Guinness Global Energy

Investment Commentary – May 2025

RISK

This is a marketing communication. Please refer to the prospectus, supplement and KID/KIID for the Funds (available on our website), which contain full information on the risks, 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 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 companies involved in the energy sector; it is therefore susceptible to the performance of that one sector and can be volatile.

Past performance does not predict future returns.

ABOUT THE STRATEGY

Launch	31.12.1998
Index	MSCI World Energy
Sector	IA Commodity/Natural Resources
Managers	Will Riley Jonathan Waghorn Tim Guinness
EU Domiciled	Guinness Global Energy Fund
UK Domiciled	WS Guinness Global Energy Fund

INVESTMENT POLICY

The Guinness Global Energy Funds invest in listed equities of companies engaged in the exploration, production and distribution of oil, gas and other energy sources. We believe that over the next twenty years the combined effects of population growth, developing world industrialisation and diminishing fossil fuel supplies will force energy prices higher and generate growing profits for energy companies. The Funds are actively managed and use the MSCI World Energy Index as a comparator benchmark only.

CONTENTS

COMMENTARY

OIL

Spot prices dropped sharply in April

Brent and West Texas Intermediate (WTI) spot oil prices fell during the month on heightened economic uncertainty, following the introduction of widespread tariffs by US President Trump. The International Energy Agency (IEA) reduced their global demand forecast for 2025 from 1.0m b/day to 0.7m b/day after the International Monetary Fund (IMF) reduced global GDP growth forecast for 2025 from 3.3% to 2.8%. OPEC+ confirmed plans to increase their production in May by 0.4m b/day. Brent and WTI closed the month at $63/bl and $58/bl respectively.

NATURAL GAS

International gas prices fall

International gas prices fell in April, with the UK National Balancing Point price down by $2.4/mcf to $10.3/mcf and Japanese liquefied natural gas down $1.9/mcf to $11.2/mcf. Economic slowdown caused by President Trump's tariff programme is likely putting a brake on gas demand growth.

EQUITIES

Energy underperforms the broad market in April

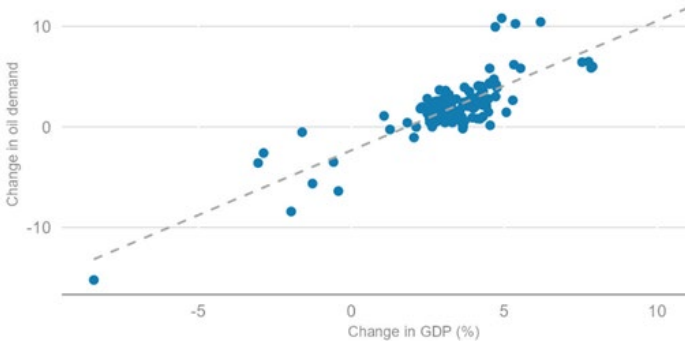
The MSCI World Energy Index (net return) fell by 11.2% (USD) in April, underperforming the MSCI World Index (net return) which rose by 0.9%.

CHART OF THE MONTH

Global oil demand vs change in global GDP

As you might expect, there is a close positive correlation between the change in global GDP and change in global oil demand. With the IMF downgrading global GDP for 2025 from 3.3%, to 2.8%, the IEA have lowered oil demand growth to 0.7m b/day (from 1.0m b/day).

Global oil demand vs global GDP (quarterly since 1993)

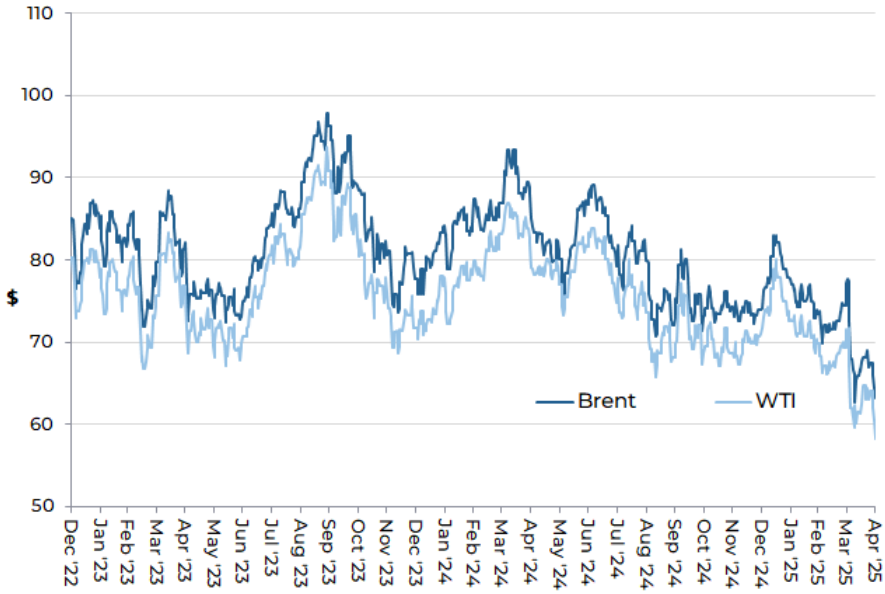


Source: Morgan Stanley, April 2025

APRIL IN REVIEW

i) Oil market

Oil price (WTI and Brent $/barrel): December 2022 to April 2025



Source: Bloomberg; Guinness Global Investors, April 2025

The WTI oil price began April at $71/bl and, after dipping to a low of $59/bl on April 8th, before rallying to the mid $60s/bl. The WTI price then weakened again into the end of the month, closing at just over $58/bl. WTI has averaged just over $69/bl so far this year, having averaged $76/bl in 2024 and $78/bl in 2023. Brent oil traded in a similar shape, opening at $77/bl and moving lower, to close at $63/bl. Brent has averaged $74/bl so far in 2025, having averaged $80/bl in 2024 and $83/bl in 2023. The gap between the WTI and Brent benchmark oil prices narrowed slightly over the month, ending April at $5.0/bl. The Brent-WTI spread averaged $5/bl in 2024 after averaging a similar amount in 2023.

Factors which strengthened WTI and Brent oil prices in April:

- **Strong current demand growth**

Near-term global oil demand has been strong. The IEA reported in April that Q1 2025 oil consumption is expected to be up by around 1.2m b/day year-on-year, the strongest growth rate since 2023. Some of this higher demand was transitory, as a relatively cold end to the Northern Hemisphere winter season in key regions boosted the demand for heating oil.

- **Venezuelan oil production growth under threat**

Latest data published in April shows oil exports from Venezuela fell around 11% in March versus February, following US President Trump's announcement in February to cancel a "concession agreement" on Venezuela's energy sector that allowed Chevron to produce and export oil from the country. The concession had been put in place by President Biden in November 2022. The shutting down of Chevron's activities in particular threatens the supply of diluent, a substance produced by the company, which is used to thin out Venezuela's heavy oil, allowing it to be transported. Without the diluent supply, heavy oil production in the country is likely to fall sharply from here. Venezuela is currently producing around 1m b/day but production was as a low as 0.3m b/day in late 2020.

Factors which weakened WTI and Brent oil prices in April:

- **US tariffs causing concerns for global economic growth and oil demand**

Early in April, President Trump announced a swathe of tariffs to come into immediate effect across the world. These actions, part of a broader strategy to address trade imbalances and protect U.S. industries, remain fluid, but have brought into question whether world GDP and oil demand will slow as a result. In the middle of April, the IEA published an updated

global oil demand forecast for 2025. The IEA reduced expected demand growth from 1.0m b/day to 0.7m b/day, driven by the IMF's downgrade to global GDP, from 3.3% growth in 2025 to a lower forecast of 2.8%. Roughly half of the IEA's demand downgrade for 2025 occurs in the US and China, and most of the remainder in trade-oriented Asian economies.

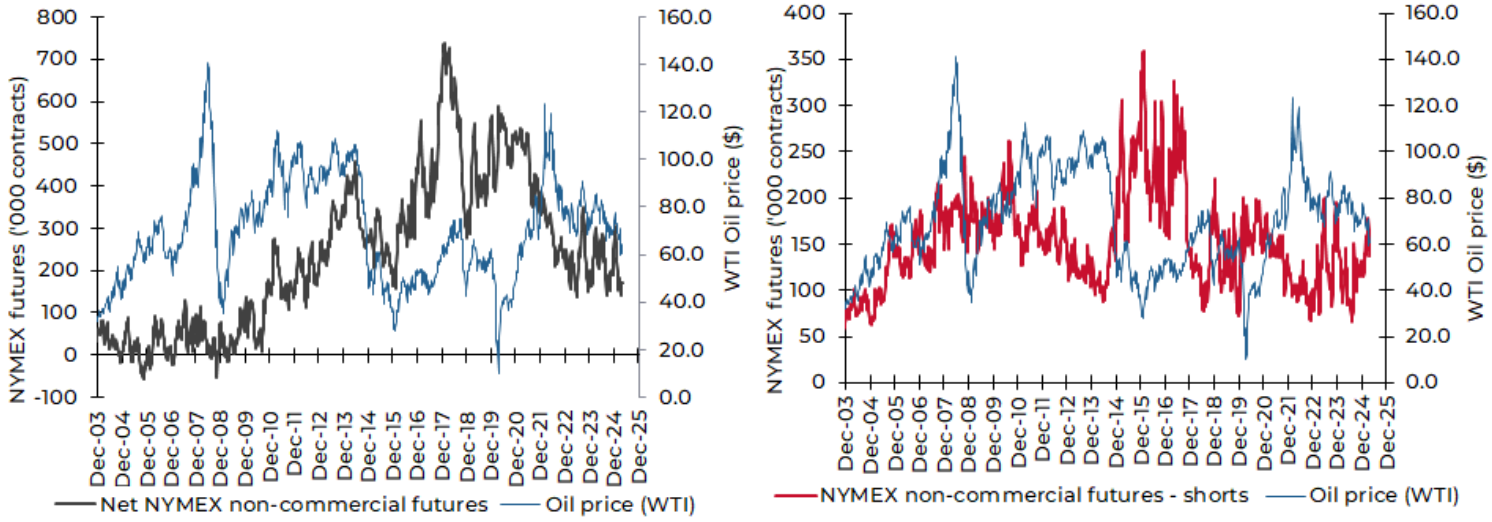
- **OPEC+ production increases**

From the start of April, a group of eight countries within OPEC+ (Saudi Arabia included), who have provided voluntary production cuts over the last two years, have started increasing production monthly (by at least 140,000 b/day). Early in April, the OPEC+ group announced its intention (from May) to increase the rate at which it returns withheld oil to the market, up to around 0.4m b/day. We believe that a driver of this increase is a signal from Saudi Arabia to overproducing OPEC+ members, especially Kazakhstan, that continued overproduction will not be tolerated. The group has stressed that it could be reversed at any time, should market conditions become looser.

Speculative and investment flows

The New York Mercantile Exchange (NYMEX) net non-commercial crude oil futures open position was 171,000 contracts long at the end of April versus 180,000 contracts long at the end of March. The net position peaked in February 2018 at 739,000 contracts long. Typically, there is a positive correlation between the movement in net position and movement in the oil price. The gross short position decreased to 137,000 contracts at the end of April versus 143,000 at the end of the previous month.

NYMEX Non-commercial net and short futures contracts: WTI January 2004 – April 2025

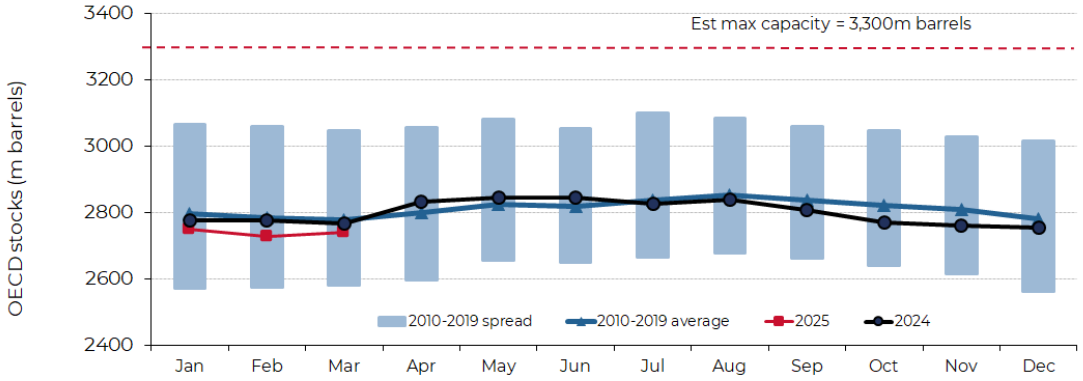


Source: Bloomberg LP/NYMEX/ICE (2025)

OECD stocks

OECD total product and crude inventories at the end of March (latest data point) were estimated by the IEA to be 2,740m barrels, up 10m barrels versus the level reported for the previous month. The rise in March compares to a 10-year average (pre COVID) draw of 6m barrels, implying that the OECD market was looser than normal. The significant oversupply situation in 2020 pushed OECD inventory levels close to maximum capacity in August 2020 (c.3.3bn barrels), with subsequent tightening taking inventories below normal levels.

OECD total product and crude inventories, monthly, 2010 to March 2025



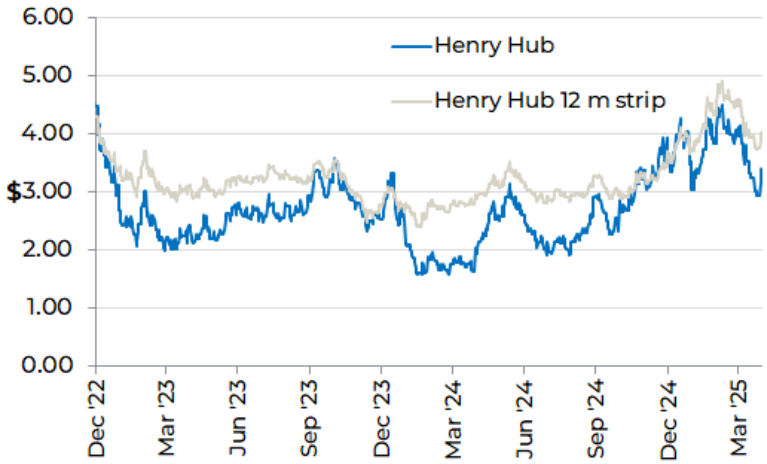
Source: IEA Oil Market Reports (April 2025 and older)

ii) Natural gas market

The US natural gas price (Henry Hub front month) opened April at $4.12/Mcf (1,000 cubic feet) and traded down sharply over the month, closing at $3.33/Mcf. The spot gas price has averaged $3.75/Mcf so far in 2025, having averaged $2.41/Mcf in 2024 and $2.67/Mcf in 2023.

The 12-month gas strip price (a simple average of settlement prices for the next 12 months' futures prices) traded in a similar pattern, opening at $4.61/Mcf and closing weaker, at $4.04/Mcf. The strip price has averaged $4.15/Mcf so far in 2025, having averaged $2.98 in 2024 and $3.19 in 2023.

Henry Hub gas spot price and 12m strip ($/Mcf): December 2022 to April 2025



Source: Bloomberg LP, April 2025

Factors which strengthened the US gas price in April included:

- **Falling rig count**

The number of rigs drilling for natural gas in the US has fallen from 160 in the middle of 2022 to a low of 94 in mid-September 2024. It has since averaged around 100 rigs and was reported at 99 rigs operating at the end of April 2025. Overall, the low number of gas rigs operating has slowed gas production growth, though 'associated gas' production (a byproduct of shale oil) has continued to grow from the Permian basin.

- **Record LNG exports**

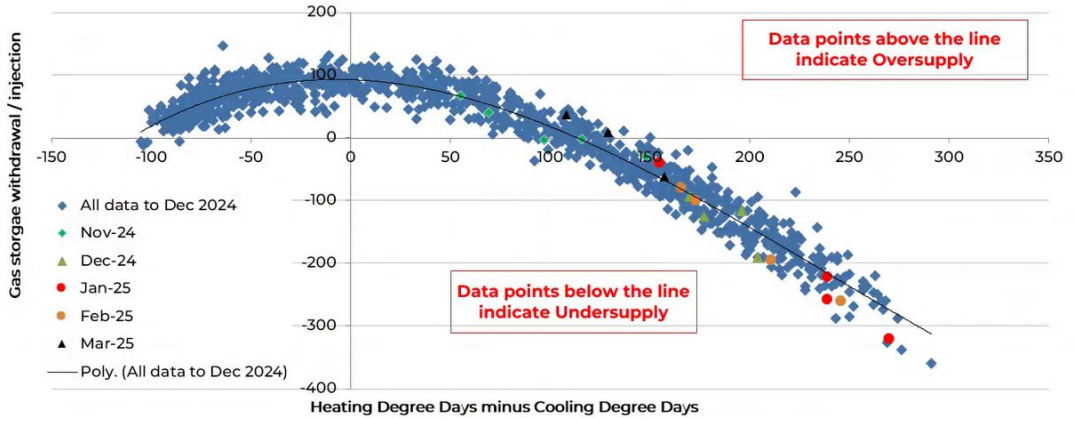
The US exported a record amount of liquified natural gas (LNG) in April, up by over 20% from the same period a year ago and mainly driven by purchases into Europe. According to Keplr, total LNG shipments leaving the US in April were 34.6m metric tons, the highest volume recorded.

Factors which were neutral or negative for the US gas price in April included:

- **Market fairly supplied (ex-weather effects)**

Adjusting for the impact of weather, the US gas market was, on average, in balanced supply during April. This is a change to the sharply undersupplied markets earlier in the year, as illustrated in the chart below.

Weather-adjusted US natural gas inventory injections and withdrawals

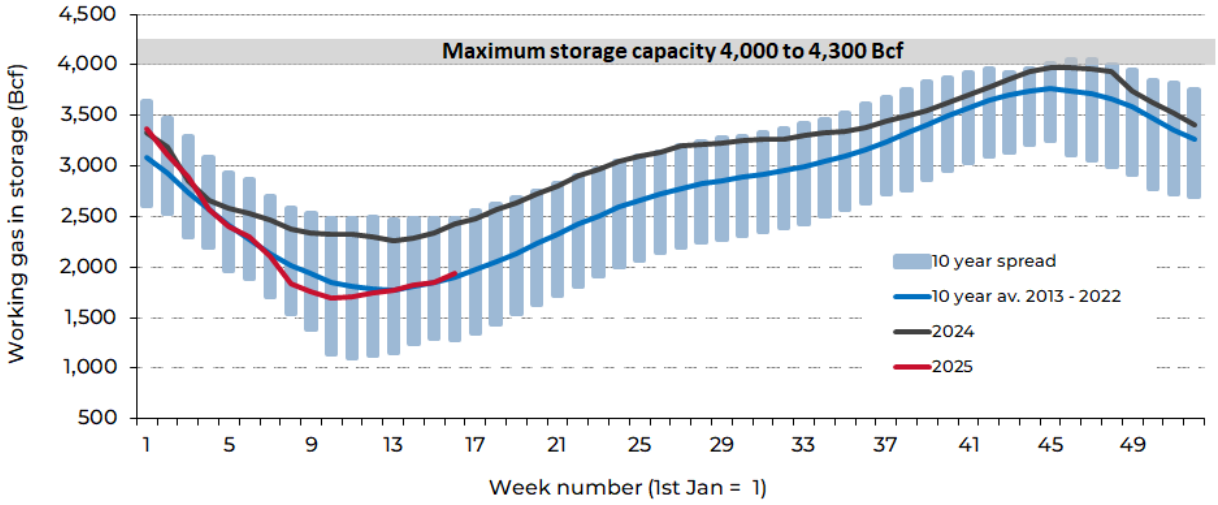


Source: Bloomberg LP; Guinness Global Investors, April 2025

- **Natural gas in inventories climbing back to the ten-year average**

US natural gas inventories ran higher than seasonal norms throughout 2024, driven by a warmer-than-expected 2023/24 winter and early spring that brought lower-than-expected heating demand. Inventory levels moved to the top of the 10-year range but tightened in 4Q 2024 and further in 1Q 2025 as very cold weather arrived. At the end of April 2025, US natural gas inventories stood at around 1.9 Tcf, just above the 10-year average.

Deviation from 10yr US gas storage norm



Source: Bloomberg; Energy Information Administration (EIA), April 2025

MANAGERS' COMMENTS

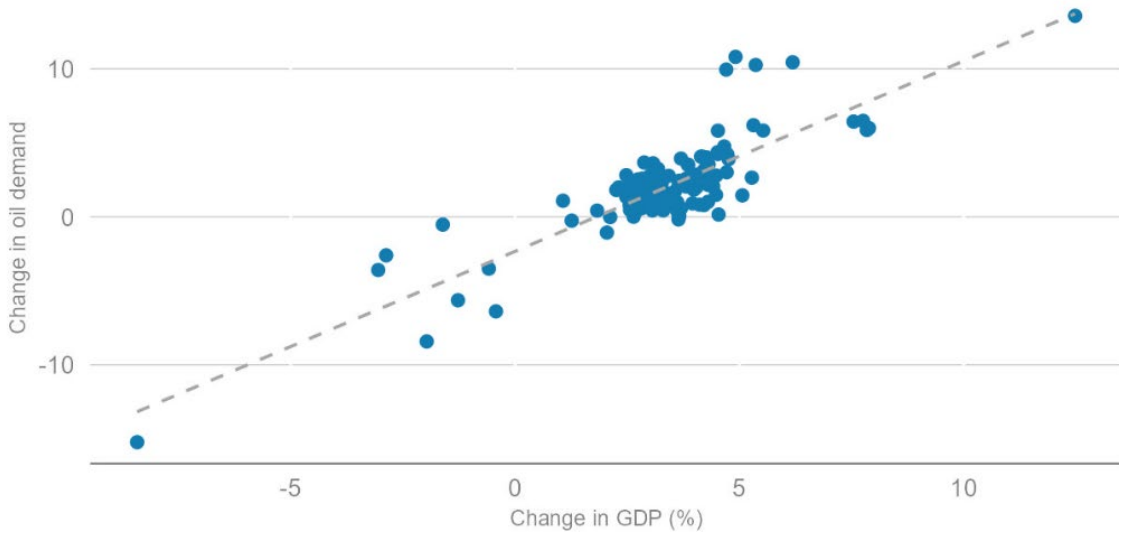
Spot oil prices have fallen by around 20% since the start of the year, driven by significant uncertainty around US President Trump's economic policy and the likelihood of global GDP slowdown. Here, we consider the relationship between oil and GDP/recession, the likely reaction of US producers to lower prices, and the desire for OPEC to bring oil back to the market.

The oil futures curve has flattened since January, with the Brent spot oil price now trading around the low $60s per barrel, versus the low $70s at the start of the year. The five year forward Brent price has barely moved, remaining around the mid $60s, creating a futures curve that has moved from being in shallow backwardation to shallow contango.

The change in shape of the oil curve comes as the world digests month one of US President Trump's new tariff policies. Being precise about the outcomes from here is of course a fool's errand, but it is instructive to consider how oil demand tends to behave in periods of economic slowdown and recession, and also how short-cycle oil supply is likely to respond.

Unsurprisingly, there is a close positive correlation between the change in global GDP and change in global oil demand.

Global oil demand vs global GDP (quarterly since 1993)



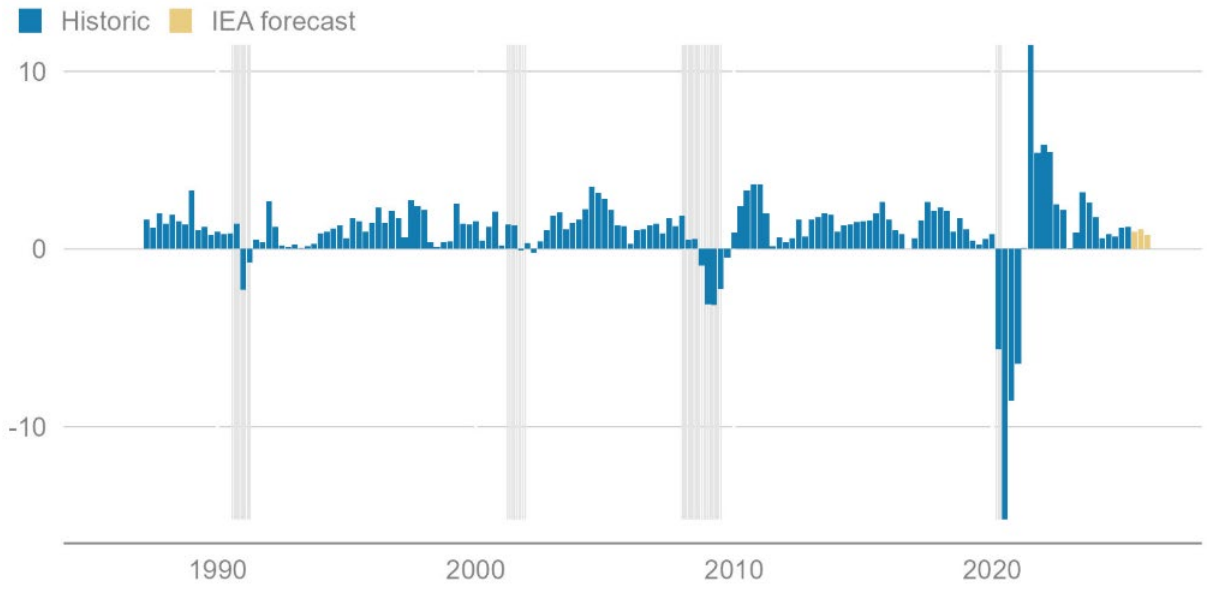
Source: Morgan Stanley, April 2025

In the middle of April, the International Energy Agency (IEA) published an updated global oil demand forecast for 2025. The IEA reduced expected demand growth from 1.0m b/day to 0.7m b/day, driven by the International Monetary Fund's (IMF) downgrade to global GDP, from 3.3% growth in 2025 to a lower forecast of 2.8%. Breaking this forecast down, the OECD region is now expected to see its oil consumption decline by 0.2m b/day, whilst the non-OECD region continues to see growth, up by 0.9m b/day.

Considering which end-markets are most affected by economic slowdown, and demand for petrochemicals tends to weaken the most in slowdowns as the consumption of durable goods falls. The response from diesel tends to be mixed: distillate used in the cyclical industrial sector is normally more GDP-sensitive, whilst end-uses such as road travel and maintenance tend to be more stable. At the other end of the spectrum, gasoline demand tends to be the least cyclical, as driving demand normally continues (excluding very large spikes in unemployment).

Looking more narrowly at the US economy, there have been four US recessions in the last 40 years. Three of these (1990/2008/2020) resulted in year-on-year oil demand decline at one point. The fourth (2000/01) saw oil demand stagnate for three quarters.

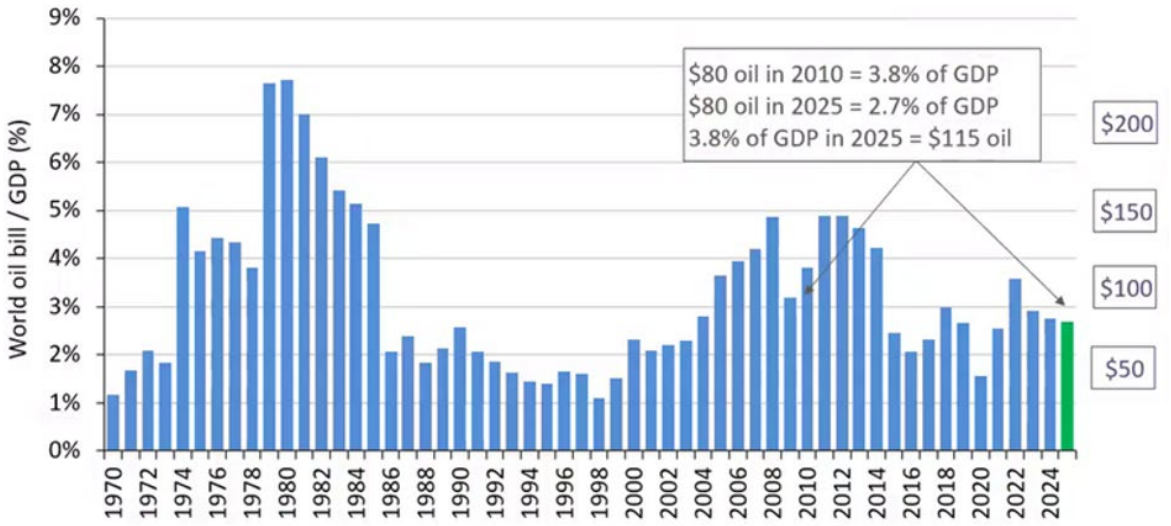
Change in global oil demand (year-on-year, m b/day) and US recessions



Source: Morgan Stanley, April 2025

It is notable that on most occasions, the period following economic recession saw a strong rebound in oil demand, often rising at an abnormally high rate and 'compensating' for the slowdown. Looking through each cycle, and a key factor is also the affordability of oil. With Brent trading at around $65/bl, the world is currently paying around 2.2% of GDP for its oil consumption. This makes oil cheap: around the lower end of the first quartile of affordability when measured over the last 50 years.

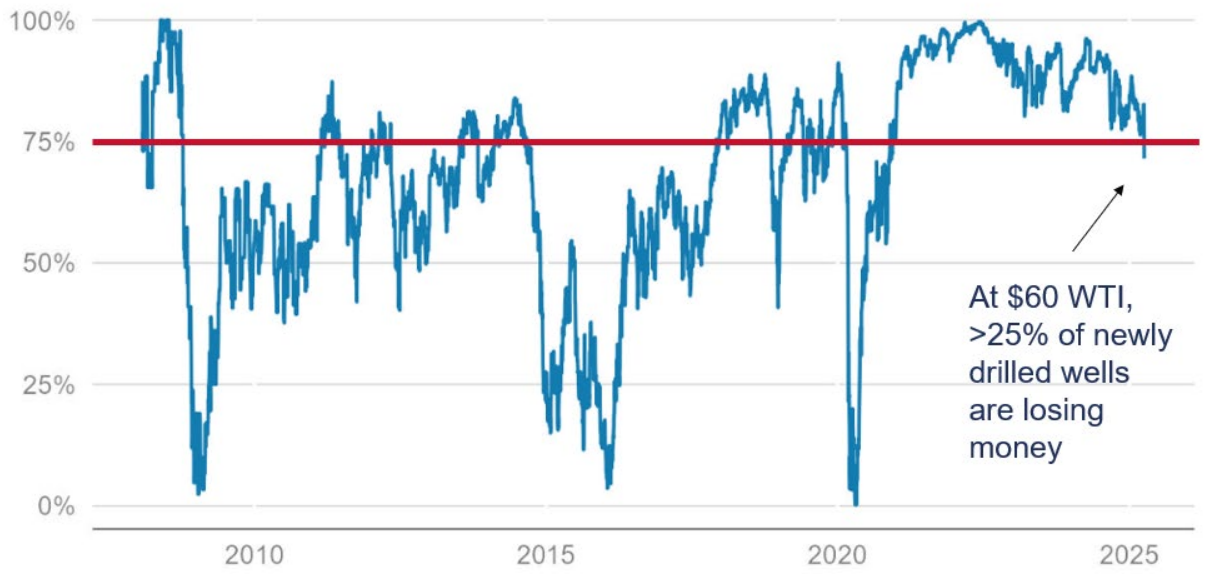
The world oil 'bill' as a percentage of world GDP



Source: Bloomberg; Guinness Global Investors, April 2025

In a world where global oil demand growth slows, we must also consider the supply response. And it tends to be shorter cycle oil supply, principally US shale oil, where the response comes first. There are various ways of cutting US shale economics, but one of the more useful, we think, is the approach taken by Morgan Stanley, which analysis the WTI oil price as a percentile of shale oil break-even prices:

WTI oil price expressed as percentile shale break-even (%)



Source: Morgan Stanley, April 2025,

In other words, this analysis looks at the percentage of newly producing wells in the US that are losing money owing to the prevailing spot oil price driving a loss on the drilling project. And with the WTI price currently at just over $60/bl, over 25% of all recently drilled wells are losing money (NPV negative). Since COVID, the 75th percentile break-even has proved to be a support for WTI prices, as it tends to coincide with production across the US shale system stagnating (versus prior expectations of US onshore supply growing by around 0.3m-0.4m b/day in 2025). A steeper decline sub $60/bl for WTI would bring production decline: something which US producer Diamondback Energy think is already happening, according to their latest results commentary.

This is all food for thought for Saudi Arabia, at the heart of OPEC+. In early May, the group confirmed their plan to bring 0.4m b/day of supply back into the market in both May and June. This implies the delivery of an additional 0.5m b/day of oil versus expectations at the start of the year. Saudi's motivations are likely inward and outward-looking. Internally, Saudi Arabia needs to contend with OPEC+ politics: other nations in the group, especially Kazakhstan, the UAE and Iraq, are overproducing versus quotas, something Saudi Arabia wants to clamp down on. As a result, it is talking of its willingness to tolerate lower prices for longer, as a 'shot across the bows' of its OPEC+ partners. Externally, it will also be concerned about a loss of market share to non-OPEC suppliers, and may have to tolerate lower prices for a period to dampen supply from areas such as US shale. However, Saudi Arabia will be mindful of its own fiscal needs. Oil revenues accounted for around 60% of total budget revenues in 2024 (close to the average of the last 10 years), and its government continues to have one of the highest oil breakeven prices among its regional peers ($90+/bl). Without any remedial action on the spending side, the budget deficit could grow to around 7% of GDP. With likely spending and tax remedies, we expect the deficit to be smaller than this but still around 5% of GDP. Saudi Arabia can tolerate a lower oil price environment for a period, but in the longer term it has its eye on a significantly higher level.

At the end of April, we see energy equities discounting an oil price of around $63/bl, a little below the five-year oil futures price and well below our $80/bl long-term price forecast.

PERFORMANCE

The main index of oil and gas equities, the MSCI World Energy Index (net return), fell by 11.2% in April, while the MSCI World Index (net return) rose by 0.9% in USD.

Within the portfolio, April's strongest performers included Enbridge, OMV, Petrochina, Sinopec and Kinder Morgan while the weakest performers included Helix, Halliburton, Baker Hughes, Chevron and Schlumberger.

Past performance does not predict future returns.

Guinness Global Energy Fund
Performance (in USD) as at 30.04.2025

Cumulative returns	YTD	1 year	3 years ann.	5 years ann.	Launch of strategy* ann. (31.12.98)
Guinness Global Energy Fund	-3.3%	-15.0%	2.6%	15.9%	-7.6%
MSCI World Energy NR Index	-2.2%	-8.8%	5.3%	17.6%	6.0%

Calendar year returns	2024	2023	2022	2021	2020	2019	2018
Guinness Global Energy Fund	-1.3%	2.6%	32.4%	44.5%	-34.7%	9.8%	-19.7%
MSCI World Energy NR Index	2.7%	2.5%	46.0%	40.1%	-31.5%	11.4%	-15.8%
	2017	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**
Guinness Global Energy Fund	-1.3%	27.9%	-27.6%	-19.1%	24.4%	3.0%	-13.7%
MSCI World Energy NR Index	5.0%	26.6%	-22.8%	-11.6%	18.1%	1.9%	0.2%
	2010	**2009**	**2008***	**2007***	**2006***	**2005***	**2004***
Guinness Global Energy Fund	15.3%	61.8%	-48.2%	37.9%	10.0%	62.3%	41.0%
MSCI World Energy NR Index	11.9%	26.2%	-38.1%	29.8%	17.9%	28.7%	28.1%
	2003*	**2002***	**2001***	**2000***	**1999***		
Guinness Global Energy Fund	32.3%	6.7%	-4.1%	39.6%	22.5%		
MSCI World Energy NR Index	25.9%	-6.4%	-7.2%	6.0%	22.0%		

Source: FE fundinfo, Guinness Global Investors and Bloomberg, bid to bid, net of fees, gross income reinvested, in US dollars

Calculation by Guinness Global Investors. *Simulated past performance prior to 31.03.2008, launch date of Guinness Global Energy Fund. The Guinness Global Energy investment team has been running global energy funds in accordance with the same methodology continuously since December 1998. These returns are calculated using a composite of the Investec GSF Global Energy Fund class A to 29.2.08 (managed by the Guinness team until this date); the Guinness Atkinson Global Energy Fund (sister US mutual fund) from 1.3.08 to 31.3.08 (launch date of this Fund), the Guinness Global Energy Fund class A (1.49% OCF) from launch to 02.09.08, and class Y (0.99% OCF) thereafter. Returns for share classes with a different OCF will vary accordingly.

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 fund performance shown has been reduced by the current OCF of 0.99% per annum. Returns for share classes with different OCFs will vary accordingly. Performance returns do not reflect any initial charge; any such charge will also reduce the return.

Past performance does not predict future returns.

WS Guinness Global Energy Fund
Performance (in GBP) as at 30.04.2025

Cumulative returns	YTD	1 year	3 years ann.	5 years ann.
WS Guinness Global Energy Fund	-7.1%	-20.9%	0.8%	14.9%
MSCI World Energy NR Index	-8.3%	-14.5%	3.2%	16.3%

Calendar year returns	2024	2023	2022	2021	2020	2019	2018
WS Guinness Global Energy Fund	-0.8%	-3.2%	49.9%	45.7%	-35.7%	12.6%	-6.3%
MSCI World Energy NR Index	4.5%	-3.3%	64.4%	41.4%	-33.6%	7.2%	-10.6%

	2017	2016	2015	2013	2012
WS Guinness Global Energy Fund	-7.2%	65.2%	-29.6%	-26.6%	-4.7%
MSCI World Energy NR Index	-4.1%	51.0%	-18.3%	-6.1%	15.9%

Source: FE fundinfo, bid to bid, net of fees, gross income reinvested, in GBP

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 fund performance shown has been reduced by the current OCF of 0.96% per annum. Returns for share classes with different OCFs will vary accordingly. Performance returns do not reflect any initial charge; any such charge will also reduce the return. Fund launched 21.04.2011.

PORTFOLIO

Buys/Sells

In April, there were neither buys nor sells of full positions, but the portfolio was actively rebalanced.

Sector Breakdown

The following table shows the asset allocation of the Guinness Global Energy Fund as of **April 30 2025**.

Asset allocation as %NAV	Current	*Change*	Last year end	Previous year ends							
	Apr-25		Dec-24	Dec-23	Dec-22	Dec-21	Dec-20	Dec-19	Dec-18	Dec-17	Dec-16	Dec-15	Dec-14
Oil & Gas	**98.8%**	***1.0%***	***97.8%***	**98.9%**	**97.4%**	**96.9%**	**94.8%**	**98.3%**	**96.7%**	**98.4%**	**96.7%**	**95.1%**	**93.7%**
Integrated	57.9%	*2.7%*	*55.1%*	54.7%	54.7%	57.7%	56.3%	51.1%	46.4%	42.9%	46.4%	41.5%	37.3%
Exploration & Production	18.4%	*-0.9%*	*19.3%*	23.2%	23.1%	23.7%	22.2%	29.6%	35.8%	36.9%	35.8%	36.5%	36.2%
Drilling	0.0%	*0.0%*	*0.0%*	0.0%	0.0%	0.0%	0.0%	0.1%	2.2%	1.9%	2.2%	1.5%	3.3%
Equipment & Services	8.3%	*-1.5%*	*9.8%*	10.0%	9.0%	4.0%	4.6%	9.6%	8.6%	9.5%	8.6%	11.4%	13.4%
Storage & Transportation	8.7%	*0.7%*	*8.0%*	5.0%	4.8%	4.3%	4.4%	4.0%	0.0%	3.5%	0.0%	0.0%	0.0%
Refining & Marketing	5.5%	*-0.1%*	*5.6%*	6.0%	5.8%	7.2%	7.3%	3.8%	3.7%	3.7%	3.7%	4.2%	3.5%
Solar	0.0%	*0.0%*	*0.0%*	0.2%	0.7%	1.0%	1.8%	0.7%	0.9%	1.4%	0.9%	4.7%	3.7%
Coal & Consumable Fuels	0.0%	*0.0%*	*0.0%*	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Construction & Engineering	0.0%	*0.0%*	*0.0%*	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash	1.2%	*-1.0%*	*2.2%*	0.9%	1.9%	2.1%	3.3%	1.1%	2.4%	0.2%	2.4%	0.2%	2.6%

Source: Guinness Global Investors. Basis: Global Industry Classification Standard (GICS)

The Fund at end of April 2025 was on a price to earnings (PE) ratio for 2025/2026 of 10.6x/9.6x versus the MSCI World Index at 18.9x/16.9x as set out in the following table:

As at 30 April 2025	PE		
	2024	2025E	2026E
Guinness Global Energy Fund	9.9x	10.6x	9.6x
MSCI World Index	20.4x	18.9x	16.9x
Fund Premium/(Discount)	*-52%*	*-44%*	*-43%*

Source: Bloomberg; Guinness Global Investors, April 2025

Portfolio holdings

Our integrated and similar stock exposure (c.58%) is comprised of a mix of mid-cap, mid/large-cap and large-cap stocks. Our five large-caps are Chevron, BP, ExxonMobil, Shell and TotalEnergies. Mid/large and mid-caps are ENI, Equinor, GALP, Repsol and OMV. At April 30 2025, the median P/E ratio of this group was 9.3x 2025 earnings. We also have three Canadian integrated holdings, Suncor, Cenovus and Imperial Oil. All three companies have significant exposure to oil sands in addition to downstream assets.

Our exploration and production holdings (c.18%) give us exposure most directly to rising oil and natural gas prices. We include in this category non-integrated oil sands companies, as this is the GICS approach. The stock here with oil sands exposure is Canadian Natural Resources. The pure E&P stocks have a bias towards the US (EOG, Diamondback and Devon), with one other name (ConocoPhillips) having a mix of US and international production. One of the key metrics behind a number of the E&P stocks held is low enterprise value / proven reserves.

We have exposure to two emerging market stocks, Petrochina and Sinopec, which in total represent around 4% of the portfolio.

The portfolio contains two midstream holdings, Enbridge and Kinder Morgan, two of North America's largest pipeline companies. With the growth of hydrocarbon demand expected in the US and Canada over the next five years, we believe both companies are well placed to execute their pipeline expansion plans.

We have reasonable exposure to oil service stocks, which comprise just over 8% of the portfolio. The stocks we own provide exposure to both North American and international oil and natural gas development.

Our independent refining exposure is currently in the US in Valero, the largest of the US refiners. Valero has a reasonably large presence on the US Gulf Coast and is benefitting from a recovery in refining margins.

Portfolio at March 31 2025 (for compliance reasons disclosed one month in arrears)

Guinness Global Energy Fund (31 March 2025)			P/E			EV/EBITDA			Price/Book		
Stock	**ISIN**	**% of NAV**	**2024**	**2025E**	**2026E**	**2024**	**2025E**	**2026E**	**2024**	**2025E**	**2026E**
Integrated Oil & Gas											
Exxon Mobil Corp	US30231G1022	5.6%	15.2x	15.9x	13.7x	8.6x	7.3x	6.7x	2.0x	2.0x	1.9x
Chevron Corp	US1667641005	5.9%	20.0x	15.9x	13.6x	8.7x	6.9x	6.1x	1.9x	2.0x	2.1x
Shell PLC	GB00BP6MXD84	6.1%	9.7x	10.1x	9.2x	4.2x	4.3x	4.3x	1.3x	1.2x	1.1x
Total SA	FR0000120271	5.4%	8.3x	8.1x	7.8x	4.1x	4.1x	4.2x	1.3x	1.2x	1.1x
BP PLC	GB0007980591	5.0%	12.2x	10.2x	9.1x	4.5x	3.9x	3.9x	1.5x	1.4x	1.3x
Equinor ASA	NO0010096985	3.5%	8.6x	7.8x	7.7x	1.9x	1.9x	2.0x	1.7x	1.6x	1.5x
ENI SpA	IT0003132476	3.5%	8.6x	8.4x	7.6x	3.7x	3.9x	3.8x	0.9x	0.8x	0.8x
Repsol SA	ES0173516115	3.2%	6.2x	5.1x	4.7x	4.1x	3.2x	3.1x	0.6x	0.5x	0.5x
Galp Energia SGPS SA	PTGAL0AM0009	3.4%	12.3x	15.8x	13.0x	4.4x	5.5x	4.7x	2.8x	2.5x	2.3x
OMV AG	AT0000743059	3.2%	12.9x	8.2x	8.1x	4.1x	3.9x	4.0x	1.0x	0.9x	0.9x
		44.8%									
Integrated / Oil & Gas E&P - Canada											
Suncor Energy Inc	CA8672241079	4.2%	10.8x	10.6x	10.6x	4.5x	5.0x	4.9x	1.6x	1.5x	1.4x
Canadian Natural Resources Ltd	CA1363851017	3.4%	14.9x	10.9x	10.8x	6.6x	6.0x	5.9x	2.4x	2.2x	2.1x
Cenovus Energy Inc	CA15135U1093	2.6%	11.3x	9.7x	8.6x	4.3x	4.1x	3.9x	1.2x	1.2x	1.1x
Imperial Oil Ltd	CA4530384086	3.8%	11.0x	12.2x	12.1x	6.5x	7.3x	7.3x	2.2x	2.2x	2.0x
		14.0%									
Integrated Oil & Gas - Emerging market											
PetroChina Co Ltd	CNE1000003W8	2.2%	5.8x	6.7x	6.7x	3.6x	3.9x	3.8x	0.7x	0.7x	0.6x
		2.2%									
Oil & Gas E&P											
ConocoPhillips	US20825C1045	4.7%	13.5x	13.4x	12.1x	6.6x	5.5x	5.3x	2.1x	2.0x	1.9x
EOG Resources Inc	US26875P1012	3.8%	11.0x	11.6x	11.0x	5.4x	5.6x	5.4x	2.4x	2.3x	2.1x
Diamondback Energy Co	US25278X1090	3.3%	10.1x	10.3x	10.5x	8.2x	5.6x	5.6x	1.2x	1.1x	1.1x
Devon Energy Corp	US25179M1036	2.7%	7.8x	7.8x	7.3x	4.4x	4.1x	4.0x	1.7x	1.5x	1.3x
		14.5%									
International E&Ps											
Pharos Energy PLC	GB00B572ZV91	0.2%	14.0x	n.m.	n.m.	1.2x	1.4x	1.2x	0.4x	0.3x	0.3x
		0.2%									
Midstream											
Kinder Morgan Inc	US49456B1017	4.2%	24.1x	22.4x	21.0x	14.3x	11.6x	11.1x	2.1x	2.0x	2.0x
Enbridge Inc	CA29250N1050	3.7%	20.7x	19.5x	18.0x	15.6x	12.4x	11.9x	2.4x	2.4x	2.3x
		7.9%									
Equipment & Services											
Schlumberger Ltd	AN8068571086	3.2%	11.3x	12.2x	11.0x	6.1x	7.2x	6.8x	2.8x	2.4x	2.3x
Halliburton Co	US4062161017	2.5%	8.7x	9.5x	8.3x	5.2x	6.0x	5.6x	2.1x	1.9x	1.7x
Baker Hughes a GE Co	US05722G1004	2.9%	19.2x	17.0x	14.6x	9.7x	9.5x	8.6x	2.6x	2.4x	2.2x
Helix Energy Solutions Group Inc	US42330P1075	0.8%	17.7x	10.6x	8.7x	4.0x	4.4x	4.0x	0.8x	0.8x	0.7x
		9.4%									
Oil & Gas Refining & Marketing											
China Petroleum & Chemical Corp	CNE1000002Q2	1.4%	9.2x	8.2x	7.5x	5.8x	5.5x	5.2x	0.6x	0.5x	0.5x
Valero Energy Corp	US91913Y1001	4.0%	15.4x	17.7x	11.8x	7.2x	8.1x	6.5x	1.7x	1.6x	1.6x
		5.4%									
Research Portfolio											
EnQuest PLC	GB00B635TG28	0.5%	n.m.	1.4x	1.8x	1.7x	1.7x	1.8x	0.7x	n.m.	n.m.
Diversified Energy Company	GB00BQHP5P93	0.3%	7.5x	7.2x	5.0x	11.8x	4.8x	4.2x	1.5x	1.2x	1.1x
Deltic Energy PLC	GB00BNTY2N01	0.0%	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Reabold Resources PLC	GB00B95L0551	0.0%	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	0.1x	n.m.	n.m.
		0.8%									
Cash	**Cash**	**0.7%**									

The Fund's portfolio may change significantly over a short period of time; no recommendation is made for the purchase or sale of any particular stock.

OUTLOOK

i) Oil market

The table below illustrates the difference between the growth in world oil demand and non-OPEC supply since 2015:

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E
											IEA
World Demand	***95.3***	***96.4***	***98.2***	***99.5***	***100.7***	***91.8***	***97.4***	***99.9***	***102.0***	***102.8***	***103.5***
Non-OPEC supply (inc NGLs)	*62.1*	*61.5*	*62.5*	*65.0*	*67.0*	*64.4*	*65.0*	*66.9*	*69.3*	*70.2*	*71.5*
OPEC NGLs	*5.2*	*5.3*	*5.4*	*5.5*	*5.3*	*5.2*	*5.3*	*5.4*	*5.5*	*5.6*	*5.7*
Non-OPEC supply plus OPEC NGLs	**67.3**	**66.8**	**67.9**	**70.5**	**72.3**	**69.6**	**70.3**	**72.3**	**74.8**	**75.8**	**77.2**
Call on OPEC (crude oil)	**28.0**	**29.6**	**30.3**	**29.0**	**28.4**	**22.2**	**27.1**	**27.6**	**27.2**	**27.0**	**26.3**
Congo supply adjustment	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Gabon supply adjustment	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Eq Guinea supply adjustment	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Call on OPEC-9 (crude oil)	**27.4**	**29.0**	**29.7**	**28.4**	**27.8**	**21.6**	**26.5**	**27.0**	**26.6**	**26.4**	**25.7**

Source: Bloomberg; IEA; Guinness Global Investors, May 2025

Global oil demand in 2019 was 13m b/day higher than the pre-Financial Crisis (2007) peak. The demand picture for 2020, down by around 9m b/day, was heavily clouded by the impact of the COVID-19 virus and efforts to mitigate its spread. Demand rebounded between 2020 and 2024 by over 11m b/day, leaving overall consumption in 2024 over 2m b/day higher than the 2019 peak.

OPEC

The last few years have proved testing for OPEC. They have tried to keep prices strong enough that OPEC economies are not running excessive deficits, whilst not pushing the price too high and over-stimulating non-OPEC supply.

The effect of $100+/bl oil, enjoyed for most of the 2011-2014 period, emerged in 2014 in the form of an acceleration in US shale oil production and an acceleration in the number of large non-OPEC (ex US onshore) projects reaching production. OPEC met in late 2014 and responded to rising non-OPEC supply with a significant change in strategy to one that prioritised market share over price. Post the November 2014 meeting, OPEC not only maintained their quota but also raised production significantly, up by 2.5m b/day over the subsequent 18 months. This contributed to an oversupplied market in 2015 and 2016.

In late 2016, faced with sharply lower oil prices, OPEC stepped back from their market share stance, announcing plans for the first production cut since 2008. The announcement included a cut in production from Russia (a non-OPEC country), creating for the first time the concept of an OPEC+ group.

OPEC-9 oil production to March 2025

('000 b/day)	31-Dec-19	28-Feb-25	31-Mar-25	Current vs Dec 2019	Current vs last month
Saudi	9,730	8,970	**8,950**	-780	-20
Iran	2,080	3,310	**3,350**	1,270	40
Iraq	4,610	4,160	**4,150**	-460	-10
UAE	3,040	3,300	**3,330**	290	30
Kuwait	2,710	2,470	**2,470**	-240	0
Nigeria	1,820	1,450	**1,500**	-320	50
Venezuela	730	980	**980**	250	0
Libya	1,110	1,290	**1,270**	160	-20
Algeria	1,010	910	**910**	-100	0
OPEC-9	**26,840**	**26,840**	26,910	**70**	**70**

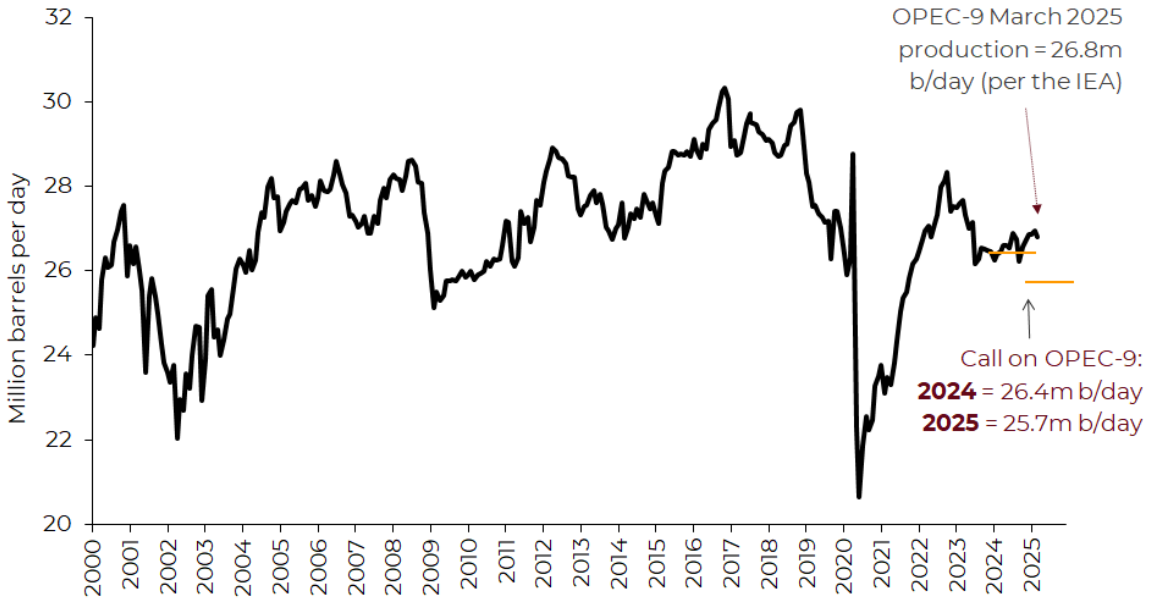
Source: Bloomberg; Guinness Global Investors, 31.3.2025

The 2017-19 period continued to be volatile for OPEC, with further production cuts necessary to balance ongoing non-OPEC supply growth.

The challenge for OPEC+ then ballooned in 2020 with the onset of COVID around the world. Initially, OPEC and their non-OPEC partners failed to reach agreement around their response to demand from the spread of the virus, precipitating a fall-out between participants and a short-lived price war. In light of extreme oil market oversupply, OPEC and non-OPEC partners reconvened in April 2020 and confirmed a deal to cut their production by nearly 10m b/day.

In July 2021, with demand largely recovered after COVID, the OPEC+ group agreed to taper their quota cuts at 0.4m b/day each month until September 2022. The actions of OPEC through the pandemic gave us confidence that OPEC was looking to do 'what it takes' to keep the market in balance, despite extreme challenges. Since the end of 2022, OPEC have adjusted their production to match closely the prevailing call on the group.

OPEC-9 apparent production vs call on OPEC 2000 – 2025



Source: IEA Oil Market Report (April 2025 and prior); Guinness estimates

OPEC's actions in recent years have generally demonstrated a commitment to delivering a reasonable oil price to satisfy their own economies but also to incentivise investment in long-term projects. Saudi Arabia's actions at the head of OPEC

have been designed to achieve an oil price that to some extent closes their fiscal deficit (c.$95/bl is needed to close the gap fully), whilst not spiking the oil price too high and over-stimulating non-OPEC supply.

In the shorter term, the COVID-19 and Russia/Ukraine crises have created particularly challenging conditions, adding to oil price volatility. Longer-term, we believe that Saudi Arabia seeks a 'good' oil price, one that satisfies their fiscal needs. Overall, we reiterate two important criteria for Saudi Arabia:

1. Saudi Arabia is interested in the average price of oil that they get; they have a longer investment horizon than most other market participants.

2. Saudi Arabia wants to maintain a balance between global oil supply and demand to maintain a price that is acceptable to both producers and consumers.

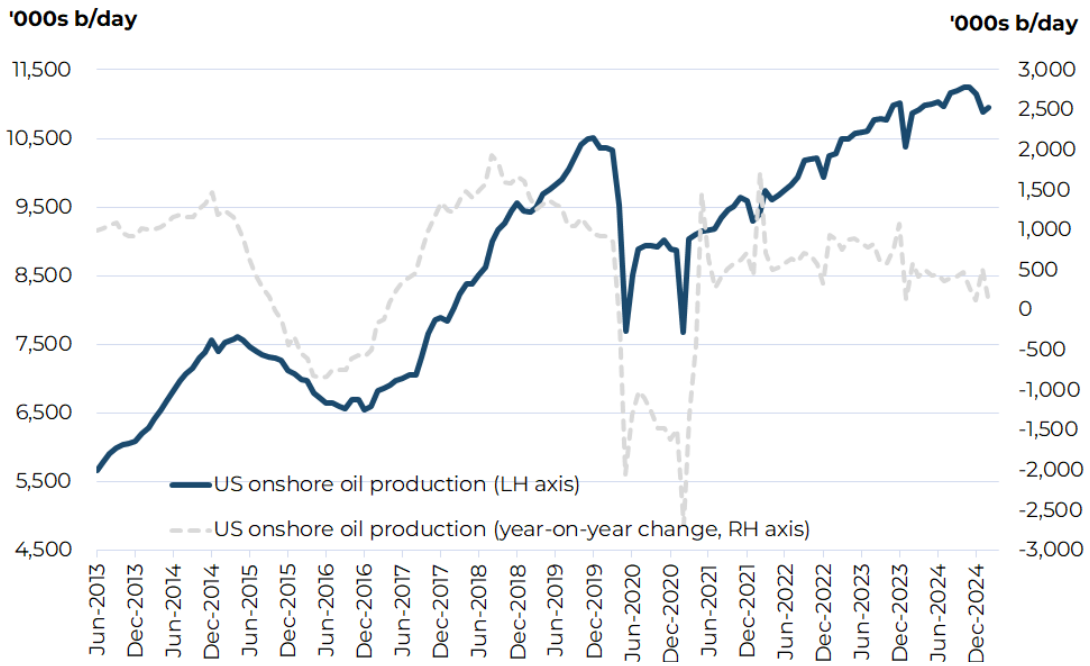
Nothing in the market in recent years has changed our view that OPEC can put a floor under the price – as they did in 2020, 2018, 2016, 2008, 2006, 2001 and 1998.

Supply looking forward

The non-OPEC world has, since the 2008 financial crisis, grown its production more meaningfully than in the period before 2008. The growth was 0.9% per annum from 2001-2008, increasing to 1.7% per annum from 2009-2024.

Growth in the non-OPEC region since the start of the last decade has been dominated by the development of shale oil and oil sands in North America (up around 8m b/day since 2010), implying that the rest of the non-OPEC region has barely grown over this period, despite the sustained high oil price until mid-2014.

US onshore oil production



Source: EIA; Guinness Global Investors, May 2025

The growth in US shale oil production, especially the Permian Basin, raises the question of how much more there is to come and at what price. Our assessment is that US shale oil is capital-intensive, but some growth is viable, on average, at around $70 oil prices. In particular, there appears to be ample inventory in the Permian Basin to maintain volumes into the late-2020s. The rate of development is heavily dependent on the cashflow available to producing companies, which tends to be recycled immediately into new wells, and the underlying cost of services to drill and fracture the wells. Since 2019, we have seen increased shareholder pressure applied to US E&P companies to improve their capital discipline and to cut their reinvestment rates.

The collapse in oil prices at the start of 2020 to a level well below $50/bl changed the landscape, with US E&P companies reducing capital spending further as they attempted to live within their cashflows. Shale oil production dropped by nearly 3m b/day in 2020 (peak to trough) and took nearly three years to recover to the previous peak of late 2019.

Non-OPEC supply growth outside the US has been sustained in recent years, by a handful major project additions, notably in Guyana and Brazil. Net growth remains sluggish, however, as much of the new oil has been required to offset natural declines in more mature basins.

Future demand

The IEA estimate that 2025 oil demand will rise by around 0.7m b/day to 103.5m b/day, around 2.8m b/day ahead of the 2019 pre-COVID peak. Post the COVID demand recovery, the world is settling back into annual oil demand growth of plus or minus 1m b/day, led by increased use in the non-OECD region. China has been, and continues to be, a key – although no longer major - part of this growth and signs are emerging that India will also grow rapidly.

The trajectory of global oil demand over the next few years will be a function of global GDP, the pace of the 'consumerisation' of developing economies, the development of alternative fuels, and price. At $80/bl, the world oil bill as a percentage of GDP is around 2.7%, and this will still be a stimulant of further demand growth. If oil prices were in a higher range (say around $115/bl, representing 3.8% of GDP), we would probably return to the pattern established over the past five years, with a flatter picture in the OECD more than offset by growth in the non-OECD area. Flatter OECD demand reflects improving oil efficiency over time, dampened by economic, population and vehicle growth. Within the non-OECD, population growth and rising oil use per capita will both play a significant part.

We keep a close eye on developments in the 'new energy' vehicle fleet (electric vehicles; hybrids etc). Sales of electric vehicles (pure electric and plug-in hybrid electrics) globally were around 17m in 2024, up from 14m in 2023. We expect to see strong EV sales growth again in 2025, up to around 20m, exceeding 20% of total global sales. Even applying an aggressive growth rate to EV sales, we see EVs comprising only around 5-6% of the global car fleet by the end of 2025. Looking further ahead, we expect the penetration of EVs to accelerate, causing global gasoline demand to peak at some point in the middle of the 2020s. However, owing to the weight of oil demand that comes from sources other than passenger vehicles (around 75%), which we expect to continue growing linked to GDP, we expect total oil demand not to peak until around 2030.

Conclusions about oil

The table below summarises our view by showing our oil price forecasts for WTI and Brent in 2025 versus recent history.

Average WTI & Brent yearly prices, and changes

Oil price																			*Est*
12 month MAV	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
WTI	72	100	62	80	95	94	98	93	49	43	51	65	57	39	68	94	78	76	72
Brent	73	99	63	80	111	112	109	99	54	45	55	72	64	43	71	99	83	81	75
Brent/WTI (12m MAV)	**73**	**99**	**62**	**80**	**103**	**103**	**103**	**96**	**51**	**44**	**53**	**68**	**61**	**41**	**70**	**97**	**80**	**78**	**74**
Brent/WTI y-on-y change	-3%	37%	-37%	28%	29%	0%	0%	-7%	-47%	-13%	19%	29%	-11%	-32%	68%	39%	-17%	-2%	-6%
Brent/WTI (5yr MAV)	59	72	75	78	83	89	90	97	91	80	70	63	55	53	58	67	70	73	80

Source: Guinness Global Investors estimates, Bloomberg, April 2025

We believe that Saudi Arabia's long-term objective remains to maintain a 'good' oil price, something north of $80/bl. The world oil bill at around $80/bl represents 2.7% of 2024 global GDP, well under the thirty-year average level of around 3%.

ii) Natural gas market

US gas demand

On the demand side for the US, industrial gas demand and power generation gas demand (each about 25-35% of total US gas demand) are key. Commercial and residential demand, which make up a further quarter, have been fairly constant on average over the last decade – although yearly fluctuations due to the severity of winter weather can be marked.

US natural gas demand

Bcf/day	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E
US natural gas demand:														
Residential/commercial	19.2	22.4	23.4	21.4	20.5	20.9	23.4	23.5	21.5	21.5	23.2	21.5	21.0	22.6
Power generation	24.9	22.3	22.3	26.5	27.3	25.3	29.0	30.9	31.7	30.9	33.1	35.3	36.8	35.0
Industrial	19.7	20.3	20.9	20.6	21.1	21.6	23.0	23.1	22.3	22.5	23.2	23.3	23.7	23.7
Pipeline exports (Mexico)	1.8	1.9	1.9	2.7	3.8	4.0	4.6	5.1	5.4	5.9	5.7	6.1	6.4	6.7
LNG exports	-	-	-	0.1	1.0	2.6	2.8	4.8	6.4	9.7	12.0	12.7	12.6	15.9
Pipeline/plant/other	6.1	6.7	6.3	6.5	6.4	6.5	7.0	7.8	7.7	7.8	7.4	8.2	8.3	7.9
Total demand	**71.7**	**73.6**	**74.8**	**77.8**	**80.1**	**80.9**	**89.8**	**95.2**	**95.0**	**98.3**	**104.6**	**107.1**	**108.8**	**111.8**
Demand growth	**3.1**	**1.9**	**1.2**	**3.0**	**2.3**	**0.8**	**8.9**	**5.4**	**- 0.2**	**3.3**	**6.3**	**2.5**	**1.7**	**3.0**

Source: EIA; Goldman Sachs; Guinness estimates, April 2025

Industrial demand (of which around 35% comes from petrochemicals) trends up and down depending on the strength of the economy and the differential between US and international gas prices. Electricity gas demand (i.e. power generation) is affected by weather, in particular by warm summers, which drive demand for air conditioning, but the underlying trend depends on GDP growth and the proportion of incremental new power generation each year that goes to natural gas versus the alternatives of coal, nuclear and renewables. Gas has been taking market share in this sector: in 2022, 38% of electricity generation was powered by gas, up from 22% in 2007. The big loser here is coal, which has consistently given up market share.

Total gas demand in 2024 (including Mexican and LNG exports) was around 108.8 Bcf/day, up by 1.7 Bcf/day versus 2023 and 13 Bcf/day higher than the pre-COVID level in 2019. The biggest contributor to the growth in demand in 2024 was power generation.

We expect US demand growth in 2025 of 3.0 Bcf/day, similar to the average growth seen between 2021 and 2024. Growth is expected to be driven by higher LNG exports and greater power generation demand. Beyond 2025, we expect to see a material increase in US LNG export capacity as higher international gas prices incentivise new LNG export investment. Proposed projects imply capacity growth of around 3 Bcf/day by the end of 2025 and a further 5-6 Bcf/day in 2026-2028, bringing total export capacity to over 20 Bcf/day by 2028.

US gas supply

Overall, whilst gas demand in the US has been strong over the past five years, it has been overshadowed by a rise in onshore supply, holding the gas price lower.

The supply side fundamentals for natural gas in the US are driven by three main moving parts: onshore and offshore domestic production, pipeline imports of gas from Canada, and LNG imports. Of these, onshore supply is the biggest component, making up over 90% of total supply.

US natural gas supply

Bcf/day	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E
US natural gas supply:														
US (onshore & offshore)	65.7	66.3	70.9	74.2	73.4	73.6	84.3	91.4	91.1	91.8	97.4	102.4	101.6	104.6
Net imports (Canada)	5.4	5.0	4.9	4.9	5.5	5.8	5.4	4.7	4.4	5.1	5.6	5.2	5.8	5.9
LNG imports & other	0.8	0.6	0.5	0.5	0.4	0.3	0.1	0.1	-	-	0.1	-	-	-
Total supply	**71.9**	**71.9**	**76.3**	**79.6**	**79.3**	**79.7**	**89.8**	**96.2**	**95.5**	**96.9**	**103.1**	**107.6**	**107.4**	**110.5**
Supply growth	**2.4**	**-**	**4.4**	**3.3**	**- 0.3**	**0.4**	**10.1**	**6.4**	**- 0.7**	**1.4**	**6.2**	**4.5**	**- 0.2**	**3.1**
(Supply)/demand balance	**- 0.2**	**1.7**	**- 1.5**	**- 1.8**	**0.8**	**1.2**	**-**	**- 1.0**	**- 0.5**	**1.4**	**1.5**	**- 0.5**	**1.4**	**1.3**

Source: EIA; GS; Guinness estimates, May 2025

Since 2010, the weaker gas price in the US reflects growing onshore US production driven by rising shale gas and associated gas production (a by-product of growing onshore US oil production). Interestingly, the overall rise in onshore production has come despite a collapse in the number of rigs drilling for gas, which has dropped from a 1,606 peak in September 2008 to a trough of 68 in July 2020, before recovering to just under 100 at the end of April 2025. However, offsetting the fall, the average productivity per rig has risen dramatically as producers focus their attention on the most prolific shale basins, whilst associated gas from oil production has grown handsomely.

The outlook for gas production in the US depends on three key factors: the rise of associated gas (gas produced from wells classified as oil wells); expansion of the newer shale basins, principally the Marcellus/Utica, and the decline profile of legacy gas fields.

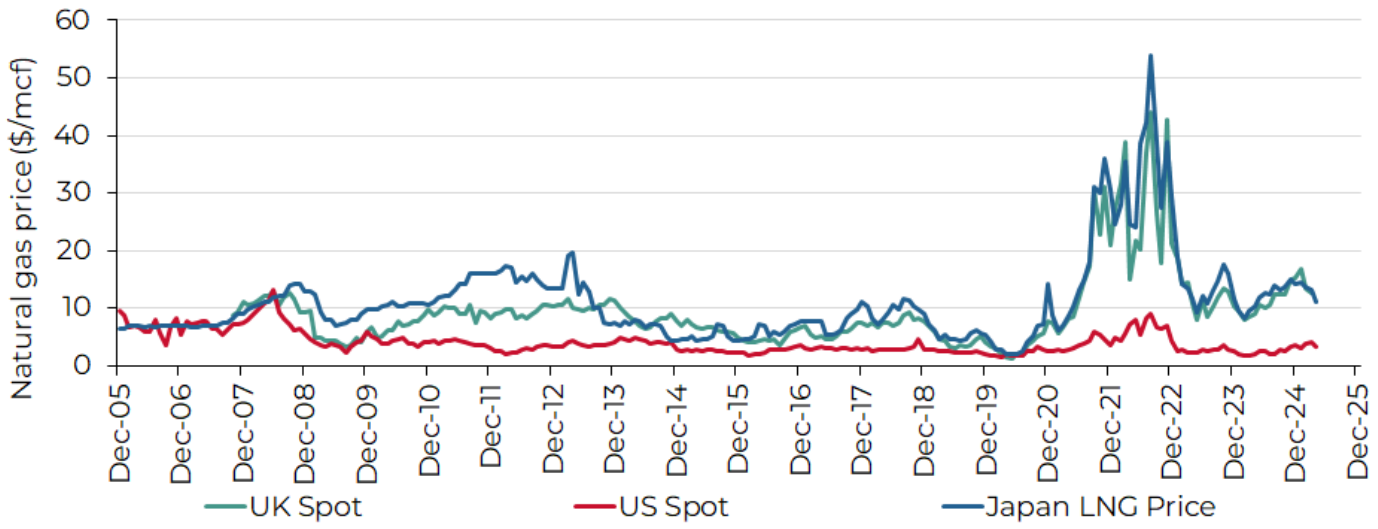
Associated gas production is expected to rise again in 2025 albeit at a slower pace (+0.8 Bcf/day) than in 2022 (+5.5 Bcf/day) and 2023 (+3.6 Bcf/day). Lower supply growth is expected from onshore properties as weaker natural gas prices have brought a lower rig count and lower investment.

Outlook for US LNG exports – global gas arbitrage

We expect the LNG market is going to be quite finely balanced over the next couple of years. In the event of moderate Chinese LNG demand and "normal" European winters, LNG supply and demand appear to be roughly in balance and global LNG prices appear to be fairly priced at around $10/mcf. However, stronger Asian demand (including South Korea and Japan as well as China) or a colder than expected European winter could easily see LNG in tight supply and cause international gas prices spike, although it is unlikely that they revert to the $40-$50 levels seen in winter 2022/2023.

Looking further ahead, we see international gas prices settling in a $9-11/mcf range. This price range should be sufficient to incentivise new US LNG supply to come online from 2025. It would also allow Europe to displace permanently almost all its Russian gas imports. An international gas price in the $9-11/mcf is well down on the highs seen in 2022, but would leave the market at a higher price point than that seen in the few years prior to COVID and the Russian invasion of Ukraine.

Global gas prices

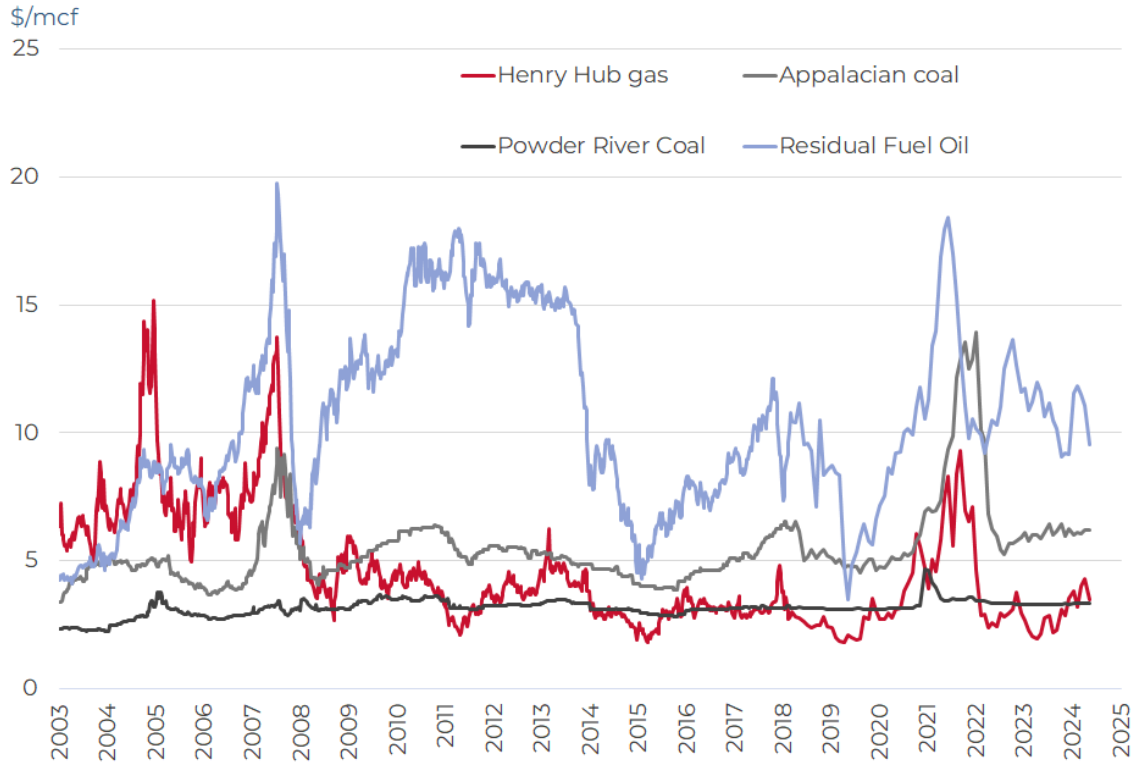


Source: Bloomberg; Guinness Global Investors, May 2025

Relationship with oil and coal

The following chart of the front month US natural gas price against heating oil (No 2), residual fuel oil (No 6) and coal (Sandy Barge adjusted for transport and environmental costs) seeks to illustrate how coal and residual fuel oil switching provide a floor and heating oil a ceiling to the natural gas price. When the gas price has traded below the coal price support level (2012 and 2016), resulting coal-to-gas switching for power generation was significant.

Natural gas versus substitutes (fuel oil and coal) - Henry Hub vs residual fuel oil, heating oil, Sandy Barge (adjusted) and Powder River coal (adjusted)



Source: Bloomberg; Guinness Global Investors, May 2025

Conclusions about US natural gas

The US natural gas price since 2010 has mainly fluctuated between $2 and $4/mcf. The extremes of this range have tended to coincide with warm and cold winters, and any sustained recovery over $3.50/mcf has generally been muted by strength in gas supply. With inflationary pressures, we estimate that new onshore supply has an incentive price of around $3.50/mcf. Assuming normal weather in 2025, we expect a Henry Hub price at around this level.

APPENDIX: Oil and gas markets historical context

Oil price (WTI $) since 1989

Source: Bloomberg, May 2025

For the oil market, the period since the Iraq/Kuwait war (1990/91) can be divided into four distinct periods:

1) **1990-1998:** broadly characterized by decline. The oil price steadily weakened 1991 – 1993, rallied between 1994 – 1996, and then sold off sharply, to test 20-year lows in late 1998. This latter decline was partly induced by a sharp contraction in demand growth from Asia, associated with the Asian crisis, partly by a rapid recovery in Iraq exports after the UN Oil for food deal, and partly by a perceived lack of discipline at OPEC in coping with these developments.

2) **1998-2014:** a much stronger price and upward trend. There was a very strong rally between 1999 and 2000 as OPEC implemented 4m b/day of production cuts. It was followed by a period of weakness caused by the rollback of these cuts, coinciding with the world economic slowdown, which reduced demand growth and a recovery in Russian exports from depressed levels in the mid 90's that increased supply. OPEC responded rapidly to this during 2001 and reintroduced production cuts that stabilized the market relatively quickly by the end of 2001.

   Then, in late 2002 early 2003, war in Iraq and a general strike in Venezuela caused the price to spike upward. This was quickly followed by a sharp sell-off due to the swift capture of Iraq's Southern oil fields by Allied Forces and expectation that they would win easily. Then higher prices were generated when the anticipated recovery in Iraq production was slow to materialise. This was in mid to end 2003 followed by a much more normal phase with positive factors (China demand; Venezuelan production difficulties; strong world economy) balanced against negative ones (Iraq back to 2.5 m b/day; 2Q seasonal demand weakness) with stock levels and speculative activity needing to be monitored closely. OPEC's management skills appeared likely to be the critical determinant in this environment.

   By mid-2004 the market had become unsettled by the deteriorating security situation in Iraq and Saudi Arabia and increasingly impressed by the regular upgrades in IEA forecasts of near record world oil demand growth in 2004 caused by a triple demand shock from strong demand simultaneously from China; the developed world (esp. USA) and Asia ex China. Higher production by OPEC has been one response and there was for a period some worry that this, if not curbed, together with demand and supply responses to higher prices, would cause an oil price sell off. Offsetting this has been an opposite worry that non-OPEC production could be within a decade of peaking; a growing view that OPEC would defend $50 oil vigorously; upwards pressure on inventory levels from a move from JIT (just in time) to JIC (just in case); and pressure on futures markets from commodity fund investors.

   Continued expectations of a supply crunch by the end of the decade, coupled with increased speculative activity in oil markets, contributed to the oil price surging past $90 in the final months of 2007 and as high as $147 by the middle of 2008. This spike was brought to an abrupt end by the collapse of Lehman Brothers and the financial crisis and recession

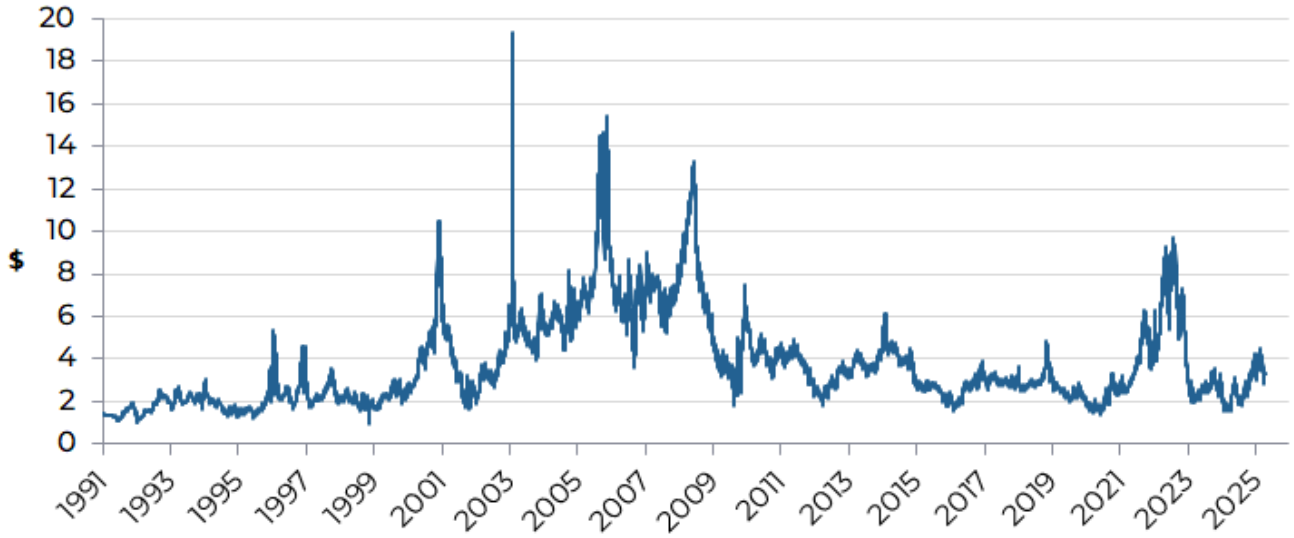
that followed, all of which contributed to the oil price falling back by early 2009 to just above $30. OPEC responded decisively and reduced output, helping the price to recover in 2009 and stabilise in the $70-95 range where it remained for two years.

Prices during 2011-2014 moved higher, averaging around $100, though WTI generally traded lower than Brent oil benchmarks due to US domestic oversupply affecting WTI. During this period, US unconventional oil supply grew strongly, but was offset by the pressures of rising non-OECD demand and supply tensions in the Middle East/North Africa.

3) **2014-2020:** a further downcycle in oil. Ten years of high prices leading up to 2014 catalysed a wall of new non-OPEC supply, sufficient that OPEC saw no choice but to stop supporting price and re-set the investment cycle. Oil prices found a bottom in 2016 (as a result of OPEC and non-OPEC partners cutting production again), but its recovery was capped by the volume of new supply still coming into the market from projects sanctioned pre the 2014 price crash. Average prices were pinned 2017-19 in the $50-70/bl range, with prices at the top end of this rang stimulating oversupply from US shale. The alliance between OPEC and non-OPEC partners fell apart briefly in March 2020 and, coupled with an unprecedented collapse in demand owing to the COVID-19 crisis, oil prices dropped back below $30/bl, before recovering to around $50/bl by the end of 2020 thanks to renewed OPEC+ action.

4) **2021 onwards:** Underinvestment in new oil capacity in the 2015-2020 period catalysed the start of a new cycle in 2021, pushing prices above $75/bl.

North American gas price since 1991 (Henry Hub $/Mcf)



Source: Bloomberg, May 2025

With regard to the US natural gas market, the price traded between $1.50 and $3/Mcf for the period 1991 - 1999. The 2000s were a more volatile period for the gas price, with several spikes over $8/mcf, but each lasting less than 12 months. On each occasion, the price spike induced a spurt of drilling which brought the price back down. Excepting these spikes, from 2004 to 2008, the price generally traded in the $5-8 range. Since 2008, the price has averaged below $4 as progress achieved in 2007-8 in developing shale plays boosted supply while the 2008-09 recession cut demand. Demand has been extremely strong over the last decade, but this has been outpaced by continued growth in onshore production, driven by the prolific Marcellus/Utica field and associated gas as a by-product of shale oil production.

North American gas prices are important to many E&P companies. In the short term, they do not necessarily move in line with the oil price, as the gas market is essentially a local one. (In theory 6 Mcf of gas is equivalent to 1 barrel of oil so $60 per barrel equals $10/Mcf gas). It remains a regional market more than a global market, though the development of the LNG industry is creating a greater linkage.

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GUINNESS GLOBAL ENERGY FUND

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