

Candriam Sustainable Global Equity Fund

Quarterly performance update

March 2021

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Market Review

Global equities advanced in Q1, supported by the roll-out of COVID-19 vaccines and news of further US fiscal stimulus. Lowly-valued parts of the market fared well, as did smaller companies. US equities gained in Q1, despite starting uncertainly. Unusual, highly targeted trading activity saw markets rattled in January, before recovering as optimism over significant government stimulus took root. European equities advanced in Q1. Hopes of a global economic recovery supported sectors that fared poorly in 2020, such as energy and financials. Japanese equities continued to rally as visibility on the corporate profit recovery improved after a strong set of quarterly results. Sentiment was also helped by the consistent weakness of the yen against the US dollar.

Key Stock Contributors and Detractors

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

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. Since January, the stock is up over 21% versus the MSCI World Index. In February, CBRE ranked #1 real estate company on Fortune's most admired list for a third consecutive year. Candriam's ESG rating is 'In Line'.

Intel is an overweight position in Information Technology due to its good score on Valuation. Intel Corporation designs, manufactures, and sells computer components and related products. The shares went up by nearly 25% in Q1 in relative terms. Intel shares tumbled after the incoming chief executive officer pledged to regain the company's lead in chip manufacturing, countering growing calls from some investors to shed that part of its business. By the end of March, Intel shares rose to touch the highest in more than a year after the chipmaker unveiled a plan to spend billions on reviving manufacturing. Candriam's ESG rating is 'Leading'.

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, amongst other businesses. In Q1, Alphabet shares rose as much as 12% in relative terms, with the Google-parent company amid a broad rally for large-cap tech and internet stocks. Candriam's ESG rating is 'Runner Up'.

Three stocks that contributed negatively to excess return during the period included Procter & Gamble, Electronic Arts and Qualcomm.

Procter & Gamble is an overweight position in Consumer Staples, despite a good score on Profitability and Solvency. The Company provides products in the laundry and cleaning, paper, beauty care, food and beverage, and health care segments. P&G shares had a tough quarter but finished down 7.1% vs. the MSCI World Index after gaining over 10% in March. PG reported 2QFY21 estimates above consensus. Upside vs. our forecast was primarily driven by stronger top-line growth and a better gross margin. Candriam's ESG rating is 'Leading'.

Electronic Arts is an overweight position in Communication Services, despite a good scores on Operating Efficiency and Profitability. Electronic Arts (EA) puts gamers in action on the gridiron pitch, the battlefield, and in outer space with its most popular games. Early February, Electronic Arts fell as much as 6.7%, the most since November, as analysts were mostly positive on the video-game maker's fiscal third-quarter results but acknowledged that expectations were high heading into the report. Candriam's ESG rating is 'In Line.'

Qualcomm is an overweight position in Information Technology despite good scores on Valuation and Market Sentiment. Qualcomm is a leader in the development and commercialisation of foundational technologies for the wireless industry. Overall in Q1, the stock was down 18% in relative terms. On the 4th of February, Qualcomm shares fell after it reported first-quarter revenue that was slightly below expectations, as supply constraints made it difficult to meet demand. Candriam's ESG rating is 'In Line.'

Fund Characteristics

Returns¹ as at 31 March 2021

Period	Fund Return % Net	Benchmark ² %	Out/Under performance % Net
1 month	5.77	5.03	0.74
3 months	7.20	6.30	0.90
6 months	14.66	12.52	2.13
FYTD	17.72	16.66	1.06
CYTD	7.20	6.30	0.90
1 year	26.06	23.78	2.28
2 years pa	14.87	13.46	1.41
3 years pa	14.01	13.10	0.90
5 years pa	12.64	13.58	-0.94
7 years pa	11.76	12.85	-1.10
10 years pa	12.89	13.29	-0.40
15 years pa	5.92	6.74	-0.81
Since inception pa Date: December 2002	6.45	7.16	-0.71

Top 10 Stock Holdings

Holding	Country	Sectors	%
Apple	United States	Information Technology	4.24
Alphabet	United States	Communication Services	2.73
Procter & Gamble	United States	Consumer Staples	2.30
Tesla	United States	Consumer Discretionary	1.87
Allstate Corporation	United States	Financials	1.48
Starbucks Corporation	United States	Consumer Discretionary	1.23
Broadcom	Singapore	Information Technology	1.22
Microsoft	United States	Information Technology	1.22
Intel Corporation	United States	Information Technology	1.21
CBRE Group	United States	Real Estate	1.15
Cisco Systems	United States	Information Technology	1.15

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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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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