



Inflation Managed Dividends *brief*



Matthew Page, CFA



Dr. Ian Mortimer

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**Commentary and Review by co-portfolio managers
Dr. Ian Mortimer, CFA and Matthew Page, CFA**



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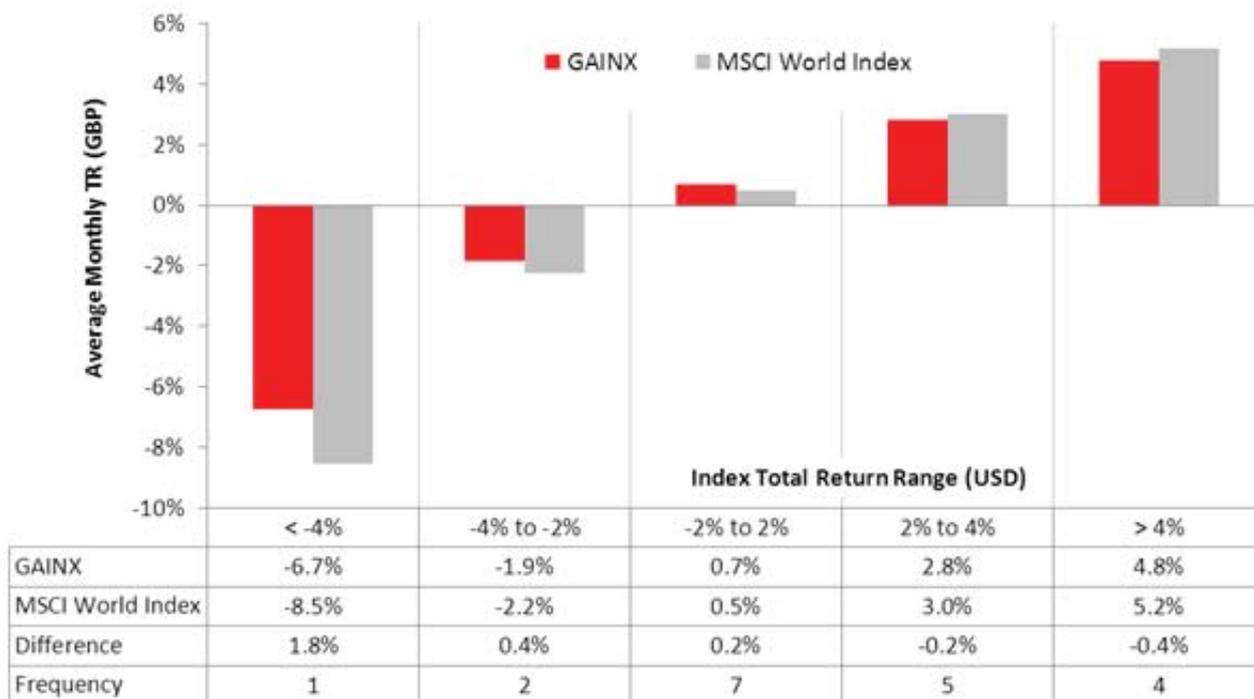
Manager's Review

September was another volatile month. There was optimism in the market during the first half of the month, as concerns over the Fed timescale for tapering its quantitative easing program subsided. However, some of this dissipated in the light of the looming deadline for the US Congress to raise the “debt ceiling” and avoid a government shutdown.

Given the type of fairly steady high return on capital companies that we seek to invest in, we believe the portfolio has the potential to:

- underperform in sharply rising markets when investors are willing to pay more for lower quality companies
- outperform in falling markets when the opposite occurs
- outperform over a cycle due to these companies' history of a consistently high return on capital (10% CROI over last 10 years)

Certainly, this is what we have seen since we have been running the portfolio, as demonstrated by the chart below. The chart shows the monthly total return (in USD) of the fund relative to the MSCI World Index, by different ranges of monthly total return of the MSCI World Index. In the 4 monthly periods we have seen where the MSCI World Index is up by more than 4%, the index has been up on average 5.2% while the fund has been up on average 4.8%.



Data from (03/30/2012)-(09/30/2013)

as of 09/30/13	YTD	1 YR	Since Inception (3/30/12)
Inflation Managed Dividend Fund*	20.87%	22.87%	26.76%
MSCI World Index	17.90%	21.06%	23.13%

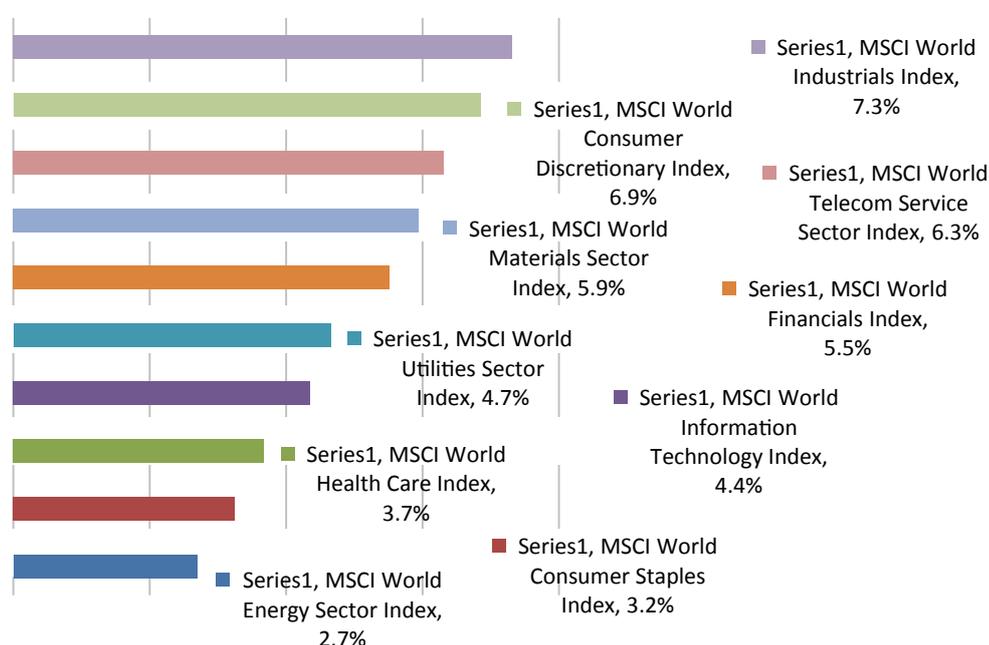
The expense ratio is 7.05% (gross), 0.68% (net)

Performance data quoted represent past performance and 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. For most recent month-end and quarter-end performance, visit http://www.gafunds.com/IMD_performance or call (800) 915-6566. The Fund imposes a 2% redemption fee on shares held for less than 30 days. Performance data does not reflect the redemption fee and, if deducted, the fee would reduce the performance noted.

The Advisor has contractually agreed to reduce its fees and/or pay Fund expenses (excluding Acquired Fund Fees and Expenses, interest, taxes, dividends on short positions and extraordinary expenses) in order to limit the Fund's Total Annual Operating Expenses to 0.68% through March 31, 2015.

When we drill down into the individual sectors of the index we see the Industrial and Consumer Discretionary sectors were the best performing sectors while the Energy and Consumer Staples sectors were the worst. At the fund level the largest positive contributor relative to the index on a sector basis was the Financials sector, with a recovery in the price of Aberdeen Asset Management, making it the best performing stock in the portfolio over the month, up 7.5%. On the other hand our holdings in consumer related stocks (both Staples and Discretionary) were the main detractor from performance, particularly H&R Block, which is our best performing stock year to date, but gave up 3.8% during the month. Consumer Staples stocks have tended to lag in any sharp rise in the market and given our overweight to this sector, mainly in US companies, it held back the performance of the fund.

MSCI World Index: Sector performance in Sept 2013



Source: Bloomberg, Guinness Atkinson Asset Management (in USD)

Our quest for value in the universe of high return on capital companies continues and whilst we have made very few changes to the portfolio so far this year we have been developing a watchlist of companies that we like, but are not quite yet compelled to purchase be it due to valuation, earnings momentum, or any other stock specific concern. The companies that are currently on that watchlist are mainly outside of the US with more companies in cyclical sectors than in defensive sectors.

Within the portfolio the companies we feel most inclined to sell are those that have been significantly rerated through multiple expansion without a corresponding growth in earnings. This has led us to consider our holdings in Consumer Staples (mainly the Food processing companies rather than Tobacco) and Health Care (large-cap Pharmaceuticals) sectors. Given the good performance of global equities this year we are focussing hard on where these companies are trading on relative to their historic valuation range.

Opinions expressed are subject to change, are not guaranteed and should not be considered investment advice.

This information is authorized for use when preceded or accompanied by a prospectus for the Guinness Atkinson Inflation Managed Dividend 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.

Mutual fund investing involves risk and loss of principal is possible. 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 Fund also invests in medium and smaller companies, which will involve additional risks such as limited liquidity and greater volatility. The Fund may invest in derivatives which involves risks different from, and in certain cases, greater than the risks presented by traditional investments.

For a list of current holdings, [click here](#). Fund holdings and/or sector allocations are subject to change at any time and are not recommendations to buy or sell any security.

The MSCI World Index (MXWO) is a capitalization weighted index that monitors the performance of stocks from around the world.

One cannot invest directly in an index.

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