WS GUINNESS GLOBAL ENERGY FUND (formerly TB GUINNESS GLOBAL ENERGY FUND)

ANNUAL REPORT &
AUDITED FINANCIAL STATEMENTS

For the year ended 31 July 2023

CONTENTS

Note: The Authorised Fund Manager's Report consists of 'Authorised Status' and 'Investment Objective and Policy' on page 3, 'Investment Review' as provided by the Investment Manager, on pages 12 to 16 and 'Directory' on page 39.

CHANGE OF AUTHORISED FUND MANAGER NAME AND CHANGE OF FUND NAME

On 1 October 2023, the name of the Authorised Fund Manager changed from T. Bailey Fund Services Limited ('TBFS') to Waystone Fund Services (UK) Limited ('WFSL'). Also on this date, the name of the Fund changed from the TB Guinness Global Energy Fund to the WS Guinness Global Energy Fund.

THE AUTHORISED FUND MANAGER AND INVESTMENT MANAGER

The Authorised Fund Manager (the 'Manager') of the WS Guinness Global Energy Fund (the 'Fund') is Waystone Fund Services (UK) Limited ('WFSL'). Guinness Asset Management Limited is the Investment Manager (the 'Investment Manager') of the Fund.

Waystone Fund Services (UK) Limited and Guinness Asset Management Limited are authorised and regulated by the Financial Conduct Authority. Further information about Guinness Asset Management Limited can be found at www.guinnessgi.com.

YOUR INVESTMENTS

You can buy or sell units in the Fund through your Financial Adviser. Alternatively, you can telephone the dealing line; 0115 988 8227, during normal office hours. Application forms can be requested in writing from the Manager or by calling the Client Services Team on the dealing line. They can also be downloaded from the website: www.waystone.com/our-funds/waystone-fund-services-uk-limited. The Fund is eligible for ISA investments/transfers and is available as part of a regular savers scheme.

The most recent price of units in issue can be found at www.waystone.com/our-funds/waystone-fund-services-uk-limited, or by phone using the contact details set out in the prospectus.

RISK PROFILE

The value of investments may go down as well as up in response to general market conditions and the performance of the assets held. Investors may not get back the money which they invested.

The movements of exchange rates may lead to further changes in the value of investments and the income from them.

There is no guarantee that the Fund will meet its stated objectives.

A limited number of investments may be held, which has the potential to increase the volatility of performance.

Investment in emerging markets can involve greater risk than established markets which may lead to increased volatility of returns.

The Fund is subject to risks associated to global energy markets including the supply and demand of energy commodities and political, economic, and financial events. The Fund may also have a bias towards companies engaged in energy exploration and production, a part of the sector that is particularly speculative meaning risks are greater. The share prices of these companies are also sensitive to rises and falls in the oil price, which may lead to increased volatility of returns.

The Fund may invest in smaller companies. These securities are often traded less frequently than those of larger companies, this means they may be more difficult to buy and sell. Their prices may also be subject to short term swings.

There is a risk that any company providing services such as safe keeping of assets or acting as counterparty to derivatives may become insolvent, which may cause losses to the Fund.

SYNTHETIC RISK AND REWARD INDICATOR

The Synthetic Risk and Reward Indicator demonstrates, in a standard format, where the Fund ranks in terms of its potential risk and reward. It is based on historical performance data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The indicator uses a scale of one to seven. The higher the rank the greater the potential reward but the greater the risk of losing money. The lowest category does not mean a fund is a risk free investment.

The Fund is in risk category seven as the Fund’s price has shown high fluctuations historically.

OTHER INFORMATION

Full details of the Fund are set out in the Prospectus. This document provides investors with extensive information about the Fund including risks and expenses. A copy of the Prospectus is available on request from the Manager or can be found at www.waystone.com/our-funds/waystone-fund-services-uk-limited.

The Key Investor Information documents, Supplementary Information document and Value Assessment are also available at www.waystone.com/our-funds/waystone-fund-services-uk-limited .

CHANGE OF AUDITORS

Since the previous year end, the Manager has undergone a review of the engagement of the Scheme's Auditors. Following this review, the Manager has taken the decision to end the audit engagement with Deloitte LLP and to appoint Cooper Parry Group Limited as the Auditors of the Company. The Manager has taken this decision as it believes that this is in best interests of the Company's unitholders.

AUTHORISED STATUS

The Fund is constituted by a Trust Deed made between the Manager and the Trustee on 13 December 2010.

The Fund is an Authorised Unit Trust Scheme and complies with the conditions of an authorised unit trust categorised as a UCITS Scheme as defined in the Glossary of the Financial Conduct Authority ('FCA') Handbook. The effective date of the authorisation order made by the FCA was 16 December 2010.

Unitholders are not liable for the debts of the Fund.

The base currency of the Fund is Pound Sterling.

INVESTMENT OBJECTIVE AND POLICY

The objective of the Fund is to achieve long term capital growth primarily from a portfolio of companies engaged in the oil and gas sector, energy generation and transmission. Additionally, the Fund may invest in companies seeking to develop and exploit new energy technologies, and companies that service the energy sector.

The Investment Manager actively manages the portfolio in order to achieve the objective with exposures to company shares, fixed interest securities and derivative instruments as appropriate. The Investment Manager will not be restricted in respect of choice of investments by company size, or in terms of the geographical split of the portfolio. At times, the Fund may have a relatively concentrated portfolio.

The Fund may also invest in other transferable securities, units of collective investment schemes, money market instruments, cash and near cash, derivatives, and forward transactions for investment purposes.

FUND BENCHMARK

Unitholders may wish to compare the performance of the Fund against the MSCI World Energy Index (the 'Index'). The Index includes a broad range of energy companies across large and mid-cap market capitalisations which is consistent with the stock selection process. The stocks comprising the Index are aligned with the Fund's global energy focus, and on that basis the Index is considered an appropriate performance comparator for the Fund. Please note the Fund is not constrained by or managed to the Index.

The MSCI World Energy Index is a Comparator Benchmark of the Fund.

ONGOING CHARGES FIGURE

The Ongoing Charges Figure ('OCF') provides investors with a clearer picture of the total annual costs in running a Collective Investment Scheme. The OCFs, as calculated in accordance with ESMA guidelines, are disclosed as 'Operating charges (p.a.)' in the Comparative Table on page 20.

REMUNERATION POLICY OF THE AUTHORISED FUND MANAGER

Introduction and Scope

WFSL has policies and practices for those staff whose professional activities have a material impact on the risk profile of the combined activities. WFSL is a UCITS firm and is therefore subject to the UCITS Remuneration Code.

The Remuneration Policy of the Authorised Corporate Director:

- Is consistent with and promotes sound and effective risk management;
- Does not encourage risk taking that exceeds the level of tolerated risk of the firm;
- Encourages behaviour that delivers results which are aligned to the interests of WFSL's clients and the UCITS funds it manages;
- Aligns the interests of Code Staff with the long-term interests of WFSL's clients and the UCITS funds it manages;
- Recognises that remuneration should be competitive and reflect both financial and personal performance. Accordingly, Remuneration for Code Staff is made up of fixed pay (salary and benefits, including pension) and variable (performance-related) pay; and
- Recognises that fixed and variable components should be appropriately balanced and that the variable component should be flexible enough so that in some circumstances no variable component may be paid at all. Variable pay is made up of short-term awards typically based on short-term financial and strategic measures for the area of the business in which the member of Code Staff works.

In accordance with BIPRU 11.5.18R the following disclosures are made:

Decision making process for determining remuneration policy, link between pay and performance

There is no remuneration committee. Remuneration is set within the context of a 5-year plan which ensures any threats to capital adequacy, liquidity and solvency caused by excessive remuneration would be identified. The bonus and commission arrangements including the staff bonus pool are set annually as part of the annual operating plan and any changes to the pool require approval by the WFSL Board.

To assist with the above process, a benchmarking exercise was conducted in 2019 which incorporated information from external consultants in connection with remuneration.

Policy on link between pay and performance

The staff bonus scheme is operated to allow for meaningful rewards to be paid to staff whose performance during the year merits recognition but within the context of an annual operating plan. The Board bears in mind the projected performance of the company when making any adjustments to the scheme. This is agreed within the setting of the annual operating plan and reviewed once full year results are available.

The final bonus total is signed off by the WFSL board. The bonus payments are non-contractual and can be amended or withdrawn at any time.

Payment of scheme bonus to individuals is linked to their performance against agreed objectives from staff appraisals. All bonuses are monetary and paid through the payroll.

Staff are eligible to be a part of the scheme once they have completed a full years' service prior to the start of the relevant appraisal year. The same process applies to all grades of staff including executive directors.

There are no commission-based payments made to staff.

No other pay reward schemes exist within the business.

Total remuneration paid by the Authorised Fund Manager

	For the year ended 30 September 2022	For the year ended 30 September 2021
Total Number of Staff	**65**	**51**
	£'000	**£'000**
Fixed	2,118	1,797
Variable	143	111
Total Remuneration Paid	**2,261**	**1,908**

Total remuneration paid by the Authorised Fund Manager to Remuneration Code Staff

	For the year ended 30 September 2022		For the year ended 30 September 2021	
	Senior Management	Staff with Material Impact	Senior Management	Staff with Material Impact
Total Number of Staff	**9**	**-**	**10**	**-**
	£'000	**£'000**	**£'000**	**£'000**
Fixed	798	-	800	-
Variable	49	-	9	-
Total Remuneration Paid	**847**	**-**	**809**	**-**

Please note that there were no remuneration payments made directly from the WS Guinness Global Energy Fund.

STATEMENT OF THE AUTHORISED FUND MANAGER'S RESPONSIBILITIES

The Authorised Fund Manager (the 'Manager') of WS Guinness Global Energy Fund (the 'Fund') is responsible for preparing the Annual Report and the Financial Statements in accordance with the Financial Conduct Authority's Collective Investment Schemes' Sourcebook ("COLL") and the Scheme's Trust Deed. COLL requires the Manager to prepare financial statements for each accounting period which:

- are in accordance with United Kingdom Generally Accepted Accounting Practice ("United Kingdom Accounting Standards and applicable law"), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice: "Financial Statements of UK Authorised Funds" issued by the Investment Association ("IA SORP") in May 2014 and amended in June 2017; and
- give a true and fair view of the financial position of the Fund as at the end of that period and the net revenue or expense and the net capital gains or losses on the property of the Fund for that period.

In preparing the financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards and the IA SORP have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in operation.

The Manager is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Scheme and enable it to ensure that the financial statements comply with the applicable IA SORP and United Kingdom Accounting Standards and applicable law. The Manager is also responsible for the system of internal controls, for safeguarding the assets of the Scheme and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' STATEMENT

In accordance with COLL 4.5.8BR, the Annual Report and the Financial Statements were approved by the board of directors of the Manager of the Fund and authorised for issue on 26 October 2023.

The Directors are of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the financial statements as the assets of the Fund consist predominantly of readily realisable securities and accordingly the Fund has adequate resources to continue in operational existence for at least the next twelve months from the approval of the financial statements.

Gavin Padbury
Senior Director – Head of Waystone Fund Services
Waystone Fund Services (UK) Limited
Nottingham, United Kingdom
26 October 2023

Mark Smith
Director of Fund Administration
Waystone Fund Services (UK) Limited
Nottingham, United Kingdom
26 October 2023

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The Trustee must ensure that the Scheme is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Scheme and its investors.

The Trustee is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Scheme in accordance with the Regulations.

The Trustee must ensure that:

- the Schemes cash flows are properly monitored and that cash of the Scheme is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units in the Scheme is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Scheme's assets is remitted to the Scheme within the usual time limits;
- the Scheme's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the Manager") are carried out (unless they conflict with the Regulations).

The Trustee also has a duty to take reasonable care to ensure that the Scheme is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Scheme.

TRUSTEE'S REPORT TO THE UNITHOLDERS OF WS GUINNESS GLOBAL ENERGY FUND

Having carried out such procedures as we consider necessary to discharge our responsibilities as Trustee of the Scheme, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Scheme, acting through the Manager:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme's income in accordance with the Regulations, the Scheme documents, and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme.

NatWest Trustee & Depositary Services Limited
London, United Kingdom
26 October 2023

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF WS GUINNESS GLOBAL ENERGY FUND

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of WS Guinness Global Energy Fund (the 'Fund'):

- give a true and fair view of the financial position of the Fund as at 31 July 2023 and of the net revenue and expense and the net capital gains and losses on the property of the Fund for the year ended 31 July 2023; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice "Financial Statements of UK Authorised Funds", the rules in the Collective Investment Schemes Sourcebook and the Trust Deed.

We have audited the financial statements which comprise:

- the statement of total return;
- the statement of change in net assets attributable to unitholders;
- the balance sheet;
- the related individual notes 1 to 15; and
- the distribution table.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: "Financial Statements of UK Authorised Funds" issued by the Investment Association in May 2014, as amended in June 2017, the Collective Investment Schemes Sourcebook and the Trust Deed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Manager with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Manager is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Trustee and Manager

As explained more fully in the Statement of Trustee's Responsibilities and the Statement of the Manager's Responsibilities, the Trustee is responsible for the safeguarding of the property of the Fund and the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our assessment focussed on key laws and regulations the scheme has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included, but were not limited to, compliance with the Collective Investment Schemes sourcebook of the Financial Conduct Authority ("COLL"), the relevant instruments of incorporation, the statement of Recommended Practice: "Financial Statements of Authorised Funds" issued by the Investment Management Association in May 2014 ("the SORP") and United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to detect irregularity included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the scheme to assess compliance with provisions of relevant laws and regulations. This included ensuring compliance with the Collective Investment Schemes Sourcebook.
- obtaining an understanding of the scheme's policies and procedures and how the scheme has complied with these, through discussions and process walkthroughs.
- obtaining an understanding of the scheme's risk assessment process, including the risk of fraud, designing our audit procedures to respond to our risk assessment. This included performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- enquiring of management concerning actual and potential litigation and claims and understanding whether there have been instances of non-compliance with laws and regulations; and
- reviewing minutes of those charged with governance and reviewing correspondence with the FCA.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- proper accounting records for the Fund have been kept and the financial statements are in agreement with those records;
- we have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and
- the information disclosed in the annual report for the year ended 31 July 2023 for the purpose of complying with paragraph 4.5.9R of the Collective Investment Schemes Sourcebook is consistent with the financial statements.

Use of our report

This report is made solely to the Fund's unitholders, as a body, in accordance with Paragraph 4.5.12R of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Cooper Parry Group Limited
Statutory Auditor
Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA
26 October 2023

INVESTMENT REVIEW

Performance

	Cumulative returns for the periods ended 31 July 2023 (%)		
	1 year	3 years	5 years
I Accumulation Units	11.19	130.83	20.60
MSCI World Energy Index*	6.67	136.42	26.85

** Comparator Benchmark.*

Source: Financial Express. Total return, bid to bid. Sterling terms.

Past performance is not a reliable indicator of future results. Investors are reminded that the price of units and the revenue derived from them is not guaranteed and may go down as well as up.

The WS Guinness Global Energy Fund in the twelve months ended 31 July 2023 produced a total return of 11.2%. This compares to a total return of 6.7% for the Fund's benchmark, the MSCI World Energy Index (net total return).

Having peaked in early summer 2022 at over $120/bl, oil prices drifted lower to $80/bl over the second half of last year, as extended COVID lockdowns in China and the resilience of Russian oil supply resulted in some of the worst fears around market tightness falling away. Lower prices suited OPEC+, who sought a price not so high that it damaged global GDP, but high enough that it satisfied the fiscal needs of its members. The outcome was broadly successful for OPEC+, with Brent averaging $99/bl in 2022 – a level representing an oil spend of around 4% of world GDP, which is comfortable compared to recent history. By the start of 2023, the narrative in oil markets was shifting to one of China re-opening versus sluggish prospects for GDP, and therefore oil consumption, in North America and Europe.

The Brent oil price started the year at $80/bl and, with a slight loosening in inventories in January and February, fell towards $70/bl. The announcement in early April of an OPEC+ quota cut resulted in a rebound, with Brent reaching a high for the year on April 12 of $83/bl. Brent then fell again, trading for May and June in a fairly tight range between $72 and $77/bl, before rallying back over $80/bl in July. On the one hand, the demand story looked robust through this period, with the IEA posting several upgrades to its global demand forecast for 2023. Set against this, stronger-than-expected production from Russia, Iran and the US kept a lid on price.

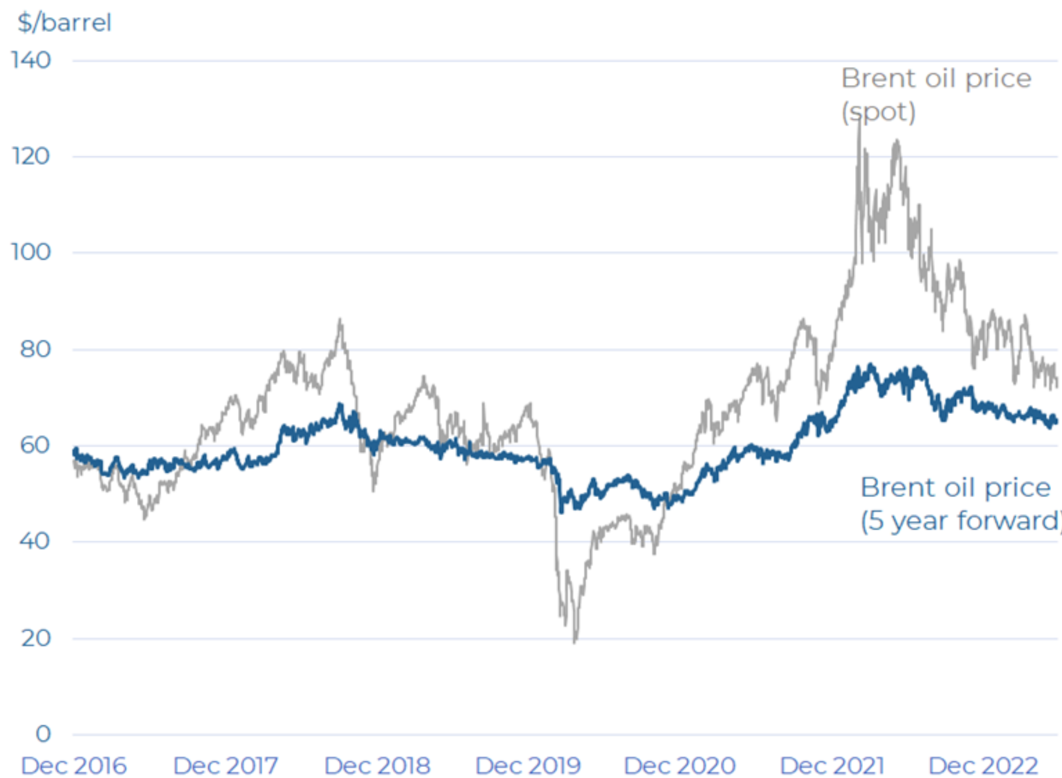
Global oil demand in 2023 was forecasted in January by the IEA to be up 1.7m b/day versus 2022, putting demand around 1m b/day ahead of its previous peak in 2019. Today, the forecast for 2023 demand growth has been upgraded to 2.2m b/day, a function of normalising economic activity in China after COVID, underestimated strength in Russian and African consumption, and a continued recovery from the aviation sector globally.

Despite the upgrades to demand, **OPEC+** opted in April to reduce their production quotas by 1.2m b/day, effective for the rest of this year. The group's actions were supplemented by a further unliteral cut announced by Saudi in early June of 1m b/day. OPEC+'s actions appeared to be defending a Brent oil price of $80/bl+, though Saudi tend not be explicit in their messaging.

How to explain the apparent disconnect, then, between rising demand forecasts and deeper OPEC+ cuts? The answer appears to lie mainly with stronger production from various OPEC+ members operating under sanctions. At the start of the year, Russian oil supply was expected to fall by 0.8m b/day in 2023, as G7 sanctions in relation to the invasion of Ukraine started to bite. The reality has been quite different, with the majority of Russian oil being diverted to Eastern consumers, albeit under price cap. Production from Iran has also been strong, with oil reported for May to be running over 3m b/day, up from 2.6m b/day in January. Iranian oil exports are thought to have reached 1.5m b/day in May, their highest level since 2018.

As expected, there has also been reasonable growth in supply from **US shale oil**, which looks to be up by around 0.4m b/day since the start of the year. Production in the US is being hampered somewhat by slowing drilling productivity, as some producers start to exhaust their most productive acreage. Offsetting this, we have seen continued reliance on wells that were previously drilled but left uncompleted (DUCs), which have formed a meaningful proportion of completed wells this year.

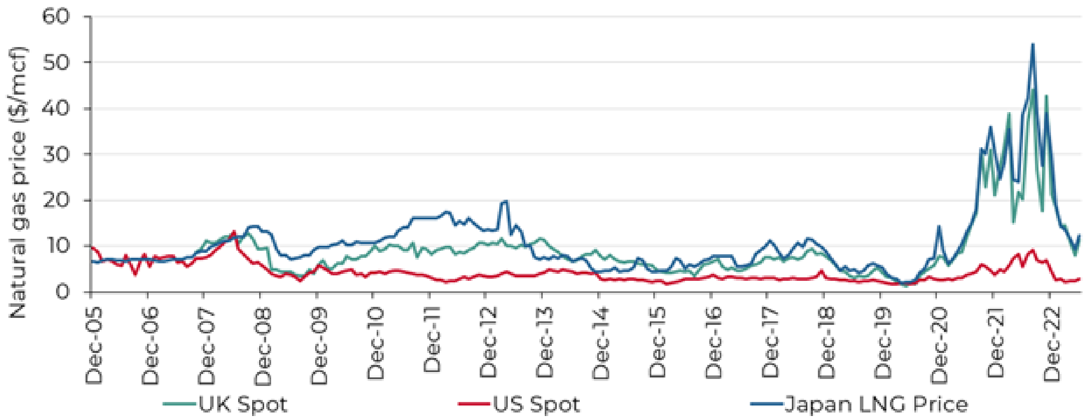
Brent oil price: spot vs five year forward ($/bl)



Source: Bloomberg; Guinness Global Investors

For **natural gas**, the year started with prices outside the US near record highs, driven by the limiting of flows of Russian gas into Europe post their invasion of Ukraine. Europe had spent several months having to outbid other parts of the world for marginal LNG cargoes to ensure that gas in storage was sufficient through the winter. The last six months have seen a sharp reversal, with European and Asian prices dropping to around $10/mcf, still c50% above pricing before COVID, but a sharp relief when compared to peak prices at $40-50/mcf+. The turnaround can be explained by an unseasonably warm winter, particularly in Europe, which dampened heating demand for gas, and a concerted effort to swap gas for cheaper substitutes, such as gasoil. A normalising of the supply/demand balance for gas in international markets helped lower US natural gas prices, which dropped from $4.50/mcf in January to $2.60/mcf by the end of July.

Global natural gas prices (US$/mcf)



Source: Bloomberg; Guinness Global Investors

Energy equities

The twelve months to 31 July 2023 has been positive period for energy equities, with the sector (MSCI World Energy Index net total return in GBP) finishing +6.7% over the period. The WS Guinness Global Energy Fund produced a total return of +11.2%.

Having lagged their US counterparts over the previous twelve months, European integrated oil companies outperformed (Galp +27%; ENI +29%; BP +26%). We see this as recognition of the relative attractiveness of European integrateds over US majors going into the period, with European integrateds generally offering superior free cashflow yields well above 10-year averages. For BP, there was an additional boost, with the market warming to it announcing greater focus on oil and gas production when compared to long-term plans previously set out.

Exploration and production also saw mixed results (EOG Resources +20%; Devon Energy -12%). US E&Ps that demonstrated strong well productivity, whilst maintaining good capital discipline, were generally those best rewarded by the stock market. International E&Ps were weaker, held back in some cases by the introduction of windfall taxes on extraordinary profits.

Oil refiners in the US were outperformers (Valero + 14%), but underperformers internationally. US refiners enjoyed record refining margins, driven by a structural shortage of refining capacity and the knock-on impacts of a reduction of Russian oil and oil product in the market. European refiners also enjoyed record refining margins, though somewhat dampened by higher input natural gas costs.

Midstream was an underperformer over the period (Enbridge -17%; Kinder Morgan -1%). With revenues generally linked to pipeline capacity and throughout rather than commodity prices, most midstream companies were relative laggards versus producing companies. Pipeline companies exposed to gas generally performed better than those exposed to oil.

Energy services outperformed (Schlumberger +52%; Halliburton +28%). Large cap diversified service providers performed particularly well, with the announcement of higher international oil spending by core members of OPEC, the build out of new LNG export facilities in the US and Qatar, a shortage of service capacity in the US, plus an expected uptick in offshore spending, all proving positive news.

Outlook

Given the state of the world economy, and uncertainties around some fringe members of OPEC, the outcomes for spot oil prices in the short-term are hard to predict. What is clearer is that the incentive price for new supply has risen, now to around $75-80/bl, which coincides with the 'floor' for oil which Saudi are looking to defend longer-term. We see a disconnect between this longer-term floor and the oil price currently being reflected in energy equity valuations, which is closer to $60-65/bl.

Whilst global **oil demand** is expected to rise 2.2m b/day this year, the shape of demand growth looks skewed to the second half of the year. 1H 2023 demand looks to be up 2.1m b/day on 1H 2022, whereas 2H 2023 is expected to rise by 2.7m b/day. The IEA have recently published their first forecast for global oil demand in 2024, up by 1.1m b/day versus 2023 and taking demand to 103m b/day, over 2m b/day higher than the previous peak in 2019. This expectation is consistent with the IMF's current global GDP growth forecast for 2024 of 3.0%. The outlook for demand in the OECD in 2024 (-0.2m b/day) is on trend with a gradual improvement in the efficiency of oil use since peak OECD demand in 2007. By contrast, non-OECD oil demand is due to be up 1.3m b/day next year, putting demand in the region 8% higher than in before COVID (vs OECD -4%).

Given the state of the world economy, and uncertainties around some fringe members of OPEC, the outcomes for spot oil prices in the short-term are hard to predict. What is clearer is that the incentive price for new supply has risen, now to around $75-80/bl, which coincides with the 'floor' for oil which Saudi are looking to defend longer-term. We see a disconnect between this longer-term floor and the oil price currently being reflected in energy equity valuations, which is closer to $60-65/bl.

OPEC+ quotas in the hope that oil prices rise. We believe Saudi are pressuring Russia to pursue the latter course. For Iran, if a deal can be achieved with the US, it opens to the door to around 0.5m b/day of additional exports, but not much more given the recovery in Iranian exports already achieved.

In the **non-OPEC world (ex US shale)**, capital spending is starting to pick up again, with money in particular being directed towards deepwater projects in Brazil and Guyana. That said, the low level of CAPEX being committed for the largest non-OPEC oil projects around the world in 2016-21 (averaging around $35bn, compared to around $100bn in 2010-14) is likely to drive anaemic growth/stagnation in non-OPEC (ex shale) supply for some time to come. Any uptick in spending in 2022-24 will take a number of years to feed through to improved supply. And considering the oil cost curve, it appears that industry inflation, higher taxes, plus an increasing cost of capital for hydrocarbon projects, has pushed the marginal incentive price (i.e. 75th percentile of the cost curve) to around $80/bl, up from $70/bl a year or two ago.

For **US shale oil**, activity has been slowing this year in the face of lower prices. The number of onshore rigs drilling for oil in the US has fallen nearly every week so far this year, the rig count now at 525 versus a peak of 627 in December 2022. Also, it seems that drilling productivity is falling (recent EIA data shows a sharp decline in new oil per rig), as the best inventory is 'drilled out' and producers move increasingly to second tier acreage. This also points to growth in US shale oil over the next twelve months of 0.2-0.3m b/day (and virtually all of that growth coming from the Permian basin), versus growth over last twelve months of closer to 0.8-0.9m b/day. Should demand grow as expected, sluggish growth from the US points to a higher call on OPEC to balance the market.

For international **natural gas markets**, the reduced flow of Russian gas into Europe continues to pose a major challenge. On the one hand, reduced demand over the winter (via price induced demand destruction and warm weather) has left gas in storage in Europe at comfortable levels, setting up well for next winter. Against this, global demand for LNG has risen this year with the re-opening of the Chinese economy post COVID, meaning it will be more difficult for Europe to attract LNG cargoes should the region experience, for example, colder 2023/24 winter. Longer-term, we see international gas prices settling in a $11-13/mcf range. This price range should be sufficient to incentivise marginal sources of LNG to be developed and shipped to the European market, which by 2025/26 should have sufficient LNG import capacity. It would also allow Europe to displace permanently almost all its Russian gas imports. An international gas price in the $11-13/mcf is well down on the highs seen in 2022, but would leave the market at a c.50% higher price point than that seen in the few years prior to COVID and the Russian invasion of Ukraine.

Lower oil and gas prices so far this year has been accompanied by a decline in oil & gas equities. The fall in energy equities leaves the price-to-book (P/B) ratio for the energy sector at the end of July at around 1.8x. This compares to the S&P 500 which, after the rally this year, trades at 4.3x. On a relative P/B basis versus the S&P500, therefore, the valuation of energy equities sits at around 0.4x, still over two standard deviations below the long-term average.

At the end of July, we estimate that the valuation of our portfolio of energy equities reflected a long-term Brent/WTI oil price of around $63/bl. If the market were to price in a long-term oil price of $70/bl, it would imply around 25% upside while there would be around 55% upside at a long-term oil price of $80/bl Brent, in our view.

We estimate the 2023 free cashflow yield of our portfolio, after capital expenditure, to be around 11.5% and note that the expected 2023 dividend yield of the portfolio currently sits at around 4.5%. Fixed dividends in the portfolio have generally been growing, and have ample room to run further, given the high free cashflow yield.

Tim Guinness
Fund Manager
Guinness Asset Management Limited
London, United Kingdom
26 October 2023

Will Riley
Fund Manager
Guinness Asset Management Limited
London, United Kingdom
26 October 2023

Jonathan Waghorn
Fund Manager
Guinness Asset Management Limited
London, United Kingdom
26 October 2023

PORTFOLIO STATEMENT
As at 31 July 2023

Holding or nominal value of positions		Bid market value £	Percentage of total net assets %
	Integrated Oil & Gas (55.2%; 31.07.22 - 55.9%)		
688,194	BP	3,323,977	4.9
163,245	Cenovus Energy	2,415,694	3.5
26,966	Chevron	3,432,723	5.0
2,378,000	China Petroleum & Chemical	1,031,644	1.5
171,513	Eni	2,038,424	3.0
96,341	Equinor	2,281,468	3.3
45,315	Exxon Mobil	3,778,717	5.6
205,976	Galp Energia	2,132,580	3.1
57,731	Imperial Oil	2,414,212	3.5
55,206	OMV	1,935,187	2.8
2,419,000	Petrochina	1,370,292	2.0
205,722	Repsol	2,447,813	3.6
140,823	Shell	3,331,168	4.9
90,801	Suncor Energy	2,208,876	3.2
75,762	Total	3,583,811	5.3
		37,726,586	**55.2**
	Oil & Gas Equipment & Services (11.2%; 31.07.22 - 6.9%)		
45,507	Baker Hughes	1,266,679	1.9
85,171	Halliburton	2,589,310	3.8
117,477	Helix Energy Solutions	876,189	1.3
63,752	Schlumberger	2,892,590	4.2
		7,624,768	**11.2**

Holding or nominal value of positions		Bid market value £	Percentage of total net assets %
	Oil & Gas Exploration & Production (23.1%; 31.07.22 - 24.9%)		
50,792	Canadian Natural Resources	2,404,879	3.5
34,215	ConocoPhillips	3,132,783	4.6
51,051	Devon Energy	2,143,602	3.1
21,163	Diamondback Energy	2,424,742	3.5
206,709	Diversified Energy Company	195,960	0.3
590,000	Eco (Atlantic) Oil & Gas	88,500	0.1
23,858	EOG Resources	2,459,649	3.6
743,839	Prax Exploration & Production	-	0.0
44,453	Parex Resources	761,541	1.1
12,296	Pioneer Natural Resources	2,158,255	3.2
8,089,220	Reabold Resources	8,898	0.1
		15,778,809	**23.1**
	Oil & Gas Refining & Marketing (4.8%; 31.07.22 - 4.9%)		
32,371	Valero Energy	3,246,667	4.8
		3,246,667	**4.8**
	Oil & Gas Storage & Transportation (4.8%; 31.07.22 - 5.8%)		
58,856	Enbridge	1,683,562	2.5
113,582	Kinder Morgan	1,563,541	2.3
		3,247,103	**4.8**

Holding or nominal value of positions		Bid market value £	Percentage of total net assets %
	Semiconductors (0.4%; 31.07.22 - 0.7%)		
4,112	Maxeon Solar Technologies	78,959	0.1
27,137	Sunpower Corp	208,308	0.3
		287,267	**0.4**
	Portfolio of investments	**67,911,200**	**99.5**
	Net other assets	**318,124**	**0.5**
	Total net assets	**68,229,324**	**100.0**

All investments are equities listed on recognised stock exchanges.

COMPARATIVE TABLE

I Accumulation Units	1 Aug 2022 to 31 Jul 2023 (pence per unit)	1 Aug 2021 to 31 Jul 2022 (pence per unit)	1 Aug 2020 to 31 Jul 2021 (pence per unit)
Change in net assets per unit			
Opening net asset value per unit	42.45	26.56	19.68
Return before operating charges*	4.45	16.25	7.12
Operating charges	(0.44)	(0.36)	(0.24)
Return after operating charges*	4.01	15.89	6.88
Distributions	(1.68)	(1.14)	(0.77)
Retained distributions on accumulation units	1.68	1.14	0.77
Closing net asset value per unit	46.46	42.45	26.56
* after direct transaction costs of:	0.01	0.05	0.02
Performance			
Return after charges	9.45%	59.83%	34.96%
Other information			
Closing net asset value	£68,229,324	£72,287,286	£32,474,048
Closing number of units	146,842,065	170,274,482	122,250,431
Operating charges (p.a.)	0.95%	0.96%	0.96%
Direct transaction costs (p.a.)	0.03%	0.13%	0.09%
Prices			
Highest published unit price	52.15	49.43	29.88
Lowest published unit price	39.68	25.79	16.31

Past performance is not a reliable indicator of future results. Investors are reminded that the price of units and the revenue derived from them is not guaranteed and may go down as well as up.

STATEMENT OF TOTAL RETURN

For the year ended 31 July 2023

	Note	£	31.07.23 £	31.07.22 £
Income				
Net capital gains	2		2,050,516	22,409,266
Revenue	3	4,319,837		3,344,708
Expenses	4	(777,941)		(693,126)
Interest payable and similar charges	6	(1,960)		(2,099)
Net revenue before taxation		3,539,936		2,649,483
Taxation	5	(565,179)		(460,964)
Net revenue after taxation			2,974,757	2,188,519
Total return before distributions			**5,025,273**	**24,597,785**
Distributions	6		(2,974,757)	(2,188,519)
Change in net assets attributable to unitholders from investment activities			**2,050,516**	**22,409,266**

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year ended 31 July 2023

	Note	£	31.07.23 £	31.07.22 £
Opening net assets attributable to unitholders			**73,950,647**	**40,137,613**
Movements due to sales and purchases of units:				
Amounts receivable on issue of units		62,684,409		125,660,760
Amounts payable on cancellation of units		(73,002,619)		(116,366,295)
			(10,318,210)	9,294,465
Dilution levy			82,857	148,353
Change in net assets attributable to unitholders from investment activities			2,050,516	22,409,266
Retained distributions on accumulation units	6		2,463,514	1,960,950
Closing net assets attributable to unitholders			**68,229,324**	**73,950,647**

BALANCE SHEET
As at 31 July 2023

	Note	31.07.23 £	31.07.22 £
Assets:			
Fixed assets:			
Investments		67,911,200	73,258,030
Current assets:			
Debtors	7	679,583	1,289,899
Cash and bank balances	8	246,901	953,135
Total assets		**68,837,684**	**75,501,064**
Liabilities:			
Creditors			
Other creditors	9	608,360	1,550,417
Total liabilities		**608,360**	**1,550,417**
Net assets attributable to unitholders		**68,229,324**	**73,950,647**

1. Accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with Financial Reporting Standard (FRS 102) and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of UK Authorised Funds issued by the Investment Association in May 2014 and amended in June 2017.

The Directors are of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the financial statements as the assets of the Fund consist predominantly of readily realisable securities and accordingly the Fund has adequate resources to continue in operational existence for at least the next twelve months from the approval of the financial statements.

(b) Functional currency

The functional currency used in the financial statements is Pound Sterling because it is the currency of the primary economic environment in which the Fund operates.

(c) Recognition of revenue

Dividends and distributions on holdings, net of any irrecoverable withholding tax, are recognised when the underlying security or collective investment scheme is quoted ex-dividend or ex-distribution. Bank interest and revenue management fee rebates are accounted for on an accruals basis.

All revenue is recognised on the condition that the flow of economic benefits is probable and the amount can be measured reliably.

(d) Treatment of stock dividends

Stock dividends are credited to the capital account when the stock is quoted ex-dividend. The cash equivalent is then transferred to the revenue account and forms part of the distributable revenue.

The allocation of special dividends is considered on a case-by-case basis in determining whether the dividend is to be treated as revenue or capital.

(e) Equalisation on distributions

Equalisation, on revenue distributions received by the Fund from its holdings in underlying collective investment schemes, is treated as a return of capital.

(f) Treatment of expenses

All expenses, except those relating to the purchase and sale of investments are allocated to the revenue account on an accrual basis.

(g) Allocation of revenue and expenses to multiple unit classes

Any assets or liabilities not attributable to a particular unit class are allocated by the Manager in a manner which is considered fair to unitholders in general, usually pro-rata based on the net asset values of the relevant unit classes.

1. Accounting policies (continued)

(h) Taxation/deferred taxation

Corporation tax is provided for on taxable revenue, less deductible expenses, at a rate of 20%. This is the rate that has been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided for in respect of all items that have been included in these financial statements, or those of a previous period, that will be included in future periods for taxation purposes, other than those timing differences regarded as permanent. Any liability to deferred tax is provided for at the average rates of tax expected to apply to the reversal of timing difference.

Income tax on interest distributions is classed as 'income tax recoverable' and is recovered on a yearly basis on submission of the Fund's annual tax return.

(i) Distribution policy

Revenue produced by the Fund's investments is accumulated annually. At the end of each year, the revenue, less the expenses allocated to the revenue account, is accumulated.

(j) Exchange rates

Assets and liabilities in overseas currencies at the year-end are translated into Pound Sterling at the latest available rates of exchange on the balance sheet date. Transactions in overseas currencies occurring during the year are recorded at the rate of exchange on the date of the transaction.

(k) Financial instruments

Financial assets and financial liabilities are recognised in the Fund's balance sheet when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially recognised at transaction price (including transaction costs) and subsequently measured at amortised cost, except for the Fund's investments classified as financial assets at fair value through profit or loss, which are initially recognised at fair value (excluding transaction costs).

The investments are measured at bid prices, and quoted price for single priced funds, on the balance sheet date, with any gains or losses arising on measurement recognised in the statement of total return. If bid prices and quoted price for single priced funds are not available, the latest available prices are used. If separate offer and bid prices are quoted for shares or units, then the bid price is used. If no price or recent available price exists, the investments are valued at a price which, in the opinion of the Manager, reflects the fair value of the asset. This may involve the use of an appropriate valuation technique/methodology.

(l) Management fee rebates

Management fee rebates are accounted for on an accruals basis and are allocated to the capital or revenue account of the Fund according to whether the underlying fund charges its fees to capital or revenue.

(m) Significant judgements

There have been no significant judgements or sources of estimated uncertainty in the period.

2. Net capital gains

	31.07.23	31.07.22
	£	£
Non-derivative securities	5,257,299	17,628,939
Currency (losses)/gains	(3,206,539)	4,780,805
CSDR penalties	42	115
Market associated costs	(286)	(593)
Net capital gains	**2,050,516**	**22,409,266**

3. Revenue

	31.07.23	31.07.22
	£	£
UK franked dividends	363,382	264,761
Overseas dividends	3,948,090	3,077,759
Franked revenue currency (losses)/gains	(17,515)	7,126
Unfranked revenue currency losses	(336)	(7,388)
Bank interest	26,216	2,450
Total revenue	**4,319,837**	**3,344,708**

4. Expenses

	31.07.23	31.07.22
	£	£
Payable to the Manager, associates of the Manager and agents of either:		
Annual management charge	614,909	550,398
Administration fees	163,032	137,712
	777,941	688,110
Other expenses:		
Other expenses	-	5,016
	-	5,016
Total expenses	**777,941**	**693,126**

5. Taxation

(a) Analysis of the charge in the year

	31.07.23	31.07.22
	£	£
Analysis of the tax charge in the year		
Overseas tax	565,179	460,964
Total current tax for the year (see note 5(b))	**565,179**	**460,964**
Deferred tax (see note 5(c))	-	-
Total taxation for the year	**565,179**	**460,964**

Corporation tax has been provided at a rate of 20% (31 July 2022: 20%).

(b) Factors affecting the current taxation charge for the year

The taxation assessed for the year is higher than the standard rate of corporation tax in the UK for an authorised unit trust (20%). The differences are explained below:

	31.07.23	31.07.22
	£	£
Net revenue before taxation	3,539,936	2,649,483
Corporation tax at 20%	707,987	529,897
Effects of:		
Revenue not subject to taxation	(858,791)	(669,930)
Excess expenses for which no relief taken	150,804	140,033
Overseas taxation	565,179	460,964
Current tax charge for the year (see note 5(a))	**565,179**	**460,964**

(c) Provision for deferred tax

At 31 July 2023, the Fund had surplus management expenses of £7,792,850 (31 July 2022: £7,038,829). The deferred tax in respect of this would be £1,558,570 (31 July 2022: £1,407,766). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised at the year end, or at the previous year end (see note 5(a)). Changes in tax laws and rates may affect recorded deferred tax assets and liabilities and the effective tax rate in the future.

6. Distributions

The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:

	31.07.23	31.07.22
	£	£
Final - Accumulation	2,463,514	1,960,950
	2,463,514	1,960,950
Add: Revenue deducted on cancellation of units	1,370,508	2,161,367
Deduct: Revenue received on issue of units	(859,265)	(1,933,798)
Net distribution for the year	**2,974,757**	**2,188,519**
Interest	1,960	2,099
Total finance costs	**2,976,717**	**2,190,618**
Reconciliation of net revenue to net distribution for the year		
Net revenue after taxation for the year	2,974,757	2,188,519
Net distribution for the year	**2,974,757**	**2,188,519**

Details of the distributions per unit are set out in the Distribution Table on page 38.

7. Debtors

	31.07.23	31.07.22
	£	£
Amounts receivable for issue of units	378,512	1,073,892
Accrued revenue	23,499	26,014
Income tax recoverable	277,572	189,993
Total debtors	**679,583**	**1,289,899**

8. Cash and bank balances

	31.07.23	31.07.22
	£	£
Cash and bank balances	246,901	953,135
Total cash and bank balances	**246,901**	**953,135**

9. Creditors

	31.07.23	31.07.22
	£	£
Amounts payable for cancellation of units	555,422	1,493,856
Accrued annual management charge	41,793	44,866
Accrued administration fees	11,145	11,695
Total creditors	**608,360**	**1,550,417**

10. Related party transactions

The Manager is regarded as a related party of the Fund. The Manager acts as either agent or principal for the Trustee in respect of all transactions of units of the Fund. The aggregate monies received through creation and paid on cancellation are disclosed in the statement of change in net assets attributable to unitholders.

There were no units in the Fund held by the Trustee or Manager or associates of either the Trustee or the Manager.

As at the balance sheet date, Hargreaves Lansdown Nominees Ltd held units in the Fund amounting to approximately 34% of the Fund's net asset value.

Details of transactions occurring during the accounting period between the Manager and the Trustee and any balances due at the year end are fully disclosed in notes 4 and 9 to the Financial Statements.

11. Unit classes

As at the balance sheet date the Fund had two unit classes. The following table shows a breakdown of the change in units in issue of each unit class in the year:

	I Accumulation
Opening units at the start of the year	170,274,481.716
Total creation of units in the year	134,132,456.068
Total cancellation of units in the year	(157,564,872.715)
Closing units at the end of the year	**146,842,065.069**

	R Accumulation
Opening units at the start of the year	4,260,521.069
Total creation of units in the year	1,272,400.385
Total cancellation of units in the year	(5,532,921.454)
Closing units at the end of the year	**-**

The annual management charge of each unit class is as follows:

I Accumulation	0.75% p.a.
R Accumulation	1.50% p.a.

The net asset value of each unit class, the net asset value per unit and the number of units in each class are given in the Comparative Table on page 20. The distributions per unit class are given in the Distribution Table on page 38. Income, and the associated tax, which is not attributable to a particular unit class is allocated by the Manager in a manner which is considered fair to unitholders in general, usually pro-rata based on the net asset values of the unit classes. All unit classes have the same rights on winding up.

12. Risk management policies

In pursuing its investment objectives, the Fund holds financial instruments which expose it to various types of risk. The main risks inherent in the Fund's investment portfolio, and the Manager's policies for managing these risks, which were applied consistently throughout the period, are set out below:

(a) Currency exposures

The Fund's financial assets are invested in listed equities whose prices are quoted in Pound Sterling and other currencies. Where assets are quoted in other currencies this gives rise to a direct currency exposure, details of which are shown in the following table.

	Net foreign currency assets at 31 July 2023			Net foreign currency assets at 31 July 2022		
	Monetary exposures	Non-monetary exposures	Total	Monetary exposures	Non-monetary exposures	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Canadian Dollar	-	10,251	10,251	-	15,522	15,522
Euro	-	12,297	12,297	-	12,365	12,365
Hong Kong Dollar	-	2,402	2,402	39	1,727	1,766
Norwegian Krone	-	2,350	2,350	-	3,850	3,850
US Dollar	-	33,962	33,962	-	32,824	32,824

There are no specific policies employed by the Investment Manager to manage the currency exposure.

If GBP to foreign currency exchange rates had strengthened by 10% as at the balance sheet date, the portfolio of investments value would have decreased by £5,542,063 (31 July 2022: £6,006,643). If GBP to foreign currency exchange rates had weakened by 10% as at the balance sheet date, the portfolio of investments value would have increased by £6,773,633 (31 July 2022: £7,341,452). These calculations assume all other variables remain constant.

12. Risk management policies (continued)

(b) Cash flow risk and interest rate risk profile of financial assets and liabilities

The Fund's revenue is mainly received from holdings in listed equities. The Fund does not have any long-term financial liabilities. The Fund is affected by the impact of movements in interest rates on its own cash balances.

The direct exposure of the Fund to interest rate risk as at the balance sheet date is shown in the following table:

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Floating rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
31.07.23						
Canadian Dollar	-	-	10,251	-	-	10,251
Euro	-	-	12,297	-	-	12,297
Hong Kong Dollar	-	-	2,402	-	-	2,402
Norwegian Krone	-	-	2,350	-	-	2,350
Sterling	247	-	7,329	-	(608)	6,968
US Dollar	-	-	33,962	-	-	33,962
31.07.22						
Canadian Dollar	-	-	15,522	-	-	15,522
Euro	-	-	12,365	-	-	12,365
Hong Kong Dollar	39	-	1,727	-	-	1,766
Norwegian Krone	-	-	3,850	-	-	3,850
Sterling	914	-	8,260	-	(1,550)	7,624
US Dollar	-	-	32,824	-	-	32,824

Short term debtors and creditors are included as financial assets and liabilities not carrying interest in the above table.

The floating rate financial assets and liabilities comprise: Sterling denominated bank account balances that bear interest at the Bank of England base rate less 75 basis points (to a minimum of NIL) and overdrafts that bear interest at the Bank of England base rate plus 100 basis points. Financial assets and liabilities not bearing interest mainly comprise investments that do not have a maturity date.

12. Risk management polices (continued)

(b) Cash flow risk and interest rate risk profile of financial assets and liabilities (continued)

Cash flow risk and interest rate risk is managed by only holding cash at reputable financial institutions.

Changes in interest rates would have no material impact to the valuation of floating rate financial assets or liabilities as at the balance sheet date. Consequently, no sensitivity analysis has been presented.

(c) Liquidity risk

All of the Fund's underlying financial assets are considered to be readily realisable. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement. All of the Fund's financial liabilities are payable on demand or in less than one year.

(d) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty and issuer risk. Cash is held with reputable credit institutions and credit risk is assessed on a regular basis. Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its obligations. The Fund only buys and sells investments through brokers which have been approved by the Manager as an acceptable counterparty and these are reviewed on an ongoing basis.

(e) Market price risk

The value of shares/units in the underlying investments is not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual share/unit held within an underlying investment or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio.

The Investment Manager seeks to minimise these risks by holding diversified portfolios of collective investment schemes and transferable securities in line with the investment objectives. In addition, the management of the Fund complies with the Financial Conduct Authority's Collective Investment Schemes sourcebook, which includes rules prohibiting a holding greater than 20% of the assets of the Fund in any one underlying investment.

If the value of shares/units in the underlying investments were to increase or decrease by 10% the change in the net asset value of the Fund would be £6,791,120 (31 July 2022: £7,325,803). This calculation assumes all other variables remain constant.

12. Risk management policies (continued)

(f) Fair value of financial assets and liabilities

	INVESTMENT ASSETS	
	31 July 2023	**31 July 2022**
Valuation technique	**£**	**£**
Level 1: Quoted Prices	67,911,200	73,258,030
Level 2: Observable Market Data	-	-
Level 3: Unobservable Data	-	-
	67,911,200	**73,258,030**

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

(g) Commitments on derivatives

As at the year end date the Fund held no derivatives. (31 July 2022: £nil)

13. Transaction costs

(a) Direct transaction costs

Direct transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties incurred when purchasing and selling the underlying securities. In addition to direct transaction costs below, indirect costs are incurred through the bid-offer spread. It is not possible for the Manager to quantify these indirect costs. A breakdown of the purchases and sales, and the related direct transaction costs incurred by the Fund in the year are shown in the table below:

	31.07.23 £		31.07.22 £	
Analysis of total purchase costs				
PURCHASES				
Equities	20,169,650		77,787,189	
Net purchases before direct transaction costs	20,169,650		77,787,189	
DIRECT TRANSACTION COSTS		**% of total purchases**		**% of total purchases**
Equities	18,209	0.09%	68,783	0.09%
Total direct transaction costs	18,209	0.09%	68,783	0.09%
Gross purchases total	**20,187,859**		**77,855,972**	
Analysis of total sale costs				
SALES				
Equities	27,672,694		66,373,623	
Gross sales before direct transaction costs	27,672,694		66,373,623	
DIRECT TRANSACTION COSTS		**% of total sales**		**% of total sales**
Equities	(6,481)	0.02%	(20,389)	0.03%
Total direct transaction costs	(6,481)	0.02%	(20,389)	0.03%
Net sales total	**27,666,213**		**66,353,234**	

	31.07.23 £	% of average NAV	31.07.22 £	% of average NAV
Analysis of total direct transaction costs				
Equities	24,690	0.03%	89,172	0.13%
Total direct transaction costs	**24,690**	**0.03%**	**89,172**	**0.13%**

13. Transaction costs (continued)

(b) Average portfolio dealing spread

The average portfolio dealing spread of the investments at the balance sheet date was 0.09% (31 July 2022: 0.10%). This is calculated as the difference between the offer and bid value of the portfolio as a percentage of the offer value.

14. Capital commitments and contingent liabilities

The Fund had no capital commitments or contingent liabilities at the balance sheet date (31 July 2022: £nil).

15. Post balance sheet events

Subsequent to the year-end, the net asset value per unit of each unit class has changed as follows:

I Accumulation Units – Increased from 46.46 pence per unit to 50.37 pence per unit (12 October 2023).

There are no post balance sheet events which require adjustments at the year-end.

Subsequent to the year end, the fund manager has requested a change in the next year end to 31 December to bring it in line with the WS Guinness Investment Funds OEIC.

DISTRIBUTION TABLE

For the year ended 31 July 2023

Annual Distribution (31 July 2023)

Group 1 - Units purchased on or prior to 31 July 2022

Group 2 - Units purchased after 31 July 2022

Units	Revenue (pence)	Equalisation[1] (pence)	Paid 30.09.23 (pence)	Paid 30.09.22 (pence)
I Accumulation				
Group 1	1.6776	-	1.6776	1.1391
Group 2	1.0411	0.6365	1.6776	1.1391
R Accumulation				
Group 1	N/A	N/A	N/A	0.4976
Group 2	N/A	N/A	N/A	0.4976

[1] Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

DIRECTORY

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Mr G M J Padbury
Mr M Hand
Mr M Smith
Mrs R E Wheeler (Non-executive)
Mr A Kerneis (Independent non-executive)
Mrs G E Mitchell (Independent non-executive)
Miss J L Kirk (Resigned 1 March 2023)
Mrs R E Elliott (Resigned 1 March 2023)

Investment Manager

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