

Global Innovators Fund

Review of the 4th 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



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.

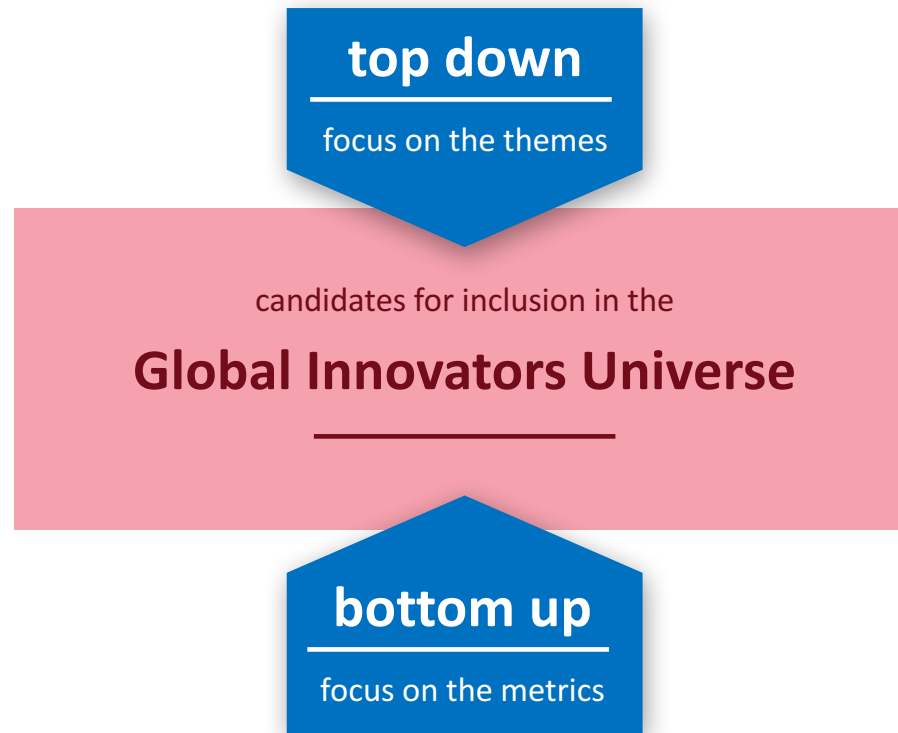
- We believe it is a superior way to identify good growth companies
- Based on our experience, traditional methodologies do not work
 - Historic growth is a poor predictor of future growth
 - Analyst forecasts of growth rates are unreliable at best
- Instead try to find companies doing something **innovative...**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

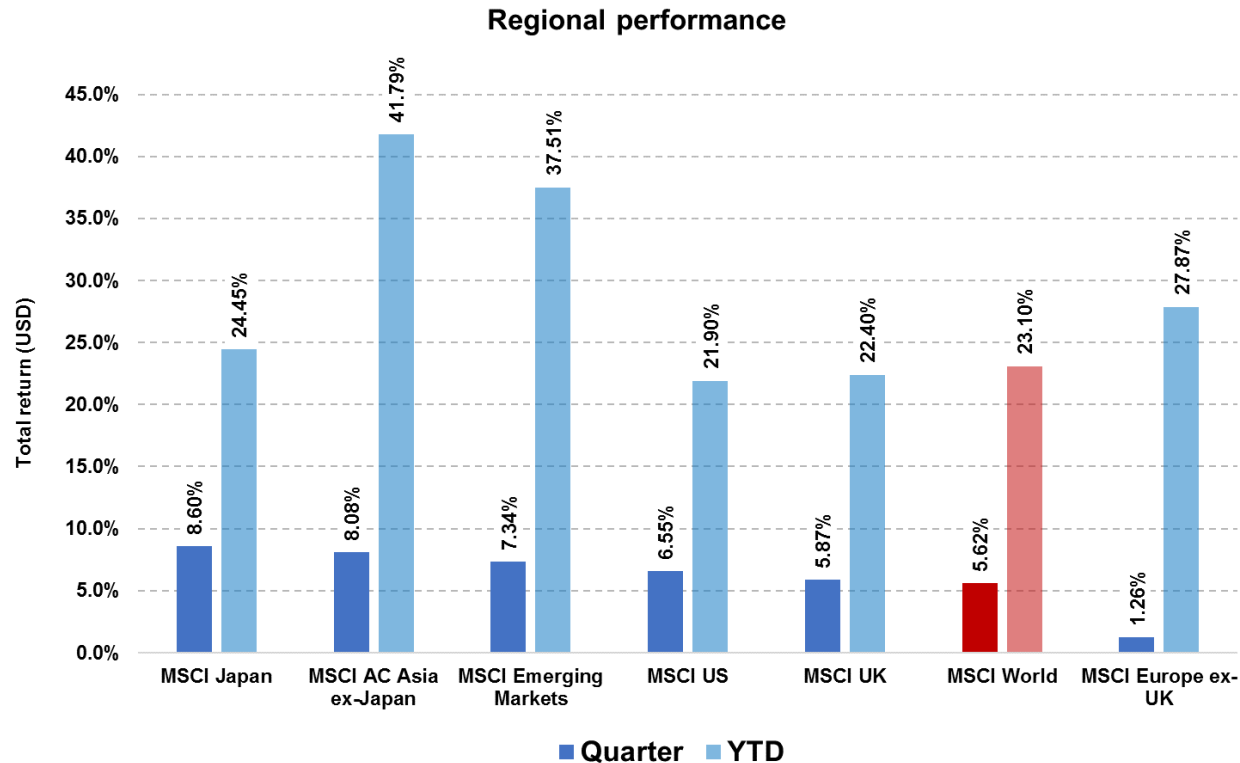


The fund seeks a concentrated portfolio of high quality, innovative, growth companies

← **Level of innovation** →

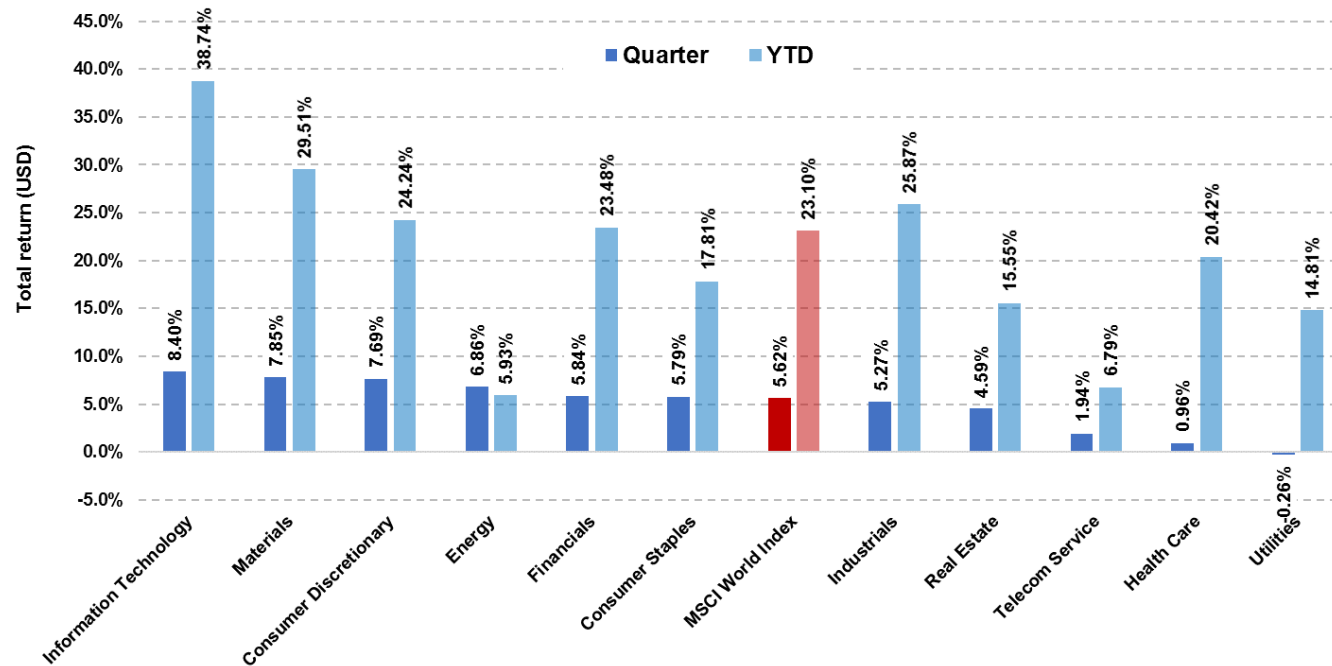
		Disruptive	Accelerating	Continuous
↑ Key drivers of innovation ↓	Science/Technology	Scientific breakthrough leading to new technology with significant potential impact	Rapid improvements in young technology	Small continuous advances in an established technology that will provide incremental benefits 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



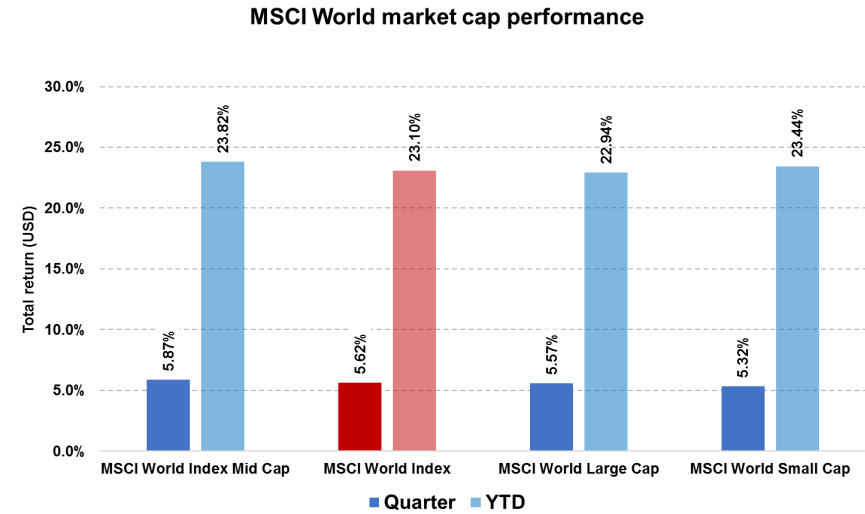
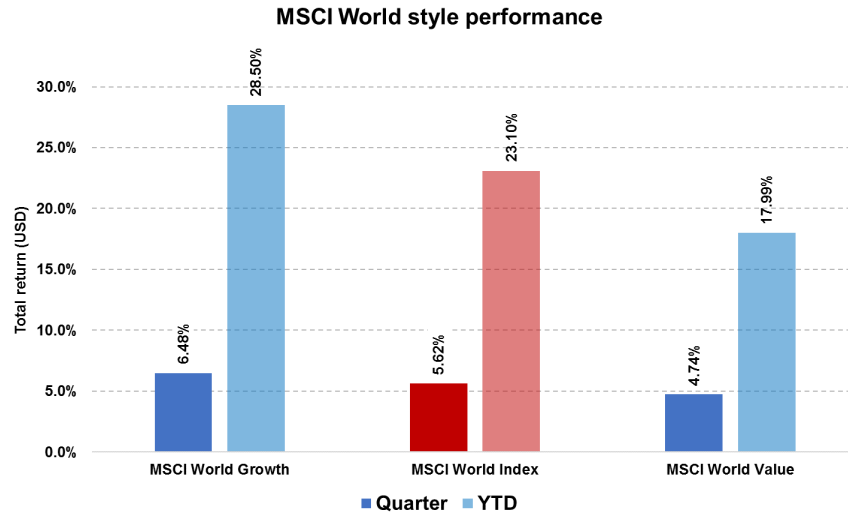


- Another strong quarter – MSCI World up 5.62% (total return in USD) – following positive returns in Q1, Q2, and Q3
- Regional quarterly performance broadly followed YTD trends with strong markets in Asia ex-Japan and EM. However, Japan had strongest returns (which were also strong in local currency terms), there was better relative US performance than seen in rest of the year and Europe ex-UK was noticeably weaker.
- Weaker US dollar boosted returns of non-US markets in USD terms

MSCI World sector performance



- IT, Materials, and Consumer Discretionary sectors leading the pack again, with Energy continuing its recovery alongside oil price rises.
- Telcos, Health Care, and Utilities noticeable underperformers
- Starting to see a more pronounced divergence in sector performances
- Year to date: Information Technology still significant outperformer



- Growth continued to outperform value, but energy recovery helped boost value performance in the quarter
- Value significantly underperforming growth YTD (delta = 10.51%)
- Market cap not a significant driver of performance over the quarter, or YTD

as of 12.31.2017 (in USD)	YTD	1 year	3 years annualized	5 years annualized	10 years annualized	Since inception annualized
Global Innovators, Investor Class¹	34.75	34.75	12.68	18.53	9.29	8.24
Global Innovators, Institutional Class²	35.07	35.07	12.87	18.65	9.35	8.27
MSCI World Index	23.10	23.10	9.91	12.30	5.68	6.00

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

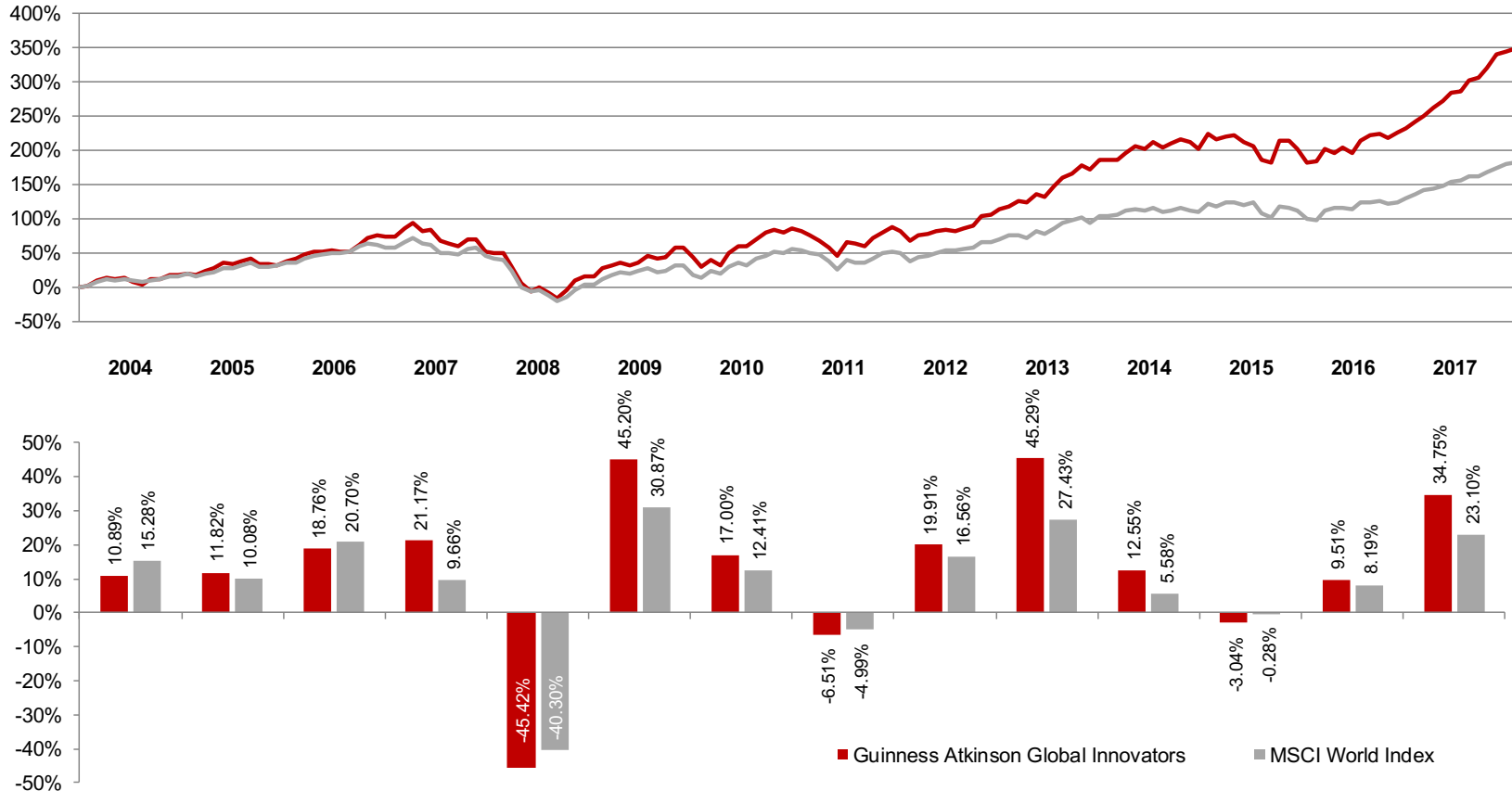
2 Institutional class Ticker: GINNX Inception 12.31.2015 Expense ratio as of 5/3/17* 0.99% (net); 1.38% (gross)

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 (GINNX), prior to its launch date on 12.31.2015, uses performance data from the Global Innovators, Investor Class (IWIRX).

Total return (USD)



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 Health Care were the largest contributors to positive performance in terms of asset allocation relative to the benchmark in the quarter
- Underweight Materials and Energy sectors were a small drag on performance over the quarter
- Stock selection was generally positive, but underperformed relative to benchmark in Information Technology sector due to lack of exposure to some mega-cap stocks (e.g. Apple, Microsoft) that are a large weight in benchmark and performed well in the quarter

Top 5 performing stocks

	Total return (in USD)
WisdomTree Investments Inc	24.09%
Intel Corp	21.93%
NIKE Inc	21.04%
FANUC Corp	18.78%
Boeing Co/The	16.64%

Bottom 5 performing stocks

	Total return (in USD)
VeriFone Systems Inc	-12.67%
Check Point Software Technologies Ltd	-9.12%
Schlumberger Ltd *	-8.10%
Schneider Electric SE	-1.98%
Cognizant Technology Solutions Corp	-1.89%

* Sold or purchased intra-quarter

- **WisdomTree**, the specialist ETF provider, is now up ~45% (TR in USD) from August lows. Good performance in largest ETF products driving assets under management higher. Acquisition of Guggenheim ETF business by Invesco announced in September at high valuation multiples also seen as showing WisdomTree undervalued.
- **Intel** reported strong third-quarter results. Broad-based revenue growth and operating margin improvements alongside better than expected datacenter revenue growth (7% year-on-year).
- **Nike** addressed many investor concerns at analyst day in October (product pipeline, inventory management, competition to brand, distribution strategy) highlighting a bullish long-term strategy leading to re-rating in multiple.
- **Fanuc**, the robot manufacturer, outperformed the strong Japanese equity market in the quarter as the company highlighted strong demand for its products from a variety of sectors.
- **Boeing** continued strong recent performance as Q3 reported earnings exceeded estimates again. Has beat earnings estimates in 7 out of last 8 quarters.
- **Verifone**, the electronic payment technology company, modestly beat earnings but margin expansion and revenue growth pressures still not coming through as fast as market would like. This is reflected in low multiple of ~11.5X forward earnings.
- **Check Point** stock fell 12.5% on day of Q3 earnings release. Earnings better than expected but US revenue growth weaker. Before earnings release stock up over 39% YTD, outperforming MSCI World by >20%.

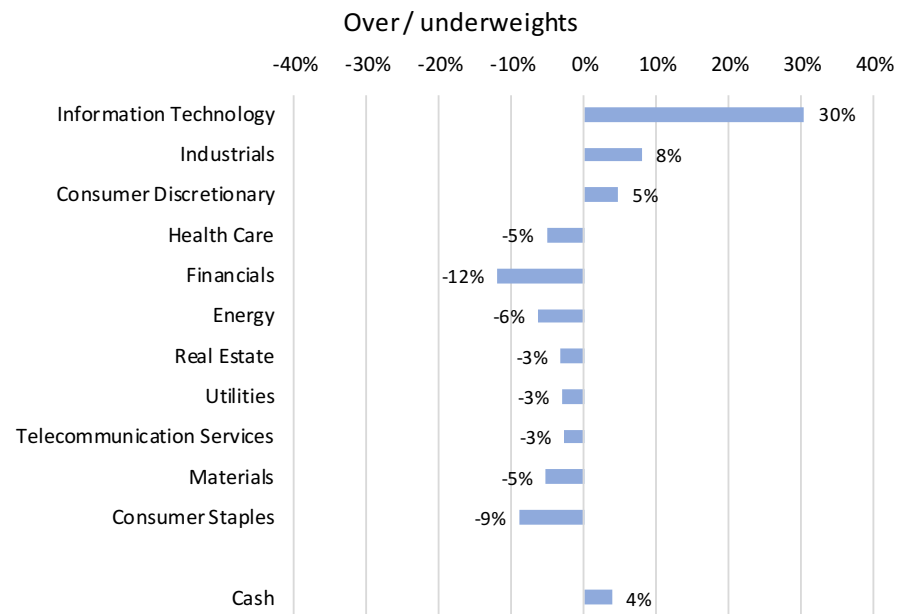
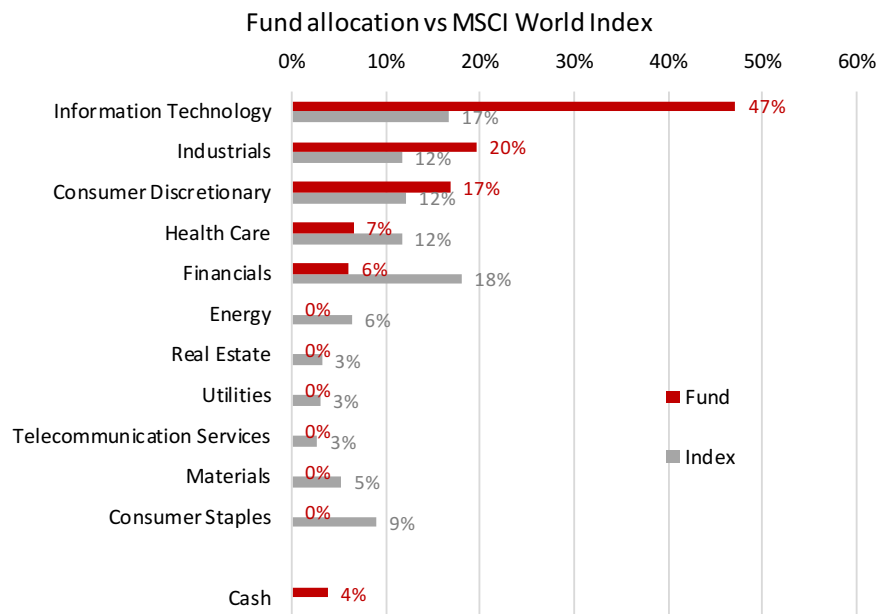
Buys

Anta Sports

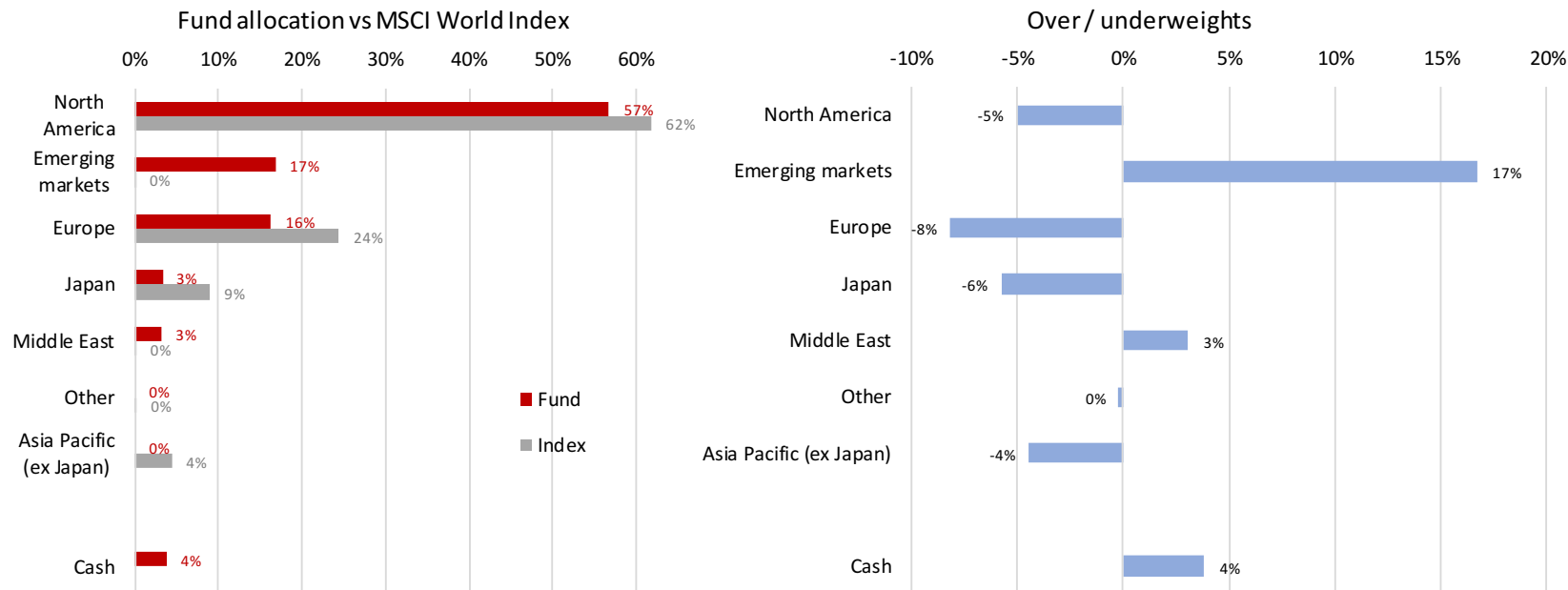
Sells

Schlumberger

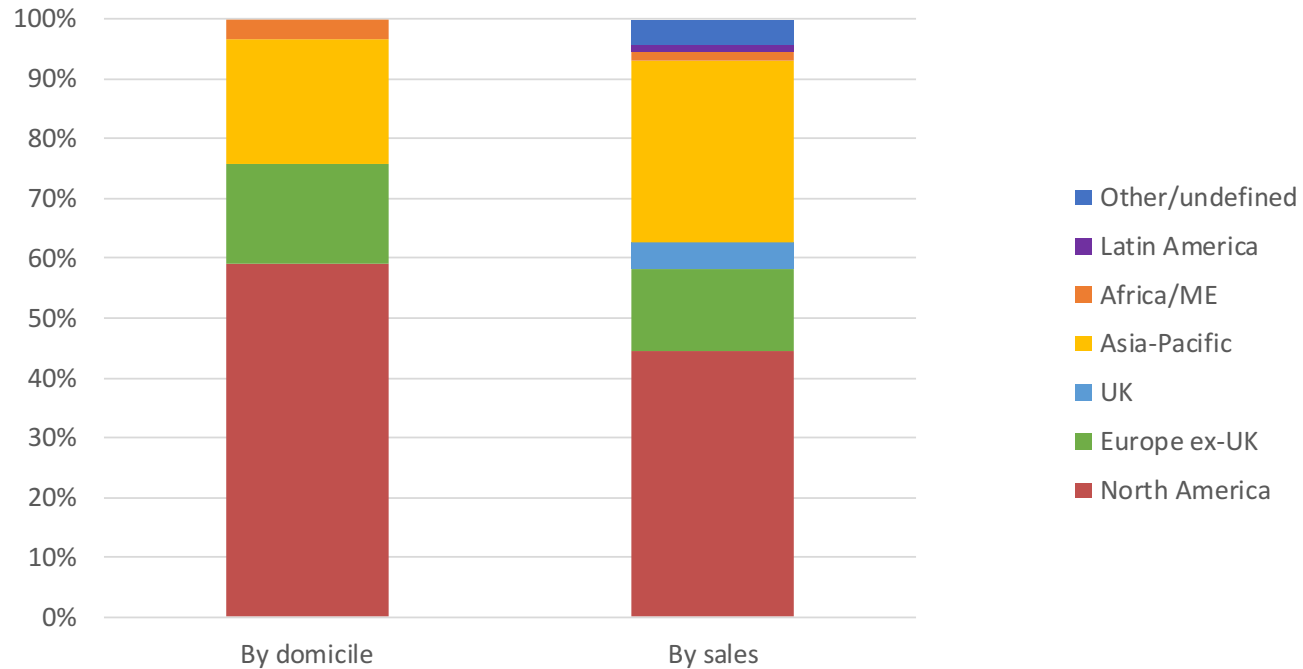
- **Buy Anta Sports**
 - China-based footwear and apparel manufacturer and trader
 - Very strong cashflow return on investment over the last 15 years
 - Growth through own brand and adoption of western brand portfolios (e.g. Fila)
 - Solid margin growth, and well positioned to benefit from the growing wealth in China, and recovering economy, and has maintained low debt levels
- **Sell Schlumberger**
 - Held in the fund since August 2014
 - Significant underperformer relative to fund following oil price drop
 - Lack of conviction on earnings recovery and drop in returns on capital



- Sale of Schlumberger reduced Energy weighting to zero
- Purchase of Anta Sports increased Consumer Discretionary weight by about 3.3%
- Overall the fund maintains a higher weighting relative to the index in Information Technology, Industrials, and Consumer Discretionary
- The largest underweights in the fund are to Financials and Consumer staples
- The fund maintains a zero weighting to Energy, Telcos, Utilities, Real Estate, Materials, and Consumer Staples



- Fund slightly underweight in US post sale of Schlumberger (-5%)
- Fund underweight Europe by about 8%
- Benchmark (MSCI World) does not include emerging markets. Fund has about 17% exposure to this region
- The fund continues to hold only one company in Japan and is thus underweight this region by about 4%

































- Fund has a lower exposure to North America when considered in revenues (about 45%) versus by domicile (about 59%)
- Fund has a larger exposure to Asia and emerging markets by revenues

Name	Industry	Mkt. cap	Country of domicile	% NAV	PE	
					18Y	19Y
Continental AG	Automobiles & Components	55.9	DE	3.4%	12.9	11.9
Applied Materials Inc	Semiconductors & Semiconductor	57.0	US	3.3%	12.7	11.7
Danaher Corp	Health Care Equipment & Servic	65.2	US	3.3%	21.4	19.8
ANTA Sports Products Ltd	Consumer Durables & Apparel	12.3	CN	3.7%	21.7	18.3
PayPal Holdings Inc	Software & Services	92.2	US	3.3%	32.7	27.0
Schneider Electric SE	Capital Goods	51.9	FR	3.4%	16.6	15.3
Siemens AG	Capital Goods	122.2	DE	3.4%	15.8	14.1
New Oriental Education & Technology Group Inc	Consumer Services	16.1	CN	3.5%	41.8	30.9
Intercontinental Exchange Inc	Diversified Financials	41.5	US	3.4%	20.6	18.5
Intel Corp	Semiconductors & Semiconductor	211.8	US	3.4%	14.2	13.7
WisdomTree Investments Inc	Diversified Financials	1.7	US	2.9%	34.0	25.7
Samsung Electronics Co Ltd	Technology Hardware & Equipmen	312.7	KR	3.5%	7.1	6.9
Comcast Corp	Media	188.9	US	3.5%	17.8	16.1
Cognizant Technology Solutions Corp	Software & Services	42.2	US	3.4%	16.3	14.2
Shire PLC	Pharmaceuticals, Biotechnology	47.7	US	3.4%	9.8	9.0
Alphabet Inc	Software & Services	755.0	US	3.3%	21.4	17.6
Infineon Technologies AG	Semiconductors & Semiconductor	33.1	DE	3.4%	24.1	21.2
Facebook Inc	Software & Services	538.9	US	3.3%	21.4	17.8
NIKE Inc	Consumer Durables & Apparel	103.6	US	3.5%	27.3	23.6
Catcher Technology Co Ltd	Technology Hardware & Equipmen	8.7	TW	3.4%	9.1	7.9
Boeing Co/The	Capital Goods	177.4	US	3.4%	26.4	22.9
Cisco Systems Inc	Technology Hardware & Equipmen	193.6	US	3.4%	15.6	14.8
Eaton Corp PLC	Capital Goods	36.0	US	3.5%	15.4	14.1
NVIDIA Corp	Semiconductors & Semiconductor	128.8	US	3.3%	43.1	36.0
SAP SE	Software & Services	140.8	DE	3.3%	21.2	19.0
AAC Technologies Holdings Inc	Technology Hardware & Equipmen	23.5	CN	3.4%	19.4	15.8
FANUC Corp	Capital Goods	52.1	JP	3.4%	32.2	29.4
Check Point Software Technologies Ltd	Software & Services	17.2	IL	3.3%	18.1	16.7
Roper Technologies Inc	Capital Goods	26.8	US	3.4%	25.6	23.6
VeriFone Systems Inc	Technology Hardware & Equipmen	2.0	US	2.1%	12.0	10.3

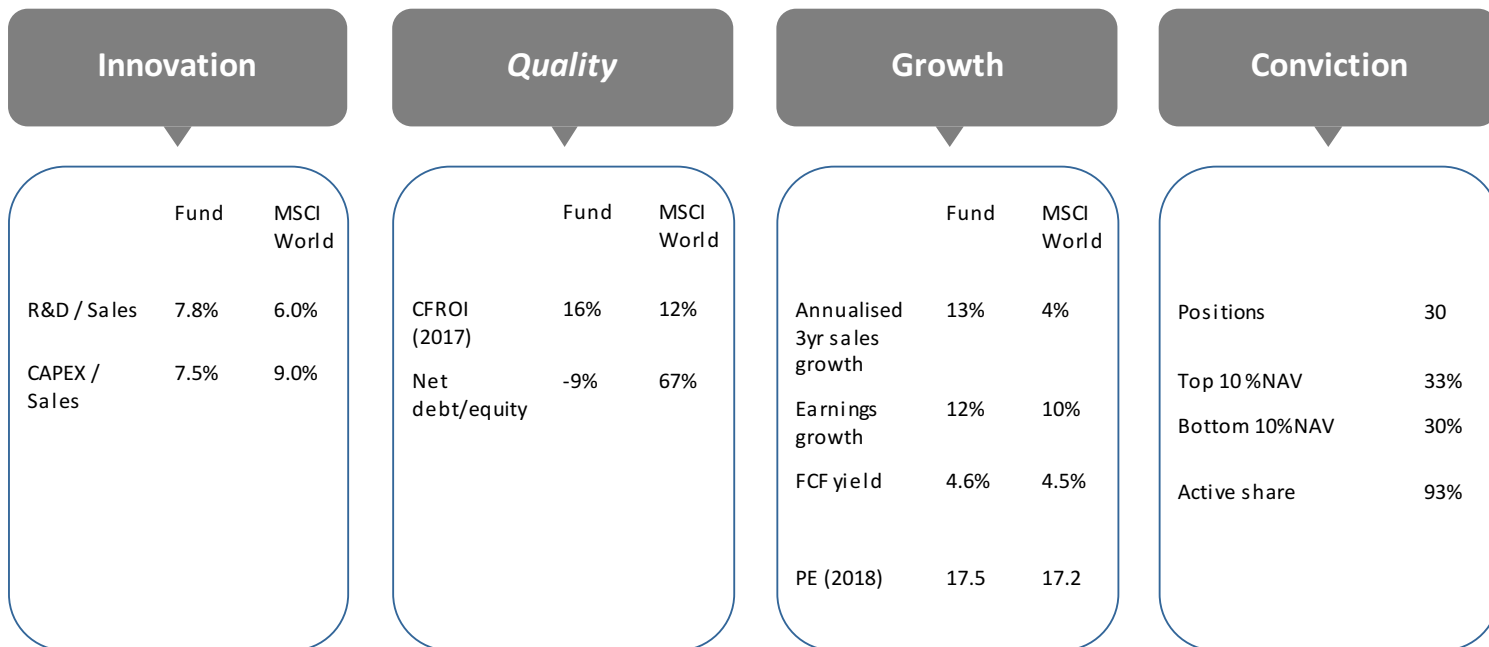
Fund only trading at a small premium to broad market at quarter end

Average mkt. cap	118.6	Total portfolio	17.5	15.7
Median mkt. cap	54.0	Y-o-Y growth		12%
		MSCI World Index	17.2	15.7
		Fund premium / (discount)	2.0%	-0.5%

Source: Guinness Atkinson Asset Management, Bloomberg (data as of 12.31.2017)
 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%	

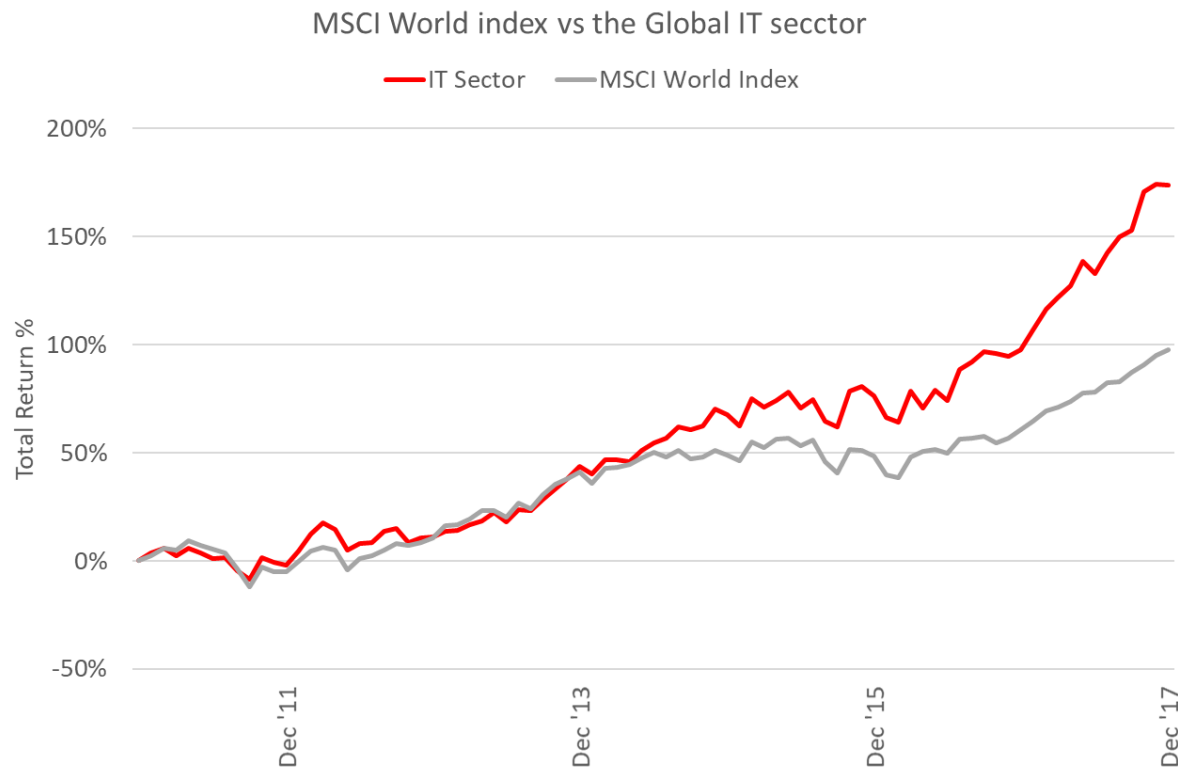
The mention of any individual securities should neither constitute nor be construed as a recommendation to purchase or sell such securities, and the information provided regarding such individual securities is not a sufficient basis upon which to make an investment decision.



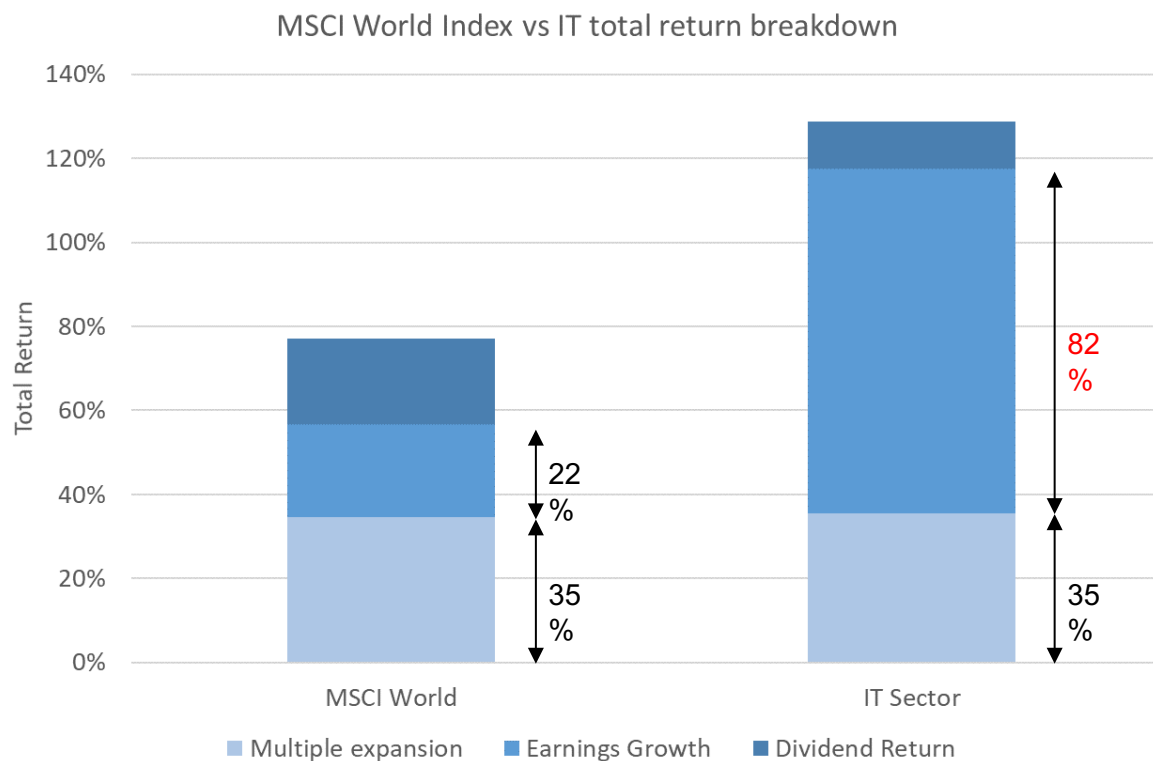
Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Funds may be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

- The global IT sector

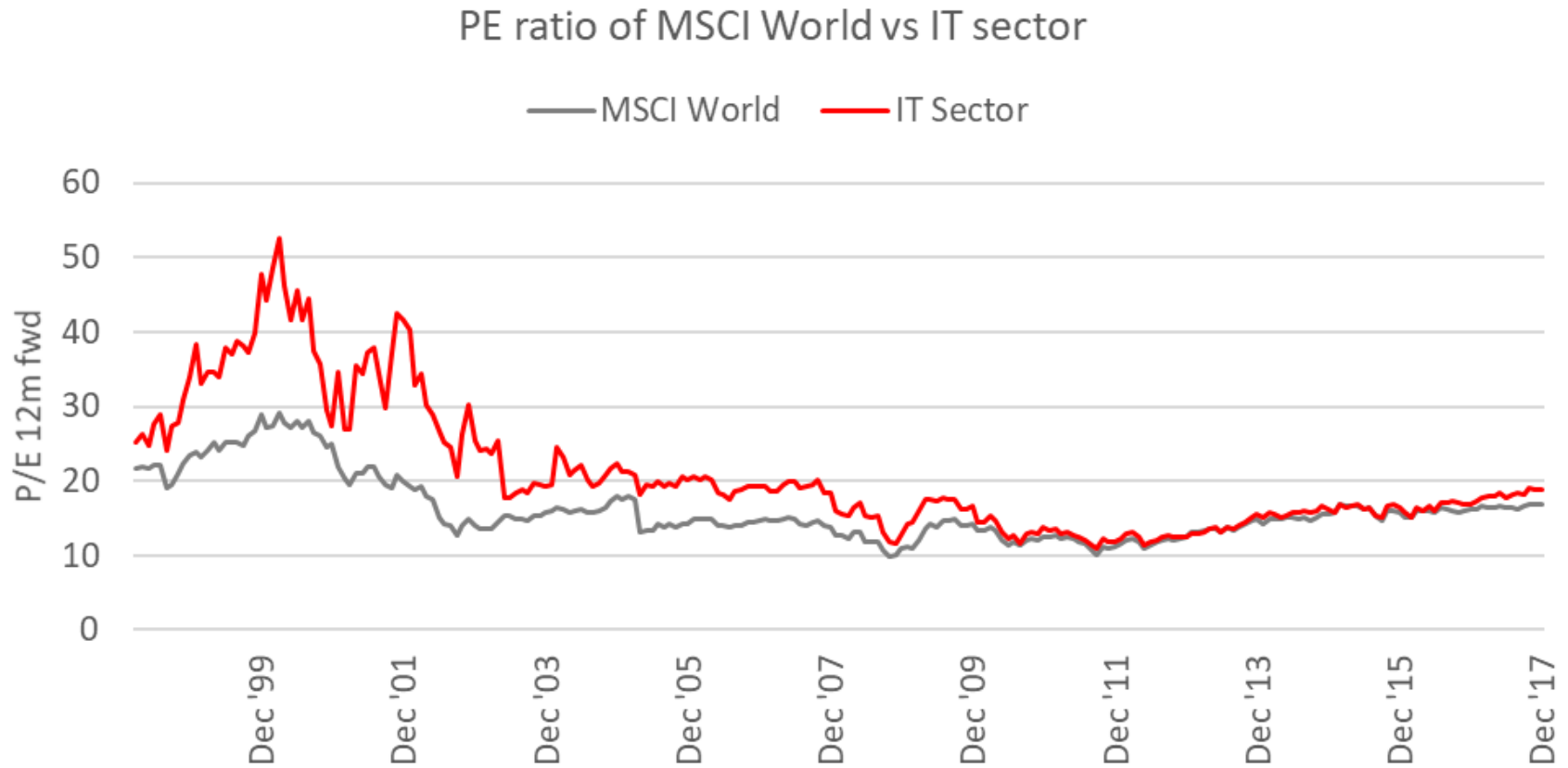
- IT sector has outperformed MSCI World index by 76% since Dec 2010

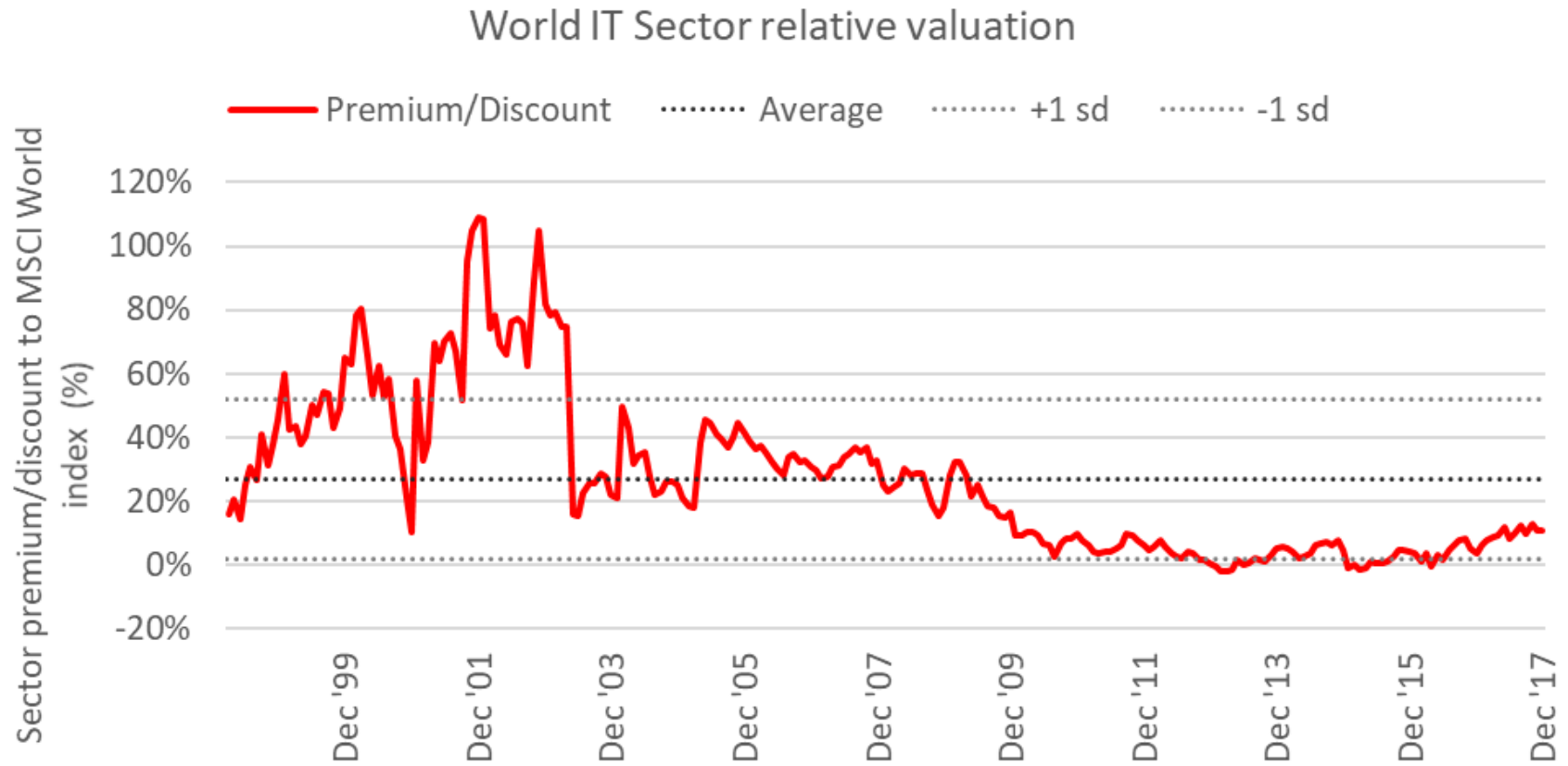


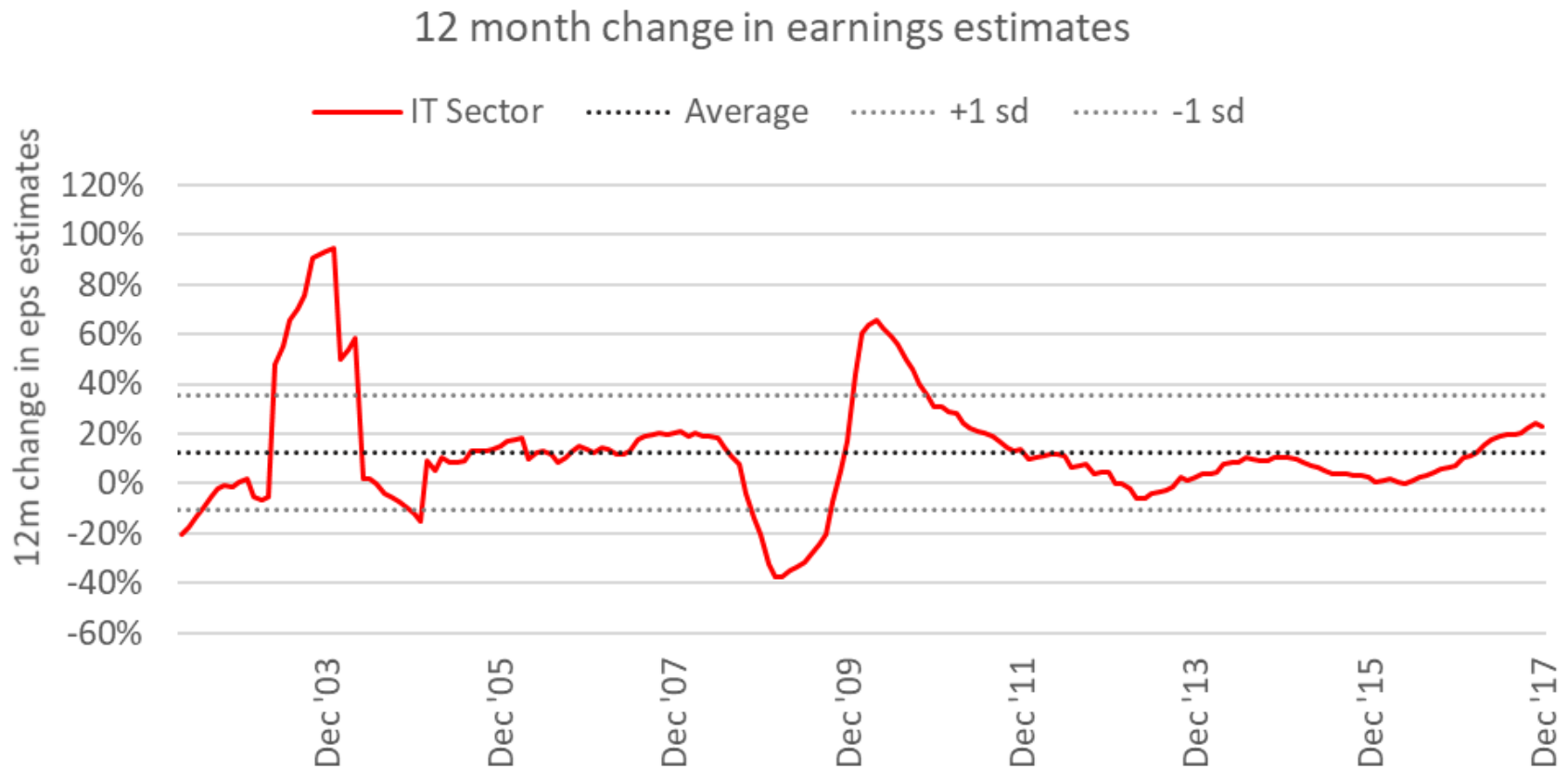
- Most of this outperformance has come from faster earnings growth
- Multiple expansion of IT stocks has been the same as MSCI World



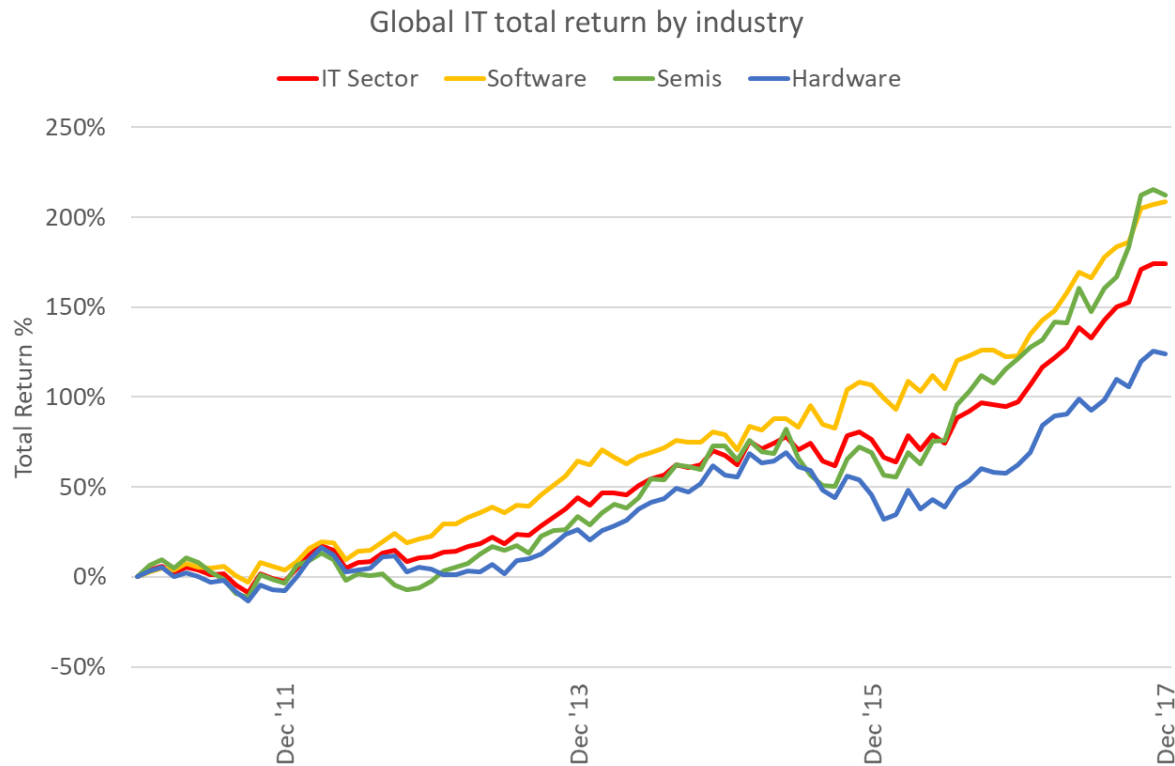
- Does that mean global IT stocks are now expensive?



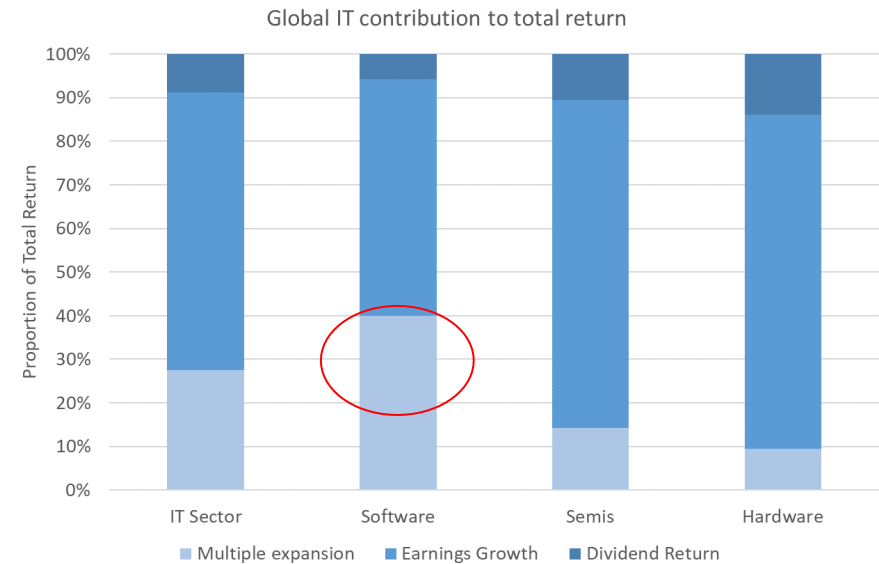
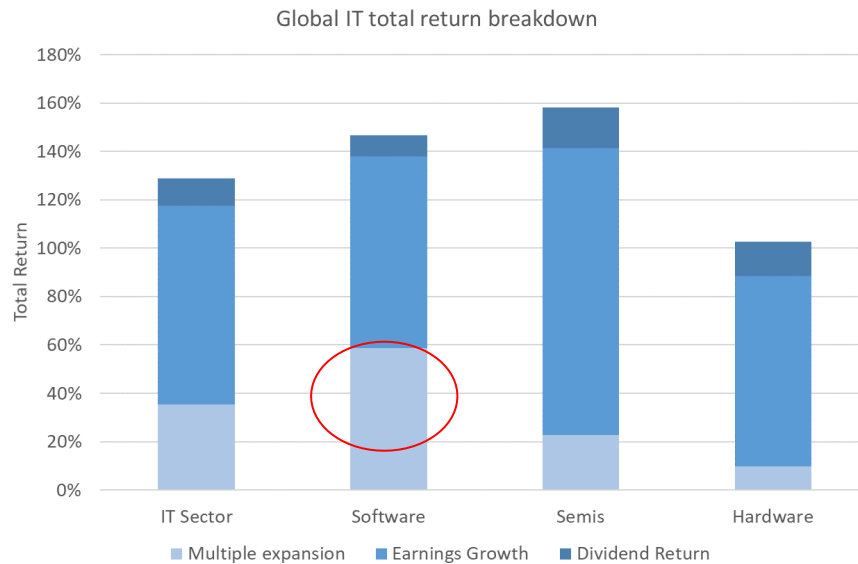




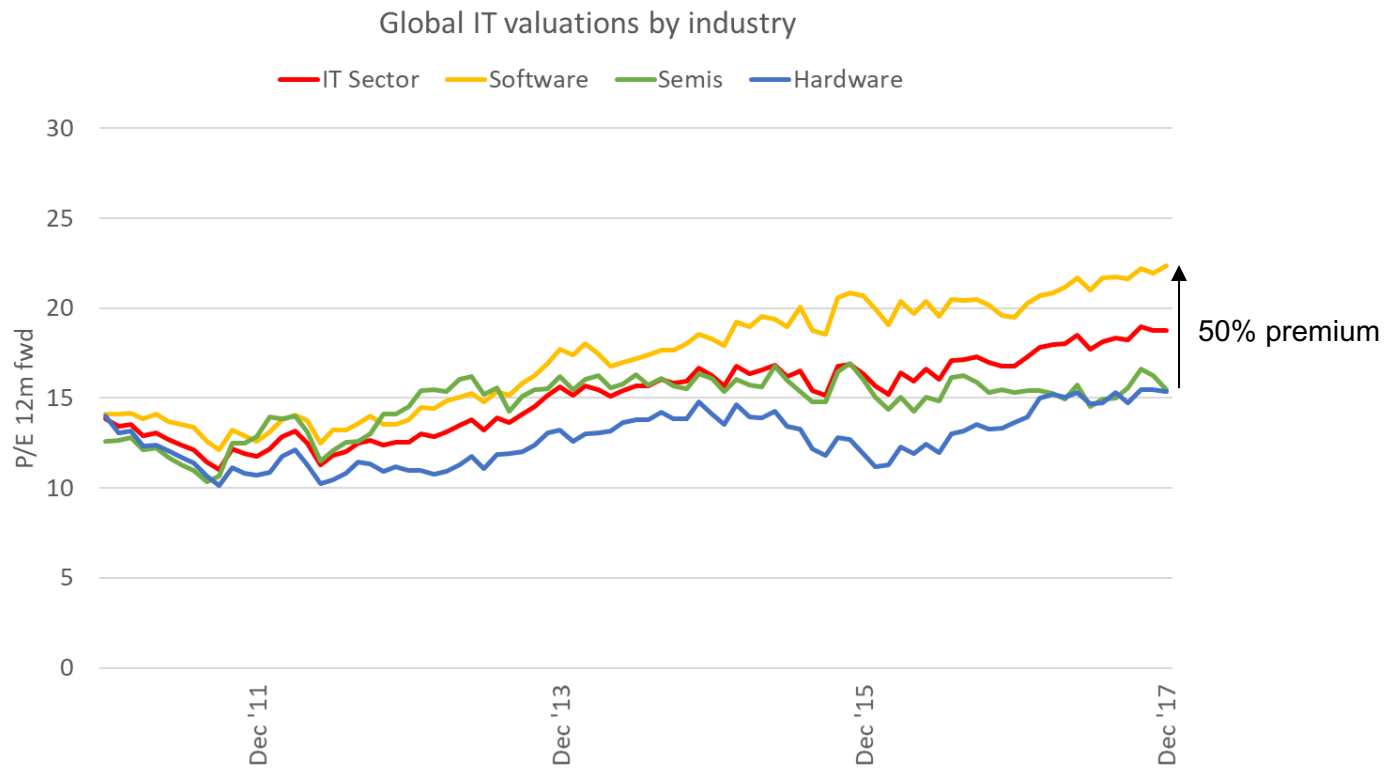
- Semiconductors and Software have led the way while Hardware has lagged



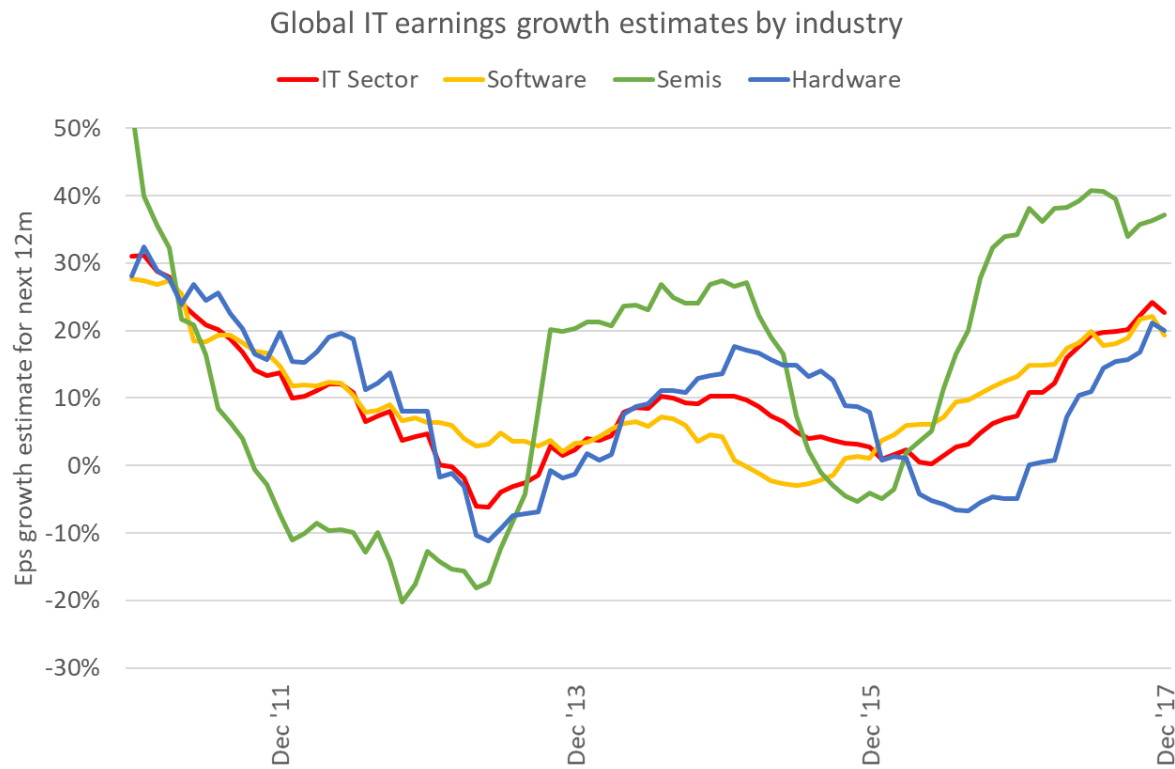
- Earnings growth has dominated returns across industries
- Software has seen the biggest multiple expansion, while semis and hardware has been modest



- Software companies now trade at about a 50% premium to Semis and Hardware
- Semis and hardware multiple expansion has been modest



- All three industries forecast to grow earnings more than 20% in the next 12 months
- Note semiconductors are very cyclical



- Despite semiconductor cyclicality, earnings growth since 2010 has outpaced other IT industries
- Semiconductors are core to many innovation themes: big data, AI, EV's/AV's, VR/AR, IoT, ML, etc.
- Semis are cheaper than broad IT sector and cheaper than MSCI World Index, yet with faster growth



*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