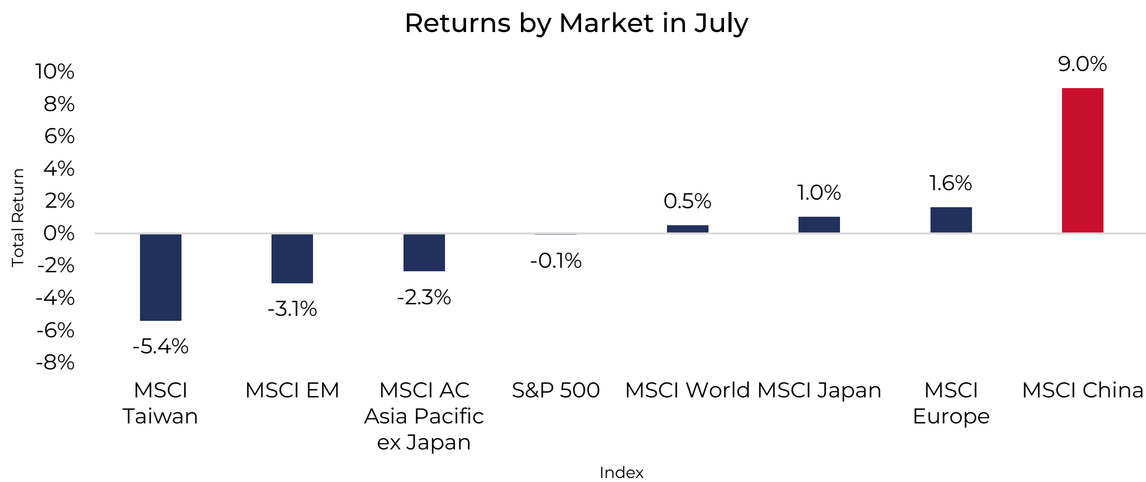
ICHKX
China & Hong Kong Fund
August 2026 Update

Market Commentary

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



(Data from 06/30/26 to 07/31/26, returns in USD, source: Bloomberg, Guinness Atkinson calculations)

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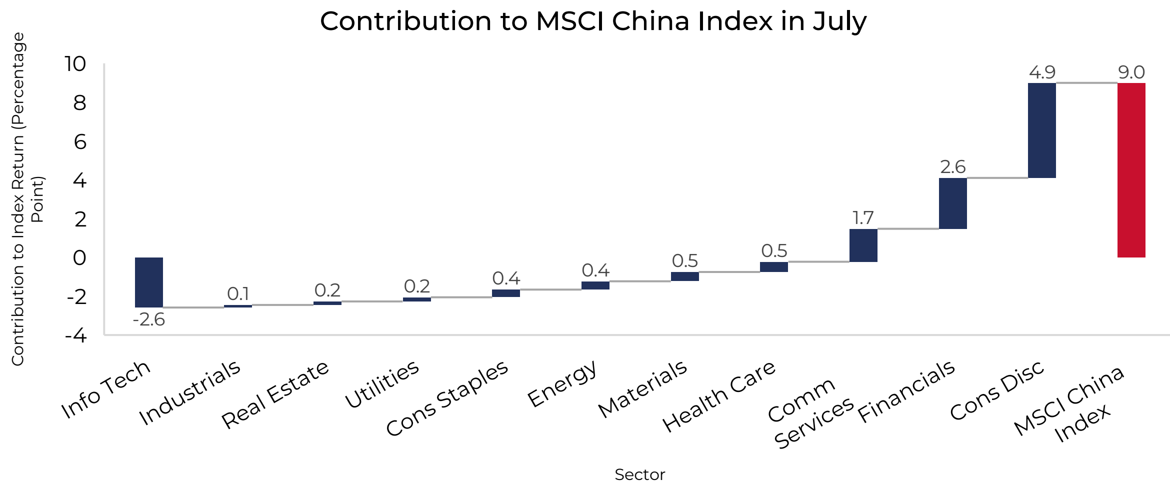
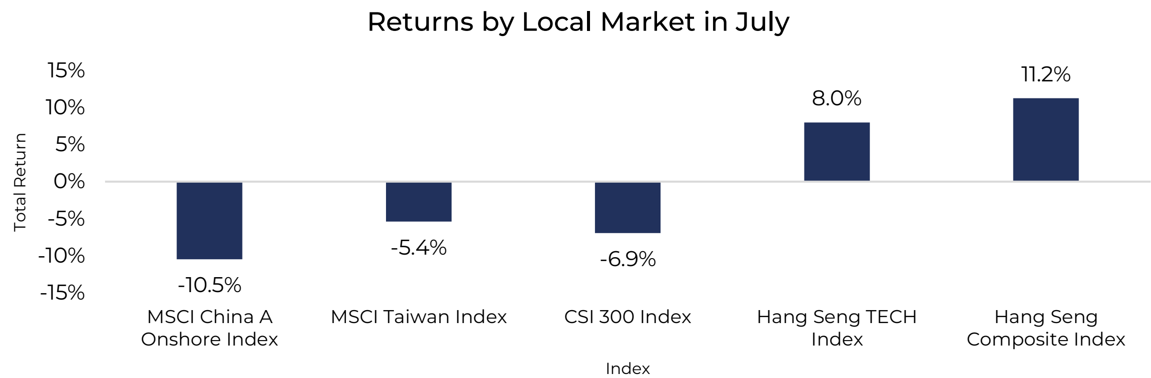


(Data from 06/30/26 to 07/31/26, returns in USD, source: Factset, Guinness Atkinson calculations)

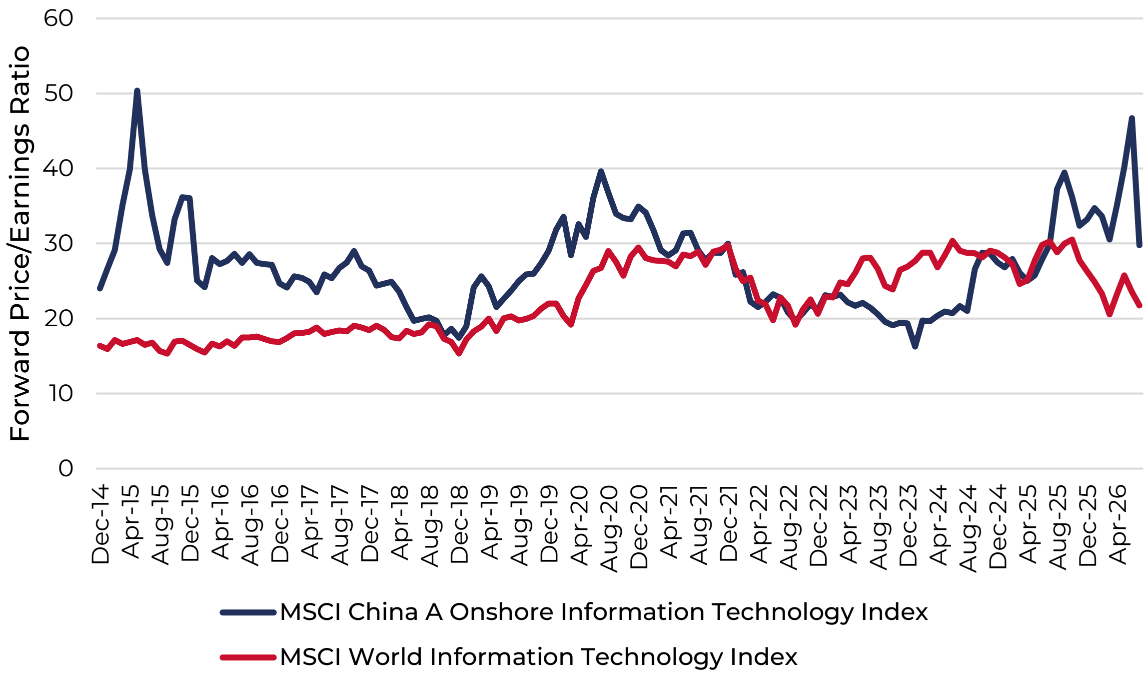


(Data from 06/30/26 to 07/31/26, returns in USD, source: Bloomberg, Guinness Atkinson calculations)

In July, Chinese equities experienced a sharp rotation rather than a broad-based improvement in sentiment. The global AI trade unwound as investors reassessed AI monetization, elevated capital expenditure and free cash flow generation among hyperscalers. In China, this unwinding was most apparent in crowded onshore AI and semiconductor names while previously overlooked offshore stocks rebounded strongly. Onshore stocks, as measured by the MSCI China A Onshore Index, fell by 10.5% while offshore stocks, as measured by the Hang Seng Composite Index, rose by 11.2%.

Within the MSCI China Index, Information Technology fell 18.4% while every other sector rose. The fall in the IT sector in the broad China index understates the pressure in the domestic market, as the Information Technology sector in the MSCI China A Onshore Index fell 30.0%. The move was mainly driven by valuation de-rating, with the sector's forward P/E multiple falling from 46.7x in June to 29.8x in July.

Onshore Technology Stocks Saw a Sharp Derating in July



(Data from 12/31/14 to 07/31/26, source: Bloomberg, Guinness Atkinson calculations)

The onshore technology sell-off reflected the unwinding of highly concentrated and leveraged positions. Semiconductor hardware, AI infrastructure and related momentum stocks had performed strongly earlier in the year, leaving valuations and positioning vulnerable to any shift in expectations. Margin financing across the A-share market fell by more than Renminbi (RMB) 300bn (US$44bn) from its June peak, with Information Technology stocks accounting for around half of the reduction. As share prices fell, margin calls triggered forced selling, amplifying the correction.

Hong Kong equities benefited from this repositioning. Internet and e-commerce stocks entered the month on relatively modest valuations and with light investor ownership, leaving them well placed to respond as capital moved away from direct AI beneficiaries. Short covering and renewed institutional interest added support, while southbound inflows into Hong Kong rose. By contrast, onshore liquidity was constrained by domestic IPO activity and lower margin balances. Within the MSCI China Index, the largest two stocks are Tencent and Alibaba, with a weight of 14.6% and 9.8% respectively. Given that both stocks rebounded in the rotation, they had a particularly large contribution to the 9.0% rise in the MSCI China Index.

Policy expectations also supported the rotation, although the July Politburo meeting was better characterized as an acceleration of existing support than a major new fiscal stimulus package. The meeting acknowledged growing economic pressures and reintroduced the language of stronger counter-cyclical adjustment, but its emphasis was on faster implementation of the fiscal measures already budgeted. An estimated RMB2tn (US$296bn) of fiscal support remained available for deployment in the second half of the year, including funding from planned government bond issuance.

The policy mix remained largely supply-side in orientation, with investment directed towards advanced manufacturing, technology, energy security and the “six networks” program which includes power grids, computing infrastructure, telecommunications and logistics. This reinforced expectations of stronger activity in infrastructure-related and traditional cyclical industries. By contrast, the meeting offered limited evidence of a decisive shift towards broad household stimulus or renewed support for the property market.

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Overall, July was a convergence trade within Chinese equities. The strongest first half winners, particularly onshore AI-related stocks, experienced a substantial deleveraging, while capital moved towards cheaper, under-owned areas of the market. The headline strength of MSCI China therefore reflected a rebalancing in investor positioning rather than a uniform improvement in China's economic outlook.

Outlook

Though many AI names have sold off, we think valuations remain too high for the higher quality names in the space. We remain overweight towards cheaper parts of the market, particularly Industrials and Consumer Discretionary, which served the Fund well.

Within Industrials, several holdings provide exposure to the power and infrastructure requirements created by data center expansion. These include companies supplying backup generators, gas turbine components, grid equipment and relays. Demand should benefit from the need for reliable power generation and distribution but these businesses generally trade at materially lower valuations than direct AI beneficiaries.

Consumer Discretionary continues to face a difficult short-term environment, reflecting weak confidence, the prolonged property downturn and subdued retail sales growth. However, valuations increasingly appear to price in a continuation of these conditions indefinitely. Many of the Fund's consumer holdings retain strong market positions, healthy balance sheets and the ability to generate cash returns above their cost of capital. Taking a longer-term view, as China continues to move up the value chain and incomes rise, we believe the addressable market for our consumer companies is likely to increase. We believe leading consumer companies are therefore being valued too cheaply relative to their long-term cashflow potential.

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

Performance

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

- The overweight in Consumer Discretionary which outperformed.
- The underweight to Information Technology which underperformed.
- Stock selection in Industrials, driven by Sany Heavy Industry, Shandong Himile Mechanical, Haitian International, Nari Technology and Hongfa Technology.

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

- The underweight to Financials which outperformed.
- 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 about 3.3%. As Tencent and Alibaba outperformed, the structural underweight position cost the Fund in relative terms, by 1.3pp and 1.4pp respectively.
- The Fund's lack of exposure to Materials, Energy and Utilities, all of which outperformed.

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As of 07/31/2026	YTD	1 Year	3 Year	5 Year	10 Year
China & Hong Kong Fund (ICHKX)	-0.86%	9.91%	2.92%	-4.30%	3.51%
MSCI China Net Total Return Index	-7.32%	-1.14%	7.17%	-2.13%	4.87%

As of 06/30/2026	YTD	1 Year	3 Year	5 Year	10 Year
China & Hong Kong Fund (ICHKX)	-10.95%	2.82%	1.41%	-7.69%	2.92%
MSCI China Net Total Return Index	-14.97%	-4.94%	7.74%	-6.62%	4.34%

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

Expense Ratio: 1.86%

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 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.

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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.

The price-to-earnings (P/E) ratio is the proportion of a company's share price to its earnings per share (EPS)

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).

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

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 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.

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.

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.

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

Top Fund Holdings as of 7/31/2026:

1.	Hongfa Technology Co Ltd	4.55%
2.	Midea Group Co Ltd	4.33%
3.	Tencent Holdings Ltd	4.26%
4.	Meituan-Class B	4.04%
5.	Inner Mongolia Yili - A Shares	3.81%
6.	AIA Group Ltd	3.67%
7.	Geely Automobile Holdings Ltd	3.63%
8.	Sany Heavy Industry Co	3.61%
9.	NetEase Inc - ADR	3.53%
10.	Zhejiang Supor Cookware - A Shares	3.52%

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

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