

Guinness Emerging Markets Equity Income

Investment Commentary – December 2023



RISK

This is a marketing communication. Please refer to the prospectuses, 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 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

Launch	23.12.2016
Index	MSCI Emerging Markets
Sector	IA Global Emerging Markets
Managers	Edmund Harriss Mark Hammonds CFA
EU Domiciled	Guinness Emerging Markets Equity Income Fund

OBJECTIVE

The Guinness Emerging Markets Equity Income Fund is designed to provide investors with exposure to high-quality dividend-paying companies in Emerging Markets worldwide. The Fund aims to provide long-term capital appreciation and a source of income that has the potential to grow over time. The Fund is actively managed and uses the MSCI Emerging Markets Index as a comparator benchmark only.

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COMMENTARY

Emerging markets rallied sharply in November. The MSCI Emerging Markets Net Total Return Index rose 3.5% (all performance figures in GBP unless stated otherwise).

The fund underperformed in the strong market, gaining 2.0%.

For the year to date, the fund leads the benchmark, up 2.9% versus the benchmark which is up 0.4%.

Emerging markets underperformed developed markets in the month. The MSCI World Index climbed 4.8% in November and the S&P 500 Index rose 4.5%.

All regions generated positive performance, with Latin America this time the best performing, up 9.7%. Asia was next, up 3.6%. EMEA (Europe, Middle East and Africa) was the worst performer, up 2.5%.

Growth strongly outperformed value in the rally, rising 6.6% versus 2.9% for value.

Among the largest countries, the best performing were Korea (+11.9%), Mexico (+11.2%) and Brazil (+10.0%).

The worst performing countries were Thailand (-2.4%), China (-1.3%) and Saudi Arabia (0.8%).

The strongest performers in the portfolio were B3 (+18.2%), China Medical System (+15.9%) and Largan Precision (+15.1%).

The weakest performers were Ping An Insurance (-13.4%), China Merchants Bank (-11.6%) and Suofeiya Home (-10.5%).

Guinness Emerging Markets Equity Income

The US Federal Reserve left interest rates unchanged during the month, as did the Bank of England. The Bank of Japan relaxed its yield control policy by announcing that the 10-year rate would be allowed to move above 1%.

China's economy continued to slow, with the purchasing managers' index again indicating contraction in manufacturing for the month of October.

An easing in US-China relations was a bright spot during the month, with the two countries agreeing to resume high-level diplomatic communications.

Crude oil prices fell again, with Brent crude down 5.2% and WTI down 6.2% over the month.

Emerging market currencies gained 2.0%, while the dollar fell 3.0%.

PORTFOLIO HOLDINGS

Updates came in during the month for several of the portfolio holdings:

- Broadcom was granted approval by China's regulators of its takeover of VMWare – the final hurdle in allowing the deal to complete.
- Bajaj Auto has continued to see strong sales in the domestic market, reporting total sales growth of 19% year-on-year. A strong industry backdrop and a refurbished Pulsar brand have contributed to a buoyant period for the company. Export sales have been weaker, although are expected to recover over time.
- Largan Precision reported strong sales momentum continuing, with October revenues up 22% year-on-year. Sustained high demand for premium smartphones is likely to see a further increase in November revenues. Modest growth in Apple shipments has been supported by increased demand among the Chinese smartphone manufacturers.
- B3 confirmed that it was likely to meet the low end of guidance for expenses for the year, indicating good cost control. The company took advantage of favourable conditions to recently issue debentures. Management will focus in 2024 on integration of recent acquisitions; stating they do not anticipate significant upcoming M&A.
- Hon Hai reported results for the third quarter that beat consensus expectations for earnings on higher gross margins. Guidance for the fourth quarter was in line with expectations, as the company cycles through a relatively strong comparative period.
- NetEase reported better than expected results for the third quarter, after the gaming sector saw higher profits. Strong results from new games launched were a tailwind, and the company has a strong pipeline of upcoming titles expected in 2024.



OUTLOOK

Global markets have taken on a different tone recently, as the narrative around monetary policy has shifted in a dovish direction. The dramatic moves in the US Treasury market have continued, with the yield on the 10-year Treasury moving from touching 5% in October down to below 4.3%. The hope that this phase of the hiking cycle is over has prompted the enthusiasm that has driven equity markets around the world higher.

Emerging markets have benefited from the broad rally, as the market performance in November shows. Nevertheless, many of the same sources of uncertainty remain. China in particular faces a tough set of circumstances heading into next year. The rebound effect of the covid reopening that boosted growth this year will not be repeated, and the malaise in the property sectors looks set to continue to weigh on growth. In order to achieve growth levels comparable with this year, the onus will again be on policy makers to provide an offsetting stimulus.

As we have commented before, we feel it is unwise to pin too much on the direction of US interest rate policy. There is certainly a risk that inflation has not been quelled (or at least will rear its head again), so we must be prepared for upward pressure on rates in the future. On the other hand, there is also a risk in pulling on the brakes too hard, as the Federal Reserve itself has acknowledged.

The soft landing will not be easy to pull off, but if it can be achieved, emerging markets will of course be the beneficiary of a healthy US economy. We have started to see a recovery in Asian goods trade related to technology exposed exports – continued strong demand in this area will be beneficial to many holdings within the portfolio.

Given the multiple uncertainties that we face at this juncture, and the ability for multiple different scenarios to unfold, we believe that a focus on individual companies and their ability to sustain strong operating and financial results is now more important than ever.

The emphasis we place on the underlying quality of a business, earning high returns on capital and generating cash, provides the underpinning for rewarding shareholders with dividends while seeking to compound their earnings over the long term. It is combination, embedded in an equally weighted portfolio, that we believe works particularly well in an emerging market context, and provides investors with access to a disciplined strategy with which they can navigate an uncertain environment.

Portfolio Managers

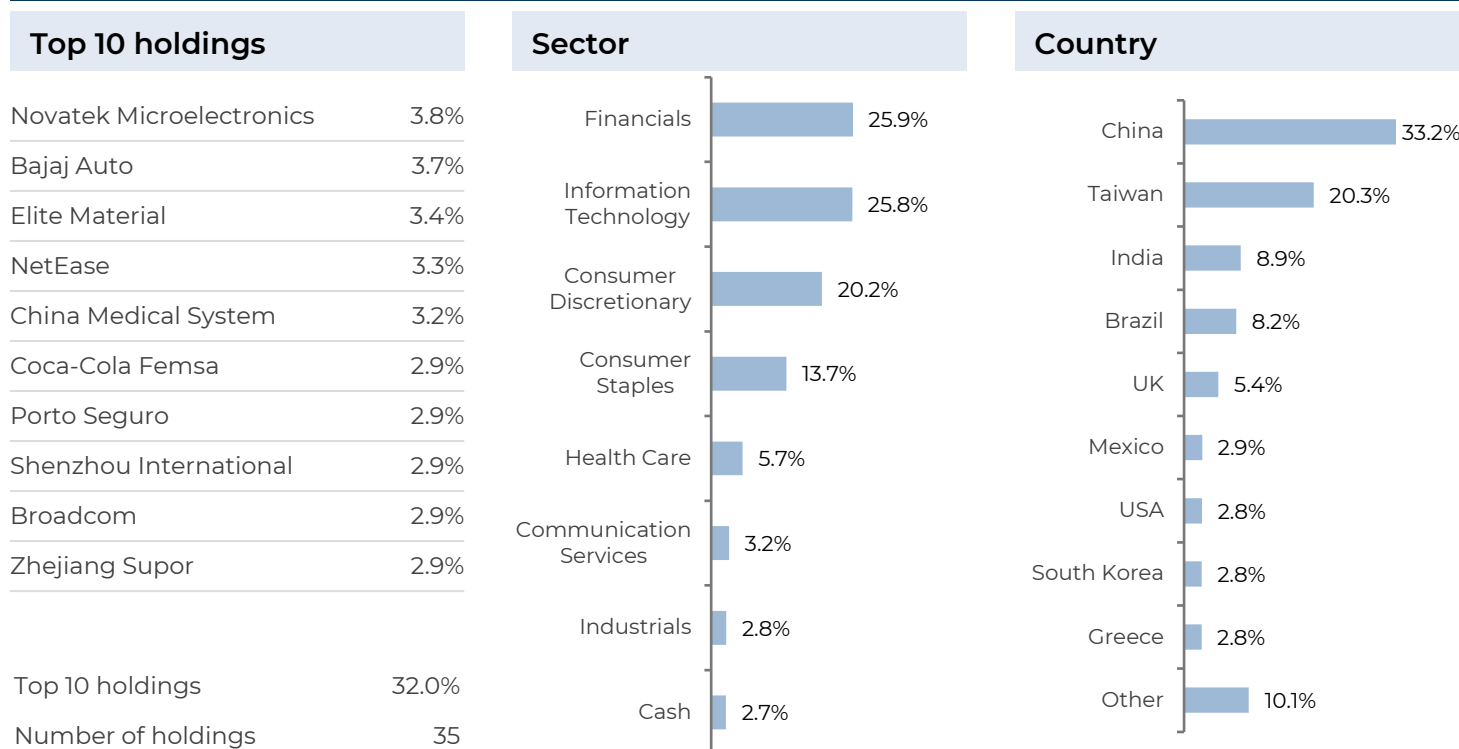
Edmund Harriss
Mark Hammonds

GUINNESS EMERGING MARKETS EQUITY INCOME FUND - FUND FACTS

Fund size	\$7.1m
Fund launch	23.12.2016
OCF	0.89%
Benchmark	MSCI Emerging Markets TR
Historic yield	4.2% (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 EMERGING MARKETS EQUITY INCOME FUND - PORTFOLIO



Guinness Emerging Markets Equity Income Fund

Past performance does not predict future returns.

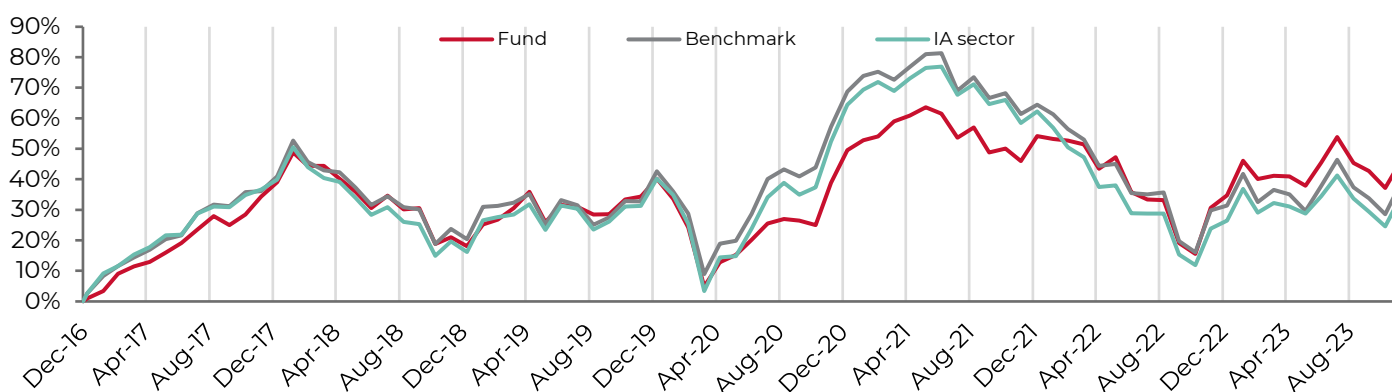
GUINNESS EMERGING MARKETS EQUITY INCOME FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+2.0%	+2.9%	+4.0%	+10.9%	+21.6%	-
MSCI Emerging Markets TR	+3.5%	+0.4%	-2.0%	-6.8%	+13.2%	-
IA Global Emerging Markets TR	+3.5%	+1.0%	-0.5%	-7.0%	+13.2%	-
(USD)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+6.4%	+8.3%	+10.6%	+5.2%	+20.6%	-
MSCI Emerging Markets TR	+8.0%	+5.7%	+4.2%	-11.6%	+12.3%	-
IA Global Emerging Markets TR	+8.0%	+6.3%	+5.8%	-11.8%	+12.3%	-
(EUR)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+3.1%	+5.9%	+4.3%	+15.3%	+25.1%	-
MSCI Emerging Markets TR	+4.6%	+3.4%	-1.7%	-3.1%	+16.5%	-
IA Global Emerging Markets TR	+4.6%	+4.0%	-0.2%	-3.3%	+16.6%	-

GUINNESS EMERGING MARKETS EQUITY INCOME FUND - ANNUAL PERFORMANCE

(GBP)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fund	-1.6%	+4.0%	+3.4%	+14.2%	-9.8%	+25.8%	-	-	-	-
MSCI Emerging Markets TR	-10.0%	-1.6%	+14.7%	+13.9%	-9.3%	+25.4%	-	-	-	-
IA Global Emerging Markets TR	-12.2%	-0.5%	+13.7%	+16.0%	-11.8%	+24.4%	-	-	-	-
(USD)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fund	-12.6%	+3.1%	+6.7%	+18.8%	-15.1%	+37.7%	-	-	-	-
MSCI Emerging Markets TR	-20.1%	-2.5%	+18.3%	+18.4%	-14.6%	+37.3%	-	-	-	-
IA Global Emerging Markets TR	-22.0%	-1.4%	+17.3%	+20.7%	-16.9%	+36.2%	-	-	-	-
(EUR)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fund	-6.8%	+10.9%	-2.2%	+20.9%	-10.8%	+20.9%	-	-	-	-
MSCI Emerging Markets TR	-14.9%	+4.9%	+8.5%	+20.6%	-10.3%	+20.6%	-	-	-	-
IA Global Emerging Markets TR	-16.9%	+6.1%	+7.6%	+22.9%	-12.8%	+19.7%	-	-	-	-

GUINNESS EMERGING MARKETS EQUITY INCOME FUND - PERFORMANCE SINCE LAUNCH (USD)



Source: FE fundinfo to 30.11.23. 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 primarily designed to inform you about equities and equity markets invested in by the Guinness Emerging Markets Equity Income 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 Information Document (KID) / Key Investor Information Document (KIID) and the Application Form, is available in English from www.guinnessgi.com or free of charge from:-

- the Manager: Waystone Management Company (IE) Limited (Waystone IE) 2nd Floor 35 Shelbourne Road, Ballsbridge, Dublin D04 A4E0, Ireland; or,
- the Promoter and Investment Manager: Guinness Asset Management Ltd, 18 Smith Square, London SW1P 3HZ.

Waystone IE is a company incorporated under the laws of Ireland having its registered office at 35 Shelbourne Rd, Ballsbridge, Dublin, D04 A4E0 Ireland, which is authorised by the Central Bank of Ireland, has appointed Guinness Asset Management Ltd as Investment Manager to this fund, and as Manager has the right to terminate the arrangements made for the marketing of funds in accordance with the UCITS Directive.

Investor Rights

A summary of investor rights in English 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, 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'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.

Telephone calls will be recorded and monitored