Guinness Global Innovators

2023 Annual Review

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

Launch	01.05.2003
Index	MSCI World
Sector	IA Global
Managers	Dr Ian Mortimer, CFA Matthew Page, CFA
EU Domiciled	Guinness Global Innovators Fund
UK Domiciled	WS Guinness Global Innovators Fund

INVESTMENT POLICY

The Guinness Global Innovators Funds are designed to provide investors with global exposure to companies benefiting from innovations in technology, communication, globalisation or innovative management strategies. Innovation can take many forms, not just disruptive tech driven products. It is the intelligent application of ideas and is found in most industries and at different stages in company lifecycle. The Funds are actively managed and use the MSCI World Index as a comparator benchmark only.

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COMMENTARY

In 2023, the Guinness Global Innovators Fund produced a total return of 32.1% (TR in GBP), compared to the MSCI World Net TR Index return of 16.8%, therefore outperforming by 15.3%. The IA Global Sector returned 12.7% (in GBP), with the Fund therefore outperforming its peer average by 19.4%.

Developments in Artificial Intelligence, a surprisingly resilient US economy and continued progress in bringing inflation towards target levels allowed global equities to rebound strongly in 2023, offsetting the steep declines seen the prior year. But whilst equity market returns over the year were significant, gains were by no means consistent throughout the year, nor evenly shared.

Following a volatile start to 2023 in which equity markets initially rebounded off an improving macro-outlook before faltering after a short-lived banking crisis, enthusiasm over developments in Artificial Intelligence drove a remarkably strong rally at the end of the first quarter. This rally, however, was driven by a narrow selection of mega-caps, 'the Magnificent Seven', many of which were perceived to be the most exposed (or were expected to benefit from) the long-term secular trend of artificial intelligence. With 'narrowness' and Artificial Intelligence exposure concentrated particularly within the technology sector (one of three sectors to outperform the MSCI World over the year), 'growth' stocks outperformed, despite interest rate expectations and yields increasing meaningfully over the period.

By the end of July, expectations over the future path of interest rates were once again the key driver of equity performance. Market narrowness for the most part was over, with the Magnificent Seven now largely tracking the broader market. Almost paradoxically, positive economic data was not translating into positive equity performance - the prospect that a strong economy may contribute to inflationary pressures (or at least embolden the Federal Reserve to maintain interest rates at elevated levels) fuelled market expectations of 'higher-for-longer' interest rates.

The perceived impact this would have on valuations created a headwind for equities, as the 10 year yield rose to its highest level since 2007. In November, however, these expectations sharply reversed, driving yields lower and fuelling an extraordinary two-month market bounce that offset all of the declines seen over the prior period. This lifted almost all corners of the markets higher. Without the 'everything' rally seen in the final months of the year, equities excluding the Magnificent Seven would have ended largely flat over 2023.

Over the year as a whole, equities performed well, with the MSCI World gaining 24.4% (USD). Overall performance remained narrow however. Growth outperformed, initially driven by Artificial Intelligence enthusiasm, and in the final two months of the year, falling yields as markets priced-in a rising level of rate cuts for 2024. An improved macro-outlook and improving chances of a soft-landing also served to create greater 'risk-on' sentiment, leaving 'cyclically' orientated sectors in favour, and a rotation away from more 'defensive' areas of the market.

Over 2023, fund performance relative to the MSCI World Net TR Index can be attributed to a number of factors:

The Fund held six of the 'Magnificent Seven' stocks that contributed to the majority of positive developed market equity performance during the year. The fund held Apple, Alphabet, Amazon, Meta, Microsoft and Nvidia but did not own Tesla. Collectively the fund had a higher weight in these names than the benchmark providing a significant contribution to relative performance.

Falling interest rate expectations, Artificial Intelligence enthusiasm and a more resilient economy than expected drove a strong rotation towards 'growth' and 'cyclicals' during the year, all benefitting Fund performance over 2023. The Fund philosophy aims to identify 'growth' stocks that are subject to long-term secular trends and hence lower variability of revenue growth, yet these 'growth' stocks are often identified in perceivably more 'cyclical' sectors. Hence, these rotations impacted performance positively from an attribution perspective.

From an allocation perspective, the Fund's two largest overweight positions were to two of the three sectors that outperformed the MSCI World over 2023 – Information Technology and Communication Services. These positions were the biggest contributors to Fund performance over the year. However, having no exposure to the bottom three performing sectors, Consumer Staples, Energy and Utilities, as well as underperforming sectors Materials and Real Estate, also offered a material benefit to performance.

Strong stock selection within the Fund provided a tailwind to relative Fund performance. Of the 29 stocks that were held throughout the duration of the year, 21 outperformed the MSCI World benchmark. From a sector perspective, stock selection was particularly strong within Communication Services (Meta +194.1% USD, Alphabet +58.3%) Information Technology (Nvidia +239.0%, Salesforce +98.5%) and Industrials (ABB +50.2% and Schneider +46.6%). Our Semiconductor equipment manufacturers were also significant contributors to relative performance last year, (Lam Research +88.6% , Applied Materials +68.0% and KLA 56.0%).

Stock selection within the Consumer Apparel industry was the greatest detractor to relative Fund performance. Our only Chinese holding and off-benchmark holding, sportswear retailer Anta Sports (-24.8% USD), was the Fund's weakest performer over the year - in part due to regional headwinds. Nike (-6.0% USD) also struggled over the year, in part due to weakness in the Chinese end-market, a key exposure for the stock.

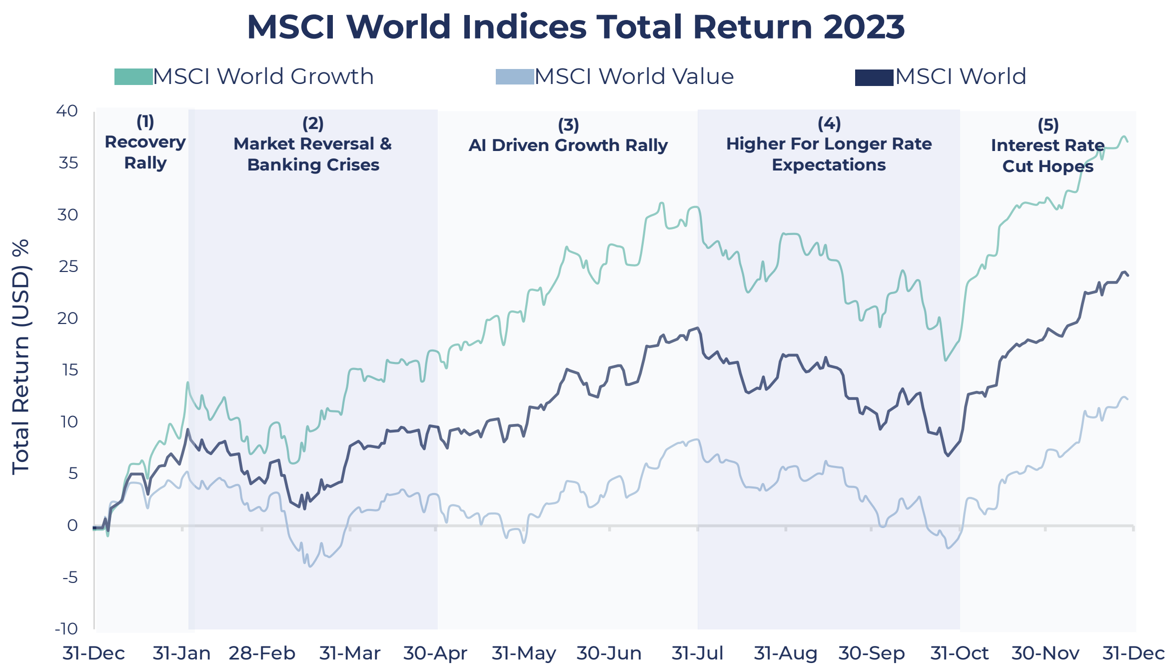
For 2023, the Fund ranked in the top quartile vs peers in the broad IA Global Sector, ranking 12th out of 539. We are particularly pleased, however, with strategy performance over the longer time periods of 3, 5, 10 years and since launch. Despite a difficult period for growth over 2022, the Fund remains in the second quartile over 3-years, and ranks in the top five Funds in the IA Global sector over 5-years. The strategy is also ranked in the top 5 over ten years and since launch (01.05.03).

Cumulative % total return, in GBP, to 31/12/2023	1 year	3 years	5 years	10 years*	Launch*
Guinness Global Innovators	32.1	28.3	122.6	270.2	1128.1
MSCI World Index	16.8	32.4	82.5	196.5	627.6
MSCI AC World Index	15.3	26.8	73.9	178.6	600.8
IA Global sector average	12.7	17.9	65.7	141.8	483.4
IA Global sector ranking	12/539	138/468	4/390	4/235	5/93
IA Global sector quartile	1	2	1	1	1

**Simulated past performance prior to the launch of the Guinness Global Innovators Fund (31.10.14) reflects a US mutual fund which has the same investment process since 01/05/2003. Strategy launched 01.05.2003, Source: FE fundinfo, as at 31st December 2023,*

2023 MARKET OVERVIEW

2023 can be split into a number of distinct performance periods, each with different drivers and leaders from both a style and sector perspective.



Source: MSCI, Guinness Global Investors, Bloomberg, as of 31st December 2023

(1) – Recovery Rally

Many of the key market concerns from 2022 abated (inflation, China's Covid policy, recessionary risks and an energy crisis) during the period, with renewed hope of a soft-landing. As risk-on sentiment returned, the more cyclically orientated sectors that underperformed in 2022, outperformed. Paired with a market view of an earlier pivot towards looser monetary policy, this drove the outperformance of 'growth' during the period. *This rotation towards growth and cyclicals was a positive for Fund performance, relative to the benchmark.*

(2) – Market Reversal And Banking Crises

The market reversed course in early February. Employment and inflation data came in surprisingly 'hot' in the US and Europe, and Federal Reserve (FED) Chair Jay Powell followed with hawkish rhetoric over the future path of interest rates. The collapse of Silicon Valley Bank in early March initially spurred a sharp sell-off, as fears of financial contagion grew. A strong policy response from regulators restored a level of calm back into equity markets, which rebounded over the subsequent weeks. The crises led to a tightening of credit conditions, typically a headwind for economic growth, driving a rotation towards higher quality companies with strong balance sheets and margins. However, tighter credit conditions were also expected to play a part in reducing inflation, supporting growth stocks as expectations of an earlier 'pivot' surfaced once again. *Despite the outperformance of growth over the period, the Fund only performed in-line with the MSCI World, with weakness in the Fund's largest overweight industry (semiconductors) in the latter half of the period a key detractor to performance, as well as off-benchmark name Anta Sports also falling significantly.*

(3) AI Driven Growth Rally

Despite rising interest rate expectations, growth outperformed as a narrow selection stocks exposed to Artificial Intelligence (the Magnificent Seven), led the index higher. Renewed enthusiasm over AI was driven by the launch of Chat GPT earlier in the year, which had captured the imagination of consumers, media and businesses alike, and catalysed management teams to investigate the best way to incorporate the technology into their revenue streams, business models and operations. Investment into Artificial Intelligence was not just evident in company earnings calls, but in company fundamentals too. Nvidia added $184bn to their market cap on the day following their Q1 earnings, as the firm guided for revenues over 50% higher than the $7bn estimated by analysts. Soaring demand for chips required for generative AI purposes was clearly much greater than the market expected, creating a tailwind for AI-exposed stocks in particular. Whilst the market rally broadened to other areas of the market in the first month of Q3, momentum in equity markets continued on the improved prospects of a 'soft landing'. *Exposure to six of the 'Magnificent Seven, alongside significant overweight positions to industries, which were likely to benefit most from renewed Artificial Intelligence enthusiasm such as Semiconductors and Software, drove strong relative Fund performance. Having higher exposure to 'cyclically' orientated sectors benefitted the fund, whilst having limited exposure to 'defensives' such as staples, utilities and energy was also a tailwind.*

(4) – Higher For Longer Rate Expectations

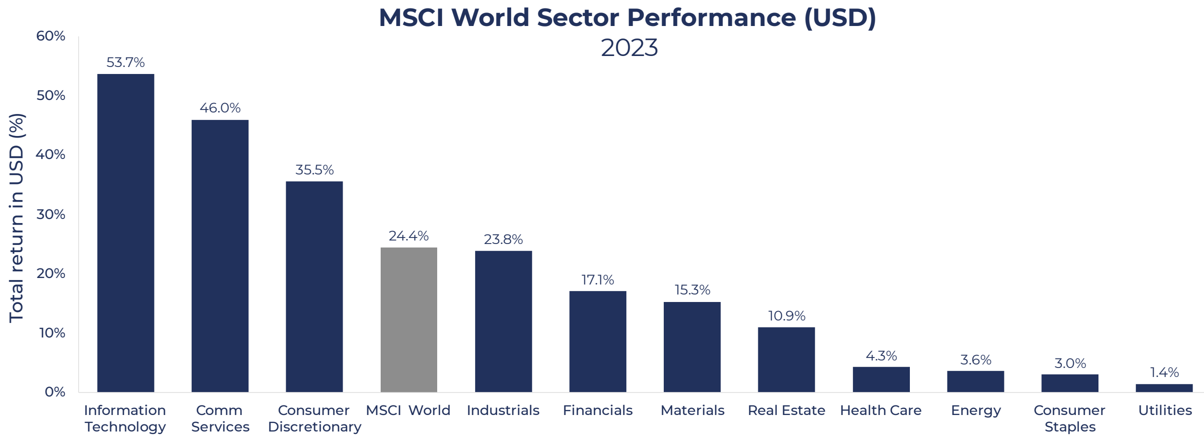
The strong equity performance seen in the prior periods faltered over the latter two months of Q3, with consecutive months of equity declines (in USD terms). Over the period, the 10 year US treasury yield rose to 5.0%, levels not seen since 2007. The core driver was expectations of higher-for-longer interest rates. This was supported by the Federal Reserve's September dot plot, which indicated just two rate cuts in 2024 from the four rate cuts estimated in the committee's June meeting. The increase in yields not only enticed investors away from equities, but created a headwind for 'high-duration' growth stocks in particular – both the high dividend yield sectors such as Utilities, and companies with valuation linked to higher future growth in the Information Technology sector. *With rising yields placing pressure on growth stocks in particular, the Fund slightly underperformed over the period. Defensives also outperformed, as markets began to price in higher for longer rates and an increasing view that the fed would need to implement rates hikes and bring the economy into recession – also a headwind to relative Fund performance over the period.*

(5) – Interest Rate Cut Hopes

Equity markets rapidly rebounded in November, as equities posted their strongest monthly returns in 3 years (in USD terms). This momentum continued into December, as the improving prospect of a 'goldilocks' scenario of falling inflation and a growing economy lifted both valuations and earnings expectations higher. The Federal Reserve held rates flat for a second and then a third consecutive meeting and minutes reflected dual concerns about higher-than expected inflation, and for the first time, the impact interest rates may have on economic growth. Markets focused on the latter, giving fuel to hopes of earlier-than-expected interest rate cuts. At the end of the year, markets were pricing in c. six rate cuts by the end of 2024, compared to the c. three priced in at the beginning of November. The resulting bond rally and the broad downward shift in treasury yields across US maturities served to lift equity valuations higher. Third quarter earnings season saw an acceleration in earnings growth for the S&P 500 for the first time in 2 years (and a return to positive growth of 4.1% for the first time in a year), surprising to the upside by +7.8% - the largest surprise in 2 years. A strong earnings season and improved macro-outlook drove broad earnings upgrades across sectors, with a risk-on appetite driving the outperformance of cyclically orientated stocks. *As interest rate expectations reversed and the prospect of a 'goldilocks' scenario increased, all equities were driven higher, with cyclicals and growth leading the way, a benefit for the Fund. Positive earnings revisions, particularly within the tech sector/ semiconductor industry, served as a tailwind for relative Fund outperformance.*

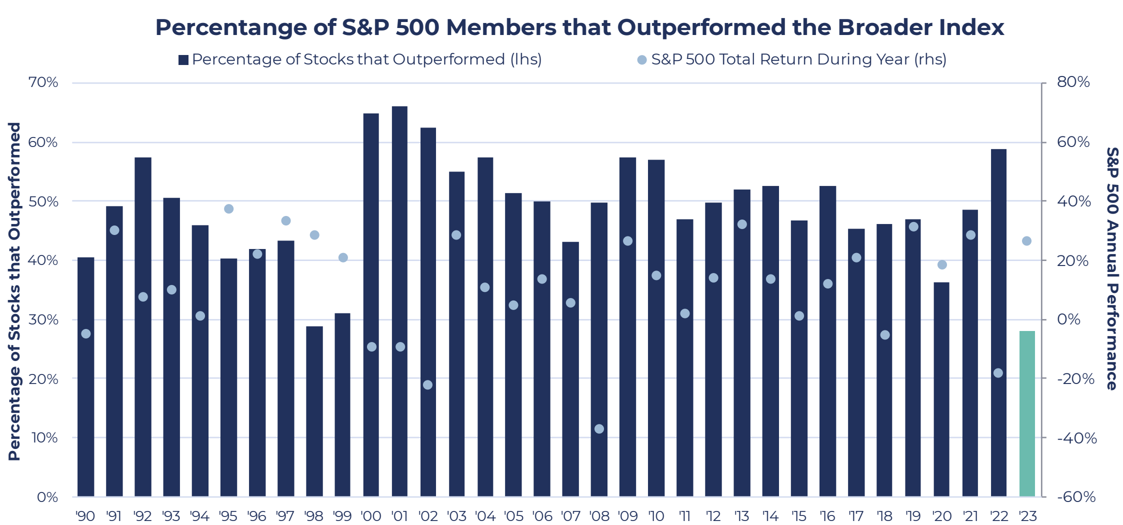
Strong Equity Performance Over 2023 Was Not Equally Shared

Market leadership was relatively narrow over 2023 with just three of the eleven GICS (Global Industry Classification Standard) sectors outperforming the MSCI World. From a factor perspective, these sectors are all typically regarded as 'Growth' over 'Value'.



Source: MSCI, Guinness Global Investors, Bloomberg, as of 31st December 2023

At the stock level, narrowness in the market was even more stark with just 28% of the constituents outperforming the broader S&P 500 index. The only other time since 1990 that less than 30% of the stocks in the index outperformed was in 1998, in the lead up to the dot com bubble. Whilst both years saw index returns greater than 20%, 2023 followed a year of a significant market contraction (nearly 20% in 2022).

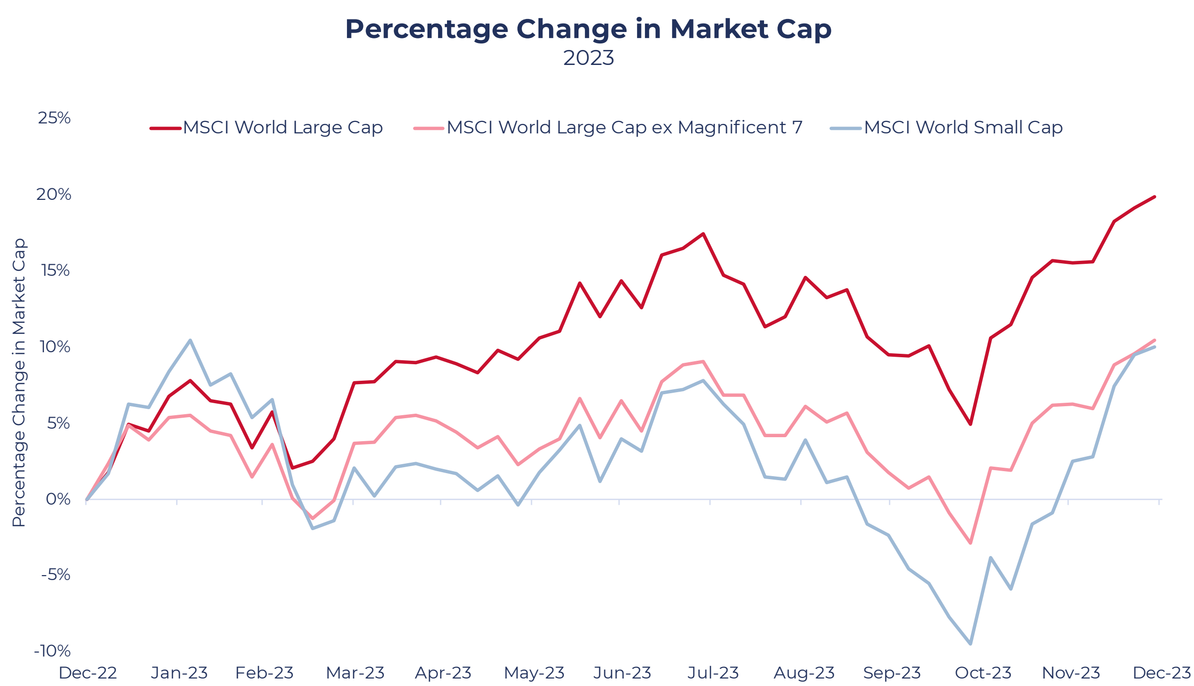


Source: Guinness Global Investors, Bloomberg, as of 31st December 2023

Comparing the market cap weighted MSCI World Index to its equally weighted counterpart, we can see significant outperformance over the year, suggesting that large-cap stocks were the driver of outperformance.

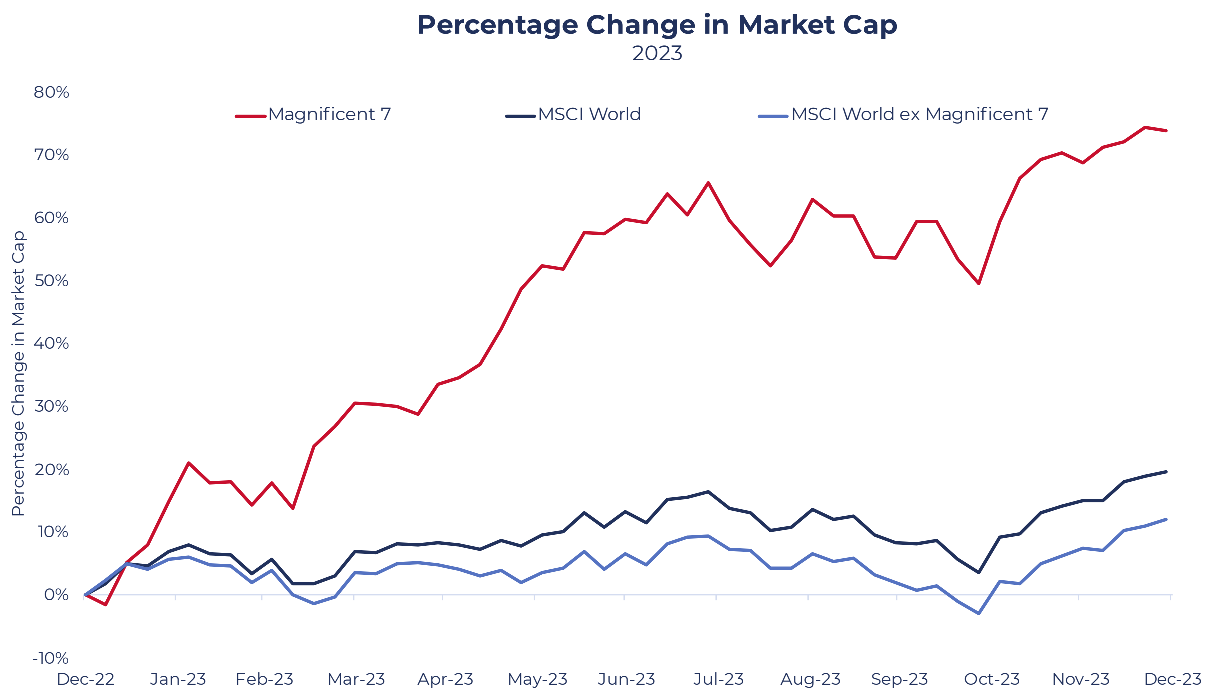
Source: MSCI, Guinness Global Investors, Bloomberg, as of 31st December 2023

But this was not the case. Strong equity performance for 2023 was not linked to the outperformance of large cap stocks in general, but was dragged higher by a small collection of the largest mega-caps. These stocks, given the name the Magnificent Seven, were Apple, Alphabet, Amazon, Meta, Microsoft, Nvidia and Tesla. Their impact on the MSCI World Large Cap index can be seen in the chart below. Over 2023, whilst the market cap of the MSCI World Large Cap significantly outperformed that of the Small Cap index, with the Magnificent Seven removed, the two indices ended the year broadly in-line.



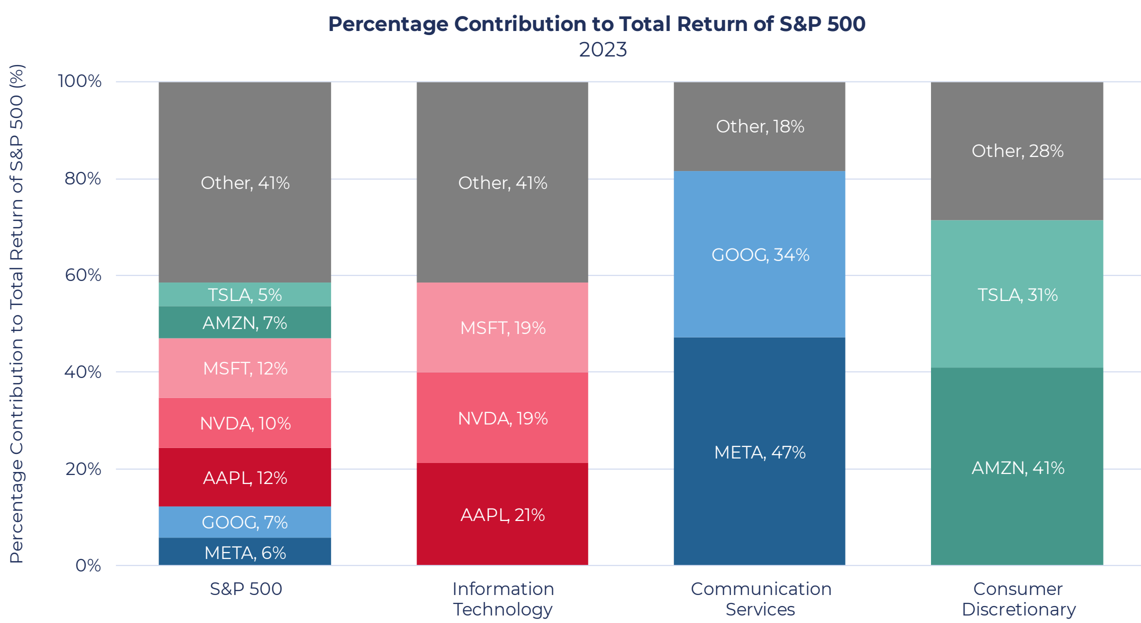
Source: MSCI, Guinness Global Investors, Bloomberg, as of 31st December 2023

Using similar analysis, the Magnificent Seven's impact on global equity performance throughout the year can be seen in the chart below, which tracks the total market caps of the seven stocks, the MSCI World, and the MSCI World excluding the Magnificent Seven. The majority of outperformance came in the first seven months of the year. By the end of October, the entirety of positive global equity performance could be attributed to these seven stocks.



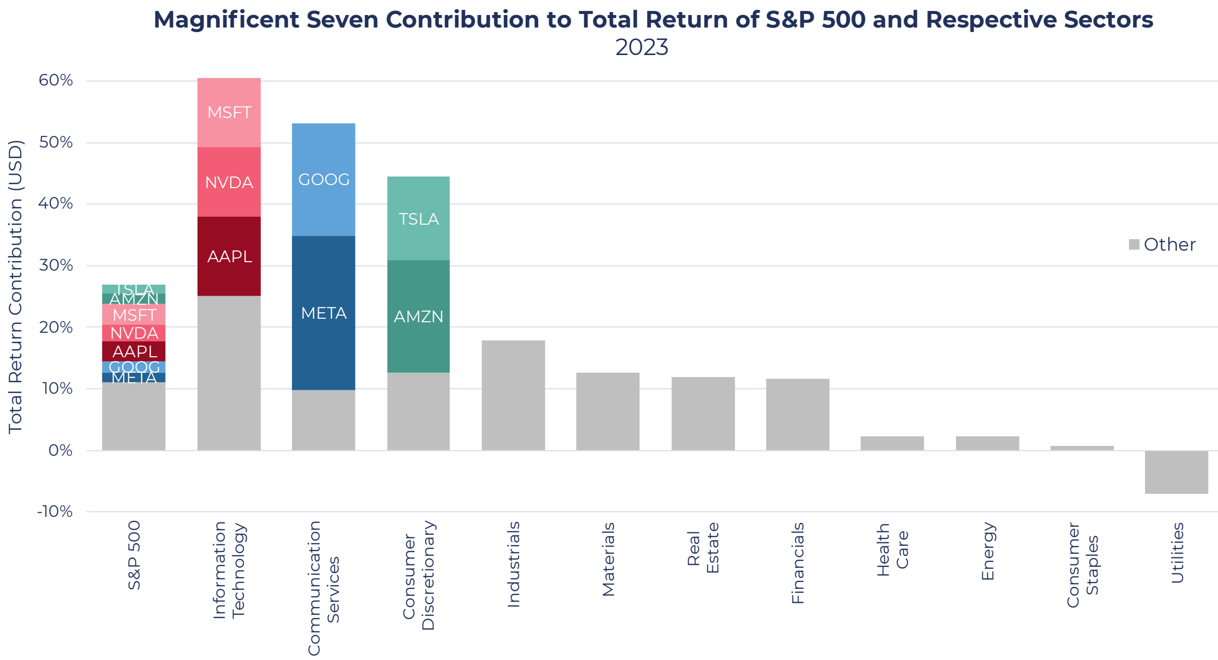
Source: MSCI, Guinness Global Investors, Bloomberg, as of 31st December 2023

Looking at US equities within the S&P 500, nearly 60% of the index's yearly total return was attributable to the Magnificent Seven. Looking at the only three sectors that outperformed the broader index (and quite significantly too), these were all sectors in which the Magnificent Seven were constituents, and the majority of sector performance was again attributable to the Magnificent Seven Stocks.



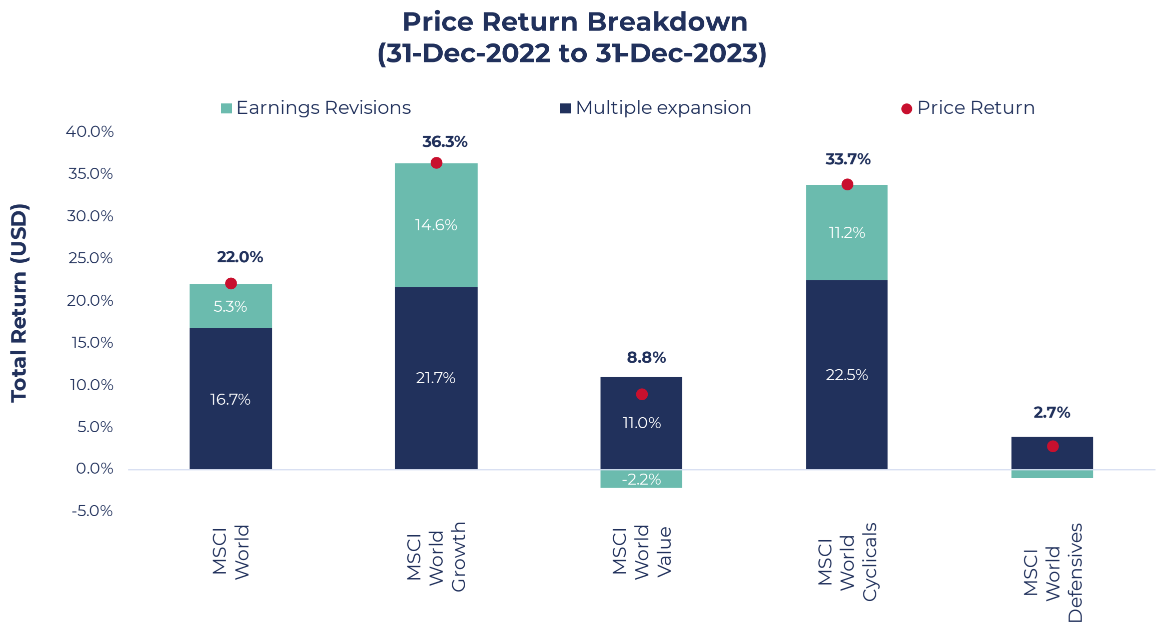
Source: Guinness Global Investors, Bloomberg, as of 31st December 2023

Excluding the performance of the Magnificent Seven (now looking only at the grey bars in the chart below), we see a rather different story to the sector performance chart previously seen. Of the three outperforming sectors, only Information Technology significantly outperformed the S&P 500 (this outperformance was likely driven by development in Artificial Intelligence – discussed later). Industrials, also outperformed, whilst Communication Services, Materials, Real Estate and Financials were relatively in-line. With the exception of Real Estate, these all have significant exposure to market cycles, and are generally accepted as relatively more cyclical. The three sectors typically labelled as 'defensive' - Health Care, Staples and Utilities - all significantly underperformed the rest of the market (as well energy, which had other material macro-influences). This split suggests markets potentially took a more 'risk-on' attitude, and the market was not just 'growth' driven (versus value), but 'cyclically' driven too.



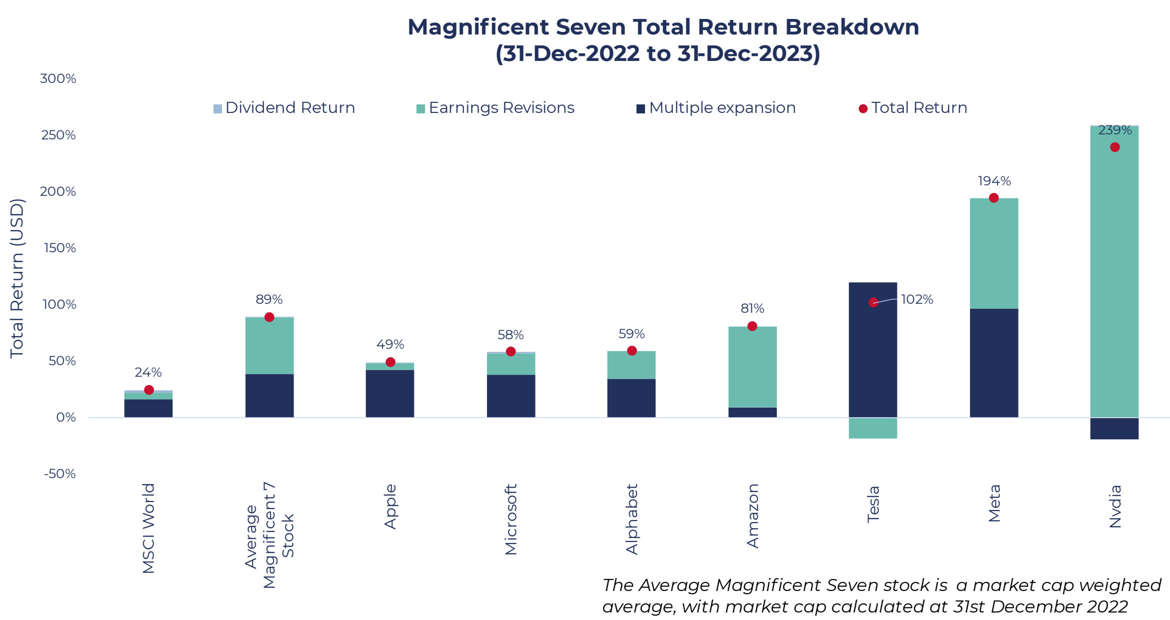
Source: Guinness Global Investors, Bloomberg, as of 31st December 2023

This could also be seen at the broader MSCI World level. Both the MSCI World Growth and MSCI World Cyclicals indices delivered price returns in excess of 30%, with over 20% driven by multiple expansion and strong earnings upgrades, albeit skewed upwards by the presence of the Magnificent Seven. The MSCI World Value and MSCI World Defensives Indices delivered just 8.8% and 2.7% price returns respectively, with just 11% multiple expansion for the Value index and for Defensives at just 3.8%, both with small earnings downgrades.



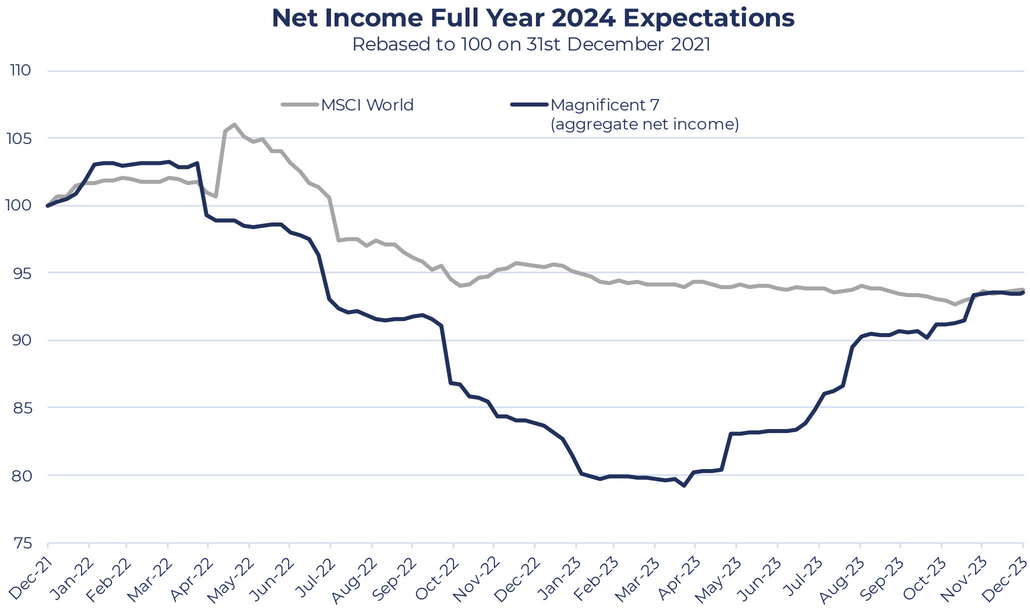
Source: MSCI, Guinness Global Investors, Bloomberg, as of 31st December 2023

Looking at the breakdown of Total Return for the Magnificent Seven, a market cap weighted average shows a relatively strong balance between earnings revisions and multiple expansion – although this differed moderately across the pack. Nvidia, Meta and Amazon were driven predominantly by earnings upgrades, whereas Alphabet and Microsoft benefitted from a balance of the two, whilst Apple was driven predominantly by multiple expansion. Tesla, the only Magnificent Seven stock not held within the strategy, was the only stock to experience negative earnings revisions.



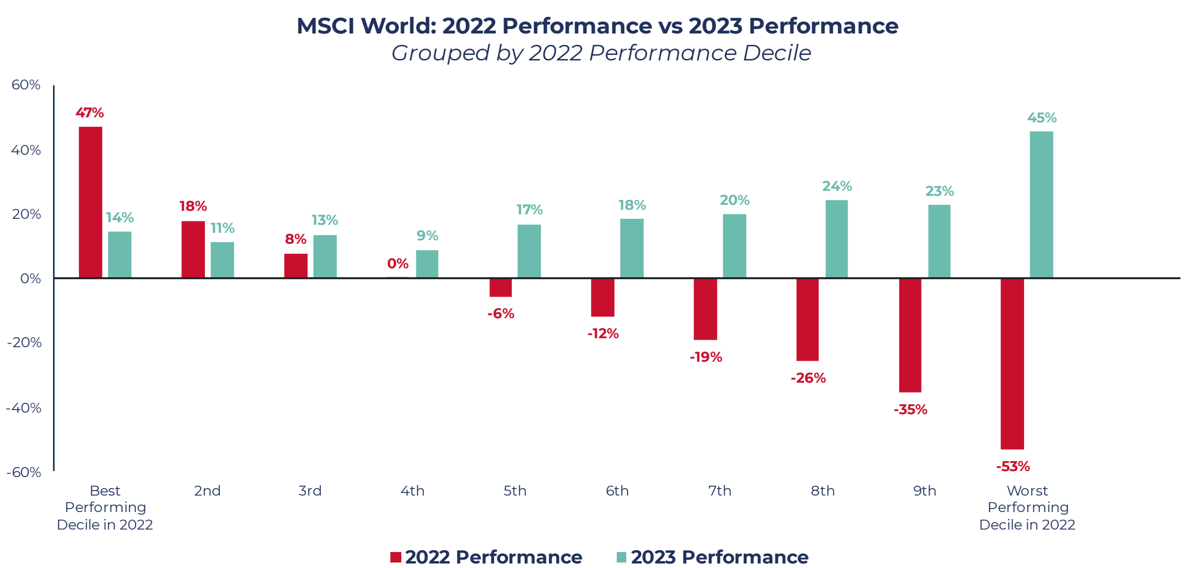
Source: MSCI, Guinness Global Investors, Bloomberg, as of 31st December 2023

We are cognisant that this year of significant outperformance followed a year of significant underperformance. Whilst the equally weighted Bloomberg Magnificent 7 Index rose 107% over 2023, it is only up 13.2% over the two-year period 2021-2023. Multiples fell in excess of 30% for all Magnificent Seven stocks in 2022, well ahead of the 23% decline seen by the MSCI World, and aggregate net income expectations for 2024 dropped ~20% between December 2021 and January 2023 – with the MSCI World falling ~5% over the same period. Since then, whilst the broader market has slipped slightly, expectations for the Magnificent Seven have expanded significantly to reach levels comparable to the broader market over a two-year period.



Source: MSCI, Guinness Global Investors, Bloomberg, as of 31st December 2023

The Magnificent Seven's bounce was largely reflective of trends seen across the market – the worst performing sectors in 2022 were the best performing in 2023, and the best performing in 2022 was one of the worst in 2023. This makes sense – 2022 was a year where global economic conditions appeared to deteriorate, with investors flocking to more defensive areas of the market, with the likes of Consumer Staples companies significantly outperforming. In 2023, many of the key market concerns from 2022 abated (inflation and recessionary risks) during the period, with renewed hope of a soft-landing. As risk-on sentiment returned, the more cyclically orientated sectors that underperformed in 2022, outperformed – and front of pack was the Magnificent Seven.



Source: MSCI, Guinness Global Investors, Bloomberg, as of 31st December 2023

Whilst we recognize that the positive performance seen by the Magnificent Seven is in part driven by a reversal in market sentiment (and perhaps a reversal of overselling last year) we believe that a core driver of this performance has been an improvement in the fundamental outlook for these stocks.

Holding	How has 2023 impacted the fundamental outlook for the stocks?
NVIDIA (+239% in USD)	Nvidia is positioned at the center of exploding demand seen for Artificial Intelligence, possessing over 95% market share of the GPUs (graphics processing units) required for generative AI systems. This resulted in sales growth in excess of 200% year-on-year for the final reported quarter of 2023. Whilst the growth rate will inevitably slow dramatically, Nvidia's long term fundamental outlook changed materially this year, placing it at the forefront of the long-term secular-growth theme of Artificial Intelligence, but also highlighting the firms superior technological edge. We review 2023 for Nvidia further below.
Meta (+194%)	Meta faced strong criticism following the 2022 announcement of heavy investment plans into the Metaverse, driving a share price slide for the year of 64%. This negative share price performance was more than offset in 2023, as the company not only scaled back these heavy spending plans, but put emphasis into improving profitability and efficiency, driving a rebound in gross and operating margins to their long term average. More importantly, Meta improved both customer engagement (Daily Active users growing at +5% year-on-year) and monetisation of products, driving Average Revenue's Per User towards all time highs (latest quarter was a second all-time high). In particular, their success in monetising Reels has proven a real, long term tailwind for the stock. We review 2023 for Meta further below.
TESLA (+102%)	Following a difficult operating environment in 2022, where economic uncertainty led to soft demand and thus meant lofty delivery growth targets were missed, Tesla managed to fully offset share price declines during 2023. The long-awaited delivery of Tesla's Cybertruck, their investment in AI training capacity and their Optimus robot project have all contributed to positive investor sentiment, but the firm's +38% increase in deliveries was ahead of expectations, and a strong win for the stock. However, Tesla was the only Magnificent Seven stock to experience earnings downgrades over 2024 (and the only stock not held in the Fund). These downgrades were a consequence of Tesla reducing vehicle prices in 2023 to help ward off growing competition, notably from BYD, who overtook Tesla as the top-selling electric car seller globally in the fourth quarter. These lower prices led to significant margin compression (12.8% operating margin in 3Q23 vs 21.6% 3Q22), with margins expected to remain depressed in the face of increased competition and lower prices.
amazon.com (+81%)	Amazon delivered a significant step-up in profitability over 2023, with the company delivering operating income +33% ahead of their prior previous best quarter (1Q21). Following a year in which inflation, higher rates and a slowdown in both consumer and business spending squeezed margins in 2022, the company put the focus on driving profitability higher in 2023 – and did so with great success, with cost-cutting, headcount rationalization and segment mix allowing operating margins to climb back towards pandemic era levels. On the top-line, another key overhang for the stock was largely removed, with the slowing growth rate in the firm's cloud segment, AWS, settling to around 12%. The segment now accounts for 62% of operating income, and with the significant opportunity that generative AI presents the cloud-computing business paired with all time high gross margins, the long term outlook for Amazon looks fundamentally better than it did at the beginning of the year.
Alphabet (+59%)	Following a challenging year in which macroeconomic headwinds pressured advertising spend across sectors, Alphabet's revenues rebounded in 2023 as recessionary fears subsided and business sentiment improved. YouTube ad revenue increased by 12.4% year-on-year, fuelled by increased viewership and engagement (2023 saw a 133% increase in daily number of views on 'Shorts'). Despite Google Cloud Platform (GCP) narrowly missing Q3 revenue forecasts, the division's growth over the year has remained relatively in-line with industry averages, reflecting strong demand for cloud-based solutions from enterprises.

Whilst the firm may lag Microsoft and Amazon with respect to Cloud solutions, the segment turned a profit for the first time in 2023 and, as is the case with Amazon, developments in Artificial Intelligence are expected to provide a significant tailwind to the Cloud Segment. The firm's dominant market share position in advertising, superior R&D spend and reputation as a leading technology innovator are likely to allow the firm to capitalise heavily on the long term artificial intelligence trend.

Microsoft

(+58%)

Microsoft struggled over 2022 as the weakened macro environment drove weaker demand in both consumer and business segments. Shares rebounded during 2023 as Microsoft's early move towards embracing the next wave of AI technology positioned the firm (along with Nvidia) firmly at the centre of the Artificial intelligence revolution through a $10bn stake in OpenAI - the startup behind ChatGPT. Whilst still in the early stages, Microsoft is leveraging OpenAI's technology through overhauling its entire lineup of Office apps (incl. Excel, PowerPoint, Outlook and Word) with generative AI technology, introducing tools such as Copilot. As is the case with Amazon and Alphabet, the AI opportunity within cloud is significant and is already yielding results, with AI integration into cloud services driving demand (Microsoft's Azure cloud segment revenues accelerated by 200bps to 27% in their latest quarter). Microsoft's early move into the technology and continual efforts to incorporate AI innovations into their product mix is likely to be a powerful driver of growth going forward.

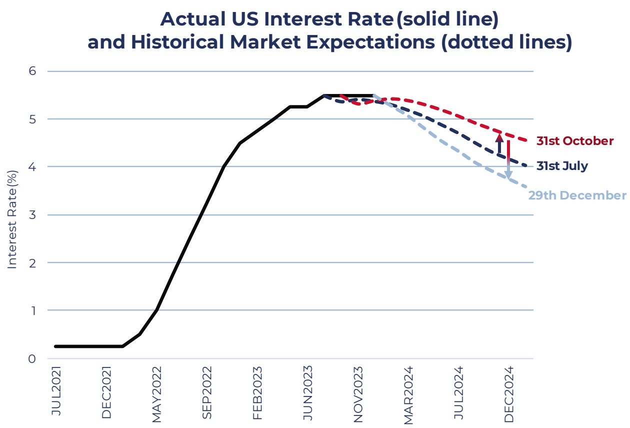
Apple

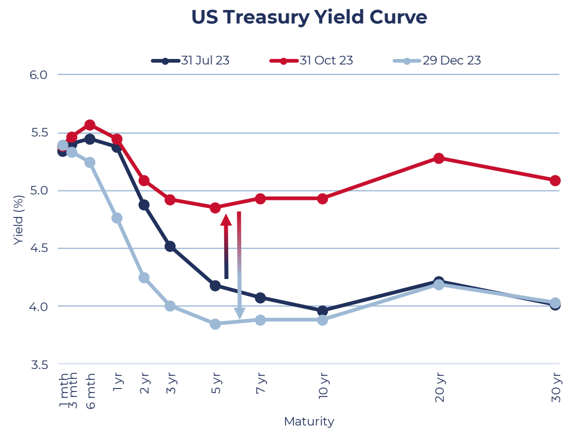
(+49%)

Whilst Apple underperformed all other stocks in the Magnificent 7 over 2023, this was in the context of better relative performance in 2023. Whilst Apple have remained famously secretive over product development, AI is a clear focus for the firm given more than two dozen acquisitions of AI companies since 2015. Research and development spend rose 14% year over year to $30 billion for the 2023 fiscal year, with Tim Cook explaining that the money is going to AI, new chips and the new Vision Pro headset. Whilst it is not clear the extent to which Artificial Intelligence can be leveraged to benefit Apple's products, the firm's reputation as a leading innovator means the market are placing weight on the firm's potential in the technology. Over the year the firms quality of revenues continued to improve. Services grew 9% over the year, representing an increase from 21% of the sales mix in 4Q22 to 25% in 4Q23. This not only provides a higher quality, recurring revenue stream, but improves the firm's overall margin profile - the services segment operates with a gross margin of over 70%, driving Apple's group gross margin to a record 45% (4Q23)

Market Narrowness Largely Ended By August

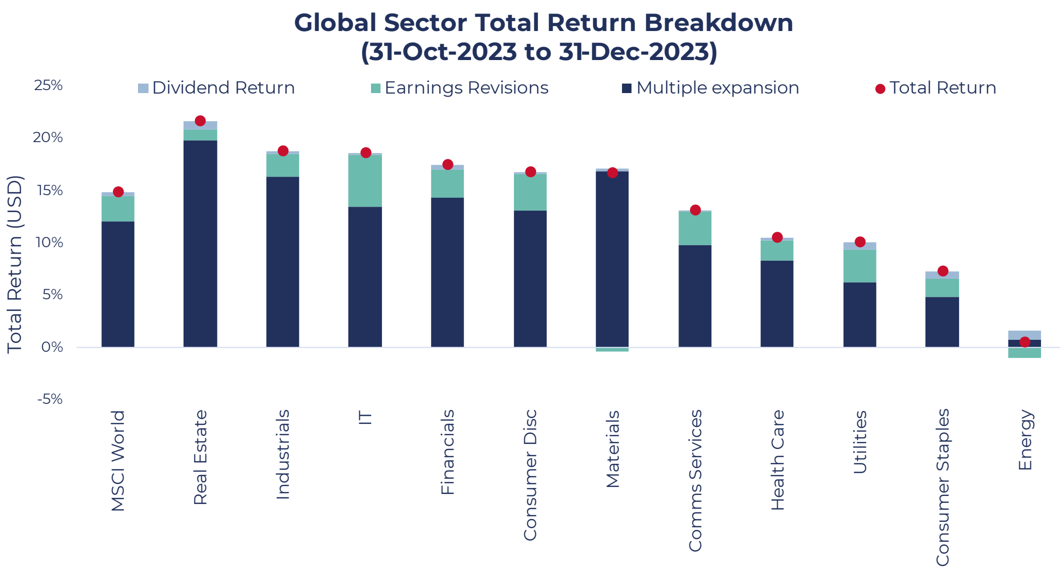
By the end of July, expectations over the future path of interest rates once again became the key driver of markets. Market narrowness for the most part was over, with the Magnificent Seven now largely tracking the broader market. Almost paradoxically, positive economic data was not translating into positive equity performance - the prospect that a strong economy may contribute to inflationary pressures (or at least embolden the Federal Reserve to maintain interest rates at elevated levels) fuelled market expectations of 'higher-for-longer' interest rates – paired with markedly more hawkish rhetoric from the Fed at Jackson Hole. As a result of this change in rate expectations, we saw similarly dramatic shifts in the yield curve over both periods. The perceived impact this would have on valuations created a headwind for equities, as the 10 year yield rose to its highest level since 2007. In November, however, these expectations sharply reversed, with a corresponding shift in the yield curve. The Federal Reserve (Fed) held rates flat for a second consecutive meeting (and a third in December), and minutes revealed committee members' dual concerns about higher-than-expected inflation, as well as the impact interest rates may have on economic growth. Market participants appeared to focus on the latter, giving rise to hopes of earlier-than-expected interest rate cuts. At the beginning of December, markets were pricing in six rate cuts by the end of 2024, compared to the three priced in at the beginning of November.





Source: Guinness Global Investors, Bloomberg, as of 31st December 2023

Historically, there has been a moderate negative correlation between yields and equity performance. This was no different over the November-December period, with the MSCI World experiencing multiple expansion of 12%, the core driver of equity performance. It was not only multiple expansion that drove broad equity strength across sectors however, but sector-wide earnings revisions reflecting a modest improvement in the macro outlook. The third-quarter earnings season saw an acceleration in earnings growth for the S&P 500 for the first time in two years (and a return to positive growth, of 4.1%, for the first time in a year), surprising to the upside by +7.8% – the largest surprise in two years. Within the MSCI World's 14.8% total return (in USD) over the months of November and December, a 2.4% contribution came from earnings revisions (1 year blended forward).

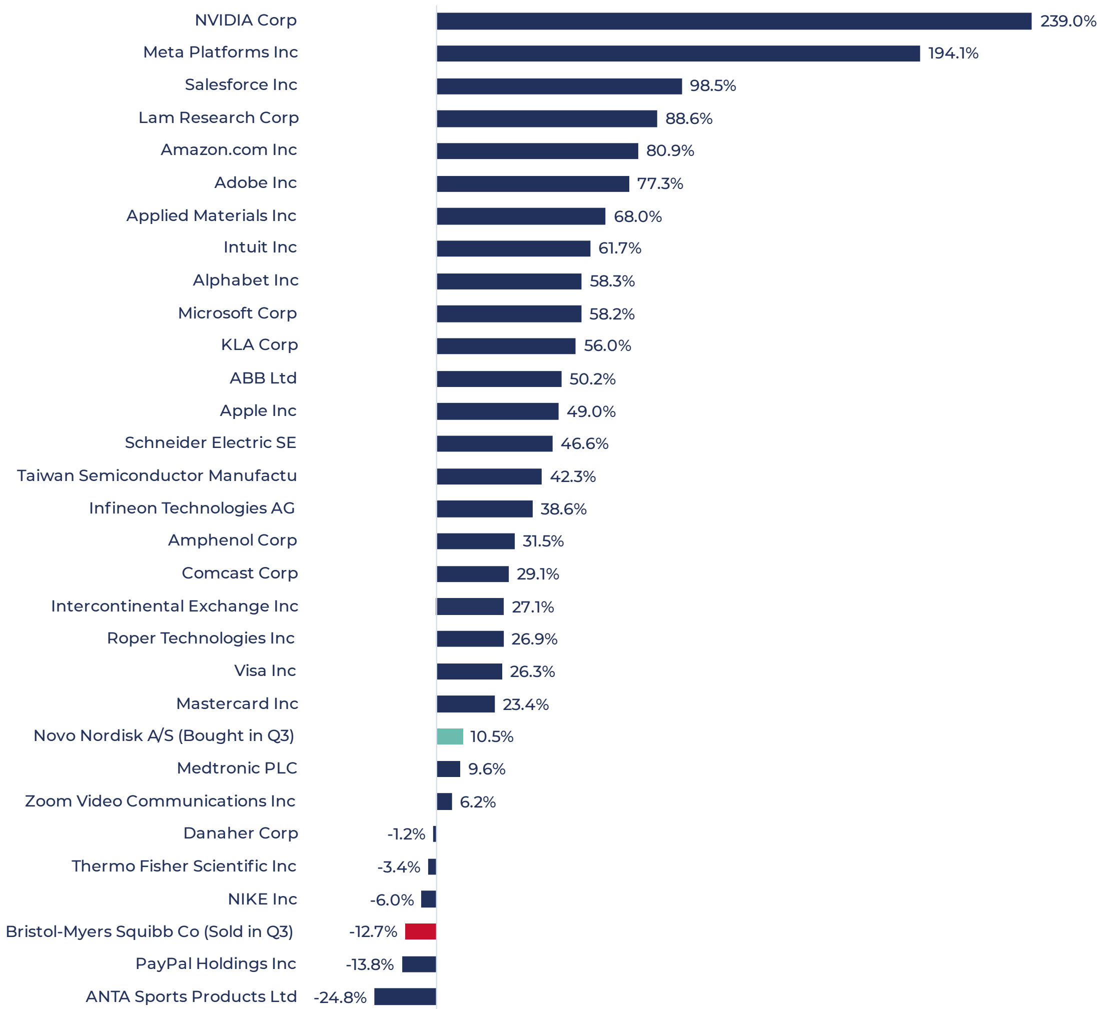


Source: MSCI, Guinness Global Investors, Bloomberg, as of 31st December 2023

With earnings season better than expected, inflation continuing to moderate, wage inflation and the job markets softening, a consumer in good health, and expectations that peak interest rates have been achieved, macro-economic sentiment has improved. We have also seen a slight softening in relations between China and the US, and the fact that OPEC failed to agree a production cut has allowed the oil price to weaken. Whilst the Israel-Hamas war and the upcoming US election continue to pose unforeseen risks, ultimately, the market is seemingly more confident that further monetary tightening will not be required and thus imagining a situation where inflation is no longer front of mind. This has driven a rotation towards more cyclically orientated sectors, as risk-on sentiment takes hold. Interestingly, without the 'everything' rally seen in the final months of the year, global equities excluding the Magnificent Seven would have ended largely flat over 2023.

INDIVIDUAL STOCK PERFORMANCE

The chart below shows the fund constituents' performance over 2023 in USD.



Source: Guinness Global Investors, Bloomberg, as of 31st December 2023

<u>Nvidia (+239.0% USD)</u>

Nvidia was the Fund's top performer in 2023, delivering a standout total return of +239.0% USD over the year. As mentioned above, the chip designer's unique position (c. 95% share) in supplying GPU chips that can handle the computing power required for Generative AI drove the stock to new heights, breaching the $1trn market cap threshold for the first time on the 30th May. The chip in question, the H100, was released in 2022 and costs around $40,000 per chip, promising higher performance and reduced training costs for AI learning systems. Excitement over the technology demonstrated by Chat GPT led to a rush in tech firms across sectors attempting to purchase the chip, driving a positive read-across for the Semiconductor industry in general, with Semiconductor Equipment manufacturers such as Applied Materials, Lam Research and KLA all benefitting, and foundries such as TSMC also being dragged upwards. Whilst excitement over the potential for the technology was certainly the spark that started Nvidia's extraordinary climb over the year, the firm's success at translating these developments into revenue growth was the core driver. A vast amount of Nvidia's outperformance was at the end of May following Nvidia's blowout earnings release, where guidance of $11bn for the next quarter was $4bn ahead of expectations (+10.4% to consensus), yet the firm was to surprise to the upside twice more over the year – and impressively, by even larger 'beats' to consensus (+22.3% and +12.6%). The Fund's overweight position to the semiconductor industry is based on the view that these stocks have significant exposure to a number of the Fund's long term secular growth themes, not just Artificial Intelligence and Big Data, but themes such as Cloud Computing, Internet of Things, and Internet, Media and Entertainment which are likely to drive long-term growth in the industry. The common push-back on Nvidia is the valuation, yet with a blended 1 year forward P/E of just 25x (below the 10 year average of 32x), we think this is a very reasonable price to pay for a company which has a unique, defensible market leading position, track-record as an innovator, exposure to numerous long-term secular growth themes, paired with high quality fundamental characteristics, and we are confident the firm can continue to outperform the broader market.

Meta (+194.1% USD)

After suffering a tumultuous 2022, in which the stock ended the year as the Fund's bottom performer (-64.2% USD in 2022), Meta offset all of this negative performance in what was a stellar 2023 (+194.1% USD). Meta faced a number of headwinds over the course of 2022, battling not only a rotation away from technology and growth, but increasing competition, a slowdown in advertising spend sparked by recessionary fears, and shareholder discontent over the firm's spending outlook. However, with 'growth' back in favour and a vastly improved macro-economic outlook, advertising spend returned alongside positive momentum to the stock. Perhaps the biggest catalyst, however, was the firm's strategic shift to spending. In February, Meta shifted their focus towards their cost structure, cutting back on large-scale spending plans on Metaverse through their Reality Labs program, alongside making significant headcount reductions. This appeased core investor concerns on the outlook for Free Cash Flow. More promisingly, from our perspective, was the underlying strength in the firm's core platform. After three consecutive quarters of negative top-line growth, revenues accelerated consecutively across the year, from -4.8% in 4Q22 (released in Q1) to 23.2% in 3Q23 (released in Q4). Daily Active Users and Average Revenues per User also accelerated throughout the year, driving 3Q23 advertising revenues of +23.5% year-on-year in 3Q23 – surprising to the upside for the 5th successive quarter. The firm's 'reels' product has been a key driver of this improvement, proving itself to be highly effective at driving greater engagement, whilst Meta has proven highly successful at monetising nascent products, which should offer a continued tailwind into 2024. At its core, Meta achieved better engagement, more effective monetisation, alongside a leaner cost base over 2023, allowing operating margins to return from all time-lows at the end of last year to a level slightly ahead of their long run average by 3Q23. This is all whilst being subjected to a better operating environment. Whilst we recognise that the firm's 2023 performance is off the back of easier year-on-year comparable metrics, Meta's fundamental characteristics are looking stronger than ever, and we continue to see long term growth for the firm.

Anta Sports (-24.8% USD)

Despite outperforming the MSCI World in Q1 and Q3, regional headwinds were significant over the year, with weakness in Q2 and Q4 meaning Anta Sports ended the year as the Fund's bottom performer. At the end of 2022, investors piled into the stock off the back of the Chinese reopening, yet this 'reopening trade' was perhaps over-optimistic and failed to meet expectations, with a weaker than hoped Q1 earnings release. Later in Q2, the firm's 'top-up' placement of $1.5bn, issued at an 8.8% discount to the share price at the time, weighed heavily on the stock. The proceeds of the placing were to be used for paying down some outstanding debt, investment in the South-East Asia business, and adding to the firms general working capital. Whilst creating an overhang for the stock, we viewed the decision on the whole as a positive, giving management the flexibility to continue investing in the business and allowing the firm to take advantage of long-term opportunities. Anta actually ended Q3 as the Fund's top performer following a very strong 1H earnings. The firm delivered a record high operating margin for the firm's FILA and outdoor brands, record-high cash flow (134% operating cash flow growth) and strong inventory management. Adjusted first half profits were up 40% from a year prior, with the top-line also growing 14.2%. The firm also increased the dividend to HK$0.82, 32% higher than the year prior. However, regional pressures, and weakness in the Chinese Consumer Discretionary sector in particular, offered a significant headwind for the remainer of the year. In what was a relatively light news-flow period for the stock, share price weakness was predominantly driven by a negative read-across from Adidas, whose Greater China region disappointed over the quarter, growing at just 5.7% (year-on-year) vs 8.4% expected – a meaningful drop from the 16% seen the prior quarter. Whilst we recognize the regional risks associated with the Chinese region, from a stock perspective, we remain confident in the long term outlook of Anta Sports, which benefits from a number of long-term structural tailwinds. Beijing continues to promote exercise and sports, pouring billions into initiatives such as the "Healthy China 2030" Plan, which should serve to lift the sports industry's contribution to GDP. China's per capita spending on sportswear remains comparatively low at $31, but as the middle class emerges, analysts expect this to rise to a similar level as Japan ($110) by 2030 (US $307), and the country is experiencing rising participation rates in sports. The firm has a number of meaningful growth opportunities including geographical expansions as well as forays into the premium segment of the market. All in all, we believe the fundamentals behind the company remain strong, and underlying secular trends should serve to boost Anta's revenue profile into the long term.

PayPal (-12.1% USD)

PayPal ended 2023 as the Fund's second worst performer. The majority of PayPal's underperformance occurred on two separate occasions - both a result of disappointing earnings releases, but both of which failed to justify, in our opinion, the resulting negative share price reactions. During 2022, the firm pivoted in strategy – moving away from high targets of user growth and instead towards a more engaged user. The impact of this shift could be seen throughout the earnings releases of 2023. Whilst growth in Active Accounts largely stalled, an improvement in the quality of their Account members was clear, with Total Payment Volume accelerating in each quarter since 4Q22 to reach all-time highs, driven by the 'Number of Payment Transactions' and 'Number of Transactions per Active Account' both offering double digits year-on-year growth in each quarter over the year. Yet despite raising full year EPS guidance twice during the year and seeing modest year-on-year revenue growth (and all-time high revenues) across quarters, Q1 and Q2 earnings saw the stock fall significantly following results. This negative price reaction has been driven by weaker Transaction Margins, which have slid from pandemic-era highs (52%-58% during 2021) to 45.4% in 3Q23. Gross Profit growth was also relatively light. Weaker margins were driven by the firm's unbranded suite of products, PCP and Braintree, an unbranded checkout alternative to the firm's traditional payment button. The product is aimed at small businesses, and allows them to accept cards, digital wallets, and even Apple Pay. Whilst currently lower margin, the product is a 'strategic imperative' for the firm since it is growing faster than the market (nearly 30% year-on-year) and allowing the firm to take share of new market with approximately $750 million in TAM. More importantly, the unbranded suite offer a *"significantly enhanced margin structure compared with the largest enterprise customers",* an area that should allow the firm to demonstrate margin expansion over the long term. Whilst we understand market frustrations around immediate profitability, we do believe the firm has the right tools and trajectory to execute on both improving top-line growth and profitability. We believe new CEO Alex Chriss is focusing the company in the correct direction – in particular, driving profitability of Braintree and being more focused in their growth efforts – both pain points for the company, but both with material upside potential. The company maintains solid fundamentals, and we continue to view PayPal as an attractive opportunity.

PORTFOLIO CHANGES

We sold one position and initiated one new position over the course of 2023. This switch occurred during Q3.

Number of changes to the portfolio

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Buys	6	7	4	5	3	5	3	3	1
Sales	6	7	4	5	3	5	3	3	1
Total Holdings	30	30	30	30	30	30	30	30	30

Buy - Novo Nordisk

Novo Nordisk is an innovative industry leader characterised by high R&D / sales and world class new product innovation, driving sector beating cash returns. The firm have shown strong momentum in recent quarters, with their weight loss drug Wegovy exhibiting positive early results and looks set to be a meaningful growth driver for the business going forward. Additionally, they are also showing a broadening out of strength from the rest of the portfolio, particularly in Cardio Vascular which has a much wider addressable market. Sales growth has been accelerating with a 2yr forward sales CAGR of 22% and a 2yr forward EPS CAGR of 30%. The firm's CFROI (cash flow return on investment) stands at 20.4%, the firm has strong dividend growth

(5 year dividend CAGR is 10%) and the balance sheet remains solid (debt has grown to $25bn but is ~ 0.3X EBITDA, a very manageable figure). The firm has a very strong mix of both quality and growth characteristics, paired with a number of long term secular drivers – characteristics we look for within the Fund strategy.

Sell - Bristol Myers Squibb

Over the holding period, Bristol-Myers Squibb returned +9.6% vs the MSCI World +34.4%. Our sell decision was based on a view of a weakened outlook. In Q2 2023, management downgraded guidance for FY2023, previously seeing 2% topline growth and now seeing low single digit declines, primarily due to generic competition from biosimilars which hurt demand for its myeloma therapy, Revlimid. Revlimid sales are tracking weaker than expected and there are additional headwinds on the horizon, with BMS patents expiring on drugs such as Opdivo, a cancer drug, and Eliquis, a blood thinner.

This somewhat weaker relative performance, comes on the back of very strong performance in 2022 - where the stock rallied +19% vs the benchmark MSCI World Index which fell -18% and made BMY the best performer in the fund over the period. Generally healthcare did better in that period (along with defensive sectors more broadly) but the stock also benefitted from improved expectations of new pipeline drugs. In 2022 the multiple expanded from 8.5x to 10.5x, but we have seen that de-rate in 2023 back towards 8.5x on lowered growth expectations. We do not currently see strong potential for this to reverse, although we note any positive news flows on their pipeline progress would likely challenge that view (but is by definition hard to predict). We therefore felt there were better opportunities offering superior growth and quality characteristics that we seek.

ENGAGEMENT

At Guinness Global Investors, we believe that both individual and collaborative action around ESG issues is an important part of the investment process.

In 2023 we continued our participation in the CDP (Carbon Disclosure Project) non-disclosure campaign, which offers investors the opportunity to engage with companies that have received the CDP disclosure request but have not yet provided a response. The objective of the annual campaign is to drive further corporate transparency around climate change, deforestation, and water security, by encouraging companies to respond to CDP's disclosure requests. Our participation includes the opportunity to lead engagements with investee companies where relevant. As a 'lead Signatory', we would be responsible for managing the correspondence between ourselves and the subject company, on behalf of both Guinness and other investors who had opted to be part of the campaign. If unsuccessful in our application as a 'lead', we could opt to be a 'co-signatory', where we would have our signature included at the bottom of the letter, and have the correspondence sent on our behalf by another 'lead signatory'.

In 2023, within the Guinness Global Innovators Fund, we were the 'lead signatory' of a letter to Zoom, who then submitted to CDP for Climate Change in 2023. This followed success with the CDP campaign in 2022, where we were co-signatories of letters to Roper Technologies and Intercontinental Exchange in 2022, having previously written to these companies on our own (i.e. not part of the campaign) in 2021. Both Roper Technologies and Intercontinental Exchange submitted to the CDP for Climate Change in 2022 and 2023. Within the Fund, all 30 holdings now submit to the CDP with respect to Climate Change.

Whilst disclosure is a significant first step, we view setting strong, achievable climate targets as critical in aligning companies globally to the goals set within the Paris Agreement, to limit global temperature rise to below 1.5°C by 2050. We also believe it focusses companies on their exposure to broader business risk associated with emissions and the costs that can be incurred. Following from the success that the CDP campaign has had in encouraging our Fund holdings to disclose, we then felt it was important to then encourage our Fund holdings to set science-based emissions reduction targets (SBTs) through the Science Based Targets initiative (SBTi). The SBTi is a partnership between the CDP, UN Global Compact, WRI and WWF, and is a globally recognised standard in setting audited emission reduction targets. Its main purpose is to provide companies with resources and assistance to future-proof business growth by setting science-based emissions reduction targets that are aligned to the Paris Agreement.

Within the Global Innovators Fund and as part of a campaign led by the SBTi, we were co-signatories to eight companies who had yet to submit Science Based Targets during 2023. We followed up this co-signed letter with our own letter, not only encouraging SBTi-audited targets, but encouraging them to pledge continued commitment to the CDP going forward (given that they have previously participated in the CDP campaign). It is too early yet to measure the success of this campaign, but we will monitor its success into 2024, and continue our engagements where necessary.

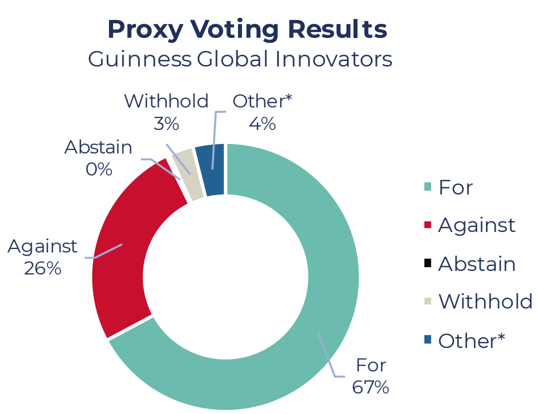
Finally, we continued on from our 2022 executive remuneration engagement with our portfolio companies. After reviewing each of our holdings' remuneration policies, we believe that there is strong evidence to suggest that management incentive packages do indeed influence decision making, company strategy and overall company performance.

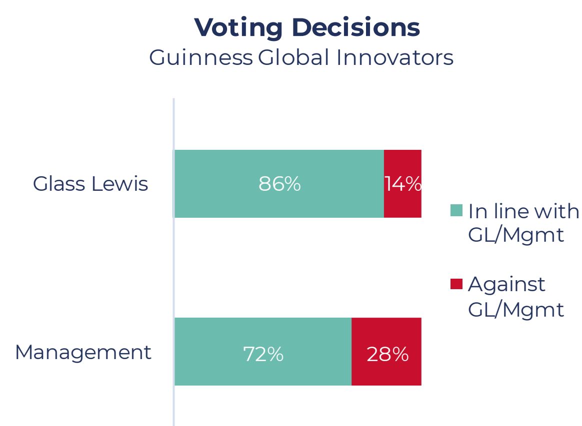
We have undertaken analysis of the remuneration structures of all 30 Global Innovators holdings and in 2022 engaged with 27 of these names regarding best practices. We continued these discussions over much of 2023, but also placed additional focus on holdings which received meaningful shareholder proxy voting dissent (~10%+) regarding their latest remuneration plans. We re-engaged with these 15 holdings (both investor relations and, in some cases, the management teams) to discuss what changes they are planning to make to the structure, in light of the latest investor feedback. We are encouraged to see that, in the majority of cases so far, these holdings are taking on board a range of investor feedback and are discussing changes to the executive compensation structure to align it more closely with the interest of shareholders going forward. We will continue to monitor and engage on these issues during 2024.

PROXY VOTING

At Guinness Global Investors, we manage the voting rights of the shares entrusted to us. Our voting philosophy reflects our corporate values, our long-term perspective, and our focus on sustainable returns. Over 2023, we voted in 95% of the 539 proposals allocated to holdings within the Guinness Global Innovators Fund. It is important to note that in order to vote in some markets, such as Switzerland, some markets require shares to be temporarily immobilised from trading until after the shareholder meeting has taken place. In these instances, we decided it would be in clients' best interests to refrain from voting – these 'non-voted' proposals accounted for the remaining 5% of proxy votes.

Of the proposals voted, 28% were 'Against' management, and 14% were 'Against' the recommendations of Glass Lewis, our proxy voting provider.



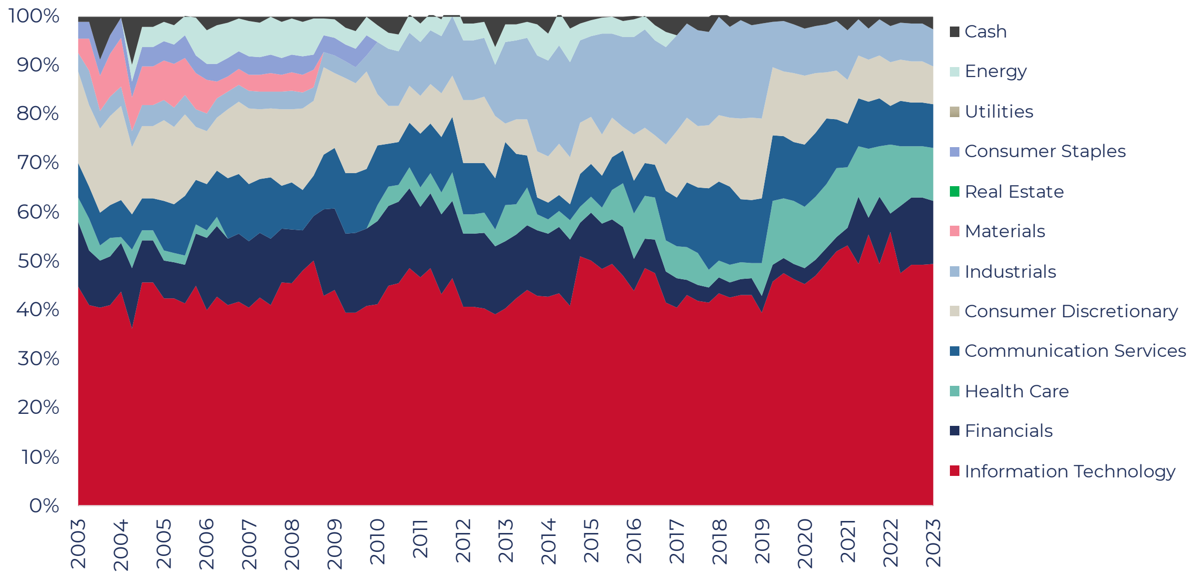


**Other includes votes such as '1 year', 'take no action', and 'do not vote'. Votes in 2023.*

PORTFOLIO CHARACTERISTICS

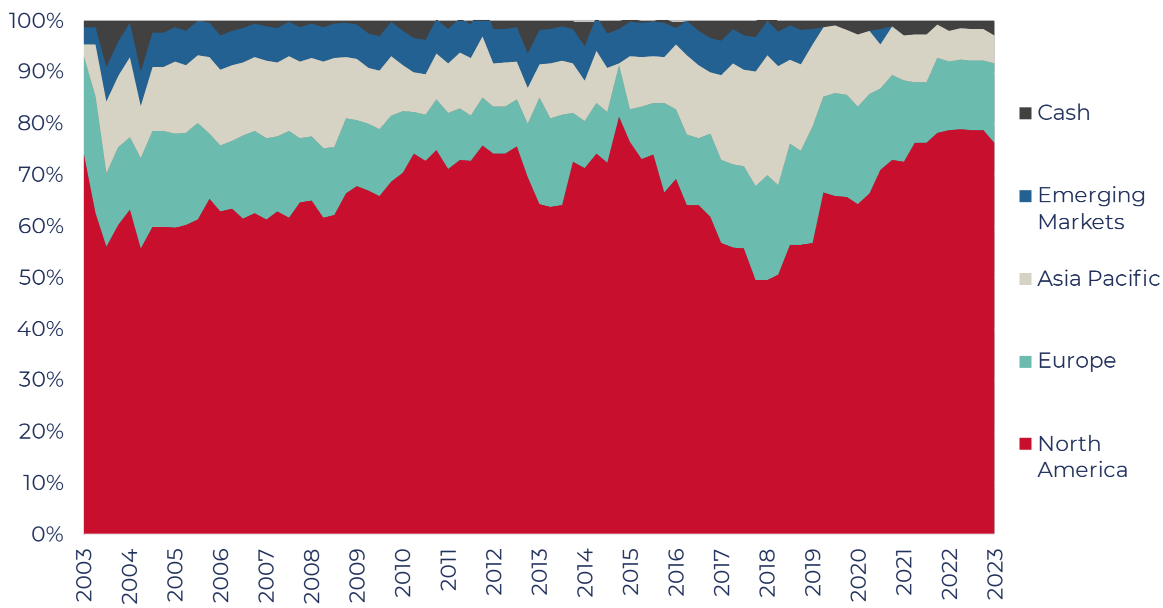
The charts below show the sector and geographic breakdown of the portfolio at the end of each quarter since the strategy's inception.

Portfolio sector breakdown (all dates at quarter-end)



Source: Guinness Global Investors, Bloomberg, as of 31st December 2023

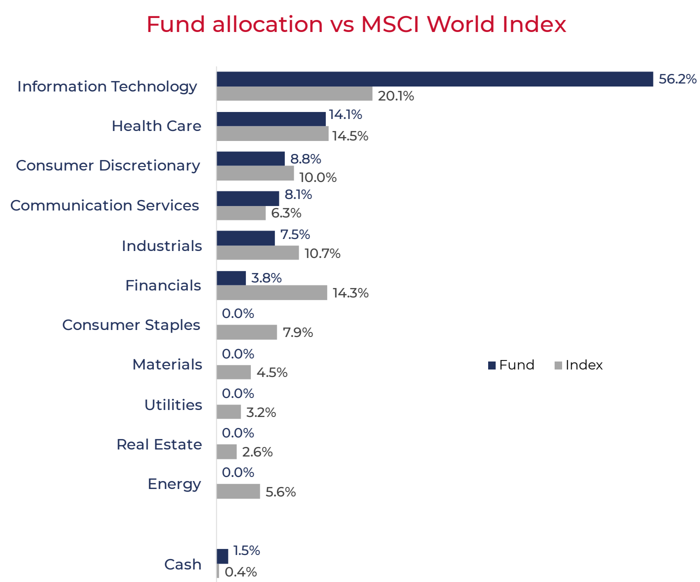
Portfolio geographic breakdown (all dates at quarter-end)

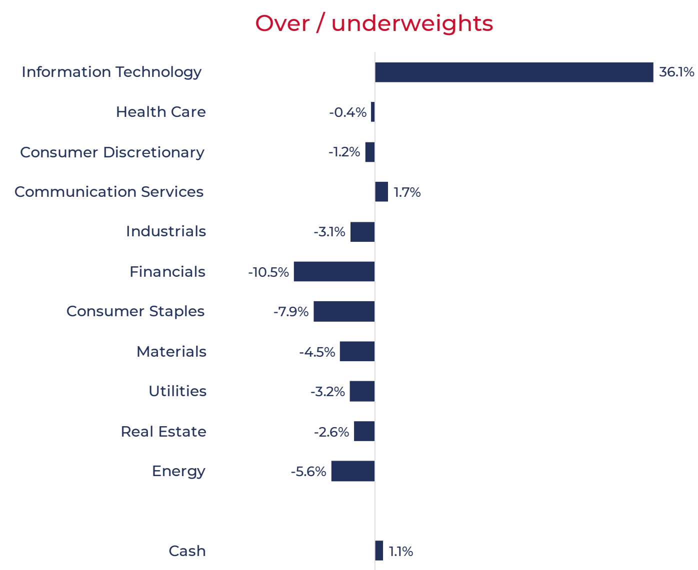


Source: Guinness Global Investors, Bloomberg, as of 31st December 2023

Over 2023, the net effect of purchasing Novo Nordisk whilst selling Bristol Myers-Squibb had no effect on the Fund's sector exposures, with both stocks within the Healthcare sector. This did, however, slightly shift geographic exposure towards Europe and away from North America, although the portfolio continues to have a bias to the U.S and an underweight position to Europe and Asia.

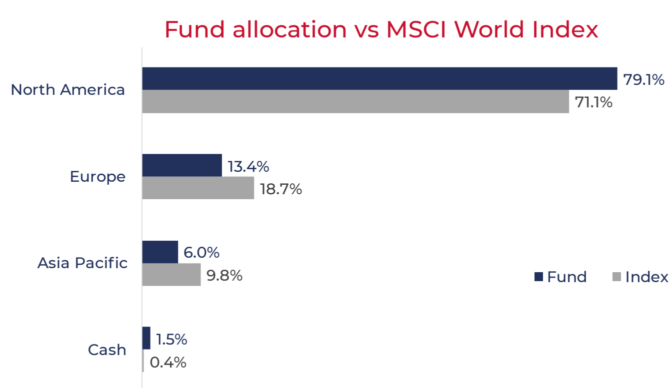
Sector breakdown of the fund versus MSCI World Index

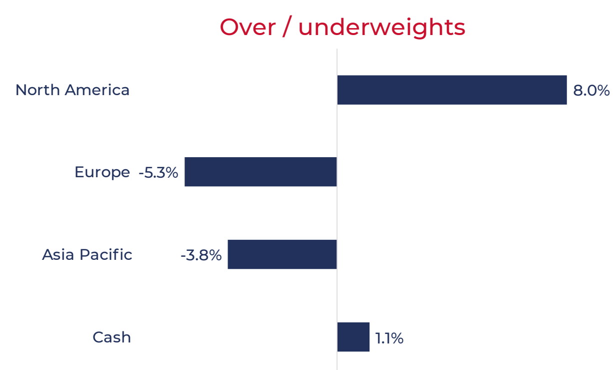




Source: Guinness Global Investors, Bloomberg, as of 31st December 2023

Geographic breakdown versus MSCI World Index





Source: Guinness Global Investors, Bloomberg, as of 31st December 2023

OUTLOOK

The Guinness Global Innovators fund seeks to invest in high-quality, innovative growth companies trading at reasonable valuations. By doing so, we seek to invest in companies that are experiencing faster profit growth, larger margins and with less susceptibility to cyclical pressures.

During the year, the Fund benefitted from a number of tailwinds, including a rotation back towards 'growth' over 'value', greater 'risk-on' sentiment driving the outperformance of 'cyclicals' vs 'defensives', alongside developments in Artificial Intelligence – one of the nine key innovation themes in which the Fund has significant exposure to. Whilst we would expect the Fund to outperform in such an environment, we are pleased with the magnitude of outperformance over the year, with returns not just ahead of the MSCI World Index, but the MSCI World Growth index too. What is particularly pleasing, however, is the Fund's longer-term performance. The Fund remains in the top quartile versus peers across 1, 5 and 10 year (strategy performance) periods, and in the second quartile over a 3 year period, despite the varying market conditions seen during the past few years and particularly the difficult environment for 'growth' stocks during 2022. Our focus on quality growth-at-a-reasonable-price has helped the Fund in more difficult market environments, not only benefitting from businesses who are able to withstand more difficult demand periods with strong balance sheets and higher margins, but also avoiding the volatile non-profitable tech businesses that have swung between large rises and falls, and often underperforming over longer time frames.

In addition, the Fund has good exposure to the long-term secular trend that it Artificial Intelligence, investing in a number of the leading enablers and integrators within the space, and this has been the key driver of performance over 2023. However, the Fund is diversified across a number of other long term secular themes, that we believe should benefit from continued growth prospects with less sensitivity to the broader economic cycle. In our view, a diversified approach helps protect the Fund against the boom/bust cycles that a single theme (such as AI) may experience, reducing volatility of returns whilst also capturing the long-term growth trends that these companies are exposed to. Whilst we identify companies with exposure to a number of themes that are driving growth, disrupting incumbent business models or technology, or significantly improving current products or services, our focus is on high quality businesses with strong fundamental characteristics, rather than those at the more speculative end of the spectrum.

The table below illustrates how the portfolio at year-end reflects the four key tenets of our approach: growth, quality, value, and conviction. The Fund has superior growth characteristics to the broader market, with both a higher trailing revenue growth rate, alongside higher estimated growth over 2024 (vs 2023). Fund holdings, on average, offer higher quality attributes than the broader index, with a significantly greater Return on Capital and more robust balance sheets. The fund currently trades at a 28.2% premium to the benchmark on a 1 year forward P/E basis which we believe is a small price to pay for this attractive set of characteristics.

Portfolio metrics versus MSCI World Index

		Fund	MSCI World Index
Growth	Trailing 5-year sales growth (annualised)	14.2%	3.8%
	Estimated earnings growth (2024 vs 2023)	17.6%	9.4%
Quality	Return-on-Capital	24.3%	5.8%
	Weighted average net debt / equity	14.8%	76.2%
Valuation	PE (2024e)	22.6x	17.6x
	PE (2024e) vs MSCI World Growth*	22.6x	24.8*
Conviction	Number of stocks	30	1480
	Active share	80%	-

Source: Guinness Global Investors, Bloomberg, as of 31st December 2023

Over the course of 2023, many of the key concerns held by the market at the start of the year had largely abated, and the outlook is certainly more positive than it may have looked a year ago. Economic growth in the US has proven far stronger than expected, propped up by resilient consumer spending and strong jobs numbers, and recessionary risks appear to have faded significantly. At the same time, inflation has continued to trend towards targeted levels, more than halving at the headline level over 2023 in the US (3.1% for November 2023), and the Fed's preferred measure, Core PCE, dropping to 3.2% in November (year-on-year seasonally adjusted figure) vs 4.9% at the beginning of the year. It appears that the Federal Reserve has greatly improved the chances of achieving a 'goldilocks' scenario - both taming inflation and avoiding a recession, and ultimately bringing the economy into a soft-landing, with positive (albeit low) economic growth now appearing to be the most likely outcome. Having held rates constant for three consecutive meetings and inflation continuing to return to target levels, interest rate cuts appear very likely during 2024, which should act as a tailwind for equities.

Whilst there is much to be positive about with respect to the outlook, we do not expect these positive trends to translate into a strong cyclical upswing in growth but a moderate demand environment, and we are certainly aware of a number of risks: the market had already priced in six interest rate cuts at the beginning of the year over the course of 2024, with the downside risk to equities being any number of rate-cuts less than this; equity market valuations remain ahead of long-run averages, and a correction may yet occur; even if inflation continues to fall and rates are cut as expected (neither of these are a given), if this is driven by substantially lower economic growth (i.e. a recession is not yet avoided), this has the potential to weigh on equity performance. Whilst these situations would not necessarily be our 'base case' scenario, we are certainly cognisant of the risk they may pose.

We believe there is a good argument for high quality stocks with exposure to long term secular growth themes in this current market environment, as these companies should continue to be able to grow even in a lower growth environment, whilst being protected by better fundamental characteristics in terms of margins and balance sheets but also performing well during cyclical upswings. We are confident that the Fund's focus on high quality growth stocks, underpinned by structural changes stands us in good stead going forward. Our bottom-up approach helps to identify these quality growth companies, whilst also maintaining a valuation discipline. In addition, our equally weighted positions limit over-reliance on any single company. We continue to focus on these key tenets in the Fund and remain confident of this process over the long term.

May we wish you a happy and prosperous New Year, and we look forward to updating you on the progress of the Fund over the course of 2024.

Portfolio Managers
Matthew Page
Ian Mortimer

Investment Analysts
Sagar Thanki
Joseph Stephens
William van der Weyden
Jack Drew
Loshini Subendran

GUINNESS GLOBAL INNOVATORS FUND - FUND FACTS

Fund size	$859.7m
Fund launch	31.10.2014
OCF	0.83%
Benchmark	MSCI World TR

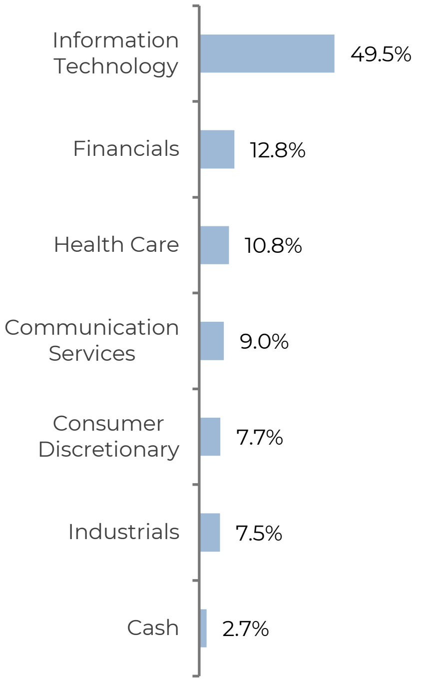
GUINNESS GLOBAL INNOVATORS FUND - PORTFOLIO

Top 10 holdings

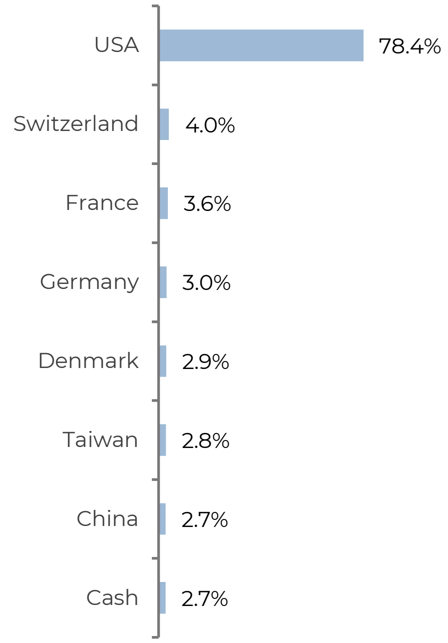
Nvidia Corp	4.4%
Lam Research	4.1%
KLA-Tencor	4.1%
Microsoft	4.1%
Intuit Inc	4.1%
ABB	4.1%
Amphenol Corp	4.0%
salesforce.com	3.9%
Applied Materials	3.8%
Mastercard Inc	3.7%

Top 10 holdings	40.3%
Number of holdings	30

Sector



Country



Past performance does not predict future returns.

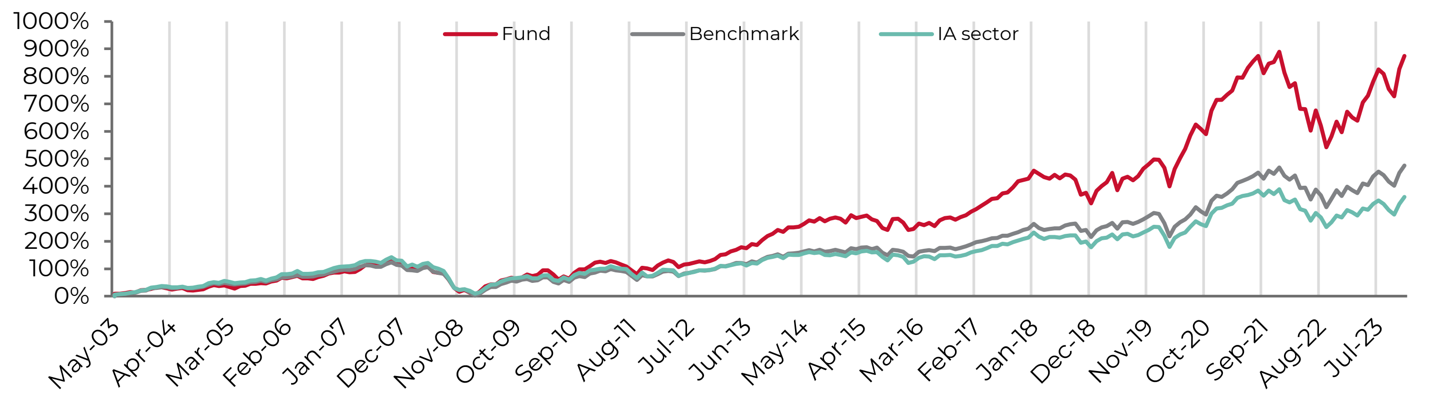
GUINNESS GLOBAL INNOVATORS FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+4.2%	+32.1%	+32.1%	+28.3%	+122.6%	+270.2%
MSCI World TR	+4.2%	+16.8%	+16.8%	+32.4%	+82.5%	+196.5%
IA Global TR	+5.2%	+12.7%	+12.7%	+17.9%	+65.7%	+141.8%
(USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	+4.9%	+40.0%	+40.0%	+19.7%	+122.8%	+185.7%
MSCI World TR	+4.9%	+23.8%	+23.8%	+23.4%	+82.7%	+128.3%
IA Global TR	+5.9%	+19.4%	+19.4%	+10.0%	+65.9%	+86.2%
(EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	+3.6%	+35.2%	+35.2%	+32.6%	+130.6%	+255.1%
MSCI World TR	+3.6%	+19.6%	+19.6%	+36.7%	+89.0%	+184.7%
IA Global TR	+4.6%	+15.4%	+15.4%	+21.8%	+71.7%	+132.2%

GUINNESS GLOBAL INNOVATORS FUND - ANNUAL PERFORMANCE

(GBP)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	+32.1%	-20.7%	+22.6%	+32.1%	+31.3%	-11.9%	+22.0%	+27.7%	+2.0%	+18.9%
MSCI World TR	+16.8%	-7.8%	+22.9%	+12.3%	+22.7%	-3.0%	+11.8%	+28.2%	+4.9%	+11.5%
IA Global TR	+12.7%	-11.1%	+17.7%	+15.3%	+21.9%	-5.7%	+14.0%	+23.3%	+2.8%	+7.1%
(USD)	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Fund	+40.0%	-29.6%	+21.5%	+36.3%	+36.6%	-17.0%	+33.6%	+7.2%	-3.5%	+11.9%
MSCI World TR	+23.8%	-18.1%	+21.8%	+15.9%	+27.7%	-8.7%	+22.4%	+7.5%	-0.9%	+4.9%
IA Global TR	+19.4%	-21.0%	+16.6%	+18.9%	+26.8%	-11.2%	+24.8%	+3.4%	-2.9%	+0.8%
(EUR)	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Fund	+35.2%	-25.0%	+30.7%	+25.0%	+39.1%	-12.9%	+17.3%	+10.2%	+7.3%	+27.4%
MSCI World TR	+19.6%	-12.8%	+31.1%	+6.3%	+30.0%	-4.1%	+7.5%	+10.7%	+10.4%	+19.5%
IA Global TR	+15.4%	-15.8%	+25.5%	+9.1%	+29.2%	-6.8%	+9.6%	+6.5%	+8.2%	+14.8%

GUINNESS GLOBAL INNOVATORS FUND - PERFORMANCE SINCE LAUNCH (USD)



Simulated past performance in ten year and since launch figures . The Fund was launched on 31.10.2014; performance data prior to this date is based on the actual returns of a US mutual fund using the same investment process as applied to the UCITS version.
Source: FE fundinfo to 31.12.23. 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 0.83%. 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. Graph data is in USD from 01.05.03.

WS GUINNESS GLOBAL INNOVATORS FUND - FUND FACTS

Fund size	£5.7m
Fund launch	30.12.2022
OCF	0.79%
Benchmark	MSCI World TR

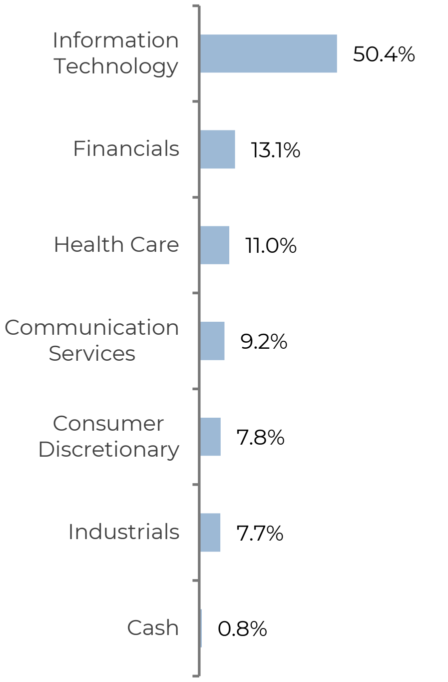
WS GUINNESS GLOBAL INNOVATORS FUND - PORTFOLIO

Top 10 holdings

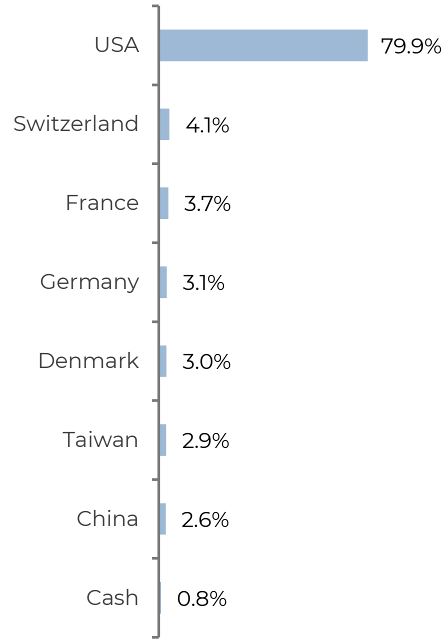
Nvidia Corp	4.4%
ABB	4.1%
Lam Research	4.1%
KLA-Tencor	4.1%
Microsoft	4.1%
Amphenol Corp	4.1%
Intuit Inc	4.0%
salesforce.com	4.0%
Applied Materials	3.8%
Mastercard Inc	3.7%

Top 10 holdings	40.3%
Number of holdings	30

Sector



Country



Past performance does not predict future returns.

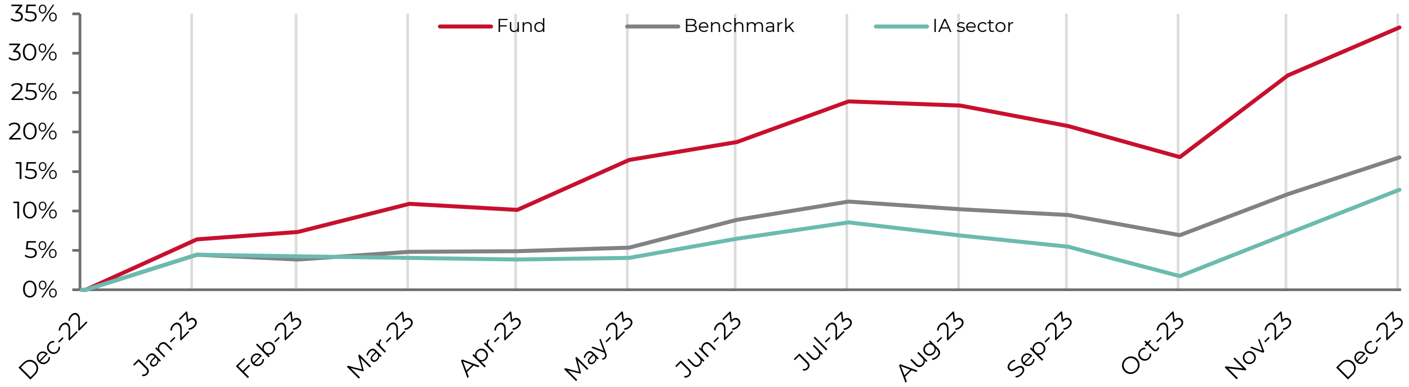
WS GUINNESS GLOBAL INNOVATORS FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+4.8%	+33.3%	+33.3%	-	-	-
MSCI World TR	+4.2%	+16.8%	+16.8%	-	-	-
IA Global TR	+5.2%	+12.7%	+12.7%	-	-	-

WS GUINNESS GLOBAL INNOVATORS FUND - ANNUAL PERFORMANCE

(GBP)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	+33.3%	-	-	-	-	-	-	-	-	-
MSCI World TR	+16.8%	-	-	-	-	-	-	-	-	-
IA Global TR	+12.7%	-	-	-	-	-	-	-	-	-

WS GUINNESS GLOBAL INNOVATORS FUND - PERFORMANCE SINCE LAUNCH (GBP)



Source: FE fundinfo to 31.12.23. 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 0.79%. 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.

This report is primarily designed to inform you about the Guinness Global Innovators Fund and the WS Guinness Global Innovators 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. 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 Funds or to buy or sell individual securities, nor does it constitute an offer for sale.

GUINNESS GLOBAL INNOVATORS 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 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'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.

WS GUINNESS GLOBAL INNOVATORS 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 https://www.waystone.com/our-funds/waystone-fund-services-uk-limited/ or free of charge from:-

Waystone Fund Services (UK) Limited
64 St James's Street
Nottingham
NG1 6FJ
General enquiries: 0115 988 8200
Dealing Line: 0115 988 8285
E-Mail: clientservices@waystonefs.co.uk

Waystone Fund Services (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.

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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.

Telephone calls will be recorded and monitored.