Guinness China A Share

2024 Annual Review & Outlook

RISK

This is a marketing communication. Please refer to the prospectus, supplement and KID/KIID for the Fund, which contain detailed information on its characteristics and objectives, before making any final investment decisions.

The Fund is an equity fund. Investors should be willing and able to assume the risks of equity investing. The value of an investment and the income from it can fall as well as rise as a result of market and currency movement, and you may not get back the amount originally invested. The Fund invests only in stocks of companies that are based in, or with significant business activities in China; it is therefore susceptible to the performance of that region. In addition, at least 80% of the assets will be in China A shares, which have a greater participation by retail investors than other markets, so its performance may be more volatile. 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	09.03.2023
Index	MSCI China A Onshore Index
Sector	IA China / Greater China
Managers	Sharukh Malik Edmund Harriss
EU Domiciled	Guinness China A Share Fund

OBJECTIVE

The Fund invests in quality, profitable companies exposed to the structural growth themes we have identified in the China A share market. These themes are built upon changes we have seen in incomes, demographics, production advances and the application of technology in consumer, industrial and infrastructure settings. The Fund is actively managed and uses the MSCI China A Onshore Index as a comparator benchmark only.

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SUMMARY

In 2024, the Guinness China A Share Fund fell by 1.0% (Y class, GBP) while the benchmark, the MSCI China A Onshore Net Return Index ("MSCI China A Onshore Index"), rose by 13.6%. Therefore the Fund underperformed the benchmark by 14.6 percentage points.

In 2024, relative to the benchmark, the Fund benefited from stock selection in the Health Care sector and a combination of the slight underweight to the Consumer Staples sector and stock selection. Detractors were not holding the large state owned banks in the Financials sector, stock selection in the Materials and Industrials sectors, and no exposure to the Energy and Utilities sectors.

In the fourth quarter, relative to the benchmark, the Fund benefited from stock selection in the Information Technology and Consumer Staples sectors. Detractors included stock selection in the Industrials and Consumer Discretionary sectors, and not holding the large state owned banks in the Financials sector.

In the Fund, the strongest stocks in 2024 were Haier Smart Home, Ping An Insurance Group and Shengyi Electronics. The weakest names were Zhejiang Jingsheng Mechanical & Electrical, Shandong Sinocera Functional Material and Shanghai Putailai New Energy.

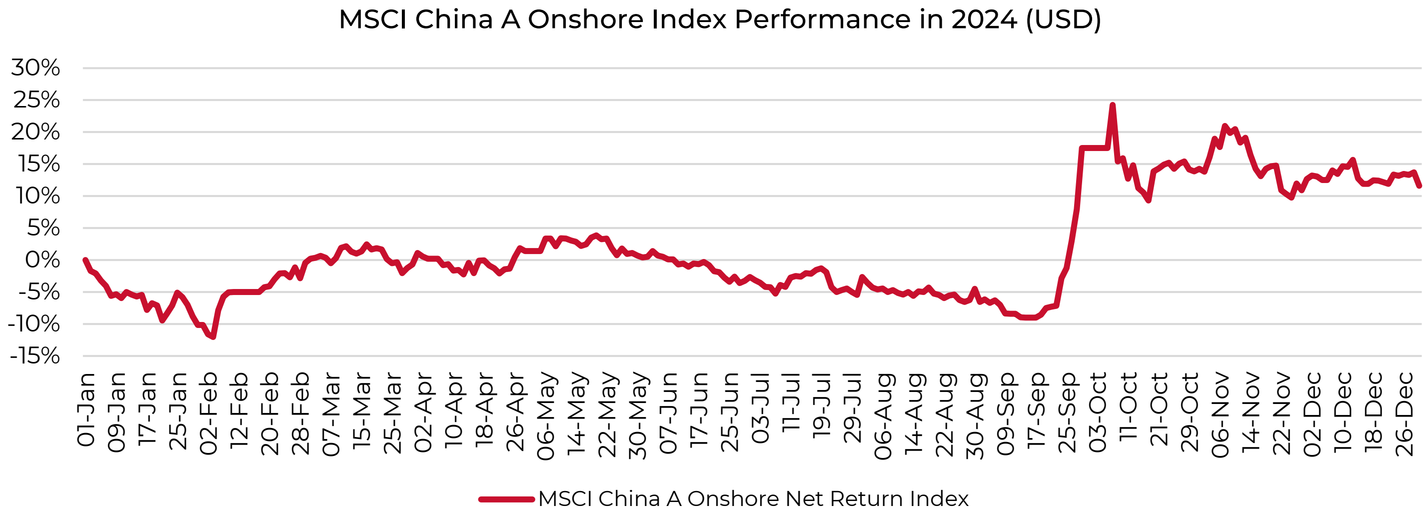
We sold Juewei Food, Venustech Group and Wuxi Lead Intelligent Equipment. We bought Midea, Himile Mechanical and Foshan Haitian.

On estimated 2024 earnings, the Fund is trading on a price earnings ratio of 16.9x. Despite the Fund's low exposure to real estate and the banks, our companies are still facing the "China" macro discount.

Over the past 10 years, our holdings have grown earnings by 14% a year. This compares favourably to the MSCI China A Onshore Index, where earnings have only grown by 1% a year over the past decade. Based on consensus analyst estimates, the Fund's holdings in aggregate are expected to grow earnings by 11% a year over the next two years. This compares favourably to the benchmark, where earnings are expected to grow by 10% a year over the same period. Though the Fund does not have a distribution share class, the expected 2024 dividend yield of our companies is 2.3%. So in total, we argue that a combination of a potential valuation re-rating, long term earnings growth and an attractive dividend yield make the Fund compelling for investors.

MARKET COMMENTARY

(Performance data in the section in USD terms)



(Source – Bloomberg, Guinness calculations. Performance in USD. Data from 31/12/23 to 31/12/24)

In January, the MSCI China A Onshore Index sold off by 10.2% as macro data for December came in weaker than expected and no significant government stimulus was announced. In particular, the small and mid cap stocks sold off sharply while large cap stocks outperformed. This was due to the buying patterns of the “National Team”, which represents state funds. To support the market the National Team started to buy local ETFs in mid-January but most of the buying was concentrated in ETFs tracking the CSI 300 Index, which tracks the largest 300 China A shares. Retail investors followed the National Team’s lead, selling small- and mid-cap stocks, and rotating into large cap stocks. In February the National Team stepped up the size of its support and began to diversify its purchases, buying more ETFs tracking small and mid-cap stocks. Therefore, there was a very strong rally in February as retail investors moved back into small and mid-cap stocks. The government also made it harder to conduct short selling, which reduced selling pressure on the market. Overall, the MSCI China A Onshore Index rose by 8.1% in February.

In March, markets stabilised - there were no major events but the macro data covering January and February was generally better than expected. Markets rebounded in April and for the first half of May, before gradually falling over the summer as weak macro data was not followed by major government stimulus.

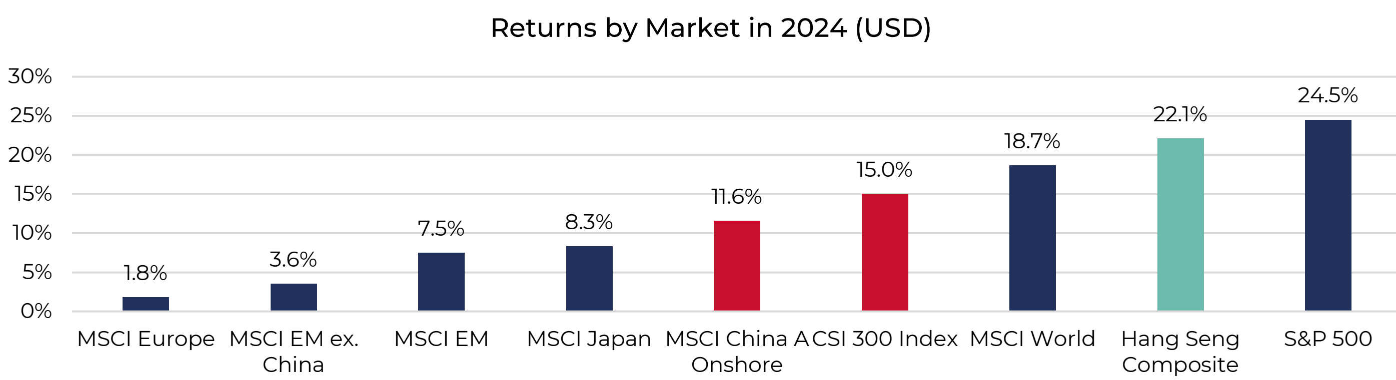
In September the Federal Reserve in the US cut interest rates which also led to strength in emerging markets. But it was the unexpected stimulus in China which led to a surge in both onshore and offshore markets. We saw a clear change in wording from China’s political leadership and monetary and fiscal policies were loosened. With the Federal Reserve cutting interest rates, China had more room to lower its own rates without exacerbating capital outflows or putting significant strain on the Renminbi (holding all other factors constant). The People's Bank of China (PBOC) cut short-term rates by 0.2 percentage points, which was a larger-than-usual cut. It also lowered the required reserve ratio (RRR), injecting approximately CNY 1 trillion ($138bn, assuming USD:CNY 7.25) of liquidity into the economy. But the underlying issue in China is weak demand for credit and so we viewed the RRR cut as not very effective.

It is demand for credit which is the issue and here the fiscal policies aimed towards the property market and consumer are relevant. In the property sector, mortgage interest rates were reduced which were expected to save households CNY 150bn ($21bn) annually. But the impact on demand is expected to be limited as each household is likely to save only CNY 200-300 ($28-41) a month. The government also relaxed down payment ratios for second homes, although previous efforts in this area have only led to short-term boosts.

For the consumer, a trade-in program was introduced earlier in the year for older products, with the aim of stimulating spending. CNY 150bn ($21bn) of subsidies was available, allowing consumers to upgrade older products such as household appliances and passenger vehicles. Consumption vouchers were also handed out in some cities, the proceeds of which were spent on outdoor activities. While this was a start we argued the measures were modest in scale, representing only a small percentage of retail sales. To significantly boost economic growth, the government will have to scale up its support.

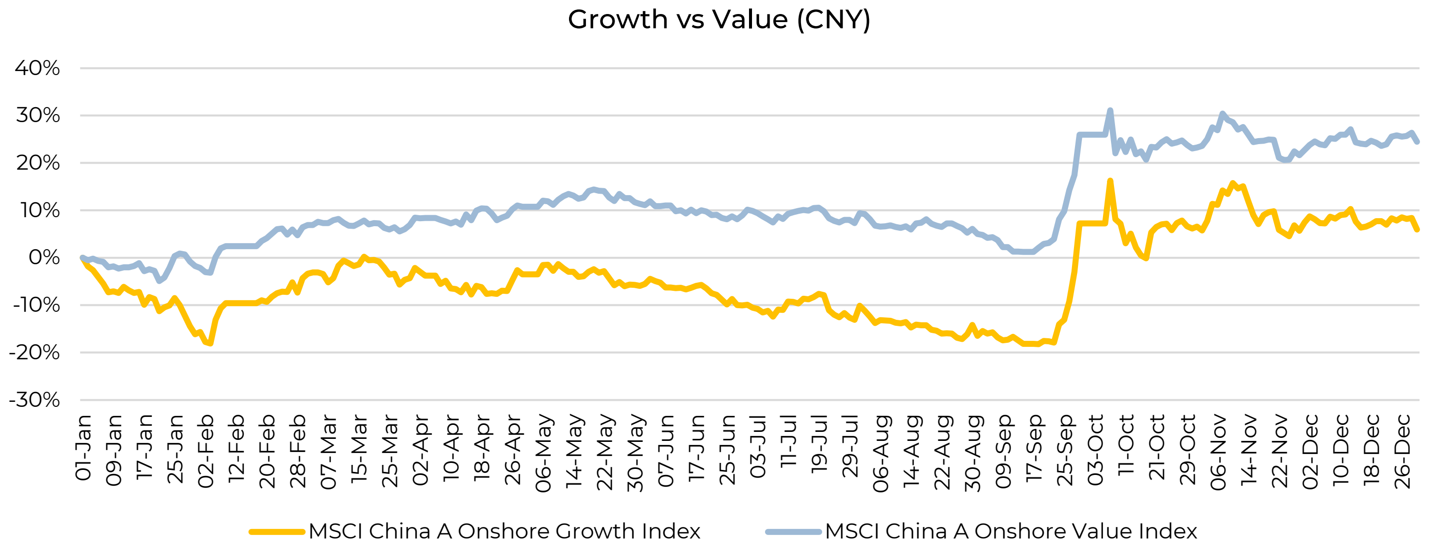
Further significant support for the consumer was not forthcoming and so markets sold off in October and November. We do highlight, however, other forms of policy easing have been ongoing. In November, the government announced CNY 10tn ($1.4tn) of funding for debt swaps. Of this amount, CNY 6tn ($0.8tn) was new, while the other CNY 4tn ($0.6tn) was re-allocated from the quota for existing local government bonds. The funding allowed local governments to issue bonds to replace existing debt. Existing debt is generally less transparent and is mostly held through other entities called local government financing vehicles (LGFV), which is considered as off-balance sheet debt. The debt swap should reduce the interest rate burden on local governments, freeing up funds for spending to support the real economy. To give more context to this point, many local governments were, and still are, facing budget pressures. A substantial portion of their tax receipts are derived from land sales and given the weak property market, tax income from this channel has fallen. Land sales revenue fell by 30% in 2022-2023 and year-to-date (as of Oct-24), land sales revenue had fallen a further 23% and tax revenue had fallen 5%. As a result, local governments have generally been cutting back on spending such as by cutting salaries for staff. They have also been more active on finding new sources of revenue e.g. administrative fines on individuals and companies for fairly trivial oversights, and more aggressive tax collection. To add to the pressure, in some provinces the interest burden on LGFV debt takes up a large portion of local government revenue. In Guangxi, Chongqing and Gansu, the interest burden accounts for ~35-40% of local government revenue

The debt swap should reduce some of the budgetary pressure local governments are facing, as off-balance sheet debt is more expensive than local governments bonds. So the debt swap is expected to reduce the interest burden because local governments are to pay lower interest rates on bonds. This should free up cash to fund daily expenses e.g. pay civil servants on time, pay suppliers in a more timely fashion. The Ministry of Finance estimates the interest burden may fall by ~CNY 500-600bn ($69-83bn) over the next five years. Taking the midpoint and assuming this is split equally each year, an annual saving of CNY 110bn ($15bn) is worth 0.09% of 2023's GDP. However, as Michael Pettis (American professor at Peking University) points out, the cost savings enjoyed by local governments through lower interest rates will be offset by lower interest income for the banks, so the net effect on the overall is very marginal.



(Source – Bloomberg, Guinness calculations. Performance in USD. Data from 31/12/23 to 31/12/24)

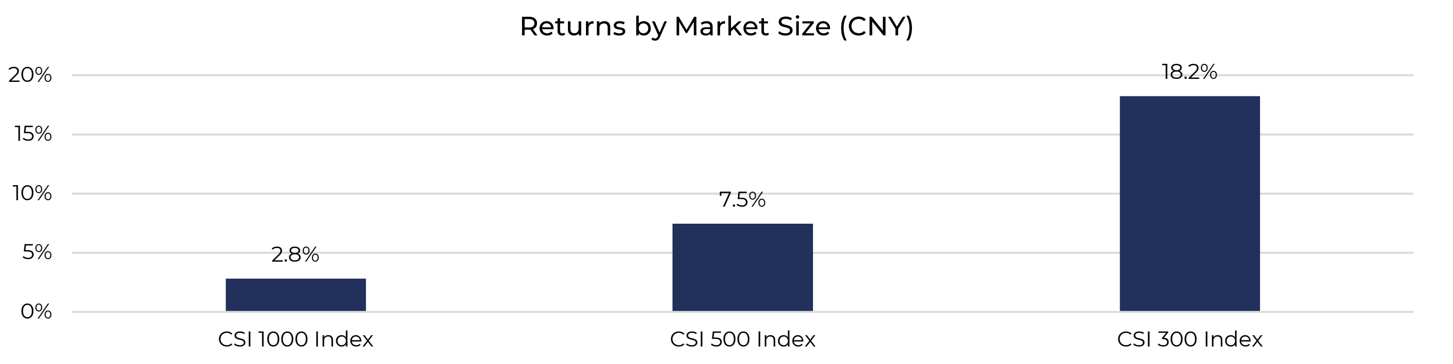
In 2024, the MSCI China A Onshore Index rose by 11.6%, behind the MSCI World Index which rose by 18.7%.



(Source – Bloomberg, Guinness calculations. Performance in CNY. Data from 31/12/23 to 31/12/24)

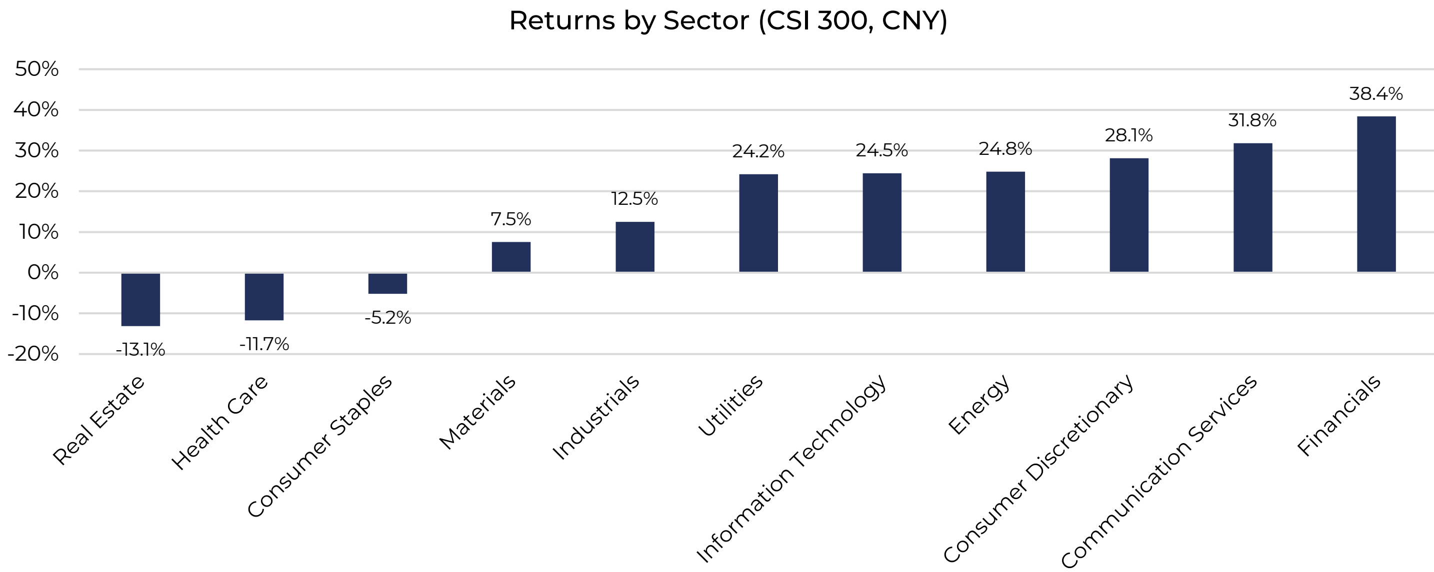
In 2024, value stocks again outperformed growth stocks. The MSCI China Value Index rose by 24.5% (in CNY) compared to the MSCI China Growth Index which rose by 6.0%. As the chart above shows, value outperformed noticeably in months in which Chinese markets were weak. Investors flocked to cheaper and/or more defensive parts of the market. In particular, the large state owned banks, which trade at a significant discount to the rest of the market, were in demand due to their low valuations and high dividend yields. When government stimulus was announced in September, growth did slightly outperform value and in the proceeding drop, growth and value fell broadly in line.

As a reminder, the Fund targets quality, profitable companies which give exposure to the structural growth themes in China. So in an environment where low quality stocks outperform, many of which are classed as value, we would not expect the Fund to outperform.



(Source – Bloomberg, Guinness calculations. Performance in CNY. Data from 31/12/23 to 31/12/24)

There was a significant divergence between small- and mid-caps, and large caps. Large caps, as measured by the CSI 300 Index, rose by 18.2%. The corresponding small-cap index rose by 2.8% and the mid-cap index rose by 7.5%. Part of the reason for the divergence was due to the outperformance of value stocks. The large SOE banks were a clear beneficiary of this trade and so large caps did very well. Smaller companies have been perceived to be less defensive in China's current economic weakness too, so lagged.



(Source – Bloomberg, Guinness calculations. Performance in CNY. Data from 31/12/23 to 31/12/24)

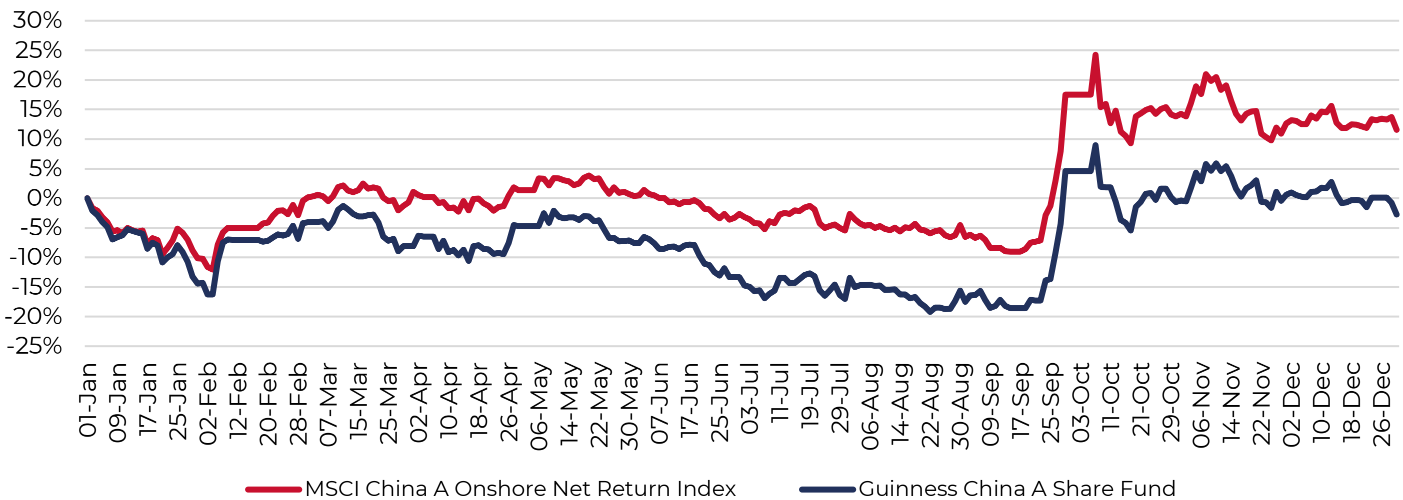
The strongest sectors were Financials (total return +38.4%), Communication Services (+31.8%) and Consumer Discretionary (+28.1%). Within Financials, the large SOE banks were outperformers, benefiting from the demand for value stocks. The banks' low valuations and high dividend yields made them very attractive in a risk-off environment. Additionally, the large insurance companies benefited from the same characteristics, though their valuations were not as low. Brokers also rallied after the September stimulus as trading volumes in equity markets surged. In the Consumer Discretionary sector, the largest contributors to performance were Midea Group, BYD, Gree and Fuyao Glass.

The weakest sectors were Real Estate (total return -13.1%), Health Care (-11.7%), and Consumer Staples (-5.2%). In the Health Care sector, the Biosecure Act in the US led to weakness for affected Chinese names. The Act does not allow federal agencies from working with companies with links to certain Chinese biotech companies. Also, within the healthcare sector, pharmaceuticals with exposure to price cuts for generic drugs were also weak. Given the ongoing contraction in the Real Estate sector, it should be of no surprise that this sector was weak. The weaker names in the Consumer Staples sector were Kweichow Moutai, Luzhou Laojiao and Shanxi Xinghuacun Fen Wine Factory.

ATTRIBUTION

In 2024, the Guinness China A Share Fund fell by 2.7% (in US dollar terms) while the MSCI China A Onshore Index rose by 11.6%. Therefore, the Fund underperformed the benchmark by 14.3 percentage points.

Fund and Market Performance



(Source – Bloomberg, Guinness calculations. Performance in USD. Data from 31/12/23 to 31/12/24)

Relative to the benchmark, areas which helped the Fund's performance in 2024 were:

- Stock selection in the Health Care sector, driven by Amoy Diagnostics.
- Within the Consumer Staples sector, a combination of the slight underweight to the sector and stock selection, driven by Inner Mongolia Yili, Kweichow Moutai and Luzhou Laojiao (neither held) and Chongqing Fuling Zhacai.

Areas which detracted from the Fund's relative performance in 2024 were:

- Underweight to Financials, and more specifically the underweight to the large state owned enterprise (SOE) banks. The Fund does not hold any of the large SOE banks which have been significant outperformers as a value play. We do not own these large SOE banks as they do not give exposure to the long-term structural growth themes in China.
- Stock selection in the Materials sector, driven by Shandong Sinocera Functional Material, Shenzhen Capchem, Shanghai Putailai and Zijing Mining (not held).
- Stock selection in the Industrials sector, driven by CATL (not held), Wuxi Lead Intelligent Equipment and Kuang-Chi Technologies (not held).
- The underweight to the Utilities and Energy sectors, where the Fund has no exposure.
- Additionally, we point out the Fund's overweight to growth stocks and small-and -mid caps worked against it. As discussed earlier:
    - The MSCI China Growth Index rose by 6.0% while the corresponding Value Index rose by 24.5%. The Fund is overweight to growth stocks.
    - The small cap index rose by 2.8% and the mid cap index rose by 7.4%. Meanwhile, the large cap index rose by 18.2%. The Fund is overweight to small- and mid-cap stocks.

Guinness China A Share

In the fourth quarter, the Guinness China A Share Fund fell by 7.0% (in US dollar terms) while the MSCI China A Onshore Index fell by 5.0%. Therefore, the Fund underperformed the benchmark by 2.0%.

In the fourth quarter, relative to the MSCI China A Onshore Index, areas which helped the Fund's performance were:

- Stock selection in the Information Technology sector, driven by Shenzhen H&T Intelligent, Shengyi Technology, Xiamen Faratronic and Sino Wealth Electronic.

- Stock selection in the Consumer Staples sector, driven by Kweichow Moutai (not held), Inner Mongolia Yili and Wuliangye Yibin.

In the fourth quarter, relative to the MSCI China A Onshore Index, areas which detracted from the Fund's relative performance were:

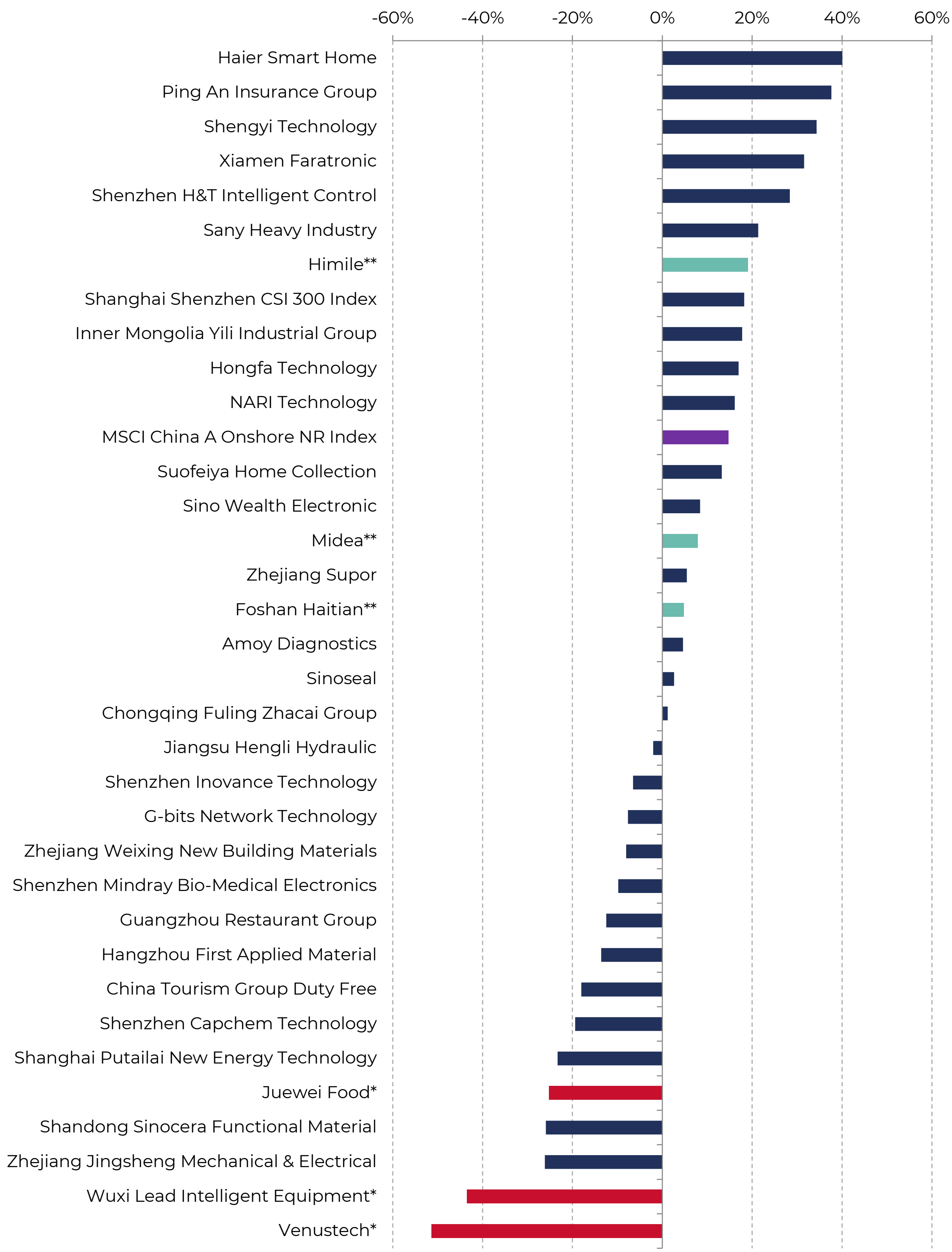
- Stock selection in the Industrials sector, driven by Jiangsu Hengli Hydraulic, Sany Heavy Industry, Zhejiang Weixing New Building Materials, Nari Technology and Kuang-Chi Technologies (not held).

- Stock selection in the Consumer Discretionary sector, driven by Haier Smart Home, Zhejiang Supor and China Tourism Group Duty Free.

- Underweight to Financials, and more specifically the underweight to the large state owned enterprise (SOE) banks. The Fund does not hold any of the large SOE banks which have been significant outperformers as a value play. We do not own these large SOE banks as they do not give exposure to the long-term structural growth themes in China.

STOCK PERFORMANCE

Individual Stock Performance in 2024 (Total Return CNY)



(Source – Bloomberg, Guinness calculations. Performance in CNY. Data from 31/12/23 to 31/12/24)

** sold ** bought*

Leaders

Below we discuss the best performing stocks that have been held for the entire year.

Haier Smart Home (total return +40.1% in CNY) is one of China's largest home appliances manufacturers. The company has benefited from the consumer trade-in program, where consumers can trade in old home appliances and the government subsidises part of the cost of a new replacement. The company is targeting recurring net profits to grow 15% in 2025.

Ping An Insurance Group (+37.6%) - with equity markets rallying at the end of September, Ping An's stock price also rose due to its equity exposure in its investment book. We have believed this to be a significantly undervalued business weighed by concerns around its investment portfolio and real estate exposures. Operationally, the company has faced headwinds since Covid as the restructuring of its sales force has seen the volume of new life assurance business decline. However, new business revenues have stabilised and are beginning to recover and even after such a large share price jump the stock still yields over 6% on a trailing basis.

Shengyi Electronics (+34.3%) is one of the world's largest manufacturers of copper clad laminates (CCL). High speed CCLs and multi-layer products, which have applications in AI, are taking up a larger share of Shengyi's order book. Additionally, given the business' exposure to home appliances, Shengyi has indirectly benefited from the consumer trade in program.

Laggards

Zhejiang Jingsheng Mechanical & Electrical (-26.2%) is China's largest manufacturer of crystal growing furnaces, with 60-70% domestic market share. Crystal growing furnaces are used to heat silicon which is eventually made into silicon wafers, which are then cut to eventually form solar cells. Given the overcapacity in the solar industry, orders for furnaces have fallen significantly as downstream manufacturers aim to clear oversupply. The smaller segments to the business, such as semiconductor equipment and quarts crucibles, are growing but not by enough to offset the weakness in the main business.

Shandong Sinocera Functional Material (-25.9%) is a manufacturer of advanced ceramic materials used in electronic products, catalytics, dental prosthetics and construction. In the third quarter, the electronic materials segment grew revenue by low single digits, though there was a drag from wearables. A sluggish heavy duty truck market, which was due to the market waiting for new corporate upgrade incentives from the government, meant honeycomb ceramic sales were weak. Meanwhile, dental ceramics grew by 20% as strong overseas sales offset weak domestic demand.

Shanghai Putailai New Energy (-23.3%) makes battery materials, covering anode material coated separators and coating machines. Given overcapacity in the domestic industry, most of the EV supply chain is facing pricing pressure.

PORTFOLIO CHANGES

We sold Juewei Food, Venustech Group and Wuxi Lead Intelligent Equipment. We bought Midea Group, Shandong Himile Mechanical Mechanical and Foshan Haitian.

Sells

We sold the full position in Juewei Food as it became clear that though the number of stores the company runs was increasing, productivity per store was flattening. Poor communication from management as to the underlying reasons as to why this was the case was the trigger for reviewing the position against alternatives.

Venustech is a cybersecurity company whose largest shareholder is China Mobile. Though cybersecurity standards have been made more stringent in China over the past few years, the industry has struggled. Some local governments, whose incomes are under pressure from the weak property market, have cut budgets for cybersecurity spending. So, despite the attractive long-term picture for cybersecurity demand, in the current environment the entire industry has struggled and has failed to provide the secular growth we look for.

Wuxi Lead Intelligent Equipment is a leading manufacturer of battery production equipment. As the domestic battery market may be in a state of overcapacity, the business has looked to foreign markets for growth. But even here, as EV sales have slowed, some battery manufacturers are cutting on capex. For example, Volkswagen is considering closing factories in Germany while Northvolt filed for bankruptcy in the US. Our concern was that some of Lead Intelligent's customers, whether well-known or not, may not be able to pay Lead Intelligent. Given the high receivable days, there was a non-trivial chance that the business has to write off some of its receivables, leading to a hit to earnings.

Buys

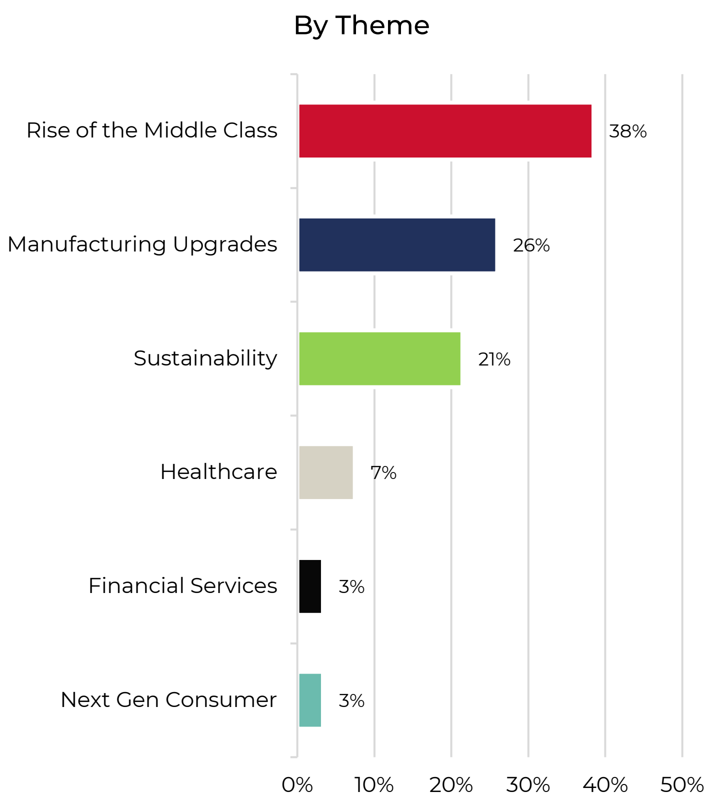
Midea is one of the world's largest household appliances companies, selling items such as fridges, freezers, dishwashers. It is also one of the world's largest air conditioner manufacturers. The company has a long track record of growing its asset base at a high cash return on capital. We expect revenues and profits to continue to grow, which is attractive in the current economic environment in China. We also like Midea because it owns Kuka which it bought from a German company in 2016. As China's working population shrinks and wages rise, greater automation is likely to be a trend and so owning one of the world's most advanced robotics companies makes Midea very attractive.

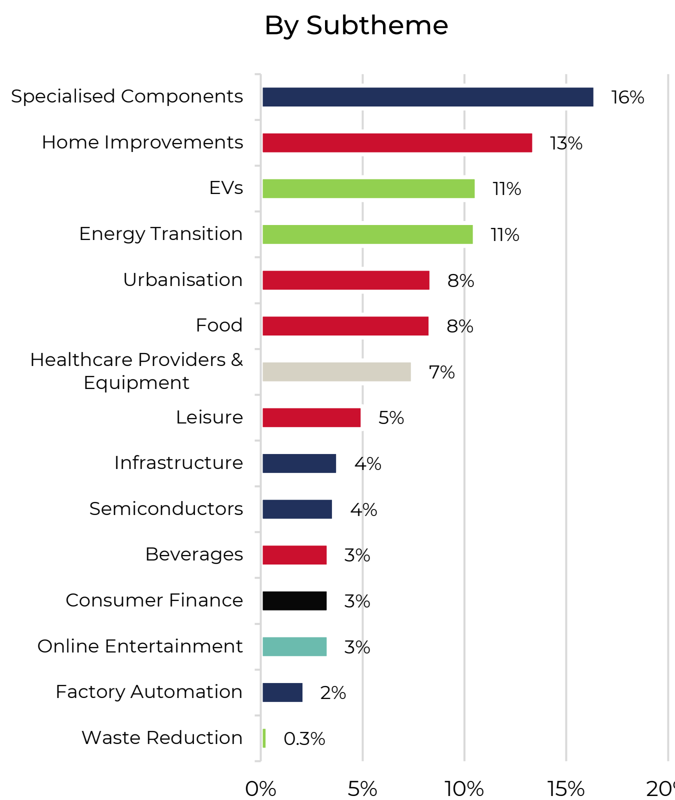
Himile Mechanical is an industrial company that has three segments: 1) tire moulds, 2) large mechanical components (for gas turbines and wind turbine components) and 3) computer numerical control (CNC) machines. Within the tire mould segment (55% of revenue in 2023), Himile has more than 30% global market share. As EVs become more popular, tires are becoming more complex and heavier which requires more advanced and expensive moulds. As ~80% of tire demand is replacement demand, this segment provides a steady source of earnings and cashflow for the business. After developing its own precision casting technology for the tire mould segment, Himile used this knowhow to grow its large mechanical components segment (39% of revenue). This segment mostly consists of components for gas turbine manufacturers (such as General Electric, Siemens and Mitsubishi) and for wind turbines (hubs, bases, and gearbox parts). China is continuing to invest heavily in natural gas capacity and so we expect order growth in this segment to continue. The CNC machine segment is currently small (4% of revenue) but we expect it to become a larger part of the business. Himile has spent 30 years developing its own CNC machines for its tire mould and mechanical components business, and the company now believes they are good enough to compete in the higher end of the market where China is still reliant on imports.

Foshan Haitian is a famous condiment manufacturer which is well known for its soy sauce. It focuses on the mass market so has high market share, which we expect to continue to grow as the market in China is still fragmented. Throughout the years Foshan Haitian has built up an extensive distribution network around the country which is difficult for many of its competitors to match. Given the business' size, it also benefits from economies of scale. We believe the company has the scope for further earnings growth, driven by emerging areas such as vinegar and cooking wine.

PORTFOLIO POSITIONING

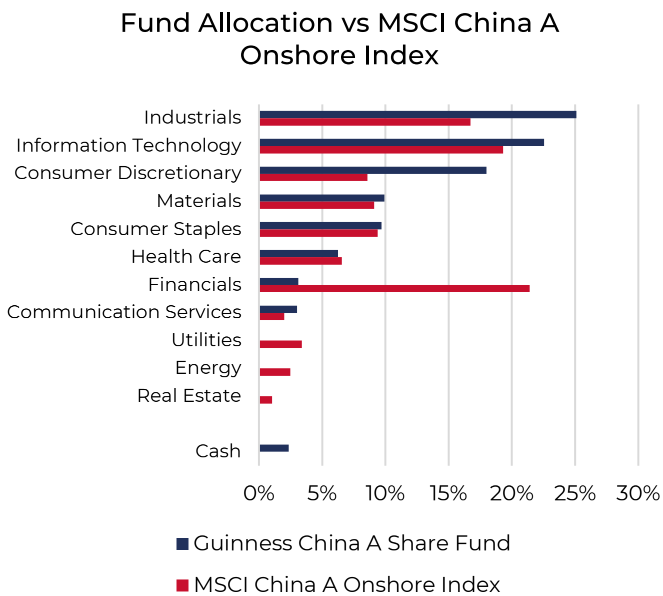
By theme, the Fund's largest exposures are to the Rise of the Middle Class, followed by Manufacturing Upgrades and Sustainability. Important subthemes include Specialised Components, Home Improvements and EVs.

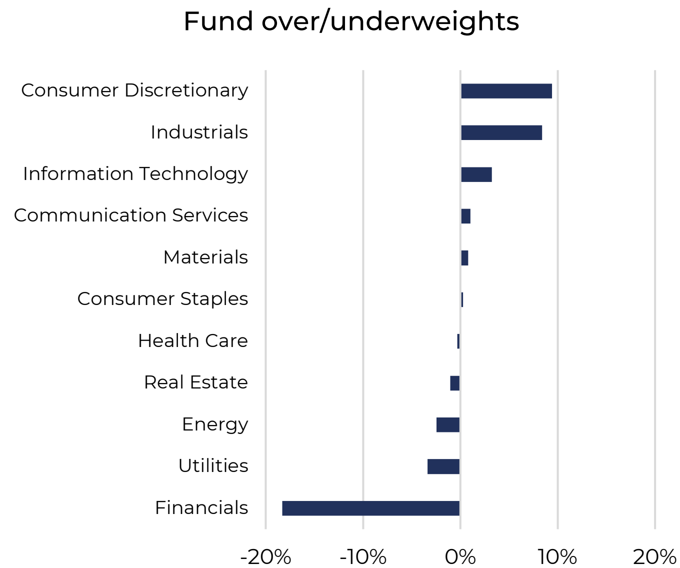




(Data as of 31/12/24, source: Guinness Global Investors calculations. Data assumes portfolio is equally weighted)

On a sector basis, the Fund's largest exposures are to the Industrials, Information Technology and Consumer Discretionary sectors. Relative to the MSCI China A Onshore Index, the Fund is overweight in the Consumer Discretionary and Industrials sectors. The Fund is underweight in the Financials sector.

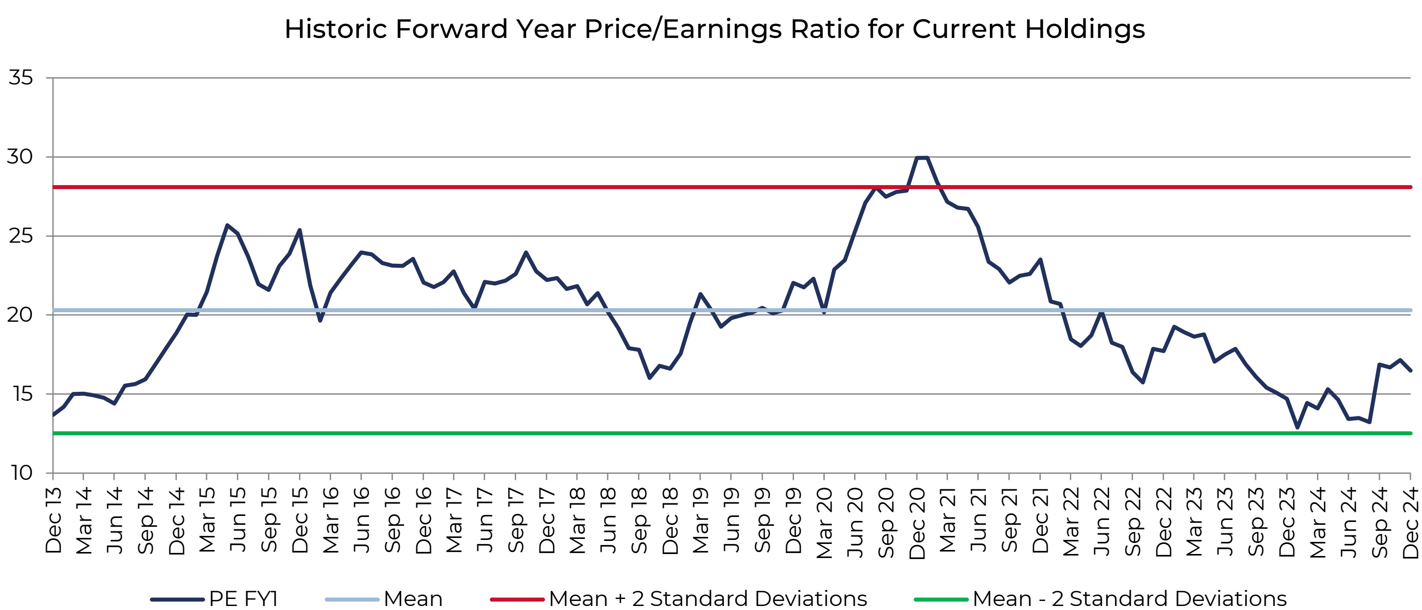




(Data as of 31/12/24, source: Guinness Global Investors calculations, Bloomberg)

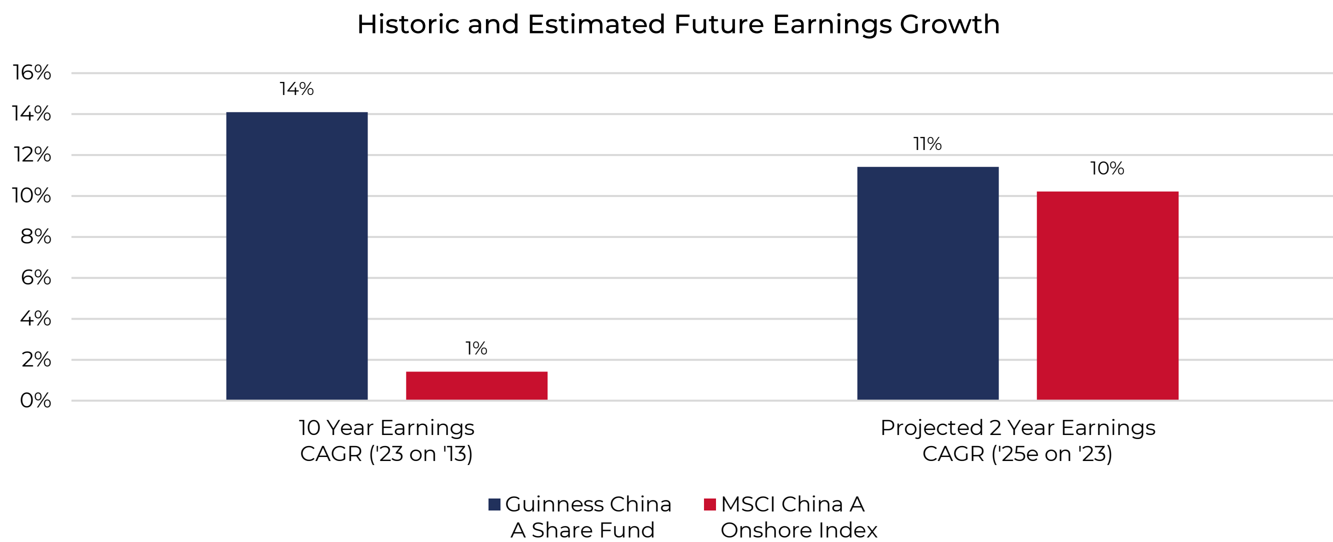
THE CASE FOR CHINA TODAY

From an investment perspective, we remind readers that returns can be broken down into three components: changes in valuation multiples, earnings growth and dividends. Below we break down each component to argue why investors should be allocating to China and specifically, the Fund.



Source: Bloomberg, MSCI, Guinness calculations. Data from 31/12/13 to 31/12/24. Data for the Fund assumes $1m equally weighted into current holdings. Data for the Fund is a simulation based on actual historic data for the Fund's current holdings. The Fund was launched on 09.03.2023

The chart above shows the historic forward year price/earnings ratio, in aggregate, for the current holdings in the Fund. The Fund's holdings, which trade at a forward price/earnings ratio of 16.9x, which is well below their 10-year average. This is despite the fact the Fund has minimal exposure to the areas that investors are most cautious on China - real estate and the banks. Our holdings' valuations are being dragged down by the "China" discount, despite their strong track record of earnings growth across various economic environments. We argue that as more stimulus is announced and China gradually completes its transition away from real estate and towards the new pillar industries, the market is likely to see a valuation rerating.



Source: MSCI, Guinness calculations. Data as of 31/12/2024. Data for the Fund assumes $1m equally weighted into current holdings. Data for the Fund is a simulation based on actual historic data for the Fund's current holdings. The Fund was launched on 09.03.2023

In the long-term, we believe it is earnings growth which is likely to deliver returns for shareholders. Over the past decade, our holdings in aggregate have grown earnings by 14% a year. This compares favourably to the MSCI China A Onshore Index, where earnings have only grown by 1% a year over the past decade. Based on consensus analyst estimates, the Fund's holdings in aggregate are expected to grow earnings by 11% a year over the next two years, which compares favourably to the 10% projected growth for the benchmark.

Though the Fund does not have a distribution share class, the expected 2024 dividend yield of our companies is 2.3%. So in sum, we argue that a combination of a potential valuation re-rating, long term earnings growth and an attractive dividend yield make the Fund compelling for investors.

OUTLOOK

The signals from the government indicate that more support for the economy is forthcoming. In early December the Politburo further strengthened its wording on economic policy, as “more proactive” fiscal policy and “moderately loose” monetary policy was called for. These phrases are important as “more proactive” fiscal policy was last mentioned soon after the covid outbreak started, and “moderately loose” monetary policy was last used after the financial crisis.

The Minister of Finance has said China will expand the number of consumer goods that are eligible for the trade in subsidy, as well as the total value of subsidies provided. Already in January, the scope of the trade in program was expanded to include dishwashers, rice cookers, smartphones, tablets and smart watches. Funding for the trade-in program was increased from CNY 30bn ($4bn) in 2024 to CNY 81bn ($11bn) in 2025.

A Reuters report says China plans to issue CNY 3 trillion ($411 bn) in special government bonds, far higher than the CNY 1 trn ($138bn) issued in 2024. The report argues ~CNY 1.3 trillion is to be used to expand the consumer trade in programs (from the current level of CNY 150bn) and to support unspecified construction projects. More than CNY 1 trillion is to be spent on supporting new pillar industries, leaving ~CNY 700 billion to recapitalise the large SOE banks. The headline budget deficit is also reportedly to be increased from 3% of GDP in 2024 to 4% of GDP in 2025. Bloomberg estimate that taking into account both plans, the aggregate fiscal stimulus would be worth 2.6% of China’s GDP, which we view as substantial.

Of course, the new Trump administration coming into power in January is another factor to watch and we believe it is likely the Chinese government is waiting to see how tariffs play out, before they move decisively on policy. China now has a deeper set of tools it can use to retaliate, compared to Trump’s first term. From China’s perspective, imposing tariffs across the board on imports from the US is not viewed as highly effective. Instead, restricting exports in goods where China dominates the supply chain in critical materials is considered more useful. For example, in December exports of gallium, germanium and antimony to the US were restricted, on the basis of their potential for use in military and civilian applications. This “dual use” argument mirrors the restrictions the US has imposed on Chinese companies, where we have just seen Tencent and CATL have been designated by the Pentagon as companies with links to the Chinese military. There are also other ways the Chinese can apply pressure – for example, in December China started an anti-trust probe on Nvidia.

Portfolio Managers

Sharukh Malik
Edmund Harriss

GUINNESS CHINA A SHARE FUND - FUND FACTS

Fund size	$0.7m
Fund launch	09.03.2023
OCF	0.89%
Benchmark	MSCI China A Onshore TR

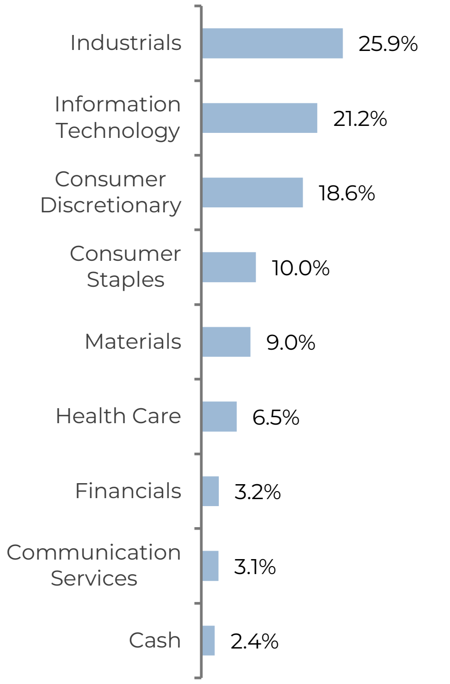
GUINNESS CHINA A SHARE FUND - PORTFOLIO

Top 10 holdings

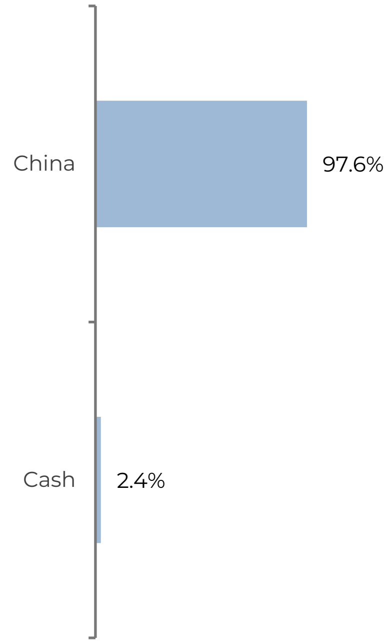
Xiamen Faratronic Co Ltd	4.1%
Shengyi Technology	4.0%
Sino Wealth Electronic Ltd	3.8%
Shenzhen Inovance Technology	3.7%
SHANDONG HIMILE MECHANICAL-A	3.6%
FOSHAN HAITIAN FLAVOURING -A	3.6%
Zhejiang Jingsheng Mechanical	3.5%
Shenzhen Capchem Technology Co	3.5%
Guangzhou Restaurant Group	3.5%
Inner Mongolia Yili Industrial	3.4%

Top 10 holdings	36.6%
Number of holdings	30

Sector



Country



Past performance does not predict future returns.

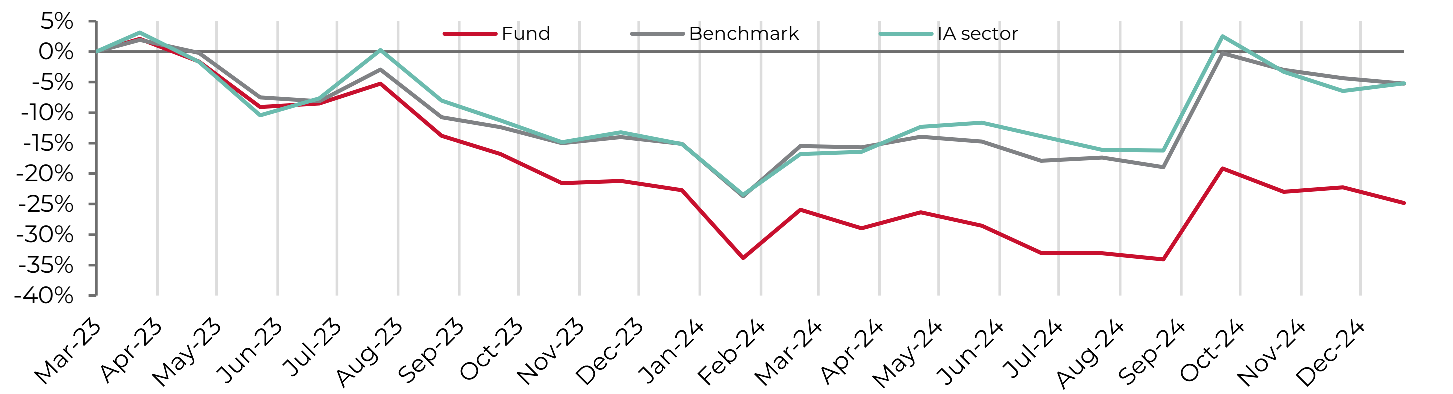
GUINNESS CHINA A SHARE FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-1.9%	-1.0%	-1.0%	-	-	-
MSCI China A Onshore TR	+0.6%	+13.6%	+13.6%	-	-	-
IA China/Greater China TR	+2.9%	+13.8%	+13.8%	-	-	-
(USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-3.3%	-2.7%	-2.7%	-	-	-
MSCI China A Onshore TR	-0.9%	+11.6%	+11.6%	-	-	-
IA China/Greater China TR	+1.4%	+11.8%	+11.8%	-	-	-
(EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-1.4%	+3.8%	+3.8%	-	-	-
MSCI China A Onshore TR	+1.1%	+19.0%	+19.0%	-	-	-
IA China/Greater China TR	+3.4%	+19.2%	+19.2%	-	-	-

GUINNESS CHINA A SHARE FUND - ANNUAL PERFORMANCE

(GBP)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Fund	-1.0%	-	-	-	-	-	-	-	-	-
MSCI China A Onshore TR	+13.6%	-	-	-	-	-	-	-	-	-
IA China/Greater China TR	+13.8%	-	-	-	-	-	-	-	-	-
(USD)	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Fund	-2.7%	-	-	-	-	-	-	-	-	-
MSCI China A Onshore TR	+11.6%	-	-	-	-	-	-	-	-	-
IA China/Greater China TR	+11.8%	-	-	-	-	-	-	-	-	-
(EUR)	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Fund	+3.8%	-	-	-	-	-	-	-	-	-
MSCI China A Onshore TR	+19.0%	-	-	-	-	-	-	-	-	-
IA China/Greater China TR	+19.2%	-	-	-	-	-	-	-	-	-

GUINNESS CHINA A SHARE FUND - PERFORMANCE SINCE LAUNCH (USD)



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, a trading name of Guinness Asset Management Limited, which is authorised and regulated by the Financial Conduct Authority.

This report is designed to inform you about Guinness China A Share Fund. It may provide information about the Fund's portfolio, including recent activity and performance. It contains facts relating to the equity markets and our own interpretation. Any investment decision should take account of the subjectivity of the comments contained in the report. OCFs for all share classes are available on www.guinnessgi.com .

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 Fund or to buy or sell individual securities, nor does it constitute an offer for sale.

Documentation

The documentation needed to make an investment, including the Prospectus, the Key Investor Document (KID) / Key Investor Information Document (KIID) and the Application Form, is available in English from www.guinnessgi.com or free of charge from:-

• the Manager: Waystone Management Company (IE) Limited (Waystone IE) 2nd Floor 35 Shelbourne Road, Ballsbridge, Dublin D04 A4E0, Ireland; or,

• the Promoter and Investment Manager: Guinness Asset Management Ltd, 18 Smith Square, London SW1P 3HZ.

Waystone IE is a company incorporated under the laws of Ireland having its registered office at 35 Shelbourne Rd, Ballsbridge, Dublin, D04 A4E0 Ireland, which is authorised by the Central Bank of Ireland, has appointed Guinness Asset Management Ltd as Investment Manager to this fund, and as Manager has the right to terminate the arrangements made for the marketing of funds in accordance with the UCITS Directive.

Investor Rights

A summary of investor rights in English is available here: https://www.waystone.com/waystone-policies/

Residency

In countries where the Fund is not registered for sale or in any other circumstances where its distribution is not authorised or is unlawful, the Fund should not be distributed to resident Retail Clients.

NOTE: THIS INVESTMENT IS NOT FOR SALE TO U.S. PERSONS.

Structure & regulation

The Fund is a sub-fund of Guinness Asset Management Funds PLC (the "Company"), an open-ended umbrella-type investment company, incorporated in Ireland and authorised and supervised by the Central Bank of Ireland, which operates under EU legislation. If you are in any doubt about the suitability of investing in this Fund, please consult your investment or other professional adviser.

Switzerland

This is an advertising document. The prospectus and KID for Switzerland, the articles of association, and the annual and semi-annual reports can be obtained free of charge from the representative in SwitzerlandReyl & Cie S.A., Rue du Rhône 4, 1204 Geneva, Switzerland. The paying agent is Banque Cantonale de Genève, 17 Quai de l'Ile, 1204 Geneva, Switzerland.

Singapore

The Fund is not authorised or recognised by the Monetary Authority of Singapore ("MAS") and shares are not allowed to be offered to the retail public. The Fund is registered with the MAS as a Restricted Foreign Scheme. Shares of the Fund may only be offered to institutional and accredited investors (as defined in the Securities and Futures Act (Cap.289)) ('SFA') and this material is limited to the investors in those categories.

Telephone calls will be recorded and monitored.