

Dividend Builder Fund

Review of the 3rd Quarter 2017



For registered investment professional use only

- Introduction to fund
- Market performance
- Summary fund performance
- Performance drivers and attribution
- Changes to portfolio
- Sector allocation
- Geographic allocation
- Portfolio today and outlook
- Portfolio characteristics
- Market commentary



Matthew Page, CFA
Portfolio Manager

- Joined Guinness Atkinson Asset Management in 2005
- Previously 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
- Manager of Dividend Builder since launch in 2012



Dr Ian Mortimer, CFA
Portfolio Manager

- Joined Guinness Atkinson Asset Management in 2006
- Graduated from University of Oxford, with a D.Phil. in Physics in 2006
- Graduated from University College London, University of London, with a Masters degree in Physics in 2003
- Manager Dividend Builder since launch in 2012



Dividend Builder strategy

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Matthew Page	-	-	-	-	-	-	-	Manager							
Ian Mortimer	-	-	-	-	-	-	-	Manager							
Joshua Cole	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Analyst
Sagar Thanki	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Analyst



Joshua Cole

Analyst

- Joined Guinness Atkinson Asset Management in 2017
- Previously worked at Castle Trust, a specialist finance firm in the City of London as a quantitative analyst
- Graduated from University of Bristol in 2013 with a Master's degree in Mechanical Engineering. In 2016, Joshua passed Level II of the CFA Program.

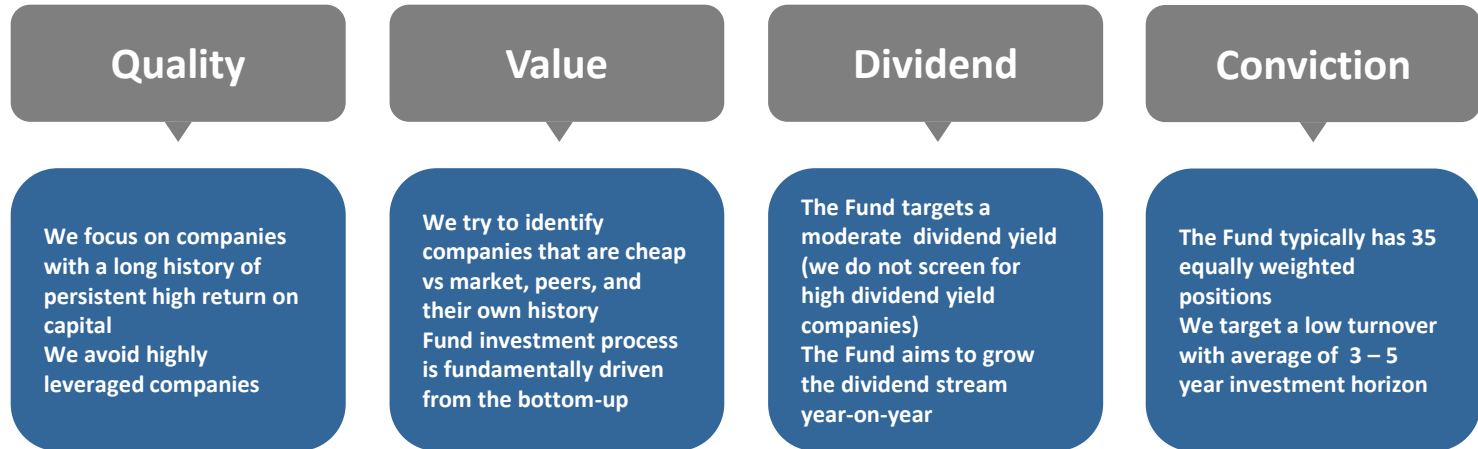


Sagar Thanki

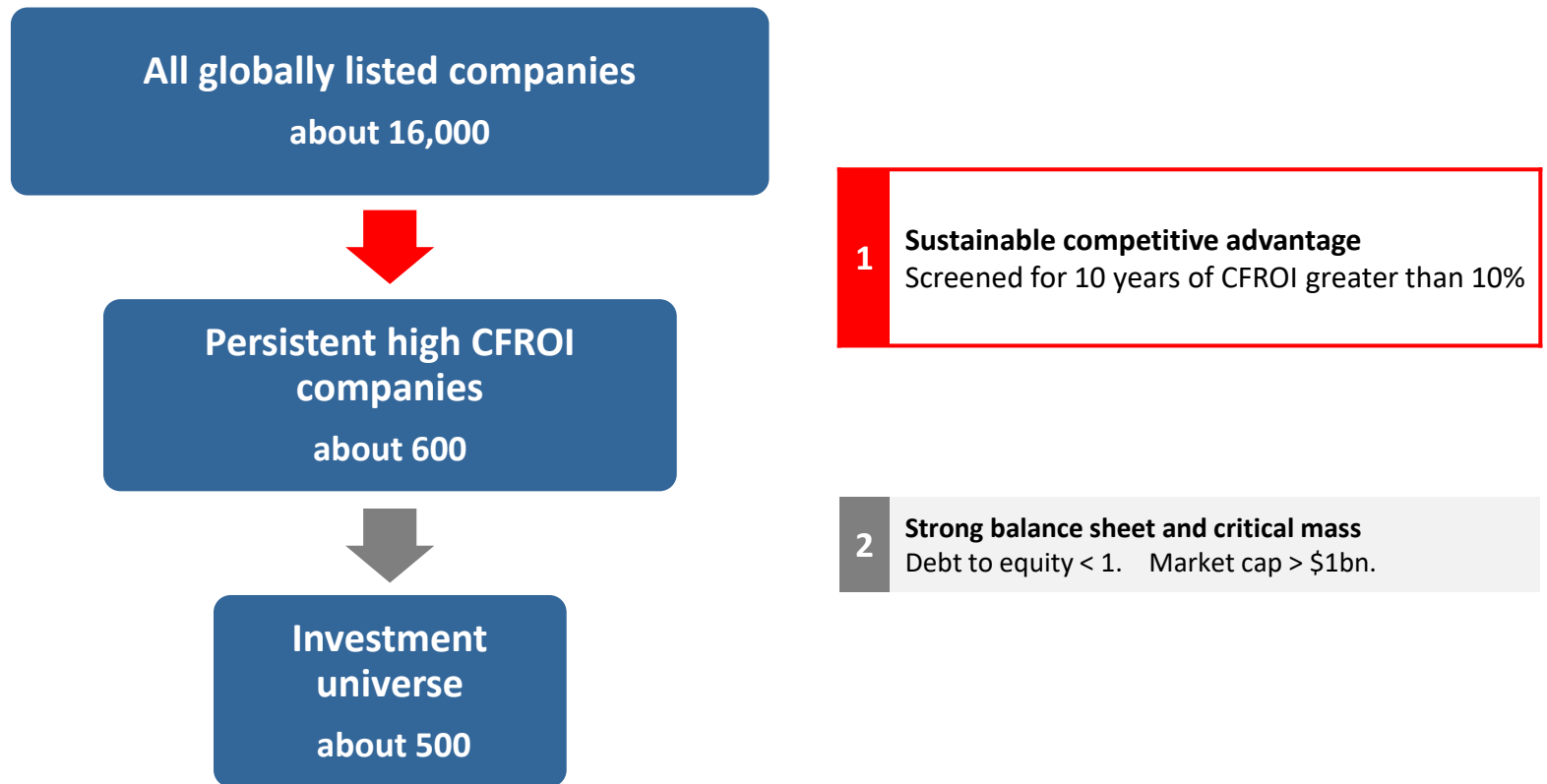
Analyst

- Joined Guinness Atkinson Asset Management in 2017
- Previously worked for Bloomberg as an equity specialist, within Financial Analytics and Sales
- Graduated from University of Cambridge, with a Master's degree in Economics, and has since completed Level I of the CFA Program.

Guinness Atkinson Global Equity Income Fund philosophy



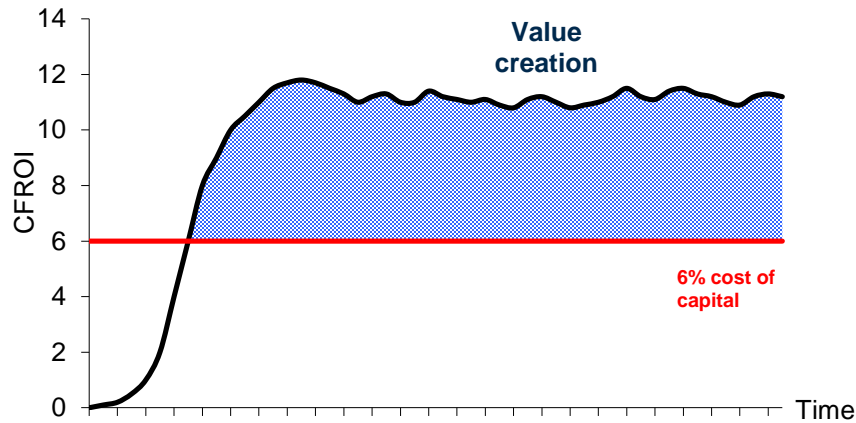
The fund seeks a concentrated portfolio of good quality companies, at attractive valuations, with a moderate dividend yield and good potential for dividend growth



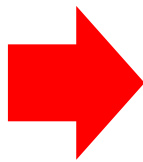
- Our universe definition ignores yield - our focus is on quality, stable, profitable companies

Identifying consistent creators of shareholder value

Our universe seeks to include companies like this...

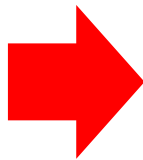


Powerful indicator



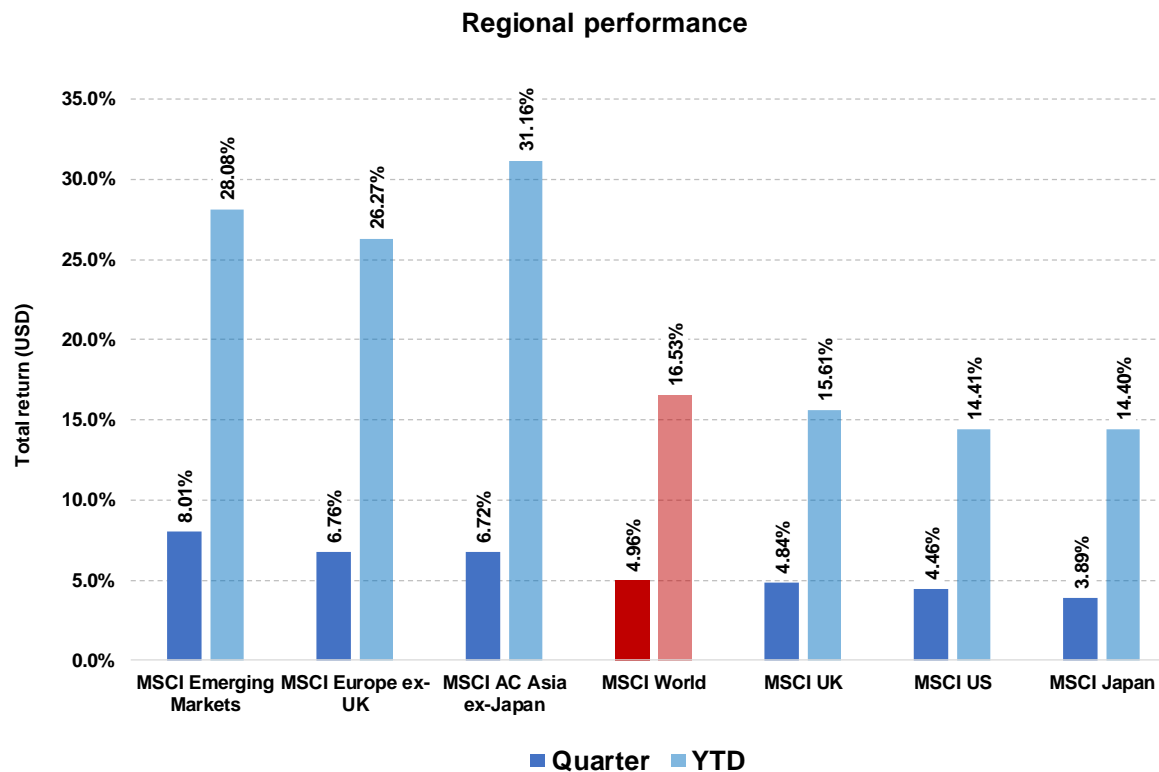
Based on our analysis, if a company achieves a CFROI >10% for 10 consecutive years there is a 95% chance that the company will achieve it again the following year, and an 80% chance they will still be achieving it after four years

Market anomaly we are trying to capture



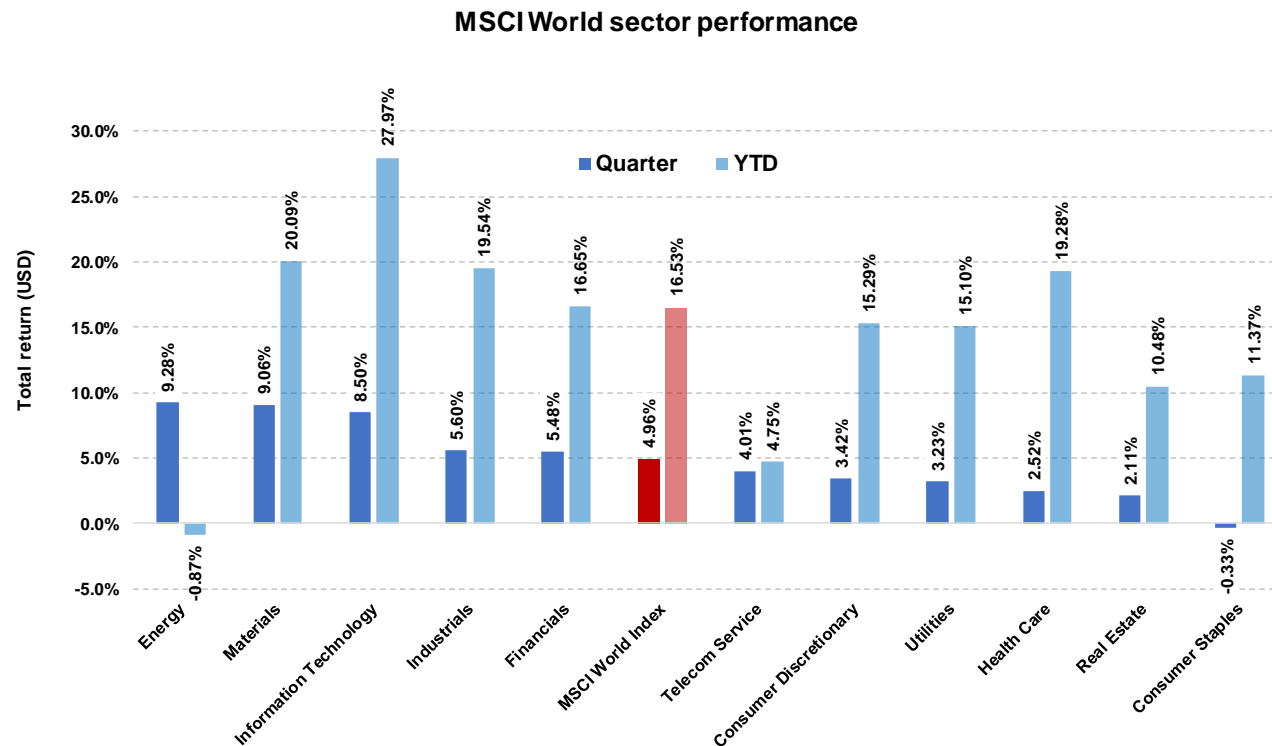
**At any given time the market can misvalue this high level of persistence – as company share prices often move on sentiment
We therefore try to purchase those companies at low valuations in our universe of high quality companies and then benefit from their re-valuation over time as their returns do not degrade as fast as the market had expected**

Market performance - regions



- Another strong quarter – MSCI World up 4.96% (total return in USD) – following positive Q1 and Q2
- Regional quarterly performance followed YTD trends; strong markets in Europe, Asia ex-Japan, and EM; US lagging in comparison
- Weaker US dollar boosted local currency returns of non-US markets

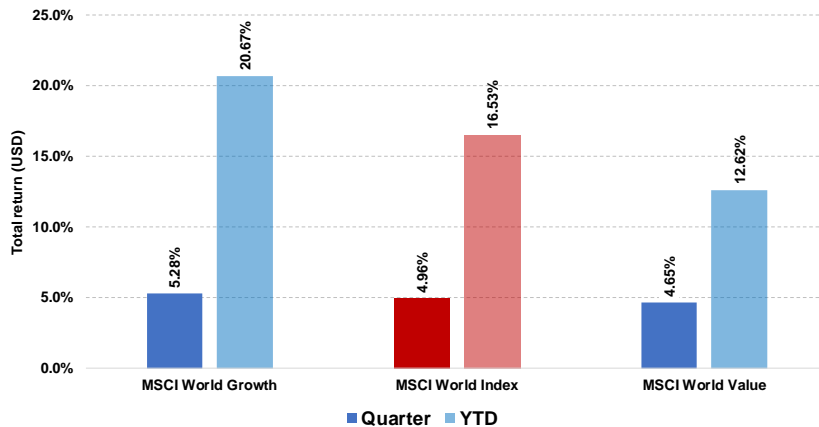
Market performance - sectors



- Strong performance from energy in Q3 as oil price (WTI) recovered from \$46/bbl to \$52/bbl. Sector still in negative territory YTD, however
- Consumer staples weakest sector in quarter. 'Defensive' sectors generally underperformed
- Year to date: Information Technology still significant outperformer

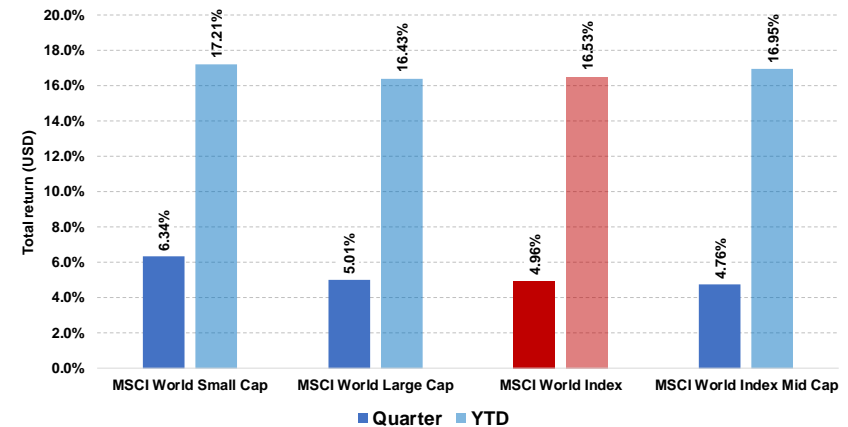
Market performance - styles

MSCI World style performance



- Growth continued to outperform value, but energy recovery helped boost value performance in the quarter
- Value significantly underperforming growth YTD (delta = 8.05%)

MSCI World market cap performance



- Small cap better in quarter – potential of tax benefit in US?
- YTD market cap not a significant driver of performance

As at 9.30.2017 in USD	YTD	1 year	3 years annualized	5 years annualized	Since inception** annualized
Dividend Builder Fund*	14.79%	12.12%	5.86%	10.38%	10.01%
MSCI World Index	16.53%	18.85%	8.33%	11.65%	10.86%

* The expense ratio is 2.11% (gross), 0.70% (net) as of 5.30.2017

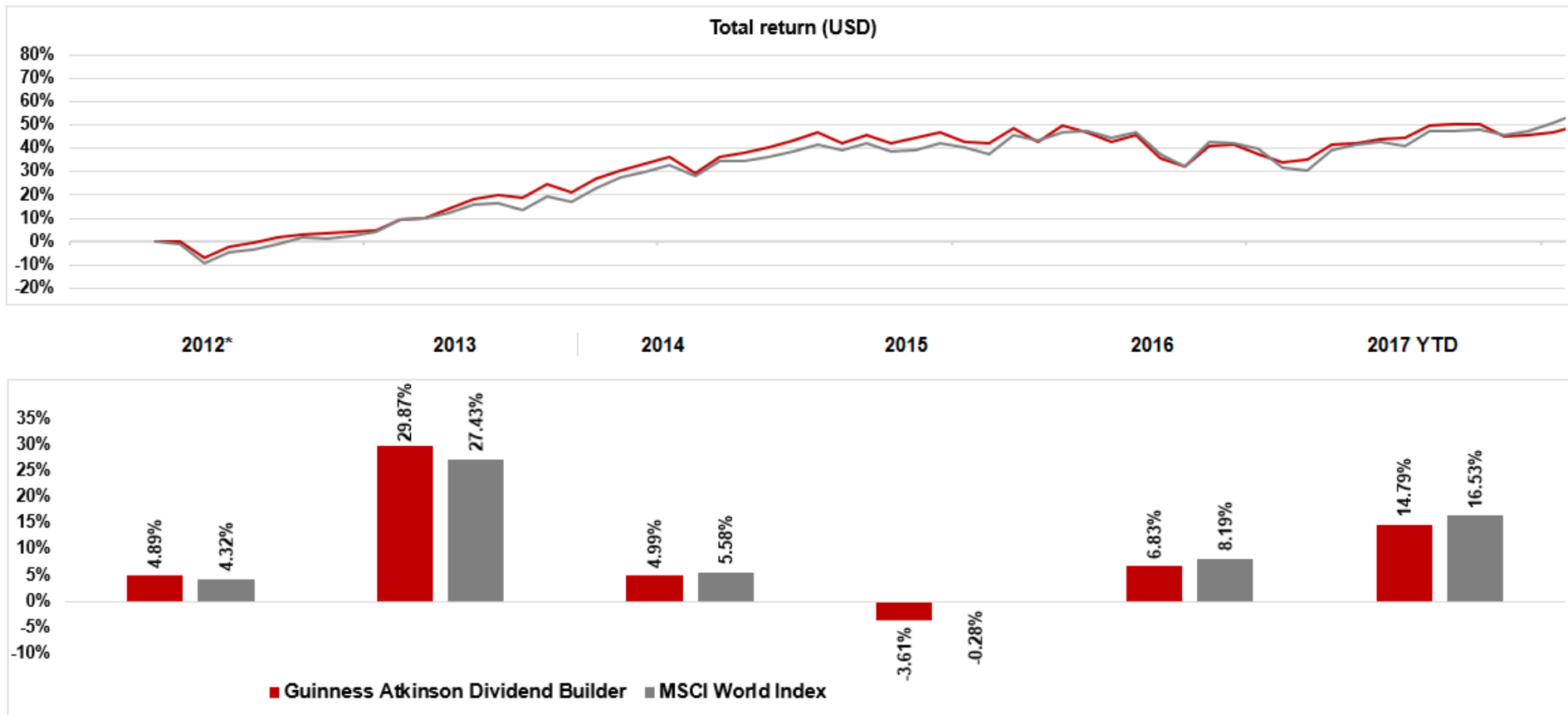
** Inception on 3.30.2012

30 Day SEC Yield (as of 9.30.2017) Subsidized 2.56% | Unsubsidized 1.24%

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 would be lower. Performance data does not reflect the 2% redemption fee for shares held less than 30 days and if deducted the fee would reduce the performance quoted. For performance current to the most recent month end please visit www.gafunds.com/our-funds or call 800-915-6565.

*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 June 30, 2018.

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 800 915-6565 or visit our website at www.gafunds.com. Read the prospectus carefully before investing.

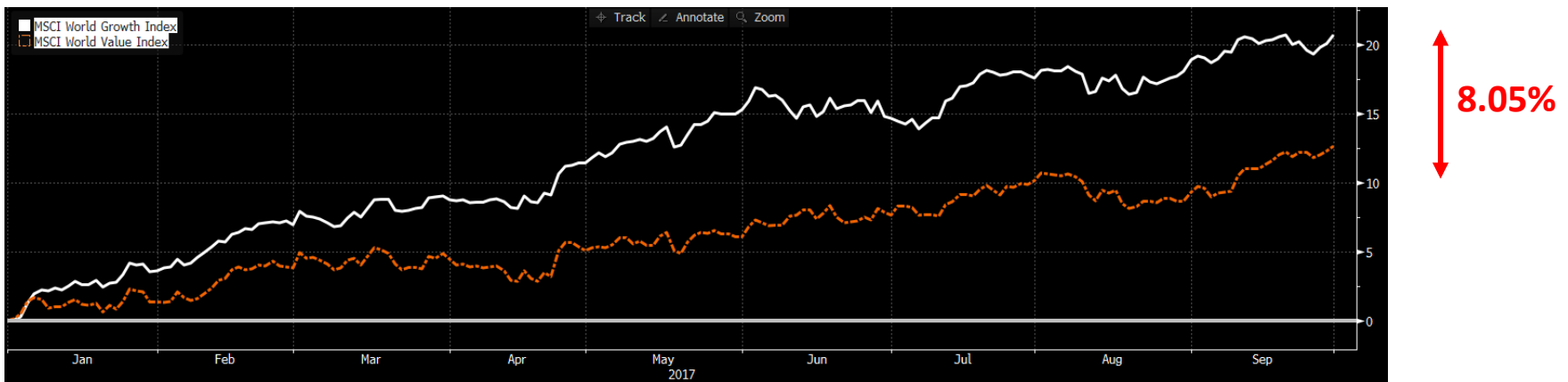


* Fund launched 30 March 2012

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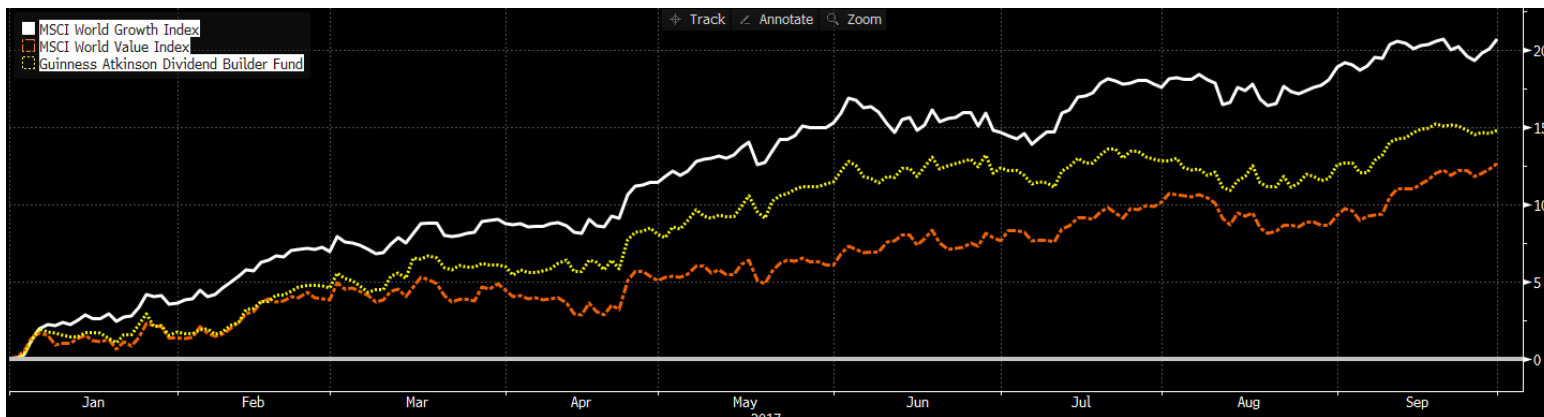
Summary fund performance: Total return YTD

- MSCI World Growth outperformed MSCI World Value by 8.05% (TR in USD)



Summary fund performance: Total return YTD

- Guinness Atkinson Dividend Builder outperformed the value index YTD



Source: Guinness Atkinson Asset Management, Bloomberg (data as of 09. 30.2017)

- Underweight energy a small drag on performance from an allocation perspective, but good stock selection (Royal Dutch Shell) meant overall energy exposure added to fund performance in the month
- Good stock selection in financials added to relative fund performance in the quarter: 4 out of 5 financial companies held in portfolio outperformed the sector average
- Overweight to consumer staples – the weakest performing sector over the quarter – was a drag on overall performance. But good stock selection within the sector added to performance relatively
- Underweight to information technology a drag on overall performance, with stock selection adding to this – lower exposure to ‘high growth’ IT stocks
- Stock specific issue in healthcare (Teva) a drag to overall fund performance

Top 5 performing stocks

	Total return (in USD)
Anta Sports	28.98%
Abbvie	23.64%
Royal Dutch Shell	15.97%
Schneider Electric	13.47%
Novo Nordisk	12.99%

Bottom 5 performing stocks

	Total return (in USD)
Teva Pharmaceutical*	-44.94%
Mattel*	-25.66%
WPP	-11.34%
Sonic Healthcare	-9.77%
Japan Tobacco	-6.74%

* sold intra-quarter

- Good performance from new holding **Anta Sports** (China-based footwear and apparel manufacturer bought at end of Q2). Positive analyst day in August with company guiding higher revenue growth (15-20% CAGR 2017-2020) and good progress seen in new initiatives such as online and children's wear.
- Abbvie** rallied in the quarter as it reached a settlement with Amgen which delays the launch of cheaper copies of it's blockbuster arthritis drug Humira until 2023. Humira is on track to generate \$18bn of sales in 2017 and accounts for over 60% of Abbvie revenues. It also gives more certainty on future cash flows and may thus allow the company to invest more for future growth.
- Teva** stock price fell dramatically on release of earnings. Much greater pricing pressure on its generic drug division weighed on earnings, which combined with potential generic competition to its largest franchise drug Copaxone (which treats MS). This raised questions about the company's ability to manage the large debt pile it had amassed after its acquisition of Allergan's generic business in 2016 and forced the company to cut the dividend.
- Continuing weak performance from **Mattel**. Lowering revenue guidance and lack of progress on costs meant margins continued to fall. Added concerns that lower cash flows could push up against certain debt covenants.

Changes made in the quarter

Buys

British American Tobacco

Hengan

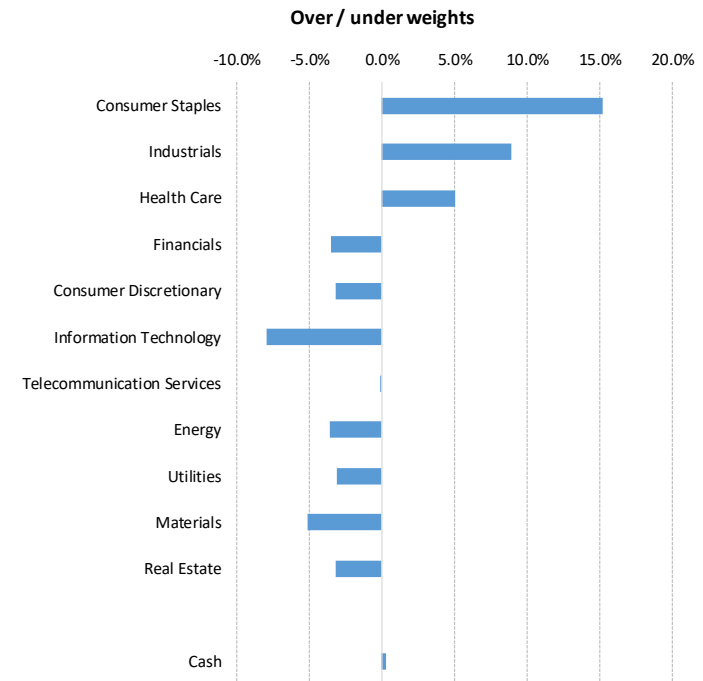
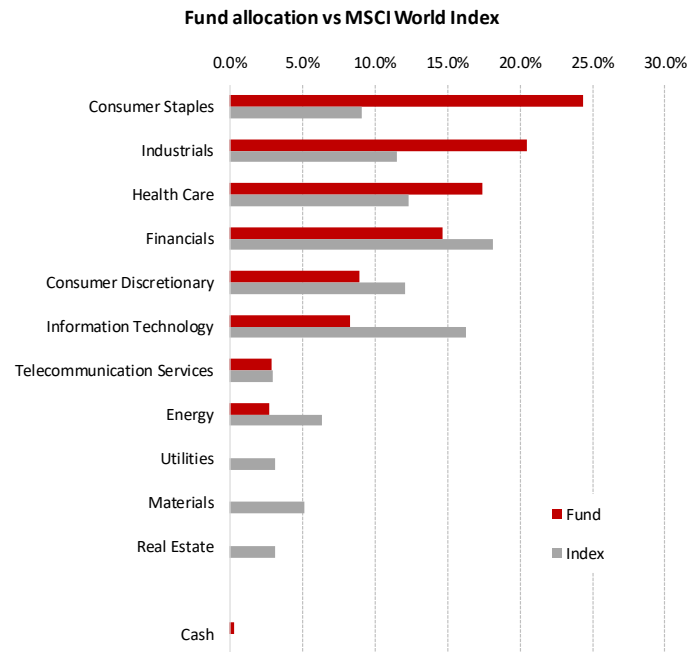
Sells

Teva Pharmaceutical

Mattel

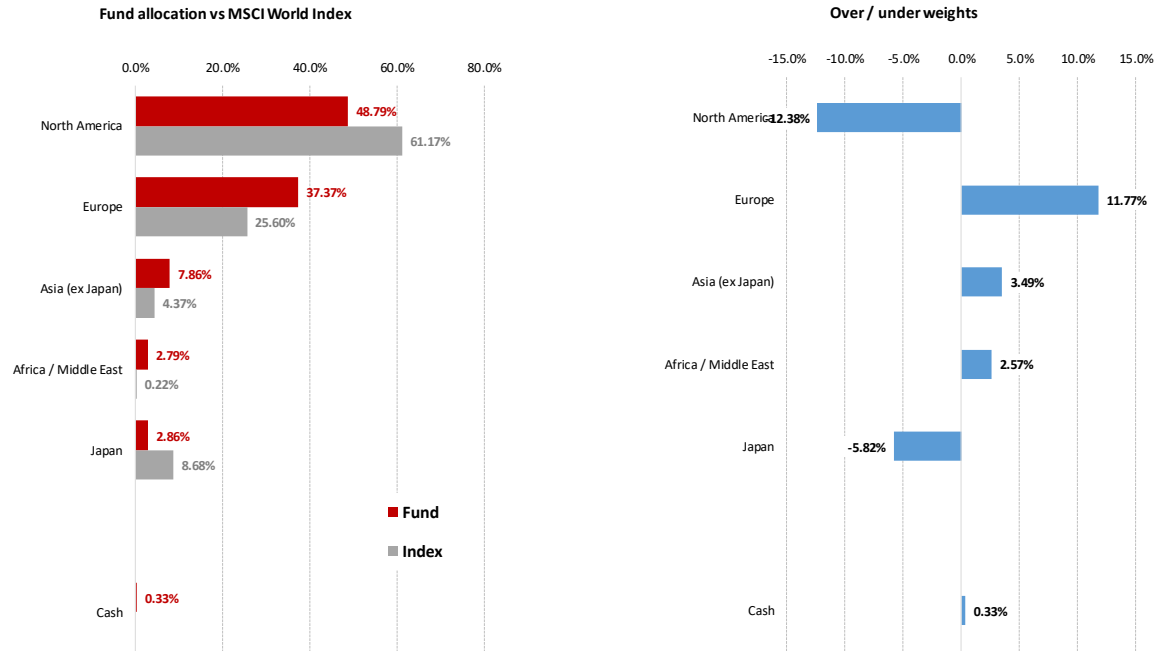
- **Teva sell**
 - Held since 2013. Significant price recovery from these lows over next two years – added meaningfully to fund performance
 - From 2016 share price weakened as worries mounted regarding drug pricing, and particularly in US
 - \$40bn acquisition of Allergan’s generic drug business in 2016 was too large and expensive, in hindsight
- **Mattel sell**
 - Held since launch (December 2010). Very strong share price performance up to start of 2014.
 - Weak though 2014 and 2015 then expectations raised for improved operating results with new CEO
 - Company failed to meet these higher expectations; top line growth, margins, earnings, and cash flows
- **BAT buy**
 - High quality business. Share price weakness following FDA announcement gave us opportunity to buy.
 - Reynolds American acquisition gives company global footprint
 - Good growth potential through Next Generation Products (NGPs)
- **Hengan buy**
 - One of the largest producers of sanitary napkins, diapers and tissue paper in China
 - Recent weakness as company facing increased competition and failed to keep up
 - Has been reinvesting and taking market share in online sales and has successfully managed to increase average selling prices
 - Well covered and growing dividend: yield = 3.2%, y-o-y dividend growth of 11%

Portfolio allocation: sector

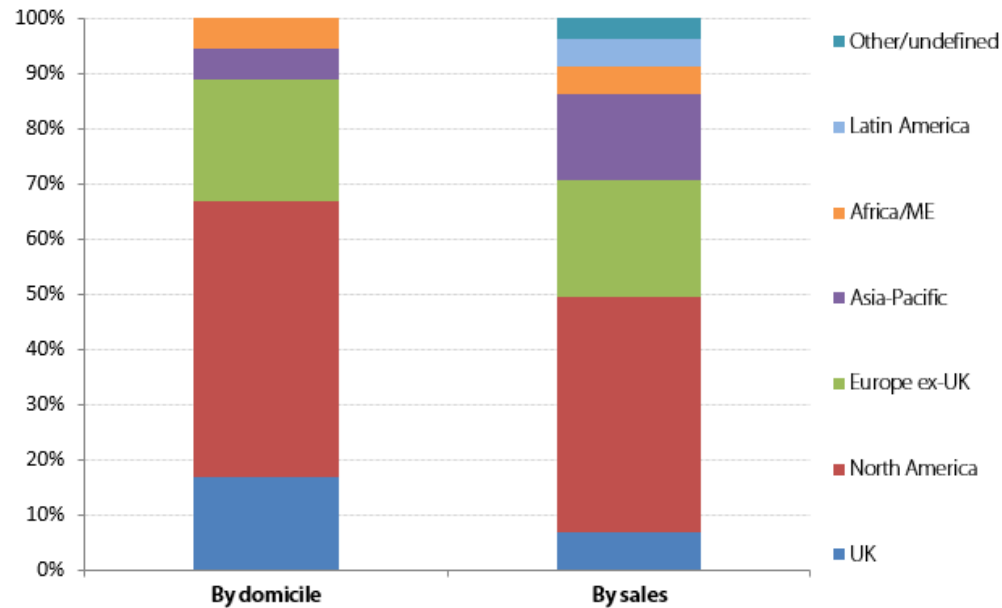


- Sale of Teva reduced healthcare exposure (about 3%); sale of Mattel reduced consumer discretionary exposure (about 3%)
- Purchases of British American Tobacco and Hengan increased consumer staples exposure (about 6%)
- Overall the fund maintains a higher weighting relative to the index in consumer staples, healthcare, and industrials. We continue to have a zero weight in utilities, materials, and real estate

Portfolio allocation: geography



- Sale of Teva reduced Middle East exposure (about 3%); sale of Mattel reduced US exposure (about 3%)
- Purchase of British American Tobacco increased UK exposure (about 3%); purchase of Hengan increased Asia exposure (about 3%)
- Overall the fund maintains an underweight to the US of about 14%, which is offset by overweights to Europe and Asia)
- The fund continues to hold only one company in Japan and is thus underweight this region by about 6%



- Fund has a lower exposure to UK when considered in revenues (about 6%) versus by domicile (about 17%)
- Fund has a larger exposure to Asia and emerging markets by revenues (about 28%) than by domicile (about 10%)

Name	Sector	Mkt. cap	Country of domicile	% NAV	PE	PE
					17Y	18Y
WPP PLC	Consumer Discretionary	23.1	GB	2.4%	11.3	10.7
ANTA Sports Products Ltd	Consumer Discretionary	11.4	CN	3.8%	24.4	20.8
VF Corp	Consumer Discretionary	25.2	US	3.1%	21.3	19.2
Danone SA	Consumer Staples	54.9	FR	2.8%	19.6	17.6
British American Tobacco PLC	Consumer Staples	147.7	GB	2.6%	16.6	15.0
Imperial Brands PLC	Consumer Staples	39.7	GB	2.7%	11.9	11.4
Unilever PLC	Consumer Staples	179.6	GB	2.9%	22.0	20.1
Hengan International Group Co Ltd	Consumer Staples	11.8	CN	3.0%	19.8	18.7
Japan Tobacco Inc	Consumer Staples	67.7	JP	2.6%	16.0	14.8
Coca-Cola Co/The	Consumer Staples	198.2	US	2.7%	23.9	22.7
Procter & Gamble Co/The	Consumer Staples	237.3	US	2.8%	23.6	21.8
Wal-Mart Stores Inc	Consumer Staples	254.3	US	2.8%	18.1	17.9
Royal Dutch Shell PLC	Energy	253.8	NL	3.1%	17.4	15.6
Deutsche Boerse AG	Financials	21.6	DE	2.8%	19.5	16.9
NEX Group PLC	Financials	3.3	GB	3.0%	27.4	21.8
Aflac Inc	Financials	33.2	US	2.8%	12.2	11.9
CME Group Inc	Financials	46.7	US	3.1%	28.1	25.4
Arthur J Gallagher & Co	Financials	11.2	US	2.8%	20.5	18.3
Sonic Healthcare Ltd	Health Care	7.2	AU	2.4%	19.3	18.1
Roche Holding AG	Health Care	216.3	CH	2.7%	16.0	15.0
Novo Nordisk A/S	Health Care	124.0	DK	3.2%	19.5	18.3
AbbVie Inc	Health Care	146.0	US	3.5%	16.1	13.6
Johnson & Johnson	Health Care	365.5	US	2.7%	18.1	16.8
Merck & Co Inc	Health Care	173.1	US	2.7%	16.5	15.2
Randstad Holding NV	Industrials	11.6	NL	2.8%	12.7	11.9
Schneider Electric SE	Industrials	51.6	FR	3.0%	18.5	16.8
BAE Systems PLC	Industrials	25.8	GB	3.0%	14.7	14.1
Eaton Corp PLC	Industrials	35.1	US	2.9%	16.7	15.1
General Dynamics Corp	Industrials	63.9	US	2.7%	21.0	19.6
Illinois Tool Works Inc	Industrials	52.8	US	2.9%	22.9	20.8
United Technologies Corp	Industrials	94.8	US	2.5%	17.7	17.0
CA Inc	Information Technology	14.1	US	2.8%	13.6	13.5
Cisco Systems Inc	Information Technology	165.9	US	2.8%	14.1	13.8
Microsoft Corp	Information Technology	597.8	US	2.9%	24.6	23.2
Vodacom Group Ltd	Telecommunication Services	20.2	ZA	2.6%	17.2	16.4

Average mkt. cap	117.5
Median mkt. cap	52.8

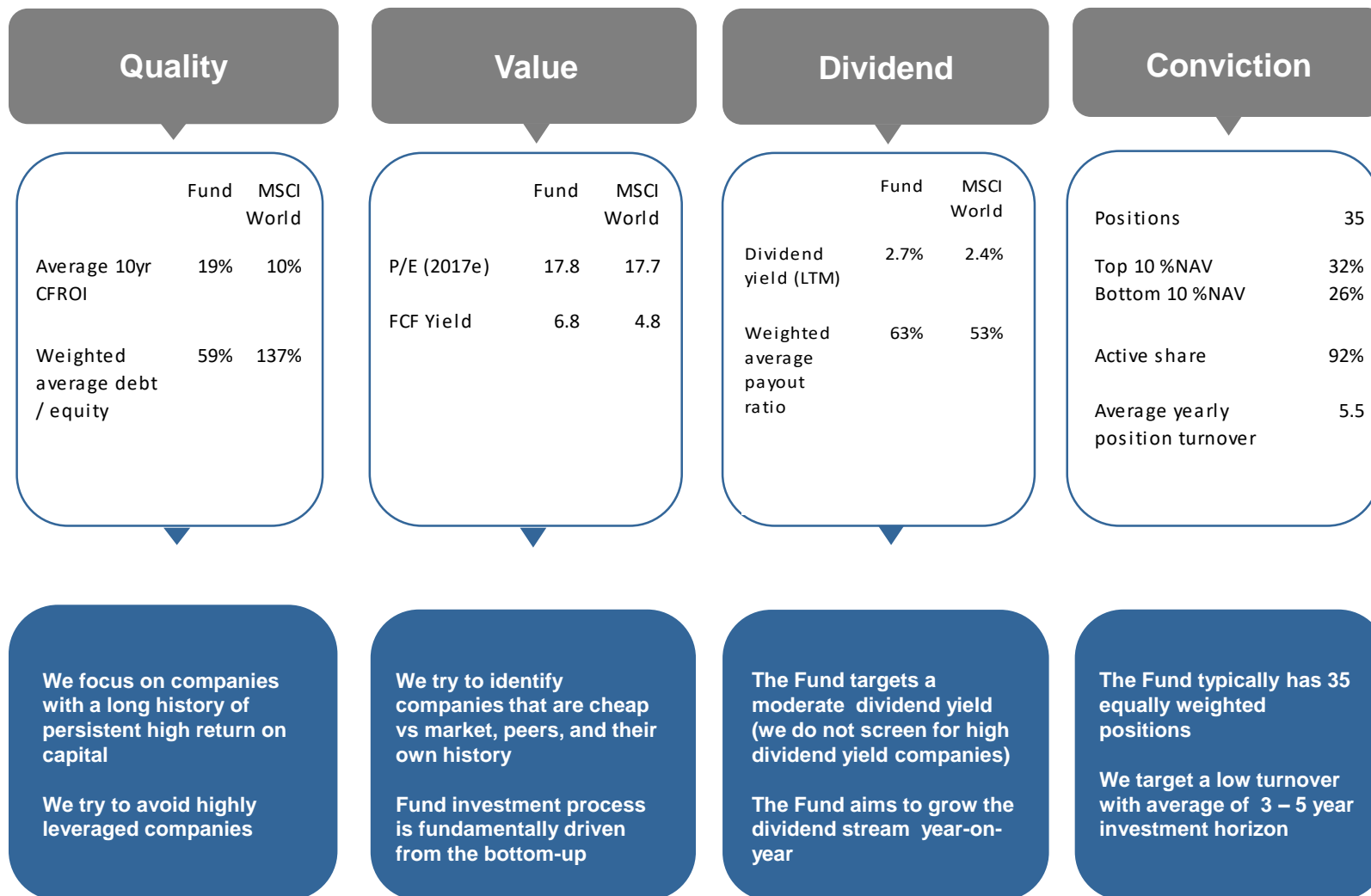
Total portfolio	17.8	16.5
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MSCI World Index	17.7	16.2
Fund premium/(discount)	0.8%	1.9%

Source: Guinness Atkinson Asset Management, Bloomberg (data as of 9.30.2017)

PE = Price to earnings; NAV = Net Asset Value

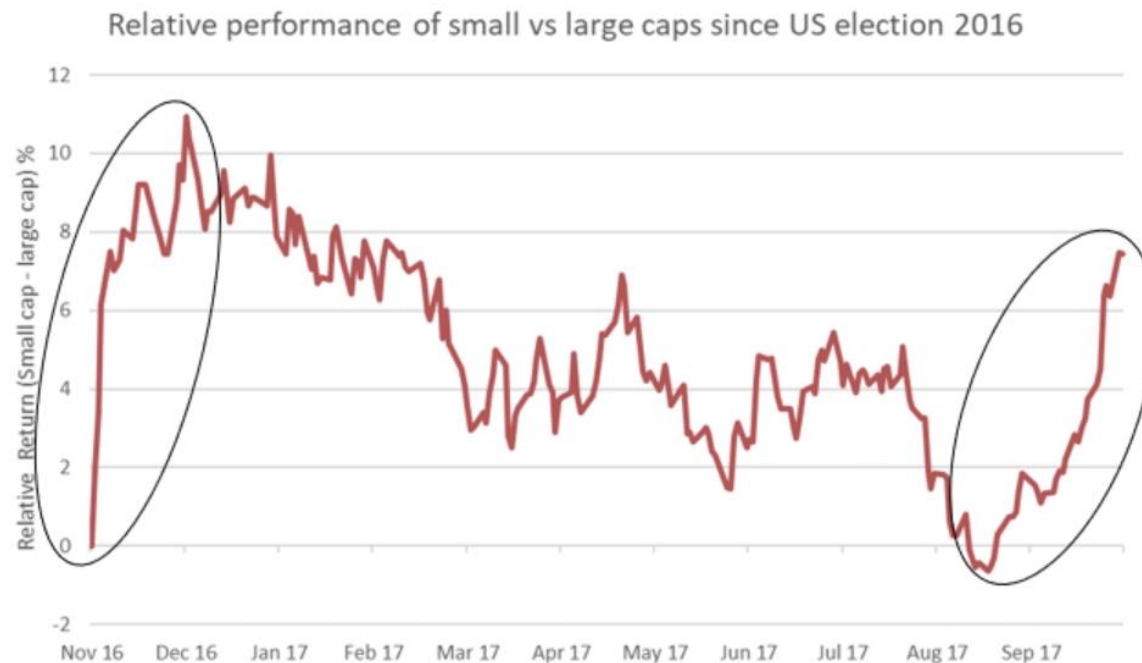
Forecasts are inherently limited and cannot be relied upon. Holdings are subject to change.



Source: Guinness Atkinson Asset Management, Bloomberg, CS HOLT (data at 9.30.2017)

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- Chart highlighting how small cap stocks in US have moved relative to large cap stocks as sentiment around Trump administration policies have altered over time



- Chart highlighting the relative performance of MSCI World Value and Growth indices over the year



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. Please read it carefully before investing.

*The Advisor has contractually agreed to waive fees and reimburse expenses through June 30, 2018.

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

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

The *MSCI World Index* captures large and mid cap representation across 23 Developed Markets (DM) countries. The MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets.

The MSCI Europe ex UK Index captures large and mid cap representation across 14 Developed Markets (DM) countries in Europe. The index covers approximately 85% of the free float-adjusted market capitalization across European Developed Markets excluding the UK.

The MSCI AC Asia ex-Japan Index captures large and mid cap representation across 2 of 3 Developed Markets (DM) countries* (excluding Japan) and 9 Emerging Markets (EM) countries in Asia. The index covers approximately 85% of the free float adjusted market capitalization in each country.

The MSCI Emerging Markets Index captures large and mid cap representation across 24 Emerging Markets (EM) countries. With 845 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The MSCI Japan Index is designed to measure the performance of the large and mid cap segments of the Japanese market. With 320 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

The MSCI UK Index is designed to measure the performance of the large and mid cap segments of the UK market. With 109 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the UK.

The MSCI US Index is designed to measure the performance of the large and mid cap segments of the US market. With 635 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the US. Markets excluding the UK.

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