Guinness Atkinson
Dividend Builder Fund
Managers Update – May 2019

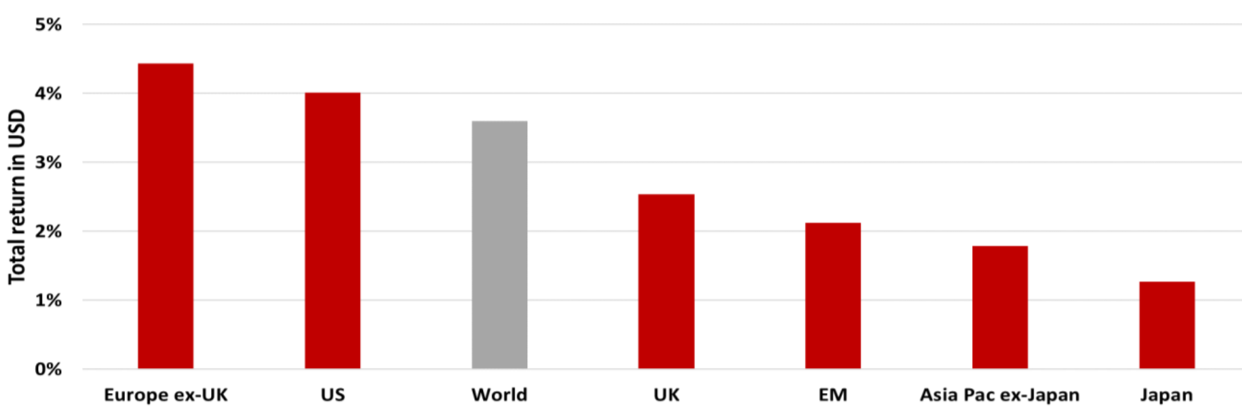
April in Review

Global equity markets were broadly worried by four risks in 2018: overly aggressive US monetary tightening; escalation of the US-China trade conflict; soaring oil prices; and another Euro crisis, triggered by the unprecedented left-right populist coalition that emerged from Italy's election. By the end of the year, however, all of these risks had subsided: the Fed executed a dovish U-turn, the US-China trade war moved towards a ceasefire, oil prices fell, and Italy resolved its fiscal clash with the European Commission with a fairly innocuous truce.

In 2019 – as investors have descended the wall of worry – there has been a surge in global equities, and April marked the fourth consecutive month for the broad-based rally. Given the defensive nature of the Guinness Atkinson Dividend Builder Fund, some underperformance year-to-date is unsurprising. It is, however, pleasing how well the Fund has kept up in this rally, especially considering the strong outperformance in Q4 2018 when markets fell significantly.

Encouraging macroeconomic data, ongoing dovishness from major central banks and a better than expected first corporate earnings season in the US led to gains in all regions, with Europe and the US leading.

MSCI World regional indices performance: March 31st – April 30th 2019



Source: Bloomberg. As of April 30th 2019

In the US, market sentiment was boosted by stronger-than-expected US economic growth for the first quarter of 2019. GDP growth came in at 3.2% annualized, which impressively beat expectations of 2.5% and the Q4 2018 reading of 2.2%. This was particularly impressive given the prolonged government shutdown, trade tensions and global economic uncertainty looming over the first quarter. The labor market also showed renewed robustness – after an unexpectedly weak February where only 20,000 new jobs were initially reported, the US added 196,000 new jobs in March and the unemployment rate was unchanged at 3.8%.

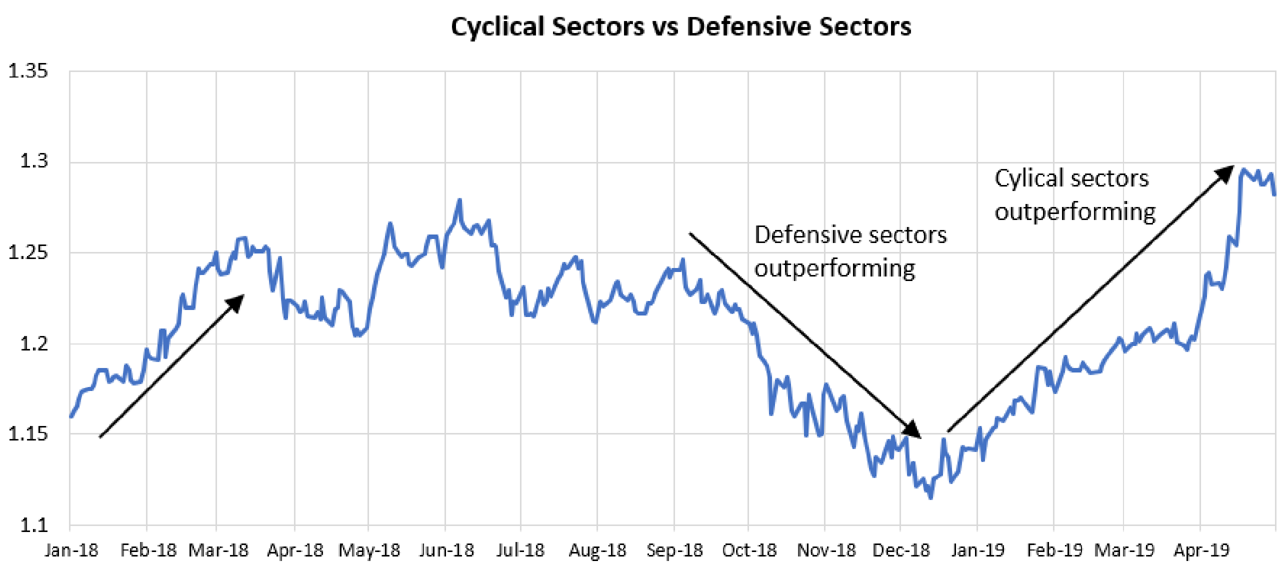
Further, the earnings season supported the macroeconomic strength with 76% of the S&P 500 Index companies reporting better than estimated earnings results, and 56% bettering revenue expectations. In the Fund, this was slightly higher with 78% and 66% of the companies respectively beating earnings and revenue estimates.

In Europe, April continued the strong gains from the first quarter. Data released at the end of the month showed resilient economic growth in the first three months of the year: GDP expanded by 0.4% quarter-on-quarter, compared to just 0.1% growth at the end of 2018. The news came as a relief after downbeat forward-looking surveys, such as the purchasing managers' indices. The composite PMI slipped to 51.3 in April from 51.6 in March with manufacturing still in contraction territory.

The UK was granted a second extension to the Article 50 deadline, until October 31st 2019, averting a "no deal" Brexit. While the political impasse continued throughout the month, UK economic growth continued to surprise positively with the latest monthly GDP release from the Office for National Statistics revealing that the economy expanded again in February, at 0.2%, albeit at a more subdued rate than the 0.5% recorded for January. A resurgence in manufacturing has aided economic growth in 2019, as reflected in recent readings from Markit's PMI surveys: the manufacturing PMI for March struck 55.1, its highest level in a year, though this may be attributed to possible stockpiling before the original Brexit deadline.

Asia ex Japan equities rose, with most markets in the region recording gains for the month. Singapore was the best performer, helped by a rally in the banking sector, though Taiwanese and Chinese markets also performed well, led by gains in Technology stocks. Positive sentiment regarding China also came from a faster than expected GDP growth rate of 6.4%, for the first quarter. Other data, including factory output, industrial profits, retail sales and fixed asset investment, also showed strong growth in March. However, gains were pared by concerns that Chinese authorities would scale back fiscal policy support.

On a sector basis, 2019 has seen continued outperformance of cyclical sectors, with April being no exception:

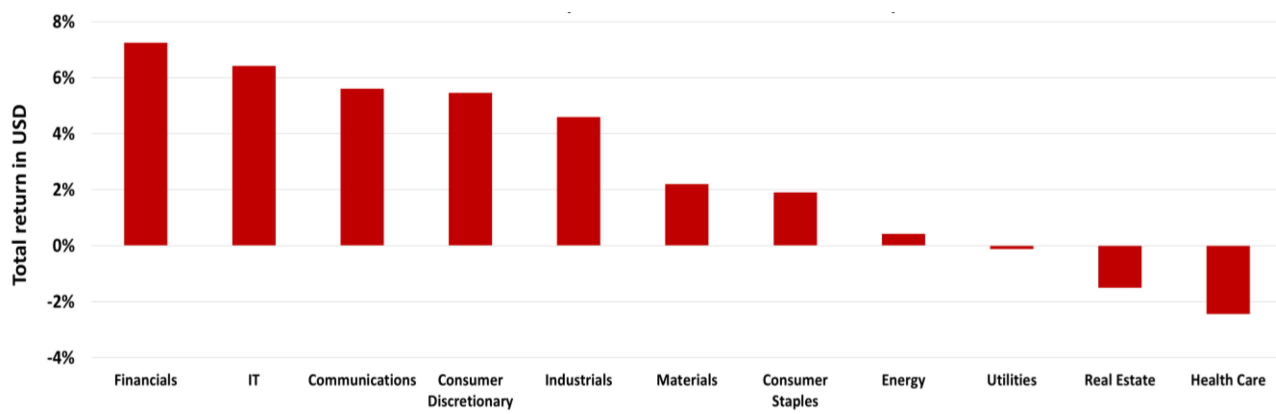


MSCI USA Cyclical Sectors / MSCI USA Defensive Sectors. Source: Bloomberg. As of April 30th 2019

The MSCI Cyclical Sectors Index has been outperforming the MSCI Defensive Sectors Index since mid-December in the US market.

This can also be seen in individual sector performances across April in a global context:

MSCI World sector indices performance: March 31st – April 30th 2019



Source: Bloomberg. As of April 30th 2019

Financials were the strongest performing over April. The sector saw its biggest one-month gain since November 2016 – the time when Donald Trump's election win spurred hope for deregulation, tax reform and expectations that economic stimulus plans would stoke inflation and drive up interest rates. This time round, the rally in Bank stocks specifically came after a solid first-quarter earnings season. This was a drag on Fund performance since we have zero exposure to Banks in the Fund; the financial crisis and the Euro crisis tend to screen out such stocks from our investment universe since they do not meet our criteria of persistently high cashflow returns on investment.

The IT sector also continued to perform well in the month, powered by Microsoft, who became the largest publicly traded company in the world by market capitalization, and the third company to achieve a US$1tn valuation, alongside Apple and Amazon. The jump in Microsoft's share price followed better-than-expected sales and earnings in the first three months of this year as businesses continued to sign up to its expanding cloud services suite. Azure cloud services, used to store and run customers' applications in Microsoft's data centers, is number two in the cloud sector behind Amazon Web Services, though the market is growing fast enough to lift both companies' revenue. Windows and Office subscribers are likely to give Microsoft an edge, as corporate users shift newer workloads to the cloud for greater agility. Margins should also continue to improve – as they have been doing – as cloud-based applications and infrastructure products gain scale.

In the Guinness Atkinson Dividend Builder Fund we hold five stocks within the IT sector: Cisco, Paychex, Microsoft, Broadcom, and Taiwan Semiconductors. As a group these have performed very pleasingly in 2019; good stock selection in this respect has offset the drag from being underweight the IT sector (versus the MSCI World benchmark).

Over the course of April, the Fund avoided significant exposure to the poorer performing sectors: we hold no positions within the Real Estate and Utilities sectors, with only one stock in the Energy sector. Nonetheless, our overweighting to Consumer Staples and Healthcare proved to be a drag on performance. Healthcare was the worst performing sector as it faces headwinds from ongoing concerns over changes to drug pricing legislation.

As drug pricing comes under increased scrutiny in the US and is given increased attention ahead of the 2020 Presidential Election, we decided to lower the Fund's exposure in the sector:

We made one changes to the portfolio in April, whereby we sold our holding of Merck and bought a new position in Blackrock.

Merck, the global healthcare company, was the worst performer in the month (-7.7% in USD), and this comes after a very strong 2018, where it was the second-best performer (+40.0% in USD in 2018). Best-selling drugs in the Pharmaceutical segment include type 2 diabetes drug Januvia, which brings in about $4 billion in revenues annually. Other products earning more than $2 billion include diabetes drug Janumet, HPV vaccine Gardasil, and cholesterol medication Zetia. Meanwhile, $1 billion top sellers include cholesterol medication Vytorin, skin antibiotic treatment Cubicin, HIV therapy Isentress, inflammatory treatment Remicade, cancer drug Keytruda, and chickenpox vaccine ProQuad.

Strong performance over the last year came after Merck's lung cancer drug, Keytruda, won a string of clinical trials, placing it in the top spot for treating lung cancer. Our decision to take profits and sell our holding comes after considering Merck's peak valuation and weakening balance sheet profile. On a price-to-earnings basis, the stock trades at 1.5 standard deviations above its 10-year average and the company has also been accumulating higher levels of debt. Total debt to equity stands at 93% and cashflow returns on invested capital have dipped below 10%, thus removing Merck from our quality-driven investment universe.

As part of our one-in-one-out process, we bought a position in **Blackrock.** The world's largest asset manager operates globally and has $6.5 trillion in assets under management as of 04/30/19. The company stands out in its respective industry due to its strong brand loyalty and focus on institutional investors. The firm's moat, due to its breadth as the largest manager globally by assets under management (AUM), proprietary Aladdin software, and dominating iShares division, is very strong.

Global wealth growth, along with ever rising interest in exchange traded funds (ETFs), act as the backbone for Blackrock's success. Through its iShares offering, Blackrock is an ETF leader with assets totalling nearly $1T in AUM. Vanguard is second with AUM of $610bn and it falls to $471bn AUM for the third position (State Street), all as of 4/30/19. The company earns nearly 50% of its base fees on equity products, though it has historically had a strong fixed income offering.

Though profit margins have come under pressure in the short-term as passive investments have grown faster and are priced lower compared to actively managed funds, Blackrock has invested in alternative technologies to expand its capabilities. One of these investments include its Aladdin platform. Shortened down from "Asset Liability and Debt and Derivative Investment Network", the operating system for investment managers combines sophisticated risk analytics with comprehensive portfolio management, including trading and operations tools on a single platform.

BlackRock's push to diversify its revenue sources is a positive and lowers stock price's beta to the wider market. Asset managers have performed poorly in recent times due to fee pressures, strains on profit margins, and looming worries about the late-cycle stage of the economy. This has meant they have collectively sold off; we believe this has meant Blackrock has become cheaper than its true valuation and so has provided us an attractive entry point into a stock with historically compelling dividends and good potential for growth. The company has also boosted its dividend, with year-on-year growth (2018 vs 2017) greater than 20%.

Performance

In April, the Guinness Atkinson Dividend Builder Fund produced a total return of 3.35% (TR in USD), compared to the MSCI World Net Return Index return of 3.55%. The fund therefore underperformed the Index by 0.20%.

Standardized Performance

as of 04/30/19	YTD	1 YR	3 YR Annualized	5 YR Annualized	Since inception Annualized (3/30/12)
Dividend Builder Fund	15.64%	9.64%	11.70%	7.08%	10.13%
MSCI World NR Index	16.47%	6.48%	11.38%	7.30%	9.59%

as of 03/31/19	YTD	1 YR	3 YR Annualized	5 YR Annualized	Since inception Annualized (3/30/12)
Dividend Builder Fund	11.89%	6.20%	10.50%	6.74%	9.74%
MSCI World NR Index	12.48%	4.08%	10.70%	6.78%	9.17%

All returns over 1 year annualized. Source: Bloomberg, Guinness Atkinson Asset Management
Expense Ratio: 0.68% (net); 2.00% (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 Fund may be lower or higher than the performance quoted. For most recent month-end and quarter-end performance, visit https://www.gafunds.com/our-funds/dividend-builder-fund/#fund_performance or call (800) 915-6566. Total returns reflect a fee waiver in effect and in the absence of this waiver, the total returns would be lower.

The Advisor has contractually agreed to reimburse 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, 2020. 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 the waiver. The expense limitation agreement may be terminated by the Board of the Fund at any time without penalty upon 60 days' notice.

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

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.

Mutual fund investing involves risk and loss of principal is possible. The Fund's strategy of investing in dividend-paying stocks involves the risk that such stocks may fall out of favor with investors and could reduce or eliminate the payment of dividends in the future or the anticipated acceleration of dividends could not occur. The Fund invests in foreign securities which will involve greater volatility and political, economic and currency risks and differences in accounting methods. This risk is greater in emerging markets. Medium- and small-capitalization companies tend to have limited liquidity and greater price volatility than large-capitalization companies.

Top Fund Holdings as of 4/30/2019:

1.	ANTA Sports Products Ltd	4.01%
2.	Cisco Systems Inc	3.08%
3.	Paychex Inc	3.08%
4.	Microsoft Corp	3.05%
5.	Randstad Holding NV	3.04%
6.	Broadcom Inc	3.02%
7.	Unilever PLC	3.02%
8.	HengAn International Group Co Ltd	2.95%
9.	Taiwan Semiconductor Manufacturing Co Ltd	2.93%
10.	VF Corp	2.92%

Current and future fund holdings and sector allocations are subject to change and risk and are not recommendations to buy or sell any security.

Growth stocks typically are more volatile than value stocks; however, value stocks have a lower expected growth rate in earnings and sales.

Debt to equity is calculated by dividing a company's total liabilities by its shareholder equity. A high debt/equity ratio is often associated with high risk.

Standard Deviation is a statistical measure of the volatility of the fund's returns. In general, the higher the standard deviation, the greater the volatility of the return.

The Purchasing Managers' Index (PMI) is an index of the prevailing direction of economic trends in the manufacturing and service sectors.

MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed countries.

One cannot invest directly in an index.

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