Guinness Global Energy

Investment Commentary – September 2025

RISK

This is a marketing communication. Please refer to the prospectus, supplement and KID/KIID for the Funds (available on our website), which contain full information on the risks, 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 and the income from it can fall as well as rise as a result of market and currency movement, and you may not get back the amount originally invested. The Fund invests only in companies involved in the energy sector; it is therefore susceptible to the performance of that one sector and can be volatile.

Past performance does not predict future returns.

ABOUT THE STRATEGY

Launch	31.12.1998
Index	MSCI World Energy
Sector	IA Commodity/Natural Resources
Managers	Will Riley Jonathan Waghorn Tim Guinness
EU Domiciled	Guinness Global Energy Fund
UK Domiciled	WS Guinness Global Energy Fund

INVESTMENT POLICY

The Guinness Global Energy Funds invest in listed equities of companies engaged in the exploration, production and distribution of oil, gas and other energy sources. We believe that over the next twenty years the combined effects of population growth, developing world industrialisation and diminishing fossil fuel supplies will force energy prices higher and generate growing profits for energy companies. The Funds are actively managed and use the MSCI World Energy Index as a comparator benchmark only.

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COMMENTARY

OIL

Spot prices down in August

Brent and WTI spot oil prices fell during August, with Brent moving below $70/bl as the OPEC+ group confirmed a further quota increase in September of 0.55m b/day. This brings total quota increases this year to nearly 2.5m b/day, albeit the amount of additional oil supplies is expected to be around 1.5m b/day. Against this, President Trump announced 50% tariffs against India as sanction for its purchasing of Russian oil exports. Brent and WTI closed the month at $68/bl and $64/bl respectively.

NATURAL GAS

International gas prices lower

Asian gas prices fell in August by around $1 to $11/mcf while European gas prices were down to just over $11/mcf. Natural gas in storage in Europe sits around 5% below the 10-year average, with significant liquefied natural gas (LNG) cargoes still required to meet European storage targets by the start of the winter. In the US, gas prices have dropped close to $3/mcf as the drilling rig count for gas rises.

EQUITIES

Energy outperforms the broad market in August

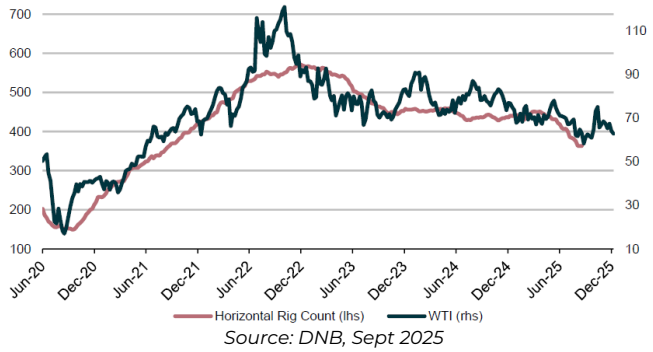
The MSCI World Energy Index (net return) rose by 4.1% (USD) in August, outperforming the MSCI World Index (net return) which rose by 2.6%.

CHART OF THE MONTH

The US oil horizontal rig count is down by 69 rigs, or 16%, on a year-on-year basis. This has been driven by lower oil prices. Indeed, as the chart below shows, the correlation between the rig count and WTI (with a 16-week lag) is strong. The reduced rig count raises the prospect of little to no growth in US shale oil production in 2026.

US horizontal oil rig count vs WTI ($bl)

(with 16wk lag)

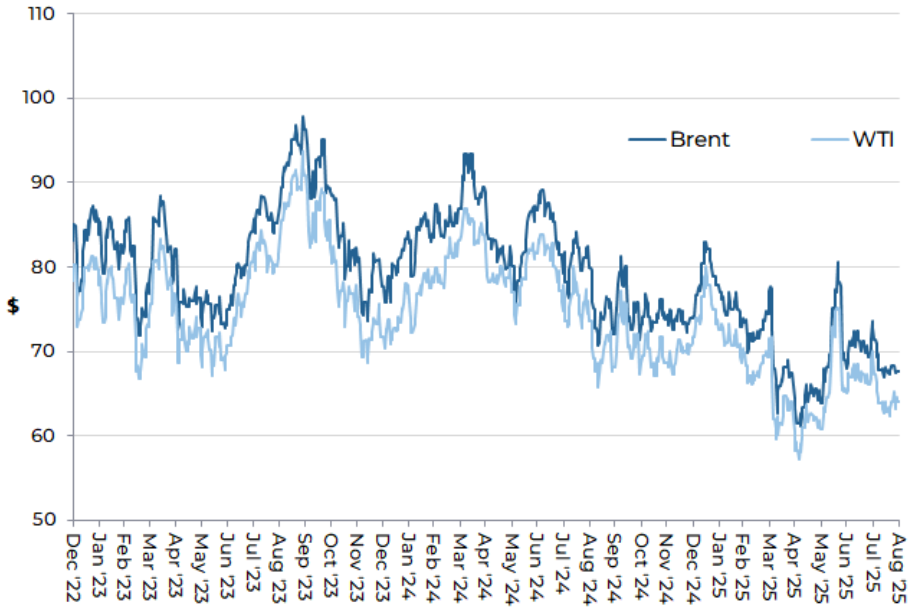


Source: DNB, Sept 2025

AUGUST IN REVIEW

i) Oil market

Oil price (WTI and Brent $/barrel): December 2022 to August 2025



Source: Bloomberg; Guinness Global Investors

The West Texas Intermediate (WTI) oil price began August at $70/bl and traded steadily lower over the month, reaching a low on August 17 of $63/bl, before closing at $64/bl. WTI has averaged just over $67/bl so far this year, having averaged $76/bl in 2024 and $78/bl in 2023. Brent oil traded in a similar shape, opening at $72/bl and trading down over the month to around $68/bl. Brent has averaged nearly $71/bl so far in 2025, having averaged $80/bl in 2024 and $83/bl in 2023. The gap between the WTI and Brent benchmark oil prices remained narrow over the month, ending August at $3.6/bl. The Brent-WTI spread averaged $5/bl in 2024 after averaging a similar amount in 2023.

Factors which strengthened WTI and Brent oil prices in August:

- **US threat of sanctions against importers of Russian oil, especially India**

On August 7, the US imposed a 25% reciprocal tariff on Indian exports – explicitly tied to India's ongoing purchases of Russian oil. This came amid mounting criticism from US officials who accused India of indirectly funding Russia's war effort against Ukraine. By August 27, President Trump had doubled the tariff to 50%, targeting the vast majority of Indian goods. This move was framed as a punitive response to India's continued importing of Russian oil. By the end of August, there appeared to be a declining trend of Indian purchases of Russian oil, but still significant flows occurring.

- **Falling US rig count and signs of flattening US oil supply**

According to the US Energy Information Administration (EIA), US onshore oil production in June averaged 11.2m b/day, essentially flat on March 2025 and up only 0.2m b/day on June 2024. US shale production typically moves with a lag to drilling activity, and we note that current production relates to a period when the onshore rig count was around 475 rigs. With oil prices lower over this year, a number of US shale exploration and production companies have indicated that drilling activity will fall and production growth will start to slow. The current rig count is around 412 rigs, implying that production will continue to soften.

Factors which weakened WTI and Brent oil prices in August:

- **OPEC+ production increases**

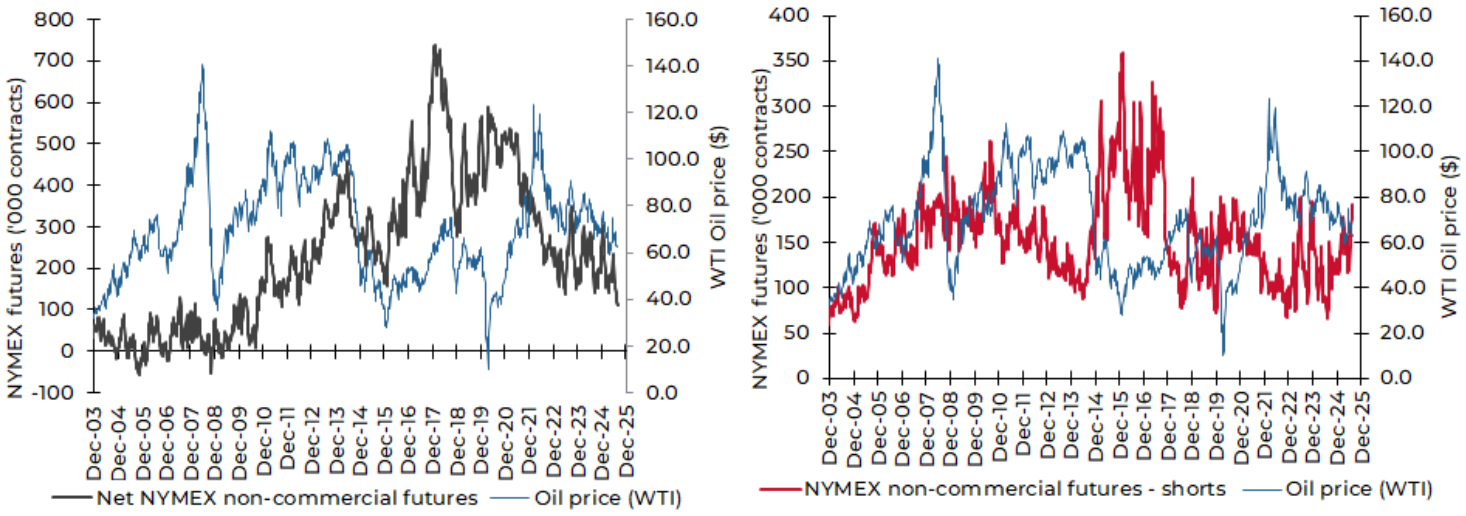
In April, the 'group of eight countries' within OPEC+ announced the intention to increase (from May) the rate at which it returns withheld oil to the market, up to around 0.4m b/day. The group met again at the end of May, confirming their

intention to return a further 0.4m b/day to the market in both June and July. At the start of July, the group announced a further production increase (for August) of 0.55m b/day, and in early August, the group agreed a similar hike for September. In total, this brings OPEC+ quotas higher by 2.5m b/day (with about 60% of this oil expected to come through as additional supply). We believe that a driver of these increases is a signal from Saudi to overproducing OPEC+ members, especially Kazakhstan, that continued overproduction will not be tolerated. Saudi are also unwilling to cede further market share to non-OPEC suppliers. That said, the OPEC+ group has stressed that it could be reversed at any time, should market conditions become materially looser.

- **Speculative and investment flows**

The New York Mercantile Exchange (NYMEX) net non-commercial crude oil futures open position was 110,000 contracts long at the end of August versus 153,000 contracts long at the end of July. The net position peaked in February 2018 at 739,000 contracts long. Typically, there is a positive correlation between the movement in net position and movement in the oil price. The gross short position rose to 191,000 contracts at the end of August versus 156,000 at the end of the previous month.

NYMEX Non-commercial net and short futures contracts: WTI January 2004 – August 2025

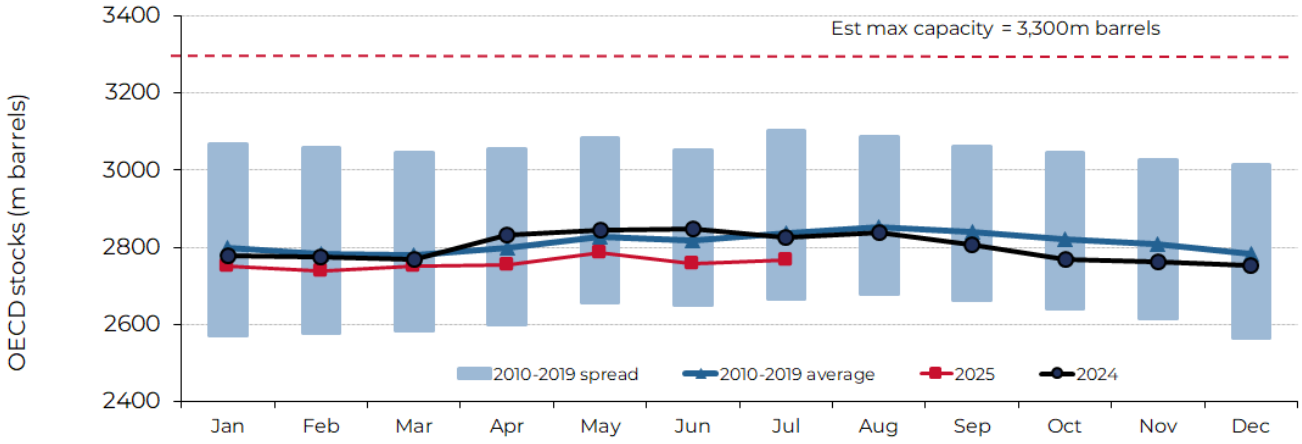


Source: Bloomberg LP/NYMEX/ICE (2025)

- **OECD stocks**

OECD total product and crude inventories at the end of July (latest data point) were estimated by the International Energy Agency (IEA) to be 2,767m barrels, up by 9m barrels versus the level reported for the previous month. The move in July compares to a 10-year average (pre-COVID) build of 15m barrels, implying that the OECD market was slightly tighter than normal. The significant oversupply situation in 2020 pushed OECD inventory levels close to maximum capacity in August 2020 (c.3.3bn barrels), with subsequent tightening taking inventories below normal levels.

OECD total product and crude inventories, monthly, 2010 to July 2025



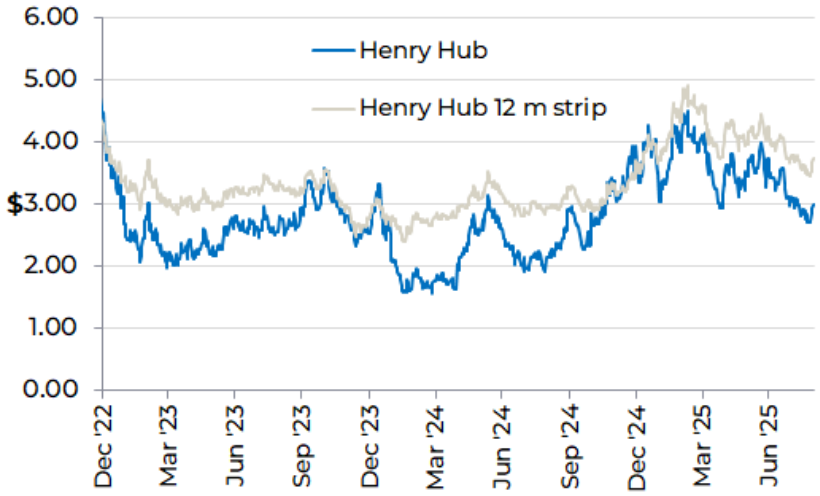
Source: IEA Oil Market Reports (August 2025 and older)

ii) Natural gas market

The US natural gas price (Henry Hub front month) opened August at $3.01/Mcf (1,000 cubic feet), fell over the month to $2.70/mcf, then settled back to close at $3.00/Mcf. The spot gas price has averaged $3.54/Mcf so far in 2025, having averaged $2.41/Mcf in 2024 and $2.67/Mcf in 2023.

The 12-month gas strip price (a simple average of settlement prices for the next 12 months' futures prices) traded in a similar pattern, opening at $3.72/Mcf and closing at $3.73/Mcf. The strip price has averaged around $4.06/Mcf so far in 2025, having averaged $2.98 in 2024 and $3.19 in 2023.

Henry Hub gas spot price and 12m strip ($/Mcf): December 2022 to August 2025



Source: Bloomberg LP, August 2025

Factors which strengthened the US gas price in August included:

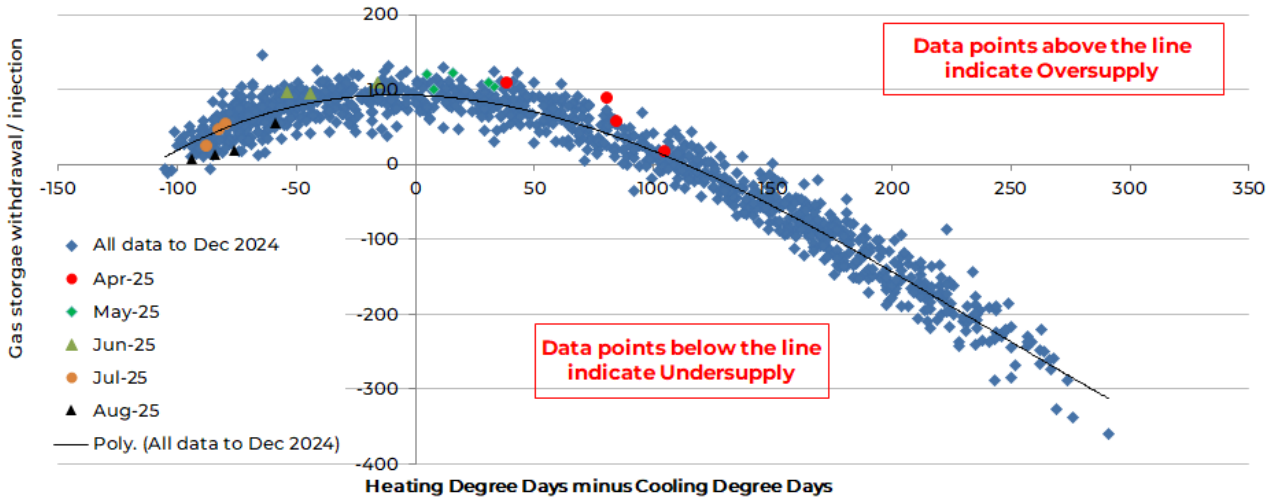
- **Anaemic rig count**

The number of rigs drilling for natural gas in the US fell from 160 in the middle of 2022 to a low of 94 in mid-September 2024. It has since averaged around 100 rigs and was reported at 119 rigs operating at the end of August 2025. Overall, the low number of gas rigs operating has slowed gas production growth, though 'associated gas' production (a by-product of shale oil) has continued to grow from the Permian basin.

- **Market undersupplied (ex-weather effects)**

Adjusting for the impact of weather, the US gas market was, on average, undersupplied during August. This is a change to the looser markets over the earlier part of the summer, as illustrated in the chart below.

Weather-adjusted US natural gas inventory injections and withdrawals



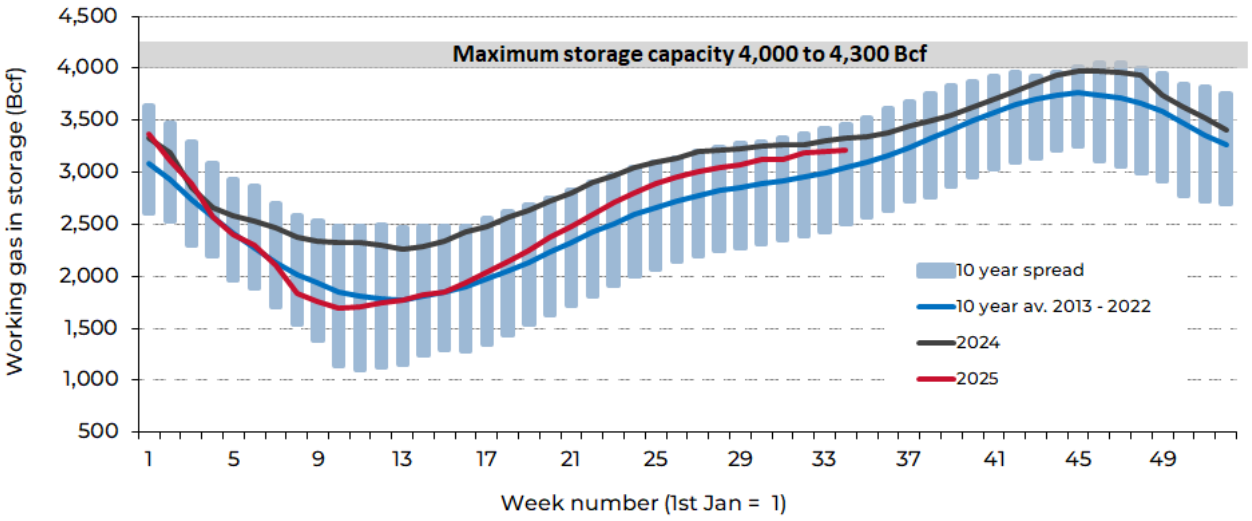
Source: Bloomberg LP; Guinness Global Investors; Sept 2025

Factors which were negative for the US gas price in August included:

- **Natural gas in inventories comfortably above the 10-year average**

US natural gas inventories ran higher than seasonal norms throughout 2024, driven by a warmer-than-expected 2023/24 winter and an early spring that brought lower-than-expected heating demand. Inventory levels moved to the top of the 10-year range but tightened in 4Q 2024 and further in 1Q 2025 as very cold weather arrived. At the end of August 2025, US natural gas inventories stood at around 3.2 Tcf, 6% above the 10-year average, as a result of stronger supply growth.

Deviation from 10yr US gas storage norm



Source: Bloomberg; Energy Information Administration (EIA), August 2025

MANAGERS' COMMENTS

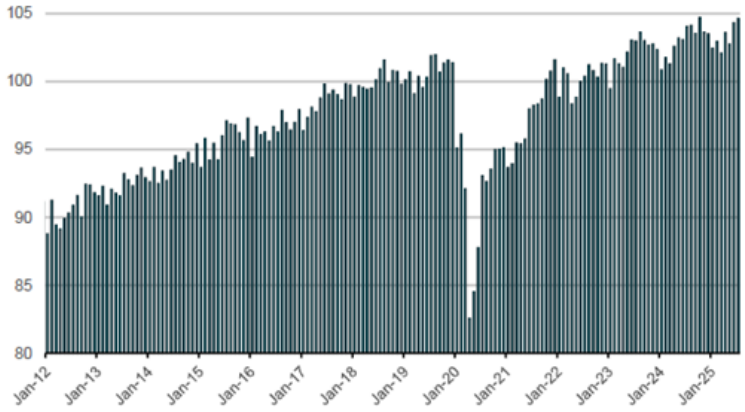
In our 'back to school' report for global energy we consider the various factors affecting global oil supply and demand. We conclude that well-telegraphed and well-managed OPEC+ quota increases, combined with tariff risk-induced sub-trend oil demand growth, have put the oil market into short-term oversupply which is providing a cushion against elevated oil supply risks and Chinese strategic inventory demand. From 2026, a decline in US shale oil and a slowdown in new non-OPEC projects means our normalised assumption of $80/bl long-term Brent oil price is plausible, giving energy equities a free cash flow yield of nearly 10% and providing around 35% upside should long-term valuation metrics (based on return on capital employed (ROCE)) be restored.

Global oil demand growth resilient but sub-trend after 'Liberation Day'

The IEA now estimates oil demand growth for 2025 of 0.7m b/day (to 103.7m b/day) with the non-OECD up by 0.8m b/day and the OECD down by 0.1m b/day, consistent with the IMF's current global GDP growth forecast for 2025 of 2.8%. The 'Liberation Day' tariff announcement by US President Donald Trump in April caused most forecasters to reduce demand growth expectations by around 0.3m b/day and move to this sub-trend growth rate of less than one million barrels per day. Reassuringly, since then, demand growth expectations have remained broadly unchanged.

Across the oil complex, we have seen strength in the refining sector (as a result of refinery closures and maintenance) and continuing strength in aviation and petrochemicals demand. Unlike previous years, China (at +0.1m b/day) will not be a dominant driver of demand growth, as its passenger transportation sector sees increased electrification (50% of new vehicle sales are expected to be electric in 2025) and heavy trucking utilizes more liquified natural gas (China is estimated to have around 1 million LNG trucks). The rest of the demand growth is quite well spread across a number of countries and regions, including India, the Middle East, Brazil and the United States.

Global oil demand (m b/day)



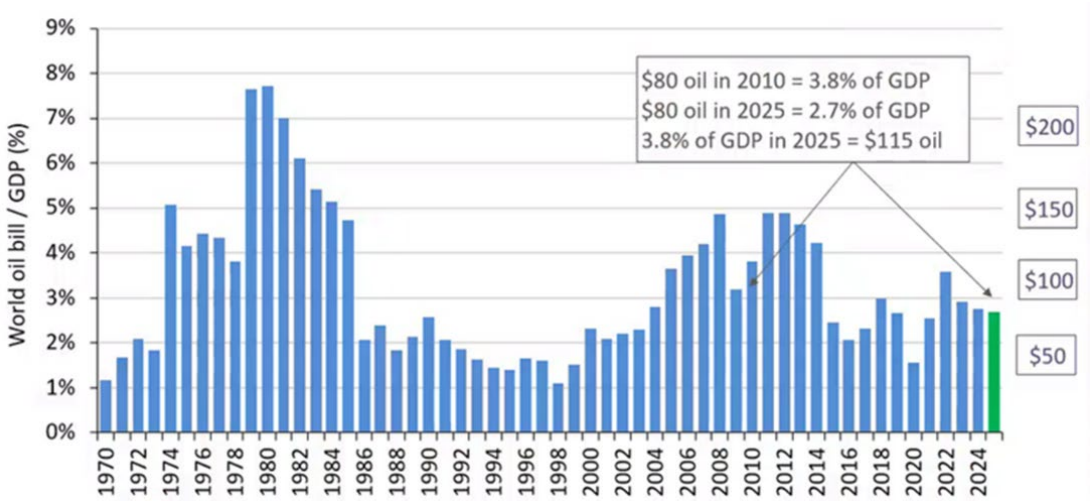
Source: IEA, DnB Carnegie, August 2025

Looking into 2026, the IEA forecasts that global oil demand growth stays at 0.7m b/day, consistent with an unchanged global GDP forecast of 2.8%. This will take global oil demand to a new peak level of 104.4m b/day, 3.7m b/day above the pre-COVID high of 100.7m b/day in 2019. As has been the recent trend, all of the growth will come from the non-OECD region with the OECD seeing a small decline. Looking further ahead, even with electric vehicles approaching 25% sales penetration this year, we continue to see global oil demand growing until around 2030, reaching a peak of somewhere between 107-109m b/day, and plateauing thereafter.

When writing at the start of the year about the prospects for oil demand, we placed strong emphasis on the current affordability of oil as a driver of demand growth and we believe that oil remains a 'good value' commodity. In real terms, we note that $70 oil today is equivalent in price to $44 oil in July 2014 – a period when oil prices were averaging over $100/bl – and that in terms of 'real asset' valuation, oil is at its cheapest relative price to gold since 1960 (apart from a very quick dip to a lower level in the middle of Covid in early 2020).

Based on Brent oil price of around $80/bl in 2025, we calculate that the world would spend around 2.7% of GDP on oil, below the 30-year average of around 3% and well below the 3.8% seen in 2010 when oil also averaged $80/bl. With oil trading in the high $60s/bl at the time of writing, the world is currently paying closer to 2% of GDP for its oil, putting today's oil amongst the cheapest of the last fifty years.

The world oil 'bill' as a percentage of world GDP



Source: Bloomberg; Guinness Global Investors, Sept 2025

Low oil prices should have a positive effect on demand and, all things being equal, we would expect upward bias to the IEA's oil demand estimate for 2025 and 2026 if oil prices remain at these lower levels. The other effect of lower oil prices should be lower future oil supply.

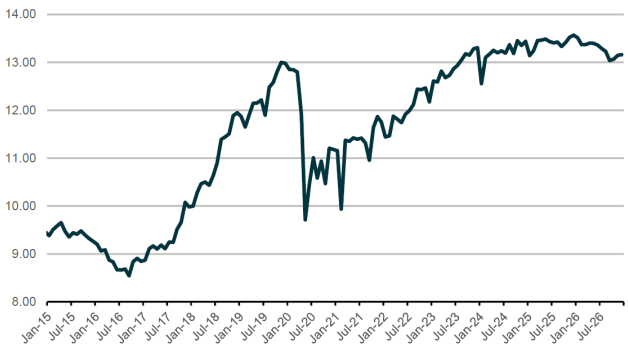
Non-OPEC oil supply showing price related weakness; US shale to decline during 2026

The IEA estimate for non-OPEC supply growth in 2025 has moderated by 0.4m b/day since late 2024, with an initial growth forecast of 1.8m b/day shrinking to 1.4m b/day currently.

The key variable within this has been US shale oil supply, where production typically lags oil prices by around nine months. Having been the dominant force in non-OPEC supply growth over the last 15 years, US shale oil is likely to peak at the end of 2025 (the US Energy Information Administration (EIA) estimates 13.6m b/d of US oil production in December 2025) and then to see a shallow decline in 2026. While the EIA expects growth of 0.1m b/day on average in 2026 vs 2025, this masks the fact that US oil production will exit 2026 around 0.4m b/day lower than it started the year.

Capital discipline continues to be the main driver of lower activity levels in US shale oil, with compensation incentives for E&P management teams now being driven by profitability, cash flow and operational metrics rather than growth or resource-oriented metrics. Easing US oil field regulations, the availability of federal lands and the 'drill baby drill' mantra from the President do not appear to be bringing a change of strategy to this part of the oil industry.

US oil production, including estimates to end 2026 (m b/day)



Source: DNB Carnegie, EIA, August 2025

Some pockets of non-OPEC growth are appearing in 2025. Canada is likely to grow around 0.1m b/day while Guyana pursues its growth from zero in 2019 to nearly 1m b/day at the end of 2025 and Brazil reaches new peak production levels with growth of 0.35m b/day in 2025. The overall growth trend likely persists in 2026 (IEA estimates 1.2m b/day non-OPEC growth) but the effect of lower oil prices and a slowing slate of new project developments could see more muted production growth from 2027 and beyond.

OPEC pursuing market share growth, but actual supply growth not as great as feared

OPEC+'s actions are the key reason for weaker oil prices in 2025. In March, OPEC+ announced a plan to unwind voluntary production cuts from April at a rate of 137k b/day per month, thus taking 18 months to unwind a total of around 2.5m b/day of voluntary production cuts. In April, the group decided to carry out a triple hike (implying 411k b/day) for May which and this was subsequently repeated in June and July and then concluded with two quadruple hikes (548k b/day each) in August and September. Thus, OPEC+ unwound its production cuts of 2.46m b/day in just six months, compared to the earlier planned 18 months. We see a number of reasons for the unwinding of these OPEC+ voluntary cuts:

- OPEC sees the world oil market as being much tighter than the other main commentators (the IEA and the EIA) and therefore sees the need for greater supply flexibility. OPEC's oil demand growth forecasts for 2025 and 2026 of 1.3m and 1.4m b/day are around double those of the IEA while its non-OPEC supply growth of 0.8m b/day in 2025 is 0.4m b/day lower than that of the IEA.
- Core members of the OPEC+ group (e.g. Saudi and Kuwait) are attempting to bring overproducers (e.g. Kazakhstan, Iraq) into line, in addition to maintaining market share at non-OPEC's expense.
- OPEC+ sees a heightened level of geopolitical oil supply risk, such as i) the threat of lower Russian production as the US sets large tariffs on Indian imports of Russian crude oil and ii) lower Iranian oil exports as the US and Europe step up efforts to slow Iranian nuclear development.

Oil exports from the key OPEC countries (Saudi, Iraq, UAE, Kuwait) for July (latest data point) were up only 0.2m b/day versus the first quarter. This fuels questions about OPEC's ability to increase its oil exports and, while quotas have been increased by around 2.5m b/day, we expect that only around 60% of this will actually be seen as increased supply. Numerous OPEC+ countries are either already overproducing relative to quota or they are struggling with having enough spare capacity to increase their production. Major contributions will likely come from Saudi Arabia and UAE with smaller contributions from Kuwait and Algeria, while most non-OPEC members appear to have already been producing at full capacity.

OPEC+ continued to stress that its supply strategy could be amended at any time, should market conditions require it.

OECD inventories have barely moved as China has built strategic stockpiles

In line with IEA, we see that the oil market has moved into oversupply in 2025 (around 0.7m b/day oversupplied so far this year) and we believe that this will continue, but moderate, through 2026. This oversupply view is in stark contrast to OPEC's opinion that the market remains in undersupply of around 1m b/day in both years.

Despite the oversupply, OECD oil inventories – which are instrumental in Brent and WTI oil price formation – are broadly flat on a year-to-date basis and are down on a year-over-year basis. It therefore appears that China has been tactically building strategic inventory during this the period of lower oil prices.

OECD total product and crude inventories, monthly, 2010 to July 2025

Source: IEA Oil Market Reports (August 2025 and older)

Oil prices already reflecting a well-telegraphed surplus market

The oil market is heading for a surplus in coming quarters that is well anticipated. Oil prices have weakened into the event (spot oil prices are down around 10% to $68/bl while long-dated prices have been broadly flat) in an ordered manner. In this respect, OPEC have been keeping the market informed and are allowing lower prices to initiate a rebalancing of supply and demand that should start to have an effect from later in 2026.

We do not see this as a change of strategy from OPEC. Saudi continue to lead the group, and they seek, as they have done for many years, to balance the market at a sensible price that allows them to maintain market share. We see Saudi as a rational and intelligent operator in the oil market, targeting an oil price that closes their fiscal deficit (according to the IMF, they require $91/bl to break even this year) but does not stress the world economy. Saudi's sweet spot for oil, therefore, appears to be in the $80-90/bl range. Defending an $80 oil price in 2025 would be less aggressive in real terms as the group's actions in 2006-2008 when they defended a nominal price of around $60/bl (c.$110/bl in today's money).

Defending $80/bl oil with sufficient market share has proved to be difficult to achieve in early 2025, hence Saudi's actions to rebalance the market. Looking ahead, spot oil prices over the next 12 months will be volatile, and with non-OPEC supply growth again next year, it is plausible that the spot oil price dips to the $60/bl level for a period. However, we maintain our long-term oil price average of $80/bl, a price that incentivises sufficient oil supply over the next few years while being 'good enough' for OPEC+ balance sheets.

Valuation of energy equities

Moves in energy equities so far this year have lifted the price-to-book (P/B) ratio for the energy sector at the end of August 2025 to around 1.7x, versus the S&P 500 trading at 5.3x. On a relative P/B basis versus the S&P500, therefore, the valuation of energy equities now sits at around 0.33x (down from 0.36x at the end of August 2024), and still more than two standard deviations below the long-term relationship.

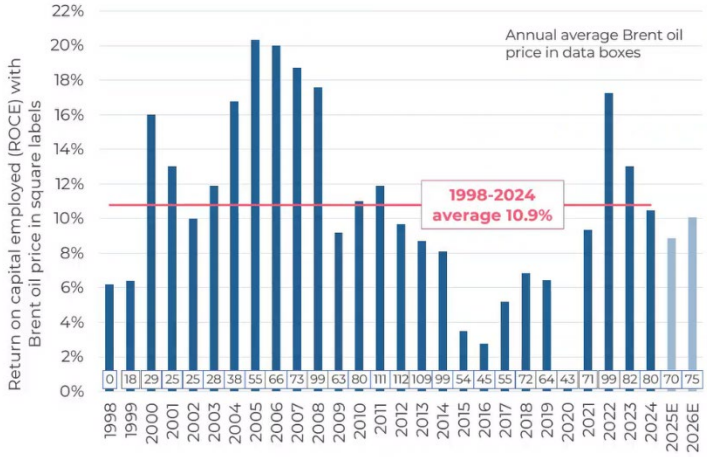
P/B of energy sector versus S&P 500

Sources: Bernstein; Bloomberg; Guinness Global Investors, August 2025

We keep a close eye on the relationship between the P/B ratio for the energy sector and return on capital employed (ROCE), which historically shows high correlation.

ROCE for the Guinness Global Energy portfolio in 2025 (assuming an average Brent oil price of $70/bl) will be around 9%, we think, a little below mid-cycle ROCE, which we peg at around 11%. However, current valuation implies that the ROCE of our companies will stay at about 4% on a long-term basis. If ROCE remains at around 9-10% and the market were to pay for it sustainably, it would imply an increase in the equity valuation of around 30-35%:

ROCE of current Guinness Energy portfolio



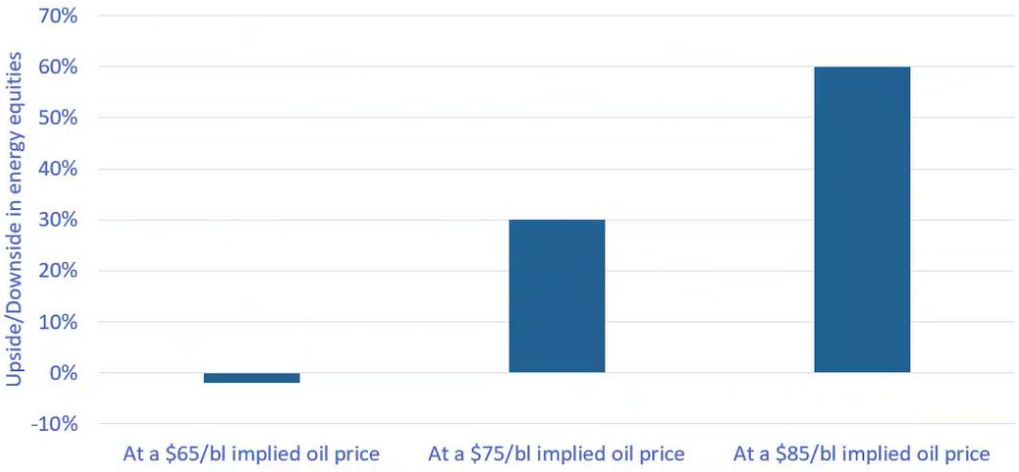
ROCE vs P/B multiple for Guinness Energy portfolio

Sources: Bloomberg; Guinness Global Investors, inc. estimates; August 2025

The higher ROCE is being supported by robust free cash generation. Assuming an average Brent oil price of $70/bl in 2025, we estimate the average free cashflow yield of our portfolio, after capital expenditure, to be around 8.4% and note that the 2025 estimated gross dividend yield of the portfolio currently sits at around 4.8%. Fixed dividends in the portfolio have generally been growing and have ample room to run further, given the high free cashflow yield. At our long-term oil price assumption of $80/bl, the average free cashflow yield rises to over 10%.

To consider valuation another way, we are often asked what oil price is implied in the portfolio, as a barometer of the expectation priced into the equities. At the end of June, we estimate that the valuation of our portfolio of energy equities reflected a long-term Brent/WTI oil price of around $67/bl. If the market were to price in a long-term oil price of $75/bl, on a one year forward view it would imply around 30% upside while there would be around 60% upside at a long-term oil price of $85/bl Brent (which is equivalent to $55 in 2007 prices):

Upside/downside for Guinness energy portfolio (1-year forward view)



Source: Guinness Global Investors, August 2025

In summary, at $70/bl Brent in 2025, our portfolio continues to trade at a significant valuation discount to the broader equity market, despite high shareholder return yields. We see good confidence that dividends can be maintained and supplemented by share buyback programmes, driven by a free cash flow yield of over 8% for the portfolio, which rises to over 10% at our long-term oil price assumption of $80/bl.

PERFORMANCE

The main index of oil and gas equities, the MSCI World Energy Index (net return), rose by 4.1% in August, while the MSCI World Index (net return) rose by 2.6% in USD.

Within the portfolio, August's strongest performers included Helix, Valero, TC Energy, BP and Schlumberger while the weakest performers included Sinopec, Kinder Morgan, Equinor, Williams and Petrochina.

Past performance does not predict future returns.

Guinness Global Energy Fund
Performance (in USD) as at 31.08.2025

Cumulative returns	YTD	1 year	3 years ann.	5 years ann.	Launch of strategy* ann. (31.12.98)
Guinness Global Energy Fund	14.0%	2.5%	8.0%	19.6%	8.2%
MSCI World Energy NR Index	11.5%	4.8%	8.3%	21.3%	6.4%

Calendar year returns	2024	2023	2022	2021	2020	2019	2018
Guinness Global Energy Fund	-1.3%	2.6%	32.4%	44.5%	-34.7%	9.8%	-19.7%
MSCI World Energy NR Index	2.7%	2.5%	46.0%	40.1%	-31.5%	11.4%	-15.8%
	2017	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**
Guinness Global Energy Fund	-1.3%	27.9%	-27.6%	-19.1%	24.4%	3.0%	-13.7%
MSCI World Energy NR Index	5.0%	26.6%	-22.8%	-11.6%	18.1%	1.9%	0.2%
	2010	**2009**	**2008***	**2007***	**2006***	**2005***	**2004***
Guinness Global Energy Fund	15.3%	61.8%	-48.2%	37.9%	10.0%	62.3%	41.0%
MSCI World Energy NR Index	11.9%	26.2%	-38.1%	29.8%	17.9%	28.7%	28.1%
	2003*	**2002***	**2001***	**2000***	**1999***		
Guinness Global Energy Fund	32.3%	6.7%	-4.1%	39.6%	22.5%		
MSCI World Energy NR Index	25.9%	-6.4%	-7.2%	6.0%	22.0%		

Source: FE fundinfo, Guinness Global Investors and Bloomberg, bid to bid, net of fees, gross income reinvested, in US dollars

*Calculation by Guinness Global Investors. *Simulated past performance prior to 31.03.2008, launch date of Guinness Global Energy Fund. The Guinness Global Energy investment team has been running global energy funds in accordance with the same methodology continuously since December 1998. These returns are calculated using a composite of the Investec GSF Global Energy Fund class A to 29.2.08 (managed by the Guinness team until this date); the Guinness Atkinson Global Energy Fund (sister US mutual fund) from 1.3.08 to 31.3.08 (launch date of this Fund), the Guinness Global Energy Fund class A (1.49% OCF) from launch to 02.09.08, and class Y (0.99% OCF) thereafter. Returns for share classes with a different OCF will vary accordingly.*

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 fund performance shown has been reduced by the current OCF of 0.99% per annum. Returns for share classes with different OCFs will vary accordingly. Performance returns do not reflect any initial charge; any such charge will also reduce the return.

Past performance does not predict future returns.

WS Guinness Global Energy Fund
Performance (in GBP) as at 31.08.2025

Cumulative returns	YTD	1 year	3 years ann.	5 years ann.
WS Guinness Global Energy Fund	7.0%	-0.6%	2.8%	19.8%
MSCI World Energy NR Index	3.3%	1.9%	3.1%	21.0%

Calendar year returns	2024	2023	2022	2021	2020	2019	2018
WS Guinness Global Energy Fund	-0.8%	-3.2%	49.9%	45.7%	-35.7%	12.6%	-6.3%
MSCI World Energy NR Index	4.5%	-3.3%	64.4%	41.4%	-33.6%	7.2%	-10.6%

	2017	2016	2015	2013	2012
WS Guinness Global Energy Fund	-7.2%	65.2%	-29.6%	-26.6%	-4.7%
MSCI World Energy NR Index	-4.1%	51.0%	-18.3%	-6.1%	15.9%

Source: FE fundinfo, bid to bid, net of fees, gross income reinvested, in GBP

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 fund performance shown has been reduced by the current OCF of 0.96% per annum. Returns for share classes with different OCFs will vary accordingly. Performance returns do not reflect any initial charge; any such charge will also reduce the return. Fund launched 21.04.2011.

PORTFOLIO

Buys/Sells

In August, we added positions in Williams Cos and TC Energy to the portfolio. Williams is a leading US energy infrastructure business with a strong bias to natural gas. The company operates Transco, one of the US's largest natural gas pipeline systems, the expansion of which will be a driver of earnings growth over the next few years. TC Energy is also a natural gas biased midstream company, but headquartered in Canada. TC's network of pipelines spans over 93,000km across Canada, the US and Mexico. The common theme across both purchases is exposure at reasonable price to the build-out of natural gas infrastructure, with gas shaping up to play a critical role in North America's power grid over the next five to 10 years.

Sector Breakdown

The following table shows the asset allocation of the Guinness Global Energy Fund at **August 31 2025**.

Asset allocation as %NAV	Current	*Change*	Last year end	Previous year ends								
	Aug-25		Dec-24	Dec-23	Dec-22	Dec-21	Dec-20	Dec-19	Dec-18	Dec-17	Dec-16	Dec-15	Dec-14
Oil & Gas	**98.1%**	***0.3%***	**97.8%**	**98.9%**	**97.4%**	**96.9%**	**94.8%**	**98.3%**	**96.7%**	**98.4%**	**96.7%**	**95.1%**	**93.7%**
Integrated	55.0%	*-0.2%*	*55.1%*	54.7%	54.7%	57.7%	56.3%	51.1%	46.4%	42.9%	46.4%	41.5%	37.3%
Exploration & Production	17.8%	*-1.4%*	*19.3%*	23.2%	23.1%	23.7%	22.2%	29.6%	35.8%	36.9%	35.8%	36.5%	36.2%
Drilling	0.0%	*0.0%*	*0.0%*	0.0%	0.0%	0.0%	0.0%	0.1%	2.2%	1.9%	2.2%	1.5%	3.3%
Equipment & Services	8.4%	*-1.3%*	*9.8%*	10.0%	9.0%	4.0%	4.6%	9.6%	8.6%	9.5%	8.6%	11.4%	13.4%
Storage & Transportation	10.9%	*2.9%*	*8.0%*	5.0%	4.8%	4.3%	4.4%	4.0%	0.0%	3.5%	0.0%	0.0%	0.0%
Refining & Marketing	5.9%	*0.3%*	*5.6%*	6.0%	5.8%	7.2%	7.3%	3.8%	3.7%	3.7%	3.7%	4.2%	3.5%
Solar	0.0%	*0.0%*	*0.0%*	0.2%	0.7%	1.0%	1.8%	0.7%	0.9%	1.4%	0.9%	4.7%	3.7%
Coal & Consumable Fuels	0.0%	*0.0%*	*0.0%*	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Construction & Engineering	0.0%	*0.0%*	*0.0%*	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash	1.9%	*-0.3%*	*2.2%*	0.9%	1.9%	2.1%	3.3%	1.1%	2.4%	0.2%	2.4%	0.2%	2.6%

Source: Guinness Global Investors. Basis: Global Industry Classification Standard (GICS)

The Fund at end of August 2025 was on a price to earnings (PE) ratio for 2025/2026 of 13.0x/12.3x versus the MSCI World Index at 21.5x/19.4x as set out in the following table:

As at 31 August 2025	PE		
	2024	2025E	2026E
Guinness Global Energy Fund	11.8x	13.0x	12.3x
MSCI World Index	23.4x	21.5x	19.4x
Fund Premium/(Discount)	*-49%*	*-40%*	*-37%*

Source: Bloomberg; Guinness Global Investors

Portfolio holdings

Our integrated and similar stock exposure (c.55%) is comprised of a mix of mid-cap, mid/large-cap and large-cap stocks. Our five large-caps are Chevron, BP, ExxonMobil, Shell and TotalEnergies. Mid/large and mid-caps are ENI, Equinor, GALP, Repsol and OMV. At August 31 2025, the median P/E ratio of this group was 11.4x 2025 earnings. We also have three Canadian integrated holdings, Suncor, Cenovus and Imperial Oil. All three companies have significant exposure to oil sands in addition to downstream assets.

Our exploration and production holdings (c.18%) give us exposure most directly to rising oil and natural gas prices. We include in this category non-integrated oil sands companies, as this is the GICS approach. The stock here with oil sands exposure is Canadian Natural Resources. The pure E&P stocks have a bias towards the US (EOG, Diamondback and Devon), with one other name (ConocoPhillips) having a mix of US and international production. One of the key metrics behind a number of the E&P stocks held is low enterprise value / proven reserves.

We have exposure to two emerging market stocks, Petrochina and Sinopec, which in total represent around 4.1% of the portfolio.

The portfolio contains four midstream holdings, Enbridge, Kinder Morgan, Williams Cos and TC Energy. These represent four of North America's largest pipeline companies. With the growth of hydrocarbon demand expected in the US and

Canada over the next five years, especially natural gas, we believe each company are well placed to execute their pipeline and energy infrastructure expansion plans.

We have reasonable exposure to oil service stocks, which comprise just over 8% of the portfolio. The stocks we own provide exposure to both North American and international oil and natural gas development.

Our independent refining exposure is currently in the US in Valero, the largest of the US refiners. Valero has a reasonably large presence on the US Gulf Coast and is benefitting from a recovery in refining margins.

Portfolio at July 31 2025 (for compliance reasons disclosed one month in arrears)

Guinness Global Energy Fund (31 July 2025)			P/E			EV/EBITDA			Price/Book		
Stock	**ISIN**	**% of NAV**	**2024**	**2025E**	**2026E**	**2024**	**2025E**	**2026E**	**2024**	**2025E**	**2026E**
Integrated Oil & Gas											
Exxon Mobil Corp	US30231G1022	5.3%	14.3x	16.5x	14.2x	7.8x	7.4x	6.8x	1.8x	1.9x	1.8x
Chevron Corp	US1667641005	5.4%	18.1x	19.4x	15.8x	9.0x	8.4x	7.3x	1.8x	1.9x	1.9x
Shell PLC	GB00BP6MXD84	6.0%	9.5x	11.6x	10.9x	4.1x	4.6x	4.7x	1.2x	1.2x	1.2x
Total SA	FR0000120271	5.1%	7.5x	8.7x	8.3x	4.3x	4.7x	4.8x	1.3x	1.1x	1.1x
BP PLC	GB0007980591	4.8%	11.6x	12.5x	11.0x	4.5x	4.2x	4.1x	1.4x	1.3x	1.3x
Equinor ASA	NO0010096985	3.4%	8.5x	8.9x	8.6x	1.8x	1.8x	1.9x	1.7x	1.6x	1.5x
ENI SpA	IT0003132476	3.9%	10.5x	10.1x	9.7x	4.2x	4.3x	4.2x	1.0x	0.9x	0.9x
Repsol SA	ES0173516115	3.7%	7.1x	6.0x	5.7x	4.6x	3.6x	3.5x	0.7x	0.6x	0.5x
Galp Energia SGPS SA	PTGAL0AM0009	3.7%	12.3x	13.9x	13.2x	4.7x	5.4x	5.0x	3.0x	2.6x	2.4x
OMV AG	AT0000743059	3.3%	6.3x	8.7x	8.0x	3.4x	4.0x	4.1x	1.0x	0.9x	0.9x
		44.6%									
Integrated / Oil & Gas E&P - Canada											
Suncor Energy Inc	CA8672241079	4.3%	11.1x	13.1x	13.3x	4.6x	5.3x	5.4x	1.6x	1.5x	1.5x
Canadian Natural Resources Ltd	CA1363851017	3.5%	15.3x	12.6x	13.3x	6.7x	6.3x	6.4x	2.4x	2.2x	2.2x
Cenovus Energy Inc	CA15135U1093	2.9%	12.4x	15.1x	15.2x	4.6x	5.1x	4.8x	1.4x	1.3x	1.3x
Imperial Oil Ltd	CA4530384086	4.5%	12.7x	15.0x	16.8x	7.4x	8.3x	9.1x	2.6x	2.4x	2.3x
		15.2%									
Integrated Oil & Gas - Emerging market											
PetroChina Co Ltd	CNE1000003W8	2.7%	7.5x	8.1x	8.0x	3.6x	3.9x	3.8x	0.9x	0.8x	0.8x
		2.7%									
Oil & Gas E&P											
ConocoPhillips	US20825C1045	4.3%	12.3x	15.0x	14.1x	5.9x	5.4x	5.4x	1.9x	1.9x	1.8x
EOG Resources Inc	US26875P1012	3.6%	10.3x	12.2x	11.0x	5.0x	5.4x	4.9x	2.3x	2.1x	1.9x
Diamondback Energy Co	US25278X1090	3.1%	9.4x	11.0x	11.6x	7.9x	5.8x	6.0x	1.1x	1.0x	1.0x
Devon Energy Corp	US25179M1036	2.4%	6.9x	8.5x	7.9x	3.9x	4.0x	3.9x	1.5x	1.4x	1.2x
		13.4%									
International E&Ps											
Pharos Energy PLC	GB00B572ZV91	0.1%	13.7x	48.1x	28.8x	1.2x	1.4x	1.2x	0.4x	0.4x	0.3x
		0.1%									
Midstream											
Kinder Morgan Inc	US49456B1017	4.2%	23.7x	22.1x	21.0x	14.2x	11.5x	11.1x	2.0x	2.0x	2.0x
Enbridge Inc	CA29250N1050	3.8%	21.2x	19.5x	18.3x	15.9x	12.0x	11.6x	2.2x	2.2x	2.2x
		8.0%									
Equipment & Services											
Schlumberger Ltd	AN8068571086	2.6%	9.1x	11.7x	11.1x	5.7x	7.3x	6.8x	2.2x	2.1x	2.0x
Halliburton Co	US4062161017	2.2%	7.7x	10.7x	10.4x	4.8x	6.4x	6.5x	1.9x	1.8x	1.7x
Baker Hughes a GE Co	US05722G1004	3.0%	19.7x	18.7x	17.1x	9.9x	10.2x	9.4x	2.6x	2.3x	2.3x
Helix Energy Solutions Group Inc	US42330P1075	0.6%	12.6x	30.3x	15.4x	3.1x	5.1x	4.2x	0.6x	0.6x	0.5x
		8.4%									
Oil & Gas Refining & Marketing											
China Petroleum & Chemical Corp	CNE1000002Q2	1.6%	10.2x	10.9x	9.6x	6.0x	6.0x	5.6x	0.6x	0.6x	0.6x
Valero Energy Corp	US91913Y1001	4.2%	16.0x	18.3x	13.3x	7.4x	8.3x	7.2x	1.8x	1.8x	1.7x
		5.8%									
Research Portfolio											
EnQuest PLC	GB00B635TG28	0.5%	n.m.	12.2x	5.0x	1.6x	1.9x	2.0x	0.6x	0.6x	0.6x
Diversified Energy Company	GB00BQHP5P93	0.4%	8.3x	7.6x	7.9x	12.2x	3.5x	3.5x	1.7x	1.0x	1.2x
		0.9%									
Cash	**Cash**	**1.0%**									

The Fund's portfolio may change significantly over a short period of time; no recommendation is made for the purchase or sale of any particular stock.

OUTLOOK

i) Oil market

The table below illustrates the difference between the growth in world oil demand and non-OPEC supply since 2015:

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E
											IEA
World Demand	***95.3***	***96.4***	***98.2***	***99.5***	***100.7***	***91.8***	***97.4***	***100.0***	***102.2***	***103.1***	***103.7***
Non-OPEC supply (inc NGLs)	*62.1*	*61.5*	*62.5*	*65.0*	*67.0*	*64.4*	*65.0*	*66.9*	*69.3*	*70.2*	*71.7*
OPEC NGLs	*5.2*	*5.3*	*5.4*	*5.5*	*5.3*	*5.2*	*5.3*	*5.5*	*5.5*	*5.5*	*5.7*
Non-OPEC supply plus OPEC NGLs	**67.3**	**66.8**	**67.9**	**70.5**	**72.3**	**69.6**	**70.3**	**72.4**	**74.8**	**75.7**	**77.4**
Call on OPEC (crude oil)	**28.0**	**29.6**	**30.3**	**29.0**	**28.4**	**22.2**	**27.1**	**27.6**	**27.4**	**27.4**	**26.3**
Congo supply adjustment	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Gabon supply adjustment	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Eq Guinea supply adjustment	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Call on OPEC-9 (crude oil)	**27.4**	**29.0**	**29.7**	**28.4**	**27.8**	**21.6**	**26.5**	**27.0**	**26.8**	**26.8**	**25.7**

Source: Bloomberg; IEA; Guinness Global Investors, Sept 2025

Global oil demand in 2019 was 13m b/day higher than the pre-Financial Crisis (2007) peak. The demand picture for 2020, down by around 9m b/day, was heavily clouded by the impact of the COVID-19 virus and efforts to mitigate its spread. Demand rebounded between 2020 and 2024 by over 11m b/day, leaving overall consumption in 2024 2.4m b/day higher than the 2019 peak.

OPEC

The last few years have proved testing for OPEC. They have tried to keep prices strong enough that OPEC economies are not running excessive deficits, whilst not pushing the price too high and over-stimulating non-OPEC supply.

The effect of $100+/bl oil, enjoyed for most of the 2011-2014 period, emerged in 2014 in the form of an acceleration in US shale oil production and an acceleration in the number of large non-OPEC (ex US onshore) projects reaching production. OPEC met in late 2014 and responded to rising non-OPEC supply with a significant change in strategy to one that prioritised market share over price. Post the November 2014 meeting, OPEC not only maintained their quota but also raised production significantly, up by 2.5m b/day over the subsequent 18 months. This contributed to an oversupplied market in 2015 and 2016.

In late 2016, faced with sharply lower oil prices, OPEC stepped back from their market share stance, announcing plans for the first production cut since 2008. The announcement included a cut in production from Russia (a non-OPEC country), creating for the first time the concept of an OPEC+ group.

OPEC-9 oil production to July 2025

('000 b/day)	31-Dec-19	30-Jun-25	31-Jul-25	Current vs Dec 2019	Current vs last month
Saudi	9,730	9,370	**9,530**	-200	160
Iran	2,080	3,370	**3,310**	1,230	-60
Iraq	4,610	4,210	**4,230**	-380	20
UAE	3,040	3,400	**3,500**	460	100
Kuwait	2,710	2,470	**2,500**	-210	30
Nigeria	1,820	1,560	**1,580**	-240	20
Venezuela	730	900	**900**	170	0
Libya	1,110	1,280	**1,300**	190	20
Algeria	1,010	930	**940**	-70	10
OPEC-9	**26,840**	**27,490**	**27,790**	**950**	**300**

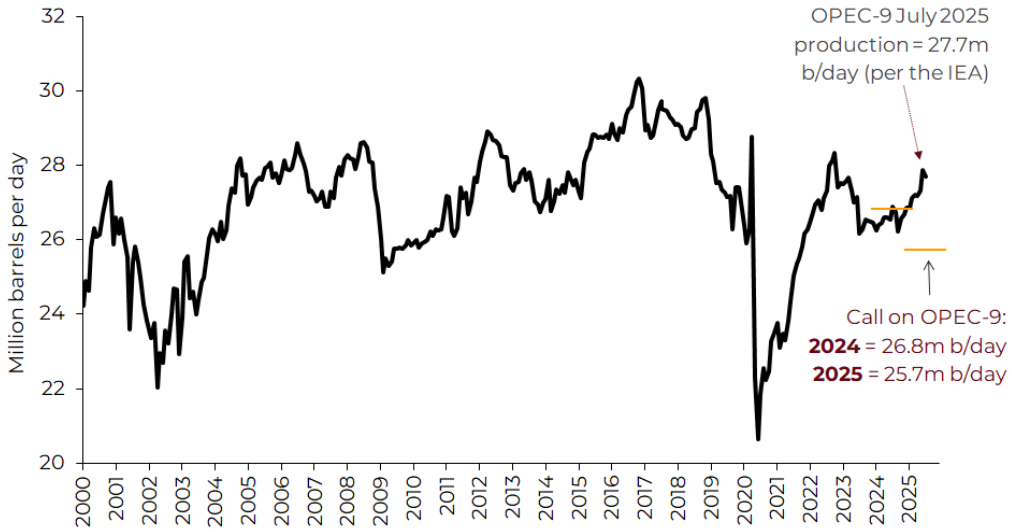
Source: Bloomberg; Guinness Global Investors, 30.6.2025

The 2017-19 period continued to be volatile for OPEC, with further production cuts necessary to balance ongoing non-OPEC supply growth.

The challenge for OPEC+ then ballooned in 2020 with the onset of COVID around the world. Initially, OPEC and their non-OPEC partners failed to reach agreement around their response to demand from the spread of the virus, precipitating a fall-out between participants and a short-lived price war. In light of extreme oil market oversupply, OPEC and non-OPEC partners reconvened in April 2020 and confirmed a deal to cut their production by nearly 10m b/day.

In mid 2021, with demand largely recovered after COVID, the OPEC+ group agreed to taper their quota cuts until late 2022. The actions of OPEC through the pandemic gave us confidence that OPEC was looking to do 'what it takes' to keep the market in balance, despite extreme challenges. Since the end of 2022, OPEC have adjusted their production to match closely the prevailing call on the group, whilst mindful that any loss of market share must not stretch too far. Most recently, over the summer of 2025, the group has increased quotas sharply, taking advantage of low inventories to bring its oil back to market.

OPEC-9 apparent production vs call on OPEC 2000 – 2025



Source: IEA Oil Market Report (August 2025 and prior); Guinness estimates

OPEC's actions in recent years have generally demonstrated a commitment to delivering a reasonable oil price to satisfy their own economies but also to incentivise investment in long-term projects. Saudi's actions at the head of OPEC have been designed to achieve an oil price that to some extent closes their fiscal deficit (c.$95/bl is needed to close the gap fully), whilst not spiking the oil price too high and over-stimulating non-OPEC supply.

In the shorter term, the COVID-19 and Russia/Ukraine crises have created particularly challenging conditions, adding to oil price volatility. Longer-term, we believe that Saudi seek a 'good' oil price, one that satisfies their fiscal needs. Overall, we reiterate two important criteria for Saudi:

1. Saudi is interested in the average price of oil that they get; they have a longer investment horizon than most other market participants.

2. Saudi wants to maintain a balance between global oil supply and demand to maintain a price that is acceptable to both producers and consumers.

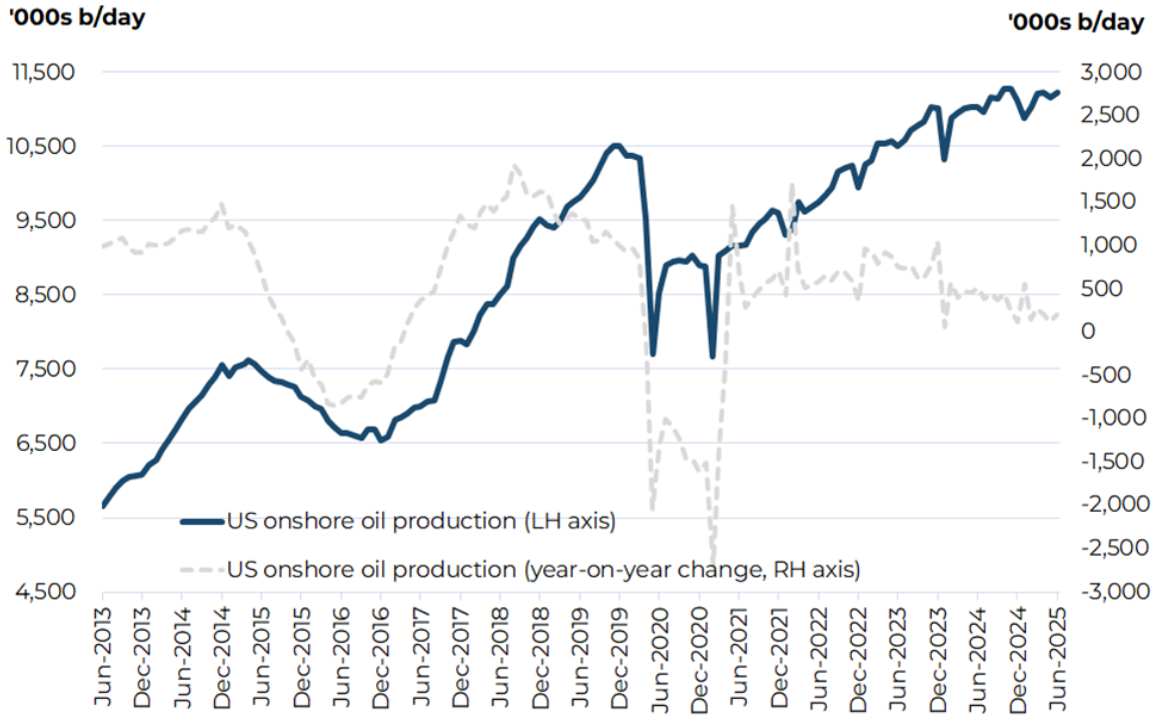
Nothing in the market in recent years has changed our view that OPEC can put a floor under the price – as they did in 2020, 2018, 2016, 2008, 2006, 2001 and 1998.

Supply looking forward

The non-OPEC world has, since the 2008 financial crisis, grown its production more meaningfully than in the period before 2008. The growth was 0.9% p.a. from 2001-2008, increasing to 1.7% p.a. from 2009-2024.

Growth in the non-OPEC region since the start of the last decade has been dominated by the development of shale oil and oil sands in North America (up around 8m b/day since 2010), implying that the rest of the non-OPEC region has barely grown over this period, despite the sustained high oil price until mid-2014.

US onshore oil production



Source: EIA; Guinness Global Investors, September 2025

The growth in US shale oil production, especially the Permian Basin, raises the question of how much more there is to come and at what price. Our assessment is that US shale oil is capital-intensive but some growth is viable, on average, at around $70 oil prices. In particular, there appears to be ample inventory in the Permian Basin to maintain volumes into the late-2020s. The rate of development is heavily dependent on the cashflow available to producing companies, and the underlying cost of services to drill and fracture the wells. Since 2019, we have seen increased shareholder pressure successfully applied to US E&P companies to improve their capital discipline and to cut their reinvestment rates.

The collapse in oil prices at the start of 2020 to a level well below $50/bl changed the landscape, with US E&P companies reducing capital spending further as they attempted to live within their cashflows. Shale oil production dropped by nearly 3m b/day in 2020 (peak to trough) and took nearly three years to recover to the previous peak of late 2019.

Non-OPEC supply growth outside the US has been sustained in recent years, by a handful major project additions, notably in Guyana and Brazil. Net growth remains sluggish, however, as much of the new oil has been required to offset natural declines in more mature basins.

Future demand

The IEA estimate that 2025 oil demand will rise by around 0.7m b/day to 103.7m b/day, 3m b/day ahead of the 2019 pre-COVID peak. Post the COVID demand recovery, the world is settling back into annual oil demand growth of plus or minus 1m b/day, led by increased use in the non-OECD region. China has been, and continues to be, a key – although no longer major - part of this growth and signs are emerging that India will also grow well.

The trajectory of global oil demand over the next few years will be a function of global GDP, the pace of the 'consumerisation' of developing economies, the development of alternative fuels, and price. At $80/bl, the world oil bill as a percentage of GDP is around 2.7%, and this will still be a stimulant of further demand growth. If oil prices were in a higher range (say around $115/bl, representing 3.8% of GDP), we would probably return to the pattern established over the past five years, with a flatter picture in the OECD more than offset by growth in the non-OECD area. Flatter OECD demand reflects improving

oil efficiency over time, dampened by economic, population and vehicle growth. Within the non-OECD, population growth and rising oil use per capita will both play a significant part.

We keep a close eye on developments in the 'new energy' vehicle fleet (electric vehicles; hybrids etc). Sales of electric vehicles (pure electric and plug-in hybrid electrics) globally were around 17m in 2024, up from 14m in 2023. We expect to see strong EV sales growth again in 2025, up to around 20m, exceeding 20% of total global sales. Even applying an aggressive growth rate to EV sales, we see EVs comprising only around 5-6% of the global car fleet by the end of 2025. Looking further ahead, we expect the penetration of EVs to accelerate, causing global gasoline demand to peak at some point in the middle of the 2020s. However, owing to the weight of oil demand that comes from sources other than passenger vehicles (around 75%), which we expect to continue growing linked to GDP, we expect total oil demand not to peak until around 2030.

Conclusions about oil

The table below summarises our view by showing our oil price forecasts for WTI and Brent in 2025 versus recent history.

Average WTI & Brent yearly prices, and changes

																			Est
Oil price ($/bl)	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
WTI	72	100	62	80	95	94	98	93	49	43	51	65	57	39	68	94	78	76	67
Brent	73	99	63	80	111	112	109	99	54	45	55	72	64	43	71	99	83	81	70
Brent/WTI average	**73**	**99**	**62**	**80**	**103**	**103**	**103**	**96**	**51**	**44**	**53**	**68**	**61**	**41**	**70**	**97**	**80**	**78**	**69**
Brent/WTI y-on-y change	-3%	37%	-37%	28%	29%	0%	0%	-7%	-47%	-13%	19%	29%	-11%	-32%	68%	39%	-17%	-2%	-13%
Brent/WTI (5yr MAV)	59	72	75	78	83	89	90	97	91	80	70	63	55	53	58	67	70	73	79

Source: Guinness Global Investors estimates, Bloomberg, May 2025

We believe that Saudi's long-term objective remains to maintain a 'good' oil price, something north of $80/bl. The world oil bill at around $80/bl represents 2.7% of 2024 global GDP, well under the thirty-year average level of around 3%.

ii) Natural gas market

US gas demand

On the demand side for the US, industrial gas demand and power generation gas demand (each about 25-35% of total US gas demand) are key. Commercial and residential demand, which make up a further quarter, have been fairly constant on average over the last decade – although yearly fluctuations due to the severity of winter weather can be marked.

US natural gas demand

Bcf/day	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E
US natural gas demand:														
Residential/commercial	19.2	22.4	23.4	21.4	20.5	20.9	23.4	23.5	21.5	21.5	23.2	21.5	21.0	22.6
Power generation	24.9	22.3	22.3	26.5	27.3	25.3	29.0	30.9	31.7	30.9	33.1	35.3	36.8	35.0
Industrial	19.7	20.3	20.9	20.6	21.1	21.6	23.0	23.1	22.3	22.5	23.2	23.3	23.7	23.7
Pipeline exports (Mexico)	1.8	1.9	1.9	2.7	3.8	4.0	4.6	5.1	5.4	5.9	5.7	6.1	6.4	6.7
LNG exports	-	-	-	0.1	1.0	2.6	2.8	4.8	6.4	9.7	12.0	12.7	12.6	15.9
Pipeline/plant/other	6.1	6.7	6.3	6.5	6.4	6.5	7.0	7.8	7.7	7.8	7.4	8.2	8.3	7.9
Total demand	**71.7**	**73.6**	**74.8**	**77.8**	**80.1**	**80.9**	**89.8**	**95.2**	**95.0**	**98.3**	**104.6**	**107.1**	**108.8**	**111.8**
Demand growth	**3.1**	**1.9**	**1.2**	**3.0**	**2.3**	**0.8**	**8.9**	**5.4**	**- 0.2**	**3.3**	**6.3**	**2.5**	**1.7**	**3.0**

Source: EIA; GS; Guinness estimates, June 2025

Industrial demand (of which around 35% comes from petrochemicals) trends up and down depending on the strength of the economy and the differential between US and international gas prices. Electricity gas demand (i.e. power generation) is affected by weather, in particular by warm summers, which drive demand for air conditioning, but the underlying trend depends on GDP growth and the proportion of incremental new power generation each year that goes to natural gas versus the alternatives of coal, nuclear and renewables. Gas has been taking market share in this sector: in 2022 38% of electricity generation was powered by gas, up from 22% in 2007. The big loser here is coal, which has consistently given up market share.

Total gas demand in 2024 (including Mexican and LNG exports) was around 108.8 Bcf/day, up by 1.7 Bcf/day versus 2023 and 13 Bcf/day higher than the pre-COVID level in 2019. The biggest contributor to the growth in demand in 2024 was power generation.

We expect US demand growth in 2025 of 3.0 Bcf/day, similar to the average growth seen between 2021 and 2024. Growth is expected to be driven by higher LNG exports and greater power generation demand. Beyond 2025, we expect to see a material increase in US LNG export capacity as higher international gas prices incentivise new LNG export investment. Proposed projects imply capacity growth of around 3 Bcf/day by the end of 2025 and a further 5-6 Bcf/day in 2026-2028, bringing total export capacity to over 20 Bcf/day by 2028.

US gas supply

Overall, whilst gas demand in the US has been strong over the past five years, it has been overshadowed by a rise in onshore supply, holding the gas price lower.

The supply side fundamentals for natural gas in the US are driven by three main moving parts: onshore and offshore domestic production, pipeline imports of gas from Canada, and LNG imports. Of these, onshore supply is the biggest component, making up over 90% of total supply.

US natural gas supply

Bcf/day	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E
US natural gas supply:														
US (onshore & offshore)	65.7	66.3	70.9	74.2	73.4	73.6	84.3	91.4	91.1	91.8	97.4	102.4	101.6	104.6
Net imports (Canada)	5.4	5.0	4.9	4.9	5.5	5.8	5.4	4.7	4.4	5.1	5.6	5.2	5.8	5.9
LNG imports & other	0.8	0.6	0.5	0.5	0.4	0.3	0.1	0.1	-	-	0.1	-	-	-
Total supply	**71.9**	**71.9**	**76.3**	**79.6**	**79.3**	**79.7**	**89.8**	**96.2**	**95.5**	**96.9**	**103.1**	**107.6**	**107.4**	**110.5**
Supply growth	2.4	-	4.4	3.3	- 0.3	0.4	10.1	6.4	- 0.7	1.4	6.2	4.5	- 0.2	3.1
(Supply)/demand balance	- 0.2	1.7	- 1.5	- 1.8	0.8	1.2	-	- 1.0	- 0.5	1.4	1.5	- 0.5	1.4	1.3

Source: EIA; GS; Guinness estimates, June 2025

Since 2010, the weaker gas price in the US reflects growing onshore US production driven by rising shale gas and associated gas production (a by-product of growing onshore US oil production). Interestingly, the overall rise in onshore production has come despite a collapse in the number of rigs drilling for gas, which has dropped from a 1,606 peak in September 2008 to a trough of 68 in July 2020, before recovering to 119 at the end of August 2025. However, offsetting the fall, the average productivity per rig has risen dramatically since 2020 as producers focus their attention on the most prolific shale basins, whilst associated gas from oil production has grown handsomely.

The outlook for gas production in the US depends on three key factors: the rise of associated gas (gas produced from wells classified as oil wells); expansion of the newer shale basins, principally the Marcellus/Utica, and the decline profile of legacy gas fields.

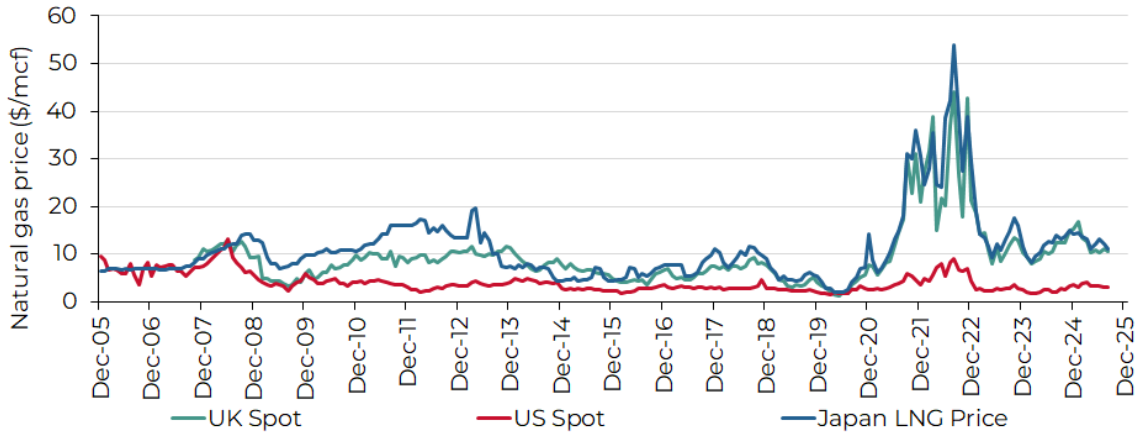
Associated gas production is expected to rise again in 2025 albeit at a slower pace (+0.8 Bcf/day) than in 2022 (+5.5 Bcf/day) and 2023 (+3.6 Bcf/day). Lower supply growth is expected from onshore properties as weaker natural gas prices have brought a lower rig count and lower investment.

Outlook for US LNG exports – global gas arbitrage

We expect the LNG market is going to be quite finely balanced over the next couple of years. In the event of moderate Chinese LNG demand and "normal" European winters, LNG supply and demand appear to be roughly in balance and global LNG prices appear to be fairly priced at around $10/mcf. However, stronger Asian demand (including South Korea and Japan as well as China) or a colder than expected European winter could easily see LNG in tight supply and cause international gas prices spike, although it is unlikely that they revert to the $40-$50 levels seen in winter 2022/2023.

Looking further ahead, we see international gas prices settling in a $9-11/mcf range. This price range should be sufficient to incentivise new US LNG supply to come online from 2025. It would also allow Europe to displace permanently almost all its Russian gas imports. An international gas price in the $9-11/mcf is well down on the highs seen in 2022, but would leave the market at a higher price point than that seen in the few years prior to COVID and the Russian invasion of Ukraine.

Global gas prices

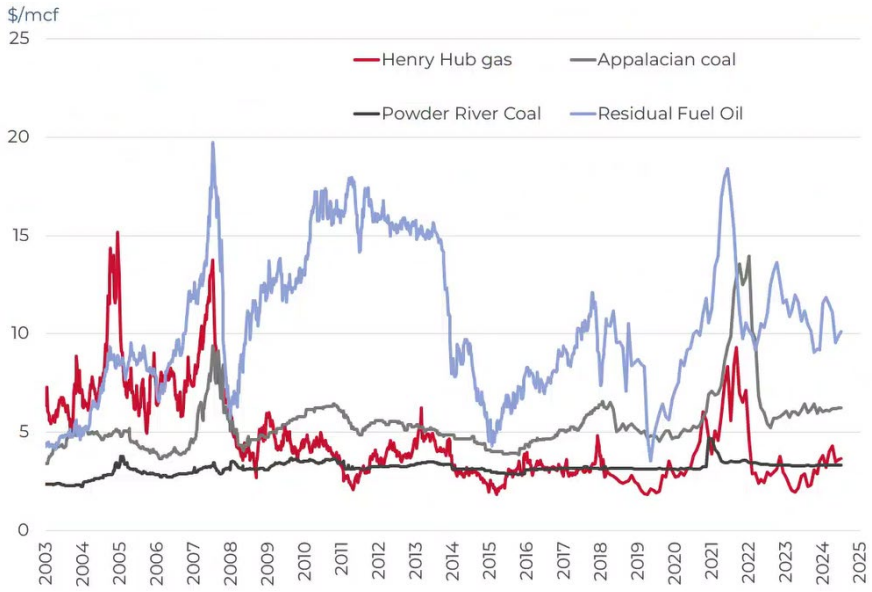


Source: Bloomberg; Guinness Global Investors, Sept 2025

Relationship with oil and coal

The following chart of the front month US natural gas price against heating oil (No 2), residual fuel oil (No 6) and coal (Sandy Barge adjusted for transport and environmental costs) seeks to illustrate how coal and residual fuel oil switching provide a floor and heating oil a ceiling to the natural gas price. When the gas price has traded below the coal price support level (2012 and 2016), resulting coal-to-gas switching for power generation was significant.

Natural gas versus substitutes (fuel oil and coal) - Henry Hub vs residual fuel oil, heating oil, Sandy Barge (adjusted) and Powder River coal (adjusted)



Source: Bloomberg; Guinness Global Investors, Sept 2025

Conclusions about US natural gas

The US natural gas price since 2010 has mainly fluctuated between $2 and $4/mcf. The extremes of this range have tended to coincide with warm and cold winters, and any sustained recovery over $3.50/mcf has generally been muted by strength in gas supply. With inflationary pressures, we estimate that new onshore supply has an incentive price of around $3.50/mcf. Assuming normal weather in 2025, we expect a Henry Hub price at around this level.

APPENDIX: Oil and gas markets historical context

Oil price (WTI $) since 1989

Source: Bloomberg, Sept 2025

For the oil market, the period since the Iraq/Kuwait war (1990/91) can be divided into four distinct periods:

1) **1990-1998:** broadly characterized by decline. The oil price steadily weakened 1991 – 1993, rallied between 1994 – 1996, and then sold off sharply, to test 20-year lows in late 1998. This latter decline was partly induced by a sharp contraction in demand growth from Asia, associated with the Asian crisis, partly by a rapid recovery in Iraq exports after the UN Oil for food deal, and partly by a perceived lack of discipline at OPEC in coping with these developments.

2) **1998-2014:** a much stronger price and upward trend. There was a very strong rally between 1999 and 2000 as OPEC implemented 4m b/day of production cuts. It was followed by a period of weakness caused by the rollback of these cuts, coinciding with the world economic slowdown, which reduced demand growth and a recovery in Russian exports from depressed levels in the mid 90's that increased supply. OPEC responded rapidly to this during 2001 and reintroduced production cuts that stabilized the market relatively quickly by the end of 2001.

   Then, in late 2002 early 2003, war in Iraq and a general strike in Venezuela caused the price to spike upward. This was quickly followed by a sharp sell-off due to the swift capture of Iraq's Southern oil fields by Allied Forces and expectation that they would win easily. Then higher prices were generated when the anticipated recovery in Iraq production was slow to materialise. This was in mid to end 2003 followed by a much more normal phase with positive factors (China demand; Venezuelan production difficulties; strong world economy) balanced against negative ones (Iraq back to 2.5 m b/day; 2Q seasonal demand weakness) with stock levels and speculative activity needing to be monitored closely. OPEC's management skills appeared likely to be the critical determinant in this environment.

   By mid-2004 the market had become unsettled by the deteriorating security situation in Iraq and Saudi Arabia and increasingly impressed by the regular upgrades in IEA forecasts of near record world oil demand growth in 2004 caused by a triple demand shock from strong demand simultaneously from China; the developed world (esp. USA) and Asia ex China. Higher production by OPEC has been one response and there was for a period some worry that this, if not curbed, together with demand and supply responses to higher prices, would cause an oil price sell off. Offsetting this has been an opposite worry that non-OPEC production could be within a decade of peaking; a growing view that OPEC would defend $50 oil vigorously; upwards pressure on inventory levels from a move from JIT (just in time) to JIC (just in case); and pressure on futures markets from commodity fund investors.

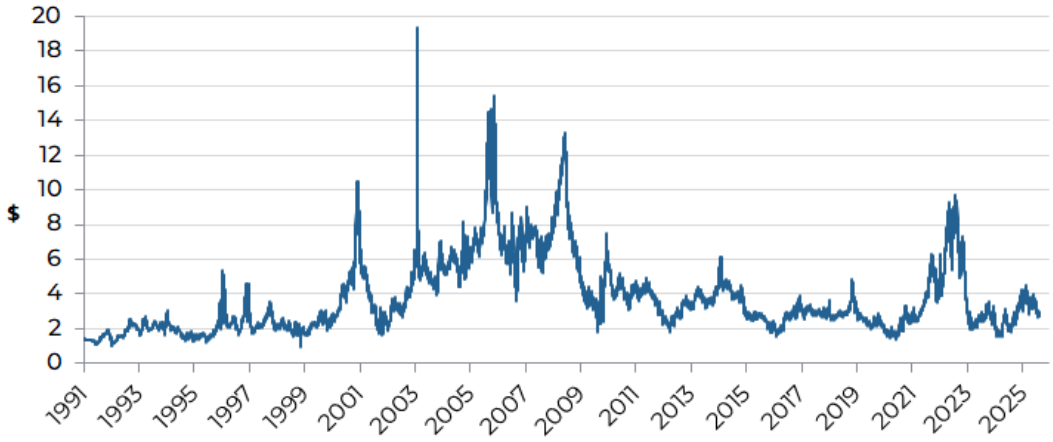
   Continued expectations of a supply crunch by the end of the decade, coupled with increased speculative activity in oil markets, contributed to the oil price surging past $90 in the final months of 2007 and as high as $147 by the middle of 2008. This spike was brought to an abrupt end by the collapse of Lehman Brothers and the financial crisis and recession that followed, all of which contributed to the oil price falling back by early 2009 to just above $30. OPEC responded decisively and reduced output, helping the price to recover in 2009 and stabilise in the $70-95 range where it remained for two years.

Prices during 2011-2014 moved higher, averaging around $100, though WTI generally traded lower than Brent oil benchmarks due to US domestic oversupply affecting WTI. During this period, US unconventional oil supply grew strongly, but was offset by the pressures of rising non-OECD demand and supply tensions in the Middle East/North Africa.

3) **2014-2020:** a further downcycle in oil. Ten years of high prices leading up to 2014 catalysed a wall of new non-OPEC supply, sufficient that OPEC saw no choice but to stop supporting price and re-set the investment cycle. Oil prices found a bottom in 2016 (as a result of OPEC and non-OPEC partners cutting production again), but its recovery was capped by the volume of new supply still coming into the market from projects sanctioned pre the 2014 price crash. Average prices were pinned 2017-19 in the $50-70/bl range, with prices at the top end of this rang stimulating oversupply from US shale. The alliance between OPEC and non-OPEC partners fell apart briefly in March 2020 and, coupled with an unprecedented collapse in demand owing to the COVID-19 crisis, oil prices dropped back below $30/bl, before recovering to around $50/bl by the end of 2020 thanks to renewed OPEC+ action.

4) **2021 onwards:** Underinvestment in new oil capacity in the 2015-2020 period catalysed the start of a new cycle in 2021, pushing prices above $75/bl.

North American gas price since 1991 (Henry Hub $/Mcf)



Source: Bloomberg, Sept 2025

With regard to the US natural gas market, the price traded between $1.50 and $3/Mcf for the period 1991 - 1999. The 2000s were a more volatile period for the gas price, with several spikes over $8/mcf, but each lasting less than 12 months. On each occasion, the price spike induced a spurt of drilling which brought the price back down. Excepting these spikes, from 2004 to 2008, the price generally traded in the $5-8 range. Since 2008, the price has averaged below $4 as progress achieved in 2007-8 in developing shale plays boosted supply while the 2008-09 recession cut demand. Demand has been extremely strong over the last decade but this has been outpaced by continued growth in onshore production, driven by the prolific Marcellus/Utica field and associated gas as a by-product of shale oil production.

North American gas prices are important to many E&P companies. In the short term, they do not necessarily move in line with the oil price, as the gas market is essentially a local one. (In theory 6 Mcf of gas is equivalent to 1 barrel of oil so $60 per barrel equals $10/Mcf gas). It remains a regional market more than a global market, though the development of the LNG industry is creating a greater linkage.

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GUINNESS GLOBAL ENERGY FUND

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