July in Review

July and the dog days of summer were once associated with fever and mad dogs. Arguably, if you read the headlines throughout the last month you may find it hard to disagree with ancient Rome’s interpretation. Amongst the political infighting and various countries riling each other up with words and flaunting of military might, we do see positive signals from a strong U.S. earnings season.

July saw the U.S. earnings season, on the whole, beat expectation. According to Thomson Reuters, 77.8 per cent of US S&P 500 companies to have reported so far have beaten consensus earnings expectations. The historic average is 63 per cent and this is set to be the most positively surprising earnings season since the third quarter of 2009 when 78.9 per cent of companies managed to surprise the Street amid the first rebound from the crisis.

The Fed’s Open Market Committee (FOMC) left interest rates unchanged, however, the markets focussed on the omission of “somewhat” from the description of inflation being “below” target. The dollar fell sharply and Treasury prices and gold rose. The FOMC said nothing that changed its policy strategy, which remains in a tightening cycle, but some investors speculate the Fed will change its stance to take a dovish turn. As a reminder to the Fed’s June meeting, policymakers appeared ready to start the unwinding of quantitative easing within months, despite several weak inflation readings. In addition, several officials warned that allowing unemployment to fall too low could lead to the US economy overheating or the emergence of financial stability risks. The change in language in July’s FOMC meeting caused the subsequent market volatility.

In mid-July, the Bank of Canada lifted its benchmark lending rate for the first time since 2010, reacting to rapid job growth and buoyant property prices, in the latest sign that global policymakers feel comfortable peeling away stimulus measures.

Donald Trump and his entourage continued to dominate headlines around the globe. His eldest son enthusiastically welcomed a purported offer of Russian government assistance to undermine Hillary Clinton’s campaign in the middle of the 2016 presidential race, according to an email exchange that was released. As the Republicans fought to repeal Obamacare, their 7-year battle was left all but dead after party leaders lost a Senate vote. President Donald Trump suffered arguably the biggest legislative blow to date when Republican John McCain cast the decisive vote to kill off his party’s last-gasp effort at health care reform. This lack of control over Washington undermines the hopes for tax cuts and fiscal stimulus. This resulted in broad downward pressure on the Dollar, with the dollar index hitting a 10-month low.

On a more positive note, the rate of growth in the U.S. economy picked up in the second quarter, gross domestic product climbed at an annualised rate of 2.6 per cent over the period, from 1.2 per cent in the first quarter. Slightly below Wall Street forecasts of 2.7 per cent.

Chinese president Xi Jinping acknowledged the recent cooling of the US-Chinese relationship, warning Donald Trump in a phone call of “negative factors” emerging in their bilateral relationship. Mr Xi’s message came after the White House made several moves that angered Beijing, including agreeing to a $1.4bn arms sale to Taiwan and imposing sanctions on a Chinese bank for doing business with North Korea. China
analysts view the developments as an end to the “honeymoon” period between Mr Xi and Mr Trump after
the two leaders’ Mar-a-Lago summit in April.

Relationships were further strained by North Korea’s claim of its first intercontinental ballistic missile test
on the eve of America’s July 4 Independence Day celebrations. On July 28, North Korea launched a ballistic
missile that the state media quoted North Korean leader Kim Jong Un claiming the missile could hit
anywhere on the US mainland. Donald Trump said he would no longer allow China to “do nothing” on
North Korea.

A welcome distraction in China was news that the economy expanded 6.9 per cent in the second quarter,
the same as the previous three months but still comfortably above the government’s target as unexpected
strength in the real estate market kept growth humming. The economy is on track for its first year-on-year
acceleration in growth since 2010.

Europe was host to the G20 in early July, but as the countries wrapped up the summit, all but the U.S.
signed a joint agreement on climate change, to the dismay of other world leaders. To move on from the
white-knuckled first meeting between Donald Trump and Emmanuel Macron, Trump visited Paris for two-
days to celebrate Bastille Day. The two leaders looked for common ground on terrorism and defence policy.

After all that, the small issue of Brexit marches on. UK Prime Minister, Theresa May promised business
leaders that there will be no Brexit ‘cliff edge’ for companies and that she is aiming for transition deal.

Market Movements
In July, all sectors saw positive returns. Cyclical stocks outperformed defensive stocks on average. The
sectors with the strongest performance were Materials, Telecoms and Information Technology. Health Care
and Consumer Staples were the worst performing sectors in the month. The Global Innovators Fund’s
current overweight position in Information Technology contributed positively to the fund’s performance
over the month.

Asia lost ground in the first week of July but rallied thereafter and outperformed both Europe and North
America over the full month.

In July, the trade-weighted EUR was up +3.6% and GBP up +1.5%. USD fell the most last month with -1.5%.

Portfolio update
Individual stock performance in the month largely followed these market movements and some companies
reported earnings. Key idiosyncratic stock movements are highlighted below.

Boeing (+22.6% total return in USD) reported strong second-quarter results and boosted its core earnings
per share forecast for the full year, with the new guidance exceeding the highest analyst estimate. Even
though sales were lower than expected, the shares rose strongly. The profitability of its 787 Dreamliner
contributed to strong cash flow. The world’s biggest plane maker is focusing on streamlining production of
the new 737 MAX models and finishing development of other forthcoming planes. The company also
benefited from cost-cutting.
New Oriental Education (+13.0% total return in USD), a private education provider, made early gains in July off the back of a positive research note and positive sentiment. Later in the month the company reported fourth-quarter earnings, beating the average analyst earnings estimate by 4%. Despite this robust performance the stock lost some of its gains towards the end of the month due to slightly weaker revenue guidance, against investors’ high expectations.

Nvidia (+12.4% total return in USD) continued to rally due to its exposure to several growth areas that received positive news throughout the month. As cars become more complex there is increasing semiconductor sales to the car industry. There has been strong computing demand from a resilient gaming sector and the new impact of cryptocurrency mining requiring intensive processing power. Tailwinds continue for Cloud computing and the related impact on data centres.

Catcher Technology (-3.9% total return in USD) was mainly effected by weaker Taiwan tech sales being below street expectation for 2Q17. However, losses seen towards the second half of the month have subsequently being reversed in the first 2 days of August as Catcher expands its manufacturing capabilities and there are renewed signs of expected strong iPhone demand on the back of positive earnings from Apple.

Qualcomm (-3.7% total return in USD) continues to suffer uncertainty from a long-running legal tussle with smartphone giant Apple. Apple accuses Qualcomm of overcharging for the technology Apple uses in some iPhones, and has accused Qualcomm of non-competitive licensing. Qualcomm, meanwhile, asserts that Apple offered it an unrealistically low price to license its patents. In positive news, Qualcomm beat fiscal Q3 revenue expectations and the company’s chipset business is doing better than thought.

Looking further at the portfolio, 18 companies reported earnings in July (incl. Nike at the very end of June), with 16 showing positive surprises, reiterating the strengthening corporate earnings environment.

<table>
<thead>
<tr>
<th>Company</th>
<th>Date of announcement</th>
<th>Period</th>
<th>Estimated earnings (Local currency)</th>
<th>Actual earnings (Local currency)</th>
<th>Surprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung</td>
<td>07/07/2017</td>
<td>Q1 17</td>
<td>68660.40</td>
<td>82652.22</td>
<td>20.40%</td>
</tr>
<tr>
<td>Nike</td>
<td>06/29/2017</td>
<td>Q4 17</td>
<td>0.50</td>
<td>0.60</td>
<td>19.94%</td>
</tr>
<tr>
<td>Gilead Sciences</td>
<td>07/26/2017</td>
<td>Q2 17</td>
<td>2.14</td>
<td>2.56</td>
<td>19.57%</td>
</tr>
<tr>
<td>Schlumberger</td>
<td>07/21/2017</td>
<td>Q2 17</td>
<td>0.30</td>
<td>0.35</td>
<td>17.65%</td>
</tr>
<tr>
<td>Alphabet</td>
<td>07/24/2017</td>
<td>Q2 17</td>
<td>4.45</td>
<td>5.01</td>
<td>12.58%</td>
</tr>
<tr>
<td>Boeing</td>
<td>07/26/2017</td>
<td>Q2 17</td>
<td>2.30</td>
<td>2.55</td>
<td>10.92%</td>
</tr>
<tr>
<td>Comcast</td>
<td>07/27/2017</td>
<td>Q2 17</td>
<td>0.48</td>
<td>0.52</td>
<td>7.84%</td>
</tr>
<tr>
<td>PayPal</td>
<td>07/26/2017</td>
<td>Q2 17</td>
<td>0.43</td>
<td>0.46</td>
<td>7.83%</td>
</tr>
<tr>
<td>Intel</td>
<td>07/27/2017</td>
<td>Q2 17</td>
<td>0.68</td>
<td>0.72</td>
<td>5.93%</td>
</tr>
<tr>
<td>New Oriental Education</td>
<td>07/25/2017</td>
<td>Q4 17</td>
<td>0.39</td>
<td>0.41</td>
<td>4.08%</td>
</tr>
<tr>
<td>FANUC</td>
<td>07/28/2017</td>
<td>Q1 18</td>
<td>204.04</td>
<td>210.65</td>
<td>3.24%</td>
</tr>
<tr>
<td>Check Point</td>
<td>07/20/2017</td>
<td>Q2 17</td>
<td>1.22</td>
<td>1.26</td>
<td>2.94%</td>
</tr>
<tr>
<td>Qualcommm</td>
<td>07/19/2017</td>
<td>Q3 17</td>
<td>0.61</td>
<td>0.63</td>
<td>2.79%</td>
</tr>
<tr>
<td>Danaher</td>
<td>07/20/2017</td>
<td>Q2 17</td>
<td>0.97</td>
<td>0.99</td>
<td>2.17%</td>
</tr>
<tr>
<td>Roper</td>
<td>07/31/2017</td>
<td>Q2 17</td>
<td>2.22</td>
<td>2.24</td>
<td>0.99%</td>
</tr>
<tr>
<td>Schneider Electric</td>
<td>07/27/2017</td>
<td>S1 17</td>
<td>1.78</td>
<td>1.79</td>
<td>0.85%</td>
</tr>
<tr>
<td>SAP</td>
<td>07/26/2017</td>
<td>Q2 17</td>
<td>0.95</td>
<td>0.94</td>
<td>-0.90%</td>
</tr>
<tr>
<td>WisdomTree</td>
<td>07/26/2017</td>
<td>Q2 17</td>
<td>0.07</td>
<td>0.06</td>
<td>-11.76%</td>
</tr>
</tbody>
</table>

Table 1: Portfolio holdings that reported earnings in July (Source: Bloomberg)
Guinness Atkinson
Global Innovators Fund Update
August 2017

Changes to portfolio
We made no changes to the portfolio in July.

Outlook
Generally speaking, the fund has outperformed in periods of rising markets and underperformed slightly in periods of falling markets. It is orientated towards growth, but not at any price. Therefore, its recent outperformance is what we might have expected as the more cyclical parts of the market, and in particular Information Technology, have performed well.

Thank you for your continued support.

Portfolio managers
Dr Ian Mortimer, CFA
Matthew Page, CFA

Analysts
Joshua Cole
Sagar Thanki
Guinness Atkinson
Global Innovators Fund Update
August 2017

Performance

In July, the Guinness Atkinson Global Innovators Fund produced a total return of 3.92% (investor class) versus the MSCI World Index return of 2.43%. The fund therefore outperformed the index by 1.49%.

<table>
<thead>
<tr>
<th>as of 07.31.2017 (in USD)</th>
<th>YTD</th>
<th>1 year</th>
<th>3 years annualized</th>
<th>5 years annualized</th>
<th>10 years annualized</th>
<th>Since inception annualized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Innovators, Investor Class¹</td>
<td>21.17%</td>
<td>27.90%</td>
<td>9.92%</td>
<td>17.80%</td>
<td>8.74%</td>
<td>7.81%</td>
</tr>
<tr>
<td>Global Innovators, Institutional Class²</td>
<td>21.31%</td>
<td>28.16%</td>
<td>10.06%</td>
<td>17.89%</td>
<td>8.78%</td>
<td>7.84%</td>
</tr>
<tr>
<td>MSCI World Index</td>
<td>13.71%</td>
<td>16.81%</td>
<td>7.28%</td>
<td>12.30%</td>
<td>5.09%</td>
<td>5.69%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>as of 06.30.2017 (in USD)</th>
<th>YTD</th>
<th>1 year</th>
<th>3 years annualized</th>
<th>5 years annualized</th>
<th>10 years annualized</th>
<th>Since inception annualized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Innovators, Investor Class¹</td>
<td>16.60%</td>
<td>30.77%</td>
<td>8.08%</td>
<td>17.13%</td>
<td>8.15%</td>
<td>7.63%</td>
</tr>
<tr>
<td>Global Innovators, Institutional Class²</td>
<td>16.72%</td>
<td>31.08%</td>
<td>8.22%</td>
<td>17.22%</td>
<td>8.19%</td>
<td>7.65%</td>
</tr>
<tr>
<td>MSCI World Index</td>
<td>11.01%</td>
<td>18.89%</td>
<td>5.87%</td>
<td>12.05%</td>
<td>4.60%</td>
<td>5.58%</td>
</tr>
</tbody>
</table>

Investor class (IWIRX) Inception 12.15.1998   Expense ratio* 1.24% (net); 1.35% (gross)
Institutional class (GINNX) Inception 12.31.2015  Expense ratio* 0.99% (net); 1.38% (gross)

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, visit https://www.gafunds.com/our-funds/global-innovators-fund or call (800) 915-6566.

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 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 .99% for the Institutional class and 1.24% for the Investor class through June 30, 2018. To the extent that the Advisor waives its fees and/or 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 waived or absorbed, subject to the 0.99% for the Institutional class and 1.24% for the Investor class expense cap.
Total returns reflect a fee waiver in effect and in the absence of this waiver, the total returns would be lower.

**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 may invest in derivatives which involves risks different from, and in certain cases, greater than the risks presented by traditional investments.**

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 07/31/17, are:

1. Boeing Co/The 4.47%
2. NVIDIA Corp 4.10%
3. PayPal Holdings Inc 4.04%
4. Samsung Electronics Co Ltd 3.93%
5. AAC Technologies Holdings Inc 3.85%
6. Cognizant Technology Solutions 3.77%
7. Catcher Technology Co Ltd 3.56%
8. Wisdom Tree Inv. Inc 3.52%
9. New Oriental Education & Technology Group Inc 3.51%
10. SAP SE 3.43%


Opinions expressed are subject to change at any time, are not guaranteed and should not be considered investment advice.

*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.*

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

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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