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Candriam Sustainable Global Equity Fund - Active ETF ASX: GSUS

Quarterly performance update

September 2026

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Market Review

The third quarter of 2026 highlighted the resilience of global markets despite persistent inflation, geopolitical tensions, rising energy prices and tighter monetary policy. Strong economic momentum, particularly in the US, was supported by robust corporate earnings, AI-related investment and resilient consumer spending. Global equities reached record highs, while upward earnings revisions led to valuation compression despite rising share prices. Commodities outperformed, gaining 16%, driven by renewed oil and gas supply concerns. In the US, the S&P 500 rose 2.3%, led by energy and technology, while small caps and rate-sensitive sectors struggled. Market leadership shifted from semiconductors towards hyperscalers and software. Bond markets faced significant pressure from inflation, monetary tightening and heavy debt issuance, pushing the 30-year Treasury yield to 5.6%. With the Federal Reserve raising rates and further hikes expected, strong fundamentals continued to support equities, although elevated borrowing costs remained a key risk to future performance.

Key Stock Contributors and Detractors

During the quarter, at a stock level, the Fund derived positive performance from Microsoft, Paycom and Apple.

Microsoft (Outperformed, Overweight) operates as a multinational technology company, building platforms and tools powered by AI across productivity/business processes, intelligent cloud, and personal computing. In Q3 2026, the stock is up +37.50%. The quarter's outperformance was driven by renewed confidence that Microsoft is monetizing AI at scale, supported by strong results and key operating indicators: Q4 revenue came in at $90B (+18% YoY) and beat expectations, Azure growth accelerated (with upbeat forward growth commentary), and Microsoft 365 Copilot paid seats surpassed 30 million (reinforcing enterprise adoption). Importantly, Microsoft's decision to maintain capex guidance was seen as discipline versus peers amid rising AI spend concerns, while analysts turned more constructive and raised price targets following results. Candriam's ESG rating is 4.

Paycom (Outperformed, Overweight) designs and develops software solutions to manage the employment life cycle from recruitment to retirement for U.S. customers. In Q3, the stock price has increased by +73.18%. Quarter newsflow emphasised ongoing operational execution and product investment, including management commentary on Paycom's early and comprehensive adoption of AI across product and infrastructure, with a focus on automation and accuracy. The company also declared a quarterly cash dividend (supporting the "cash return / stability" narrative). Late in the quarter, PAYC was removed from the Alger Russell Innovation Index (an event that can impact flows and sentiment). Candriam's ESG rating is 5.

Apple (Outperformed, Overweight) designs, manufactures, and markets smartphones, personal computers, tablets, wearables and accessories, and sells related services including payment, digital content, cloud and advertising worldwide. In Q3, shares gained +15.09%. The quarter featured a "strong fundamentals vs. forward uncertainty" setup: Apple delivered a record June quarter with revenue of $109.4B (+16% YoY) and EPS beat expectations, led by iPhone sales up 22% and Mac up 29%. However, the stock sold off sharply after earnings as guidance came in softer than expected, driven by supply constraints and rising memory costs (which also pressured margin expectations). The quarter also included a major leadership transition (Tim Cook's last quarter and John Ternus taking over September 1) that kept sentiment sensitive into the September product cycle. Candriam's ESG rating is 5.

Three stocks that contributed negatively to excess return during the period included Meta Platforms, Fair Isaac Corporation and TJX Companies.

Meta Platforms (Underperformed, Underweight) operates as a social technology company, building applications and technologies that help people connect and grow businesses, with exposure to advertising, augmented reality, and virtual reality. Shares have performed by +28.74% this Q3. The quarter was volatile but ultimately positive, driven by a narrative shift. Meta's Q2 earnings showed strong revenue growth but also a sharp profitability hit from elevated costs (including legal charges and severance), which weighed on shares after the print. Concerns persisted around massive AI infrastructure spending and raised capex guidance (a key overhang earlier in the quarter). Sentiment improved dramatically later as Meta launched Muse AI, with rapid adoption and a clearer AI monetization pathway highlighted by analysts and market commentary. Additional supports included a declared quarterly cash dividend and a wave of positive analyst reactions into late September. Candriam's ESG rating is 8.

Fair Isaac / FICO (Underperformed, Overweight) provides analytics software, solutions, and services used to manage risk, fight fraud, optimize operations, and meet regulatory requirements across financial services and other industries. In Q3, the stock has dropped by -50.41%. The quarter split into two distinct chapters. Early on, FICO delivered strong results (including higher Scores segment revenue driven by mortgage origination score pricing)

Fund Characteristics

Returns[1] as at 30 September 2026

Period	Fund Return % Net	Benchmark[2] %	Out/Under Performance % Net
1 month	1.17	1.79	-0.61
3 months	2.20	1.45	0.75
6 months	16.23	14.10	2.13
1 year	10.03	9.78	0.25
2 years pa	16.45	16.08	0.38
3 years pa	18.74	18.40	0.34
5 years pa	12.03	12.73	-0.71
7 years pa	13.60	13.44	0.16
10 years pa	13.22	13.89	-0.67
15 years pa	14.39	14.95	-0.56
20 years pa	8.20	8.94	-0.73
Since inception pa Date: December 2002	8.07	8.73	-0.66

1. Fund returns are net of fees and costs but before taxes, assuming the reinvestment of distributions. Out/under performance is calculated using returns rounded to three decimal places and may not equal the difference between the displayed figures. Past performance is not a reliable indicator of future performance.
2. MSCI World Index (Net Dividends Reinvested) $A - unhedged.

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and raised full-year guidance. But the dominant driver was the late-quarter regulatory shock: FHFA changes opened Fannie/Freddie underwriting to VantageScore alongside FICO, materially changing the competitive landscape and triggering a historic selloff (worst day since 1989, down 27%). Competitive follow-through (e.g., Rocket adopting VantageScore 4.0 and aggressive pricing dynamics extending VantageScore at $0.99) intensified fears around long-term pricing power and volumes, and the drop prompted multiple securities-law investigation announcements in the public newsflow. Candriam's ESG rating is 4.

TJX (Underperformed, Overweight) is an off-price apparel and home fashion retailer operating in the U.S., Canada, and Europe across off-price retail concepts and e-commerce sites. Shares have dropped by -12.67% in Q3. The underperformance stemmed from a "good quarter, but not good enough" dynamic: TJX delivered a Q2 beat and raised its annual profit forecast, supported by improved margins (including tariff refunds), while also accelerating long-term store expansion ambitions. However, investors fixated on weaker trends at the core Marmaxx division and a more cautious Q3 outlook, contributing to negative share reaction and analyst downgrades cited in coverage. The stock also faced broader rotation dynamics, as market attention shifted toward AI "winners" during the quarter. Candriam's ESG rating is 6.

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Top 10 Stock Holdings

Holding	Country	Sectors	%
Nvidia	United States	Information Technology	7.23
Apple	United States	Information Technology	7.03
Microsoft	United States	Information Technology	5.42
Alphabet - Class A	United States	Communication Services	2.83
Broadcom	United States	Communication Services	2.81
Alphabet Class C	United States	Communication Services	2.40
Mastercard	United States	Financials	1.61
Eli Lilly & Co.	United States	Health Care	1.57
Micron Technology	United States	Information Technology	1.54
Novartis	Switzerland	Health Care	1.47

ESG rating methodology

Candriam's Best-in-universe approach selects the top issuers in the universe, based on in-depth macro (exposure of activities to Global Sustainability trends) and micro (management of stakeholders) assessment. Additionally, companies have to adhere to the international standards related to Human & Labour rights, the Environment and Anti-Corruption (UN Global Compact), and be compliant with the acceptable exposure levels laid down for controversial activities (weapons, tobacco, alcohol).

The ESG score is the result of Candriam's proprietary internal ESG analysis. This score is calculated for companies as well as countries and also allows the calculation of an ESG score at portfolio level. The ESG score of a portfolio is calculated by adding up the scores of the securities in the portfolio according to their weighting in the portfolio's assets. For companies, Candriam's proprietary ESG analysis is done from two distinct but related angles: analysis of the impacts of business activities (products and services) and management of companies' key stakeholders. The score ranges from ESG1 (best rating) to ESG10 (worst rating). The details of Candriam's ESG analysis methodology are available in the ESG Integration Policy on Candriam's website.

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