Guinness Global Innovators

Investment Commentary – June 2024

GUINNESS GLOBAL INVESTORS

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 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, 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 May, the Guinness Global Innovators Fund provided a total return of 2.9% (in GBP) against the MSCI World Index net total return of 2.7% and the IA Global sector average return of 1.2%. The Fund outperformed the benchmark by 0.1% and outperformed the IA Global sector by 1.7%.

Global equity markets returned to strength in May. In April, equities had their first month of negative performance since October 2023 as mixed economic data and limited progress in bringing inflation down to target levels in the US led the Federal Reserve to suggest a further delay to the rate cutting cycle. This fueled concerns that the economy may be entering a low-growth, high-inflation period, instead of the 'Goldilocks' scenario (resilient economic growth and a continued steady decline in inflation alongside interest rate cuts) that had seemingly become the base case for 2024. There were also marginal concerns that the Fed's next move could in fact be a rate hike. Events over May served to 'de-risk' these concerns, as economic data was strong (but not too strong, which would increase concern over inflation) and inflation showed progress, however slight, in moving towards target levels after barely moving in the preceding months of 2024. A strong earnings season saw broad earnings upgrades across sectors, adding to the positive sentiment over equities. In Europe, economic data suggested an improvement in the macro environment, and continued disinflation entrenched expectations of a European interest rate cut in early June. Equity markets seemed unfazed by significant political events over the month, including a surprise announcement of a summer election in the UK and the conviction of a former (and potentially next) US President. This 'risk-on' sentiment drove the outperformance of growth and cyclicals relative to value and defensives. Interestingly, quality as a factor also outperformed – potentially suggesting that investors remained somewhat cautious.

During the month, relative performance of the Funds was driven by the following:

- The portfolio's largest overweight position was to the benchmark's top performing sector over the month, Information Technology, which acted as the largest tailwind to relative Fund performance. Stock selection within the sector was mixed, however, with strength in semiconductor names such as Nvidia (+26.9%), Infineon (+14.3%) and KLA (+10.4%), offset by weakness in bottom performing stocks Salesforce (-12.8%) and Intuit (-7.9%).

- Stock selection within Industrials was another key driver of relative Fund performance, with ABB (+12.0%) and Schneider Electric (+9.0%) both outperforming the Industrials sector (MSCI World Industrials +3.0%).

- The portfolio's zero allocation to Utilities, the second top performing sector over the month, also provided a headwind to relative Fund performance. On the other hand, the zero allocation to the benchmark's bottom performing sector, Energy, acted as a tailwind.

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

Cumulative % total return, in GBP, to 31st May 2024	YTD	1 year	3 years	5 years	10 years	15 years	20 years	Launch
Guinness Global Innovators	14.1	30.2	38.2	126.1	301.3	885.2	1149.1	1301.4
MSCI World Index	9.7	21.6	35.5	80.4	215.7	496.7	596.6	697.9
IA Global sector average	6.7	15.5	18.2	58.6	153.5	339.3	434.1	522.2
IA Global sector ranking	^	14/546	35/481	3/406	5/243	1/160	1/96	2/92
IA Global sector quartile	^	1	1	1	1	1	1	1

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

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

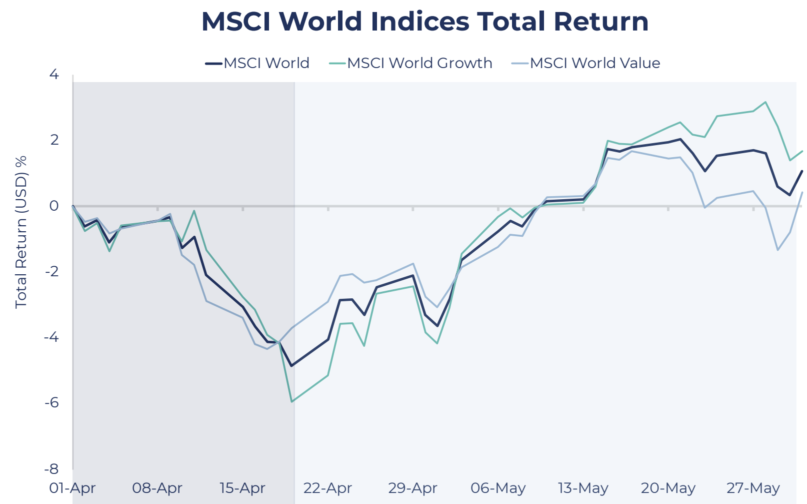
	Dec 13*	Dec 12*	Dec 11*	Dec 10*	Dec 09*	Dec 08*	Dec 07*	Dec 06*	Dec 05*	Dec 04*
Guinness Global Innovators	42.6	14.9	-6.0	20.7	29.3	-24.5	19.2	4.2	25.0	3.4
MSCI World Index	24.3	10.7	-4.8	15.3	15.7	-17.9	7.2	5.3	22.4	7.0
IA Global sector average	21.7	9.4	-9.3	15.8	23.0	-24.3	8.8	7.8	24.8	7.7
IA Global 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

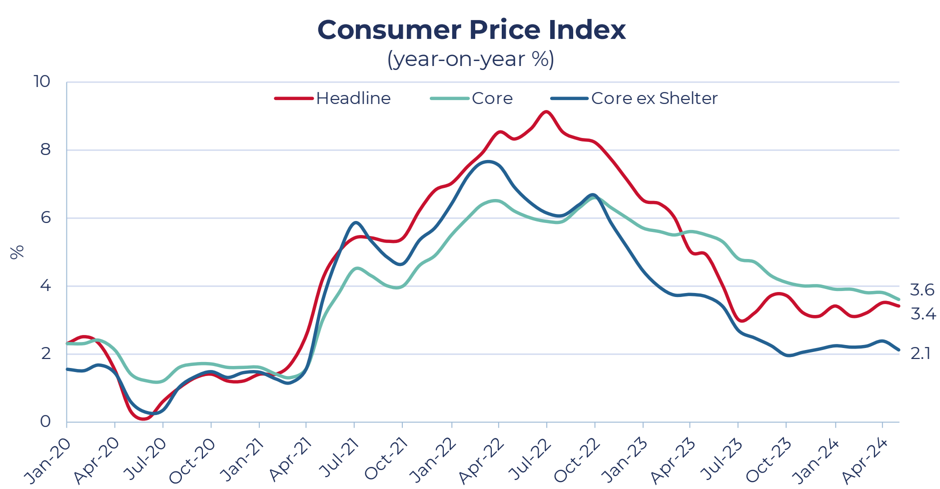
Global equity markets trended upwards over May, a continuation of the 'growth-led' rally that took hold at the end of the previous month. This more than offset the overall weakness seen early in April and took equity indices once again to new all-time highs. As discussed previously, market optimism over the economy dipped during April. Previous economic data over 2024 had pointed almost universally to strength, and given that further interest rate increases were seemingly off the table as a result of the significant progress made lats year in bringing inflation down, equities reacted positively – even if it had meant a slight delay to the rate-cutting cycle. However, small changes to the narrative emerged over April as Q1 GDP, the US manufacturing purchasing managers' index and consumer sentiment surveys all came in below consensus forecasts, causing sentiment on the economic backdrop to take a downward turn, and markets paused to reassess the outlook. Suggestions emerged that the 'consumer-led' economy may be very gently running out of steam. In combination with the fact that disinflationary trends were seemingly faltering too, the market's primary concern was a scenario of higher inflation, a weaker economy and delays to a rate-cutting cycle. This was in contrast to the 'ideal world' scenario envisaged over the prior months of 2024, with continued economic growth, inflation trending towards a 2% target, a strong jobs market with low unemployment, and interest rates coming back down in the near future.



Source: Guinness Global Investors, MSCI; 31.03.2024 – 31.05.2024

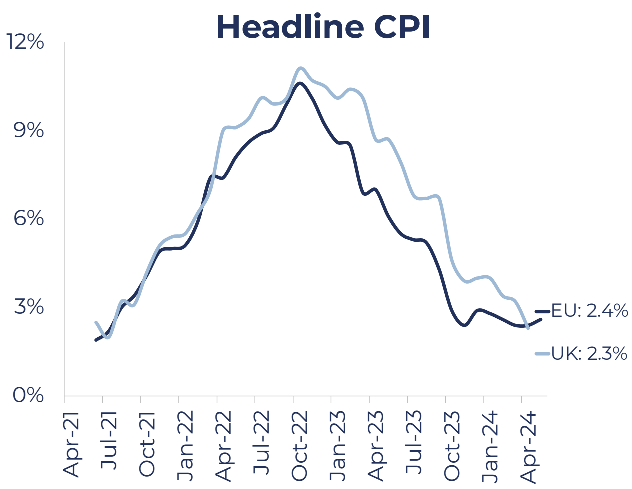
Jobs and inflation were once again the focus of equity markets

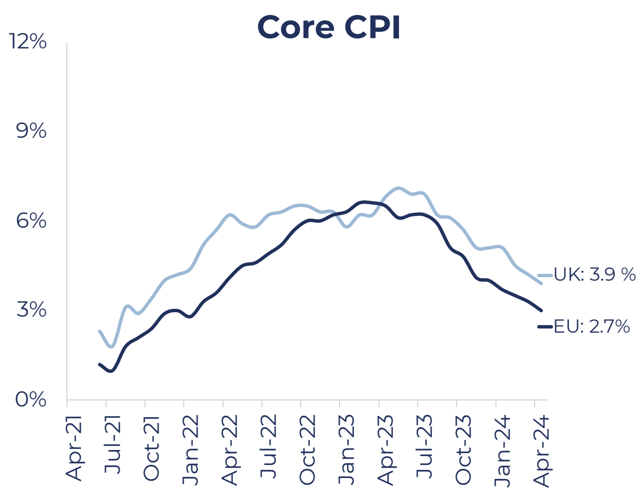
We wrote in May's commentary that we were wary of taking data points from a single month and projecting forward, and developments over the subsequent weeks highlighted why. While a strong earnings season had already put some positive momentum back into equities at the start of May, US stocks bounced further after a jobs report significantly undershot expectations. The US added just 175,000 jobs in April, compared to the 241,000 forecast. This was the smallest addition in six months and came amidst a small uptick in unemployment. This bolstered hopes of an easing in inflationary pressures, given that a cooler jobs market indicates declining wage pressures – the core cost to the services economy (c.70% of the services industry cost base is wages), where inflation has been most pronounced. This decline was particularly pronounced in leisure and hospitality, which added just 5,000 jobs compared to 53,000 in March. These hopes were reaffirmed by inflation data mid-month. For the first time since November, headline consumer price inflation (CPI) was not 'hotter than expected' but in line with expectations at 3.4%. Whilst this was just a 0.1% slowdown from the previous month, Core CPI (CPI ex Energy and Food) and 'Super-Core' (Core ex Shelter) which are often seen as more representative of underlying cost pressures, both fell by 0.2%. Whilst these measures by no means show a decisive move towards continued disinflation, they were taken as a move in the right direction, following a few months of limited progress – particularly at the 'Super-Core' level.



Source: Guinness Global Investors, Bureau of Labor Statistics; data to 31.05.2024

There was also continued progress in bringing inflation back towards target levels in both Europe and the UK. Both regions have seen core inflation tick down relatively consistently over the past 12 months.

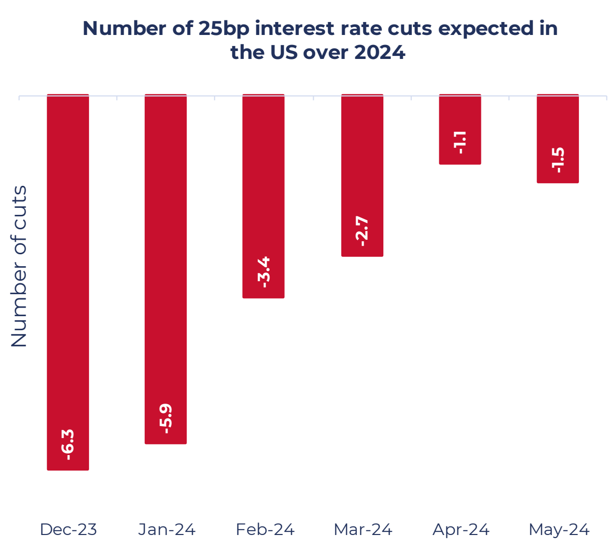


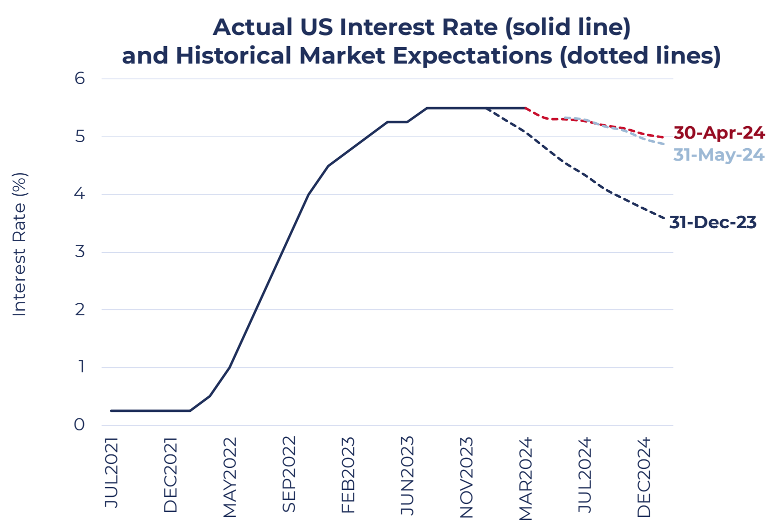


Source: Guinness Global Investors, Eurostat, UK Office for National Statistics; data to 31.05.2024

Rate expectations and central bank commentary – divergence in policy.

With inflation continually surprising to the upside in the US over the year, expectations over how many rate cuts the Fed would undertake have already shifted significantly over 2024 – with markets expecting between 6-7 cuts of 25 basis points (0.25%) at the beginning of the year, to around 1 at the end of April. There were even some returning concerns that the Fed may need to tighten policy even further at some point during the year – almost an unthinkable proposition as 2024 began. In May, we saw this downward trend end, with a slight uptick in the number of expected rate cuts – from 1.1 to 1.5. While this change in expectations was marginal (see the right hand chart below), this served to once again reduce fears of any potential rate hike.





Source: Guinness Global Investors, Bloomberg; data to 31.05.2024

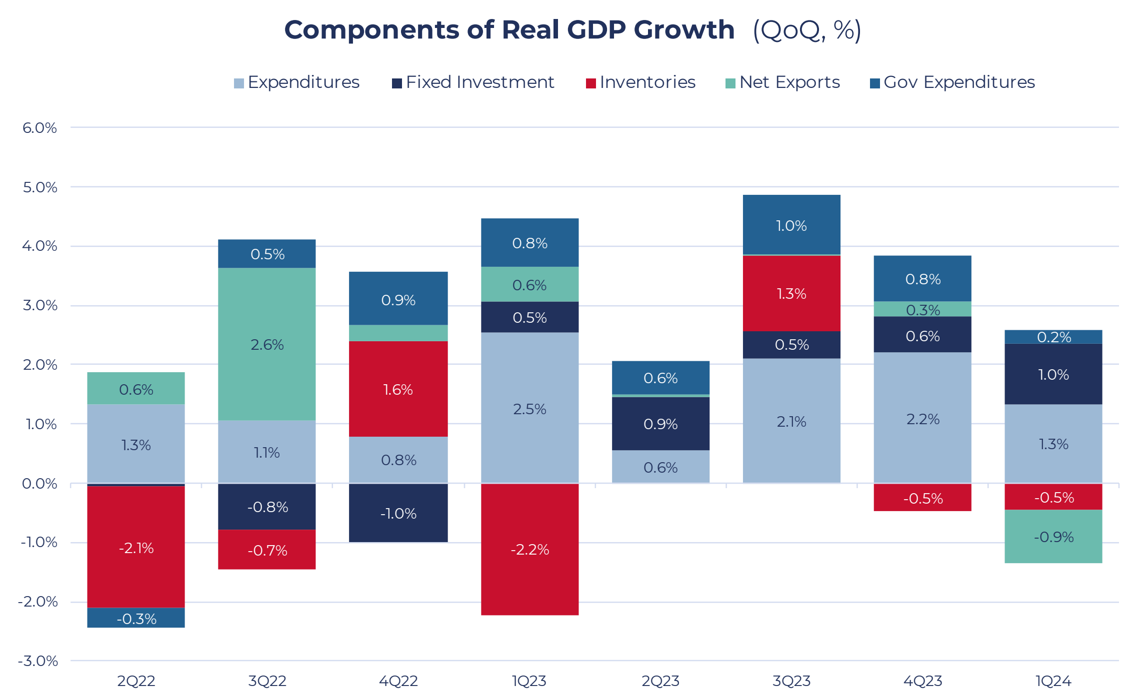
These thoughts were largely echoed by the Fed itself. In mid-May, its chair Jay Powell stated that although the Fed was likely to be "keeping policy at the current rate for a longer time than had been thought" due to a notable "lack of progress", there was only a "very small probability" that the Fed's next move would be a rate hike. The fact that the US economy, and the jobs market in particular, has remained so strong whilst disinflation has started to stagnate has afforded the Fed far more manoeuvrability with respect to monetary policy – with headroom to maintain rates at potentially higher levels than they otherwise could, had a weakening in the economy or jobs market also been present.

In contrast to the US, price pressures in Europe have diminished much more over 2024, and hence, unlike for the Fed, there is a strong consensus that the European Central Bank (ECB) will cut rates at its June meeting. Money markets imply a 98% chance of an interest rate cut in June from the ECB, following the Swiss and Swedish central banks. Whilst not totally unheard of, divergence from the Fed is uncommon because of the impact on exchange rates and thus import costs, which may in turn lead to further inflation. Hence, expectations of the number of rate cuts have fallen dramatically over of 2024 in most regions. However, the ECB highlights that inflationary pressures and dynamics are different in Europe to that of the US. The fact that Europe is not seeing the same level of economic growth than the US means the ECB is more likely to make the first move – especially when inflation is far closer to target levels.

The economic outlook remains positive, but there are reasons to remain wary

In last month's commentary, we discussed how a disappointing preliminary US GDP headline number (1.3% vs 2.5% expected) for Q1 could not be taken at face value, and there were some interesting underlying dynamics. In particular, the slowdown was driven by a fall in investment in inventories and a decline in net exports. Reassuringly, however, demand remained strong from consumers and businesses alike – even with some downward revisions over May. Consumption (Expenditures) offered a 1.3% positive contribution to real GDP (revised downwards from 1.7%), with a quarterly growth rate of 2.0% (revised from 2.5%), a solid result in absolute terms, albeit a slowdown from the 3.3% seen in Q4, but still the most significant driver of economic strength.

Fixed Investments from businesses offered a 1.0% contribution – up from 0.7% the prior quarter. The decline in net exports was partly a result of consumer spending remaining so much stronger in the US than abroad, causing the trade deficit to widen. A decline in inventory typically suggests expectations of future weakening demand, but this does not necessarily reflect what we saw elsewhere – and in May this was no different. Purchasing managers indices (PMIs) in the US moved decisively into expansionary territory, with the Manufacturing PMI moving from 50.0 to 51.3 and Services PMI moving from 51.3 to 54.8 – indicating increasing business confidence. And US consumer confidence picked up in May following three consecutive months of declines, with a reading of 102 for May (up from 97.5 in April). And most importantly for equities, Q1 reporting season highlighted underlying earnings strength – 78% of companies reported a positive surprise to earnings per share, with average year-on-year growth of 7.8%.



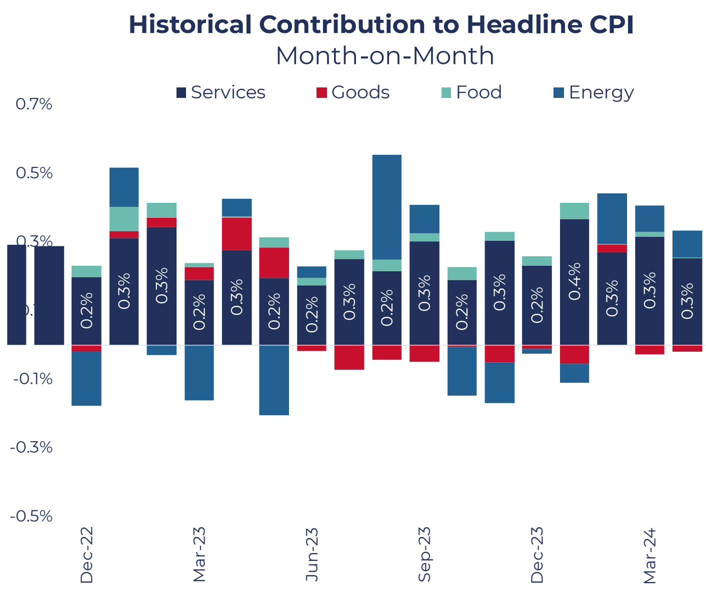
Source: Guinness Global Investors, Bureau of Economic Analysis, April 2024

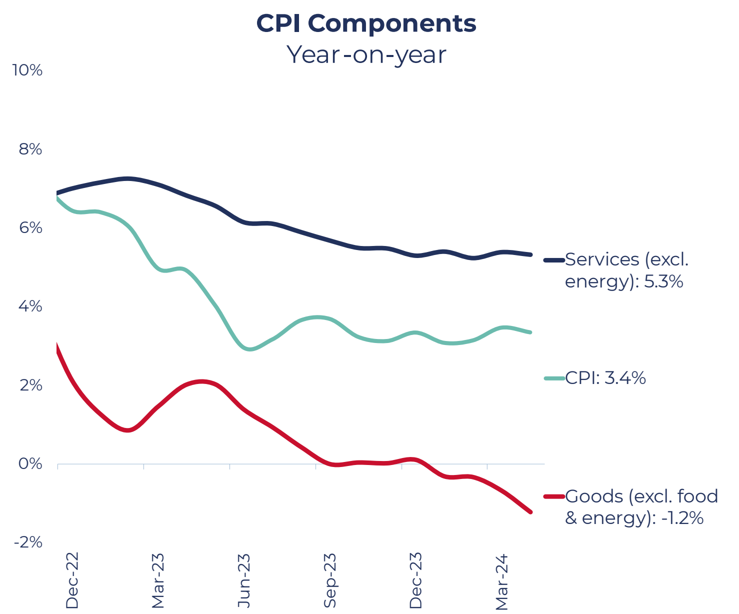
While the picture overall is positive, there are a number of signs that growth is at least moderating – a positive for the inflation. In April, jobs growth slowed markedly, retail sales were flat month-on-month and industrial capacity utilization edged downwards from 78.5% to 78.4%. Whilst a moderation in economic strength is healthy given above-target inflation, in our view, we are acutely aware of a couple of risks that deserve monitoring.

Consumer strength is not uniform. Given the US consumer has been the key driver of economic growth over the past few years, a weakening spending environment is likely to play a key role in any economic slowdown. A number of companies including McDonald's, Coca-Cola and Nestlé reported a shift in purchasing habits towards cheaper options, suggesting consumers may finally be beginning to feel the pinch of inflation. This was backed by data that showed US credit card delinquencies in Q4 reaching their highest levels since 2012, when data began. As excess savings from the pandemic returned to zero for the first time during April, concerns emerged that the 'consumer-led' economy may be gently running out of steam. The fact that consumer expenditure was revised downwards adds further weight to this concern. This weakening does, however, appear to be concentrated amongst lower-income households (as companies consistently noted in earnings reports), which are not the most significant driver of spending, with overall spending remaining healthy.

Services inflation has shown very little sign of moderation in the last six months. On a month-on-month basis, Services inflation has consistently been within 0.2% and 0.4% over the last 18 months. Over 2024, it has averaged at around 0.3%. On a year-on-year basis, the metric has barely budged since October, where it measured 5.5% year-on-year (currently 5.3%). The decline in Core CPI has been entirely driven by Goods deflation.

Clearly, if 'goods' disinflation stops (and it inevitably will at some stage), we will need to see a moderation in 'Services' inflation if we are to continue seeing disinflation towards target levels. The moderation in jobs this month was a positive signal, but as we have said before, we are wary of projecting forward based on one data point.



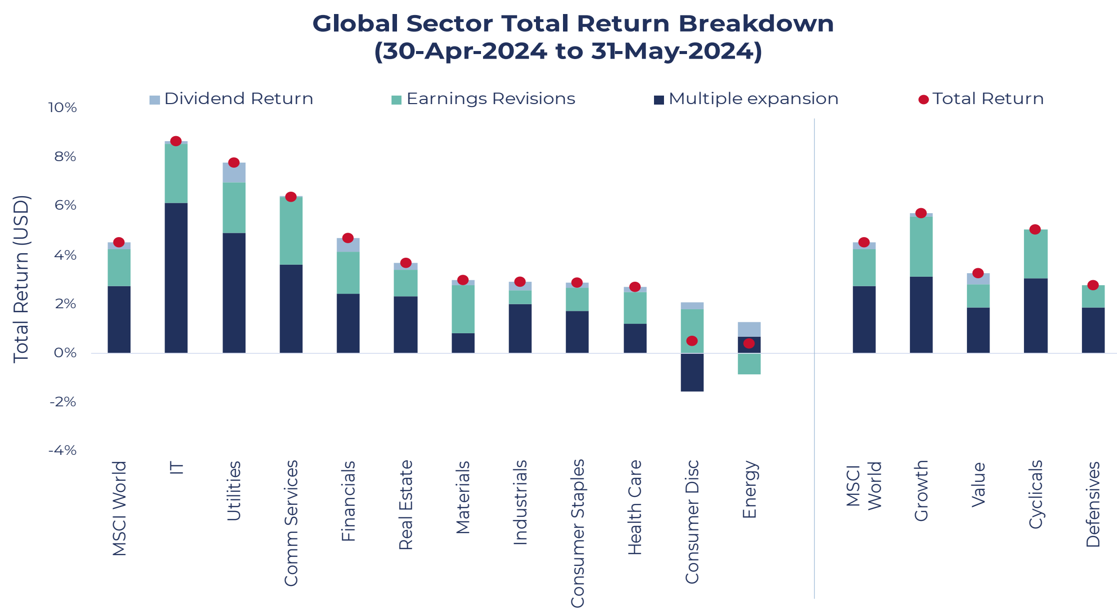


Source: Guinness Global Investors, Bureau of Labor Statistics, May 2024

In summary, developments over the end of April and month of May have served to suggest that the 'ideal scenario' is firmly back on the table. In this scenario, investors saw continued economic growth, inflation trending towards a 2% target, a strong jobs market with low unemployment, and interest rates coming back down in the near, if uncertain, future. Equity performance in the first quarter was strong despite rate cut expectations being pushed further out – with the market seemingly content to put up with higher rates for longer over the short term, provided these higher rates were in the context of a strong economy. While developments over April certainly made this scenario less likely, May pushed the odds back in its favour given that a.) the economy (and consumer) on the whole remains in robust shape, even amidst some data points that suggest weakness in pockets; b.) signs that disinflation is progressing towards target levels, despite a slow rate of change; c.) commentary from the Fed that suggests a very low possibility of further rate hikes, and d.) continued strength in underlying business performance from companies. Whilst there is still clearly market concern that a heated economy may delay interest cuts further, as shown by weakness in equities following the PMI print, in our view, strength in the economy is fundamentally a net positive for equities, even if it delays the rate cutting cycle further.

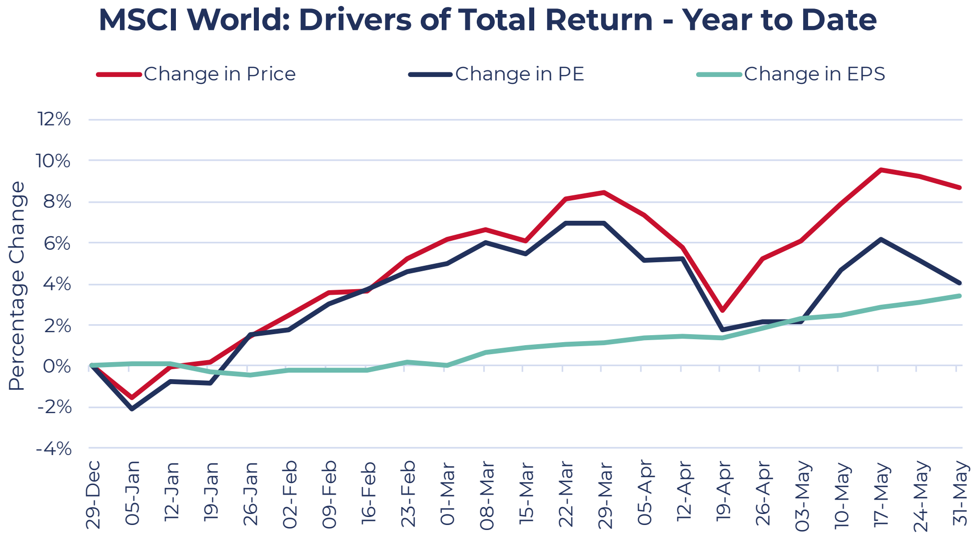
How has this impacted equities?

Equity performance over the month was broad-based, with every sector ending in positive territory, driven by a moderate contribution from both position revisions to earnings expectations as well as valuation expansion across the majority of sectors and factors. Upgrades to 1-year earnings expectations were likely driven by a strong earnings season and strong economic data, with valuations boosted also by improved prospects of a positive economic outcomes (i.e. a soft landing) as well a 'de-risking' in the prospects of interest rate hikes, and further delays to rate cuts (the first of which is now expected in September). As expected in such an environment, growth outperformed value, and cyclicals outperformed defensives, both with respect to earnings revisions and valuation. The IT sector, as might be expected, was the top performer over the month, with semiconductors and technology hardware companies outperforming all other industries. Given their value and defensive characteristics, it is perhaps surprising to see Utilities performing so well. This has been driven by electric-utility stocks, which have benefited from the vast computing power requirements of AI, the onshoring of manufacturing, and the boom in semiconductor production.



Source: Guinness Global Investors, MSCI, Bloomberg

On a final note, it is interesting to see the underlying breakdown of total return drivers year-to-date (see chart below), with a healthy balance between earnings revisions and valuation expansion contributing to performance. While valuation has been a relatively volatile driver of total return, earnings revisions have proved far more stable. Using our bottom-up approach, we aim to identify companies than can grow their earnings across business cycles, with a focus on quality and an awareness of valuation. Year-to-date, this has served the Funds well, with quality and growth styles both outperforming the broader index, whilst also avoiding the more speculative areas of the market (such as unprofitable technology companies) which have not performed well given the prospect of a moderation in the global economy, and a greater focus on costs (which has benefited quality companies). We are confident that the strategy's focus on high-quality growth stocks underpinned by structural changes stands us in good stead. In addition, our equally weighted positions limit over-reliance on any single company. We continue to focus on these key tenets in the Fund and remain confident of this process over the long term.



Source: Guinness Global Investors, MSCI, Bloomberg; data to 31.05.2024

INDIVIDUAL STOCK PERFORMANCE OVER THE MONTH

Nvidia (+26.9% USD in May)

For the fourth time in five months, Nvidia was the Fund's top performer, driven by an earnings season that significantly beat analyst estimates. Quarterly revenues of $26.0bn came in +5% ahead of already elevated analyst expectations ($24.7bn), a remarkable +262% increase from the previous year. Since the beginning of last year, Nvidia's 'Hopper' (H100) graphical processing units (GPUs) have been at the centre of exploding demand for chips powerful and efficient enough to facilitate the energy-intensive requirements of AI processes within datacentres. Initially possessing over 95% of market share in these chips, Nvidia has been quick to entrench its position as the technological leader in the space, launching Hopper's successor, Blackwell, in March, preventing the likes of AMD and Intel from making meaningful inroads by taking share of this fast-growing market. Compared to Hopper, which is continuing to fuel Nvidia's extreme revenue growth, the Blackwell chip is twice as powerful for training AI models and has five times the capability when it comes to "inference" (the speed at which AI models respond to queries). Shipments of Blackwell are set to begin next quarter. In a strongly positive signal to the market, CEO Jensen Huang indicated that demand for both Hopper and Blackwell were "way ahead of supply" and that this situation is likely to last "well into next year". When questioned on whether we would see any 'Blackwell revenue' this year, Huang replied "We will see a lot of Blackwell revenue this year". With no signs of AI demand slowing, thanks to continued commentary from big tech and cloud computing giants about large-scale capex, demand exceeding supply over the medium term, guidance once again exceeding expectations for the next quarter ($28bn vs $26.6bn expected), and Nvidia's continued efforts at driving innovation in the technology, the firm remains in an incredibly strong position over the long term.

Infineon (+14.3% USD)

Infineon ended the month as the Fund's second top performer, almost entirely offsetting negative performance year-to-date. Following a difficult start to the year, when the firm grappled with macro concerns over Chinese exposure alongside weaker demand in chips for personal consumer electronics, the firm's 2Q24 earnings release was taken very positively by the market. This was despite the company lowering full-year guidance from €16bn to €15.1bn, citing prolonged weakness (but notably no further deterioration) in consumer applications and a *deceleration* of growth in the auto segment (specifically in the West). However, there were some signs that the overall environment for the firm is improving. The firm's backlog has stabilized at the group level over recent months, standing at the same level it was at the beginning of the year – an indication that demand levels have reached a trough in target markets. The firm has also seen 'rush' orders for smartphone applications, hinting at a reversal in a weak consumer environment.

Perhaps the biggest source of optimism, however, stemmed from commentary around the Chinese electric vehicle (EV) market. Earlier in the year, the stock fell on news that the Chinese government was encouraging Chinese EV makers to buy local chips. As China is the firm's largest regional exposure and vehicles are the firm's largest end-market (and the Chinese EV market is growing significantly faster than Western car makers), this posed a clear risk for the firm. However, Infineon made a number of significant design wins in the region even during this period, including a large contract with Xiaomi. Although management stated that they expect some market share loss to Chinese peers in lower-end chips, Infineon's technology is far superior in high-end categories (and is likely 'years' ahead), and they expect to maintain share in this fast-growing niche. Given the limited cost of chips within the total cost of materials and the technological advantage on offer, Chinese EV firms have little incentive to use domestic producers with lower-quality products. The Chinese EV market remains strong (and in fact, will be a key source of strength in a weakening auto market), and this earnings release served to quell some key investor concerns that had been brewing over the year. During the quarter, the firm also discussed its significant long-term opportunity within artificial intelligence given the high power requirements of GPUs and AI servers (and given that Infineon is a market leader in power chips). Longer-term, we believe Infineon's growth opportunity remains significant, facilitated by a number of long-term secular growth trends. The firm's leading market position in power chips, and in the automotive sector in particular (c.60% of sales), gives the firm significant exposure to the semiconductor market's two fastest growing industries – automotive and industrial electronics – supported by sub-themes of EV adoption, autonomous driving, and the green energy transition, while also giving exposure to other fast-growing segments such as AI, data centre and internet of things.

Salesforce (-12.8% USD)

Salesforce's long run of 'beats' to revenue expectations, a streak that had lasted since 2006, ended in its Q1 earnings release. Whilst this 'miss' to expectations was marginal on the top line (-0.1%), the stock sold off 20% on the day of results, before regaining some of these losses (+7.5%) the next day. The sell-off was driven by market concerns of the broader business trajectory, with a slowdown in growth front of mind as the company matures, and bringing management's $50bn revenue target into question (FY24 $34.9bn, implying 20% growth annually over the next two years). Management highlighted weakness in the macro backdrop, with greater scrutiny of business budgets (partly a result of a focus on investment in AI rather than customer relationship management solutions), resulting in longer deal cycles and smaller deal sizes than usual, resulting in 'billings' of just 3% year-on-year – compared to the 9% expected by analysts. Though Q1 is a relatively small quarter (with c.15% of full-year bookings and prone to seasonal weakness), the numbers indicated a weakening sales environment. Guidance was arguably the most disappointing of all. While the firm held full-year revenue guidance intact, the firm lowered its margin outlook (20.4% to 19.9%), with next quarter revenue expected to slow to 7% and next quarter earnings per share guidance missing expectations substantially (c.$1.32 vs $1.47 expected). The slowdown in growth is clearly a concern, but not entirely unexpected given the significant growth seen from Salesforce over the past few years, and we continue to view the outlook for Salesforce favourably. Even with a weakened macroeconomic backdrop, the top line is expected to grow by 8.5% this year (management and consensus aligned), and the firm's improving structural position presents long-term growth opportunities. While we do not expect the $50bn target to be reached (the market expects just $41bn), the growth opportunity remains robust. For example, the firm operates in an industry with double-digit growth, and a leading market share (30%) will allow up-selling when the demand environment does improve. Management have a strong track record in M&A to supplement organic growth. However, we view the firm's improving 'quality' attributes as an equally strong component of the thesis, and an important driver of long-term earnings growth. The firm has a low attrition rate, an indication of the stickiness of the revenues, of just 8%, and despite margins missing expectations this quarter, adjusted operating margins are at all-time highs and have been trending upwards throughout the cycle even in an inflationary environment. This can be attributed to management's strong emphasis on profitable growth and the operating leverage inherent to the business model. As the business continues to grow, we expect quality to grow with it. The firm is highly cash generative, and the introduction of a dividend indicates a commitment to sensible capital allocation.

Intuit (-7.9% USD)

Declines in Intuit's stock were also spurred by concerns over the durability of top-line growth, following share declines in a key business segment. Intuit provides mission-critical software (mainly to small and medium-sized businesses) in the fields of accounting, finance and tax preparation, predominantly through four key brands: QuickBooks, TurboTax, Credit Karma and Mailchimp. The firm's Q3 results are typically the most important for the firm, given the timing of revenues in the Consumer segment (the segment accounts for nearly 30% of sales annually, with over 80% of these sales recorded in Q3).

Interestingly, the firm 'beat' top-line estimates across all business segments, and adjusted earnings per share (EPS) came in +5.4% ahead – including in Consumer (+0.4% beat). The firm even raised guidance across each revenue segment, as well as increasing its EPS target by 3% (to 17% year-on-year for FY24). However, the stock fell 8.4% on the day of results. Market concerns focused on two key concerns: weaker guidance than expected in the Consumer segment (7-8% guide vs 9-10% expectations), and declining share in TurboTax. The two are interlinked. With TurboTax, Intuit is prioritizing higher-value customers, which have lower churn and acquisition costs. This resulted in higher attrition among non-paying and low-paying customers (within the consumer segment), but meaningful share gain in higher-value customers. 'Paid' unit growth of 2% was not enough to offset the decline in total units of 1% and the subsequent loss in revenue. We are not concerned by this result, given the longer-term benefits this shift will bring. Intuit now expect the upmarket customer segment to grow 17% in FY24 (30% of consumer revenues). While the overall decline in share was perhaps greater than expected, we view this as a small and sole detractor from a very strong quarter, and the overall success in growing higher-value, stickier customers at the expense of more expensive, volatile ones is a significant net positive in our view. The firm continues to execute its strategy well, particularly with a difficult macro backdrop (as seen with Salesforce), and continues to be a strong example of both persistent quality (free cash flow margins of 32% expected for FY24) and persistent growth (13% top-line growth FY24, in line with last year).

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	$1075.1m
Fund launch	31.10.2014
OCF	0.82%
Benchmark	MSCI World TR

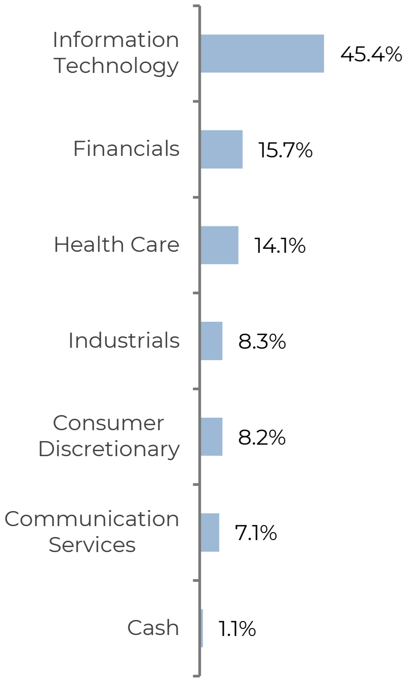
GUINNESS GLOBAL INNOVATORS FUND - PORTFOLIO

Top 10 holdings

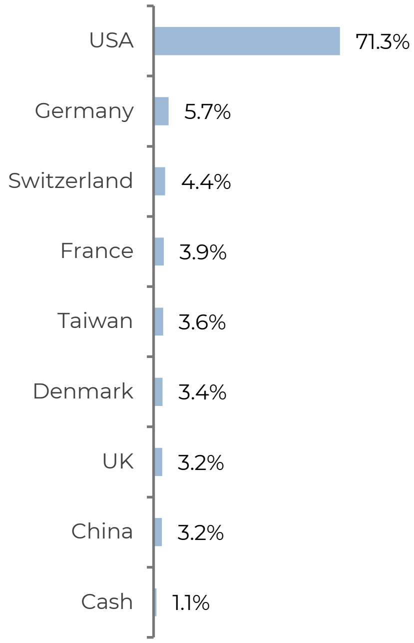
Amphenol Corp	4.6%
ABB	4.4%
KLA-Tencor	4.3%
Nvidia Corp	4.2%
Applied Materials	4.1%
Schneider Electric	3.9%
Microsoft	3.9%
Lam Research	3.8%
Meta Platforms Inc	3.7%
Taiwan Semiconductor	3.6%

Top 10 holdings	40.5%
Number of holdings	30

Sector



Country



Past performance does not predict future returns.

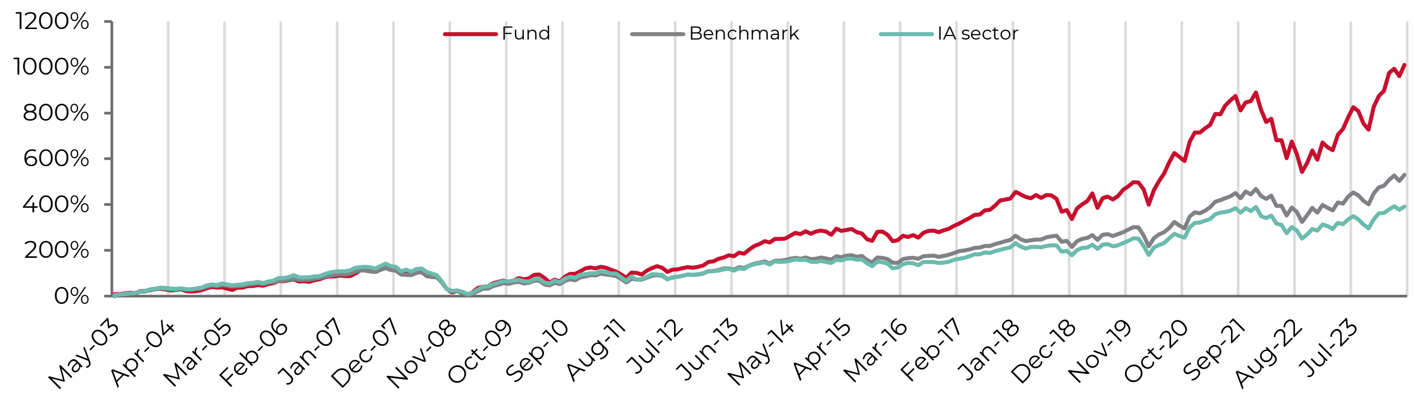
GUINNESS GLOBAL INNOVATORS FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+2.9%	+14.1%	+30.2%	+38.2%	+126.1%	+301.3%
MSCI World TR	+2.7%	+9.7%	+21.6%	+35.5%	+80.4%	+215.7%
IA Global TR	+1.2%	+6.7%	+15.5%	+18.2%	+58.6%	+153.5%
(USD)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	+4.6%	+14.0%	+33.8%	+24.1%	+128.4%	+205.4%
MSCI World TR	+4.5%	+9.5%	+24.9%	+21.4%	+82.3%	+139.6%
IA Global TR	+2.9%	+6.5%	+18.7%	+5.9%	+60.2%	+92.4%
(EUR)	**1 Month**	**YTD**	**1 yr**	**3 yr**	**5 yr**	**10 yr**
Fund	+3.0%	+16.0%	+31.4%	+39.2%	+134.4%	+282.4%
MSCI World TR	+2.9%	+11.4%	+22.7%	+36.7%	+87.1%	+201.2%
IA Global TR	+1.4%	+8.4%	+16.5%	+19.2%	+64.4%	+141.9%

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 31.05.24. 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 0.82%. 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	£16.9m
Fund launch	30.12.2022
OCF	0.79%
Benchmark	MSCI World TR

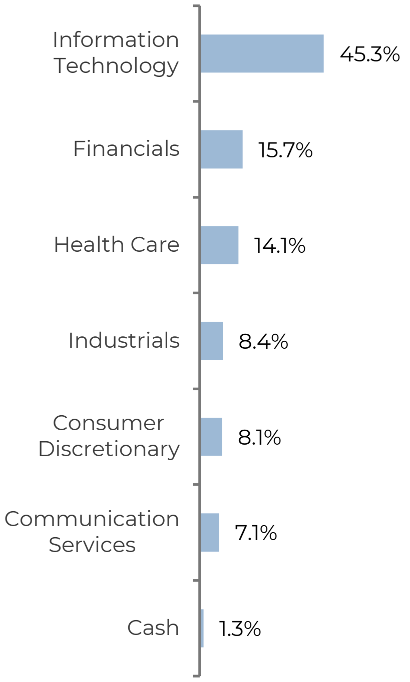
WS GUINNESS GLOBAL INNOVATORS FUND - PORTFOLIO

Top 10 holdings

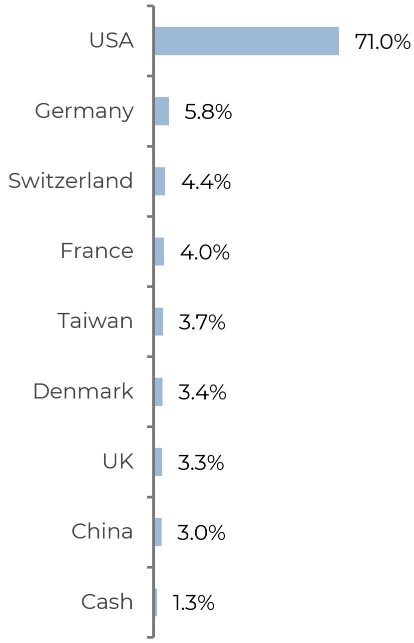
Amphenol	4.6%
ABB	4.4%
KLA-Tencor	4.3%
Nvidia Corp	4.3%
Applied Materials	4.1%
Schneider Electric	4.0%
Microsoft	3.9%
Lam Research	3.8%
Taiwan Semiconductor	3.7%
Meta Platforms Inc	3.6%

Top 10 holdings	40.8%
Number of holdings	30

Sector



Country



Past performance does not predict future returns.

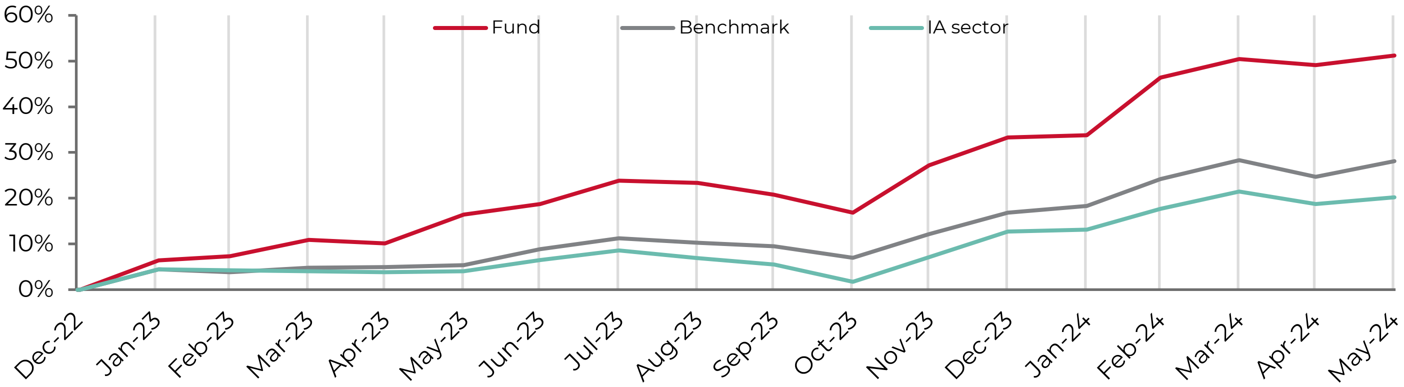
WS GUINNESS GLOBAL INNOVATORS FUND - CUMULATIVE PERFORMANCE

(GBP)	1 Month	YTD	1 yr	3 yr	5 yr	10 yr
Fund	+1.4%	+13.5%	+29.8%	-	-	-
MSCI World TR	+2.7%	+9.7%	+21.6%	-	-	-
IA Global TR	+1.2%	+6.7%	+15.5%	-	-	-

WS GUINNESS GLOBAL INNOVATORS FUND - ANNUAL PERFORMANCE

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

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



Source: FE fundinfo to 31.05.24. 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, the Key Information Document (KID), Key Investor Information Document (KIID) and the Application Form, is available in English from www.guinnessgi.com or free of charge from:

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

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

Investor Rights

A summary of investor rights in English is available here: https://www.waystone.com/waystone-policies/

Residency

In countries where the Fund is not registered for sale or in any other circumstances where its distribution is not authorised or is unlawful, the Fund should not be distributed to resident Retail Clients. **NOTE: THIS INVESTMENT IS NOT FOR SALE TO U.S. PERSONS.**

Structure & regulation

The Fund is a sub-fund of Guinness Asset Management Funds PLC (the "Company"), an open-ended umbrella-type investment company, incorporated in Ireland and authorised and supervised by the Central Bank of Ireland, which operates under EU legislation. If you are in any doubt about the suitability of investing in this Fund, please consult your investment or other professional adviser.

Switzerland

This is an advertising document. The prospectus and KID for Switzerland, the articles of association, and the annual and semi-annual reports can be obtained free of charge from the representative in Switzerland, 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.

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.