

Candriam Sustainable Global Equity Fund

Monthly performance update

July 2022

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Market Review

July released economic data provided further evidence of a slowing global economy. Against this weaker growth backdrop, markets increasingly priced-in interest rate cuts from the Federal Reserve (Fed) in 2023. This anticipation of a policy pivot supported risk assets over the month. Global growth stocks benefited most, delivering a +11.5% total return in July. The S&P 500 was the best performing equity index, delivering a +9.2% total return. In emerging markets, strong performance from Indian and South Korean markets was counteracted by Chinese real estate weakness. High inflation pushed the European Central Bank (ECB) to deliver its first interest rate hike in over a decade, taking the eurozone out of negative rates. July saw the global economy start to feel both the full impact of high inflation, with consequent action by central banks to address rising prices. US indices overall closed the month higher (SPX: +8.08%, INDU: +5.75%, CCMP: +11.38% and RTY: +9.17%). European equities closed up the month higher to (SXXP: +7.77%, SX5E: +7.67%, DAX: +5.24% and CAC: +8.83%). The NXY Index closed up the month at +5.34% and the MSCI China index returned a -9.3% total return over July as concerns about the property market impacted the real estate sector, which itself generated -19.9% in total return losses for the month.

Key Stock Contributors and Detractors

During the month, at a stock level, the Fund derived positive performance from Autodesk, Owens Corning and Johnson & Johnson.

Autodesk is an overweight position in Information Technology due to its good scores on Growth and Quality. The company supplies PC software and multimedia tools. Its shares went up by +17.83% versus the MSCI World in the period. Autodesk's software products are sold worldwide through a network of dealers and distributors. This month, shares gained +24% following the growth style and tech outperformance driven by the view that yields and Fed hawkishness are peaking. Candriam's ESG rating is 3.

Owens Corning is an overweight position in the Industrial sector due to its good scores on Value and Sentiment. The company produces residential and commercial building materials, glass-fibre reinforcements, and engineered materials for composite systems. The company offers its products globally to various industries. The stock performance this month was +25.34%, up by 17.37% versus the MSCI World. Candriam's ESG rating is 4.

Johnson & Johnson is an underweight position in health care. The company manufactures health care products and provides related services for the consumer, pharmaceutical, and medical devices and diagnostics markets. The company sells products such as skin and hair care products, acetaminophen products, pharmaceuticals, diagnostic equipment, and surgical equipment in countries located around the world. In July, J&J shares lost -1.68%. Candriam's ESG rating is 6.

Three stocks that contributed negatively to excess return during the period included RenaissanceRe, Banco de Sabadell and TotalEnergies.

RenaissanceRe is an overweight position in Insurance due to good scores on Value and Volatility. It is a global provider of reinsurance and insurance. The company's business primarily consists of catastrophe reinsurance, specialty reinsurance, and individual risk business. This month, shares dropped by -17.31%, following the reinsurance market downward trends. Candriam's ESG rating is 4.

Banco de Sabadell is an overweight position in banking services. The bank offers deposit and commercial banking services; mortgages; consumer,

student, and building improvement loans; private banking services; insurance; and sponsored Visa credit cards. The bank operates branches throughout Spain, elsewhere in Europe, the Caribbean, the Americas, and in Asia. In July, shares dropped by -17.88%. Bank stocks were poor performers in Europe this month. Sabadell also suffered as Spanish lenders slumped in Madrid after Prime Minister Pedro Sanchez said the country will impose a new tax on big financial institutions. Candriam's ESG rating is 4.

TotalEnergies is an overweight position in energy due to its good scores on Value and Sentiment. The company produces, transports and supplies crude oil, natural gas, and low carbon electricity, as well as refined petrochemical products. TotalEnergies owns and manages gasoline filling stations worldwide. Total Energies shares this month dropped by -3%. TotalEnergies and Engie fell in Paris, underperforming their European oil and utility peers in early July as President Emmanuel Macron came under increasing pressure to introduce a windfall tax on energy and transport giants to fund his bill aimed at protecting consumer purchasing power. Candriam's ESG rating is 5.

Fund Characteristics

Returns¹ as at 31 July 2022

| Period | Fund Return % Net | Bench- mark ² % | Out/Under performance % |
|---|-------------------------|----------------------------------|-------------------------------|
| 1 month | 6.38 | 6.37 | 0.01 |
| 3 months | 0.75 | 0.48 | 0.27 |
| 6 months | -9.08 | -8.52 | -0.56 |
| FYTD | 6.38 | 6.37 | 0.01 |
| CYTD | -12.86 | -10.60 | -2.26 |
| 1 year | -5.67 | -4.31 | -1.36 |
| 2 years pa | 13.35 | 12.29 | 1.05 |
| 3 years pa | 10.16 | 9.13 | 1.03 |
| 5 years pa | 11.46 | 11.78 | -0.32 |
| 7 years pa | 8.66 | 9.23 | -0.57 |
| 10 years pa | 14.38 | 14.83 | -0.45 |
| 15 years pa | 6.57 | 7.33 | -0.77 |
| Since inception pa Date: December 2002 | 6.41 | 7.11 | -0.70 |

Top 10 Stock Holdings

| Holding | Country | Sectors | % |
|-------------------------------|---------------|------------------------|------|
| Microsoft | United States | Information Technology | 4.79 |
| Apple | United States | Information Technology | 4.58 |
| Alphabet Inc- Cl C | United States | Communication Services | 2.11 |
| Alphabet Inc- Cl A | United States | Communication Services | 1.81 |
| Tesla | United States | Consumer Discretionary | 1.66 |
| United Health Group | United States | Health Care | 1.46 |
| Procter & Gamble | United States | Consumer Staples | 1.42 |
| LVMH Moet Hennessy Vuitton | France | Consumer Discretionary | 1.36 |
| L'Oreal | France | Consumer Staples | 1.34 |
| Accenture PLC | Ireland | Information Technology | 1.29 |

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 |



CERTIFIED BY RIAA

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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