Guinness China A Share

Investment Commentary – July 2026

RISK

This is a marketing communication. Please refer to the prospectus, supplement and KID/KIID for the Fund, which contain detailed information on its characteristics and objectives, 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. The Fund invests only in stocks of companies that are based in, or with significant business activities in, China; it is therefore susceptible to the performance of that region. In addition, at least 80% of the assets will be in China A shares, which have a greater participation by retail investors than other markets, so their performance may be more volatile. Further details on the risk factors are included in the Fund's documentation, available on our website.

Past performance does not predict future returns.

ABOUT THE STRATEGY

Launch	09.03.2023
Index	MSCI China A Onshore Index
Sector	IA China / Greater China
Managers	Sharukh Malik Edmund Harriss
EU Domiciled	Guinness China A Share Fund

OBJECTIVE

The Fund invests in quality, profitable companies exposed to the structural growth themes we have identified in the China A share market. These themes are built upon changes we have seen in incomes, demographics, production advances and the application of technology in consumer, industrial and infrastructure settings. The Fund is actively managed and uses the MSCI China A Onshore Index as a comparator benchmark only.

CONTENTS

SUMMARY

Year-to-date, the Guinness China A Share Fund (Y class, GBP) rose by 7.4%, while the benchmark, the MSCI China A Onshore Net Return Index, rose by 17.2%. The Fund underperformed the benchmark by 9.8 percentage points (pp).

In the second quarter, the Fund rose by 8.9%, while the benchmark rose by 17.1%. The Fund underperformed the benchmark by 8.3pp.

Both year-to-date and in the second quarter, relative performance was supported by strong stock selection in Materials, led by Shandong Sinocera, but this was outweighed by the Fund's underweight to the strongly performing Information Technology sector. An additional drag was weakness in the Fund's Consumer Discretionary holdings.

The portfolio's strongest stocks were Shandong Sinocera, Shengyi Technology and Xiamen Faratronic. The weakest were China Tourism Group Duty Free, Suofeiya Home Collection and Shenzhen Mindray Bio-Medical.

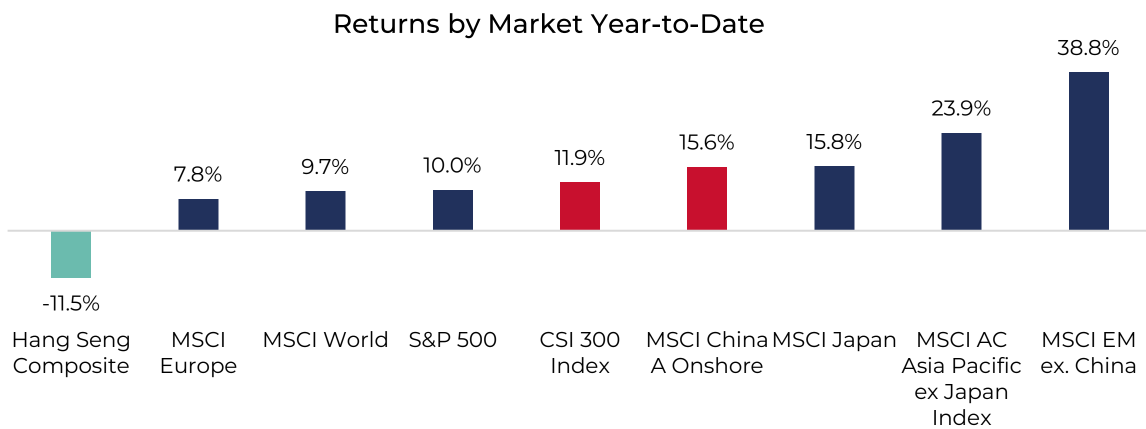
We initiated a position in Weichai Power, a leading manufacturer of heavy-duty engines, where we see an opportunity to benefit from growing demand for power solutions linked to data centre expansion.

Onshore AI-related names have rallied strongly, but in many cases valuations now reflect very optimistic assumptions for future growth, with some names factoring in growth expectations last seen near the 2021 market peak. We are willing to pay for growth where the long-term opportunity is attractive, but not at any price, and are therefore staying away from the most expensive parts of the AI trade.

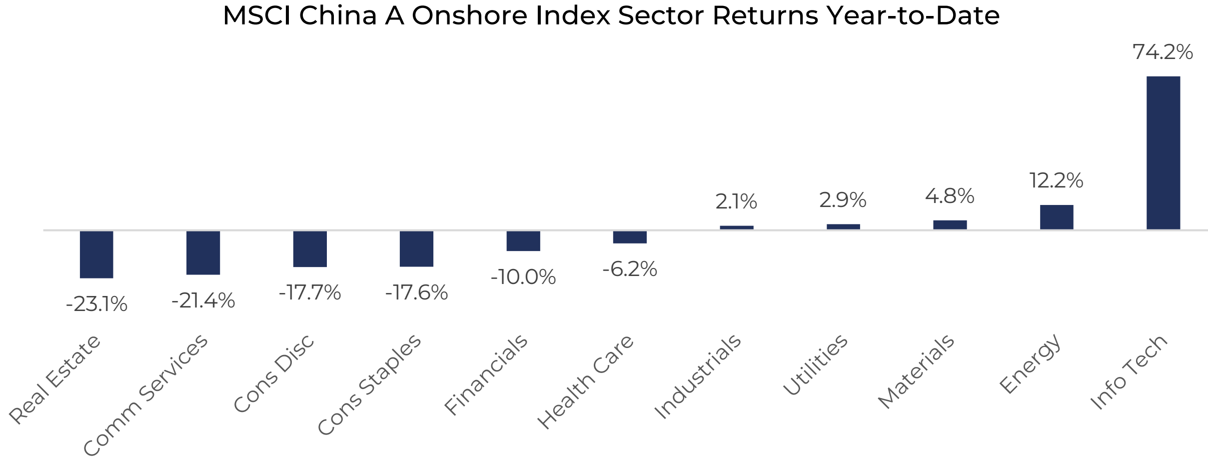
We currently see better risk-reward in Industrials and Consumer Discretionary. Several of the Fund's industrial holdings provide cheaper exposure to AI-related power and infrastructure demand, including backup power generators, gas turbines and relays, while leading consumer companies are being valued too cheaply relative to their long-term cashflow potential as China moves up the value chain and incomes rise.

MARKET COMMENTARY

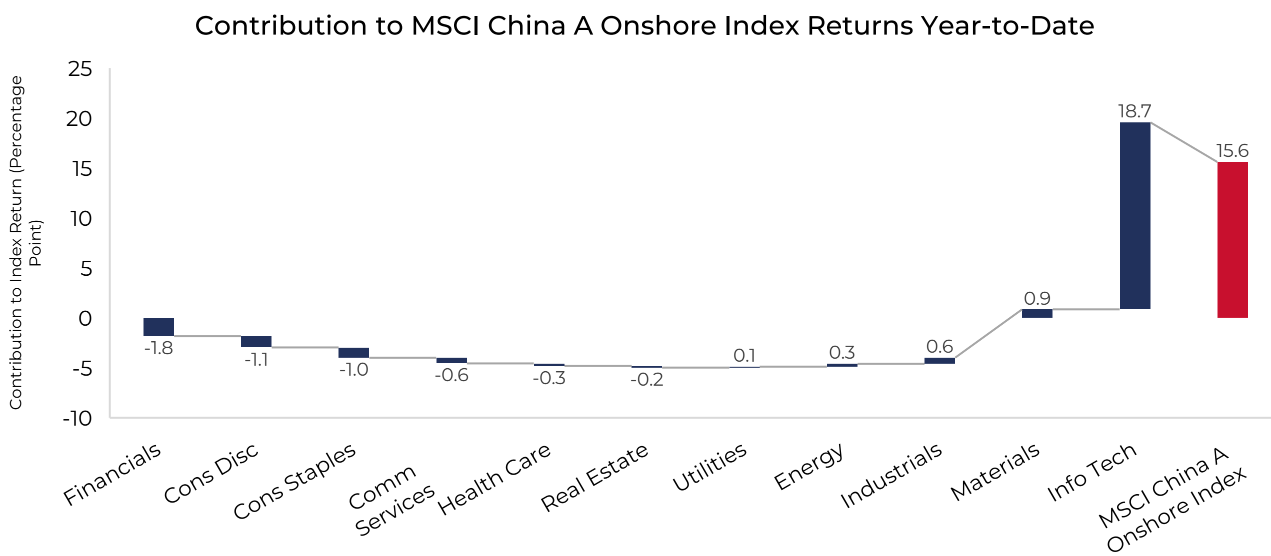
Performance data in this section is in USD terms unless otherwise stated.



Data from 31/12/25 to 30/06/26, returns in USD, source: Bloomberg, Guinness Global Investors calculations



Data from 31/12/25 to 30/06/26, returns in USD, source: Bloomberg, Guinness Global Investors calculations



Data from 31/12/25 to 30/06/26, returns in USD, source: Factset, Guinness Global Investors calculations

Year-to-date, the MSCI China A Onshore Index has risen by 15.6%, outperforming the MSCI World Index, which has risen by 9.7%. A shares also outperformed the offshore market, which fell by 11.5% as measured by the Hang Seng Composite Index.

However, the headline return masked highly concentrated performance within the onshore market. Performance was dominated by Information Technology and AI-related companies, while consumer sectors, banks and other areas linked to the domestic economy were much weaker.

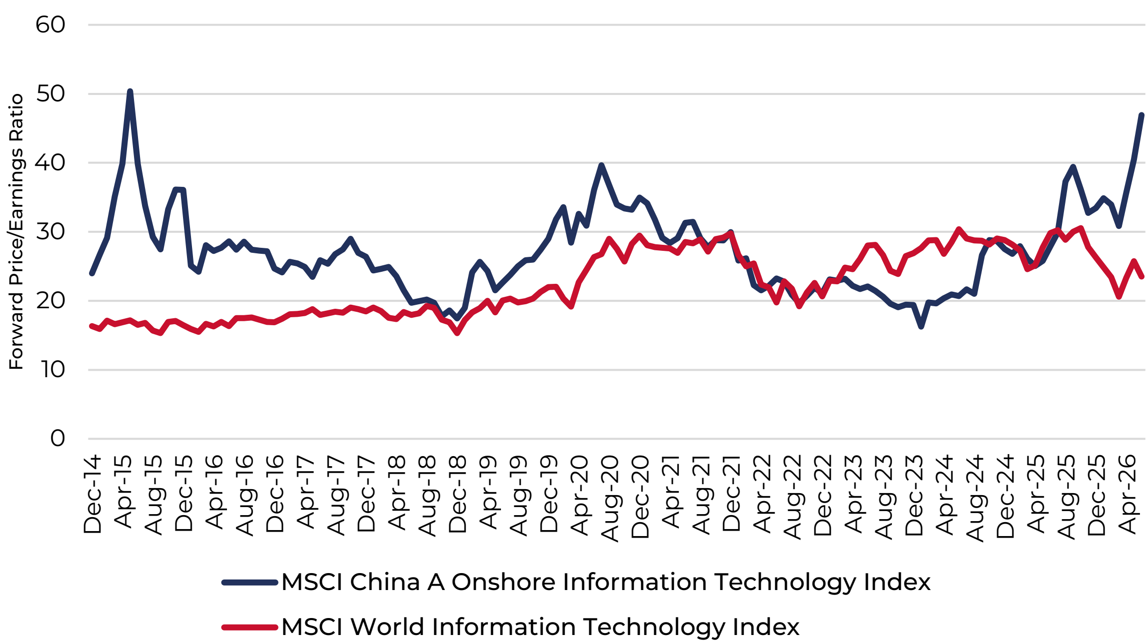
The main driver of the market's performance was the continued expansion of AI infrastructure. Strong demand for data centres and AI servers supported suppliers of semiconductor equipment, optical components, printed circuit boards, copper-clad laminates and other advanced electronic materials. This was reinforced by policy support for technological self-sufficiency and "new quality productive forces".

However, share prices generally rose much faster than earnings expectations, pushing valuations in parts of the technology sector to historically high levels. While the long-term opportunity remains attractive, current valuations increasingly assume that the investment cycle will continue, earnings will grow rapidly, and margins will remain resilient.

Financials were weak across banks, brokers and insurers. The common factor was the market's sharp rotation towards companies benefiting from AI, which drew capital away from traditional financial stocks. Banks were also held back by weak credit demand, pressure on net interest margins and continuing concerns around property and local government-related asset quality. However, underlying earnings were more resilient than share price performance suggested, particularly among some regional banks. Brokers also declined despite a much stronger operating environment, with higher trading volumes, margin financing and equity issuance supporting earnings. Insurers faced additional pressure from lower bond yields and equity market volatility, which weighed on investment returns, even as new policy sales and underwriting trends remained relatively healthy. The weakness across Financials, therefore, reflected both sector-specific concerns and a market increasingly concentrated in AI stocks.

Consumer-related sectors were among the weakest parts of the market. The prolonged property downturn continued to weigh on household wealth, confidence and willingness to spend, while weak income expectations led to poor consumption growth. The weakness was most pronounced in property-related and higher-ticket categories, including home furnishings, appliances, the Chinese liquor baijiu, and automobiles, although services and more defensive areas of consumption held up better. Consumer stocks were also affected by the broader rotation of capital towards AI companies. Within autos, weaker domestic demand and intense price competition placed significant pressure on industry margins. However, this was increasingly offset by rapid export growth, particularly in electric vehicles (EVs), which became an important source of volume growth and helped absorb excess domestic capacity.

China A-Share Technology Valuations Have Risen Well Above Developed Markets



Data from 31/12/14 to 30/06/26, source: Bloomberg, Guinness Global Investors calculations

The chart compares the forward price/earnings ratio of the Information Technology sector in the onshore market with that of developed markets, represented by the MSCI World Information Technology Index. Since March, the valuation of A-share technology stocks has risen sharply from 30.8x to 46.9x forward earnings, while the developed-market sector has re-rated more moderately from 20.6x to 23.5x. A-share technology, therefore, now trades at almost twice the valuation of its developed-market counterpart and near the extremes last seen during China's 2015 equity-market bubble. This suggests that much of the recent performance has been driven by multiple expansion rather than earnings growth alone. Current valuations are discounting sustained AI investment, rapid earnings growth and resilient margins, leaving relatively little room for disappointment should growth expectations moderate or investor sentiment weaken.

ATTRIBUTION

Year-to-date, the Guinness China A Share Fund (Y class, USD) rose by 6.0%, while the benchmark, the MSCI China A Onshore Index, rose by 15.6%. The Fund underperformed by 9.7pp.

This environment was challenging for the Fund, given its underweight in Information Technology and overweight in Consumer Discretionary. We remain positive on the long-term opportunity created by China's technology build-out, but do not believe it is sensible to pursue growth at any price. We currently see a more attractive risk-reward profile in less expensive suppliers of enabling materials, equipment and infrastructure, as well as certain consumer companies where valuations already reflect a weak domestic environment and leave greater scope for improvement.

Relative to the MSCI China A Onshore Index, areas which helped the Fund's performance were:

- Stock selection in Materials, driven by Shandong Sinocera.

Areas which detracted from the Fund's relative performance were:

- The underweight in Information Technology, which significantly outperformed.
- A combination of the overweight to Consumer Discretionary and stock selection, led by China Tourism Group and Suofeiya Home Collection.

In the second quarter, the Fund rose by 9.6%, while the benchmark rose by 17.9%. The Fund underperformed the benchmark by 8.3pp.

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Areas which detracted from the Fund's relative performance were:

- The underweight in Information Technology, which significantly outperformed.
- A combination of the overweight to Consumer Discretionary and stock selection, led by Suofeiya Home Collection, China Tourism Group and BYD.

YEAR-TO-DATE STOCK PERFORMANCE

Leaders

Shandong Sinocera (+288.3% in USD) is a diversified advanced materials producer and a leading Chinese supplier of dielectric powders used in multilayer ceramic capacitors (MLCCs). The shares rose sharply as investors focused on growing demand from AI servers and automotive electronics. Sinocera reported continued volume growth, progress with higher-end products at core customers and additional capacity coming online, with management expecting rapid growth in AI-server and automotive-grade powders in 2026. Meanwhile, Japanese and Korean competitors have been prioritising higher-margin products for these applications, reducing capacity for more conventional products and supporting demand for Sinocera's standard-grade powders. Investors also attached value to earlier-stage opportunities in solid-state battery electrolytes and ceramic components for satellite communications. However, reported earnings growth remained more modest as first-quarter revenue rose 9% and net income increased 5%. The rally, therefore, reflected a substantial re-rating of Sinocera's longer-term growth prospects rather than an equivalent acceleration in current profits. The company itself highlighted this gap, warning that its valuation had reached historically high levels, while its AI data centre ceramic substrates remained under development and had yet to secure volume orders. We took advantage of the sharp re-rating to rebalance the position in June and realise recent gains.

Shengyi Technology (+151.5%) is the world's second-largest producer of copper-clad laminate (CCL), a key material used in printed circuit boards (PCBs). The shares rose strongly as demand for high-speed CCL and advanced PCBs used in AI servers continued to grow. Shengyi benefited from an improving product mix, price increases, and high-capacity utilisation, allowing it to offset rising costs for inputs, including specialist glass cloth, copper foil, and resin. First quarter revenue rose 45% while net income increased 105%. The gross margin expanded 3.5pp to 28.1%, reflecting a stronger product mix and improved pricing. Looking ahead, Shengyi is investing in additional high-performance CCL capacity targeted at AI servers, automotive electronics and advanced packaging.

Xiamen Faratronic (+90.2%) is one of the world's leading manufacturers of film capacitors, which are used across EVs, renewable energy, industrial equipment, data centres and power grids. The shares rose as investors focused on growth broadening beyond EVs. While domestic EV demand was weaker in the first quarter, double-digit growth in energy storage and industrial controls, supported by demand for data centre power equipment, helped offset this weakness. First-quarter revenue rose 7%, while net income increased 1%. Headline growth was affected by the removal of a subsidiary from the consolidated accounts and foreign-exchange losses, with underlying revenue growth estimated to have remained in double digits. Looking ahead, energy storage, AI data centre infrastructure and power grid investment provide additional growth opportunities. However, rising raw material costs and continued demands for price reductions from automotive customers remain headwinds. The company is also moving its planned overseas production base from Hungary to Malaysia to support international expansion and reduce its exposure to trade barriers.

Laggards

China Tourism Group Duty Free (-41.5%) is China's leading duty-free retailer. The shares fell as the recovery in Hainan duty-free spending slowed sharply during the second quarter, raising concerns that the strong growth seen around the Chinese New Year was not sustainable. Official data showed Hainan duty-free sales growth slowing from 26% in the first quarter to 19% for the first half of the year, indicating a marked deceleration during the second quarter. The business is also seeing a growing contribution from lower-margin categories such as gold jewellery and consumer electronics. This led investors to question whether earnings growth driven by margin improvement and cost control could continue without a stronger recovery in revenue. The acquisition of DFS's Greater China retail business was completed in March, broadening the company's operations in Hong Kong and Macau, but it was not enough to offset these near-term concerns.

Suofeiya Home Collection (-40.5%) is a leading Chinese manufacturer of customised cabinets and home furnishings. The shares fell as the prolonged property downturn continued to weigh on housing transactions and household confidence. Policy support also weakened, as Suofeiya's core furniture and cabinetry products are not covered by this year's national trade-in subsidy scheme. First quarter revenue declined 25%, and the company reported a small loss compared with a profit in the same period last year, as weaker demand reduced operating leverage. Suofeiya is seeking to reduce its reliance on new-home demand by expanding into existing-home renovation, but this has not yet been sufficient to offset continued weakness in sales of new properties. Despite poor earnings momentum, we believe its current valuation is too low for a business that continues to generate a cash return above its cost of capital. The shares also offer an attractive dividend yield of c.9%.

Shenzhen Mindray Bio-Medical (-25.8%) is a Chinese medical device manufacturer. The shares were held back by continued weakness in the domestic market, where tighter hospital budgets and delayed procurement remained a drag on demand. This was partly offset by strong overseas growth, particularly in Europe and developing markets, as Mindray continued to expand its presence among hospitals. The company also continued to gain market share in domestic in-vitro diagnostics, supported by the installation of its laboratory-automation systems and a broad product offering, while newer businesses such as minimally invasive surgery, interventional products and animal health maintained strong momentum. First-quarter revenue rose 1%, while net income declined 11%, partly reflecting foreign-exchange headwinds. Looking ahead, international expansion, further market share gains and growth in emerging businesses should support a gradual recovery, although domestic hospital funding constraints and policy-driven pricing pressure remain headwinds.

CHANGES TO THE PORTFOLIO

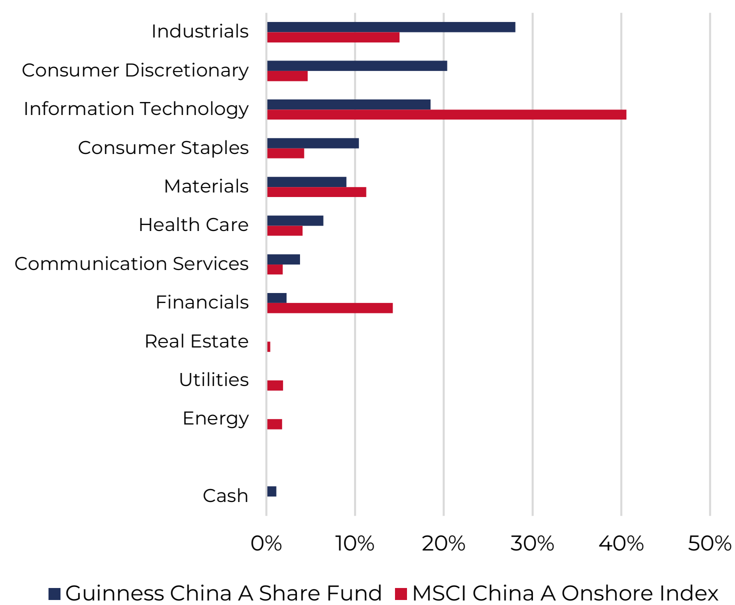
WEICHAI

We initiated a position in **Weichai Power**, a leading manufacturer of heavy-duty engines, where we see an opportunity to benefit from growing demand for power solutions linked to data centre expansion. In our view, the market has not fully reflected this growth opportunity, continuing to value the business largely as a traditional engine manufacturer while undervaluing the servicing and maintenance opportunity, which generates high-margin, recurring revenue. The company's capability in both diesel and gas-powered generation positions it well to benefit from growing demand for flexible and reliable on-site power solutions across both primary and backup use cases.

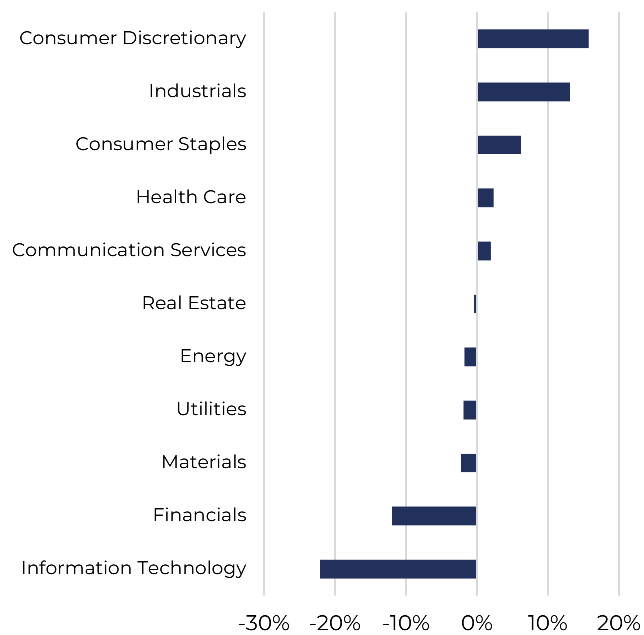
PORTFOLIO POSITIONING

On a sector basis, the Fund's largest exposures are to the Industrials, Consumer Discretionary and Information Technology sectors. Relative to the MSCI China A Onshore Index, the Fund is overweight Consumer Discretionary and Industrials, while underweight Information Technology and Financials.

Fund Allocation vs MSCI China A Onshore Index



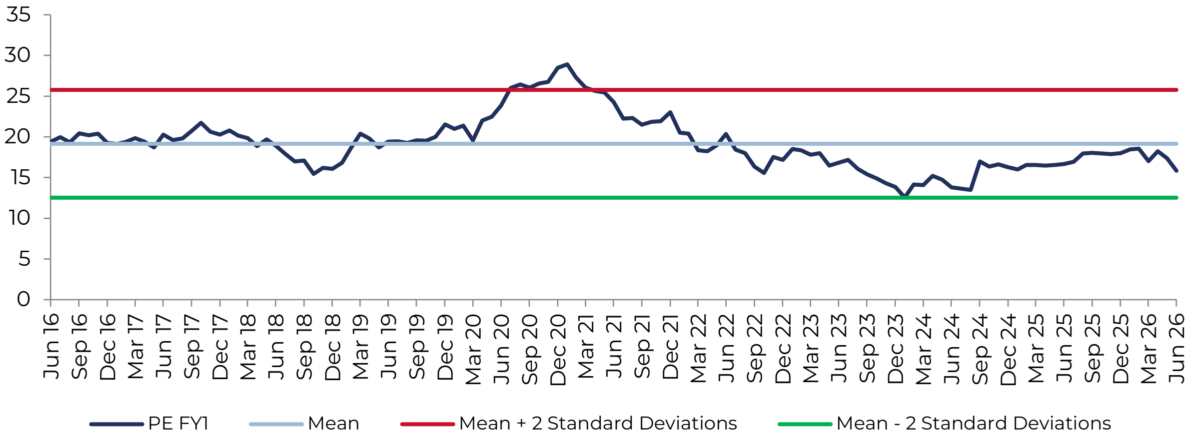
Fund over/underweights



Data as of 30/06/26, source: Guinness Global Investors calculations, Bloomberg

OUTLOOK

Forward Price/Earnings Ratio for Current Holdings

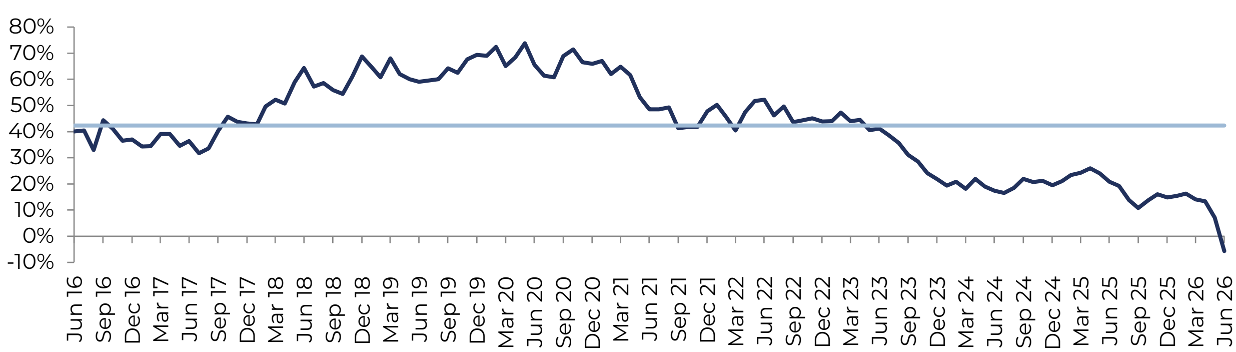


Data from 30/06/16 to 30/06/26, source: Bloomberg, Guinness Global Investors calculations
Calculations assume an equally weighted portfolio.

Forward Price/Earnings Ratio for MSCI China A Onshore Index

Data from 30/06/16 to 30/06/26, source: Bloomberg, Guinness Global Investors calculations

Current Holdings' FY1 Price/Earnings Premium/Discount vs MSCI China A Onshore Index



Data from 30/06/16 to 30/06/26, source: Bloomberg, Guinness Global Investors calculations
Calculations assume an equally weighted portfolio.

On a forward basis, the Fund's current holdings trade on 15.8x earnings, below their ten-year average of 19.1x. By contrast, following the sharp onshore rally, the MSCI China A Onshore Index trades on 16.8x, close to two standard deviations above its historical average, a level last seen in 2021. The portfolio, therefore, trades at a 6% discount to the market, compared with a substantial premium for most of the past decade. We believe this creates a materially more attractive relative valuation starting point.

Onshore AI-related companies have risen sharply, supported by strong investment in computing infrastructure, domestic supply chain localisation and upward earnings revisions. However, in many cases, the proportion of these companies' valuations that relies on yet-to-be-delivered growth has returned to levels last seen at the 2021 market peak. That was a period defined by globally low interest rates and, with the benefit of hindsight, excessive market optimism. We believe the long-term opportunity is genuine, but valuations in parts of the market now require the investment cycle to remain strong, earnings to grow rapidly, and margins to stay resilient. At these levels, there is limited protection if expectations are not fully met. We are therefore maintaining our valuation discipline rather than increasing exposure simply because these companies have recently performed well.

Our investment process begins with quality as we look for companies capable of earning returns on capital above their cost of capital and sustaining those returns over time. We then assess whether the business is exposed to a structural growth opportunity and whether the current valuation leaves sufficient upside. On this basis, we currently see better risk-reward profiles in selected Industrials and Consumer Discretionary companies than in the most highly valued parts of the Technology sector.

Within Industrials, several holdings provide exposure to the power and infrastructure requirements created by data centre expansion. These include companies supplying backup generators, gas turbine components, grid equipment and relays. Demand should benefit from the need for reliable power generation and distribution, but these businesses generally trade at materially lower valuations than direct AI beneficiaries.

Consumer Discretionary continues to face a difficult short-term environment, reflecting weak confidence, the prolonged property downturn and subdued retail sales growth. However, valuations increasingly appear to price in an indefinite continuation of these conditions. Many of the Fund's Consumer Discretionary holdings retain strong market positions, healthy balance sheets and the ability to generate cash returns above their cost of capital. As China continues to move up the value chain and incomes rise, we believe the addressable market for our consumer companies will likely expand. Leading consumer companies thus appear undervalued relative to their long-term cashflow potential.

This positioning may cause the Fund to lag the benchmark as market returns remain concentrated in a narrow group of highly valued AI-related companies. However, we believe the portfolio offers a more rational balance between participation in China's structural growth opportunities and protection against overly demanding investor expectations. Over the longer term, we expect returns to be ultimately driven by cash flow growth and compounding rather than continued multiple expansion.

Portfolio Managers
Sharukh Malik
Edmund Harriss

GUINNESS CHINA A SHARE FUND - FUND FACTS

Fund size	$1.4m
Fund launch	09.03.2023
OCF	0.77%
Benchmark	MSCI China A Onshore TR

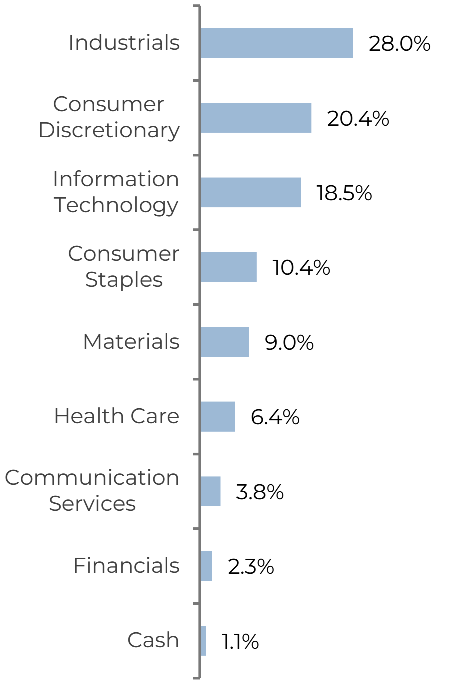
GUINNESS CHINA A SHARE FUND - PORTFOLIO

Top 10 holdings

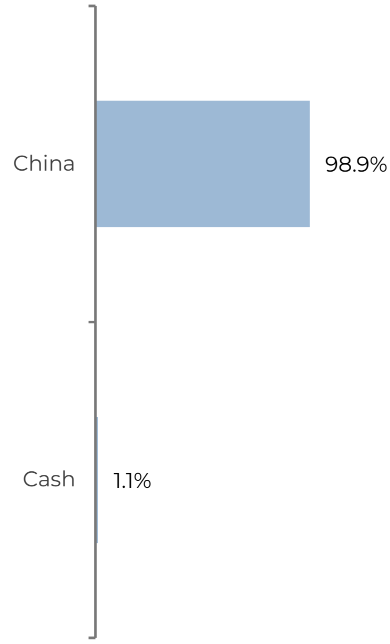
Shengyi Technology	8.1%
Shandong Sinocera Functional	6.0%
Xiamen Faratronic Co Ltd	4.2%
G-bits Network Technology Xiam	3.8%
Hongfa Technology	3.6%
Haier Smart Home	3.4%
NARI Technology	3.3%
Amoy Diagnostics	3.3%
Sino Wealth Electronic Ltd	3.2%
Weichai Power	3.2%

Top 10 holdings	42.1%
Number of holdings	30

Sector



Country



Past performance does not predict future returns.

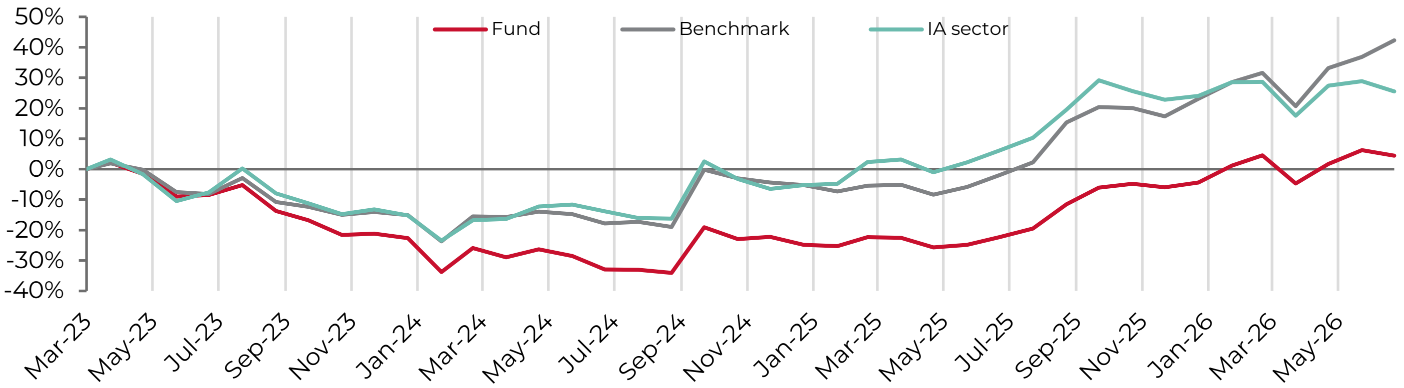
GUINNESS CHINA A SHARE FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-0.2%	+7.4%	+38.9%	+9.3%	-	-
MSCI China A Onshore TR	+5.6%	+17.2%	+49.9%	+48.4%	-	-
IA China/Greater China TR	-1.0%	+2.5%	+22.1%	+30.2%	-	-
(USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-1.7%	+6.0%	+34.5%	+14.1%	-	-
MSCI China A Onshore TR	+4.0%	+15.6%	+45.2%	+54.9%	-	-
IA China/Greater China TR	-2.6%	+1.2%	+18.3%	+35.9%	-	-
(EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	+0.3%	+8.8%	+38.1%	+8.9%	-	-
MSCI China A Onshore TR	+6.1%	+18.8%	+49.0%	+47.8%	-	-
IA China/Greater China TR	-0.5%	+3.9%	+21.4%	+29.7%	-	-

GUINNESS CHINA A SHARE FUND - ANNUAL PERFORMANCE

(GBP)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Fund	+22.1%	-1.0%	-	-	-	-	-	-	-	-
MSCI China A Onshore TR	+21.0%	+13.6%	-	-	-	-	-	-	-	-
IA China/Greater China TR	+21.9%	+13.8%	-	-	-	-	-	-	-	-
(USD)	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Fund	+31.1%	-2.7%	-	-	-	-	-	-	-	-
MSCI China A Onshore TR	+29.9%	+11.6%	-	-	-	-	-	-	-	-
IA China/Greater China TR	+30.9%	+11.8%	-	-	-	-	-	-	-	-
(EUR)	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Fund	+15.6%	+3.8%	-	-	-	-	-	-	-	-
MSCI China A Onshore TR	+14.6%	+19.0%	-	-	-	-	-	-	-	-
IA China/Greater China TR	+15.4%	+19.2%	-	-	-	-	-	-	-	-

GUINNESS CHINA A SHARE FUND - PERFORMANCE SINCE LAUNCH (USD)



Source: FE fundinfo net of fees to 30.06.26. 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.

IMPORTANT INFORMATION

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This report is designed to inform you about Guinness China A Share 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, the Key Investor 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.