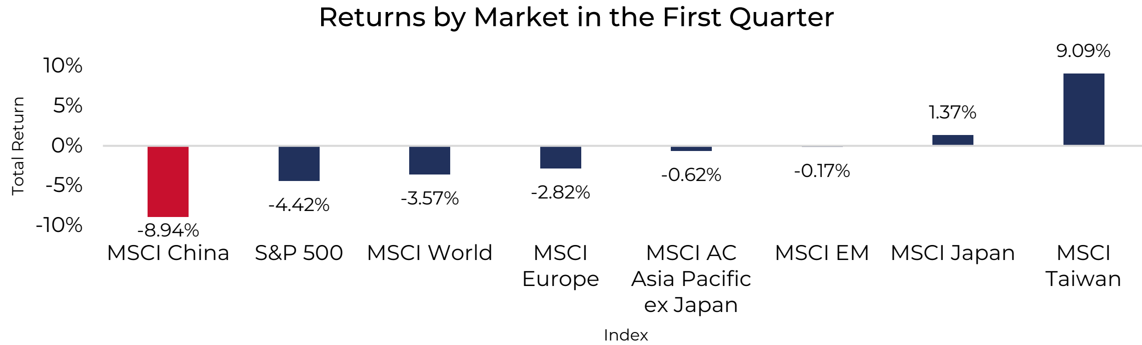
Market Commentary

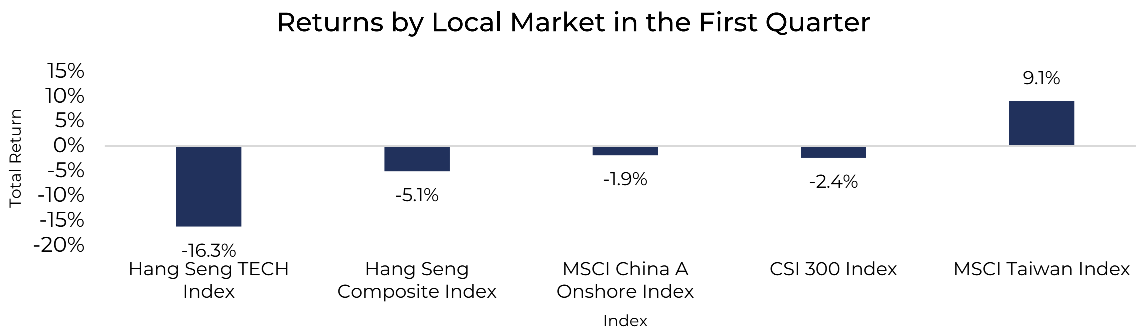
(Performance data in the section in USD terms unless otherwise stated)



(Data from 12/31/25 to 03/31/26, returns in USD, source: Bloomberg, Guinness Atkinson calculations)

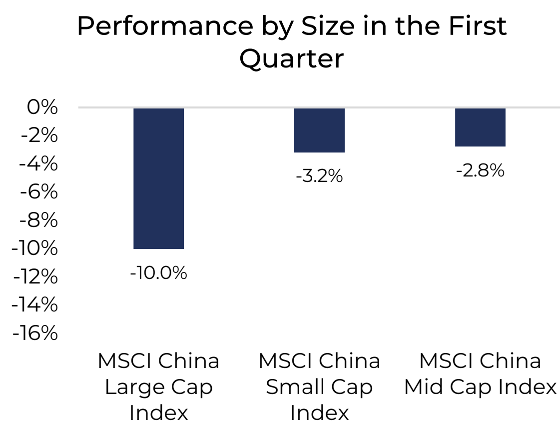
(Data from 12/31/25 to 03/31/26, returns in USD, source: Factset, Guinness Atkinson calculations)

In the first quarter, the MSCI China Index fell by 8.9%, underperforming developed markets as measured by the MSCI World Index, which fell by 3.6%. Market performance was largely driven by weakness in large-cap technology stocks, particularly Tencent and Alibaba, which saw meaningful valuation de-ratings. Investor concerns centered on evolving competitive dynamics in artificial intelligence, including the potential for AI assistants to disrupt incumbent platforms. This was compounded by a broader rotation away from previously crowded growth positions.



(Data from 12/31/25 to 03/31/26, returns in USD, source: Bloomberg, Guinness Atkinson calculations)

In the first quarter, offshore markets underperformed, as the Hang Seng Composite Index fell by 5.1% while the MSCI China A Onshore Market fell by 1.9%. The biggest drivers behind the drop in the Hang Seng Composite Index were the large-cap tech stocks Tencent, Alibaba, Xiaomi and Meituan. Onshore markets, with their lower weight to large-cap internet platforms, were more resilient.



(Data from 12/31/25 to 03/31/26, returns in USD, source: Bloomberg, Guinness Atkinson calculations)

In the quarter, growth stocks significantly underperformed as the MSCI China Growth Index fell by 13.8% while the value index fell by 3.8%. Large caps also underperformed as the MSCI China Large Cap Index fell by 10.0%, while the corresponding small- and mid-cap indexes fell by 3.2% and 2.8%. This reflects both the concentration of prior gains in a narrow group of large-cap technology names and the subsequent reversal as sentiment weakened.

GUINNESS ATKINSON FUNDS

(Data from 12/31/24 to 03/31/26, returns in USD, source: Bloomberg, Guinness Atkinson calculations)

More broadly, technology-related stocks in China have experienced a meaningful correction over the past six months following strong performance earlier in 2025. This earlier rally was driven by optimism around domestic AI developments and supportive policy signals, but valuations became increasingly stretched, particularly among large-cap platform companies. The subsequent de-rating reflects a combination of profit-taking, reassessment of competitive positioning in AI, and a broader normalization of expectations.

At the same time, geopolitical developments, including the escalation of conflict in the Middle East, contributed to increased market volatility in March. This led to a broad-based risk-off environment globally, with additional pressure on equities that had previously outperformed. Commodity-related names, which had benefited from rising energy prices earlier in the quarter, also saw some reversal as uncertainty increased.

In our view, these developments mark a shift in market leadership and are creating a more attractive opportunity set beyond the initial winners of the AI cycle. The de-rating in large-cap technology has reduced the concentration of returns and begun to broaden the opportunity set across sectors. While early direct AI beneficiaries have been significant outperformers, we are increasingly seeing opportunities in areas that are indirectly exposed to the same structural drivers but remain materially undervalued.

In particular, we see compelling opportunities in Industrials, where companies are benefiting from improving pricing dynamics, a stabilization in end-market demand, and increasing exposure to the AI-related infrastructure build-out, including power generation and grid investment. Despite these tailwinds, valuations remain subdued, reflecting continued market skepticism around a cyclical recovery and a lack of recognition of these emerging growth drivers.

China's Exposure to Oil and Gas from the Strait of Hormuz

Relative to other countries in Asia, China appears to be more resilient to the ongoing energy shock. We estimate that 25-30% of China's oil demand is exposed to the Strait of Hormuz while only 6% of its gas supply is at risk, reflecting significant pipeline imports from Russia.

Of China's primary energy consumption, crude oil and liquefied natural gas (LNG) accounted for 28% of the total which is well below the world average. While coal's share has been falling for more a decade, it is still the largest share of China's energy consumption at 51%, while renewables take up 22%. That said, substitution is limited in certain sectors, meaning industries such as transport, aviation and petrochemicals remain exposed to oil price volatility.

The government has mechanisms in place to limit the pass-through of higher crude oil prices to consumers and businesses. Generally speaking, when crude oil prices are above $80/barrel (bbl), refining margins are lowered and State Owned Enterprises such as Sinopec absorb higher prices via a reduction in their refining margins. Margins are compressed until $130/bbl, at which point refining margins fall to zero. Beyond this price, further administrative and fiscal measures are used to cap gasoline and diesel prices.

Therefore, we believe inflation sensitivity is likely to be moderate. Motor fuel accounts for about 2.5% of the Consumer Price Index (CPI) basket, and a 10% rise in oil prices is estimated to add only about 0.1 percentage points (pp) to CPI and 0.5–0.6pp to the Producer Price Index (PPI). The impact of natural gas is likely smaller, given its low weighting in the PPI basket (about 1.5%) and likely low weight in the CPI basket.

China has also built a Strategic Petroleum Reserve, with 1.4 billion barrels accumulated, which provides import cover of 112 days. This is slightly below 127 days for OECD (Organization for Economic Co-operation and Development) nations, excluding the US and Canada.

Stock Performance in the First Quarter

Strongest Stocks

WEICHAI

Weichai Power (total return +43.9% in the first quarter) is a leading manufacturer of heavy-duty engines, where we see an opportunity to benefit from growing demand for power solutions linked to data center expansion. In our view, the market does not fully reflect this growth opportunity, continuing to value the business largely as a traditional engine manufacturer while undervaluing the aftermarket servicing opportunity, which provides a source of high-margin, recurring revenue. The company's capability in both diesel and gas-powered generation positions it well to benefit from growing demand for flexible and reliable on-site power solutions, across both primary and backup use cases.

FIRST

Hangzhou First Applied Material (+27.4%) is the world's largest manufacturer of solar encapsulation film, which is used to protect solar modules. Its primary raw material is a derivative of oil and gas, and developments in the Middle East have led to a significant increase in input costs. In the short term, First Applied is benefiting from its leading market share, allowing it to raise prices. In addition, the company is selling inventory produced at lower historical costs into a higher price environment, providing a temporary increase to margins. But with inventory days of about 54, this benefit is likely to be short-lived. As inventories are replenished at higher spot prices, the margin uplift is expected to normalize. Looking beyond the next month or two, higher input costs have historically been associated with higher solar film prices, suggesting that the company may be able to pass on higher costs to customers. At the same time, smaller competitors who are already under pressure from industry oversupply and weak profitability may struggle to do the same. This could accelerate industry rationalization and provide First Applied with an opportunity to further consolidate market share.

NARI

Nari Technology (+17.2%) provides critical software and equipment that underpin the operation of electricity grids. Its core offerings include grid control systems, substation automation and protection devices that detect faults and prevent outages. The company also enables smart grid functionality and renewable integration, supporting utilities as networks become more complex and decentralized. In effect, Nari's products act as the "central nervous system" of the grid, positioning it as a key beneficiary of power grid modernization and the energy transition. China's State Grid Corporation's 15th Five-Year Plan implies about 7% annual grid capex growth (around 40% above the previous plan), with investment focused on Ultra High Voltage (UHV) corridors and distribution upgrades to support renewables and electrification. As

State Grid's core platform for secondary equipment and smart grid technology, Nari is well positioned to benefit from this step-up in investment. At the same time, geopolitical tensions and reliance on energy shipments via the Strait of Hormuz are reinforcing the global push toward electrification and domestic energy security. This is likely to drive incremental international demand for grid infrastructure, creating upside from overseas orders for companies like Nari.

Weakest Stocks

Shenzhou International (total return -24.1% in the first quarter) was weak, reflecting both the impact of ongoing geopolitical tensions in the Middle East and softer second half results. Gross margins declined by 1.7pp as the company absorbed higher US import tariffs, rising wages and Renminbi (RMB) appreciation which contributed to increased foreign exchange losses. Management also reported softer client orders in the first two months of the year. Against this backdrop of weaker demand and elevated uncertainty, management guided to mid-single-digit capacity growth for 2026.

Meituan (-20.3%) reported broadly in-line revenue, but profitability remains under pressure. While domestic unit economics are improving sequentially, this has yet to translate into meaningful margin recovery. Strength in higher-value segments, where Meituan has significant market share, provides some resilience as subsidies moderate. However, margins remain under pressure with growth in the higher-margin In-Store, Hotel and Travel segment slowing to the low teens, alongside continued drag from overseas expansion and new initiatives. Regulatory pressure on the food delivery industry to curb subsidy-driven competition should support a more rational environment and aid recovery. Nevertheless, we expect Meituan's market share to stabilize at structurally lower levels than it enjoyed before Alibaba's intensified push into the market. In our view, current valuations reflect near-term margin pressure but underestimate longer-term profitability potential.

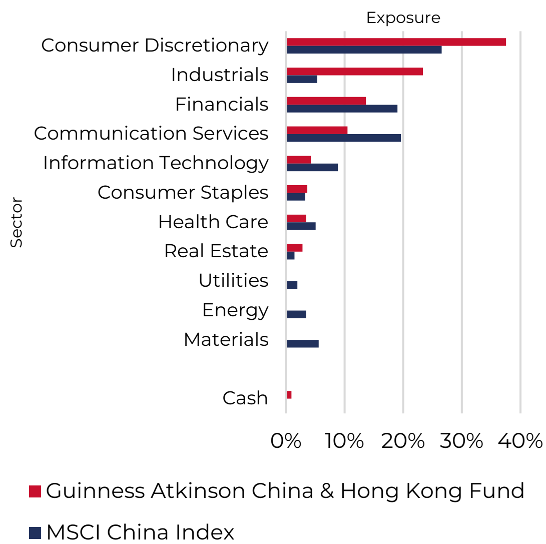
Baidu (-20.2%) saw strong AI-driven growth overshadowed by continued deterioration in its core advertising business. AI Cloud Infrastructure grew 34% in 2025, with management guiding to sustained outperformance and potential acceleration into 2026. But this was offset by a decline in traditional search revenue. AI-native marketing remains a key bright spot, rising 301% in 2025, supported by monetization and a shift toward a cost-per-sale model. However, margins remain under pressure, with declining earnings and ongoing investment in areas such as Robotaxi, which is scaling rapidly but probably still lossmaking. We argue the market continues to focus on Baidu's near-term margin pressure rather than the longer-term monetization potential of its AI ecosystem.

Portfolio Positioning

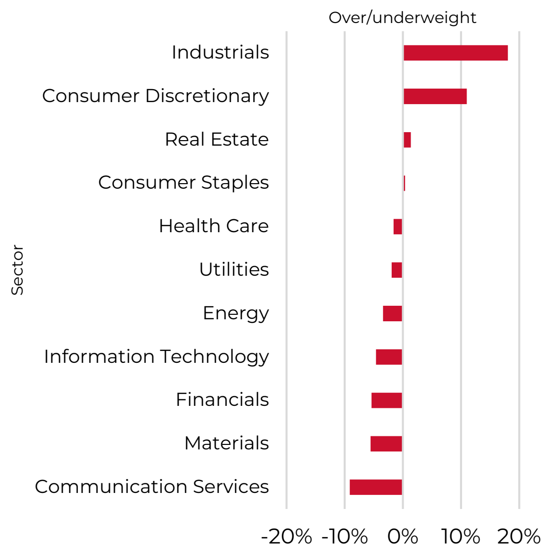
On a sector basis, the Fund's largest exposures are to Consumer Discretionary and Industrials. Relative to the MSCI China Index, the Fund is overweight Industrials and Consumer Discretionary, while it is underweight Communication Services.

GUINNESS ATKINSON FUNDS

Fund Sector Allocation vs MSCI China Index



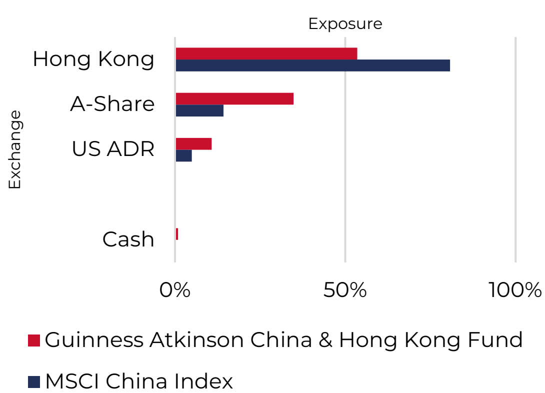
Fund Over/Underweights Relative to MSCI China Index



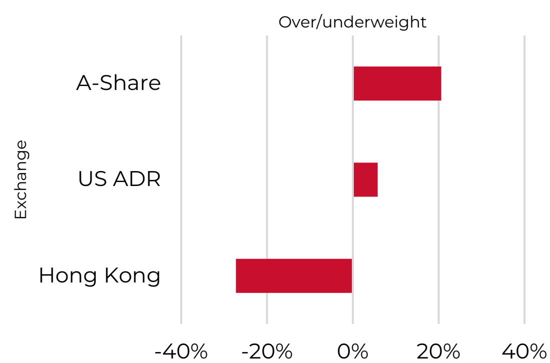
(Data as of 03/31/26, source: Guinness Atkinson calculations, Bloomberg)

On a listing basis, the Fund has 54% exposure to Hong Kong-listed stocks and 35% exposure to the A share market. Relative to the MSCI China Index, the Fund is 21% overweight A shares and 27% underweight Hong Kong-listed stocks.

Fund Allocation vs MSCI China

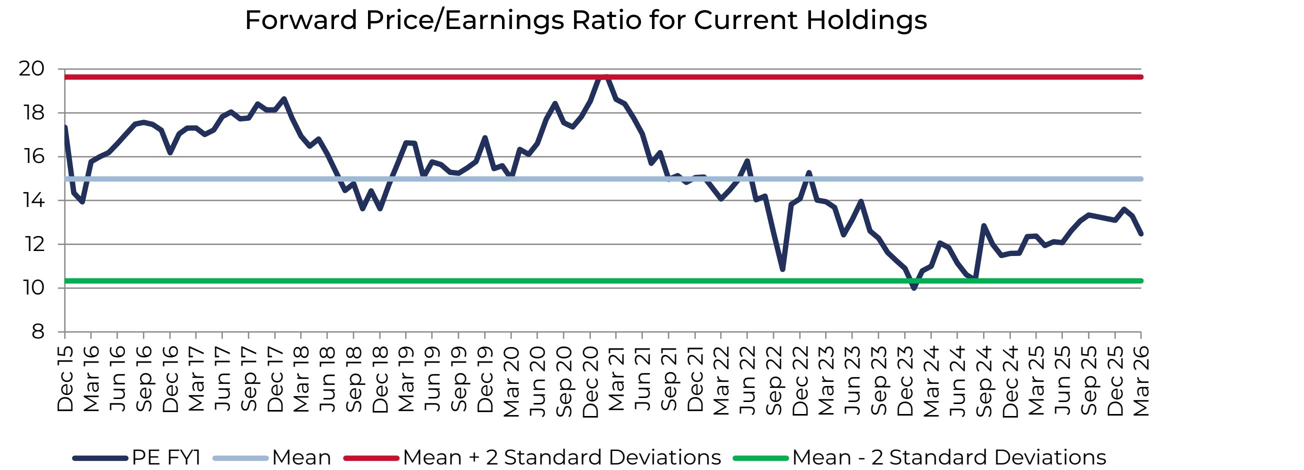


Fund Over/Underweights Relative to MSCI China Index

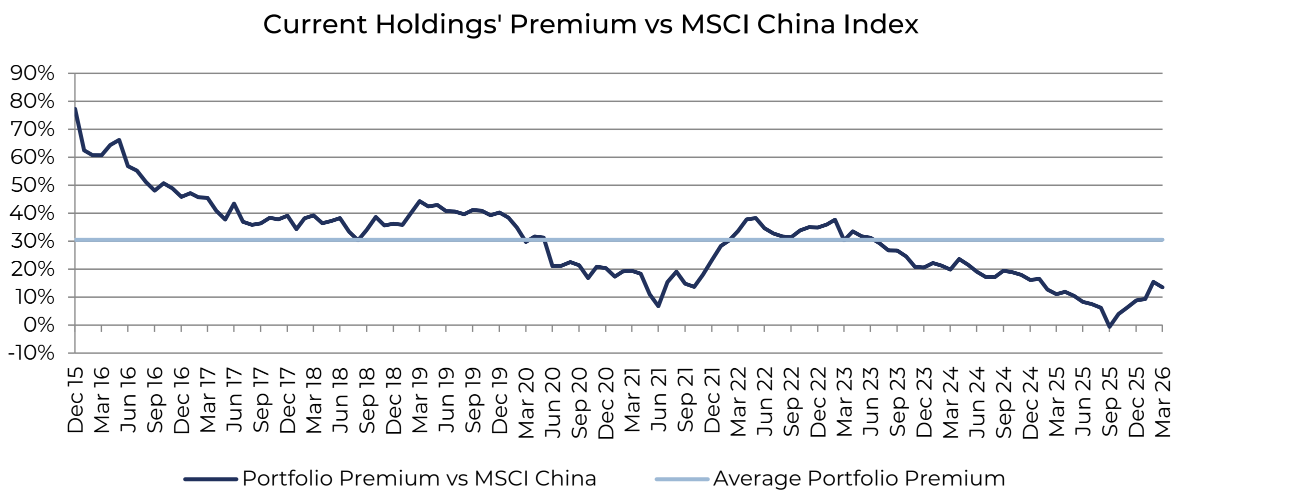


(Data as of 03/31/26, source: Guinness Atkinson calculations, Bloomberg)

Outlook



(Data from 12/31/15 to 03/31/26, source: Bloomberg, Guinness Atkinson calculations. Calculations assume an equally weighted portfolio)



(Data from 12/31/15 to 03/31/26, source: Bloomberg, Guinness Atkinson calculations. Calculations assume an equally weighted portfolio)

On a forward basis, the Fund is trading on a price/earnings ratio of 12.5x, below its long-term average of 15.0x. The current holdings' premium relative to the MSCI China Index has declined to 13%, well below the historical average of 31%. Since September 2025, this premium has started to recover, reflecting improving fundamentals and increasing recognition of opportunities within the Industrials sector, where the Fund is 18% overweight. We believe the recent market pullback presents an attractive entry point. Overall, the portfolio is trading at low valuations both in absolute terms and relative to the index, despite improving fundamentals across key holdings. In our view, the market is pricing in current cyclical weakness in consumption as if permanent, while underappreciating recovery potential in Industrials and structural earnings growth linked to China's industrial upgrading.

We believe the operating environment for Industrials is likely to improve as the drag from property moderates. Additionally, improving Producer Price Index (PPI) inflation is expected to support pricing and margin expansion for Industrial companies. Several of our holdings are also benefiting from the power and infrastructure build-out for AI data centers. Despite this, they continue to trade at materially lower valuations than more direct beneficiaries of AI such as semiconductor stocks, which significantly outperformed in the early stages of the AI rally. While the short-term operating environment for our Industrials has weakened due to geopolitical disruptions related to the Iran conflict, our long-term approach to investing allows us to look past these disruptions. In our view, valuations do not reflect these improving fundamentals, with the market continuing to discount cyclical weakness while underestimating both margin recovery and AI-related demand.

The Fund is also 11% overweight in Consumer Discretionary stocks, where we see opportunities driven by low valuations. The government's recent "Two Sessions" provided no further policy support for consumption; in fact, funds for the consumer trade-in program were cut by RMB 50bn ($7.3bn) to RMB 250bn ($36.4bn) for 2026. Additionally, a high base effect is weighing on growth for certain consumer-facing companies that benefited from subsidies last year but are no longer eligible. As a result, we have seen a valuation de-rating for these stocks and we believe the market is effectively pricing the current slowdown as permanent, assigning minimal value to future cash flows despite the potential for normalization over time.

Over a five-year horizon, we do not expect the government to introduce major consumption stimulus. While pilot programs can signal future policy direction, we currently see no initiatives with sufficient scale to materially boost consumption. Measures such as promoting the "night-time economy" are, in our view, not meaningful enough to significantly boost consumption. Instead, policy appears focused on upgrading the manufacturing sector and moving up the value chain. The objective is to increase output per worker, enabling higher wages and, indirectly, stronger consumption over time. Direct stimulus measures, such as widespread consumption vouchers, remain unlikely. President Xi has previously indicated that welfare expansion is difficult to reverse once implemented, citing Latin America as an example where populist policies have contributed to fiscal strain and the middle-income trap. Accordingly, the government's approach is to enhance public services, particularly in education, healthcare, and elderly care, rather than pursue broad-based income transfers. This reinforces our preference for companies exposed to industrial upgrading and productivity gains, rather than those reliant on near-term consumption stimulus. In this context, we continue to see attractive risk-reward in our current positioning, given the disconnect between valuations and underlying fundamentals.

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

ICHKX

China & Hong Kong Fund

April 2026 Update

GUINNESS ATKINSON FUNDS

Performance

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

- Structural underweight to Tencent and Alibaba. The Fund is run on an equally weighted basis and so each position has a neutral weight of about 3.3%. As Tencent and Alibaba underperformed in the quarter, the structural underweight position benefited the Fund in relative terms.
- Stock selection in Consumer Discretionary, led by Geely and BYD, as well as names not held such as Trip.com, Pinduoduo and Pop Mart.

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

- Stock selection in Industrials, led by Shenzhen Inovance Technology, Sany Heavy Industry, Hongfa Technology and Weichai Power.
- Underweight to Energy, where the Fund has no exposure.

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

- Underweight to Materials, where the Fund has no exposure. Names such as Zijin Mining, CMOC Group and MMG were weak.
- Structural underweight to Tencent and Alibaba. As Tencent and Alibaba underperformed in the month, the structural underweight position benefited the Fund in relative terms.
- Stock selection in Consumer Discretionary, led by Geely, BYD and JD.com as well as names not held such as Trip.com, Pinduoduo and Pop Mart.
- Stock selection in Information Technology, led by Xiaomi and Sensetime (neither held).

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

- Stock selection in Industrials, led by Sany Heavy Industry, Haitian International, Weichai Power, Hongfa Technology, Shenzhen Inovance Technology and Nari Technology.
- Stock selection in Real Estate, led by China Overseas Land & Investment.

As of 03/31/2026	YTD	1 Year	3 Year	5 Year	10 Year
China & Hong Kong Fund (ICHKX)	**-2.77%**	**13.62%**	**1.42%**	**-6.29%**	**3.94%**
MSCI China Net Total Return Index	**-8.94%**	**3.85%**	**6.55%**	**-4.91%**	**5.07%**

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.

GUINNESS ATKINSON FUNDS

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.

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.

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.

MSCI China Small Cap Index is designed to measure the performance of the small cap segment of the China market. With 252 constituents, the index represents approximately 14% of the free float-adjusted market capitalization of the China equity universe.

MSCI China Mid Cap Index is designed to measure the performance of the mid cap segments of the Chinese markets. With 329 constituents, the index covers approximately 15% of the free float-adjusted market capitalization in China

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. ADRs). With 250 constituents, the index covers about 85% of this China equity universe.

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 capitalization 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.

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

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 3/31/2026:

1.	Tencent Holdings Ltd	4.37%
2.	Hangzhou First Applied Materials	4.22%
3.	AIA Group Ltd	3.96%
4.	Geely Automobile Holdings Ltd	3.87%
5.	Midea Group Co Ltd	3.69%
6.	Meituan-Class B	3.66%
7.	BYD Co Ltd	3.64%
8.	Inner Mongolia Yili - A Shares	3.60%
9.	Weichai Power Co Ltd - H Shares	3.55%
10.	Hongfa Technology Co Ltd	3.50%

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

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