JANUARY 2024
MARKET UPDATE & INVESTMENT REPORT

GUINNESS MULTI-ASSET FUNDS

GUINNESS GLOBAL INVESTORS

POWERED BY

RBC Brewin Dolphin

CONTENTS

THE MONTH IN A MINUTE

DECEMBER OVERVIEW

2023 ended with the customary rally but H2 proved to be a roller coaster with both Equities and Fixed Interest posting positive returns in July and August before providing consecutive negative returns for the following three months. However, November and December benefitted from falling inflation, the prospect of a US soft landing and the anticipation of interest rate cuts which drove strong returns in both of those months.

Over the year, markets were strongly positive. The US, led by the “Magnificent 7” (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla) tech stocks returned 24% and was the top performer. Europe was next at 23% whilst Japan and the UK were in the mid-teens. Even Asia as the laggard returned 6% in US terms. With the furore around Artificial Intelligence, it was no surprise to see growth stocks significantly outperforming value (37% v 11%). Bonds also had a good year ranging from 3.6% for Sovereign debt to 9.5% for Corporates.

Developed markets kept interest rates on hold during the final quarter which provided investors with hope rates had peaked and with falling inflation, attention turned to rate reductions during the coming year. That aside GDP and PMIs (Purchasing Managers Indices) in Europe indicated weak growth. The Eurozone GDP contracted by 0.1% in Q3 and is anticipated to be negative in the final quarter. Meanwhile, UK GDP also fell in Q3 after being flat in Q2. This compares to the US where 4.9% growth was reported for the third quarter.

In China, markets fell over the quarter around concerns of weaker economic growth, the current stimulus measures may be insufficient, ongoing real estate crisis and the risks of China’s regulatory regime (particular for tech and gaming companies). The anticipated boom post the zero-COVID relaxation, earlier in the year, never really materialised.

Over the final quarter, Europe and the exposure to the Invesco Nasdaq 100 were the notable contributors with the latter benefitting from the prospects for the US economy, interest rates and the excitement around Artificial Intelligence / technology.

THE MONTH IN NUMBERS

As at 31/12/2023	Guinness Multi-Asset Balanced Fund			Guinness Multi-Asset Growth Fund		
	Strategic Asset Allocation	Tactical Asset Allocation	Difference vs SAA	Strategic Asset Allocation	Tactical Asset Allocation	Difference vs SAA
Cash	2.5%	3.5%	1.0%	2.5%	3.5%	1.0%
Bonds	22.5%	23.0%	0.5%	12.0%	12.5%	0.5%
Government Bonds	8.5%	10.0%	1.5%	4.5%	6.0%	1.5%
Inflation Linked Bonds	3.0%	4.0%	1.0%	1.5%	2.5%	1.0%
Corporate Bonds	11.0%	9.0%	-2.0%	6.0%	4.0%	-2.0%
Equities	68.0%	68.0%	0.0%	83.5%	83.5%	0.0%
UK equities	2.5%	2.4%	-0.1%	3.13%	3.00%	-0.1%
International equities	65.5%	65.6%	0.1%	80.4%	80.5%	0.1%
US	43.1%	43.6%	0.5%	53.0%	53.5%	0.5%
Europe ex UK	8.5%	8.4%	-0.1%	10.4%	10.3%	-0.1%
Japan	4.3%	4.2%	-0.1%	5.2%	5.1%	-0.1%
Asia ex Japan	8.0%	7.9%	-0.1%	9.8%	9.7%	-0.1%
EM	1.6%	1.5%	-0.1%	2.0%	1.9%	-0.1%
Alternatives	7.0%	5.5%	-1.5%	2.0%	0.5%	-1.5%
Hedge funds/alternatives	4.0%	3.0%	-1.0%	1.0%	0.0%	-1.0%
Commercial property	1.5%	1.0%	-0.5%	0.5%	0.0%	-0.5%
Gold	1.5%	1.5%	0.0%	0.5%	0.5%	0.0%

As at 31/12/2023 in GBP	Euro STOXX	MSCI UK	MSCI AC Asia ex Japan	MSCI Emerging Markets	S&P 500	TSE TOPIX
1m	3.8%	3.8%	2.8%	3.2%	3.8%	3.9%
3m	7.7%	2.3%	1.9%	3.3%	6.8%	3.4%
6m	4.4%	4.9%	2.6%	4.4%	7.5%	6.7%
1yr	16.7%	7.7%	0.0%	3.6%	18.6%	12.8%
3yr	26.0%	38.0%	-13.0%	-8.3%	40.7%	9.5%
5yr	61.1%	39.3%	19.7%	19.7%	101.8%	36.5%
10yr	112.3%	66.2%	89.7%	69.0%	282.5%	113.1%

Source: RBC Brewin Dolphin, Guinness Global Investors

ASSET ALLOCATION OVERVIEW

Positive Asset Class View
Negative Asset Class View

EQUITIES

Supportive of the global equity market is the resilience the economy has exhibited. Indeed, the probability of a US soft landing appears to have risen. Meanwhile, there is the potential for AI related themes to push equity prices higher. The main headwinds are sentiment & positioning (on balance already bullish), the current stage of the economic cycle (late), US valuation metrics (high), and the returns available on competing assets such as cash (high). Weighing everything up, holding a tactical equity exposure broadly in line with one's strategic benchmark appears sensible.

BONDS

With central banks now looking ahead to rate cuts, we maintain an overweight to government bonds. We remain underweight corporate bonds. Credit spreads are not sufficiently large to compensate for global economic growth risks, in our view.

ALTERNATIVES

Gold broke out to a new all-time high in USD terms late last year thanks to a weak dollar, strong central bank buying (particularly from China), and the recent decline in real bond yields. However, on a longer-term basis, the gold price appears stretched considering how much real bond yields have risen over the last couple years. In addition, after declining so violently, real yields probably don't have a lot further to fall, at least for now. Finally, sentiment toward gold had improved in recent months and is now clearly bullish, which should make further gains more difficult. Against this backdrop, we retain a neutral position. We remain underweight property. It is often the case that one corner of the economy and/or markets "breaks" in response to central bank rate hikes, and commercial real estate seems like a prime candidate to experience pain this cycle. Fundamentals are particularly challenging in the office space, but those are offset by stronger fundamentals in other subsectors, such as datacentres.

CASH

We remain overweight. Cash currently offers an attractive return and acts as dry powder which can be deployed when conditions for the riskier asset classes improve.

US EQUITIES

There are several concerns regarding the US relative performance outlook, with the big risk relating to valuation (including the valuation of the dollar). Notwithstanding the risks, we are more optimistic on US equities than other regions, for two main reasons. The first relates to the secular outlook, which appears relatively bright for the tech stocks the US is heavily weighted in. The main upside risk for the global equity market over the next few years is if an "AI boom" scenario unfolds. With the Fed now on hold and likely to begin cutting rates next year, a weaker version of the cycle that played out during second half of the 1990s is a possibility today. Back then, excitement linked to the growth of the internet drove gains. This cycle, AI related investment could be the driver. The US has much greater exposure to the "pick and shovel" plays positioned to benefit from an AI spending boom than any other region. The second reason for favouring the US relates to the cyclical outlook. Even though the odds of a soft landing have gone up, economic growth risks are still significantly higher than in any given year. The US is the most defensive of our six regions, which is an attractive characteristic at a time when growth risks remain elevated.

EQUITY ALLOCATION BY REGION

EUROPE EX UK EQUITIES

If we can predict where the relative performance of global tech and continental European FX are going, we stand a good chance of successfully predicting whether Europe ex UK equities will outperform. We are cautiously optimistic on the secular outlook for global tech sector, which bodes poorly for Europe ex UK as it has low weightings in this sector. With regards to continental European FX, over the longer term there appears to be room for appreciation, which would support regional equity relative performance in common currency terms. The euro is cheaply valued, and existential risks have declined. However, over the medium-term, FX direction will likely be more influenced by risk appetite. The euro is a risk-on currency, and odds of markets moving into a risk-off phase remain elevated.

UK EQUITIES

The UK market is undeniably cheap and unloved. With that in mind, it might not need a lot of good fundamental news to outperform. However, the most important determinant of UK equity relative performance is global sector and style performance. Given its high weightings in value-oriented sectors like energy and financials and low weightings in growth sectors such as tech, the UK equity market benefits strongly during periods when global value stocks outperform. The bad news is that the outlook for value appears uninspiring. The composition of the UK market also probably makes it a good hedge against an inflation problem. Cyclically, inflation pressures have moderated. The pound would be vulnerable to a decline if markets go back into risk off mode, and the odds of that happening seem elevated. A decline in the pound would create a headwind for UK equity relative performance in common currency terms.

JAPAN EQUITIES

Shareholder friendly reform momentum is building in Japan, which could help spark an expansion in relatively depressed price-to-book multiples. However, demographics amount to a major structural headwind to Japanese equity relative performance. Cyclically, Japan does not have much scope to put idle economic resources to work. Despite low price-to-book multiples, Japan does not stand out as obviously cheap vs the world ex US market, in our view.Japan does not stand out as obviously cheap vs the world ex US market, in our view.

ASIA EX JAPAN EQUITIES

The Chinese authorities have continued to implement policies that negatively impact the profit outlook of its megacap companies, with new online gaming restrictions the latest high-profile measure announced. Meanwhile, incoming Chinese economic data continues to disappoint. Property remains a key area of weakness. House prices continue to contract, and residential floor space sold remains deep in negative territory on a y/y basis. Nevertheless, it is still not a bad bet that GDP in China and Asia ex Japan more widely outpaces that of the rest of the world this year. In addition, more investors have "thrown in the towel" on China. Despite this attractive combination of decent relative growth prospects and depressed investor sentiment, we are not optimistic with regards to Asia ex Japan relative performance. China is becoming steadily less shareholder friendly. Geopolitics is likely to remain a headwind. High indebtedness and challenging demographics should act as longer-run economic headwinds in China.

EMERGING MARKETS EX ASIA

EM ex Asia is undisputedly cheap, but there does not appear to be a catalyst on the horizon to unlock that value. Brazil, Saudi Arabia, South Africa, Mexico, and the UAE are the countries with the highest market cap weightings in the EM ex Asia equity index, making it very commodity exposed. We do not expect much upside to commodity prices in an environment where global growth is slowing and China refrains from large scale stimulus.





AT A GLANCE...

THE MULTI-ASSET BALANCED FUND

MEDIUM RISK

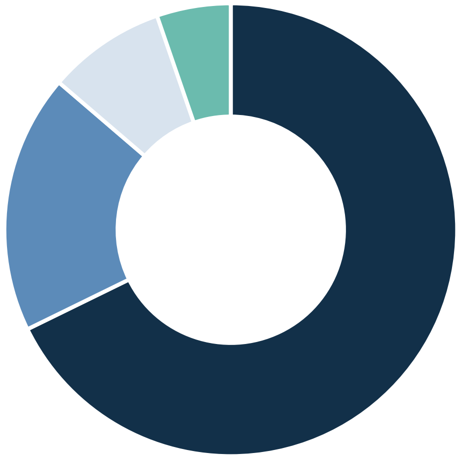
You are prepared to have more than half of your investment held in equities with the aim of achieving a higher investment return over the long term. The greater allocation to equities means your portfolio may experience heightened levels of volatility over the investment term.

The portfolio will typically include two thirds of the assets invested in equities whilst the remainder will be split between cash, fixed income and alternatives. You are prepared to accept fluctuations in the value of your portfolio to achieve your investment goals.

The Fund is actively managed without reference to a benchmark and invests in funds in a range of different asset classes. The investment objective is to provide capital appreciation over the long term. Returns will be generated through both capital growth and income, with a bias towards developed and liquid capital markets. The risk will be diversified by holding collective investments in a range of asset classes and geographies. The management of the portfolio aims to meet the objective conservatively by taking managed risk through fund selection and asset allocation. The portfolio is based on the Brewin Dolphin International MPS Passive Plus Balanced Strategy.

ASSET ALLOCATION

Equities	68.3%
Fixed Income	22.8%
Alternatives	5.5%
Cash	3.4%



EQUITY ALLOCATION

USA	43.8%
Other International (DM)	20.5%
UK	2.5%
Other International (EM)	1.6%
Cash	3.4%

Source: RBC Brewin Dolphin, Guinness Global Investors. Asset allocation and holdings are subject to change

Holding	% Weight
iShares Core S&P 500 UCITS ETF USD Dist	18.4%
iShares Global Corp Bond UCITS ETF	8.9%
Vanguard FTSE Developed Europe ex UK UCITS ETF	8.4%
Vanguard S&P 500 UCITS ETF	7.3%
iShares Global Government Bond Index	6.9%
Invesco EQQQ Nasdaq-100 UCITS ETF	6.5%
SPDR S&P US Dividend Aristocrats UCITS ETF	6.4%
Vanguard Investment Series PLC - Pacific Ex-Japan Stock Index Fund	5.6%
Fidelity MSCI Japan Index Fund	4.1%
iShares Global Inflation-Linked Bond Index Fund US Dollar Hedged	3.9%
iShares Core UK Gilts UCITS ETF USD Hedged (Dist)	3.0%
iShares S&P 500 Health Care Sector UCITS ETF	3.0%
iShares Core FTSE 100 UCITS ETF USD	2.5%
Xtrackers CSI300 Swap UCITS ETF	2.4%
Xtrackers Russell 2000 UCITS ETF	2.3%
Lyxor MSCI Emerging Markets Ex China UCITS ETF	1.6%
iShares Physical Gold ETC USD	1.5%
BlackRock ICS US Dollar Liquidity Fund	1.5%
Amundi Index FTSE EPRA NAREIT Global	1.0%
Winton Trend Fund (UCITS) I USD Acc	1.0%
BNY Mellon Global Funds plc - Global Dynamic Bond Fund	1.0%
JPM Global Macro Opportunities USD	1.0%

Source: RBC Brewin Dolphin, Guinness Global Investors. Asset allocation and holdings are subject to change

RISKS

The Fund is a multi-asset fund investing primarily in other funds ("Underlying Funds") which may invest in equities, Government Bonds, fixed interest securities (which may include sub-investment grade securities), property and other investments. 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 at www.guinnessgi.com/literature

AT A GLANCE...

THE MULTI-ASSET GROWTH FUND

MEDIUM/HIGHER RISK

You are seeking to generate higher investment returns through a high exposure to equities to help achieve your long-term investment goals.

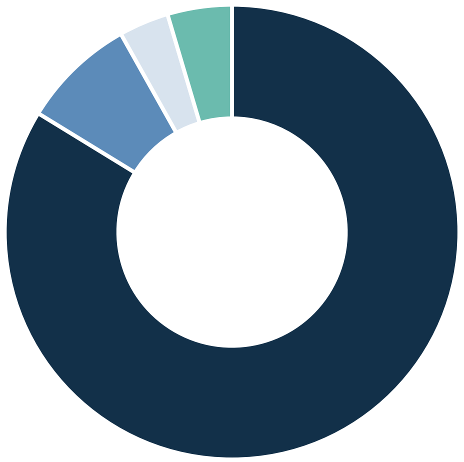
The portfolio will typically have a very high proportion of your investment held in equities and very low levels of fixed income, cash and alternative asset classes.

A larger proportion invested in equities is likely to lead to increased volatility in the overall value of the portfolio.

The Fund is actively managed without reference to a benchmark and invests in funds in a range of different asset classes. The investment objective is to provide capital appreciation over the long term. Returns will be generated through both capital growth and income, with a bias towards developed and liquid capital markets. The risk will be diversified by holding collective investments in a range of asset classes and geographies. The management of the portfolio aims to meet the objective conservatively by taking managed risk through fund selection and asset allocation. The portfolio is based on the Brewin Dolphin International MPS Passive Plus Growth Strategy

ASSET ALLOCATION

Equities	84.2%
Fixed Income	12.5%
Alternatives	0.5%
Cash	2.8%



EQUITY ALLOCATION

USA	54.0%
Other International (DM)	25.4%
UK	3.1%
Other International (EM)	1.7%
Cash	2.8%

Source: RBC Brewin Dolphin, Guinness Global Investors. Asset allocation and holdings are subject to change

Holding	% Weight
iShares Core S&P 500 UCITS ETF USD Dist	18.5%
Vanguard S&P 500 UCITS ETF	13.1%
Vanguard FTSE Developed Europe ex UK UCITS ETF	10.5%
Invesco EQQQ Nasdaq-100 UCITS ETF	8.0%
SPDR S&P US Dividend Aristocrats UCITS ETF	7.9%
Vanguard Investment Series PLC - Pacific Ex-Japan Stock Index Fund	6.9%
Fidelity MSCI Japan Index Fund	5.1%
iShares Global Corp Bond UCITS ETF	4.0%
iShares S&P 500 Health Care Sector UCITS ETF	3.7%
iShares Global Government Bond Index	3.5%
iShares Core FTSE 100 UCITS ETF USD	3.1%
Xtrackers CSI300 Swap UCITS ETF	2.9%
Xtrackers Russell 2000 UCITS ETF	2.8%
iShares Core UK Gilts UCITS ETF USD Hedged (Dist)	2.5%
iShares Global Inflation-Linked Bond Index Fund US Dollar Hedged	2.5%
Lyxor MSCI Emerging Markets Ex China UCITS ETF	1.7%
BlackRock ICS US Dollar Liquidity Fund	1.4%
iShares Physical Gold ETC USD	0.5%

Source: RBC Brewin Dolphin, Guinness Global Investors. Asset allocation and holdings are subject to change

RISKS

The Fund is a multi-asset fund investing primarily in other funds ("Underlying Funds") which may invest in equities, Government Bonds, fixed interest securities (which may include sub-investment grade securities), property and other investments. 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 at www.guinnessgi.com/literature

EXPERT THINKING

When you invest with Guinness Global Investors you have a team of experts working for you.

STRENGHT AND DEPTH

They are part of our broader team who collaborate to interpret the wider market and economic environment and identify those funds that meet our standard for investment, adding up to the strength and depth of insight we need to deliver for you.

MEET THE GUINNESS TEAM

JONATHAN WAGHOR,
CO-MANAGER

Jonathan joined Guinness Global Investors in September 2013 and is co-manager on the Guinness Multi-Asset range.

WILL RILEY,
CO-MANAGER

Will joined Guinness Global Investors in May 2007 and is co-manager on the Guinness Multi-Asset range.

MEET THE RBC BREWIN DOLPHIN TEAM

DAVID HOOD,
HEAD OF INVESTMENT SOLUTIONS

David joined RBC Brewin Dolphin in March 2009 as a quantitative analyst. He heads up the investment solutions team which specialises in model portfolio, fund construction and risk analysis.

"The Guinness Multi-Asset fund range follows a tried and tested investment approach so our investors can be confident about what to expect from it."

- David Hood,
Head of Investment Solutions

GUY FOSTER,
HEAD OF RESEARCH

Guy is our Chief Strategist and oversees our broader team, which uses its collective expertise to make both strategic and tactical recommendations for asset allocation by RBC Brewin Dolphin.

JANET MUI,
INVESTMENT DIRECTOR

Janet is investment director at RBC Brewin Dolphin. As part of the research team, Janet is responsible for the commentary and communication of RBC Brewin Dolphin's macro/investment views to clients and the media.

NOTES

IMPORTANT INFORMATION

Issued by Guinness Global Investors a trading name of Guinness Asset Management which is authorised and regulated by the Financial Conduct Authority. This document is provided for information only. All the information contained in it is believed to be reliable but may be inaccurate or incomplete; it should not be relied upon. It is not an invitation to make an investment nor does it constitute an offer for sale. OCFs for all share classes are available on *www.guinness.gi.com*. Telephone calls will be recorded.

Documentation
The documentation needed to make an investment, including the Prospectus, the Key Information Document (KID), the Key Investor Information Document (KIID) and the Application Form, is available in English from the website *www.guinnessgi.com* , or free of charge from:-

The Manager: Waystone Management Company (IE) Limited (Waystone IE) 2nd Floor 35 Shelbourne Road, Ballsbridge, Dublin DO4 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 Funds are not registered for sale or in any other circumstances where their distribution is not authorised or is unlawful, the Funds should not be distributed to resident Retail Clients.

NOTE: THIS INVESTMENT IS NOT FOR SALE TO U.S. PERSONS.

The Funds are sub-funds 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 these Funds, please consult your investment or other professional adviser.

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