Monthly Global Equity Active Shariah Screened Report

January 2025

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 31/12/2024
This report was written by, and is the opinion of, Saturna Capital.

Shariah Active ETF Key Takeaways

Markets varied in December. Large cap European stocks started strong then rolled over. Germany was a surprising exception, given its economic and political woes, rising throughout the month. A November recovery in the UK evaporated by the year end. In Japan markets were choppy but trended upward. The US S&P500 dipped over 2%, while Nasdaq eked out a small gain. US small caps, which rallied following the election, surrendered nearly everything in December, possibly on the sharp move up in US bond rates, with the 10-year treasury yield rising from 4.19% at the start of the month to 4.57% by year end.

In December, the Shariah ETF returned -1.43%, considerably more resilient than global Islamic and conventional benchmarks. For the full year 2024 Saturna Al-Kawthar returned 12.49%, well over double the return of global Islamic Indices, while trailing the conventional global index, due to the latter's large weight and strong performance of financials during the year.

In 2024, the ETF benefitted from the absence of investments in energy and only a small exposure to materials, as both declined. Still, the lack of exposure to these two sectors contributed less than 100 basis points of the Fund's 2024 outperformance. Among the sectors in which we were invested, we enjoyed significant outperformance in Technology due to holdings in Broadcom, Taiwan Semi, ServiceNow, Apple, Cisco and Nvidia. The tech record was not perfect, with Adobe, AMD and Murata detracting from returns.

Healthcare, the second largest exposure behind technology, outperformed with strong returns from Boston Scientific and Eli Lilly. Industrials, which represent an overweight exposure, provided returns well ahead of the benchmark with Trane Technologies, Johnson Controls and Schneider Electric leading the way. Not every industrial selection provided a positive return but those losses we did experience were small relative to the gains.

Finally, on the positive side of the ledger, Alphabet and Nintendo drove outperformance for the communication sector. Sector underperformance for the year occurred in consumer discretionary and staples. In discretionary positive returns from Lowe's and AutoZone were wiped out by the decline in Lululemon. Staples performed poorly overall, while losses in L'Oreal pushed our sector return into the red.

Politics in transition

Political realignments will be a defining theme of the coming year with a new US administration, a newly appointed Prime Minister in France, coming elections in Germany, Canadian elections likely sooner rather than later, a UK PM still seeking to gain his footing six months after entering office and dramatic developments in Syria and the Middle East. Donald Trump reigns as the biggest wild card in the mix and, with the inauguration weeks away, we'll wait to see what happens rather than guessing at forecasts.

At the risk of repetition, last month we noted that the suspension of the US debt ceiling expired with the New Year and that events surrounding the funding of the US government could spark volatility early in the new administration. The risks came to the fore even sooner than we anticipated with social media messages from Elon Musk and the President-elect undermining a bipartisan agreement to keep the government funded through March. Trump's subsequent demands to eliminate the debt ceiling were rebuffed. While a third attempt to keep the government open succeeded, it's only until March. The fact that 38 Republicans voted against the incoming President's desire for an elimination of the debt ceiling demonstrates that the next round of negotiations are likely to provide fireworks.

Source of all performance data: HANetf / Bloomberg as of 31.12.2024. 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.

Shariah Active ETF Performance Table

As of 31/12/2024

	1M	3M	6M	YTD	12M	3Y	SI
Saturna Al-Kawthar Global Focused Equity UCITS ETF	**-1.43%**	**-2.46%**	**0.33%**	**12.49%**	**12.49%**	**7.83%**	**17.60%**

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 31/12/2024. 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.

For more information, visit the webpage for our Shariah Active ETF.

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 AMAL Fund Page for more information.

Scott Klimo, CFA
Vice President & Chief Investment Officer, Saturna Capital

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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