GUINNESS ATKINSON FUNDS

Inflation Managed Dividends *brief*

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

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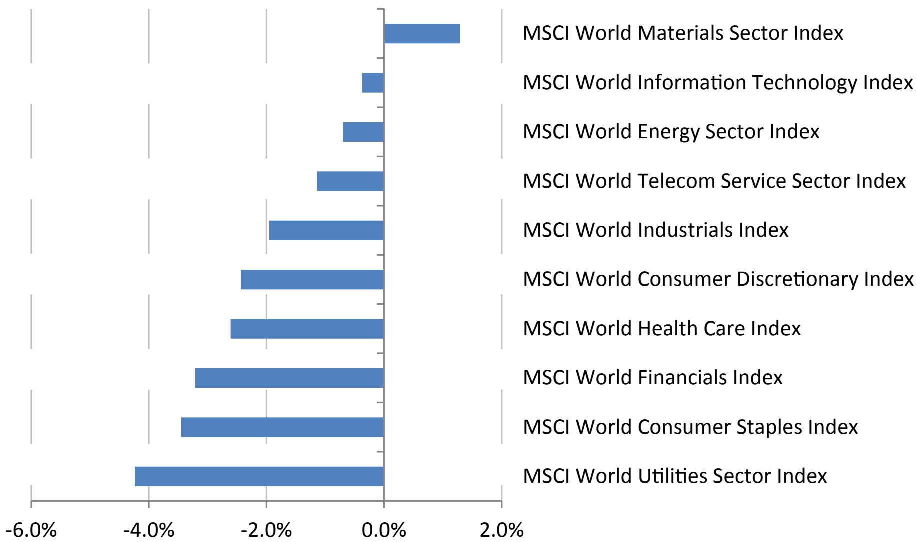
Manager's Review

Markets overall were weak in August, with 9 out of the 10 sectors in negative territory. The only positive sector was materials. Our Fund has no direct allocation to the materials sector (versus a benchmark weight of c.6%), so the fund did not participate in this sectors appreciation.

MSCI World Index: Sector performance in August 2013



Source: Bloomberg, Guinness Atkinson Asset Management

The largest weight in the Fund continues to be the consumer staples sector (at c.25%). Over the month we saw the consumer staples sector underperform the broad market, perhaps as investors took profits in this sector after its good run since the beginning of the year. Our overweight position affected Fund performance over the month.

Sector	Portfolio weight	MSCI World Index weight	Difference
Consumer Staples	26.6%	10.4%	16.1%
Industrials	20.2%	11.2%	9.0%
Telecom Service	5.2%	3.7%	1.5%
Health Care	12.2%	11.3%	0.9%
Energy	7.9%	9.6%	-1.7%
Financials	18.0%	21.0%	-3.0%
Utilities	0.0%	3.3%	-3.3%
Consumer Discretionary	6.6%	12.1%	-5.5%
Materials	0.0%	5.7%	-5.7%
Information Technology	3.4%	11.8%	-8.4%

Source: Bloomberg, Guinness Atkinson Asset Management

We recognize that the consumer staples companies in the portfolio are looking more expensive than they were when we initially purchased them back in early 2012, and we have been starting to sell out of those positions we saw as too expensive over the last year or so (e.g. PepsiCo and Wal-Mart). In August we made no changes to the portfolio, but we continue to be actively looking for attractively valued opportunities. With the underperformance of emerging market equities this year, the contrarian in us has prompted some consideration of what we could buy in Asia, Latin America and Africa. We have identified a shortlist of candidates that have achieved a 10 year record of high return on capital and currently appear to offer some value, and we are now in the process of performing our due diligence on these companies for potential inclusion in the Fund.

On a positive note, our increased industrial allocation has worked well, with a new holding, Northrop Grumman, being one of our best performing companies since its inclusion in the Fund. Our position in Vodafone was also boosted by the news that the sale of its stake in Verizon Wireless was finally confirmed. Our allocation to the European oil majors also provided a useful counterbalance in the portfolio during the month as oil prices rose on political concerns emanating from Syria.

It is easy to rue any under/overweight positions that cause a drag on performance. However, we try to remind ourselves that we believe that the only way to outperform over the long run is to have a portfolio that is meaningfully different to the benchmark. That is, have a Fund with both an active weight to the benchmark sector weightings and/or active share versus the individual company weightings in the benchmark.

Comparing the Fund to the benchmark in terms of sector weightings shows some significant differences in terms of sector allocation, with an overweight to consumer staples and industrials, and an underweight to consumer discretionary, information technology and materials.

In terms of active stock weight, all the Fund holdings have a meaningful difference to the weightings of those companies in the index. This is inherent to our portfolio construction methodology of equally weighting each company in the portfolio. With 35 stocks, this means each has a weighting of just under 3%. Looking at the top ten holdings in the MSCI World Index, we can see that Apple is the largest position with a weighting of just 1.6%, which means that if we held Apple in the Fund portfolio we would still have an active weight of around 1.4%.

We are firm believers in concentrated portfolios in which we have a high conviction in each of the companies we have bought. By equally weighting our positions, we seek to avoid the pitfalls of associating 'risk' with size of market capitalization and of having a long tail of small positions whose individual performance may not greatly affect the overall performance of the portfolio, and can be an unnecessary distraction.

MSCI World Index Top 10 Holdings
As of 8/31/2013

Apple Inc	1.6%
Exxon Mobil Corp	1.4%
General Electric Co	0.9%
Johnson & Johnson	0.8%
Microsoft Corp	0.8%
Chevron Corp	0.8%
Google Inc	0.8%
Nestle SA	0.8%
Procter & Gamble Co/The	0.7%
Wells Fargo & Co	0.7%

Source: Bloomberg

Portfolio Performance

We saw continued volatility in global equities in August. The last four months have seen equities yo-yo around: we saw a rally in May, a decline in June, a rally in July and a decline in August. We think much of the uncertainty in global markets is emanating from US monetary policy, with continued speculation over the future trajectory and timing of quantitative easing in the US affecting the currencies of emerging market countries. We have also seen political tensions around the world intensify with the threat of strikes on Syria.

The Fund generated a total return of -2.80% in August, compared to its MSCI World Index benchmark return of -2.06%. The Fund has returned +15.74% year-to-date versus the Index return of +12.23%.

as of 6/30/13	YTD	1 YR	Since Inception (3/30/12)
Inflation Managed Dividend Fund	13.16%	21.29%	14.67%
MSCI World Index	8.82%	19.41%	13.65%

as of 8/31/13	YTD	1 YR	Since Inception (3/30/12)
Inflation Managed Dividend Fund	15.74%	19.30%	21.35%
MSCI World Index	12.23%	18.46%	17.21%

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.

All return figures represent average annualized returns except for periods of one year or less, which are actual returns

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 smaller and mid-cap companies, which will involve additional risks such as limited liquidity and greater volatility. Rising interest rates may negatively affect equity prices, inflation may affect markets differently than the Advisor expects, and the fund may be unable to provide reasonable protection against inflation.

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.

While the fund is not concentrated, concentrating an investment in a security or industry may expose the fund to additional volatility.

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