Guinness Atkinson

**China & Hong Kong Fund**

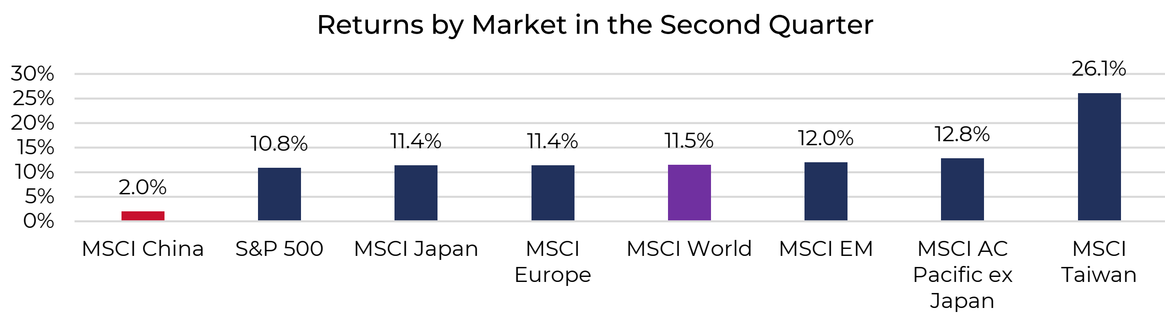
Managers' Update – Review of June 2025

## Summary View

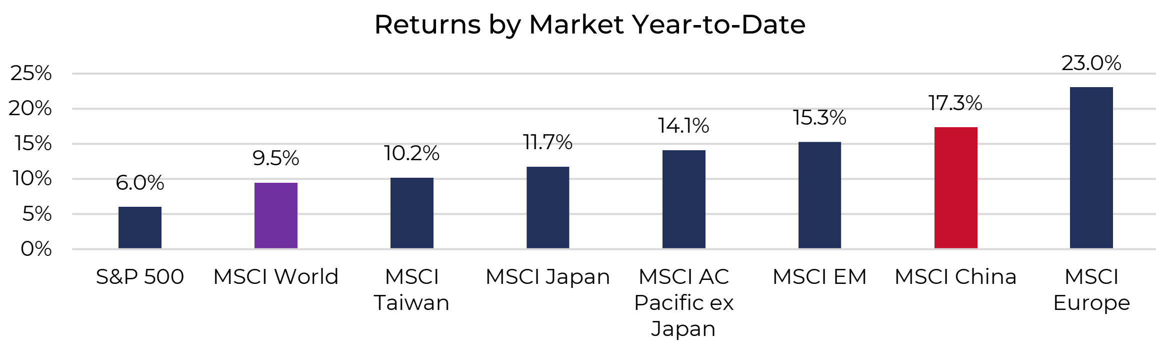
- Year-to-date, the strongest stocks in the Fund have been Sino Biopharmaceutical, Netease and Hong Kong Exchanges and Clearing. The weakest have been Haier Smart Home, Suofeiya Home Collection and Hangzhou First Applied Material.
- This year, Xinyi Solar, CSPC Pharmaceutical and Chongqing Fuling Zhacai were sold. Hongfa Technology, Himile Mechanical, BYD and Meituan were bought.
- The Fund's largest sector exposures are to the Consumer Discretionary, Industrials and Financials sectors. Relative to the MSCI China Index, the Fund is overweight to the Industrials and Consumer Discretionary sectors and is underweight to the Communication Services sectors.
- With more investors looking to diversify away from the US, we argue China is an inevitable market to consider. Outside of the US, China has the largest number of quality and growing companies. Chinese markets can also provide investors with diversification opportunities within their portfolios due to their lower correlation with American markets. The Fund provides investors with exposure to quality, growing companies within China. This set of companies continues to be valued by the market at a very attractive valuation due to the sluggish macro environment in China. We expect by the end of 2026/early 2027, for China's new pillar industries to drive the economy forward, which may lead to a positive earnings revisions cycle for China and a valuation re-rating.

## Market Commentary

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



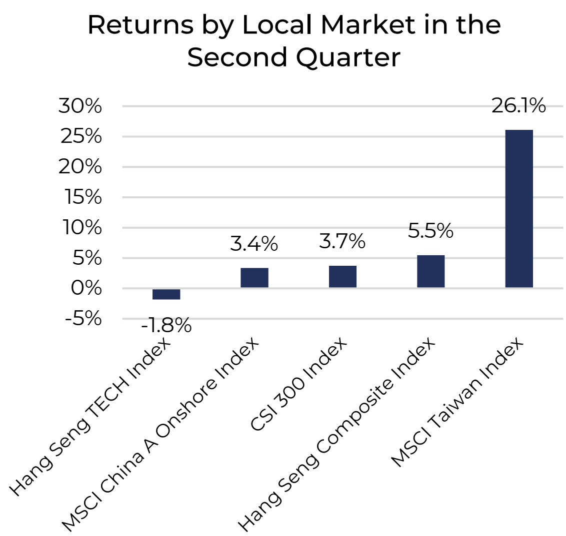

(Data from 03/31/25 to 06/30/25, returns in USD, source: Bloomberg, Guinness Atkinson calculations)

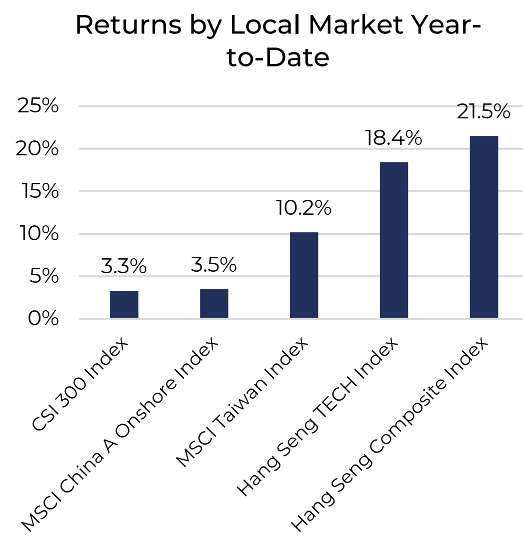



(Data from 12/31/24 to 06/30/25, returns in USD, source: Bloomberg, Guinness Atkinson calculations)

In the second quarter, the MSCI China Index increased by 2.0% while the MSCI World Index rose by 11.5%. Chinese markets were more subdued after the Deepseek-induced rally in the first quarter, where the MSCI China Index increased by 15.0%. Year-to-date Chinese markets have increased by 17.3%, well ahead of the MSCI World Index which has increased by 9.5%.

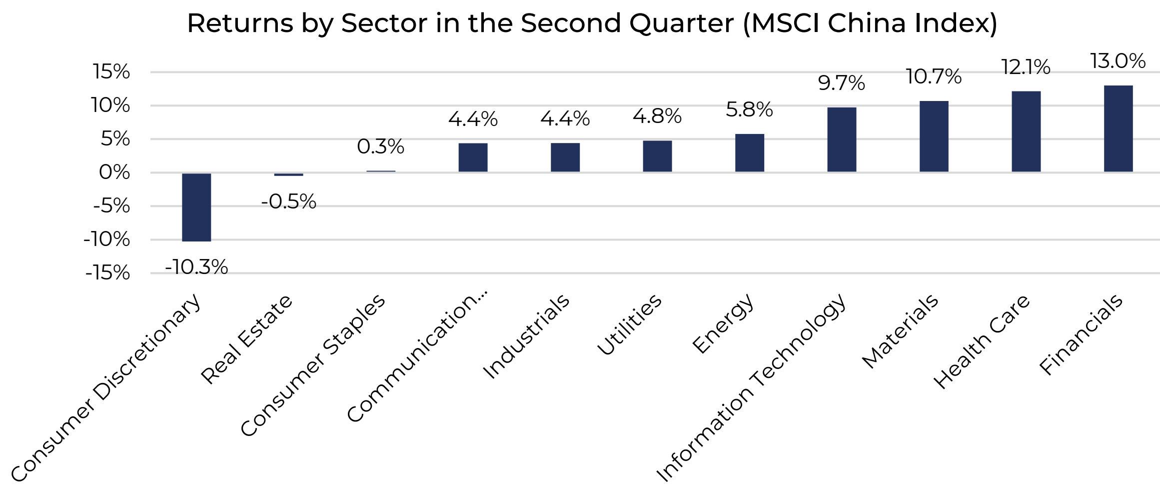
In April, Donald Trump announced "Liberation Day", when the US imposed "reciprocal" tariffs on countries across the world. Higher tariffs were announced for China which were followed by the Chinese imposing their own tariffs on US goods. Retaliations continued until the US imposed a peak 145% tariff on Chinese goods and China imposed their own 125% tariff on American goods. In the beginning of May, both sides met in Geneva and a temporary truce was announced, with the US lowering its tariffs to 30% and China lowering its tariffs to 10%. Agreements to lower some non-tariff measures, such as China's restriction on certain rare earth exports, were formalized in London in June.




(Left chart: Data from 03/31/25 to 06/30/25, right chart: data from 12/31/24 to 06/30/25, returns in USD, source: Bloomberg, Guinness Atkinson calculations)

In the second quarter, offshore and onshore markets behaved similarly. Offshore markets, as measured by the Hang Seng Composite Index, rose by 5.5% while onshore markets, as measured by the MSCI China A Onshore Index, rose by 3.4%. Year-to-date however, offshore markets remain well ahead, up 21.5% versus onshore markets only up 3.5%. This gap opened in the first quarter as market interest focused on tech companies with their own large language learning (LLM) models, which are found in the offshore market through the likes of Alibaba and Tencent. Onshore markets lack the presence of these large internet tech companies and so lagged in the first quarter.




(Data from 03/31/25 to 06/30/25, returns in USD, source: Bloomberg, Guinness Atkinson calculations)

The best performing sectors in the second quarter were Financials (+13.0%), Health Care (+12.1%) and Materials (+10.7%). The strength in Financials was led by the large state-owned banks as well as insurance companies. In Healthcare, certain companies reported good progress on pipeline drugs and/or licensed out early-stage drugs. Gold and metal linked names were strong in the Materials sector.

The weakest sectors were Consumer Discretionary (-10.3%), Real Estate (-0.5%) and Consumer Staples (+0.3%). In the Consumer Discretionary sector, Alibaba, Meituan and Pinduoduo were the main detractors. Alibaba's latest quarterly results had the cloud business growing at a slightly slower pace than the sell-side was looking for. Meituan faced the entry of JD.com into the food delivery business whereas Pinduoduo saw the removal of the de-minimis exemption in the US lead to a material slowdown for Temu. In the Real Estate sector, the absence of further stimulus was likely the reason for subdued performance.

## Stock Performance

**Leaders Year-to-Date**

Sino Biopharmaceutical (SBP) (total return +63.9%) is a pharmaceutical company making the transition away from generics drugs and towards more innovative drugs where pricing power is higher. Some of its peers have licensed out drugs in the pipeline which led to good performance for the sector. SBP is in negotiations with multinational pharmaceutical and biotech companies to commercialize some of its earlier stage products, and expects a major deal to be finalized soon.

Netease (+53.5%) is one of China's largest video game developers. The global success of its *Marvel Rivals* game provides evidence the business can successfully venture out of China. Further game approvals earlier in the year and the domestic success of *Where Winds Meets* were also positive drivers. The stock benefited from a valuation re-rating as well as rising earnings estimates.

HKEX 香港交易所

Hong Kong Exchanges and Clearing (HKEX) (+42.5%) operates the Hong Kong stock exchange. The strong rally in the Hang Seng Composite in the first quarter led to a surge in volume on the exchange, leading to higher fees for HKEX. Though markets fell after Trump imposed tariffs on China, given the temporary truce between the US and China, the recovery in Chinese markets was beneficial to HKEX. Additionally, more mainland listed companies are carrying out a dual listing in Hong Kong, to fund their capital expenditures (capex) abroad.

**Laggards Year-to-Date**

Haier

Haier Smart Home (total return -15.4%) is one China's largest household appliances manufacturers. Sales to the US account for ~30% of its total revenue and were impacted by the US imposing rising tariffs on China in April. Of sales to the US, more than half are produced locally, with another 30% from Mexico and 15% from China. To address the US market, Haier is to expand in Mexico and South East Asia. Expanding its production facilities in the US has the drawback of being very expensive, as capex costs 6x as much compared to Asia (excluding tariffs).

索菲亞

Suofeiya Home Collection (-11.1%) is a manufacturer of kitchen cabinets and cupboards and so has exposure to the real estate market. New home sales in China continue to drop so sales from this segment are likely to remain weak. The custom furniture industry is meanwhile increasingly being driven by renovations of existing housing which may partially offset the drag from new home sales. The domestic trade-in subsidy program has helped business but not as much as expected. The company only recognizes revenue for goods eligible for subsidies after furniture is installed, meaning revenue recognition takes longer compared to regular sales. Additionally not all distributors have participated in the trade-in scheme due to cashflow constraints, but more may participate if further national trade-in programs are announced over the summer. Despite the challenges facing the sector, returns on capital have held up and a high dividend yield while we wait for policy to become more supportive.

FIRST

Hangzhou First Applied Material (-9.0%) is the world's largest manufacturer of solar film, which is used to protect solar modules. As the solar industry remains in oversupply, First Applied continues to face pricing pressure. The balance sheet remains strong enough to navigate this period of weakness and the business' return on capital remains above the cost of capital.

## Switches

Sells

We sold Xinyi Solar, which is the world's largest manufacturer of solar glass. Given the oversupply in the solar industry, Xinyi's leading position has not allowed it to escape the pricing pressure seen across all parts of the supply chain. A combination of falling solar glass prices and idle capacity meant the company's gross margins fell significantly last year. Impairments on some equipment and inventory put further pressure on net profits. Though we do believe the company is doing better than most of its competition, we do not see the oversupply in the industry ending soon.

CSPC Pharmaceutical has for some years been transitioning away from its generics portfolio towards its new innovative set of products. Due to government policy, CSPC's generics drugs have faced significant pricing pressure. Our expectation was the company's new innovative drugs, which face much lower pricing pressure, would offset the weakness from the generics segment. But this has not been the case and management admitted it would take another year or two for the new drugs to come through. We have given the business some time to show it could deliver but after the fourth quarter results, we came to the conclusion that the business is likely to face a constant drag from the generics business.

Chongqing Fuling Zhacai is a condiment manufacturer which is well known for its *zhacai* pickled condiments. The business certainly has pricing power but has found it difficult to grow volume outside of its core regions. Fuling Zhacai has tried to find new growth drivers through other condiments such as *paocai* but this has not delivered, so now the company is turning to acquisitions to drive growth. Overall, the business has failed to deliver the structural growth we aim for in a subdued macro environment.

Buys

We bought Hongfa Technology, which is the world's largest electric relay manufacturer. A relay is a switch that allows a low-voltage signal to control a higher voltage circuit and is a critical component used across many applications. Hongfa's relays are used in various downstream markets, the most important of which are the automobile, home appliances and power industries. We argue the company has several structural growth opportunities to take advantage of:

- Cars, whether internal combustion engine (ICE) or electric vehicles (EVs), are becoming smarter and more functions are continuously being added. These functions require more relays, which increases the total addressable market for Hongfa.
- Rising market share for EVs implies greater demand for high voltage direct current (HVDC) relays, which are used to enable fast charging for EVs. Hongfa is a major supplier to BYD and so should benefit from BYD's rising popularity.
- In China, it is likely we will see a boom in data center construction to facilitate AI development, which will place greater demand on the power grid. This may increase the State Grid's capex plans, which is likely to lead to greater demand for Hongfa's power relays.

Himile Mechanical is an industrial company that has three segments: 1) tire molds, 2) large mechanical components (for gas turbines and wind turbine components) and 3) computer numerical control (CNC) machines. Within the tire mold segment (55% of revenue in 2023), Himile has more than 30% global market share. As EVs become more popular, tires are becoming more complex and heavier which requires more advanced and expensive molds. As ~80% of tire demand is replacement demand, this segment provides a steady source of earnings and cashflow for the business. After developing its own precision casting technology for the tire mold segment, Himile used this knowhow to grow its large mechanical components segment (39% of revenue). This segment mostly consists of components for gas turbine manufacturers (such as General Electric, Siemens and Mitsubishi) and for wind turbines (hubs, bases, and gearbox parts). China is continuing to invest heavily in natural gas capacity and so we expect order growth in this segment to continue. The CNC machine segment is currently small (4% of revenue) but we expect it to become a larger part of the business. Himile has spent 30 years developing its own CNC machines for its tire mold and mechanical components business, and the company now believes they are good enough to compete in the higher end of the market where China is still reliant on imports.

美团

Meituan operates China's largest food delivery platform and also has other services including:

1) Bookings for in-store dining, hotel and travel.
2) Instashopping, which is on-demand delivery in tier one cities, covering both food and non-food items.
3) Meituan Select, which is a community group buying business focused on supermarket goods in lower tier cities.

In response to Meituan's progress in on-demand delivery, JD.com (held in the Fund) has entered the food delivery industry. JD.com has provided significant subsidies to both customers and drivers, allowing it to rapidly gain market share. This has forced Meituan to respond by also subsidising prices, leading to likely lower margins in coming quarters and a reduction in its valuation multiple.

We think Meituan has strong competitive advantages which should allow it to handle JD's entry into the market. One of Meituan's strongest advantages is the network it has built up - it has the most merchants, customers and drivers in China. For many customers, Meituan is the app they naturally think of when it comes to food delivery. The more merchants Meituan signs up to its app, the more entrenched its position becomes. As a result of having the most drivers, it also has lower wait times which further increases its attraction to both customers and merchants. Another competitive advantage of Meituan is its technological infrastructure – this allows it to deliver orders quicker than its competitors. There is also likely a limit to how much JD.com may spend on subsidies.

Though there are new competitive threats to Meituan, for the lower valuation now on offer, we believe the risk reward ratio is more favorable than existing holdings in the Fund.

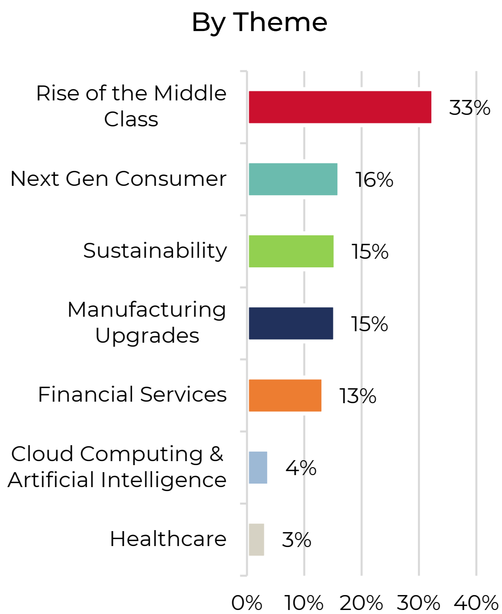
Ranked by sales volume, BYD is the world's largest EV company. In China, so far this year it has 27% market share (measured by volume) in the EV market. For context, the next largest company is Tesla with 5% market share. Though China's EV market is the world's largest, competition remains intense and so the export market is a key source of future growth. Here BYD is doing well - in the first four months of this year, exports accounted for more than 20% of BYD's total sales volume, versus 12% last year. The largest EV markets in the world outside of China are the US, Germany, UK and France. BYD does not sell its cars in the US so is not directly exposed to US tariffs – an attractive trait from our perspective. In the first five months of this year, BYD's sales volume in the UK was 14.8k units, up 571% year-on-year.

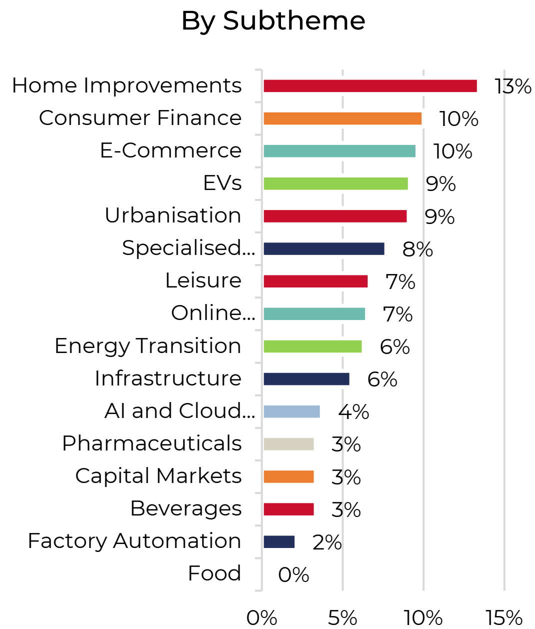
BYD's management say their competitive advantages include technological leadership, cost advantages and efficient decision making. On technology, at the same price point BYD cars generally have longer range than most of their competition. BYD has cost advantages due to its lower battery costs which are made in house, a more advanced EV platform and architecture, a far more competitive local supply chain and economies of scale. This means BYD's margins are higher than their competitors, allowing them to cut prices and maintain profitability.

While we do think the competition is likely to gradually catch up, we think it may take several years for Western and Asian competitors to do so. Despite its strong share price performance, BYD's earnings estimates have also increased and so for the growth on offer, valuations are compelling from a risk-reward perspective.

## Portfolio Positioning

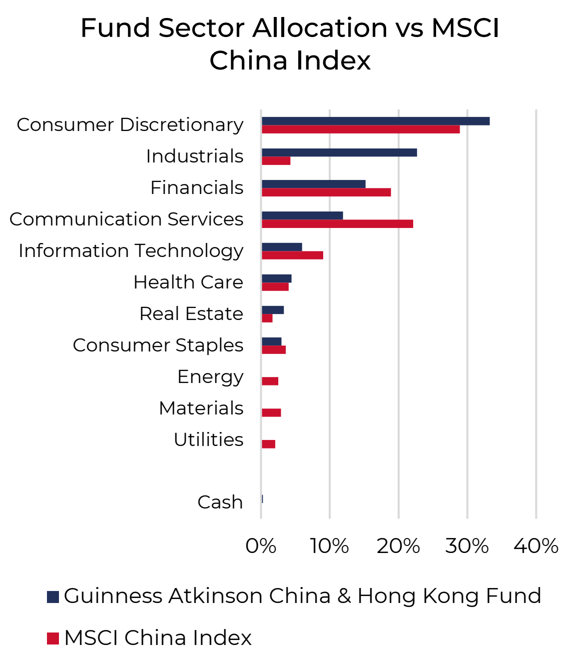
By theme, the Fund's largest exposures are to the Rise of the Middle Class, followed by Next Gen Consumer and Sustainability. Important subthemes include Home Improvements, Consumer Finance and E-Commerce.

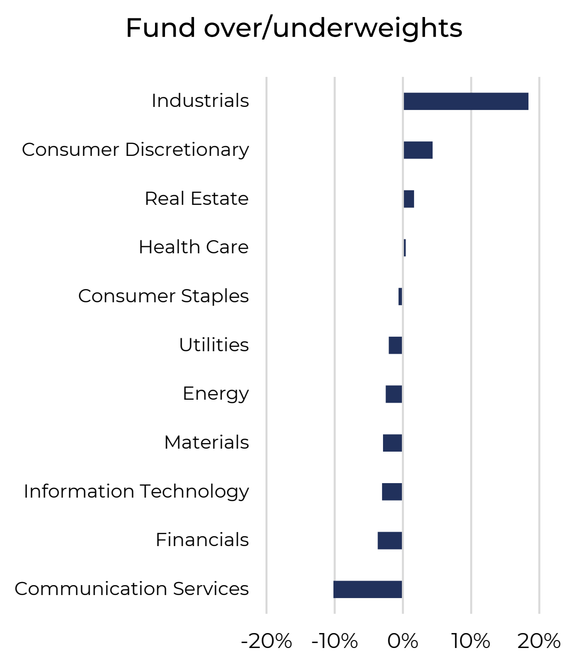



(Data as of 06/30/25, source: Guinness Atkinson calculations. Data assumes portfolio is equally weighted)

On a sector basis, the Fund's largest exposures are to the Consumer Discretionary, Industrials and Financials sectors. Relative to the MSCI China Index, the Fund is overweight in the Industrials and Consumer Discretionary sectors. The Fund is underweight in the Communication Services sector.

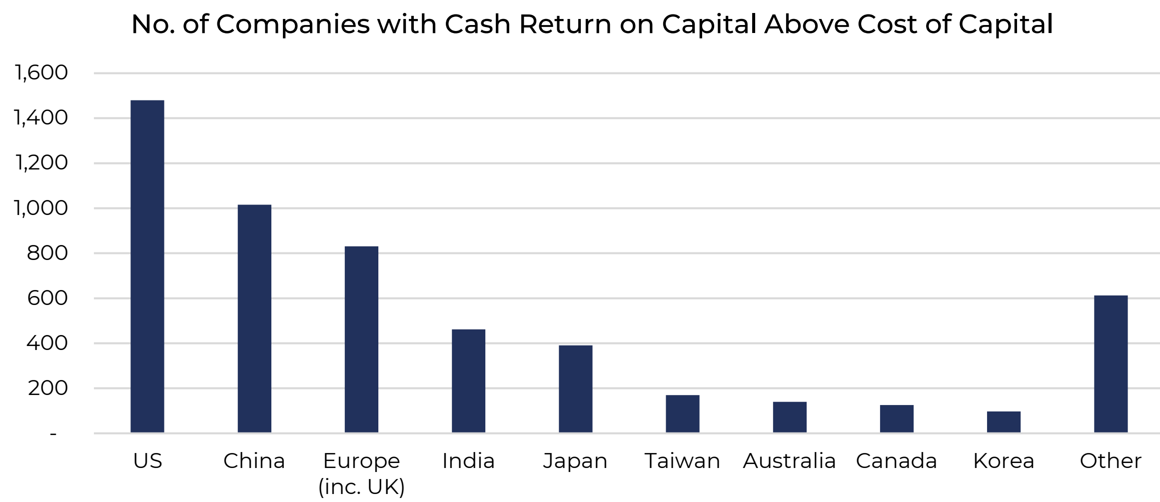



(Data as of 06/30/25, source: Guinness Atkinson calculations, Bloomberg)

## Outlook

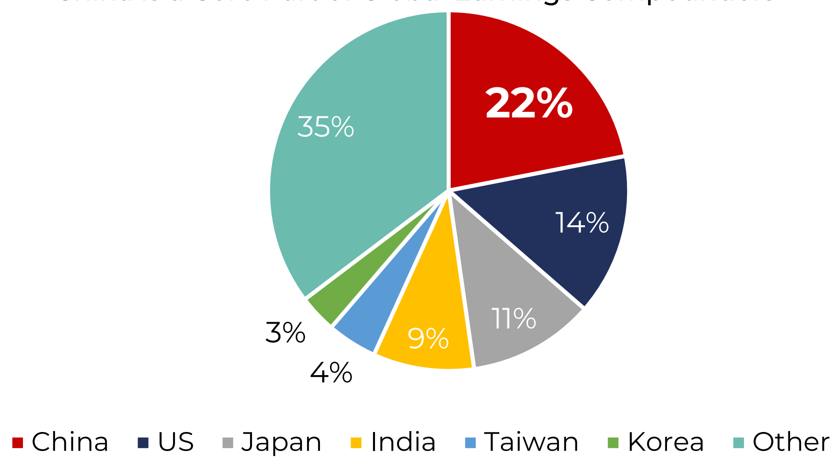
With more investors looking to diversify away from the US, we argue China is an inevitable market to consider. Outside of the US, China has the largest number of quality and growing companies. Chinese markets can also provide investors with diversification opportunities within their portfolios due to their lower correlation with American markets. The Fund provides investors with exposure to quality, growing companies within China. This set of companies continues to be valued by the market at a very attractive valuation due to the sluggish macro environment in China. We expect by the end of 2026/early 2027, for China's new pillar industries to drive the economy forward, which may lead to a positive earnings revisions cycle for China and a valuation re-rating.




(Data as of 07/02/25, minimum market capitalisation $0.5bn, country based on exchange, source: Guinness Atkinson calculations)

If investors are looking for quality outside the US, they cannot avoid China. The chart above looks at the number of companies in each market that, in the past year, earned a cash return on capital above the cost of capital. We use this measure a loose proxy for quality. As expected, the US has the most quality companies at ~1,500 companies, representing 28% of the world's total. Despite the economic transition China is currently undergoing, China is still the world's second largest source of quality, with more than 1,000 quality companies or 19% of the world's total. This puts China well ahead of Europe (including the UK), which has ~830 companies representing 16% of the total. India, which many foreign investors are obsessed with, only has 462 quality companies. The notion that China is full of poorly run companies is a myth. Instead, we believe it is clear that if investors want quality, China is unavoidable.

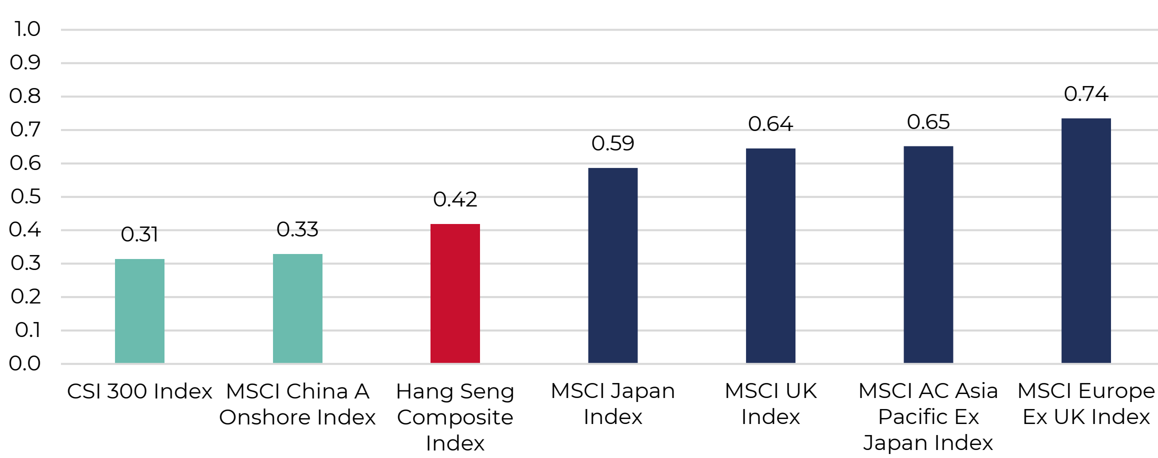
China is a Core Part of Global Earnings Compounders




(Earnings compounder defined as a company that has grown its earnings per share at a compound annual rate of more than 10% over the past five years. The percentage figures refer to each country's share of the global total. Data as of 07/02/25, minimum market capitalisation $0.5bn, country based on domicile, source: Bloomberg, Guinness Atkinson calculations)

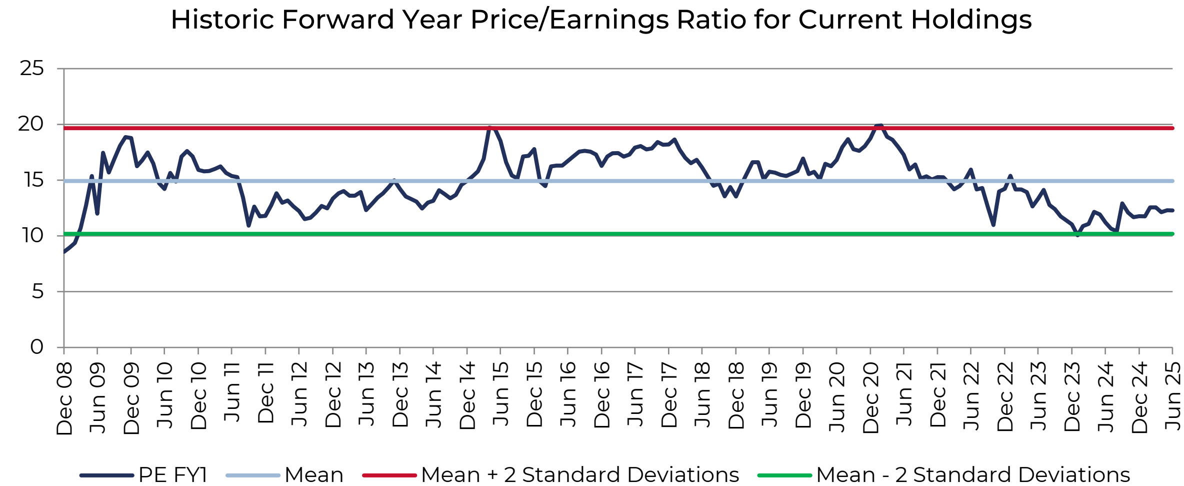
If one is looking for growing companies, China also cannot be ignored. The chart above looks at each country's share of global earnings compounders, which we define as a company that has grown its earnings per share at a compound annual rate of more than 10% over the past five years. The starting point (2019) is important as it marks the peak of China using real estate to power economic growth - in 2020 the government began to deleverage the sector. The past five years have been tough for the Chinese economy as it been navigating the transition away from property and towards the new pillar industries. But our point is that despite the gloomy macro backdrop in the past five years, China still makes up 22% of the world's earnings compounders. That is higher than the US, which contributes to 14% of the world's total, and well ahead of Japan and India which contribute a further 11% and 9% respectively. As was the case from a quality perspective, if investors want exposure to growth, China cannot be ignored.

Correlation with S&P 500 Index Over Past 10 Years




(Data from 06/30/15 to 06/30/25. Source: Bloomberg, Guinness calculations)

If investors are looking to diversify away from the US, China is a natural choice due to its low correlation with American markets. Over the past 10 years, the Hang Seng Composite Index's correlation with the S&P 500 Index is 0.42x. Onshore markets have even lower correlation at just above 0.3x. This is far lower than Europe ex. UK, which has a correlation of 0.74x, the UK (0.64x) and Japan (0.59x).




(Data from 12/31/08 to 06/30/25, Data for the Fund is a simulation based on actual historic data for the Fund's current holdings. Source: Guinness Atkinson calculations, Bloomberg)

Despite China's substantial contribution to the global pool of quality and growth companies, the Fund's holdings continue to trade at attractive valuations. The Fund is currently trading on a forward year price earnings ratio of ~12x, below its long-term average of ~15x. The market remains concerned over the sluggish macroenvironment which we argue is driven by China's ongoing transition away from property and towards the new pillar industries. For the past few years, the drag from property has been greater than the contribution from the new pillar industries, meaning that in aggregate, earnings revisions have been continuously revised downwards in China. Absent any large tariff shocks we expect by the end of 2026/early 2027, the new pillar industries are to become large enough to offset the drag from the contraction in property. This should lead to earnings revisions eventually bottoming and then rising for China as a whole, which may lead both domestic and foreign investors to look at the market more seriously. Often equity markets move well before fundamentals shift, so we argue now is a good time to be looking to allocate to China, in anticipation of a valuation re-rating and new drivers behind the economy.

Edmund Harriss (portfolio manager)
Sharukh Malik (portfolio manager)

## Performance

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

- Stock selection in the Health Care sector, driven by Sino Biopharmaceutical.

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

- Stock selection in the Industrials sector, driven by Hongfa Technology.
- The underweight to the Materials sector, where the Fund has no exposure.

Year-to-date, relative to the MSCI China Index, areas which helped the Fund's performance were:

- Stock selection in the Health Care sector, driven by Sino Biopharmaceutical.
- Stock selection in the Industrials sector, driven by Shenzhen Inovance Technology and Sany Heavy Industry.

Year-to-date, areas which detracted from the Fund's relative performance were:

- The Fund's lower exposure to AI related names and large cap stocks in Hong Kong in the first quarter. Alibaba was the strongest stock in the first quarter and is the second largest stock in the MSCI China Index, accounting for 9.7% the index. In the first quarter it rose 56% due to its exposure to AI in China. The Fund is run on an equally weighted basis and so each position has a neutral weight of 3.3%. As Alibaba outperformed in the first quarter, the Fund benefited from less of its outperformance than the index.
- Ultimately, the Fund's underweight to the following large cap stocks explains most of its underperformance versus the index: Alibaba and Tencent (both held), and Xiaomi, BYD and Pinduoduo (none held at the time). In the second quarter, we reduced the Fund's underweight to large cap offshore stocks by buying BYD and Meituan (discussed later in the review).

| As of 06/30/2025 | YTD | 1 Year | 3 Year | 5 Year | 10 Year |
|---|---|---|---|---|---|
| **China & Hong Kong Fund (ICHKX)** | **11.70%** | **21.70%** | **-6.39%** | **-2.96%** | **0.36%** |
| **MSCI China Net Total Return Index** | **17.33%** | **33.78%** | **3.06%** | **-0.99%** | **2.11%** |

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

Expense Ratio: 1.94%

*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 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. 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 invest 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.

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 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.

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.

Return of capital (ROC) is a payment that an investor receives as a portion of their original investment and that is not considered income or capital gains from the investment.

Cost of capital is a company's calculation of the minimum return that would be necessary in order to justify undertaking a capital budgeting project.

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. With90 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Taiwan.

MSCI Europe Index captures large and mid cap representation across 15 Developed Markets (DM) countries in Europe*. With 402 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across the European Developed Markets equity universe.

MSCI Europe ex UK Index captures large and mid cap representation across 14 Developed Markets (DM) countries in Europe*. The index covers approximately 85% of the free float-adjusted market capitalization across European Developed Markets excluding the UK.

Capital expenditures (CapEx) are funds companies use to acquire, upgrade, or maintain physical assets like buildings, technology, or equipment, with the goal of increasing operational scope or future economic benefits.

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.

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.

Total addressable market (TAM) is the overall revenue opportunity available or foreseen for a specific product or service, taking into account the future expansion scenarios. Earnings per share (*EPS*) is calculated as a company's profit divided by the outstanding shares of its common stock.

A correlation measures the strength and direction of a linear relationship between two financial assets or variables.

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 6/30/2025:

| | | |
|---|---|---|
| 1. | Tencent Holdings Ltd | 4.53% |
| 2. | NetEase Inc | 4.46% |
| 3. | Sino Biopharmaceutical Ltd | 4.44% |
| 4. | Shandong Himile Mechanical Science & Technology Co., Ltd | 4.12% |
| 5. | AIA Group Ltd | 4.11% |
| 6. | Hong Kong Exchanges & CL | 3.93% |
| 7. | Geely Automobile Holdings | 3.86% |
| 8. | Shenzhen H&T Intelligent Control Co., Ltd | 3.79% |
| 9. | China Merchants Bank Co Ltd - H Shares | 3.77% |
| 10. | Weichai Power Co Ltd - H Shares | 3.64% |

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

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