Guinness Asian Equity Income

Investment Commentary – March 2025

RISK

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

The Funds are equity funds. Investors should be willing and able to assume the risks of equity investing. The value of an investment and the income from it can fall as well as rise as a result of market and currency movement, and you may not get back the amount originally invested. Further details on the risk factors are included in the Funds' documentation, available on our website.

Past performance does not predict future returns.

ABOUT THE STRATEGY

Launch	19.12.2013
Sector	IA Asia Pacific Excluding Japan
Managers	Edmund Harriss Mark Hammonds
EU Domiciled	Guinness Asian Equity Income Fund
UK Domiciled	WS Guinness Asian Equity Income Fund

INVESTMENT POLICY

The Funds are designed to provide investors with exposure to high quality dividend-paying companies in the Asia Pacific region. The Funds are managed for income and capital growth and invest in profitable companies that have generated persistently high return on capital over the last decade, and that are well placed to pay a sustainable dividend into the future. The Funds are actively managed. The Guinness Asian Equity Income Fund uses the MSCI AC Pacific ex Japan Index as a comparator benchmark only. The WS Guinness Asian Equity Income Fund uses the MSCI AC Asia Pacific ex Japan Index as a comparator benchmark only.

CONTENTS

COMMENTARY

In February, the Guinness Asian Equity Income Fund fell -1.1% (Y share class, in GBP) underperforming the MSCI AC Pacific ex Japan Net Total Return Index which rose 0.6%. Year-to-date, the Fund is up 1.1%, underperforming the benchmark, which is up 4.0%.

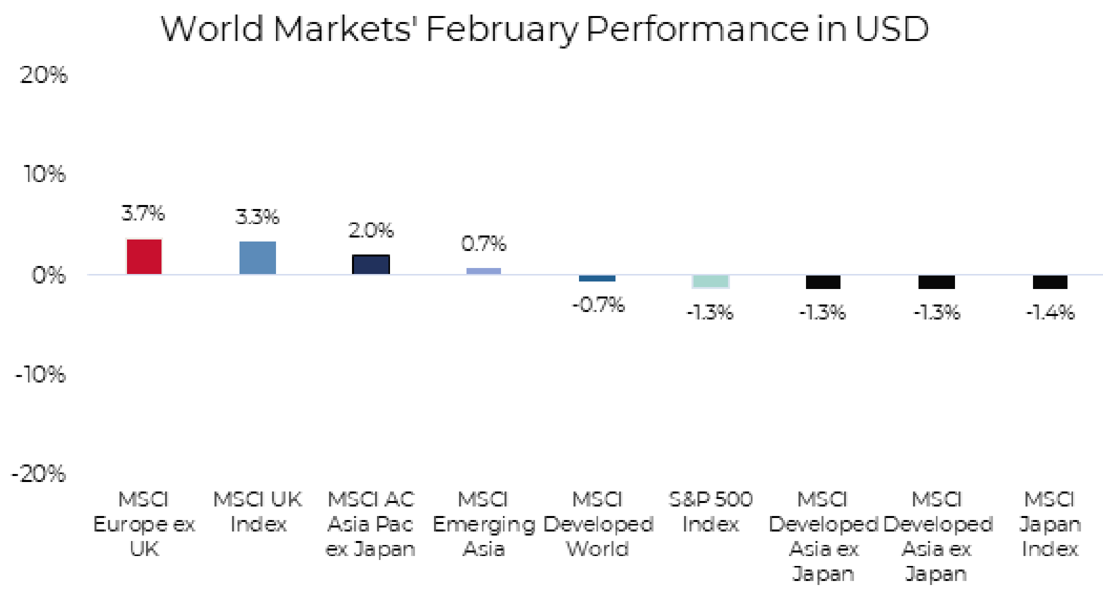
(Market and stock returns discussed below are in US dollar terms.)

Asian equities performed relatively well during February, up 2% and behind only European markets among major regions. The charts below show that this was driven by positive performance in Emerging Asia. This is primarily due to a well-performing Chinese market, whilst other emerging markets were broadly negative. India and Indonesia were among the worst performers of the month.

Commentary continues overleaf

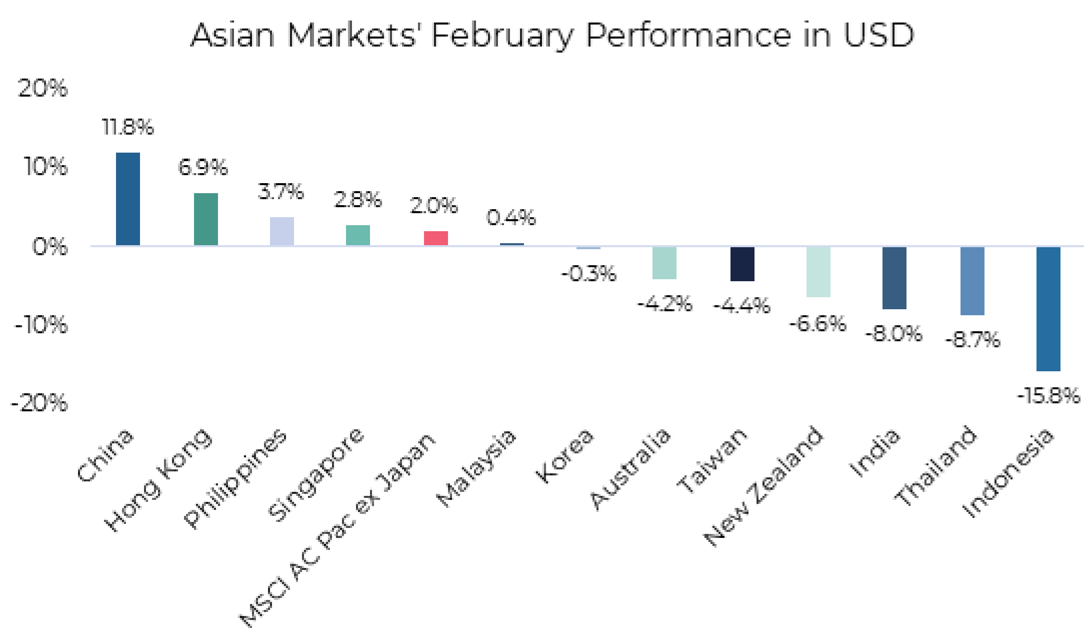
MARKET RETURNS

Indonesia posted its first annual deflation in more than two decades as electricity costs and certain staple foods prices fell. However, while the annual consumer price index decline pushed inflation below Bank Indonesia's 2025 target range of 1.5%-3.5%, core inflation has remained sticky and risen to 2.48%. This, combined with continued currency weakness, uncertainty around the government's spending plans, and trade concerns (particularly relating to China, Indonesia's largest trading partner, accounting for 29% of Indonesian trade), has led to a drop in investor confidence.

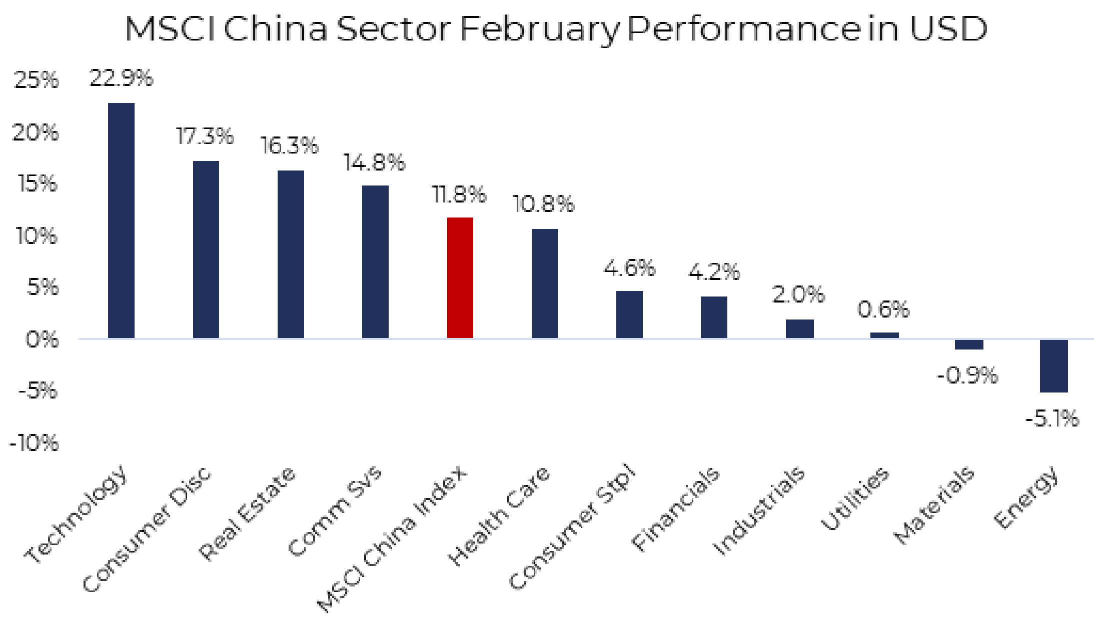


Source: Bloomberg, MSCI. Net returns in US dollars as of 28th February 2025

Weakening confidence in the Indian market has been driven by rising global uncertainty, a continued decline in the Indian Rupee, and slower-than-expected domestic market improvements. In February alone, foreign direct investment related to India's equity market saw outflows of INR 345.74bn (c.$4bn), pushing total outflows in the first two months of 2025 to INR 1.12tn (c.$12.9bn), contributing to the weak performance of the Indian market in February.

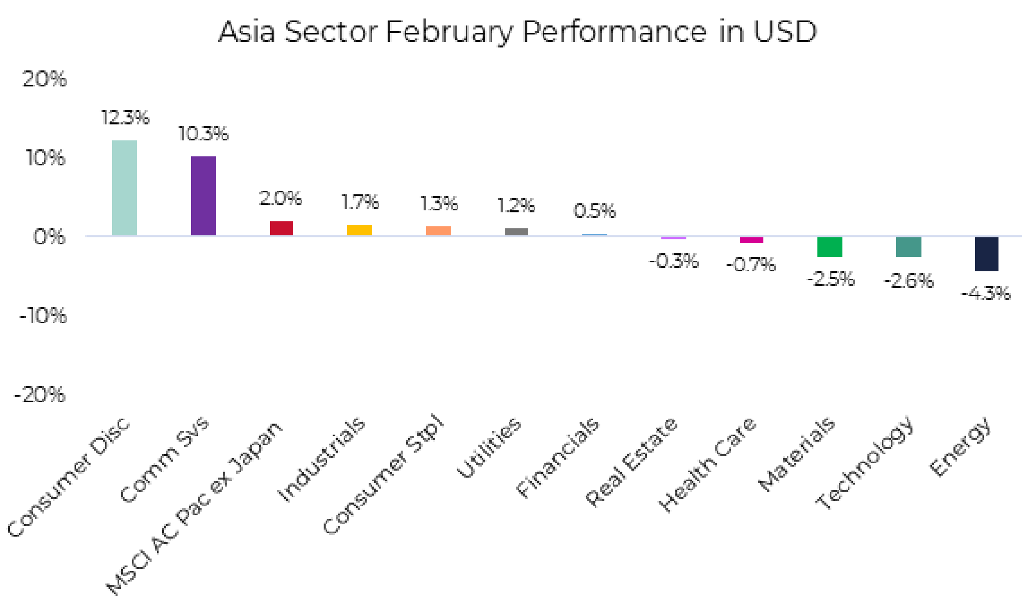


Source: Bloomberg, MSCI. Net returns in US dollars as of 28th February 2025



Source: Bloomberg, MSCI. Net returns in US dollars as of 28th February 2025

In contrast, China had a strong month in terms of performance thanks to an improving economy and growing interest in not just Chinese AI, but broader Chinese technological innovations. In the last month, there has been increasing use of the term 'Terrific Ten' to refer to 10 Chinese firms which the broader market has come to see as potential rivals to the 'Magnificent Seven', their US equivalents. This includes companies from the Technology, Consumer Discretionary and Communication Services sectors, all of which helped drive strong Chinese performance in February. The other sector that outperformed the China index is Real Estate, which benefited from news of increasing local government support for the property market.



Source: Bloomberg, MSCI. Net returns in US dollars as of 28th February 2025

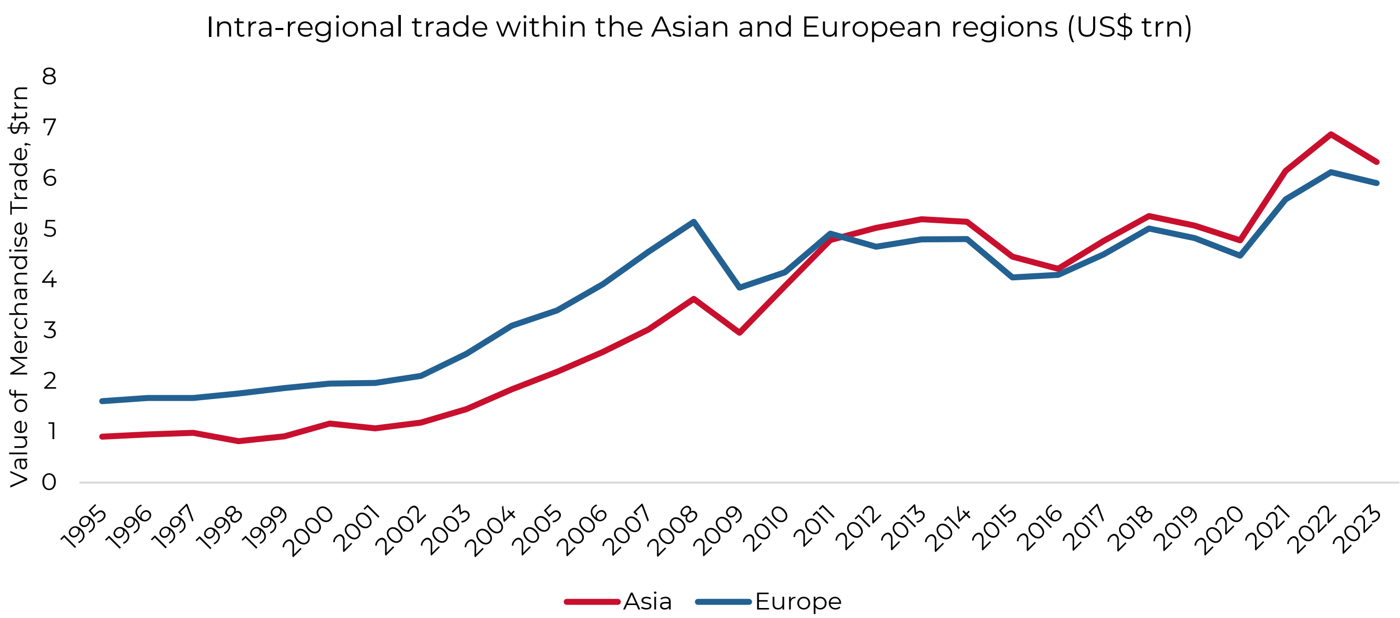
A sector breakdown of Asia's performance again highlights the China story, with the Consumer Discretionary and Communication Services sectors significantly outperforming the benchmark this month. These sectors are dominated by some of China's Terrific Ten, specifically Alibaba, JD.com, Meituan and Tencent.

MACRO COMMENTARY

The main area of interest for the Fund remains the state of the Chinese economy, its path to recovery, and the ever-evolving global trading landscape.

The support measures that have been announced by the Chinese government since September last year have not reached the huge levels of stimulus many in the market had anticipated. However, we argue that this more measured and calculated approach may, in fact, be beneficial, as past stimulus efforts have resulted in hoarding and wasted resources. At the same time, we are continuing to see progress in China's nascent growth pillars.

This recent (and admittedly, still early) emergence of China from its property market woes, without facing a financial crisis, has started to refocus market attention onto China's transition to higher value-add industries. While the shock of DeepSeek has been widely spoken about, the shift in tone around Chinese competition has been less acknowledged. In the past, new Chinese products were seen imitating Western intellectual property. Now, however, we have seen a clear demonstration of Chinese innovation which is likely to be adopted by Western counterparts. We believe this builds further on a story that we have long been championing: China is increasingly demonstrating technical and market dominance in key growth industries. We have seen this in the past with renewable energy and advanced materials, more recently with EVs and semiconductors, and now artificial intelligence.



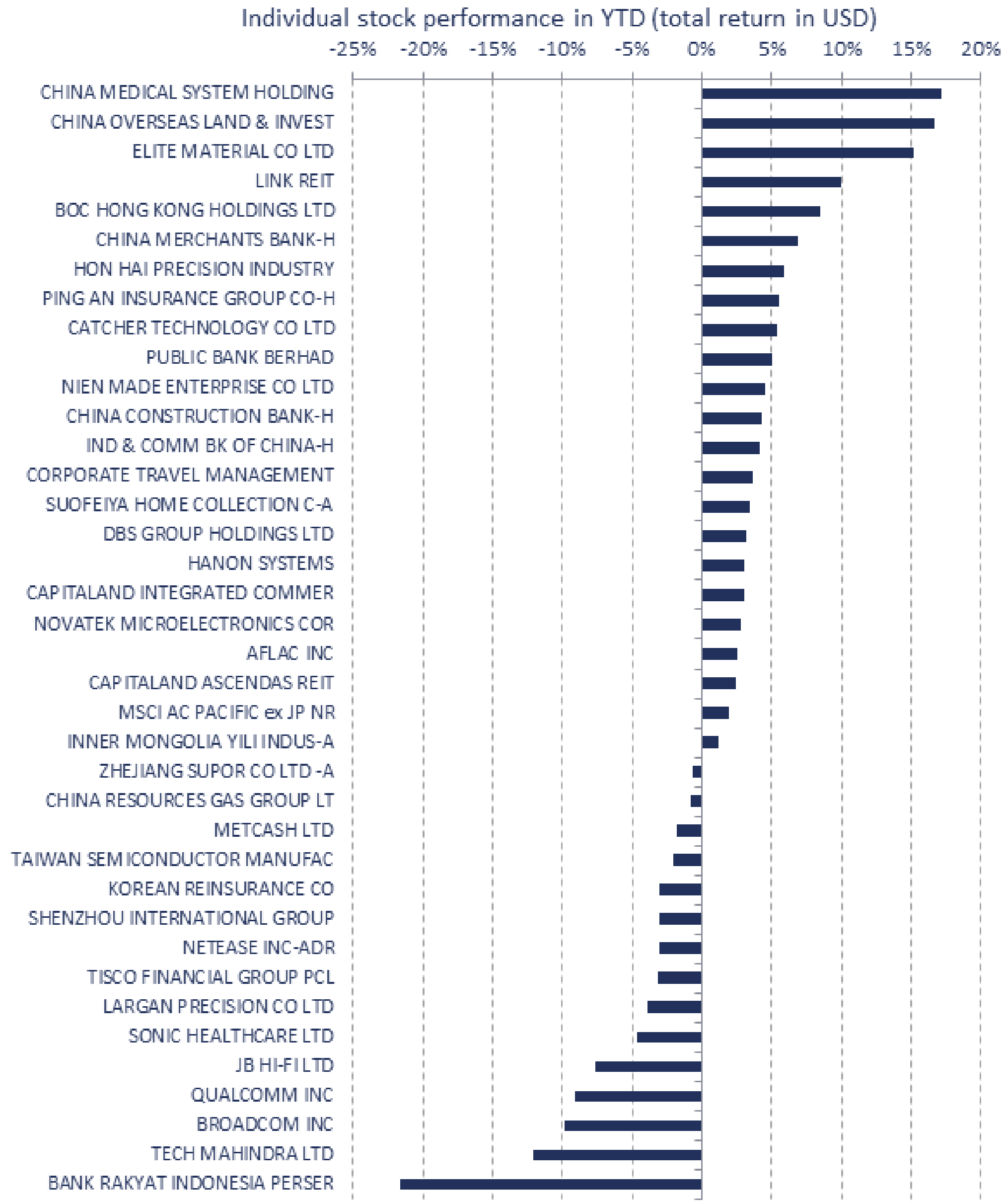
Source: UN Trade & Development, Guinness calculations. 31.12.23

With China being the largest trading partner for many Asian economies, the domestic recovery in the country should flow through and benefit the wider region. Additionally, decades of manufacturing diversification and the building of trade alliances have resulted in an acceleration of intra-regional trade to the point that the absolute value of intra-regional trade within Asia now surpasses that of Europe. We expect continued growth in Asian intra-regional trade as local economies strengthen across the region. What's more, we believe that this growth further insulates Asia from evolving US trade policies.

In our view, a key factor shaping US government policy is the unsustainable federal deficit. Spending cuts are likely to have domestic consequences that become deeply unpopular with the voting public. Instead, tariffs are being used partly as a revenue tool, but also to pressure trading partners.

FUND PERFORMANCE

Fund performance was mixed in February, with 20 portfolio companies outperforming the benchmark and 16 underperforming. Historically, Fund performance has been driven by strong stock selection. However, this month our selection effect was in fact a drag on overall performance. This was broadly due to our emphasis on quality, cash-generative companies that pay out sustainable and growing dividends.



Source: Bloomberg. Data as of 28th February 2025

China, which was the highest contributor to total returns for the Fund, had the most negative relative contribution and attribution effects. Whilst there was a positive allocation effect in China, the selection effect was overwhelmingly negative largely due to not holding certain growth stocks with high index weightings, particularly those among the Terrific Ten (including Alibaba, BYD and Geely). It is important to note that many of the Terrific Ten do not meet our requirements; we look for companies that consistently produce real returns on capital from which they can pay out dividends. Of the Terrific Ten, seven do not meet our returns requirement, and until last year, nine of the 10 firms did not pay dividends at all (Alibaba only started to pay dividends in the last 18 months). In fact, there is only one company that makes it through our investment process: NetEase, a Chinese internet and gaming services company that we have held in the Fund since 2020.

Taiwan and Australia, which were both detractors from the Fund's performance in absolute terms, had positive attribution effects driven by both positive allocation and selection. In particular, our equal-weight portfolio construction approach was beneficial to the Fund as our underweight position in TSMC cushioned the impact of negative returns from the company.

From a sector point of view, the Consumer Discretionary sector was the worst contributor and the most negative in terms of attribution impact on performance. Although we saw a positive allocation impact from the sector, the selection effect was negative due to not holding the Terrific Ten growth stocks in the sector. Elsewhere in the Fund, the Financials, Health Care and Real Estate sectors were the top contributors to relative performance, as well as having the most positive effect on attribution. All three sectors benefited from a positive stock selection effect, with Real Estate bringing about the highest stock selection effect, driven by our allocation to the Chinese companies China Overseas Land & Investment and Link REIT.

In February, 13 of our 36 companies declared dividends. Of these, one company's dividends per share (DPS) fell (Corporate Travel Management), two were flat (CICT, Tisco), and 10 grew their dividends. Although CICT's declared dividend is flat year-on-year, we note that the actual payment in 2025 will be lower because management chose to distribute some of it on a pro-rata basis in October 2024. Corporate Travel Management's DPS decline of -41% year-on-year is due to the unwinding of its humanitarian projects, a key revenue driver which resulted in Europe contributing 45% of total revenues over the last two years. As a result, the European revenue contribution is expected to fall to 25%, something that should happen by the end of the fiscal year. The unwinding so far led to a 32% drop in earnings per share, leading to the sharp drop in DPS in February. Despite this, Corporate Travel Management's stock is up year-to-date, suggesting that the unwind is now well understood. Notable dividend growers include Elite Material Co, Largan Precision and TSMC, up 70%, 40% and 22% respectively thanks to continued AI tailwinds.

Contributors

Four of the Fund's top five performers in February were Chinese stocks, the other being Taiwanese. Of the five, two were in Real Estate (China Overseas Land and Investment, Link REIT), one was in Technology (Elite Material Co.), and the last two were in Health Care (China Medical Systems, our top performer) and Financials (Bank of China Hong Kong).

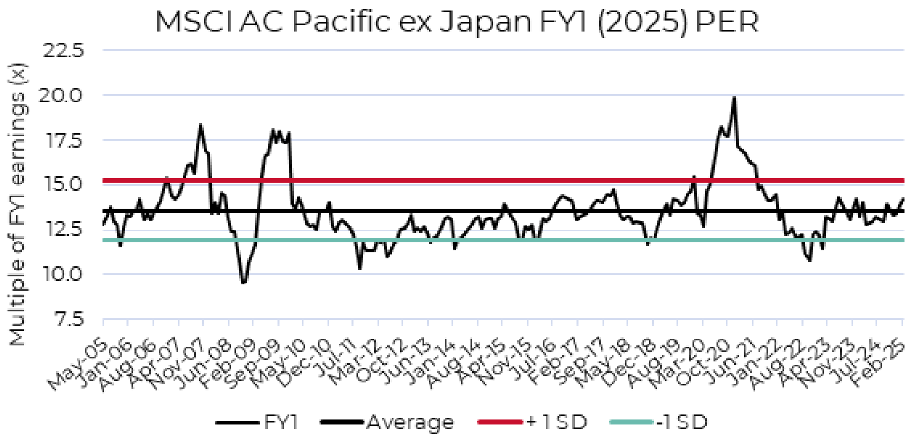
For our Chinese holdings, encouraging signs of local government support for the property market, a renewed interest in domestic drug development, and broader signs of recovery from both the continued influence of last September's measures, as well as recent government capital injections, have led to strong outperformance in February. Elite Material's good 2024 results drove gains in February, with the company also noting that it continues to see high-end AI server demand, with no order cuts despites recent market worries around the sustainability of the AI trend acceleration.

Detractors

The Fund's worst performer by far was Bank Rakyat, down -21.6% in February. Results for the month of January showed a -58% drop in earnings as credit costs reached a high of 5.46%, suggesting a tougher recovery environment than markets were expecting, especially given management's 2025 credit cost guidance of 3.0% to 3.2%. We note that this includes a management overlay (an automatic and systematic process) which is part of management's systems and controls (not a regulatory requirement). Although all Indonesian banks are going through a tough period in the credit cycle, Rakyat is also clearing up excess bad debt accumulated through 2023. This is a headwind specific to Rakyat whose loan book skews heavily towards micro/ultra-micro financing, areas that are particularly sensitive to periods of high inflation. While the transitory period provides less visibility, management have historically been able to manage through tough macro periods and continue to run the bank in a prudent manner. This, paired with a 12m forward Price/Book valuation that is currently two standard deviations below the 10yr historical average, sustains our optimism on the longer-term opportunity.

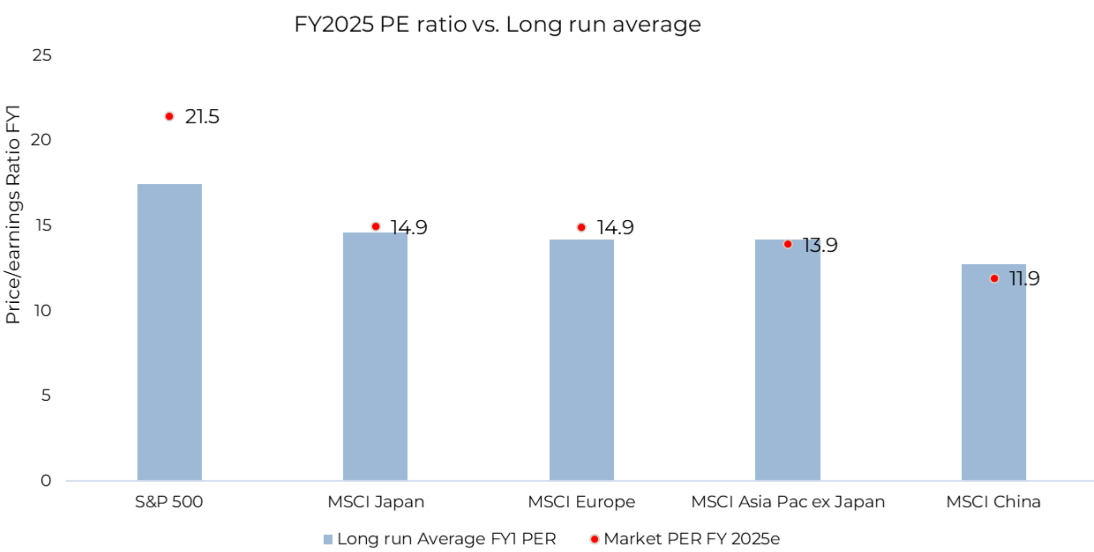
Tech Mahindra, Broadcom, Qualcomm and JB Hi-Fi completed the bottom five in the portfolio. Following a year-long period of AI interest and demand, the market appears to have started to temper its excitement with a recent NVIDIA earnings call leading to a decline in share price despite beating the market's expectations. The negative sentiment spread to beneficiaries of the AI theme, explaining the declines in Broadcom and Qualcomm. For Tech Mahindra and JB Hi-Fi, the sell-offs were related more to broader investor anxiety over the Indian and Australian domestic economies and growing global trade tensions rather than stock-specific weaknesses.

OUTLOOK



Source: Bloomberg. Data as of 28th February 2025
1 SD = One Standard deviation above (red line) or below (green line) the average FY2 PER multiple over the period

During 2025's Two Sessions (a two-week gathering of the National People's Congress), at which key policy decisions for the coming year are made, China reaffirmed its economic growth target of around 5%, with a focus on consumption over investment. While achieving these goals will be challenging, recent displays of skill and ambition, combined with attractive equity valuations, should generate investor interest.



Source: Bloomberg. Data as of 7th March 2025

There is a growing appreciation among investors that China, and by extension Asia, is about to enter an upturn. China assets are now starting to be seen as desirable, especially against a more challenging outlook for the US. In the ongoing assessment of the likely impacts of US tariffs, China's lower dependence on trade with the US (and on trade overall) is being noted. The Asian story is moving towards one of intra-regional growth. It may still be too early to call it a decoupling, but the region is now developing its own drivers of growth and opportunities are opening.

Portfolio Managers
Edmund Harriss
Mark Hammonds

GUINNESS ASIAN EQUITY INCOME FUND - FUND FACTS

Fund size	$295.1m
Fund launch	19.12.2013
OCF	0.89%
Benchmark	MSCI AC Pacific ex Japan TR
Historic yield	3.9% (Y GBP Dist)

Historic yield reflects the distributions declared over the past 12 months expressed as a percentage of the mid-market price, as at the latest month end. It does not include any preliminary charges. Investors may be subject to tax on the distribution.

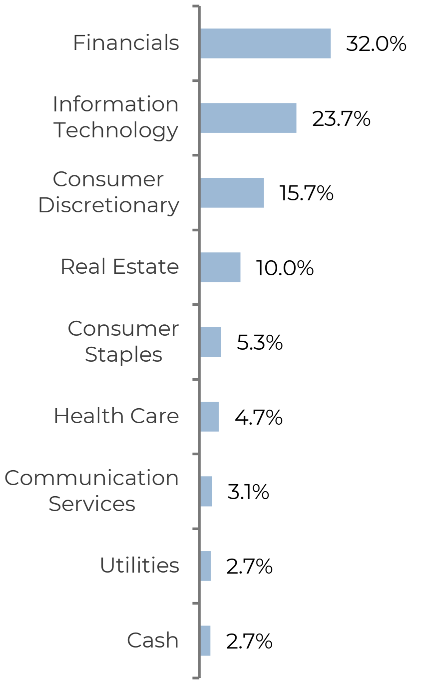
GUINNESS ASIAN EQUITY INCOME FUND - PORTFOLIO

Top 10 holdings

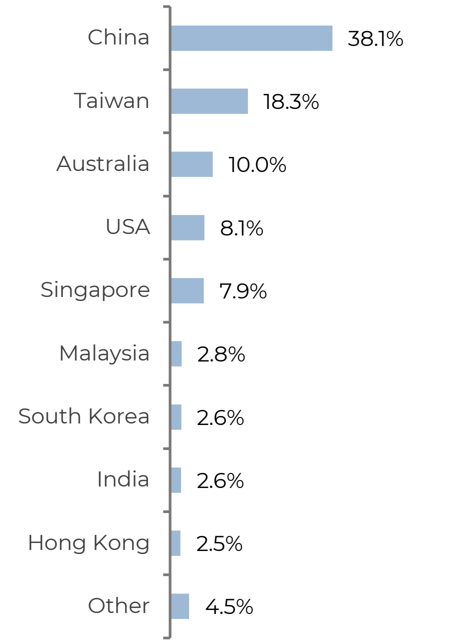
China Merchants Bank	3.6%
Ping An Insurance	3.3%
China Construction Bank	3.3%
ICBC	3.3%
DBS Group Holdings	3.2%
NetEase	3.1%
Taiwan Semiconductor	3.0%
Elite Material	2.9%
Suofeiya Home Collection	2.9%
Corporate Travel Management	2.9%

Top 10 holdings	31.4%
Number of holdings	36

Sector



Country



Past performance does not predict future returns.

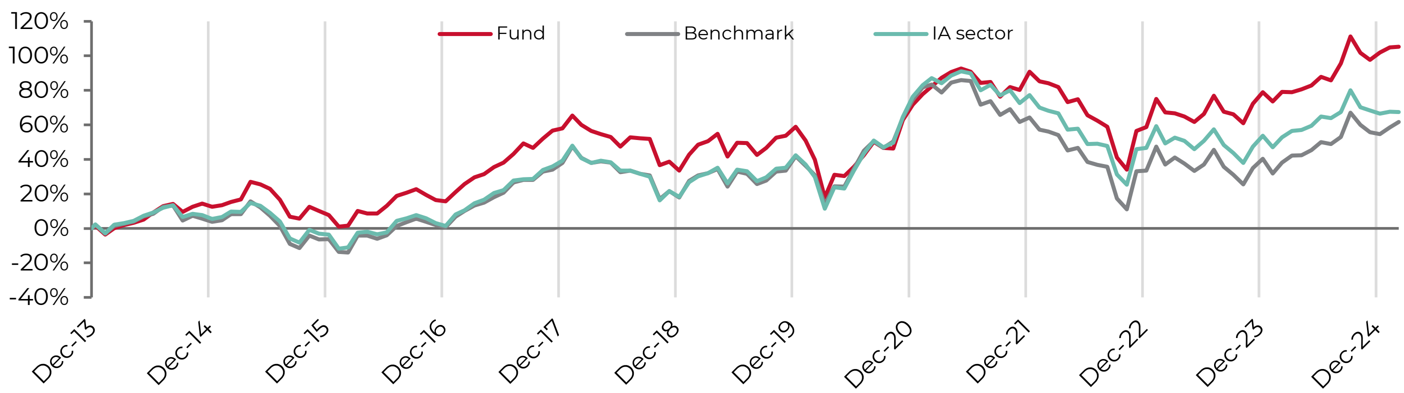
GUINNESS ASIAN EQUITY INCOME FUND – CUMULATIVE RETURNS

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-1.1%	+1.1%	+15.2%	+18.8%	+48.9%	+118.5%
MSCI AC Pacific ex Japan TR	+0.6%	+4.0%	+17.5%	+10.4%	+25.3%	+83.3%
IA Asia Pacific Excluding Japan TR	-1.4%	+0.2%	+10.1%	+6.1%	+30.9%	+87.3%
(USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	+0.2%	+1.6%	+14.7%	+11.4%	+46.8%	+78.1%
MSCI AC Pacific ex Japan TR	+2.0%	+4.5%	+17.0%	+3.6%	+23.5%	+49.3%
IA Asia Pacific Excluding Japan TR	-0.1%	+0.8%	+9.6%	-0.4%	+29.0%	+52.6%
(EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	+0.2%	+1.2%	+19.3%	+20.4%	+55.0%	+92.1%
MSCI AC Pacific ex Japan TR	+1.9%	+4.1%	+21.7%	+11.9%	+30.5%	+61.1%
IA Asia Pacific Excluding Japan TR	-0.2%	+0.3%	+14.0%	+7.5%	+36.3%	+64.6%

GUINNESS ASIAN EQUITY INCOME FUND - ANNUAL PERFORMANCE

(GBP)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Fund	+14.9%	+6.4%	-6.3%	+12.2%	+4.8%	+14.4%	-10.3%	+24.6%	+28.2%	+1.2%
MSCI AC Pacific ex Japan TR	+12.1%	-0.8%	-8.5%	-5.0%	+19.2%	+15.7%	-9.2%	+25.1%	+28.2%	-4.4%
IA Asia Pacific Excluding Japan TR	+10.0%	-1.0%	-6.9%	+1.5%	+20.0%	+15.8%	-9.8%	+25.3%	+25.7%	-3.4%
(USD)	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Fund	+12.8%	+12.7%	-16.8%	+11.1%	+8.1%	+19.0%	-15.5%	+36.5%	+7.5%	-4.4%
MSCI AC Pacific ex Japan TR	+10.1%	+5.2%	-18.8%	-5.9%	+23.0%	+20.3%	-14.5%	+36.9%	+7.5%	-9.6%
IA Asia Pacific Excluding Japan TR	+8.1%	+4.9%	-17.3%	+0.5%	+23.8%	+20.4%	-15.1%	+37.2%	+5.3%	-8.6%
(EUR)	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Fund	+20.4%	+8.9%	-11.4%	+19.6%	-0.8%	+21.2%	-11.3%	+19.9%	+10.7%	+6.5%
MSCI AC Pacific ex Japan TR	+17.5%	+1.6%	-13.4%	+1.3%	+12.9%	+22.5%	-10.2%	+20.3%	+10.7%	+0.7%
IA Asia Pacific Excluding Japan TR	+15.3%	+1.4%	-11.9%	+8.2%	+13.6%	+22.7%	-10.8%	+20.5%	+8.5%	+1.8%

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



Source: FE fundinfo net of fees to 28.02.25. 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 OCF used for the Fund performance returns is 0.89%. which was the OCF over the calendar year 2024. Returns for share classes with a different OCF will vary accordingly. Transaction costs also apply and are incurred when a fund buys or sells holdings. The performance returns do not reflect any initial charge; any such charge will also reduce the return.

WS GUINNESS ASIAN EQUITY INCOME FUND - FUND FACTS

Fund size	£0.8m
Fund launch	04.02.2021
OCF	0.89%
Benchmark	MSCI AC Asia Pacific ex Japan TR
Historic yield	3.7% (Y GBP Inc)

Historic yield reflects the distributions declared over the past 12 months expressed as a percentage of the mid-market price, as at the latest month end. It does not include any preliminary charges. Investors may be subject to tax on the distribution.

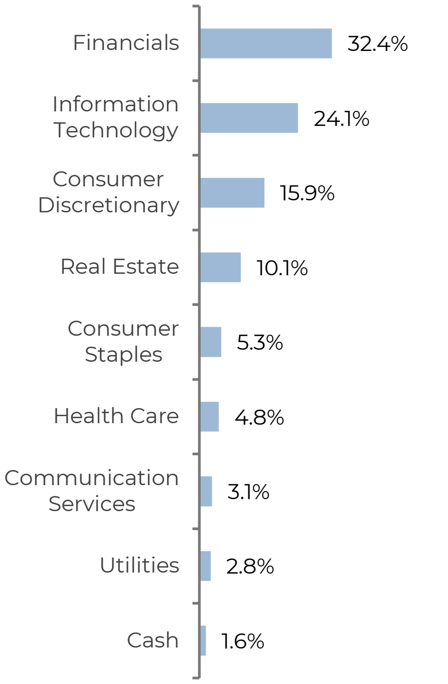
WS GUINNESS ASIAN EQUITY INCOME FUND - PORTFOLIO

Top 10 holdings

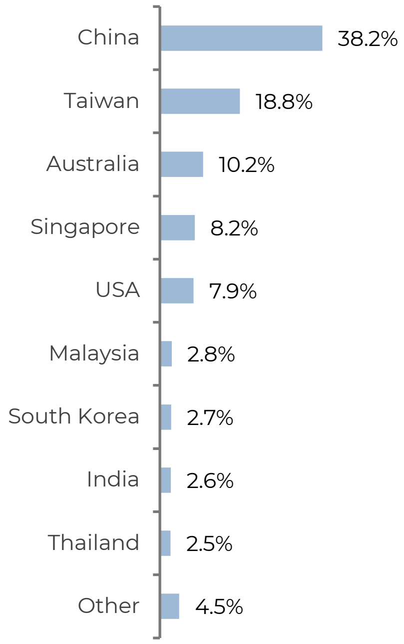
China Merchants Bank	3.6%
DBS Group Holdings	3.4%
Taiwan Semiconductor	3.3%
ICBC	3.3%
China Construction Bank	3.3%
Ping An Insurance	3.2%
NetEase	3.1%
Elite Material	3.1%
Suofeiya Home Collection	2.9%
Corporate Travel Management	2.9%

Top 10 holdings	32.1%
Number of holdings	36

Sector



Country



Past performance does not predict future returns.

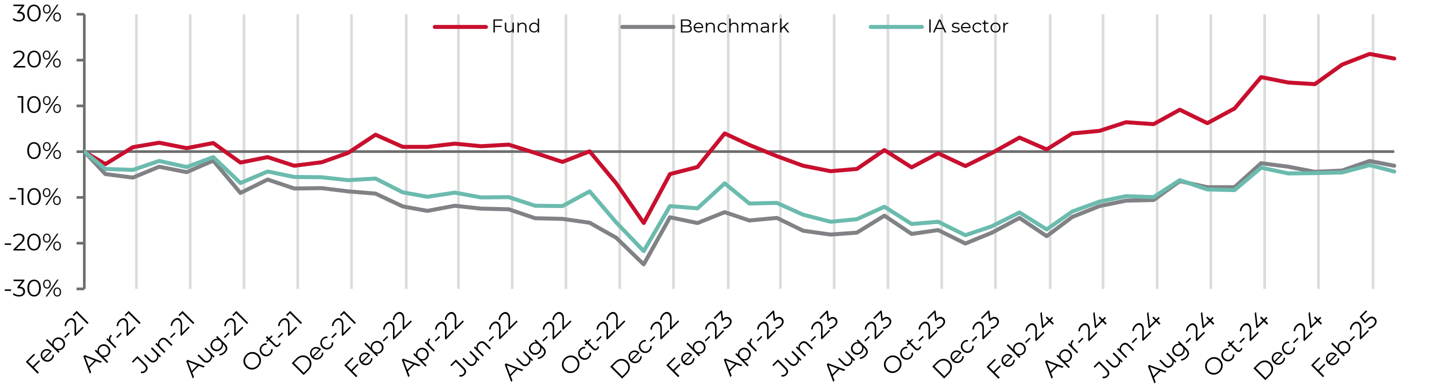
WS GUINNESS ASIAN EQUITY INCOME FUND - CUMULATIVE RETURNS

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-0.8%	+1.1%	+15.7%	+19.1%	-	-
MSCI AC Asia Pacific ex Japan TR	-1.1%	+1.0%	+13.0%	+11.3%	-	-
IA Asia Pacific Excluding Japan TR	-1.4%	+0.2%	+10.1%	+6.1%	-	-

WS GUINNESS ASIAN EQUITY INCOME FUND - ANNUAL PERFORMANCE

(GBP)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Fund	+15.5%	+6.7%	-6.8%	-	-	-	-	-	-	-
MSCI AC Asia Pacific ex Japan TR	+12.1%	+1.3%	-7.1%	-	-	-	-	-	-	-
IA Asia Pacific Excluding Japan TR	+10.0%	-1.0%	-6.9%	-	-	-	-	-	-	-

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



Source: FE fundinfo net of fees to 28.02.25. 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 OCF for the calendar year 2024 for the share class used for the fund performance returns was 0.89%. Returns for share classes with a different OCF will vary accordingly. Transaction costs also apply and are incurred when a fund buys or sells holdings. The performance returns do not reflect any initial charge; any such charge will also reduce the return.

IMPORTANT INFORMATION

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

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

This document is provided for information only and all the information contained in it is believed to be reliable but may be inaccurate or incomplete; any opinions stated are honestly held at the time of writing,but are not guaranteed. The contents of the document should not therefore be relied upon. It should not be taken as a recommendation to make an investment in the Funds or to buy or sell individual securities, nor does it constitute an offer for sale.

GUINNESS ASIAN EQUITY INCOME FUND

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

- the Manager: Waystone Management Company (IE) Limited (Waystone IE) 2nd Floor 35 Shelbourne Road, Ballsbridge, Dublin D04 A4E0, Ireland or
- the Promoter and Investment Manager: Guinness Asset Management Ltd, 18 Smith Square, London SW1P 3HZ.

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

A summary of investor rights in English, including collective redress mechanisms, 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 ASIAN EQUITY INCOME FUND

Documentation
The documentation needed to make an investment, including the Prospectus, the Key Investor Information Document (KIID) and the Application Form, is available in English from www.fundsolutions.net/uk/guinness-global-investors/ or free of charge from:-

Waystone Management (UK) Limited
PO Box 389
Darlington
DL1 9UF
General Enquiries: 0345 922 0044
E-Mail: wtas-investorservices@waystone.com
Dealing: ordergroup@waystone.com

Waystone Management (UK) Limited is authorised and regulated by the Financial Conduct Authority.

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

.

Structure & regulation
The Fund is a sub-fund of WS Guinness Investment Funds, an investment company with variable capital incorporated with limited liability and registered by the Financial Conduct Authority.

Telephone calls will be recorded and monitored.