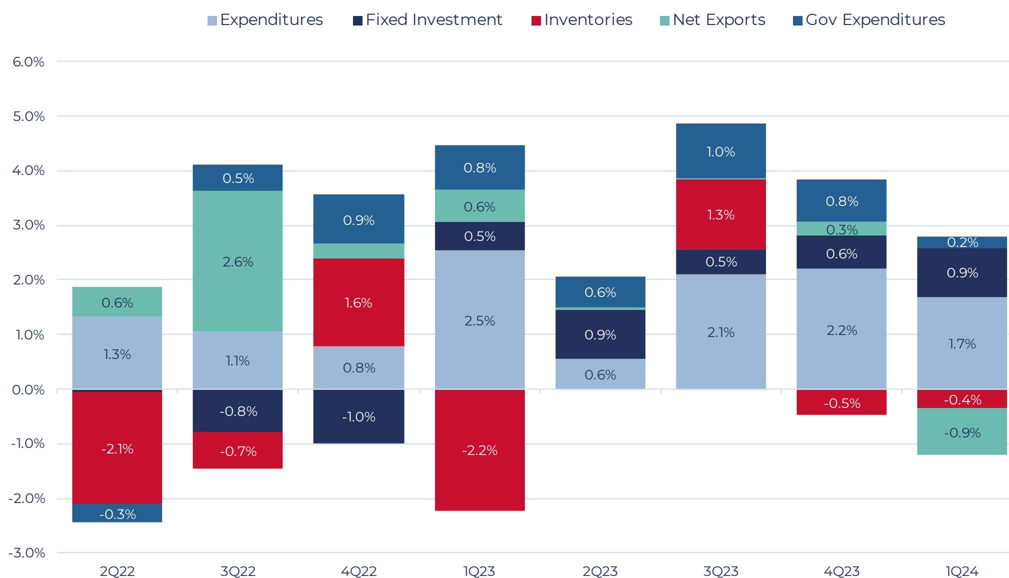
Market Commentary: April

Positive economic sentiment 'hesitated' during April

Previous economic data over 2024 has pointed almost unilaterally to strength and given that further interest rate increases were seemingly 'off-the-table', equities have reacted positively. However, small signs of weakness emerged over April, as Q1 GDP, the US manufacturing PMI activity and consumer sentiment surveys all came below consensus forecasts, causing sentiment towards the economic backdrop to take a slight downward turn in April, with markets pausing to reassess the outlook. A number of companies including McDonalds's, Coca Cola and Nestle reported a shift in purchasing habits towards cheaper options, suggesting consumers may finally be beginning to feel the pinch. This was backed by data that showed US credit card delinquencies in Q4 reaching its highest levels since 2012, when data first began being recorded. As excess savings from the pandemic returned to zero for the first time during April, concerns emerged that the 'consumer-led' economy may, ever so slightly, be running out of steam.

There were, however, positive signs too – and even contradictions to the above. The US economy grew at 1.6% (annualized) versus an expected 2.5% over Q1, a deceleration from 3.4% the prior quarter – but the dynamics of this miss-to-expectations are important. This deacceleration was driven by a fall in investment in inventories, and a decline in net exports. Reassuringly, however, demand remained strong from consumers and businesses alike. Consumption offered a 1.7% positive contribution to real gross domestic product (GDP), with a quarterly growth rate of 2.5% only slightly weaker than at the end of 2023. Fixed Investments offered a 0.9% contribution – up from 0.7% the prior quarter. The decline in net exports was partly a result of consumer spending remaining so much stronger in the US than abroad, that it caused the trade deficit to widen. A decline in inventory typically suggests *expectations* of *future* weakening demand, but this does not necessarily reflect what we saw elsewhere, such as a 'blowout' March retail sales report (+0.7% month-on-month). And while manufacturing PMI's came in weaker than expected, composite PMIs remained in expansionary territory in both the US and Europe, reflecting continued business confidence, alongside a bumper jobs report.

Components of Real GDP Growth (Quarter on Quarter, %)

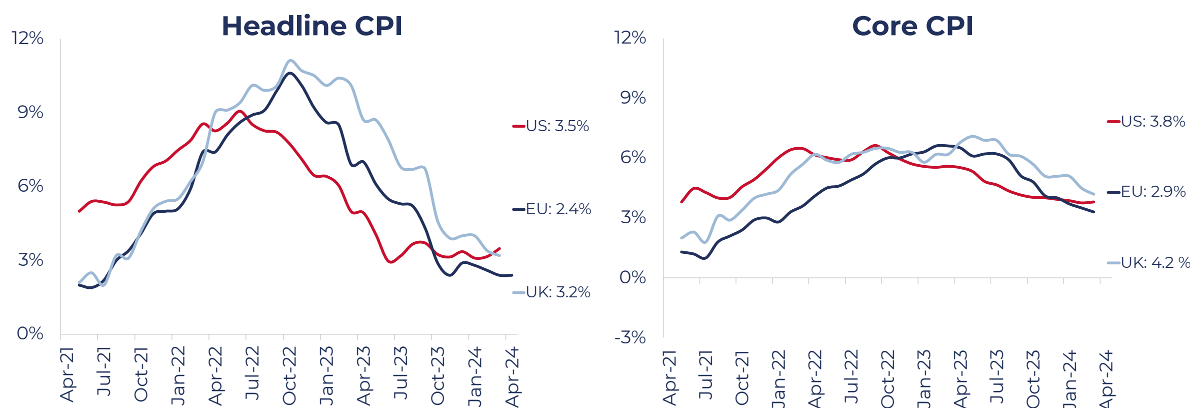


Source: Guinness Atkinson Asset Management, Bureau of Economic Analysis, as of April 30th 2024

Ultimately, preliminary GDP data has been noisy in recent periods (this time last year the GDP figure was revised from 1.1% to 2.0%), and we await the final revisions. However, on the whole, a 1.7% annualized rate on an absolute level is by no means weak, especially when considering these underlying dynamics. While there are small signs that the US economy may be slowing in certain pockets, we are wary of using data points over a single month to project forward. The fact that the US economy of late has been consumer driven means a weakening in this aspect will of course be a concern, but given strength in retail sales and the underlying components of GDP growth, we are cautious of calling a slowdown just yet. Our overriding view is that the US economy remains in good shape - although it may not be as clear-cut as we may have thought last month.

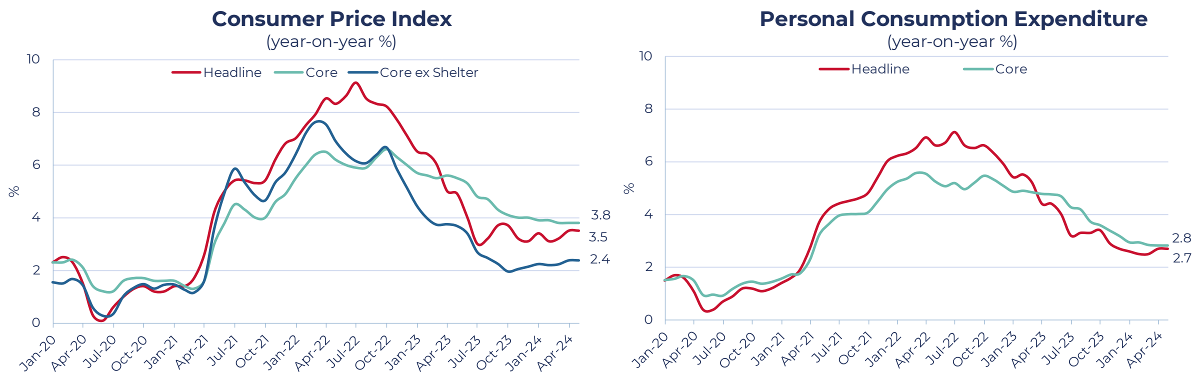
Inflation was a more important factor to the market narrative during April.

The disinflation path towards the 2% target has been relatively smooth since the peak (in mid-2022 for the US, and end of 2022 for Europe). This rather consistent downward trend in both headline and core numbers was one of the key drivers behind such significant expectations of rate cuts at the beginning of 2024 (between 6 and 7 cuts for the US, Europe and UK).



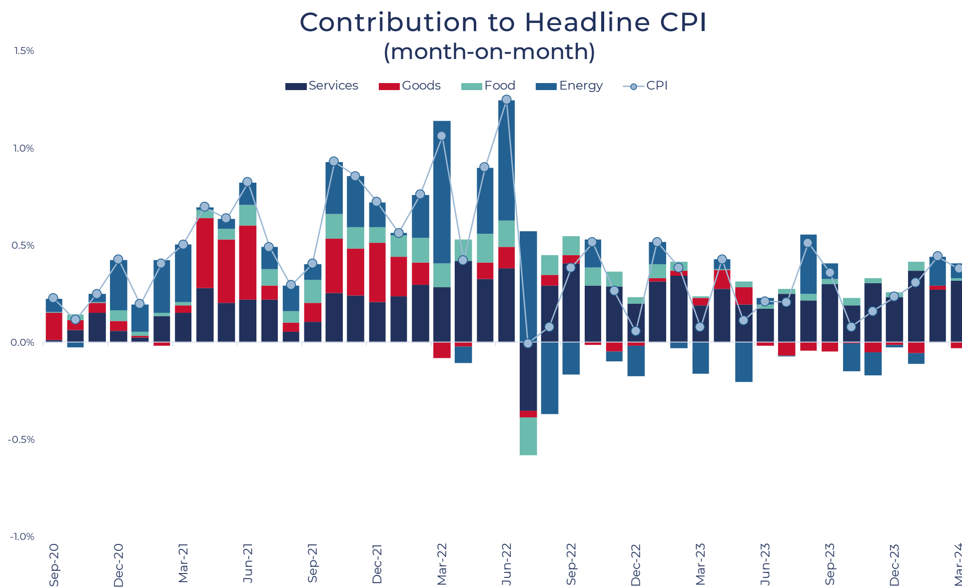
Source: Guinness Atkinson Asset Management, Bureau of Labor Statistics, as of April 30th 2024

However, progress in the US has seemingly stalled. Core CPI (all items less food and energy) has remained at 0.4% month-on-month for 3 consecutive months, with the year-on-year prints have fallen only 0.2% (from 4.0% to 3.8%) since October 2023. The headline number has actually increased 30bps over this period (from 3.2% to 3.5% in March). The Fed's preferred measure of inflation, Core PCE, has fallen just 0.1% since December 2023 (from 2.9% to 2.8% in March). Perhaps most concerningly, the 'Supercore' CPI index (which excludes the largest and stickiest contributor to Core CPI, shelter), has been slowly trending upwards since September 2023.



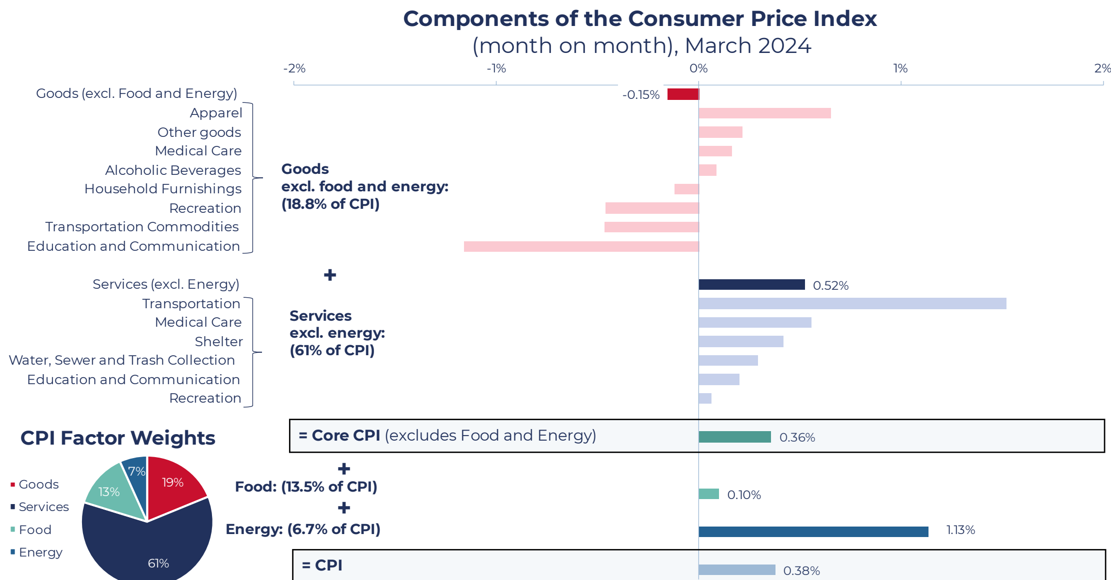
Source: Guinness Atkinson Asset Management, Bureau of Economic Analysis, as of April 30th 2024

Services, widely regarded as a stickier component of inflation due to input costs stemming predominantly from wages, have been the core driver of inflation for about 18 months now, and while had been progressing downward, now appear to be back on a slow, upward trend.



Source: Guinness Atkinson Asset Management, Bureau of Labor Statistics, as of April 30th 2024

Looking at March's data and breaking down these components even further, these inflationary pressures are not limited to a few sub-segments within Services either, but are broad based, despite varying in magnitude.



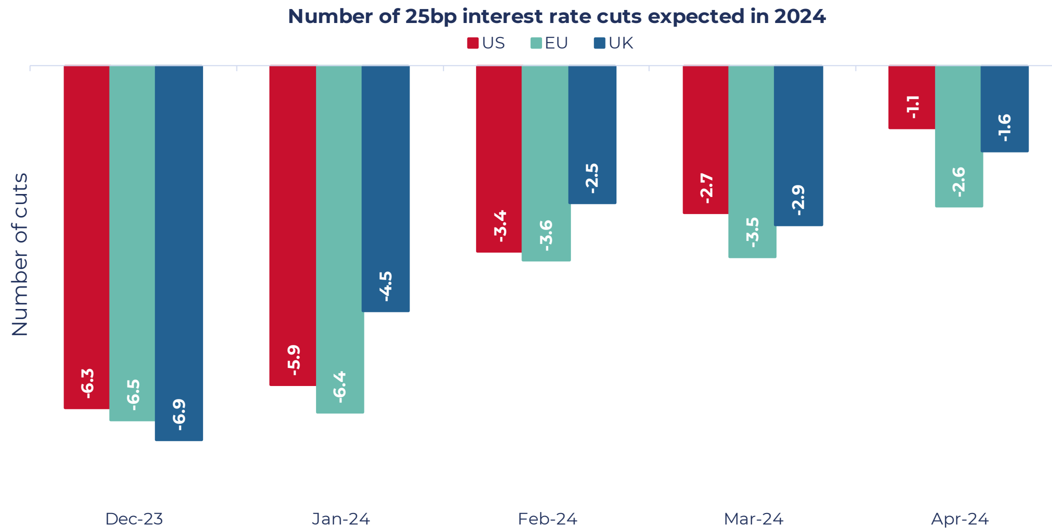
Source: Guinness Atkinson Asset Management, Bureau of Labor Statistics, as of April 30th 2024

In the context of these prints, commentary from Fed Chair, Jay Powell, became markedly more hawkish during the month of April, conceding for the first time that inflation was now taking longer than expected to fall to levels in which it would be acceptable to ease policy. He stated:

"We've said at the FOMC that we'll need greater confidence that inflation is moving sustainably toward 2 percent before it would be appropriate to ease policy…The recent data have clearly not given us greater confidence, and instead indicate that it's likely to take longer than expected to achieve that confidence."

Interest Rate Cuts in 2024 are now seemingly under threat

Expectations over how many rate cuts would occur have already shifted significantly over 2024 – with markets expecting between 6-7 at the beginning of the year, to around 1 at the end of April. A similar trend can be seen in Europe and the UK. While both the European Central Bank and Bank of England highlight that inflationary pressures and dynamics are different in Europe and the UK to that of the US, and thus monetary policy is supposedly independent, policy has typically moved with a moderate level of 'lockstep' to that of the Federal Reserve - the reason being that any divergence may harm their economies due to the impact of exchange rates and thus import costs, which may in turn lead to further inflation. Hence, expectations of the number of rate cuts has fallen dramatically over the duration of 2024 – across regions.



Source: Guinness Atkinson Asset Management, Bloomberg, as of April 30th 2024

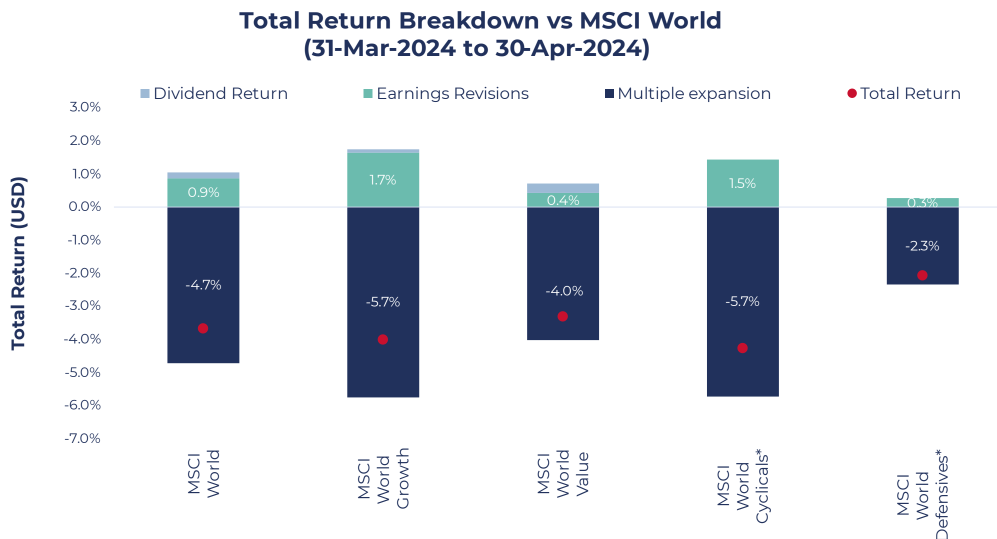
This can also be seen by the fact that the implied 'months to first rate cut' has continually risen higher over 2024. Not only are less rate cuts expected over 2024, but the first rate cut is now not expected until Q4. This is in complete contrast to the beginning of the year, when 2 rate cuts were already expected to have happened by now.

Source: Guinness Atkinson Asset Management, Morgan Stanley as of April 30th 2024

While the market was already expecting more rate cuts than the Fed was forecasting in their dot plot, commentary around the need to retain rates at elevated levels for longer as a result of stubborn inflation has caused expectations over the number of rate cuts to fall even further during April. In fact, options markets are now pricing in roughly a one in five chance that the next move by the Fed could in fact be a raise to interest rates.

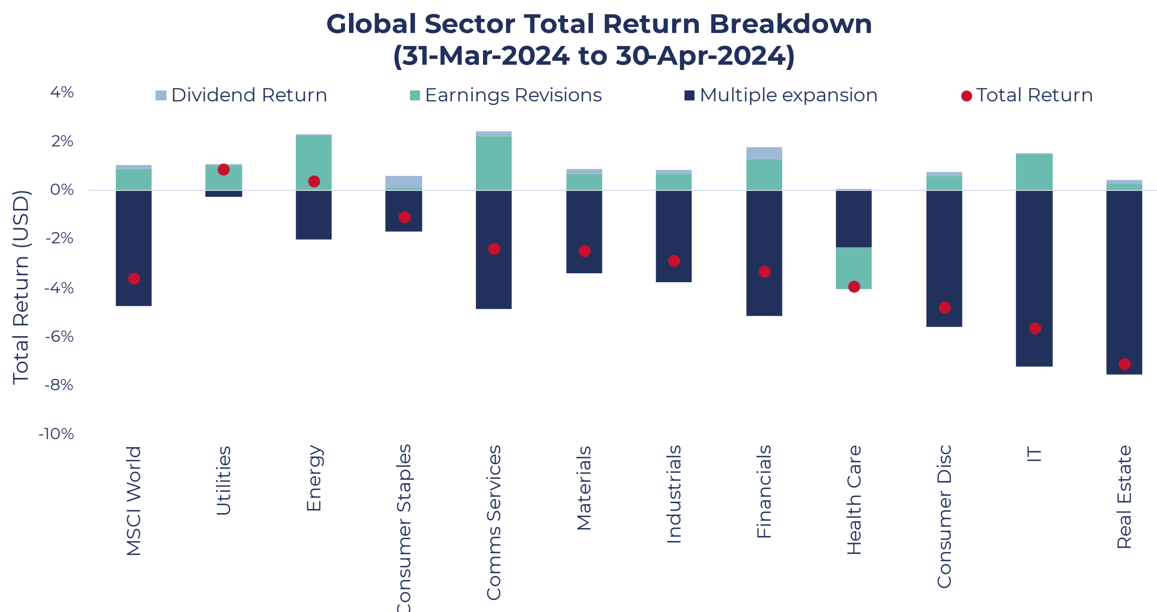
What did this all mean for equities?

The 'ideal world' scenario that drove equities to record heights over the beginning of the year has been somewhat dented. This 'ideal world' saw continued economic growth, inflation trending towards a 2% target, a strong jobs market with low unemployment, and interest rates coming back down in the near, if uncertain, future. Equity performance in the first quarter was strong despite rate-cut expectations being pushed further out – with the market seemingly content to put up with higher rates for longer over the short term, provided these higher rates were in the context of a strong economy. Now, however, a lack of progress in disinflation has put a slight dampener on this scenario. The economy on the whole remains in robust shape, even amidst some datapoints that suggest weakness in pockets and despite some whispers of 'stagflation' creeping back into the market. Jay Powell quickly rebutted this idea, stating *"I don't see the 'stag', I don't see the 'flation'"* – and given the strong demand seen from both consumers and businesses, paired with inflation below 3% (Headline and Core PCE), this argument carries weight. However, the lack of disinflation and resultingly uncertainty into when the rate cutting cycle may begin has resulted in rate expectations being pushed further out once again, and this is finally impacting valuations more heavily, in contrast to the first quarter. Given their longer duration nature, valuations were hit particularly hard within 'growth' and 'cyclicals'. Interestingly, despite some corners of the market perceiving a weakened macroeconomic backdrop amidst conflicting data reads, both growth and cyclicals experience strong earnings revisions (12 months forward) over the month, a result of a strong earnings season. Of the ~370 companies from the S&P 500 that had reported earnings as of month end, 77% of had reported earnings above consensus (with an average beat 8.8%).



Source: Guinness Atkinson Asset Management, MSCI, as of April 30th 2024

In fact, earnings revisions could be seen across almost all sectors (healthcare being the exception), but were most pronounced among growth/cyclically orientated stocks, another indication of the robust economic outlook. The sectors most exposed to changes in interest rate expectations - Real Estate, IT, Consumer Discretionary, Financials and Communication Services - experienced the largest multiple contraction, indicating equities were once again being driven by interest rate expectations.



Source: Guinness Atkinson Asset Management, MSCI, as of April 30th 2024

Markets appear to have shifted expectations away from the 'ideal world' scenario, to one in which economic growth remains strong, but inflation may remain slightly stubborn for some time yet, and it now seems broadly accepted the level at which interest rates may eventually level out to, could be materially higher than what markets became accustomed to over the 2010's. We believe there is a good argument for high quality stocks with exposure to long term secular growth themes in this current market environment. While a lower growth environment may not be our 'base case', if the risk does emerge, we believe these companies should continue to be able to grow, while being protected by better fundamental characteristics in terms of margins and balance sheets but also performing well during cyclical upswings. We are confident that the Fund's focus on high quality growth stocks, underpinned by structural changes stands us in good stead going forward. Our bottom-up approach helps to identify these quality growth companies, while also maintaining a valuation discipline. In addition, our equally weighted positions limit over-reliance on any single company. We continue to focus on these key tenets in the Fund and remain confident of this process over the long term.

Changes to the Portfolio

We sold two positions, Comcast and Zoom, and initiated two new positions, LSE Group and Siemens Healthineers over the course of April.

Buys

Siemens Healthineers, which spun out of the broader Siemens group, develops and sells medical technology solution to healthcare providers. The company specializes in imaging systems for MRI, CT and ultrasound scans as well as other diagnostics equipment and cancer radiology.

Siemens is well positioned to capitalize on global healthcare trends including the digitalization of medical data, a shift towards more personalized medicine and the adoption of AI within MedTech. This is coupled with a track record of strong top line and bottom-line growth, backed by 50% recurring revenues. Siemens Healthineers were one of the first movers in advanced MRI & CT technology (contributing to about 50% total revenues) and with a decade of expertise in imaging, the company has maintained a dominant market position. Siemens Healthineers' market leadership runs across segments having acquired Varian, the #1 radiotherapy player in 2020, which strengthened an already diversified portfolio. The company has faced some margin pressure associated with acquisition costs and supply chain issue in its Diagnostics segment post-COVID, however there are early signs that these inflationary pressures are now easing, which we expect to be accretive to margins. Ultimately the firm's scale and dominant market share positioning positions them well to capture the above healthcare trends, and given the underlying business quality, we believe the stock fits well within the Fund philosophy.

LSEG, owner of the London Stock Exchange, provides both data solutions and infrastructure for global financial markets. The firm is vertically integrated across the 'financial market value chain', with a presence across the trade lifecycle – from pre-trading data and analytics to post-trade clearing and reporting, across both primary and secondary markets. Until 2007, the firms' sole operations were running the London Stock Exchange, but have used acquisitions to shift the core of the business away from exchanges, and towards data and analytics.

LSEG have a high-quality business model, generating around 70% recurring revenues with a about 95% retention rate. Since the acquisition of Refinitiv into the business, LSEG has been working hard to improve product quality to compete more effectively in Data and Analytics, through their Refinitiv Terminal. The business has turned from a relatively low growth business that was exposed almost entirely to market trading cycles and listing revenues, to a high-quality, recurring revenue cash machine, with a number of promising growth drivers. Growth is underpinned by a number of levers across a diverse set of segments - Annual Subscription Value growth, Trading and Banking turnaround, capital expenditures (CapEx) spend on innovation and product improvements, pricing and market share gains to name a few - as well as a number of secular growth drivers (shift from active to passive benefitting the index business, regulation demanding greater disclosure, shift from over-the-counter to on-exchange). The firm's high recurring revenue stream makes it relatively resilient/defensive across all market conditions, while trading fees will ebb and flow with market volatility offering some offset to any equity market downturn, and thus outperforming when others may not. London Stock Exchange Group offers a diversified, cash generative, high margin business with recurring revenues and sticky products, with fundamentally decent growth drivers.

Zoom Video Communications has struggled since coming out of the pandemic with changing consumer trends and a tougher macroeconomic environment. At purchase, Zoom looked attractive from a valuation perspective, having derated from its 2021 highs to near pre-pandemic levels – despite being a fundamentally better business. The company had built a strong brand, with 'Zoom' becoming

synonymous with online conferencing and video calling after the company's success during the pandemic, and the resulting paradigm shift towards increased hybrid working. What was once a more 'speculative' growth stock at the start of the pandemic, was now a slightly more mature growth company with high market share (underpinned by a best-in-class product), stickier revenues, and a stronger balance sheet with $5bn in cash creating room for growth investment. With a superior product and strong brand presence, growth expectations for the company were around mid to high single digits. However, since purchase, Zoom has returned -34% versus the MSCI World Index which was up 28%, with a growth profile that has disappointed. The company's key Enterprise segment has seen decelerating growth, with both customer growth and the net dollar expansion rate (Zoom's revenue per user metric) slowing significantly. Customer growth has slowed from a rate of 25% YoY in the quarter prior to purchase to an estimated 3.6% by the first quarter of 2024. Net Dollar Expansion rate has slowed even further, currently at 101%(1Q24) vs about 123% at purchase. Much of this is owed to macroeconomic headwinds which have pressured many customers to 'scrutinize' existing deals and potentially move to cheaper contracts. Within the Online segment, which covers non-enterprise customers, the story has certainly improved, but has been underwhelming. At purchase, the segment experienced high attrition rates associated with coming out of the pandemic, and while churn is now at all-time lows, revenues are expected to remain largely flat. It is worth nothing that many of the headwinds affecting the business have been out of management's control, but the fact that the firm has not been able to reignite growth as these pressures have eased has been disappointing. That being said, the company has executed well on nascent product lines, and the company continues to see success in Zoom Contact Centre and its AI integration into the original platform, thus diversifying the business away from the core video platform, and it is disappointing that this success has not been appreciated by the market. Looking forward, the growth outlook has somewhat degraded, particularly over the mid-term, and while Zoom continues to hold some quality attributes and long term growth levers, we believe there are better opportunities elsewhere.

Comcast offers cable TV, internet, streaming, and phone services operating mainly in North America and Europe. Since 2009, when we first purchased the stock for the strategy, Comcast has returned 564%.

As the largest cable TV provider and broadband provider in the US, Comcast provided an attractive investment opportunity at purchase. Comcast boasted a wide economic moat from its well-established operational infrastructure and market dominance. However, having held the company for such a lengthy period, the market backdrop has shifted, as has the business. In recent years, the stock has been weighed down by several factors including slower growth in broadband and subscriber losses in its Cable TV segment, in part a result of increasing competition. The trend of cord cutting has increased with consumers turning away from traditional cable and satellite services, in favor of internet or streaming services. Comcast has attempted to build out its own streaming service Peacock to replace lost revenues however this is developing slower than anticipated and success has been limited. Comcast is still heavily exposed to traditional TV, creating uncertainty over the company's long-term growth prospects. This is coupled with stagnation in the broadband segment as Comcast has continued to see falling customers having lost 65,000 broadband customers in Q1 of 2024, in part a result of an uncertain macro-backdrop. Furthermore, Comcast has built over $100bn in debt constraining their financial flexibility for investments, and scaling Peacock in particular. The stock has derated significantly since the pandemic, trading at 11x on a 1yr forward P/E vs highs of almost 30x in 2022, a reflection of the many challenges to the company's growth prospects. While Comcast remains a

large market player in the US, in our view the company's business model has weakened, prompting us to look elsewhere for higher growth and higher quality opportunities.

Individual Stock Performance over the month

Anta Sports (+7.9% USD)

Anta Sports, the Chinese sportswear and sports equipment manufacturer, ended the month as the fund's top performer (+7.9% USD). Anta released its operational update this month for 1Q24 reporting mid to high single digit growth in its core Anta and Fila brands and 25-30% in all other brands. While this was largely in line with consensus expectations, positively, management highlighted that growth was driven by successful new product launches, and highlighted that there was more to come, in the form of Olympics related products. Anta's performance was also strong relative to peers, in particular to Chinese competitor Li Ning who reported a decline in some segments in Q1 – unlike Anta. Li Ning also posted forward guidance of mid-single topline growth versus Anta's guidance of 10-15% for its core Anta and Fila brands and about 20% and 30% for luxury brands Descente and Kolon. Anta's strong stock performance comes amidst improving investor sentiment in the wider China region as the MSCI China Index returned 6.7% this month vs the broader MSCI World Index which returned -3.6%. After a period of lower-than-expected GDP growth and a property market downturn in 2023, the economic outlook looks more positive with China's GDP growth beating estimates at 5% yoy in Q1 2024. As the largest domestic sportswear producer in China and with strong brand presence in the region, strong GDP growth and higher consumer spending is likely to contribute to Anta's sales growth. We see a number of long-term tailwinds to the stock. Although China's per capita spending on sportswear remains comparatively low at $31, as the middle class emerges, analysts expect this to rise to a similar level as Japan ($110) by 2030 (for comparison, the US spend per capita is $307). Furthermore, Beijing continues to promote exercise and sports, pouring billions into initiatives such as the "Healthy China 2030" Plan, which should serve to lift the sports industry's contribution to GDP. Anta evidently has strong growth drivers, paired with a highly diversified portfolio that appeals to both the mass market and luxury consumers, driving a superior margin profile to its Western peers (65.5% gross margins vs peer average of 44.5%), supporting our view that Anta is a high quality, growth company.

Alphabet

Alphabet (+8.1% USD)

Alphabet ended the month as the Fund's second top performer. Performance was driven by strong first quarter earnings that reassured investors of durability in the core search business, growth in the cloud products segment and underlying business quality. The company exceeded estimates within the Google search services segment, reporting 14% growth year-on-year in search advertising, an acceleration from just 1% growth in the same quarter last year, and a surge in YouTube advertising revenues of 21% which were contracting at this point last year. Management attributed this to improvement in the monetization of Shorts; YouTube's own quick video content platform, similar to

competitor Meta's Reels. Management also highlighted success in Google's AI search assist products, which in recent months have created somewhat of a drag on performance. Google has struggled to convince investors of its AI capabilities after a series of mishaps occurred with its Gemini/Bard generative AI tools. However, sentiment is improving as the company reported improving customer satisfaction and increasing user engagement with CEO Sundar Pichai citing "an increase in search usage among people who use the new AI overviews as well as increased user satisfaction with the results". Google's Cloud Products segment also delivered impressive growth with revenues up 28%, the fastest growth rate seen in a year. In line with other large tech peers like Meta, Amazon and Microsoft, Alphabet almost doubled its CapEx spend to $12bn within the first quarter and forecasts $50bn for the full year, in an effort to expand its generative AI capabilities - particularly in the fiercely competitive cloud computing market. While this was significantly above estimates, the company has employed operating discipline through trimming spending, increasing infrastructure efficiencies, and reducing hiring, providing some reassurance to investors. Management is also confident they can deliver bottom-line growth while increasing AI and cloud related CapEx. In the same earnings release, Alphabet also reported very strong margin growth with operating margins now at 32.5%, reflecting almost 4% growth yoy, highlighting the focus on improving business quality as well as growth. Alongside these strong earnings results, Alphabet also initiated a dividend of $0.20 a share, annualizing at around $10bn, contributing to the stock's 12% jump on the day. Having faced critique around AI and the durability of search, Alphabet with its first quarter earnings defended their ability to grow their core search business at a double-digit growth rate, saw acceleration in their Cloud business and have achieved significant margin expansion. All in all, the long-term growth outlook for Alphabet remains strong.

Meta (-11.4% USD)

Meta ended the month as the Funds bottom performer, following management comments during the Q1 2024 earnings release. The tech company reported a good set of earnings, but this was clouded by comments from the founder Mark Zuckerberg who highlighted efforts to increase Capex spend in order to capitalize on AI. Zuckerburg stated that the firm will "invest significantly more in the coming years" into AI before AI services generate meaningful revenues, leading to a -10% market reaction on the day. Alongside this, Meta raised their CapEx guidance from $30-$37bn to $37-$40bn for the full year 2024. The quantum of spending and uncertainty on whether this would guarantee acceptable returns in a reasonable timeframe was likely the key driver of the negative market reaction, given lingering concerns raised when Meta initially announced their Metaverse project. However, AI is not a new technology for the company and holds many use cases to help drive revenues, such as supporting reels engagement, advertising, and personalization on its platforms. Despite the negative market reaction, this was a positive earnings release. Meta reported top-line growth of 27% year on year, in line with estimates, average revenue per user had grown 18% (vs -2% in 1Q23) and advertising volumes were up 20%, showing strength across the business. Furthermore, Meta reported strong operating margin expansion rising to 38%, a 1.8% increase YoY, highlighting Meta's continued efforts to keep costs low and improve operational efficiencies. News of a possible ban of the TikTok platform in the US broke during the month, and although there is much uncertainty, if the ban were to materialize this could benefit Meta through driving greater traffic to their platforms. Ultimately, Zuckerberg's comments distracted from Meta's strong earnings release which displayed the improving growth and quality attributes of the company. With improving monetization across its business, strong top line growth and evident growth opportunities Meta remains attractive.

Salesforce (-10.7% USD)

Salesforce, a cloud software company focused on Customer Relationship Management (CRM) applications, saw their stock slide this month following rumors of a new acquisition target. The Wall Street Journal reported that talks were ongoing for Salesforce to acquire data processing platform Informatica, leading to a 6% drop over the day. The market reaction was driven by concerns over Salesforce's M&A track-record, which has been mixed. Following the acquisition of Slack for $28bn, activist investors entered to curb further deals. Following this intervention, Salesforce created a new M&A framework Although the potential acquisition is very much speculative, the deal seems to fit their framework and strategy. While the deal may have spooked investors, it is worth noting that Salesforce have put themselves in a strong position for further M&A. Salesforce has a healthy balance sheet with close to $14bn in cash and Net Debt to earnings before interest, taxes, depreciation and amortization (EBITDA) of 0.41x, down almost 50% from a year ago. Further to this, we continue to hold Salesforce given its demonstrable quality attributes. The company is the market leader in CRM and holds a strong reputation for its products lending itself to over 90% customer retention. Furthermore, Salesforce have demonstrated peer leading top line growth (22% 3yr CAGR vs 15% peer average), which is expected to continue given the structural growth opportunities and expanding total addressable market (TAM) in cloud computing that Salesforce is well positioned to capitalize on. Salesforce remains a high-quality, long-term growth compounder.

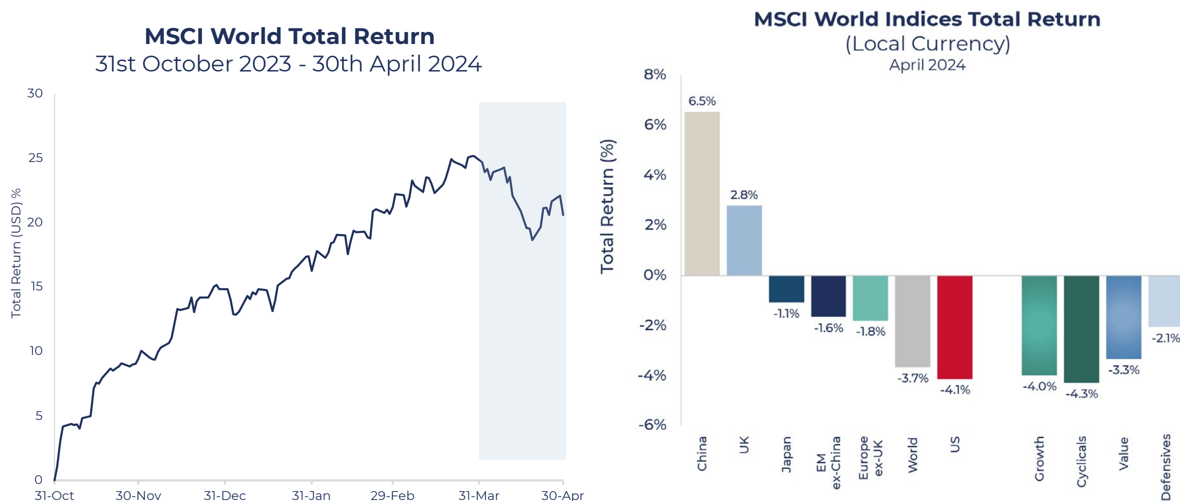
We thank you for your continued support.

Portfolio Managers

Matthew Page, CFA & Dr Ian Mortimer, CFA

Summary performance

Global equity markets delivered their first month of negative performance since October 2023, despite a sharp, tech-led bounce towards the end of the month. The US led the declines, with Europe and Emerging Markets outperforming the broader index (in local currency terms) - but still contributing to overall equity weakness. There were pockets of strength, as the UK benefitted from high exposure to energy and commodities as well as encouraging PMI data (composite PMI rising to 54), and strong economic data in China (GDP growth of 5.3% in Q1) allowed positive sentiment to return to the region, with Chinese equities outperforming all others. In the US, economic data was mixed, offering warning signs of a weakening consumer despite 'hot' retail sales over the month. The key source of equity weakness, however, was an above consensus inflation print, leading the Fed to comment that further progress in disinflation would need to be seen before loosening monetary policy. As a result, markets once again delayed expectations over when rate cuts would occur. Whilst markets had already tempered expectations of rate cuts over the first quarter of 2024, the beginning of the cutting cycle seemed firmly 'on the table' in the near future, and enthusiasm over Artificial Intelligence (AI) and positive economic data continued to drive equities to record heights. In April, however, the scenario of looser money beginning in 2024 came under threat, and once again, we saw a return to markets being dictated by the future path of interest rates, with a delay to the cutting cycle acting as a headwind to valuations. While company earnings season drove earnings upgrades across almost all sectors (except healthcare) over the month, this was not enough to offset contracting multiples, with higher duration areas of the market (Information Technology, Real Estate and Consumer discretionary) suffering the greatest declines.



Source: Guinness Atkinson Asset Management, MSCI, as of April 30th 2024

During the month, relative performance of the Fund was driven by the following:

- The Fund's largest overweight position was to the benchmarks second-bottom performing sector over the month - Information Technology - acting as the largest detractor to relative Fund performance. However, this was more than offset by strong stock selection within the sector, the largest contributor to relative Fund performance, allowing the Fund to outperform the benchmark despite this allocation. Amphenol (+4.7% USD), Infineon (+2.7% USD) and off-benchmark name TSMC (+1.0% USD) were particular bright spots.

- Stock selection was also strong amongst Industrials, Consumer Discretionary and Healthcare, with ABB (+5.3% USD), Novo Nordisk (+1.1%) and Fund top performer and off-benchmark name Anta Sports (+7.9% USD) all outperforming their respective sectors.
- Weakness in some of our Financials holdings offset a small portion of this strong stock selection effect, with holdings Intercontinental Exchange (-6.3% USD) and MasterCard (-6.2% USD) underperforming.
- The fund's zero weight allocation to the benchmark's top-three performing sectors, Consumer Staples, Energy and Utilities acted as a headwind to Fund performance, although a zero weighting to Real Estate, the bottom performing sector, offered a slight offset.

as of 04.30.2024 (in USD)	1 year	3 years annualized	5 years annualized	10 years annualized
Global Innovators, Investor Class[1]	31.24%	5.59%	13.95%	12.10%
Global Innovators, Institutional Class[2]	31.58%	5.85%	14.23%	12.33%
MSCI World Index NR	18.39%	5.62%	10.44%	8.86%

as of 03.31.2024 (in USD)	1 year	3 years annualized	5 years annualized	10 years annualized
Global Innovators, Investor Class[1]	35.08%	8.63%	16.14%	12.51%
Global Innovators, Institutional Class[2]	35.43%	8.91%	16.43%	12.74%
MSCI World Index NR	25.11%	8.61%	12.06%	9.39%

All returns after 1 year annualized.

[1] Investor class (IWIRX) Inception 12.15.1998 Expense ratio* 1.24% (net); 1.28% (gross)
[2] Institutional class (GINNX) Inception 12.31.2015 Expense ratio* 0.99% (net); 1.13% (gross)

[2] Performance data shown for Global Innovators, Institutional Class (GINNX), prior to its launch date on 12/31/15, uses performance data from the Global Innovators, Investor Class (IWIRX).

Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. For most recent month-end and quarter-end performance, https://www.gafunds.com/our-funds/global-innovators-fund/#fund_performance or call (800) 915-6566.

*The Advisor has contractually agreed to reimburse expenses (excluding Acquired Fund Fees and Expenses, interest, taxes, dividends on short positions and extraordinary expenses) in order to limit the Fund's Total Annual Operating Expenses to 1.24% for the Investor class and 0.99% for the Institutional class through June 30, 2027. To the extent that the Advisor absorbs expenses to satisfy this cap, it may recoup a portion or all of such amounts absorbed at any time within three fiscal years after the fiscal year in which such amounts were absorbed, subject to the expense cap in place at the time recoupment is sought, which cannot exceed the expense cap at the time of waiver. The expense

limitation agreement may be terminated by the Board of the Fund at any time without penalty upon 60 days' notice.

Mutual fund investing involves risk and loss of principal is possible. Investments in foreign securities involve greater volatility, political, economic and currency risks and differences in accounting methods. These risks are greater for emerging markets countries. The Fund also invests in medium and smaller companies, which will involve additional risks such as limited liquidity and greater volatility. The Fund's focus on the technology, internet and communications sectors are extremely competitive and subject to rapid rates of change.

Securities mentioned are not recommendations to buy or sell any security.

Current and future portfolio holdings are subject to risk.

Top 10 holdings for Global Innovators Fund, as of 4/30/2024:

1.	Amphenol Corp	4.30%
2.	KLA-Tencor Corp	4.05%
3.	ABB Ltd	4.01%
4.	NVIDIA Corp	3.95%
5.	Applied Materials Inc	3.90%
6	Microsoft Corp	3.81%
7.	Schneider Electric SE	3.78%
8.	Lam Research Corp	3.74%
9.	Intuit Inc	3.63%
10.	Mastercard Inc	3.56%

For a complete list of holdings for the Global Innovators Fund, please visit: https://www.gafunds.com/our-funds/global-innovators-fund/

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectuses contain this and other important information and can be obtained by calling 800- 915-6565 or visiting www.gafunds.com. Read and consider it carefully before investing.

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

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

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 is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of large and mid-cap securities exhibiting overall growth style characteristics across developed markets.

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.

The Personal Consumption Expenditures Price Index, Excluding Food and Energy or Core PCE price index makes it easier to see the underlying inflation trend by excluding two categories – food and energy – where prices tend to swing up and down more dramatically and more often than other prices.

Headline inflation is the raw inflation figure reported through the Consumer Price Index (CPI). The CPI calculates the cost to purchase a fixed basket of goods to determine how much inflation is occurring in the broad economy. The CPI uses a base year and indexes the current year's prices, according to the base year's values.

The Purchasing Managers' Index (PMI) is an index of the prevailing direction of economic trends in the manufacturing and service sectors.

One basis point (bp) is equal to 1/100th of 1%, or 0.01%, or 0.0001, and is used to denote the percentage change in a financial instrument. The relationship between percentage changes and basis points can be summarized as follows: 1% change = 100 basis points and 0.01% = 1 basis point.

The Federal Open Market Committee (FOMC) consists of twelve members--the seven members of the Board of Governors of the Federal Reserve System; the president of the Federal Reserve Bank of New York; and four of the remaining eleven Reserve Bank presidents, who serve one-year terms on a rotating basis.

The Fed dot plot is a chart that shows you where each FOMC member thinks interest rates will be by the end of the current year, two or three (depending on the time of year) consecutive years after, and the more ambiguous "longer run." Each "dot" represents a member's individual view.

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

The MSCI Cyclical and Defensive Sectors Indexes are designed to track the performance of the opportunity set of global cyclical and defensive companies across various Global Industry Classification Standard (GICS®) sectors. Cyclical sectors include Communication Services, Consumer Discretionary, Financials, Industrials, Information Technology, Materials, Real Estate. Defensive sectors include Consumer Staples, Energy, Healthcare, Utilities.

The 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 717 constituents, the index covers about 85% of this China equity universe. Currently, the index includes Large Cap A and Mid Cap A shares represented at 20% of their free float adjusted market capitalization.

The Dow Jones Industrial Average is a list or index of 30 companies considered indicators of the stock market's overall strength. It is a benchmark index of 30 blue-chip companies listed on U.S. stock exchanges.

The 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.

Beta is a measure of a stock's volatility in relation to the overall market.

Duration: The duration number is a complicated calculation involving present value, yield, coupon, final maturity and call features. Fortunately for investors, this indicator is a standard data point provided in the presentation of comprehensive bond and bond mutual fund information. The bigger the duration

number, provided in years, the greater the interest-rate risk or reward for bond prices. It can also be used to describe equities in a similar manner: a higher duration suggests most cash flows are expected far into the future, with a lower duration suggesting more stable cash flows over the short and long term.

Gross domestic product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period.

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

Price-Earnings (P/E) ratio is a valuation ratio of a company's current share price compared to its per-share earnings. Forward earnings differ from trailing earnings, which is the figure quoted more often, as they are a projection and not a fact.

Forward price-to-earnings (forward P/E) is a version of the ratio of price-to-earnings (P/E) that use forecasted earnings for the P/E calculation. While the earnings used in this formula are just an estimate and not as reliable as current or historical earnings data, there are still benefits to estimated P/E analysis

Cash Flow is the total amount of money, in cash, being transferred into and out of a business.

The multiples approach is a valuation theory based on the idea that similar assets sell at similar prices. It assumes that the type of ratio used in comparing firms, such as operating margins or cash flows, is the same across similar firms.

The S&P 500 Index features 500 leading U.S. publicly traded companies, with a primary emphasis on market capitalization.

Capital expenditures (CapEx) are funds used by a company to acquire, upgrade, and maintain physical assets such as property, technology, or equipment. CapEx is often used to undertake new projects or investments by a company.

Net debt shows how much cash would remain if all debts were paid off and if a company has enough liquidity to meet its debt obligations.

EBITDA, or earnings before interest, taxes, depreciation, and amortization, is an alternate measure of profitability to net income. EBITDA is calculated by adding interest, tax, depreciation, and amortization expenses to net income.

The MSCI World Quality Index is based on MSCI World, its parent index, which includes large and mid cap stocks across 23 Developed Market (DM) countries. The index aims to capture the performance of quality growth stocks by identifying stocks with high quality scores based on three main fundamental variables: high return on equity (ROE), stable year-over-year earnings growth and low financial leverage.

The MSCI World Consumer Discretionary Index is designed to capture the large and mid cap segments across 23 Developed Markets (DM) around the world. All securities in the index are classified in the Consumer Discretionary sector as per the Global Industry Classification Standard (GICS®).

Year-over-year (YoY) sometimes referred to as year-on-year, is a frequently used financial comparison for looking at two or more measurable events on an annualized basis

One cannot invest directly in an index.

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