

Monthly Islamic Equity Market Report

October 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 30/09/2023

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

Shariah ETF Key Takeaways

The United States demonstrated its dysfunction by making Kevin McCarthy the first ever Speaker of the House to be removed from his position. Especially remarkable is that members of his own party set the ball rolling, entirely because Speaker McCarthy, for once in his tenure, acted honorably in putting the interests of the country ahead of his political ambitions, agreeing to a stop-gap funding measure to keep the government open. It would be understandable if readers from the outside the US are confused by the above. Suffice to say that the legislative machinery has ground to a halt, while congress must agree on a budget by mid-November or funding will evaporate. Before agreeing on a budget, however, the Republicans must agree on a new Speaker; no easy task given the fractious nature of their conference.

In September the Shariah ETF returned -4.42%, in line with conventional global indices but lagging Islamic benchmarks due, once again, to rallying oil and Energy's weighting within Islamic indices. According to S&P Dow Jones, in the United States Energy was the only sector to register a positive return in September and the only one of two to do so over the third quarter. Communications also managed a small gain over the summer. Within the portfolio, all sectors were down with Wolters Kluwer and Astra Zeneca the sole stocks managing a positive return among the holdings. Fortunately, losses, while broad, were not deep with Lowe's being the only stock to decline by a double-digit percentage amount.

Source of all performance data: HANetf / Bloomberg as of 30.09.2023. Additional 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.

Political Outlook – When Will Rates Matter?

Rates around the world have been on the rise with yield curves shifting higher and becoming less inverted. Opinions vary as to what triggered the upward shift. A reaction to Fed and ECB statements concerning higher rates for longer, improving growth expectations – more the case for the US and Japan than Europe – the return of the term premium, increased issuance and others have all been mentioned as candidates. Undoubtedly, none of the factors operate in isolation and some combination has been at work. While backward looking, one cannot understand what the curve implies for the future without understanding why it moved in the first place, which is another way of saying, we don't know what it implies for the future. We'd like to think US economic resilience indicates the oft-discussed, rarely sighted "soft-landing" may be on the way. Resilience, however, may sow the seeds of its own destruction as rates are driven higher. It's said interest rates are a blunt tool but there is such a thing as blunt force trauma, and it seems wishful thinking to expect the economy won't feel the blow. Recessions are hard to predict precisely because the precipitating events are typically non-linear. Multiple obstacles, ranging from a US government shutdown to another winter with Russia occupying Ukraine's territory, ever simmering China tensions, sharply rising oil prices and potential repercussions from the strengthening dollar on multiple

countries, especially those dependent on imports of commodities priced in dollar, challenge the soft-landing scenario.

Shariah ETF Performance Table

As of 30.09.2023

	1M	3M	6M	YTD	12M	2Y	SI
Saturna Al-Kawthar Global Focused Equity UCITS ETF	-4.42%	-5.44%	0.99%	9.40%	20.60%	-13.73%	-7.51%

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 30/09/2023. 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.

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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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