

## RISK

This is a marketing communication. Please refer to the prospectus, supplement and KID/KIID for the Fund, which contain detailed information on its characteristics and objectives, before making any final investment decisions.

The Fund is an equity fund. Investors should be willing and able to accept the risks associated with 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. The Fund invests only in stocks of companies that are based in, or with significant business activities in, China; it is therefore susceptible to the performance of that region. In addition, at least 80% of the assets will be in China A shares, which have a greater participation by retail investors than other markets, so their performance may be more volatile. Further details on the risk factors are included in the Fund's documentation, available on our website.

Past performance does not predict future returns.

## ABOUT THE STRATEGY

<b>Launch</b>	09.03.2023
<b>Index</b>	MSCI China A Onshore Index
<b>Sector</b>	IA China / Greater China
<b>Managers</b>	Sharukh Malik Edmund Harriss
<b>EU Domiciled</b>	Guinness China A Share Fund

## OBJECTIVE

The Fund invests in high-quality, profitable companies exposed to the structural growth themes we have identified in the China A share market. These themes are built upon changes we have seen in incomes, demographics, production advances and the application of technology in consumer, industrial and infrastructure settings. The Fund is actively managed and uses the MSCI China A Onshore Index as a comparator benchmark only.

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## SUMMARY

In 2025, the Guinness China A Share Fund rose by 22.1% (Y class, GBP) while the benchmark, the MSCI China A Onshore Net Return Index ("MSCI China A Onshore Index"), rose by 20.9%. Therefore, the Fund outperformed the benchmark by 1.1 percentage points.

In 2025, relative to the benchmark, the Fund benefited from stock selection in the Communications Services, Industrials and Information Technology sectors. Though AI stocks drove a meaningful portion of performance, returns came from a variety of sectors. Detractors were driven by the underweight position in Financials and Materials, as well as by stock selection in Health Care.

In the Fund, the largest contributors to performance were Shengyi Technology, Shenzhen H&T Intelligent and Jiangsu Hengli Hydraulic. The largest detractors were Shenzhen Mindray Bio-Medical, Foshan Haitian and Suofeiya Home Collection.

In 2025, we sold Shenzhen Capchem Technology, Zhejiang Jingsheng Mechanical and Shenzhen H&T Intelligent. We bought BYD and Proya Cosmetics.

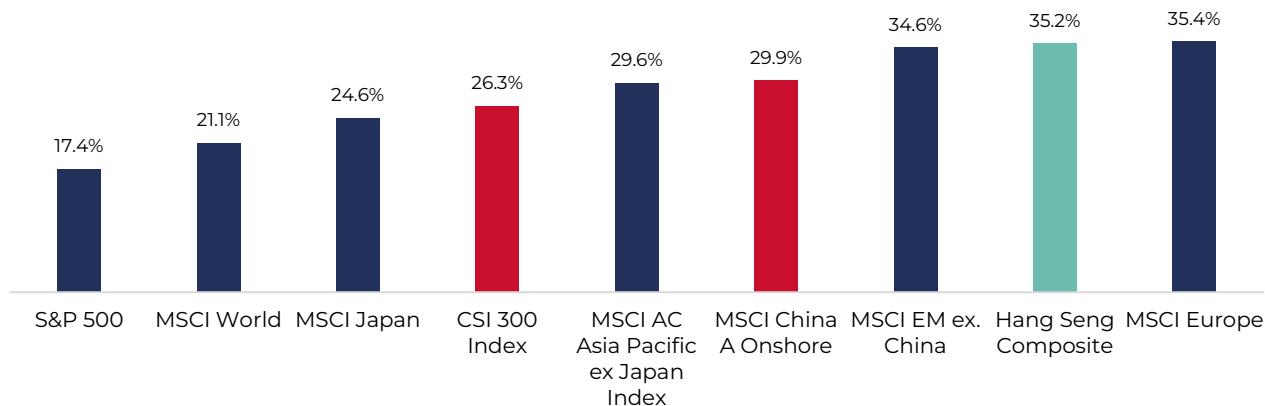
On a sector basis, the Fund's largest exposures are to the Industrials, Consumer Discretionary and Information Technology sectors. Relative to the MSCI China A Onshore Index, the Fund is overweight Consumer Discretionary and Industrials, while underweight Financials and Information Technology.

The Fund trades on a forward price/earnings multiple of 18.5x, below the portfolio's long-term average. The Fund remains underweight AI-related stocks that have driven a large share of recent market returns, as we believe valuations for most of these stocks are unattractive. Instead, we continue to see compelling opportunities in high-quality industrial companies where the Fund is overweight, as valuations remain undemanding relative to growth prospects. Should the macroeconomic environment improve toward the end of 2026, the Fund's positioning leaves it well placed for such an outcome.

## MARKET REVIEW

(Performance data in USD terms unless otherwise stated)

## Returns of Major Markets in 2025



Source: Bloomberg, Guinness calculations. Performance in USD. Data from 31/12/24 to 31/12/25

The MSCI China A Onshore Index rose by 29.9% in 2025, which was ahead of developed markets, as measured by the MSCI World Index, which rose by 21.1%.

## Performance of MSCI China A Onshore Index in 2025 (Total Return)



Source: Bloomberg, Guinness calculations. Performance in USD. Data from 31/12/24 to 31/12/25

Chinese markets had a good start to the year, driven by the unexpected release of Deepseek, which led to a sharp rally in offshore markets, particularly in large tech stocks. As the listed tech companies with their own LLM models are found in Hong Kong, the Hang Seng Composite was far stronger than the A share market. In the first quarter, the Hang Seng Composite Index rallied by 15.2%, led by Alibaba, Tencent, BYD, and Xiaomi. Onshore markets, as measured by the MSCI China A Onshore Index, lacked the presence of Internet tech companies with their own proprietary LLMs and rose only 0.1%. However, pockets of the A share market did well, such as humanoid robotics and semiconductor stocks.

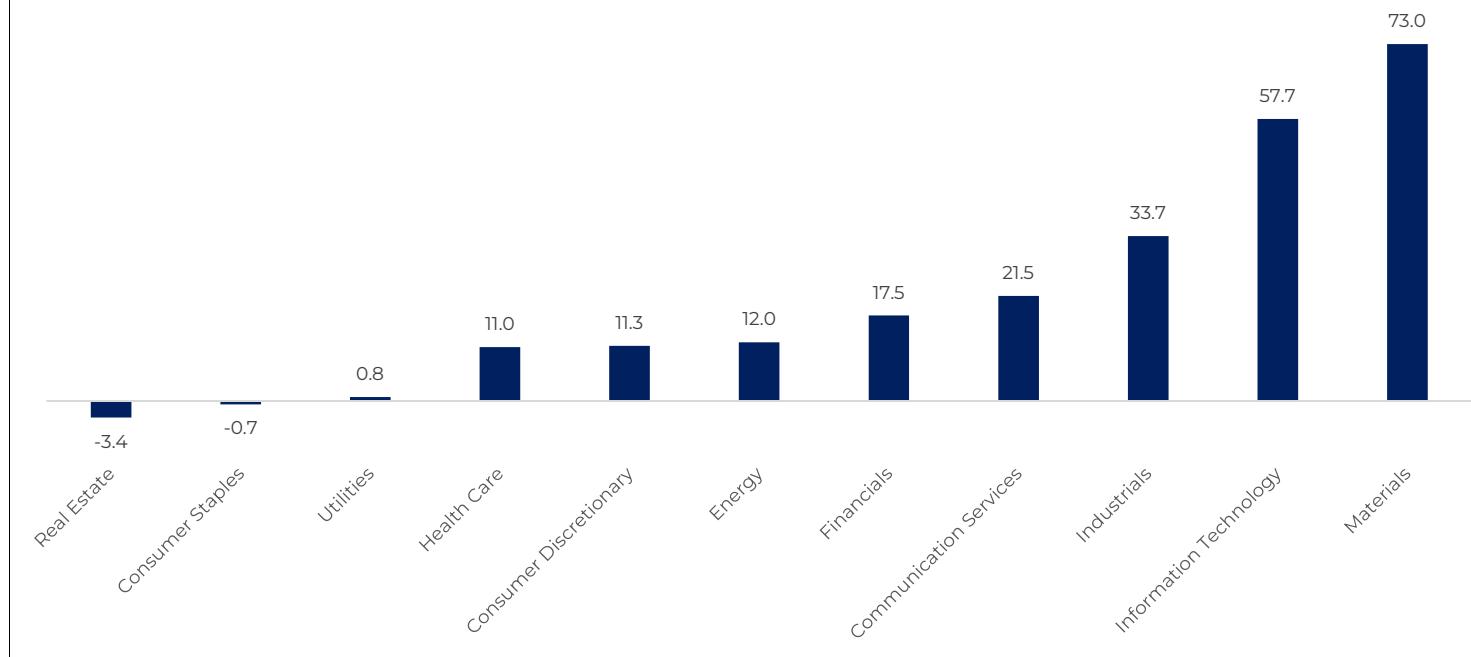
In April, Donald Trump announced "Liberation Day", when the US imposed reciprocal tariffs on countries across the world. Higher tariffs on China were announced, followed by China imposing its own tariffs on US products. Retaliation continued

until the US imposed a peak 145% tariff on Chinese goods and China imposed their own 125% tariff on American goods. In early May, both sides met in Geneva, and a temporary truce was announced, with the US lowering its tariffs to 30% and China lowering its tariffs to 10%.

In an AI-led rally, Chinese markets rose every month in the third quarter. We estimate the Information Technology sector led half of the market's gains in the quarter, led by Foxconn Industrial Internet, Cambricon Technologies, Zhongji Innolight and Hygon Information. Industrials were also a contributor, driven by battery equipment companies CATL, Sungrow Power Supply and Eve Energy. Materials were a further contributor, supported by higher commodity and gold prices.

In the fourth quarter, performance diverged between onshore and offshore markets. Offshore equities fell as large-cap technology stocks weakened, led by Tencent, Alibaba and Xiaomi. In contrast, onshore markets rose, led by strength in the Materials, Financials and Energy sectors. Materials continued to benefit from surging commodity and gold prices, while Financials outperformed on demand for insurance companies and state-owned banks.

**% Returns by sector in 2025 (MSCI China A Onshore)**



Source: Factset, Guinness calculations. Performance in USD. Data from 31/12/24 to 31/12/25

The strongest sectors were Materials (+73.01%) and Information Technology (+57.7%). The booming demand for AI capex led to strength for AI component manufacturers. Within the Materials sector, companies with exposure to strong copper and gold prices outperformed. Copper demand has been supported by rising investment in electricity grids, which are facing significantly higher load from power-hungry data centres. Additionally, supply-side disruptions and cuts in smelting capacity in China have further tightened the market. While global copper inventories remain high, much of this sits in the US, leaving supply conditions tight in other regions. The largest contributors to the sector's strength were Zijin Mining and CMOC Group.

The weakest sectors were Real Estate (-3.4%), Consumer Staples (-0.7%) and Utilities (0.8%). The ongoing contraction in the sector and lack of major policy support led to weakness for Real Estate companies. In a risk-on environment, more defensive areas of the market, such as Utilities and Consumer Staples, lagged. In the Consumer Staples sector, food and beverage companies underperformed due to weak underlying consumption in the economy. Policy support, in the form of the household trade-in program, has favoured larger ticket discretionary purchases. From policymakers' perspective, this has a larger impact on headline consumption, offering limited benefit to everyday staples.

## ATTRIBUTION

In 2025, the Guinness China A Share Fund rose by 31.1% (USD, Y class) while the MSCI China A Onshore Index rose by 29.9%. Therefore, the Fund outperformed the benchmark by 1.2%.

Relative to the benchmark, areas which helped the Fund's performance in 2025 were:

- Stock selection in the Communication Services Index, driven by G-bits Network Technology.
- Stock selection in the Industrials sector, driven by Jiangsu Hengli Hydraulic, Shandong Himile Mechanical, Shenzhen Inovance Technology, Hongfa Technology and Sany Heavy Industry.
- Stock selection in the Information Technology sector, driven by Shengyi Technology and Shenzhen H&T Intelligent.

Areas which detracted from the Fund's relative performance in 2025 were:

- The underweight in Financials, particularly the lack of exposure to the large state-owned enterprise (SOE) banks. The Fund does not hold SOE banks as they do not give exposure to the long-term structural growth themes in China. The absence of brokers, which are not held because they do not meet the Fund's quality and low debt criteria, also detracted from performance.
- A combination of the underweight in Materials and stock selection, as the Fund did not hold beneficiaries of rising copper and gold prices such as Zijin Mining, CMOC and China Northern Rare Earth.
- Stock selection in Health Care, led by Shenzhen Mindray and Amoy Diagnostics. Additionally, the Fund does not hold pharmaceutical companies, which benefited from the industry licensing out early-stage drugs, because valuations remain high for the growth on offer.

In the fourth quarter, the Guinness China A Share Fund rose by 4.6% (USD, Y class) while the MSCI China A Onshore Index rose by 2.3%. Therefore, the Fund outperformed the benchmark by 2.3%.

Relative to the MSCI China A Onshore Index, areas which helped the Fund's performance were:

- Stock selection in the Industrials sector, driven by Shandong Himile Mechanical, Jiangsu Hengli Hydraulic and Hongfa Technology.
- Stock selection in the Consumer Discretionary sector, led by China Tourism Group Duty Free, Guangzhou Restaurant Group, Midea and Suofeiya Home Collection.
- Stock selection in the Information Technology sector, driven by Shengyi Technology.

Relative to the MSCI China A Onshore Index, areas which detracted from the Fund's relative performance were:

- Stock selection in the Materials sector, driven by Shanghai Putailai New Energy. A further detractor was the lack of exposure to beneficiaries of rising copper and gold prices, such as Zijin Mining and CMOC.
- Stock selection in the Communication Services Index, driven by G-bits Network Technology. The position was rebalanced at the end of the third quarter to lock in gains, which helped mitigate the impact of the stock's underperformance in the fourth quarter.

## STOCK PERFORMANCE

## Leaders



**Shengyi Technology (total return +219.5%)** is a manufacturer of copper-clad laminates, which are the base material for printed circuit boards (PCBs). Demand has been driven by AI-related designs, which require substantially more layers than standard designs, increasing CCL content per chip. Industry supply remains tight, so CCL manufacturers have been able to pass on rising copper costs to their customers.



**Shenzhen H&T Intelligent (+187.0%)** is a manufacturer of controllers, which are chips that act as the “brain” of a device. H&T’s controllers are predominantly used in home appliances and power tools, with automotive controllers also a growing source of revenue. The stock benefited from a surge in interest in AI-related stocks, as H&T’s controllers are also used to control smart devices such as robot vacuum cleaners. More importantly, H&T was one of the few listed companies with exposure to Moore Threads, which is a GPU chip designer founded by the former head of Nvidia China. Moore Threads was preparing for an IPO and attracted attention from the market as a potential challenger to Nvidia in the long term. H&T held just over a 1% stake in Moore Threads, and so its stock price significantly benefited, and perhaps disproportionately, from this stake. We eventually sold the position in the third quarter, which we discuss in the next section.



**Jiangsu Hengli Hydraulic (+120.5%)** is a manufacturer of hydraulic systems and parts. Its share price surged in the first quarter following reports it was to supply actuators for a major humanoid robotics manufacturer in the US (an actuator converts a hydraulic input into physical motion). After giving back some of the gains in the second quarter, the stock steadily rose over the year. The company’s core cylinder business was strong, supported by an inflection point in the domestic excavator cycle and an export recovery in the second half of the year.

## Laggards



**Shenzhen Mindray Bio-Medical (total return -20.4%)** is a manufacturer of medical equipment and provider of diagnostic instruments and consumables. Performance was weighed down by two temporary headwinds in its domestic business. Firstly, in its medical equipment segment, channel inventory built up and was gradually cleared over the course of the year, resulting in a slowdown in sales. We expect inventory to have normalised by the end of 2025, supporting a return to growth in 2026. In the diagnostics segment, a combination of policy reform and government-mandated price cuts has led to a large contraction in industry sales. While these pressures are expected to continue into 2026, Mindray aims to increase its market share and therefore still deliver growth in this segment. Overseas sales across all segments continued to grow and are now larger than domestic sales. Mindray remains a high-quality company, and we view the weakness in 2025 as largely driven by inventory-related issues and regulatory disruptions. We expect these headwinds to ease through 2026.



**Foshan Haitian (-13.5%)** is China's largest soy sauce company. The catering industry's recovery has been weaker than expected, and therefore, condiment manufacturers' share prices have struggled. Management expects chain restaurants to continue increasing market share in China, and given their higher quality requirements, this should be beneficial for the company. Foshan Haitian's large scale results in lower per unit costs compared to its main competitors, leading to higher margins. The company has a distribution network to support growth in newer products, such as oyster sauce.



**Suofeiya Home Collection (-11.5%)** is a manufacturer of kitchen cabinets and cupboards, and so has exposure to the real estate market. While home renovations were eligible for the trade-in programme, this was not enough to offset ongoing declines in new home sales. As a result, management has forecast sales to decline in 2025, despite the growing contribution from renovation demand. Management aims for sales to stabilise in 2026 and believes there is room to improve gross margins through further cost reductions and efficiency gains. Despite the challenges facing the sector, returns on capital have remained resilient. We believe the current share price assigns minimal value to cash flows derived from future capex, representing an attractive valuation for a business that remains high quality. Additional policy support for the real estate sector could provide upside for the stock through a valuation re-rating.

## PORTFOLIO CHANGES

### Sells



**Shenzhen Capchem Technology** is a manufacturer of battery electrolytes. Given the oversupply in the domestic EV industry, battery material companies such as Capchem have seen selling prices fall significantly. The businesses' return on capital has consequently fallen to a level barely above the cost of capital. For a similar valuation, BYD represented a better alternative.



**Zhejiang Jingsheng Mechanical** is China's largest manufacturer of crystal growing furnaces, which are used to heat silicon to eventually make silicon wafers and then solar cells. The company also manufactures semiconductor equipment. Given the oversupply in the solar industry, downstream customers have significantly cut back expansion plans, and so Jingsheng's order book has weakened. The company's competitive advantage remains strong relative to its competition, but the prospects for earnings growth have dimmed.



Towards the end of the third quarter, **H&T's** share price had significantly outperformed, and so we rebalanced the position in the Fund to lock in gains. Shortly thereafter, we exited the full position as we judged the stock no longer provided an attractive annualised return. Using different valuation frameworks, we did not see the business growing at the rate required to justify the market valuation. Though the business gives exposure to AI, its medium-term earnings growth is ultimately

driven by its home appliance and power tools segments, which are more mature areas. A sum-of-the-parts valuation incorporating the stake in Moore Threads showed that even under very optimistic assumptions, the investment represented only a small share of H&T's overall valuation.

### Buys



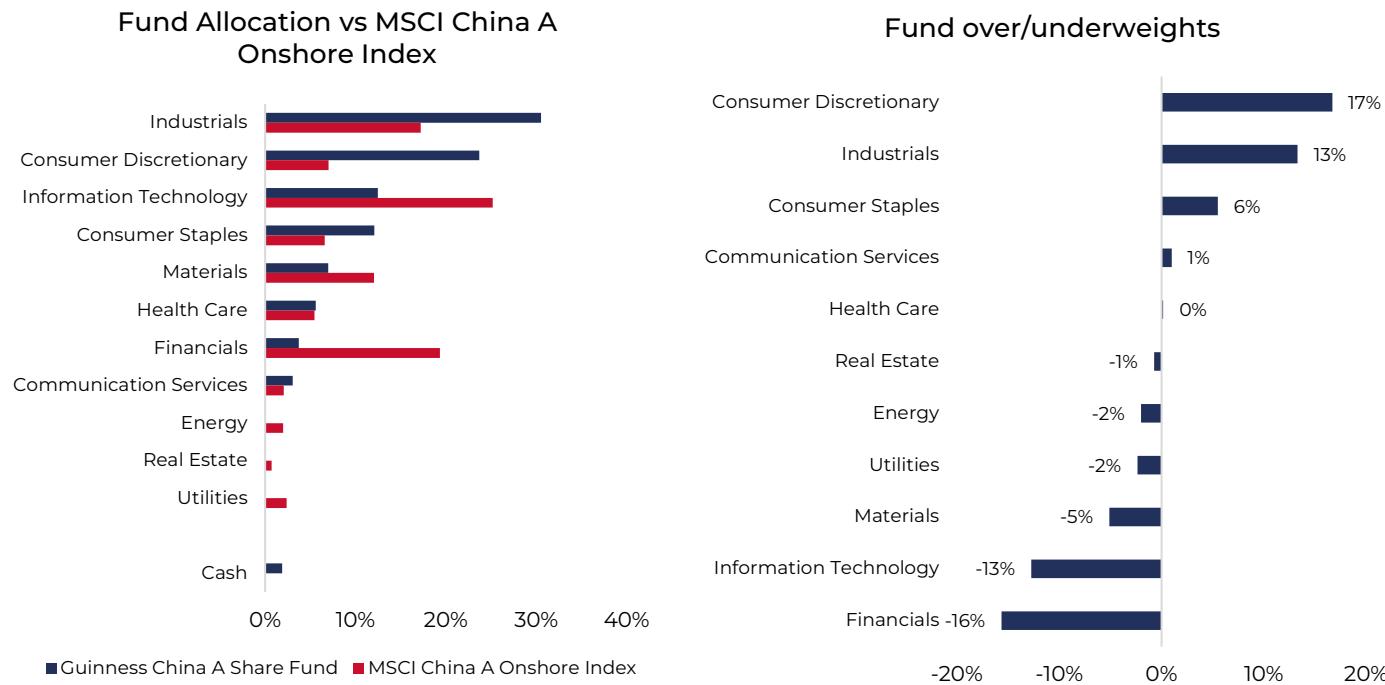
Ranked by sales volume, **BYD** is the world's largest EV company. It holds a leading market share in China, although domestic competition remains intense, making the export market a key source of growth. BYD's management attributes its competitive advantages to technological leadership, cost advantages and efficient decision making. On technology, at the same price point, BYD's cars generally offer longer driving range than most of their competition. On costs, BYD benefits from in-house battery production, a more advanced EV platform and architecture, a very competitive local supply chain and increasing economies of scale. These factors support higher margins than peers', allowing the company to cut prices while maintaining profitability.



**Proya Cosmetics** is one of China's most prominent cosmetics brands, mainly targeting the mass market. Its primary focus is on skincare, which tends to have a relatively stickier customer base and longer product lifecycle. To capture the premiumisation trend, the company has expanded its brand portfolio so that, as the early cohort of lower-income customers becomes wealthier, higher-end goods can be sold. As the company's growth rate has moderated following a period of very high growth, the stock's valuation multiple is very compelling for the growth on offer.

## PORTFOLIO POSITIONING

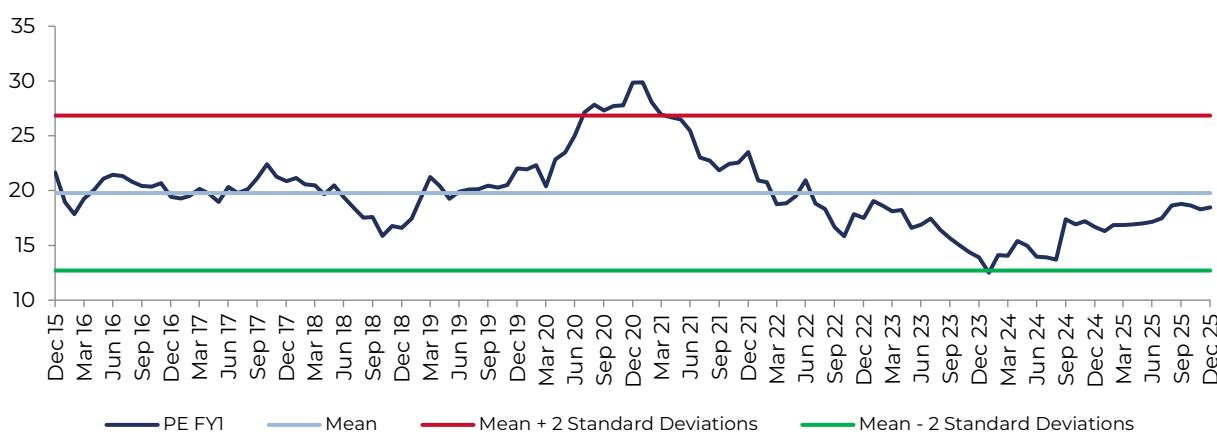
On a sector basis, the Fund's largest exposures are to the Industrials, Consumer Discretionary and Information Technology sectors. Relative to the MSCI China A Onshore Index, the Fund is overweight Consumer Discretionary and Industrials, while underweight Financials and Information Technology.



Source: Guinness Global Investors calculations, Bloomberg, data as of 31/12/25,

## PORTFOLIO VALUATION

## Forward Year Price/Earnings Ratio for Current Holdings



Source: Bloomberg, Guinness Global Investors calculations. Calculations assume an equally weighted portfolio, data from 31/12/15 to 31/12/25,

The Fund is trading on a forward price/earnings multiple of 18.5x, which is below the holdings' long-term average of 19.5x. While the broader market is still trading above its historical average, the Fund remains attractively valued relative to its own history.

## Guinness China A Share

### Current Holdings' FY1 Price/Earnings Premium vs MSCI China A Onshore Index



Source: Bloomberg, MSCI, Guinness calculations. Data as of 31/12/2025. Earnings in USD. Fund series assumes \$1m equally weighted into current holdings. Data for the Fund is a simulation based on actual, aggregate, historical data for the Fund's current holdings. The Fund was launched on 09/03/2023. Index data uses historic holdings as of the end of each year

The Fund's valuation premium relative to the benchmark currently stands at 18%, which remains well below the average premium of its current holdings. The Fund is underweight AI-related stocks that have accounted for a large portion of the market's recent returns. We believe the risk-reward profile for the majority of these AI stocks is unfavourable at current valuations. Instead, we see more attractive opportunities elsewhere in the market, particularly among high-quality industrial companies where valuations remain relatively undemanding for the growth on offer. Should the macroeconomic environment structurally improve toward the end of 2026, these industrials could benefit from a substantial valuation re-rating. The Fund's 13% overweight to Industrials positions it well for such an outcome.

## OUTLOOK

China's macroeconomic data weakened in the fourth quarter as funds for the household trade-in program were exhausted. In the November data, industrial production grew by 4.8% but retail sales only grew by 1.3%. This essentially sums up the state of China today – manufacturing activity is broadly holding up better than consumer demand. In our view, this is because government support tends to favour industrial upgrades, securing domestic supply chain resilience and moving up the value chain.

Looking ahead, we believe that China is reaching an important transition point. Towards the end of 2026, we expect the new pillar industries to become sufficiently large to offset the drag from real estate, supporting a meaningful and long-lasting improvement in economic growth. But until then, the economy is likely to need further support over the next 12 months. Therefore, it was encouraging to see the Central Economic Work Conference (CEWC), which is where China's leadership sets economic policy for next year, call for more proactive policies.

From an investment perspective, our views remain rooted in company fundamentals rather than macro forecasts. The Fund is not an investment in the broader Chinese economy, nor is it reliant on stimulus to drive returns. It is a concentrated, bottom-up-driven portfolio of our 30 highest-conviction ideas in China, which have durable competitive advantages and long-term growth potential. In an environment characterised by uneven growth and policy uncertainty, we believe the Fund's combination of quality, growth and valuation discipline positions it well to compound returns over time.

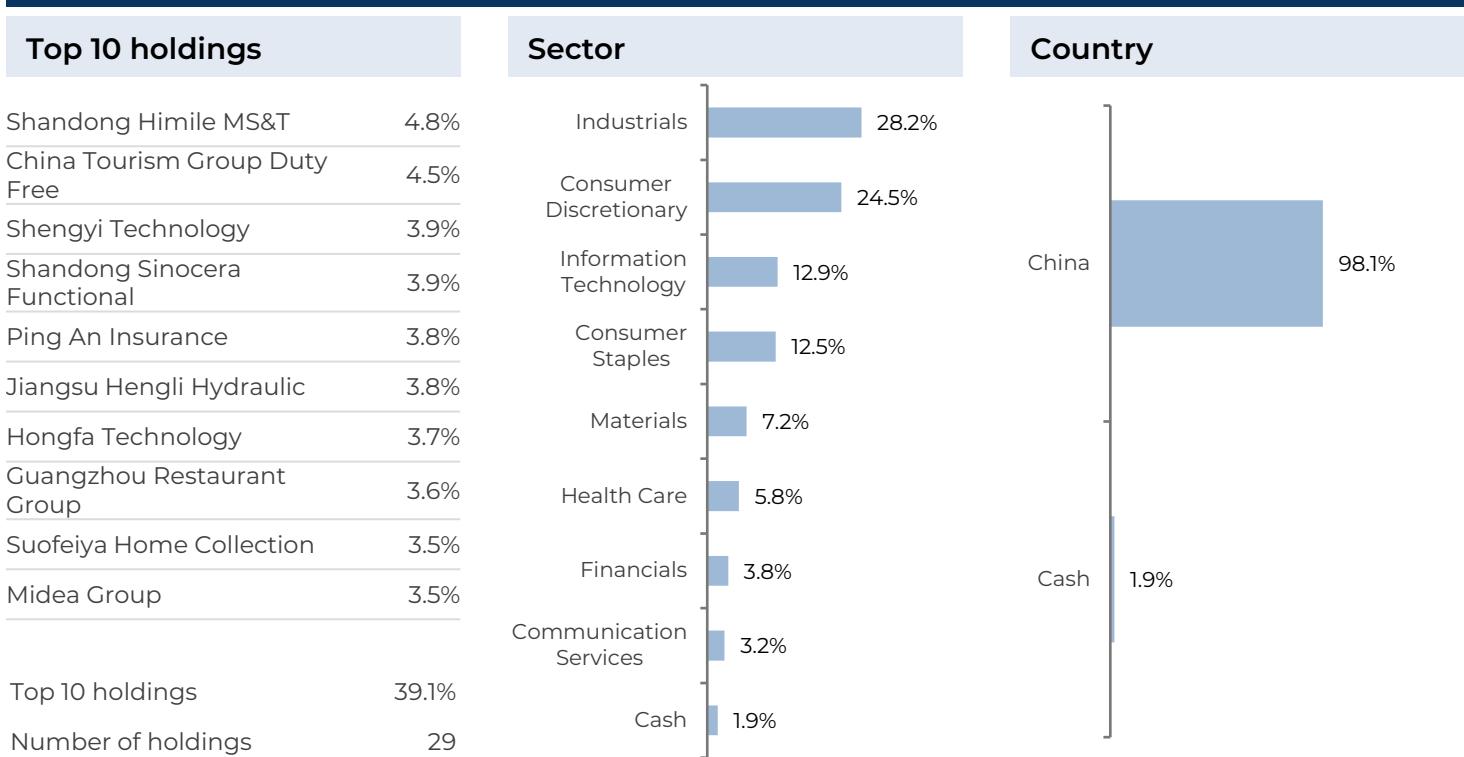
## Portfolio Managers

Sharukh Malik  
Edmund Harriss

## GUINNESS CHINA A SHARE FUND - FUND FACTS

Fund size	\$1.2m
Fund launch	09.03.2023
OCF	0.77%
Benchmark	MSCI China A Onshore TR

## GUINNESS CHINA A SHARE FUND - PORTFOLIO



## Guinness China A Share Fund

Past performance does not predict future returns.

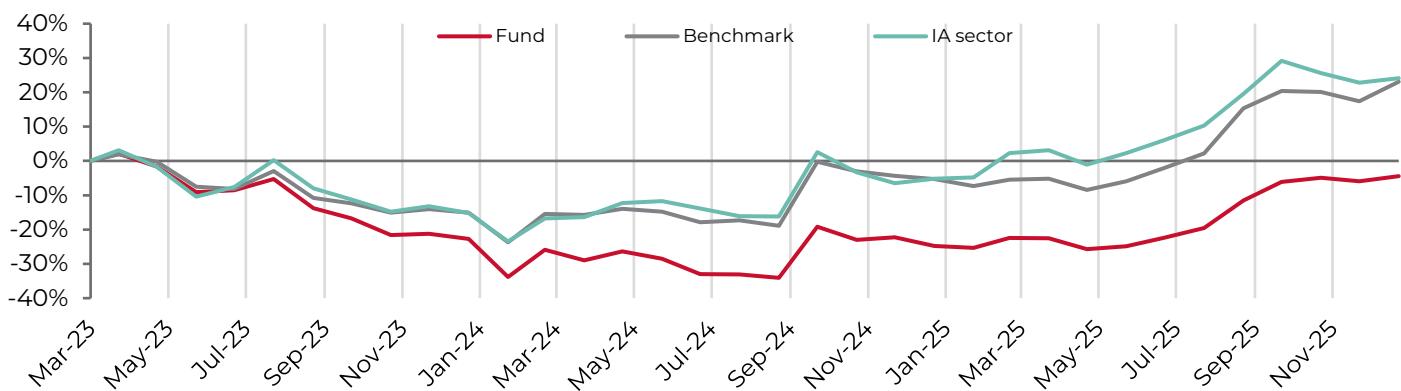
### GUINNESS CHINA A SHARE FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+3.2%	+22.1%	+22.1%	-	-	-
MSCI China A Onshore TR	+3.3%	+21.0%	+21.0%	-	-	-
IA China/Greater China TR	-0.5%	+21.9%	+21.9%	-	-	-
(USD)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+4.8%	+31.1%	+31.1%	-	-	-
MSCI China A Onshore TR	+4.9%	+29.9%	+29.9%	-	-	-
IA China/Greater China TR	+1.1%	+30.9%	+30.9%	-	-	-
(EUR)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+3.5%	+15.6%	+15.6%	-	-	-
MSCI China A Onshore TR	+3.7%	+14.6%	+14.6%	-	-	-
IA China/Greater China TR	-0.1%	+15.4%	+15.4%	-	-	-

### GUINNESS CHINA A SHARE FUND - ANNUAL PERFORMANCE

(GBP)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Fund	+22.1%	-1.0%	-	-	-	-	-	-	-	-
MSCI China A Onshore TR	+21.0%	+13.6%	-	-	-	-	-	-	-	-
IA China/Greater China TR	+21.9%	+13.8%	-	-	-	-	-	-	-	-
(USD)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Fund	+31.1%	-2.7%	-	-	-	-	-	-	-	-
MSCI China A Onshore TR	+29.9%	+11.6%	-	-	-	-	-	-	-	-
IA China/Greater China TR	+30.9%	+11.8%	-	-	-	-	-	-	-	-
(EUR)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Fund	+15.6%	+3.8%	-	-	-	-	-	-	-	-
MSCI China A Onshore TR	+14.6%	+19.0%	-	-	-	-	-	-	-	-
IA China/Greater China TR	+15.4%	+19.2%	-	-	-	-	-	-	-	-

### GUINNESS CHINA A SHARE FUND - PERFORMANCE SINCE LAUNCH (USD)



Source: FE fundinfo net of fees to 31.12.25. 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 current OCF is 0.77%. Returns for share classes with a different OCF will vary accordingly. Transaction costs also apply and are incurred when a fund buys or sells holdings. The performance returns do not reflect any initial charge; any such charge will also reduce the return.

## IMPORTANT INFORMATION

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

This report is designed to inform you about Guinness China A Share 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](http://www.guinnessgi.com).

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

#### Documentation

The documentation needed to make an investment, including the Prospectus, the Key Investor Document (KID) / Key Investor Information Document (KIID) and the Application Form, is available in English from [www.guinnessgi.com](http://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.