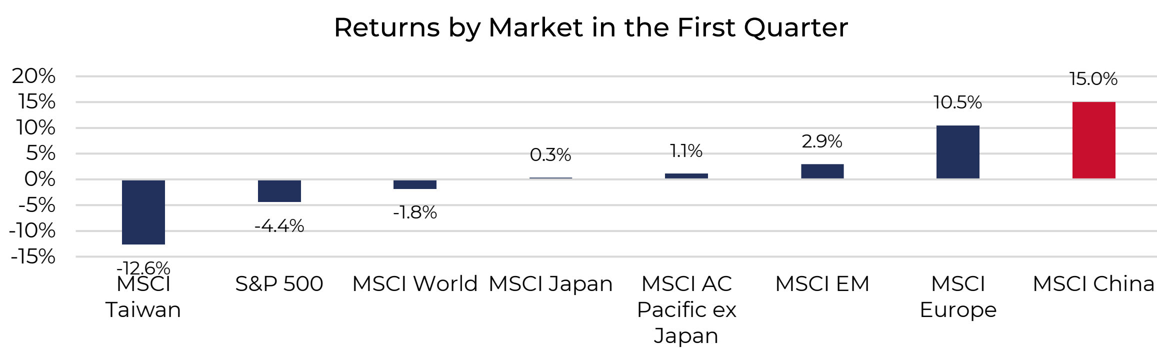
Guinness Atkinson
China & Hong Kong Fund
Managers' Update – Review of March 2025

Summary Review

- In the quarter, the strongest stocks in the Fund were Alibaba Group, Weichai Power and Tencent. The weakest were Nari Technology, Haier Smart Home and Inner Mongolia Yili.
- We sold Xinyi Solar and bought Himile Mechanical Science & Technology, and Hongfa Technology.
- Of the Fund's holdings, the companies with the most direct revenue exposure to the US are Haier Smart Home (30% of revenue from the US), Shenzhou International (17%), Hongfa Technology (7%) and Midea (6%).
- On a forward price/earnings basis, the Fund's holdings in aggregate are valued on 12.3x. With 79% of the Fund's revenue from China, the direct impact on the Fund's revenue and earnings is limited.

Market Commentary

(Performance data in the section in USD terms unless otherwise stated)



(Data from 12/31/24 to 03/31/25, returns in USD, source: Bloomberg, Guinness Atkinson calculations)

The unexpected release of Deepseek reignited interest in Chinese markets. While it seems the technical advancements made by Deepseek were anticipated by the industry, we argue hardly anyone expected it would be the Chinese to be the ones to make the advancements. Since Deepseek's release, the major tech giants in China have come out with their own models which they claim to be as good as Deepseek. AI related stocks therefore quickly surged. In China the listed companies with their own large language learning (LLM) models are found in Hong Kong, rather than in the onshore markets. These companies are namely Alibaba, Tencent and Baidu. Looking at market share for the cloud industry as measured by revenue, Alibaba is the largest with market share of 36%, followed by Huawei (not listed) at 19%, Tencent at 15% and Baidu at 6%.

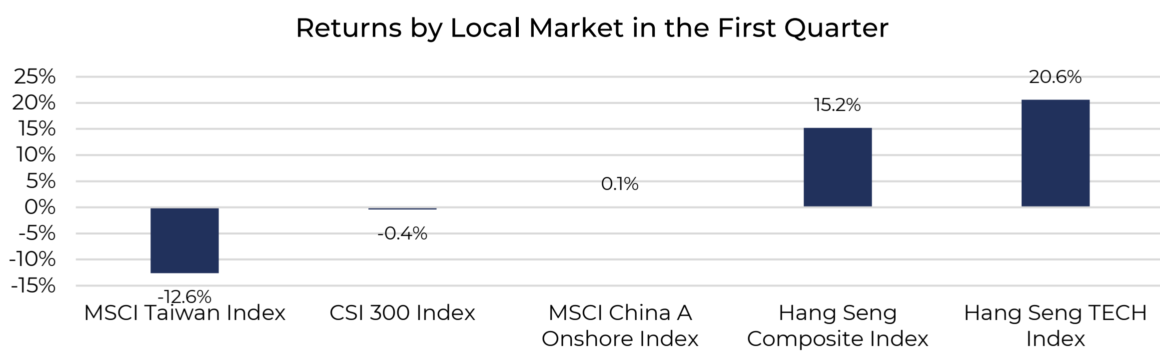
The gains in China were predominantly driven by a few of the large tech stocks. We estimate of the 15.0% rise in the MSCI China Index, 4.5 percentage points (pp) was driven by Alibaba, 3.0pp from Tencent, 1.3pp from Xiaomi, 0.8pp from JD.com and 0.8pp from Pinduoduo. In total, 10.3pp of the 15.0pp rise in the index was driven by just five stocks.

Additionally, stabilizing macro data was another factor driving Chinese markets. We regard September as the moment when government policy became more supportive for the economy, through a combination of: cuts in interest rates, the introduction of a household trade in program and corporate upgrade program, and more support for the real estate market.

We are now looking for the government to expand the size of its support for the economy. This year, funds allocated to the household trade in program have been doubled to CNY 300bn (assuming USDCNY

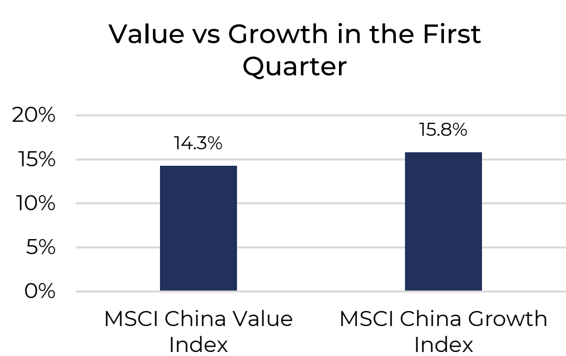
7.25, this is equivalent to $41bn). But to put this into context, last year retail sales were worth CNY 49 trn ($6.8 trn). The expanded support this year is only worth 0.6% of retail sales, and therefore we expect is likely to have a limited impact on boosting consumption. Increases have also been made to the basic pension and medicare, totaling CNY 384bn ($53bn). Of course, not all of this increase is to be spent on consumption but it is a step in the right direction. If the funds allocated to the trade in program were expanded to say, CNY 1 trn ($248bn), this would be worth 2.0% of retail sales (so 1.4% higher than the existing value) and would be more likely to boost consumption. The government has made boosting consumption a greater priority this year, but so far no major credible policies have backed their rhetoric. With the US increasing tariffs on China, we think the probability of major stimulus targeting consumption has increased.

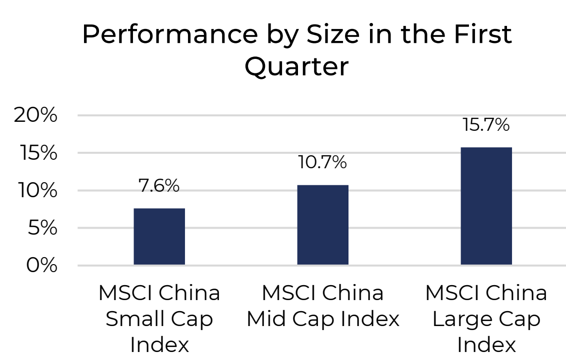
The household trade in program is to be funded by CNY 1.8 trn ($248bn) issuance of special government bonds, which is CNY 0.8 trn ($110bn) higher than last year's amount. Of the remaining funds, CNY 500bn ($69bn) is to be spent on bank recapitalization and CNY 1 trn ($138bn) is to be spent on funding corporate equipment upgrades and investments in areas of strategic importance.



(Data from 12/31/24 to 03/31/25, returns in USD, source: Bloomberg, Guinness Atkinson calculations)

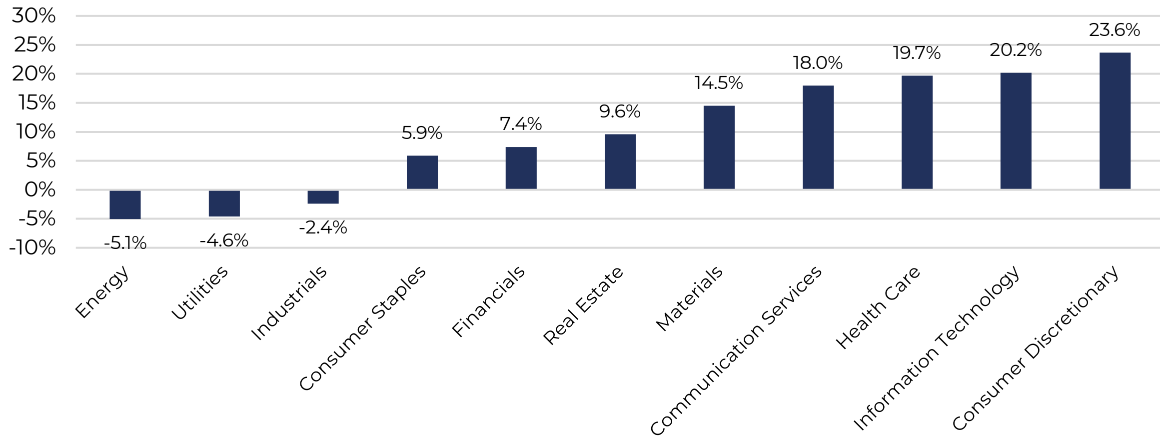
As the listed tech companies with their own LLM models are found in Hong Kong, the Hang Seng Composite was far stronger than the A share market. In the first quarter, the Hang Seng Composite Index rallied by 15.2% and the Hang Seng Tech Index rallied by 20.6%. This was led by the likes of Alibaba, Tencent, BYD and Xiaomi. Onshore markets, as measured by the MSCI China A Onshore Index, lack the presence of Internet tech companies with their own proprietary LLMs and so only rose by 0.1%. However, there were pockets of the A share market that did well such as humanoid robotics stocks and semiconductor stocks.





Value and growth stocks performed similarly, rising ~14-16%. Large caps outperformed, rising 15.7% while the small and mid-cap indexes rose by 7.6% and 10.7% respectively.

Returns by Sector in the First Quarter (MSCI China)



(Data from 12/31/24 to 03/31/25, returns in USD, source: Bloomberg, Guinness Atkinson calculations)

The best performing sectors were Consumer Discretionary (total return +23.6%), Information Technology (+20.2%) and Health Care (+19.7%). Within the Information Technology sector, companies perceived to benefit from AI were strong and much of the strength in the sector was driven by Xiaomi. In the Consumer Discretionary sector, Alibaba, BYD, Pinduoduo and JD.com contributed to the bulk of returns for the sector. Within the Health Care sector, it was the biologics names which were strong on potential changes to the pricing regime, which could boost margins for the industry.

The weakest sectors were Energy (-5.1%), Utilities (-4.6%) and Industrials (-2.4%). In the Energy sector, coal names were weak due to lower spot prices while Utilities lagged in a strong risk-on environment. In the Industrials sector, weaker names were China State Construction International, CATL and China Railway Group.

Stock Performance

Leaders in the First Quarter

Alibaba

In its most recent quarterly results, Alibaba (total return +55.9%) reported 8% revenue growth and 4% adjusted earnings before interest, taxes, depreciation, and amorization (EBITDA) growth. Customer Management Revenue (CMR) rose by 9% following changes to the fee structure for the segment. Instead of being charged an annual fee, merchants on the company's platforms are now charged a 0.6% commission on sales as well as a transaction service fee which is based on sales. Most of the market's interest however, was on Alibaba's cloud segment and AI. Cloud revenue rose by 13% in the quarter and management is aiming to spent CNY 300bn ($41bn) on capital expenditures (capex) on cloud infrastructure over the next three years. According to one broker estimate, this requires the company's cloud revenue to grow by 25-30% a year over the next three years to offset the greater depreciation costs, which is slightly higher than the 17% revenue growth for the cloud industry in 2024.

WEICHAI

Weichai Power (+37.7%) is a manufacturer of engines for heavy duty trucks. Net profit grew by 27% in 2024 and driven by a trade in subsidy, the company is targeting 20-30% profit growth this year. The new management team is also aiming to develop a new energy powertrain as electrification within the industry is increasing. Now that China is building out its own AI infrastructure, demand for large bore engines is increasing. Data centers require uninterrupted power supply and so have backup diesel generators which are powered by large bore engines.

Tencent

Tencent's (+19.0%) results continue to beat expectations. Revenue in the Online Gaming segment grew by 20% in the fourth quarter while in the Advertising segment growth was 18%. Revenue from the company's Video Accounts (equivalent to Tiktok) grew by 60% despite the currently low amount of adverts being pushed. The market's focus has shifted to how Tencent is likely to utilize AI across its business. Unlike Alibaba, Tencent is likely to use AI to improve its internal efficiency. In the Online Gaming segment, AI can be used to efficiently create dialogue for characters as well as provide analytics for gamers. In the Advertising segment, management point out that Chinese consumers spend 33% of their screen time on Tencent's apps, but Tencent only has 10% market share in China's advertising industry. The company has been continuously improving its advertising infrastructure to improve the quality of ads, conversion rates and revenue per impressions. Tencent is also building out its own search engine using AI, with solid user growth and retention figures.

Laggards in the First Quarter

NARI

Nari Technology (-12.7%) makes equipment and software for the electricity grid and its majority shareholder is China's State Grid. Its share price has been defensive over the past few years and so in a risk on environment, the market looked past the stock. Approval for Nari's Ultra High Voltage (UHV) power lines have been slower than expected and there may be some pricing pressure on a few products sold to the grid. We expect approvals to pick up later in the year and on pricing, we do not see signs of broad-based price cuts for Nari's goods.

Haier

Haier Smart Home (-9.2%) benefited from the household trade in program last year and so its share price was an outperformer last year. In the risk on environment we saw this quarter, market attention moved towards higher beta names. Additionally, given Haier's exposure to the US, which contributes to 30% of sales, the market likely focused on the impact of rising tariffs on Haier's earnings. This is discussed later in this update.

Inner Mongolia Yili (-6.4%) is China's largest dairy company. The dairy industry remains sluggish, where in 2024 consumption likely fell by mid-single digits due to lower prices and consumption downgrades. On the other hand, Yili's milk powder sales likely grew last year, driven by both infant milk formula and adult milk formula. Retail sales were stable during the recent Lunar New Year holidays, and management expect downward pressure on milk prices to ease as some overcapacity exits the industry.

Portfolio Changes

We sold Xinyi Solar and bought Himile Mechanical Science & Technology, and Hongfa Technology.

We sold Xinyi Solar, which is the world's largest manufacturer of solar glass. Given the oversupply in the solar industry, its leading position has not allowed it to escape the pricing pressure seen across all parts of the supply chain. A combination of falling solar glass prices and idle capacity meant the company's gross margins fell significantly last year. Impairments on some equipment and inventory put further pressure on net profits. Though we do believe the company is doing better than most of its competition, we do not see the oversupply in the industry ending soon.

In its place we bought Hongfa Technology, which is the world's largest electric relay manufacturer. A relay is a switch that allows a low-voltage signal to control a higher voltage circuit and is a critical component used across many applications. Hongfa's relays are used in various downstream markets, the most important of which are the automobile, home appliances and power industries. We argue the company has several structural growth opportunities to take advantage of:

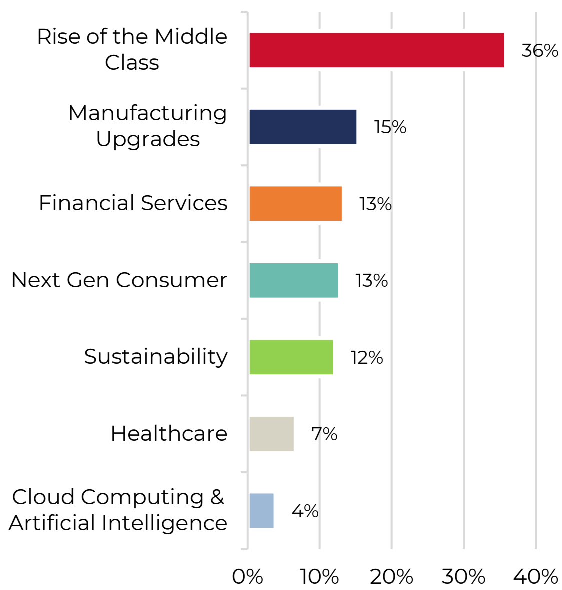
- Cars, whether internal combustion engine (ICE) or electric vehicles (EVs), are becoming smarter and more functions are continuously being added. These functions require more relays, which increases the total addressable market for Hongfa.
- Rising market share for EVs implies greater demand for high voltage direct current (HVDC) relays, which are used to enable fast charging for EVs. Hongfa is a major supplier to BYD and so should benefit from BYD's rising popularity.
- In China, it is likely we will see a boom in data center construction to facilitate AI development, which will place greater demand on the power grid. This may increase the State Grid's capex plans, which is likely to lead to greater demand for Hongfa's power relays.

Himile Mechanical is an industrial company that has three segments: 1) tire molds, 2) large mechanical components (for gas turbines and wind turbine components) and 3) computer numerical control (CNC) machines. Within the tire mold segment (55% of revenue in 2023), Himile has more than 30% global market share. As EVs become more popular, tires are becoming more complex and heavier which requires more advanced and expensive molds. As ~80% of tire demand is replacement demand, this segment provides a steady source of earnings and cashflow for the business. After developing its own precision casting technology for the tire mold segment, Himile used this knowhow to grow its large mechanical components segment (39% of revenue). This segment mostly consists of components for gas turbine manufacturers (such as General Electric, Siemens and Mitsubishi) and for wind turbines (hubs, bases, and gearbox parts). China is continuing to invest heavily in natural gas capacity and so we expect order growth in this segment to continue. The CNC machine segment is currently small (4% of revenue) but we expect it to become a larger part of the business. Himile has spent 30 years developing its own CNC machines for its tire mold and mechanical components business, and the company now believes they are good enough to compete in the higher end of the market where China is still reliant on imports.

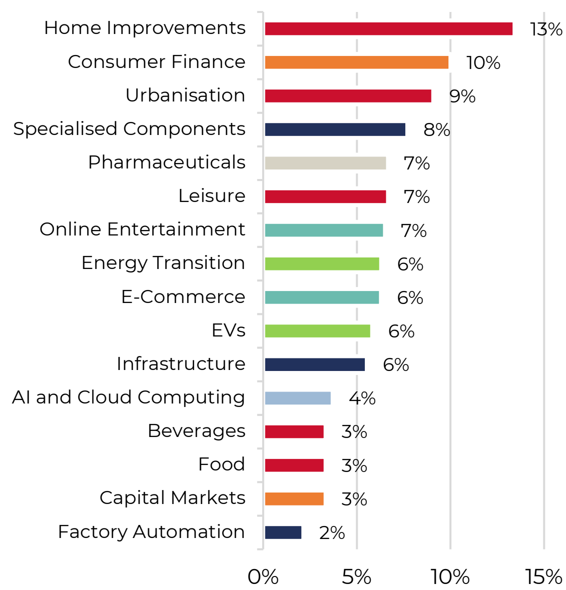
Portfolio Positioning

By theme, the Fund's largest exposures are to the Rise of the Middle Class, followed by Manufacturing Upgrades and Financial Services. Important subthemes include Home Improvements, Consumer Finance and Urbanization.

By Theme



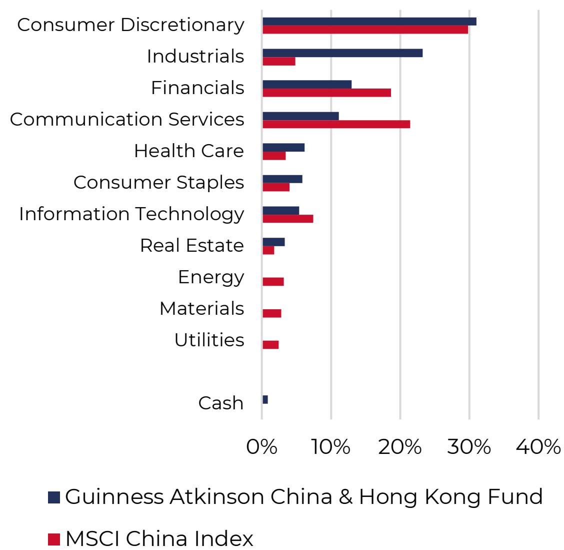
By Subtheme



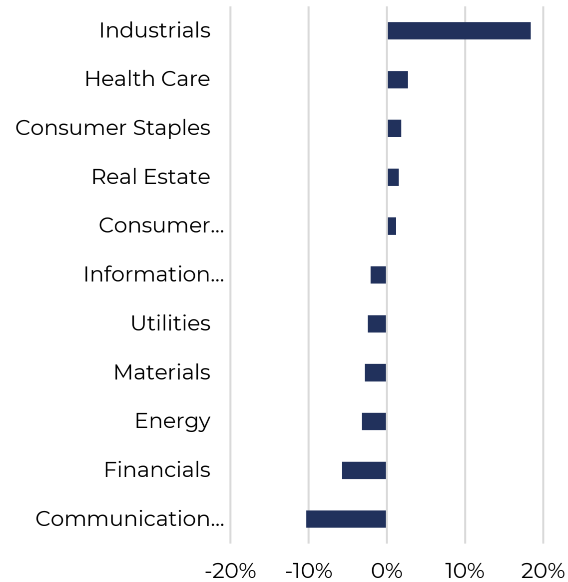
(Data as of 03/31/25, source: Guinness Atkinson calculations. Data assumes portfolio is equally weighted)

On a sector basis, the Fund's largest exposures are to the Consumer Discretionary and Industrials sectors. Relative to the MSCI China Index, the Fund is overweight in the Industrials sector. The Fund is underweight in the Communication Services and Financials sectors.

Fund Sector Allocation vs MSCI China Index



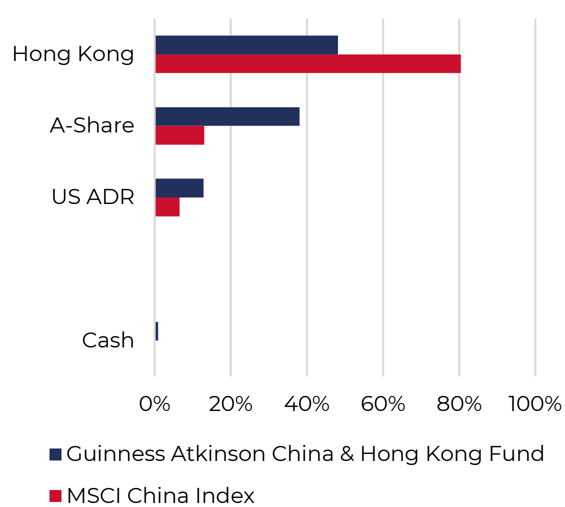
Fund over/underweights



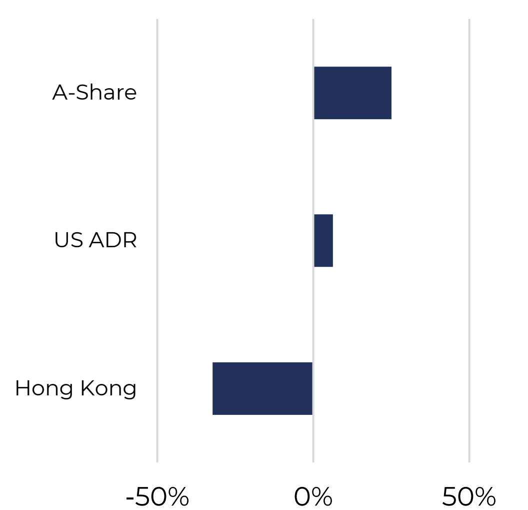
(Data as of 03/31/25, source: Guinness Atkinson calculations, Bloomberg)

On a listing basis, the Fund has 48% exposure to stocks listed in Hong Kong and 38% exposure to the A share market. Relative to the MSCI China Index, this makes the Fund 25% overweight to the A share market and 32% underweight to stocks listed in Hong Kong.

Fund Allocation vs MSCI China



Fund over/underweights



(Data as of 03/31/25, source: Guinness Atkinson calculations, Bloomberg)

Exposure to the US

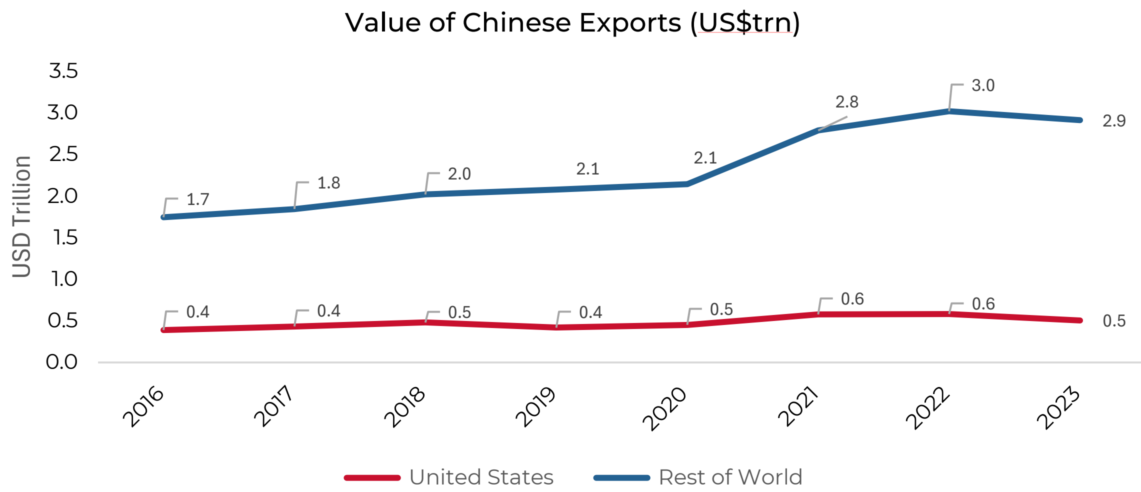
For the Fund, 79% of revenue is derived from China and 21% from abroad. Stocks with greater US exposure are Haier Smart Home, Shenzhou International and Hongfa Technology.

- Haier Smart Home (30% of revenue from US) – Haier is one of the world's largest home appliances companies, selling goods such as air conditioners, fridges and washing machines. Of sales to the US, 50% of production is in the US, 30% is in Mexico and 15% is in China. The company is now considering relocating some offshore production into the US, and to set up new factories in countries with low tariffs with the US. The associated increase in costs may be partly shared with suppliers and consumers through price hikes in the US.
- Shenzhou International (17% of revenue from US) – for the past decade, this garment manufacturer has been diversifying its production facilities across South East Asia. This was initially due to economics, as rising wages in China meant that Vietnam and Cambodia were more attractive locations. In recent years, due to geopolitical risk this move into South East Asia also had diversification benefits. In 2016, 69% of staff were based in China and 31% were abroad. By 2023, 49% of staff were in China and 51% were abroad (split 29% Vietnam and 21% Cambodia). With the most recent set of tariff increases, the US now has a 46% tariff on Vietnam and 46% tariff on Cambodia, which was unexpected. We do not think the US wants to reshore the low-end manufacturing present in these countries; instead, the US is likely to want these countries to lower their tariffs on the US and to lower non-tariff barriers to trade.
- Hongfa Technology (~7% of revenue directly from the US) – Hongfa has already been subject to 25% tariffs in the US since 2019 but its sales to the US have nevertheless done well. Hongfa has built additional factories in Germany and Indonesia and though these countries are now subject to tariffs, their tariff rates are lower than the China rates, so the company can move production around. For higher end relays, there are few alternative providers for Hongfa's customers to pick from so we expect the tariff burden to be shared.
- Midea (6% of revenue from the US) – Midea is one of the world's largest household appliances firms, well known for its air conditioning business. Though not disclosed in its annual report, separately Midea has indicated sales to the US are worth only 6% of revenue. This is mostly via the home appliances segment rather than the air conditioning business. Over the past few years, Midea has been expanding its footprint worldwide and now has production plants in Brazil, Indonesia, Italy, Thailand, India, Mexico and Egypt. The company can use these various sites, which have lower tariffs than China, to sell into the US. That said, with higher tariffs it is likely margins on US sales are to fall.

Outlook

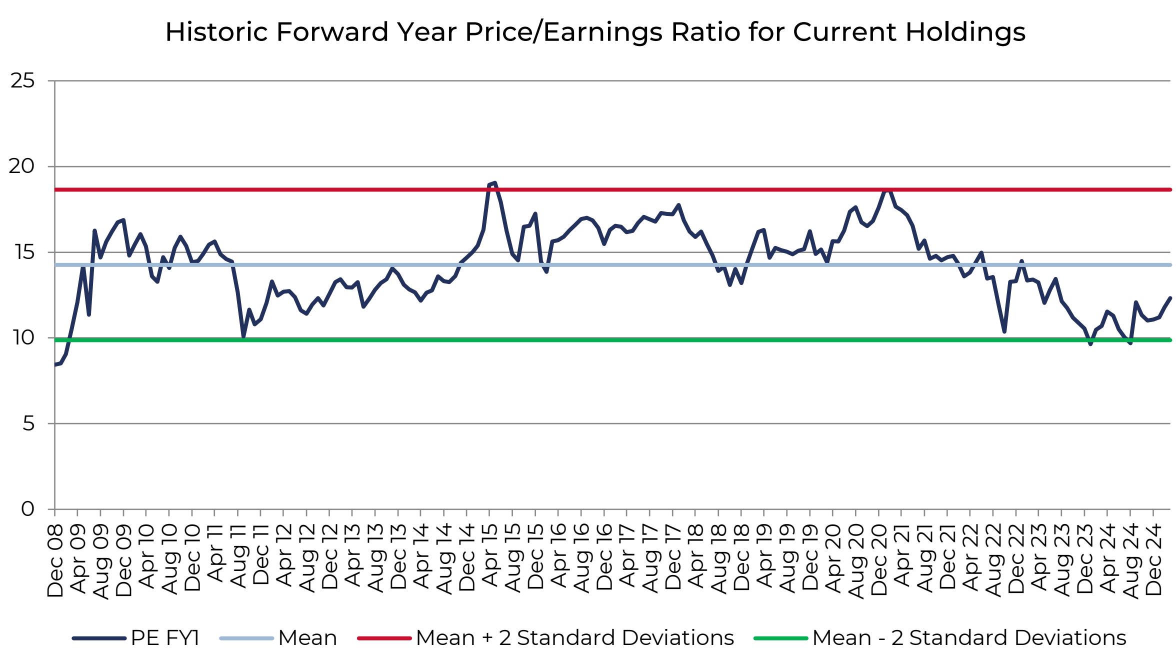
On the 3rd April, Trump imposed a 34% reciprocal tariff on imports from China, which is on top of the existing 20% tariffs introduced this year. This means the tariffs on China are now ~60-65%. In response, China imposed a 34% tariff on all imports from the US, as well as introducing further restrictions on rare earth exports to the US and an anti-trust probe into the local subsidiary of DuPont. Some American companies were added to the Unreliable Entity List and Export Control List.

It is likely the new tariffs on China are to drag China's GDP growth rate lower by up to two percentage points, but this assumes no policy reaction by the Chinese. Based on the commentary from the People's Daily (the Party Central Committee's official newspaper), to mitigate the impact of tariffs we may see further cuts to interest rates and the required reserve ratio. It is implied there is room for a further increase in fiscal deficits and issuance of special government bonds. This is likely to be used to fund increases in the household trade in program and corporate equipment upgrade programs.



(Data as of 12/31/23, source: Guinness Atkinson calculations, IMF Direction of Trade Statistics)

The People's Daily also points out that the economy is less reliant on exports to the US than in Trump's first term. In 2016, China's exports to the US accounted for 19% of its total exports. By 2024, this share had fallen to ~15%. Europe and emerging markets have been increasingly the focus of China's exports and this trend is likely to accelerate as a result of the US's actions.



(Data from 12/31/08 to 03/31/25, source: Guinness Atkinson calculations, Bloomberg

For the Fund's holdings, the chart above shows the historic forward year price/earnings (P/E) ratio. From a valuation perspective, we are at very different levels to Trump's first term. In Feb-18, the month before Trump first initiated tariffs, our holdings were valued at 16.9x on a forward P/E basis and they de-rated to a low of 13.1x. Today, the economy is mid-way through an economic transition away from property towards the new pillar industries, and tariffs have been expected, though the pace of implementation was likely not. As of Mar-25, our holdings were valued on a forward P/E of 12.3x i.e. lower than in Trump's first term. Now given US tariffs on China are 60-65%, the Fund's lower valuation vs 2018/19 is somewhat justified. But with 79% of the Fund's revenue from China, the direct impact on the Fund's revenue and earnings is limited. The sell-off in the first few days of April does seem to be overdone for our quality set of companies, as even companies with zero exposure to the US have seen their share prices fall significantly.

Sharukh Malik (portfolio manager)
Edmund Harriss (portfolio manager)

Performance

In the first quarter, relative to the MSCI China Index, areas which helped the Fund's performance were:

- Stock selection in the Industrials sector, driven by Shenzhen Inovance Technology and Sany Heavy Industry.
- The underweight to the Energy and Utilities sectors, which both fell and to where the Fund has no exposure.

In the first quarter, areas which detracted from the Fund's relative performance were:

- The structural underweight to Tencent and Alibaba. The Fund is run on an equally weighted basis and so each position has a neutral weight of 3.3%. As of the end of February, Tencent and Alibaba's weight in the MSCI China Index were 17% and 11% respectively, making them the largest two stocks by far in that index. Both outperformed in the quarter and so the Fund benefited from less of their outperformance than the index.
- Stock selection in the Information Technology sector, driven by Xiaomi (not held).
- Stock selection in the Consumer Discretionary sector, driven by BYD and Meituan (neither held), as well as Haier Smart Home.
- Ultimately, the Fund's underweight to the following large cap stocks explains most of its underperformance versus the index: Alibaba and Tencent (both held), and Xiaomi, BYD and Pinduoduo (none held).

In March, relative to the MSCI China Index, areas which helped the Fund's performance were:

- A combination of the overweight to the Health Care sector and stock selection, driven by Sino Biopharmaceutical and CSPC Pharmaceutical.
- Stock selection in the Industrials sector, driven by Shenzhen Inovance Technology and Sany Heavy Industry.
- Stock selection in the Consumer Discretionary sector, driven by Zhejiang Supor, Midea Group and Travelsky.

In March, areas which detracted from the Fund's relative performance were:

- Stock selection in the Financials sector, driven by not holding the large state-owned banks which outperformed.

- Stock selection in the Communication Services sector, driven by the structural underweight to Tencent which outperformed.

As of 03/31/2025	YTD	1 Year	3 Year	5 Year	10 Year
China & Hong Kong Fund (ICHKX)	**10.36%**	**16.31%**	**-5.29%**	**-1.07%**	**0.77%**
Hang Seng Composite Index TR	**15.21%**	**44.99%**	**5.33%**	**4.41%**	**3.28%**
MSCI China Net Total Return Index	**15.02%**	**40.59%**	**3.53%**	**1.46%**	**2.51%**

All returns over 1 year annualized. *Source: Bloomberg, Guinness Atkinson Asset Management.*

Expense Ratio: 1.94%

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 shown is current to the most recent month and quarter end. To obtain performance as of the most recent month end, please visit www.gafunds.com or call 1-800-915-6565. 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.

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 investment company, 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. The China and/or Hong Kong stock markets in which the Fund invests may experience periods of volatility and instability. These fluctuations may cause a security to be worth less than it was at the time of purchase. Market risk applies to individual securities, a particular sector or the entire economy. China and/or Hong Kong stocks may fall out of favor with investors, the value of Chinese currencies may decline relative to the U.S. dollar and/or China or Hong Kong stock markets may decline generally. The Fund invests in invest in small-cap or mid-cap, which involve additional risks such as limited liquidity and greater volatility, than investments in larger companies.

One cannot invest directly in an Index.

P/E ratio is a current stock price over its earnings per share. The forward P/E ratio is a current stock's price over its "predicted" earnings per share. If the forward P/E ratio is higher than the current P/E ratio, it indicates decreased expected earnings.

Standard deviation is a statistic that measures the dispersion of a dataset relative to its mean and is calculated as the square root of the variance. If the data points are further from the mean, there is a higher deviation within the data set. A volatile stock has a high standard deviation, while the deviation of a stable blue-chip stock is usually rather low.

The compound annual growth rate (CAGR) is the rate of return (RoR) that would be required for an investment to grow from its beginning balance to its ending balance, assuming the profits were reinvested at the end of each period of the investment's life span.

The Producer Price Index (PPI) program measures the average change over time in the selling prices received by domestic producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services.

The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. Indexes are available for the U.S. and various geographic areas. Average price data for select utility, automotive fuel, and food items are also available.

USD/CNY is the abbreviation for the US Dollar and Chinese Yuan pair. It shows how much the USD (base currency) is worth as measured against the CNY (counter currency).

The Shanghai Shenzhen CSI 300 Index is a market capitalization-weighted stock market index designed to replicate the performance of the top 300 A-share stocks traded in the Shanghai and Shenzhen stock exchanges.

Hang Seng Composite Total Return Index is a market capitalization weighted index that monitors the performance of stocks listed in Hong Kong.

In China, the National Bureau of Statistics (NBS) Manufacturing Purchasing Manager Index measures the performance of the manufacturing sector and is derived from a survey of more large-scale, state-owned companies. The Manufacturing Purchasing Managers Index is based on five individual indexes with the following weights: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stock of Items Purchased (10%), with the Delivery Times index inverted so that it moves in a comparable direction.

Capital expenditures (CapEx) - How much a company invests in existing and new fixed assets to maintain or grow its business. It's any type of expense that a company capitalizes or shows on its balance sheet as an investment rather than on its income statement as an expenditure

A nonperforming loan (NPL) is a loan that is in default due to the fact that the borrower has not made the scheduled payments for a specified period.

The MSCI China Small Cap Index is designed to measure the performance of the small cap segment of the China market. With 241 constituents, the index represents approximately 14% of the free float-adjusted market capitalization of the China equity universe.

The MSCI China Mid Cap Index is designed to measure the performance of the mid cap segments of the Chinese markets. With 397 constituents, the index covers approximately 15% of the free float-adjusted market capitalization in China.

The MSCI China Large Cap Index captures large cap representation across China A shares, H shares, B shares, Red chips, P chips and foreign listings (e.g. American Depositary Receipts). With 305 constituents, the index covers about 85% of this China equity universe.

The Caixin PMI measures the performance of the manufacturing sector and is derived from a survey of more private companies.

MSCI AC Asia Pacific ex Japan Index is free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of countries in the Asia Pacific region.

MSCI Europe Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of European markets.

MSCI EM Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of Emerging markets in Asia, Europe, Middle East, Africa and Latin America.

MSCI China Index captures large and mid cap representation across China A shares, H shares, B shares, Red chips, P chips and foreign listings (e.g. ADRs). With 703 constituents, the index covers about 85% of this China equity universe.

The MSCI China A Index captures large and mid-cap representation across China securities listed on the Shanghai and Shenzhen exchanges. The index covers only those securities that are accessible through "Stock Connect". The index is designed for international investors and is calculated using China A Stock Connect listings based on the offshore RMB exchange rate (CNH).

The MSCI China A Onshore Index captures large and mid cap representation across China securities listed on the Shanghai and Shenzhen exchanges.

MSCI Hong Kong Index is a capital weighted stock index designed to measure the performance of the large and mid cap segments of the Hong Kong market. It has 48 constituents and covers approximately 85% of the free float-adjusted market capitalization of Hong Kong equity stocks.

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

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

MSCI China Growth Index captures large and mid cap securities exhibiting overall growth style characteristics across the Chinese equity markets.

MSCI China Value Index captures large and mid cap Chinese securities exhibiting overall value style characteristics. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price, and dividend yield.

S&P 500 Index is a market-capitalization-weighted index of leading publicly traded companies in the U.S.

The Hang Seng Composite Index ("HSCI") offers a comprehensive Hong Kong market benchmark that covers about the top 95th percentile of the total market capitalisation of companies listed on the Main Board of the Stock Exchange of Hong Kong ("SEHK").

Hang Seng TECH Index represents the 30 largest technology companies listed in Hong Kong that have high business exposure to technology themes and pass the index's screening criteria.

The MSCI Taiwan Index is designed to measure the performance of the large and mid cap segments of the Taiwan market. With90 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Taiwan.

EBITDA, short for earnings before interest, taxes, depreciation, and amortization, is an alternate measure of profitability to net income. It's used to assess a company's profitability and financial performance.

The reserve ratio is the portion of reservable liabilities that commercial banks must hold onto, rather than lend out or invest. This is a requirement determined by the country's central bank.

Customer management revenue (CMR) is a significant portion of overall sales, representing revenue from services like marketing and other solutions offered to merchants

To calculate revenue growth, subtract the previous period's revenue from the current period's. Next, divide that result by the previous period's revenue and multiply by 100.

Beta (β) used in finance to denote the volatility or systematic risk of a security or portfolio compared to the market, usually the S&P 500, which has a beta of 1.0. Stocks with betas higher than 1.0 are interpreted as more volatile than the S&P 500.

Privately owned enterprise (POE) is a business that is managed by an independent company or private individual — rather than the Chinese Government or the host country government. While these companies may issue stock and have shareholders, their shares are not listed on public exchanges.

American depositary receipt (ADR) refers to a negotiable certificate issued by a U.S. depositary bank representing a specified number of shares—usually one share—of a foreign company's stock. The ADR trades on U.S. stock markets as any domestic shares would.

Earnings per share (*EPS*) is calculated as a company's profit divided by the outstanding shares of its common stock.

Many investors use the price-to-book ratio (P/B ratio) to compare a firm's market capitalization to its book value and locate undervalued companies. This ratio is calculated by dividing the company's current stock price per share by its book value per share (BVPS).
The dividend yield, expressed as a percentage, is a financial ratio (dividend/price) that shows how much a company pays out in dividends each year relative to its stock price.

Price/Earnings ratio (P/E) is an equity valuation multiple. It is defined as market price per share divided by annual earnings per share

M2 is the U.S. Federal Reserve's estimate of the total money supply including all of the cash people have on hand plus all of the money deposited in checking accounts, savings accounts, and other short-term saving vehicles such as certificates of deposit (CDs). Retirement account balances and time deposits above $100,000 are omitted from M2.

USDCNY exchange rate refers to how many Renminbi one US dollar is worth.

Opinions expressed are subject to change, are not a guarantee and should not be considered investment advice. Past performance is not indicative of future results.

Dividends are not guaranteed and may fluctuate. Earnings growth and Income growth are not a measure of future performance.

Top Fund Holdings as of 3/31/2025:

1.	Tencent Holdings Ltd	4.79%
2.	Geely Automobile Holdings Ltd	3.94%
3.	Shandong Himile Mechanical Science & Technology Co Ltd	3.94%
4.	Weichai Power Co Ltd - H Shares	3.66%
5.	Sino Biopharmaceutical Ltd	3.64%
6.	Hongfa Technology Co Ltd	3.53%
7.	Midea Group Co Ltd	3.53%
8.	Sany Heavy Industry Co	3.51%
9.	TravelSky Technology Ltd	3.46%
10.	Zhejiang Supor Cookware - A Shares	3.39%

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

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