

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, as we focus mainly on alpha-creating strategies that are uncorrelated with market movements.

July is traditionally a quiet month, with no major rebalancing. So it's the ongoing readjustments that have caught our attention. In the United States, for example, Avantor Inc entered the S&P 400 index.

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 down, while the relative value one was slightly up. Candriam Absolute Return Equity Market Neutral posted a positive performance for the month.

Our index rebalancing pocket posted a positive performance for the month. Several positions contributed positively to performance. These included our short position on CrowdStrike, initiated following its entry into the S&P 500 during the quarterly rebalancing in June.

On our relative value pocket, this month's performance was positive. Among the most significant movements in our portfolio, Crown Holdings Inc, a packaging and container company, had a very good month. Conversely, Edwards Lifesciences Corp, a company active in the production and supply of medical equipment, was penalized.

Fund Outlook

May and June were punctuated by quarterly readjustments of the major indices, and July saw a few ad hoc readjustments. In August we will be working on the quarterly readjustments of the MSCI indices.

In July, US inflation brought some excellent news, with the monthly Consumer Price Index (CPI) down for the first time since the pandemic. This positive development greatly favoured relative value strategies, after a more delicate June.

Against this backdrop, 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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