

Global Innovators 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 Global Innovators strategy since 2010



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 of Global Innovators strategy since 2011



Global Innovators

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Tim Guinness	Manager														
Matthew Page	-	-	Analyst				Manager								
Ian Mortimer	-	-	-	-	-	-	Analyst		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.

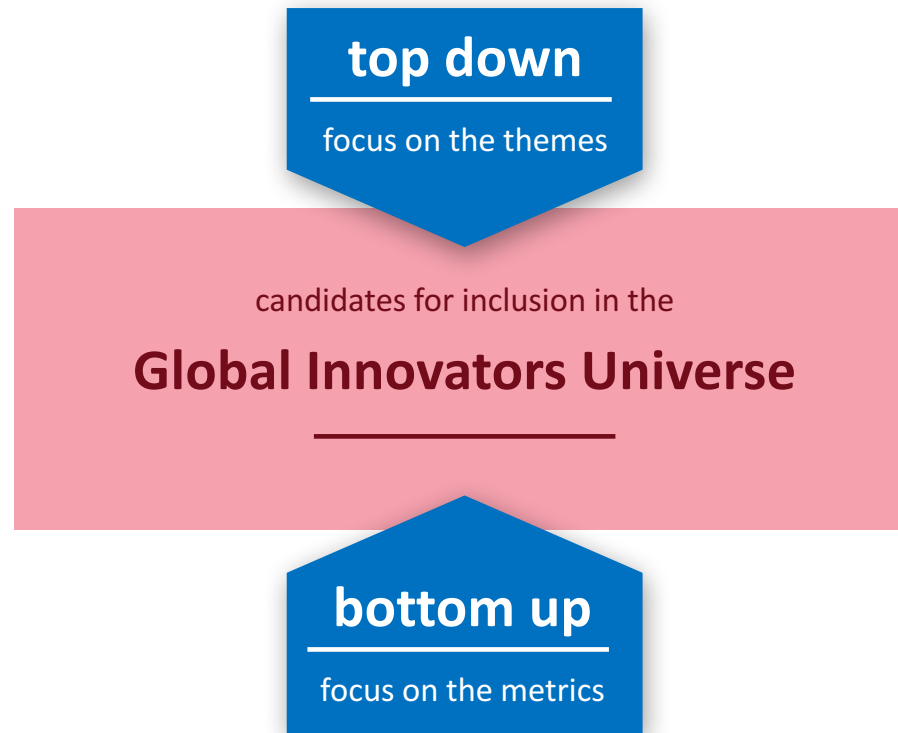
- We believe it is a superior way to identify good growth companies
- Based on our experience, traditional methodologies do not work
 - Historic growth is a poor predictor of future growth
 - Analyst forecasts of growth rates are unreliable at best
- Instead try to find companies doing something **innovative...** which we believe, if successful, should lead to higher return on capital and higher probability of future growth



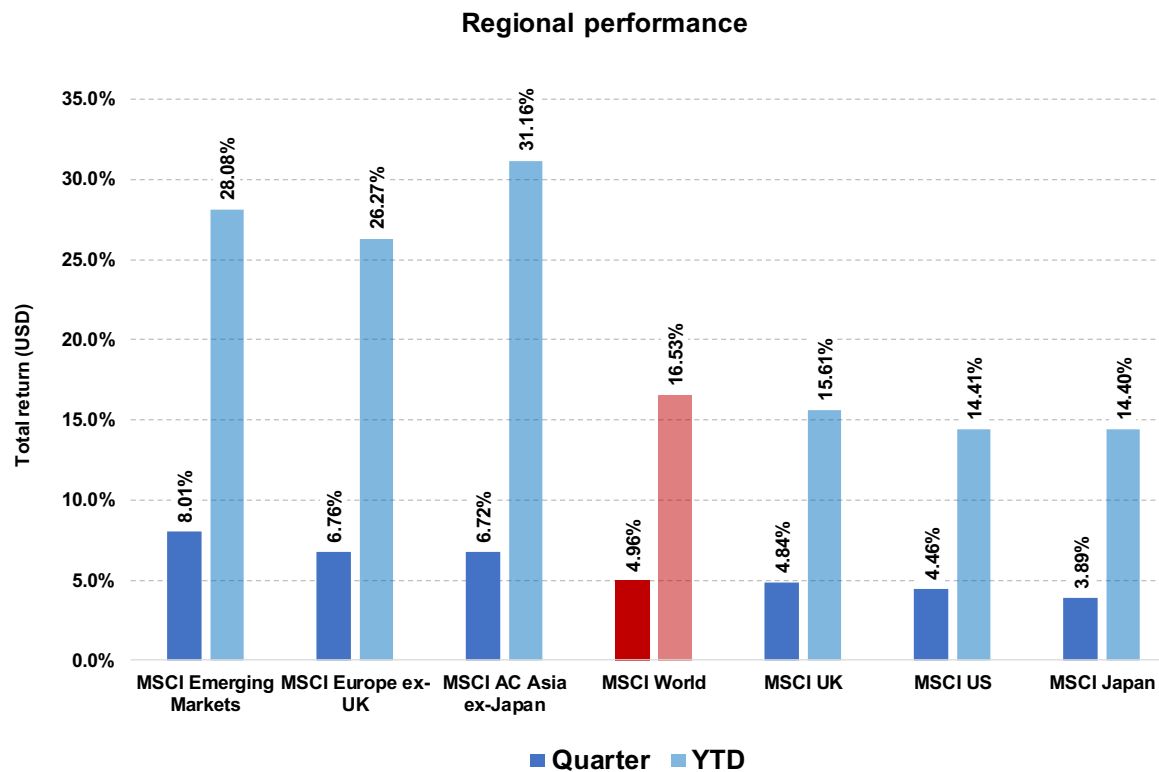
The fund seeks a concentrated portfolio of high quality, innovative, growth companies

← Level of innovation →

		Disruptive	Accelerating	Continuous
↑ Key drivers of innovation ↓	Science/Technology	Scientific breakthrough leading to new technology with significant potential impact	Rapid improvements in young technology	Small continuous advances in an established technology that will provide incremental benefits to end user
	Product/Service	A new product/service that has the potential to quickly take market share and change the dynamics of an industry	Rapid advances in adoption of product/service	Small advances in product/service or end user experience that maintains or grows market share or competitive positioning
	Business Model	A new revenue/cost model or the confluence of technologies that has significant impact on incumbents	Rapid adoption of business model leads to rapid growth in market share	Continuous evolution of business model to maintain competitive strength

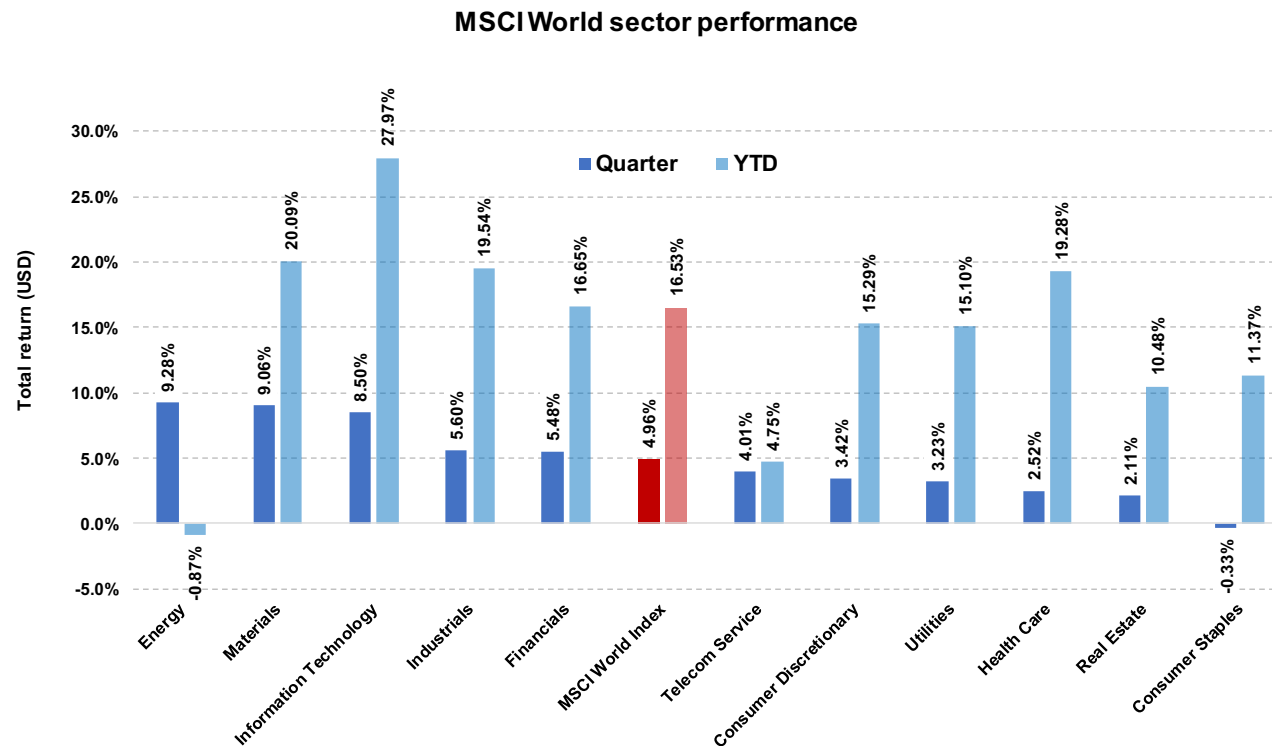


Market performance - regions



- 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

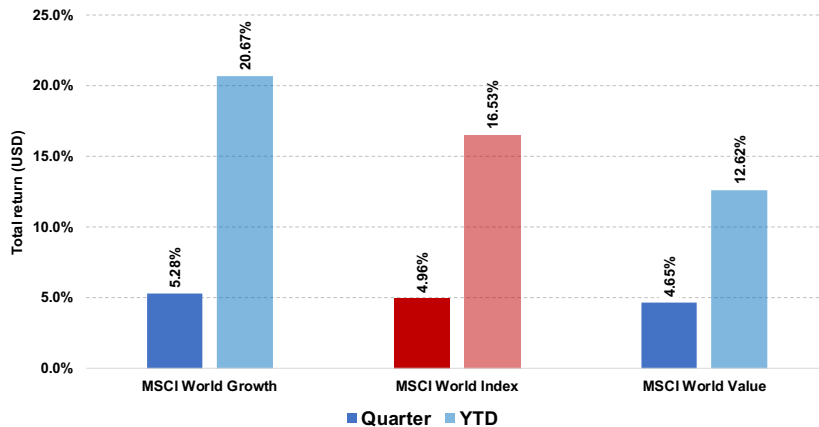
Market performance - sectors



- 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

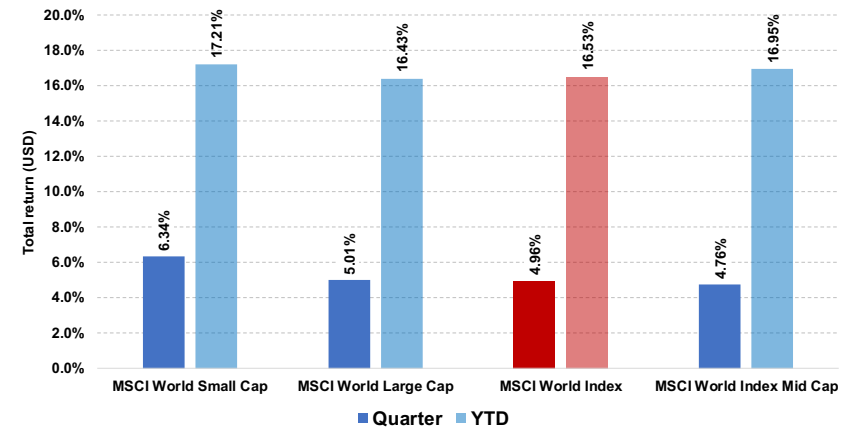
Market performance - styles

MSCI World style performance



- Growth continued to outperformed 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 of 09.30.2017 (in USD)	YTD	1 year	3 years annualized	5 years annualized	10 years annualized	Since inception annualized
Global Innovators, Investor Class¹	26.82%	29.58%	11.50%	17.88%	8.49%	8.00%
Global Innovators, Institutional Class²	27.04%	29.88%	11.67%	17.98%	8.54%	8.03%
MSCI World Index	16.53%	18.85%	8.34%	11.65%	4.86%	5.78%

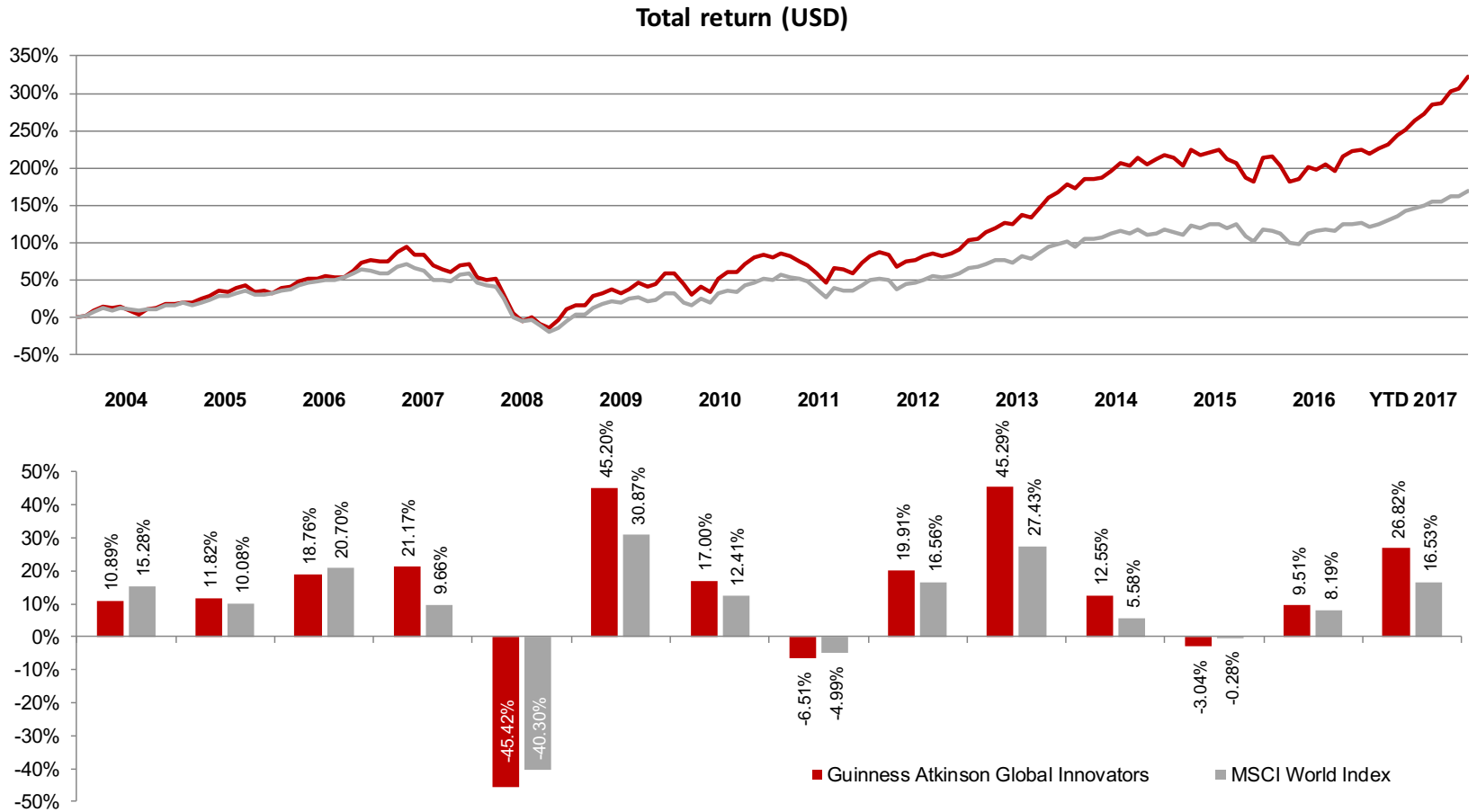
¹**Investor class** Ticker: IWIRX Inception 12.15.1998 Expense ratio as of 5/3/17* 1.24% (net); 1.35% (gross)

²**Institutional class** Ticker: GINN Inception 12.31.2015 Expense ratio as of 5/3/17* 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 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 Adviser has contractually agreed to reimburse expenses (excluding Acquired Fund Fees and Expenses, interest, taxes, dividends on short position 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, 2018

Performance data shown for Global Innovators, Institutional Class (GINN), prior to its launch date on 12.31.2015, uses performance data from the Global Innovators, Investor Class (IWIRX).



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.

- Overweight information technology and underweight consumer staples were the largest contributors to positive performance in terms of asset allocation relative to the benchmark in the quarter
- Underweight material and energy sectors was a small drag on performance over the quarter
- Stock selection was positive across all sectors in the quarter
- Notable stock selection performance added significantly to performance in the quarter
 - Information technology AAC Tech, Applied Materials, Nvidia, Paypal, Infineon
 - Industrials Boeing, Schneider, Roper
 - Consumer discretionary New Oriental Education, Continental

Fund holdings are subject to change.

Top 5 performing stocks	
	Total return (in USD)
AAC Technologies	34.74%
Boeing	29.33%
Applied Materials	26.38%
New Oriental Education	25.88%
Nvidia	23.77%

Bottom 5 performing stocks	
	Total return (in USD)
Catcher Technologies	-19.62%
Nike	-11.82%
Shire	-7.56%
Qualcomm	-4.70%
Comcast	-1.13%

- **AAC Technology** up strongly after beating earnings. The manufacturer of acoustic components for smartphones, has seen a boost in sales and reported improved diversification across product lines alongside achieving a high gross profit margin of over 40%.
- **Boeing** 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.
- **New Oriental Education**, a private education provider in China, 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%.
- **Applied Materials**, the semiconductor equipment manufacturer, in September announced a new \$3bn share repurchase plan and outlined its growth plan through 2020, which was positively received by the market.
- **Nvidia** continued to rally due to its exposure to several of the fastest growth secular end markets, which received positive news throughout the quarter
- **Catcher Technology**, manufacturer of aluminum and magnesium casings, suffered with other Apple suppliers in September as previously high expectations turned to doubts over whether demand would meet market expectations for the latest iPhone release. Catcher had risen 84% (total return in USD) in the first 8 months of 2017.
- **Nike** weakened after it reported its slowest quarterly sales growth since 2010. But, more positively, Nike has been attempting to cut out the middleman and sell direct to customers. It reported web store sales increasing by 19%, while its retail shops increased like for like sales by 5%.

Changes made in the quarter

Buys

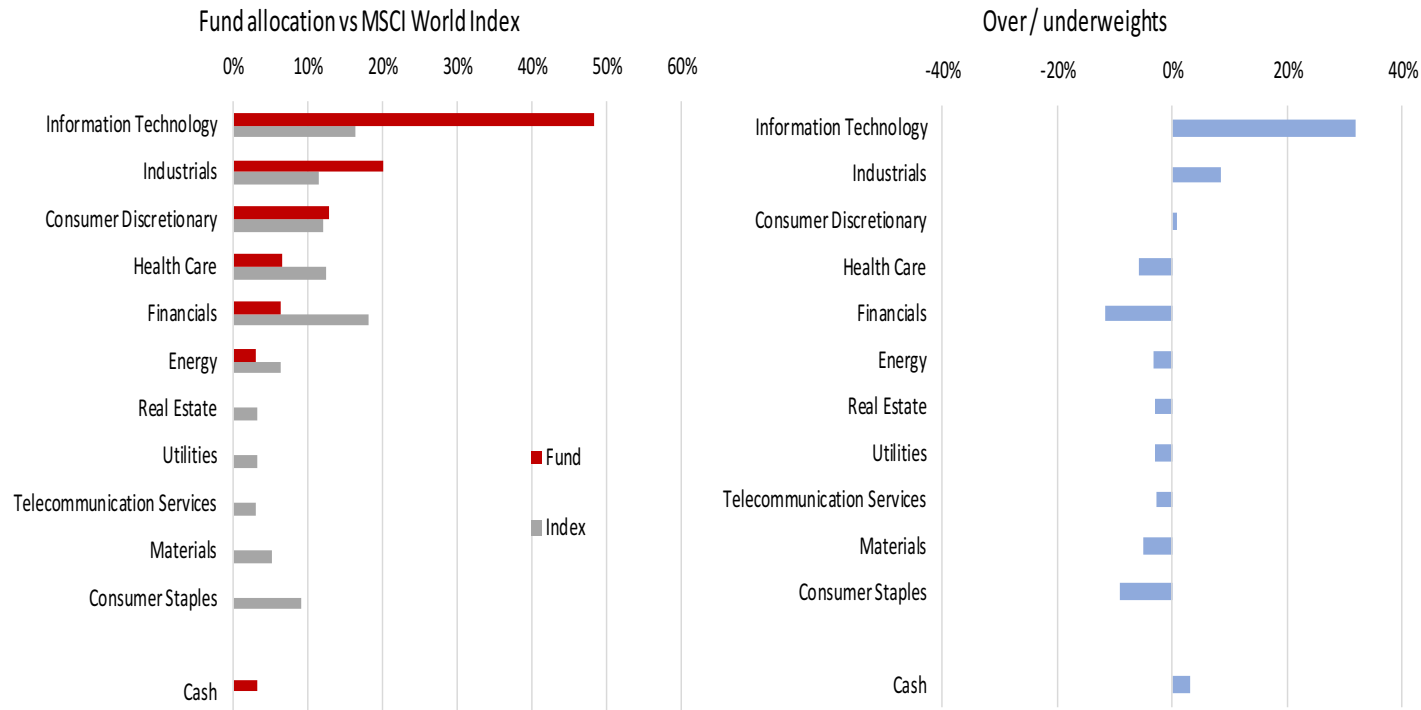
Facebook
Continental

Sells

Gilead Sciences
Qualcomm

- **Buy Facebook**
 - Purchased on the prospect of continued strong earnings growth which we believe the market is not appreciating
 - Upside potential in the average revenue per user (ARPU) growth in the US, as Facebook still accounts for a relatively small percentage of the total revenue spend per person
 - User growth could accelerate in Asia (especially in India) and significant earnings potential in Facebook's unmonetized apps such as WhatsApp and Messenger
- **Buy Continental**
 - Traditionally known as a tire manufacturer but today over half its revenue comes from automotive systems, which cover a range of innovative technologies
 - Well positioned to take advantage of a shift towards smarter and connected cars and autonomous driving
 - Stable and high cash flow return on investment, low debt, margins which are higher than its peers, and below average multiple
- **Sell Gilead**
 - Held in the fund since October 2010. One of our most successful holdings rising almost 400% over our holding period, in a time the market "only" rallied around 100% (total return in USD).
 - Had done well from its innovative Hepatitis C and HIV drugs, but was losing market share due to competition
 - Revenues and earnings slowed significantly, and recent rally after \$11bn purchase of Kite Pharma gave opportune time to exit
- **Sell Qualcomm**
 - Held in the Global Innovators Fund since October 2013
 - Sales may be impacted by lawsuits against its royalty model from Apple
 - Also faces revenue pressures as smartphone shipments slow and prices for its chips drop amid rising competition. Also seeing more in-house chips from the major smartphone manufacturers which could impact sales significantly

Portfolio allocation: sector

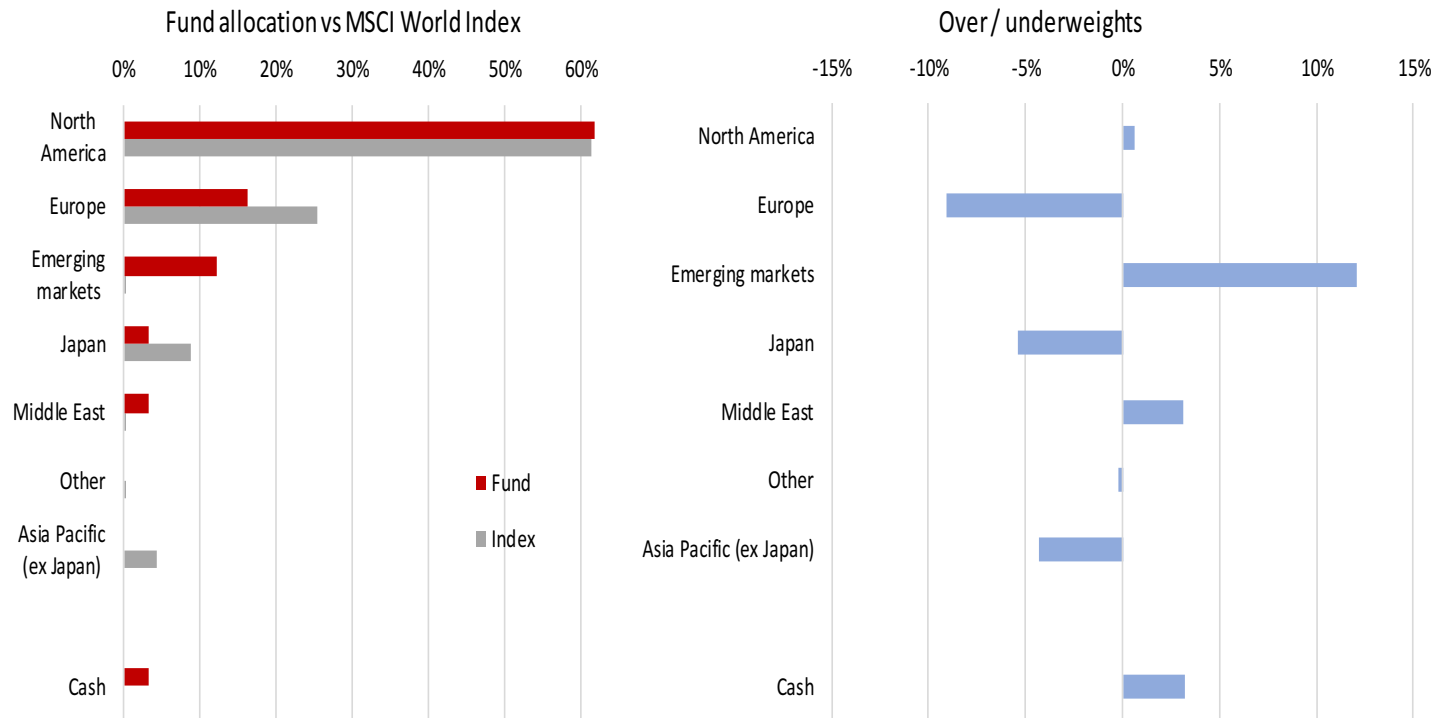


- Sale of Gilead reduced healthcare; sale of Qualcomm reduced IT
- Purchase of Facebook increased IT; purchase of Continental increased consumer discretionary
- Overall the fund maintains a higher weighting relative to the index in information technology and industrials
- The largest underweights in the fund are to financials and consumer staples
- The fund maintains a zero weighting to telcos, utilities, real estate, materials, and consumer staples

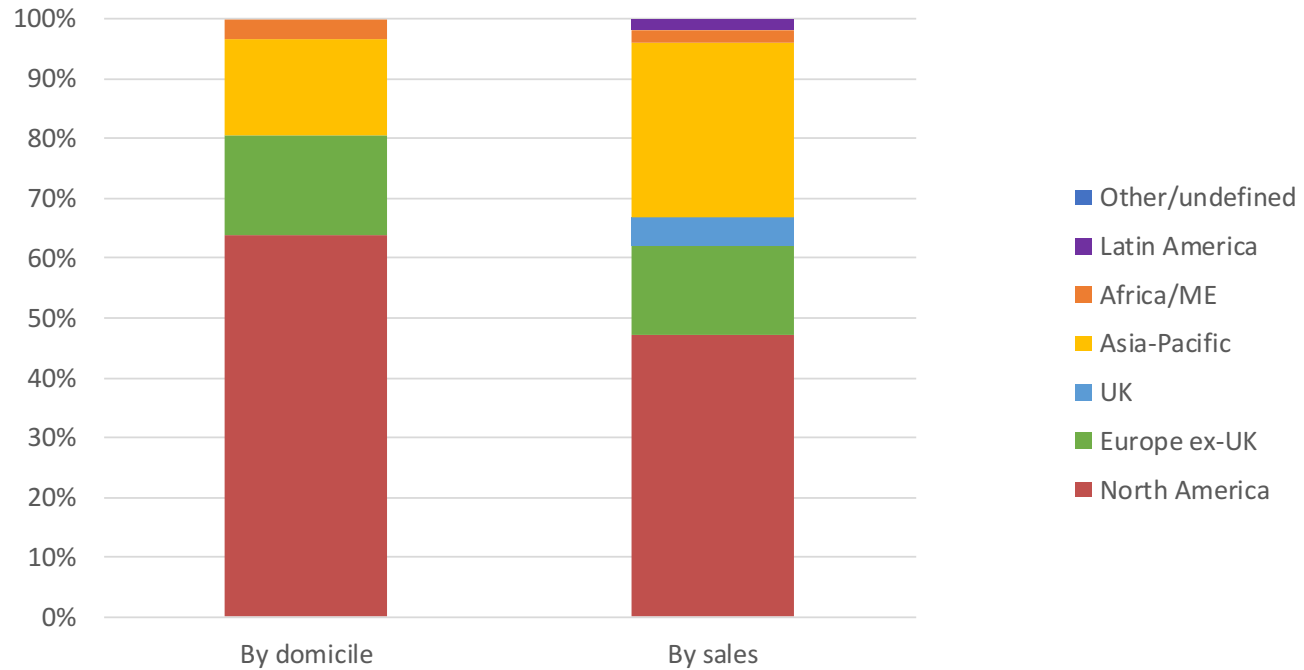
Source: Guinness Atkinson Asset Management, Bloomberg (data as of 09.30.2017)

Sector holdings are subject to change.

Portfolio allocation: geography (by domicile)



- Fund equal weight in US
- Fund underweight Europe by c.9%
- Benchmark (MSCI World) does not include emerging markets. Fund has c.12% exposure to this region
- The fund continues to hold only one company in Japan and is thus underweight this region by c.5%



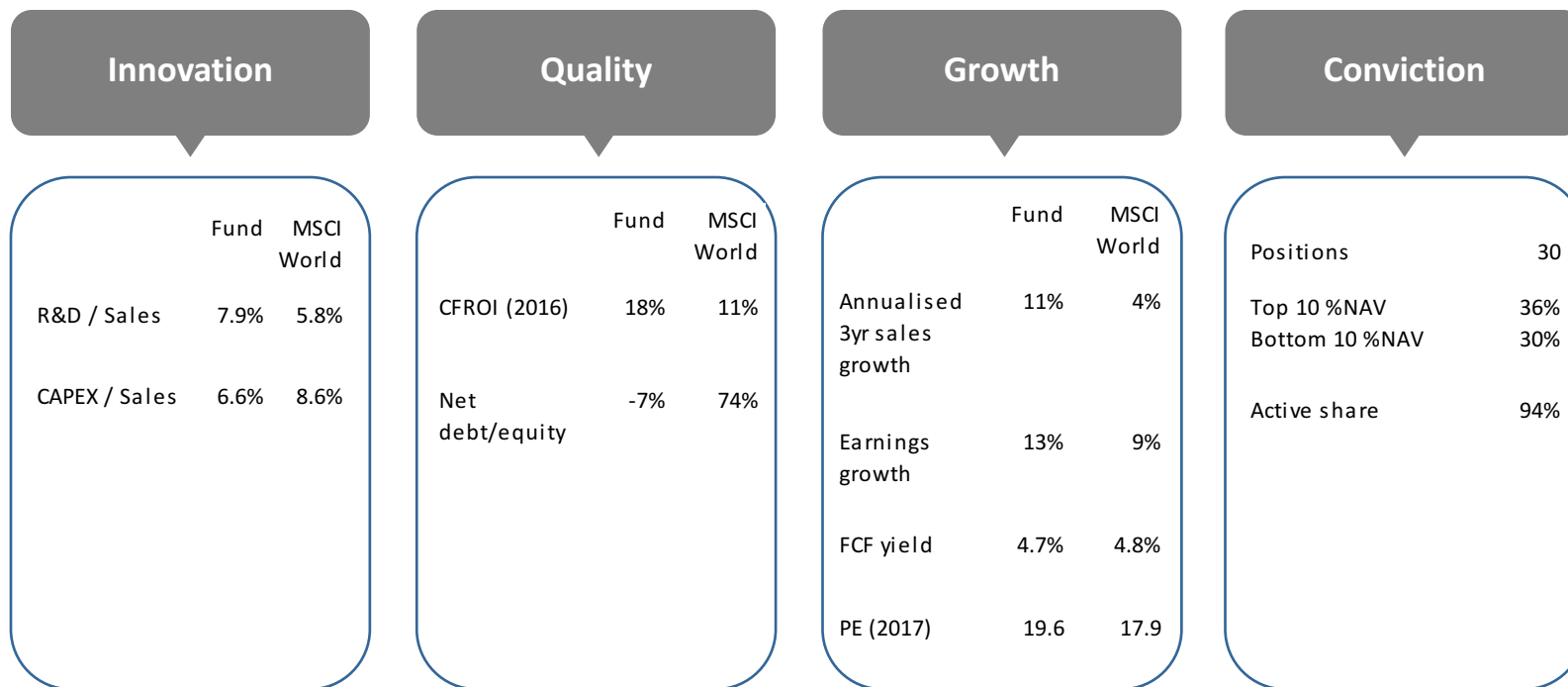
Name	Industry	Mkt. cap	Country of domicile	% NAV	PE	
					17Y	18Y
Continental AG	Automobiles & Components	50.6	DE	3.6%	13.4	12.1
Boeing Co/The	Capital Goods	154.3	US	3.9%	25.3	23.3
Eaton Corp PLC	Capital Goods	35.1	US	3.3%	16.7	15.1
FANUC Corp	Capital Goods	45.6	JP	3.4%	37.0	29.3
Roper Technologies Inc	Capital Goods	25.6	US	3.5%	26.2	24.6
Schneider Electric SE	Capital Goods	51.6	FR	3.2%	18.5	16.8
Siemens AG	Capital Goods	119.6	DE	3.3%	15.2	14.9
NIKE Inc	Consumer Durables & Apparel	83.5	US	3.2%	21.5	22.2
New Oriental Education & Technology Group Inc	Consumer Services	14.8	CN	3.5%	47.7	37.2
Intercontinental Exchange Inc	Diversified Financials	40.6	US	3.5%	23.4	20.4
WisdomTree Investments Inc	Diversified Financials	1.5	US	3.1%	39.2	29.7
Schlumberger Ltd	Energy	93.3	US	3.2%	46.5	30.4
Danaher Corp	Health Care Equipment & Servic	60.2	US	3.4%	21.7	20.0
Comcast Corp	Media	173.3	US	3.0%	18.9	17.2
Shire PLC	Pharmaceuticals, Biotechnology	47.3	US	3.3%	10.2	9.4
Applied Materials Inc	Semiconductors & Semiconductor	58.3	US	3.6%	16.1	14.2
Infineon Technologies AG	Semiconductors & Semiconductor	29.2	DE	3.5%	24.6	22.0
Intel Corp	Semiconductors & Semiconductor	185.8	US	3.3%	12.7	12.2
NVIDIA Corp	Semiconductors & Semiconductor	117.3	US	3.5%	60.8	44.3
Alphabet Inc	Software & Services	690.3	US	3.2%	24.9	20.7
Check Point Software Technologies Ltd	Software & Services	19.4	IL	3.4%	22.0	20.2
Cognizant Technology Solutions Corp	Software & Services	43.7	US	3.3%	19.6	16.7
Facebook Inc	Software & Services	506.3	US	3.3%	28.8	24.4
PayPal Holdings Inc	Software & Services	81.5	US	3.8%	34.8	28.9
SAP SE	Software & Services	137.3	DE	3.2%	22.2	20.3
AAC Technologies Holdings Inc	Technology Hardware & Equipmen	22.3	CN	3.0%	25.1	19.8
Catcher Technology Co Ltd	Technology Hardware & Equipmen	8.0	TW	2.6%	10.0	8.1
Cisco Systems Inc	Technology Hardware & Equipmen	165.9	US	3.4%	14.1	13.8
Samsung Electronics Co Ltd	Technology Hardware & Equipmen	310.9	KR	3.4%	8.9	7.7
VeriFone Systems Inc	Technology Hardware & Equipmen	2.3	US	3.1%	15.6	12.9

Average mkt. cap	112.5	Total portfolio	19.6	17.3
Median mkt. cap	55.0	Y-o-Y growth		13%
		MSCI World Index	17.9	16.3
		Fund premium / (discount)	9.6%	5.8%

Source: Guinness Atkinson Asset Management, Bloomberg (data as of 9.30.2017)
 Fund holdings are subject to change. Forecasts are inherently limited and cannot be relied upon.

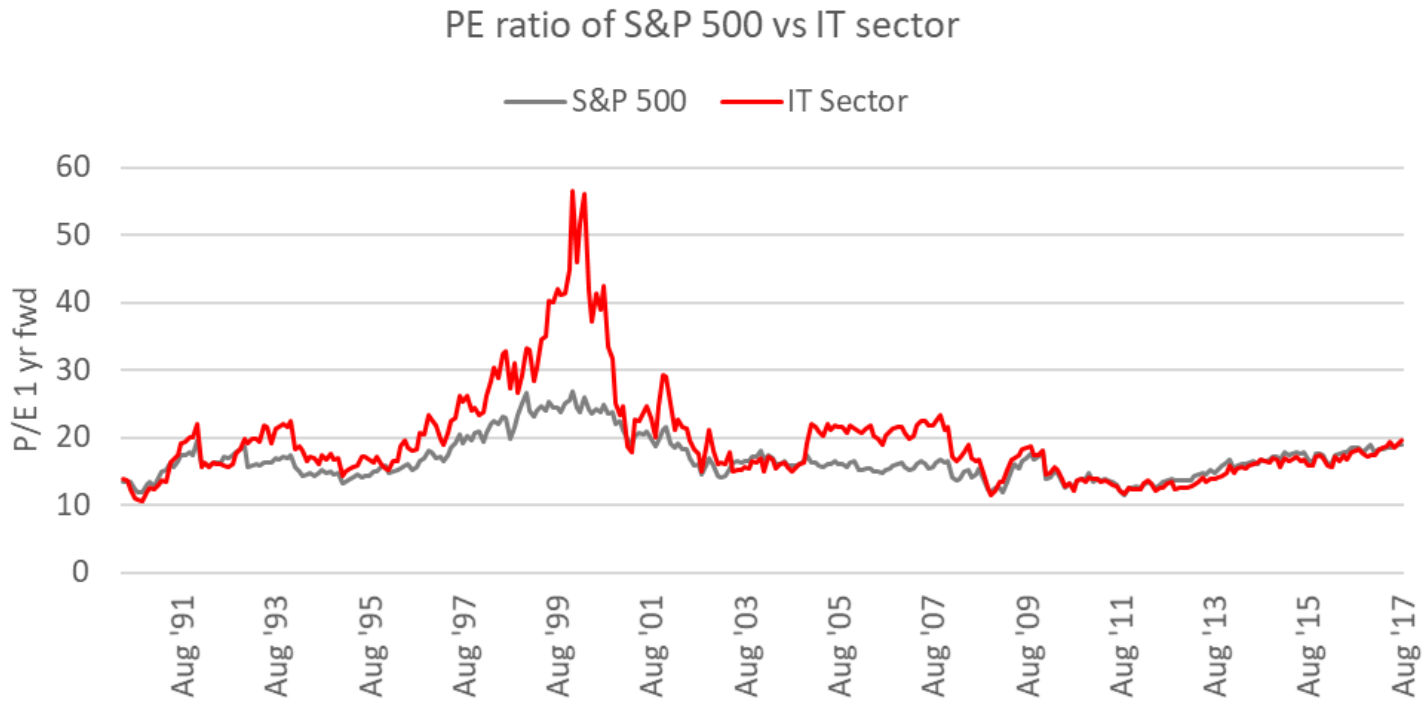
		Allocation	
		Portfolio today	Range last 10years
0 – 10% growth		33%	20 - 50%
10 – 20% growth		60%	30 - 65%
20% + growth		7%	0 - 20%

The mention of any individual securities should neither constitute nor be construed as a recommendation to purchase or sell such securities, and the information provided regarding such individual securities is not a sufficient basis upon which to make an investment decision.

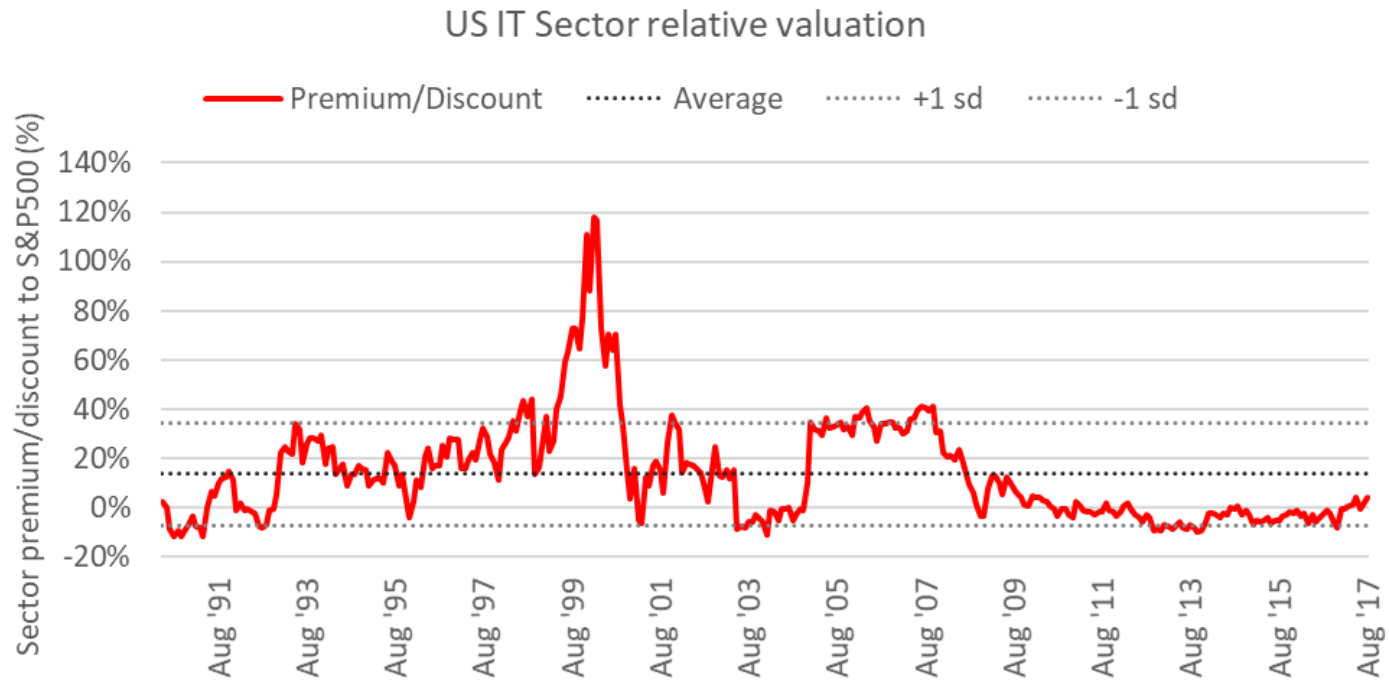


Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Funds may be 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.

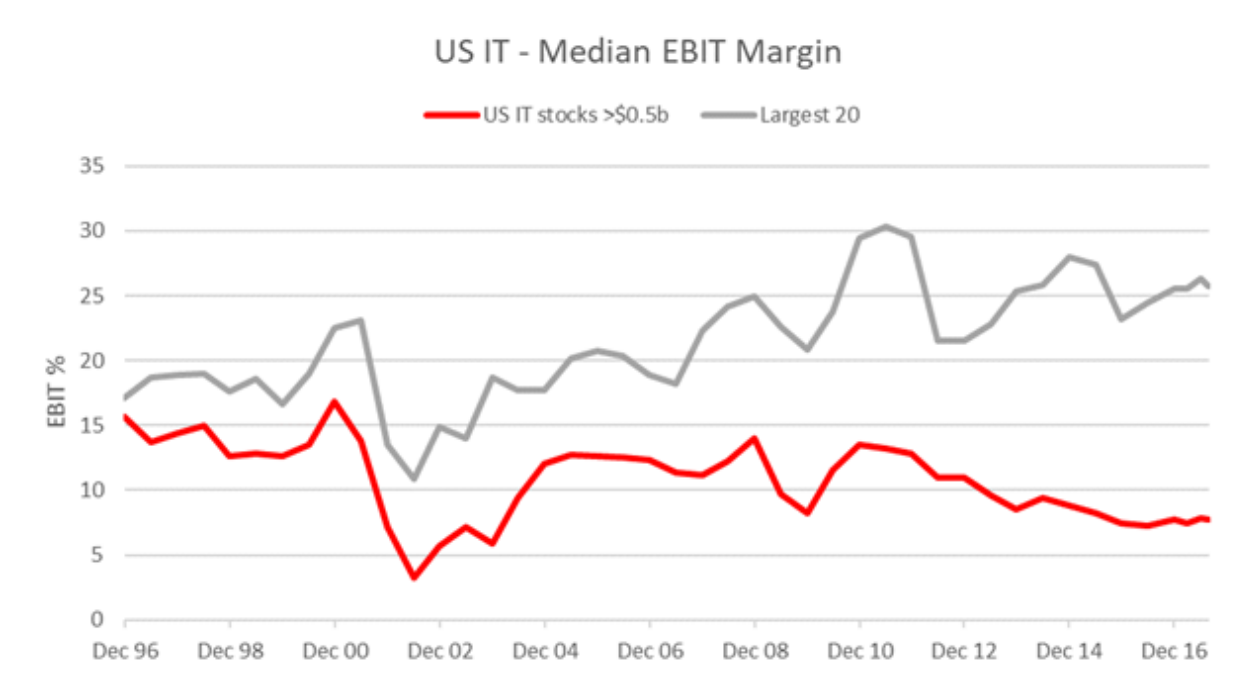
- Not expensive relative to S&P500



- Cheap relative to historic average



- But worth noting that larger IT companies are generating the best margins



*The Advisor has contractually agreed to reimburse expenses (excluding Acquired Fund Fees and Expenses, interest, taxes, dividends on short position and extraordinary expenses) in order to limit the Total Annual Operating Expenses for Institutional Shares and for Investor Class to 0.99% and 1.24% respectively through June 30, 2018. 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 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.

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.

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.

Opinions expressed are subject to change and should not be considered investment advice.

Cash flow is the total amount of money being transferred into and out of a business.

Fund holdings and sector allocations are subject to change 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.

Return on Capital is a return from an investment that is not considered income.

Market capitalization (cap) is calculated by multiplying a company's shares outstanding by the current market price of one share. The investment community uses this figure to determine a company's size, as opposed to sales or total asset figures.

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.

One cannot invest directly in an index.

Distributed by Foreside Fund Services, LLC