

# Candriam Sustainable Equity World

## Market overview

In August, market volatility has increased, reflecting renewed stress in the Chinese property market, weak macroeconomic data out of China and an increase in sovereign bond yields. Given this backdrop, global stocks sold off and the MSCI All Country World Index declined 2.8% over the month in US dollar terms. Developed markets outperformed emerging markets, with a loss of 2.3% vs. 6.1%. China's difficulties will inevitably weigh on the global economy in the coming months, given the country contributes almost a third of global growth. At the same time, even though inflation pressures are receding, risks have not entirely disappeared. To address these difficulties as well as deflationary risks, the People's Bank of China (PBoC) lowered its interest rate twice in August, but so far credit demand remains weak.

## Fund performance

In August, the fund returned -1.36%\*, underperforming its benchmark by 52bp. The MSCI World NR ended the period down by 0.84%\*\* . Year-to-date, the fund underperforms its benchmark by 204bp, despite a positive absolute performance of 12.14%\*.

## Region level

At regional level, our stock picking held back performance (-41bp) while allocation had a negligible impact on performance (-3bp). Our selection in Europe (-33bp) and North America (-25bp) penalised the relative performance. Our stock selection in the Pacific (17bp) though, produced relative gains.

## Sector level

From a sector perspective, our stock selection held back performance (-36bp) while allocation had a modest impact on performance (-8bp). Our stock picking in Financials (-42bp) underperformed.

## Stock specific

The overweight of **NOVO NORDISK** (Health Care, Denmark) was the main contributor to the excess return, contributing by 14bp. The overweight of **ADYEN NV**, located in the Netherlands from the Financials area, was the main detractor from relative performance, detracting by -31bp. Our position in **ARISTA NETWORKS INC**, an Information Technology firm based in the United States, posted the strongest absolute performance, gaining 27.9%. Our position in **ADYEN NV** declined the most, losing 54.3%.

## Portfolio activity

In August, we introduced the two enterprises from the United States, **COMCAST CORP-CLASS A** (Communication Services) and **ZILLOW GROUP INC - C** (Real Estate) to our portfolio (+0.6% and +0.4% respectively). We also increased the positions of **SWISS RE AG**, located in Switzerland from the Financials area, as well as **APPLE INC**, an Information Technology corporation from the United States, from 0.4% to 0.7% and from 6.1% to 6.3% respectively. We decreased the position **BBVA**, based in Spain from the Financials area, from 0.6% to 0.3%.

\* net of fees in EUR terms

\*\* net return in EUR terms



## Fund outlook

We see a clear trend towards a more sustainable world. Authorities around the world are taking the lead by changing regulations. Companies are taking active decisions by adjusting their business models to achieve a better ESG footprint. Consumers are taking ESG criteria into account when buying products and services, and investors are doing the same when evaluating alternatives to invest their wealth. In light of this trend, it is essential to take into account ESG criteria when making investment decisions. The objective of this strategy is to invest in companies that score well on both ESG and financial criteria. We believe that this type of company is well positioned to outperform the market in the long run.

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