Guinness Global Dynamic Bond

Investment Commentary – August 2026

RISK

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

The Guinness Global Dynamic Bond Fund is a fixed income fund. Investors should be willing and able to assume the risks of bond and fixed income 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 Fund may invest in lower rated securities which will usually offer higher yields than higher-rated securities to compensate for the reduced creditworthiness and increased risk of default that these securities carry. The Fund may also invest up to 30% of its net assets in convertible bonds and other eligible asset classes as detailed in the Prospectus.

Past performance does not predict future returns.

ABOUT THE STRATEGY

Launch	13.07.2026
Sector	TBC
Manager	Craig Veysey
EU Domiciled	Guinness Global Dynamic Bond Fund

OBJECTIVE

The investment objective of the Fund is to provide a total return for investors through a combination of income and long-term capital growth. The Fund is actively managed without reference to a benchmark or comparative index for performance comparison purposes.

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COMMENTARY

Government bond yields pushed towards new highs for the year as an oil-driven inflation impulse revived caution on duration

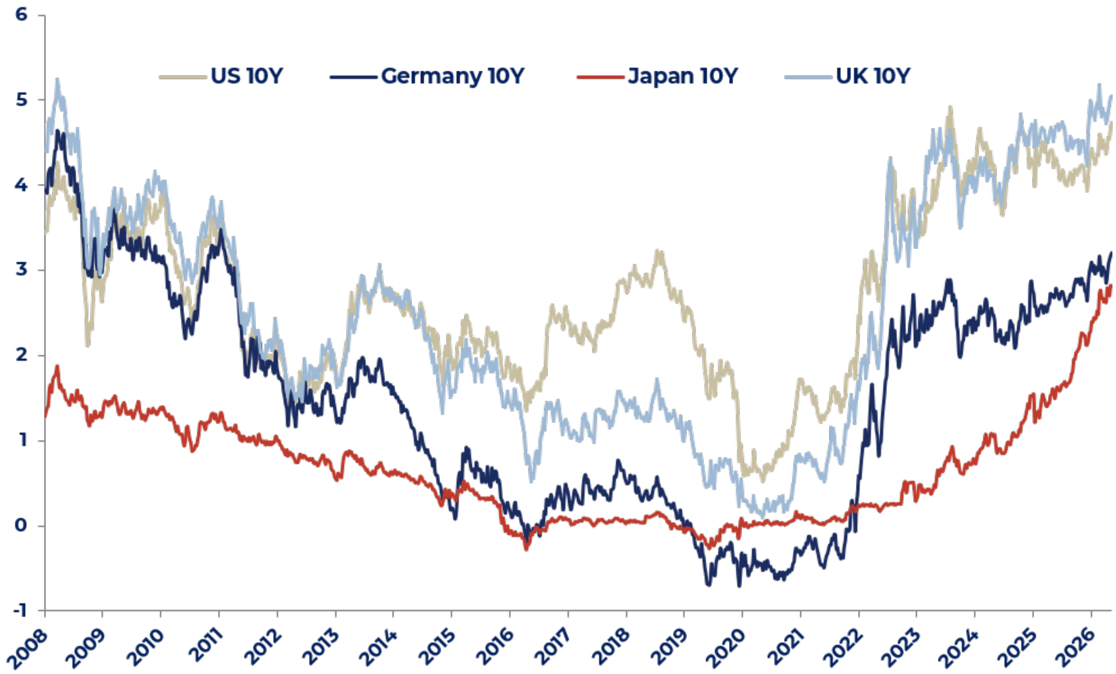
The Fund's first weeks coincided with renewed pressure on government bond markets. Yields moved towards new highs for the year in the US, Europe and Japan, with the long end of curves bearing the brunt. The trigger was energy: after the de-escalation that followed the US-Iran memorandum in June, tensions in the Middle East resurfaced through July, and oil ended the period **around $15 per barrel higher** than at the end of February. That inflationary impulse kept investors wary of longer-dated bonds, pushing long yields higher even as front-end pricing remained anchored by interest rate expectations.

The pressure was most acute in the US, where questions over the Federal Reserve's willingness to lean against an energy-driven inflation overshoot weighed on Treasuries and took the 30-year yield to its highest level since **2007**.

The UK was comparatively contained at the 10-year point, with gilt yields holding only marginally above **5%**, but 30-year gilt yields ended the period the highest in the developed world. We expect investors to remain cautious on the long end of the gilt curve at least until 28 October, when Chancellor John Healey's first Budget sets out the new government's tax and spending plans.

Corporate bond markets told a different story. Credit spreads remained well contained throughout the period, holding close to their recent ranges despite the geopolitical noise, and new issues were generally well received against a backdrop of supportive demand and solid credit fundamentals. The arithmetic of the month followed from that split, leaving broad credit index returns modestly negative for July, with the global investment-grade market returning -1.3% and the US and European high-yield markets returning -0.25% and -0.23%, respectively. This divergence – government curves under pressure while credit holds firm – was the defining feature of the period and shaped where we put the Fund's capital to work.

10-Year Government Bond Yields (%): US, Germany, Japan, and the UK (2008–2026)



Source: Bloomberg. Data to 31.07.2026

THREE POSITIONS FROM THE LAUNCH PORTFOLIO

The three holdings below were all established in the Fund's first days and illustrate the three distinct ways this portfolio seeks to be paid: carry, structure and catalyst. They are described for illustration of the investment approach only.

Nationwide Building Society Core Capital Deferred Shares: paid to wait

We hold Nationwide Building Society's Core Capital Deferred Shares, a hybrid capital security yielding close to **8%**.

CCDS are Nationwide's equivalent of ordinary equity. As a mutual, the society cannot issue shares, so in 2013 it created a perpetual instrument that sits at the base of its capital structure and counts as core capital. The distribution is discretionary and there is no maturity date.

We hold it because the risk we are being paid for is not the risk the yield implies. Nationwide is among the strongest lenders in the UK, with a capital position well above requirement and a retail funding base most banks would envy. What makes the yield available is not credit weakness but the instrument itself: perpetual, held by a small investor base, outside every major index, and difficult for many mandates to own at all. That combination keeps a persistent discount in the price of a claim on a very well capitalised institution.

This is the simplest of the three positions and the one requiring no event catalyst. It pays us a higher yield to hold a subordinated claim on a strong balance sheet, and we are content to be paid to wait.

AA Bond Co 8.45% 2028, secured: the outcome was in the documentation

Bought on the Fund's first day, these secured notes are whole business securitisation paper issued by the UK roadside assistance group, with a maturity of January 2028. They were issued in 2023 at a spread of over **500 basis points**, expensive funding raised in a difficult market. AA has a consistent record of retiring costly legacy debt, a characteristic we have followed in the company for several years, and the notes carried a make-whole provision at gilts plus 50 basis points to the October 2027 par call. That combination gave us an **8.45% coupon**, security over the business, and a redemption price we could calculate in advance.

On **30 July**, seventeen days after we bought the notes, the issuer gave notice of redemption in full, at **104.530%** of principal plus accrued interest, some 18 months ahead of expected maturity. The point is not the size of the outcome, which was modest, but its shape. The return came from the documentation and the issuer's refinancing incentive rather than from any view on rates or credit spreads.

Telecom Italia 7.721% 2038: positioned before the catalyst

We bought Telecom Italia Capital's 7.721% dollar bonds due 2038 on the Fund's first day of trading.

The company has been an unusual one for some years. Telecom Italia carries little debt, and leverage has fallen steadily since the disposal of its network business, yet its ratings have stayed one notch below investment grade at all three agencies. The constraint has not been the balance sheet. It has been the business: an asset-light operator competing hard in the Italian domestic market, with around half of profit now coming from Brazil along with the currency and macroeconomic exposure that brings. Rating agencies will upgrade a balance sheet readily. They are far slower to upgrade a business profile, which is why the market had reasonably concluded that mid double-B was the ceiling.

On **20 July**, a week after we established the position, Telecom Italia's board approved a tender offer from Poste Italiane. Fitch responded by placing its **BB+** issuer default rating on Rating Watch Positive, indicating that an uplift could follow under its criteria for government-related entities, given Poste Italiane's close relationship with the Italian state. The agency expects to resolve the watch once the offer process concludes.

We would highlight two further features. First, the outcome does not depend on spread compression. At a spread of around **140 basis points** over Treasuries the bond already trades close to investment grade telecom peers, so the return case rests on index migration and the mechanical buying that accompanies a move into investment grade indices. Second, a little over half of the original billion dollar issue has already been retired. This is a high-coupon legacy bond from 2008 at an issuer with a consistent record of buying back expensive debt, and the bond's make-whole provision at 40 basis points above 2037 Treasury sets the price at which any further retirement could take place.

OUTLOOK

Government bond markets are repricing fiscal risk, and investors are being paid more to hold high-quality assets as a result

The most telling numbers of recent weeks came from the latest of the US Treasury's auctions. The August 30-year sale cleared at **5.22%**, the highest yield at that maturity since 2001, a day after the 10-year auction drew its highest yield since 2007. Demand was adequate, with cover in line with recent averages, but the message of the price was unambiguous: with deficits large, inflation above target and the Federal Reserve no longer a significant buyer, investors are demanding materially more compensation to fund long-dated government borrowing. The Treasury appears to have taken the point. Its latest quarterly guidance softened previous language about increasing coupon issuance, and the market consensus is that future increases in supply will be concentrated at shorter maturities, where pricing is governed more by interest rate expectations than by fiscal risk premia. That eases pressure on the long end at the margin, at the cost of more frequent refinancing.

We would make two observations. The first is that this is not a crisis; it is a repricing, and repricing works in the buyer's favour. A higher required yield on the highest-quality assets in the world means investors are simply being better compensated, and the valuation case for high-quality bonds has improved as a direct consequence. The second is that where to take that compensation is now the interesting question. For a sterling or euro-based investor, the US yield advantage largely disappears once currency hedging costs are considered. Hedged into sterling, a 10-year Treasury yields 4.73%, below the 5.02% available on the equivalent gilt and well below the 5.44% on a 10-year French OAT. The ordering is unchanged from a euro base. With no yield sacrifice required, the question becomes which fiscal and policy path one would rather underwrite. Our answer remains Europe, where the policy path is more predictable and current pricing already reflects the fiscal position. This is why we have preferred to add to European government bonds.

The Federal Reserve is saying less, and the data is letting it

A feature of the current environment is how little forward guidance the Federal Reserve is providing. A central bank facing an inflation overshoot driven partly by energy prices, in an election year, has good reasons to avoid boxing itself in, and individual committee members remain free to set out their own views. What matters more is the data, and since the last meeting the data has been kind: softer payrolls and calm consumer inflation readings have allowed markets to reduce the probability attached to a September rate rise. Our base case is a Fed that can afford patience. The clear risk to that view is energy. Oil prices have risen around **$15/barrel** since late February on Middle East tensions, gasoline prices are feeding into household inflation expectations, and the latest geopolitical escalation lifted global bond yields within days. If energy prices push inflation expectations higher from here, the window for patience narrows, and long-dated bonds would bear the adjustment. This is the single development most likely to challenge our positioning, and we are managing duration with it firmly in mind.

In credit, the compensation is in the yield, not the spread

We would encourage investors to hold two facts about corporate bond markets in mind at once. All-in yields are close to their most attractive levels in the past year: the US high yield market entered August with a yield (to worst – the minimum possible return) above **7%**, and investment grade yields in the US, UK and Europe stand well above their averages of the past decade.

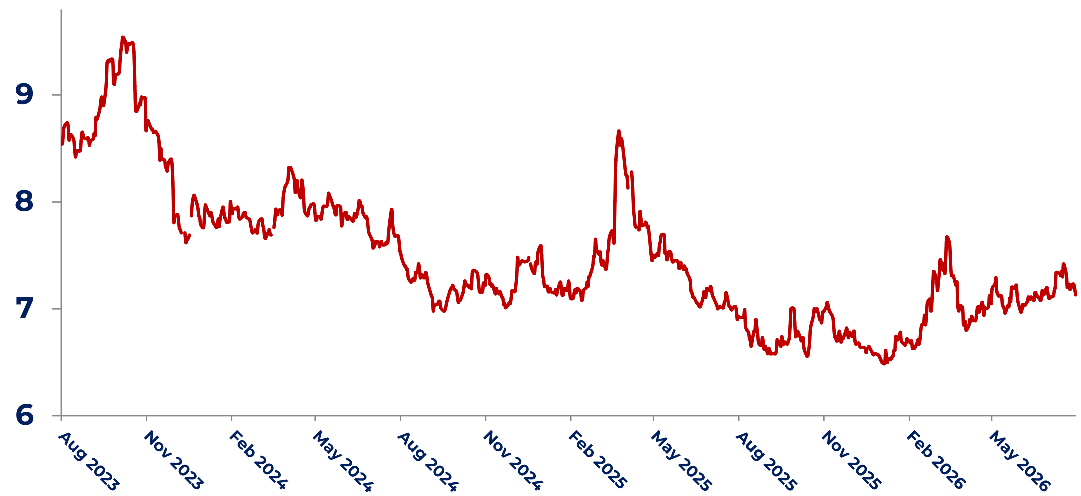
At the same time, credit spreads, the additional compensation for taking credit risk over government risk, are unremarkable: more than half of US high yield trades inside **200 basis points**, and European spreads sit near the tighter end of their recent range despite this year's geopolitical shocks. The improvement in compensation has come almost entirely from the government curve, not from credit risk becoming better paid.

Our positioning follows directly from that distinction. High starting yields with tight spreads argue for owning quality credit for its income, while being selective about where credit risk itself is taken.

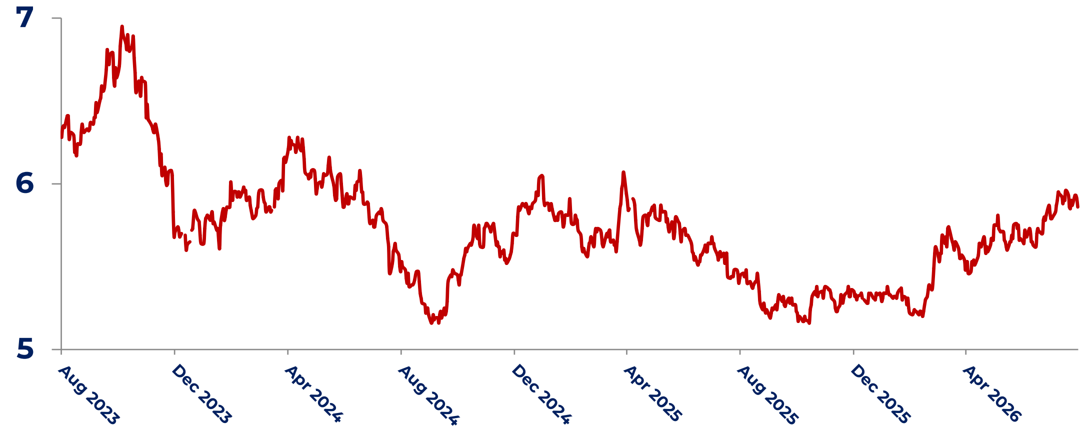
The fundamental backdrop supports this: default rates are near cycle lows on both sides of the Atlantic, distressed debt is a small share of the market, leverage and interest coverage have been stable through the year's volatility, and supply technicals are favourable, with European high yield issuance light and redemptions and calls running ahead of new supply in July.

Ratings momentum is also constructive: upgrades from high yield to investment grade have run well ahead of downgrades in the other direction this year in Europe.

ICE BofA US High Yield Index, Semi-Annual YTW (%)



ICE BofA US Corporate Index, Semi-Annual YTW (%)

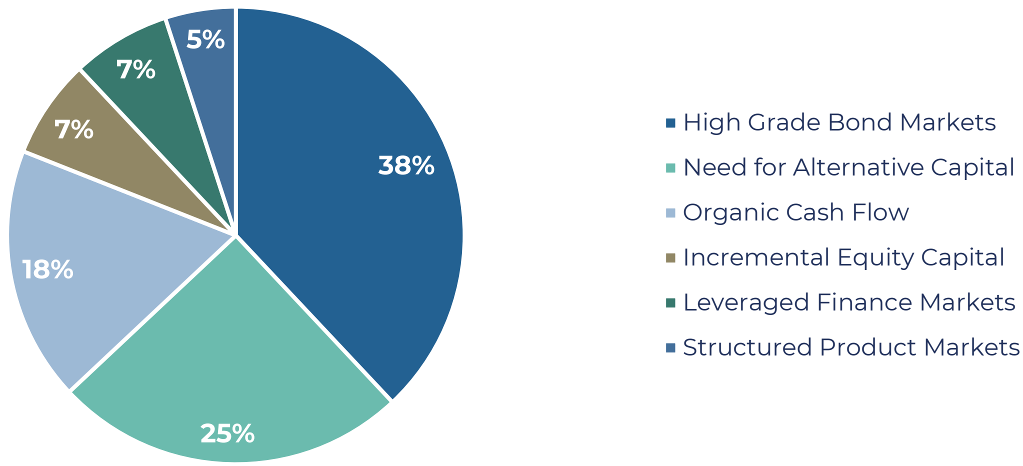


Source: ICE BofA US High Yield Index Yield to Worst, Federal Reserve Bank of St. Louis (FRED), ICE BofA US Corporate Index Yield to Worst, Federal Reserve Bank of St. Louis (FRED). Data to 13.08.2026

A structural theme: the AI build-out is becoming a bond market story

One development we expect to write about regularly is the financing of the artificial intelligence build-out, because it is turning into a fixed income story as much as an equity one. Current estimates put the capital cost at around **$5.5 trillion** through 2030, of which only about a quarter is expected to come from cash flow and equity; the remainder arrives as debt, across high grade bonds, leveraged finance, private credit and structured markets.

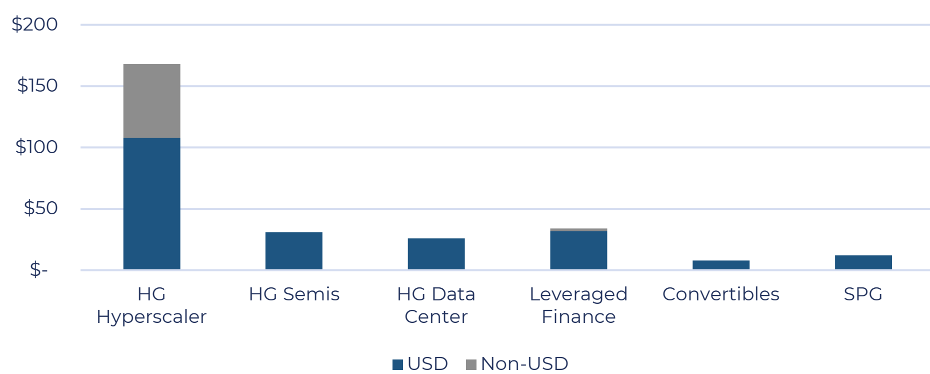
Forecasted AI Capex ($5.5tn) Funding Sources



Source: Bloomberg, August 2026

The scale is easiest to grasp through a comparison the Bank of England itself drew in its July Financial Stability Report: across all currencies, investment grade issuance by the five hyperscalers this year has been broadly comparable to UK gilt issuance over the same period. Given the size of the UK's own borrowing programme, and the yields the gilt market is currently demanding to absorb it, that is an extraordinary statement.

Hyperscaler debt issuance 2026 ($bn)



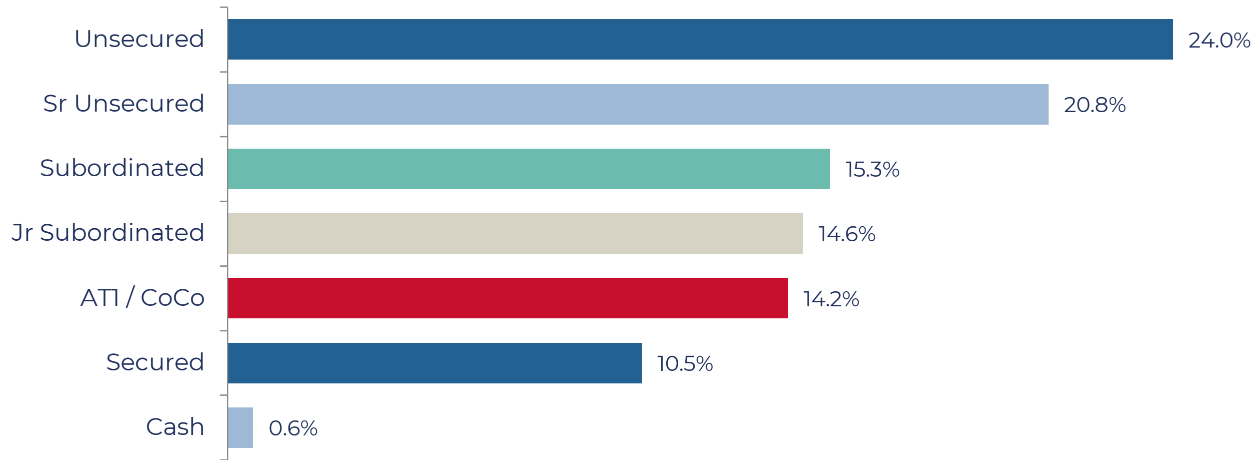
Source: JP Morgan, August 2026

A group of five companies is adding a second claim, of sovereign scale, on the same pool of duration demand that governments are already testing at the long end, and it is reshaping who the largest borrowers in the investment grade market are. The Bank notes this has not yet moved pricing in the wider credit market, but the direction of travel is clear. It also means benchmark-driven portfolios are accumulating a large, increasingly correlated AI exposure by default, without having chosen it, and a growing share of the financing sits in guarantees, leases and special purpose structures where the headline rating can understate the risk actually being taken. We regard the ability to step outside the index here, declining exposure where the credit work does not justify it, as one of the clearer advantages of an unconstrained approach in the current market.

The honest statement of the risk runs the other way. Spreads at these levels leave little margin for disappointment, whether from a renewed energy shock, from the heavy corporate borrowing now funding AI-related investment, or simply from a slowing economy. We hold our high yield exposure well below its permitted maximum for precisely this reason and would expect to add to credit risk at wider spreads rather than at current levels.

PORTFOLIO CHARACTERISTICS AND POSITIONING

Portfolio by Capital Structure (%)



Source: Guinness Global Investors. Data as of 31.07.2026

Credit Selection

The corporate book is concentrated on situations that are specific to the issuer or instrument rather than dependent on the direction of markets: subordinated financials, hybrid capital securities, secured and whole business securitisation structures, and selected credits positioned around the boundary between the high yield and investment grade markets.

These are areas where pricing is often driven by structure, forced selling or index mechanics rather than by credit fundamentals, which is where I believe active analysis earns its keep.

Individual credit positions are sized with conviction, clustered between roughly 2.5% and 4% of the portfolio.

Currency

On currencies, the Fund's non-base currency bond exposure is fully hedged at present, and there is no active currency positioning. Currency is a lever I expect to use over time, but only when I hold a view worth expressing; at present it's preferred to take portfolio risk in rates and credit.

Yield to Maturity (YTM)

The Fund's yield to maturity stood at **6.1%** at 31 July. Alongside credit selection, I will continue to manage government bond exposure, duration and currency risk actively as conditions change.

Key Facts	
Yield to Maturity	6.07% (USD Hedged Yield 6.31%)
No. of holdings	28
Average rating	BBB+
Portfolio Duration	9.13 years
Income Yield	6.1%
Distribution Yield	N/A

Top 10 Holdings	Coupon	Maturity	Sector	%
US Treasury	5.000%	15/05/2056	Government	7.4%
Italy	4.500%	01/10/2053	Government	6.7%
Germany	1.800%	15/08/2053	Government	6.7%
France	4.100%	2/05/2046	Government	6.6%
EDF	7.375%	17/06/2035*	Energy	4.1%
Energy Transfer	6.750%	17/11/2035*	Energy	3.9%
Centrica	6.500%	21/02/2030*	Utilities	3.8%
Vodafone	8.000%	30/05/2031*	Communications	3.8%
UK Gilt	3.750%	22/10/2053	Government	3.3%
Petrobras	5.625%	20/05/2043	Energy	2.9%

Source: Guinness Global Investors. Data as of 31.07.2026

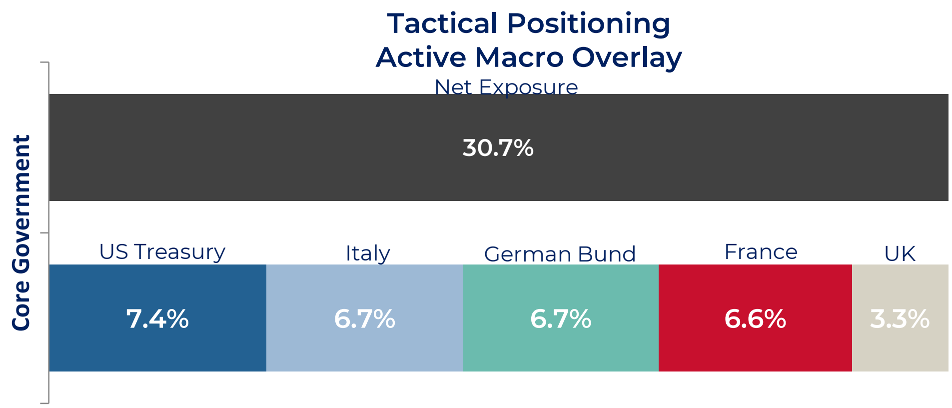
Portfolio duration stood at **9.1 years** at 31 July, of which government bond exposure contributed 4.9 years. This is an actively managed position though, as confirmed by the reduction in portfolio duration in early August to **6.5 years** and a government bond contribution of 2.2.

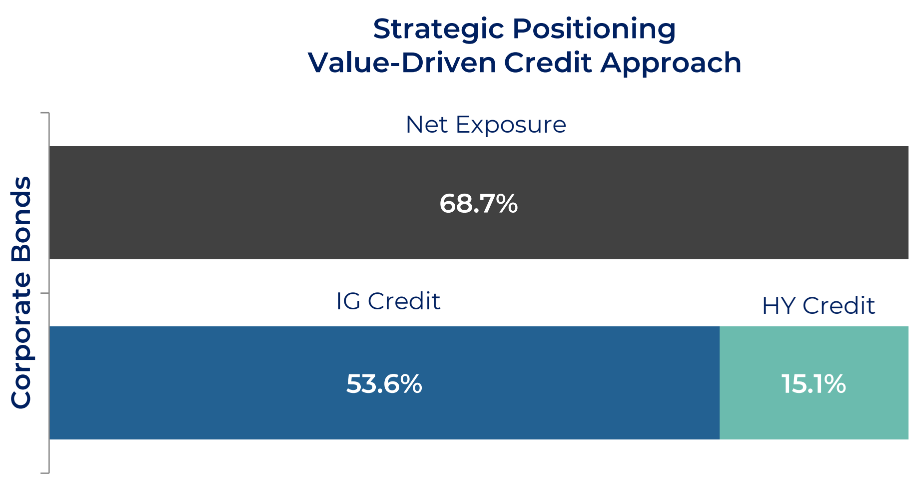
With long-end yields rallying sharply in the first few days of August, in part on month-end rebalancing and in part on lower energy prices, the opportunity was taken to reduce the portfolio's rate sensitivity slightly: longer-dated European government bonds were switched into 10-year and shorter maturities, and a long-dated gilt position was sold in full.

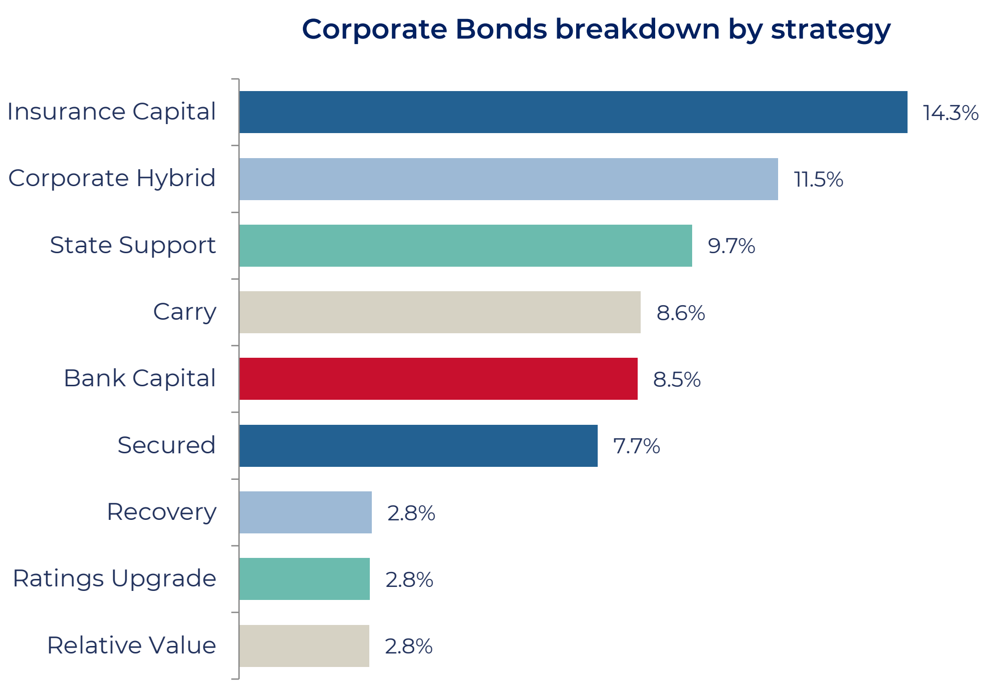
One exception was at the very long end, a 30-year US Treasury position, where the steep sell-off that followed the late-July Federal Reserve meeting and July's rise in oil prices left valuations regarded as sufficiently attractive for the near-term risks. The government bond allocation is the genuine lever here: enabling the shortening or extending through government positions so that credit selection is never forced to serve a duration view.

Another key position is the balance between government and corporate risk. At 31 July the portfolio stood at **30.7% government bonds**, **53.6% investment grade credit** and **15.1% high yield credit**, with an average credit rating of **BBB+**. I deliberately entered the market with the high yield allocation well below its permitted maximum, on the view that the better entry points in sub-investment grade credit come from dislocation rather than from patient accumulation at current spreads.

In early August I also added short-dated US Treasury positions, held to provide immediate flexibility to deploy into specific credit opportunities as the month progresses, and to allow duration to be managed opportunistically as conditions change. Proceeds from the AA redemption described above were received in early August and largely deployed into our Nationwide holding.

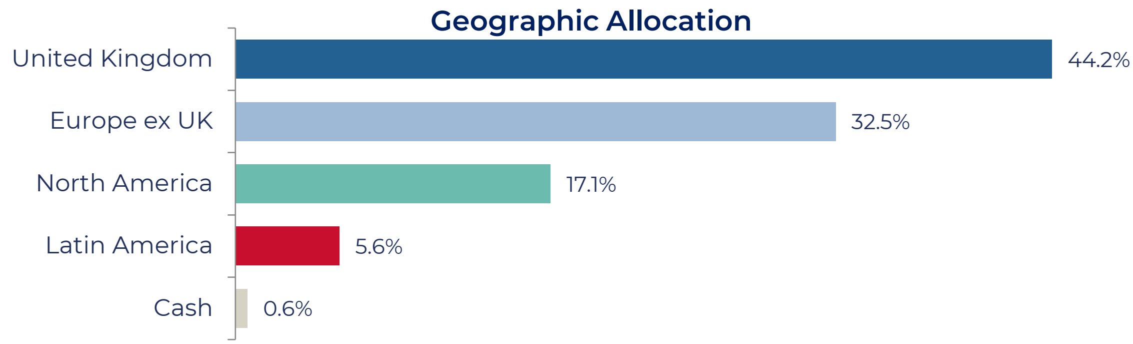


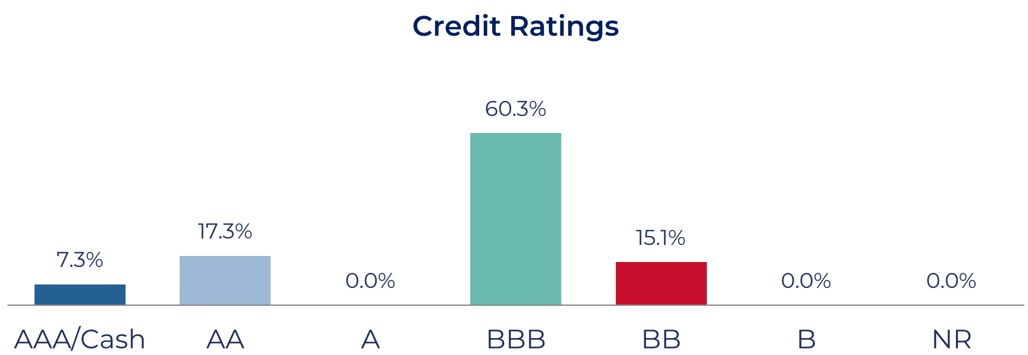


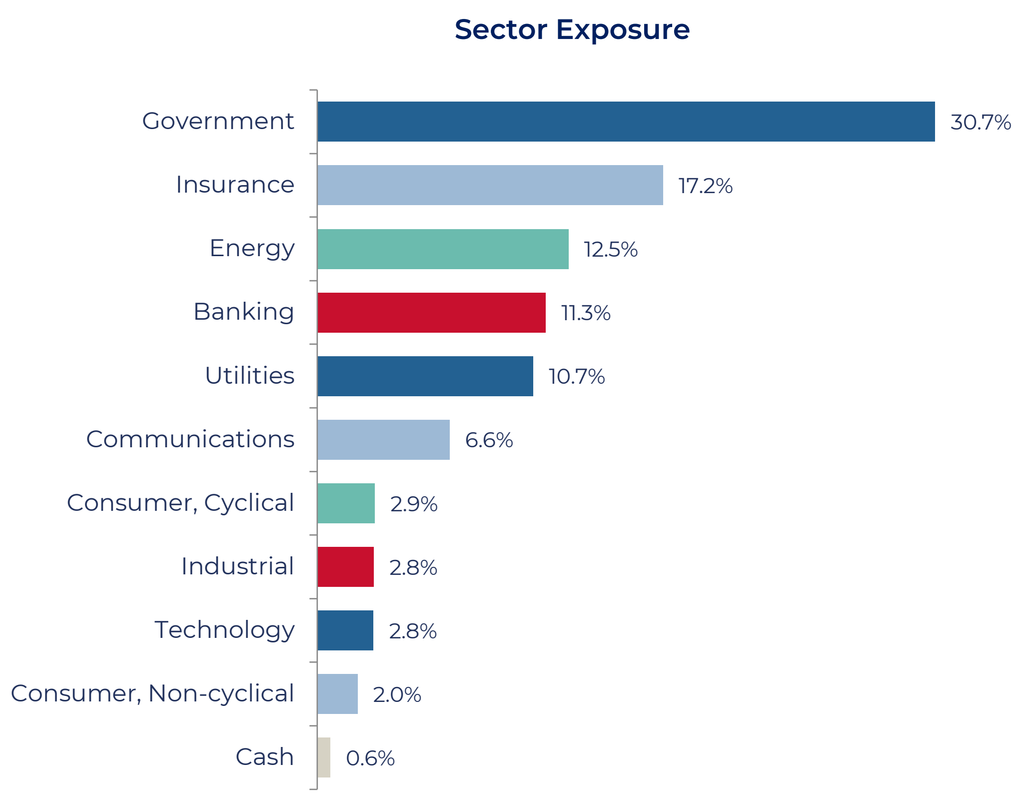


Source: Guinness Global Investors. Data as of 31.07.2026

Guinness Global Dynamic Bond







Source: Guinness Global Investors. Data as of 31.07.2026

We look forward to keeping you informed and thank you for your support of the Fund.

Portfolio Manager

Craig Veysey

IMPORTANT INFORMATION

Issued by Guinness Global Investors, which is a trading name of Guinness Asset Management Limited which is authorised and regulated by the Financial Conduct Authority 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 fixed interest securities and equity and fixed interest markets invested in by the Guinness Global Dynamic BondFund. 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