

JANUARY 2025 MARKET UPDATE & INVESTMENT REPORT

GUINNESS MULTI-ASSET FUNDS



GUINNESS
GLOBAL INVESTORS

POWERED BY



**Brewin
Dolphin**

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THE MONTH IN A MINUTE

DECEMBER OVERVIEW

2024 was another strong year for equity markets following on from the double digit returns of major equity markets in 2023. During 2024, company shares were the best performing major asset class whilst commodity prices rose, and bonds underwhelmed. One of the major themes of the year was the strength of the U.S. economy. American households continued to spend, beginning the year with high cash balances from Covid payouts and ending it with higher incomes and reduced travel expenses. This saw the S&P 500 rise 25% (all figures in USD) over the year. Elsewhere economic performance outside the U.S. was distinctly mixed.

The UK economy grew at a modest pace. It ended 2023 in a shallow recession and entered 2024 with an election in prospect. Household spending edged up as taxes were cut and the long shadow of utility bill increases began to lift. Labour won the election and their first budget in the autumn saw an increase in spending by around 2% of GDP. Over the year the UK rose 7.5%.

Europe was the weakest major market returning a mere 0.2% as economic momentum weakened significantly over the year. Manufacturing remained in the doldrums driven by higher energy costs, regulation and lower export demand. Fears of potential tariffs from the Trump administration also weighed on European markets whilst political turmoil in France and Germany created uncertainty.

In EM and Asia, China struggled with falling property prices, lack of consumer demand and investors unimpressed with various stimulus packages launched centrally. Though in the second half of the year equities rallied strongly as investors recognised the value of the market. China, like other Asian markets suffered under the risk of US tariffs. Asia returned 12% whilst EM lagged at 7.5%. On the style side, growth significantly outperformed value as the AI and Tech theme continued throughout the year. Small caps struggled compared to the other styles returning just over 8%

Bond markets, both Sovereign and Sovereign index linked fell over the year as inflation remained more stubborn than expected and interest rate cut expectations at the start of the year continued to be pared back. Furthermore, with a Trump election win the prospect of US debt growing increased.

As a new year begins, markets have an idea of what the new president of the United States and Congress will be hoping to achieve, however, we just don't know what they'll manage to achieve.



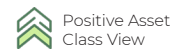
THE MONTH IN NUMBERS

As at 31/12/2024	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	2.3%	2.3%	0.0%	2.81%	2.80%	0.0%
International equities	65.7%	67.7%	2.0%	80.7%	82.7%	2.0%
US	45.7%	49.1%	3.5%	56.1%	59.6%	3.6%
Europe ex UK	7.3%	5.3%	-2.0%	9.0%	7.0%	-2.0%
Japan	3.9%	3.9%	0.0%	4.7%	4.7%	0.0%
Asia ex Japan	7.6%	8.1%	0.5%	9.4%	9.9%	0.5%
EM	1.3%	1.3%	0.0%	1.6%	1.5%	-0.1%
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 31/12/2024 in GBP	Euro STOXX	FTSE 100	MSCI AC Asia ex Japan	MSCI Emerging Markets	S&P 500	TSE TOPIX
1m	0.9%	-1.3%	1.6%	1.4%	-1.0%	1.0%
3m	-2.4%	-0.2%	-1.0%	-1.5%	9.6%	2.8%
6m	-1.1%	1.5%	3.0%	1.0%	9.2%	3.5%
1yr	5.1%	9.5%	14.0%	9.4%	26.7%	9.7%
3yr	14.4%	26.3%	3.1%	2.0%	37.9%	18.2%
5yr	41.0%	31.0%	20.1%	15.1%	103.5%	31.1%
10yr	127.8%	81.0%	94.1%	78.0%	303.9%	128.3%

Source: RBC Brewin Dolphin, Guinness Global Investors

ASSET ALLOCATION OVERVIEW



EQUITIES



We expect the global economy to continue to expand, 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 solid profit gains among the pick and shovel plays. Finally, notwithstanding the recent softness, there is a lot of momentum behind the stock market. We believe it makes sense to stay on the right side of the trend. However, it does not appear to be a great time to raise our exposure further. For one, there limited room for cyclical economic growth. With most economies close to full employment and labour force participation high, there isn't much scope for workers on the sidelines to get a job, earn an income, and increase aggregate consumption. Meanwhile, equity sentiment is bullish, with the dominant market emotion being one of "greed" rather than "fear". The implication is that a lot of good news is already in the price. Finally, US equity valuations are unappealing. Valuations don't work as a good predictor of medium-term returns, but eventually the medium-term becomes the long-term. As such, we maintain only a modest global equity overweight.

BONDS



Expectations for central bank rate cuts have been pared back. At present, the market expects 42 basis points of rate cuts out of the Fed this year, and 50 from the BoE. In light of continued inflation challenges, these expectations appear fair, in our view. Bond term premiums have been rising. Given uncertainty with regards to the outlook for short term rates and greater bond supply relative to demand, there's probably scope for the term premium to rise somewhat from a still historically low level. That said, inflation should eventually moderate further on the back of the labour market coming into better balance. Meanwhile, sentiment towards bonds is bearish. Against this backdrop, we remain overweight government bonds. We have offset this overweight with an equally sized underweight position in corporate bonds, where spreads are very tight, leaving us neutral on bonds as an asset class. This positioning provides a hedge to our equity overweight if economic growth disappoints.

ALTERNATIVES



Gold has corrected from overbought territory following the US election. Looking ahead, there are both cyclical and structural factors supporting gold. These include the scope for real bond yields to decline, and central banks to continue to diversify their reserve holdings out of the US dollar and other developed world currencies. Gold also acts as a good hedge against several risks. 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. We maintain a neutral position.

CASH



Although cash continues to offer a decent yield, we are underweight, and feel there are better opportunities in other asset classes. We see continued scope for equity market gains, 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. We expect the US to maintain its productivity advantage vs most of the rest of the developed world. Moreover, the secular outlook 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 monetary policy now slightly less restrictive, 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. Following the November victory of Donald Trump and the Republicans winning both Chambers of Congress, we have boosted our US equity exposure. In a trade war, the country with the trade deficit stands to win most (or lose the least), and the US runs trade deficits against many countries. Trump’s trade policies give the US a better chance of maintaining its growth advantage vs the rest of the world. Relatively strong growth could keep the US dollar elevated, providing support to US equity relative performance in common currency terms. In the event of a global trade war, the US might also benefit from its relatively defensive sector composition.

EUROPE EX UK EQUITIES



We remain underweight Europe ex UK. The EU will be in Trump’s sights given its big trade surplus vs the US. The EU also has additional growth headwinds coming from its two biggest economies. In France, the Barnier government has collapsed, and political uncertainty is high. The incoming Francois Bayrou government will be confronted with the same fiscal reality and will likely be forced to take steps to reduce the deficit, which should weigh on growth. Germany continues to struggle, with its auto companies in particular under pressure from cheap Chinese EVs. More broadly, its export sector is under pressure due to weak Chinese domestic demand.

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 given its high international exposure, it still matters.



Indeed, there is a positive 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, notwithstanding rising doubts in the market. The UK equity market trades on very undemanding valuation multiples.

JAPAN EQUITIES



Japan has proceeded with shareholder friendly reform, 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



The Chinese authorities appear to be taking the deflation risk more seriously. To successfully boost inflation, the authorities will try to stoke demand growth. The combination of stronger growth, higher inflation, 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 appear oversold on a medium-term time horizon. 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. However, there are structural bright spots in the Asia ex Japan equity index, including India and Taiwan.

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. 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

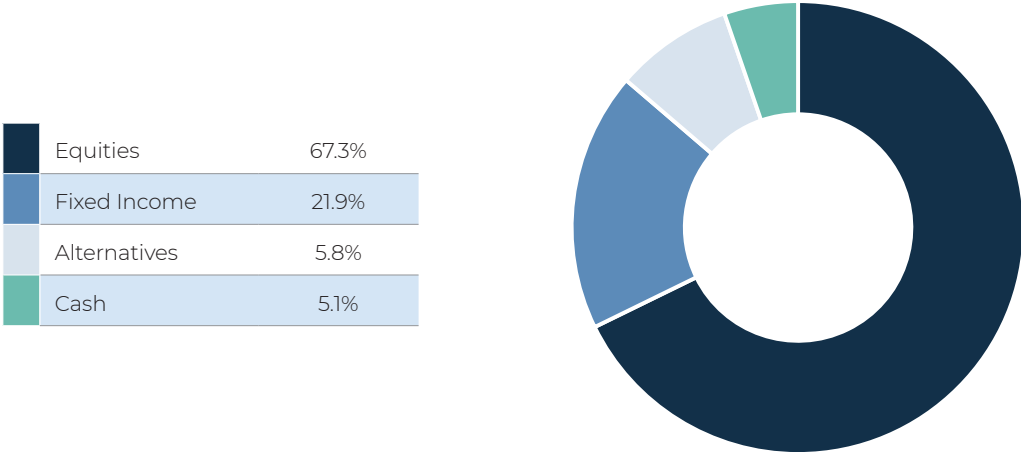
MEDIUM RISK

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



EQUITY ALLOCATION

USA	47.3%
Other International (DM)	16.5%
UK	2.2%
Other International (EM)	1.3%
Cash	5.1%

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	17.9%
Invesco EQQQ Nasdaq-100 UCITS ETF	8.6%
iShares Global Government Bond Index	7.3%
iShares Global Corp Bond UCITS ETF	6.8%
SPDR S&P US Dividend Aristocrats UCITS ETF	6.5%
Vanguard S&P 500 UCITS ETF	5.3%
Vanguard FTSE Developed Europe ex UK UCITS ETF	4.9%
iShares Global Inflation-Linked Bond Index Fund US Dollar Hedged	4.4%
Vanguard Investment Series PLC - Pacific Ex-Japan Stock Index Fund	3.9%
Xtrackers CSI300 Swap UCITS ETF	3.9%
Fidelity MSCI Japan Index Fund	3.8%
iShares Core UK Gilts UCITS ETF USD Hedged (Dist)	3.4%
Xtrackers Russell 2000 UCITS ETF	3.2%
HSBC NASDAQ Global Semiconductor UCITS ETF USD	3.0%
iShares S&P 500 Health Care Sector UCITS ETF	2.8%
iShares Physical Gold ETC USD	2.5%
iShares Core FTSE 100 UCITS ETF USD	2.2%
Amundi Index FTSE EPRA NAREIT Global	1.4%
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

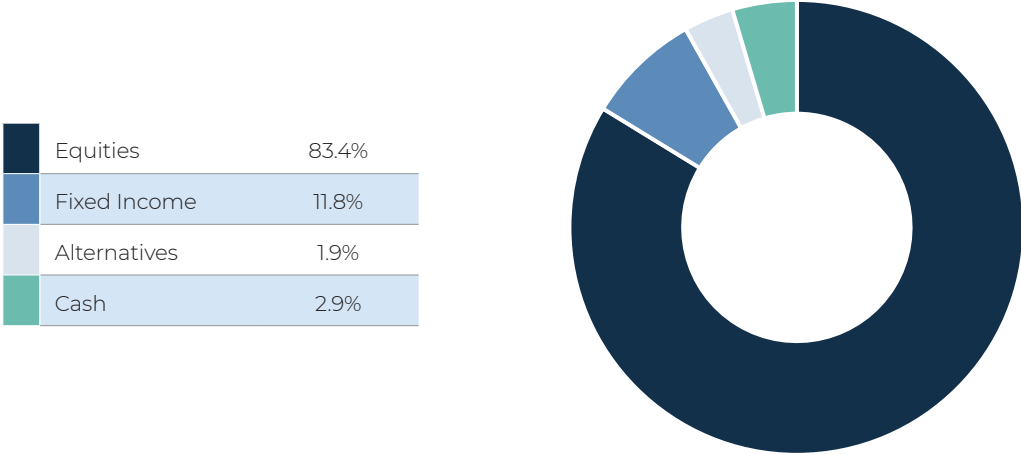
You are seeking to generate higher investment returns through a high exposure to equities to help achieve your long-term investment goals.

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



EQUITY ALLOCATION

USA	58.2%
Other International (DM)	20.9%
UK	2.7%
Other International (EM)	1.5%
Cash	2.9%

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	18.1%
Invesco EQQQ Nasdaq-100 UCITS ETF	10.6%
Vanguard S&P 500 UCITS ETF	10.1%
SPDR S&P US Dividend Aristocrats UCITS ETF	8.2%
Vanguard FTSE Developed Europe ex UK UCITS ETF	6.5%
Vanguard Investment Series PLC - Pacific Ex-Japan Stock Index Fund	5.0%
Fidelity MSCI Japan Index Fund	4.7%
Xtrackers CSI300 Swap UCITS ETF	4.7%
Xtrackers Russell 2000 UCITS ETF	3.9%
iShares Global Government Bond Index	3.9%
HSBC NASDAQ Global Semiconductor UCITS ETF USD	3.7%
iShares S&P 500 Health Care Sector UCITS ETF	3.6%
iShares Global Inflation-Linked Bond Index Fund US Dollar Hedged	3.0%
iShares Core UK Gilts UCITS ETF USD Hedged (Dist)	3.0%
iShares Core FTSE 100 UCITS ETF USD	2.7%
iShares Global Corp Bond UCITS ETF	1.9%
Lyxor MSCI Emerging Markets Ex China UCITS ETF	1.5%
iShares Physical Gold ETC USD	1.5%
Amundi Index FTSE EPRA NAREIT Global	0.4%

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.

IMPORTANT INFORMATION

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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 D04 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](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.



CGI-MAF-Update-V2-03/01/24