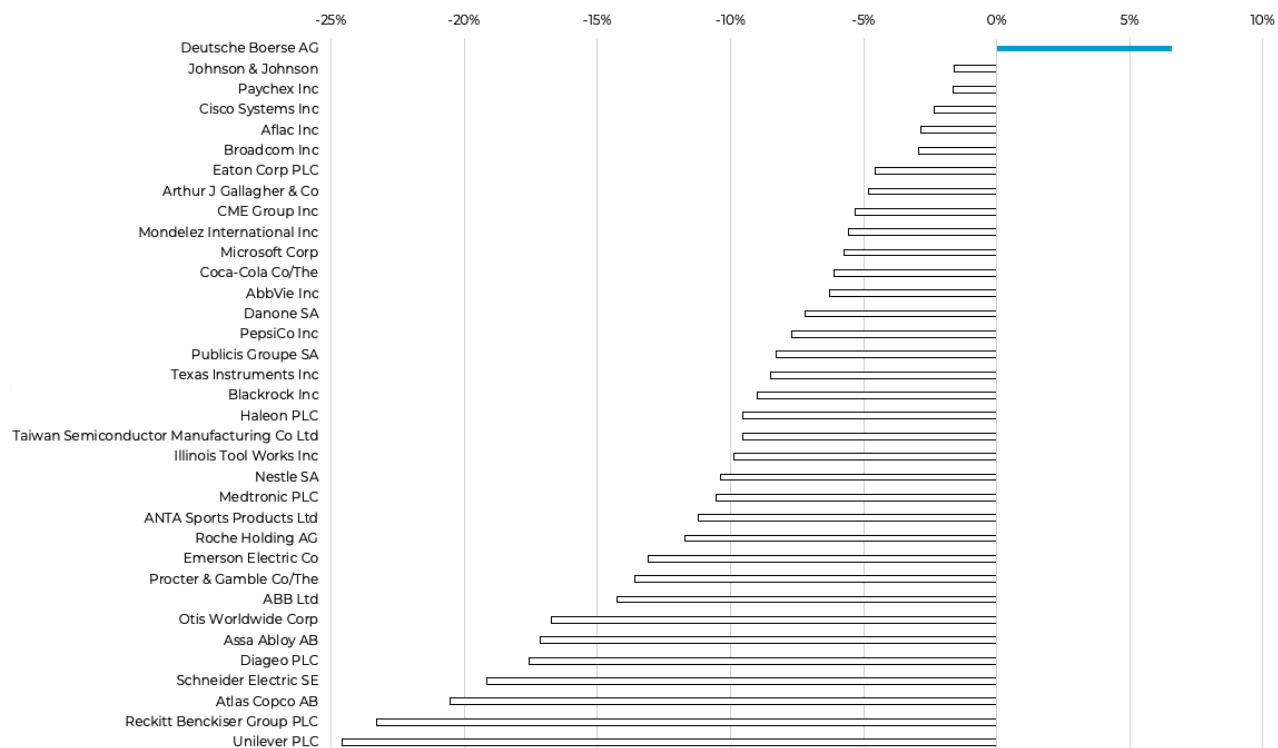


## Portfolio Performance

as of 03/31/2026

In March, DIVS was down -9.33% (NAV basis, -8.81% market price)<sup>1</sup>, while the MSCI World Index benchmark was down -6.37%. Over Q1, DIVS outperformed the index, producing -1.71% (NAV basis, -1.35% market price), while the MSCI World Index benchmark returned -3.57%. DIVS' outperformance of the benchmark was supported by a market rotation towards more defensive and value-oriented areas and away from cyclicals and growth. Relative performance was helped by overweight positions in Consumer Staples and Industrials, underweights to weaker areas such as Information Technology and Consumer Discretionary, and positive stock selection in Information Technology, Financials, and Healthcare, though the Fund's zero allocation to Energy, Utilities and Materials detracted. Dividend momentum also remained strong, with all 20 holdings that provided updates announcing increases for 2026, averaging 7.2% growth, with no cuts or cancellations. Read the rest of the DIVS update to learn more about the Fund's performance and key developments over the rest of Q1.

Holdings are subject to change. Go to [www.gafunds.com/our-funds/DIVS](http://www.gafunds.com/our-funds/DIVS) for current holdings.



<sup>1</sup> Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment in the Fund 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 data quoted. Performance data current to the most recent month-end may be obtained by visiting [gafunds.com](http://gafunds.com), or calling (866) 307-5990. The returns shown are cumulative for the period, not annualized. Market prices return is based on the market price of Fund shares as of the close of trading on the exchange where the shares are listed.

# DIVS

## Guinness Atkinson Dividend Builder ETF

April 2026 Update



**Top Performer:** *Deutsche Boerse, 6.6% TR Month to Date*

**Bottom Performer:** *Unilever PLC, -24.5% TR Month to Date*

As of 03/31/2026	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (03/30/2012)
<i>DIVS at NAV</i>	-1.71%	6.86%	10.86%	9.20%	10.73%	10.28%
<i>DIVS at Market Price</i>	-1.35%	6.87%	10.77%	9.09%	10.73%	10.28%
<i>MSCI World Index NR</i>	-3.57%	18.90%	16.75%	10.26%	11.79%	10.71%

Expense Ratio: 0.66% (net) | 1.01% (gross)

The Adviser has contractually agreed to reduce its fees and/or pay ETF expenses in order to limit the Fund's total annual operating expenses to 0.65% through June 30, 2028.

*Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment in the Fund 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 data quoted. Performance data current to the most recent month-end may be obtained by visiting [gafunds.com](http://gafunds.com), or calling (866) 307-5990. The returns shown are cumulative for the period, not annualized. Market prices return is based on the market price of Fund shares as of the close of trading on the exchange where the shares are listed.*

Effective as of the close of business on March 26, 2021, the fund acquired the assets and assumed the performance, financial and other historical information of the Guinness Atkinson Dividend Builder Fund, an open-end mutual fund (incepted March 30, 2012). The fund's investment objectives, strategies and policies are substantially similar to those of the predecessor mutual fund and it was managed by the same portfolio managers. Performance information for periods prior to March 26, 2021 is the historical performance of the predecessor mutual fund and reflects the higher operating expenses of the predecessor mutual fund. The fund has lower expenses than the predecessor mutual fund. For periods prior to March 29, 2021, the fund's performance would have been higher than shown had it operated with the fund's current expense levels.

A fund's NAV is the sum of all its assets less any liabilities, divided by the number of shares outstanding. The market price is the most recent price at which the fund was traded.

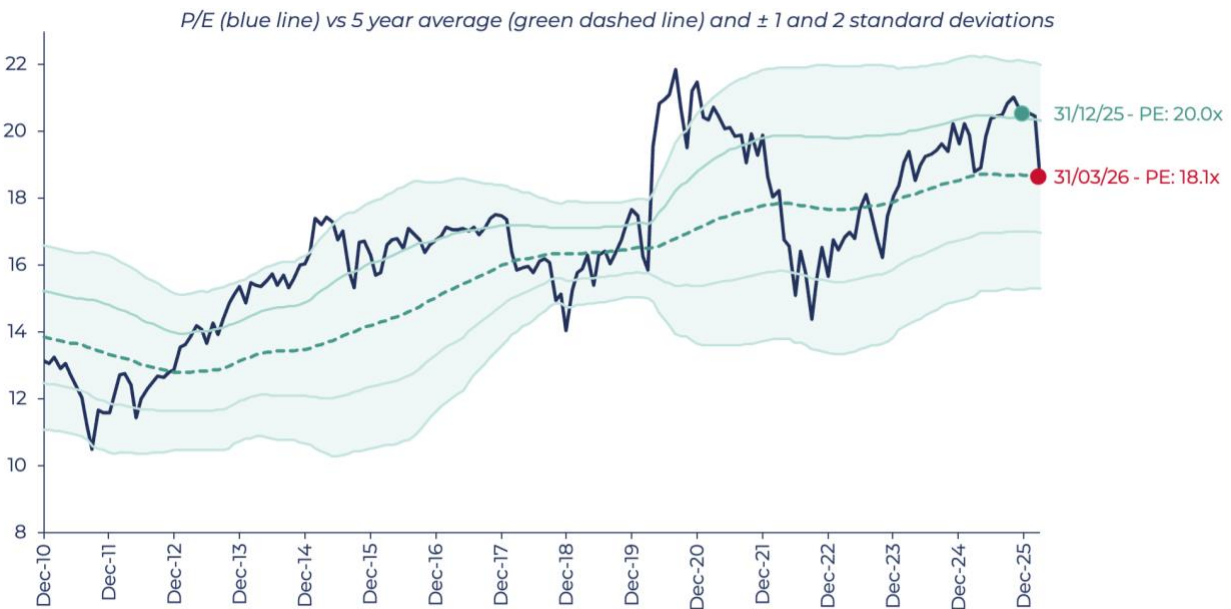
Subsidized yields reflect any fee waivers or reimbursements that may be in effect during a period, while unsubsidized yields do not.

## Q1 2026 in Review

In January and February, persistent geopolitical tensions, policy uncertainty, and a fundamental re-evaluation of software disintermediation risk from AI fueled a high level of market volatility, but global equity markets still trended positively to reach all-time highs. Investors rotated away from growth, cyclicals and software names in particular, and into international markets, value, and 'physical economy' assets. In the final month of the quarter, conflict in the Middle East triggered a severe energy shock, reigniting inflation and growth fears, shifting prior market leadership and driving a broad-based rerating of the benchmark. Peak to trough

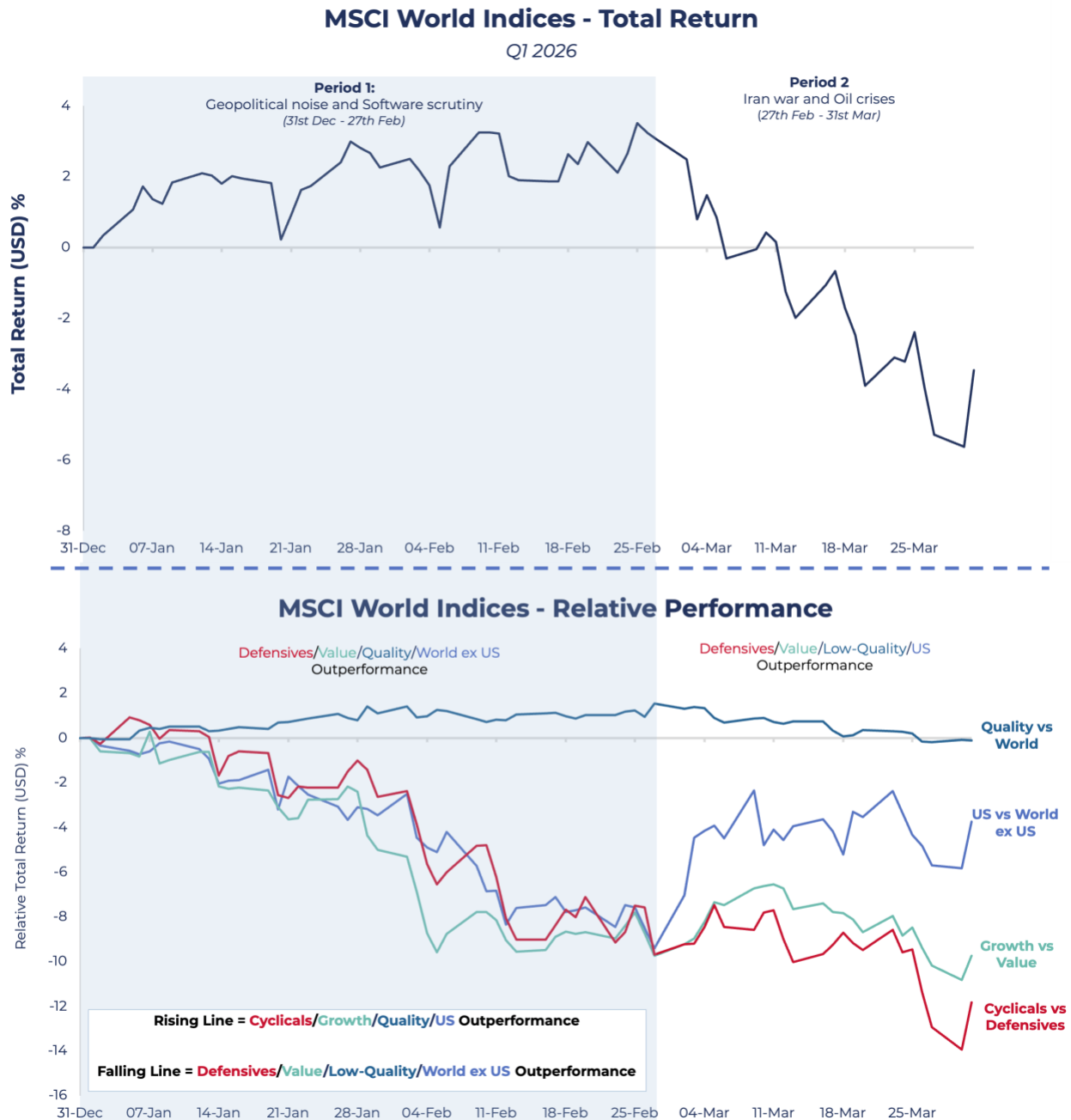
(25th Feb – 30th March) the MSCI World experienced a total return of -8.8% (USD), and over the quarter valuation multiples compressed significantly, with the MSCI World's P/E (1 year forward) falling ~10% since the end of 2025 (18.1x vs 20.0x). It is worth noting, however, that the year began from an elevated starting point, with valuations more than one standard deviation above their five-year average (chart below, green dot). At the end of the quarter, valuations had largely normalized and are back in line with historical levels (red dot).

### P/E Ratio (1 year fwd): MSCI World Index



Source: Bloomberg, Guinness Atkinson Funds. Data as of December 31, 2025.

The quarter is best understood in two distinct periods, marked by a clear inflection in market leadership, sentiment, and the dominant macro drivers shaping such market movements.



Source: Bloomberg, Guinness Atkinson Funds. Data as of March 31, 2026.

## Period 1 - Geopolitical Noise & Software Dynamics (January – February)

Markets digested significant macro news flow over January and February, contending with regime uncertainty in Venezuela following the US capture of Nicolás Maduro, continued demands from Trump that the US “must have” Greenland (and by force if necessary, putting strain on the NATO alliance), subsequent threats of tariffs on European countries who opposed these plans, US threats to Canada of 100% tariffs should they follow through on a trade deal with Beijing, and spiking Japanese yields on the prospect of fiscal stimulus and already elevated debt levels. Trade tensions were somewhat eased at Davos, but inevitably a high level of macro noise resulted in divergent regional, sector and factor performance over the period.

Despite these risks, global equities (MSCI World) climbed to all-time highs, led by international stocks (World ex-US). Although producing positive returns, the US underperformed as investors rotated away from US mega-caps (all Magnificent Seven stocks underperformed the broader MSCI World) and AI-exposed software names. The global software industry came under immense pressure during the period, falling -21% over the first two months of the year, reflecting a structural reassessment of software business models in the age of AI. Core investor concerns surrounded the risk of enterprises building AI tools in-house (“DIY risk”), intensifying competition from AI-native startups, existential headwinds to seat-based pricing as AI agents replace human users, and fundamental shifts in software architecture that could render legacy platforms obsolete. The market instead rotated towards “HALO” stocks – Heavy Assets, Low Obsolescence – or “physical economy stocks”, prioritizing companies perceived to possess a level of natural immunity to AI-driven technological disruption.

Whilst stocks reached all-time highs, this was anything but a broad-based rally. Instead, the period was defined by a sharp and deliberate rotation away from US growth, mega-caps and software and into more defensive areas of the market alongside value and international equities – and more AI-immune HALO stocks in particular.

*Fund performance: The Fund's tilt towards defensives, value, quality and international stocks all acted as a tailwind to relative Fund performance over the period. In particular, strong outperformance from the Fund's largest sector overweight's, Consumer Staples (defensive) and Industrials (HALO), were strong contributors, paired with low software and consumer discretionary exposure.*

## Period 2 - The Iran War & Energy Crisis (March)

Market sentiment and leadership shifted swiftly at the end of February, when US–Israeli strikes on Iran triggered a rapid escalation into a full-scale regional conflict in the Middle East, including counter strikes in Saudi Arabia, UAE, and Qatar. As the conflict broadened, an effective closure of the Strait of Hormuz – through which approximately one fifth of global oil and liquefied natural gas (LNG) flows – resulted in upheaval in energy and freight markets globally. Brent crude oil surged from \$72-per-barrel to \$118 by month-end, freight costs (WCI Composite Container Freight Benchmark) jumped 20% quarter-on-quarter as carriers diverted from the Middle East, and Qatar's LNG production halt sent European gas prices up nearly 50%.

Markets have been weighing the long-term implications of a long, drawn-out conflict. In particular, the energy shock increased the risk of a stagflationary environment – the combination of rising inflation and slowing growth. Rising energy costs, a ubiquitous input cost, has heavily dented confidence in the outlook for inflation, which is already at elevated levels relative to central bank targets. Economic growth expectations

have also come under pressure, given weak numbers in the US jobs market, falling business output expectations and weakening consumer confidence. With stagflation at the top of mind, this has had a material effect on global central banks' scope for further monetary easing. Pre-war, market implied rates indicated ~2 rate cuts in the US being priced in – this fell to near zero by month end. In Europe, the contrast was even more stark, with a ~50% probability of one rate cut priced for 2026 pre-war, compared to 3 rate *hikes* priced in by month end.

With bond yields rising sharply consequently, and gold failing to provide its typical “safe-haven” status over the period, investors have had few places to hide. Bank of America's recent fund manager survey showed that, during March, investors piled into cash at the fastest rate since the Covid-19 pandemic. Defensives continued to outperform cyclicals given the risk-off environment, rising rate expectations contributed to growth underperformance relative to value – but US stocks began to outperform again, with many net-importers of energy (particularly in Asia) selling-off harder than the rest of the world.

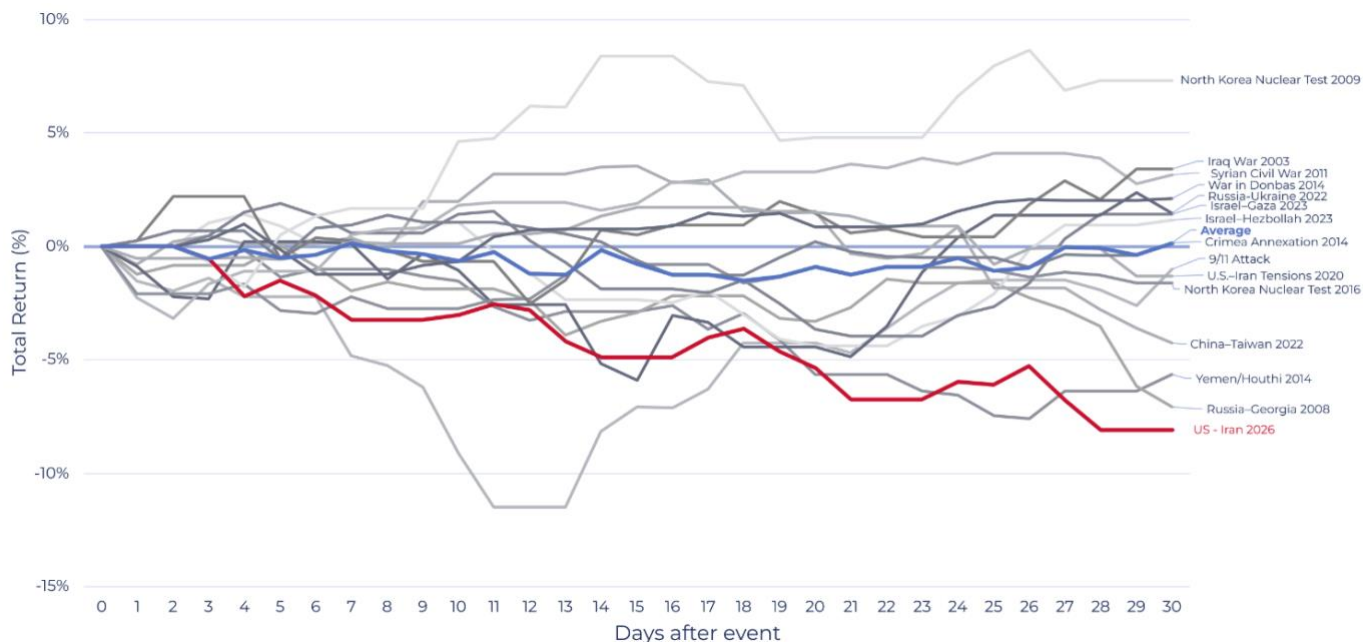
*Fund performance: While Defensives and Value continued to outperform, albeit to a lesser degree, Quality as a factor began to underperform – a headwind for relative Fund performance. Many of the sectoral tailwinds that supported Fund performance in Period 1 unwound, with Consumer Staples and Industrials underperforming the market given higher exposure to energy costs, whilst Information Technology (and its relative isolation to rising energy costs) outperformed – particularly in the Software sector. The Fund's zero exposure to energy was a clear headwind.*

### **The US-Iran Conflict**

The conflict that first emerged as a geopolitical tail risk in February crystallized into the defining macro event of the quarter. On Saturday, February 28, 2026, the US and Israel launched a joint surprise airstrike on multiple sites across Iran, killing Supreme Leader Ali Khamenei and several other senior officials. Iran responded with retaliatory missile and drone strikes against US bases and Gulf states hosting American forces. What markets had been nervously pricing as a low-probability scenario had arrived.

Across the major geopolitical conflicts this century, the MSCI World's average 30-day total return following the start of the event has hovered close to zero, with most conflicts resolved into modest recoveries within a month. The US-Iran 2026 episode is a clear outlier: tracking below every comparable conflict in the dataset through the first 30 days, as depicted by the chart below. What distinguishes this conflict from most of its predecessors is the direct disruption to global energy supply. Brent crude rose nearly 50% during March alone, the largest monthly gain since May 2020, with intraday spot prices briefly touching \$120 per barrel before settling at \$118 at month end (although it shifted significantly in the first week of April).

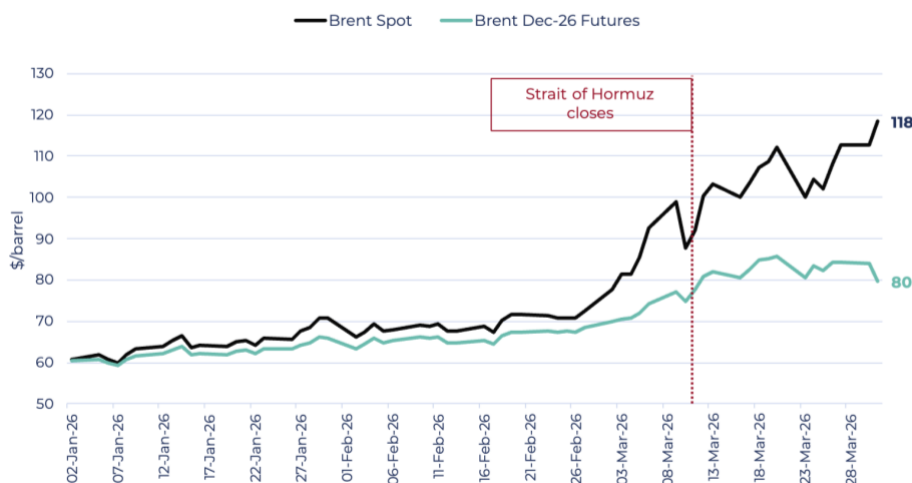
MSCI World 30-day Total Return Post Major Global Conflict Events  
Century to Date



Source: Bloomberg, Guinness Atkinson Funds. Data as of March 31, 2026.

The chart below shows the spot and December-26 futures prices for Brent since the start of the year. Interestingly, since the start of the Middle East conflict, Brent Spot prices have risen 63%, while Brent Dec-26 futures have increased by 16%. The gap between the two suggests markets view the current disruption as largely temporary, while still pricing in some degree of lasting structural damage to supply.

Markets currently see oil supply disruptions as more temporary than permanent



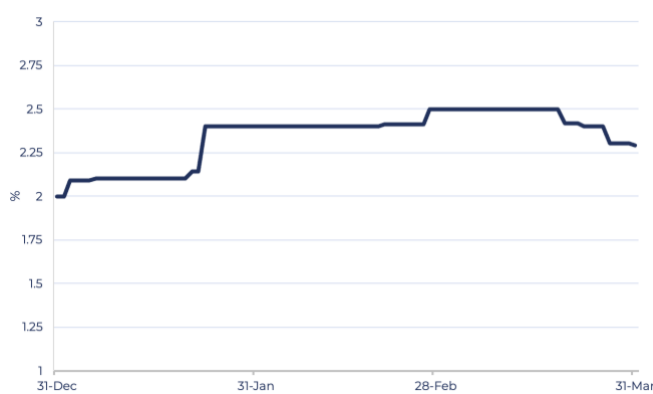
Source: Bloomberg, Guinness Atkinson Funds. Data as of March 31, 2026.

Persistently elevated oil prices can weigh on global economies through several channels. The most direct is inflation: energy is a foundational input cost for businesses and households alike, and a sustained rise in oil prices feeds through into broader price pressures across economies. Central banks facing this dynamic are caught in a difficult position. Raising rates to contain inflation can risk choking off growth, whereas a looser approach on interest rates can lead to price pressures becoming entrenched in the economy.

US 2026 CPI Consensus Forecast (%)



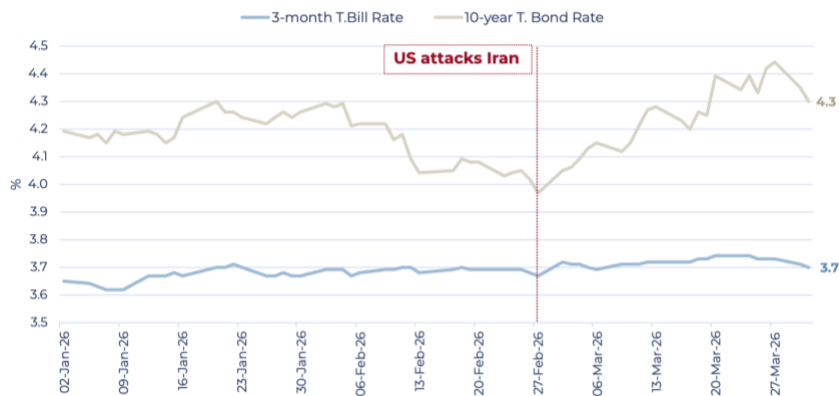
US 2026 GDP Consensus Forecast



Source: Bloomberg, Guinness Atkinson Funds. Data as of March 31, 2026.

Ahead of the official inflation prints, US government bond markets offer a real-time window into where inflation expectations are heading. As depicted in the chart below, the 3-month treasury bill rate has remained relatively stable since the start of the conflict (from 3.67% on February 27 to 3.70% on March 31), whereas the 10-year bond rate has jumped significantly, reaching 4.30% by month-end. Out of the two drivers of interest rates, expected inflation and expected real growth, it is likely that the market is pricing in a persistent increase in inflation. One could also argue that the Fed will be forced to raise rates, but according to the stable 3-month treasury bill rate, this doesn't seem to be what markets are currently expecting. With 10-year Yen and Euro rates also up through the month, it appears that higher inflation expectations are shared across currencies and countries.

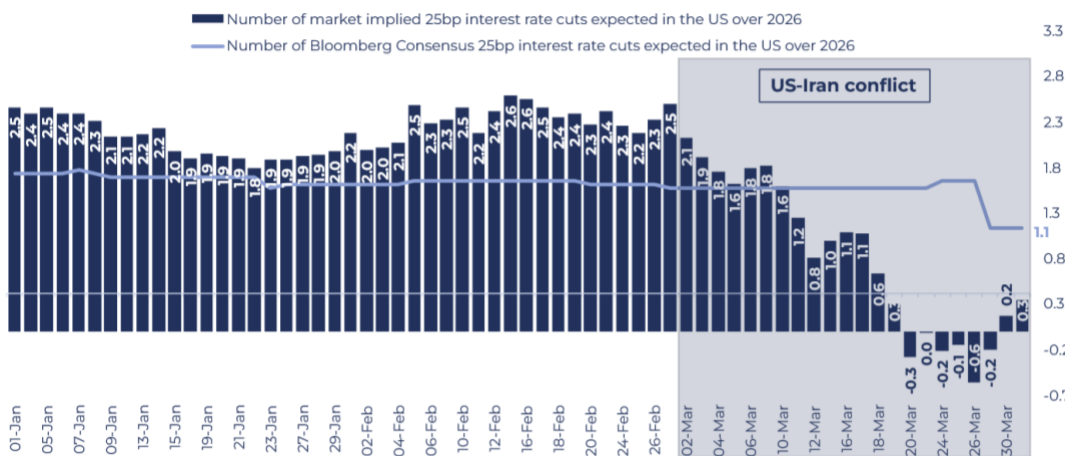
The 10-year US Treasury Bond Rate has climbed up since the start of the conflict



Source: Bloomberg, Guinness Atkinson Funds. Data as of March 31, 2026.

Looking at forward market expectations, we can see that sentiment towards US monetary policy has notably changed since the beginning of the conflict. Before the outbreak of the Middle East conflict, the implied rate from forward markets were pricing in 2.5 interest rates cuts through 2026, whereas this number had dropped to 0.3 cuts by the end of March, as evidenced by the chart below (navy blue bars). In stark contrast to this, Economist forecasts were still expecting just one interest rate cut during 2026 (light blue line) by end of March.

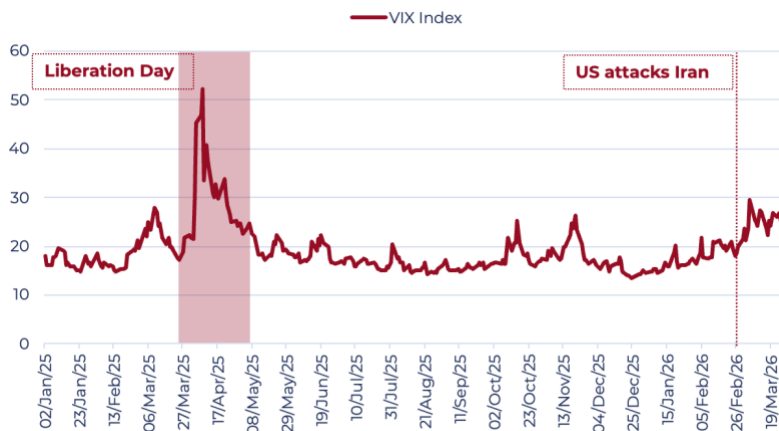
Interest Rates Economist Forecasts have barely budged since the start of the conflict



Source: Bloomberg, Guinness Atkinson Funds. Data as of March 31, 2026.

This uncertainty around future oil prices, interest rates, and growth rates has manifested itself through elevated volatility in equity markets. The chart below shows the performance of the VIX Index, which measures the market’s expectations for 30-day forward-looking volatility for the S&P500 Index, since the start of 2025 until March 31, 2026. The VIX Index clearly spiked following the US attack in Iran, yet volatility levels remained well below Liberation Day levels in early April 2025.

Equity market volatility has spiked, but remains well below “Liberation Day” levels



Source: Bloomberg, Guinness Atkinson Funds. Data as of March 31, 2026.

Despite the sharp drawdown in equities following the escalation of the Iran War, markets continue to signal resilience in underlying earnings expectations. As shown in the chart below, while the S&P 500 1-year forward P/E has pulled back notably, S&P 500 consensus EPS growth has remained broadly stable and even trended higher. This marks a clear departure from prior drawdowns, such as COVID, last year’s Liberation Day tariff shock, and the Fed tightening cycle, where equity market weakness was accompanied by a deterioration in earnings expectations. Instead, consensus expectations suggest the market is anticipating a solid upcoming earnings season even with the geopolitical shock. That said, we remain watchful for upcoming earnings as companies begin to face rising input costs, supply chain disruptions, and other second-order effects stemming from the conflict.

### EPS Expectations rising despite Iran War Drawdown

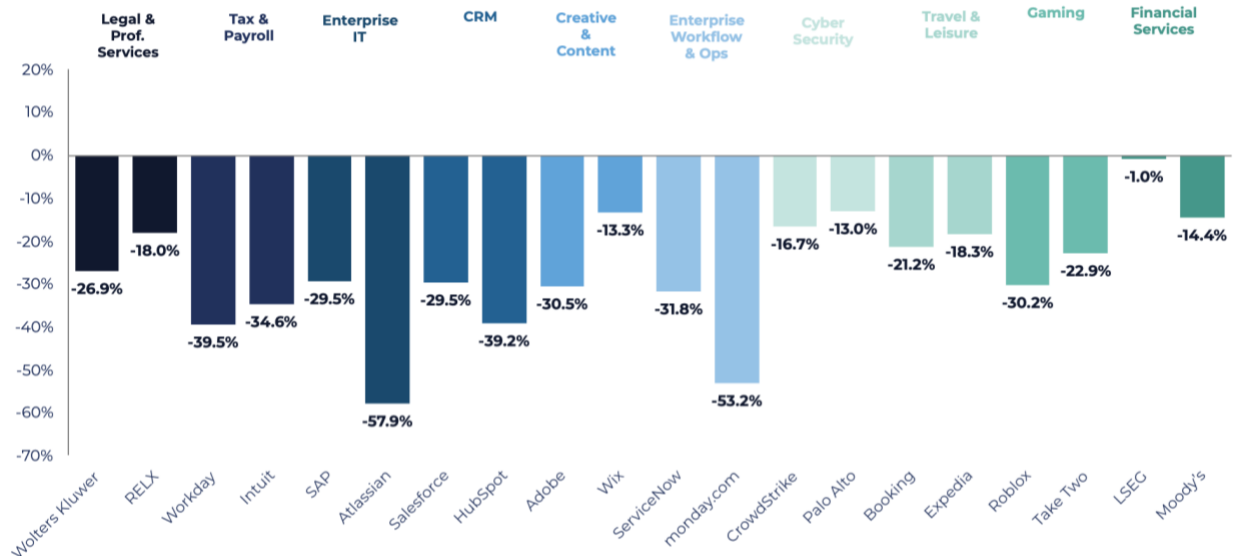


Source: Bloomberg, Guinness Atkinson Funds. Data as of March 31, 2026.

### The “SaaS-pocalypse”

Over Q1, a sequence of high-profile AI product launches including Anthropic’s Claude Cowork – capable of generating spreadsheets from screenshots, drafting reports from raw notes, and automating legal workflows – have prompted a serious reversal in sentiment over Software companies, with many now asserting that these SaaS firms are effectively “dead.” This shift was not driven by deteriorating near-term fundamentals – in fact, fundamentals remain largely intact - but rather reflects the market’s attempt to reprice structural uncertainties and the more credible threat that AI now poses to the software industry. As these technologies evolve, they may alter how software is developed, delivered, and consumed, introducing new competitive pressures and lowering barriers to entry. Tools such as Claude Cowork exemplify this transition, enabling individuals to design and implement workflows with far greater ease, which in turn could diminish the traditional reliance on externally provided software solutions. In reassessing this risk, markets have been notably unforgiving, with software and adjacent AI-exposed sectors experiencing widespread drawdowns, some exceeding 50%, and the broader Software index declining by more than 20% since the start of the year.

Sectors Exposed to AI Disruption  
 Q1 2026 Performance

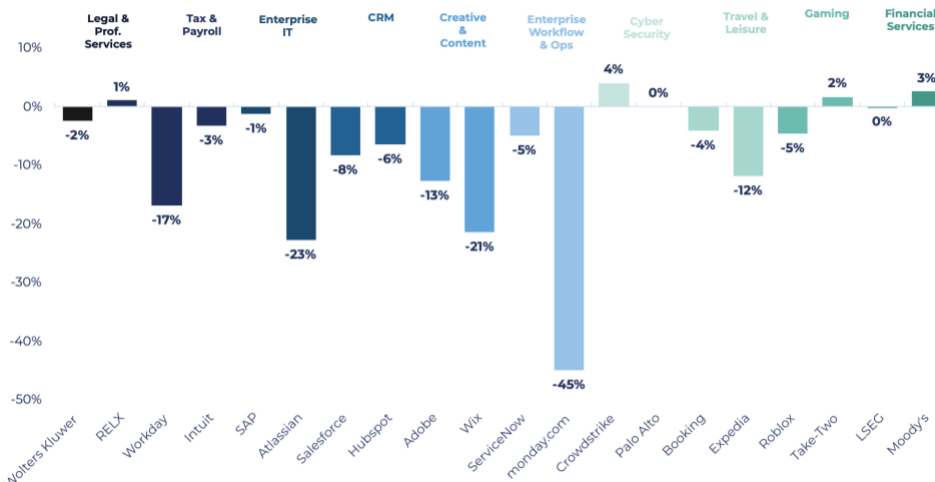


Source: Bloomberg, Guinness Atkinson Funds. Data as of March 31, 2026.

**Is SaaS really dead?**

At the core of the sell-off is a growing concern that the traditional SaaS model, built on seat-based pricing, workflow-specific applications, and high switching costs may be structurally challenged by the emergence of more capable, agentic AI systems. The rise of “vibe-coding”, through which users create applications via natural language, have triggered fears that barriers to software creation are weakening, potentially commoditizing elements of the SaaS stack. Further, product releases, particularly from firms like Anthropic, have highlighted the ability to create autonomous agents capable of completing end-to-end tasks, rather than incremental productivity tools. If AI can generate reports, build spreadsheets, or execute workflows directly from unstructured inputs, the need for dedicated software interfaces may diminish. These concerns are increasingly reflected in market pricing, with implied terminal growth rates compressing sharply across many software companies, including the enterprise workflow company Monday.com with markets now pricing an implied terminal growth rate of less than -40% for the company.

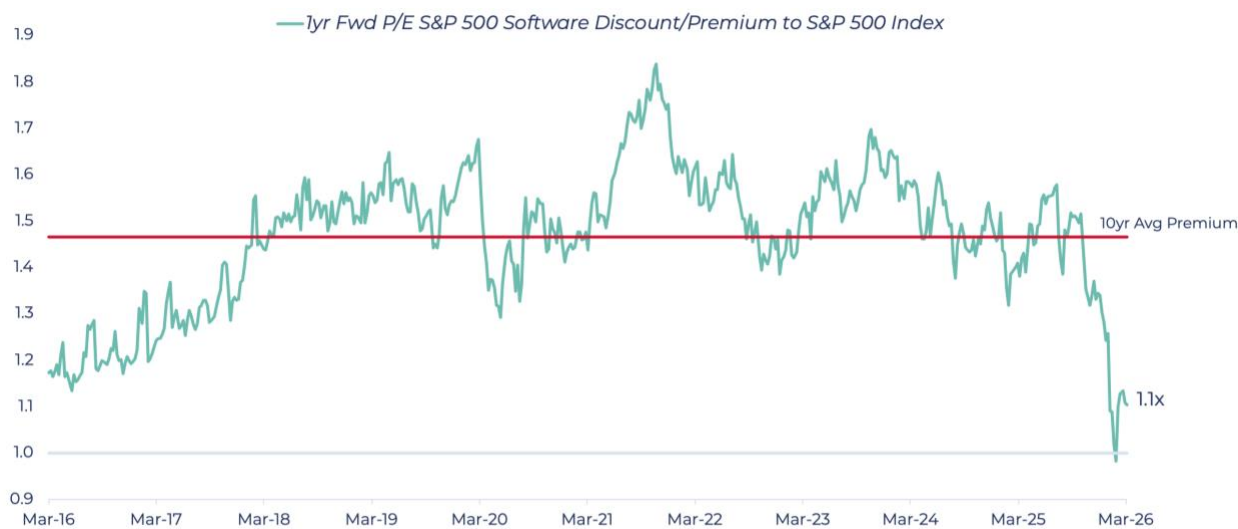
Implied Terminal Growth Rate



Source: Bloomberg, Guinness Atkinson Funds. Data as of March 31, 2026.

Not only are investors questioning growth rates, but also the durability of pricing power and the longevity of product cycles. Taken together this has led to a material compression in valuation multiples, with the premium of software relative to the broader market falling well below historical averages. As shown in the chart below, the S&P 500 Software briefly traded at a discount to the broader S&P 500 in Q1, marking the first such occurrence in more than a decade and a sharp deviation from its long-term average premium. Historically, software has commanded a premium due to its superior growth profile, recurring revenue models, and strong pricing power, all of which supported greater visibility and durability of cash flows relative to the broader market.

S&P 500 Software traded at a discount to broader index in Q1 2026



Source: Bloomberg, Guinness Atkinson Funds. Data as of March 31, 2026.

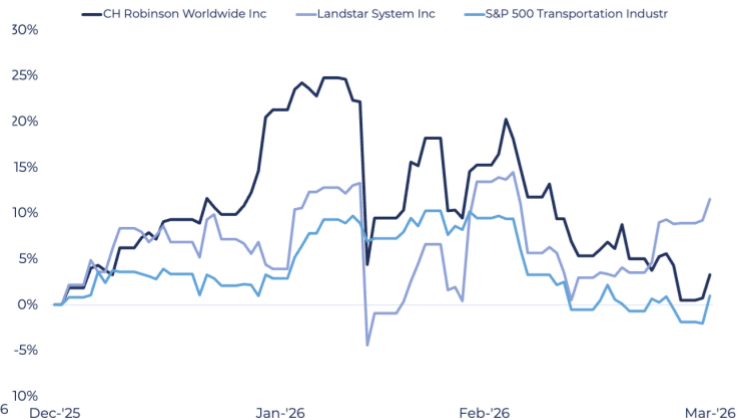
**Fickle markets**

While the threat of AI-driven disruption is clearly possible, markets have at times appeared overly reactive in attempting to price the real-world impact. In February, a little-known karaoke machine company turned AI start-up, Algorithym, issued a press release claiming its software could eliminate 30% of trucking journeys lost to empty runs. This triggered a sharp sell-off across logistics and freight stocks, with approximately \$17.4bn erased from the market capitalizations of including CH Robinson, Landstar, and JB Hunt.

Algorithym Price Return TYD (USD)



Logistics Price Return (USD)



Source: Bloomberg, Guinness Atkinson Funds. Data as of March 31, 2026.

Following this, Algorithym’s CEO admitted the calculation was intended to be illustrative, and the notion that these global logistics companies would hand over commercially sensitive data to enable this was highly improbable. However, markets were reacting as if this were the case. The same pattern repeated when Altruist, a private fintech, announced an AI tax planning tool. Wealth management stocks including companies like Charles Schwab dropped materially. These are only two examples of increasingly common market reactions to AI news flow.

**Technology Bifurcation:**

A defining feature of this quarter has been the stark underperformance of software relative to other parts of the technology sector, notably semiconductors. Since late 2025, the MSCI World Software Index has lagged both the broader IT and semiconductor indexes significantly, with the bifurcation widening further into Q1 this year.

MSCI World IT: Semiconductors vs Software Price Return  
 (Jan. 2025 – Mar. 2026) (USD)



Source: Bloomberg, Guinness Atkinson Funds. Data as of March 31, 2026.

Markets, particularly in the first two months of the quarter, were rewarding companies tied to the ‘picks and shovels of AI’ where demand visibility is stronger than downstream software names. The semiconductor industry has so far been one of the major beneficiaries of the data center buildout as Hyperscalers continue allocating increasing amounts of capital towards cutting edge chips. Interestingly, memory has been a particular bright spot, with Micron, SK Hynix and recently-listed Sandisk seeing meaningful share price appreciation as demand for high bandwidth memory, which is essential for AI training and inference workloads, continues to outpace supply. By contrast, software is increasingly viewed as a potential source of disruption rather than a beneficiary. This divergence has created an unusual dispersion, where investors are simultaneously bullish on AI as a theme while bearish on large swathes of the software layer that historically captured a significant share of technology profits.

**How are we thinking about all of this?**

The extent to which AI poses a structural threat to software remains an open question, but it is clearly shaping current market weakness. On the one hand, there is a genuine bear case. AI, particularly in an agentic form, raises the prospect of software becoming increasingly commoditized or even displaced. Agentic AI introduces a new computing layer that can sit between users and applications, executing tasks autonomously without requiring direct interaction with traditional software. In such a scenario, automation could structurally reduce the number of end users, and seat-based monetization becomes structurally challenged as fewer human users are needed per unit of work, and software risks being abstracted away into commoditized back-end functionality.

On the other hand, there are important constraints that temper this narrative. AI systems remain probabilistic and lack the determinism, auditability, and regulatory compliance required for many mission-critical workflows. In many industries such as payroll software where accuracy and accountability are key, traditional software retains a clear advantage. Moreover, incumbent platforms benefit from deep integration, proprietary data, and embedded network effects, all of which are difficult to replicate. Further, many software

companies have been quick to defend their products, with many seeing advancements in AI as a source of opportunity rather than threat.

### What are companies saying?



**SAP:** “AI raises the bar for secure updates, telemetry-driven improvement, and shared controls – all strengths of mature SaaS. AI agents don’t replace enterprise software. They rely on it.”

*CEO Christian Klein*



**Intuit:** “Companies like Anthropic look to the partnership with us because at the end of the day, they see and understand that this is a business that comes with a lot of liability and LLMs can’t just create the platform that we’ve created overnight.”

*CEO Sasan Goodarzi*



**Service Now:** “You need AI plus workflows because AI is probabilistic, which by definition means we can’t be certain about the results. ... AI doesn’t replace enterprise orchestration. It depends on it. It depends on governance; it depends on scale.”

*CEO William McDermott*



**LSEG:** “AI is a tailwind here, too, as more data consumption drives more insights, leading to more trading volumes and ever-growing demand for risk management. So, our positioning is strong, and our strategy is working.”

*CEO David Schwimmer*



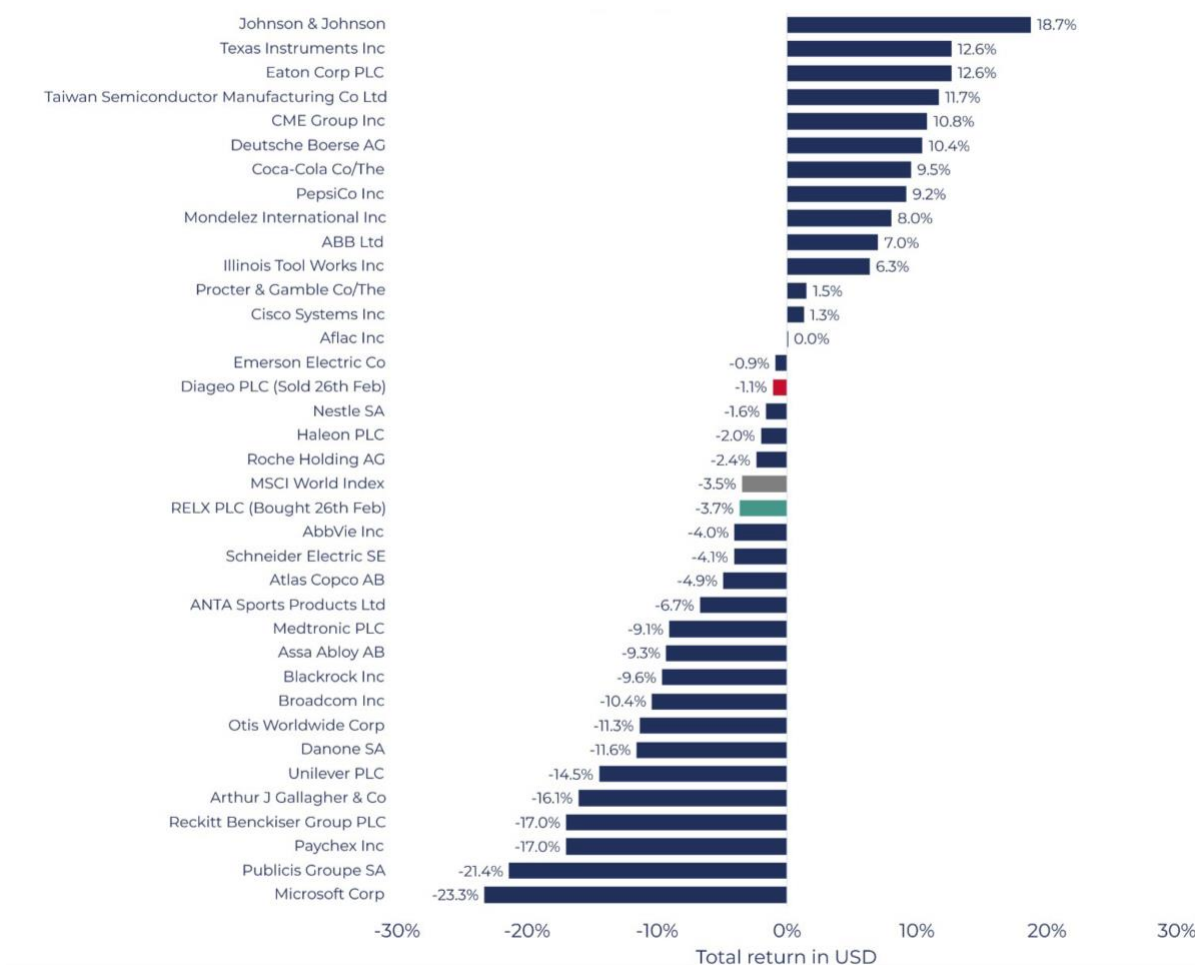
**Salesforce:** “And if there is a SaaSocalypse, I think it might be being eaten by the SaaSquatch because there are a lot of companies using a lot of SaaS because SaaS just got a lot better with Agents as a Service. “

*CEO Marc Benioff*

As we continue to assess the risk, in our view, it is clear that AI is unlikely to uniformly destroy software, but rather to redistribute value across the technology stack. While standalone applications may face margin pressure, platforms that successfully embed AI capabilities could further entrench their competitive position. Though incumbent software vendors still benefit from durable moat drivers, such as customer-specific workflow knowledge, proprietary data, and high switching costs, it remains unclear how both consumers and enterprises will ultimately integrate AI into their daily operations, and whether these technologies will alter existing software models or meaningfully displace them over time. At the same time, the pace of change across the ecosystem is accelerating rapidly, driven by continuous improvements in large language models alongside the emergence of new, more powerful semiconductor architectures and we are actively monitoring these developments.

### Stock Selection over Q1 2026

Individual Stock Performance  
(Q1 2026)



Source: Bloomberg. Data as of March 31, 2026.

## Over the Quarter

### *Johnson & Johnson (+18.7% USD)*

Johnson & Johnson was the Fund's top-performing stock in Q1 2026, rising 18.7% as markets gained confidence that the company has been effectively replacing revenues of Stelara – a drug that accounted for more than 10% of sales at its peak – but “loss of exclusivity” led to numerous biosimilar launches in 2025. That confidence was fueled by a very solid earnings print, where JNJ reported full-year sales growth of 6%, despite a 7.5 percentage point headwind from Stelara's loss of exclusivity. Organic sales growth accelerated significantly, rising from 3.7% in Q3 (and 2.4% in Q2) to 7.9% in Q4. Performance was broad-based, with strong momentum across a number of key drugs within the firm's pharma division, with Tremfya (Crohn's disease) and Darzalex (Myeloma) the stand-outs. Alone, these drugs were able to provide \$4.2bn in sales growth, nearly fully offsetting the \$4.3bn decline from Stelara. The remaining drugs in the pharma portfolio were able to grow another \$3.6bn, a 6% contribution to the overall growth of the pharma division. MedTech was similarly encouraging, with sales ahead of consensus by 40bps and strength across Orthopedics (recently spun-out), Surgery and Vision, supported by the firm's recent Shockwave acquisition. Importantly, management reiterated solid 2026 guidance at 5.9% (at the mid-point), and reiterated confidence in achieving the upper end of its 5–7% long-term sales growth target, with a credible path to double-digit growth later in the decade, benefitting from the roll-off of patent cliff headwinds.

We believe JNJ is a distinctively high-quality healthcare business with leading positions across pharmaceuticals and medical devices, a diversified revenue base, a strong pipeline, solid cash generation and a wide economic moat. While the market had been focused on risks around Stelara and talcum litigation, we believe the investment case is increasingly being driven by the strength of the underlying portfolio, predominantly from Tremfya, Darzalex, Carvykti and in the future, promising pipeline assets, alongside an improving MedTech mix and active portfolio reshaping. In our view, JNJ remains well placed to deliver resilient compounding from here, supported by innovation across both core divisions and management's clear execution against its long-term growth strategy.

### *Texas Instruments (+12.6% USD)*

Texas Instruments was among the Fund's stronger performers over the period, driven by results that signaled improving end-market trends following a period of sluggish sales caused by a cyclical downturn. The company reported fourth quarter revenue growth of 10% y/y, in line with expectations, alongside better-than-expected free cash flow and guidance that was modestly ahead of seasonal trends. Importantly, results pointed to a broadening recovery. The Data center segment grew c.70% y/y for FY25, emerging as a credible growth driver for the company. Industrial revenues returned to modest growth on a year-over-year basis, suggesting early signs of stabilization after a prolonged downturn, while automotive also improved, rising 8% y/y. Alongside this, management highlighted improving order trends and stabilizing inventories, with Q1 guidance implying sequential growth despite seasonally softer demand, reinforcing confidence that an upturn is imminent.

During the quarter, Texas Instruments also held its Capital Markets Day, outlining a focus on improving free cash flow. The company recently pursued multi-year, counter-cyclical capex investment which has negatively weighed on sentiment, though spending now appears to be moderating, with improvement in cash generation expected. In early February, the company also announced the c.\$7.5bn all-cash acquisition of

Silicon Labs. The transaction strengthens TI's embedded capabilities, particularly in industrial IoT and wireless connectivity, and is expected to deliver significant synergies from manufacturing and higher utilization of TI's existing fabs.

Texas Instruments remains a high-quality semiconductor business with strong positions in analog and embedded processing. While tariff uncertainty, a weaker macro backdrop and rising capex have negatively weighed on sentiment in recent years, the combination of improving fundamentals, clearer signs of a cyclical recovery and easing capital intensity have driven a more constructive outlook for the stock. That said, we remain mindful that the pace of recovery may be gradual, with near-term margin expansion likely constrained by higher depreciation and conservative factory utilization.

#### *Microsoft (-23.3% USD)*

Microsoft was the Fund's weakest performer. Much of the poor performance came following the cloud giant's earnings release at the end of January. The stock fell double digits on the news that their fast-growing cloud division (Azure) missed lofty expectations which prompted, in our view, a fairly overdone reaction. Azure growth still came in at +38% y/y and would have been >40% y/y had they allocated all of their GPU capacity to 3rd party services (which generate revenue) instead of using compute capacity for their internal workloads. There is also some concern over the concentration of Microsoft's commercial RPO (aka backlog) as OpenAI accounts for roughly 45% of the \$625bn figure. If OpenAI's growth slows or its compute commitments are restructured, a material portion of that backlog is at risk. However, we think the headline overstates the vulnerability. Total backlog grew a staggering 110% YoY and even if excluding OpenAI entirely, the rest of the backlog was still up 28% YoY, which on its own is a strong demand signal. With demand continuing to exceed supply across workloads and geographies, the underlying breadth and quality of the backlog remains strong.

It is also worth taking a step back and discussing the broader narrative around the stock. Microsoft has guided for FY26 capex growth to exceed FY25's already elevated levels, with \$72bn already deployed over H1 alone. By all accounts, the demand picture is incredibly strong - Microsoft CFO Amy Hood recently noted that "demand continues to exceed available supply ... even as we brought more capacity online". This sentiment has been echoed across many of the other hyperscalers as they race to bring new compute online. As a result, the free cash flow generated by these firms has declined and gross margins have compressed due to growing infrastructure costs and higher product usage. Whilst investors might remain cautious about what appears to be a short-term deterioration in the quality of the business (a trend which is impacting other hyperscalers simultaneously), Microsoft has a rock-solid balance sheet and is clearly seeing enough demand to justify their aggressive capex spend. Beyond the near-term noise, Microsoft is building a durable competitive moat around their AI capabilities. Azure continues to be one of the two dominant hyperscale platforms globally and the company's installed base across enterprise productivity software is unmatched. Furthermore, their custom silicon efforts are making great progress, with their latest Maia 200 inference chip delivering 3x the performance of Amazon's Trainium on certain benchmarks and even exceeding Google's most recent TPU. In sum, we think there are many reasons to be positive over the outlook for the Microsoft business and this negative reaction, however understandable, seems overdone.

#### *Publicis (-21.4% USD)*

Publicis was the Fund's second bottom performer in Q1 (-21.4% USD). The leading global media and ad agency is currently fighting an AI disruption narrative, namely that the demand for their creative agencies and media

buying services will be fundamentally disintermediated by AI tools. Whilst the market is concerned that some corporate clients will be able to replicate their services inhouse, we feel this narrative does not accurately reflect the reality facing the business. Over the past 6 years, Publicis have consistently outgrown peers, which they attribute to their differentiated data driven offering based on proprietary “Core IDs”. These allow Publicis to track the behavior and spending habits of over 300mn people across the broader digital ecosystem (internet, mobile, social media etc) and determine the success of ad campaigns. This competitive offering has enabled Publicis to outperform peers, evidenced by >\$8bn in net new business last year and a number of landmark customers wins. Additionally, the fundamentals of the business remain very healthy: management see topline growth of 4-5% organic (with a history of outperforming guidance), margin expansion, ongoing market share gains, and the business is trading at a 10x 1-year fwd PE with a ~5% dividend yield, very attractive for the quality and growth on offer.

It is also worth noting that we believe a case can be made that Publicis could be an AI winner: if AI ad tools make ads more effective and improve the ROI, then overall ad spending will likely increase, benefiting the agencies via higher volumes. Additionally, the AI ad tools increase the complexity of running large campaigns therefore many corporates will look to outsource to the agencies with the best capabilities who can unlock higher ROIs. Publicis CEO Arthur Sadoun makes a strong point that widely available AI content creation tools are useless without an ability to connect the dots re clients’ data across all media platforms, something that Publicis Core IDs (see above) are well placed to do.

### Changes to the Portfolio

We made one change to the portfolio in February. We sold our position in Diageo and, as part of our one-in-one-out process, replaced it with a new position in RELX. Our sector allocation was changed by the replacement of a Consumer Staples stock with an Industrials stock. Our geographic allocation has not changed since both businesses are listed in the United Kingdom.

We originally bought *Diageo* in the belief that premiumization was a structural growth tailwind, supported by the idea that consumers would consistently “drink better, not more”, a trend that Diageo benefited from meaningfully during the pandemic period as demand shifted towards higher-end spirits. Since Covid, however, a weakening consumer has meant that people are increasingly trading down, and Diageo, given its focus on premium products, has faced clear headwinds in several key markets, most notably the US. At the same time, leverage remained high and above management’s target. Although strategic asset sales were being considered, and the appointment of new CEO Sir Dave Lewis (with a strong turnaround reputation from Tesco) gave us confidence, the most recent quarter marked a fundamental shift. Management highlighted an intention to expand away from premium products to diversify and become more resilient in different economic environments while significantly cutting the dividend to create greater financial flexibility. Although these steps may ultimately prove positive for the business, they represent a clear departure from the premiumization-driven growth thesis on which we invested and imply a low probability that the company can return to growing its dividend in the medium term. Combined with prolonged weakness in key markets such as the US and lower confidence that the premiumization tailwind would soon rebound, the shift in management focus away from premium products meant our original thesis no longer held, leading us to sell the position.

*RELX* is a provider of information-based analytics and decision tools, serving a wide range of customers across the legal, insurance, science, and financial services sectors. The company has been caught up in the so-called “SaaS-pocalypse”, with the Anthropic Cowork legal tool released on January 12<sup>th</sup> driving a sharp sell-off in the stock and a significant de-rating in the valuation. In the month afterwards to 12<sup>th</sup> February, the share price fell 31.1% (in GBP); the 1-year forward P/E ratio fell from 22.4x to 14.4x, and the dividend yield jumped to 3.3%. The company had been on our watchlist for some time. We felt the sell-off appeared overdone and therefore offered a good opportunity to add RELX to the portfolio.

RELX’s products facilitate decision-making for business-critical processes, making them deeply embedded in client workflows. RELX has established contributory databases in its various end-markets, and to gain access to a RELX solution, any new participant must provide all its own private data relevant to the service. The network effects associated with this are powerful; adding datapoints from new customers improves the predictive power of RELX’s models, increasing their value-add and ability to attract additional users, who then share more distinctive data. This closed loop means the majority of RELX’s content repositories cannot be replicated by AI scraping the web for publicly available information. Even in the niches where the raw underlying data may be more widely accessible, such as law statutes, RELX has created a moat through secondary content including expert commentaries, citation networks and data structuring. Reliability is crucial in the industries it serves, and RELX products are typically a negligible part of a customer’s total cost base, meaning clients are unlikely to risk switching away from these well-trusted and proven solutions. RELX has been augmenting its flagship products with AI and recently announced a partnership with Anthropic, further supporting our view that it is more likely to be an AI beneficiary than displaced by the pure-plays. We believe the recent sell-off is overdone and presents a rare opportunity to buy the shares at an attractive valuation.

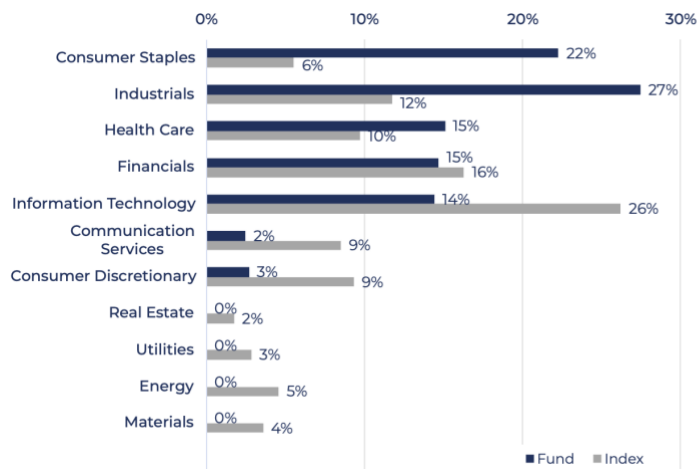
### **Portfolio Positioning**

We continue to maintain a fairly even balance between quality defensive and quality cyclical/growth companies. We have approximately 45% in quality defensive companies (e.g., Consumer Staples and Healthcare companies) and around 55% in quality cyclical or growth-oriented companies (e.g., Industrials, Financials, Information Technology).

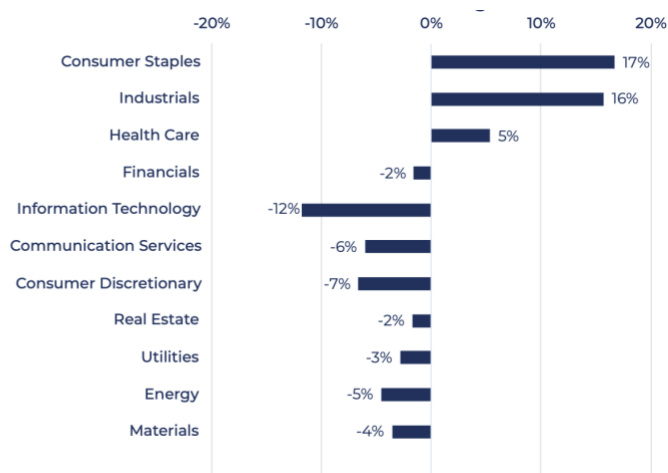
While the defensive names tend to have lower beta and hold up better when markets are falling, the cyclical holdings allow the Fund to maintain performance when markets are rebounding and rising. We believe that within these more cyclical sectors we are owning the ‘quality’ businesses. All the companies we seek to invest in have strong balance sheets and a history of performing well in difficult market environments. Within Financials, for example, whilst we do not own any banks, which helps to dampen the cyclicity of our Financials, we do own exchange groups such as CME and Deutsche Boerse (which do well in periods of market volatility as volumes tend to increase, resulting in higher revenues).

The Fund also has zero weighting to Energy, Utilities, Materials, and Real Estate. The largest overweight is to Consumer Staples.

## Fund Allocation vs MSCI World Index



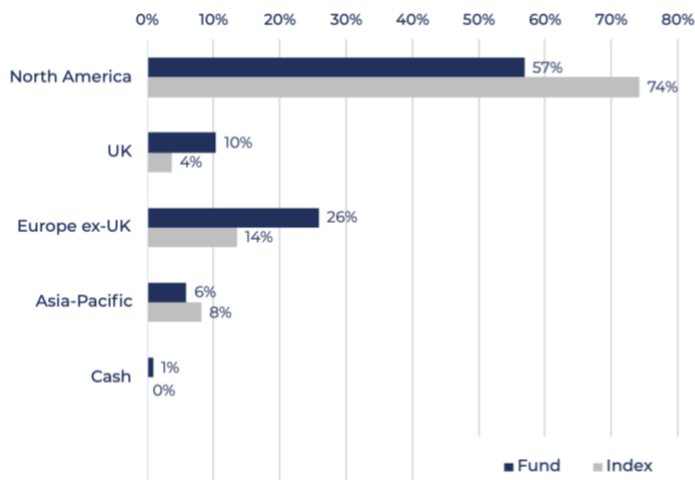
## Over/Under Weights



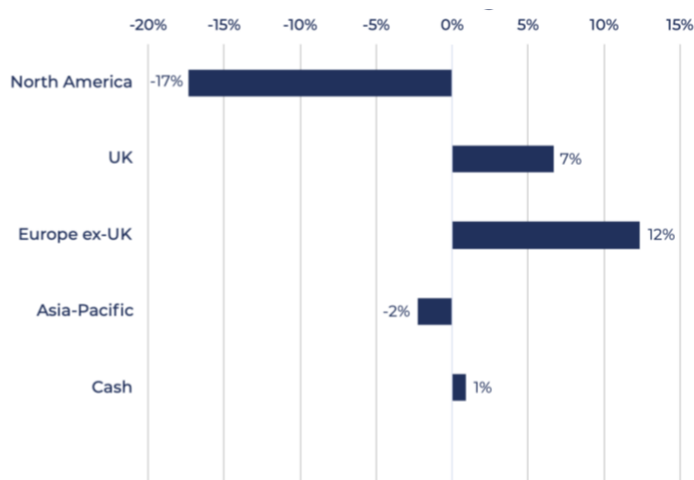
Source: Guinness Atkinson Funds, Bloomberg. Data as of March 31, 2026.

In terms of geographic exposure (shown below), the largest difference between the Fund and the benchmark is our exposure to the US (as measured by country of domicile). The Fund at quarter end had c.57% weighting to North America, which compares to the index at c.74%. The largest geographic overweight remains Europe ex-UK and the UK, though we are diversified around the world with 57% in the US, 36% in Europe and 6% in Asia Pacific. Within Asia Pacific we have one company listed in Taiwan (Taiwan Semiconductor Manufacturing) and one company listed in Hong Kong (Anta Sports).

## Fund Allocation vs MSCI World Index



## Over/Under Weights



Source: Guinness Atkinson Funds, Bloomberg. Data as of March 31, 2026.

## Outlook

The four key tenets to our approach are quality, value, dividend, and conviction. We follow metrics at the portfolio level to make sure we are adhering to them. At quarter end, we are pleased to report that the portfolio continues to deliver on all four, relative to the MSCI World Index.

### Portfolio Metrics vs Index

		Fund	MSCI World Index
<b>Quality</b>	Median return on capital	22.4%	9.4%
	Median net debt / equity	51.1%	37.5%
<b>Value</b>	PE (2026e)	18.5	18.7
<b>Dividend</b>	Weighted average payout ratio	50%	40%
<b>Conviction</b>	Active share	91%	-
	Number of stocks	35	1650

Source: Guinness Atkinson Funds, Bloomberg. Data as of March 31, 2026.

DIVS continues to offer a portfolio of consistently competitive and profitable companies with robust balance sheets and strong returns on capital. The current macroeconomic environment is marked by significant uncertainty, driven by shifting trade policies, tariff escalations, geopolitical risks, concerns over economic growth, and the potential resurgence of inflationary shocks. With these risks on the horizon, we are confident that the companies in the portfolio are well placed to deal with whatever challenges lay ahead, and the defensive nature of the portfolio gives us confidence heading into whatever market conditions may come. As in the past, our unchanging approach of focusing on quality compounders and dividend growers should continue to stand us in good stead in our search for rising income streams and long-term capital growth.

## Important Information

**Basis Points (bps)** are a unit of measurement used to describe the percentage change in the value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent) or 0.0001 in decimal form.

**MSCI World Index** captures large and mid cap representation across 23 Developed Markets countries. With 1,583 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

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

**MSCI World Value Index** captures large and mid-cap securities exhibiting overall value style characteristics across 23 Developed Markets countries. 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 World Growth Index** captures large and mid-cap securities exhibiting overall growth style characteristics across 23 Developed Markets countries. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend.

**World Food & Staples Retailing Index** is designed to capture the large and mid cap segments across 23 Developed Markets (DM) countries. All securities in the index are classified in the Consumer Staples Distribution & Retail industry group (within the Consumer Staples sector) as per the Global Industry Classification Standard (GICS®).

**World Software Index** is designed to capture the large and mid cap segments across 23 Developed Markets (DM) countries. All securities in the index are classified in the Software & Services industry group (within the Information Technology sector) as per the Global Industry Classification Standard (GICS®).

**Consumer Price Index** is a weighted average of prices for a basket of goods and services representative of aggregate U.S. consumer spending.

**VIX Index** (Cboe Volatility Index) is a real-time market index that represents the market's expectations for the relative strength of near-term price changes of the S&P 500 Index.

Indexes are unmanaged. It is not possible to invest directly in an index. Past performance is no guarantee of future results.

**Software as a Service (SaaS)** is a software delivery model where applications are hosted remotely by a vendor and accessed over the internet, typically by a subscription.

**Return on Investment (ROI)** is a key profitability metric calculated by dividing net profit by the total cost of an investment, expressed as a percentage.

**Beta** is a measure of the volatility of a security compared to the market as a whole.

**Median Return on Capital** is a profitability metric that measures the median return a company generates from the capital invested in its business, helping show how efficiently it uses its capital to produce profits over a given period.

**Median Net Debt to Equity** is a leverage metric that shows the median ratio of a company's net debt to its shareholders' equity, helping indicate how much debt a company uses to finance its operations relative to the value of its equity.

**Weighted Average Payout Ratio** is an income metric that shows the average proportion of earnings companies return to shareholders through dividends, weighted by each company's relative size in the portfolio or index.

**Price to Earnings Ratio** is a stock valuation metric that compares a company's share price to its earnings per share.

**Capex (Capital Expenditure)** refers to funds a company spends on acquiring, upgrading, and maintaining long-term physical assets such as property, buildings, technology, or equipment aiming to increase operational capacity or future value.

**Earnings Per Share (EPS)** is a company's net profit divided by the number of common shares it has outstanding. It indicates how much money a company makes for each share of its stock and is a widely used metric for estimating corporate value.

# DIVS

Guinness Atkinson Dividend Builder ETF

April 2026 Update



**Compound Annual Growth Rate (CAGR)** is the rate of return 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.

**Personal Consumption Expenditures (PCE)** Index is a measure of the prices that US consumers pay for goods and services.

**Dividend yield** is a financial ratio showing the return an investor would earn from an investment based solely on its dividend payments.

*Consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. For a prospectus or summary prospectus with this and other information, please call (866) 307-5990 or visit our website at [www.gafunds.com](http://www.gafunds.com). Read the prospectus or summary prospectus carefully before investing.*

The Fund invests in securities that pay dividends, and there is no guarantee that the securities held by the Fund will declare or pay dividends in the future, or that dividends will remain at current levels or increase.

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.

Investing in securities involves risk and there is no guarantee of principal.

Shares of the Fund are distributed by Foreside Fund Services, LLC.