Guinness Emerging Markets Equity Income

Investment Commentary – December 2024

RISK

This is a marketing communication. Please refer to the Prospectus, Supplement, KID and KIID for the Fund, which contain detailed information on its 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

Launch	23.12.2016
Index	MSCI Emerging Markets
Sector	IA Global Emerging Markets
Managers	Edmund Harriss Mark Hammonds CFA
EU Domiciled	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 again weaker in November. The MSCI Emerging Markets Net Total Return Index fell 2.5% in the month (all performance figures in GBP unless stated otherwise).

The fund outperformed in this environment, falling 2.2%.

For the year to date, the fund remains ahead of the benchmark, up 8.5% versus up 8.0% for the benchmark.

Emerging markets underperformed developed markets in the month, as the MSCI World rose 5.7% in November. The US performed stronger still, with the S&P 500 Index gaining 7.0%.

All regions were lower. EMEA (Europe, Middle East and Africa) was the best performing, down 0.6%. Asia was next, down 2.7%. Latin America was the worst performer, falling 4.5%.

The weakness was led by growth, with growth falling 2.7% versus a decline in value of 2.4%.

Among the largest countries, the best performers were India (+0.6%), Saudi Arabia (–1.8%) and Mexico (–2.0%).

The worst performing countries were Korea (–4.7%), Brazil (-6.1%) and Indonesia (–6.9%).

The strongest performing stocks in the portfolio were Elite Material (+12.2%), British American Tobacco (+10.9%) and Netease (+10.4%).

The weakest performers were Nien Made (–16.4%), Catcher Technology (–16.3%) and B3 (–15.6%).

EVENTS DURING THE MONTH

Donald Trump won the US presidential election; Republicans gained control of the Senate and retained control of the House.

Emerging market currencies were weaker as the dollar strengthened. The Mexican peso and Chinese yuan were particularly affected on concerns over the threat of higher tariffs.

While equity markets were weaker, driven by currency movements, markets overall were relatively calm in the wake of the Trump victory; particularly when compared with their reaction in November 2016 on the first Trump win.

The German coalition government collapsed over a budget dispute.

US inflation picked up, with the headline rate rising to 2.6%. Core inflation was unchanged at 3.3%.

China announced a stimulus package with a headline amount of RMB 10tn, ($1.4tn) aimed at supporting local governments to refinance debt obligations.

Crude oil prices fell marginally, with Brent down 0.3%.

Emerging market currencies fell 2.4%, as the Dollar index (DXY) strengthened by 1.7%.

PORTFOLIO UPDATE

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

- **Porto Seguro** reported third-quarter results that came in ahead of consensus expectations. Guidance was positive with a lowered loss ratio for the full year of between 75% and 79% (versus 77-82% previously, with a lower value indicating increased profitability). Premiums for the quarter grew 6% on the previous quarter, benefitting mainly from industry-wide price hikes in July. The company is targeting a 20% minimum return on equity, which should be achievable even if loss ratios were to increase to a more normal level. Porto Seguro already has a 27% market share in auto insurance but is seeking opportunities to expand that marginally in particular regions. In the health division, the company currently has 640,000 insured lives; it is aiming to expand this to 1 million over time.

- **Inner Mongolia Yili**, a leading Chinese dairy company, reported mixed results for the third quarter. Margins came in above expectations, but revenues missed. The outlook for the industry is favourable, with an improved supply situation and a more steady pricing environment expected to lead to sales growth from the end of this year and into next. The company's shares trade towards the lower end of the historical range and offer an attractive dividend yield.

- **Nien Made**, a Taiwanese producer of window blinds, reported third quarter results in line with expectations. Margins reached a record level on a combination of favourable product mix and reduced material costs. The company has a diversified supply chain, with capacity expansion forthcoming in Mexico and Vietnam. This should give the company flexibility to continue to serve the US market, while seeking to minimize the impact of potential future tariffs on China or other countries.

- **Credicorp**, a Peruvian bank, reported third quarter results that were ahead of expectations. Net income grew 23% year-on-year, leading return on equity to reach 18.5%. A stronger contribution from Yape (digital wallet and mobile payments), improved Net Interest Margins and improved asset quality all contributed to results. Weaker loan growth (shrinking 3% quarter on quarter) was a detractor.

- **Hypera** reported weak third-quarter results, although with some signs on improvement. Revenues (sell-in) declined 10% year-on-year, in line with consensus; however, sell out (sales of products by pharmacies to end customers) grew by 11% as demand for flu treatments increased to a normalised level. The company has been targeting lower levels of inventory, and this has begun to result in improved cash generation. With an improved outlook and the shares trading at a very inexpensive valuation, we expect to see better returns from this investment in the future.

- **B3** reported third-quarter results that came in a little behind consensus. Revenues were lower on the end of the Desenrola programme in the financing unit (a federal programme to help consumers to improve their credit scores). Higher operating expenses put pressure on EBITDA margins which fell to 70% (although notably still a very high level in general terms). No change was made to guidance for fourth-quarter expenses. The competitive landscape is likely to change, with plans to launch a new stock exchange towards the end of next year (though this may fall into 2026). The attempt to disrupt the market is not new, and indicates the extent to which B3 operates an enviable business model, but nevertheless we will monitor developments in this area closely.

OUTLOOK

Following the raft of stimulus announcements that we saw from Chinese policy makers starting at the end of September, we have early data that gives us an indication of their impact so far.

We would typically expect the fastest transmission mechanism to be the monetary policy channel, and this indeed looks to be the be the case this time around. The clearest indication of the impact of stimulus measures has been the positive commentary made by management of the banks, who have been the beneficiaries of this easing. An improvement in retail loan demand for mortgages and credit card lending and an improved appetite for investment products have both been observed. Banks, of course, will face pressure on their net interest margins from the cuts in interest rates, but this is likely to be offset by higher loan growth. There have also been indications that better asset quality is observed, particularly in the property market. So the initial signs have been very positive.

On the fiscal side, we've seen measures falling into two broad categories: measures to help local governments refinance and restructure; and measures to help boost consumer demand. On the former, the announcement of RMB 10tn in stimulus will help ease the burden of many local authorities. However, there was some disappointment in the market that a portion of the total had already been announced, and as such did not represent ‘new’ money.

On the latter, we have seen some specific schemes to target the consumer, with vouchers issued to promote the replacement of consumer goods. This has had a positive impact on the manufacturers of home appliances, which have seen significant growth in sales in recent months, particularly of the most energy-efficient class of products. (A notable example which we hold in the portfolio is Haier Smart Home.) Again, however, the overall reaction by the market has been one of disappointment that the measures have not been extended or made broader in scope.

Nevertheless, there is still firepower left in reserve, and we have seen further positive commentary from the Politburo that more stimulus is to be expected. It is likely that policy makers are waiting to see what the incoming Trump administration’s first moves are, particularly in relation to tariffs and trade, before deciding how to deploy this additional stimulus.

Ultimately, the main benefit of the stimulus measures has been to begin to restore confidence. While it is still early on in this process, and there is likely more to come, the signs so far have been positive.

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 therefore 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 continuing to perform well when handling challenging circumstances in future.

Portfolio Managers

Edmund Harriss
Mark Hammonds

GUINNESS EMERGING MARKETS EQUITY INCOME FUND - FUND FACTS

Fund size	$8.9m
Fund launch	23.12.2016
OCF	0.89%
Benchmark	MSCI Emerging Markets TR
Historic yield	3.7% (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.

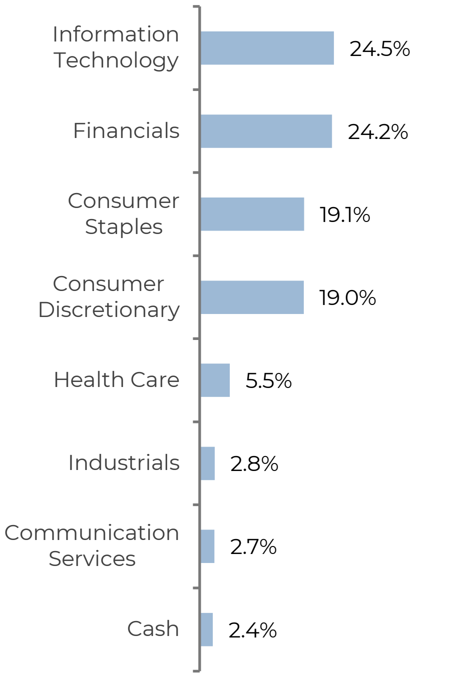
GUINNESS EMERGING MARKETS EQUITY INCOME FUND - PORTFOLIO

Top 10 holdings

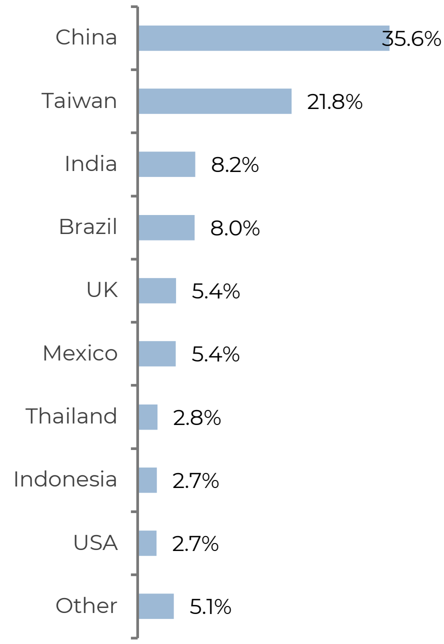
Kweichow Moutai	2.8%
Tisco Financial Foreign	2.8%
China Medical System	2.8%
Elite Material	2.8%
Hon Hai Precision Industry	2.8%
Zhejiang Supor	2.8%
British American Tobacco	2.8%
Taiwan Semiconductor	2.8%
Shenzhou International	2.8%
Haitian International Holdings	2.8%

Top 10 holdings	27.8%
Number of holdings	36

Sector



Country



Past performance does not predict future returns.

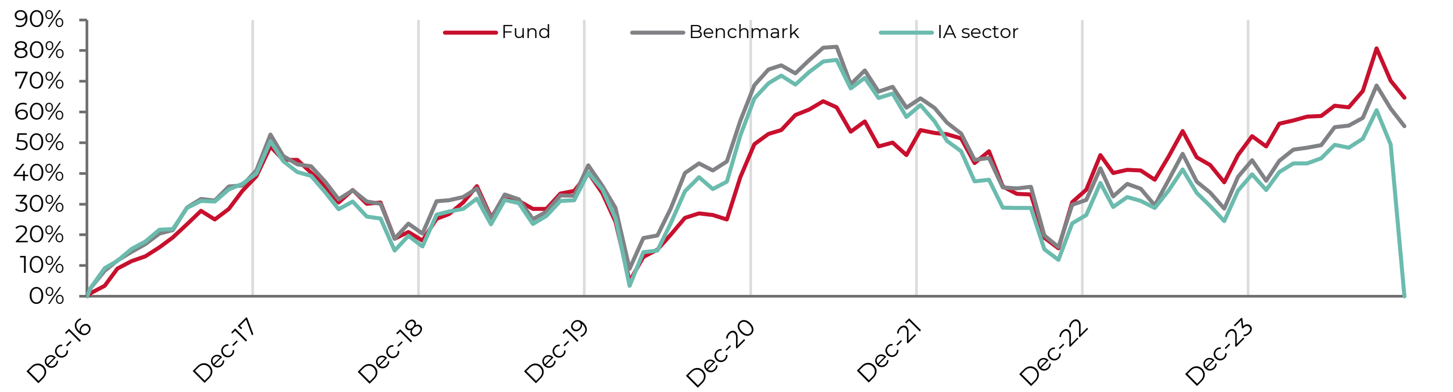
GUINNESS EMERGING MARKETS EQUITY INCOME FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-2.2%	+8.5%	+12.4%	+17.4%	+24.8%	-
MSCI Emerging Markets TR	-2.5%	+8.0%	+11.4%	+0.2%	+19.1%	-
IA Global Emerging Markets TR	-1.4%	+7.2%	+10.7%	-1.8%	+15.8%	-
(USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-3.3%	+8.2%	+12.8%	+12.8%	+22.6%	-
MSCI Emerging Markets TR	-3.6%	+7.7%	+11.9%	-3.8%	+17.1%	-
IA Global Emerging Markets TR	-2.5%	+6.8%	+11.1%	-5.7%	+13.8%	-
(EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-0.6%	+13.2%	+16.6%	+20.2%	+28.0%	-
MSCI Emerging Markets TR	-0.9%	+12.6%	+15.6%	+2.6%	+22.2%	-
IA Global Emerging Markets TR	+0.2%	+11.7%	+14.8%	+0.5%	+18.8%	-

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 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, 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.

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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.

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.

Telephone calls will be recorded and monitored