



Alternative Energy Brief
November 2007

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Welcome to the November 2007 Guinness Atkinson Alternative Energy Brief.

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First, apologies that this report is so late – we think that keeping investors informed of our thinking and progress is an integral part of the fund management process and will endeavour to file these reports in a more timely fashion.

The team has been strengthened by the addition of Jonathan Gartside who recently graduated from Oxford with a top first in Engineering. He is with us for a six month internship to do some research into the state of the underlying technologies and the manufacturing processes.

Fund performance

The Guinness Atkinson Alternative Energy Fund was up 9.18% in October which takes us to 48.21% for the year to date (YTD) as of 10/31/07. The key drivers behind the strong month were the rise in the oil price to \$94.53 and good equity markets. We feel that the outperformance of the alternative energy sector has drivers that should continue for the foreseeable future. While having underperformed our two benchmark indices slightly in October, giving back some of September's (relative) gains, we have performed in between the two benchmarks over the other periods in the table.

Total Returns as of 10/31/07

Total returns	Oct 07	YTD 07	1 Year	From inception
Guinness Atkinson Alternative Energy Fund (03/31/06)	9.18%	48.21%	56.54%	21.39%
WilderHill New Energy Global Innovation Index	10.68%	58.04%	68.21%	38.16%
WilderHill Clean Energy Index	10.53%	46.10%	41.69%	10.92%

Gross Expense Ratio 2.60%

Net Expense Ratio* 1.98%

Total Returns as of 12/31/07

Total returns	Dec 07	YTD 07	1 Year	From inception
Guinness Atkinson Alternative Energy Fund (03/31/06)	1.34%	42.68%	42.68%	16.61%
WilderHill New Energy Global Innovation Index	4.69%	59.38%	59.38%	34.54%
WilderHill Clean Energy Index	16.14%	58.88%	58.88%	15.21%

* The expense ratio shown is from the most recent prospectus (April 30, 2007). The Fund has an expense cap in place and the advisor is contractually obligated to cap the total expenses at least through June 30, 2008. The Advisor has guaranteed total fund operating expenses (as a percentage of net assets) will not exceed 1.98% through June 30, 2008 or until such a later date as the Advisor determines.

All return figures represent average annualized returns except for periods of one year or less which are actual returns.

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 current to the most recent month end may be obtained by visiting www.gafunds.com or calling 800-915-6566.

The funds impose a redemption fee of 2% on shares held less than 30 days. Performance data does not reflect the redemption fee. If reflected, total returns would be reduced.

Sector and geographic breakdown

Sector	% of Assets	Region	% of Assets
Solar	37.77%	Europe	51.34%
Wind	20.67%	North America	24.88%
Hydro	13.38%	Asia	12.10%
Efficiency	8.02%	Australia/NZ	5.91%
Geothermal	6.77%	Latin America	5.32%
Fuelcell	5.88%		
Biofuel	4.63%		
Biomass Energy	1.72%		
Wave/Tidal	0.16%		

Solar has now increased to form 37.77% of the assets of the fund. We think that the next 5 years should carry the solar industry to a position where the holy grail of grid parity is achievable. Investments in solar cover all elements of the value chain from silicon producers to cell and module manufacturers. We have increased our position in wind from 16.79% to 20.67% through performance and increased holdings. Our positions in wind are split evenly between turbine manufacturers and wind farm developers. Turbine manufacturers are benefiting from tight market conditions, and wind farm developers are well placed because of faster approval cycles and increasing asset values. Hydro forms lower risk bedrock to the portfolio. The overarching idea behind holding these is because of their low operating cost which means that increases in electricity prices and payments for carbon credits go straight to the bottom line. Geothermal power has similar dynamics, and is similarly location constrained, but is at a much earlier stage of implementation. We remain circumspect about biofuels which account for 4.63% of the fund now, although we are monitoring valuations carefully for an attractive re-entry point. We prefer biofuels stocks that have some form of vertical integration. Biofuel refining stocks have most potential as shorter term trading ideas. Fuelcells remain some way from mass commercialization and we currently hold 3 niche investments which we hope will give us access to some of the early winners. Biomass Energy accounts for 1.72% of the fund. There are a number of opportunities in this space, but the growth potential and returns are less attractive. Wave/Tidal power has very few investment opportunities to date, but we are following the sector keenly. Our only holding is a small research position.

Europe accounts for 51.34% of the assets in the fund versus 24.88% in North America. This reflects the earlier development of the European wind and solar industries. We have 23.34% in Asia, Australia and Latin America and are continually looking for international opportunities that are under the US investor's radar screen.

Liquidity analysis

Mkt Cap \$m	Positions	% of Assets	Position size	Positions	% of Assets
>1000	25	64.04%	Full	15	50.17%
500-1000	7	10.99%	Half	29	43.66%
250-500	6	8.08%	Research	20	5.73%
100-250	12	10.45%			
50-100	9	5.57%			
<50	5	0.43%			

The liquidity of the portfolio remains good. More than half (64.04%) of the portfolio is in stocks with a market capitalization of over \$1 billion and only 0.43% of the portfolio is invested in stocks with a market capitalization below \$50 million. The universe of high quality large cap alternative energy stocks is growing fast, both organically and from new issues. We are endeavouring to maintain a balance between holding larger capitalization more liquid stocks and positions in smaller capitalization less liquid stocks where the value and growth opportunity might be greater. We have segmented the portfolio into three types of holding: full, half and research. We currently hold 15 full units and 29 half units, with a further 20 research positions. This enables us to benefit from a strict rebalancing discipline.

Stock performance

Top 5	Size	Oct	Bottom 5	Size	Oct
Sunpower	Half	52.69%	Agri Energy	Research	-56.84%
Suntech	Full	47.59%	Conergy	Full	-50.47%
Clipper Windpower	Half	25.45%	Agcert	Research	-44.13%
Q-Cells	Full	24.51%	Carmanah	Research	-14.77%
MEMC	Half	24.40%	Carotech	Research	-12.84%

The solar sector had a strong month in October, with 4 of our top five stocks in the solar sector. Sunpower, who have the worlds leading higher efficiency solar cell increased by over 50%, and they were closely followed by Suntech, who are the clear leader of the Chinese solar stocks. Suntech is working on increasing the efficiency of its cells and as a lower cost producer is sustaining an aggressive growth rate, which investors are beginning to appreciate. Clipper Windpower recovered after its previous decline. Q-Cells is the world number two solar cell developer (after Sharp) and MEMC is a leading silicone manufacturer. Both benefited as investors move to the quality solar names.

Again, most of the worst performing positions were research positions. Both Agri Energy and Agcert are small positions where we are pleased to have held it at such small size. Conergy was our big upset for the month. After announcing delays in deliveries, there have been concerns about the liquidity of the business as working capital management has yet to catch up with the strong growth of the business. We think that Conergy is well positioned going forward, but the problems here are the classic issues that companies in fast growing sectors face where management need to be upgraded to

match the new scale of the business. Carmanah has been a disappointment to us. They are in a niche area matching solar cells to high efficiency LED systems for marine, aviation and other offgrid sites. We welcome the new management who we believe should be able to turn this business around and deliver growth and profitability. Carotech is a small research holding in Asian biofuels, which has not worked out because of the high feedstock prices.

Trading

We bought a half unit back in Solar Millennium. This is the only real concentrated solar play. We also bought a half unit in Composite Technologies, who are launching a wind turbine manufacturing business (with existing proven technology) and have an interesting cable business that should benefit from electricity transmission grid improvement plans. We acquired a research position in a US company with an interesting thin film technology that they are now taking to the commercial stage. We increased our holding in Greentech, a wind developer by taking part in a secondary placing.

We sold our holding in Biopetrol Industries as biofuels indicators continued to deteriorate and also sold our China Sunergy position. At the end of the month we sold 6 of our research positions following a review of the research holdings.

Thank you for your continuing support.

Tim Guinness
Edward Guinness
Matthew Page
December 2007

Commentary for our views on global energy and Asia markets is available on our website. Please [click here](#) to view.

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

This information is authorized for use when preceded or accompanied by a prospectus for the Guinness Atkinson Global Energy Fund. The prospectus contains more complete information, including investment objectives, risks, charges and expenses related to an ongoing investment in the Fund. Please read the prospectus carefully before investing.

The Fund invests in foreign securities which will involve greater volatility and political, economic and currency risks and difference in accounting methods. The Fund is non-diversified meaning its assets may be concentrated in fewer individual holdings than diversified funds. Therefore, the Fund is more exposed to individual stock volatility than diversified funds. The Fund also invests in smaller companies, which will involve additional risks such as limited liquidity and greater volatility.

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

The WilderHill New Energy Global Innovation Index (NEX) is a modified dollar weighted index of publicly traded companies which are active in renewable and low-carbon energy, and which stand to benefit from responses to climate change and energy security concerns.

The WilderHill Clean Energy Index (ECO) is a modified equal dollar weighted index comprised of publicly traded companies whose business's stand to benefit substantially from societal transition toward the use of cleaner energy and conservation.

One cannot invest directly in an index.

Top Ten Holdings as of 12/31/07	% of Assets
Vestas Wind Systems A/S	4.02%
Q-Cells AG	3.85%
Suntech Power Holdings Co Ltd	3.65%
Theolia SA	3.49%
Gamesa Corp Tecnologica SA	3.40%
Iberdrola Renovabl	3.37%
Verbund - Oesterreichische Elektrizitaetswirtschafts AG	3.26%
Conergy AG	3.26%
Ormat Technologies Inc	3.24%
Clipper Windpower PLC	3.18%

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