Guinness Atkinson
Global Innovators Fund
Managers Update – February 2020

January in review

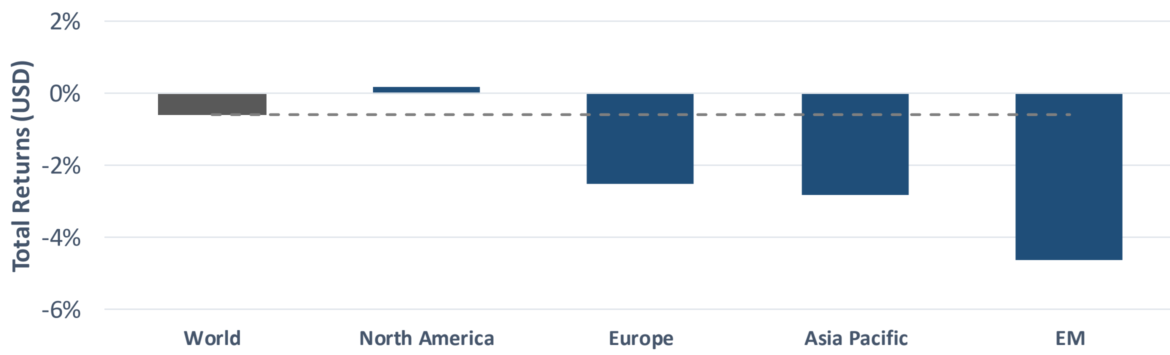
January brought about an outbreak of a new coronavirus that originated in the Chinese city of Wuhan. While China has taken measures to restrict movement in and out of the region, the outbreak coincided with the Chinese Lunar new year and as such, the increase in tourism has led to the spread to different regions including the US and UK. By the end of the month, over 17,000 cases have been confirmed globally with 362 confirmed fatalities – a mortality rate of around 2.7%. By comparison, the SARS outbreak of 2003 affected over 8,000 people and resulted in the death of 774 – a mortality rate of around 10% and significantly greater than that of the new coronavirus. While we are still in the early stages of the outbreak, China, and indeed the rest of the world, are keen to manage the situation more effectively than that the SARS outbreak: the Lunar New Year holiday has been extended around China, many flights have been cancelled to and from China and the Chinese government has responded by cutting the repo rate by 10bps and injecting $174bn into money markets to ensure sufficient liquidity in the banking system.

While the outbreak will undoubtedly cause short-term disruption to travel & tourism, consumer purchases, supply chains and economic growth in China, we believe the fund is well-positioned to weather this uncertainty:

- We do not own any stocks with revenue exposed to travel & tourism.
- We only own two domestically focused Chinese holdings: Anta Sports and New Oriental Education.
  - Anta Sports (down 2% vs MSCI China down 5.1% in USD over the month) has direct exposure being in the consumer sector. However, with 25% of revenue derived from online, this is likely to help dampen the negative effects.
  - New Oriental Education (up 0.3% in USD over the month), the provider of private tutoring services, will likely see disruption in their offline classes, however, should make use of their online portals of which they have been investing heavily in over the past few years.
- Indirect effects of the outbreak may be a slowdown in global growth which may affect more cyclical industries such as industrials and IT components. However, we reiterate that the investment theses for these holdings are underpinned by innovative themes including robotics & automation and big data, which we believe are likely to outperform in the longer-term.
- The fund aims to invest in high-quality companies with historically positive returns-on-capital and low levels of debt, which typically more likely to fair better in times of uncertainty.

Unsurprisingly, Asia Pacific and Emerging markets were the worst performing regions over the month. However, despite the fund's overweight exposure to Asia Pacific relative to the benchmark, strong stock selection from holdings including Catcher Technology (up 6.4% in USD over the month) and New Oriental (up 0.3% in USD over the month) when most Asia Pacific stocks were in the red, resulted an overall positive contribution from the Asia Pacific region.

MSCI World Regional Performance: December 31, 2019 – January 31, 2020

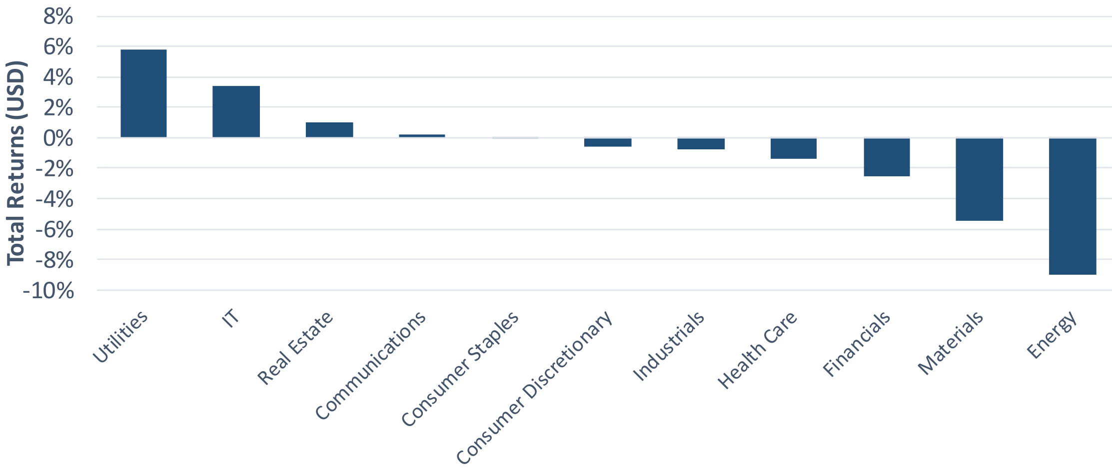


Source: Bloomberg, as of January 31, 2020

Into the US, and the signing of the 'Phase One' agreement between the US and China came as welcome news. Although the agreement does not eliminate all tariffs, it is a step in the right direction with partial rollbacks in existing tariffs and China's commitment to increasing its imports from the US, allowing greater access to its markets and better intellectual property protections. Economic news out of the US continued to point a robust backdrop: GDP grew at 2.1% over Q4 2019 and consumer confidence was up, while growth in jobs moderated but remained at a healthy level. The generally positive news enabled the US fed to leave the interest rate unchanged, at little surprise to the markets. The US ended the month as the best performing region and was the largest regional contributor to fund performance versus the benchmark. Good stock selection was the main reason as Intercontinental Exchange (up 7.8% in USD over the month) benefitted from increased volatility and some positive earnings results from holdings including Amazon (up 8.7% in USD) and Roper Technologies (up 7.9% in USD).

In Europe, mixed economic news left the region down 2.3% (MSCI Europe in USD) over the month. Contractions in the 2nd and 3rd largest economies within the Eurozone (France down 0.1% and Italy down 0.3%) left the eurozone GDP growth at just 0.1% for the last quarter. On the other hand, unemployment fell to its lowest level in almost 12 years and consumer confidence rose which reflected improving sentiment in the industrial and construction sectors. Europe was the largest regional drag on performance after broadly weak economic data and possible disruptions to supply chains as a result of the coronavirus. Indeed, a weak month for Continental (down 11.9% in USD) was the main contributor as investor's digested possible implications to the company's sales growth from China, the world's largest auto market.

MSCI World Sector Performance: December 31, 2019 – January 31, 2020



Source: Bloomberg, as of January 31, 2020

On a sector level, our overweight exposure to IT stocks was the largest drag on fund performance. Microsoft was one of the largest stock-specific drags, with the company performing well over the month, but is not currently owned in the fund (the second-largest position in the benchmark). Additionally, there were some weaker performances from our semiconductor holdings after the coronavirus outbreak created greater short-term uncertainty from the more cyclical industries. However, these holdings did recover somewhat towards the end of the month as broadly positive earnings releases from holdings such as Lam Research (up 2.0% in USD) and industry peers including Intel, lifted the industry as a whole. The fund's underweight exposures to Financials and Energy were the largest positive contributors with the sectors two of the worst performers over the month.

The best performing stock over the month was Amazon (up 8.7% in USD).

amazon.com

Amazon's performance comes on the back of stellar quarterly results that lifted the stock more than 10% on the night of release and took the company back into the $1tn club currently occupied by Apple and Microsoft. Amazon's results for the festive period far exceeded analyst expectations with net income of $3.3bn vs forecasts of $2.0bn. The results came as prime memberships rose to 150mn globally and the number of items delivered to US customers with Prime's free one-day and same-day delivery more than quadrupled in the quarter compared to last year. The company was also boosted by news that its continued investment into one-day shipping, which had looked to cost more than $1.5bn and would put pressure on margins, had come in under budget. We continue to like Amazon as it continues to think long-term and is not afraid to invest heavily in the short-term for potential long-term benefits.

The worst performing stock over the month was Continental (down 11.7% in USD).

Continental's underperformance can be attributed to generally weak Eurozone economic data and possible implications for short-term sales in the Chinese auto market - the largest in the world – after the coronavirus outbreak. Although Continental has struggled in recent times with a slowing auto market, we believe too much pessimism is now priced in. In addition, once the powertrain business has been spun out later this year, the company will be left with a high return-on-capital software business (named "Continental Automotive") focused on autonomous driving and vehicle networking technologies, together with an oligopolistic position on the tire business. Trading on 5-year low multiples with the possibility of new strength from a more refined business model, we continue to believe good upside from Continental seems likely.

Portfolio Managers

Matthew Page, CFA

Dr Ian Mortimer, CFA

Thank you for your continued support.

Summary performance

For the month of January, the Guinness Atkinson Global Innovators Fund provided a total return of -0.6% (USD) against the MSCI World Index net return of -0.6% (USD). Hence the fund performed in-line with the benchmark.

as of 01.31.2020 (in USD)	1 year	3 years annualized	5 years annualized	10 years annualized
Global Innovators, Investor Class[1]	22.94%	13.89%	10.87%	13.62%
Global Innovators, Institutional Class[2]	23.23%	14.17%	11.10%	13.74%
MSCI World Index NR	17.73%	11.45%	8.99%	9.85%

as of 12.31.2019 (in USD)	1 year	3 years annualized	5 years annualized	10 years annualized
Global Innovators, Investor Class1	37.00%	15.38%	10.28%	13.34%
Global Innovators, Institutional Class2	37.35%	15.66%	10.50%	13.45%
MSCI World Index NR	27.67%	12.56%	8.73%	9.46%

All returns after 1 year annualized.

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, https://www.gafunds.com/our-funds/global-innovators-fund/#fund_performance or call (800) 915-6566.

[1] Investor class (IWIRX) Inception 12.15.1998 Expense ratio* 1.25% (net); 1.30% (gross)

[2] Institutional class (GINNX) Inception 12.31.2015 Expense ratio* 1.00% (net); 1.13% (gross)

[2] Performance data shown for Global Innovators, Institutional Class (GINNX), prior to its launch date on 12/31/15, uses performance data from the Global Innovators, Investor Class (IWIRX).

*The Advisor has contractually agreed to reimburse 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 0.99% for the Institutional class and 1.24% for the Investor class 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 waiver. The expense limitation agreement may be terminated by the Board of the Fund at any time without penalty upon 60 days' notice.

Mutual fund investing involves risk and loss of principal is possible. Investments in foreign securities involve greater volatility, political, economic and currency risks and differences in accounting methods. These risks are greater for emerging markets countries. The Fund also invests in medium and smaller companies, which will involve additional risks such as limited liquidity and greater volatility. The Fund's focus on the technology, internet and communications sectors are extremely competitive and subject to rapid rates of change.

Securities mentioned are not recommendations to buy or sell any security.

Current and future portfolio holdings are subject to risk.

Top 10 holdings for Global Innovators Fund, as of 1/31/2020:

1. PayPal Holdings Inc	3.57%
2. Adobe Inc	3.53%
3. Samsung Electronics Co Ltd	3.50%

4. Amazon.com Inc	3.47%
5. Danaher Corp	3.47%
6. Alphabet Inc - A Shares	3.45%
7. NIKE Inc	3.43%
8. New Oriental Education & Technology Group Inc	3.42%
9. Lam Research Corp	3.39%
10. KLA-Tencor Corp	3.38%

For a complete list of holdings for the Global Innovators Fund, please visit: https://www.gafunds.com/our-funds/global-innovators-fund/

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectuses contain this and other important information and can be obtained by calling 800- 915-6565 or visiting www.gafunds.com. Read and consider it carefully before investing.

Earnings growth is not representative of the Fund's future performance.

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

One cannot invest directly in an index.

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