

# Guinness China A Share

## Responsible Investment Factsheet

31.12.2023

This is a marketing communication. Please refer to the prospectus and KID/KIID for the Fund, which contain detailed information on the Fund's characteristics and objectives, before making any final investment decisions. All data as at above date, unless otherwise stated. Past performance is not a reliable indicator of future results.

### Fund ESG Ratings

MSCI ESG Rating™:



CCC B BB BBB A AA AAA

Produced by MSCI ESG Research as of 26.01.24.

### SFDR Classification

Please see the fund's [Sustainability-related disclosures](#) and [SFDR Pre-contractual Disclosures](#), available on our website, for more information. [Periodic Reports](#) are also available.



### Fund Profile

#### Benchmark

MSCI China A Onshore Index

#### Investment Objective

An equity fund investing primarily in China A shares.

The Fund is actively managed and uses the MSCI China A Onshore Index as a comparator benchmark only.

#### Investment Case

The China A share market contains a significant portion of earnings compounders worldwide and now has nearly the same number of liquid stocks as the United States. Yet Chinese equity markets are far smaller relative to their share of global GDP - we believe that in the long-term, this gap is likely to narrow. China A shares also offer investors the benefit of low correlation to developed markets. The Guinness China A Share Fund invests in quality, profitable companies exposed to the structural growth themes we have identified in the China A share market.

#### Domicile

Ireland

### Other Documents

#### Corporate Documents

- Responsible Investment Policy
- Stewardship Code Report
- Good Governance Policy

#### Strategy Documents

- Approach to Responsible Investment and ESG
- Investment Case

### Fund Approach to Responsible Investment

#### ESG Integration



#### Exclusions<sup>1</sup>



Controversial weapons<sup>2</sup>



Thermal coal<sup>3</sup>



#### Voting



#### Engagement



<sup>1</sup>Further details can be found in our corporate [Exclusion Policy](#), available on our website.

<sup>2</sup>Cluster munitions, landmines and biological and chemical weapons.

<sup>3</sup>Companies that generate more than 30% of revenues via thermal coal extraction or thermal coal power generation.

### ESG Integration Summary

ESG analysis is incorporated into investment decision-making on an ongoing basis, accompanied by a detailed review of each company. The review considers the Environmental, Social and Governance risks facing the company, the ways in which management mitigates them and their progress in doing so. The company's business is first assessed for the material risks posed by the industry and by the company's operations. The review consists of company-specific analysis of these material and relevant Environmental and Social risks. Regardless of industry, each company is assessed on carbon risk and employee relations, as well as Governance. Further information is available in the investment team's Approach to Responsible Investment and ESG paper, available [here](#).

### Fund Weighted Average Carbon Intensity (WACI)\* in tCO<sub>2</sub>e/\$M revenue

The fund's carbon intensity is measured and reported over time. Due to the fund's launch in 2023, only a figure for 2023 is provided.



Source: Guinness Global Investors, CDP; Coverage: 77% (2023).

\*The Weighted Average Carbon Intensity (WACI) metric is calculated by multiplying the carbon intensity (emissions relative to revenue in millions USD) of each fund holding by its portfolio weight (the value of the holding relative to the total value of the portfolio, excluding cash). Carbon intensity is based on Scope 1 and 2 emissions. Scope 1 emissions are direct greenhouse gas emissions from sources that are owned or controlled by the company. Scope 2 emissions are indirect greenhouse gas emissions from the generation of energy purchased by the company (Reference: GHG Protocol). Coverage refers to the percentage of the carbon intensity data available at the date of publication for underlying fund holdings (as a percentage of total assets excluding cash).

## Stewardship

Stewardship activities are integral to the investment process applied by the team. We believe that resourcing our stewardship activities with the investment team itself, with dedicated assistance as required, is the best way to ensure effective stewardship. The investment team's ESG incorporation approach often informs their proxy voting and engagement activity. In a spirit of transparency, we disclose fund-level voting and engagement statistics and case studies for calendar year 2023 below.

## Voting

The investment team make their own voting decisions based on their own research, supported by proxy voting research from Glass Lewis. All voting is undertaken by the investment team, with oversight provided by our Responsible Investment Committee. In order to vote, some markets require shares to be temporarily immobilised from trading until after the shareholder meeting has taken place (referred to as 'share blocking'). Some other markets require a local representative to be hired, under a Power-of-Attorney (POA), to attend the meeting and vote on our behalf. In such instances, it may sometimes be in clients' best interests to refrain from voting. But in all other circumstances we endeavour to exercise our voting responsibilities on clients' behalf. For more information, please see our Voting Policy, available on our website.

Voting Overview*	
Number of available proposals	554
% voted	95%
% did not vote	5%
Other	100%
% votes in line with management	90%
% votes against management	10%



Votes against management by topic (%)\*\*

<span style="color: black;">●</span> Audit/Financials	2%
<span style="color: grey;">●</span> Board Related	34%
<span style="color: red;">●</span> Capital allocation	14%
<span style="color: green;">●</span> Compensation	12%
<span style="color: blue;">●</span> Other	38%

\*\*May not sum to 100% due to rounding.

\*1st January 2023 to 31st December 2023

Source: Glass Lewis; Guinness Global Investors (31.01.24)

## Voting Case Studies

### SUFEIYA

**Suofeiya** is a Chinese company that designs, produces, and sells customised wardrobes and related furniture. In November 2023, we voted against an extension to a resolution involving a share offering to two controlling shareholders for the repayment of bank loans and the replenishment of working capital. The share offering had been originally proposed in November 2022, and we had concerns over the shares' discount rate and lack of preemptive rights.

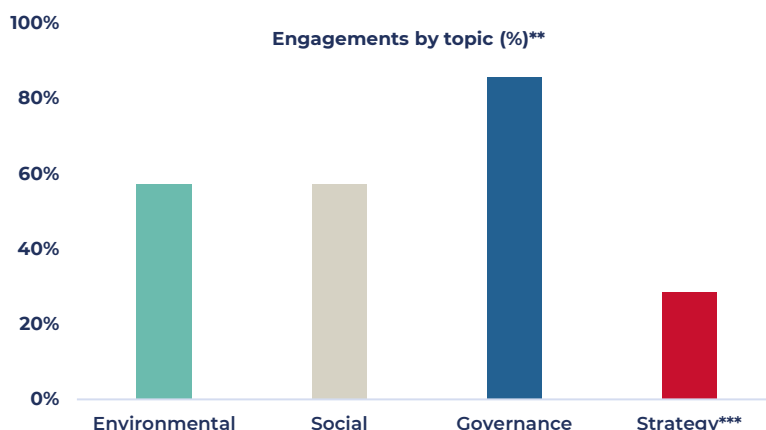


**Inner Mongolia Yili Industrial Group** is one of China's leading dairy products producers. In August 2023, we voted against proposals to approve the company's employee stock ownership plan (ESOP) and approve management rules for the 2023 stock ownership plan. The respective plans did not disclose the purchase price or discount rate of stocks granted to employees as long-term incentives, and we were concerned the price could be set at a significant discount, which we felt was not in the best interest of shareholders.

### Engagement

The investment team focused their engagements in 2023 around seeking improved ESG disclosures from portfolio companies. In May, members of the team travelled to China to visit some of the holdings in the fund.

Engagement Overview*	
Number of company interactions	7
Number of engagements	7
Engagements by topic	
Environment	57%
Social	57%
Governance	86%
Strategy***	29%



Source (table/graph): Glass Lewis; Guinness Global Investors (31.01.24)

\*1st January 2023 to 31st December 2023

\*\*In some cases, multiple topics are covered in a single meeting and the totals do not add up to 100%.

\*\*\*Strategy includes disclosures, opportunities in sustainable products, positive impact, and regulation.

### Engagement Case Studies

#### SUPOR 苏泊尔

**Zhejiang Supor** manufactures and sells cookware and home appliances across Asia and Europe. We contacted the company's Board Secretary in 2023, acting as a 'lead signatory' on behalf of the 2023 CDP Non-Disclosure Campaign, to encourage them to disclose to the CDP Climate Change questionnaire. We await a response from the management team and plan on contacting the company again during a scheduled trip to China in 2024.

#### HeT

**H&T Intelligent** is involved in the development, production and sales of high-end intelligent control systems. The company expects to benefit from the growth of Internet of Things (IoT) and electric vehicle (EV) trends. During 2023, we visited H&T Intelligent in China, asking the company to disclose its opportunities from EVs and energy storage solutions, that there are no chemicals of concern and no controversial raw materials used, as well as more details on remuneration and human capital management. We also discussed moving to audit and remuneration committees entirely composed of independent candidates, in line with best practice, and disclosing an anti-corruption policy. We await the publication of H&T's 2024 ESG report, and plan on meeting management in 2024.

### Collaborative engagement



We are a member of **CDP**, which allows us access to environmental data for all companies that report to CDP. Through our membership, we participate in collaborative engagements, such as the **CDP Non-Disclosure Campaign (NDC)**. The NDC aims to drive further corporate transparency around climate change, deforestation and water security, by encouraging companies to respond to CDP's disclosure requests. In 2023, we joined the **CDP Science-Based Targets (SBT) Campaign**, to encourage portfolio companies to commit to and set 1.5°C-aligned science-based targets.

## Initiatives

We participate in relevant industry initiatives to promote the proper functioning of markets, responsible investing, and the management of market-wide and systemic risk. Where appropriate, members of the investment team will use initiatives to engage collaboratively with portfolio companies.

### External company ratings

Signatory of:



We became signatories to the United Nations Principles for Responsible Investment (UN PRI) in 2019, which provides external assurance on our stewardship approach broken down by activity.

In our latest Assessment Report, published in 2023, we received the following scores:



**Policy Governance and Strategy**



**Direct - Listed Equity - Active Fundamental**



**Confidence Building Measures**

## Industry Initiatives



**CFA UK's** mission is to build a better investment profession by serving the public interest by educating investment professionals, by promoting and enforcing ethical and professional standards and by explaining what is happening in the profession to regulators, policymakers, and the media. A member of the investment team at Guinness is part of the Sustainability Community Champions group.



As the trade body for the UK investment management industry, the **Investment Association (IA)** seeks to represent the industry interests, improve the investment landscape through thematic initiatives, which highlight topics such as diversity and inclusion, and by improving standards and best practice.



The **Independent Investment Management Initiative (IIMI)** aims to contribute effective financial regulation and promote client-centred models of investment management. Our CEO, Edward Guinness sits on the board of IIMI.



We are public supporters of the **Task Force on Climate-Related Financial Disclosures (TCFD)**, and we seek to improve climate-related financial disclosure that is consistent, comparable, reliable, and clear to enhance our investment processes.



The **UK Stewardship Code 2020** sets high stewardship standards for those investing money on behalf of UK savers and pensioners. It comprises a set of 12 'apply and explain' Principles for asset managers and asset owners to demonstrate their stewardship role and performance.



The **UK Sustainable Investment and Finance Association (UKSIF)** aims to support its members to grow sustainable and responsible finance in the UK. It also seeks to influence policymaking that promotes the growth of sustainable finance. Our Responsible Investment Lead is a member of the Industry Development Committee, and another member of investment team serves on the Membership Committee.

# Guinness Global Equity Income

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MSCI ESG Research LLC's ("MSCI ESG") Fund Metrics and Ratings (the "Information") provide environmental, social and governance data with respect to underlying securities within more than 31,000 multi-asset class Mutual Funds and ETFs globally. MSCI ESG is a Registered Investment Adviser under the Investment Advisers Act of 1940. MSCI ESG materials have not been submitted nor received approval from, the US SEC or any other regulatory body. None of the Information constitutes an offer to buy or sell, or a promotion or recommendation of, any security, financial instrument or product or trading strategy, nor should it taken as an indication or guarantee of any future performance, analysis, forecast or prediction. None of the Information can be used to determine which securities to buy or sell or when buy or sell them. The Information is provided 'as is' and the user of the Information assumes the entire risk of any use it may make or permit to be made of the Information. The information contained herein: (1) is proprietary to MSCI ESG and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither MSCI ESG nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

**Documentation** The documentation needed to make an investment, including the Prospectus, the Key Information Documents (KIDs), Key Investor Information Document (KIIDs) 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) 4th Floor 35 Shelbourne Road, Ballsbridge, Dublin DO4 A4E, Ireland; or the Promoter and Investment Manager: Guinness Asset Management Ltd, 18 Smith Square, London SW1P 3HZ. Waystone Management Company (IE) as UCITS Man Co, 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 is available here:

<https://www.waystone.com/waystonepolicies/>

**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 KIID 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.