PICTET
Asset Management

BB Global Islamic Thematic Opportunities
TFI Funds Programme

Monthly report as at
28 February 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 28.02.2025	USD 38,803,232

Performance (%)

	PORTFOLIO	REFERENCE INDEX	EXCESS RETURN
1M	-3.82	-2.77	-1.05
3M	-2.53	-3.71	1.18
YTD	1.20	-0.31	1.51
1Y	-0.22	2.28	-2.50

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

Source: Pictet Asset Management

1. MARKET REVIEW

Global equities ended the month lower as fears that US President Donald Trump's proposed tariffs on key trading partners will spark a global trade war, dampen economic growth and worsen inflation. Trump said 25% tariffs on Canada and Mexico would come into force from March 4. Chinese imports would face a further 10% levy, which could trigger possible reprisals from Beijing as its National People's Congress opens its third annual session later in the week. Such policy uncertainties encouraged investors to unwind "Trump trades" with US stocks, Bitcoin and the dollar – which rallied in the run up to the inauguration - all coming under pressure. Chipmaker Nvidia led the loss in IT shares as its quarterly report failed to ease concerns over spending on artificial intelligence technology. Japanese stocks also lost 4% to hit a five-month low as concerns about the health of the US economy and a stronger yen weighed on exporters. European shares fared well with shares rising between 2-3%. The moves reflected signs that corporate earnings momentum is shifting in favour of Europe as the region's economic surprise indicator stands at a five-month high, compared with that in the US which is at a five-month low. Emerging market shares proved resilient in the face of trade policy uncertainty as a weaker dollar and the recent pro-business approach from Beijing supported Chinese markets.

2. PERFORMANCE

2.1 Performance breakdown

Monthly performance (%)

	PORTFOLIO	REFERENCE INDEX	EXCESS RETURN
Feb 2025	-3.82	-2.77	-1.05
Jan 2025	5.22	2.53	2.69
Dec 2024	-3.68	-3.41	-0.27

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	-0.22	2.28	-2.50

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

Calendar year performance (%)

	PORTFOLIO	REFERENCE INDEX	EXCESS RETURN
YTD	1.20	-0.31	1.51
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
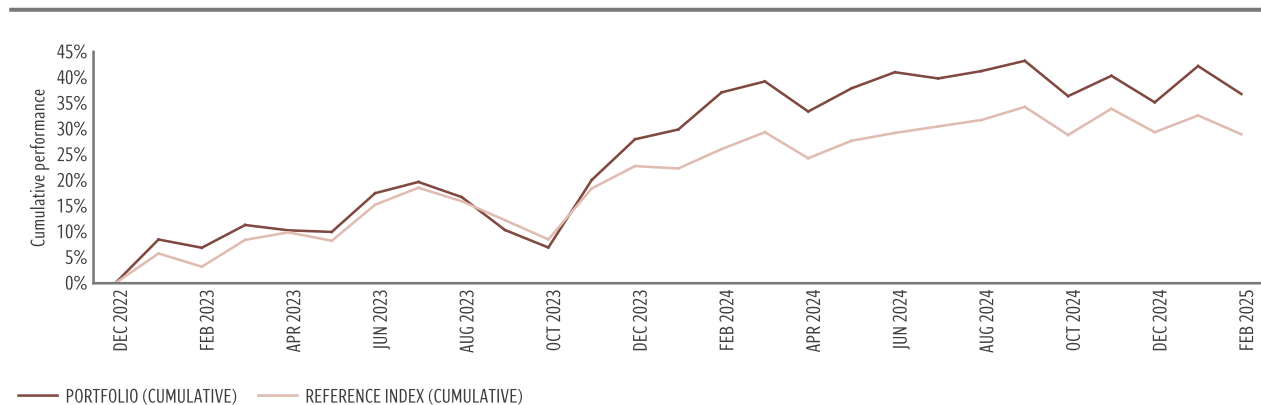
Gross of fees, with net (of taxes) income reinvested
Source: Pictet Asset Management

2.2   Performance analysis

The portfolio underperformed in February with an absolute decline of 3.8% and a relative decline of 1.1%, erasing some of the gains achieved last month. Our selection was the main source of underperformance, particularly within Communication Services and IT, respectively, although this was partially offset by our positive selection in Consumer Discretionary. At the stock level, Idex Corp was a significant laggard, alongside names like Alphabet, Synopsys, Marvell Technology and Salesforce which accounted for most of the negative selection effect in IT. Conversely, Novo Nordisk, Infineon Technologies, Siemens and WSP Global were the key drivers of gains.

Idex Corp is a linchpin manufacturer, producing critical pumps, flow meters, other fluidics systems and components, and engineered products worldwide to a diverse range of industries (life sciences, energy, water, food & pharma, and industrial manufacturing). The company operates through three core segments—Fluid & Metering Technologies (FMT), Health & Science Technologies (HST), and Fire & Safety/Diversified Products (FSDP) —delivering solutions for DNA testing equipment, crop spraying systems, and firefighting infrastructure globally. Heading into its 4Q2024 results, expectations were around a continuation of the early-signs of a demand normalisation in HST, as most of its end-markets had been facing prolonged headwinds. For context, during the previous Q3 results back in October 2024, the management had reported a "healthy organic increase in order with the HST segment", and raised the low-end of its full-year guide for EPS. Commentary around stabilization in the life sciences part of HST, after a protracted period of destocking, was a relief. Fast-forward to 4 February 2025 after-hours. Idex Corp. released broadly in-line 4Q results and guided to +1% to +3% organic growth for full-year 2025, slightly below to estimates. However, the 1Q2025 organic growth guide of -3% to -4% year-on-year decline surprised negatively, about 700bps at the midpoint below the +3.67% growth expectations. This 1Q outlook sharply contrasts with the 4Q organic growth that just turned positive at 3% year-on-year, after four quarters of sequential improvement. Investors were left somehow rattled by this pressured 1Q2025 outlook, despite the one-off explanations for the management on the call, and the stock lost -9.6% on 5 February, its largest one-day decline since 18 March 2020. Effectively, the full-year guide implies it is heavily weighted towards the second half, anticipating second-half recovery and sequential improvement of Semiconductor markets, timing of Water project deliveries, and expected pacing of Mott projects. We reduced our position in the name, while giving the management the benefit of the doubt regarding the expected

hockey stick recovery in H2.

On 13 February, Siemens published a strong set of Q1 results, beating consensus across the board, and reaffirming its outlook. The main driver of the beat was from Digital Industries (DI), with order inflection gaining momentum, although destocking in China is likely to continue until end FYQ2. This points to confirming that the through is behind on growth and margin, with a 8% beat on profit and a better-than-expected organic sales decline of -11% (vs -12% consensus), and 14.5% margin (90bps above). Smart infrastructure (SI) delivered another solid quarter, with a 3% profit beat and encouraging larger data center order wins (book/bills ratio stays above 1x). However, Mobility profit came in 5% below expectations despite 10% organic growth, due to a less favourable business mix. The next key catalyst will be around the deconsolidation of Healthineers from Siemens Group, allowing it to break free from the "conglomerate discount" and unlock the value of the high-quality underlying Automation & Electrification business that it warrants. Management confirmed its strategical review of the ongoing ownership of Siemens Healthineers, and will provide an update in due time, as well as incremental detail on the growth and margin potential of the industrial software business.

3. PORTFOLIO COMPOSITION

In February, aside from the initiation of Marvell Technology following DeepSeek selloff, there were no significant change to the portfolio. We crystallised some gains in Essilor after its stellar performance, and cautiously reduced Idex Corp, following its results and surprisingly disappointing 1Q outlook. We reinvested the proceeds through tactical top ups in AMD, Danaher, Microsoft, Novo Nordisk and Palo Alto Networks.

4. MARKET OUTLOOK

4.1 Outlook

Our business cycle indicators show that while the US economy continues to grow at roughly one percentage point above potential, it will slow back to the trend rate of 2% in the coming year. Over the coming months, the economy will start to feel the dampening effects of President Trump's policies. So far, cuts to public spending have been modest, despite the noise, though there are indications that serious efforts are being made to trim the deficit. This could weigh on economic activity in the short run. And whereas slowing growth might otherwise have led the Fed inclined to trim rates, inflation is also a concern. Price pressure is coming from both strong consumer demand and rising labour costs, which companies are able to pass on. Trump's import tariffs are only likely to add to this upward pressure. Consumers are already feeling the pinch and appear set to rein in spending, which reinforces our concerns about a gradual weakening in US GDP growth. Economic prospects elsewhere look a little more encouraging. Interest rate cuts have started to feed through to the euro zone economy and in particular its manufacturing sector. China, meanwhile, is showing signs of strength. We anticipate China will put in place a further stimulus package designed to boost consumption and recapitalise the banks, though this is likely to wait until the full extent of Trump's tariffs becomes clear.

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 20.95% while the market currently prices in only 17.55%, leaving significant upside potential.

For more information, please contact your Client Relationship Manager.

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