Guinness Greater China

Investment Commentary – March 2024

RISK

This is a marketing communication. Please refer to the prospectus, 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 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	15.12.2015
Index	MSCI Golden Dragon
Sector	IA China & Greater China
Managers	Sharukh Malik CFA Edmund Harriss
EU Domiciled	Guinness Greater China Fund

OBJECTIVE

The Guinness Greater China Fund is designed to provide investors with exposure to economic expansion and demographic trends in China and Taiwan. The Fund is managed for capital growth and invests in profitable companies generating persistently high return on capital over the business cycle. The Fund is actively managed with the MSCI Golden Dragon used as a comparator benchmark only.

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SUMMARY

In February, the Guinness Greater China Fund (Y class, GBP) rose by 9.8%, while the benchmark, the MSCI Golden Dragon Net Total Return Index (MSCI Golden Dragon Index) rose by 7.7%, and the MSCI China Net Total Return Index (MSCI China Index) rose by 9.3%.

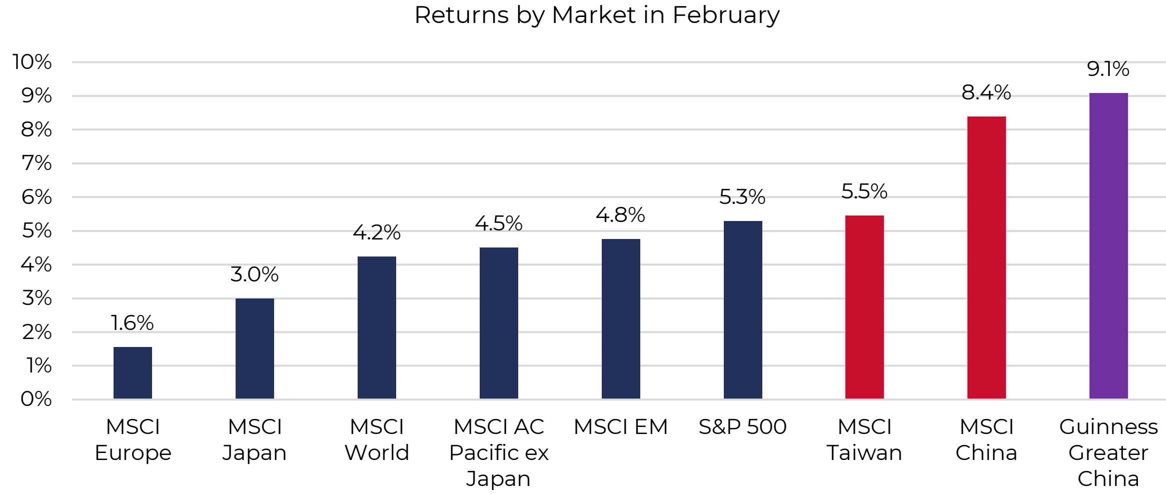
Contributors to Fund performance were stock selection and an overweight to Information Technology, driven by Xinyi Solar, Shenzhen H&T Intelligent, Hangzhou First Applied Material and Venustech. Stock selection in Industrials and Health Care were also drivers of performance. Detractors from Fund performance were stock selection in Consumer Discretionary (driven by not holding certain names) and the underweight to Materials.

Based on analysts' consensus estimates, the Fund is trading on a price to earnings ratio of 11.2x on 2024 earnings and 9.7x on 2025 earnings. The current set of holdings is trading at more than two standard deviations below their 15-year average.

Based on consensus analyst estimates, the Fund's holdings are expected to grow earnings by 18% in 2023, 16% in 2024 and 16% in 2025. At current valuations, we believe the Fund represents outstanding value to investors for the growth we believe to be on offer.

COMMENTARY

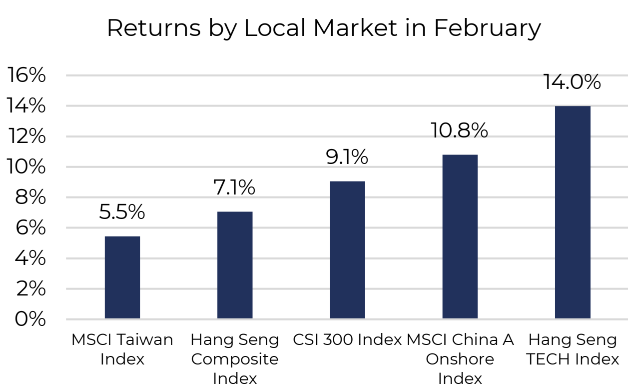
(Performance data in the section in USD terms unless otherwise stated)

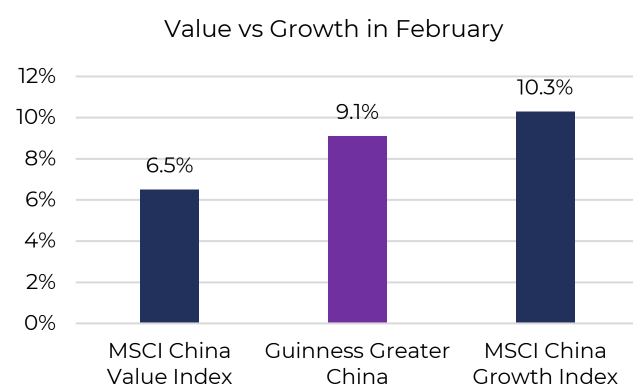


Data from 31/01/24 to 29/02/24, returns in USD, source: Bloomberg, Guinness Global Investors calculations

In February, the MSCI China Index rose by 8.4% compared to the MSCI World Index which rose by 4.2%. Chinese markets had a strong rally as the "National Team" stepped up support in the onshore market. The National Team represents state funds such as Central Huijin Investment (a sovereign wealth fund) as well as funds owned by state-owned insurance companies and banks. To support the market, the National Team started to buy local ETFs in mid-January but most of the buying was concentrated in ETFs tracking the CSI 300 Index, which tracks the largest 300 China A shares. Retail investors followed the National Team's lead, selling small and mid-cap stocks, and rotating into large-cap stocks. Hence small and mid-caps underperformed significantly in January. At the beginning of February, the National Team stepped up the size of its support and also began to diversify their purchases, buying more ETFs tracking small and mid-cap stocks. Therefore there was a very strong rally in February as retail investors moved back into small and mid-cap stocks, before the Chinese New Year holidays.

The government also made it harder to conduct short selling, which reduced selling pressure on the market. Some practices we consider to be genuinely risky – for example, some investors go short on a stock, and then use margin loans to buy the stock back. Some brokers have stopped providing margin loans for this purpose. Other practices are considered standard, and these have been restricted. For example, now investors are not allowed to buy a stock and go short on the same day. Brokers are not allowed to borrow shares that will be used for short selling. Restricted shares (such as those granted in an employer shareholder ownership plan) can no longer be lent.





Data from 31/01/24 to 29/02/24, returns in USD, source: Bloomberg, Guinness Global Investors calculations

Onshore stocks outperformed in February, as the MSCI China A Onshore Index rose by 10.8% while the Hang Seng Composite Index rose by 7.1%. Meanwhile the MSCI Taiwan Index, which outperformed significantly in January, was a laggard in February, increasing by 5.5%.

The China growth index significantly outperformed in February, as the MSCI China Growth Index rose 10.3% against the value index which rose by 6.5%.

Data from 31/01/24 to 29/02/24, returns in USD, source: Bloomberg, Guinness Global Investors calculations

In February, the best performing sectors in the MSCI China Index were Information Technology (total return +14.6%), Consumer Discretionary (+11.7%) and Health Care (+10.7%). These were the weakest sectors in January and so outperformed in a risk-on environment. The weakest sectors were Real Estate (total return +2.6%), Communication Services (+4.6%) and Utilities (+4.8%). No signs of a rebound in Real Estate sales explained the sector's relatively weaker performance, while Utilities lagged in a risk-on environment.

RESULTS

Some of our companies have reported earnings for 2023, which we briefly discuss below. Most of our offshore holdings report in March, while most of our onshore holdings report in April.

TSMC – In 2023, revenue fell by 5% and earnings per share (EPS) fell by 18%. TSMC saw significant demand for AI-related chips which use the latest technology, while demand for older chips was relatively muted. Management are expecting the semiconductor industry (excluding memory, which is more volatile) to grow by more than 10% this year. Management are also aiming for TSMC to grow revenue by 20-25% this year, so at a faster rate than the market, with AI demand leading the way. The company is aiming to spend $28-32bn on capex to support this growth.

Xinyi Solar – In 2023, revenue grew by 30% and EPS grew by 10%. Xinyi Solar is the world's largest manufacturer of solar glass, which is used to make solar panels. The first half of 2023 was weak but there was a clear recovery in the second half as volumes continued to increase and importantly margins improved. The margin improvement was driven by lower soda ash and natural gas prices, an increase in average selling prices and a better product mix. In 2023 volumes of solar glass sold by the company increased by 49% and so to deal with continued growth, Xinyi Solar is building new plants in China, Malaysia and Indonesia. Management expect demand to increase by 20-30% in 2024.

Baidu – In 2023, revenue grew by 9% and earnings per share (EPS) grew by 157%. Baidu runs China's largest search engine and has one of the country's strongest capabilities in AI. While a lot of attention is being paid to its chatbot, Baidu has reminded investors that for now, most of its revenues are still derived from its ads business. Given the weak macro environment, there is likely to be pressure here as advertising budgets are generally under strain. In light of this, Baidu is remaining disciplined on costs across the business. In the fourth quarter, revenue from AI segments was worth CNY 0.6bn (approx. $83m), which is likely to increase significantly in the coming quarters. Management say that they have stockpiled enough advanced chips from the US to drive the next upgrade of their chatbot *Ernie*, and so for now will not be buying many of the H20 chips from Nvidia, which are permitted under US export controls.

Elite Material – In 2023, revenue increased by 7% and EPS increased by 7%. Elite Material is a manufacturer of copper clad laminates (CCLs) which are used in printed circuit boards (PCBs). Its products are very competitive in AI applications and for now Elite has around 80% market share in Nvidia's AI processors. In the fourth quarter, AI sales were worth c.25% of Elite's total sales, which has been the reason for its strong share price over the past year. We expect Elite's market share in AI to eventually moderate as its customers diversify, but we still argue the overall market is likely to grow at a fast enough pace to offset this market share loss.

Netease – In 2023, revenue grew by 7% and EPS grew by 47%. Netease is China's second largest video game developer. In the fourth quarter, sales from legacy PC games were impacted from the expired deal to publish Blizzard games; excluding this, revenue from legacy games was likely stable. Netease is expected to release several new games this year which should drive earnings growth.

JD.com – In 2023, revenue increased by 4% and EPS increased by 132%. JD.com is one of China's largest e-commerce companies, and along with Alibaba, is facing more competition from Pinduoduo. JD's fourth quarter results were better than expected, with growth in revenue and earnings. Management is targeting revenue growth in 2024 while due to higher investments, net profits are likely to grow at a much slower rate.

ATTRIBUTION

In February, the Guinness Greater China Fund (Y class, USD) rose by 9.1%, while the benchmark, the MSCI Golden Dragon Index rose by 7.0%, and the MSCI China Index rose by 8.4%.

The MSCI Golden Dragon Index is a weighted average of the MSCI China, Taiwan and Hong Kong indexes. As of 29/02/24, Taiwan's weight in the Golden Dragon Index was c.35%. In the Fund, we hold two positions in Taiwan which collectively have a weight of c.6.5%. As the MSCI Taiwan Index rose by 5.5% in the month, the MSCI Golden Dragon Index captured much more of the weaker performance in Taiwan than the Fund.

Relative to the MSCI China Index, areas which helped the Fund's performance were:

- Both stock selection and an overweight to Information Technology, driven by Xinyi Solar (total return +32.8%), Shenzhen H&T Intelligent (+22.3%), Hangzhou First Applied Material (+22.1%) and Venustech (+18.7%).

- Stock selection in Industrials, driven by Shenzhen Inovance (+12.6%), Wuxi Lead Intelligent Equipment (+14.0%) and Nari Technology (+10.0%).

- Stock selection in Health Care, driven by China Medical System (+14.7%) and Sino Biopharmaceutical (+11.2%).

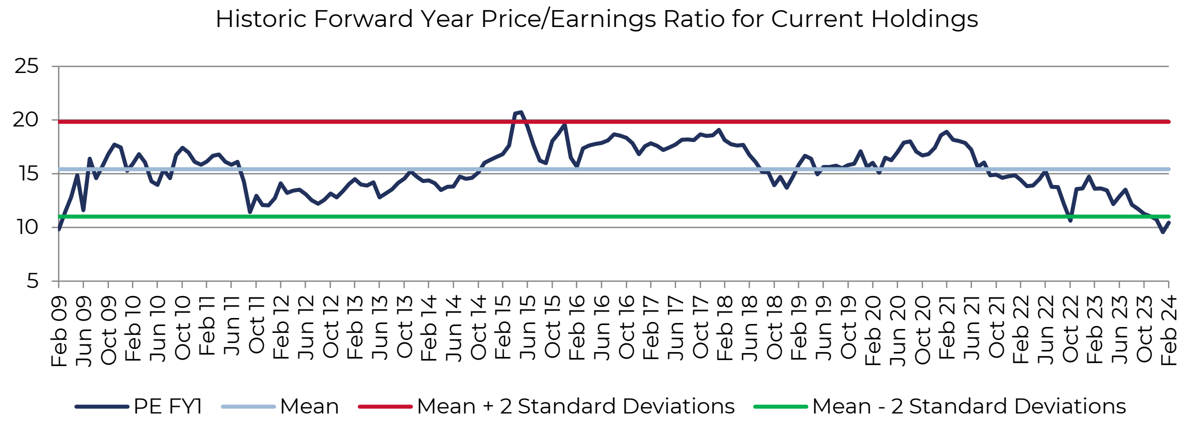
Areas which detracted from the Fund's relative performance were:

- Stock selection in Consumer Discretionary, driven by not holding Meituan, Li Auto, Trip.com and Yum China.

- Underweight to Materials, where the Fund has no exposure.

OUTLOOK

From an investment perspective, valuations remain attractive. The Fund's holdings in aggregate are trading at a forward price/earnings ratio of 10.4x which is more than two standard deviations below the holdings' 15-year average. Based on consensus analyst estimates, the Fund's holdings in aggregate are expected to grow earnings by 18% in 2023, 16% in 2024 and 16% in 2025. At current valuations, we believe this represents outstanding value to investors for the growth on offer.



Data from 31/12/08 to 29/02/24, showing historic data for the Fund's current holdings. The Fund was launched on 15/12/2015.
Source: Bloomberg, Guinness Global Investors calculations. Calculations assume an equally weighted portfolio

Portfolio Managers

Sharukh Malik
Edmund Harriss

GUINNESS GREATER CHINA FUND - FUND FACTS

Fund size	$7.5m
Fund launch	15.12.2015
OCF	0.89%
Benchmark	MSCI Golden Dragon TR

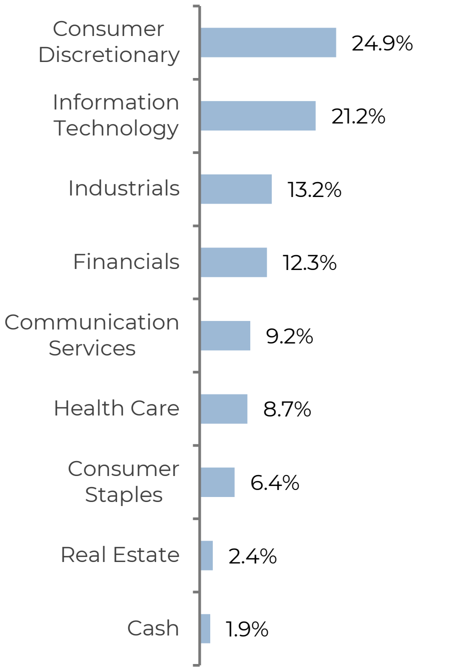
GUINNESS GREATER CHINA FUND - PORTFOLIO

Top 10 holdings

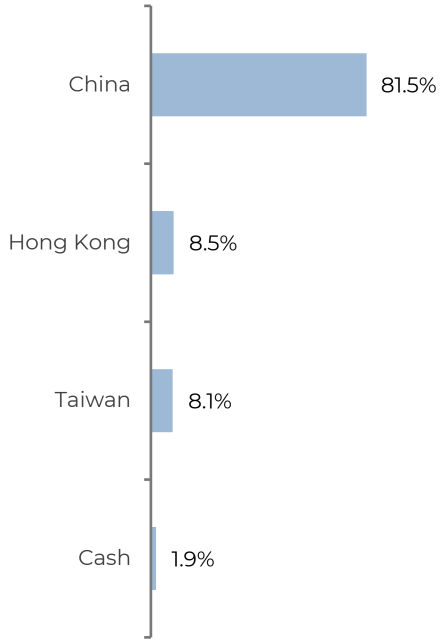
Elite Material	4.5%
Taiwan Semiconductor	3.8%
China Merchants Bank	3.8%
NetEase	3.7%
Haier Smart Home	3.7%
Shenzhen H&T Intelligent	3.5%
Xinyi Solar	3.5%
Wuxi Lead Intelligent Equip.	3.5%
Inner Mongolia Yili Industrial	3.4%
NARI Technology	3.4%

Top 10 holdings	36.7%
Number of holdings	31

Sector



Country



Past performance does not predict future returns.

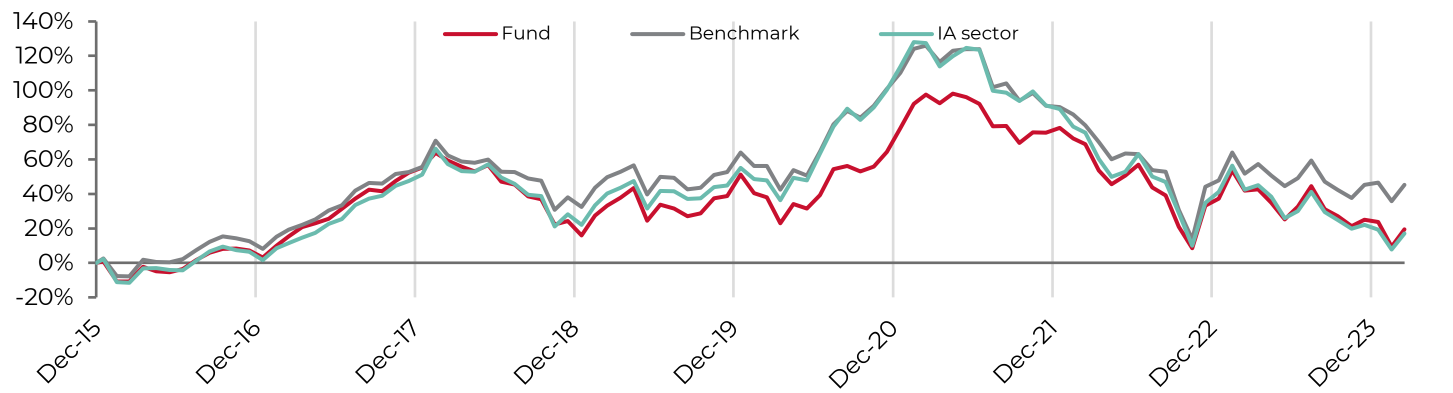
GUINNESS GREATER CHINA FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+9.8%	-2.7%	-19.5%	-33.1%	-5.7%	-
MSCI Golden Dragon TR	+7.7%	-0.1%	-8.4%	-29.0%	+2.0%	-
IA China/Greater China TR	+9.5%	-1.1%	-21.3%	-43.1%	-12.2%	-
(USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	+9.1%	-3.5%	-15.8%	-39.5%	-10.4%	-
MSCI Golden Dragon TR	+7.0%	-0.9%	-4.3%	-35.7%	-3.0%	-
IA China/Greater China TR	+8.8%	-1.9%	-17.7%	-48.5%	-16.5%	-
(EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	+9.5%	-1.4%	-17.5%	-32.2%	-5.7%	-
MSCI Golden Dragon TR	+7.4%	+1.2%	-6.2%	-27.9%	+2.1%	-
IA China/Greater China TR	+9.2%	+0.2%	-19.4%	-42.2%	-12.1%	-

GUINNESS GREATER CHINA FUND - ANNUAL PERFORMANCE

(GBP)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	-15.0%	-13.3%	+1.0%	+14.2%	+25.3%	-20.7%	+37.6%	+22.1%	-	-
MSCI Golden Dragon TR	-6.5%	-12.6%	-8.6%	+24.2%	+19.0%	-9.5%	+31.3%	+25.7%	-	-
IA China/Greater China TR	-20.2%	-16.0%	-10.7%	+33.6%	+22.2%	-14.2%	+35.9%	+18.5%	-	-
(USD)	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Fund	-9.9%	-23.0%	+0.1%	+17.9%	+30.4%	-25.3%	+50.4%	+2.3%	-	-
MSCI Golden Dragon TR	-0.9%	-22.3%	-9.5%	+28.2%	+23.8%	-14.8%	+43.8%	+5.4%	-	-
IA China/Greater China TR	-15.4%	-25.4%	-11.5%	+37.8%	+27.1%	-19.2%	+48.7%	-0.7%	-	-
(EUR)	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Fund	-12.9%	-17.9%	+7.7%	+8.1%	+32.8%	-21.5%	+32.3%	+5.5%	-	-
MSCI Golden Dragon TR	-4.3%	-17.3%	-2.6%	+17.6%	+26.1%	-10.5%	+26.3%	+8.6%	-	-
IA China/Greater China TR	-18.3%	-20.5%	-4.8%	+26.4%	+29.4%	-15.1%	+30.6%	+2.3%	-	-

GUINNESS GREATER CHINA FUND - PERFORMANCE SINCE LAUNCH (USD)



Source: FE fundinfo to 29.02.24. 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 Greater China 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: Waystone Management Company (IE) Limited (Waystone IE) 2nd Floor 35 Shelbourne Road, Ballsbridge, Dublin D04 A4E0, Ireland: or ,

• the Promoter and Investment Manager: Guinness Asset Management Ltd, 18 Smith Square, London SW1P 3HZ.

Waystone IE is a company incorporated under the laws of Ireland having its registered office at 35 Shelbourne Rd, Ballsbridge, Dublin, D04 A4E0 Ireland, which is authorised by the Central Bank of Ireland, has appointed Guinness Asset Management Ltd as Investment Manager to this fund, and as Manager 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/waystone-policies/

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.