2026 Outlook for Global Energy

Guinness Global Energy Team

GUINNESS GLOBAL INVESTORS

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2025 saw oil markets loosen as OPEC+ raised their supply, but refining markets tighten. Here, we share our thoughts on 2025 and the outlook for 2026 and beyond.

HIGHLIGHTS

2025 IN REVIEW

The year 2025 was characterised by a looser oil market balance, as robust non-OPEC supply growth coincided with OPEC+ returning withheld barrels to the market. Oil prices were weaker than in 2024, with Brent averaging $69/bl (vs $80/bl in the prior year), reflecting ample supply running ahead of demand growth. Natural gas prices also declined over the year, particularly in international markets, as inventories rebuilt and weather proved generally mild. Despite lower commodity prices, energy companies continued to generate strong cash flows and return capital to shareholders, supporting a broadly resilient performance from energy equities, albeit one that lagged the wider equity market.

The dominant themes for global oil and gas markets in 2025 were:

Reasonable oil demand growth, estimated at around 0.8m b/day, but down from earlier expectations thanks to weaker world GDP growth. Total global oil demand reached approximately 103.9m b/day, around 3.2m b/day above its pre-COVID peak. Demand growth was driven primarily by non-OECD economies, particularly India and other parts of South-East Asia, while China contributed only modestly (+0.1m b/day), no longer acting as the dominant marginal driver of global demand. Within the demand mix, petrochemical feedstocks such as ethane and naphtha, alongside aviation fuels, remained key sources of growth.

A shift in OPEC+ strategy, as the group moved from supply restraint to a phased increase in production quotas. Between May and September, OPEC+ raised quotas by around 0.5m b/day per month, yielding a total quota increase of 2.5m b/day. Saudi Arabia and core Gulf members sought to enforce quota compliance among overproducers while maintaining market share. The brief escalation of conflict between Israel, Iran and the US in June temporarily lifted prices, Middle Eastern oil supply ultimately remained uninterrupted.

Strong non-OPEC supply growth, led by the United States, Brazil, Guyana and Canada. US shale production grew by around 0.3m b/day, supported by productivity gains despite ongoing capital discipline. Offshore Latin America was a major contributor, with Brazil's pre-salt projects and Guyana's Stabroek block delivering meaningful incremental volumes, while Canada benefited from efficiency gains in the oil sands. Overall non-OPEC supply growth reached approximately 1.6m b/day, contributing to the looser oil market balance.

International natural gas markets eased over the course of the year. International gas prices started 2025 at elevated levels following late-2024 tightness, but drifted lower as inventories rebuilt and the weather was generally mild (reducing heating demand). European and Asian liquefied natural gas (LNG) prices broadly tracked one another, with Europe continuing to attract Atlantic cargoes. By contrast, the US gas market tightened as LNG export growth and rising power demand drove Henry Hub prices a little higher.

Energy equities delivered positive returns in 2025, supported by disciplined capital allocation, strong balance sheets and continued shareholder distributions, despite lower oil prices. The Guinness Global Energy Fund returned +17.1% in USD, outperforming the MSCI World Energy Index which returned +13.3%. Performance diverged meaningfully across subsectors and regions: integrated oil companies, particularly European majors, performed relatively well, while upstream E&Ps and energy services lagged due to their greater sensitivity to weaker commodity prices.

HIGHLIGHTS

OUTLOOK FOR 2026

Oil remains a fundamentally cheap commodity, trading at a 100-year low versus the gold price. We enter 2026 with well-supplied oil markets, following OPEC+'s accelerated return of surplus capacity in 2025. Non-OPEC supply growth this year, led by Brazil and Guyana, is set to slow to broadly match global oil demand growth, implying that continued discipline from OPEC+ is needed to maintain market balance. That said, with OPEC+ spare capacity now back at a normalised level, the group has reduced scope to add barrels should supply falter elsewhere. Overall, we believe OPEC+ remains committed to defending a 'reasonable' oil price, accepting a lower price in the short-term (we forecast $65/bl for 2026), but still targeting a price of $80/bl+ when conditions allow. Against this backdrop, energy equities discount a conservative long-term oil price (mid-$60s/bl), leaving valuations attractive relative to underlying cash flow potential.

Oil demand growth is likely to be around 0.9m b/day (reaching 104.8m b/day) with the non-OECD +0.9m b/day and the OECD -0.1m b/day. Similar to 2025, China (at +0.2m b/day) will not be a dominant driver of demand growth. Even at $80/bl Brent (well above today's spot price), oil remains highly affordable, representing 2.4% of 2026 world GDP (and well below the 3.8% seen in 2010 when oil last averaged $80/bl). We continue to see global demand growing until the early 2030s, reaching a peak of 108-110m b/day.

Non-OPEC supply growth is expected to slow to around 1.1m b/day in 2026, led by Brazil, Guyana, Canada and the US. US shale growth is likely to be modest (around 0.1–0.2m b/day at best), as capital discipline, declining rig counts and a focus on free cash flow constrain activity. Offshore Latin America is expected to be the largest source of incremental supply, while Canada continues to deliver steady, low-decline growth.

OPEC+ will focus on quota compliance to keep a balanced market, as they attempt to maintain market share at reasonable price. The group will keep a close eye on the situation in Iran and Venezuela, though any meaningful increased production from the latter in a post-Maduro world will require years of significant investment. Longer term, we believe that Saudi Arabia's long-term objective remains to achieve a price as close to their fiscal breakeven of around $92/bl as possible.

Global natural gas markets remain broadly balanced, though gas infrastructure needs to grow to meet LNG/data centre/electrification needs. US gas demand will grow around 3-4 Bcf/day in 2025 due to power generation demand and rising LNG exports, but new supply is available and economic. Internationally, expanding LNG supply is likely to keep markets well supplied, assuming prices remain strong enough to incentivise continued expansion.

Energy equity valuations remain attractive with the MSCI World Energy Index on a price to book ratio (P/B) of 1.8x, versus the S&P500 at 5.5x. The relative P/B of energy vs the S&P500 remains more than two standard deviations below the long-term relationship.

Most oil and gas companies continue to promote **balance sheet efficiency over unconstrained growth**, manifest in lower levels of debt and a return of free cash to shareholders. Assuming a $65 Brent oil price, we forecast an average free cash flow yield for our portfolio in 2026 of around 7.4%. At our long-term price assumption of $80/bl, the free cash flow yield rises to 10.8%.

Energy equities offer good upside if our oil price, profitability and free cash flow scenarios play out. We believe energy equities currently discount an oil price of around $67/bl. Adopting $80/bl Brent as a long-term oil price, we see around 40% upside across the energy complex.

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 Funds only invest in listed equities of companies engaged in the exploration, production and distribution of oil, gas and other energy sources; they are therefore susceptible to the performance of the energy sector and can be volatile. The Funds are actively managed and use the MSCI World Energy Index as a comparator benchmark only.

2025 IN REVIEW

Global energy equities performed well in 2025, with lower oil and natural gas prices offset by continued strong cash flow and shareholder distributions from many companies in the sector. The Brent spot oil price was down by 16%, driven by OPEC+ oil returning supply to the market at a time when non-OPEC production growth remained robust. Demand growth for oil was about as expected, but much less reliant on China than in recent years. Longer-dated oil prices remained stable, however. Natural gas prices also fell, having been elevated at the end of 2024. Here, we explore the key developments in energy markets and the fund over the period, and consider the outlook.

Oil markets

The Brent oil price started 2025 at $75/bl but declined towards $60/bl in April, as post 'liberation day' volatility across financial markets bled into the oil system. June saw a short, sharp spike in prices, back towards $80/bl, as the 12-day war between Iran and Israel, accompanied by US bombing of Iranian nuclear facilities, threatened disruption to supply. However, Middle Eastern oil continued to flow, and prices settled lower again.

The second half of the year saw oil prices persist in the low to mid $60s/bl. The looser oil balance (than expected at the start of the year) was driven principally by higher supply expectations from the OPEC+ group, who accelerated their return to the market of oil that had been held back under OPEC's quota system. Against this, we saw disruption to Russian exports of oil and refined products, as Ukraine's attacks against their oil and refining facilities grew more sophisticated and widespread. Brent averaged just under $70/bl for the year, down from an average of around $80/bl in 2024. Five-year forward Brent traded in a tight range throughout the year, ending down by just 3%.

Brent oil price: spot vs five-year forward ($/bl)

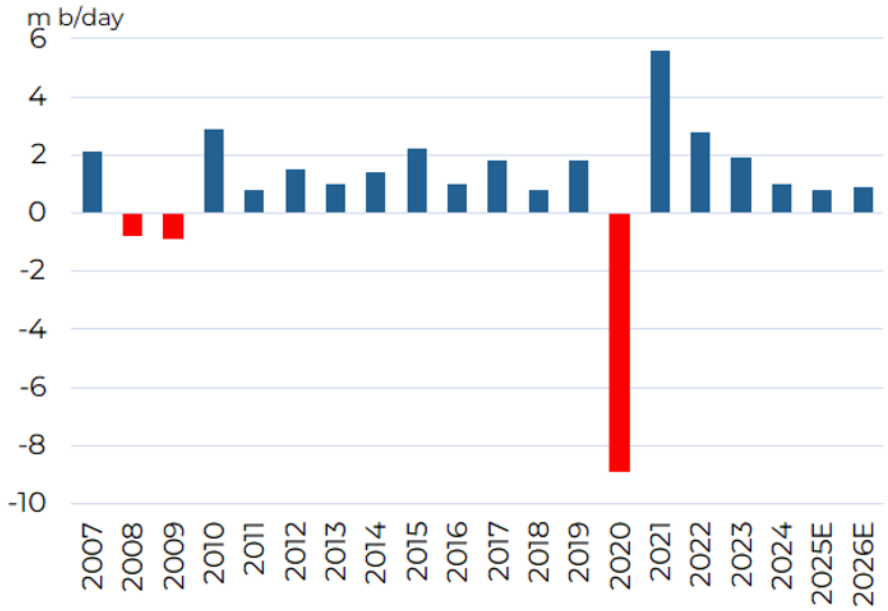
Source: Bloomberg; Guinness Global Investors. Data to 31.12.2025

Global oil demand growth in 2025, as estimated by the IEA, was 0.8m b/day, down from the 1.0m b/day forecast at the start of the year. The demand outlook has been impacted by geopolitical uncertainty, especially the rollout of tariffs from President Trump in April, which contributed to the IMF downgrading global GDP growth from 3.2% to 3.0%. Oil demand in 2025 of 103.9m b/day will be around 3.2m b/day above its pre-COVID peak in 2019. Unlike previous years, China is not the

dominant driver of demand growth. At only 0.1m b/day, China's demand growth is behind that expected from India and other parts of Southeast Asia.

Global oil demand growth in 2025 is driven mainly by non-OECD economies, where demand looks to be up by c.0.9m b/day. In general, rising incomes, urbanisation and expanding vehicle fleets keep road-fuel use climbing, especially in India, Southeast Asia, the Middle East and Africa. Aviation is another key tailwind: passenger traffic continues to build, and jet fuel demand rises, with sustainable aviation fuel still too scarce to materially displace oil. By contrast, OECD demand is expected to be down by c.0.1m b/day, as sluggish GDP growth and greater efficiency in the use of oil products combined to put a lid on consumption. Globally, within the demand mix, petrochemical feedstocks, including ethane and naphtha, also proved to be key growth drivers.

Global oil demand growth (m b/day)



Source: IEA; Guinness Global Investors, 2025

On the **supply side**, forecasts for **non-OPEC supply** growth in 2025 moderated by 0.1m b/day since the start of the year, with expected growth of 1.7m b/day shrinking slightly to actual growth of 1.6m b/day. Nonetheless, it was a robust year of production increases, concentrated in a handful of high-quality basins. The US shale system looks to have grown by around 0.3m b/day, led by the Permian Basin in Texas, where productivity gains and operational optimisation offset a still-disciplined capital backdrop. Offshore Latin America was the other major lever of growth: Brazil's pre-salt developments and successive project start-ups drove steady deepwater growth, whilst Guyana's Stabroek block ramped production further, adding low-cost oil volumes. Canada also contributed through debottlenecking and efficiency improvements in the oil sands in Alberta.

From May to September 2025, the **OPEC+ group** opted to raise its quotas by around 0.5m b/day each month, bringing a total quota increase of 2.5m b/day. At the start of November, OPEC+ announced that it would raise production quotas in December by a further 0.14m b/day, in line with expectations. It has been evident that core members of the group (e.g. Saudi Arabia and Kuwait) are attempting to bring overproducers into line (e.g. Kazakhstan, Iraq), in addition to maintaining market share at non-OPEC's expense. OPEC+ continued to stress that its supply strategy could be amended at any time, should market conditions require it.

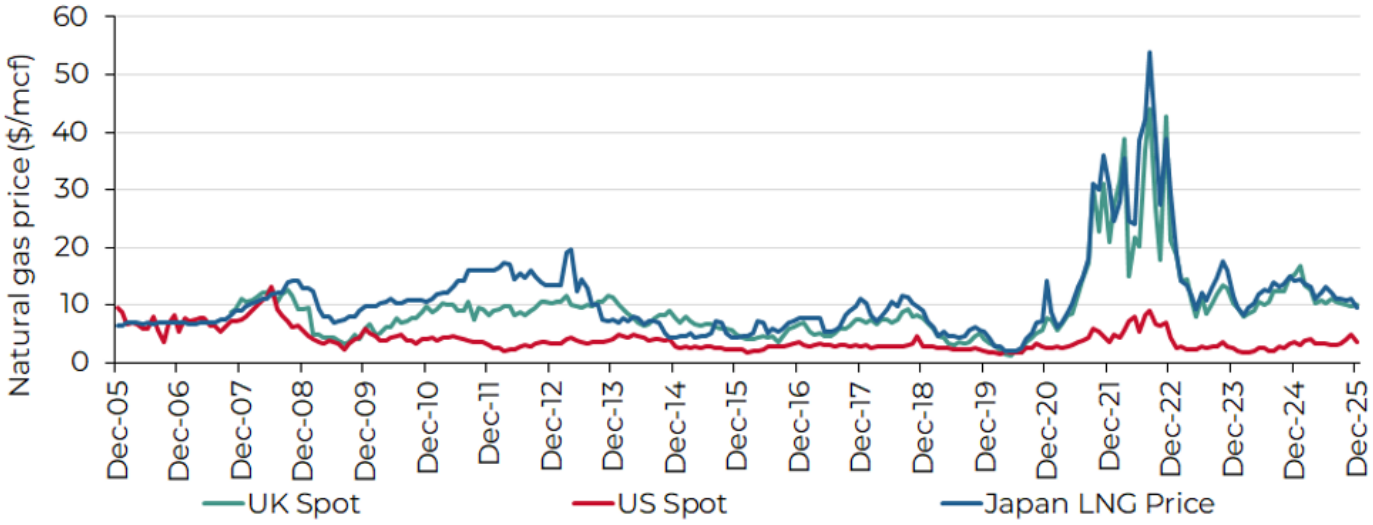
Geopolitical concerns came to the fore in June with a sharp escalation of conflict in the Middle East. On June 13, Israel commenced a bombing campaign in Iran that targeted military sites and Iran's nuclear enrichment programme. A week later, the US joined the campaign by bombing nuclear enrichment sites, in particular those out of reach of Israeli's military. Concerns around disruption to supply in the region centred on Iranian oil exports, which have continued to flow, principally to China (despite sanctions against Iran remaining in place). There was concern around the accessibility of the Strait of Hormuz, a 21-mile-wide stretch of water separating Iran from the UAE and Oman. Since typically around 20% of the world's

oil supply passes through the Strait each day, any closure or impediment would bring significant disruption to the world oil balance.

International natural gas prices started the year at elevated levels, supported by low pipeline inflows from Russia, higher inventory refill needs, and intermittent shortfalls from wind power. They drifted lower through the middle of the year as inventories rebuilt and weather proved generally mild (which dampened cooling and heating demand for gas). By mid-November, European gas inventories were around 8% below the seasonal norm, but this did not represent sufficient tightness to shift prices higher. European and Asian LNG prices generally tracked each other through the year, with Atlantic cargoes repeatedly pulled into the European market. Weaker coal prices in Asia limited the amount of coal-to-gas switching, with China and India seeing only moderate demand for gas when prices moved higher. European prices averaged around $11.4/mcf in 2025 (vs $11.1/mcf in 2024), whilst Asian prices averaged around $12.0/mcf (vs $12.1/mcf in 2024).

The **US natural gas** market in 2025 shifted from surplus to tightening, driven by demand growth outpacing a more measured supply response. After a very weak 2024 price environment, producers held a disciplined supply stance into early 2025, with associated gas from the Permian Basin in Texas providing much of the incremental supply. On the demand side, LNG exports were the dominant driver of growth. LNG 'feed-gas' demand rose as new or expanded LNG export terminals progressed to completion. Alongside a ramp-up in LNG, the pull for gas from the power sector strengthened: in particular, fast-growing electricity use from data centres and electrification lifted baseline consumption. Prices responded accordingly. Henry Hub moved materially higher through the year and into winter, reaching $5/mcf by November (then settling lower), and averaging $3.6/mcf for the year.

Global natural gas prices (US$/mcf)



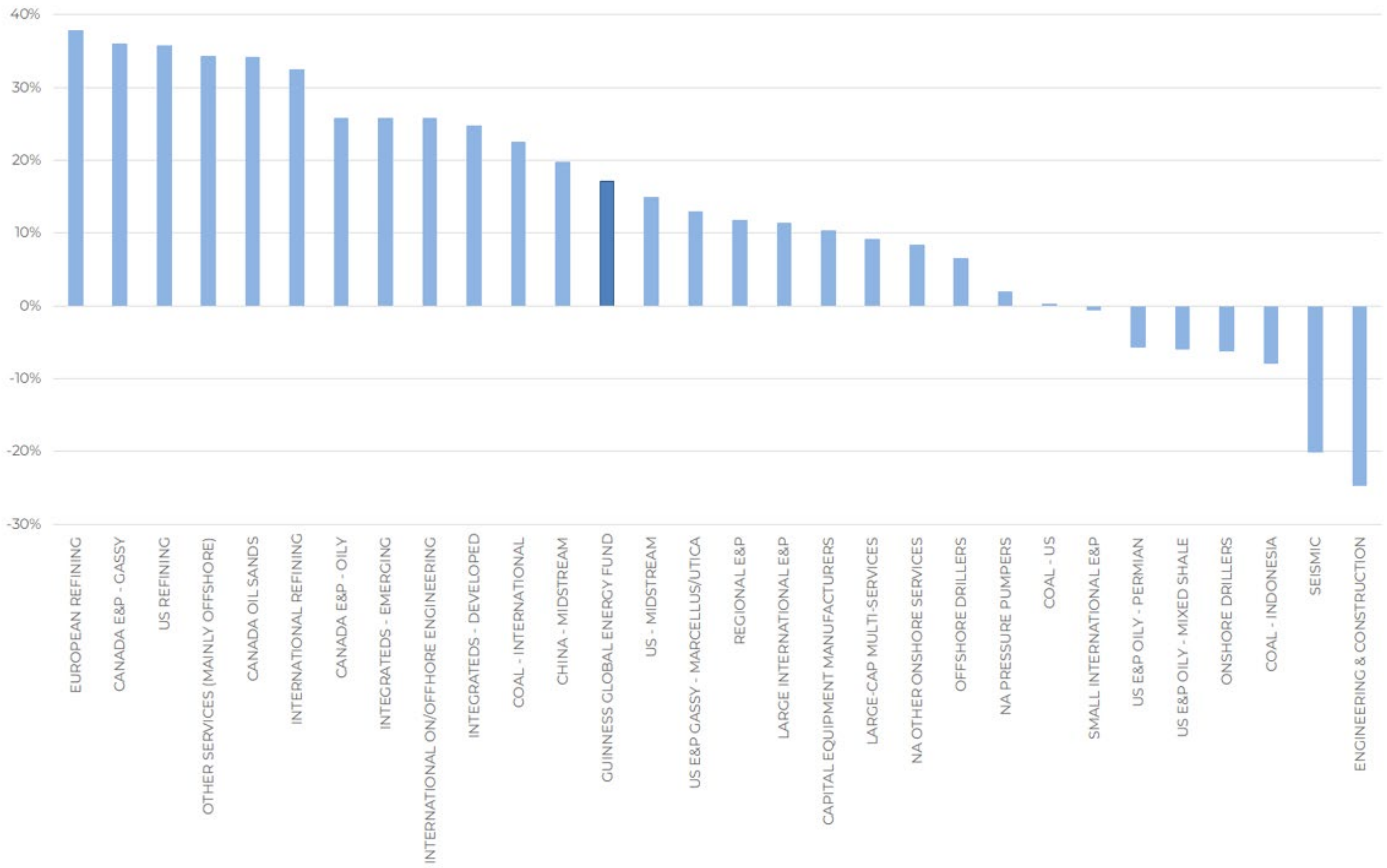
Source: Bloomberg; Guinness Global Investors, December 2025

Past performance does not predict future returns. The value of an investment and any income arising from it can fall as well as rise as a result of market and currency fluctuations, as well as other factors. Returns stated below are in US dollars; returns in other currencies may be higher or lower as a result of currency fluctuations.

Global **energy equities** performed reasonably in 2025, with lower oil and natural gas prices offset by continued strong capital efficiencies, cash flow and shareholder distributions from many companies in the sector. The sector (MSCI World Energy Index net return in USD) returned +13.3%, behind the broad market (MSCI World +21.1%). The Guinness Global Energy Fund produced a total return of +17.1% (in USD).

As ever, the performance of the MSCI World Energy Index was only part of the story, with 2025 seeing divergence between energy equity subsectors and geographies.

Global energy equity subsectors: median total return in 2025 (%)



Source: Bloomberg; Guinness Global Investors. Guinness-defined subsectors, 2025

A quick tour of some of the main energy sub-sectors paints a picture for the overall performance of energy equities in 2025:

- **Oil & gas integrateds** performed reasonably strongly. At the top end of the market cap scale, the European majors (Total, Shell and BP) outperformed their US counterparts (Exxon and Chevron). European outperformance reflected strength in broader European stock markets and a positive market reaction to the European names tilting away from low-carbon investments back towards growth from fossil fuels. Mid-cap integrateds also performed well, with many also domiciled in Europe and enjoying the relative European stock market strength.

- **Exploration and production** generally saw weaker performance. Large and small international E&Ps tend to have high operational leverage to oil prices, and with spot Brent down by 16% over the year, operating cash flows declined relative to 2024. US gas-oriented E&Ps performed more strongly, however, as rising Henry Hub pricing (thanks to rising LNG export demand and domestic power demand) improved earnings. Canadian oil sands companies outperformed despite exposure to falling oil prices. The arrival of Mark Carney as Canada's prime minister in March 2025 has been a positive for the sector, reducing perceived policy headwinds and raising the probability of incremental Canadian supply over the medium term.

- **Oil refiners** were generally strong, with US names outperforming Europe. Refining margins have moderated since the exceptional period of 2022-23, but they remained elevated in 2025 as global refining capacity stayed tight. Over the second half of the year, a series of Ukrainian drone strikes on Russian refineries and export infrastructure, alongside stronger Western sanctions and Russia's own constraints on diesel exports, reduced distillate availability worldwide, which pushed refining margins higher again.

- **Midstream** was an underperformer over the year. US midstream companies performed exceptionally well in late 2024, driven by the US 'power crisis' and the realisation that higher natural gas demand would require greater buildout of gas processing and pipeline capacity across North America. The fundamental momentum of this theme continued in 2025, but equity prices have moderated after arguably becoming overheated twelve months ago.

- **Energy services** were mixed but generally on the weaker side. Service providers exposed to onshore US shale oil and gas markets (e.g. onshore drillers; pressure pumpers) underperformed, with activity contracting due to the falling drilling rig count. International, engineering/construction and gas-oriented services performed better due to stronger activity levels, especially those focussed on LNG. Offshore drillers were weak, and consolidation continued.

The **Guinness Global Energy Fund** in 2025 produced a total return of +17.1% (Y class, in USD). Within the portfolio over the period, the strongest performers included:

- **European integrateds:** Five of the top eight contributors were European integrateds, reflecting strength in broader European stock markets and a tilting away (for BP and Shell) from low-carbon investments back towards growth from fossil fuels. Repsol's bias to middle distillate refining was also a positive, benefiting from Russian export disruption.

- **Canadian integrateds:** Canadian oil benchmarks strengthened slightly versus WTI, boosting cash flows, whilst the political environment for oil in Canada improved. Imperial Oil and Suncor were particular beneficiaries of this and higher refining margins.

- **US refining:** tighter refining capacity kept refining margins higher. Particular beneficiaries included Valero Energy and the US major Exxon.

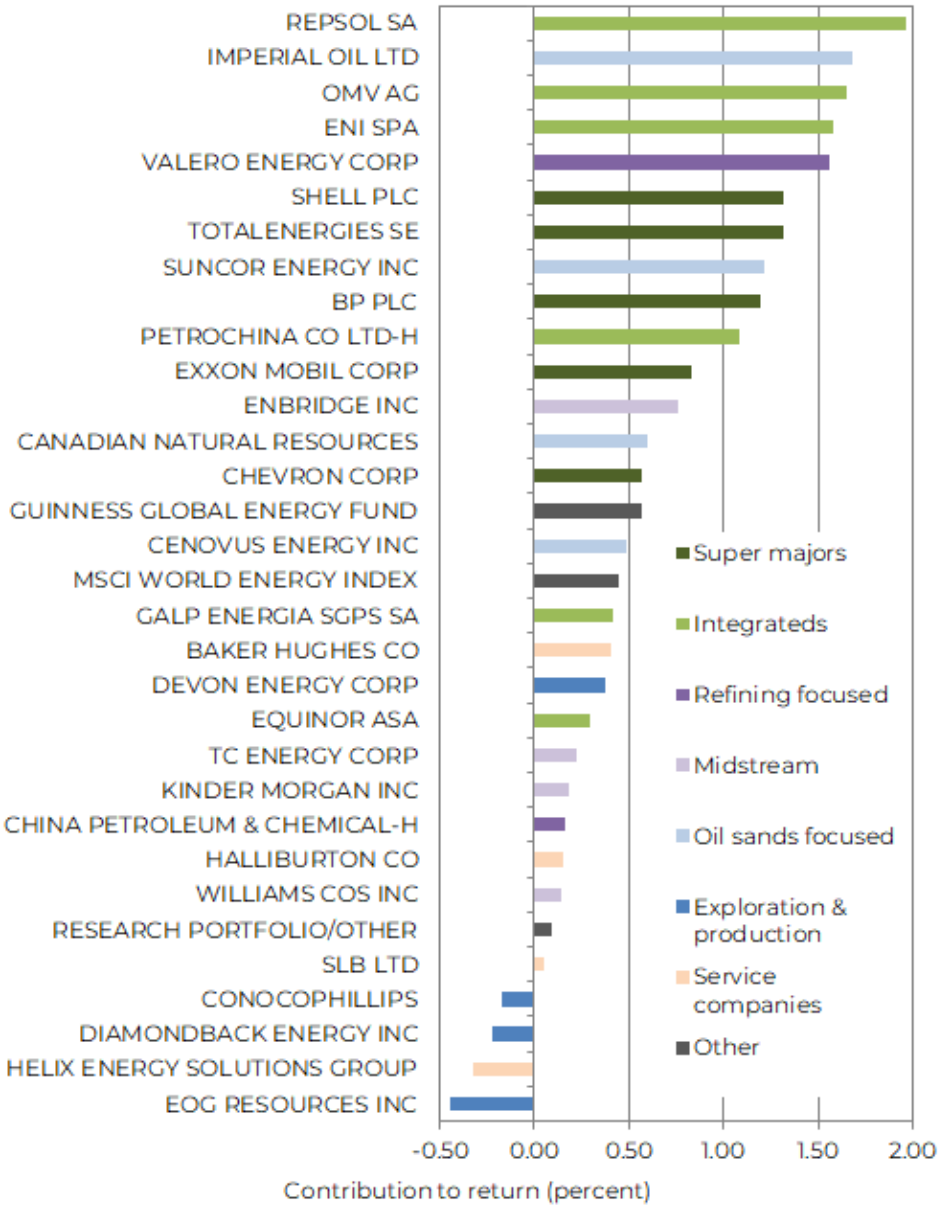
Sectors in the portfolio that were relatively weaker over the period included:

- **Services:** Large-cap diversified service companies Halliburton, Schlumberger and Baker Hughes underperformed, driven by a declining US oil/gas rig count and continued capital discipline from exploration and production (E&P) companies and integrated oils.

- **US E&Ps:** Oil producers such as Devon, Diamondback and ConocoPhillips tend to have the greatest operational leverage in the portfolio to oil prices. With the spot Brent price down by 16% over the year, cash flows for these companies have shrunk.

The estimated contribution of each position held in the fund over the period (total return in USD) can be seen in the chart below.

Estimated contribution by position for Global Energy Fund in 2025 (in USD)



Source: Bloomberg; Guinness Global Investors, 2025

OUTLOOK FOR 2026

Oil demand continues to grow reasonably well, led by consumption in South-East Asia. Any peak in demand seems to have been pushed back into the early 2030s at the earliest. Brazil, Guyana, Canada and the United States each contribute to another year of non-OPEC supply growth in 2026, leaving OPEC needing to stay disciplined in their own production to achieve market balance.

Oil demand

Looking into 2026, the IEA estimate demand growth of 0.8m b/day (based on GDP growth of 3.1%) with the non-OECD up by 0.9m b/day and the OECD down by 0.1m b/day. This would be in line with the long-term trend: emerging market GDP growth driving demand higher, offset to a small extent by OECD countries with oil demand in very steady decline. Oil demand in 2026 of 104.8m b/day will be around 4m b/day above the pre-COVID peak of 2019. Unlike previous years, however, China is not expected to be a dominant driver of demand growth. At only 0.2m b/day, China's demand growth is in line with that expected from India, Other Asia and the Middle East.

Global demand growth in 2026 is likely concentrated in petrochemical feedstocks (naphtha, LPG and ethane). This trend is supported by China's commissioning of major new ethane and LPG processing facilities across its coastal hubs, complemented by petrochemical expansion in other parts of South-East Asia and the Middle East. By contrast, incremental consumption of gasoline remains close to zero in 2026, as gains in India, Africa and parts of South-East Asia are offset by declines in Europe, Korea and some parts of China.

Regionally, India, Africa and the Middle East contribute meaningfully to global oil demand growth. India's growth is fuelled primarily by gasoline and diesel, driven by growing vehicle ownership and expanding freight activity. Growth in Africa is underpinned by population growth, urbanisation and low car and truck ownership rates. And in the Middle East, growth comes from LPG, jet fuel and diesel demand associated with logistics and large-scale construction projects.

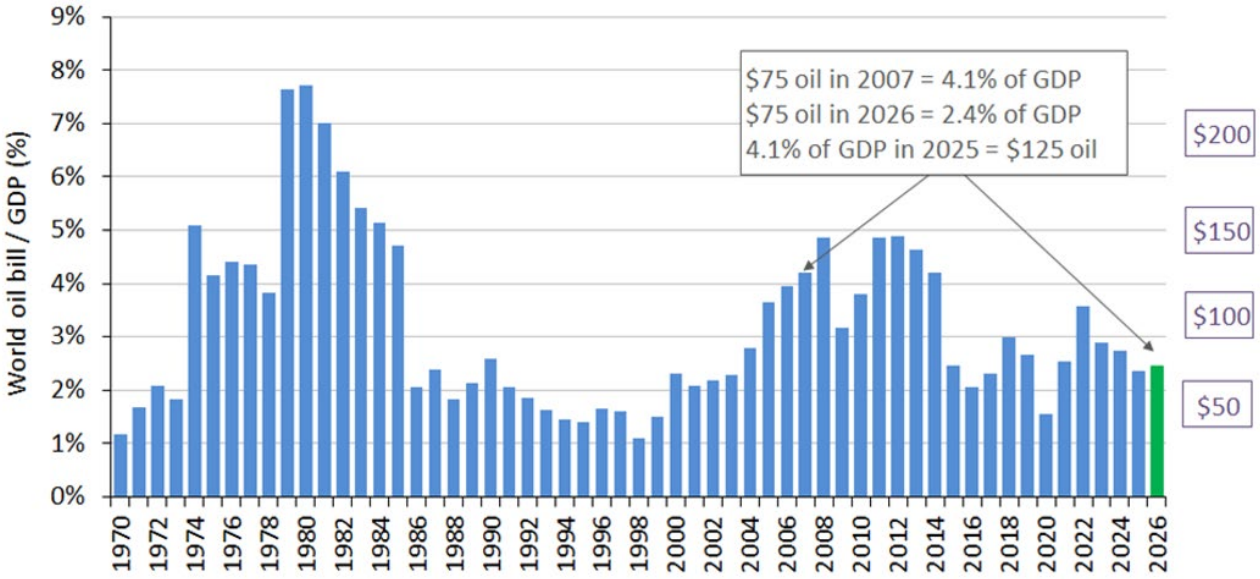
World oil demand 2007-26E

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
OECD demand																			IEA	IEA
North America	25.8	24.5	23.7	24.1	24.0	23.6	24.2	24.2	24.6	24.9	25.1	25.4	25.4	22.5	24.0	24.8	25.1	25.2	25.3	25.3
Europe	15.6	15.5	14.7	14.7	14.3	13.8	13.6	13.5	13.8	14.0	14.4	14.3	14.3	12.4	13.2	13.6	13.4	13.4	13.5	13.4
Pacific	8.7	8.3	8.0	8.2	8.2	8.5	8.3	8.1	8.1	8.1	8.1	8.0	7.9	7.2	7.3	7.3	7.2	7.2	7.0	7.0
Total OECD	**50.1**	**48.3**	**46.4**	**47.0**	**46.5**	**45.9**	**46.1**	**45.8**	**46.5**	**47.1**	**47.7**	**47.7**	**47.7**	**42.0**	**44.5**	**45.7**	**45.7**	**45.8**	**45.8**	**45.7**
Change in OECD demand	*1.2*	*-1.8*	*-1.9*	*0.6*	*-0.5*	*-0.6*	*0.2*	*-0.3*	*0.7*	*0.6*	*0.6*	*0.0*	*0.0*	*-5.7*	*2.5*	*1.2*	*0.0*	*0.1*	*0.0*	*-0.1*
NON-OECD demand																				
FSU	4.0	4.2	4.0	4.1	4.4	4.6	4.5	4.6	4.6	4.4	4.7	4.7	4.7	4.6	4.9	4.7	4.7	4.8	4.8	4.8
Europe	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.7	0.8	0.8	0.8	0.8	0.8	0.8
China	7.6	7.7	7.9	8.9	9.3	9.9	10.4	10.8	11.6	12.0	12.5	13.0	14.1	14.3	15.1	15.2	16.5	16.6	16.7	16.9
India	2.9	3.1	3.2	3.3	3.5	3.7	3.7	3.8	4.2	4.4	4.8	5.0	5.1	4.7	4.9	5.1	5.3	5.6	5.8	5.9
Other Asia	6.9	6.8	7.1	7.5	7.6	7.6	7.9	8.0	8.3	8.8	8.9	9.0	9.0	8.3	8.7	8.8	9.1	9.3	9.4	9.7
Latin America	5.3	5.6	5.7	6.1	6.2	6.5	6.6	6.8	6.7	6.5	6.4	6.3	6.3	5.4	6.0	6.2	6.3	6.4	6.5	6.6
Middle East	6.4	6.7	7.1	7.3	7.5	7.9	8.0	8.4	8.5	8.4	8.3	8.2	8.8	8.0	8.4	9.1	9.1	9.2	9.3	9.3
Africa	3.3	3.3	3.4	3.5	3.5	3.8	3.8	3.9	4.2	4.2	4.2	4.2	4.1	3.8	4.2	4.5	4.6	4.6	4.8	4.9
Total Non-OECD	**37.1**	**38.1**	**39.1**	**41.4**	**42.7**	**44.8**	**45.6**	**47.4**	**48.8**	**49.3**	**50.4**	**51.1**	**53.0**	**49.8**	**53.0**	**54.5**	**56.4**	**57.3**	**58.1**	**59.0**
Change in non-OECD dem	*1.7*	*1.0*	*1.0*	*2.3*	*1.3*	*2.1*	*0.8*	*1.8*	*1.4*	*0.5*	*1.1*	*0.7*	*1.9*	*-3.2*	*3.2*	*1.5*	*1.9*	*0.9*	*0.8*	*0.9*
Total Demand	**87.2**	**86.4**	**85.5**	**88.4**	**89.2**	**90.7**	**91.7**	**93.1**	**95.3**	**96.3**	**98.1**	**98.9**	**100.7**	**91.8**	**97.4**	**100.2**	**102.1**	**103.1**	**103.9**	**104.8**
Change in demand	*2.1*	*-0.8*	*-0.9*	*2.9*	*0.8*	*1.5*	*1.0*	*1.4*	*2.2*	*1.0*	*1.8*	*0.8*	*1.8*	*-8.9*	*5.6*	*2.8*	*1.9*	*1.0*	*0.8*	*0.9*

Figures may not sum due to rounding. Source: IEA; Guinness Global Investors, December 2025

The 'affordability' of oil is a driver of demand, and globally, we believe that oil remains a cheap commodity. Based on Brent oil price of around $75/bl in 2026, we calculate that the world would spend around 2.4% of GDP on oil, below the 30-year average of around 3.0% and well below the 4.1% seen in 2007 when oil also averaged around $75/bl. We believe that oil would need to increase to around $150/bl, reflecting nearly 5% of world GDP in 2026, if it were to have a noticeable negative impact on the global economy.

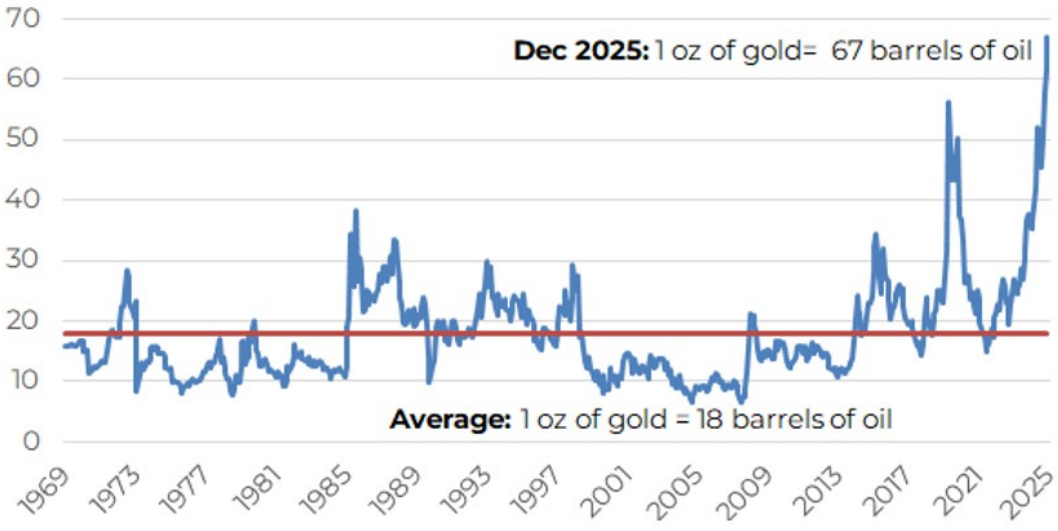
The world oil 'bill' as a percentage of GDP



Source: OPEC; Morgan Stanley; Guinness Global Investors, December 2025

Another way to think about the relative value of oil is to consider the price versus another real asset, gold. Over the last 55 years, one ounce of gold has bought, on average, just under 18 barrels of oil. Oil became comparatively expensive in the early 2000s, when this ratio fell to around 10 barrels of oil. Post the COVID volatility of the early 2020s, we have seen a sharp increase in the gold price, which has not been matched by oil. As a result, one ounce of gold now buys around 67 barrels of oil, the greatest relative value of oil versus gold over this period. Should the relationship return to the long-run average, and the gold price stayed flat, it would imply an oil price today of around $240/bl.

Gold to oil price ratio (1969-2025)



Source: IEA Oil Market Report (Dec 2024 and prior); Guinness estimates

Looking beyond 2025, the question is: when will oil demand peak? Our assumptions for EV adoption see around 4-5m b/day of oil demand displaced globally by 2030, growing to 12-13m b/day of oil demand displaced by 2040. However, our analysis

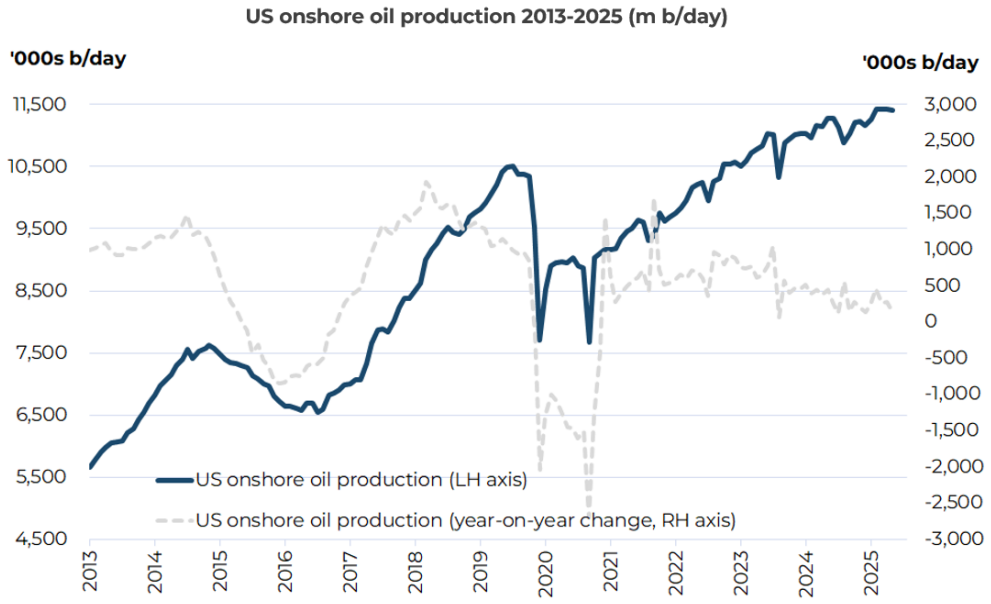
of the other demand sources (for example, aviation and the continued expansion of the petrochemical industry) implies continued growth in demand. Taken together, the most likely scenario for peak oil demand would be sometime in the early 2030s, reaching a peak of somewhere between 107-110m b/day with Asia Pacific providing the majority of the total demand growth until then, supported by Africa and the Middle East. And despite rapid EV adoption around the world in the 2030s, we expect oil demand to plateau for a few years, rather than undergo any sharp decline. We expect oil demand in 2040 to be still at around 100m b/day, consistent with demand in 2018/2019.

Oil supply

After a year of strong production growth in 2025 (+2.6m b/day), the world's oil supply growth is likely to slow to around 1.1m b/day in 2026, led by Brazil, Guyana, Canada and the US. Notably, 2026 could be the first year in which non-OPEC supply surpasses that of OPEC+ supply. And with non-OPEC supply continuing to grow by around 1m b/day (similar to the growth in global oil demand we expect to see), the onus will remain on the OPEC+ group to keep their production growth in check for the balance of the market. As ever, there are wildcards in the supply market, the focus currently on Iran, Russia and Venezuela.

Non-OPEC+ supply

For much of the last decade, growth in the US shale industry had been responsible for keeping global oil markets well supplied. Latest EIA data for October 2025 confirmed production of 11.4m b/day, well surpassing the pre-COVID peak (November 2019) of 10.5m b/day and implying around 0.2m b/day growth on 2024 levels on average.



Source: EIA; Bloomberg; Guinness Global Investors, December 2025

The previous cycle of production growth, between 2016 and 2019, was achieved thanks to near limitless funding from equity and debt markets, combined with a producer mentality that favoured growth over returns. By contrast, the rebound in US shale oil production growth since 2020 has been more modest because of lower drilling activity (due to greater capital discipline from E&P companies, inflation and higher interest rates) and, in the last couple of years, flat drilling and fracking activity levels.

At the start of 2025, President Trump declared a "national energy emergency" and encouraged US oil and gas producers to "drill, baby, drill" as a means of improving production. The reality, however, has been next to no response from US oil producers, with little getting in the way of the industry's focus on free cash flow over growth. Historically, the politics of the US President have not impacted US oil production levels.

The US shale system continues to get more efficient, drilling longer lateral wells, automating completions and improving well spacing to improve productivity. That said, the US oil drilling rig count has declined from 475 at the start of 2025 to 409 rigs as of 23 December (source: Baker Hughes), a drop which likely means very small shale oil growth (say 0.1-0.2m b/day) in 2026 at best, or possibly production that remains flat.

Ultimately, US supply will continue to be watched closely by OPEC, but it is much less of an oversupply risk than it was five or ten years ago.

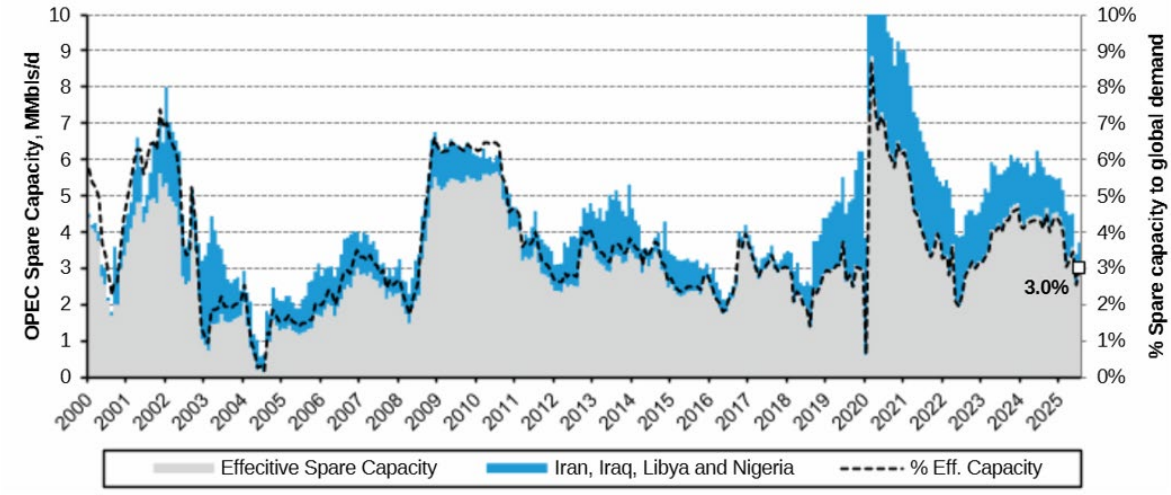
Away from US shale, after a sustained period of underinvestment in the non-OPEC world, capital spending has picked up again. In particular, investment is being directed towards deepwater projects in Brazil and Guyana. Indeed, Brazil is likely to be largest source of oil supply growth in 2026, underpinned by a queue of floating production units that are in the final stages of commissioning. In total, eight relatively new projects will contribute to Brazil's supply expansion in 2026. The growth will be moderated by modest declines at mature reservoirs in the country, but the net increase should still be around 0.4m b/day. It is a similar story in Guyana. The Errea Wittu floating production unit, which has a capacity of 0.25m b/day, currently in Singapore for commissioning and due for delivery in Guyana in mid-2026. This will help drive net supply growth in the country of around 0.2m b/day.

In Canada, the commissioning of the Trans Mountain Expansion pipeline in 2024 is supporting steady production increases. The Canadian oil system is dominated by oil sands operations, where natural decline rates are low and incremental volumes are driven by incremental improvements rather than new megaprojects. Growth in 2026 is expected to be 0.1-0.2m b/day.

Offsetting the growth, various oil 'champions' of the past now struggle with mature and declining production. For example, Mexico reported an oil supply in October 2025 of 1.4m b/day, down by around 0.25m b/day in 2023. Mexico's oil production has declined in recent years mainly due to accelerating depletion at its giant mature offshore fields, especially the Ku-Maloob-Zaap complex. National oil company Pemex's high debt burden and reduced upstream spending have constrained drilling, maintenance and new project development, accelerating natural decline rates.

OPEC+ oil supply

One of the key overhangs in the oil market at the start of 2025 was the elevated level of spare production capacity held by OPEC. Depending on the view taken around effectiveness of capacity in certain countries, spare capacity in early 2025 sat at somewhere between 4.5% and 5.5% of global oil demand, versus the long-term norm of around 3-3.5%. With OPEC increasing their quotas in 2025 by around 2.5m b/day, this has reduced spare capacity to around 3%, in line with long-term averages.



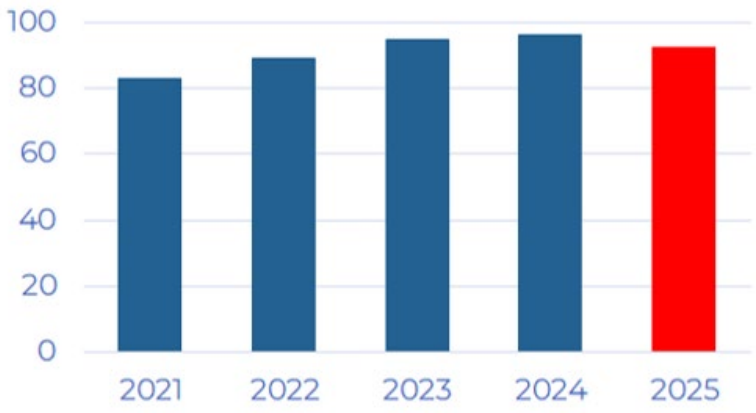
Source: Bernstein, 2025

OPEC+, led by Saudi Arabia, will continue their management of the oil market in 2026, trying to defend a reasonable price via supply discipline. The 30 November 2025 OPEC+ meeting confirmed this intention when the group announced the following:

- No production quota increases in Q1 2026.
- The possibility of reversing 1.6m b/day of voluntary quota cuts that have been in place since mid-2023, but only if the oil market allows.
- Continued 'compensation plans' from members of the group (Iraq, UAE, Kazakhstan and Oman) who have been overproducing versus quotas.

OPEC's actions in recent years have 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.$92/bl is needed to close the gap fully), whilst not spiking the oil price too high and over-stimulating non-OPEC supply. We expect continued flexibility from OPEC+, particularly Saudi Arabia, in 2026 to adjust production and put a 'soft' floor under oil prices should oil demand falter.

Saudi Arabia's estimated fiscal breakeven oil prices 2021-25 ($/bl)

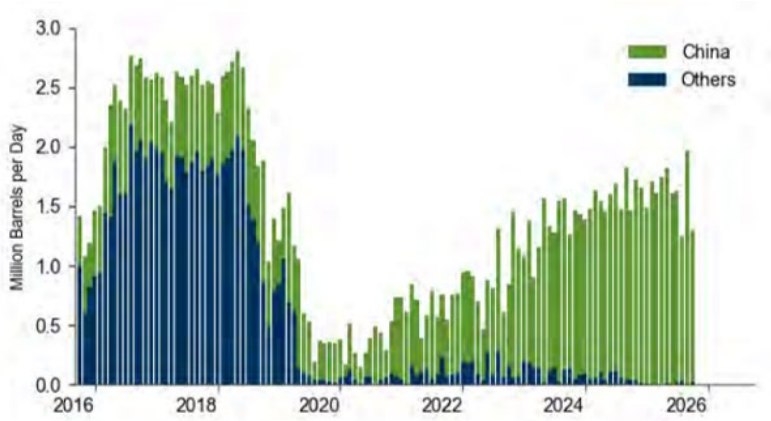


Oil price needed by Saudi Arabia to balance its fiscal budget. Sources: IMF; DNB, Guinness Global Investors, Dec 2025

Similar to 2025, the key 'wildcards' in the OPEC+ group are **Russia, Venezuela** and **Iran**. The actions of President Trump will impact supply from these areas in 2026, more than likely reducing potential supply growth in 2026 and allowing OPEC+ some room to return additional volumes to the market:

- **Russian** production, currently around 9.5m b/day, has risen a little in recent months, aligning with volumes permitted under the OPEC+ framework. This compares to Russia's estimated oil supply capacity of 9.7m b/day. In 2026, should the Russia/Ukraine war continue, we see downside to Russian exports of oil and refined products, as US sanctions towards Rosneft and Lukoil, plus the buyers of Russian oil, start to bite. Against this, if we were to see a ceasefire agreed, we expect disruption to Russian exports (we estimate at around 0.5m b/day) to fade away.
- Oil exports from **Iran**, currently around 1.5m b/day (flat year-on-year), flow almost exclusively to China, often via ship-to-ship transfers and blending hubs (e.g. Malaysia) to mask its origin. During Autumn 2025, there has been a large buildup of 'oil on water', meaning oil in transit or storage offshore. According to Kpler, much of this oil comes from Iran, and is struggling to find a home as China's appetite becomes more muted. Prospects for Iranian oil exports in 2026 depend on how hawkish the US Administration is prepared to be.

Iranian oil exports by destination



Source: DNB, 2025

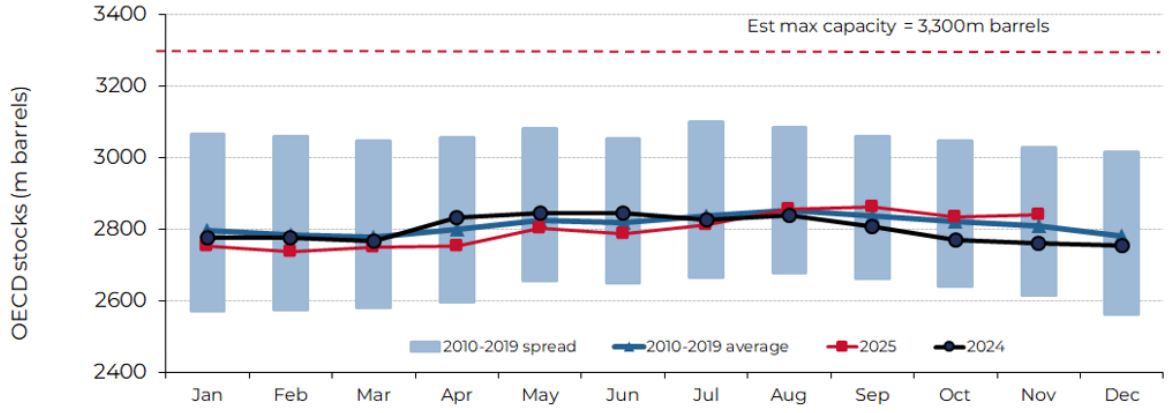
- **Venezuela**: The removal of Nicolás Maduro by the Trump administration in early January 2026 marks a major geopolitical intervention in a country with some of the world's largest oil reserves. From an oil market perspective, the key issue is whether Venezuela's political shift leads to a material increase in global supply. Our assessment is that any meaningful production recovery would take years, with near-term impacts concentrated on trade flows, crude differentials, and refining margins rather than oil prices. Venezuelan oil production has collapsed over the past decade, falling from over 2.3m b/day in 2015 to around 0.9m b/day in 2025 due to underinvestment, infrastructure decay, sanctions, and loss of technical capacity. In the near term, the most significant impact would likely come from re-routing heavy Venezuelan crude toward US Gulf Coast refiners, potentially affecting heavy crude pricing and refining margins. Longer-term production growth depends on sustained political stability, contract sanctity, sanctions relief, and substantial foreign investment. Even under optimistic scenarios, Venezuela is unlikely to become a key swing producer within OPEC.

Oil inventories and conclusions

At end November 2024, OECD oil and oil product inventories stood at an estimated 2.84bn barrels, around 60m barrels higher than November 2024 and around 30m barrels above the 10-year pre-COVID average, implying a slightly oversupplied market.

The evolution of inventories in 2026 will be dynamic, depending on price, OPEC+ compliance, non-OPEC growth, corporate behaviour and macro-economic factors. Our base case for 2026, making assumptions for the key sensitivities discussed in this report, is that OECD inventories will grow in the first half of 2026, then start to moderate in the second half of the year.

OECD oil and oil product inventories



Source: IEA; Guinness Global Investors, 2025

Overall, we see the OPEC+ group challenged at the start of 2026 by an oversupplied market by around 1-2m b/day. The oversupply is likely to keep pressure on spot oil prices, though OPEC+ will be looking through this to more benign conditions in 2027, when non-OPEC supply growth moderates.

Despite expectations of weaker spot oil prices in the short-term, we maintain our long-term oil price average of $80/bl, being a price that incentivises sufficient oil supply and demand over the next few years, whilst being 'good enough' for OPEC+ balance sheets.

US natural gas

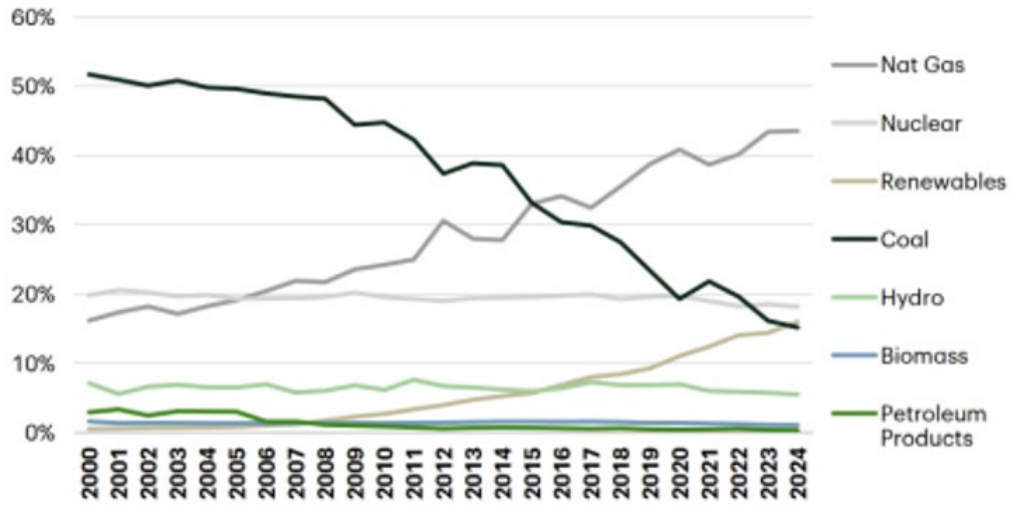
The outlook for natural gas prices in the US in 2026 is likely to be defined by two key demand factors:

- **Growth in gas demand for power generation.** After a number of years of muted demand growth, the move to onshore manufacturing activity, the broader trend of electrification and a sharp increase in demand for AI querying and associated data centres, all drive an uptick in gas used for power generation.

- **Rising LNG exports.** LNG exports are expected to rise from 15.6 Bcf/day on average in 2025 to 18.7 Bcf/day in 2026 as existing plants (Corpus Christi Stage 3 and Plaquemines) ramp up their utilisation and one significant new LNG scheme, Golden Pass, enters service in the first half of 2026.

Considering each in turn, natural gas demand for **power generation** is likely to grow to around 37 Bcf/day in 2026 (+3% vs 2025), and the outlook for longer-term power demand growth estimates continues to rise. Natural gas-fired generation in the US has continued to take market share (mainly from coal) throughout the last 25 years, but particularly over the past 10 years. Gas-fired generation now accounts for approaching 45% of US power, up from around 17% in 2000.

US net electricity generation by source, 2000-24



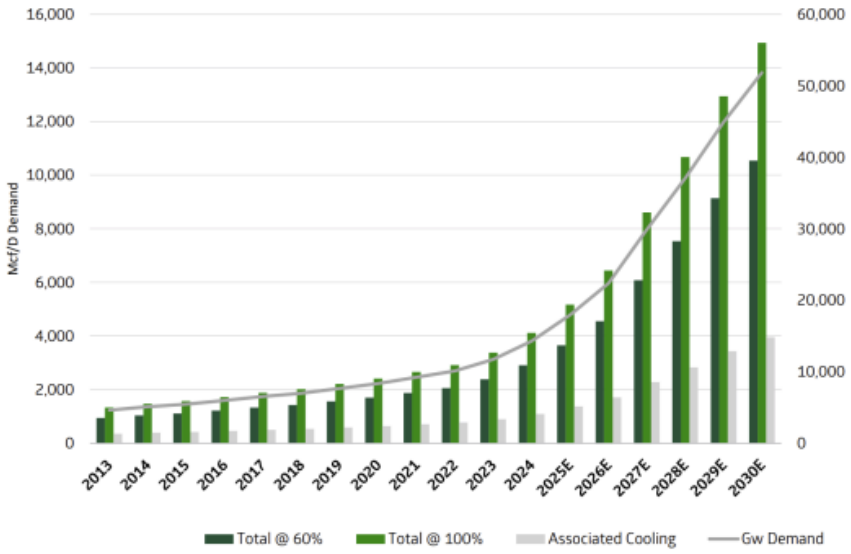
Source: TD Cowen, 2025

However, the growth rate of new gas-fired capacity is held back by gas turbine availability. Gas utility developers face long lead times and tight manufacturing slots for large gas turbines, as turbine OEM order books going into 2026 are elevated and global demand is strong.

According to JP Morgan, around 5.5GW of new gas-fired capacity additions are expected to come into service in 2026, but against that, there are planned gas plant retirements of around 5GW, implying net new additions of less than 1GW. Added to this, there are an expected 4GW of net coal capacity retirements in 2026. In practical terms, this means that a larger share of incremental gas burn in 2026 is likely to come from higher utilisation of the existing fleet (which we estimate currently sits at around 60%) rather than net expansion.
Surging electricity demand, as a result of the growth of AI searching and data centres, as well as the wider trend of electrification, remains a critical energy issue for the US in 2026. For the US to win the 'AI arms race' against China, the US needs to see near-term growth in both renewable and natural gas-based power generation (as well as significant grid

upgrades) because new nuclear is unlikely to play a part before the mid-2030s. Natural gas-related power demand from data centres in 2025 is thought to be around 4 Bcf/day (c.3.5% of US gas demand). This looks likely to increase to somewhere between 10 and 14 Bcf/day of demand by 2030.

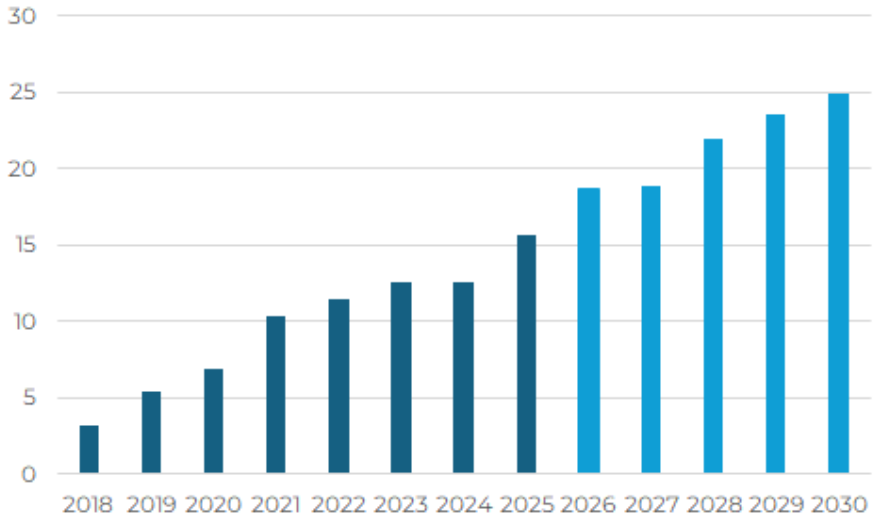
Gas-fired power demand from data centres in the US, 2013-30E



Source: TD Cowen, 2025

The growth of **LNG export** facilities in 2025 was strong, with first cargoes being shipped from major new terminals at Corpus Christi (Texas) in February 2025 and the ramp-up of operations at Plaquemines LNG (Louisiana), which started in late 2024. The combination of new export capacity and strong demand for LNG, especially from Europe, means that LNG exports from the US likely grew by 3 Bcf/day in 2025, up by 24% versus 2024. With phase 2 of Plaquemines ramping up in 2026, plus the start of operations at Golden Pass LNG (a QatarEnergy / Exxon joint venture in Texas) expected in February 2026, total US LNG exports in 2026 are expected to grow by a further 3.1 Bcf/day.

US LNG exports, 2018-30E (Bcf/day)



Source: JP Morgan; Guinness Global Investors estimates

Beyond 2026, we expect to see a material increase in US LNG export capacity as higher international gas prices incentivise new LNG export projects to be completed. Proposed projects imply total export capacity growing to around 25 Bcf/day by 2030, around double the LNG export rate seen in 2024.

In terms of domestic **natural gas supply**, the United States is well placed to deliver. Supply-side fundamentals are driven by two main moving parts: onshore/offshore domestic production and pipeline imports of gas from Canada. Of these, onshore

supply is the biggest component, making up over 90% of total supply and very sensitive to both natural gas prices as well as oil prices (for associated gas production). With $4/mcf Henry Hub natural gas and $65/bl WTI oil prices, we expect to see domestic production grow by around 3-4 Bcf/day in 2026. Key areas will be the Permian Basin (predominantly associated gas from shale oil drilling, which should accelerate in 2026 with the arrival of new Permian gas takeaway capacity) and then the Haynesville and the Eagle Ford.

US natural gas inventories and conclusions

Pulling these factors together, we expect US demand growth in 2025 of over 3 Bcf/day, slightly above the annual average level since 2021. Higher LNG exports represent most of the growth, while increased power generation demand also contributes. Overall, at this stage of the year, we foresee a slightly undersupplied natural gas market, although we note that US natural gas prices are dynamic and that activity can change rapidly depending on the demand trajectory and underlying weather patterns.

US natural gas demand model (2012 – 2025E)

Bcf/day	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
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	23.2	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	36.7	35.8	36.5
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	23.3	23.6	23.9
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	6.9
LNG exports	-	-	-	0.1	1.0	2.6	2.8	4.8	6.4	9.7	12.0	12.6	12.6	15.6	18.7
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	8.6	8.2
Total demand	**71.7**	**73.6**	**74.8**	**77.8**	**80.1**	**80.9**	**89.8**	**95.2**	**95.0**	**98.3**	**104.6**	**107.0**	**108.3**	**113.5**	**116.8**
Demand growth	**3.1**	**1.9**	**1.2**	**3.0**	**2.3**	**0.8**	**8.9**	**5.4**	**- 0.2**	**3.3**	**6.3**	**2.4**	**1.3**	**5.2**	**3.3**

Bcf/day	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E
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	102.5	101.8	106.3	109.7
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	5.7
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**	**107.7**	**107.6**	**112.2**	**115.4**
Supply growth	**2.4**	**-**	**4.4**	**3.3**	**- 0.3**	**0.4**	**10.1**	**6.4**	**- 0.7**	**1.4**	**6.2**	**4.6**	**- 0.1**	**4.6**	**3.2**
(Supply)/demand balance	**- 0.2**	**1.7**	**- 1.5**	**- 1.8**	**0.8**	**1.2**	**-**	**- 1.0**	**- 0.5**	**1.4**	**1.5**	**- 0.7**	**0.7**	**1.3**	**1.4**

Source: EIA; Bloomberg; Goldman Sachs; JP Morgan; Morgan Stanley; Guinness Global Investors, December 2025

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 $4/mcf. Assuming normal weather in 2026, we expect a Henry Hub price at around this level, biased a little higher in future years as increasing LNG exports increasingly connect the US to higher-priced international markets.

International natural gas

Historically, natural gas markets have evolved in a regional manner with demand satisfied by pipeline gas supplies. Since the 1990s, liquified natural gas (LNG) has grown, with LNG now representing around 14% of global gas demand. Understanding the supply and demand dynamics of the global LNG market helps us understand the outlook for international gas prices.

Looking longer-term, we believe that European natural gas prices of around $8-9/mcf are required to incentivise the development of new LNG projects. This price is close to 50% higher than European prices pre the invasion of Ukraine. Around 20 Bcf/day of new LNG capacity is planned to start production before 2030, with the United States and Qatar representing around 65% of the total. Qatar is supplying gas to Asian and European customers on long-term contracts, while the US is supplying LNG on contracts that are priced relative to the US domestic gas price, Henry Hub. Between 2021 and 2023, over half of all LNG contracts signed were Henry Hub-linked as international buyers sought contracts linked to the cheapest-priced gas market in the world.

Key factors in 2026 and beyond for the international gas markets are likely to be:

- **Chinese gas demand,** which is likely to grow around 5% in 2026 after subdued demand growth in 2025. Drivers of demand include ongoing coal-to-gas switching in industry and buildings, rising natural gas 'burn' in the power sector during peak periods, and the continued expansion of pipeline and LNG import capacity.

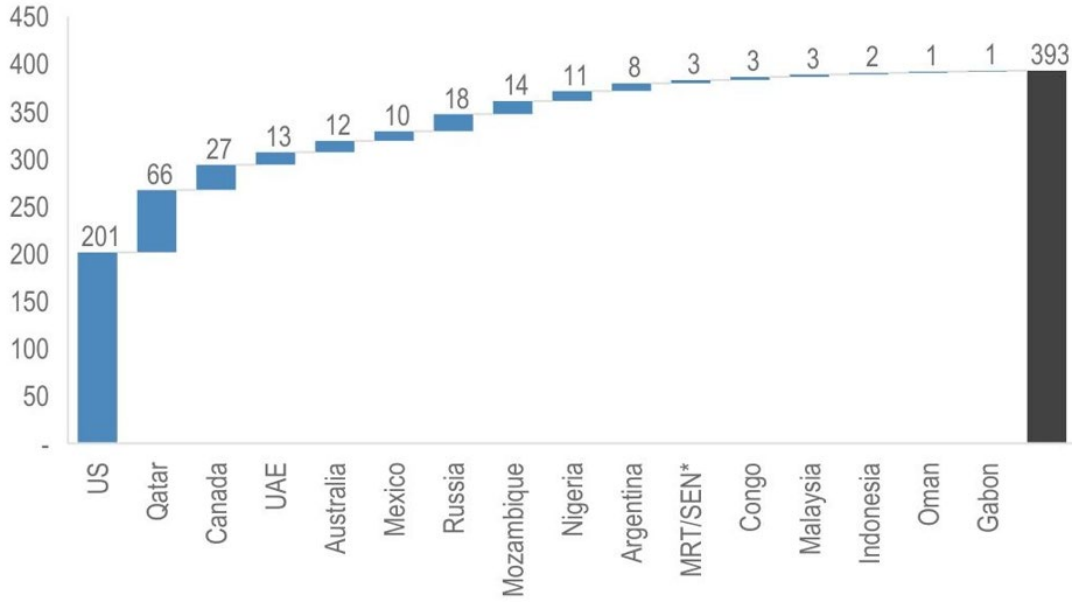
- **European gas demand,** which we expect to remain subdued in 2026. There may be a limited recovery in industrial demand. Still, the expansion of renewable capacity in the power sector, along with ongoing improvements in energy efficiency (including the electrification of heating in residential and commercial buildings), is likely to limit growth.

- **Asian LNG demand,** which is likely to remain robust, growing by around 5-6% versus 2025 levels. Growth should reflect the combined impact of lower prices, better supply availability, and supportive policy. Stronger demand from China, India and emerging South-East Asia is expected to offset flat-to-declining imports in Japan and Korea.

- **The role of Russian gas in the European market.** The volume of Russian natural gas (pipeline and LNG) delivered to Europe in 2025 is thought to have been around 3.5 Bcf/day, a sharp decline from around 14.5 Bcf/day in 2021. Pipeline gas continues to be purchased by a few Eastern European countries, whilst Russian LNG still comes to Western Europe (mainly Spain, Belgium and France). If the Russia/Ukraine conflict continues, it seems likely that the EU advances its plans to phase out Russian gas, with Hungary and Slovakia negotiating exceptions for the long-term pipeline volumes (c.2 Bcf/day). In the event of a peace agreement, the topic of Ukrainian gas transit will reemerge, with volumes likely picking up by a small number of Bcf/day.

- **Expansion of global LNG supplies.** The global LNG market is set for significant expansion, with nearly 400 Bcm/year (c.39 Bcf/day, or nearly 10% of world gas supply) set to enter operation over the next ten years. This estimate is based on projects that have already reached a final investment decision and are currently under construction. The US dominates, supplying just over half of the new LNG.

Global LNG export facilities under construction, 2025-35 (Bcm/year)



Source: JP Morgan, 2025

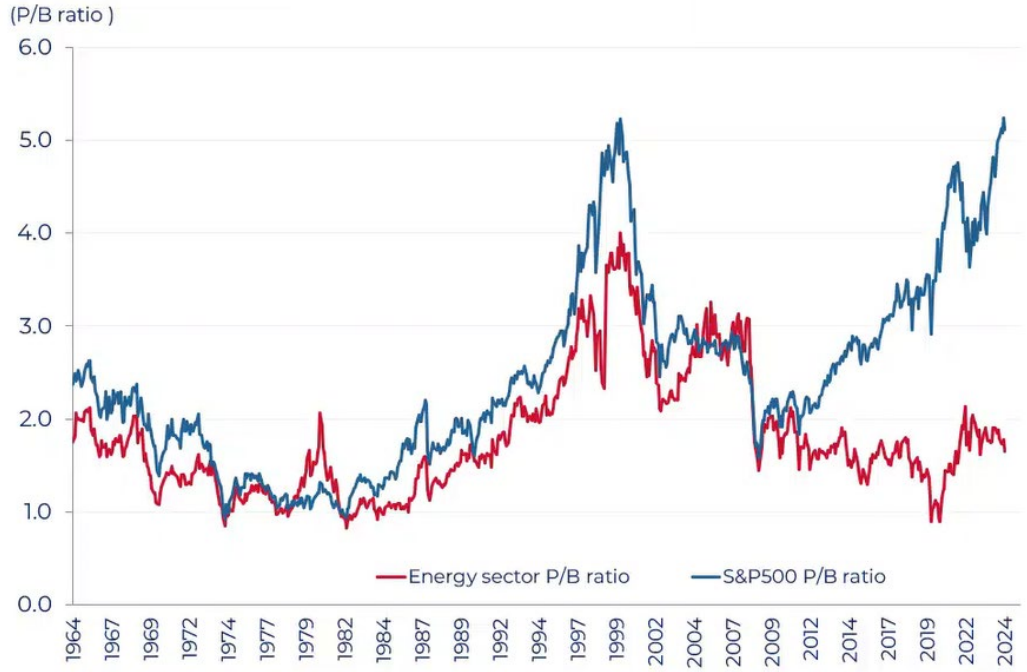
Putting it all together, we are left with the conclusion that, absent unexpected supply disruption, the international gas market should remain reasonably well supplied in 2026 and beyond. Gas prices of $7-8/mcf should stimulate faster coal-to-gas switching in Asia (especially China), whilst a spike in prices much above $10/mcf has the opposite effect (and also dampens industrial demand in Europe). Longer-term, we continue to see around $8-9/mcf (representing the full-cycle cost of new supply) as being plausible.

ENERGY EQUITIES

In 2025, the MSCI World Energy Index was up +13.3% in USD, behind the broad market (MSCI World +21.1%). The relative valuation of energy improved over the year and still appears attractive relative to the return on capital employed from the sector that we expect in the coming years.

Moves in energy equities last year caused the price-to-book (P/B) ratio for the energy sector to increase to around 1.8x at the end of December 2025, versus the S&P500 trading at 5.5x. On a relative P/B basis versus the S&P500, therefore, the valuation of energy equities now sits at around 0.32x (down from 0.33x at the end of 2024), and still more than two standard deviations below the long-term relationship.

P/B of the energy sector versus S&P500



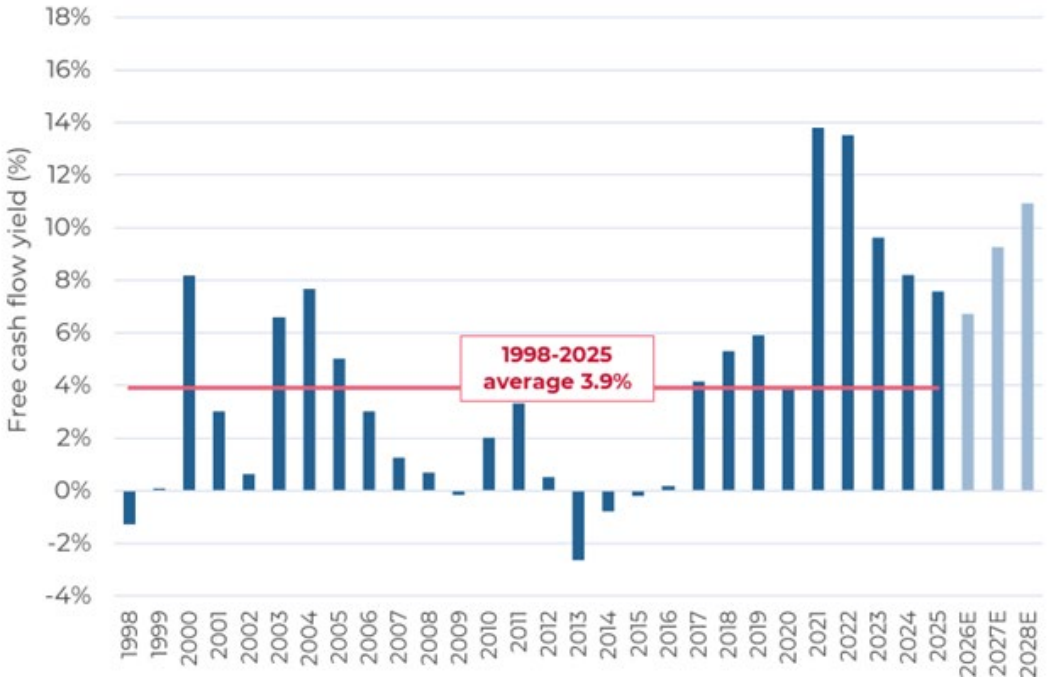
Sources: Bernstein; Bloomberg; Guinness Global Investors, 2025

We keep a close eye on the relationship between the P/B ratio for the energy sector and return on capital employed (ROCE). Historically, the two measures are closely correlated, a topic we return to later in this section.

Continued importance of free cash flow in the sector

The capital allocation framework for oil & gas companies structurally changed in 2020, shifting emphasis from production growth to free cash flow and shareholder returns. Conditions in 2025 delivered robust levels of free cash, and companies providing preliminary 2026 outlooks have generally messaged a continued focus on returns over growth. Despite a muted oil price assumption for 2026 (Brent at $65/bl, below our long-term assumption of $80/bl), we still see reasonable free cash flows this year, driven by the tailwinds of efficiency improvements and the delivery of M&A-related synergies. At $65/bl Brent, we forecast a portfolio free cash flow yield for this year at around 7.4%. At our long-term assumed oil price of $80/bl, this rises to 10.9%.

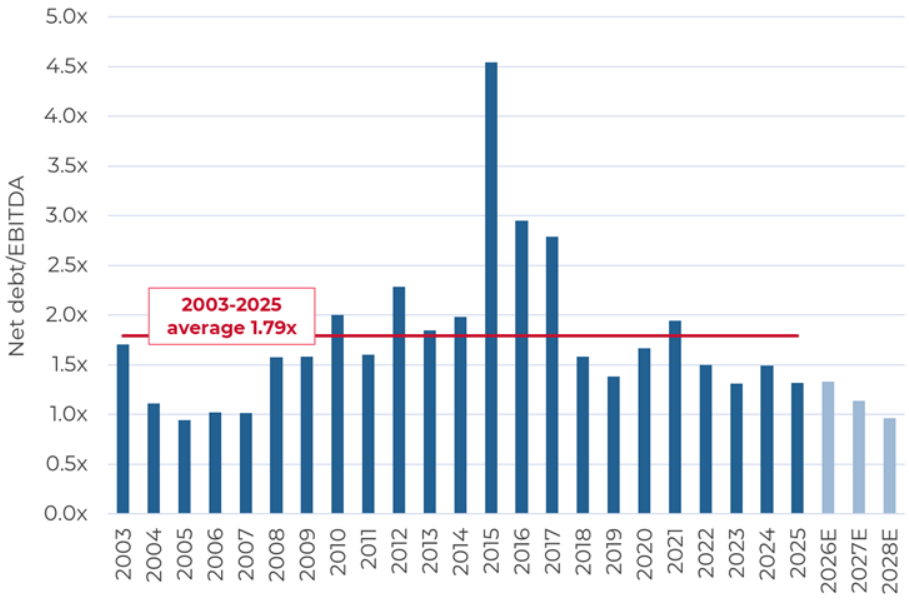
FCF yield for current Guinness Global Energy Fund holdings



Source: Guinness Global Investors, December 2025

The focus on operational efficiency, cost control and free cash generation transition has helped the industry to shrink its outstanding debt and turn towards higher shareholder distributions. The main holdings in the Guinness Global Energy Fund now have average net debt/EBITDA at around 1.3x in 2026, assuming $65/bl Brent. This is lower than the 1.8x average of the last 23 years, reflecting management's focus on maintaining healthier balance sheets. At $80/bl Brent, net debt/EBITDA for the portfolio falls below 1.0x.

Net debt/EBITDA for current Guinness Global Energy Fund holdings

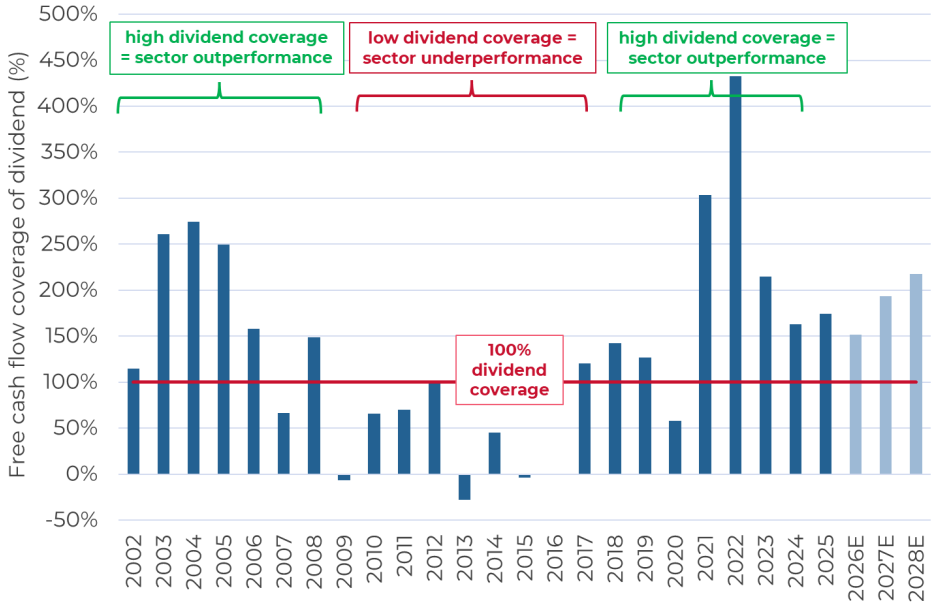


Source: Guinness Global Investors, December 2025

For integrated oil & gas companies, one of the consequences of good free cash flow is strong dividend cover. Generally, we note a continued preference from the companies to supplement fixed dividends with share buybacks and special dividends, rather than ramp dividend payout ratios to levels that are not sustainable with lower oil prices. Generally, we observe that periods of high dividend coverage in the energy sector coincide with outperformance versus broader equities. We saw this

play out for much of the early to mid-2000s, when dividend coverage of 150%+ provided companies with the latitude to raise dividends consistently. By contrast, much of the relative bear market for energy equities post the Financial Crisis (i.e. the 2010s) coincided with dividend coverage at or below 100%, meaning dividends were only just covered or being paid for via the balance sheet. Since 2021, we have returned to a period of high dividend coverage, and assuming at least $65/bl Brent oil from 2026 onwards, we see coverage remaining at 150% or better.

US & European integrateds: free cash flow coverage of dividends (%)



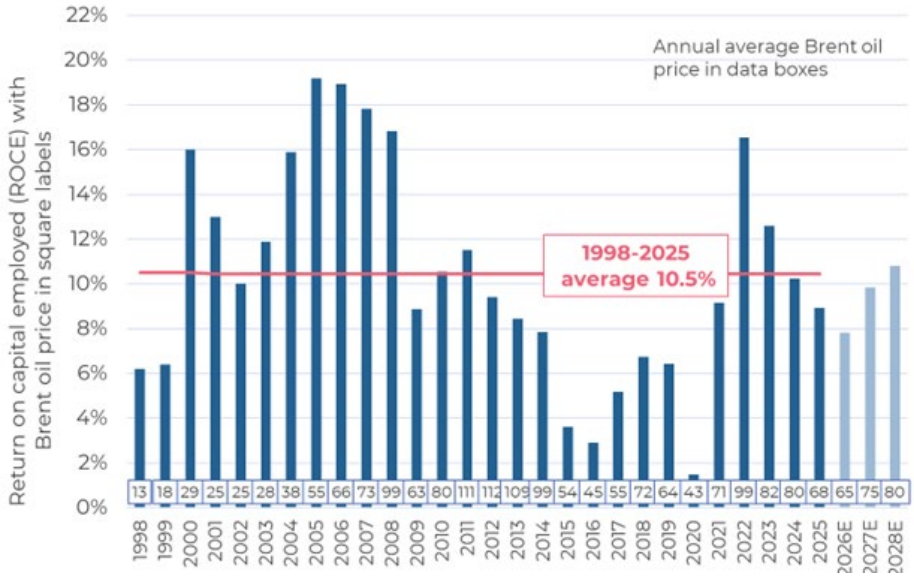
Source: Guinness Global Investors, December 2025

Valuation of the Guinness Global Energy portfolio

Looking ahead, we make the following observations for the Guinness Global Energy portfolio.

ROCE for the Guinness Global Energy portfolio in 2025 (with Brent oil averaging $68/bl) was around 9%, slightly lower than the mid-cycle ROCE, which we peg at around 10.5%. If the Brent oil price averages around $65/bl in 2026, we see ROCE at around 8%, increasing to over 11% in 2028 if Brent oil rises to $80/bl.

Return on Average Capital Employed (ROCE) for Guinness Global Energy portfolio

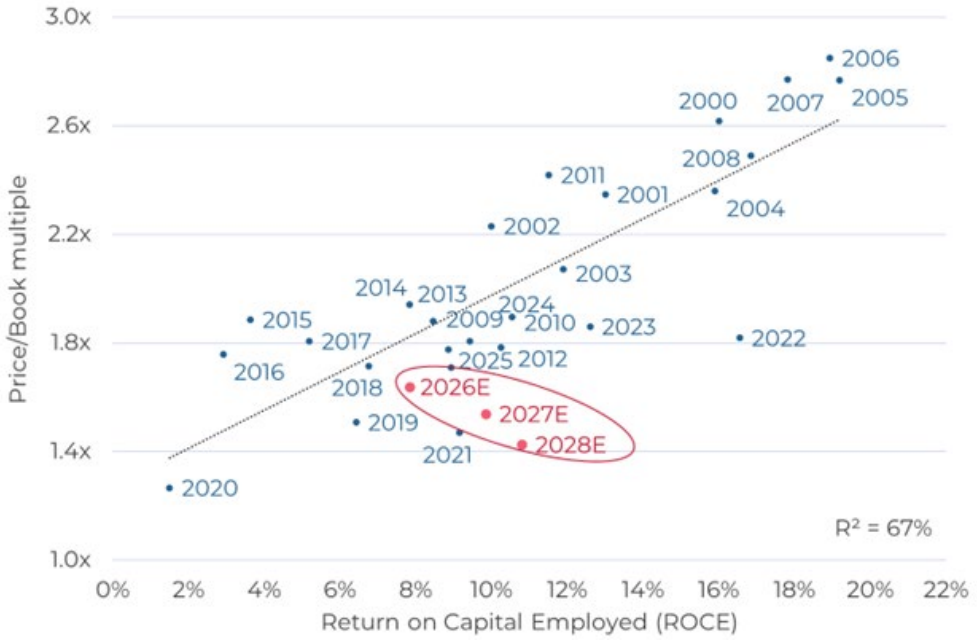


Source: Guinness Global Investors, December 2025

The stock market has historically valued energy companies based on their sustainable levels of profitability (generally a combination of both ROCE and FCF Return), whether it is delivered by self-help improvements or via increases in the long-term oil price.

Current valuation implies that the long-term ROCE of our companies should average only around 5%, significantly below the mid-cycle or long-term average level of 10-11%. If ROCE remains at our 2026 forecast level of 8%, and the market were to pay for it as it has done on average over the last 20 years, it would imply an increase in the equity valuation of around 15%. And If ROCE settles at our 2028 forecast of around 11%, the implied equity upside is around 40-45%.

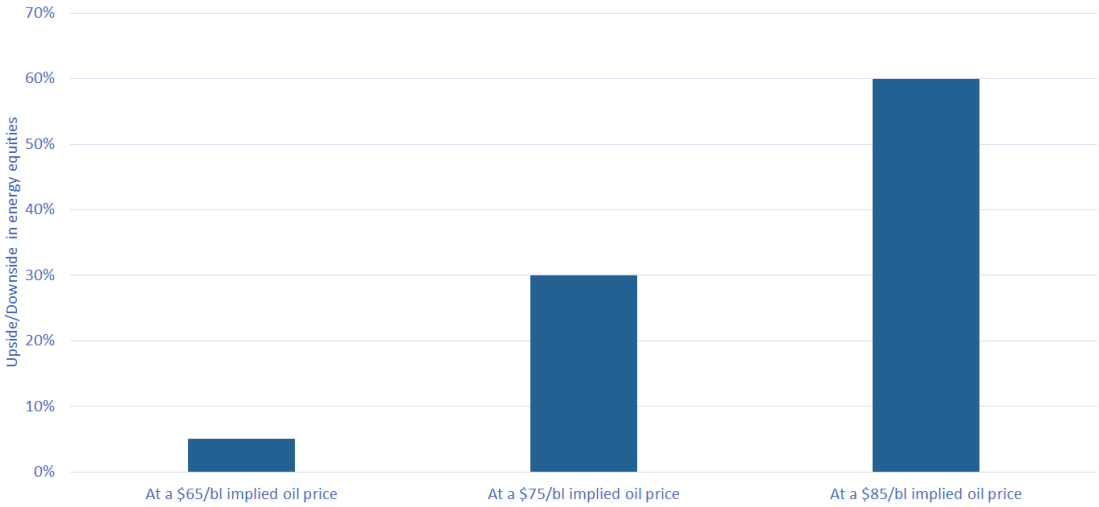
ROCE vs P/B multiple for Guinness Global Energy portfolio



Source: Guinness Global Investors, December 2025

To put this another way, we are often asked what oil price is implied in the portfolio, as a barometer of the expectation priced into the equities. At the end of December 2025, we estimate that the valuation of our portfolio of energy equities reflected a long-term Brent/WTI oil price of around $67/bl. If the market were to price in a long-term oil price of $75/bl, it would imply around 30% upside on a one-year forward basis, while there would be around 60% upside at a long-term oil price of $85/bl Brent:

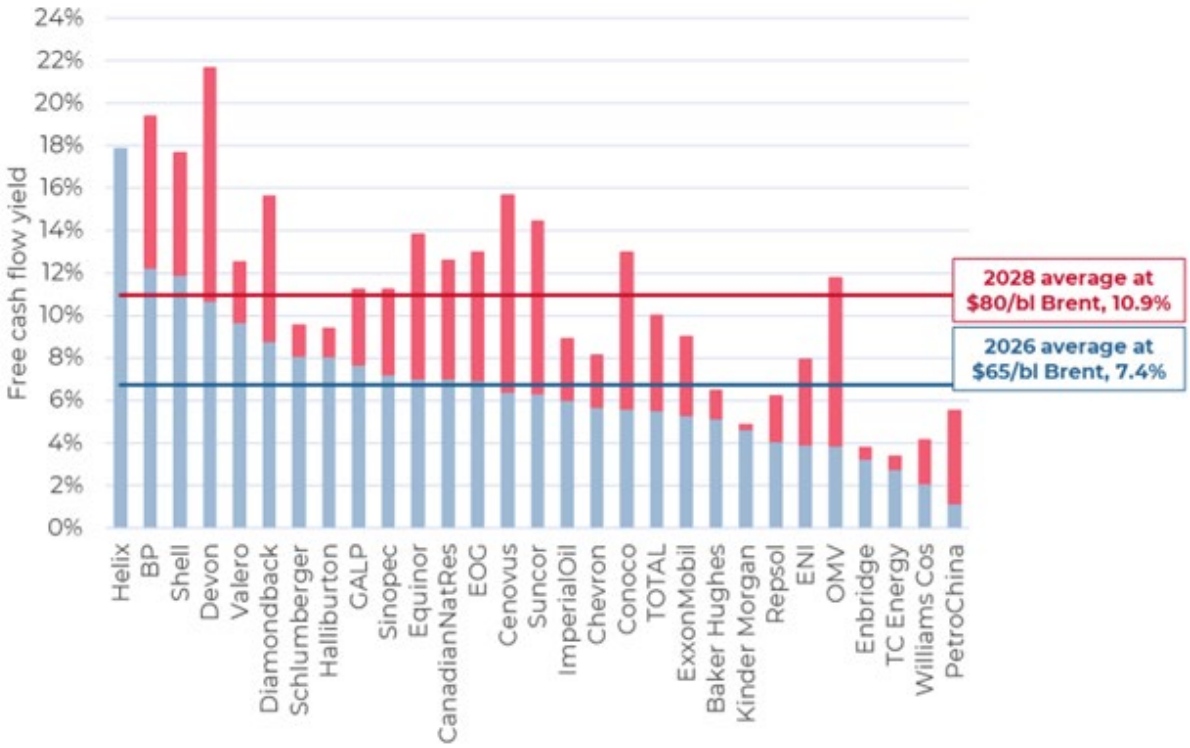
Upside/downside for Guinness Global Energy portfolio (1-year view)



Source: Guinness Global Investors, December 2025

We wrote earlier about the emergence of significantly stronger free cash flows in the sector, thanks to better commodity prices and greater capital discipline. Translating these thoughts to our portfolio, we see good free cash flow yields across most subsectors of the portfolio, and particularly for companies with upstream operations:

Guinness Global Energy portfolio: estimated FCF yield in 2025 (%) based on $65/bl Brent



Source: Guinness Global Investors, December 2025

In our portfolio, we currently combine the themes of attractive free cash flow for mid to large caps, higher ROCE and improving efficiency for the super majors, the build-out of North American natural gas infrastructure and tighter international service markets as key areas of exposure:

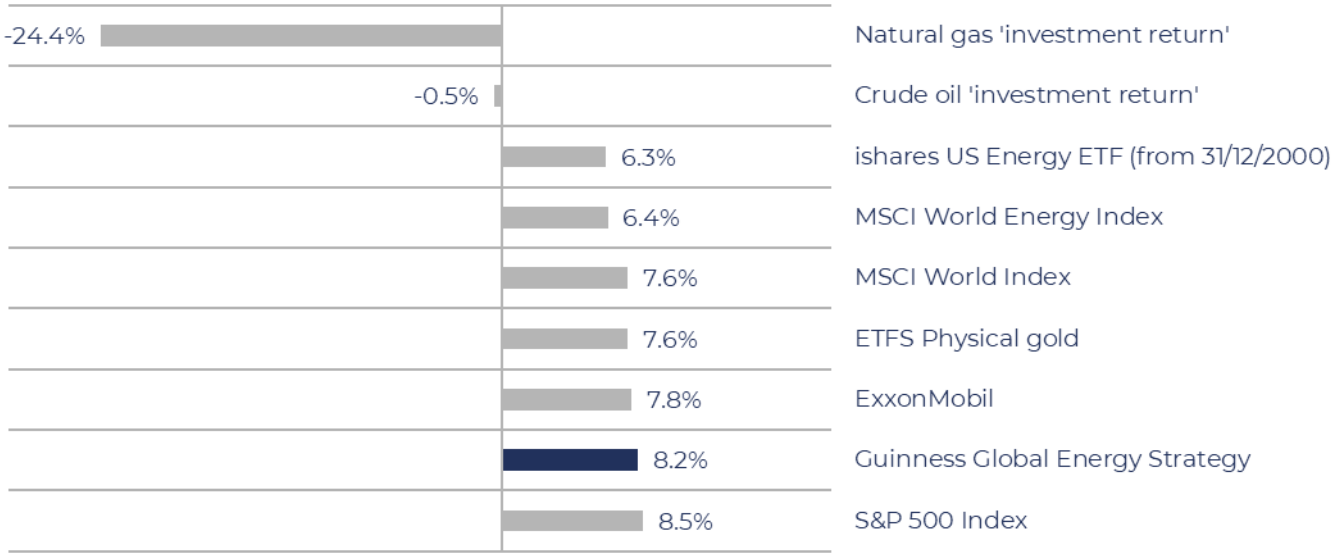
Key themes in the Guinness Global Energy portfolio

	Theme	Example holdings	Weighting (%)
1	Higher free cashflow generation	galp, Suncor Energy, Canadian Natural	23.1%
2	Oil & gas majors	Chevron, Shell, Total	24.2%
3	US shale oil production	EOG Resources, Diamondback Energy, Devon	14.2%
4	North American gas infrastructure	Enbridge, Williams	11.3%
5	Rising international oil & gas spending	Schlumberger, Baker Hughes	8.9%
6	Refining-focused	Valero, Sinopec	9.3%
7	Undervalued international natural gas	PetroChina, Equinor	5.9%
8	Other (incl cash)		3.1%

Source: Bloomberg, Guinness Global Investors, December 2025

Specialist global energy sector equity funds have historically provided the best exposure to an improving energy market. Finally, we are pleased to note that the Guinness Global Energy strategy outperformed the other potential energy investment 'routes' since inception in December 1998.

Total return (annualised), in USD, Dec 1998 to end Dec 2025



Simulated past performance for Guinness Global Energy strategy prior to 31.03.2008. See overleaf for methodology. Source: Bloomberg, Guinness Global Investors, 31.12.2025

Will Riley & Jonathan Waghorn

January 2026

PERFORMANCE

Past performance does not predict future returns.

Guinness Global Energy Fund
Performance (in USD) as at 31.12.2025

Cumulative returns (%)	1 year	3 years ann.	5 years ann.	Launch of strategy* ann. (31.12.98)
Guinness Global Energy Fund	17.1	5.9	17.8	8.2
MSCI World Energy Index	13.3	6.1	19.5	6.4

Calendar year returns (%)	2025	2024	2023	2022	2021	2020	2019
Guinness Global Energy Fund	17.1	-1.3	2.6	32.4	44.5	-34.7	9.8
MSCI World Energy Index	13.3	2.7	2.5	46.0	40.1	-31.5	11.5
	2018	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
Guinness Global Energy Fund	-19.7	-1.3	27.9	-27.6	-19.1	24.4	2.9
MSCI World Energy Index	-15.8	5.0	26.6	-22.8	-11.6	18.1	1.9
	2011	**2010**	**2009**	**2008***	**2007***	**2006***	**2005***
Guinness Global Energy Fund	14.3	14.4	60.8	-48.2	37.9	10.0	62.3
MSCI World Energy Index	0.2	11.9	26.2	-38.1	29.8	17.9	28.7
	2004*	**2003***	**2002***	**2001***	**2000***	**1999***	
Guinness Global Energy Fund	41.0	32.3	6.7	-4.1	39.6	22.5	
MSCI World Energy Index	28.1	25.9	-6.4	-7.2	6.0	22.0	

Source: FE fundinfo, Guinness Global Investors, and Bloomberg; bid-to-bid; gross income reinvested; in US dollars. Fund launched 31.03.2008.

Calculation by Guinness Global Investors, *Simulated past performance prior to 31.03.2008. 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 0.77% 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 31.12.2025

Cumulative returns (%)	1 year	3 years ann.	5 years ann.
WS Guinness Global Energy Fund	10.7	2.4	18.6
MSCI World Energy Index	5.5	2.2	19.9

Calendar year returns (%)	2025	2024	2023	2022	2021	2020	2019
WS Guinness Global Energy Fund	10.7	-0.8	-2.3	49.9	45.7	-35.7	12.6
MSCI World Energy Index	5.5	4.5	-3.3	64.4	41.4	-33.6	7.2

	2018	2017	2016	2015	2013	2012
WS Guinness Global Energy Fund	-6.28	-7.18	65.2	-29.6	-26.6	-4.7
MSCI World Energy Index	-10.61	-4.12	51.0	-18.3	-6.1	15.9

Source: FE fundinfo, bid-to-bid, gross income reinvested, in GBP. Fund launched 21.04.2011.

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 0.77% 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.

IMPORTANT INFORMATION

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

This report is primarily designed to inform you about the Guinness Global Energy Fund and the WS Guinness Global Energy Fund. It may provide information about the Funds' portfolios, 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.

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. OCFs for all share classes are available at www.guinnessgi.com. If you decide to invest, you will be buying units/shares in the Funds and will not be investing directly in the underlying assets of the Funds.

GUINNESS GLOBAL ENERGY FUND

Documentation
The documentation needed to make an investment, including the Prospectus, Supplement, the Key Investor Information Document (KIID), Key Information Document (KID) and the Application Form, is available in English from www.guinnessgi.com or free of charge from the Manager: Waystone Management Company (IE) Limited, 35 Shelbourne Rd, 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 SA, Ru du Rhône 4, 1204 Geneva. The paying agent is Banque Cantonale de Genève, 17 Quai de l'Ile, 1204 Geneva.

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.

Australia
For professional investors only.

WS GUINNESS GLOBAL ENERGY 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.waystone.com/our-funds/waystone-fund-services-uk-limited/ 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

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

Residency
This Fund is registered for distribution to the public in the UK but not in any other jurisdiction. In other countries or in circumstances where its distribution is not authorised or is unlawful, the Fund should not be distributed to resident Retail Clients.

Structure & regulation
The Fund is an Authorised Unit Trust authorised by the Financial Conduct Authority.

Telephone calls will be recorded and monitored.