Guinness Greater China

Investment Commentary – September 2023

GUINNESS GLOBAL INVESTORS

RISK

This is a marketing communication. Please refer to the prospectus, KIDs and KIIDs 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 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

Launch	15.12.2015
Index	MSCI Golden Dragon
Sector	IA China & Greater China
Managers	Sharukh Malik CFA Edmund Harriss
EU Domiciled	Guinness Greater China Fund

OBJECTIVE

The Guinness Greater China Fund is designed to provide investors with exposure to economic expansion and demographic trends in China and Taiwan. The Fund is managed for capital growth and invests in profitable companies generating persistently high return on capital over the business cycle. The Fund is actively managed with the MSCI Golden Dragon used as a comparator benchmark only.

CONTENTS

COMMENTARY

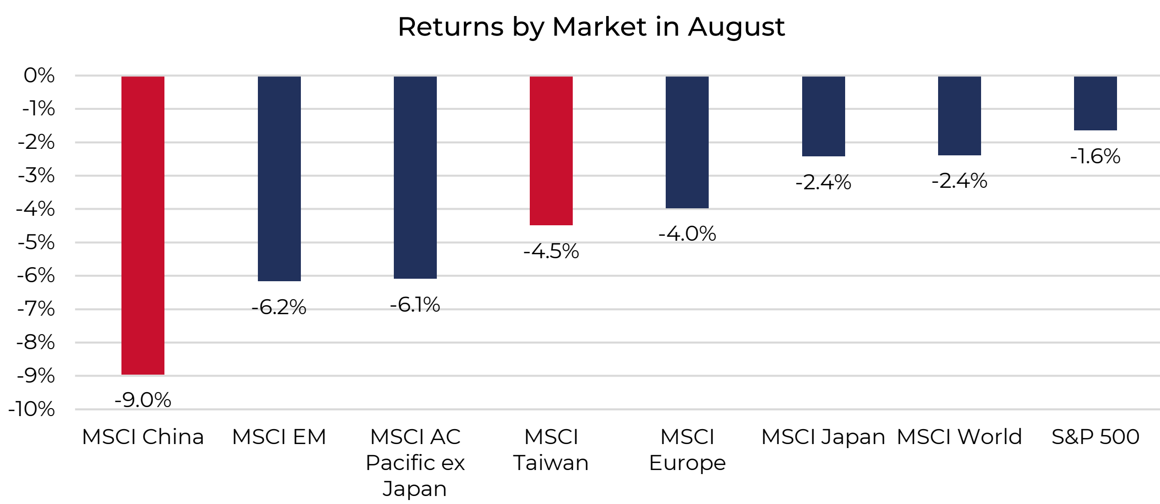
In August, the Guinness Greater China Fund (Class Y, GBP) fell by 7.8%, while the benchmark, the MSCI Golden Dragon Net Total Return Index (MSCI Golden Dragon Index) fell by 6.2%, and the MSCI China Net Total Return Index (MSCI China Index) fell by 7.6%.

The Fund's holdings in aggregate grew earnings by 9% in the first six months of the year, which compares favourably to the 4% contraction in earnings for the MSCI China Index.

We argue that talk of the collapse of China's financial system is unwarranted. Markets are to an extent pricing in this scenario, whereas we argue China has the capital in place in the banking system to absorb losses arising from the property market and wider economy. Therefore, if markets are pricing in a scenario which we think is unlikely, there is an opportunity for investors. The Greater China Fund is trading on a forward year price earnings ratio of 13.3x, which is close to two standard deviations below the current holdings' 10-year historic average. This valuation does not appear often for the high-quality compounding stocks we hold in the Fund. Over the past decade, our holdings in aggregate have grown earnings by 9% a year.

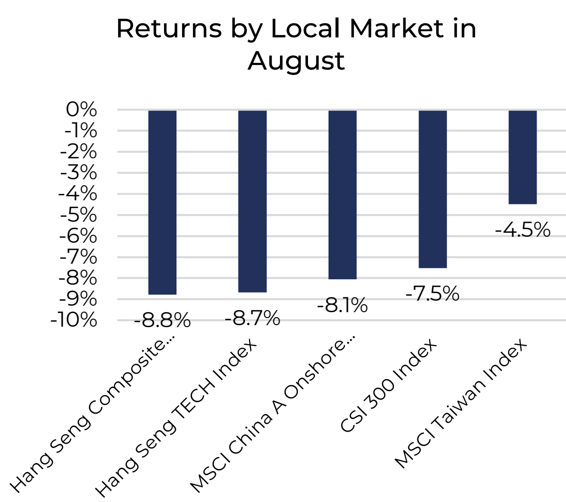
MARKET REVIEW

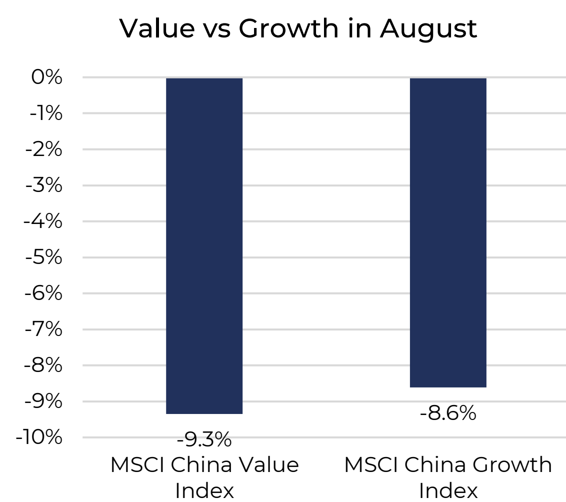
(Performance data in USD terms unless otherwise stated)



(Data from 31/07/23 to 31/08/23. Returns in USD, source: Bloomberg, Guinness Global Investors calculations)

After rallying 10.8% in July, the MSCI China Index fell 9.0% in August, underperforming the MSCI World Index, which fell 2.4%.





(Data from 31/07/23 to 31/08/23, returns in USD, source: Bloomberg, Guinness Global Investors calculations)

Offshore markets, as measured by the Hang Seng Composite Index, fell by 8.8% in August. Onshore markets, as measured by the MSCI China A Onshore Index, fell by 8.1%. Taiwan outperformed as the MSCI Taiwan Index fell 4.5%. Value and growth performed similarly in August, with the MSCI China Value Index falling 9.3% and the MSCI China Growth Index falling 8.6%.

FUND PERFORMANCE

In August, the Guinness Greater China Fund (Class Y) fell by 7.8% in GBP terms, while the MSCI Golden Dragon Index fell by 6.2%, and the MSCI China Index fell by 7.6%. Relative to MSCI China Index, areas which helped the Fund's performance were:

- Underweight to large Internet platform names Tencent, Alibaba and Meituan.

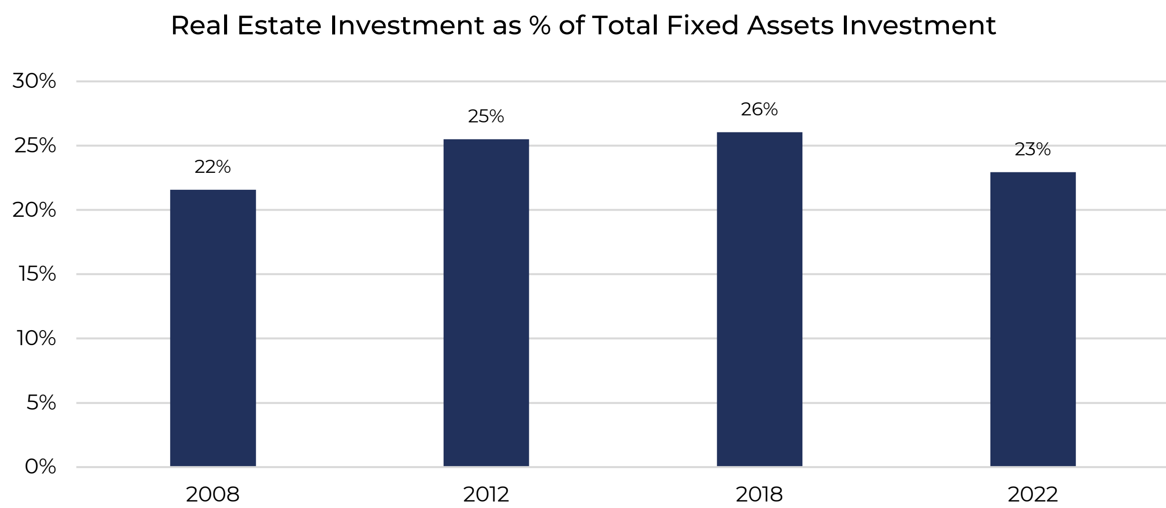
Areas which detracted from the Fund's relative performance were:

- Weakness in the solar-related companies: Xinyi Solar and Hangzhou First Applied Material.
- Healthcare sector exposure: Sino Biopharmaceutical, China Medical System and CSPC Pharmaceutical. These are pharmaceutical companies making the transition away from generic drugs towards innovative drugs. The sector is being affected by the anti-corruption push, which is leading to a slowdown in sales that is expected to last for another quarter or two. We estimate at current valuations, the market is assigning zero value to the cashflows generated from future capital expenditures and R&D. We believe there is a strong chance these companies will eventually make their own innovative drugs, and so at current prices these companies are a bargain.

MACRO COMMENTARY

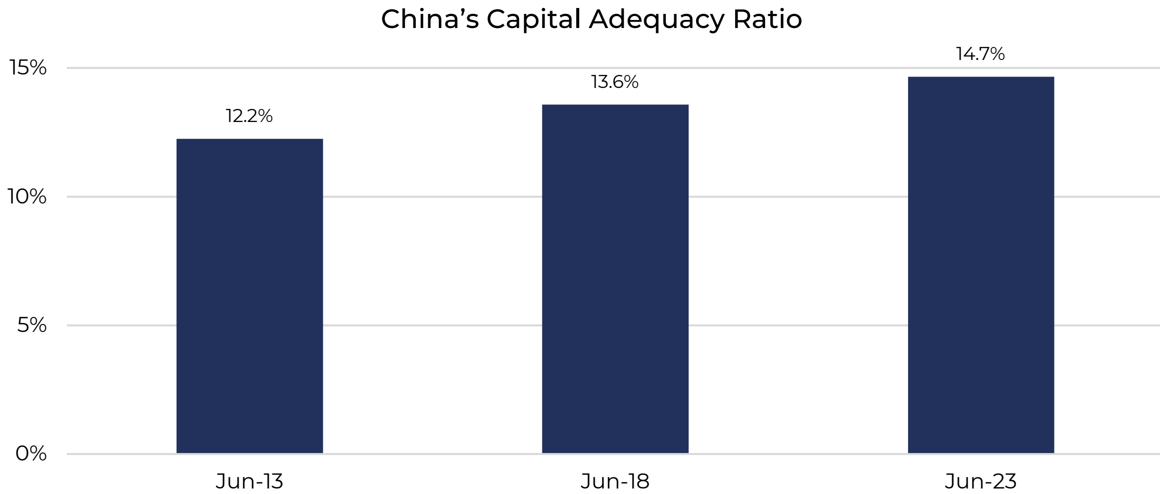
We argue that policymakers' goal is to effect China's transition from a middle-income to a high-income economy. The plan behind this is to create a new industrial future, by creating pillar industries in which the Chinese have global competitive advantages. These pillar industries include electric vehicles, renewable energy, industrial automation, pharmaceuticals and medical devices, and artificial intelligence.

This economic transition requires a significant change to be made to the property business model in China. Currently, real estate accounts for c.20% of GDP and 23% of capital investment. For China to achieve its long-term goal of becoming a high-income economy, the share of capital and resources absorbed by residential real estate development needs to be freed up and directed towards the pillar industries that can create long-term value and wealth for China.



(Data from 2008 to 2022, source: National Bureau of Statistics, Guinness Global Investors calculations)

This transition will be painful for some. Losses in some of the existing stock of property are inevitable and are likely to lead to stresses across the economy, but we argue China can afford this. We estimate the banking system to have CNY 231 tn in loans, backed by CNY 33 tn of capital reserves. The capital adequacy ratio of the banking system (capital/risk weighted assets) is 14.7%, well above the Basel III minimum of c.10%.

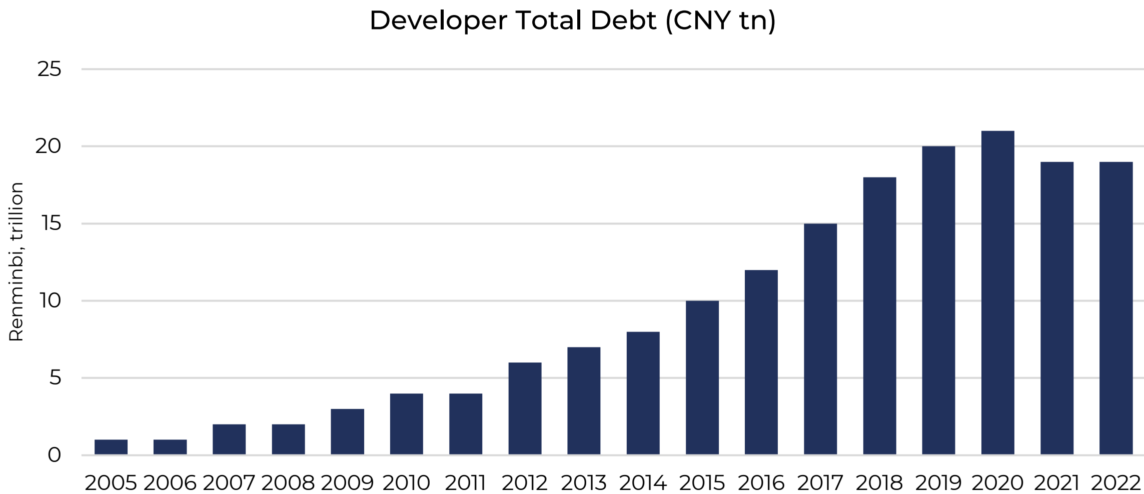


(Data from Jun-13 to Jun-23, source: Bloomberg, Guinness Global Investors calculations)

For a system-wide stress test on the banking system's total loans of CNY 231 tn and capital reserves of CNY 33 tn, we make the following assumptions. We assume a non-performing loan (NPL) ratio of 10%, implying bad loans of CNY 23 tn. To be conservative, we make an aggressive assumption of a loss rate of 40%, leading to expected losses of CNY 9.2 tn. After deducting expected losses, this leaves remaining capital of CNY 23 tn – i.e. a capital adequacy ratio of above 10%. Much of the commentary on China only talks about the losses while ignoring the capital that has been built up over the years, with the purpose of absorbing these losses.

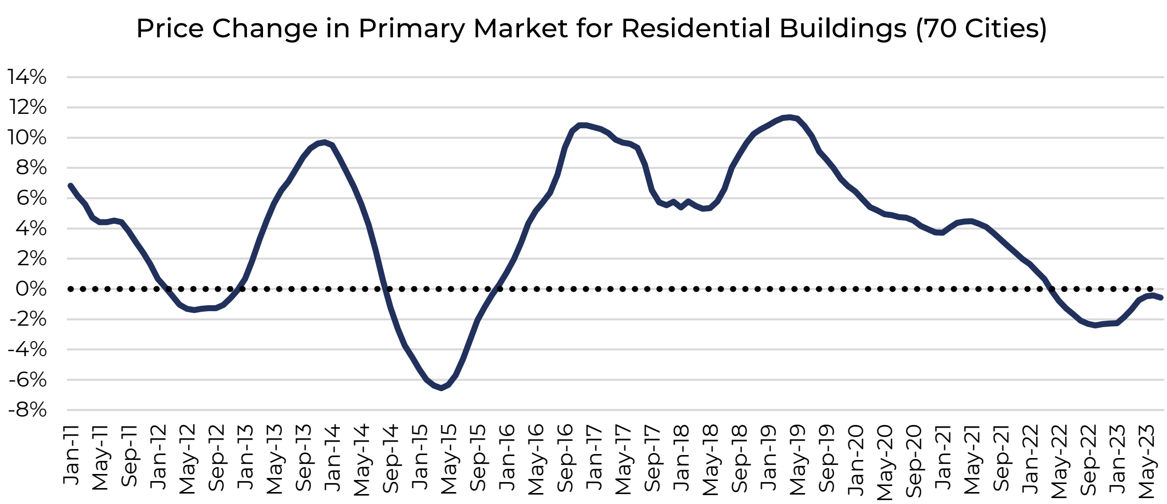
While we argue the banking system as a whole can absorb system-wide losses, we acknowledge that the larger banks are better capitalised than the smaller banks. We think there is a non-trivial probability that a few small banks fail, and these would be likely to dominate the headlines and lead to more talk of contagion within China's financial system. In this scenario we would expect the large banks, with their larger capital reserves, to acquire the small banks.

We think much of the commentary on China's property market fails to give enough context. China's real estate downturn is not random; instead it is driven by the government's "Three Red Lines" policy. This policy was introduced in 2020 with the aim of reducing the economy's dependence on real estate and lowering the amount of debt within the sector. The policy limited the amount of debt property developers could hold while also limiting the use of pre-sale funds for further growth. The measures crippled the business model of the likes of Evergrande. As a result of the "Three Red Lines" policy, total property developer debt has fallen from CNY 21tn in 2020 to CNY 19tn today.



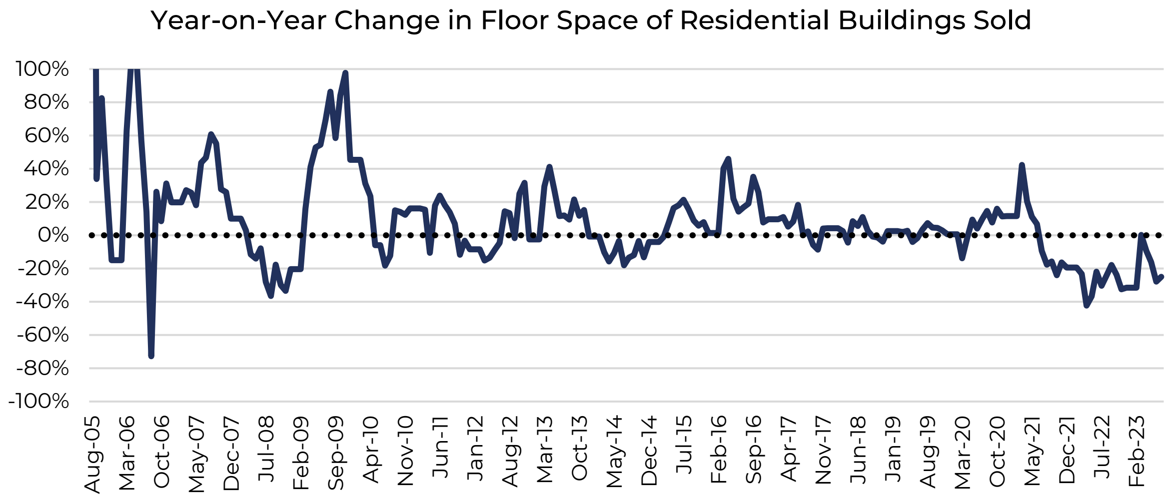
(Data from 2005 to 2022, source: Goldman Sachs, Guinness Global Investors calculations)

Private property developers' previous business model, which relied on debt and pre-sales funds to drive future growth, no longer works. Property prices have been falling. Below we show the longer-term price changes in the largest 70 cities in China. We can see that in this cycle, prices peaked in 2022 and have been falling since, though the decline has narrowed recently. Since property accounts for c.60% of household wealth in China, a higher rate than in many developed countries, a decline in prices in China has a significant impact on consumer confidence and spending.



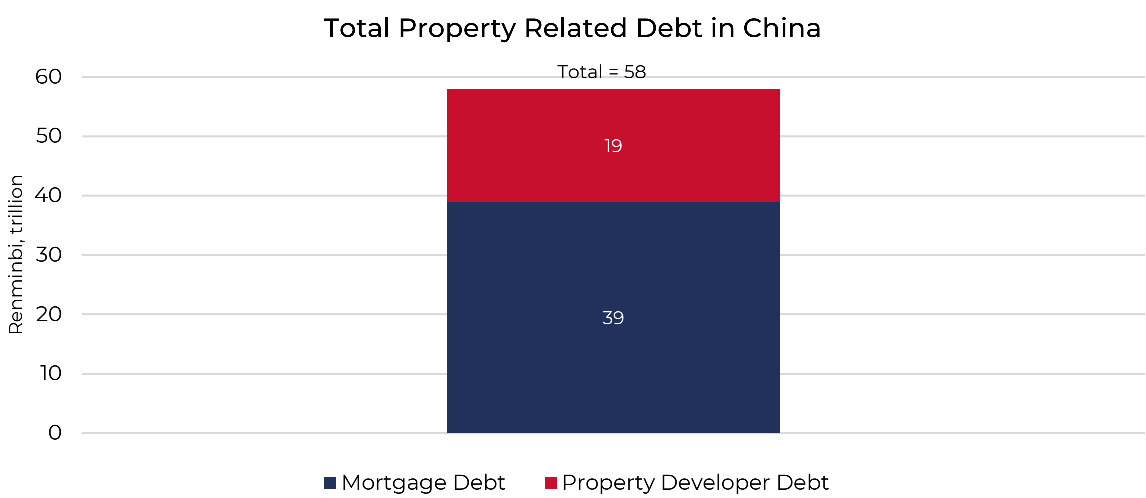
(Data from 31/01/11 to 31/07/23, source: Bloomberg, Guinness Global Investors calculations)

While the fall in prices has been moderate, volumes have fallen by much more. In July 2023, floor space of residential property sold fell by 25% on a year-on-year basis. Since 2021, volumes have been consistently falling.



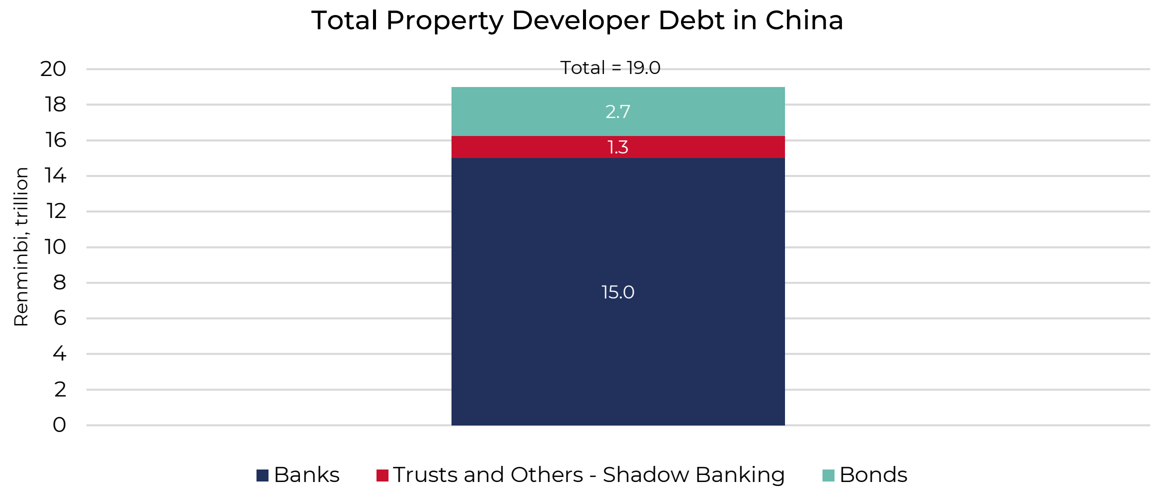
(Data from 31/08/05 to 31/07/23, source: Bloomberg, Guinness Global Investors calculations)

In China we estimate there is CNY 58 tn of property debt, of which CNY 39 tn is mortgage debt and CNY 19 tn is property developer debt. Of the mortgage debt, we see no signs of major stress. Mortgages are full recourse, meaning the banks can claim lenders' assets in event of repayment. Mortgage rates have been cut, with the five-year loan prime rate now at 4.2%. Borrowers are able to refinance existing loans at lower rates. Ultimately, the stresses in the property market lie with the property developers.



(Data as of Mar-23, source: People's Bank of China, Goldman Sachs, Guinness Global Investors calculations)

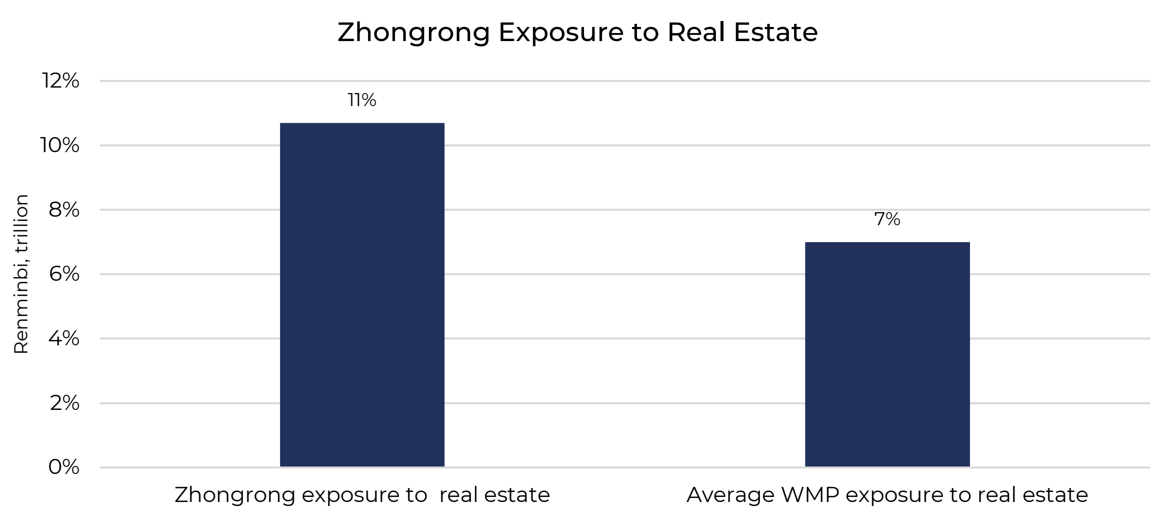
Of the CNY 19.0 tn of property developer debt, we estimate CNY 15.0 tn is owed to the banks (i.e. 79% of total developer debt). A further CNY 1.3 tn is owed to the trusts – wealth management products (WMPs) in the shadow banking sector (7% of the total) – and CNY 2.7 tn of debt is in the form of bonds (14% of the total). Although news of missing bond repayments and trust products failing dominates the news, the bank debt represents the bulk of property developer debt and hence the main source of risk.



(Data as of Mar-23, source: People's Bank of China, Goldman Sachs, China Trustee Association, Guinness Global Investors calculations)

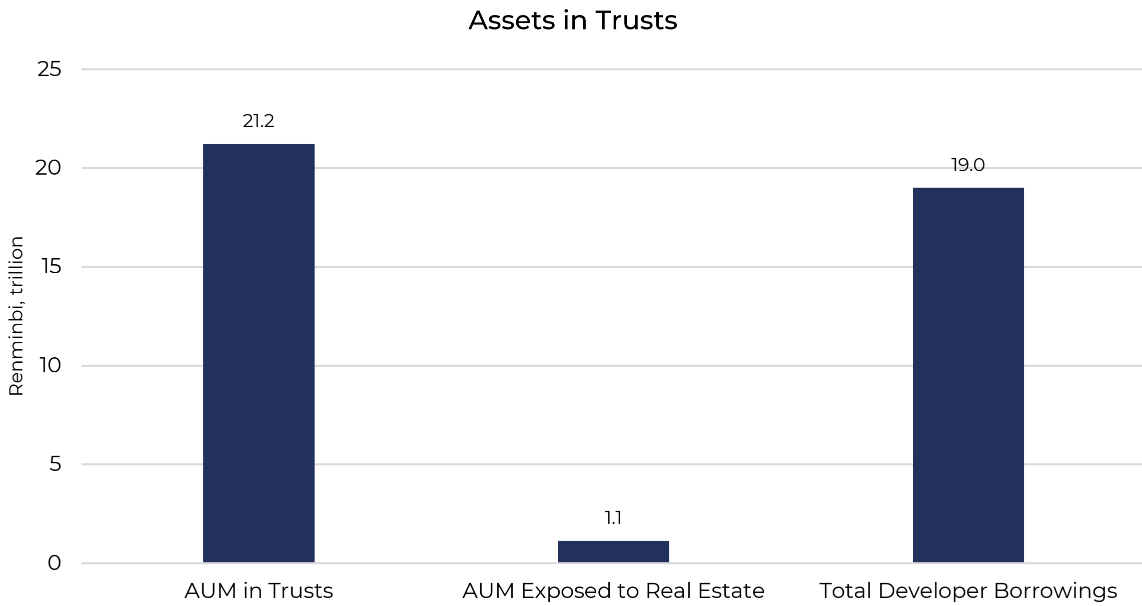
On the total property developer debt of CNY 19 tn, we can test for the implications of a significant downturn. Assuming a 50% NPL ratio results in bad debt of CNY 9.5 tn. Assuming a 80% loss rate results in expected losses of CNY 7.6 tn. The banking system's capital of CNY 33 tn is high enough to absorb these losses in this aggressive scenario, and its remaining capital adequacy ratio would still be above 10%.

Moving onto the trusts, many saw in August that the trusts or wealth management products run by Zhongrong Trust (owned by Zhongzhi Group) were not paying back their customers. These trusts are credit funds, lending to those who would struggle to obtain funds from the conventional banking system. Buyers of these trusts find them attractive for the higher interest rate offered, reflecting the risk profile of the underlying customers. We point out that Zhongrong's 11% exposure to real estate was much higher than the average trusts' exposure of 7%. Zhongrong's assets exposed to real estate are CNY 67 bn, worth 0.3% of the trust industry's total assets under management (AUM).



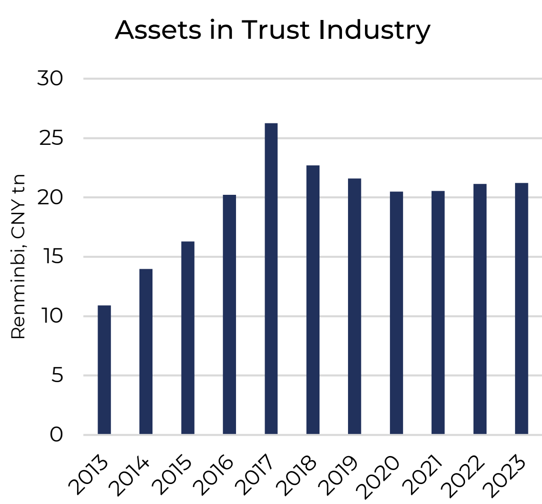
(Data as of Aug-23, source: JP Morgan)

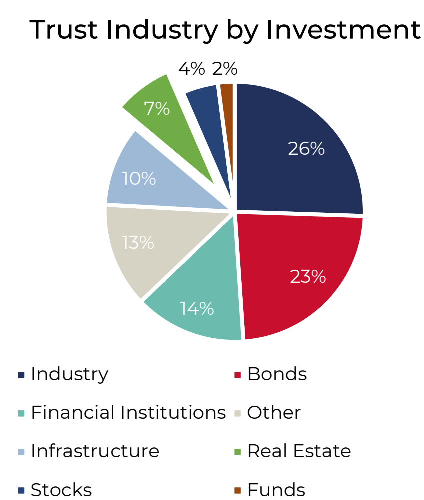
For greater context, according to the China Trustee Association, the assets under management of the industry was CNY 21.2 tn as of Mar-23. The industry has CNY 1.1 tn of exposure to real estate, not far off our estimate of CNY 1.3 tn of exposure, the difference presumably being AUM not captured by the China Trustee Association.



(Data as of Mar-23, source: China Trustee Association, Guinness Global Investors calculations)

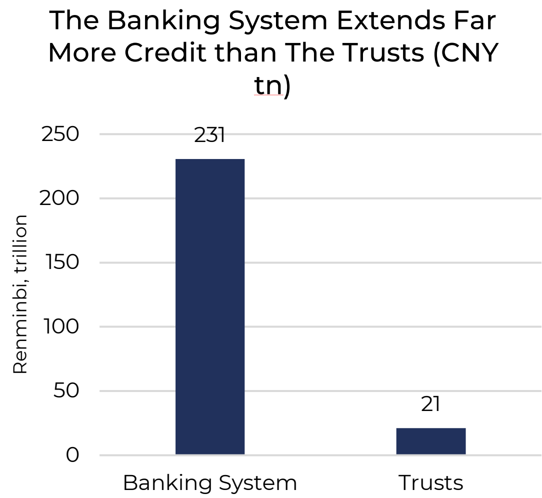
The government has reined in the trust industry, as total AUM has fallen from CNY 26.2 tn in 2017 to CNY 21.2 tn. As of March 2023, 7% of the industry's AUM was invested in real estate.

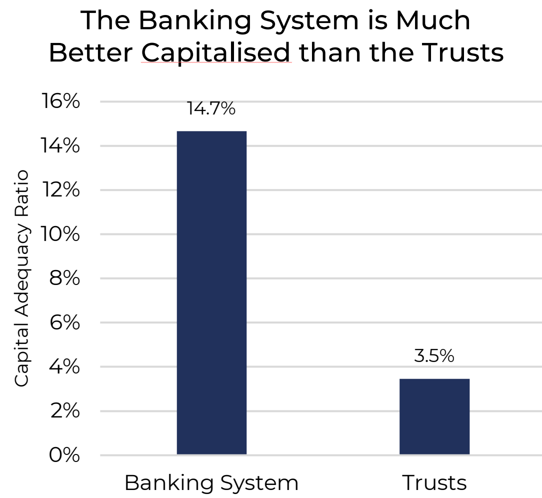




(Data as of Mar-23, source: China Trustee Association, Guinness Global Investors calculations)

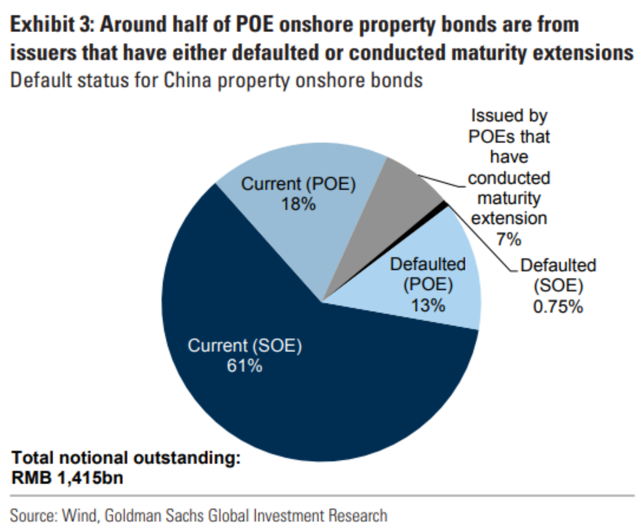
Overall, we think the trust sector is not a source of systematic risk. The trust sector's AUM of CNY 21 tn is a fraction of the CNY 231 tn of loans from the banking sector. If China's financial system is to fail, the failure must come from the banks. However, we acknowledge the trust sector is not as well capitalised, with an estimated capital adequacy ratio of 3.5% compared to 14.7% for the banking system. We believe it there is a decent probability that more trust products will fail, but with the relatively small size of the sector it represents little systematic risk.





(Data as of Mar-23, source: China Trustee Association, Guinness Global Investors calculations)

For bonds, we split the market into onshore and offshore. We estimate CNY 1.4 tn of onshore bonds versus CNY 1.3 tn of offshore bonds, in total accounting for 14% of property developer debt. Within the onshore market, 61% of the outstanding debt is from state owned enterprise (SOE) developers. Less than 1% of SOE onshore debt has defaulted, since they are relatively conservatively financed. The remaining 39% of onshore bond debt is from private developers, of which approximately half have defaulted. Within our definition of default, we also include those property developers that have extended the maturity of their bonds.

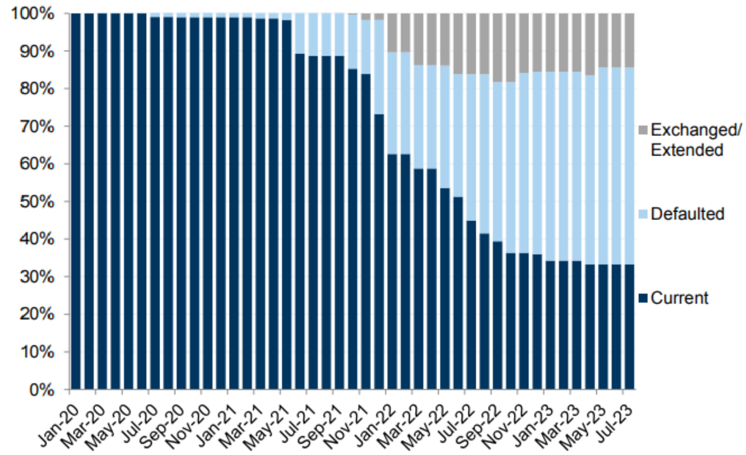


(Data as of July-23, source: Goldman Sachs)

In the offshore market, nearly 2/3 of the bonds have now defaulted. Back in 2020, non-defaulted bonds were worth $160bn versus only $53bn today.

Exhibit 1: Around 70% of China property bonds from issuers that have either defaulted or have conducted bond exchanges

Default status for China Property USD bonds



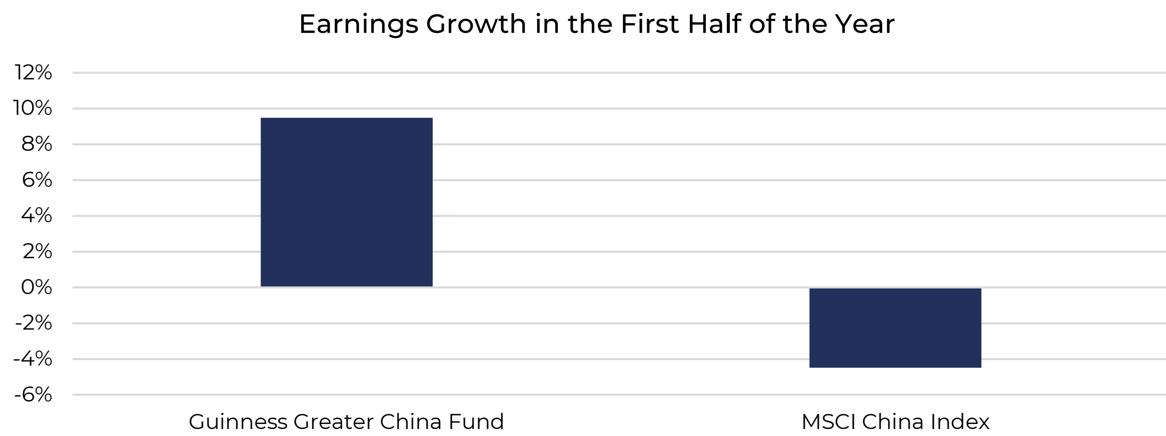
Source: Bloomberg, Goldman Sachs Global Investment Research

(Data as of Aug-23, source: Goldman Sachs)

In August, the macro data was generally better than expected, even though the most recent policy easing has not had time to take effect. In August, industrial production grew 4.5%, which was higher than the consensus expectation of 3.9%. Retail sales grew 4.6%, higher than the consensus estimate of 3.0%.

A few months ago, the politburo put out vague statements indicating the need to stimulate growth, but very few concrete policies immediately followed. We think that given the easing over the past month, we can now say specific measures are being rolled out to support the economy, a vital step if China is to navigate the economic transition that is underway. Policymakers have cut short-term interest rates and required reserve ratios. Households holding mortgages are now able to refinance at lower rates. Downpayment ratios have been lowered significantly. The definition of a first home has been relaxed, so more households are eligible for cheaper mortgages, which should practically benefit the tier one cities. Tax deductions have been increased for childcare and elderly care, which should lead to higher disposable incomes. The benefit of this policy easing should be seen in the coming months in the macro data. A few months of better macro readings should alleviate global investors' concern on China.

FUND COMMENTARY



(Data as of 31/08/23, returns in USD, source: Bloomberg, Guinness Global Investors calculations)

Earnings for the Fund's holdings in aggregate grew by 9% in the first half of the year, which compares favourably to the 4% earnings contraction seen for the MSCI China Index. Below we cover the companies that have done well and poorly from an earnings perspective.

The internet platform companies grew strongly; these companies are Alibaba, JD.com, Baidu and NetEase. Alibaba and JD.com saw a recovery in revenue growth for their core businesses. Along with reduced losses for the newer segments to their businesses, profit growth was strong. NetEase, a video game developer, increased margins by getting more of its customers to use its own payment platform and play more of its self-developed, higher-margin games. The company is also doing a good job in marketing its games organically rather than spending a lot on social media advertising.

Companies in industries that were most affected by lockdowns in 2022 exhibited strong earnings recovery. TravelSky, which processes most flights in China, saw earnings growth of 173%.

For the companies that give exposure to the Sustainability theme, we saw good results from Wuxi Lead Intelligent Equipment and Nari Technology.

- Wuxi Lead Intelligent Equipment: In the first half of 2023, revenue grew 30% and earnings per share (EPS) grew 48%. Lead Intelligent is a manufacturer of battery production equipment, whose second largest shareholder is CATL, one of the world's largest battery manufacturers. Given potential overcapacity in China, export growth is likely to be important for Lead Intelligent. Therefore it was good to see the business sign up LG Energy Solutions, the first major Korean customer that Lead Intelligent has worked with. Automotive Cells Company (a joint venture operated between Mercedes-Benz Group, Stellantis and Total Energies) is Lead Intelligent's second largest foreign customer. Volkswagen and Northvolt are other major customers that Lead Intelligent supplies.

- Nari Technology: In the first half of 2023, revenue grew 12% and EPS grew 32%. Nari manufactures hardware and software for China's electricity grid. In the first half, revenue from the Grid Automation business grew 5%, which is slightly below the full-year guidance of 7-8% growth. In contrast, the Power Generation, Hydro and Environment segment grew revenue by more than 90%, driven by rising demand for energy storage solutions and hydropower. Overall, new orders increased by 9%, with particularly strong growth for non-grid contracts which grew 29%.

For the companies that give exposure to the Sustainability theme, we saw weaker results from:

- Xinyi Solar – in the first half of 2023, revenue rose 25% and EPS fell 27%. Xinyi Solar is the world's largest manufacturer of solar glass. In its interim results the company reported year-on-year volume growth of 50% and revenue growth of 25%, but a net income contraction of 27%. Volume growth was strong, as demand for solar energy continues to grow both domestically and abroad. Revenue growth of 25% is attractive in the current macro environment but lagged volume growth as greater solar glass capacity within the industry led to lower selling prices. The company's gross margin fell by 8.7% percentage points. Natural gas and soda ash prices remained elevated in the first quarter, but the company did not benefit from falling raw material prices in the second quarter. This is because it signed natural gas contracts at the end of last year at fixed prices, when concerns over gas shortages were at their highest. In the second half of the year, management expect to benefit from cheaper gas prices as the contracts roll over. Despite the results, Xinyi Solar is continuing to add capacity in order to gain market share. As the lowest-cost producer in the space with a strong balance sheet, the company is in a good position to take advantage where its smaller competitors are struggling. We expect the supply-demand imbalance to gradually adjust, as smaller peers are unlikely to be able to afford expansion, putting Xinyi Solar in a favourable position.

For companies with exposure to consumer electronics, results were generally weak, as expected, and the market is now looking for signs of an inventory correction and a bottoming of demand. This includes Elite Material.

- Elite Material supplies copper clad laminates (CCLs) which are used as the base material for printed circuit boards (PCBs). In the first half of 2023, Elite's revenue fell 17% and EPS fell 38%. Given falling consumer electronics demand and high inventory in the industry, selling prices of CCLs are falling. Some of their weaker competitors have seen prices fall below variable costs, indicating the intense competition prevalent in the industry. Elite, however, is benefiting from the surge in interest in generative artificial intelligence. The servers which underpin this demand require more advanced CCLs, which Elite has a very strong presence in. According to JP Morgan, Elite potentially has at least 85% market share of the most complex materials in AI servers, explaining its share appreciation this year.

Companies with exposure to Real Estate include China Overseas Land & Investment (COLI), Sany Heavy Industry and Suofeiya Home Collection.

- China Overseas Land & Investment (COLI): In the first half of 2023, revenue fell 14% and EPS fell 20%. COLI is a state-owned property developer that is taking advantage of the pullback of private competitors in the market. COLI's average selling prices fell 5% in the first half the year but unbooked presales, that have not yet been recognised as revenue, rose 31%. COLI continues to add land in higher tier cities, taking advantage of the weakness of its private competitors. For example COLI acquired Country Garden's stake in Guangzhou Asian Games City, following its acquisitor of Shimao's and Agile's 53% stake, giving COLI full control of the project. Management remain confident of growing sales by 20% this year, in stark contrast to its indebted private competitors.

- Sany Heavy Industry: In the first half of 2023, revenue fell <1% and EPS rose 29%. Sany is a leading manufacturer of excavators, construction cranes and truck mounted concrete pumps. To reduce its reliance on the domestic property market, Sany has been rapidly growing its export business. Export sales grew 36%, offsetting the 27% decline in domestic sales. Sales to Europe grew 72%, while sales to the US grew 23%. Export sales are more profitable for Sany, so the company's gross margin rebounded by 5.6 percentage points. To support foreign sales, Sany has three factories in Indonesia, India and the US. The business is expanding its presence in Indonesia and India and is building a new plant in South Africa.

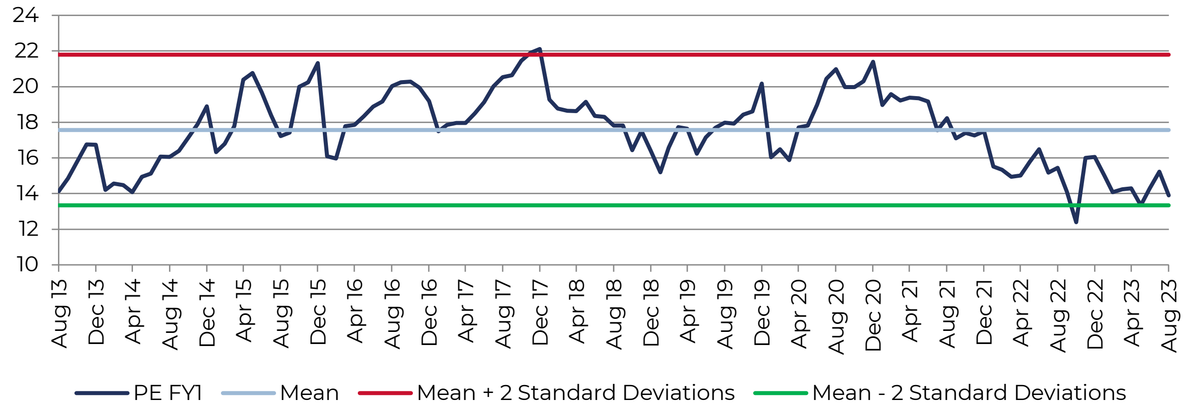
- Suofeiya Home Collection: In the first half of 2023, revenue fell 1% and EPS rose 21%. Suofeiya is a manufacturer of wardrobes and kitchen cabinets. The company has reduced its direct exposure to property developers, with their sales contribution falling from a peak of 18% a few years ago to 12% in the second quarter of this year.

Among companies exposed to Healthcare, we own three generic pharmaceutical companies making the shift towards innovative drugs: China Medical System, CSPC Pharmaceutical and Sino Biopharmaceutical.

- In the first half of 2023, these companies' revenue changed by +4%/+3%/+1% respectively, while their EPS changed by +7%/<1%/-34% respectively. The ongoing anti-corruption push has made hospitals cautious and sales slowed down in the second quarter. The slowdown is expected to continue for much of the remainder of this year. In addition, price cuts for existing generics are putting downward pressure on growth, while innovative drugs developed by the companies themselves are too small to offset this decline. We estimate that at current valuations, the market is assigning zero value to the cashflows generated from future capital expenditures and R&D. We believe there is a strong chance these companies will eventually make their own innovative drugs, and so at current prices these companies are a bargain.

OUTLOOK

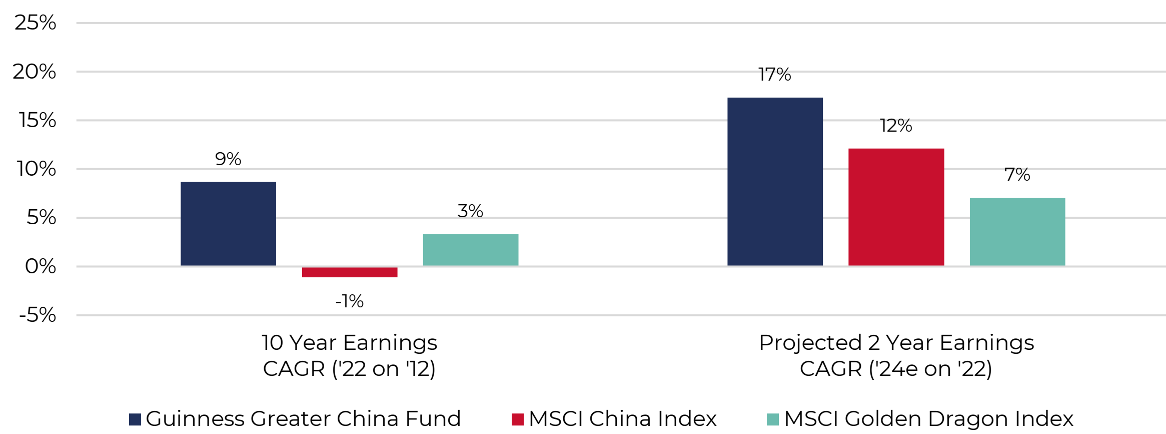
Historic Forward Year Price/Earnings Ratio for Current Holdings



(Data from 30/08/13 to 31/08/23, source: Bloomberg, Guinness Global Investors calculations)

We argue that talk of the collapse of China's financial system is unwarranted. Markets are to an extent pricing in this scenario, whereas we argue China has the capital in place in the banking system to absorb losses arising from the property market and wider economy. Therefore, if markets are pricing in a scenario which we have assessed as unlikely, then there is an opportunity for investors. The Guinness Greater China Fund is trading on a forward year price-earnings ratio of 13.3x, which is close to two standard deviations below the current holdings' 10-year historic average. This valuation does not appear often for the high-quality compounding stocks we hold in the Fund. Over the past decade, our holdings in aggregate have grown earnings by 9% a year. If we exclude 2022 because of China's zero-covid controls, the long-term growth rate in earnings was 12% a year. Based on consensus analyst estimates, the Fund's holdings in aggregate are expected to grow earnings by 17% a year over the next two years.

Greater China Fund Historic and Estimated Future Earnings Growth



(Source: Bloomberg, MSCI, Guinness calculations. Data as of 31/08/2023. Sales in USD Fund series assumes $1m equally weighted into current holdings. Data for the Guinness Greater China Fund is a simulation based on actual, aggregate, historic data for the Funds' current holdings. The Fund was launched on 15.12.2015. Index data uses historic holdings as of the end of each year)

Portfolio Managers

Sharukh Malik
Edmund Harriss

GUINNESS GREATER CHINA FUND - FUND FACTS

Fund size	$9.1m
Fund launch	15.12.2015
OCF	0.89%
Benchmark	MSCI Golden Dragon TR

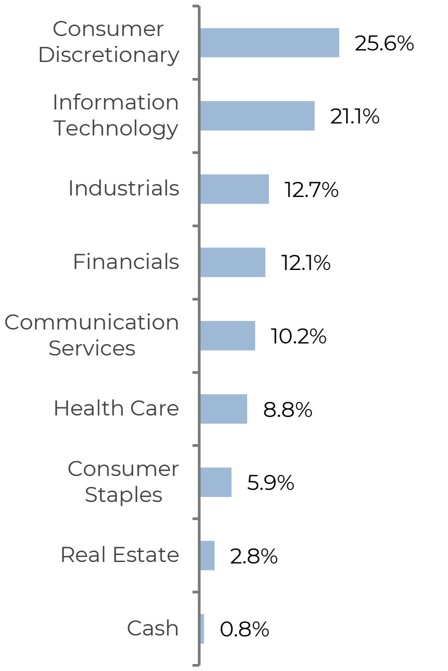
GUINNESS GREATER CHINA FUND - PORTFOLIO

Top 10 holdings

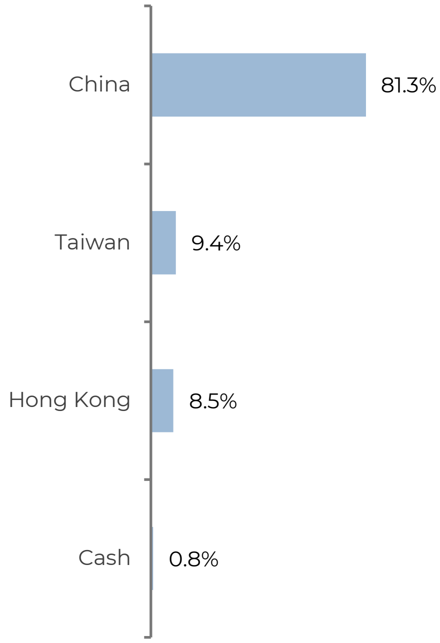
Elite Material	6.2%
Baidu	3.8%
Shenzhen Inovance Technology C	3.6%
TravelSky Technology	3.5%
Geely Automobile Holdings	3.5%
NARI Technology	3.4%
Venustech Group	3.3%
Haier Smart Home	3.3%
Tencent Holdings	3.2%
NetEase	3.2%

Top 10 holdings	37.1%
Number of holdings	32

Sector



Country



Past performance does not predict future returns.

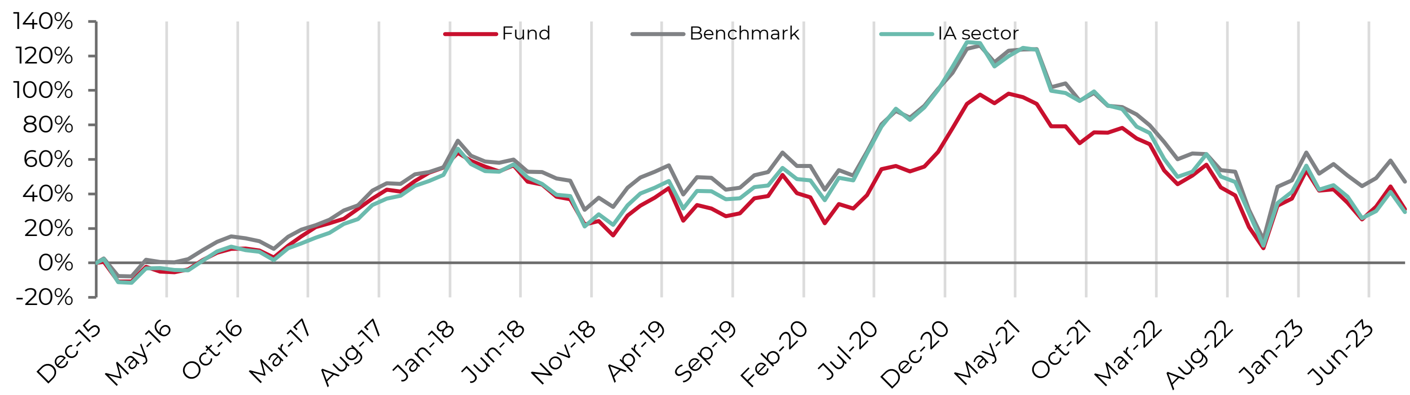
GUINNESS GREATER CHINA FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-7.8%	-9.3%	-13.4%	-11.2%	-2.8%	-
MSCI Golden Dragon TR	-6.2%	-5.5%	-11.6%	-17.3%	+1.4%	-
IA China/Greater China TR	-6.8%	-12.9%	-19.1%	-27.8%	-4.8%	-
(USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-9.2%	-4.5%	-5.7%	-16.0%	-5.3%	-
MSCI Golden Dragon TR	-7.6%	-0.4%	-3.7%	-21.8%	-1.2%	-
IA China/Greater China TR	-8.3%	-8.3%	-11.9%	-31.7%	-7.2%	-
(EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-7.7%	-6.0%	-12.7%	-7.4%	+1.6%	-
MSCI Golden Dragon TR	-6.2%	-2.1%	-10.8%	-13.8%	+6.0%	-
IA China/Greater China TR	-6.8%	-9.8%	-18.4%	-24.7%	-0.5%	-

GUINNESS GREATER CHINA FUND - ANNUAL PERFORMANCE

(GBP)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fund	-13.3%	+1.0%	+14.2%	+25.3%	-20.7%	+37.6%	+22.1%	-	-	-
MSCI Golden Dragon TR	-12.6%	-8.6%	+24.2%	+19.0%	-9.5%	+31.3%	+25.7%	-	-	-
IA China/Greater China TR	-16.0%	-10.7%	+33.6%	+22.2%	-14.2%	+35.9%	+18.5%	-	-	-
(USD)	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Fund	-23.0%	+0.1%	+17.9%	+30.4%	-25.3%	+50.4%	+2.3%	-	-	-
MSCI Golden Dragon TR	-22.3%	-9.5%	+28.2%	+23.8%	-14.8%	+43.8%	+5.4%	-	-	-
IA China/Greater China TR	-25.4%	-11.5%	+37.8%	+27.1%	-19.2%	+48.7%	-0.7%	-	-	-
(EUR)	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Fund	-17.9%	+7.7%	+8.1%	+32.8%	-21.5%	+32.3%	+5.5%	-	-	-
MSCI Golden Dragon TR	-17.3%	-2.6%	+17.6%	+26.1%	-10.5%	+26.3%	+8.6%	-	-	-
IA China/Greater China TR	-20.5%	-4.8%	+26.4%	+29.4%	-15.1%	+30.6%	+2.3%	-	-	-

GUINNESS GREATER CHINA FUND - PERFORMANCE SINCE LAUNCH (USD)



Source: FE fundinfo to 31.08.23. 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, a trading name of Guinness Asset Management Limited, which is authorised and regulated by the Financial Conduct Authority.

This report is designed to inform you about Guinness Greater China 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.

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 Fund or to buy or sell individual securities, nor does it constitute an offer for sale.

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: 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. 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

Telephone calls will be recorded and monitored.