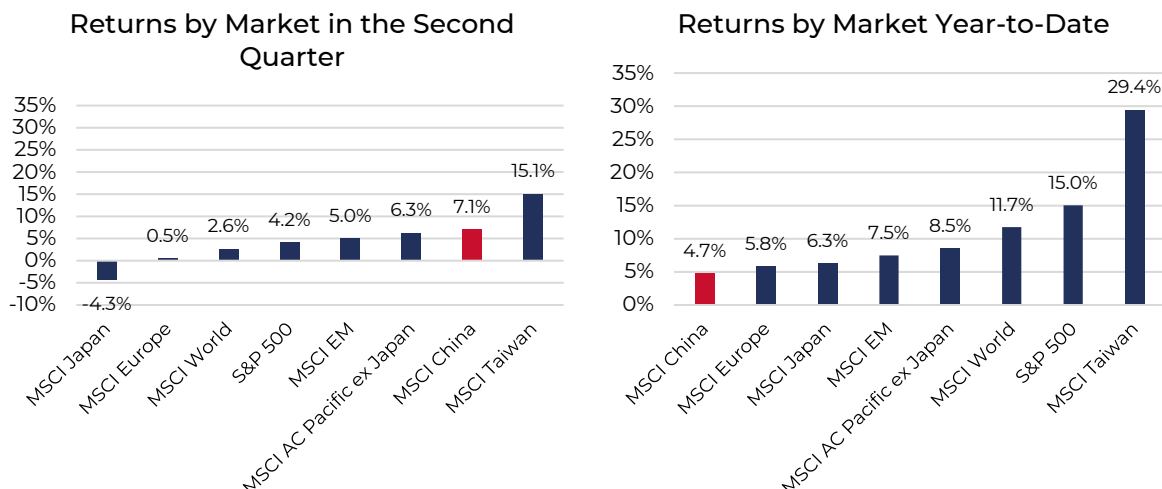


Summary View

- Year-to-date, the strongest three stocks in the Fund are China Merchants Bank, Tencent and Sany Heavy Industry. The weakest three stocks are Venustech, Wuxi Lead Intelligent Equipment and Travelsky.
- For our set of high-quality companies, we are seeing the best valuations since the financial crisis. Our companies have strong balance sheets and can weather the next few years as China completes its economic transition. If we are conservative and assume our companies continue to grow at their historic rate of 9% a year, then combined with an eventual valuation re-rating, we argue China is a very attractive investment opportunity. A potential catalyst on valuations is any decent government stimulus for the property market, which would help stabilize earnings estimates for China as a whole.

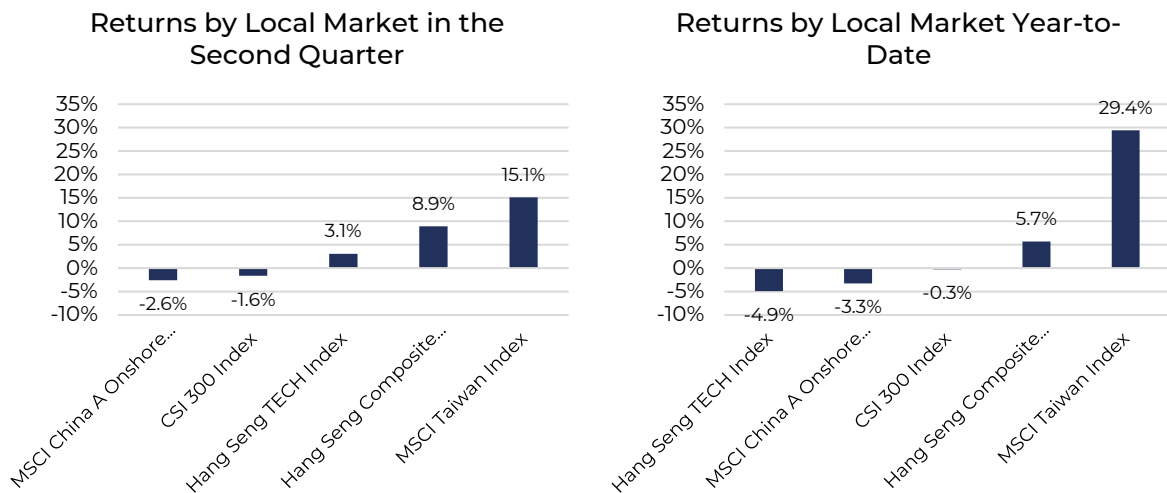
Market Commentary

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



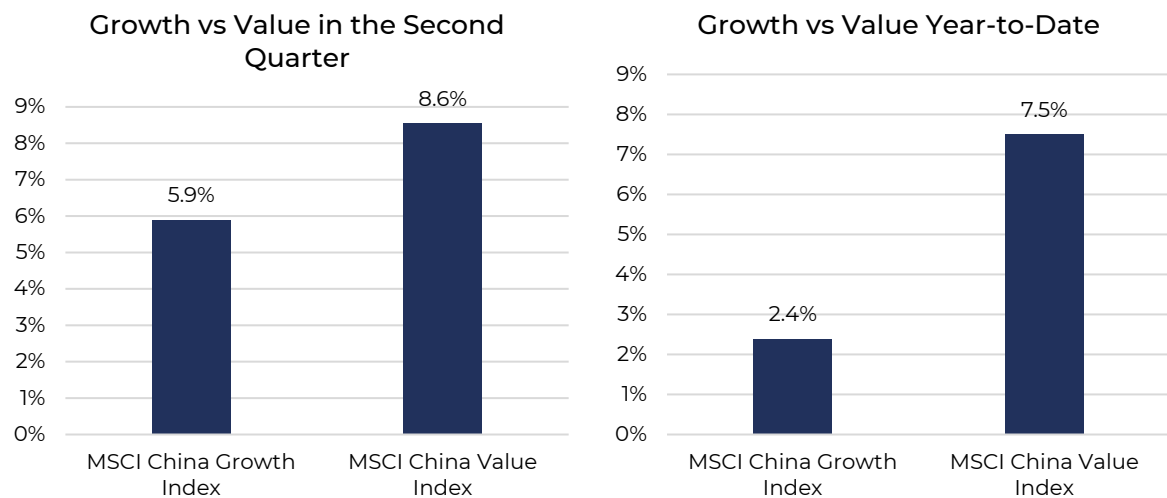
(Left chart: data from 03/31/24 to 06/30/24, right chart: data from 12/31/23 to 06/30/24, returns in USD, source: Bloomberg, Guinness Atkinson calculations)

In the second quarter, Chinese markets were outperformers relative to other major markets. The MSCI China Index recovered by 7.1% while the MSCI World Index rose by 2.6%. After a weak first quarter, China rebounded in April and for the first half of May, before giving back much of the gains in the second half of May and rising slightly in June. Year-to-date however, China remains a laggard. The MSCI China Index rose by 4.7% in the first half of the year, trailing the MSCI World Index which rose by 11.7%.



(Left chart: data from 03/31/24 to 06/30/24, right chart: data from 12/31/23 to 06/30/24, returns in USD, source: Bloomberg, Guinness Atkinson calculations)

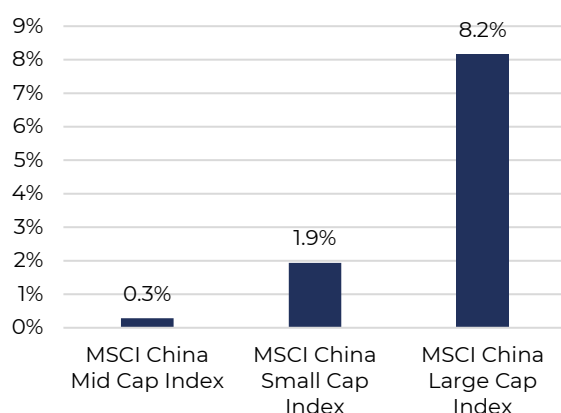
Offshore markets did far better than onshore markets in the second quarter, as the Hang Seng Composite Index rose by 8.9% while the MSCI China A Onshore Index fell by 2.6%. Year-to-date, the Hang Seng Composite Index has risen by 5.7% while the MSCI China A Onshore Index has fallen by 3.3%.



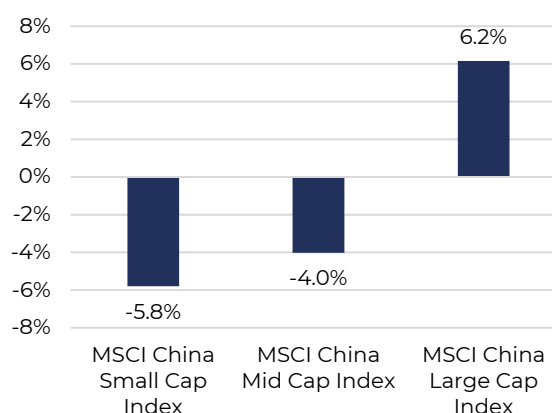
(Left chart: data from 03/31/24 to 06/30/24, right chart: data from 12/31/23 to 06/30/24, returns in USD, source: Bloomberg, Guinness Atkinson calculations)

In the second quarter, growth stocks slightly underperformed value stocks, as the MSCI China Growth Index rose by 5.9% while the corresponding value index rose by 8.6%. Year-to-date, the value index has risen by 7.5% while the growth index has risen by 2.4%.

Returns by Market Size in the Second Quarter



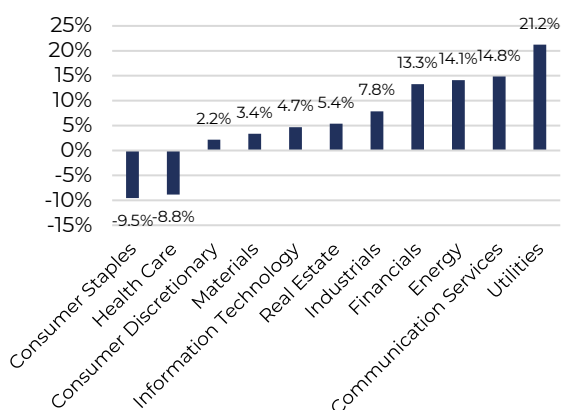
Returns by Market Size Year-to-Date



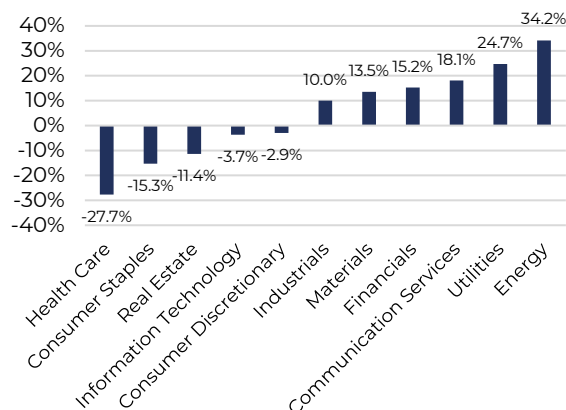
(Left chart: data from 03/31/24 to 06/30/24, right chart: data from 12/31/23 to 06/30/24, returns in USD, source: Bloomberg, Guinness Atkinson calculations)

Large caps outperformed significantly in the second quarter, rising 8.2% against the small and mid cap indexes which rose 1.9% and 0.3% respectively. Year-to-date, large caps have risen by 6.2% whereas small-caps and mid-caps have fallen by 5.8% and 4.0% respectively.

Returns by Sector (MSCI China) in the Second Quarter



Returns by Sector (MSCI China) Year-to-Date



(Left chart: data from 03/31/24 to 06/30/24, right chart: data from 12/31/23 to 06/30/24, returns in USD, source: Bloomberg, Guinness Atkinson calculations)

In the second quarter, the best performing sectors in the MSCI China Index were Utilities (total return +21.2%), Communication Services (+14.8%) and Energy (+14.1%). In their search for value stocks, investors rewarded more stable companies in the Utilities and Energy sector. Tencent's good performance drove the strength in the Communication Services sector.

The weakest sectors in the second quarter were Consumer Staples (total return -9.5%), Health Care (-8.8%) and Consumer Discretionary (+2.2%). Broadly speaking, lower than expected growth for several well-known companies led to weakness in the Consumer Staples sector. The most significant laggards were Kweichow Moutai, China Resources Beer and Nongfu Spring. Within Healthcare, the Biosecure Act in the US led to weakness for affected Chinese names. The Act essentially does not allow federal agencies

to work with companies with links to certain Chinese biotech companies. In the Consumer Discretionary sector, weaker names were Li Auto, Yum China and New Oriental Education.

Trip to China

We spent two weeks in China seeing a range of companies across the country. The trip was independently arranged without the help of brokers.



In Qingdao, we met with Haier Smart Home who are one of the world's largest household appliances companies. While the company's sales are linked to the domestic real estate cycle, the company is still expecting solid growth going forward. For example, washing machines have an average life cycle of 8-10 years, after which they need to be replaced regardless of how the real estate market is doing. To boost sales, Haier has launched its own trade in program where customers can trade in older products for a discount on new products. Meanwhile, the company is expanding its air conditioning (AC) business to catch up with its larger peers. In the past three years, the research team has doubled within the AC segment and CNY 200m (~\$28m) has been spent on quality control labs. Management aim to grow revenue for the AC business from CNY 46bn in 2023 to CNY 80-90bn by 2028, with operating margins in the segment to expand from ~4% in 2023 to 7-8% in 2028.

Near Hangzhou we saw a prospective company which manufactures forklifts. The company was relatively early in focusing on electric forklifts and this move is now paying off as revenue and profit growth has accelerated. The company's exports are increasing rapidly and the company's brand is gaining a reputation for quality. Management is aiming for revenue to increase from CNY 16bn in 2023 to ~CNY 30bn in three years' time. The company's products are sold in Europe and the US, with management focusing on quality and after sales service to catch up with its established competitors. We were given tours of two manufacturing sites which were impressive, as well as a run through of the various models the company sells.



We also saw Hangzhou First Applied Material which is the world's largest manufacturer of solar film, which protects solar modules. While much of the solar industry is in significant oversupply, in the solar film segment the supply imbalance is less pronounced. Smaller companies are loss making and are likely to eventually leave the industry, meaning First Applied may increase its market share. Next year the company plans to open two new manufacturing plants in China and one in Vietnam.



In Suzhou we visited a plant run by Shenzhen Inovance Technology, which makes automation equipment. We saw the high level of automation in the plant, partly driven by the company's own robots. We also communicated some of the reasons behind our proxy voting, where we voted against one director as he was an insider on the audit committee, and another director as the company does not have a nomination or remuneration committee. In response, the company said it has recently refreshed its board and this year is planning on creating a nomination and remuneration committee.



We met with China's two largest video game developers, Netease (in Hangzhou) and Tencent (in Hong Kong). With Netease, we discussed the latest quarterly results and the company's approach to shareholder return. With Tencent, the company's video accounts (equivalent to Tiktok) have relatively few ads compared to Douyin and Kuishou so there is potential for revenue in this segment to increase significantly. On semiconductors, the business has a stockpile of cutting-edge chips which management expect to last a few generations. Tencent's large language model (LLM) *Hunyuan* is being used by all teams as the foundational model, which teams can then tailor according to their specific needs. On capital management, the company argues its shares are undervalued and higher buybacks and dividends generate a better internal rate of return than other investments at this moment in time.



In Chengdu, we saw Sino Seal which manufactures mechanical seals mostly used in petrochemical applications, with use cases also in pipelines, nuclear, water and paper making industries. The company explained that it has taken market share from foreign competitors in the domestic market by focusing on lower prices, investment in R&D and very good after sales service. Management think that from a technical perspective, their products are now nearly at the same level as their foreign competitors. To increase export sales, the aim is now to catch up on the technical front and then increase brand awareness abroad in countries on the Belt and Road path. On capital management, Sino Seal is cautious on M&A and will not grow at all costs. The dividend frequency has now increased to a semi-annual payment with a higher payout ratio.



Near Chongqing, we met with Chongqing Fuling Zhaocai which makes pickled condiments. Due to climate change the company is seeing more volatility in supply of mustard roots. To deal with this greater volatility, when input prices are low the company likes to put mustard roots into storage. But current storage capacity is limited so the company is building a new state of the art production facility with significantly greater storage capacity. On ESG, we made numerous suggestions on where disclosure could improve and our sense is that we can have a genuine impact on the company's disclosures.



In Guangzhou we saw Suofeiya Home Collection which makes kitchen cabinets and cupboards. Given that it is smaller than the primary market, the secondary market (purchases of older homes) is a channel that Suofeiya has not previously focused on. However, as the primary market continues to weaken, management now views the secondary market as a growth driver for the business. In contrast to some of its competitors, Suofeiya has much more control of its sales process which management believes is one of the main drivers behind its good reputation with customers. For example, Suofeiya owns its own software, logistics and after sales service, whereas some of its competitors use third parties for some of

these services. By focusing on good service, the aim is that customers enhance the reputation of the business through word of mouth.

Stock Commentary

Year-to-date, the strongest three stocks in the Fund are China Merchants Bank, Tencent and Sany Heavy Industry.

China Merchants Bank (CMB) (total return +30.4%) – as Chinese markets have been weak, value stocks have outperformed and the Chinese banks have been notable outperformers, driven by a valuation re-rating. In our view CMB is the best run bank in China, with a cash return on equity well above its peers over the past decade. Supported by a dividend yield of ~6.0% and a dividend which has increased every year over the past decade, the stock has outperformed year-to-date.

Tencent (total return +28.0%) is China's largest video game developer, who we met with on our recent trip to China. Tencent's video accounts (equivalent to Tiktok/Douyin) have relatively few ads compared to Douyin and Kuaishou so there is potential for revenue in this segment to increase significantly. Consequently, Tencent has been one of the few Chinese companies seeing positive earnings revisions this year. On capital management, the company argues its shares are undervalued and so has been buying back shares and increasing dividends, with the rationale that this is likely to generate a higher internal rate of return than other investments at this moment in time.

Sany Heavy Industry (total return +18.7%) – Sany is a major manufacturer of construction equipment. Management believe that the domestic excavator cycle has potentially reached a bottom, with smaller excavators leading the rebound. Demand for larger excavators is likely to come from mining customers but for medium excavators, demand is still mostly driven by property developers. Over the past few years the company has been diversifying away from China and the target this year is for 20% export growth.

Year-to-date, the weakest three stocks in the Fund are Venustech, Wuxi Lead Intelligent Equipment and Travelsky.

Venustech (total return -37.5%) is a major provider of cybersecurity services in China. Historically its customer base was targeted toward government clients and large companies but due to the weaker macroenvironment, government clients are cutting budgets which is an issue facing the whole industry. Venustech, however, does benefit from closer cooperation with its largest shareholder which is China Mobile. Last year, China Mobile became the controlling shareholder in Venustech and as a result China Mobile disbanded its internal cybersecurity business and is now redirecting business towards Venustech. Venustech should benefit from greater demand from China Mobile's customers, diversifying Venustech's customer base. Last year Venustech derived CNY 200-300 million from sales to China Mobile and in the medium term the target is to grow this to CNY 1 billion. Overall, management is targeting at least 20% revenue and net profit growth in 2024.

Wuxi Lead Intelligent Equipment (total return -36.5%) is a manufacturer of battery production equipment. With concerns over potential battery overcapacity in China, the market is paying attention to Lead Intelligent's order book. We expect growth in the company's new orders to come from overseas. We know Lead Intelligent has exposure to major customers abroad such as Volkswagen and ACC (a joint venture between Stellantis, Mercedes and TotalEnergies). CATL, which is one of the world's largest battery manufacturers, is the second largest shareholder in Lead Intelligent. Therefore, we expect Lead Intelligent to benefit from CATL's new plant in Hungary.

Travelsky (total return -30.9%) supplies data for China's aviation industry and processes nearly all passenger flights in the country. One segment of the business, System Integration, is involved with installing equipment and software to airports and airlines. The segment saw a significant drop in revenue in the second half of 2023 whereas management had been guiding for positive growth. It seems slower progress on certain projects as well as payment delays led to the miss. Additionally, across the business higher labor costs led to a rise in expenses, overall leading to a large earnings miss. The stock sold off 25% on the profit alert in January. Our view was that the System Integration segment, due to being project based, can have a more volatile growth profile than the core business. It may turn out that the segment rebounds in the future once the delayed projects are completed and indeed management are expecting a recovery here this year. Travelsky remains one of the cheapest quality stocks which give exposure to China's rebound in travel, both in the short and long-term. Therefore, we decided to top up on the position following the sell off and have so far made a positive return.

Portfolio Switches



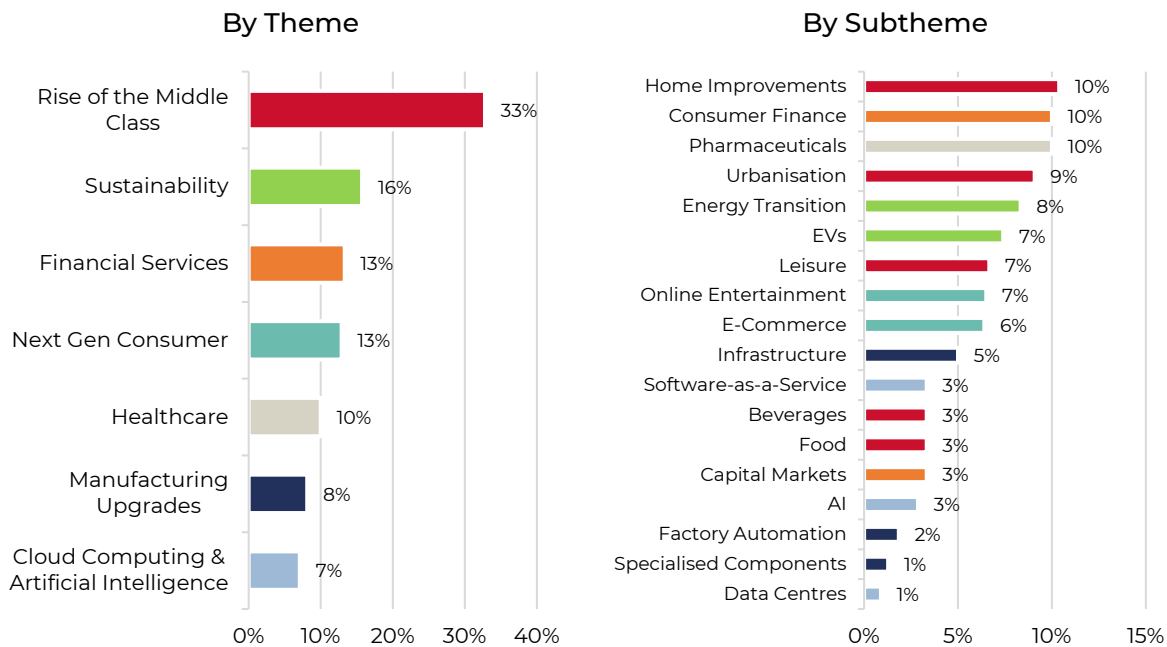
We sold the full position in China Medical System following its profit warning at the end of March. CMS reported an unexpected decline in sales in the second half of 2023, as for some of its major drugs the decline in prices was larger than management had previously guided for. The gulf between guidance and reality concerned us, reflecting poor communication from management. The company expects it will take until 2025 for revenue to beat 2022's amount, and until 2026 for net profits to do the same.



For a slightly higher valuation multiple, we initiated a position in Midea. Midea is one of the world's largest household appliances companies, selling items such as fridges, freezers, dishwashers. It is also one of the world's largest air conditioner manufacturers. The company has a long track record of growing its asset base at a high cash return on capital. We expect revenues and profits to continue to grow, which is attractive in the current economic environment in China. We also like Midea because it owns Kuka which it bought from a German company in 2016. As China's working population shrinks and wages rise, greater automation is likely to be a trend and so owning one of the world's most advanced robotics companies makes Midea very attractive.

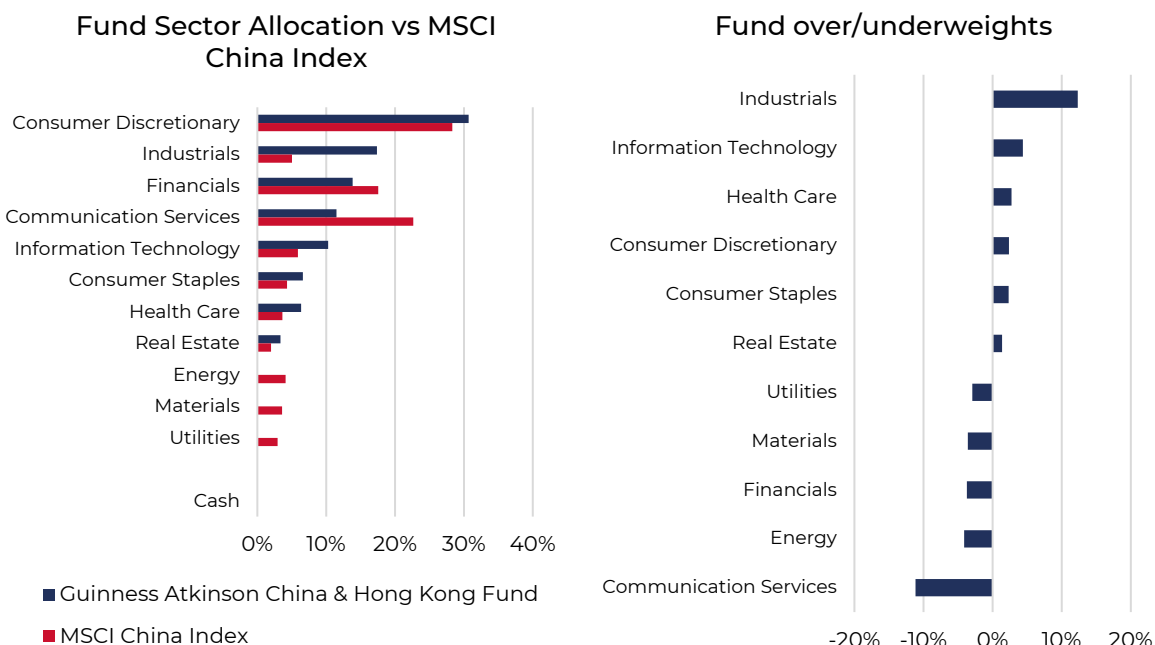
Portfolio Positioning

By theme, the Fund's largest exposures are to the Rise of the Middle Class, followed by Sustainability and Financial Services. Important subthemes include Home Improvements, Consumer Finance and Energy Transition.



(Data as of 06/30/24, source: Guinness Atkinson calculations. Data assumes portfolio is equally weighted)

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

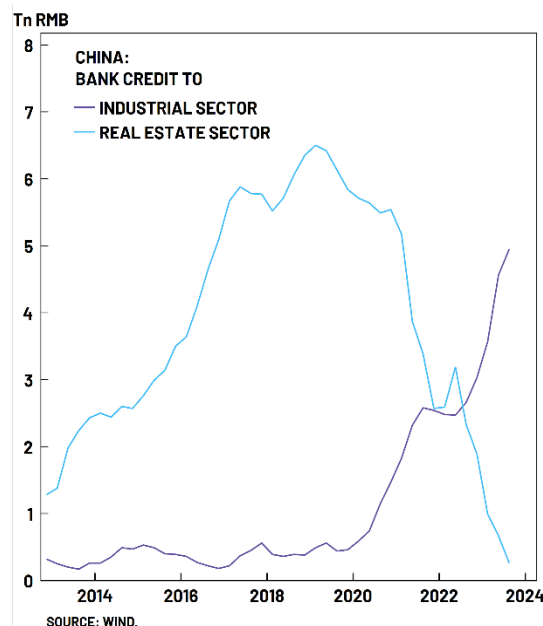


(Data as of 06/30/24, source: Guinness Atkinson calculations, Bloomberg)

Outlook

Following our trip to China, we remain of the view that while the economy is weak by China's standards, the quality companies that we are interested in are generally doing fine. In contrast to the gloomy macro news, our companies overall have a growth mindset, investing both domestically and internationally to secure future growth. For our manufacturing companies in particular, the general trend is they are moving up the value chain and from a quality perspective, are catching up to their Western competitors. Export sales are becoming more of a focus for our companies, and we expect Chinese companies across the board to become more competitive on the global front.

We argue that the government has, for the past few years, been intentionally deleveraging the property sector. One of the reasons behind this was to tackle the accumulation of debt, particularly amongst private property developers which has for some time presented itself as a source of systematic risk. Since 2020, the government has been clamping down on the use of the aggressive debt funded growth in the property sector, leading to Evergrande and other private property developers' business models failing.



The second reason behind the intentional deleveraging push in the property market is driven by China's long-term economic plan. Ultimately, for China to become rich on a per-capita basis, capital needs to be diverted away from property and towards the new pillar industries with higher value add per person. Real estate accounts for at least ~20% of China's GDP and 23% of its capital investment. China's GDP per capita is currently ~\$12,500 per person and to take it to the level of countries such as Korea and Japan, with GDP per capita of ~\$35,000 and \$39,000 respectively, real estate is not the answer. The answer is also unlikely to be found in other industries that foreign investors have historically been attracted to in China, such as video games (Tencent) and e-commerce (Alibaba). For China to become a wealthy nation, the new pillar industries are going to need capital to grow. These industries include (but are not limited to) the EV supply chain, industrial automation, semiconductor manufacturing and research into pharmaceutical development and healthcare equipment. We can see in the chart that while lending to the real estate sector has

plummeted, at the same time lending to the industrial sector, which contains many of these pillar industries, has increased significantly.

(Source – BCA Research)

China's current problem is that while in the long-term the deleveraging of the property sector is positive, in the short-term, because of its large contribution to GDP, the declining real estate market is creating a drag on growth. Meanwhile, while the new pillar industries are growing, they are still relatively small in size and are certainly not large enough to offset the weakness in real estate.

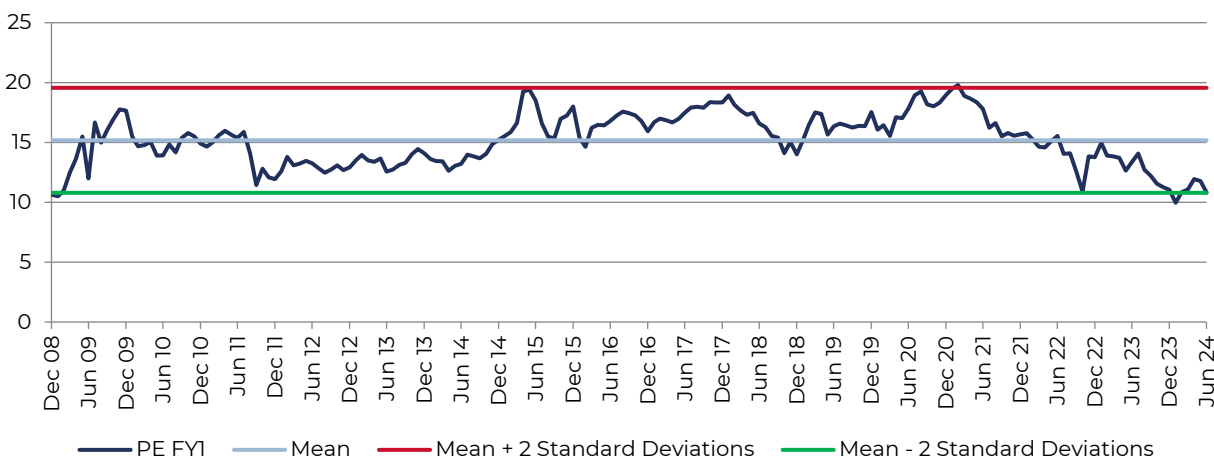
At what point could the new pillar industries become large enough to offset the weakness in property? Goldman Sachs looked specifically at EVs, batteries, wind and solar power generation as their proxy for the pillar industries. In their scenario, by 2028 the new pillar industries may become large enough to offset the weakness in property, assuming property continues to decline. Of course, their work only looks into three specific industries and ignores China's other pillar industries, so using similar logic we believe

that well before 2028, China's pillar industries are likely to become large enough to offset the falling real estate market. Work by Bloomberg also points us to a similar conclusion.

However, of course this point is still a few years away. Until then, government stimulus is needed to help the economic navigate the ongoing economic transition. The real estate sector continues to plummet and now requires stabilization. Recently, more loosening measures were announced for the property market. Loans obtained from the Housing Provident Fund had their interest rates cut by 0.25 percentage points - the fund is a social security savings scheme modeled on the Central Provident Fund in Singapore. The large cities of Hangzhou (population 10.4 million) and Xi'an (population 13.0 million) removed virtually all restrictions on property purchases. In April, Chengdu (population 16.3 million) did the same.

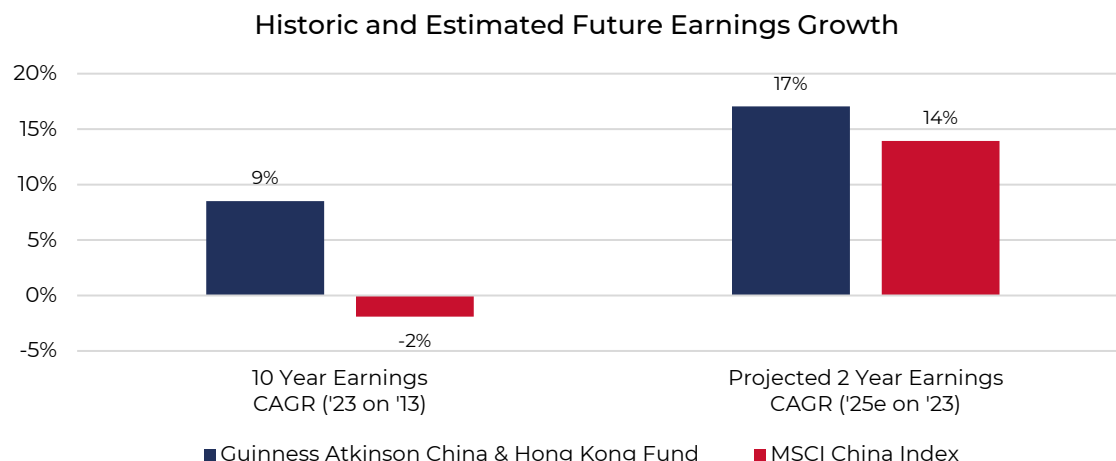
From an investment perspective, we break down prospective returns into changes from valuation multiples, earnings growth and dividends. On valuations, our holdings remain cheap. The Fund's holdings in aggregate are trading at a forward price/earnings ratio of 11.4x which is two standard deviations below the holdings' 15-year average. Historically, our holdings have bottomed at a price/earnings ratio of 10x which implies only ~13% downside. Taking a more optimistic view, if investors believe our argument that China is undergoing an economic transition which will move it into higher value-add industries, then a higher valuation multiple in three to five years may be more appropriate. Our holdings long-term average price/earnings ratio is 15.4x, which implies 35% upside from current levels.

Historic Forward Year Price/Earnings Ratio for Current Holdings



(Data from 12/31/08 to 06/30/24, source: Bloomberg, Guinness Atkinson calculations. Calculations assume an equally weighted portfolio)

The longer the time horizon, the more important earnings growth is. Here we point out the Fund's strong track record in this respect. Over the past decade, our holdings in aggregate have grown earnings by 9% a year. Meanwhile, the MSCI China Index has seen earnings fall by 1% a year over the past decade, despite all of the economic growth in China. We argue a passive approach is not the best way to get exposure to high quality, compounding companies in China. Based on consensus analyst estimates, the Fund's holdings in aggregate are expected to grow earnings by 17% a year over the next two years. But we will be more conservative and assume a 9% growth rate is more appropriate. At such an attractive risk reward ratio (as measured by valuations), a 9% earnings growth rate is surely of interest to investors.



(Source: Bloomberg, MSCI, Guinness calculations. Data as of 06/30/2024. Fund series assumes \$1m equally weighted into current holdings. Data for the Fund is a simulation based on actual historic data for the Fund's current holdings.)

Finally, we point out better capital allocation from our holdings. The government is encouraging companies to distribute excess cash to shareholders and improve payout ratios. For our current holdings, the aggregate payout ratio has improved from 32% in 2019 to 47% in 2023.

In summary, for our set of high-quality companies, we are seeing the best valuations since the financial crisis. Our companies have strong balance sheets and can weather the next few years as China completes its economic transition. If we are conservative and assume our companies continue to grow at their historic rate of 9% a year, then combined with an eventual valuation re-rating, we argue China is a very attractive investment opportunity. A potential catalyst on valuations is any decent government stimulus for the property market, which would help stabilize earnings estimates for China as a whole.

Edmund Harriss (portfolio manager)

Sharukh Malik (portfolio manager)

Performance

In the first half of the year, relative to the MSCI China Index, areas which helped the Fund's performance were:

- Individual stock performance, led by China Merchants Bank (total return +30.4%), Tencent (+28.0%), Sany Heavy Industry (+18.7%) and Haier Smart Home (+18.4%).
- Stock selection in the Real Estate sector, driven by China Overseas Land & Investment (+1.6%) compared to the sector which fell 11.4%.
- Stock selection in the Consumer Staples sector, led by not holding names such as Kweichow Moutai (-15.2%), Mengniu Dairy (-30.6%) and JD Health (-45.6%).

Areas which detracted from the Fund's relative performance were:

- As discussed earlier, offshore stocks outperformed onshore stocks, as the Hang Seng Composite Index rose by 5.7% while the MSCI China A Onshore Index fell by 3.3%. As of the end of June, the Fund was underweight to stocks listed in Hong Kong and overweight to A shares. Therefore, the Fund benefited from less of the rally in the Hang Seng Composite than the MSCI China Index.
- The Fund has an overweight to mid-caps which, along with small-caps, have significantly underperformed large caps. Year-to-date, the MSCI China Large Cap Index has risen by 6.2% while the small and mid-cap indexes have fallen by 5.8% and 4.0% respectively. Particularly because of the chase for "safer" stocks, investors are targeting value stocks of which many are large state-owned enterprises (SOEs), where we are underweight.
- Structural underweight to Tencent (total return +28.0%). The Fund is run on an equally weighted basis and so each position has a neutral weight of 3.3%. As of the end of June, Tencent's weight in the MSCI China Index was 16.6%, making it the largest stock by far in that index. Tencent's share price has risen 28.0% so the index benefited much more from Tencent's rally than the Fund.
- Underweight to Financials, and more specifically the underweight to the large state-owned enterprise banks. The Fund does not hold any of the large SOE banks which have been significant outperformers as a value play e.g. the offshore lines of CCB, ICBC and ABC are up 24.1%, 21.5% and 19.2% respectively. We do not own these large SOE banks as they do not give exposure to the long-term structural growth themes in China.
- The combined underweight to Materials, Energy and Utilities where the Fund has no exposure, whereas in the index these sectors have a cumulative weight of 10.6%. The Fund targets quality companies which give exposure to the structural growth themes in China. In our universe, there are no Energy names which give this exposure. The Material names which have been strong this year are related to metals and cement – these companies do not generally make the quality threshold we target in the Fund. Relevant companies are Zijin Mining, China Hongqiao (aluminium), Aluminium Corp, Jiangxi Copper and Zhaojin Mining. The Fund holds no companies in the Utilities sector.
- Therefore, of the Fund's underperformance relative to the MSCI China Index, much can be attributed as follows:
 - The underweight position in Tencent.
 - The underweight in the large SOE banks.
 - The Fund's lack of exposure to the Materials, Energy and Utilities sectors.
- We are completely comfortable with the positioning of the Fund, with respect to the three points above as well as our overweight to the onshore market and our overweight to mid cap companies. The onshore market makes up ~80% of our structural growth universe and the most interesting names are the "Little Giants" – companies which are in the industries that are likely to make China a developed country. These companies are getting government support in the form of a lax regulatory environment, greater government orders and lower taxes. These Little Giants are currently being ignored by the market and we strongly believe that once China completes its economic transition away from property, these companies are likely to have a long path of compounded growth ahead of them.
- Other detractors were driven by:
- Stock selection in the Industrials sector, driven by Wuxi Lead Intelligent Equipment (total return -36.5%) and Shenzhen Inovance Technology (-20.0%).

- Stock selection in the Health Care sector, driven by China Medical System (-50.7%), Sino Biopharmaceutical (-22.2%) and CSPC Pharmaceutical (-12.5%). The generic pharmaceutical companies are in the midst of transitioning away from a generics-based model towards an innovation model, where drugs are developed in-house. During this transition, earnings growth is likely to be muted, though we argue valuations more than compensate for the wait.

As of 06/30/2024	YTD	1 Year	3 Year	5 Year	10 Year
China & Hong Kong Fund (ICHKX)	-8.16%	-16.65%	-18.79%	-6.17%	-0.61%
Hang Seng Composite Index TR	5.67%	-1.99%	-13.47%	-3.91%	1.35%
MSCI China Net Total Return Index	4.74%	-1.62%	-17.68%	-4.25%	1.39%

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 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 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.

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 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.

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.

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.

Guinness Atkinson
China & Hong Kong Fund
Managers' Update – Review of June 2024



Price/Earnings ratio (P/E) is an equity valuation multiple. It is defined as market price per share divided by annual earnings per share

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 6/30/2024:

1. Tencent Holdings Ltd	4.89%
2. NARI Technology Co Ltd	4.01%
3. Geely Automobile Holdings Ltd	3.95%
4. China Merchants Bank Co Ltd - H Shares	3.94%
5. Weichai Power Co Ltd - H Shares	3.83%
6. Inner Mongolia Yili - A Shares	3.76%
7. Sany Heavy Industry Co	3.75%
8. NetEase ADR	3.61%
9. Shenzhou International	3.59%
10. Hong Kong Exchanges & CL	3.52%

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

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