussed below, are in US dollar terms.

Markets across the world were generally weaker as the US election drew closer.

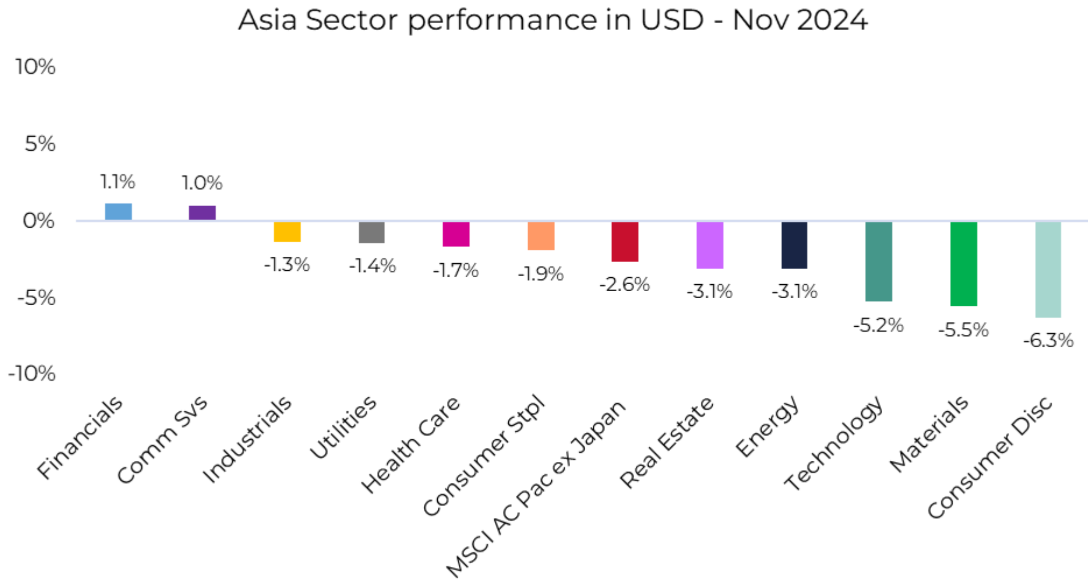


Source: Bloomberg, MSCI. Net returns in US dollars as of 29th November 2024

Following the US election result, Emerging Asia fell along with Europe as manufacturing regions retreated (although in Europe's case political upheaval in the heart of the Eurozone also hurt). Developed Asia, led by Singapore, Australia and New Zealand, offered some comparative safety.



Source: Bloomberg, MSCI. Net returns in US dollars as of 29th November 2024



Source: Bloomberg, MSCI. Net returns in US dollars as of 29th November 2024.

The most significant influencers of market performance in our view remain US interest rates, US policy decisions with respect to trade and tariffs, and Chinese efforts to re-energise the domestic economy.

US interest rates have begun their descent, and this has given room to central banks around the world to follow suit. In Asia, interest rates have for the most part remained below those of the US throughout the cycle and rate cuts have been more modest. Looking ahead, we see that core inflation is still 'sticky', making the timing of further moves by the Federal Reserve less certain. This inflation persistence is evident elsewhere is developed markets, notably for our region in Australia, where the benchmark rate has yet to come down from its recent high. Interest rates have been a big influence on valuations this year with the outlook for the US 10-year Treasury being a basis for modelling the long-term risk-free rate.

The policy decisions proposed by President-elect Trump muddy the waters. Much has been made of his talk on tariffs, a favoured foreign policy tool, not least because he can wield it on his own executive authority. However, his domestic policies deserve just as much scrutiny. We discussed last month the structure of the US Federal budget, the persistent spending deficit and the increases in both the stock of government debt and the interest rate on that debt. Tax cuts will need to be associated with reduced spending on mandatory items such as healthcare, social security and welfare or on defence to bring the budget deficit back under control. These are all challenging, and absent credible efforts to address it the market will inevitably begin to focus on the debt burden. PIMCO emphasised 'Vigilance before Vigilantism' on rising US debt at this stage but, as is the way of financial markets, we'll only know what that level is when we get there.

Chinese economic stimulus talk continues by turn to baffle and excite the market. Policy moves and accompanying rhetoric are the most assertive since the Financial Crisis and yet the direct big money injection into the consumer economy has not come. The financial restraint is causing some to be concerned. It seems to us that the government wants to see how far it can get without the kind of spending which has delivered in the short term but ultimately created little long-term value. So far, the government remains committed to its factory policy, which is designed to deliver long-term value through creation of pillar industries. On the financing side, it has sought to reignite local government engagement in municipal and city economies, from which they have withdrawn this year, through debt swaps and restructuring. (This is considered by many, onshore, to be most significant.) And on the consumer side they have offered a trade-in programme for household consumer goods which has been popular; the trade-in fund has been exhausted by strong take-up and has therefore been extended. But there's no 'big bazooka'. It seems likely to us that China is watching to see what Trump will actually do before deploying further resources. The next big date in the Chinese economic calendar for any such moves is March next year.

These, we think, will be the most influential forces on markets. The political issues in France and Germany have an effect on Eurozone valuations and has been evident in bond spreads but the impact of EU matters on Asia is as a market destination and of consumer confidence. The situation in the Middle East did not push the oil price up to stratospheric highs; it has remained between $70-$95 per barrel over this period and is currently at the lower end of that range. The ceasefire with Hezbollah in Lebanon and the subsequent collapse of the Assad regime in Syria indicates the limits of Russian and Iranian influence over events in the region. This is a significant re-ordering of political conditions in the region but its impact on markets cannot yet be gauged.

Finally, there were the initially worrying but ultimately farcical political upheavals in South Korea. We need not dwell on the singularly foolish effort by the President to force his way through a parliamentary impasse. However, the effect on the long-term plans for the Korean financial markets will be profound. The 'Value Up' programme and Korea's long-term goal of being included in developed market allocation lies in tatters. The economy may be developed, accessibility and operation of financial markets may have been improving, but political institutions look weak. Recent moves do not represent a South Korea that is modern in outlook, wealthy at over $33,000 per capita GDP and with a young population, over 70% of whom have grown up after authoritarian rule ended in 1987. This is why martial law only lasted a few hours before being reversed (no doubt also helped by a call from the US state department). Korea is not 'out'; its economy is too significant for that, but it has been set back.

FUND PERFORMANCE

This year has been an unusual one for Fund performance inasmuch as the allocation effect has been the driver of returns and stock selection a detractor. Over the life of the Fund and over the last three years, it has been stock selection that has been the primary driver. This reflects significant changes in the macro environment: declining interest rates, the AI theme, and China's sharp economic slowdown that finally prompted the policy changes announced in September. A full-year analysis will come in the Fund's annual review to be published in January.

In November, the picture was more as we would expect. Selection dominated, with the main contributions coming from within Consumer services, discretionary and staples, and from Healthcare and Technology.

In Consumer services, NetEase contributed following a set of results that gave reassurance on the pipeline of new games. Tencent (not held) has overshadowed the contribution from the sector this year, mostly because of its 'go-to' status when investors turn positive on China. We regard NetEase as fundamentally the stronger business.

In Consumer Discretionary, it has been our two Australian positions in Corporate Travel Management and JB HiFi that account for the contribution. We are especially encouraged to see the contribution from Corporate Travel, which disappointed the market earlier this year, triggering a sharp sell-off. We decided then to add to the position, on the view that the reasons behind the disappointment were not fundamental in nature.

The two Consumer Staples names we hold, Chinese dairy producer Inner Mongolia Yili and Australian grocer Metcash, were both additive to relative performance. Both have faced headwinds this year and Metcash in particular has a hill to climb in its hardware business. They have detractors over the full year and we expect Yili to emerge from its downswing sooner in 2025 while Metcash may not see much visible improvement until the second half of next year.

In Healthcare, both China Medical System and Sonic Healthcare were contributors. Here too, the year has been difficult. China Medical has seen a sharp drop in product pricing on some of its biggest-selling drugs as China's volume-based pricing policy (a government effort to control healthcare costs) bit harder than expected. Nevertheless, the company has new drugs in the pipeline with approvals expected to come through at the rate of three a year for the next three years. The recent set of results indicated that this was a one-off event that has reset the company's earnings trajectory at a lower level but also showed evidence of recovery.

The Technology portion of the portfolio, Elite Material, Tech Mahindra and Largan Precision contributed. So too did our (structural) underweight in TSMC, which underperformed the market in November. Our equal weighting approach has meant we cannot get close to a market weight in the stock and this has been expensive in terms of relative return this year (about a -2.6% detraction at time of writing). This structural issue however, places the onus on us to find other names that deliver as good if not better performance, and this year it has been Elite Material, Hon Hai Precision, Tech Mahindra and Broadcom that have delivered. Thus, rather than taking a single stock bet on TSMC, we have generated positive relative performance generated across five names.

The main detractors this month have been in the Real Estate and Financials sectors. In Real Estate, China Overseas Land was weakest, while the REITs were neutral in relative performance terms. Amongst Financials, which, unlike Real Estate, have contributed this year, the positive contributions from insurers Aflac and Korean Reinsurance were outweighed by weaker performance from Bank Rakyat in Indonesia and a modest retreat by our Chinese banks.

OUTLOOK

We shall have more to say in January, but as we go into the end of the year we see the technology theme continuing to run, with associated production benefits to Asian manufacturers. China's economic stimulus, albeit cautious with respect to massive financial injections into consumption, is now set. Local government debt restructuring will allow them to resume their significant role in economic activity 'at ground level' and evidence of strong take-up of the consumer goods trade-in & upgrade programme indicates a willingness to spend if conditions are favourable. We expect this domestic improvement to run on through 2025.

The big uncertainty is US policy next year on trade and tariffs both in quantum and impact. China's focus is on domestic recovery and how they will respond internally with respect to stimulus and externally with respect to counter-tariffs, restrictions on key minerals and currency policy remains unknown. Trump has proposed levying tariffs on anyone who isn't American, so this will become a global challenge. On the other hand, world supply chains have evolved significantly over the past 5-10 years.

Our view is that in an increasingly uncertain and re-ordered world it will be the best and strongest companies best able to adapt. The focus on Quality, therefore, remains sound, and how these qualities are identified and analysed will be key to assessing their durability. In our philosophy, the durability of these qualities, evidenced in the persistence of higher returns on capital, underpins the investment thesis and valuation argument for every stock we hold.

Portfolio Managers
Edmund Harriss
Mark Hammonds

GUINNESS ASIAN EQUITY INCOME FUND - FUND FACTS

Fund size	$242.5m
Fund launch	19.12.2013
OCF	0.89%
Benchmark	MSCI AC Pacific ex Japan 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.

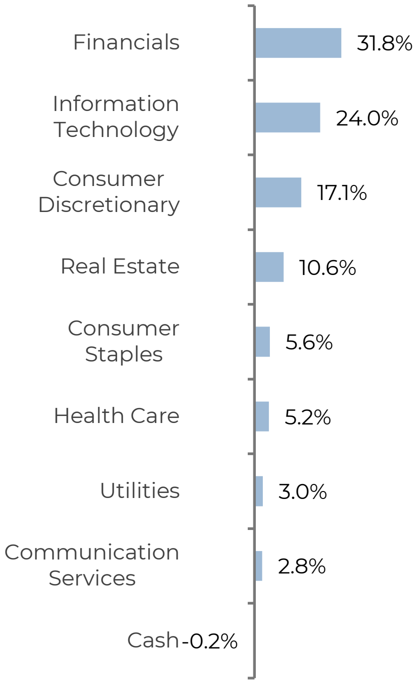
GUINNESS ASIAN EQUITY INCOME FUND - PORTFOLIO

Top 10 holdings

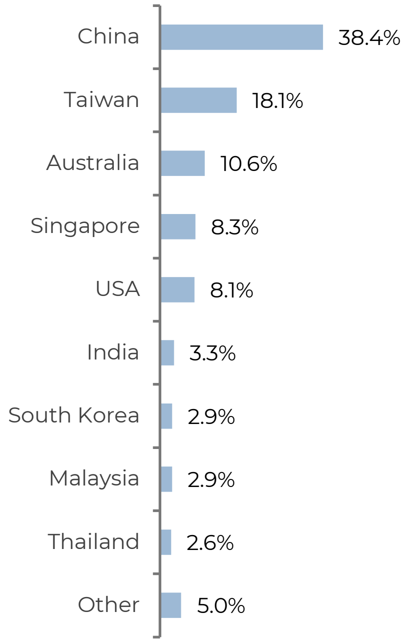
Inner Mongolia Yili Industrial	3.6%
Ping An Insurance	3.4%
Suofeiya Home Collection	3.3%
Tech Mahindra	3.3%
JB Hi-fi	3.2%
DBS Group Holdings	3.1%
Taiwan Semiconductor	3.1%
China Construction Bank	3.0%
China Resources Gas Group	3.0%
Aflac	3.0%

Top 10 holdings	32.0%
Number of holdings	36

Sector



Country



Past performance does not predict future returns.

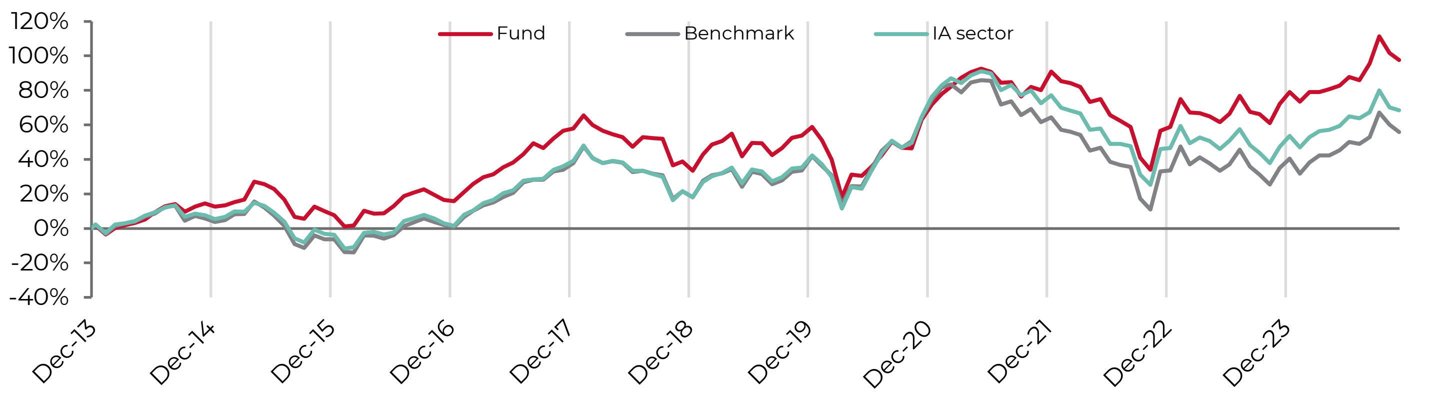
GUINNESS ASIAN EQUITY INCOME FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-0.8%	+10.8%	+14.4%	+14.3%	+30.9%	+112.9%
MSCI AC Pacific ex Japan TR	-1.5%	+11.3%	+14.9%	+0.3%	+18.7%	+81.7%
IA Asia Pacific Excluding Japan TR	+0.1%	+9.8%	+13.9%	+1.6%	+26.7%	+92.8%
(USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-1.9%	+10.5%	+14.8%	+9.8%	+28.6%	+72.9%
MSCI AC Pacific ex Japan TR	-2.6%	+11.0%	+15.4%	-3.6%	+16.7%	+47.4%
IA Asia Pacific Excluding Japan TR	-1.1%	+9.5%	+14.3%	-2.4%	+24.5%	+56.5%
(EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	+0.8%	+15.6%	+18.6%	+17.0%	+34.3%	+104.1%
MSCI AC Pacific ex Japan TR	+0.1%	+16.0%	+19.2%	+2.7%	+21.8%	+74.0%
IA Asia Pacific Excluding Japan TR	+1.7%	+14.5%	+18.1%	+4.0%	+30.0%	+84.7%

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 30.11.24. 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	£0.8m
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

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China Resources Gas Group	3.1%
Aflac	3.0%

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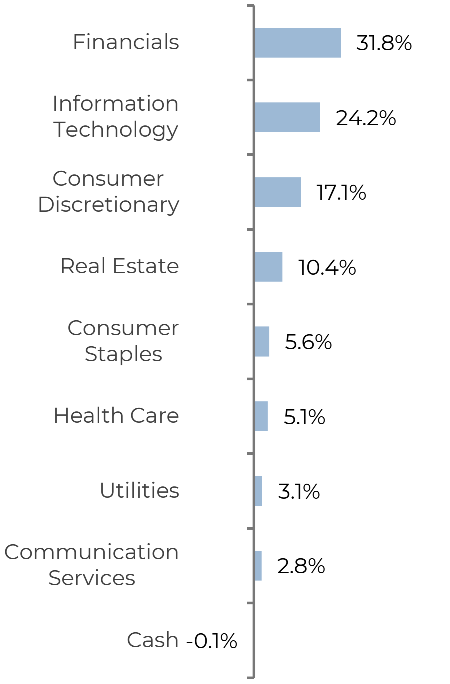
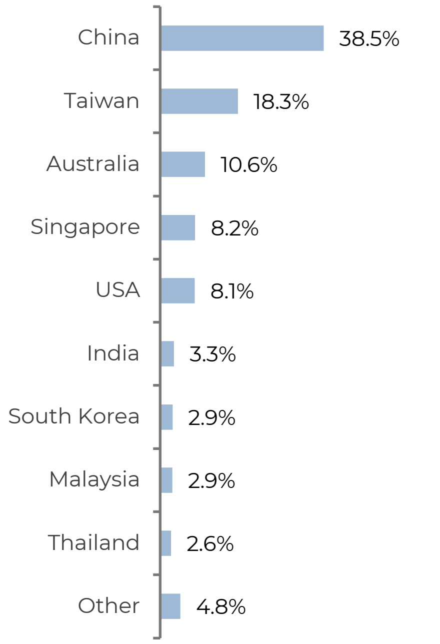


Country



Past performance does not predict future returns.

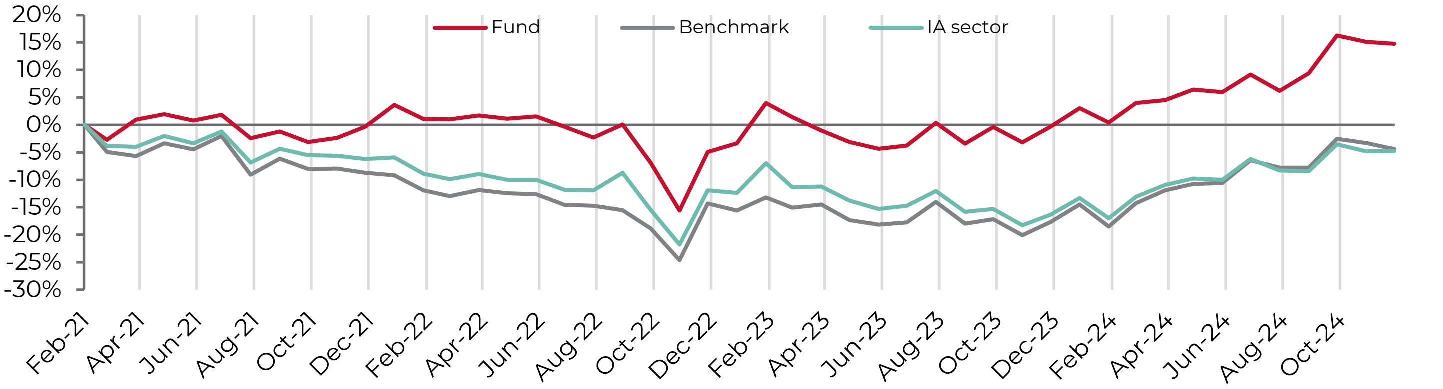
WS GUINNESS ASIAN EQUITY INCOME FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-0.3%	+11.3%	+15.1%	+15.1%	-	-
MSCI AC Asia Pacific ex Japan TR	-1.1%	+11.8%	+16.2%	+4.7%	-	-
IA Asia Pacific Excluding Japan TR	+0.1%	+9.8%	+13.9%	+1.6%	-	-

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 30.11.24. 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, Supplement, 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.

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: wtas-investorservices@waystone.com
Dealing: 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.

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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.