

Candriam Sustainable Global Equity Fund

Quarterly performance update

December 2022

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Market Review

The war in Ukraine and central banks' battle against inflation have been the main sources of bond and equity market struggles. However, the final quarter of the year has at least brought some relief although the China reopening did not go as expected. However, we believe a lot of the bad news has already been priced in with respect to China. Value stocks have significantly outperformed growth stocks, both this year and over the quarter. This can largely be explained by the high starting valuations for growth stocks, some growth disappointments, and the effect of rising interest rates. Arguably the most painful move in markets has been the sharp decline in government bond prices. We all know that stocks can provide a bumpy ride but the unusually large sell-off in government bonds, alongside falling stock prices, left investors with no port in the storm. This was caused by central banks having to raise interest rates by far more than investors had expected at the beginning of the year because of runaway inflation.

Key Stock Contributors and Detractors

During the quarter, at a stock level, the Fund derived positive performance from Amazon.com, Arch Capital Group and from Interpublic Group of Companies.

Amazon.com is an underweight position in Consumer Discretionary. The company is an online retailer that offers a wide range of products. Amazon's products include books, music, computers, electronics, and numerous other products. In Q4 2022, shares came down by 25% after the e-commerce and cloud computing company spooked investors by forecasting its slowest ever holiday-quarter growth. The stock was down around 35% in Q4 versus the MSCI World. Candriam's ESG rating is not in the SRI Universe.

Arch Capital Group is an overweight position in Financials due to its good scores on Sentiment, Volatility and Growth. Arch Capital Group provides financial services. The company offers life, health, property insurance and reinsurance products, as well as mortgage insurance. In Q4, shares gained 28% versus the MSCI World after beating EPS estimates and joining the S&P 500. Candriam's ESG rating is 4.

Interpublic Group of Companies is an overweight position in Communication Services due to its good scores on Sentiment and Volatility. The Interpublic Group of Companies is an organisation of advertising agencies and marketing service companies. In Q4, the group gained 30% after notably posting better-than-expected organic revenue growth in the third quarter, shares gained 22.1% versus the MSCI World. Candriam's ESG rating is 4.

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

Tesla is an overweight position in Consumer Discretionary due to its good scores on Growth and Sentiment, Tesla Inc. operates as a multinational automotive and clean energy company. Shares collapsed by 50% in Q4 because the electric-vehicle maker's third-quarter deliveries missed expectations as it struggles to get cars to customers. Moreover, Tesla reported lower-than-expected revenue. During 4Q 2022, Tesla was down almost 63% versus the MSCI World. Candriam's ESG rating is 3.

Invitation Homes is an overweight position in Real Estate, due to a good score on Sentiment and Volatility. The company owns and operates single-family rental homes, as well as offers acquisition underwriting and execution, upfront capital investment and renovation, ongoing leasing and maintenance

operations, and dispositions services. In October, Invitation Homes cut its core FFO/share guidance for the full year; the guidance missed the average analyst estimate. In Q4, Invitation Homes share price dropped by nearly 21% versus the MSCI World. Candriam's ESG rating is 5.

CrowdStrike is an overweight position in Information Technology due to a good score on Sentiment and Growth. The company offers cloud-delivered protection across endpoints, cloud workloads, identity and data, and leading threat intelligence, managed security services, IT operations management, threat hunting, Zero Trust identity protection and log management. In Q4, shares suffered as all shares of software companies, following weak results from several stocks dropped nearly by 45.2% versus the MSCI World. Candriam's ESG rating is 5.

Fund Characteristics

Returns¹ as at 31 December 2022

Period	Fund Return % Net	Bench- mark ² %	Out/Under performance % Net
1 month	-5.86	-5.44	-0.42
3 months	2.83	4.07	-1.23
6 months	3.15	4.42	-1.27
1 year	-15.51	-12.24	-3.27
2 years pa	5.94	6.52	-0.58
3 years pa	6.50	6.21	0.29
5 years pa	9.07	9.21	-0.14
7 years pa	8.76	9.62	-0.86
10 years pa	12.87	13.59	-0.72
15 years pa	6.61	7.22	-0.61
20 years pa	6.44	7.17	-0.73
Since inception pa Date: December 2002	6.11	6.86	-0.75

Top 10 Stock Holdings

Holding	Country	Sectors	%
Apple	United States	Information Technology	4.80
Microsoft	United States	Information Technology	4.33
Alphabet - Cl A	United States	Communication Services	1.95
Alphabet - Cl C	United States	Communication Services	1.85
United Health Group	United States	Health Care	1.76
Procter & Gamble	United States	Consumer Staples	1.58
Visa	United States	Information Technology	1.48
Novo Nordisk	Denmark	Health Care	1.33
Mastercard	United States	Information Technology	1.27
Accenture	Ireland	Information Technology	1.23

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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