

JUNE 2024 MARKET UPDATE & INVESTMENT REPORT

GUINNESS MULTI-ASSET FUNDS



GUINNESS
GLOBAL INVESTORS

POWERED BY



Brewin
Dolphin

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MONTH IN A MINUTE

MAY OVERVIEW

May proved to be a beneficial month for bonds and equities alike. European equities proved to be the standout market as economic recovery continued in Germany and the widely anticipated interest rate cut by the ECB in June drew closer. That said with inflation edging higher, further rate cuts in Europe post June are likely to be data dependant. US equities also rose strongly as better than expected Q1 results and impressive figures for Nvidia continued the IT and AI themes. Unsurprisingly growth outperformed value as the tech euphoria and expectation of lower interest rates supported these stocks. That said the UK market achieved fresh all-time highs as the UK economy rebounded post the H2 2023 technical recession. The unexpected announcement by Prime Minister Rishi Sunak for a 4 July general election failed to dampen markets as international investors continued to see value in the market following years of underperformance.

Bond markets saw returns of between one and two percent with inflation linked and corporate bonds returning the upper end of that range. Whilst inflation data proved disappointing, markets took solace from the receding concerns over any possibility of a rate hike in the US, following comments from Fed Chair Jeremy Powell.

Economic data across the developed world shows signs of improvement whilst concerns of the US overheating are currently in abeyance. The resilience of inflation over the coming months will be key as central banks look to cut rates albeit with a divergence of timing across regions. Any rate cuts are unlikely to signal a trend of cuts as central governments assess the impacts of cuts prior to cutting further. Corporate fundamentals remain in good health.



THE MONTH IN NUMBERS

As at 31/05/2024	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%	2.0%	-0.5%	2.5%	1.0%	-1.5%
Bonds	22.5%	22.5%	0.0%	12.0%	12.0%	0.0%
Government Bonds	8.5%	10.0%	1.5%	4.5%	6.0%	1.5%
Inflation Linked Bonds	3.0%	3.5%	0.5%	1.5%	2.0%	0.5%
Corporate Bonds	11.0%	9.0%	-2.0%	6.0%	4.0%	-2.0%
Equities	68.0%	70.0%	2.0%	83.5%	85.5%	2.0%
UK equities	2.5%	3.0%	0.5%	3.09%	3.60%	0.5%
International equities	65.5%	67.0%	1.5%	80.4%	81.9%	1.5%
US	43.8%	45.3%	1.5%	53.8%	55.3%	1.5%
Europe ex UK	8%	8.3%	0.0%	10.2%	10.2%	0.0%
Japan	4.2%	4.2%	0.0%	5.2%	5.2%	0.0%
Asia ex Japan	7.8%	7.8%	0.0%	9.5%	9.5%	0.0%
EM	1.4%	1.4%	0.0%	1.7%	1.7%	0.0%
Alternatives	7.0%	5.5%	-1.5%	2.0%	1.5%	-0.5%
Hedge funds/alternatives	4.0%	2.0%	-2.0%	1.0%	0.0%	-1.0%
Commercial property	1.5%	1.5%	0.0%	0.5%	0.5%	0.0%
Gold	1.5%	2.0%	0.5%	0.5%	1.0%	0.5%

As at 31/05/2024 in GBP	Euro STOXX	MSCI UK	MSCI AC Asia ex Japan	MSCI Emerging Markets	S&P 500	TSE TOPIX
1m	2.9%	1.9%	-0.1%	-1.1%	3.2%	-0.4%
3m	5.6%	9.6%	4.8%	2.9%	3.1%	-1.1%
6m	14.0%	13.1%	8.4%	6.8%	15.5%	10.3%
1yr	18.8%	15.8%	8.3%	9.4%	24.2%	14.8%
3yr	25.7%	35.6%	-10.5%	-7.9%	44.4%	19.3%
5yr	60.8%	39.7%	20.2%	17.9%	101.1%	38.9%
10yr	122.2%	75.4%	94.6%	71.4%	311.6%	138.5%

Source: RBC Brewin Dolphin, Guinness Global Investors

ASSET ALLOCATION OVERVIEW



EQUITIES



Factors supportive of global equities at present are the resilience the economy has exhibited, the potential for AI themes to push equity prices higher, and sentiment, which has turned negative. The main headwinds are the current stage of the economic cycle (late), monetary policy (tight), valuation metrics (high), the returns available on competing assets such as cash (high) and the technical backdrop (poor). Weighing everything up, the cons seem to outweigh the pros. We maintain a mild underweight.

BONDS



We have an overweight to government bonds. Government bond performance has a tight inverse correlation with central bank rate expectations. While we don't foresee rate expectations dropping meaningfully anytime soon, it would be surprising for them to move substantially higher. Among our three government bond categories, we favour Gilts, in large part due to the UK's interest rate sensitivity and challenging growth outlook. Meanwhile, we remain underweight corporate bonds. In our view, credit spreads are not sufficiently large to compensate for global economic growth risks.

ALTERNATIVES



The gold price has historically been inversely correlated with real (inflation adjusted) bond yields. Notwithstanding the decline over the past four months, gold has held up surprisingly well given the surge in real yields since early 2022, not to mention the strength in the dollar. The reportedly strong buying from foreign official sector purchasers (China, Russia) looking to diversify their reserve holdings probably explains some of the divergence. In our view, real yields are unlikely to go up or down by much over the next couple quarters. As such, we retain a neutral position to gold. We remain underweight property, as real bond yields should remain elevated (for now), inflation pressure is weakening, and credit conditions are tightening.

CASH



We remain overweight. Cash offers an increasingly attractive return and is a desirable asset class at a time when the risk/reward backdrop for equities is not great.

EQUITY ALLOCATION BY REGION

US EQUITIES



There are several factors leaning against the US. Tech stocks appear to have disconnected somewhat from both their industry and macro fundamentals. The broad US market is trading on significantly higher than normal premiums compared to their global ex US counterparts. Finally, the dollar is richly valued, making it vulnerable to a decline in the longer-term. Importantly, these headwinds are offset by several tailwinds. The US, with both its defensive currency and sector composition, is generally a good market to be in when global economic growth slows. Even if digital stocks are expensive, the structural demand backdrop for the goods and services they sell appears strong. Despite their strong performance, there doesn't appear to be excessive froth around tech nor the US market more broadly. Against this mixed backdrop, it doesn't appear to be a good time to make big bets on the US equity relative performance outlook in either direction..

EUROPE EX UK EQUITIES



After a strong start to the year, Europe ex UK stocks have sharply underperformed in common currency terms since the end of April. Sparking the underperformance has been the fact that the region has low exposure to the names benefitting from the buzz around AI. Globally, when tech stocks outperform, that tends to coincide with Europe ex UK underperformance. European currency weakness vs the dollar has since mid-July has made things worse. Looking ahead, it doesn't appear to be a good time to add exposure to AI plays due to concerns about valuation. Equally, given the potential for what currently looks like a mini bubble to turn into a bigger bubble, one would not want to be underweight these AI names relative to the global equity benchmark. With this in mind, and given the mixed backdrop for European FX, in our view it makes sense to continue to hold positions in Europe ex UK that are consistent with it performing broadly in-line with the global equity benchmark.

UK EQUITIES



After strongly outperforming in 2022 (in common currency terms), UK equity relative performance has underperformed vs the global equity market this year. The main headwind has been the fact that globally, value style stocks have fallen out of favour relative to their growth style counterparts. This tends to weigh on UK equity relative performance given its high exposure to the former (via energy and financials mostly) and low exposure to growth-oriented tech. We would advise against looking at the underperformance

this year as an opportunity to raise UK equity exposure vs the global benchmark. Although we expect the outlook for value vs growth equities to be more balanced going forward, the domestic growth backdrop remains challenging.

JAPAN EQUITIES



In late July, the BoJ surprised markets by tweaking their yield curve control policy in what was considered a stealth way. While they maintained guidance of allowing the 10-year JGB yield to move +/- 0.5% around the 0% target, this would now be considered a "reference" rather than rigid range. The BoJ promised to buy 10-year JGBs in fixed-rate operations at the 1% level, instead of the previous rate of 0.5%. This effectively signals that it will now tolerate a rise in the 10-year yield to as much as 1%. Looking ahead, if the yen strengthens, as we expect, Japanese GDP is likely to outperform US GDP in common currency terms. Against that backdrop, there's probably a window for Japanese equities to outperform. That said, in the long-term, with both the population and birth rate in freefall and given Japan's lack of enthusiasm for immigration, Japan's demographics should act as a roadblock to any sustained economic and equity outperformance.

ASIA EX JAPAN EQUITIES



Following a promising start to the year, incoming Chinese economic data has disappointed. 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. Unlike much of the rest of the world, deflation rather than inflation is the bigger concern. Even with the growth stumble, it's still not a bad bet that GDP in China and the region more widely outpaces that of the rest of the world over the balance of this year and next. Meanwhile, more and more investors are throwing in the towel on China. Despite this attractive combination of decent relative growth prospects and poor investor sentiment, we are not optimistic with regards to Asia ex Japan relative performance. It would be surprising to see much additional downside vs the global market, but equally risk/reward doesn't appear to be attractive.

EMERGING MARKETS EX ASIA



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 don't expect much upside to commodity prices in an environment where global growth is slowing and China refrains from large scale stimulus. That said, EM ex Asia remains very cheaply valued.



AT A GLANCE...

THE MULTI-ASSET BALANCED FUND

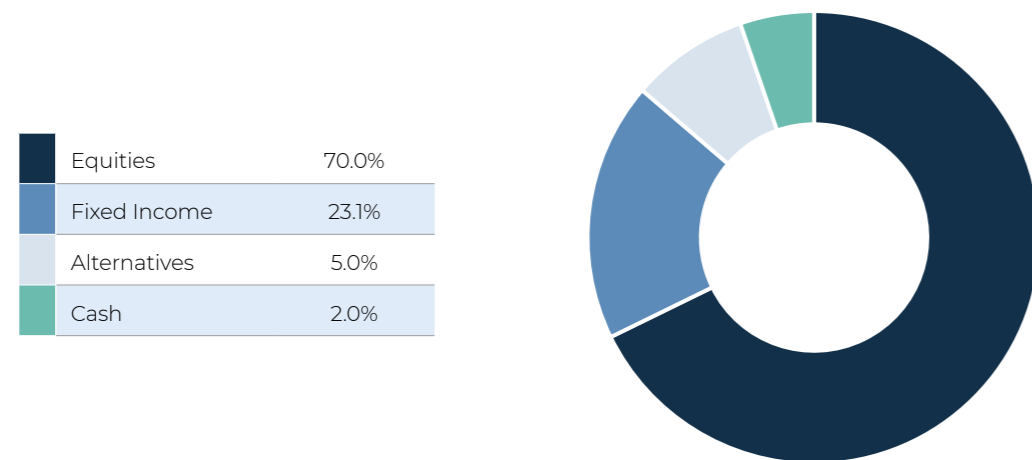
MEDIUM RISK

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



EQUITY ALLOCATION

USA	45.4%
Other International (DM)	20.6%
UK	2.5%
Other International (EM)	1.5%
Cash	2.0%

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

Holding	% Weight
iShares Core S&P 500 UCITS ETF	18.6%
iShares Global Corp Bond UCITS ETF	9.1%
Vanguard FTSE Developed Europe ex UK UCITS ETF	8.4%
iShares Global Government Bond Index	7.0%
SPDR S&P US Dividend Aristocrats UCITS ETF	6.9%
Vanguard S&P 500 UCITS ETF	6.2%
Vanguard - Pacific Ex-Japan Stock Index Fund	5.0%
Invesco EQQQ Nasdaq-100 UCITS ETF	4.5%
Fidelity MSCI Japan Index Fund	4.3%
iShares Global Inflation-Linked Bond Index Fund	4.0%
HSBC NASDAQ Global Semiconductor UCITS ETF	3.1%
Xtrackers Russell 2000 UCITS ETF	3.0%
iShares S&P 500 Health Care Sector UCITS ETF	3.0%
iShares Core UK Gilts UCITS ETF	2.9%
Xtrackers CSI300 Swap UCITS ETF	2.9%
iShares Core FTSE 100 UCITS ETF USD	2.5%
Amundi Index FTSE EPRA NAREIT Global	1.5%
iShares Physical Gold ETC USD	1.5%
Lyxor MSCI Emerging Markets Ex China UCITS ETF	1.5%
Winton Trend Fund (UCITS)	0.7%
BNY Mellon - Global Dynamic Bond Fund	0.7%
JPM Global Macro Opportunities	0.6%
BlackRock ICS US Dollar Liquidity Fund	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



AT A GLANCE...

THE MULTI-ASSET GROWTH FUND

MEDIUM/HIGHER RISK

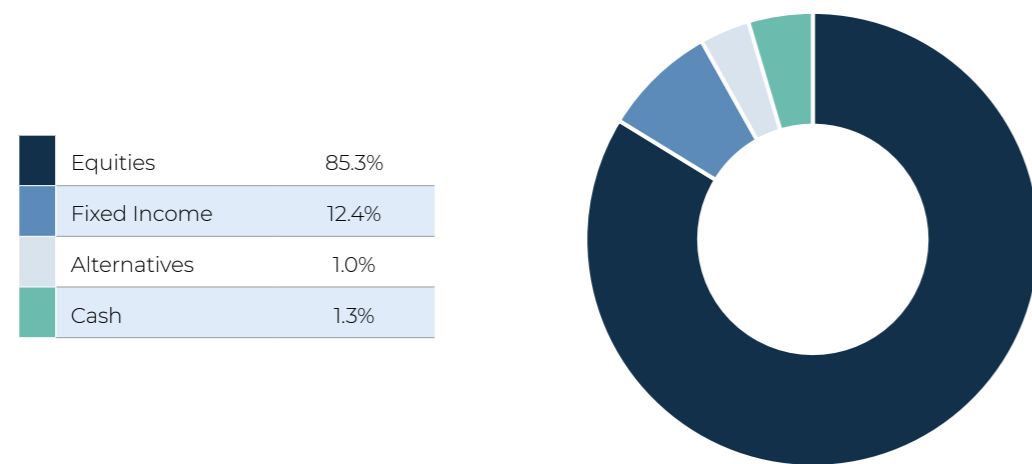
You are seeking to generate higher investment returns through a high exposure to equities to help achieve your long-term investment goals.

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



EQUITY ALLOCATION

USA	55.2%
Other International (DM)	25.2%
UK	3.1%
Other International (EM)	1.8%
Cash	1.3%

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

Holding	% Weight
iShares Core S&P 500 UCITS ETF	18.5%
Vanguard S&P 500 UCITS ETF	11.0%
Vanguard FTSE Developed Europe ex UK UCITS ETF	10.3%
SPDR S&P US Dividend Aristocrats UCITS ETF	8.5%
Vanguard - Pacific Ex-Japan Stock Index Fund	6.1%
Invesco EQQQ Nasdaq-100 UCITS ETF	6.0%
Fidelity MSCI Japan Index Fund	5.3%
iShares Global Corp Bond UCITS ETF	4.0%
HSBC NASDAQ Global Semiconductor UCITS ETF	3.9%
Xtrackers Russell 2000 UCITS ETF	3.7%
iShares S&P 500 Health Care Sector UCITS ETF	3.7%
Xtrackers CSI300 Swap UCITS ETF	3.5%
iShares Global Government Bond Index	3.5%
iShares Core FTSE 100 UCITS ETF USD	3.1%
iShares Global Inflation-Linked Bond Index Fund	2.5%
iShares Core UK Gilts UCITS ETF	2.4%
Lyxor MSCI Emerging Markets Ex China UCITS ETF	1.8%
iShares Physical Gold ETC	0.5%
Amundi Index FTSE EPRA NAREIT Global	0.5%

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

RISKS

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EXPERT THINKING

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

STRENGTH 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 WAGHORN,
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

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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.

