

# Candriam Sustainable Global Equity Fund

Quarterly performance update

March 2025

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## Market Review

The start of 2025 has certainly been a bumpy ride and, at this stage, it appears unlikely that the coming quarters will be any less volatile as markets recalibrate to frequent shifts in government policy. A shift towards 'America First' policies was assumed to strengthen the headwinds that had already been creating challenges for economic growth in other parts of the world. However, the story has played out quite differently so far. Elevated uncertainty stemming from the volatile nature of US trade policy has dampened growth expectations in the US, while in Europe, the fiscal response has been much more forceful than many were anticipating.

## Key Stock Contributors and Detractors

During the quarter, at a stock level, the Fund derived positive performance from Broadcom, Amazon.com and Societe Generale.

**Broadcom** is an underweight position in Information Services. Broadcom designs, develops, and supplies semiconductor and infrastructure software solutions. The company offers storage adapters, controllers, networking processors, motion control encoders, and optical sensors, as well as infrastructure and security software to modernise, optimise, and secure the complex hybrid environments. Broadcom serves customers worldwide. Shares came down by 28% in Q1, suffering from the DeepSeek event and AI unwind, and the momentum unwind. During this quarter, Broadcom was down 25.9% versus the MSCI World. Candriam's ESG rating is 5.

**Amazon.com** is an underweight position in Consumer Discretionary. Amazon.com is an online retailer that offers a wide range of products. Products include books, music, computers, electronics, and numerous other 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. This quarter, shares dropped by 13% following underperformance from not only the US market but also the technology sector and momentum. Amazon.com was down 11.6% versus the MSCI World. Candriam's ESG rating is 5.

**Societe Generale** is an overweight position in Financials due to its good score on Growth. Societe Generale provides commercial, retail, investment and private banking services. The bank offers consumer credit, vehicle lease financing, information technology equipment leasing, life and non-life insurance, custodian, trade and project financing, currency exchange, treasury, financial and commodities brokerage services. Societe Generale serves customers worldwide. In Q1 this year, European Banks shares have outperformed and Société Générale specifically up 50% after good results and their promise of higher investor payouts. SocGen Chief Executive Officer Slawomir Krupa in early February increased the profit share he wants to return to investors to 50%. He also said there may be room for additional payouts including a potential share buyback later this year, which would come on top. Societe Generale was up 60.9% versus the MSCI World. Candriam's ESG rating is 5.

Three stocks that contributed negatively to excess return during the period included Abercrombie & Fitch, Berkshire Hathaway and Microsoft.

**Abercrombie & Fitch** is an overweight position in Consumer Discretionary due to its good score on Value. Abercrombie & Fitch operates as a stores and conducts direct-to-consumer operations. The company sells casual sportswear apparel, including knit and woven shirts, graphic t-shirts, fleece, jeans and woven pants, shorts, sweaters and outerwear, personal care products, and accessories for men, women and children. Abercrombie & Fitch serves customers in the United States. This quarter shares were down by nearly 49% after disappointing sales in the holiday season and slowing growth. Abercrombie & Fitch was down 47.2% versus the MSCI World. Candriam's ESG rating is 4.

**Berkshire Hathaway** is an underweight position in Financials. Berkshire Hathaway is a holding company owning subsidiaries in a variety of business sectors. The company's principal operations are insurance business conducted nationwide on a primary basis and worldwide on a reinsurance basis. Berkshire's other operations include a railway company, a specialty chemical company, and an international association of diversified businesses. In Q1, shares gained 18% as the sector continues to generate significant capital and after the US conglomerate's operating earnings surged 71% in the fourth quarter. Berkshire Hathaway was up 19.2% versus the MSCI World. Candriam's ESG rating is not in the SRI BIC Universe.

**Microsoft** is an overweight position in Information Technology due to its good score on Quality. Microsoft operates as a software company. The company offers applications, extra cloud storage, and advanced security solutions. Microsoft serves customers worldwide. Shares declined by 10.3% this quarter after Microsoft said its cloud-computing business will continue to grow slowly in the current quarter as the company struggles to build enough data centres to handle demand for its artificial intelligence products. Microsoft was down 9.1% versus the MSCI World. Candriam's ESG rating is 4.

## Fund Characteristics

Returns<sup>1</sup> as at 31 March 2025

Period	Fund Return % Net	Bench- mark <sup>2</sup> %	Out/Under performance % Net
1 month	-5.00	-4.65	-0.35
3 months	-2.81	-2.42	-0.39
6 months	8.16	9.16	-1.00
1 year	11.76	12.09	-0.34
2 years pa	18.36	19.97	-1.61
3 years pa	13.45	14.48	-1.03
5 years pa	15.25	15.71	-0.46
7 years pa	13.26	13.49	-0.23
10 years pa	10.74	11.75	-1.01
15 years pa	11.84	12.53	-0.70
20 years pa	8.21	9.10	-0.89
Since inception pa Date: December 2002	7.54	8.31	-0.77

Past performance is not a reliable indicator of future performance.

## Top 10 Stock Holdings

Holding	Country	Sectors	%
Apple	United States	Information Technology	6.25
Microsoft	United States	Information Technology	5.43
Nvidia	United States	Information Technology	4.22
Mastercard	United States	Information Technology	2.44
Alphabet - Class A	United States	Communication Services	2.08
Alphabet - Class C	United States	Communication Services	1.92
Tesla	United States	Consumer Discretionary	1.64
Merck & Co	United States	Health Care	1.55
Eli Lilly & Co	United States	Health Care	1.53
Automatic Data Processing	United States	Industrials	1.43

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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