OCTOBER 2024
MARKET UPDATE & INVESTMENT REPORT

GUINNESS MULTI-ASSET FUNDS

POWERED BY

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THE MONTH IN A MINUTE

SEPTEMBER OVERVIEW

Despite the market turmoil experienced in August, the third quarter was a strong period for risk assets as both bonds and equities produced good returns. Asia ex-Japan and Emerging Markets outperformed their developed market peer following a raft of new stimulus measures in China aimed at supporting the economy, property market and stock market.

A series of rate cuts by central banks during the quarter helped drive bond yields lower and support the global economy as inflation became less of a concern. The ECB followed its June cut with a further 25bps cut in September, whilst in August, the BoE made its first interest rate cut in over four years (25bps). Meanwhile, the Fed, after the market turmoil in August caused by disappointing US Jobs figures and rising unemployment, flagged at the Jackson Hole symposium, their intention to cut rates which ultimately lead to a 50bps reduction.

With inflation seen as less of a concern and the strength of the economy / unemployment featuring more widely, investors have priced in further reductions to these rates in the fourth quarter. However, the speed and size of reductions will be governed by the data for each region with the US expected to cut most before the year end. The one major exception to the Q3 rate cutting cycle was Japan who raised rates in August at the same time as the weak US economic data was released. This led to a partial unwinding of carry trade (where investors borrow money in a country with low interest rates to invest in another country with higher rates), and the weakening of the dollar versus the Yen.

Election fever was also prominent in the quarter, with a landslide victory for Labour in the UK. In France, the electorate failed to give any party an outright majority which ultimately led to President Macron appointing centre-right Michel Barnier as Prime Minister. In the forthcoming US election, the quarter witnessed the stepping down of presidential re-election candidate Joe Biden in favour of his VP Kamala Harris and running mate Tim Walz. This became a catalyst for the re-energisation of the democratic party and led to a re-evaluation of the polling stakes.

THE MONTH IN NUMBERS

As at 30/09/2024	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%	1.5%	-1.0%	2.5%	0.5%	-2.0%
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%	70.0%	2.0%	83.5%	85.5%	2.0%
UK equities	2.4%	2.4%	0.0%	2.98%	3.00%	0.0%
International equities	65.6%	67.6%	2.0%	80.5%	82.5%	2.0%
US	44.0%	45.5%	1.5%	54.1%	55.6%	1.6%
Europe ex UK	8%	7.8%	0.0%	9.6%	9.6%	0.0%
Japan	4.1%	4.1%	0.0%	5.0%	5.0%	0.0%
Asia ex Japan	8.3%	8.8%	0.5%	10.2%	10.6%	0.4%
EM	1.4%	1.4%	0.0%	1.7%	1.7%	0.0%
Alternatives	7.0%	6.0%	-1.0%	2.0%	2.0%	0.0%
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%	2.5%	1.0%	0.5%	1.5%	1.0%

As at 30/09/2024 in GBP	Euro STOXX	MSCI UK	MSCI AC Asia ex Japan	MSCI Emerging Markets	S&P 500	TSE TOPIX
1m	-0.2%	-1.8%	6.2%	4.5%	0.0%	-1.9%
3m	1.3%	1.7%	4.0%	2.5%	-0.3%	0.6%
6m	-0.9%	5.4%	11.5%	7.5%	3.8%	-3.8%
1yr	16.0%	12.2%	17.3%	14.7%	23.5%	10.3%
3yr	21.3%	33.0%	2.4%	1.7%	38.9%	8.9%
5yr	45.9%	34.3%	26.2%	21.5%	88.2%	28.1%
10yr	131.7%	80.6%	104.2%	79.3%	301.5%	124.4%

Source: RBC Brewin Dolphin, Guinness Global Investors

ASSET ALLOCATION OVERVIEW

Positive Asset Class View
Negative Asset Class View

EQUITIES

Subsiding inflation and central bank rate cuts should help bring about a soft landing. Meanwhile, there is the potential for AI-related themes to keep pushing the market higher. As such, we retain a modest equity overweight. But the risk/reward backdrop suggests it's probably not a good time to chase this rally further and add to that overweight at the current stage. A US soft landing is completely priced in, US valuations are elevated, and investors and analysts are already bullish. Meanwhile, economic growth risks are higher than in a typical year, it should become harder for the AI names to continue to positively surprise investors by such a large margin, and a Donald Trump win in November would increase trade uncertainty.

BONDS

Traders have priced in significant monetary policy easing in the months ahead. If there's a soft landing, central banks might cut rates by less than what is priced in. In a recession, they would very likely cut by more. A soft landing remains a reasonable base case, although economic growth risks have intensified. Taking a probability-weighted sum of the various possible outcomes and considering government bond yields move with central bank rate expectations, we remain overweight government bonds. We remain underweight corporate bonds. Credit spreads are not sufficiently large to compensate for global economic growth risks, in our view.

ALTERNATIVES

Sentiment and positioning toward gold are bullish, which is unsupportive as it points to good news being priced in. The US presidential election could go either way. But a Trump win in November could cause US growth to weaken and inflation to strengthen – a supportive backdrop for gold. Gold could also benefit from continued inflows from countries not geopolitically aligned with the West. Finally, gold could do well on the back of just a simple moderation in real yields as the economy slows. Turning to property, while fundamentals are challenging in the office space, the market cap weighting of this subsector is small. The backdrop is notably brighter in other REIT subsectors. Nevertheless, 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 are underweight. We see continued scope for equity market gains, government bonds to rally moderately as central banks adopt less tight policy stances, and gold to move higher.

EQUITY ALLOCATION BY REGION

US EQUITIES

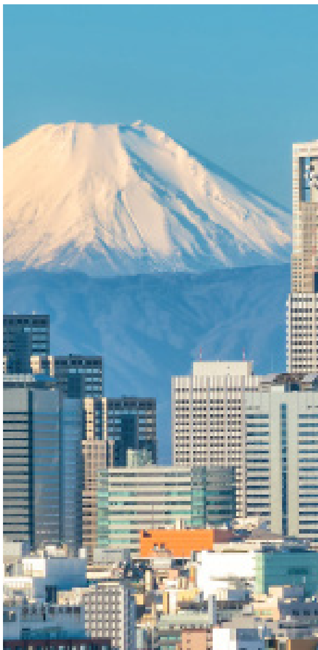
A key concern with regards to US equity exposure relates to valuation. Both equity valuation multiples and the valuation of the dollar appear stretched. Nevertheless, we are more optimistic on US equities than other regions, for two main reasons. The first is the secular outlook, which appears relatively bright for the tech stocks the US is so heavily weighted in. The main upside risk for the global equity market over the next few years is if an "AI boom" scenario unfolds. With the Fed now cutting rates, 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 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 has a relatively defensive sector composition compared to other regions, which is an attractive characteristic at a time when economic growth risks are elevated.

EUROPE EX UK EQUITIES

The relative performance of global tech and the direction of continental European FX are the key drivers of Europe ex UK equity relative performance. We are optimistic on the secular outlook of global tech, 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).

UK EQUITIES

UK relative performance should continue to be closely linked to value vs growth style performance, and there are reasons to believe the outlook for the latter 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. Although 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. We suspect Labour will 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. The UK equity market trades on very undemanding valuation multiples.



JAPAN EQUITIES

There is momentum behind shareholder friendly reform in Japan, which could help drive a further expansion in relatively depressed price-to-book multiples. 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. 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

Last week the Chinese authorities announced a host of policy measures. The coordinated action suggests that the authorities are now taking the deflation risk seriously. To successfully boost inflation, the authorities need to boost growth. The combination of higher inflation, stronger growth and declining real interest rates is a supportive backdrop for equities. The Chinese housing market remains weak. But the authorities are incentivized to drive an improvement asap. Given that over 90% of Chinese own their own home, they'd be risking a breakdown in social instability (which they are very keen to avoid) if house prices decline much further. China and Hong Kong equities have rallied aggressively in a short time. But on a medium-term view, these equity markets still do not look overbought. We acknowledge that the change in tack by the authorities does not alter the fact that the structural headwinds leaning against China have not gone away. But Trump's odds of winning next month having dropped compared to a few months ago. As such, a major geopolitical risk for China (namely, a damaging trade war) has declined. Importantly, there are structural bright spots in the Asia ex Japan equity index, including India and Taiwan.

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. That said, EM ex Asia remains very cheaply valued.

AT A GLANCE...

THE MULTI-ASSET BALANCED FUND

MEDIUM RISK

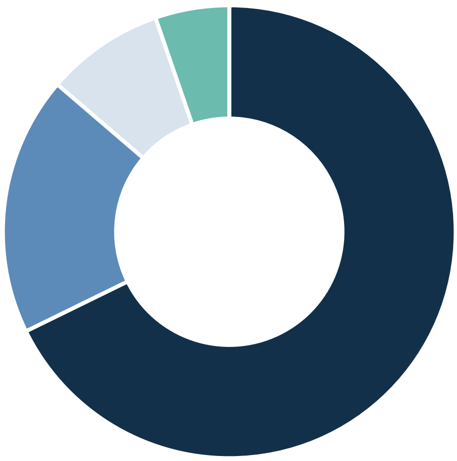
You are prepared to have more than half of your investment held in equities with the aim of achieving a higher investment return over the long term. The greater allocation to equities means your portfolio may experience heightened levels of volatility over the investment term.

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	71.8%
Fixed Income	21.7%
Alternatives	5.5%
Cash	1.0%



EQUITY ALLOCATION

USA	46.6%
Other International (DM)	20.9%
UK	3.0%
Other International (EM)	1.3%
Cash	1.0%

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

Holding	% Weight
iShares Core S&P 500 UCITS ETF USD Dist	18.9%
Invesco EQQQ Nasdaq-100 UCITS ETF	9.1%
iShares Global Corp Bond UCITS ETF	8.6%
Vanguard FTSE Developed Europe ex UK UCITS ETF	8.2%
SPDR S&P US Dividend Aristocrats UCITS ETF	6.9%
iShares Global Government Bond Index	6.8%
Vanguard Investment Series PLC - Pacific Ex-Japan Stock Index Fund	5.1%
Fidelity MSCI Japan Index Fund	4.1%
Xtrackers CSI300 Swap UCITS ETF	3.5%
iShares Global Inflation-Linked Bond Index Fund US Dollar Hedged	3.4%
HSBC NASDAW Global Semiconductor UCITS ETF USD	3.3%
Xtrackers Russell 2000 UCITS ETF	3.1%
iShares Core FTSE 100 UCITS ETF USD	2.9%
iShares S&P 500 Health Care Sector UCITS ETF	2.9%
iShares Core UK Gilts UCITS ETF USD Hedged (Dist)	2.9%
Vanguard S&P 500 UCITS ETF	2.4%
iShares Physical Gold ETC USD	2.0%
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 Funds plc - 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.

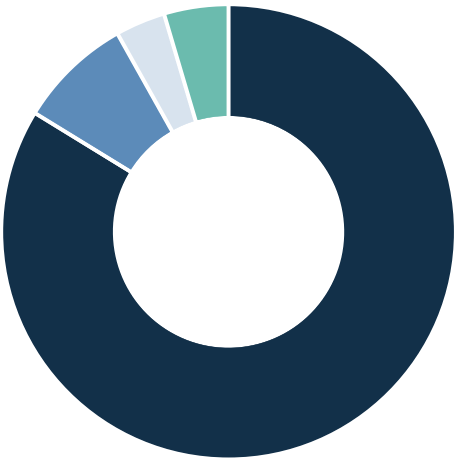
The portfolio will typically have a very high proportion of your investment held in equities and very low levels of fixed income, cash and alternative asset classes.

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	85.2%
Fixed Income	11.2%
Alternatives	1.5%
Cash	2.1%



EQUITY ALLOCATION

USA	55.2%
Other International (DM)	25.0%
UK	3.4%
Other International (EM)	1.6%
Cash	2.1%

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

Holding	% Weight
iShares Core S&P 500 UCITS ETF USD Dist	18.3%
Invesco EQQQ Nasdaq-100 UCITS ETF	10.9%
Vanguard FTSE Developed Europe ex UK UCITS ETF	9.7%
SPDR S&P US Dividend Aristocrats UCITS ETF	8.3%
Vanguard S&P 500 UCITS ETF	6.6%
Vanguard Investment Series PLC - Pacific Ex-Japan Stock Index Fund	6.0%
Fidelity MSCI Japan Index Fund	5.0%
Xtrackers CSI300 Swap UCITS ETF	4.3%
HSBC NASDAW Global Semiconductor UCITS ETF USD	3.9%
Xtrackers Russell 2000 UCITS ETF	3.7%
iShares Global Corp Bond UCITS ETF	3.7%
iShares S&P 500 Health Care Sector UCITS ETF	3.5%
iShares Core FTSE 100 UCITS ETF USD	3.4%
iShares Global Government Bond Index	3.3%
iShares Core UK Gilts UCITS ETF USD Hedged (Dist)	2.3%
iShares Global Inflation-Linked Bond Index Fund US Dollar Hedged	1.9%
Lyxor MSCI Emerging Markets Ex China UCITS ETF	1.6%
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

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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.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/wp-content/uploads/Policy/IE/Waystone-Management-Company-(IE)-Limited/Waystone-Management-Company-(IE)-Limited-Summary-of-Investor-Rights.pdf*

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.