Guinness European Equity Income

Investment Commentary – September 2025

RISK

This is a marketing communication. Please refer to the prospectus, supplement, KIDs and KIIDs for the Funds (available on our website), which contain detailed information on their characteristics and objectives and 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.

Past performance does not predict future returns.

ABOUT THE STRATEGY

Launch	19.12.2013
Index	MSCI Europe ex UK
Sector	IA Europe Excluding UK
Manager	Will James
EU Domiciled	Guinness European Equity Income Fund
UK Domiciled	WS Guinness European Equity Income Fund

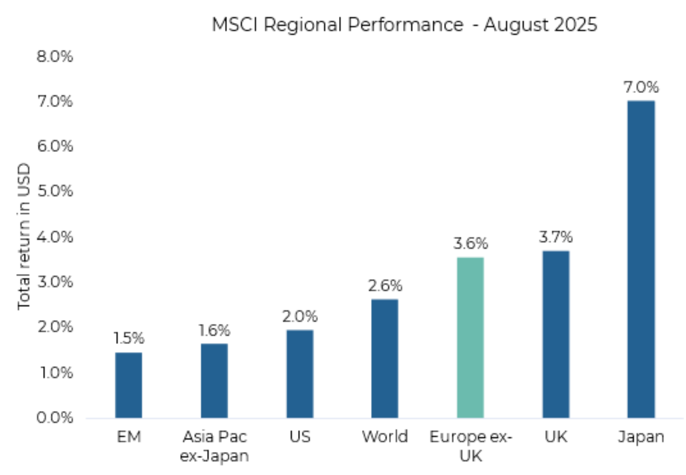
OBJECTIVE

The Guinness European Equity Income Funds are designed to provide investors with exposure to high-quality dividend-paying companies in the Europe ex UK region. The Funds aim to provide capital appreciation and a source of income that has the potential to grow over time. The Funds are actively managed and use the MSCI Europe ex UK Index as a comparator benchmark only.

CONTENTS

COMMENTARY

The Guinness European Equity Income Fund was down -0.1% (Y class, in GBP) in August, underperforming the MSCI Europe ex UK Index, which rose 1.3%, by 1.3 percentage points.

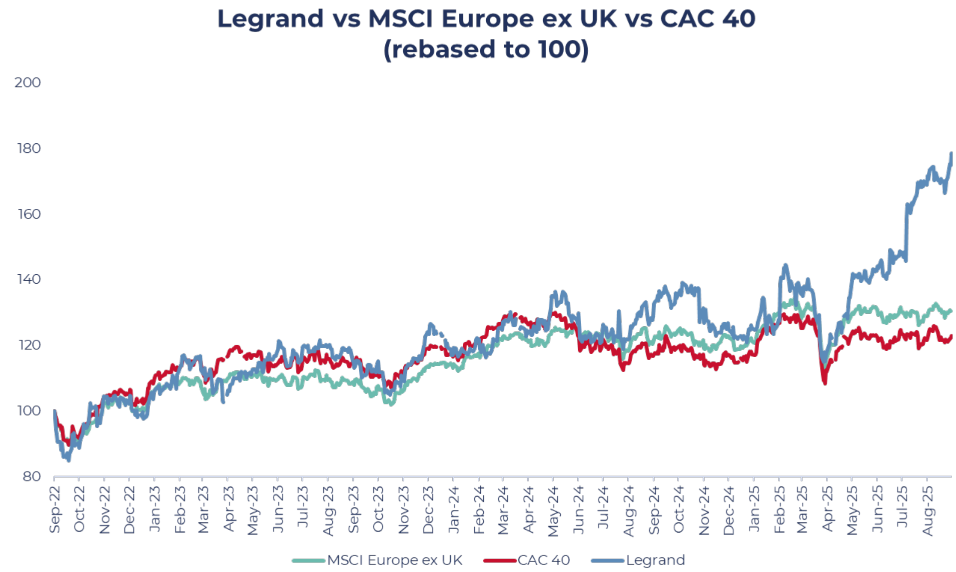


Source: Bloomberg, 31.08.2025

European markets were resilient through August (in USD) despite the re-emergence of political volatility in France. Francois Bayrou, then prime minister, announced that he would be calling a new no confidence vote at the beginning of September given the political impasse around his budget proposals. France continues to spend beyond its means, but its political fragmentation is making any sensible (non-politically motivated) measures almost impossible to implement. This matters for sovereign risk premia and arguably for the multiple that investors will pay for French equities. The ones especially affected are those with high revenue exposure to France itself, normally compounded by higher-than-average leverage, as in the case of concession companies (toll roads), utilities and French domestic financials.

In the short term, location of listing or of domicile does matter in the market's eyes. In the longer term, however, if the fundamentals, market position and management execution are right, it matters little.

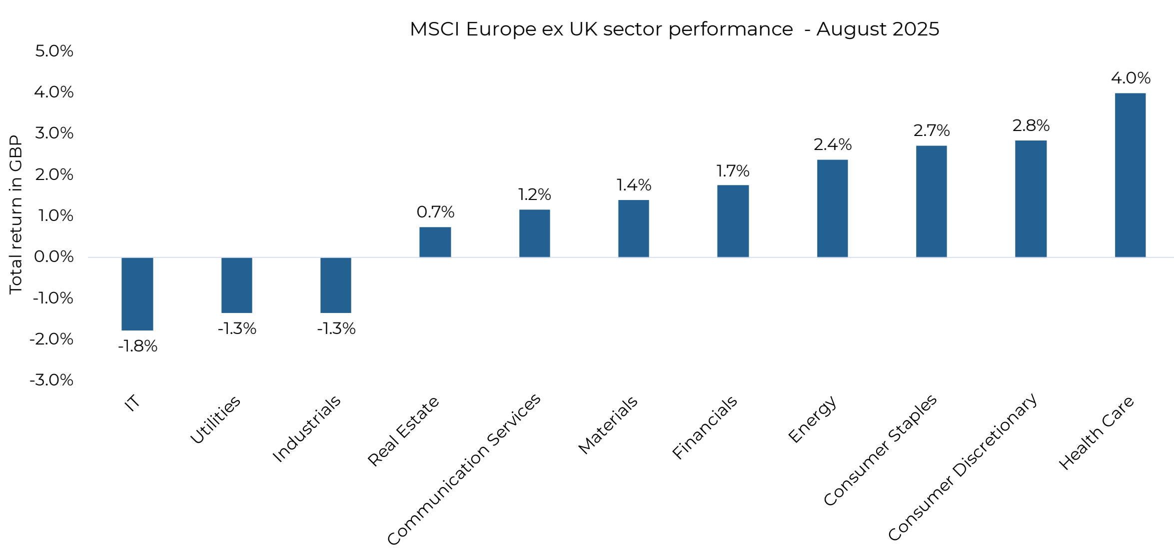
To illustrate, below is a chart of the c.3-year performance of Legrand (French Industrial holding in the strategy) versus the CAC 40 and MSCI Europe ex UK.



Data in EUR. Source: Bloomberg; 31.08.2025

France is home to a large number of global companies, from EssilorLuxottica through Publicis to Danone, for whom France is their domicile but not where they generate a large proportion of their revenues. For example, the French Industrial company Schneider generated just 5.6% of its revenues in France last year. In fact, Schneider managed to raise €3.5bn in the bond markets on 26 August in the eye of the political storm over the deficit while demand outstripped supply by two to one. The credit markets (the key bellwether at this time) appear still to have confidence in certain French corporates and certainly more than they do in the French sovereign at the moment.

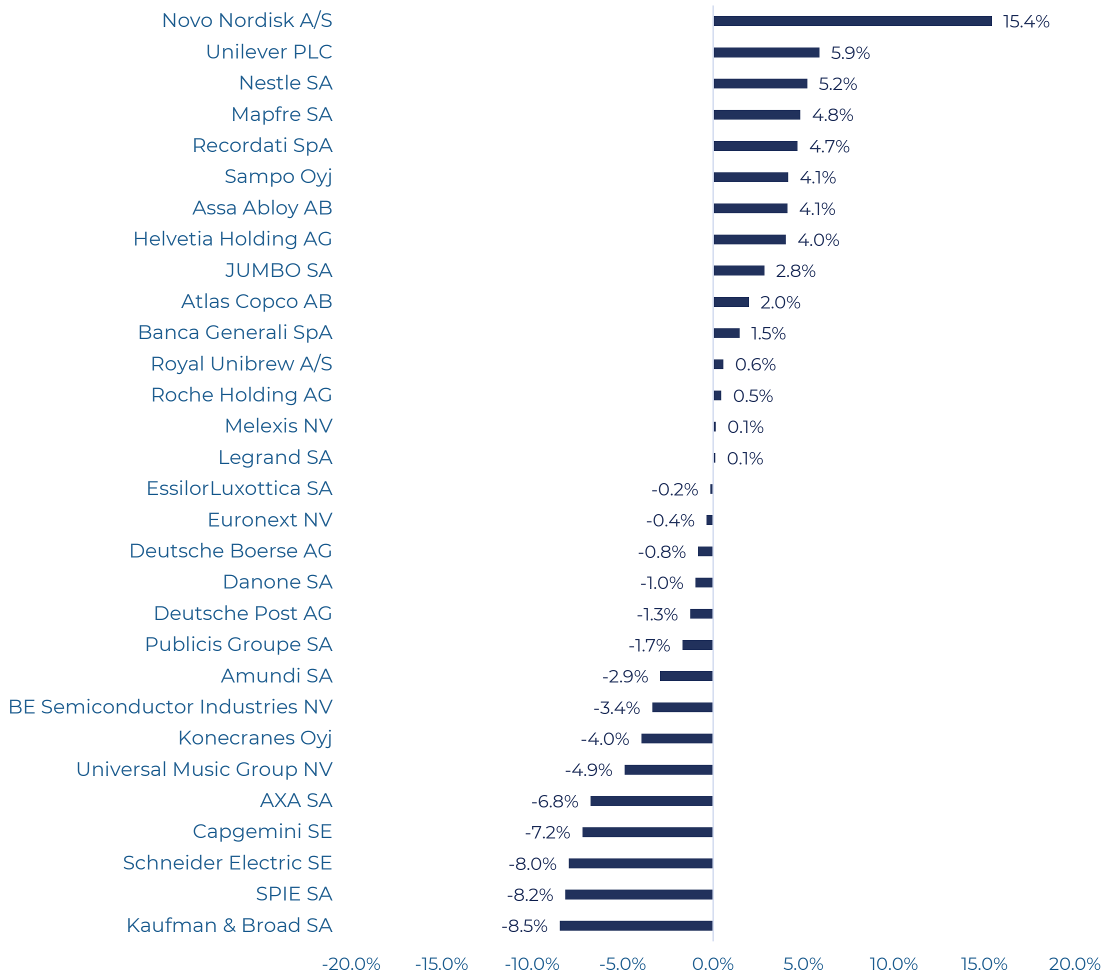
Sector performance was driven by Healthcare, and Consumer Discretionary and Staples sectors. Within Financials, Banks (where the strategy does not have exposure) were strong in the afterglow of the strong earnings season. Healthcare benefited from the strength of Novo Nordisk as well as the suggestion that the pharmaceutical sector Europe would be subject to US tariffs of 15% (for now). Information Technology, Utilities and Industrials were the weakest sectors, IT notably as the market worried about the impacts of AI disruption particularly on software-led businesses.



Source: Bloomberg; 31.08.2025

STOCK PERFORMANCE

Stock performance in August 2025 (EUR)



Source: Bloomberg, 31.08.2025

Novo Nordisk (+15.4%) bounced after the recent fall on revised guidance and the announcement of a new CEO. As ever with situations such as these, the initial reaction is to 'shoot first and ask questions later' with the share price subsequently bouncing after the initial sell-off. As discussed in last month's commentary, it is clear that the recent news flow has brought Novo Nordisk's strong market position in obesity into question. That obviously necessitated a review of the position, the main conclusions of which (rather than every detail) we summarise below. For the avoidance of doubt, we decided to keep and in fact add to the position.

Why we didn't sell (unlike the rest of the market, it seems)

Profit warnings such as Novo Nordisk's are always uncomfortable – especially when the share price has already been drifting, suggesting the market knew better. Indeed, sometimes it does. In these situations there is a clear tension between the behavioural aspect (respond to the 'mistake', the market noise, the general capitulation) vs assessing the fundamentals. It is important to evaluate the situation as objectively as possible through the lens of the four tenets of the strategy's investment philosophy.

- **Conviction**: clearly less than it was, but **it is crucial to ask why.** Is it the share price move, the general market capitulation, the downgrades, the CEO change, the competitive dynamic changing? So we cross check against the other tenets: Quality, Valuation and Dividend.

- **Quality:** Has Novo Nordisk's quality deteriorated markedly?
  - Assumptions about Novo's dominant position and its ability to ride out the understandably growing competitive pressures were misplaced. Its moat is less wide than many had perhaps assumed.
  - The market has moved its focus to the pipeline and the fact that generic versions of some of Novo's drugs are due within the market's investible time horizon.
  - That said, Novo continues to make a cash flow return on investment of around 20% and is still forecast to grow the top line and profits in high-single-digit percentages.
- **Valuation**: Is there a reasonable margin of safety in the valuation?
  - At the time of the recent share price low, Novo was now trading in line with or at a slight discount to the sector, having historically commanded a premium close to 50-90%. The shares have recovered, but there still appears to be quite a lot of negativity in the price.
  - The valuation, at a price/earnings ratio of 13.4 times 2026 earnings, already captures the c.10% downgrade. At the time of the profit warning, taking the bottom end of the 25E sales growth guidance, the stock was priced for sales to contract by 4% per annum over 2026-2034E (data from UBS Holt), which appears improbable.
- **Dividend**:
  - The consensus estimated yield for 2026 is 3.8% and above the market based on a 50% payout ratio. The free cash flow yield of over 7% is attractive in the context of the high-quality and sustainable cashflow we believe is on offer.

For now, the quality and the numbers still stack up, and for the strategy there are reasons after reassessing to stick with the position. As shown below, it hasn't taken much for the shares to start recovering given where valuation and the dividend yield found themselves.

Interestingly, since the profit warning a number of things have happened which have seen the share price recover some of those losses. The annotated chart below shows the rather busy schedule of news flow (all incrementally positive) which has arrested the decline and seen the share price recover some of its recent fall.

Source: Bloomberg, Guinness Global Investors, September 2025

Novo Nordisk has now recovered over 20% from the recent lows and is now above the share price it closed at on the day of the profit warning. None of this is ever an exact science but suggests that the capitulation on the sell side and the buy side has led to a healthy reset of expectations. It never ceases to amaze that after episodes like this the sell side becomes unwilling to commit to view due to the uncertainty and range of outcomes, while 12 months ago at triple the multiple and 30% of the current yield, the majority had something positive to say.

At times like these, it is worth noting the discipline of our equal weighting approach, whereby we manage position sizes in terms of their absolute weight within the portfolio. When Novo Nordisk was riding high last year at c.5% of the MSCI Europe ex UK Index, we were taking profit (and were underweight), ensuring the portfolio was well diversified without an undue reliance on Novo Nordisk to drive returns. A year or so on, we have taken the opportunity to add to the position, backing our conviction at a point where some in the market have decided to give up.

Finally, it is important to add that the risks have not gone away (and we reserve the right to change our minds) but are now much better understood. There are therefore more efficiently reflected in the valuation of Novo Nordisk and perhaps most importantly in analyst expectations.

Unilever (+5.9% in EUR) continued to trade well, with strong support from the new charismatic CEO Fernando Fernandez. An increased focus on higher-return segments of Beauty/Wellbeing and Personal Care was in evidence alongside strong numbers from the US and India where volume growth is running at around 3% and mid-single-digits respectively; and both countries being the sole focus for any bolt-on acquisitions. The hard work is evident in organic growth now running ahead of close competitors including Nestlé and P&G. Work on turnaround efforts in emerging markets could buoy H2 numbers and Q4 will see the spin-out of the Ice Cream division (Magnum) to the benefit of group returns.

Nestlé (+5.2%) after the month end announced the dismissal of CEO Laurent Freixe following an investigation into an undisclosed romantic relationship with a subordinate. Freixe, who had only been in the role for year, will be replaced by Philippe Navratil, the CEO of Nespresso, who has expressed support for the measures Freixe put in place. These include, most notably, a focus on cost savings to fund increased reinvestment into core brand strength and innovation, building on leading market positions and attractive categories across petcare, coffee and health science. These market segments are characterised by strong customer loyalty and low levels of private label competition; in short, areas of the market that we don't see going out of favour any time soon.

The greatest **detractors** were all French after prime minister Francois Bayrou announced a vote of confidence to take place on September 8th in an attempt to break the political deadlock for his minority government around gaining support for a budget plan that includes some €44bn of spending cuts amid debt-to-GDP of 114% and a deficit of some 5.8%, well ahead of the EU's 3% target. All opposition parties have to date indicated they will vote against Bayrou's government, suggesting there will be another change of leadership. Overall fund exposure to French domestic sales is low in spite of an overweight country exposure.

Kaufman & Broad (-8.5%) is our sole pure play on France with 100% of sales being domestic. We continue to view the company as well placed. Product quality is high, as is insider and family ownership. Recent results were favourable with H1 2025 revenue growth of +10.4% and housing order volumes of +8.7%. The company maintained full-year guidance for revenue growth of around 5% at a recurring operating margin of 7.5% - 8%.

SPIE's (-8.2%) revenue exposure to France is just over 30% of company sales, with the remainder stemming from other European countries including Germany (34%) and the Netherlands. The group looks well placed given its focus on electrical infrastructure, notably German grid build-out, city networks and data centre growth. Recent results highlighted high single-digit organic growth in Germany and north-west Europe alongside further increases in group margin. We also appreciate active ownership on the part of CEO Louette Gauthier with a 1.2% equity stake in the business.

Schneider Electric (-8.0%) has mid-single-digit revenue exposure to France. Its business continues to go from strength to strength. Indeed, recent research from Bernstein highlights that the company has grown organically at 7.5% per annum over the last years, outpacing the 5% organic growth of direct peers (Eaton, Hubbell, Siemens, ABB and Legrand). Higher levels of growth are driven by Schneider's attractive mix across Sustainability, Digital Services, Connected Products and Agnostic Software which have grown at an organic compound rate of 16%. Q3 sales and the 11th December capital markets day could all prove to be further catalysts for outperformance.

OUTLOOK

As we look into the rest of the year, there is a lot that we know: the French have a deficit problem which needs to be addressed; we have some clarity around US tariffs and the impact on Europe for now; Europe needs to take control of its own destiny and address its growth shortcomings and the structural inefficiencies that we all know exist. How this will unfold is the unknown. The investment that Europe needs to make will take time and effort, so while the announcements from Germany on loosening the debt brake earlier in the year are long overdue and welcome, one will need to remain patient. In the meantime, the debate rages about US growth, the USD, US interest rates.

As stated before, it would be foolish to try and predict what will happen in that sort of environment, so we are happy to stick to our philosophy and process with a focus on quality companies that generate persistent high cash returns supported by strong balance sheets and the ability to compound returns through their own endeavours. We believe that investing in these types of companies will serve investors well in the long term and remain patient and positive that the portfolio is well positioned to continue to deliver in these terms.

Portfolio Manager
Will James

GUINNESS EUROPEAN EQUITY INCOME FUND - FUND FACTS

Fund size	$111.0m
Fund launch	19.12.2013
OCF	0.89%
Benchmark	MSCI Europe ex UK TR
Historic yield	3.1% (Y GBP Dist)

Historic yield reflects the distributions declared over the past 12 months expressed as a percentage of the mid-market price, as at the latest month end. It does not include any preliminary charges. Investors may be subject to tax on the distribution.

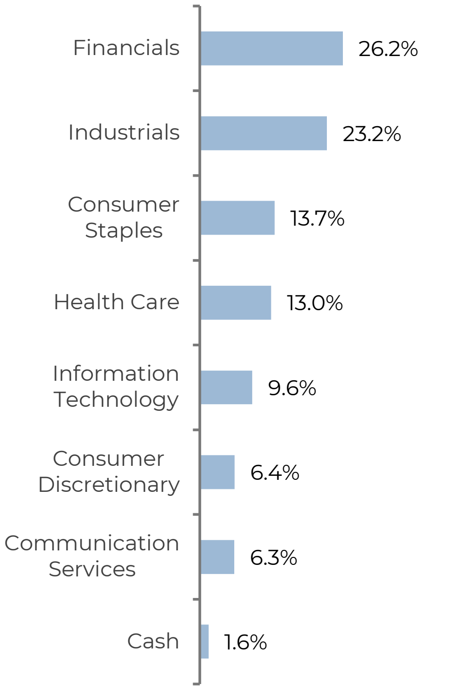
GUINNESS EUROPEAN EQUITY INCOME FUND - PORTFOLIO

Top 10 holdings

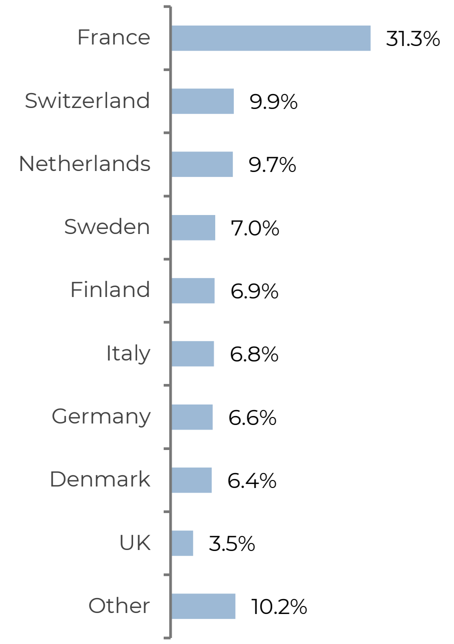
Assa Abloy AB	3.6%
Unilever	3.5%
Sampo	3.5%
Jumbo	3.5%
Nestle	3.4%
Danone	3.4%
Banca Generali	3.4%
Konecranes	3.4%
Melexis	3.4%
Recordati SpA	3.4%

Top 10 holdings	34.6%
Number of holdings	30

Sector



Country



Past performance does not predict future returns.

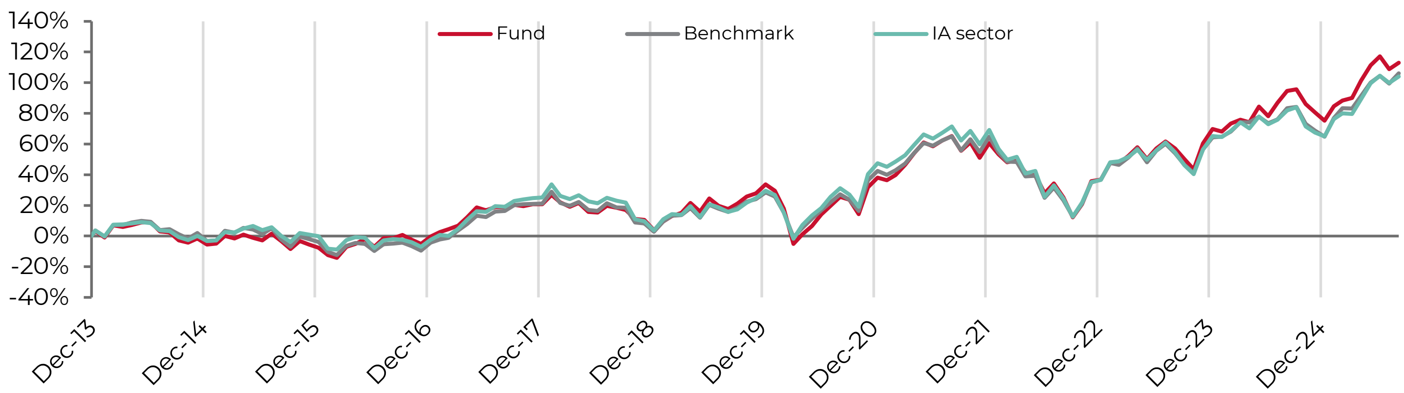
GUINNESS EUROPEAN EQUITY INCOME FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-0.1%	+12.7%	+6.5%	+46.5%	+68.0%	+150.2%
MSCI Europe ex UK TR	+1.3%	+16.0%	+9.3%	+44.1%	+60.5%	+140.0%
IA Europe Excluding UK TR	+0.0%	+14.6%	+9.0%	+41.3%	+54.0%	+132.2%
(USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	+2.0%	+21.6%	+9.5%	+70.1%	+69.5%	+120.2%
MSCI Europe ex UK TR	+3.4%	+25.1%	+12.4%	+67.3%	+62.0%	+110.8%
IA Europe Excluding UK TR	+2.1%	+23.6%	+12.1%	+64.1%	+55.4%	+103.9%
(EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-0.3%	+7.6%	+3.5%	+46.1%	+73.3%	+110.3%
MSCI Europe ex UK TR	+1.1%	+10.7%	+6.3%	+43.7%	+65.5%	+101.8%
IA Europe Excluding UK TR	-0.2%	+9.4%	+6.0%	+41.0%	+58.8%	+95.2%

GUINNESS EUROPEAN EQUITY INCOME FUND - ANNUAL PERFORMANCE

(GBP)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Fund	+5.0%	+17.2%	-4.2%	+17.5%	+0.1%	+23.7%	-8.8%	+10.7%	+28.5%	+3.6%
MSCI Europe ex UK TR	+1.9%	+14.8%	-7.6%	+16.7%	+7.5%	+20.0%	-9.9%	+15.8%	+18.6%	+5.1%
IA Europe Excluding UK TR	+1.7%	+14.0%	-9.0%	+15.8%	+10.3%	+20.3%	-12.2%	+17.3%	+16.4%	+9.3%
(USD)	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Fund	+3.1%	+24.2%	-14.9%	+16.4%	+3.3%	+28.6%	-14.0%	+21.2%	+7.8%	-2.0%
MSCI Europe ex UK TR	+0.2%	+21.7%	-18.0%	+15.7%	+10.9%	+24.8%	-15.1%	+26.8%	-0.6%	-0.7%
IA Europe Excluding UK TR	-0.1%	+20.8%	-19.2%	+14.7%	+13.8%	+25.2%	-17.3%	+28.4%	-2.4%	+3.3%
(EUR)	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Fund	+10.0%	+20.0%	-9.3%	+25.2%	-5.2%	+31.1%	-9.8%	+6.4%	+10.9%	+9.0%
MSCI Europe ex UK TR	+6.8%	+17.6%	-12.6%	+24.4%	+1.8%	+27.1%	-10.9%	+11.4%	+2.4%	+10.7%
IA Europe Excluding UK TR	+6.6%	+16.7%	-13.9%	+23.4%	+4.4%	+27.5%	-13.1%	+12.8%	+0.5%	+15.1%

GUINNESS EUROPEAN EQUITY INCOME FUND - PERFORMANCE SINCE LAUNCH (USD)



Source: FE fundinfo net of fees to 31.08.2025. 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 OCF used for the Fund performance returns is 0.89%. which was the OCF over the calendar year 2024. 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.

WS GUINNESS EUROPEAN EQUITY INCOME FUND - FUND FACTS

Fund size	£1.3m
Fund launch	30.12.2022
OCF	0.89%
Benchmark	MSCI Europe ex UK TR
Historic yield	2.9% (Y Inc)

Historic yield reflects the distributions declared over the past 12 months expressed as a percentage of the mid-market price, as at the latest month end. It does not include any preliminary charges. Investors may be subject to tax on the distribution.

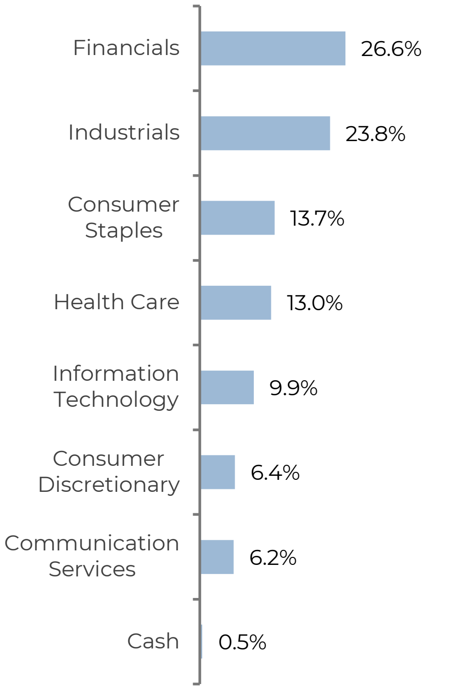
WS GUINNESS EUROPEAN EQUITY INCOME FUND - PORTFOLIO

Top 10 holdings

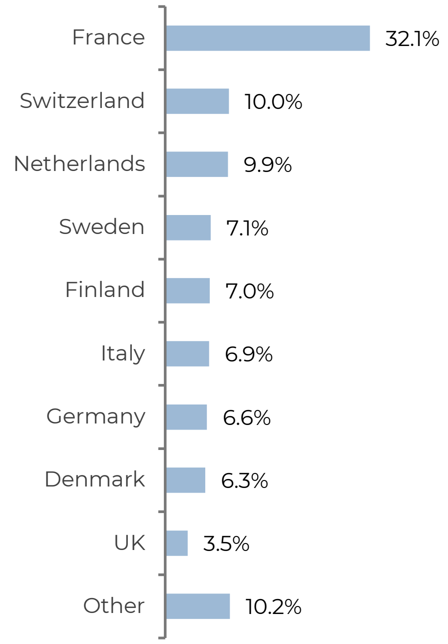
Assa Abloy AB	3.7%
Unilever	3.5%
Besi	3.5%
Konecranes	3.5%
Sampo	3.5%
Danone	3.5%
Banca Generali	3.5%
Nestle	3.5%
Jumbo	3.4%
Recordati SpA	3.4%

Top 10 holdings	35.0%
Number of holdings	30

Sector



Country



Past performance does not predict future returns.

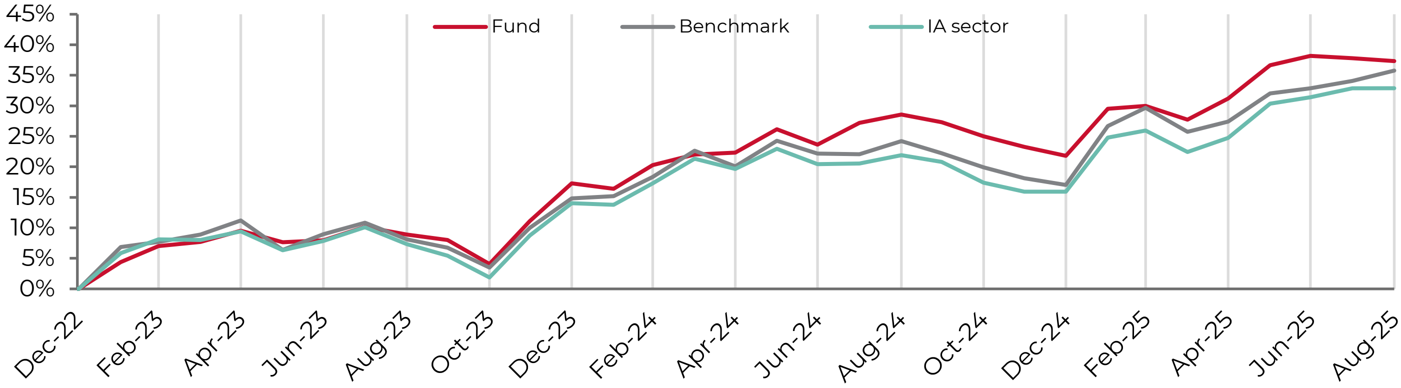
WS GUINNESS EUROPEAN EQUITY INCOME FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-0.3%	+12.7%	+6.8%	-	-	-
MSCI Europe ex UK TR	+1.3%	+16.0%	+9.3%	-	-	-
IA Europe Excluding UK TR	+0.0%	+14.6%	+9.0%	-	-	-

WS GUINNESS EUROPEAN EQUITY INCOME FUND - ANNUAL PERFORMANCE

(GBP)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Fund	+3.9%	+17.3%	-	-	-	-	-	-	-	-
MSCI Europe ex UK TR	+1.9%	+14.8%	-	-	-	-	-	-	-	-
IA Europe Excluding UK TR	+1.7%	+14.0%	-	-	-	-	-	-	-	-

WS GUINNESS EUROPEAN EQUITY INCOME FUND - PERFORMANCE SINCE LAUNCH (GBP)



Source: FE fundinfo net of fees to 31.08.25. 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 OCF for the calendar year 2024 for the share class used for the fund performance returns was 0.89%. Returns for share classes with a different OCF will vary accordingly. Transaction costs also apply and are incurred when a fund buys or sells holdings. The performance returns do not reflect any initial charge; any such charge will also reduce the return.

IMPORTANT INFORMATION

Issued by Guinness Global Investors 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 European Equity Income Fund and the WS Guinness European Equity Income 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.

This document is provided for information only and all the information contained in it is believed to be reliable but may be inaccurate or incomplete; any opinions stated are honestly held at the time of writing, but are not guaranteed. The contents of the document should not therefore be relied upon. It should not be taken as a recommendation to make an investment in the Funds or to buy or sell individual securities, nor does it constitute an offer for sale.If you decide to invest, you will be buying shares in the Fund and will not be investing directly in the underlying assets of the Fund.

GUINNESS EUROPEAN EQUITY INCOME FUND

Documentation

The documentation needed to make an investment, including the Prospectus, Supplement, 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, including collective redress mechanisms, 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 EUROPEAN EQUITY INCOME 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: wtas-investorservices@waystone.com
Dealing: ordergroup@waystone.com

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.