Guinness Emerging Markets Equity Income

Investment Commentary – October 2025

RISK

This is a marketing communication. Please refer to the Prospectus, supplement and KID/KIID (available on our website), which contain detailed information on the Fund's characteristics and objectives and full information on the risks, before making any final investment decisions.

The Fund is an equity fund. Investors should be willing and able to assume the risks of equity investing. The value of an investment and the income from it can fall as well as rise as a result of market and currency movements, and you may not get back the amount originally invested.

Past performance does not predict future returns.

ABOUT THE STRATEGY

Launch	23.12.2016
Index	MSCI Emerging Markets
Sector	IA Global Emerging Markets
Managers	Edmund Harriss Mark Hammonds CFA
EU Domiciled	Guinness Emerging Markets Equity Income Fund

OBJECTIVE

The Guinness Emerging Markets Equity Income Fund is designed to provide investors with exposure to high-quality dividend-paying companies in Emerging Markets worldwide. The Fund aims to provide long-term capital appreciation and a source of income that has the potential to grow over time. The Fund is actively managed and uses the MSCI Emerging Markets Index as a comparator benchmark only.

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COMMENTARY

Emerging markets rallied sharply during September in sterling terms. The MSCI Emerging Markets Net Total Return Index rose 7.5% (all performance figures in GBP unless stated otherwise). The Guinness Emerging Markets Equity Income Fund underperformed in this strong environment, declining marginally (by 0.3%) in the month.

The main driver of underperformance was principally the strong gains by Alibaba and Tencent (large benchmark weight stocks not held in the fund) and TSMC (held but where we are underweight the benchmark). For the year to date, the fund is up 10.4% versus the benchmark up 18.6%.

Emerging markets outperformed developed markets in the month, as the MSCI World gained 3.6%. The US outperformed, with the S&P 500 Index up 4.0%. Asia was the best performing region, rising 7.8%. Latin America was next, up 6.9%. EMEA (Europe, Middle East and Africa) was also strong, rising 5.9%. Growth and Value performed similarly, though Growth was the outperformer during the month, up 7.8% versus value, up 7.2%.

Among the largest countries, the best performers were South Africa (+12.5%), Korea (+10.9%) and Mexico (+10.2%).
The worst performing countries were UAE (–2.5%), India (+0.9%) and Malaysia (+4.5%).The strongest performing stocks in the portfolio were TSMC (+13.7%), NetEase (+12.0%) and China Medical System (+7.5%). The weakest performers were Suofeiya Home (–7.5%), Tata Consultancy Services (–6.7%) and Zhejiang Supor (–6.7%).

Analysis continued overleaf

SEPTEMBER IN REVIEW

The Federal Reserve cut interest rates in the US to a range of 4% to 4.25%. China's export growth slowed, with a contraction in US exports offset by rises in Southeast Asia and the EU. China held talks with Russia, the day before a large military parade through Beijing of new weaponry. President Xi also hosted Narendra Modi in talks aimed at improving relations between India and China. The US and China reached an agreement on American ownership of TikTok.

Precious metals (silver +16.0%, gold +11.9%) saw another strong month. Gold rose above $3,800 as investors sought safe havens due to rising inflation fears and concerns over the dollar. Copper also rallied, up 7.5%, due to supply disruption. Emerging market currencies gained marginally, up 0.3%. The Dollar index (DXY) was flat in September. Crude oil prices continue to weaken in the month, with Brent down 1.6%.

PORTFOLIO UPDATE

Several of the portfolio holdings have provided recent updates:

Yili management spoke at a recent conference, confirming guidance for low single-digit revenue growth and 9% net profit margin for the year. For earnings to recover over the medium term, a more balanced supply-demand market for raw milk is required. Yili has achieved market outperformance in the liquid milk market over the first half, with stable volumes and revenues down 2%. Milk powder, by contrast, has grown strongly, and Yili occupies the number one position in the market.

Haier reported results for the second quarter. Management is guiding for long-term revenue growth in the mid to high single digits, with double-digit profit growth expected. Revenue growth for the second half of 2025 is likely to fall within this range. Encouragingly, management also indicated plans to develop the dividend payment over time. The company's recent announcement to invest $3 billion over five years in US manufacturing will help address an increased tariff environment by producing more locally. Emerging markets have been an area of growth, both in the Asia Pacific and Latin America.

Porto Seguro reported results ahead of expectations, driven by a strong performance in the insurance sector. Growth in earned premiums was achieved across all product categories, and the loss ratio also declined, further benefiting the results. The group's return on equity reached 24.6% (up from 23.9% in the first quarter). In general, we like the way that management is prioritising efficiency and profitability. The guidance issued was slightly stronger than expected.

MARKET ANALYSIS

Last month, we discussed the twin strategy that China is pursuing by:

1. Reducing its reliance on other countries
2. Ensuring other countries become more dependent on China

As countries become increasingly dependent on China, we can also examine this trend through the prism of other companies' growing dependence on China. The excellent recent book *Apple in China* by Patrick McGee underlines the extent to which Apple has come to rely more and more heavily on China as a production base.

The main thesis of the book is that the increasing dependence has put Apple effectively in an unescapable position, as the subtitle (*The Capture of the World's Greatest Company*) makes clear. Setting aside the issue of whether Apple has become trapped, it is clear that China has benefited hugely from the relationship.

We have discussed before the theory of manufacturing-led development that consists of two stages:

1. Protecting and nurturing young/nascent industries to allow them to scale, before then…
2. Unleashing them to compete on a global scale, encouraging producers to improve quality standards.

(This theory is expounded in the book *How Asia Works* by Joe Studwell.)

This, of course, is the path that China has been following. The following extract from Apple in China provides a vivid illustration of this latter part of the process. This section, discussing Tesla's production in Shanghai, explains how the presence of a dominant Western brand caused a paradigm shift:

> *In China, this phenomenon has been referred to as the catfish effect. The idea is based on the fact that when sardines are caught at sea and placed in a tank for their journey back to shore, they become sedentary and die. However, sardines that are kept alive tend to have better flavour and texture and thus fetch a higher price. The story goes that a Norwegian fisherman discovered that if he threw a catfish into the tank, the sardines would continue swimming and fight for survival. The presence of a single predator causes the entire tank of sardines to better themselves. Beijing, it's often said, wanted Tesla to play the role of the catfish for the EV industry.*
>
> *The theory is partly misleading. It implies that Tesla simply inspires competitors to do better, but Tesla also works intimately with and improves its third-party vendors, who then supply local EV brands such as BYD. This, of course, is the Apple model, and Parikh—who played a key role in establishing the Shanghai Gigafactory—specifically hired engineers with Apple experience to set the plan into motion.*

One of the keys to Apple's success has been the deep integration of its engineers into manufacturing processes in China, enabling the establishment of a sophisticated and extensive supply chain. This, in turn, has benefited local smartphone manufacturers, who have capitalised on the expertise and know-how, coupled with the high-quality manufacturing expectations that Apple has instilled.

McGee's book also brings Apple's production challenges up to date by discussing the company's experience in India. As a result of the trade frictions between the US and China under the first Trump administration and continued under the Biden administration, Apple has sought to lessen its dependence on China by increasing the proportion of its production coming from outside the country. Mainly, this has involved increasing the proportion of assembly work done in India.

It is crucial to note that assembly work is the labour-intensive part of the production process, and China's rising labour costs (as a result of the country's increased prosperity) have forced manufacturers to start to look outside of China, particularly in industries where there is a high labour component to the finished goods. For example, garment manufacturing has been shifted to countries like Cambodia and Vietnam, where labour costs are lower. In addition to the trade war, an underlying structural economic dynamic has pushed production away from China, leading to relocation elsewhere.

Apple's experience was also fundamentally coloured by the disruption caused by COVID-related lockdowns in China. This was particularly pronounced in 2022, when a wave of lockdowns imposed in China coincided with production disruptions at a time when many other countries had moved beyond using lockdowns once a COVID vaccine became available.

Given Apple's involvement in creating the Chinese supply chain, where it embedded its engineers at production sites to collaborate on design and provide worker training, it is not surprising that it would seek to replicate this model in another country. However, the experience so far has presented several challenges. Some relate to expectations from the workforce, with a greater desire among Indian workers to commute rather than be housed in dormitories, and the general absence of labour migration patterns that allow production to be scaled up rapidly in China. Infrastructure challenges have also existed, for example, with electricity supplies and road conditions; however, these have been significantly improved under Modi's government (and similar challenges were faced in the early days of China's involvement). Perhaps most importantly, there is still a cultural challenge, where the 'do whatever it takes' mentality that exists in China remains unparalleled at present.

What is interesting about the current iPhone lineup is that for the first time, all models are being produced in India from launch (previously, it was limited to certain models within the range). Therefore, the direction of travel, as far as India is concerned, remains very positive. However, we must look beyond the assembly stage of manufacturing to examine where the broader supply chain is located. As for relocating outside of China, the process is still in its early stages. The Indian government has been keen on promoting manufacturing within the country, and incentives are in place to encourage suppliers to establish themselves locally. But as *Apple in China* makes a compelling argument, it seems likely that the existing suppliers will tightly control this process. Many of the companies that set up in India will ultimately be Chinese.

OUTLOOK

In the parts of the market that we invest in, our expectation is that the results of the business will ultimately be the dominant driver of returns. Provided we believe the underlying business performance will be sound, the turbulence we have seen in stock prices can therefore present opportunities

Our focus is on the cash-based return on capital a business generates; the business must therefore be profitable and management must allocate capital rationally. The requirement that companies must have strong balance sheets generally makes them less dependent on capital markets (they do not have large debt burdens to refinance). And by looking at companies' performance over a long-time horizon (at least eight years), we gain increased confidence that the business is likely to continuing to perform well when handling challenging circumstances in future.

Portfolio Managers

Edmund Harriss
Mark Hammonds

GUINNESS EMERGING MARKETS EQUITY INCOME FUND - FUND FACTS

Fund size	$15.0m
Fund launch	23.12.2016
OCF	0.89%
Benchmark	MSCI Emerging Markets
Historic yield	4.2% (Y GBP Dist)

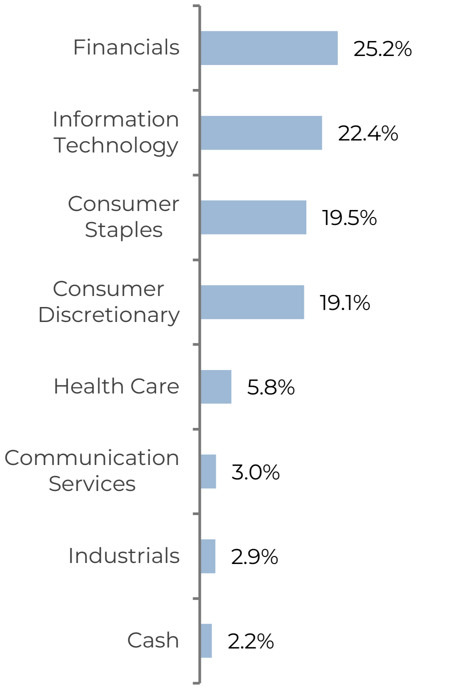
GUINNESS EMERGING MARKETS EQUITY INCOME FUND - PORTFOLIO

Top 10 holdings

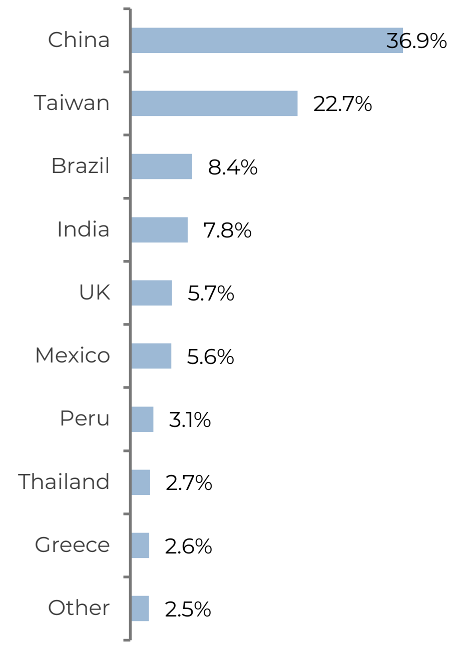
Hon Hai Precision Industry	3.3%
Credicorp	3.1%
China Medical System	3.1%
NetEase	3.0%
Shenzhou International	3.0%
Taiwan Semiconductor	2.9%
Inner Mongolia Yili Industrial	2.9%
ICBC	2.9%
Haitian International Holdings	2.9%
B3 SA - Brasil Bolsa Balcao	2.9%

Top 10 holdings	29.8%
Number of holdings	35

Sector



Country



Past performance does not predict future returns.

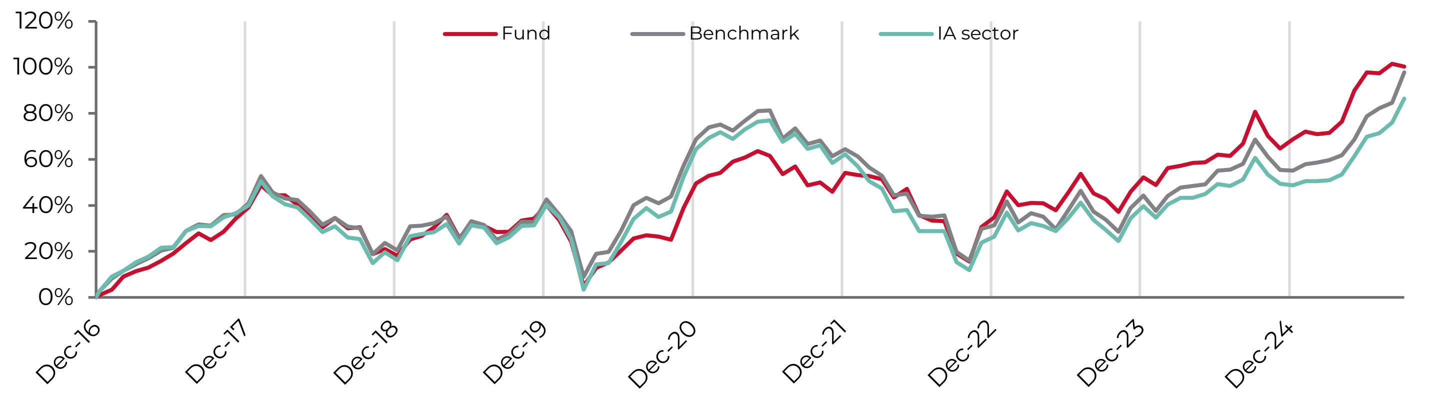
GUINNESS EMERGING MARKETS EQUITY INCOME FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-0.3%	+10.4%	+10.5%	+39.5%	+52.1%	-
MSCI Emerging Markets	+7.5%	+18.6%	+16.9%	+37.0%	+34.8%	-
IA Global Emerging Markets TR	+6.3%	+16.7%	+15.6%	+34.0%	+32.7%	-
(USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-0.6%	+18.7%	+10.9%	+68.2%	+58.4%	-
MSCI Emerging Markets	+7.2%	+27.5%	+17.3%	+65.2%	+40.4%	-
IA Global Emerging Markets TR	+5.9%	+25.4%	+16.1%	+61.6%	+38.2%	-
(EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-1.0%	+4.6%	+5.3%	+40.2%	+58.1%	-
MSCI Emerging Markets	+6.7%	+12.4%	+11.4%	+37.7%	+40.1%	-
IA Global Emerging Markets TR	+5.5%	+10.5%	+10.2%	+34.8%	+37.9%	-

GUINNESS EMERGING MARKETS EQUITY INCOME FUND - ANNUAL PERFORMANCE

(GBP)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Fund	+12.9%	+6.6%	-1.6%	+4.0%	+3.4%	+14.2%	-9.8%	+25.8%	-	-
MSCI Emerging Markets	+9.4%	+3.6%	-10.0%	-1.6%	+14.7%	+13.9%	-9.3%	+25.4%	-	-
IA Global Emerging Markets TR	+8.2%	+4.3%	-12.2%	-0.5%	+13.7%	+16.0%	-11.8%	+24.4%	-	-
(USD)	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Fund	+10.9%	+12.9%	-12.6%	+3.1%	+6.7%	+18.8%	-15.1%	+37.7%	-	-
MSCI Emerging Markets	+7.5%	+9.8%	-20.1%	-2.5%	+18.3%	+18.4%	-14.6%	+37.3%	-	-
IA Global Emerging Markets TR	+6.3%	+10.5%	-22.0%	-1.4%	+17.3%	+20.7%	-16.9%	+36.2%	-	-
(EUR)	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Fund	+18.3%	+9.1%	-6.8%	+10.9%	-2.2%	+20.9%	-10.8%	+20.9%	-	-
MSCI Emerging Markets	+14.7%	+6.1%	-14.9%	+4.9%	+8.5%	+20.6%	-10.3%	+20.6%	-	-
IA Global Emerging Markets TR	+13.4%	+6.8%	-16.9%	+6.1%	+7.6%	+22.9%	-12.8%	+19.7%	-	-

GUINNESS EMERGING MARKETS EQUITY INCOME FUND - PERFORMANCE SINCE LAUNCH (USD)



Source: FE fundinfo net of fees to 30.09.25. 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 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. 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.

IMPORTANT INFORMATION

Issued by Guinness Global Investors, a trading name of Guinness Asset Management Limited, which is authorised and regulated by the Financial Conduct Authority.

This report is primarily designed to inform you about equities and equity markets invested in by the Guinness Emerging Markets Equity Income Fund. It may provide information about the Fund's portfolio, including recent activity and performance. It contains facts relating to the equity markets and our own interpretation. Any investment decision should take account of the subjectivity of the comments contained in the report. OCFs for all share classes are available on www.guinnessgi.com.

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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.

Telephone calls will be recorded and monitored