

# Candriam Sustainable Equity Future Mobility

## Market Overview

In January, global markets continued the rally which started at the end of October. 2023 topics (AI and GLP1) are still driving the sentiment and the stocks related to these themes posted impressive returns during the month. Rates were fluctuating and waiting for a direction that should be given by the Fed in early February. The market is pricing both a re-acceleration in the economy as well as 6 rate cuts by the end of 2024.

Sector wise IT, Communications services, Financials were the outperformers, whilst Materials, Real Estate and Utilities lagged. Hence, long duration outperformed defensives.

The strategy significantly underperformed vs the benchmark due to a slowdown in the EV market. Palo Alto, ServiceNow, TSMC and Toyota were the top performers. On the downside, the main detractors were On Semi, Aptiv, Zebra and Tesla.

## Portfolio Highlights & Strategy Review

In January, we did not change meaningfully our allocation. We sold more Aptiv before the publication of earnings and reinvested the proceed in TE Connectivity, which, offers more cushion in case of a slowdown in the automobile market. We also keep our level of cash around 6 % as the fund is still growth oriented and we remain prudent on the rates trajectory.

## Fund Outlook

Technological innovation on batteries, further regulation to limit carbon emission and incentives to accelerate the shift to sustainable mobility and changing consumer behaviour are positive drivers for the performance of the strategy.

In the US, the Biden administration has introduced a 50% electric vehicle (EV) target by 2030 whereas Europe is emerging as the global leader for EV penetration. As such, rising demand for cleaner, safer, and smarter solutions such as semiconductors and components for EVs, bikes, 5G are just few examples of the trends we are investing in.

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