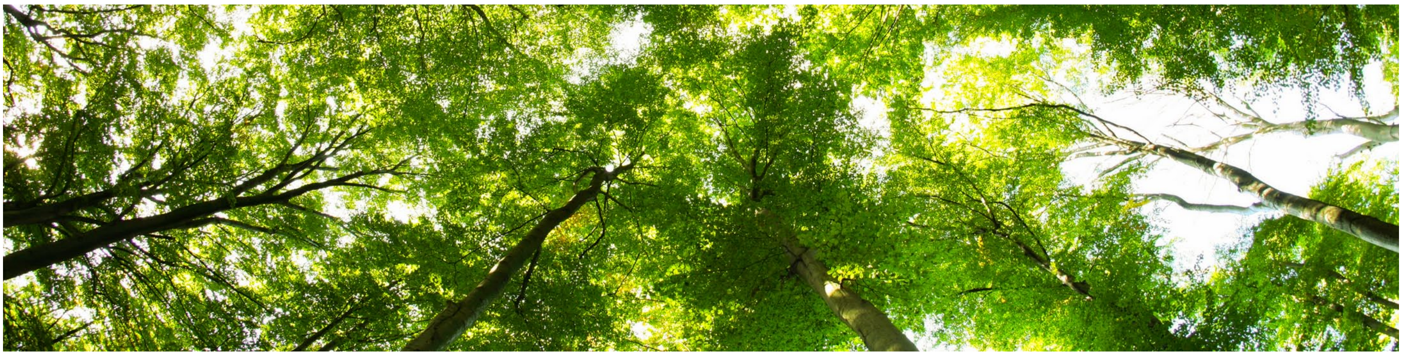

GUINNESS ATKINSON FUNDS

Inflation Managed Dividends *brief*

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June 2013

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

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Manager's Review

The so-called 'risk rally' began to stall in May. Japan gave up some of the strong gains seen since Prime Minister Shinzo Abe stepped in to reflate the Japanese economy earlier in the year, and emerging markets in general were weak. The US remained a bright spot, despite its retreat in the last week of the month. As of 05/31/13 this still leaves the MSCI World Index up +11.51% since the start of the year and up +142.15% since the market bottom on March 9, 2009. As of 05/31/13 on an annualized basis, this equates to a return of 23.25% per year since the market turned following the financial crisis – a generous return in anyone's book. Within this recovery there have been several corrections on the way, but the march has always been ever higher. Investors have also become used to the 'risk-on/risk-off' mind-set and appear to have developed an unhealthy appetite for central bank liquidity. This is best illustrated in the bizarre 'bad-is-good, good-is-bad' analysis of US economic data points with regard to how the Federal Reserve may react; good jobs numbers one month, for example, will be followed by a drop in US equity prices, as investors believe improved employment rates will encourage the Fed to slow their bond buying sooner.