



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

Monthly report as at
31 March 2025



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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 31.03.2025	USD 36,227,546

Performance (%)

	PORTFOLIO	REFERENCE INDEX	EXCESS RETURN
1M	-6.63	-3.33	-3.30
3M	-5.51	-3.63	-1.88
YTD	-5.51	-3.63	-1.88
1Y	-8.27	-3.63	-4.64

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

Source: Pictet Asset Management

1. MARKET REVIEW

The first quarter of 2025 was challenging for global markets, with Wall Street experiencing its worst quarter in nearly three years. The S&P 500 fell 4.6% amid fears that President Trump's tariffs could trigger stagflation in the US economy. Concerns over economic growth and rising prices were heightened by Trump's anticipated "Liberation Day" event, where additional tariffs are expected. This uncertainty led to a decline in consumer, business and investor sentiment. US equities suffered, particularly big tech stocks, as the Nasdaq slumped 10.4%. Notable declines included Nvidia (-19%), Tesla (-36%), and Apple and Microsoft (-11%). Many other companies struggled as well due to the anticipated impact of the trade war. European equities outperformed, with the FTSE 100 and STOXX Europe 600 gaining about 5%. Germany led the way, buoyed by post-election fiscal policy shifts. Asian markets were mixed: Japan's Topix fell 4.5%, China's CSI 300 slipped 1.2%, while Hong Kong's Hang Seng surged 15%. Investors sought safe havens, driving gold to a record high of \$3,128 per troy ounce. US Treasury yields fell amid growth concerns. Sector-wise, defensives led, with Energy, Materials, and Financials benefiting from a rotation to Value. Style performance varied; Value excelled, supported by strong European markets.



2. PERFORMANCE

2.1 Performance breakdown

Monthly performance (%)

	PORTFOLIO	REFERENCE INDEX	EXCESS RETURN
Mar 2025	-6.63	-3.33	-3.30
Feb 2025	-3.82	-2.77	-1.05
Jan 2025	5.22	2.53	2.69

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

Source: Pictet Asset Management

Quarterly performance (%)

	PORTFOLIO	REFERENCE INDEX	EXCESS RETURN
Q1 2025	-5.51	-3.63	-1.88
Q4 2024	-5.64	-3.67	-1.97
Q3 2024	1.57	3.92	-2.35

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

Source: Pictet Asset Management

Performance (%)

	PORTFOLIO	REFERENCE INDEX	EXCESS RETURN
1Y	-8.27	-3.63	-4.64

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

Source: Pictet Asset Management

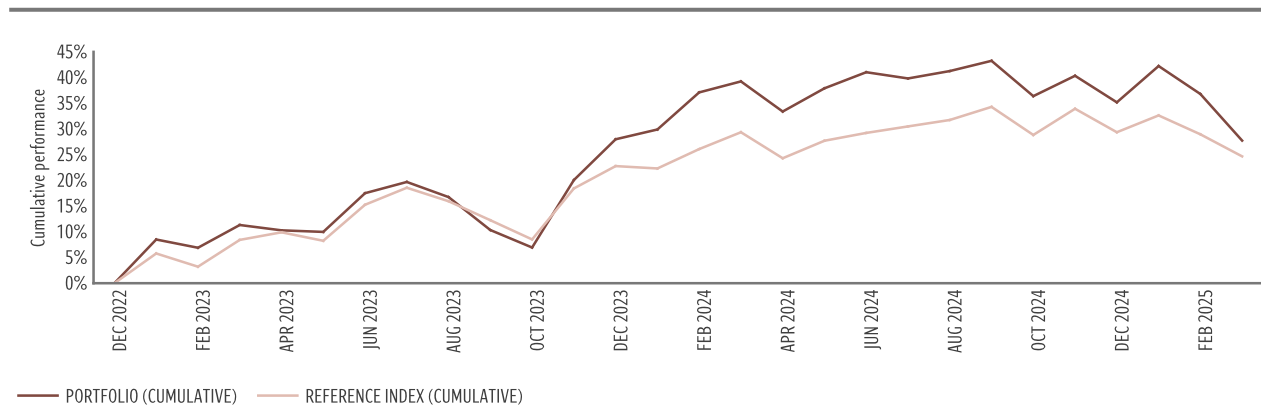
Calendar year performance (%)

	PORTFOLIO	REFERENCE INDEX	EXCESS RETURN
YTD	-5.51	-3.63	-1.88
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 March, detracting -6.6% in absolute performance, -3.3% relatively worse than the reference index, which held up better (-3.3%). The fund is now lagging by -1.9% the MSCI World Islamic year-to-date. Both allocation and selection effects weighed on the performance over the month. Key pockets of detraction have been our selection in Healthcare (Novo Nordisk being the main culprit) and in Communication Services, as well as our structural underweight in Energy (the sector was up 5% in March). At the stock level, Novo Nordisk, Marvell Technology and Meta Platforms were the key detractors whereas Sabesp, Roper Technologies and L'Oreal were our largest gainers.

Novo Nordisk suffered from CagriSema's lackluster results, demonstrating that Eli Lilly has taken the lead in GLP-1 medication. There is certainly enough room for more than one player, but investors were hoping that CagriSema would enable Novo to regain its leading position. While it is unclear how much of this volume Novo will indeed regain, we are of the opinion that the removal of compounders from May 22nd is key to the prescription recovery. The current lack of pickup in GPL-1 prescriptions is driving the negative near-term sentiment, and market participants are now expecting the management to revise its FY25 guidance downwards, at least top end of its guide. We fully appreciate the current unfavourable dynamics, as the market is being myopic on weekly prescription figures, but longer-term we remain confident in the long-term obesity opportunity in Novo Nordisk.

Alphabet suffered from the change in sentiment towards the Magnificent 7, but also from earnings reported in February which demonstrated Google's cloud business was slowing down sequentially (but still growing 30%). Meta also suffered from the unwinding away from the Mag 7, despite having reported a solid set of figures at the end of January, with much room left for monetization in its key apps such as Whatsapp and Facebook. Salesforce suffered from this rotation as well as fairly disappointing sales guidance against high-expectations as agentic AI monetization is still in its very early innings and not showing meaningful contribution to results.



3. PORTFOLIO COMPOSITION

In March, we sold the remainders of our holdings in Ferrari and EssilorLuxottica. For EssilorLuxottica, it is about crystallising gains here after an impressive upward trajectory, that we see as untenable, given the stock now trades at tech-like multiples. We had been reducing both positions on strength, but the reason for the exit of Ferrari was the fact that its IdealRatings compliance had turned negative since the end of September 2024. As a Premium Brands substitute, we reinvested the proceeds through Brunello Cucinelli, which we initiated.

4. MARKET OUTLOOK

4.1 Outlook

Financial markets risk losing their bearings. Primarily because the world's two largest economies appear to be heading in opposite directions. In the US, economic prospects are uncertain. Donald Trump's policy announcements in the first 10 weeks of his administration have proved more far-reaching than many economists and investors had anticipated. The measures will likely be stagflationary - for the US, mainly, but some other advanced economies too. By contrast, China may be finally coming out of the doldrums. While US tariffs have negative effects on Chinese growth, Beijing's coordinated monetary and fiscal stimulus – estimated to be nearly RMB5 trillion, or more than 3% of GDP -- seems to be bearing fruit. This is most evident in the housing market, but also in consumption figures, which rebounded by more than 15% in the final three months of 2024. Economic prospects for the euro zone have improved markedly after Germany and the EU announced plans to spend EUR800 billion and EUR500 billion respectively on defence and infrastructure. This can lead to an increase in German growth of 1% per year for the next three years, which could more than offset the impact of the US's announced tariffs on European imports. Growth should be further supported by the lagged effects of the European Central Bank's six interest rate cuts since mid-2024.

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 23.4% while the market currently prices in only 19.43%, leaving significant upside potential.



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