GLOBAL EQUITIES STRATEGY

FACT SHEET

31/07/2022

RASAMEEL

Investment Objective
The Strategy invests in Sharia compliant equities across the major markets, with the objective of generating returns in excess of the benchmark, over a 3-5 year period.

Investment Manager
Rasameel Investment Company KSCC

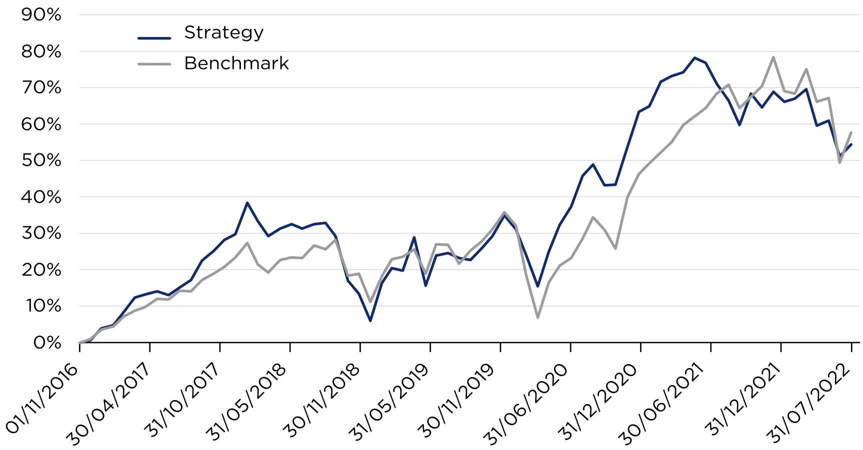
Time Horizon
Longterm

Inception Date
01/11/2016

Base Currency
USD

Benchmark Index
MSCI World Islamic index

Performance



Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Benchmark
2022 (%)	-1.63	0.54	1.51	-5.86	0.84	-6.07	2.17						-8.53	-11.65
2021 (%)	1.00	4.11	0.84	0.65	2.20	-0.77	-3.17	-2.71	-4.05	5.39	-2.27	2.64	3.56	21.93
2020 (%)	-2.78	-5.47	-6.82	8.09	5.99	3.83	6.10	2.14	-3.81	0.14	7.14	6.24	21.05	7.76
2019 (%)	9.64	3.58	-0.55	7.61	-10.28	7.08	0.55	-1.06	-0.45	2.66	2.64	4.39	26.93	22.08
2018 (%)	6.58	-3.55	-3.05	1.50	0.94	-0.85	0.81	0.30	-2.66	-9.50	-3.14	-6.43	-18.10	-9.85
2017 (%)	0.87	3.48	3.60	0.86	0.76	-0.89	1.77	1.82	4.52	2.13	2.48	1.22	23.92	19.05
2016 (%)											0.67	3.12	3.81	3.59

Top Holdings

Company	Weight
MCK US	3.20%
8058 JT	3.15%
SHELL LN	2.75%
VIPS US	2.67%
MRK US	2.59%

Characteristics	Strategy
TTM P/E	11.3
P/B	2.02
P/CF	9.68
Dividend Yield	2.76%
Debt/Equity	0.49

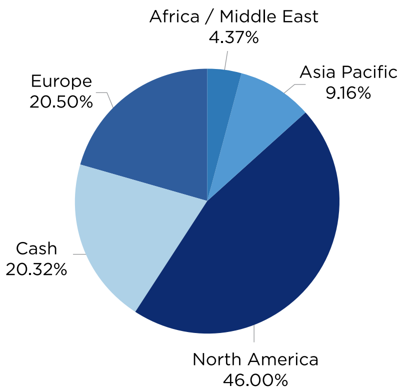
Returns	Strategy	Benchmark
MTD	2.17%	5.52%
YTD	-8.53%	-11.65%
ITD	54.40%	57.55%

Risk Statistics-1Yr	Strategy	Benchmark
Std. Dev	15.81%	15.59%
Downside Risk	11.47%	11.33%
MC VAR	-24.47%	-28.46%
BETA (ex-post)	0.88	1.00
Correlation	0.86	1.00
Sharpe Ratio	-0.62	-0.3
IR	-0.64	NA

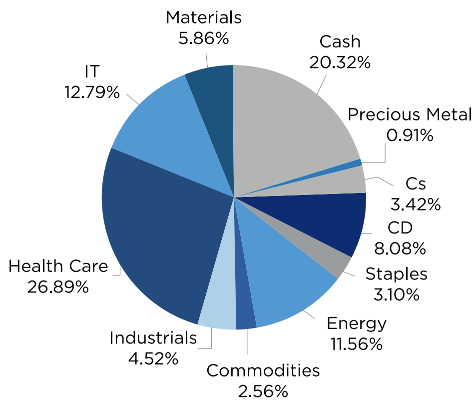
30 Day Top Contributers & Detractors

Contributers	Return	Cont.	Detractors	Return	Cont.
YCA LN	15.10%	0.42%	VIPS US	-7.38%	-0.22%
GFS US	27.62%	0.30%	BKR US	-11.01%	-0.21%
DNN US	22.30%	0.29%	9618 HK	-7.55%	-0.20%
RKT LN	7.85%	0.16%	BMY US	-4.18%	-0.11%
TMO US	10.15%	0.16%	AEM US	-6.05%	-0.09%

Geographic Breakdown



Sector Breakdown



* *The performance shown above is gross of all fees and unaudited. Past performance is not indicative of future returns.*

Disclaimer:

This document is prepared for promotional purposes. The performance stated above is for a composite of client accounts and is gross of all fees and commissions. Actual client performance may vary from the composite. Rasameel Investment Company hereby undertakes that it does not disguise, diminish or obscure important items from the investment subject of promotion.

Warning:

The past performance of any investment or a product is not a reliable indicator of future results and it cannot be relied upon for investment decision making.

Comment

The rally in July took many investors by surprise, as equity markets rebounded sharply despite aggressive central bank rate hikes, soaring inflation, energy disruption in Europe, a fresh property crisis in China and few signs of an end to the war in Ukraine. In July, the S&P 500 climbed 9.1% to erase June's losses, while the Nasdaq rallied 12.4%. Improved risk appetite was largely built on the view that the Fed may back down on rapid rate hikes amid signs of softer US economic data. Better-than-feared 2Q S&P 500 earnings also lifted sentiment in the last two weeks of July. We took the view of not chasing the market rally. Thus, on the back of our defensive sector positioning, underweight technology, and overweight cash, we underperformed in July. The Global Equities strategy rose 2.2% (gross) vs its benchmark's rise of 5.5%. We are though still outperforming on a YTD basis.

In terms of contributors, our exposure to Uranium via **Yellow Cake PLC (YCA LN)** and **Denison Mines (DNN US)** rebounded during the month to post a 15% and 22.3% return respectively. While we continue to like Uranium as a long-term theme, considering the volatility of the space, we have recently trimmed back on Uranium to reduce the active risk exposure of the Strategy. Within Technology, **Global Foundries (GFS US)** rebounded strongly along with the semiconductor industry and delivered a 27.6% return for the month. The ongoing political tensions arising from Pelosi's visit has improved the investment rationale for a foundry with no exposure to the APAC region. **Reckitt Benckiser (RKT LN)** rose 7.9% over the month after posting better than expected earnings. The recent baby formula shortage in the US has allowed Reckitt to improve its market share. **Thermo Fisher (TMO US)** rose 10.2% in July after announcing good Q2 numbers.

In terms of detractors, as US-China geopolitical risks escalated in July, China equities got sold down. But with Nancy Pelosi's Taiwan visit now completed, we are seeing equities recoup their losses in August. **Vipshop (VIPS US)** and **Jd.com (9618 HK)** fell 7.4% and 7.6% respectively. On China, while investors expected more rapid monetary easing from China and thus remain disappointed to some extent with China's approach of not flooding the market with stimulus. However, China has plenty of room to cut rates and is still a market in easing mode while the rest of the world is tightening. Thus, we continue to see China as a good place to remain invested in 2022. **Baker Hughes (BKR US)** fell 11% in July after reporting disappointing earnings and an impairment loss on their Russian assets. While the energy sector will suffer in a recession, it's the only sector that has seen positive EPS revisions so far this year. We established a small position in **Devon Energy (DVN US)** over the month to reduce our underweight to the sector vs our benchmark. So far, we have seen energy companies report strong numbers, margin expansion and raise dividends, some even announcing special dividends.

We would highlight that we saw last month's market rebound as a bear market rally and decided against chasing it. Indeed, we have seen many such rallies so far this year and in all prior bear markets. We wouldn't be surprised to see lower lows ahead. Being defensively positioned in bear market rallies is always difficult as it leads to short term underperformance. But, as always, we focus on the longer-term and on protecting client capital, especially in turbulent markets like these. We take the view that we need to see earnings being revised downwards before we can start to call a bottom. We would also argue that it is far too early for the market to rally on the back of the expected Fed pivot. The Fed will only pivot when the economic data is much weaker, unlikely before. Most recent ISM and payrolls data confirms that we are far from that point currently. For now, we remain focused on assessing economic data, company earnings and guidance and will start to add to risk exposure once we think consensus earnings have priced in a weaker economic environment.

Please find our detailed monthly commentary here.

Strategy 10 top holdings

	STOCK	INVESTMENT THESIS	
			Fundamental Investment Thesis
1	JD.COM	Rationale	We see JD.com as an attractive "Quality China Internet Growth" play and one of the most attractive ways to get exposure to Chinese retail, where ecommerce penetration continues to grow. Expansion outside of China could increase JD's TAM further. The company is well positioned to improve its market share gains within the Chinese e-commerce sector.
2	NASPERS	Rationale	We think Naspers stock offers an excellent opportunity to get exposure to Tencent, JD.com and several other high growth venture capital companies at a significant discount to the company's sum of the parts valuation. While the company owns 29% of Tencent, over 80% of Nasper's valuation today is attributable solely to its Tencent stake, allowing for a mere 20% valuation to its impressive portfolio of high growth tech companies.
3	VIPSHOP	Rationale	We think Vipshop stock at current valuation (0.3x revenue) is oversold and largely trades as a "value play" within a long-term growth sector. The company is debt free, generates good free cash flow and holds over 50% of its enterprise value in cash and cash equivalents on its balance sheet. The stock is also well supported by a $1bn buyback plan, or about 15% of the company's current market capitalization.
4	YELLOW CAKE	Rationale	We like Uranium as it is the greenest and most reliable source of energy on the planet. With years of underinvestment in uranium supply, and demand starting to rise from China, India, and Japan, we expect uranium prices to rise much higher. Yellow Cake is our investment vehicle of choice, as it provides physical storage of uranium oxide and is currently trading at a discount around 25% to its Net Asset Value, essentially buying physical uranium at a discount.
5	SHELL PLC	Rationale	Shell is the best positioned Integrated Oil Company thanks to its large LNG business in the US Gulf Coast, and Australia. Its processing proximity to Asia Pacific provides the advantage of lower cost of delivery to the fastest growing markets in the world. Shell's dividend reset has put the company in a strong position to drastically reduce debt, and increase shareholder returns while seeking to grow its asset light renewables business, and a laser focus on the production of natural gas and delivery of LNG.
6	MCKESSON	Rationale	Mckesson benefitted tremendously from the pandemic as they had great demand for general medicine and for vaccine deployment and testing. While the stock had great performance, its' attractive valuation strengths our conviction along with its' defensive operations that benefit in the current environment.
7	MITSUBISHI CORP.	Rationale	Mitsubishi is one of the most diversified conglomerates in the world with exposure to automotive, energy, food, and construction. Its attractive valuation, and healthy balance sheet should spur shareholder returns while providing inflation protection. With a 3.6% dividend yield, and a 30% payout ratio, Mitsubishi is offering a rare mix of growth potential via EV's, and green power generation, while offering near term inflation protection through commodities trading.
8	BRISTOL MYERS SQUIBB (BMY)	Rationale	BMY has been one of our strong performers as the market experienced a strong downturn. That is because the company generates strong cash-flows and is also utilizing cash with strong takeovers that propel the revenues upwards (growing almost 80% since 2019). With recent takeovers of Celgene and a more recent takeover of Turning Point, BMY is looking to solidify its offerings and pipeline.
9	MERCK	Rationale	Merck & Co., Inc. is a top 5 holding in the strategy. Merck is a large-cap pharmaceutical company with a deep heritage in drug discovery. We are bullish on the continued growth of key asset Keytruda, the leading immune oncology agent used to treat a variety of cancers. We retain long-term conviction as we expect Keytruda to solidify its position. Merck sports a very strong credit rating, pays a solid and growing dividend yield, and is trading well below a 15 PE.
10	AMGEN	Rationale	As a big-cap biotech, Amgen has offered great relative performance as the company is growing revenue 70% in 3 years. This has been made possible by the offerings and the continued success the company sees in getting approvals for their drug readouts.