

Monthly ESG Equity Market Report

November 2022

HANetf & Saturna Capital

Saturna Sustainable ESG Equity HANzero™ UCITS ETF

SESG.L

75 bps

IE00BMGRZP89

Product Inception Date: 07/07/2022

For Professional Clients Only. Capital at risk.

All data as of 31/10/2022

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

Key Takeaways

Strong job growth, continuing wage gains and persistent inflation made it all but certain the US Federal Reserve would hike rates by 75 basis points at the November meeting and they delivered. Of greater interest to investors was guidance concerning future increases. While Chairman Powell raised the possibility of smaller increases ahead, he also raised the bar on the expected endpoint and admitted that the path from here to there makes it increasingly difficult to avoid recession.

The US S&P 500 has moved higher in the year following every mid-term election since 1942. One can certainly point to the “polycrisis” facing the world today but the four most dangerous words in investing are “this time is different.” Our quantitative analyst estimates the odds of the 20-instance, 80-year track record occurring randomly are anywhere from 1 in 100 to 1 in 1,000, so there must be a reason. Gridlock seems a likely contributor since the president’s party almost always loses seats in the mid-terms and the legislative agenda stalls. Many investors prefer legislative inactivity.

In October the Saturna Sustainable ESG Equity HANzero UCITS ETF gained 5.04% as measured in USD.¹ The positive return was driven by a diverse group of companies across the US and Europe engaged in multiple industries including Finance, Healthcare, Alternative Energy and Retail. Our insurance investments Chubb and Aviva did well, while Mastercard rebounded on higher cross-border activity. Despite inflation, US consumers remain active leading to strong performance for TJX and Tractor Supply. GSK, which was punished over the summer, rebounded. Despite these gains, portfolio performance was hampered by significant declines among a handful of stocks, including Adidas, Philips and Taiwan Semiconductor.

Please note that all performance figures are showing net data. Past performance is not indicative of future performance.

Macro Outlook

Hope springs eternal and in October hope sprung equity markets to solid gains around the world. Apart from “potentially oversold” we have no explanation for the rebound from September’s decline. Even large cap indices in the UK shrugged off Truss-tastrophe to register positive returns. Greater China provided the notable exception as indices in Shanghai, Shenzhen, Hong Kong and Taiwan succumbed to cross-straits tensions, the inexplicable refusal of the Chinese government to import mRNA vaccines thereby necessitating continued economically and socially disruptive COVID lockdowns and the US imposition of sweeping technology restrictions limiting China’s access to semiconductors and chip-making equipment. Such restrictions are the inevitable result of Xi Jinping’s 2015 launch of the Made in China 2025 program. Are

¹ HANetf / Bloomberg. Data as of 31.10.2022.

retaliatory sanctions against the US on, say rare earths, equally inevitable? Probably yes and the world will take another step toward economic bifurcation. Such a development can only be negative for China's economy (not that it's positive for the West). Meanwhile, we can point to several countries that have faltered when long-time leaders judged themselves indispensable to the nation's future. Xi's presidential hat-trick does not bode well when China's working age population has started to decline, its dependency ratio rises and the middle-income trap looms. Desperate times call for desperate measures. What measures might Xi decide are necessary as China's economy stagnates or conditions in the property market deteriorate further? Fast track semiconductor development by bringing Taiwan into the fold? The Saturna Sustainable ESG Equity HANzero™ UCITS ETF has no direct exposure to Chinese companies, while we are actively reviewing indirect exposures.

Sustainable ESG Equity Performance

As of 31.10.2022

	1M	3M	6M	YTD	12M	SI
Saturna Sustainable ESG Equity HANzero™ UCITS ETF (Acc)	5.04%	-8.65%	-10.80%	-25.79%	-24.19%	-23.10%

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 31/10/2022. 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. When you invest in ETFs and ETCs, your capital is at risk.

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.

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	-	BMCCKJ5	EUR	0.75%
Borsa Italiana	SESG IM	SESG.MI	IE00BMGRZP89	-	BMCCKG2	EUR	0.75%



Jane Carten, MBA

President, Director, and Portfolio Manager

Jane Carten, President and Director, joined Saturna Capital in June 1997. Ms. Carten graduated from Western Washington University with an MBA and undergraduate degree in Computer Science and Business. As President, Jane oversees Saturna's daily operations and directs Saturna's internal and external information systems, managing the technology and marketing activities. She also directs Saturna's continuing education program and the philanthropic efforts of the firm. Ms. Carten currently serves on the ICI Board of Governors and as Chair of ICI's Small Funds Committee, on the SEC's Asset Management Advisory Committee, and on the Board of the Whatcom Business Alliance.

Important Information

Communications issued in the UK (ETFs and ETCs)

The content in this document is issued by HANetf Limited ("HANetf") and approved by Primum Fund Management (UK) Limited ("Primum"). HANetf are an appointed representative of Primum, 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

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Communications issued in the EEA relating to ETCs

The content in this document is issued by the relevant Issuer.

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:
 - i. the precious metals ETCs under the terms in the base prospectus approved by both the Central Bank of Ireland ("CBI"), the UK Financial Conduct Authority ("FCA") and the final terms of the precious metals (together, "Metals ETC Prospectuses");
 - ii. the carbon securities ETCs under the terms in the base prospectus approved by the UK Financial Conduct Authority ("FCA") and the relevant final terms of the carbon securities (together, "FCA Carbon ETC Prospectus"); and
 - iii. the carbon securities ETCs under the terms in the base prospectus approved by the Central Bank of Ireland ("CBI") and the final terms of the carbon securities (together, "CBI Carbon ETC Prospectus").

Investors should read the latest versions of the relevant ETC prospectus before investing and should refer to the section of the relevant ETC 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 relevant ETC prospectus.

3. ETC Issuance GmbH, a limited liability company incorporated under the laws of the Federal Republic of Germany, issuing under the terms in the Base Prospectus approved by the Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin") and the final terms ("Cryptocurrency Prospectus") is the issuer of the ETC Group 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, Metals ETC Prospectus, FCA Carbon ETC Prospectus, CBI Carbon ETC Prospectus and Cryptocurrency Prospectus can all be downloaded from www.hanetf.com.

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