Guinness Emerging Markets Equity Income

Investment Commentary – June 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 traded marginally lower in May. The MSCI Emerging Markets Net Total Return Index fell 0.3% (all performance figures in GBP unless stated otherwise).

The fund underperformed, falling 0.8%.

For the year to date, the fund leads the benchmark, down 0.7% versus the benchmark down 1.9%.

Emerging markets underperformed developed markets in the month, with the MSCI World Index up 0.5% and the S&P 500 Index up 2.0%.

EMEA (Europe, Middle East and Africa) was the worst performing region, falling 4.5%. Asia and Latin America both generated positive performances, up 0.4% and 0.7% respectively.

Growth outperformed value this month, trading flat versus down 0.4% for value.

Among the largest countries, the best performing were Taiwan (+9.0%), Korea (+6.4%) and India (+4.5%).

The worst performing countries were South Africa (-12.7%), China (-7.0%) and Indonesia (-1.8%).

The strongest performers in the portfolio were Broadcom (+30.9%), Elite Material (+30.9%) and Largan Precision (+14.3%).

The weakest performers were Spar Group (-29.3%), Suofeiya Home (15.2%) and Shenzhou International (-13.8%).

US debt ceiling talks dominated the headlines, eventually resulting in an agreement being reached to suspend the borrowing limit for two years and to cap federal discretionary spending.

Headline inflation in the US fell to 4.9% in April, with core inflation down slightly to 5.5%.

Technology stocks rallied at the end of the month on a surge of enthusiasm relating to artificial intelligence. The trigger was guidance from US company Nvidia coming in much stronger than expected.

A slowing in China's economy was compounded by news of another wave of Covid infections in the country.

Erdogan won the Turkish election in a run-off at the end of the month.

Brent crude fell 11.5% over the month to close at $72 per barrel.

European natural gas fell back to levels last seen in mid-2021, falling to around €35 per megawatt hour.

Emerging market currencies fell 2.0% and as the dollar index rose 2.6%.

MARKET REVIEW

For the year to date, emerging markets are lower, down 1.3% to the end of May. However, this follows a strong recovery from the end of last year. Since the lows in October, emerging markets are still in positive territory, up 4.8% (from 24 October).

Weakness in Chinese equities has been notable in recent months, and over the year to date they are down 11.2%. Despite this, it is not the weakest of the largest emerging market countries – South Africa is down 15.7% over the five months.

Again, China's lacklustre performance follows a strong showing at the end of 2022, and since the October the country index is up 10.4%. A respectable performance, but significantly lagging other North Asian countries – Taiwan is up 25.1% and Korea is up 17.5% over the period. China nevertheless has outperformed the benchmark over that timeframe, as well as the emerging Asia regional index (up 9.0%).

As we have commented before, emerging markets have outperformed developed markets since 24 October as well, with the MSCI World Index up 3.4%, and the S&P 500 up only 1.3%.

Latin America has been the best performer this year, up 3.3% versus Asia down 1.1% and EMEA down 5.5%. Including the end of last year, however, the order changes. Since 24 October, Asia is by far the best performer, up 9.0% versus Latin America down 5.2% and EMEA down 10.0%.

While growth has underperformed this year so far (down 2.5% versus value unchanged), since 24 October, growth is up 5.5% versus value up 4.1%.

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:

Chinese dairy producer Yili reported results for the first quarter. Revenues were up 8%, although gross margins declined slightly by 0.5 percentage points to 27.0%. Net profits rose 3%. The company has benefited from improvements in product mix, selling more ice cream and milk powder. Management is also looking to shift customer demand towards its premium branded products to further benefit mix.

Broadcom's share price benefited from the announcement that Apple would be using the company's 5G components in the iPhone. Notably, Tim Cook drew attention to Apple's use of "technology engineered and built [in the United States]."

TSMC announced plans for a new plant in Germany as part of a joint venture with NXP Semiconductors. The plant is set to benefit from the recent sizeable EU subsidies designed to promote semiconductor manufacturing in the region.

Credicorp reported results for the first quarter. The Peruvian bank and financial services company achieved Return on Equity of 18.7%, up from 17.0% in the first quarter of 2022. Net income rose by 18.1% year-over-year, benefiting from better results in banking, where higher interest rates and loan balances led to strong growth of 29% in Net Interest Income. The insurance business also performed well during the period. The company's new payment network Yape continues to develop, and management commented that the business is on track to reach breakeven this year.

Porto Seguro, a Brazilian insurer, reported results for the first quarter. Net income, while down 40% quarter-on-quarter, was up 90% over the prior year, in line with consensus. Return on average equity of 12.4% was down on 22.3% in Q4 2022, but up from 7.5% in Q1 2022. Growth across the units was strong, up 27%, with insurance growing at 24%.

OUTLOOK

Markets are once again looking to the Fed as inflation has cooled at the headline level, in anticipation of a pause in interest rate hikes at the next meeting. While this seems likely to come to pass, the picture further out remains unclear. Core inflation persists at relatively high levels, with a tight labour market increasing the stickiness of the wages component within the index.

Several emerging market central banks are in a “wait and see” phase. If the Fed does pause, this eases the pressure on emerging markets as it prevents a deterioration in interest rate differentials. For central banks that put rates up early in the cycle, for example, Brazil, less pressure in the form of falling domestic inflation combined with unchanged US rates increases the probability of cuts to interest rates starting to come through.

China’s economic slowing has clearly spooked markets, but it is premature to call the cycle over. Manufacturing has exhibited some slowness, but it appears to be the usual cyclicality we expect from the sector. Other parts of the economy have held up relatively better, and we are optimistic that the benefits from reopening will continue to be felt by consumer and companies in the second half of the year.

The longer-term path for China is clearer. While the export economy has been the springboard for Chinese development, increasingly it will be domestic demand driving the country forwards. The advanced manufacturing that has grown up in China has been supercharged by huge levels of state investment – nascent industries (particularly those in high-tech or strategic areas) have been nurtured and sheltered until they reach the point at which they can compete on a global stage. Strong global demand over a generation has prompted huge gains in product quality and efficiency, and therefore higher productivity. Increasingly though, it will be Chinese, domestic demand that is pulling forwards improvements in manufacturing, in turn further boosting prosperity.

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.

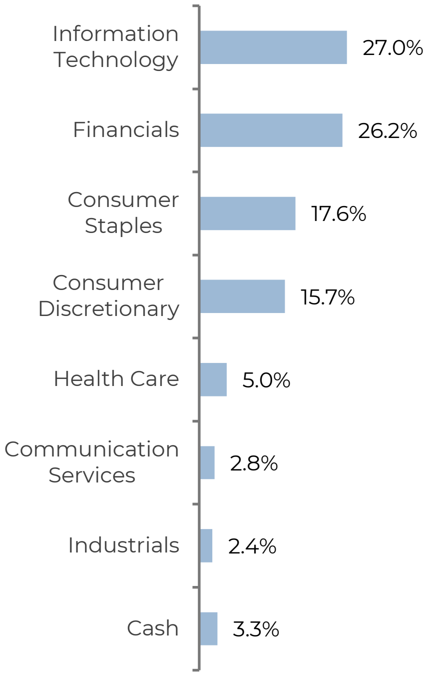
GUINNESS EMERGING MARKETS EQUITY INCOME FUND - PORTFOLIO

Top 10 holdings

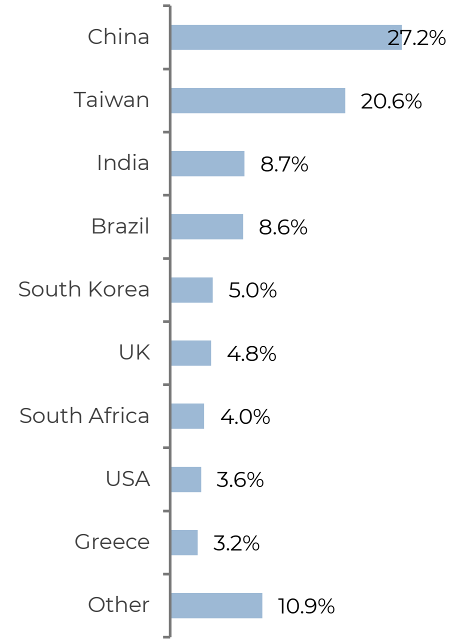
Broadcom Inc	3.6%
Novatek Microelectronics	3.5%
JUMBO SA	3.2%
Coca-Cola Femsa SAB de CV	3.2%
Elite Material Co Ltd	3.2%
Bajaj Auto Ltd	3.1%
B3 SA - Brasil Bolsa Balcao	3.0%
Largan Precision Co Ltd	2.9%
PING AN	2.9%
HYPERA SA	2.9%

Top 10 holdings	31.6%
Number of holdings	36

Sector



Country



Past performance does not predict future returns.

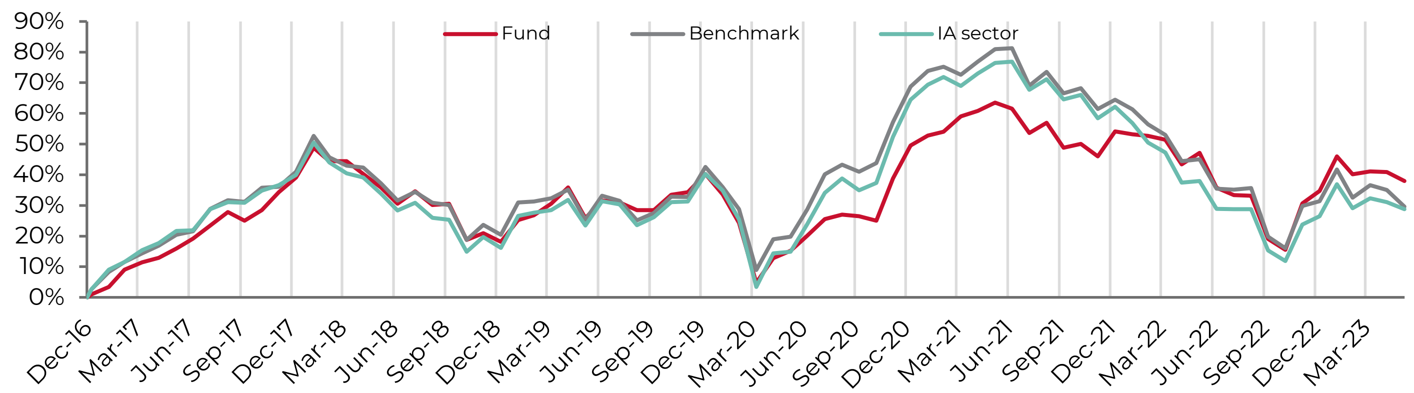
GUINNESS EMERGING MARKETS EQUITY INCOME FUND - CUMULATIVE PERFORMANCE

Total Return (GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-0.8%	-0.7%	-4.7%	+19.4%	+9.0%	-
MSCI Emerging Markets TR	-0.3%	-1.9%	-6.9%	+10.5%	+3.8%	-
IA Global Emerging Markets TR	-0.3%	-1.2%	-5.1%	+11.9%	+3.2%	-
Total Return (USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-2.1%	+2.4%	-6.3%	+19.7%	+1.5%	-
MSCI Emerging Markets TR	-1.7%	+1.1%	-8.5%	+10.8%	-3.3%	-
IA Global Emerging Markets TR	-1.7%	+1.8%	-6.7%	+12.1%	-3.8%	-
Total Return (EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	+1.4%	+2.5%	-5.8%	+24.9%	+11.1%	-
MSCI Emerging Markets TR	+1.8%	+1.2%	-8.0%	+15.6%	+5.9%	-
IA Global Emerging Markets TR	+1.8%	+1.9%	-6.2%	+17.0%	+5.3%	-

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 31.05.23. 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.

This document is provided for information only and all the information contained in it is believed to be reliable but may be inaccurate or incomplete; any opinions stated are honestly held at the time of writing, but are not guaranteed. The contents of the document should not therefore be relied upon. It should not be taken as a recommendation to make an investment in the Fund or to buy or sell individual securities, nor does it constitute an offer for sale.

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