# Guinness Global Innovators

Investment Commentary – October 2024

## RISK

This is a marketing communication. Please refer to the prospectus, supplement, KID/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 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<br>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, and not just in disruptive tech-driven products. It is the intelligent application of ideas and is found in most industries and at different stages in the company lifecycle. The Funds are actively managed and use the MSCI World Index as a comparator benchmark only.

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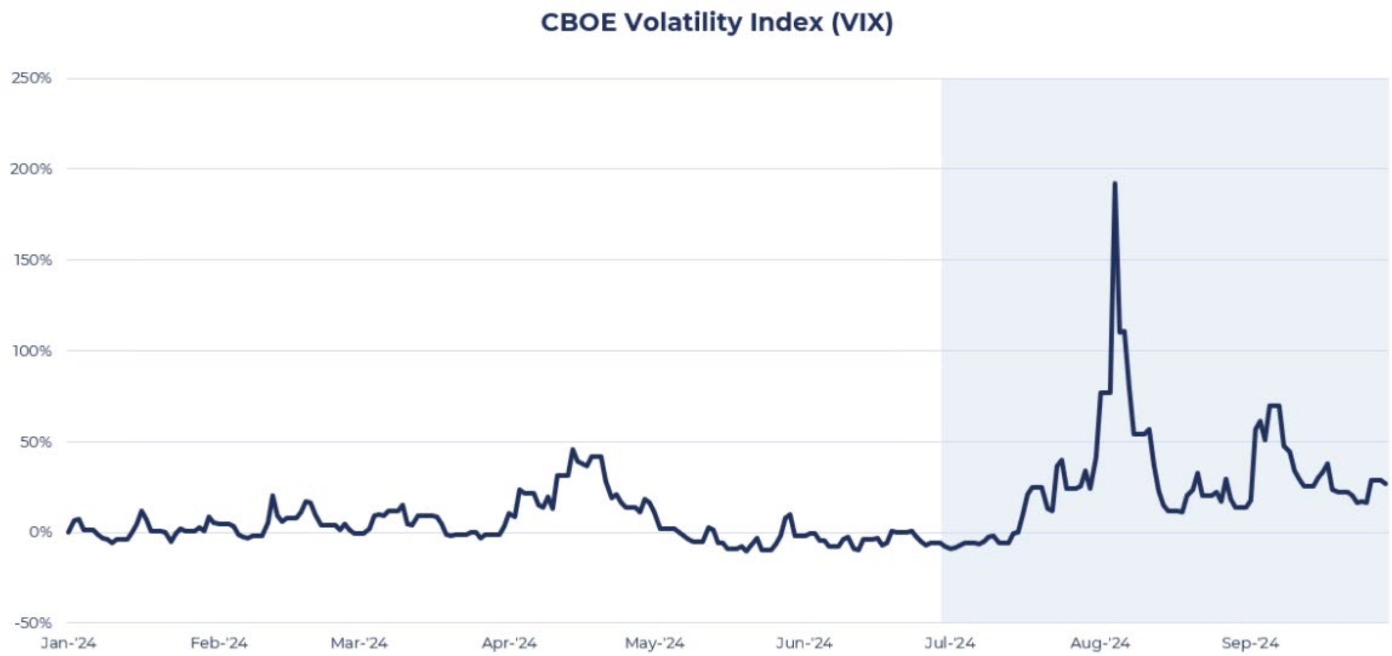
## COMMENTARY

In the third quarter of 2024, the Guinness Global Innovators Fund returned -3.3% (in GBP), the MSCI World Index returned 0.2%, and the IA Global sector average return was 0.2%. The Fund therefore underperformed the Index by 3.5 percentage points and underperformed its peer group by 3.5 points. Over the year to date, the Fund returned 15.5% (in GBP), the MSCI World Index returned 13.0%, and the IA Global sector returned 8.8%. The Fund therefore outperformed the Index by 1.5 points and its peer group by 6.7 points.

Despite ending the quarter in positive territory, global equities experienced a relatively volatile Q3 as markets were rocked by the unwinding of the yen carry trade and a broader sell-off in larger-cap and IT stocks early in the quarter. Interest rate expectations dominated the narrative as investors grew increasingly concerned with the lack of cuts from the Federal Reserve and the pace at which it has acted. Expectations have shifted significantly over the year but softer inflation, weaker jobs and manufacturing data during the quarter prompted heightened expectations of an imminent rate cut amid growing concerns over the health of the US economy. The quarter ended on a lighter note as the Federal Reserve finally began the long-anticipated rate cutting cycle in September with a 50 basis point cut, somewhat easing investor concerns. Finally, the unexpected announcement of a stimulus package in China supported a strong rally in stocks into the quarter end.

With the upcoming US election on 5th November, we take a brief look at how the electoral landscape has changed over the quarter. Whilst we remain cautious of projecting the impact of elections on equity markets, we delve into policy areas that are more likely to change.




*Source: Bloomberg as of 30th September 2024*

The Fund's relative performance over the third quarter can be attributed to the following:

- The Fund benefited from strong selection within the Financials sector as holdings PayPal (+34.5% in USD), Intercontinental Exchange (+17.7%) and Mastercard (+12.1%), all outperformed the broader MSCI World Financials sector (+10.8%). It was particularly encouraging to see London Stock Exchange Group (+15.8%), a recent addition to the Fund, also outperform.

- From an asset allocation perspective, the Fund's overweight position to the Information Technology sector was a detractor from performance due to the market sell-off during the quarter. However, this was partly offset by the Fund's overweight exposure to China, specifically Anta Sports (+28.6%) versus the MSCI World which outperformed during the market rally at the end of the quarter.

- The Fund benefitted from a zero-weight allocation to the benchmark's worst performing sector, Energy (-2.2%).

It is pleasing to see the Guinness Global Innovators Fund in the top quartile versus the IA Global Sector over all time periods shown below, but especially over the longer time frames of 5, 10, 15 and 20-year periods, as well as since launch.

| Cumulative % total return, in GBP | YTD | 1 year | 3 years | 5 years | 10 years | 15 years | 20 years | Launch |
|---|---|---|---|---|---|---|---|---|
| Guinness Global Innovators Fund | 15.5 | 26.2 | 30.7 | 102.6 | 283.0 | 738.9 | 1198.8 | 1318.8 |
| MSCI World | 13.0 | 20.5 | 30.5 | 69.6 | 215.6 | 421.5 | 601.0 | 721.9 |
| IA Global (average) | 8.8 | 16.2 | 14.1 | 50.7 | 154.9 | 281.1 | 429.3 | 534.5 |
| IA Global (ranking) | ^ | 27/540 | 62/488 | 6/413 | 5/256 | 1/160 | 1/95 | 3/90 |
| IA Global (quartile) | ^ | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

*Source: FE fundinfo. Cumulative Total Return in GBP, as of 30th September 2024*

^*Ranking not shown in order to comply with European Securities and Marketing Authority rules.*

## Guinness Global Innovators

| Annual % total return in GBP | Dec 23 | Dec 22 | Dec 21 | Dec 20 | Dec 19 | Dec 18 | Dec 17 | Dec 16 | Dec 15 | Dec 14* |
|---|---|---|---|---|---|---|---|---|---|---|
| Guinness Global Innovators | 32.1 | -20.7 | 22.6 | 32.1 | 31.3 | -11.9 | 22.0 | 27.7 | 2.0 | 18.9 |
| MSCI World Index | 16.8 | -7.8 | 22.9 | 12.3 | 22.7 | -3.0 | 11.8 | 28.2 | 4.9 | 11.5 |
| IA Global sector average | 12.7 | -11.1 | 17.7 | 15.3 | 21.9 | -5.7 | 14.0 | 23.3 | 2.8 | 7.1 |
| IA Global sector ranking | 12/539 | 440/508 | 123/468 | 52/424 | 17/389 | 312/344 | 32/312 | 99/284 | 206/263 | 7/235 |
| IA Global sector quartile | 1 | 4 | 2 | 1 | 1 | 4 | 1 | 2 | 4 | 1 |
| | **Dec 13*** | **Dec 12*** | **Dec 11*** | **Dec 10*** | **Dec 09*** | **Dec 08*** | **Dec 07*** | **Dec 06*** | **Dec 05*** | **Dec 04*** |
| Guinness Global Innovators | 42.6 | 14.9 | -6.0 | 20.7 | 29.3 | -24.5 | 19.2 | 4.2 | 25.0 | 3.4 |
| MSCI World Index | 24.3 | 10.7 | -4.8 | 15.3 | 15.7 | -17.9 | 7.2 | 5.3 | 22.4 | 7.0 |
| IA Global sector average | 21.7 | 9.4 | -9.3 | 15.8 | 23.0 | -24.3 | 8.8 | 7.8 | 24.8 | 7.7 |
| IA Global sector ranking | 6/219 | 31/203 | 59/182 | 44/165 | 38/158 | 91/142 | 21/131 | 87/115 | 58/101 | 75/95 |
| IA Global sector quartile | 1 | 1 | 2 | 2 | 1 | 3 | 1 | 4 | 3 | 4 |

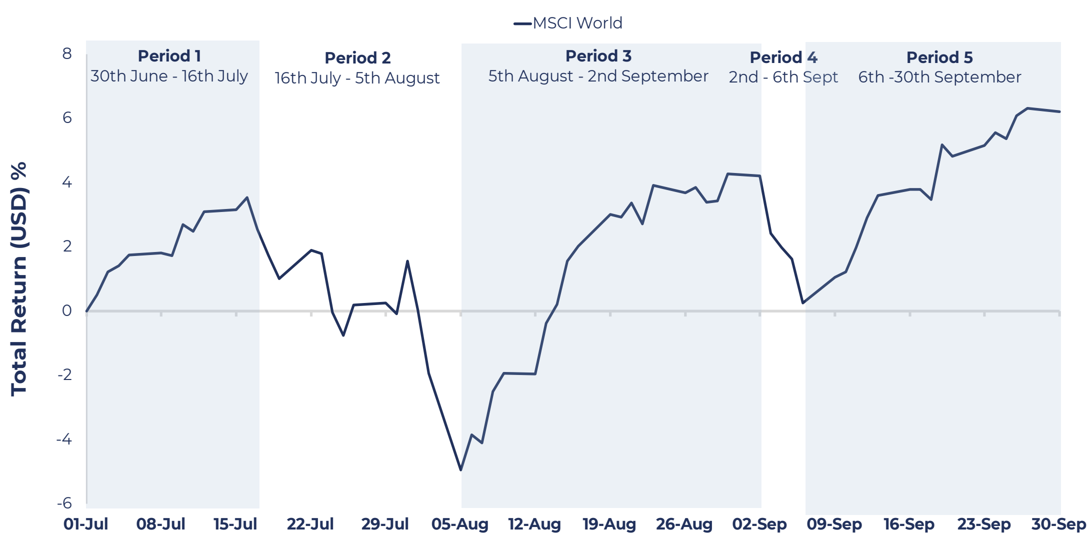
*Source: FE fundinfo*

**Simulated past performance; performance prior to the launch of the Guinness Global Innovators Fund (31.10.14) reflects a US mutual fund which has had the same investment process since the launch of the strategy on 01.05.2003.*

## MARKET COMMENTARY

The third quarter can be divided in five periods of market performance.

**MSCI World Indices Total Return -** Q3 2024




*Source: MSCI as of 30th September 2024*

**Period 1: (30th June- 16th July)- Positive equity performance marked by a small-cap rotation**

Equity markets continued their rally into Q3, led by the Magnificent Six (the Magnificent Seven ex-Tesla), continuing the outperformance of growth stocks from earlier this year. However, attention shifted towards small-cap stocks and the Russell 2000 index (US small-cap stocks) outperformed the S&P 500 by 10% from 10th July to 17th July. This rotation coincided with a cool inflation report, in which June's core consumer price inflation (on a monthly basis, annualized) came in at below 1%. Small-caps often carry greater debt and are therefore more sensitive to interest rate changes; the perceived increasing probability of interest rate cuts in September allowed small-caps to outperform.

*During this period, the Fund benefited from its overweight allocation to the IT sector as all three underlying industries (Semiconductors, Software & Services and Technology Hardware) delivered positive returns.*

**Period 2: (16th July-5th August)- Equity weakness emerges as investors move towards more 'defensive' areas of the market**

Following positive equity momentum led in part by mega-cap tech stocks, a notable shift was observed in July as investors rotated away from these stocks, partly driven by fears over the certainty of returns from rising AI investment and capital expenditure. Comments made by presidential candidate Donald Trump about future security spending in Taiwan raised concerns over the trade relations between the US and China (and thus Taiwan by proxy) which are critical to the semiconductor industry. These fears were deepened by rumours that the Biden administration could employ stricter trade restrictions on semiconductor firms to prevent Chinese access to cutting-edge equipment. Falling semiconductor stocks drove the underperformance of growth and cyclical-oriented stocks leading to the outperformance of 'value', 'defensive' and 'small-cap' names into August.

The broadest and most pronounced sell-off during period 2 came in the first three trading days of August, as weak economic data suggested that tight monetary policy may not be able to cool inflation without harming the economy. Manufacturing data and US jobs data released in the first two days of the month proved disappointing and brought into question the strength of the US economy. Since the Fed had announced on the final day of July that rates would be held at current levels – and did not make a firm commitment to cut them in September – concerns arose that it may have waited too long to begin the rate cutting cycle. The global sell-off deepened on August 5th, as Japan's TOPIX fell 12.4% (after a 5.8% fall the previous day) after the strengthening of the Yen and the shock rate hike from the Bank of Japan prompted an unwinding of the so-called yen-dollar carry trade. Global volatility spiked, the VIX Index reached its highest level since 2020, and investors moved sharply away from riskier assets and toward assets deemed more defensive.

*During this period, given the sell-off in IT stocks, the Fund's overweight position to the sector contributed to relative underperformance compared to the benchmark. However, this was somewhat offset by strong positive stock selection provided by Fund holdings within the Financials sector which displayed better performance than the wider sector (-1.4% vs -7.1%).*

**Period 3: (5th August- 2nd September): Economic concerns are somewhat appeased**

The market sell-off preceding this period was followed by a swift rebound as the MSCI World Index managed to recover the entirety of losses made in the drawdown earlier in the month (although the same cannot be said for the S&P 500). In the US, signs of a healthier-than-expected US labour market (unemployment claims fell faster than predicted) and a significant acceleration in retail sales (1% year-on-year vs 0.3% predicted) paired with robust results from Walmart boosted confidence that the US consumer remained in good shape – suggesting the risk of a recession was lessened. The prospect of lower rates also proved to be a boon to equities, following commentary from Fed Chair Jerome Powell at Jackson Hole – the loudest signal yet that rate cuts are imminent. As a result, the S&P 500 broke a four-week losing streak, closing out its strongest week in nine months. Whilst the sell-off affected more growthier sectors, the rally was far broader with small and large-lap, growth and value, and defensives and cyclicals, largely performing in line with one another.

*During this period, the Fund slightly outperformed the benchmark, benefiting from asset allocation and stock selection effects. As growth stocks clawed back some of the losses from the sell-off in early August, the Fund's overweight position to the IT sector supported outperformance. Fund performance was also aided by strong stock selection in the Communication Services sector as recent addition Netflix delivered a solid +17.2% alongside Meta (+9.6%).*

**Period 4: (2nd September- 6th September): Volatility resurfaces as economic fears**

Concerns of a weaker US economy re-emerged as September kicked off with a worse-than-expected non-farm payrolls report with an increase of just 142,000 jobs, lower than expectations of 165,000. This was coupled with US manufacturing activity which remained in contraction territory, evidencing a slowdown and allowing investor uncertainty and fears over the US economy to resurface. The lack of clarity on interest rate cuts also fuelled investor worries that the Fed may have waited too long to act, contributing to 'risk-off' sentiment. Growthier sectors of the market led the sell-off as defensives (Utilities and Consumer Staples) outperformed.

*During this period, the Fund performed broadly in line with the benchmark. Despite broader weakness in the IT sector and in the Semiconductor industry, the Fund benefited from positive stock selection. The Fund's semiconductor holdings performed better than the benchmark (-4.7% vs -5.8%), offsetting asset allocation effects.*

**Period 5: (6th September- 30th September): Markets buoyed by the Fed's first interest cut**

The Federal Reserve delivered the long-awaited beginning of the rate cutting cycle on the 18th September, marking the first interest rate cut in the US since March 2020. The market was split heading into September's meeting with a 50-60% implied probability of a 50bp cut priced in, and though this was delivered, Powell suggested that this is should not be seen as the Fed's new pace. Markets rallied on news of the bumper cut with the S&P 500 delivering one of its best days this year, jumping 1.7% on the day. Positive news followed towards the end of September as the People's Bank of China announced a bold stimulus package, spurring a rally in Chinese equities. The package included a 50bp cut to the reserve requirement ratio and a 20bp cut in mortgage interest rates – both larger cuts than expected. The recent policy pivot was thought to be motivated by restoring confidence in the domestic economy and pulling it out of a deflationary period and back towards the 5% GDP growth target. On the news, the MSCI China Index was up more than 25%, drawing the quarter to a strong close.

*During this period, the Fund outperformed the benchmark, driven by the Fund's overweight exposure to China. Fund holding Anta Sports, a Chinese sportswear manufacturer and off-benchmark name, delivered a stellar 27.5% from the policy announcements to the end of the quarter, contributing to the Fund's relative outperformance. Despite a rotation away from growth stocks over the quarter, encouragingly within this period, the Fund saw strong positive allocation effects from the overweight position to IT.*

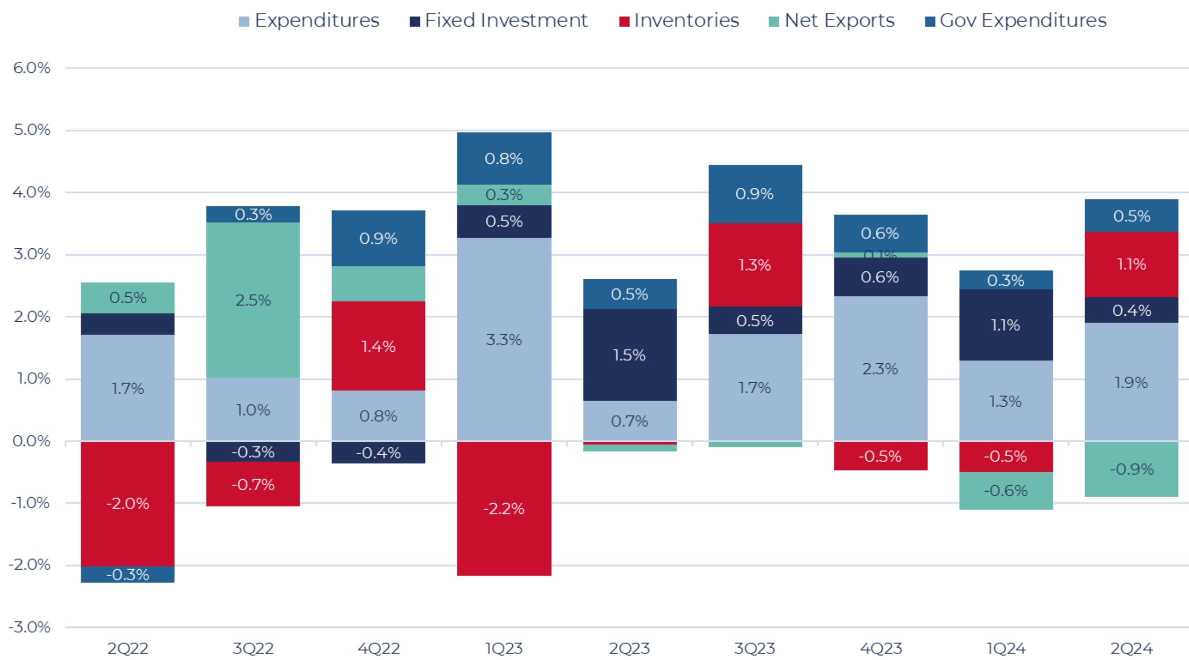
**How have markets changed?**

As mentioned in earlier commentaries, markets entered 2024 with a positive view on the state of the US economy and the trajectory of interest rates. Economic data at the start of the year pointed almost universally to strength, feeding into expectations of several interest rate cuts and almost certainly no sight of an interest rate increase. However, signs of weakness emerged over Q2 as US GDP, manufacturing activity and consumer sentiment data all came in below consensus forecasts. This was echoed by comments from company management citing signs of a weaker consumer, feeling the pinch of rising inflation. Moving into Q3, we delve into how these two key themes have changed.

**Economic Growth**

As the US economy navigates the post-pandemic landscape with high interest rates and heightened geopolitical tensions, debate over whether the economy will experience a soft landing or a hard landing (or recessionary scenario) has been front of mind for many investors. Although there have been mixed signals, economic growth has pointed towards strength. Over the last quarter, revised US GDP data for 2Q24 increased at an annual rate of 3%, an acceleration from 1.6% in Q1. Given the current higher interest rate environment, markets had anticipated slower economic growth, but positively, the recent print was largely driven by consumer spending offering a 1.9% positive contribution, an indicator of economic strength. Furthermore, inventories jumped into positive territory, contributing 1.1% to real GDP growth, following two quarters of decline, pointing towards expectations of stronger demand.

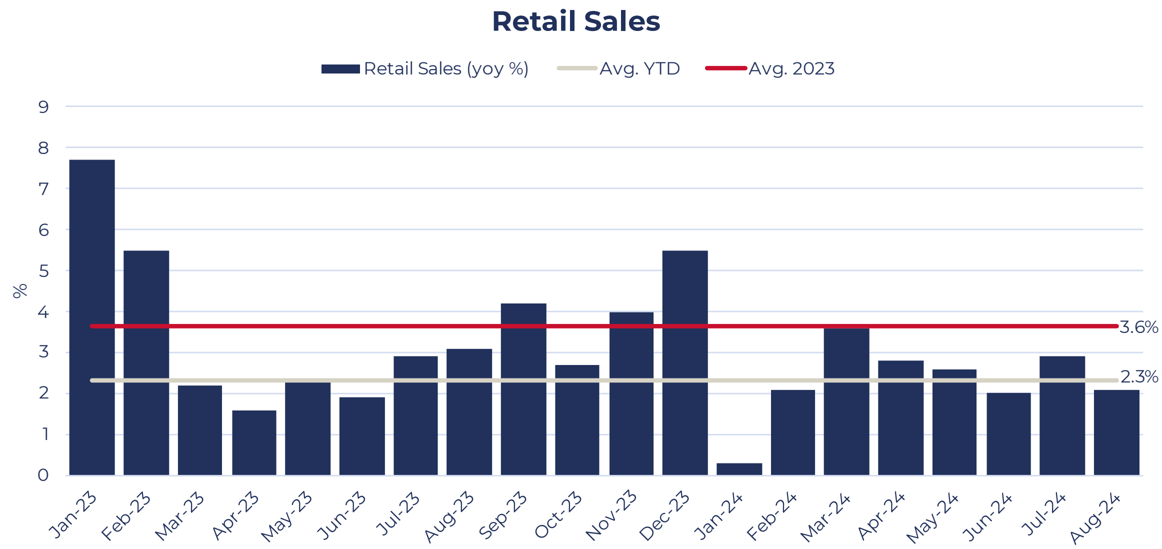
**Components of Real GDP Growth** (QoQ, %)



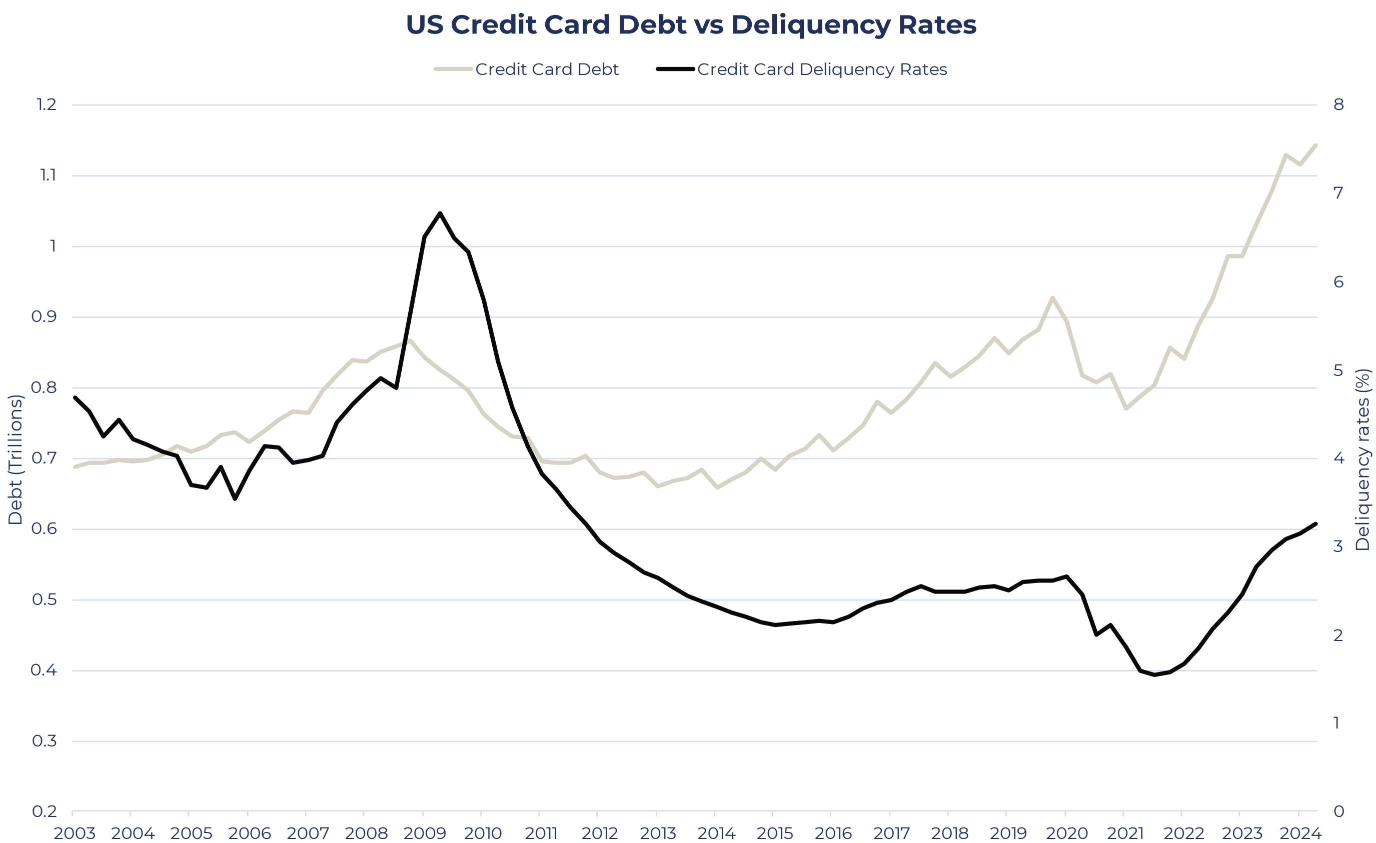

*Source: Guinness Global Investors, Bloomberg, as of 30th September 2024*

**Consumer Spending**

As the largest component of overall GDP, consumer spending is a key driver of economic growth, but in the face of tougher macroeconomic environment and rising inflation, pockets of weakness have emerged through the year. Over the quarter, retail sales growth held up well, with a significant jump in July to 2.9% from 2% in June. This was coupled with an uptick in consumer confidence, measure by the CBI Index, which grew in both July and August. However, retail sales growth looks slightly weaker over this year when compared to last year, which arguably presented a tough environment for consumers at the peak of inflation with rising interest rates. This contributes to concerns that the 'consumer-led' economy may be gently running out of steam, borne out of the rising levels of credit card debt and related delinquency rates in the US, which appear akin to levels leading up to the 2008 Financial Crisis. However, it is worth noting that although credit card and general household debt levels are rising, the household debt-to-income ratio has declined and remains historically low, at around 0.75 in recent quarters compared to over 1.0 during the Financial Crisis, indicating that consumers are on the whole borrowing within their income limit. The mixed picture seems to be echoed in commentary from company management. Mastercard's CEO cited 'healthy' and 'consistent' levels of consumer spending whilst Intuit's CEO highlighted a different picture of lower spending. However, the outlook seems promising as consumer spending is expected to rise following the recent interest rate cut from the Fed.



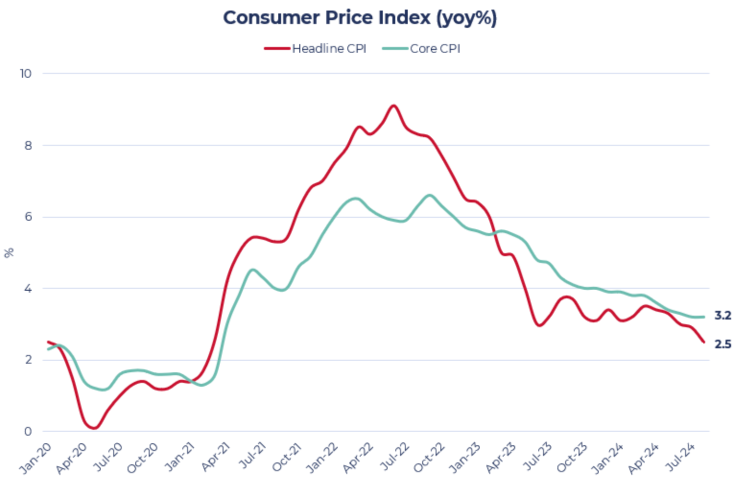

*Source: Guinness Global Investors, National Bureau of Economic Analysis, as of 30th September 2024*

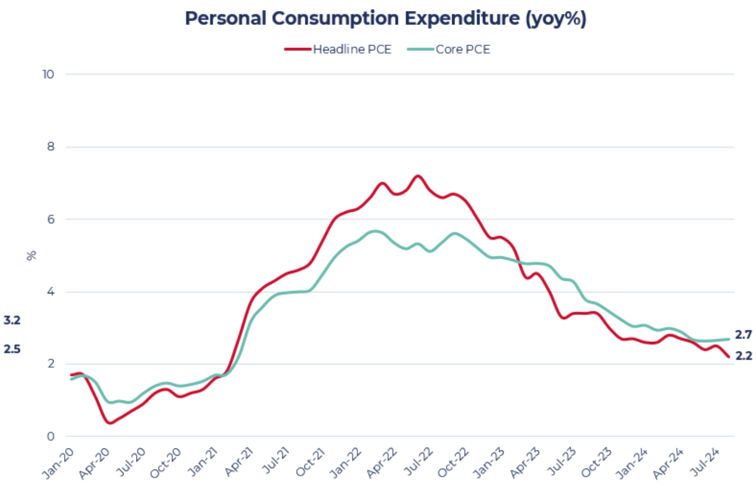



*Source: Guinness Global Investors, Federal Reserve Bank of New York Consumer Credit Panel/Equifax and U.S. Bureau of Economic Analysis, as of 30th September 2024*

**Inflation on the way to target**

Consumer Price Index (CPI) readings through the quarter have been encouraging as we leave behind the biggest increases in prices, by more than 9% in 2023, which were a contributing factor to the high-interest rate environment. Headline CPI inflation has come in under 3% over the past two months, a significant improvement as inflation had been 3% or higher for more than a year. The Fed's preferred inflation measure, the personal consumption expenditures (PCE) index, reached 2.2% inflation, its lowest reading since March 2021, and increasingly close to the Fed's target of 2%.

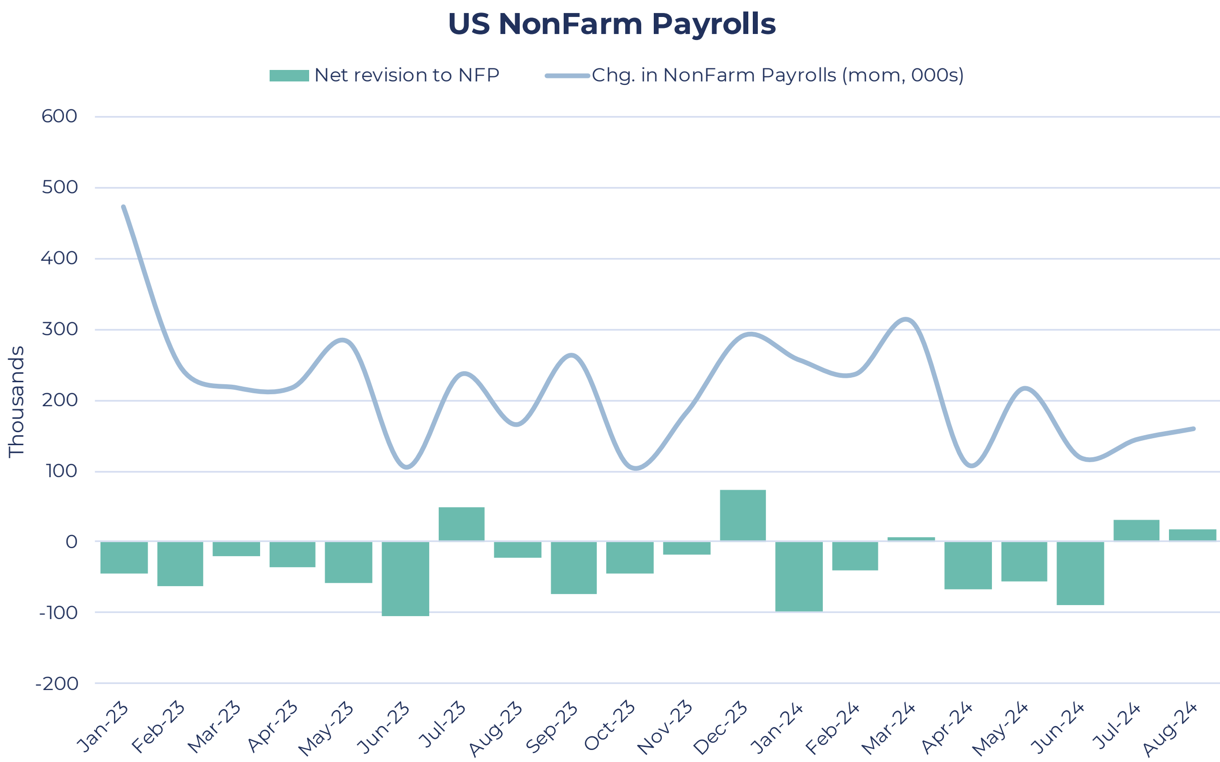


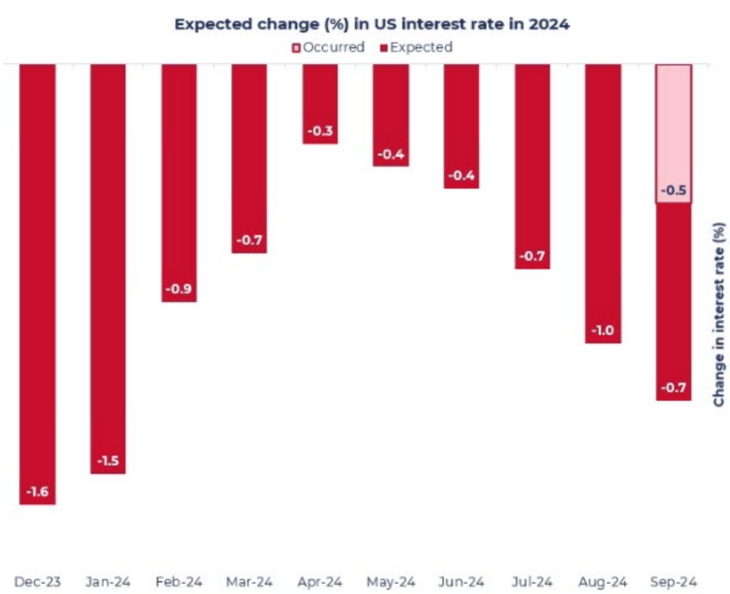

*Source: Bloomberg, US Bureau of Labor Statistics as of 30th September 2024*

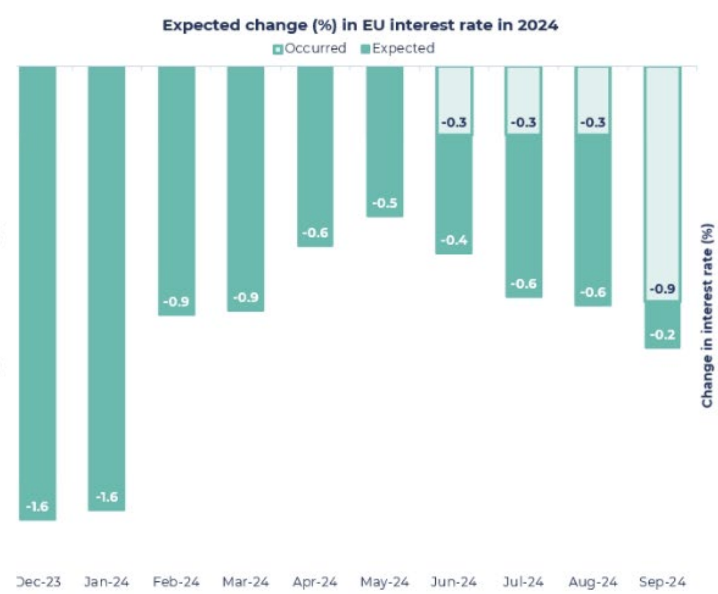
**The path of interest rates**

Expectations for interest rate cuts have shifted significantly this year following mixed signals from economic data and the tone set by the Fed in its committee meetings through the year. In Q1, markets were pricing in more than six cuts of 0.25 percentage points each, but 'hotter than expected' inflation coupled with stronger US economic data contributed to a more hawkish tone from the Fed. By April, expectations had quickly fallen to just one cut and many believed another rate increase was possible. Moving into Q3, stronger GDP data and improving disinflation was seemingly enough to hasten expectations of a cut. A particularly weak US non-farm payrolls report in August sparked fears that the Fed may have left it too late to begin the rate cutting cycle. The data came in with a downward revision of 112,000 jobs, one of the highest downward revisions since the start of the year, and markets began to price in significant monetary policy easing (with four cuts) by the end of the year. Furthermore, investors seemed encouraged by the dovish tone set by comments from Powell at the annual Jackson Hole Symposium. Powell provided arguably the strongest signal yet that the Fed is prepared to make an imminent cut to interest rates, which have remained at 5.25-5.5% for over a year. He stated "the time has come" for policy easing and indicated the softening labour market data could prompt the rate-setting committee to cut rates more quickly. This culminated in a long-awaited 0.5 point cut by the Fed during September, spurring a rally in equity markets towards the end of the month.




*Source: Bloomberg, US Bureau of Labor Statistics as of 30th September 2024 (August 2024 net revision over one month rather than two due to data not being available yet)*



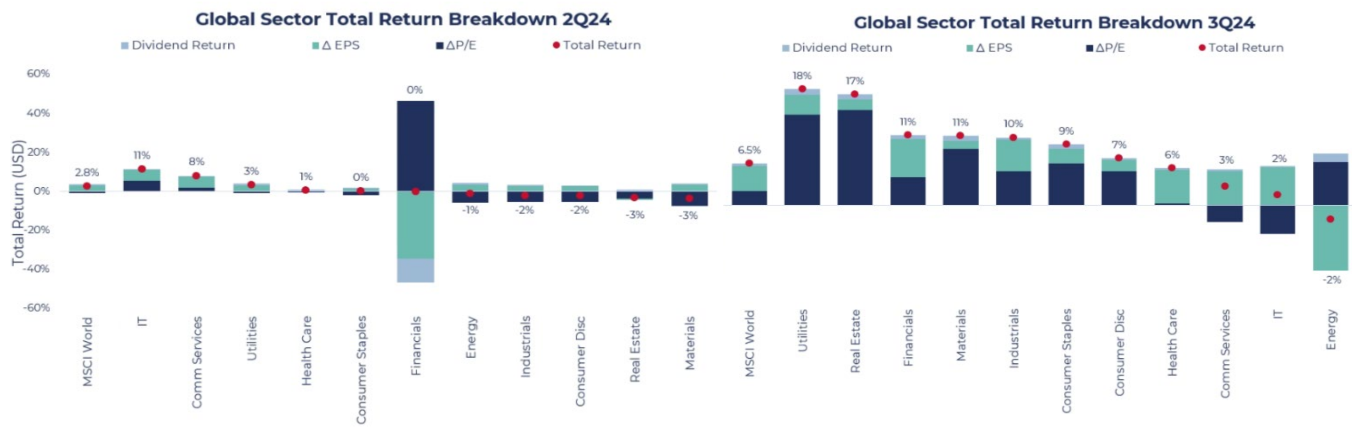




*Source: Bloomberg, as of 30th September 2024*

While the rate cutting cycle was initiated only within the last month in the US, the European Central Bank (ECB) began cutting rates at its June meeting. Interestingly, policy between the Fed and ECB has often moved in parallel due to the potential impact of interest rate divergence in harming the respective economies. However, European economies have seen very different levels of economic growth and inflationary dynamics, which were arguably weaker than in the US, encouraging European policymakers to act faster.

**Sector Rotation**

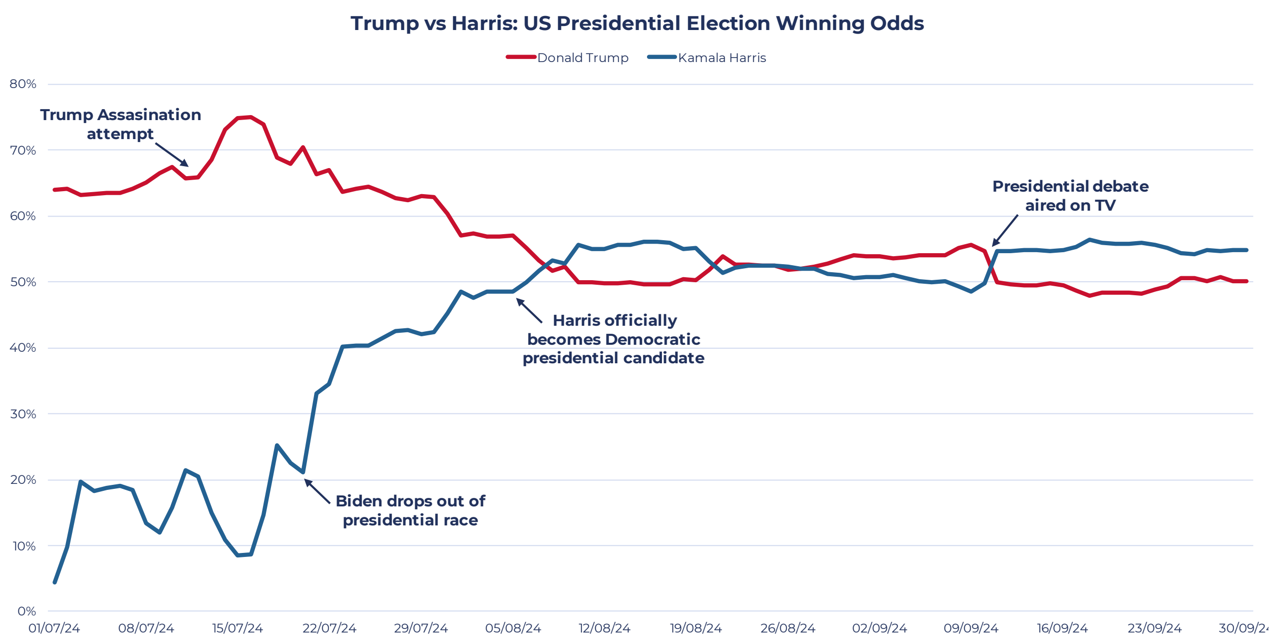
Equity markets have been particularly influenced by the changing expectations for the path of US interest rates as we have noted a significant divergence in sector performance compared to previous quarters. Previously weaker sectors of the MSCI World Index such as Real Estate, among the worst performing in Q2, outperformed over Q3, returning +17% in USD. The potential for lower interest rates and the resulting 0.5 percentage point cut in September buoyed the Real Estate sector, which is typically rate-sensitive. The prospect of interest rate cuts were also thought to have contributed to the rotation towards small-cap stocks within the quarter as the Russell 2000 Index posted a return of 10.2% compared to fairly flat returns (1.1%) from the S&P 500 during July. Small-cap companies tend to perform better in falling interest rate environments as the cost of borrowing, on which they might depend, is eased. Between quarters there was also a notable style rotation towards defensive sectors such as Utilities which outperformed by a significant margin compared to the prior quarter. IT and Communication Services had been the top performers earlier this year but ended the quarter up only slightly as a result of profit taking and some growing concerns over the guarantee of AI-related returns from increased capital expenditure.




*Source: Bloomberg, MSCI as of 30th September 2024*

**US election**

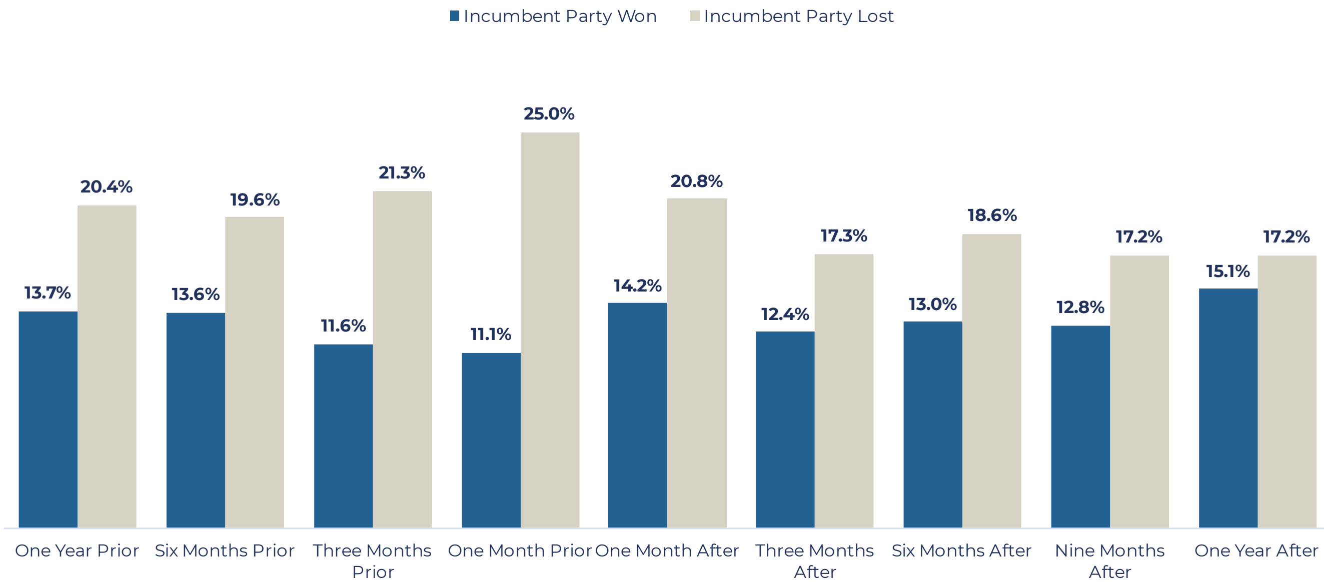
With less than a month to one of 2024's most pivotal general elections, the US presidential race has certainly heated up, and the betting odds are changing. The election landscape pivoted following President Biden's withdrawal from the race in July, leaving Kamala Harris and Donald Trump vying for office. The quarter began with a Trump win implied, however the odds between both candidates are now closer than ever.




*Source: UBS Evidence Lab (Implied probability based on betting odds at leading bookmakers) as of 30th September 2024*

While it is true that 'elections have consequences', to quote former president Barack Obama, the impact in capital markets is arguably limited. With several exogenous influences during election years, we remain cautious of highlighting correlations between the results of a US presidential election and stock market performance. There is however evidence of heightened volatility during election years, and especially when comparing incumbents are defeated. Measuring volatility by the standard deviation in daily S&P 500 returns, data indicates that there is lower volatility on average when the incumbent retained the presidency, compared to heightened volatility particularly running up to the election if they lost. The higher level of volatility potentially reflects the uncertainty created by increasing policy changes following a change in administration.

**Average S&P 500 volatility around US Elections (1928-2020)**

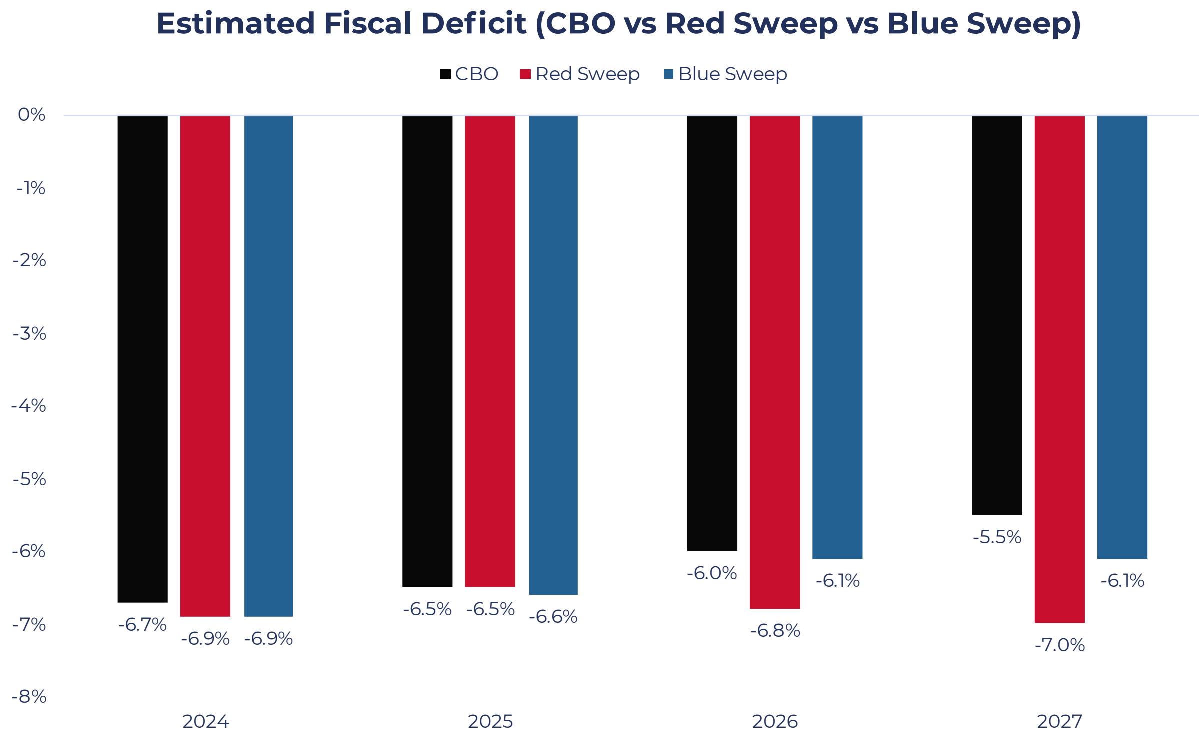



*Source: Guinness Global Investors, T.Rowe Price*

Although few investment decisions are likely to be made based on election predictions, the potential policy changes from candidates could be important for equity markets. Notably, the joint control of the White House and Congress by either political party (a blue or red 'sweep') would determine the extent to which policy is enacted, while a divided government could produce more neutral policy outcomes. We look at the policy areas which could see material change.

**Fiscal Policy**

Both Harris and Trump are advocating for significant spending and tax plans. At the core of Trump's plans is the full extension of the expiring provision form the 2017 Tax Cuts and Jobs Act (TCJA) which changed tax brackets and deductions for individuals and businesses. The TCJA reduced tax rates for individuals and corporations, increased the standard deduction, and limited certain deductions, but these are set to expire in 2025. A second Trump term could see these individual tax cuts extended beyond 2025 and potentially make them permanent, while also adding further cuts to stimulate economic growth. Fully extending the expiring 2017 tax cuts has been estimated to cost approximately 4 trillion dollars. The Democrats under Harris have proposed a varied fiscal plan which would focus on raising taxes on corporations and wealthy individuals while providing support for low-income earners and families. It is estimated that the fiscal package under a red sweep would leave the fiscal deficit almost 1% higher by 2027 than under a blue sweep, but both higher than under the Congressional Budget Office (CBO) baseline. However, both candidates face a common challenge over policy implementation. Congress holds control over government spending, and under a divided government, opposition parties can block the president's fiscal agenda. Although this could lead to tougher negotiations, a bipartisan majority is most likely to avoid a fiscal cliff.




*Source: UBS, CBO, Haver*

**Trade policy**

Under certain sections of US law, presidents can enact trade policy change through tariffs without Congressional approval, making it a policy area susceptible to change regardless of the election outcome. This leaves the door open for policy change that could influence growth, inflation and equity markets within and outside the US. Trump has voiced clear plans to level a 60% to 100% tax on Chinese products, alongside a 10% tariff on all US imports. There is some upside to this as it could offset the costs of other proposed fiscal spending, but it presents a headwind to foreign equities and could increase inflationary pressure. Harris has not shown support for across-the-board tariffs or raising tariffs on Chinese imports and would likely retain existing tariffs and sanctions. The observed impact from tariffs on some Chinese companies and particular industries such as semiconductors in recent years highlights companies that could be vulnerable under a Trump administration. While the Fund has an overweight position to semiconductors, we continue to monitor the ongoing impact of export controls and tariffs.

**Estimated Tariffs under a Second Trump Administration**

| Country | Coverage/ Goods | Amount ($bn) | Current Tariff | Incremental Tariff | Possible Final Tariff |
|---|---|---|---|---|---|
| China | List 1-2 (no consumer goods) | 40 | 25% | 60% | 85% |
| | List 3 (20% consumer) | 120 | 25% | 35% | 60% |
| | List 4a (mostly consumer) | 90 | 7.5% | 10% | 17.50% |
| | List 4b (mostly consumer) | 200 | 0% | 5% | 5% |
| Mexico | Auto Imports | Very small | 0-2.5% | 97.50% | 100% |
| EU | Auto Imports | 80 | 2.5% | 22.50% | 25% |
| Global | All imports | 3100 | 2.7% | 10% | 12.70% |
| China | All imports | 450 | 13.7% | 40% | 53.70% |
| Global | All imports | 3100 | 2.7% | TBD | TBD |

*Source: Goldman Sachs Investment Research*

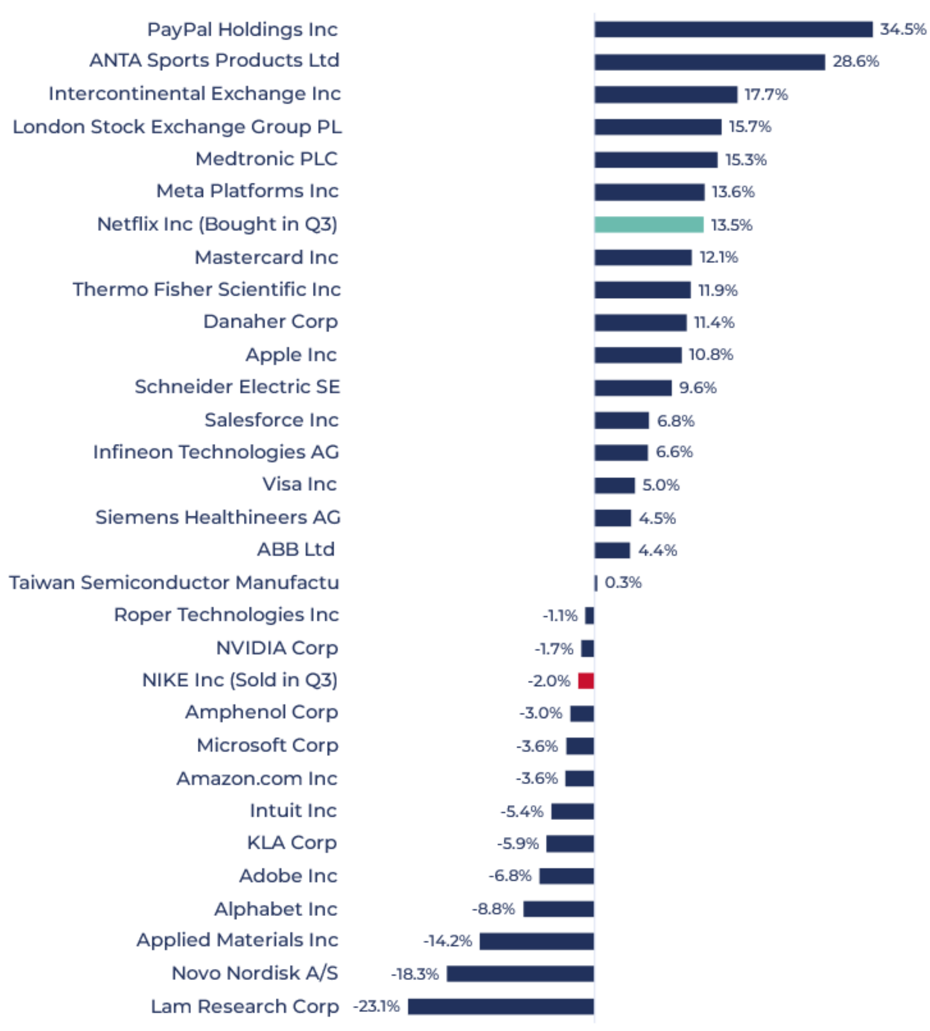
**Immigration policy (labour market)**

Both candidates have signalled plans to tighten immigration policies in response to the increase in net immigration since the Covid-19 pandemic. Presidents have some individual authority over immigration policy, at least on a temporary basis. A stricter immigration approach under Trump could reduce the labour supply, potentially leading to faster wage growth, higher consumer inflation, rising Treasury yields, and narrower profit margins for American businesses. In contrast, a more lenient immigration policy under Harris could produce the opposite outcomes, but given the noted impact of jobs data and the general labour market on investor sentiment in recent quarters, this remains an important policy area to watch.

The outcome of the election could have implications for US equity markets, as the fiscal, tax, and regulatory policies of the next administration will shape the economic landscape. However, the exact impact remains uncertain due to several variables, including potential shifts in Congress, the close odds of winning between candidates, and broader economic conditions. While policies like tax cuts, increased spending or tariffs could affect certain sectors, market responses are often driven by complex factors beyond just electoral outcomes. As a result, while the election will undoubtedly play a role in shaping market expectations, the full effect on US equities remains unpredictable and our investment philosophy remains grounded in a bottom-up stock selection process.

## STOCK PERFORMANCE OVER THE QUARTER

The chart below shows the portfolio constituents' returns over Q3 2024 in USD.




*Source: Guinness Global Investors, Bloomberg, as of 30th September 2024*

**PayPal (+34.5% USD)**

PayPal ended the quarter as the Fund's best performer following solid second quarterly earnings, indicating renewed strength after several quarters of weakness. In recent years, investor enthusiasm over the stock has waned due to concerns over the intensifying competition with its core PayPal Button business from newer digital payment wallets such as Apple Pay or CashApp and slower growth in Venmo and Braintree, PayPal's subsidiary products. However, in July, it posted an encouraging set of earnings, beating estimates with 8% revenue growth year-on-year. PayPal reported improving traffic as Total Payment Volume grew at 11% year-on-year and the company saw a 3% increase in the Monthly Active Accounts year-on-year. Furthermore, the transaction margin dollar, a key measure of profitability, came in at 8%, accelerating by 340 bps, the fastest growth rate since 2021. Management attributed the transaction margin growth to Branded checkout (the core Button business), and Braintree, two areas of weakness in previous quarters. Importantly, the drivers of these strong earnings are likely to sustain themselves in the near term such as Braintree pricing changes which could positively affect numbers over the next few quarters. Results were impressive given the backdrop of PayPal's weaker performance in the post-pandemic period. PayPal saw high double-digit growth during the pandemic with the rise of e-commerce and the acceleration of digital payment adoption as people were required to stay at home. However, after the pandemic, e-commerce volumes slowed and structural issues concerning PayPal's branded checkout button translated into weaker earnings and margin contraction. It is worth noting that renewed strength has coincided with the arrival of new CEO Alex Chriss and a management refresh last year. Execution of new products such as FastLane, which Chriss outlined in his strategy, have accelerated and proved to be successful, providing some reassurance to investors about PayPal's near-term potential, though overall we remain watchful of the company's structural headwinds.

**Anta Sports (+28.6%)**

Anta Sports, the Chinese manufacturer and retailer of sports-related products, ended the quarter as the Fund's second top performer. During the quarter, Anta posted solid H1 results which were largely above expectations. The company beat expectations with top-line sales growth of 13.8% year-on-year with the core Anta brand, the Fila brand and more premium brands Descente/Kolon up 13%, 7% and 42% respectively. Positively, gross margins grew by 80bps to 64.1% and all brands delivered gross margin expansions driven by lighter discounts on products. Looking ahead, despite lowering revenue guidance for its Fila brand from 10-15% to high single digits, management have maintained the 10% growth guidance for the overall business and remain confident in delivering this thanks to performance this year and solid brand momentum. This is encouraging given the tougher macroeconomic environment within China over the past year. The region has experienced a period of lower-than-expected GDP growth and a property market downturn in 2023, dampening consumer sentiment and spending. This was echoed by management commentary from earnings stating that "although the consumer segment in the first half of the year continued to face numerous uncertainties, the overall trend in the sportswear industry remains stable and positive". Importantly, the stock's performance was also buoyed by improving investor sentiment for Chinese equities following a surprising fiscal stimulus from the People's Bank of China. The central bank announced a sweeping $114bn economic stimulus package, alongside a 50bp cut to the reserve requirement ratio and a 20bp cut in the interest rate, both larger than expected. This was coupled with changing rhetoric from Beijing's Politburo, expressing favour for neglected consumers and the need for fiscal spending, creating a positive signal for the company given its exposure to consumer spending habits. Whilst the fiscal stimulus provided an exogenous stock catalyst, the underlying business characteristics are of high quality (strong multi-brand portfolio, strong operational management and ongoing innovation), giving us confidence in the company's long-term growth potential.

**Novo Nordisk (-18.2%)**

Novo Nordisk, one of the world's leading pharmaceutical providers, ended the quarter as the Fund's second weakest performer amid growing competition in the weight-loss and obesity drug market. The company gained popularity as one of the first movers with its flagship GLP-1 drugs Ozempic and Wegovy. Close peer Eli Lilly followed suit with its drugs Mounjaro and Zepbound, but the duopoly of the two pharmaceutical giants has recently been threatened by new private and public entrants emerging. The global GLP-1 drug market has potential to reach $200bn, making it an enticing prospect for peers Pzifer, Roche and AstraZeneca, which have all shown progress in developing rival drugs. Although Novo Nordisk and Eli Lily hold significant first-mover advantage, the threat of new entrants taking market share, adding pricing pressure and increasing then general competition of the market has heavily weighed on the stock price. This was not helped by Q2 earnings that narrowly missed high consensus expectations (-1% at the top line), driven by supply constraints for Wegovy and Ozempic. This overshadowed management raising guidance, a confidence we share with management that Novo Nordisk can continue to generate profitability and sales despite growing competition. The company holds strong intangible assets in diabetes and related cardiometabolic diseases like obesity, contributing to the wide economic moat that should shield profitability. At the same time, the company is actively diversifying its portfolio of GLP-1 products, notably with pipeline product CagriSema already producing strong efficacy data in phase 3 trials. Although pricing pressure is a concern, volume is arguably more relevant to the obesity market given the current low penetration rates and the company's outlined plans to ease supply constraints. We remain watchful of updates in the ever-evolving GLP-1 market, but given its clear competitive advantages we believe Novo is well placed to remain one of the key players in the market.

**LAM Research (-23.1%)**

LAM Research, the American supplier of wafer-fabrication equipment, ended the quarter as the bottom performing stock. Semiconductor stocks began August with negative equity momentum, ending July as the bottom-performing industry following indications of stricter US trade restrictions in China. Since Lam generates 42% of sales (2024) from the latter, the company suffered significant declines as investor sentiment dampened with concerns over the risk of souring US-China trade relations. Despite broader semiconductor weakness, Lam research posted solid earnings, with a slight beat on sales ($3.87bn vs $3.83bn), driven primarily by a strong beat in its Customer Services Business Group. There was some weakness in the Systems segment, but gross margins were strong at 48.5%, c.100bps above guidance. Importantly, the company also reiterated its FY 2024 wafer fab equipment (WFE) market outlook, voicing optimism on a rebound to NAND flash memory, and delivered guidance in line with expectations. Ultimately, recent updates on tightening export controls within the semiconductor industry is a risk factor, but the long-term growth thesis for LAM Research remains intact, and signs of recovery from the latest cycle are emerging.

## CHANGES TO THE PORTFOLIO

In August, we made one switch, selling Nike for Netflix.

**Buy: Netflix.** The streaming giant is a high-quality, fast-growing business with a solid growth runway that is being leveraged by a competent management team. Netflix transitioned to streaming well before competitors and is now the dominant streaming player. Its first-mover advantage allowed it to accrue a vast content library (when capital was cheap and investors were patient) and it has built on this moat with continued investment into original content. This includes a growing non-English catalogue, which has opened up international markets and allowed continued subscriber base growth, which now stands at 270m. Monetising its ad-tier subscribers, expanding penetration in developing markets, and incremental revenue-per-user increases will drive the growth outlook, while Gaming / Sports remains a potential growth avenue for the future. Although the valuation is not overly cheap in the absolute (priced at c.34x 1yr forward earnings), the stock has historically traded in a wide range (40x+ in the pre-COVID growth era and troughing at c.12x in late 2021 over growth fears), we feel the current quality-growth attributes of the firm justify this premium to the market. At present, the business and the narrative around it have turned a corner following concerns over profitability. Management actions have driven both subscriber numbers and profits up meaningfully in recent years, and investors look forward to the encouraging runway for growth – and most importantly profitable growth – that lies ahead. Even as management shift investor focus away from pure subscriber growth to user engagement, there is still a double-digit top-line forecast, while c.25% or more on the bottom line and a strong improvement in margins and free cash flow all make for an encouraging outlook.

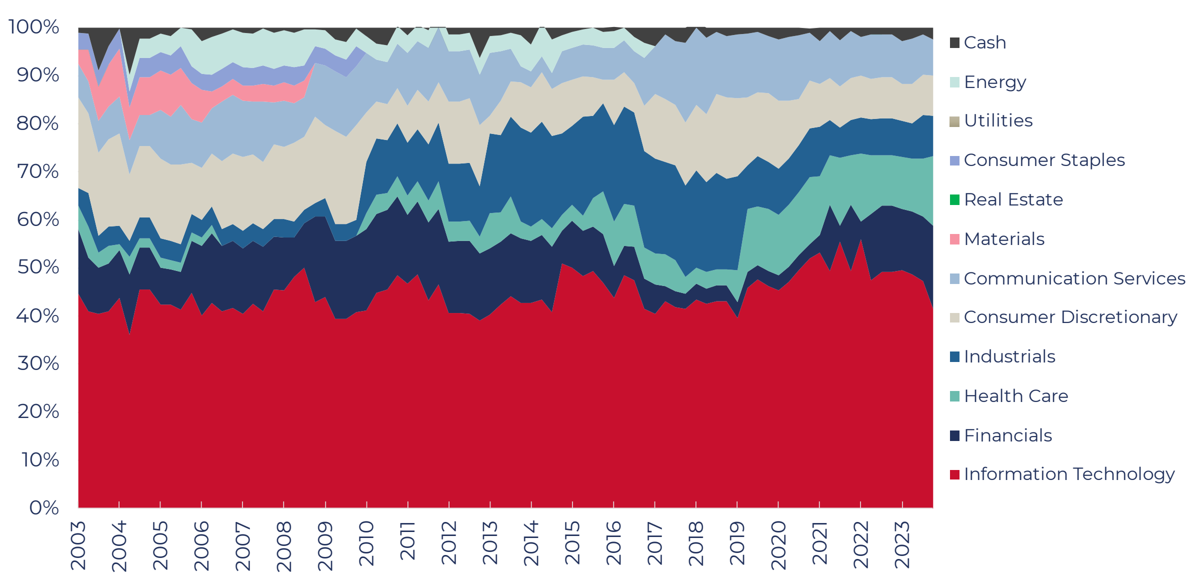
**Sell: Nike.** We first purchased Nike in November 2016, delivering a total return of c.60% (in USD terms) over the holding period (vs MSCI World +147%). The stock outperformed strongly in first five years of the holding period, particularly during the pandemic, when global lockdowns amplified the success from the firm's decision to focus on Direct-To-Consumer (DTC) and 'Online' while moving away from wholesale partners. Since then, however, it appears that these pandemic-era benefits served to mask deeper underlying issues with the strategy – in particular a declining level of competitiveness, despite the benefits to profitability. Results in

July brought many of these concerns to the forefront. After no growth in FY24 and guidance for negative growth in FY25, the reacceleration of revenues investors had been patiently awaiting seemed to have been pushed still further out. The slowdown had previously been attributed to a weak economic backdrop and thus a weak consumer. Although this argument carries weight, not only do these headwinds appear deeper than expected, but there are now questions around competitiveness, in light of inroads made by competitors such as Adidas, Lululemon and On Running, and the multi-year decline in market share for Nike. In all likelihood, these firms gained share as a direct result of Nike cancelling relationships with wholesalers, which opened up shelf space for challenger brands. A marked slowdown in the 'Lifestyle' portfolio (i.e. non-performance-wear, which makes up c.60% of sales) has spurred a rethink in strategy, with a complete refresh of the portfolio set to be completed by the end of FY25 (May 2025), with significant narrowing of the range underway. This quarter appeared to be a hard reset for Nike – a recognition that the current portfolio is not going to deliver the required growth. Its plan to achieve is is a refresh and refocus towards innovation (alongside greater brand and marketing investment).

The foundations for Nike remain strong: it retains number-one market share across major markets, its brand equity is undoubtedly strong (even if diminished), and it has a robust supply and distribution network with strong retailer relationships and broad category exposure – all while maintaining a very strong balance sheet. Not only this, but Nike has proved over its history the ability to drive sales growth through innovation. While we acknowledge it may be able to repeat this cycle, we see increased risk to the near-to-mid term outlook and note that with a greater competitive threat and new, innovative competition, this task is all the harder to achieve. Management commentary appears to suggest that the reinvigoration of growth is not on the near-term horizon, and macro trends in the meantime are not favourable. Consumer trends change often, and Nike has often repositioned to capture them, but relying on innovation for growth appears to be a difficult sell when there is no guarantee this will flow through to real earnings. We view the firm's problems as more than a weakening consumer environment, but a diminished ability to compete with peers, and a misstep in strategy. This could be a 'multi-year' reset for the firm, with no quick rebound in earnings. To summarise, although we do not rule out success in Nike's new strategy, we have lost confidence that the stock will be able to reinvigorate growth back into the product portfolio in a desired time frame, and therefore believe there are better opportunities elsewhere.

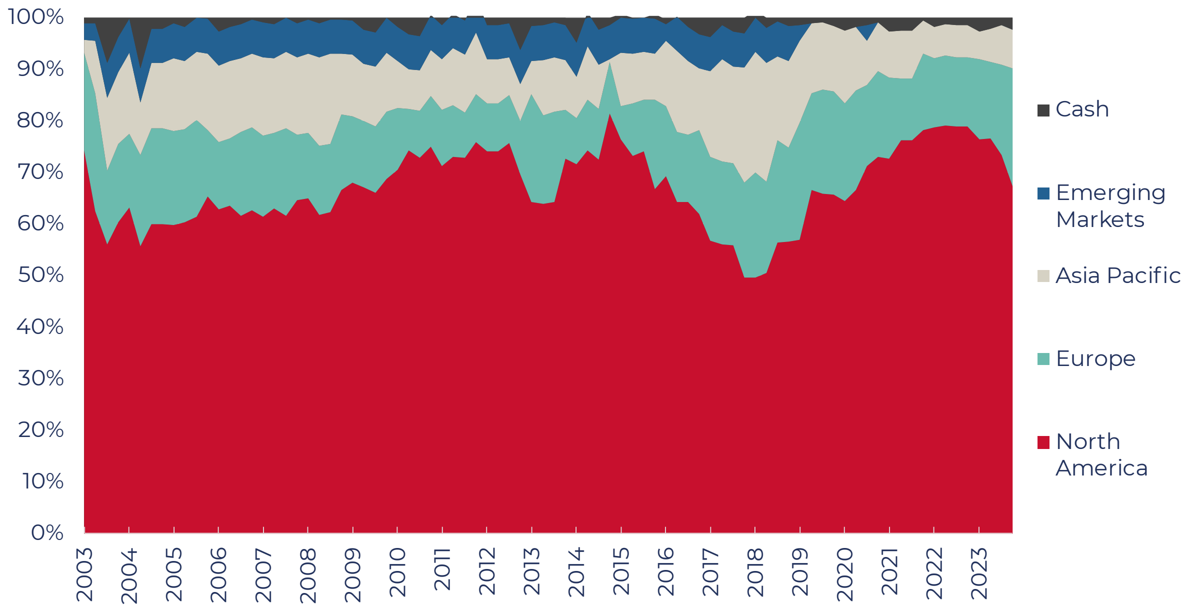
## PORTFOLIO CHARACTERISTICS

The two charts below show how the exposure of the Fund 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 (67%), followed by Europe (23%) and Asia Pacific (8%).



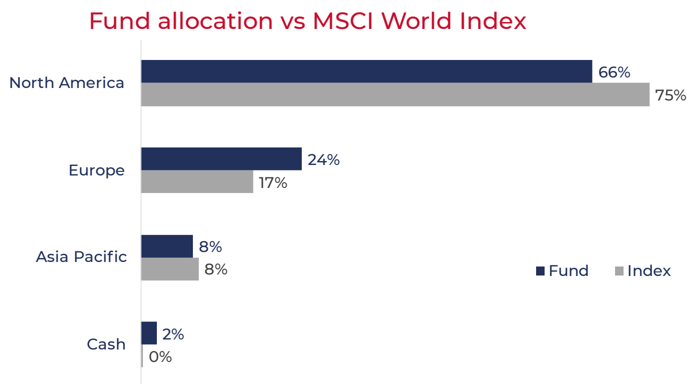

*Portfolio sector breakdown. Guinness Global Investors, Bloomberg (30th September 2024)*

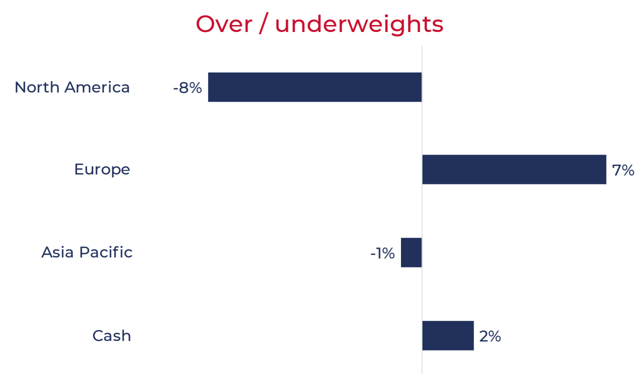
## Guinness Global Innovators




*Portfolio geographic breakdown. Guinness Global Investors, Bloomberg (30th September 2024)*

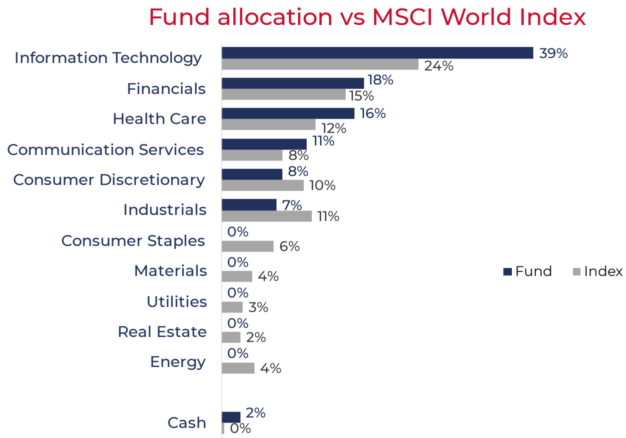
On a regional level, the Fund remains at a small underweight position to North America and a small overweight position to Europe. Asia Pacific remains relatively underweight relative to the benchmark.

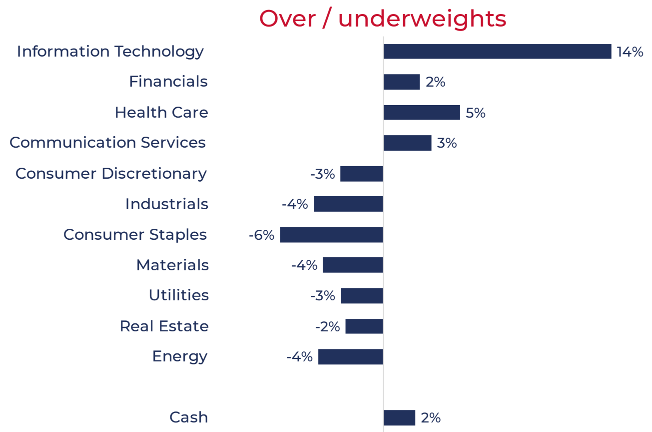



*Source: Guinness Global Investors, Bloomberg (data as at 30th September 2024)*

On a sector level, the fund continues to have a large overweight to IT (14%), while the fund's 0% exposure to Real Estate, Energy, Materials, Consumer Staples, and Utilities leaves these areas underweight relative to the benchmark. The impact of the switch resulted in an increase to Communication Services (purchase of Netflix), a reduction in Consumer Discretionary (the sale of Nike).




*Source: Guinness Global Investors, Bloomberg (data as at 30th September 2024)*

## OUTLOOK

The Guinness Global Innovators Fund seeks to invest in quality growth companies trading at reasonable valuations. By doing so, 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 non-profitable tech businesses that have swung between large rises and falls, but ultimately underperformed significantly over the post-pandemic period.

The table below illustrates how the portfolio reflects the four key tenets of our approach of growth, quality, valuation, and conviction.

- **Growth** drives long-term returns. We focus on companies with exposure to long-term secular growth themes, that are expected to grow faster than the market over time, and which may offer more predictable, sustainable growth.

- **Quality** protects against downside risks. We focus on high and consistent return on capital, balance sheet strength, and sustainable competitive advantages.

- **Valuation** is important – we will not overpay for future growth.

- **Conviction** is reflected in our high active share, 30-stock, equal-target-weight portfolio and long-term, low-turnover approach.

The portfolio has many superior characteristics to the broad market; higher sales and earnings growth, superior return on capital, and greater balance sheet strength, with higher historic growth. It currently trades at a 32.1% premium to the MSCI World Index on a P/E (2024e) basis, with expected earnings growth (2025 vs 2024) of 18.2% vs the MSCI World of 12.5%. Compared to the MSCI World Growth Index, the Fund trades at an 10.7% discount (P/E 2024e), but with a comparable level of expected earnings-per-share growth.

| Portfolio metrics versus MSCI World Index | | Fund | MSCI World Index |
|---|---|---|---|
| **Growth** | Trailing 5-year sales growth (annualised) | 13.8% | 4.3% |
| | Estimated earnings growth (12M forward) | 18.2% | 12.5% |
| **Quality** | Return-on-Capital | 21.4% | 8.5% |
| | Median net debt / equity | 16.4% | 38.9% |
| **Valuation** | PE (2024e) | 27.6x | 20.9x |
| | PE (2025e) | 23.3x | 18.6x |
| **Conviction** | Number of stocks | 30 | 1480 |
| | Active share | 79% | - |

*Source: Guinness Global Investors, Bloomberg, as of 30th September 2024*

Though the macroeconomic outlook is certainly more mixed, there are signs of market strength and the start of the rate cutting cycle in the US is a promising signal for consumers and businesses. Even through a quarter of heightened volatility, stock fundamentals have shown resilience, giving us reassurance in our bottom-up approach to stock-picking in the face of economic and geopolitical uncertainty. 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 value discipline – particularly important in the context of a market where valuation is front of mind. In addition, our broadly 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.

We thank you for your continued support.

**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 | $1146.6m |
| Fund launch | 31.10.2014 |
| OCF | 0.81% |
| Benchmark | MSCI World TR |

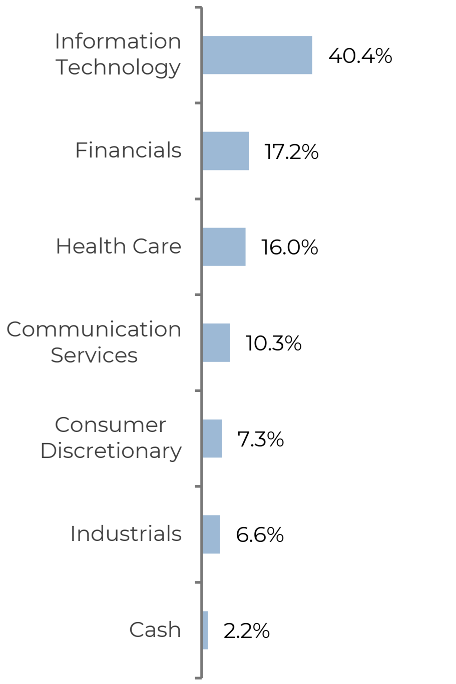
## GUINNESS GLOBAL INNOVATORS FUND - PORTFOLIO

### Top 10 holdings

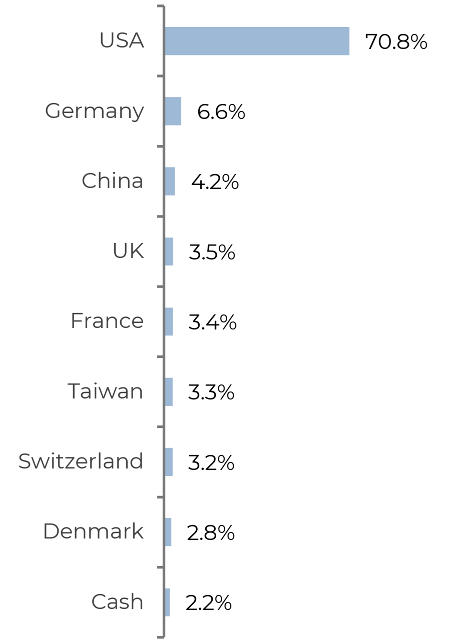
| | |
|---|---|
| Anta Sports Products | 4.2% |
| Meta Platforms | 3.7% |
| Paypal | 3.7% |
| London Stock Exchange Group | 3.5% |
| NETFLIX INC | 3.5% |
| Mastercard Inc | 3.5% |
| Siemens Healthineers | 3.5% |
| Medtronic | 3.5% |
| Intercontinental Exchange | 3.4% |
| Schneider Electric | 3.4% |

| | |
|---|---|
| Top 10 holdings | 36.0% |
| Number of holdings | 30 |

### Sector




### Country



Past performance does not predict future returns.

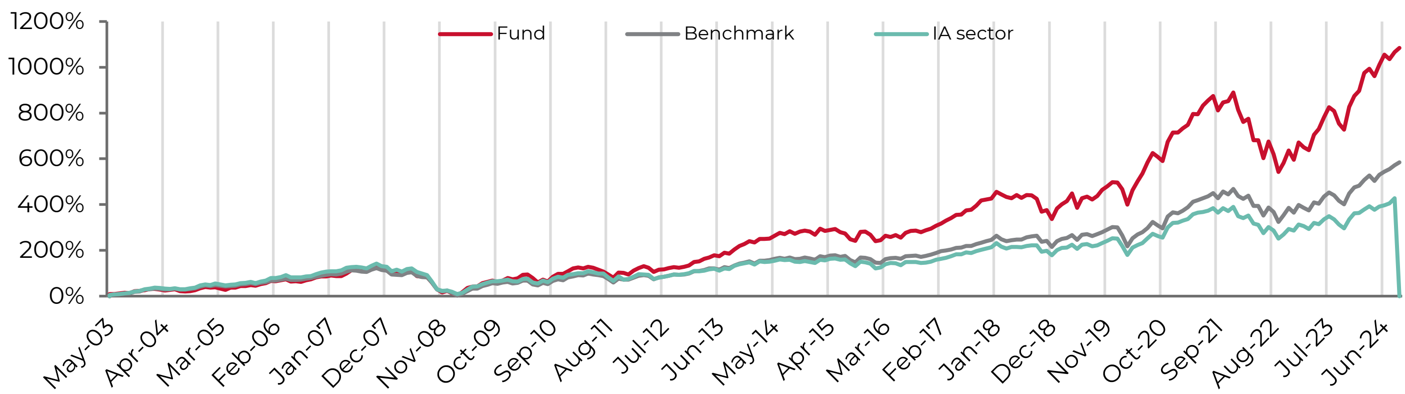
## GUINNESS GLOBAL INNOVATORS FUND - CUMULATIVE PERFORMANCE

| (GBP) | 1 Month | YTD | 1 yr | 3 yr | 5 yr | 10 yr |
|---|---|---|---|---|---|---|
| Fund | -0.4% | +15.5% | +26.2% | +30.7% | +102.6% | +283.0% |
| MSCI World TR | -0.2% | +13.0% | +20.5% | +30.5% | +69.6% | +215.6% |
| IA Global TR | +0.1% | +8.8% | +16.2% | +14.1% | +50.7% | +154.9% |
| **(USD)** | **1 Month** | **YTD** | **1 yr** | **3 yr** | **5 yr** | **10 yr** |
| Fund | +1.6% | +21.6% | +38.6% | +30.0% | +120.5% | +217.7% |
| MSCI World TR | +1.8% | +18.9% | +32.4% | +29.8% | +84.6% | +161.1% |
| IA Global TR | +2.2% | +14.4% | +27.7% | +13.5% | +64.0% | +110.9% |
| **(EUR)** | **1 Month** | **YTD** | **1 yr** | **3 yr** | **5 yr** | **10 yr** |
| Fund | +0.8% | +20.3% | +31.5% | +35.0% | +115.4% | +258.2% |
| MSCI World TR | +1.0% | +17.6% | +25.6% | +34.8% | +80.3% | +195.6% |
| IA Global TR | +1.4% | +13.3% | +21.1% | +17.9% | +60.2% | +138.7% |

## 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 prior to the launch of the Guinness Global Innovators Fund (31.10.14) reflecting a US mutual fund which has the same investment process since the strategy's launch on 01.05.03.
Source: FE fundinfo to 30.09.24. 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 0.81%. 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 | £12.2m |
| Fund launch | 30.12.2022 |
| OCF | 0.79% |
| Benchmark | MSCI World TR |

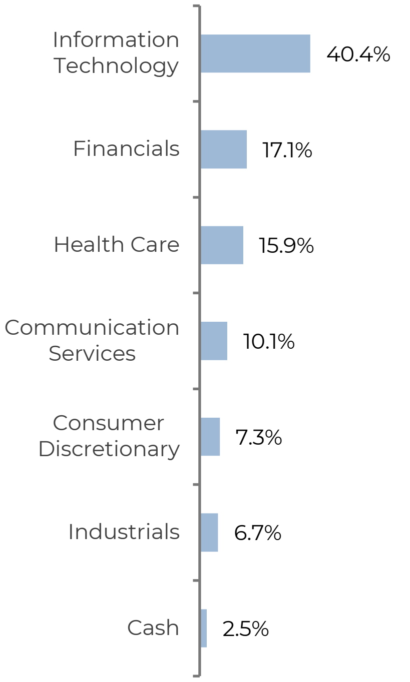
## WS GUINNESS GLOBAL INNOVATORS FUND - PORTFOLIO

### Top 10 holdings

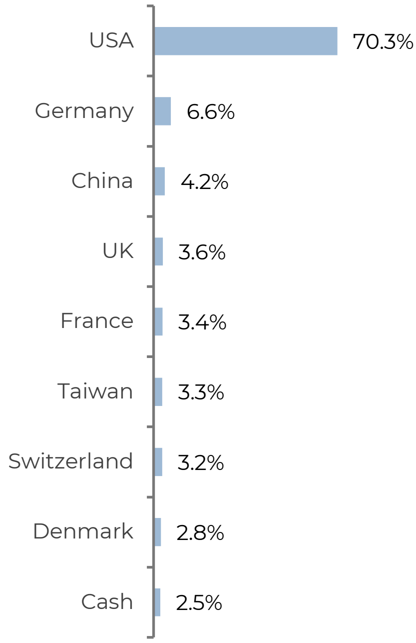
| | |
|---|---|
| Anta Sports Products | 4.2% |
| Meta Platforms Inc | 3.7% |
| Paypal | 3.7% |
| London Stock Exchange Group | 3.6% |
| Siemens Healthineers | 3.5% |
| Mastercard | 3.5% |
| Medtronic | 3.5% |
| Schneider Electric | 3.4% |
| Intercontinental Exchange | 3.4% |
| Nvidia Corp | 3.4% |

| | |
|---|---|
| Top 10 holdings | 35.8% |
| Number of holdings | 30 |

### Sector




### Country



Past performance does not predict future returns.

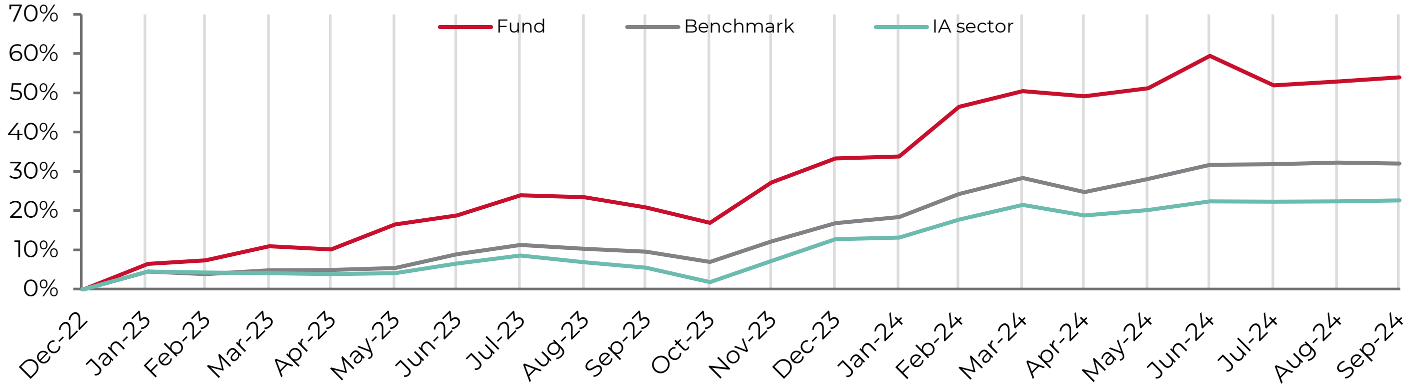
## WS GUINNESS GLOBAL INNOVATORS FUND - CUMULATIVE PERFORMANCE

| (GBP) | 1 Month | YTD | 1 yr | 3 yr | 5 yr | 10 yr |
|---|---|---|---|---|---|---|
| Fund | +0.7% | +15.5% | +27.5% | - | - | - |
| MSCI World TR | -0.2% | +13.0% | +20.5% | - | - | - |
| IA Global TR | +0.1% | +8.8% | +16.2% | - | - | - |

## 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 30.09.24. 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 0.79%. 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, Supplement, tKey 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, REYL & Cie S.A., Rue du Rhône 4, 1204 Geneva, Switzerland. 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.

**Australia**

For professional investors only.

**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 www.fundsolutions.net/uk/guinness-global-investors/ or free of charge from:-

Waystone Management (UK) Limited
PO Box 389
Darlington
DL1 9UF
General Enquiries: 0345 922 0044
E-Mail: investorservices@linkgroup.co.uk

Waystone Management (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.