

Candriam Index Arbitrage

Market overview

The MSCI World ended the month up 1%. This environment has very little impact on the Candriam Index Arbitrage fund, as we do not attempt to determine what direction the market will take. We mainly try to understand how shares will be affected by changes in their status on the major indices.

January is traditionally a fairly 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

The investment rate is down this month. Candriam Index Arbitrage turned in a positive performance for the 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.

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

Over the course of February, we will be focusing in particular on the quarterly MSCI index readjustments effective February 29.

Fund outlook

We continue to be active in both index readjustments and relative value strategies. Our outstandings now stand at 500 million euros. As usual, adjusting positions poses no problem, with our highly conservative liquidity policy. Given our expertise in our field, we remain confident in the ability of the arbitrage pocket to generate alpha.

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