Guinness Global Quality Mid Cap

Investment Commentary – April 2025

RISK

This is a marketing communication. Please refer to the prospectus, supplement, KID and KIID for the Funds, which contain full information on the risks and detailed information on the Funds' 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.

Past performance does not predict future returns.

ABOUT THE STRATEGY

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

INVESTMENT POLICY

The Guinness Global Quality Mid Cap Fund (prior to 1st January 2025 known as the Guinness Sustainable Global Equity Fund) & WS Guinness Sustainable Global Equity Fund are designed to provide exposure to high-quality growth companies benefiting from the transition to a more sustainable economy. The Funds hold a concentrated portfolio of mid-cap companies in any industry and in any region. The Funds are actively managed and use the MSCI World Mid Cap Index & MSCI World Index respectively as comparator benchmarks only.

CONTENTS

COMMENTARY

In the 1st quarter of 2025, the Fund returned -10.9% (in USD) whilst the MSCI World Mid Cap Index returned -0.3%. The Fund therefore underperformed the MSCI World Mid Cap Index by 10.6 percentage points.

Q1 2025 proved to be difficult for the Fund, which, having seen strong performance over January, ultimately saw a performance rotation as overweight exposures became out of favour – firstly from our overweight exposure to data centres build outs, which was hit hardest on the DeekSeek announcement, and secondly, ongoing concerns of the impact on the global economy by the Trump administration's trade policies which left investors seeking more defensive-orientated businesses.

It is important to highlight three points:

1) We continue to seek high quality midcap businesses which have proven track records of high return on capital throughout varying market conditions, and of which do not rely on debt to fuel growth – two areas we believe are particularly important moving forward as we navigate an increasingly uncertain market.

2) The distinction between mid-caps and small caps (discussed later) – a high proportion of small caps are loss-making businesses with razor thin return metrics and with amplified exposure to weak balance sheets.

3) Where we have seen sell offs in underlying holdings, the growth prospects have remained robust with valuation compression driving the weakness. This gives us confidence that these businesses remain well positioned moving forward.

MSCI Index Performances: 31/12/24 - 31/03/25 (USD)

Industry Group		Sectors		Regions		Factors		Market Cap	
Telecom Services	15.4%	Energy	10.1%	Europe ex-UK	10.7%	Value	4.8%	Mid	-0.3%
Insurance	13.2%	Utilities	7.2%	UK	9.7%	MSCI World Equal-Weight	2.7%	Large	-1.8%
Food Beverage & Tobacco	11.3%	Financials	6.1%	Emerging Markets	2.9%	MSCI World	-1.8%	Small	-3.7%
Energy	10.4%	Consumer Staples	5.9%	Asia ex-Japan	1.1%	Quality	-2.8%	Magnificent 7	-16.0%
Bank	7.7%	Health Care	5.1%	Japan	0.3%	Growth	-7.8%		
Utilities	7.5%	Materials	3.9%	MSCI World	-1.8%	GS Unprofitable Index	-16.0%		
Heath Care Equipment & Servi	7.5%	Real Estate	2.9%	North American	-4.4%				
Pharma Biotech	4.1%	Industrials	2.3%						
Materials	4.0%	MSCI World	-1.8%						
House & Personal Products	3.6%	Communication Services	-4.4%						
Real Estate	3.1%	Consumer Discretionary	-10.3%						
Commercial&Professional Servi	3.0%	IT	-11.9%						
Capital Goods	2.8%								
Diverse Financials	1.9%								
Food & Staples Retail	0.0%								
Transportation	0.0%								
Consumer Durables & Apparel	-1.8%								
MSCI World	-1.8%								
Consumer Services	-3.4%								
Retailing	-7.9%								
Media	-8.2%								
Software	-8.4%								
Technology Hardware	-10.1%								
Semiconductors	-17.2%								
Auto & Components	-24.0%								

Source: Bloomberg as of 31st March 2025

During the 1st quarter of 2025, the Fund's underperformance versus the MSCI World Mid Cap Index can be attributed to the following:

- The Fund's overweight exposure to the electrical infrastructure structural theme was a drag on performance after the DeepSeek announcement in late January left investors reassessing their AI exposures. This was predominantly felt through our capital goods exposure (including holdings Vertiv and Hubbell) but also through some IT hardware and equipment names (including Arista and Delta Electronics). As discussed later, despite the market volatility around the announcement, we have continued to see the market upgrade capex expectations for the largest data centre providers, whist the stock weakness has been driven by valuation compression.

- More broadly, Value outperformed Growth by 12.6 percentage points over the quarter (MSCI World Value +4.8% versus MSCI World Growth -7.8%) as investors sought safe havens. Whilst this was largely negative for the Fund, *quality* growth outperformed *speculative* growth over the period which was beneficial to Fund performance given our focus on quality businesses.

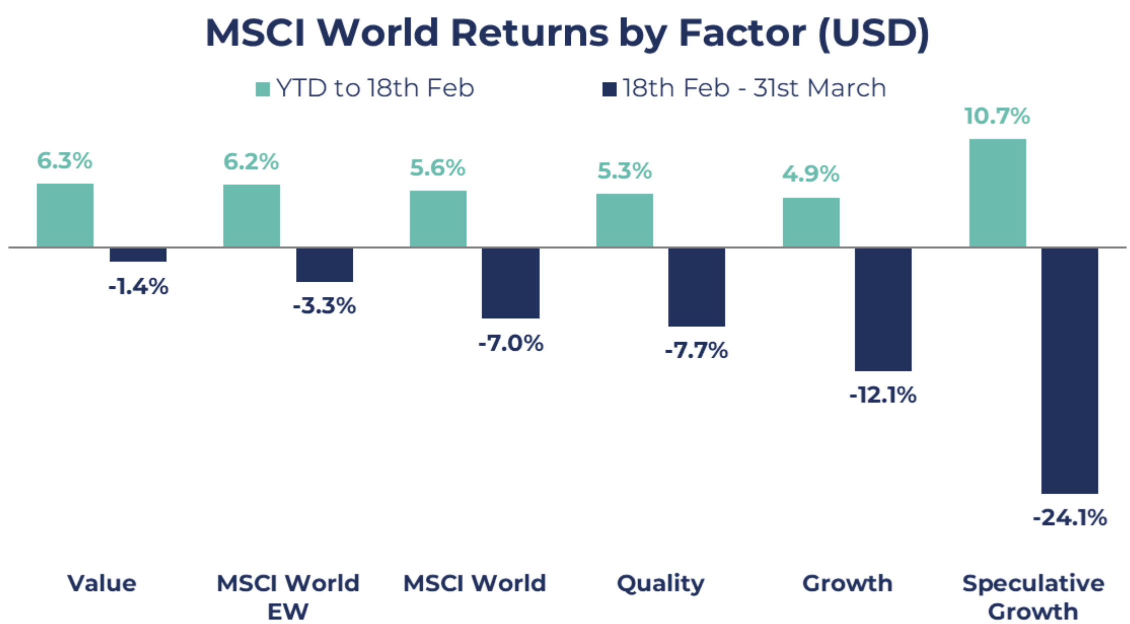
- The narrow set of stocks that drove the majority of market performance in 2024 were large drags on the broader market in Q1 2025. Indeed, the 'Magnificent 7' were collectively down 16% over Q1, driven by weakness in Tesla (-36%) and Nvidia (-19%). The market rotation out of the most widely held stocks highlights the fragility of the markets. The Fund's exposure to a more diversely held group of businesses was thus beneficial.

- The Fund's 0% exposures to Consumer Discretionary and Communication sectors were also positive attributors to Fund performance over the quarter.

QUARTER IN REVIEW

Global equity markets delivered a mixed performance in the first quarter of 2025, marking a notable shift in investor sentiment compared to the optimism that prevailed at the start of the year. While US equities posted a negative quarter, dragged down by weakness in large-cap technology and consumer discretionary sectors, European markets surged, supported by renewed fiscal optimism in Germany and more attractive relative valuations. The US market came under pressure as President Trump's tariff announcements, targeting key trading partners such as Mexico and Canada and levying new duties on autos, steel, and aluminium, sparked fears of a potential trade war. These concerns were exacerbated by softer consumer sentiment and business sentiment with March's University of Michigan survey falling sharply by 12% from February, to 57.0. At the same time, a disruptive announcement from China's DeepSeek, which unveiled a low-cost AI model rivalling current leaders, triggered a reassessment of AI stock valuations, contributing to a pullback in some of the market's largest names.

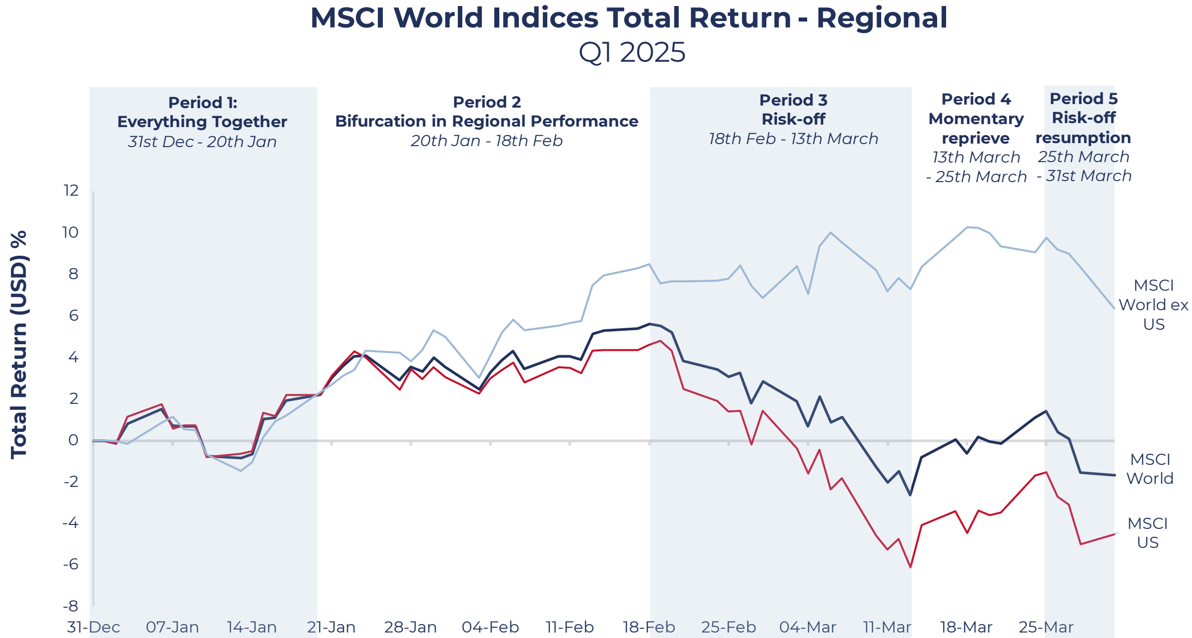
As highlighted below, the market, which saw a strong start to the year with broad gains, saw a material rotation from the 18th February with higher growth areas hardest hit. Value was the best performing factor, however, also saw negative returns over the remainder of the quarter.



Source: Bloomberg. Data 31st December - 31st March 2025, in USD. MSCI World EW = MSCI World Equal Weighted Index

Overall, the quarter reflected a reversal of prevailing expectations at the start of the year. With investors initially favouring US equities driven by economic resilience and outperformance particularly in large-cap tech stocks, sentiment rotated toward Europe as policy dynamics shifted. Amid this complex backdrop, we take a deeper look at the events over the quarter and review the drivers of US equity markets.

The 1st quarter of 2025, despite the MSCI World ending the period 'only' 2% lower (USD), was ultimately a turbulent period marking a notable shift in investor sentiment compared to the optimism that prevailed at the start of the year. Below we outline 5 sub-periods within the quarter that drove market conditions:



Source: Guinness Global Investors, Bloomberg as of 31st March 2025

Period 1 – Everything Together (31st Dec – 20th Jan) - *In-line performance across factors and regions.*

It was a shaky start to the year as global equity markets scaled back expectations of US rate cuts for 2025, following strong jobs data and a better-than-expected manufacturing print. US inflation data in mid-January showed signs of a softening, causing rate cut expectations to climb once more, and a positive corporate earnings season in the banking sector drove a short period of strong equity performance.

Period 2 – Bifurcation in Regional Performance (20th Jan – 18th Feb) - *Relatively in-line performance across factors, but the US moved sideways, and the Rest of the World trended upwards.*

Trump was inaugurated on the 20th of January, and volatility in equity markets followed. US stocks outperformed in the following days, as markets grappled with a blitz of Executive orders, threats of tariffs, and corporate earnings for a number of blue-chip companies. US outperformance was short-lived however, as the MSCI USA moved sideways for the rest of the period. Markets instead showed a preference for the value on offer in Europe, given the lack of immediate US tariffs on the region (Europe was expected to be a primary target of Trump's 'America First trade policies'), the rising prospect of peace talks in Ukraine, and improving economic growth expectations. European Defence stocks performed particularly strongly, on the prospect of increased European military expenditure following pressure from the US on NATO. Volatility in big-tech stocks at the end of January was driven by the release of 'DeepSeek' – a Chinese large language model (LLM) supposedly developed at the fraction of the cost of leading Western models but with comparable performance – as markets weighed the likely implications on big Tech's capex plans.

Period 3 – Risk-off (18th Feb – 13th Mar) - *The US begins to fall as risk-off sentiment dominates. Defensives outperform cyclicals, value outperforms growth, Rest of the World outperforms US, and the Mag 7 sells-off.*

The MSCI World fell 7.8% between the market peak (Feb-18th) and trough (Mar-13th). The bifurcation in performance between US and non-US stock performance increased further, as the US faced overwhelmingly weak economic prints across multiple data points – Service Purchasing Managers indexes (PMIs) moved to contractionary territory, manufacturing new orders fell steeply, housing data was weak and there was a decline in consumer sentiment. With core inflation coming in hotter than expected concerns over stagflation were amplified by increasing uncertainty over US trade policy. Trump's comments that a US recession was not 'off the table' did little for market confidence. Even as traders priced in more rate cuts for 2025, this was not enough to stem the slide. Investors flocked to more defensive areas of the market, growth stocks sold off, and there was particularly weak performance from the Magnificent Seven. European outperformance persisted, driven by relaxed debt rules for defence spending and supported by the region's value bias and defensive stance.

Period 4 – Momentary Reprieve (13th Mar – 25th Mar) - *A short rebound as trends momentarily reverse.*

There was a brief recovery across factors and regions, and a small reversal in market leadership, as the US outperformed the MSCI World ex US and Cyclicals outperformed Defensives. Growth and value performed relatively in-line. The reversal began after the threat of a US government shutdown. The Federal Reserve kept rates unchanged, and while it raised inflation forecasts and trimmed 2025 growth projections, markets took comfort in Chair Powell's steady tone on the anticipated path of rate cuts. Accordingly, rate cut expectations did not shift materially (2-3 cuts in 2025). Better than expected economic data was a further source of positive sentiment.

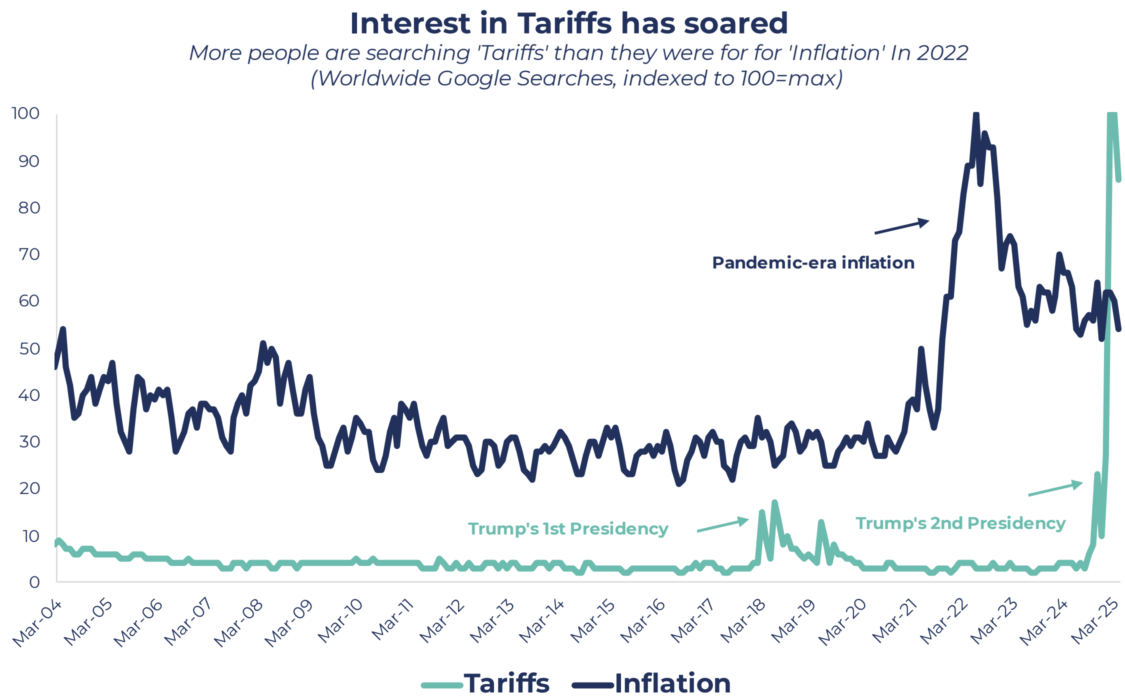
Period 5 – Risk-off Resumption? (25th Mar – 31st Mar) - *All regions fall as tariff fears are reignited, and defensives significantly outperform.*

The rebound ended swiftly, and defensives significantly outperformed cyclicals after a perceived escalation in the trade war. Trump announced new tariffs on global autos, US trading partners warned of possible retaliation, and Trump threatened "far larger tariffs" on the EU if they collaborated with Canada. Fresh uncertainty over the extent of Trump's upcoming 'Liberation Day' weighed heavily on markets. The Conference Board saw measures of expectations in the next six months falling to a 12-year low, whilst consumer confidence and inflation expectations also moved against expectations. The market-cap weighted Magnificent Seven index (by UBS) entered correction territory, falling more than 20% since December 27th.

Tariff Talk

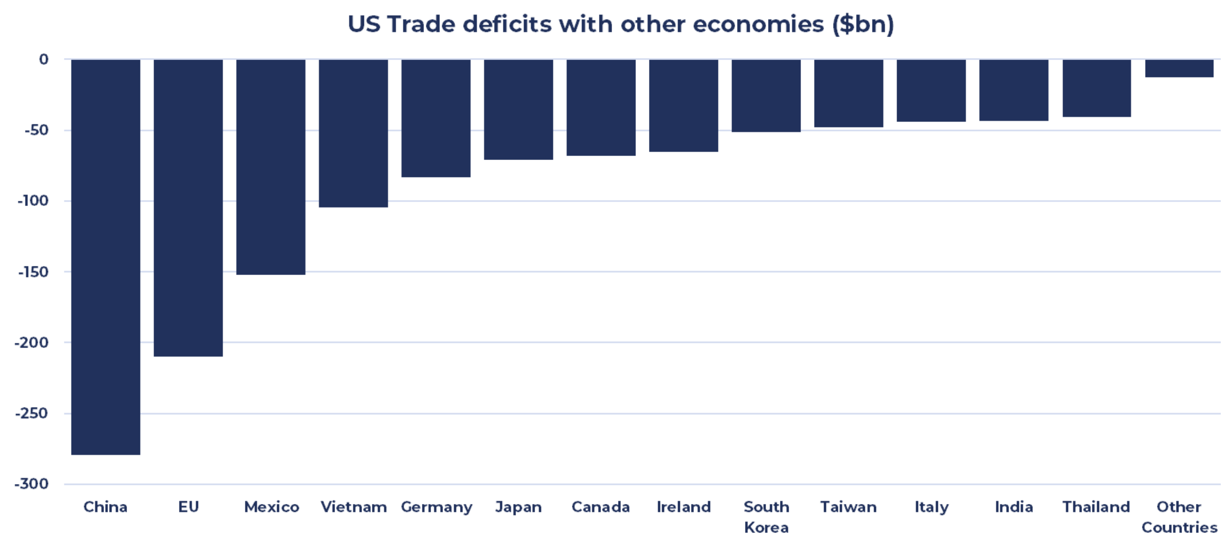
The big talking point for global equity markets in Q1 2025 was, of course, tariffs. Whilst it is not a huge surprise that the current US administration are enacting tariffs (Trump made multiple references to this during the presidential campaign), the market was however spooked by both the breadth (including levies on cars, auto parts, steel, aluminium, alcoholic beverages etc.) as well as the unpredictability of America's broader trade policy, which seems to be changing in real time. The unpredictability has made it hard for businesses to prepare accordingly and even harder for investors to understand the long-term implications of the trade disruptions.

**At time of writing (first week of April), Trump has just announced sweeping tariffs across a range of US trading partners as part of the so called 'Liberation Day'. Whilst there will likely be many changes going forward, the initial tariff rates were higher than the market expected (in some cases, as high as 49%) which caused stocks to sell off sharply.*



Source: Google Trends Data as of 31st March 2025

Who is Being Targeted?

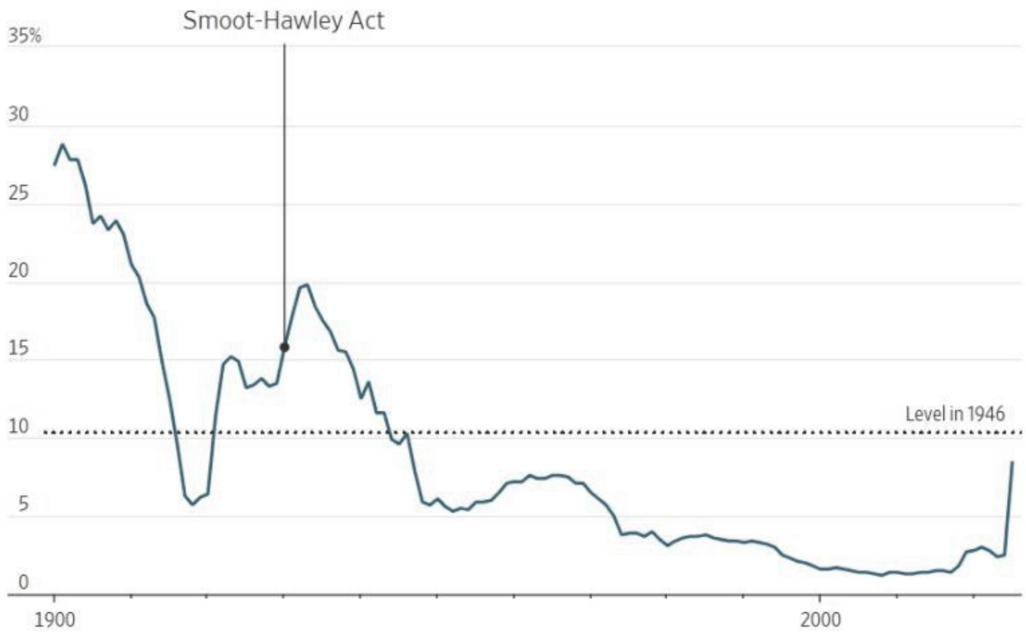


Source: IMF Direction of Trade Statistics as of 31st March 2025

The chart above displays the US trade deficit on a country-by-country basis: perhaps unsurprisingly, the countries with which the US runs the most significant trade deficits (namely China, the EU, Mexico, and to a lesser extent Canada) were among the first countries to be targeted with tariffs over Q1 2025. Whilst Trump has since expanded tariffs, these imbalances are frequently cited as evidence of unfair trade practices employed by partner nations, which explains why they remain in his crosshairs. However, trade deficits are only one lens through which these relationships are being judged, as the administration has also pointed to concerns over currency manipulation, state subsidies, and intellectual property theft as reasons for tariff escalation. While some countries have been granted exemptions under the United States-Mexico-Canada Agreement (USMCA), others have been less fortunate and are preparing retaliatory measures of their own. As tensions rise, it is worth looking at the broader tariff picture across the US, using the average tariff rate on all US trading partners.

US Average Tariff Rate

Trump has lifted the avg. US tariff to its highest level in decades



Source: Berenberg as of 31st March 2025

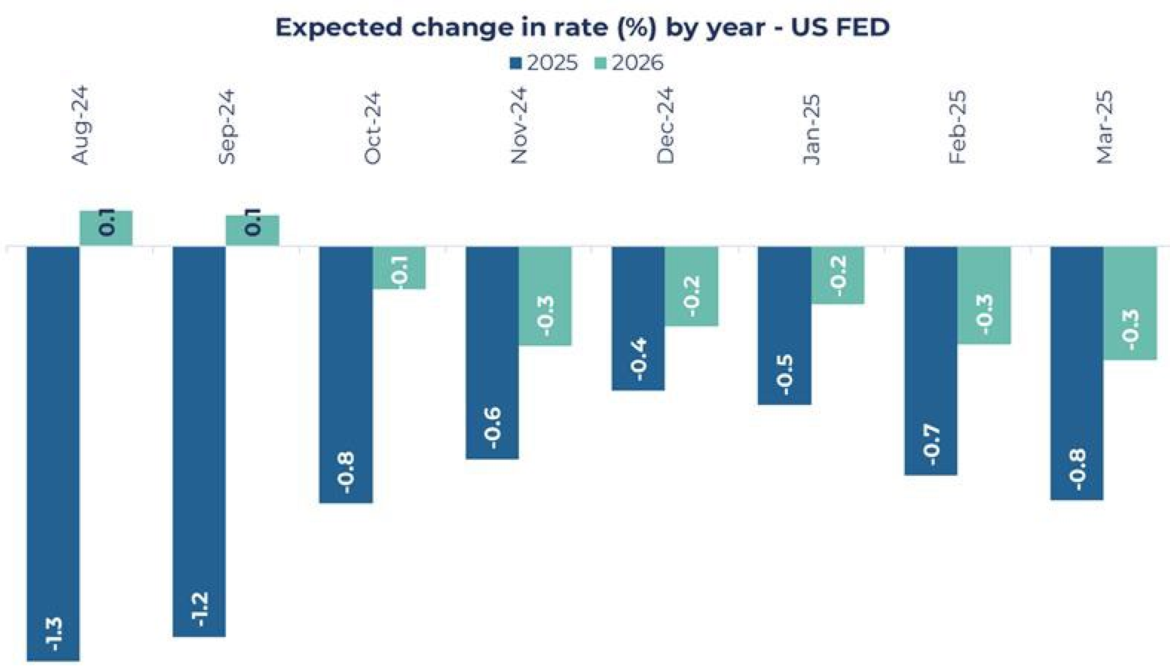
The chart above shows a clear change in direction of US trade policy over the previous century. The 1930 Smoot-Hawley Act saw tariffs on imported goods rise significantly, aiming to protect domestic industries and farmers, but ultimately worsened the Great Depression and triggered retaliatory tariffs, harming global trade. What followed was a prolonged period of free & fair trade from a US perspective, until tariffs started to tick up initially under Trump's first term (albeit remaining at a relatively low c.3%). They have since raised further during his second term to c.8% as of quarter end. As noted above, Liberation Day (April 2nd) saw sweeping tariffs announced that has brought this rate closer to 20%, the highest rate in almost a century. Whilst this situation is evolving in real time, the path forward for global trade remains decidedly unclear as tariff escalations seem likely unless there is a substantial about turn in US trade policy. This will continue to remain front of mind as the reaction and fallout from 'Liberation Day' unfolds.

Where does this leave the Fund?

Looking across the Fund, we believe that the majority of our companies are well protected from the worst impacts of these tariffs. Whilst it is inevitably difficult to avoid the disruptions to global supply chains and there may well be several second order effects (slower growth, higher inflation etc.), the characteristics of the companies that the Fund invests in help to offer some protection in uncertain environments – companies with proven track records of persistently high return on capital, low leverage, and driven by structural growth as opposed to cyclical growth. These are some of the 'high quality' tenets of the Fund's holdings and shows why, in times of heightened uncertainty, such companies tend to be more resilient than speculative growth business. On the flipside, when looking at the areas that have been most impacted by tariffs, autos & components stands out (falling -24.0% in USD over Q1). We don't own any names in this industry, and that is by design instead of by chance. These are generally 'lower quality' companies that have smaller margins, more complex supply chains, are exposed to commodity prices, and can often be caught up in trade wars given their domestic and geopolitical importance.

Second Order Effects: More Inflation, Less Growth?

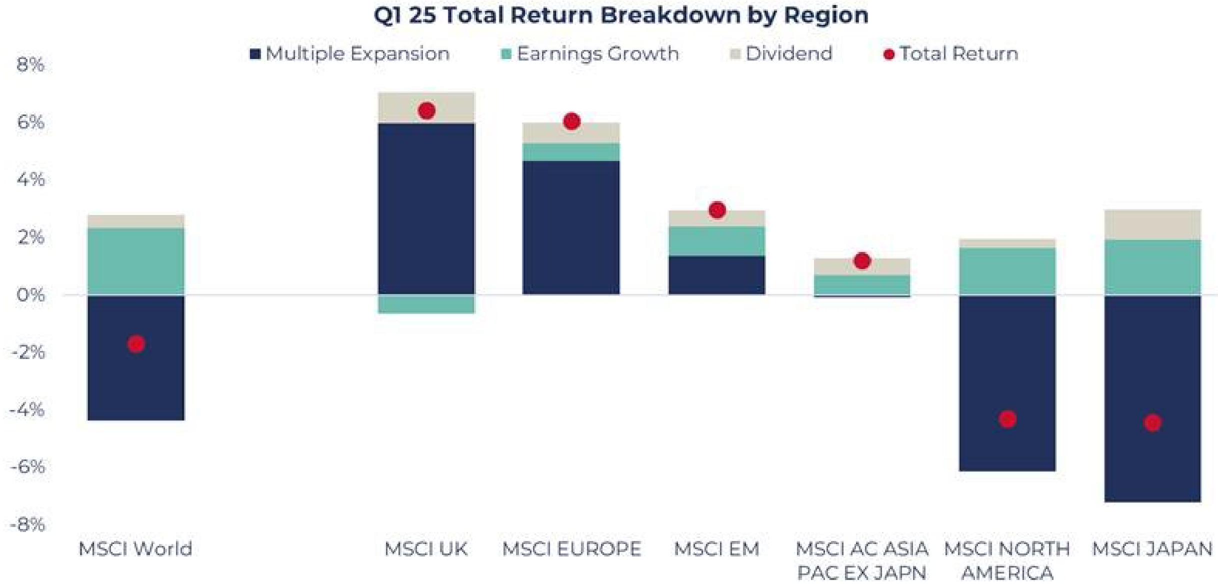
As noted, the uncertainty with tariffs has sparked concerns over the implications for inflation and growth. At its most recent meeting on March 19th, the Federal Reserve acknowledged that inflationary pressures remain tilted to the upside, while risks to economic growth are skewed to the downside. Reflecting this cautious outlook, the Fed lowered its 2025 GDP growth forecast from 2.1% to 1.7% and simultaneously raised its inflation projection for 2025 from 2.5% to 2.7%. Further implications were felt on consumer sentiment, as evidenced by the Conference Board US Consumer Confidence Index, which fell to a four-year low of 93 in March, the lowest point since July 2022 and far from the 110 reading when Trump was re-elected in November. So far, the softness in economic data has been largely confined to sentiment-based indicators, such as surveys, while hard economic data—quantitative indicators derived from actual economic activity—continue to point to a broadly resilient U.S. economy. This is evidenced by the labour market (which remains relatively tight) and by the modest increase in February retail sales (+0.2% month-over-month) after a downwardly revised figure in January (-1.2%), suggesting a mild recovery. Despite this somewhat conflicting evidence, the market appears to have chosen the soft data narrative (given its forward-looking bias). This helps to explain why rate cut expectations for 2025 have shot up and now stand at three US interest rate cuts for 2025, up from less than 2 at the beginning of the year, implying the need for lower interest rates to stimulate a faltering economy.



Source: Bloomberg, as of 31st March 2025

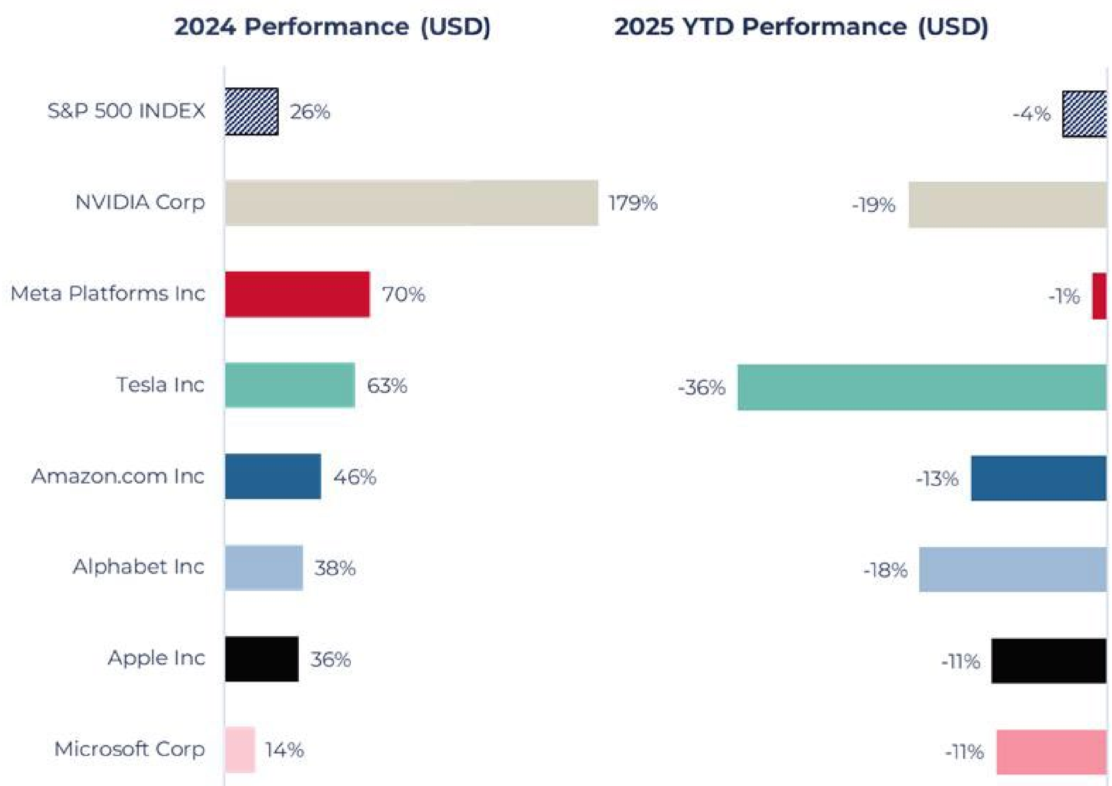
Is US Exceptionalism Over?

To make sense of the market movements over the first quarter of 2025, it's useful to understand the expectations coming into the year vs where we are now. Following yet another year of US equity outperformance in 2024, many investors entered 2025 with renewed confidence that a Republican-led administration would bolster economic growth, cut taxes, and further support US equity markets. Yet, as outlined above, the reality has diverged meaningfully from those early assumptions. As US markets grapple with the domestic uncertainty, Europe has surprised to the upside, delivering a more robust and coordinated fiscal response than many had anticipated, helping to stabilise sentiment and support activity across the region. European equities outperformed US equities by 15.6% during the quarter, making this the largest quarterly European outperformance vs. the US since 1985 according to data from Berenberg Research.



Source: Bloomberg as of 31.03.2025, in USD

Indeed, going into 2025, the US market was in a progressively fragile position given the increasing concentration to a handful of stocks including the 'Magnificent 7' stocks that drove the majority of the 2024 equity market strength (including Nvidia +179% over 2024). However, with the rotation in the market in Q1 2025, this overconcentration came to be a major drag on broader markets with the aggregate Mag 7 stocks down 16% with Tesla particularly affected (-36%).



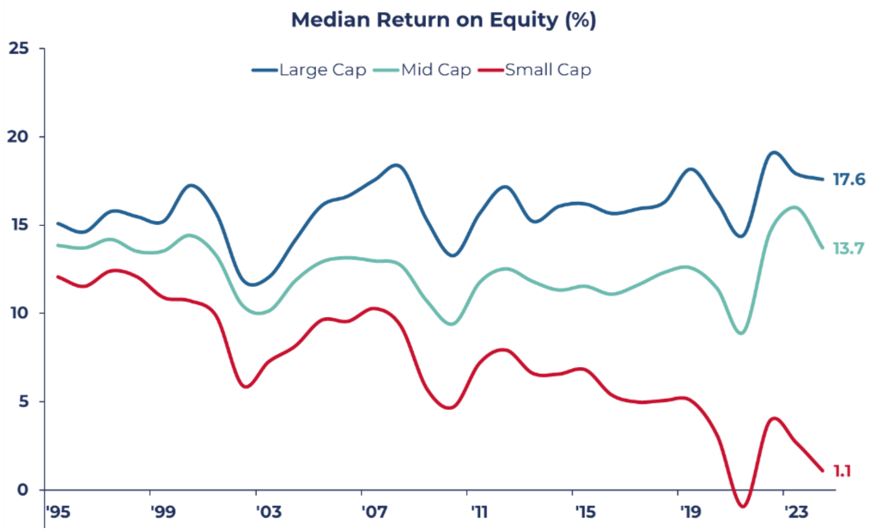
Source: Bloomberg as of 31.03.2025, in USD

On the other hand, the MSCI Europe index saw positive gains over Q1, which was driven by multiple expansion as well as some uplift to earnings expectations. Notable tailwinds have included a boost to defence spending as NATO ramps up its re-armament plans (and pushes its target spend as a % of GDP from 2% to c.3-3.5% over the coming decade). This has been referred to as a potential 'Sputnik moment' – a catalyst that could attract fresh capital and ignite a new phase of economic growth in the region.

Mid-Caps versus Small-Caps – an important distinction

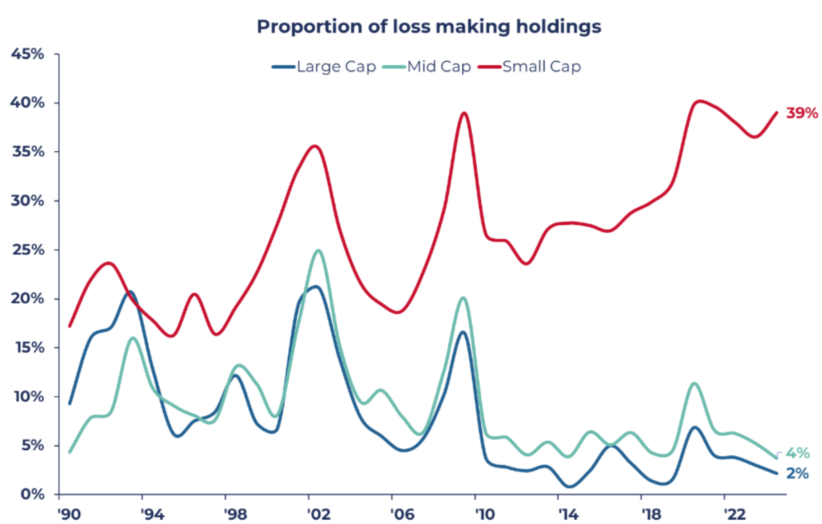
Given the ongoing uncertainty in the market and investors preference for 'safety', it is important to draw a distinction between mid-cap and small cap stocks – too often bucketed together.

However, the difference in *quality* characteristics between mid and small caps is stark. When we look at the US market as a proxy, small caps generate a median return on equity of just 1.1% (and declining) versus 13.7% for mid-caps and 17.6% for large caps.



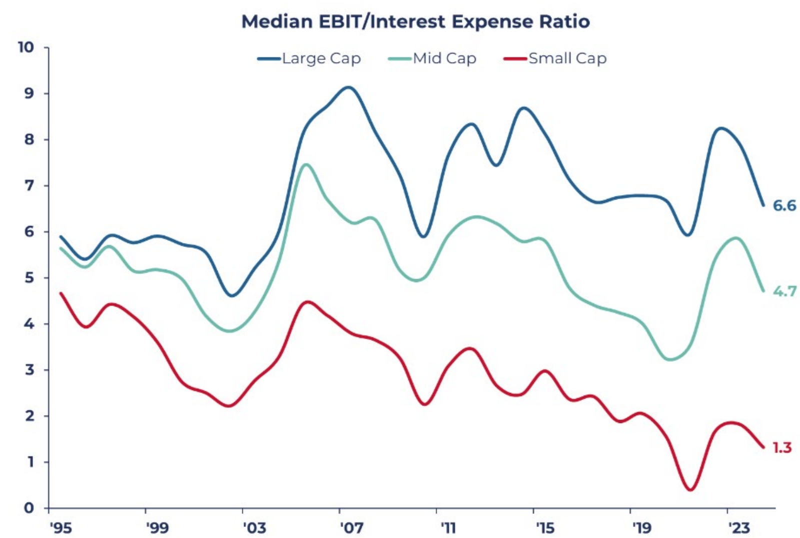
Source: Bloomberg. Data based on S&P indices as a proxy (S&P 500 Index vs S&P Mid Cap 400 Index vs Russell 2000). Data as of 31.12.2024

What's more, when we look at the proportion of businesses within the respective indices that are *loss-making*, we find an increasing proportion of small caps fail to generate any profit (39% of small caps), versus just 4% and 2% for the mid and large cap indices.



Source: Bloomberg. Data based on S&P indices as a proxy (S&P 500 Index vs S&P Mid Cap 400 Index vs Russell 2000). Data as of 31.12.2024

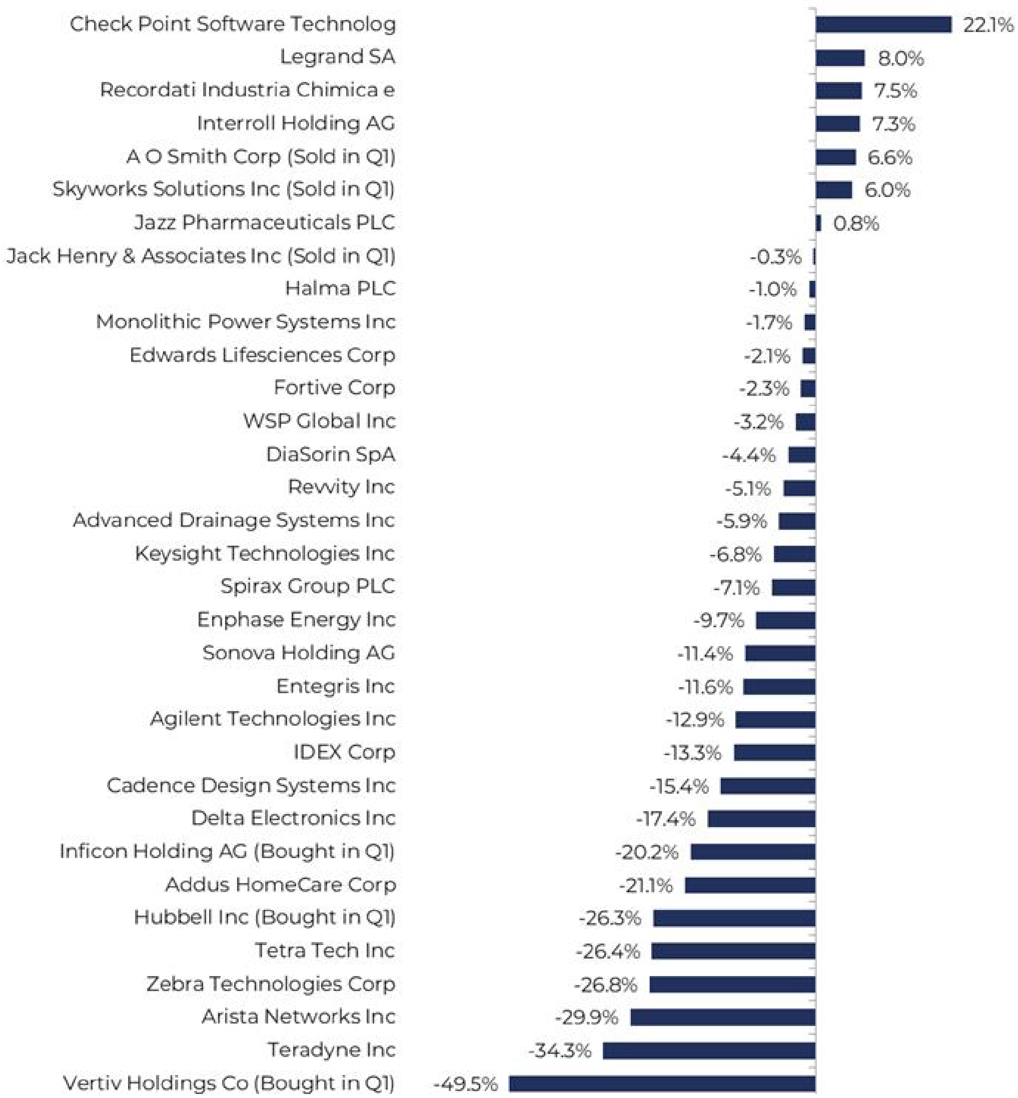
Finally, in a higher-for-longer interest rate environment, it is important that businesses are able to meet their debt obligations and have the capacity to simultaneously reinvest in the business to drive growth. However, when we look at small-caps, the median business only generates enough earnings-before-profit-and-tax to just cover their annual interest obligations (1.3x) which makes reinvesting for growth much more constrained.



Source: Bloomberg. Data based on S&P indices as a proxy (S&P 500 Index vs S&P Mid Cap 400 Index vs Russell 2000). Data as of 31.12.2024

Consequently, there is a stark difference in the quality credentials of mid-caps and small-caps, and the aggregation of such distinct groups of businesses can often cloud the investment opportunity for mid-caps. This distinction is important and gives us confidence that our focus on this set of high-quality mid-cap businesses can weather the market volatility considerably better than small cap businesses.

Q1 STOCK PERFORMANCE



Source: Guinness Global Investors, Bloomberg as of 31.03.2025, in USD

CHECK POINT™

Check Point Software (+22.1%)
Check Point, the pure play cyber security vendor, was the strongest performing holding over the quarter (+22.1%) as investors rewarded a strong quarterly print, alongside the stock being generally more defensive in this market environment. For the Q4 2024, management saw billings growth of 11% which was a relief to investors having seen somewhat disappointing growth last quarter of 6%. Check Point's new CEO, Nadav Zafrir also announced the tripling of their go-to market leadership team from two to six in order to drive their growth engine.

legrand®

Legrand (+8.0%) was the second best performing holding over the quarter after reporting strong results during the period. During the latest quarter, Legrand drove organic revenue growth of 6%, a noticeable improvement from the slight decline during the preceding nine months. Acquisitions added another 8% to revenue growth, helping the group beat consensus by 6%. The acceleration in organic and inorganic growth during the fourth quarter showcases that Legrand's 6% to 10% midterm revenue growth target is achievable, which the market had doubts about.

Legrand is a global manufacturer of low-voltage electrical components, which are mostly used in residential (40%) and non-residential (40%) buildings. Its products include wiring devices, cable management, lighting, and audio-visual equipment, sold under approximately 80 brands across 180 countries. Its products are sold primarily through specialist distributors that subsequently sell to installers/electricians.

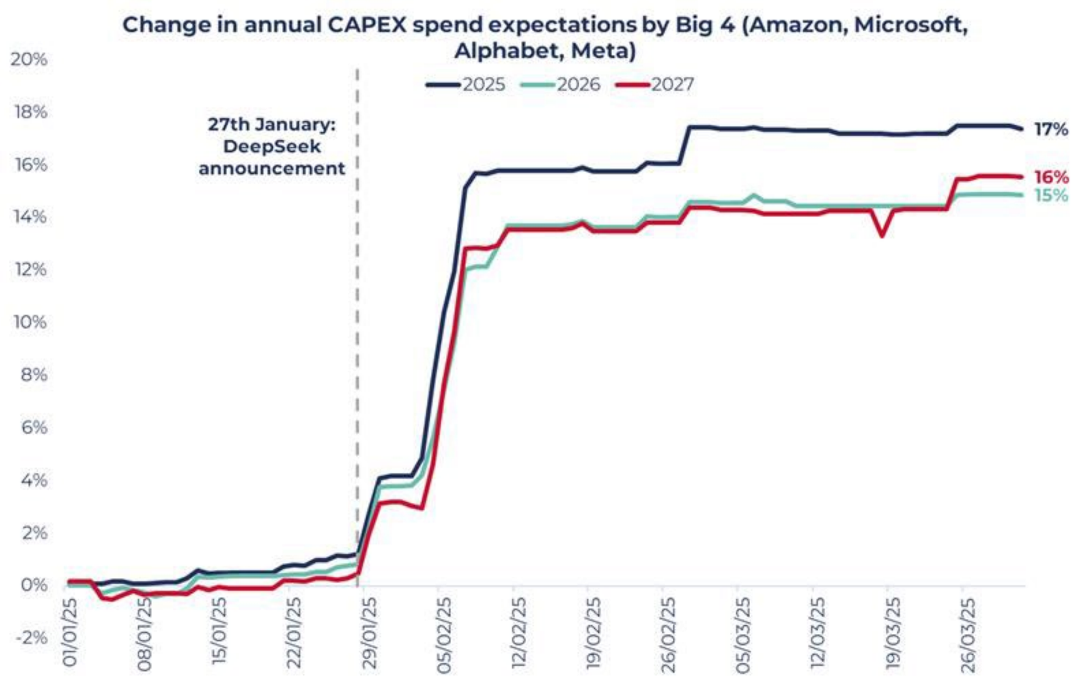
Legrand's strategy to grow its end market exposure to data centers has helped yield an improvement in its top line. The group's revenue generated from data centers has increased to 20% from 12% in 2020 through a combination of secular growth and acquisitions. For FY2024, organic revenue grew 1% during the full year, underpinned by 15% growth from data centers.

Data centres exposed holdings: Vertiv (-49.5%), Arista (-29.9%), Hubbell (-26.3%), Delta Electronics (-17.4%):

HUBBELL VERTIV ARISTA DELTA

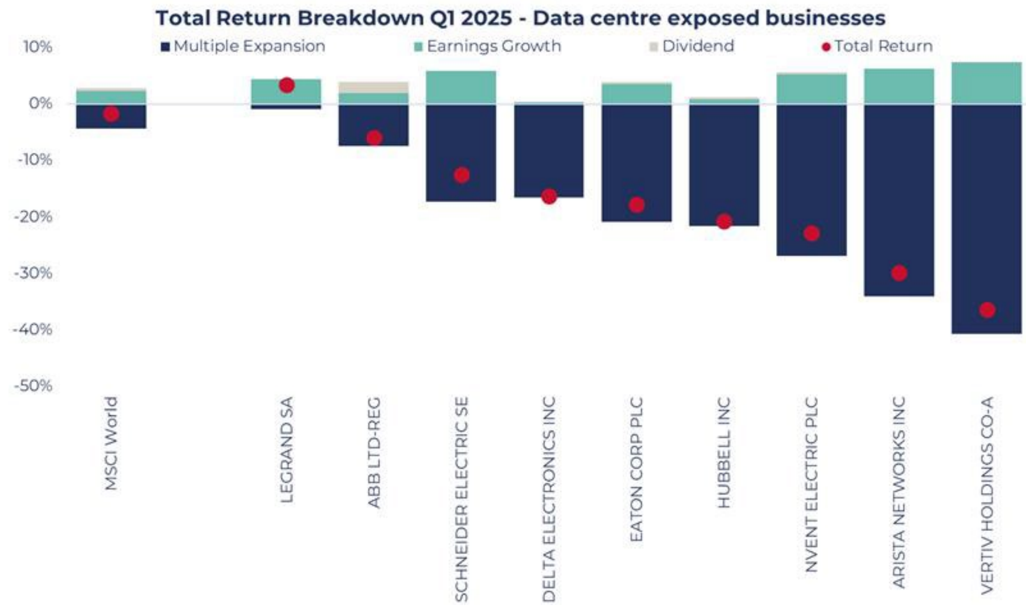
The big news that rocked markets during the beginning of the year came in January when DeepSeek published their latest ‘R1’ reasoning model. This model took a big step forward from a technical perspective, displaying performance on par with the cutting-edge US models, but (supposedly) costing just a fraction of the amount to train. This sent shockwaves through equity markets, wiping out nearly a trillion dollars in US technology value and Nvidia losing close to $500bn in market cap, the largest single day loss in history. This raised more enduring questions about the future trajectory of AI and caused investors to weigh up several potential investment implications, putting pressure on stocks most exposed to data centre build outs. This included Fund holdings Vertiv (-49.5%), Arista (-29.9%), Hubbell (-26.3%), Delta Electronics (-17.4%).

Despite the DeepSeek news, hyperscalers continue to spend heavily on AI infrastructure with market expectations for Capital expenditure (Capex) from the largest four data centre service providers (Amazon, Microsoft, Alphabet, and Meta) continuing to rise for the next three years. Indeed, compared to the beginning of the year, the market now expects the aggregate capex spend from the big four to be between 15%-17% *higher than what was previously expected*, with total spend from these four during 2025 estimated to be above $300bn alone.



Source: Bloomberg as of 31.03.2025, in USD

Further, when we look at the share price weakness in stocks most exposed to the data centre build outs, we see earnings have continued to be upgraded and it has been in fact valuation compression driving the share price.



Source: Bloomberg as of 31.03.2025, in USD

Indeed, the fundamentals remain intact and are thus far being backed up by management teams:

- **Vertiv CEO:** *"I've been actually quite surprised to see the overreactions to any kind of news in our stock, whether it was the Stargate up, the DeepSeek big crush downward, which made no sense given that the news implying lower cost to compute, meaning more data, meaning more data centers, meaning more Vertiv was actually good, not negative".*

- **Arista, Chief Platform Officer:** *"We have not seen our customers really change their plans in terms of their investment strategy or projects with relation to that DeepSeek announcement to date."*

- **Eaton, COO,**: Eaton's U.S. Data Center construction backlog represents c.7 years of construction at the 2024 build rates – *"where we are actually working really closely with our hyperscale and multi-tenant data centers is how do we help them, building faster, growing their builds and be able to develop this large backlog of 7 years in a nice way. That's the focus. But we got calls with our key customers after Monday. The sentiment is still the same. Nothing changed. We keep pushing forward."*

This gives us confidence that large scale capex is likely to remain for the foreseeable future, even if there is some rationalisation of spend at the margins, and that these businesses are now increasingly attractively valued.

TETRA TECH

Tetra Tech was also weak during the quarter, ending the period down 26.4%. Tetra Tech is a leading provider of consulting and engineering services, focusing on a wide range of sectors including water management, environmental management, sustainable infrastructure, renewable energy, and international development. The company offers comprehensive solutions across the entire lifecycle of projects. It's recent sell off comes amid the prospect of US Government spending cuts, given that c.70% of revenue comes from government contracts. Tetra Tech has already adjusted its fiscal 2025 revenue guidance, decreasing projections by 2% at the midpoint due to discussions about potential cuts in funding. This adjustment has led to increased market volatility and investor concern. However, it's worth noting that the company's adjusted earnings per share (EPS) forecast remains largely unchanged at the midpoint, suggesting that Tetra Tech anticipates maintaining profitability despite the potential revenue headwinds.

CHANGES TO THE PORTFOLIO

We made three changes to the Fund's holdings during the 1st quarter of 2025.

We bought positions in Hubbell, Inficon and Vertiv, and sold positions in AO Smith, Jack Henry, and Skyworks Solutions.

Hubbell is a US manufacturer of electrical and electronic products, serving a wide range of industries, including construction, utilities, industrial, and communications. These industries tend to experience steady demand throughout a business cycle, and with over 75 brands, Hubbell is well-diversified across various end-markets.

The company has also shown strong financial performance with a history of consistent mid-to-high single digit revenue growth, peer-leading profit margins, and persistently high return on capital. Strategic acquisitions have also expanded product lines and contributed to inorganic growth, whilst increased government and private-sector spending on infrastructure and utilities supports long-term organic growth. Hubbell benefits from structural tailwinds from the expansion of renewable energy, smart grid technologies, data centre growth, and the electrification of transportation. We believe the high quality and growth compounding characteristics of Hubbell make it an attractive investment given that the stock currently trades at a c.10% discount to its peer average, and c.20% discount to closest peer Eaton.

Inficon is a Swiss-based company specialising in the development and manufacture of instruments for gas analysis, measurement, and control. Their products are integral for ensuring quality control in various industries, including semiconductor manufacturing, vacuum coating, refrigeration, air conditioning, automotive, and security applications.

Some of Inficon's key offerings include:

1. **Leak Detectors**, essential for finding small leaks in systems like refrigeration, air conditioning, and vacuum systems.
2. **Gas Analysers**, used to measure and analyse gases in industrial processes, helping to maintain the desired chemical compositions or ensuring air quality in controlled environments.
3. **Vacuum Gauges and Controllers**, for industries where precise vacuum environments are necessary.
4. **Process Control Instruments**, crucial in semiconductor manufacturing and similar high-tech fields where processes must be controlled to the smallest details.

Overall, Inficon's products are vital in industries that require precision, high performance, and safety in their operations. It's "Semiconductor and Vacuum Coating" segment contributes most to overall revenues (c.50%) and strong demand for memory and microchips, coupled with investments in latest-generation production capacities, especially in Asia, have been a major growth driver. The company has grown revenue at 9% CAGR for the last 10 years and invests c.8% of its sales into R&D. Gross margins of c.50% are amongst the highest vs peers and the company maintains a strong balance sheet with a net cash position.

Vertiv is a leading provider of critical digital infrastructure and continuity solutions for data centres, communication networks, and industrial applications. In 2015, Vertiv spun out of Emerson Electric, with the new company specialising primarily in power management (c.35% of revenue) and thermal management (30% of revenue). With the rapid expansion of AI, cloud computing, 5G, and IoT, demand for high-reliability infrastructure is expected to grow significantly; management has guided for revenue growth of 12-15% CAGR for the next 5 years, with most of that driven by the data centre vertical. This, alongside operating margin guidance of c.25% in 2029 (from 19% in 2024), translates into expectations of double-digit growth in operating profit.

Vertiv's solutions, unlike those of other companies involved in the data centre buildout, command a premium due to their mission-critical nature. With rising thermal and power requirements needed to support growing rack densities, Vertiv is not only positioned to benefit from data centre capacity growth but also from more dollar value of Vertiv's solutions per gigawatt of energy deployed. The company also reported a strong backlog indicating continued demand for products, and hyper-scalers announcing increasing CAPEX spend bodes well for Vertiv's future growth.

AO Smith manufactures a broad lineup of water heaters, boilers, and water treatment products. The company has two reporting segments: North America (75% of sales) and rest of world (25% of sales). A.O. Smith is the leading manufacturer of water heaters in North America for the residential and commercial markets, with approximately 37% and 54% market share, respectively. Residential water heaters account for most of North American sales and are distributed equally through wholesale and retail channels. Most of A.O. Smith's international revenue is from China, a market the company entered during the mid-1990s.

Our decision to sell our position come amid concerns regarding further margin expansion and slowing growth driven by increasing competition from Chinese competitors, and a slower water heater and boiler market that initially anticipated.

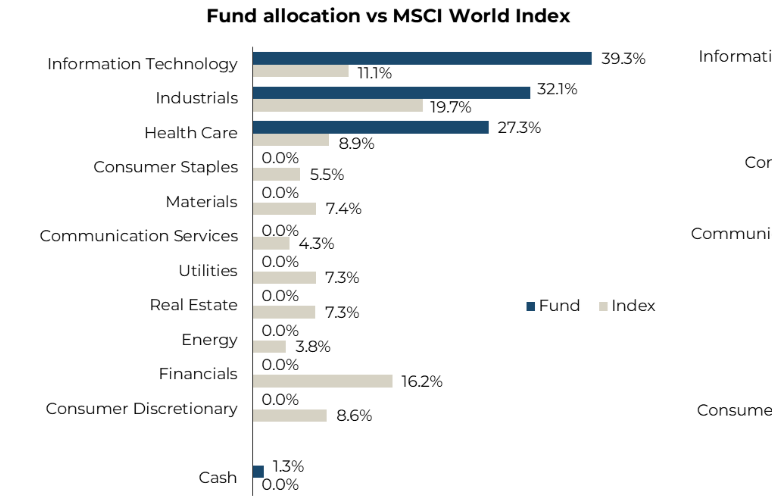
Jack Henry is a leading financial technology company that provides a wide range of solutions and services to almost 1000 community banks, over 700 credit unions, and other financial institutions. Their offerings encompass core processing systems, digital banking solutions, payment processing services, and risk management tools. These solutions are designed to help financial institutions manage operations efficiently, enhance customer experiences, and maintain security. In recent years, Jack Henry has focused on modernising banking technology by developing a comprehensive, cloud-native platform that unifies core, digital, and other services into a single, adaptable ecosystem. This platform is designed to integrate and streamline banking operations, enhancing efficiency, security, and scalability.

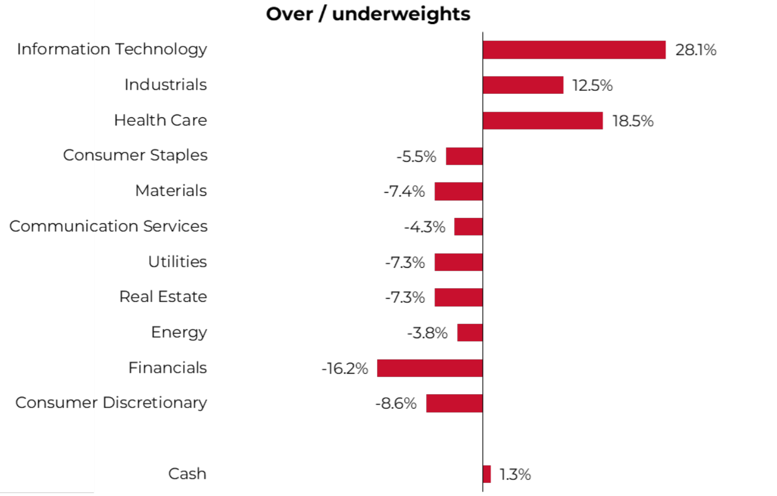
Whilst Jack Henry's business is quite stable, with much of its revenue recurring under long-term contracts and related to essential services for banks and credit unions, in recent times the company has seen growth stall as banks have reduced spending. The company also seems to have a very strong balance sheet but is seen to be quite conservative in pursuing new growth opportunities. We therefore sold our position in the company mindful that there are more compelling opportunities for us to invest in.

Skyworks Solutions manufactures analog semiconductors for use in radio frequency (RF) and mobile communications systems. The majority of their revenue comes from the mobile segment (73%) and this includes mobile products which switch, filter and amplify wireless signals in smartphones. Given the rise of advanced 4g and 5g enabled devices (which use a wider variety of wireless spectrum and frequency bands than prior devices), the RF content per phone has grown exponentially. The remaining 27% of revenue comes from their broad markets segment. This encompasses a range of end markets including automotive, home & factory automation, data centres, EV's, solar, wireless infrastructure, aerospace and defence, medical, smart energy, and wireless networking. Despite the growing focus on the broad markets segment, mobile is still their core business, and within mobile, they are heavily concentrated towards one customer: Apple. Whilst our thesis was that the 'cash cow' mobile business could drive investments into the 'broad markets' segment, diversifying their exposure into higher growth, higher margin end-markets, the growth in 'broad markets' has slowed materially resulting in an increasing concentrated revenue stream from Apple. Combined with potential losses in upcoming iPhones, we felt the risks outweighed reward for this business and felt more alternative opportunities offered more compelling propositions.

FUND POSITIONING

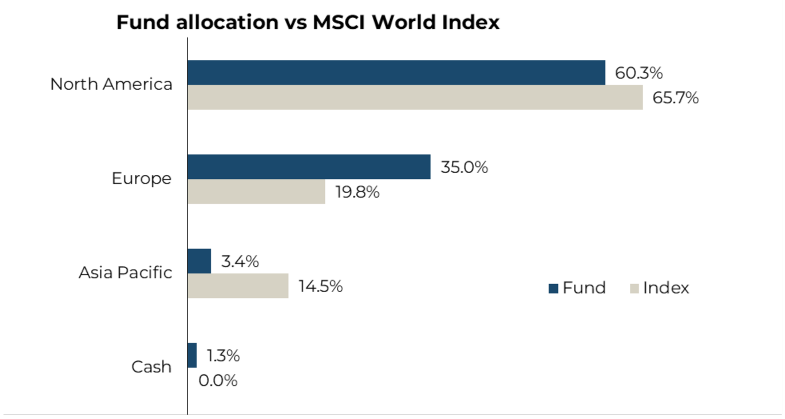
Looking at the Fund's exposure based on GICS sectors versus the MSCI World Mid Cap Index, the Fund continues to have no exposure to highly regulated and commoditised areas of Real Estate, Energy, Materials, and Utilities. We continue to hold the majority of Fund holdings within the IT (40%), Industrial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

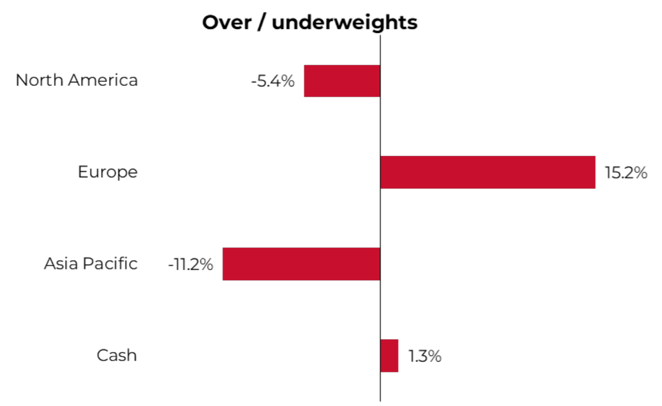




Source: Guinness Global Investors, *Bloomberg, as of 31.03.2025*

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





Source: Guinness Global Investors, *Bloomberg, as of 31.03.2025*

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

Guinness Global Quality Mid Cap

		Fund	MSCI World	MSCI World Midcap
Quality	**Return-on-capital**	▲13.3%	6.0%	4.5%
	Net Debt/EBITDA	▼0.5x	1.5x	2.6x
	Profit Margin	▲15.9%	9.7%	6.5%
Growth	**Trailing 5-year sales growth (annualised)**	▲9.4%	3.4%	5.2%
	Trailing 5-year EPS growth (annualised)	▲9.6%	7.0%	5.3%
	PE (2025e)	▲19.9x	18.8x	16.7x
Conviction	**Number of stocks**	30	1550	850
	Active share		99%	98%

Source: Guinness Global Investors, *Bloomberg, as of 31.03.2025*

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

Portfolio Managers

Sagar Thanki
Joseph Stephens

GUINNESS GLOBAL QUALITY MID CAP FUND - FUND FACTS

Fund size	$11.6m
Fund launch	15.12.2020
OCF	0.89%
Benchmark	MSCI World Mid Cap TR

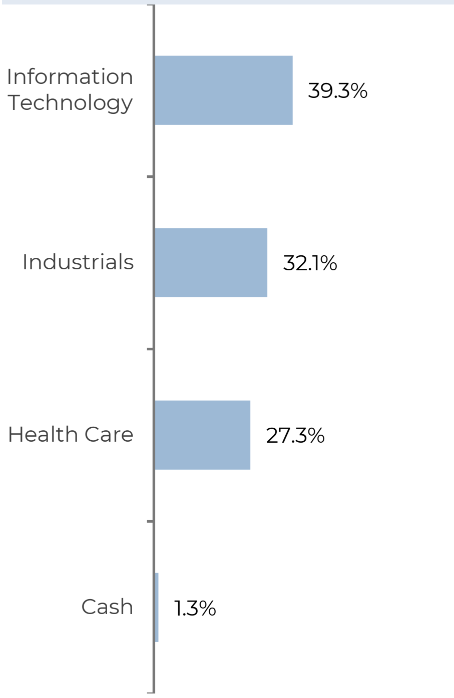
GUINNESS GLOBAL QUALITY MID CAP FUND - PORTFOLIO

Top 10 holdings

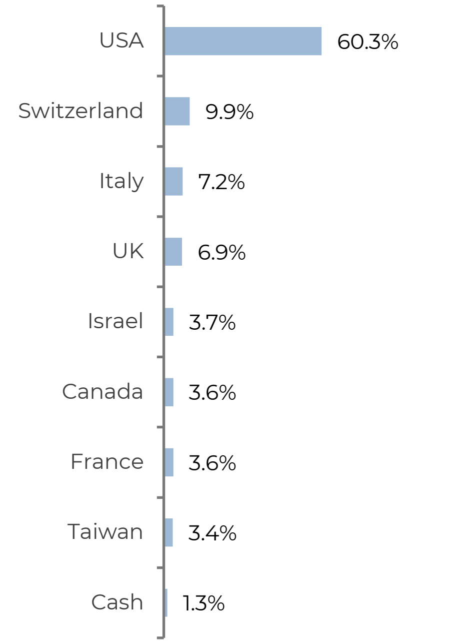
Edwards Lifesciences	3.8%
Check Point Software	3.7%
Enphase Energy Inc	3.7%
Recordati SpA	3.7%
Halma	3.6%
WSP	3.6%
Fortive Corp	3.6%
Legrand SA	3.6%
Monolithic Power Systems	3.6%
Jazz Pharmaceuticals	3.6%

Top 10 holdings	36.6%
Number of holdings	30

Sector



Country



Past performance does not predict future returns.

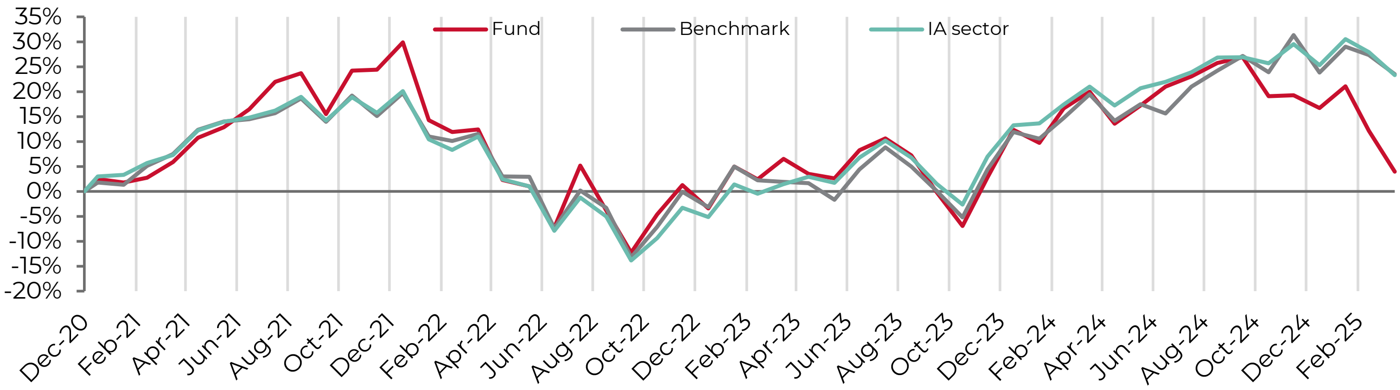
GUINNESS GLOBAL QUALITY MID CAP FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-9.5%	-13.6%	-15.2%	-5.7%	-	-
MSCI World Mid Cap TR	-5.4%	-3.2%	+1.2%	+13.0%	-	-
IA Global TR	-6.0%	-4.5%	-0.3%	+13.4%	-	-
(USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-7.3%	-10.9%	-13.3%	-7.5%	-	-
MSCI World Mid Cap TR	-3.0%	-0.3%	+3.4%	+10.8%	-	-
IA Global TR	-3.6%	-1.6%	+1.9%	+11.1%	-	-
(EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-10.7%	-14.6%	-13.4%	-4.8%	-	-
MSCI World Mid Cap TR	-6.6%	-4.4%	+3.4%	+14.1%	-	-
IA Global TR	-7.2%	-5.7%	+1.9%	+14.5%	-	-

GUINNESS GLOBAL QUALITY MID CAP FUND - ANNUAL PERFORMANCE

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

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



Source: FE fundinfo net of fees to 31.03.25.
Until 1 January 2025 the MSCI World Index was the benchmark for the Fund. All figures shown here are based on the new benchmark, the MSCI World Mid Cap Index which is considered more suitable for comparative purposes given the Fund's mid cap focus.
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. Graph data is in USD.

WS GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - FUND FACTS

Fund size	£0.5m
Fund launch	30.12.2022
OCF	0.89%
Benchmark	MSCI World TR

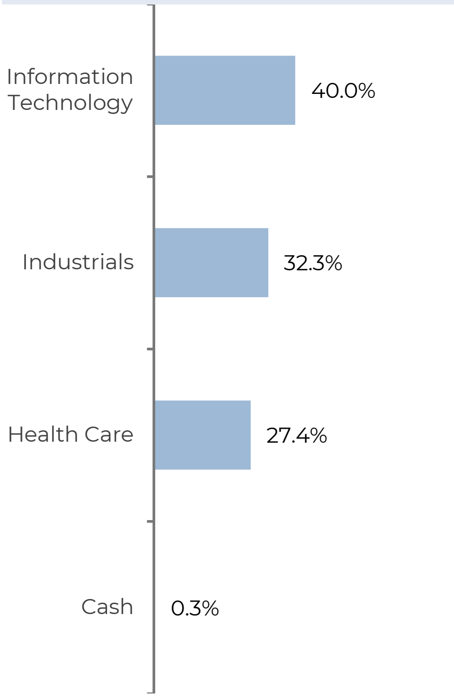
WS GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - PORTFOLIO

Top 10 holdings

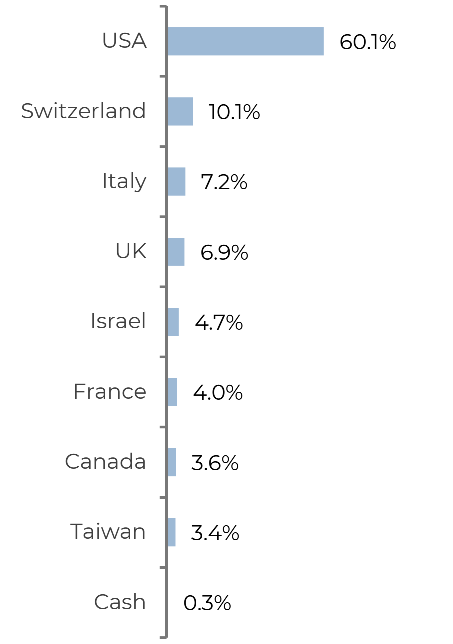
Check Point Software	4.7%
Legrand SA	4.0%
Jazz Pharmaceuticals	3.9%
Edwards Lifesciences	3.8%
Interroll Holding	3.7%
Monolithic Power Systems	3.7%
Recordati SpA	3.6%
Enphase Energy Inc	3.6%
Halma	3.6%
Fortive Corp	3.6%

Top 10 holdings	38.1%
Number of holdings	30

Sector



Country

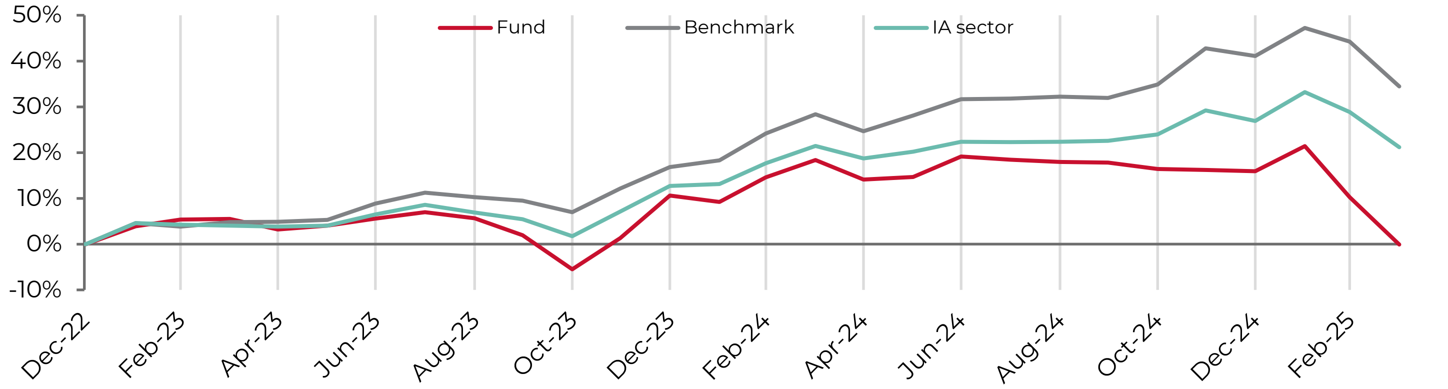


Past performance does not predict future returns.

WS GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - CUMULATIVE PERFORMANCE						
(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-9.4%	-13.8%	-15.6%	-	-	-
MSCI World TR	-6.8%	-4.7%	+4.8%	-	-	-
IA Global TR	-6.0%	-4.5%	-0.3%	-	-	-

WS GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - ANNUAL PERFORMANCE										
(GBP)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Fund	+4.9%	+10.6%	-	-	-	-	-	-	-	-
MSCI World TR	+20.8%	+16.8%	-	-	-	-	-	-	-	-
IA Global TR	+12.6%	+12.7%	-	-	-	-	-	-	-	-

WS GUINNESS SUSTAINABLE GLOBAL EQUITY FUND - PERFORMANCE SINCE LAUNCH (GBP)



Source: FE fundinfo net of fees to 31.03.25. 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 Global Quality Mid Cap Fund and the WS Guinness Sustainable Global Equity Fund. It may provide information about the Funds' portfolio, including recent activity and performance. It contains facts relating to the equity markets and our own interpretation. Any investment decision should take account of the subjectivity of the comments contained in the report. OCFs for all share classes are available on www.guinnessgi.com.

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

GUINNESS GLOBAL QUALITY MID CAP FUND

Documentation
The documentation needed to make an investment, including the Prospectus, Supplement, the Key Information Document (KID), Key Investor Information Document (KIID) and the Application Form, is available in English from www.guinnessgi.com or free of charge from:-
- the Manager: Waystone Management Company (IE) Limited (Waystone IE) 2nd Floor 35 Shelbourne Road, Ballsbridge, Dublin D04 A4E0, Ireland, or
- the Promoter and Investment Manager: Guinness Asset Management Ltd, 18 Smith Square, London SW1P 3HZ.

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

Investor Rights
A summary of investor rights in English, 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 SUSTAINABLE GLOBAL EQUITY FUND

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

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

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

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

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

Telephone calls will be recorded and monitored.