

Responsible Investment Factsheet

31.12.2024

This is a marketing communication. Please refer to the Prospectus and KIID for the Fund, which contain detailed information on the Fund's characteristics and objectives, before making any final investment decisions. All data as at above date, unless otherwise stated. Past performance is not a reliable indicator of future results.

Fund ESG Ratings

MSCI ESG Rating™:



Produced by MSCI ESG Research as of 23.01.25.

Fund Profile

Benchmark

MSCI AC Asia Pacific ex Japan Index

Investment Objective

An equity fund investing in companies in the Asia Pacific region or deriving at least 50% of their revenues from business activities in the region. The companies invested in will primarily pay dividends.

The Fund is actively managed and uses the MSCI AC Asia Pacific ex Japan Index as a comparator benchmark only.

Investment Case

Provides exposure to dividend paying companies in the Asia Pacific region. Asia Pacific economies have developed and diversified due to factors including demographics, industrialisation, productivity gains and consumer spending. Value can be found in companies that have turned these themes into returns on capital above the cost of capital on a sustained basis.

Domicile

United Kingdom

Risk

WS Guinness Asian Equity Income Fund is an equity fund. Investors should be willing and able to assume the risks of equity investing. Details on the risk factors are included in the Fund's documentation, available on the website www.waystone.com. The value of an investment and the income from it can fall as well as rise as a result of market and currency movement; you may not get back the amount originally invested. If you are in any doubt about the suitability of investing in this Fund, please consult your investment or other professional adviser.

Fund Approach to Responsible Investment

ESG Integration



Exclusions¹



Controversial weapons²



Thermal coal³



Voting



Engagement



¹Further details can be found in our corporate [Exclusion Policy](#), available on our website.

²Cluster munitions, landmines, and biological and chemical weapons.

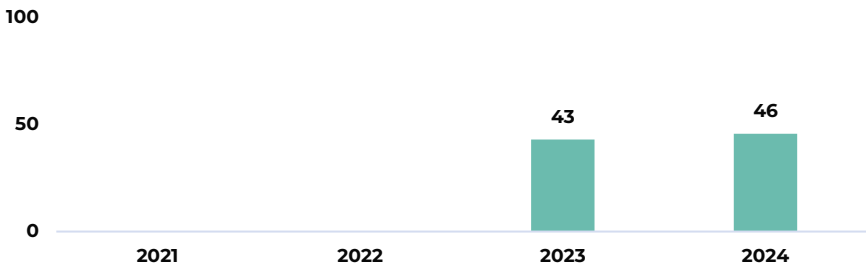
³Companies that generate more than 30% of revenues via thermal coal extraction or thermal coal power generation.

ESG Integration Summary

ESG analysis is incorporated into investment decision-making on an ongoing basis, accompanied by a detailed review of each company. The review considers the Environmental, Social and Governance risks facing the company, the ways in which management mitigates them and their progress in doing so. The company's business is first assessed for the material risks posed by the industry and by the company's operations. The review consists of company-specific analysis of these material and relevant Environmental and Social risks. Regardless of industry, each company is assessed on carbon risk and employee relations, as well as Governance. Further information is available in the team's Approach to Responsible Investment and ESG paper, available [here](#).

Fund Weighted Average Carbon Intensity (WACI)* in tCO₂e/\$M revenue

The Fund's carbon intensity is measured and reported from 2023 onwards.



Source: Guinness Global Investors, CDP; Coverage: 98% (2023), 100% (2024).

*The Weighted Average Carbon Intensity (WACI) metric is calculated by multiplying the carbon intensity (emissions relative to revenue in millions USD) of each fund holding by its portfolio weight (the value of the holding relative to the total value of the portfolio, excluding cash). Carbon intensity is based on Scope 1 and 2 emissions. Scope 1 emissions are direct greenhouse gas emissions from sources that are owned or controlled by the company. Scope 2 emissions are indirect greenhouse gas emissions from the generation of energy purchased by the company (Reference: GHG Protocol). Coverage refers to the percentage of the carbon intensity data available at the date of publication for underlying fund holdings (as a percentage of total assets excluding cash).

Stewardship

Stewardship activities form part of the investment process applied by the team. We believe that resourcing our stewardship activities within the investment team itself, with dedicated assistance as required, is the best way to ensure effective stewardship. The investment team's ESG incorporation approach often informs their proxy voting and engagement activity. In a spirit of transparency, we disclose fund-level voting and engagement statistics and case studies for calendar year 2024 below.

Voting

The investment team make their own voting decisions based on their own research, supported by proxy voting research from Glass Lewis. All voting is undertaken by the investment team, with oversight provided by our Responsible Investment Committee. In order to vote, some markets require shares to be temporarily immobilised from trading until after the shareholder meeting has taken place (referred to as 'share blocking'). Some other markets require a local representative to be hired, under a Power-of-Attorney (POA), to attend the meeting and vote on our behalf. In such instances, it may sometimes be in clients' best interests to refrain from voting. But in all other circumstances we endeavour to exercise our voting responsibilities on clients' behalf. For more information, please see our Voting Policy, available on our website.

Voting Overview - UK *	
Number of companies available to vote	36
Number of available proposals	406
% voted	100%
% did not vote**	0%
% votes in line with management	88%
% votes against management	12%



Votes against management by topic (%)	
Audit/Financials	14%
Board Related	44%
Capital allocation	24%
Compensation	10%
Other	8%

*1st January 2024 to 31st December 2024

Source: Glass Lewis; Guinness Global Investors 31.12.24

**This includes where we do not vote in jurisdictions where share blocking is in effect or power of attorney requirements apply

Voting Case Studies



Shenzhou International ("Shenzhou") is an integrated textile manufacturer with production centres in China and Southeast Asia. In 2024, we voted against proposals allowing the company to issue shares without pre-emptive rights. This was due to Shenzhou providing insufficient disclosure on the maximum permissible discount to market share price for such issuances, raising concerns around the heightened risk of poor capital financing decisions. Approximately 35% of shareholders voted against the resolution, likely reflecting some of our perspectives.

We also voted against the re-election of Shenzhou's Deputy General Manager, Ma Renhe, to the Board of Directors, due to his membership of the Remuneration Committee. While the Committee met Hong Kong Listing Rule requirements, by compromising a majority of independent members, we felt an insider presence on the committee could have impeded its objectivity. This concern was amplified by the absence of a Lead Independent Director on the board. Around 9% of shareholders voted against Mr. Ma's re-election.

SUOFEIYA

Suofoiya Home Collection ("Suofoiya") is a Chinese company that designs, produces, and sells customised wardrobes and related furniture. In September, we voted against a proposal to allow the company to carry out a financial derivatives trading business. The proposed trading exposure was substantial relative to Suofoiya's business size, and we did not feel it was a core competence. Our vote deviated from the recommendation of our proxy voting advisor, who suggested that such decisions should be left to management discretion. Only 1.8% of shareholders voted against the resolution.

We also voted against the election of Mr. Xie Kang to the Board of Supervisors, as he was not considered independent by the company. His election would have resulted in an insufficient number of independent members on the Supervisory Board, potentially undermining its oversight and monitoring of the Board of Directors.

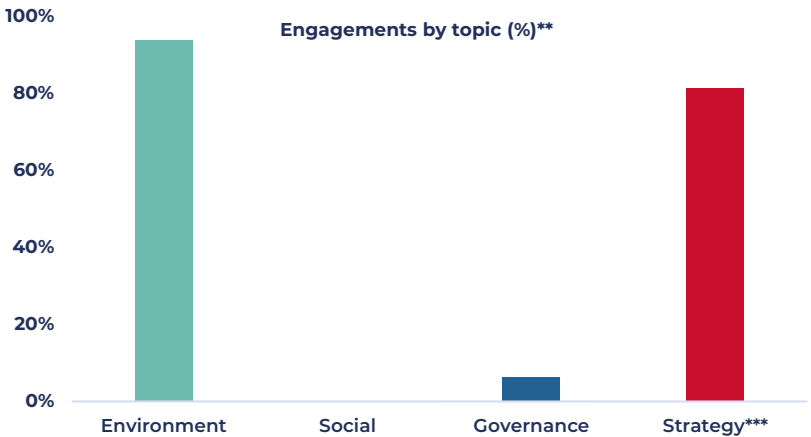
Engagement

The investment team focused their engagements in 2024 around improved ESG disclosures from portfolio companies.

Engagement Overview*	
Number of company interactions	19
Number of engagements	16
Engagements by topic	
Environment	94%
Social	0%
Governance	6%
Strategy***	81%

*1st January 2024 to 31st December 2024

Source: Glass Lewis; Guinness Global Investors 31.12.24



**In some cases, multiple topics are covered in a single meeting and the totals do not add up to 100%.

***Strategy includes disclosures, opportunities in sustainable products, positive impact, and regulation.

Engagement Case Studies



Taiwan Semiconductor Manufacturing Company ("TSMC") is the world's largest dedicated semiconductor foundry. We continued to engage TSMC on its climate-related risk management in 2024. The company confirmed its ongoing commitment to the CDP initiative and showed greater openness to registering their emissions reduction targets with the Science Based Targets Initiative (SBTi) for validation. TSMC aims to reach peak emissions during 2025, after which it expects to have more confidence in its emissions trajectory, targeting a reduction in emissions to 2020 levels by 2030. TSMC was the world's first semiconductor company to join RE100, and we were encouraged to see the company recently accelerate its target to achieve 100% renewable energy consumption from 2050 and 2040 and raise its 2030 target for company-wide renewable energy consumption from 40% to 60%. We look forward to seeing further progress in 2025.



**SONIC
HEALTHCARE**

Sonic Healthcare ("Sonic") is an Australian healthcare provider with specialist operations in radiology, pathology, and laboratory services. We engaged with the company on an annual basis from 2021 to 2023, encouraging their participation in the CDP Climate Change questionnaire, which they successfully completed in 2023. This year, we then requested that Sonic sustain their commitment to CDP, and as such were pleased to see their submission to the 2024 CDP reporting cycle.

As a next step, we suggested the company consider submitting its emission reduction targets to the Science Based Targets Initiative ("SBTi") for validation. Sonic indicated they are actively considering doing so but would like to get more comfortable with their Scope 3 emissions accounting before making a commitment. They would be required to set a Scope 3 target if they sought SBTi-validation, as their Scope 3 emissions account for over 40% of total emissions (FY24: ~75%). Sonic has been gaining confidence in calculating these emissions: it disclosed an initial Scope 3 emissions inventory in its 2023 Sustainability Report and expanded coverage in its 2024 reporting. However, the company notes that much of the accounting is based on limited sources, estimates and assumptions, which they would like to refine before committing to a specific Scope 3 emissions reduction target.

Collaborative engagement



We are a member of **CDP**, which allows us access to environmental data for all companies that report to CDP. Through our membership, we participate in collaborative engagements, such as the **CDP Non-Disclosure Campaign (NDC)**. The NDC aims to drive further corporate transparency around climate change, deforestation and water security, by encouraging companies to respond to CDP's disclosure requests.

Initiatives

We participate in relevant industry initiatives to promote the proper functioning of markets, responsible investing, and the management of market-wide and systemic risk. Where appropriate, members of the investment team will use initiatives to engage collaboratively with portfolio companies.

External company ratings

Signatory of:



We became signatories to the United Nations Principles for Responsible Investment (UN PRI) in 2019, which provides external assurance on our stewardship approach broken down by activity.

In our latest Assessment Report, published in 2024, we received the following scores:



Policy Governance and Strategy



Direct - Listed Equity - Active Fundamental



Confidence Building Measures

Industry Initiatives



CFA UK's mission is to build a better investment profession by serving the public interest by educating investment professionals, by promoting and enforcing ethical and professional standards and by explaining what is happening in the profession to regulators, policymakers, and the media. A member of the investment team at Guinness is part of the Sustainability Community Champions group.



As the trade body for the UK investment management industry, the **Investment Association (IA)** seeks to represent the industry interests, improve the investment landscape through thematic initiatives, which highlight topics such as diversity and inclusion, and by improving standards and best practice.



The **Independent Investment Management Initiative (IIMI)** aims to contribute effective financial regulation and promote client-centred models of investment management. Our CEO, Edward Guinness sits on the board of IIMI.



The **UK Stewardship Code 2020** sets high stewardship standards for those investing money on behalf of UK savers and pensioners. It comprises a set of 12 'apply and explain' Principles for asset managers and asset owners to demonstrate their stewardship role and performance.



The **UK Sustainable Investment and Finance Association (UKSIF)** aims to support its members to grow sustainable and responsible finance in the UK. It also seeks to influence policymaking that promotes the growth of sustainable finance. Our Responsible Investment Lead is a member of the Industry Development Committee, and another member of investment team serves on the Membership Committee.

Other Documents

Corporate Documents

- Responsible Investment Policy
- Stewardship Code Report
- Good Governance Policy
- [Responsible Investment Glossary](#)

Strategy Documents

- Approach to Responsible Investment and ESG
- Asia Dividend Investing

Guinness Global Equity Income

MSCI ESG Research LLC's ("MSCI ESG") Fund Metrics and Ratings (the "Information") provide environmental, social and governance data with respect to underlying securities within more than 31,000 multi-asset class Mutual Funds and ETFs globally. MSCI ESG is a Registered Investment Adviser under the Investment Advisers Act of 1940. MSCI ESG materials have not been submitted nor received approval from, the US SEC or any other regulatory body. None of the Information constitutes an offer to buy or sell, or a promotion or recommendation of, any security, financial instrument or product or trading strategy, nor should it taken as an indication or guarantee of any future performance, analysis, forecast or prediction. None of the Information can be used to determine which securities to buy or sell or when buy or sell them. The Information is provided 'as is' and the user of the Information assumes the entire risk of any use it may make or permit to be made of the Information. The information contained herein: (1) is proprietary to MSCI ESG and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither MSCI ESG nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

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If you decide to invest, you will be buying shares in the Fund and will not be investing directly in the underlying assets of the Fund.

Documentation: The documentation needed to make an investment, including the Prospectus, the Key Investor Information Document (KIID), and the Application Form, is available in English from the website www.fundsolutions.net/uk/guinness-global-investors/ or from:-

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Waystone Management (UK) Limited is authorised and regulated by the Financial Conduct Authority.

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 WS Guinness Investment Funds, an investment company with variable capital incorporated with limited liability and registered by the Financial Conduct Authority.