JULY 2024
MARKET UPDATE & INVESTMENT REPORT

GUINNESS MULTI-ASSET FUNDS

GUINNESS GLOBAL INVESTORS

POWERED BY Brewin Dolphin RBC

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THE MONTH IN A MINUTE

JUNE OVERVIEW

Equity markets, generally, continued the positive run experienced in the previous two quarters although returns were more tempered. Asia and Emerging Markets provided the largest returns driven by investors identifying value within Chinese markets as central support for the real estate sector and President Xi's reform rhetoric providing a tailwind. Taiwan delivered double-digit returns as investor enthusiasm for technology stocks and artificial intelligence endured. Latin American Emerging Markets underperformed their Asia counterparts. Of the developed markets, the US led the way driven by the "Magnificent Seven" (Apple, Amazon, Alphabet, Meta, Microsoft, Nvidia and Tesla) and the euphoria for technology and artificial intelligence. Q1 earnings helped to support the valuations of IT. Unsurprisingly, growth stocks outperformed value within the US, but this was reversed in other developed countries.

As the quarter evolved concerns about the US overheating faded and greater confidence in a soft landing evolved. That aside, inflation across developed countries remained sticky as services and wage inflation remained above the levels for central banks to achieve their long-term inflation targets. This meant that expectations for early interest rate cuts receded. The Federal Reserve "dot-plot" indicates one cut this year, whilst markets continue to price in two cuts (compared to six or seven as we entered 2024). The expected rate cut by the Bank of England in June was dashed by higher wage inflation driving increased consumer spending within the service industry. The ECB (European Central Bank) were the first to cut but have flagged that any future relaxing of rates would be data dependant.

The delay to rate cuts proved a negative back drop for areas which are interest rate sensitive. Small cap stocks, REITs and Government Bonds all struggled over the quarter. However, fears over interest rates hikes faded with the next move widely expected to be a cut.

Whilst the November US election is well flagged, both the UK and France announced snap elections for the first week in July. The move by Macron in France was triggered by the results of the European Parliamentary election which witnessed a greater move to the right.

THE MONTH IN NUMBERS

As at 30/06/2024	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	44.5%	46.1%	1.6%	54.7%	56.3%	1.6%
International equities	2.4%	2.9%	0.5%	3.0%	3.4%	0.5%
US	7.9%	7.9%	0.0%	9.7%	9.7%	0.0%
Europe ex UK	4.0%	4.0%	0.0%	4.9%	4.9%	0.0%
Japan	7.8%	7.8%	0.0%	9.6%	9.6%	0.0%
Asia ex Japan	1.3%	1.3%	0.0%	1.7%	1.6%	-0.1%
EM	7.0%	5.5%	-1.5%	2.0%	1.5%	-0.5%
Alternatives	4.0%	2.0%	-2.0%	1.0%	0.0%	-1.0%
Hedge funds/alternatives	1.5%	1.5%	0.0%	0.5%	0.5%	0.0%
Commercial property	1.5%	2.0%	0.5%	0.5%	1.0%	0.5%
Gold	1.5%	1.5%	0.0%	0.5%	0.5%	0.0%

As at 30/06/2024 in GBP	Euro STOXX	MSCI UK	MSCI AC Asia ex Japan	MSCI Emerging Markets	S&P 500	TSE TOPIX
1m	-3.2%	-1.0%	5.0%	4.7%	4.3%	-0.2%
3m	-2.2%	3.6%	7.1%	4.9%	4.1%	-4.4%
6m	6.3%	7.8%	10.7%	8.4%	16.0%	6.0%
1yr	11.0%	13.1%	13.5%	13.2%	24.7%	13.1%
3yr	20.7%	33.6%	-8.6%	-6.5%	43.5%	16.0%
5yr	46.0%	32.9%	19.6%	17.3%	98.0%	35.3%
10yr	120.4%	75.9%	103.6%	78.1%	328.9%	129.6%

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 US economy has exhibited. Indeed, the probability of a soft landing appears to have risen. Meanwhile, there is the potential for AI related themes to push equity prices higher. Finally, market momentum is strong. Tempering our optimism is the stage of the economic cycle (late), US valuation metrics (high), sentiment (bullish), and the risk of trade uncertainty following the US elections in November.

BONDS

Over time, tighter policy, a better functioning supply side of the economy and already stretched housing affordability should combine to bring inflation lower. This should allow a growing number of central banks to begin to cut rates and justifies sticking with a modest OW in government bonds. However, it appears that the global economy will settle into a soft landing, and in that scenario government bond yields probably don't have much downside. Against that backdrop, we maintain a modest government bond overweight. We remain underweight corporate bonds. Credit spreads are not sufficiently large to compensate for global economic growth risks, in our view. This leaves us with a neutral position in bonds as an asset class.

ALTERNATIVES

Gold has rallied at a time when real yields have risen substantially, which is atypical. Meanwhile, sentiment and positioning toward gold are bullish, which is unsupportive as it points to good news being priced in. But a Trump win in November could cause US growth to weaken and inflation to strengthen – a supportive backdrop for gold. Gold could benefit from continued inflows from countries not geopolitically aligned with the West. Chinese households may be increasingly attracted to gold as a store of value. Gold could also do well on the back of just a simple moderation in real rates as the economy slows. Turning to property, a light at the end of the tunnel is emerging. Macro fundamentals appear to be getting less bad, and REITs would benefit out proportionally from lower bond yields. Meanwhile, valuations have improved, and sentiment toward the sector is negative (which is attractive from a contrarian perspective). Finally, while fundamentals are challenging in the office space, the market cap weighting of this sector is small, and the backdrop is notably stronger in other REIT subsectors. Nevertheless, commercial property prices continue to decline. In addition, safe haven bond yields may not drop that much in the event of a soft landing. Only a small decline in yields might not be enough to drive strong relative performance in this interest-sensitive sector. Against this mixed backdrop, we maintain a neutral position.

CASH

Although cash continues to offer a decent yield, we retain a small underweight. We see continued scope for equity market gains, and scope for government bonds to rally moderately as central banks adopt less tight policy stances.

EQUITY ALLOCATION BY REGION

US EQUITIES

The main concern with regards to US equity exposure relates to valuation. Both equity valuation multiples and the valuation of the dollar appear stretched. Nevertheless, we are more optimistic on US equities than other regions, for two main reasons. The first is the secular outlook, which appears relatively bright for tech stocks. The main upside risk for the global equity market over the next few years is if an "AI boom" scenario unfolds. With the Fed on hold and likely to begin cutting rates this year, a weaker version of the second half of the 1990s is a possibility this cycle. Back then, excitement linked to the growth of the internet drove gains. This cycle, AI could be the driver. The US has much greater exposure to the "pick and shovel" plays positioned to benefit from an AI investment 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 appear higher than in any given year. The US is the most defensive of our six equity regions, which is an attractive characteristic at a time when growth risks are elevated.

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 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. Importantly, the euro is cheaply valued (based on purchasing power parity conversion rates), and regional existential risks have declined. However, over the medium-term, sluggish economic growth in Europe vis-à-vis the US should limit the upside in continental European FX.

UK EQUITIES

UK relative performance should continue to be closely linked to value vs growth performance, and there are reasons to believe the outlook for the growth style remains brighter. However, some diversification into the value plays that the UK is so heavily weighted in makes sense at this stage, in our view. While the domestic economic outlook is less important for UK equity relative performance, it still matters. Indeed, there is a reasonably close relationship between the performance of UK vs global GDP and UK vs

global equity performance. The key event on investor radar screens was the general election, which Labour have won with a strong majority. Labour may have some success in boosting economic growth with policies that require a limited fiscal outlay. However, the pathway to success is not guaranteed, and implementation will require careful navigation. In addition, in light of the substantial economic challenges confronting the UK, any growth uplift compared to the Conservatives is likely to be moderate at best. The UK equity market trades on very undemanding valuation multiples and we hold a small overweight relative to benchmark..

JAPAN EQUITIES

Shareholder friendly reform momentum has picked up in Japan, which could help spark a further expansion in relatively depressed price-to-book multiples. However, demographics amount to a major structural headwind to Japanese equity relative performance. From a cyclical perspective, with the unemployment rate low and labour force participation high, Japan does not have much scope to put idle economic resources to work to drive growth. Despite low price-to-book multiples, Japan does not stand out as cheap, in our view. Indeed, it trades at a premium to the world ex US market on 12-month forward P/E.

ASIA EX JAPAN EQUITIES

China's economy is likely to continue to grow faster than most major economies for the foreseeable future. But there is little reason to believe the historical lack of link between economic and corporate profit relative performance will strengthen. The geopolitical outlook is challenging, and a Trump win in November would weigh on the Chinese economy and markets. Bigger picture, China is saddled with debt, and its demographics are a headwind to growth. Nevertheless, we are not bearish on Asia ex Japan relative performance prospects. There are structural growth bright spots. This includes India, semiconductor heavy markets like Taiwan. Meanwhile, policy support should help slow the downturn in the hard hit Chinese residential property sector.

EMERGING MARKETS EX ASIA

EM ex Asia is very 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 lacklustre and China refrains from large scale stimulus.



AT A GLANCE...

THE MULTI-ASSET BALANCED FUND

MEDIUM RISK

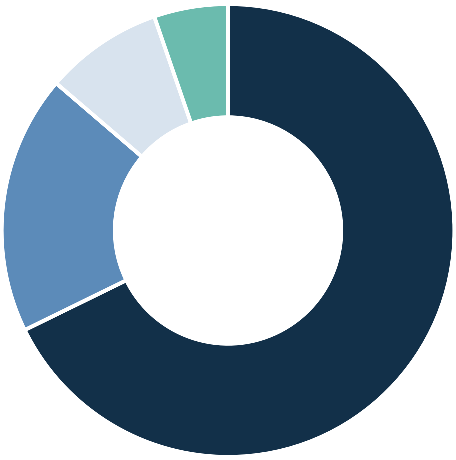
You are prepared to have more than half of your investment held in equities with the aim of achieving a higher investment return over the long term. The greater allocation to equities means your portfolio may experience heightened levels of volatility over the investment term.

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	71.4%
Fixed Income	22.8%
Alternatives	5.5%
Cash	0.3%



EQUITY ALLOCATION

USA	47.0%
Other International (DM)	20.0%
UK	3.0%
Other International (EM)	1.5%
Cash	0.3%

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

Holding	% Weight
iShares Core S&P 500 UCITS ETF	19.3%
iShares Global Corp Bond UCITS ETF	9.2%
Vanguard FTSE Developed Europe ex UK UCITS ETF	8.0%
iShares Global Government Bond Index	7.1%
SPDR S&P US Dividend Aristocrats UCITS ETF	7.0%
Vanguard S&P 500 UCITS ETF	6.7%
Vanguard - Pacific Ex-Japan Stock Index Fund	4.9%
Invesco EQQQ Nasdaq-100 UCITS ETF	4.7%
Fidelity MSCI Japan Index Fund	4.2%
iShares Global Inflation-Linked Bond Index Fund	3.5%
HSBC NASDAW Global Semiconductor UCITS ETF	3.2%
iShares S&P 500 Health Care Sector UCITS ETF	3.1%
Xtrackers Russell 2000 UCITS ETF	3.1%
iShares Core UK Gilts UCITS ETF	3.0%
iShares Core FTSE 100 UCITS ETF	3.0%
Xtrackers CSI300 Swap UCITS ETF	2.9%
iShares Physical Gold ETC USD	2.0%
Amundi Index FTSE EPRA NAREIT Global	1.5%
Lyxor MSCI Emerging Markets Ex China UCITS ETF	1.5%
Winton Trend Fund (UCITS) I USD Acc	0.7%
BNY Mellon - Global Dynamic Bond Fund	0.7%
JPM Global Macro Opportunities USD	0.6%

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.

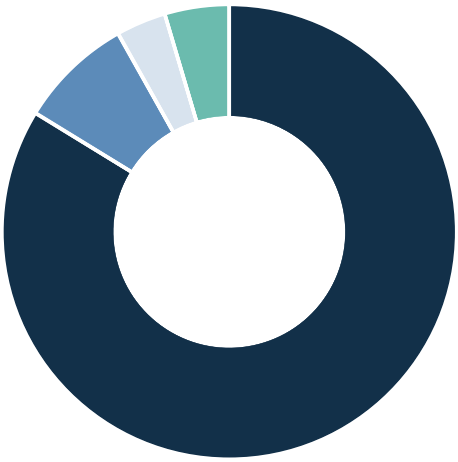
The portfolio will typically have a very high proportion of your investment held in equities and very low levels of fixed income, cash and alternative asset classes.

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	85.5%
Fixed Income	11.9%
Alternatives	1.5%
Cash	1.1%



EQUITY ALLOCATION

USA	56.2%
Other International (DM)	24.1%
UK	3.5%
Other International (EM)	1.7%
Cash	1.1%

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

Holding	% Weight
iShares Core S&P 500 UCITS ETF	18.9%
Vanguard S&P 500 UCITS ETF	11.4%
Vanguard FTSE Developed Europe ex UK UCITS ETF	9.7%
SPDR S&P US Dividend Aristocrats UCITS ETF	8.4%
Invesco EQQQ Nasdaq-100 UCITS ETF	6.1%
Vanguard - Pacific Ex-Japan Stock Index Fund	5.8%
Fidelity MSCI Japan Index Fund	5.1%
iShares Global Corp Bond UCITS ETF	4.0%
HSBC NASDAW Global Semiconductor UCITS ETF	3.8%
Xtrackers Russell 2000 UCITS ETF	3.7%
iShares S&P 500 Health Care Sector UCITS ETF	3.7%
iShares Core FTSE 100 UCITS ETF USD	3.5%
Xtrackers CSI300 Swap UCITS ETF	3.5%
iShares Global Government Bond Index	3.4%
iShares Core UK Gilts UCITS ETF USD Hedged (Dist)	2.5%
iShares Global Inflation-Linked Bond Index Fund	2.0%
Lyxor MSCI Emerging Markets Ex China UCITS ETF	1.7%
iShares Physical Gold ETC USD	1.0%
Amundi Index FTSE EPRA NAREIT Global	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.

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

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, supplement, 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.

GGI-MAF-Update-V2-03/01/24