



Mustafa Aydemir

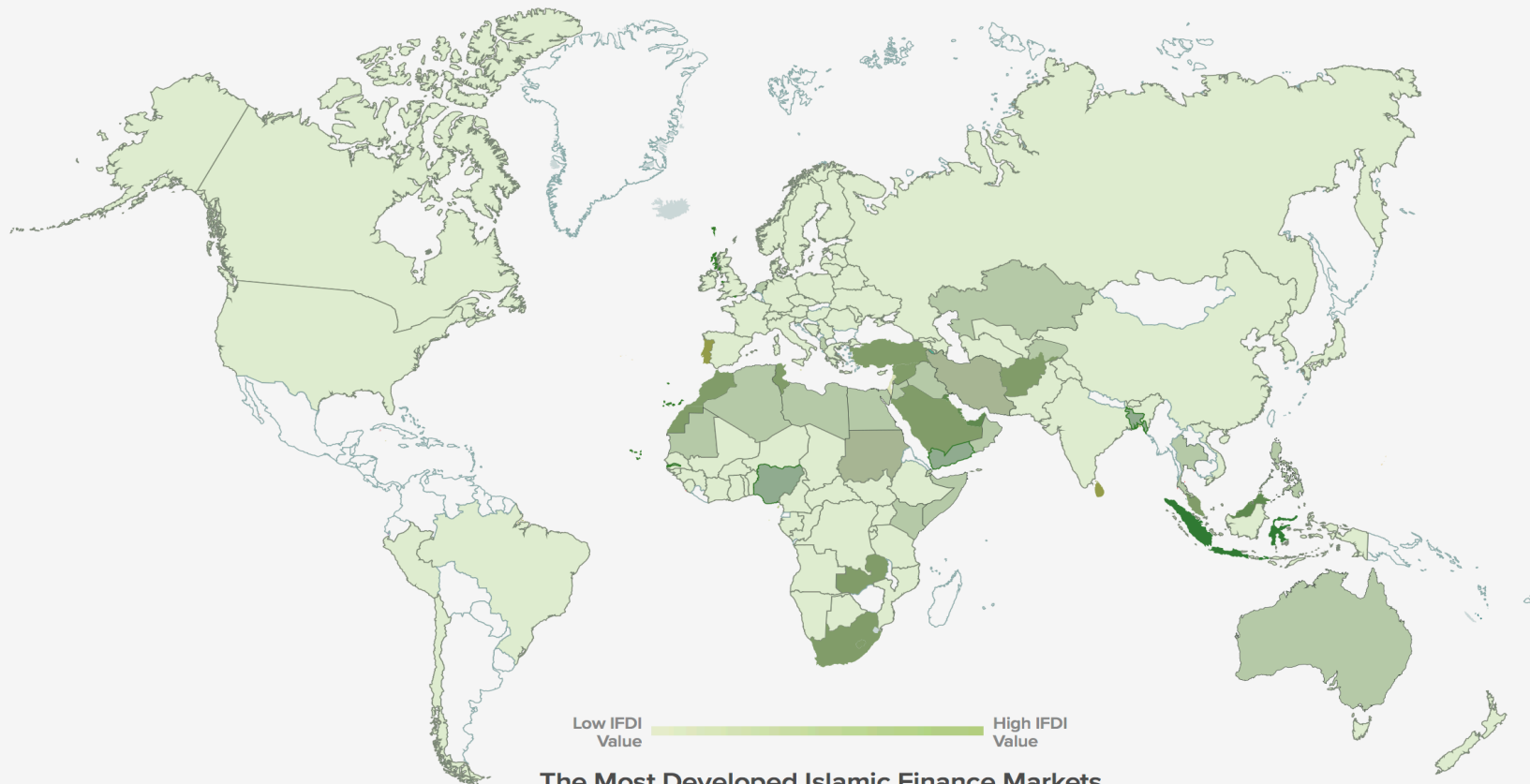
Senior Investment Analyst

6th International Conference on Islamic Wealth Management & Financial Planning

April 8, 2019











Islamic Finance – An Overview

Global Islamic Finance Development Indicator - IFDI 2018



The Most Developed Islamic Finance Markets

Countries Ranked by IFDI 2018 Values

1	2	3	4	5	6	7	8	9	10
									
Malaysia 132	Bahrain 74	UAE 71	Pakistan 59	Saudi Arabia 56	Jordan 53	Oman 52	Kuwait 51	Brunei 50	Indonesia 50

(Salam gateway)

The IFDI universe measures performance of 131 countries.

An Update



100%
US\$2.591 trillion

**With growth 7-10%
per annum**

75%
Banking

19%
Capital Market

1-2%
Takaful

1-2%
Microfinance

15%
Sukuk

4%
Islamic Funds

Source: IFSB

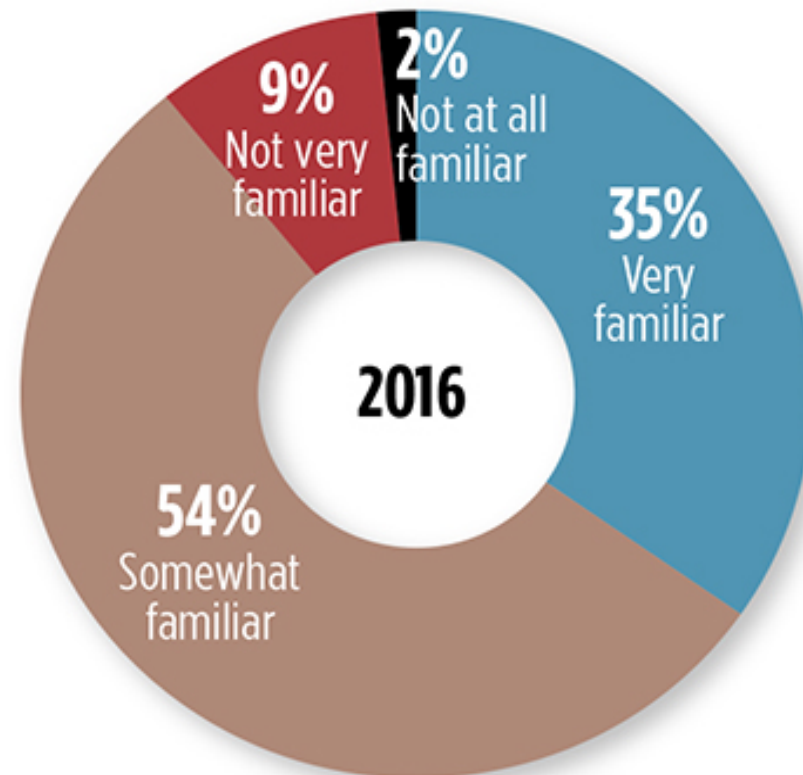
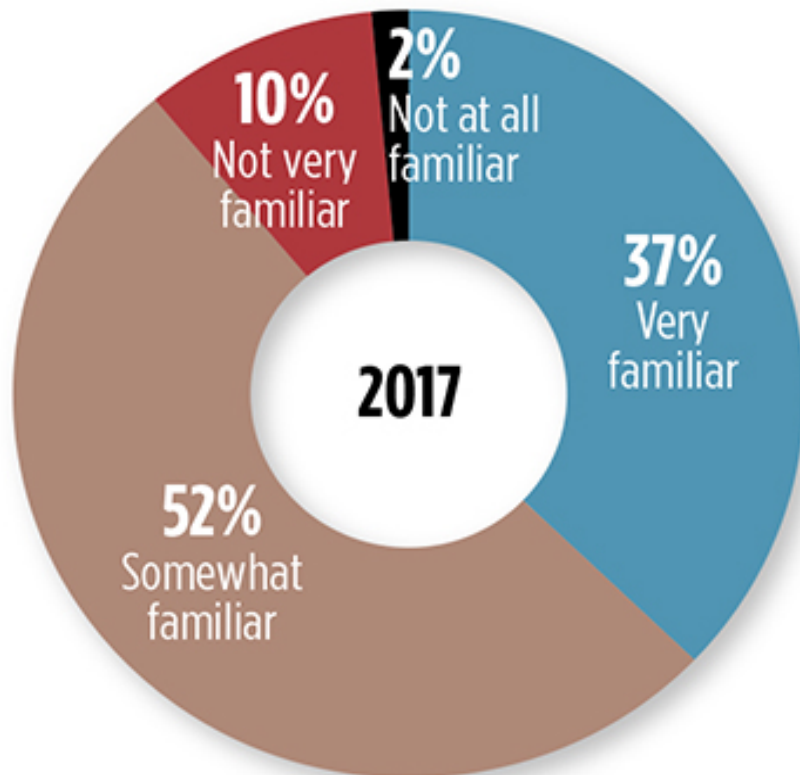
US\$38.5 billion in Malaysia (2018)

ATURNA
Islamic Investing Since 1989

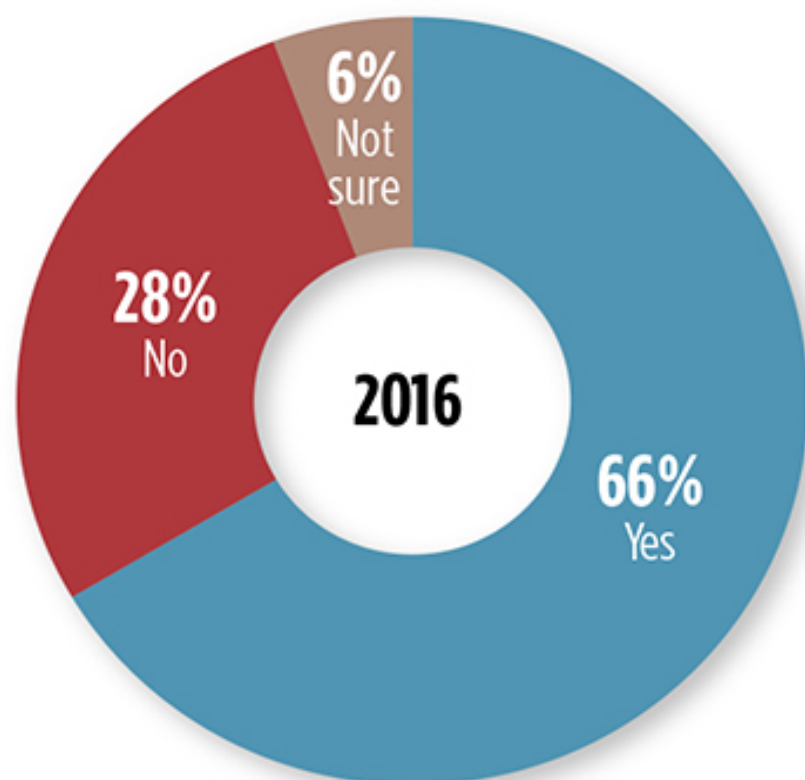
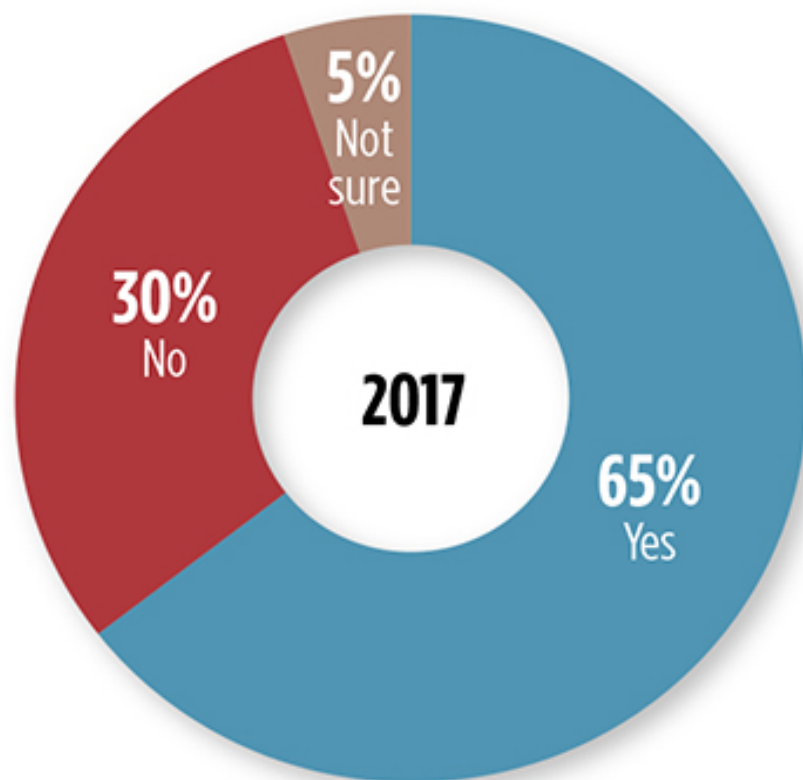
A recent Survey

Awareness of SRI

What's your level of familiarity with socially responsible investing (SRI)?

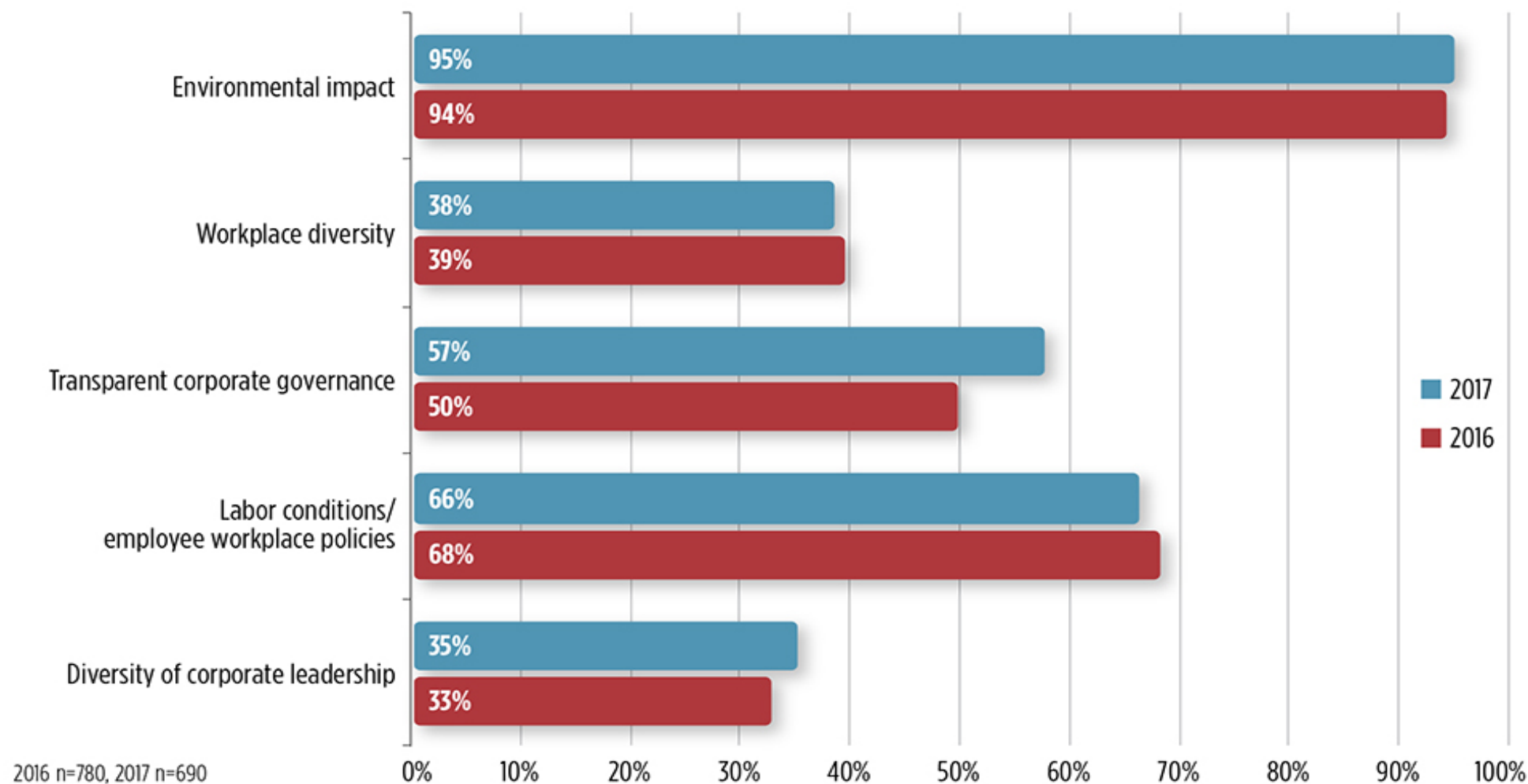


Do you offer—or have you offered in the past—SRI investing options to clients?

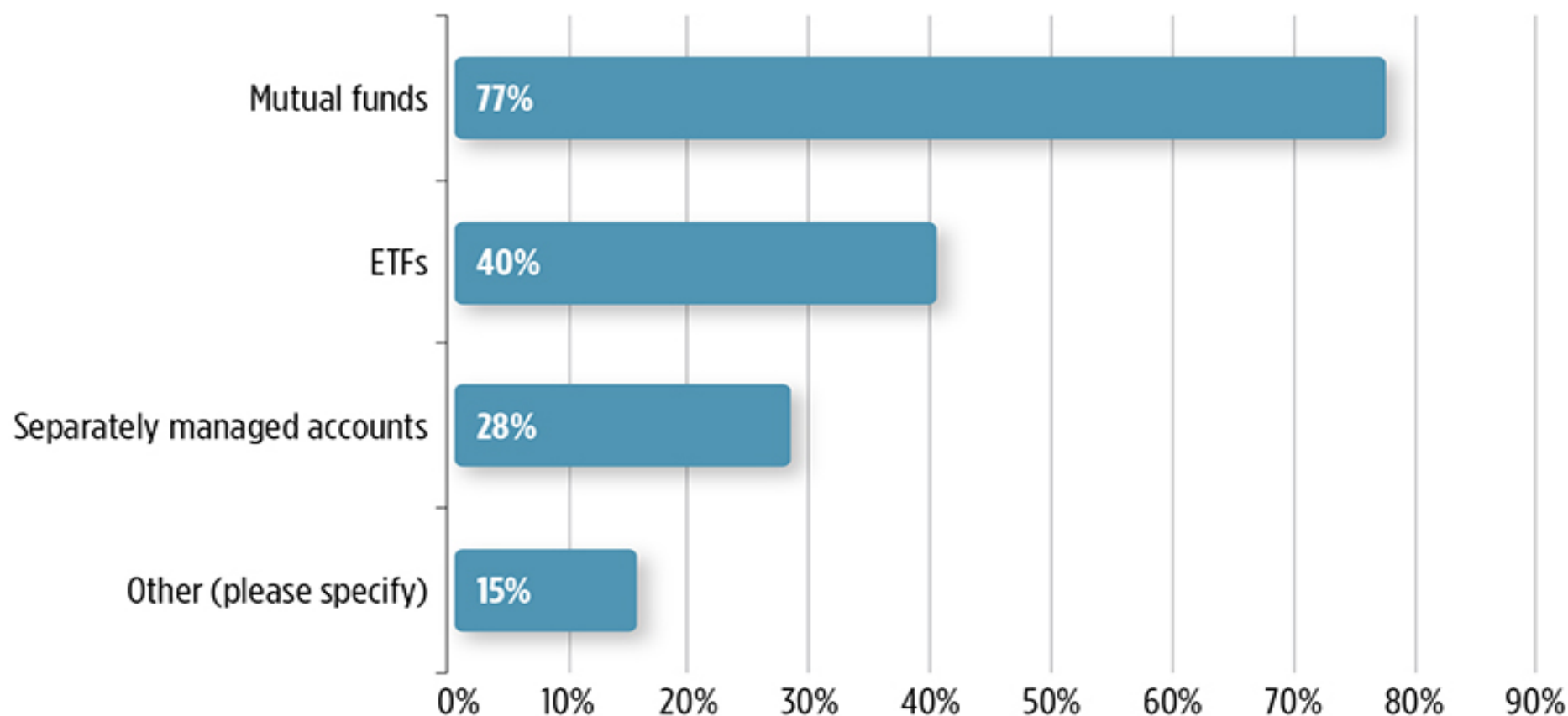


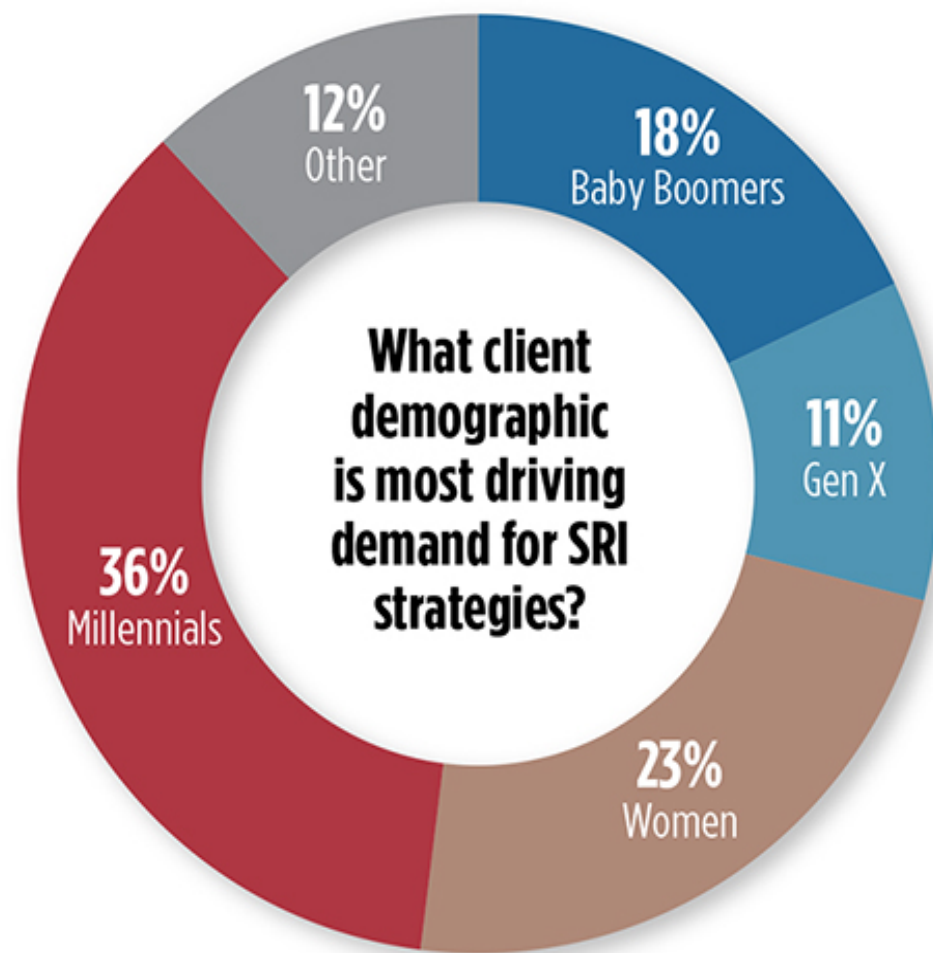
2016 n=780, 2017 n=690

When you think of SRI investing, which screening criteria come to mind? (Select all that apply.)

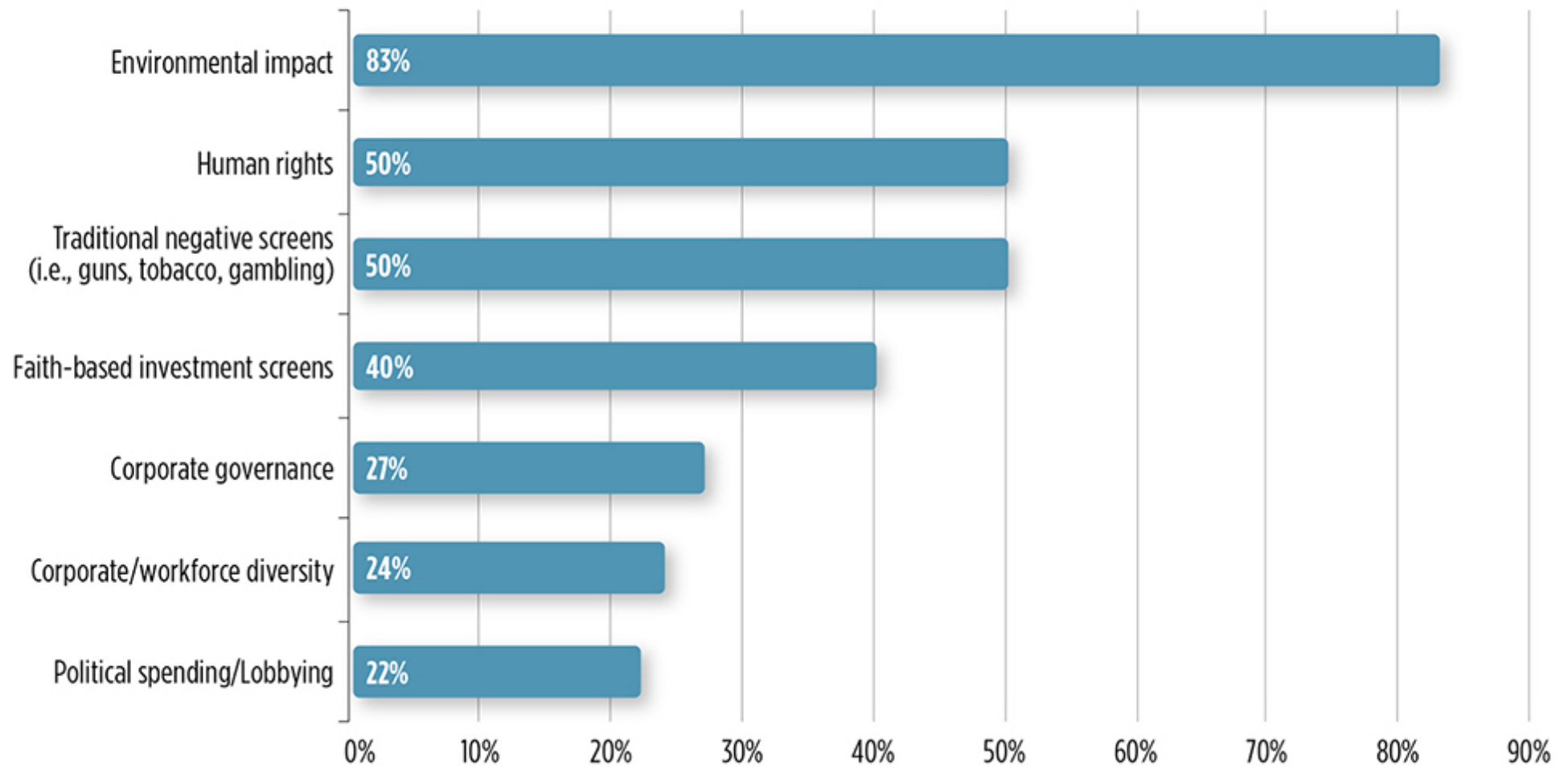


What vehicles do you use to invest in SRI strategies? (Select all that apply.)





What areas of concern are driving clients to SRI funds? (Select all that apply.)



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ATURNA
Islamic Investing Since 1989

Investor Considerations



Is it a good time to invest?

US - China Trade War

**My friend said ...
he had 'good feeling' about an investment!**

What about the next crisis?



I want to have high returns and I am willing to take risk?

What is a good time horizon?

Experienced Investors

**Supply and
Demand**

Discipline

Risk and Reward

**Find Good
Companies**



Mega Trends

**Portfolio
Management**

Challenges



**4%
Asset Managers**

**Good, long-term
track record**

Small in size

**Lack of
customer
friendliness**

Performance

Marketing

Pricing

- 1) Amana Growth
- 2) Public Mutual Ittikal
- 3) Amana Income
- 4) CIMB Islamic DALI
- 5) Public Mutual Islamic

\$2.07 B
\$1.41 B
\$1.36 B
\$1.16 B
\$1.12 B

23.05% AMIGX
-5.52% KLITTFI
13.80% AMINX
-9.40% BHLPPAI
-5.81% PUBPIDF

Trends



**4%
Asset Managers**

Blockchain

**Socially
Responsible
Investing**

FinTech

**Social Impact
Contracts**

Deposit growth

Systemic innovation

Crypto currencies

Capital raising and investment solutions

Asset allocation

Applications of Blockchain technologies

Crowd Funding

Robo Advisory

Islamic derivatives

What's next? الأمر بالمعروف و النهي عن المنكر

Generation X: built alternative focused on
“forbidding the evil”

1.0

Generation Y: evolves around
“enjoining the good”

Positive Screening!

2.0

Amana Mutual Funds Trust Income Fund Investor (AMANX)

Nasdaq - Nasdaq Delayed Price. Currency in USD

☆ Add to watchlist

51.89 +0.19 (+0.37%)

At close: April 5 8:00PM EDT

- Summary
- Chart
- Conversations
- Historical Data
- Profile
- Holdings
- Performance
- Risk
- Purchase info
- Sustainability

Previous Close	51.70	Net Assets	1.35B
YTD Return	11.67%	Beta (3Y Monthly)	0.90
Expense Ratio (net)	1.10%	Yield	1.14%
Category	Large Blend	5y Average Return	N/A
Last Cap Gain	0.00	Holdings Turnover	N/A
Morningstar Rating	★★★☆☆	Last Dividend	0.00
Morningstar Risk Rating	Below Average	Average for Category	N/A
Sustainability Rating	🌱🌱🌱🌱🌱	Inception Date	Jun 23, 1986



Amana Mutual Funds Trust Growth Fund Investor (AMAGX)

Nasdaq - Nasdaq Delayed Price. Currency in USD

☆ Add to watchlist

41.17 +0.14 (+0.34%)

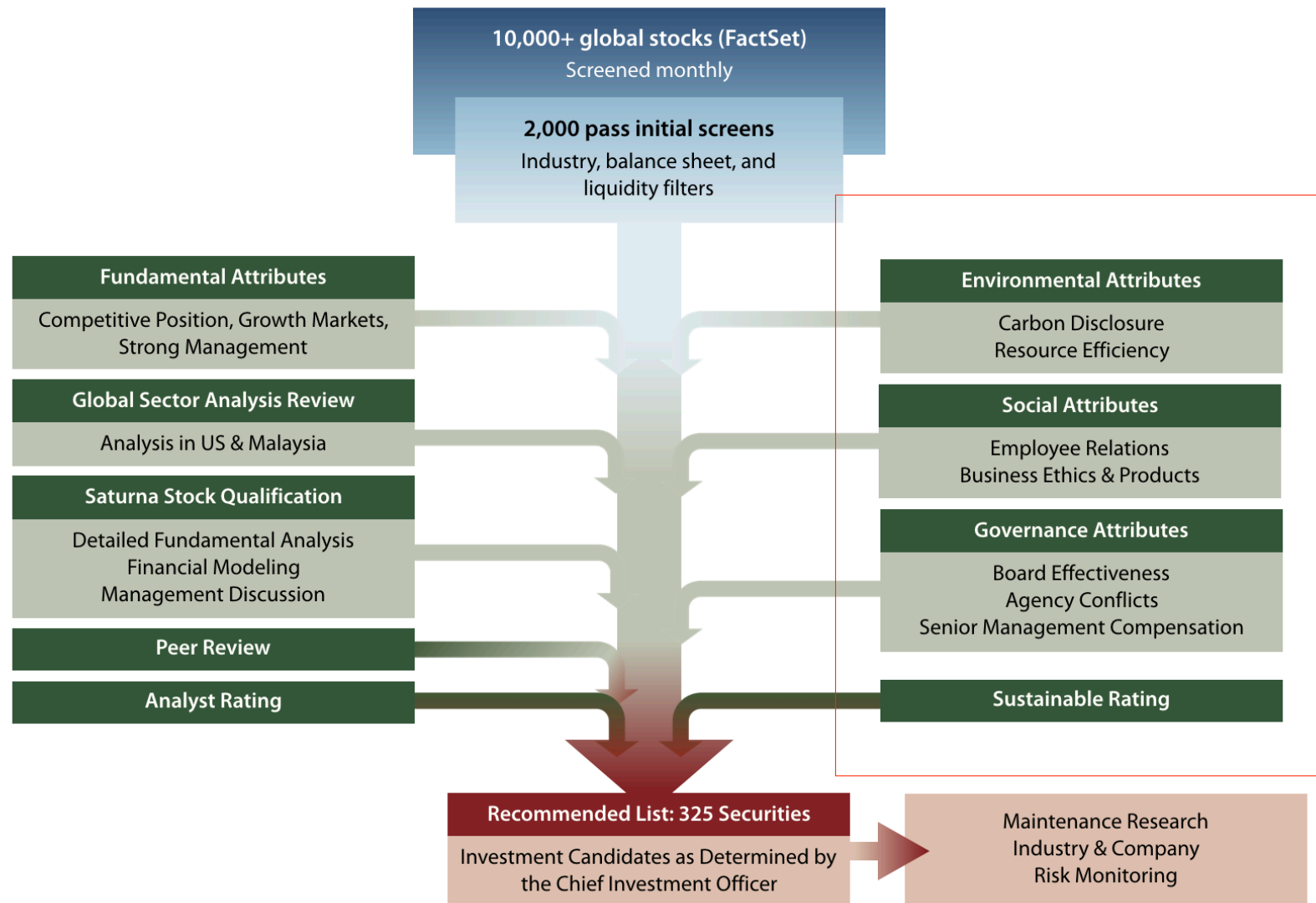
At close: April 5 8:00PM EDT

- Summary
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Previous Close	41.03	Net Assets	2.04B
YTD Return	17.46%	Beta (3Y Monthly)	0.98
Expense Ratio (net)	1.08%	Yield	0.39%
Category	Large Growth	5y Average Return	N/A
Last Cap Gain	0.00	Holdings Turnover	N/A
Morningstar Rating	★★★★★	Last Dividend	0.00
Morningstar Risk Rating	Below Average	Average for Category	N/A
Sustainability Rating	🌱🌱🌱🌱🌱	Inception Date	Feb 3, 1994



How does it work?



SRI, ESG, RFI and IF: Meaning?

- **Faith-based investing: Islamic Finance (IF) 1970's**
 - Tipping point by pioneers like Sheikh Saleh Kameel, AlBaraka
- **Socially responsible investing (SRI) 1980's**
 - South Africa, apartheid. India, Bhopal. Chernobyl, and Exxon Valdez incidents]
 - Avoiding Alcohol, Tobacco, Fire arms, etc.
- **Sustainable, responsible and impact investing (SRI) 2000's**
 - Socially became sustainable! Aimed to impact through investment.
- **Environmental, Sustainable and Governance (ESG) 2006**
- **Responsible Finance & Investing (RFI) Foundation 2016**

It's an exciting development with huge opportunities but still weak on standardization, lacking curriculum, e.g. CFA, Universities, MBA

**So what does the future
look like?**

- Increasing client demand for sustainable products
- Investors see ESG integration as a way to strengthen their long-term financial performance.
- **You can get good returns and be mindful of ESG**
- Standardization needed in ESG; we can learn from Islamic Investing
- As ESG grows, Islamic Investing is a natural fit
 - Similar to SRI, ESG should be incorporated because it is the “right thing to do” → SC move to SRI

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Thank you!



Disclaimer

Investors are advised to read and understand the contents of a Fund's Prospectus (dated 12 February 2018 for ASEAN Equity Fund and 23 June 2017 for ICD Global Sustainable Fund) and their respective Product Highlights Sheets, obtainable at our offices and our website, before investing. The prospectuses have been registered with the Securities Commission Malaysia who takes no responsibility for their contents. Investors should also consider the fees and charges involved. The price of units and investment returns, may go down as well as up. Past performances of the Fund are not an indication of the Funds' future performances. Units will only be issued upon receipt of the application from accompanying the prospectuses. **There are risks involved with investing in unit trust funds. Some of these risks associated with investments in unit trust funds are market risk, non-compliance risk, performance risk, equity securities risk, operational risk, price level risk, large and mid-size company risk, concentration risk, country risk, political risk, currency risk, active investment risk, and reclassification of Shariah status risk. For further details on the risk profile of the Funds, please refer to the Risk Factors section in the prospectuses."**

Appendix



Saturna Capital



- Began Operation in 1989
- >AUM 14 billion Malaysia Ringgit (Feb 2019)
- >90% of assets are managed Islamically, with largest being Amana Mutual Funds Trust
- Advisor to Amana Funds, Sextant Funds, Idaho Tax-Exempt Fund and Private Mandates
- Over 80 employees globally
- Headquarters in Bellingham, Washington State, USA with representatives in Chicago, Reno (Trust Co), L.A., Newark and Kuala Lumpur

Saturna Sdn Bhd



- Wholly-owned Malaysian subsidiary of Saturna Capital
- 20 years in Malaysia with SSB acquisition in 2010
- Saturna holds an Islamic Fund Management License ("IFML") and regulated by Securities Commission of Malaysia
- Operating since 1996
- Saturna is the first conventional FMC to be converted to Islamic

What We Do since 1996

- Manager of the **ASEAN Equity Fund**, a regional Islamic unit-trust fund
- Manager of ICD **Global Sustainable Fund**, a global Islamic unit-trust fund
- Experienced investment **analyst team** in Malaysia and USA
- Experienced **fund management team** in Malaysia and USA

INSTITUTIONS



PRIVATE MANDATES



INDIVIDUALS



Selected Milestones



- Launch of Sustainable Bond Fund in the US – September 2015
- Saturna Capital receives the Sustainability Champion Award (Awarded in March 2016)
- Launched the ASEAN Equity Fund (AEF) in January 2017
- Appointed by ICD (Subsidiary of Islamic Development Bank) as the sole Asset Manager for the ICD Global Sustainable Fund in June 2017