

Candriam Sustainable Global Equity Fund

Monthly performance update

November 2022

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Market Review

Equity markets continued their recovery from October's lows, with developed market equities gaining 7% and emerging market equities rallying by nearly 15%. The bond market also registered a strong month with yields in the US and Europe retreating significantly, leading to a 4.7% rally for the Global Aggregate Bond index. At the beginning of November, ongoing concerns about inflation and further central bank tightening were at the forefront of investors' minds. The Federal Reserve (Fed) and the Bank of England (BoE) raised policy rates by 75 basis points (bps) to 4.0% and 3.0% respectively. The 7.7% year-on-year (y/y) inflation rate increase was below consensus expectations. Europe continues to feel the effects of the energy crisis and the delayed price pass-through to end customers.

Key Stock Contributors and Detractors

During the month, at a stock level, the Fund derived positive performance from Amazon.com, L'Oréal and from Eni.

Amazon.com is an underweight position in Consumer Discretionary. Amazon.com is an online retailer that offers a wide range of products. Amazon offers personalised shopping services, Web-based credit card payment, and direct shipping to customers. Amazon also operates a cloud platform offering services globally. Recent weakness was sparked by Amazon's results last quarter when it projected the slowest holiday quarter growth in the company's history. During this month share price dropped by nearly 12.8% versus the MSCI World. Candriam's ESG rating is not in the SRI BIC Universe.

L'Oréal is an overweight position in Consumer Staples due to good scores on Quality, Sentiment and Growth. L'Oréal manufactures cosmetics. Early November, beauty companies Coty and L'Oreal declined after peer Estee Lauder's second-quarter and full-year forecasts trailed consensus estimates, sinking the stock as much as 13% in premarket trading. But after that, luxury stocks surged as key market China was said to be preparing a plan to end a system that penalises airlines for bringing virus cases into the country. During this, L'Oréal was up by 9.4% versus the MSCI World. Candriam's ESG rating is 4.

Eni is an overweight position in Energy due to a good score on Value and Volatility. Eni is a producer and explorer of hydrocarbons worldwide. The company both produces natural gas and imports it for sale in Italy and elsewhere in Europe. Eni generates and trades electricity, refines oil and operates gasoline service stations. Last quarter, Eni delivered a beat on earnings, driven by gas trading, its sixth consecutive net income beat. However, the Stoxx 600 Energy index sank to a session-low mid-November following a report that Saudi Arabia backs OPEC+ increasing supplies. However, Eni benefited from the change in Italy's windfall tax, which is likely to result in a smaller levy for Eni than the €1.4b it will pay in 2022. In November, Eni S.p.A was up 7.6% versus the MSCI World. Candriam's ESG rating is 5.

Three stocks that contributed negatively to excess return during the period included CrowdStrike, Tesla and Meta Platforms.

CrowdStrike is an overweight position in Information Technology due to a good score on Sentiment and growth. CrowdStrike provides cybersecurity products and services to stop breaches. CrowdStrike shares have been plummeting after the cybersecurity company issued a revenue outlook for the fourth quarter that trailed the average analyst estimate, with net new annual recurring revenue below the company's expectations. During this month CrowdStrike fell by 34% versus the MSCI World. Candriam's ESG rating is 5.

Tesla is an overweight position in Consumer Discretionary despite a good score on Sentiment. Tesla Inc. operates as a multinational automotive and clean energy company. The Company designs and manufactures electric vehicles, battery energy storage, solar panels and solar roof tiles, and related products and services. This month, shares came down by 15%. Last quarter, the electric-car maker reported lower-than-expected revenue and acknowledged it isn't immune from economic headwinds. In November, the stock dropped nearly 21.4% versus the MSCI World. Candriam's ESG rating is 3.

Meta Platforms is an underweight position in Consumer Services despite a good score on Sentiment. Meta Platforms, Inc. operates as a social technology company. Meta Platform is also involved in advertisements, augmented and virtual reality. Shares have been suffering and were down another 8% in November. News flow has been focused on the thousands of job cuts by the group (13% of employees laid off) and the focus on expenses. During this month, shares were up nearly by 19.8% versus the MSCI World. Candriam's ESG rating is not in the SRI BIC Universe.

Fund Characteristics

Returns¹ as at 30 November 2022

| Period | Fund Return % Net | Benchmark ² % | Out/Under performance % Net |
|---|----------------------|--------------------------|--------------------------------|
| 1 month | 1.89 | 2.12 | -0.23 |
| 3 months | 5.73 | 6.44 | -0.71 |
| 6 months | 4.95 | 5.21 | -0.26 |
| 1 year | -8.21 | -5.62 | -2.60 |
| 2 years pa | 9.26 | 9.29 | -0.03 |
| 3 years pa | 8.42 | 7.88 | 0.54 |
| 5 years pa | 10.02 | 10.08 | -0.06 |
| 7 years pa | 9.31 | 10.15 | -0.84 |
| 10 years pa | 13.85 | 14.50 | -0.64 |
| 15 years pa | 6.92 | 7.58 | -0.67 |
| 20 years pa | 6.46 | 7.19 | -0.73 |
| Since inception pa Date: December 2002 | 6.46 | 7.19 | -0.73 |

Top 10 Stock Holdings

| Holding | Country | Sectors | % |
|---------------------|---------------|------------------------|------|
| Apple | United States | Information Technology | 5.10 |
| Microsoft | United States | Information Technology | 4.41 |
| Alphabet - CI A | United States | Communication Services | 2.16 |
| Alphabet - CI C | United States | Communication Services | 2.03 |
| United Health Group | United States | Health Care | 1.80 |
| Total Energies | France | Energy | 1.55 |
| Visa - CI A | United States | Information Technology | 1.52 |
| Tesla | United States | Consumer Discretionary | 1.50 |
| Procter & Gamble | United States | Consumer Staples | 1.47 |
| Eni SPA | Italy | Energy | 1.33 |

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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