

Candriam Sustainable Global Equity Fund - Active ETF ASX: GSUS

Quarterly performance update

December 2025

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Market Review

The final quarter of 2025 reaffirmed that bull markets can advance despite pervasive uncertainty. In the face of the longest US government shutdown on record, subdued consumer sentiment, a cooling but stable labour market and ongoing geopolitical tensions, risk assets continued to grind higher, supported by expectations of fiscal and monetary stimulus. The MSCI World gained 3.4% in Q4, with US equities lagging (+2.7% for the SPX) while international developed markets rose 4.9%. Asia led returns, driven by the AI theme and corporate governance reforms. Bonds were broadly flat amid rising supply expectations, the dollar weakened late in the quarter, and commodities delivered mixed performance, with metals outperforming and energy declining.

Key Stock Contributors and Detractors

During the quarter, at a stock level, the Fund derived positive performance from Meta Platforms, Micron Technology, and Eli Lilly and Company.

Meta Platforms operates as a social technology company. The company builds applications and technologies that help people connect, find communities, and grow businesses. Meta shares lagged the MSCI World index by about 13% in Q4 2025 due to mixed Q3 results, a \$16bn one-time tax charge, and increased capital expenditure guidance. Market caution grew over rising costs during Q4, especially from accelerated AI infrastructure spending and higher projected 2026 expenses. New tax legislation and a \$30bn bond deal further pressured sentiment and credit spreads. These factors combined to drive Meta's underperformance relative to peers in the tech sector. Candriam's ESG rating is 8.

Micron Technology through its subsidiaries, manufactures and markets dynamic random access memory chips (DRAMs), static random access memory chips (SRAMs), flash memory, semiconductor components, and memory modules. Micron outperformed the MSCI World Index by nearly 70% in Q4 2025, driven by record revenue and margin expansion from strong AI-related memory demand. Surging sales of high-bandwidth memory (HBM) and DRAM chips, tight supply, and rising prices boosted results. Strategic moves, including focusing on AI memory solutions and exiting the consumer memory business, enabled Micron to capitalise on the AI infrastructure boom, achieving record financials and solidifying its leadership in the AI memory market. Candriam's ESG rating is 4.

Eli Lilly and Company discovers, develops, manufactures, and sells pharmaceutical products for humans and animals. Eli Lilly products include neuroscience, endocrine, anti-infectives, cardiovascular agents, oncology, and animal health products. Eli Lilly outperformed the MSCI World Index by approximately 38%, driven by strong earnings and raised 2025 revenue guidance, fuelled by robust Zepbound and Mounjaro sales. The company's Q4 outlook signalled continued growth, while pipeline progress—advancing Orforglipron in Phase 3 trials and FDA approval for Inluriyo—further boosted market sentiment. Strategic investments in manufacturing and AI-powered drug discovery, along with leadership in the weight-loss market, reinforced Eli Lilly's standout position in the health care sector propelling the shares higher in Q4. Candriam's ESG rating is 5.

Three stocks that contributed negatively to excess return during the period included Microsoft, Automatic Data Processing, and Kimberly-Clark Corporation.

Microsoft Corporation operates as a software company offering applications, extra cloud storage, and advanced security solutions. Microsoft shares lagged the MSCI World Index by nearly 10% in Q4 2025 as the company faced challenges in meeting AI sales targets, slower enterprise adoption, and Azure capacity constraints that limited revenue growth and led to a reset in growth expectations. The company's \$34.56 billion surge in AI infrastructure spending raised investor concerns about short-term financial pressure. Despite strong revenue, perceived high valuation and market concern about future growth potential led to stock volatility and underperformance compared to broader market expectations. Candriam's ESG rating is 4.

Automatic Data Processing is a global provider of business outsourcing solutions. The company's services include a wide range of human resource, payroll, tax, and benefits administration solutions. ADP underperformed the MSCI world index by almost 16% mainly due to a minor downward revision in its net hiring outlook, which increased investor concerns about macroeconomic risks. Flat payroll per customer metrics and a lowered FY26 outlook further dampened sentiment. Despite strong retention and bookings, ongoing macro uncertainty and elongated sales cycles limited ADP's valuation upside. As a result, sentiment-driven multiple contraction weighed on the stock, even as earnings estimates were revised upward. Candriam's ESG rating is 4.

Kimberly-Clark Corporation is a global health and hygiene company that manufactures and provides consumer products. The company's products include diapers, tissues, paper towels, incontinence care products, surgical gowns, and disposable face masks. Kimberly Clark underperformed the MSCI World by about 21% in Q4 2025, driven by tough prior period comparisons from shifted promotions, gross margin contraction due to tariffs, and only partial cost-saving offsets. The company also faced volume headwinds from share losses to private label and premium brands, increased GLP-1 penetration, and lower population growth. Additionally, Kimberly Clark Mexico's softer results and only modest Q4 recovery further weighed on overall performance. Candriam's ESG rating is 5.

Fund Characteristics

Returns¹ as at 31 December 2025

Period	Fund Return % Net	Benchmark ² %	Out/Under performance % Net
1 month	-0.67	-0.86	0.19
3 months	3.34	2.48	0.86
6 months	10.21	8.71	1.50
1 year	14.46	12.43	2.03
2 years pa	22.01	21.26	0.75
3 years pa	21.97	21.85	0.13
5 years pa	15.29	15.47	-0.18
7 years pa	15.77	15.67	0.09
10 years pa	12.56	13.15	-0.59
15 years pa	13.51	13.84	-0.33
20 years pa	8.27	9.03	-0.75
Since inception pa Date: December 2002	8.05	8.70	-0.65

Past performance is not a reliable indicator of future performance.

Top 10 Stock Holdings

Holding	Country	Sectors	%
Nvidia	United States	Information Technology	6.77
Apple	United States	Information Technology	6.45
Microsoft	United States	Information Technology	5.97
Alphabet - Class A	United States	Communication Services	2.92
Alphabet - Class C	United States	Communication Services	2.64
Mastercard	United States	Information Technology	2.02
Visa	United States	Information Technology	1.84
Novartis	Switzerland	Health Care	1.80
Broadcom	United States	Communication Services	1.75
Eli Lilly & Co	United States	Health Care	1.59

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

Fund Information

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



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