

MARCH 2024 MARKET UPDATE & INVESTMENT REPORT

GUINNESS MULTI-ASSET FUNDS



GUINNESS
GLOBAL INVESTORS

POWERED BY



**Brewin
Dolphin**

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THE MONTH IN A MINUTE

FEBRUARY OVERVIEW

Except for the UK, most major equity markets enjoyed a strong February with Asia, the US and Emerging Markets returning circa 5% in dollar terms. US earnings season exceeded expectations with over 75% of S&P 500 firms, who have reported, beating analysts' expectations. Five of the "Magnificent Seven" reported and broadly met or exceeded targets. The S&P 500, having overcome the initial disappointment of delayed interest rate cuts, continues to hit new highs given the resilience of the US economy and consumer. In Japan, the Nikkei 225 exceeded its all time high for the first time since December 1989 driven by strong demand from overseas investors and weaker yen. Sentiment around China finally improved as tourism revenues over the Chinese New Year were higher than pre-covid levels and the government lowered the five-year prime rate and placed curbs on short selling.

In January, the Fed kept rates unchanged, with Powell indicating a March rate cut was unlikely. February data reinforced this view with US nonfarm payroll adding 350,000 jobs, and although headline inflation fell, core inflation unexpectedly rose as PMI activity continued to expand. UK stocks fell, in US dollars, as fourth quarter GDP signalled a technical recession. UK inflation data held steady for both Core and headline figures leading to the BoE giving a cautious tone around interest rate cuts. The ECB also downplayed the prospects for early rate cuts despite inflation easing to 2.6%. Business activity continued to improve despite remaining in contraction.

Fixed income markets continued to weaken as the backdrop of delayed interest rates and resilience in the US economy weighed on bond prices with Sovereign debt falling the most.

Exposure to China through the Xtrackers CSI 300 was the main contributor to performance given the rebound in Chinese equity markets whilst the value tilt within the SPDR Aristocrats suffered as growth notable outperformed value.



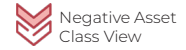
THE MONTH IN NUMBERS

As at 29/02/2024	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%	3.0%	0.5%	2.5%	2.5%	0.0%
Bonds	22.5%	23.0%	0.5%	12.0%	12.5%	0.5%
Government Bonds	8.5%	10.0%	1.5%	4.5%	6.0%	1.5%
Inflation Linked Bonds	3.0%	4.0%	1.0%	1.5%	2.5%	1.0%
Corporate Bonds	11.0%	9.0%	-2.0%	6.0%	4.0%	-2.0%
Equities	68.0%	69.0%	1.0%	83.5%	84.5%	1.0%
UK equities	2.4%	2.4%	0.0%	2.98%	3.00%	0.0%
International equities	65.6%	66.6%	1.0%	80.5%	81.5%	1.0%
US	43.7%	44.7%	1.0%	53.7%	54.7%	1.0%
Europe ex UK	8.4%	8.4%	0.0%	10.3%	10.3%	0.0%
Japan	4.4%	4.4%	0.0%	5.4%	5.4%	0.0%
Asia ex Japan	7.6%	7.6%	0.0%	9.3%	9.3%	0.0%
EM	1.5%	1.5%	0.0%	1.8%	1.8%	0.0%
Alternatives	7.0%	5.0%	-2.0%	2.0%	1.0%	-1.0%
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%	1.5%	0.0%	0.5%	0.5%	0.0%

As at 29/02/2024 in GBP	Euro STOXX	MSCI UK	MSCI AC Asia ex Japan	MSCI Emerging Markets	S&P 500	TSE TOPIX
1m	3.6%	0.7%	6.3%	5.5%	6.0%	3.2%
3m	8.0%	3.2%	3.4%	3.9%	11.9%	11.5%
6m	10.0%	4.8%	3.6%	5.1%	13.9%	12.9%
1yr	10.3%	0.9%	0.4%	4.1%	24.3%	19.4%
3yr	32.2%	35.8%	-15.1%	-9.1%	52.7%	20.1%
5yr	58.8%	30.7%	14.8%	15.5%	104.1%	44.3%
10yr	116.8%	63.3%	96.5%	78.2%	313.9%	141.6%

Source: RBC Brewin Dolphin, Guinness Global Investors

ASSET ALLOCATION OVERVIEW



EQUITIES



Supportive of the global equity market is the resilience the US economy has exhibited. Indeed, the probability of a soft landing appears to have risen. Meanwhile, there is the potential for AI related themes to push equity prices higher. Technically, market momentum is very strong. Tempering our optimism are sentiment & positioning (on balance already bullish), the stage of the economic cycle (late), US valuation metrics (high), and the returns available on competing assets such as cash (high).



BONDS



With central banks now looking ahead to rate cuts, we maintain an overweight to government bonds. We remain underweight corporate bonds. Credit spreads are not sufficiently large to compensate for global economic growth risks, in our view.

ALTERNATIVES



The gold price has been supported by strong buying among central banks and more recently by expectations of rate cuts. However, gold appears stretched considering how much real bond yields have risen over the last couple years. The outlook appears broadly balanced, and we retain a neutral position. We hold a neutral position in property. Encouragingly, global developed world REIT macro fundamentals appear to be stabilizing (CMBS spreads, underlying property prices). While fundamentals are challenging in the office space, the market cap weighting of this sector is small. The backdrop is notably stronger in other REIT subsectors.

CASH



We retain a small cash overweight. Cash currently offers a relatively attractive return and acts as dry powder which can be deployed when conditions for the riskier asset classes improve.

US EQUITIES



The big risk to US relative performance involves valuation (including the valuation of the dollar). Nevertheless, we are more optimistic on US equities than other regions, for two main reasons. The first relates to the secular outlook, which appears relatively bright for tech stocks. 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 on hold and likely to begin cutting rates this year, a weaker version of the cycle that played out during the second half of the 1990s is a possibility today. Back then, excitement linked to the growth of the internet drove gains. This cycle, AI related investment could be the driver. The US has much greater exposure to the “pick and shovel” plays positioned to benefit from an AI spending boom than any other region. 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 are still significantly higher than in any given year. The US is the most defensive of our six equity regions, which is an attractive characteristic at a time when growth risks remain elevated.

EQUITY ALLOCATION BY REGION

EUROPE EX UK EQUITIES



If we can predict where the relative performance of global tech and continental European FX are going, we stand a good chance of successfully predicting whether Europe ex UK equities will outperform. We are optimistic on the secular outlook for global tech sector, 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), and regional existential risks have declined. However, over the medium-term, sluggish economic growth in Europe vis-à-vis the US should limit the upside in continental European FX.

UK EQUITIES



The UK market is undeniably cheap and unloved. With that in mind, it might not need a lot of good fundamental news to outperform. However, the most important determinant of UK equity relative performance is global sector and style performance. Given its high weightings in value-oriented sectors like energy and financials and low weightings in growth sectors such as tech, the UK equity market benefits strongly during periods when global value stocks outperform. The bad news is that the outlook for value appears uninspiring. The composition of the UK market also probably makes it a good hedge against unexpectedly strong global inflation. Cyclically, inflation pressures have moderated.

JAPAN EQUITIES



Shareholder friendly reform momentum has picked up in Japan, which could help spark a further expansion in relatively depressed price-to-book multiples. However, demographics amount to a major structural headwind to Japanese equity relative performance. From a cyclical perspective, with the unemployment rate low and labour force participation high, Japan does not have much scope to put idle economic resources to work. 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



Incoming Chinese economic data continues to disappoint. 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. Nevertheless, the Chinese authorities have become increasingly preoccupied with stabilizing the stock market. Meanwhile, many investors remain extremely pessimistic on China. Despite this seemingly attractive combination, we are not optimistic with regards to Asia ex Japan relative performance. China has become structurally less shareholder friendly, and geopolitics is likely to continue to hinder performance. High indebtedness and challenging demographics should act as longer-run economic headwinds in China.



EMERGING MARKETS EX ASIA



EM ex Asia is very cheap, but there does not appear to be a catalyst on the horizon to unlock that value. 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 do not expect much upside to commodity prices in an environment where global growth is slowing and China refrains from large scale stimulus.



AT A GLANCE...

THE MULTI-ASSET BALANCED FUND

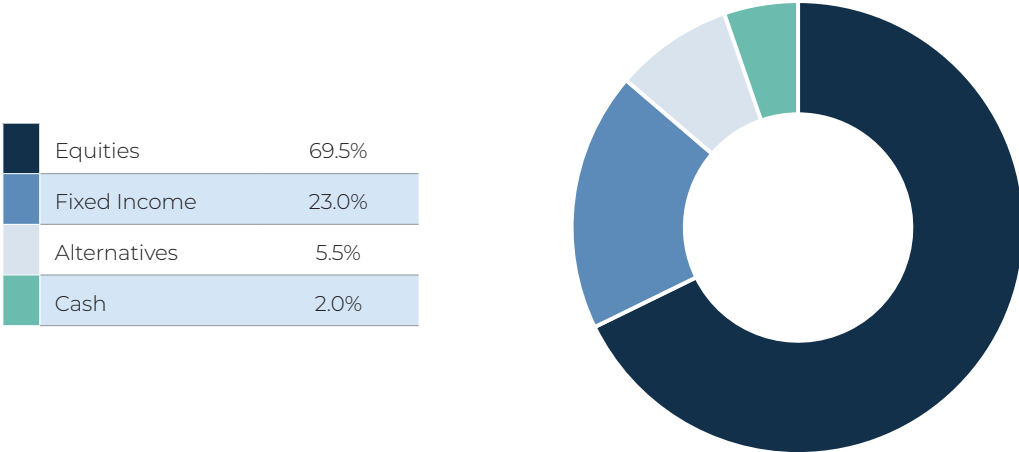
MEDIUM RISK

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	44.7%
Other International (DM)	20.0%
UK	2.3%
Other International (EM)	1.5%
Cash	3.3%

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

Holding	% Weight
iShares Core S&P 500 UCITS ETF	18.4%
iShares Global Corp Bond UCITS ETF	8.9%
Vanguard FTSE Developed Europe ex UK UCITS ETF	8.3%
Vanguard S&P 500 UCITS ETF	7.6%
iShares Global Government Bond Index	6.9%
SPDR S&P US Dividend Aristocrats UCITS ETF	6.4%
Invesco EQQQ Nasdaq-100 UCITS ETF	6.3%
Vanguard - Pacific Ex-Japan Stock Index Fund	4.9%
Fidelity MSCI Japan Index Fund	4.2%
iShares Global Inflation-Linked Bond Index Fund	3.9%
Xtrackers Russell 2000 UCITS ETF	3.0%
iShares S&P 500 Health Care Sector UCITS ETF	3.0%
iShares Core UK Gilts UCITS ETF	3.0%
Xtrackers CSI300 Swap UCITS ETF	2.6%
iShares Core FTSE 100 UCITS ETF USD	2.3%
Lyxor MSCI Emerging Markets Ex China UCITS ETF	1.5%
iShares Physical Gold ETC USD	1.5%
Amundi Index FTSE EPRA NAREIT Global	1.5%
BlackRock ICS US Dollar Liquidity Fund	1.0%
Winton Trend Fund	0.8%
BNY Mellon - Global Dynamic Bond Fund	0.8%
JPM Global Macro Opportunities	0.8%

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

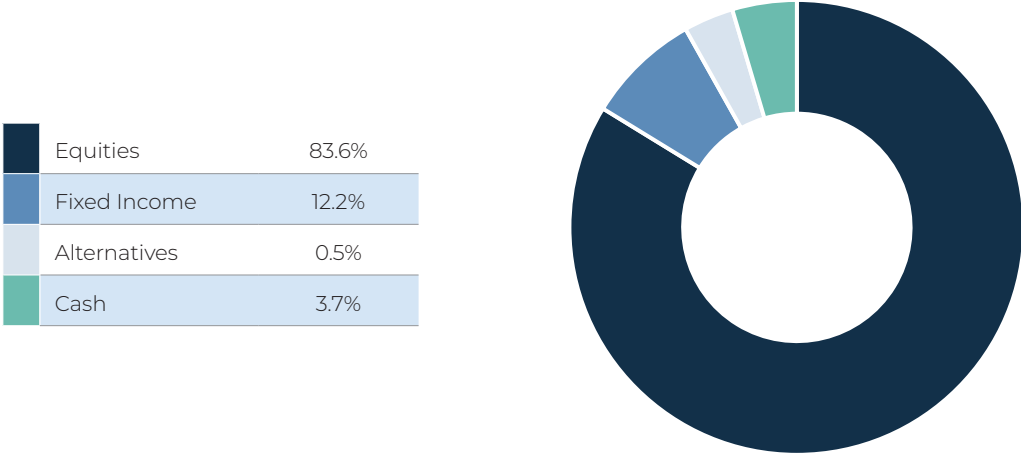
You are seeking to generate higher investment returns through a high exposure to equities to help achieve your long-term investment goals.

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	54.5%
Other International (DM)	24.6%
UK	2.9%
Other International (EM)	1.8%
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	18.4%
Vanguard S&P 500 UCITS ETF	13.1%
Vanguard FTSE Developed Europe ex UK UCITS ETF	10.2%
SPDR S&P US Dividend Aristocrats UCITS ETF	7.9%
Invesco EQQQ Nasdaq-100 UCITS ETF	7.8%
Vanguard - Pacific Ex-Japan Stock Index Fund	6.1%
Fidelity MSCI Japan Index Fund	5.3%
iShares Global Corp Bond UCITS ETF	3.9%
Xtrackers Russell 2000 UCITS ETF	3.7%
iShares S&P 500 Health Care Sector UCITS ETF	3.7%
iShares Global Government Bond Index	3.5%
Xtrackers CSI300 Swap UCITS ETF	3.1%
iShares Core FTSE 100 UCITS ETF	2.9%
iShares Core UK Gilts UCITS ETF	2.5%
iShares Global Inflation-Linked Bond Index Fund	2.5%
Lyxor MSCI Emerging Markets Ex China UCITS ETF	1.8%
BlackRock ICS US Dollar Liquidity Fund	0.5%
Amundi Index FTSE EPRA NAREIT Global	0.5%
iShares Physical Gold ETC	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.

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: 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/waystone-policies/>

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.



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