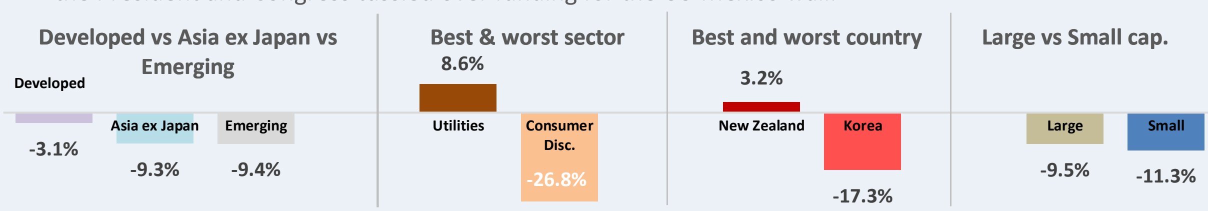
**Guinness Atkinson Asia Pacific Dividend Builder Fund**
**Review of 2018**

# 2018

| Fund size (Strategy Assets) | |
|---|---|
| Start of year | $7.6m ($104.9m) |
| End of year | $4.2m ($123.2m) |

## What happened in Asia and the world?

- Trade tensions between the US and China escalated and tariffs were imposed.
- The US Federal Reserve raised interest rates four times, to target a Federal Funds Rate of 2.25%-2.50%.
- The Brent Crude oil price rose from $66.78 at the beginning of the year to a peak of $86.09 in October before falling back to end the year at $52.65 amidst trade tensions, sanctions on Iran and the apparently officially approved killing of a journalist in the Saudi Arabian consulate in Turkey.
- China's domestic economy showed signs of slowing, only partially explained by trade tensions. Cyclical factors as well as on-going reforms and deleveraging also exerted a drag.
- China's policy responses both to trade issues and to a domestic slowdown has been measured and market-based. There has been no broad-based monetary stimulus.
- Indonesia experienced significant downward pressure on its currency: it was seen as an example of wider emerging market stress. In fact, the central bank did not panic and raised interest rates six times from 4.25% to 6%.
- Malaysia's political landscape changed with the defeat of the ruling national coalition which has been in power since 1957.
- North Korea tensions reduced this year with Kim Jong-Un visiting South Korea for the first time in April; a summit was held between Trump and Kim in June.
- The year ended with a partial shutdown of US federal government operations with no budget agreement as the President and Congress tussled over funding for the US-Mexico wall.



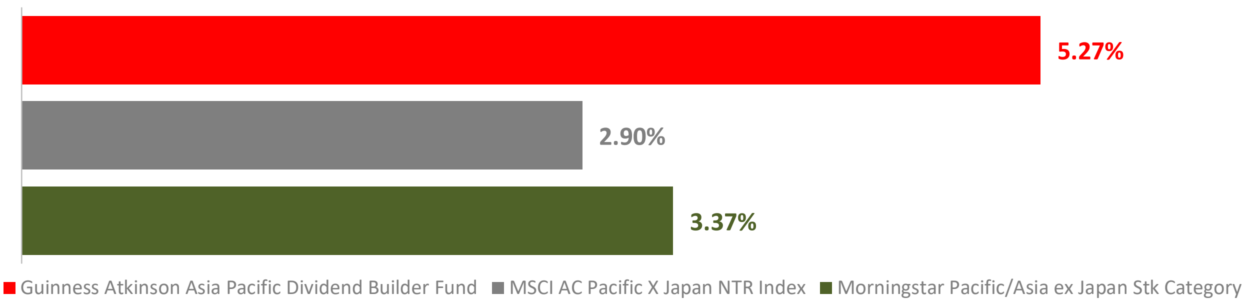

Total return in USD; MSCI World & MSCI Emerging Markets Index; MSCI AC Pacific ex Japan; individual MSCI World GICS sector.

## What happened in the Fund?

- The fund fell 16.42% in 2018 compared to the MSCI AC Pacific ex Japan NTR Index which fell 14.51%.
- The Fund ended the year on a Price to earnings ratio (PER) of 10.6x 2018 and 9.8x 2019 estimated earnings; this puts it at a 9.5% discount to the market's 2018 PER and at 11.5% discount to 2019.
- We bought two new positions, Corporate Travel management in Australia and Public Bank in Malaysia.
- We sold two positions, Relo Holdings in Japan and LPN Development in Thailand, both in the real estate sector.
- Twenty-two of our thirty-six names out-performed during the year but these were offset by some hard hits to some of the sixteen under-performers.

- Six of our manufacturing names in the technology sector fell on a combination of lowered estimates for consumer electronics shipments, especially smartphones, and gloom surrounding the broader outlook for trade and tariffs.
- The top three stocks were Novatek Microelectronics, Link REIT and CapitaLand Mall Trust.
- The weakest three stocks were Li & Fung, AAC Technologies and St Shine Optical.

**Here's how the Fund has performed over the last 5 years, annualized returns to December 31, 2018 (%).**




*Source: Bloomberg. Data from 12/31/13 to 12/31/18*

**Fund Performance to December 31, 2018**

| as of 12/31/18 | Q4 2018 | YTD | 1 YR | 3 YR | 5 YR | 10 YR |
|---|---|---|---|---|---|---|
| Asia Pacific Dividend Builder Fund | -12.93% | -16.42% | -16.42% | 7.53% | 5.27% | 10.60% |
| MSCI AC Pacific ex Japan TR | -9.85% | -14.51% | -14.51% | 7.94% | 2.90% | 9.81% |
| Morningstar Pacific/Asia ex Japan Stk Category | -8.26% | -14.82% | -14.82% | 6.83% | 3.37% | 10.06% |

**All returns over one year annualized.** ***Source: Bloomberg, Guinness Atkinson Asset Management.***

**Expense Ratio 1.12% (net), 3.48% (gross)**

***Performance data quoted represents past performance; past performance 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. Performance data current to the most recent month end may be obtained by calling 800-915-6566 and/or visiting www.gafunds.com. 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 noted. Total returns reflect a fee waiver in effect and in the absence of this waiver, total returns would be lower.***

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 1.10% through June 30, 2019. To the extent that the Advisor waives its fees and/or absorbs expenses to satisfy this waiver, 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 1.10% expense limit.

**2018**

This was a turbulent year for equity and bond markets. Political policy unpredictability has been evident in all regions with the US, of course, being the most influential. In financial markets, the US Federal Reserve has shown its determination to normalize interest rates and has been remarkably successful. Since the middle of 2017 there have been eight increases, from 0.5% to 2.5%, and underlying economic growth in the US does not appear to have suffered significantly in the process. The strength of the US dollar in 2018 was a surprise compared to market expectations at the start of the year and can be attributed in part to rising US interest rates (thereby narrowing the gap between the US and elsewhere) but also to a lack of confidence in prospects for Europe and China.

Emerging markets are generally perceived to be vulnerable to a strong dollar. It may make exports more competitive for some but more often it comes as a burden. Commodity imports, such as oil, become more expensive and those that are reliant on foreign borrowings, usually in dollars, are left exposed to higher interest costs and principal repayments. This can be felt both at the company level but also at national level. India and Indonesia were left looking exposed. Both countries have been running current account deficits as the cost of imports has significantly exceeded the value of their exports. India is most sensitive to oil and has been affected both by prices and by a decline in the value of the rupee. Indonesia has also been affected by the oil price but has also been importing capital goods and materials to support the government's infrastructure program.

However, the economies in Asia overall are in good health. National current accounts, with the exceptions of India, Indonesia and the Philippines are all in surplus. Total external debt, most of which is in US dollars, is equivalent to around 18% of GDP, well below the 32% reached during the Asia financial crisis. Indeed, Asia appears in aggregate to have been lowering its debt burden since 2015. The region's banking sector, which did not suffer during the global financial crisis, reported capital ratios (core equity compared to risk-weighted assets) that were 10% in 2012, comfortably above minimum recommended levels and they have improved further since then.

Against this backdrop, Asian stock markets have fallen 14.51% as measured by the MSCI AC Pacific ex Japan NTR Index. In valuation terms, given how profits in the region have improved over the last 2-3 years, this brings markets back to their 2015 levels. The Fund has had a difficult year falling 16.42% pulled in different directions with macro-driven sentiment dragging the fund lower while underlying company performances have been good and during the short periods of calm, have pushed the Fund higher. The Fund ended the year on a Price to earnings ratio (PER) of 10.6x 2018 and 9.8x 2019 estimated earnings; this puts it at a 9.5% discount to the market's 2018 PER and at 11.5% discount to 2019.

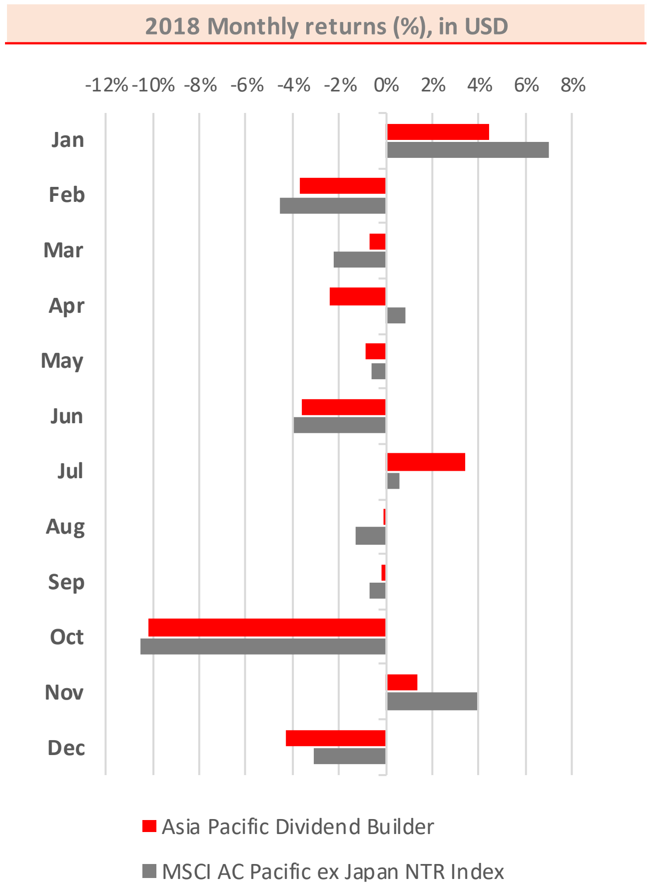
We discuss monthly performance drivers and individual stocks in more detail below, but we will give a broad overview here. Reported profits from stocks in the portfolio have been generally good. Consumer names such as

China Lilang, JB Hi-Fi, and Hanon Systems were notably good and a reacceleration in growth from Pacific Textiles for which we have been waiting eighteen months came through. Our banks' exposure, both Chinese and non-Chinese, also did not disappoint. Development Bank of Singapore was our best operational performer. The Chinese banks maintained their operating performance of modest profit growth and sustained dividends, in line with our expectations, in spite of the tougher environment. Our technology names also did well, mostly reporting stronger than expected results at the mid-year.

There were, however, names that struggled this year. AAC Technology has faced headwinds both in terms of volume sales and on pricing. The share price has tumbled as a result and on our analysis now includes nothing for future growth prospects, which we think look very promising and should become evident in 2019 as we look toward 2020. KT&G in Korea reported weaker profits in part on declining cigarette sales in Korea but also on noticeable weakness in their eastern European export market. We believe the share price decline was driven more by uncertainties surrounding the take-up of e-cigarettes and in this, KT&G is not alone with the global tobacco sector similarly affected. St Shine Optical is another company that reported slower sales growth than we expected driven mostly by a reduction in orders from Hubble, its US customer which has been reducing inventory in recent months.

The operational performance of our companies over the past year, and looking into next, does not differ widely from our experience over the past five years; some are doing well and some not so well at the moment, but we still have confidence in them. We continue to apply our rebalancing approach to these positions and in this way, we expect to capture a stock price recovery in due course. The difference this year has been the magnitude of valuation compression. The forward Price earnings multiples for the Fund, for this year and next, have compressed by over 20%. This compression may be understandable for those businesses, just discussed, whose earnings are under pressure. However, twenty-four of our thirty-six names trade on valuations that that incorporate minimal expectations for future growth, or none, and for these stocks such valuation compression looks unjustified in the long term.

The following chart shows the Fund's performance on a monthly basis:




*Source: Bloomberg*

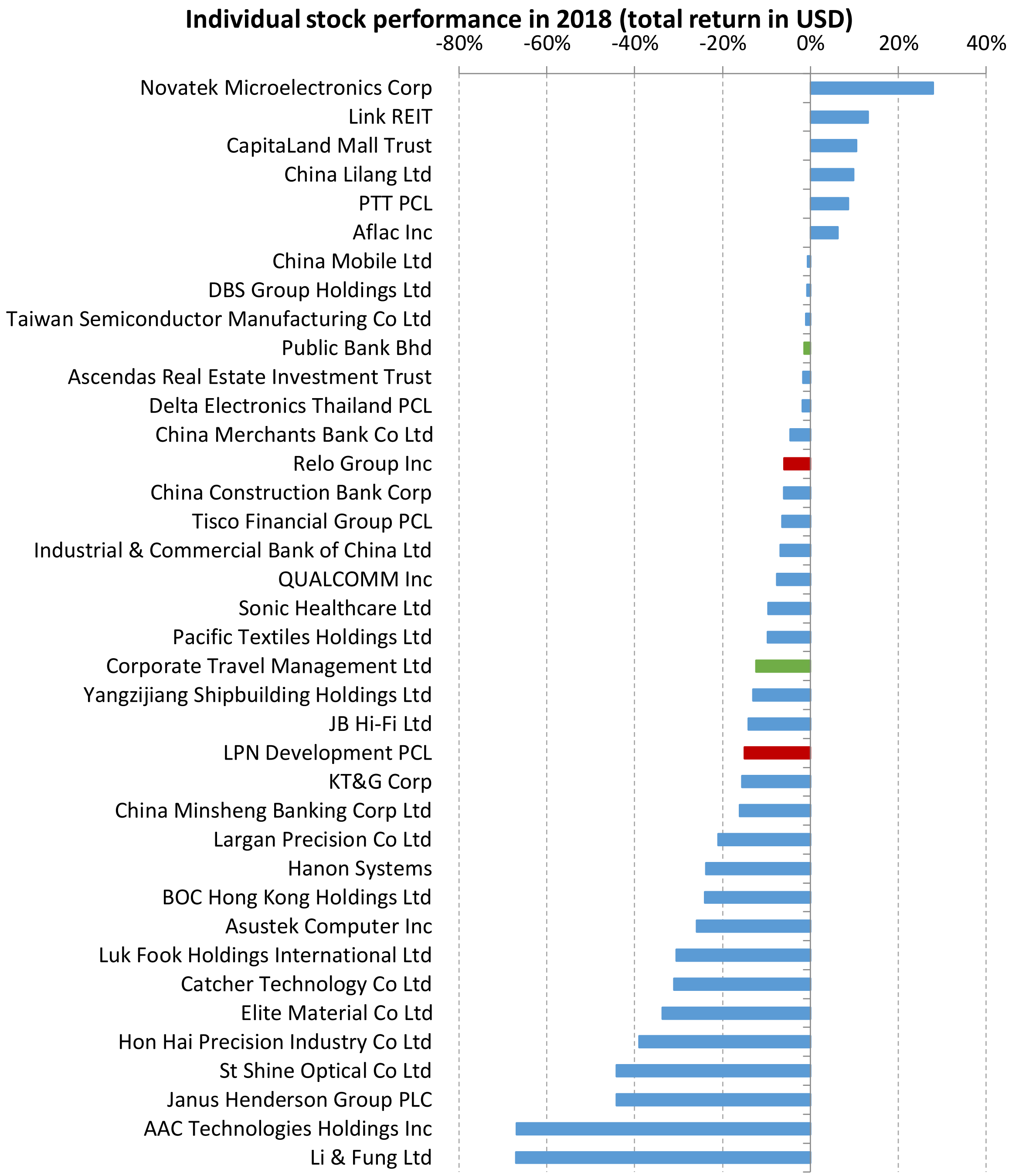
The Fund underperformed the market in January as Asia staged a strong opening and while our Chinese banks, consumer and industrials names along with some of our semiconductor stocks did well most of the rest of the portfolio moved sideways. Energy and Chinese health care companies notably outperformed and the fund has little exposure to these. The opening rally came to an abrupt halt in January and in the downturn through February the Fund held up well.

In March the Fund matched the weakness in the index. We would normally have hoped to provide further downside protection and while we had names likes China Lilang and our technology manufacturers (TSMC, Catcher, Hon Hai, Delta Electronics Thailand and Asustek) to support performance we nevertheless saw some heavier declines in our shipbuilder, in LPN Development in Thailand and four of our technology names (Qualcomm, Elite materials, AAC Technologies and Largan). Underperformance in April was understandable given the leading sectors were Energy, materials, Telecommunications, Real Estate and Industrials. We do not have many companies in these sectors which can beat our return on capital threshold requirement. This was not a month for our positions in technology and consumer discretionary which, along with health care, were the underperformers.

The end of May through to the end of September was the best period for the Fund in 2018. The macro environment appeared to quiet down, and this left room for individual stocks to do well. In practical terms this meant that the Fund outperformed a weak broad market by over 4%. On a sector basis the weakest market sectors were technology and consumer discretionary, the very areas that hurt us in April. But dig a little deeper and we can see that technology weakness was led by internet services like Tencent while manufacturers and semiconductors were strong, especially post results. For the rest, the outperformance was very stock specific including Korean auto parts maker Hanon Systems, Corporate Travel in Australia, Link REIT in Hong Kong and our shipbuilder, Yangzijiang.

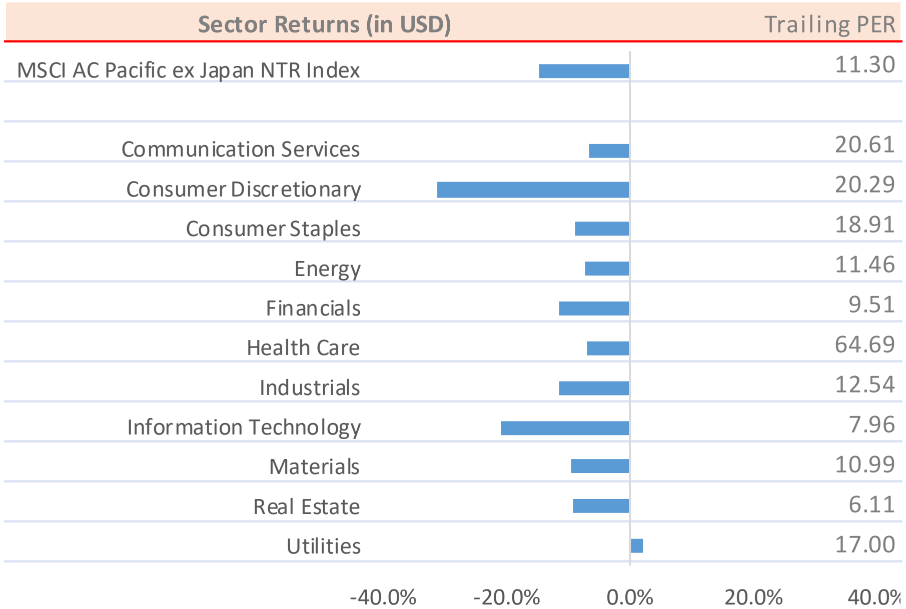
For the rest of the year, the Fund has conformed quite well to expectations. October was a miserable month across all markets as once again, macro concerns rushed back to the top of the agenda. Rising US interest rates and trade tensions between the US and China had investors running for cover. A relief rally in November was led by real estate and financials where our REITs, Chinese, Singaporean and Hong Kong banks all did well and by technology, where our manufacturers were firmly at the bottom table. The problem for this last group has been a growing sense of gloom around the smartphone sector and slowing volume growth for the leading producers. We acknowledge this, but we are invested in the leading component suppliers and expect that it will be the second and third tier marginal players that will suffer in the short term. And we also expect that it will be our names that benefit from the new product upgrades coming through in 2019 and 2020 (new form factors such as folding screens and 5G technology, for example).

## Stocks performance and commentary




*Source: Bloomberg*

The chart shows the performance of all stocks held in the Fund during 2018. The blue bars represent performance over the entire year 12/31/17 – 12/31/18. The green bars show the performance of those stocks bought partway through the year and their performance is measured from date of purchase to the end of the year 12/31/18. The red bars show the performance of stocks sold during the year from 12/31/17 to the date they were sold.




*Source: Bloomberg*

**Portfolio changes**

We changed two positions in the portfolio in 2018. We bought Corporate Travel Management in Australia and Public Bank in Malaysia. We sold Relo Group in Japan and LPN Development in Thailand.

- **Purchases**

corporate travel management PUBLIC BANK

Corporate Travel Management specializes in providing business travel services. The distinction between business and leisure travel is important because the business models are different which reflected in both balance sheet structure and cash flows. The business has been highly acquisitive over the past ten years very high returns on capital. However, even when the effects of the acquisitions are removed from the calculation, we are still looking at returns on capital above 15%. Their customer offering is more expensive than competitors, but they achieve savings on overall travel costs that outweigh the fees. The company is based in Australia but has expanded internationally. North America is now their largest market accounting for almost 40% of revenue, followed by Australia which contributes 30% while Asia and Europe contribute around 15% each. The stock is not a high yielder, but its dividend has grown over 20% a year over the past five years. This year was spoiled somewhat by a report that argued the company has been overstating its profitability, cash flows and has changed accounting assumptions (specifically with respect to the valuation of goodwill paid for its acquisitions). The company issued a point by point rebuttal and we have been through the assertions too, and we remain confident in this business.

Public Bank is the first Malaysian position we have held since the sale of mobile phone carrier Digi.com in October 2016. Malaysia has had a tumultuous year in political terms with the election defeat of the party that has held power since independence in 1957. In macroeconomic terms the effects have been moderate but there have been some significant changes. So-called Government Linked Companies have felt the chill with construction projects cancelled and/or contracts withdrawn. The knock-on effects have been felt through fixed asset investment figures and loan growth numbers for banks that are exposed to this group. Public Bank, however, is more focused on retail banking and corporate lending to companies that do not rely on government business. The bank's profitability, capital and credit quality ratios have all been stable over the last five years and we do not expect this to change any time soon. Dividend growth has been around 6% per annum over the last five years and grew 11% last year. The valuation is not especially cheap (nor too expensive either) and so we expect earnings and dividend, not multiple expansion, to be the main return drivers for the stock price.

- **Sales**

The sale of Relo Group has been a long time coming. The position has been very successful with earnings growth, reflected in a 14-year track record of dividend growth, and multiple expansion combining to cause the stock price to more than triple during the time we held it. However, when it reached a price earnings multiple of 35x estimated earnings and dividend yield of 0.5% we considered it had run far enough and had taken on the profile of a growth stock.

The sale of LPN Development followed a less successful period for the stock. LPN was one of our best performers in 2014, did poorly through 2015 and 2016 but staged a recovery in 2017. However, we were looking for the company and stock price to build on that through 2018 and this it failed to do. The company is a developer of apartments in Bangkok targeted at the lower and middle tier market place. As land prices have risen so too has the pricing level at which the company can sustain its margins. However, this pricing point is higher than LPN's target market can support and so the company has scaled back its development schedule while it considers alternatives. LPN is still delivering high returns on capital, because it is a well-run business, but the caution shown by management meant that there has been no growth in either profit or dividend and we can see no path forward from management. The hopes that drove the share price through 2017 did not materialize and so in 2018 we decided to move on.

**Leaders**

The best performers in the portfolio during the year were Novatek Microelectronics, Link REIT, CapitaLand Mall Trust, PTT and China Lilang.

The performance from the top five stocks came from profit growth and the dividend. The valuation multiple barely changed in 2018 with the exceptions of PTT and China Lilang where the valuation multiple contracted 16% and 8% respectively.

Novatek Microelectronics is a designer of integrated circuits, used primarily in flat-screen displays, in a variety of applications including TVs, tablets, smartphones and cars. The company has recently benefited from greater adoption of its chips within TFT panels especially for Touch and Display Driver integrated chips. Competitors have struggled this year but Novatek's leading position has enabled it to obtain priority at chip foundries, where capacity has been tight. They have also been able to pass on higher raw materials costs and so reported higher margins than the market expected.

The Link and CapitaLand Malls are both real estate investment trusts (REITs) and the fact that they are in the top five performers at a time when interest rates are on the rise justifies their position in the portfolio. A criticism of REITs is that by paying out so much of their earnings there is little scope for dividend growth and so in a rising interest rate environment the value of the dividend is eroded which in turn undermines the capital value over time. However, in the Link and in CapitaLand we have two groups that have demonstrated a capacity to extract value from their property portfolios. Both are focused on retail property with the Link operating in Hong Kong and in southern China and CapitaLand Malls in Singapore. They each produced a similar total return, but Link's primary driver was earnings growth while at CapitaLand the contributions were evenly split between earnings and dividend yield.

PTT is our only energy stock. The company has exposure through its subsidiaries and associates to oil and gas exploration and production as well as to downstream petrochemicals. But the bulk of PTT's earnings come from long term gas supply contracts with Thailand's main electricity generation company, state owned EGAT (Electricity Generating Authority of Thailand). Falling oil prices may mean a lower contribution from its exploration & production subsidiary, but it also means lower cost gas purchases for its supply into EGAT under its fixed-price contracts. At the mid-year point we were concerned that higher oil prices might start to eat into PTT's earnings but instead lower oil prices into the year-end should be supportive. The stocks valuation multiple has contracted this year, but we think the earnings outlook has just got better and dividend growth of % per annum over past five years still look sustainable to us.

We have spoken a great deal about China Lilang (trading under the Lilanz brand). The outperformance all came in the earlier part of the year almost doubling in the first half before giving up almost all that gain by the end of September, since when it has moved sideways. But we like this company and its business. Poor China sentiment appears to be the primary reason, reflected by a significant valuation contraction, because earnings and dividends have moved higher. The earnings for the coming year are foreshadowed by orders received at trade fairs in the latter half of the prior year. In 2018, Lilang reported strong growth in new orders in both price and volume terms so we remain very positive.

**Laggards**

The weakest performers in 2018 were Li & Fung, AAC Technologies, St Shine Optical, Janus Henderson and Hon Hai Precision.

Li & Fung has had a hard year. It has been making progress in in its restructuring program, but this is being worked on at a time when the environment for some its main customers has been poor. US retailers have been closing stores to reduce their footprint, and correspondingly have reduced stock levels. Trade tensions have added an extra dimension of uncertainty and the market is not prepared to take a chance on a business in this segment that is in transition. However, Li & Fung specialized in diversified supply chains and complex supply chain management and so there is scope for the company to benefit as higher tariffs prompt businesses to make changes to their existing supply chains. Conditions are likely to remain tough. As long as trade tensions linger, we expect some of Li & Fung's customers to be cautious about taking on new supply chain solutions. At the same time the company remains committed to re-modelling its digital platform which it sees as essential to the long-term prosperity of the business, but it will mean incurring extra costs. In this case, what is good for the company in the long term may not be so good for the shares in the short term.

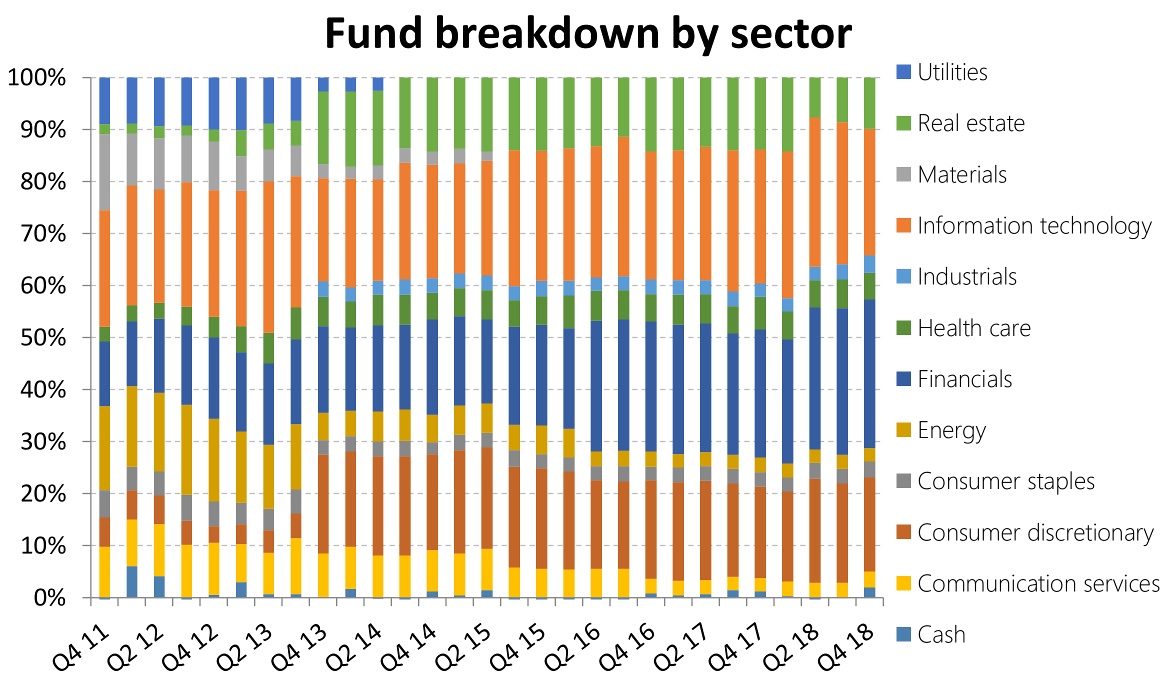
AAC Technologies also saw a sharp fall in its share price, having been among our best performers in 2017. Earnings forecasts have been cut and are expected to be 20% down on last year. The share price fall has been exacerbated by its high valuation. It was one of the few stocks in the portfolio that included a significant portion of future growth expectations in its valuation which has now come out. While we are confident in the company and its operational outlook, we ought to have been more alive to this risk. At this point we continue to hold on and add. It is a company in the smartphone supply chain which, due to its constant innovation, has real pricing power. For example, in 2018 AAC has been promoting its new "Super Linear Structure" (SLS) product which produces greater volume for the same sized speaker. These products have an average selling price that is 30-50% higher than existing products.

St Shine Optical was another of our strong performers in 2017 that has had a harder time in 2018. Valuation contraction rather than earnings decline has been the main issue. This reflects slower sales momentum from its US customer Hubble, which accounted for 15% of revenue in 2017 and we think fell back to around 8% this year. This constitutes a 'swing factor' as we look ahead into 2019. Margins have been under pressure this year caused by rising labor costs and higher depreciation charges associated with its capacity expansion last year. The key concerns, however, are rising competition and whether the company is entering a phase of lower growth.

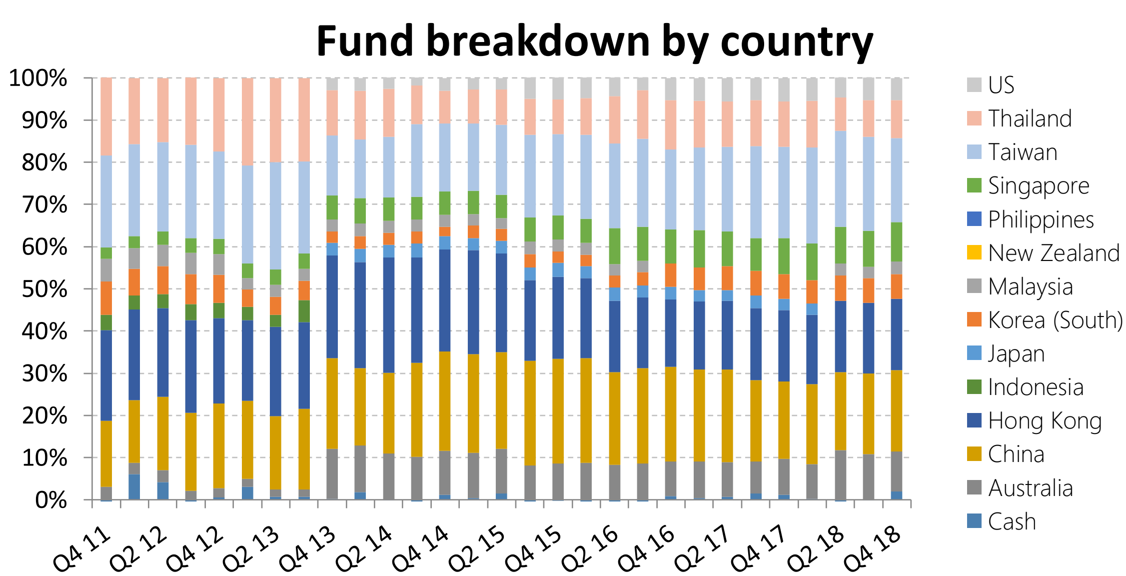
Janus Henderson is a global asset manager, and the product of a recent merger, with an Australian listing which makes it eligible for inclusion. The weakness here is of course, the result of poor stock markets as well as structural headwinds from lower fees as competition from low cost passive funds intensifies. This structural problem lay behind the merger between Janus Capital and Henderson Global Investors last year. Retail outflows due to market volatility, which could be short term, and weaker performance from the Henderson fund range, which could take longer to resolve, have been a problem.

Hon Hai Precision fell on the back of slowing smartphone volume growth especially from Apple. The company is a manufacturing conglomerate with interests in a wide range of component manufacturing, but smartphone assembly is a big part of the business which is now facing headwinds. Earnings' forecasts have come under pressure as cost concerns have risen but it seems to us that analysts are exceptionally gloomy. Within the last couple of months Hon Hai said it needed to achieve $2.5 billion of savings in the coming year, but we were pleased to see recent revenue number ahead of expectations.

**Portfolio Position**




In 2018 exposure to real estate was reduced by two positions (5.25%) and consumer discretionary and financials rose by one position (2.75%) each. The Fund has an overweight exposure to consumer discretionary which is offset by an underweight exposure to energy, industrials, materials and utilities.




The two positions we sold during the year were Japanese and Thai. We replaced them with companies from Australia and Malaysia. The Fund is most overweight to Singapore, Taiwan and Thailand and is most underweight to Australia, China and Korea, the last two unchanged from 2017. Our exposure to the US automatically puts us overweight relative to the benchmark. However, when looking at the sources of revenues, Aflac gives exposure to Japan while Qualcomm adds to our China exposure although even when included we are still approximately 3% underweight.

**Outlook**

These have been testing times for Asian investors and it seems likely that the same worries will persist into 2019. As Asia fund managers we are still very positive, but of course we would say that. However, our confidence stems from the disconnect between the local conditions that the market is pricing in, and the conditions that actually prevail.

We observed earlier in this piece that macro-economic indicators show the region to be of sound economic health. Most countries are running surplus on their national current account and those that don't are willing and able to take steps to prevent further deterioration. Banking sectors across the region are well capitalized; bad debt is not an issue for many and for those for whom there is a problem (China and India) there are capital resources and ample liquidity available to manage these.

In the immediate term, we are heartened that contrary to earlier times, policy responses to currency weakness (Indonesia, China), bad debts (China, India) or overall deceleration of economic growth (China, Korea, Thailand) have been met with orthodox economic responses and not by a politically driven release of extra liquidity. This speaks to rational long-term economic management and this is important because it is the long term that we are buying into.

The Asian region in aggregate is a creditor region. This is where much of the world's capital now resides and from whom the indebted nations in the developed world must borrow. This Asian wealth is underpinned by long term industrial policies that have made the region a manufacturing hub in global production. The upgrading of skills, capacity and efficiency have brought with them higher wages and rising investment into long term productive assets. China now focuses relentlessly on the quality and utility investment to deliver long term growth over the next twenty to fifty years; it is this process and policies in place to support it which complicates the trade discussions now underway.

The Fund is focused on investing in business that we believe have a long-term role to play in this story. The businesses we choose from have demonstrated success, which measure using return on capital compared to the cost of capital over at least the last eight years. We believe that now presents a very good opportunity to buy into these businesses. We believe with sentiment so poor on a twelve-month horizon that the market is undervaluing the long-term operational superiority of these businesses, delivered in the form of profits and dividends, over the next 3, 5 ,10 years.

Value opportunities when they arise are generally accompanied by the very things we want to stay away from and so they are the hardest opportunities to take. We believe that so long as we invest in businesses that make things that people want to buy, can grow steadily and can continue do so profitably, producing a regular dividend stream along the way, our investors should be confident in spite of market conditions today.

***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 Fund, and it may be obtained by calling 800-915-6566 or visiting gafunds.com. Read it carefully before investing.***

**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. Non-diversified funds concentrate assets in fewer holdings than diversified funds. Therefore, non-diversified funds are more exposed to individual stock volatility than diversified funds. Investments in debt securities typically decrease in value when interest rates rise, which can be greater for longer-term debt securities. Investments in derivatives involve risks different from, and in certain cases, greater than the risks presented by traditional investments. Investments in smaller companies involve additional risks such as limited liquidity and greater volatility. Funds concentrated in a specific sector or geographic region may be subject to more volatility than a more diversified investment. Investments focused in a single geographic region may be exposed to greater risk than investments diversified among various geographies. Investments focused on the energy sector may be exposed to greater risk than an investments diversified among various sectors.**

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

MSCI AC Pacific Ex-Japan NTR Index is a market capitalization weighted index that monitors the performance of stocks from the Pacific regions, excluding Japan. It includes re-invested dividends after deduction of withholding taxes. (You cannot invest directly in an Index.)

The MSCI World NTR Index captures large and mid-cap representation across 23 Developed Markets (as defined by MSCI Inc). With 1,652 constituents the index covers approximately 85% of the free float-adjusted market capitalization in each country. It includes re-invested dividends after deduction of withholding taxes. (You cannot invest directly in an Index.) The MSCI Emerging Markets Index captures large and mid-cap representation across 23 Emerging Markets (as defined by MSCI Inc). With 832 constituents the index covers approximately 85% of the free float-adjusted market capitalization in each country. It includes re-invested dividends after deduction of withholding taxes. (You cannot invest directly in an Index.)

Price/Earnings Ratio (P/E) is an equity valuation multiple. It is defined as market price per share divided by annual earnings per share. Forward earnings differ from trailing earnings, which is the figure quoted more often, as they are a projection and not a fact.

Past performance is not indicative of future results.

Top Fund Holdings as of 12/31/18

| | |
|---|---|
| 1. Novatek Microelectronics Corp | 3.12% |
| 2. Taiwan Semiconductor Manufacturing Co Ltd | 2.99% |
| 3. DBS Group Holdings | 2.99% |
| 4. Delta Electronics Thailand PCL /Foreign | 2.97% |
| 5. St Shine Optical Co Ltd | 2.95% |
| 6. China Construction Bank Corp - H Shares | 2.94% |
| 7. China Mobile Ltd | 2.89% |
| 8. Hanon Systems | 2.89% |
| 9. Tisco Financial Group PCL/Foreign | 2.89% |
| 10. Lilang China Co | 2.86% |

Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any security.

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