GUINNESS
GLOBAL INVESTORS

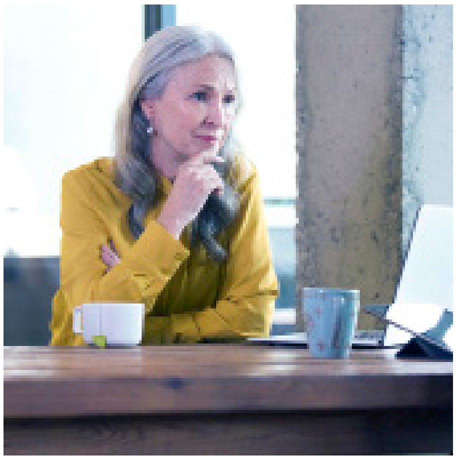
MULTI-ASSET FUNDS

July 2023
Market Update & Investment Report

POWERED BY

RBC Brewin Dolphin

Contents



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The Month in a Minute...

June Overview

The first half of 2023 has proven to be the inverse of 2022. Equities have had a strong half in particular growth stocks which have returned 27% (MSCI World Growth in USD) in H1 following a poor 2022. Flipping that, value which did so well last year only returned 4% this term with small caps accumulating 7.5%. Unsurprisingly, the S&P500 has led the way with 16.6% but looking deeper into the index the top 10 holdings account for almost all the returns of the index with the remaining 490 stocks broadly flat. Europe was the next most prosperous market, returning 15% (MSCI Europe Ex UK in USD), bouncing back from falling energy prices and the continued war in Ukraine. Japan returned nearly 12% with the rest of the major indices in single figures. Asia was the laggard at only 3% following concerns of slowing growth and the recovery from zero tolerance Covid in China proving to be less than expected. Commodities, which were so strong in 2022 with energy, gas and food prices all performing strongly last year fell 8% in this half year.

The economic backdrop was unfavourable for Bonds as inflation proved to be more stubborn than expected and interest rates continuing to rise. US inflation is the lowest of the G7 countries which has allowed the Fed to adopt reduced rises and a wait and see approach. That said markets are still pricing in one or two rises before the year end. Both Europe and the UK have continued their path of rate increase with the UK surprising markets with a 50bps rise in recognition of the persistence of inflation.

The interest rate and inflation scenario meant bonds had, by comparison, a pretty flat first half with corporate bonds returning 3.6%. By contrast index linked returning 2.5% whilst government bonds returned 0.5%.

The change of tide for H1 meant that the Invesco NASDAQ 100 was the main contributor to returns with the S&P 500 holdings also performing well. By contrast the SPDR Aristocrats which has a quality and value bias plus the Asia exposure struggled.

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The Month in Numbers

As at 30/06/2023	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%	4.0%	1.5%
Bonds	22.5%	22.0%	-0.5%	12.0%	11.5%	-0.5%
Government Bonds	8.5%	9.5%	1.0%	4.5%	5.5%	1.0%
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%	67.5%	-0.5%	83.5%	83.0%	-0.5%
UK equities	2.6%	2.6%	0.0%	3.3%	3.2%	-0.1%
International equities	65.4%	64.9%	-0.5%	80.3%	79.8%	-0.4%
US	42.8%	42.6%	-0.2%	52.5%	52.2%	-0.3%
Europe ex UK	8.5%	8.4%	-0.1%	10.5%	10.4%	-0.1%
Japan	4.3%	4.3%	0.0%	5.3%	5.3%	0.0%
Asia ex Japan	8.2%	8.0%	-0.2%	10.0%	9.9%	-0.1%
EM	1.6%	1.6%	0.0%	2.0%	2.0%	0.0%
Alternatives	7.0%	6.5%	-0.5%	2.0%	1.5%	-0.5%
Hedge funds/alternatives	4.0%	4.0%	0.0%	1.0%	1.0%	0.0%
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 30/06/2023 in GBP	Euro STOXX	MSCI UK	MSCI AC Asia ex Japan	MSCI Emerging Markets	S&P 500	TSE TOPIX
1m	3.6%	1.3%	0.1%	1.2%	3.9%	1.3%
3m	0.8%	-0.6%	-4.0%	-1.9%	5.6%	2.5%
6m	11.7%	2.6%	-2.5%	-0.8%	10.3%	5.8%
1yr	24.2%	8.1%	-5.6%	-2.8%	13.7%	12.4%
3yr	34.9%	38.7%	0.6%	4.1%	44.2%	13.2%
5yr	37.2%	19.4%	8.8%	8.8%	80.7%	16.6%
10yr	137.5%	74.5%	85.1%	59.6%	277.8%	100.1%

Asset Allocation Overview

Positive Asset Class View

Negative Asset Class View

Equities

Recession risks are currently elevated – we attach a slightly higher than 50% chance of a recession occurring in H1 2024. These odds aren't as high as some forecasters, but they are well above the odds of a recession in any given year. However, due to the uncertainties, it makes sense to perform a scenario analysis and attach weights to different outcomes. On this basis, the equity outlook does not look appealing relative to cash. Adjusted for the fact that equities are higher risk, and the relative attraction of cash over equities goes up more. This thinking underpins our desire to remain overweight cash and slightly underweight equities.

Bonds

We have a moderate overweight to government bonds. It would be surprising to see central bank rate expectations move substantially higher. Government bond performance generally moves in a very close inverse fashion with rate expectations. Among our three government bond categories, we favour Gilts, in large part due to the UK's interest sensitivity. Meanwhile, we remain underweight corporate bonds. In our view, credit spreads are not sufficiently large to compensate for global economic growth risks. Meanwhile, with yield curves deeply inverted and central banks unlikely to start cutting rates anytime soon, the risk-free component is unlikely to support corporate bond performance over the next couple of months.

Alternatives

The gold price has historically been inversely correlated with real (inflation adjusted) bond yields. With this in mind, gold has held up surprisingly well given the surge in real yields over the past 16 months. 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. Real bond yields should remain elevated (for now), inflation pressure is weakening, and credit conditions are tightening. Finally, as explained on page one, we have reduced our exposure to absolute return to fund our government bond weighting increase.

Cash

We remain overweight. Cash offers an increasingly attractive return and is a desirable asset class at a time when global growth momentum is slowing.

Equity Allocation by Region

US Equities

With tech looking short-term overbought and given the lack of catalysts to push the dollar higher, it's not clear now is the best time to pile aggressively into the US at the expense of other regions. However, growth in AI looks set to develop into a long-term structural tailwind that benefits the US equity market disproportionally. Against that backdrop, it appears justified to maintain a structural bias to the US, much in the same way that Japan's demographic challenges justify a structurally cautious stance. We're inclined to think that looking for more attractive entry points to add to US equity positions relative to other regions appears to be the best strategy at this stage.

Europe ex UK Equities

Despite the renewed rally in the euro and broader European FX, Europe ex UK stocks have not outperformed in common currency terms. That's because 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. Looking ahead, it doesn't appear to be a good time to add exposure to AI plays due to concerns about valuation and the disconnect from bond yields. 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 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 benchmark in common currency terms so far this year. Although strength in the pound vs the dollar has been supportive, value style stocks have fallen out of favour relative to their growth style counterparts, a development that tends to weigh on UK equity relative performance given its high exposure to the former. Looking ahead, the outlook for value vs growth equities is balanced, in our view. Meanwhile, the boost to UK equity relative performance that could come from any further gains in the pound appear to be offset by a relatively challenging domestic growth backdrop.

Japan Equities

In our view, to get the Japanese equity relative performance outlook right, the best approach is to gauge relative economic growth prospects. Looking ahead, Japanese GDP is likely to outperform US GDP in common currency terms over the near-term. For one, there appears to be scope for the yen to appreciate vs the dollar. Second, Japan's economy should expand at a reasonable pace at a time when we expect US GDP growth to be sluggish. Against that backdrop, there's probably a window for Japanese equities to continue 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

Contrary to consensus expectations, it does not appear that China is set to slip into a deflation phase. Down the line, while pockets of deflation within the country and in certain sectors is likely, it seems unlikely that the authorities would tolerate sustained, broad-based deflation. Even with the recent 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, with several large banks recently downgrading both Chinese GDP and yearend equity targets. Despite this alluring combination, 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. There are crosscurrents confronting the region. On the one hand, 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.

The Multi-Asset Balanced Fund

Medium Risk

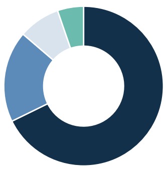
You are prepared to have more than half of your investment held in equities with the aim of achieving a higher investment return over the long term. The greater allocation to equities means your portfolio may experience heightened levels of volatility over the investment term.

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	68.6%
Fixed Income	21.0%
Alternatives	7.5%
Cash	2.9%



Equity Allocation

USA	43.4%
Other International (DM)	20.9%
UK	2.7%
Other International (EM)	1.6%
Cash	2.9%

Holding	% Weight
iShares Core S&P 500 UCITS ETF	19.0%
Invesco EQQQ Nasdaq-100 UCITS ETF	9.3%
Vanguard S&P 500 UCITS ETF	9.3%
iShares Global Corp Bond UCITS ETF	9.0%
iShares Global Government Bond Index	9.0%
Vanguard FTSE Developed Europe ex UK UCITS ETF	8.7%
Fidelity MSCI Japan Index Fund	4.4%
Xtrackers CSI300 Swap UCITS ETF	4.0%
Vanguard - Pacific Ex-Japan Stock Index Fund	3.8%
SPDR S&P US Dividend Aristocrats UCITS ETF	3.8%
iShares Global Inflation-Linked Bond Index Fund	3.0%
iShares Core FTSE 100 UCITS ETF	2.7%
Xtrackers Russell 2000 UCITS ETF	2.0%
Lyxor MSCI Emerging Markets Ex China UCITS ETF	1.6%
iShares Physical Gold ETC USD	1.4%
JPM Global Macro Opportunities USD	1.4%
BNY Global Short-Dated High Yield Bond Fund	1.4%
BNY Mellon - Global Dynamic Bond Fund	1.2%
Amundi Index FTSE EPRA NAREIT Global	1.0%
BSF Emerging Companies Absolute Return Fund	1.0%
Cash	2.9%

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 and the income from it 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

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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.

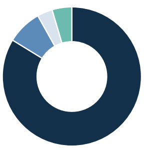
A larger proportion invested in equities is likely to lead to increased volatility in the overall value of the portfolio.

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

Holding	% Weight
iShares Core S&P 500 UCITS ETF	18.8%
Vanguard S&P 500 UCITS ETF	15.5%
Invesco EQQQ Nasdaq-100 UCITS ETF	11.2%
Vanguard FTSE Developed Europe ex UK UCITS ETF	10.6%
Fidelity MSCI Japan Index Fund	5.4%
iShares Global Government Bond Index	4.9%
Vanguard - Pacific Ex-Japan Stock Index Fund	4.7%
SPDR S&P US Dividend Aristocrats UCITS ETF	4.6%
Xtrackers CSI300 Swap UCITS ETF	4.4%
iShares Global Corp Bond UCITS ETF	4.0%
iShares Core FTSE 100 UCITS ETF	3.2%
Xtrackers Russell 2000 UCITS ETF	2.4%
Lyxor MSCI Emerging Markets Ex China UCITS ETF	2.0%
iShares Global Inflation-Linked Bond Index Fund	1.5%
JPM Global Macro Opportunities	0.6%
BSF Emerging Companies Absolute Return Fund	0.5%
BNY Global Short-Dated High Yield Bond	0.5%
iShares Physical Gold ETC	0.5%
BNY Mellon - Global Dynamic Bond Fund	0.4%
Cash	4.2%

Asset Allocation

Equities	82.9%
Fixed Income	10.4%
Alternatives	2.4%
Cash	4.2%



Equity Allocation

USA	52.6%
Other International (DM)	25.2%
UK	3.2%
Other International (EM)	2.0%
Cash	4.2%

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 and the income from it 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

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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.

"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.

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Notes

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: Link Fund Manager Solutions (Ireland) Ltd, 2 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland; or, the Promoter and Investment Manager: Guinness Asset Management Ltd, 18 Smith Square, London SW1P 3HZ.

LFMSI, 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 Fund is not registered for sale or in any other circumstances where its distribution is not authorised or is unlawful, the Fund should not be distributed to resident Retail Clients. NOTE: THIS INVESTMENT IS NOT FOR SALE TO U.S. PERSONS.

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The Fund is 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 this Fund, please consult your investment or other professional adviser.

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