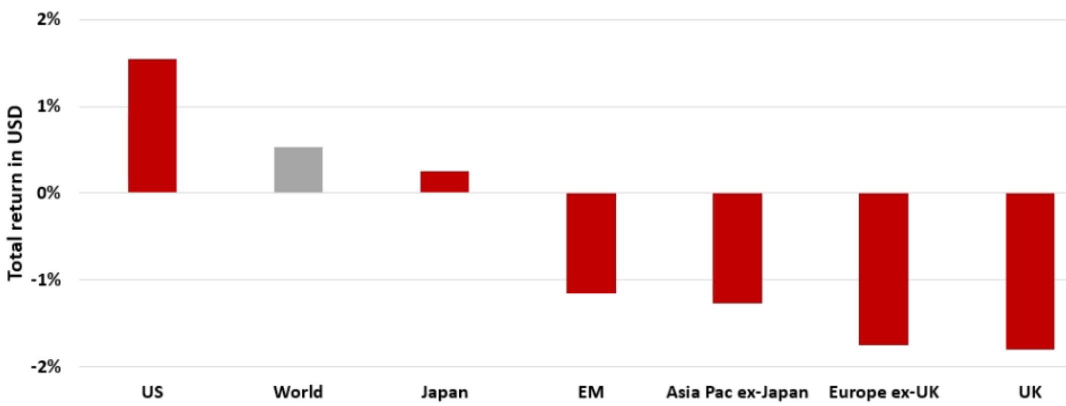
Guinness Atkinson
Dividend Builder Fund
Managers Update – August 2019

July in Review

Investors were forced to wait until the last day of July for the main event, when the Fed reduced US interest rates by 0.25% – the first reduction in 11 years. In his press conference, Fed Chair, Jerome Powell, called this rate cut a "mid-cycle adjustment" to combat current risks to the economic outlook, citing three main threats: weakening global growth, trade policy developments and inflation running below target. The immediate market reaction implied that some investors had been hoping for more stimulus, and they were therefore disappointed by Powell's suggestion that the move in interest rates did not signal the start of a "lengthy cutting cycle". This is perhaps warranted given that economic growth is slowing, not stalling, and there is also moderate domestic inflation. In fact, parts of the US economy have been showing tentative signs of improvement, with the jobs market bouncing back from an especially weak print in June, and second-quarter GDP growing at 2.1% (quarter-on-quarter annualized), marginally beating analyst expectations by 0.1%. Manufacturing remains a weak spot, with a July purchasing managers' index (PMI) data reading of 51.6 indicating that manufacturing is only narrowly still in expansion territory.

Alongside positive economic data, corporate earnings season also aided US equities, which outperformed versus other regions.

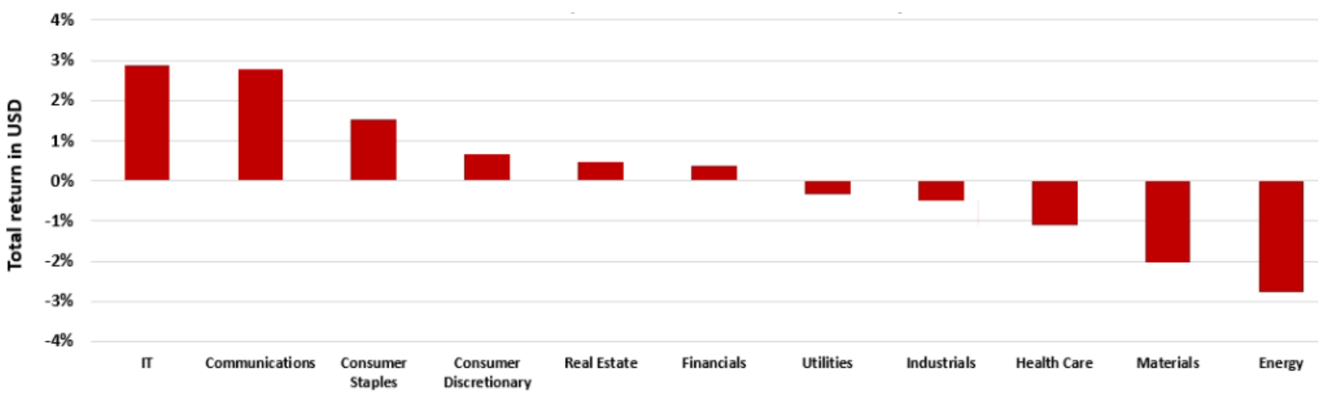
MSCI World regional indices performance: June 30th – July 31st 2019



Source: Bloomberg, as of July 31st 2019

Regionally, the Fund's underweight positioning to the US, and overweight positioning to Europe and the UK, was a drag on performance, though this was somewhat offset by our sector allocation. Defensive groups of stock that are less sensitive to the business cycle, such as Utilities and Health Care saw declines, as did Energy and Material stocks, which continued to be impacted by falling oil prices driven by concerns over global demand. Underexposure in these sectors, bar Health Care, benefitted the Fund's performance.

MSCI World sector indices performance: June 30th – July 31st 2019



Source: Bloomberg, as of July 31st 2019

IT and Communication services were the best performing sectors and led the market higher, primarily on better-than-expected earnings results from Texas Instruments and Alphabet (not held in the Fund). A further boost for chipmakers and tech more broadly came after it emerged that US officials were seeking to reignite trade talks with China. Semiconductor exposure in the Fund comes via our holdings in Broadcom and Taiwan Semiconductor Manufacturing Company (TSMC), and both stocks benefitted from the news.

In Europe, July was a busy month for European leaders as nominations for many of the top jobs in Brussels were decided. After several days of tense talks, the most important outcome for investors was the nomination of Christine Lagarde to take over from Mario Draghi as European Central Bank (ECB) leader at the start of November. Lagarde was one of the most dovish options out of the potential candidates, and has previously been vocal in her support for Draghi's accommodative stance on monetary policy. The ECB used its July meeting to send strong signals to the market that a stimulus package is coming either in the form of interest rate cuts (into deeper negative territory) or new rounds of asset purchases. Data showed the eurozone economy expanded by just 0.2% in Q2, slowing from a growth rate of 0.4% in Q1.

In the UK, Boris Johnson was appointed as the new prime minister after his victory in the Conservative party leadership contest with roughly two-thirds of the vote. The British pound came under pressure during July – reaching lows versus the US dollar last seen in 2017 – as markets became increasingly jittery about the potential for the UK to leave the European Union without a deal come the deadline date of October 31st 2019. The currency depreciation means that in local currency terms the UK was the best performing region, whereas in Dollar terms, it was the worst. A sharp fall in Sterling provided a boost in earnings for the FTSE 100 companies which operate in overseas markets.

In terms of stock selection, individual companies that performed well over the month included Anta Sports (+9.4% in USD) and Imperial Brands (+9.1% in USD), whereas the worst performer over the month was Randstad (-7.8% in USD).

ANTA Sports has been the best performing stock in the Fund this year, up 57.5% in USD. The company generates revenue through the manufacture and trading of sporting goods, including footwear, apparel and accessories. ANTA is poised for greater market share in China as it seeks to woo affluent shoppers with pricier athletic gear. This includes popular brands such as Fila and Descente, as well as Salomon and Arc'teryx – both owned by Amer Sports, who ANTA recently acquired. Going premium should make up for less-robust gains at its lower-priced namesake brand, which sells at half the price of Nike and Adidas products. The move to acquire a European company gives ANTA Sports scale to expand geographically, as well as launch new products in China. The company's growing product offering could well fuel earnings and revenue growth and the shrewd move into winter sport clothing and equipment comes well-timed ahead of the next Winter Olympics in 2022 in Beijing.

Imperial Brands also performed well in July, after having weaker performance over the last quarter. The traditional tobacco company which has been developing its alternative e-cigarette business is seeking final bids of about £1.5 billion for its cigar business Tabacalera, which would sensibly help reduce net debt and raise investment in reduced-risk products. Imperial intends to raise £2 billion from asset sales, including its 50% stake in Logista, worth £1.2 billion. Tabacalera and Logista were part of the £10.6 billion Altadis deal completed in 2007.

Imperial Brands is rebuilding its business on key franchises to maximize growth amid tightening global regulation. The company's restructuring efforts seek to streamline the business so that its focus is on the most profitable brands. This strategy maximizes cash generation to fund investment in next-generation products such as medical cannabis: last month, Imperial Brands spent $123m to pick up a 20% stake in Auxly Cannabis Group. The Canadian company's vision is "to be a global cannabis leader focused on providing branded cannabis products backed by science and innovation." Imperial's investment, which was in the form of a debenture convertible security, gives the FTSE 100 company the right to convert it into Auxly shares at any time during the three-year term of the debenture.

Randstad – the Dutch recruitment firm – is the second largest temporary staffing and employment services agencies in the world (behind Adecco). It operates primarily in Europe, but also in Asia and North America, under the Randstad brand and several others, including Monster (US), Yacht (industrial staffing), and Tempo-Team (general staffing). Randstad supplies temporary workers for small assignments as well as large-scale deployments. It also offers permanent placement and HR project management and consultancy services. Weak stock performance in the month comes after quarterly earnings results revealed a larger decline in revenues then analysts expected. This comes as a result of the slowdown in continental Europe, with Germany being a poor contributor for the company. Further, Randstad management guided lower citing that they expect European weakness to continue for the second half of the year. Longer term, the company aims for mid-single-digit growth and its integrated-technology focus is a key advantage versus rivals.

We made no changes to the portfolio in July.

Thank you for your continued support.

Performance

In July, the Guinness Atkinson Dividend Builder Fund produced a total return of -0.10% (TR in USD), compared to the MSCI World Net Return Index return of 0.50%. The fund therefore underperformed the Index by 0.60%.

Standardized Performance

as of 07/31/19	YTD	1 YR	3 YR Annualized	5 YR Annualized	Since inception Annualized (3/30/12)
Dividend Builder Fund	14.87%	5.33%	9.46%	6.71%	9.66%
MSCI World NR Index	17.56%	3.62%	10.40%	7.05%	9.39%

as of 06/30/19	YTD	1 YR	3 YR Annualized	5 YR Annualized	Since inception Annualized (3/30/12)
Dividend Builder Fund	14.99%	10.47%	10.87%	6.03%	9.80%
MSCI World NR Index	16.98%	6.35%	11.79%	6.61%	9.44%

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 7/31/2019:

1.	ANTA Sports Products Ltd	3.13%
2.	Imperial Brands PLC	3.10%
3.	BAE Systems PLC	3.10%
4.	Taiwan Semiconductor Manufacturing Co Ltd	3.09%
5.	The Procter & Gamble Co	3.04%
6.	Broadcom Inc	3.04%
7.	Arthur J Gallagher & Co	3.01%
8.	Hengan International Group Co Ltd	2.99%
9.	United Technologies	2.98%
10.	Nestle SA	2.94%

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.

Dividend yield is calculated by annualizing the last quarterly dividend paid and dividing it by the current share price.

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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