

**BB Global Islamic
Thematic
Opportunities
TFI Funds Programme**

Monthly report as at
31 January 2025



CONTENT

Executive summary	3
1. Market review	3
2. Performance	4
2.1 Performance breakdown	4
2.2 Performance analysis	6
3. Portfolio composition	8
4. Market outlook	9
4.1 Outlook	9
4.2 Strategy	10



EXECUTIVE SUMMARY

Key information

Fund name	BB Global Islamic Thematic Opportunities
Reference index	MSCI World Islamic (NRI)
Client reference currency	USD
Inception date	30.09.2020
Performance inception date	31.12.2022
Market value as of 31.01.2025	USD 40,347,099

Performance (%)

	PORTFOLIO	REFERENCE INDEX	EXCESS RETURN
1M	5.22	2.53	2.69
3M	4.29	2.95	1.34
YTD	5.22	2.53	2.69
1Y	9.50	8.44	1.06

Gross of fees, with net (of taxes) income reinvested

Source: Pictet Asset Management

1. MARKET REVIEW

Global equities had a strong start to the year, with the MSCI ACWI rising 3.4%. However, this headline figure conceals a significant rotation between sectors and regions. Following a remarkable 32% gain in 2024, the IT sector plunged into negative territory in the first month of the new year. This decline was triggered by investor concerns over the launch of DeepSeek in China—a low-cost AI model that raised doubts about the competitive advantage held by current US tech leaders. Shares in chipmaker Nvidia plummeted by as much as 17%, erasing around USD 600 billion in market value in the largest one-day loss in the history of the US stock market. Overall, the IT sector ended January down 1.1%, as the DeepSeek news highlighted stretched valuations and prompted a wave of profit-taking. This downturn weighed heavily on US markets, where tech stocks have a particularly significant presence. In contrast, investors turned their attention to Europe, where indices are more balanced. The IT sector accounts for just 8% of the Stoxx Europe 600 index, compared to 30% of the S&P 500. The Stoxx 600 NR finished the month up 6.4%, reaching a record closing high and marking its best monthly performance in over a year. Similarly, Britain's FTSE 100 also achieved a record high.



2. PERFORMANCE

2.1 Performance breakdown

Monthly performance (%)

	PORTFOLIO	REFERENCE INDEX	EXCESS RETURN
Jan 2025	5.22	2.53	2.69
Dec 2024	-3.68	-3.41	-0.27
Nov 2024	2.91	3.96	-1.05

Gross of fees, with net (of taxes) income reinvested

Source: Pictet Asset Management

Quarterly performance (%)

	PORTFOLIO	REFERENCE INDEX	EXCESS RETURN
Q4 2024	-5.64	-3.67	-1.97
Q3 2024	1.57	3.92	-2.35
Q2 2024	1.29	-0.11	1.40

Gross of fees, with net (of taxes) income reinvested

Source: Pictet Asset Management

Performance (%)

	PORTFOLIO	REFERENCE INDEX	EXCESS RETURN
1Y	9.50	8.44	1.06

Gross of fees, with net (of taxes) income reinvested

Source: Pictet Asset Management

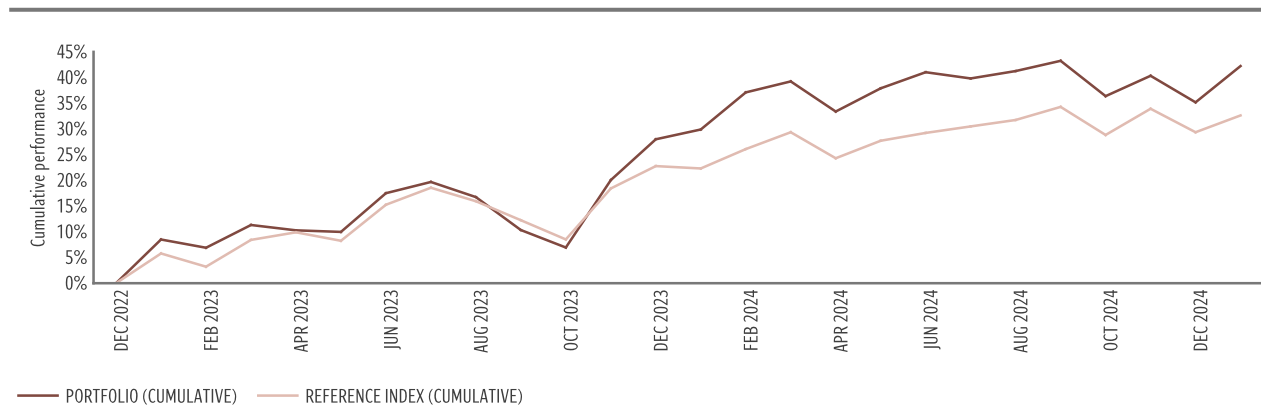
Calendar year performance (%)

	PORTFOLIO	REFERENCE INDEX	EXCESS RETURN
YTD	5.22	2.53	2.69
2024	5.62	5.37	0.25
2023	28.00	22.78	5.22

Gross of fees, with net (of taxes) income reinvested

Source: Pictet Asset Management

Performance since 31.12.2022



Gross of fees, with net (of taxes) income reinvested

Source: Pictet Asset Management

2.2 Performance analysis

The portfolio started 2025 with strong absolute (+5.2%) and relative (+2.7%) performance. In January, our selection was the main source of outperformance, concentrated within Communication Services and IT, respectively. At the stock level, our sizeable position in Meta accounted for most of the positive selection effect in Communication Services, while Roper Technologies and LAM Research were the key drivers of gains in IT. In terms of detractors, Novo Nordisk close the month negatively, despite coming off the intraday lows from December.

Roper Technologies is a diversified technology company that designs and develops software-as-a-service and engineered products and solutions. Roper operates in various niche end markets that are generally neglected by technology and insulated from broad competitive threats, including healthcare, transportation, food, energy, water, education, and academic research. Roper exhibits compounder-type characteristics, growing earnings not only through improving the operating performance of its assets but also through its methodical approach of perpetual capital deployment into asset-light and cash-generative businesses. This strategy continually enhances the firm's cash return on investment (CRI), enables free cash flow (FCF) to compound rapidly, and ultimately feeds a virtuous cycle of acquired and organic growth. On January 30th, Roper announced its fourth-quarter results amid fairly low investor expectations. The group posted a broad-based strong finish to 2024, with a beat and raise. The stock jumped as much as 7% on the day. It reported adjusted earnings per share (EPS) of \$4.81, exceeding its own guidance of \$4.70-4.74 and the consensus of \$4.74. The topline also surpassed expectations across all segments, with a 3% beat. The main highlight was the positive surprise in Q4 organic sales growth, which came in at 7% versus a 5.5% consensus. More importantly, the management struck a confident tone, guiding above estimates. It anticipates sustainable organic growth levels of 6-7% into 2025 (versus a 5.9% consensus), expecting 10%+ total revenue growth. The company aims to continue its strong cash flow performance, building on the 16% growth in free cash flow achieved in 2024. With an ample balance sheet capacity of over \$5bn, we believe Roper is ideally positioned to benefit from a favourable M&A backdrop. It is worth noting that with 85% of its sales in the US, Roper has little-to-no foreign exchange or tariff exposure risks.

Novo Nordisk closed January down 2.5% in US dollar terms. This outcome seems disappointing given the positive news flow during the month. Firstly, on January 17th, the group released modestly positive STEP UP data testing a higher 7.2mg dose of

Wegovy in obesity; this compares to the currently approved highest dose of 2.4mg. With 18.7% weight loss at 72 weeks from a baseline of 115kg (versus 14.9% with Wegovy 2.4mg at 68 weeks from a baseline of 105kg), this proves that Wegovy can close the gap with Lilly's Zepbound, which achieved 20.9% weight loss at 72 weeks from a baseline of 105kg. Additionally, it narrows the weight loss difference to the 22.7% from CagriSema at 68 weeks from a baseline of 107kg (achieved using flexible dosing, which attracted much criticism in December when Novo released these results). On January 24th, Novo released solid topline Phase 1b/2a data for the injectable version of its drug Amycretin (weekly subcutaneous GLP-1/amylin coagonist). It demonstrated 22% weight loss at 36 weeks from a baseline bodyweight of 92.7kg at the highest dose of 20mg weekly. With the 20mg-placebo group gaining 2.0% weight, the placebo-adjusted weight loss was 24%, close to the 25% weight loss benchmark expected by market participants. Consequently, the company could move straight to Phase 3, pending discussions with regulators, which we expect to conclude in the first half of 2025. Despite the lack of significant positive surprises, we believe Novo Nordisk is gradually overcoming the concerns raised in December with CagriSema REDEFINE-1. Amycretin uses a similar manufacturing process to Wegovy/Ozempic, so the product should benefit from the significant manufacturing infrastructure investments made by the group. We remain constructive on Novo Nordisk headings into 4Q results on February 5th and await the headline Phase 1 data for oral Amycretin in obesity in connection with its Capital Markets Day.



3. PORTFOLIO COMPOSITION

In January, we exited two positions and added one to the portfolio. Early in the month, we increased our holdings in stocks that had shown relative weakness, such as DSM-Firmenich, Ferguson, and Roper Technologies. Throughout the month, we gradually exited Lululemon, which we had added back in September, following its recent gains sparked by strong Q3 earnings. We also exited Chemed due to a loss of positive support from the Human strategy. These divestitures were prompted to take advantage of the DeepSeek-induced selloff. The proceeds were used to add to AI-related names that were sharply down, such as ASML and Schneider Electric, and to initiate a position in Marvell Technology. We continued to slightly reduce our holding in Ferrari, as it is no longer Shariah-compliant. However, we found its recent weakness unwarranted, so we are still keen on holding it.



4. MARKET OUTLOOK

4.1 Outlook

Our business activity indicators point to moderate growth for the global economy – for now. If the tariffs unveiled by the US become permanent, they will materially change the macroeconomic landscape for this year. They will affect 44% of total US imports and will take the average tariff rate on US imports from 2% to 10%, on a par with trade barriers in place in 1948. We estimate the announced tariffs will push up US inflation by approximately 1 percentage point, and reduce US GDP by around 0.8 percentage points, without factoring in any possible retaliation from US trading partners. This, in turn, will translate to an around 5% hit to US corporate earnings and a 10% reduction in price/earnings ratios relative to our baseline. However, we think there is still a very good chance that Trump will back down on tariffs after scoring a political win, or that US courts will delay their implementation. That could leave room for a last leg of gains for US equities. What is more, current corporate earnings dynamics are favorable while, broadly speaking, the US is a relatively defensive high profitability market.

4.2 Strategy

Despite the strong performance of global markets in 2024, the market continues to underprice the persistence of secular growth. We pick stocks with value drivers (sales growth and margins) linked to megatrends, where our research leads us to believe that margins and sales growth will not fade. The resulting unnecessary risk premium is our source of value creation relative to a passive investment in the global equity market. We expect companies that benefit from secular tailwinds to outgrow the market over a full economic cycle but especially during parts of the economic cycle where cyclical growth is under pressure. We focus on those secular growth stocks where we believe the market significantly undervalues their long-term potential. We currently find many of these investment opportunities in companies related to secular growth drivers in Enabling Technology, Health Innovators, Digital Disruption, Smart Construction and Industrial Automation. The portfolio generates a weighted return on invested capital today of 22.57% while the market currently prices in only 18.53%, leaving significant upside potential.



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