

Candriam Absolute Return Equity Market Neutral

Market Overview

The MSCI World ended the month up 1%. This is not a decisive factor for our fund, as our main objective is to work on alpha-creating strategies that are uncorrelated with market movements.

January is traditionally a quiet month, with no major periodic readjustments. In the S&P 400, for example, Pure Storage Inc. entered the index, and Peabody Energy Corp. entered the S&P 600.

As is our usual approach, we took a stand as soon as we considered the risk/return profile attractive.

Portfolio Highlights & Strategy Review

At the end of the month, the investment rate of our index rebalancing pockets was down, while that of relative value was up. Candriam Absolute Return Equity Market Neutral performed negatively over the month.

Performance was positive in our index rebalancing segment this month. Several positions contributed positively to performance. For instance, is our long position in Unicredit Spa, initiated when its weighting fell during the MSCI rebalancing in November.

On our relative value pocket, performance this month was negative. Among the most significant movements in our portfolio, Eli Lilly, a pharmaceutical company, had a very good month. Conversely, On Semiconductor, a semiconductor company, was penalized this month.

Fund Outlook

Over the course of February, we will be looking at the quarterly readjustments to the MSCI indices, which came into effect on 29 February.

The start of the year was once again marked by major geopolitical events and changes in market expectations regarding the expected rate cuts in the United States and Europe.

We remain active in our two pockets.

Drawing on our keen expertise in our field, we remain confident in the ability of our various pockets to generate alpha in the new year.

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