

Candriam Sustainable Global Equity Fund

Monthly performance update

August 2021

Ausbil Investment Management Limited
ABN 26 076 316 473
AFSL 229722
Level 27
225 George Street
Sydney NSW 2000
GPO Box 2525
Sydney NSW 2001
Phone 61 2 9259 0200
Fax 61 2 9259 0222

Market Review

The global reopening continued in August, with a number of developed markets further lifting restrictions. Economic data was strong, though much of the developed world appears to be at, or just past the peak rate of growth, with August's flash purchasing managers' indices (PMIs) moderating, yet still at high levels. On the virus front, the Delta variant continued to spread and daily cases have picked up across the globe. In Europe and the UK, the vaccination programs have meant that hospitalisations have not risen anywhere near as fast as during the last wave of infections. In the US, hospitalisations have increased more sharply, raising some concerns that the link between infections and hospitalisations has not been as effectively broken there due to lower vaccination take-up. Global equities delivered total returns of +2.5% in August. Growth stocks benefitted from continued low US yields to post total returns of +3.3%, helping the S&P 500 to deliver returns of +3.0% over August.

Key Stock Contributors and Detractors

During the month, at a stock level, the Fund derived positive performance from Agilent Technologies, Adyen and Alphabet.

Agilent Technologies is an overweight position in Health Care due to its good score on Earnings Reliability. The Company offers electronic and bio-analytical measurement, semiconductor, and board testing. In August, the stock went up nearly 12% in relative terms, notably benefiting from their strong results and outlook. Indeed, the results showed a healthy beat relative to expectations. Candriam's ESG rating is Leading.

Adyen is an overweight position in Information Technology due to its good score on Growth Potential and Valuation. The Company offers a platform that enable merchants and businesses to process payments online, via mobile, and point-of-sale systems with payment methods including card schemes, mobile wallets, and other local methods. In August, the stock jumped 16.9% versus the MSCI World. On 19th August, Adyen reported strong growth that beat consensus estimates. Candriam's ESG rating is IN-SRI Express.

Alphabet is an overweight position in Communication Services due to its good score on Analyst Sentiment. The Company provides web-based search, advertisements, maps, software applications, mobile operating systems, consumer content, enterprise solutions, commerce, and hardware products. In August, the stock jumped 4.9% in relative terms. This followed their results end of July where we noted another strong quarter across the board. Candriam's ESG rating is IN-SRI Express.

Three stocks that contributed negatively to excess return during the period included Yamato, Kinnevik and GN Store Nord.

Yamato is an overweight position in Industrials despite a good score on Valuation and Analyst Sentiment. The Company has developed a nationwide delivery system specialising in time-specified delivery. The stock went down 13.6% during August versus the MSCI World. We note a big fall mid-August when Yamato Holdings boosted their FY net income forecast for the full year but the guidance missed the average analyst estimate. Candriam's ESG rating is In Line.

Kinnevik is an overweight position in Financials despite a good score on Analyst Sentiment and Solvency. The Company invests in and manages a long-term portfolio of listed and unlisted companies, and seeks to exert influence in the companies through board representation and other means. In August, the stock went down nearly 13% in relative terms.

Investment companies Kinnevik and Investor AB were the worst two performers in the OMX Stockholm 30 Index, amid a spate of negative analyst commentary on net asset values. Candriam's ESG rating is In Line.

GN Store Nord is an overweight position in Health Care despite a good score on Valuation. The Company develops wireless technology and provides hand-free solutions, and products for the hearing impaired. In August, the stock declined nearly 16.5% versus the MSCI World after the Q2 results that showed the first disappointment for its audio business, which had until now been the key positive for the stock. The CEO explained that the audio division could have performed better if it had access to all the necessary components and that he company has now secured necessary commitments for the rest of year and "a long way into next year".

Fund Characteristics

Returns¹ as at 31 August 2021

Period	Fund Return % Net	Benchmark ² %	Out/Under performance % Net
1 month	3.78	3.08	0.70
3 months	14.48	12.14	2.34
6 months	25.65	23.03	2.62
FYTD	8.80	7.17	1.64
CYTD	27.35	24.52	2.83
1 year	35.93	31.31	4.62
2 years pa	21.17	18.20	2.97
3 years pa	16.39	14.56	1.83
5 years pa	15.01	15.47	-0.47
7 years pa	13.89	14.71	-0.82
10 years pa	16.11	16.51	-0.40
15 years pa	7.45	8.17	-0.72
Since inception pa Date: December 2002	7.28	7.90	-0.62

Top 10 Stock Holdings

Holding	Country	Sectors	%
Apple	United States	Information Technology	4.88
Microsoft	United States	Information Technology	4.50
Alphabet - Class A	United States	Communication Services	2.86
Alphabet - Class C	United States	Communication Services	1.81
Accenture	Ireland	Information Technology	1.51
Procter & Gamble	United States	Consumer Staples	1.50
Verizon	United States	Communication Services	1.31
McDonalds	United States	Consumer Discretionary	1.29
Adobe	United States	Information Technology	1.25
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



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.

Ausbil Investment
Management Limited
Level 27
225 George Street
Sydney NSW 2000
Australia

Toll Free 1800 287 245

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

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