

Monthly ESG Equity Market Report

December 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 30/11/2022

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

Key Takeaways

Dollar strength has been one of the most dominant trends across financial markets for much of 2022. This changed in November with the dollar experiencing its largest monthly drop since 2009. Underpinning the 4.8% slide in the Bloomberg Dollar index was a confluence of events. Slowing inflation in the US and corresponding signals of a more dovish Fed combined with the dollar's rapid ascent for much of 2022 meant investor repositioning was in store. The implication in equity markets was clear, as the MSCI All World ex USA index gained 11.8% during the month, well ahead of the S&P 500's 5.4%.

For much of November the inversion of the 10-year US Treasury Note to 3-month Treasury Bill deepened. This yield curve inversion, which began in October and accelerated in November, has preceded every recession since the late 1960's. More importantly, the indicator has never sent a false alarm. The value of this indicator lies in the economic fundamentals behind it. The 10-year US Treasury is often referred to as one of the most liquid and safe assets in the world. Thus, when risk aversion is high, demand for safety drives the 10-year yield lower. At the same time, longer-term rates are less subject to central bank intervention, allowing the market to assert its wisdom, an inversion signals a dour outlook for the future of the economy.

In November the Saturna Sustainable ESG Equity HANzero UCITS ETF gained 6.85% as measured in USD. The positive return was driven by a diverse group of companies across Europe and Japan engaged in multiple industries including Industrials, Healthcare, Alternative Energy, and Consumer Discretionary. Aligning with the dollar weakness discussion, strength in Europe and Japan was somewhat offset by weakness in the US. Evidence of this divergence, whereas Novo Nordisk, Sony, and Johnson Matthey were among the fund's largest contributors; their US peers, Apple, Johnson & Johnson, and Ecolab were among the largest detractors. Expecting this year's dollar strength won't last forever, the Fund started a position in Canadian telecom provider Shaw Communications during the month.

Source of all data: Bloomberg as of 30.11.2022. **Please note that all performance figures are showing net data.** Past performance is not indicative of future performance and when you invest in ETFs your capital is at risk.

Macro Outlook

Exiting November, global economies and their numerous prognosticators are rife with bearish signals, yet there's still potential for a goldilocks scenario to play out. In the too hot camp, we have global inflation near four-decade highs. With wage growth, a sticky form of inflation, persisting, central banks may have to break the back of labor, if it won't bend. On the too cold sign, yield curve inversions in the US and elsewhere, signal

the cost of curing inflation could be the squelching of growth. And yet, there remains a goldilocks scenario, or as US Fed Chairman Powel likes to put it, a “soft landing.” So far, Europe has been able to store away vast amounts of natural gas, this combined with a mild winter could keep the lid on energy prices. Elsewhere, China has signalled a willingness to move away from its “zero-Covid” policy. A slow reopening of China, that spurs growth without spiking energy prices, could offset worsening consumer sentiment elsewhere. Finally, signs of slowing inflation suggest central bank interventions are working. Further slowing of inflation, that allows for similar slowing or even a halt in rising interest rates, may give global economies a breath of fresh air. Central banks may yet be able to get monetary tightening “just right,” that would be a change from their past performance.

Sustainable ESG Equity Performance

As of 30.11.2022

	1M	3M	6M	YTD	12M	SI
Saturna Sustainable ESG Equity HANzero™ UCITS ETF (Acc)	6.85%	4.16%	-3.92%	-20.71%	-17.02%	-17.84%

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 30/11/2022
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)

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Communications issued in the EEA relating to ETCs

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The Issuers

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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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