

## RISK

This is a marketing communication. Please refer to the prospectuses, KIDs and KIIDs for the Funds, which contain detailed information on their characteristics and objectives, before making any final investment decisions.

The Funds are equity funds. Investors should be willing and able to assume the risks of equity investing. The value of an investment and the income from it can fall as well as rise as a result of market and currency movement, and you may not get back the amount originally invested. 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

<b>Launch</b>	19.12.2013
<b>Sector</b>	IA Asia Pacific Excluding Japan
<b>Managers</b>	Edmund Harriss Mark Hammonds
<b>Irish Domiciled</b>	Guinness Asian Equity Income Fund
<b>UK Domiciled</b>	TB Guinness Asian Equity Income Fund

## INVESTMENT POLICY

The Funds are designed to provide investors with exposure to high quality dividend-paying companies in the Asia Pacific region. The Funds are managed for income and capital growth and invest in profitable companies that have generated persistently high return on capital over the last decade, and that are well placed to pay a sustainable dividend into the future. The Funds are actively managed. The Guinness Asian Equity Income Fund uses the MSCI AC Pacific ex Japan Index as a comparator benchmark only. The TB Guinness Asian Equity Income Fund uses the MSCI AC Asia Pacific ex Japan Index as a comparator benchmark only.

## CONTENTS

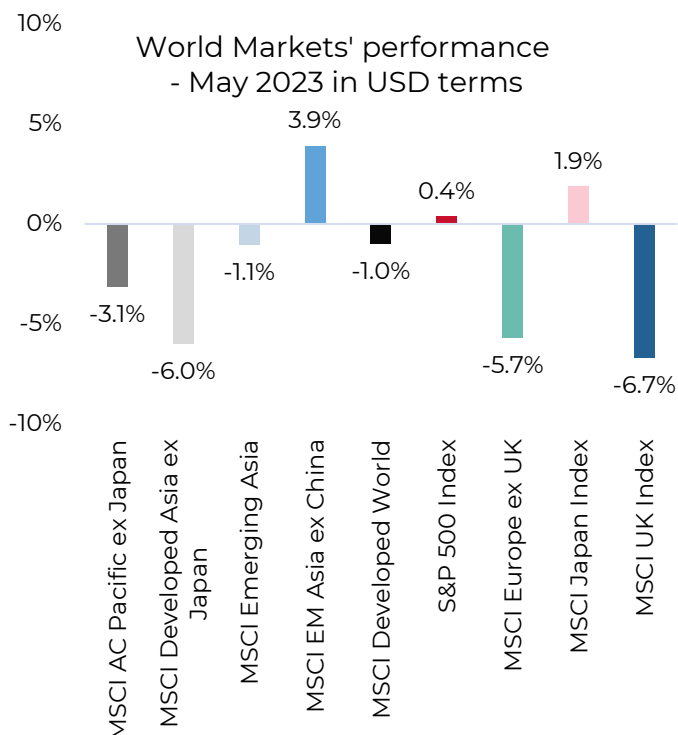
Commentary	1
<b>Guinness Asian Equity Income Fund</b>	
Key Facts	6
Performance	7
<b>TB Guinness Asian Equity Income Fund</b>	
Key Facts	8
Performance	9
Important Information	10

## COMMENTARY

In May, the Guinness Asian Equity Income Fund fell -0.6% in GBP terms (Y share class, in GBP) compared to MSCI AC Pacific ex Japan Net Total Return Index benchmark which fell -1.8%. In the year to date, the Fund is down -1.2%, compared to index which is down -3.1%.

(Market and stock returns discussed below, are in US dollar terms.)

Developed Asian markets were notably weaker in May marking a strong contrast with Emerging Asia ex-China, which was one of the world's best performing areas.

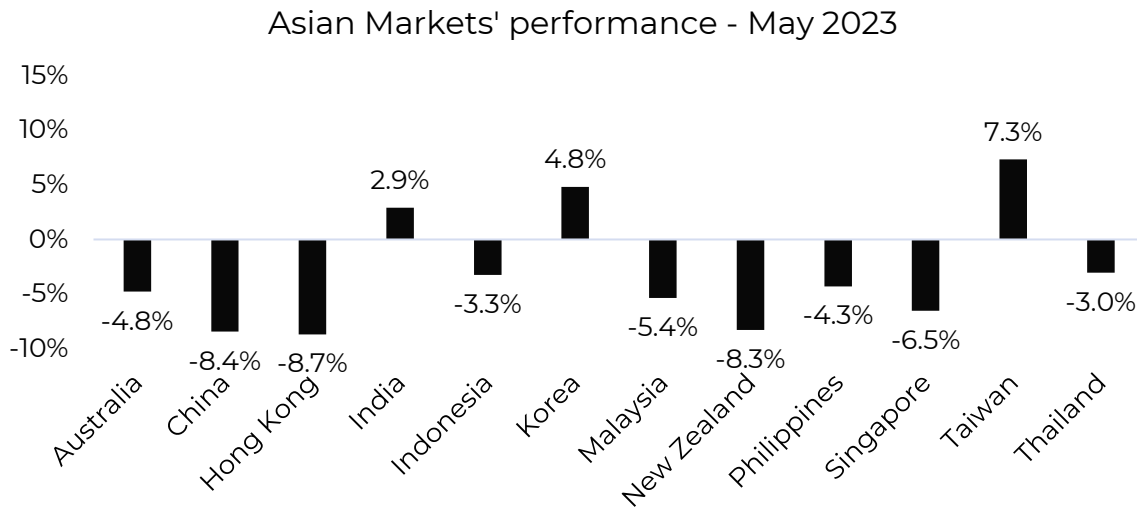


Source: Bloomberg, MSCI. Net returns in USD as of 31st May 2023.

A closer look at the chart below shows the performance came from Taiwan and Korea, in particular. The driver was the sudden surge in technology stocks perceived to be beneficiaries of the AI theme that came into focus with NVIDIA Corp's results and outlook. Technology stocks account for 70% of Taiwan's stock market index and 47% of Korea's benchmark index.

## Guinness Asian Equity Income

The technology sectors in these markets rose 9.8% and 10.2% respectively; in the US, NVIDIA's share price surge led a 20.6% rise in the S&P Semiconductors and Semiconductor Equipment sector. In the Funds we had three names that also got in on the act: Broadcom and Elite Material both rose 29% in US dollars and Taiwan Semiconductor (TSMC) rose 11.1%.



Source: Bloomberg, MSCI. Net returns in US dollars as of 31.05.2023

The other notable performance are the relative returns of China and India. Chinese valuations have now retreated to a multiple of 9.6 times 2023 consensus estimated earnings, a 25% discount to the historic average and almost to the level they reached in October last year. By contrast, India's market multiple of 18.7x next year's earnings puts it at a 20% premium to its 20-year average.

All Chinese sectors declined, with Utilities and Banks being the most defensive. The expected economic recovery is taking longer to come through than investors had been hoping, but as we noted earlier in the year, the impact of the covid lockdowns on consumer sentiment was profound. The recovery process was never likely to go in a straight line. China's corporate earnings estimates have been revised down by -2% for this year and next month but are still forecast to grow by 16% and 15% in 2023 and 2024 respectively.

The Indian market presented a stark contrast with all sectors barring utilities in the green. Earnings estimates have also been revised lower over the past month, by around -1% for each of the next two years. The earnings growth profile is similar to that for China with 18% and 11% growth forecast delivering average annual growth of 14.5% (compared to 15.5% for China), but as we have noted, valuations remain challenging.

## INTEREST RATES

May brought a significant change in the US Federal Reserve's perception of inflation drivers. Jerome Powell's November 2022 comments alluded to the importance of the Core Services (excluding housing) category on understanding inflation evolution. He highlighted wages, saying "because wages make up the largest cost in delivering these services, the labour market holds the key to understanding inflation in this category."

However, commentary in May indicates a shift away from this mindset. Powell said, "I do not think that wages are the principal driver of inflation... I think wages and prices move together, and it's very hard to say what's causing what." This suggests a more opaque and therefore more difficult or volatile interest rate landscape to navigate in the months ahead.

Within the region, the only interest rate moves were increases in Australia, New Zealand and Thailand. Interest rates began to climb in March last year and the effects are now beginning to be felt along with a rising cost of living. While this means that the end of this cycle is now in sight, we are going to face up to real economic impact and the effect on underlying demand and consumption. Stock markets don't appear to be giving this a great deal of attention, but across Asia we see

## Guinness Asian Equity Income

exports slowing or in decline across most consumer goods. Of particular interest, countries which have skewed towards manufacturing, such as Malaysia, Korea and China have broadly seen annual declines in export volumes over the last 12 months. In China, the decline in export volumes is even more pronounced; four of the six broad economic categories showed declining export volumes for more than 10 of the last 18 months. Retail sales may be higher in developed markets, but so too are prices. The volume picture looks a little different, as does the behaviour of commodity prices. In the US, for example, retail sales continue to grow (albeit at a decelerating rate) but a closer look shows that US retail sales volumes have been declining for the last 18 months.

This serves as a reminder that domestic activity in the region provides investors with some useful diversification. It is also a reminder that should conditions become more difficult, good quality businesses (strong balance sheets, pricing power, cost control and competitive advantages) are attractive places to be.

The table below shows the latest interest rate levels and their path since the beginning of 2022. The numbers in red show the latest peak and the month in which it was reached:

	Jan-22	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan-23	Feb	Mar	Apr	May
China	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.65	3.65	3.65	3.65	3.65	3.65	3.65	3.65	3.65
Korea	1.25	1.25	1.25	1.50	1.75	1.75	2.25	2.50	2.50	3.00	3.25	3.25	3.50	3.50	3.50	3.50	3.50
Taiwan	1.125	1.125	1.375	1.375	1.375	1.50	1.50	1.50	1.63	1.625	1.625	1.75	1.750	1.750	1.875	1.875	1.875
Indonesia	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.75	4.25	4.75	5.25	5.50	5.75	5.75	5.75	5.75	5.75
Malaysia	1.75	1.75	1.75	1.75	2.00	2.00	2.25	2.25	2.50	2.75	2.75	2.75	2.75	2.75	2.75	3.00	3.00
Philippines	2.00	2.00	2.00	2.00	2.25	2.50	3.25	3.75	4.25	4.25	5.00	5.50	5.50	6.00	6.25	6.25	6.25
Thailand	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	1.00	1.00	1.25	1.25	1.50	1.50	1.75	1.75	2.00
India	4.00	4.00	4.00	4.00	4.40	4.90	4.90	5.40	5.90	5.90	5.90	6.25	6.25	6.50	6.50	6.50	6.50
Australia	0.10	0.10	0.10	0.10	0.35	0.85	1.35	1.85	2.35	2.85	2.85	3.10	3.10	3.35	3.60	3.85	4.10
NZ	0.75	1.00	1.00	1.50	2.00	2.00	2.50	3.00	3.00	3.50	4.25	4.25	4.25	4.75	4.75	5.25	5.50
Japan	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
US	0.25	0.25	0.50	0.50	1.00	1.75	2.50	2.50	3.25	4.00	4.00	4.50	4.75	4.75	5.00	5.25	5.25
ECB Deposit	-0.50	-0.50	-0.50	-0.50	-0.50	0.00	0.00	0.00	0.50	1.50	1.50	2.00	2.00	2.50	3.00	3.25	3.25
UK	0.25	0.50	0.75	0.75	1.00	1.25	1.25	1.75	2.25	3.00	3.00	3.50	4.00	4.00	4.25	4.50	4.50

Source: Central Banks' data, to 31.05.2023

## FUND REVIEW

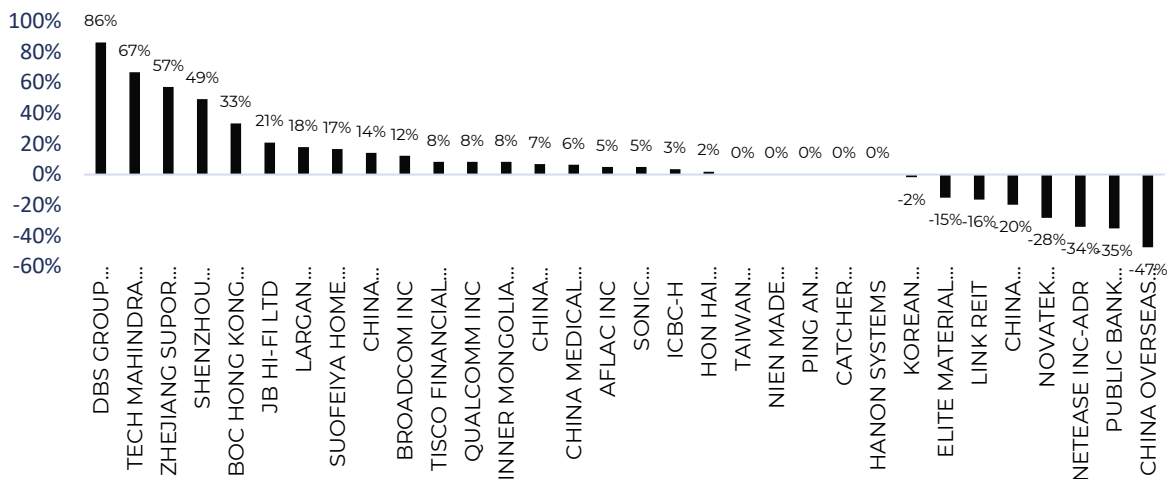
Four of the portfolio's top five performers in May are in the Information Technology sector. The sector saw a boost from rising interest in AI technology, benefiting Broadcom Inc, Elite Material and Taiwan Semiconductor within the portfolio. Outside the AI beneficiaries, Largan Precision and China Resources Gas saw a 12.6% and an 8.0% respective uplift. In particular, Largan Precision's outperformance was driven by a strong Q1 earnings report which beat the Street's top and bottom-line expectations, as well as management's optimistic outlook.

The portfolio's worst May performers are all based in China, but were more varied, with two companies sitting in the Consumer Discretionary sector (Suofeiya Home Collection and Shenzhou International), and one each in Financials, Health Care and Real Estate (Ping An Insurance, China Medical Systems, China Overseas Land and Investments). All of the companies suffered from weaker investor sentiment, which continues to be driven by the slower Covid rebound.

## DIVIDENDS

Thirty-five out of thirty-six stocks have now declared dividends, with Link REIT declaring at the end of May. Whilst Link REIT's dividend per share value dropped 16% year-on-year after its recent rights issue to fund property acquisitions in Singapore and to pay down debt, we remain comfortable holding onto the stock; the payout ratio remains at 100%, with the decline driven by the larger post-rights issuance share base. The remaining company, Metcash, is expected to declare in June.

Dividends declared in 2023 - % change year-on-year in local currency terms



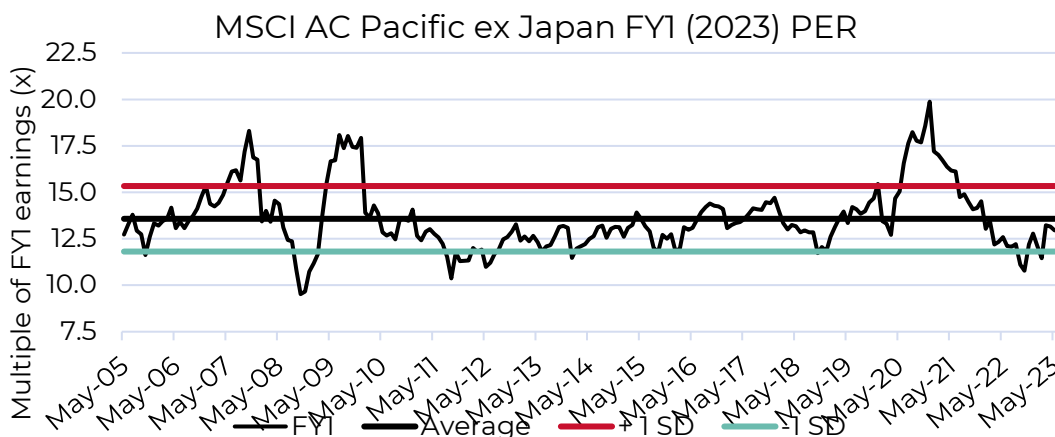
Source: Company announcements to 31.05.2023

OUTLOOK

We continue to see opportunities across Asia, despite the recent tempering of export activity. The Asian Development Bank expects growth of 4.8% for the region in 2023, up from 4.2% in 2022. We expect this to be driven by strong domestic demand in key growing markets such as India, and the continued recovery in China.

China’s People’s Bank of China recently cut the seven-day repo rate by 10bps, lowering short-term borrowing costs for the first time in 10 months. We believe that whilst not a particularly significant cut, it signals the direction of travel for the medium-term rate and loan prime rates. It also demonstrates that policymakers realise the recovery in China has been weaker than expected. Whilst we recognise that Chinese officials have a delicate period ahead, reports of these officials meeting with business leaders and economists to discuss stimulus measures keep us encouraged.

The chart below shows valuations based on a multiple of consensus estimated 2023 earnings (FY1 PER - Price/Earnings Ratio) for the region:



Data as of 30th May 2023. 1 SD = One Standard deviation above (red line) or below (green line) the period average FY2 PER multiple.

## Guinness Asian Equity Income

The Funds' position still looks attractive:

- Average annual earnings growth for the portfolio over the next two years is forecast to be 3.1% compared to 7.9% for the benchmark. The outlook for the Funds is in line with performance of these companies over the past 10 years and we think is achievable.
- The 2023 valuation multiple of 10.6x is 2% below its average since launch of 10.8x and the discount to market of 24% is still below the average discount of 14% since launch. If the portfolio companies achieve an earnings growth trajectory in line with their long-run averages, we think there is every reason to hope the valuation will also move back in line.
- The historic average dividend yield for the portfolio on a trailing basis has been 4.0% (for the Y share classes denominated in USD, GBP and EUR). The trailing dividend yield for 2022 was 4.5%. We would hope that dividend growth should be broadly in line with earnings growth (subject to variations in special dividends and exchange movements) and we would hope to see yields in line with historic range for the portfolio.

### Portfolio Managers

Edmund Harriss  
Mark Hammonds

\* Historic yield reflecting the distributions declared on 01.07.2022 and 03.01.2023 expressed as a percentage of the mid-market price on 31.12.2022. It does not include any preliminary charges. Investors may be subject to tax on the distribution.

**GUINNESS ASIAN EQUITY INCOME FUND - FUND FACTS**

Fund size	\$258.9m
Fund launch	19.12.2013
Benchmark	MSCI AC Pacific ex Japan TR
Historic yield	4.7% (Y GBP Dist)

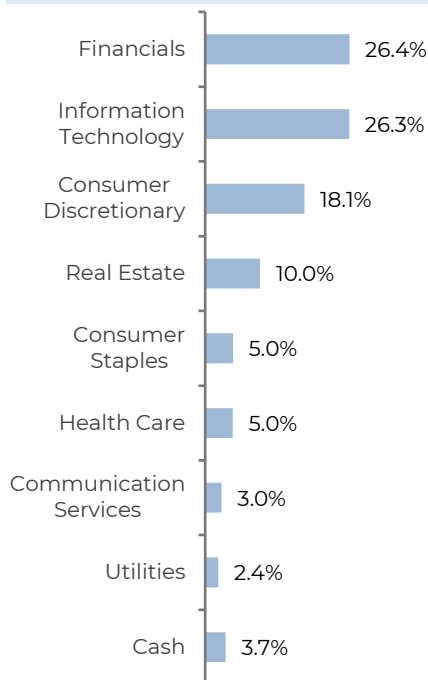
Historic yield reflects the distributions declared over the past 12 months expressed as a percentage of the mid-market price, as at the latest month end. It does not include any preliminary charges. Investors may be subject to tax on the distribution.

**GUINNESS ASIAN EQUITY INCOME FUND - PORTFOLIO**

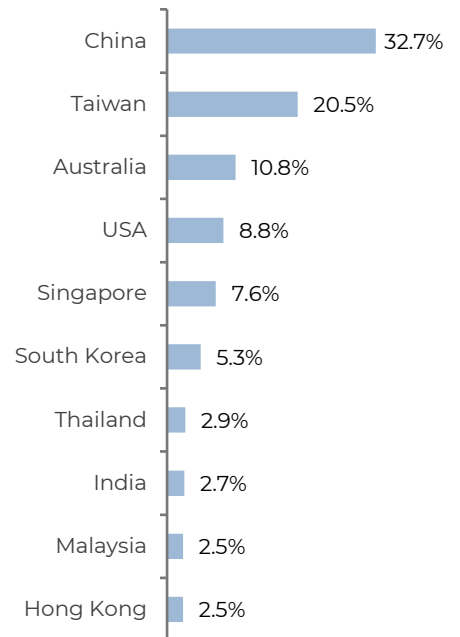
**Top 10 holdings**

Broadcom Inc	3.6%
Novatek Microelectronics	3.3%
Elite Material Co Ltd	3.1%
NetEase Inc	3.0%
Corporate Travel Management	3.0%
Nien Made Enterprise Co Ltd	2.9%
China Construction Bank Corp	2.9%
Hanon Systems	2.9%
Tisco Financial Group PCL	2.9%
TSMC	2.9%
<b>Top 10 holdings</b>	<b>30.6%</b>
<b>Number of holdings</b>	<b>36</b>

**Sector**



**Country**



## Guinness Asian Equity Income Fund

Past performance does not predict future returns.

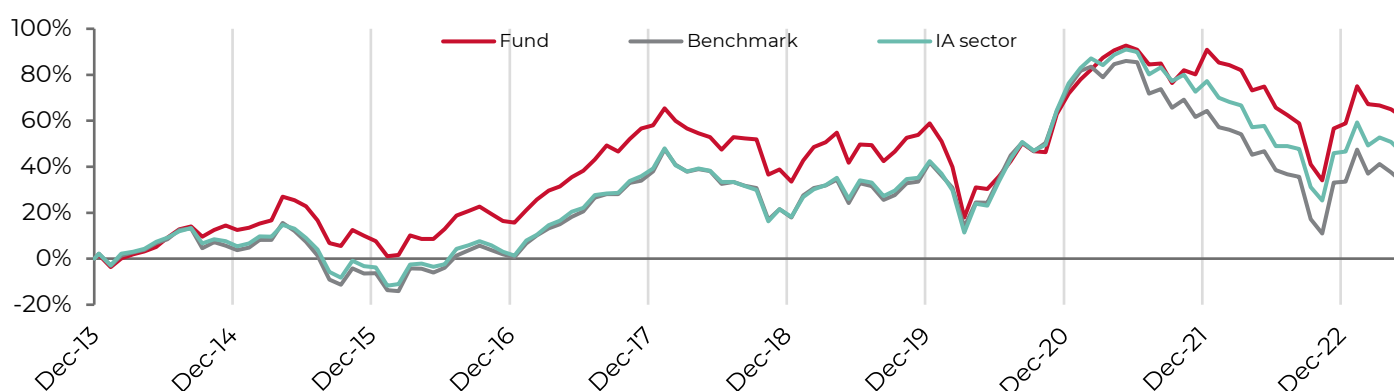
### GUINNESS ASIAN EQUITY INCOME FUND - CUMULATIVE PERFORMANCE

Total Return (GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-0.6%	-1.2%	-6.0%	+23.7%	+13.5%	-
MSCI AC Pacific ex Japan TR	-1.8%	-3.1%	-7.6%	+7.0%	+3.7%	-
IA Asia Pacific Excluding Japan TR	-1.8%	-3.4%	-5.9%	+18.3%	+13.4%	-
Total Return (USD)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-2.0%	+1.8%	-7.6%	+24.0%	+5.7%	-
MSCI AC Pacific ex Japan TR	-3.1%	-0.1%	-9.1%	+7.3%	-3.5%	-
IA Asia Pacific Excluding Japan TR	-3.2%	-0.4%	-7.5%	+18.6%	+5.6%	-
Total Return (EUR)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+1.5%	+1.9%	-7.1%	+29.4%	+15.8%	-
MSCI AC Pacific ex Japan TR	+0.3%	+0.0%	-8.7%	+11.9%	+5.7%	-
IA Asia Pacific Excluding Japan TR	+0.3%	-0.3%	-7.1%	+23.8%	+15.6%	-

### GUINNESS ASIAN EQUITY INCOME FUND - ANNUAL PERFORMANCE

Total Return (GBP)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fund	-6.3%	+12.2%	+4.8%	+14.4%	-10.3%	+24.6%	+28.2%	+1.2%	+17.6%	-
MSCI AC Pacific ex Japan TR	-8.5%	-5.0%	+19.2%	+15.7%	-9.2%	+25.1%	+28.2%	-4.4%	+7.8%	-
IA Asia Pacific Excluding Japan TR	-6.9%	+1.5%	+20.0%	+15.8%	-9.8%	+25.3%	+25.7%	-3.4%	+9.5%	-
Total Return (USD)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fund	-16.8%	+11.1%	+8.1%	+19.0%	-15.5%	+36.5%	+7.5%	-4.4%	+10.7%	-
MSCI AC Pacific ex Japan TR	-18.8%	-5.9%	+23.0%	+20.3%	-14.5%	+36.9%	+7.5%	-9.6%	+1.5%	-
IA Asia Pacific Excluding Japan TR	-17.3%	+0.5%	+23.8%	+20.4%	-15.1%	+37.2%	+5.3%	-8.6%	+3.1%	-
Total Return (EUR)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fund	-11.4%	+19.6%	-0.8%	+21.2%	-11.3%	+19.9%	+10.7%	+6.5%	+26.0%	-
MSCI AC Pacific ex Japan TR	-13.4%	+1.3%	+12.9%	+22.5%	-10.2%	+20.3%	+10.7%	+0.7%	+15.6%	-
IA Asia Pacific Excluding Japan TR	-11.9%	+8.2%	+13.6%	+22.7%	-10.8%	+20.5%	+8.5%	+1.8%	+17.4%	-

### GUINNESS ASIAN EQUITY INCOME FUND - PERFORMANCE SINCE LAUNCH (USD)



Source: FE fundinfo to 31.05.23. 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 for the share class used for the fund performance returns is 0.89%. 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.

**TB GUINNESS ASIAN EQUITY INCOME FUND - FUND FACTS**

Fund size	£0.5m
Fund launch	04.02.2021
Benchmark	MSCI AC Asia Pacific ex Japan TR
Historic yield	4.9% (Y GBP Inc)

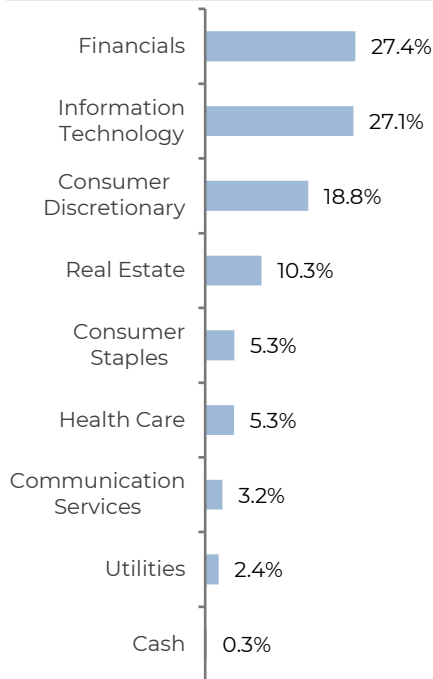
Historic yield reflects the distributions declared over the past 12 months expressed as a percentage of the mid-market price, as at the latest month end. It does not include any preliminary charges. Investors may be subject to tax on the distribution.

**TB GUINNESS ASIAN EQUITY INCOME FUND - PORTFOLIO**

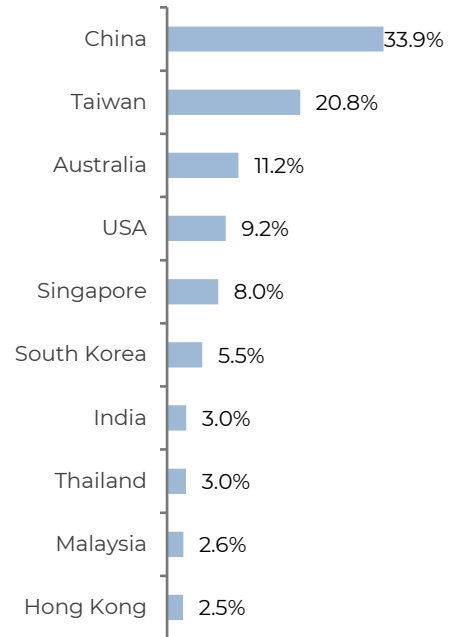
**Top 10 holdings**

Broadcom Inc	3.7%
Novatek Microelectronics	3.4%
Elite Material Co Ltd	3.2%
NetEase Inc	3.2%
Corporate Travel Management	3.1%
Hanon Systems	3.1%
China Construction Bank Corp	3.1%
Nien Made Enterprise Co Ltd	3.0%
Tech Mahindra Ltd	3.0%
TSMC	3.0%
<b>Top 10 holdings</b>	<b>31.7%</b>
<b>Number of holdings</b>	<b>36</b>

**Sector**



**Country**





## TB Guinness Asian Equity Income Fund

Past performance does not predict future returns.

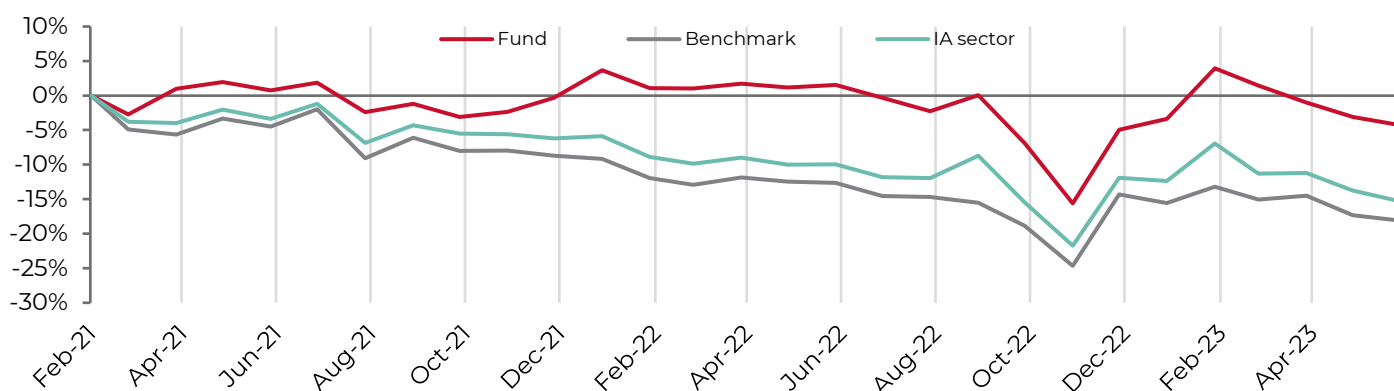
### TB GUINNESS ASIAN EQUITY INCOME FUND - CUMULATIVE PERFORMANCE

Total Return (GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-1.2%	-1.0%	-5.8%	-	-	-
MSCI AC Asia Pacific ex Japan TR	-1.0%	-3.0%	-6.3%	-	-	-
IA Asia Pacific Excluding Japan TR	-1.8%	-3.4%	-5.9%	-	-	-

### TB GUINNESS ASIAN EQUITY INCOME FUND - ANNUAL PERFORMANCE

Total Return (GBP)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fund	-6.8%	-	-	-	-	-	-	-	-	-
MSCI AC Asia Pacific ex Japan TR	-7.1%	-	-	-	-	-	-	-	-	-
IA Asia Pacific Excluding Japan TR	-6.9%	-	-	-	-	-	-	-	-	-

### TB GUINNESS ASIAN EQUITY INCOME FUND - PERFORMANCE SINCE LAUNCH (GBP)



Source: FE fundinfo to 31.05.23. 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 for the share class used for the fund performance returns is 0.89%. 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

**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.

The report is primarily designed to inform you about the Guinness Asian Equity Income Fund and the TB Guinness Asian Equity Income Fund. It may provide information about the Funds' 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.

This document is provided for information only and all the information contained in it is believed to be reliable but may be inaccurate or incomplete; any opinions stated are honestly held at the time of writing, but are not guaranteed. The contents of the document should not therefore be relied upon. It should not be taken as a recommendation to make an investment in the Funds or to buy or sell individual securities, nor does it constitute an offer for sale.

### GUINNESS ASIAN EQUITY INCOME FUND

#### Documentation

The documentation needed to make an investment, including the Prospectus, the Key Information Document (KID), Key Investor Information Document (KIID) and the Application Form, is available in English from [www.guinnessgi.com](http://www.guinnessgi.com) or free of charge from:-

· the Manager: Link Fund Manager Solutions (Ireland) Ltd (LFMSI), 2 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland; or the Promoter and Investment Manager: Guinness Asset Management Ltd, 18 Smith Square, London SW1P 3HZ.

LFMSI, as UCITS Man Co, 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 is available here: <https://www.linkgroup.eu/policy-statements/irish-management-company/>

#### 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, Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva, Switzerland, Tel. +41 22 705 11 77, [www.carnegie-fund-services.ch](http://www.carnegie-fund-services.ch). The paying agent is Banque Cantonale de Genève, 17 Quai de l'Île, 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.

### TB GUINNESS ASIAN EQUITY INCOME 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 [www.tbaileyfs.co.uk](http://www.tbaileyfs.co.uk) or free of charge from:-

T. Bailey Fund Services Limited ("TBFS")  
64 St James's Street  
Nottingham  
NG1 6FJ  
General enquiries: 0115 988 8200  
Dealing Line: 0115 988 8285  
E-Mail: [clientservices@tbailey.co.uk](mailto:clientservices@tbailey.co.uk)

T. Bailey Fund Services 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.

#### Structure & regulation

The Fund is a sub-fund of TB Guinness Investment Funds, an investment company with variable capital incorporated with limited liability and registered by the Financial Conduct Authority.

Telephone calls will be recorded and monitored.