



GUINNESS
GLOBAL INVESTORS
MULTI-ASSET FUNDS

October 2023
Market Update &
Investment Report

POWERED BY



Brewin
Dolphin

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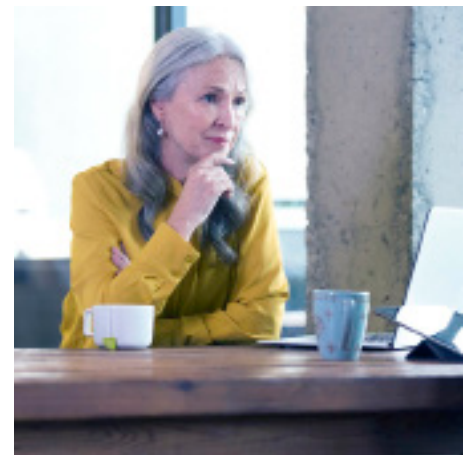
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The Month in a Minute...



September Overview

2023 is turning out to be a year of two halves, with stocks performing better than expected in the first half, before losing momentum during the third quarter as both equity and bond markets witnessed negative returns (in USD). The outlook for the global economy remains overcast. While consumption in the US has held up remarkably well, other regions are starting to see slowing demand. Manufacturing PMIs (Purchasing Managers' Index) have been in contraction for some time but more recently we have seen the rate of expansion in the services PMIs slowing. Consumers who had accumulated savings and frustrations during lockdowns were keen to take advantage of tourism and leisure services. Shortages of goods from disrupted supply chains became shortages of service staff.

Stocks lost momentum with the global market peaking in July, interrupting a very strong rally that began last October for the US stock market. It came against a background of changing economic dynamics in the global market. The moderation in US inflation had seemed broad-based during the first half of the year, but in June, the oil price shifted sharply higher as Saudi Arabia and Russia coordinated production cuts.



Central banks signalled they were nearing the top of the tightening cycle as the Federal Reserve increased rates once in Q3, whilst both the ECB (European Central Bank) and BoE (Bank of England) raised rates twice. However, the rhetoric from the central banks indicated that rates would remain higher for longer and contrary to market expectations.



Over the quarter, Japan (Topix) demonstrated resilience given its tilt to smaller cap and value stocks. The UK benefitted from its greater exposure to energy and resource stocks coupled with its value bias. Unsurprisingly, therefore, value stocks performed better than growth stocks and within the US the "Magnificent 7*" that had driven markets higher in the first half had a much more mixed Q3.

Corporate Bonds outperformed Sovereign debt as spreads narrowed and interest expectations changed. The US saw Fitch downgrade its Triple A rating to Double A+ citing growing debt burdens and "erosion of governance". However, this had little effect on bond prices given this brought the rating in line with Standard & Poor's which downgraded the US in 2011.

* Meta Platforms, Apple, Amazon, Alphabet, Microsoft, Nvidia, Tesla

The Month in Numbers



As at 30/09/2023	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%	4.0%	1.5%	2.5%	3.5%	1.0%
Bonds	22.5%	22.0%	-0.5%	22.5%	23.0%	0.5%
Government Bonds	8.5%	9.5%	1.0%	8.5%	10.0%	1.5%
Inflation Linked Bonds	3.0%	3.5%	0.5%	3.0%	4.0%	1.0%
Corporate Bonds	11.0%	9.0%	-2.0%	11.0%	9.0%	-2.0%
Equities	68.0%	67.1%	-0.9%	68.0%	67.5%	-0.5%
UK equities	2.6%	2.6%	0.0%	2.6%	2.6%	0.0%
International equities	65.4%	64.5%	-0.9%	65.4%	64.9%	-0.5%
US	43.2%	42.5%	-0.7%	43.0%	42.8%	-0.2%
Europe ex UK	8.3%	8.2%	-0.1%	8.3%	8.2%	-0.1%
Japan	4.3%	4.3%	0.0%	4.3%	4.3%	0.0%
Asia ex Japan	8.0%	7.9%	-0.1%	8.2%	8.0%	-0.2%
EM	1.6%	1.6%	0.0%	1.6%	1.6%	0.0%
Alternatives	7.0%	6.5%	-0.5%	7.0%	6.0%	-1.0%
Hedge funds/alternatives	4.0%	4.0%	0.0%	4.0%	3.5%	-0.5%
Commercial property	1.5%	1.0%	-0.5%	1.5%	1.0%	-0.5%
Gold	1.5%	1.5%	0.0%	1.5%	1.5%	0.0%

As at 30/09/2023 in GBP	Euro STOXX	MSCI UK	MSCI AC Asia ex Japan	MSCI Emerging Markets	S&P 500	TSE TOPIX
1m	-1.9%	3.0%	1.0%	1.1%	-1.2%	1.7%
3m	-3.1%	2.6%	0.7%	1.1%	0.6%	3.2%
6m	-2.3%	1.9%	-3.3%	-0.8%	6.3%	5.8%
1yr	23.4%	14.2%	1.4%	2.2%	10.7%	14.7%
3yr	30.0%	49.1%	-4.3%	0.5%	39.6%	13.9%
5yr	31.2%	23.0%	9.9%	9.8%	67.0%	15.3%
10yr	111.2%	70.6%	88.2%	62.9%	286.3%	105.5%

Source: RBC Brewin Dolphin, Guinness Global Investors

Asset Allocation Overview



Positive Asset Class View



Negative Asset Class View

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 to them move substantially higher. Among our three government bond categories, we favour Gilts, in large part due to the UK's interest 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

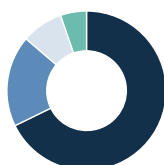
You are prepared to have more than half of your investment held in equities with the aim of achieving a higher investment return over the long term. The greater allocation to equities means your portfolio may experience heightened levels of volatility over the investment term.

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

Equities	67.3%
Fixed Income	22.1%
Alternatives	6.6%
Cash	4.1%



Equity Allocation

USA	42.5%
Other International (DM)	20.5%
UK	2.6%
Other International (EM)	1.6%
Cash	4.1%

Holding	% Weight
iShares Core S&P 500 UCITS ETF	18.3%
iShares Global Corp Bond UCITS ETF	9.0%
Vanguard FTSE Developed Europe ex UK UCITS ETF	8.2%
iShares Global Government Bond Index	7.1%
Vanguard S&P 500 UCITS ETF	6.4%
Invesco EQQQ Nasdaq-100 UCITS ETF	6.3%
SPDR S&P US Dividend Aristocrats UCITS ETF	6.3%
Vanguard - Pacific Ex-Japan Stock Index Fund	5.7%
Fidelity MSCI Japan Index Fund	4.3%
iShares Global Inflation-Linked Bond Index Fund d	3.4%
iShares S&P 500 Health Care Sector UCITS ETF	3.0%
iShares Core FTSE 100 UCITS ETF	2.6%
iShares Core UK Gilts UCITS ETF USD	2.6%
Xtrackers CSI300 Swap UCITS ETF	2.3%
Xtrackers Russell 2000 UCITS ETF	2.1%
BlackRock ICS US Dollar Liquidity Fund	2.0%
Lyxor MSCI Emerging Markets Ex China UCITS ETF	1.6%
JPM Global Macro Opportunities USD	1.5%
iShares Physical Gold ETC	1.5%
Winton Trend Fund	1.4%
BNY Mellon - Global Dynamic Bond Fund	1.2%
Amundi Index FTSE EPRA NAREIT Global	0.9%

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.

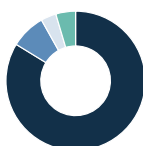
The portfolio will typically have a very high proportion of your investment held in equities and very low levels of fixed income, cash and alternative asset classes.

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	82.0%
Fixed Income	11.6%
Alternatives	1.5%
Cash	5.0%



Equity Allocation

USA	51.8%
Other International (DM)	25.1%
UK	3.2%
Other International (EM)	1.9%
Cash	5.0%

Holding	% Weight
iShares Core S&P 500 UCITS ETF	18.1%
Vanguard S&P 500 UCITS ETF	11.9%
Vanguard FTSE Developed Europe ex UK UCITS ETF	10.0%
Invesco EQQQ Nasdaq-100 UCITS ETF	7.7%
SPDR S&P US Dividend Aristocrats UCITS ETF	7.7%
Vanguard - Pacific Ex-Japan Stock Index Fund	6.9%
Fidelity MSCI Japan Index Fund	5.3%
iShares Global Corp Bond UCITS ETF	3.9%
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	3.2%
Xtrackers CSI300 Swap UCITS ETF	2.9%
Xtrackers Russell 2000 UCITS ETF	2.6%
iShares Core UK Gilts UCITS ETF	2.1%
BlackRock ICS US Dollar Liquidity Fund	2.0%
iShares Global Inflation-Linked Bond Index Fund d	2.0%
Lyxor MSCI Emerging Markets Ex China UCITS ETF	1.9%
BNY Mellon Global - Global Dynamic Bond Fund	0.6%
iShares Physical Gold ETC	0.5%
Winton Trend Fund	0.4%

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.

“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

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



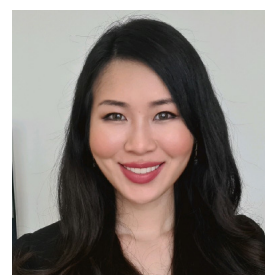
David Hood
Head of Investment Solutions

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.



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.

Important Information

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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 A4E, Ireland; or,

the Promoter and Investment Manager: Guinness Asset Management Ltd, 18 Smith Square, London SW1P 3HZ. Waystone IE, as UCITS Man Co, 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.linkgroup.eu/policy-statements/irish-management-company/>

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.

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

