

### Summary View

- Based on analysts' consensus estimates, the Fund is trading on a price to earnings ratio of 13.5x on 2023 earnings and 11.5x on 2024 earnings. The current set of holdings is trading at one of the lowest levels seen in the past decade.
- Over the past 10 years, our holdings have in aggregate grown earnings by 8% a year. Based on consensus analyst estimates, the Fund is expected to grow earnings by 23% in 2023, 17% in 2024 and 15% in 2025. At current valuations, we believe the Fund represents outstanding value to investors for the growth on offer.

### Macro Commentary

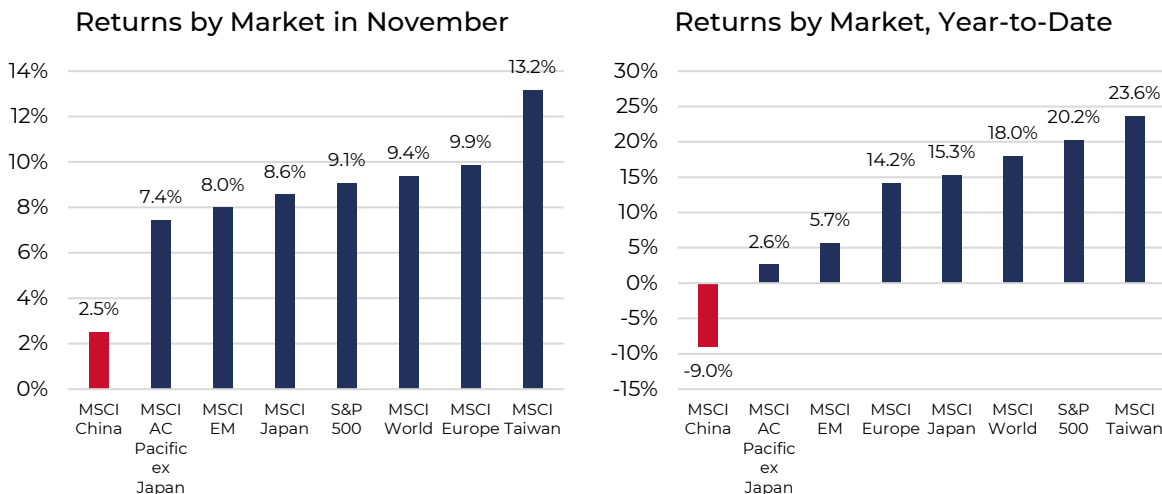
- The manufacturing Purchasing Managers Index (PMI) data again came in mixed. For November, the NBS manufacturing PMI, which is more geared towards domestic facing firms, fell by 0.1 to 49.4 (a reading below 50 indicates weakening activity). The Caixin manufacturing PMI (which has more representation from private, export facing firms) rose notably by 1.2 to 50.7 (a reading above 50 indicates strengthening activity).
- Reports suggest the People's Bank of China may supply more than CNY 1 trillion (\$141bn) for low-cost financing for affordable housing and renovation of villages. According to estimates from JP Morgan, this would fund renovation of villages for one or two years.
- Reports also indicate up to 50 large property developers may be eligible for cheaper financing, with banks potentially offering non-secured lending (i.e. not backed by collateral).
- Against the US dollar, the onshore Renminbi strengthened by 2.5% in November to end the month at a rate of USDCNY 7.14.
- Influenza and broader respiratory cases are increasing in Northern China, as apparently many people have not built up immunity due to China's lockdowns over the past few years. Baidu's (China's largest search engine) search index shows the number of searches for "influenza" has increased rapidly over the past month. In Southern China where it is much warmer than the north, while we see an increase in influenza cases, the jump it is not as strong as in the north.
- Xi Jinping met Joe Biden in San Francisco. While there were no major announcements, the fact that both sides are engaging is a positive sign from an investment perspective.
- China is becoming more active on the foreign policy front. Australian Prime Minister Anthony Albanese met Xi in Beijing, with both sides aiming to improve relations after years of rising tensions. The Foreign Ministers of China, South Korea and Japan met for the first time in nearly four years.
- In Taiwan, the opposition parties KMT (Kuomintang Nationalist Party of China) and TPP (Taiwan People's Party) failed to agree who would lead a joint campaign, resulting in both nominating their own candidates for the upcoming presidential elections in January. This is likely to boost the prospects for the DPP's (Democratic Progressive Party) candidate Lai Ching-te.

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 Managers' Update – Review of November 2023



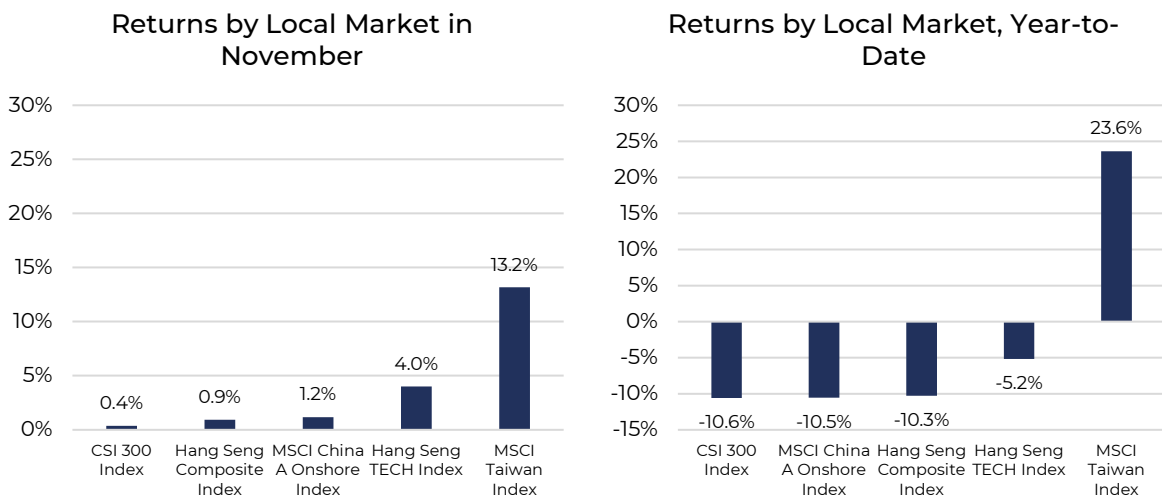
**Market Commentary**

(Performance data in the section in USD terms unless otherwise stated)



(Left chart: data from 10/31/23 to 11/30/23, right chart: data from 12/31/22 to 11/30/23 returns in USD, source: Bloomberg, Guinness Atkinson calculations)

In November, the MSCI China Index rose by 2.5% compared to the MSCI World Index which rose by 9.4%. Globally, markets rallied on growing expectations of cuts to interest rates in the US. China also rallied in the first half of the month. But in the second half of November, Chinese markets gave back some of the gains due to disappointing results from some of the large tech names such as Alibaba and Meituan, along with mixed macroeconomic data.



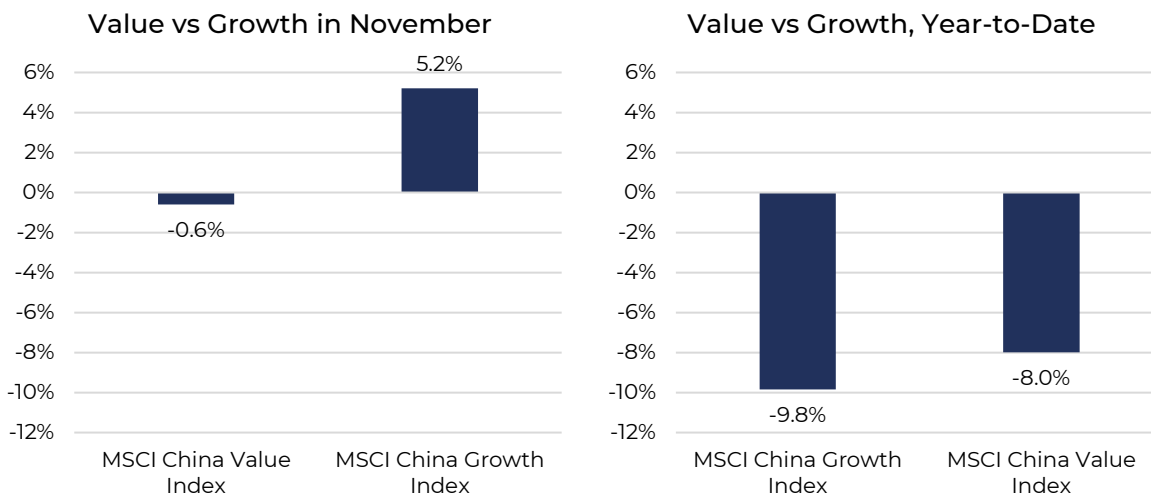
(Left chart: data from 10/31/23 to 11/30/23, right chart: data from 12/31/22 to 11/30/23 returns in USD, source: Bloomberg, Guinness Atkinson calculations)

Offshore and onshore stocks performed similarly in November, as the Hang Seng Composite Index rose by 0.9% while the MSCI China A Onshore Index rose by 1.2%. From a year-to-date perspective,

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 Managers' Update – Review of November 2023

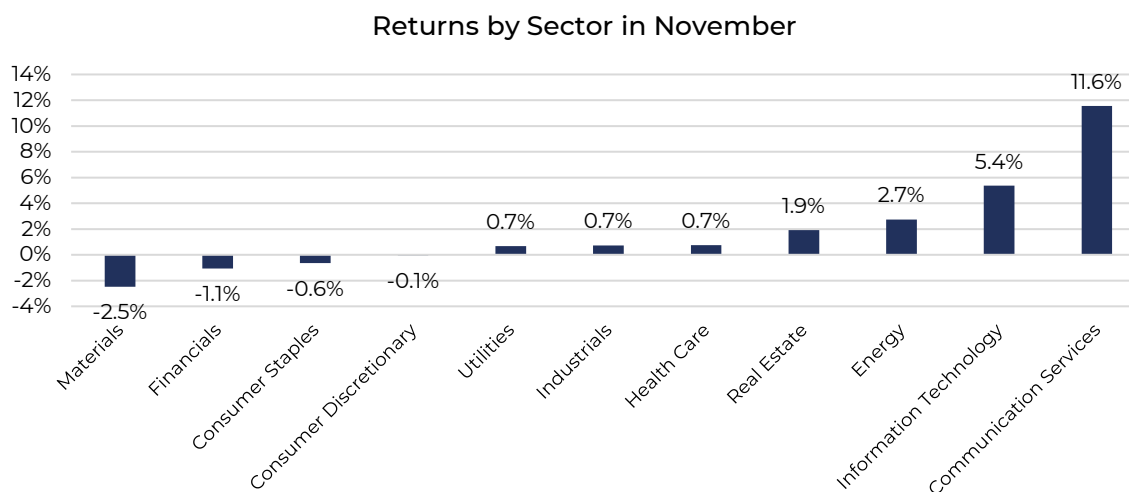


the Hang Seng Composite Index has fallen 10.3% while the MSCI China A Onshore Index has fallen 10.5%.



(Left chart: data from 10/31/23 to 11/30/23, right chart: data from 12/31/22 to 11/30/23 returns in USD, source: Bloomberg, Guinness Atkinson calculations)

Value stocks, as measured by the MSCI China Value Index, fell by 0.6% in November compared to the 5.2% rise for the growth index. This has narrowed the gap between the two indexes year-to-date, where the growth index has fallen 9.8% compared to the value index which has fallen 8.0%.



(Data from 10/31/23 to 11/30/23, returns in USD, source: Bloomberg, Guinness Atkinson calculations)

In November, the best performing sectors were Communication Services (total return +11.6%), Information Technology (+5.4) and Energy (+2.7%). Tencent and Baidu led the strength for the Communication Services sector. Tencent reported stronger than expected third quarter results, with good growth in digital ad revenue on WeChat. Video gaming revenue grew both domestically and abroad. Baidu also reported stronger than expected results with generative AI already benefiting the business, as it is now able to create ads itself based on client input. Management

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 Managers' Update – Review of November 2023

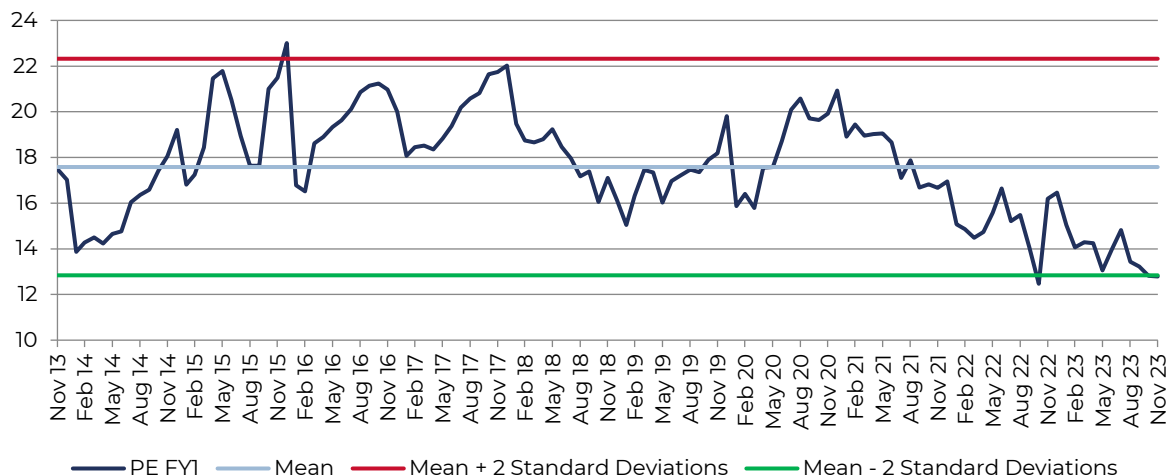


expect AI to contribute hundreds of millions of revenue (in renminbi) in the fourth quarter. Information Technology names rallied on potentially greater global consumer electronics demand, on the back of possible rate cuts in the US. Outperformers in the sector were Xiaomi, AAC Technologies, Sunny Optical and Lenovo.

The weakest sectors were Materials (total return -2.5%), Financials (-1.1%) and Consumer Staples (-0.6%). Within Materials the weaker names were linked to cement, chemicals and lithium. Within Financials, the risk of insurers' buying stakes in property developers led to weakness for Ping An Insurance Group. Within Consumer Staples, China Resources Beer and Tsingtao Brewery were the most prominent laggards.

**Outlook**

Historic Forward Year Price/Earnings Ratio for Current Holdings



(Data from 11/30/13 to 11/30/23, source: Bloomberg, Guinness Atkinson calculations)

Assuming an equally weighted portfolio, the China & Hong Kong Fund is trading on a forward year price earnings ratio of 12.8x which is two standard deviations below the current' holdings 10-year historic average. This valuation does not appear often for the high quality, compounding stocks we hold in the Fund. Over the past decade, our holdings in aggregate have grown earnings by 8% a year. Based on consensus analyst estimates, the Fund's holdings in aggregate are expected to grow earnings by 23% in 2023, 17% in 2024 and 15% in 2025. At current valuations, we believe this represents outstanding value to investors for the growth on offer.

Edmund Harriss (portfolio manager)

Sharukh Malik (portfolio manager)

## Performance

Relative to MSCI China Index, areas which helped the Fund's performance in November were:

- Stock selection in Healthcare. For the second month in a row, our Healthcare names were strong. In November, despite the sector itself underperforming, our holdings were outperformers. Of note, China Medical System (CMS) presented its new drug to treat psoriasis (a skin condition), highlighting the gains made by CMS's relatively newer dermatology segment.
- Stock selection in Consumer Staples, driven by Fuling Zhacai which makes pickled condiments. It reported earnings growth of 5% in the third quarter, with an improvement in operating efficiencies offsetting lower gross margins.

Areas which detracted from the Fund's relative performance were:

- Underweight to Tencent. The Fund holds Tencent, but as the Fund is run on an equally weighted basis, Tencent's weight is ~3.2%. In the MSCI China Index, Tencent is the largest stock with a 13.2% weight. Tencent reported higher than expected earnings in the third quarter, with better monetization of WeChat and good cost discipline. The Fund captured less of the stock's rally than the index.
- Stock selection in Financials, driven by China Merchants Bank and Ping An Insurance Group. With potentially more interest rate cuts to come in China, China Merchants Bank expect pressure on net interest margins to continue in 2024. Reports (which have been denied) that Ping An Insurance Group was to acquire a stake in Country Garden, led to weakness in Ping An's share price. The Fund also did not benefit from the outperformance of the large state-owned banks (Bank of China and China Construction Bank), where the Fund has no exposure.

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 Managers' Update – Review of November 2023



As of 11/30/2023	YTD	1 Year	3 Year	5 Year	10 Year
China & Hong Kong Fund (ICHKX)	-12.46%	-10.85%	-12.21%	-2.60%	0.24%
Hang Seng Composite Index TR	-10.29%	-4.49%	-12.08%	-3.30%	0.63%
MSCI China Net Total Return Index	-9.00%	-4.27%	-17.01%	-3.53%	0.75%

As of 09/30/2023	YTD	1 Year	3 Year	5 Year	10 Year
China & Hong Kong Fund (ICHKX)	-12.46%	-0.08%	-10.25%	-3.91%	0.84%
Hang Seng Composite Index TR	-7.18%	8.85%	-7.61%	-3.57%	1.57%
MSCI China Net Total Return Index	-7.29%	5.24%	-14.28%	-4.16%	1.67%

All returns over 1 year annualized. *Source: Bloomberg, Guinness Atkinson Asset Management.*

Expense Ratio: 1.71%

*Performance data quoted represents past performance; past performance 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. Performance data shown is current to the most recent month and quarter end. To obtain performance as of the most recent month end, please visit [www.gafunds.com](http://www.gafunds.com) or call 1-800-915-6565. Performance data does not reflect the 2% redemption fee for shares held less than 30 days and, if deducted the fee would reduce the performance noted.*

***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](http://gafunds.com). Read it carefully before investing.***

**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 China and/or Hong Kong stock markets in which the Fund invests may experience periods of volatility and instability. These fluctuations may cause a security to be worth less than it was at the time of purchase. Market risk applies to individual securities, a particular sector or the entire economy. China and/or Hong Kong stocks may fall out of favor with investors, the value of Chinese currencies may decline relative to the U.S. dollar and/or China or Hong Kong stock markets may**

Guinness Atkinson  
**China & Hong Kong Fund**  
Managers' Update – Review of November 2023

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**decline generally. The Fund invests in small-cap or mid-cap, which involve additional risks such as limited liquidity and greater volatility, than investments in larger companies.**

One cannot invest directly in an Index.

P/E ratio is a current stock price over its earnings per share. The forward P/E ratio is a current stock's price over its "predicted" earnings per share. If the forward P/E ratio is higher than the current P/E ratio, it indicates decreased expected earnings.

Standard deviation is a statistic that measures the dispersion of a dataset relative to its mean and is calculated as the square root of the variance. If the data points are further from the mean, there is a higher deviation within the data set. A volatile stock has a high standard deviation, while the deviation of a stable blue-chip stock is usually rather low.

The compound annual growth rate (CAGR) is the rate of return (RoR) that would be required for an investment to grow from its beginning balance to its ending balance, assuming the profits were reinvested at the end of each period of the investment's life span.

The Producer Price Index (PPI) program measures the average change over time in the selling prices received by domestic producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services.

The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. Indexes are available for the U.S. and various geographic areas. Average price data for select utility, automotive fuel, and food items are also available.

USD/CNY is the abbreviation for the US Dollar and Chinese Yuan pair. It shows how much the USD (base currency) is worth as measured against the CNY (counter currency).

The Shanghai Shenzhen CSI 300 Index is a market capitalization-weighted stock market index designed to replicate the performance of the top 300 A-share stocks traded in the Shanghai and Shenzhen stock exchanges.

Hang Seng Composite Total Return Index is a market capitalization weighted index that monitors the performance of stocks listed in Hong Kong.

In China, the National Bureau of Statistics (NBS) Manufacturing Purchasing Manager Index measures the performance of the manufacturing sector and is derived from a survey of more large-scale, state-owned companies. The Manufacturing Purchasing Managers Index is based on five individual indexes with the following weights: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stock of Items Purchased (10%), with the Delivery Times index inverted so that it moves in a comparable direction.

The Basel Accords are a series of three sequential banking regulation agreements (Basel I, II, and III) set by the Basel Committee on Bank Supervision (BCBS). Basel III is an international regulatory accord that introduced a set of reforms designed to mitigate risk within the international banking sector by requiring banks to maintain certain leverage ratios and keep certain levels of reserve capital on

**Guinness Atkinson**  
**China & Hong Kong Fund**  
**Managers' Update – Review of November 2023**

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hand. Basel III is an internationally agreed set of measures developed in response to the financial crisis of 2007-2009.

A nonperforming loan (NPL) is a loan that is in default due to the fact that the borrower has not made the scheduled payments for a specified period.

The Caixin PMI measures the performance of the manufacturing sector and is derived from a survey of more private companies.

MSCI AC Asia Pacific ex Japan Index is free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of countries in the Asia Pacific region.

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

MSCI EM Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of Emerging markets in Asia, Europe, Middle East, Africa and Latin America.

MSCI China Index captures large and mid cap representation across China A shares, H shares, B shares, Red chips, P chips and foreign listings (e.g. ADRs). With 703 constituents, the index covers about 85% of this China equity universe.

The MSCI China A Index captures large and mid-cap representation across China securities listed on the Shanghai and Shenzhen exchanges. The index covers only those securities that are accessible through "Stock Connect". The index is designed for international investors and is calculated using China A Stock Connect listings based on the offshore RMB exchange rate (CNH).

The MSCI China A Onshore Index captures large and mid cap representation across China securities listed on the Shanghai and Shenzhen exchanges.

MSCI Hong Kong Index is a capital weighted stock index designed to measure the performance of the large and mid cap segments of the Hong Kong market. It has 48 constituents and covers approximately 85% of the free float-adjusted market capitalization of Hong Kong equity stocks.

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

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

MSCI China Growth Index captures large and mid cap securities exhibiting overall growth style characteristics across the Chinese equity markets.

MSCI China Value Index captures large and mid cap Chinese securities exhibiting overall value style characteristics. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price, and dividend yield.

S&P 500 Index is a market-capitalization-weighted index of leading publicly traded companies in the U.S.



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## China & Hong Kong Fund

### Managers' Update – Review of November 2023

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The Hang Seng Composite Index ("HSCI") offers a comprehensive Hong Kong market benchmark that covers about the top 95th percentile of the total market capitalisation of companies listed on the Main Board of the Stock Exchange of Hong Kong ("SEHK").

Hang Seng TECH Index represents the 30 largest technology companies listed in Hong Kong that have high business exposure to technology themes and pass the index's screening criteria.

The MSCI Taiwan Index is designed to measure the performance of the large and mid cap segments of the Taiwan market. With 90 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Taiwan.

Privately owned enterprise (POE) is a business that is managed by an independent company or private individual — rather than the Chinese Government or the host country government. While these companies may issue stock and have shareholders, their shares are not listed on public exchanges.

American depositary receipt (ADR) refers to a negotiable certificate issued by a U.S. depositary bank representing a specified number of shares—usually one share—of a foreign company's stock. The ADR trades on U.S. stock markets as any domestic shares would.

Earnings per share (EPS) is calculated as a company's profit divided by the outstanding shares of its common stock.

Many investors use the price-to-book ratio (P/B ratio) to compare a firm's market capitalization to its book value and locate undervalued companies. This ratio is calculated by dividing the company's current stock price per share by its book value per share (BVPS).

The dividend yield, expressed as a percentage, is a financial ratio (dividend/price) that shows how much a company pays out in dividends each year relative to its stock price.

Price/Earnings ratio (P/E) is an equity valuation multiple. It is defined as market price per share divided by annual earnings per share

M2 is the U.S. Federal Reserve's estimate of the total money supply including all of the cash people have on hand plus all of the money deposited in checking accounts, savings accounts, and other short-term saving vehicles such as certificates of deposit (CDs). Retirement account balances and time deposits above \$100,000 are omitted from M2.

USDCNY exchange rate refers to how many Renminbi one US dollar is worth.

Opinions expressed are subject to change, are not a guarantee and should not be considered investment advice. Past performance is not indicative of future results.

Dividends are not guaranteed and may fluctuate. Earnings growth and Income growth are not a measure of future performance.

#### Top Fund Holdings as of 11/30/2023:

1. NetEase Inc	5.70%
2. China Medical System Holdings Ltd	5.31%
3. Weichai Power Co Ltd - H Shares	4.75%
4. Shenzhen Inovance Technology Co Ltd	4.27%

Guinness Atkinson  
**China & Hong Kong Fund**  
Managers' Update – Review of November 2023

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5. NARI Technology Co Ltd	4.13%
6. Tencent Holdings Ltd	3.85%
7. Sino Biopharmaceutical Ltd	3.48%
8. Zhejiang Supor Cookware - A Shares	3.47%
9. Inner Mongolia Yili - A Shares	3.40%
10. CSPC Pharmaceutical Group Ltd	3.40%

Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any security.

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