Guinness Global Innovators

Investment Commentary – March 2025

GUINNESS GLOBAL INVESTORS

RISK

This is a marketing communication. Please refer to the Prospectus, Supplement, KID/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 Fund's documentation, available on our website.

Past performance does not predict future returns.

ABOUT THE STRATEGY

Launch	01.05.2003
Index	MSCI World
Sector	IA Global
Managers	Dr Ian Mortimer, CFA Matthew Page, CFA
EU Domiciled	Guinness Global Innovators Fund
UK Domiciled	WS Guinness Global Innovators Fund

INVESTMENT POLICY

The Guinness Global Innovators Funds are designed to provide investors with global exposure to companies benefiting from innovations in technology, communication, globalisation or innovative management strategies. Innovation can take many forms, and not just in disruptive tech-driven products. It is the intelligent application of ideas and is found in most industries and at different stages in the company lifecycle. The Funds are actively managed and use the MSCI World Index as a comparator benchmark only.

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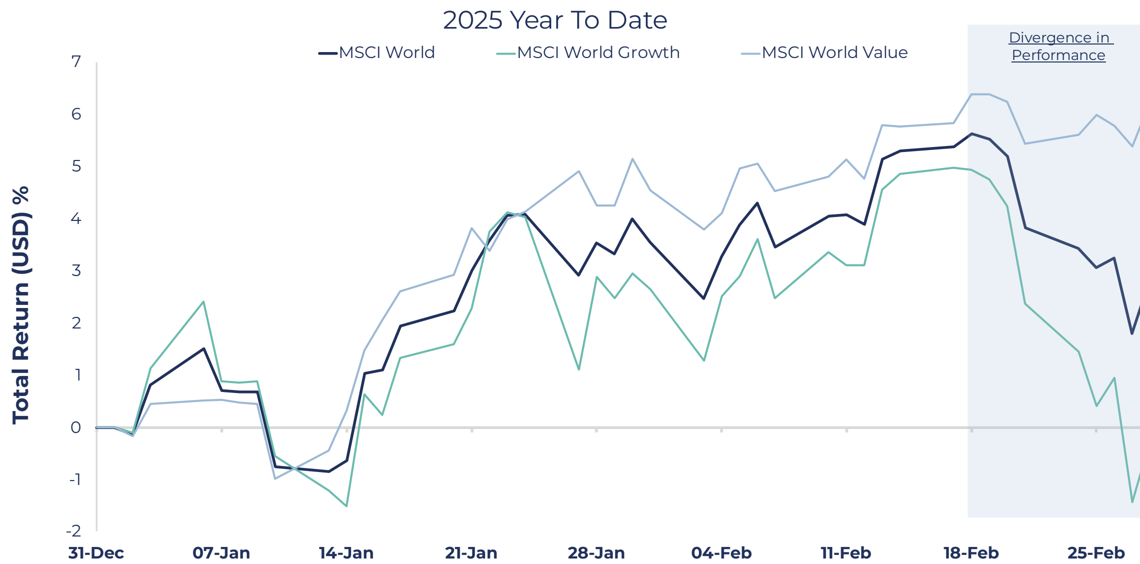
COMMENTARY

For the month of February, the Guinness Global Innovators Fund returned -3.4% (GBP) against the MSCI World Index net total return of -2.0% and the IA Global sector -3.3%. Hence the Fund underperformed the benchmark by 1.4 percentage points and underperformed the IA Global Sector by 0.1 percentage points.

Whilst global equities tracked upwards for the majority of February, volatility at the end of the month erased all previous gains. The sell-off was US-led, influenced by escalating trade tensions, heightened uncertainty over US policy agenda, and sector-specific developments. President Trump's announcement of significant tariffs, 25% on imports from Canada and Mexico and 10% on Chinese goods, sparked fears of a global trade war. Conversely, European markets displayed resilience. This divergence can in part be attributed to concerns over how U.S. trade policies are likely to have an outsized impact on US domestic companies, prompting a rotation toward European equities perceived as less exposed to these risks. European markets were also buoyed by the increasing prospect of a ceasefire in Ukraine. Defensive sectors such as Consumer Staples, Real Estate and Utilities outperformed, reflecting investor caution amid aforementioned uncertainties, as well as inflationary pressures. In contrast, Information Technology and Consumer Discretionary underperformed, with notable declines in major tech stocks driving the underperformance of 'Growth' (vs 'Value'). February also saw a significant decline in US consumer confidence, highlighted by the Conference Board's Consumer Confidence Index drop from 105.3 in January to 98.3 in February – the largest monthly decline since August 2021. This led to increased speculation about potential interest rate cuts by the Federal Reserve later in the year, adding almost two full rate cuts to expectations for 2025 in the past month.



Source: Guinness Global Investors, MSCI, Bloomberg

Over the month, relative Fund performance can be attributed to the following:

- The Fund's zero allocation to Consumer Staples, the best performing sector over the month of February (4.9% USD), was the largest detractor to relative Fund performance. The Fund's zero allocation to other defensive sectors such as Real Estate (3.1%) and Utilities (2.2%) also negatively impacted the Fund's relative performance.

- The Fund's largest overweight sector position to the benchmark, Information Technology (-1.8%), acted as a significant headwind from an allocation perspective. Stock selection within Semiconductors also negatively impacted, with off-benchmark name TSMC (-13.8%) one of the Fund's bottom performers, and weakness from Applied Materials (-12.2%).

- The Fund's underweight exposure to the worst performing sector, Consumer Discretionary, contributed positively to the Fund relative performance. Within Consumer Discretionary, the Fund also benefitted from strong security selection, resulting from the Fund's exposure to off-benchmark holding Anta Sports (6.0%).

- While the Fund's underweight position to Financials sector was a detractor to relative performance, security selection was a positive contributor, stemming from the Fund's overweight positions to Intercontinental Exchange (8.4%), Mastercard (3.8%) and Visa (6.3%).

It is pleasing to see the Strategy in the top quartile versus the IA Global Sector over the longer time frames of 3, 5, 10, 15 and 20-year periods, as well as since launch.

Past performance does not predict future returns.

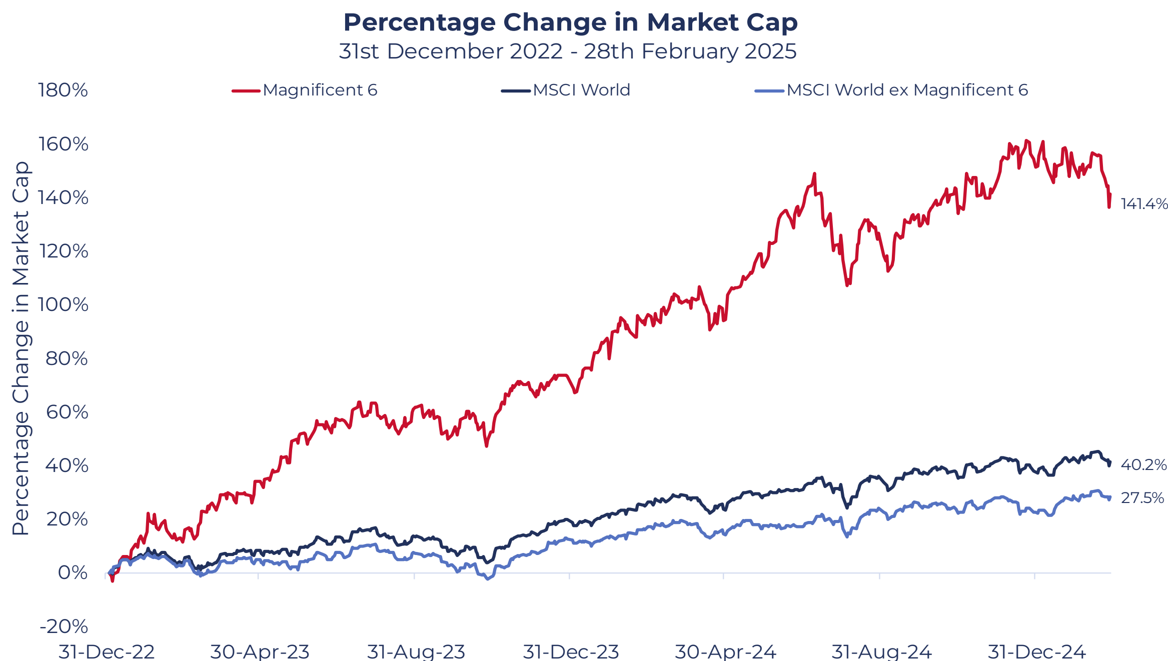
Cumulative % total return, in GBP, to 28th February 2025	YTD	1 yr	3 yrs	5 yrs	10 yrs	15 yrs*	20 yrs*	Launch*
Guinness Global Innovators	2.1	11.9	48.2	114.2	270.9	709.5	1207.9	1427.6
MSCI World	2.2	16.2	42.7	94.6	213.3	436.3	622.4	798.5
IA Global (average)	1.6	9.5	25.9	65.5	146.7	283.2	441.1	567.1
IA Global (ranking)	**	213/542	26/487	14/413	7/258	1/161	1/97	3/89
IA Global (quartile)	**	2	1	1	1	1	1	1

*Source: FE fundinfo. net of fees. *Simulated past performance. Performance prior to the launch of the Guinness Global Innovators Fund (31.10.14) reflects the Guinness Atkinson Global Innovators Fund (IWIRX), a US mutual fund with the same investment process since 01/05/2003. ** Ranking not shown in order to comply with European Securities and Marketing Authority rules,*

MARKET COMMENTARY

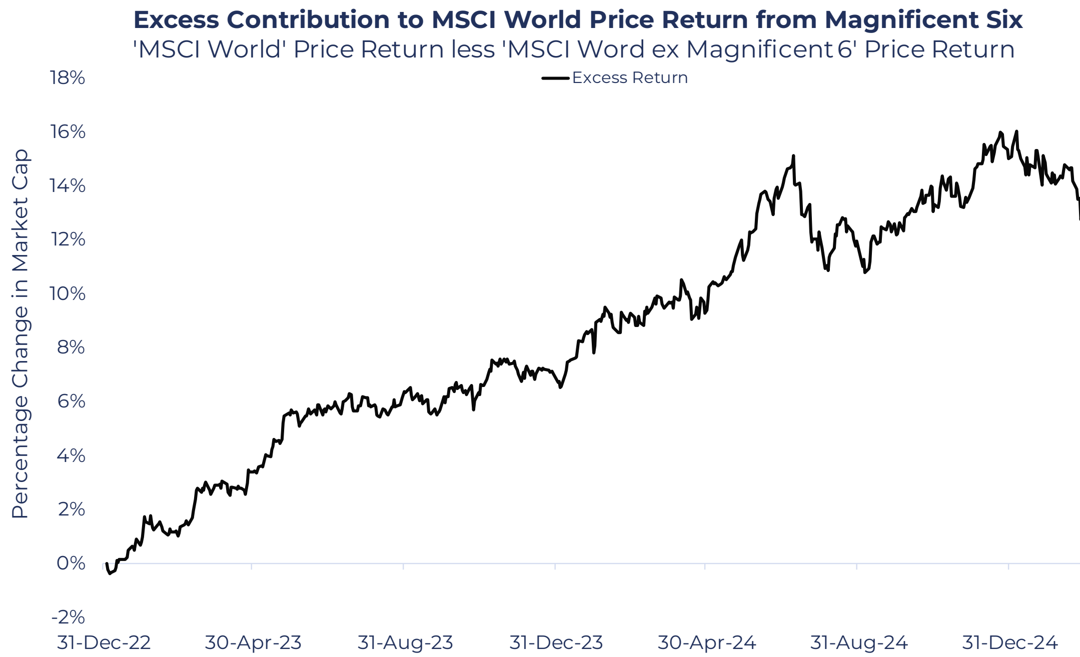
Revisiting the Case for the 'Magnificent Six'

Within the Fund, we hold six of the 'Magnificent Seven': Apple, Amazon, Alphabet, Meta, Microsoft and Nvidia. We believe these are high-quality, growth stocks at attractive valuations. The sole 'Magnificent Seven' stock that we do not hold is Tesla, a company that we perceive as lower quality and with significant valuation risk. Since the end of 2022, the 'Magnificent Six' (the Magnificent Seven excluding Tesla) have seen stark outperformance relative to the MSCI World, contributing to around one-third of the MSCI World's increase in market capitalization over the period.



Source: Guinness Global Investors, MSCI, Bloomberg

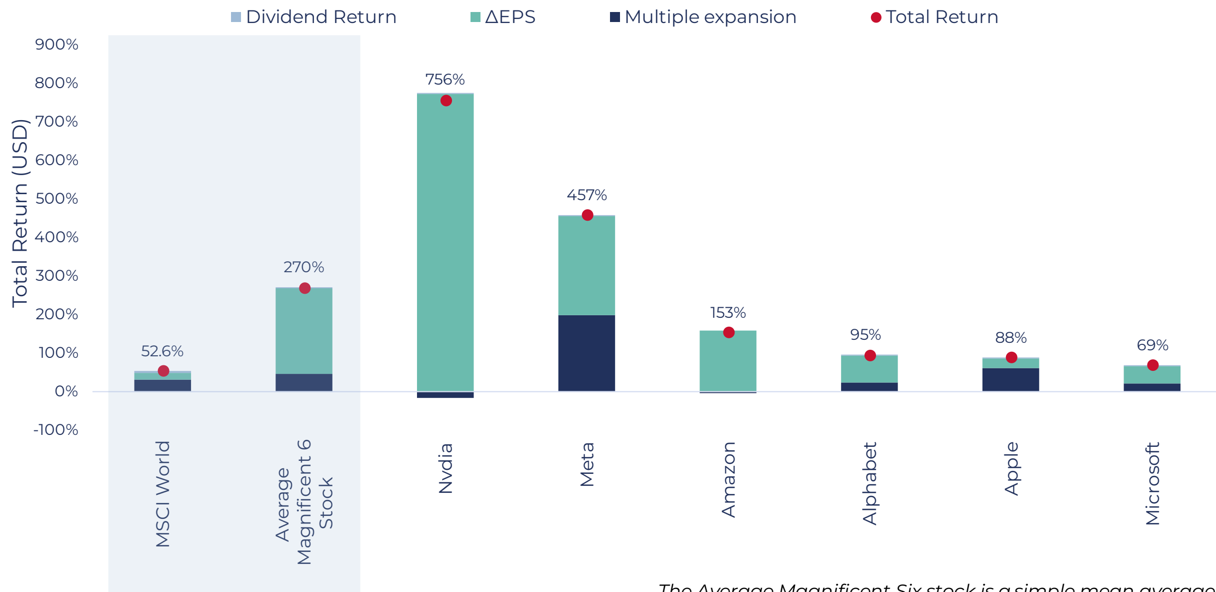
The below chart highlights the 'excess return' to Index price return that has been contributed by the Magnificent Six, since the end of 2022. Over the period, outperformance has been relatively consistent but since the beginning of 2025, this period of 'market leadership' has seemingly stalled. 'Five-of-the-six' stocks have delivered negative returns year-to-date, versus the MSCI World's 2.5% price return. Inevitably, many market participants have suggested that this is the 'end of an era' of Magnificent Seven dominance. Despite continued solid financial performance in company earnings, investor concerns around growth prospects and a further ramp up on datacenter/AI capex spend have been expressed along with familiar cries of elevated valuation risk. With such a significant run over the past two years, it is only natural for markets to question the sustainability of such outperformance, with valuation consistently cited as a reason against ownership. Whilst outperformance versus the Index has been relatively consistent over the past couple of years, this is not the first time that markets have called the end of such dominance, with a period of underperformance also coming mid-way through last year – before these losses were eventually retrenched in the remainder of 2024.



Source: Guinness Global Investors, MSCI, Bloomberg

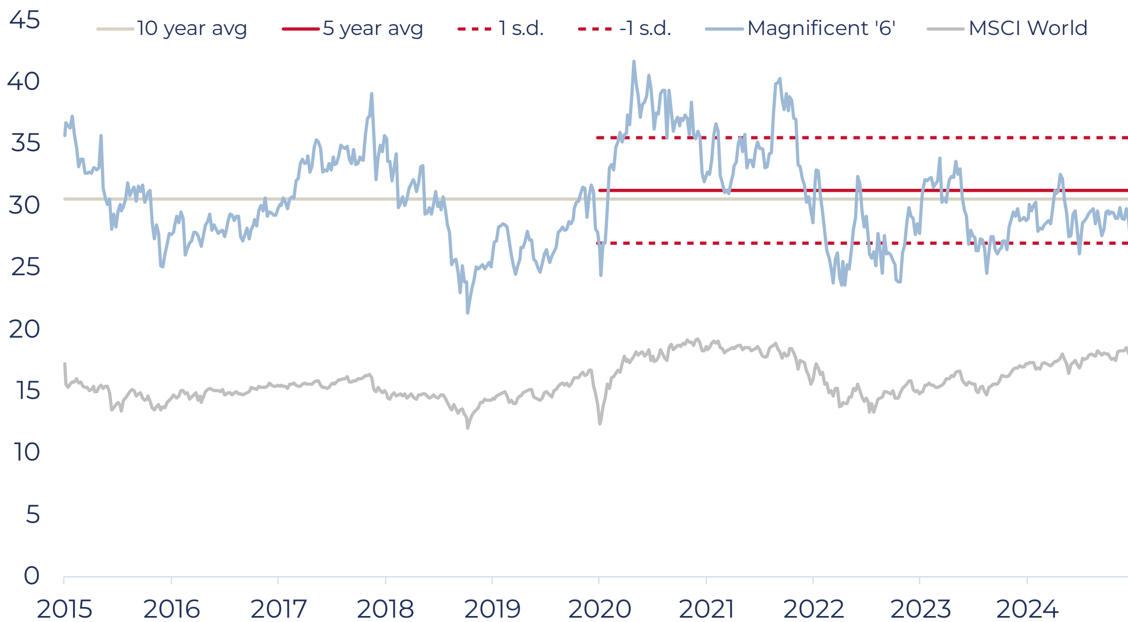
But are they really too expensive?

This period of outperformance has been driven predominantly by earnings growth, with valuation expansion playing a relatively minor role. The average (simple mean) Magnificent Six price return over the period was 239%. Of this, 192% came from expected earnings growth (1 yr blended forward), with a 45% contribution from multiple expansion (P/E 1 yr blended forward). Therefore, multiple expansion has contributed to just a fifth of Magnificent Six returns over the period – this is compared to the MSCI World Index, which saw multiple expansion of 31% accounting for nearly three-fifths of benchmark returns. If we exclude Nvidia - who had super-normal earnings growth over the period and thus skewed the earnings growth number upwards - still, only two-fifths of returns can be explained by multiple expansion. In fact, only two of the six saw multiple expansion at a rate ahead of the index – Apple and Meta. In both cases, we would argue that this is a result of both firms becoming fundamentally better companies over the period and thus be deserving of this multiple expansion. At the end of 2022, Apple was amidst a downturn in the smartphone market, but continued to see strength in Services, continually shifting their earnings mix towards this far higher quality earnings stream. Meta, on the other hand, has significantly improved cost discipline following a “Year of Efficiency” but has also seen improvements in customer engagement, resulting in a higher growth business with far higher margins and free cash flow generation.



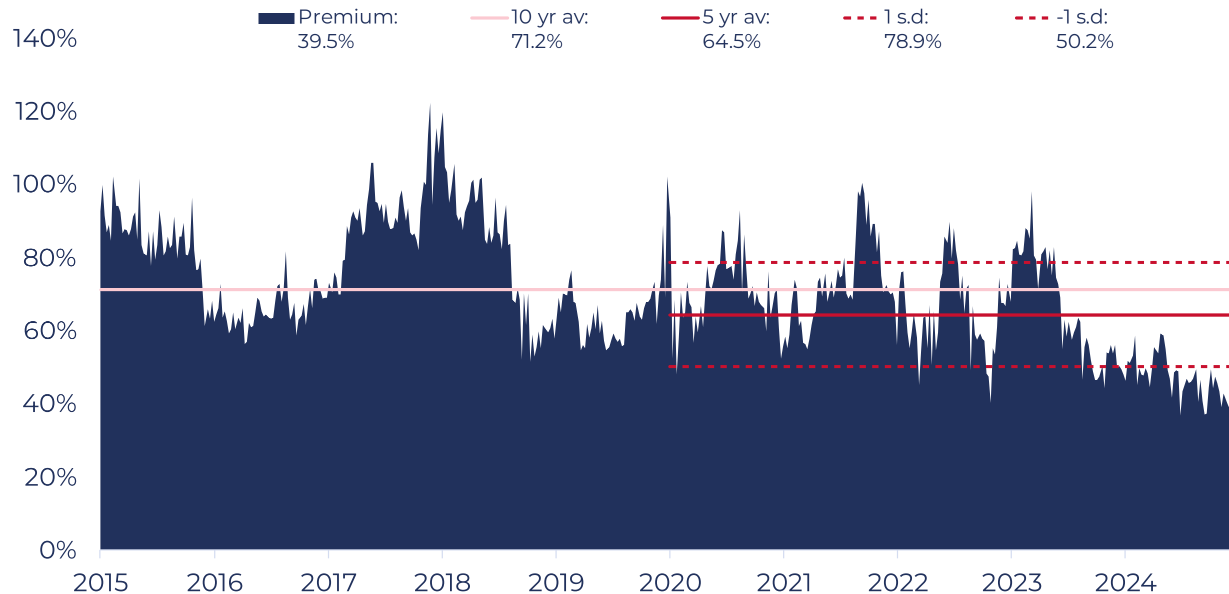
Source: Guinness Global Investors, MSCI, Bloomberg

Taking a longer-term view and looking solely at valuation (P/E multiple 1 yr blended forward), the average (simple mean) Magnificent Six stock has a valuation that is around 1 standard deviation below long-term historical averages – an indication that these stocks may be at a discount relative to their own history.



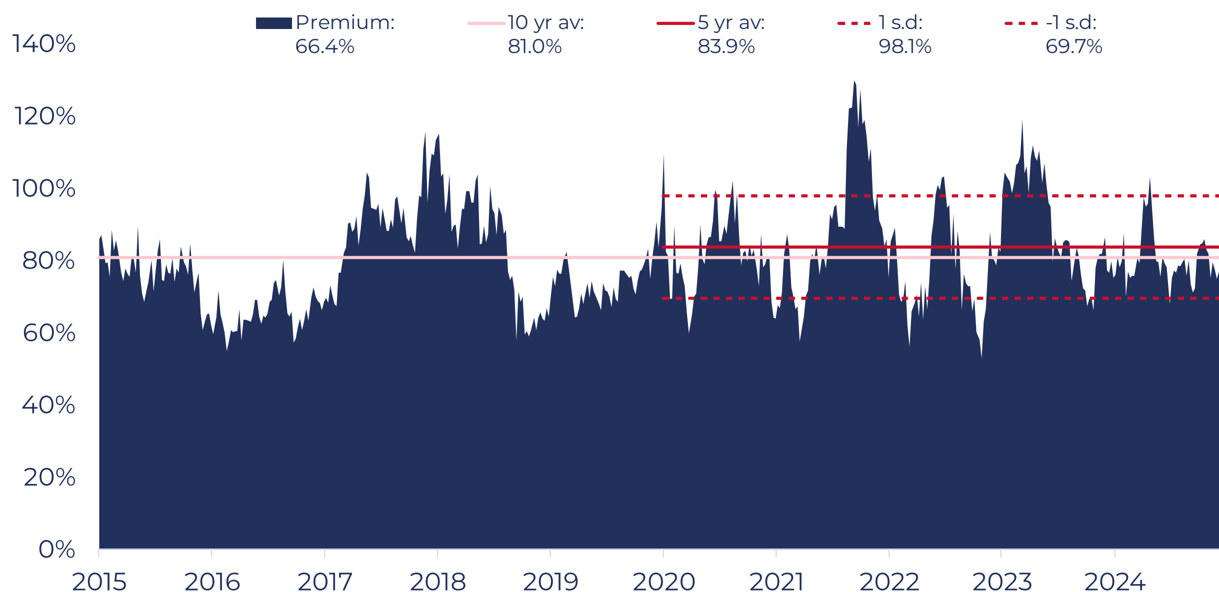
Source: Guinness Global Investors, MSCI, Bloomberg

Comparing this to the market, these stocks have typically traded at a significant premium to the market – between 65/71% on 5/10-year averages. Currently, these stocks are trading at a premium of 40%.



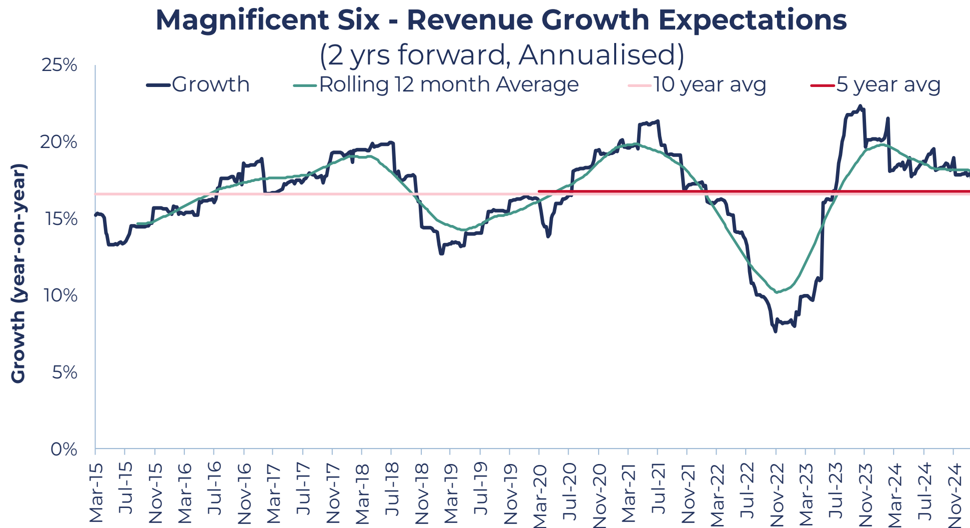
Source: Guinness Global Investors, MSCI, Bloomberg

A fair argument at this point is that these companies are now accounting for a far greater weighting of the index than ever and will therefore be pulling up the index valuation too. Therefore, the premium to the market will naturally come down. We can adjust for size effects by observing the premium relative to the MSCI World Equally Weighted Index. Even in this case, the premium is a standard deviation below the long-term average.



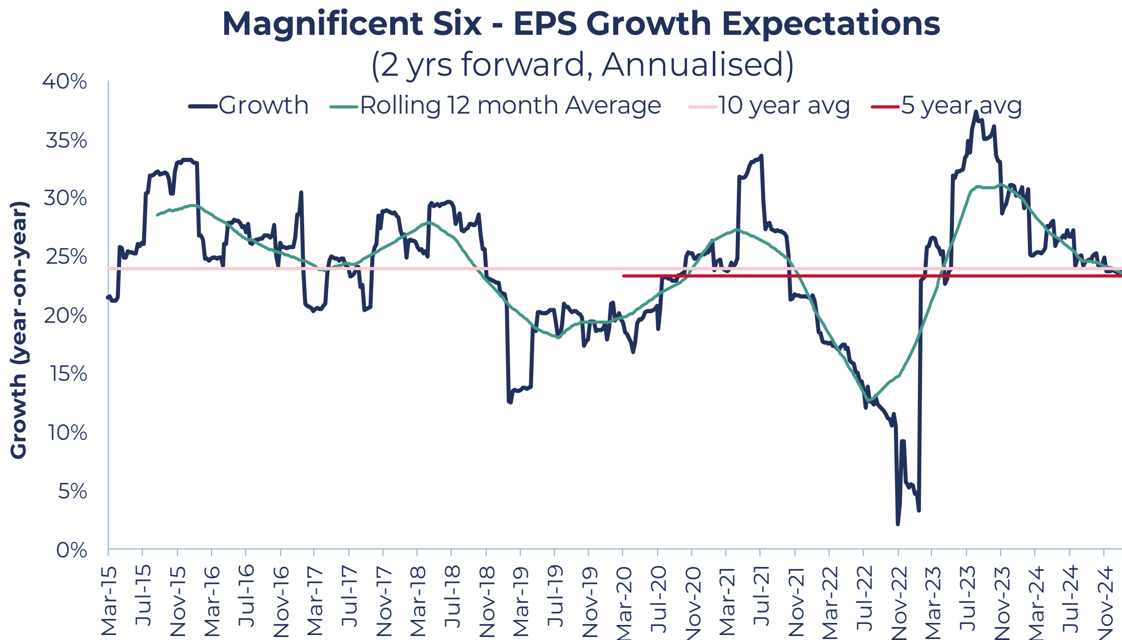
Source: Guinness Global Investors, MSCI, Bloomberg

So, these stocks are no more expensive than they have been, on average, over the past 10 years, and are even slightly cheaper than they have been relative to the index. But perhaps the growth outlook of these businesses has diminished, and therefore concerns of elevated valuations may be justified? On average, we find that short-term growth expectations for these stocks are not much different from what they have been over the past 10 years (observing the long-term outlook requires a more qualitative approach, which we will take later). Expected sales growth (2 years blended forward) is relatively in-line with both 5 and 10-year averages.



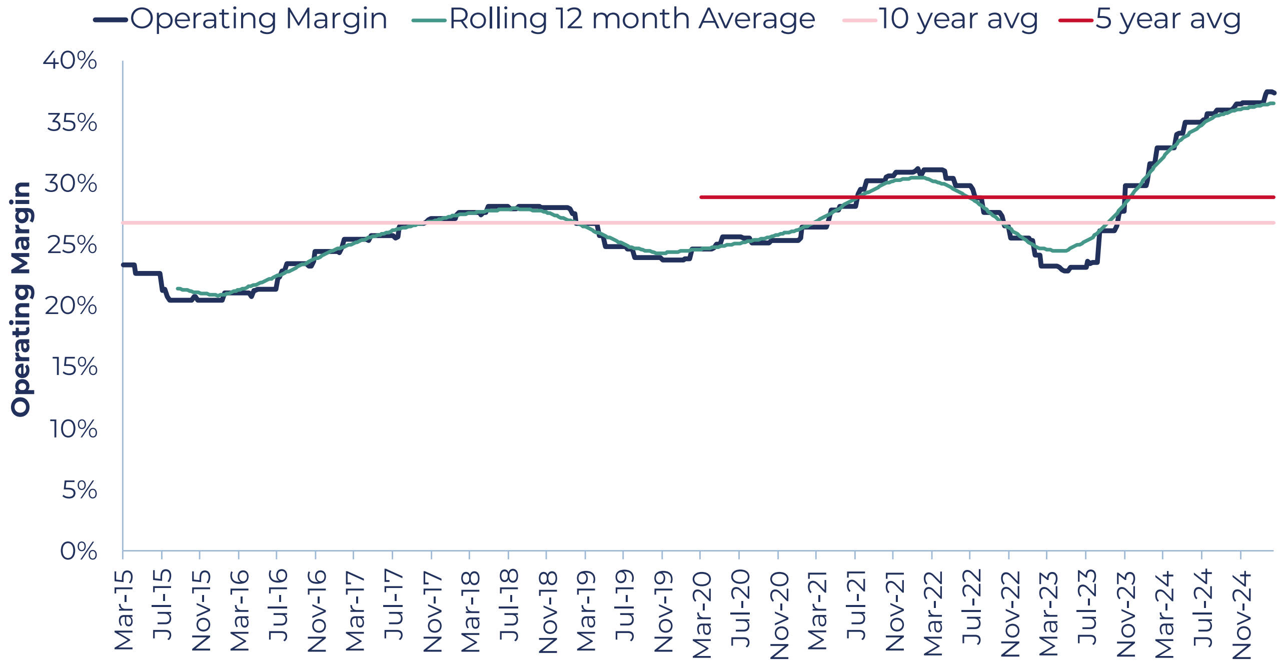
Source: Guinness Global Investors, Bloomberg 28.02.25. Rolling 12-month average is an average of 6 months back, 6 months forward.

Granted, EPS expectations have fallen significantly over the first two months of 2025, but are not wildly different from the average, and are more likely simply a result of 'noise' in the market rather than any fundamental shift in the investment thesis for these stocks. In fact, the 12-month average is exactly in-line with the long term average



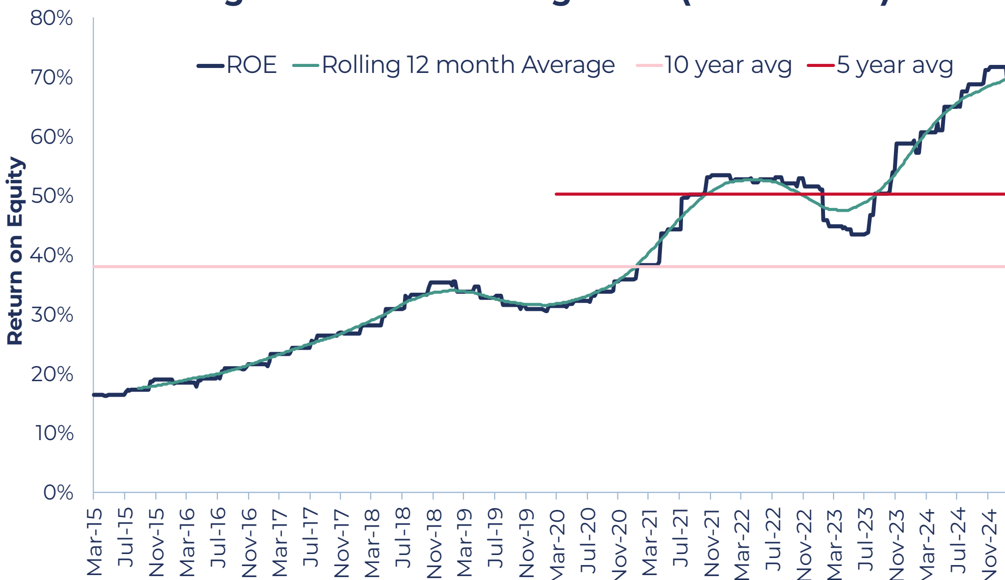
Source: Guinness Global Investors, Bloomberg 28.02.25

So, valuations do not look out of line with history and growth expectations are relatively similar to what we have seen over the past 10 years. Perhaps the underlying quality of these business has significantly diminished, and this would justify cries of overstretched valuations? We believe, however, that these firms are arguably far higher quality than at any point in the previous 10 years. Operating margins have been trending upwards and are now, on average, significantly ahead of long-run averages.



Source: Guinness Global Investors, Bloomberg 28.02.25

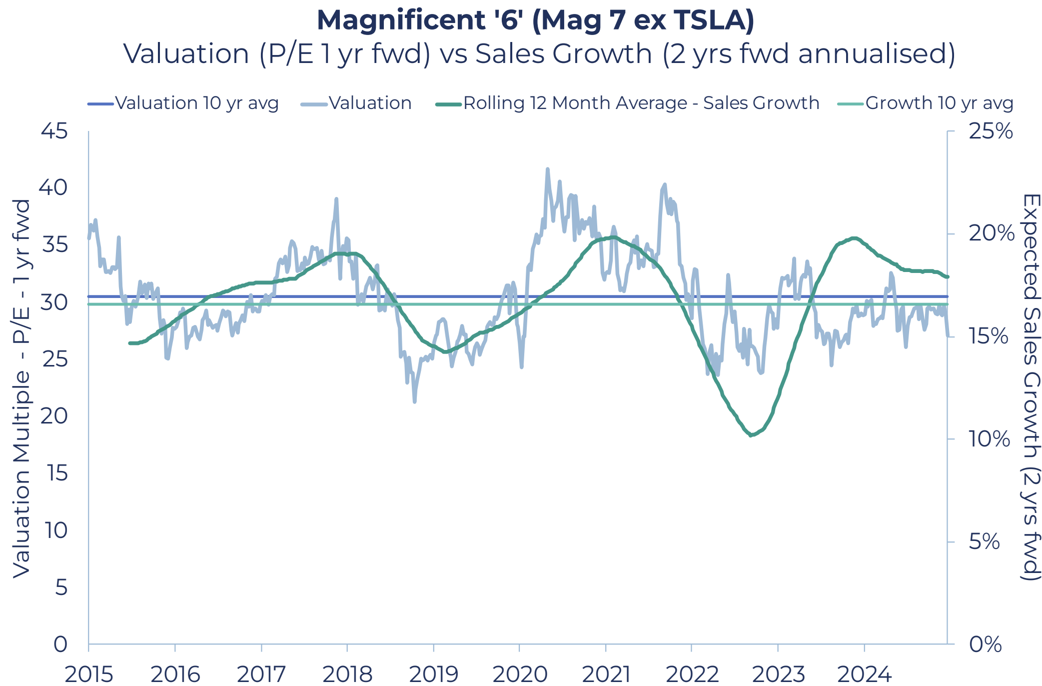
And return metrics have been trending upwards at an even faster rate.



Source: Guinness Global Investors, Bloomberg 28.02.25

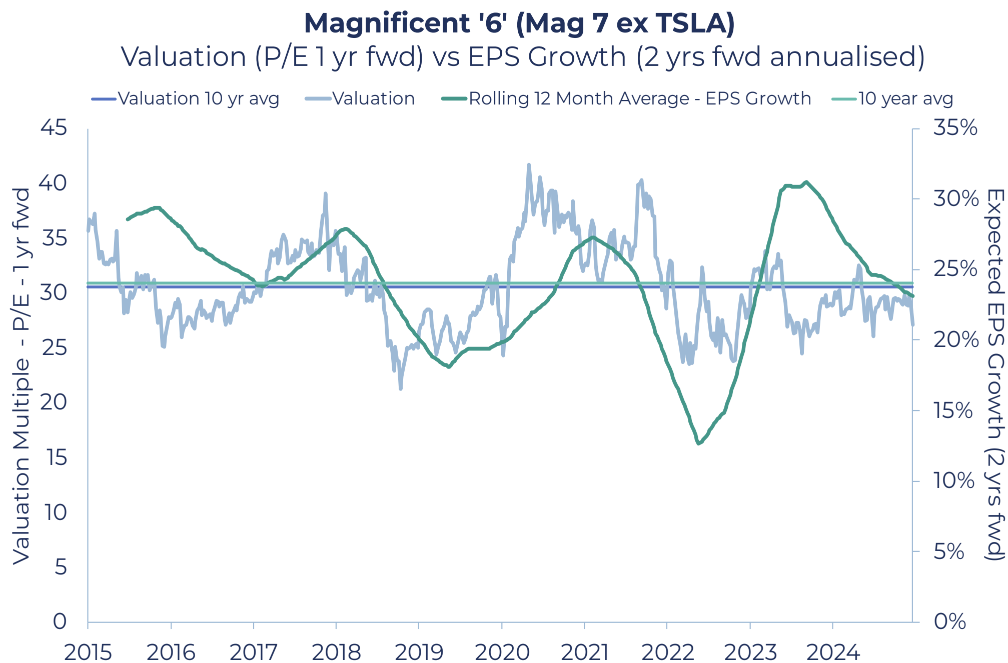
Plotting all these metrics versus valuation helps to bring the point home. We have used the 12-month rolling average to remove noise from the charts. Whilst **valuation is below long run averages** (and at a similar premium to the index on an equally weighted basis):

- **Sales growth** (2 years forward, rolling 12-month average) **expectations are ahead of long-run averages.**



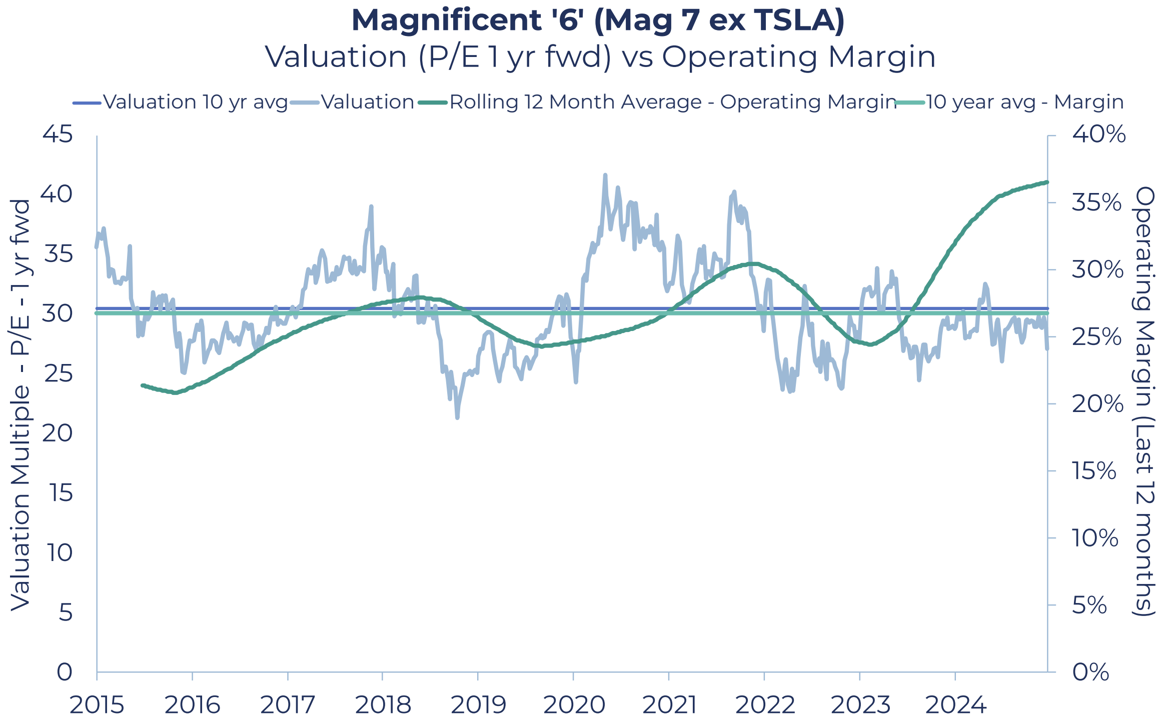
Source: Guinness Global Investors, Bloomberg 28.02.25

- **EPS growth expectations** (2 years forward, rolling 12-month average) **are in-line.**



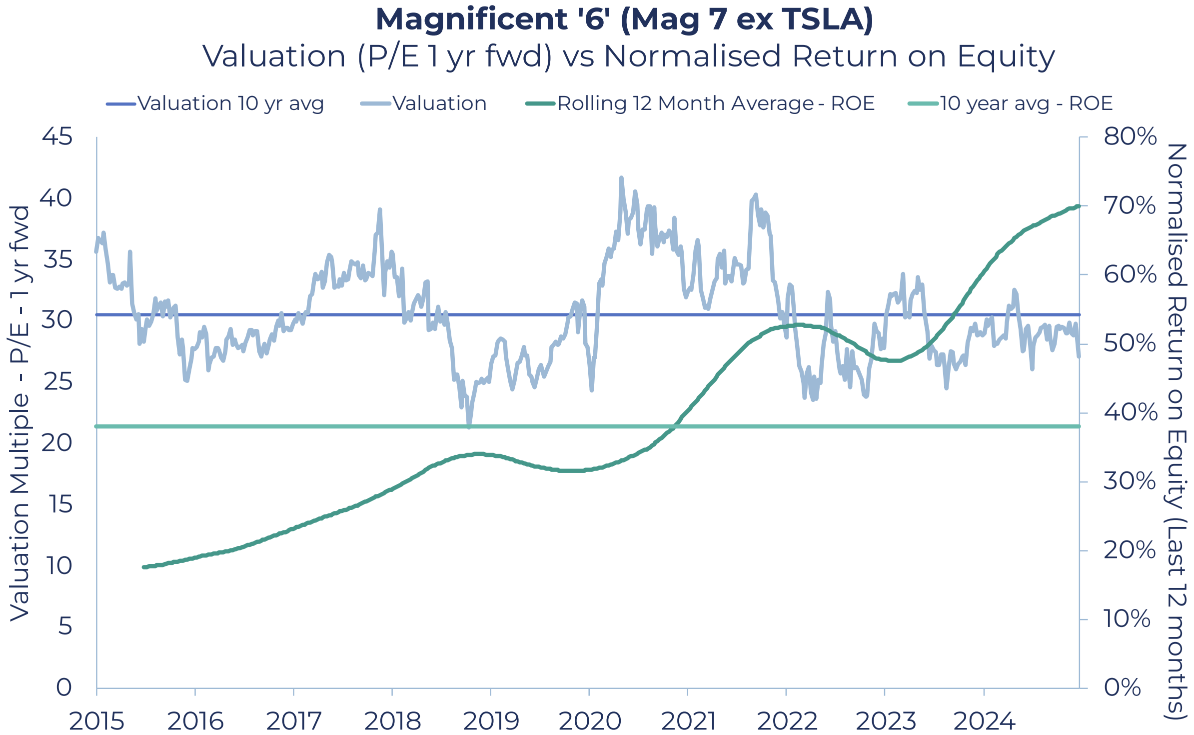
Source: Guinness Global Investors, Bloomberg 28.02.25

- **Operating margins** (rolling 12-month average) **are significantly ahead of long-run averages…**



Source: Guinness Global Investors, Bloomberg 28.02.25

- **…and so is Return on Equity** (normalized, rolling 12-month average).



Source: Guinness Global Investors, Bloomberg 28.02.25

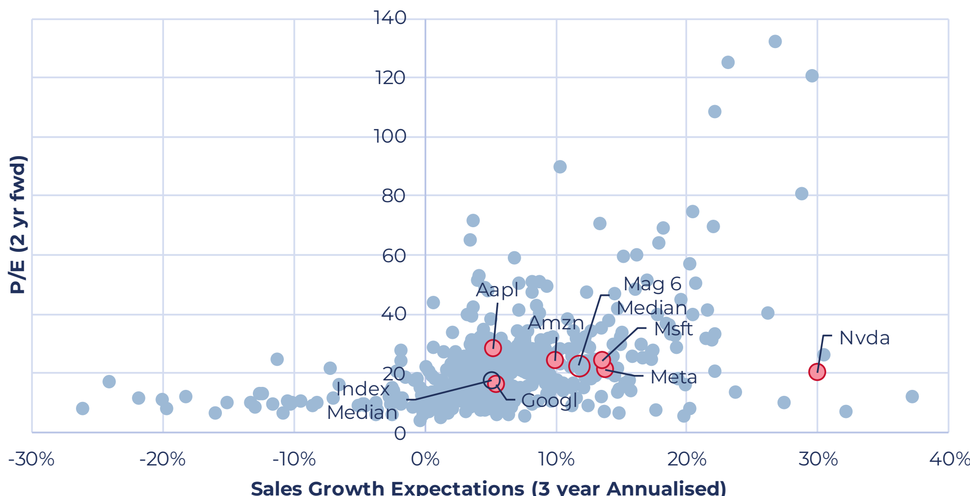
The Magnificent Six, on average, have a valuation that is 1 standard deviation below the long run average over the past 10 years, and have one of the smallest premiums to the Index in recent history. This is despite having a similar growth outlook to history, and far superior quality metrics. So, whilst markets may claim that the Magnificent 6 are overvalued, on a group level, we don't find much evidence to support this. We are unconcerned with short-term fluctuations in the growth outlook (although we will of course monitor them) given growth expectations are typically noisy, the long-term innovative history of these businesses to reignite the top-line, and the rather cyclical end-markets in which they compete. But given the significant improvements in 'quality' – a factor that we have found to be persistent over long term horizons – we believe these stocks may in fact be as attractive as ever from a valuation standpoint – in aggregate.

There are substantial shortcomings in analysing metrics of group statistics – the most obvious being that clearly the 'average' is not true for each stock, and we certainly shouldn't (and we don't...) take group averages at face value. Whilst group statistics may be indicative of a broader trend, on an individual basis, these statistics are far more varied and need to be contextualised before coming to any conclusions. On an individual basis, only two of the six – Apple and Meta – have a 1 yr forward P/E ahead of their 5 year averages yet still remain below their average premium to the market.

	P/E (Next 4 Quarters)					
	1 yr fwd	5 yr avg	2 yr fwd	5 yr avg	Premium to MSCI World (N4Q)	5 year Avg
Apple Inc	**31.7**	27.6	**28.4**	25.1	**62%**	80%
Amazon.com Inc	**28.5**	44.6	**23.6**	33.8	**46%**	189%
Alphabet Inc	**18.2**	21.4	**15.9**	18.6	**-7%**	39%
Meta Platforms Inc	**23.9**	20.2	**20.8**	17.7	**22%**	31%
Microsoft Corp	**27.7**	30.8	**24.1**	26.7	**42%**	100%
NVIDIA Corp	**24.6**	42.8	**19.5**	35.1	**26%**	179%
Average (mean)	**25.8**	31.2	**22.0**	26.2	**32%**	103%
MSCI World Index	**19.6**	18.7	**17.6**	16.8		

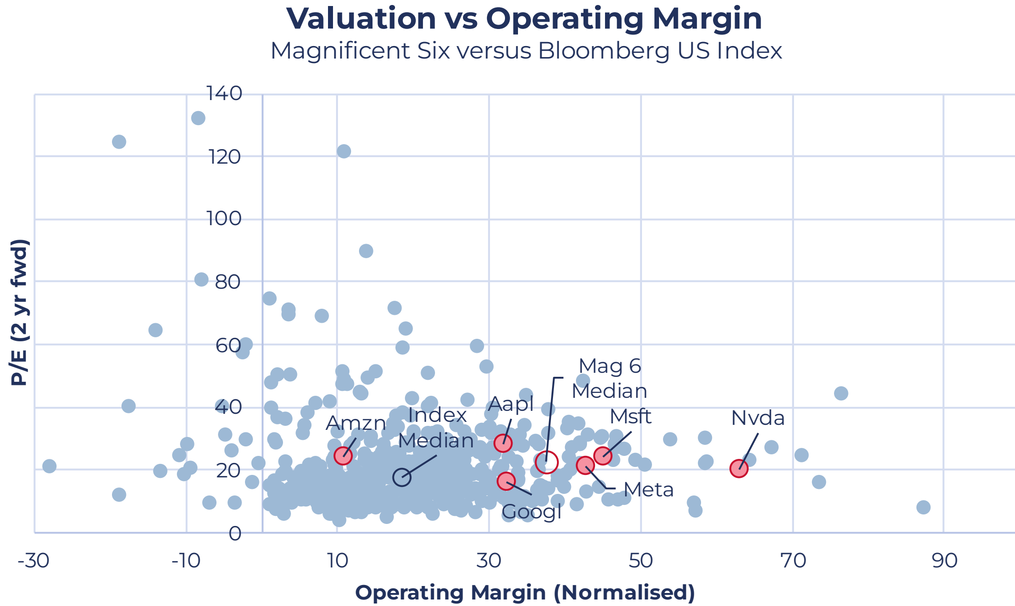
Source: Guinness Global Investors, MSCI, Bloomberg – date at 28th February 2025

Looking at these stocks individually, we can see that all Magnificent Six stocks have sales expectations at least in line with the average of other US stocks (The Bloomberg US Index is a good proxy for the S&P 500). For valuation, we have used P/E with 2-year forward estimates, given that these stocks are likely 'growthier', and a shorter term outlook will not fully capture the expected growth trajectory. Whilst most are valued at a premium to the index (except Alphabet), none are at extreme valuations that would cause concern.



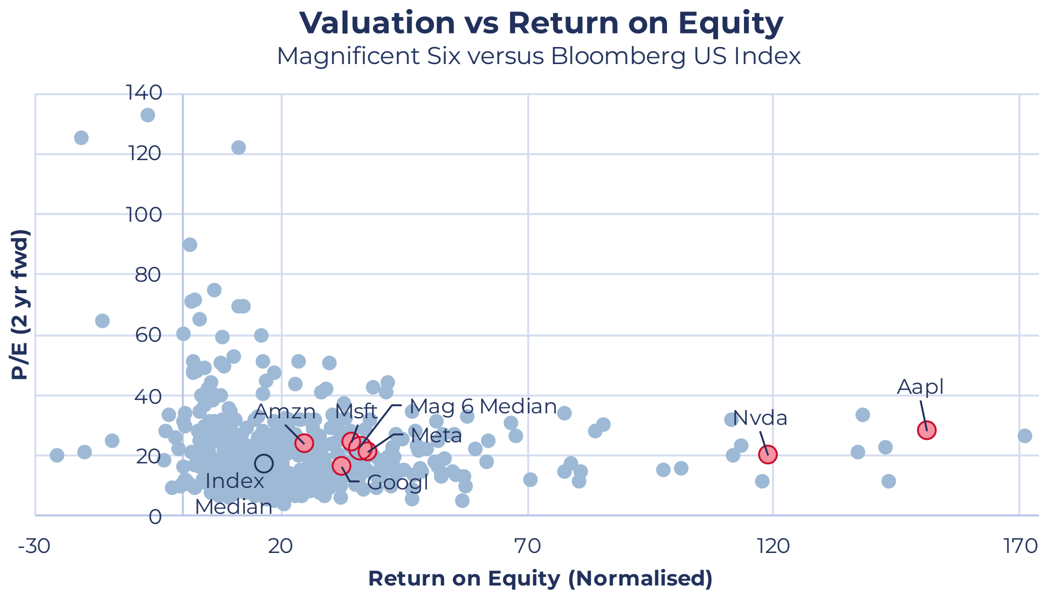
Source: Guinness Global Investors, Bloomberg 28.02.25

Except for Amazon, these Magnificent Six stocks are also typically higher margin...



Source: Guinness Global Investors, Bloomberg 28.02.25

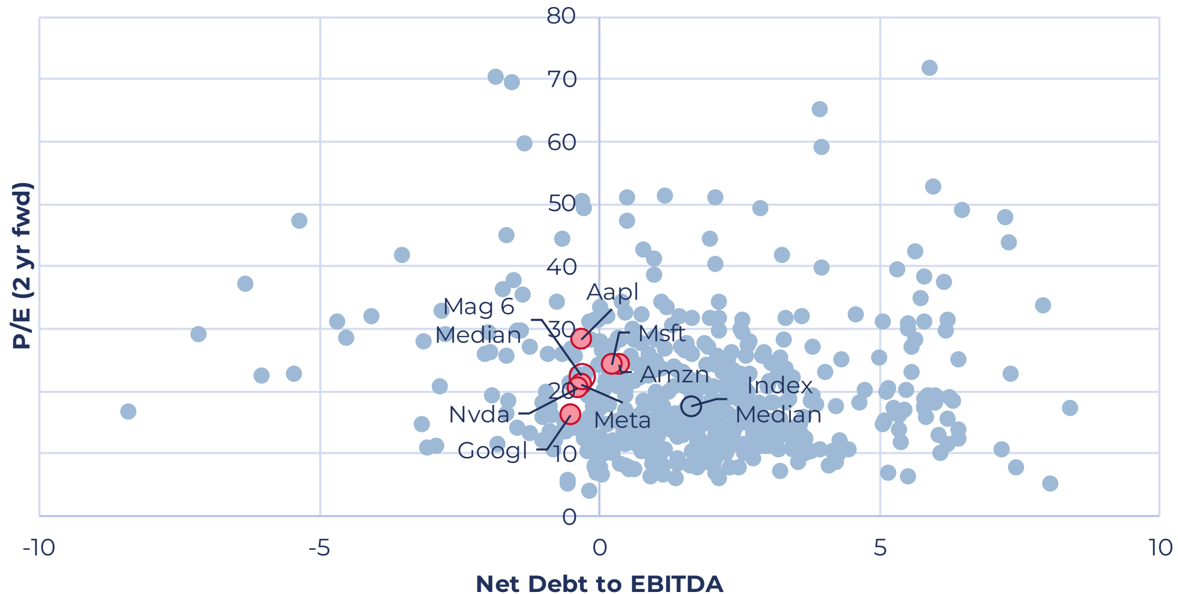
...and with a higher return on equity (we have used Return on Equity rather than our preferred Return on Capital metric, since data for the index is patchier for Return on Capital).



Source: Guinness Global Investors, Bloomberg 28.02.25

Finally, these Magnificent Six stocks also tend to have much stronger balance sheets, all with a Net Debt to EBITDA of below 0.5x – with most who are even net cash.

Note, for this chart, there are a number of Index stocks outside the bounds of the axes. However, we have scaled the axes to improve the overall picture.

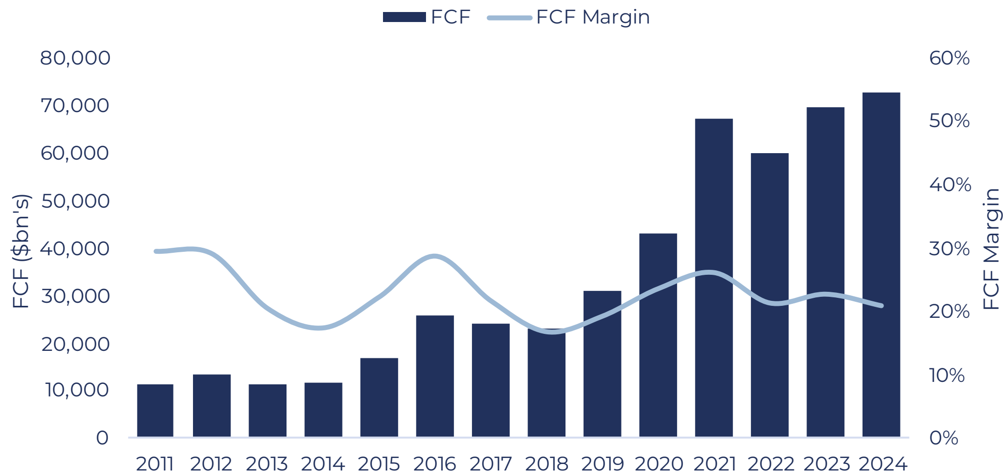


Source: Guinness Global Investors, Bloomberg 28.02.25

With stronger growth outlooks and fundamentally higher quality financial profiles, the Magnificent Six are seemingly deserving of a valuation premium to the wider market. Of course, relying solely on individual financial metrics provides only a partial view of their long-term investment case. Whilst these metrics may be informative over the short term, a more comprehensive assessment over a 3–5 year investment horizon (such as that of the Fund) requires a more qualitative view. Whilst we have found 'quality' to be a more persistent factor over longer time horizons, growth can be far more volatile and difficult to predict. While financial metrics provide useful signals for shorter-term expectations, they do not capture the full picture of what will ultimately drive share price performance over the longer term. Below, we take a look at these stocks from a more qualitative perspective.

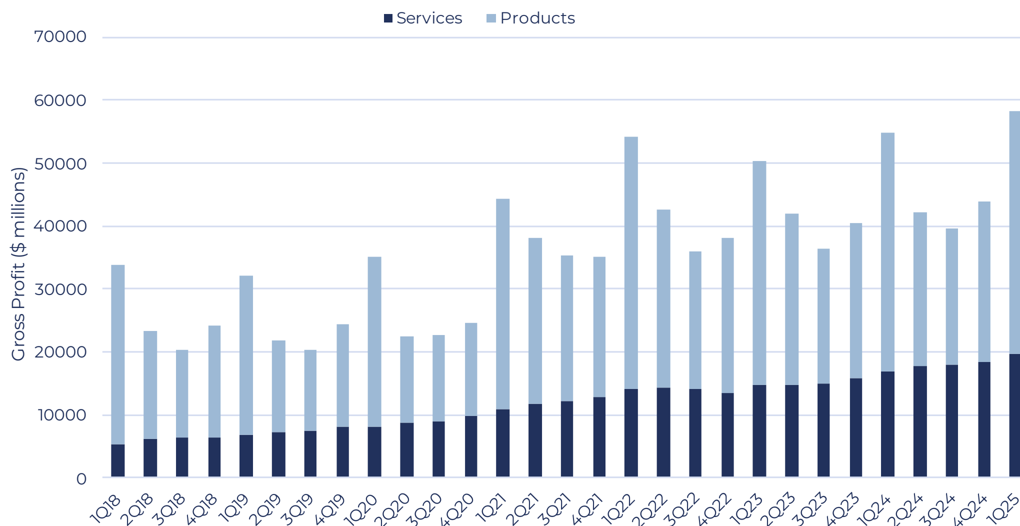
Alphabet

Alphabet has long dominated the search engine and digital advertising markets, with a near 90% market share in search engine volumes and near 40% share in digital advertising, allowing the firm to leverage a trove of proprietary data to maintain leadership. However, the company is successfully transitioning into a more diversified, high-growth business with increased contributions from Cloud and AI-driven services, while continuing to enhance its core advertising segment. Despite cyclical fluctuations in digital ad spending, Alphabet has demonstrated resilience through consistent innovation, monetisation of new ad formats, and an expanding ecosystem of paid services, driving strong Free Cash Flow growth over the past decade – whilst maintaining a relatively high and steady FCF margin. Google Cloud, an increasingly profitable segment, is positioned as a key top-line growth driver, projected to grow at above 20% for the next three years at least, as businesses accelerate their cloud and AI adoption. Alphabet's recent AI-driven initiatives, including Gemini and its Search Generative Experience (SGE), have the potential to drive higher engagement and further advertising monetisation over time. Additionally, YouTube's premium subscriptions and continued ad revenue growth (supported by a shift toward connected TV and 'Shorts' monetisation) further diversify the revenue base. While regulatory scrutiny and competitive pressures in AI remain risks, Alphabet's vast data advantage, entrenched user base, and continued innovation provide a compelling case for sustained growth and cash flow generation.



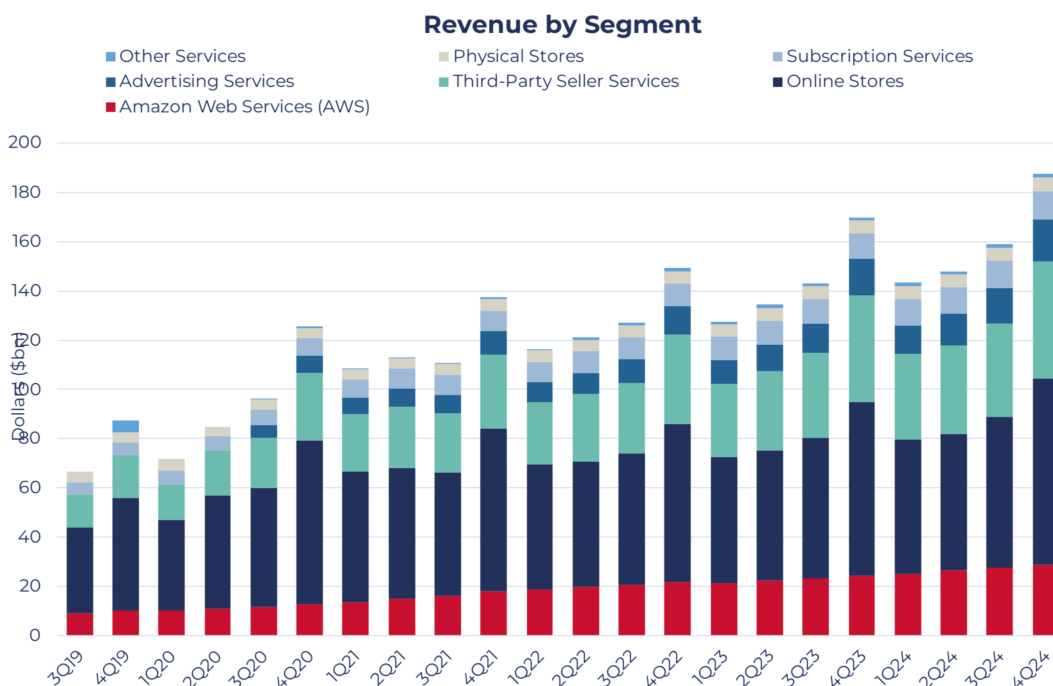
Source: Guinness Global Investors, Bloomberg, Company Data

Apple has successfully been shifting their revenue/earnings mix towards Services - a higher growth, higher quality recurring earnings stream – and dampening the impact of cyclical product sales on profitability. In recent years, Apple has been amidst a cyclical trough in iPhone demand, yet the firm has been executing well in a declining smartphone market – holding unit sales steady but growing the overall 'installed base' of Apple Product users at a rate of 10% (2016-2025). This has created a fast-growing end-market in which for Apple to sell 'Services' to (e.g. storage, music, etc) – a stickier, less cyclical and higher margin (2x the gross margin than hardware products) business, that now accounts for 40% of earnings. iPhone (and Apple hardware products more generally) remain a significant growth opportunity, and is in some senses a recurring revenue stream in itself, as a loyal customer base (over 90% retention) habitually upgrades their handsets. Long term share gains and increasing penetration in emerging markets will not only grow iPhone, but drive growth in the installed base, where Apple can further sell recurring Services products to. Not only do we expect a continued shift in revenue mix to make what is already a very high quality company, even higher quality, we see a number of growth opportunities for the firm, including continued price increases in iPhone, greater penetration of subscribers to 'Services' within the growing installed base, continued market share gains (particularly in EM), and a cyclical upswing in hardware (with products currently in emerging from trough).



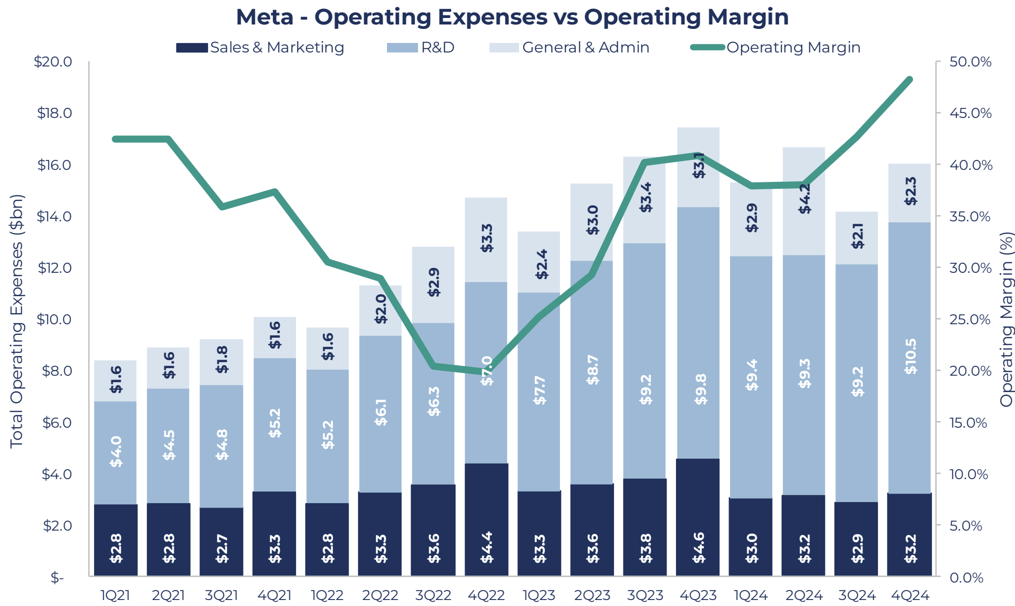
Source: Guinness Global Investors, Bloomberg, Company Data

Amazon is a high-quality, high-growth business with a wide economic moat, underpinned by its leadership in e-commerce, cloud computing, and digital advertising. The company continues to outperform expectations across multiple fronts, delivering strong revenue growth, expanding margins, and improving capital efficiency. Its three largest segments—Online Stores, Third-Party Seller Services, and AWS—grew by 7%, 11%, and 19% in 2024, respectively, an impressive achievement given Amazon's scale. Amazon's crown jewel, AWS, remains a key growth driver, benefiting from capacity-constrained demand and the rapid adoption of generative AI, prompting management to accelerate investment in datacenter expansion. Meanwhile, Amazon's advertising business is scaling rapidly, consistently outpacing major internet peers, leveraging deep consumer insights to drive engagement and monetisation. Beyond its top-line momentum, Amazon have shown strong operational execution, with operating margins reaching an all-time high of nearly 11% in 2024, as the company continues to unlock efficiencies through its multi-hub logistics strategy and increased automation. With management forecasting double-digit revenue growth for the foreseeable future and further margin expansion through the increasing earnings mix towards AWS (and lower growth of lower margin business more generally), Amazon is exceptionally well-positioned to sustain its trajectory as a dominant force in global commerce and technology.



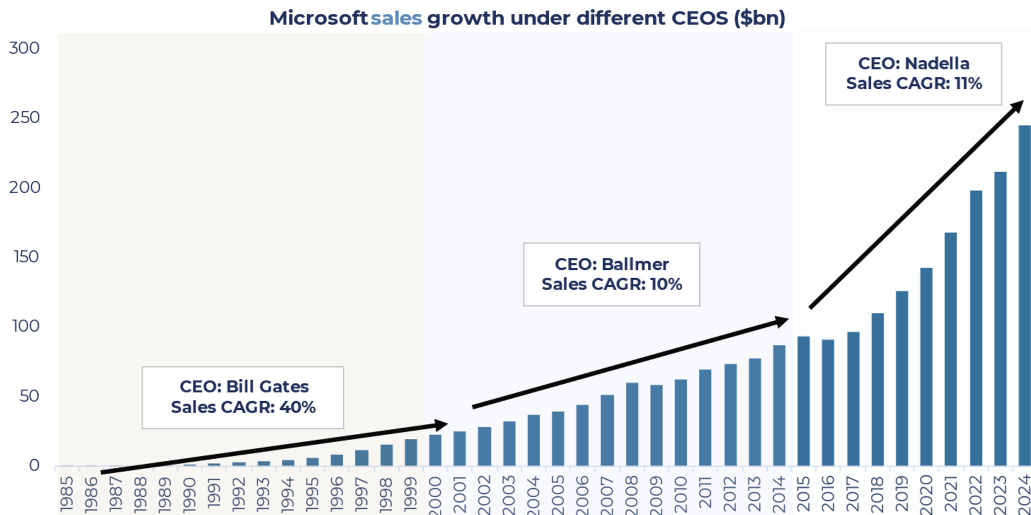
Source: Guinness Global Investors, Bloomberg, Company Data

Meta has built a dominant advertising business that has leveraged a vast trove of user data to deliver highly targeted digital ads across its family of apps. Despite cyclical fluctuations in ad spending, Meta has demonstrated strong growth as the firm successfully executes on improving user engagement and monetisation of new revenue streams. Following investor pushback in 2022, the company shifted their focus toward cost efficiency, including significant headcount reductions and disciplined capital allocation. This led to a substantial margin expansion – with the firm more than doubling operating margins from 20% in 4Q22, to 48% in 4Q24 – an all-time record for the firm and a clear example of the underlying quality inherent within the business model. While Meta's core Family of Apps segment remains the primary driver of revenue and profitability, new monetisation opportunities are emerging. AI-driven ad targeting, WhatsApp Business monetisation, Click-to-Message ads, and growing engagement with Reels were all initially 'side-bets', but are increasingly contributing to the firm's healthy growth outlook. Reality Labs, while still a drain on profitability, is offering visibility towards a significant source of new revenue. Currently with a $2bn revenue rate, this segment has the potential to become a significant contributor to revenue mix, if monetised effectively. Meta have proven in the last couple of years their ability to be a high-quality compounder, with significant cash generating ability (FCF margins to above 30%). With the core of the business growing double digit and a number of heavily investment growth avenues, we expect Meta to maintain long term strong top-line growth.



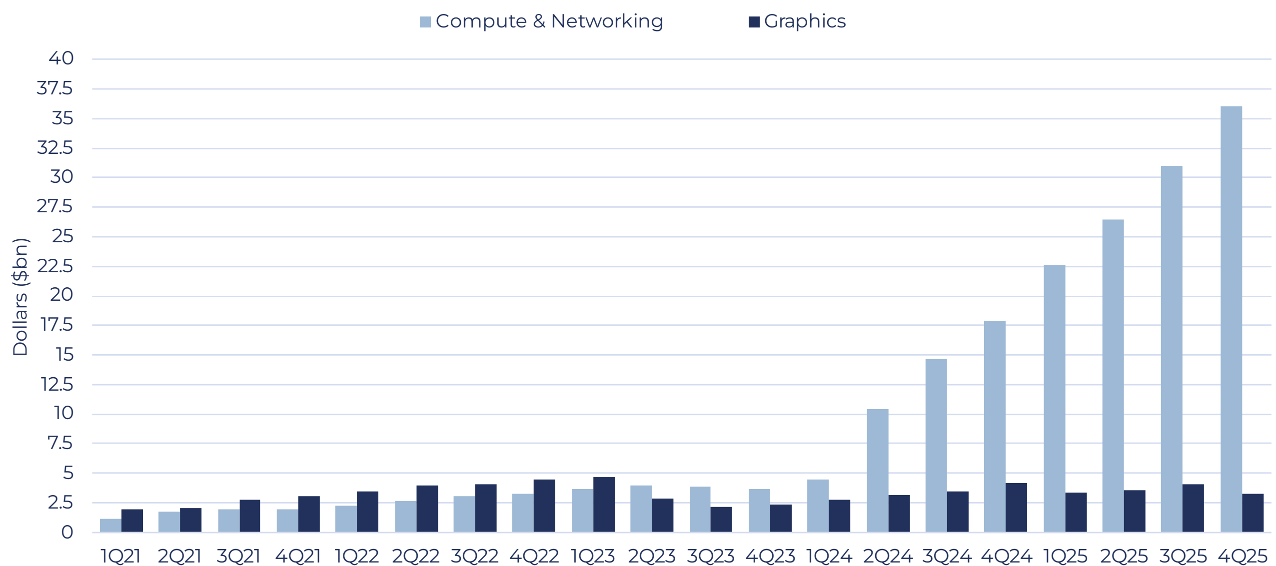
Source: Guinness Global Investors, Bloomberg, Company Data

Microsoft has arguably one of the best mixes of quality growth businesses in the opportunity set, with all 3 core business segments growing double digit in FY24, from an exceptionally large base. The company's strategic focus on cloud computing, AI, and enterprise software has propelled it into one of the highest-quality, high-margin growth stories in technology. The predominant driver of group growth has been (and is expected to continue being) Azure, Microsoft's cloud offering, which has been delivering c.30% growth as structural demand has taken hold, although the firm has also been taking share from market leader Amazon's AWS due to Azure's unique hybrid-cloud offering. And as 'Cloud' accounts for an increasing percentage of the firm's revenue mix, this has allowed operating margins to trend consistently upwards. While near-term capex requirements for cloud and AI infrastructure may weigh on margins, Microsoft's ability to drive ARPU expansion, achieve scale efficiencies within cloud, and achieve continued growth in high-margin enterprise software can help mitigate this impact. Free Cash Flow has grown at an annualised rate of 10% since 2019, demonstrating significant profitability with FCF margin stable at around the 30% mark. Alongside a strong balance sheet, disciplined capital allocation (including growing dividends and steady buybacks), and a diversified revenue base, Microsoft remains well positioned as a high-quality leader in enterprise technology, cloud, and AI innovation, with the quality-growth mix one of the most attractive in the investment universe. The firm has a long history of exceptional top-line growth across periods and across management teams, and is a best-in-class example of a company that is continually able to innovate and drive growth.



Source: Guinness Global Investors, Bloomberg, Company Data

We have held Nvidia in the strategy since 2003, but in recent years the investment case for the firm has changed significantly. Since the beginning of 2023, Nvidia's 'Hopper' GPUs have been at the centre of exploding demand for chips powerful and efficient enough to facilitate the energy intensive requirements of AI processes within datacentres. Initially possessing over 95% of market share in these types of chips, Nvidia have been quick to entrench their position as the technological leader in the space, launching the successor to the current 'Hopper' GPU in March 2024, Blackwell, inhibiting the likes of AMD and Intel making meaningful inroads in taking share of the fast-growing market. Compared to the previous iteration (Hopper) which is continuing to fuel Nvidia's extreme revenue growth, the Blackwell chip is twice as powerful for training AI models and has 5 times the capability when it comes to "inference" (the speed at which AI models respond to queries). Demand for such chips, particularly from other Magnificent Six firms, has resulted in super-normal revenue and profitability growth. Whilst we do not expect such growth to be sustained, we do expect significant demand to remain as companies invest in upgrading existing data centres and building new ones, with Nvidia well-positioned to capture a significant share of the estimated $2 trillion market opportunity over the next five years. While the emergence of cost-efficient AI 'training' models like DeepSeek presents a risk, we believe lower training costs will likely spur much broader adoption of AI applications, and thus driving demand for 'inference'(rather than 'training'). Nvidia already holds a leading position in inference, with roughly 40% of revenue stemming from inference workloads, and we see this as a considerable growth driver for the firm longer term. With AI-driven capital expenditures from big tech showing no signs of slowing down, order cancellations appear unlikely despite evolving AI models. Further innovation, including the H200 chip, ensures Nvidia's technological edge extends into 2025 and beyond. Nvidia's valuation may remains a topic of debate for some, but given our prior analysis, we believe it still appears reasonable given its dominant market position, innovative prowess, and exposure to long-term secular growth trends in AI, cloud computing, and data infrastructure. We believe Nvidia remains well-positioned to deliver sustained outperformance over the long term, as a cornerstone of the AI theme.



Source: Guinness Global Investors, Bloomberg, Company Data

CHANGES TO THE PORTFOLIO

In February, we made no switches to the portfolio.

STOCK SPECIFICS

Infineon (+12.4% USD)

Europe's largest chipmaker and leader in Automotive semiconductor chips, Infineon, finished the month as the Fund's top performer, as the firm delivered Q1 results that were better than feared by investors. Infineon's end-markets have been amidst a cyclical downturn, which has weighed on investor sentiment. This included inventory corrections and sluggish manufacturing inventory. Negative sentiment was further compounded by the firm's significant exposure to the China region, with concerns over rising trade tensions and pressure from the Chinese government for domestic players to buy locally. However, this quarter provided investors with multiple green shots, namely from AI, China and Autos, allowing us to gain even greater confidence in Infineon's product leadership within 'power' semiconductors. This could be seen by the fact that peers such as STMicro, NXP Semi and Texas Instruments guided to weak trends in the auto market, which were not seen by Infineon. Unlike its competitors, Infineon benefited from continued strength in its automotive and industrial segments, demonstrating resilience despite broader macroeconomic headwinds. The quarterly results were marked by management's expectations of channel inventory normalisation over the next couple of quarters, share gains in the auto segment, strength in China despite concerns over regulation, and strong performance in silicon carbide (SiC) – a key growth area for the firm. Additionally, Infineon's ability to capitalise on secular growth drivers – such as the accelerating adoption of SiC in EVs, increasing demand for power-efficient solutions in AI-driven data centres, and the gradual recovery in industrial automation – reinforces its competitive edge. Management's reaffirmation of its long-term growth targets and disciplined cost control further strengthened investor confidence, helping the stock outperform in February.

Intercontinental Exchange (+8.4% USD)

Intercontinental Exchange strong share price momentum continued into February, driven by a positive set of earnings results, with robust exchange revenue growth and a recovery in Mortgage Technology. The firm generates most of its revenue from trading, data services and mortgage technology (software that helps automate home loan processing). Net revenue for the fourth quarter rose 5.5% year-on-year, mainly driven by futures revenues, which benefited from increased volatility across commodities, contributing to higher trading volumes. Within futures, energy markets were a bright spot due to increased hedging demand amid geopolitical tensions, reinforcing ICE's leadership in the exchange space. Although the Mortgage Technology segment had been facing major headwinds, this quarter proved to be an inflection point, with revenue up sequentially, primarily due to higher non-recurring revenues and an increase in origination and closing revenues. While the mortgage market remains challenged, ICE is seemingly navigating the downturn successfully, by capitalising on incremental improvements in activity levels. FIDS (Fixed Income & Data Services) was another bright spot, entirely driven by recurring revenues, underscoring the resilience of ICE's data and analytics business in a more uncertain macro environment. On the capital allocation front, we are encouraged to see plans to restart share repurchases in the next quarter after deleveraging post Black-Knight acquisition, which leaves ICE well positioned to drive further operational efficiencies and enhance its competitive edge in the mortgage and data service markets while enhancing the firm's recurring revenue.

Alphabet (-16.5% USD)

Alphabet ended February as the Fund's bottom performer, as the market reacted negatively to a higher capex guide for FY25 and cloud revenue growth numbers that, while strong, came in slightly below consensus. The elevated capex outlook, largely driven by AI-related investments in infrastructure and data centres, raised concerns about near-term margin pressure, even as management emphasised the long-term benefits of these expenditures. Despite the negative market reaction, we found Alphabet's results encouraging, as they demonstrated that AI investments are yielding returns. Notably, AI-powered video campaigns on Youtube are delivering a 17% higher return on ad spend compared to traditional campaigns. Additionally, AI Overview monetisation came in approximately at par with traditional search monetisation, dissipating some investor concerns about potential risk of generative AI disrupting search revenues. The reason behind the cloud revenue growth headline miss was supply constraints and not a lack of demand. As Alphabet brings more capacity online, we would expect such supply constraints to abate. Further, Google Cloud includes both Cloud Infrastructure and Google Workspace businesses, with management attributing the Google Cloud miss to Google Workspace.

Management highlighted that Cloud Infrastructure business revenue grew at a "significantly higher pace than the overall 30% Google Cloud revenue segment", reinforcing confidence in the firm's positioning within the AI-driven cloud computing segment. With AI integration strengthening monetisation across its ecosystem, Alphabet's investments in AI infrastructure position it well for future growth. While the near-term concerns pressured the stock in February, we believe the company continues to execute well on long-term strategic priorities.

TSMC (-13.8% USD)

TSMC ended February as the Fund's second worst performer. The stock fell 13.8% during February despite the robust results reported over January. The better-than-anticipated results were driven by strong demand for High Performance Computing, supported by 'AI accelerator' (a specialised computer chip designed to speed up AI tasks, such as machine learning and deep learning) demand, prompting management to raise revenue guidance for FY25 and beyond. Management now expects revenue to grow at about 20% CAGR for the next few years, higher than the previous guidance of mid-teens, particularly driven by AI-related revenue, which is expected to double in FY25. However, despite these strong fundamentals, several factors weighed on investor sentiment. Global trade tensions escalated in early February following the U.S. announcement of new tariffs, including a 10% tariff on Chinese imports, raising fears of supply chain disruptions and potential cost pressures for semiconductor manufacturers. Given TSMC's significant exposure to global supply chains, this development contributed to increased uncertainty. However, TSMC's commitment to bringing advanced manufacturing to the U.S. through its Arizona fabs could help mitigate political risks while reinforcing its global leadership. During February, the semiconductor sector faced broad weakness over slowing consumer electronics demand and inventory adjustments in certain segments pressured the industry. While these macroeconomic and industry-wide factors drove the stock's underperformance during the month, TSMC remains well-positioned to capitalise on high-growth areas such as AI and High-Performance Computing.

We thank you for your continued support.

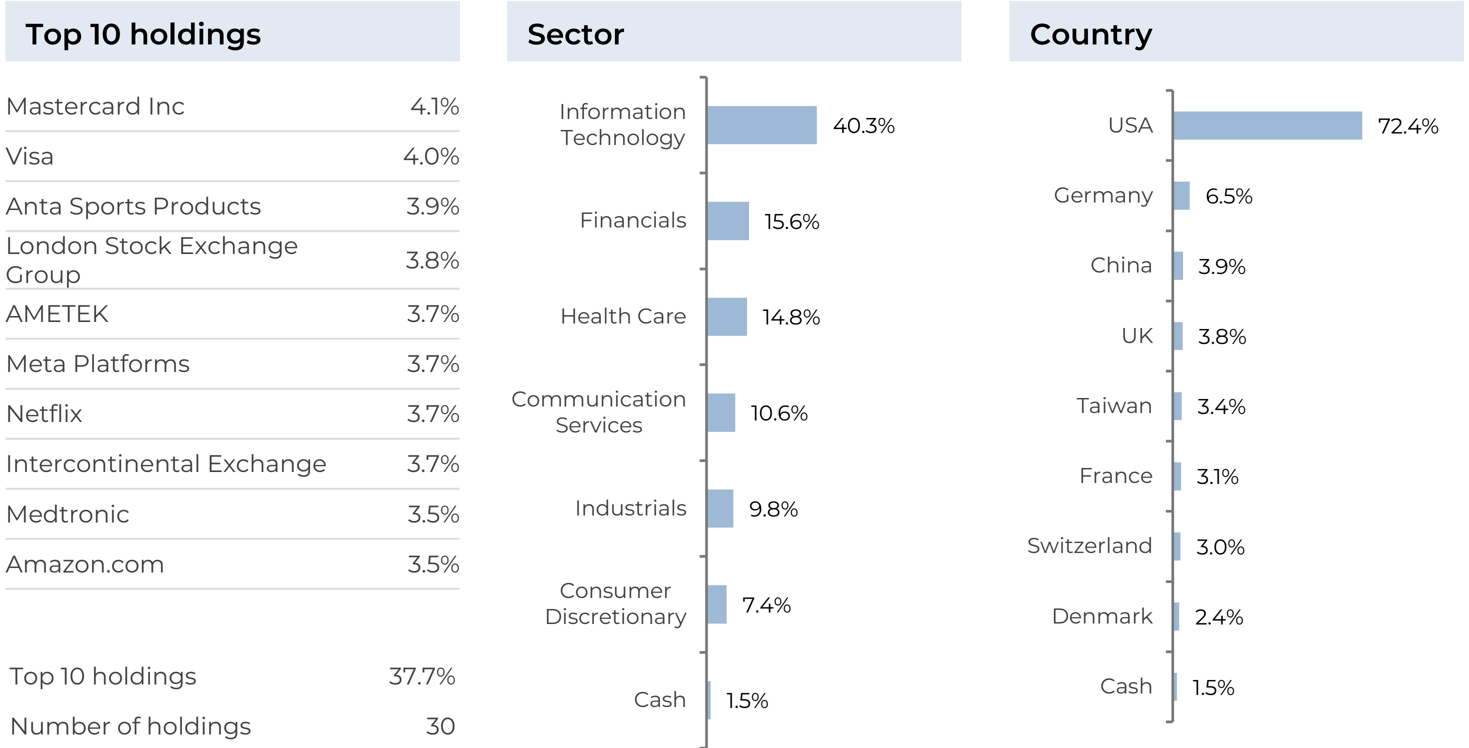
Portfolio Managers
Matthew Page
Ian Mortimer

Investment Analysts
Sagar Thanki
Joseph Stephens
William van der Weyden
Jack Drew
Loshini Subendran
Eric Santa Menargues

GUINNESS GLOBAL INNOVATORS FUND - FUND FACTS

Fund size	$1332.0m
Fund launch	31.10.2014
OCF	0.81%
Benchmark	MSCI World TR

GUINNESS GLOBAL INNOVATORS FUND - PORTFOLIO



Top 10 holdings

Mastercard Inc	4.1%
Visa	4.0%
Anta Sports Products	3.9%
London Stock Exchange Group	3.8%
AMETEK	3.7%
Meta Platforms	3.7%
Netflix	3.7%
Intercontinental Exchange	3.7%
Medtronic	3.5%
Amazon.com	3.5%

Top 10 holdings	37.7%
Number of holdings	30

Past performance does not predict future returns.

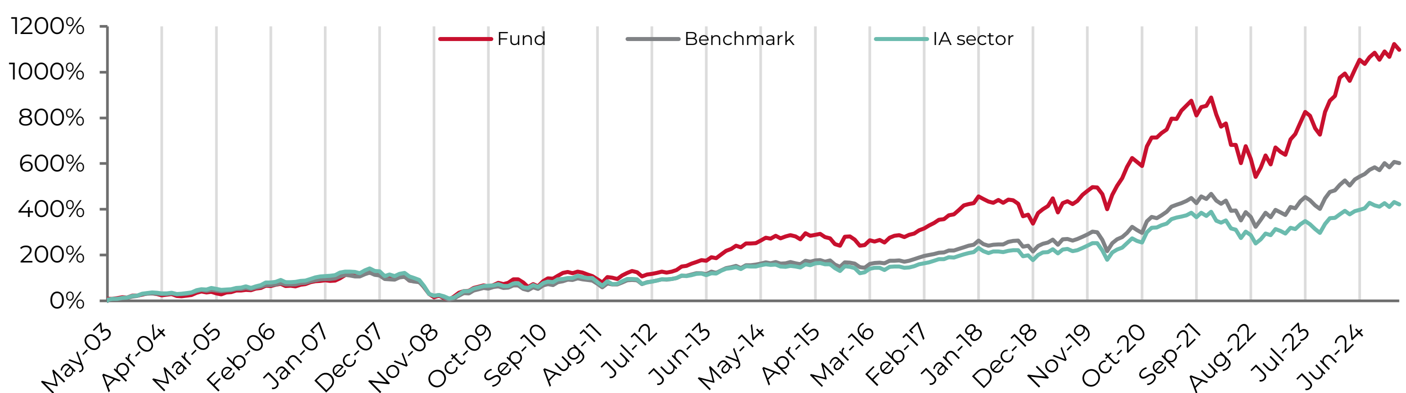
GUINNESS GLOBAL INNOVATORS FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-3.4%	+2.1%	+11.9%	+48.2%	+114.2%	+270.9%
MSCI World TR	-2.0%	+2.2%	+16.2%	+42.7%	+94.6%	+213.3%
IA Global TR	-3.3%	+1.6%	+9.5%	+25.9%	+65.5%	+146.7%
(USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-2.1%	+2.6%	+11.3%	+39.0%	+111.2%	+202.9%
MSCI World TR	-0.7%	+2.8%	+15.6%	+33.9%	+91.8%	+155.3%
IA Global TR	-2.0%	+2.1%	+9.0%	+18.1%	+63.2%	+101.0%
(EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-2.1%	+2.2%	+15.9%	+50.2%	+123.1%	+225.7%
MSCI World TR	-0.8%	+2.3%	+20.3%	+44.6%	+102.6%	+175.3%
IA Global TR	-2.0%	+1.7%	+13.4%	+27.6%	+72.3%	+116.8%

GUINNESS GLOBAL INNOVATORS FUND - ANNUAL PERFORMANCE

(GBP)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Fund	+21.9%	+32.1%	-20.7%	+22.6%	+32.1%	+31.3%	-11.9%	+22.0%	+27.7%	+2.0%
MSCI World TR	+20.8%	+16.8%	-7.8%	+22.9%	+12.3%	+22.7%	-3.0%	+11.8%	+28.2%	+4.9%
IA Global TR	+12.6%	+12.7%	-11.1%	+17.7%	+15.3%	+21.9%	-5.7%	+14.0%	+23.3%	+2.8%
(USD)	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Fund	+19.7%	+40.0%	-29.6%	+21.5%	+36.3%	+36.6%	-17.0%	+33.6%	+7.2%	-3.5%
MSCI World TR	+18.7%	+23.8%	-18.1%	+21.8%	+15.9%	+27.7%	-8.7%	+22.4%	+7.5%	-0.9%
IA Global TR	+10.6%	+19.4%	-21.0%	+16.6%	+18.9%	+26.8%	-11.2%	+24.8%	+3.4%	-2.9%
(EUR)	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Fund	+27.7%	+35.2%	-25.0%	+30.7%	+25.0%	+39.1%	-12.9%	+17.3%	+10.2%	+7.3%
MSCI World TR	+26.6%	+19.6%	-12.8%	+31.1%	+6.3%	+30.0%	-4.1%	+7.5%	+10.7%	+10.4%
IA Global TR	+18.0%	+15.4%	-15.8%	+25.5%	+9.1%	+29.2%	-6.8%	+9.6%	+6.5%	+8.2%

GUINNESS GLOBAL INNOVATORS FUND - PERFORMANCE SINCE LAUNCH (USD)

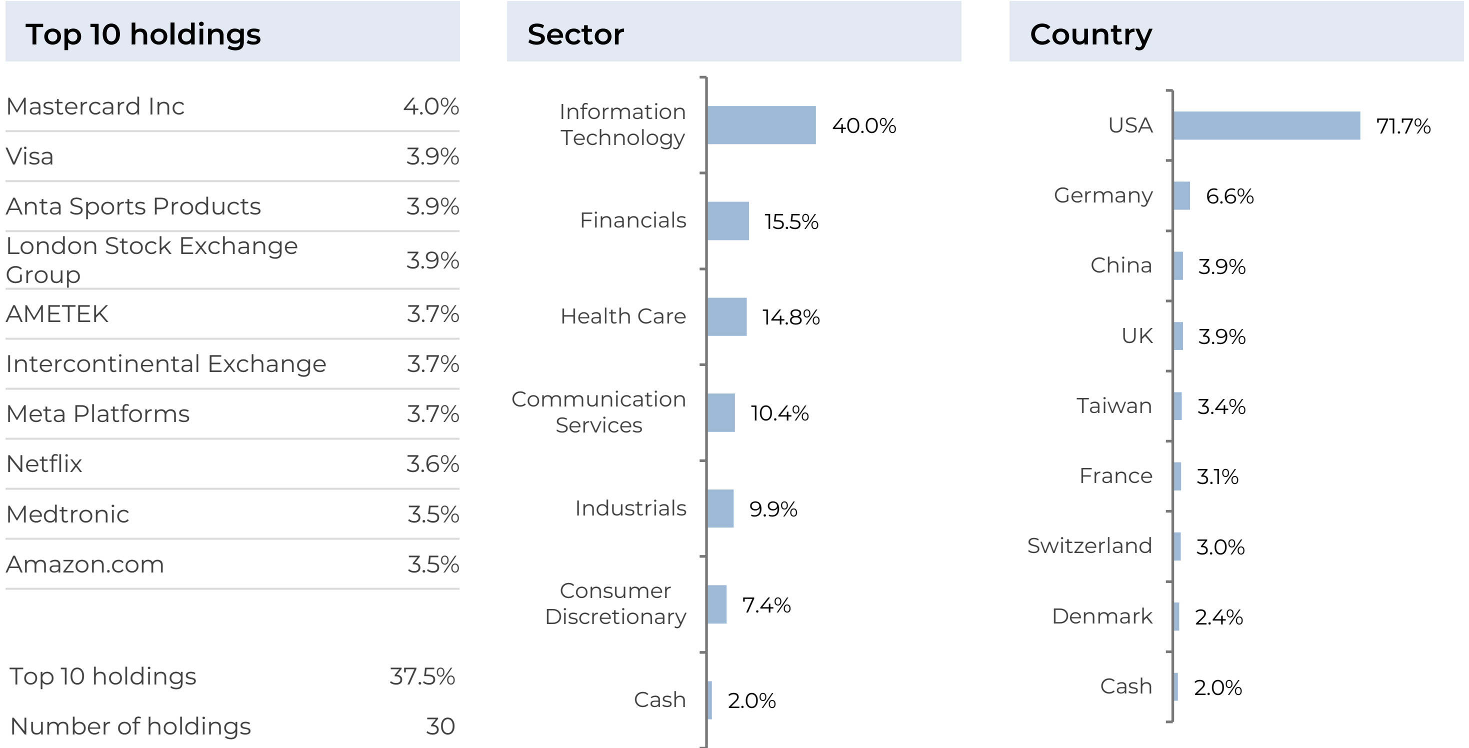


Simulated past performance prior to the launch of the Guinness Global Innovators Fund (31.10.14) reflecting a US mutual fund which has the same investment process since the strategy's launch on 01.05.03.
Source: FE fundinfo net of fees to 28.02.25. Investors should note that fees and expenses are charged to the capital of the Fund. This reduces the return on your investment by an amount equivalent to the Ongoing Charges Figure (OCF). The current OCF for the share class used for the fund performance returns is 0.81%. 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 from 01.05.03.

WS GUINNESS GLOBAL INNOVATORS FUND - FUND FACTS

Fund size	£15.2m
Fund launch	30.12.2022
OCF	0.79%
Benchmark	MSCI World TR

WS GUINNESS GLOBAL INNOVATORS FUND - PORTFOLIO



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Top 10 holdings	37.5%
Number of holdings	30

GUINNESS GLOBAL INVESTORS

Past performance does not predict future returns.

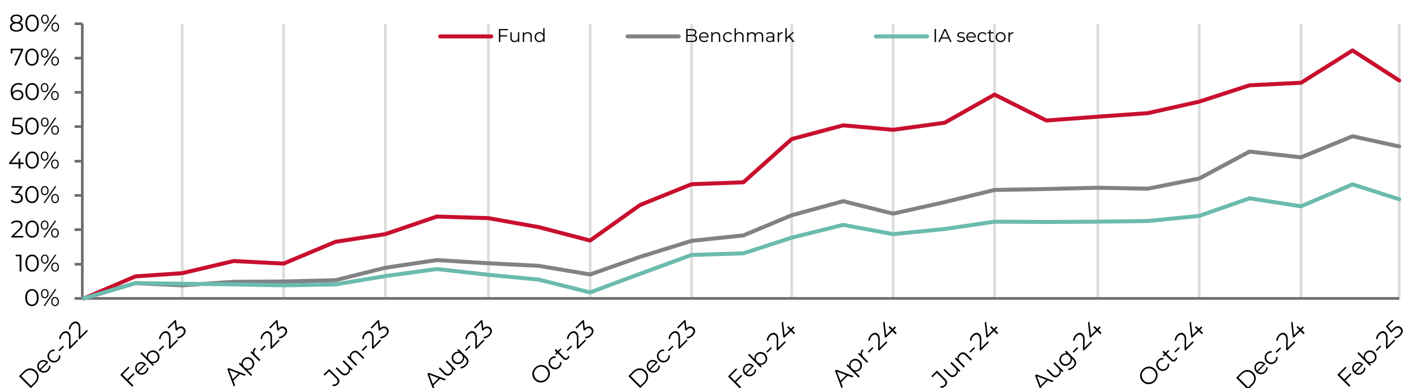
WS GUINNESS GLOBAL INNOVATORS FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-5.1%	+0.4%	+11.6%	-	-	-
MSCI World TR	-2.0%	+2.2%	+16.2%	-	-	-
IA Global TR	-3.3%	+1.6%	+9.5%	-	-	-

WS GUINNESS GLOBAL INNOVATORS FUND - ANNUAL PERFORMANCE

(GBP)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Fund	+22.2%	+33.3%	-	-	-	-	-	-	-	-
MSCI World TR	+20.8%	+16.8%	-	-	-	-	-	-	-	-
IA Global TR	+12.6%	+12.7%	-	-	-	-	-	-	-	-

WS GUINNESS GLOBAL INNOVATORS 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 eyar 2024 for the share class used for the fund performance returns was 0.79%. 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 Global Innovators Fund and the WS Guinness Global Innovators 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.

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GUINNESS GLOBAL INNOVATORS FUND

Documentation

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

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

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

Investor Rights

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

Residency

In countries where the Fund is not registered for sale or in any other circumstances where its distribution is not authorised or is unlawful, the Fund should not be distributed to resident Retail Clients. **NOTE: THIS INVESTMENT IS NOT FOR SALE TO U.S. PERSONS.**

Structure & regulation

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

Switzerland

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

Singapore

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

WS GUINNESS GLOBAL INNOVATORS 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.

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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.