

RISK

This is a marketing communication. Please refer to the prospectus, KIDs and KIID for the Fund, which contain detailed information on its characteristics and objectives, before making any final investment decisions.

The Guinness China RMB Income Fund is a bond fund. Investors should be willing and able to assume the risks of bond and fixed income 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	09.03.2023
Sector	IA Specialist Bond
Manager	EPIC Investment Partners

OBJECTIVE

The Guinness China RMB Income Fund aims to provide investors with a combination of capital appreciation and income. The Fund invests in a range of bonds and fixed income investments which will be denominated or hedged back to Renminbi (Renminbi or RMB being the official currency of China). The Fund buys government and quasi-sovereign bonds in the onshore China bond market and supranational and high-grade corporate credit in the offshore bond market. The Fund is actively managed without reference to a benchmark.

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COMMENTARY

Key data out of China in January was once again mixed; growth exceeded the government's "around 5%" target, at 5.2% for 2023. It therefore missed expectations for 5.3% expansion but was still a notable rebound from the 3% growth achieved in 2022. The property sector weakness remained a major drag as home prices fell the most in nearly a decade in December. Retail sales figures also missed expectations in December. On the brighter side, industrial production and fixed asset investment beat forecasts for the full year. Moreover, in a move to bolster transparency, the statistics bureau resumed reporting youth unemployment data, showing a jobless rate of 14.9% for 16-24 year olds in December. This excludes students and is down from 21.3% in June. The data indicates China's economy rebounded partially from its pandemic lows but still faces structural drags like the ailing property sector.

Later, deflationary concerns mounted as consumer price inflation fell 0.3% month-on-month in December, although above expectations. Producer price inflation fell 2.7% year-on-year (from -3% year-on-year in November). The fall marked the longest run of declines since 2009. Markets therefore looked to policymakers to act assertively to avoid a deflationary spiral. Other key data showed exports rising 2.3% year-on-year (exp. 1.5%, prev. 0.5%), while imports increased 0.2%, against expectations for a 0.5% fall.

The People's Bank of China surprised markets with a larger-than-expected cut to the reserve requirement ratio of 50 basis points, effective on 5th February, which will release CNY1tn of long-term liquidity to the market. The cut, which has normally been disclosed by the state agencies, was instead announced personally by the central bank's governor, Pan Gongsheng, signalling the willingness for policymakers to boost confidence.

Since the beginning of the year Chinese authorities have also taken steps to stabilise the renminbi amid extremely bearish market sentiment. China reported its substantial foreign currency reserves as increasing to USD3.238tn, providing the nation with sufficient firepower to stabilise the currency.

PORTFOLIO REVIEW

Positions across the portfolio performed well, particularly our holdings in China Government 3.6% 2028, state-owned China Cinda and the green bond issued by state-owned QNB Finance.

The yield on the 2-year benchmark China Government closed 8bps lower, at 2.10%.

Against the euro, the onshore and offshore renminbi currencies returned +0.86% and +1.23% respectively. The currencies returned -0.87% and -0.50%, respectively against the dollar.

The A1 (WARF) rated portfolio yields 2.85%.

OUTLOOK

At the beginning of January, Chinese authorities said the nation is looking to expand investment and government spending to boost economic growth in 2024. There are expectations that the government may opt for a higher budget deficit to help reflate the world's second largest economy, given uncertainties around consumption growth and external demand. The nation is said to be considering CNY1tn (\$139bn) of debt issuance under the special sovereign bond plan to shore up growth.

China appears to be pivoting its focus to addressing economic weaknesses and deflation risks rather than curbing debt and financial risks. Policymakers must ensure that appropriate measures are deployed to stimulate economic activity and stabilise the economy.

The nation has once again set an ambitious 5% growth target for 2024, indicating a pro-growth stance, particularly given economic expansion will be measured against a higher base.

GUINNESS CHINA RMB INCOME FUND - FUND FACTS

Fund size	\$4.2m
Fund launch	09.03.2023
OCF	0.60%
Benchmark	N/A
Historic yield	2.0% (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 CHINA RMB INCOME FUND - PORTFOLIO

Top 10 holdings	Credit Rating	Country
China Govt Bond 3.6% 27/06/2028	8.7%	AAA
China Govt Bond 3.31% 30/11/2025	8.4%	AA
China Govt Bond 3.39% 21/05/2025	8.4%	A
China Govt Bond 3.38% 21/11/2024	8.4%	
China Govt Bond 4.0% 22/05/2024	8.4%	
China Govt Bond 3.03% 24/06/2024	8.3%	
KFW 6.7% 25/03/2024	6.6%	
Agri Dev Bank China 3.4% 06/11/2024	5.0%	
HK Mortgage Corp 2.7% 09/02/2024	5.0%	
KEXIM 2.8% 03/03/2024	5.0%	
Top 10 holdings	72.2%	
Number of holdings	16	

Country	Percentage
China	68.6%
Germany	6.7%
Hong Kong	5.0%
South Korea	5.0%
United Arab Emirates	5.0%
Qatar	4.5%
Supranational	3.3%
Cash	2.0%

Guinness China RMB Income Fund

Past performance does not predict future returns.

GUINNESS CHINA RMB INCOME FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
(USD)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
(EUR)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr

GUINNESS CHINA RMB INCOME FUND - ANNUAL PERFORMANCE

(GBP)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
(USD)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
(EUR)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014

GUINNESS CHINA RMB INCOME FUND - PERFORMANCE SINCE LAUNCH (USD)

For regulatory reasons, we are unable to provide performance information where the track record is less than 12 months.

Source: FE fundinfo to 31.01.24. 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 0.60%. 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 fixed interest securities and equity and fixed interest markets invested in by the Guinness China RMB 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