

Global Innovators Fund

Investment Process and Fund Performance

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One word about the performance of our Global Innovators Fund: Excellent.

You don't have to take our word for it; we provide all the details on page 4. That said, we know that performance by itself is somewhat meaningless. Serious investors are more concerned with the how than the what. As happy as we are with our performance we gain more satisfaction in the how. We believe that our systematic investment methodology provides a strong foundation for the Fund. Sustainability of performance is important to us. So what has gotten us to excellent?

THE PROCESS

STOCK SELECTION: IDENTIFYING INNOVATIVE COMPANIES

There is considerable academic research indicating that **innovative companies can generate higher profits and higher rates of return on capital**. This explains our interest in innovative firms. Importantly, innovation isn't just the latest technology; we find innovation in the intelligent application of technology,

in innovative business plans and innovation in the execution of even the most low tech industries.

To create our universe of innovative companies we go through an internal process that looks at 15 core innovative themes across all industry sectors. This process, which we undergo annually, produces a list of approximately 1,200 innovative companies; about 10% of all listed companies globally.



*"I said it was a new idea -
I never said it was a great idea"*

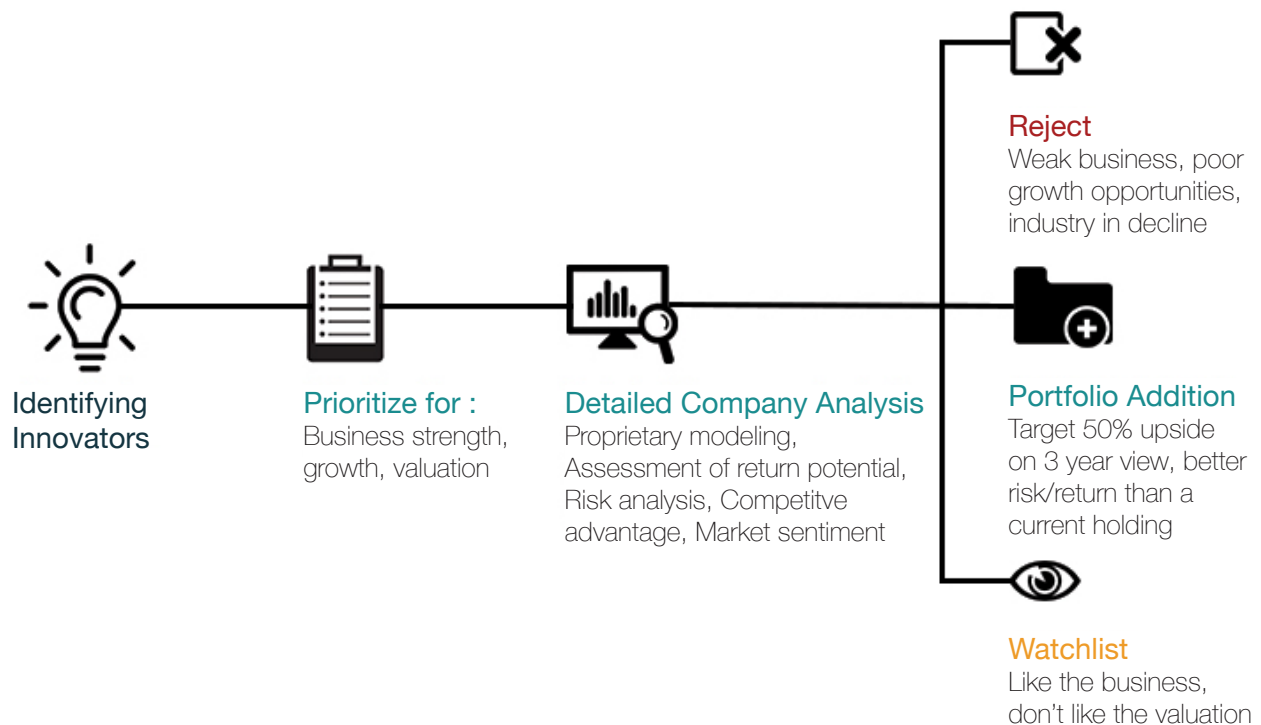


Figure 1. Our systematic investment methodology.

We prioritize this universe based on business strength, growth rate and valuation. From here we engage in fundamental analysis which includes our detailed company level proprietary modelling, assessment of return potential, risk analysis, competitive analysis and market sentiment. At the end of this process many companies are rejected, a limited number are placed on a watch list and a select 30 make it into the portfolio.

The specific characteristics we like in the companies that comprise our 30-stock portfolio are Quality, Growth and Valuation. These terms have a specific meaning to us as follows:

- **Quality:** Some combination of a five-year average Cash Flow Return on Investment (CFROI) that is greater than the cost of capital; Year-over-year improvements in CFROI over the last three years; expectation of continued strong CFROI in future and a strong balance sheet.

- **Growth:** Above average earnings growth; wide profit margins and growth potential that is light on capital requirements.
- **Valuation:** One or more of the following: Market implied value less than intrinsic value; price earnings discount less than peers; or a discount to the historic 10-year average price earnings multiple and discount versus the broad market.

The valuation criterion is important and may seem counter to the concept of innovation. We invest in growth companies but explicitly not at any price. We recognize that sentiment and hype often drive up the valuations of innovative companies and that paying up for high levels of expected future growth entails a level of risk we do not want to take. Instead we seek to identify companies with profitable growth opportunities and tend not to invest in immature businesses.

PORTFOLIO CONSTRUCTION

Stock selection is only part of our challenge. We believe portfolio construction is an important component to the success of this Fund. The Fund is invested in 30 equally weighted holdings. This concentrated portfolio with equal weights puts a premium on the stock selection process as opposed to attempting to select a small number of winners. The average position of any of these holdings is 3.33% which not only limits the damage caused by a potential disaster in a stock but also means that the upside contribution of a single stock is limited. We don't rebalance on a strict schedule or formula but rather rebalance generally on flows. However, if a position grows to greater than 5% or less than 2% we will review the position with an eye to bringing the position back into line.

SELL DISCIPLINE

Four elements are monitored which may trigger a decision to exit a position:

- Deterioration of business quality: This can mean a weakening of the return on capital profile or the stretching of the balance sheet.
- Valuation: The company no longer offers a compelling upside or the valuation becomes too rich.

- Deterioration in cash flow: Change in capital budgeting approach.

- Investment thesis changes or superior alternative: Original reason for purchase no longer valid or a more compelling idea surfaces.

TURNOVER

The Fund seeks a low turnover rate. For 2017 the turnover rate was 13.3%.

HIGH ACTIVE SHARE

Our stock selection process and portfolio construction methodology has resulted in high active share. As of June 30, 2018, the active share was 94% as measured against the Fund's benchmark the MSCI World Index.

PERFORMANCE

We encourage readers to take note of the short and long term performance information which is below. We believe the consistency of the relative performance is a by product of our systematic and methodological approach. We hope you agree.

THE PERFORMANCE

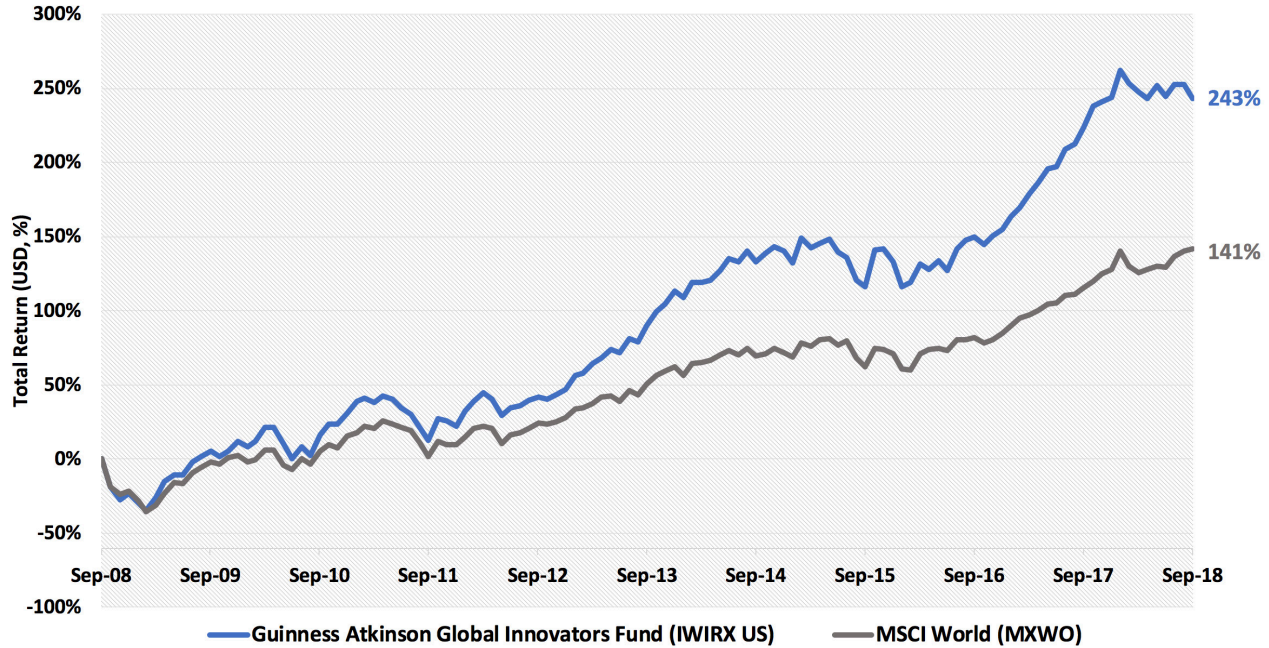


Figure 2. Total return from September 2008 until September 2018, as compared to the MSCI World Index.

	1 Year	3 Year	5 Year	10 Year
Global Innovators Investor Class	6.15%	16.61%	12.55%	13.13%
MSCI World	11.85%	14.20%	9.92%	9.21%
+/- Index	-5.70%	+2.41%	+2.63%	+3.92%
Percentile within Category	98th	31st	47th	3rd
Absolute Rank in Morningstar Category	1,357	326	457	20
Number of Funds in Category	1,383	1,196	1,058	794

Overall Morningstar Rating out of 1,196 Large Blend Funds as of 9/30/2018: ★ ★ ★ ★

Figure 3. Global Innovators Fund Investor Class (IWIRX) total return data and Morningstar peer comparison, US Fund Large Blend, for periods ending September 30, 2018.

Expense ratio 1.24% (net); 1.33% (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 Total Annual Operating expenses for Institutional Shares and for the Investor Class to 0.99% and 1.24% respectively through June 30, 2019. To the extent that the Advisor absorbs expenses to satisfy this cap, it may recoup a portion or all of such amounts absorbed at any time within three fiscal years after the fiscal year in which such amounts were absorbed, subject to the expense cap in place at the time the recoupment is sought, which cannot exceed the expense cap at the time of waiver. The expense limitation agreement may be terminated by the Board of the Fund at any time without penalty upon 60 days' notice.

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. Total returns reflect a fee waiver in effect and in the absence of this waiver, the total returns which reflect fee waivers would be lower. For most recent month-end and quarter-end performance, visit <https://www.gafunds.com/our-funds/global-innovators-fund> or call (800) 915-6566.

IMPORTANT INFORMATION

Hilarious cartoon used by permission of The New Yorker and Condé Nast.

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 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.

Investors should consider the investment objectives, risks, charges and expenses carefully before investing. For a prospectus with this and other information about the Fund, please call 800-916-6566 or visit https://www.gafunds.com/resource-insight-center/#tab_fundinfo. Read the prospectus carefully before investing.

Opinions expressed are those of Guinness Atkinson Asset Management, Inc., are subject to change, are not guaranteed and should not be considered investment advice. Current Fund performance can be obtained by calling 800.915.6566 or by visiting www.gafunds.com. Past performance is no guarantee of future results. Fund holdings and/or sector allocations are subject to change at any time and are not recommendations to buy or sell any security. The companies mentioned in this report may or may not be holdings of the Global Innovators Fund. For current holdings visit www.gafunds.com or call 800 915-6565.

The Morningstar Rating™ for funds, or “star rating”, is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product’s monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months or total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. The Global Innovators Fund was rated against the following numbers of Large Blend Funds over the following time periods: 1,196 funds in the last three years, 1,058 funds in the last five years, and 794 in the last ten years. With respect to these Large Blend Funds, the Global Innovators Fund received a Morningstar Rating of 3 stars, 3 stars, and 4 stars for three, five, and ten-year periods respectively.

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Cash Flow Return on Investment (CFROI) is a valuation model that assumes the stock market sets prices on cash flow, not on corporate earnings. It is determined by dividing a company’s gross cash flow by its gross investment.

Active Share is a measure of the percentage of stock holdings in a manager’s portfolio that differ from the benchmark index.

One cannot invest directly in an index.

Forside Fund Services, LLC, Distributor.