

Candriam Sustainable Global Equity Fund

Monthly performance update

February 2021

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Market Review

The drop in infections and the rapid vaccination rollout continued to drive markets higher in February. The UK and US are progressing well with their vaccination programs and could achieve a large-scale reopening of their economies in the second half of the year. However, virus mutations, such as the Brazilian and South African variants, could still potentially slow down the return to normality. On the macroeconomic front, despite the need to maintain some social distancing measures, manufacturing surveys continue to show solid momentum, aided by extended fiscal support which is boosting demand for goods.

Key Stock Contributors and Detractors

During month, at a stock level, the Fund derived positive performance from CBRE, Alphabet and Starbucks.

CBRE is an overweight position in Real Estate due to its good scores on Capital Spending Discipline and Valuation. The Company offers property management, valuation, real estate investment, and advisory services. The stock was up +21.7% in February in relative terms. This month, the company was appointed to sell one of London's biggest building sites but also acquired Calabasas Construction Management, which holds the LA Clippers training complex. Candriam's ESG rating is in Line.

Alphabet is an overweight position in Communication Services due to its good scores on Growth Potential and Operating Efficiency. The Company, through its subsidiaries, provides web-based search, advertisements, maps, software applications, mobile operating systems, etc. The stock outperformed its benchmark by +8% in February. The Q4'20 earnings release hit the tape with an overall beat. Candriam's ESG rating is Runner Up.

Starbucks is an overweight position in Consumer Discretionary due to its good scores on Profitability and Valuation. Starbucks Corporation retails, roasts, and provides its own brand of specialty coffee. Starbucks shares were up +9.5% in relative terms, benefiting from the re-opening trade. In February, Starbucks was the second-best performer in the S&P Supercomposite Restaurants Index. Candriam's ESG rating is Leading.

Three stocks that contributed negatively to excess return during the period included Tesla, Clorox and BlackBerry.

Tesla is an overweight position in Consumer Discretionary despite a good score on Growth Potential. Tesla designs, manufactures, and sells high-performance electric vehicles and electric vehicle powertrain components. The stock was down -17.5% in February in relative terms. Tesla was summoned to appear before Chinese regulators at the beginning of February. The company said they would conduct a 'complete self-inspection' after Chinese regulators chided the US carmaker over Model 3 safety. Candriam's ESG rating is Leading.

Clorox is an overweight position in Consumer Staples despite good scores on Earnings Reliability and Profitability. The Clorox Company manufactures and markets consumer products sold primarily through grocery and other retail stores. The stock was down -16% in relative terms over the month. Clorox shares have turned negative as investors weigh the impact of higher manufacturing and logistics costs, and increased commodity prices on gross margins. Candriam's ESG rating is Leading.

Blackberry is an overweight position in Information Technology despite good scores on Growth Potential, Market Sentiment and Valuation. The Company provides platforms and solutions for access to email, phone, SMS messaging, Internet, and Intranet-based applications. Shares continued to underperform last month, down -31% versus the benchmark. BlackBerry was among the highly-shorted stocks sharply lower this month after recent Reddit-related volatility that has resulted in year-to-date surges. Candriam's ESG rating is Advanced.

Fund Characteristics

Returns¹ as at 28 February 2021

| Period | Fund Return % Net | Benchmark ² % | Out/Under performance % Net |
|---|----------------------|--------------------------|--------------------------------|
| 1 month | 0.71 | 1.64 | -0.93 |
| 3 months | 1.49 | 0.74 | 0.74 |
| 6 months | 8.18 | 6.73 | 1.45 |
| FYTD | 11.30 | 11.07 | 0.23 |
| CYTD | 1.35 | 1.21 | 0.14 |
| 1 year | 9.21 | 7.72 | 1.49 |
| 2 years pa | 12.43 | 11.52 | 0.91 |
| 3 years pa | 11.98 | 11.01 | 0.97 |
| 5 years pa | 11.31 | 12.28 | -0.97 |
| 7 years pa | 10.38 | 11.53 | -1.15 |
| 10 years pa | 11.95 | 12.45 | -0.50 |
| 15 years pa | 5.98 | 6.83 | -0.85 |
| Since inception pa Date: December 2002 | 6.15 | 6.90 | -0.75 |

Top 10 Stock Holdings

| Holding | Country | Sectors | % |
|-------------------|---------------|------------------------|------|
| Apple | United States | Information Technology | 4.07 |
| Alphabet | United States | Communication Services | 2.90 |
| Tesla | United States | Consumer Discretionary | 2.21 |
| Procter | United States | Consumer Staples | 2.18 |
| Union | United States | Industrials | 1.57 |
| Cisco | United States | Information Technology | 1.38 |
| Allstate | United States | Financials | 1.37 |
| Starbucks | United States | Consumer Discretionary | 1.26 |
| Intel Corporation | United States | Information Technology | 1.25 |
| Ohbayashi | Japan | Industrials | 1.18 |

1. Fund returns are net of fees but before taxes.
2. MSCI World Index (net dividends reinvested).

Fund Information

| | |
|------------------------|--|
| Style | Core |
| Benchmark | MSCI World (net dividends reinvested) in A\$ |
| NAV Calculation | Daily |
| Currency Risk | Unhedged |



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Candriam Investors Group's sustainable management philosophy seeks to generate outperformance from two distinct sources. The first source is derived from identifying risks and opportunities linked to social, environmental and governance issues that are often out of the scope of traditional financial analysis but which can have a significant impact on long-term performance.

The second source results from detailed quantitative analysis of the sustainable universe coupled with a risk controlled portfolio construction process. Sector, region and style biases in the portfolio are minimised to ensure stock specific factors drive portfolio performance rather than predetermined investment themes.

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A short notice on the COVID-19 public health event, and how it can impact investments

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