

## RISK

This is a marketing communication. Please refer to the prospectus, supplement, KIDs and KIIDs for the Funds (available on our website), which contain detailed information on their characteristics and objectives and full information on the risks, before making any final investment decisions.

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

Past performance does not predict future returns.

## ABOUT THE STRATEGY

<b>Launch</b>	31.12.2010
<b>Index</b>	MSCI World
<b>Sector</b>	IA Global Equity Income
<b>Managers</b>	Dr Ian Mortimer, CFA Matthew Page, CFA
<b>EU Domiciled</b>	Guinness Global Equity Income Fund
<b>UK Domiciled</b>	WS Guinness Global Equity Income Fund

## OBJECTIVE

The Guinness Global Equity Income Funds are designed to provide investors with global exposure to dividend-paying companies. The Funds are managed for income and capital growth and invest in profitable companies that have generated persistently high return on capital over the last decade, and that are well placed to pay a sustainable dividend into the future. The Funds are actively managed and use the MSCI World Index as a comparator benchmark only.

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## COMMENTARY

In 2025 the Guinness Global Equity Income Fund produced a total return of 3.7% (in GBP), compared to the MSCI World Index return of 12.8%. The Fund therefore underperformed the Index by 9.0 percentage points. The IA Global Equity Income Sector average return was also 12.8%.

Since launch, 15 years ago, the Fund ranks 4<sup>th</sup> out of 12 funds in the IA Global Equity Income sector.

- It has produced a cumulative total return of 362.4% (in GBP) compared to the sector average of 252.7% – an outperformance of 109.7 percentage points.
- The Fund has outperformed its sector peers in 12 of the 15 years since the launch of the strategy and has provided positive sterling returns in each of the last 15 years.

2025 was marked by significant turbulence but positive returns, driven by the onset of tariffs, renewed geopolitical tensions and market worries over an AI bubble. Volatility was pronounced across asset classes, with dollar weakness also contributing. However, 2025 was still the first year since the covid pandemic in which all major asset classes delivered positive returns. After the April sell-off, in which equities fell 17.6% (in GBP from 18th February to 8th April), markets rallied sharply in the second half of the year on the prospects of fiscal and monetary stimulus, and the MSCI World ended the year up +12.8% in GBP terms.

Given this risk-on sentiment, cyclicals outperformed defensives and more speculative, lower-quality areas of the market benefited. Consequently, 2025 was the worst year for quality stocks since 2003 in relative terms, and they posted a return lower than the broader benchmark by mid-single digits.

Over the course of 2025, the Fund's underweight exposure to Communication Services (up +32.4% USD) and Financials (+29.6% USD) acted as a headwind as these were the two best-performing sectors.

Furthermore, the overweight to Consumer Staples was a drag as the sector returned +9.5% (USD) in 2025, notably behind the benchmark (+21.1% USD).

However, zero weights in Consumer Discretionary (+8.7% USD), Energy (+14.4% USD) and Real Estate (+3.4% USD) were a positive as all three sectors underperformed the index.

Additionally, strong stock selection in IT was a tailwind, with notably good performance from names like Broadcom (+50.6% USD), TSMC (+53.0% USD), and Cisco (+33.5% USD), all benefiting from the AI-driven data centre build-out.

The Fund's quality-focused approach was a headwind in 2025. As a factor, quality suffered a rare year of underperformance relative to MSCI World. High-quality stocks lagged as optimism surrounding AI fuelled greater risk-taking behaviour, driving unprofitable tech – which we do not own in the Fund – higher. This was exacerbated by the outperformance of value in Europe, and especially banks, whose high yields make them a favourite among some income-seeking equity strategies. However, we have no exposure to banks as their cyclical and heavily regulated nature makes them lower-quality companies. This challenged performance relative to the benchmark and the peer group.

In the Fund, our focus on quality companies with strong balance sheets and long histories of high returns on capital meant that 34 out of our 35 holdings grew their dividend in 2025, with one company keeping its dividend flat.

In January 2026, the Irish-domiciled Guinness Global Equity Income Fund declared its final dividend for 2025, which represented the income we received in the second half of 2025. The total dividend distributed for the full year 2025 fell -3.1% compared to 2024 (for Class Y GBP shares), primarily due to a weaker USD, which reduced the amount paid out in GBP, as well as the delayed payment of CME's special dividend from December (as we had expected) to early 2026. As a reminder, the average dividend growth across the Fund's holdings was 6.8% in USD terms. We provide a detailed analysis of the Fund dividend later in this report.

- The trailing 12-month dividend yield today is 2.0% (net), which compares to the benchmark MSCI World Index yield of 1.6% (gross). (Historic yield reflects the distributions declared over the past 12 months expressed as a percentage of the mid-market price, as at the latest month end. It does not include any preliminary charges. Investors may be subject to tax on the distribution.)

The philosophy and process behind the Fund has been the same since we launched in late 2010:

- We look to invest in high-quality businesses with persistently high returns on capital and solid balance sheets and which are highly cash generative. We believe that such businesses are best placed to pay a sustainable and growing dividend in the future. We also look for those trading at attractive valuations.
- We take a long-term view, holding companies for 3-5 years on average in a concentrated portfolio (35 stocks) of approximately equally weighted positions typically with c.90% active share (a measure of how much the portfolio's weightings differ from those of the benchmark).
- We believe the balanced approach of the fund – seeking a return from a combination of cash flow growth, multiple expansion, and dividends – alongside a focus on quality characteristics mean the Fund remains well placed whatever the future market direction in 2026 and beyond.

At present, the Fund is currently trading at a 5% valuation discount to the broader market (with a one-year forward price-earnings ratio of 19.0, vs 20.0 for the index), despite maintaining superior quality (return on capital of 21.2% vs 9.4%) and providing a better dividend yield (20% premium to the market). Market performance in 2025 was notably concentrated, and valuations for the broader index are elevated vs history, particularly with the continued strong performance from US tech stocks trading at premium valuations. We therefore believe the Fund is well placed for a change in sentiment or an increase in market volatility with its diversified portfolio of high-quality, durable businesses trading at reasonable valuations.

## PERFORMANCE

Past performance does not predict future returns.

In 2025 the Guinness Global Equity Income Fund produced a total return of 3.7% (in GBP), compared to the MSCI World Index return of 12.8% (in GBP). The Fund therefore underperformed the Index by 9.0 percentage points. 2025 was the worst year for the performance of quality companies since 2003 and that was a significant headwind to Fund performance in 2025.

The Fund ranked 47<sup>th</sup> out of 54 funds in the IA Global Equity Income Sector and underperformed the average peer fund by 9.0 percentage points.

Returns of the WS Guinness Global Equity Income Fund are shown on page 33 of this report.

Cumulative % total return (Y Dist GBP)	1 year	3 years	5 years	10 years	Launch*
<b>Guinness Global Equity Income Fund</b>	<b>3.7</b>	<b>29.9</b>	<b>63.6</b>	<b>200.1</b>	<b>362.4</b>
MSCI World Index	12.8	59.1	80.3	245.5	429.2
IA Global Equity Income (average)	12.8	36.8	60.4	151.6	252.7
IA Global Equity Income (ranking)	47/54	39/50	24/47	9/33	4/12
IA Global Equity Income (quartile)	4	4	2	1	2

Source: FE fundinfo. Cumulative Total Return % in GBP, as of 31<sup>st</sup> December 2025

Calendar Yr % total return (Y Dis GBP)	2011*	2012*	2013*	2014*	2015*
<b>Guinness Global Equity Income Fund</b>	<b>2.7</b>	<b>5.5</b>	<b>26.3</b>	<b>10.1</b>	<b>2.2</b>
MSCI World Net TR Index	-4.8	10.7	24.3	11.5	4.9
IA Global Equity Income Sector	-2.1	9.7	20.4	6.7	1.5
IA Global Equity Income (ranking)	2/12	14/15	4/21	9/28	18/30
IA Global Equity Income (quartile)	1	4	1	2	3

	2016	2017	2018	2019	2020
<b>Guinness Global Equity Income Fund</b>	<b>26.9</b>	<b>9.6</b>	<b>0.7</b>	<b>21.2</b>	<b>8.1</b>
MSCI World Net TR Index	28.2	11.8	-3.0	22.7	12.3
IA Global Equity Income Sector	23.2	10.4	-5.8	18.6	3.3
IA Global Equity Income (ranking)	14/33	22/37	6/39	16/42	12/44
IA Global Equity Income (quartile)	2	3	1	2	2

	2021	2022	2023	2024	2025
<b>Guinness Global Equity Income Fund</b>	<b>23.4</b>	<b>2.1</b>	<b>9.2</b>	<b>14.6</b>	<b>3.7</b>
MSCI World Net TR Index	22.9	-7.8	16.8	20.8	12.8
IA Global Equity Income Sector	18.7	-1.2	9.2	11.0	12.8
IA Global Equity Income (ranking)	9/47	19/49	24/50	11/53	47/54
IA Global Equity Income (quartile)	1	2	2	1	4

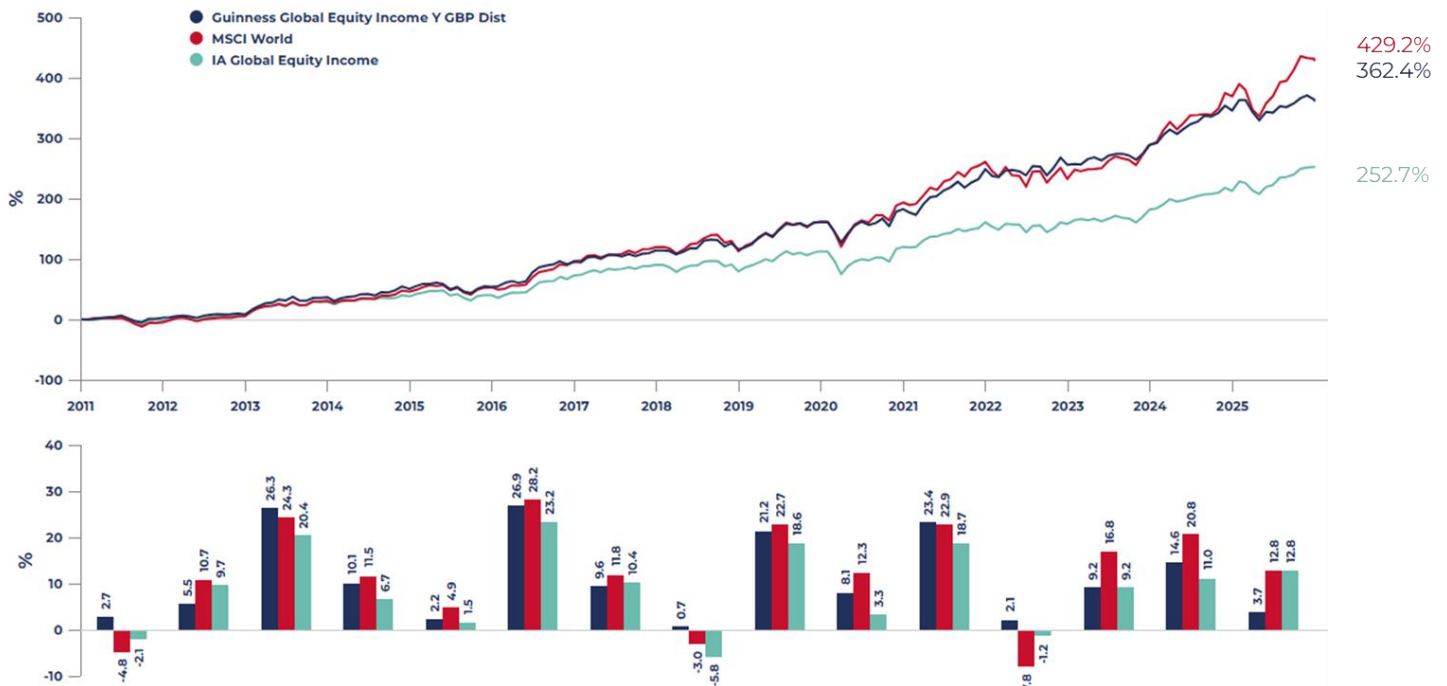
Source: FE fundinfo, calendar-year total return in GBP as of 31<sup>st</sup> December 2025.

\*Fund launched on 31st December 2010. Performance prior to the launch date of the Class Y class (11.03.15) is a composite simulation for Class Y performance based on the actual performance of the Fund's E class (1.24% OCF), which has existed since the Fund's launch on 31.12.10. The Fund's E class is denominated in USD, but the performance data above is calculated in GBP.

The Fund has now outperformed its sector peers in 12 of the 15 years the Fund has been in existence. Since its launch, the Fund has produced a cumulative total return of 362.4% (in GBP); it has outperformed the sector average by 109.7 percentage points.

## Guinness Global Equity Income

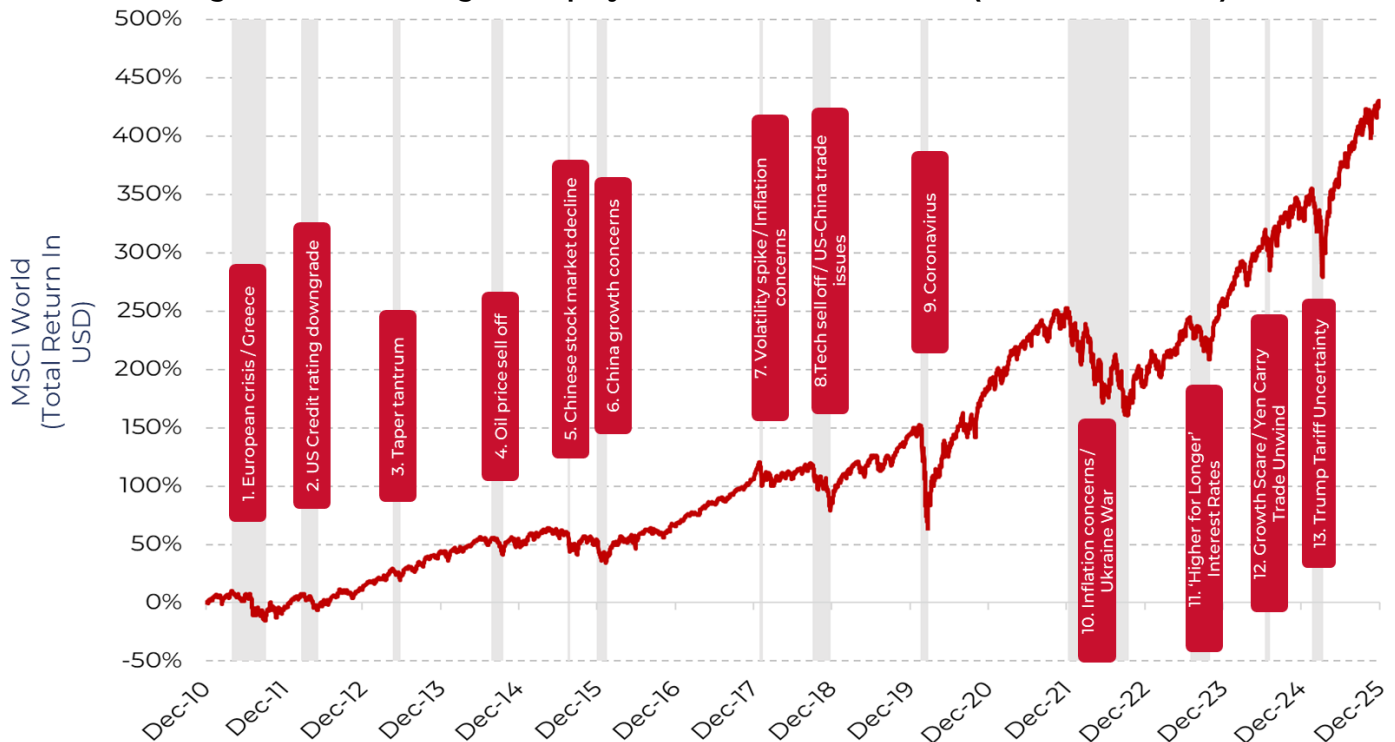
### Cumulative Total Return in GBP (Y Dist GBP)



Source: FE fundinfo, 31<sup>st</sup> December 2025

Every year – including the most recent – brings with it many uncertainties and surprises, and we seek to position the Fund so that it is capable of weathering whichever direction the market takes. The Fund has historically outperformed in falling markets. Since the launch of the Fund, it has outperformed in each of the largest drawdowns seen in the last 15 years:

### Largest drawdowns in global equity markets since fund launch (31<sup>st</sup> December 2010)



Source: Bloomberg as of 31<sup>st</sup> December 2025

## Performance of fund vs benchmark in the largest drawdowns since launch (in USD)

Reason for sell off	Start date	End date	MSCI World Index	Guinness Global Equity Income	Fund relative performance
1. European crisis / Greece	02/05/2011	04/10/2011	-22.0%	-15.6%	6.4%
2. US credit rating downgrade	19/03/2012	04/06/2012	-12.5%	-8.9%	3.5%
3. "Taper tantrum"	21/05/2013	24/06/2013	-7.7%	-5.2%	2.5%
4. Oil price sell off	27/08/2014	16/10/2014	-8.8%	-8.3%	0.5%
5. Chinese stock market decline	17/08/2015	25/08/2015	-9.4%	-8.5%	0.9%
6. China growth concerns	31/12/2015	11/02/2016	-11.5%	-6.1%	5.4%
7. Volatility spike / inflation concerns	26/01/2018	08/02/2018	-9.0%	-7.1%	2.0%
8. Tech sell off / US-China trade issues	03/10/2018	25/12/2018	-17.5%	-12.0%	5.5%
9. Coronavirus	19/02/2020	23/03/2020	-34.0%	-32.5%	1.4%
10. Inflation concerns / Ukraine war	04/01/2022	12/10/2022	-26.1%	-20.8%	5.3%
11. 'Higher for Longer' Interest Rates	31/07/2023	27/10/2023	-10.5%	-9.0%	1.5%
12. Growth Scare / Yen Carry Trade Unwind	16/07/2024	05/08/2024	-8.2%	-1.6%	6.6%
13. Trump Tariff Uncertainty	18/02/2025	08/04/2025	-16.6%	-9.5%	7.0%

Source: Bloomberg; as of 31<sup>st</sup> December 2025

In April 2025, Trump announced sweeping tariffs across a range of US trading partners, including a 10% baseline tariff on all imports (with some minor exceptions) as well as additional 'retaliatory tariffs' on a range of trading partners. This led to a sharp market sell-off on the day, but the event itself was preceded by tariff-related uncertainty that dominated headlines over much of Q1. The peak-to-trough drawdown from 18th of February to 8th of April saw the MSCI World fall -16.6% in USD. Over this period, we were encouraged that the Fund, once again, fared better than the index, outperforming by +7.0%. By seeking companies with persistently high profitability, strong balance sheets, robust competitive advantages, and attractive valuations, the strategy held up better than the growthier and more cyclical parts of the market.

## DIVIDEND ACTIONS

In 2025, out of our 35 holdings:

- 34 companies **grew** their dividend.
- 1 company kept their dividend **flat**
- 0 companies **cut** their dividend
- 0 companies **cancelled** their dividend

In the Fund, the average dividend growth across all 35 companies was 6.8%, and 7.0% for the 34 companies that grew their dividend.

The Fund's dividend yield at the end of the quarter was 2.0% (net of withholding tax) vs the MSCI World Index's 1.6% (gross of withholding tax).

A moderate dividend yield is characteristic of the Fund because our focus is not on simply finding the highest-yielding companies but, instead, on finding high-quality, cash-generative businesses which can consistently grow their dividend stream year-on-year.

Explicitly screening for persistently profitable companies also means that many industries – regulated sectors such as Utilities, Telecommunications & Banks, and commodity-led sectors such as Energy & Materials – tend not to appear in our investible universe. These excluded industries often contain companies that exhibit the highest dividend yields, though we

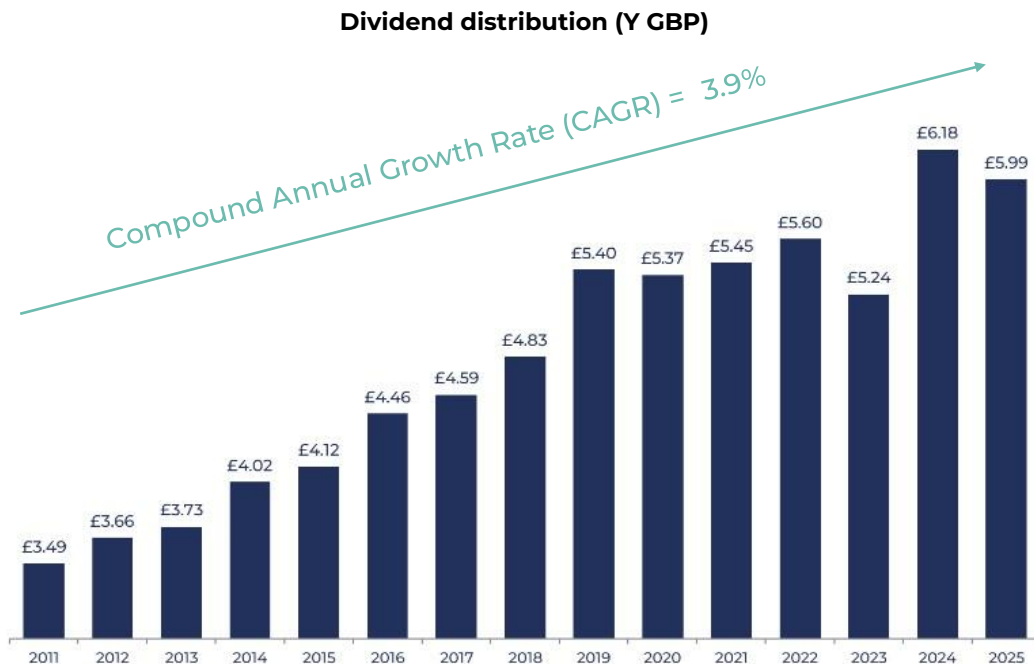
believe these same companies have a greater risk of dividend cuts (as we saw in 2020) and are less likely to grow their dividend over time.

In 2025 the dividend distributed by the Fund declined 3.1% vs 2024, and the compound annual growth rate (CAGR) since launch is now 3.9%. The reasons for the absolute decline in distribution are:

- 1) A weaker dollar, which has fallen roughly 9% over 2025 against a basket of global currencies. This has meant the income paid out in GBP declined since dividends paid by the Fund's US holdings were worth comparably less when converted into GBP.
- 2) The CME special dividend, which was expected to be paid in December 2025 but will now be paid in Q1 2026. CME explained that in future the declaration and payment of the annual special dividend will be aligned with the first quarter regular dividend paid in March. Therefore, this income will not be captured by the Fund's 2025 dividend and instead will roll forward into the 2026 distribution. While the amount of the CME special dividend is yet to be announced, if we assume the same figure as paid last year (\$5.80 per share), this would have boosted the Fund's 2025 income distribution by around 2.5%, giving a total distribution more in line with 2024.

We try to strike a balance between capital growth and income across the portfolio. In recent years, many of the high-yielding opportunities have been linked to companies that are cyclical, economically sensitive, in distress of some kind, or a combination of these. We have therefore erred on the side of caution and preferred to invest 'up in quality' over this period, which in some cases has meant capturing a lower (albeit in many cases fast-growing) dividend alongside. One such example is TSMC, which, although it only yields 1.2% in the absolute, has shown very strong dividend growth, increasing its 2025 dividend by 26.7% year-on-year, highlighting the strength of the underlying business. Moreover, some of the lower-yielding stocks in the portfolio, such as Broadcom, Microsoft, and Eaton, all have strong exposure to attractive areas of the market (AI chips, cloud computing, data centres) and have seen very strong capital appreciation over the past few years, but that has resulted in a lower overall dividend yield.

Nonetheless, it is worth noting that, as of year-end, the Fund is trading at a healthy 25% dividend yield premium to the MSCI World (2.0% net for the Fund vs 1.6% gross for the index). The index yield has declined modestly year-on-year (down from 1.7% at the end of 2024) primarily because large-cap technology stocks have continued to outperform, therefore making up an even greater percentage of the index. Whilst some of these technology stocks do pay a dividend (as Apple, Microsoft and Nvidia do), the yield is very low (in the case of Nvidia <0.05%).



Y GBP dividend distribution. Source: Guinness Global Investors as of 31<sup>st</sup> December



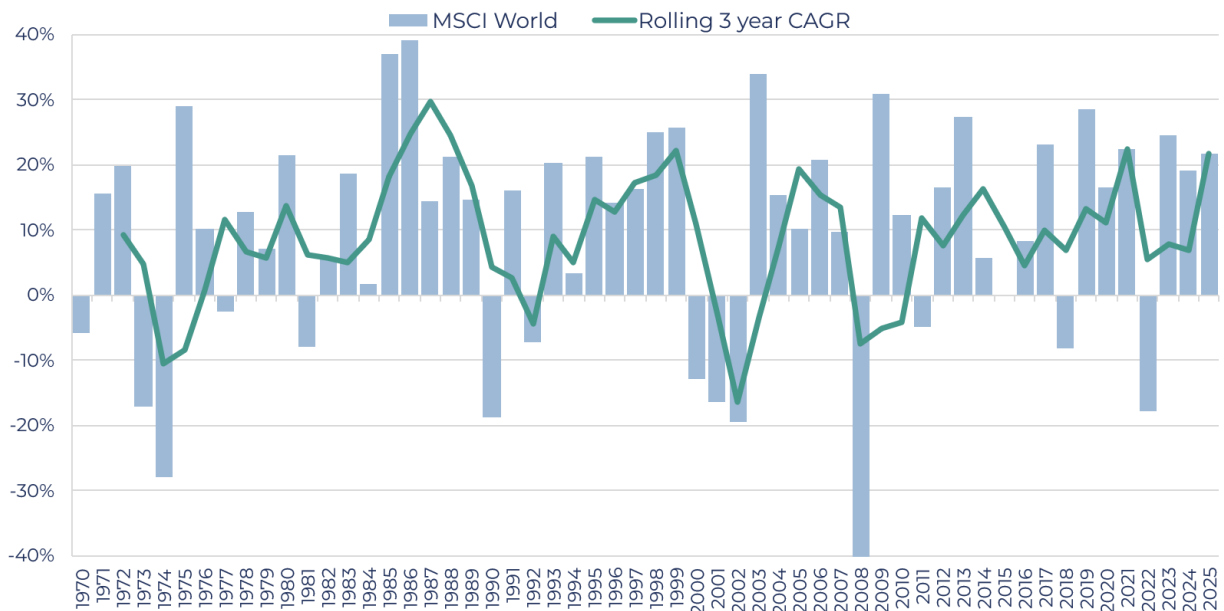
## 2025 IN THEMES

## 1. Equities are strong, but US underperformance was clear

Despite all the uncertainty, volatility, and disruption that 2025 brought, it was a very strong year for global equity markets. After a -16.6% (USD) peak-to-trough drop in the MSCI World ending early April, the index then rallied an impressive +39.3% over the following eight months, with risk-on sentiment driving an 'everything rally'.

Equities were not only the best-performing asset class in 2025, but they have now had a remarkably strong three-year run (with their three-year rolling CAGR above 20%, joining 2021, 1999, and the 1986-1988 period as the only other times in the last 50 years this has been achieved).

## Global Equity Performance (USD) vs 3 Year Rolling CAGR



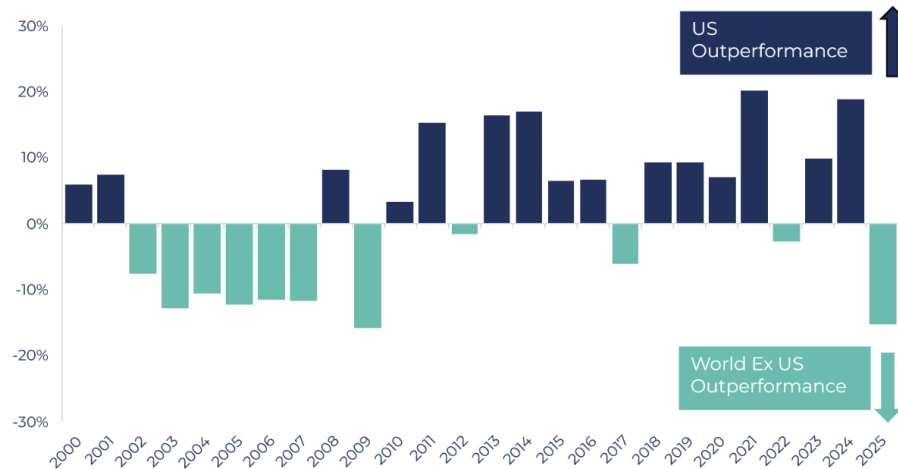
Source: Bloomberg, Guinness Global Investors as of 31<sup>st</sup> December 2025

It is also worth noting that a broad range of asset classes saw strong performance, with Global Investment Grade Credit gaining +10.3% (USD) and the Bloomberg Commodity Index rising +15.8%. Precious metals had an even better year, with gold gaining 64% thanks to strong central bank and consumer demand, whilst a stellar year for silver saw gains of over 147%.

The US underperformed almost all other major market indices in 2025, something of a rarity in recent years. For all the talk of US exceptionalism, this was the worst year of relative performance for US equities compared to the rest of the world (MSCI ACWI ex US) since 2009. The reasons for underperformance can be debated: narrow US market breadth, domestic policy chaos, fiscal stimulus across the EU and Japan, improving governance in some parts of EM, or just simple mean reversion in valuations. In any case, the shift towards equities beyond the US was clear.

## Relative Difference in Stock Market Returns

S&P vs MSCI ACWI Ex-US Performance in USD

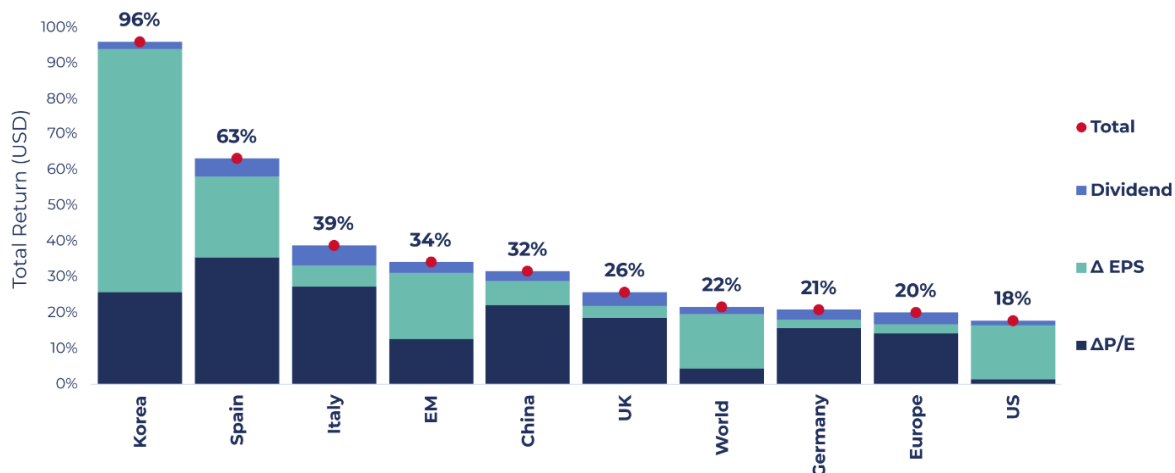


Source: Bloomberg, Guinness Global Investors, as of 31<sup>st</sup> December 2025

Conversely, Europe had a stand-out year, ending 2025 +36.3% in USD, 14.7% ahead of the MSCI World. Even if political and fiscal uncertainties still weigh heavily on the continent, a combination of low valuations (with a 40% PE discount to US), fiscal stimulus announcements (Germany, Italy), monetary easing (with four interest rate cuts by the European Central Bank in 2025), and resilient GDP growth all contributed to a very strong year for European equities. This was, of course, aided by the dollar's weakest year since 2017, falling 9% against a basket of global currencies, as concerns rise about the strength of the dollar's role in the global financial system. Even when normalising for USD weakness, there were still some notable performances in local currencies; Italian equities gained +38% and the Spanish market +55%, only surpassed by Korean equities, which gained +79%.

## MSCI Index Total Return Breakdown 2025

(in local currency)

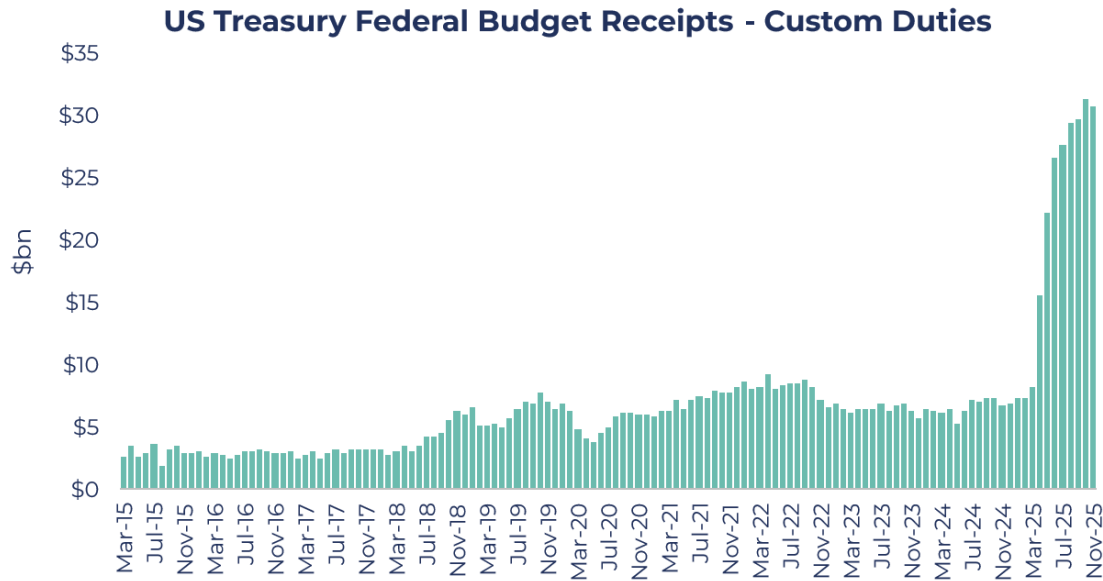


Source: Bloomberg, Guinness Global Investors as of 31<sup>st</sup> December 2025



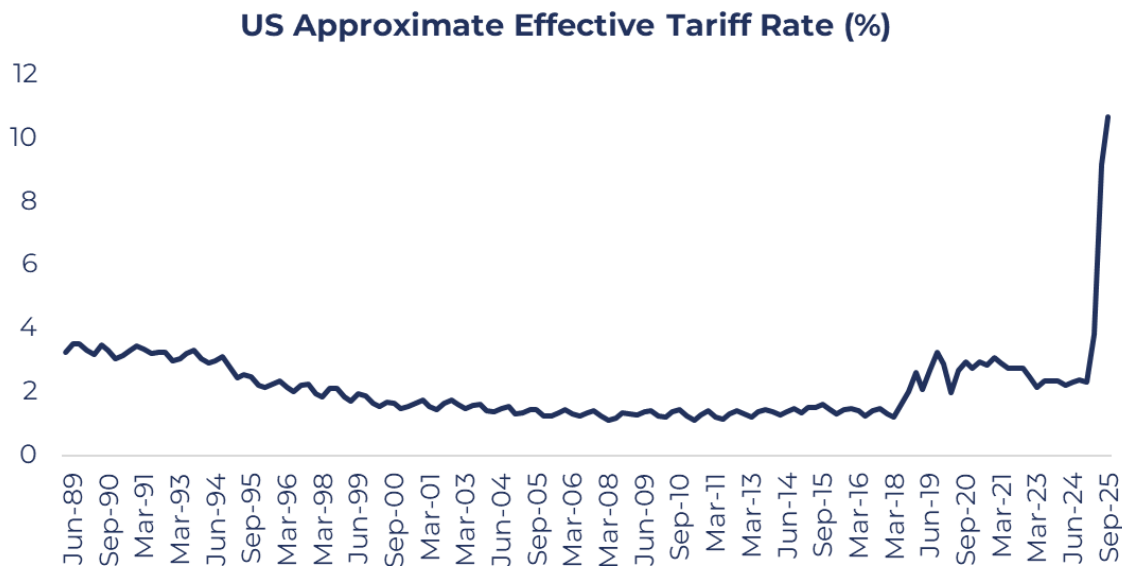
## 2. The Year of Tariffs

Investors, CEOs, and policymakers are likely growing weary of tariff news, as few things dominated headlines more in 2025. There is no doubt that the substantial increase in US tariffs placed on global trading partners has widespread impacts on trade relations, company earnings, and GDP prints, causing pronounced market volatility in the process. However, a case can be made that, so far, tariffs have had far less of an impact than many economists predicted. Yes, trade, earnings, and inflation have all been affected, but only moderately, as shown by the markets' ability to look past these levies and push to new all-time highs. Tariffs turned out to be a tax, paid mostly by US importers and wholesalers, that the global system seems able to bear, at least for the time being. And don't forget, they have raised immense revenues for the US government, with the current data showing tariff takings will surpass a cumulative \$250bn in 2025 (see chart below).



Source: Bloomberg, US Treasury, as of 31<sup>st</sup> December 2025

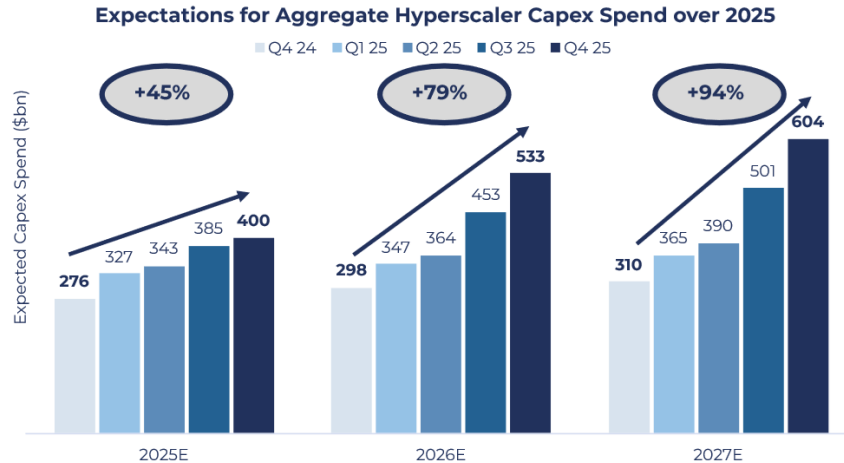
Tariffs have proven less damaging than feared in the short term, perhaps because whenever they have threatened a material negative impact on one part of the economy, the US administration has been quick to walk them back to something more reasonable, hence the coining of the 'TACO trade'. Nonetheless, the chart below shows the US International Trade Commission's average tariff rate for 2025. While the official data has only been released up to September 2025, unofficial estimates put the year-end figure closer to 14%, a substantial increase from the 2.4% recorded just one year previously, and returning to levels not seen since 1939.



Source: Bloomberg, United States International Trade Commission as of 31<sup>st</sup> December 2025

### 3. The year of AI

2025 was marked by what can be described as an all-out AI arms race. Big tech firms continue to spend hundreds of billions on AI chips, infrastructure, and talent, vying to get ahead in the race for what may well be this decade's most influential technology. Whatever the debates over timelines, AGI feasibility, investment implications, and ROI dynamics, it is clear that the AI arms race shows no signs of slowing down for now, as shown by the continual upgrade in expected capital expenditure, shown by the chart below.

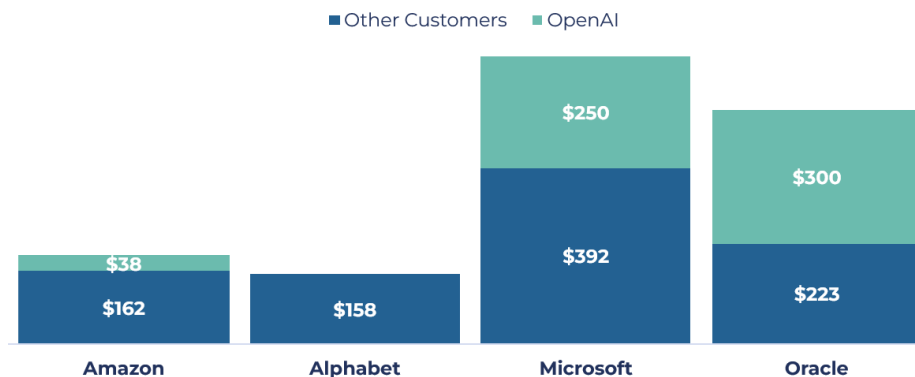


Source: Bloomberg, Guinness Global Investors as of 31<sup>st</sup> December 2025

We have written about this extensively in other commentaries (especially in [February](#) and [November](#)), but it would be remiss not to mention the overwhelming impact the AI race has had on equities over 2025 as a whole. Some areas of the market have flourished (semiconductors, energy infrastructure, industrials) whilst others have been deemed structural losers at risk of fundamental disruption (software, legacy media, professional services). And heading into 2026, a range of new technological developments continue to surge forward, including memory chip advances, optical interconnects, architecture changes at both the chip and data centre levels, as well as the surge in alternative energy sources as data centres start moving off-grid. Progress is advancing rapidly, and tech CEOs remain fully committed to the investment cycle.

The flipside is that investors are heading into 2026 increasingly concerned about what this means for the stock market and broader economy. Deutsche Bank estimates that the US would be “close to recession this year if it weren’t for tech-related spending” with AI spending estimated to have driven the majority of US GDP growth of H1 2025. And whilst OpenAI is but one of a handful of leading AI labs, it has made an unparalleled \$1.4tn trillion in spending commitments across the infrastructure stack (chips, servers, networking, power) which has found its way into the backlog of many AI bellwethers. As a result, the fate of OpenAI increasingly means the fate of the US AI technology ecosystem. More concentration risk ahead?

### Remaining Performance Obligations (\$bn)

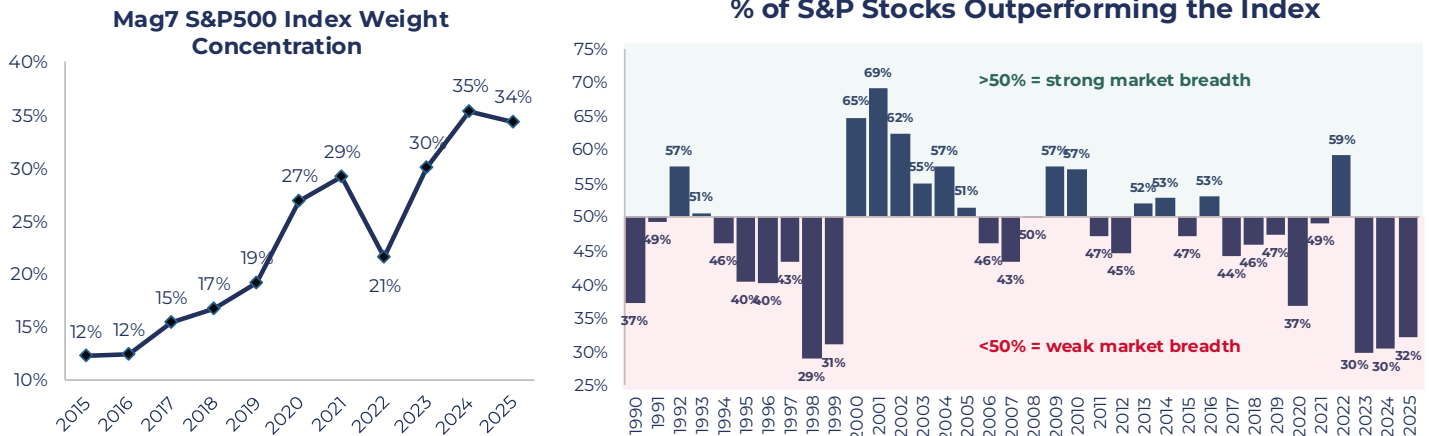


Source: Company Data, Guinness Global Investors as of 30<sup>th</sup> September 2025

\*Note: Although not included in Microsoft's RPO as of 30<sup>th</sup> September 2025, we have included the recently announced \$250bn Azure services commitment from OpenAI in October.

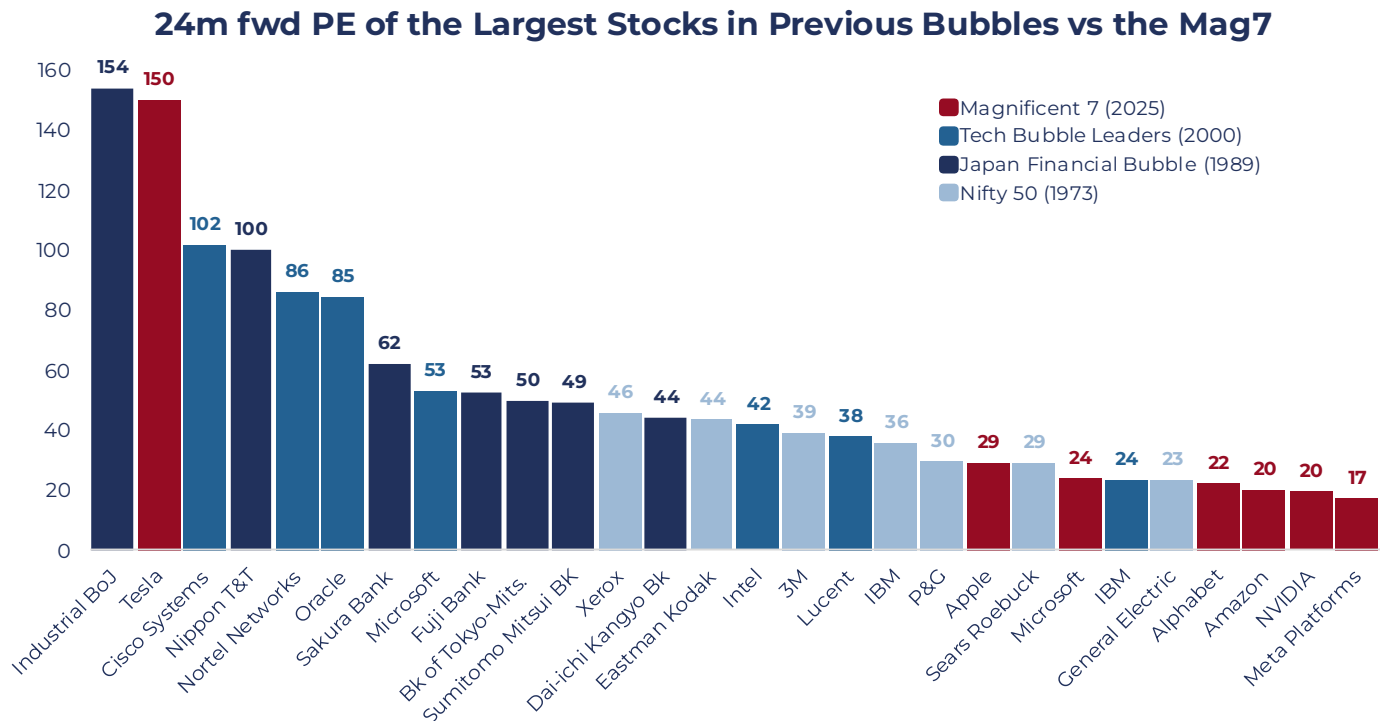
#### 4. Market concentration & bubble fears

Market breadth is still a concern for major world indices, not least in the US. Whilst the market cap share of the seven largest stocks is down slightly from its all-time highs, these names still account for one third of the index compared to just 14% ten years ago (below left). Some may point to the Russell 2000 hitting record highs as a sign of a broadening out as smaller-cap names rise, but 2025 still showed little breadth in large-cap indices. In the S&P500, only 32% of stocks outperformed, following figures of 30% in both 2023 and 2024. You have to go back to 1999 to find a market as narrow as this one, as shown by the chart below right.



Source: Ritholtz & Bloomberg (left), The Motley Fool & Guinness Global Investors (right), as of 31<sup>st</sup> December 2025

So, are we in a bubble? This was one of the most asked questions over 2025, and one which we have also tried to address in a previous commentary [here](#). If we had to summarise, equity multiples are certainly elevated, and optimism is running high, but we are still at far lower absolute valuation levels than in previous bubble environments, as shown in the chart below.



Source: Goldman Sachs, Bloomberg, Guinness Global Investors as of 31<sup>st</sup> December 2025

## 5. Resilient corporate earnings at record highs

On a positive note, corporates earnings remain strong. Clearly markets and multiples have rallied sharply over this extended bull market, but it is encouraging to see earnings growth alongside. Whilst the MSCI ACWI's price-earnings ratio has gone from 18.1x at the start of the year to 19.0x at the end of 2025 (a multiple in the 90th percentile of the 10Y range), corporate earnings are also at all-time highs. Even as the big tech names have continued to dominate and contribute a larger share of index-level earnings, it is nonetheless encouraging to see the aggregate index earnings-per-share (EPS) continuing to compound, meaning that 'Corporate World' remains in good health (as shown by the chart below).



Source: Morgan Stanley as of 31<sup>st</sup> December 2025

## 6. USD Weakness

The return of Donald Trump to the White House triggered a sharp decline in the dollar. In the first half of 2025, the dollar fell 10.7% against a basket of currencies from major US trading partners. Although it regained some ground in the final quarter, it remained well below its pre-election level and finished the year down c.9%, as shown by the chart below. Some depreciation may have been anticipated, particularly as the Federal Reserve cut interest rates three times in the second half of the year, but the president's foreign and trade policies also weighed heavily. His aggressive tariff stance has eroded confidence in the dollar's role in the global financial system. In response, central banks around the world reduced their US Treasury holdings and increased gold reserves, moving to diversify away from the dollar amid rising geopolitical risks and concerns over potential sanctions.

## Guinness Global Equity Income

### US Dollar Index

The value of the dollar has fallen vs major global currencies over 2025

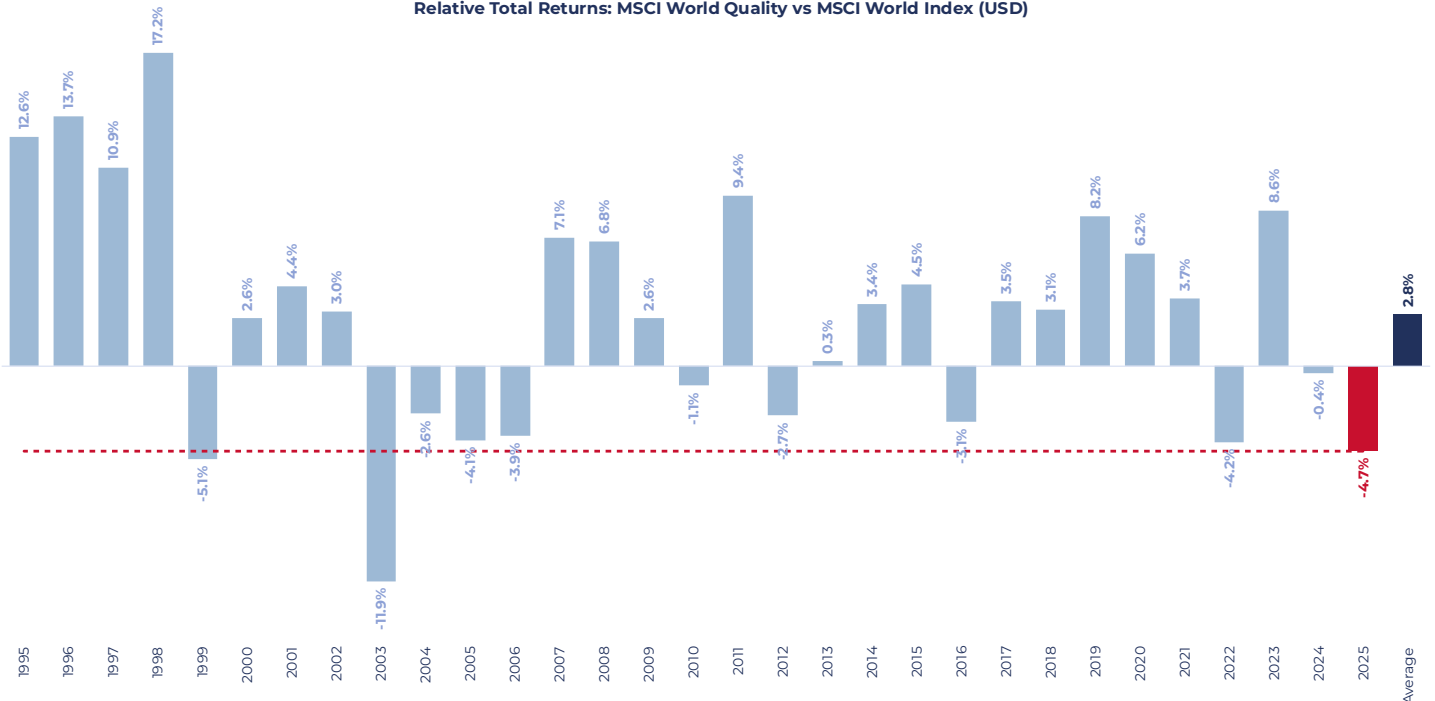


Source: Bloomberg, Guinness Global Investors as of 31<sup>st</sup> December 2025

## 7. Quality underperformed

Another pocket of weakness in 2025 was quality (as a factor), which materially underperformed the broader benchmark. The MSCI World Quality Index suffered its worst year since 2003, posting a relative return of -4.7%, lagging the MSCI World. This is a marked divergence from the historical trend since 1995; in the average year, quality stocks (as MSCI defines them) have outperformed the wider index by 2.8 percentage points.

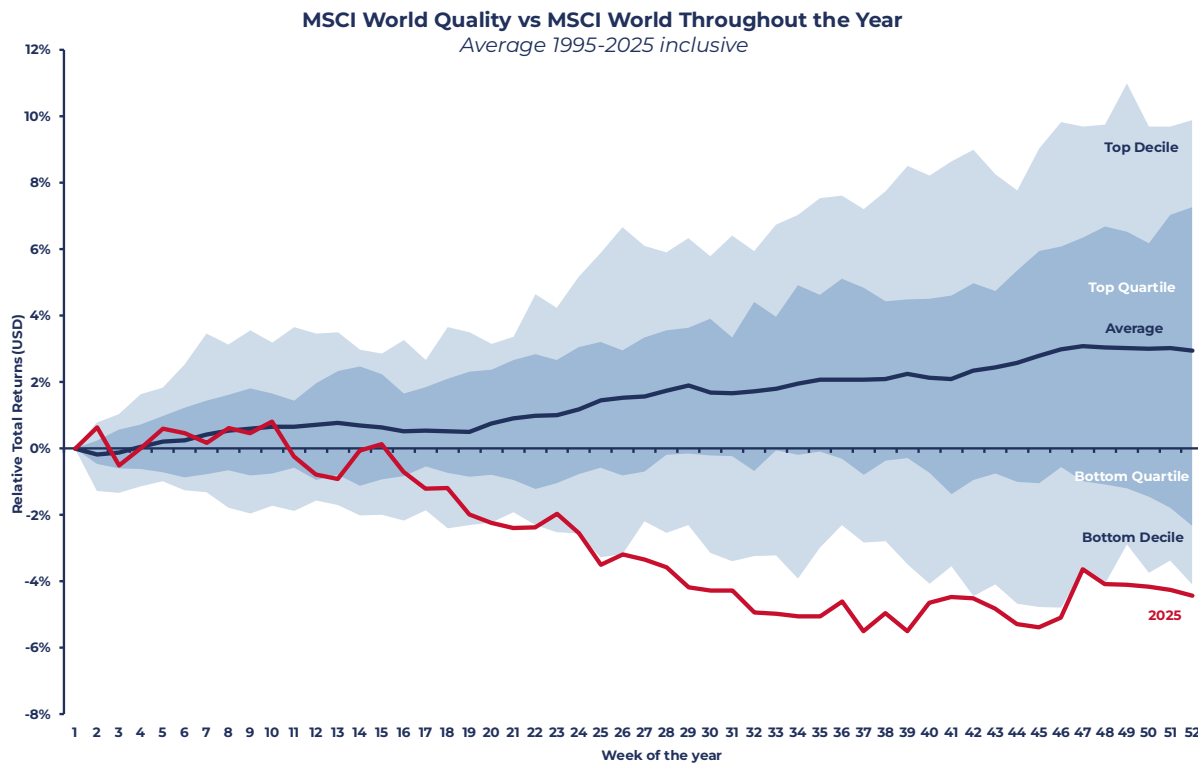
Relative Total Returns: MSCI World Quality vs MSCI World Index (USD)



Source: Bloomberg, Guinness Global Investors, as of 31<sup>st</sup> December 2025

The underperformance of quality is common during risk-on periods, when more speculative and cyclical areas of the market tend to outperform. This was the case following the 'Liberation Day' sell-off in April, after which higher-volatility stocks saw significant outperformance relative to their lower-risk and higher-quality counterparts. In the chart below, we can see relative returns for the MSCI World Quality Index declining over the course of the year, placing 2025 in the bottom decile of performance since 1995.

## Guinness Global Equity Income



Source: Bloomberg, Guinness Global Investors, as of 31st December 2025

Despite its weakness in 2025, the long-term track record of quality has been very strong. This factor has been a reliable provider of excess long-term returns, as evidenced by it historically outperforming the benchmark on average. Quality has been in favour over much of the past three decades, with the index generating far stronger returns than its MSCI World comparator.



## Guinness Global Equity Income

Source: Bloomberg, Guinness Global Investors, as of 31st December 2025

Quality also has defensive characteristics that make it attractive. This factor tends to show more resilience during bear markets; since 1995, the MSCI Quality Index has outperformed MSCI World by an average of 3.5 percentage points in drawdowns that exceeded 10%. In the table below, we can see that Quality has outperformed the benchmark in 10 of the 12 drawdowns, which shows that Quality can help provide downside protection in falling equity markets.

Reason for sell off	Start date	End date	MSCI World Index	MSCI World Quality	Outperformance
1. Russian default and LTCM Crisis	17/07/1998	02/10/1998	-18.7%	-13.6%	5.1%
2. Dot-com crash	24/03/2000	04/10/2002	-47.5%	-41.4%	6.1%
3. Uncertainty leading up to Iraq War	29/11/2002	07/03/2003	-11.0%	-10.0%	1.0%
4. Global Financial Crisis	12/10/2007	06/03/2009	-56.7%	-46.9%	9.8%
5. Start of Eurozone sovereign debt crisis	23/04/2010	02/07/2010	-14.8%	-13.0%	1.7%
6. US sovereign credit rating downgrade	29/04/2011	23/09/2011	-20.2%	-12.3%	7.8%
7. China growth concerns	15/05/2015	12/02/2016	-16.4%	-9.6%	6.8%
8. Volatility spike / US -China trade issues	26/01/2018	21/12/2018	-16.4%	-14.1%	2.4%
9. Coronavirus	14/02/2020	20/03/2020	-31.9%	-28.1%	3.9%
10. Inflation concerns / Ukraine War	05/11/2021	14/10/2022	-25.0%	-28.9%	-3.9%
11. 'Higher for Longer' Interest Rates	28/07/2023	27/10/2023	-10.2%	-8.8%	1.4%
12. Trump tariff uncertainty	14/02/2025	04/04/2025	-14.4%	-14.6%	-0.2%

Source: Bloomberg, Guinness Global Investors as of 31<sup>st</sup> December 2025 (all data gross total return in USD)

One feature of quality businesses as we define them is the ability to sustainably deploy capital into projects with attractive expected returns without compromising their long-term financial health. This disciplined reinvestment strategy creates a compounding flywheel effect, enabling such companies to build – and, crucially, maintain – competitive advantages over time. This allows these businesses to consistently generate persistent growth and create value through a market cycle.

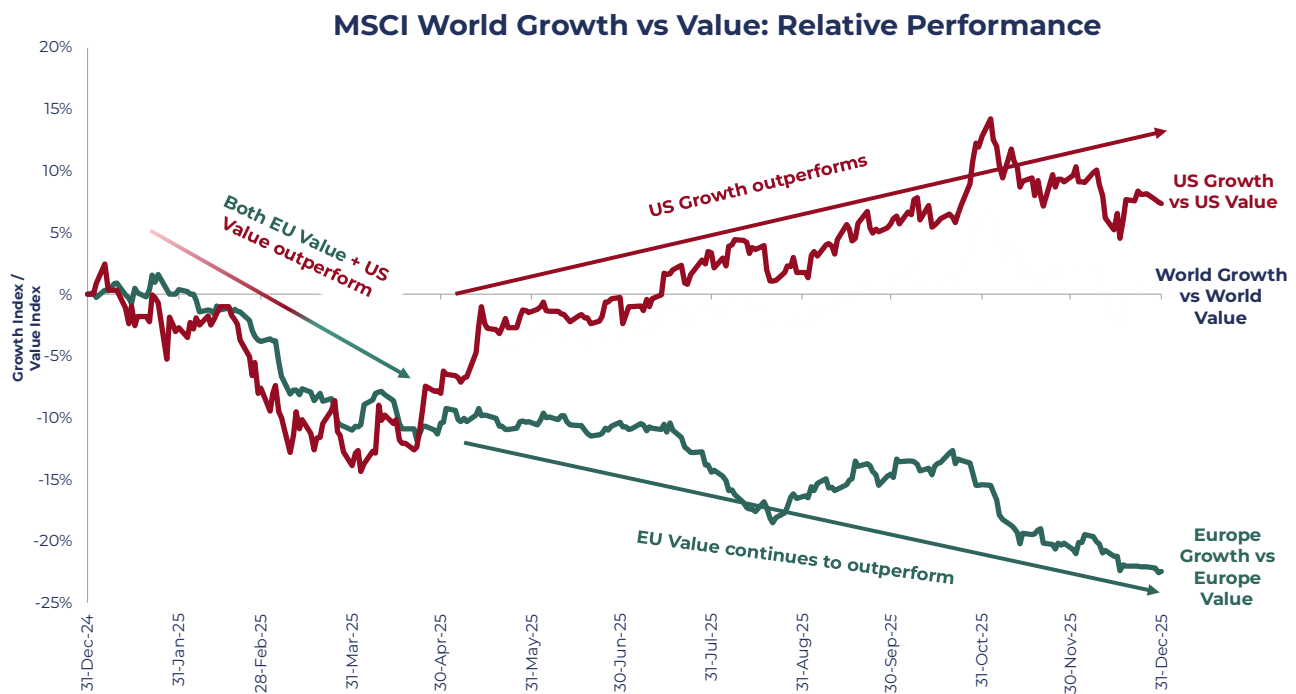
The Fund applies a strict quality approach – focusing on high returns on capital, strong balance sheets, and sustainable competitive advantages – and applying a valuation framework to stock selection helps protect against the risks of chasing fads or overpaying for future growth. This is bolstered by using equal-weight approach to position sizing in the portfolio, which encourages investing with conviction while limiting stock-specific risk.



## 2025 IN REVIEW

It has been another extraordinary year for equities. The MSCI World delivered a third consecutive year of double-digit gains (+21.6% in 2025, +19.1% in 2024, +24.5% in 2023, in USD terms), but the shifting landscape of market leadership is what has made 2025 contrast starkly with previous years. It has been the weakest year for quality as a factor since 2003 (when comparing returns of the MSCI World Quality Index with those of the MSCI World – theme 6, above), and we saw by far the most significant period of US underperformance since 2009 (theme 1, above) – US underperformance itself only occurring in four of the past 16 years. And despite such significant market volatility, growth and value ended the year exactly in line.

However, under the surface, there was a significant bifurcation regionally (see chart below) – where the US saw significant ‘growth’ outperformance, and Europe saw significant ‘value’ outperformance, with these trends offsetting each other at the global level. Since the market bottom on 9<sup>th</sup> April to year-end, the core contributors (not necessarily top performers, but a combination of performance and benchmark weight) to European benchmark performance were banks, pharma, aerospace & defence, semiconductors and oil & gas. Of these five, we would classify four of them as ‘value’ orientated industries. In the US, however, benchmark performance was driven predominantly by semiconductors, media & services, tech hardware, software services and banks – four out of five of which we would classify as ‘growth’ industries.

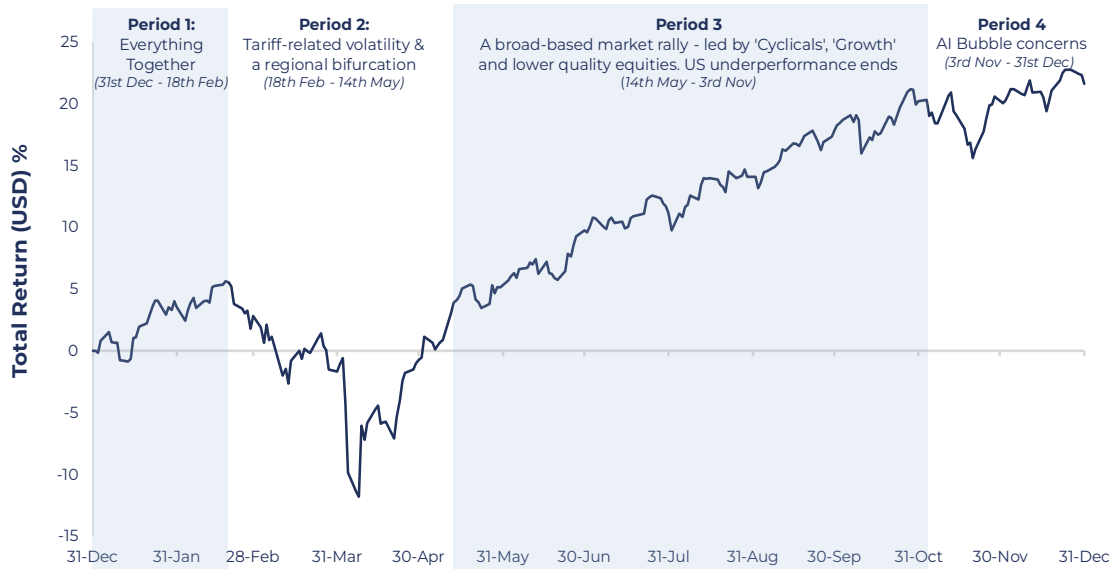


Source: MSCI, data as of 31st December 2025

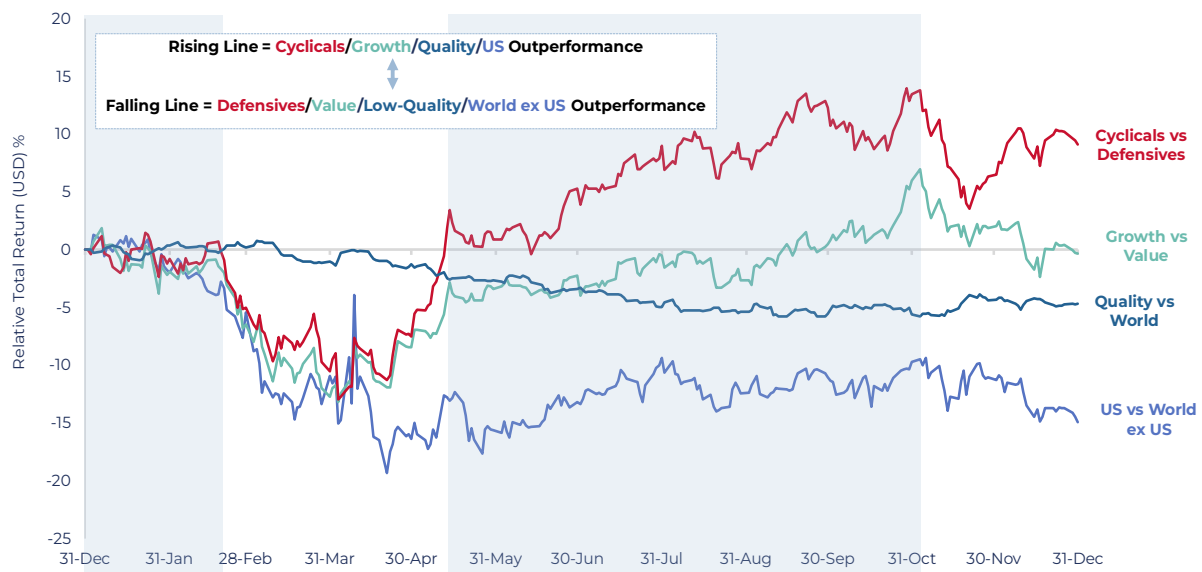
Ultimately, in 2025, we saw cyclicals outperform defensives, the US underperform the rest of the world, growth and value perform in line, and quality stocks underperform lower-quality, speculative stocks. Yet, over 2025, these ‘market leadership’ positions shifted on a number of occasions. In the two charts below, we have identified four periods, defined not only by ultimate global equity performance (MSCI World) during that period, but by turning points in market leadership, as defined by factors (quality, growth, value, cyclicals, defensives) and regions (US vs the rest of world).

## MSCI World Indices - Total Return

31st December 2024 - 31st December 2025



## MSCI World Indices - Relative Performance



Source: MSCI, data as of 31st December 2025

Here, we discuss each of these periods in detail, the macro drivers that caused the shift in market leadership, and the impact on Fund performance.

### Period 1 – Everything Together (31<sup>st</sup> Dec – 18<sup>th</sup> Feb)

US stocks outperformed in the immediate days following Trump's inauguration but after a blitz of executive orders, markets showed a preference for the value on offer in Europe, given the lack of immediate US tariffs, the prospect of Ukraine peace talks, and improving economic growth expectations.

Fund performance: The Fund slightly underperformed over the period as an underweight to bottom-performing sectors (IT & Consumer Discretionary) was offset by a negative stock selection effect (Diageo, Eaton and Blackrock).

### **Period 2 – Tariff-related volatility and a regional bifurcation (Feb 18<sup>th</sup> – May 14<sup>th</sup>)**

The MSCI World fell 17% between the market peak (February 18<sup>th</sup>) and trough (April 18<sup>th</sup>), with a significant bifurcation between US & non-US stocks. Weak US economic data and growing US trade policy uncertainty saw investors flock to more defensive areas of the market as cyclicals sold off. Trump's 'Liberation Day' tariffs, far more aggressive than previously expected, caused a sharp 11% drop in the MSCI World over the following week. Non-US stocks had held up well until this point but were not immune to the sell-off that followed Liberation Day. However, the MSCI World rallied hard in the weeks afterwards following a de-escalation in the trade-war as Trump announced a 90-day pause on reciprocal tariffs. As seen in the bottom of the two charts above, defensives had initially outperformed cyclicals and value initially outperformed growth, but both of these trends unwound in the market rally. Both quality and the US lagged throughout.

The Fund held up far better than the benchmark during the market sell-off, but did not participate to the same extent in the subsequent rebound. The Fund's overweight to Consumer Staples and Industrials and underweight to Communication Services and Consumer Discretionary drove a strong, positive allocation effect in the drawdown – as did the Fund's exposure to financial exchanges such as Deutsche Boerse. In the sell-off from February 18<sup>th</sup> to April 18<sup>th</sup>, the Fund outperformed by 7.0%. But as Trump reversed course on the 9<sup>th</sup> April, market leadership did too, and the tailwinds that benefited the Fund during the early stages of the period fully reversed and acted as headwinds in the rebound. The Fund did, however, outperform during the period as a whole.

### **Period 3 – A broad-based market rally, led by 'cyclicals', 'growth' and low-quality equities (May 14<sup>th</sup> – Nov 3<sup>rd</sup>)**

Despite a number of macro events that had the potential to derail positive equity momentum (US government shutdown, sticky inflation and a weak jobs market), equities continued to rally strongly. Euphoria around artificial intelligence was central to the rally, supported by rate cuts from the Federal Reserve, diminishing trade tensions, and corporate fundamentals pointing to a resilient business environment. Consequently, cyclicals and more speculative areas of the market outperformed, whilst defensive stocks and quality underperformed. The US largely moved in line.

The Fund underperformed during the period, given an underweight to IT and Communication Services – both sectors which performed extremely well as a consequence of the AI trade. Risk-on sentiment meant the Fund's largest sector exposure, Consumer Staples, was the worst-performing sector over the period. A rotation towards more speculative stocks also meant quality underperformed. A negative stock selection effect impacted Fund performance, particularly within Financials, where banks in particular performed well – an industry in which we have zero exposure.

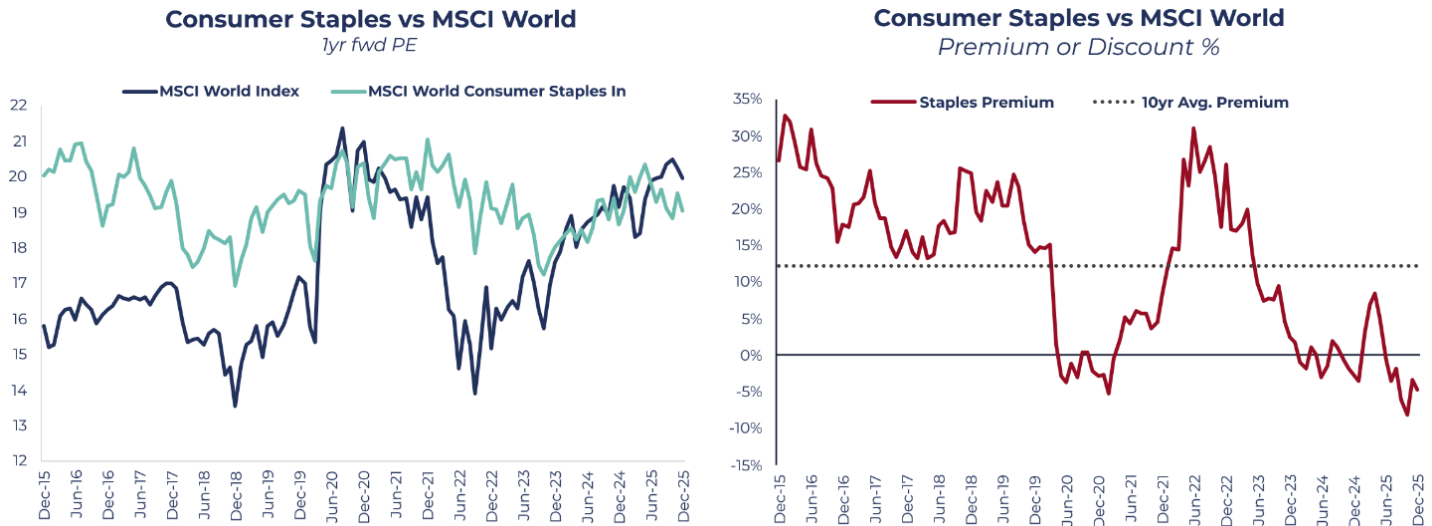
### **Period 4 – AI bubble concerns (Nov 3<sup>rd</sup> – Dec 31<sup>st</sup>)**

A period of market volatility and shifting market leadership emerged in the final period of 2025. With AI-related capex guidance from hyperscalers (e.g. Oracle, Meta and Google) continuing to climb and increasingly circular deals being made among key players such as OpenAI, Nvidia, Oracle and AMD, markets grew wary of an emerging AI bubble. As seen in the charts above, investors favoured value over growth and there was a moderate rotation back towards both quality and defensives. The underperformance of the US re-emerged.

The Fund outperformed during this period, driven by an overweight to more defensive sectors Consumer Staples and Healthcare, and by an underweight to more growth-orientated sectors such as Information Technology and Consumer Discretionary. While the Fund benefited from strong stock selection within Tech (Texas Instruments, Cisco and TSMC) and Health Care (Roche), this was offset by weakness in Consumer Staples (Diageo) and Industrials (Eaton).

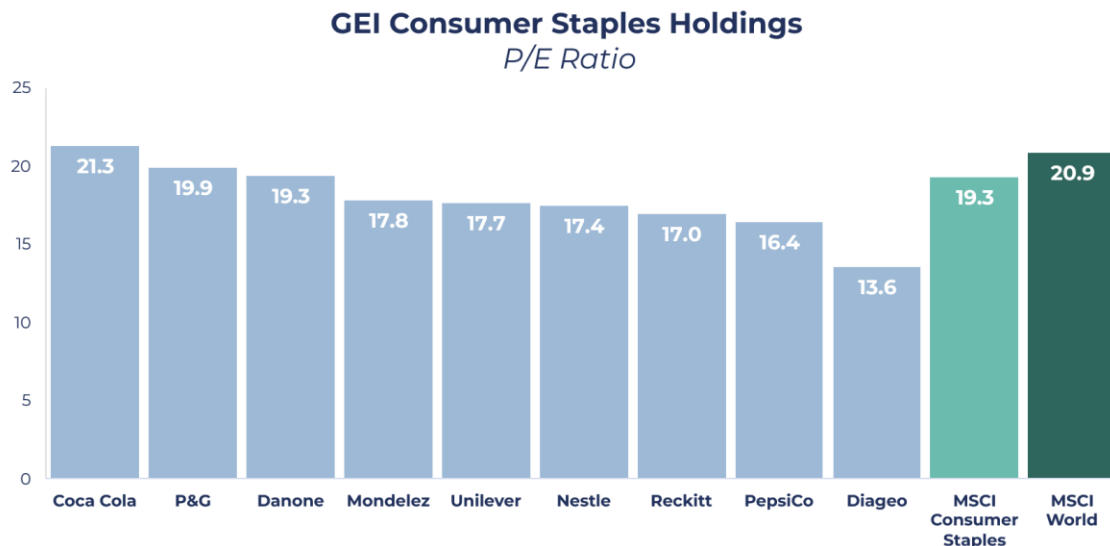
## THE CASE FOR CONSUMER STAPLES

As we enter 2026, Consumer Staples remains the Fund's largest overweight (24.9% of the portfolio vs 5.3% in the benchmark). It was a tougher year in 2025 for the Staples sector as investors favoured growthier parts of the market, particularly those tied to AI and the data centre build-out. Despite the sharp April sell-off, in which the Consumer Staples index outperformed substantially, investor sentiment quickly returned to 'risk-on' for the remainder of the year. Nonetheless, we remain optimistic on the outlook for our Consumer Staples names given their superior quality characteristics and attractive valuations. During the last 10 years, the sector has traded at a 10% average premium to the MSCI World, but it currently trades at a 5% discount. As a result, we believe the sector is attractively valued, particularly given its strong quality and high earnings growth potential, which may well help close the relative valuation gap.



Source: MSCI, Guinness Global Investors as of 31<sup>st</sup> December 2025

From a valuation perspective, six of the Fund's nine Consumer Staples holdings trade below the MSCI Consumer Staples P/E of 19.3x, suggesting more attractive valuations across much of the portfolio.



Source: Bloomberg, Guinness Global Investors as of 31<sup>st</sup> December 2025

And the management commentary from the Fund's Staples names remains constructive:



*"We will protect the investment behind our brands, and we consider gross margin expansion the backbone of our financial plan to provide us with the fuel to allow us for that competitive investment." - Fernando Fernandez, Unilever CEO*



*"Driving RIG (Real Internal Growth) is our number one priority. We have been stepping up investment to achieve this, and the results are starting to come through." - Philipp Navratil, Nestlé CEO*



*"For the 18<sup>th</sup> consecutive quarter, we gained overall value share... By offering consumers choice across our total beverage portfolio and by leveraging our systems capabilities, we continue to build momentum to develop our industry and expand our lead over the long term." - James Robert B. Quincey, Coca-Cola Chairman & CEO*



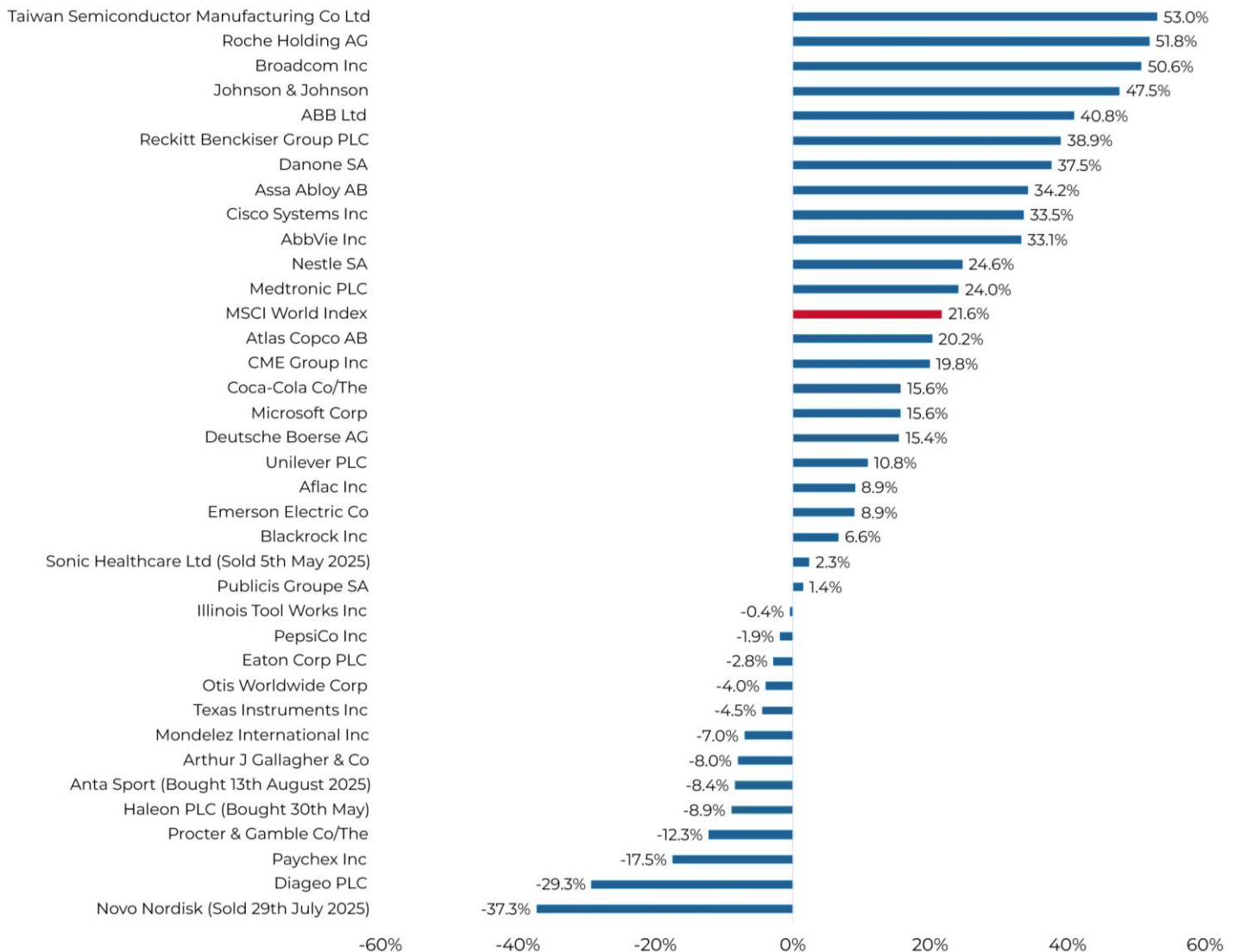
*"I'm pleased with the progress that we've made, standing up core Reckitt, agreeing a sale of Essential Home, executing our Fuel for Growth program and delivering operating margin and earnings growth. Getting to this point reflects the big effort that our teams have put in over the last 12 months, and we are only just getting started." – Kristoffer Loe Licht, Reckitt CEO*

## INDIVIDUAL STOCK PERFORMANCE

*Past performance does not predict future returns.*

When we look at how individual companies within the portfolio performed in 2025, we see that out of the top ten, we have three Health Care, three IT, two Consumer Staples and two Industrials stocks. This highlights the benefit of our moderate dividend yield and sector-agnostic approach, which can identify opportunities outside of the traditional high-yield or 'defensive' areas typically associated with income strategies.

### Individual Stock performance over the year



*Holding period total return during 2025 in USD. As of 31st December 2025. Source: Bloomberg*

## Top and bottom performers



**Taiwan Semiconductor Manufacturing Company (TSMC)** was the Fund's best performing stock over 2025, gaining +53.0% (USD). This follows a very strong year in 2024 (+71.8%). During 2025, the world's largest semiconductor foundry reinforced its importance in the global semiconductor supply chain and benefited from extraordinarily strong leading-edge demand driven by AI which continues to exhibit solid momentum. As a result, throughout the year management increased its revenue growth guidance for 2025 from the mid-20s percentages at the beginning of the year to the mid-30s more recently. Looking further ahead, TSMC's management appears confident that AI will provide strong structural demand for its leading-edge nodes, and it now expects AI-related revenues to grow above a 40% CAGR from 2024 to 2029. However, the firm has more reasons beyond this to remain optimistic. During the year, TSMC made notable progress in its overseas fab build-out, especially at its Arizona site. Further, as chip scaling continues to shift from single-chip performance to system-level performance, TSMC's advanced packaging platform will become a more important asset for the company. In fact, despite recent capacity expansions, CoWoS (TSMC's advanced packaging technology) remains unable to meet demand, with its share of revenue mix approaching 10% of sales. Looking at 2026, we will be closely monitoring the performance of TSMC's new node, N2, which is expected to enter volume production in Q4 2025. For the first time in TSMC's history, a leading-edge node will see adoption from two of the company's technology platforms – namely smartphones and high-performance computing AI applications, which is likely to be translated into a faster ramp than its predecessor, N3.

**Novo Nordisk** had the weakest share price performance in the Fund over the period we held it in 2025. We discuss this performance and our reasoning for selling in the following section.

## DIAGEO

**Diageo** (-29.3%, USD) was the Fund's weakest performing stock held throughout 2025. The firm is facing several challenges including post-COVID normalisation in demand, weaker consumer confidence (particularly softer US spirits demand), and weakness in China's Baiju category. As a result, organic growth has slowed and management has withdrawn its medium-term 5-7% sales growth target. With leverage tracking above management's desired range, this is limiting financial flexibility and reducing the scope for dividend growth in the near term. Despite these concerns, we believe the long-term investment case remains solid: Diageo owns a leading portfolio of global premium spirits brands which benefits from structural premiumisation trends amongst consumers ('drink better, not more'). Further, Diageo owns several high-quality assets that could help alleviate some concerns via disposals. The appointment of Sir Dave Lewis as new CEO could also be a positive catalyst for change and self-help. His track record at Tesco – driving cost discipline, portfolio simplification and balance sheet repair – is well suited to Diageo's current phase. That said, we await specific details of his strategy for Diageo which will influence our view on the stock.

## PAYCHEX

**Paychex** (-17.5%, USD), the leading provider of human capital management solutions, also had a challenging year. Weaker US labour market and hiring activity has weighed on investor sentiment given Paychex's exposure to the small and medium businesses market, which is often more deeply affected during economic downturns. The firm is also navigating integration complexity following the acquisition of Paycor, adding execution risk on top of broader AI and software concerns around the potential for technology to disrupt incumbents. Despite these short-term challenges, early FY26 results showed stabilising performance, pointing to a rebound in organic growth. Importantly, Paychex's expanding AI ecosystem is promising; tools include new generative AI human resources software, improved issue-detection capabilities, and smarter workflow automation which will all help improve the quality of their offering, strengthen client retention, and create new revenue opportunities. Furthermore, despite near-term integration challenges, the Paycor acquisition enables a move upmarket and strengthens its position with bigger, more complex clients which we feel is a positive strategy. This helps close a historical gap for Paychex, reducing the risk of clients churning as they scale and require more sophisticated human capital management technology.



## CHANGES TO THE PORTFOLIO

In 2025, we sold two positions (Sonic Healthcare and Novo Nordisk) and replaced with two new positions (Haleon, Anta) leaving the portfolio with 35 positions at the end of the year.

### Annual changes to the portfolio

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Buys</b>	8	4	7	2	7	4	5	4	4	3	1	4	1	1	2
<b>Sales</b>	9	3	8	3	6	4	5	4	4	3	1	4	1	1	2
<b>Total holdings</b>	35	36	35	34	35	35	35	35	35	35	35	35	35	35	35

In the **second quarter**, we sold our position in Sonic Healthcare and replaced it with a new position in Haleon. Our sector allocation did not change as we replaced one Healthcare stock with another. We switched from holding a company listed in Australia to one based in the United Kingdom.



Sonic Healthcare, a provider of clinical laboratory testing, has been through a challenging period as it transitioned from pandemic-driven operations back to its core business activities. Following the COVID-19 boom, Sonic retained much of its workforce and diagnostics infrastructure, which increased its cost base and led to earnings falling below consensus expectations previously. Margin pressure was further compounded by Sonic's reinvestment of pandemic-era supernormal profits into strategic initiatives, the benefits of which are yet to materialise. Management sought to actively address these challenges through a cost-cutting programme aimed at restoring its margin profile. Although the latest set of results indicated that expenses as a percentage of sales were starting to move in the right direction as we had expected, this was not translating to share price performance, likely as a result of prolonged negative investor sentiment. We are also concerned by the declining quality of the business; in 2024, cash flow return on investment declined for the second year running, dropping further below our 10% threshold. We still view Sonic as a business with exposure to structural growth drivers such as population growth and aging demographics. However, we lost confidence in its ability to arrest the decline in margins and thus to reinstate the higher returns on capital we seek. Consequently, on seeing a better opportunity elsewhere we decided to exit the stock.

## HALEON

We replaced Sonic Healthcare with a position in Haleon, a UK-listed consumer health company consisting of strong brands such as Voltaren, Sensodyne, and Centrum. Haleon is the second-largest player in the market behind Kenvue, but it is the leader in the categories in which it competes. Haleon offers a range of products in oral health, over-the-counter medication, and vitamins and supplements. The business is geographically diversified, with around two-thirds of sales from developed markets. The remaining exposure to emerging markets is expected to support strong organic growth, with demand driven by the developing middle class and increasing consumer purchasing power in these countries. Haleon is also diversified across categories, with each one exposed to several compelling growth drivers such as premiumisation and penetration opportunities in sensitivity toothpaste. The company has a history of successfully lobbying for a drug to be moved from prescription-only to being available over-the-counter, which improves consumer access to drugs and continues to be a source of potential sales growth. We believe Haleon can sustain its position as a frontrunner, with its strong track record and relationships with healthcare professionals creating high barriers to entry. Consumers are typically less cost-sensitive when purchasing healthcare products, while brand recognition creates strong pricing power for the company. This makes Haleon more economically resilient and strengthens its robust margin profile. The business has strong cash flow generation, which supports a 1.7% yield, with one-year dividend growth of 10%. Given 35% cash flow return on investment, strong margins, and leading positions in categories with structural tailwinds, we see the stock as an attractive holding for the Fund.

Over the **third quarter**, we sold our position in Novo Nordisk and, as part of our one-in-one-out process, we bought a new position in Anta Spots. In terms of sector allocation, we sold one Health Care stock and replaced it with a Consumer Discretionary stock. We switched from holding a company listed in Denmark to one listed in Hong Kong.



We exited our position in **Novo Nordisk**, after losing confidence in the company's ability to capitalise on its most important growth opportunity: the obesity and GLP-1 market. The stock had been under pressure for much of the previous year amid rising concerns about increased competition, disappointing trial data from its next-generation obesity drug CagriSema, and persistent supply chain challenges. We maintained our holding on the expectation that several positive catalysts – including the phasing out of compounded drugs, new partnerships with CVS and telehealth providers, and a belief that the market was overly discounting Novo's long-term position – would be turning points for the stock.

However, the profit warning during July called these into question. Specifically, management reduced FY25 sales guidance by 6% and cut its free cash flow outlook by one third, driven by continued competition by compounded drugs (despite the US Food and Drug Administration removing Novo's Semaglutide drug from its shortage list), broader competition in both the US and international markets, and a slowing of the overall GLP-1 market. Compounding that was the appointment of a new CEO from within the company against the market's expectations (or hope) for an external hire with the technical nous to improve competitiveness in the US market, which was seen as increasing the likelihood of 'more of the same'. Given these developments, we no longer had sufficient conviction in Novo's ability to deliver attractive risk-adjusted returns, and as a result, we exited the position.



We replaced Novo Nordisk with a position in **Anta Sports**, a leading Chinese sportswear brand and retailer. Anta Sports designs, manufactures, and sells products across a diverse portfolio including its core ANTA brand, Fila, Descente, and international names such as Arc'teryx and Salomon through its majority stake in Amer Sports. This breadth of brands has enabled Anta to serve a wide range of consumers, establishing it as the second-largest sportswear company in China, with more than 21% market share. Founded as a shoe manufacturer, Anta quickly evolved into a fully-fledged brand by developing its own manufacturing capabilities and reducing reliance on third parties. This tight control over its supply chains and facilities remains a key differentiator from domestic rivals such as Li-Ning and has supported Anta's steady share gains in a sportswear market that has grown rapidly since the 2008 Beijing Olympics.

Anta has strategically employed a "multi-brand, multi-channel" model under which the core ANTA brand captures the mass market while acquisitions such as Fila expand its reach into the premium segment. This approach has fuelled strong top-line growth of over 20% per annum in the past five years, and its premium focus has driven a superior margin profile compared to peers, with gross margins consistently exceeding 60%. Growth has been both organic, powered by rising sports participation and a direct-to-consumer transformation of the core brand, and inorganic, through successful integration of international labels such as Fila, which Anta has scaled into a leading premium sports fashion brand in China. Anta's quality profile is equally compelling. The company holds a robust balance sheet which provides both resilience through economic cycles and capacity for future investment. Its disciplined execution, vertical integration, and premiumisation strategy have delivered consistently high returns on invested capital, cementing its position as a structural winner in the market. In sum, Anta combines high growth, strong profitability, and financial resilience in an industry underpinned by powerful long-term demand drivers.

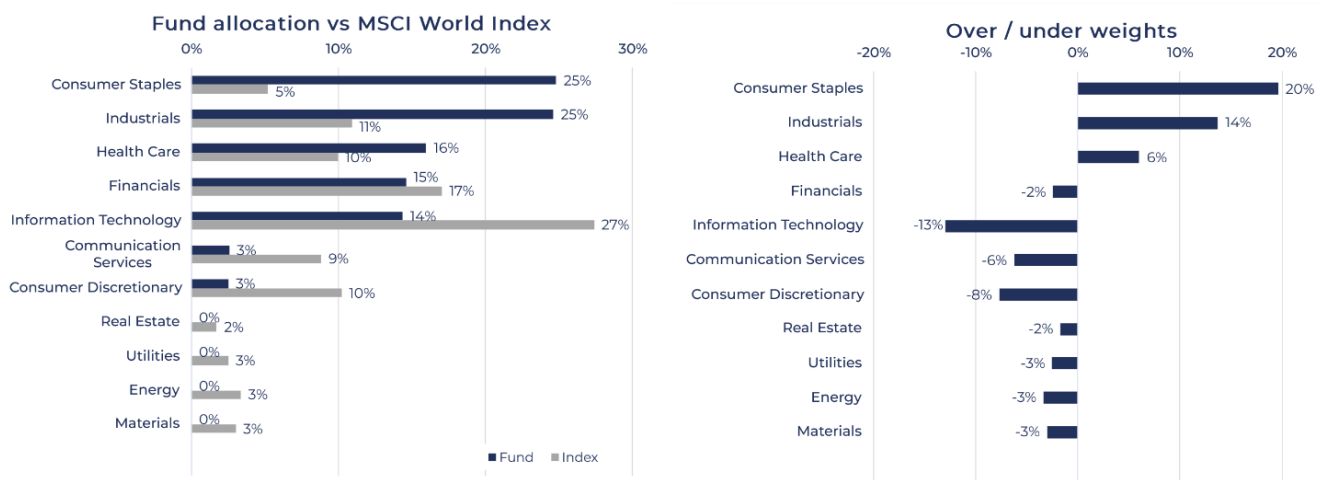
## PORTFOLIO POSITIONING

**We continue to maintain a fairly even balance between quality defensive and quality cyclical/growth companies.** We have approximately 40% in quality defensive companies (e.g. Consumer Staples and Health Care companies) and around 60% in quality cyclical or growth-oriented companies (e.g. Industrials, Financials, Consumer Discretionary, Information Technology).

Whilst the defensive names tend to have lower beta and hold up better when markets are falling, the cyclical holdings allow the Fund to maintain performance when markets are rebounding and rising. We believe that within these more cyclical sectors we are owning the 'quality' businesses. All the companies we seek to invest in have strong balance sheets and a history of performing well in difficult market environments. Within Financials, for example, although we do not own any banks, which helps to dampen the cyclicity of our Financials, we do own exchange groups such as CME and Deutsche Boerse (which tend to do better in periods of market volatility as volumes tend to increase, which results in higher revenues for the exchanges).

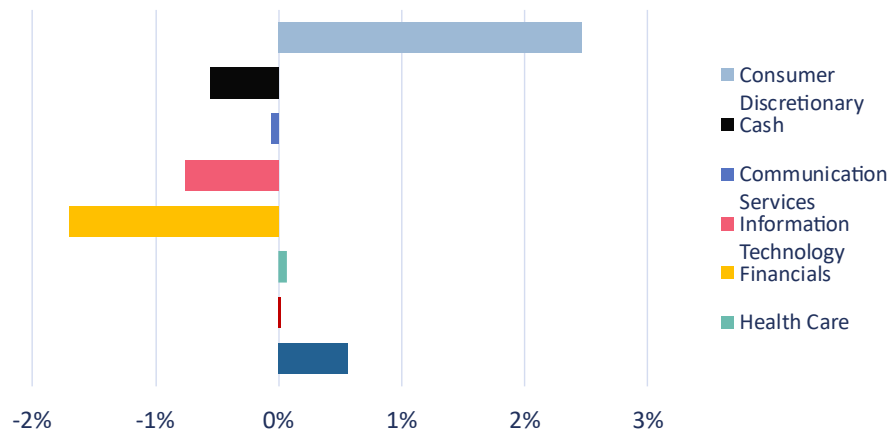
The Fund also has zero weighting to Energy, Utilities, Materials, and Real Estate. The largest overweight is to Consumer Staples.

### Sector breakdown versus MSCI World Index



Source: Guinness Global Investors, Bloomberg. Data as of 31<sup>st</sup> December 2025

### Year-on-year change in sector breakdown (31<sup>st</sup> December 2025 vs 31<sup>st</sup> December 2024)

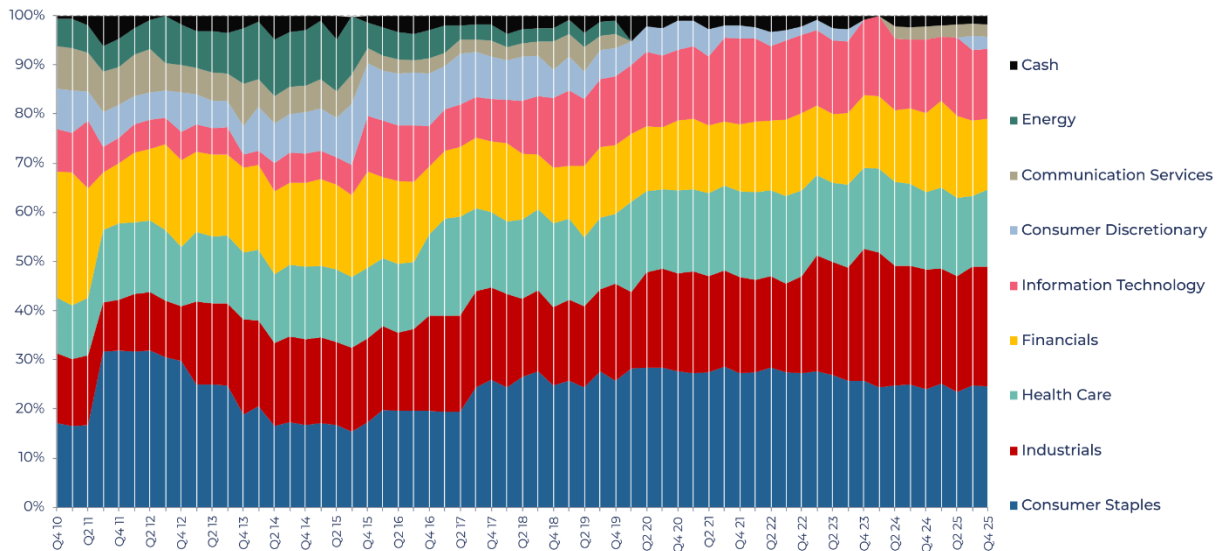


Source: Guinness Global Investors. Data as of 31<sup>st</sup> December 2025

The below chart shows how the exposure of the Fund has evolved since we launched the strategy back in 2010.

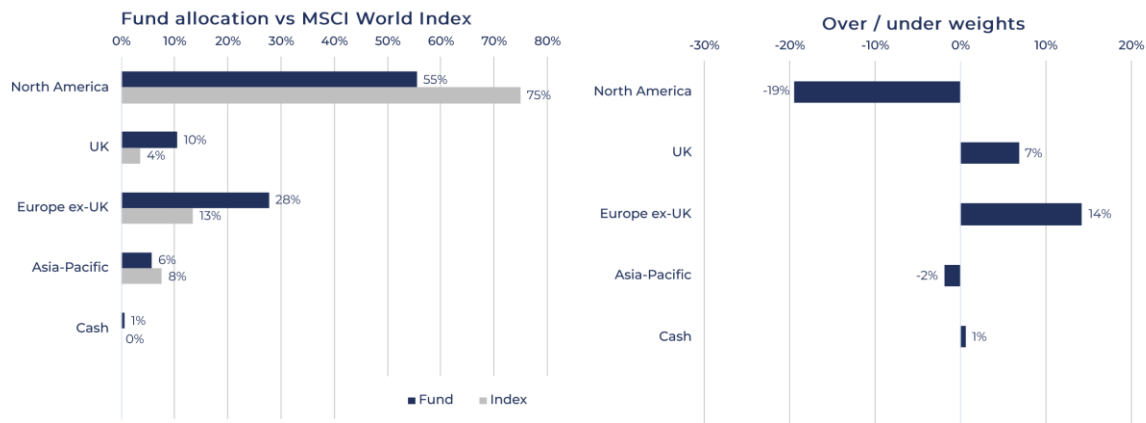
## Guinness Global Equity Income

### Sector breakdown since launch



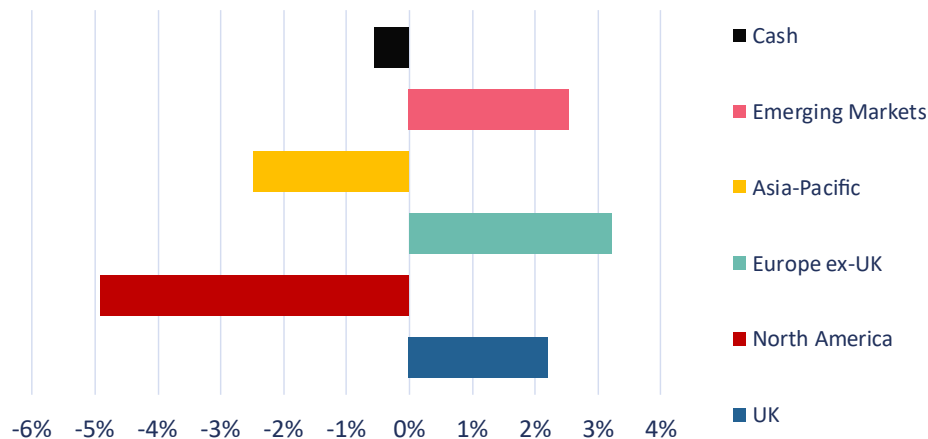
In terms of geographic exposure (chart below), the largest overweight remains Europe ex-UK, though we are diversified around the world with 55% in the US, 38% in Europe & UK and 6% in Asia Pacific. Within the Asia Pacific region we have one company listed in Taiwan (Taiwan Semiconductor) and one company listed in Hong Kong (Anta Sports).

### Regional breakdown versus MSCI World Index



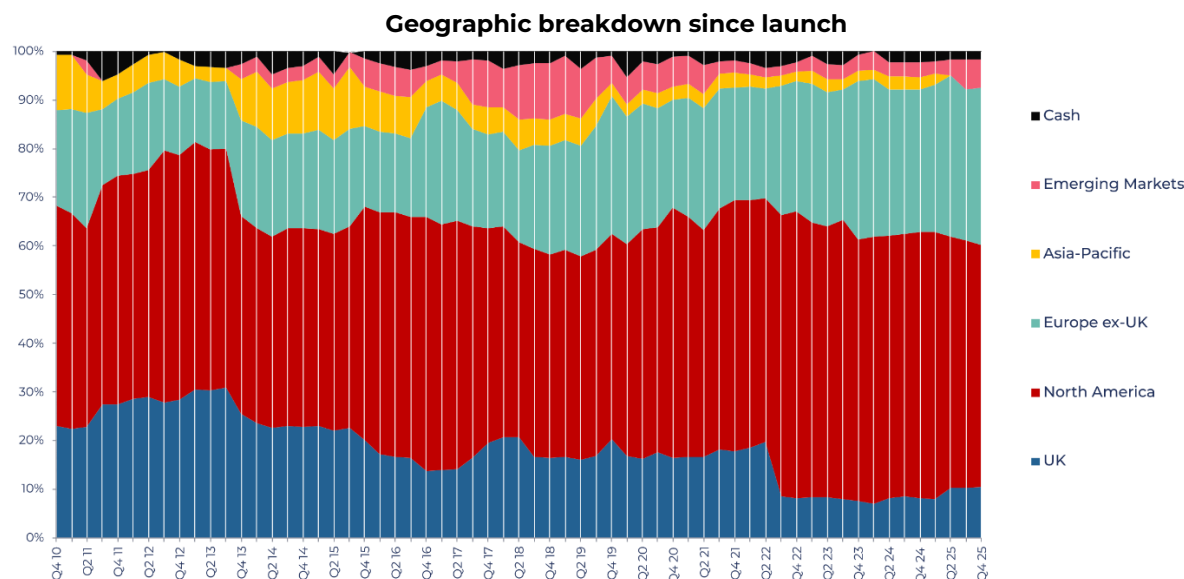
Source: Guinness Global Investors, Bloomberg. Data as of 31<sup>st</sup> December 2025

### Year-on-year change in geographic breakdown (31<sup>st</sup> December 2025 vs 31<sup>st</sup> December 2024)



Source: Guinness Global Investors, 2025

The chart below shows how the exposure of the Fund has evolved since we launched the strategy on 31<sup>st</sup> December 2010.



Source: Guinness Global Investors. Data as of 31<sup>st</sup> December 2025

## ENGAGEMENT

We believe that both individual and collaborative action around ESG issues is an important part of the investment process.

In 2025 we continued our participation in the CDP (formerly the Carbon Disclosure Project) non-disclosure campaign, which offers investors the opportunity to engage with companies that have received the CDP disclosure request but have not yet provided a response. The objective of the annual campaign is to drive further corporate transparency around climate change, deforestation and water security, by encouraging companies to respond to CDP's disclosure requests. We were pleased to note that 32 of the Fund's 35 holdings disclosed to the latest CDP climate change reporting cycle. We have already engaged with CME and Roche to better understand their rationale, and plan to contact PepsiCo to encourage their participation in CDP reporting over 2026.

Our participation includes the opportunity to lead engagements with investee companies where relevant. As a 'lead signatory', we would be responsible for managing the correspondence between ourselves and the subject company, on behalf of both Guinness Global Investors and other investors who had opted to be part of the campaign. In 2025 we were the lead signatory for CME Group. We followed up our CDP disclosure request by engaging with the CEO in November and with the Head of Remuneration, with whom we discussed remuneration structure, dual share classes, their rationale around stopping the release of an annual sustainability report, and their ambitions for the future.

As a reminder, over 2023, we were the 'lead signatory' for a letter to Sonic Healthcare & Arthur J Gallagher, managing the correspondence on behalf of both Guinness Global Investors and a range of other investors, requesting that they disclose to the CDP. This follows on from us co-signing letters to Sonic Healthcare and Arthur J Gallagher in 2022 given that they did not submit to the CDP. We were very encouraged that, as of 2024, both Sonic Healthcare and Arthur J Gallagher now disclose to the CDP, and we view this favourable outcome as a sign of our strong and ongoing commitment to effective engagement.

Whilst CDP disclosure is a significant first step, we view setting strong, achievable climate targets as critical in aligning companies globally to the goals set within the Paris Agreement, to limit global temperature rise to below 1.5°C by 2050. We also believe it focuses companies on their exposure to broader business risk associated with emissions and the costs that can be incurred. Following from the success that the CDP campaign has had in encouraging our Fund holdings to disclose, we then felt it was important to encourage our holdings within the Fund to set science-based emissions reduction targets (SBTs) through the Science Based Targets initiative (SBTi). The SBTi is a partnership between the CDP, UN Global Compact, WRI and WWF, and is a globally recognised standard in setting audited emission reduction targets. Its main purpose is to

provide companies with resources and assistance to future-proof business growth by setting science-based emissions reduction targets that are aligned to the Paris Agreement.

In 2025, nine companies held in the Fund had not yet set Science Based Targets and we plan to engage with these companies on establishing them during 2026. Of the nine without targets, we engaged directly with four on climate-related issues over the course of the year. We continue to actively engage with all portfolio companies that have yet to set SBTs, in line with the structured engagement programme we launched in 2023.

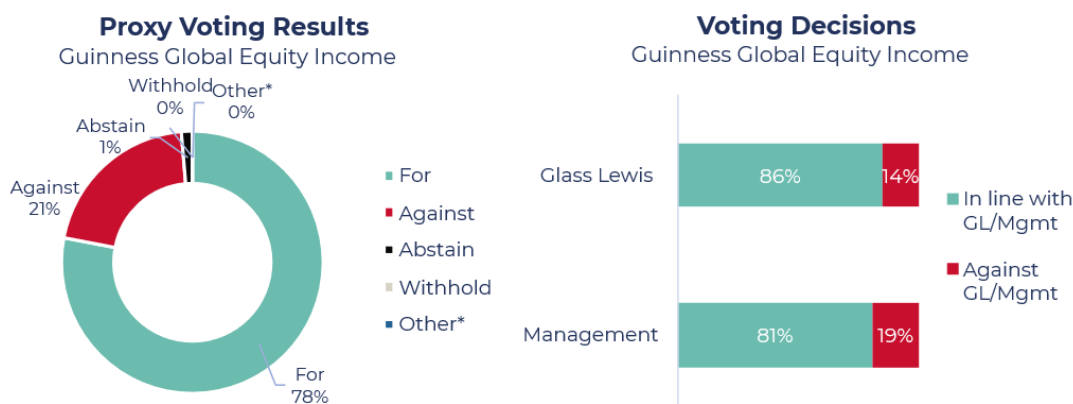
Finally, we continued our 2023 and 2024 executive remuneration engagement with our portfolio companies. After reviewing each of our holdings' remuneration policies, we believe that there is strong evidence to suggest that management incentive packages do indeed influence decision making, company strategy and overall company performance. We have continued to maintain a dialogue and have placed additional focus on holdings which received meaningful shareholder proxy voting dissent (10%+) regarding their latest remuneration plans. We have undertaken analysis of the remuneration structures of all 35 of the Fund's holdings and in 2025, we engaged with 6 holdings (both investor relations and, in some cases, the management teams) to discuss what changes they are planning to make to the structure, in light of the latest investor feedback. We are encouraged to see that, in the majority of cases so far, these holdings are taking on board a range of investor feedback and are discussing changes to the executive compensation structure to align it more closely with the interest of shareholders going forward. We will continue to monitor and engage on these issues during 2026.

Over 2025, we engaged with five consumer staples companies in our portfolio – Coca-Cola, Danone, Mondelēz, Procter & Gamble, Unilever – to better understand how they are advancing more sustainable and circular approaches to plastic packaging. Our discussions focused on how companies are responding to evolving regulation, strengthening recycling and waste management outcomes, and managing trade-offs between plastics, climate and nature goals. Through ongoing engagement, we will continue to monitor how companies translate ambition into measurable progress, particularly through research and development, infrastructure investment and collaboration.

## PROXY VOTING

As investment managers we aim to exercise the voting rights entrusted to us. Our voting philosophy reflects our corporate values, our long-term perspective, and our focus on sustainable returns. Over 2025, we voted on proxies for 30 out of our 35 companies. Whilst we intend to exercise all voting rights where we retain voting authority, there are some exceptions; administrative arrangements may prevent votes being cast or it may not be in the best interests of clients to vote (due to restrictions on liquidity or 'share blocking'). This was the case for our Swiss holdings (Nestlé & ABB) and our Swedish holdings (Assa Abloy & Atlas Copco).

The charts below left shows that we voted in favour of 78% of all resolutions in 2025, 'Against' on 21% of them and 'Abstained' on 1%. The chart below right shows that we voted 'Against' management 19% of the time, 'Against' the recommendations of Glass Lewis (our proxy voting provider) 14% of the time, and then in line with their recommendations the rest of the time.



Source: Guinness Global Investors, 2025

## OUTLOOK

The four key tenets to our approach are: quality, value, dividend, and conviction:

		Fund	MSCI World Index
<b>Quality</b>	Median return on capital	21.2%	9.4%
	Median net debt/equity	52.6%	38.8%
<b>Value</b>	Price/earnings ratio (2025e)	19.0	20.0
	Free cash flow Yield (LTM)	4.1%	3.2%
<b>Dividend</b>	Dividend Yield (LTM)	2.0% (net)	1.6% (gross)
	Weighted average payout ratio	57%	43%
<b>Conviction</b>	Number of stocks	35	1320
	Active share	90%	-

Portfolio metrics versus index. As of 31<sup>st</sup> December 2025  
Source: Guinness Global Investors, Bloomberg

At present, the Fund is currently trading at a 5% discount to the broader market on a price/earnings basis (19.0x 2026 expected earnings vs 20.0x for the index). The Fund also trades at a valuation discount when looking at free cash flow yield, with the Fund on a FCF yield of 4.1%, well ahead of the MSCI World Index figure of 3.2%. We are encouraged to see that, despite the more attractive valuation, the Fund still shows superior characteristics from both a quality and a dividend perspective. The Fund's median return on capital of 21.2% is far ahead of 9.4% for the index, and its portfolio companies have strong balance sheets, albeit with marginally higher leverage than the index (52.6% vs 38.8% debt-to-equity). As discussed above, the Fund also offers a superior dividend yield to the index (2.0% net vs 1.6% gross), which is encouraging.

As we look ahead to 2026, we are confident that the companies we own in the Fund will continue to navigate the changing macroeconomic environment successfully, as they have in previous years. The coming year is likely to be dominated by uncertainty on different fronts, including ever-changing US trade policy, an unclear interest rate outlook, and a potential cooling of the labour market amongst them. Despite the broad-based optimism surrounding AI and its potential to revolutionise industries, changing market narratives can also lead to big swings in equity markets. We saw this unfold throughout 2025, with AI exuberance and elevated volatility spreading across various sectors as they moved in and out of favour. Clearly, these dynamics will evolve in unpredictable ways that few can foresee. Therefore, our approach is not to make macroeconomic predictions but, instead, to build a resilient portfolio that can weather different economic environments and provide consistent long-term performance. For more context around our thinking for 2026, please see our [previous monthly commentary](#).

As such, we believe that focusing on the high-quality businesses that have shown the ability to perform over numerous economic cycles provides the Fund with a good balance and helps to mitigate against some of these downside risks. We also note that the defensive nature of the portfolio – which has outperformed in all market corrections since launch in 2010 – gives us confidence heading into 2026. Additionally, we believe the holdings we have selected in the Fund remain robust and our perpetual approach of focusing on quality compounders and dividend-growers should continue to stand us in good stead in our search for rising income streams and long-term capital growth.

As ever, we would like to thank you for your continued support and we wish you a prosperous 2026.

### Portfolio Managers

Matthew Page  
Ian Mortimer

### Investment Analysts

Sagar Thanki  
Joseph Stephens  
William van der Weyden  
Jack Drew

Loshini Subendran  
Eric Santa Menargues  
Laura Neill



**GUINNESS GLOBAL EQUITY INCOME FUND - FUND FACTS**

Fund size	\$7011.8m
Fund launch	31.12.2010
OCF	0.77%
Benchmark	MSCI World TR
Historic yield	2.0% (Y GBP Dist)

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

**GUINNESS GLOBAL EQUITY INCOME FUND - PORTFOLIO**

Top 10 holdings		Sector		Country	
Roche Holding	3.9%	Consumer Staples	24.8%	USA	55.5%
Johnson & Johnson	3.4%			UK	10.5%
CME Group	3.4%	Industrials	24.6%	Switzerland	10.0%
Danone	3.4%	Health Care	16.0%	France	8.5%
Abbvie	3.3%	Financials	14.6%	Sweden	6.3%
Atlas Copco	3.3%	Information Technology	14.4%	Taiwan	3.2%
Taiwan Semiconductor	3.2%	Communication Services	2.6%	Germany	2.8%
Reckitt Benckiser Group	3.2%	Consumer Discretionary	2.5%	China	2.5%
ABB	3.1%	Cash	0.6%	Cash	0.6%
Assa Abloy AB	3.1%				
Top 10 holdings	33.2%				
Number of holdings	35				

## Guinness Global Equity Income Fund

Past performance does not predict future returns.

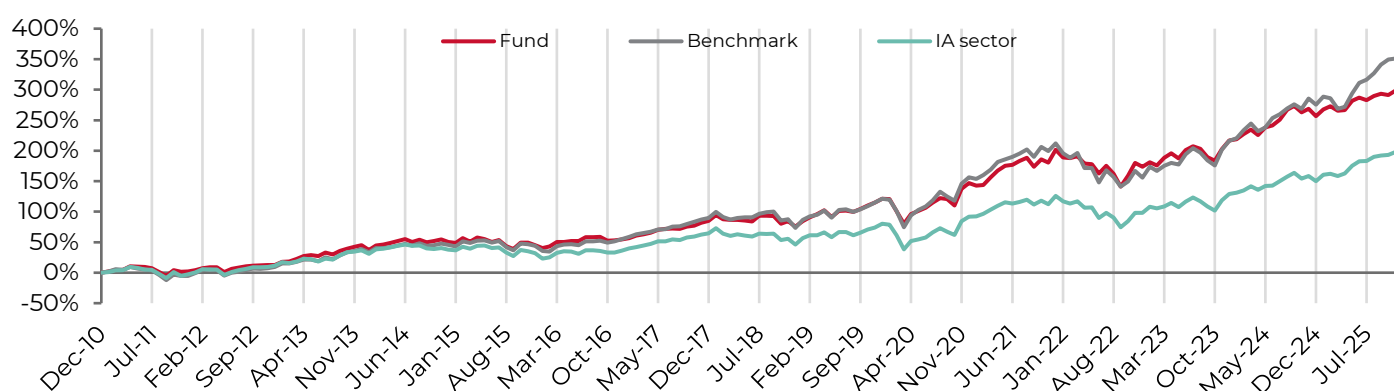
### GUINNESS GLOBAL EQUITY INCOME FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-1.8%	+3.7%	+3.7%	+29.9%	+63.5%	+200.0%
MSCI World TR	-0.7%	+12.8%	+12.8%	+59.1%	+80.3%	+245.5%
IA Global Equity Income TR	+0.3%	+12.8%	+12.8%	+36.7%	+60.4%	+151.6%
(USD)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-0.3%	+11.4%	+11.4%	+45.2%	+60.9%	+173.8%
MSCI World TR	+0.8%	+21.1%	+21.1%	+77.9%	+77.4%	+215.3%
IA Global Equity Income TR	+1.8%	+21.1%	+21.1%	+52.9%	+57.8%	+129.6%
(EUR)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-1.5%	-1.8%	-1.8%	+32.0%	+67.6%	+153.3%
MSCI World TR	-0.4%	+6.8%	+6.8%	+61.6%	+84.8%	+191.6%
IA Global Equity Income TR	+0.6%	+6.8%	+6.8%	+38.9%	+64.4%	+112.3%

### GUINNESS GLOBAL EQUITY INCOME FUND - ANNUAL PERFORMANCE

(GBP)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Fund	+3.7%	+14.6%	+9.2%	+2.1%	+23.3%	+8.1%	+21.2%	+0.7%	+9.6%	+26.9%
MSCI World TR	+12.8%	+20.8%	+16.8%	-7.8%	+22.9%	+12.3%	+22.7%	-3.0%	+11.8%	+28.2%
IA Global Equity Income TR	+12.8%	+11.0%	+9.2%	-1.2%	+18.7%	+3.3%	+18.6%	-5.8%	+10.4%	+23.2%
(USD)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Fund	+11.4%	+12.6%	+15.8%	-9.3%	+22.2%	+11.5%	+26.0%	-5.2%	+20.0%	+6.4%
MSCI World TR	+21.1%	+18.7%	+23.8%	-18.1%	+21.8%	+15.9%	+27.7%	-8.7%	+22.4%	+7.5%
IA Global Equity Income TR	+21.1%	+9.1%	+15.7%	-12.3%	+17.6%	+6.5%	+23.4%	-11.3%	+20.8%	+3.3%
(EUR)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Fund	-1.8%	+20.1%	+11.9%	-3.4%	+31.5%	+2.3%	+28.3%	-0.4%	+5.4%	+9.6%
MSCI World TR	+6.8%	+26.6%	+19.6%	-12.8%	+31.1%	+6.3%	+30.0%	-4.1%	+7.5%	+10.7%
IA Global Equity Income TR	+6.8%	+16.4%	+11.8%	-6.5%	+26.5%	-2.3%	+25.7%	-6.9%	+6.1%	+6.4%

### GUINNESS GLOBAL EQUITY INCOME FUND - PERFORMANCE SINCE LAUNCH (USD)



Simulated past performance in since launch numbers. Performance prior to the launch date of the Y class (11.03.15) uses a higher charging share class in line with standard methodology. 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 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.

## WS GUINNESS GLOBAL EQUITY INCOME FUND - FUND FACTS

Fund size	£236.3m
Fund launch	09.11.2020
OCF	0.77%
Benchmark	MSCI World TR
Historic yield	2.1% (Y GBP Inc)

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

## WS GUINNESS GLOBAL EQUITY INCOME FUND - PORTFOLIO

Top 10 holdings		Sector		Country	
Roche Holding	3.9%	Consumer Staples	24.6%	USA	55.2%
Johnson & Johnson	3.4%			UK	10.4%
CME Group	3.4%	Industrials	24.5%	Switzerland	9.9%
Danone	3.3%	Health Care	15.8%	France	8.4%
Atlas Copco	3.2%	Financials	14.4%	Sweden	6.3%
Abbvie	3.2%	Information Technology	14.2%	Taiwan	3.1%
Reckitt Benckiser Group	3.2%	Communication Services	2.6%	Germany	2.7%
ABB	3.1%	Consumer Discretionary	2.5%	China	2.5%
Taiwan Semiconductor	3.1%	Cash	1.4%	Cash	1.4%
Assa Abloy AB	3.1%				
Top 10 holdings	32.8%				
Number of holdings	35				

## WS Guinness Global Equity Income Fund

Past performance does not predict future returns.

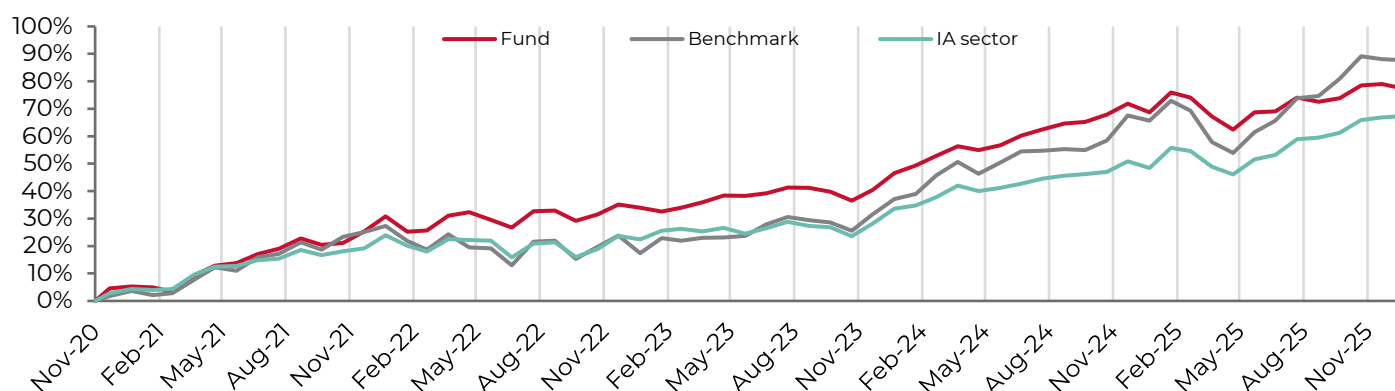
### WS GUINNESS GLOBAL EQUITY INCOME FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-0.9%	+5.1%	+5.1%	+32.4%	+68.4%	-
MSCI World TR	-0.7%	+12.8%	+12.8%	+59.1%	+80.3%	-
IA Global Equity Income TR	+0.3%	+12.8%	+12.8%	+36.7%	+60.4%	-

### WS GUINNESS GLOBAL EQUITY INCOME FUND - ANNUAL PERFORMANCE

(GBP)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Fund	+5.1%	+15.1%	+9.5%	+2.4%	+24.2%	-	-	-	-	-
MSCI World TR	+12.8%	+20.8%	+16.8%	-7.8%	+22.9%	-	-	-	-	-
IA Global Equity Income TR	+12.8%	+11.0%	+9.2%	-1.2%	+18.7%	-	-	-	-	-

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



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** 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 Equity Income Fund and the WS Guinness Global Equity Income Fund. It may provide information about the Funds' portfolio, including recent activity and performance. It contains facts relating to the equity markets and our own interpretation. Any investment decision should take account of the subjectivity of the comments contained in the report. OCFs for all share classes are available on [www.guinnessgi.com](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 Funds or to buy or sell individual securities, nor does it constitute an offer for sale. If you decide to invest, you will be buying shares in the Fund and will not be investing directly in the underlying assets of the Fund.

### GUINNESS GLOBAL EQUITY INCOME FUND

#### Documentation

The documentation needed to make an investment, including the Prospectus, Supplement, the Key Information 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'Île, 1204 Geneva, Switzerland.

#### Singapore

The Fund is not authorised or recognised by the Monetary Authority of Singapore ("MAS") and shares are not allowed to be offered to the retail public. The Fund is registered with the MAS as a Restricted Foreign Scheme. Shares of the Fund may only be offered to institutional and accredited investors (as defined in the Securities and Futures Act (Cap.289)) ('SFA') and this material is limited to the investors in those categories.

### WS GUINNESS GLOBAL EQUITY INCOME FUND

**This Fund is registered for distribution to the public in the UK but not in any other jurisdiction**

#### Documentation

The documentation needed to make an investment, including the Prospectus, the Key Investor Information Document (KIID) and the Application Form, is available in English from [www.fundsolutions.net/uk/guinness-global-investors/](http://www.fundsolutions.net/uk/guinness-global-investors/) or free of charge from:-

Waystone Management (UK) Limited  
PO Box 389  
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DL1 9UF  
General Enquiries: 0345 922 0044  
E-Mail: [wtas-investorservices@waystone.com](mailto:wtas-investorservices@waystone.com)  
Dealing: [ordergroup@waystone.com](mailto:ordergroup@waystone.com)

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

#### Residency

In countries where the Fund is not registered for sale or in any other circumstances where its distribution is not authorised or is unlawful, the Fund should not be distributed to resident Retail Clients.

#### Structure & regulation

The Fund is a sub-fund of WS Guinness Investment Funds, an investment company with variable capital incorporated with limited liability and registered by the Financial Conduct Authority.

Telephone calls will be recorded and monitored.