

# Candriam Sustainable Global Equity Fund

Quarterly performance update

June 2025

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## Market Review

The second quarter of 2025 saw significant volatility across markets due to tariff policy uncertainty and war in the Middle East, but fears eased and most major asset classes delivered positive returns over the quarter. The liberation day tariff announcement on 2 April caused a sharp selloff. The reciprocal tariff package was larger than expected and both stock and bond markets reacted quickly. The US administration moved to soften its trade policy, pausing reciprocal tariffs for 90 days and agreeing a trade deal with China. While US stocks and bonds recovered from April's volatility, a weakening US dollar boosted the returns of international indices for dollar investors and emerging markets equities.

## Key Stock Contributors and Detractors

During the quarter, at a stock level, the Fund derived positive performance from NVIDIA, UnitedHealth Group and Microsoft.

**NVIDIA** is an overweight position in Information Technology due to its good scores on Quality and Sentiment. NVIDIA operates as a tech company. The company develops a platform for scientific computing, AI, data science, autonomous vehicles, robotics, metaverse, and 3D internet applications, as well as focuses on PC graphics. NVIDIA serves clients worldwide. In Q2'25, NVIDIA gained 45.78% vs the SPX return of +10.9% on the back of the 90-day tariff pause with China and its results that were solid beating expectations. During this Q2, NVIDIA was up 34.2% versus the MSCI World. Candriam's ESG rating is 5.

**UnitedHealth Group** is an underweight position in Health Care. UnitedHealth Group owns and manages organised health systems. The company provides employers products and resources to plan and administer employee benefit programs. UnitedHealth serves customers worldwide. Shares collapsed by 40% in Q2'25. Mid-April, shares plunged after the health insurer reported first-quarter profits that fell short of expectations and cut its adjusted earnings guidance for the full year. In May, shares dropped again after the UnitedHealth suspended its 2025 outlook, citing higher-than-expected medical costs and said CEO Andrew Witty is stepping down for personal reasons, effective immediately. Shares plummeted again following a report that the insurer was under criminal investigation for possible Medicare fraud. During the quarter, UnitedHealth Group was down 51.6% versus the MSCI World. Candriam's ESG rating is 5.

**Microsoft** is an overweight position in Information Technology, due to its good scores on Value and Volatility. Microsoft operates as a software company. The company offers applications, extra cloud storage, and advanced security solutions. Microsoft serves customers worldwide. Microsoft shares were up 32.75% in Q2'25 after the software giant reported third-quarter results that beat expectations, with the company's cloud business seen as a highlight as it continues to benefit from demand for AI services. During the quarter, Microsoft was up 21.1% versus the MSCI World. Candriam's ESG rating is 4.

Three stocks that contributed negatively to excess return during the period included Apple, Meta Platforms and Merck & Co.

**Apple** is an overweight position in Information Technology, due to its good score on Quality. Apple designs, manufactures, and markets smartphones, personal computers, tablets, wearables and accessories, and sells a variety of related accessories. The company also offers payment, digital content, cloud and advertising services. Apple's customers are primarily in consumer, small & mid-sized business, education, enterprise and government markets worldwide. In Q2'25, the share price performance disappointed with Apple down 7.5% after their quarterly earnings report failed to ease investor concerns about escalating tariff costs and a slowdown in China, causing its shares to decline as much as 5.2%. Apple's WWDC event did not include any major surprises that would

convince investors around material changes to their outlook. This quarter, Apple was down 19.1% versus the MSCI World. Candriam's ESG rating is 5.

**Meta Platforms** is an underweight position in Communication Services. Meta Platforms operates as a social technology company. The company builds applications and technologies that help people connect with and find communities, and grow businesses. Meta Platforms is also involved in advertisements, and augmented and virtual reality. Meta shares were up +28.16% in Q2'25 as shares regained post tariff news flow pullback. This quarter, Meta Platforms was up 16.5% versus the MSCI World. Candriam's ESG rating is not in the SRI BIC Universe.

**Merck & Co** is an overweight position in Health Care due to its good scores on Value and Volatility. Merck & Co is a global health care company that delivers health solutions through its prescription medicines, vaccines, biologic therapies, animal health, and consumer care products, which it markets directly and through its joint ventures. The Company has operations in pharmaceutical, animal health, and consumer care. Shares dropped nearly -11% in Q2'25 extending its underperformance year to date. During the quarter, Merck & Co was down 22.6% versus the MSCI World. Candriam's ESG rating is 5.

## Fund Characteristics

### Returns<sup>1</sup> as at 30 June 2025

Period	Fund Return % Net	Bench- mark <sup>2</sup> %	Out/Under performance % Net
1 month	1.88	2.44	-0.56
3 months	6.86	5.99	0.86
6 months	3.86	3.43	0.43
1 year	18.82	18.48	0.35
2 years pa	18.14	19.13	-0.99
3 years pa	19.31	20.22	-0.91
5 years pa	15.21	15.69	-0.48
7 years pa	13.56	13.54	0.03
10 years pa	11.63	12.44	-0.81
15 years pa	12.79	13.37	-0.57
20 years pa	8.41	9.31	-0.91
Since inception pa Date: December 2002	7.77	8.50	-0.73

Past performance is not a reliable indicator of future performance.

## Top 10 Stock Holdings

Holding	Country	Sectors	%
Nvidia	United States	Information Technology	6.44
Microsoft	United States	Information Technology	6.33
Apple	United States	Information Technology	5.59
Mastercard	United States	Information Technology	2.12
Alphabet - Class C	United States	Communication Services	2.04
Alphabet - Class A	United States	Communication Services	2.00
Novartis	Switzerland	Health Care	1.71
Broadcom	United States	Communication Services	1.36
Visa	United States	Information Technology	1.30
Vodafone	United Kingdom	Communication Services	1.29

1. Fund returns are net of fees but before taxes.  
2. MSCI World Index (Net Dividends Reinvested) \$A - unhedged

## Fund Information

<b>Benchmark</b>	MSCI World (net dividends reinvested) in A\$
<b>NAV Calculation</b>	Daily
<b>Currency Risk</b>	Unhedged



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