PICTET
Asset Management

BB Global Islamic Thematic Opportunities
TFI Funds Programme

Monthly report as at
31 July 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 31.07.2025	USD 41,804,238

Performance (%)

	PORTFOLIO	REFERENCE INDEX	EXCESS RETURN
1M	-0.90	0.41	-1.31
3M	13.43	12.18	1.25
YTD	9.66	8.65	1.01
1Y	6.01	7.71	-1.70

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

1. MARKET REVIEW

Global equities pushed higher in July, with the MSCI All Country World Index scaling fresh record highs. Fund managers turned moderately optimistic on risky assets, according to Bank of America's monthly survey. The gains were broad-based. Emerging market equities added around 3.4% in local currency terms, with emerging Asia looking particularly strong. Investors welcomed signs of continued economic growth in the developing world, despite uncertainty over US tariffs. Britain's FTSE 100 hit record highs, breaking through the psychologically key 9,000 point barrier. US equities added 2.3% as investors welcomed forecast-beating quarterly earnings from the likes of Apple, Meta and Microsoft. Among the nearly 300 of the S&P 500 companies who have already reported their second quarter results, 81% came in above analyst expectations, according to LSEG data. Strong earnings helped IT stocks to add 4.6% on the month despite already stretched valuations. The energy sector, meanwhile, gained 3.1%, reflecting a surge in the oil price amid continued tensions in the Middle East. The U.S. dollar gained 3.2% versus a trade-weighted basket of currencies. It performed particularly strongly versus the Japanese yen and sterling.

2. PERFORMANCE

2.1 Performance breakdown

Monthly performance (%)

	PORTFOLIO	REFERENCE INDEX	EXCESS RETURN
Jul 2025	-0.90	0.41	-1.31
Jun 2025	6.32	4.02	2.30
May 2025	7.66	7.40	0.26

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	6.01	7.71	-1.70

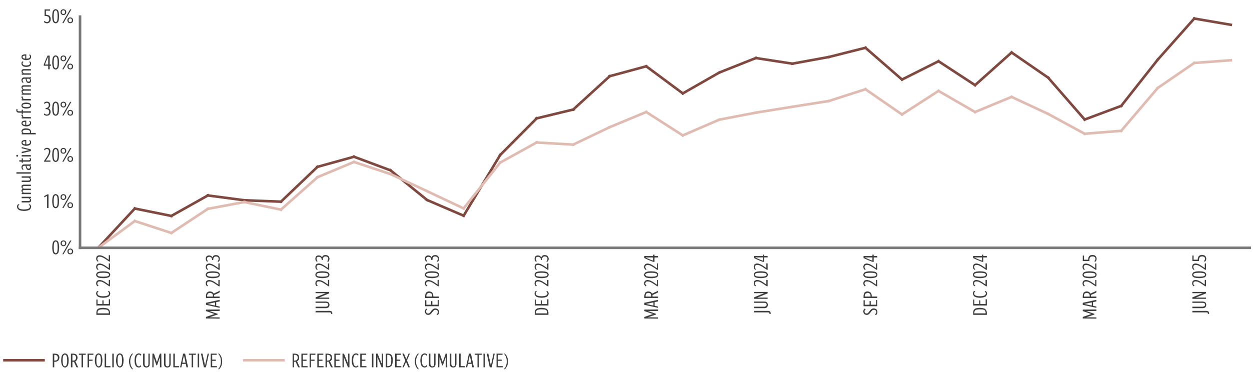
Gross of fees, with net (of taxes) income reinvested
Source: Pictet Asset Management

Calendar year performance (%)

	PORTFOLIO	REFERENCE INDEX	EXCESS RETURN
YTD	9.66	8.65	1.01
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 -0.9% in July, underperforming the reference index, which posted a positive return of +0.57%. The selection effect was negative, primarily from the Health Care and Utilities sectors, which was not offset by the positive contributions from Communication Services. At the stock level, Novo Nordisk significantly dragged down performance. ASML and Palo Alto Networks also detracted, while Synopsys and AMD gained, and TopBuild rebounded.

On 29 July, Novo Nordisk's stock experienced its largest-ever drop of -23.11% following a profit warning for Q2 and the announcement of a long-awaited CEO change, ten weeks after the ousting of Lars Fruergaard Jørgensen. The abrupt reset of full-year guidance, which is the second cut this year, was worse than anticipated. Sales growth projections were reduced from 13–21% to 8–14%, while operating profit estimates were cut from 16–24% to 10–16%. The original 2025 guidance had called for 16–24% sales growth and 21–29% operating profit. This new FY2025 guidance assumes no improvement in GLP-1 compounding throughout 2025. The downgrade was driven by lower-than-expected growth in Novo's key obesity franchise, particularly Wegovy and Ozempic. This was due to rising competition, notably from Eli Lilly, slower uptake in the US, and persistent sales of compounded GLP-1 drugs despite regulatory crackdowns. Although pre-announced selected Q2 figures beat expectations, still showing strong year-on-year growth—sales were up 18% and operating profit increased by 29–40%—the revised forecast overshadowed these results, implying a substantial slowdown in the second half of the year. Investors reacted negatively to both the softened guidance and the uncertainty surrounding the new CEO's ability to reset the company's trajectory in obesity treatment. After a comprehensive selection process involving both internal and external candidates, the company opted for an internal appointment. The market had a preference for an external candidate with extensive US experience. Maziar Mike Doustdar, the new CEO, currently heads the International Operations region and has a strong track record in ex-US commercial delivery but limited experience in the US market. While Novo Nordisk remains a leader in obesity and diabetes, the stock correction in July reflects increasing competitive pressures and near-term uncertainty following the leadership shake-up. The investment thesis for the company has become more challenged. We are reviewing the risk-reward profile as we look towards FY2026 and FY2027, particularly as semaglutide faces competition from the IRA and Eli Lilly's orforglipron is expected to launch before CagriSema. Despite becoming a cheaper stock, trading at 12 times expected 2025 earnings, Novo Nordisk now needs to demonstrate it has not fallen too far behind in the obesity market.

Palo Alto Networks’ stock declined after the announcement of a USD 25 billion acquisition of CyberArk. This raised investor concerns about the size of the deal, marking its largest acquisition to date and the second-largest security company acquisition, following Wiz by Microsoft. Such concerns included greater integration risks and questions regarding strategic direction, leading to multiple analyst downgrades. However, the deal, expected to close in the second half of FY2025, will be immediately accretive to revenue growth and gross margin, and beneficial to free cash flow by FY2028. We see the expansion into identity as a logical strategic move. There is no overlap from a product portfolio perspective, and it may represent significant total addressable market expansion due to increasing AI adoption, a segment that is relatively sticky compared to other security categories. More importantly, it offers Palo Alto an opportunity to continue growing its user base and its platformisation approach.

3. PORTFOLIO COMPOSITION

In July, we sold our final holdings in Ansys and initiated a new position in PulteGroup. This company ranks as the third-largest homebuilder in the US, operating in 24 states. Its portfolio caters to entry-level, move-up, and active adult homebuyers. Despite facing near-term challenges from affordability issues and a moderating housing market, PulteGroup offers a compelling long-term opportunity. We believe the company is well-positioned to benefit from strong demographic trends. Millennials are entering their prime homebuying years, while ageing boomers are fuelling demand for the Del Webb active adult communities.
PulteGroup's strategic operational efficiency, combined with aggressive share repurchases and dividends, provides resilient returns for shareholders. The company reported better-than-expected results for Q2, with net income at USD 608 million. Although home sale revenues declined by 4% year-on-year to USD 4.3 billion due to fewer closings, this was partially offset by higher average prices. Despite softer demand in a challenging housing market, PulteGroup maintained strong gross and operating margins. The company continued share buybacks and ended the quarter with a backlog of USD 6.8 billion. We find the valuation attractive and anticipate that the subdued housing market will recover as interest rate cuts materialise.

4. MARKET OUTLOOK

4.1 Outlook

The roller coaster of US trade policies continues – a brief period of apparent progress has been followed by news of new levies and then news of trade deals for certain countries and regions. While liquidity conditions are supportive, valuations are stretched in some sectors. We therefore remain neutral across global equities. Equities are in an uptrend, but vulnerable to a lagged impact of tariffs on the US economy. We expect Fed easing to resume in the coming months, with two more cuts. This, together with deregulation of the financial sector, should propel money and credit growth, cushioning a normal cyclical slowdown. For Europe, the impact of tariffs is expected to be offset by large-scale fiscal stimulus, particularly from Germany. However, it is now key to see progress in the implementation of those plans to start to see the positive impact on the euro zone economy – and on the region's equity markets. From a sector perspective, growth is expected to remain strong in sectors such as Communication Services and IT where long-term trends such as AI adoption result in earnings growth leadership.

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 21.98% while the market currently prices in only 16.88%, leaving significant upside potential.

For more information, please contact your Client Relationship Manager.

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