Guinness Emerging Markets Equity Income

Investment Commentary – May 2023

RISK

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

The Fund is an equity fund. Investors should be willing and able to assume the risks of equity investing. The value of an investment 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. Further details on the risk factors are included in the Fund's documentation, available on our website.

Past performance does not predict future returns.

ABOUT THE STRATEGY

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

OBJECTIVE

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

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COMMENTARY

Emerging markets were weaker in April and sold off. The MSCI Emerging Markets Net Total Return Index fell 2.7% (all performance figures in GBP unless stated otherwise). For the year to date, the fund leads the benchmark, up 0.1% versus the benchmark down 1.6%.

Emerging markets underperformed developed markets in the month, with the MSCI World Index down only 0.1% and the S&P 500 Index down 0.3%.

Leading the index down, Asia was the worst performing region, falling 4.1%. Latin America and EMEA (Europe, Middle East and Africa) both generated positive returns, up 0.8% and 2.1% respectively.

Growth again bore the brunt of the sell-off, down 4.4% versus the value index which fell 1.4%.

Among the largest countries, the best performing were Indonesia (+4.6%), Saudi Arabia (+4.1%) and India (+2.3%).

The worst performing countries were again China (-6.9%), Taiwan (-6.0%) and Thailand (-5.1%).

The strongest performers in the portfolio were Bajaj Auto (+12.6%), B3 (+12.3%) and Ping An (+9.0%).

The weakest performers were Banco Davivienda (-13.1%), Elite Material (-12.5%) and Shenzhou International (-10.8%).

US-China tensions ramped up again, following the visit of Taiwan's president to the US and a meeting with Kevin McCarthy, speaker of the House of Representatives. In response, China conducted three days of military drills in the seas off Taiwan.

Inflation data in the US showed an increase in core inflation, with the annual rate rising to 5.6% for March.

The UK confirmed it will be joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, or CPTPP.

Core inflation in the Eurozone reached a new high of 5.7%, even as headline inflation declined in March.

OPEC announced a surprise cut in production of 1.15m barrels per day, causing oil prices to jump.

Brent crude rose 2.0% over the full month to close at $81.30 per barrel.

Apple opened retail stores in Mumbai and Delhi, alongside efforts to develop its supply chain in India.

Emerging market currencies rose 1.1% and as the dollar index fell 0.8%.

MARKET REVIEW

Emerging markets have been trading sideways, range-bound over the past few months. Despite giving back a portion of their gains, markets are still off the October lows. Since 24 October to the end of April 2023, the MSCI Emerging Markets Index is up 5.0% in sterling terms.

Emerging markets have outperformed developed markets over this period as well, with the MSCI World Index up 2.9%, and the S&P 500 down 0.7% (a number which may come as a surprise to some).

Asia has been the leading region within emerging markets since 24 October, rising 8.5%, spurred by China (+18.7%) and Taiwan (+14.8%). Latin American and EMEA have been much weaker, with both regions declining by 5.8% over the time frame. In Latin America, the performance of the two largest countries has diverged sharply: Mexico has risen 15.2% versus Brazil which is *down* 15.2%.

Despite the sharp sell-off in growth stocks we have seen over the past months, growth has outperformed value over the full period, rising 5.5%, compared with 4.4% for value. However, the difference is clear if we look at this year to the end of April, where value has risen by 0.4%, compared with growth which has fallen 2.5%.

The fund has outperformed significantly over the period since 24 October with a number of very strong individual stock performances, principally Novatek, Jumbo and Ping An, all of which were up more than 50% in sterling terms.

We comment further on market developments in the outlook section below.

PORTFOLIO UPDATE

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

Suofeiya Home reported final results for the fourth quarter. Revenues for the fourth quarter were up 4%, with revenues for the full year up 8%. Earnings per share came in at RMB 1.17, up from RMB 0.13 in the prior year. Gross margins improved in the quarter as material price pressures have eased. Sales in the property developer channel are still weak, down 10% year-on-year, although we expect this to improve as there are indications that property markets conditions are improving. The final dividend for the year was declared at RMB 0.7, representing a 17% increase year-on-year. For 2023, management is targeting 15% revenue growth – this lower than previously guided, but still at an attractive level.

Following results that we commented on last month, Zhejiang Supor announced an increased dividend of RMB 3.03 per share, representing 57% growth year-on-year.

TSMC missed consensus expectations with first quarter results, which saw a 4% increase in revenues. March was a weaker month, with revenues declining 11% year-on-year, or down 15% month-on-month. Despite coming in below expectations, the market reaction was relatively muted.

Bajaj Auto announced that it will take over Triumph Motorcycles' Indian business unit. Triumph's 15 dealerships will come under Bajaj's control.

Tata Consultancy Services saw fourth (fiscal) quarter revenues up 17%. EBIT margin fell 0.5 percentage points to 24.5%, although earnings per share increased 16%. Comments from management indicate that clients remain cautious given the macro outlook. The company is seeing cuts across discretionary project spending, with little indication so far of this trend reversing. A final dividend of INR 24 per share was declared, representing 9% growth year-on-year.

Largan Precision announced results with revenue down 10% and gross margin down 4 percentage points to 49.4%. The company is continuing to experience weak demand, although it has seen some recovery in the low to mid-range segment. High-end demand, where the company is mainly focused, has so far continued to be weak.

OUTLOOK

The holding pattern that we have seen in range-bound emerging markets reflects the uncertainty investors face in the current economic environment.

On the one hand, China's economic recovery is in evidence after the reopening last year. Several positive data points have highlighted a strong first quarter rebound, while strong export data more recently shows the recovery still has steam. We expect the second half of the year to continue to demonstrate strength in many parts of China's economy, as demand across sectors normalises from depressed levels last year.

The threats to China's economy come principally from a slowing global economy, as politicians and central bankers in developed markets struggle with a slowdown combined with persistent inflation. The UK in particular has struggled with inflation numbers that are proving difficult to budge. Central bankers have recently reissued calls to exercise pay restraint – a reflection of the challenge of preventing a wage-price spiral when faced with inflation that is proving unresponsive to policy measures.

Heightened geopolitical tensions are also continuing to depress investor sentiment, although the strong export figures suggest that they are having a lesser impact on real demand. As budgets tighten in the Western world, arguably consumers' dependence on cheap imports is likely to increase (although offset by a falling demand for goods). And with an inflation gap persisting in the West versus China and Asian manufacturing countries, the comparative advantage from labour cost difference is likely to be become more pronounced.

We will continue to focus on high-quality companies that have delivered returns on capital above the cost of capital, persistently over time. Such companies have shown an ability to weather different economic conditions, while maintaining profitability.

Portfolio Managers

Edmund Harriss
Mark Hammonds

GUINNESS EMERGING MARKETS EQUITY INCOME FUND - FUND FACTS

Fund size	$6.3m
Fund launch	23.12.2016
Benchmark	MSCI Emerging Markets TR
Historic yield	4.3% (Y GBP Dist)

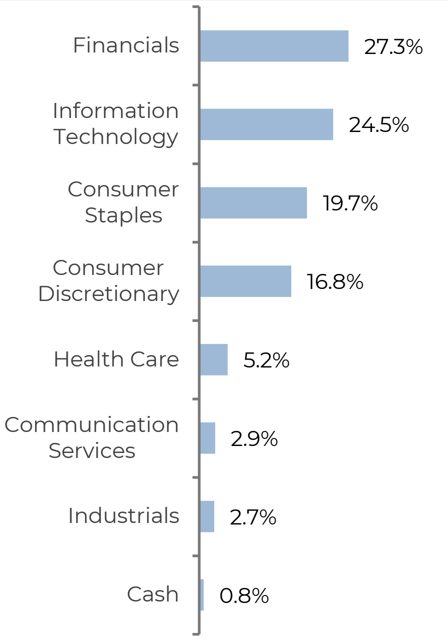
Historic yield reflects the distributions declared over the past 12 months expressed as a percentage of the mid-market price, as at the latest month end. It does not include any preliminary charges. Investors may be subject to tax on the distribution.

GUINNESS EMERGING MARKETS EQUITY INCOME FUND - PORTFOLIO

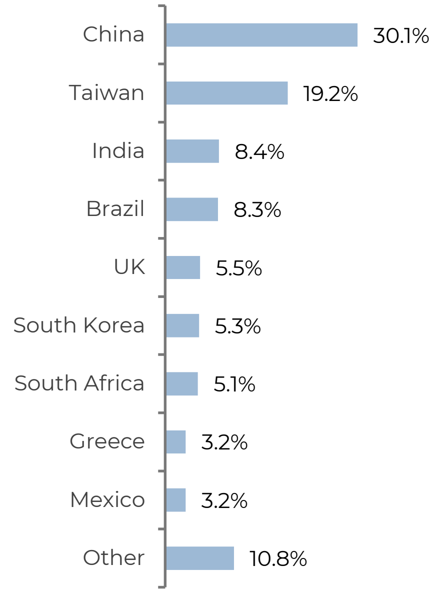
Top 10 holdings

Novatek Microelectronics	3.5%
Ping An Insurance	3.3%
Jumbo	3.2%
Coca-Cola Femsa	3.2%
Bajaj Auto	3.0%
Grape King Bio	3.0%
NetEase	2.9%
Inner Mongolia Yili Industrial	2.9%
British American Tobacco	2.9%
Credicorp	2.9%
Top 10 holdings	30.8%
Number of holdings	36

Sector



Country



Past performance does not predict future returns.

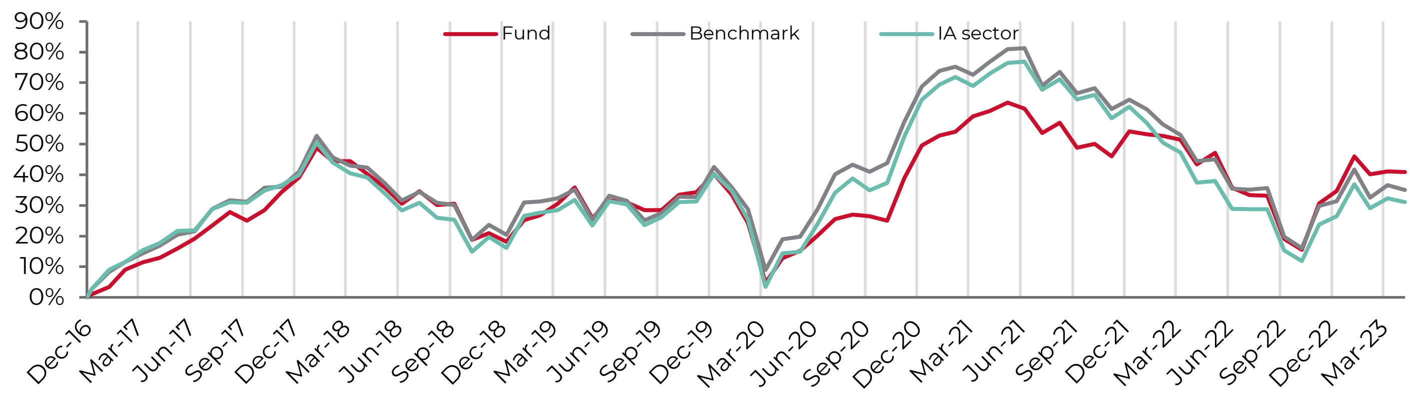
GUINNESS EMERGING MARKETS EQUITY INCOME FUND - CUMULATIVE PERFORMANCE

Total Return (GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-1.8%	+0.1%	-1.8%	+25.4%	+10.2%	-
MSCI Emerging Markets TR	-2.7%	-1.6%	-6.6%	+14.0%	+4.0%	-
IA Global Emerging Markets TR	-2.6%	-0.9%	-4.8%	+15.0%	+3.2%	-
Total Return (USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-0.2%	+4.6%	-1.7%	+24.9%	+0.5%	-
MSCI Emerging Markets TR	-1.1%	+2.8%	-6.5%	+13.5%	-5.1%	-
IA Global Emerging Markets TR	-0.9%	+3.6%	-4.7%	+14.6%	-5.9%	-
Total Return (EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-1.7%	+1.1%	-6.1%	+23.9%	+9.9%	-
MSCI Emerging Markets TR	-2.7%	-0.6%	-10.7%	+12.7%	+3.8%	-
IA Global Emerging Markets TR	-2.5%	+0.1%	-8.9%	+13.7%	+3.0%	-

GUINNESS EMERGING MARKETS EQUITY INCOME FUND - ANNUAL PERFORMANCE

Total Return (GBP)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fund	-1.6%	+4.0%	+3.4%	+14.2%	-9.8%	+25.8%	-	-	-	-
MSCI Emerging Markets TR	-10.0%	-1.6%	+14.7%	+13.9%	-9.3%	+25.4%	-	-	-	-
IA Global Emerging Markets TR	-12.2%	-0.5%	+13.7%	+16.0%	-11.8%	+24.4%	-	-	-	-
Total Return (USD)	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Fund	-12.6%	+3.1%	+6.7%	+18.8%	-15.1%	+37.7%	-	-	-	-
MSCI Emerging Markets TR	-20.1%	-2.5%	+18.3%	+18.4%	-14.6%	+37.3%	-	-	-	-
IA Global Emerging Markets TR	-22.0%	-1.4%	+17.3%	+20.7%	-16.9%	+36.2%	-	-	-	-
Total Return (EUR)	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Fund	-6.8%	+10.9%	-2.2%	+20.9%	-10.8%	+20.9%	-	-	-	-
MSCI Emerging Markets TR	-14.9%	+4.9%	+8.5%	+20.6%	-10.3%	+20.6%	-	-	-	-
IA Global Emerging Markets TR	-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 to 30.04.23. 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 current OCF for the share class used for the fund performance returns is 0.89%. Returns for share classes with a different OCF will vary accordingly. Transaction costs also apply and are incurred when a fund buys or sells holdings. The performance returns do not reflect any initial charge; any such charge will also reduce the return.

IMPORTANT INFORMATION

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.

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Documentation
The documentation needed to make an investment, including the Prospectus, the Key Information Document (KID) / Key Investor Information Document (KIID) and the Application Form, is available in English from www.guinnessgi.com or free of charge from:-
- the Manager: Link Fund Manager Solutions (Ireland) Ltd (LFMSI), 2 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland; or,
- the Promoter and Investment Manager: Guinness Asset Management Ltd, 18 Smith Square, London SW1P 3HZ.

LFMSI, 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.linkgroup.eu/policy-statements/irish-management-company/

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, Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva, Switzerland, Tel. +41 22 705 11 77, www.carnegie-fund-services.ch. The paying agent is Banque Cantonale de Genève, 17 Quai de l'Ile, 1204 Geneva, Switzerland.

Singapore
The Fund is not authorised or recognised by the Monetary Authority of Singapore ("MAS") and shares are not allowed to be offered to the retail public. The Fund is registered with the MAS as a Restricted Foreign Scheme. Shares of the Fund may only be offered to institutional and accredited investors (as defined in the Securities and Futures Act (Cap.289)) ('SFA') and this material is limited to the investors in those categories.

Telephone calls will be recorded and monitored