

Monthly Islamic Equity Market Report

January 2022

HANetf & Saturna Capital

Saturna Al-Kawthar Global Focused Equity UCITS ETF

AMAL.L

75 bps

IE00BMGRZP89

Product Inception Date: 28.09.2020

(Saturna Capital took over the management of AMAL.L. The rebalancing was done on 24.11.2021)

For Professional Clients Only. Capital at risk.¹

All data as of 31.12.21

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

Key Takeaways

- Omicron has driven COVID-19 infections to stratospheric levels across Europe and the US.¹ The surge has already caused economic disruptions and we can expect that to spread to Asia before long. Whether it affects supply chains to an extent that exacerbates inflationary pressures remains to be seen.
- The Federal Reserve admitted that its original stance on inflation had been overtaken by events and announced a reduction in its bond buying program. Most participants now expect three quarter-point rate increases during 2022.²
- In December the Saturna Al-Kawthar Global Focused Equity UCITS ETF performed well, returning 3.79%.³ Early in the month ETF performance was dented by a sharp decline in business services firm Docusign but was able to recover through the remainder of the month. We have maintained the investment in Docusign believing that management has identified the shortcomings that caused the sell-off and will work to address them.⁴

Past performance is not an indicator for future results and should not be the sole factor of consideration when selecting a product.

Macro Outlook

As we enter 2022, we believe the major themes occupying investors revolve around inflation, interest rates and the effects these may have on valuation, especially among the more highly valued technology stocks. Every stock valuation reflects the market's estimate of the value of future cash flows of that business discounted at an appropriate rate. The lower the rate, the greater the value of future cash flows discounted to the present. Of course, the reverse is also true. Many technology companies benefitted from the acceleration in a variety of consumer and business trends toward e-commerce, e-payments, remote conferencing, WFM, etc. Regardless of the benefits such companies may have received, low interest rates undoubtedly supported rising valuations. The combination of abating pandemic tailwinds and higher rates could bring further declines both to stocks that were treated roughly over the course of 2021 and those that continued to enjoy investor support.

Related to the discussion above is the concentration of global market capitalization among a handful of stocks, primarily technology and primarily in the US. Apple, Microsoft, Alphabet (Google), Saudi Aramco and Amazon are the top five global companies by market capitalization, each of them valued at well over \$1 trillion.⁵ A reasonable question is whether these will continue to be the largest companies in the years to come. Very few companies have managed to maintain a position among the world's largest for more than one or two decades. Exceptions include Exxon Mobile, which ranked among the largest companies for several decades. Microsoft was the largest company in 2000, the third largest in 2010 and the second largest today. Perhaps more interesting than whether the current giants maintain their positions is to ask what companies may take the place of those that fall out? That question will occupy our minds over the coming years.⁶

¹ <https://gisanddata.maps.arcgis.com/apps/dashboards/bda7594740fd40299423467b48e9ecf6>

² <https://www.federalreserve.gov/monetarypolicy/fomcprojtabl20211215.htm>

³ Bloomberg/HANetf

⁴ <https://www.cnbc.com/2021/12/03/docusign-stock-plunges-after-the-company-gave-weak-q4-guidance.html>

⁵ <https://companiesmarketcap.com/>

⁶ <https://www.britannica.com/topic/Microsoft-Corporation>

AMAL.L Performance Table

As of 31/12/2021

	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 31/12/2021

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	BMWTVX0	EUR
Borsa Italiana	AMAL IM	AMAL.MI	IE00BMYMHS24	BMWTVX7	EUR

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.

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