JULY 2025
MARKET UPDATE & INVESTMENT REPORT

GUINNESS MULTI-ASSET FUNDS

POWERED BY

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THE MONTH IN A MINUTE

JUNE OVERVIEW

There were fireworks in the gilt market at the end of June. The selloff began shortly after Keir Starmer's initial refusal to back Rachel Reeves during an exchange with the leader of the opposition, which was preceded by a backbench rebellion that forced the Labour government to back down on its welfare reforms. Rachel Reeves has been vocal about the importance of fiscal rules. The prospect of a relatively fiscally conservative chancellor losing her job made gilt investors nervous, given there would be uncertainty around the next Chancellor's resolve in terms of fiscal sustainability. The cancelled welfare reform will add around £4.8 billion to the deficit by tax year 2029/30, and the previous reinstatement of the winter fuel payments is projected to cost £1.25 billion. The estimated cost of removing the two-child benefit cap is £3.5 billion. If that were to go ahead, it would almost fully wipe-out the Chancellor's estimated headroom, which stands at £9.9 billion, much smaller than the headroom previous chancellors have typically left themselves with. Combine this with the fact that the Office for Budget Responsibility (OBR) currently forecasts 1.9% GDP growth for 2026, which appears optimistic to many economists, and that there could be downward revisions to productivity and net migration in the later years of their forecast horizon, and there could be an even bigger budget hole to plug at the Autumn Budget.

Looking ahead, there are three options. One is to change the fiscal rules, which have changed more frequently in the UK than all other OECD countries for which data is available. Specifically, the average lifespan of the various UK government's fiscal rules from 1985 to 2021 has been around four years. Reeves just changed the rules again last fall. While anything is possible, it seems unlikely that a major change to the rules is made so soon. For one, Reeves promised to end the practice of the Chancellor being able to scrap the rules at any time outside of a crisis. More importantly, there would likely be a bond market riot if there was a big change, which the government will want to avoid. But some tweaks and/or manoeuvring around the budget rules is possible. Reeves could target a deficit as big as 0.5% of GDP as a temporary measure without violating the rules. Or the time horizon for meeting the balanced budget rule, which is set to shrink from five years to three years, could be lengthened. But given Labour's waning fiscal credibility, even minor changes risk a negative bond market reaction. The second option is to cut spending. Reeves only just announced departmental spending covering the next three years. She could announce steeper cuts in the fourth year. But given how far off this is, it probably would not come off as very credible to the bond vigilantes. The third option is to raise taxes, which are already projected by the OBR to rise to the highest percent of GDP since at least the early 1950s. At this stage, a tax hike announced in the autumn appears to be the most likely option. There's lots of speculation on what taxes would be raised. One of the potentially more palatable options for the Chancellor that would allow her to not overtly break her campaign promises might be to freeze thresholds again until the end of parliament, rather than increasing them in-line with inflation. The Institute for Fiscal Studies says this would raise £9.2 billion.

In a recently published note, the Institute for Government think tank explains why it believes that this backbench revolt won't be a one-off. They believe that, compared to past governments, Labour MP's will be more devoted to their constituencies than the party leadership. This is partly because many MP's won their seats by tight margins and spending cuts will be unpopular in many Labour constituencies, especially as public services are already stretched. Moreover, Labour MPs have witnessed the strong influence other backbench groups have exerted on their party in recent years. The European Research Group in the Brexit years, is one example. And relatively new communication tools like WhatsApp have made it easier to get organized compared to the past, and harder for party whips to detect and challenge.

If more rebellions are coming, that's not great news on the margin for UK bonds, given that backbench MPs are more spendthrift than Starmer and Reeves. Despite all this, it's not clear now is a good time to sell gilts. Importantly, a strong pound, weakening labour market, and slower lease growth point to lower inflation. It is reasonable to believe that lower inflation and the BoE cuts that should eventually come with it will offset much of the fiscal uncertainty, and prevent gilts yields from moving much higher.

THE MONTH IN NUMBERS

As at 30/06/2025	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%	3.0%	0.5%	2.5%	2.0%	-0.5%
Bonds	22.5%	22.5%	0.0%	12.0%	12.0%	0.0%
Government Bonds	8.5%	11.0%	2.5%	4.5%	7.0%	2.5%
Inflation Linked Bonds	3.0%	4.5%	1.5%	1.5%	3.0%	1.5%
Corporate Bonds	11.0%	7.0%	-4.0%	6.0%	2.0%	-4.0%
Equities	68.0%	69.0%	1.0%	83.5%	84.5%	1.0%
UK equities	2.3%	2.3%	0.0%	2.85%	2.90%	0.1%
International equities	65.7%	66.7%	1.0%	80.7%	81.6%	1.0%
US	44.6%	44.6%	0.0%	54.7%	54.7%	0.0%
Europe ex UK	8.0%	8.5%	0.5%	9.8%	10.3%	0.5%
Japan	3.9%	3.9%	0.0%	4.7%	4.7%	0.0%
Asia ex Japan	8.0%	8.4%	0.5%	9.8%	10.3%	0.5%
EM	1.3%	1.3%	0.0%	1.6%	1.6%	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 30/06/2025 in GBP	Euro STOXX	MSCI UK	MSCI AC Asia ex Japan	MSCI Emerging Markets	S&P 500	TSE TOPIX
1m	1.2%	-0.2%	4.4%	4.3%	3.4%	0.2%
3m	8.4%	2.4%	5.9%	5.5%	4.4%	4.8%
6m	18.2%	9.0%	4.7%	5.4%	-3.1%	2.9%
1yr	16.9%	10.7%	7.8%	6.4%	5.8%	6.5%
3yr	61.0%	35.4%	15.5%	17.0%	50.0%	35.4%
5yr	74.9%	73.6%	23.1%	25.3%	90.3%	36.4%

Source: RBC Brewin Dolphin, Guinness Global Investors

ASSET ALLOCATION OVERVIEW

Positive Asset Class View
Negative Asset Class View

EQUITIES

We expect the global economy to continue to expand, albeit more slowly, which is consistent with corporate profits going up. We also believe there is the potential for AI themes to drive both strong economy wide productivity and continued solid profit gains among the AI pick and shovel plays. However, we believe only a small equity overweight is appropriate. For one, there is limited room for cyclical economic growth. Most economies are close to full employment and labour force participation is high. Meanwhile, US president Trump's immigration clampdown are likely to weigh on labour force growth. The upshot is that there's limited room for job growth, meaning there's limited room for aggregate demand to expand. Further, US equity valuation multiples, concentration risk, growth expectations among the AI plays, and trade uncertainty are all elevated.

BONDS

Our base case view is that safe haven bond yields move in a trading range in the quarters ahead, and that explains in large part why we have a neutral position in the bonds asset class. Within bonds, we are overweight government bonds, and underweight corporates. The yield spread between corporate and government bonds remains tight, and would likely widen in the event that economic growth deteriorates. Recessions are often unpredictable, with 5 of the 8 recessions the US has had since 1970 caused by shocks. Government bonds would very likely outperform corporate bonds in the event a negative shock to growth materializes. With spreads tight and given our desire to stick with a small equity overweight, this bond positioning acts as a partial hedge against this recession risk.

ALTERNATIVES

We retain a small overweight in gold. We expect central banks to continue to diversify their reserve holdings out of the dollar and other developed world currencies. And gold is likely to act as a good hedge against several risks. One, if a full blow global trade war occurs, real yields would likely drop and inflation would likely rise, a great backdrop for gold. Another risk is longer-term in nature. De-globalization, a changing age structure of society that results in fewer workers relative to consumers (pushing up wage growth), and persistently high government deficits could result in somewhat higher inflation than central banks are targeting. Gold, being a real asset with a limited supply, would do well in this environment. Finally, while we attach a low probability to this risk, gold would likely soar in the event that China invades Taiwan.

CASH

We hold a small overweight in cash, providing some ammunition we are able to deploy when the outlook for other typically higher yielding asset classes improves.

EQUITY ALLOCATION BY REGION

US EQUITIES

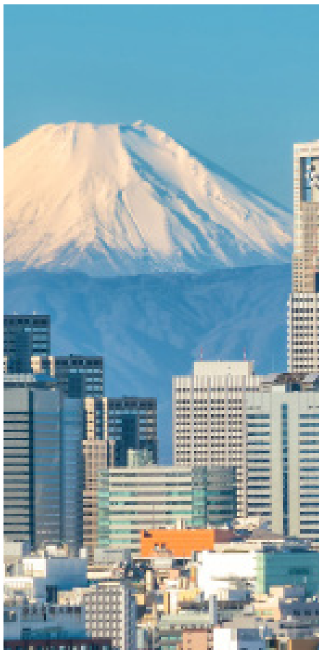
The US should maintain the productivity growth advantage it has enjoyed against the rest of the developed world. Meanwhile, the US equity market has outsized exposure to strong demand for AI goods and services. Nevertheless, we hold a tactical neutral position in the US, for several reasons. While the megacap digital names are trading on relatively high valuation multiples, that's less of an issue if they can continue to post outsized profit growth. But that will be challenging, given how big these companies already are. Notably, the S&P 500 excluding the magnificent 7 also trades on a large P/E premium to the world ex US market. While the dollar appears short-term oversold, our sense is that it has scope to decline over the medium/longer-term. A weak dollar would weigh on US equity relative performance in common currency terms. Finally, Trump trade policies could weigh on US profit margins. Some reshoring of manufacturing should result in higher labour costs, and tariffs will boost the cost of intermediate goods. In addition, the combination of retaliatory tariffs and consumers outside the US souring on US company products could reduce US corporate sales abroad. Given operating leverage, this should also weigh on margins.

EUROPE EX UK EQUITIES

We retain a modest overweight in Europe ex UK. The region's valuation metrics are significantly less demanding than the US. And the euro is cheaply valued based on estimates of the purchasing power parity conversion rate, even after the latest rally, suggesting it has scope to strengthen over the longer-term. We expect only modest corporate profit growth given subdued European economic growth prospects. But a big boost to German defence and infrastructure spending should help close the growth gap with the US somewhat.

UK EQUITIES

UK relative performance should continue to be closely linked to global value vs growth style performance. Some diversification into the value plays that the UK is so heavily weighted in makes sense at this stage, in our view. Although the domestic economic outlook is less important for UK equity relative performance given the high international exposure of the names that make up the index, it still matters. Indeed, there is a positive relationship between the performance of UK vs global GDP and UK vs global equity performance. We continue to believe the pessimism surrounding the UK economy compared to others is overdone. The UK equity market also trades



on very undemanding valuation multiples.

JAPAN EQUITIES

Japan has implemented shareholder friendly reforms, which could help drive a further expansion in relatively depressed price-to-book multiples. Japan is now experiencing a healthy dose of inflation, with wage growth strengthening. Importantly, inflation expectations have also picked up. However, demographics amount to a major structural headwind for Japanese equity relative performance. Meanwhile, 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 cyclical growth.

ASIA EX JAPAN EQUITIES

China continues to battle multiple structural headwinds. But productivity in China is a notable bright spot. Meanwhile, the policy focus is shifting from a stance to contain the private sector to one that supports it. Finally, recent data releases suggest the economy is turning a corner. Encouragingly, there are structural bright spots in the Asia ex Japan equity index, including India, with its very strong economic growth prospects, and Taiwan, given its high exposure to semiconductors.

EMERGING MARKETS EX ASIA

Saudi Arabia, Brazil, 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. While we don't expect much upside to commodity prices, EM ex Asia remains very cheaply valued.

AT A GLANCE...

THE MULTI-ASSET BALANCED FUND

MEDIUM RISK

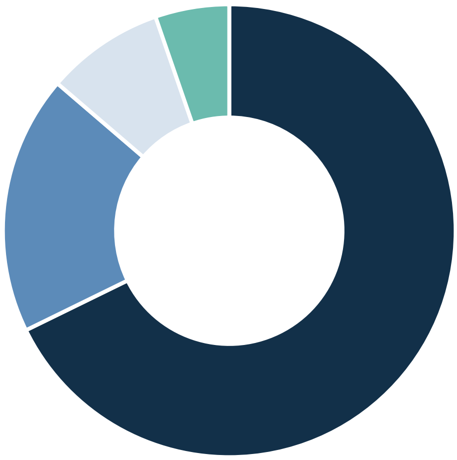
You are prepared to have more than half of your investment held in equities with the aim of achieving a higher investment return over the long term. The greater allocation to equities means your portfolio may experience heightened levels of volatility over the investment term.

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	69.4%
Fixed Income	22.5%
Alternatives	5.4%
Cash	2.8%



EQUITY ALLOCATION

USA	44.8%
Other International (DM)	20.9%
UK	2.3%
Other International (EM)	1.3%
Cash	2.8%

Source: RBC Brewin Dolphin, Guinness Global Investors. Asset allocation and holdings are subject to change.
Data to 30.06.2025

Holding	% Weight
iShares Core S&P 500 UCITS ETF	18.7%
Invesco EQQQ Nasdaq-100 UCITS ETF	8.9%
SPDR S&P US Dividend Aristocrats UCITS ETF	8.7%
Vanguard FTSE Developed Europe ex UK UCITS ETF	8.5%
Vanguard S&P 500 UCITS ETF	8.5%
iShares Global Government Bond Index	7.5%
iShares Global Corp Bond UCITS ETF	7.0%
Vanguard - Pacific Ex-Japan Stock Index Fund	4.5%
iShares Global Inflation-Linked Bond Index Fund	4.5%
Fidelity MSCI Japan Index Fund	4.1%
Xtrackers CSI300 Swap UCITS ETF	3.8%
iShares Core UK Gilts UCITS ETF	3.5%
iShares Core FTSE 100 UCITS ETF USD	2.3%
iShares Physical Gold ETC USD	1.9%
Amundi Index FTSE EPRA NAREIT Global	1.5%
Lyxor MSCI Emerging Markets Ex China UCITS ETF	1.3%
Winton Trend Fund (UCITS) I USD Acc	0.7%
BNY Mellon - Global Dynamic Bond Fund	0.7%
JPM Global Macro Opportunities	0.6%

Source: RBC Brewin Dolphin, Guinness Global Investors. Asset allocation and holdings are subject to change. Data to 30.06.2025.

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.

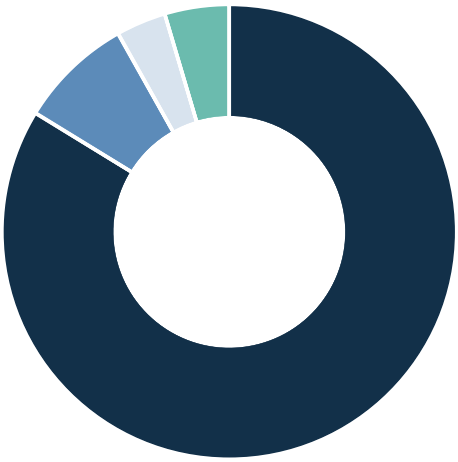
The portfolio will typically have a very high proportion of your investment held in equities and very low levels of fixed income, cash and alternative asset classes.

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	11.9%
Alternatives	1.4%
Cash	2.5%



EQUITY ALLOCATION

USA	54.5%
Other International (DM)	25.2%
UK	2.9%
Other International (EM)	1.6%
Cash	2.5%

Source: RBC Brewin Dolphin, Guinness Global Investors. Asset allocation and holdings are subject to change. Data to 30.06.2025.

Holding	% Weight
iShares Core S&P 500 UCITS ETF	18.6%
Vanguard S&P 500 UCITS ETF	14.1%
SPDR S&P US Dividend Aristocrats UCITS ETF	11.0%
Invesco EQQQ Nasdaq-100 UCITS ETF	10.8%
Vanguard FTSE Developed Europe ex UK UCITS ETF	10.3%
Vanguard - Pacific Ex-Japan Stock Index Fund	5.5%
Fidelity MSCI Japan Index Fund	4.9%
Xtrackers CSI300 Swap UCITS ETF	4.4%
iShares Global Government Bond Index	4.0%
iShares Core UK Gilts UCITS ETF	3.0%
iShares Global Inflation-Linked Bond Index Fund	3.0%
iShares Core FTSE 100 UCITS ETF	2.9%
iShares Global Corp Bond UCITS ETF	2.0%
Lyxor MSCI Emerging Markets Ex China UCITS ETF	1.6%
iShares Physical Gold ETC	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. Data to 30.06.2025

RISKS

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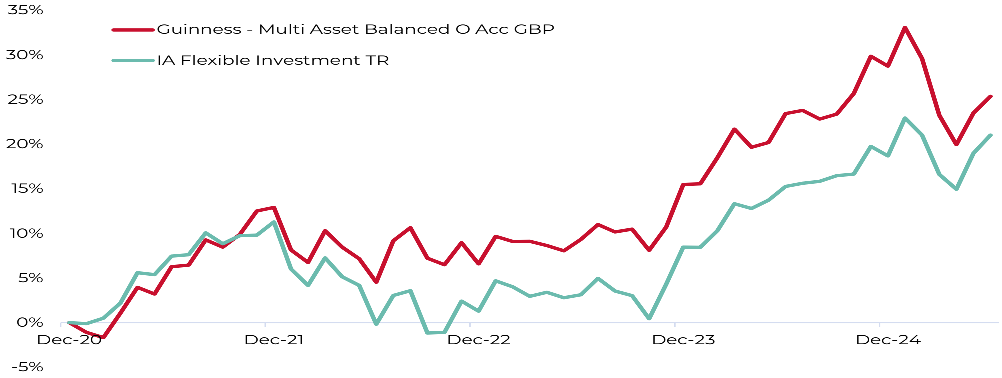
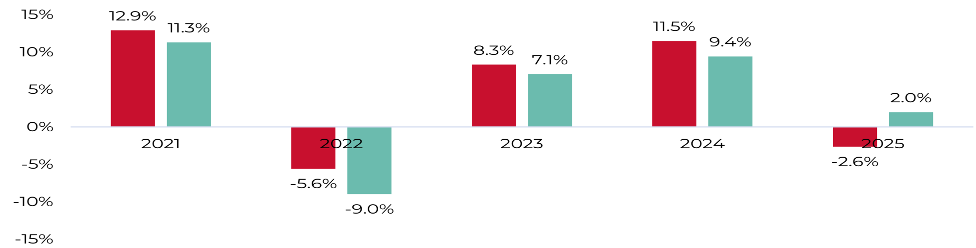
PERFORMANCE SINCE RELAUNCH OF STRATEGY (31.12.2020)

MULTI-ASSET BALANCED FUND

Past Performance does not predict future returns

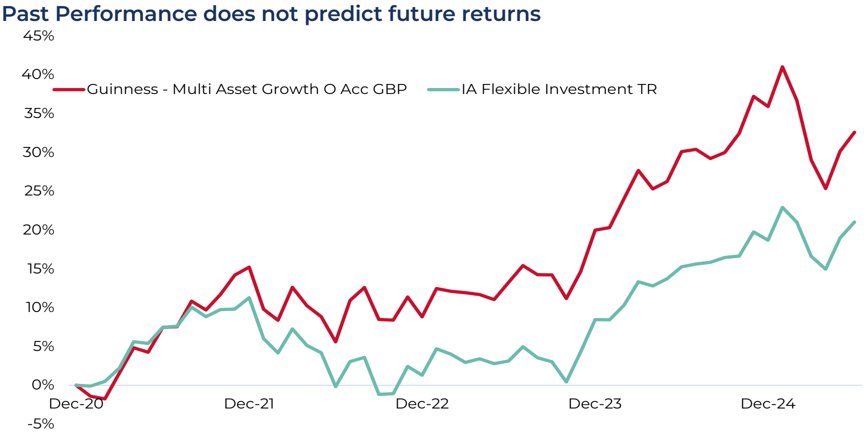


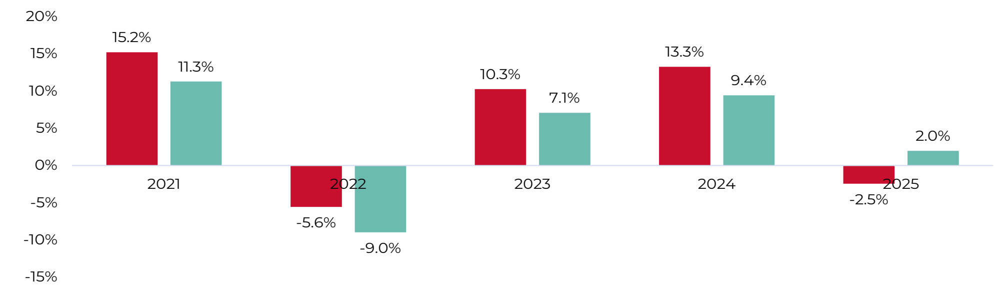


The Fund is in the IA Flexible investment Sector. FE fundinfo net of fees to 30.06.25. Investors should note that fees and expenses are charged to the capital of the Fund. This reduces the return on your investment by an amount equivalent to the Ongoing Charges Figure (OCF). The OCF is 0.99%. which was the OCF over the calendar year 2024. Returns for share classes with a different OCF will vary accordingly. Transaction costs also apply and are incurred when a fund buys or sells holdings. The performance returns do not reflect any initial charge; any such charge will also reduce the return.

MULTI-ASSET GROWTH FUND

Past Performance does not predict future returns





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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

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.guinnessgi.com*. If you decide to invest, you will be buying units/ shares in the Fund and not investing directly in the underlying assets of the Fund. 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 these funds, 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, including collective redress mechanisms, 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.

GUINNESS
GLOBAL INVESTORS