



## INTERVIEW

**Vincent Hamelink**  
Chief Investment Officer

# Our overall investment approach is based on long-term quality and robustness

A range of factors made 2018 a challenging year, particularly in the second half. These factors are driven by a slowing global economy, concerns about monetary policy, escalating geopolitical tensions from the trade war between the US and China to Brexit and the notable repricing of equities and bonds in emerging markets. Worldwide, most asset classes finished the year in negative territory. Given this context, Candriam's investment teams remained focused on generating the best possible long-term, risk-adjusted returns for clients and that strategy has proved its worth. Our absolute performance, emerging markets debt, high yield and European equities all performed particularly well in relative terms. By the end of the year, the proportion of our funds with 3, 4 or 5 stars from Morningstar had increased to more than 85%, a significantly higher percentage than the market average of 67.5%.

## What were the ingredients of that resilience?

Our overall investment approach is driven by high-quality proprietary research and a robust investment and portfolio construction process based on rigorous risk frameworks. It is an approach designed to deliver sustainable long term returns. Our stable investment teams, whose average tenure with Candriam is 16 years, provide consistency in the investment process. This allows us to put in place long-lasting analysis and to continuously upgrade and fine-tune our products.

A very good example of that is our expertise in High Yield, which has not had a single default since it was launched in 1999 and has increased over time, winning no fewer than nine awards in 2018! Another good example is our ESG investing expertise, which we have consistently developed since 1996 – gradually building a team of 20 experts, developing a wide range of solutions and proprietary analysis, and gathering more than €35bn of assets overall. ESG is fashionable today, but 20 years ago nobody wanted to hear about it! We are now reaping the benefits of what we have sown over several decades. And it's the same for our expertise in Thematic Equities, Emerging Markets and Absolute Performance management.

## Do you think this trend for ESG-led investment will continue?

It will not only continue, it will accelerate! Regulation is imposing ever-increasing monitoring and transparency constraints regarding non-financial criteria on all economic agents, particularly institutional investors and corporates. In this respect, the threat we face today from global warming is acting as an accelerator, as it demands a very urgent (and welcome) response.

What's more, it is becoming a huge investment opportunity! The cost of combating climate change is decreasing, the benefits of that combat have become more obvious, and greater numbers of consumers are taking action at an individual level. As a result, climate change is already affecting consumption patterns, corporate profitability and corporate behaviour. The energy transition, eco-mobility, sustainable buildings, clean water and water efficiency, digital education, the circular economy, waste management, wellness, longevity, upcycling, and the sharing economy are all amazing opportunities for investors.

So yes, ESG investment will continue to grow, and we hope to accompany an increasing number of existing clients and prospects to benefit from that growth.



## How does this impact product innovation?

There is a lot of demand for new investment ideas that make a tangible impact in ESG terms, and in response, institutional investors are stepping up the pace. We have further developed our leadership and expertise in responsible investment in many areas, extending our exclusion policy and developing tailor-made solutions – like the open-ended fund that is free of all fossil fuels and was developed for Belgian universities.

## Lastly, Candriam carried out a number of external growth operations in 2018. How did they impact your investment teams?

We made several additions, with the integration of the ABN AMRO Investment Solutions' teams in Equities, Fixed Income and Convertible Bonds, the incorporation of new Risk Arbitrage expertise, and the acquisition of an equity stake in Tristan Capital Partners. Together, they have given us the opportunity to fine-tune our organisational structure and to better align it with the current and future needs of our clients. We are very excited about these changes, which have already started to deliver value for our clients.



Finance has a role to play  
in shaping a more sustainable  
future for us all.

ESG strategies and mandates:  
**31% of €115bn AUM**

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