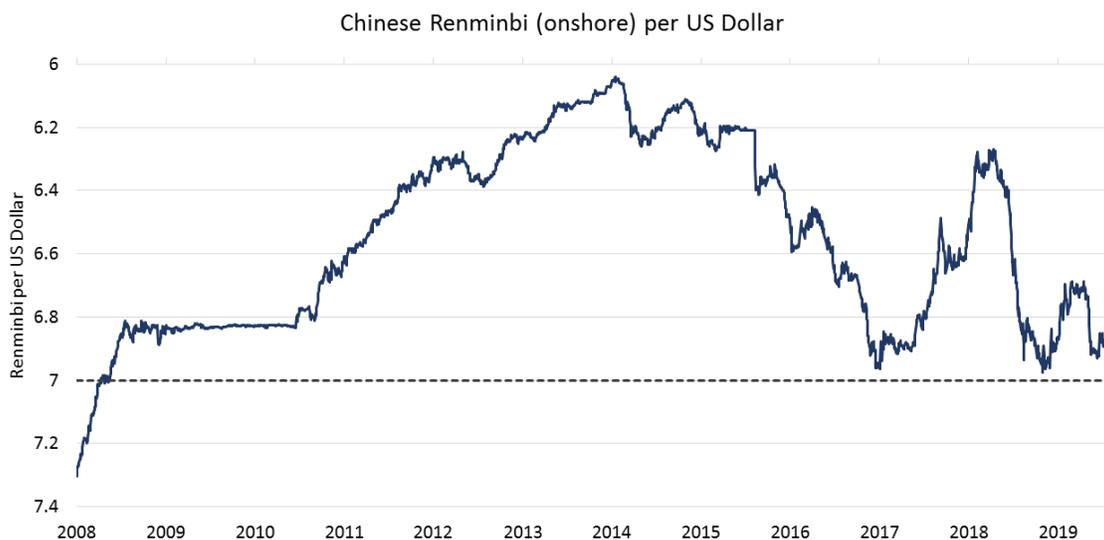


Guinness Atkinson  
**Global Innovators Fund**  
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**August in review:**

The tone was set by Trump at the beginning of the month as he enacted on his threat of further tariffs on Chinese goods forcing retaliation from the Chinese counterparts. Indeed, the US proposed a new 10% levy on the remaining \$300bn of Chinese goods previously not affected by tariffs. China responded by firstly allowing its currency, the Renminbi (Rmb), to weaken sharply below what was seen as a key threshold of 7Rmb to the US Dollar, followed a few weeks later by threatening to raise tariffs on \$75bn of US imports which includes agricultural goods, oil and cars. The (largely expected) retaliation prompted President Trump to raise both existing and planned tariffs rates by a further 5%.

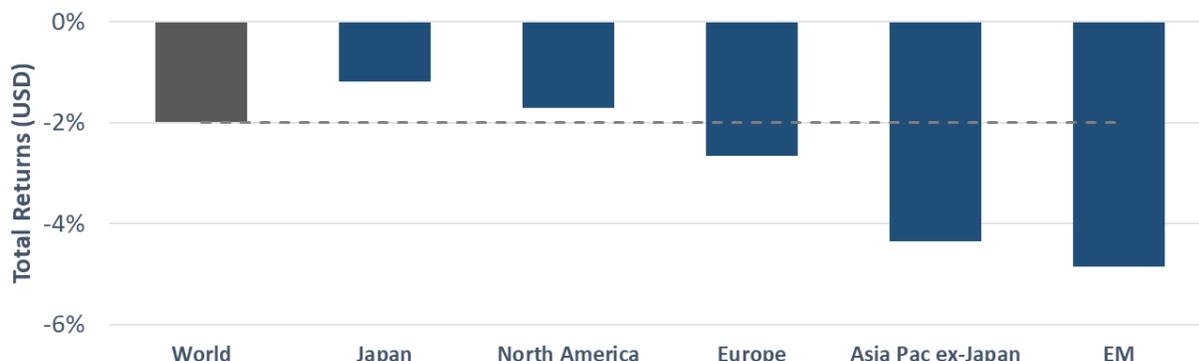


Source: Bloomberg, as of August 31st 2019

President Trump did offer some reprieve, however, by delaying the planned 15% levy on consumer goods including laptops and smartphones until December in order to protect US shoppers during the Christmas period. The month ended with hopes of fresh trade talks between the US and China with Trump commenting that China had called and that they “want to make a deal”.

The fund currently holds an overweight position to Asia-Pacific stocks and as such, the relative underperformance by the region, was a drag on the portfolio. However, this was outweighed by strong stock selection from stocks including Anta Sports (10.4% in USD) and New Oriental Education (8.7% in USD).

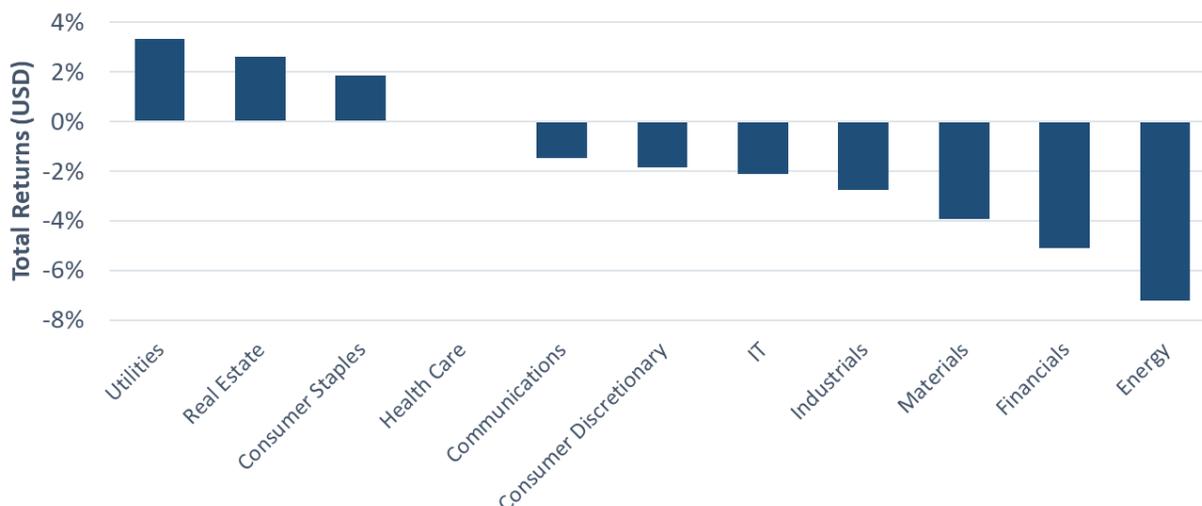
MSCI World regional performance: July 31, 2019 - August 31, 2019



Source: Bloomberg, as of August 31st 2019

Minutes released from the latest US Fed meeting which resulted in the widely expected 25bp rate cut last month, indicated a clear dispersion of views amongst members as to the path they should take. Inflation numbers over the month remained below the Fed’s target of 2%, while US consumer sentiment fell the most since 2012, potentially giving the US Fed further fuel for an addition interest rate cut. The relative strength in US markets over the month was a slight drag on fund performance due to the slight underweight position (~57% vs ~61% MSCI World), however, stock selection again outweighed this with KLA Tencor, the semiconductor equipment manufacturer, up 9.1% (in USD) and Intercontinental Exchange, which benefitted from the heightened volatility in the markets, up 6.4% (in USD) over the month.

MSCI World sector performance: July 31, 2019 - August 31, 2019



Source: Bloomberg, as of August 31st 2019

On a sector basis, the ‘flight to safety’ mentality set during the month resulted in the more defensive sectors Utilities, Real Estate and Consumer Staples and Health Care all outperforming the general market. The fund currently holds no exposure to Utilities, Real Estate and Consumer Staples and as such was a relative drag on performance over the month.

**ANTA Sports – a deeper dive:**

**ANTA Sports** was the best performing stock in the fund over the month (10.4% in USD) and has been one of the best performers year-to-date (YTD) (up 73.9% in USD). The latest month of strong performance comes on the back of a positive set of results which were in-line with the positive profit alert announced in July. The results showed first half sales up 40% year-on-year (YoY in Rmb), with the Fila brand a key driver, up 80% YoY.



**Who is Anta Sports and what do they do?**

Anta Sports is the largest domestic sportswear clothing brand in China trailing western brands, Nike and Adidas. The company has a portfolio of brands targeted at different areas of the Chinese market including its namesake brand Anta Sports, aimed at the mass market audience, in addition to more premium brands Fila and Descente. Anta has recently acquired Amer Sports, a Finnish clothing brand who manufacture and sell higher premium products through leading brands such as Salomon, Arc'teryx and Wilson. Going premium should make up for less-robust gains at its lower-priced namesake brand, which has been selling at half the price of Nike and Adidas products. The move to acquire a European company gives ANTA Sports scale to expand geographically, as well as launch new brands within China. The company's growing product offering could well fuel earnings and revenue growth and the shrewd move into winter sport clothing and equipment comes well-timed ahead of the next Winter Olympics in 2022 in Beijing.



**Why we like it?**

Anta has exhibited a return-on-capital above 10% for the last 10 years, has grown its gross margin from 42% in 2014 to 53% in 2019 and has shown earnings growth above 20% in 9 of the last 14 years. While Anta does face intense competition from western competitors Nike and Adidas, Anta has built strong intangibles with a portfolio of leading brands which has and should continue to enable them to capitalise on the structural growth in Chinese sportswear. Whilst the company does appear to trade on a premium versus its own history at 28x next-year's earnings, when compared with Nike (30x) and Adidas (28x), the valuation seems justified, especially given Anta's higher expected growth rates and larger margins. In light of the on-going trade dispute between the US and China it is worth pointing out that Anta currently generates all its revenue from China alone and so in theory should be unaffected by US-China tariffs. As such, any short-term share price weakness due to more general tariff rhetoric, we see as good opportunities to top up our existing holding.

Thank you for your continued support.

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**Summary performance**

For the month of August, the Guinness Atkinson Global Innovators Fund provided a total return of -2.08% (USD) against the MSCI World Index net return of -2.05% (USD). Hence the fund underperformed the benchmark by 0.03% (USD).

All returns after 1 year annualized.

as of 08.31.2019 (in USD)	YTD	1 year	3 years annualized	5 years annualized	10 years annualized
Global Innovators, Investor Class <sup>1</sup>	20.06%	-2.70%	11.51%	7.39%	12.97%
Global Innovators, Institutional Class <sup>2</sup>	20.26%	-2.46%	11.78%	7.59%	13.07%
MSCI World Index NR	15.15%	0.26%	9.64%	6.14%	9.20%

as of 06.30.2019 (in USD)	YTD	1 year	3 years annualized	5 years annualized	10 years annualized
Global Innovators, Investor Class <sup>1</sup>	21.21%	0.60%	15.08%	8.03%	14.49%
Global Innovators, Institutional Class <sup>2</sup>	21.35%	0.86%	15.36%	8.22%	14.59%
MSCI World Index NR	16.98%	6.35%	11.79%	6.61%	10.72%

*Performance data quoted represents 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, [https://www.gafunds.com/our-funds/global-innovators-fund/#fund\\_performance](https://www.gafunds.com/our-funds/global-innovators-fund/#fund_performance) or call (800) 915-6566.*

1 Investor class (IWIRX) Inception 12.15.1998 Expense ratio\* 1.25% (net); 1.30% (gross)

2 Institutional class (GINNX) Inception 12.31.2015 Expense ratio\* 1.00% (net); 1.13% (gross)

2 Performance data shown for Global Innovators, Institutional Class (GINNX), prior to its launch date on 12/31/15, uses performance data from the Global Innovators, Investor Class (IWIRX).

\*The Advisor has contractually agreed to reimburse 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 .99% for the Institutional class and 1.24% for the Investor class through June 30, 2020. To the extent that the Advisor absorbs expenses to satisfy this cap, it may recoup a portion or all of such amounts absorbed at any time within three fiscal years after the fiscal year in which such amounts were absorbed, subject to the expense cap in place at the time recoupment is sought, which cannot exceed the expense cap at the time of waiver. The expense limitation agreement may be terminated by the Board of the Fund at any time without penalty upon 60 days' notice.

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**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's focus on the technology, internet and communications sectors are extremely competitive and subject to rapid rates of change.**

**Securities mentioned are not recommendations to buy or sell any security.**

Current and future portfolio holdings are subject to risk.

Top 10 holdings for Global Innovators Fund, as of 8/31/19:

1. Infineon Technologies AG 3.86%
2. ANTA Sports Products Ltd 3.82%
3. New Oriental Education & Technology Group Inc 3.74%
4. KLA-Tencor Corp 3.67%
5. NIKE Inc 3.61%
6. Danaher Corp 3.57%
7. Comcast Corp - A Shares 3.52%
8. Roper Industries Inc 3.44%
9. Adobe Inc 3.44%
10. Lam Research Corp 3.43%

For a complete list of holdings for the Global Innovators Fund, please visit <https://www.gafunds.com/ourfunds/global-innovators-fund>.

*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 Fund, and it may be obtained by calling 800-915-6566 or visiting [gafunds.com](https://www.gafunds.com). Read it carefully before investing.*

**Earnings growth is not representative of the Fund's future performance.**

A basis point (bp) is equal to 0.01% or 1/100 of a percentage point.

MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets.

One cannot invest directly in an index.

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