

Alternative Energy Brief
April 2008

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Welcome to the April 2008 Guinness Atkinson Alternative Energy Brief.

In this issue:

- Fund Performance
- Portfolio Breakdown
- Stock Performance
- Trading

Fund performance

The Guinness Atkinson Alternative Energy Fund was up 2.42% in March, which beat both our two benchmarks – we feel we have started to move back in the right direction and are beginning to see more discrimination as investors look for growth areas that will be less affected by current conditions. Year to date through March 31, 2008 we are outperforming our two benchmarks.

While the outlook for the broad markets remains choppy in our opinion, the valuations for alternative energy are looking highly attractive and the growth prospects are if anything stronger than they have been. The high oil price, the high gas price, rising coal prices and even now rising electricity prices are all improving the market for alternative energy companies, and we think that when some of the liquidity related issues shake out over the next 12-24 months and companies are valued on their fundamental prospects the sector should outperform. Few of the companies we are invested in need to raise capital in the markets to support that growth over the next 12 months and the financing market for alternative energy projects remains sturdy because of government backing to cashflows.

Total Returns as of 03/31/08

Total returns	Mar 08	YTD 08	1 Year	From inception
Guinness Atkinson Alternative Energy Fund (inception 03/31/06)	2.42%	-16.49%	5.07%	4.56%
WilderHill New Energy Global Innovation Index	1.25%	-17.66%	16.44%	17.51%
WilderHill Clean Energy Index	-4.03%	-29.31%	10.23%	-4.80%

Gross Expense Ratio 2.60%

Net Expense Ratio* 1.98%

* 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	47.16%	Europe	58.93%
Wind	30.56%	North America	24.24%
Geothermal	6.54%	Asia	10.33%
Efficiency	6.18%	Australasia	6.03%
Hydro	6.18%	Latin America	2.97%
Biofuel	3.10%		
Biomass Energy	2.77%		

We increased our solar holdings from 33.79% to 47.16% during March as we perceived good value in the sector – multiples for many companies reached the low teen's while the growth profile and potential for meeting earnings targets was not significantly dented by the state of the global capital markets. 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. Edward Guinness visited the Photon International Expo in Munich. For the silicon industry there is significant new capacity coming on-stream over the next four years, but manufacturers were able to explain the difficulty in manufacturing high purity silicon and why new entrants were likely to have higher cost bases than the incumbent manufacturers. We now expect the silicon shortage to last longer than we had previously, bolstering silicon prices and keeping supply lower than demand as the industry enters its next phase of expansion. We believe this is positive for all industry participants who have locked in materials and capacity for additional manufacturing and should support module prices somewhat.

We hold 30.56% in wind and 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, at 6.54% of the fund, 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 3.10% of the fund now, although we are monitoring valuations carefully. We prefer biofuels stocks that have some form of vertical integration (ie they manage their own feedstock production). Biofuel refining stocks have most potential as shorter term trading ideas.

Biomass Energy accounts for 2.77% of the fund. There are a number of opportunities in this space, but the growth potential and returns are less attractive than elsewhere.

Fuelcells remain some way from mass commercialization and we currently hold no investments. Similarly we hold no wave/tidal investments today.

Efficiency remains an important theme for the future and our 6.18% includes companies that we believe improve efficiency in a number of diverse ways. This offers much scope for creative approaches, although realistically more efficiency gains will be captured by energy users themselves rather than by efficiency enhancing companies.

Europe accounts for 58.93% of the assets in the fund versus 24.24% in North America. This reflects the earlier development of the European wind and solar industries. We have 19.32% 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	23	60.08%	Full	15	47.83%
500-1000	7	14.75%	Half	26	51.63%
250-500	3	3.59%	Research	11	4.28%
100-250	11	15.02%			
50-100	3	1.45%			
<50	5	1.86%			

The liquidity of the portfolio continues to improve. The percentage of the portfolio that is in stocks with a market capitalization of over \$1 billion is now 60.08% and only 1.86% of the portfolio is invested in stocks with a market capitalization below \$50 million. The universe of high quality large cap alternative energy stocks has been growing both organically and from new issues, although there has been little issuance to date in 2008. 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 26 half units, with a further 11 research positions. This enables us to benefit from a strict rebalancing discipline.

Stock performance

Top 5	Size	Mar	Bottom 5	Size	Mar
Q-Cells	Full	22.20%	VRB Power Systems	Research	-20.44%
Echelon	Half	20.21%	WFI Industries	Half	-18.19%
Solar Millennium	Half	17.38%	Carotech	Research	-17.65%
Solaria	Half	16.22%	Jetion	Half	-16.28%
Sunpower	Half	13.37%	Natural Fuel	Research	-15.53%

For March we saw a good recovery in a number of our solar names as they had been oversold – and we feel there is still considerable room for them to recover further. Echelon also bounced back from a terrible start to the year as it became apparent that the market for energy efficiency solutions might remain good in tougher times.

The worse performing stocks were all less liquid positions where our holding was therefore more exposed to trading volume movements in stock price. VRB is an energy storage business, but still pre significant revenue. WFI Industries is a ground source heat pump provider and is therefore suffering with the current housing market in the US. Carotech and Natural Fuel are very small holdings that are remnant biofuels holdings and do not have great prospects with current commodity prices. Jetion is a UK listed Chinese solar stock and as such does not trade with the liquidity of its US listed counterparts.

Trading

We continued to exit a number of positions where our conviction was being tested. For ITM Power and Fuel Systems Solutions, we have concerns about the time it will take to make good progress and therefore sold out – both are in interesting positions but we see better opportunities elsewhere. We bought shares in Canadian Hydro Developers, a developer of Hydro and Wind schemes and also in LDK, a solar wafer manufacturer who are expanding into silicon production. We have further trimmed our research holdings and expect to maintain that below 10 positions going forward.

Thank you for your continuing support.

Tim Guinness
Edward Guinness
Matthew Page
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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.

Cash flow measures the cash generating capability of a company by adding non-cash charges (e.g. depreciation) and interest expense to pretax income.

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 03/31/08	% of Assets
Q-Cells AG	4.19%
Solaria Energy Y NPV	4.11%
Suntech Power Holdings Co., Ltd.	4.04%
SunPower Corporation	3.78%
Nordex AG	3.47%
Solarworld AG	3.40%
Solon AG Fuer Solartechnik	3.35%
Renewable Energy Corporation AS	3.33%
Wacker Chemie AG	3.20%
Iberdrola Renovables	3.19%

Distributed by Quasar Distributors, LLC (04/08).