

RISK

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

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

Past performance does not predict future returns.

ABOUT THE STRATEGY

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

OBJECTIVE

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

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COMMENTARY

Emerging markets rallied sharply in February in sterling terms. The MSCI Emerging Markets Net Total Return Index rose 7.7% (all performance figures in GBP unless stated otherwise). The fund underperformed in the strong market, rising 4.7% in the month. Relative performance was driven mainly by a continuation of the AI trade, with very strong performances from the Korean memory companies, Samsung Electronics and SK Hynix, neither of which is held in the fund. In early March, this trend saw a dramatic reversal, with a pronounced sell-off in the Korean memory stocks.

Emerging markets strongly outperformed developed markets in the month, as the MSCI World was up 2.6%. The US weighed on returns, with the S&P 500 Index up 1.1%. Asia was the best-performing region, rising 8.2%. Latin America was next, up 5.7%. EMEA (Europe, the Middle East and Africa) was the weakest, albeit up 3.6%. Value and growth both performed well during the month, though value was the outperformer, up 8.4% versus growth up 6.5%.

Among the largest countries, the best performers were Korea (+24.3%), Taiwan (+14.8%), and South Africa (+11.7%). The worst performing countries were China (-4.0%), Saudi Arabia (-3.8%) and Malaysia (+1.4%). The strongest performing stocks in the portfolio for the month overall were Elite Material (+43.6%), B3 (+15.5%), and TSMC (+15.4%). The weakest performers were Tech Mahindra (-20.1%), Tata Consultancy Services (-13.4%) and NetEase (-9.1%).

In this commentary we review recent results for our portfolio holdings. We profile TSMC, a company at the heart of Asia's innovation that plays a pivotal role in geopolitical security, and conclude with comments on the conflict in Iran and the Middle East.

EVENTS DURING THE MONTH

The US and Israel coordinated strikes on Iran. Iranian state TV confirmed the death of Ayatollah Ali Khamenei, the Supreme Leader. Iran launched retaliatory strikes across Israel, Bahrain, Qatar, UAE, Kuwait and Iraq, according to Western officials. Oil and gas prices have surged by 8% and 25% respectively as the Middle East conflict threatens global supply.

Trump announced Kevin Warsh as the next Federal Reserve chair, causing the dollar to rally and gold prices to fall. Warsh argued that AI will bring a productivity boom while inflation falls, and that the Fed can offset the stimulus of lower rates by shedding long-dated assets.

Top American AI labs Anthropic and OpenAI accused Chinese rivals of illicitly using American models to train their own.

Xi Jinping deepened his purge of the People's Liberation Army, sacking nine senior military officers. China's central bank slowed the renminbi's advance by scrapping a reserve requirement of 20% for foreign exchange forward contracts to encourage dollar buying. China announced new curbs on rare-earth exports to at least 20 Japanese firms, ratcheting up pressure on Prime Minister Sanae over Japan's ties with Taiwan.

Mark Carney and Narendra Modi agreed to accelerate trade talks with the aim of sealing an agreement by the end of the year as Canada and India seek to hedge their reliance on the United States. Carney announced the Comprehensive Economic Partnership Agreement, aimed at doubling two-way trade to \$50bn by the end of the decade.

Thailand's conservative party, the Thai Pride Party (BJT), won a surprise victory in the general elections, renewing hopes for political stability.

PORTFOLIO UPDATE

Brasil Bolsa Balcao reported results for 4Q25 which beat expectations on the top line with net revenue up 6.7% quarter-on-quarter and 10.5% year-on-year. Management highlighted strong Average Daily Trading Volume (ADTV) in February, at R\$40.2bn, driven by increased foreign inflows and product diversification. Analysts expect the impact of foreign direct investment to persist at least until the election, and management anticipates a positive impact from investors moving from fixed income to equities. The company also experienced strong growth in data and technology (with recurring revenues accounting for around 70% of analytics growth). In 2026, management plans to increase government bond trading and launch corporate bond trading, expecting higher trading activity across key asset classes amid increased volatility from the election. Strong cash generation leads to a 2026E dividend yield of 6.6%.

Bank Rakyat Indonesia reported 4Q25 net profit growth of 5.11% year-on-year, driven by Net Interest Income (NII) and non-interest income, operating income up 11% and pre-tax profit up 2%, coming in slightly higher than analyst expectations. External shifts, such as a deteriorating macroeconomic environment that impacted micro borrowers' ability to service debt and underwriting practices at Kupedes, have led the bank to face a period of deteriorating asset quality. However, the bank has significant through-the-cycle profitability due to deep moats in the micro-lending business and capital in-excess-of-growth needs. Management guided for 7-9% loan growth and a lower net income margin (-20 bps year-on-year). At the end of January, the bank also announced details of the 2026 KUR programme (government-subsidised lending to micro businesses).

Credicorp reported results in line with expectations, citing a 4Q25 revenue growth of 6% year-on-year and expanding in line with loan growth, and operating income up 11%. Income before taxes came in below consensus by 3% (up 11% year-on-year) largely due to a decline in insurance underwriting results and weaker-than-expected fees. The company's digital platform, Yape, continues to accelerate, with revenue per monthly active user outpacing expenses, which should afford operating leverage. Management noted that capital expenditure grew by double digits in 2025, driven by investment innovation and core capabilities, but has remained in line with guidance. Excess capital is expected to support dividend growth with the potential for extraordinary contributions. Guidance for 2026 implies a near-20% return on equity, supported by an acceleration in loan growth.

Coca-Cola Femsa performed in line with or slightly ahead of analyst expectations, supported by positive volume trends across all regions and an expansion of operating margins. Organic sales grew by 5% in 4Q25, and thanks to a favourable sales mix and efficiency gains the EBITDA margin (a measure of profitability) grew by 150 basis points. Net income grew 3% year-on-year, with the strongest performance in South America. Analysts noted a positive outlook for Brazil, anchored in category momentum, favourable weather, and social spending. Management is awaiting further information on the effects of increased sugar taxation in Mexico to provide additional details on the dividend strategy. However, analysts expect a consolidated top-line growth of 5% year-on-year in 2026.

British American Tobacco released group results for FY25 at the top end of guidance and meeting expectations, with revenue growth of 2.1%, diluted earnings per share up 3.4% and flat operating margins. Some notable developments were: (1) continued momentum in Modern Oral, where Velo reached global market leadership (driving 75% of category growth); (2) better signs of enforcement against illicit vapour segments in the US; and (3) benefits of commercial investment in US combustibles starting to show results. Management expects performance to be weighted to the second half of FY26 and estimated a gross capital expenditure of c.£750 million for the year.

Anta Sports reported 4Q25 revenue growth of 10% year-on-year and EBITDA (earnings before interest, tax, depreciation, and amortisation) up 14%, with Fila and other brands maintaining momentum, while core Anta sales missed expectations. Analysts attributed underperformance in the core brand to lukewarm macro conditions, unfavourable weather, and the 2026 Chinese New Year, which was around a month later than in 2025. The company maintained its FY26 guidance; January sales are broadly in line with internal expectations and expected to return to growth in 2026.

Arca Continental reported results that were mostly in line with expectations, with 2025 revenue increasing 4.6% year-on-year, but declining -1% year-on-year in the fourth quarter. Full year consolidated EBITDA grew 3% to a record level, surpassing MXN 50bn for the first time in company history. Fourth-quarter EBITDA margin narrowed by 80 basis points to 21% as strength in the US and South America was offset by weaker volume performance in Mexico, which was the main drag on 2025 results. Headwinds in Mexico are expected to persist into 2026, given the sugar tax hike, and analysts expect an 8-10% price rise to offset this. However, management has stressed tailwinds from the World Cup and digital initiatives. Capital expenditure targets for 2026 have been set for 7% of sales, down from 2025 (10%) but above the 2020-4 average of 5%, with expenditure going towards growth in South America and Oklahoma in the US. Management plans to focus on market execution, expansion, and modernisation of distribution and production networks, along with a digital agenda. Sales growth guidance is set at mid-single digits.

Unilever reported a 4Q25 revenue decline of 2.7% year-on-year, but underlying sales growth beat market consensus at 4.2%, driven by volume increases and price uplift. Analysts remain optimistic for acceleration in emerging markets (3.2% year-on-year), while growth in developed markets has moderated as category growth softened. In India, the company is a market leader in c.85% of its portfolio, with expectations of volume growth beyond 4% in the medium term, supported by the increasing purchasing power of customers (70 million have purchasing power equivalent to the average in France). Accordingly, analysts remain cautiously optimistic and expect limited changes to the consensus. The company has focused on power brands, increasing their shares of sales by 4 percentage points year-on-year, and now aims to make bigger, fewer bets to enhance its value proposition. The Wellbeing sector grew more slowly but continued to outperform the market, while the Personal Care segment was led by commodity-driven price increases. Guidance for 2026 is at the bottom of medium-term targets, reflecting slower market conditions.

NetEase reported results below market consensus, with gross profit up 8.7% year-on-year, driven by longer deferred revenue periods. Longer cycles indicate users spending more time on newer titles, and analysts interpreted this as a sign of stronger engagement and retention. The company is set to launch Ananta simultaneously in China and globally across multiple platforms for the first time, with overseas expansion looking steady in the long term. NetEase announced a dividend for the fourth quarter representing a payout ratio of 83%, and maintained a full-year dividend payout at 40%, highlighting a stable shareholder return policy. The company also extended the share repurchase programme (up to US\$5 bn) to January 2029.

TSMC achieved January sales on track and potentially above the high end of guidance, up 37% year-on-year. Analysts expect the stock to outperform on the basis of positive AI commentary from key vendors (Meta, Microsoft, Google and Amazon) which have highlighted robust expectations for their capital expenditure (capex), which should provide tailwinds. Expanding scale and the company's position as an industry leader support a structurally lower capital intensity and better capex leverage, implying greater investment flexibility and helping temper financial pressure during soft cycles. In 1Q26, the company guided revenue growth of 4% quarter-on-quarter at the midpoint and a gross margin of 63%, surpassing consensus by around 3 percentage points.

Novatek Microelectronics released 4Q25 results largely in line with consensus, with gross margin exceeding expectations, driven by a favourable product mix and depreciation in the Taiwanese dollar. 1Q26 is expected to be weak due to weakness in consumer demand for electronics; accordingly, management has guided revenue to be flat (+2% quarter-on-quarter) and gross margin to be 36-39% due to rising raw material costs. Analysts also stressed higher packaging costs due to gold prices, rising memory chip prices and increased foundry costs.

Porto Seguro reported total revenue up 11% and ahead of consensus. Net income was flat quarter-on-quarter but came in ahead of consensus due to lower taxes and higher financial results. The insurance vertical performed in line with expectations, with premium growth of 3-7% year-on-year. Health earned premiums also grew, and the services vertical performed well. Porto guided that 2026 comparable revenue growth should be c.20% year-on-year.

Hon Hai reported February revenues up 8% year-on-year, down 18% month-on-month but in line with seasonal patterns (slower momentum at the beginning of the year and few working days due to Chinese New Year). PC revenues posted the strongest monthly growth, while customer electronics experienced a slight decline due to pull-in from the previous month. Cloud and networking also experienced a slight decline due to shipment schedules. Management guided for better seasonality in the first quarter, in line with analyst predictions, with the expectation that growth of the AI server business and market share gain opportunities will support company growth.

Elite Material saw strong +25% month-on-month revenue growth (+55% year-on-year) in January, surpassing consensus and suggesting a stronger-than-expected 1Q26. The company continues to benefit from the build-out in AI infrastructure and strong demand signals from downstream customers. Analysts noted a risk to the downside to earnings estimates due to the negative impact of rising copper prices and trade tensions.

Zhejiang Supor Co. reported 2025 preliminary results post-market close on Feb 24, slightly below analyst expectations due to falling export sales and rising expenses. Margins remained resilient. Revenues were up 1.5% year-on-year, but earnings were down 7%. Overseas pressure is expected to continue into 1Q26 due to front-loading from tariff uncertainties but is expected to normalise in the second quarter.

TSMC: TAIWAN'S TECH TITAN

TSMC (Taiwan Semiconductor Manufacturing Company) is setting the trajectory of the global semiconductor industry, and accordingly, is informing strategic decision-making in international trade and politics. When Dr Morris Chang established TSMC in 1987, most semiconductor companies were Integrated Device Manufacturers (IDMs), which meant they both designed and manufactured semiconductor chips. In the modern age of the semiconductor industry, however, these processes are usually separated into design, by dedicated or 'fabless' designers, and fabrication, by 'fabs' or foundries. Under Chang's guidance, TSMC has become so dominant in the manufacture of advanced and cutting-edge chips that it is now, in effect, the world's fab.

The separation of design and manufacture – the digital era's 'Gutenberg moment' – meant that the former could be democratised, but led to the monopolisation of the latter. TSMC achieved this through not only its capabilities but also its position as a neutral player around which other companies could design their products. TSMC's single value proposition – manufacturing excellence – allowed designers to hone their own highly specific monopolies. Compatibility with TSMC thus became, and still is, crucial for almost every fabless company. This has equipped TSMC, and consequently Taiwan, with critical levers of power in markets and global politics.

By monopolising the manufacturing of cutting-edge chips, TSMC captured customers of scale early and leveraged long-term relationships to achieve order repeatability. The outstanding example of this process involves Apple, TSMC's largest customer, to which it has been the main supplier since 2008. Apple demands critical chips for its flagship products (iPhone, iPad, Mac) at a consistent rate and scale. The relationship extends beyond chip purchases and has contributed to R&D and capital investment. Joint development by the two companies led to the creation of the 5nm (nanometre) and 3nm process technologies that enhance the performance of Apple devices and solidify TSMC's position as an unrivalled technological leader. Similarly, Nvidia has been a customer since 1997, and serving such high-profile companies has equipped TSMC with invaluable knowledge to cross-reference various chip designs and needs, creating an armoury of expertise.

Global success

Among competitors with leading-edge capabilities, Intel and Samsung are arguably TSMC's peers. But even with this competition, it has captured around 78% of the 'pure-play' foundry market share, according to the Taiwan Semiconductor Industry Association. The US International Trade Commission also noted that in 2024, it accounted for 92% of advanced chip manufacturing capacity.

By comparison, Intel, TSMC's American competitor, remains stunted by missing critical shifts in semiconductor architecture needed for artificial intelligence. Likewise, its strategy of sticking to an integrated design and manufacturing model has compromised any potential leadership in fabrication and accordingly relies on TSMC's superior execution for some of the most advanced technology. By proposing a single-value model, TSMC became the manufacturer for many companies, giving it more chances to hone its skills and more demand for its services. Whereas Intel saw chip design startups as a threat, TSMC saw them as an opportunity. Ultimately, this resulted in Intel's resources being spread between design and manufacturing – and hence too thinly.

TSMC has also retained long-term business by cultivating close relationships with fabless customers (80% are fabless, while less than 20% are IDM) and by striving to enable customer innovation for mutual success, as with Apple and Nvidia. These relationships are entrenched by the switching costs and TSMC's unparalleled ability to produce the world's most advanced chips (with the 7nm process and below). The company's long-term value in the supply chain is therefore cemented not only by a lack of alternatives but also by a unique and comprehensive understanding of its customers' needs.

By becoming the foundry for all, TSMC has achieved natural diversification and benefits from reduced exposure to market cyclicity. A certain portion of smartphone chip demand, for example, is recurring. Each year, some customers will replace their smartphones irrespective of whether individual chips (each device is typically stuffed with more than a dozen different types) have been upgraded by designers. Having become a leader in process knowledge, TSMC is well positioned to meet emerging demand from artificial intelligence, and by 2029, AI-related revenue is projected to account for around 50% of total revenue at around 200bn USD. AI demand has dampened the seasonality of the business; smartphone appetite has typically accounted for the bulk of capacity in the second half of the year, whereas now this is balanced by AI's strong consumption in the first half.

The foundry industry is currently forecast to outgrow the broader semiconductor industry, and TSMC will be one of the primary beneficiaries. The company anticipates growth driven by structural megatrends (including AI) regardless of macroeconomic cycles. For instance, in 2023, a deep industry-wide inventory correction resulted in a revenue decline of 8.7% in USD terms; despite this, TSMC was sold out of 3nm and 5nm chips. Its leading-edge capacity tends to be fully utilised by customers, and TSMC is the only answer to this continued demand pressure.

Semiconductors as security

TSMC is more than a company; it is part of the spine of a nation which has found itself at a potential geopolitical flashpoint. For Taiwan, its crucial importance to the production of cutting-edge chips has formed a 'silicon shield' against the threat of Chinese invasion. Indeed, it was on this very premise that TSMC was built. In the aftermath of North Vietnam's victory in the Vietnam War, Taiwan sought deeper US integration to insulate itself against the growing communist bloc in Asia. For Taiwan, the creation of TSMC would provide jobs, advanced tech, and strengthened security ties. Now, the semiconductor industry accounts for 18% of Taiwan's GDP and 60% of its exports, and its critical role in the semiconductor supply chain serves as a key deterrent to a possible threat from China.

Today, Taiwan once again recognises the need to diversify its strategy. US pressure to relocate chip production (in part) to American shores has left its defence commitments to the country somewhat ambiguous. Taiwan's increased defence spending of an additional \$40 billion this year and a 5% budget increase by 2030 signal this heightened uncertainty. Equally, geographic diversification for the chipmaker is a balancing act: by moving production abroad – all else equal – the risks to production are reduced, and it is therefore of great importance to TSMC's manufacturing integrity.

Diversification with the US

Geographic diversification for TSMC's chip production has a two-fold rationale: to go where customers need its products and to build operational resilience in the face of national security threats. The United States is both the primary recipient of

TSMC's production (with a 70% share of net revenue in 2024) and Taiwan's major security ally against China's threat. This has resulted in an idiosyncratic relationship where the US pushes for the diversification of TSMC chip production on America's shores, to secure its own independent capacity, and as a result potentially undermines its core security purpose by weakening Taiwan's silicon shield and (at the margins) reducing the need to protect the region. America is Taiwan's biggest ally, but American ambition could be Taiwan's largest adversary.

The Trump administration continues to push for TSMC's most advanced chips to begin production on US shores, heightening Taiwanese constituents' worries that the US could hollow out its domestic chip industry. To appease America, Taiwan has agreed to share its model for industrial science parks and committed \$165 billion to build a chip fabrication and processing plant in Arizona. Beyond the supply-demand dynamics of the deal, the construction of the Arizona fab means it will still be several years before it can achieve a profitable yield and therefore some time before the US can efficiently produce high volumes of chips at competitive prices. By then, TSMC's domestic production is likely to be far more advanced, widening the gap in technological capabilities. This dampens the threat of an obsolescing bargain effect¹ that would undermine TSMC's leverage once manufacturing begins in the US.

In terms of processing knowledge and labour capacity, the American landscape has multiple obstacles to achieving the same level of production as TSMC's flagship fabs. One is the need for hundreds of engineers with the right education, experience and willingness to relocate, due to the labour-intensive nature of chip production. Furthermore, bringing Taiwanese workers would be counterproductive to America First policies, which stipulate \$100,000 fees for H-1B visas, along with the likelihood that engineers would prefer to stay at home, where cutting-edge production is led. None of these is insurmountable with the right funding, but even a massive investment is unlikely to render the silicon shield entirely null, given TSMC's rapid domestic production growth. This will increase in the coming years, especially as the company prepares to ramp production at home for the most cutting-edge 2nm process node.

Beyond the US, TSMC has long-term plans for diversification in Europe with a site in Dresden and was exploring a potential 'Gigafab' in the United Arab Emirates (although this may be thrown into doubt by the recent conflict). By keeping most R&D at home and balancing a global presence, TSMC can maintain its global technological leadership and protect the status quo.

Prospects

Regardless of where its less advanced manufacturing takes place, TSMC has carved out its own path in the foundry business. Its masterful ability to innovate has not been emulated. Looking ahead, the semiconductor market is poised for robust growth, with the potential to reach \$1.2 trillion by 2034, fuelled by AI and high-performance computing. The structural trend towards safer, greener, and smarter cars, which increasingly use leading-edge chips, is also an avenue for growth. TSMC, as the world's foundry, is poised to capitalise on these prospects.

By leveraging its position at the centre of semiconductor innovation, the company can pursue geographic expansion to its own benefit. Expansion can reduce the geopolitical risk premium associated with single-location production, making TSMC an even more attractive global partner; create institutional interdependence, which ties Taiwan and the US closer together and motivates them to reduce any disruptions to operations; and position Taiwan as a node of innovation within a global network rather than a single vulnerable point.

All this is to say that TSMC's importance is unlikely to diminish, and for Taiwan, this should ensure the silicon shield holds. The company has provided the government with legitimacy and leverage in global diplomacy, especially since the surge in digital demand during the COVID-19 pandemic and the AI surge stimulated huge growth for the company. Cindy Wang, an international trade law professor, describes this relationship using the Chinese idiom, "the lips and the teeth grow together." TSMC's growth has benefited Taiwan, and in return it receives favourable policies and a legacy in its home country that are difficult to replicate elsewhere – ensuring that the industry's heart remains within Taiwan's borders.

¹ The Obsolescing Bargain Theory (OBT) describes the changing nature of bargaining relations between a multinational company and the government of the host country, where the initially favourable deal for the multinational erodes as its investment effectively become hostage to the host government. The multinational holds initial power due to capital and tech, but as the host country develops local capacity, its presence becomes less crucial. This can lead to the imposition of more conditions on the company or even expropriation of assets.

OUTLOOK

The rapidly evolving situation in the Middle East, specifically along the Strait of Hormuz, is dominating headlines and has sparked huge swings in markets.

Iran's retaliatory strategy hinges on hitting global energy flows through the Strait of Hormuz, a chokepoint for crude oil and liquefied natural gas (LNG) exports from Gulf states. Around 20 million barrels per day of crude oil usually transits the strait daily, of which 3.5 million barrels a day (3.5% of global supply) is produced by Iran, along with 20% of seaborne LNG exports. Shipping through the strait has almost come to a complete halt.

Critically, oil prices have surged past \$100 a barrel, and strikes have targeted energy infrastructure in Bahrain, Kuwait, Qatar, Saudi Arabia and the UAE, signalling a longer recovery period for markets, even if active conflict is halted within weeks. Qatar, which exports around one-fifth of global LNG, has already expressed that even with an immediate ceasefire, it will take over a month to recover its export capabilities after the hit to the Ras Laffan facility. Thus, as the conflict widens, the impact of huge supply losses will compound further, deepening macro instability.

Duration and strategy

US strategic goals, as conveyed by the Trump administration, appear vague and often conflicting. On March 10th the oil price dropped from over \$100 to \$90 after Trump said the war would “end very soon”, but secretary of defence Pete Hegseth has warned the US campaign will accelerate in the coming weeks. The risk is this unpredictability that continues to bleed into the market.

One point of reprieve is the low political appetite in the US for escalating these operations; in the run-up to the mid-term elections, this could provide a buffer against a drawn-out conflict. Moreover, while the US calls for regime change from within, there doesn't seem to be a commitment to boots on the ground, which would prolong the war. If the conflict resolves, oil prices should fall back, given that this is mainly an interruption to distribution, not production.

From a geopolitical perspective, the strikes against US gulf allies only serve to undermine diplomatic cooperation. Optics around the safety of oil-rich gulf countries do not bode well for Vision30 agendas, sporting or tourism traction, with some estimating a loss of around \$600m a day for the Middle Eastern tourism industry. A sustained campaign which uses these states as collateral threatens the fabric of US diplomatic efforts with the region – another reason for Trump to look to end the war in short order.

Which economies will be affected?

Asian and European economies are set to take the biggest energy-related hit from the war. As net importers with heavy reliance on the Strait of Hormuz, countries such as South Korea, India, Vietnam, Thailand and Taiwan have the highest exposure to oil and gas shortages, while Malaysia and Australia are beneficiaries as net oil exporters. Notably, Russia may benefit as countries seek alternative energy sources. India, for example, has already been granted a 30-day waiver by the US to purchase oil from Russia, which had previously plugged the gap by sourcing from Middle East producers.

China is the principal export destination for Iranian oil (half of its crude imports flow through the strait) and receives around 29% of its LNG by that route; however, it is better positioned to offset a crisis than other Asian economies. Beijing has built up significant oil stockpiles, with analyst estimates of 1.1-1.4 bn barrels of oil (around 140 days of domestic import demand) and has boosted annual investment in reserves and domestic energy production, averaging around \$48 billion since 2018. There is also potential for China to increase gas pipeline activity with Russia as the Power of Siberia pipeline is not operating at full capacity, and the Far Eastern route should begin deliveries in 2027.

In some aspects, China could be a geopolitical beneficiary of the conflict in the near and long term. With the US distracted by its offensive in the Middle East, there could be some reprieve in the trade war, but more importantly, China has been incrementally building soft power through infrastructure. Just last week, it opened its first European project: the Budapest-Belgrade line. As we have previously explored, China established diplomatic ties with more than 150 countries through the Belt and Road Initiative, created alternative platforms such as the Cross-Border Interbank Payment System (CIPS), and contested a US-led global order. The BRICS countries have also expanded to include Saudi Arabia, the UAE, and Iran, with another 10 partner countries interested in full membership, in a cooperative which bypasses traditional Western influence.

Portfolio Positioning

Turning to the impact of events on the portfolio, we believe the fund is well positioned in the event of a protracted conflict. The fund is significantly underweight India and has no exposure to South Korea, while it has significant overweight positions in Mexico and Brazil. This positioning tends to be rewarded in a rising oil price environment: negative for energy importers, and positive for the exporters. We also have no direct exposure to the Middle East in the portfolio – our only EMEA holding is based in Greece (although it has some exposure to Cyprus and small exposure to Israel).

Generally, the portfolio is invested in companies with relatively low energy intensity; we have typically avoided exposure to asset-intensive, heavy industry. Where the impact may be felt over time is if the energy crisis starts to affect overall consumer spending, leading to budget constraints as a result of higher energy costs. Exposure to this second-order effect is clearly a negative, but we believe it leaves the portfolio in a relatively good position overall and insulates us from some of the more immediate effects.

The emphasis we place on the underlying quality of a business, earning high returns on capital and generating cash, provides the underpinning for rewarding shareholders with dividends while seeking to compound their earnings over the long term. It is this combination, embedded in an equally weighted portfolio, that we believe works particularly well in an emerging market context and provides investors with access to a disciplined strategy with which to navigate an uncertain environment.

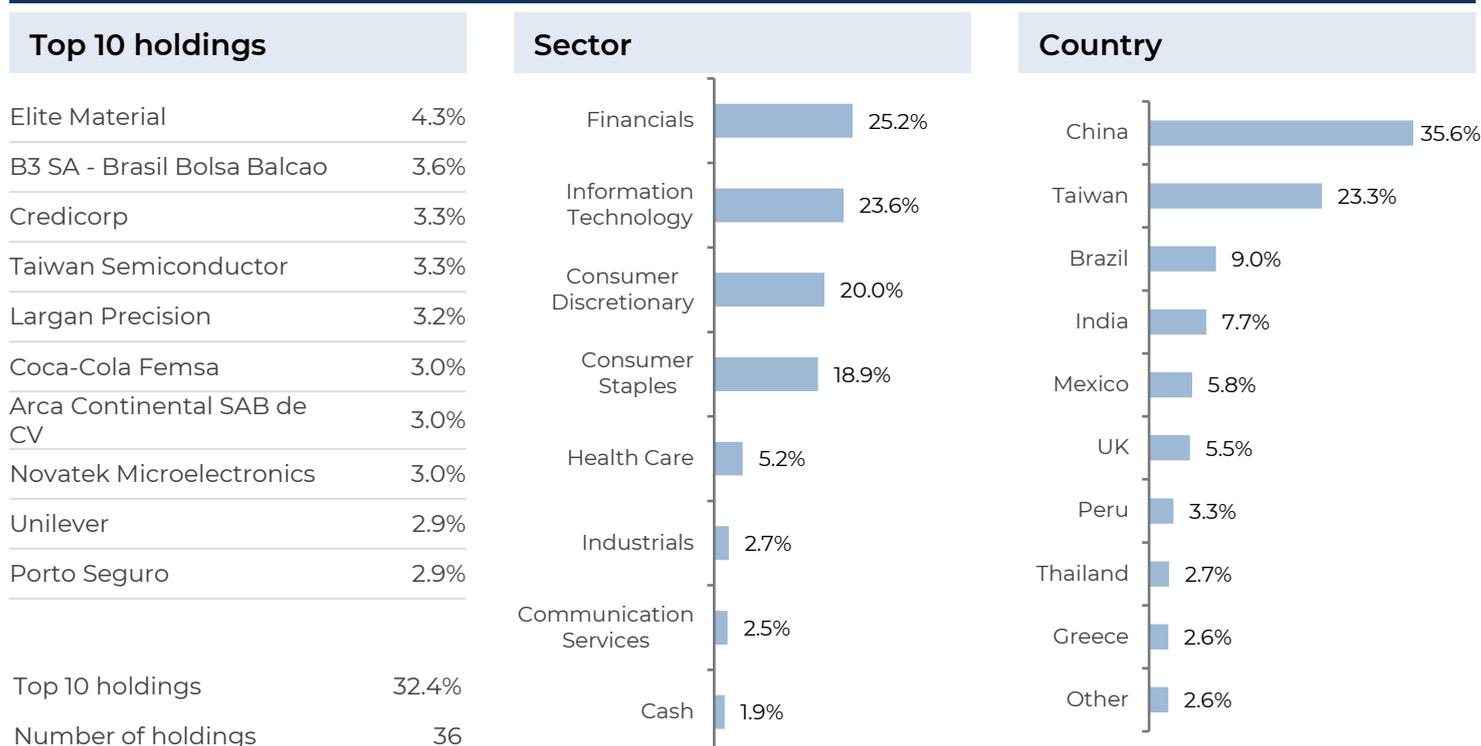
Portfolio Managers

Edmund Harriss
Mark Hammonds

GUINNESS EMERGING MARKETS EQUITY INCOME FUND - FUND FACTS

Fund size	\$22.1m
Fund launch	23.12.2016
OCF	0.77%
Benchmark	MSCI Emerging Markets
Historic yield	3.5% (Y GBP Dist)

GUINNESS EMERGING MARKETS EQUITY INCOME FUND - PORTFOLIO



Guinness Emerging Markets Equity Income Fund

Past performance does not predict future returns.

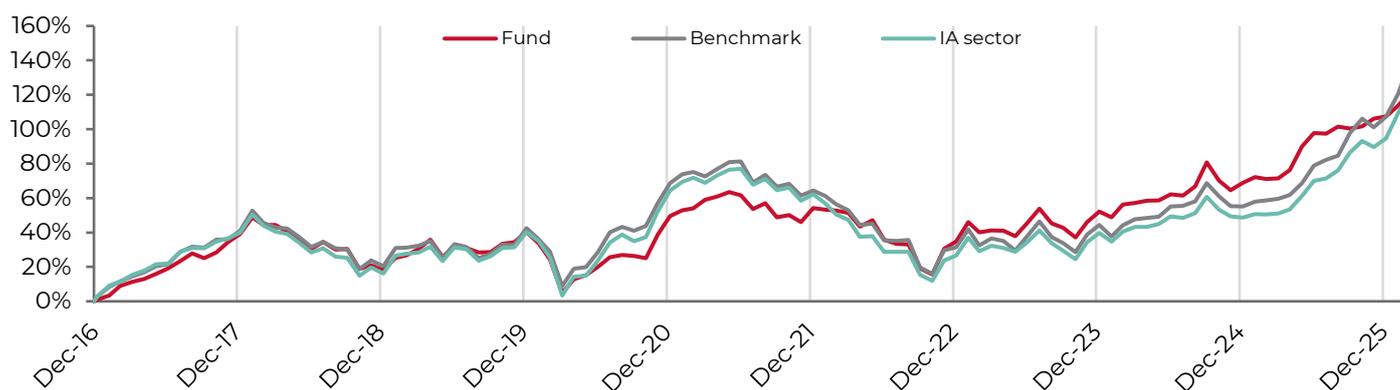
GUINNESS EMERGING MARKETS EQUITY INCOME FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+4.7%	+6.7%	+21.1%	+42.1%	+49.3%	-
MSCI Emerging Markets	+7.7%	+14.9%	+40.4%	+61.6%	+41.2%	-
IA Global Emerging Markets TR	+7.2%	+14.5%	+38.6%	+55.4%	+34.8%	-
(USD)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+2.6%	+6.7%	+29.3%	+57.8%	+43.6%	-
MSCI Emerging Markets	+5.5%	+14.8%	+50.0%	+79.5%	+35.8%	-
IA Global Emerging Markets TR	+5.0%	+14.5%	+48.0%	+72.6%	+29.7%	-
(EUR)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+3.4%	+6.1%	+13.9%	+41.8%	+47.6%	-
MSCI Emerging Markets	+6.3%	+14.2%	+32.1%	+61.2%	+39.6%	-
IA Global Emerging Markets TR	+5.8%	+13.9%	+30.4%	+55.1%	+33.3%	-

GUINNESS EMERGING MARKETS EQUITY INCOME FUND - ANNUAL PERFORMANCE

(GBP)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Fund	+14.4%	+12.9%	+6.6%	-1.6%	+4.0%	+3.4%	+14.2%	-9.8%	+25.8%	-
MSCI Emerging Markets	+24.4%	+9.4%	+3.6%	-10.0%	-1.6%	+14.7%	+13.9%	-9.3%	+25.4%	-
IA Global Emerging Markets TR	+21.9%	+8.2%	+4.3%	-12.2%	-0.5%	+13.6%	+16.0%	-11.8%	+24.4%	-
(USD)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Fund	+22.8%	+10.9%	+12.9%	-12.6%	+3.0%	+6.7%	+18.8%	-15.1%	+37.7%	-
MSCI Emerging Markets	+33.6%	+7.5%	+9.8%	-20.1%	-2.5%	+18.3%	+18.4%	-14.6%	+37.3%	-
IA Global Emerging Markets TR	+30.9%	+6.3%	+10.5%	-22.0%	-1.4%	+17.3%	+20.7%	-16.9%	+36.2%	-
(EUR)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Fund	+8.3%	+18.3%	+9.1%	-6.8%	+10.9%	-2.2%	+20.9%	-10.8%	+20.9%	-
MSCI Emerging Markets	+17.8%	+14.7%	+6.1%	-14.9%	+4.9%	+8.5%	+20.6%	-10.3%	+20.6%	-
IA Global Emerging Markets TR	+15.4%	+13.4%	+6.8%	-16.9%	+6.1%	+7.6%	+22.9%	-12.7%	+19.7%	-

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



Source: FE fundinfo net of fees to 28.02.26. 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. Historic yield reflects the distributions declared over the past 12 months expressed as a percentage of the mid-market price, as at the latest month end. It does not include any preliminary charges. Investors may be subject to tax on the distribution.

IMPORTANT INFORMATION

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

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

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, Supplement, Key Information Document (KID) / Key Investor Information Document (KIID) and the Application Form, is available in English from www.guinnessgi.com or free of charge from:-

- the Manager: Waystone Management Company (IE) Limited (Waystone IE) 2nd Floor 35 Shelbourne Road, Ballsbridge, Dublin D04 A4E0, Ireland; or,
- the Promoter and Investment Manager: Guinness Asset Management Ltd, 18 Smith Square, London SW1P 3HZ.

Waystone IE is a company incorporated under the laws of Ireland having its registered office at 35 Shelbourne Rd, Ballsbridge, Dublin, D04 A4E0 Ireland, which is authorised by the Central Bank of Ireland, has appointed Guinness Asset Management Ltd as Investment Manager to this fund, and as Manager has the right to terminate the arrangements made for the marketing of funds in accordance with the UCITS Directive.

Investor Rights

A summary of investor rights in English, including collective redress mechanisms, is available here: <https://www.waystone.com/waystone-policies/>

Residency

In countries where the Fund is not registered for sale or in any other circumstances where its distribution is not authorised or is unlawful, the Fund should not be distributed to resident Retail Clients. **NOTE: THIS INVESTMENT IS NOT FOR SALE TO U.S. PERSONS.**

Structure & regulation

The Fund is a sub-fund of Guinness Asset Management Funds PLC (the "Company"), an open-ended umbrella-type investment company, incorporated in Ireland and authorised and supervised by the Central Bank of Ireland, which operates under EU legislation. If you are in any doubt about the suitability of investing in this Fund, please consult your investment or other professional adviser.

Switzerland

This is an advertising document. The prospectus and KID for Switzerland, the articles of association, and the annual and semi-annual reports can be obtained free of charge from the representative in Switzerland, REYL & Cie S.A., Rue du Rhône 4, 1204 Geneva, Switzerland. The paying agent is Banque Cantonale de Genève, 17 Quai de l'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.

Telephone calls will be recorded and monitored