

Candriam L Multi Asset Income & Growth

Market Overview

Most regional stock markets closed the month of February with positive performances, amid resilient economic data and robust, albeit concentrated, earnings reports, especially in the US. This economic resilience, alongside signs that inflationary pressures have not yet entirely dissipated, suggest the Federal Reserve bank will likely be on hold longer than markets have hoped for. By the same token, the euro zone economy stabilised in Q4 2023, while preliminary figures for headline inflation eased. Yet, some ECB policymakers noted that they would “not get full comfort within a reasonable period”.

Given the decreased likelihood of imminent rate cuts, fixed income markets gave back performance as yields rose. Helped by ongoing spread compression, high yield and Emerging debt bond markets outperformed.

Within equities, the US market stayed ahead, buoyed by small and mid-caps and the technology sector. Japan continued to outperform as well, with the MSCI Japan index reaching a new all-time high. In contrast, UK stocks lagged. Within emerging markets, Latin America lagged the Asian region where India's GDP growth rate positively surprised forecasts and Chinese equity had a small rebound. Authorities in Beijing have intensified reform measures to enhance favourable economic conditions. Anticipation is growing for additional support in an attempt to bolster targeted growth initiatives and confidence in the market.

Portfolio Highlights & Strategy Review

In February, the flexible investment strategy experienced further growth. It was primarily driven by its equity holdings, especially thanks to the US and the Japanese regions. Our fixed income investments gave back some performance due to rising interest rates.

Regarding security selection, our investments in the robotics sector continued to outperform, with artificial intelligence and semiconductor sectors remaining popular among investors. Recent earnings reports have exceeded expectations, contributing to positive growth momentum. Conversely, our investments in biotechnology have underperformed compared to the broader market.

We maintain a cautiously optimistic outlook. Market sentiment and momentum appear to be stretched. Markets could move within a range in a next step. As a consequence, we have reduced some of our equity exposure - opportunistically acquired in late 2023.

Fund Outlook

The transatlantic debate on central banks' monetary policy has evolved to being just a question of timing and magnitude as the odds remain undoubtedly in favour of a soft landing. The US labour market remains strong and forced us to reassess inflation expectations, but the unemployment rate is moving in the right direction, even if slowly. Chairman Jerome Powell has confirmed cuts in 2024 while the European Central Bank has opened the door for cuts starting in June. Short-term yields have aligned with the European Central Bank and the Federal reserve bank interest rate cuts for 2024.

This marketing communication is provided for information purposes only, it does not constitute an offer to buy or sell financial instruments, nor does it represent an investment recommendation or confirm any kind of transaction, except where expressly agreed. Although Candriam selects carefully the data and sources within this document, errors or omissions cannot be excluded a priori. Candriam cannot be held liable for any direct or indirect losses as a result of the use of this document. The intellectual property rights of Candriam must be respected at all times, contents of this document may not be reproduced without prior written approval.

Warning: Past performance of a given financial instrument or index or an investment service or strategy, or simulations of past performance, or forecasts of future performance does not predict future returns. Gross performances may be impacted by commissions, fees and other expenses. Performances expressed in a currency other than that of the investor's country of residence are subject to exchange rate fluctuations, with a negative or positive impact on gains. If the present document refers to a specific tax treatment, such information depends on the individual situation of each investor and may change.

In respect to money market funds, please be aware that an investment in a fund is different from an investment in deposits and that the investment's principal is capable of fluctuation. The fund does not rely on external support for guaranteeing its liquidity or stabilizing its NAV per unit or share. The risk of loss of the principal is borne by the investor.

Candriam consistently recommends investors to consult via our website www.candriam.com the key information document, prospectus, and all other relevant information prior to investing in one of our funds, including the net asset value ("NAV") of the funds. Investor rights and complaints procedure, are accessible on Candriam's dedicated regulatory webpages <https://www.candriam.com/en/professional/legal-and-disclaimer-candriam/regulatory-information/>. This information is available either in English or in local languages for each country where the fund's marketing is approved. According to the applicable laws and regulations, Candriam may decide to terminate the arrangements made for the marketing of a relevant fund at any time.

Information on sustainability-related aspects: the information on sustainability-related aspects contained in this communication are available on Candriam webpage <https://www.candriam.com/en/professional/market-insights/sfd/>. The decision to invest in the promoted product should take into account all the characteristics or objectives of the promoted product as described in its prospectus, or in the information documents which are to be disclosed to investors in accordance with the applicable law.

Notice to investors in Switzerland: The information provided herein does not constitute an offer of financial instruments in Switzerland pursuant to the Swiss Financial Services Act ("FinSA") and its implementing ordinance. This is solely an advertisement pursuant to FinSA and its implementing ordinance for financial instruments.

Swiss representative: CACEIS (Switzerland) SA, Route de Signy 35, CH-1260 Nyon. The legal documents as well as the latest annual and semi-annual financial reports, if any, of the investment funds may be obtained free of charge from the Swiss representative.

Swiss paying agent: CACEIS Bank, Paris, succursale de Nyon/Suisse, Route de Signy, 35, CH-1260 Nyon. Place of performance: Route de Signy 35, CH-1260 Nyon. Place of jurisdiction: Route de Signy 35, CH-1260 Nyon.

Specific information for investors in France: the appointed representative and paying agent in France is CACEIS Bank, Luxembourg Branch, sis 1-3, place Valhubert, 75013 Paris, France. The prospectus, the key investor information, the articles of association or as applicable the management rules as well as the annual and semi-annual reports, each in paper form, are made available free of charge at the representative and paying agent in France.

Specific information for investors in Spain: Candriam Sucursal en España has its registered office at C/ Pedro Teixeira, 8, Edif. Iberia Mart I, planta 4, 28020 Madrid and is registered with the Comisión Nacional del Mercado de Valores (CNMV) as an European Economic Area management company with a branch.