Guinness Sustainable Energy

Investment Commentary – April 2026

RISK

This is a marketing communication. Please refer to the Prospectus, Supplement and KID/KIID 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 movement, and you may not get back the amount originally invested. The Funds invest at least 80% in companies in the sustainable energy sector and can be volatile. Past performance does not predict future returns.

ABOUT THE STRATEGY

Launch	19.12.2007
Index	MSCI World
Sector	IA Commodity/Natural Resources
Managers	Will Riley Jonathan Waghorn
EU Domiciled	Guinness Sustainable Energy Fund Guinness Sustainable Energy UCITS ETF
UK Domiciled	WS Guinness Sustainable Energy Fund

INVESTMENT POLICY

The Guinness Sustainable Energy Funds are managed for capital growth and invest in companies involved in the generation, storage, efficiency and consumption of sustainable energy sources (such as solar, wind, hydro, geothermal, biofuels and biomass). We believe that over the next twenty years the sustainable energy sector will benefit from demand growth, improving economics and both public and private support, offering attractive investment opportunities. The Funds are actively managed and use the MSCI World Index as a comparator benchmark only.

CONTENTS

COMMENTARY

REVIEW OF 1Q 2026

Conflict in the Middle East has triggered a significant energy shock, disrupting global markets. While near-term headwinds are weighing on equities, we believe the conflict will ultimately accelerate the energy transition as governments place greater emphasis on energy security. In this month's report, we review 1Q 2026 macro developments and fund contribution.

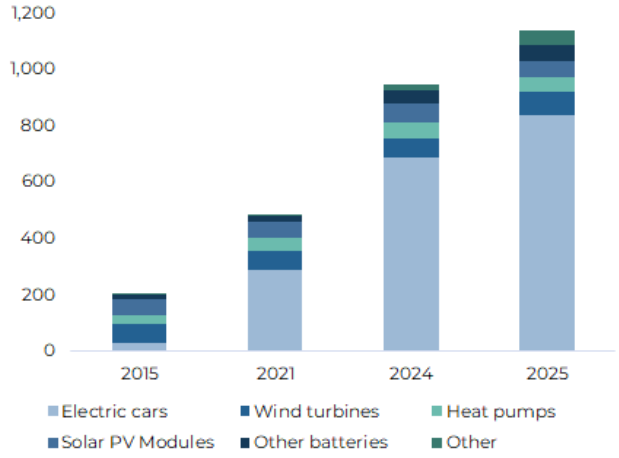
EQUITIES

The Guinness Sustainable Energy Fund (Class Y) delivered a return of -10.3% (in USD) in March, underperforming the MSCI World Index, which returned -6.4%. With the energy shock disrupting global equity markets, the fund's top performers included utilities and independent power producers who benefited from their 'safe haven' status. Among the fund's bottom performers were Asian and European names that are more exposed to rising energy prices and recession fears.

CHART OF THE MONTH: GLOBAL CLEAN ENERGY MARKET

The International Energy Agency reports that the combined market for key clean energy technologies has grown at an average rate of close to 20% per year for the last decade. It expects the market to have grown another 25% in 2025, taking the combined market value to almost $1.2 trillion and overtaking the global coal market. Electric vehicles have been the main driver of this growth, with the market growing by more than 40% per year between 2015 and 2024.

Global clean energy technologies market ($bn)



Source: IEA, February 2026

Principles for Responsible Investment

MARCH NEWS AND EVENTS IN REVIEW

In this section, we review the key news items and their impact on our various portfolio sub-sectors over the last month.

News	Sub-Sector	Impact
China and the EU both set out updated policy frameworks to support the build-out and financing of clean energy. China's 15th Five-Year Plan (2026–2030) reinforces a strong push to scale renewables, electric vehicles and clean technology manufacturing, alongside targets for reducing carbon intensity and increasing the share of non-fossil energy. China's updated strategy reflects a pragmatic approach to energy investment, balancing decarbonisation with energy security and economic stability. In the same month, the European Commission launched its Clean Energy Investment Strategy, aimed at accelerating deployment and mobilising c.€600–700bn of annual investment to 2030, with a greater role for private capital in funding grids, generation and electrification.	Clean energy policy	
In Europe, governments are accelerating wind deployment as part of their efforts to improve energy security in response to the disruption in the Middle East. Germany plans an additional 12 GW of onshore wind tenders, building on the 3.4 GW awarded in its first 2026 auction round. In the UK, Allocation Round 8 (AR8) for offshore wind has been brought forward to July, following a stronger AR7 auction that signalled improved developer participation. Overall, both markets are pushing to scale renewables more quickly as a core pillar of their energy security policy.	Wind power	
In the US, the rapid growth of AI-driven data centre demand is increasingly exposing constraints around power availability and rising electricity costs. In March, major technology firms including Google, Microsoft and Amazon signed a White House-backed 'Ratepayer Protection Pledge' committing to fund new power generation and grid infrastructure for their data centres, in part to address concerns that surging demand could drive up consumer electricity bills. At the same time, the scale and intensity of data centre power use, often requiring dedicated supply and driving peak demand, are prompting new operating strategies, with companies such as Google striking utility agreements to reduce consumption during peak periods and ease pressure on the grid.	US Power Demand	
The conflict in Iran and the closure of the Strait of Hormuz have triggered an energy shock that is weighing on global equity markets. Elevated energy prices are impacting both growth and inflation, primarily through higher input costs, which are more acutely felt in energy-intensive industrial sectors. This dynamic is also complicating the outlook for monetary policy, with renewed inflationary pressures making the path to lower interest rates less certain. Energy transition equipment manufacturers are not immune to these near-term headwinds. Raw material cost inflation is pressuring margins, while higher interest rates are weighing on consumer behaviour and underlying project economics.	Macroeconomic headwinds	
In the US, biofuel demand is expected to increase after the Environmental Protection Agency released its finalised Renewable Fuel Standard (RFS) mandates. The Agency has set record high blending volumes, or how much renewable fuel must be blended into petrol and diesel, for 2026-2027. This should drive meaningful increases in demand for biofuels and biomass-based diesel, as well as the associated feedstocks such as corn and soybean oil.	US biofuel demand	

MANAGERS' COMMENTS

The outbreak of war in the Middle East, which has brought the effective closure of the Strait of Hormuz, has triggered a meaningful energy shock that is disrupting global markets. While the threat of weaker economic growth, inflation and higher interest rates is weighing on equities (including sustainable energy equities) in the short term, we believe that the war will accelerate the energy transition as governments come to regard energy security as even more critical. In this report, we discuss the likely impact of the war on the sustainable energy sector and review fund performance in 1Q 2026. We conclude that current valuations reflect short-term war-related concerns such as interest rate increases and inflation, while discounting the structurally improving outlook for sustainable energy equities.

The US-Iran conflict

At the end of February, the United States and Israel commenced military strikes on Iran with the stated aim of regime change. In response, Iran attacked a number of foreign oil tankers, effectively shutting the Strait of Hormuz and with it, a significant proportion of global energy supply. The Strait is a stretch of water 21 miles wide which separates Iran from the UAE and Oman. It is a vital corridor that represents a critical chokepoint in global energy logistics as it facilitates the transit of:

- Approximately 20m barrels per day (b/d) of crude oil, condensate, and oil products, equivalent to around 20% of global oil supply and 30% of seaborne oil trade.
- 20% of global liquefied natural gas (LNG) production.

The conflict has resulted in materially tighter energy markets. After allowing for pipeline re-routing and strategic inventory releases, we estimate that the closure of the Strait has removed 9-11 million b/day of physical oil supply, an unprecedented shock that took Brent spot prices as high as $117/bl in March, a 95% increase year-to-date. Natural gas markets have also been severely disrupted, with the loss of c.11 billion cubic feet per day of LNG supply through the Strait, a disruption comparable to around 75% of the amount of Russian gas lost from Europe in 2022. More dramatic price spikes have been seen in oil products than in crude oil, with aviation fuel, diesel and naphtha prices experiencing particularly violent swings as those markets had lower inventories and tighter supply vs demand before the war.

While the outcome of the conflict remains uncertain, a prolonged disruption will see oil prices reach demand destruction levels around $125-150/bl. Elevated energy prices weaken the economic outlook and cause higher inflation as they feed through to higher input costs (particularly across more energy-intensive industrial sectors) and complicate the path to lower interest rates for central banks, given renewed inflationary pressures. Equity markets have responded to these risks, with the MSCI World Index falling -6.4% in March in USD. Companies manufacturing equipment for the energy transition are not immune to these near-term issues, with raw material inflation impacting manufacturing profitability and interest rates impacting consumer buying habits and underlying project economics.

The Iran war will accelerate the energy transition

Like the 2022 European energy crisis resulting from the Russian invasion of Ukraine, we believe that the Iran war will accelerate the energy transition. The conflict has exposed the vulnerabilities of energy systems reliant on imported fossil fuels and reinforced the advantages of a more electrified system which, once built, is far less dependent on volatile energy imports. With energy security solidly at the top of the policy agenda for governments, we expect to see an acceleration in investment across renewable generation, grid infrastructure, and energy efficiency as policy makers work to directly reduce their reliance on fossil fuels and build resilience in their power supply. The target now clearly becomes electrified sovereignty. The current situation exceeds the 2022 crisis in that it affects both power generation markets (via higher natural gas prices) and transportation markets (via higher oil, gasoline, diesel and jet fuel prices).

The oil, oil product and gas supply disruption has been significant. **Fatih Birol**, executive director of the International Energy Agency (IEA), described the energy crisis as "the greatest global energy security threat in history" which will kick renewables "into an extraordinary new phase of even faster growth as countries seek to capitalise on their energy security benefits". The crisis is being most keenly felt in energy-importing countries and regions (for example, the EU imported €336.7bn of fossil fuel-based energy products in 2025), with European Commission president **Ursula von der Leyen** saying "we know firsthand that the more you build homegrown energy, the sooner you get independent and thus can shield yourself from energy

price shocks. We are in a race to electrify our economies", while Japanese prime minister **Sanae Takaichi** has said "In light of the Iran situation, the strategic importance of resources and energy security is once again being recognised globally".

Lessons from the European energy crisis

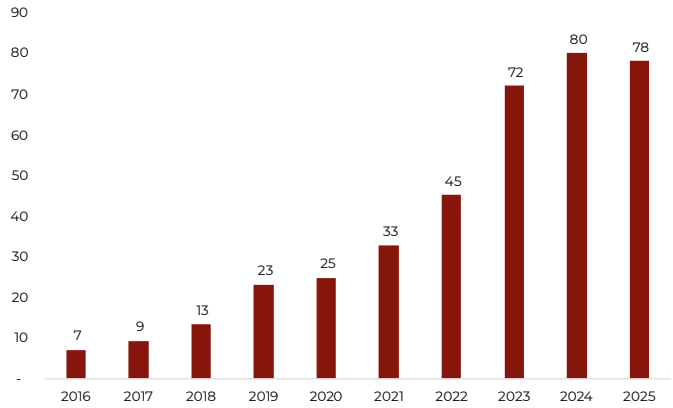
To get a sense of the longer-term implications of a severe energy disruption, we reflect on some of the outcomes of the European energy crisis of 2022. In this case, Europe cut its reliance on Russian natural gas in response to the invasion of Ukraine, triggering a crisis and forcing the bloc to enact supportive policy that accelerated investment into renewables and storage, energy efficiency, and incentivised the electrification of end demand.

European (EU-27 and UK) energy transition investment ($bn)

Source: BNEF, January 2026

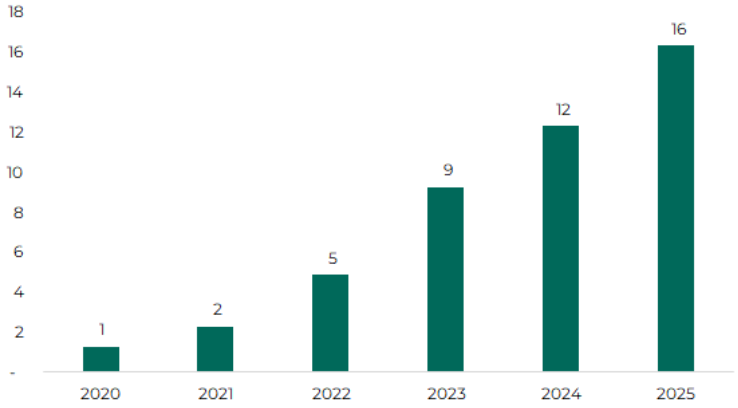
In response, Europe saw a major acceleration in **solar** deployment, with installations increasing from 33 GW in 2021 to 72 GW in 2023. The inflection in solar installations was followed by a similar surge in battery installations, which increased from 2 GW in 2021 to 9 GW in 2023.

Annual European solar installations (GW)



Source: BNEF, March 2026

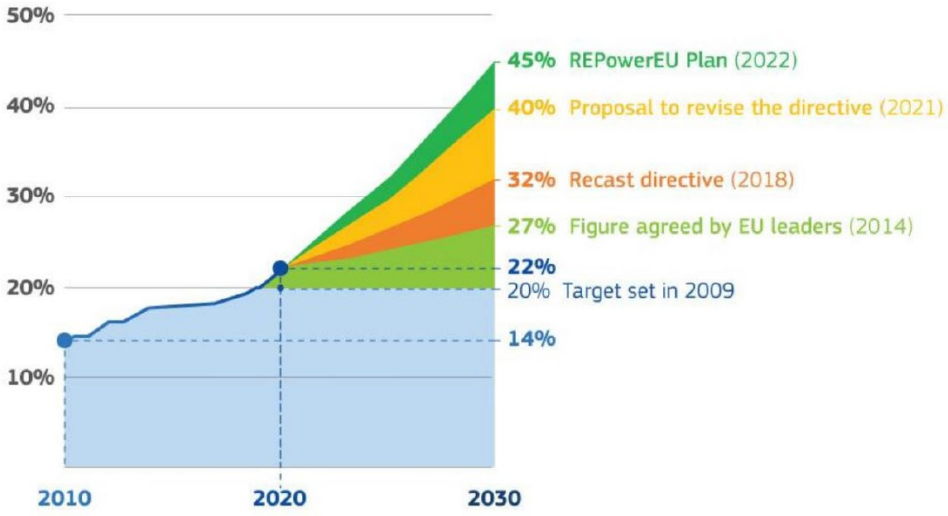
Annual European energy storage build (GW)



Source: BNEF, March 2026

In certain European markets, the invasion also spurred major investment into both **onshore and offshore wind** generation. Germany, for example, reformed its permitting for onshore wind and has seen installations increase from 2 GW in 2021 to an expected 10 GW in 2026. As a result of these investments into renewable energy technologies, Europe has seen its share of power generation from wind and solar increase from 19% to 30% while gas has fallen from 19% to 17%.

EU renewable power as a percentage of total power generation



Source: Jefferies, European Commission, April 2026

The 2022 crisis not only catalysed a wave of new renewable generation but also highlighted the importance of investing in **energy efficiency** as a means of structurally reducing energy demand and fossil fuel imports. Elevated gas prices brought the cost of energy consumption sharply into focus, driving a step change in policy and capital allocation. IEA data shows that investments made in the aftermath of Russia's invasion led to global energy intensity improvements of around 2% in 2022, a meaningful acceleration compared to the c.0.5% seen in previous years. In the European Union alone, energy efficiency investments made in response to the energy crisis helped the bloc reduce its gas consumption in the residential sector by 18% between 2021-2024.

We expect the US-Iran war to support these trends, with countries either building upon the actions taken in previous years or implementing new frameworks to incentivise clean energy investment. Although it is difficult to assess the long-term impact of the Iran war at this stage, we are already starting to see some changes in government and consumer behaviour towards energy efficiency, energy security and the electrification of demand:

- In **government policy**, Germany committed in March to a further 10GW of onshore wind tenders to 2030 (on top of the 10GW already included in the Renewable Energy Act to 2032) while the UK brought forward its AR8 renewable power capacity auction after the record awards in AR7.
- In **domestic power generation** and **energy efficiency**, Octopus Energy has seen the busiest three-week period in its history with a 41% rise in enquiries from UK homeowners about how to become "energy independent". Heat pump sales increased by 51% versus the prior month while solar sales increased 54% and EV charger sales grew by 20 per cent. In Germany, renewable energy firm Enpal BV saw enquiries for heat pumps and solar panels up 30% since the start of the war.
- In **transportation**, higher gasoline and diesel prices are showing signs of changing purchasing behaviour. According to AutoTrader, advert views for new models from EV brand BYD in the UK have risen 77% year-on-year, while searches for used BYD vehicles were up more than 375%. Renault reported a 24% increase in EV model enquiries on its website since the end of February, while Kia saw requests for EV test drives increase 84% year-on-year.

While there continues to be questions about the duration and outcome of the war, we believe the conflict represents another catalyst for the energy transition. While the threat of higher interest rates and inflation will cause some near-term headwinds for sustainable energy equities, we believe it will ultimately catalyse long-term investment into the energy transition, as it did following the European energy crisis. Importantly, the actions taken in the aftermath of that crisis have created a stronger foundation on which to build. Renewable technologies are increasingly cost-competitive, electrification is already underway, and policy frameworks are in place, suggesting that the response could be both faster and more sustained than in previous cycles.

Guinness Sustainable Energy Fund: Review of 1Q 2026

Past performance does not predict future returns

Against the backdrop of an ongoing conflict and global energy shock, the Guinness Sustainable Energy Fund delivered a return of -1.6% in the first quarter in USD, outperforming the MSCI World Index Net Return (-3.6%) by 2.0 percentage points. Within the portfolio our best-performing segments were power generation and electrical equipment manufacturers, while underperforming segments included clean energy equipment manufacturers and buildings & industry names.

Global equity markets have been volatile in the first quarter, with rotations driven by geopolitics, AI disruption concerns and rising commodity prices. Early in the year, fears around AI fuelled the 'HALO' trade, a preference for business models based on 'Heavy Assets, Low Obsolescence' and hence seen as less exposed to disruption and leveraged to growing power demand. More recently, the escalation of conflict in the Middle East and disruption to energy markets have driven a broader correction and a rotation into conventional energy equities. Uncertainty has been further compounded by US trade policy developments, with tariffs increased to 15% following a Supreme Court ruling against earlier proposals.

The utilities & independent power producer subsector was the strongest performer in the quarter, with NextEra, Iberdrola, China Longyuan and Ormat all contributing positively. Performance has been supported by a rotation away from technology and the sector's relative safe-haven status in the current macro environment. Prior to the recent conflict, the sector had been performing well, reflecting strengthening global electricity demand and rising renewable power prices. NextEra, the fund's top contributor in the quarter, was particularly strong, with the company reaffirming its long-term earnings growth guidance of 8%+ per annum through at least 2032, underpinned by structurally increasing power demand in the US and a constructive regulatory backdrop.

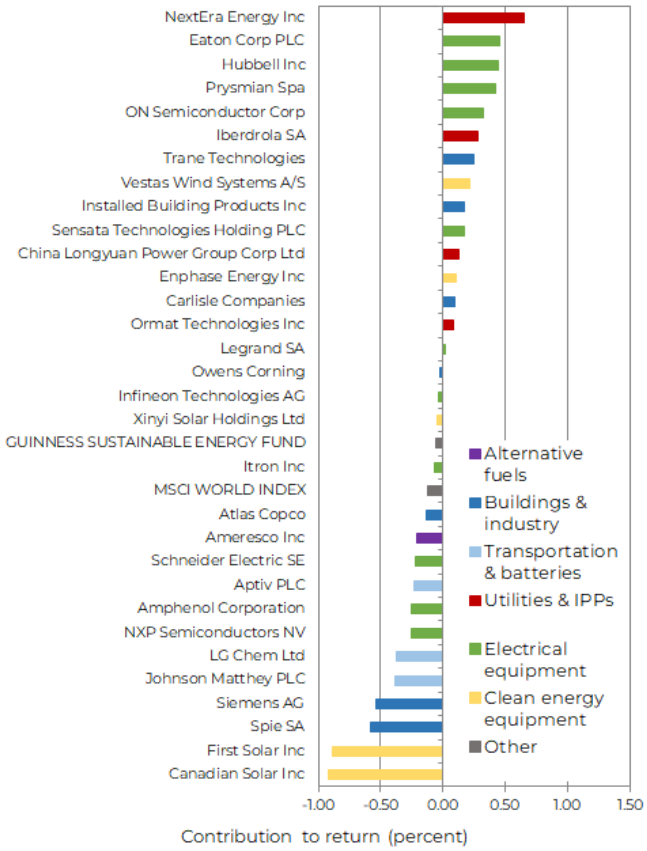
Our electrical equipment and grid-exposed subsector was the second-best performer over the period, although this somewhat masked a wide dispersion in performance across the underlying holdings. Within the portfolio, our US names (Eaton, Hubbell, Onsemi, Sensata) generally performed better than our European holdings (Infineon, NXP, Schneider). While the sector as a whole is sensitive to global manufacturing and GDP growth expectations, the weaker performers were generally more exposed to softer industrial and automotive end markets. Despite short-term headwinds, we continue to see the sector as a key beneficiary of long-term structural trends, including data centre build-out, grid modernisation and rising electrification. This was evident in the strong performance of Eaton, Hubbell and Prysmian, which all provided solid guidance supported by improving visibility on demand from data centres and grid infrastructure.

A number of our displacement names detracted from performance over the quarter, reflecting their greater sensitivity to GDP and interest rate expectations. Our European industrial names (Siemens, Atlas Copco, SPIE) were the most impacted by the conflict, due to the region's greater reliance on energy imports and greater economic risk. More recently, some of our construction-exposed names, including Carlisle, Owens Corning and Trane, have also come under pressure as interest rate expectations have shifted from cuts to hikes in 2026. Siemens was one of our bottom performers due to concerns around a slowdown in short-cycle industrial demand, although the company's underlying results were more encouraging, with a clear beat on orders and margins, alongside an upgrade to earnings guidance.

All our transportation & batteries holdings delivered negative performance in the quarter as concerns of a soft auto market were compounded by the US-Iran war. Johnson Matthey performed weakly after the agreed sale of its Catalyst Technologies business to Honeywell was renegotiated due to regulatory delays and weak performance, pushing out the completion timeline and reducing the expected cash return to shareholders.

The clean energy equipment sector was the weakest performer over the quarter, with Canadian Solar and First Solar the two largest detractors in the fund. Both companies offered disappointing guidance, with First Solar impacted by ongoing policy uncertainty, and Canadian Solar facing a combination of project delays and cost pressures. Pleasingly, Vestas continues to perform well, supported by strong execution, solid order momentum and an ongoing recovery in its service division.

Q1 2026 contribution for Guinness Sustainable Energy Fund



Source: Bloomberg, Guinness Global Investors estimates; 31 March 2026

At 31 March 2026, the Guinness Sustainable Energy Fund traded on a 2026 price/earnings (PE) ratio of 18.3x. On a 12-month forward view, the Fund trades at a 3% PE discount to the MSCI World Index, despite offering a compound annual earnings growth of 14.5% (based on consensus expectations) out to 2028, ahead of the earnings growth rate of the MSCI World at 13.2%.

As at 31 March 2026	PE			EV/EBITDA			Dividend Yield		EPS Growth (%pa)		Cash return	
	2024	2025E	2026E	2024	2025E	2026E	2025E	2026E	2019-24	2025-28	2025E	2026E
Guinness Sustainable Energy Fund	22.6x	21.1x	18.3x	13.8x	11.8x	10.3x	1.6%	2.1%	7.1%	14.5%	10.7%	11.5%
MSCI World Index	23.7x	21.7x	18.7x	16.7x	15.6x	13.3x	1.7%	1.8%	6.8%	13.2%	9.9%	10.6%
Fund Premium/(Discount)	*-5%*	*-3%*	*-3%*	*-17%*	*-24%*	*-22%*						

*2024 P/E = Latest month-end price / 2024 earnings; Portfolio = median CFROI; Index data = HOLT MSCI World ETF median CFROI, EPS derived from consensus, adjusted for Canadian Solar and LG Chem

Source: Bloomberg, Guinness Global Investors; 31 March 2026

Typically, we would expect the faster growing asset to trade at a premium valuation, but as at the 31st March 2026, the fund trades at a discount, reflecting continued investor caution towards the sector as well as short-term concerns about the outcome of the US-Iran war. While the conflict has undoubtably raised concerns about inflation, growth, and the outlook for interest rates, it has also improved the fundamental outlook for sustainable energy technologies. We believe the market is being overly pessimistic about the near-term headwinds and is overly discounting the long-term opportunity for the sector.

Resolution of the conflict would bring the portfolio relief from the headwinds of lower GDP, higher interest rates and higher input costs, which have been weighing on performance. Over the longer-term we believe the portfolio is well placed to benefit from an increased focus on energy security and an acceleration of the electrification megatrend. We believe that the Guinness Sustainable Energy portfolio, chosen from our universe of around 300 companies, provides concentrated exposure to the theme at attractive valuation levels, particularly relative to consensus earnings growth expectations.

Key themes in the Guinness Sustainable Energy Fund

	Theme	Example holdings	Weighting (%)
1	Electrification of energy demand		24.3%
2	Modernising the power grid		11.6%
3	Rise of the electric vehicle and auto efficiency		11.0%
4	Power semiconductors		6.3%
5	Wind & solar equipment manufacturing		9.3%
6	Low carbon power generation: regulated producers		10.2%
7	Low carbon power generation: independent producers		8.2%
8	Building and industrial efficiency		14.7%
9	Other (inc cash)		4.6%

Source: Guinness Global Investors, 31 March 2026

PERFORMANCE

Past performance does not predict future returns.

The **Guinness Sustainable Energy Fund** (Class Y, 0.74% OCF) delivered a return of -10.3% in the month, while the MSCI World Index (net return) delivered -6.4% (all in USD terms).

Guinness Sustainable Energy Fund	Ytd	1 Yr	3 Yrs	5 Yrs	10 Yrs*
Fund (Class Y)	-1.6%	31.9%	-0.2%	4.0%	138.4%
MSCI World NR Index	-3.6%	18.9%	59.2%	63.0%	205.1%
Out/Underperformance	*2.0%*	*13.0%*	*-59.4%*	*-59.0%*	*-66.7%*

	2025	2024	2023	2022	2021
Fund (Class Y)	*26.9%*	-11.8%	-0.4%	-12.5%	10.4%
MSCI World NR Index	*21.1%*	18.7%	23.8%	-18.1%	21.8%
Out/Underperformance	*5.8%*	*-30.4%*	*-24.2%*	*5.6%*	*-11.4%*

	2020	2019	2018*	2017*	2016*
Fund (Class Y)	84.1%	31.4%	-15.2%	20.2%	-15.4%
MSCI World NR Index	15.9%	27.7%	-8.7%	22.4%	7.5%
Out/Underperformance	*68.2%*	*3.7%*	*-6.5%*	*-2.2%*	*-23.0%*

*The Fund was launched on 19.12.2007. *Simulated past performance prior to the launch of the Y class on 16/02/2018. The Performance shown is a composite simulation for Y class performance being based on the actual performance of the Fund's E class, which has an OCF of 1.24%. On 31/12/2018, the benchmark became the MSCI World NR. Prior to this, the benchmark was the Wilderhill Clean Energy Index (ECO Index).*

The **WS Guinness Sustainable Energy Fund** (Class Y, 0.67% OCF) delivered a return of -11.5% in the month in GBP, while the MSCI World Index (net return) delivered -4.5%.

WS Guinness Sustainable Energy Fund	Ytd	1 Yr	3 Yr
Fund (Class Y, 0.67% OCF)	-2.8%	25.6%	-7.2%
MSCI World NR Index	-1.7%	16.4%	49.3%
Out/Underperformance	*-1.1%*	*9.2%*	*-56.5%*

	2025	2024	2023
Fund (Class Y, 0.67% OCF)	18.5%	-10.4%	-5.8%
MSCI World NR Index	12.8%	20.8%	16.8%
Out/Underperformance	*5.7%*	*-31.2%*	*-22.6%*

The Fund was launched on 30.12.2022.

The **Guinness Sustainable Energy UCITS ETF**, under our management since 25 July 2024, delivered a return of -10.3% in the month in USD, while the MSCI World Index (net return) delivered -6.4% (all in USD terms).

Total return in USD	Ytd	1 Yr
Fund (Class A Acc, 0.65% OCF)	-1.6%	30.8%
MSCI World NR Index	-3.6%	18.9%
Out/Underperformance	*2.0%*	*11.9%*

	2025
Fund (Class A Acc, 0.65% OCF)	26.3%
MSCI World NR Index	21.1%
Out/Underperformance	*5.2%*

Data as of 31.03.2026. Source: FE fundinfo, bid to bid, total return net of fees. Investors should note that fees and expenses are charged to the capital of the Funds. This reduces the return on your investment by an amount equivalent to the Ongoing Charges Figure (OCF). The performance shown has been reduced by the current OCF shown. Returns for share classes with different OCFs will vary accordingly. Transaction costs also apply and are incurred when a Fund buys or sells holdings.

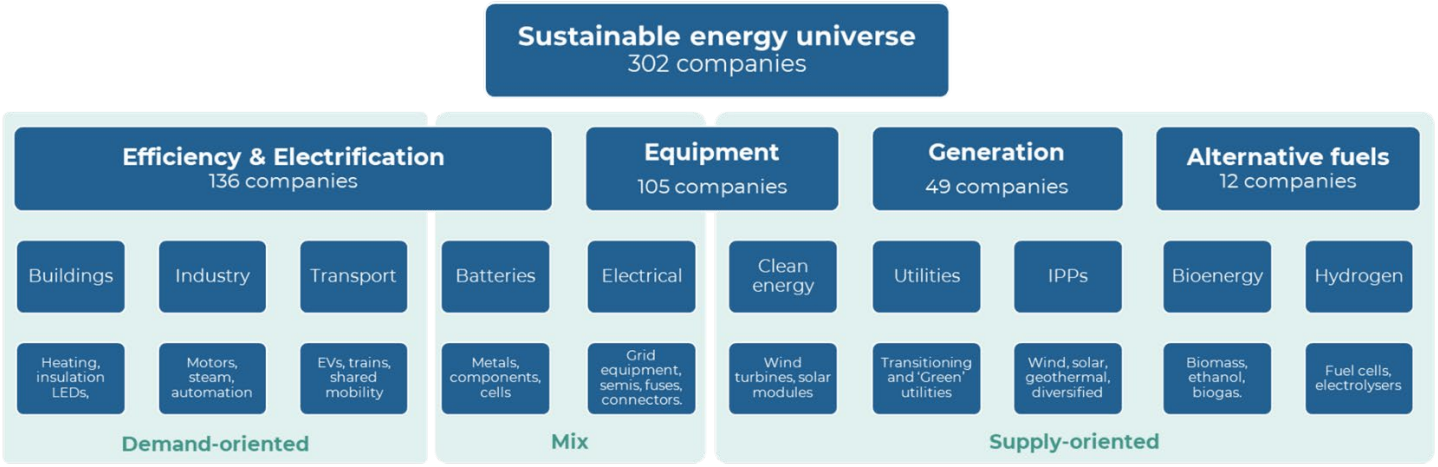
Within the Fund, the strongest performers were Vestas Wind Systems A/S, Ormat Technologies Inc, First Solar Inc, NextEra Energy Inc and Iberdrola SA, while the weakest performers were LG Chem Ltd, Canadian Solar Inc, Atlas Copco, Spie SA and Schneider Electric SE.

Stock by Stock performance over the month, in USD

Source: Bloomberg. As of 31st March 2026

PORTFOLIO

The Guinness Sustainable Energy Fund is positioned to benefit from many of the long-term themes associated with the transition towards a lower-carbon economy and of sustainable energy generation via investment in companies with activities that are economic with limited or zero government subsidy and which are profitable. We do not limit ourselves to 'pure plays', opening our universe to some companies with existing hydrocarbon-based fuel exposure, but this must be accompanied by a commitment to transitioning their business models towards sustainable energy sources. Our investment universe comprises around 300 companies which are classified as follows:



Source: Guinness Global Investors; data as of 30 September 2025

We monitor each of the industry areas very closely and hope that detailed top-down (macro) analysis of each (complemented with disciplined equity screening and stock valuation work) will allow us to deliver attractive fund performance via a broadly equally weighted portfolio of 30 stocks. The portfolio is designed to create a balance between maintaining fund concentration and managing stock-specific risk.

Guinness Global Investors is a signatory of the United Nations Principles for Responsible Investment. The Guinness Sustainable Energy Fund prioritises returns whilst delivering concentrated exposure to companies playing a key role in global decarbonisation. The Fund's holdings align most closely with four of the UN's sustainable development goals:

Signatory of:

PRI Principles for Responsible Investment

Buys/Sells

Buys

AECOM is a global engineering firm which offers access to building efficiency and the renewable energy build-out alongside the strong global infrastructure market. The stock represented attractive growth for value upon entry, having sold off on fears over AI disrupting its business models. We are encouraged by the strong order intake of the business amidst these concerns, and its continual margin improvement.

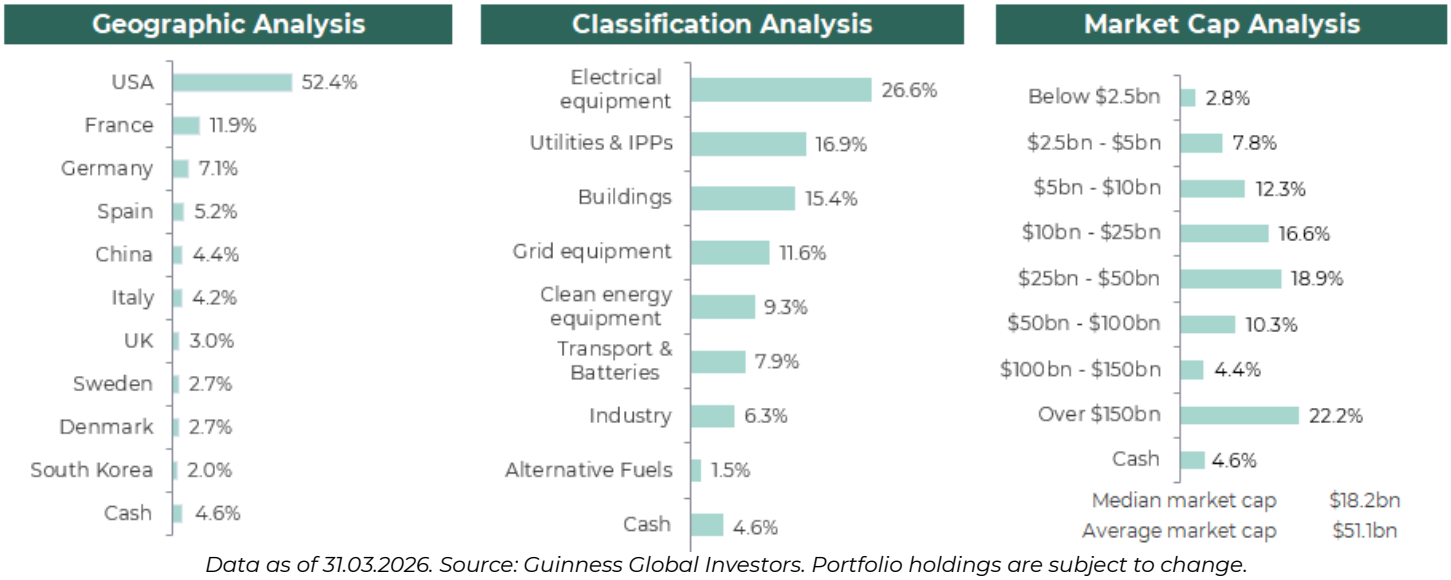
Sells

We exited our position in **Onsemi** following a period of strong performance which saw the company outperform its peers. Over time, we became increasingly cautious on its longer-term competitive positioning across silicon carbide, power

semiconductors and advanced driver assistance system (ADAS) sensors, particularly in light of growing competition from Chinese players. As a result, we had less conviction in the extent to which the company would participate in a broader recovery across automotive and industrial end markets.

We exited our position in **Installed Building Products** following a strong run of performance that resulted in the company trading at valuations not seen since 2021. Against the backdrop of a softening housing market in the US, we recycled the capital into Aecom, which we felt offered better risk/reward and exposure to attractive infrastructure end markets.

Portfolio structure analysis



Data as of 31.03.2026. Source: Guinness Global Investors. Portfolio holdings are subject to change.

Portfolio sector breakdown

The following table shows the asset allocation of the Fund at 31st March and at previous year ends.

Asset allocation as %NAV	Current	*Change*	Year end	Previous year ends					
	Mar-26		*Dec-25*	*Dec-24*	Dec-23	Dec-22	Dec-21	Dec-20	Dec-19
Electrical equipment	26.6%	*-2.0%*	*28.7%*	26.8%	25.1%	20.3%	19.0%	10.0%	9.6%
Buildings	15.4%	*-0.1%*	*15.4%*	14.8%	*9.6%*	*7.7%*	*4.2%*	*3.7%*	*10.2%*
Utilities & IPPs	16.9%	*1.4%*	*15.5%*	20.5%	*19.5%*	*17.7%*	*23.1%*	*24.6%*	*22.2%*
Grid equipment	11.6%	*1.0%*	*10.6%*	9.0%	7.6%	7.3%	6.6%	6.1%	5.5%
Clean energy equipment	9.3%	*-1.5%*	*10.8%*	10.3%	15.8%	19.7%	18.7%	28.8%	23.5%
Transport & Batteries	7.9%	*-0.9%*	*8.9%*	11.3%	16.4%	18.5%	19.5%	20.4%	21.7%
Industry	6.3%	*-0.7%*	*7.0%*	4.8%	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Alternative Fuels	1.5%	*-0.2%*	*1.7%*	1.8%	*1.8%*	*3.0%*	*3.7%*	*3.6%*	*3.2%*
Cash	4.6%	*3.1%*	*1.5%*	0.7%	4.2%	5.8%	5.3%	3.0%	4.2%

Source: Guinness Global Investors

Valuation

At the month's end, the Guinness Sustainable Energy portfolio traded on the following multiples:

As at 31 March 2026	PE			EV/EBITDA			Dividend Yield		EPS Growth (%pa)		Cash return	
	2024	2025E	2026E	2024	2025E	2026E	2025E	2026E	2019-24	2025-28	2025E	2026E
Guinness Sustainable Energy Fund	22.6x	21.1x	18.3x	13.8x	11.8x	10.3x	1.6%	2.1%	7.1%	14.5%	10.7%	11.5%
MSCI World Index	23.7x	21.7x	18.7x	16.7x	15.6x	13.3x	1.7%	1.8%	6.8%	13.2%	9.9%	10.6%
Fund Premium/(Discount)	*-5%*	*-3%*	*-3%*	*-17%*	*-24%*	*-22%*						

*2024 P/E = Latest month-end price / 2024 earnings; Portfolio = median CFROI; Index data = HOLT MSCI World ETF median CFROI, EPS derived from consensus, adjusted for Canadian Solar and LG Chem

Source: Guinness Global Investors, Bloomberg

Portfolio holdings as at the end of March 2026

Our portfolio is typically allocated across 30 broadly equally weighted equities, providing exposure across the value chain of sustainable energy.

A key theme in the portfolio (at around c.38% weight) is that of **electrical equipment**, where we own a number of companies that facilitate the electrification of energy demand and the build-out of the electrical grid. Holdings such as Eaton, Schneider Electric, Amphenol and Legrand participate in various niches in the design, manufacturing and servicing of electrical products across low, medium and high voltage applications, for a wide range of end markets. Hubbell holds a particular specialism in high voltage grid equipment, especially in the United States, while Prysmian manufactures the cable used in high voltage interconnectors and connections to new supply sources. Lastly, Itron has a heritage in manufacturing smart meters and is increasingly providing services and consulting to utilities around this installed base to enable more efficient utilisation of the grid.

The electrification and efficiency of buildings, industrial activities, and transportation represent a total weight of c30% and are split as follows:

- In terms of **transportation** exposure, the portfolio holds five names in the electric vehicle sub-category, giving it exposure to companies that provide semiconductors, electronics, components and software/services to the growing EV and autonomous vehicle industry. Infineon and NXP Semi are providers of power semiconductors and microcontrollers that are a necessity for higher-voltage electric vehicles to become competitive with ICE (internal combustion engine) vehicles, while Aptiv and Sensata are component manufacturers and service providers that should benefit from the ever-increasing amount of electronics present in electric vehicles. We hold one lithium-ion battery manufacturer, LG Chem, which is a Korean chemicals company and one of the largest lithium-ion battery manufacturers in the world.

- Our **buildings** exposure comes via pure-play quality exposure to heating and cooling industries (via commercial HVAC manufacturer Trane Technologies) as well as high-quality roofing manufacturer Carlisle Companies. We also own Owens Corning, a manufacturer of insulation (and associated products). Our final holdings here are SPIE, a French electrical engineering company that provides services for building maintenance, predominantly in France and Germany, and AECOM, a US focused Design & Engineering business with exposure to building efficiency and the renewable energy buildout.

- Our **industrial** efficiency and electrification exposure comes from two positions, in Siemens and Atlas Copco. Siemens provides us with exposure to efficiency and electrification across a wide range of end markets, while Atlas Copco offers exposure to the efficient use of air (often referred to as the fourth utility) in manufacturing processes, via compressors and vacuum technology.

In terms of the **generation** of sustainable energy, we hold a c.17% weight to utilities and independent power producers. China Longyuan is a pure-play Chinese wind power producer and represents one of our two independent power producer (IPP) holdings. The remaining exposure comes in the form of geothermal via Ormat, the world's only integrated producer and equipment manufacturer for geothermal projects. We also have broad-based wind/solar renewable energy generation through NextEra Energy (the largest producer of renewable energy in the world), while Iberdrola is our one utility, with particular exposure to electricity networks.

We hold exposure to the **solar and wind equipment** and manufacturing value chains. Xinyi Solar is the world's largest supplier of the glass used in solar cell modules, and Enphase manufactures the inverters required to convert DC solar power into consumable AC electricity. Canadian Solar and First Solar give integrated exposure to the solar cell and module manufacturing process, covering both the standard polysilicon manufacturing process (via Canadian Solar) as well as the specialist cadmium telluride process used by First Solar. Wind turbine manufacturer Vestas provides broad exposure to the strong growth that we expect in the onshore and offshore wind markets. Lastly, we have some exposure to bioenergy (and a broader range of energy efficiency projects) via Ameresco, a US-listed clean energy project developer.

Portfolio themes as at end March 2026

	Theme	Example holdings	Weighting (%)
1	Electrification of energy demand		24.3%
2	Modernising the power grid		11.6%
3	Rise of the electric vehicle and auto efficiency		11.0%
4	Power semiconductors		6.3%
5	Wind & solar equipment manufacturing		9.3%
6	Low carbon power generation: regulated producers		10.2%
7	Low carbon power generation: independent producers		8.2%
8	Building and industrial efficiency		14.7%
9	Other (inc cash)		4.6%

Portfolio at end February 2026 (one month in arrears for compliance reasons)

Guinness Sustainable Energy Fund (28 February 2026)			P/E			EV/EBITDA			Price/Book			Dividend Yield		
Stock	**ISIN**	**% of NAV**	**2024**	**2025E**	**2026E**	**2024**	**2025E**	**2026E**	**2024**	**2025E**	**2026E**	**2024**	**2025E**	**2026E**
ALTERNATIVE FUELS														
Ameresco Inc	US02361E1082	1.6%	42.9x	37.0x	26.1x	18.8x	14.9x	12.5x	1.6x	1.5x	1.4x	0.0%	1.1%	1.1%
		1.6%												
EFFICIENCY & ELECTRIFICATION														
Carlisle Cos Inc	US1423391002	2.6%	21.6x	22.7x	19.0x	13.3x	14.3x	13.4x	7.1x	10.3x	8.5x	0.9%	1.2%	1.3%
Installed Building Products In	US45780R1014	3.2%	35.5x	33.7x	29.4x	17.8x	18.5x	17.4x	12.9x	10.4x	8.7x	0.9%	0.9%	0.9%
Owens Corning	US6907421019	2.2%	7.0x	11.0x	12.5x	5.5x	7.8x	7.1x	2.1x	2.4x	2.2x	2.0%	2.5%	2.7%
Spie SA	FR0012757854	3.8%	24.4x	19.1x	17.0x	12.1x	10.7x	10.0x	4.9x	4.1x	3.6x	1.7%	2.1%	2.4%
Trane Technologies PLC	IE00BK9ZQ967	4.2%	40.8x	35.4x	31.2x	25.9x	22.3x	20.1x	13.9x	10.7x	9.3x	0.7%	0.8%	0.9%
Siemens AG	DE0007236101	4.0%	27.2x	26.2x	22.9x	14.0x	11.1x	9.9x	4.0x	2.9x	2.7x	1.9%	2.3%	2.4%
Atlas Copco AB	SE0017486889	3.0%	37.2x	38.0x	33.1x	43.9x	38.3x	34.6x	10.3x	8.3x	7.3x	1.3%	1.7%	1.8%
Aptiv PLC	JE00BTDN8H13	2.8%	8.8x	10.6x	8.9x	7.2x	6.4x	6.0x	2.0x	1.5x	1.3x	0.0%	0.1%	0.2%
Johnson Matthey PLC	GB00BZ4BQC70	2.9%	131.4x	24.9x	13.5x	13.8x	8.4x	8.1x	1.7x	1.4x	1.8x	3.6%	4.0%	15.1%
LG Chem Ltd	KR7051910008	2.7%	n.m.	n.m.	168.3x	11.6x	8.5x	6.1x	0.9x	1.0x	0.9x	0.3%	0.6%	1.0%
		31.4%												
GENERATION														
Iberdrola SA	ES0144580Y14	4.8%	24.7x	22.6x	20.5x	13.5x	12.2x	11.7x	3.0x	2.3x	2.2x	2.4%	3.6%	3.8%
China Longyuan Power Group Cor	CNE100000HD4	2.8%	9.0x	9.1x	8.3x	11.0x	10.8x	10.0x	0.8x	0.7x	0.7x	3.3%	3.2%	3.6%
NextEra Energy Inc	US65339F1012	4.5%	29.0x	31.9x	23.4x	23.3x	15.9x	14.5x	3.8x	2.9x	2.6x	2.2%	2.6%	2.8%
Ormat Technologies Inc	US6866881021	3.1%	47.2x	46.2x	44.8x	20.3x	14.4x	13.1x	2.6x	2.3x	2.2x	0.5%	0.5%	0.5%
		15.3%												
EQUIPMENT														
Amphenol Corp	US0320951017	4.5%	73.4x	41.9x	33.3x	42.8x	19.5x	17.1x	18.0x	10.5x	8.2x	0.4%	0.7%	0.7%
Eaton Corp PLC	IE00B8KQN827	4.2%	37.7x	32.8x	28.3x	25.9x	21.2x	18.7x	8.0x	6.5x	5.8x	1.0%	1.2%	1.2%
Hubbell Inc	US4435106079	4.5%	34.2x	30.3x	25.9x	21.2x	18.7x	17.5x	8.4x	6.2x	5.4x	1.0%	1.1%	1.2%
Itron Inc	US4657411066	2.5%	17.9x	14.1x	15.6x	13.3x	11.8x	10.4x	3.0x	2.4x	2.0x	0.0%	n.m.	n.m.
Legrand SA	FR0010307819	4.8%	36.2x	31.4x	26.7x	22.6x	17.5x	16.1x	6.1x	4.9x	4.3x	1.2%	1.7%	1.9%
Prysmian SpA	IT0004176001	4.0%	36.6x	29.7x	22.3x	20.3x	12.3x	11.3x	6.6x	4.1x	3.5x	0.7%	1.0%	1.2%
Schneider Electric SE	FR0000121972	4.6%	38.5x	37.0x	28.3x	22.3x	18.0x	16.2x	6.0x	5.3x	4.9x	1.3%	1.7%	1.8%
Infineon Technologies AG	DE0006231004	3.8%	28.3x	47.2x	27.9x	14.6x	13.7x	11.0x	3.9x	3.3x	3.0x	0.7%	0.8%	0.9%
ON Semiconductor Corp	US6821891057	2.7%	16.9x	20.7x	22.8x	10.1x	14.4x	11.5x	3.2x	3.5x	3.1x	0.0%	0.0%	0.0%
NXP Semiconductors NV	NL0009538784	3.0%	19.1x	22.3x	16.4x	13.4x	12.2x	10.8x	6.3x	4.9x	4.4x	1.8%	1.9%	2.1%
Sensata Technologies Holding P	GB00BFMBMT84	2.9%	9.3x	7.3x	10.3x	6.4x	8.7x	8.3x	1.9x	1.7x	1.5x	1.3%	1.3%	1.4%
Canadian Solar Inc	CA1366351098	1.6%	6.9x	n.m.	28.2x	12.8x	12.8x	9.5x	0.4x	0.4x	0.4x	0.0%	0.0%	0.0%
Enphase Energy Inc	US29355A1079	0.79%	42.5x	31.2x	18.9x	26.3x	16.6x	13.2x	6.7x	4.0x	3.3x	0.0%	0.0%	0.0%
First Solar Inc	US3364331070	2.7%	15.6x	13.3x	10.3x	9.9x	7.1x	5.6x	2.6x	1.9x	1.5x	0.0%	0.0%	0.0%
Xinyi Solar Holdings Ltd	KYG9829N1025	1.5%	21.9x	12.7x	18.4x	8.1x	8.8x	7.0x	1.0x	1.0x	1.0x	3.1%	2.5%	3.4%
Vestas Wind Systems A/S	DK0061539921	2.1%	52.8x	27.9x	20.6x	14.1x	8.2x	7.0x	7.1x	4.8x	4.0x	2.3%	0.9%	1.3%
		49.9%												
Cash	Cash	**1.9%**												

The Fund's portfolio may change significantly over a short period of time; no recommendation is made for the purchase or sale of any particular stock.

OUTLOOK - sustainable energy & the energy transition

Over the next thirty years, the world will continue its transition to a sustainable energy system. The key factors driving the transition are:

- **Population and GDP growth** putting a significant strain on today's energy supply
- **Economics** as sustainable sources of energy will be cheaper than the incumbents
- **Climate change** leading the world to reduce carbon emissions via cleaner energy
- **Pollution** forcing governments to drive air pollution out of cities via cleaner energy
- **Energy security** as sustainable energy sources, which are more evenly spread across all countries, facilitate lower reliance on energy imports.

The outcomes of the energy transition will, of course, be wide-ranging. On the **supply** side, we see a sustained shift towards renewable power generation, fulfilling global power generation needs, which are set to double by 2050. On the **demand** side, we believe that improved energy efficiency will be key to limiting energy consumption growth to a manageable level so that it can be increasingly satisfied by renewable sources.

The long-term direction is clear and is driven by economics, in our opinion, while geopolitical issues (such as the invasion of Ukraine in February 2022) could potentially have an effect on the speed of the transition and the relative importance of the factors stated above.

Policy support, investment and economics

Energy transition policy has been increasingly shaped in recent years by energy security, affordability and industrial competitiveness, against a backdrop of rising power demand. Policy approaches have diverged across regions: the United States has seen a reduction in federal support for some low carbon energy technologies but has boosted others; China has continued to consolidate its structural advantages in clean-energy deployment and manufacturing; and Europe has maintained broadly supportive policies while seeking to strengthen industrial resilience.

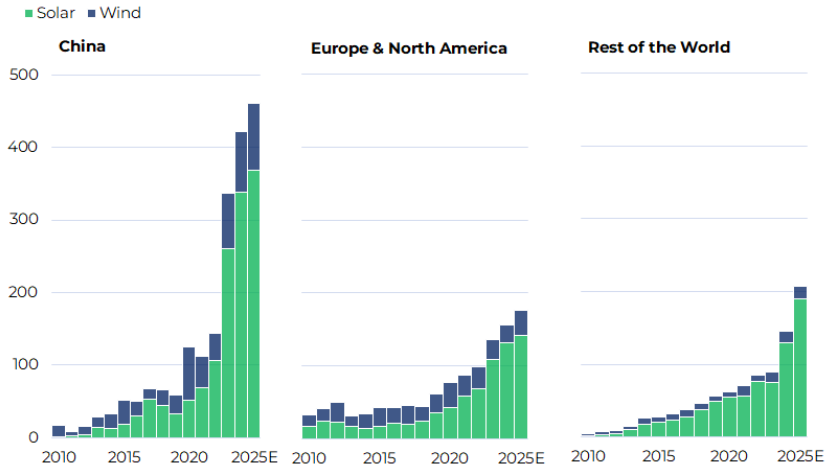
The spectre in the **United States** of President Trump's second term in office loomed large over the clean energy sector. Indeed, many of the executive orders from 20th January 2025, the first day of President Trump's new term, related to the energy sector. Some were specific to the fossil fuel industry while others reflected the broader need for greater access to cheap energy to satisfy estimates of growing demand. Specifically in the realm of energy transition, Trump ordered a withdrawal from the Paris Agreement, a revoking of President Biden's 2021 electric vehicle targets and a suspension of new federal offshore wind leasing. However, it was also clear coming into 2025 that surging US electricity demand (as a result of the growth of artificial intelligence querying and data centres as well as the wider trend of electrification) was a critical issue. It was imperative for Trump to deal with this if he wanted to win the 'AI arms race', requiring him to oversee significant grid upgrades and near-term growth in both renewable and natural gas-based power generation.

In the event, the budget reconciliation bill of May 2025 initially proposed fewer changes to President Biden's Inflation Reduction Act (IRA) than expected following President Trump's election. However, amendments by the House of Representatives in late May reduced the value of IRA credits, raising approximately $570bn. The resulting One Big Beautiful Bill Act ("OBBBA") eliminated electric vehicle and certain residential solar tax credits and accelerated the phase-out of utility-scale solar and wind ITC and PTC tax credits. Subsequent clarifications issued in August 2025 materially improved the outlook for developers by extending the time periods over which projects can qualify for these remaining production tax credits. Separately, manufacturing tax credits for battery and solar equipment were retained through 2032 (beyond prior expectations), while wind-related manufacturing credits remain scheduled to end in 2027. With this hurdle now cleared, we have seen a resumption and acceleration of activity in the US, as the country's power crisis becomes the dominant issue.

China continues to reap the benefits of decades of investment in sustainable energy technologies, extending its dominance across the clean-tech value chain. Independent tracking suggests China produced 80-85% of all solar modules in 2025, around 70% of all wind turbines and around 70% of all battery electric vehicles. In the second half of the year, China pursued

anti-involution efforts to remove excess manufacturing capacity, eradicate aggressive pricing and improve profitability for manufacturers, thereby improving the country's competitive positioning.

Annual renewable capacity additions by region 2000-25E (GW)



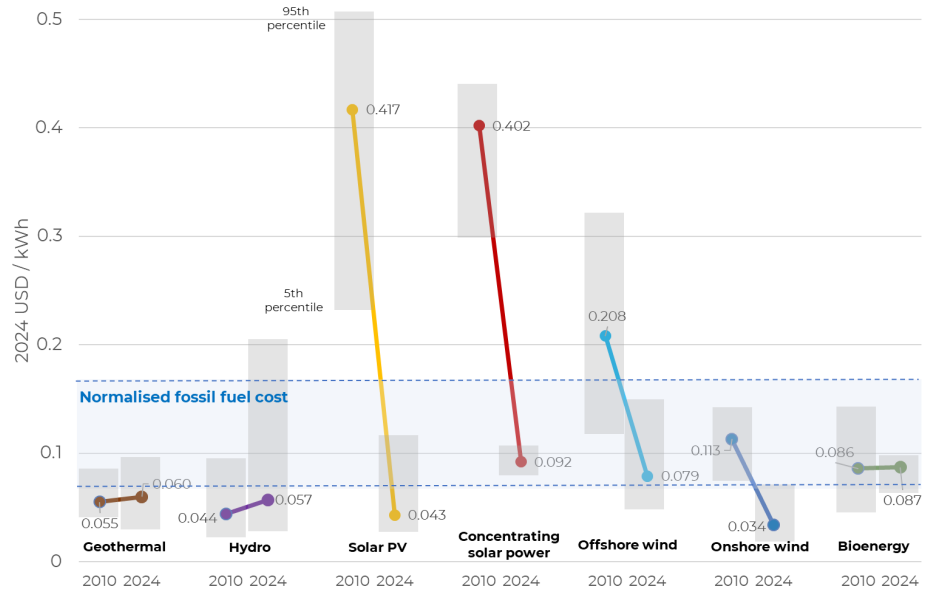
Source: BNEF; Guinness Global Investors

European policy remains supportive of the Energy Transition. In February 2025, the European Commission introduced the Clean Industrial Deal, a policy aimed at boosting the EU's clean manufacturing sector and industrial competitiveness by adding 100GW of renewable energy capacity annually until 2030 and making €100 billion available to support energy-intensive industries such as steel, metals, and chemicals. The deal also proposes streamlining bureaucratic processes, increasing European Investment Bank-backed guarantees for renewable energy projects, and supporting power grid manufacturers. In addition, Germany's debt brake reform (Feb'25), unlocks approximately €1 trillion in additional investment into defence, infrastructure and energy transition projects over the next decade.

Overall, **global investment in clean technologies** continues to grow and is likely to have hit nearly $2.2trn in 2025 according to the IEA, up by around 10% versus 2024 and twice the spend on coal, oil and gas in the year. Globally, spending on low-emission power generation has almost doubled over the past five years, led by solar PV.

Research from the International Renewable Energy Agency (IRENA) in 2025 supports the view that renewable electricity is the cheapest form of new electricity supply in most situations. According to their Levelized Cost of Electricity (LCOE) estimates, the cost of wind and solar projects commissioned in 2024 (most recent data) ranged from $0.03-0.11/kWh, well below the fossil fuel cost range of $0.08-0.17/kWh. The LCOE of solar and wind remained broadly versus 2024 data, as the impacts of higher interest rates, plus the 2022/23 inflation cycle, were offset by greater economies of scale. These technologies are now competitive with the cheapest new fossil-fuel generation, which also produces power at roughly $0.08/ kWh, although inflation in gas turbine costs likely biases these estimates higher for projects commissioned in 2025 and 2026.

Global LCOE of newly commissioned utility-scale renewable power generation technologies (2010-2024)

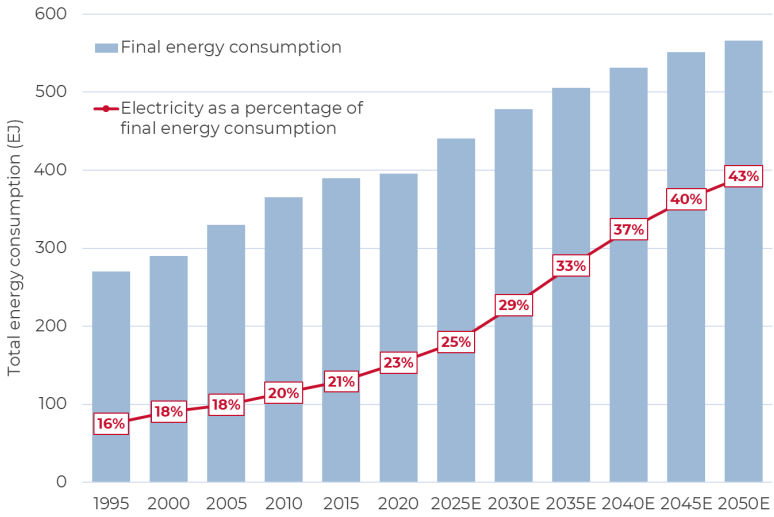


Source: IRENA; Guinness Global Investors, August 2025, percentile ranges from 2024 or 2023 if data if not available

The electrification of demand

The global economy is in the early stages of a secular energy transition, marked by rapid growth in renewable and low-carbon energy sources and the **electrification** of global energy demand. The electrification of the world energy system is driving substantial upward revisions to power demand, and we expect annual growth of around 4% per year from 2025 to 2040, meaning that electricity will ultimately account for 43% of total final energy consumption. The scale of this demand growth, nearly 90EJ or nearly the size of current global power generation capacity, poses considerable challenges for governments and countries, many of which have historically planned for stagnant or only modestly rising demand.

Total final energy consumption (1990-2040E)



Source: IEA, Guinness estimates, January 2026

The drivers of this electrification trend are broad, and include:

- The electrification of heating and cooling in buildings and manufacturing processes in industry
- The electrification of transportation
- Surging electricity demand from AI and data centres (especially in the United States)

In the near term, the IEA expect global power demand to rise by 3.3% in 2025 and 3.7% in 2026, well above the 2.6% average annual growth seen between 2015-2023. Growth is driven by rising industrial activity, continued electrification, expanding use of appliances and air conditioning, and accelerating demand from data centres, with heatwaves adding further pressure in many regions. As a result, electricity demand is expected to rise at more than twice the rate of total energy demand in both years, underscoring the secular growth of electricity demand. Investment in efficiency-related activities, to help offset the strong demand growth drivers, is expected to have grown 6% in 2025, reaching almost $800 billion (a 70% increase since 2015 and reflective of a step-change in spending committed to improving efficiency).

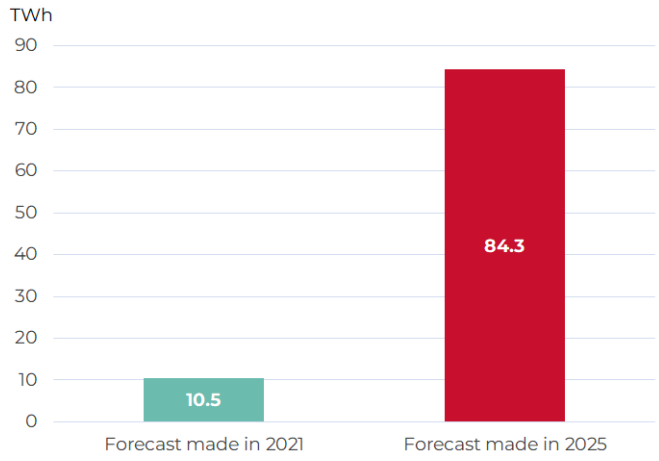
Data centres: heaping near-term pressure on power markets, especially in the US

The build out of AI infrastructure and data centres requires vast amounts of electricity and is causing a particular near term issue in the United States. AI data centres run continuously and are growing in scale and complexity; in 2025 alone, the largest hyperscalers are expected to spend $350bn on AI capex. Whilst forecasting demand growth is challenging due to rapid advances in both hardware efficiency and the scale of AI workloads, we see data centres growing from 4-5% of US power demand to ~12% by 2030, largely driven by AI servers which are 3-5x more energy intensive than traditional servers.

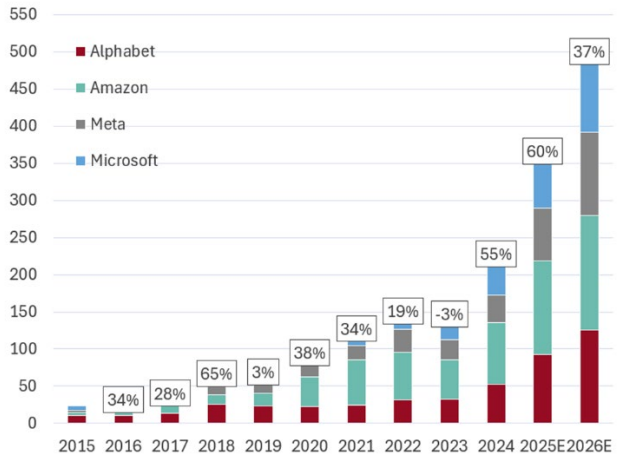
AI demand is also being compounded by the onshoring of manufacturing and the wider electrification of transport, buildings and industry. Investment in new US manufacturing facilities has surged 184% since 2020, driven by semiconductors, batteries, and advanced materials, with the CHIPS Act and IRA spurring over $500 billion in private investment since 2021.

Looking longer term, the outlook for annual power demand growth to 2040 in the US has increased by almost 8x since 2021 (according to Nextera Energy). To meet this demand growth and reverse a trend of stagnant growth and improved efficiency, the US must rapidly expand generation capacity and address emerging supply constraints.

Annual increase in US electricity demand to 2040
as forecasted by NextEra Energy



Capital expenditure of US hyperscalers (USD$bn)

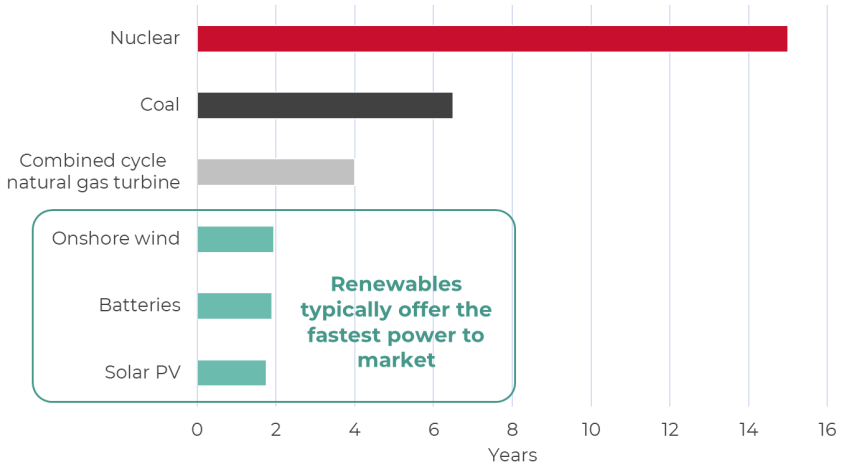


Source: NextEra, Bloomberg, January 2026

As laid out by NextEra, the US's largest electricity provider, the US needs to increase investment in almost all forms of generation. In the short-term, given their speed to market, flexibility, and cost advantages, a combination of renewables and storage are best positioned to deliver new power.

NextEra see "firmed" generation (intermittent renewables backed by storage), as having the lowest levelized cost of generation in 2030. The company reports an estimated cost of $25-$50/MWh for new onshore wind (including storage) and $35-$75/MWh for new solar (including storage). This is considerably cheaper than new natural gas combined cycle at $85-$115/MWh and a small modular reactor (in 2035) at $130-$150/MWh.

Average US power plant development timeline (from concept to operation)



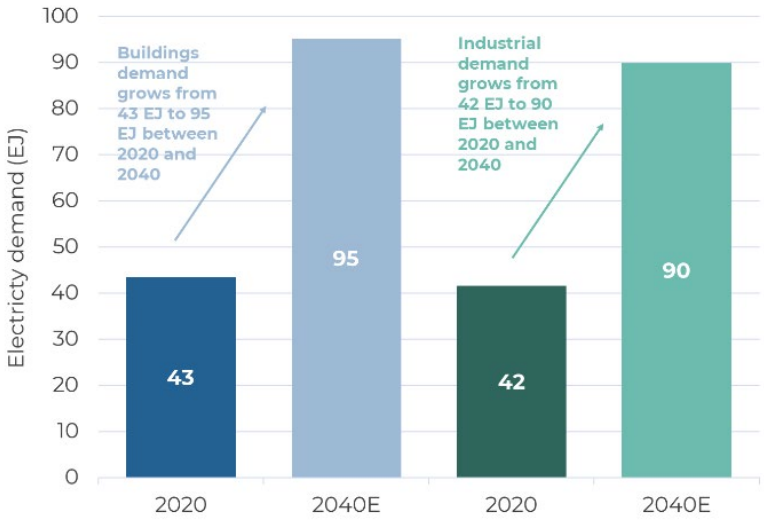
Source: NextEra, August 2025

Despite the urgent need for more electricity, the US has found it increasingly difficult to bring new generation online. Although renewables represent more than 90% of the interconnection queue, an outdated interconnect process means that wait times have grown 70% in the last decade, with key markets seeing wait times of over 7 years. In practice, much of this queue won't translate into real projects as it doesn't take into account grid constraints such as the availability of power equipment and turbines and includes speculative applications from developers looking to reserve places on the grid.

Buildings & industry: electrifying the largest consumers of energy

Buildings and industry are two of the largest consumers of energy, together accounting for almost 70% of final energy demand in 2024. Given the vast existing stock of homes, commercial buildings and industrial facilities, the scope for electrification is enormous, as is the potential for efficiency improvements that can moderate future demand growth. It's worth noting that in our base-case scenario, we assume that significant energy efficiency gains drive energy demand growth of around 1% per year, half the historic rate of nearly 2% per year. Given their size, a substantial share of these efficiency gains will need to come from the buildings and industrial sectors.

Electricity consumption in buildings and industry: 2020 vs 2040 (Exajoules)



Source: IEA, Guinness Global Investors, January 2026

Buildings

The global buildings sector, covering both residential and commercial properties, accounts for around 28% of final energy demand and demand is set to grow further as a growing population drives new housing needs, economic expansion adds commercial floor space, and rising incomes drive demand for heating, cooling, and household appliances.

We see electricity demand increasing by ~2.2x by 2040, growing at an average of 4%pa, with growth driven by heat pumps, heating/cooling and digitalisation.

Industry

The industrial sector is the largest single consumer of energy globally, accounting for around 40% of final energy demand, and demand will continue to rise as populations expand and economies grow. Today, fossil fuels supply close to 60% of the energy used in emissions-intensive industries such as aluminium, cement, steel and chemicals, underscoring the scale of the electrification opportunity. In these hard-to-abate sectors, large-scale policy frameworks will be essential to displace fossil fuels, with a combination of strong incentives and tighter regulation required to tilt the economics of industrial processes toward cleaner forms of energy.

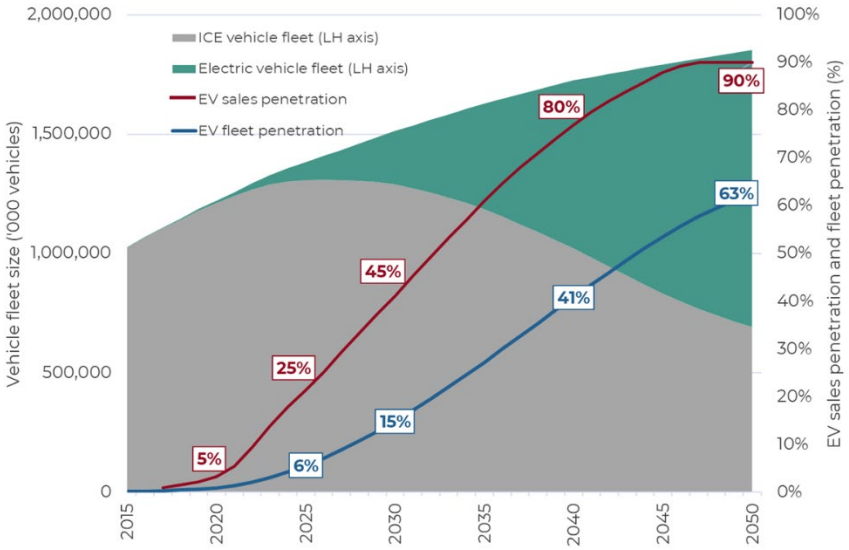
Within industry, the electrification of heat represents the most significant driver of future electricity demand, supported by the growing automation of production processes and broader uptake of electric motor systems. Tangible progress is already underway across several key technologies including industrial motor systems (pumps, fans, compressors and drives) as well as electric arc furnaces and electric boilers.

Transportation: falling battery costs make electrified transport more economic

The electrification of transport, led by the rapid adoption of electric vehicles (EVs), represents the final major driver of electricity demand growth. EV sales have expanded significantly over the past decade, from roughly 0.5m units in 2015 to 17.5m in 2024, yet the sector remains overwhelmingly reliant on fossil fuels. We expect a >50x increase in the number of EVs on the road in 2040 versus 2020 levels and that transportation's share of world electricity demand will increase. In 2024, transport accounted for 28% of global final energy use but contributed only 2% of global electricity demand, highlighting the substantial runway for electrification ahead.

EV sales have continued to grow at a healthy pace, albeit slower than was expected a few years ago. We expect sales growth of 25% in 2025, with EVs making up 1 in every 4 cars sold and annual sales reaching c.22m. In the long-term, we believe that EV penetration will increase (reaching 45% by 2030 and >80% by 2050) as falling battery costs improve affordability, and technology improvements enhance performance and safety.

Global auto, ICE and EV population to 2050



Source: US DoE (actual), Guinness Global Investors (estimates) as of January 2026

A key pillar of our forecast for rising EV penetration is the continued decline in battery costs and the resulting improvement in EV relative economics. Battery prices (at $108/kWh in 2025) have already fallen by 93% since 2010 and are expected to fall below $100/kWh as early as 2026, a milestone widely seen as enabling cost parity with internal combustion

engines. As the industry continues to scale and technology improves, battery costs are projected to decline even further, reaching around $70/kWh by 2030.

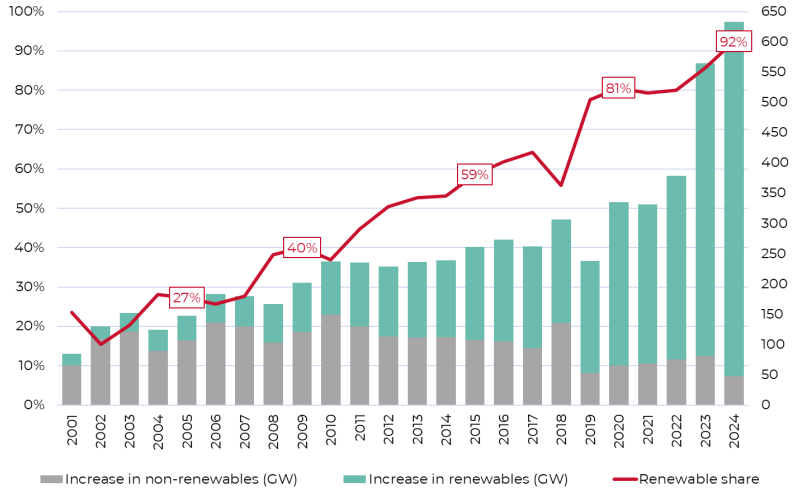
In China, falling battery costs mean that over two-thirds of electric vehicles are cheaper that their internal combustion counterparts. In fact, electric cars have been cheaper in China, on average, than comparable combustion cars since 2023 and, as battery prices fall in other regions, we would expect to see a similar increase in penetration rates.

Renewable energy supply and power grids

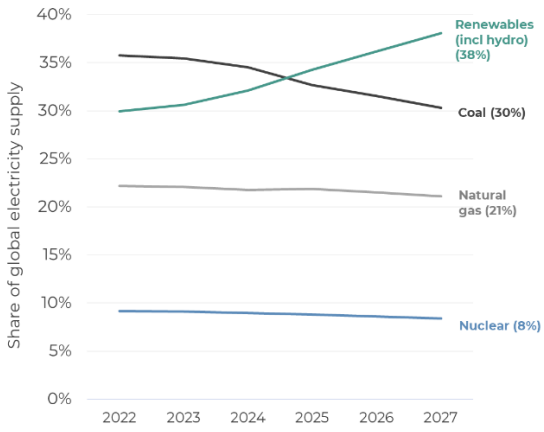
Having considered electrification, the key driver of demand, we now turn to the drivers of renewable supply and consider solar, wind and the need for upgrading of the global power grid.

The relative economics of renewable power continue to improve and underpin their continued penetration of the global electricity mix. With 91% of utility-scale projects commissioned in 2024 producing electricity more cheaply than new fossil-fuel alternatives, renewables are now cost-competitive across most major markets. Their share of global capacity additions has risen accordingly, climbing from about 40% in 2010 to more than 90% in 2024. This structural shift is accelerating, and 2025 is expected to mark the point at which renewables (including hydropower) overtake coal as the leading source of global electricity generation.

Renewable share of power capacity additions



Renewable share of electricity mix (2027 vs. 2022)



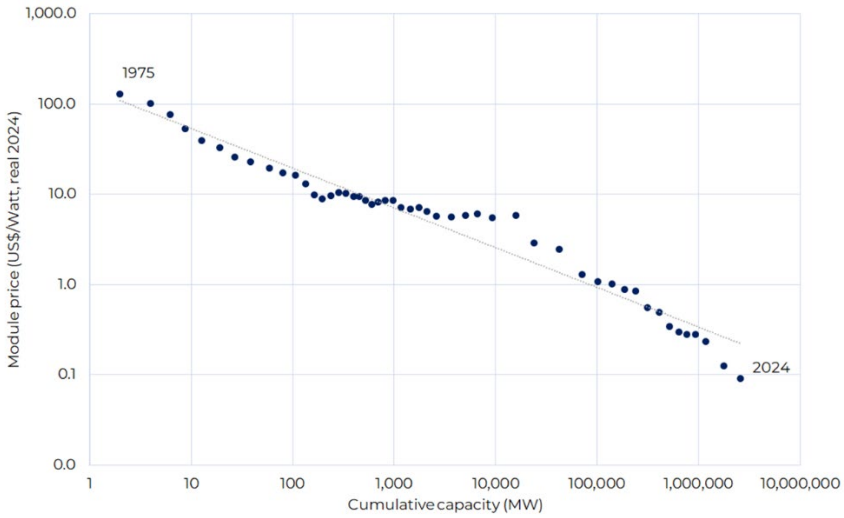
Source: IEA, IRENA, Guinness Global Investors estimates, January 2026

Solar: at the bottom end of the cost curve and growing rapidly

Solar has grown rapidly over the last decade, with annual installations rising more than tenfold. This expansion has undoubtedly been driven by a collapse in systems costs (down over 95% since 2010) and improvements in technology (solar module efficiency has improved 5x over recent decades). The decline in costs has been the result of large-scale manufacturing investment, particularly in China, and the development of a global industrial supply chain that has enabled low-cost solar deployment at unprecedented volumes.

Solar's attractive economics, with average LCOE's of around $0.04/kWh, leave it at the bottom of the global power-generation cost curve, making it, more often than not, the cheapest source of new electricity. Beyond its cost advantage, solar also benefits from design simplicity and rapid build-out times and, when paired with increasingly affordable storage, offers a pathway to competitively priced, "firmed" renewable power.

Solar module prices (1976 – 2024)



Source: BNEF, Maycock, Guinness Global Investors, January 2026

Thinking long-term, solar is likely to remain the fastest growing source of renewable energy. We expect to see annual solar installations grow medium-to-high single digits per year over the next decade with much of the incremental growth coming from emerging markets, where electricity demand is accelerating and where solar's cost advantage is most pronounced. Power markets such as India, the Middle East, and Southeast Asia remain undeveloped and continue to build project pipelines, pointing to their role in future demand growth.

Wind: record global installations in 2025 with China being dominant

The wind sector has seen more moderate growth over the last decade, with installations almost doubling between 2015-2024. Over this period, larger turbines, higher capacity factors and improved offshore technologies have materially lowered costs and improved reliability, supporting continued demand growth. However, wind projects tend to be larger and more complex than solar; they are more capital intensive, have longer lead times, and can be more exposed to permitting delays and supply chain disruptions. As a result, the industry has grown more slowly than solar, despite having comparable LCOE profiles. Over the past 5 years, much of the industry's growth has been supported by the large-scale build out of capacity in mainland China, accounting for about 50% of the industry total installed base as of 2024. This is set to continue with China adding 66% of annual global installations in 2025.

The outlook for global wind demand near term will largely depend upon how China adjusts to its new market-based power regime. The country has replaced fixed feed-in tariffs with liberalised market trading, meaning that renewables are competing head-on with fossil fuels. Whilst this will likely introduce short-term headwinds and lower expectations for installations in 2026, we are encouraged by the announcement of updated targets to install 120 GW of new capacity every year between now and 2030, including 15 GW of offshore capacity. Outside of China, the global wind market is increasingly diversifying with strong contributions from India, Europe and parts of Southeast Asia. The offshore market is set for a step up in 2026, with project completions due across a range of markets such as the UK, Vietnam and France. In the longer-term, we expect wind installations to grow at 6-7% per year through 2030, with the smaller offshore market growing at a higher rate of around 20%.

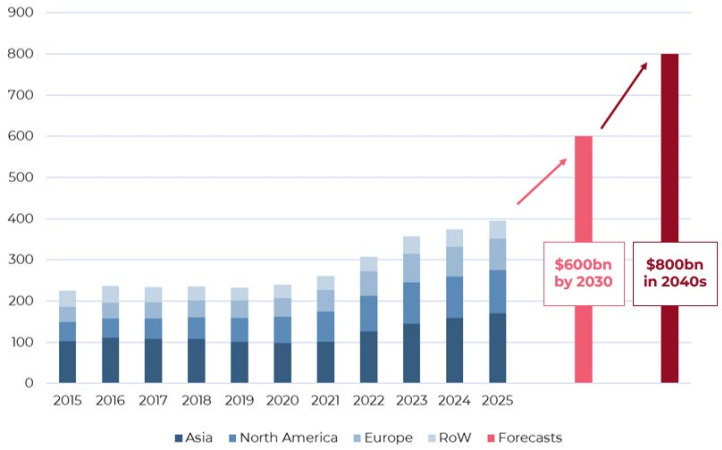
Power grids: a multi-year expansion, replacement and digitalisation cycle ahead

The global power grid requires substantial and sustained investment to integrate an ever-growing pipeline of renewables and support the rising demands of an electrified world. Put simply, the grid needs to be larger, smarter and more resilient to enable the energy transition to continue at pace. Long-term growth drivers include expansion, replacement, digitalisation and load growth improvements.

Looking ahead, BNEF expect average global capex growth of 11% per year between 2025-2027, levels that are structurally higher than recent years. In the US, utilities companies have laid out multi-year investment plans in response to data centre demand, with five companies alone expected to spend $255 billion by 2029. In Europe, planned spending is set to grow from around $26 billion in 2024, to around $70 billion in 2028. China will continue to lead spending growth in Asia, with preliminary plans suggesting spending will grow 11% per year between 2022-2027.

Whilst grid spending appears to have entered a period of structurally higher growth, it still falls below the spending level required to connect new renewables, unblock interconnect queues, and meet the level of forecast demand growth. Annual investment will need to reach over $600 billion per year by 2030 to put spending on track, growing further to average $800 billion per year through the 2040s.

Global power grid investment by region ($'bn)



Source: Rystad, IEA; September 2025

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GUINNESS SUSTAINABLE ENERGY FUND

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