Guinness Global Innovators

Investment Commentary – May 2024

RISK

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

The Funds are equity funds. 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	01.05.2003
Index	MSCI World
Sector	IA Global
Managers	Dr Ian Mortimer, CFA Matthew Page, CFA
EU Domiciled	Guinness Global Innovators Fund
UK Domiciled	WS Guinness Global Innovators Fund

INVESTMENT POLICY

The Guinness Global Innovators Funds are designed to provide investors with global exposure to companies benefiting from innovations in technology, communication, globalisation or innovative management strategies. Innovation can take many forms, and not just in disruptive tech-driven products. It is the intelligent application of ideas and is found in most industries and at different stages in the company lifecycle. The Funds are actively managed and use the MSCI World Index as a comparator benchmark only.

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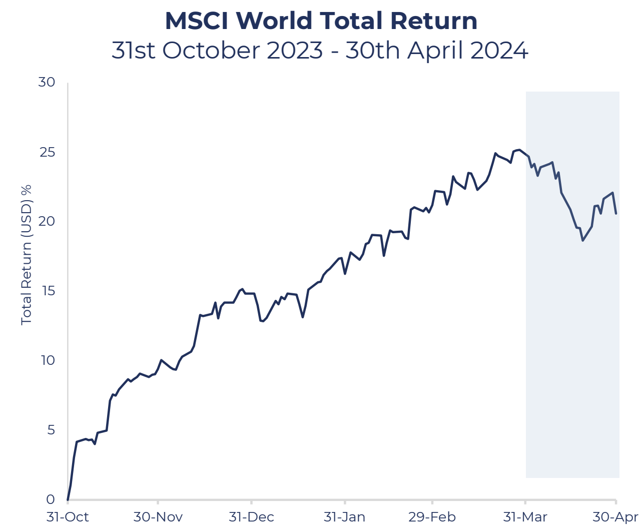
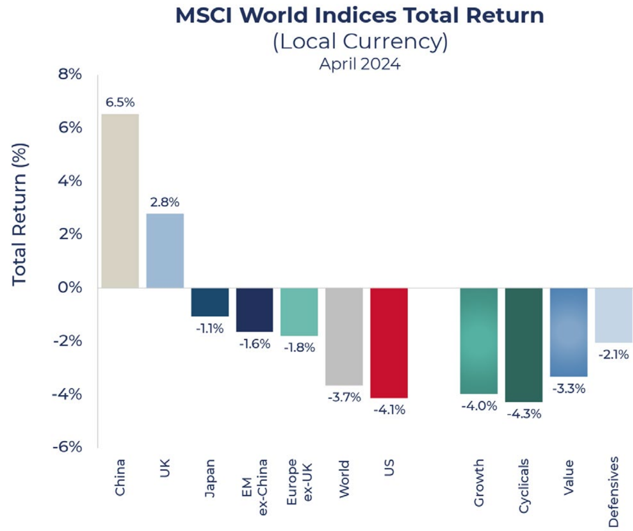
COMMENTARY

In April, the Guinness Global Innovators Fund provided a total return of -2.0% (in GBP) against the MSCI World Index net total return of -2.9% and the IA Global sector average return of -2.3%. The Fund outperformed the benchmark by 0.8% (in GBP) and outperformed the IA Global sector by 0.2%.

Global equity markets delivered their first month of negative performance since October 2023, despite a tech-led bounce towards the end of the month. The US led the declines, with Europe and Emerging Markets outperforming the broader index (in local currency terms) but still contributing to overall equity weakness. There were pockets of strength: the UK benefited from high exposure to energy and commodities as well as encouraging purchasing managers' index data (composite PMI rising to 54), and strong economic data in China (GDP growth of 5.3% year-on-year in Q1) allowed positive sentiment to return to the region and Chinese equities outperformed all others. In the US, economic data was mixed, offering warning signs of a weakening consumer despite 'hot' retail sales over the month. The key source of equity weakness, however, was an above-consensus inflation print, leading the Federal Reserve to comment that further progress in disinflation is required before monetary policy will be loosened. As a result, the market-implied schedule of interest rate cuts was once again delayed. Earlier this year, although expectations for cuts in the first quarter had been tempered, the beginning of the cutting cycle seemed to be in view and enthusiasm over artificial intelligence and positive economic data drove equities to record highs. In April, however, the possibility of monetary loosening beginning in 2024 weakened. Markets' direction began once again to be dictated by the future path of interest rates, with a delay to the cutting cycle acting as a headwind to valuations. Although company reporting season drove earnings upgrades in almost all sectors (except Healthcare) over the month, this was not enough to offset contracting valuation multiples, with 'higher-duration' areas of the market (Information Technology, Real Estate and Consumer Discretionary) suffering the greatest declines.





Source: Guinness Global Investors, MSCI, as of 30th April 2024

During the month, relative performance of the Funds was driven by the following:

- The portfolio's largest overweight position was to the benchmark's second-worst performing sector over the month, Information Technology. However, this was more than offset by strong stock selection, making the sector a contributor to relative performance. Amphenol (+4.7% USD), Infineon (+2.7% USD) and off-benchmark name TSMC (+1.0% USD) were bright spots.

- Stock selection was also strong among Industrials, Consumer Discretionary and Healthcare, with ABB (+5.3% USD), Novo Nordisk (+1.1%) and Fund top performer and off-benchmark name Anta Sports (+7.9% USD) all outperforming their respective sectors.

- Weakness in some of our Financials holdings offset a small portion of this strong stock selection effect, with holdings Intercontinental Exchange (-6.3% USD) and MasterCard (-6.2% USD) underperforming.

- The portfolio's zero allocation to the benchmark's top-three performing sectors , Consumer Staples, Energy and Utilities, acted as a headwind to performance, although a zero weighting to Real Estate, the bottom performing sector, offered a slight offset.

It is pleasing to see the Guinness Global Innovators strategy rank in the top quartile of the IA Global Sector over the key time periods shown below, but particularly over the longer time frames of 5, 10, 15 and 20-year periods as well as since launch.

Cumulative % total return in GBP to 30th April 2024	YTD	1 year	3 years	5 years	10 years	15 years	20 years	Launch
Guinness Global Innovators	10.9	32.3	31.0	101.5	305.4	824.1	1104.7	1262.2
MSCI World	6.7	18.8	30.3	71.2	215.4	482.1	561.8	676.6
IA Global (average)	5.4	14.3	15.5	53.0	157.1	339.9	410.2	514.8
IA Global (ranking)	^	13/548	70/480	7/402	6/242	1/160	1/97	3/93
IA Global (quartile)	^	1	1	1	1	1	1	1

^Ranking not shown in order to comply with European Securities and Marketing Authority rules.

Annual % total return in GBP	Dec 23	Dec 22	Dec 21	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16	Dec 15	Dec 14*
Guinness Global Innovators	32.1	-20.7	22.6	32.1	31.3	-11.9	22.0	27.7	2.0	18.9
MSCI World Index	16.8	-7.8	22.9	12.3	22.7	-3.0	11.8	28.2	4.9	11.5
IA Global sector average	12.7	-11.1	17.7	15.3	21.9	-5.7	14.0	23.3	2.8	7.1
IA Global sector ranking	12/539	440/508	123/468	52/424	17/389	312/344	32/312	99/284	206/263	7/235
IA Global sector quartile	1	4	2	1	1	4	1	2	4	1

	Dec 13*	Dec 12*	Dec 11*	Dec 10*	Dec 09*	Dec 08*	Dec 07*	Dec 06*	Dec 05*	Dec 04*
Guinness Global Innovators	42.6	14.9	-6.0	20.7	29.3	-24.5	19.2	4.2	25.0	3.4
MSCI World Index	24.3	10.7	-4.8	15.3	15.7	-17.9	7.2	5.3	22.4	7.0
IA Global sector average	21.7	9.4	-9.3	15.8	23.0	-24.3	8.8	7.8	24.8	7.7
IA Global sector ranking	6/219	31/203	59/182	44/165	38/158	91/142	21/131	87/115	58/101	75/95
IA Global sector quartile	1	1	2	2	1	3	1	4	3	4

Source: FE fundinfo

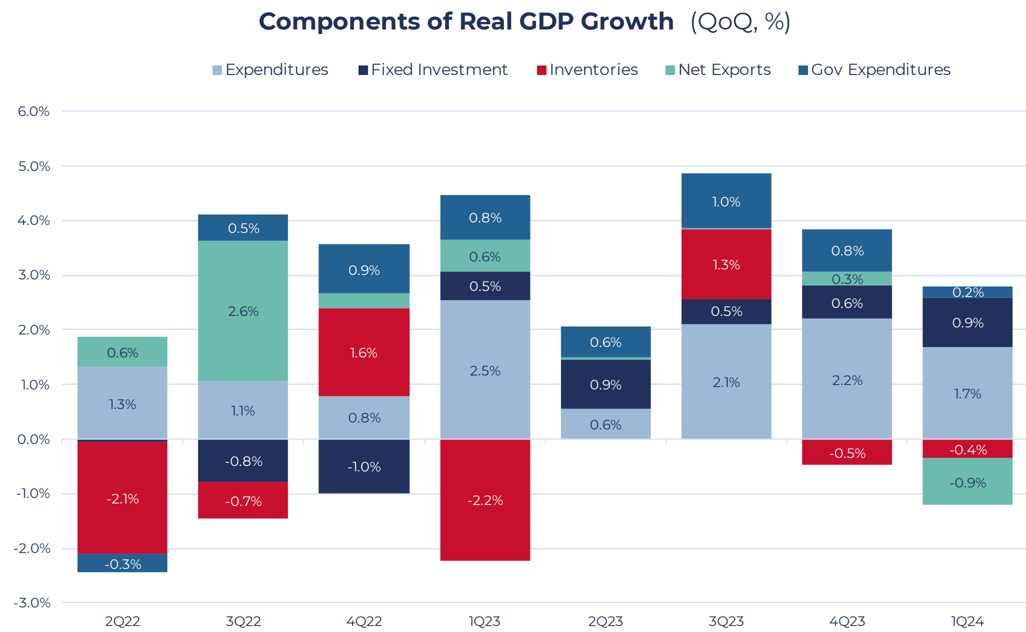
**Simulated past performance; performance prior to the launch of the Guinness Global Innovators Fund (31.10.14) reflects a US mutual fund which has had the same investment process since the launch of the strategy on 01.05.2003.*

MARKET COMMENTARY

Mixed economic data

Until last month, economic data over 2024 pointed almost universally to strength, and given that further interest rate increases were seemingly off the table, equities reacted positively. However, signs of weakness emerged in April as Q1 GDP and US manufacturing activity and consumer sentiment surveys all came in below consensus forecasts, with markets pausing to reassess the outlook. Companies including McDonald's, Coca-Cola and Nestlé reported a shift in purchasing habits towards cheaper options, suggesting consumers may finally be beginning to feel the pinch. This was backed by data that showed US credit card delinquencies in Q4 reaching their highest levels since 2012, when data began to be recorded. As excess savings from the pandemic returned to zero for the first time during April, concerns emerged that the 'consumer-led' economy may be gently losing steam.

There were, however, positive signs to counter the above. The US economy grew at 1.6% (annualized) versus an expected 2.5% over Q1, a deceleration from 3.4% the previous quarter – but the dynamics of this disappointment versus expectations are important. The deceleration was driven by a fall in investment in inventories and a decline in net exports. Reassuringly, however, demand from consumers and businesses alike remained strong. Consumption offered a 1.7% positive contribution to real GDP, with a quarterly growth rate of 2.5% only slightly weaker than at the end of 2023. Fixed Investments offered a 0.9% contribution – up from 0.7% the previous quarter. The decline in net exports was partly a result of consumer spending remaining so much stronger in the US than abroad, meaning it caused the trade deficit to widen. A decline in inventory typically suggests *expectations* of *future* weakening demand, but this does not necessarily reflect what we saw elsewhere, such as a 'blowout' March retail sales report (+0.7% month-on-month). And while manufacturing PMIs came in weaker than expected, composite PMIs remained in expansionary territory in both the US and Europe, reflecting continued business confidence, alongside a bumper jobs report.

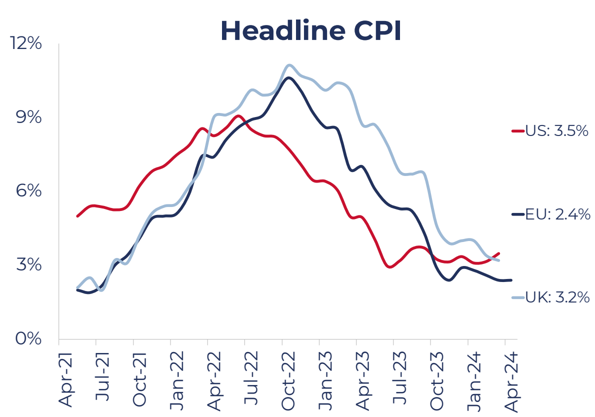


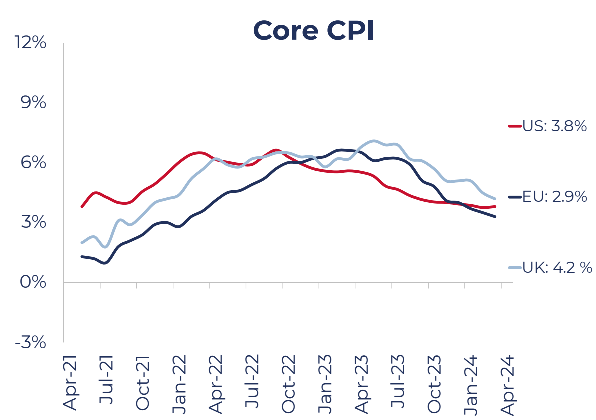
Source: Guinness Global Investors, Bureau of Economic Analysis, as of 30th April 2024

Ultimately, preliminary GDP data has been noisy in recent periods (this time last year the GDP figure was revised from 1.1% to 2.0%), and we await the final revisions – but on the whole, a 1.7% annualized rate on an absolute level is by no means weak, especially when considering these underlying dynamics. While there are small signs that the US economy may be slowing in certain pockets, we would be wary of using single-month data points to make projections for the future. The fact that the US economy of late has been consumer-driven means a weakening in this aspect will of course be a concern, but given strength in retail sales and the underlying components of GDP growth, we are cautious of calling a slowdown just yet. Our overriding view is that the US economy remains in good shape – although it may not be as clear cut as we may have thought last month.

Slowing disinflation

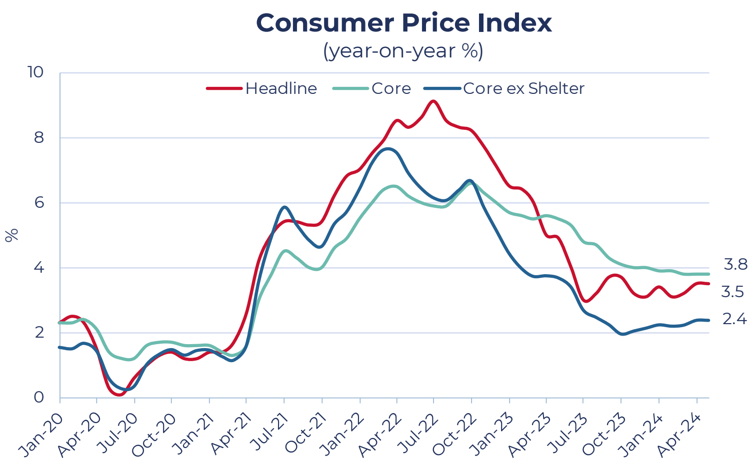
Inflation's path down to the 2% target has been relatively smooth since the peak (in mid-2022 for the US, and late 2022 for Europe). This trend in both headline and core numbers was one of the key drivers behind such strong expectations of rate cuts at the beginning of 2024 (between 6 and 7 cuts in 2024 for the US, Europe and UK).

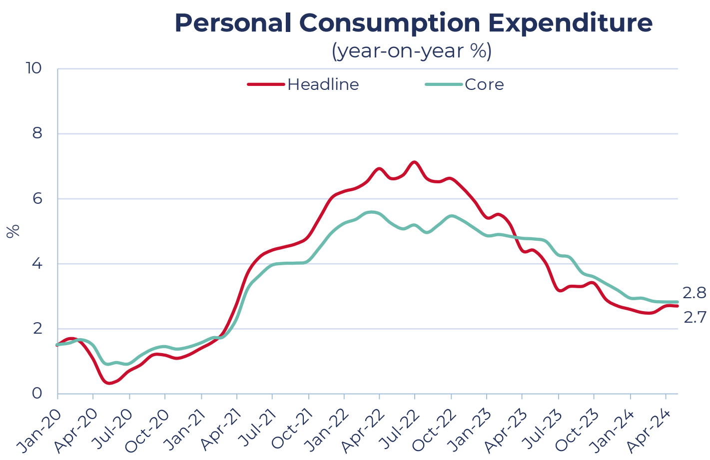




Source: Guinness Global Investors, Bureau of Labor Statistics, as of 30th April 2024

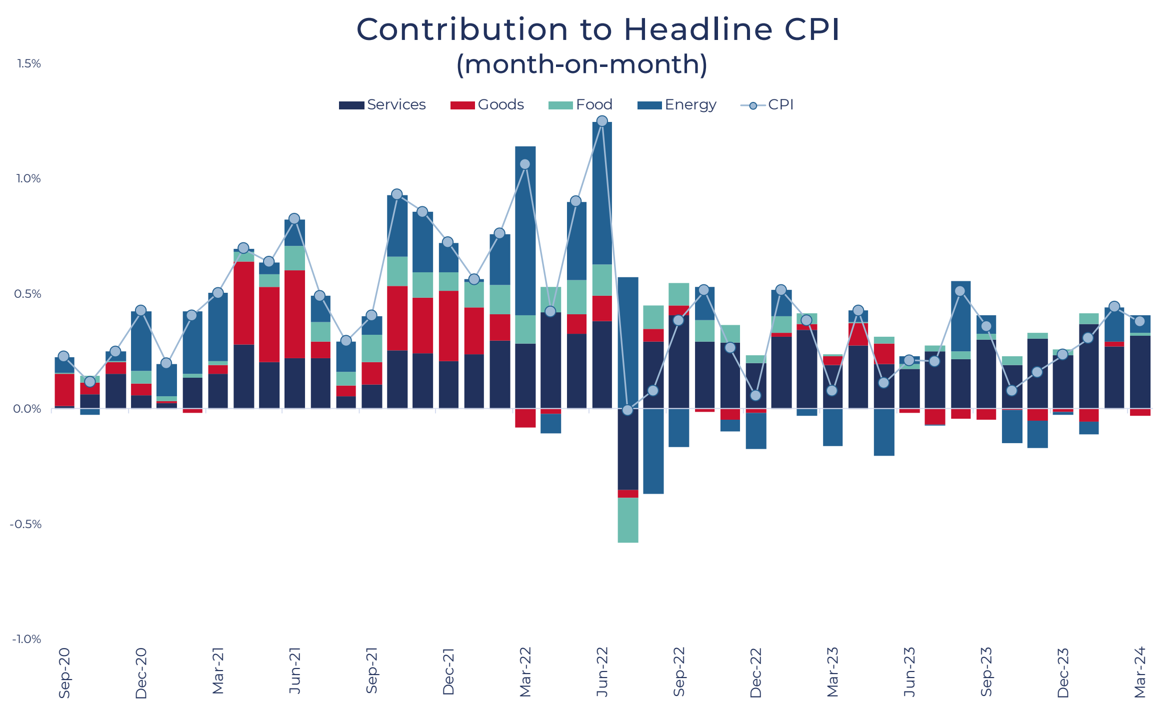
However, progress in the US has seemingly stalled. 'Core' consumer price inflation (CPI), which excludes food and energy, has remained at 0.4% month-on-month for three consecutive months, and the year-on-year prints have fallen only 0.2 percentage points (from 4.0% to 3.8%) since October 2023. The headline number has actually increased 0.3 points over this period (from 3.2% to 3.5% in March). The Fed's preferred measure of inflation, core personal consumption expenditure (PCE), has fallen just 0.1% since December 2023 (from 2.9% to 2.8% in March). Perhaps most concerningly, the 'Supercore' CPI index (which excludes the largest and stickiest contributor to core CPI, shelter), has been slowly trending upwards since September 2023.





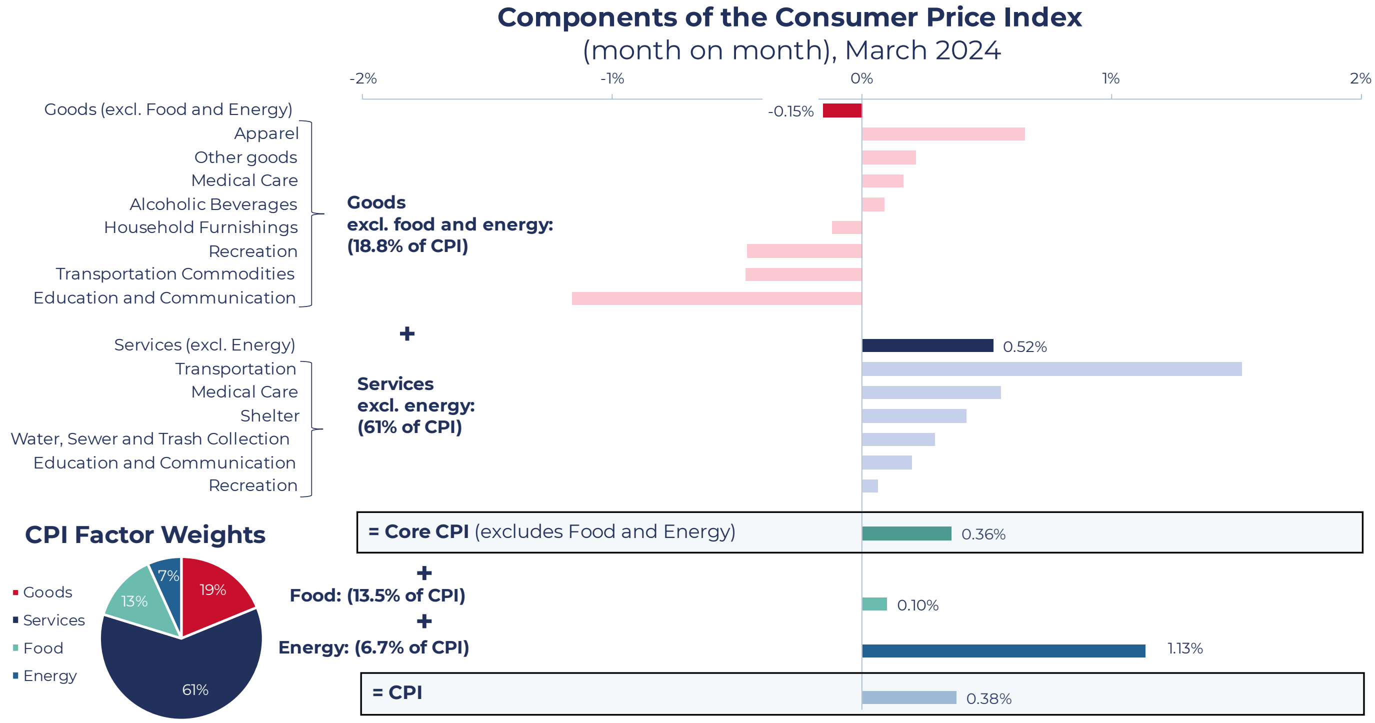
Source: Guinness Global Investors, Bureau of Economic Analysis, as of 30th April 2024

Services, widely regarded as a stickier component of inflation due to input costs stemming predominantly from wages, had been the core driver of inflation for around 18 months now, and although it had been progressing downward, it now appears to be back on a slow, upward trend.



Source: Guinness Global Investors, Bureau of Labor Statistics, as of 30th April 2024

Looking at March's data and breaking down these components even further, inflationary pressures are not limited to a few sub-segments within Services either, but are broad-based, despite varying in magnitude.



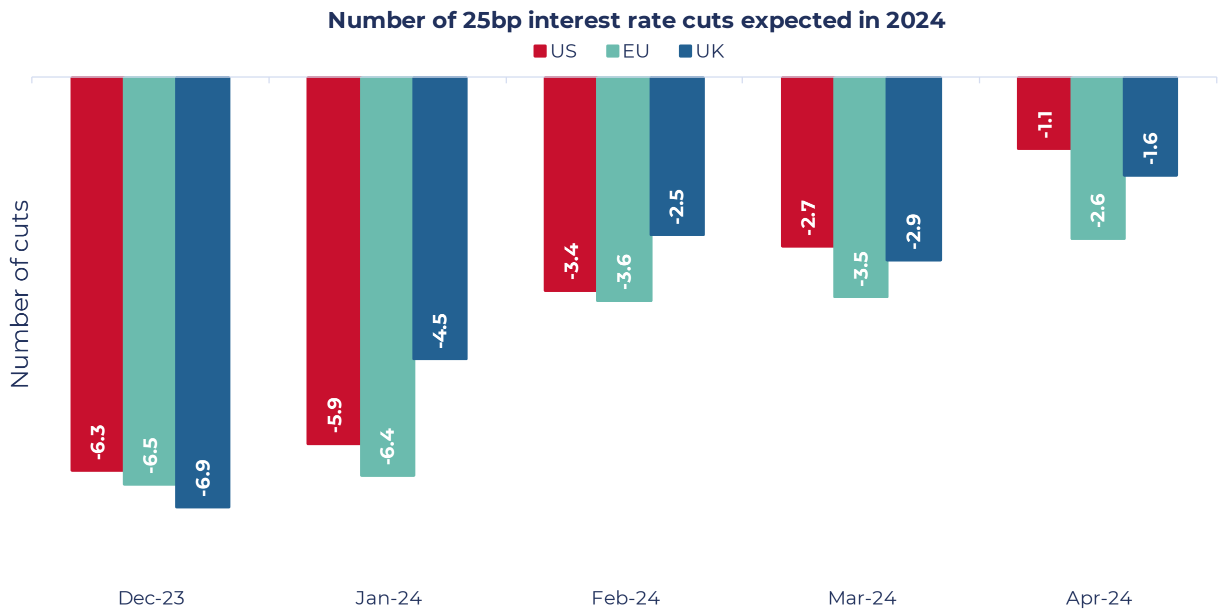
Source: Guinness Global Investors, Bureau of Labor Statistics, as of 30th April 2024

In the context of these figures, commentary from Federal Reserve Chair Jay Powell became markedly more hawkish during the month of April, conceding for the first time that inflation was now taking longer than expected to fall to levels in which it would be acceptable to ease policy. He stated:

"We've said … that we'll need greater confidence that inflation is moving sustainably toward two per cent before it would be appropriate to ease policy… The recent data have clearly not given us greater confidence, and instead indicate that it's likely to take longer than expected to achieve that confidence."

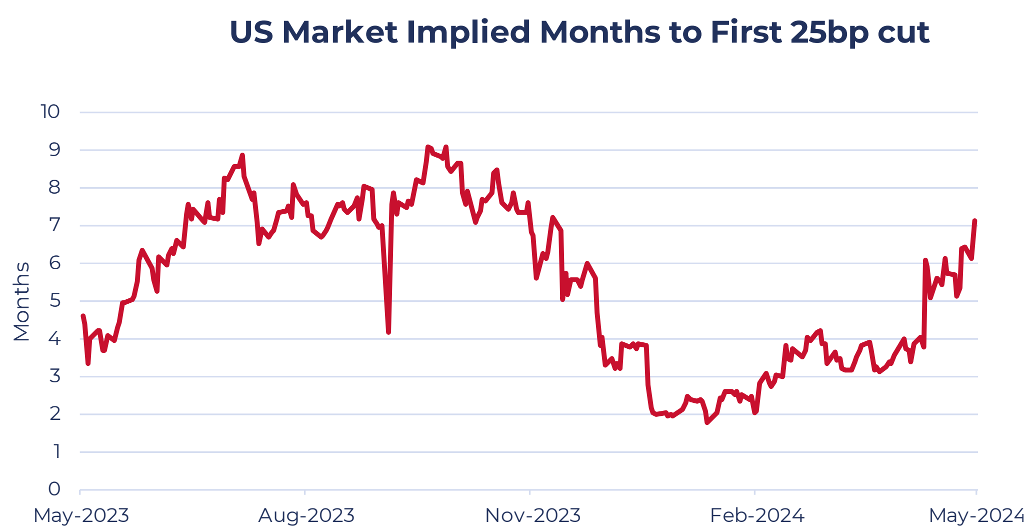
2024 rate cuts under threat

Expectations for interest rate cuts have already shifted significantly this year. The number of market-implied 25 basis point (bp) cuts has reduced from between 6-7 at the beginning of the year to around 1 at the end of April. A similar trend can be seen in Europe and the UK. Both the European Central Bank and Bank of England highlight that their local inflationary pressures and dynamics are different to those in the US, and there is no formal coordination in their response, but their monetary policy has typically moved in a similar pattern to that of the Federal Reserve, the reason being that significant divergence may harm their economies due to the impact of exchange rates and thus import costs, which may in turn lead to further inflation. Hence, the number of expected rate cuts has fallen dramatically over the duration of 2024 across regions.



Source: Guinness Global Investors, Bloomberg, as of 30th April 2024

This is also reflected in the number of implied 'months to first rate cut', which has risen over 2024. Not only are fewer cuts expected over 2024, but the first cut is now not expected until Q4. This is in complete contrast to the beginning of the year, when two rate cuts were already expected to have happened by now.

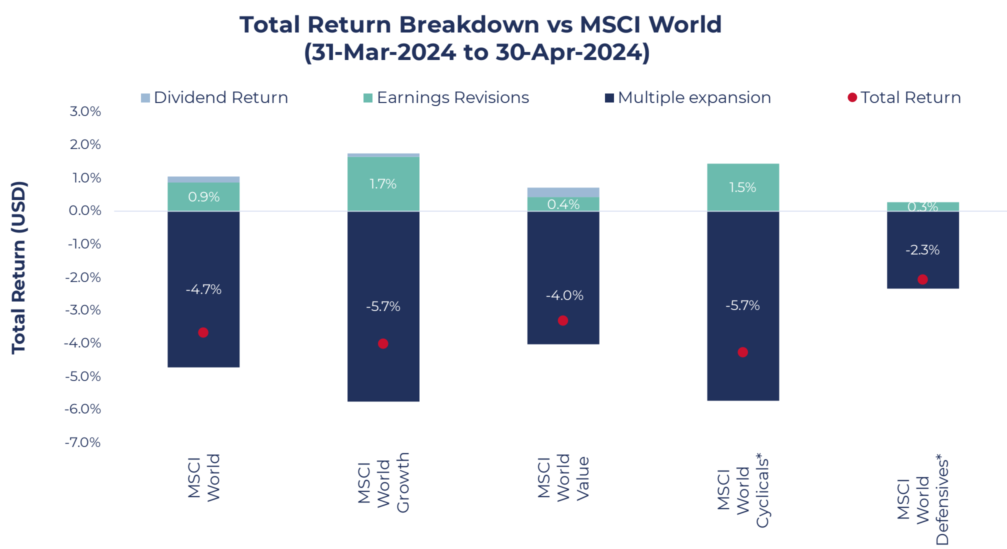


Source: Guinness Global Investors, Morgan Stanley as of 30th April 2024

Whilst the market was already expecting more rate cuts than the Fed was forecasting in its dot plot, commentary around the need to retain rates at elevated levels for longer as a result of stubborn inflation has caused expectations over the number of rate cuts to fall even further during April. In fact, options markets are now pricing in roughly a one in five chance that the next move by the Fed could in fact be a raise to interest rates.

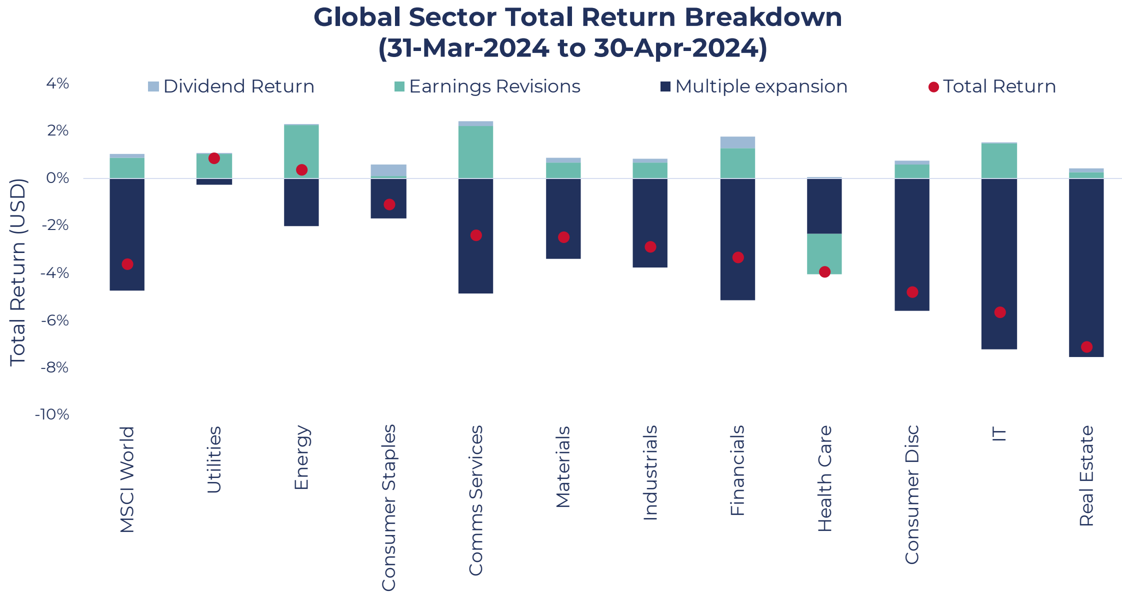
Implications for equities

The 'ideal world' scenario that drove equities to record highs early in the year has been marred somewhat. It was a vision of continued economic growth, inflation trending towards a 2% target, a strong jobs market with low unemployment, and interest rates coming back down in the near, if uncertain, future. Equity performance in the first quarter was strong despite rate cut expectations being pushed further out – with the market seemingly content to put up with higher rates for longer over the short term, provided these higher rates were in the context of a strong economy. Now, however, a lack of progress in disinflation has put a dampener on this scenario. The economy remains robust on the whole, even as some data points suggest weakness in pockets and despite some whispers of 'stagflation'. Powell quickly rebutted these, stating *"I don't see the 'stag', I don't see the 'flation'"* – and given the strong demand seen from both consumers and businesses, paired with inflation below 3% (headline and core PCE), his argument carries weight. However, the lack of disinflation and the resulting uncertainty over when the rate cutting cycle may begin has resulted in rate expectations being pushed further out once again, and this is finally impacting valuations more heavily, in contrast to the first quarter. Thanks to their longer 'duration', growth stocks and cyclicals were harder hit. Interestingly, despite some corners of the market perceiving a weakened macroeconomic backdrop amidst conflicting data reads, both growth and cyclicals experienced positive earnings revisions (12 months forward) over the month, a result of a strong earnings season. Of the c.370 companies in the S&P 500 that had reported earnings as of month end, 77% of had reported earnings above consensus (with an average beat 8.8%).



Source: Guinness Global Investors, MSCI, as of 30th April 2024

In fact, earnings revisions could be seen across almost all sectors (Healthcare being the exception), but were most pronounced among growth/cyclically-orientated stocks, another indication of the robust economic outlook. The sectors most exposed to changes in interest rate expectations – Real Estate, IT, Consumer Discretionary, Financials and Communication Services – experienced the largest multiple contraction, indicating equities were once again being driven by interest rate expectations.



Source: Guinness Global Investors, MSCI, as of 30th April 2024

Markets appear to have shifted expectations away from the 'ideal world' scenario to one in which economic growth remains strong, but inflation may persist for some time. It now seems broadly accepted that the level at which interest rates may eventually level out could be materially higher than what markets became accustomed to over the 2010s. We believe there is a good argument for high-quality stocks with exposure to long-term secular growth themes in this market environment. Whilst a lower-growth environment may not be our 'base case', if the risk does emerge, we believe such companies should continue to be able to grow, being protected by better fundamental characteristics in terms of margins and balance sheets but also performing well during cyclical upswings. We are confident that the Global Innovators strategy's focus on high quality growth stocks, underpinned by structural changes, stands us in good stead. Our bottom-up approach helps to identify these quality growth companies while also maintaining a valuation discipline. In addition, our equal-weight portfolio construction approach limits overreliance on any single company. We continue to focus on these key tenets and remain confident of this process over the long term.

CHANGES TO THE PORTFOLIO

In April we sold two positions, Zoom and Comcast, and initiated two new positions, Siemens Healthineers and London Stock Exchange Group.

Buys

Siemens Healthineers, spun out of the broader Siemens group, develops and sells medical technology solutions to healthcare providers. The company specialises in imaging systems for MRI, CT and ultrasound scans as well as other diagnostics equipment and cancer radiology. Siemens is well positioned to capitalise on global healthcare trends including the digitalisation of medical data, a shift towards more personalised medicine and the adoption of AI within MedTech. This is coupled with a track record of strong top-line and bottom-line growth, backed by 50% recurring revenues. Siemens Healthineers was one of the first movers in advanced MRI and CT technology (contributing to c.50% total revenues) and with a decade of expertise in imaging, the company has maintained a dominant market position. Siemens Healthineers' market leadership runs across segments. It acquired Varian, the number one radiotherapy player, in 2020, which strengthened an already diversified portfolio. The company has faced some margin pressure associated with acquisition costs and supply chain issues in its Diagnostics segment post-Covid, but there are early signs that these inflationary pressures are now easing, which we expect to be accretive to margins. Ultimately the firm's scale and dominant market positioning position it well to capture the healthcare trends above, and given the underlying business quality, we believe the stock fits well with our philosophy.

London Stock Exchange Group (LSEG) provides both data solutions and infrastructure for global financial markets. The firm is vertically integrated across the 'financial market value chain', with a presence across the trade lifecycle – from pre-trading data and analytics to post-trade clearing and reporting, across both primary and secondary markets. Until 2007, its sole operations were running the London Stock Exchange, but it has used acquisitions to shift the core of the business away from exchanges and towards data and analytics. LSEG has a high-quality business model, generating around 70% recurring revenues with a c.95% retention rate. Since the acquisition of Refinitiv into the business, LSEG has been working hard to improve product quality to compete more effectively in Data and Analytics, through its Refinitiv Terminal. The company has evolved from a relatively low-growth business that was exposed almost entirely to market trading cycles and listing revenues into a high-quality, recurring revenue cash generation machine with a number of promising growth drivers: Annual Subscription Value growth, Trading and Banking turnaround, CapEx spend on innovation and product improvements, pricing and market share gains to name a few. It also enjoys secular growth drivers including the shift from active to passive benefiting the index business, regulation demanding greater disclosure, and a shift from over-the-counter to on-exchange. The firm's high recurring revenue stream makes it relatively defensive across all market conditions, while trading fees will ebb and flow with market volatility, offering some offset to any equity market downturn, and thus outperforming when others may not. London Stock Exchange Group offers a diversified, cash-generative, high-margin business with recurring revenues, sticky products and fundamental growth drivers.

Sells

Zoom Video Communications has struggled since the pandemic with changing consumer trends and a tougher macroeconomic environment. At purchase, Zoom looked attractive from a valuation perspective, having derated from its 2021 highs to near pre-pandemic levels despite being a fundamentally better business. The company had built a strong brand, with 'Zoom' becoming synonymous with online conferencing and video calling after the company's success during the pandemic and the resulting paradigm shift towards increased hybrid working. What was once a more 'speculative' growth stock at the start of the pandemic had become a slightly more mature growth company with high market share (underpinned by a best-in-class product), stickier revenues, and a stronger balance sheet with $5bn in cash creating room for growth investment. With a superior product and strong brand presence, growth expectations for the company were around mid to high single digits. However, with a growth profile that has disappointed, since purchase Zoom has returned -34% in USD versus the MSCI World Index which is up 28%. The company's key Enterprise segment has seen decelerating growth, with both customer growth and the net dollar expansion rate (Zoom's revenue per user metric) slowing significantly. Customer growth has slowed from a rate of 25% year-on-year in the quarter prior to purchase to an estimated 3.6% by the first quarter of 2024. The net dollar expansion rate has slowed even further, currently at 101%(1Q24) vs c.123% at purchase. Much of this is owed to macroeconomic headwinds which have pressured many customers to 'scrutinise' existing deals and potentially move to cheaper contracts. Within the Online segment, which covers non-enterprise customers, the story has certainly improved, but has been underwhelming. At purchase, the segment had experienced high attrition rates associated with the end of the pandemic, and while churn is now at all-time lows, revenues are expected to remain largely flat. It is worth nothing that many of the headwinds affecting the business have been out of management's control, but the fact that the firm has not been able to reignite growth as these pressures have eased has been disappointing. That said, the company has executed well on nascent product lines, and success continues in Zoom Contact Centre and its AI integration into the original platform, thus diversifying the business away from the core video platform, and it is disappointing that this has not been appreciated by the market. Looking forward, the growth outlook has somewhat degraded, particularly over the medium term, and although Zoom continues to hold some quality attributes and long-term growth levers, we believe there are better opportunities elsewhere.

Comcast offers cable TV, internet, streaming, and phone services mainly in North America and Europe. Since 2009, when we first purchased the stock for the strategy, Comcast has returned 564%. As the largest cable TV provider and broadband provider in the US, Comcast provided an attractive investment opportunity at purchase. Comcast boasted a wide economic moat from its well-established operational infrastructure and market dominance. However, over this long holding period, the market backdrop has changed, as has the business. In recent years, the stock has been weighed down by several factors including slower growth in broadband and subscriber losses in its Cable TV segment, in part a result of increasing competition.

The trend of cord-cutting has increased, with consumers turning away from traditional cable and satellite services in favour of internet or streaming services. Comcast has attempted to build out its own streaming service, Peacock, to replace lost revenues, but this is developing slower than anticipated and success has been limited. Comcast is still heavily exposed to traditional TV, creating uncertainty over the company's long-term growth prospects. This is coupled with stagnation in the broadband segment as Comcast has continued to see falling customer numbers, losing 65,000 in Q1 of 2024, in part a result of an uncertain macro backdrop. Furthermore, Comcast has built over $100bn in debt constraining its financial flexibility for investments, and scaling Peacock in particular. The stock has derated significantly since the pandemic, trading at 11x on a 1yr forward price/earnings ratio vs highs of almost 30x in 2022, a reflection of the many challenges to the company's growth prospects. Whilst Comcast remains a large market player in the US, in our view the company's business model has weakened, prompting us to look elsewhere for higher growth and higher-quality opportunities.

INDIVIDUAL STOCK PERFORMANCE OVER THE MONTH

Anta Sports (+7.9% USD), the Chinese sportswear and sports equipment manufacturer, ended the month as the portfolio's top performer (+7.9% USD). Anta released its operational update for 1Q24 reporting mid to high single-digit growth in its core Anta and Fila brands and 25-30% in all other brands. While this was largely in line with consensus expectations, encouragingly, management highlighted that growth was driven by successful new product launches and highlighted that there was more to come in the form of Olympics-related products. Anta's performance was also strong relative to peers, in particular to Chinese competitor Li Ning, which unlike Anta reported a decline in some segments in Q1. Li Ning also posted forward guidance of mid-single-digit top-line growth versus Anta's guidance of 10-15% for its core Anta and Fila brands and c.20% and 30% for luxury brands Descente and Kolon. Anta's strong stock performance comes amidst improving investor sentiment in the wider China region as the MSCI China Index returned 6.7% this month vs the broader MSCI World Index which returned -3.7%. After a period of lower-than-expected GDP growth and a property market downturn in 2023, the economic outlook looks more positive with China's GDP growth beating estimates at 5% year-on-year in Q1 2024. Since it is the largest domestic sportswear producer in China and has strong brand presence in the region, strong GDP growth and higher consumer spending are likely to contribute to Anta's sales growth. We see a number of long-term tailwinds for the stock. Although China's per capita spending on sportswear remains comparatively low at $31, as the middle class emerges, analysts expect this to rise to a similar level as Japan ($110) by 2030 (for comparison, the US spend per capita is $307). Furthermore, Beijing continues to promote exercise and sports, pouring billions into initiatives such as the Healthy China 2030 plan, which should serve to lift the sports industry's contribution to GDP. Anta evidently has strong growth drivers, paired with a highly diversified portfolio that appeals to both the mass market and luxury consumers, driving a superior margin profile to its Western peers (65.5% gross margins vs peer average of 44.5%), supporting our view that Anta is a high-quality growth company.

Alphabet (+8.1% USD) was the portfolio's second top performer. Performance was driven by strong first-quarter earnings that reassured investors of durability in the core search business, growth in the cloud products segment, and underlying business quality. The company exceeded estimates within the Google search services segment, reporting 14% growth year-on-year in search advertising, an acceleration from just 1% growth in the same quarter last year, and a 21% surge in YouTube advertising revenues, which were contracting at this point last year. Management attributed this to improvement in the monetization of Shorts, YouTube's quick video content platform, similar to competitor Meta's Reels. Management also highlighted success in Google's AI search assist products, which in recent months have created something of a drag on performance. Google has struggled to convince investors of its AI capabilities after a series of mishaps occurred with its Gemini/Bard generative AI tools. However, sentiment has improved as the company reported improving customer satisfaction and increasing user engagement. CEO Sundar Pichai cited "an increase in search usage among people who use the new AI overviews as well as increased user satisfaction with the results". Google's Cloud Products segment also delivered impressive growth, with revenues up 28%, the fastest growth rate seen in a year. In line with other large tech peers like Meta, Amazon and Microsoft, Alphabet almost doubled its capital expenditure to $12bn within the first quarter and forecasts $50bn for the full year in an effort to expand its generative AI capabilities – particularly in the fiercely competitive cloud computing market. Whilst this was significantly above estimates, the company has employed operating discipline through trimming spending, increasing infrastructure efficiencies and reducing hiring, providing some reassurance to investors. Management are also confident they can deliver bottom-line growth whilst increasing AI and cloud-related capex. In the same earnings release, Alphabet also reported very strong margin growth with operating margins now at 32.5%, reflecting almost 4% growth year-on-year, highlighting the focus on improving business quality as well as growth.

Alongside these strong earnings results, Alphabet also initiated a dividend of $0.20 a share, annualising at around $10bn, contributing to the stock's 12% jump on the day. Having faced criticism around AI and the durability of search, with its first quarter earnings Alphabet defended its ability to grow the core search business at a double-digit growth rate, saw acceleration in its Cloud business and achieved significant margin expansion. All in all, the long-term growth outlook for Alphabet remains strong.

Meta (-11.4% USD) ended the month as the bottom performer following management comments during its Q1 2024 earnings release. The tech company reported a good set of earnings, but this was clouded by comments from the founder Mark Zuckerberg who highlighted efforts to increase capex spend on AI. Zuckerberg stated that the firm will "invest significantly more in the coming years" into AI before it generates meaningful revenues, leading to a -10% market reaction on the day. Alongside this, Meta raised its capex guidance from $30-$37bn to $37-$40bn for the full year 2024. The quantum of spending and uncertainty on whether this would guarantee acceptable returns in a reasonable timeframe was likely the key driver of the negative market reaction, given lingering concerns raised when Meta initially announced its Metaverse project. However, AI is not a new technology for the company and holds many use cases to help drive revenues, such as supporting reels engagement, advertising and personalisation on its platforms. Despite the negative market reaction, this was a positive earnings release. Meta reported top-line growth of 27% year-on-year, in line with estimates, average revenue per user had grown 18% (vs -2% in 1Q23), and advertising volumes were up 20%, showing strength across the business. Furthermore, Meta reported strong operating margin expansion rising to 38%, a 1.8% increase year-on-year, highlighting its continued efforts to keep costs low and improve operational efficiencies. News of a possible ban of the TikTok platform in the US broke during the month, and although there is much uncertainty, if the ban were to materialise this could benefit Meta by driving greater traffic to its platforms. Zuckerberg's comments distracted from a strong earnings release which displayed Meta's improving growth and quality attributes. With improving monetisation across its business, strong top-line growth and evident growth opportunities, Meta remains attractive.

Salesforce (-10.7% USD), a cloud software company focused on customer relationship management (CRM) applications, saw its stock slide this month following rumours of a new acquisition target. The Wall Street Journal reported that talks were ongoing for Salesforce to acquire data processing platform Informatica, leading to a 6% drop on the day. The market reaction was driven by concerns over Salesforce's mixed M&A track record. Following the acquisition of Slack for $28bn, activist investors entered to curb further deals. Following this intervention, Salesforce created a new M&A framework. Although not confirmed, the deal seems to fit Salesforce's framework and strategy. It is worth noting that Salesforce has put itself in a strong position for further M&A, with a healthy balance sheet with close to $14bn in cash and Net Debt to EBITDA (earnings before interest, tax, depreciation, and amortization) of 0.41x, down almost 50% from a year ago. Further to this, we continue to hold Salesforce due to its demonstrable quality attributes. The company is the market leader in CRM and holds a strong reputation for its products, lending itself to over 90% customer retention. Furthermore, Salesforce has demonstrated peer-leading top-line growth (22% growth annually over the last three years vs 15% among peers), which is expected to continue given the structural growth opportunities and expanding addressable market in cloud computing that Salesforce is well positioned to capitalise on. Salesforce remains a high-quality, long-term growth compounder.

We thank you for your continued support.

Portfolio Managers
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Ian Mortimer

Investment Analysts
Sagar Thanki
Joseph Stephens
William van der Weyden
Jack Drew
Loshini Subendran

GUINNESS GLOBAL INNOVATORS FUND - FUND FACTS

Fund size	$1004.9m
Fund launch	31.10.2014
OCF	0.82%
Benchmark	MSCI World TR

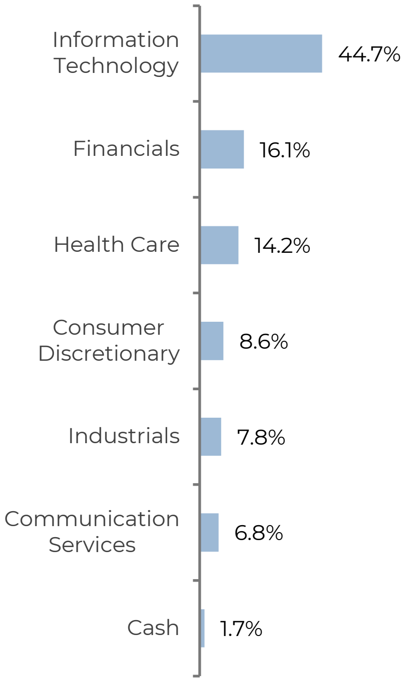
GUINNESS GLOBAL INNOVATORS FUND - PORTFOLIO

Top 10 holdings

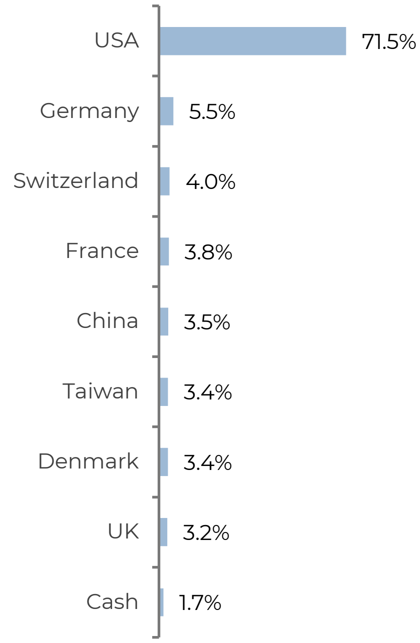
ABB	4.0%
KLA-Tencor	4.0%
Nvidia Corp	4.0%
Applied Materials	3.9%
Microsoft	3.8%
Schneider Electric	3.8%
Lam Research	3.8%
Intuit Inc	3.7%
salesforce.com	3.6%
Mastercard Inc	3.6%

Top 10 holdings	38.2%
Number of holdings	30

Sector



Country



Past performance does not predict future returns.

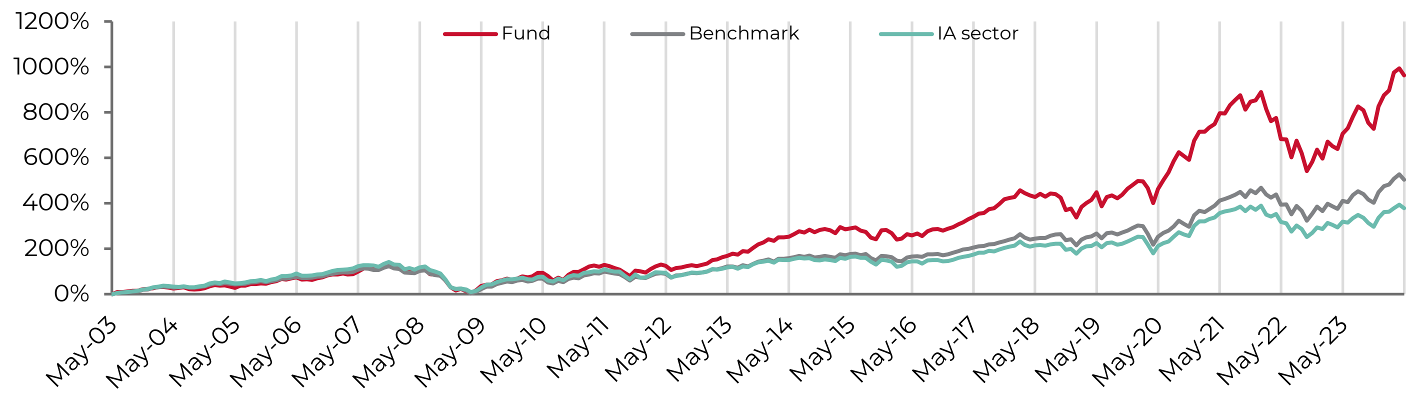
GUINNESS GLOBAL INNOVATORS FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-2.0%	+10.9%	+32.3%	+31.0%	+101.5%	+305.4%
MSCI World TR	-2.9%	+6.7%	+18.8%	+30.3%	+71.2%	+215.4%
IA Global TR	-2.3%	+5.4%	+14.3%	+15.5%	+53.0%	+157.1%
(USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-2.9%	+9.0%	+31.8%	+18.5%	+93.6%	+201.4%
MSCI World TR	-3.7%	+4.8%	+18.4%	+17.9%	+64.4%	+133.9%
IA Global TR	-3.1%	+3.5%	+13.9%	+4.5%	+47.0%	+90.7%
(EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-1.9%	+12.6%	+36.1%	+33.4%	+102.9%	+289.3%
MSCI World TR	-2.8%	+8.3%	+22.2%	+32.7%	+72.3%	+203.3%
IA Global TR	-2.1%	+6.9%	+17.6%	+17.6%	+54.1%	+147.2%

GUINNESS GLOBAL INNOVATORS FUND - ANNUAL PERFORMANCE

(GBP)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	+32.1%	-20.7%	+22.6%	+32.1%	+31.3%	-11.9%	+22.0%	+27.7%	+2.0%	+18.9%
MSCI World TR	+16.8%	-7.8%	+22.9%	+12.3%	+22.7%	-3.0%	+11.8%	+28.2%	+4.9%	+11.5%
IA Global TR	+12.7%	-11.1%	+17.7%	+15.3%	+21.9%	-5.7%	+14.0%	+23.3%	+2.8%	+7.1%
(USD)	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Fund	+40.0%	-29.6%	+21.5%	+36.3%	+36.6%	-17.0%	+33.6%	+7.2%	-3.5%	+11.9%
MSCI World TR	+23.8%	-18.1%	+21.8%	+15.9%	+27.7%	-8.7%	+22.4%	+7.5%	-0.9%	+4.9%
IA Global TR	+19.4%	-21.0%	+16.6%	+18.9%	+26.8%	-11.2%	+24.8%	+3.4%	-2.9%	+0.8%
(EUR)	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Fund	+35.2%	-25.0%	+30.7%	+25.0%	+39.1%	-12.9%	+17.3%	+10.2%	+7.3%	+27.4%
MSCI World TR	+19.6%	-12.8%	+31.1%	+6.3%	+30.0%	-4.1%	+7.5%	+10.7%	+10.4%	+19.5%
IA Global TR	+15.4%	-15.8%	+25.5%	+9.1%	+29.2%	-6.8%	+9.6%	+6.5%	+8.2%	+14.8%

GUINNESS GLOBAL INNOVATORS FUND - PERFORMANCE SINCE LAUNCH (USD)



Simulated past performance prior to the launch of the Guinness Global Innovators Fund (31.10.14) reflecting a US mutual fund which has the same investment process since the strategy's launch on 01.05.03.
Source: FE fundinfo to 30.04.24. 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 0.82%. 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. Graph data is in USD from 01.05.03.

WS GUINNESS GLOBAL INNOVATORS FUND - FUND FACTS

Fund size	£13.9m
Fund launch	30.12.2022
OCF	0.79%
Benchmark	MSCI World TR

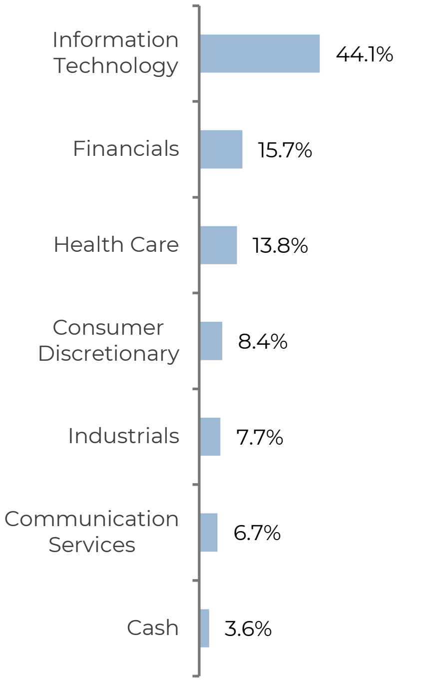
WS GUINNESS GLOBAL INNOVATORS FUND - PORTFOLIO

Top 10 holdings

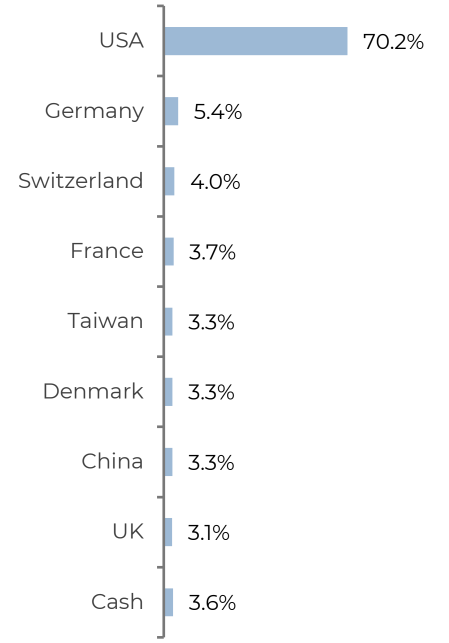
Amphenol Corp	4.2%
ABB	4.0%
KLA-Tencor	4.0%
Nvidia Corp	3.9%
Applied Materials	3.9%
Microsoft	3.8%
Schneider Electric	3.7%
Lam Research	3.7%
Cash	3.6%
Intuit Inc	3.6%

Top 10 holdings	38.5%
Number of holdings	30

Sector



Country



Past performance does not predict future returns.

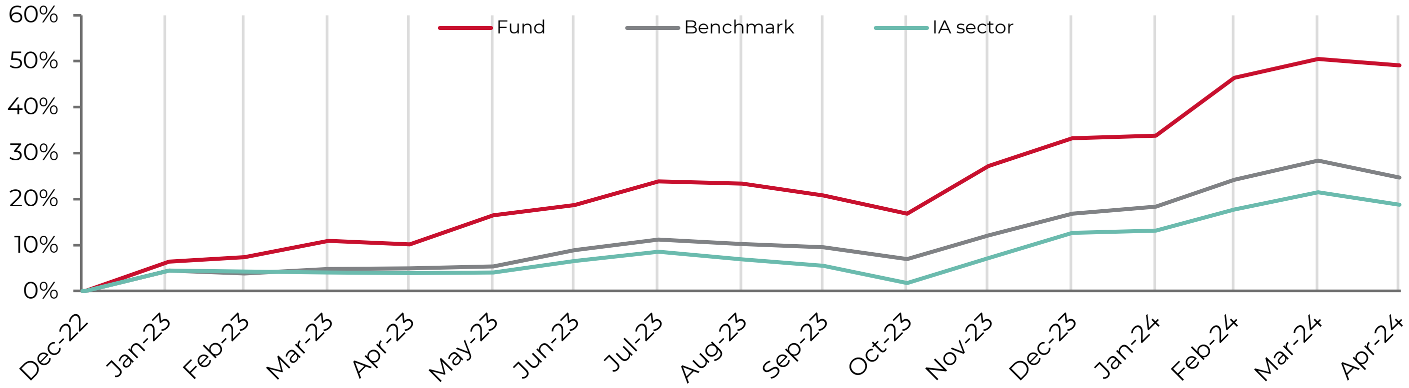
WS GUINNESS GLOBAL INNOVATORS FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-0.9%	+11.9%	+35.4%	-	-	-
MSCI World TR	-2.9%	+6.7%	+18.8%	-	-	-
IA Global TR	-2.3%	+5.4%	+14.3%	-	-	-

WS GUINNESS GLOBAL INNOVATORS FUND - ANNUAL PERFORMANCE

(GBP)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	+33.3%	-	-	-	-	-	-	-	-	-
MSCI World TR	+16.8%	-	-	-	-	-	-	-	-	-
IA Global TR	+12.7%	-	-	-	-	-	-	-	-	-

WS GUINNESS GLOBAL INNOVATORS FUND - PERFORMANCE SINCE LAUNCH (GBP)



Source: FE fundinfo to 30.04.24. 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 0.79%. 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 which is 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 the Guinness Global Innovators Fund and the WS Guinness Global Innovators Fund. It may provide information about the Funds' 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.

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GUINNESS GLOBAL INNOVATORS FUND

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, Reyl & Cie S.A., Rue du Rhône 4, 1204 Geneva, Switzerland. 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.

WS GUINNESS GLOBAL INNOVATORS FUND

Documentation
The documentation needed to make an investment, including the Prospectus, the Key Investor Information Document (KIID) and the Application Form, is available in English from www.fundsolutions.net/uk/guinness-global-investors/ or free of charge from:-

Waystone Management (UK) Limited
PO Box 389
Darlington
DL1 9UF
General Enquiries: 0345 922 0044
E-Mail: investorservices@linkgroup.co.uk

Waystone Management (UK) Limited is authorised and regulated by the Financial Conduct Authority.

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.
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Structure & regulation
The Fund is a sub-fund of WS Guinness Investment Funds, an investment company with variable capital incorporated with limited liability and registered by the Financial Conduct Authority.

Telephone calls will be recorded and monitored.