

Monthly Islamic Equity Market Report

December 2021

HANetf & Saturna Capital

Saturna Al-Kawthar Global Focused Equity UCITS ETF

AMAL.L

75 bps

IE00BMGRZP89

Product Inception Date: 28.09.2020

(Saturna Capital assumed management of AMAL.L in November and rebalanced the portfolio on 24.11.2021.)

For Professional Clients Only. Capital at risk.

All data as of 30.11.21

This report was written by, and is the opinion of, the AMAL.L ETF managers Saturna Capital.

Key Takeaways

- New uncertainty has arisen with the World Health Organization designating the COVID-19 Omicron mutation as a “variant of concern” and “very high” risk¹. The sharp sell-off in abbreviated trading on the Friday following the American Thanksgiving holiday was, unsurprisingly, followed by a Monday rebound². Further reflection, however, sent markets down on the final trading day of the month. Border closures around the world, sharply higher case counts across much of Europe and the risk of greater transmissibility combined with diminished vaccine protection bring renewed threats of economic disruption.
- At the start of November Saturna Capital assumed management of the Islamic ETF, ticker AMAL.L, which had previously been managed by another firm. Due to the requirements of the ETF’s Shariah advisor, Saturna Capital was unable to equitize the ETF with its stock selections until November 24th. Therefore, performance for the month reflects the hybrid performance of two portfolios. Going forward Saturna will rigorously adhere to the Shariah guidelines, while integrating ESG factors into stock selection.
- During November the Saturna Al-Kawthar Global Focused Equity UCITS ETF declined 6.03%³, which trailed global benchmarks. Momentum from the October market rebound continued through the first half of the month before rolling over in the second half, pushing major indices into negative territory for November.

Please note that all performance figures are showing net data.

Macro Outlook

November presented a disheartening lesson on the importance of ESG and the ramifications of failing to act. Starting with the Environmental pillar, COP26 featured pledges plagued with loopholes and absent the participation of major countries. The failure of the US, China, and India to commit to a phase out of coal stands out. Billed as the last chance to set the world on a path toward limiting global warming to 1.5°C, the International Energy Agency (IEA) estimates that warming would peak at 1.8°C were all countries to adhere to the pledges made at COP26. That remains short of the goal but does represent an improvement from the IEA’s pre-COP26 estimate of 2.1°C of warming.⁴

Under the Social pillar, the emergence of the Omicron variant was not just predictable; it was predicted. Health professionals warned that developed nation hoarding of vaccines⁵, along with reticence among certain producers to make vaccines readily available in developing nations created an ideal environment for the emergence of potentially dangerous mutations as the

¹ <https://www.nytimes.com/article/omicron-coronavirus-variant.html>

² <https://www.marketwatch.com/story/here-are-the-stock-markets-trading-hours-for-thanksgiving-and-black-friday-11637554425>

³ Source: Bloomberg / HANetf. Data as of 30/11/2021

⁴ <https://www.iea.org/commentaries/cop26-climate-pledges-could-help-limit-global-warming-to-1-8-c-but-implementing-them-will-be-the-key>

⁵ <https://www.reuters.com/business/healthcare-pharmaceuticals/who-warns-against-vaccine-hoarding-poor-countries-go-without-2021-12-09/>

virus spread through unvaccinated populations. While we don't yet know the risk presented by Omicron, single-digit vaccination rates across much of the developing world, not to mention inexcusably low rates (often politically driven) among many developed countries, continue to provide COVID a petri dish for future mutation.

Finally, regarding the Governance pillar, the modest steps taken to address carbon emissions and the lack of urgency in distributing vaccines to developing nations and assisting in the further distribution of those vaccines to the general population both represent failures.⁶ As individuals our options for improving nation state governance are limited. We can vote, support environmental and social organizations, and perhaps occasionally march. As investors, we can educate and engage. We can direct capital toward those companies consciously working toward a better future, while denying it to those acting contrary to good ESG principles. As a company we can enthusiastically adopt the best practices we seek in our investments.

AMAL.L Performance Table

As of 30/11/2021

	1M	3M	6M	YTD	12M	SI
Saturna Al-Kawthar Global Focused Equity UCITS ETF	-6.03%	-9.79%	-9.39%	-4.41%	-1.06%	4.47%

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 30/11/2021

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 Al-Kawthar Global Focused Equity UCITS ETF aims to achieve capital appreciation by investing in Islamically-acceptable companies with robust environmental, social, and governance (ESG) policies. We believe such companies offer a reduced risk profile, while operating at no competitive disadvantage, thereby offering the opportunity for superior risk-adjusted returns.

Visit the [AMAL.L Fund Page](#) for more information.

Exchange	BBG Code	RIC	ISIN	SEDOL	Currency
London Stock Exchange	AMAL LN	HAAMAL.L	IE00BMYMHS24	BMDNKB0	USD
London Stock Exchange	AMAP LN	AMAP.L	IE00BMYMHS24	BMDNKC1	GBP
Deutsche Boerse Xetra	ASWE GY	ASWE.DE	IE00BMYMHS24	BMWTXV0	EUR
Borsa Italiana	AMAL IM	AMAL.MI	IE00BMYMHS24	BMWTXS7	EUR

⁶⁶ <https://www.un.org/press/en/2021/ga12367.doc.htm>

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.