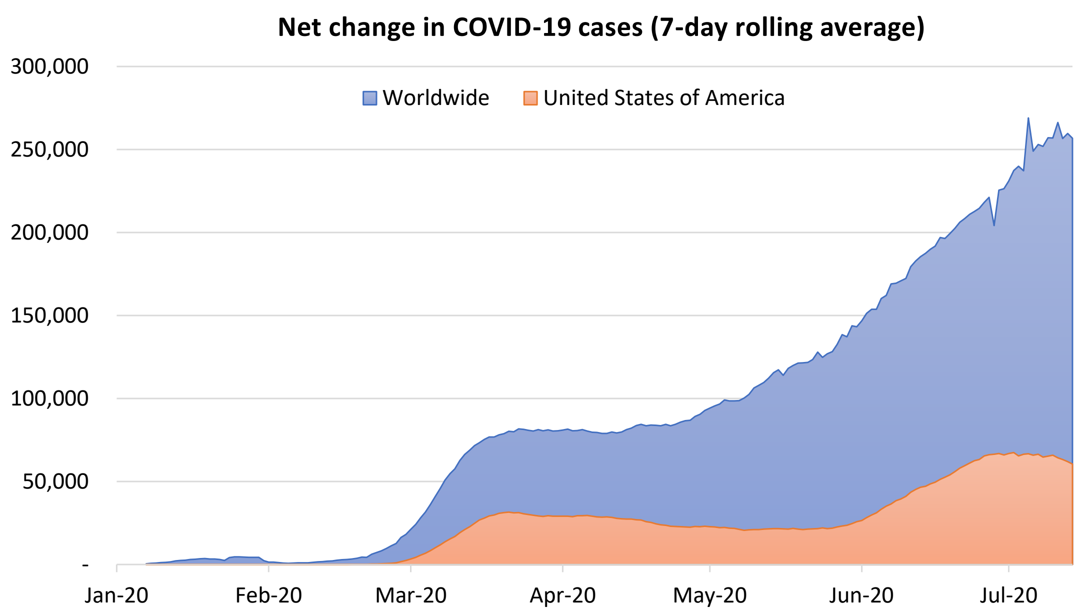
Guinness Atkinson

Global Innovators Fund

Managers Update – August 2020

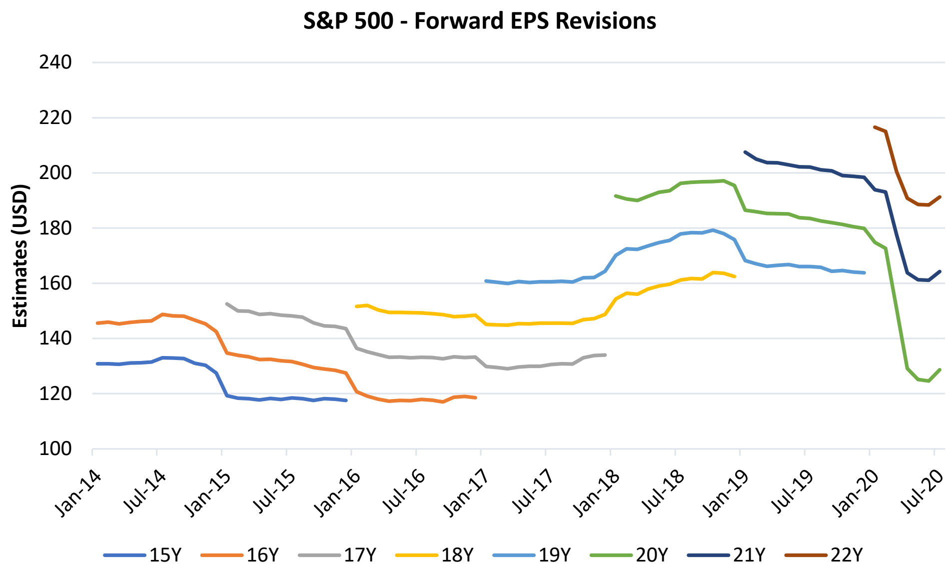
July in review:

As we moved into the 3rd quarter, governments continued to balance the re-opening of economies with the risk of an increase in the pace of infections. And indeed, in the US, new cases began to rise in June extending into July, reaching a 2nd peak more than double the average daily cases witnessed in the initial peak of early April, before showing signs of slowing towards the end of July. With new cases rising in further regions such as Spain and Hong Kong, governments have been under pressure to extend fiscal packages. With the US exhibiting a second quarter annualized GDP decline of 32.9% compared to the Q1 – the largest decline since World War II – and the Eurozone GDP falling 12.1% quarter-on-quarter – the largest quarterly decline in the Eurozone's history – central banks have also extended their monetary policies, keeping interest rates steady and in the US, ordering banks to cap dividends and halt buybacks to shore up balance sheets.



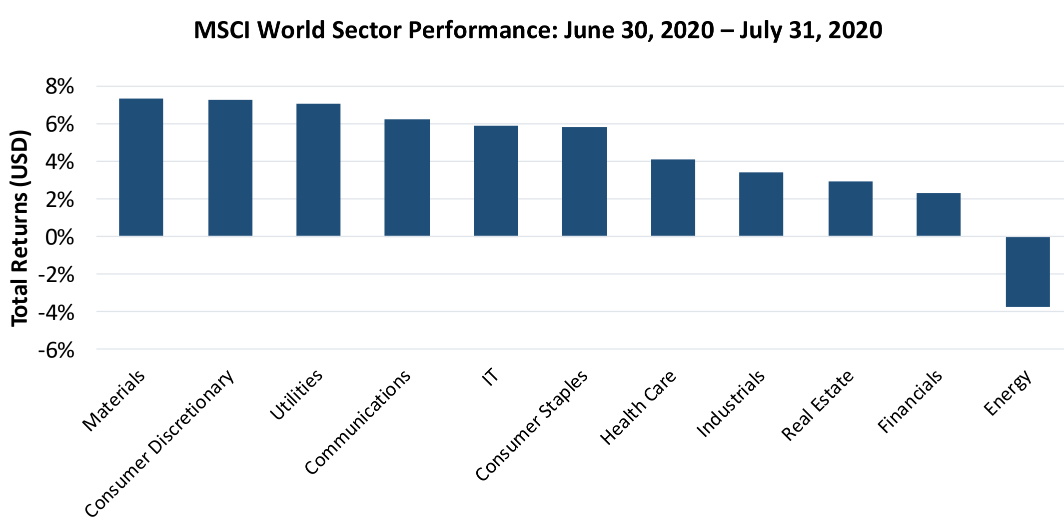
Source: Bloomberg. Data as of July 31, 2020.

However, the majority of sectors ended the month in the green (in USD terms anyway), as investors looked towards earnings season, which was fully underway in the US, however with the expectation of a ~45% year-on-year decline in second quarter earnings.



Source: Bloomberg. Data as of July 31, 2020.

With over 55% of US companies having reported by month end, average earnings were slightly better than expected leaving sector performance broadly positive with Consumer Discretionary, in particular, showing positive signs of recovery as economies began opening up again. IT, which finished the month towards the middle of the pack, continued what has been a strong year as the pandemic has accelerated many digital transformations that were underway within industries. The fund's overweight exposure to IT stocks continued to be beneficial to performance with a relatively even split from asset allocation and from stock selection. While strong performance from IT names held in the fund included Lam Research and Checkpoint software, the fund also benefitted from not owning Intel, which was down over 20% (USD) for the month after announcing further delays to its next-generation foundry operations.



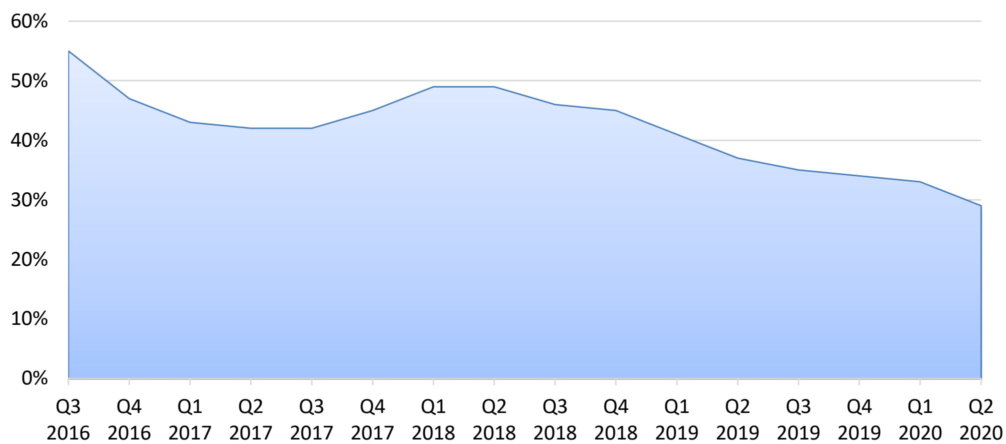
Source: Bloomberg. Data as of July 31, 2020.

Conversely, not having any exposure to Consumer Staples, Materials and Utilities provided a slight drag to performance. On a regional basis, strong stock selection from the fund's US exposure was the main contributor to the outperformance with robust performance from individual names across themes such as Lam Research and Nvidia (semiconductors), Danaher and Thermo Fisher (advanced healthcare), and PayPal (payments).

Amazon (up 14.7% USD) – some pretty good areas to be:

Amazon, the fund's 4th best performer over the month and 3rd best performer year-to-date, continued to benefit from exposure to multiple innovative themes which have benefitted from recent lockdowns. In particular, Amazon is the world's leading vendor of cloud computing infrastructure whose services have accelerated as consumers work from home and stream more content, while the company is also dominant in ecommerce which has seen strong growth on the back of high street closures. Amazon reported Q2 results on July 30th, and although the company spent more than the $4 billion of COVID-related expenses initially forecasted, it was broadly a very positive quarter. The number of video hours streamed on their platforms doubled year-over-year (YOY) (Prime Video and Twitch - the eSports streaming service), while third-party seller services revenue showed continued strength and grew faster than online stores (Amazon's own inventory). Amazon Web Services (AWS) – the company's cloud division – continued to deliver extraordinary growth, rising 29% YOY.

Amazon Web Services (AWS) year-on-year growth



Source: Bloomberg. Data as of July 31, 2020.

Semiconductors – a mixed month:

Nvidia (up 14.7% USD) was the fund's 2nd best performer over the month. While the company does not report earnings until later in August, the company continues to be one of the main enablers of the acceleration in cloud services with its graphic processing units (GPUs) required, particularly by hyperscale cloud vendors such as Amazon Web Services and Microsoft Azure, to process and aggregate large volumes of data. Towards the end of the month, it was reported that Nvidia was in talks to acquire UK chip designer Arm, from Softbank. The potential acquisition would diversify Nvidia's high-end GPU offering into central-processing units (CPUs) where Arm has been taking market share in areas including mobile phones, laptops and servers. Elsewhere in the semiconductor space, Intel (not owned in the fund), reported a further year's setback in the foundry technology required to make next-generation chips. The news sent Intel's stock down some 16% on the day, whilst TSMC, the global leader in chip manufacturing, up 10%, further solidifying its market dominance. However, semiconductor equipment manufacturers such as Lam Research (up 16.6% USD over the month), Applied Materials (up 6.4% USD) and KLA Corp (up 2.8% USD) - owned in the fund - slipped on the day as investors digested the possibility of an exit from the foundry business for Intel and subsequently lower orders for the equipment manufacturers.

The worst performer in the month was Visa (down 1.43% in USD). The payments company has been feeling the impact of COVID-19 on consumer discretionary spending. With 55% of payments volume coming from outside the US, Visa needs a cross-border transactions recovery, particularly in travel, to jump start revenue growth. Longer term, digitalization of consumer payments is Visa's core business, and remains a large and growing market. The $18 trillion still transacted with cash and checks represents a big opportunity for Visa to convert to electronic transactions, and it's doing so in three ways - expanding Visa credentials (cards), adding acceptance points (merchants) and improving engagement (customer usage, sparked by technologies such as tap- and click-to-pay).

Nike was the only other company in the Fund to post a negative return in the month (down 0.45% in USD). The world's largest shoe and apparel company has been battling supply chain disruptions and falling sales due to COVID-led store closures and global lockdowns. In Nike's fiscal 2020 (which represents the 12 months ended on May 31, 2020) the company reported a revenue decline of 4%, though the greater China market held up exceptionally well, posting 8% sales growth in the fiscal year. Nike's e-commerce operations also performed well, with fourth-quarter digital sales increasing by 75% to make up 30% of total revenue in the period. According to management, around 90% of Nike-owned stores are now open across the globe, with retail traffic improving week-over-week. The situation in China is even better, with 100% of stores open for business.

We thank you for your continued support.

Portfolio Managers

Matthew Page, CFA

Dr Ian Mortimer, CFA

Summary performance

For the month of July, the Guinness Atkinson Global Innovators Fund produced a total return of 7.43% (in USD) against the MSCI World Index net total return of 4.78%. The fund therefore outperformed the benchmark by 2.65%.

A mixed month for July, as hopes of improving economic activity with lockdowns easing in many parts were tempered by the resurgence in COVID-19 cases among certain regions, most notably the US. This was further hampered by continued tensions between the US and China as Trump deliberated over banning the Chinese social media platform Tik-Tok while China ordered the closure of the United States' consulate in Chengdu in retaliation for the closure of a Chinese consulate in Houston over spying concerns. The fund ultimately benefitted from another robust month from IT and US stocks with Checkpoint Software (up 16.7% USD) and Lam Research (up 16.6% USD) leading the pack while not owning Intel (which fell over 20% (USD) during the month) only aided in the fund's relative outperformance.

as of 07.31.2020 (in USD)	1 year	3 years annualized	5 years annualized	10 years annualized
Global Innovators, Investor Class[1]	28.12%	13.28%	13.76%	15.32%
Global Innovators, Institutional Class[2]	28.44%	13.56%	14.02%	15.45%
MSCI World Index NR	7.23%	7.52%	7.51%	9.60%

as of 06.30.2020 (in USD)	1 year	3 years annualized	5 years annualized	10 years annualized
Global Innovators, Investor Class[1]	20.65%	12.03%	11.78%	15.33%
Global Innovators, Institutional Class[2]	20.97%	12.32%	12.03%	15.46%
MSCI World Index NR	2.82%	6.69%	6.89%	9.94%

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* 1.24% (net); 1.35% (gross)

[2] Institutional class (GINNX) Inception 12.31.2015 Expense ratio* 0.99% (net); 1.21% (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, 2021. 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 7/31/2020:

1.	Tencent Holdings Ltd	4.10%
2.	Amazon.com Inc	3.72%
3.	Adobe Inc	3.64%
4.	NVIDIA Corp	3.64%
5.	Schneider Electric SE	3.57%
6.	Applied Materials Inc	3.57%
7.	PayPal Holdings Inc	3.56%
8.	Infineon Technologies AG	3.52%
9.	Lam Research Corp	3.50%
10.	SAP SE	3.48%

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.

Active share measures the extent of active management in a portfolio compared to the corresponding benchmark listed.

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