Guinness Emerging Markets Equity Income

Investment Commentary – May 2025

RISK

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

The Fund is an equity fund. Investors should be willing and able to assume the risks of equity investing. The value of an investment and the income from it can fall as well as rise as a result of market and currency movements, and you may not get back the amount originally invested.

Past performance does not predict future returns.

ABOUT THE STRATEGY

Launch	23.12.2016
Index	MSCI Emerging Markets
Sector	IA Global Emerging Markets
Managers	Edmund Harriss Mark Hammonds CFA
EU Domiciled	Guinness Emerging Markets Equity Income Fund

OBJECTIVE

The Guinness Emerging Markets Equity Income Fund is designed to provide investors with exposure to high-quality dividend-paying companies in Emerging Markets worldwide. The Fund aims to provide long-term capital appreciation and a source of income that has the potential to grow over time. The Fund is actively managed and uses the MSCI Emerging Markets Index as a comparator benchmark only.

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COMMENTARY

Emerging markets declined during April. The MSCI Emerging Markets Net Total Return Index fell 2.0% (all performance figures in GBP unless stated otherwise). The Guinness Emerging Markets Equity Income Fund outperformed, falling only 0.6%. For the year to date, the fund is outperforming, down 2.0% versus the benchmark, down 2.2%.

Emerging markets outperformed developed markets in the month, as the MSCI World fell 2.4% in April. The US was an underperformer, with the S&P 500 Index down 4.0%. Asia was the weakest-performing region, as the trade war escalated, falling 2.6%. EMEA (Europe, Middle East, and Africa) was also weak, declining 1.7%. Latin America generated a positive performance, up 3.4%. Value was the underperformer during the month, down 2.6%, versus growth, down 1.4%.

Among the largest countries, the best performers were Mexico (+9.3%), Thailand (+3.6%), and Brazil (+1.6%). The worst-performing countries were China (–7.4%), Saudi Arabia (–5.3%), and Taiwan (–0.9%). The strongest-performing stocks in the portfolio were Hypera (+21.3%), Jumbo (+11.5%), and Broadcom (+11.2%). The weakest performers were Haitian International (–15.3%), Haier Smart Home (–12.5%), and Shenzhou International (–10.6%).

Analysis continued overleaf

APRIL IN REVIEW

Tariffs again dominated the headlines, with Donald Trump announcing 'reciprocal' tariffs on many countries. The initial market reaction was a widespread sell-off in stock markets, including the US. Gold performed well amid a flight-to-safety. US Treasuries also sold off on fears over the growth outlook. After widespread criticism by market participants, bankers, and economists, a 90-day pause in implementation (excluding China) was announced, retaining a 10% tariff while negotiations with individual countries could proceed.

Facing higher tariffs and an escalation in tensions, China retaliated with counter tariffs, with rates eventually reaching 145% on US imports from China and 125% on China's imports from the US. Such rates effectively amounted to an embargo on trade. An agreement reached post-month-end indicated that the situation was unsustainable, with tariffs slashed by both sides back down to 30% on China and 10% on the US for 90 days, again to allow time for negotiations to take place.

The ECB lowered interest rates to 2.25%, amid concerns over the fallout from the trade war. Crude oil prices slumped due to fears of an economic slowdown, with Brent down 15.5% in the month. The Dollar index (DXY) fell significantly, down 4.6%, and emerging market currencies gained 1.3% in April.

PORTFOLIO UPDATE

Updates came in during the month for several of the Fund's portfolio holdings:

Zhejiang Supor reported results for 2024, in line with preliminary figures. Total revenue growth for the year was 5%, and net income grew by 3% year-on-year. For 2025, the outlook is stable, with domestic demand growth ahead of peers, and overseas growth (through SEB) of around 5% expected. The appliance trade-in programme in China has had less impact on the small appliances on which the company focuses. Margins continue to be an area of focus by management, both by improving product mix and disciplined cost control. A higher dividend payout ratio was agreed this year due to minimal capex commitments, although management cautioned this did not reflect a new normal level.

Ping An Insurance reported results for 2024 largely in line with expectations. New Business Value (NBV) of the life & health insurance business was up 28.8% year-on-year. Operating profit after tax was up 9.1% year-on-year. Efforts to improve agent productivity seem to have worked well, with NBV per agent up 43% year-on-year. Agent numbers have also started increasing again. The full dividend for the year was up 5%.

Kweichow Moutai reported results for 2024 in line with preliminary figures. Total revenue growth was 15.7%, in line with the target at the beginning of the year of 15%. Net profit growth was similar, up 15.4%. Sales growth comprised 10.2% by volume and 4.6% average selling price growth. The shift towards direct sales reversed slightly in the period, with direct sales falling slightly from 46% to 44%. Guidance for 2025 is for revenues to grow 9%, which we would view as a good result. Some adjustment in the mix towards super premium products is likely to be a positive contributor.

Largan reported results for the first quarter of 2025. Revenue growth came in above expectations, up 29% year-on-year. Further demand for the company's high-performance lenses could come later in the year with the expected launch of several high-end, slim design smartphones.

Hon Hai also reported strong results for the first quarter, with revenue growth of 24% year-on-year. The company was the beneficiary of advance purchases in the first quarter of consumer electronics, ahead of the tariff announcements. Shipments of AI rack servers incorporating NVIDIA's GB200 chip are likely to be a meaningful contributor from the second quarter onwards.

TSMC reported revenues for the first quarter marginally ahead of expectations, up 42% year-on-year. The quake experienced in January did not, therefore, impact the company's ability to achieve guidance. While the outlook for the rest of the year is uncertain, owing to tariffs changing patterns of demand, continued strong adoption of AI chips is likely to act as a powerful tailwind for the company.

Tata Consultancy Services reported revenues and profits for the fourth fiscal quarter (March year-end) that came in below consensus expectations. Revenue growth was still positive, up 3% year-on-year in constant currency. The company has a strong deal pipeline, and demand stemming from AI is likely to continue to be a driver, which should help offset weakness created by the more uncertain macro environment.

Hypera reported weak results for the first quarter, as expected, although the programme to optimise working capital is set to complete early in the second quarter (ahead of expectations). This progress has started to be reflected in the stock price, which was already up before the results, and has continued to be strong following. Weaker sell-out figures have pressured margins as the company has increased promotional expenses – this is an area we will monitor closely.

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 have agreed to lower tariffs and a 90-day pause, although there is clearly a tough path of negotiation 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 both the US and China find themselves in.

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 on the potential for US job creation, though the announcement of investment in domestic production and construction of facilities on US soil is likely to be the initial victories 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 delayed initially by advance purchases of inventory by those who could see higher tariff rates further down the line, 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 in magnitude.

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 months to come. Clearly, after the experience of the past few years, policymakers must be 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 also the challenge of ongoing debt issuance.

By contrast, we think that China has found itself in a relatively better position. China's response to the US has been robust, with counter-tariffs, and again with a focus on targeting some of the 'red state' areas where Trump's support is highest. To us is a reflection of China observing that economic pain stemming from the tariffs has mostly threatened to fall on US consumers. The response appears to have worked, forcing a change in tack from the US. Nevertheless, early indications were that tariffs have had somewhat of a negative impact on China's economy.

China has, of course, been using economic stimulus over the past nine months, both with 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 altogether surprising that policymakers have generally paused further stimulus efforts. However, in a more stable environment, stimulus 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, our expectation is 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). And by looking at companies' performance over a long-time horizon (at least eight years), we gain increased confidence that the business is likely to continue to perform well when handling challenging circumstances in the future.

Portfolio Managers

Edmund Harriss
Mark Hammonds

GUINNESS EMERGING MARKETS EQUITY INCOME FUND - FUND FACTS

Fund size	$10.7m
Fund launch	23.12.2016
OCF	0.89%
Benchmark	MSCI Emerging Markets
Historic yield	4.0% (Y GBP Dist)

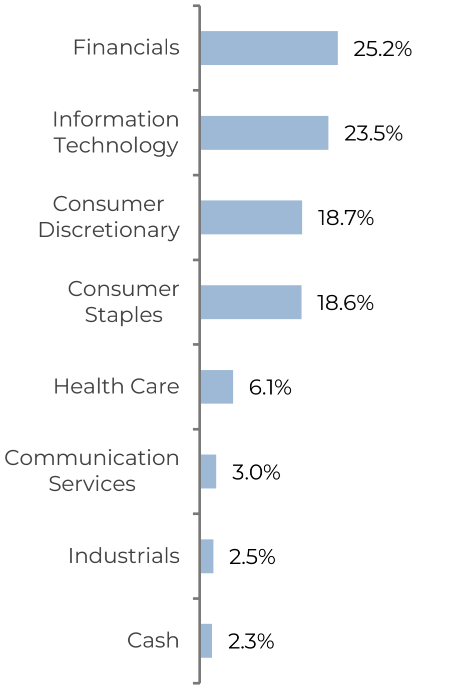
GUINNESS EMERGING MARKETS EQUITY INCOME FUND - PORTFOLIO

Top 10 holdings

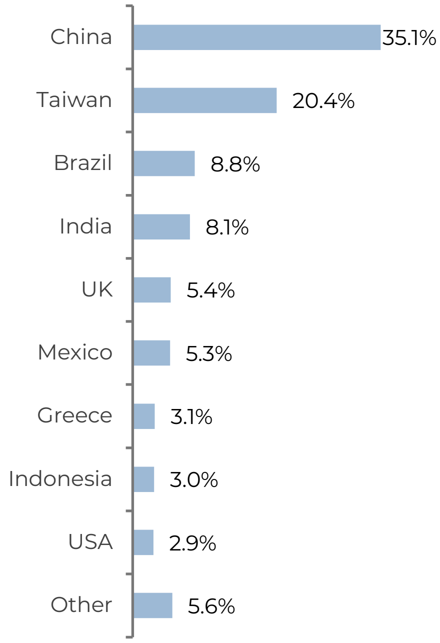
B3 SA - Brasil Bolsa Balcao	3.2%
Coca-Cola Femsa	3.1%
Bank Rakyat	3.1%
China Merchants Bank	3.0%
Arca Continental SAB de CV	3.0%
Unilever	3.0%
Zhejiang Supor	3.0%
Porto Seguro	2.9%
China Construction Bank	2.9%
Hypera	2.9%

Top 10 holdings	30.2%
Number of holdings	36

Sector



Country



Past performance does not predict future returns.

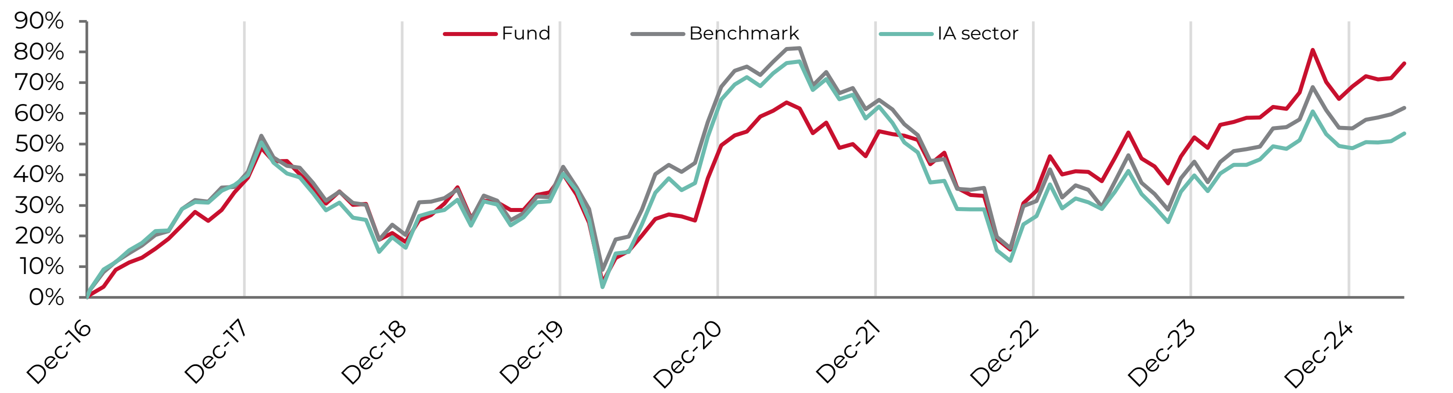
GUINNESS EMERGING MARKETS EQUITY INCOME FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-0.6%	-2.0%	+4.3%	+15.6%	+47.6%	-
MSCI Emerging Markets	-2.1%	-2.2%	+2.2%	+5.3%	+28.5%	-
IA Global Emerging Markets TR	-1.8%	-3.3%	+0.0%	+4.9%	+26.7%	-
(USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	+2.8%	+4.5%	+11.2%	+23.0%	+56.3%	-
MSCI Emerging Markets	+1.3%	+4.3%	+9.0%	+12.0%	+36.0%	-
IA Global Emerging Markets TR	+1.6%	+3.2%	+6.7%	+11.6%	+34.1%	-
(EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-2.3%	-4.8%	+4.6%	+14.1%	+50.6%	-
MSCI Emerging Markets	-3.7%	-5.0%	+2.6%	+3.9%	+31.1%	-
IA Global Emerging Markets TR	-3.5%	-6.0%	+0.4%	+3.6%	+29.2%	-

GUINNESS EMERGING MARKETS EQUITY INCOME FUND - ANNUAL PERFORMANCE

(GBP)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Fund	+12.9%	+6.6%	-1.6%	+4.0%	+3.4%	+14.2%	-9.8%	+25.8%	-	-
MSCI Emerging Markets	+9.4%	+3.6%	-10.0%	-1.6%	+14.7%	+13.9%	-9.3%	+25.4%	-	-
IA Global Emerging Markets TR	+8.2%	+4.3%	-12.2%	-0.5%	+13.7%	+16.0%	-11.8%	+24.4%	-	-
(USD)	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Fund	+10.9%	+12.9%	-12.6%	+3.1%	+6.7%	+18.8%	-15.1%	+37.7%	-	-
MSCI Emerging Markets	+7.5%	+9.8%	-20.1%	-2.5%	+18.3%	+18.4%	-14.6%	+37.3%	-	-
IA Global Emerging Markets TR	+6.3%	+10.5%	-22.0%	-1.4%	+17.3%	+20.7%	-16.9%	+36.2%	-	-
(EUR)	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Fund	+18.3%	+9.1%	-6.8%	+10.9%	-2.2%	+20.9%	-10.8%	+20.9%	-	-
MSCI Emerging Markets	+14.7%	+6.1%	-14.9%	+4.9%	+8.5%	+20.6%	-10.3%	+20.6%	-	-
IA Global Emerging Markets TR	+13.4%	+6.8%	-16.9%	+6.1%	+7.6%	+22.9%	-12.8%	+19.7%	-	-

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

IMPORTANT INFORMATION

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

This report is primarily designed to inform you about equities and equity markets invested in by the Guinness Emerging Markets Equity Income 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, 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.

Telephone calls will be recorded and monitored