

# JANUARY 2025 MARKET UPDATE & INVESTMENT REPORT

## GUINNESS MULTI-ASSET FUNDS



**GUINNESS**  
GLOBAL INVESTORS

POWERED BY



**Brewin  
Dolphin**

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# CONTENTS

- The Month in a Minute 3
- The Month in Numbers 4
- Asset Allocation Overview 5
- Equity Allocation by Region 6
- At a glance: The Balanced Fund 8
- At a glance: The Growth Fund 10

# THE MONTH IN A MINUTE

## JANUARY OVERVIEW

January saw positive returns for both equities and bonds. European equities led the way returning over 7% as improvements in the economy and the expected ECB rate cut at the end of the month. UK stocks returned to vogue increasing over 5% supported by the weakness of sterling with almost three quarters of revenue generated outside the UK. Continued strength in jobs data, the prospect of deregulation and tax cuts helped push the US up 2.75%. Towards the end of January, the press release from China's DeepSeek providing competition via efficient low-cost AI models saw Nvidia and some of the other tech giants fall. Whilst the 17% fall in Nvidia's share price on the day was notable (and the largest in history by value), it was small when portrayed within the context of an 875% rise since the end of 2022. Japan was the laggard returning 0.6% as the Bank of Japan increased rates by 25bps on the back of sustained wage growth. With the growing concerns around US policy and the influence of DeepSeek, value outperformed growth over January, returning over 5%, small caps increased 4.2% by comparison.

Within the bond space global inflation linked bonds provided the best return over 1% as Trump's anticipated policies were viewed as inflationary. Gold rose nearly 7% for the same reason, other metal commodities also rose over the month.

There will be a lot for markets to digest over the coming months with tariffs, political jockeying likely to increase market volatility and future economic data predictions.



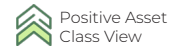
## THE MONTH IN NUMBERS

As at 31/01/2025	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%	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%	2.84%	2.80%	0.0%
International equities	65.7%	67.7%	2.0%	80.7%	82.7%	2.0%
US	45.7%	49.2%	3.5%	56.1%	59.7%	3.6%
Europe ex UK	7.4%	5.4%	-2.0%	9.1%	7.1%	-2.0%
Japan	3.8%	3.8%	0.0%	4.6%	4.6%	0.0%
Asia ex Japan	7.5%	8.0%	0.5%	9.2%	9.7%	0.5%
EM	1.3%	1.3%	0.0%	1.6%	1.6%	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 31/01/2025 in GBP	Euro STOXX	MSCI UK	MSCI AC Asia ex Japan	MSCI Emerging Markets	S&P 500	TSE TOPIX
1m	8.6%	6.1%	1.5%	2.6%	3.6%	2.4%
3m	7.8%	7.3%	1.0%	1.4%	9.8%	5.5%
6m	7.3%	5.0%	6.4%	4.9%	13.6%	1.2%
1yr	13.6%	17.5%	22.3%	17.6%	29.0%	7.9%
3yr	29.6%	31.5%	7.0%	5.7%	49.2%	25.9%
5yr	57.0%	43.7%	27.0%	23.2%	109.9%	36.1%

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 is 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



Amidst continued inflation pressure, decent economic growth and considering central banks have missed their inflation targets by so much for so long, we doubt policy rates will be cut by more than is currently priced in by markets. Meanwhile, 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 pressure should eventually ease further on the back of the labour market coming into better balance. Against this backdrop, a neutral position in bonds makes sense to us, with an overweight in government bonds coupled with an underweight in corporate bonds acting as a good partial hedge to our equity overweight in the event that an economic shock occurs, or growth simply comes in weaker than expected.

## ALTERNATIVES



Gold has rallied anew, with the latest downturn in inflation adjusted bond yields supporting the move. Looking ahead, there are both cyclical and structural factors supporting gold. These include the scope for real bond yields to decline a bit further, 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. 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 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. Following last month’s victory of Donald Trump, 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 boost the US dollar, 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 is in US president Trump’s crosshairs given its big trade surplus vs the US. Meanwhile, economic growth in France should be weighed down by efforts to rein in the government deficit. On a longer-term view, we expect the US to maintain its growth advantage vs Europe due to stronger labour force and productivity growth. Finally, while we doubt tech will outperform as strongly going forward it has in recent years, we suspect it will still outperform. A continued outperformance of tech and tech-like stocks at the global level would represent a headwind for Europe ex UK equity index relative performance as it has relatively low weights in these sectors.

## UK EQUITIES



UK relative performance should continue to be closely linked to global 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 also 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. 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

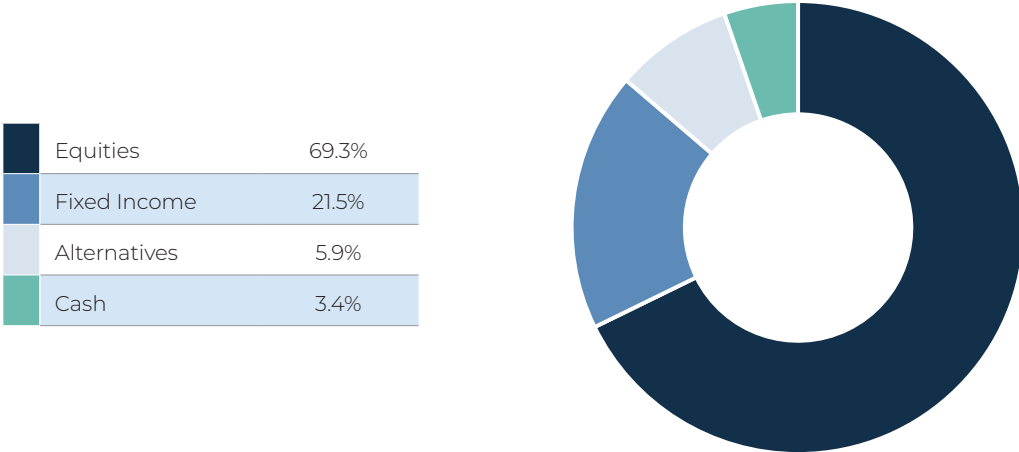
**MEDIUM RISK**

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**



**EQUITY ALLOCATION**

USA	48.6%
Other International (DM)	17.1%
UK	2.3%
Other International (EM)	1.3%
Cash	3.4%

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	18.29%
Invesco EQQQ Nasdaq-100 UCITS ETF	8.70%
iShares Global Government Bond Index	7.14%
SPDR S&P US Dividend Aristocrats UCITS ETF	6.89%
iShares Global Corp Bond UCITS ETF	6.69%
Vanguard FTSE Developed Europe ex UK UCITS ETF	5.36%
Vanguard S&P 500 UCITS ETF	5.31%
iShares Global Inflation-Linked Bond Index Fund US Dollar Hedged	4.29%
Vanguard Investment Series PLC - Pacific Ex-Japan Stock Index Fund	4.04%
Xtrackers CSI300 Swap UCITS ETF	3.86%
Fidelity MSCI Japan Index Fund	3.82%
Xtrackers Russell 2000 UCITS ETF	3.51%
iShares Core UK Gilts UCITS ETF USD Hedged (Dist)	3.34%
iShares S&P 500 Health Care Sector UCITS ETF	2.97%
HSBC NASDAQ Global Semiconductor UCITS ETF USD	2.92%
iShares Physical Gold ETC USD	2.50%
iShares Core FTSE 100 UCITS ETF USD	2.33%
Amundi Index FTSE EPRA NAREIT Global	1.45%
Lyxor MSCI Emerging Markets Ex China UCITS ETF	1.27%
Winton Trend Fund (UCITS) I USD Acc	0.67%
BNY Mellon Global Funds plc - Global Dynamic Bond Fund	0.66%
JPM Global Macro Opportunities USD	0.58%

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](http://www.guinnessgi.com/literature)



**AT A GLANCE...**

# THE MULTI-ASSET GROWTH FUND

**MEDIUM/HIGHER RISK**

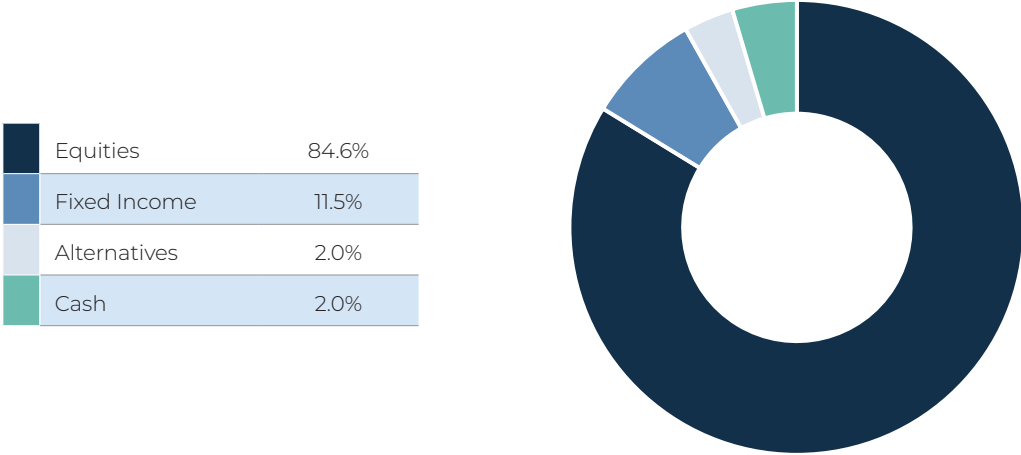
You are seeking to generate higher investment returns through a high exposure to equities to help achieve your long-term investment goals.

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	58.9%
Other International (DM)	21.3%
UK	2.8%
Other International (EM)	1.5%
Cash	2.0%

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	18.29%
Invesco EQQQ Nasdaq-100 UCITS ETF	10.64%
Vanguard S&P 500 UCITS ETF	10.09%
SPDR S&P US Dividend Aristocrats UCITS ETF	8.47%
Vanguard FTSE Developed Europe ex UK UCITS ETF	7.08%
Vanguard Investment Series PLC - Pacific Ex-Japan Stock Index Fund	5.05%
Xtrackers CSI300 Swap UCITS ETF	4.62%
Fidelity MSCI Japan Index Fund	4.59%
Xtrackers Russell 2000 UCITS ETF	4.21%
iShares Global Government Bond Index	3.82%
iShares S&P 500 Health Care Sector UCITS ETF	3.67%
HSBC NASDAW Global Semiconductor UCITS ETF USD	3.56%
iShares Global Inflation-Linked Bond Index Fund US Dollar Hedged	2.87%
iShares Core UK Gilts UCITS ETF USD Hedged (Dist)	2.86%
iShares Core FTSE 100 UCITS ETF USD	2.84%
iShares Global Corp Bond UCITS ETF	1.92%
iShares Physical Gold ETC USD	1.48%
Lyxor MSCI Emerging Markets Ex China UCITS ETF	1.46%
Amundi Index FTSE EPRA NAREIT Global	0.49%

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**

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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**

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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](http://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.

