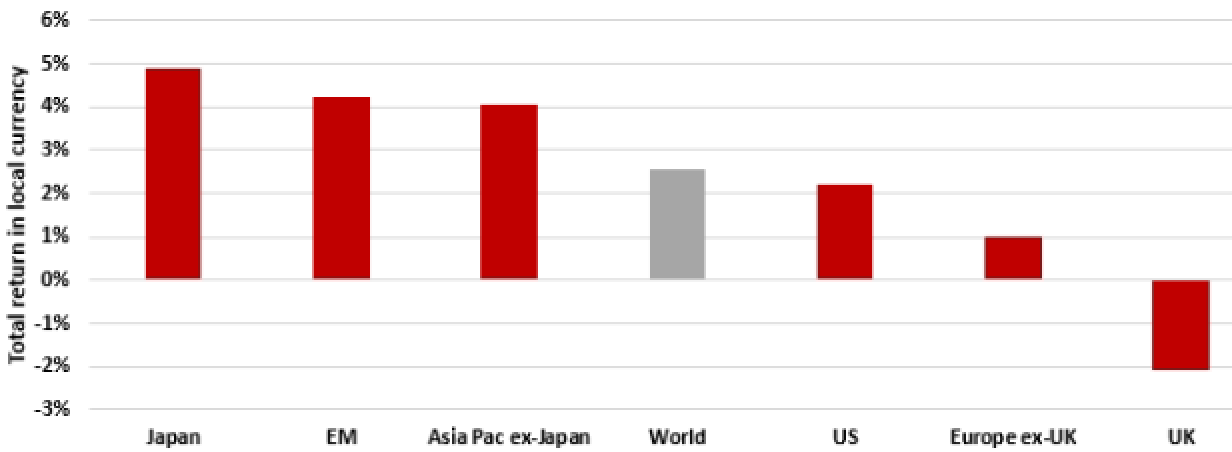
Guinness Atkinson
Dividend Builder Fund
Managers Update – November 2019

October in Review

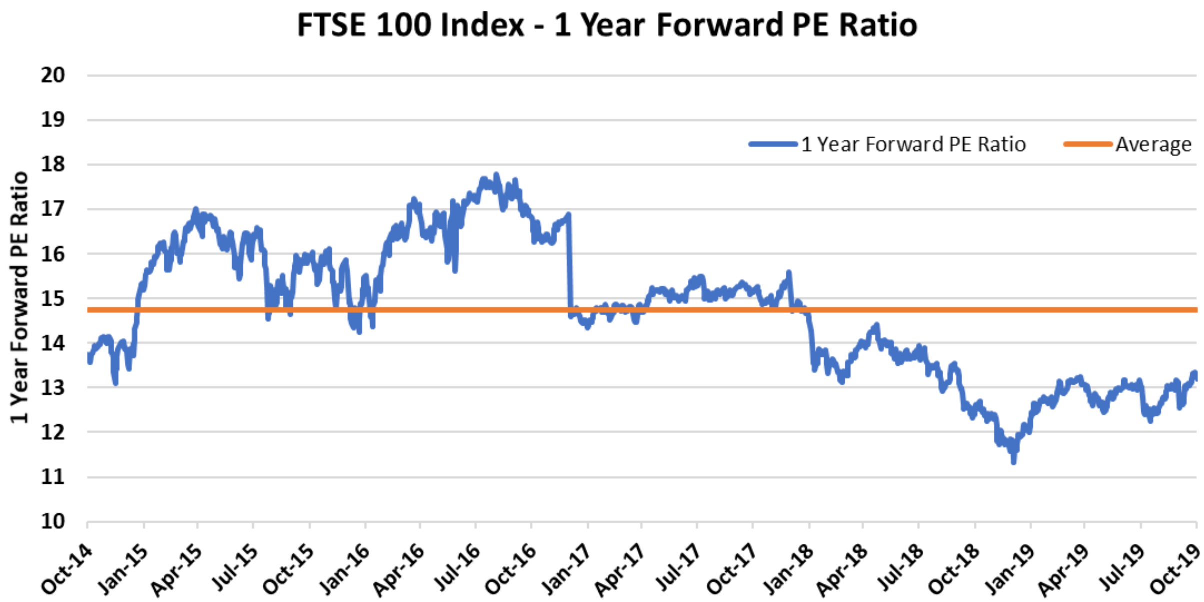
MSCI World regional indices performance: September 30th - October 31st



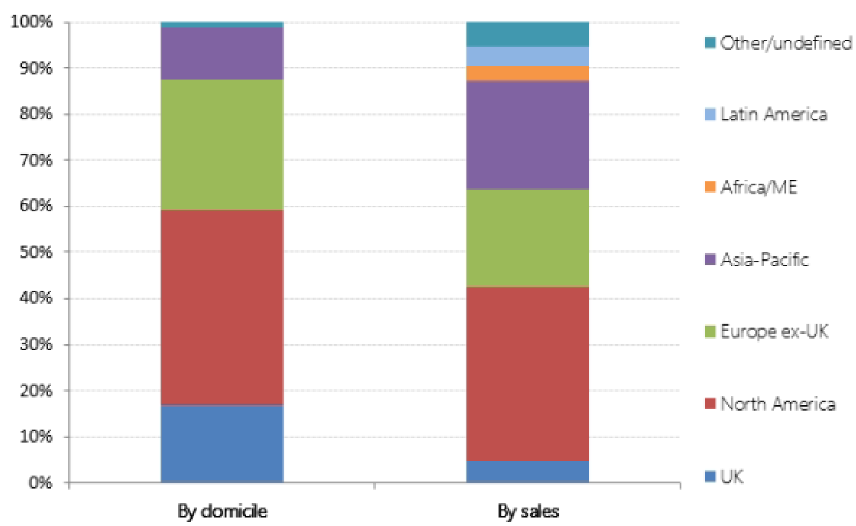
Source: Bloomberg, as of October 31st 2019

In October, equity markets rose across all regions bar the UK. The FTSE 100 Index fell sharply at the beginning of the month, posting its worst single day return in more than three years. New GDP figures showed the UK economy contracted in August by 0.1% compared to July; service PMI (The Purchasing Managers' Index) data also disappointed expectations as a reading of 49.5 signaled contraction.

Leaving the EU has proved far from straightforward for the UK. In fact, joining the EU was not a simple feat either. In 1963, General de Gaulle of France famously vetoed UK membership into the European Common market (the forerunner of today's EU). He did so again in 1967. The UK finally managed to overcome French opposition and join in 1973, only to have a referendum in 1975 on whether membership was indeed favorable – it was deemed to be so. So, ten years or more were taken to join the EU; it may well take that long to leave. If a withdrawal agreement is agreed between the UK and EU by the latest deadline (31st January 2020) there will, after that, be a substantial transition period where current EU-UK trading arrangements largely apply. Leaving with no deal is also still possible, although the chances appear slimmer. Staying in the EU, after a general election (to be held on 12th December) or a second referendum, is also not ruled out. It is this uncertainty that has led equity markets to lag, and the broad-based underperformance of the FTSE 100 has in fact led to lower market valuations versus history, on a price-to-earnings (P/E ratio) basis (though we have seen a small re-rating from the lows of late 2018).



The Guinness Atkinson Dividend Builder Fund is overweight the UK (~10%) versus the MSCI World Index. The average 1-year forward P/E ratio of the six UK-domiciled companies we hold is 12.7. This compares to the Fund's 1-year forward P/E of 16.0, and the MSCI World Index equivalent of 17.1. Arguably, a lower valuation seems justified for UK companies (FTSE 100 Index 1-year forward P/E ratio = 13.2) given the investment uncertainty presented by the Brexit saga. However, when we focus on the geographic exposure of the Fund by revenue (rather than domicile), our UK-domiciled companies are very global in nature, with a geographically-diverse revenue stream:



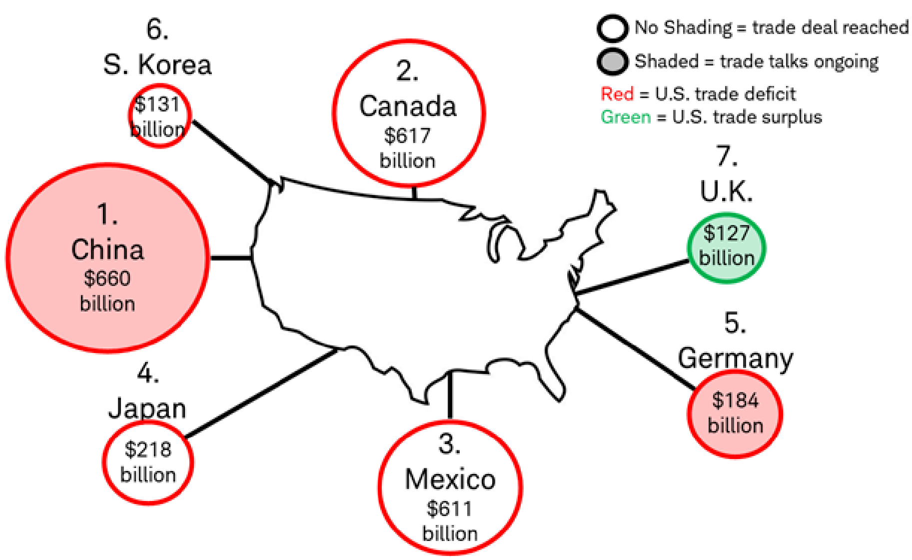
The Fund has a lower exposure to the UK when considered in revenues (about 4%) versus by domicile (about 17%)

In October, the UK equity market was the worst performing in local currency as the sharp strengthening of the Pound, on news that Boris Johnson had negotiated a revised withdrawal agreement with the EU, dragged on the FTSE 100's high proportion of global revenue earners. Nonetheless, this aided the USD performance of the FTSE 100 Index and our UK-domiciled companies.

Japan was the best performing region in October, after President Trump and Japanese Prime Minister Abe found common ground with regards to tariffs. Japan is the third largest economy in the world by GDP, behind the US and China, and agreed to a trade deal that would allow more agricultural exports from the US, and avoid new tariffs on Japanese cars exported to the US.

Lost in the escalating trade tensions with China is the fact that the US now has trade deals signed or pending with Japan, South Korea, Canada and Mexico – making up four of the US' top seven trading partners—accounting for a combined 60% of US trade.

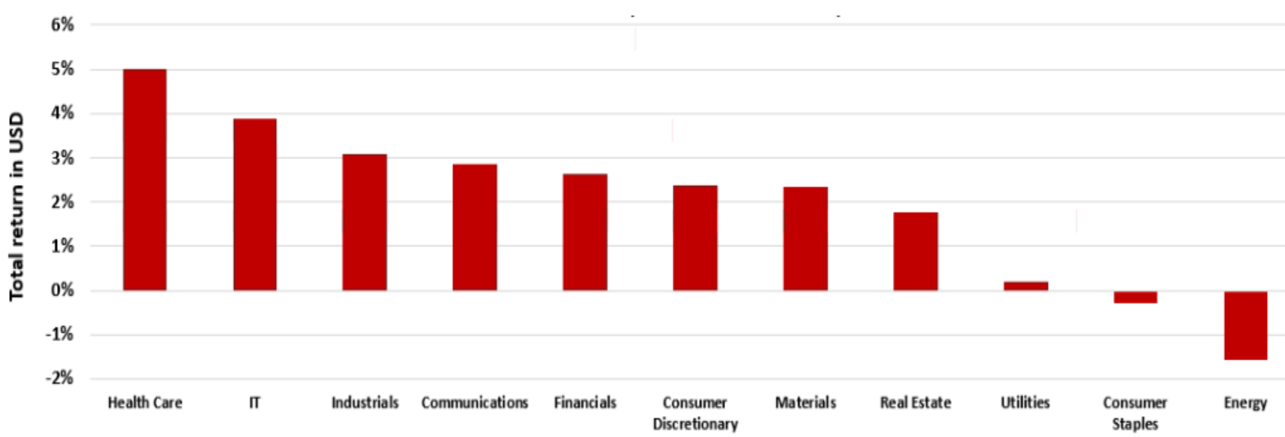
U.S. top trading partners



Source: Charles Schwab, US Census Bureau. Total trade data, in USD, for 2018

The US–Japan trade deal highlights a potential bright spot in the trade malaise. In the Fund, we currently hold one Japanese stock: Japan Tobacco, which performed better than its industry peers in October. Underexposure to Japan is predominantly because we tend to see fewer Japanese companies in our universe; many are screened out by our quality criteria which focuses on companies that have generated persistently high cashflow returns on investment.

MSCI World sector indices performance: September 30th - October 31st



Source: Bloomberg, as of October 31st 2019

In terms of sectors, Healthcare and IT were the best performers as investors were given reasons for optimism. News of the third US interest rate cut saw the US equity market close at a record high on the day. Earlier in the month the US equity market had reached another record high on rising optimism for a "Phase One Trade Deal" with China; the increasingly positive trade rhetoric also lifted equity markets across EM and Asia too.

Further, October saw a raft of solid corporate earnings. By the end of the month, of the 383 companies in the S&P 500 Index which had reported earnings, more than 80% beat analyst estimates. This is higher than the historical average.

The Energy sector remained the laggard as the US's shale oil boom slows. While Real Estate, Utilities and Consumer Staples had performed well over the summer as concerns around recession mounted, they have since trimmed their gains. While we did not own companies within the Real Estate and Utilities sectors, we were overweight Consumer Staples. Good stock selection offset the negative allocation effect, so the sector neither added nor detracted from performance in the month.

The Fund's overall outperformance in the month was in fact driven by strong stock selection particularly within our Industrials exposure. Fund holdings include: Randstad (+12.7% in USD), BAE Systems (+8%), Illinois Tool Works (+7.7%), Schneider Electric (+5.8%), Eaton (+5.6%) and United Technologies (+5.2%).

Randstad, being the standout performer, has recently benefited from a positive earnings surprise and slight increase in gross profit year-on-year. Greater profitability has somewhat reassured investors that the company's cost cutting strategy seems to be working, and that investors may have been overly pessimistic regarding the macroeconomic concerns regarding slower economic growth and job creation. The recruitment industry has historically been highly cyclical, and due to the low barriers to entry, it is notably competitive, with recruitment firms readily sacrificing margins in order to gain volume. Macroeconomic concerns have also weighed on sentiment regarding Randstad, since a slowing global economic environment could naturally be associated with less hiring.

As the second largest player in the industry with an estimated market share of 6%, Randstad has benefited greatly from both economies of scale and learned operational efficiencies over the years. This is evidenced in industry-relevant measures such as revenue per employee and revenue per branch, which have increased by 30% and 80%, respectively, over the past decade.

Staffing accounts for 52% of revenue and focuses on the recruitment of blue- or white-collar candidates. In-House Services makes up 22% of revenue and refers to on-site workforce management for skill sets with fluctuating demand; Professionals, 21% of revenue, focuses on middle- and senior-leadership positions and is an area that Randstad has been focusing on while aiming to increase profitability and reduce cyclicality.

Structural trends such as the move to more flexible work arrangements has increased the overall demand for temporary workers, as has the shift by governments toward reduced regulation surrounding temporary employment contracts. In particular, for Randstad, the trend for multinational companies to outsource HR functions as their businesses become more complex is a major boon. Given the limited number of recruitment firms with the capabilities to manage contracts on a global basis, Randstad is well placed to capitalize on this opportunity. The company also boasted a trailing 12-month dividend yield of 6.6%, which included a second consecutive, yearly special dividend. This confirmed Randstad's delivery on compelling cash returns and strong balance sheet. The company in 2017 introduced pay-out metrics for its dividends; it aims to maintain a pay-out ratio of 40-50% and will look to return additional cash to shareholders if net debt-to-ebita falls below 1x.

We made no changes to the portfolio during the month

We thank you for your continued support.

Performance

In October, the Guinness Atkinson Dividend Builder Fund produced a total return of 2.89% (TR in USD), compared to the MSCI World Net Return Index return of 2.54%. The fund therefore outperformed the Index by 0.35%.

Global equity markets rose in October due to several positive catalysts including a US interest rate cut, positive news flow around US-China trade negotiations, and a raft of upbeat corporate earnings results. Strong stock selection particularly within our Industrials exposure was the key driver aiding the Fund's outperformance in the month.

Standardized Performance

as of 10/31/19	YTD	1 YR	3 YR Annualized	5 YR Annualized	Since inception Annualized (3/30/12)
Dividend Builder Fund	20.16%	17.60%	12.28%	7.33%	9.98%
MSCI World NR Index	20.60%	12.69%	11.86%	7.58%	9.43%

as of 09/30/19	YTD	1 YR	3 YR Annualized	5 YR Annualized	Since inception Annualized (3/30/12)
Dividend Builder Fund	16.79%	6.64%	9.88%	7.02%	9.68%
MSCI World NR Index	17.61%	1.83%	10.21%	7.18%	9.17%

All returns over 1 year annualized. Source: Bloomberg, Guinness Atkinson Asset Management
Expense Ratio: 0.68% (net); 2.00% (gross)

30-Day SEC Yield as of 10/31/19: 2.14% (subsidized), 0.93 % (unsubsidized)

Performance data quoted represents 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 https://www.gafunds.com/our-funds/dividend-builder-fund/#fund_performance or call (800) 915-

6566. Total returns reflect a fee waiver in effect and in the absence of this waiver, the total returns would be lower.

The Advisor has contractually agreed to reimburse Fund expenses (excluding Acquired Fund Fees and Expenses, interest, taxes, dividends on short positions and extraordinary expenses) in order to limit the Fund's Total Annual Operating Expenses to 0.68% through June 30, 2020. To the extent that the Advisor absorbs expenses to satisfy this cap, it may recoup a portion or all of such amounts absorbed at any time within three fiscal years after the fiscal year in which such amounts were absorbed, subject to the expense cap in place at the time recoupment is sought, which cannot exceed the expense cap at the time of the waiver. The expense limitation agreement may be terminated by the Board of the Fund at any time without penalty upon 60 days' notice.

Opinions expressed are subject to change, are not guaranteed and should not be considered investment advice.

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectus contains this and other important information about the Fund, and it may be obtained by calling 800-915-6566 or visiting gafunds.com. Read it carefully before investing.

Mutual fund investing involves risk and loss of principal is possible. The Fund's strategy of investing in dividend-paying stocks involves the risk that such stocks may fall out of favor with investors and could reduce or eliminate the payment of dividends in the future or the anticipated acceleration of dividends could not occur. The Fund invests in foreign securities which will involve greater volatility and political, economic and currency risks and differences in accounting methods. This risk is greater in emerging markets. Medium- and small-capitalization companies tend to have limited liquidity and greater price volatility than large-capitalization companies.

Top Fund Holdings as of 10/31/2019:

1.	ANTA Sports Products Ltd	3.21%
2.	United Technologies	3.02%
3.	Illinois Tool Works Inc	3.02%
4.	BAE Systems PLC	2.94%
5.	Novo Nordisk A/S	2.94%
6.	WPP PLC	2.93%
7.	Deutsche Boerse AG	2.93%
8.	Broadcom Inc	2.93%
9.	Roche Holding AG	2.90%
10.	Taiwan Semiconductor Manufacturing Co Ltd	2.88%

Current and future fund holdings and sector allocations are subject to change and risk and are not recommendations to buy or sell any security.

Growth stocks typically are more volatile than value stocks; however, value stocks have a lower expected growth rate in earnings and sales.

The 30-Day SEC Yield represents net investment income earned by the Fund over the 30-Day period, expressed as an annual percentage rate based on the Fund's share price at the end of the 30-Day period. The 30-Day unsubsidized SEC Yield does not reflect any fee waivers/reimbursements/limits in effect.

FTSE 100 is the Financial Times-Stock Exchange 100 Share Index, which is an index that tracks the 100 largest public companies by market capitalization that trade on the London Stock Exchange (LSE).

Standard Deviation is a statistical measure of the volatility of the fund's returns. In general, the higher the standard deviation, the greater the volatility of the return.

Dividend yield is calculated by annualizing the last quarterly dividend paid and dividing it by the current share price.

Forward price/earnings (P/E) differ from trailing earnings, which is the figure quoted more often, as they are a projection and not a fact. Price-to-earnings ratio (P/E) is an equity valuation multiple. It is defined as market price per share divided by annual earnings per share.

MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed countries.

EBITA is earnings before interest, taxes and amortization, which is a measure of company profitability used by investors.

One cannot invest directly in an index.

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