Guinness Global Innovators

Investment Commentary – October 2023

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

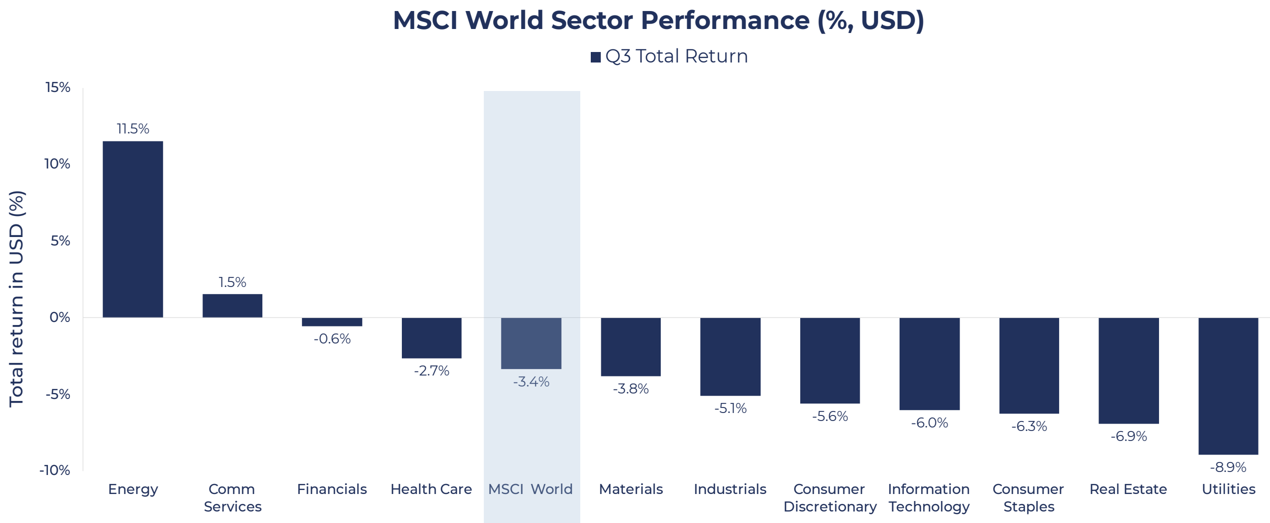
In the third quarter of 2023, the Guinness Global Innovators Fund returned 1.1% (in GBP), the MSCI World Index returned 0.6%, and the IA Global sector returned -1.0%. The Fund therefore outperformed the Index by 0.5% over Q3 and outperformed its peer group average by 2.1%.

In the year to the end of September, the Fund returned 20.9% (in GBP), the MSCI World Index returned 9.5%, and the IA Global sector returned 5.5%. The Fund therefore outperformed the Index by 11.4% over the period and outperformed its peer group average by 15.4%.

Faced with persistently high core inflation in many regions, tighter monetary policy than expected from global central banks, a disappointing Chinese re-opening and the potential for recession, investors largely brushed these concerns aside after the US banking crisis was resolved in March. For a few months, investors appeared optimistic that the US could achieve a soft landing – whereby inflation is tamed and a recession is avoided. Equity index performance was largely driven by a narrow selection of mega-cap stocks, and particularly those most exposed to artificial intelligence. However, during August and September, equity markets faltered. For example, in August the S&P 500 had its first negative monthly return in five months.

Sector performance over the quarter reflects the potential for a lower-growth environment alongside 'higher for longer' interest rates. Beyond the Energy sector (which had strong performance as the oil price rallied) and Communication Services (dominated by Alphabet's positive performance and large weight in the sector), all other sectors fell. 'Bond proxy' sectors Real Estate and Utilities led the declines, followed by Consumer Staples and then Information Technology.

A key element of equity weakness over this period was a rise in treasury yields. The 10 year US treasury yield rose 73 bps to 4.6%, a level not seen since August 2007, as expectations of tighter-for-longer monetary policy took hold. The Federal Reserve's September dot plot suggested just two rate cuts in 2024 rather than the four estimated in its June meeting. Combined, this led to the underperformance of 'higher-duration' equities – both the high dividend yield sectors such as Utilities, and companies with valuations linked to higher future growth in the Information Technology sector.



Source: Guinness Global Investors, Bloomberg (data as of 30th September 2023)

Fund performance over the third quarter can be attributed to the following:

- The rotation towards value acted as a headwind to relative performance, with the Funds' greater exposure to growth as a factor acting as a drag. However, strong stock selection within Information Technology, Communication Services and Consumer Discretionary sectors more than offset this effect, allowing the Funds to outperform the benchmark. Being conscious of valuation allowed the Funds to avoid some of the more 'speculative growth' stocks that were most exposed to valuation contraction during the quarter.
- By sector, Communication Services offered the greatest contribution to outperformance, with both good stock selection and a positive allocation effect. All three holdings in the sector outperformed both the MSCI World Index and the MSCI World Communication Services: Alphabet (+9.3% USD), Comcast (+7.5% USD) and Meta (+4.6% USD).
- Information Technology offered the largest drag in terms of allocation, as the benchmark's third worst performing sector during the quarter and the portfolio's largest overweight position. However, strong stock selection more than offset this impact, with names such as Intuit (+11.7% USD), Adobe (+4.3% USD), and Zoom (+3.0% USD) outperforming the broader sector index by at least 9% (the MSCI World Information Technology Index returned -6.0% USD).
- Having no exposure to the best performing sector, Energy, acted as a drag from an allocation perspective. The Funds' overweight position to Semiconductors offered one of the largest drags, with Infineon (-19.6% USD) and TSMC (-13.5% USD) the two weakest holdings over the period.

Alongside the strong relative performance of the Funds during the quarter, the Guinness Global Innovators Fund ranks in the top quartile versus the IA Global Sector year-to-date, as well as over the longer time frames of 1, 5, & 10-year periods, as well as since launch. We are especially pleased with relative performance over three years as this includes the 'boom-bust' period for some growth stocks during the pandemic, when the Fund navigated a volatile environment well and avoided the most speculative areas of the market thanks to our focus on quality and valuation.

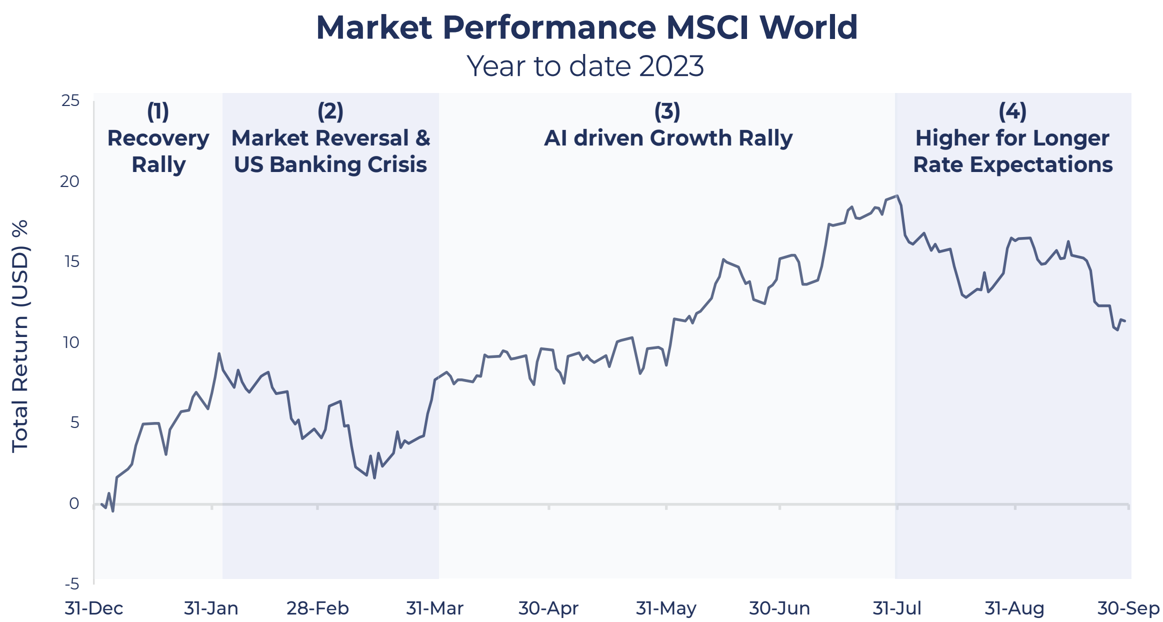
Cumulative % total return in GBP to 30.09.2023	YTD	1 year	3 years	5 years	10 years*	Launch*
Guinness Global Innovators Fund	**20.9**	**21.7**	**27.8**	**74.0**	**272.1**	**1024.7**
MSCI World Index	9.5	11.5	33.7	51.7	193.6	582.1
IA Global sector average	5.5	7.8	21.0	37.4	136.6	446.1
IA Global sector ranking	^	11/530	172/456	7/386	5/238	5/97
IA Global sector quartile	^	1	2	1	1	1

Source: FE fundinfo. Strategy launched 01.05.2003. ^Ranking not shown in order to comply with European Securities and Marketing Authority rules.

**Simulated past performance. 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 managed by the same team using the same investment process as applied to the UCITS version.*

QUARTER IN REVIEW

Following a strong first half for global equity markets, the growth-driven rally stalled at the end of July. The year so far 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 30th September 2023

(1) – Recovery rally

At the beginning of the year, many of the key market concerns from 2022 abated (inflation, China's covid policy, recessionary risks and an energy crisis), with renewed hope of a soft landing. As risk-on sentiment returned, the more cyclically orientated sectors that underperformed in 2022 outperformed in January. With a market view of an earlier pivot towards looser monetary policy, growth outperformed during the period.

(2) – Market reversal and banking crises

The market reversed course in early February. Employment and inflation data came in surprisingly 'hot' in both the US and Europe, and Federal Reserve Chair Jay Powell followed with hawkish rhetoric over the future path of interest rates, driving expectations of a higher and later peak rate. 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 drove 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, also supporting growth stocks as expectations of an earlier 'pivot' strengthened once again.

(3) Growth/AI outperformance

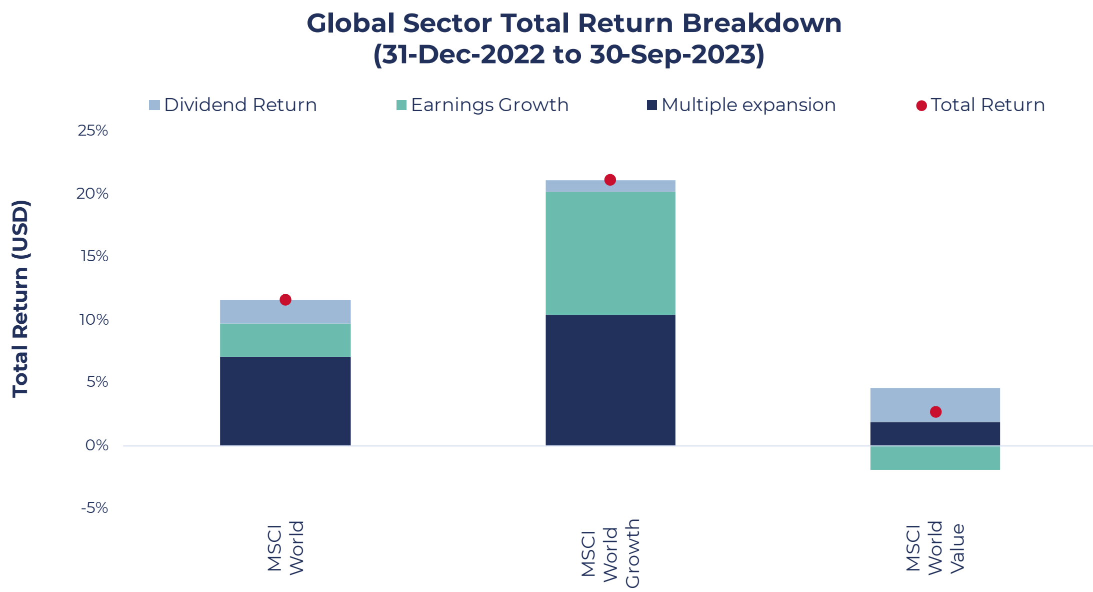
Despite rising interest rate expectations, growth outperformed during the period as a narrow selection of stocks exposed to artificial intelligence (AI) led the index higher. Renewed enthusiasm over AI was driven by the launch of ChatGPT earlier in the year, which captured the imagination of consumers and businesses alike, and catalysed businesses across sectors to investigate the best way to incorporate AI technology into their revenue streams, business models and operations. Investment into AI was not just evident in company earnings calls, but also in company fundamentals. Nvidia added $184bn to its market cap on the day following its quarterly earnings, as it 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.

(4) – 'Higher for longer' rate expectations

The strong equity performance seen in the previous 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 4.6%, a level not seen since 2007, as markets priced in 'higher-for-longer' interest rate expectations. Equity market performance was weak in August, albeit mixed, before a more pronounced and broad-based sell-off in September with 'higher-duration' equities – both the high dividend yield sectors such as Utilities, and companies with valuation linked to higher future growth in the Information Technology sector – generally seeing the largest declines.

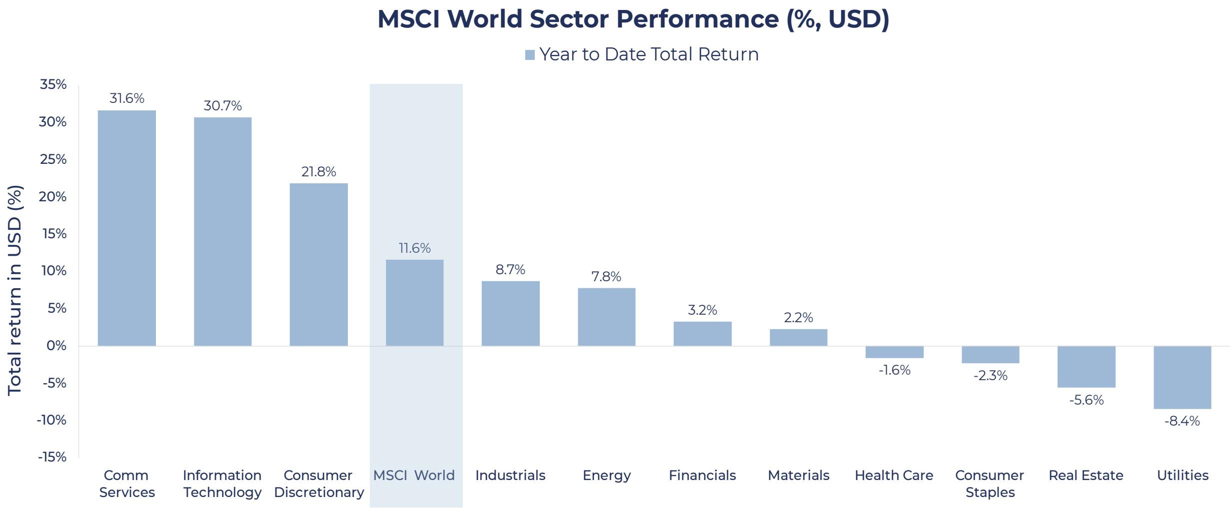
Market drivers have looked quite different in Q3

Looking at 2023 year-to-date, returns have been mixed across the market. Growth stocks have benefited from a number of factors, driving not just strong multiple expansion but also significant earnings growth expectations. Value stocks, on the other hand, have only delivered a positive total return as a result of their exposure to dividends, with negative earnings growth expectations fully offsetting multiple expansion.



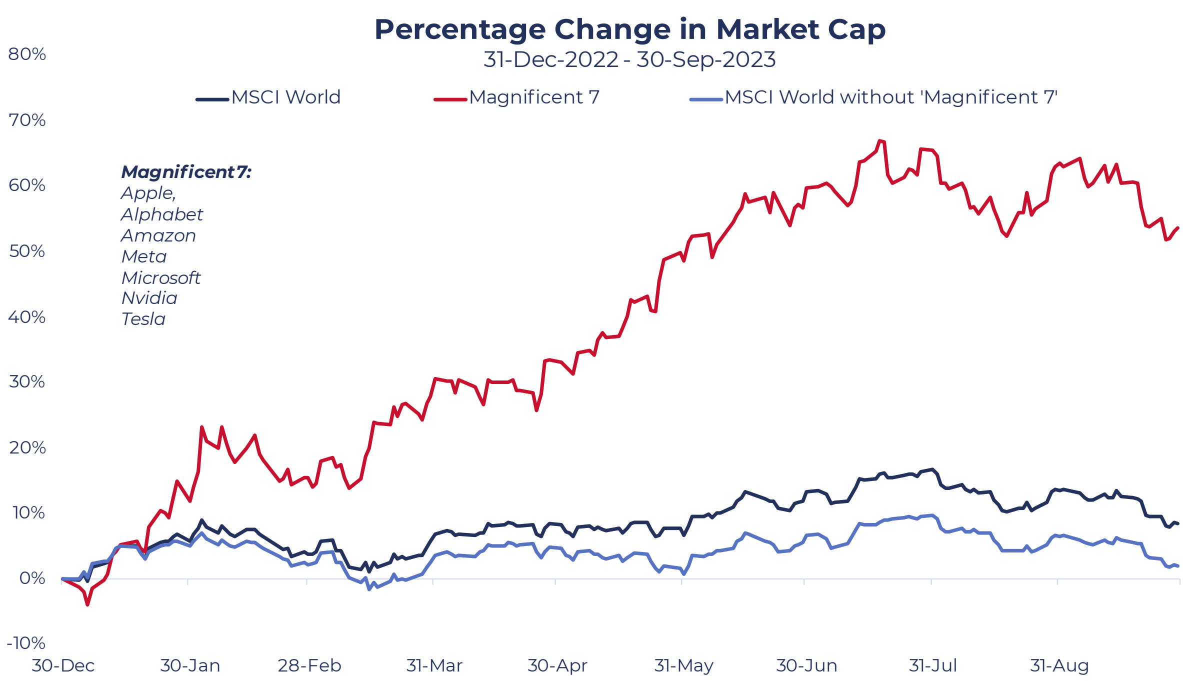
Source: MSCI, Bloomberg, Guinness Global Investors, as of 30th September 2023

Market leadership over 2023 has been narrow not just from a factor perspective, however, but also at the sector level. Only three of the 11 Global Industry Classification Standard (GICS) sectors have outperformed the MSCI World year-to-date.



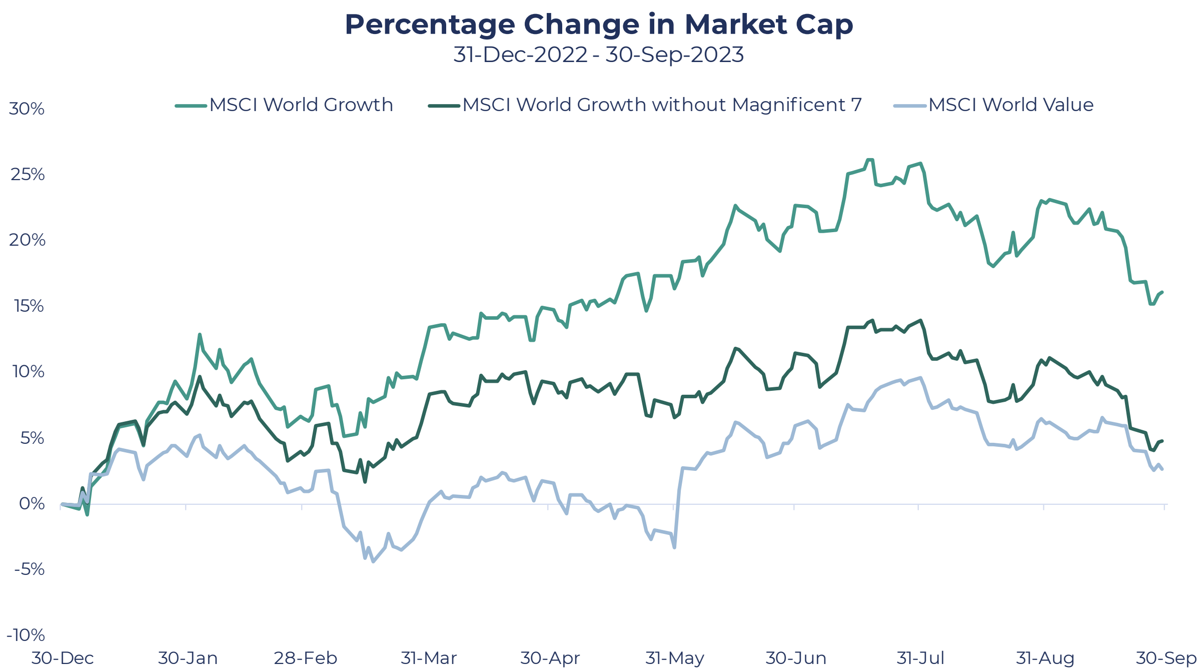
Source: MSCI, Bloomberg, Guinness Global Investors, as of 30th September 2023

This narrowness is even more stark when looking at the largest US companies by market capitalisation. The 'Magnificent 7' – Apple, Microsoft, Amazon, Google, Nvidia, Tesla and Meta – have driven the majority of benchmark returns year-to-date; their combined market capitalisation has increased over 50% in USD. Over the same period, the MSCI World's market cap increased by 8%. Without these seven stocks from the MSCI World, the index would have risen just 2%. Therefore, the majority of benchmark performance over 2023 can be attributed to the Magnificent 7, a selection of stocks that accounted for just 12% of the benchmark at the beginning of the year.



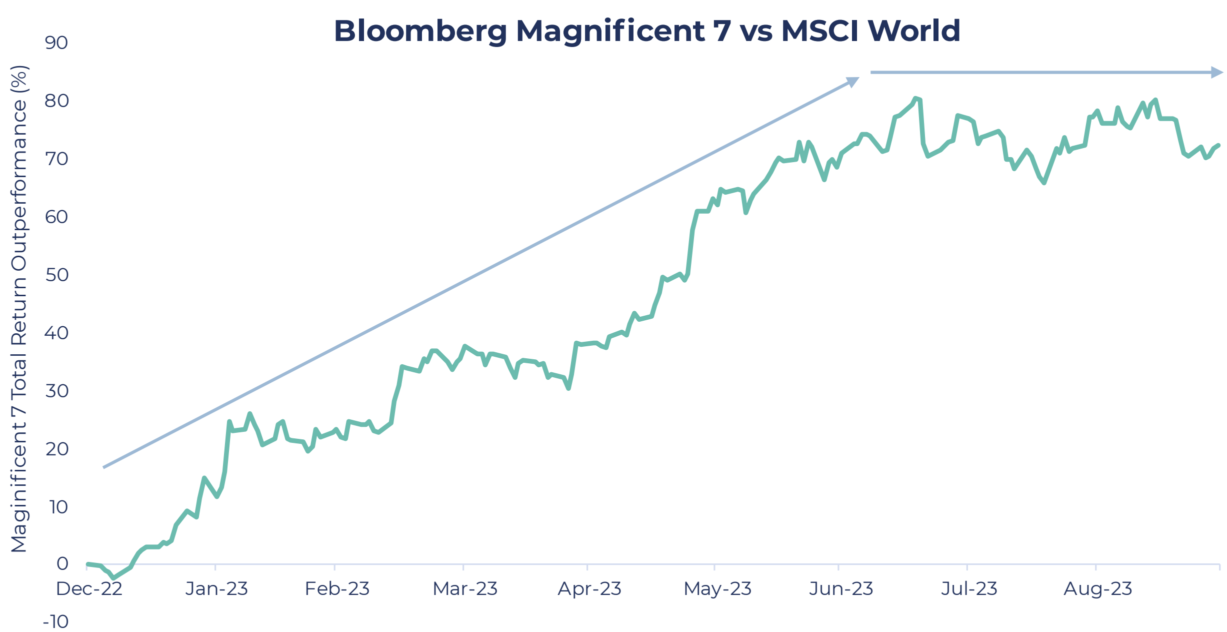
Source: MSCI, Bloomberg, Guinness Global Investors, as of 30th September 2023

In fact, without the Magnificent 7, the market cap of the MSCI World Growth Index would have risen in line with that of the MSCI World Value Index up until the end of Q3 – and that excludes the impact of dividends on returns.



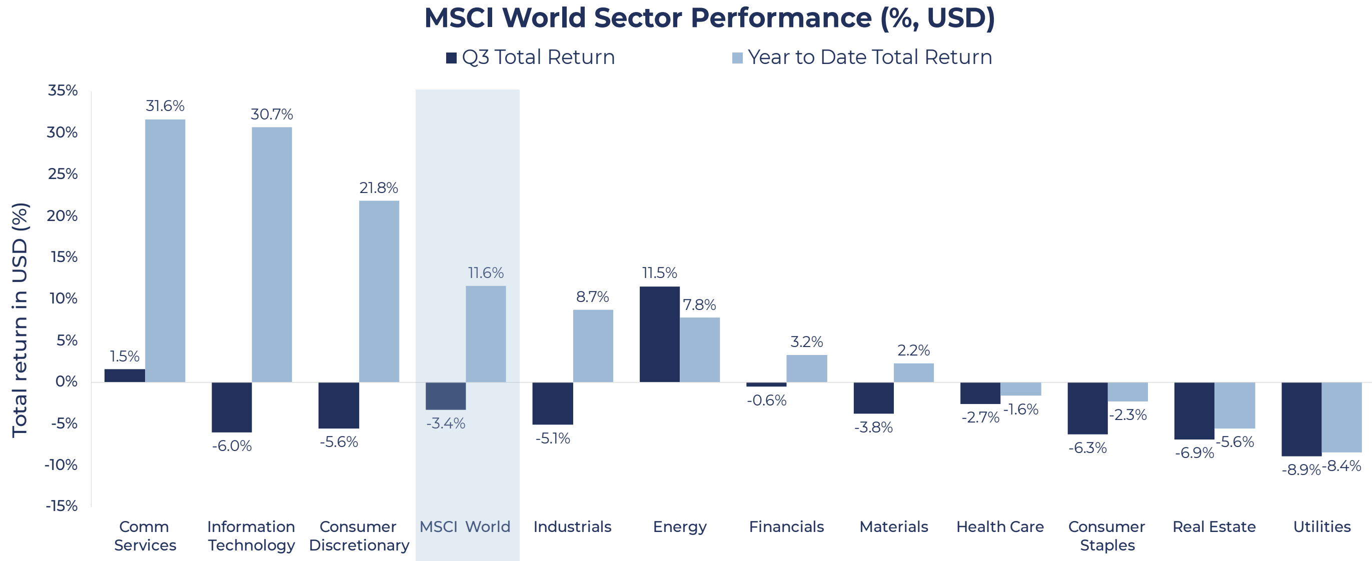
Source: MSCI, Bloomberg, Guinness Global Investors, as of 30th September 2023

Since June, however, the Magnificent 7 largely tracked in line with the broader market.



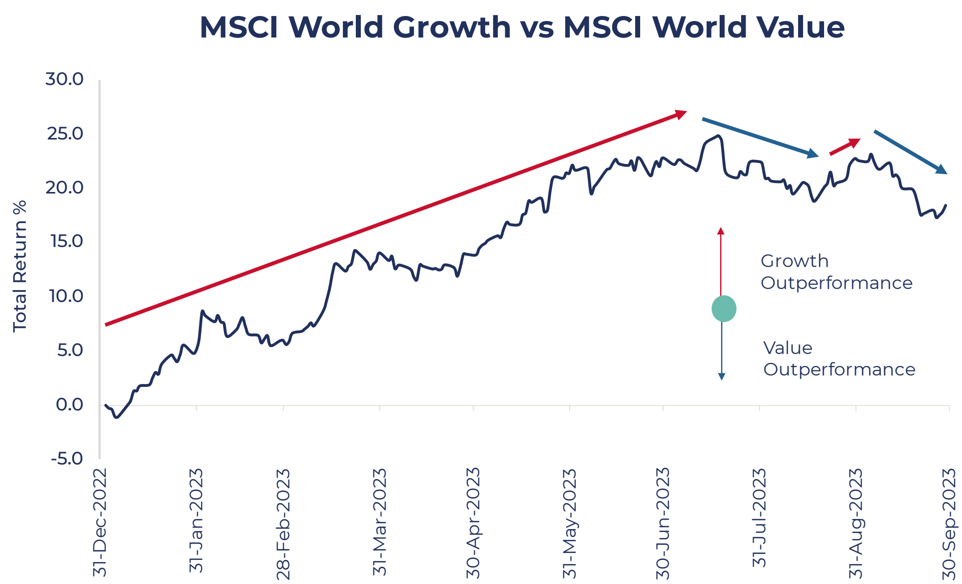
Source: MSCI, Bloomberg, Guinness Global Investors, as of 30th September 2023

Despite a strong start to the quarter, weakness in markets during August and September resulted in just two sectors performing positively over Q3: Energy (+11.5% USD) and Communication Services (+1.5% USD).



Source: MSCI, Bloomberg, Guinness Global Investors, as of 30th September 2023

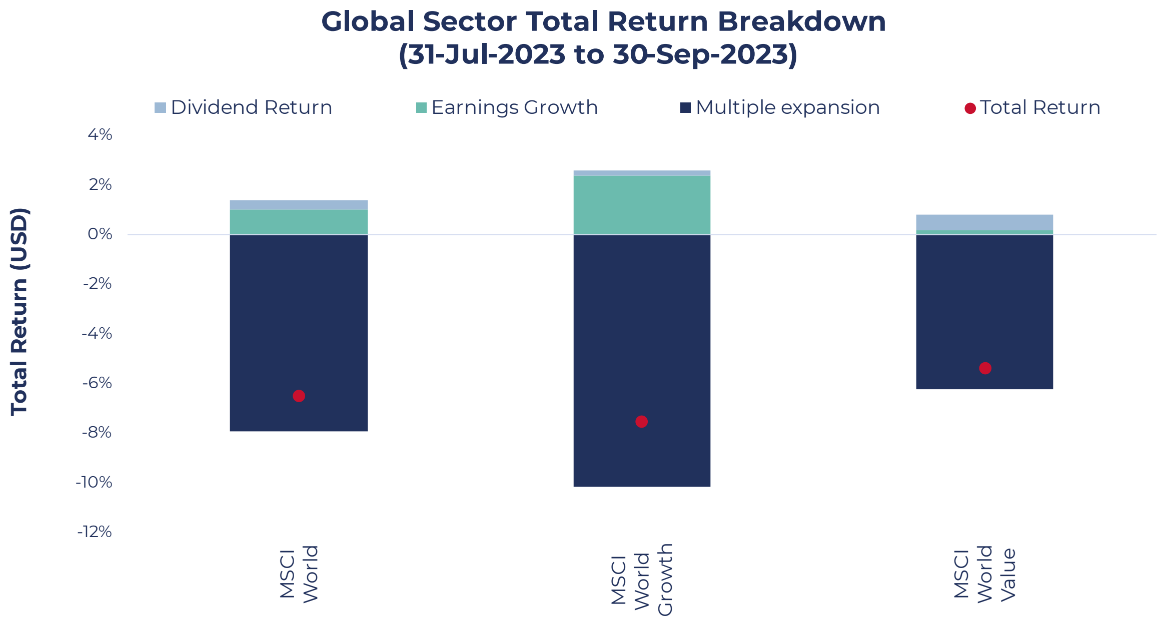
Unlike the first half of the year, value outperformed for much of the third quarter, despite a short-lived growth rally at the end of August.



Source: MSCI, Bloomberg, Guinness Global Investors, as of 30th September 2023

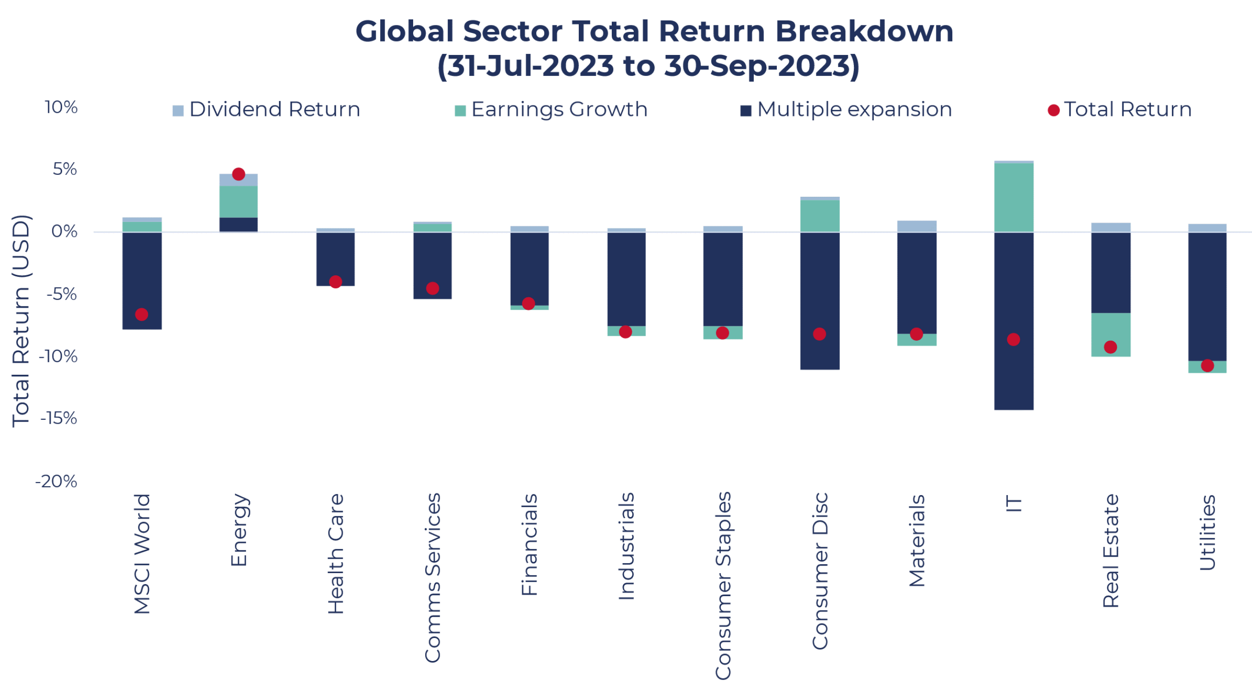
Why did the growth rally stall?

Interestingly, despite growth underperforming since the end of July, growth stocks actually experienced moderate earnings upgrades over July and August.



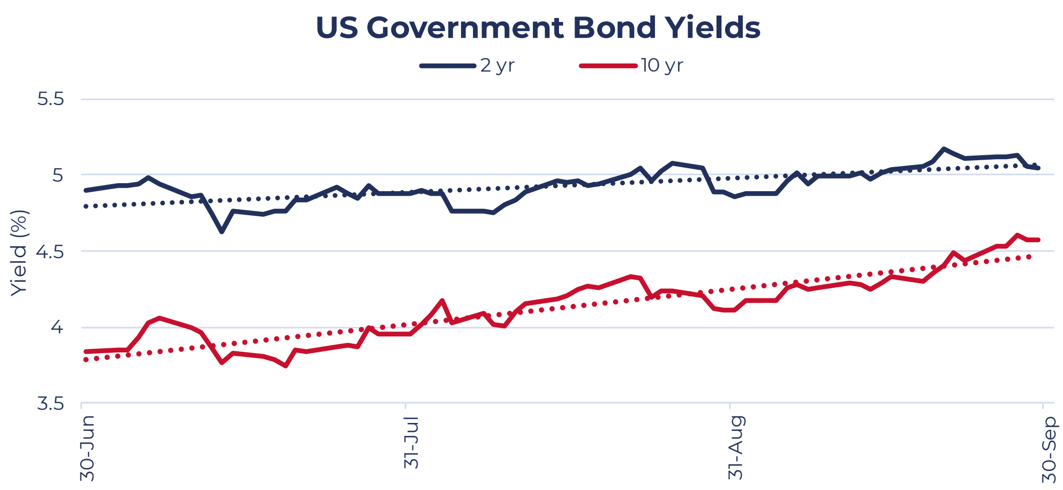
Source: MSCI, Bloomberg, Guinness Global Investors, as of 30th September 2023

Positive MSCI World earnings upgrades were driven by two sectors in particular: Information Technology and Consumer Discretionary. In other sectors however, earnings were either downgraded or remained flat.



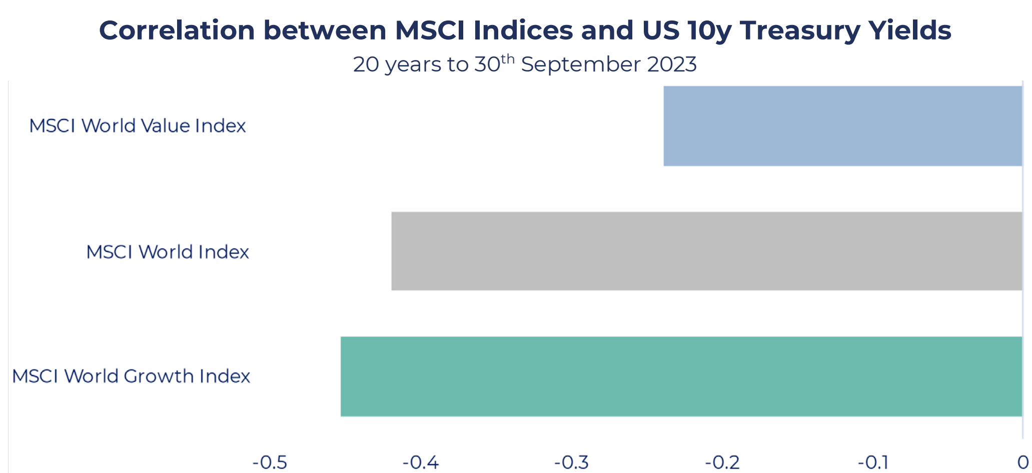
Source: MSCI, Bloomberg, Guinness Global Investors, as of 30th September 2023

Alongside earnings weakness across half of GICS sectors, equity declines were in part driven by the rise in government bond yields during the quarter, particularly for longer durations.



Source: Bloomberg, Guinness Global Investors, as of 30th September 2023

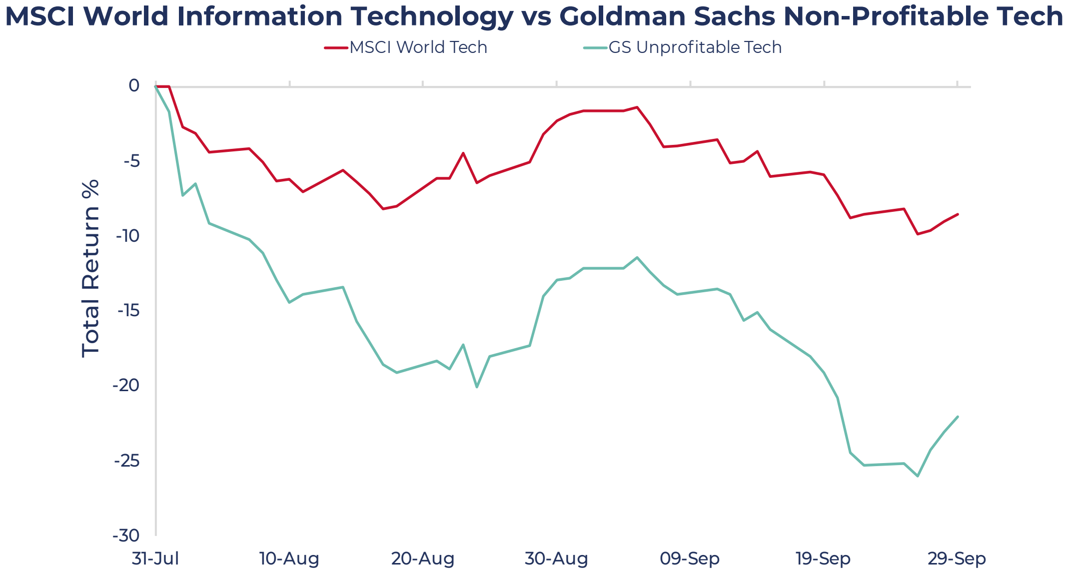
Over the past 20 years, there has been a moderate negative correlation between yields and equity performance across almost all segments. In other words, rising yields tends to result in weaker equity performance. The increase in yields not only entices investors away from equities, but creates a headwind from a valuation perspective, since the discount rate often used for equity valuation is itself dependent on the yields of government bonds – i.e. the risk-free rate. This is particularly true of growth stocks, which tend to be "high-duration" in nature, meaning the majority of their cash flows tend to be forecast further out into the future and as a result, these companies are typically more sensitive to changes in yields.



Source: MSCI, Bloomberg, Guinness Global Investors, as of 30th September 2023

This relationship does not always hold true. For example, the daily correlation between the US 10 year treasury yield and the MSCI World during the first half of 2023 was 0.1, meaning almost no correlation at all. The impact of rising yields had minimal impact on equity markets, as excitement over AI offset this impact and took equities higher. Recently, the relationship has returned, suggesting yields are once again a key determinant of performance. In fact, the relationship is stronger than usual, with the daily correlation in Q3 reaching -0.8. This relationship explains why growth stocks faced greater multiple contraction over the final two months of the quarter despite modest improvement to earnings expectations.

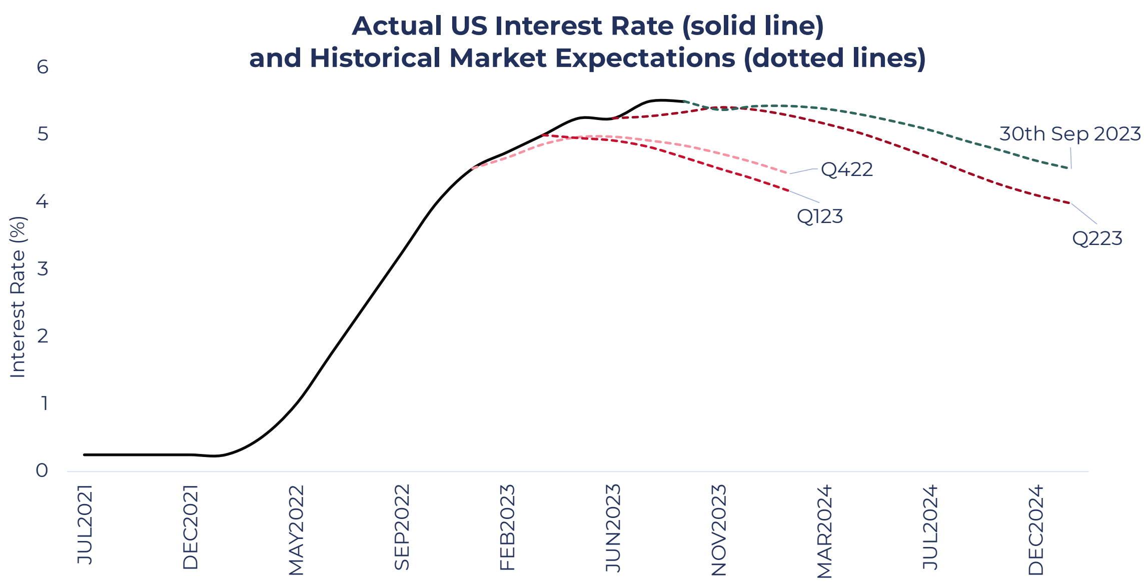
This relationship is even more evident when looking at the 'speculative' end of the growth spectrum. The Goldman Sachs Non-Profitable Tech index, a basket of unprofitable tech companies, significantly underperformed the broader MSCI Technology Index over the two month period.



Source: MSCI, Goldman Sachs, Bloomberg, Guinness Global Investors, as of 30th September 2023

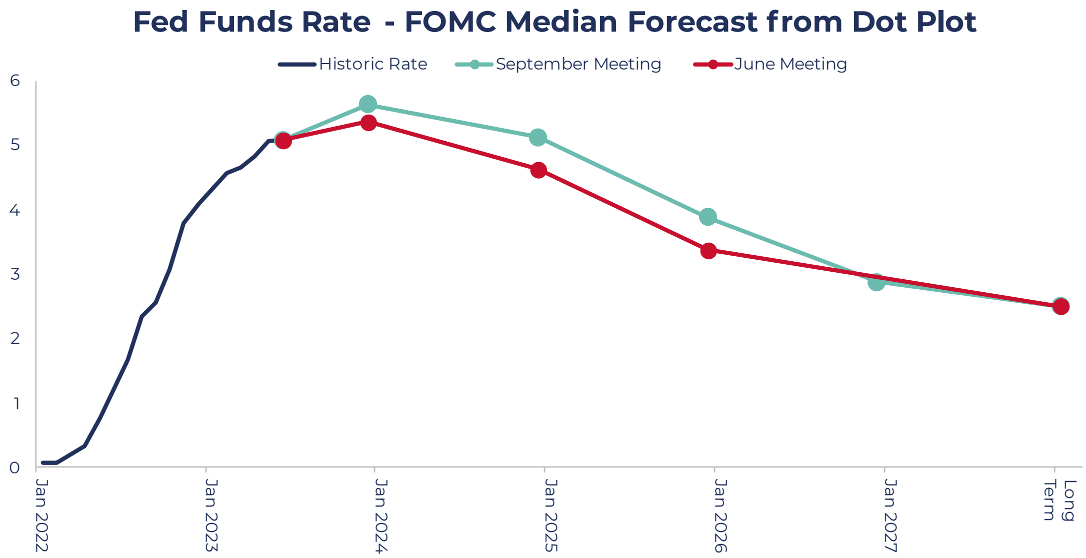
What has been the driver of this increase in yields?

During the quarter, we saw a credit downgrade to US government treasuries, greater supply of debt following the resolution of the debt ceiling and expectations of a stronger economic growth outlook. These factors all contributed to the rise in yields. The most significant driver, however, surrounded expectations of higher-for-longer interest rates. Since the end of Q1, peak rate expectations have been pushed higher and further out.



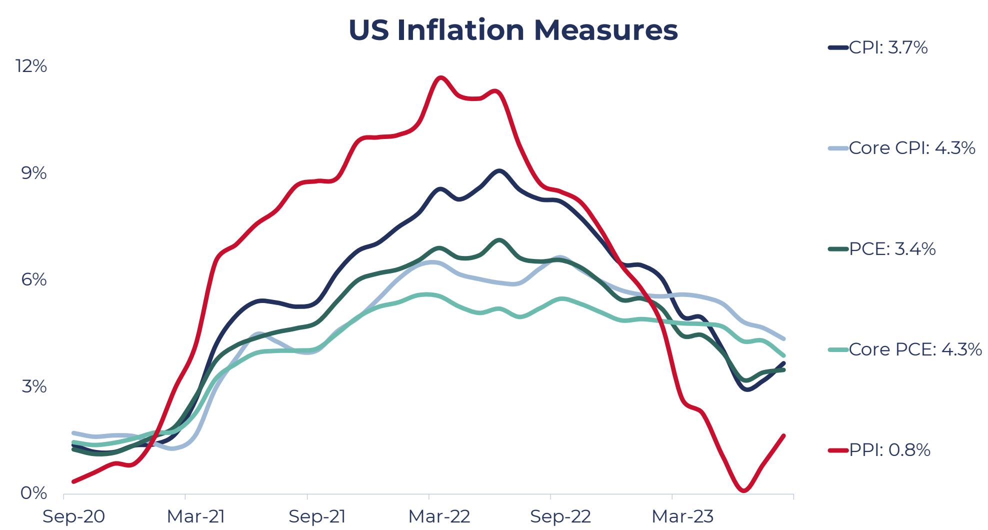
Source: Bloomberg, Guinness Global Investors, as of 30th September 2023

This change in expectations was partly influenced by signalling from the Federal Reserve. At the Jackson Hole symposium, Chair Jay Powell pointed to the fact that "… although inflation has moved down from its peak … it remains too high" before pointing to a number of factors such as continued strength in consumer spending that "could warrant further tightening of monetary policy." The September 'dot plot' showed Federal Open Market Committee (FOMC) expectations becoming more hawkish for 2024, with just two expected rate cuts before 2025 as opposed to the four forecast in June.



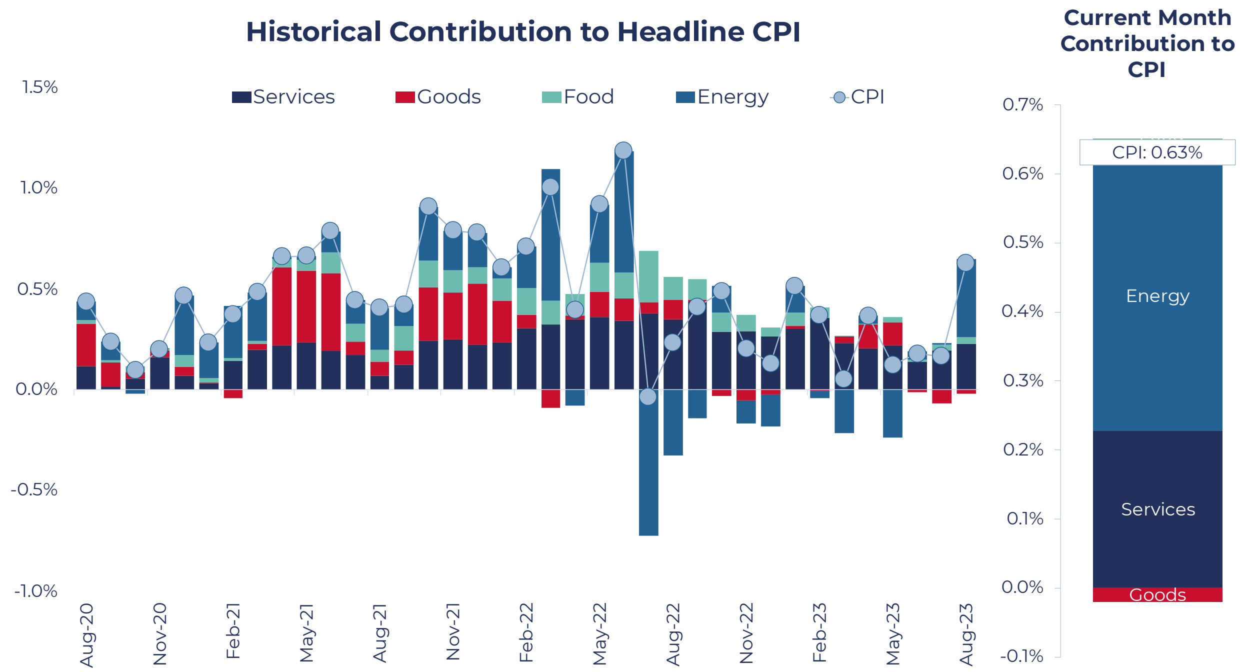
Source: FOMC, Bloomberg, Guinness Global Investors, as of 30th September 2023

This more hawkish stance has been in part driven by the view that the path to the 2% inflation target may take longer than expected. Significant progress in bringing inflation down has been made, particularly in the US, but the Fed is likely to be wary about 'stepping off the gas' too early. Most measures of inflation have shown signs of improvement, but the Fed's preferred measure, Core Personal Consumption Expenditures (PCE), is showing the slowest downward trend. The last three (June, July and August) measured 4.1%, 4.2% and 3.9%, showing a slow but choppy trend downwards.



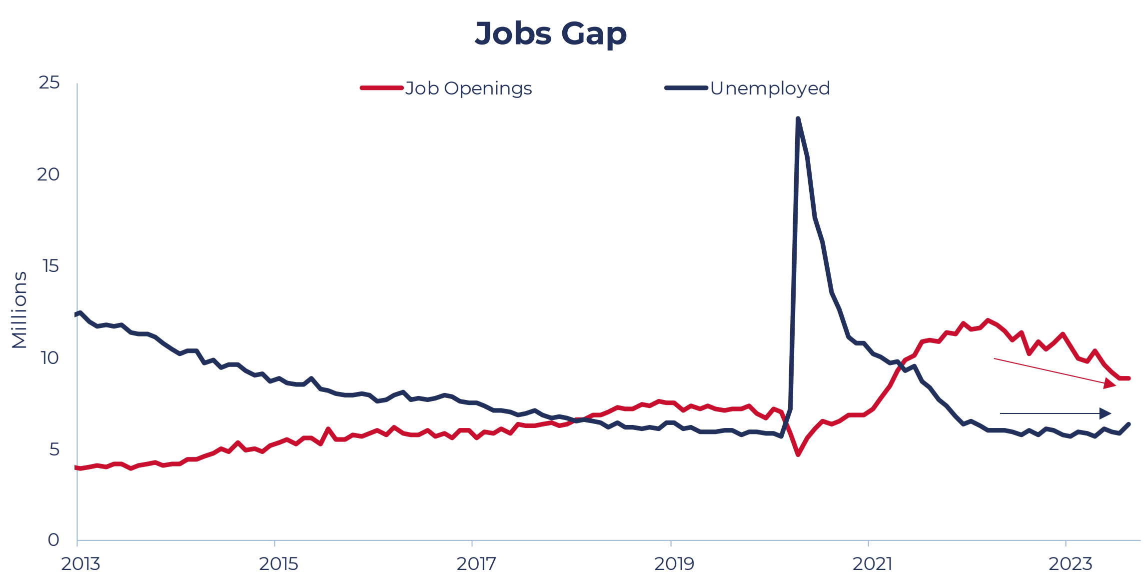
Source: Guinness Global Investors, Bureau of Labor Statistics, Bureau of Economic Analysis, as of 30th September 2023

Encouragingly, three of the four consumer price inflation (CPI) components (Food, Energy and Goods) are no longer offering a meaningful contribution to month-on-month US CPI over a sustained period, although energy showed a sharp uptick during August. The final and 'stickiest' source of inflation, Services, has made modest progress since 2Q22, but progress of late has slowed, with a month-on-month rate of 0.4%. Annualised, this is equivalent to c.5%. Considering that Services accounts for 58% of the CPI headline figure and over 70% of the Core reading, bringing down Services inflation is clearly key to bringing inflation back towards target levels.



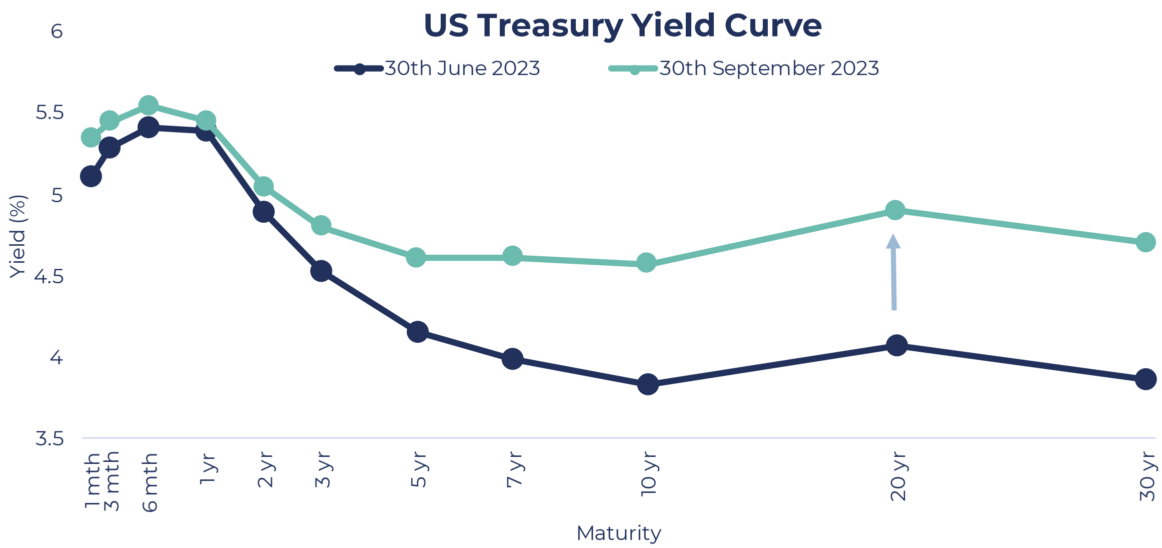
Source: Guinness Global Investors, Bureau of Labor Statistics, Bloomberg, as of 30th September 2023

Around three-fifths of the Services sector cost base is wages, therefore a cooling jobs market is important in reducing Services inflation. Over Q3 we have seen good progress in 'closing the jobs gap'. The US unemployment rate has stayed relatively flat, but job openings have been trending downwards. Whilst this represents a softening in the jobs market, the gap remains, placing upward pressure on wage growth, all else being equal.



Source: Guinness Global Investors, Bureau of Labor Statistics, Bloomberg, as of 30th September 2023

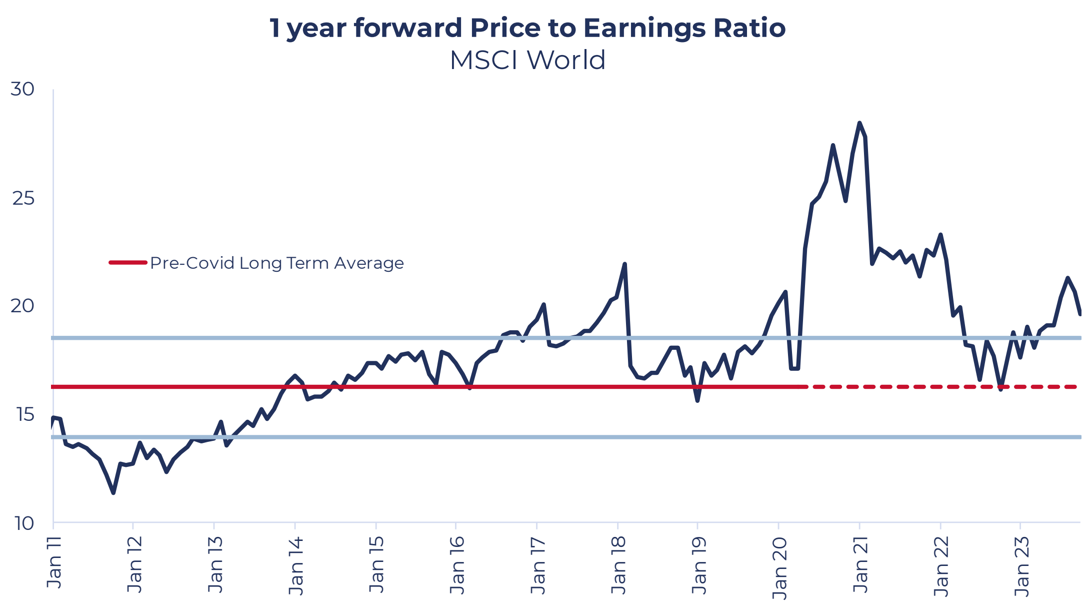
Central banks will also take note of the economic backdrop. GDP growth in the US came in at 2.1% for Q2, a showing of economic resilience amidst a record rate hiking cycle. Some suggest an improved economic outlook could be derived from a steepening of the yield curve, which has made significant progress in 'un-inverting' itself (an inverted yield curve has historically been a strong leading indicator of a recession). This could offer the central bank headroom to keep rates higher for longer.



Source: Bloomberg, Guinness Global Investors, as of 30th September 2023

Where does this leave equities?

In Q2, we stated that we saw reasons for caution with respect to a soft landing. Whilst earnings upgrades have been positive at the index level, they have largely been concentrated within just a few sectors, most notably Information Technology and Consumer Discretionary. And despite valuations coming down during the third quarter, at the broad index level they remain elevated relative to historical averages.

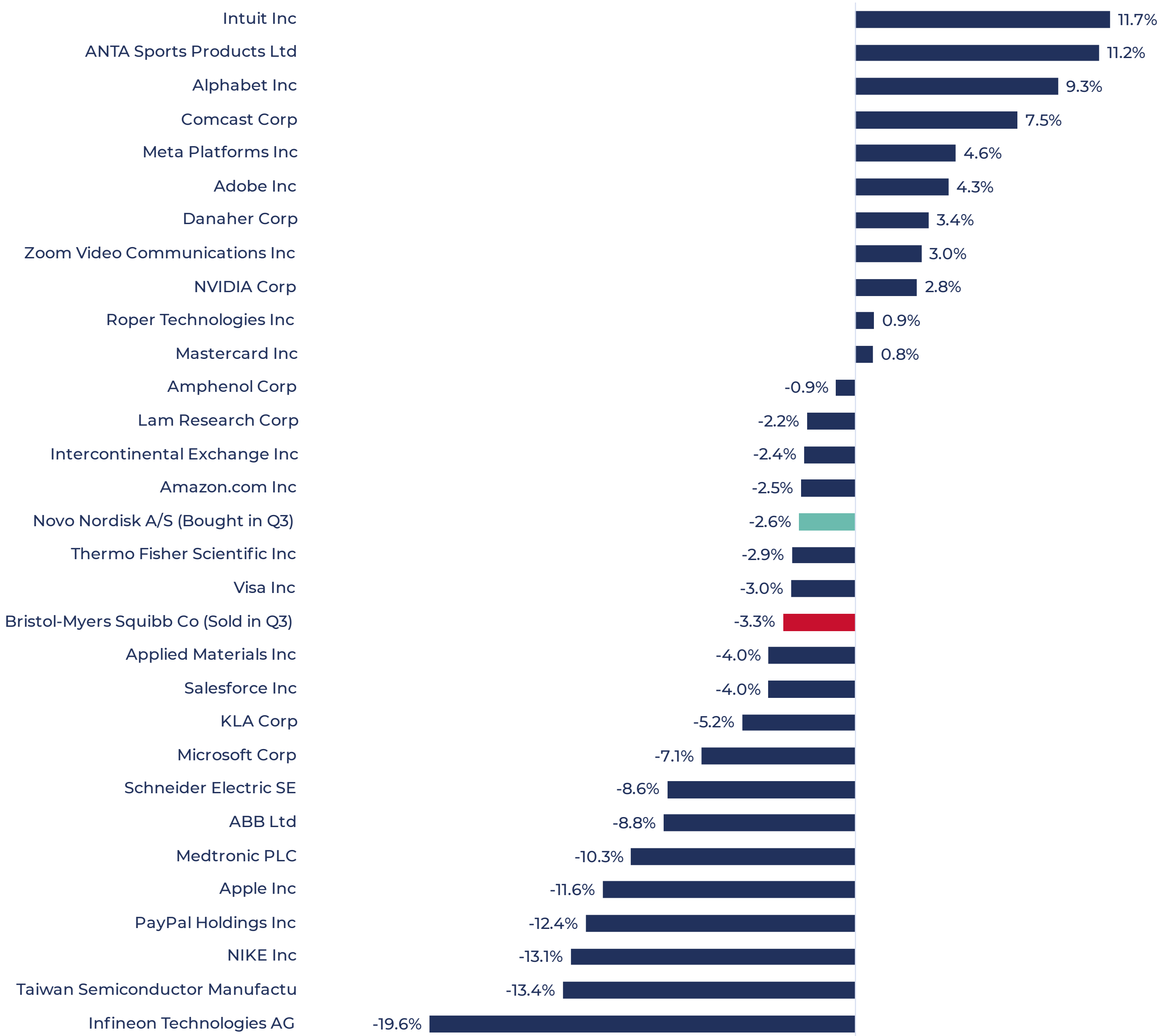


Source: MSCI, Bloomberg, Guinness Global Investors, as of 30th September 2023

The future direction of markets into the year-end therefore continues to reflect the balance between the benefit of lower rates to equity valuations, the timing of central banks beginning on the path to decreasing rates, and a weaker economic picture that might precede those lower rates. This is also in context of a market that through much of the year has been predominantly driven by a re-rating upwards of market multiples rather than a fundamental change in company earnings today. We therefore believe our 'quality growth' approach, alongside our focus on valuation, remains a sensible approach in this environment and over the long term.

STOCK PERFORMANCE

The chart below shows the portfolio constituents' returns over Q3 2023 in USD.



Source: Guinness Global Investors, Bloomberg, as of 30th September 2023

Intuit (+11.7% USD)

Intuit ended the quarter as the Fund's top performer. Year-to-date returns now sit at +32% USD. Intuit is a global technology platform providing its target market of small businesses and self-employed customers with financial management and compliance products and services. Key products include accounting software QuickBooks and US income tax return management software TurboTax. The stock outperformed the MSCI World Information Technology index by 17.8% (USD) over the quarter. Most of the outperformance came after a positive earnings release at the end of August, which injected further momentum into the stock. Revenues came in +2.4% ahead of expectations, an increase of 13% year-over-year. The performance of the firm's core segment, Small

Business and Self-Employed (which includes QuickBooks and Mailchimp) was particularly strong, with revenue growth of 24%.

"Five years ago, we declared our strategy to be an AI-driven expert platform with data and AI core to fueling innovation across our 5 Big Bets. - Sasan K. Goodarzi, Intuit Inc. - CEO, President & Director

The firm is continuing to double down on its 'big bets', in particular its efforts to become the 'center of small business growth'. Management have shown commitment and execution in driving efficiency gains across the business and forward revenue guidance remains conservative, with the firm noting that it was taking a 'prudent' approach to guidance given macro uncertainty. We see this as sensible but also note the opportunity for positive surprises down the road. The firm enters FY24 with a strong set-up, occupying a market leading position with a strong economic moat, and a number of long-term growth drivers.

Anta Sports (+11.2%, USD)

Following a relatively weak Q2, Anta Sports ended Q3 as the Fund's second top performer. In 4Q22, investors piled into the stock off the back of the Chinese reopening. However, the reopening trade has so far failed to meet expectations, with Chinese GDP only growing 0.8% in Q2 vs Q1 (below estimates) and manufacturing activity continuing to contract for the fourth month in a row. The stock was further weighed by a $1.5bn placement during April. In Q3, the stock performed strongly in July, but fell sharply in the first few weeks of August due to renewed concerns over the Chinese region. However, Anta recovered the majority of those losses with a very strong 1H earnings release, which saw a 9.7% bounce on the day. 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. The firm delivered 1H adjusted profit growth of 40% from a year earlier, with the top line also growing 14.2%. The firm also increased the dividend to HK$0.82, 32% higher than the year before. From a stock perspective, we remain confident in the outlook for Anta Sports, which benefits from long-term structural tailwinds. The Chinese government continues to promote exercise and sports, pouring billions into initiatives such as "Healthy China 2030", which should serve to lift the sports industry's contribution to GDP. China's per capita spending on sportswear remains comparatively low at $31 a year, but as the middle class grows, analysts expect this to rise to a level to Japan's ($110) by 2030 (while in the US level is $307). The firm has a number of meaningful growth opportunities including geographical expansions and forays into the premium segment of the market. 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.

Infineon (-19.6% USD)

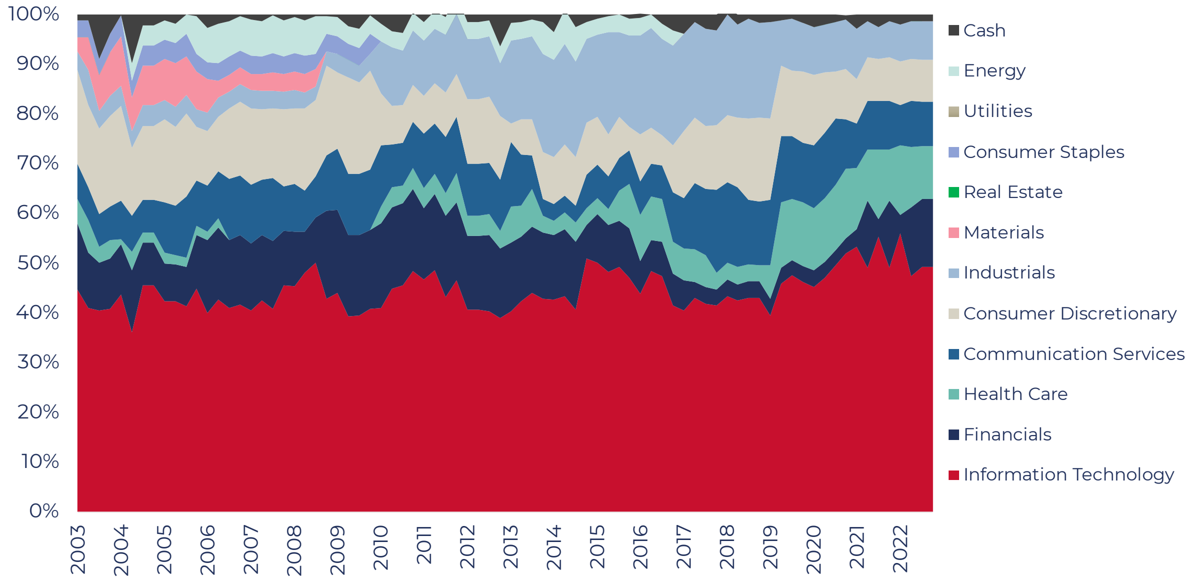
Infineon ended the quarter as the Fund's bottom performer as the stock gave up a large chunk of its strong 2023 performance during August and sold off in line with the MSCI World Semiconductor Index during September. Year-to-date the stock is up 9.8%, relatively in line with the MSCI World Index (up +11.4%), but lagging other Semiconductor peers. Nearly half of the stock's negative performance in August came on the day of results, despite revenues and earnings coming in broadly as expected. End-market performance was relatively bifurcated, with auto & industrials performing well, whilst consumer remained weak. Revenue was down 1% quarter-on-quarter, but the firm beat guidance (+2.5%) and grew +13% year-over-year. The firm announced a significant expansion to its SiC (silicon chip) foundry in Kulin, costing $5bn through to 2028, making it the world's largest 200mm SiC factory. The firm have covered the cost of manufacture through EUR 5bn 'design-wins' and EUR 1bn in customer pre-payments. The factory is expected to drive EUR 7bn revenues annually by the end of the decade. The share price reaction was likely driven by a.) the level of investment the firm has committed to in a competitive space – this capex comes atop a EUR 5bn commitment to its Dresden build-out; b.) by margin compression (26.1% vs 28.6% in Q2); and c.) weaker guidance for Q4. On the whole, we view the market reaction as overdone. The firm's balance sheet is in very strong (Net Debt to EBITDA 0.4x), as is cash generation (124% trailing 12 months), and we are also reassured that the firm is looking to fund this large capex through achieved design wins and customer prepayments. We therefore view the commitment to invest in industry-leading facilities as a positive tailwind to future performance – although we agree that it opens the firm up to a greater risk of factory underutilisation or a price war with peers who are also investing in the space. In the short term, whilst it may be disappointing that margins have compressed and the order book is decreasing, longer-term, we continue to believe the picture remains bright for Infineon, which is particularly exposed to favourable long-term secular trends such as electrification and renewable energy demand.

Taiwan Semiconductor Manufacturing Company (-13.4% USD)

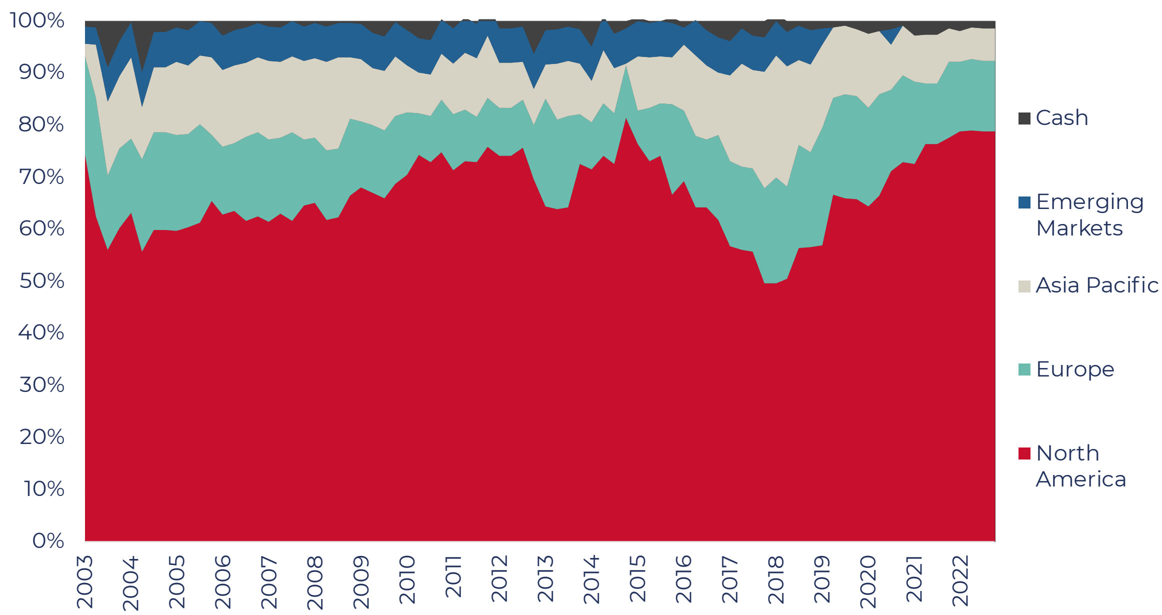
TSMC fell -13.5% USD over Q3, ending the quarter as the Fund's second bottom performer. Over August and September, the stock fell in line with the broader MSCI World Semiconductor Index, despite facing additional headwinds from a regional perspective. The stock started to slide in the latter half of July as the chipmaker warned of a deepening semiconductor slump, resulting in a downgrade of guidance from -5% year-on-year revenues to -10% for the full year 2023. The firm noted a weaker than expected Chinese economy resulting in less demand than hoped, with strong demand from artificial intelligence not able to offset weakness in smartphone, automotive and industrial applications. The semiconductor industry is highly cyclical and we expect near-term weakness from both a top-line and margin perspective. However, there are indications that the industry is approaching a trough in demand, and the long-term outlook remains very healthy. The Fund's overweight weighting to the semiconductor industry, while consequence of our bottom-up stock selection process, reflects such stocks' significant exposure to a number of the Fund's long-term secular growth themes including Artificial Intelligence and Big Data, Cloud Computing, Internet of Things, Clean Energy & Sustainability, and Internet, Media & Entertainment – all of which we view as likely to drive long-term semiconductor industry growth. We view high-quality market leaders such as TSMC as particularly well positioned for the long term. TSMC's numerous sources of sustainable competitive advantage, most notably intellectual property, cost advantages from economies of scale, and high barriers to entry from high upfront CapEx costs (particularly at advanced nodes), serve not just to protect market share, but drive long-term top-line growth. Other industry trends such as increasing semiconductor content per device and the increase in fabless firms outsourcing to foundries make TSMC particularly well placed. Since these features come at an attractive valuation that helps to mitigate against downside risk, we remain confident in the long-term proposition that TSMC offers.

FUND POSITIONING

The two charts below show how the exposure of the portfolio has evolved since we launched the strategy in 2003. We continue to hold no exposure to Real Estate, Energy, Materials, Consumer Staples, and Utilities. Information Technology remains our largest exposure, split between the three sub-sectors of semiconductors, software and services, and technology hardware. On a regional basis, North America continues to be the largest exposure (78%), followed by Europe (15%) and Asia Pacific (6%).



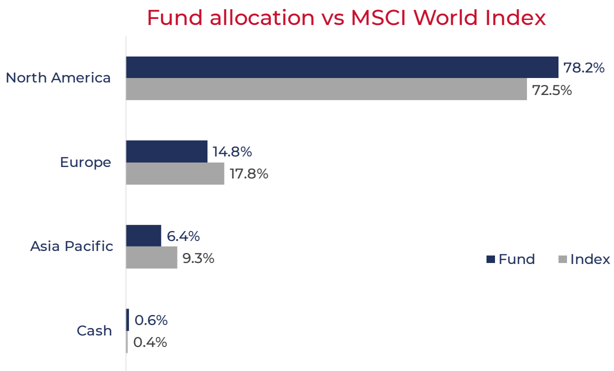
Portfolio sector breakdown. Guinness Global Investors, Bloomberg (30th September 2023)

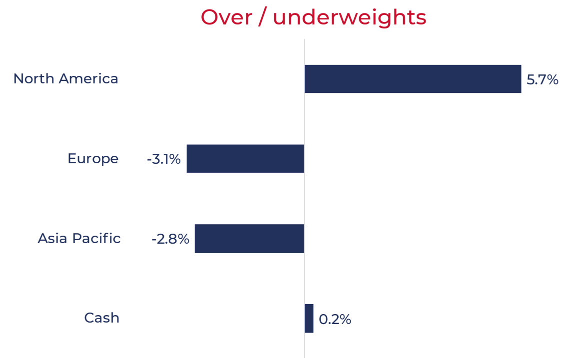


Portfolio geographic breakdown. Guinness Global Investors, Bloomberg (30th September 2023)

On a regional level, at the end of the quarter the fund held a small overweight position to North America, and small underweight positions to Europe and Asia Pacific, relative to the benchmark.

Geographic breakdown versus MSCI World Index

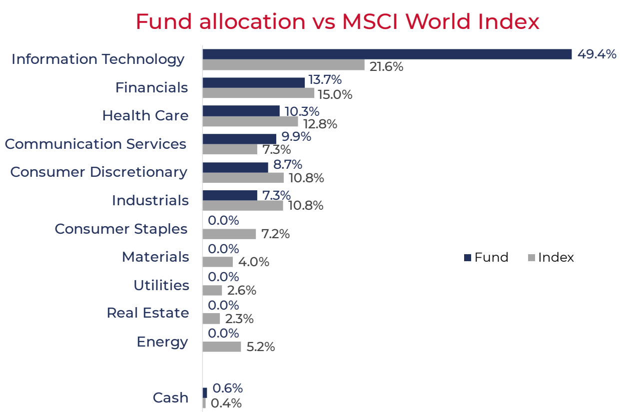


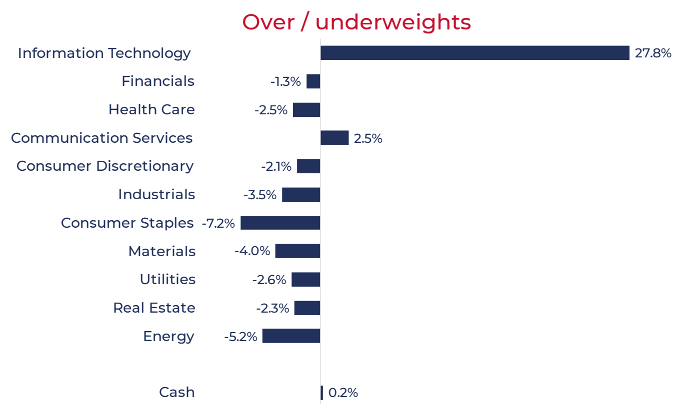


Guinness Global Investors, Bloomberg (data as at 30th September 2023)

On a sector level, the fund continues to have a large overweight to IT (28%), while the fund's 0% exposure to Real Estate, Energy, Materials, Consumer Staples, and Utilities leaves these areas underweight relative to the benchmark.

Sector breakdown of the fund versus MSCI World Index





Guinness Global Investors, Bloomberg (data as at 30th September 2023)

OUTLOOK

The Guinness Global Innovators strategy seeks quality, innovative growth companies trading at reasonable valuations. We seek to invest in companies that are experiencing faster profit growth, larger margins and less susceptibility to cyclical pressures. In particular, our focus on quality growth-at-a-reasonable-price has shown its strength in avoiding the highly valued unprofitable tech businesses that have swung between large rises and falls, but ultimately underperformed significantly over the last two years.

Innovation: We seek companies that are exposed to secular growth themes, which should therefore be more insulated from cycles.

Quality: We only invest in companies with good (and ideally growing) returns on capital and strong balance sheets.

Growth and valuation: We look to buy good growth companies at reasonable valuations and specifically we try to avoid paying too high a premium for expected future growth, as this is inherently less predictable.

Conviction: We run a concentrated portfolio of 30 stocks, equally weighted.

The table below illustrates how the portfolio reflects the four key tenets of our approach of innovation, quality, growth, and conviction. The Guinness Global Innovators Fund has superior characteristics to the broad market; higher spend on intellectual property through research and development (R&D), less capital intensiveness, and higher cash flow returns on investment, with higher historic growth. The Fund currently trades at a 33.9% premium to the benchmark on a 1 year forward price/earnings basis (24.4% on a 2 year forward P/E) which we believe is a reasonable price for these attractive characteristics.

		Fund	MSCI World
Innovation	R&D / Sales	9.5%	6.7%
	CAPEX / Sales	6.7%	7.6%
Quality	Return-on-Capital	21.1%	6.1%
	Net debt / equity	16.5%	92.8%
Growth (& valuation)	Trailing 5-year sales growth (annualised)	15.0%	4.0%
	Estimated earnings growth (2024 vs 2023)	17.6%	9.4%
	PE (2023e)	24.1	17.4
	PE (2024e)	19.8	15.9
Conviction	Number of stocks	30	1630
	Active share	80%	-

Guinness Global Investors, Bloomberg (data as at 30th September 2023)

In the current market environment, where interest rate concerns, inflation and an economic slowdown remains top of mind, we are confident that the Fund's focus on high-quality growth stocks underpinned by secular trends should stand it in good stead.

We look forward to updating you on the progress of the fund over the remainder of 2023 and thank you for your continued support.

Portfolio Managers
Matthew Page
Ian Mortimer

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

GUINNESS GLOBAL INNOVATORS FUND - FUND FACTS

Fund size	$727.0m
Fund launch	31.10.2014
OCF	0.84%
Benchmark	MSCI World TR

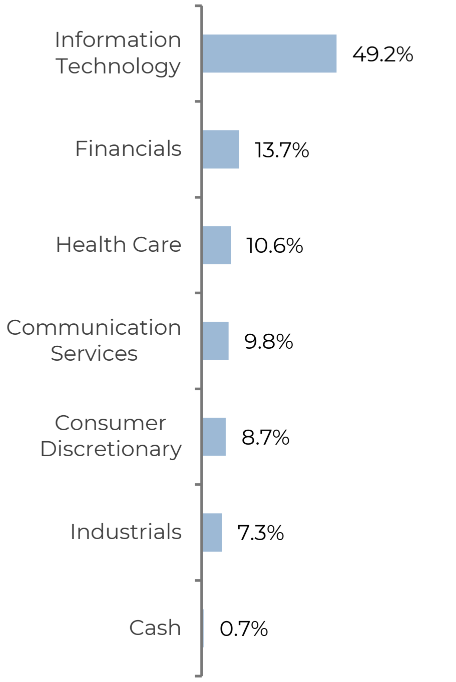
GUINNESS GLOBAL INNOVATORS FUND - PORTFOLIO

Top 10 holdings

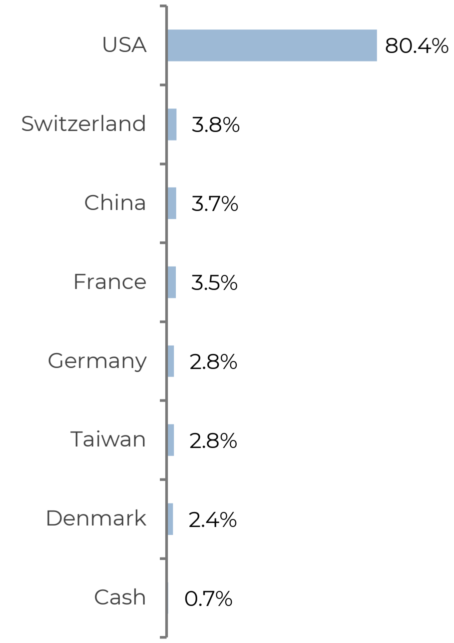
Nvidia Corp	4.5%
Mastercard Inc	4.0%
Microsoft	3.9%
Amphenol Corp	3.9%
Intuit Inc	3.8%
Lam Research	3.8%
Roper Technologies Inc	3.8%
ABB	3.8%
KLA-Tencor	3.7%
Applied Materials	3.7%

Top 10 holdings	39.0%
Number of holdings	30

Sector



Country



Past performance does not predict future returns.

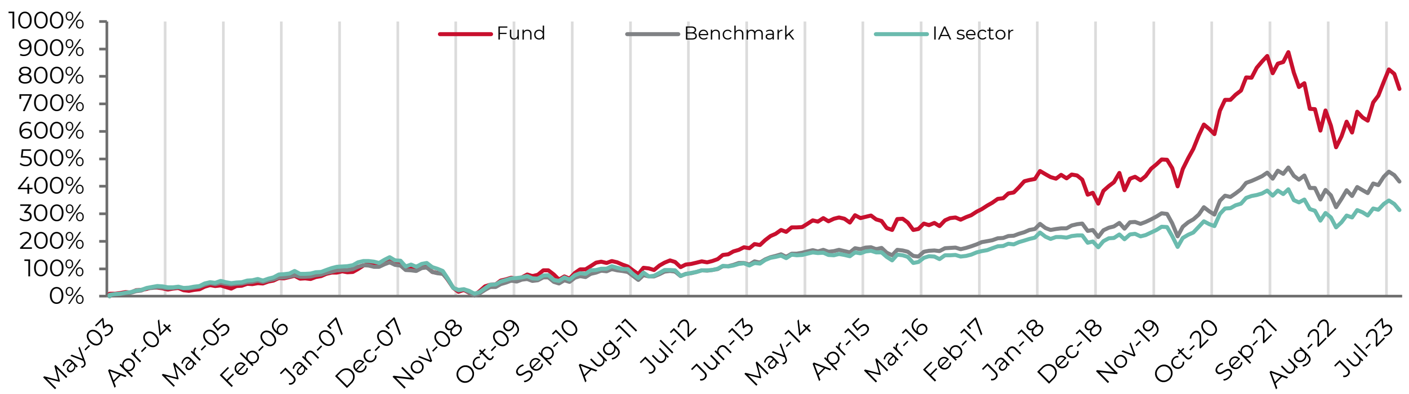
GUINNESS GLOBAL INNOVATORS FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	-2.4%	+20.9%	+21.7%	+27.8%	+74.0%	+272.1%
MSCI World TR	-0.7%	+9.5%	+11.5%	+33.7%	+51.7%	+193.6%
IA Global TR	-1.3%	+5.5%	+7.8%	+21.0%	+37.4%	+136.6%
(USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-6.0%	+22.7%	+33.1%	+20.6%	+62.8%	+181.2%
MSCI World TR	-4.3%	+11.1%	+22.0%	+26.3%	+42.0%	+121.3%
IA Global TR	-4.9%	+7.0%	+17.8%	+14.2%	+28.6%	+78.3%
(EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	-3.6%	+23.7%	+23.1%	+33.6%	+78.6%	+258.1%
MSCI World TR	-1.9%	+12.0%	+12.8%	+39.8%	+55.7%	+182.9%
IA Global TR	-2.6%	+7.9%	+9.0%	+26.5%	+41.1%	+128.0%

GUINNESS GLOBAL INNOVATORS FUND - ANNUAL PERFORMANCE

(GBP)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Fund	-20.7%	+22.6%	+32.1%	+31.3%	-11.9%	+22.0%	+27.7%	+2.0%	+18.9%	+42.6%
MSCI World TR	-7.8%	+22.9%	+12.3%	+22.7%	-3.0%	+11.8%	+28.2%	+4.9%	+11.5%	+24.3%
IA Global TR	-11.1%	+17.7%	+15.3%	+21.9%	-5.7%	+14.0%	+23.3%	+2.8%	+7.1%	+21.7%
(USD)	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Fund	-29.6%	+21.5%	+36.3%	+36.6%	-17.0%	+33.6%	+7.2%	-3.5%	+11.9%	+45.3%
MSCI World TR	-18.1%	+21.8%	+15.9%	+27.7%	-8.7%	+22.4%	+7.5%	-0.9%	+4.9%	+26.7%
IA Global TR	-21.0%	+16.6%	+18.9%	+26.8%	-11.2%	+24.8%	+3.4%	-2.9%	+0.8%	+24.0%
(EUR)	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Fund	-25.0%	+30.7%	+25.0%	+39.1%	-12.9%	+17.3%	+10.2%	+7.3%	+27.4%	+39.0%
MSCI World TR	-12.8%	+31.1%	+6.3%	+30.0%	-4.1%	+7.5%	+10.7%	+10.4%	+19.5%	+21.2%
IA Global TR	-15.8%	+25.5%	+9.1%	+29.2%	-6.8%	+9.6%	+6.5%	+8.2%	+14.8%	+18.6%

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 managed by the same team using the same investment process as applied to the UCITS version.

Source: FE fundinfo to 30.09..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 0.84%. 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	£0.6m
Fund launch	30.12.2022
OCF	0.79%
Benchmark	MSCI World TR

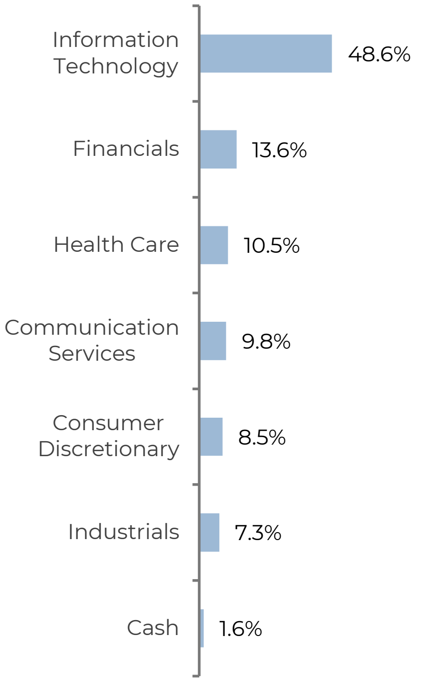
WS GUINNESS GLOBAL INNOVATORS FUND - PORTFOLIO

Top 10 holdings

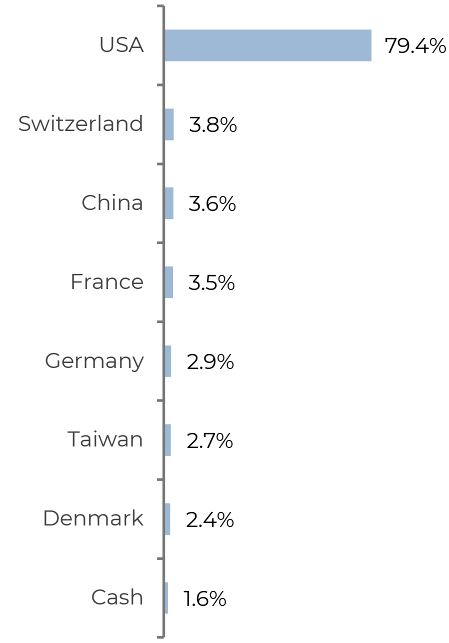
Nvidia Corp	4.4%
Mastercard Inc	4.0%
Amphenol Corp	3.9%
Microsoft	3.9%
ABB	3.8%
Intuit Inc	3.8%
Roper Technologies Inc	3.7%
Lam Research	3.7%
Applied Materials	3.7%
KLA-Tencor	3.6%

Top 10 holdings	38.6%
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
MSCI World TR	-	-	-	-	-	-
IA Global TR	-	-	-	-	-	-

WS GUINNESS GLOBAL INNOVATORS FUND - ANNUAL PERFORMANCE

(GBP)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
MSCI World TR	-	-	-	-	-	-	-	-	-	-
IA Global TR	-	-	-	-	-	-	-	-	-	-

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

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

Source: FE fundinfo to 30.09.23. 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 DO4 A4E, Ireland or the Promoter and Investment Manager: Guinness Asset Management Ltd, 18 Smith Square, London SW1P 3HZ.

Waystone IE Management Company (IE), as UCITS Man Co, has the right to terminate the arrangements made for the marketing of funds in accordance with the UCITS Directive.

Investor Rights

A summary of investor rights in English is available here: https://www.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.