

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 Guinness China RMB Income Fund is a bond fund. Investors should be willing and able to assume the risks of bond and fixed income 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	09.03.2023
Sector	IA Specialist Bond
Manager	EPIC Investment Partners

OBJECTIVE

The Guinness China RMB Income Fund aims to provide investors with a combination of capital appreciation and income. The Fund invests in a range of bonds and fixed income investments which will be denominated or hedged back to Renminbi (Renminbi or RMB being the official currency of China). The Fund buys government and quasi-sovereign bonds in the onshore China bond market and supranational and high-grade corporate credit in the offshore bond market. The Fund is actively managed without reference to a benchmark.

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COMMENTARY

Sentiment around China's economy was weak at the start of the first quarter given the broadly weaker key data prints and deflationary concerns, which were further exacerbated by the -0.8% year-on-year consumer price inflation (CPI) print in February. Markets therefore looked to policymakers to help boost the economy and avoid a deflationary spiral.

In January, the People's Bank of China (PBoC) surprised markets with a larger-than-expected required reserve ratio cut, of 0.5 percentage points effective on 5th February, which released CNY1tn of long-term liquidity to the market. Although such moves are normally been disclosed by the state agencies, the cut was announced personally by the central bank's Governor Pan Gongsheng, signalling the willingness for policymakers to boost confidence.

Next, against some market expectations, China held its 1-year medium-term loan facility (MLF) at 2.5% in February while supporting the financial system with a CNY500bn cash injection. We also heard from Premier Li Qiang, who urged for "pragmatic and forceful" action to boost confidence in the economy amid deflationary concerns, weakness in the property sector and subdued business confidence.

Interestingly, the yield on the 30-year China Onshore bond fell below 2.5% towards the end of February, a rally to an all-time low. It also marked the first time the benchmark fell below the 1-year MLF rate of 2.5%. China's long-term yields declined through the quarter, highlighting worries about the real estate sector's lacklustre rebound in transactions. An upside surprise on the CPI figure supported improved sentiment, however, producer price inflation fell 2.7% year-on-year in February.

Sentiment improved in March as activity data picked up and there were positive signs for industrials as production rose 7.0% (vs 5.2% expected) and profits surged to a 25-month high of 10.2% in February. Moreover, the official purchasing managers' indices surprised to the upside in March, the manufacturing print jumped into expansion, to 50.8, while the non-manufacturing reading rose to 53.0 from 51.4.

Since the beginning of the year Chinese authorities have taken steps to stabilise the renminbi amid extreme bearish market sentiment. Towards the end of the month the PBoC set the renminbi fixing at a stronger-than-expected rate, sending a strong warning to speculators.

China reported its substantial FX reserves as increasing to USD3.238tn in February, providing the nation with sufficient firepower to stabilise the currency.

PORTFOLIO REVIEW

The Fund's CNH Y class gained 0.79% in the first quarter of 2024. All bonds largely performed well through the period. The largest contributors to positive performance came from China Government bonds, government owned China Cinda 2025s and the USD green bond issued by Qatar's state-owned QNB 1.625% 2025s.

During February the Hong Kong Mortgage Corp 2.7% 2024s bond matured, and the proceeds were used to add a HK Mortgage 2.98% 2026 position. Export-Import Bank of Korea 2.8% 2024s matured on the final day of the month, and we reinvested proceeds into a China Government 2.52% 2028 bond in March. The KfW 2.7% 2024 bond also matured, and proceeds were used to add the KfW 2.9% 2026s in March.

The yield on the 2-year benchmark China Government closed 29bps lower, at 1.90%.

Against the euro the onshore and offshore renminbi currencies returned +0.98% and +1.22%, respectively. The currencies returned -1.30% and -1.07%, respectively against the dollar.

The AI (WARF) rated portfolio yields 2.67% and has a duration of 1.55 years.

OUTLOOK

China's 2024 budget revealed an assertive approach to reflating the economy and achieving the ambitious "around 5%" growth target, which implies a nominal GDP growth of around 7.4%; a significant acceleration from 2023. Despite maintaining the fiscal deficit target at 3% of GDP, the central government plans to leverage up by financing the entire CNY 180bn increase in the deficit and issuing CNY 1tn in ultra-long term special bonds annually. This allows for greater fiscal spending power to support growth. Efforts will focus on creating over 12 million new urban jobs, ensuring income growth synchronises with economic expansion, and providing subsidies to boost consumption of consumer goods. Notably, China aims to enhance policy consistency by integrating non-economic factors into macroeconomic assessments before introducing new measures, establishing coordination mechanisms across government agencies.

At the China Development Forum 2024, the nation's Premier Li Qiang signalled China's readiness to grant greater market access to foreign investors and companies. Li highlighted the strong resilience, vast potential and vitality of the Chinese economy, emphasising that the fundamentals underpinning its long-term growth trajectory remain intact. He revealed that since the previous year, the Chinese government has taken steps to enhance and streamline services while establishing a regular communication channel with enterprises.

Speaking at the same event, International Monetary Fund Managing Director Kristalina Georgieva said: "With a comprehensive package of pro-market reforms, China could grow considerably faster than a status quo scenario". The IMF believe these pro-market reforms could unleash a 20% expansion of the real economy over the next 15 years, which in today's terms would equate to adding USD3.5tn to the Chinese economy. The IMF also upgraded its growth estimate for China, to 4.6% in 2024, 0.4 points higher than its last forecast in October, and 0.4 points below China's own forecast.

GUINNESS CHINA RMB INCOME FUND - FUND FACTS

Fund size	¥30.6m
Fund launch	09.03.2023
OCF	0.60%
Benchmark	N/A
Historic yield	2.0% (Y CNH 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 CHINA RMB INCOME FUND - PORTFOLIO

Top 10 holdings		Sector		Country
China Govt Bond 3.6% 27/06/2028	8.6%	AAA	6.6%	
China Govt Bond 3.31% 30/11/2025	8.3%	AA	14.3%	
China Govt Bond 3.39% 21/05/2025	8.3%	A	75.8%	
China Govt Bond 3.38% 21/11/2024	8.2%			
China Govt Bond 2.52% 04/08/2028	8.2%			
China Govt Bond 4.0% 22/05/2024	8.2%			
China Govt Bond 3.03% 24/06/2024	8.2%			
KFW 6.7% 25/03/2024	6.6%			
Agri Dev Bank China 3.4% 06/11/2024	4.9%			
FABUH 3.4% 18/08/2025	4.9%			
Top 10 holdings	74.4%			
Number of holdings	16			

Guinness China RMB Income Fund

Past performance does not predict future returns.

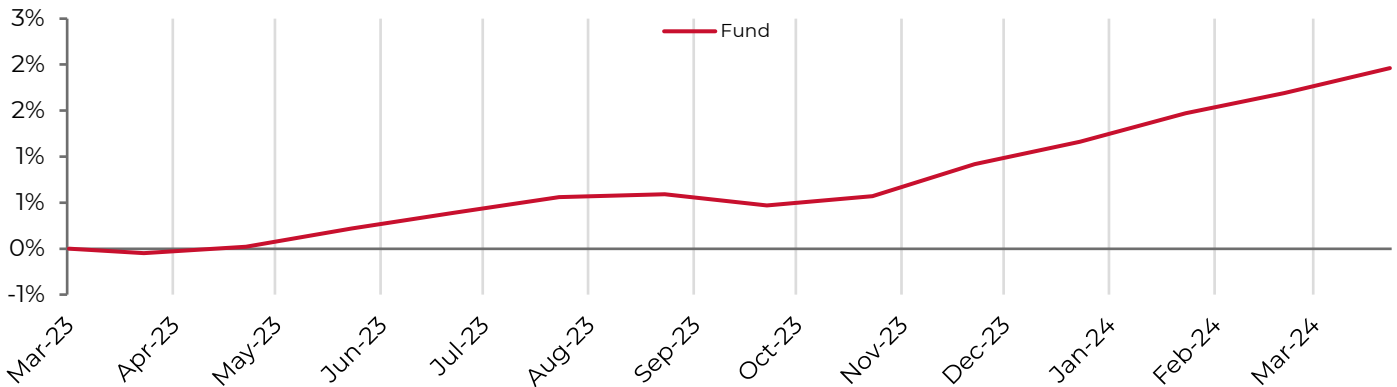
GUINNESS CHINA RMB INCOME FUND - CUMULATIVE PERFORMANCE

(CNH)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+0.3%	+0.8%	+2.0%	-	-	-
(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-0.4%	-0.3%	-5.6%	-	-	-
(USD)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-0.5%	-1.2%	-3.5%	-	-	-
(EUR)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-0.3%	+1.1%	-2.9%	-	-	-

GUINNESS CHINA RMB INCOME FUND - ANNUAL PERFORMANCE

(CNH)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	-	-	-	-	-	-	-	-	-	-
(GBP)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	-	-	-	-	-	-	-	-	-	-
(USD)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	-	-	-	-	-	-	-	-	-	-
(EUR)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	-	-	-	-	-	-	-	-	-	-

GUINNESS CHINA RMB INCOME FUND - PERFORMANCE SINCE LAUNCH (CNH)



Source: FE fundinfo to 31.03.24. Graph is in CNH. 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 0.60%. 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 fixed interest securities and equity and fixed interest markets invested in by the Guinness China RMB 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. 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 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: 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'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