

# Dividend Investing Review

## Dividend Builder Fund Review of the 4th Quarter 2015

**GUINNESS**  
**ATKINSON**

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F U N D S

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Investing in Human Progress



## **Matthew Page, CFA**

- Portfolio manager of strategy since 2010
- Joined Guinness Atkinson Asset Management in September 2005
- CFA Charterholder
- Previous to Guinness Atkinson, worked for Goldman Sachs as an analyst in Fixed Income Currencies and Commodities (FICC)
- Graduated from University of Oxford, with a Masters degree in Physics in 2004



## **Dr Ian Mortimer, CFA**

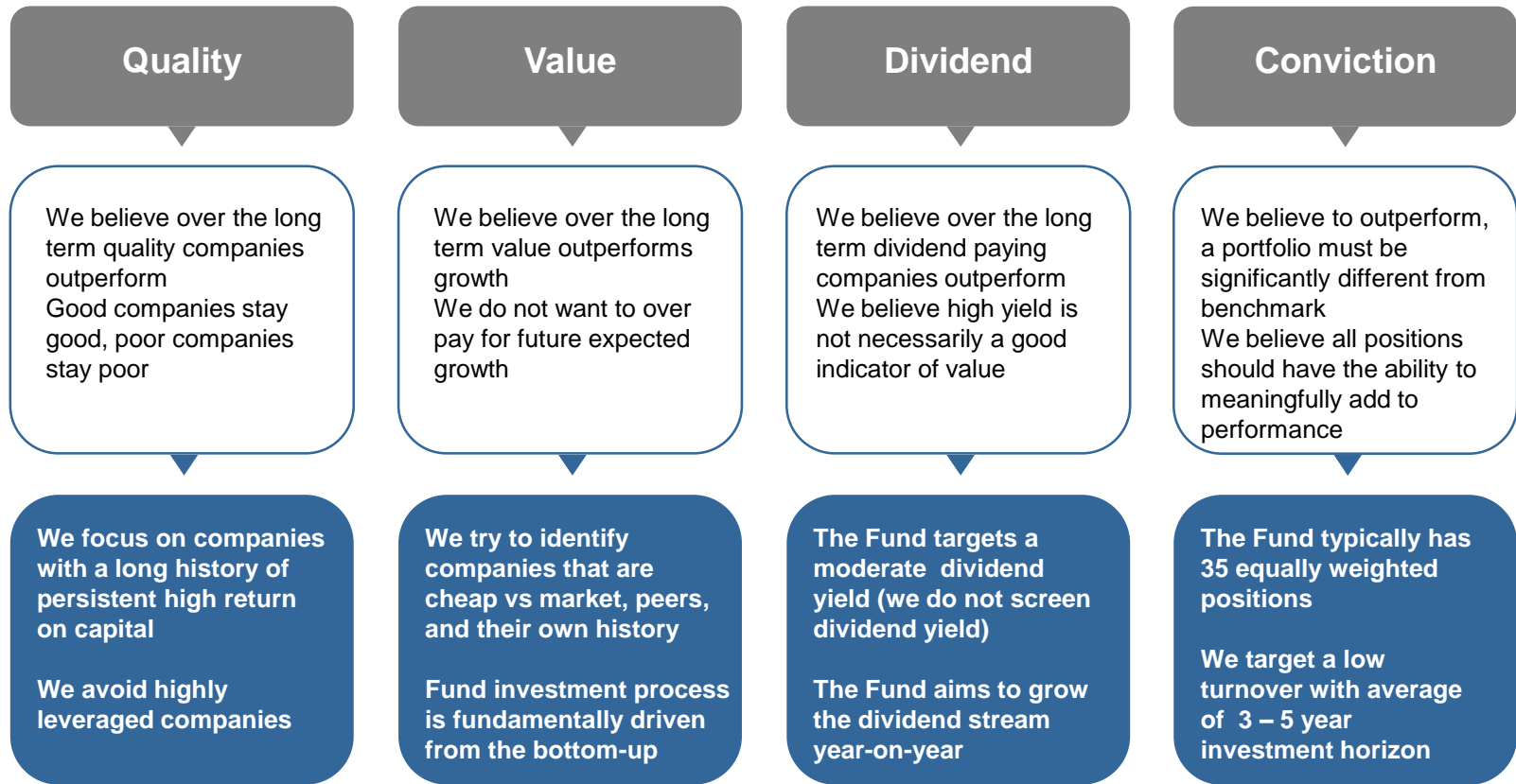
- Portfolio manager of strategy since 2010
- Joined Guinness Atkinson Asset Management in December 2006
- CFA Charterholder
- Graduated from University of Oxford, with a D.Phil. in Physics in 2006
- Graduated from University College London, University of London, with a First Class Honors Masters degree in Physics in 2003

## ▪ Value-biased global equity income fund focusing on dividend growth

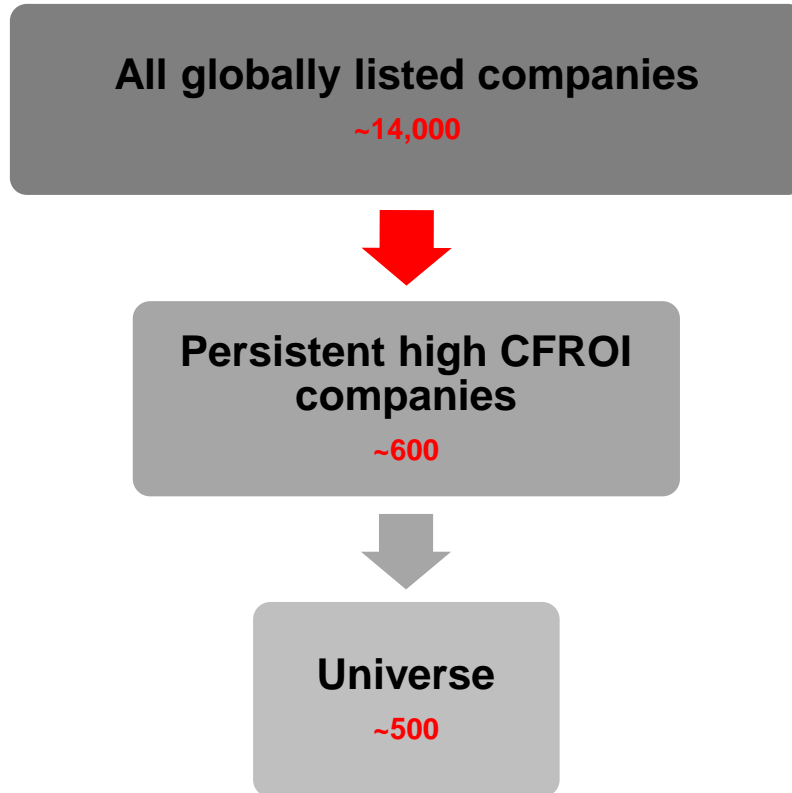
- Dividend growth, rather than high yield
- Quality companies at attractive valuations
- Highly disciplined, systematic approach
- Concentrated portfolio of best ideas
- High active share – equal weight portfolio construction
- Buy and hold – low turnover

<b>Benchmark</b>	MSCI World
<b>Number of positions</b>	35
<b>Position size</b>	3-4%
<b>Market cap range</b>	> \$1bn
<b>Max sector weight</b>	30%
<b>Av. holding period</b>	3-5 years
<b>Cash range</b>	1-3%

- Fund inception: March 30, 2012
- Strategy inception: December 31, 2010
  
- Strategy AUM: \$159M (as of 12/31/2015)

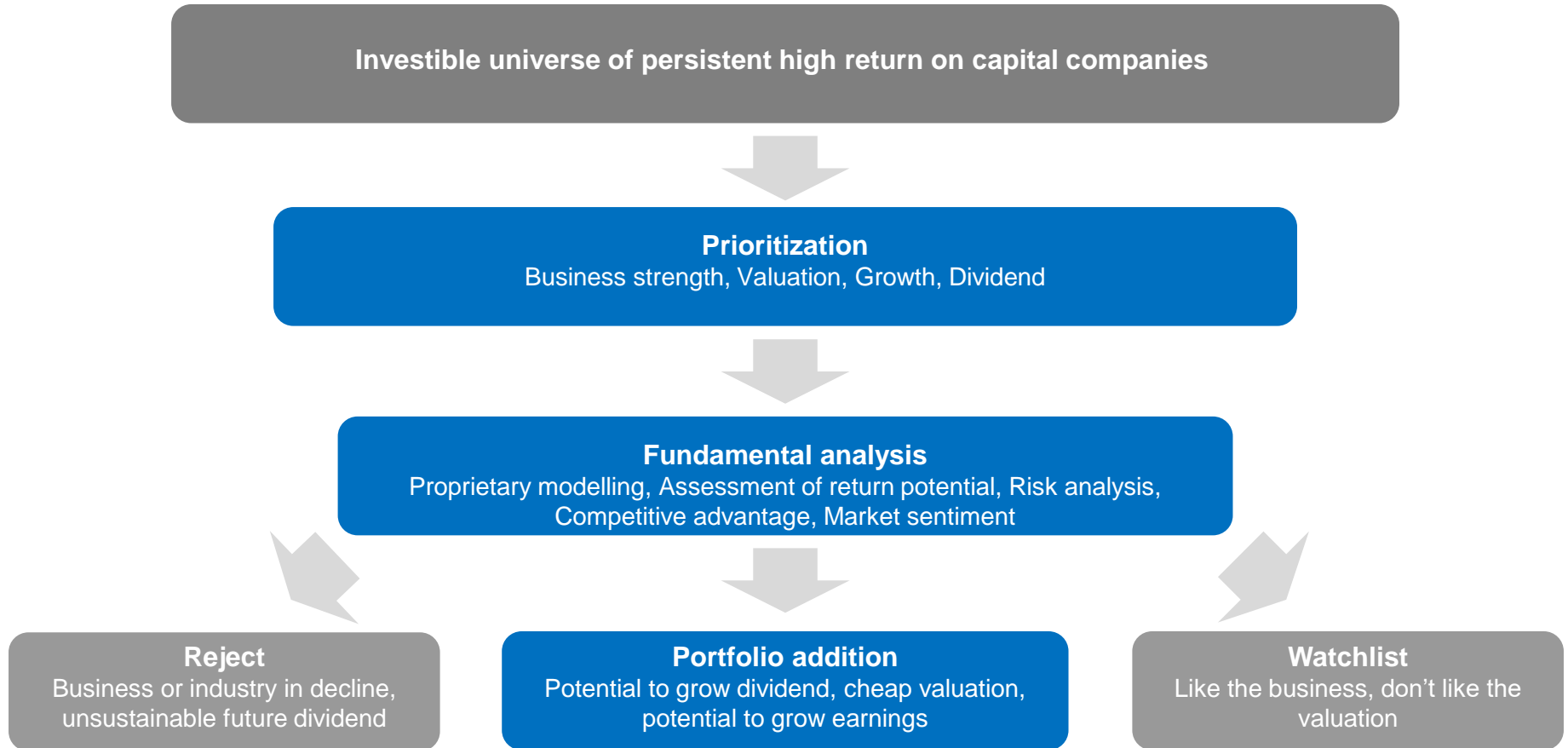


**Concentrated portfolio of good quality companies, at attractive valuations, with a moderate dividend yield and good potential for dividend growth**



**1 Sustainable competitive advantage**  
Screened for 10 years of CFROI greater than 10%

**2 Strong balance sheet and critical mass**  
Debt to equity < 1 : Market cap > \$1bn



As at 12/31/2015 (in USD)

	Q4 2015	1 YR	3 Yrs (ann.)	5 Yrs (ann.)	10 Yrs (ann.)	Since Inception (03/30/12)
Dividend Builder Fund	4.27%	-3.61%	9.54%	n/a	n/a	8.92%
MSCI World Index	5.64%	-0.25%	10.32%	8.27%	5.65%	4.99%

*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 Funds may be lower or higher than the performance quoted. Expense ratio 0.68% (net) 2.96% (gross)*

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 0.68% through March 31, 2016. To the extent that the Advisor absorbs expenses to satisfy this cap, it may seek repayment of a portion or all of such amounts at any time within three fiscal years after the fiscal year in which such amounts were absorbed, subject to the 0.68% expense cap

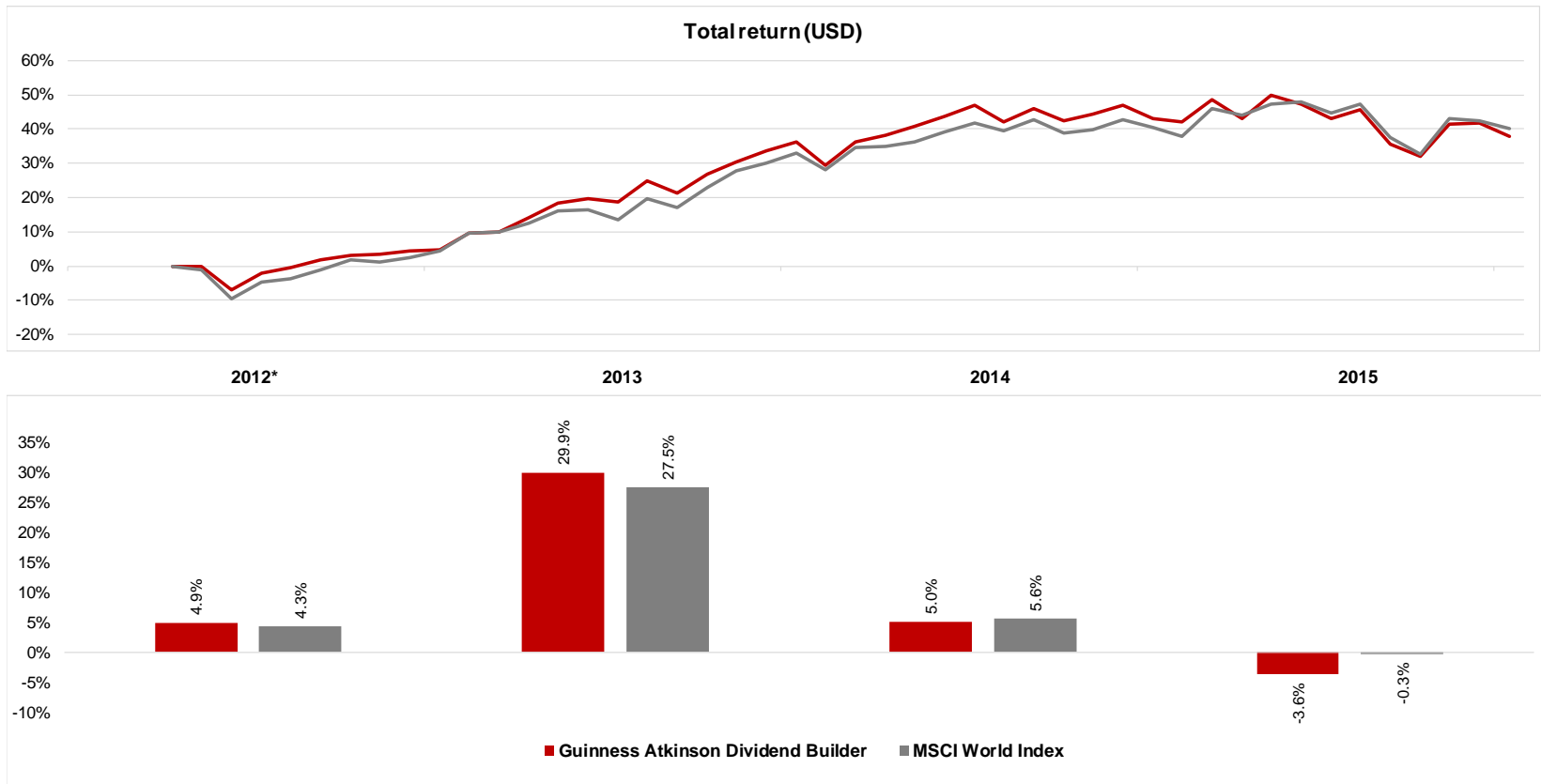
## Top 5 performing stocks

	Total return
Mattel Inc	31.1%
Microsoft Corp	26.2%
Japan Tobacco Inc	21.8%
Willis Towers Watson PLC	19.4%
Teva Pharmaceutical Industri	16.9%

## Bottom 5 performing stocks

	Total return
Li & Fung Ltd	-10.8%
H&R Block Inc	-7.5%
Aberdeen Asset Managemer	-5.0%
Royal Dutch Shell PLC	-1.4%
Arthur J Gallagher & Co	0.0%





\* Fund launched 30 March 2012

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<b>Buys</b>	<b>Sells</b>
CME Group	CNOOC
Japan Tobacco	ENI
United Technologies	Meggitt
CA Technologies	China Mobile

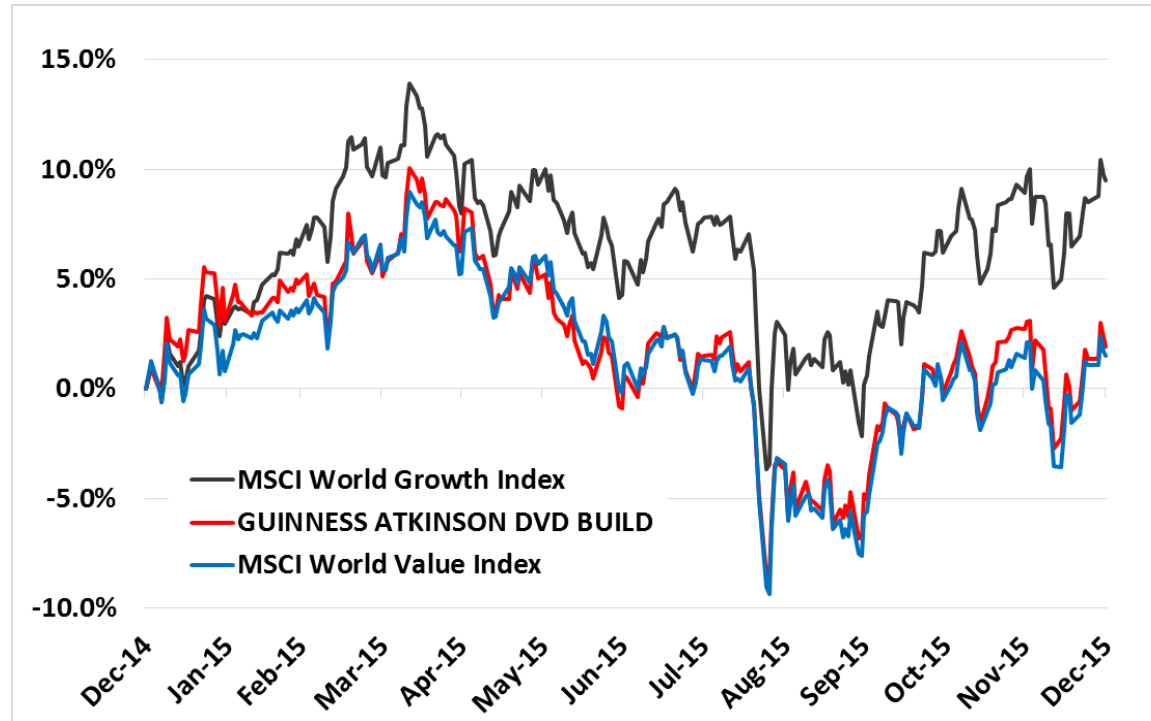
Company name	Sector	Av. CFROI	P/E		Dividend yield	Annualised div. growth	
		10 years	2016	2017	Trailing 12m (ex special dividends)	3 years	5 years
<b>CME Group</b>	IT	35%	20.6	19.3	2.3%	9.9%	39.7%
<b>Japan Tobacco</b>	Consumer Staples	17%	17.1	15.6	2.7%	25.3%	32.4%
<b>United Technologies</b>	Industrials	16%	14.5	13.3	2.7%	8.0%	8.5%
<b>CA Technologies</b>	IT	25%	11.7	11.2	3.6%	0.0%	44.3%
<b>MSCI World</b>	-	10%	16.0	14.2	2.6%	4.1%	6.9%

Name	Sector	Mkt. cap	Country of domicile	% NAV	PE	
					15Y	16Y
Mattel Inc	Consumer Discretionary	9.1	US	2.8%	21.8	19.4
Li & Fung Ltd	Consumer Discretionary	5.0	HK	2.9%	14.5	13.1
H&R Block Inc	Consumer Discretionary	7.6	US	3.2%	19.3	17.3
WPP PLC	Consumer Discretionary	27.4	GB	2.8%	16.7	15.3
Unilever PLC	Consumer Staples	121.1	GB	3.0%	21.7	20.5
Coca-Cola Co/The	Consumer Staples	180.2	US	2.8%	21.6	20.8
Danone SA	Consumer Staples	41.9	FR	2.8%	21.4	19.9
Imperial Tobacco Group PLC	Consumer Staples	49.0	GB	3.1%	16.5	15.1
Procter & Gamble Co/The	Consumer Staples	206.3	US	2.8%	20.0	21.2
Japan Tobacco Inc	Consumer Staples	71.4	JP	2.8%	17.0	17.8
Royal Dutch Shell PLC	Energy	126.6	NL	2.5%	13.1	11.6
TOTAL SA	Energy	99.1	FR	2.9%	10.8	12.4
Aberdeen Asset Management PLC	Financials	4.8	GB	2.4%	9.5	12.4
CME Group Inc/IL	Financials	29.1	US	2.7%	23.5	21.1
Deutsche Boerse AG	Financials	15.7	DE	3.1%	19.2	17.2
Aflac Inc	Financials	24.1	US	3.0%	9.9	9.5
ICAP PLC	Financials	4.6	GB	2.9%	17.5	18.7
Arthur J Gallagher & Co	Financials	6.6	US	2.7%	16.1	14.5
Willis Towers Watson PLC	Financials	15.8	GB	7.7%	19.3	16.9
Johnson & Johnson	Health Care	267.6	US	2.8%	16.6	16.0
Teva Pharmaceutical Industries Ltd	Health Care	64.1	IL	2.7%	12.1	11.6
AbbVie Inc	Health Care	87.2	US	2.5%	13.8	11.8
Merck & Co Inc	Health Care	142.1	US	2.8%	14.8	14.1
Sonic Healthcare Ltd	Health Care	5.0	AU	2.7%	19.0	16.1
Schneider Electric SE	Industrials	31.1	FR	2.6%	14.5	13.4
General Dynamics Corp	Industrials	41.3	US	2.8%	15.2	14.4
Eaton Corp PLC	Industrials	22.7	US	2.8%	12.3	12.1
BAE Systems PLC	Industrials	24.3	GB	2.8%	13.2	12.6
Illinois Tool Works Inc	Industrials	29.8	US	2.8%	18.1	16.9
United Technologies Corp	Industrials	80.0	US	2.8%	15.3	14.7
Cisco Systems Inc	Information Technology	127.3	US	3.1%	12.5	12.0
CA Inc	Information Technology	11.4	US	2.8%	11.5	12.0
Microsoft Corp	Information Technology	412.9	US	2.8%	21.3	20.2
Vodacom Group Ltd	Telecommunication Services	12.9	ZA	2.6%	13.3	16.5
Average mkt. cap		77.1	<b>Total portfolio</b>		15.6	15.0
Median mkt. cap		30.5	Y-o-Y growth			3.7%
<b>MSCI World Index</b>					18.9	16.1
Fund premium / (discount)					-17.7%	-6.8%

Sector breakdown	% NAV
Consumer Discretionary	11.5%
Consumer Staples	16.9%
Energy	5.3%
Financials	24.1%
Health Care	13.3%
Industrials	16.3%
Information Technology	8.5%
Materials	0.0%
Telecommunication Services	2.6%
Utilities	0.0%
Cash	1.6%
	<b>100.0%</b>

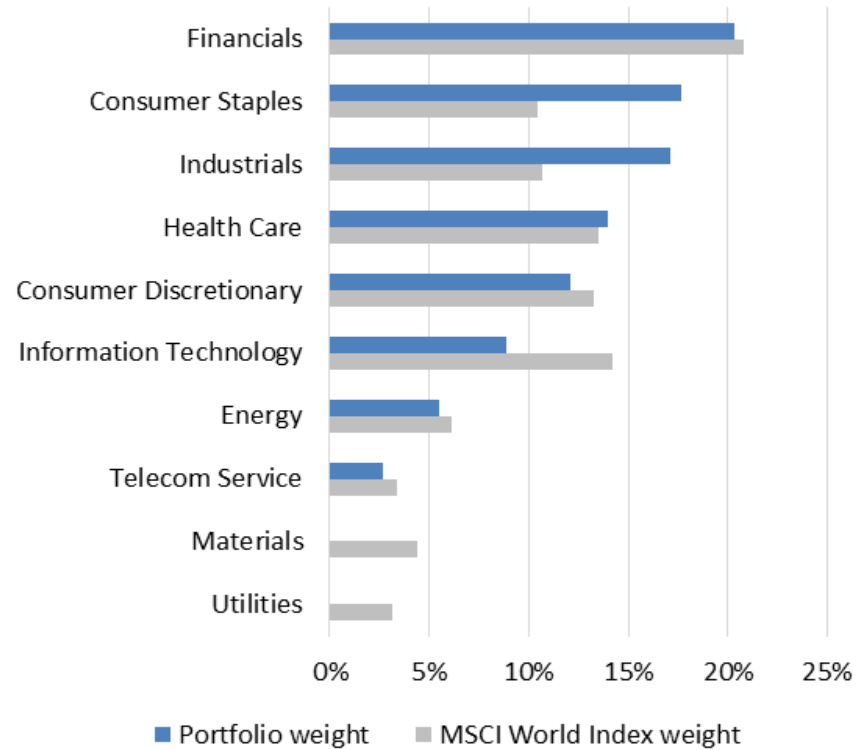
Market cap. (\$bn) breakdown	% NAV
<10	19.3%
10 to 50	43.5%
>50	35.6%
Cash	1.6%
	<b>100.0%</b>

Regional breakdown	% NAV
US	47.0%
Asia	8.2%
Europe	37.9%
MENA	5.3%
Cash	1.6%
	<b>100.0%</b>



- Growth continued to outperform value through 2015
- Fund performed as we might expect – little/no exposure to ‘expensive growth’

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*This information is authorized for use when preceded or accompanied by a prospectus for the Guinness Atkinson Funds. The prospectus contains more complete information including investment objectives, risks, fees and expenses related to an ongoing investment in the Fund. Please read it carefully before investing.*

**Diversification does not assure a profit or protect against loss in a declining market**

**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. The Fund also invests in smaller companies, which will involve additional risks such as limited liquidity and greater volatility. The Fund is non-diversified meaning its assets may be concentrated in fewer individual holdings than diversified funds. Therefore, the Fund is more exposed to individual stock volatility than diversified funds.**

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* captures large and mid cap representation across 23 Developed Markets (DM) countries

The *MSCI World Growth Index* captures large and mid cap securities exhibiting overall growth style characteristics across Developed Markets.

The *MSCI World Value Index* captures large and mid cap securities exhibiting overall value style characteristics across Developed Markets.

Price to Earnings Ratio (P/E) is A valuation ratio of a company's current share price compared to its per-share earnings.

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