Guinness Atkinson

Global Innovators Fund

Managers Update – June 2019

May in review:

Having experienced significant spikes in volatility towards the end of 2018, 2019 showed signs of a calmer market with trade rhetoric not making daily headlines and easing US interest rate hikes. However, with no US-China trade resolution, it was only a matter of time before Donald Trump voiced his ongoing displeasure, with the US consequently increasing levies on Chinese goods and threatening further tariffs. This alongside more potential tariffs on other US allies caused volatility to return (as indicated by the VIX index – a measure of expected market volatility) – albeit not at the levels seen in December 2018. The increased volatility left Intercontinental Exchange as the fund's best performing stock over May.

VIX Index – a measure of implied market volatility

Source: Bloomberg, as of May 31, 2019

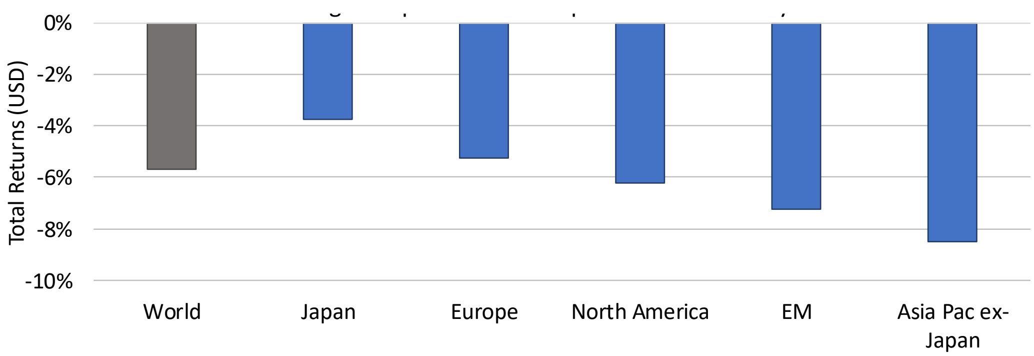
Within the US, equity markets experienced robust growth during the beginning of the year in which there were growing talks of possible trade agreements in the not so distant future and more dovish tones from the US Fed. However, with President Trump growing increasingly discontent with the lack of progression on key trade issues, the US increased tariffs on $200bn of Chinese imports from 10% to 25% - a move which was threatened by Trump in March which he had decided to push back as trade talks continued. The move was met with a backlash from Chinese officials with China raising tariffs on $60bn of US goods with market bellwethers such as Apple and Caterpillar, who have significant exposure outside of the US, experiencing large selloffs. The resulting underperformance from Chinese equities was a drag on the portfolio.

Adding further fuel to the conflict, the US also put Chinese smartphone and telecoms business Huawei on a blacklist, preventing US companies from selling to the company without a license. The news sent many global stocks down, with Huawei relying heavily on US semiconductors companies such as Xilinx's FPGAs (field-programable-gate-arrays) for its 5G telecoms and Micron's memory chips used in its smartphones. Additionally, the blacklisting forced fund constituent, Alphabet, which licenses its Android operating system to Huawei to be used on its smartphones, to stop supplying the system to comply with regulations.

As the US-China trade conflict came back into view, President Trump also threatened to impose a 5% tariff on all Mexican goods from June 10 in an effort to control immigration coming from Central America, through Mexico and into the US. The move threatens to upheave the efforts made last year to revamp the NAFTA agreement signed by the US, Mexico and Canada.

On a more positive trade note, the US lifted import taxes on Canadian and Mexican steel and aluminum and delayed potential car tariffs imported from Europe, Japan and other countries. The news left Europe as one the best performing regions with also a consensus that US trade disputes with the likes of China and Mexico could stand to benefit European companies as a shortfall in supply would need to be filled. The fund currently has an underweight exposure to Europe which was a relative drag on the portfolio.

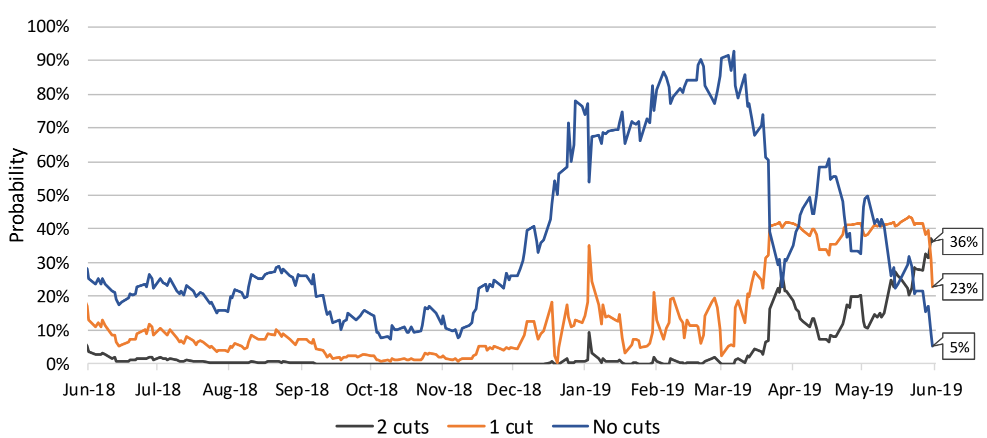
MSCI World Regional Performance: April 30 – May 31, 2019



Source: Bloomberg, as of May 31, 2019

With trade fears once again causing volatility in the market, investors are now predicting that the US Fed will make two interest rate cuts over the year – in stark contrast to the tone set at the end of last year in which interest rates were set to 'autopilot' and had no interest rate cuts priced in but rather interest rate hikes.

Market Implied Probability of Number of Cuts to Fed Funds Rate in 2019

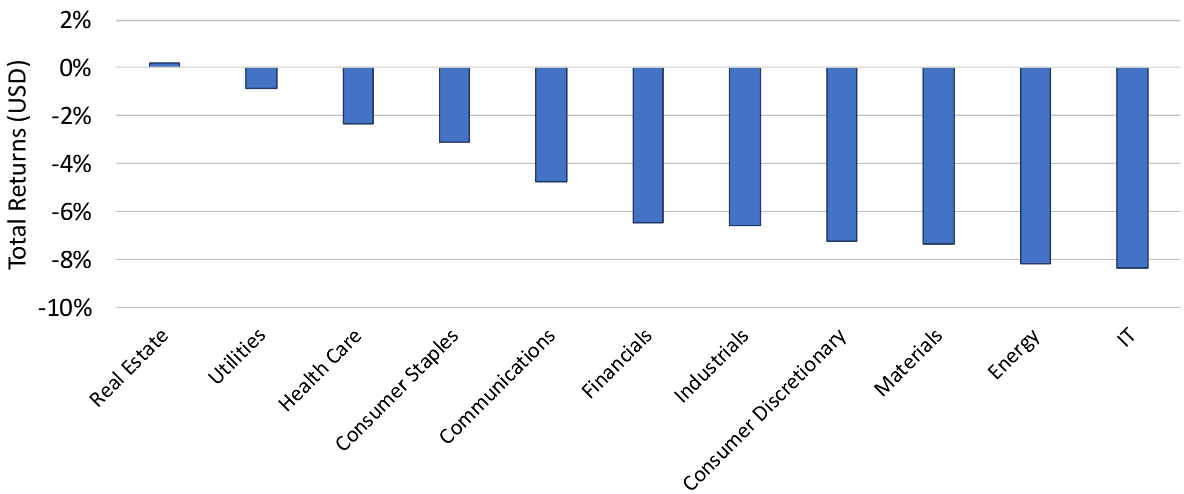


Source: Bloomberg, as of May 31, 2019

Investors turned their attention to more defensive sectors over the month with IT, the fund's largest sector weighting, as the biggest underperformer. This was the largest drag on the portfolio during May, with our semiconductor exposure in particular, selling off on a combination of US-China trade tariffs and the Huawei blacklisting.

The fund continues to hold no exposure to Energy or Materials which contributed positively to asset allocation.

MSCI World Sector Performance: April 30 – May 31, 2019



Source: Bloomberg, as of May 31, 2019

Individual stock performances:

Individual companies that performed well over the month included Intercontinental Exchange Inc (1.06% in USD) and Danaher Corp (-0.32% in USD).

Intercontinental Exchange (ICE), the operator of global commodity and financial exchanges, benefitted from the increased volatility in the market. They also reported quarterly results that were ahead of expectations for EPS and in-line for revenues expectations. We view Intercontinental Exchange as a good play on volatility, benefitting from the geopolitical tensions that have grabbed headlines over the past year. ICE is an asset-light business with recent returns on capital above 40%, net margins at 40% (as of 2018 full year results) which has returned over 320% in capital appreciation since the fund's purchase in 2009.

Danaher, the diversified conglomerate with products focused on life sciences, diagnostics, dental and environmental solutions, was one of the fund's outperformers over the month, benefitting from the general risk-off attitude of investors, tilting their preference towards more defensive sectors such as Health Care. Danaher is long-term holding of the fund, displaying growing returns-on-capital and margins through its strategic acquisition process of identifying companies with secular growth drivers, high return-on-capital and strong market position, and leveraging its Danaher playbook, DBS, to add long-term value.

Individual companies that underperformed over the month were Baidu Inc (-33.83% in USD) and NVIDIA Corp (-25.07% in USD).

Baidu, frequently viewed as China's version of Google, operates the largest search engine in China as well as various additional operations including iQiyi, the largest entertainment streaming platform in China, and Apollo, one of the leading autonomous vehicle operating systems in China. Baidu fell on quarterly results that showed increased spending on traffic acquisition as competition in search increases, in addition to higher costs on content as Baidu looks to add scale to iQiyi with new and exciting entertainment. Baidu faces the increasing tendency for users to search through alternative apps and platforms such as WeChat, a super-app (one-stop portal to access an innumberable number of third-party services) operated by Tencent – which we also own in the fund. However, Baidu has been developing its own news feed based upon individual users' interest and searches (similar to social media platform Facebook), in order to drive traffic back onto Baidu's main search platform and away from alternative platforms. Additionally, we continue to see strong potential from Baidu's various additional operations including autonomous vehicles, Baidu Cloud and DuerOS – Baidu's voice assistant used in smart devices.

Nvidia, the semiconductor company known for its leadership in GPUs (Graphics Processing Units), which historically have been used to render video game graphics, but more recently has benefitted from the increased demand for GPUs in more advanced technologies including artificial intelligence and autonomous vehicles. Nvidia reported quarterly results which were better than expected, reinforcing hopes of a recovery in demand going into the second half of the year. However, management's guidance for the full year was revised down as they took a more cautious stance on a lack of visibility into future orders, in addition to more general trade concerns. However, we still view Nvidia as a strong long-term holding given the company's exposure to innovative growth areas and robust competitive position versus its peers.

Thank you for your continued support.

Guinness Atkinson

Global Innovators Fund

Managers Update – June 2019

Summary performance

For the month of May, the Guinness Atkinson Global Innovators Fund provided a total return of -11.33% (USD) against the MSCI World Index net return of -5.77% (USD). Hence the fund underperformed the benchmark by 5.56% (USD).

As of 5/31/2019	YTD	1 Year	3 Year	5 Year	10 Year
Global Innovators, Investor Class [1]	11.49%	-9.49%	10.86%	6.98%	13.60%
Global Innovators, Institutional Class [2]	11.60%	-9.25%	11.14%	7.16%	13.69%
MSCI World Index NR	9.75%	-0.29%	9.00%	5.62%	9.95%

As of 3/31/2019	YTD	1 Year	3 Year	5 Year	10 Year
Global Innovators, Investor Class [1]	17.91%	-2.93%	13.30%	8.99%	16.38%
Global Innovators, Institutional Class [2]	17.98%	-2.70%	13.59%	9.16%	16.47%
MSCI World Index NR	12.48%	4.01%	10.68%	6.78%	12.38%

All returns after 1 year annualized.

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/global-innovators-fund/#fund_performance or call (800) 915-6566.

Guinness Atkinson
Global Innovators Fund
Managers Update – June 2019

[1]Investor class (IWIRX) Inception 12.15.1998 Expense ratio* 1.25% (net); 1.30% (gross)
[2]Institutional class (GINNX) Inception 12.31.2015 Expense ratio* 1.00% (net); 1.13% (gross)

[2] Performance data shown for Global Innovators, Institutional Class (GINNX), prior to its launch date on 12/31/15, uses performance data from the Global Innovators, Investor Class (IWIRX).

*The Advisor has contractually agreed to reimburse 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 .99% for the Institutional class and 1.24% for the Investor class 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 waiver. The expense limitation agreement may be terminated by the Board of the Fund at any time without penalty upon 60 days' notice.

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. These risks are greater for emerging markets countries. The Fund also invests in medium and smaller companies, which will involve additional risks such as limited liquidity and greater volatility. The Fund may invest in derivatives which involves risks different from, and in certain cases, greater than the risks presented by traditional investments.

Securities mentioned are not recommendations to buy or sell any security. Current and future portfolio holdings are subject to risk.

Top 10 holdings for Global Innovators Fund, as of 5/31/19:

1.	SAP SE	3.96%
2.	Roper Industries Inc	3.92%
3.	Comcast Corp - A Shares	3.90%
4.	New Oriental Education & Technology Group Inc	3.86%
5.	Facebook Inc	3.78%
6.	PayPal Holdings Inc	3.76%
7.	Intercontinental Exchange Inc	3.66%

8.	Danaher Corp	3.63%
9.	Schneider Electric SE	3.59%
10.	Applied Materials Inc	3.44%

For a complete list of holdings for the Global Innovators Fund, please visit [https://www.gafunds.com/our-funds/global-innovators-fund.](https://www.gafunds.com/our-funds/global-innovators-fund)

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.

Earnings growth is not representative of the Fund's future performance.

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 markets.

One cannot invest directly in an index.

Distributed by Foreside Fund Services, LLC