Monthly Global Equity Active Shariah Screened Report

March 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 28/02/2025
This report was written by, and is the opinion of, Saturna Capital.

Shariah Active ETF Key Takeaways

Following January's robust performance, markets diverged as US investors faced the legally dubious slashing of government agencies and jobs by an unelected bureaucrat heading an agency that doesn't officially exist, a flip-flopping tariff policy and an approach to foreign affairs that rewards autocratic invaders while punishing their democratic victims.

In truth, none of those developments are of concern to most investors apart from the manner in which they potentially affect economic and corporate performance. Declining treasury bond yields and the re-inversion of the yield curve suggest negative outcomes. Meanwhile, Europe has discovered a new unity and purpose, at least as demonstrated by emergency meetings and joint statements. Whether that translates into action remains to be seen but markets, assisted by low valuations, have performed strongly.

In February, the Shariah ETF declined -2.29%, considerably less than appropriate Islamic benchmarks, although a larger drawdown than experienced by the conventional global index. Technology and industrial stocks accounted for most of the fall, with negative stock selection in industrials but positive selection in technology. Technology selection was boosted by several investments achieving positive returns, including Cisco, Murata Manufacturing and Apple, while we were absent most of the sector's weakest performers. In industrials electric components manufacturer Eaton and Italian cable firm Prysmian accounted for most of the decline.

On the plus side of the ledger, the Fund experienced positive returns from the consumer staples and healthcare sectors. Kenvue and Proctor & Gamble led the consumer returns, while AbbVie, AstraZeneca, GSK and Novo Nordisk all performed well in healthcare.

Source of all performance data: HANetf / Bloomberg as of 28.02.2025. 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.

New market leaders

For several years certain investment return trends have remained in place long past the time many expected reversion to the mean. One has been the outperformance of growth versus value as the US mega cap technology stocks went from strength to strength. The other has been the consistent outperformance of the US economically and in market returns versus other regions of the world. In 2025 both appear to have broken down. Several factors have combined to blunt the fortunes of the mega cap technology stocks. While these stocks initially sold off on the DeepSeek artificial intelligence revelations, they were already in a precarious position on valuations, while the almost unfathomable amounts of capital expenditure devoted to data centers for developing large language models (LLMs) and inference were raising questions in investors' minds regarding the eventual payoff and whether it would justify the vast sums being devoted to AI.

Of course, just as a handful of tech stocks dragged indexes higher over the past two years, their reversal pushes US indexes down regardless of price performance in other sectors. Secondly, signs have been emerging of reduced growth prospects in the US, including weak jobs numbers and a futures market that now expects at least two rate cuts this year from none a short time ago. To be sure, European economies, especially Germany, continue to lag, but the gap may narrow, while European markets offer a more defensive posture with a lower concentration of technology and lower valuations than in the US. Whether the new trends established in the first two months will persist remains to be seen but several factors, political, economic and technical, point in that direction.

Shariah Active ETF Performance Table

As of 28/02/2025

	1M	3M	6M	YTD	12M	3Y	SI
Saturna Al-Kawthar Global Focused Equity UCITS ETF	**-2.29%**	**-1.13%**	**-1.77%**	**0.31%**	**6.20%**	**22.84%**	**17.96%**

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 28/02/2025. 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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