Guinness European Equity Income

2024 Annual Review and Outlook

GUINNESS GLOBAL INVESTORS

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

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

In 2024, Guinness European Equity Income Fund rose +5.0% (in GBP) compared to the MSCI Europe Ex UK Net Return Index, which rose by just +1.9%. The Fund therefore outperformed the Index by 3.1% over the year.

In Q4 2024, the Fund fell -4.2% (in GBP), outperforming the MSCI Europe ex UK Index by 0.1%. Following the ten-year anniversary of the Fund at the end of 2023, it is pleasing to see the Fund has outperformed the Index and IA Europe Excluding UK Sector over 1,3,5 and 10 years.

Commentary continues overleaf.

SUMMARY

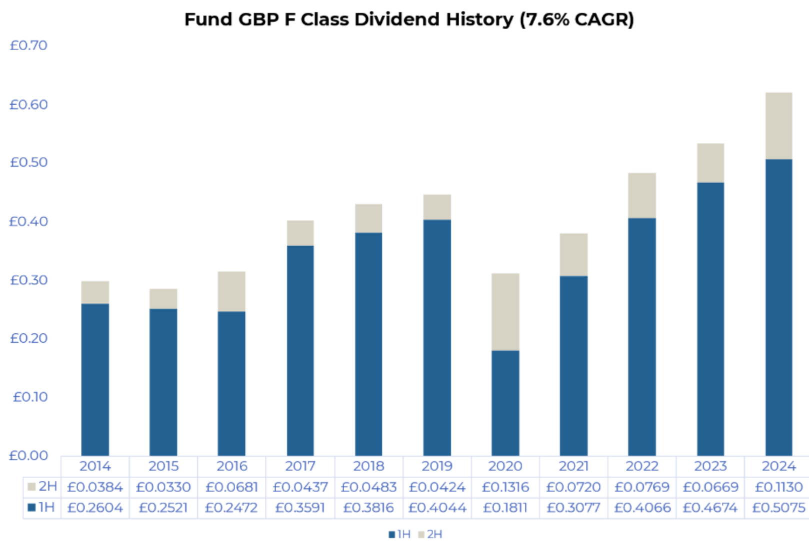
The strategy is well balanced across a portfolio of 30 high-quality value, cyclical, and defensive Europe ex UK companies; characterised by structural growth and supported by long histories of generating persistent high cash returns alongside strong balance sheets, meaning that macro and short-term fluctuations should prove of little consequence to long-run returns.

At the start of the year, Europe ex UK valuations remain at attractive levels vs history and all-time low levels relative to the US, as we wait to see if and how the threat of tariffs on European exports unfolds. We continue to find plenty of opportunities among Europe's globally leading companies, where dividend yields are approximately double those on offer in the US, without giving up on quality.

The Dividend

The Fund F class GBP dividend grew by **16.1%** to £0.6205 in 2024 (July 2024 and January 2025 payments), well ahead of MSCI Europe ex UK Index dividend growth of 6.8% in GBP. The H2 dividend of £0.1130, which went ex-dividend on 3rd January 2025 and is due for payment at month end 31st January 2025, grew at an accelerated rate of 68.9%, taking the FY dividend to +38.9% above 2019 levels. This outsized growth in the smaller H2 dividend was driven by a combination of the switch out of Henkel into Publicis, where we received an additional H2 dividend, as well as dividend withholding tax rebates and GBP weakness. The ongoing recovery in the dividend post-pandemic has resulted in a dividend **CAGR of 7.6%** in GBP since inception on December 19th, 2013.

Based on year-end pricing, the last twelve-month (LTM) dividend yield is **3.6%** (net of withholding tax, vs MSCI Europe ex UK at 3.5% gross).

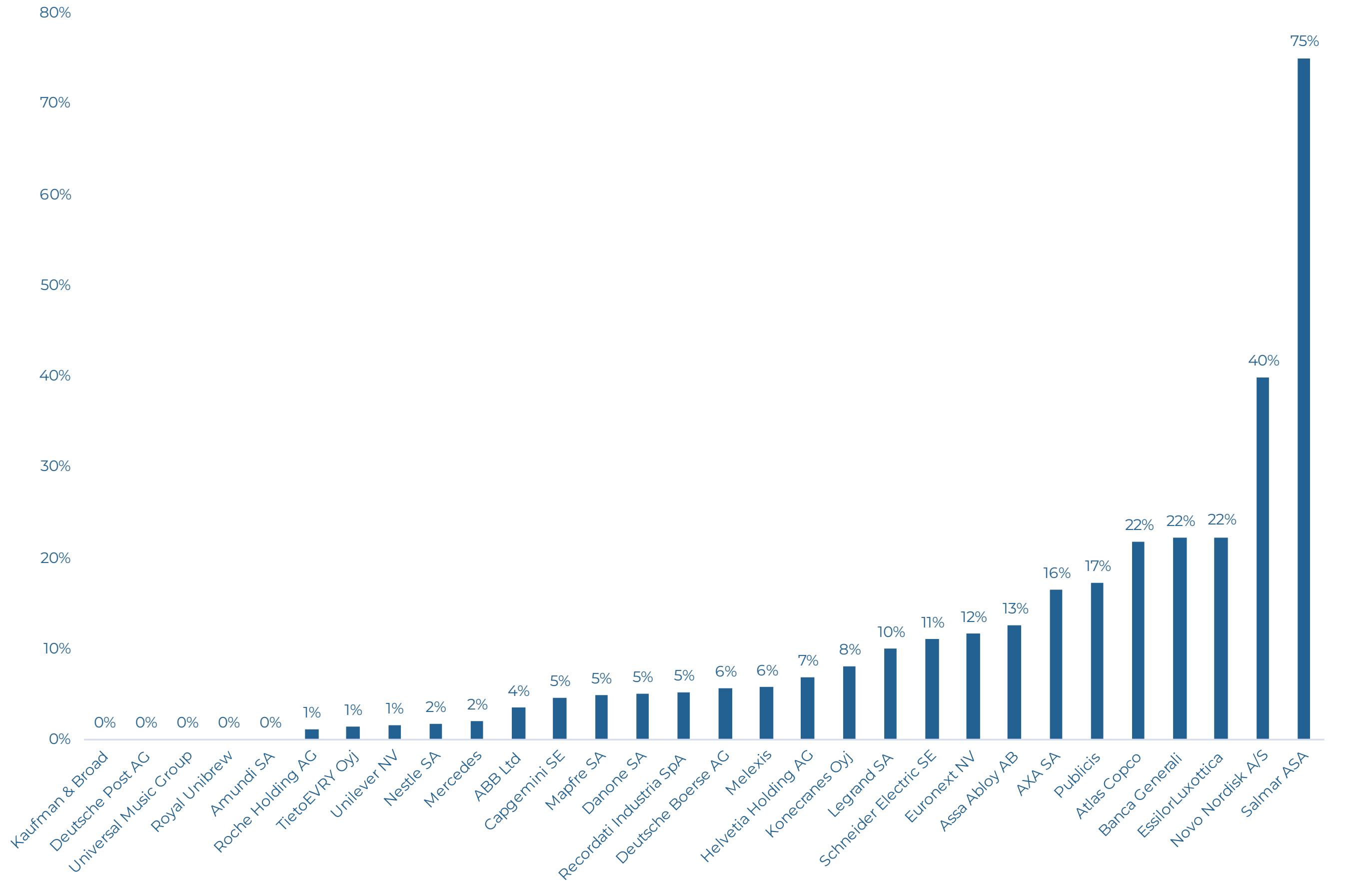


	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2H	£0.0384	£0.0330	£0.0681	£0.0437	£0.0483	£0.0424	£0.1316	£0.0720	£0.0769	£0.0669	£0.1130
1H	£0.2604	£0.2521	£0.2472	£0.3591	£0.3816	£0.4044	£0.1811	£0.3077	£0.4066	£0.4674	£0.5075

Source: Guinness. Fund dividend history since inception. H1 (July 2024 dividend in blue, H2 January 2025 dividend in grey). (Class F GBP)

Of the 30 broadly equally weighted portfolio holdings, 25 companies grew their dividend and 5 held their dividend flat in 2024. No companies cut or cancelled their dividend. As shown below, one company, Salmar, grew its dividend by 75% in local currency - something that will almost certainly not be repeated in 2025. Similarly, the double dividend received via the switch out of Henkel into Publicis was a one-off. Meanwhile, the purchase of Sampo Oyj against the sale of Mercedes offers a slightly lower headline yield but arguably better dividend growth potential. As such, looking forward to 2025, low to mid-single digit dividend growth would be a good outcome for the Fund.

Fund Holdings 2024 Dividend Growth YoY in Local Currency



Fund holdings 2024 YoY dividend growth in local currency. Source: Bloomberg data.

Investment Backdrop

In Q4, sentiment turned decisively against European markets in the run-up to and following the November 5th US presidential election and victory of Donald Trump with his America first agenda. MSCI US (+2.8% in USD) rose over the quarter, supported by the prospect of potential cuts to the US corportate tax rate from 21% to 15%, along with proposed significant reductions to red tape; while MSCI Europe ex UK fell -10.5% in USD as the market and the Euro digested possible weaker terms of trade, including a mooted blanket trade tariff of 10% on European goods shipped to the US. In local currency, MSCI Europe ex UK fell -4.2% over Q4 vs MSCI US return of +2.8%.

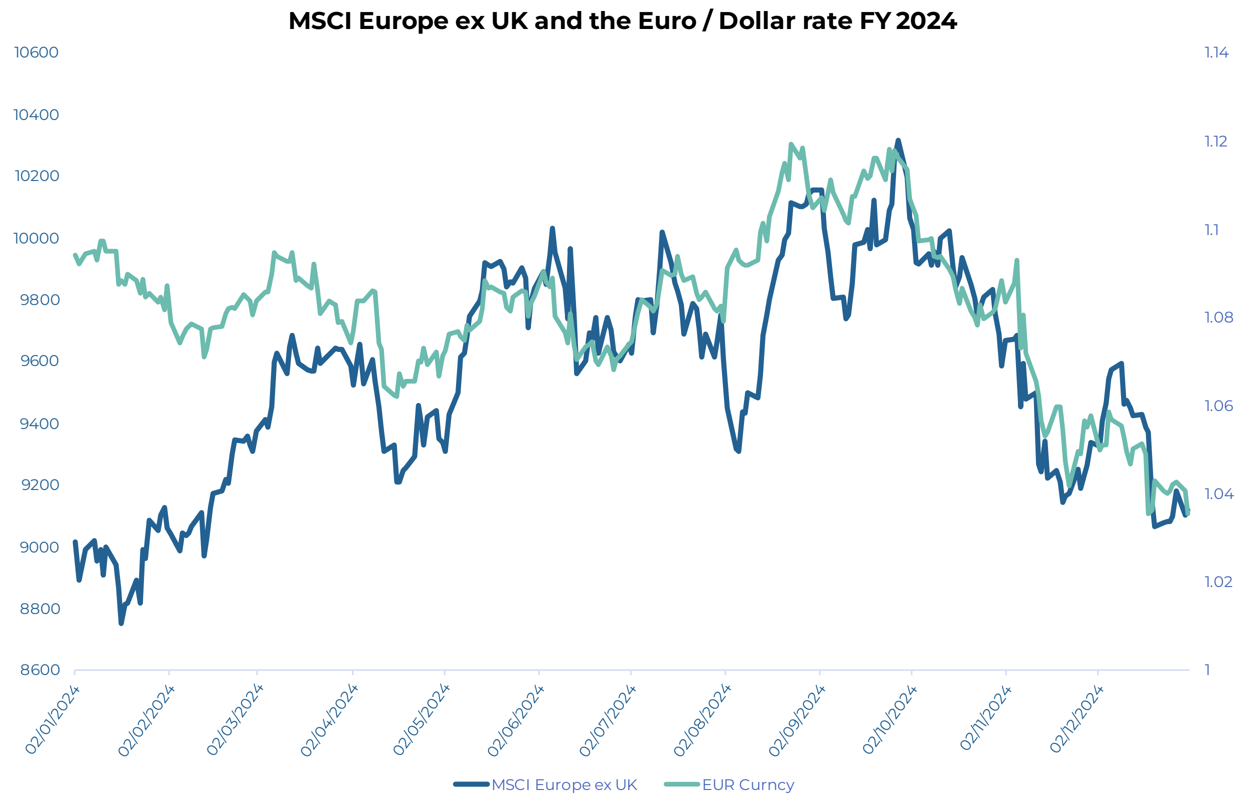


Figure 4: MSCI Europe ex UK and the Euro price performance FY 2024. Source: Bloomberg data.

The IMF World Economic Outlook estimates that the impact of a 10% increase in tariffs, assuming they are reciprocated, would lower GDP by just –0.3% by 2026. Of course, the impact of this is not equal. Morgan Stanley points out that while MSCI Europe's exposure to the US accounts for 26% of weighted revenues, just some 6.6% of this represents goods exported to the US from outside Europe. One also needs to factor in possible tax benefits for European companies with domestic US production. Morgan Stanley estimates that MSCI Europe's revenue exposure to US local-to-local goods is high at 10.5%.

From the Fund's perspective, we feel we are well placed. We have no holdings in auto OEMs, steel, or other commodity areas that have historically been targeted with tariffs, or exposure to companies benefiting from uncertain US clean energy subsidies (IRA). Some 30% of the Fund has next to no US sales at all, while approximately 29% of company holding revenues are derived from the US. Long-time readers of the Fund's literature will know that we like companies with decentralised operating structures, which serve and produce for customers locally and devolve a lot of management responsibility to those local teams. This structure means they are more agile and closer to their customers than many competitors. Nearly all our holdings with significant US sales exposure are decentralised. Companies like ABB, Schneider Electric, Atlas Copco, and Assa Abloy manage their US and overseas operations locally, and as such carry no risk from trade tariffs, but may benefit from lower US corporate tax rates.

In Europe, the year ended on a soft note, with the ECB cutting interest rates for a fourth time by 0.25bps in December, taking the deposit rate down to 3% from 4% at the beginning of June. The ECB also cut its 2025 growth forecast to 1.1% vs. 1.3% previously, and forecasts headline inflation of 2.1% in 2025 and 1.9% in 2026, alongside core inflation of 2.3% in 2025 and 1.9% in 2026. This suggests further rate cuts may be in store for 2025 as inflation tapers to below the 2% target. The Bundesbank rounded off the year with a similarly downbeat forecast of 0.1% growth for 2025 vs its prior forecast of 1% back in June, amid ongoing weakness in China and concerns over US tariffs.

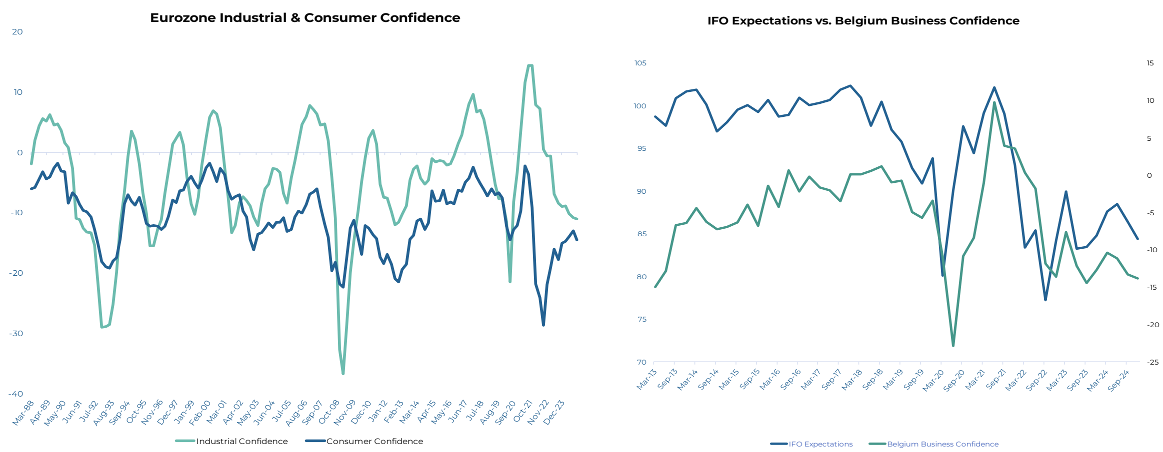


Figure 5: Eurozone Industrial (green) and consumer confidence (lhs), and IFO expectations and Belgium business confidence (rhs). Source: Bloomberg data.

Eurozone Industrial confidence continued to decline as the year drew to a close, and the recent bounce in consumer confidence drew to a halt. Meanwhile, the German IFO Expectations Index and the Belgium Business Confidence Index both remained lacklusture, not helped by the deterioration (rise) in the immediate backdrop for input costs, such as natural gas, which is of critical importance to Germany's manufacturing sector. Meanwhile, French bank lending to non-financial corporations remained at a low level. On a more upbeat note, measures of liquidity, including M1 and M3 - which tend to lead PMIs - both showed signs of life, arguably highlighting a nascent improvement in the backdrop as the lagged effect of ECB rate cuts start to feed into the real economy.

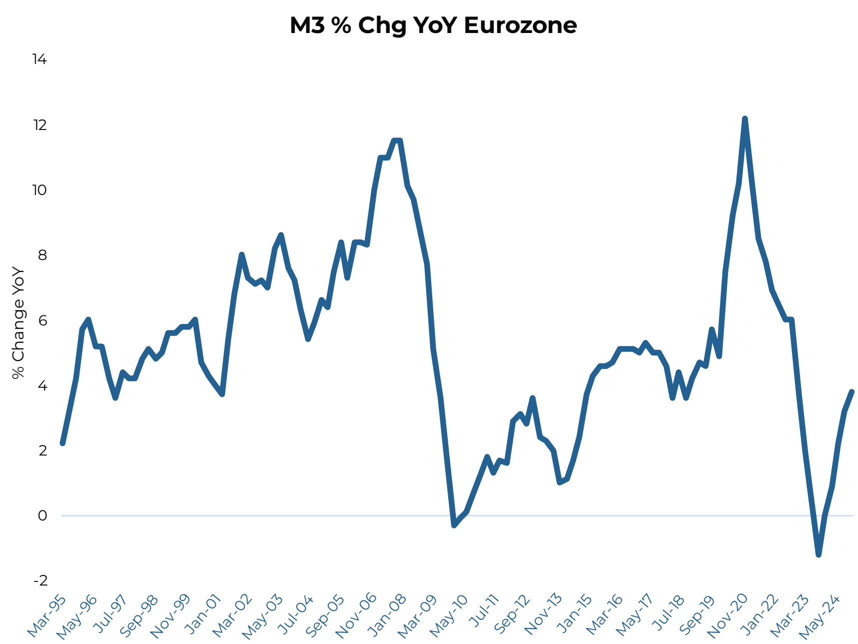


Figure 6: Eurozone M3 % chg YoY. Source: Bloomberg data.

Politics also cast a shadow over Europe in the last quarter of the year, with France remaining politically grid locked and Emmanuel Macron appointing his second Prime Minister in three months, Francois Bayrou, following the rejection of Michel Barnier and his budget by Marine Le Pen and the National Rally party. While far from ideal, the market fixated on the rise in French government bond yields, arguably missing a wider, more positive narrative. 2024 may have been the year that France-Germany government bond yields widened, but it was also the year when Italy-Germany spreads contracted meaningfully, along with most of the so called "periphery".

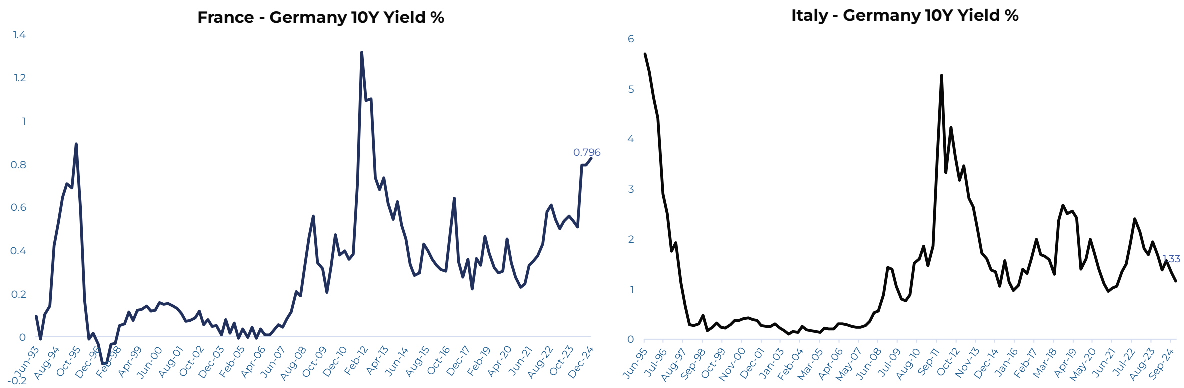


Figure 7: France minus Germany 10Y Yield % (lhs), and Italy minus Germany 10Y Yield % (rhs). Source: Bloomberg data.

If long-term borrowing rates are a reasonable measure of financial stability, then Europe is certainly in a better place than the media and related political noise might suggest. It is easy to worry about the rise of populist or right-leaning parties, but what choice does Europe ultimately have if it wants to stand up to China and the US other than greater integration and cooperation? The greatest irony of the Trump presidency could be, using his own terminology, that he ends up making Europe great again.

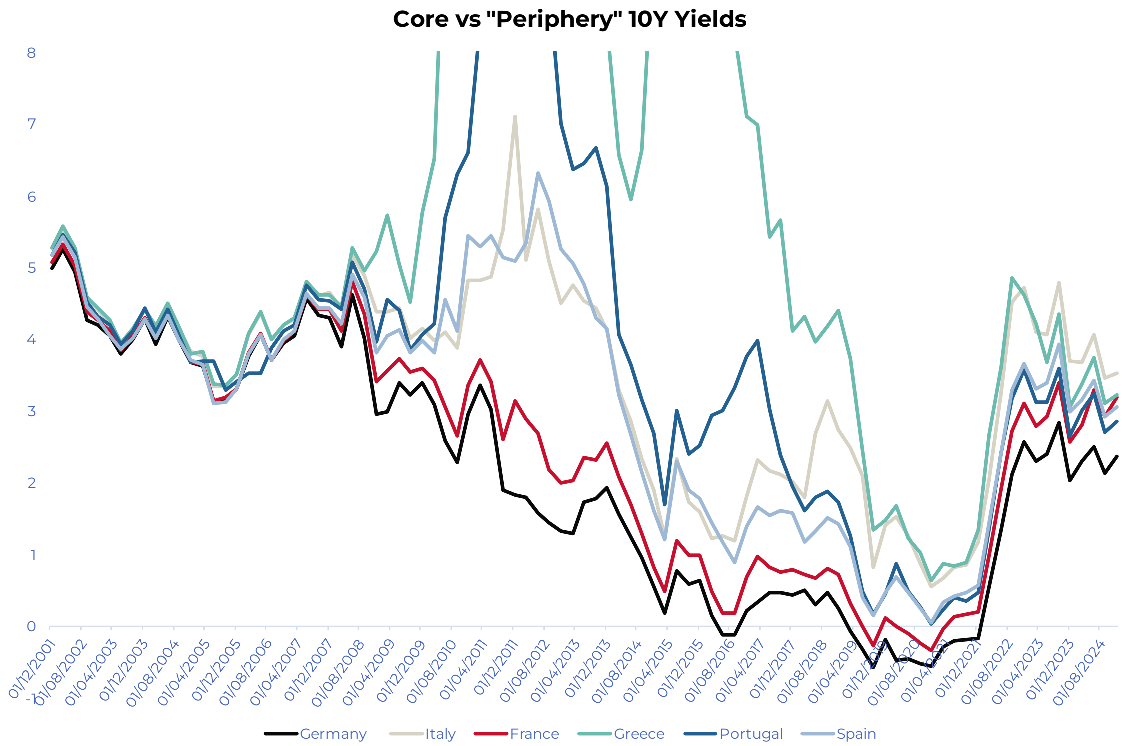
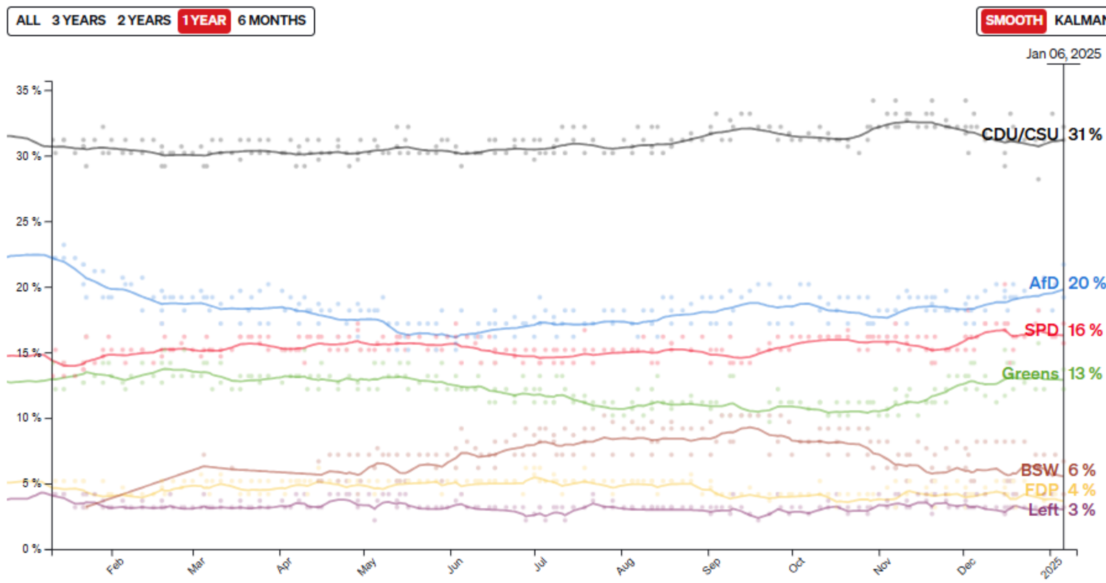


Figure 8: France (red), Germany (black) 10Y yields vs "periphery" (Italy, Greece, Portugal, and Spain) 10Y yields. Source: Bloomberg data.

The chances of a policy response to Trump (and China) appear to be growing. Mario Draghi's report on European competitiveness put forward a roadmap for European policy makers to begin following in 2025. In November, the Bundesbank and Banque de France followed up with a joint statement underscoring the importance of joint French-German action, with Joachim Nagel and Villeroy de Galhau calling for a deepening of the single market, a savings and investments union, less red tape, and more defence cooperation. Christine Lagarde, President of the ECB, simultaneously gave a speech stressing the urgency of capital markets reform, highlighting the "extraordinarily fragmented" nature of Europe's financial markets.

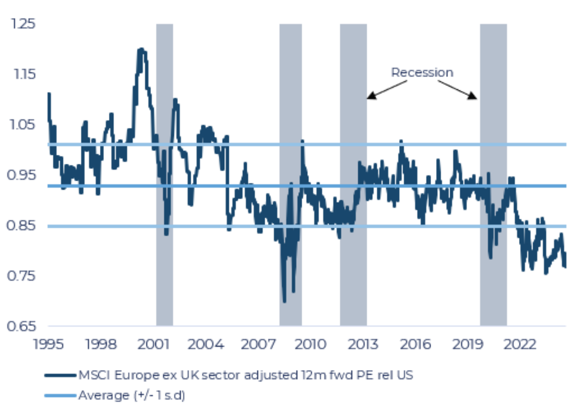
French elections may wait until 2027; however, Germany will hold its snap election on 23rd February 2025. If the polls are to be believed, the CDU/CSU alliance led by Friedrich Merz has a comfortable lead and could form a coalition with the SDP and/or the Greens. A coalition with the AFD appears unlikely, but the party continues to take share in the polls. Assuming the CDU/CSU alliance prevails, this looks likely to represent a relative positive market catalyst. Morgan Stanley cites likely increased fiscal space, while Friedrich Merz, a "committed European" with a pro-UK stance, argues for less regulation, less bureaucracy, and lower taxes to boost growth. He also supports a tough stance on migration, measures to lower energy prices for businesses, and free-market, innovation-led solutions to the climate crisis (as opposed to banning production of ICE engines). He has also indicated that he would be prepared to amend the debt brake to fund increased investment in infrastructure and defence.

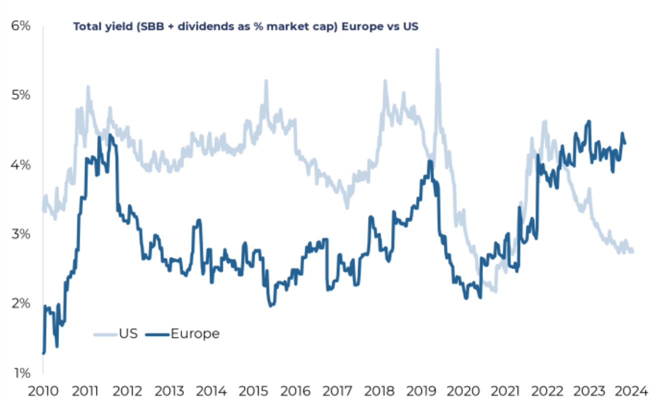


Source: https://www.politico.eu/europe-poll-of-polls/germany/

Whatever the result, there remains plenty of opportunity in European capital markets, given the presence of many globally leading franchises in charge of their own destiny, trading at material discounts to their closest US counterparts. From MAGA to MEGA*, improved sentiment towards Europe could go some way in alleviating Europe's all-time low valuation multiples relative to the US (even on a sector-adjusted basis, see below). Alternatively, market-leading companies that generate high levels of cash flow with long runways for growth will have more time to buy back their own stock at attractive valuations.

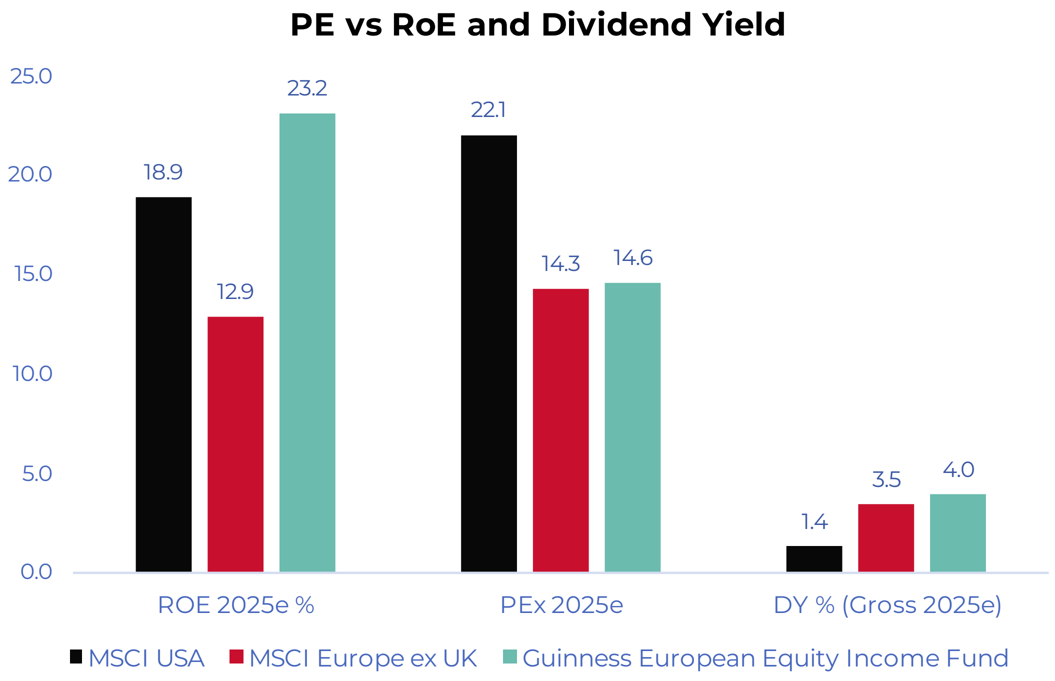
***Make Europe Great Again**





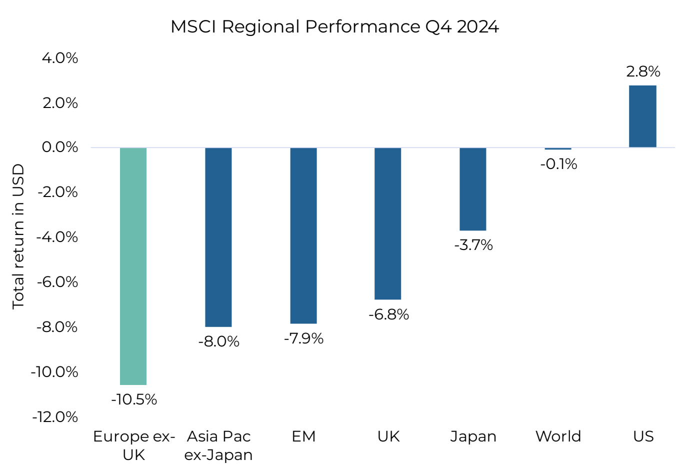
MSCI Europe ex UK sector adjusted 12m fwd PE rel US (lhs). Total yield (share buyback + dividends as % market cap) Europe vs US. Source: UBS (lhs) and Morgan Stanley (rhs).

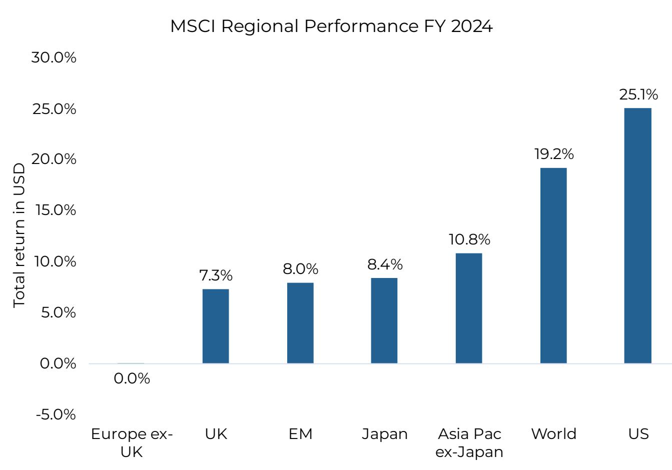
Whatever the weather, we will continue to focus on those leading franchises with proven track records for generating persistent high cash returns, supported by strong balance sheets. Companies with leading market positions and long runways for growth, are well placed to take market share in downturns, and are trading at reasonable valuations. The Fund offers nearly twice the return of the wider European market for a similar multiple and an attractive dividend yield versus the market, driven by far lower levels of leverage.



ROE vs PE and Dividend Yield for MSCI USA (black), MSCI Europe ex UK (red) and Fund (green). Source: Bloomberg data.

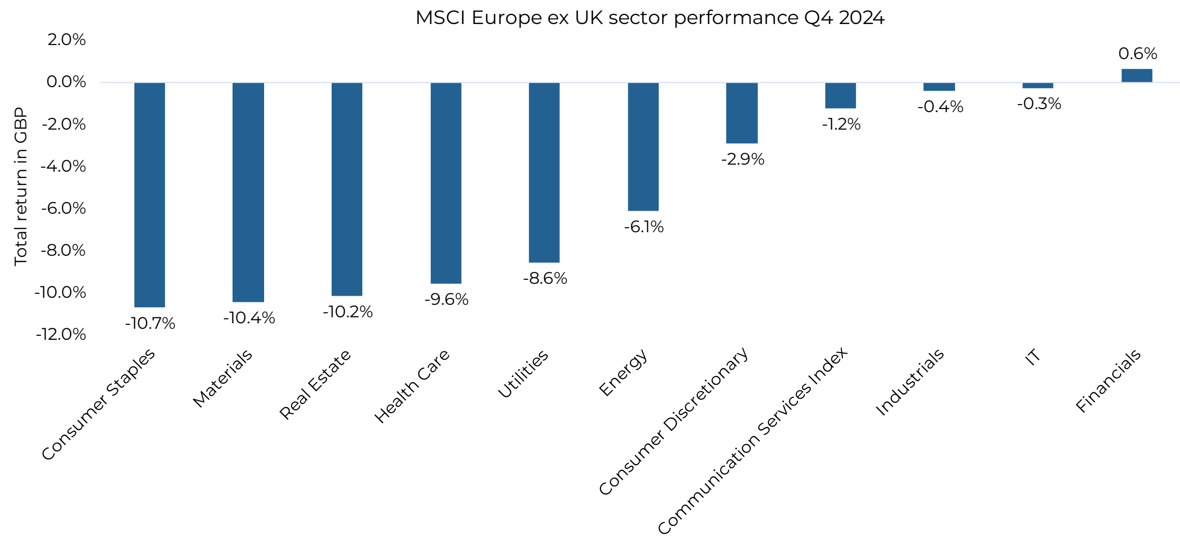
Performance Drivers

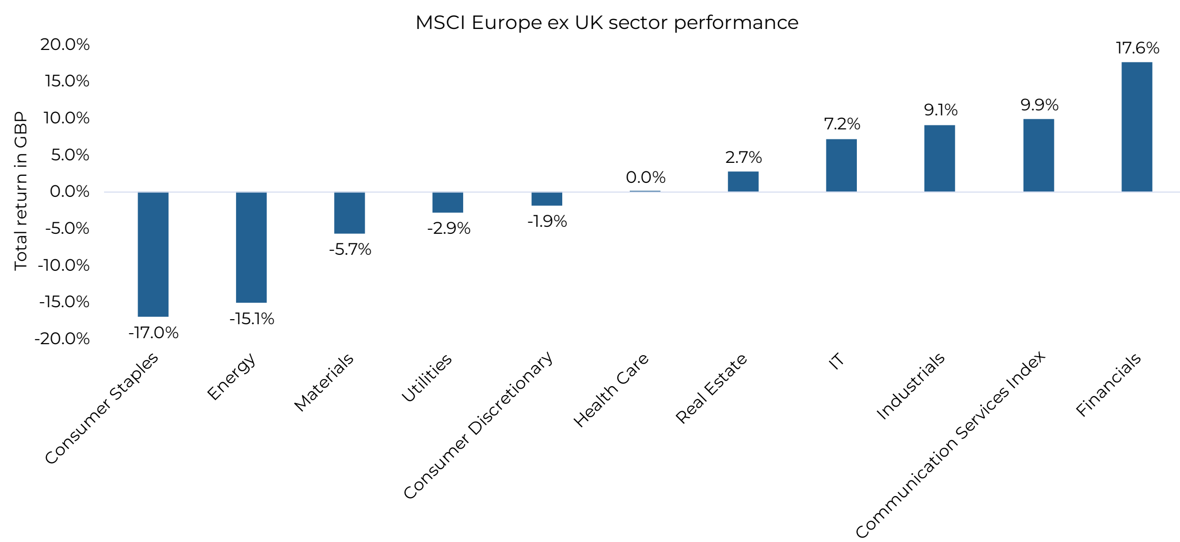




MSCI World Index geographic total return breakdown for Q4 2024, in USD (left) and FY 2024 in USD (right). Europe in light green. Source: Bloomberg data

MSCI Europe ex UK suffered a sharp drawdown in USD terms in Q4 2024 as European markets and the Euro fell in response to the election of Donald Trump as President of the United States on 5th November. As a result, MSCI Europe ex UK generated a negligible return in USD for 2024. Meanwhile, MSCI World returned 19.2% for FY, led by the US (+25.1%) as the magnificent seven and AI-related exposures drove market performance. Among the main regions, Asia Pac ex-Japan returned 10.8% for FY as stimulus measures buoyed Chinese markets over H2 2024.





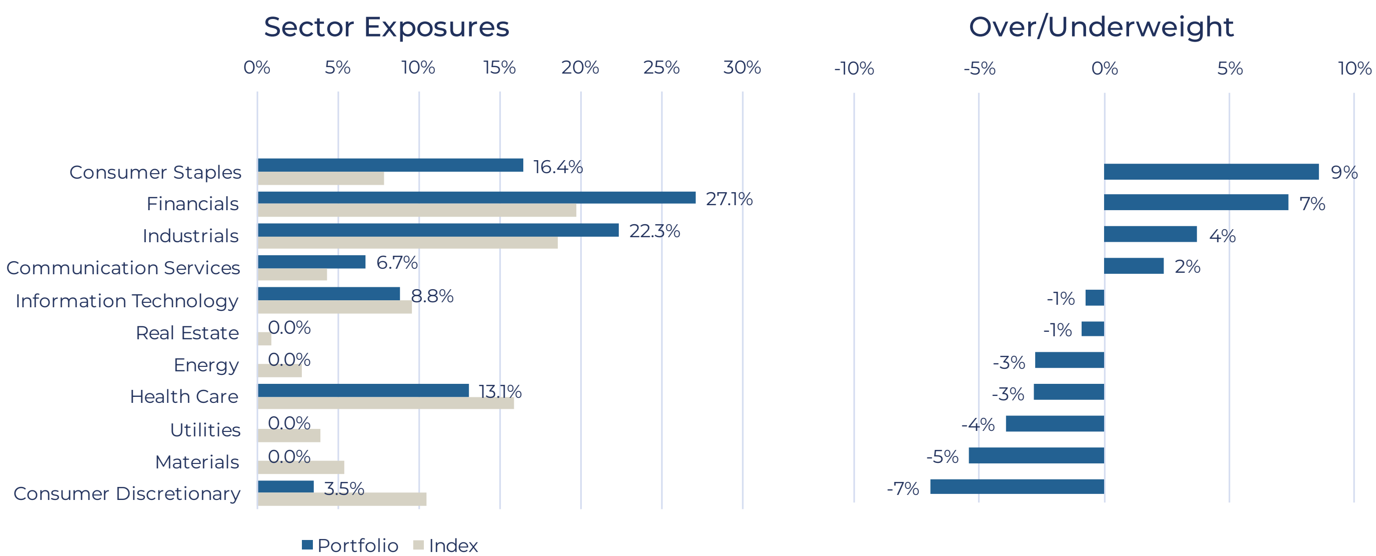
MSCI Europe ex UK Index sector total return breakdown for Q4 2024 (top) and FY 2024 (bottom), in GBP. Source: Bloomberg

At a sector level, Financials was the leading MSCI Europe ex UK sector in both Q4 and for FY, as the return of yield fed into higher returns and valuations following years of low returns in the era of zero interest rates. At the other end of the spectrum, Consumer Staples was the worst-performing MSCI Europe ex UK sector in both Q4 and over the FY, impacted by both higher discount rates stemming from higher longer-dated US treasury yields and the threat of tariffs on Staples companies exporting from the EU, notably the beverage companies. The Fund performed well in this environment, holding none of the spirits companies, and with Unilever, Danone, and Royal Unibrew all materially outperforming for the FY, and only Nestle underperforming.

IT, Industrials, and Communications Services all performed well in both Q4 and for FY, helped by declining European interest rates in the second half of the year and relatively high USD earnings exposure for many IT and Industrials companies. Meanwhile, economically sensitive sectors including Energy and Materials suffered in both Q4 and for the FY, as softening economic data resulted in a weakening price environment. Healthcare also suffered in Q4, giving up most of its gains for the year, as Europe's largest company, Novo Nordisk, fell sharply following the weaker-than-expected outcome of obesity-related drug trials, as discussed below.

Positioning

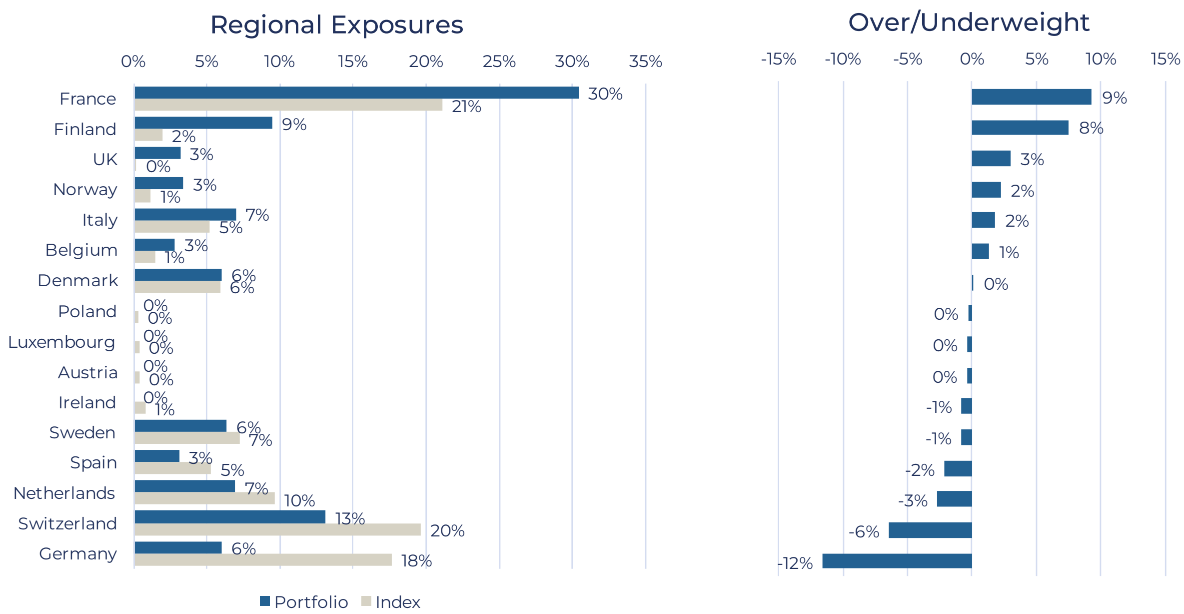
The Guinness European Equity Income fund is characterised by a high 83% active share against the Europe Ex UK benchmark. Our focus on companies with good track records, that are in charge of their own destiny and have the potential to deliver high and rising returns for a long time, means the fund has virtually no exposure to commodity and regulated sectors like Materials, Utilities, Real Estate, Energy, and Banks. Meanwhile, sectors like Industrials, Financials, Consumer Staples, and Communication Services, in which the fund is overweight, hold many of the high-quality, globally leading, and scalable companies that we find attractive. The fund's headline exposure to Information Technology is a small 1% underweight, but all companies held in the fund use technology well. Notably, our overweight to industrial technology includes many market leaders across areas including automation, software, low voltage, and data centres.



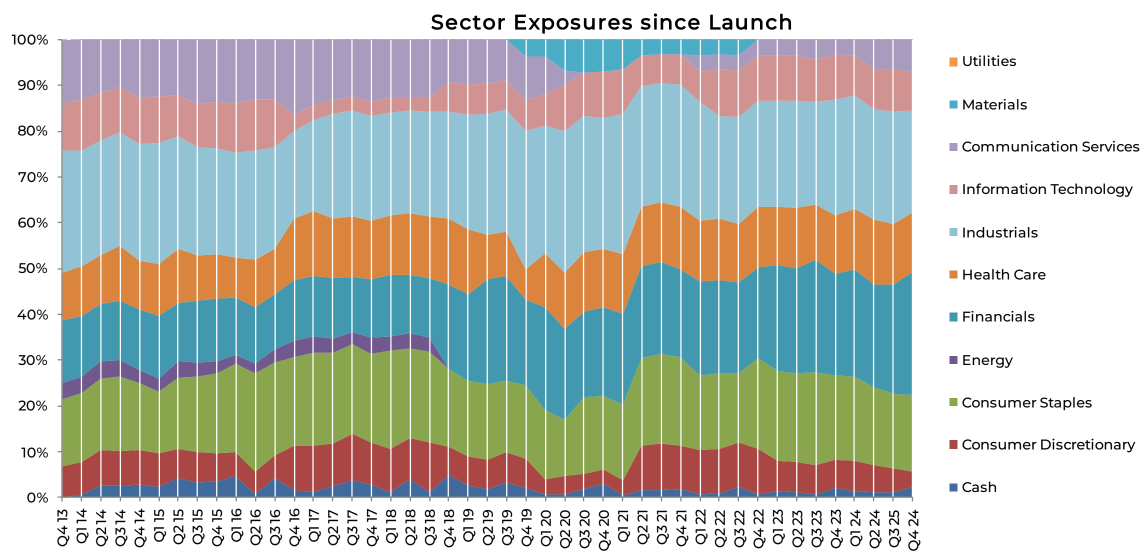
Sector over/underweight % breakdown of the fund versus MSCI Europe ex UK. Guinness Asset Management, Bloomberg (data as at 31.12.2024).

The balance between defensives and quality cyclicals currently stands at an all-time high of 45% defensives and 55% quality cyclicals, with defensives defined as Consumer Staples, Healthcare, Communications Services. and Exchanges within Financials.

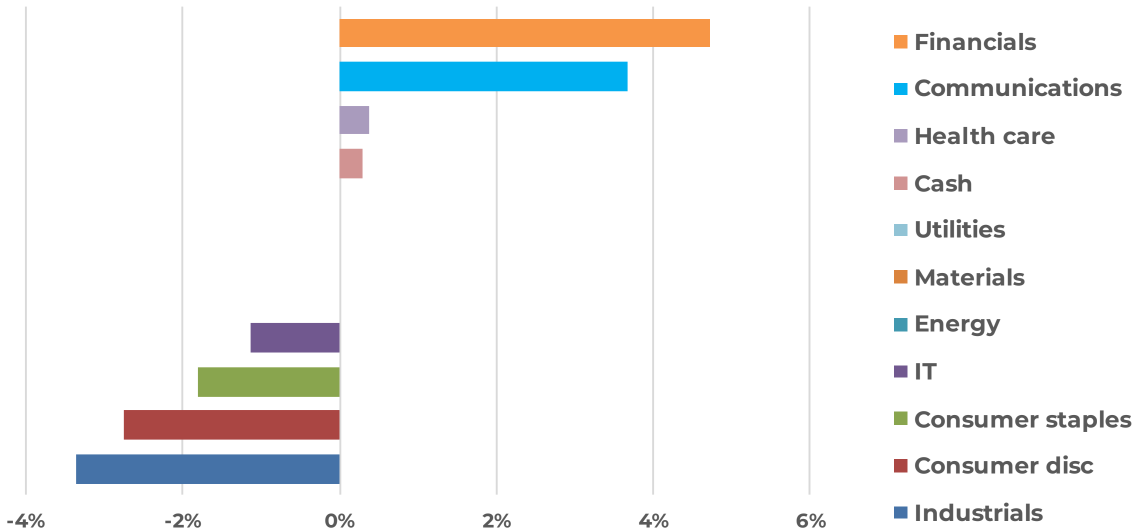
The Guinness European Equity Income Fund's country over- and underweight positions result from a pull between two factors. Naturally, France and Germany represent high absolute weights in the index, at 21% and 18% respectively, but it is also the case that we simply find a greater number of high-quality companies with strong prospects in the "high IP" markets of northern Europe, which offer good corporate governance, notably in Scandinavia.



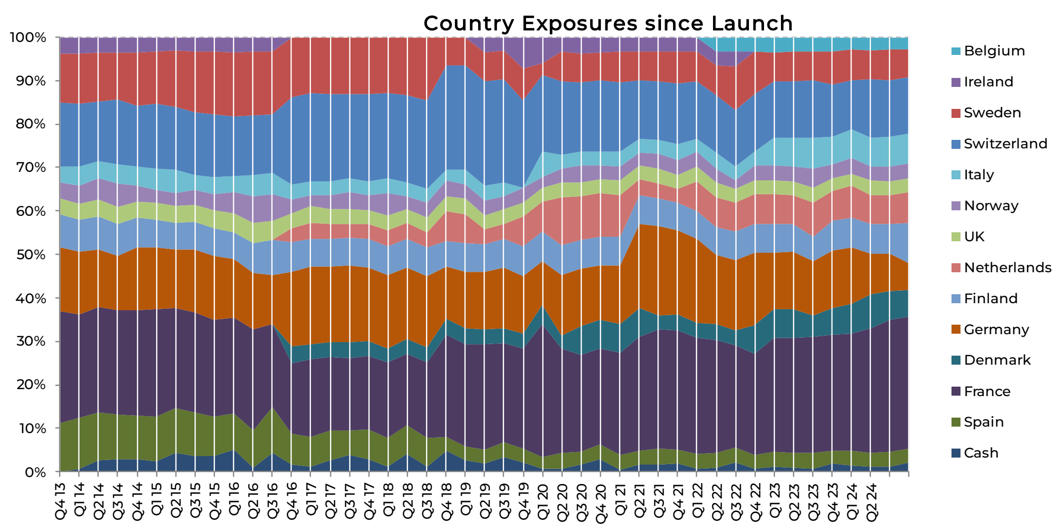
Regional breakdown of the fund versus MSCI Europe ex UK Index on a geographic basis. Guinness Asset Management, Source Guinness / Bloomberg (data as at 31.12.2024).
**UK exposure represents Unilever which is now domiciled in the UK and listed in the UK, and on Euronext Amsterdam.*



Fund sector exposure has remained broadly consistent over time, with focus on Consumer Staples, Industrials, Financials, Healthcare, and, to a lesser extent, IT and Communications Services. Over 2024, the main changes to the Fund's exposure resulted from the two switches undertaken over the year. As shown below, exposure to Financials increased by just over 4% due to good sector performance and the purchase of Sampo Oyj in October, against the sale of Mercedes which in turn saw Consumer Discretionary exposure fall by just under 3%. Communications Services exposure also rose by just over 3% following the acquisition of Publicis in May 2024, offset by the sale of Henkel, which resulted in Industrials exposure falling by just over 3%.



Year on year change in sector breakdown



Source Guinness Global Investors

Net exposure to high-IP northern European markets increased overall for the year with the purchases of Sampo Oyj (Finland) and Publicis (France). Meanwhile, the sale of both Henkel (Germany) and Mercedes (Germany) resulted in a near 6.6% fall in our exposure to the country. The strategy is likely to remain overweight in northern European "high-IP" markets, where we find plenty of high-quality, globally leading companies with strong track records of dividend growth.

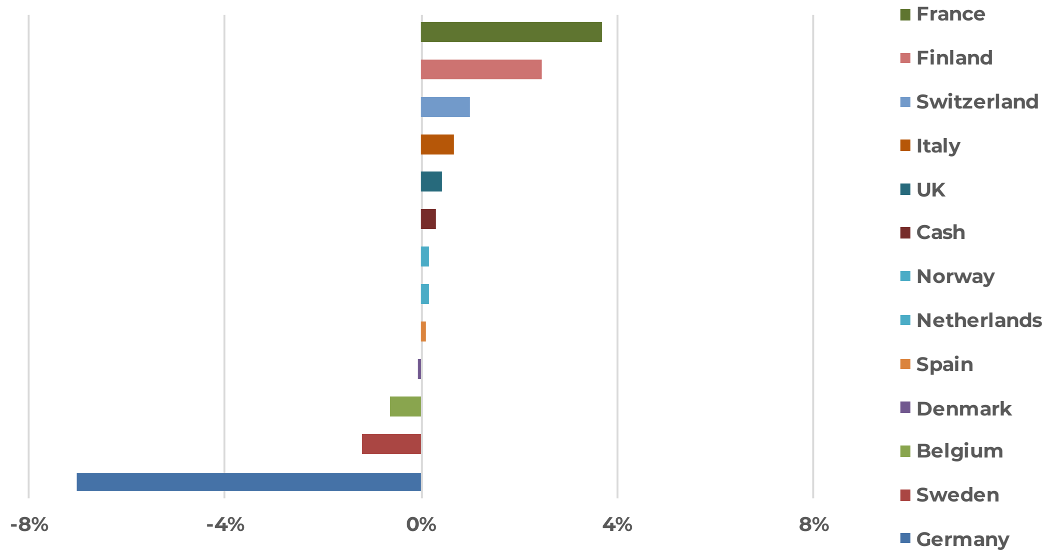
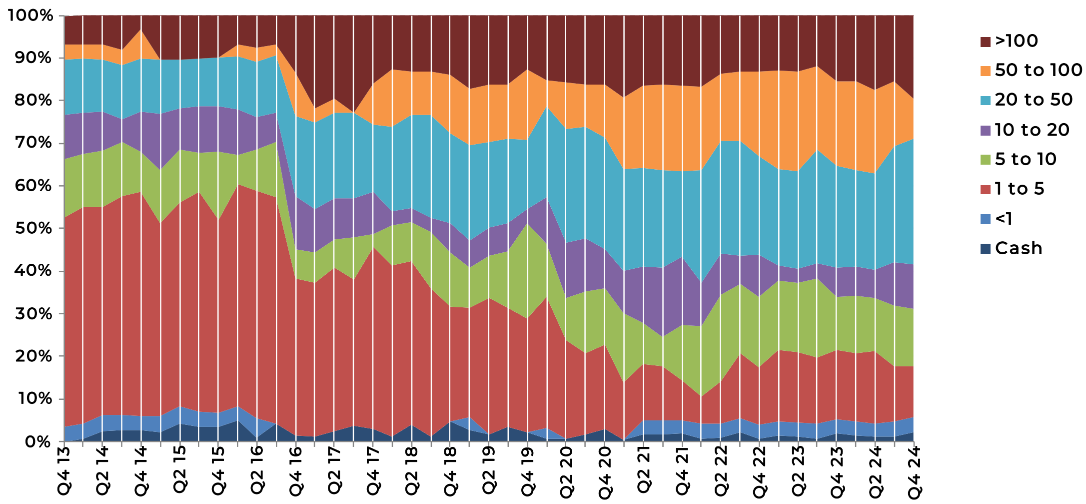


Figure 19: Year on year change in geographic breakdown, Source Guinness Global investors

At the end of 2024, one-third of the Fund remained invested in mid-caps, defined as under $10bn market capitalisation. While this is still on the lower end of historical levels, it is arguably an appropriate exposure for a more volatile environment characterised by lower liquidity.



Portfolio market cap breakdown at year end

SUMMARY

Performance in Q4 2024 continued to be led by Financials. **Banca Generali** responded well to an environment still characterised by higher yields and interest income, as well as capital gains on bonds in a now falling interest rate environment. Meanwhile, our two exchanges, **Euronext** and **Deutsche Boerse**, also outperformed a falling market in Q4 against a backdrop of higher interest income and increased rates activity, with an outlook for improved exchange activity in 2025 amid expectations for a surge in IPOs and Private Equity exits. **EssilorLuxottica** was the top-performing non-financial, as investors saw tangible evidence of traction in its smart glasses JV with Meta in the run-up to Christmas, amid increased advertising and Meta citing intentions to add display capabilities to Ray-Ban glasses. At the close of the quarter, EssilorLuxottica also added to its presence in the hearing aid solutions space with the acquisition of AI-driven start-up Pulse Audition. Meanwhile, **Universal Music Group** was supported in Q4 by the announcement of an expanded collaboration agreement with Amazon and UMG's acquisition of Downtown Music.

Weakness in the quarter was driven by another warning from **Melexis**, amid the ongoing inventory overhang amongst its auto OEM clients. **Novo Nordisk** was also impacted after publishing slightly less positive-than-expected data on its awaited CagriSema obesity-related drug trial, which will also take a further couple of years to ascertain efficacy in treating for type-2 diabetes. **Capgemini** suffered amid a weaker equity backdrop and outlook for government spending in France. Meanwhile, **Deutsche Post** continued to underperform amid perceptions of weaker global trade stemming from the risk of US trade tariffs.

Best 5 performing stocks	Total return
Banca Generali SpA	11.5%
Euronext NV	11.1%
EssilorLuxottica SA	10.8%
Universal Music Group NV	6.3%
Deutsche Boerse AG	5.6%

Worst 5 performing stocks	Total return
Melexis NV	-22.4%
Novo Nordisk A/S	-20.7%
Capgemini SE	-18.5%
Deutsche Post AG	-15.0%
Atlas Copco AB	-14.6%

Source: Bloomberg data

Best and worst five performing shares Q4 2024 in EUR.

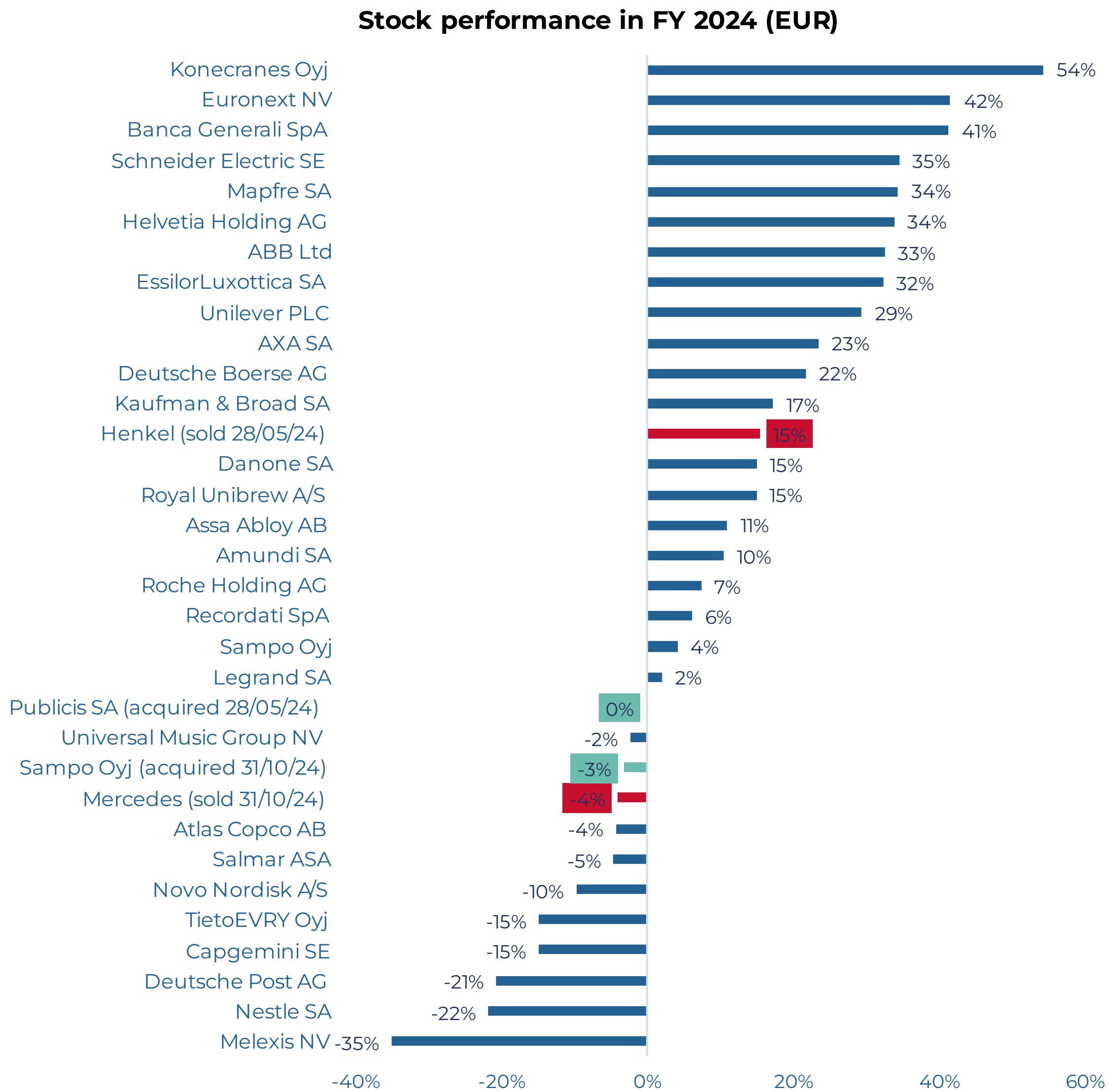


Figure 22: Fund share performance in FY 2024 in EUR. Sales in red, performance YTD at sale. Purchases in green, performance YTD since purchase. Source: Bloomberg data.

In 2024, portfolio turnover totalled approximately 6.6% (buys only), with the purchase of **Publicis** against the sale of **Henkel** in May and subsequent acquisition of **Sampo Oyj** replacing **Mercedes** in October. In each case, a step up the quality curve to higher margins, higher returns, and better long-term capital and dividend growth potential.

Sampo Oyj (€22.3bn) has created significant value over time and we believe it 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 approximately a 20% market share**.** It is some 60% bigger than the next largest insurer, Tryg, and generates approximately €5.3bn of personal lines premiums. Sampo displays best in class use of technology, with over €1bn spent on digitalization in the last ten years, and €200m in 2023. The group is strongly customer-focused, with a track record of profitable growth combined with efficiency gains. In fact, the group has reduced its 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 over ten 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. The recent buy out of Topdanmark minorities sets the stage for higher returns via scale and efficiency in the Danish market, which has historically been dilutive to group margins. Looking at Group history we note an underwriting profits CAGR of 11% from 2012 to 2022.

Sampo also has a fortress balance sheet underscoring significant dividend paying capacity, with a solvency ratio of 177% and debt-to-equity ratio of 27%. Furthermore, management estimates that reaching Group targets of <85% combined ratio and operating EPS 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 shareholders, reflected by high degrees of variable pay with the 2024 LTI focused on absolute total shareholder return and underwriting profits growth. While the valuation of 16.4x next year's earnings may not appear cheap, this needs to be seen in the context of excess capital, sustainable high teens return on equity, and a Group that is overall getting stronger versus its peers.

Publicis has made some astute moves that leave it arguably the best positioned among the big four/five global advertising companies over the past decade. The company is highly cash-generative and has a strong balance sheet, with net debt-to-ebitda of just 0.9x. Cash flow returns on investment have been trending higher since the end of the last decade, as have margins, the key drivers of which have been the acquisitions of Epsilon (2019) and Sapient (2014), which made Publicis a leader in data and digital, notably ad personalisation at scale and digital transformation. As a result, Publicis has had persistent share gains, with an organic growth rate of 4.7% CAGR from 2019 to 2023, twice as fast as peers.

The group also benefits from a good culture and a flat, decentralised structure under some 27 brands, all sharing one operational platform (Marcel) which pools resources and expertise, supplemented by a recently developed AI layer called Core AI. The shares look reasonably valued at 12.9x 2025e earnings, set against high teens sustainable return on equity and a balance sheet that is turning net cash on a forward-looking basis. The company also offers an attractive dividend yield of 3.7% 2025e, which has grown by 10% and 12% on a 5Y and 10Y annualised basis, respectively. With some 61% of sales stemming from the US and digital leadership amongst sector peers, the company has a good runway to continue recent form.

The best and worst-performing stocks of 2024 were **Konecranes** (+54% EUR) and **Melexis** (-35% in EUR).

Konecranes (+54% in EUR FY), the Finnish industrial cranes and automation company, had a standout year. In October, the company reported Q3 sales and adj EBITDA that beat consensus by some 7% and 28%, respectively, driven by all segments with Konecranes reporting favourable pricing, raw material cost, and volume leverage trends. The operating margin has now rebounded from levels of around 6%-8% between 2012 and 2020, to over 12%, on a par with highs seen between 2006 and 2008. While mean reversion might suggest this is as good as it gets, we think otherwise. Since Anders Svensson moved from Sandvik (where he ran Rock Processing Solutions) to Konecranes towards the end of 2022, things have been moving in the right direction. The company remains focused on growing its service division (42% revenues), where margins are significantly higher than for equipment, revenue is more reliable and recurring, and the company has a global leadership position as the sole supplier of global servicing capabilities. The runway here is long, with some two-thirds of the field-service market still serviced in-house, but with regulations around maintenance and inspection becoming tighter and a fragmented market characterised by hundreds of smaller local competitors. Konecranes is hence in pole position to consolidate, thereby continuing to grow its own margin and levels of recurring revenue. We look forward to the Capital Markets Day on 20th January for more colour on the longer-term outlook vs an existing EBITA margin target of 12-15% by 2027.

Melexis (-35% in EUR FY) saw its share price drift lower from mid-year, and a sharp fall at the end of October as the company reported an inventory overhang at auto OEM clients and cut its FY sales forecast to €935m to €945m from €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 at least into the early part of 2025, but somewhat ironically, we see this clearing of inventory as a necessary and healthy step for Melexis. Importantly, the setback is firmly cyclical rather than secular. It was interesting to note that during their last update in China, where the market tends to worry about rising competition, Melexis was up some 9% YoY after 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. Reflecting their strong balance sheet, the company also announced in December 2024 that they would start to execute a share buyback of €50m. Additionally, the company is preparing to launch products in the robotics, mobility, and healthcare markets. We have duly reweighted the position back up to portfolio weight with the shares flashing very cheap on both our peer and historic value scores.

OUTLOOK

Key Fund Metrics Today

The four key tenets to our approach are: quality, value, dividend, and conviction. We follow these metrics at the portfolio level to make sure we are providing what we say we will. At the quarter end, we are pleased to report that the portfolio continues to deliver on all four of these measures relative to the benchmark MSCI Europe ex UK Index.

		Guinness European Income Fund	MSCI Europe ex UK Index	Guinness Delta vs. MSCI Europe
Quality	Debt / equity %	72.4	193.3	-120.9
	ROE %	23.2	12.3	10.9
Value	PE (Best)	14.6	14.3	0.3
	FCF Yield %	6.8	4.7	2.1
Dividend	Dividend Yield % LTM Fund	3.6	3.5	0.1
	Weighted average payout ra	68.2	69.6	-1.4
Conviction	Number of stocks	30	344	-314.0
	Active share	85	NA	

Portfolio metrics versus index. Guinness Asset Management, Bloomberg (data as at 31.12.2024)

Conclusion

Whatever the economic weather in 2025, we believe our focus on quality companies that generate persistent high cash returns supported by strong balance sheets will serve investors well for the long-term. The Guinness European Equity Income Fund holdings are characterised by high levels of self-determination; namely identifiable barriers to entry, leading market positions, widening moats, aligned interests, and long runways for growth. Across quality, value, and dividend metrics, holistically, the high-conviction fund has companies which are significantly higher quality and better value versus the index.

In contrast to the political noise reported in the press in 2024 and some widening of France minus Germany yields, national spreads over German 10 year yield haven't looked so unified for some time, following peripheral convergence in 2024. Trump and China are both putting pressure on Europe and the stage appears set for a degree of policy response in 2025. Far right and populist parties abound but what choice does Europe ultimately have if it wants to stand up to the US and China, other than integration and cooperation. We suspect a little bit of good news on this front could go a long way to alleviating historically low European valuations compared to the US. Mario Draghi's report on European competitiveness has given policy makers a route map. Meanwhile, the German federal election on February 23rd could represent a positive catalyst if the CDU/CSU party, led by Frederich Merz, prevails. As ever, European politics will remain complicated. We will continue to focus on quality companies trading at fair valuations with strong long-term structural growth drivers.

We thank you for your continued support.

Portfolio Managers
Nick Edwards
Will James

GUINNESS EUROPEAN EQUITY INCOME FUND - FUND FACTS

Fund size	$48.1m
Fund launch	19.12.2013
OCF	0.89%
Benchmark	MSCI Europe ex UK TR
Historic yield	3.6% (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.

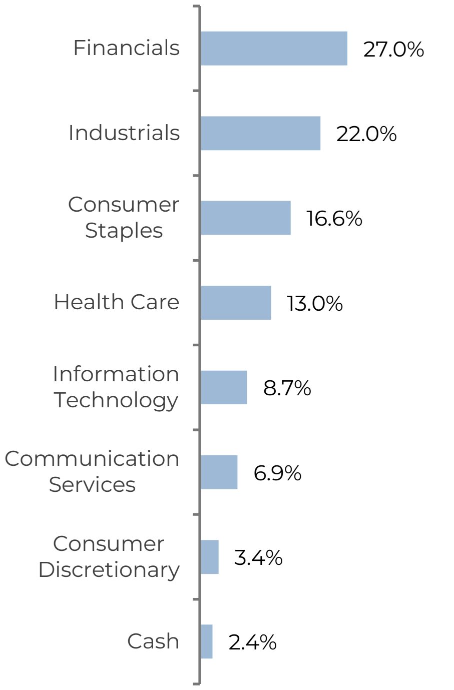
GUINNESS EUROPEAN EQUITY INCOME FUND - PORTFOLIO

Top 10 holdings

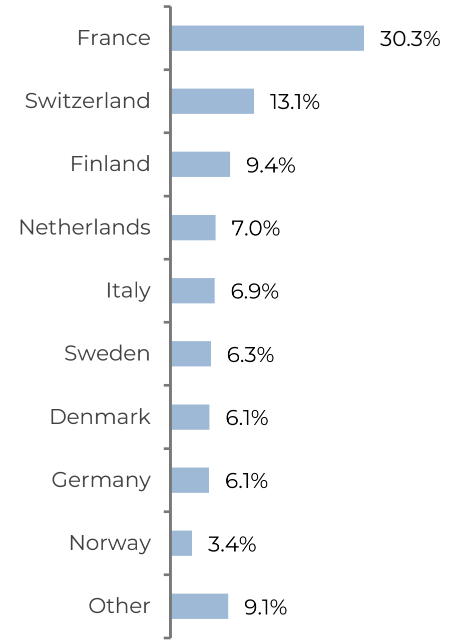
Euronext	3.6%
EssilorLuxotica	3.5%
Banca Generali	3.5%
Universal Music Group	3.5%
Kaufman & Broad SA	3.4%
Konecranes	3.4%
Helvetia Holding	3.4%
Recordati SpA	3.4%
Publicis Groupe	3.4%
Amundi	3.4%

Top 10 holdings	34.5%
Number of holdings	30

Sector



Country



Past performance does not predict future returns.

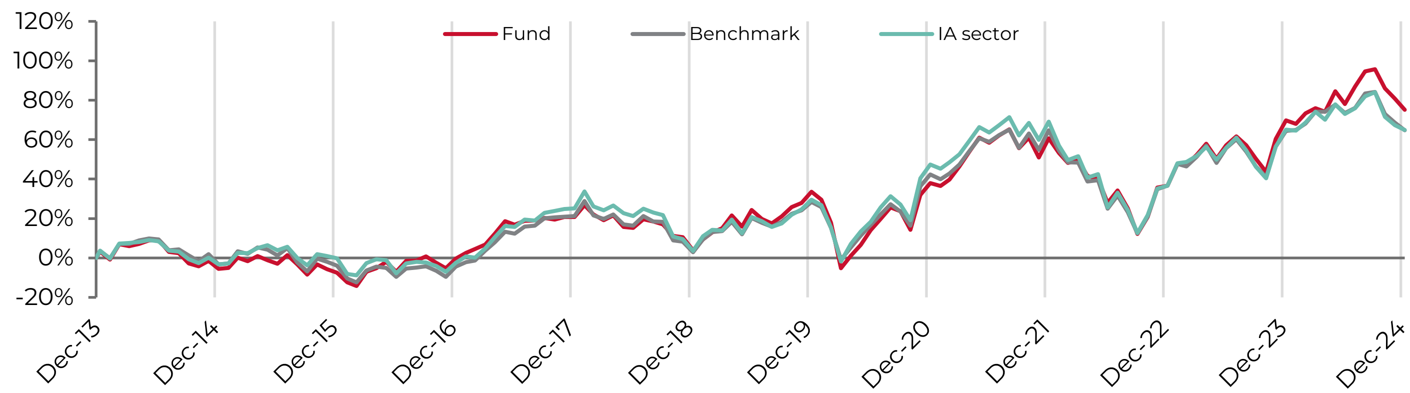
GUINNESS EUROPEAN EQUITY INCOME FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-1.6%	+5.0%	+5.0%	+17.9%	+38.6%	+130.6%
MSCI Europe ex UK TR	-0.9%	+1.9%	+1.9%	+8.1%	+35.7%	+111.9%
IA Europe Excluding UK TR	+0.0%	+1.7%	+1.7%	+5.5%	+34.7%	+112.4%
(USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-3.1%	+3.1%	+3.1%	+9.1%	+31.1%	+85.6%
MSCI Europe ex UK TR	-2.4%	+0.2%	+0.2%	+0.0%	+28.3%	+70.2%
IA Europe Excluding UK TR	-1.5%	-0.1%	-0.1%	-2.5%	+27.3%	+70.6%
(EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-1.2%	+10.0%	+10.0%	+19.8%	+42.1%	+116.1%
MSCI Europe ex UK TR	-0.4%	+6.8%	+6.8%	+9.8%	+39.0%	+98.9%
IA Europe Excluding UK TR	+0.5%	+6.6%	+6.6%	+7.1%	+38.0%	+99.3%

GUINNESS EUROPEAN EQUITY INCOME FUND - ANNUAL PERFORMANCE

(GBP)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Fund	+5.0%	+17.2%	-4.2%	+17.5%	+0.1%	+23.7%	-8.8%	+10.7%	+28.5%	+3.6%
MSCI Europe ex UK TR	+1.9%	+14.8%	-7.6%	+16.7%	+7.5%	+20.0%	-9.9%	+15.8%	+18.6%	+5.1%
IA Europe Excluding UK TR	+1.7%	+14.0%	-9.0%	+15.8%	+10.3%	+20.3%	-12.2%	+17.3%	+16.4%	+9.3%
(USD)	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Fund	+3.1%	+24.2%	-14.9%	+16.4%	+3.3%	+28.6%	-14.0%	+21.2%	+7.8%	-2.0%
MSCI Europe ex UK TR	+0.2%	+21.7%	-18.0%	+15.7%	+10.9%	+24.8%	-15.1%	+26.8%	-0.6%	-0.7%
IA Europe Excluding UK TR	-0.1%	+20.8%	-19.2%	+14.7%	+13.8%	+25.2%	-17.3%	+28.4%	-2.4%	+3.3%
(EUR)	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Fund	+10.0%	+20.0%	-9.3%	+25.2%	-5.2%	+31.1%	-9.8%	+6.4%	+10.9%	+9.0%
MSCI Europe ex UK TR	+6.8%	+17.6%	-12.6%	+24.4%	+1.8%	+27.1%	-10.9%	+11.4%	+2.4%	+10.7%
IA Europe Excluding UK TR	+6.6%	+16.7%	-13.9%	+23.4%	+4.4%	+27.5%	-13.1%	+12.8%	+0.5%	+15.1%

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



Source: FE fundinfo to 31.12.2024. 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.

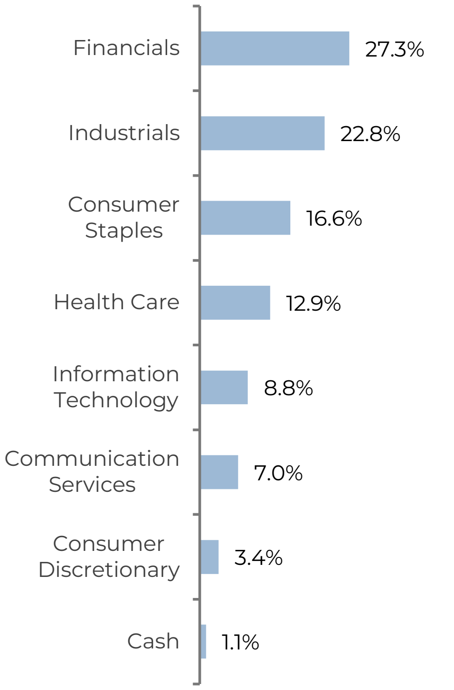
WS GUINNESS EUROPEAN EQUITY INCOME FUND - PORTFOLIO

Top 10 holdings

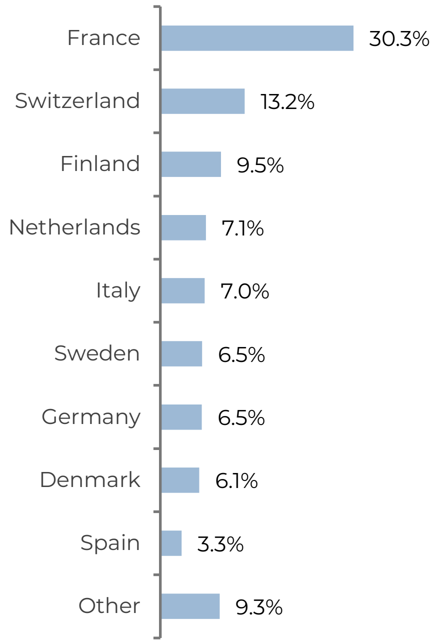
Universal Music Group	3.6%
Euronext	3.6%
Banca Generali	3.5%
EssilorLuxotica	3.5%
Publicis Groupe	3.5%
Deutsche Boerse	3.5%
Kaufman & Broad SA	3.4%
Konecranes	3.4%
Helvetia Holding	3.4%
Recordati SpA	3.4%

Top 10 holdings	34.8%
Number of holdings	30

Sector



Country



Past performance does not predict future returns.

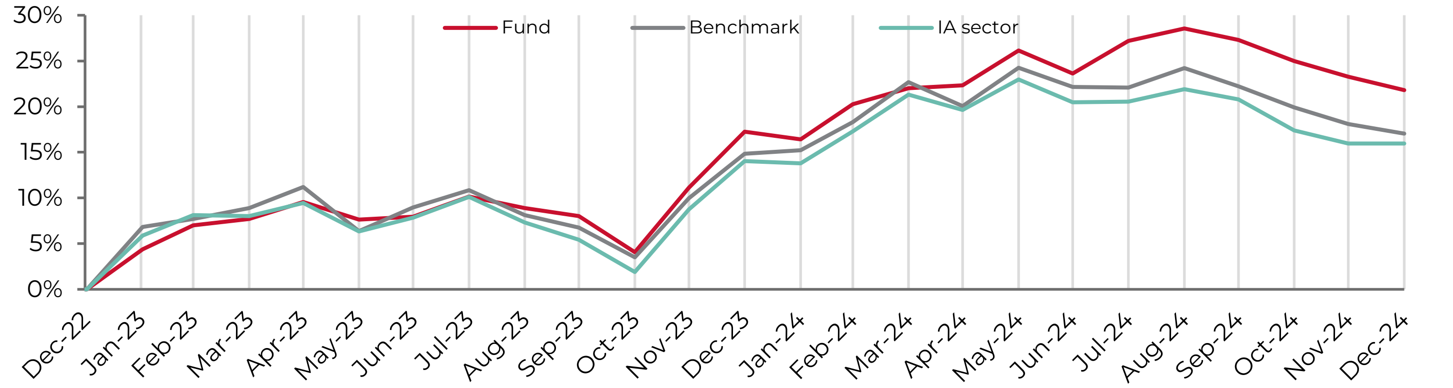
WS GUINNESS EUROPEAN EQUITY INCOME FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-1.2%	+3.9%	+3.9%	-	-	-
MSCI Europe ex UK TR	-0.9%	+1.9%	+1.9%	-	-	-
IA Europe Excluding UK TR	+0.0%	+1.7%	+1.7%	-	-	-

WS GUINNESS EUROPEAN EQUITY INCOME FUND - ANNUAL PERFORMANCE

(GBP)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Fund	+3.9%	+17.3%	-	-	-	-	-	-	-	-
MSCI Europe ex UK TR	+1.9%	+14.8%	-	-	-	-	-	-	-	-
IA Europe Excluding UK TR	+1.7%	+14.0%	-	-	-	-	-	-	-	-

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



Source: FE fundinfo to 31.12.24. 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.

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 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.

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/ 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.
.

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.