Guinness Greater China

Investment Commentary – December 2024

GUINNESS GLOBAL INVESTORS

RISK

This is a marketing communication. Please refer to the prospectus, supplement, KIDs and KIIDs 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 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	15.12.2015
Index	MSCI Golden Dragon
Sector	IA China & Greater China
Managers	Sharukh Malik CFA Edmund Harriss
EU Domiciled	Guinness Greater China Fund

OBJECTIVE

The Guinness Greater China Fund is designed to provide investors with exposure to economic expansion and demographic trends in China and Taiwan. The Fund is managed for capital growth and invests in profitable companies generating persistently high return on capital over the business cycle. The Fund is actively managed with the MSCI Golden Dragon used as a comparator benchmark only.

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SUMMARY

In November, the Guinness Greater China Fund (Y class, GBP) fell by 1.7%, while the benchmark, the MSCI Golden Dragon Net Total Return Index (MSCI Golden Dragon Index) fell by 3.3%, and the MSCI China Net Total Return Index (MSCI China Index) fell by 3.4%. Therefore in the month the Fund outperformed the MSCI Golden Dragon Index by 1.6% and outperformed the MSCI China Index by 1.7% (please see page 3 for an explanation of why we refer to the MSCI China Index).

In November, relative to the MSCI China Index, contributors to the Fund's performance were stock selection in the Consumer Discretionary and Information Technology sectors. The fund's overweight to onshore markets, growth and mid-cap stocks also helped performance. Detractors from Fund performance were stock selection in the Health Care and Financials sectors.

China made it easier for larger investors to become "strategic investors" in listed companies. The lock-up period for these investors was cut from three years to one year, and the minimum investment amount for the designation was cut from $500m to $300m. Foreign investors can more easily take a stake in these instances, as tender offers are now allowed in addition to the previous means of private placements or share transfer agreements.

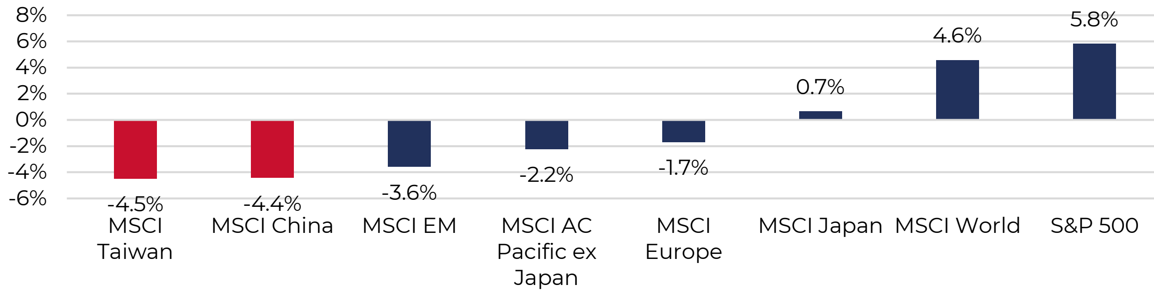
The home purchase deed tax was cut from as high as 3%, to 1% for first- and second-time home buyers. This is expected to boost property demand.

Export tax rebates were cut for a wide range of goods. For solar panels and batteries, the rebates were cut from 13% to 9%. For aluminium and copper, the rebates were completely removed. Part of the rationale for cutting the rebates may have been to ease trade tensions with other countries.

Commentary continues overleaf

COMMENTARY

(Performance data in the section in USD terms unless otherwise stated)

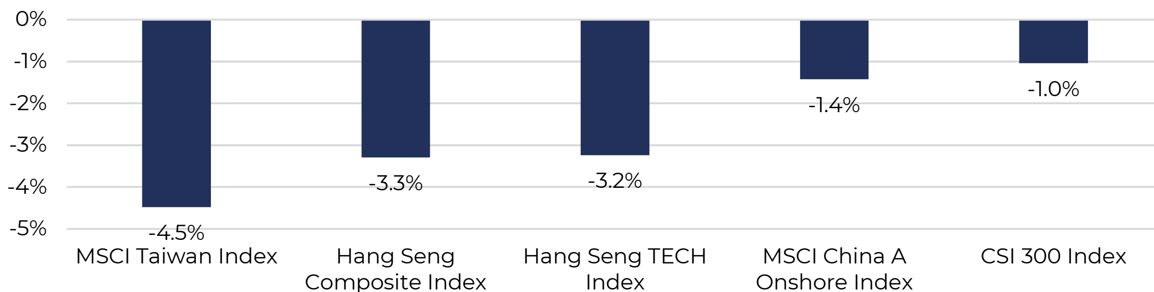


(Data from 31/10/24 to 30/11/24, returns in USD, source: Bloomberg, Guinness Global Investors calculations)

After the stimulus fuelled rally at the end of September, China has given back some of its gains. In November, the MSCI China Index fell by 4.4% compared to the MSCI World Index which rose by 4.6%. Part of China's fall was driven by the lack of greater stimulus targeted directly towards the consumer. But we highlight progress in tackling local government debt – discussed further in the outlook section below.

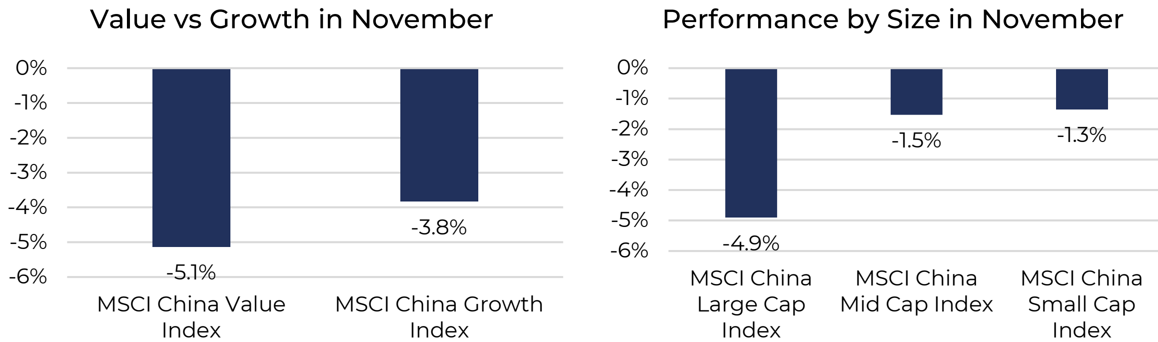
The election of Donald Trump as the next President in the US was also a cause of weakness for China. Trump has said he will increase tariffs on Chinese products by 10% and has threatened to increase them to 60%. He has already started to nominate China hawks in important posts, such as Marco Rubio as Secretary of State and Mike Waltz as National Security Advisor. But his pick for Secretary of the Treasury, Scott Bessent, is viewed by some as more moderate on China. Bessent views Trump's threats of 60% tariffs as a "maximalist" position that could be negotiated, though we caution Bessent is just one of many senior officials within the incoming administration and does not represent Trump's views.

Taiwan was also notably weak following Trump's win. Trump has accused Taiwan of stealing America's chip business and has threatened to also introduce tariffs on chips from Taiwan. He also wants Taiwan to pay more for its defence.



(Data from 31/10/24 to 30/11/24, returns in USD, source: Bloomberg, Guinness Global Investors calculations)

Offshore markets, as measured by the Hang Seng Composite Index, were weaker in November as they fell 3.3%. Onshore markets, as measured by the MSCI China A Onshore Index, were slight outperformers, falling by 1.4%.



(Data from 31/10/24 to 30/11/24, returns in USD, source: Bloomberg, Guinness Global Investors calculations)

Value stocks fell by 5.1% compared to the growth index which fell by 3.8%. Large-caps continued to underperform, falling 4.9% in November compared to the 1.5% drop for the mid- cap index and 1.3% drop for the small-cap index.

ATTRIBUTION

In November, the Guinness Greater China Fund (Y class, USD) fell by 2.8%, while the benchmark, the MSCI Golden Dragon Index fell by 4.4%, and the MSCI China Index fell by 4.4%. Therefore in the month the Fund outperformed the MSCI Golden Dragon Index by 1.6% and outperformed the MSCI China Index by 1.6%.

The MSCI Golden Dragon Index is a weighted average of the MSCI China, Taiwan and Hong Kong indexes. As of the end of November, Taiwan's weight in the Golden Dragon Index was c.38%. In the Fund, we hold two positions in Taiwan which collectively have a weight of c.6.5%. As the Fund is underweight to Taiwan compared to the benchmark, the Fund suffered from less of the underperformance of the MSCI Taiwan Index.

In November, relative to the MSCI China Index, areas which helped the Fund's performance were:

- Stock selection in the Consumer Discretionary sector, driven by the underweight to Pinduoduo and Meituan (neither held), as well as Alibaba (held). The Fund is run on an equally weighted basis and so each position has a neutral weight of 3.2%. As of the end of November, Alibaba's weight in the MSCI China Index was 8.4%, making it the second largest stock in that index. Alibaba underperformed in the month and so the Fund suffered from less of its underperformance than the index.

- Stock selection in the Information Technology sector, driven by Shenzhen H&T Intelligent and Elite Material. H&T Intelligent was the strongest stock in the portfolio, rising 45%. It has a stake in Moore Threads which is planning on listing in the onshore market. Moore Threads has been called by some the Nvidia of China, and H&T Intelligent is apparently the only listed company with exposure to Moore Threads, driven by its 1.2% stake in the company. Retail investors moved into the stock, with daily turnover reaching as high as $1.3bn compared to the one-year average of $75m. Therefore the stock rose by 164% between the bottom in September and peak in November. As part of the rebalancing process of the Fund, we reduced our exposure to the stock twice in the month, as valuations reached historically high levels and the stock reached 6.0% of the Fund.

- The Fund is overweight to the onshore markets, so onshore markets' outperformance was beneficial for Fund performance.

- The Fund is overweight to growth and mid-cap stocks, so these factors' outperformance contributed to Fund performance.

In November, areas which detracted from the Fund's relative performance were:

- Stock selection in the Health Care sector, driven by CSPC Pharmaceutical and Sino Biopharmaceutical.
- Stock selection in the Financials sector, driven by AIA Group and China Merchants Bank.

US and Export Exposure

On a weighted average basis, 78% of the Fund's revenue is derived from China and 22% is from exports. In response to the risk of rising tariffs once Trump comes into power, we will discuss our exposure to the US. Not every company we hold discloses its export sales by country, as generally a country breakdown is provided if sales to that country are viewed as material. As a rough rule of thumb, this is when export sales to a specific country are more than 10% of total revenue. On this basis we assume that if sales to the US are not disclosed for a company, sales to the US are worth less than 10% of that company's total revenue.

For those companies that do report US exposure:

- Haier Smart Home (US revenue worth 31% of total revenue in 2023) – of sales to the US, 60% of production is in the US, 20-30% is in Mexico and 10% is in China. Management say they can become more efficient in their US productions in order to increase output, and can work on expanding their Thailand and Vietnam facilities.
- Shenzhou International (US revenue worth 16% of total revenue in 2023) – for the past decade, this garment manufacturer has been diversifying its production facilities across South East Asia. This was initially due to economics, as rising wages in China meant that Vietnam and Cambodia were more attractive locations. In recent years, due to geopolitical risk this move into South East Asia also has diversification benefits. In 2016, 69% of staff were based in China and 31% were abroad. By 2023, 49% of staff were in China and 51% were abroad (split 29% Vietnam and 21% Cambodia). Shenzhou has the flexibility to use its various production sites to respond to tariffs. Its Vietnam facilities predominately manufactures for US sales, while Cambodia targets Europe and domestic facilities target China and the broader Asia-Pacific region.
- Midea (US revenue worth c.6% of total revenue in 2023) – Midea is one of the world's largest household appliances firms, well known for its air conditioning business. Though not disclosed in its annual report, separately Midea has indicated sales to the US are worth only 6% of revenue. US exposure is relatively small and is mostly via the home appliances segment rather than the air conditioning business. Over the past few years, Midea has been expanding its footprint worldwide and now has production plants in Brazil, Indonesia, Italy, Thailand, India, Mexico and Egypt. The company can use these various sites to offset tariff risk.

For completeness, we also briefly comment on our Chinese holdings where overseas sales account for a meaningful portion of sales:

- Shenzhen H&T Intelligent (overseas revenue worth 67% of total revenue in 2023) – H&T is a manufacturer of controllers (chips) for household appliances and power tools. The controllers are used as a component for said applications and so are unlikely to face direct tariffs – rather they are likely to be indirectly affected as the final goods may be subject to tariffs. The company has said direct exports to the US account for a "relatively small proportion" of sales and current tariffs have no significant impact on performance. To counter the risk of rising US tariffs, the company is building a new factory in Mexico. It also has bases in Vietnam, Italy and Romania which it can utilise should tariffs rise.
- Sany Heavy Industry (overseas revenue worth 58% of total revenue in 2023) – Sany is a manufacturer of construction equipment, covering excavators and construction cranes. The US already has a 25% tariff on imports of Chinese construction equipment. So in response, Sany has facilities in Indonesia to serve the US, with capacity of 8,000 units. This has allowed Sany to avoid the tariffs. The company has also started building capacity in the US and trial production has begun.
- AIA Group (overseas revenue worth 42% of total revenue in 2023) – of the overseas revenue, this can be further split into 12% from Thailand, 13% from Singapore and 7% from Malaysia.

- Alibaba (overseas revenue worth 37% of total revenue in 2023) – though Alibaba does not disclose US exposure, we know its international e-commerce sites targeting the West has been doing better recently, along with the likes of Shein and Temu (owned by Pinduoduo). These companies all rely on the "de minimis exemption", which allows goods worth less than $800 to be shipped to customers without being declared at customs or paying any tariffs or duties. This practice is now under scrutiny and if the cap was lowered or even eliminated, Alibaba's e-commerce segment is likely to slow. Alibaba has also been affected by US restrictions on chip exports, meaning Alibaba cannot buy the most cutting edge chips from Nvidia. On this front, we expect more of the same from a Trump administration.

- Zhejiang Supor (overseas revenue worth 26% of total revenue in 2023) – management say exposure to the US is "limited". More than 50% of its sales to the US are manufactured in Vietnam and there is room for Vietnam to take on more if tariffs increase.

- Hangzhou First Applied Material (overseas revenue worth 19% of total revenue in 2023) – First Applied is the world's largest manufacturer of solar film, which protects solar modules. It sells to the major module manufacturers worldwide, many of whom are Chinese. The US is likely a trivial part of First Applied's exports as the US already imposes 50% tariffs on imports of solar modules from China.

- Geely Automobile (overseas revenue worth 18% of total revenue in 2023) – of the overseas revenue, this can be further broken down into 10% from Eastern Europe, 3% from Northern Europe and 3% from the Middle East.

MACRO

Consumer Support

Though Chinese markets have given back some of their gains, as greater stimulus for households has not yet come through, we do highlight that other important policies have been enacted. These moves have not necessarily dominated headlines but nonetheless are needed if China is to navigate its current economic weakness.

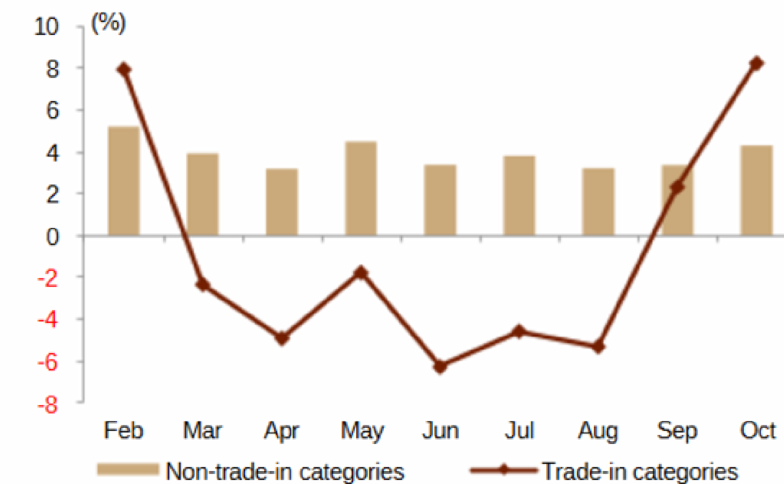
To summarise September's stimulus, China's monetary and fiscal policies were loosened. With the Federal Reserve cutting interest rates, China has more room to lower its own rates without exacerbating capital outflows or putting significant strain on the Renminbi (holding all other factors constant). The People's Bank of China (PBOC) cut short-term rates by 0.2 percentage points, which was a larger-than-usual cut. It also lowered the required reserve ratio (RRR), injecting approximately CNY 1 trillion ($138bn, assuming USDCNY 7.24) of liquidity into the economy. But the underlying issue in China is weak demand for credit and so we view the RRR cut as not very effective.

It is demand for credit which is the issue and here the fiscal policies aimed towards the property market and consumer are relevant. In the property sector, mortgage interest rates were reduced which should save households CNY 150bn ($21bn) annually. But the impact on demand is expected to be limited as each household is likely to save only CNY 200-300 ($30-43) a month. The government has also relaxed down payment ratios for second homes, although previous efforts in this area have only led to short-term boosts.

For the consumer, a trade-in programme has been introduced for older products, with the aim of stimulating spending. CNY 150bn ($21bn) of subsidies is available, allowing consumers to upgrade older products such as household appliances and passenger vehicles. Consumption vouchers have also been handed out in some cities, the proceeds of which can be spent on outdoor activities. While this is a start, we argue the measures are modest in scale, representing only a small percentage of retail sales. To significantly boost economic growth, the government will have to scale up its support. Reports indicate the government is to issue CNY 2 trn ($286bn) of sovereign bonds, which is on top of the CNY 1 trn ($143bn) of ultra long-term bonds already announced this year. We expect part of the proceeds to be spent on scaling up the funding behind the consumer trade in programme.

We now look at how effective this consumer support has been. Research by CICC estimates that by the end of October, subsidies worth nearly CNY 70bn ($9.7bn) had been provided to consumers. They look at sales for goods covered by the trade-in programme, where the chart below shows sales were contracting over the spring and summer. Once the subsidy programme was finalised in August, sales started to grow in September and October. CICC estimate that between September and October, the amount of subsidies granted increased by CNY 41bn ($5.7bn), while retail sales of trade-in goods rose by CNY 100bn ($13.8bn). This results in a fiscal multiplier of 2.6x, higher than the 2.3x figure they estimate for the 2010 trade-in programme. While this is encouraging, the boost in spending needs to be put into context. In 2023, China's GDP was CNY 126 trn ($17.4 trn), so a CNY 100bn boost is only worth 0.08% of GDP. As we argued in October, the policy makes sense, but its scale needs to be expanded significantly to boost overall economic growth.

Figure 5: YoY growth in monthly total retail sales of consumer goods

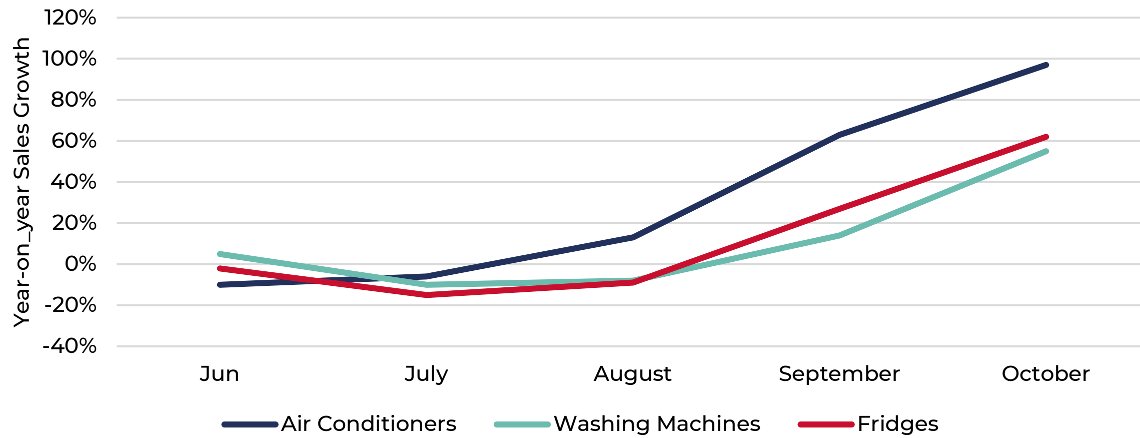


Note: Trade-in goods include household appliances and audio-visual equipment, automobiles, furniture, and construction and decoration materials.
Source: Wind, CICC Research

(Source: CICC, 2024)

For the CNY 150bn ($21bn) funding the consumer trade-in programme, CNY 30bn ($4.1bn) has been allocated to household appliances specifically. According to the National Development and Reform Commission (NDRC), sales of home appliances increased by 40% in October (year-on-year unless otherwise specified). As of early November, CNY 26bn ($3.6bn) of subsidies had been provided to consumers, driving CNY 138bn ($19bn) of purchases. However this also implies that most of the CNY 30bn ($4.1bn) of subsidies was used up by early November, meaning it is likely demand for household appliances may slow in the last two months of the year.

According to data from All View Cloud, retail sales of air conditioners in the offline channel rose by 63% in September and 97% in October; for washing machines they rose 14% in September and 55% in October; and for fridges they rose 27% in September and 62% in October. Our holdings Haier Smart Home and Midea Group have benefited from this growth. In the offline channel, for air conditioners Midea has 36% market share and Haier has 14% market share; for washing machines, Haier has 37% market share.



(Source: AVC, UBS, 2024)

The growth in home appliances sales also benefited our e-commerce holding JD.com, which has a good reputation in this space. In October, the industry's online retail sales grew by 11% and home appliance sales grew by 39%.

For passenger vehicles, the maximum subsidy for EVs was doubled from CNY 10k ($1.4k) to CNY 20k ($2.8k); for gasoline cars, the allowance was also doubled from CNY 7k ($1k) to CNY 15k ($2.1k). As of mid-November, there were more than two million applications for the subsidy. To put this number into context, 21.7 million passenger vehicles were sold in China last year, so two million applications for the subsidy is substantial.

Subsidies are also available for home renovations. We hold Suofeiya Home Collection, which is a manufacturer of kitchen cabinets and wardrobes. Orders grew significantly in October. Suofeiya's store in Guangzhou had revenue of CNY 100m ($14m) in October, far higher than the CNY 45m ($6m) in the peak month in 2023.

Property Support

In September, the government also cut mortgage rates by 0.5pp. The downpayment ratio for second homes was cut from 25% to 15%, putting it at the same level as first homes. Home purchase restrictions were relaxed in tier one cities such as Shanghai and Guangzhou. So far, we have seen registrations for primary sales (new properties) spike up since the stimulus, growing year-on-year. However registrations remain well below 2019-2021 levels, which marked the peak of the Chinese property market. Home prices, as measured by the NBS measure tracking 70 major cities, fell by 6.2% year-on-year in the primary market in October. Contract sales for the largest 100 property developers initially increased by 5% year-on-year in October, but then fell 10% in November.

Local Government Debt Swap

In November, the government announced CNY 10 trn ($1.4 trn, assuming USDCNY 7.24) of funding for debt swaps. Of this amount, CNY 6 trn ($0.83 trn) is new, while the other CNY 4 trn ($0.55 trn) was re-allocated from the quota for existing local government bonds. The funding allows local governments to issue bonds, replacing existing debt. Existing debt is generally less transparent and is generally held through other entities called local government financing vehicles (LGFV), which is considered as off-balance sheet debt.

Why was debt held off-balance sheet? Until around 2015, local governments could not directly issue debt. Due to growth targets and insufficient tax receipts to fund expenditures, they relied on LGFVs where there were no restrictions on debt issuance. Since 2015 local governments have been able to issue bonds themselves, but have still used LGFV to raise debt despite central government discouraging the practice.

The debt swap should reduce the interest rate burden on local governments, freeing up funds for spending to support the real economy. To give more context to this point, many local governments are facing budget pressures. A substantial portion of their tax receipts are derived from land sales and given the weak property market, tax income from this channel has fallen. Land sales revenue fell by 30% in 2022-2023 and year-to-date (end of October), land sales revenue has fallen a further 23% and tax revenue has fallen 5%. As a result, local governments have generally been cutting back on spending such as by cutting salaries for staff. They are also being more active on finding new sources of revenue e.g. administrative fines on individuals and companies for fairly trivial oversights, and more aggressive tax collection. To add to this, in some provinces the interest burden on LGFV debt takes up a large portion of local government revenue. In Guangxi, Chongqing and Gansu, the interest burden accounts for c.35-40% of local government revenue

The debt swap should reduce some of the budgetary pressure local governments are facing, as off-balance sheet debt is more expensive than local governments bonds. So the debt swap is expected to reduce the interest burden because local governments are to pay lower interest rates on bonds. This should free up cash to fund daily expenses e.g. pay civil servants on time, pay suppliers in a more timely fashion. The Ministry of Finance estimates the interest burden may fall by CNY c.500-600bn ($69-83bn) over the next five years. Taking the midpoint and assuming this is split equally each year, an annual saving of CNY 110bn ($15bn) is worth 0.09% of 2023's GDP. So while the debt swap is important in reducing risks, it is ultimately expected to have a small impact on economic growth.

OUTLOOK

The Minister of Finance has said China will expand the number of consumer goods that are eligible for the trade in subsidy, as well as the total value of subsidies provided. More support will also be provided for equipment upgrades, which already has CNY 148bn of funding to subsidies upgrades of corporate equipment. This is encouraging as while the existing policies make sense, current funding is too small to have a significant impact on economic growth.

In early December, the Politburo further strengthened its wording on policy, as "more proactive" fiscal policy and "moderately loose" monetary policy was called for. These phrases are important as "more proactive" fiscal policy was last mentioned soon after the covid outbreak started, and "moderately loose" monetary policy was last used after the financial crisis. The Central Economic Work Conference is now being held and growth targets and budgets for next year will be disclosed to local governments, though the national GDP growth target will not be officially disclosed until the Two Sessions meeting in March. As ever, specific policies are needed to get the economy going and more funding is required to expand some of the existing schemes in place. Of course, the new Trump administration coming into power in January is another factor to watch and we believe it is likely the Chinese government is waiting to see how tariffs play out, before they move decisively on policy.

Portfolio Managers

Sharukh Malik
Edmund Harriss

GUINNESS GREATER CHINA FUND - FUND FACTS

Fund size	$7.8m
Fund launch	15.12.2015
OCF	0.89%
Benchmark	MSCI Golden Dragon TR

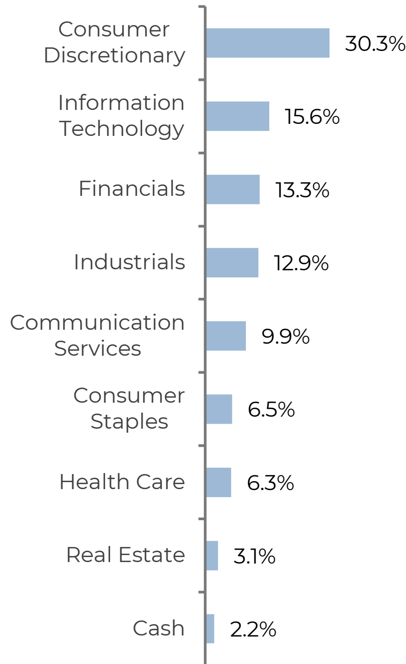
GUINNESS GREATER CHINA FUND - PORTFOLIO

Top 10 holdings

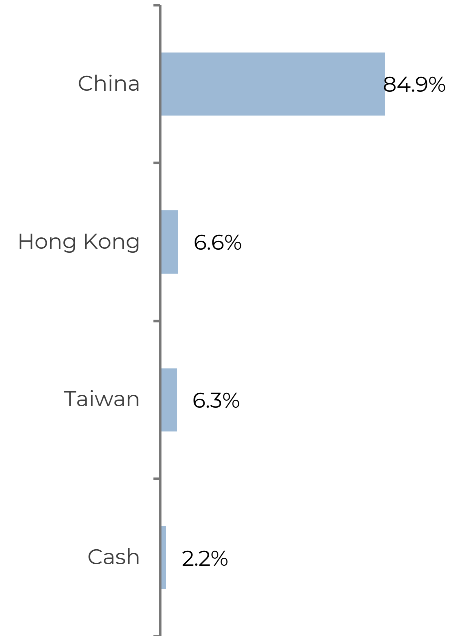
Tencent Holdings	3.9%
JD.com	3.8%
TravelSky Technology	3.6%
Shenzhen Inovance Technology	3.6%
Midea Group Co Ltd	3.6%
Suofeiya Home Collection	3.5%
AIA Group Ltd	3.4%
Sany Heavy Industry	3.4%
Xinyi Solar	3.4%
Geely Automobile Holdings	3.4%

Top 10 holdings	35.5%
Number of holdings	31

Sector



Country



Past performance does not predict future returns.

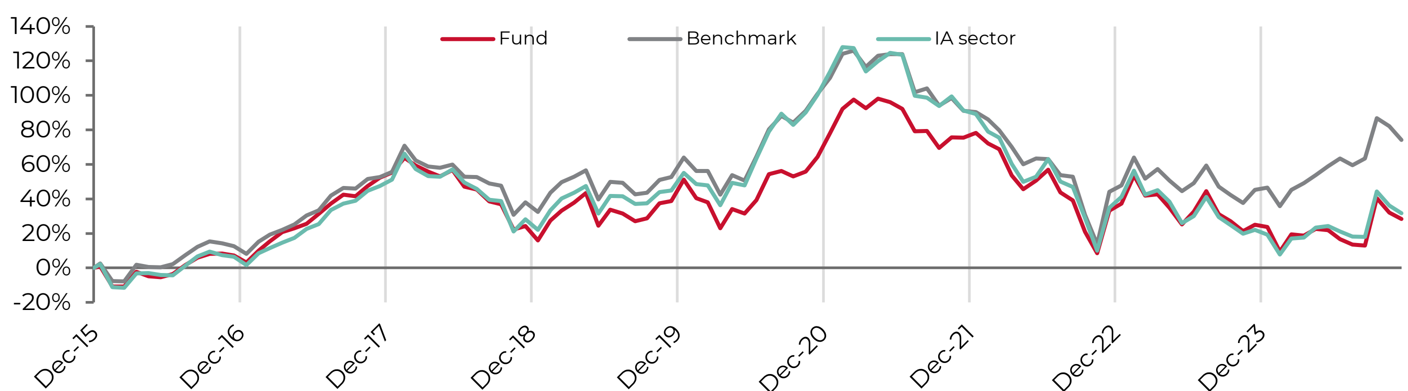
GUINNESS GREATER CHINA FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-1.7%	+4.1%	+2.2%	-23.8%	-5.9%	-
MSCI Golden Dragon TR	-3.3%	+19.3%	+19.5%	-5.1%	+16.1%	-
IA China/Greater China TR	-2.2%	+10.6%	+7.3%	-28.4%	-7.5%	-
(USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-2.8%	+3.8%	+2.6%	-26.8%	-7.5%	-
MSCI Golden Dragon TR	-4.4%	+18.9%	+20.0%	-8.8%	+14.1%	-
IA China/Greater China TR	-3.3%	+10.3%	+7.8%	-31.2%	-9.1%	-
(EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-0.1%	+8.5%	+6.0%	-22.0%	-3.4%	-
MSCI Golden Dragon TR	-1.7%	+24.4%	+24.0%	-2.8%	+19.1%	-
IA China/Greater China TR	-0.6%	+15.3%	+11.3%	-26.7%	-5.1%	-

GUINNESS GREATER CHINA FUND - ANNUAL PERFORMANCE

(GBP)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	-15.0%	-13.3%	+1.0%	+14.2%	+25.3%	-20.7%	+37.6%	+22.1%	-	-
MSCI Golden Dragon TR	-6.5%	-12.6%	-8.6%	+24.2%	+19.0%	-9.5%	+31.3%	+25.7%	-	-
IA China/Greater China TR	-20.2%	-16.0%	-10.7%	+33.6%	+22.2%	-14.2%	+35.9%	+18.5%	-	-
(USD)	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Fund	-9.9%	-23.0%	+0.1%	+17.9%	+30.4%	-25.3%	+50.4%	+2.3%	-	-
MSCI Golden Dragon TR	-0.9%	-22.3%	-9.5%	+28.2%	+23.8%	-14.8%	+43.8%	+5.4%	-	-
IA China/Greater China TR	-15.4%	-25.4%	-11.5%	+37.8%	+27.1%	-19.2%	+48.7%	-0.7%	-	-
(EUR)	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Fund	-12.9%	-17.9%	+7.7%	+8.1%	+32.8%	-21.5%	+32.3%	+5.5%	-	-
MSCI Golden Dragon TR	-4.3%	-17.3%	-2.6%	+17.6%	+26.1%	-10.5%	+26.3%	+8.6%	-	-
IA China/Greater China TR	-18.3%	-20.5%	-4.8%	+26.4%	+29.4%	-15.1%	+30.6%	+2.3%	-	-

GUINNESS GREATER CHINA 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

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This report is designed to inform you about Guinness Greater China 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, the Key Investor 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.