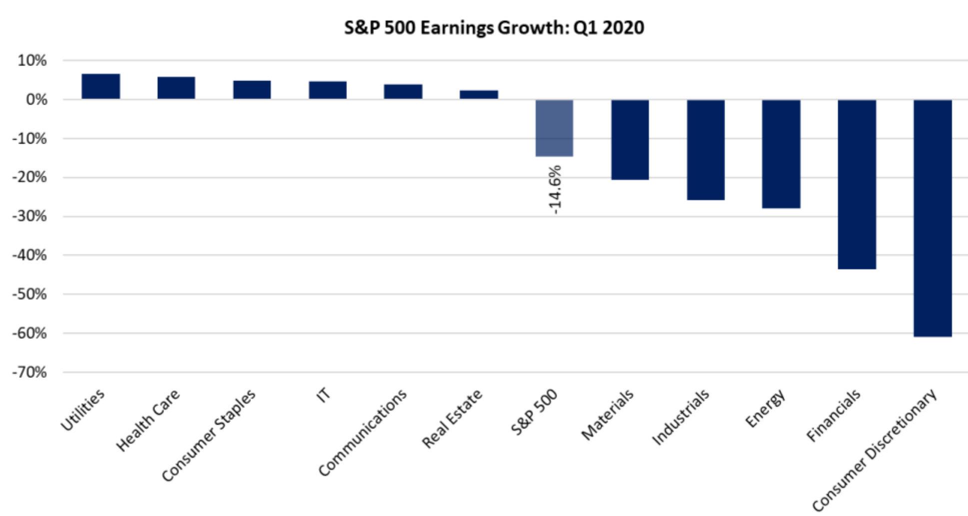
Guinness Atkinson
Global Innovators Fund
Managers Update – June 2020

May in review:

Economic data out of many regions continued to be weak: in the US, the unemployment rate for April reached 14.7% - the highest level in post-war history – and the manufacturing PMI for April came in at 41.5 (although this was above the median estimate). However, at the time of writing, this figure did show some signs of recovery coming in at 43.1 for May. A more pronounced trend continued to emerge in China, where the manufacturing PMI for May stood at 50.6 – well above the lows of 35.7 experienced in February. Both sets of figures pointed to a gradual recovery in economic activity, which helped equity markets in their ascent. Away from economic data, governments continued in their attempts to stimulate their respective economies: the ECB, for example, announced a new addition to their recovery plan which would enable borrowing a further 750bn EUR in financial markets (~5.4% of EU GDP) for further grants and loans.

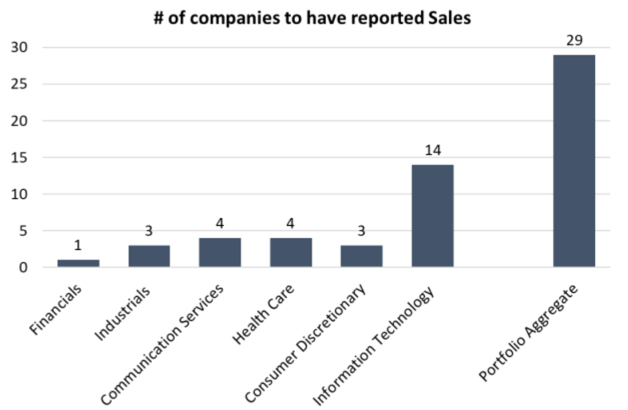
The US and China continued to exchange blows as President Trump condemned Beijing's new security laws on Hong Kong – the former British colony – which would erode the autonomy the region has under the "one country two systems" model. The move was met by the possible revoking of special trade privileges Hong Kong currently enjoys which has enabled it to become one of the world's financial hubs. Tensions were further escalated when TSMC – the world's largest contract semiconductor manufacturing company – announced plans to build a $12bn plant in the US, succumbing to President Trumps' calls to boost domestic production and shift reliance away from Asia. Although the plant is relatively small compared to TSMC's operations, the move was positive for the fund's semiconductor equipment manufacturing businesses, KLA Corp, Applied Materials and Lam Research, whose equipment would be needed to kit the new plant expected to be operational by 2024.

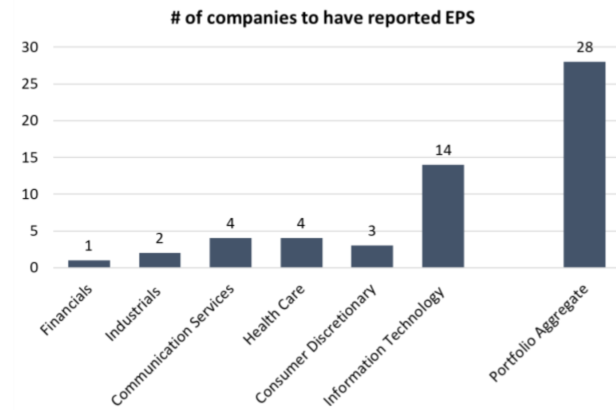
With US earnings season for the first quarter coming to a close, defensive sectors Utilities, Healthcare, Consumer Staples showed resiliency in their EPS growth. However, IT also showed its strength with EPS growth up 5% (in USD) as the group continued to transcend from a once discretionary sector to an integral part of modern businesses activity. As COVID-19 has forced regions into lockdown, long-term shifts in technology have accelerated including cloud-based working, eCommerce, video streaming, and digital payments. This has enabled IT businesses to be the top-performing sector over the May and indeed the year-to-date.

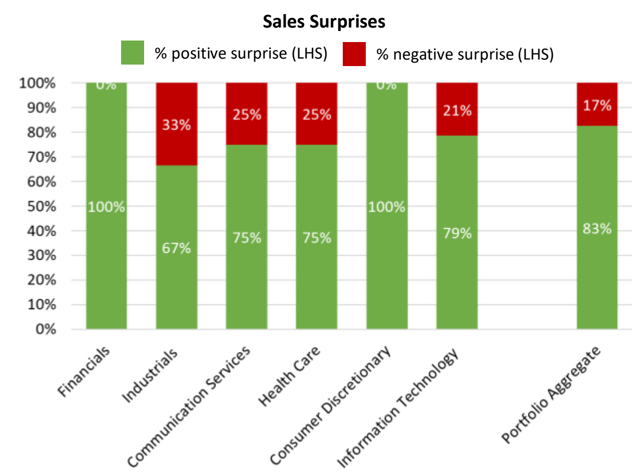


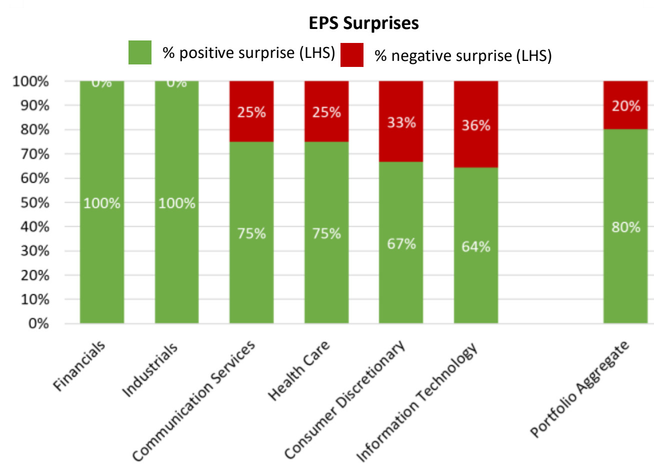
Source: FactSet. Data in USD, as of May 31, 2020.

Looking closer at the fund, we reflect upon the recent results from the constituents in what have been unprecedented times. Below we can see, of the 29 companies to report sales figures over the quarter, 83% reported sales figures that beat estimates, while 80% of companies beat EPS estimates (based on 28 companies that reported EPS).









Source: Bloomberg, Guinness Atkinson Asset Management. Data as of May 31, 2020.

Although the specific periods for these results vary among businesses, and the effects of COVID-19 look to be more pronounced within the next quarter's results, commentary out of some of the later results is providing useful insight into the near-term outlook for many of these businesses. Looking at the individual companies, we see good resiliency over the quarter, especially in the sales growth of these businesses: of the 29 companies to report, 23 reported growth in sales YoY. This has given us confidence that the types of businesses we seek – quality companies exposed to long-term innovative themes such as advanced healthcare or cloud computing - have been able to not only show resiliency as some others have suffered but, in fact, experienced growth in demand for their products and services.

Individual Holdings: Quarterly

Company	Report date	Report Period	Period Ending	Sales surprise	Earnings surprise	Actual sales growth YoY	Actual EPS growth YoY
NIKE INC -CL B	24/03/2020	2020:C3	29/02/2020	6%	47%	5%	13%
BRISTOL-MYER SQB	07/05/2020	2020:C1	31/03/2020	13%	19%	82%	56%
NEW ORIENTAL-ADR	21/04/2020	2020:Q3	29/02/2020	0%	18%	16%	35%
TENCENT	13/05/2020	2020:Q1	31/03/2020	7%	17%	26%	37%
CISCO SYSTEMS	13/05/2020	2020:C3	30/04/2020	2%	14%	-8%	1%
ABB LTD-REG	28/04/2020	2020:Q1	31/03/2020	4%	12%	-9%	-4%
MICROSOFT CORP	29/04/2020	2020:C3	31/03/2020	4%	10%	15%	23%
KLA CORP	05/05/2020	2020:C3	31/03/2020	2%	8%	30%	37%
THERMO FISHER	22/04/2020	2020:C1	31/03/2020	2%	8%	2%	5%
NVIDIA CORP	21/05/2020	2021:C1	30/04/2020	3%	7%	39%	105%
MASTERCARD INC-A	29/04/2020	2020:C1	31/03/2020	1%	6%	3%	3%
COMCAST CORP-A	30/04/2020	2020:C1	31/03/2020	-1%	5%	-1%	-7%
ROPER TECHNOLOGI	28/04/2020	2020:C1	31/03/2020	4%	5%	5%	-8%
CHECK POINT SOFT	27/04/2020	2020:Q1	31/03/2020	2%	4%	3%	8%
INTERCONTINENTAL	30/04/2020	2020:C1	31/03/2020	1%	3%	23%	39%
VISA INC-CLASS A	30/04/2020	2020:C2	31/03/2020	2%	3%	7%	6%
DANAHER CORP	06/05/2020	2020:C1	31/03/2020	0%	3%	-11%	-2%
LAM RESEARCH	22/04/2020	2020:C3	31/03/2020	-1%	2%	3%	8%
FACEBOOK INC-A	29/04/2020	2020:C1	31/03/2020	3%	2%	18%	-3%
ADOBE INC	12/03/2020	2020:C1	29/02/2020	2%	2%	19%	33%
APPLIED MATERIAL	14/05/2020	2020:C2	30/04/2020	-2%	-2%	12%	27%
SAMSUNG ELECTRON	07/04/2020	2020:C1	31/03/2020	0%	-4%	6%	-4%
SAP SE	21/04/2020	2020:Q1	31/03/2020	0%	-7%	7%	-6%
PAYPAL HOLDINGS	06/05/2020	2020:C1	31/03/2020	-2%	-12%	12%	-15%
ALPHABET INC-A	28/04/2020	2020:C1	31/03/2020	3%	-17%	14%	-9%
MEDTRONIC PLC	21/05/2020	2020:A	30/04/2020	-2%	-21%	-26%	-62%
INFINEON TECH	04/05/2020	2020:Q2	31/03/2020	0%	-21%	0%	-46%
AMAZON.COM INC	30/04/2020	2020:C1	31/03/2020	2%	-45%	26%	-45%
SCHNEIDER ELECTR	-	-	31/03/2020	-5%		-8%	

Source: Bloomberg, Guinness Atkinson Asset Management. Data as of May 31, 2020.

PayPal – up 26.02% (in USD) in May:

PayPal's headline sales and EPS figures missed estimates for the first quarter after slowing consumer spending and large credit loss reserves which were driven by higher unemployment. However, PayPal finished the month as the fund's best performing stock as investors looked to better than estimated guidance and accelerating new users. Indeed, management pointed to a 20% growth in revenues for April along with a surge in user growth with 7.4M net new adds in April versus typical full quarter addition of ~9M. PayPal has been a beneficiary of the shift to digital payments which has accelerated due to coronavirus.

Nvidia – up 21.47% (in USD) in May:

Nvidia has been one of the standout performers year-to-date and one of the many companies in the fund that benefited from the acceleration in technology adoption caused by the pandemic. The world's largest producer of Graphic Processor Units (GPUs) has seen increased demand for its products (group revenues up 40% YoY), in particular from data centers (revenues up 80% YoY) as more people work from home, and the company's largest division, gaming (revenues up 27% YoY).

Medtronic – up 0.97% (in USD) in May:

Medtronic was one of the fund's weakest performers during May with its latest figures below estimates on both sales and EPS. While the company has significantly ramped up ventilator production (revenues from this product were up almost double compared to last year), the deferral of elective procedures has hampered the company's growth with management pointing to a reduction in bulk orders that usually comes near the end of the month. However, it is important to note that while many competitors have quarter ends in March, Medtronic's quarter finished at the end of April which meant its quarterly numbers were more negatively impacted than some other peers. We continue to see good long-term growth for the world's largest pure-play medical technology company, with many near-term procedures *deferred* as opposed to cancelled. In addition, Medtronic has been working hard to combat the outbreak, making its PB560 ventilator design specifications available at no cost, so other manufacturers can use these specs in manufacturing, while it has also partnered with Intel to develop a solution to adjusting ventilator settings remotely.

On a final note we leave you with yet another company quote pointing to an acceleration in digitalization:

Applied Materials - *"the global pandemic is acting as an accelerator for key technology inflections that were already underway. Working from home, learning from home and e-commerce are driving investments in cloud data centers and communications infrastructure.*

We expect companies to build stronger business continuity plans, which will include geographic redundancy and increased use of automation and IoT technologies, and the adoption of AI and Big Data [which] remains non-discretionary for many companies. As I've said before, this game-changing technology will transform entire industries and there will be big winners and losers through the transition. My personal view is that, we will see significant and permanent changes in the way companies operate and prioritize their investments."

We thank you for your continued support.

Portfolio Managers

Matthew Page, CFA

Dr Ian Mortimer, CFA

Summary performance

For the month of May, the Guinness Atkinson Global Innovators Fund produced a total return of 7.22% (in USD) against the MSCI World Index net total return of 4.83%. The fund therefore outperformed the benchmark by 2.39%.

Equity markets continued to rebound in May as countries remained geared towards relaxations in the COVID-19 lockdown measures. This led to outperformance in growth stocks vs value stocks, led by IT companies. While the fund's largest sector exposures are to IT, Industrials and Consumer Discretionary – 3 of the 4 largest performing sectors – it was strong selection from our North American IT exposure that drove the majority of outperformance: PayPal and Nvidia were the fund's top performers over the month rising 26.0% (USD) and 21.5% (USD) respectively on positive earnings commentary.

as of 05/31/20 (in USD)	1 year	3 years annualized	5 years annualized	10 years annualized
Global Innovators, Investor Class [1]	24.25%	10.21%	9.78%	13.58%
Global Innovators, Institutional Class [2]	24.55%	10.48%	10.03%	13.71%
MSCI World Net NR Index	6.81%	5.92%	5.84%	9.28%

as of 03/31/20 (in USD)	1 year	3 years annualized	5 years annualized	10 years annualized
Global Innovators, Investor Class [1]	-2.62%	5.61%	6.21%	10.45%
Global Innovators, Institutional Class [2]	-2.40%	5.87%	6.44%	10.57%
MSCI World Net NR Index	-10.39%	1.92%	3.24%	6.57%

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, https://www.gafunds.com/our-funds/global-innovators-fund/#fund_performance or call (800) 915-6566.

[1] Investor class (IWIRX) Inception 12.15.1998 Expense ratio* 1.24% (net); 1.35% (gross)

[2] Institutional class (GINNX) Inception 12.31.2015 Expense ratio* 0.99% (net); 1.21% (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 0.99% for the Institutional class and 1.24% for the Investor class through June 30, 2021. 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's focus on the technology, internet and communications sectors are extremely competitive and subject to rapid rates of change.

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 5/31/2020:

1.	PayPal Holdings Inc	4.32%
2.	NVIDIA Corp	3.71%
3.	Facebook Inc	3.69%
4.	Amazon.com Inc	3.65%
5.	Tencent Holdings Ltd	3.54%
6.	Adobe Inc	3.53%
7.	Roper Technologies Inc	3.49%
8.	Alphabet Inc - A Shares	3.48%
9.	Applied Materials Inc	3.47%
10.	Microsoft Corp	3.43%

For a complete list of holdings for the Global Innovators Fund, please visit: 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 prospectuses contain this and other important information and can be obtained by calling 800- 915-6565 or visiting www.gafunds.com. Read and consider it carefully before investing.

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

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.

Active share measures the extent of active management in a portfolio compared to the corresponding benchmark listed.

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