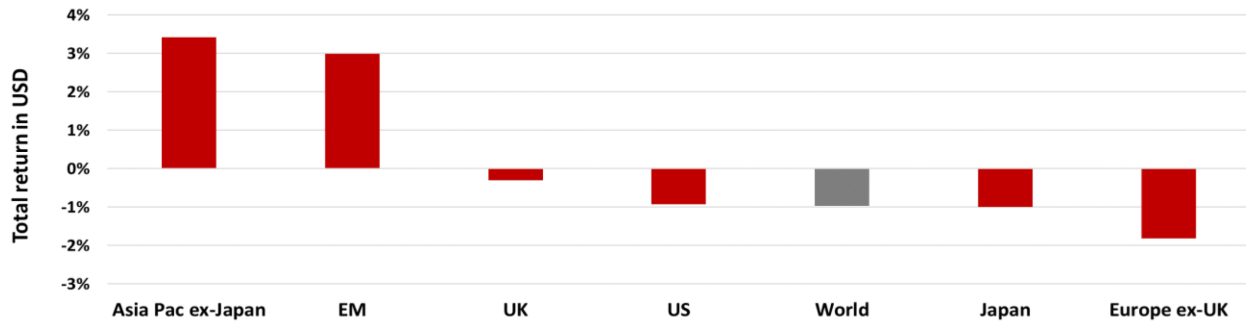
Guinness Atkinson
Dividend Builder Fund (GAINX)
Managers Update – February 2021

January in Review

After a strong start to the year, most equity markets gave up their gains as January came to a close. Developed market equities ended the month down, while Asia-Pac and Emerging Markets (EM) significantly outperformed, ending January up around 3%.

MSCI World regional indices performance: December 31st 2020 – January 31st 2021



Source: Bloomberg. As of January 31st 2021

Initially, at the turn of the year, the global roll out of vaccinations and the promise of further fiscal and monetary stimulus helped the market overlook any concerns over virus driven restrictions. In the US, stimulus expectations particularly rose after the surprise Democratic sweep in the run-off election for the two Senate seats in Georgia; this completed Biden's 'blue wave', with hold of both chambers of Congress and the White House.

Leading up to the Presidential election in early November 2020, a 'blue wave' was cited as the worst possible outcome for markets, particularly given the potential for sweeping tax reform. Come the start of January, it became clear that that such legislative reform would face higher hurdles due to the slim Democratic majority in the Senate. Markets therefore more optimistically focused on the Biden administration's $1.9 trillion "American Rescue Plan" – which is proposed on top of the bi-partisan $900 billion fiscal stimulus that was agreed in late December.

While global equity markets rose higher initially, they sputtered as it became clear that the global vaccine rollout may be progressing more slowly than desired, particularly in continental Europe. The US leads the world in total vaccine doses administered (roughly 32 million doses, or slightly less than a third of the global total), but per-capita vaccination rates remain relatively low, at sub-10% of the US population. The story is worse in other parts of the developed and emerging world, though Asian countries have generally managed to maintain lower infection rates. This has enabled a faster increase in consumer activity in the region, reflected in better economic data releases and stock market performance. China was the best performing region as GDP growth in 2020 recorded 6.5% year-on-year – back to the long term growth rate.

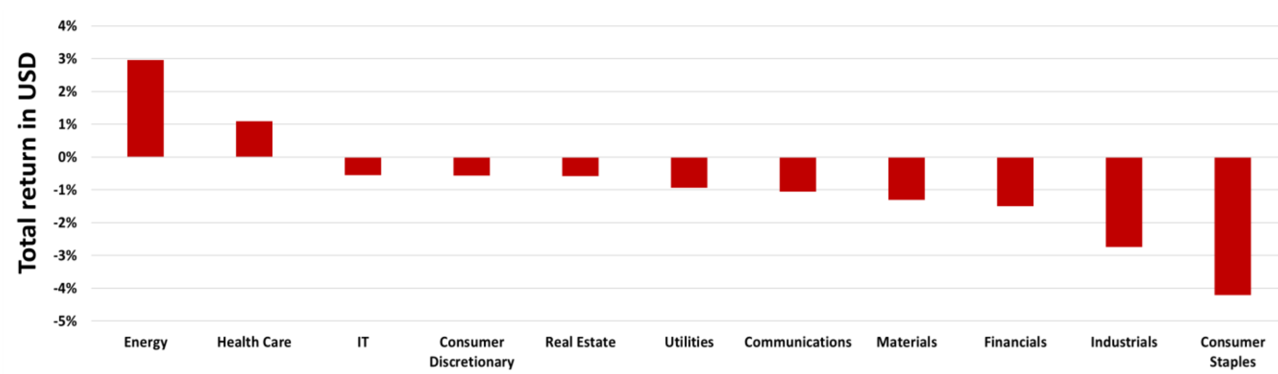
Within the Fund our EM and Asia-Pac exposure comes via three companies: TSMC (Taiwan), Anta Sports (Hong Kong) and Sonic Healthcare (Australia). All three performed well in the month.

Taiwan Semiconductor Manufacturing Company (TSMC) was the best performer in January (+11.8% in USD) after the world's leading global foundry announced a $28 billion capital investment target for 2021. This was 50% more than investors expected, and amounts to management's strong vote of confidence in demand for smartphones and high-performance computing (HPC) chips over the next three years. The capital outlay target implies 2021 sales could leap to $56 billion, 4% higher than the $54 billion consensus expects, assuming 50% capital spending intensity.

TSMC dominates the advanced node-processing foundry market with about 75% market share. The company's extreme ultraviolet lithography (EUV) process capacity is more than triple its peers such as Samsung and Intel after it spent more than $3.3 billion on 18 new EUV machines in 2019. TSMC's success in adopting the 5-nanometer node process in mass production should allow it to command a higher selling price, helping it maintain its revenue growth amid the Covid-19 pandemic. The company also has plans to start trial production of 3-nm chips in 2H 2021, and its expansion into a new semiconductor packaging business, although less profitable than chipmaking, should help to retain its market-share leadership amid increasing competition with Samsung.

VF Corp (-10.0% in USD) was the worst performer in the month. The global clothing manufacturer, whose line-up of high-profile brands includes Vans, The North Face, Timberland and Dickies, is a dividend aristocrat with 48 years of consecutive years of dividend growth. At the end of January, VF Corp reported fiscal 2021 third-quarter results that missed expectations, citing that a COVID-19 resurgence forced more retail store closures in the period. Nonetheless, the company lifted full-year 2021 guidance and sees good potential for future revenue growth from its newly acquired Supreme brand. "Digital and China" – as cited by CEO Steve Rendle – also remain key pillars of growth and management expect high-single-digit annual revenue gains through till 2024.

MSCI World sector indices performance: **December 31st 2020 – January 31st 2021**



Source: Bloomberg. As of January 31st 2021

By sector, Energy was the best performer and Consumer Staples was the worst in the month. Although OPEC+ modestly increased oil production in January, Saudi Arabia unexpectedly announced a cut in output, in turn giving crude oil prices a boost. Given the Fund has no exposure to the Energy sector and is overweight Staples, this proved a drag on relative fund performance in January.

Portfolio Changes

We made no changes to the portfolio holdings in the month.

Summary: Dividend

Leading on from the extensive dividend update provided last month, in our 2020 Annual Review, we are pleased to report that already in 2021 (in January) we have seen dividend growth announced by 5 of our portfolio companies:

- **Aflac**: Announced it will grow its dividend by 18% for 2021. This follows the 4% growth in 2020.
- **Blackrock**: Announced it will grow its dividend by 14% for 2021. This follows the 10% growth in 2020.
- **AbbVie**: Announced it will grow its dividend by 10% for 2021. This follows the 10% growth in 2020.
- **Arthur Gallagher**: Announced it will grow its dividend by 7% for 2021. This follows the 5% growth in 2020.
- **Diageo**: Announced it will grow its interim (semi-annual) dividend by 2%. Final dividend announced in August.

After seeing only 1 dividend cut last year, and 0 cancellations, we are confident that all our companies have the ability to grow their dividend in the coming year. We will carefully be monitoring the income received for the portfolio and look forward to updating you in our monthly reviews throughout 2021.

Thank you for your continued support.

Performance

In January, the Guinness Atkinson Dividend Builder Fund produced a total return of -1.80% (TR in USD), compared to the MSCI World Net TR Index return of -0.99%. The Fund therefore underperformed the Index by 0.81%.

The month started strongly for global equity markets, though ended poorly as concerns mounted over the pace of vaccine roll-outs and abnormal, targeted retail trading contributing to a rise in market volatility. Drags on the Fund came from our exposure to the Consumer Staples sector – which was the worst performer in the month – and underexposure to Asia Pac ex-Japan and EM, which continued their strong relative performance from the latter part of 2020. Notably, this was somewhat offset by good stock selection particularly within the IT sector.

as of 01/31/21	YTD	1 YR	3 YR Annualized	5 YR Annualized	Since inception Annualized (3/30/12)
Dividend Builder Fund	-1.80%	10.94%	8.40%	12.29%	10.37%
MSCI World Net NR Index	-0.99%	15.45%	8.31%	13.34%	10.45%

as of 12/31/20	1 YR	3 YR Annualized	5 YR Annualized	Since inception Annualized (3/30/12)
Dividend Builder Fund	12.26%	10.89%	12.07%	10.70%
MSCI World Net TR Index	15.90%	10.51%	12.18%	10.67%

All returns over 1 year annualized. Source: Bloomberg, Guinness Atkinson Asset Management
Expense Ratio: 0.68% (net); 1.98% (gross)

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, 2024. 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 investment company, 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. The Fund invests in small- or mid-cap companies, which involve additional risks such as limited liquidity and greater volatility than larger companies. When inflation rate is greater than expected, that markets may respond differently to changes in the inflation rate than the Advisor expects, or inflation may manifest in such a way that the Fund is unable to provide reasonable protection against inflation.

Top Fund Holdings as of 1/31/2021:

1.	Taiwan Semiconductor Manufacturing Co Ltd	3.35%
2.	Microsoft Corp	3.09%
3.	ANTA Sports Products Ltd AbbVie Inc	3.00%
4.	Danone SA VF Corp	2.98%
5.	Johnson & Johnson	2.93%
6.	Diageo PLC	2.90%
7.	Otis Worldwide Corp	2.89%
8.	Arthur J Gallagher & Co	2.84%
9.	Deutsche Boerse AG	2.83%
10.	Cisco Systems Inc	2.83%

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.

Dividend yield is calculated by annualizing the last quarterly dividend paid and dividing it by the current share price. Dividends are not guaranteed.

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

One cannot invest directly in an index.

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