

Monthly Islamic Equity Market Report

January 2023

HANetf & Saturna Capital

Saturna Al-Kawthar Global Focused Equity UCITS ETF

AMAL

75 bps

IE00BMGRZP89

Product Inception Date: 28/09/2020

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

For Professional Clients Only. Capital at risk.

All data as of 31/12/2022

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

Key Takeaways

In December the Saturna Al Kawthar Global Focused Equity UCITS ETF slipped -3.91% in USD, slightly lagging Islamic but ahead of conventional global indices. Market sentiment shifted to risk-off in December with Healthcare performing well and Technology accounting for most of the losses. Diabetes champion Novo Nordisk and medical equipment specialist Stryker led Healthcare returns, while Trimble, Apple and Alphabet were all down by double-digit percentages. Some stocks that had been performing well, such as crop science leader Corteva and US health insurer Elevance reversed course during the month. Conversely, several industrial stocks demonstrated resilience, especially Vestas Wind Systems, which jumped 36% in DKK. As a result, our Industrials selection made a positive contribution to ETF returns, as did Consumer Staples and Healthcare.

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

As we embark upon the New Year two questions figure prominently among investors: 1) What are your market expectations? 2) Growth or Value? In 2023 such queries carry greater urgency given the significant decline in 2022 combined with recessionary worries in the coming year. In response, we typically reply that we are not market prognosticators, preferring to focus on the long-term outlook for the individual stocks in which we invest. Regarding the first question, however, every four years we arrive upon a phenomenon with an unblemished multi-decade record of calling the market over the next year, at least in the United States – the Mid-Term Effect. From 1945 through 2019 the calendar year return of the S&P 500 has been positive in 19 of the 19 years following a US mid-term election. Over that span returns for the S&P 500 in the years following a mid-term election have averaged 16.28% compared to an average return of 7.99% in other years.

Additionally, since 1942 there have been 17 down years for the S&P 500 but over the same period there have been only three pairs of consecutive down years (1973-1974, 2000-2001 and 2001-2002). Considering the market's 2022 downdraft this perhaps provides another reason for optimism regarding the prospects for 2023 and for remaining engaged with the markets.

The growth versus value question involves several considerations. Firstly, how do we determine the constituents of a growth versus value index? As determined by well know index providers, in 2022 value outperformed growth for the first time since 2016. Given that these indexes make no distinction for sector, that mostly tells us that Energy, Utilities, Real Estate and Financials generally outperformed Technology. We think a more nuanced approach, examining intra-sector valuation has an important role to play. Secondly, what are the relative valuations? Several years of growth outperformance pushed relative valuations to levels not seen since the end of the 1990's. Finally, what are the external factors that influence the dynamic? Monetary policy is certainly one and if we look back to

those same late 1990's we find a period of loose monetary policy in the run-up to Y2K followed by a period of tightening. We also find value in the driver's seat for several years following 2000. As noted above, we are not market prognosticators but neither do we ignore the evidence.

Islamic Equity Performance Table

As of 31.12.2022

	1M	3M	6M	YTD	12M	2Y	SI
Saturna AI-Kawthar Global Focused Equity UCITS ETF	-3.91%	10.24%	4.31%	-21.95%	-21.95%	-22.11%	-14.87%

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 31/12/2022. 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 AI-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 [AMALL Fund Page](#) for more information.

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.

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 - 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
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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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