

Monthly ESG Equity Market Report

November 2021

HANetf & Saturna Capital
Saturna Sustainable ESG Equity HANzero™ UCITS ETF

SESG.L

75 bps

IE00BMGRZP89

Product Inception Date: 7.07.21

For Professional Clients Only. Capital at risk.

All data as of 31.10.21

This report was written by, and is the opinion of Saturna Capital

Key Takeaways

- That wasn't much of a correction to holdings during October: After rolling over in September, major market indices around the globe - with the notable exception of Brazil - bottomed in early October, staging a strong rebound for the remainder of the month.
- Saturna Capital observed that in the US, technology stocks moved back to the fore, while Switzerland was the strongest performer among major European markets. Performance across Asia was mixed with ASEAN markets generally doing well, while India was weak and China lacklustre. Japanese gains were dissipated for overseas investors by a weakening JPY.
- The Saturna Sustainable ESG ETF's return was 4.10% in October, reflecting trends across global equity markets.
- The performance of holdings in Europe were good, with especially positive selection in Switzerland and Denmark, the latter led by global diabetes specialist Novo Nordisk. North American performance lagged major benchmarks, while in Asia-Pacific very strong performance from Australia's Atlassian balanced a weak showing in Japan.
- From a sector/industry perspective, Technology accounts for the ETF's largest exposure and made the greatest contribution, led by Software. Healthcare performed well because of our pharmaceutical exposure, while Consumer Discretionary was strong on US retailing, especially DIY stocks such as Home Depot.

Source of all data: Saturna Capital. Past performance is no guarantee of future performance. Please note all performance is showing net data.

Macro Outlook

Perhaps the most obvious question to ask following the October rebound is, why? We experienced rising yields at the short end of the curve combined with flat to slightly declining yields at the long end, often referred to as a "bear flattening." As the name implies, it's generally not considered a supportive environment for equity markets. Concerns over tapering of central bank purchases and interest rate hikes¹ in not-too-distant future explain the flattening but not why the equity market should rally and a stock such as Tesla, with nearly all its Net Present Value embedded in the terminal value (a value that can swing wildly with interest rates) should appreciate over 40% in one month and crack the trillion-dollar market capitalization level. Can 100,000 cars

¹ <https://www.reuters.com/business/finance/investors-look-ahead-rate-hikes-with-fed-tapering-plan-all-certain-2021-09-23/>

ordered by Hertz² really be worth that much to the company when Volkswagen sold 9.3 million vehicles in 2020 and has a market capitalization of €125 billion?³

Last month we discussed the risk of inflation being less transitory than hoped, leading to potential stagflation as supply chain disruptions and materials shortages dampen economic activity while prices continue to rise.⁴ Broad economic statistics appear to reinforce that possibility as wages jumped in October.⁵ Economists often view the “embedding” of inflation expectations as a self-fulfilling prophecy as workers demand higher wages to compensate for expected cost-of-living increases. A closer look, however, shows wage increases concentrated in some of the lowest paid segments of the workforce such as hospitality and fast-food workers. It’s no secret that, in the United States at least, minimum wage levels have trailed inflation and overall wage gains. We believe the pandemic has created the best opportunity in decades for lower paid workers to demand higher pay.

Saturna Sustainable ESG Equity HANzero™ UCITS ETF Performance Table

As of 31.10.21

	1M	3M	6M	YTD	12M	SI
Saturna Sustainable ESG Equity HANzero™ UCITS ETF (Acc)	4.10%	1.12%	NA	1.43%	NA	1.43%

Please note that all performance figures are showing net data.

Source: Bloomberg / HANetf. Data as of 31/10/2021

Performance before inception is based on back tested data. Back testing is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such strategy would have been. Back tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance. Past performance for the index is in USD. Past performance is not an indicator for future results and should not be the sole factor of consideration when selecting a product. Investors should read the prospectus of the Issuer (“Prospectus”) before investing and should refer to the section of the Prospectus entitled ‘Risk Factors’ for further details of risks associated with an investment in this product. **Please note that all performance figures are showing net data.**

Product Details

The Saturna Sustainable ESG Equity HANzero™ UCITS ETF is a UCITS compliant exchange traded fund domiciled in Ireland.

The fund aims to achieve long-term capital growth by investing in companies with robust environmental, social and governance (ESG) policies. The fund comprises 50-60 high quality, attractively priced global companies that are best-in-class on a variety of ESG, financial and valuation metrics and have solid growth prospects.

The fund is actively managed by Saturna Capital, global asset managers with over 30 years of experience in socially responsible investing.

This fund gives environmentally conscious investors the opportunity to target capital growth with the reassurance that any carbon emissions linked to their investment will be offset through HANzero™, HANetf’s carbon offset program and South Pole, a certified and audited carbon offset provider.

² <https://www.theverge.com/2021/10/25/22744504/hertz-tesla-order-100000-vehicles-electrify-fleet>

³ <https://www.volkswagenag.com/en/group/portrait-and-production-plants.html>

⁴ <https://www.theguardian.com/business/2021/sep/22/the-global-supply-chain-crisis-could-fuel-a-severe-dose-of-stagflation>

⁵ <https://time.com/6111980/us-wages-record-increase/>

Please remember that when you trade ETFs your capital is at risk and past performance is no guarantee of future performance. Visit the [SESG Fund Page](#) for more information.

Exchange	BBG Code	RIC	ISIN	Valoren	SEDOL	Currency	TER
London Stock Exchange	SESG LN	SESG.L	IE00BMGRZP89	-	BMGS7S8	USD	0.75%
London Stock Exchange	SESP LN	SESP.L	IE00BMGRZP89	-	BMGS7T9	GBP	0.75%
Deutsche Boerse Xetra	ASWN GY	ASWNG.DE	IE00BMGRZP89	-	BMCFKJ5	EUR	0.75%
Borsa Italiana	SESG IM	SESG.MI	IE00BMGRZP89	-	BMCFKG2	EUR	0.75%

Scott Klimo, CFA



Vice President & Chief Investment Officer,

Scott joined Saturna Capital in May 2012. He received his BA in Asian Studies from Hamilton College in Clinton, NY and also attended the Chinese University of Hong Kong and the Mandarin Training Center in Taipei, Taiwan. Scott has over 30 years' experience in the financial industry with the first several years of his career spent living and working in a variety of Asian countries and the past 20 years working as a senior analyst, research director and portfolio manager covering global equities. Mr. Klimo is a Chartered Financial Analyst (CFA) charterholder and an avid cyclist. He is a supporter of various environmental organizations and served for several years on the Board of Directors of the

Marin County Bicycle Coalition.

Important Information

Please note that all performance figures are showing net data.

Communications issued in the UK (ETFs and ETCs)

The content in this document is issued by HANetf Limited ("HANetf") and approved by Privium Fund Management (UK) Limited ("Privium"). HANetf is an appointed representative of Privium, which is authorised and regulated by the Financial Conduct Authority.). HANetf is registered in England and Wales with registration number 10697042.

Communications issued in the European Economic Area ("EEA") relating to ETFs

The content in this document is issued by HANetf Management Limited ("HML") acting in its capacity as management company of HANetf ICAV. HML is authorised and regulated by the Central Bank of Ireland. HML is registered in Ireland with registration number 621172.

Communications issued in the European Economic Area ("EEA") relating to ETCs

The content in this document is issued by Walnut Financial Services B.V. and OAKK Capital Partners B.V. ("OAKK"), an investment firm authorized and regulated by the Authority for the Financial Markets in The Netherlands. OAKK is registered in the Netherlands with registration number 24425154.

This communication has been prepared for professional investors, but the ETCs and ETFs set out in this communication ("Products") may be available in some jurisdictions to any investors. Please check with your broker or intermediary that the relevant Product is available in your jurisdiction and suitable for your investment profile. Past performance is not a reliable indicator of future performance. The price of the Products may vary and they do not offer a fixed income. This document may contain forward looking statements

including statements regarding our belief or current expectations with regards to the performance of certain assets classes. Forward looking statements are subject to certain risks, uncertainties and assumptions. There can be no assurance that such statements will be accurate and actual results could differ materially from those anticipated in such statements. Therefore, readers are cautioned not to place undue reliance on these forward-looking statements. The content of this document is for information purposes and for your internal use only, and does not constitute an investment advice, recommendation, investment research or an offer for sale nor a solicitation of an offer to buy any Product or make any investment. An investment in an exchange traded product is dependent on the performance of the underlying asset class, less costs, but it is not expected to track that performance exactly. The Products involve numerous risks including among others, general market risks relating to underlying adverse price movements in an Index (for ETFs) or underlying asset class and currency, liquidity, operational, legal and regulatory risks. In addition, in relation to Cryptocurrency ETCs, these are highly volatile digital assets and performance is unpredictable. The information contained on this document is not, and under no circumstances is to be construed as, an advertisement or any other step in furtherance of a public offering of securities in the United States or any province or territory thereof, where none of the Issuers (as defined below) or their Products are authorised or registered for distribution and where no prospectus of any of the Issuers has been filed with any securities commission or regulatory authority. No document or information on this document should be taken, transmitted or distributed (directly or indirectly) into the United States. None of the Issuers, nor any securities issued by it, have been or will be registered under the United States Securities Act of 1933 or the Investment Company Act of 1940 or qualified under any applicable state securities statutes.

The Issuers:

1. HANetf ICAV, an open-ended Irish collective asset management vehicle issuing under the terms in the Prospectus and relevant Supplement for the ETF approved by the Central Bank of Ireland (“CBI”) (“ETF Prospectus”) is the issuer of the ETFs. Investors should read the current version of the ETF Prospectus before investing and should refer to the section of the ETF Prospectus entitled ‘Risk Factors’ for further details of risks associated with an investment in the ETFs. Any decision to invest should be based on the information contained in the ETF Prospectus.

2. HANetf ETC Securities plc, a public limited company incorporated in Ireland, issuing under the terms in the Base Prospectus approved by the Central Bank of Ireland and the final terms of the relevant series (“ETC Securities Documentation”) is the issuer of the precious metals ETCs. Investors should read the latest version of the ETC Securities Documentation before investing and should refer to the section of the Base Prospectus entitled ‘Risk Factors’ for further details of risks associated with an investment in the ETCs. Any decision to invest should be based on the information contained in the ETC Securities Documentation.

3. ETC Issuance GmbH, a limited liability company incorporated under the laws of the Federal Republic of Germany, issuing under the terms in the Prospectus approved by the Bundesanstalt für Finanzdienstleistungsaufsicht (“BaFin”) and the final terms (“Cryptocurrency Prospectus”) is the issuer of the ETCM ETCs. Investors should read the latest version of the Cryptocurrency Prospectus before investing and should refer to the section of the Cryptocurrency Prospectus entitled ‘Risk Factors’ for further details of risks associated with an investment in the ETCs contained in the Cryptocurrency Prospectus. Any decision to invest should be based on the information contained in the Cryptocurrency Prospectus.

The ETF Prospectus, ETC Securities Documentation, and Cryptocurrency Prospectus can all be downloaded from www.hanetf.com. The decision and amount to invest in any Product should take into consideration your specific circumstances after seeking independent investment, tax and legal advice. We do not control and are not responsible for the content of third-party websites.

We believe the information in this document is based on reliable sources, but its accuracy cannot be guaranteed. The views expressed are the views of Hanetf at time of publication and may change. Neither Privium nor Hanetf is liable for any losses relating to the accuracy, completeness or use of information in this communication, including any consequential loss.