



**GUINNESS
ATKINSON**
F U N D S

Energy brief



Tim Guinness



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Jonathan
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January 2014

**Commentary and Review by portfolio managers
Tim Guinness, Will Riley & Jonathan Waghorn**



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REPORT HIGHLIGHTS

FUND NEWS

- Fund size \$72 million at end of December

OIL

- **Brent steady at \$110; Brent/WTI gap narrows**

West Texas Intermediate (WTI) rose from \$93 to \$98 in November while Brent stayed flat at \$110. US demand has been strong, balanced by slightly weaker non-OECD (Organization for Economic Co-Operation and Development) demand growth and strong onshore US production.

NATURAL GAS

- **US gas price up sharply on very cold weather**

Henry Hub gas was up strongly during the month, ending December at \$4.23 (up 7% month on month) as unusually cold weather boosted heating demand. Underlying market looks balanced.

EQUITIES

- **Energy outperforms the broad market**

The MSCI World Energy Index rose in December by 3.0%, outperforming the MSCI World Index which rose by 2.2% (all in US dollar terms).

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- December in Review
- Manager's Comments
- Performance: Guinness Atkinson Global Energy Fund
- Portfolio: Guinness Atkinson Global Energy Fund

ENERGY INVESTING IN 2014

We would like to wish all our investors a very happy and prosperous New Year.

We expect the oil price to remain firm in 2014, with prices trading mostly in the \$90-110 range, and Brent at around a \$10 premium to WTI. We believe that commentators are over-focussed on US shale oil production growth and the prospect of US "energy independence". The rest of non-OPEC (Organization of the Petroleum Exporting Countries) is still struggling to grow meaningfully while global oil demand growth in 2014 is likely to match or exceed the 1.2million(m) barrels(b)/day achieved in 2013. Within OPEC, Saudi, Kuwait and United Arab Emirates (UAE) still sit at center stage, remaining in over-production mode for as long as supply remains fairly tight, while their ability to put a floor under the price should Brent fall much below \$100 is strong.

We think it likely that the oil price should rise from here gradually at something like inflation (or higher) leading to oil prices closer to \$150 by the end of the decade. 2013 was a reasonable year for energy but the overall underperformance of energy equities since early 2011 reflects a view that the commodity super-cycle is over. We think this is too simplistic and believe that it may present a real buying opportunity for investors.

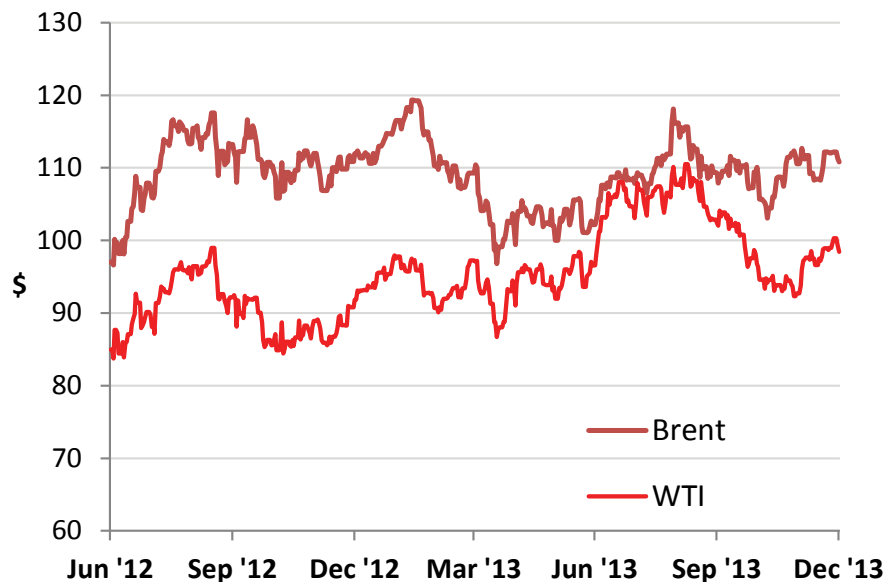
Tim, Jonathan & Will

January 2014

1. December 2013 Review

Oil market

Figure 1: Oil price (WTI and Brent \$/barrel) 18 months May 31, 2012 to November 30, 2013



Source: Bloomberg LP

The WTI oil price started December at \$92.72 and rose sharply early in the month, exceeded \$100/barrel on December 27th and closed the month at \$98.42. In 2013, WTI averaged \$98.02 having averaged \$94.12 in 2012 and \$95.04 in 2011.

In contrast, the Brent oil price was stable in December, trading in a tight range of \$108 to \$113 and ending the month at \$110.8. The gap between the WTI and Brent benchmark oil prices therefore declined during the month from an elevated level of around \$17/bl to around \$12/bl. The spread, caused by high stock levels and infrastructure bottlenecks resulting from increased US onshore production, was as high as \$20+ but has generally been narrower in 2013 following pipeline capacity expansions which have allowed inventory levels in Cushing, Oklahoma, to fall significantly. The WTI-Brent spread averaged \$10.7/bl during 2013.

Factors which strengthened the WTI oil price in December:

- **Improving US fundamental refinery utilization and inventory data**

During the month, we witnessed lower oil inventory levels at Cushing, Oklahoma (falling from 40.6 million barrels to 39.6 million barrels), lower US crude oil inventory levels (falling from 386 million barrels to 361 million barrels) and higher refinery utilization levels (averaging over 92% for the month, the highest level of utilization for the year). These three effects would have all had a positive effect on WTI oil prices, without necessarily affecting global oil prices. We note that there is some seasonality to US inventory data as refiners often 'run down' their crude oil and product inventories for tax and accounting purposes at the end of the year.

- **Improving US oil product demand data**

A more structural, although still US-centric, issue is the consistently stronger demand data for US crude oil products. The 4 week average 'US petroleum products product supplied' data is now registering a 5.3% year over year (yoy) growth rate, having consistently been above 4% yoy for the last 7 weeks. The 4 week average total demand level is now over 20 million barrels per day.

Factors which were neutral to the WTI oil price in December:

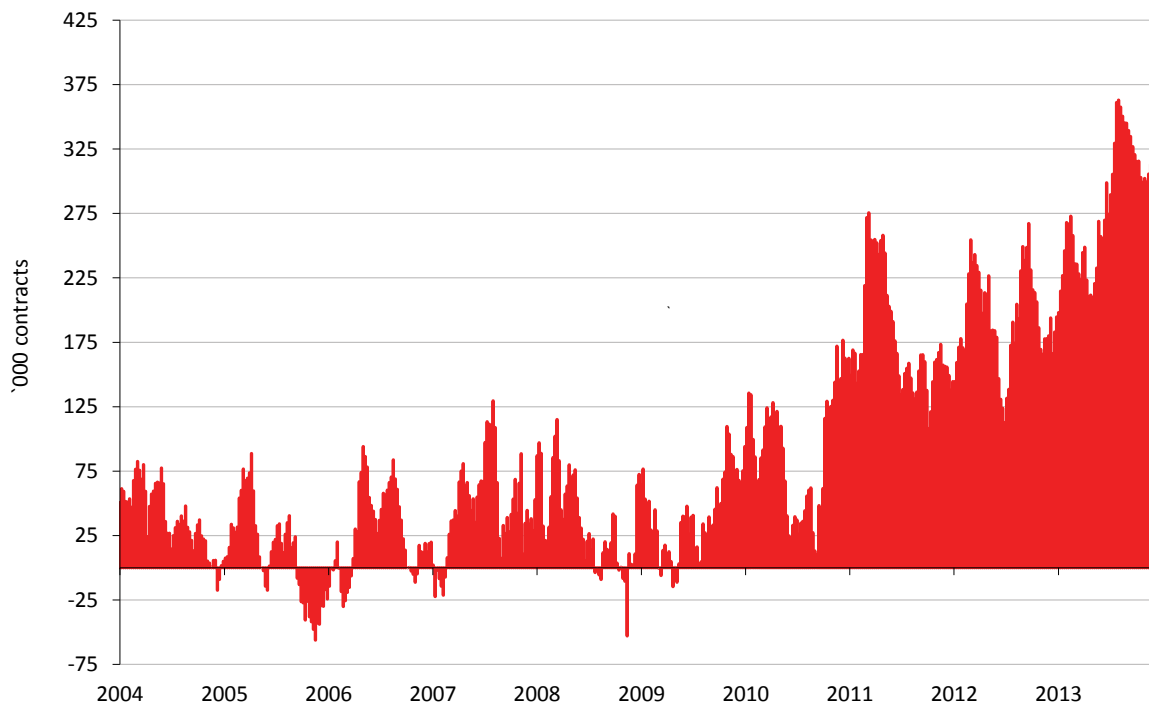
- **Preliminary OECD inventory data implies very strong global oil demand**

Early in January, we saw preliminary OECD oil inventory data for Q4 2013 which implies a particularly robust global oil demand environment in Q4 2013. While we still need to review the data in detail, initial signs show that OECD inventories fell by more than 100m barrels in the quarter, which is nearly double the usual Q4 inventory draw. If this data is confirmed, then global oil demand was probably in the order of 92-93m b/day in Q4, a level which we believe is much higher than broad market estimates and which could lead to increases in oil demand estimates for both 2013 and 2014.

Speculative and investment flows

The New York Mercantile Exchange (NYMEX) net non-commercial crude oil futures open position rose during December, having declined steadily since July 2013. It started the month at 308,000 contracts long and ended the month at 353,000 contracts. We regard a net long position over 353,000 contracts to still be relatively high – any unwinding is likely to dampen the WTI price.

Figure 2: NYMEX Non-commercial net futures contracts: WTI January 2004 – December 2013



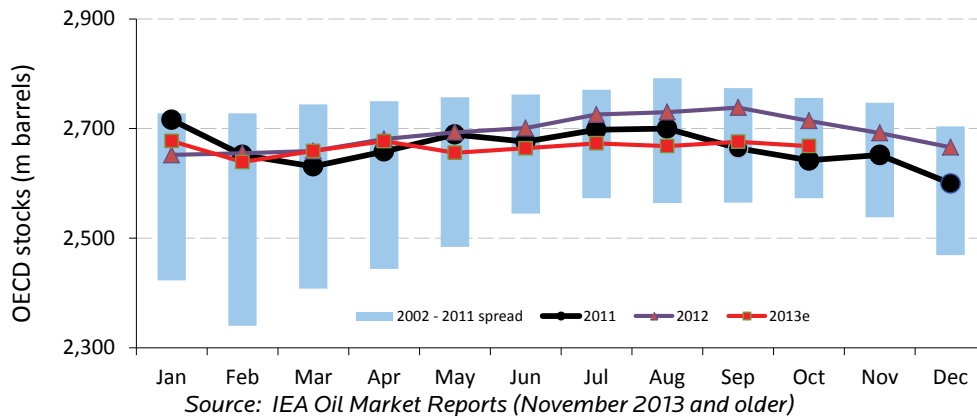
Source: Bloomberg LP/NYMEX (December 2013)

OECD stocks

OECD total crude and product stocks for October 2013 (published in the December 2013 International Energy Agency (IEA) Oil Market Report) were confirmed at 2,684 million barrels, implying a smaller than normal fall of 12.1 million barrels during the month. Over the preceding ten years, the average inventory draw in October was 9 million barrels.

Since May, OECD oil inventories have remained surprisingly flat, versus a seasonal trend of building and the drawing. Total OECD inventories now sit in the middle of the 10 year high-low range and between the levels seen in 2011 and 2012. We believe that OPEC would like to manage supply so that OECD inventories remain comfortably within the 10 year range: a further tightening could prompt to Saudi et al to raise production.

Figure 3: OECD total product and crude inventories, monthly, 1998 to 2013



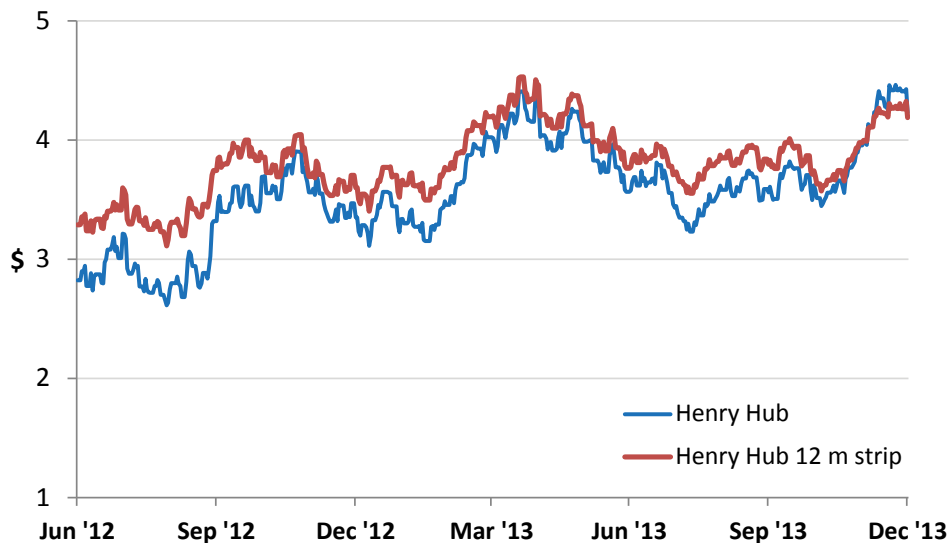
2. Natural Gas Market

The US natural gas price (Henry Hub front month) started December at \$3.95 per Mcf (1000 cubic feet), and traded up to a high for the month (and the year) on December 23rd of \$4.46 per Mcf. The price then declined over the final week of December to close at \$4.23.

The spot gas price has more than doubled from a low of \$1.84 in April 2012. The price averaged \$3.73 in 2013, well above the 2012 average of \$2.75 but down on the 2010 and 2011 averages of \$4.38 and \$4.00 and significantly below the average in each of the previous 5 years (2005-2009).

The 12-month gas strip price (a simple average of settlement prices for the next 12 months' futures prices) rose over the month by 5% from \$3.98 to \$4.19. The strip price averaged \$3.92 in 2013, having averaged \$3.28 in 2012, \$4.35 in 2011, \$4.86 in 2010 and \$5.25 in 2009.

Figure 4: Henry Hub Gas spot price and 12m strip (\$/Mcf) June 30, 2012 to December 31, 2013



Source: Bloomberg LP

Factors which strengthened the US gas price in December included:

- **Cold weather across the US**

An extremely cold start to the US winter, the effects of which were first felt in November, continued in December, resulting in sharply higher gas demand for heating. As a result, the total withdrawal of gas from storage over the month was 640 Billion cubic feet (Bcf) (circa (c) 21.5% of total gas in storage), which was 42% higher than the average December withdrawal over the last 5 years of 452 Bcf. While the positive effect of cold weather on demand is only a temporary factor, the resulting tightening of gas inventories (which now sit 9% below their 5 year average) is a useful prop for the price going into 2014.

- **Canadian Liquefied Natural Gas (LNG) export approvals**

The National Energy Board (NEB) of Canada granted four 25 year LNG export licenses in December. The four licenses (Pacific Northwest LNG, WCC LNG, Prince Rupert LNG, and Woodfibre LNG) add to around 8 Bcf/day, bringing the total amount of LNG approved for export from to Canada to around 15 Bcf/day. Ultimately, we expect an amount of nearer 5-7 Bcf/day to be exported, but the approvals nevertheless increase the likelihood that there will be meaningful demand for North American natural gas via this channel.

Factors which weakened the US gas price in December included:

- **US onshore production**

The October data (latest available) from the Energy Information Agency indicated that total US natural gas production (Lower 48 States) was up, rising by 0.7 Bcf/day month-on-month. Total onshore production rose by 0.9 Bcf/day month-on-month, implying that offshore production declined slightly. Year-on-year production is up by 1.5 Bcf/day (0.7%), lower than the 3.0 Bcf/day (4.3%) growth reported over the previous 12 months: the depressed price and low rig count is having some effect here.

- **Very long-term forecasts for US natural gas production being revised higher**

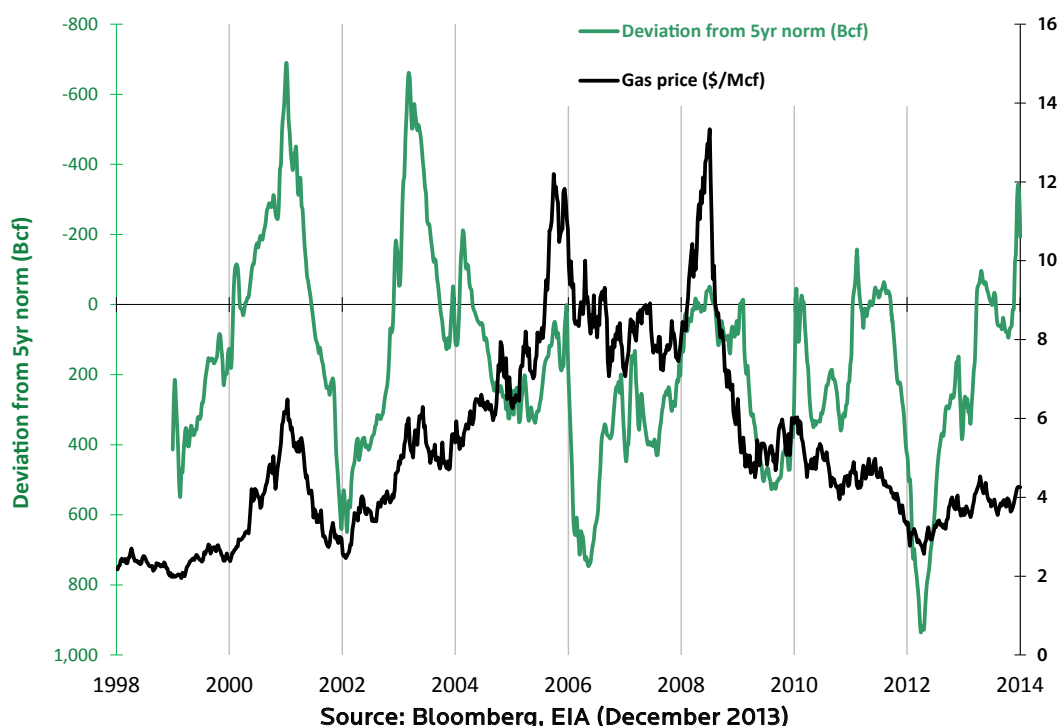
The US Energy Information Administration (EIA) published their annual outlook for natural gas in December. The EIA have revised their 2025 production estimate higher by 11.5% versus the outlook they published 12 months ago. What is happening to US gas production in 2025 is anyone's guess but we acknowledge the EIA's nod towards the prospectivity of the US's shale oil reserves being pushed higher. Whether the production growth that the EIA forecasting materialises is, in a large part, a factor of price: we believe the current price is too low for full scale development to take place.

Overall, recent indicators show the US gas market to be broadly balanced, adjusting for the impact of weather. Our analysis of injections of gas into storage implies that the market has shifted over the past 6 months from slight oversupply (May to July) to being neither over or undersupplied (September to December).

Natural gas storage

Swings in the supply/demand balance for US natural gas should, in theory, show up in movements in gas storage data. The following graph shows the 12 month gas strip price (in black) against the amount of gas in storage expressed as the deviation from the 5 year storage average (in green). Swings in storage have frequently been a leading indicator to movements in the gas strip price.

Figure 5: Deviation from 5yr gas storage norm vs gas price 12 month strip (H. Hub \$/Mcf)



The surplus of gas in the second half of 2008 and 2009, a result of oversupply during the recession, can be seen in gas storage data, with the inflection point in storage occurring in July 2008 and the storage line moving from negative (i.e. deficit) to positive (i.e. surplus) territory over this 18 month period. This coincided with the gas strip price falling from a peak of over \$13 in July to below \$5. An unusually cold 2009/10 winter boosted demand and pushed the gas storage level back into balance, only for oversupply to persist again for much of the rest of 2010. A cold 2010/11 winter followed by a hot 2011 summer tightened storage again, with storage levels staying around the 5 year average for much of this period.

The very mild 2011/12 winter (in combination with rising production) caused gas storage levels to balloon to record levels, driving prices down to their lowest levels for a decade. Since then coal-to-gas switching and shut ins and the sharp rig count drop have worked in the other direction, seeing gas prices rising from their sub \$2 lows in April 2012 to around \$4.30 now. Most recently, gas in storage has tightened considerably, though much of this can be attributed to an extremely cold start to the 2013/14 winter rather than a structural tightening.

We watch movements in gas storage closely as a tightening from here, weather adjusted, is likely to be a coincident indicator for the start of a sustained gas price recovery.

3. Manager's Comments

First, we would like to wish all our investors a very happy and prosperous New Year.

Second, we want to share with you some 'big picture' thoughts on the energy markets. We will discuss here what happened in 2013, what we can learn from it and what might the next 12 months hold for us as investors in, and interested observers of, the energy markets?

- **Oil was strong in 2013, with the Brent (global) oil price averaging above \$100 for the third year in a row.** WTI averaged \$98 in 2012, \$10 lower than Brent. The spread between WTI and Brent, driven principally by an oversupply of US domestically produced oil and a shortage of suitable refining capacity, narrowed from \$18 in 2012.
- **The three dominant themes for oil markets last year were:**
 - i) Another year of healthy global oil demand, up 1.2 m b/day.** Non-OECD demand growth was fine at 1.2m b/day, and perhaps more surprising was the strength of OECD demand, flat overall and the first year since 2010 that it has not declined.
 - ii) Growing Shia-Sunni tensions and an unwinding Arab Spring in the Middle East.** Sanctions continued to depress Iranian production; Libyan production dropped by over 1m b/day in the second half of the year as tensions rose and Iraqi supply stalled.
 - iii) Continuing robust US shale oil production growth, up by around 1m b/day.** The drivers again were the Bakken, Eagleford and Permian basins.
- **2013 was a second year of moderate recovery for US natural gas** following the 2008-2011 "bust". In 2013, the US natural gas price averaged \$3.73/mcf, versus \$2.75/mcf in 2012. Onshore gas production growth, the main cause of the depressed price over the last three years, moderated, but associated gas from oil production accelerated. The year ended with prices close to a three year high. Gas prices outside the US continued to remain very firm, with European and Asian prices at around \$10-11/mcf and \$15-17/mcf. Global natural gas demand grew by around 3% (9 Bcf/day).
- **For energy companies, it was a strong year for the US oil sector and a relatively weak one for companies operating outside the US.** We saw a swathe of restructuring, improved capital discipline and improved capital efficiency (lower well costs and better productivity) for the US large and mid-cap Exploration & Production (E&P) sector; positive knock-on effects for onshore US service companies; and a third year of strong refining margins for US domestic refiners. It was not so pretty for the non-US companies, as exploration disappointed in Africa, oil development projects were delayed and cancelled in the North Sea and other deep water areas, European refining margins were in the doldrums and Canadian oil realizations were depressed.
- **Overall, the energy sector has underperformed the broad market for the last 33 months (i.e. since end March 2011).** It is the second longest period of relative underperformance since 1980. Over this period, the MSCI World Equity index is up 34.7% and the MSCI World Energy Index is up only 7.9%. Since June 2013 the performance of smaller cap stocks, service companies and refiners has picked up but the large caps have remained weak. However, we are pleased with the Guinness Atkinson Global Energy Fund's performance this year relative to our benchmark (see performance chart on following page).
- **We expect the oil price to remain firm in 2014, with prices trading mostly in the \$90-110 range, and Brent at around a \$10 premium to WTI.** The mid-point of our trading range is \$100 which equates to global crude oil demand spend at around 4.3% of world GDP (gross domestic product). This is more or less what we've seen paid for oil on average over the last 40 years. It is a level that will not bring the world economy to a grinding halt, and it is a price that, from OPEC's point of view, looks profitable to them but fair. We expect Saudi will remain in over-production mode for as long as supply remains fairly tight, while their ability to put a floor under the price should Brent fall much below \$100 remains strong.

- **Commentators are over-focussed on US shale oil production growth and the prospect of US “energy independence”.** We expect US onshore oil production to grow by a further 2-3m b/day between now and 2017, implying that US shale oil would become in total a 5-6m b/day resource. This must be weighed against the even stronger rise in global oil demand expected over the same period. Meanwhile other non-OPEC countries struggle to grow meaningfully in the face of their natural declines and the redirection of capital to the US.
- **The political backdrop to OPEC’s actions is as complicated to assess as it has ever been.** Saudi, the UAE and Kuwait sit at center stage of the oil market. We see them coping with whatever Iran, Libya and Iraq throw at them in the future in terms of recovering production. However, the development of an Al Qaeda enclave - the Islamic State of Iraq and Syria (“ISIS”) threatens future Iraq production growth. This may prove more negative for OPEC’s prospective production than Iran’s potential sanctions lifting is positive.
- **Oil demand growth in 2014 is likely to match or exceed the 1.2m b/day achieved in 2013,** a combination of flat to slightly up in OECD countries and growth of 1-1.5m b/day in the non-OECD region. 10m b/day of demand growth to 2020 is plausible as growth in the world vehicle population accelerates.
- **We think it likely that the oil price could rise from here gradually at something like inflation (or higher) leading to oil prices closer to \$150 by the end of the decade.** \$150 oil in 2020 should equate to an oil bill which is less than 5% of world GDP, which we think is sustainable.
- **The underperformance of energy equities since March 2011 seems to reflect a view that the commodity super-cycle is over. We think this is too simplistic.** The more likely evolution of the commodity cycle is that the demand for infrastructure commodities (copper, aluminium, iron ore) may well level off and prices weaken as productive capacity is added and China moves from ‘investment-led’ growth to ‘consumption-led’ growth. Typically, however, the next stage of the cycle is that commodities that are in growing demand by consumers (such as energy and agricultural commodities) continue to strengthen further.
- **The energy markets are still cautious, which may present a real buying opportunity for investors;** the Brent oil forward curve implies a price of around \$80/barrel in real terms in 2018 while our portfolio of energy equities trades on a 2014 consensus PE ratio of just 11.1x, 30% below the broad market’s P/E of 15.9x. We just don’t see the Brent forward curve as being the likely 2018 outcome and believe that oil prices are much more likely to be around \$120/barrel in real terms, and even higher in nominal terms. By that time. If we are right, then it is likely that energy equities will have re-rated versus the broad market and, in the process, delivered some very robust absolute and relative performance.

4. Performance – Guinness Atkinson Global Energy Fund

The main index of oil and gas equities, the MSCI World Energy Index, was up by 3.00% in December. The S&P 500 Index was up by 2.52% over the same period. The Fund was up by 1.19% over this period, underperforming the MSCI World Energy Index by 1.81% (all in US dollar terms).

Within the Fund, December's stronger performers were Carrizo, Valero, Patterson, Unit, Statoil and Exxon. Poorer performers were Newfield, Penn Virginia, Petrochina, Apache and QEP.

Performance as of December 31, 2013

Inception date 6/30/04	Full Year 2009	Full Year 2010	Full Year 2011	Full Year 2012	1 year (annualized)	Last 2 years (annualized)	Last 5 years (annualized)	Since Inception (annualized)
Global Energy Fund	63.27%	16.63%	-13.16%	3.45%	24.58%	13.48%	16.33%	13.43%
MSCI World Energy Index	26.98%	12.73%	0.71%	2.54%	18.98%	10.26%	11.71%	10.50%
S&P 500 Index	26.47%	15.06%	2.09%	15.99%	32.36%	23.63%	17.69%	7.40%

Source: Bloomberg

Gross expense ratio: 1.35%

Performance data quoted represent past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. For most recent month-end and quarter-end performance, visit www.gafunds.com or call (800) 915-6566.

The Fund imposes a 2% redemption fee on shares held for less than 30 days. Performance data does not reflect the redemption fee and, if deducted, the fee would reduce the performance noted.

5. Portfolio – Guinness Atkinson Global Energy Fund

Buys/Sells

There were no buys or sells in December.

Sector Breakdown

The following table shows the asset allocation of the Fund at **December 31, 2013**.

(%)	31 Dec 2007	31 Dec 2008	31 Dec 2009	31 Dec 2010	31 Dec 2011	31 Dec 2012	31 Dec 2013	Change YTD
Oil & Gas	103.5	96.4	96.1	93.2	98.5	98.6	95.6	-3.0
Integrated	66.2	53.7	47.2	41.2	39.6	39.1	39.6	0.5
Exploration and production	25.8	28.7	32.0	36.9	41.5	41.6	36.8	-4.8
Drilling	8.1	5.2	8.4	6.3	6.0	7.4	6.8	-0.6
Equipment and services	3.4	6.4	5.4	5.3	6.6	7.1	9.0	1.9
Refining and marketing	0.0	2.4	3.1	3.5	4.8	3.4	3.4	0.0
Coal and consumables	2.5	2.3	0.0	0.0	0.0	0.0	0.0	0.0
Solar	0.0	0.0	0.0	3.2	1.2	1.2	2.8	1.6
Construction and engineering	0.0	0.4	0.4	0.4	0.4	0.6	0.9	0.3
Cash	-6.0	0.9	3.5	3.2	-0.1	-0.4	0.7	1.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	0.0

Source: Guinness Atkinson Asset Management

Basis: Global Industry Classification Standard (GICS)

Guinness Atkinson Global Energy Fund Portfolio

The Fund at December 31, 2013 was on an average price to earnings ratio (PER) versus the S&P 500 Index at 1,806 as set out in the table. (Based on S&P 500 'operating' earnings per share estimates of \$56.9 for 2009, \$83.8 for 2010, \$96.4 for 2011, \$96.8 for 2012 and \$106.2 for 2013). This is shown in the following table:

	2009	2010	2011	2012	2013
Fund PER	16.4	10.6	10.3	11.4	12.1
S&P 500 PER	31.8	21.6	18.7	18.7	17.4
Premium (+) / Discount (-)	-48%	-51%	-45%	-39%	-30%
Average oil price (WTI \$)	\$61.9/bbl	\$79.5/bbl	\$95/bbl	\$94/bbl	\$98/bbl

Source: Standard and Poor's; Guinness Atkinson Asset Management

Portfolio Holdings

Our integrated and similar stock exposure (c.40%) is comprised of a mix of mid cap, mid/large cap and large cap stocks. Our five large caps are Exxon, BP, Chevron, Royal Dutch Shell and Total. Mid/large and mid-caps are ENI, Statoil, Hess and OMV. At December 31 2013 the median PE ratio of this group was 10.6x 2013 earnings. We have one Canadian integrated holding, Suncor. The company has significant exposure to oil sands and stands on an attractive PE of 11.2x 2013 earnings given the company's good growth prospects.

Our exploration and production holdings (c.37%) give us exposure most directly to rising oil and natural gas prices. We include in this category non-integrated oil sands companies, as this is the GICS approach. The stock here with oil sands exposure is Canadian Natural Resources. The pure E&P stocks are all largely in the US (Newfield, Devon, Chesapeake, Carrizo, Stone, Penn Virginia, Ultra, QEP and Bill Barrett) and three more (ConocoPhillips, Apache and Noble) which have significant international production. One of the key metrics behind a number of the E&P stocks held is low enterprise value / proven reserves. All of the E&P stocks held also provide exposure to North American natural gas and include two of the industry leaders (Devon and Chesapeake). In PE terms, the group divides roughly into two: (i) ConocoPhillips, Apache, Chesapeake, Devon, Newfield, Carrizo, Ultra and Stone all with quite low PEs (11x – 16x 2013 earnings); and (ii) Noble, Bill Barrett, Penn Virginia and QEP with higher PE ratios. However, all look reasonably attractive on EV/EBITDA multiples.

We have exposure to four (pure) emerging market stocks in the main portfolio, though two are half-positions. Two are classified as integrated by the GICS (Gazprom and PetroChina) and two as E&P companies (Dragon Oil and SOCO International). Gazprom is the Russian national oil and gas company which produces approximately a quarter of the European Union gas demand and trades on 3.0x 2013 earnings. PetroChina is one of the world's largest integrated oil and gas companies and has significant growth potential and advantages as a Chinese national champion. Dragon Oil is an oil and gas E&P company focused on offshore Turkmenistan in the Caspian Sea and trades on 8.5x 2013 earnings. SOCO International is an E&P company with production in Vietnam and exploration interests across East Africa in Angola, Democratic Republic of Congo and the Republic of Congo.

We have useful exposure to oil service stocks, which comprise around 16% of the portfolio. The stocks we own are split between those which focus their activities in North America (land drillers Patterson and Unit on 21.5x and 13.6x 2013 earnings) and those which operate in the US and internationally (Helix, Halliburton and Shawcor on 11x – 22x 2013 earnings).

Our independent refining exposure is currently in the US in Valero, the largest of the US refiners, which is currently trading at significant discount to book and replacement value. Valero has a reasonably large presence on the US Gulf Coast and is benefitting from the rise in US exports of refined products seen in recent times.

Our alternative energy exposure is currently a single unit split equally between two companies: JA Solar and Trina Solar. Both were loss making in 2012 and 2013 due to sharp falls in solar prices during the year but the prospects for a return to profitability over the next 12 months are improving. Trina is a Chinese solar module manufacturer and JA Solar is a Chinese solar cell manufacturer. Some measure of their continued recovery potential may be indicated by their 2010 PEs of 4.1x and 1.2x respectively.

Portfolio at December 31, 2013

Guinness Atkinson Global Energy Fund 31 December 2013													
Stock	ID_ISIN	Curr.	Country	% of NAV	2006 B'berg mean PER	2007 B'berg mean PER	2008 B'berg mean PER	2009 B'berg mean PER	2010 B'berg mean PER	2011 B'berg mean PER	2012 B'berg mean PER	2013 B'berg mean PER	
Integrated Oil & Gas													
Exxon Mobil Corp	US 30231G1022	USD	US	3.33	15.45	13.9	11.9	26.0	16.9	12.0	12.9	13.7	
Chevron Corp	US 1667641005	USD	US	3.25	16.0	14.2	11.0	24.3	13.4	9.3	10.1	11.0	
Royal Dutch Shell PLC	GB00B03MLX29	EUR	NL	3.45	8.9	7.1	8.1	16.2	11.4	8.5	8.4	10.0	
BP PLC	GB0007980591	GBP	GB	3.26	7.3	7.4	5.9	10.3	7.1	7.1	8.8	10.6	
Total SA	FR0000120271	EUR	FR	3.47	8.1	8.2	7.1	12.9	9.6	8.6	8.2	9.1	
ENI SpA	IT0003132476	EUR	IT	3.28	6.2	6.8	6.2	12.3	9.3	8.9	8.7	13.2	
Statoil ASA	NO0010096985	NOK	NO	3.41	7.8	10.7	8.0	14.6	11.0	9.4	8.9	9.8	
Hess Corp	US 42809H1077	USD	US	3.44	15.0	13.9	11.3	43.3	16.1	13.8	14.0	14.1	
OMV AG	AT0000743059	EUR	AT	<u>3.22</u>	6.8	6.6	5.4	14.0	8.7	10.9	7.6	9.1	
				30.11									
Integrated Oil & Gas - Canada													
Suncor Energy Inc	CA8672241079	CAD	CA	3.19	15.1	15.6	11.7	35.3	23.5	10.4	11.6	11.2	
Canadian Natural Resources Ltd	CA1363851017	CAD	CA	<u>3.50</u>	24.6	17.0	11.0	14.9	14.8	15.6	22.6	15.5	
				6.69									
Integrated Oil & Gas - Emerging market													
PetroChina Co Ltd	CNE 1000003W8	HKD	HK	3.05	8.4	8.2	10.5	11.2	9.0	8.8	10.2	9.7	
Gazprom OAO	US 3682872078	USD	RU	<u>3.17</u>	nm	nm	nm	5.1	4.0	2.7	2.8	3.0	
				6.22									
Oil & Gas E&P													
ConocoPhillips	US 20825C1045	USD	US	3.26	7.12	7.30	6.63	19.53	11.92	8.31	12.38	12.05	
Apache Corp	US 0374111054	USD	US	3.16	11.8	9.9	7.7	15.5	9.3	7.2	9.0	10.5	
Bill Barrett Corp	US 06846N1046	USD	US	1.17	18.9	27.6	9.8	15.8	13.2	15.2	505.3	nm	
QEP Resources Inc	US 74733V1008	USD	US	1.21	nm	nm	nm	nm	22.2	18.7	24.7	21.8	
Ultra Petroleum Corp	CA9039141093	USD	US	1.18	15.1	19.0	8.2	12.0	9.7	8.5	11.7	13.4	
Devon Energy Corp	US 25179M1036	USD	US	3.35	9.8	8.9	6.2	17.1	10.4	10.3	19.2	14.4	
Chesapeake Energy Corp	US 1651671075	USD	US	3.37	7.5	8.5	7.6	11.0	9.3	9.7	56.0	16.1	
Noble Energy Inc	US 6550441058	USD	US	3.03	35.9	25.0	19.3	40.3	32.9	25.9	29.8	21.8	
Newfield Exploration Co	US 6512901082	USD	US	2.71	7.0	7.6	7.8	4.8	5.3	6.0	10.1	13.3	
Stone Energy Corp	US 8616421066	USD	US	1.78	12.6	6.7	6.2	15.0	17.0	8.9	12.5	11.6	
Carrizo Oil & Gas Inc	US 1445771033	USD	US	1.70	63.1	64.0	24.9	30.4	35.2	43.6	30.7	19.2	
Penn Virginia Corp	US 7078821060	USD	US	1.49	5.2	5.2	3.7	nm	nm	nm	nm	nm	
Trinity Exploration & Production PLC	GB00B8JG4R91	GBP	GB	0.38	nm	nm	nm	nm	nm	nm	nm	4.1	
Ophir Energy PLC	GB00B24CT194	GBP	GB	0.35	nm	nm	nm	nm	nm	nm	nm	nm	
Triangle Petroleum Corp	US 89600B2016	USD	US	0.29	nm	nm	nm	nm	nm	nm	nm	nm	
Pantheon Resources PLC	GB00B1255X82	GBP	GB	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
Cluff Natural Resources PLC	GB00B65YKF01	GBP	GB	<u>0.31</u>	nm	nm	nm	nm	nm	nm	nm	nm	
				#N/A									
Oil & Gas E&P - Emerging markets													
Dragon Oil PLC	IE 0000590798	GBP	GB	1.57	26.3	15.7	13.0	18.9	13.7	7.4	7.5	8.5	
Soco International PLC	GB00B572ZV91	GBP	GB	1.54	61.6	56.7	60.9	37.9	52.3	33.8	9.4	9.9	
JKX Oil & Gas PLC	GB0004697420	GBP	GB	0.94	2.4	1.9	2.4	2.5	2.8	3.3	4.5	7.7	
WesternZagros Resources Ltd	CA9600081009	CAD	CA	0.32	nm	nm	nm	nm	nm	nm	nm	nm	
Sino Gas & Energy Holdings Ltd	AU00000005EH2	AUD	AU	<u>0.17</u>	nm	nm	nm	nm	nm	nm	200.0	100.0	
				4.54									
Drilling													
Patterson-UTI Energy Inc	US 7034811015	USD	US	3.39	6.3	10.0	10.7	nm	37.4	11.7	14.2	21.5	
Unit Corp	US 9092181091	USD	US	<u>3.46</u>	7.7	9.0	7.6	19.6	17.0	12.6	12.4	13.6	
				6.84									
Equipment & Services													
Halliburton Co	US 4062161017	USD	US	3.04	23.2	20.0	23.4	38.8	25.2	15.2	17.1	16.3	
Helix Energy Solutions Group Inc	US 42330P1075	USD	US	2.91	8.1	6.9	9.5	40.0	43.9	15.4	12.5	21.8	
ShawCor Ltd	CA8204391079	CAD	CA	2.93	34.0	26.6	21.9	23.3	34.0	58.2	19.0	10.6	
Shandong Molong Petroleum Machinery Co Ltd	CNE 1000001N1	HKD	HK	<u>0.10</u>	10.8	7.5	5.0	13.8	5.4	7.5	nm	nm	
				8.98									
Solar													
Trina Solar Ltd	US 89628E1047	USD	US	1.44	nm	18.9	11.3	8.4	4.1	506.3	nm	nm	
JA Solar Holdings Co Ltd	US 4660902069	USD	US	<u>1.41</u>	10.3	27.7	41.1	nm	1.2	nm	nm	nm	
				2.85									
Oil & Gas Refining & Marketing													
Valero Energy Corp	US 91913Y1001	USD	US	<u>3.42</u>	6.1	6.5	9.3	nm	31.8	12.7	10.3	15.1	
				3.42									
Construction & Engineering													
Kentz Corp Ltd	JE 00B28ZGP75	GBP	GB	0.94	nm	40.9	41.3	40.7	28.0	21.2	17.9	15.3	
				Cash <u>0.68</u>									
				Total #N/A									
					PER 10.6	10.4	9.4	16.3	10.6	10.3	11.5	12.1	
					Med. PER 10.1	10.0	9.4	15.8	13.2	10.3	12.4	13.2	
					Ex-gas PER 10.7	10.6	10.0	17.5	10.6	10.4	10.5	11.4	

The Fund's portfolio may change significantly over a short period of time; no recommendation is made for the purchase or sale of any particular stock.

Tim Guinness
Chairman & Chief Investment Officer

Will Riley & Jonathan Waghorn
Fund investment team

For more information on the factors affecting the global energy market read our [Global Energy Outlook](#).

Commentary for our views on Alternative Energy and Asia markets is available on our website. Please [click here](#) to view.

The Fund's holdings, industry sector weightings and geographic weightings may change at any time due to ongoing portfolio management. References to specific investments and weightings should not be construed as a recommendation by the Fund or Guinness Atkinson Asset Management, Inc. to buy or sell the securities. Current and future portfolio holdings are subject to risk.

Mutual fund investing involves risk and loss of principal is possible. The Fund invests in foreign securities which will involve greater volatility, political, economic and currency risks and differences in accounting methods. The Fund is non-diversified meaning it concentrates its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund. The Fund also invests in smaller companies, which involve additional risks such as limited liquidity and greater volatility. The Fund's focus on the energy sector to the exclusion of other sectors exposes the Fund to greater market risk and potential monetary losses than if the Fund's assets were diversified among various sectors. The decline in the prices of energy (oil, gas, electricity) or alternative energy supplies would likely have a negative effect on the funds holdings.

MSCI World Energy Index is the energy sector of the MSCI World Index (an unmanaged index composed of more than 1400 stocks listed in the US, Europe, Canada, Australia, New Zealand, and the Far East) and as such can be used as a broad measurement of the performance of energy stocks. Indices do not incur expenses and are not available for investment.

The S&P 500 Index is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general.

One cannot invest directly in an index.

Price to earnings (P/E) ratio (PER) reflects the multiple of earnings at which a stock sells and is calculated by dividing current price of the stock by the company's trailing 12 months' earnings per share.

Earnings per share (EPS) is calculated by taking the total earnings divided by the number of shares outstanding.

Book Value is the net asset value of a company, calculated by subtracting total liabilities from total assets.

Enterprise value (EV) is defined as the market capitalization of a company plus debt minus total cash and cash equivalents.

EV/EBITDA is EV divided by "Earnings Before Interest, Taxes, Depreciation and Amortization" (EBITDA)

This information is authorized for use when preceded or accompanied by a prospectus for the Guinness Atkinson Funds. The [prospectus](#) contains more complete information, including investment objectives, risks, charges and expenses related to an ongoing investment in the Fund. Please read the prospectus carefully before investing.

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