PICTET
Asset Management

BB Global Islamic Thematic Opportunities
TFI Funds Programme

Monthly report as at
31 August 2025

CONTENT

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 31.08.2025	USD 29,294,120

Performance (%)

	PORTFOLIO	REFERENCE INDEX	EXCESS RETURN
1M	1.21	1.66	-0.45
3M	6.63	6.18	0.45
YTD	10.98	10.46	0.52
1Y	6.20	8.46	-2.26

Gross of fees, with net (of taxes) income reinvested
Source: Pictet Asset Management

1. MARKET REVIEW

The MSCI All Country World Index rose 2.5% in August, marking its fifth consecutive month of positive returns and reaching a new all-time high. Markets were propelled by expectations of interest rate cuts from major central banks and continued strength in U.S. technology stocks, supported by the ongoing AI boom. U.S. equities gained around 2%, though momentum faded late in the month amid concerns about the Fed's independence and a rotation from technology to value-oriented sectors. European markets posted moderate advances, restrained by political uncertainties in France, while emerging markets benefited from a rebound in Chinese tech. Overall, market sentiment became more defensive toward month-end as investors braced for September's typically cautious climate and grappled with persistent inflation and mixed signals from central banks; within sectors, utilities declined while communication services, health care, and consumer discretionary stocks posted healthy gains of 3–4%.

2. PERFORMANCE

2.1 Performance breakdown

Monthly performance (%)

	PORTFOLIO	REFERENCE INDEX	EXCESS RETURN
Aug 2025	1.21	1.66	-0.45
Jul 2025	-0.90	0.41	-1.31
Jun 2025	6.32	4.02	2.30

Gross of fees, with net (of taxes) income reinvested
Source: Pictet Asset Management

Quarterly performance (%)

	PORTFOLIO	REFERENCE INDEX	EXCESS RETURN
Q2 2025	17.10	12.29	4.81
Q1 2025	-5.51	-3.63	-1.88
Q4 2024	-5.64	-3.67	-1.97

Gross of fees, with net (of taxes) income reinvested
Source: Pictet Asset Management

Performance (%)

	PORTFOLIO	REFERENCE INDEX	EXCESS RETURN
1Y	6.20	8.46	-2.26

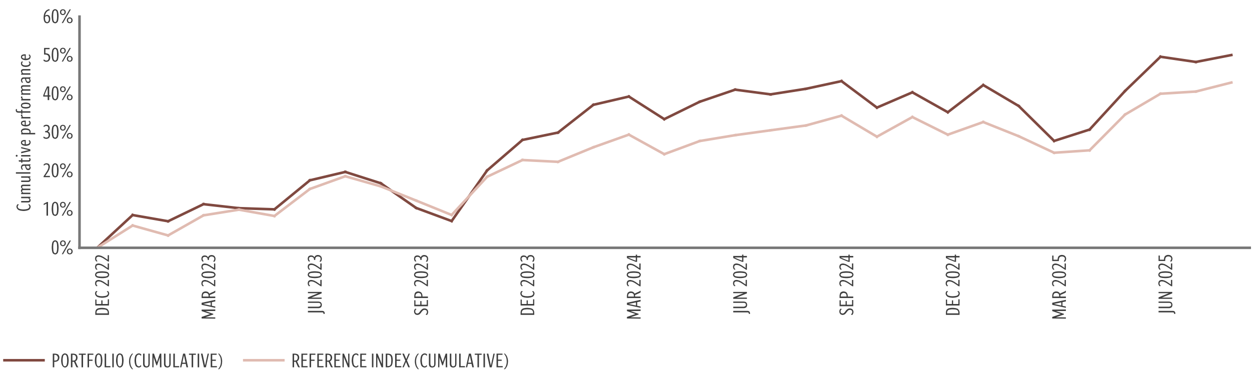
Gross of fees, with net (of taxes) income reinvested
Source: Pictet Asset Management

Calendar year performance (%)

	PORTFOLIO	REFERENCE INDEX	EXCESS RETURN
YTD	10.98	10.46	0.52
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 returned +1.2% in August, broadly in line with the reference index, lagging it by -30bps. The selection effect was positive, thanks to the Utilities sector, which was offset by negative contributions from Materials and Energy. At the stock level, Marvell Technology and Vertex Pharmaceuticals were a drag on performance, while Sabesp, Alphabet and Novo Nordisk were the largest positive contributors.

Vertex Pharmaceuticals dropped 14.4% in August after its experimental pain drug VX-993 failed Phase II trials, missing the mark across all three dose levels tested. The selloff was compounded by FDA pushback on expanding Journavx's label beyond acute post-surgical pain to broader neuropathic conditions. These overshadowed what was actually a strong Q2, with revenue and EPS beating expectations, with 12% revenue growth to $2.96 billion and EPS of $4.52 versus $4.24 expected. The core cystic fibrosis franchise remains rock-solid (trikafta), generating $2.55 billion quarterly and controlling roughly 90% of the CF market. Despite the fact that FDA stringency and the VX-993 setback should cause a rethink of the overall opportunity and risk profile for the pain franchise, we view this setback as overdone, given Vertex's $12 billion cash position and diversified pipeline spanning diabetes, kidney disease, and gene therapies. We had kept our position size in Vertex fairly small, as we had seen the pain franchise as fully discounted in its valuation. We regard the August drop as a reasonable entry point for consolidating the position while management figures out the next steps for pain expansion beyond the newly-approved Journavx. The key risk remains heavy dependence on the cystic fibrosis drugs (85% of revenue), but with significant cash flows and multiple pipeline shots (pove in IgAN, inaxaplin in AMKD and T1D cell therapy, which could be combined a $3-5B opportunity), Vertex has the resources to keep diversifying; let alone the $12 billion on the balance sheet that could help buy pipeline.

Alphabet had stellar Q2 earnings that beat on nearly every metric, with revenue up 14% to $96.4 billion and EPS of $2.31 beating the $94 billion and $2.19 estimates, respectively, with acceleration in all divisions. Google Cloud was the standout, surging 32% to $13.6 billion revenue with operating income up 141%, proving the unit is finally hitting its profitability stride. Search, which had been perceived under threat by rising competition, also impressed with 12% growth as AI Overviews reached 2 billion users and drove 10% more queries, countering fears that AI would cannibalize traditional search. Management's bold $85 billion capex guidance for 2025 (up $10 billion from prior forecasts) excited investors as necessary infrastructure investment to maintain AI leadership given the ever-growing demand. Simply put, this wasn't just momentum but fundamental acceleration of multiple growth drivers, from Cloud margins to YouTube acceleration. Google is investing heavily because customer demand is outpacing capacity in the AI infrastructure cycle. We continue to see value in the name, given its astounding execution on all fronts (notably winning big Cloud clients and improving its operating margins), its accelerating pace of innovation and productization, driving more durable revenue growth.

3. PORTFOLIO COMPOSITION

In August, no name entered nor exited the portfolio. We continued bringing Dynatrace, Pultegroup and Palo Alto Networks to their target weight, while reducing Siemens as it is no longer screening as Shariah compliant by IdealRatings.

4. MARKET OUTLOOK

4.1 Outlook

Investors are growing less worried about a slowing US economy, yet there's justification enough in weakening employment data for the US Federal Reserve to cut interest rates next month. At the same time, inflation seems to be less of a pressing concern, to judge by sentiment surveys. On balance, our global business activity indicator has turned positive. The US economy's prospects have improved, casting some doubt over our previous expectation for a significant slowdown in an environment of rising inflation. Sentiment indicators have been improving and domestic demand is poised to pick up as consumers look to spend excess savings. Longer term, growth will further be supported by Germany's decision to ramp up public spending. With the Fed expected to cut rates in September, December and again next March, our liquidity indicators remain positive for riskier asset classes. For now, the Fed's expected cuts look to be justified by recent employment data, which justify its shift to primarily focusing on protecting growth rather than fighting inflation. Our technical indicators remain positive for equities, supported by a broadening out of the market rally from the tech sector. Despite the US market's heady gains over recent months, aggregate investor sentiment and positioning indicators in equities are not at extremely bullish levels.

4.2 Strategy

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 21.94% while the market currently prices in only 16.39%, leaving significant upside potential.

For more information, please contact your Client Relationship Manager.

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