GUINNESS GLOBAL INVESTORS

MULTI-ASSET FUNDS

September 2023 Market Update & Investment Report

POWERED BY

RBC Brewin Dolphin

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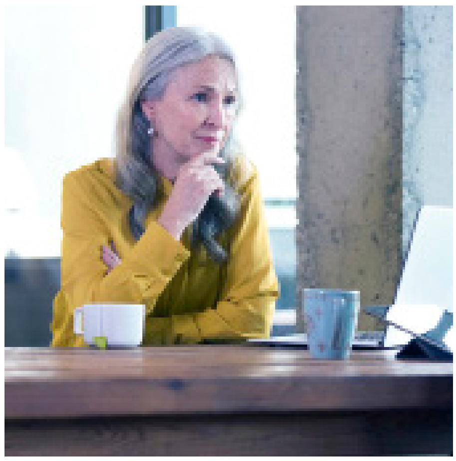

The Month in a Minute...

August Overview

August was a difficult month for all markets with both bond and equity markets falling. Volatility often increases during August as the holiday season takes hold and market movements can be accentuated as volume drops off. Economic data in the US remains resilient with a robust labour market and unemployment at 3.5%. Average hourly wages rose higher and retail sales came in above expectations helped by discount activity including Prime Day. However, concerns around inflation and the Federal Reserve's (Fed) statement to "leave the door open" for additional rate rises concerned markets. Fitch's decision to downgrade the US government debt from AAA to AA+ had little effect on US Treasury yields. Unsustainable debt levels, deficit trajectory and increased political concerns were the reasons cited.

China was the other region to capture the headlines as the weaker economy, in particular manufacturing and consumer sentiment plus concerns around the property sector weighed on markets. The difficulties encountered with Evergrande and Country Garden, two of the largest property developers in the regions heightened concern, leading to the People's Bank of China cutting rates twice in August.

As expected, the BoE increased rates following on from the lead given by the Fed and ECB (European Central Bank) in August. Whilst the UK is anticipated to have more rate hikes relative to other developed countries, all have indicated that movements will be data dependent and increasing likelihood that all will raise rates again before the year is out.

Developed equity markets outperformed their emerging markets counterparts with the US falling the least and China the most (of the major markets in dollar terms). Large cap stocks outperformed small caps whilst growth faired slightly better to value. Over the month the exposure to UK Gilts and the S&P 500 provided support for the portfolio whilst the disappointment in China was a drag. Although inflation concerns are dissipating, risk has not disappeared, and central bank policy is likely to remain restrictive into 2023.

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The Month in Numbers

As at 31/08/2023	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%	67.1%	-0.9%	82.5%	83.0%	0.6%
UK equities	2.6%	2.6%	0.0%	3.2%	3.2%	0.0%
International equities	65.4%	64.5%	-0.9%	79.3%	79.8%	0.5%
US	43.2%	42.5%	-0.7%	52.0%	52.8%	0.8%
Europe ex UK	8.3%	8.2%	-0.1%	10.2%	10.1%	-0.1%
Japan	4.3%	4.3%	0.0%	5.3%	5.3%	0.0%
Asia ex Japan	8.0%	7.9%	-0.1%	9.8%	9.7%	-0.1%
EM	1.6%	1.6%	0.0%	1.9%	1.9%	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 31/08/2023 in GBP	Euro STOXX	MSCI UK	MSCI AC Asia ex Japan	MSCI Emerging Markets	S&P 500	TSE TOPIX
1m	-3.1%	-2.5%	-5.0%	-4.7%	-0.1%	-0.5%
3m	2.3%	0.9%	-0.2%	1.2%	5.8%	2.9%
6m	0.3%	-3.7%	-3.0%	-1.0%	9.1%	5.8%
1yr	19.8%	5.4%	-8.7%	-7.0%	5.9%	6.3%
3yr	32.1%	42.6%	-3.3%	1.3%	40.7%	17.9%
5yr	32.8%	21.2%	6.9%	7.7%	69.3%	16.3%
10yr	123.7%	67.1%	87.6%	63.9%	284.9%	109.7%

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Asset Allocation Overview

Positive Asset Class View

Negative Asset Class View

Equities

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

Bonds

We have a moderate 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 form 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. 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. Gold has held up surprisingly well given the surge in real yields over the past 19 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, 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 a host of factors leaning against the US. It's unlikely to continue posting economic surprises at as a high a pace as it has done recently compared to the rest of the world; Tech stocks appear to have disconnected somewhat from both their industry and macro fundamentals; US stocks are trading on significantly higher than normal premiums compared to their global ex US counterparts. Importantly, these headwinds are offset by several tailwinds. We believe, 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 the 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 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 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 of the last 4+ months 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 (Bank of Japan) 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

The news out of China has been grim of late. 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. China's CPI contracted on a year over year basis for the first time this cycle in July, thereby joining China's two other main prices gauges (the PPI and GDP deflator) in negative territory. 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. 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

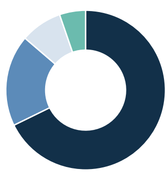
You are prepared to have more than half of your investment held in equities with the aim of achieving a higher investment return over the long term. The greater allocation to equities means your portfolio may experience heightened levels of volatility over the investment term.

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	67.5%
Fixed Income	22.1%
Alternatives	6.5%
Cash	3.9%



Equity Allocation

USA	42.9%
Other International (DM)	20.4%
UK	2.6%
Other International (EM)	1.6%
Cash	3.9%

Holding	% Weight
iShares Core S&P 500 UCITS ETF USD Dist	18.7%
Vanguard S&P 500 UCITS ETF	9.5%
iShares Global Corp Bond UCITS ETF	9.0%
Vanguard FTSE Developed Europe ex UK UCITS ETF	8.3%
iShares Global Government Bond Index	7.0%
Invesco EQQQ Nasdaq-100 UCITS ETF	6.5%
SPDR S&P US Dividend Aristocrats UCITS ETF	6.3%
Fidelity MSCI Japan Index Fund	4.3%
Xtrackers CSI300 Swap UCITS ETF	3.9%
Vanguard - Pacific Ex-Japan Stock Index Fund	3.9%
iShares Global Inflation-Linked Bond Index Fund	3.5%
iShares Core FTSE 100 UCITS ETF USD	2.6%
iShares Core UK Gilts UCITS ETF USD Hedged (Dist)	2.5%
Xtrackers Russell 2000 UCITS ETF	1.9%
Lyxor MSCI Emerging Markets Ex China UCITS ETF	1.6%
iShares Physical Gold ETC USD	1.5%
JPM Global Macro Opportunities USD	1.5%
Winton Trend Fund (UCITS) I USD Acc	1.3%
BNY Global Funds plc - Global Dynamic Bond Fund	1.2%
Amundi Index FTSE EPRA NAREIT Global	1.0%
Cash	3.9%

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

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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.

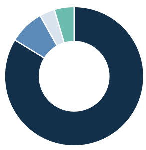
A larger proportion invested in equities is likely to lead to increased volatility in the overall value of the portfolio.

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 USD Dist	18.8%
Vanguard S&P 500 UCITS ETF	15.9%
Vanguard FTSE Developed Europe ex UK UCITS ETF	10.2%
Invesco EQQQ Nasdaq-100 UCITS ETF	8.0%
SPDR S&P US Dividend Aristocrats UCITS ETF	7.8%
Fidelity MSCI Japan Index Fund	5.3%
Vanguard - Pacific Ex-Japan Stock Index Fund	4.7%
Xtrackers CSI300 Swap UCITS ETF	4.4%
iShares Global Corp Bond UCITS ETF	4.0%
iShares Global Government Bond Index	3.5%
iShares Core FTSE 100 UCITS ETF USD	3.2%
Xtrackers Russell 2000 UCITS ETF	2.4%
iShares Core UK Gilts UCITS ETF USD Hedged (Dist)	2.0%
iShares Global Inflation-Linked Bond Index Fund	2.0%
Lyxor MSCI Emerging Markets Ex China UCITS ETF	2.0%
BNY Global Funds plc - Global Dynamic Bond Fund	0.6%
iShares Physical Gold ETC USD	0.5%
Winton Trend Fund (UCITS) I USD Acc	0.4%
Cash	4.2%

Asset Allocation

Equities	82.8%
Fixed Income	11.6%
Alternatives	1.5%
Cash	4.2%



Equity Allocation

USA	52.9%
Other International (DM)	24.6%
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 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 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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