

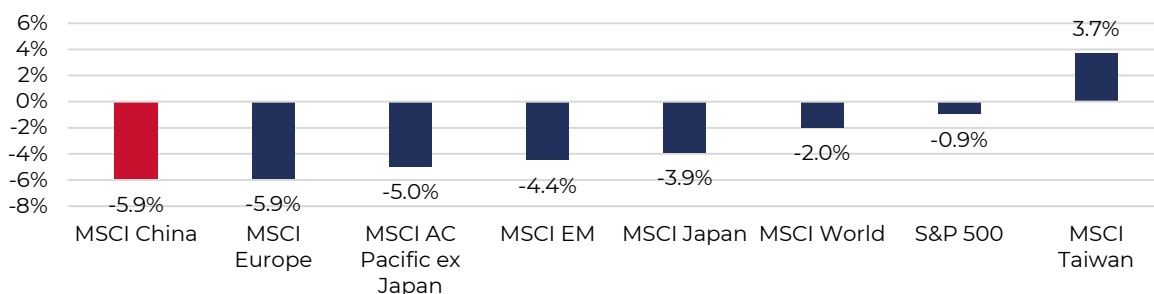
## Summary View

- In October, relative to the MSCI China Index, contributors to the Fund's performance were the structural underweight to Tencent and Alibaba which underperformed, and stock selection in the Consumer Discretionary sector. Detractors from performance were stock selection in the Industrials and Financials sectors.
- The best performing stocks in the Fund in October were Geely, Suofeiya Home Collection and Shenzhen H&T Intelligent. The weakest were Shenzhou International, Netease and Baidu.

## Market Commentary

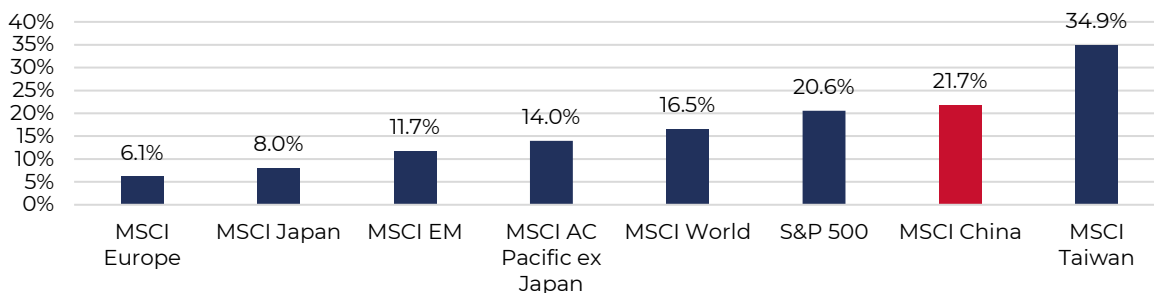
(Performance data in the section in USD terms unless otherwise stated)

Returns by Market in October



(Data from 09/30/24 to 10/31/24, returns in USD, source: Bloomberg, Guinness Atkinson calculations)

Returns by Market Year-to-Date



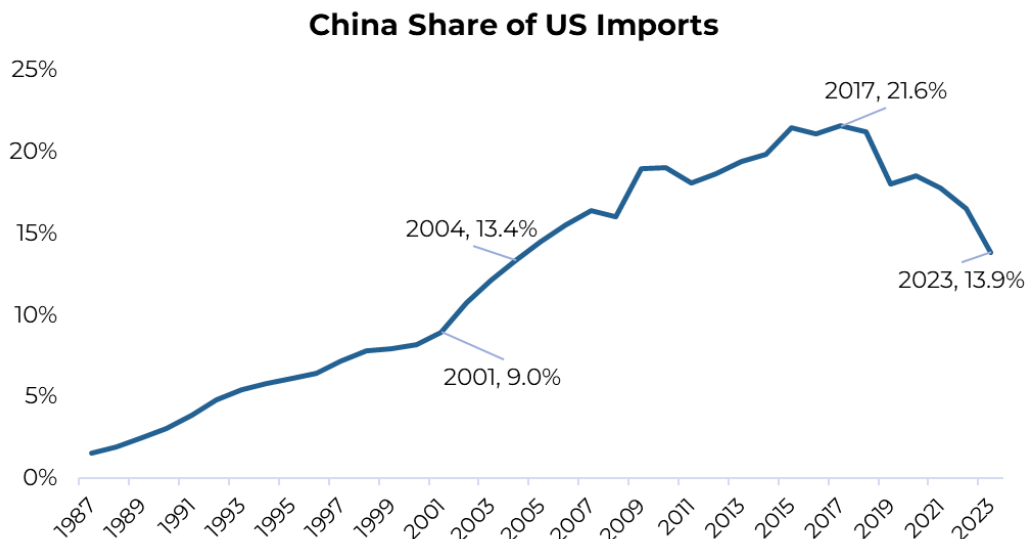
(Data from 12/31/23 to 10/31/24, returns in USD, source: Bloomberg, Guinness Atkinson calculations)

After a very strong September, China gave back some of its gains in October, as the MSCI China Index fell by 5.9% compared to the MSCI World Index which fell by 2.0%. The rally partially faded in October as the government did not announce a major step in up in support for consumers. Year-to-date, the MSCI China Index has risen by 21.7%, outperforming the MSCI World Index which has risen by 16.5%.

## Outlook

The proposal by Trump to put 60% tariffs on Chinese imports is certainly eye-catching, but it is likely only to accelerate a trend that has been evident for the last five years. The chart below, drawing on data from the US Census Bureau, shows the path taken by Chinese imports – growth from 1987 to 2000, acceleration after China's admission into the World Trade Organisation in 2000 to a peak in 2017. Since

then, China's share has declined to its lowest level since 2004; and the nominal dollar value of \$426 billion is the lowest since 2012.

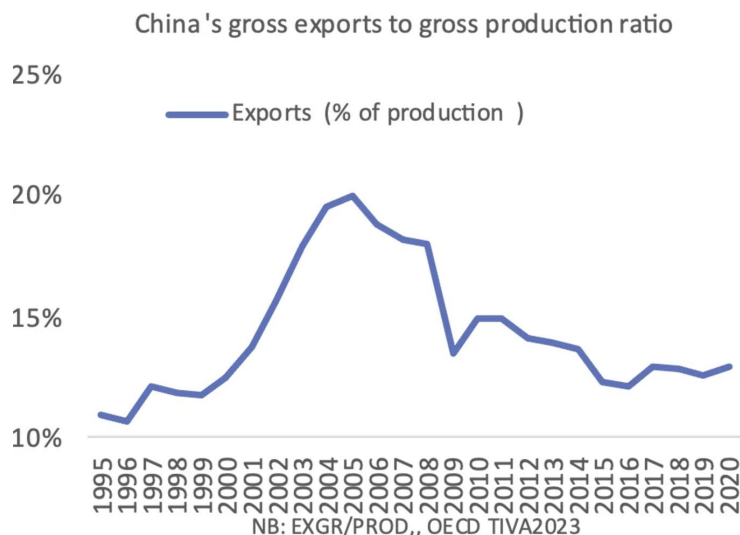


Source: U.S. Department of Commerce Census Bureau

Chinese companies have already had to come to terms with an unfriendly trading environment that was stepped up in Donald Trump's first term and then more stringently applied under Biden. Trade re-routing and the development of new markets have both been material trends over this period.

From China's perspective, this additional pressure will likely have an impact. To try and quantify this we need to put some numbers together. China's GDP in 2023 was worth US\$ 17.89 trillion and the total value of Chinese exports of goods according to China customs data was \$3.38 trillion or 18.9% of GDP on a gross basis. On China's own numbers, 14.8% of exports went to the US or about 2.75% of GDP. If we assumed for example, a 25% drop in Chinese imports was the result, then the impact on GDP on a gross basis is - 0.6%.

The wider effect, given as the export multiplier, is very hard to compute. It relies on measures of the marginal propensities to consume and save over time. But China's economic structure has changed very rapidly, as have income levels over the past 30 years, and it has been subject to fiscal shocks all of which make savings and spending patterns highly variable and therefore difficult to estimate. However, we can measure China's exports to gross production i.e. the proportion of China manufacturing output that is sold abroad. The chart below was produced by Professor Richard Baldwin of the IMD Business School for The Centre for Economic Policy Research (CEPR). Since 2004, the proportion of Chinese goods manufactured exports has been coming down and its economic dependence on exports is not as high as many assume.



Source: Baldwin 2024, IMD, OECD TiVA database (<https://cepr.org/voxeu/columns/china-worlds-sole-manufacturing-superpower-line-sketch-rise>)

## Performance

In October, relative to the MSCI China Index, areas which helped the Fund's performance were:

- Structural underweight to Tencent and Alibaba. The Fund is run on an equally weighted basis and so each position has a neutral weight of 3.2%. As of the end of October, Tencent's and Alibaba's weight in the MSCI China Index was 15.7% and 8.5%, making them the largest stocks by far in that index. Tencent and Alibaba underperformed in the month and so the Fund suffered from less of their underperformance than the index.
- Stock selection in the Consumer Discretionary sector, led by Pinduoduo (not held), Geely and Suofeiya Home Collection.

In October, areas which detracted from the Fund's relative performance were:

- Stock selection in the Industrials sector, driven by Shenzhen Inovance Technology and Haitian International.
- Stock selection in the Financials sector, driven by AIA Group and Hong Kong Exchanges and Clearing.

As of 09/30/2024	YTD	1 Year	3 Year	5 Year	10 Year
China & Hong Kong Fund (ICHKX)	10.80%	8.20%	-9.46%	-1.78%	1.47%
Hang Seng Composite Index TR	27.73%	22.89%	-2.76%	1.23%	3.27%
MSCI China Net Total Return Index	29.34%	23.89%	-5.55%	0.84%	3.40%

As of 10/31/2024	YTD	1 Year	3 Year	5 Year	10 Year
China & Hong Kong Fund (ICHKX)	4.12%	5.32%	-12.29%	-4.16%	0.56%
Hang Seng Composite Index TR	22.06%	22.63%	-4.95%	-0.42%	2.37%
MSCI China Net Total Return Index	21.69%	21.75%	-8.39%	-1.17%	2.34%

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

Expense Ratio: 1.82%

*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 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.

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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 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.

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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".

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.

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 10/31/2024:

1. Geely Automobile Holdings	5.80%
2. Tencent Holdings Ltd	4.85%
3. JD.com Inc	4.41%
4. Ping An Insurance Group Co of China Ltd - H Shares	4.18%
5. Hong Kong Exchanges & CL	4.15%
6. Suofeiya Home Collection - A Shares	3.92%
7. TravelSky Technology Ltd	3.69%
8. Sany Heavy Industry Co	3.60%
9. Midea Group Co Ltd	3.60%
10. China Overseas Land & Investments Ltd	3.49%

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

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