

# Monthly Islamic Equity Market Report

May 2023

HANetf & Saturna Capital

Saturna Al-Kawthar Global Focused Equity UCITS ETF

AMAL

75 bps

IE00BMGRZP89

Product Inception Date: 28/09/2020

For Professional Clients Only. Capital at risk.

All data as of 30/04/2023

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

## Key Takeaways

Despite sticky inflation and indications that central banks will continue to raise rates, global equity markets performed well in April. Most surprising was the performance of the UK's FTSE 100 Index, which rebounded sharply from the March sell-off despite persistent double-digit consumer price inflation and lackluster GDP expansion.

The First Republic Bank saga dominated end of month narratives with the shares plummeting -78% the final week of April before JP Morgan stepped in on May Day to assume control of the failed institution. Apart from the rarity of bank failures during times of economic growth and low unemployment, another unique development has been the continued strength of non-residential construction. Tankers don't turn on a dime, while the passage of bills supporting infrastructure and alternative energy development play a role, but even residential construction has demonstrated resilience. As a labor-intensive industry, the longer current conditions persist, the more difficult it will be for the Fed to pivot.

In April the Saturna Al Kawthar Global Focused Equity UCITS ETF appreciated 2.09%, outperforming Islamic and conventional global indices alike. Apart from the technology-heavy Nasdaq Composite Index, European markets have generally outperformed US markets year-to-date, benefiting the ETF given its below market-weight exposure to the United States. Nonetheless, US companies were key contributors to performance in April, led by Eli Lilly. Trial data has supported the case for Lilly's future weight-loss competitor to Novo Nordisk's Wegovy, boosting the share price. US pharmaceutical Merck also had a strong month, bucking a weak YTD trend. Japan's Nintendo performed well, perhaps boosted by the release of the Super Mario Brothers movie. Rounding out the top performers were Microsoft, Edwards Life Sciences and L'Oreal. Semiconductors suffered a difficult April and our investments in Texas Instruments, Taiwan Semi and ASML all declined during the month.

Sources available upon request. **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

### Portfolio Adjustments

During April the Saturna Al Kawthar ETF received a one-time inflow roughly equal to half its prior AUM. We took advantage of the flow to rebalance some of our positions in the ETF. We are not in the habit of tactical additions or subtractions to positions but this event provided an opportunity to equalize positions we believed had become skewed following 2022's sharp performance dispersion among various sectors, especially healthcare and technology, the two largest exposures in the ETF. We were able to do so solely by adding more to some positions

than to others. Several of our technology investments had significantly declined as a percentage of ETF AUM, while the opposite was true of certain pharmaceutical investments. We remain committed to the investment theses in both instances but are also value investors. As such, we perceived more value in the smaller positions. These efforts have had minimal effect on the ETF's geographic exposure, while sector exposure has been brought more in line with that at the start of 2022 than at the end.

## Islamic Equity Performance Table

As of 30.04.2023

	1M	3M	6M	YTD	12M	2Y	SI
Saturna Al-Kawthar Global Focused Equity UCITS ETF	2.09%	5.14%	14.33%	10.58%	4.18%	-17.80%	-5.86%

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 30/04/2023. 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 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 [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.

## Important Information

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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
  - 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.
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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](http://www.hanetf.com).

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