

## RISK

This is a marketing communication. Please refer to the Prospectus, supplement and KID/KIID, (available on our website), which contain detailed information on the Fund's 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

<b>Launch</b>	23.12.2016
<b>Index</b>	MSCI Emerging Markets
<b>Sector</b>	IA Global Emerging Markets
<b>Managers</b>	Edmund Harriss Mark Hammonds CFA
<b>EU Domiciled</b>	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.

## CONTENTS

Commentary	1
Key Facts	5
Performance	6
Important Information	7

## COMMENTARY

Emerging markets rebounded during May. The MSCI Emerging Markets Net Total Return Index rose 3.3% (all performance figures in GBP unless stated otherwise). The fund generated strong outperformance, rising 6.7%. For the year to date, the fund is outperforming, up 4.5% versus the benchmark up 1.0%.

Emerging markets underperformed developed markets in the month, as the MSCI World gained 5.0%. The US was an outperformer, with the S&P 500 Index up 5.4%. All emerging markets regions recorded a positive performance. Asia was the best performing region, rising 4.1%. Latin America was next, up 0.7%. EMEA (Europe, Middle East and Africa) was the weakest region, up 0.5%. Growth was the outperformer during the month, up 3.6% versus value, up 3.2%.

Among the largest countries, the best performers were Taiwan (+11.6%), Indonesia (+8.6%) and Korea (+6.9%). The worst performing countries were Saudi Arabia (–5.6%), Thailand (–4.2%) and Brazil (–0.8%).

The strongest performing stocks in the portfolio were Elite Material (+43.4%) and China Medical System (+26.7%). The weakest performers were Tata Consultancy Services (–1.7%), Kweichow Moutai (–1.5%) and Suofeiya Home (–0.6%).

*Analysis continued overleaf*

## MAY IN REVIEW

Trade tensions de-escalated, with China and the US agreeing to a (temporary) reduction in tariff rates while further negotiations can take place. Economic activity in the US contracted by 0.3% on an annualised basis in the first quarter, whereas Euro area growth for the first quarter was 0.4% quarter-on-quarter. The European Central Bank cut rates to 2.25%, while in the US, the Federal Reserve kept rates unchanged. In China, the People's Bank of China boosted liquidity by lowering lending rates.

Conflict escalated between India and Pakistan, with India launching retaliatory airstrikes. BYD, a Chinese car manufacturer, overtook Tesla in sales of electric vehicles (EVs) in Europe. Crude oil prices stabilised as sentiment around tariffs improved, with Brent up 1.2% in the month. After falling sharply in April, the Dollar index (DXY) was flat (-0.1%) in May. Emerging market currencies gained 0.8% in May.

## PORTFOLIO UPDATE

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

**Yili** announced results for the first quarter that came in ahead of expectations. The dairy producer's revenues grew by 1.4% year-on-year, and recurring net profit was up 24%. Better sales of milk powder have contributed to overall results. The remainder of 2025 is expected to be one of steady progress, with continued gains in market share in various categories. Expense control and optimisation will also be a key area to watch.

**Elite Material** reported first-quarter results that beat expectations, despite higher raw materials costs. The company has managed to offset rising costs with better product mix (towards higher-margin products) and efficiencies from increased scale. Strong demand from customers is coinciding with an increase in manufacturing capacity, which should enable these trends to continue.

**Hon Hai** reported revenue growth of 26% year-on-year in April. Central to this is strong demand for AI servers. The company's EV subsidiary has continued to report revenue growth, with rising E-bus deliveries and a decline in passenger vehicles.

**Novatek** reported first-quarter results slightly ahead of expectations. Demand has been driven by China's subsidy programme and orders pulled forward ahead of the tariff introduction. Moderate growth is expected for the second quarter. Good cost control has helped support operating margins in the business.

**Brasil, Bolsa, Balcão (B3)**, the Brazilian stock exchange and financial services company, reported revenues for the first quarter that were in line with expectations. Management control of expenses has been good, resulting in an improvement in earnings before interest, tax, depreciation and amortisation (EBITDA) margins from 66.6% in the fourth quarter last year to 69.5% most recently. The company has also been active in repurchasing shares.

**Porto Seguro** reported first-quarter earnings that were meaningfully ahead of expectations. The Health and Banking segments were both drivers of the overall result. Earnings in the main insurance segment came under pressure due to a seasonal uptick in auto insurance claims. However, written auto premiums increased 4.5% year-on-year, despite a reduction in the insured fleet.

**Nien Made** reported first-quarter results that were ahead of expectations on stronger margins. Greater demand for custom-made products improving the overall mix, growth in the European business, and efficiency gains were all contributors. Further price hikes in the second quarter are supportive of the outlook. The custom-made products manufactured in Mexico are included under the US-Mexico-Canada Agreement, and so tariffs do not apply.

**NetEase** reported results for the first quarter that exceeded expectations. Both new games and legacy games contributed to strong revenue growth. A reduction in sales and marketing expense (implying more cost-effective user acquisition) helped boost operating margins to 39.5%, up 7.8 percentage points year-on-year.

### PORTFOLIO CHANGES

We made one change to the portfolio during the month, selling Broadcom. The fund has held Broadcom since its inception, and the stock has made a significant positive contribution to performance. The company's management has demonstrated skilful acquisition abilities as it has worked to diversify revenue streams from different IT subsectors. This ability has come to be well-recognised by the market, and we have sold the position on valuation grounds. We seek to redeploy the proceeds in an alternative stock that offers better upside potential.

### OUTLOOK

With geopolitical tensions in the Middle East back in the headlines, the news flow in June has moved away from the US-China relationship. Nevertheless, we believe this is an important topic that ties in with many of the themes we see as likely to affect prospects for emerging markets in future. The fruits of China's sustained investments in strategically valuable sectors have started to become apparent and are increasingly being recognised by Western counterparts.

Apple is one company that has benefited hugely from China's rapid progress in advanced technology manufacturing. With Apple currently in the spotlight, there is an obvious incentive to downplay the company's dependence on China and to emphasise alternative production bases (though these mainly relate to assembly work rather than manufacture). Our study of the supply chains leads us to believe that Apple's reliance on China is unlikely to diminish dramatically in the medium term, while China's progress in technology development, if anything, will lead to a closer relationship in time. The role of management, therefore, becomes an even more careful exercise in diplomacy in order to manage these competing interests.

Our outlook from last month's commentary still stands:

Following the agreement reached in Geneva, both China and the US 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	\$12.6m
Fund launch	23.12.2016
OCF	0.89%
Benchmark	MSCI Emerging Markets
Historic yield	3.8% (Y GBP Dist)

**GUINNESS EMERGING MARKETS EQUITY INCOME FUND - PORTFOLIO**

Top 10 holdings		Sector		Country	
China Medical System	3.3%	Financials	24.7%	China	35.4%
Elite Material	3.2%	Information Technology	21.9%	Taiwan	21.9%
Bank Rakyat	3.0%	Consumer Staples	19.2%	Brazil	8.0%
NetEase	2.9%	Consumer Discretionary	18.6%	India	8.0%
British American Tobacco	2.9%	Health Care	6.0%	UK	5.7%
Porto Seguro	2.8%	Communication Services	2.9%	Mexico	5.6%
Credicorp	2.8%	Industrials	2.6%	Indonesia	3.0%
Coca-Cola Femsa	2.8%	Cash	4.0%	Peru	2.8%
Unilever	2.8%			Greece	2.7%
Arca Continental SAB de CV	2.8%			Other	2.7%
Top 10 holdings	29.4%				
Number of holdings	35				

## Guinness Emerging Markets Equity Income Fund

Past performance does not predict future returns.

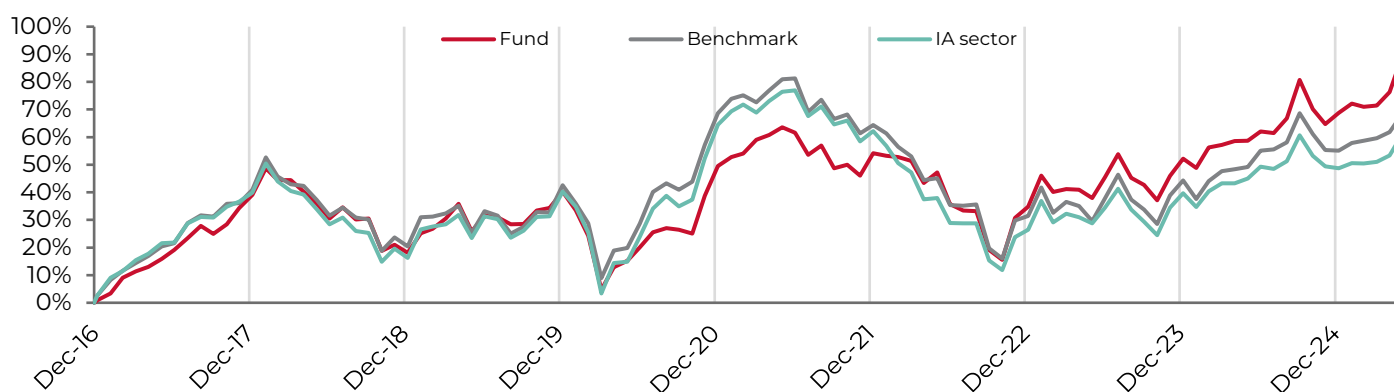
### GUINNESS EMERGING MARKETS EQUITY INCOME FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+6.7%	+4.5%	+13.0%	+20.6%	+51.2%	-
MSCI Emerging Markets	+3.3%	+1.0%	+6.7%	+8.7%	+29.0%	-
IA Global Emerging Markets TR	+4.2%	+0.8%	+5.1%	+9.3%	+28.8%	-
(USD)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+7.7%	+12.5%	+19.7%	+29.0%	+64.9%	-
MSCI Emerging Markets	+4.3%	+8.7%	+13.0%	+16.3%	+40.7%	-
IA Global Emerging Markets TR	+5.2%	+8.5%	+11.3%	+16.9%	+40.5%	-
(EUR)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+7.8%	+2.6%	+14.5%	+21.8%	+61.5%	-
MSCI Emerging Markets	+4.4%	-0.8%	+8.1%	+9.7%	+37.9%	-
IA Global Emerging Markets TR	+5.3%	-1.0%	+6.4%	+10.4%	+37.6%	-

### 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 31.05.25. 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](http://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 Fund 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 will not be investing directly in the underlying assets of the Fund.

### Documentation

The documentation needed to make an investment, including the Prospectus, Supplement, Key Information Document (KID) / Key Investor Information Document (KIID) and the Application Form, is available in English from [www.guinnessgi.com](http://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'Île, 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