Guinness Global Quality Mid Cap

2024 Annual Review & Outlook

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 can fall as well as rise as a result of market and currency movement, and you may not get back the amount originally invested. Further details on the risk factors are included in the Funds' documentation, available on our website.

Past performance does not predict future returns.

ABOUT THE STRATEGY

Launch	15.12.2020
Sector	IA Global
Managers	Sagar Thanki, CFA Joseph Stephens, CFA
EU Domiciled	Guinness Global Quality Mid Cap Fund
UK Domiciled	WS Guinness Sustainable Global Equity Fund

INVESTMENT POLICY

The Guinness Global Quality Mid Cap Fund & WS Guinness Sustainable Global Equity Fund are designed to provide exposure to high-quality growth companies benefiting from the transition to a more sustainable economy. The Funds hold a concentrated portfolio of mid-cap companies in any industry and in any region. The Funds are actively managed and use the MSCI World Mid Cap Index & MSCI World Index respectively as comparator benchmarks only.

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COMMENTARY

On 1st January 2025, the Irish-domiciled Guinness Sustainable Global Equity Fund became the Guinness Global Quality Mid Cap Fund. The fund's benchmark changed from the MSCI World Index to the MSCI World Mid Cap Index. We expect the same changes to the WS Guinness Sustainable Global Equity Fund in due course, subject to FCA approval. This does not follow a change in the strategy's philosophy or investment process, and no such change is planned.

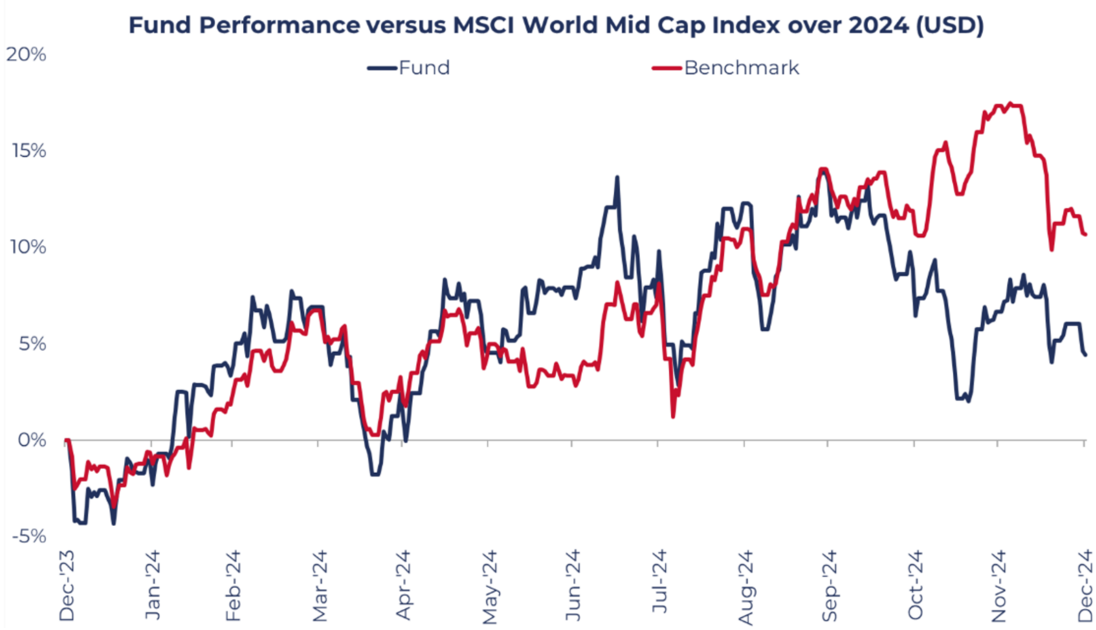
The fund will continue to seek exposure to structural growth themes in the sustainable space. However, regulations in several jurisdictions now impose varying definitions of sustainability, and although these have not required the name change, they present the risk that our pursuit of investors' best interests could eventually be complicated by changed or additional future regulation. The fund remains an Article 8 fund under the EU's Sustainable Finance Disclosure Regulation (SFDR). At the same time, the change allows greater emphasis on the fund's mid-cap focus.

Driven partly by the increased concentration of mega-cap stocks within the MSCI World Index, the fund's benchmark has been changed to the MSCI World Mid Cap Index to reflect our view that this is more suitable to the fund's investment process and objectives.

Importantly, neither the strategy philosophy nor the process will change. Both funds will continue to seek high-quality mid-cap stocks exposed to structural growth themes within the sustainable space.

SUMMARY REVIEW & OUTLOOK

Over 2024, the Guinness Global Quality Mid Cap Fund returned +4.5% (in USD) whilst the MSCI World Mid Cap Index returned +10.7%, The Fund therefore underperformed the MSCI World Mid Cap Index by 6.3%.



Source: Bloomberg, Guinness Global Investors. Data as of 31st December 2024

Broadly, when markets rallied, the Fund outperformed; when markets were weak, it tended to lag. However, the most notable deviation occurred in Q4 due to stock-specific reasons.

First Half of the Year: Quality growth stocks outperformed, while speculative growth significantly underperformed. During this period, the Fund outperformed the MSCI World Mid Cap Index by approximately 6.5% (USD), with our overweight position in the semiconductor industry contributing positively from both an asset allocation and stock selection perspective.

Q3 Rotation: Markets shifted considerably, favouring speculative growth and value stocks over quality growth. Sectors that had been the weakest in H1 - Utilities, Real Estate, Materials, and Consumer Staples - led the market, while the semiconductor industry was the worst performer. Given the Fund's emphasis on high-quality businesses and overweight positions in IT and semiconductors, it underperformed the benchmark during this phase.

Q4 Challenges: Stock-specific factors weighed heavily on performance, contributing to the Fund's overall underperformance for the year.

- **Earnings:** A few holdings reported weaker-than-expected earnings, triggering sharp market reactions during October and November. Following a reassessment of these positions, we remain confident in their long-term prospects and have rebalanced where appropriate, taking advantage of lower valuations.

- **Election-Driven Sell-off:** Trump's early November election victory triggered a sharp decline in sustainability-linked stocks, including our holding in Enphase, which fell c.33% (USD) in the days following the election. Despite this, our long-term investment thesis for the solar industry - and Enphase in particular - remains intact, given its asset-light model and resilient margins (unlike close peer SolarEdge). We used this period to rebalance our underweight position, and while the stock recovered roughly half its losses by year-end, it remained a relative drag on performance.

- **Semiconductor Volatility:** Monolithic Power Systems declined 25% in November after a report suggested its allocation to Nvidia's Blackwell GPUs was "at risk." Morningstar later stated they could not verify the claim, suggesting the sell-off may have been excessive. We remain comfortable with the position, which has been one of the Fund's strongest performers since its initiation in 2023 and will look to upcoming earnings reports for further clarity.

Outlook

Despite market volatility in 2024, the Fund's focus on quality growth remained well-positioned relative to speculative growth, which has consistently underperformed since the Fund's launch in late 2020. Looking ahead, we expect this trend to persist.

- **Quality Remains Key:** We believe interest rates are unlikely to return to ultra-low levels, and global economic growth is expected to remain challenging. As such, businesses with strong balance sheets—those not reliant on excessive debt for growth—and companies benefiting from structural growth drivers are likely to be best positioned.

- **Mid-Cap Opportunity:** The Fund's mid-cap focus has faced challenges in recent years as markets have been dominated by a small number of large-cap names, resulting in heightened market concentration. Despite this, the Fund has performed well, particularly given that many peers and broader market participants focus on large-cap stocks, often holding the same names. We believe this presents a compelling opportunity for investors to diversify into the often-overlooked mid-cap space, where companies combine the resilience of established businesses with the dynamism of growth-oriented firms.

YEAR IN REVIEW

The equity market continued in its strength with the MSCI World recording 19% (USD) returns off the back of 24% in 2023. However, the year saw varying market drivers throughout, from shifts in interest rate expectations, the impact of the US Election, and recessionary fears. Below, we divide the year into 6 distinct periods of varying length characterised by their drivers, and look at the impact on fund performance:

Source: Bloomberg, as of 31st December 2024

Past performance does not predict future returns.

(1) Goldilocks Rally (Jan-March):
What happened: Strong equity market performances with gains across all major indexes. Despite the tumultuous macroeconomic and geopolitical backdrop, notably the ongoing conflicts in Ukraine and the Middle East, news of two major economies entering recession (the UK and Germany) as well as surprise inflation reads in the US. Notwithstanding, markets continued their march higher as investors looked beyond this noise and focused on their expectations of a more accommodative monetary policy, as a softening global economic outlook and inflation coming back under control set the stage for such response from world central banks.
Market Performance: - Semiconductor industry was the standout performer (led by Nvidia) +36.2% in the period. - Quality growth led the gains whereas more speculative growth parts of the market materially underperformed - Relatively narrow leadership with Large caps outperforming mid and small with the Mag 7 driving the performance.
Fund Performance: - The Fund outperformed the MSCI World Mid Cap Index but underperformed the large cap orientated MSCI World. - Our quality focus meant we avoided much of the weakness in speculative growth - However our focus on mid cap stocks was a drag on performance - Our overweight exposure to the semiconductor industry was also a positive
(2) Slowdown Concerns (1st April – 19th April):
What Happened: Sentiment shifted as weaker economic data, and sticky inflation reads dampened the 'Goldilocks' narrative. April's Q1 US GDP print and manufacturing purchasing managers' index missed forecasts, resulting in decreased market confidence. Market narrative shifted to 'stagflation' concerns as services inflation remained sticky. Fears of an interest rate hike rose after hawkish commentary from Fed Chair Jerome Powell and the market started to price in a delay to rate cut expectations, with all parts of the market selling off.
Market Performance: - The semiconductor whipsawed to become the weakest performing industry, down 13.5% due the short period - Speculative growth continued to be the weakest factor, however value outperformed value with Energy, Utilities, and Staples, the best performing sectors. - Whilst the Mag 7 underperformed, dragged down by Nvidia (-16% and Tesla (-16%), large caps broadly maintained leadership over mid and small caps
Fund Performance: - The Fund underperformed the MSCI World Mid Cap Index primarily due to asset allocation as opposed to stock selection. - Indeed, our overweight exposure to It sectors, and in particular, the semiconductor industry, was the main source of underperformance - At a factor level, not owning value sectors such as Energy, Utilities or Staples was a drag on performance. - Again, not owning speculative growth, was a relative positive contributor to performance.

Past performance does not predict future returns.

(3) Soft-Landing Reemerges (20th April – 15th July):
What Happened: The negative sentiment did not last long as markets rebounded after corporate earnings came in generally strong and positive economic data returned. US consumer price inflation of 3.4% in May pointed to price normalisation and markets gained confidence that a soft landing could be achieved. The number of market-implied interest rate cuts increased from 1.1 in April to 1.8 in June, resulting in a significant divergence between Growth and Value performance.
Market Performance: - A handful of stocks the market higher amid continued AI optimism and strong quarterly earnings with Tesla +72%, Nvidia +69%, and Apple +42%. Over this period, the only sector to outperform the broader MSCI World Index was the IT sector. - The MSCI World Growth Index outperformed MSCI World Value by 11.0% with speculative growth areas of the market rallying after 2 periods of material underperformance. - The semiconductor industry was the best performing industry, returning 43.6% over the period.
Fund Performance: - The Fund materially outperformed the MSCI World Mid Cap Index whilst outperforming the broader MSCI World Index, despite not owning the handful of mega-cap stocks that led the market higher. - Expectations of increased interest rates were positive for the Fund holdings with the outperformance of the growth factor a positive contributor - Positive stock selection within the IT sector versus the MSCI World Mid Cap Index was the primary driver of outperformance with our semiconductors stocks delivering strong returns.
(4) Volatility Resurfaces (16th July – 6th September)
What Happened: During this period, the market whipped between weak and upbeat sentiment. Sentiment initially shifted as new economic data alongside earnings call commentary showed signs of a struggling consumer. Concerns further grew that the Fed had kept monetary policy too restrictive for too long. Additionally, the Bank of Japan's decision to unexpectedly raise interest rates led to an unwinding of the Yen carry trade, resulting in a sharp equity market sell-off. Following this, positive inflation and retail sales data, together with a rather dovish tone set by Jerome Powell US Fed, resulted in a swift and sharp equity market rebound, erasing previous losses. Towards the end of this period however, weak manufacturing data and disappointing non-farm payrolls once again raised concerns about the state of the US economy. The semiconductor industry, in particular, sold-off over fears of future policy actions - Donald Trump stated that Taiwan should pay for its own defence, alongside rumours that the Biden-Harris administration could employ stricter trade restrictions on non-US semiconductor firms.
Market Performance: - Mag 7 weakest with Nvidia, Alphabet and Tesla all down materially (-20%, -19%, and -17% respectively) - Whilst the MSCI World posted negative returns for the period (-2.9%), the equally-weighted version was up 1%. Large caps *underperformed* mid and small in this period - Value outperformed Growth by 8.9% over the period with declines led by the semiconductor industry
Fund Performance: - The Fund gave up the majority of good relative performance from period (3) as growths and the semiconductor underperformance dragged on performance. - Additionally, a handful of surprisingly weak earning reports from Fund holdings including Edwards Lifesciences, and Teradyne, contributed negatively. - We have since assessed each of the businesses and feel at the current time there remains good upside potential.
(5) Fed delivers first rate-cut (7th September – 4th November)
What Happened: On the 18th of September, the Fed (finally) decided to cut the Federal Funds Rate by 50 basis points (bps) after the fastest rate hiking cycle on record. Markets rallied on news of the bumper cut, with the S&P500 reaching record highs and large-cap technology stocks leading the move. Following the fastest rate hiking cycle on record, the Federal Reserve decided to cut the Federal Funds Rate by 50bps. Further positive news came from the much-challenged Chinese economy, as Beijing launched an economic stimulus package including a $114bn war chest to boost the stock market.
Market Performance: - Markets were positive across regions (in USD terms) with the US and China markets up strongest - The semiconductor industry once again rotated back to becoming the top performer over the period with growth broadly outperforming value - Despite the rate cut, large caps led mid and small caps over the period, with Nvidia (+32%) driving the outperformance.
Fund Performance: - The Fund underperformed the MSCI World Mid Cap Index marginally although outperformed the MSCI World Equally-Weighted Index. - Despite the rate cut, which was positive for growthier/smaller cap businesses, markets shifted down their expectations for further cuts in 2024 and 2025. - Whilst the Fund's overweight exposure to the semiconductor industry was once again a positive contributor, semiconductor holding Enphase fell 15% on a weaker than anticipated earnings guidance discussed more later).
(6) Trump Trade (5th November – 31st December)
What Happened: Donald Trump's victory of the 2024 presidential election initially led to a market rally buoyed by anticipated tax cuts and deregulation, which benefited sectors like financials, industrials and energy, in particular. Although with Trump in power markets, initially anticipated continued interest rate cuts by the Federal Reserve to support economic growth, stronger economic indicators and hawkish comments by Jerome Powel due higher inflation forecasts led to lower rate cuts forecasted for 2025. By year-end, the market was only forecasting 1-2 cuts for 2025, down from 5-6 in August.
Market Performance: - With Trumps pro growth agenda, growth outperformed value by 7.5% over the period, with speculative growth outperforming quality growth - The average MSCI World holding was down during the period (equally-weighted MSCI World down 1.4%). However, the MSCI World Index finished the period up 1.6% as Tesla in particular rallied 66% on Elon Musk's ties with the President-Elect. - This period was the first in which the semiconductor industry was *not* the top or bottom performing industry.
Fund Performance: - The Fund underperformed the MSCI World Mid Cap Index primarily on weak stock selection from our Industrial holdings. - Whilst the 'Trump trade' was initially seen as potentially positive for smaller cap growth companies on his pro-growth agenda, the outcome was more nuanced as the prospect of higher rates for longer muddied the water. On this, we discuss later. - With Trump winning the election, sustainable stocks were understandably weak, with solar holding Enphase falling 32% in the few days post election. Whilst the company recovered almost half of weakness into year end, it remained a drag on the Fund.

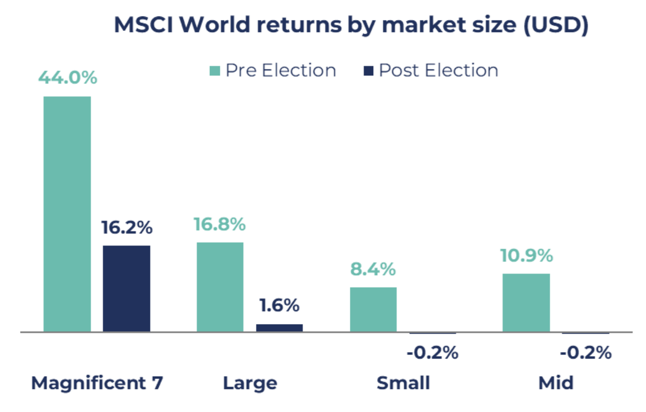
US Election

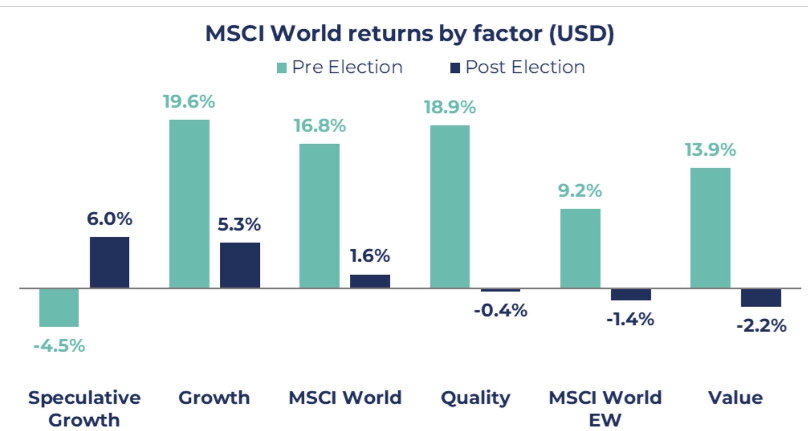
Part 1: The Trump Trade (2.0)

Eight years on from winning the 2016 presidential election, Donald Trump is soon to be back in the White House and at the helm of the world's largest economy. Whilst his policies are yet to be confirmed, investors have in many ways a fairly good idea of what to expect from the upcoming term (tariffs, protectionism, lower taxes… see more below) and yet, there will almost certainly be plenty of surprises on the horizon. The initial market reaction was positive. In part, this was down to the result: either candidate winning with a clear majority may well have been taken as a positive given a more stable political and legislative environment. However, there is also a broader consensus that Trump's proposed policies will be good for US equities with lower taxes likely to increase corporate earnings and a more relaxed regulatory regime, alongside wider stimulatory fiscal measures, seen as beneficial for growth.

Indeed, the market winners have thus far been Diversified Financials (+8.2%) and Banks (+6.4%) on the prospect of deregulation, higher M&A volumes and potentially higher interest rates; and Consumer Discretionary led overwhelmingly by Amazon and Tesla. The latter particularly given Elon Musk's increasingly close ties with the incoming administration and the expected tailwind to the autos industry of self-driving deregulation.

By style, Growth outperformed Value by ~1% but most notably, Speculative Growth (as shown by the Goldman Sachs Unprofitable Tech Index) rallied an impressive +13.4% as lower quality areas of the market were buoyed by the prospect of a new Trump term. From a size perspective, Small- and Mid- cap generally outperformed (tax policies and onshoring likely to benefit the more domestically exposed smaller players) however the Mag7 continued their strong momentum year to date and notched a further +7.4%, led by Tesla.





Source: Bloomberg as of 31st December 2024

Bonds Were Less Impressed by Trump

Bond markets, however, did not react as positively. Following the election result, US bond prices fell, and yields rose across most of the curve (except short dated 3-month treasuries which climbed). This is in fact part of a more enduring trend since the end of Q3 2024, which has seen renewed investor worry over sticky inflation prints. Such fears have been exacerbated by ongoing government spending and new treasury issuance (the US National Debt has grown by ~$1trn every 100 days since mid 2023) as bi-partisan plans of further spending have renewed concerns of an inflationary outlook. Add to this, Trump's mooted tariff policy and hardline stance on migration which, if enacted, would likely put further pressure on domestic prices via a tighter labour market and the higher cost of imported goods. This is evidenced by a Bank of America Fund Managers Survey published in November 2024 which found more investors than not now forecast higher inflation in the next 12 months, the first time this has happened in over three years. In sum, the jump in yields pre- and post-election shows that investors think inflation may persist.

Part 2: Implications for 2025 & Beyond

It is important to stress that nothing has been formerly announced as of yet, but the section below outlines some of the potential implications for global markets as we look towards 2025 and beyond. Buckle up!

Fiscal Policy

Trump plans to expand the Tax Cuts & Jobs Act of 2017, aiming to reduce corporate tax rates from 21% to 15%. Other cuts might include eliminating taxes on hospitality workers as well as on social security benefits and overtime. This could enhance corporate profitability, potentially leading to increased dividends and stock buybacks. Although bear in mind that is estimated to lower tax revenues and could create a further $7.5bn net fiscal deficit impact according to the Committee for a Responsible Federal Budget.

The Trump Plan
(billions, 2026-2035)

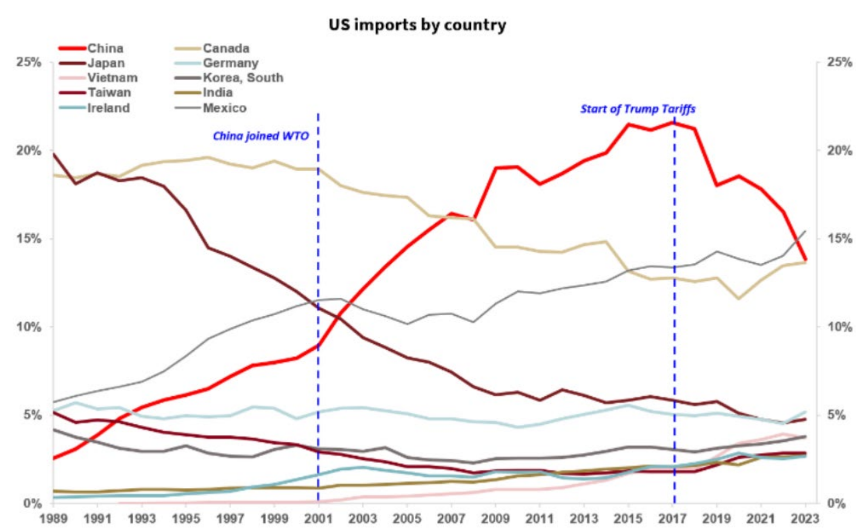
Policy Proposals	Low	Central	High
Extend and Modify the Tax Cuts & Jobs Act (TCJA)	-$4,600	-$5,350	-$5,950
Exempt Overtime Income from Taxes	-$500	-$2,000	-$3,000
End Taxation of Social Security Benefits	-$1,200	-$1,300	-$1,450
Lower the Corporate Tax Rate to 15% for Domestic Manufacturers	-$150	-$200	-$600
Exempt Tip Income from Taxes	-$100	-$300	-$550
Strengthen and Modernize the Military	-$100	-$400	-$2,450
Secure the Border and Deport Unauthorized Immigrants	$0	-$350	-$1,000
Enact Housing Reforms, Including Credits for First-Time Homebuyers	-$100	-$150	-$350
Boost Support for Health Care, Long-Term Care, and Caregiving	-$50	-$150	-$300
Subtotal, Tax Cuts and Spending Increases	-$6,800	-$10,200	-$15,650
Establish a Universal Baseline Tariff and Additional Tariffs	$4,300	$2,700	$2,000
Reverse Current Energy/Environment Policies and Expand Production	$750	$700	$550
Reduce Waste, Fraud, and Abuse	$250	$100	$0
End the Department of Education and Support School Choice	$200	$200	$0
Subtotal, Revenue Increases and Spending Reductions	$5,500	$3,700	$2,550
Net Interest	-$150	-$1,000	-$2,050
Total, Net Deficit Impact	-$1,450	-$7,500	-$15,150

Source: CFRB as of 31st December 2024

Deregulation

The administration's commitment to deregulation is likely to benefit sectors such as financial services, energy, and manufacturing. Eased regulations could lower operational costs, foster expansion and create a softer regulatory backdrop for increased M&A activity.

Trade Policy: An Import(ant) Lesson from History



Source: SG Cross Asset Research/Equity Strategy as of 31st December 2024

In pursuit of an 'America First' agenda, Trump's proposed escalation of tariffs appears to be top of mind for investors. Trump has suggested 10-20% blanket tariffs worldwide, with up to 60% tariffs on Chinese goods. Interestingly, when looking back at US trading patterns over the past 30 years, the US seemingly dislikes overreliance. Whenever US imports from a certain country reach ~20% of total import spend, there has been substantial push back and de-risking. This happened with Japan in the 1980s, Canada in the 2000s, China in the late 2010s and may well happen further if reliance on Mexico continues to grow. Note Trump has proposed 100% tariffs on Mexican auto imports.

Implications for the fund:

Whilst we cannot be sure of the policies the new administration will enact; we can broadly look at how we believe each our tenants will be impacted:

Quality: Following the Election result, quality stocks lagged more speculative names which rebounded having been weak prior. However, moving forward, we believe quality as a factor will remain key; a Trump administration will undoubtedly bring about volatility in the market, and with increases in government spending likely to increase fears of higher rates for longer, those companies with a history of strong capital allocation, and those which are not over levered, will likely benefit.

Mid Cap: Whilst a pro-growth agenda might favour smaller cap companies, the impact may be more nuanced. The reshoring theme is likely to favour smaller cap businesses which tend to be more domestically focused and less likely to be exposed to trade tariffs. However, with expectations of higher rates for longer, this has put pressure on valuations.

Sustainability: The immediate market reaction post-election was a sharp decline for many sustainability-linked businesses. It is important to remember here that the structural themes we invest in are driven by long-term demand drivers and are much more than the clean energy stocks worst affected. As such, whilst the Trump victory may be, a near-term headwind for some areas, we believe there remain attractive long-term growth opportunities.

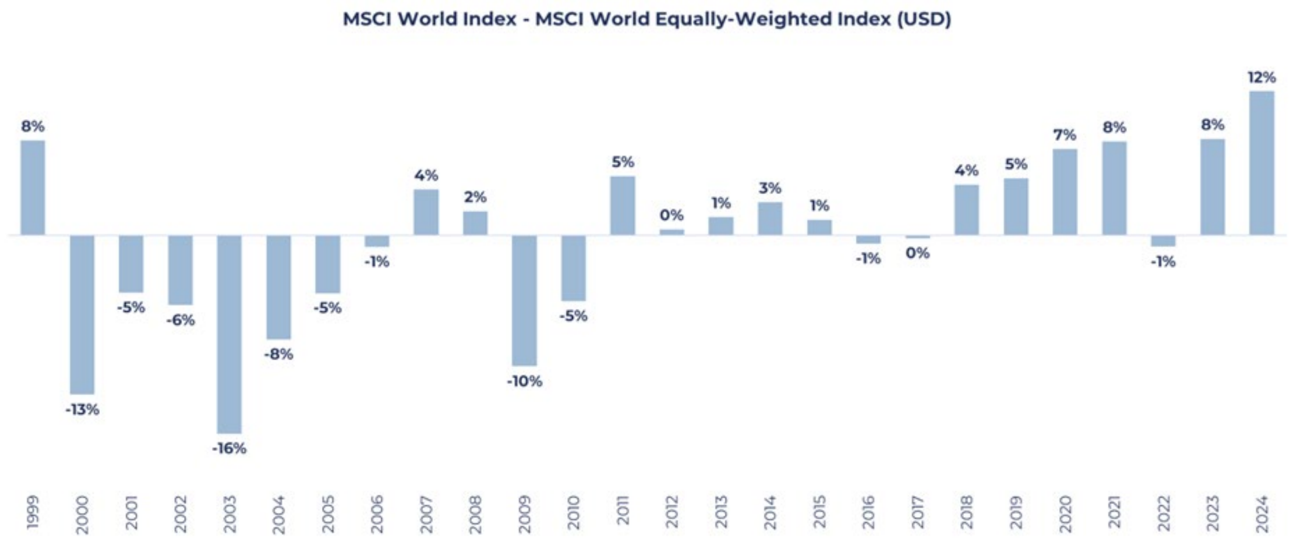
For example, we believe that President Trump will struggle to make substantial reforms to the Inflation Reduction Act. Republican support for the jobs and investment coming from the Act may restrain Trump's ability to repeal it and the final outcome may be that Trump's election is more positive for fossil fuels, via lower regulation and environmental protection, than it is negative for clean energy directly.

Politics aside, there will continue to be a focus on resource efficiency as US electricity demand continues to surge due to AI querying, data centres, re-shoring and the broader trend of electrification.

Finally, health care and wellbeing remain key growth areas as global (in particularly, the US) populations age, putting an increasing burden on health systems, whilst consumers look to become healthier (either through exercise, diet, or through medication such as weight loss drugs).

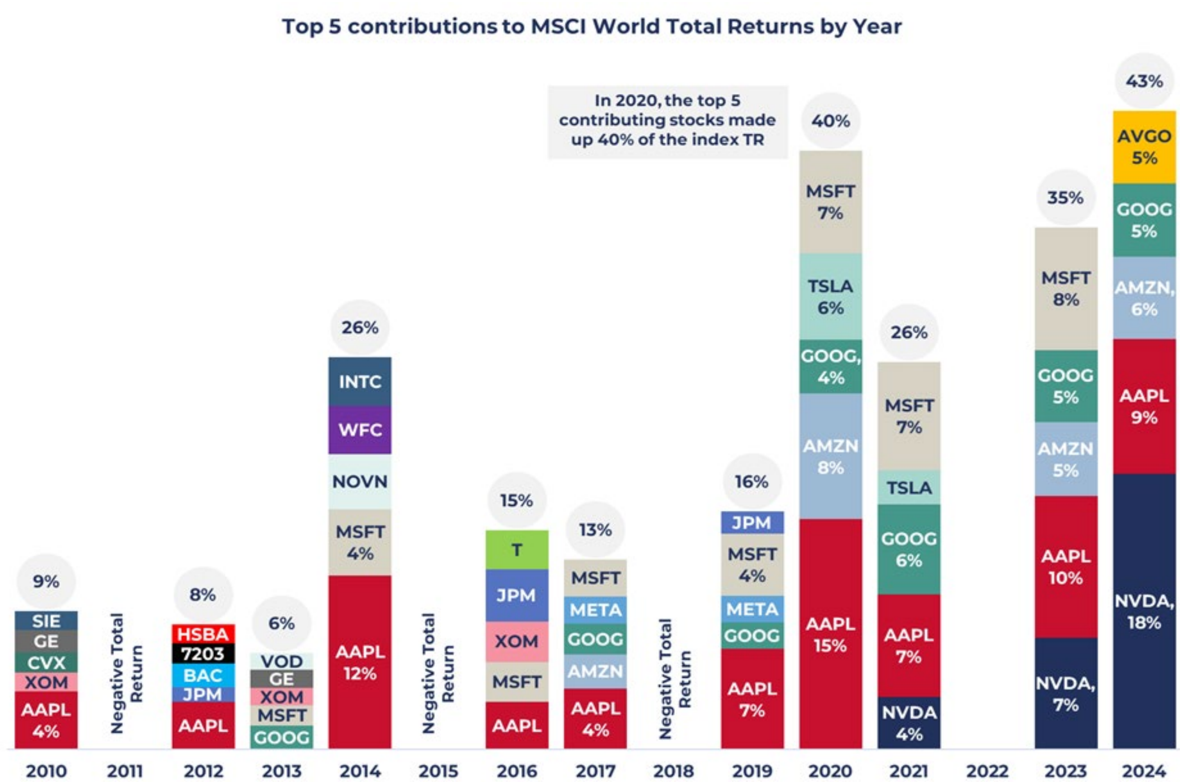
MARKET CONCENTRATION

Whilst the MSCI World Index followed up the strength seen in 2023 with another year of strong returns, the market continues to be driven by a handful of names. In 2024, the MSCI World Index outperformed by equally weighted index by the widest margin in more than 25 years.



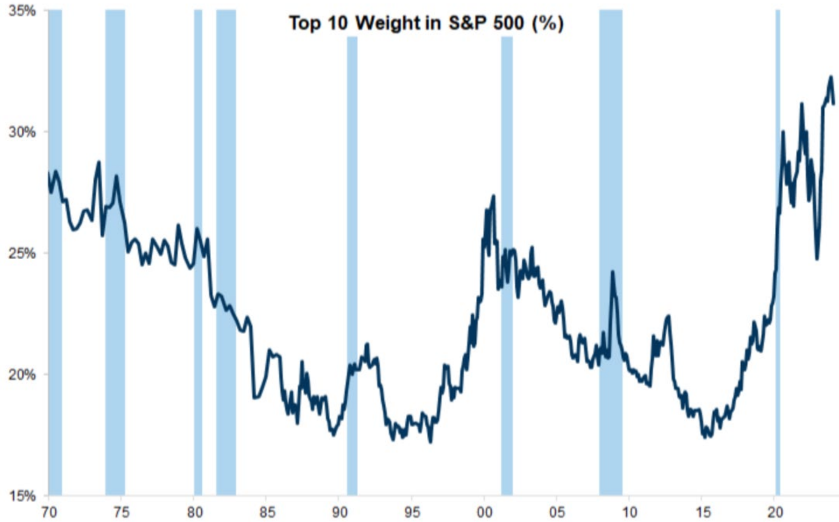
Source: Bloomberg. Data as of 31.12.2024

Highlighting this trend further, we examine the top 5 contributors (i.e. weight in index * stock return) to the MSCI World's return by year. As seen below, the top 5 contributors (Nvidia, Apple, Amazon, Alphabet, and Broadcom), made up 43% of the MSCI World's 19% total return in 2024 – the most concentrated it has been in at least 15 years. Within this, Nvidia recorded the largest individual contribution by any one stock in a year with 18% of the Indices' return driven by Nvidia alone!



Source: Bloomberg. Data as of 31.12.2024

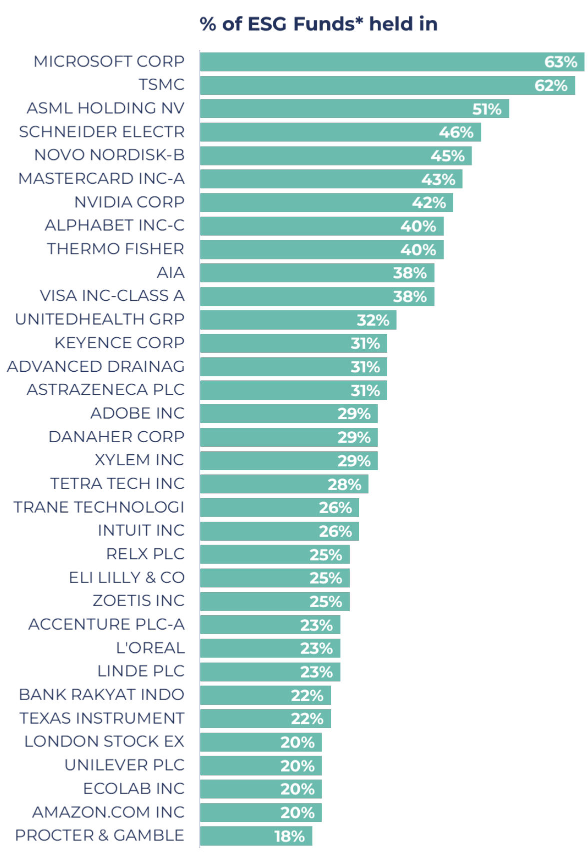
This overreliance on a few stocks (particularly US stocks) to drive returns has led to an increasing concentration within equity markets. Within the S&P 500, for example, the top 10 stocks make up ~33% of the total index – the highest on record.



Source: Bloomberg. Data as of 31.12.2024

And whilst it's hard to complain with Nvidia's revenues growing >200% in under a year, it does highlight the possible fragility of the market should one, or a few, of these mega-cap stocks begin to underperform.

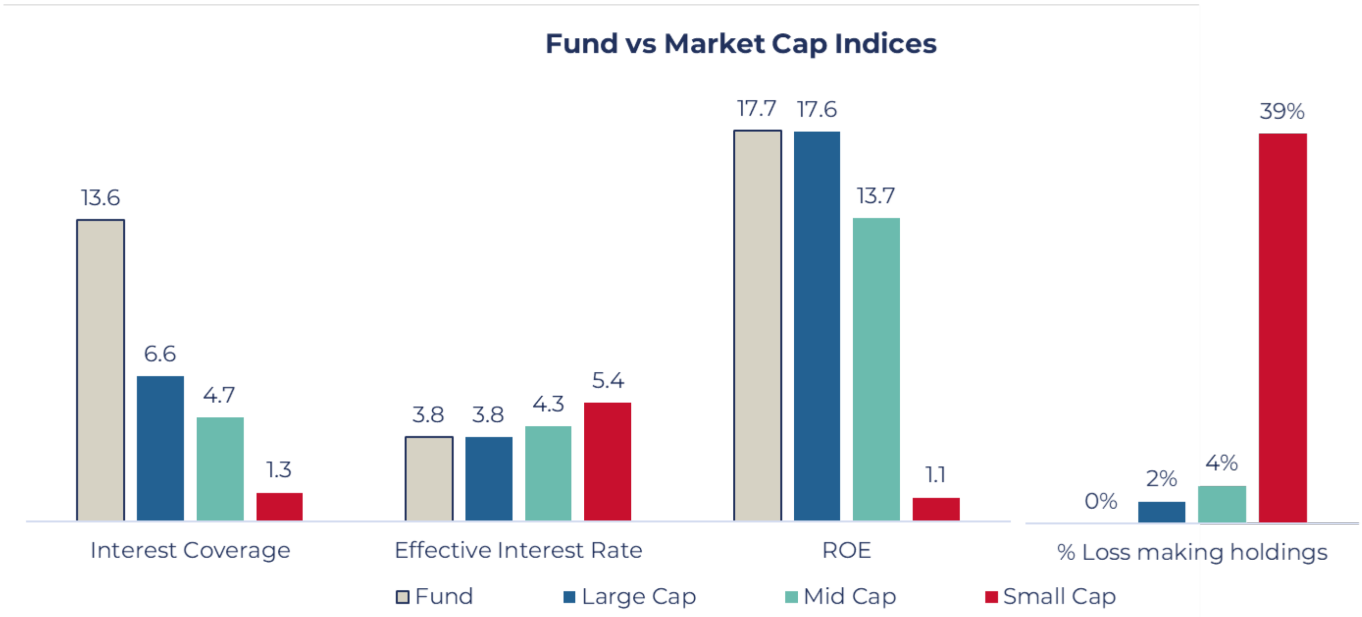
Focused on midcap stocks, and thus not owning these mega-cap names that have been driving market returns, has been a drag on relative Fund performance, particularly versus ESG peers that also tend to own these names. Indeed, 63% of our ESG peers hold Microsoft, 62% hold TSMC, and 51% own ASML.



Source: Guinness Global Investors, Bloomberg, FE fundinfo, USD (data as of 31.12.2024).
**A custom universe of funds created by screening the IA Global Sector for all Responsible, Sustainable and Impact funds*

When considering the stellar performance of these names and overconcentration by indices and peer funds alike, it highlights the strength of the Fund's performance *despite* having a differentiated approach.

It is also important to not confuse midcap businesses with low quality, highly speculative investment opportunities. Looking at the US market across the Fund, S&P 500 (large cap), S&P 400 (mid cap) and Russell 2000 (small cap), we highlight a few observations. Mid Cap stocks, whilst not as high quality as larger cap businesses, possess significant robustness – their interest coverage is 4.7x versus 1.3x for small caps, on average they pay more than 1% *less* interest on their debt as small caps do, their return on equity (ROE) is considerably higher than small caps, and finally, the vast majority are profit generating (versus 39% of the Russell 2000 index which did not make a profit in 2024). That is to say, mid cap does not mean high risk.

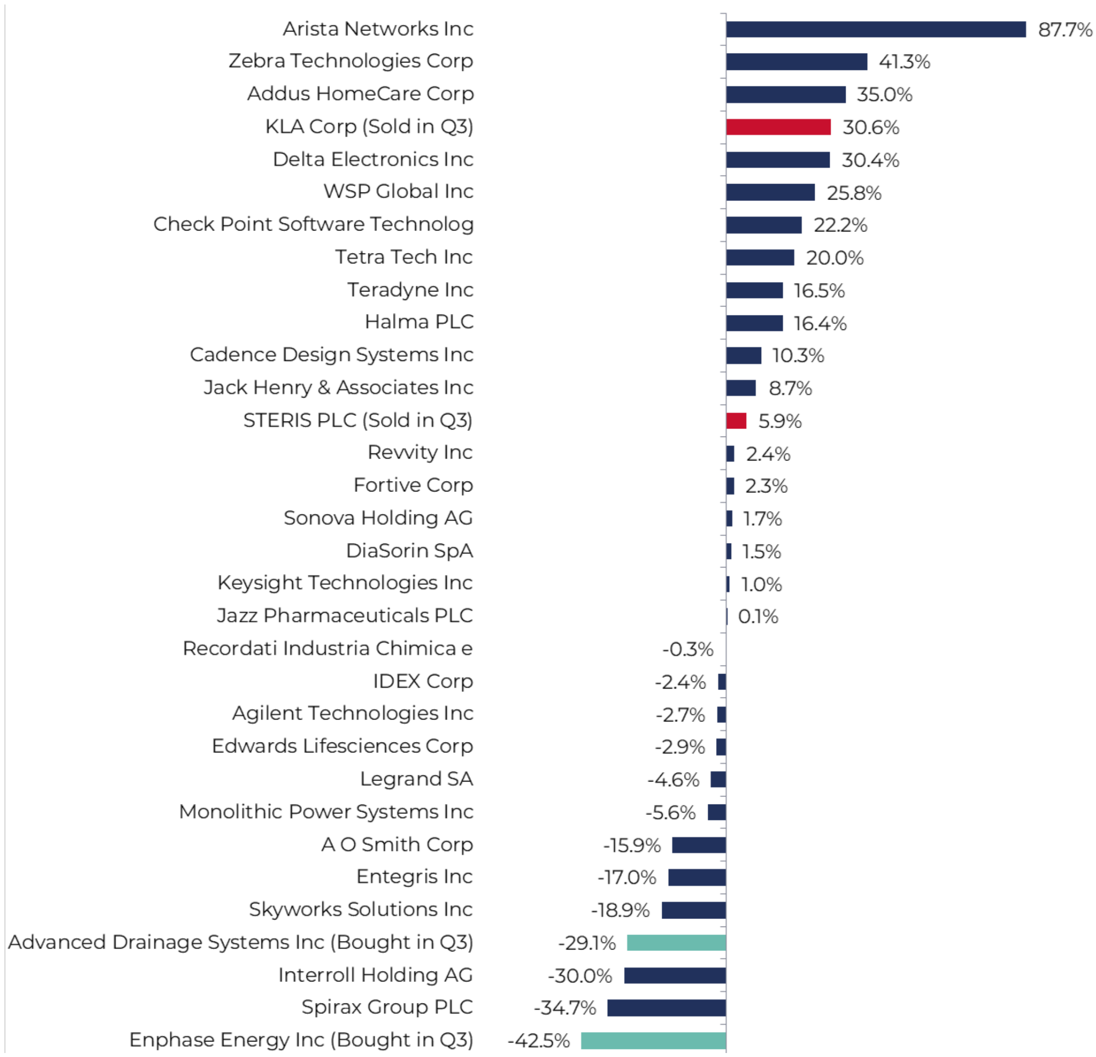


Source: Bloomberg. Data as of 31.12.2024

Going one step further, we see the Fund quality credentials extend past even the S&P 500's – there are quality stocks available to investors which tend to be overlooked given the overconcentration in the market. Looking forward, whilst rate cuts have continuously been pushed back, the direction of travel remains down which we think puts the Fund in a strong position moving forward as market leadership widens.

STOCK PERFORMANCE OVER 2024

The chart below shows the fund constituents' performances over 2024 in USD.



Source: Guinness Global Investors, Bloomberg, as of 31st December 2024

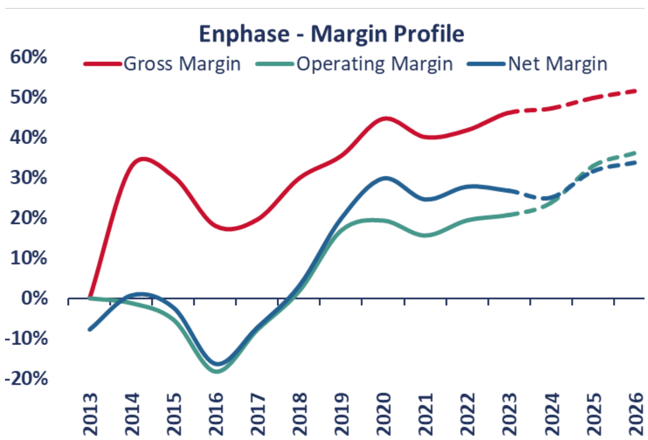
Arista Networks (+87.7%), a frontrunner in data-driven cloud networking, was the best performing stock in the Fund in the year. Arista has benefitted from increased demand for its networking solutions in AI and cloud data centres. The firm's continuous development of cutting-edge networking solutions, such as the 7700R4 Distributed Etherlink Switch, addressed the evolving needs of AI and cloud networking, attracting new customers and boosting sales. During the year, Arista also achieved a significant margin expansion, taking profit margins from 35% to 40% approximately, reflecting operational efficiency and effective cost management.

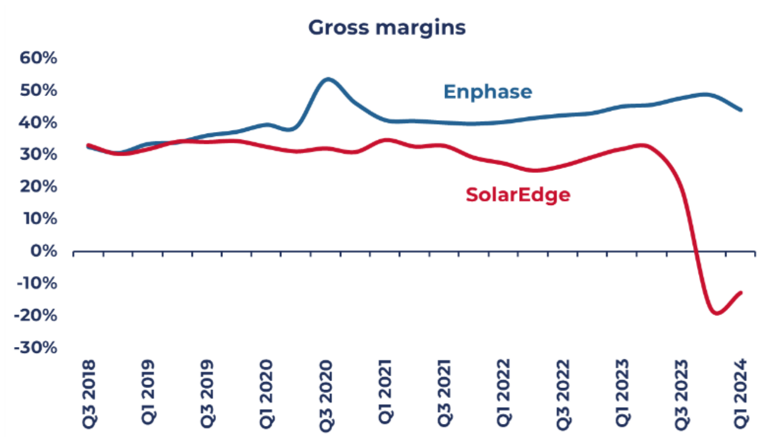
Zebra Technologies (+41.3%) was the Fund's second-best performing stock of the year. The provider of automatic identification and data capture technology reignited growth during 2024 after a challenging 2023, demonstrating resilience through strategic restructuring and a focus on innovation. Third-quarter sales grew 31% year-over-year after negative and flat previous quarters as manufacturers and logistics providers focused on automating workflows and improving supply chain visibility. We remain optimistic on Zebra Technologies' outlook as the firm integrates generative AI capabilities into its offerings, potentially enhancing the functionality of Zebra's solutions.

Spirax Sarco (-34.7%) performed poorly in the year. After a disappointing first half of the year, Spirax reduced its full-year guidance to mid-single-digit growth, from mid- to high single-digit growth. This was due to uncertainty about the timing of a recovery in some of its material end markets and a currency headwind that is expected to persist throughout the year. Additionally, an untested new management appears to be weighing on the stock price. However, we consider this to be a cyclical matter, as opposed to a structural problem that would break the long-term thesis. Looking ahead, the outlook for the second half of the financial year appears stronger than the first, driven in part by early signs of recovery in the biopharmaceutical end market and typical business seasonality. Additionally, industrial production trends in several key geographies appear to be improving which gives us encouragement. Over the medium and long term, we are positive about the company's outlook. Management's focus on operational efficiencies should lead to operating margin expansion over the next few years, which together with end markets recovery translates into high-single-digit bottom line growth.

Enphase (-42.5%): Enphase was the weakest performer in the year. We purchased the stock during Q3, attracted by the company's numerous strong qualitative attributes. Third-quarter results proved to be worse than expected, with revenue dropping by 31% year-over-year. Despite these disappointing results at first sight, a more in-depth analysis suggests a strong recovery in the US market, with US revenue growing 43% quarter-over-quarter, despite the bankruptcy of a large customer (SPWR). As a result, the US/international revenue mix shifted from 65%/35% in Q224 to 75%/25% in Q324. In Europe, the firm faces near-term headwinds, although management is confident those will gradually abate towards the end of the year. Looking ahead, the company has several opportunities to reignite growth, including international expansion, increasing market share for its microinverters, and broadening its energy solutions offerings to capture a larger portion of consumer spending.

In contrast to peers, Enphase is asset light, outsourcing large proportions of manufacturing. Margins have thus held up materially better than close peers





Source: Bloomberg. Data as of 31.12.2024 (inc estimates)

CHANGES TO THE PORTFOLIO

Over the year, we sold two positions, KLA Corp and Steris, and initiated two new positions, Advanced Drainage Solutions and Enphase.

KLA Corporation

KLA Corporation is the leading manufacturer of semiconductor yield management and process control systems used to detect defects in the fabrication process. Bought at launch of the Fund, KLA has seen a total return of 214% (USD), with its market capitalisation breaching $100bn. The company has been a beneficiary of the recent AI enthusiasm and onshoring of semiconductor manufacturing away from Taiwan. Considering this, KLA's price-to-earnings (1-year forward) has risen from a 10Y average of 18x to now ~27x. Subsequently, we felt it was a good opportunity to exit the position at a high and rotate back into smaller-cap opportunities.

Steris

Steris offers a range of products for healthcare providers worldwide from infection prevention consumables and capital equipment as well as services to maintain that equipment, repair of re-usable procedural instruments and outsourced instrument reprocessing services. Steris uses the razor blade business model, selling higher-cost capital equipment at a low margin and greater profits are earned on the recurring consumables and service. After selling sterilizers and washers, customers are then locked in to using Steris for routine service and consumables through the life of the product. Whilst Steris is a steady business, we felt there were better ideas for the portfolio that had higher growth characteristics, particularly at a time when healthcare/pharmaceutical spending has been weak. As such decided to exit this position.

Advanced Drainage Systems (ADS)

ADS is a manufacturer of high performance thermoplastic corrugated pipe providing storm water management and drainage solutions primarily in the US. Applications broadly span residential, non-residential, infrastructure, and agriculture. Whilst plastic is the company's primary material, ADS uses, and is increasingly using, recycled resin for its products and is now the largest plastic recycler in the US. Moreover, recycled plastic is less expensive, and the price is less volatile.

The growth opportunity for ADS can be split into two - industry growth and market share gains. We have seen underinvestment in water infrastructure over the last 10 years, coupled with increasing stormwater disasters in the US, necessitating increased spending in the coming years. And secondly, ADS has consistently outgrown end-markets, taking market share from legacy concrete players. With ADS's thermoplastic piping only making up 38% of the storm water market, there is still significant runway.

Enphase

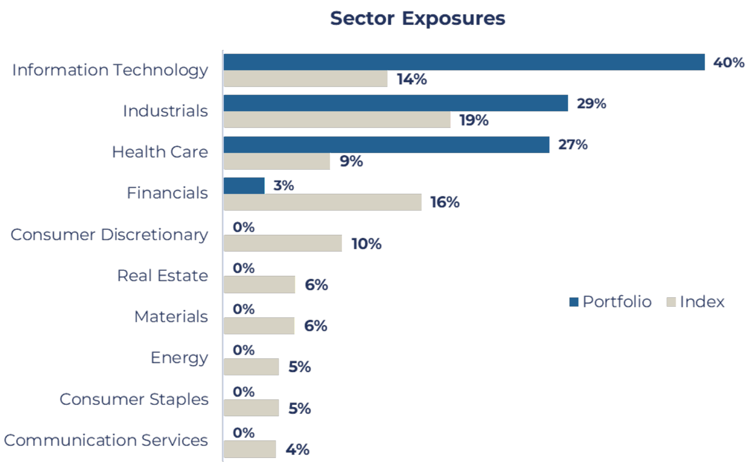
Enphase is the world leader in microinverter technology for distributed solar systems pioneering a semiconductor-based microinverter that converts energy at the individual solar module level and combined with its proprietary networking and software technologies, provides advanced energy monitoring and control. The company was in financial difficulty in 2017 because of the prolonged downturn in solar installation. Badri Kothandaraman then joined the company in April 2017 and became CEO in September 2017. He has since streamlined operations and grown Enphase into a leading inverter company in the US residential market.

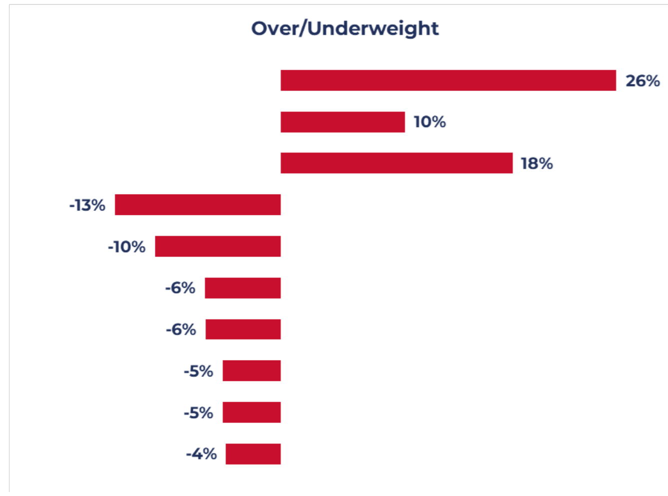
Enphase is currently in the midst of a transition from a microinverter company to selling home energy solutions, creating a one-stop shop for solar installers: microinverters, energy storage, electric vehicle charging, and digital services for installers and homeowners. Further, in contrast to peers, Enphase outsources manufacturing, enabling the business to remain flexible and concentrate on design and customer service. This has enabled Enphase's margins and return-profile to remain relatively robust during the recent downturn in the solar industry.

Whilst Enphase is more sensitive to regulations/incentive change, the long-term demand drivers for solar seem intact moving forward and this is a good opportunity to buy a solar enabler significantly cheaper vs its peak. Its outsourcing of manufacturing makes it nimbler than competitors and allows the company to focus on design, whilst it has multiple growth avenues not purely based on the recovery in solar – market share gains for its microinverters, expanding energy solutions products to gain a higher share of consumer's spend, and the expansion internationally.

FUND POSITIONING

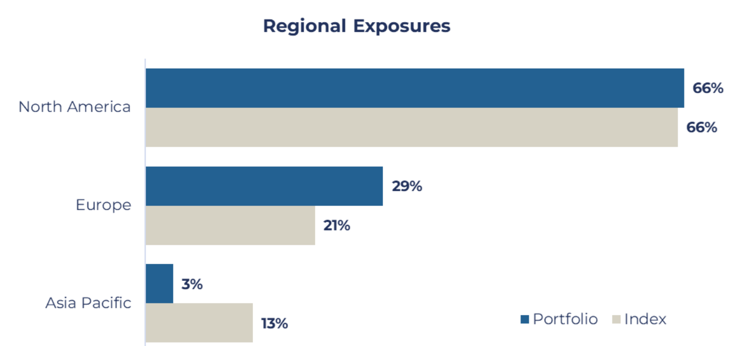
Looking at the Fund's exposure based on GICS sectors versus the MSCI World Mid Cap Index, the Fund continues to have no exposure to highly regulated and commoditised areas of Real Estate, Energy, Materials, and Utilities. We continue to hold the majority of Fund holdings within the IT (40%), Industrial (29%), Health Care (27%), and Financial (3%) sectors. This is not a conscience view of the select sectors' outlooks but rather a bottom-up consequence of 1) our focus on quality, 2) our emphasis on mid-cap growth businesses, and 3) our search for companies with sustainable products and services.

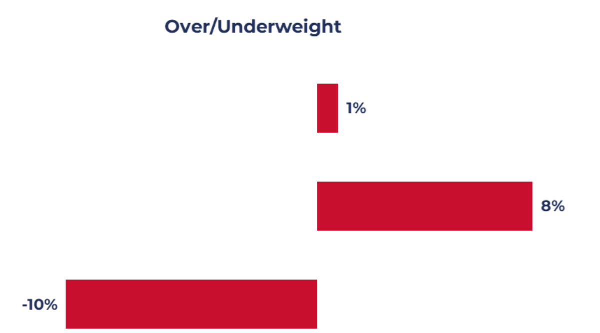




Source: Guinness Global Investors, Bloomberg, as of 31st December 2024

On a regional basis, North America continues to be the Fund's largest exposure (66%), followed by Europe (29%) and Asia Pacific (3%). The Fund has an in-line exposure to North America, whilst having a relative underweight to Asia-Pacific, which is offset by its overweight exposure to Europe.





Source: Guinness Global Investors, Bloomberg, as of 31st December 2024

Finally, the table below illustrates the four key tenets of our approach: quality, growth/value, and conviction. We follow these metrics at the portfolio level to make sure we are providing what we say we will. At the year end, we are pleased to report that the portfolio continues to deliver on all three of these measures relative to the MSCI World Mid Cap Index as well as the MSCI World Index:

Guinness Sustainable Global Equity

		Fund	MSCI World	MSCI World Midcap
Quality	**Return-on-capital**	▲13.5%	5.7%	4.3%
	Net Debt/Equity	▼19.6%	85.3%	115.8%
	Profit Margin	▲15.8%	9.6%	6.7%
Growth	**Trailing 5-year sales growth (annualised)**	▲10.3%	3.2%	5.9%
	Trailing 5-year EPS growth (annualised)	▲9.0%	6.9%	8.0%
	PE (2025e)	▲24.2x	21.6x	18.8x
Conviction	**Number of stocks**	30	1550	850
	Active share		99%	98%

Source: Guinness Global Investors, Bloomberg, as of 31st December 2024

We look forward to keeping you informed on the Guinness Global Quality Mid Cap Fund and thank you for your support.

Portfolio Managers

Sagar Thanki
Joseph Stephens

GUINNESS GLOBAL QUALITY MID CAP FUND - FUND FACTS

Fund size	$15.1m
Fund launch	15.12.2020
OCF	0.89%
Benchmark	MSCI World Mid Cap TR*

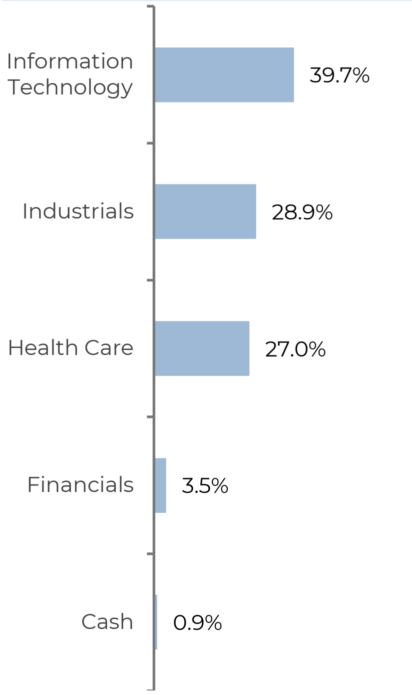
GUINNESS GLOBAL QUALITY MID CAP FUND - PORTFOLIO

Top 10 holdings

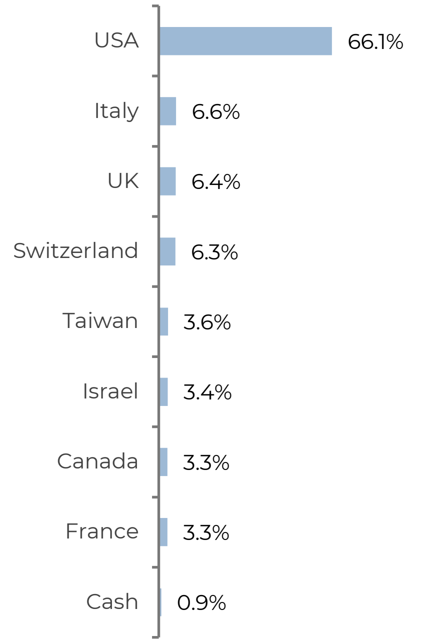
Teradyne Inc	3.6%
Arista Networks	3.6%
Delta Electronics Inc	3.6%
Edwards Lifesciences	3.6%
Addus HomeCare	3.6%
Jack Henry & Associates	3.5%
Jazz Pharmaceuticals	3.4%
Check Point Software	3.4%
Fortive Corp	3.3%
Recordati SpA	3.3%

Top 10 holdings	34.9%
Number of holdings	30

Sector



Country



Past performance does not predict future returns.

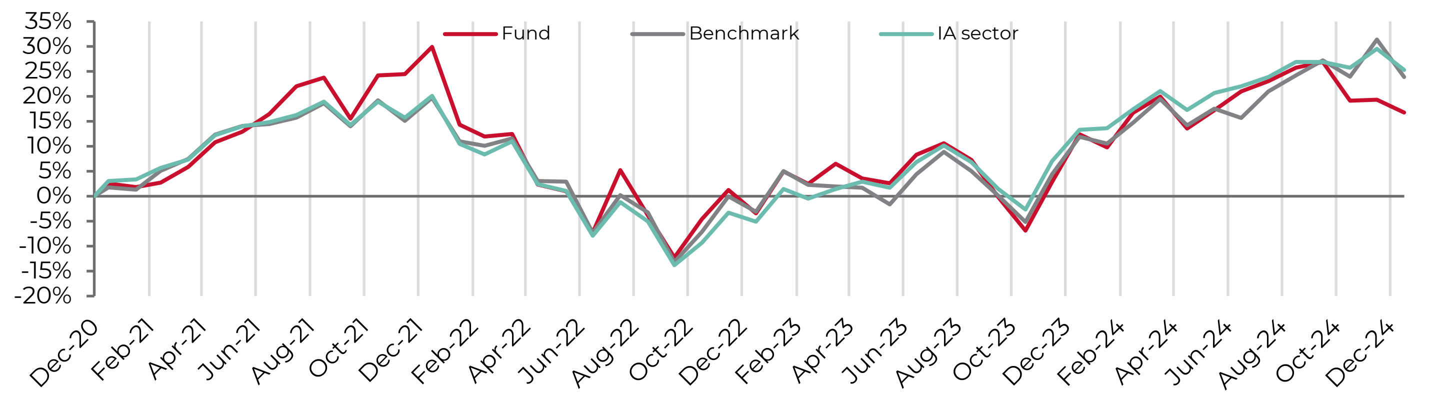
GUINNESS GLOBAL QUALITY MID CAP FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-0.7%	+5.7%	+5.7%	-2.8%	-	-
MSCI World Mid Cap TR*	-4.3%	+12.7%	+12.7%	+11.9%	-	-
IA Global TR	-1.8%	+12.6%	+12.6%	+12.8%	-	-
(USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-2.1%	+3.9%	+3.9%	-10.1%	-	-
MSCI World Mid Cap TR	-5.7%	+10.7%	+10.7%	+3.5%	-	-
IA Global TR	-3.3%	+10.6%	+10.6%	+4.3%	-	-
(EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-0.2%	+10.8%	+10.8%	-1.3%	-	-
MSCI World Mid Cap TR	-3.8%	+18.1%	+18.1%	+13.6%	-	-
IA Global TR	-1.3%	+18.0%	+18.0%	+14.6%	-	-

GUINNESS GLOBAL QUALITY MID CAP FUND - ANNUAL PERFORMANCE

(GBP)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Fund	+5.7%	+9.8%	-16.3%	+27.9%	-	-	-	-	-	-
MSCI World Mid Cap TR	+12.7%	+9.0%	-8.9%	+18.7%	-	-	-	-	-	-
IA Global TR	+12.6%	+12.7%	-11.1%	+17.7%	-	-	-	-	-	-
(USD)	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Fund	+3.9%	+16.4%	-25.7%	+26.7%	-	-	-	-	-	-
MSCI World Mid Cap TR	+10.7%	+15.5%	-19.1%	+17.6%	-	-	-	-	-	-
IA Global TR	+10.6%	+19.4%	-21.0%	+16.6%	-	-	-	-	-	-
(EUR)	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Fund	+10.8%	+12.4%	-20.8%	+36.4%	-	-	-	-	-	-
MSCI World Mid Cap TR	+18.1%	+11.6%	-13.8%	+26.6%	-	-	-	-	-	-
IA Global TR	+18.0%	+15.4%	-15.8%	+25.5%	-	-	-	-	-	-

GUINNESS GLOBAL QUALITY MID CAP FUND - PERFORMANCE SINCE LAUNCH (USD)



Source: FE fundinfo to 31.12.24. Until 1 January 2025 the MSCI World Index was the benchmark for the Fund, all figures shown here are showing the new benchmark, the MSCI World Mid Cap Index. 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. Graph data is in USD.

*Until 1 January 2025 the MSCI World Index was the benchmark for the Fund. Figures shown here are for the new benchmark, the MSCI World Mid Cap Index, which we consider more suitable for comparative purposes due to the Fund's mid-cap focus.

WS GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - FUND FACTS

Fund size	£0.6m
Fund launch	30.12.2022
OCF	0.89%
Benchmark	MSCI World TR

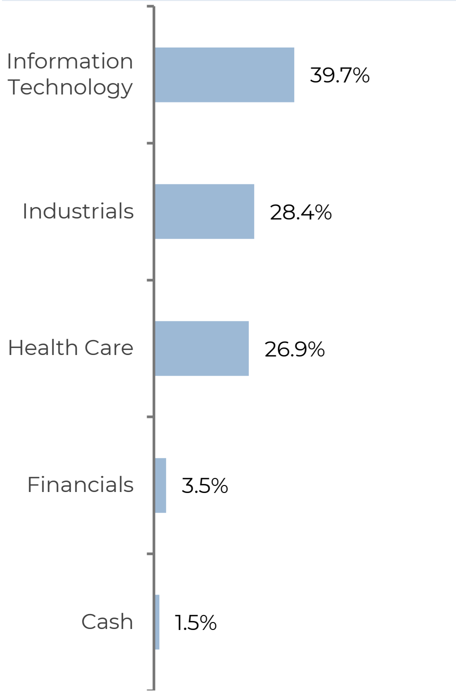
WS GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - PORTFOLIO

Top 10 holdings

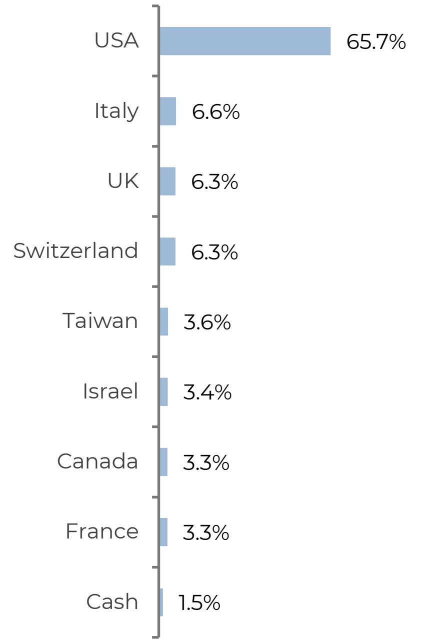
Teradyne Inc	3.6%
Delta Electronics Inc	3.6%
Arista Networks Inc	3.6%
Addus HomeCare	3.6%
Edwards Lifesciences	3.6%
Jack Henry & Associates Inc	3.5%
Jazz Pharmaceuticals	3.4%
Check Point Software	3.4%
Monolithic Power Systems	3.4%
Recordati SpA	3.3%

Top 10 holdings	34.9%
Number of holdings	30

Sector



Country



Past performance does not predict future returns.

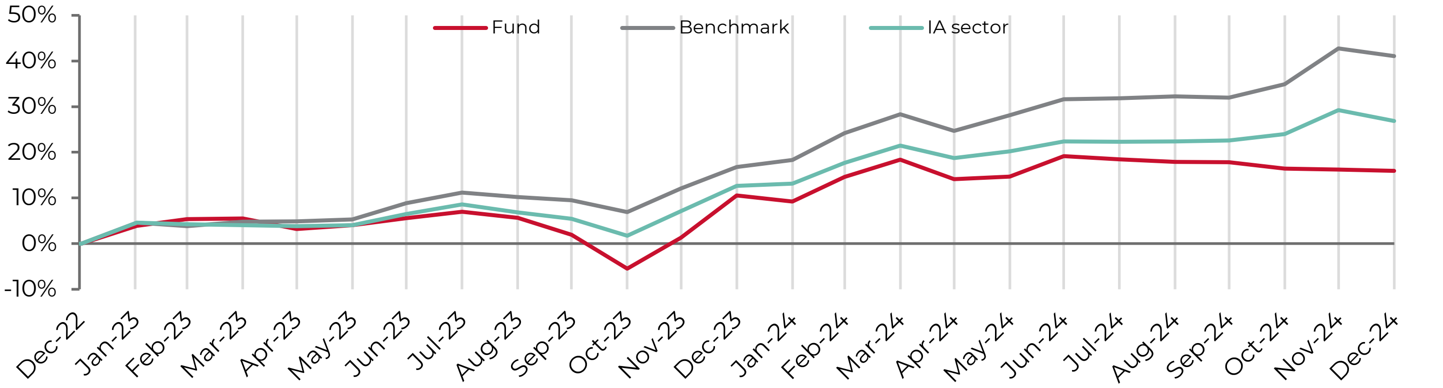
WS GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-0.2%	+4.9%	+4.9%	-	-	-
MSCI World TR	-1.2%	+20.8%	+20.8%	-	-	-
IA Global TR	-1.8%	+12.6%	+12.6%	-	-	-

WS GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - ANNUAL PERFORMANCE

(GBP)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Fund	+4.9%	+10.6%	-	-	-	-	-	-	-	-
MSCI World TR	+20.8%	+16.8%	-	-	-	-	-	-	-	-
IA Global TR	+12.6%	+12.7%	-	-	-	-	-	-	-	-

WS GUINNESS SUSTAINABLE GLOBAL EQUITY 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.

GUINNESS GLOBAL INVESTORS

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 Global Quality Mid Cap Fund and the WS Guinness Sustainable Global Equity 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 GLOBAL QUALITY MID CAP FUND

Documentation
The documentation needed to make an investment, including the Prospectus, Supplement, the 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 SUSTAINABLE GLOBAL EQUITY 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.