Guinness Greater China

Investment Commentary – May 2025

GUINNESS GLOBAL INVESTORS

RISK

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

The Fund is an equity fund. Investors should be willing and able to assume the risks of equity investing. The value of an investment 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	15.12.2015
Index	MSCI Golden Dragon
Sector	IA China & Greater China
Managers	Sharukh Malik CFA Edmund Harriss
EU Domiciled	Guinness Greater China Fund

OBJECTIVE

The Guinness Greater China Fund is designed to provide investors with exposure to economic expansion and demographic trends in China and Taiwan. The Fund is managed for capital growth and invests in profitable companies generating persistently high return on capital over the business cycle. The Fund is actively managed with the MSCI Golden Dragon used as a comparator benchmark only.

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SUMMARY

In April, the Guinness Greater China Fund (Y class, GBP) fell by 5.9%, while the benchmark, the MSCI Golden Dragon Index Net Total Return Index ("MSCI Golden Dragon Index") fell by 5.1%, and the MSCI China Net Total Return Index ("MSCI China Index") fell by 7.5%. Therefore, in the month the Fund underperformed the MSCI Golden Dragon Index by 0.8 percentage points and outperformed the MSCI China Index by 1.6 percentage points.

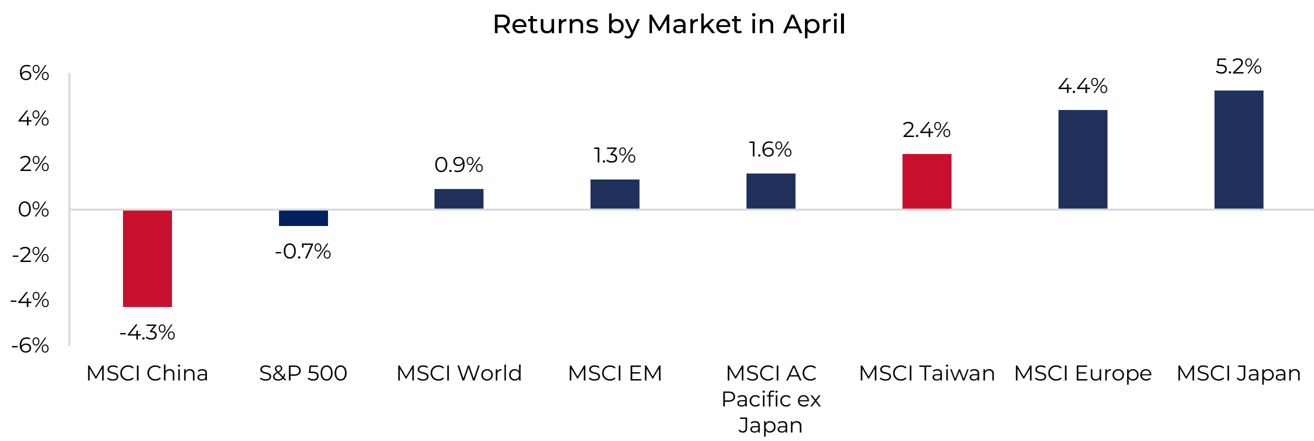
In the month, the strongest stocks in the Fund were CSPC Pharmaceutical, Elite Material and Inner Mongolia Yili. The weakest were JD.com, Hangzhou First Applied Material and Haitian International.

In April, contributors to Fund performance were a combination of the overweight to the Health Sector and stock selection, as well as stock selection in the Communications Services and Consumer Discretionary sectors. The main detractor was stock selection in the Industrials sector.

Analysis continued overleaf

MARKET COMMENTARY

(Performance data in the section in USD terms unless otherwise stated)



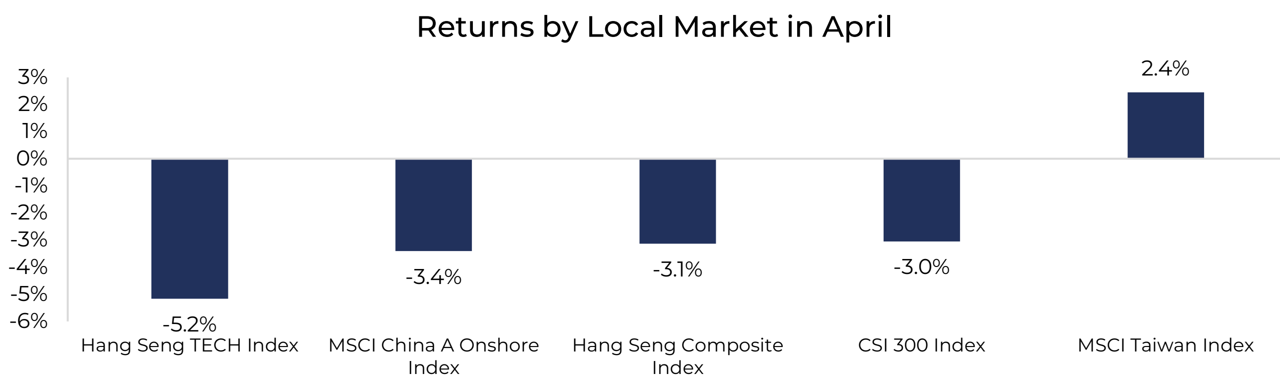
Data from 31/03/25 to 30/04/25, returns in USD, source: Bloomberg, Guinness Global Investors calculations

In April, the MSCI China Index fell by 4.3% while the MSCI World Index rose by 0.9%. The first half of April was a shocking one for markets. On 2nd of April, Donald Trump announced 'Liberation Day' – a day when the US would impose "reciprocal" tariffs on countries across the world, escalated a tariff war with China that has effectively created a trade embargo between the two nations, and then on the 9th of April, the very day that higher rate tariffs kicked in, Trump temporarily postponed said tariffs, giving all countries (excluding China) a 90 day reprieve.

The baseline for these tariffs started at 10%, but many were faced with higher rates. Rather than looking for parity by matching existing tariffs from partnering countries, Trump's tariffs were calculated by looking at the trade deficit between these partnering countries and the US, effectively tying them to existing trade imbalances, and resulting in high tariffs for many emerging economies. Cambodia, for example, was hit with a 49% tariff. What's more, higher rates were handed out regardless of political alliances, with the EU receiving a 20% tariff, India a 26% tariff, and China seeing an additional 34% increase on top of the pre-existing 20% given out earlier this year.

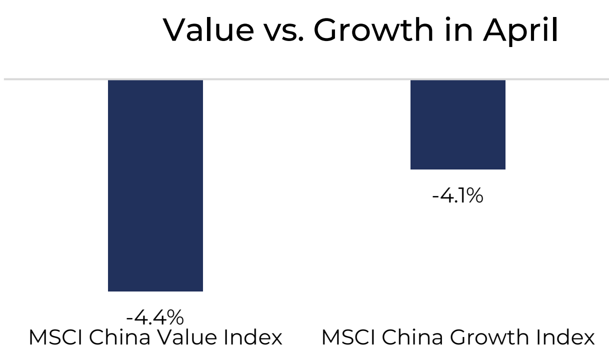
The increase of tariffs on China has led to a trade war between the two nations, which continued to escalate, ultimately ending with China imposing 125% tariffs on US goods, whilst the US imposed 145% tariffs on Chinese goods. This, along with news that the EU had also approved its first round of retaliatory tariffs, led to steep sell-offs in the long end of the US Treasury market and global equity markets. This market upset led to Trump announcing a temporary 90-day pause from higher tariffs for all countries except China.

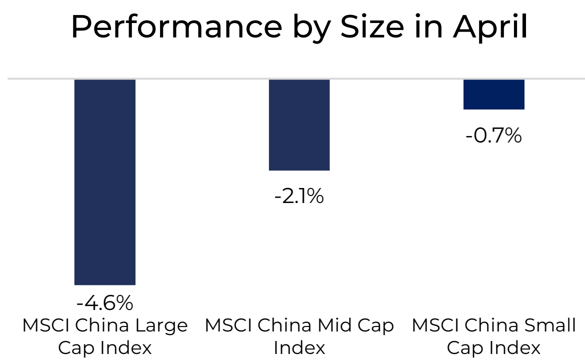
Since then, we have seen both the US and China quietly exempt selected goods from these higher tariffs. In the case of the US, exemptions were handed out to several consumer electronics products, including smartphones, laptops, and memory chips. All in all, the exemptions are expected to be equivalent to 22% of US imports from China last year. The list of products that have been exempted covers an estimated 24% of Chinese imports from the US last year. China, too, is reported to have quietly given out exemptions to mitigate supply shocks. However, there seems to be some difference in how the two countries have approached tariffs, with China choosing to exempt select products rather than whole subindustries. For example, there are reports that exemptions on US ethane have been given to some plastics producers who are heavily reliant on it as a fuel source for operations. Similarly, in the chips industry, China has purportedly lifted tariffs on eight specific types of microchips where domestic production remains insufficient.



Data from 31/03/25 to 30/04/25, returns in USD, source: Bloomberg, Guinness Global Investors calculations

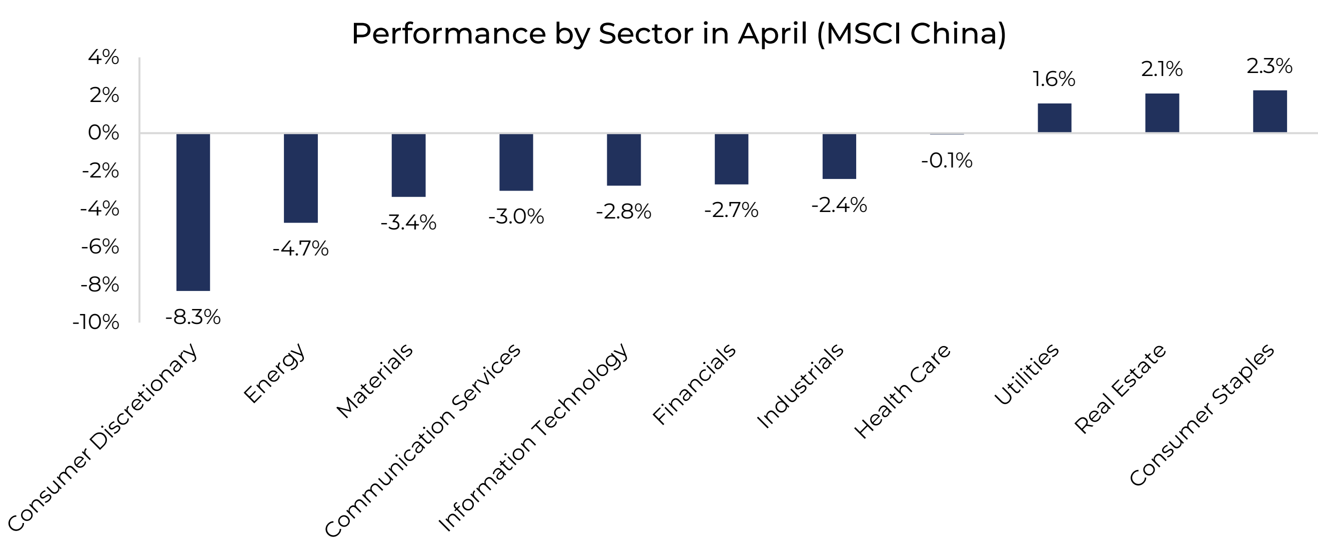
Offshore markets and onshore markets performed similarly, as the Hang Seng Composite Index fell by 3.1% while the MSCI China A Onshore Index fell by 3.4%.





Data from 31/03/25 to 30/04/25, returns in USD, source: Bloomberg, Guinness Global Investors calculations

Value and growth stocks performed similarly, falling c.4%. Large caps underperformed, falling 4.6% while the small and mid-cap indexes fell by 2.1% and 0.7% respectively.



Data from 31/03/25 to 30/04/25, returns in USD, source: Bloomberg, Guinness Global Investors calculations

The best performing sectors were Consumer Staples (total return +2.3%), Real Estate (+2.1%), and Utilities (+1.6%). Investors flocked to areas of relative safety, and thus Consumer Staples and Utilities outperformed, driven by names such as JD Health, Nongfu Spring, and Giant Biogene. Consumer Staples was also boosted by rising expectations of easing domestic policy, to offset weaker exports to the US. Real Estate outperformed on hopes of further easing for the sector in response to higher tariffs from the US.

The weakest sectors were Consumer Discretionary (-8.3%), Energy (-4.7%), and Materials (-3.4%). In the Consumer Discretionary sector, underperformance was led by Alibaba, Meituan, Pinduoduo, and JD.com. JD.com's entrance into the food delivery business, which was dominated by Meituan and Alibaba (through Ele.me), led to weakness for the affected names.

ATTRIBUTION

In April, the Guinness Greater China Fund (Y class, USD) fell by 2.7%, while the benchmark, the MSCI Golden Dragon Index, fell by 1.8%, and the MSCI China Index fell by 4.3%. Therefore, in the month, the Fund underperformed the MSCI Golden Dragon Index by 0.9 percentage points and outperformed the MSCI China Index by 1.6 percentage points.

The MSCI Golden Dragon Index is a weighted average of the MSCI China, Taiwan, and Hong Kong indexes. As of the end of February, Taiwan's weight in the Golden Dragon Index was c.34%. In the Fund, we hold two positions in Taiwan, which collectively have a neutral weight of c.6.7%. As Taiwan outperformed China, the Fund lagged from its underweight in Taiwan.

In April, relative to the MSCI China Index, areas that helped the Fund's performance were:

- A combination of the overweight in the Health Care sector and stock selection, driven by Sino Biopharmaceutical and CSPC Pharmaceutical.
- Stock selection in the Communications Services sector, driven by the underweight position in Tencent and the allocation to Netease.
- Stock selection in the Consumer Discretionary Sector, driven by the underweight to Meituan and Pinduoduo (neither held) as well as Alibaba (held).

In April, areas that detracted from the Fund's relative performance were:

- Stock selection in the Industrials sector, driven by Hongfa Technology and Haitian International.

OUTLOOK

Once again, tariffs, trade conflict, and the resulting geopolitical tensions dominated much of the news flow and conversations with clients this month, with the China-US trade relationship front-and-centre. Following the agreement reached in Geneva, both sides agreed to lower tariffs and a 90-day pause, although there are clearly tough negotiations ahead. It is worth taking a step back to consider the aims the US has in escalating the trade conflict, as well as the respective positions of the US and China.

The US's aims are difficult to determine with confidence, but in our view, this has likely been part of the negotiation tactics. By creating a chaotic environment, counterparts are ultimately forced into negotiation. In China's case, the US claims to be seeking a more balanced trade arrangement, which would imply a return to purchase commitments being used as part of any agreement (as they were during the 'Phase One' trade agreement signed in early 2020). On Fentanyl, negotiations have also made clear that action on precursor chemicals might unlock a reduction in tariffs on China of up to 20%. Much has been made politically of the potential for US job creation, although the announcement itself of investment in domestic production and construction of facilities on US soil is likely to be a large part of the victory claimed by politicians.

The position the US finds itself in is not straightforward. The experience in markets in April suggests that a serious attempt to impose dramatically higher tariffs will likely harm the US consumer, including through the wealth effect (which is felt immediately as markets sell off). We have already seen supply-side disruption: this was initially delayed by advance purchases of inventory by those who could see higher tariff rates ahead, but we have now begun to see sharp falls in shipments. The disruption that may follow could be reminiscent of the interruptions felt during COVID, though they are not expected to be as severe.

The other constraint acting on the US is the sensitivity to inflationary pressure. While the impact of tariffs is yet to show up, the expectation is that it will affect inflation figures in the coming months. Clearly, the experience of the past few years has made policymakers reluctant to jeopardize the price stability recently achieved. Other constraints on the US's position include the weakness observed in the dollar (which ran counter to the expectation that tariffs would lead to dollar strength) and the challenging fiscal outlook faced by the US, both from a fiscal deficit perspective and the challenge of ongoing debt issuance.

In contrast, we think that China has found itself in a relatively better position. It has responded robustly with counter-tariffs and by targeting some of the 'red state' areas where Trump's support is highest. It seems China has observed that the economic pain stemming from the tariffs has mostly threatened to fall on US consumers. The response appears to have worked in that it forced a change in tack from the US. Nevertheless, early indications were that tariffs have had something of a negative impact on China's economy.

China has, of course, been using economic stimulus over the past nine months, both via monetary easing and increased fiscal stimulus. Further, fiscal stimulus measures have been increasingly more focused and directed towards consumption within the economy. Given the chaotic environment experienced in April, it is not surprising that policymakers have generally paused further stimulus. However, in a more stable environment, it could be used to further promote consumption and to address shortfalls in trade.

The overall effects of these events over the short term have had two main impacts. First, we think investors have started to question their view of US primacy from an investment perspective and are starting to consider alternative regional exposure. Secondly, this has encouraged a reappraisal of the direction that China and Asia more broadly have been headed in. What is most interesting to us is that these short-term effects are starting to align with the longer-term perspective we have of regional development in Asia; for example, the effect of sustained investment in innovation and high-technology areas that is now starting to produce very visible results in China.

In the parts of the market that we invest in, we expect that the results of the business will ultimately be the dominant driver of returns. Provided we believe the underlying business performance will be sound, the turbulence we have seen in stock prices can therefore present opportunities. Our focus is on the cash-based return on capital a business generates; therefore, the business must be profitable, and management must allocate capital rationally. The requirement that companies have strong balance sheets generally makes them less dependent on capital markets (they do not have large debt burdens to refinance).

Portfolio Managers

Sharukh Malik
Edmund Harriss

GUINNESS GREATER CHINA FUND - FUND FACTS

Fund size	$8.6m
Fund launch	15.12.2015
OCF	0.89%
Benchmark	MSCI Golden Dragon TR

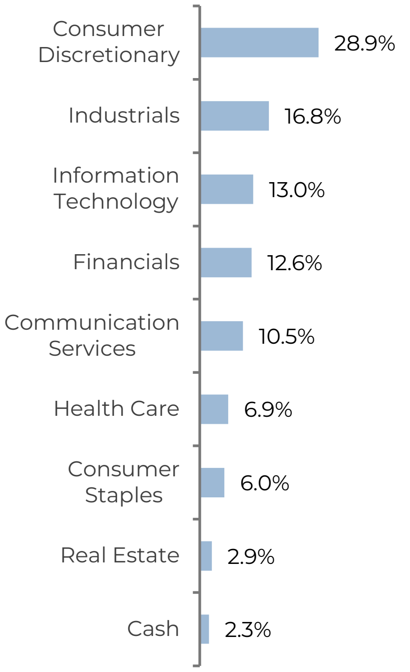
GUINNESS GREATER CHINA FUND - PORTFOLIO

Top 10 holdings

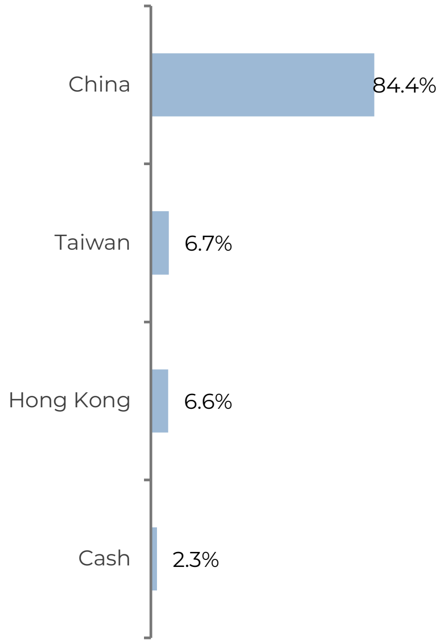
Tencent Holdings	4.4%
Alibaba Group	4.2%
China Merchants Bank	3.9%
JD.com	3.7%
Shenzhen Inovance Technology	3.6%
Geely Automobile Holdings	3.6%
TravelSky Technology	3.6%
Midea Group	3.6%
Hongfa Technology	3.5%
HKEX	3.4%

Top 10 holdings	37.3%
Number of holdings	30

Sector



Country



Past performance does not predict future returns.

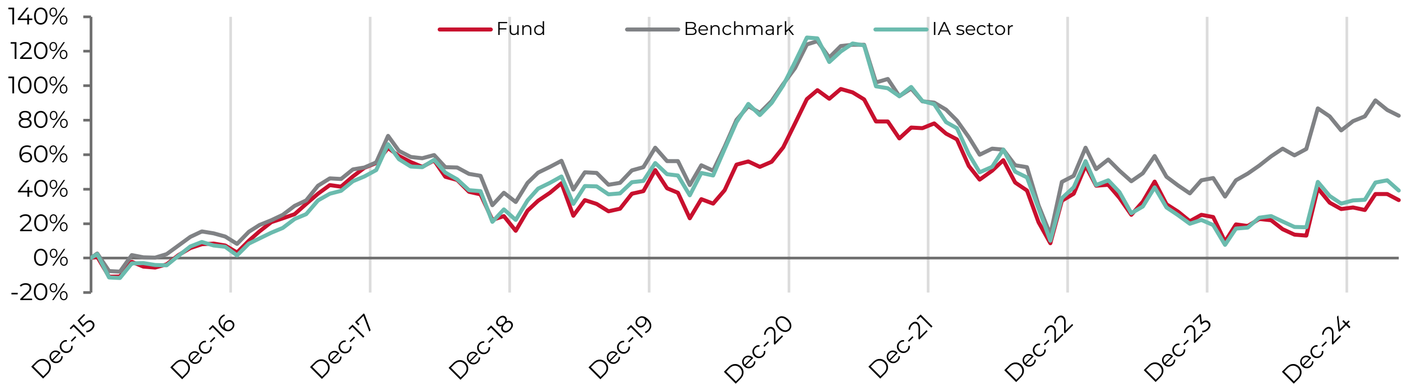
GUINNESS GREATER CHINA FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-5.9%	-3.2%	+2.1%	-13.8%	-6.0%	-
MSCI Golden Dragon TR	-5.1%	-4.6%	+11.4%	+7.3%	+12.1%	-
IA China/Greater China TR	-7.3%	-2.1%	+5.8%	-12.7%	-12.0%	-
(USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-2.7%	+3.3%	+8.9%	-8.3%	-0.5%	-
MSCI Golden Dragon TR	-1.8%	+1.8%	+18.8%	+14.1%	+18.8%	-
IA China/Greater China TR	-4.1%	+4.4%	+12.9%	-7.1%	-6.8%	-
(EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-7.5%	-5.9%	+2.4%	-14.9%	-4.1%	-
MSCI Golden Dragon TR	-6.7%	-7.3%	+11.7%	+5.9%	+14.4%	-
IA China/Greater China TR	-8.9%	-4.9%	+6.2%	-13.8%	-10.2%	-

GUINNESS GREATER CHINA FUND - ANNUAL PERFORMANCE

(GBP)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Fund	+6.4%	-15.0%	-13.3%	+1.0%	+14.2%	+25.3%	-20.7%	+37.6%	+22.1%	-
MSCI Golden Dragon TR	+24.7%	-6.5%	-12.6%	-8.6%	+24.2%	+19.0%	-9.5%	+31.3%	+25.7%	-
IA China/Greater China TR	+13.8%	-20.2%	-16.0%	-10.7%	+33.6%	+22.2%	-14.2%	+35.9%	+18.5%	-
(USD)	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Fund	+4.5%	-9.9%	-23.0%	+0.1%	+17.9%	+30.4%	-25.3%	+50.4%	+2.3%	-
MSCI Golden Dragon TR	+22.5%	-0.9%	-22.3%	-9.5%	+28.2%	+23.8%	-14.8%	+43.8%	+5.4%	-
IA China/Greater China TR	+11.8%	-15.4%	-25.4%	-11.5%	+37.8%	+27.1%	-19.2%	+48.7%	-0.7%	-
(EUR)	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Fund	+11.5%	-12.9%	-17.9%	+7.7%	+8.1%	+32.8%	-21.5%	+32.3%	+5.5%	-
MSCI Golden Dragon TR	+30.7%	-4.3%	-17.3%	-2.6%	+17.6%	+26.1%	-10.5%	+26.3%	+8.6%	-
IA China/Greater China TR	+19.2%	-18.3%	-20.5%	-4.8%	+26.4%	+29.4%	-15.1%	+30.6%	+2.3%	-

GUINNESS GREATER CHINA FUND - PERFORMANCE SINCE LAUNCH (USD)



Source: FE fundinfo net of fees to 30.04.25. Investors should note that fees and expenses are charged to the capital of the Fund. This reduces the return on your investment by an amount equivalent to the Ongoing Charges Figure (OCF). The OCF used for the Fund performance returns is 0.89%. which was the OCF over the calendar year 2024. Returns for share classes with a different OCF will vary accordingly. Transaction costs also apply and are incurred when a fund buys or sells holdings. The performance returns do not reflect any initial charge; any such charge will also reduce the return.

IMPORTANT INFORMATION

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

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

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

Investor Rights
A summary of investor rights in English, 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.

Telephone calls will be recorded and monitored.