

Candriam Sustainable Global Equity Fund

Monthly performance update

July 2021

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Market Review

A significant development over the past few days has been an inflection of COVID-19 delta cases in the UK. Many investors were concerned about the fast rise of delta cases in the UK over the past month, looking for signs of a slowdown or inflection. With UK cases significantly down over the week, the peak appears to be behind us, which could be a signal for rotation back into value, reflation and reopening themes. The relief bounce in the re-opening/reflation trade shows signs of fading. Solid Q2 earnings releases might continue to help in the coming weeks, but another wobble might not be too far away if the growth data continues to deteriorate, not just in the US this time but also in Europe.

Key Stock Contributors and Detractors

During month, at a stock level, the Fund derived positive performance from Amazon, Alphabet and Wolters Kluwer.

Amazon is an underweight position in Consumer Discretionary. Amazon.com is an online retailer that offers a wide range of products. On the last day of the month, Amazon shares fell over -5, in relative terms, due to a lower earnings forecast than expected, and missing on analysts' revenue expectations. The company also disclosed that the Luxembourg regulator has issued a fine of about US\$887 million for breaking European Union data privacy rules. Candriam's ESG rating is not in the SRI BIC Universe.

Alphabet is an overweight position in Communication Services due to its good scores on Growth Potential and Operating Efficiency. Alphabet is the holding company of Google, Android and YouTube. In the month of July, the stock went up by 8.5 versus the MSCI World with 2Q revenue 10 above consensus, driven by favourable COVID comps, elevated consumer activity online, broad-based strength in ad spend, and strong execution. Candriam's ESG rating is IN-SRI Express.

Wolters Kluwer is an overweight position in Consumer Discretionary due to its good scores on Quality, Valuation and Analyst Sentiment. Wolters Kluwer operates as a global information services and solutions provider. The stock reached new record-high levels in July after increasing by more than 11 in relative terms since the beginning of the month. WK has been a prime beneficiary of the re-rating of quality over the past year and has benefited from academic publishing concerns. It offers a relative 'safe haven' in the face of COVID-19 uncertainty. Candriam's ESG rating is Advanced.

Three stocks that contributed negatively to excess return during the period included CyberAgent, Nintendo and Maxim Integrated Products.

CyberAgent is an overweight position in Communication Services despite a good score on Growth Potential. The company operates an advertising agency, a foreign exchange trading website, and creates PC and mobile content such as advertisements and games. On July 29, shares dropped after their earnings announcement. The firm boosted its full-year operating income forecast, but these earnings rely on the mobile phone game Uma Musume Pretty Derby. During the period, the stock fell by 19.5 versus the MSCI World. Candriam's ESG rating is In Line.

Nintendo is an overweight position in Communication Services despite good scores on Growth Potential and Profitability. Nintendo develops, manufactures and sells home-use video game hardware and software in home entertainment business. The stock price fell (-14.5 in relative terms) after some analysts said the new version of its Switch would provide little momentum for sale of the game console. Candriam's ESG rating is In Line.

Maxim Integrated Products is an overweight position in Information Technology despite a good score on Valuation and Growth Potential. Due to the pending merger with Analog Devices, Maxim Integrated will not be providing forward-looking guidance and is still seeking final regulatory clearance. The stock fell by -7 versus the MSCI World during the month. Candriam's ESG rating is In Line.

Fund Characteristics

Returns¹ as at 31 July 2021

Period	Fund Return % Net	Benchmark ² %	Out/Under performance % Net
1 month	4.84	3.97	0.87
3 months	12.18	10.13	2.05
6 months	21.94	21.32	0.62
FYTD	4.84	3.97	0.87
CYTD	22.71	20.80	1.91
1 year	36.20	31.78	4.42
2 years pa	19.04	16.54	2.50
3 years pa	16.52	14.93	1.60
5 years pa	14.28	15.05	-0.77
7 years pa	13.53	14.47	-0.95
10 years pa	15.28	15.60	-0.32
15 years pa	7.37	8.16	-0.79
Since inception pa Date: December 2002	7.10	7.76	-0.66

Top 10 Stock Holdings

Holding	Country	Sectors	%
Apple	United States	Information Technology	4.35
Microsoft	United States	Information Technology	4.20
Alphabet	United States	Communication Services	2.94
Procter and Gamble	United States	Consumer Staples	1.49
Accenture	Ireland	Information Technology	1.41
McDonalds Corp	United States	Consumer Discretionary	1.32
Verizon	United States	Communication Services	1.31
Adobe	United States	Information Technology	1.23
Costco	United States	Consumer Staples	1.22
ASML	Netherlands	Information Technology	1.20

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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