Guinness Emerging Markets Equity Income

Investment Commentary – August 2026

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 sold off in July in sterling terms. The MSCI Emerging Markets Net Total Return Index fell 4.4% (in GBP).

The Fund outperformed strong in the weak market, rising 5.8% (in GBP) in the month. Relative outperformance was driven partly by significant losses in the Korean memory stocks which are not held in the fund.

Emerging markets underperformed developed markets in the month, as the MSCI World was up 0.5% in USD terms. The US market was slightly behind this, with the S&P 500 Index down 0.1%. (Returns in USD unless stated otherwise)

Latin America was the best-performing region in the MSCI Emerging Markets Index, up 4.9%. EMEA (Europe, Middle East and Africa) was next, up 1.4%. Asia was the weakest performer, down 4.2%.

Value and growth performance diverged, with Value much the better of the two, down 0.7% versus Growth down 5.3%.

Among the largest countries, the best performers were China (+9.0%), Brazil (+6.4%), and Malaysia (+4.0%).

The worst-performing countries were Korea (–17.1%) and Taiwan (–5.4%), driven by major weakness in the AI supply chain, and Saudi Arabia (–0.5%).

The strongest performing stocks in the portfolio for the month overall were Tech Mahindra (+19.4%), Suofeiya Home (+19.0%), and China Construction Bank (+17.6%).

The weakest performers were Elite Material (–13.2%), Catcher Technology (–10.5%), and Largan Precision (–7.3%).

The US removed export controls on advanced chips and drones for the United Arab Emirates in recognition of the Gulf state as a major defence partner and of its support for US national security interests.

The Trump administration introduced a new 25 per cent tariff on imports from Brazil on the grounds of unfair trade practices, straining bilateral relations further. The tariffs cover areas including electronic payments, the ethanol market, IP, anti-corruption enforcement and environmental protection. Items affected will include wood, machinery and corn ethanol.

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Argentina repaid USD $4 billion on its dollar bonds as economy minister Luis Caputo sought to prove the country can repay obligations without relying on global capital markets. Caputo chose to raise dollars to make repayments through multilateral and private bank loans, and local-law dollar bonds.

Moonshot, a Chinese AI startup, released a large language model (LLM) which challenges Anthropic's Opus, significantly narrowing the gap with American AI. The model, Kimi K3, is China's largest AI model to date with 2.8tn parameters (referring to the size of the model's neural network) and exceeded Anthropic's Opus 4.8 on most benchmarks. Chinese regulators are considering tightening export controls on AI and semiconductor technologies as the rivalry intensifies.

Indonesia's central bank chief, Perry Warjiyo, stepped down and deputy governor Destry Damayanti has been appointed as acting governor. The departure follows a period of pressure on the Rupiah, one of the worst performing currencies in Emerging Markets this year.

South Korea cracked down on high-octane retail bets on the country's biggest chipmakers SK Hynix and Samsung in an attempt to stabilise the nation's stock market after large sell-offs.

Keiko Fujimori was sworn in as Peru's ninth president in a decade. The right-wing leader ran on promoting private investment among other market-friendly reforms, but most notably pledged to take a tough line on crime.

PORTFOLIO UPDATE

Tata Consultancy reported Q2 (1Q27) earnings broadly in line with consensus, delivering revenue growth of +13.9% year-on-year (benefiting from rupee weakness) but with slight margin misses on wage price-hikes which came into effect April 1st. By segment: Banking, Financial Services and Insurance (BFSI) and Tech & Services led growth (+1.6% and +1.7% quarter-on-quarter respectively), Consumer Business and Life Sciences dragged (-4% and -1% q/q), while Manufacturing, Communications, and Energy remained broadly flat (-0.5%, +0.3% and -0.7%). By region, India led growth (+7.6%) followed by Asia Pacific (+1.4%). Management guided to end the year with margins of 25% or higher and see new opportunities in scaling AI to optimise costs.

Hon Hai performed better than expected in Q2 2026, as revenue beat company guidance on a year-on-year basis (up +40% y/y, +18% q/q); driven by stronger AI server rack shipments, iPhone 17 demand, and continued momentum in MacBook and Air models. Management guided for 3Q growth on the same drivers, but with some softness in PC demand due to memory price hikes.

Largan Precision released 2Q earnings in line with market expectations as sales grew +16% y/y to reach NT$13.7bn, driven by the iPhone 17 cycle and demand for Largan's upgraded periscope 48-megapixel lens. Gross and operating margins were stable over the quarter (49.4% and 37.7% respectively), while periscope lenses stabilised yields. Management has guided for higher iPhone 18 shipments in Q3 to continue, and specification upgrades by key customers and foldable models to overcome volume pressures caused by the higher memory costs. Management also target the production of fibre array (FA) component for mid-2027, which they see as their core competitive advantage.

TSMC delivered Q2 earnings which beat consensus on sustained AI data centre demand, reporting sales growth of +12% over the quarter and +36% year-over-year. Gross margin came in at the high end of guidance (67.7%) and is guided 66% for Q3 – a slight contraction on dilution in its 2-nanometre product. Management raised 2026 revenue to grow more than 40% y/y, attributed to strong AI demand and customers increasing capital expenditure on cloud services. Capex was also guided higher from $54-56 billion to $60-64 billion due to cost inflation of equipment and equipment repayments.

Zhejiang Supor Co. released preliminary earnings which dragged, as 1H26 revenue and net profit were down -1% and -8% year-over-year, implying a -3% and -18% y/y result for 2Q26. This weakness was likely from declining export orders combined with rising material costs. Despite rising costs, domestic gross margin was up this quarter on product mix improvements which facilitated costs to be passed on (in contrast, exports are subject to fixed pricing, which impacted results). Management guide for positive domestic growth and higher gross margin via more innovative products, although they expect cost pressure in 2H26 which they aim to partially offset with new products, cost cutting and hedging.

Coca-Cola Femsa reported results which beat consensus across the board, with growth in the top line of +4.7% y/y. Mexico's performance was up +1%, which although soft beat expectations and outperformed peers. Total South America volumes grew +7% y/y led by Colombia (+18%). Margins also improved on a better price mix and favourable raw material costs, though these gains were offset by higher marketing and distribution costs which were front-loaded to support World Cup initiatives. Accordingly, these costs should normalise. Management guide for a flat Mexico this year on a sluggish consumer environment and inflation catch-up in the second half of the year, though margins should improve overall. Capital intensity is set to moderate to around 7-7.5% of revenue as the company targets shareholder prioritisation.

British American Tobacco released 1H 2026 earnings showing +3% revenue growth on a constant currency basis, adjusted operating margin which came in at 43.7% (up 30 basis points) and reduced-risk revenue up +17%. Results were driven by nicotine Velo pouches (6.4% of group sales in 1H), which reached 31% of volume in the US and around 40% in Europe. The company aims to strengthen share in Vapour and Heated Tobacco categories through premiumisation, and to make new product (flavour) launches this year. Management guided sales at the lower end of +3-5% and +4-6% earnings before interest and tax (EBIT) for the full year 2026.

Unilever reported results which delivered strong underlying sales (+5.8%) and underlying volume growth (+5.5%), beating expectations. Emerging Markets led with +7.4% volume growth and share gains. North America had strong volume growth (+4.4%) driven by personal care but dragged in Food due to share losses and underlying market weakness. By segment, Beauty & Wellbeing and Home led with Underlying Sales Growth +8.1% and +9.1%, respectively. Management guided for 4-6% sales growth for the full year 2026, to be driven by pricing to offset increasing input costs. In terms of capital allocation, the company expects Food transactions and operational performance to support a EUR 6 billion buyback plan between 2026 and 2029.

Elite Material delivered strong Q2 results across the board, with a notable Gross Margin expansion (+4.4 percentage points q/q) to reach 33.9%, owed to price hikes and product mix improvements. High end copper-clad laminate substrates sales, of M7-grade and above, increased contribution to total revenues from high-50s to mid-60s percentages. Mass production of the company's most advanced substrate (M9) began in Q3, and management expects demand to strengthen in Q4 of this year. The company guides for possible price hikes in 2H due to rising material costs and supply tightness, particularly in fibreglass and copper foil. Excluding price hikes, management expects a minimum growth rate of 15% q/q, with the most conservative gross margin estimate of 35%.

Arca Continental released quarterly earnings which were relatively muted, with a flat top line (+0.1% y/y). South America performed best over the quarter, with total volume growth of +11.1% y/y led by Peru and Ecuador, while Mexico's volumes contracted -2.5% y/y despite the World Cup boost. Management's full-year outlook remains relatively unchanged, with tougher comparators towards the end of the year in Mexico but expects EBITDA (earnings before interest, tax, depreciation and amortisation) margin to be maintained at c.20%.

OUTLOOK

Last month we commented on the conflict in the Middle East:

The recent resurgence in the conflict has been accompanied by a rise in market volatility, reflecting the increased uncertainty. Generally the fund is well positioned for a higher energy price environment, given we don't tend to have as much exposure to energy-intensive industries. Countries such as China have so far demonstrated resilience – partly due to having oil reserves and inventories of other input commodities. These have provided a degree of insulation, but can inevitably only last for so long before the effects of more disruption are felt. Should we face a situation where the inflation outlook does start to move higher, we look to similar past periods where the portfolio has demonstrated resilience against a backdrop of higher rates.

We now seem to be at a point where these pressures are being felt more acutely, particularly with rises in the price of oil, which when compounded by operational challenges have led to higher fuel costs. Shipping rates – an early view of potential inflation shocks down the road – have also moved significantly higher, as operators are forced to reroute vessels.

At the same time, the prospect of a resolution appears more distant. Hence the market's concern over inflation and the corresponding rise in long-term bond yields. Nevertheless, we suspect a quick resolution is at least possible, although at a cost; it is probably more a question of how much market uncertainty the US is willing to accept before coming back to the negotiating table.

We also commented on AI:

While the market's enthusiasm for AI-related companies remains strong, we think there are signs of complacency and excessively optimistic investor sentiment. We have seen this being reflected in large price swings (both up and down) in large cap stocks, as well as increased volatility within specific companies. We note at the time of writing that the large Korean memory stocks, Samsung Electronics and SK Hynix, which have both enjoyed very strong performance this year, are currently in drawdowns of more than 25% from their highs. July in particular has seen much greater price volatility.

This was certainly borne out over the course of the month with the sharp corrections in share prices of the memory suppliers, which have recovered in August but remain highly volatile. Long-term projections for both demand and supply for memory seem highly uncertain. Demand will be affected by consumer demand but also by innovations and improvements in AI technology as efficiency gains have the potential to reduce memory requirements on a like-for-like basis (along with power consumption). On the supply side, more capacity is being built and Chinese competitors are striving to catch up – so the question becomes more a matter of timing.

In our recent Asian Equity Income commentary we wrote:

Looking ahead, we believe July may mark the beginning of a new phase in the AI investment cycle rather than its end. Over the past two years, markets have largely rewarded companies for increasing AI-related capital expenditure. Increasingly, however, investors appear to be asking a different question: not how much companies are spending, but whether those investments will ultimately generate attractive economic returns.

We continue to believe that the long-term case for AI infrastructure remains compelling. Demand for computing power, networking equipment and semiconductor capacity should continue to grow over the coming years. However, current valuations in parts of the supply chain already discount exceptionally optimistic assumptions regarding future earnings growth and returns on capital. As a result, we expect markets to become increasingly selective, with greater differentiation between companies capable of converting investment into sustainable cash generation and those whose valuations remain dependent on continued multiple expansion.

The promise of AI is that it will lead to wider gains in productivity and economic growth spread more broadly. It still feels early in terms of these wider benefits being realised – currently the focus is on the build-out. An interesting scenario to consider is: *if* the promised benefits of AI are realised, where are we next likely to see outperformance? In this bullish scenario, what has so far been fairly narrow leadership within a subset of technology could spread to technology more broadly and other sectors as AI is more widely adopted.

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 earnings over the long term. And we believe it is this process of cash generation and reinvestment that is likely to be the determinant of returns over the long term.

Companies with such a track record have shown the ability to navigate periods of uncertainty in the past, and we think are well positioned to do so again. 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 for navigating uncertain environments.

Portfolio Managers

Edmund Harriss
Mark Hammonds, CFA

GUINNESS EMERGING MARKETS EQUITY INCOME FUND - FUND FACTS

Fund size	$24.7m
Fund launch	23.12.2016
OCF	0.77%
Benchmark	MSCI Emerging Markets
Historic yield	3.5% (Y GBP Dist)

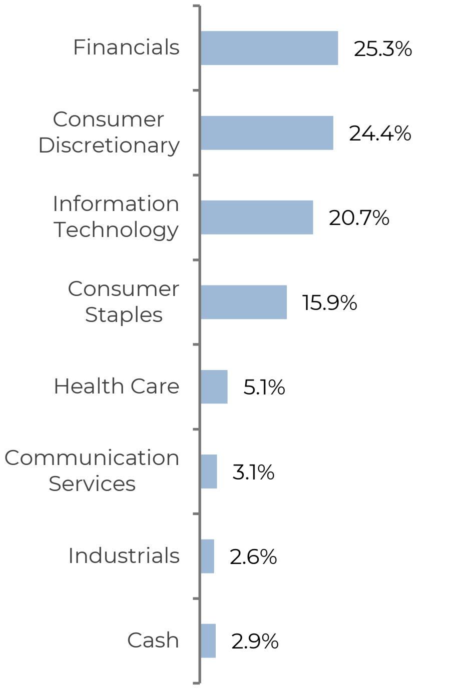
GUINNESS EMERGING MARKETS EQUITY INCOME FUND - PORTFOLIO

Top 10 holdings

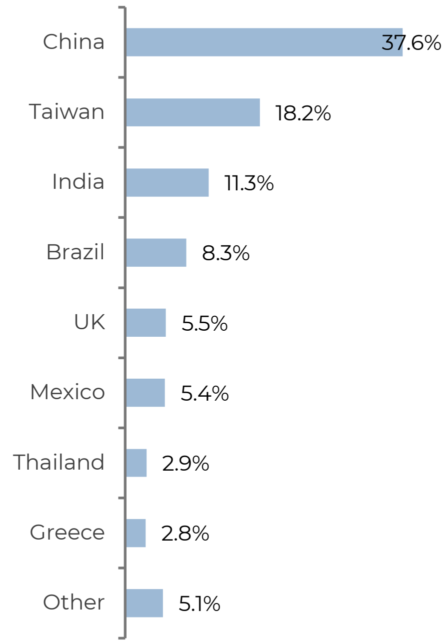
Bajaj Auto	3.3%
NetEase	3.1%
Taiwan Semiconductor	3.1%
Novatek Microelectronics	3.1%
China Merchants Bank	3.0%
Porto Seguro	3.0%
ICBC	2.9%
Coca-Cola Femsa	2.9%
China Construction Bank	2.9%
Tisco Financial Foreign	2.9%

Top 10 holdings	30.2%
Number of holdings	36

Sector



Country



Past performance does not predict future returns.

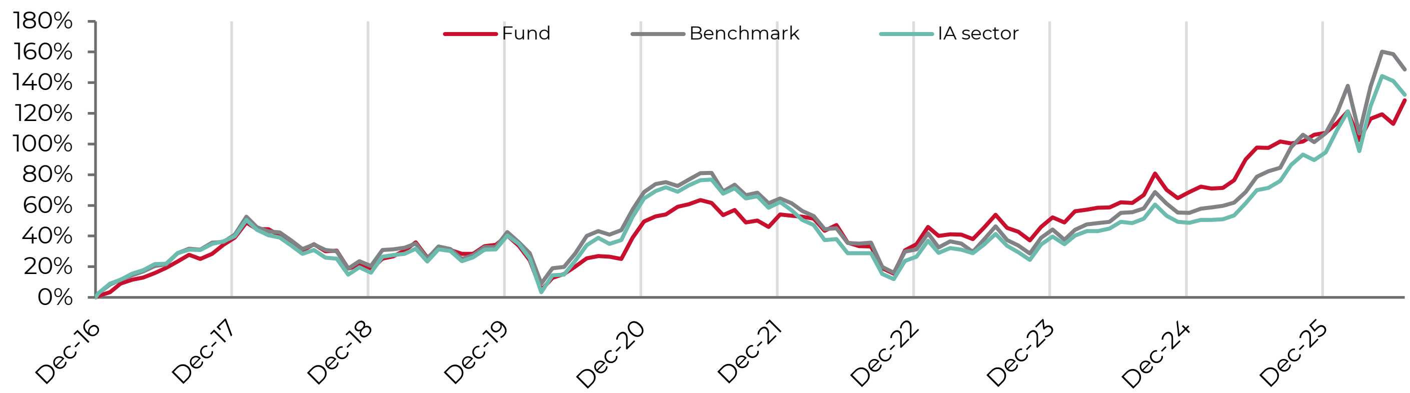
GUINNESS EMERGING MARKETS EQUITY INCOME FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+5.8%	+10.1%	+13.8%	+42.1%	+53.7%	-
MSCI Emerging Markets	-4.4%	+20.0%	+34.2%	+62.4%	+52.0%	-
IA Global Emerging Markets TR	-5.1%	+19.1%	+33.1%	+57.0%	+43.0%	-
(USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	+7.2%	+10.2%	+15.7%	+48.6%	+48.8%	-
MSCI Emerging Markets	-3.1%	+20.0%	+36.4%	+69.9%	+47.1%	-
IA Global Emerging Markets TR	-3.8%	+19.2%	+35.4%	+64.3%	+38.4%	-
(EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	+6.6%	+12.5%	+15.1%	+42.4%	+53.4%	-
MSCI Emerging Markets	-3.7%	+22.5%	+35.7%	+62.8%	+51.6%	-
IA Global Emerging Markets TR	-4.4%	+21.7%	+34.7%	+57.4%	+42.6%	-

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 31.07.26. 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 and registered with the Securities and Exchange Commission ("SEC"). SEC registration does not imply a certain level of skill or training.

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.

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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'Ile, 1204 Geneva, Switzerland.

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

Glossary of Terms: A glossary explaining key investment terms used in our marketing materials is available here: https://www.guinnessgi.com/glossary

Telephone calls will be recorded and monitored