



GUINNESS
GLOBAL INVESTORS
MULTI-ASSET FUNDS

April 2022
Market Update &
Investment Report

POWERED BY



**BREWIN
DOLPHIN**

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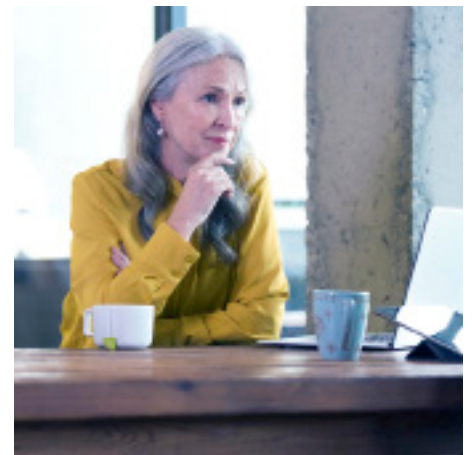
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The Month in a Minute...



Q1 Overview

The first Quarter was dominated by three main factors; the war in Ukraine, inflation concerns, and interest rate rises. As a result, all major equity markets (except the UK) ended the quarter down. However, on the positive side global growth continues to be robust despite revisions, PMIs (Purchasing Managers Index) remained comfortably above the fifty expansionary level and unemployment remained at historic low levels.



The shock and humanitarian impact of the Ukraine invasion took the world by surprise and led to a unified approach from many countries to introduce sanctions against oligarchs and those close to Putin whilst impeding the abilities of Russian banks and certain trade restrictions. Russia is the world's second largest producer of gas and the third largest producer of oil. When this is combined with the fact that Ukraine is the third largest exporter of wheat it was no surprise to see commodity prices soar. This impacted on inflation which was already proving stubborn.



Central banks continued their path to normalisation with the Bank of England hiking rates by 25bps twice in the quarter, on top of December's initial increase. The Fed raised rates by 25bps kicking off their interest rate tightening cycle with the market predicting seven rises in total during 2022 and four in 2023. In contrast the ECB commented that potentially their first interest rate hike could come later this year but "some time" after the asset purchases has been concluded.

The change of rhetoric around inflation and interest rate rises meant that bonds struggled over the quarter and provided a negative return. Corporate bonds saw negative returns and wider spreads meaning they underperformed sovereign debt.



Value markedly outperformed growth during the first three months meaning those indices with a greater exposure to value / commodity stocks performed better. Of the world markets the UK fell the least due to the style and commodity bias. Europe and Emerging markets were the weakest with circa double-digit falls. China struggled following a further covid outbreak and lockdowns plus concerns regarding growth.



Whilst the fund was down over the quarter being underweight to bonds and overweight to UK equities aided performance. On the stock side, the SPDR Aristocrats value style and US S&P 500 were the highlights. The China fund struggled due to the reasons mentioned above.

Over the quarter we reduced the overweight exposure to equities and increase the value exposure with the US which proved beneficial. We retain a slight overweight to equities given the continued strong growth and consumer demand.

The Month in Numbers



As at 31/03/2022	Guinness Multi Asset Balanced Fund			Guinness Multi 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%	3.5%	1.0%
Bonds	22.5%	18.5%	-4.0%	12.0%	8.0%	-4.0%
Government Bonds	8.0%	6.0%	-2.0%	5.5%	3.5%	-2.0%
Inflation Linked Bonds	2.5%	2.5%	0.0%	0.0%	0.0%	0.0%
Corporate Bonds	12.0%	10.0%	-2.0%	6.5%	4.5%	-2.0%
Equities	68.0%	70.0%	2.0%	83.5%	85.5%	2.0%
UK equities	2.8%	2.8%	0.1%	3.4%	3.5%	0.1%
International equities	65.3%	67.2%	2.0%	80.1%	82.0%	1.9%
US	41.7%	44.1%	2.4%	51.2%	53.8%	2.6%
Europe ex UK	8.9%	8.5%	-0.4%	10.9%	10.4%	-0.5%
Japan	4.6%	4.1%	-0.5%	5.6%	5.1%	-0.5%
Asia ex Japan	8.7%	8.9%	0.3%	10.6%	10.8%	0.2%
EM	1.4%	1.6%	0.2%	1.8%	1.9%	0.1%
Alternatives	7.0%	7.5%	0.5%	2.0%	3.0%	-1.0%
Hedge funds/alternatives	4.0%	5.5%	1.5%	1.0%	2.5%	1.5%
Commercial property	1.5%	0.5%	-1.0%	0.5%	0.0%	-0.5%
Gold	1.5%	1.5%	0.0%	0.5%	0.5%	0.0%

As at 31/03/2022	Euro STOXX	FTSE 100	MSCI AC Asia ex Japan	MSCI Emerging Markets	S&P 500	TSE TOPIX
1m	0.77%	1.42%	-0.91%	-0.40%	5.65%	0.69%
3m	-8.26%	2.88%	-5.35%	-4.30%	-1.97%	-3.71%
6m	-5.10%	7.76%	-6.94%	-5.98%	8.24%	-8.73%
1yr	2.32%	16.08%	-10.55%	-7.12%	20.67%	-3.06%
3yr	25.97%	15.48%	15.03%	14.36%	63.93%	17.12%
5yr	32.48%	24.64%	31.64%	26.95%	94.03%	23.65%
10yr	144.49%	90.70%	112.33%	68.85%	348.26%	125.98%

Asset Allocation Overview



Positive Asset Class View



Negative Asset Class View

Equities



Over the past month, the inflation/growth mix has deteriorated. Central banks have become more hawkish, and bond yields have backed up sharply. All this has fast forwarded us to a later stage of the economic cycle. Sentiment is not as bearish as it was several weeks ago, and there has been a decent rally to sell into. Against this backdrop, we have cut our global equity exposure.

Nevertheless, we believe it is still appropriate to maintain a small equity overweight. While the war in Ukraine is bad for both growth and inflation, it probably won't be enough to outright derail the global economic expansion. The yield curve inversion is an ominous signal. However, part of the reason why the yield curve has already inverted is that the term premium is so low. This may suggest the economy is not currently as late cycle as it has been in the past when the curve inverted. Although sentiment has recovered as the market has rallied, it is still on balance slightly bearish. Equity valuations are reasonable in absolute terms, and still attractive relative to bonds.

Bonds



We believe that inflation pressure is set to move lower as the year progresses. However, inflation may stay stronger for longer than most investors believe. Against this backdrop, and with central banks turning more hawkish and given the underlying strength in the economy, safe-haven bond yields probably have additional scope to move higher. This justifies a continued underweight position in bonds. Within a bond portfolio, we continue to favour inflation linked over their corporate and nominal government bond counterparts.

Alternatives



We hold a neutral position in gold. The potential for real bond yields to rise anew (aheadwind for gold) is offset by the potential for a further rise in geopolitical risk. We retain our underweight in property. Because our property benchmark is comprised of listed stocks (developed world REITs), we evaluate property against the broad global equity market. REITs dividend yield spread vs the broad global market has dropped sharply. If history is a good guide, this points to REIT underperformance this year. On the back of our equity downgrade, we have boosted our overweight to absolute return. This is a relatively attractive asset class at a time when the risk/reward backdrop for equities is deteriorating and when it appears too early to boost bond exposure.

Cash



We have boosted our cash overweight. Cash has become a relatively attractive asset class at a time when it appears too early to boost bond exposure and the risk/reward backdrop for equities is deteriorating. Moreover, the BoE base rate is now at 0.75% and is likely moving higher.

Equity Allocation by Region



US Equities



With its large weightings in tech and other tech-like names, the US is heavily exposed to the growth style. To the extent that global government bond yields continue to rise on the back of continued economic growth and tightening monetary policy, the relatively expensive US market should suffer periodic bouts of underperformance. Nevertheless, we remain structurally bullish on the US, and believe any underperformance will prove fleeting.

Europe ex UK Equities



Europe ex UK relative performance is typically inversely related to the fortunes of the global tech sector, given that Europe ex UK has very low weightings in new economy stocks. Tech has underperformed this year, which makes Europe ex UK's underperformance look out of place. If bond yields continue to rise as we expect, that should ultimately hold back tech relative performance. That said, the war in Ukraine and high natural gas prices are a headwind for Europe. Against this backdrop and with the region trading on undemanding valuation multiples, we maintain an allocation vs benchmark that is consistent with our expectations of a total return broadly in-line with that of the global equity market.

UK Equities



UK equities remain cheap. To the extent that global government bond yields have scope to rise further over the medium-term, this should support the relative performance of the cheaper, value-style exposed areas of the market like the UK. Nonetheless, we are not banking on a sustained, large outperformance of value in the months ahead. We therefore hold a UK position that is consistent with return expectations that are broadly in-line with the global equity market over the medium-term.

Japan Equities



With the plunging population and birth rate, Japanese equities are confronting major demographic headwinds. This backdrop acts as a strong disincentive for Japanese businesses to invest and is a structural deterrent to equity market outperformance. More immediately, Japanese equities have underperformed sharply in common currency terms given the very weak yen. Although there is a lack of catalysts on the horizon that would support Japanese equity outperformance, Japan looks near-term oversold. As such, we judge near-term relative performance prospects as balanced.



Asia ex Japan Equities



Chinese and Hong Kong equities have sharply underperformed the other countries in Asia ex Japan over the past year, so their weight in the index has dropped. But they both still account for about 42% of the market cap of Asia ex Japan, so what happens in China will be instrumental in terms regional relative performance. The main questions confronting Chinese equity investors relate to policy. These include big tech regulation, real estate policy, the outlook for its zero COVID policy approach, and the potential for pro-growth policy support. The bad news is that China is currently battling its biggest COVID wave since the pandemic began. The good news is that the authorities are taking steps to stabilize growth.

Emerging Markets ex Asia



Russian listed stocks dragged down the EM ex Asia index following its invasion of Ukraine. Last month, index providers MSCI and FTSE Russell have removed Russian equities from their indices, so they no longer impact performance. However, with Brazil, Saudi Arabia, South Africa, Mexico and the UAE as the countries with the highest market cap weightings in EM ex Asia, it is still a very commodity exposed index. Looking ahead, there are crosscurrents confronting the region. On the one hand, EM ex Asia remains very cheaply valued, and there is scope for the economies in this index to bounce back as the COVID crisis subsides. On the other hand, our base case expectation is that the oil price moderates somewhat in H2 this year. Against this backdrop, we believe only modest exposure to this pro-cyclical region is appropriate.

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 their investment goals.

Asset Allocation

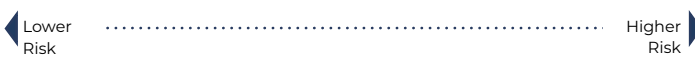
Equities	71.2%
Fixed Income	17.1%
Alternatives	6.1%
Cash	5.6%



Equity Allocation

USA	44.2%
Other International (DM)	22.4%
UK	3.0%
Other International (EM)	1.5%
Cash	5.6%

Holding	% Weight
iShares Core S&P 500 UCITS ETF USD Dist	17.1%
Vanguard S&P 500 UCITS ETF	11.4%
iShares Global Corp Bond UCITS ETF	9.3%
Vanguard FTSE Developed Europe ex UK UCITS ETF	9.2%
SPDR S&P US Dividend Aristocrats UCITS ETF	8.8%
iShares Global Government Bond Index	5.5%
Vanguard Pacific Ex-Japan Stock Index Fund	4.9%
Invesco EQQQ Nasdaq-100 UCITS ETF	4.6%
Fidelity MSCI Japan Index Fund	4.4%
Xtrackers CSI300 Swap UCITS ETF	3.9%
iShares plc- iShares Core FTSE 100 UCITS ETF	3.0%
iShares Global Inflation-Linked Bond Index Fund	2.3%
Xtrackers Russell 2000 UCITS ETF	2.3%
Lyxor MSCI Emerging Markets Ex China UCITS ETF	1.5%
BNY Global Short-Dated High Yield Bond Fund	1.4%
BNY Global Dynamic Bond Fund	1.4%
JPM Global Macro Opportunities USD	1.4%
iShares Physical Gold ETC USD	1.4%
Amundi Index FTSE EPRA NAREIT Global	0.5%
Cash	5.6%



Risk & Reward						
1	2	3	4	5	6	7

Typically Lower Rewards (under column 4) | Typically Higher Rewards (over column 4)

The risk and reward indicator shows where the fund ranks in terms of its potential risk and return. The higher the rank the greater the potential reward but the greater the risk of losing money. The shaded area in the table shows this fund's rank. The fund is ranked as higher risk as its price has shown high fluctuations historically. This is based on how investments have performed in the past and you should note that the fund may perform differently in the future and its rank may change. Historical data may not be a reliable indicator for the future. The value of an investment and the income from it can fall as well as rise as a result of market and currency movement; you may not get back the amount originally invested.



At a glance...

The Multi Asset Growth Fund

Medium / Higher Risk

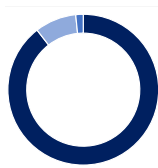
You are seeking to generate higher investment returns through a high exposure to equities to help achieve your long-term investment goals.

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.

Asset Allocation

Equities	87.1%
Fixed Income	7.4%
Alternatives	1.9%
Cash	3.6%



Equity Allocation

USA	54.2%
Other International (DM)	27.5%
UK	3.6%
Other International (EM)	1.8%
Cash	3.6%

Holding	% Weight
iShares Core S&P 500 UCITS ETF USD Dist	18.7%
Vanguard S&P 500 UCITS ETF	16.4%
Vanguard FTSE Developed Europe ex UK UCITS ETF	11.3%
SPDR S&P US Dividend Aristocrats UCITS ETF	10.8%
Vanguard Investment Series PLC- Pacific Ex-Japan Stock	6.2%
Invesco EQQQ Nasdaq-100 UCITS ETF	5.7%
Fidelity MSCI Japan Index Fund	5.4%
Xtrackers CSI300 Swap UCITS ETF	4.6%
iShares Global Corp Bond UCITS ETF	4.2%
iShares plc- iShares Core FTSE 100 UCITS ETF	3.6%
iShares Global Government Bond Index	3.2%
Xtrackers Russell 2000 UCITS ETF	2.7%
Lyxor MSCI Emerging Markets Ex China UCITS ETF	1.8%
BNY Mellon Global Short-Dated High Yield Bond Fund	0.5%
JPM Global Macro Opportunities USD	0.5%
BNY Mellon Global Funds plc- Global Dynamic Bond Fund	0.5%
iShares Physical Gold ETC USD	0.5%
Cash	3.6%



Risk & Reward						
1	2	3	4	5	6	7
Typically Lower Rewards				Typically Higher Rewards		

The risk and reward indicator shows where the fund ranks in terms of its potential risk and return. The higher the rank the greater the potential reward but the greater the risk of losing money. The shaded area in the table shows this fund's rank. The fund is ranked as higher risk as its price has shown high fluctuations historically. This is based on how investments have performed in the past and you should note that the fund may perform differently in the future and its rank may change. Historical data may not be a reliable indicator for the future. The value of an investment and the income from it can fall as well as rise as a result of market and currency movement; you may not get back the amount originally invested.



Expert thinking



When you invest with Guinness Asset Management 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 Asset Management in September 2013 and is co-manager on the Guinness Multi Asset range



Will Riley

Co-Manager

Will joined Guinness Asset Management in May 2007 and is co-manager on the Guinness Multi Asset range

“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 Brewin Dolphin team



David Hood

Head of Investment Solutions

David joined 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 Brewin Dolphin.



Janet Mui

Investment Director

Janet is investment director at Brewin Dolphin. As part of the research team, Janet is responsible for the commentary and communication of Brewin Dolphin's macro/investment views to clients and the media.

Important Information

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Investor Rights

A summary of investor rights in English is available here: <https://www.linkgroup.eu/policy-statements/irish-management-company/>

Documentation

The documentation needed to make an investment, including the Prospectus, 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. Residency In countries where the Fund is not registered for sale or in any other circumstances where its distribution is not authorised or is unlawful, the Fund should not be distributed to resident Retail Clients.

NOTE: THIS INVESTMENT IS NOT FOR SALE TO U.S. PERSONS.

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