Guinness China A Share

Investment Commentary – September 2023

RISK

This is a marketing communication. Please refer to the prospectus, KIDs and KIID 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. The Fund invests only in stocks of companies that are based in, or with significant business activities in China; it is therefore susceptible to the performance of that region. In addition, at least 80% of the assets will be in China A shares, which have a greater participation by retail investors than other markets, so its performance may be more volatile. 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	09.03.2023
Index	MSCI China A Onshore Index
Sector	IA China / Greater China
Managers	Sharukh Malik Edmund Harriss
Irish Domiciled	Guinness China A Share Fund

OBJECTIVE

The Fund invests in quality, profitable companies exposed to the structural growth themes we have identified in the China A share market. These themes are built upon changes we have seen in incomes, demographics, production advances and the application of technology in consumer, industrial and infrastructure settings. The Fund is actively managed and uses the MSCI China A Onshore Index as a comparator benchmark only.

CONTENTS

COMMENTARY

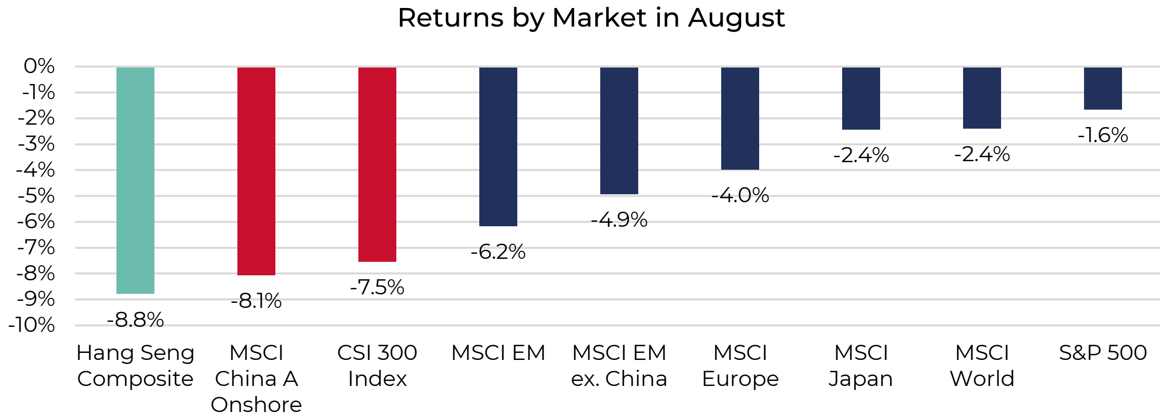
In August the MSCI China A Onshore Net Total Return Index fell by 6.7% in GBP.

The Fund's holdings in aggregate saw earnings fall by 2% in the first six months of the year, which was slightly better than the 4% contraction in earnings for the MSCI China A Onshore Index.

We argue that talk of the collapse of China's financial system is unwarranted. Markets are to an extent pricing in this scenario, whereas we argue China has the capital in place in the banking system to absorb losses arising from the property market and wider economy. Therefore, if markets are pricing in for a scenario which we think is unlikely, then this is an opportunity for investors. The China A Share Fund is trading on a forward year price earnings ratio of 19.9x which is one of the lowest valuations for the Fund's holdings over the past 10 years. This valuation does not appear often for the high quality, compounding stocks we hold in the Fund. Over the past decade, our holdings in aggregate have grown earnings by 15% a year.

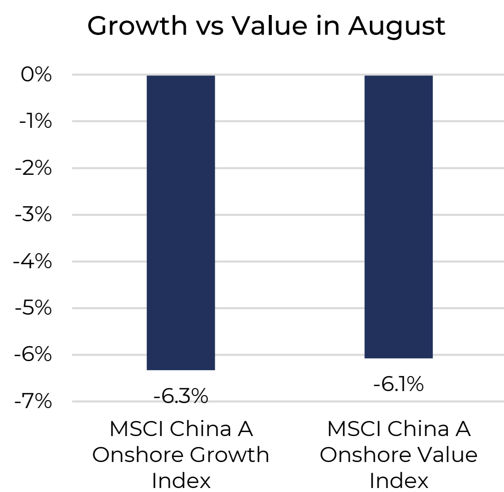
MARKET COMMENTARY

(Performance data in the section in USD terms unless otherwise stated)



(Data from 31/07/23 to 31/08/23,, returns in USD, source: Bloomberg, Guinness Global Investors calculations)

In August, the MSCI China A Onshore Index fell by 8.1.%, underperforming the MSCI World Index, which fell 2.4%.



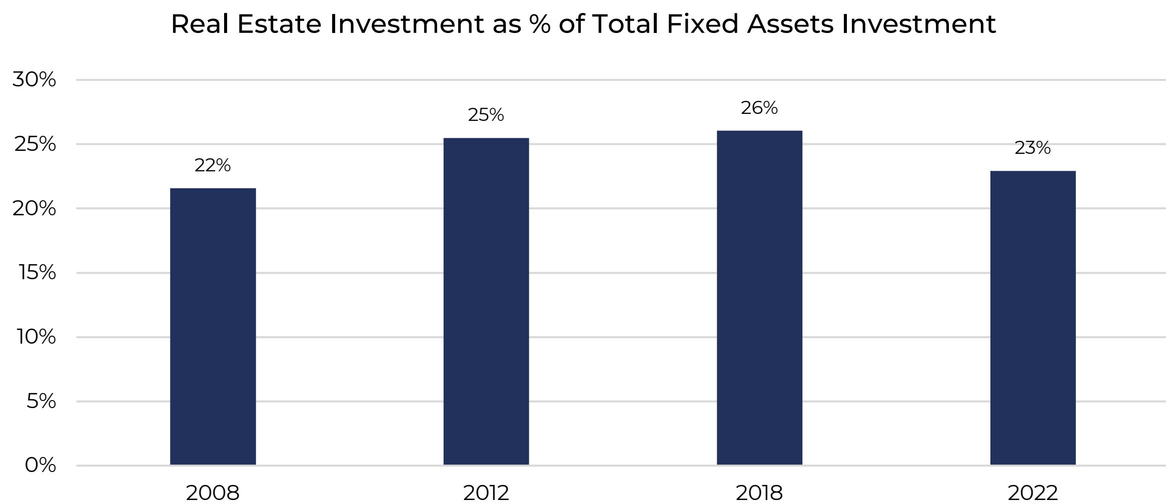
(Data from 31/07/23 to 31/08/23, returns in USD, source: Bloomberg, Guinness Global Investors calculations)

Growth and value performed similarly, with the MSCI China A Onshore Growth Index falling 6.3% versus the value index falling 6.1%.

MACRO COMMENTARY

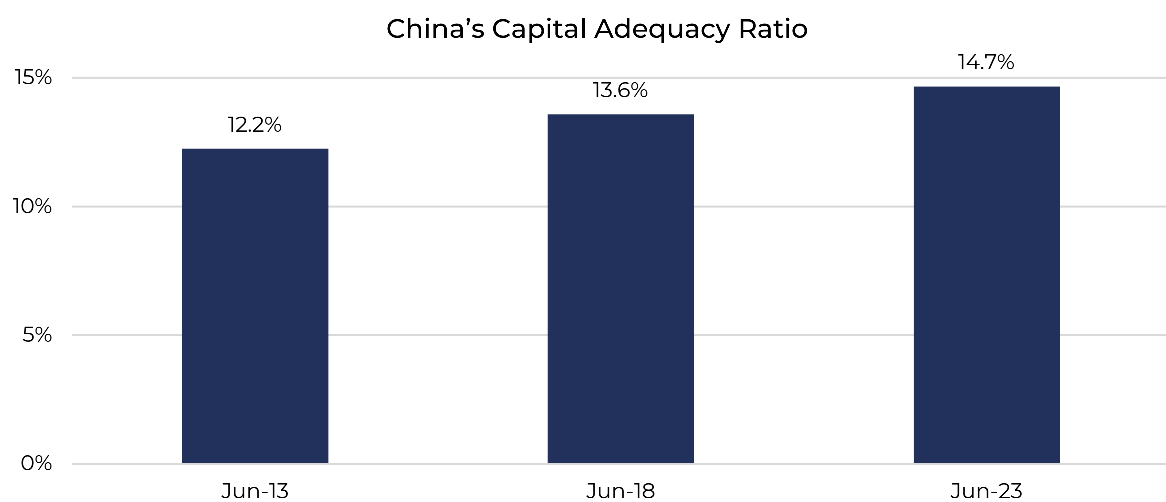
We argue that policymakers' goal is to effect China's transition from a middle-income to a high-income economy. The plan behind this is to create a new industrial future, by creating pillar industries in which the Chinese have global competitive advantages. These pillar industries include electric vehicles, renewable energy, industrial automation, pharmaceuticals and medical devices, and artificial intelligence.

This economic transition requires a significant change to be made to the property business model in China. Currently, real estate accounts for c.20% of GDP and 23% of capital investment. For China to achieve its long-term goal of becoming a high-income economy, the share of capital and resources absorbed by residential real estate development needs to be freed up and directed towards the pillar industries that can create long-term value and wealth for China.



(Data from 2008 to 2022, source: National Bureau of Statistics, Guinness Global Investors calculations)

This transition will be painful for some. Losses in some of the existing stock of property are inevitable and are likely to lead to stresses across the economy, but we argue China can afford this. We estimate the banking system to have CNY 231 tn in loans, backed by CNY 33 tn of capital reserves. The capital adequacy ratio of the banking system (capital/risk weighted assets) is 14.7%, well above the Basel III minimum of c.10%.

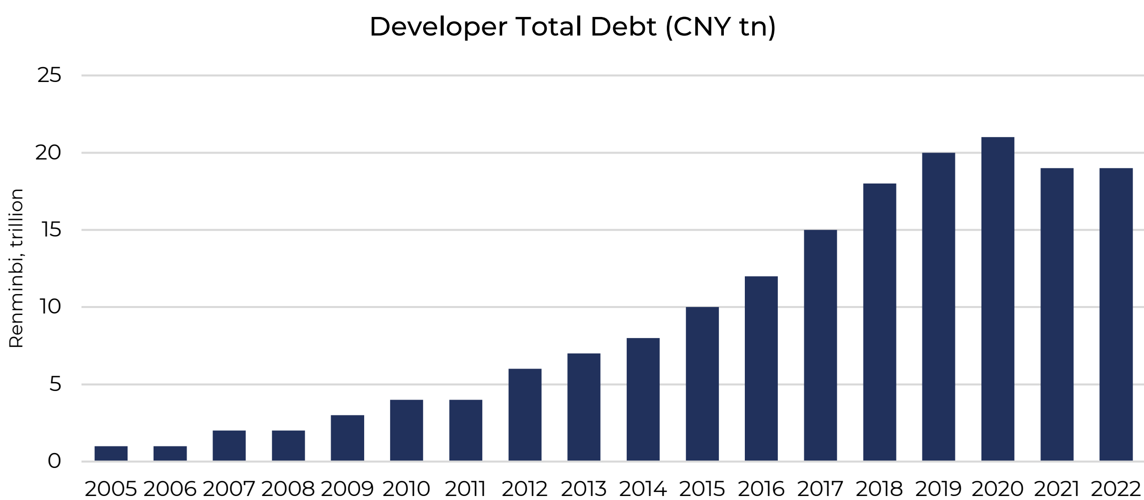


(Data from Jun-13 to Jun-23, source: Bloomberg, Guinness Global Investors calculations)

For a system-wide stress test on the banking system's total loans of CNY 231 tn and capital reserves of CNY 33 tn, we make the following assumptions. We assume a non-performing loan (NPL) ratio of 10%, implying bad loans of CNY 23 tn. To be conservative, we make an aggressive assumption of a loss rate of 40%, leading to expected losses of CNY 9.2 tn. After deducting expected losses, this leaves remaining capital of CNY 23 tn – i.e. a capital adequacy ratio of above 10%. Much of the commentary on China only talks about the losses while ignoring the capital that has been built up over the years, with the purpose of absorbing these losses.

While we argue the banking system as a whole can absorb system-wide losses, we acknowledge that the larger banks are better capitalised than the smaller banks. We think there is a non-trivial probability that a few small banks fail, and these would be likely to dominate the headlines and lead to more talk of contagion within China's financial system. In this scenario we would expect the large banks, with their larger capital reserves, to acquire the small banks.

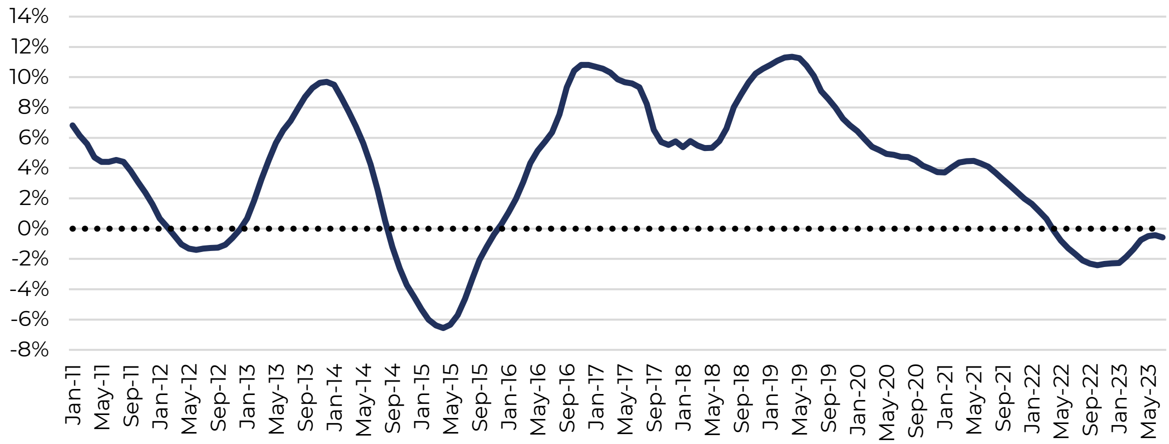
We think much of the commentary on China's property market fails to give enough context. China's real estate downturn is not random; instead it is driven by the government's "Three Red Lines" policy. This policy was introduced in 2020 with the aim of reducing the economy's dependence on real estate and lowering the amount of debt within the sector. The policy limited the amount of debt property developers could hold while also limiting the use of pre-sale funds for further growth. The measures crippled the business model of the likes of Evergrande. As a result of the "Three Red Lines" policy, total property developer debt has fallen from CNY 21tn in 2020 to CNY 19tn today.



(Data from 2005 to 2022, source: Goldman Sachs, Guinness Global Investors calculations)

Private property developers' previous business model, which relied on debt and pre-sales funds to drive future growth, no longer works. Property prices have been falling. Below we show the longer-term price changes in the largest 70 cities in China. We can see that in this cycle, prices peaked in 2022 and have been falling since, though the decline has narrowed recently. Since property accounts for c.60% of household wealth in China, a higher rate than in many developed countries, a decline in prices in China has a significant impact on consumer confidence and spending.

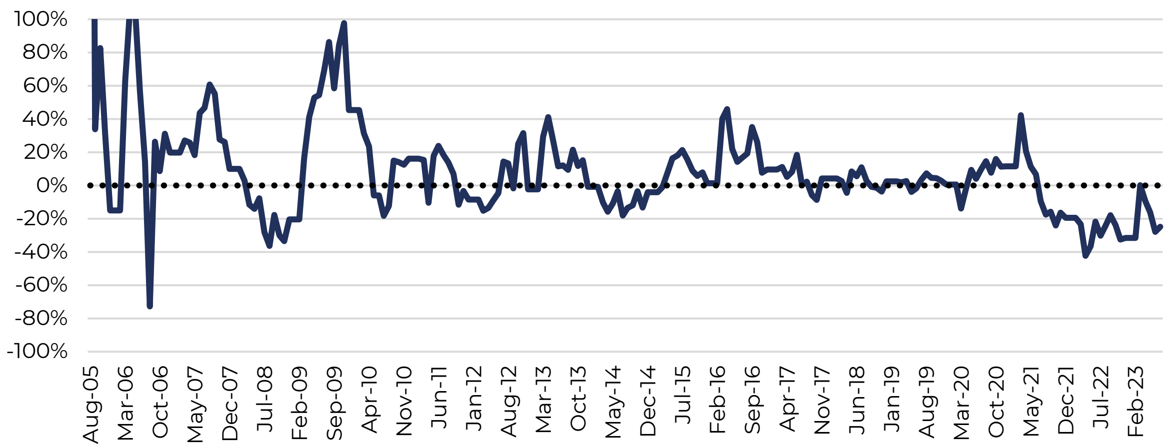
Price Change in Primary Market for Residential Buildings (70 Cities)



(Data from 31/01/11 to 31/07/23, source: Bloomberg, Guinness Global Investors calculations)

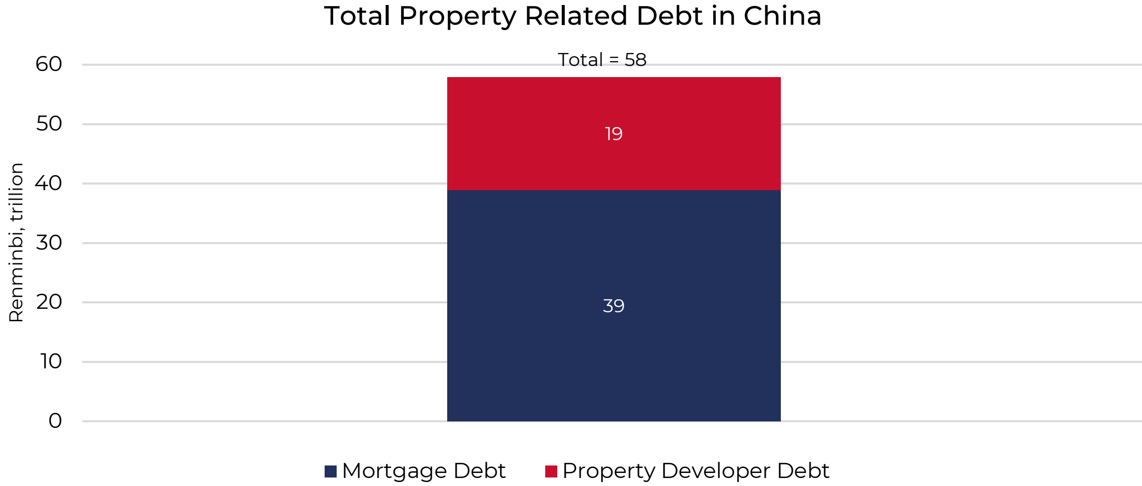
While the fall in prices has been moderate, volumes have fallen by much more. In July 2023, floor space of residential property sold fell by 25% on a year-on-year basis. Since 2021, volumes have been consistently falling.

Year-on-Year Change in Floor Space of Residential Buildings Sold



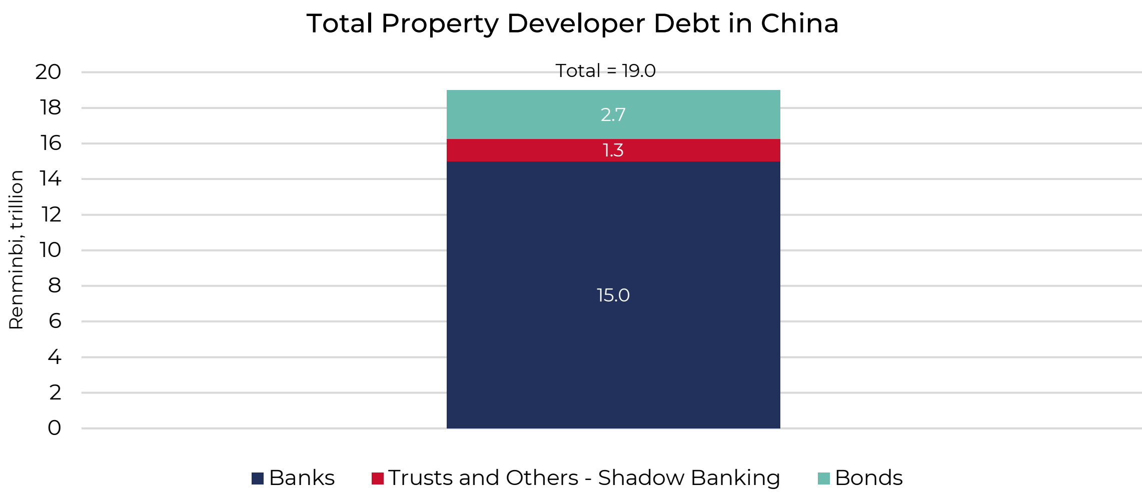
(Data from 31/08/05 to 31/07/23, source: Bloomberg, Guinness Global Investors calculations)

In China we estimate there is CNY 58 tn of property debt, of which CNY 39 tn is mortgage debt and CNY 19 tn is property developer debt. Of the mortgage debt, we see no signs of major stress. Mortgages are full recourse, meaning the banks can claim lenders' assets in event of repayment. Mortgage rates have been cut, with the five-year loan prime rate now at 4.2%. Borrowers are able to refinance existing loans at lower rates. Ultimately, the stresses in the property market lie with the property developers.



(Data as of Mar-23, source: People's Bank of China, Goldman Sachs, Guinness Global Investors calculations)

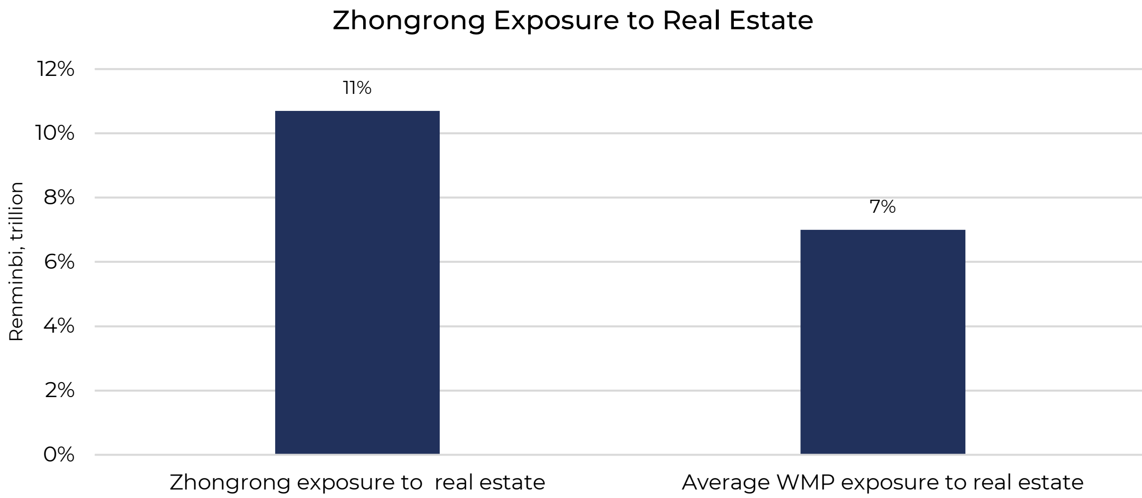
Of the CNY 19.0 tn of property developer debt, we estimate CNY 15.0 tn is owed to the banks (i.e. 79% of total developer debt). A further CNY 1.3 tn is owed to the trusts – wealth management products (WMPs) in the shadow banking sector (7% of the total) – and CNY 2.7 tn of debt is in the form of bonds (14% of the total). Although news of missing bond repayments and trust products failing dominates the news, the bank debt represents the bulk of property developer debt and hence the main source of risk.



(Data as of Mar-23, source: People's Bank of China, Goldman Sachs, China Trustee Association, Guinness Global Investors calculations)

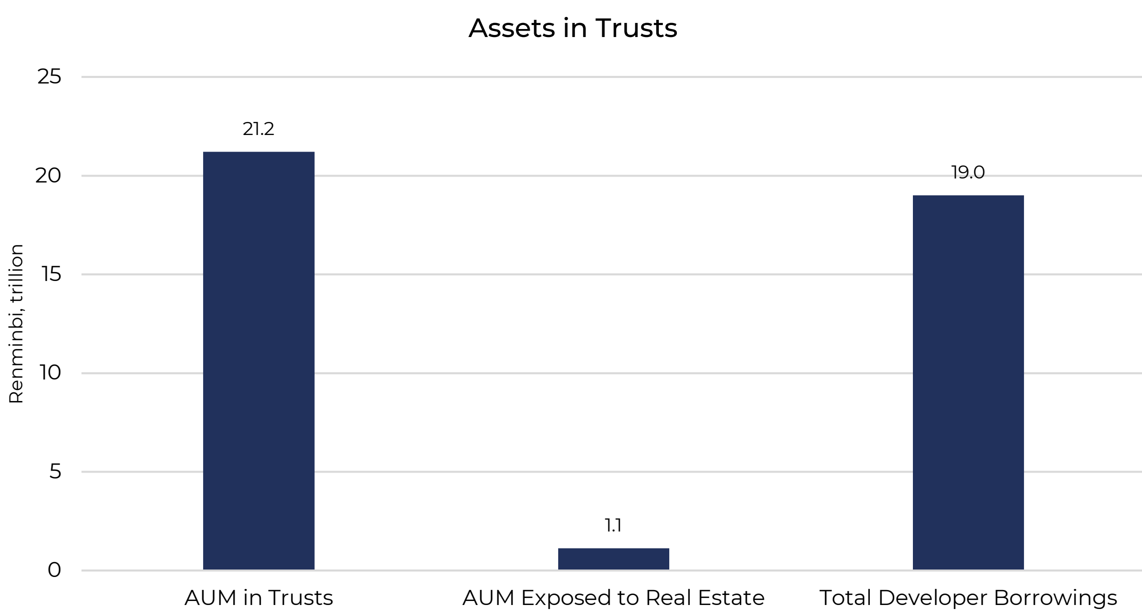
On the total property developer debt of CNY 19 tn, we can test for the implications of a significant downturn. Assuming a 50% NPL ratio results in bad debt of CNY 9.5 tn. Assuming a 80% loss rate results in expected losses of CNY 7.6 tn. The banking system's capital of CNY 33 tn is high enough to absorb these losses in this aggressive scenario, and its remaining capital adequacy ratio would still be above 10%.

Moving onto the trusts, many saw in August that the trusts or wealth management products run by Zhongrong Trust (owned by Zhongzhi Group) were not paying back their customers. These trusts are credit funds, lending to those who would struggle to obtain funds from the conventional banking system. Buyers of these trusts find them attractive for the higher interest rate offered, reflecting the risk profile of the underlying customers. We point out that Zhongrong's 11% exposure to real estate was much higher than the average trusts' exposure of 7%. Zhongrong's assets exposed to real estate are CNY 67 bn, worth 0.3% of the trust industry's total assets under management (AUM).



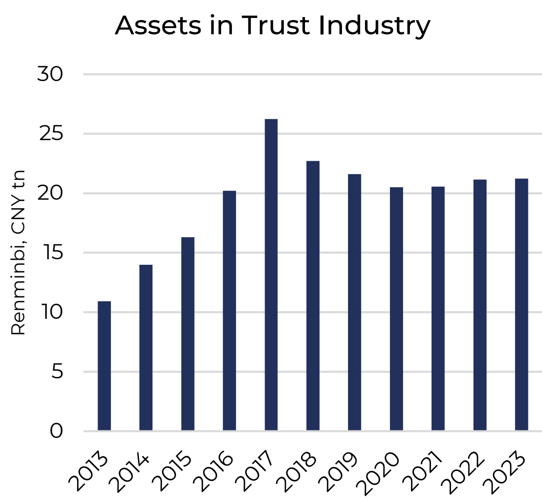
(Data as of Aug-23, source: JP Morgan)

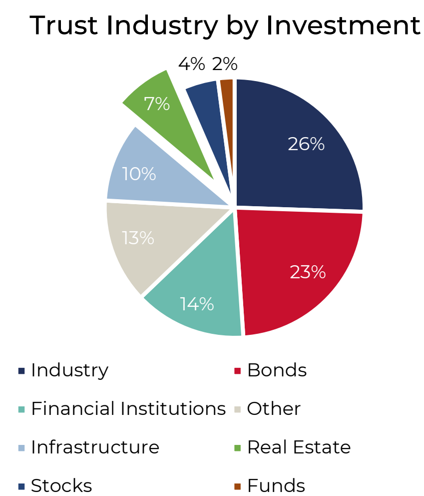
For greater context, according to the China Trustee Association, the assets under management of the industry was CNY 21.2 tn as of Mar-23. The industry has CNY 1.1 tn of exposure to real estate, not far off our estimate of CNY 1.3 tn of exposure, the difference presumably being AUM not captured by the China Trustee Association.



(Data as of Mar-23, source: China Trustee Association, Guinness Global Investors calculations)

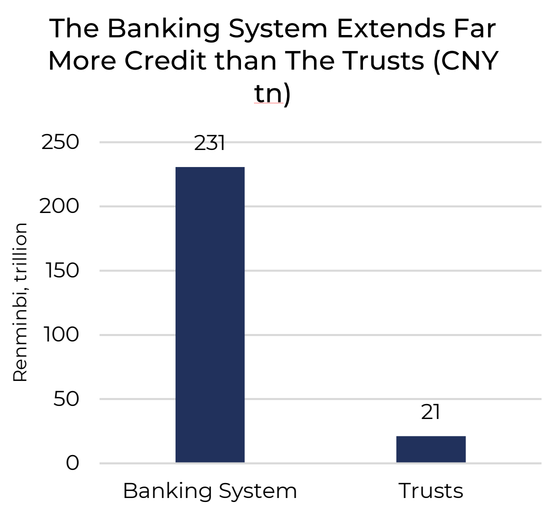
The government has reined in the trust industry, as total AUM has fallen from CNY 26.2 tn in 2017 to CNY 21.2 tn. As of March 2023, 7% of the industry's AUM was invested in real estate.

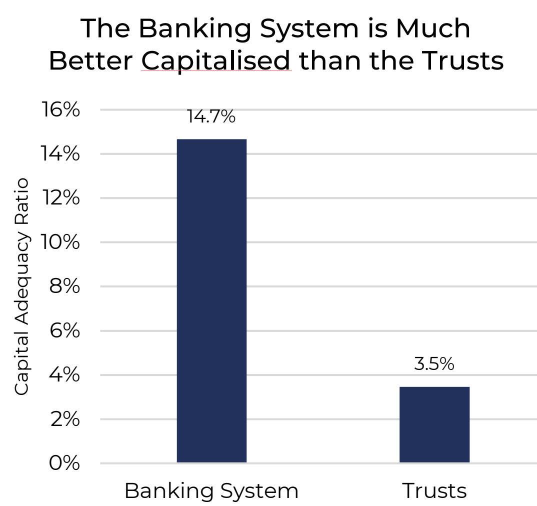




(Data as of Mar-23, source: China Trustee Association, Guinness Global Investors calculations)

Overall, we think the trust sector is not a source of systematic risk. The trust sector's AUM of CNY 21 tn is a fraction of the CNY 231 tn of loans from the banking sector. If China's financial system is to fail, the failure must come from the banks. However, we acknowledge the trust sector is not as well capitalised, with an estimated capital adequacy ratio of 3.5% compared to 14.7% for the banking system. We believe it there is a decent probability that more trust products will fail, but with the relatively small size of the sector it represents little systematic risk.

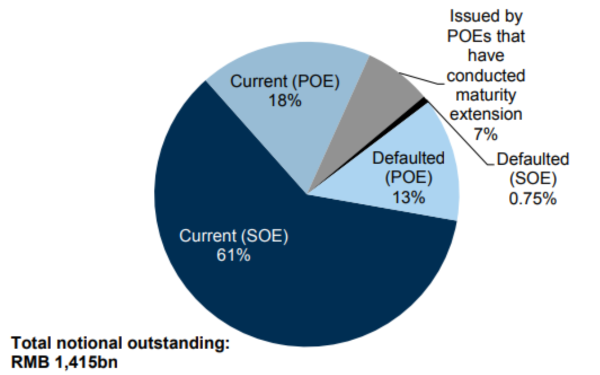




(Data as of Mar-23, source: China Trustee Association, Guinness Global Investors calculations)

For bonds, we split the market into onshore and offshore. We estimate CNY 1.4 tn of onshore bonds versus CNY 1.3 tn of offshore bonds, in total accounting for 14% of property developer debt. Within the onshore market, 61% of the outstanding debt is from state owned enterprise (SOE) developers. Less than 1% of SOE onshore debt has defaulted, since they are relatively conservatively financed. The remaining 39% of onshore bond debt is from private developers, of which approximately half have defaulted. Within our definition of default, we also include those property developers that have extended the maturity of their bonds.

Exhibit 3: Around half of POE onshore property bonds are from issuers that have either defaulted or conducted maturity extensions
Default status for China property onshore bonds

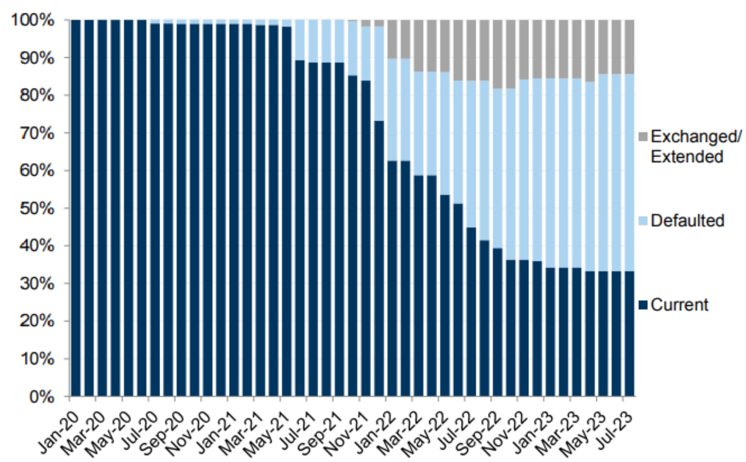


Source: Wind, Goldman Sachs Global Investment Research

(Data as of July-23, source: Goldman Sachs)

In the offshore market, nearly 2/3 of the bonds have now defaulted. Back in 2020, non-defaulted bonds were worth $160bn versus only $53bn today.

Exhibit 1: Around 70% of China property bonds from issuers that have either defaulted or have conducted bond exchanges
Default status for China Property USD bonds



Source: Bloomberg, Goldman Sachs Global Investment Research

(Data as of Aug-23, source: Goldman Sachs)

In August, the macro data was generally better than expected, even though the most recent policy easing has not had time to take effect. In August, industrial production grew 4.5%, which was higher than the consensus expectation of 3.9%. Retail sales grew 4.6%, higher than the consensus estimate of 3.0%.

A few months ago, the politburo put out vague statements indicating the need to stimulate growth, but very few concrete policies immediately followed. We think that given the easing over the past month, we can now say specific measures are being rolled out to support the economy, a vital step if China is to navigate the economic transition that is underway. Policymakers have cut short-term interest rates and required reserve ratios. Households holding mortgages are now able to refinance at lower rates. Downpayment ratios have been lowered significantly. The definition of a first home has been relaxed, so more households are eligible for cheaper mortgages, which should practically benefit the tier one cities. Tax deductions have been increased for childcare and elderly care, which should lead to higher disposable incomes. The benefit of this policy easing should be seen in the coming months in the macro data. A few months of better macro readings should alleviate global investors' concern on China.

PORTFOLIO HOLDINGS

(Data as of 31/08/23, returns in USD, source: Bloomberg, Guinness Global Investors calculations)

Earnings for the Fund's holdings in aggregate fell by 2% in the first half of the year, which compares favourably to the 4% earnings contraction seen for the MSCI China A Onshore Index. Below we cover the companies that have done well and poorly from an earnings perspective.

Companies in industries that were most affected by lockdowns in 2022 exhibited a strong earnings recovery. TravelSky, which processes most flights in China, saw earnings growth of 173%. Juewei Food, which sells braised food snacks, grew earnings by 150%. Guangzhou Restaurant Group grew earnings by 47%.

Among companies that give exposure to the Sustainability theme, we saw good results from:

- Zhejiang Jingsheng Mechanical & Electrical: In the first half of 2023, revenue grew 92% and earnings per share (EPS) grew 80%. Jingsheng is China's largest manufacturer of crystal growing furnaces, which are used to heat the silicon which eventually forms wafers and solar cells. Its customers are increasing capacity as the global transition towards renewable energy continues. The new generation of crystal growing furnaces is expected to go into mass production next year is attractive for clients as it is more efficient and reduces costs per unit. Jingsheng also makes furnaces for the semiconductor industry, as the underlying process is similar, and here orders grew 51% in the second quarter.

- Wuxi Lead Intelligent Equipment: In the first half of 2023, revenue grew 30% and EPS grew 48%. Lead Intelligent is a manufacturer of battery production equipment whose second largest shareholder is CATL, one of the world's largest battery manufacturers. Given potential overcapacity in China, export growth is likely to be important for Lead Intelligent. Therefore it was good to see the business sign up LG Energy Solutions, the first major Korean customer that it has worked with. Automotive Cells Company (a joint venture operated between Mercedes-Benz Group, Stellantis and Total Energies) is Lead Intelligent's second largest foreign customer. Volkswagen and Northvolt are other major customers that Lead Intelligent supplies.

- Nari Technology: In the first half of 2023, revenue grew 12% and EPS grew 32%. Nari is a manufacturer of hardware and software for China's electricity grid. In the first half of the year, revenue from the Grid Automation business grew 5%, which is slightly below the full-year guidance of 7-8% growth. In contrast, the Power Generation, Hydro and Environment segment grew revenue by more than 90%, driven by rising demand for energy storage solutions and hydropower. Overall, new orders increased by 9%, with particularly strong growth for non-grid contracts which grew 29%.

- Hongfa: In the first half of 2023, revenue grew 14% and EPS grew 14%. Hongfa is the world's largest manufacturer of electric relays. We own it for its exposure to high-power relays used in electric vehicles, controlling important functions such as powering the vehicle and charging the battery. Hongfa is a major supplier to Tesla in both its US and Chinese factories. Hongfa has sensibly diversified its production base to reduce its exposure to geopolitical risk. A new plant is Indonesia is to start delivering to foreign customers soon. A factory in Europe is supplying Volkswagen and Mercedes Benz, while Hongfa has won a contract worth RMB 3bn ($0.5bn) to supply Volvo for the next decade. Hongfa's Chinese operations will supply its domestic customers such as BYD, where Hongfa has 40% share for its high-voltage relays.

For the companies that give exposure to the Sustainability theme, we saw weaker results from:

- Shenzhen Capchem Technology: In the first half of 2023, revenue fell 31% and EPS fell 49%. Most of Capchem's business is in battery electrolytes, where the company is one's of China's largest suppliers. Electrolyte prices are falling due to overcapacity in the industry, with profitability falling for the past year and a half. Management believe it may take up to three years for supply to come offline, which would be conducive for better pricing power. While Capchem's profits are higher than the industry's, profit growth in this segment is unlikely. We also own Capchem for its organic fluorine chemicals business, which supplies chemicals for the inhalation anaesthesia market where Capchem has 30% global market share. This segment is more stable and is likely to be the growth driver for Capchem while electrolyte prices remain depressed.

- Xinyi Solar: In the first half of 2023, revenue rose 25% and EPS fell 27%. Xinyi Solar is the world's largest manufacturer of solar glass. In its interim results the company reported year-on-year volume growth of 50%, revenue growth of 25% but a net income contraction of 27%. Volume growth was strong as demand for solar energy continues to grow both domestically and abroad. Revenue growth of 25% is attractive in the current macro environment but lagged volume growth as greater solar glass capacity within the industry led to lower selling prices. The company's gross margin fell by 8.7% percentage points. Natural gas and soda ash prices remained elevated in the first quarter, but the company did not benefit from falling raw material prices in the second quarter. This is because it signed natural gas contracts at the end of last year at fixed prices, when concerns over gas shortages were at their highest. In the second half of the year, management expect to benefit from cheaper gas prices as the contracts roll over. Despite the results, Xinyi Solar is continuing to add capacity in order to gain market share. As the lowest-cost producer in the space with a strong balance sheet, the company is in a good position to take advantage where its smaller competitors are struggling. We expect the supply-demand imbalance to gradually adjust, as smaller peers are unlikely to be able to afford expansion, putting Xinyi Solar in a favourable position.

- Shanghai Putailai New Energy Technology: In the first half of 2023, revenue rose 13% and EPS fell 7%. Putailai is a supplier of battery materials, specialising on anode material and coated separator. Anodes are made of sheets of graphite and when the battery is charging, the lithium ions are stored in between each sheet of graphite. Separators keep the anode and cathode apart, allowing lithium ions to move through. The anode market is oversupplied, putting downward pressure on prices. So while Putailai grew anode volume by 24%, average selling prices fell 22% to CNY 45/tonne.

For companies with exposure to consumer electronics, results were generally weak as expected and the market is now looking for signs of an inventory correction and a bottoming of demand:

- Shengyi Technology is a supplier of copper clad laminates (CCLs) which are used as the base material for printed circuit boards (PCBs). In the first half of 2023, Shengyi's revenue fell 16% and EPS fell 40%. Due to falling consumer electronics demand and high inventory in the industry, selling prices of CCLs are falling. Some of their weaker competitors have seen prices fall below variable costs, indicating the intense competition prevalent in the industry.

- Sino Wealth Electronic: In the first half of 2023, revenue fell 30% and EPS fell 67%. Sino Wealth is a chip designer focusing on microcontrollers, battery management chips and display drivers. Prices for microcontrollers and battery management chips were stable in the second quarter but declined for display drivers. Sino Wealth's inventory has also been increasing which is proving more difficult to reduce. The company has a long-term agreement with its foundry signed in 2021 when the industry was facing a shortage of chips. The agreement commits Sino Wealth to receive a fixed quantity of semiconductor chips irrespective of end-user demand. Sino Wealth has partially resolved this issue by reducing periodic shipments from the foundry in exchange for lengthening the duration of the agreement, so that total volumes over the course of the contract remain unchanged.

For companies with exposure to Real Estate:

- China Overseas Land & Investment (COLI): In the first half of 2023, revenue fell 14% and EPS fell 20%. COLI is a state-owned property developer that is taking advantage of the pullback of private competitors in the market. COLI's average selling prices fell 5% in the first half the year, but unbooked presales, which have not yet been recognised as revenue, rose 31%. COLI continues to add land in higher-tier cities, taking advantage of the weakness of its private competitors. For example COLI acquired Country Garden's stake in Guangzhou Asian Games City, following its acquisitor of Shimao's and Agile's 53% stake, giving COLI full control of the project. Management remain confident of growing sales by 20% this year, in stark contrast to its indebted private competitors.

- Sany Heavy Industry: In the first half of 2023, revenue fell <1% and EPS rose 29%. Sany is a leading manufacturer of excavators, construction cranes and truck-mounted concrete pumps. To reduce its reliance on the domestic property market, Sany has been rapidly growing its export business. Export sales grew 36%, offsetting the 27% decline in domestic sales. Sales to Europe grew 72%, while sales to the US grew 23%. Export sales are more profitable for Sany, so the company's gross margin rebounded by 5.6 percentage points. To support foreign sales, Sany has three factories in Indonesia, India and the US. The business is expanding its presence in Indonesia and India and is building a new plant in South Africa.

- Suofeiya Home Collection: In the first half of 2023, revenue fell 1% and EPS rose 21%. Suofeiya is a manufacturer of wardrobes and kitchen cabinets. The company has reduced its direct exposure to property developers, with their sales contribution falling from a peak of 18% a few years ago to 12% in the second quarter of this year.

- Jiangsu Hengli Hydraulic: In the first half of 2023, revenue rose 15% and EPS rose 19%. Hengli Hydraulic is a manufacturer of cylinders for excavators, targeting both domestic and foreign clients such as Caterpillar, Sany and CMG. To reduce its exposure to China's property market, the company has been building up its business in pumps and valves which, while still used in construction equipment, are also used in aerial working platforms, agricultural machinery and deep-water offshore marine engineering. Exports formed 22% of sales in the interim period, increasing by four percentage points. While excavator cylinder revenue fell 9%, non-standard cylinder revenue rose 35% and pumps and valves revenue rose 31%, driven by offshore marine demand in Europe and aerial working platform demand in the US. To further increase market share in the US, Hengli is building a new factory in Mexico which will open later this year. The new factory will avoid Hengli incurring tariffs when selling in the US, which is expected to boost margins.

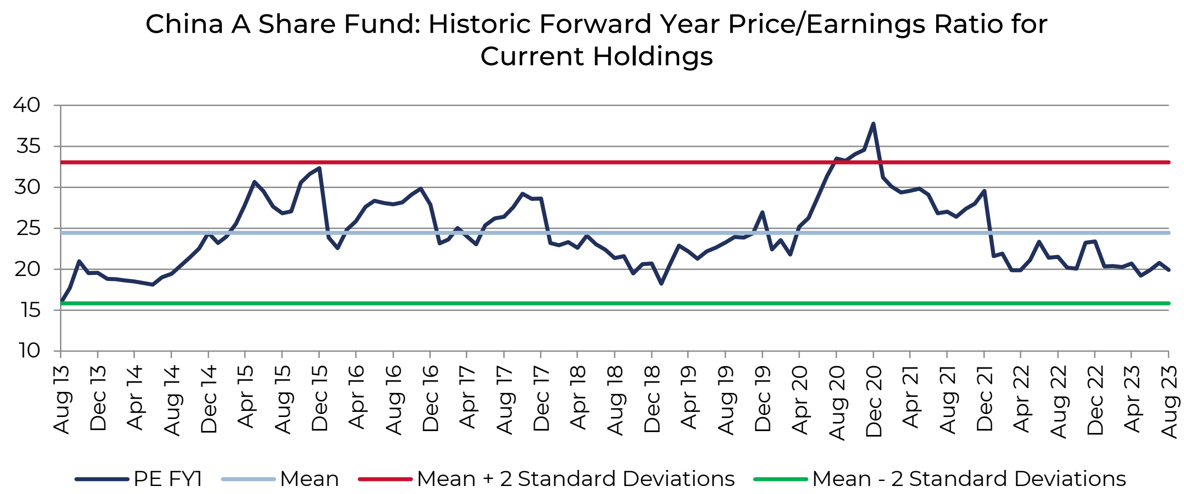
- Weixing New Building Materials: In the first half of 2023, revenue fell 11% and EPS rose 35%. Weixing is a manufacturer of plastic pipes with a large retail presence. Due to the weak property market and destocking by customers, sales were weak for the various pipes the company sells. However, due to falling raw material prices and strong pricing power, Weixing's gross margin rose by 3.4 percentage points to 41.2%. Earnings were boosted by profits from an associate; excluding these gains, earnings would have been flat in the second quarter.

For companies with exposure to Healthcare:

- We own three generic pharmaceutical companies making the shift towards innovative drugs: China Medical System, CSPC Pharmaceutical and Sino Biopharmaceutical. In the first half of 2023, their revenue changed by +4%/+3%/+1% respectively, while their EPS changed by +7%/<1%/-34% respectively. The ongoing anti-corruption push has made hospitals cautious, and sales slowed down in the second quarter. The slowdown is expected to continue for much of the remainder of this year. In addition, price cuts for existing generics are putting downward pressure on growth, while innovative drugs developed by the companies themselves are too small to offset this decline. We estimate that at current valuations, the market is assigning zero value to the cashflows generated from future capital expenditures and R&D. We believe there is a strong chance these companies will eventually make their own innovative drugs, and so at current prices these companies are a bargain.

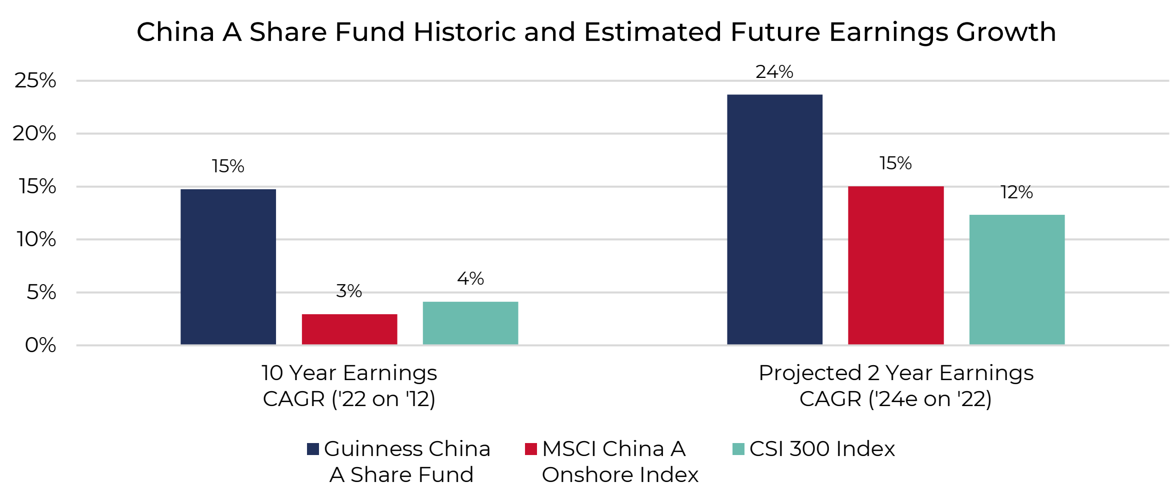
- The healthcare equipment names we own are Shenzhen Mindray Bio-Medical Electronics (patient monitoring and life support equipment) and Amoy Diagnostics (provides diagnostics for a range of cancers). In the first half of 2023, their revenue increased by 20%/17% respectively, while their EPS increased by 22%/45% respectively. As China builds up its medical infrastructure, Mindray sees continued demand for its products. The anti-corruption push has led to a delay in orders, but the company expects the orders to eventually be fulfilled. Mindray points out it pays strong attention to corruption and will take advantage if any of its competitors are found guilty of corruption.

OUTLOOK



(Data from 30/08/13 to 31/08/23, source: Bloomberg, Guinness Global Investors calculations)

We argue that talk of the collapse of China's financial system is unwarranted. Markets are to an extent pricing in this scenario, whereas we argue China has the capital in place in the banking system to absorb losses arising from the property market and wider economy. Therefore, if markets are pricing in a scenario which we have assessed as unlikely, then there is an opportunity for investors. The China A Share Fund is trading on a forward year price earnings ratio of 19.9x, which is one of the lowest levels for the Fund's holdings over the past 10 years. This valuation does not appear often for the high-quality, compounding stocks we hold in the Fund. Over the past decade, our holdings in aggregate have grown earnings by 15% a year. Based on consensus analyst estimates, the Fund's holdings in aggregate are expected to grow earnings by 24% a year over the next two years.



(Source: Bloomberg, MSCI, Guinness calculations. Data as of 31/08/2023. Sales in USD Fund series assumes $1m equally weighted into current holdings. Data for the China A Share Fund is a simulation based on actual, aggregate, historic data for the Funds' current holdings. The China A Share Fund was launched on 09.03.2023. Index data uses historic holdings as of the end of each year)

Portfolio Managers

Sharukh Malik
Edmund Harriss

GUINNESS CHINA A SHARE FUND - FUND FACTS

Fund size	$0.5m
Fund launch	09.03.2023
OCF	0.89%
Benchmark	MSCI China A Onshore TR

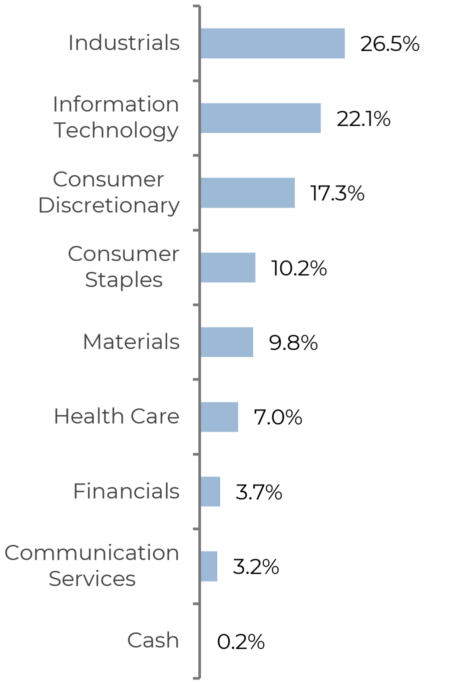
GUINNESS CHINA A SHARE FUND - PORTFOLIO

Top 10 holdings

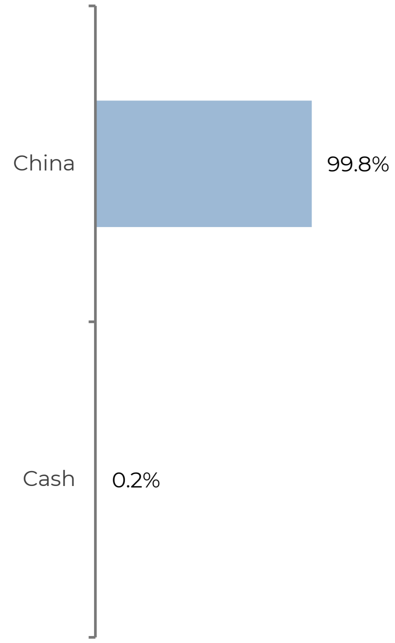
Suofeiya Home Collection	4.0%
Shandong Sinocera Functional	4.0%
Hongfa Technology Co Ltd	3.8%
Ping An Insurance	3.7%
Juewei Food Co Ltd	3.7%
Haier Smart Home Co Ltd	3.7%
Zhejiang Weixing New Building	3.6%
Amoy Diagnostics Co Ltd	3.6%
Venustech Group	3.6%
Jiangsu Hengli Hydraulic	3.5%

Top 10 holdings	37.2%
Number of holdings	30

Sector



Country



Past performance does not predict future returns.

GUINNESS CHINA A SHARE FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
IA China/Greater China TR	-	-	-	-	-	-
(USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
IA China/Greater China TR	-	-	-	-	-	-
(EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
IA China/Greater China TR	-	-	-	-	-	-

GUINNESS CHINA A SHARE FUND - ANNUAL PERFORMANCE

(GBP)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
IA China/Greater China TR	-	-	-	-	-	-	-	-	-	-
(USD)	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
IA China/Greater China TR	-	-	-	-	-	-	-	-	-	-
(EUR)	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
IA China/Greater China TR	-	-	-	-	-	-	-	-	-	-

GUINNESS CHINA A SHARE FUND - PERFORMANCE SINCE LAUNCH (USD)

For regulatory reasons, we are unable to provide performance information where the track record is less than 12 months.

Source: FE fundinfo to 31.08.23. 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 designed to inform you about Guinness China A Share Fund. It may provide information about the Fund's portfolio, including recent activity and performance. It contains facts relating to the equity markets and our own interpretation. Any investment decision should take account of the subjectivity of the comments contained in the report. OCFs for all share classes are available on www.guinnessgi.com .

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 Investor 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.