

ACTIVITY REPORT 2017

CANDRIAM: A TOP-TIER EUROPEAN ASSET MANAGER

CANDRIAM stands for “Conviction and Responsibility in Asset Management”. Our investment decisions are rooted in solid convictions, and our sense of responsibility to our clients is reflected in everything we do.

CANDRIAM is a European multi-specialist asset manager with a 20-year track record. CANDRIAM manages about EUR 112.6 billion of assets under management as of the end of December 2017 with a team of more than 500 professionals. It operates management offices in Luxembourg, Brussels, Paris, and London, and has client representatives in more than 20 countries throughout continental Europe, the United States and the Middle East. CANDRIAM is also a pioneer and leader in sustainable investments with, since 1996, a broad and innovative range covering all its asset classes.

CANDRIAM provides institutional investors and distributors with investment solutions in five key areas: bonds, equities, absolute return strategies, sustainable investments and asset allocation. Drawing on extensive experience in these five key areas, CANDRIAM has developed a broad range of specialised products, particularly in emerging country equities and debt,

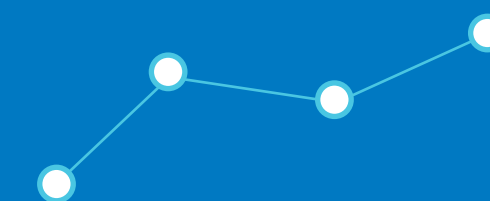
quantitative equity strategies and a number of thematic strategies.

Through strong conviction-driven investment solutions, CANDRIAM has earned a reputation for delivering innovation and strong performance to a client base spanning over 20 countries.

CANDRIAM belongs to the New York Life Group (NYL), one of the largest mutual life insurance companies in the world. NYL is the only life insurance company rated AAA by the world's leading ratings agencies.

New York Life Investments¹ ranks among the top asset managers worldwide.²

For more information, visit www.candriam.com.



A STRONGLY POSITIONED BRAND

In just a few years, Candriam has made its mark in Europe and elsewhere as the brand of choice in asset management. After a highly successful first few years, the brand is currently an undisputed leader in the sector, in which it has also carved itself a reputation in responsible investment in particular. With a 20-year track record, one of the biggest specialist teams in Europe and 30bn of AuM invested using the historical best-in-class methodology (i.e., discounting ESG), Candriam is an enthusiastic beneficiary of the current market dynamic.

The Candriam brand is ranked at the 36th position on the European “Fund Brand 50” (FB 50) ranking established by Fund Buyer Focus³. A good recognition of Candriam brand created in 2014.

This year, Candriam is part of the three top SRI brands and is one of those brands making the most progress in the Fund Buyer Focus Survey.

1. New York Life Investments is an operational name used by New York Life Investment Management Holdings LLC and its subsidiary, New York Life Investment Management LLC. New York Life Investment Management LLC is an indirect subsidiary in its own right of New York Life Insurance.

2. Source: New York Life Investments was ranked the 26th largest asset manager in the world by Pensions & Investments as at 29 May 2017, based on the worldwide total of institutional assets under management at end-2016. The assets of New York Life Investments include advisor assets in affiliated investments.

3. Published for the past six years, Fund Brand 50 is an annual report that ranks the top 50 asset managers in Europe. Fund Buyer Focus spends the entire year reviewing over 1,000 European third-party fund subscribers with assets under management totalling €2,800 billion, i.e. 70% of the market. <https://fundbuyerfocus.com/fb50>

Naïm Abou-Jaoudé

CEO CANDRIAM
Chairman NYLIM International

“ CEO'S MESSAGE

In 2017, Candriam successfully continued along **the growth path** embarked upon 4 years ago, when it joined the New York Life Group. The key of this growth relies on nourishing existing and continuing to build **long-term trusted client partnerships**, in Europe and beyond.

Our assets under management increased by **+10.5% in 2017**, or close to **70% over the past 4 years**. At the end of December 2017, Candriam manages about EUR 113 bn of asset under management. This growth has been well diversified, in terms of products as well as geography, which demonstrates our ability to offer value-added solutions across all asset classes and every client type, whether in Europe, Asia or the Americas.

This success is driven by a multitude of reasons, at the head of which are the trust our clients place in us as well as the commitment of the entire Candriam team to always putting the client first.

Let me highlight two key events that provide an excellent illustration of what Candriam stands for and of our **client-centric and responsible growth strategy**.

First and foremost, the acquisition of **40% of Tristan Capital Partners**, one of Europe's leaders in real estate investment. This strategic partnership enables Candriam to add real estate – a major asset class that continues to attract high demand from institutional investors – to its multi-specialist product portfolio. On top of the innovation that we were able to demonstrate in 2017 – launch of new strategies on Robotics, Long/Short Digital, Global High Yield SRI or Total Return Defensive – we are continuing to **expand our array of competences in a manner that is consistent as well as compatible with the expectations of our clients**.

Second, our 20-year track record is based on a long-term responsible approach, towards our clients, all of our internal and external stakeholders as well as the society as a whole. The Conviction and Responsibility values that are embedded in the name “Candriam”⁴ are rooted in our DNA.

We endeavour to **affirm even more strongly Candriam's commitment in terms of responsibility**, not only as an investor but also as a company. As a pioneer in SRI and economic agent, we want to be an active promoter of a more responsible finance. We want to raise investors' SRI/ESG awareness and accompany their transition towards more sustainable investment. The “Candriam Academy”⁵, our on-line training platform, serves this purpose to improve the awareness and training of investors around the world.

You can rest assured that we shall be doing everything possible to continue strengthening these foundations. Thanks to our in-house competences and the synergies with our parent company New York Life, we are able to provide a truly global offer backed by local presence. This client-centricity will always remain at the heart of Candriam's responsible vision.

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4. Candriam is formed from the contraction of “Conviction and Responsibility In Asset Management”.

5. <https://academy.candriam.com/>

SOLID EARNINGS

End-2017, Candriam recorded assets under management of **€112.6bn**, an increase of 10.5% or €10.7bn compared to December 2016 (€101.9bn) and 69% or €46.1bn compared to January 2014 (€66.5bn).

In 2017, inflows amounted to **€7.2bn** thanks to the inflows of funds & institutional mandates. Nearly 34% of inflows were concentrated in flagship strategies. Equities strategies enjoyed the most success, with €4.5bn in new money (out of which €2.3bn from Institutional Mandates). Followed by Bonds strategies with almost €3bn in new money (out of which €2bn from funds).

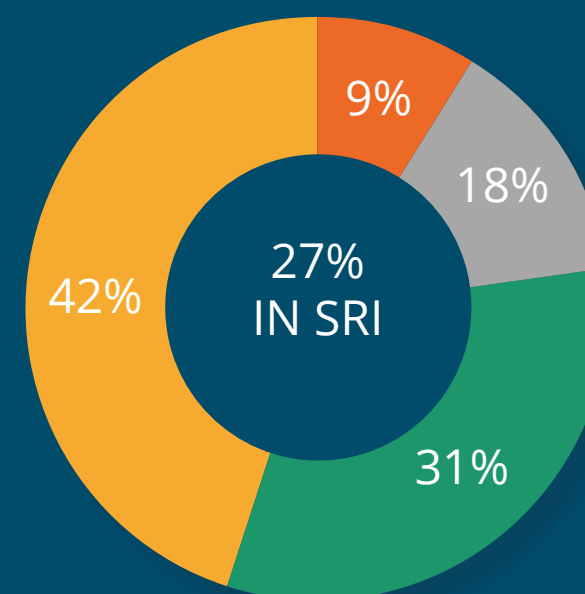
Financial results

Candriam posted consolidated net income of **€35.5m** in fiscal year 2017, up by 52% (+€12.2) compared to 2016.

Gross operating income climbed by 47%, (+ €15m), to reach €46.6m. Net revenue came out at €220.2m (+28.2m, i.e. +15% vs. 2016), and operating expenses amounted to €175.8m, up by €14m (+9%) compared to 2016.

BREAKDOWN OF AUM BY ASSET CLASS

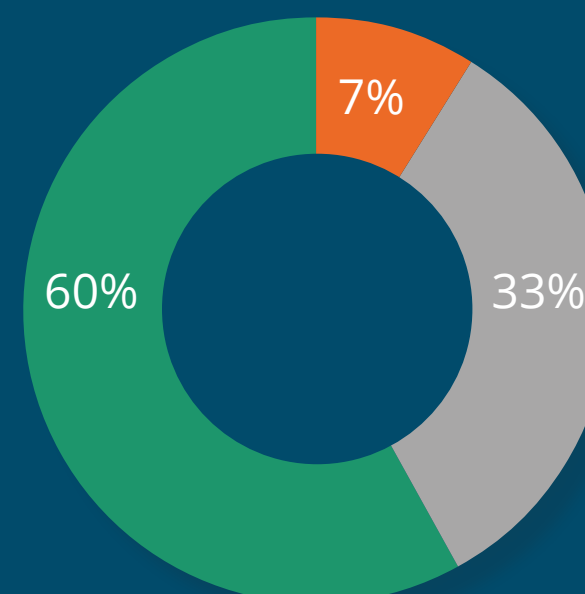
Candriam
AUM by asset class (as of 31/12/2017)



- Asset allocation
- Absolute performance strategies
- Equity
- Fixed Income and Money Market

BREAKDOWN OF AUM BY CLIENT SEGMENT

Candriam
AUM by client type (as of 31/12/2017)



- Institutional investors
- High Net Worth Investors
- Financial distributors

SUCCESSFUL, DIVERSIFIED AND STABLE TEAMS

Asset management is a people's business, and Candriam top management team strongly believes people management is the no.1 condition to achieve its goals. Candriam relies on experienced teams made up of 530 professionals (at 31 December 2017), including 268 portfolio managers and researchers, investment operations and risk managers and 262 business support employees.

41 Average age



9 Average seniority



14 Average seniority of senior management

32
NATIONALITIES



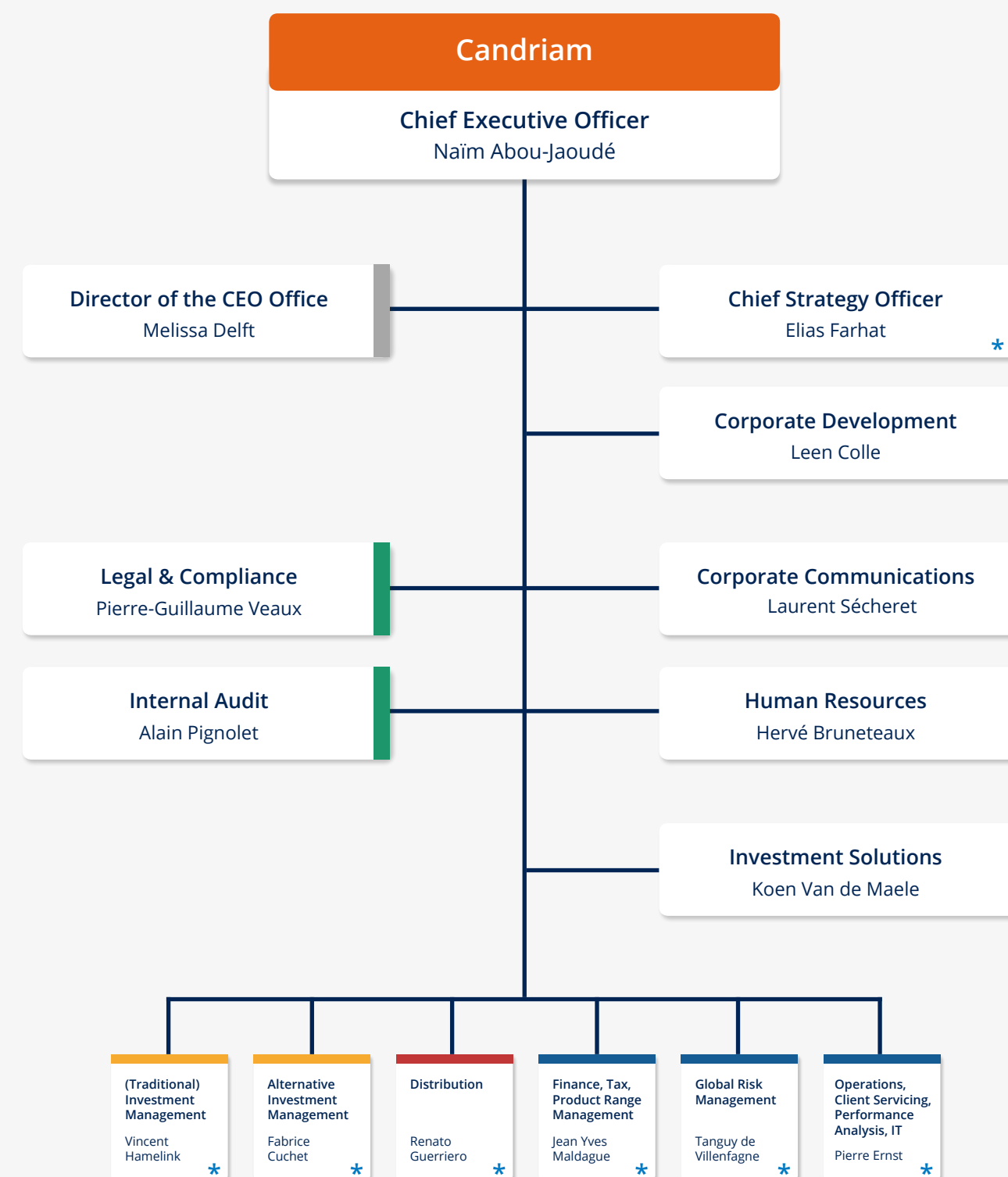
175
WOMEN



355
MEN



7,77%
TURNOVER



* = Member of the Group Strategic Committee

COMPOSITION OF THE DECISION-MAKING BODIES OF CANDRIAM AS OF DECEMBER 31, 2017

Candriam

Group Strategic Committee	Executive Committee
Mr. Naïm Abou-Jaoudé, Chairman, C.E.O. Mr. Fabrice Cuchet, Member, C.I.O. Alternative Investments Mr. Tanguy de Villenfagne, Member, Chief Risk Officer Mr. Pierre Ernst, Member, Chief Operating Officer Mr. Elias Farhat, Member, Chief Strategy Officer Mr. Renato Guerriero, Member, Global Head of Distribution Mr. Vincent Hamelink, Member, C.I.O. Traditional Investments Mr. Jean-Yves Maldague, Member, C.F.O.	Mr. Naïm Abou-Jaoudé, Chairman Mr. Fabrice Cuchet, Member Mr. Tanguy de Villenfagne, Member Mr. Pierre Ernst, Member Mr. Elias Farhat, Member Mr. Renato Guerriero, Member Mr. Vincent Hamelink, Member Mr. Jean-Yves Maldague, Member Ms. Danièle Barthélemy, Member Mr. Hervé Bruneteaux, Member Ms. Helena Colle, Member Mr. Nicolas Forest, Member Mr. Koen Maes, Member Mr. Laurent Sécheret, Member Mr. Emmanuel Terraz, Member Mr. Koen Van De Maele, Member Mr. Pierre-Guillaume Veaux, Member

Candriam Luxembourg, a limited stock partnership

Board of Directors	Board of Management
Ms. Yie-Hsin Hung, Chairman Mr. Naïm Abou-Jaoudé, Director Mr. Jean-Yves Maldague, Managing Director Mr. John M. Grady, Director Mr. John T. Fleurant, Director Mr. Anthony Malloy, Director	Mr. Jean-Yves Maldague, Chairman Mr. Naïm Abou-Jaoudé, Member Mr. Michel Ory, Member Mr. Alain Péters, Member
	Audit and Compliance Committee
	Ms. Yie-Hsin Hung, Chairman Mr. John M. Grady, Member Mr. John T. Fleurant, Member
	Remuneration Committee
	Ms. Yie-Hsin Hung, Chairman Mr. Anthony Malloy, Member Mr. John M. Grady, Member

Candriam Belgium, a public limited company

Board of Directors	Board of Management
Ms. Yie-Hsin Hung, Chairman Mr. Naïm Abou-Jaoudé, Director Mr. John M. Grady, Director Mr. John T. Fleurant, Director Mr. Anthony Malloy, Director Mr. David Bedard, Director Mr. Jeffrey Phlegar, Director Mr. Tanguy de Villenfagne, Director Mr. Vincent Hamelink, Director Ms. Myriam Vanneste, Director Mr. Daniel Gillet, independent Director	Mr. Tanguy de Villenfagne, Chairman Mr. Vincent Hamelink, Member Ms. Myriam Vanneste, Member
	Audit and Compliance Committee
	Mr. Daniel Gillet, Independent Member Ms. Yie-Hsin Hung, Member Mr. John M. Grady, Member Mr. John T. Fleurant, Member Mr. Anthony Malloy, Member
	Remuneration Committee
	Ms. Yie-Hsin Hung, Chairman Mr. Anthony Malloy, Member Mr. John M. Grady, Member

Candriam France, a simplified joint stock company

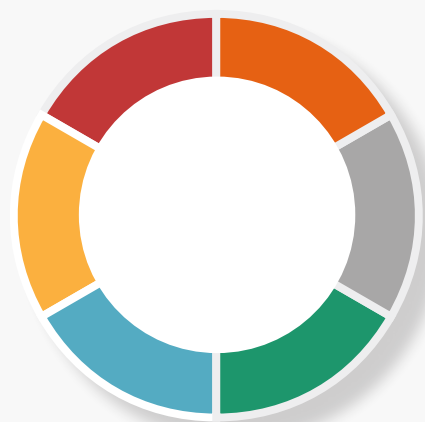
Strategic Committee	Effective Management
Ms. Yie-Hsin Hung, Chairman Mr. Naïm Abou-Jaoudé, Member Mr. John M. Grady, Member Mr. John T. Fleurant, Member Mr. Anthony Malloy, Member Mr. Jean-Yves Maldague, Member Mr. Pierre Ernst, by permanent invitation Mr. Fabrice Cuchet, by permanent invitation Mr. Hervé Bruneteaux, by permanent invitation Mr. Philippe Noyard, by permanent invitation Mr. Emmanuel Terraz, by permanent invitation	Mr. Pierre Ernst, Chairman Mr. Fabrice Cuchet, General Manager Mr. Hervé Bruneteaux, Deputy General Manager Mr. Philippe Noyard, Deputy General Manager Mr. Emmanuel Terraz, Deputy General Manager
	Remuneration Committee
	Ms. Yie-Hsin Hung, Chairman Mr. Anthony Malloy, Member Mr. John M. Grady, Member

Candriam Switzerland, a cooperative company

Mr. Jean-Yves Maldague, Manager - Chairman Mr. Michel Ory, Manager	Mr. Bernard de Halleux, Executive Officer Mr. Stefan Paulus, Executive Officer
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SOLUTIONS DESIGNED TO MEET OUR CLIENTS' NEEDS

Candriam offers a wide range of investment solutions tailored to meet our clients' needs.



Absolute return strategies

- Range of diversified, liquid products
- Compliance with UCITS & AIFM regulations

Asset Allocation

- Perfected asset allocation strategies
- Bespoke optimisation solutions in response to ALM, Basel III and Solvency II requirements
- Yield strategies

Equities

- Fundamental strategies: European/emerging equities and global investment themes
- Quantitative strategies - Equities World
- Index fund range

Socially Responsible Investment (SRI)

- Pioneer since 1996
- 27% of AuM invested in SRI
- Global coverage in all asset classes

Bonds

- Sovereign bonds and international money market instruments
- Wide range of Investment Grade credit issuers
- Trailblazer in High Yield bonds (European, US, international)
- Cutting-edge expertise in emerging market bonds

ETFs

- ESG screening
- Smart Beta expertise

In 2017, innovation has continued to play a major role in Candriam's investment philosophy, offering new opportunities for investors throughout the world. For example, a newly launched Robotics and Innovative Technology strategy invests in companies which develop innovative products which positively impact the future. Also, a Long Short Equity Strategy launched in April has been designed to invest in companies benefiting from the digital evolution of the economy by tapping the growth potential of innovative companies and shorting disrupted companies.

Moreover, to complement our current broad offering in asset allocation, equity and bond strategies as well as sustainable and responsible investment and absolute return solutions, Candriam also launched in 2017 a brand new range of specialized ETF strategies. The 5 new ETF strategies combine Candriam's ESG Screening and Smart Beta expertise.

Excellent fund performances

2017 was another great year for Candriam fund performances: **82%** of Candriam's traditional investment funds were given **3, 4 or 5 stars** by **Morningstar** at end-2017 (29.2% of these were 4- or 5-star funds), representing a considerable improvement compared to December 2013 (78.8%) and significantly outperforming the market average (67.5% over the same period).

Awards



In 2017, Candriam solutions earned **38 awards** in several asset classes and countries, this is **7 more** than in 2016.

In 2017, our CEO Naïm Abou-Jaoudé was named **Best CEO in Sustainable Investment Industry** by European CEO Magazine.

CANDRIAM: A RESPONSIBLE COMPANY (SRI/ESG)

Having launched its first SRI fund in 1996, Candriam is a **pioneer and leader in the Socially Responsible Investment (SRI) market**.

One of our key principle is to offer clients a broad range of SRI solutions, while increasingly including ESG (Environmental, Social, Governance) criteria in other investment processes. At end-2017, assets meeting SRI criteria totalled €30.4bn, i.e. approximately **27% of Candriam's assets under management**. Candriam also continued expanding its range – the largest in all of Europe – by adding a new SRI emerging markets bonds strategy.

Candriam is highly active in promoting Socially Responsible Investment in the industry. The company is an original signatory of the **United Nations Principles for Responsible Investment** and has disclosed the carbon footprint of its sustainable development funds since 2015. In 2017 signed, among others, the Climate Action 100+ initiative aimed at improving governance on climate change, curbing emissions and strengthening climate-related financial disclosures.

Several studies show that there is still progress to be made in terms of increasing awareness of Socially Responsible Investment, Candriam also launched the "**Candriam Academy**", an online content and training platform for European financial advisors which counts more than 500 academy members and more than 1500 accredited training hours.

In line with our responsibility commitments, Candriam also launched **the Institute for Sustainable Development**, contributing tangibly to the development of a more responsible world. The practical steps include the Institute lending its support to **social inclusion** projects by associations that endorse, and focus their efforts on, sustainable development. Further along, the Candriam Institute stimulates **research and education on sustainable development** and SRI by working closely with universities and other major educational establishments. In doing so, the Institute strives to assume its share of our global responsibility towards future generations.

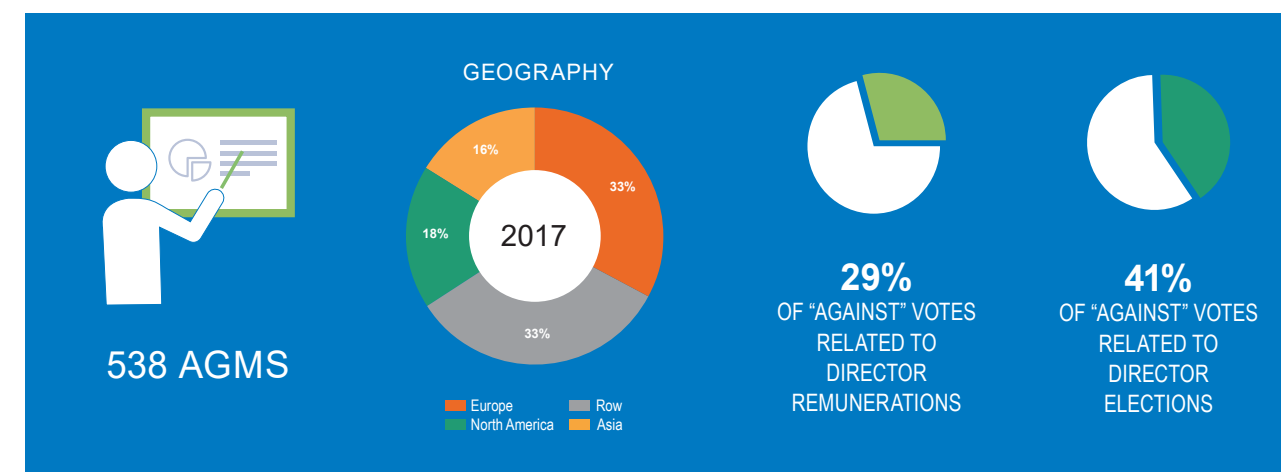
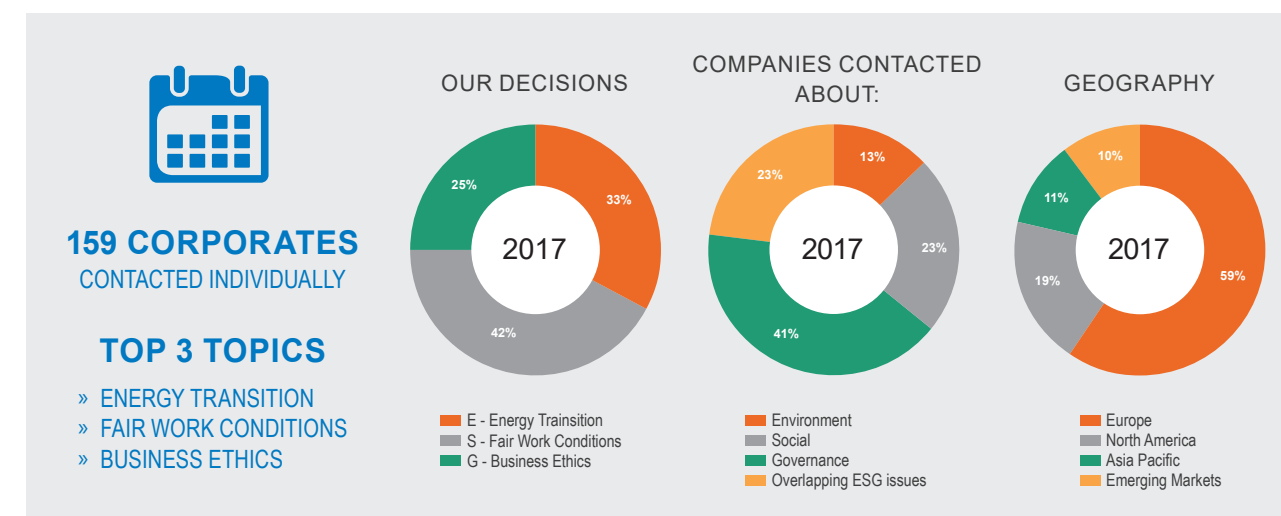
Candriam also supports initiatives at national and international level for promoting sustainable development. In addition to our in-house research papers that we make publicly available on Candriam's SRI website, **external SRI research** is also actively sponsored through, for instance, the "Chaire de recherche Finance Durable et Investissement Responsable", initially set up by the AFG (Association Française de la Gestion financière).

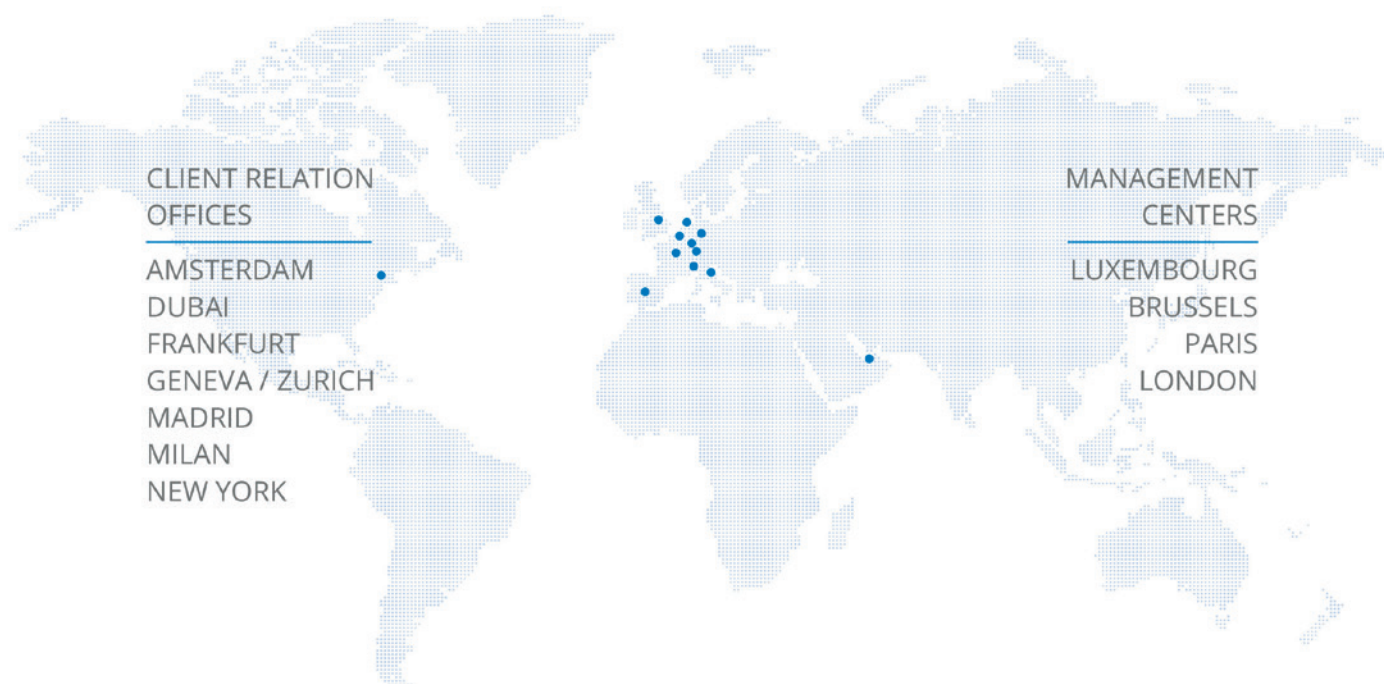
Candriam actively takes part in **SRI and ESG workshops** and consultations at national and European levels, on its own behalf or on behalf of the organization to which Candriam belongs. In 2017, Candriam participated, among others, to the AMF consultation on green finance, the TCFD report consultation, the Finance for Tomorrow consultation on FR art 173 and 2 OECD private roundtables.

Being part of the three top SRI brands in the Fund Buyer Focus Survey, Candriam has a **strong engagement policy**: in 2017, we initiated a dialogue with 159 different companies (vs. 96 in 2016). In terms of proxy-voting, we participated in 538 Shareholders' Meetings, and voted on 7193 resolutions (vs. 6993 in 2016).

Corporate Social Responsibility ("CSR")

Candriam has a special CSR steering committee that meets regularly during the year to talk about and follow up the CSR action plan. The various initiatives implemented by Candriam to fulfil its mission as a responsible company are outlined in an annual report on sustainable development. This report, which emphasises the principal developments in CSR-related matters, can be viewed on our [website](#) under "[Publications](#)".





ABOUT NEW YORK LIFE INVESTMENTS

New York Life Insurance Company, a Fortune 100 company founded in 1845, is one of the largest life insurers in the world⁽¹⁾. Known for its financial strength and integrity, the New York Life's family of companies offers life insurance, retirement income, investments and long-term care insurance.

New York Life Investments, a wholly owned subsidiary of New York Life Insurance Company, is a leading investment management firm ranked among the world's largest asset managers⁽²⁾. Through its multiple-boutique investment structure, it offers access to an array of fixed income, equities and alternative products for institutional and retail clients.

EQUITIES | BONDS | SRI | ABSOLUTE RETURN | ASSET ALLOCATION



www.candriam.com

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(1) Based on revenue as reported by "Fortune 500 ranked within Industries, Insurance: Life, Health (Mutual)", Fortune, 7 June 2017. See http://money.cnn.com/magazines/fortune/fortune500/2013/faq/?iid=F500_sp_method%20for%20methodology.

(2) Source: New York Life Investments ranked 26th among the world's largest money managers within Pensions & Investments, May 29, 2017. Rankings are based on total worldwide institutional assets under management for the year-end 2016. New York Life Investments assets include assets of affiliated investment advisors. "New York Life Investments" is a service mark used by New York Life Investment Management Holdings LLC and its subsidiary, New York Life Investment Management LLC.

