

Candriam Equities L Oncology Impact

Market Overview

The health care sector started the year well, outperforming broad equity markets which were pushed higher also by continued strength in the technology sector.

Within health care, the major pharma and biotechnology companies were top performers, though with wide dispersions between individual companies, whilst smaller caps in general and surely within biotechnology saw some profit taking after the strong advances made in December. Life Sciences companies continue to bottom out with some positive remarks on order intake from a couple of those companies during their earnings calls.

Portfolio Highlights

We concluded 2023 with ADCs prominently shaping the landscape in oncology. Biopharma licensing partnerships reached a total value of \$63 billion in the fourth quarter alone, with a significant portion—\$22 billion—stemming from a single deal: Merck & Co.'s partnership with Daiichi Sankyo. Against the backdrop of the JPM 2024 Healthcare Meeting, we observed a surge in early-stage deals in this domain, with major pharmaceutical companies engaging with smaller counterparts. Merck has been actively participating in such ventures once again. On the negative side, Gilead's setback with Trodelvy (Trop2 ADC) for the treatment of previously treated metastatic non-small cell lung cancer was announced.

In the past month, our attention also turned to Menin inhibitors for the treatment of hematological cancers, gaining traction with Syndax's success at ASH 2023. This month, Kura's menin inhibitor has demonstrated promising efficacy and safety in newly diagnosed patients with specific mutations in an early clinical trial in leukemia, when used in conjunction with a standard-of-care combination regimen.

As we consistently stress, diagnostics are pivotal in the fight against cancer. The past month marked significant progress in liquid biopsy technology, detecting cancer in the blood. At the Annual American Society of Clinical Oncology for Gastrointestinal Cancers, Natera demonstrated high accuracy in discerning patients with active colorectal tumors post-surgical resection, known as minimal residual disease (MRD). The presentation suggested that only MRD-positive patients would benefit from post-surgery chemotherapy. While this early data needs confirmation, it's a positive sign. This month, American guidelines for colorectal cancer management acknowledged liquid biopsy's potential for MRD detection, paving the way for possible inclusion in clinical practice with additional evidence.

Earnings season has commenced with generally positive results, with slight variations among players

Fund Outlook

The ongoing expectations of a global economic slowdown continues to support the outlook for interest rate cuts by the Federal Reserve – though the market seems overly optimistic as to amplitude and timing of those cuts. On top of this, US elections might bring extra volatility to markets.

Within this context, our optimism regarding the Oncology strategy persists. The healthcare sector has exhibited some outperformance compared to the broader markets in recent months, and companies have consistently reported positive earnings this season. Notably in oncology, the ongoing approval of new drugs in 2023 (18 compared to 15 the previous year) and the vibrant landscape of strategic transactions, including licensing, collaborations, and M&A, further bolster our confidence in the sector's potential.

This marketing communication is provided for information purposes only, it does not constitute an offer to buy or sell financial instruments, nor does it represent an investment recommendation or confirm any kind of transaction, except where expressly agreed. Although Candriam selects carefully the data and sources within this document, errors or omissions cannot be excluded a priori. Candriam cannot be held liable for any direct or indirect losses as a result of the use of this document. The intellectual property rights of Candriam must be respected at all times, contents of this document may not be reproduced without prior written approval.

Warning: Past performance of a given financial instrument or index or an investment service or strategy, or simulations of past performance, or forecasts of future performance does not predict future returns. Gross performances may be impacted by commissions, fees and other expenses. Performances expressed in a currency other than that of the investor's country of residence are subject to exchange rate fluctuations, with a negative or positive impact on gains. If the present document refers to a specific tax treatment, such information depends on the individual situation of each investor and may change.

In respect to money market funds, please be aware that an investment in a fund is different from an investment in deposits and that the investment's principal is capable of fluctuation. The fund does not rely on external support for guaranteeing its liquidity or stabilizing its NAV per unit or share. The risk of loss of the principal is borne by the investor.

Candriam consistently recommends investors to consult via our website www.candriam.com the key information document, prospectus, and all other relevant information prior to investing in one of our funds, including the net asset value ("NAV") of the funds. Investor rights and complaints procedure, are accessible on Candriam's dedicated regulatory webpages <https://www.candriam.com/en/professional/legal-and-disclaimer-candriam/regulatory-information/>. This information is available either in English or in local languages for each country where the fund's marketing is approved. According to the applicable laws and regulations, Candriam may decide to terminate the arrangements made for the marketing of a relevant fund at any time.

Information on sustainability-related aspects: the information on sustainability-related aspects contained in this communication are available on Candriam webpage <https://www.candriam.com/en/professional/market-insights/sfdr/>. The decision to invest in the promoted product should take into account all the characteristics or objectives of the promoted product as described in its prospectus, or in the information documents which are to be disclosed to investors in accordance with the applicable law.

Notice to investors in Switzerland: The information provided herein does not constitute an offer of financial instruments in Switzerland pursuant to the Swiss Financial Services Act ("FinSA") and its implementing ordinance. This is solely an advertisement pursuant to FinSA and its implementing ordinance for financial instruments.

Swiss representative: CACEIS (Switzerland) SA, Route de Signy 35, CH-1260 Nyon. The legal documents as well as the latest annual and semi-annual financial reports, if any, of the investment funds may be obtained free of charge from the Swiss representative.

Swiss paying agent: CACEIS Bank, Paris, succursale de Nyon/Suisse, Route de Signy, 35, CH-1260 Nyon. Place of performance: Route de Signy 35, CH-1260 Nyon. Place of jurisdiction: Route de Signy 35, CH-1260 Nyon.

Specific information for investors in France: the appointed representative and paying agent in France is CACEIS Bank, Luxembourg Branch, sis 1-3, place Valhubert, 75013 Paris, France. The prospectus, the key investor information, the articles of association or as applicable the management rules as well as the annual and semi-annual reports, each in paper form, are made available free of charge at the representative and paying agent in France.

Specific information for investors in Spain: Candriam Sucursal en España has its registered office at C/ Pedro Teixeira, 8, Edif. Iberia Mart I, planta 4, 28020 Madrid and is registered with the Comisión Nacional del Mercado de Valores (CNMV) as an European Economic Area management company with a branch. CNMV: 233