

Candriam Absolute Return Equity

Market Neutral

Market Overview

The MSCI World ended the month up 2%. This is not a decisive factor for our fund, since our main focus is on alpha-creating strategies that are uncorrelated with market movements.

June is traditionally a busy month for the quarterly readjustments of the world's main indices. For example, 23 stocks entered and 23 exited the main S&P indices. Of particular note were the additions of KKR & Co Inc and CrowdStrike Holdings Inc into the S&P 500, NEXTracker Inc into the S&P 400 and Dell Technologies Inc into the Russell 1000.

As usual, we took positions as soon as the risk/return profile seemed attractive.

Portfolio Highlights & Strategy Review

At the end of the month, the investment rate of our index rebalancing pockets was up, while that of relative value was stable. Candriam Absolute Return Equity Market Neutral posted a negative performance for the month.

On our index rebalancing pocket, performance was slightly positive over the month. Several positions contributed positively to performance. One example is our long position on Novartis, initiated following the fall in its weighting in many European indices during the May rebalancing.

On our relative value pocket, performance this month was negative. Among the most significant movements in our portfolio, we note the very good month achieved by Fair Isaac Corp, a company marketing on-line software for other companies. Conversely, Albemarle Corp, a company in the chemicals sector, was penalized this month..

Fund Outlook

During July, we will continue to monitor the ongoing readjustments and prepare for the August quarterly readjustment of the MSCI, as well as those of the main global indices in September.

We remain active in our two pockets.

Given our expertise in our field, we remain confident in the ability of our various pockets to generate alpha.

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