

Qblue Global Sustainable Leaders Fund

Q1 2024 Commentary

Portfolio Management



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Investment Objective

The investment objective of the Fund is to provide long-term capital growth, investing globally in companies that the Fund's Sub-Investment Manager believes contribute positively to social and environmental factors.

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Opinions expressed whether in general or in both on the performance of individual investments and in a wider economic context represent the views of the contributor at the time of preparation.

The **Qblue Global Sustainable Leaders Fund** (the "Fund") is a sub-fund of Heptagon Fund ICAV which is an open-ended umbrella type investment vehicle authorised pursuant to UCITS regulations. Heptagon Capital Limited ("Heptagon") is the Investment Manager and Qblue Balanced A/S ("Qblue") is the Sub-Investment Manager, meaning that Qblue exercises discretionary investment authority over the Fund. The Fund was launched on 12th January 2022 and had an AUM of \$603M as of 31st of March 2024. During Q1 2024, the Fund (C share class) returned 7.69% compared to 8.80% for the benchmark, the MSCI World Index.

Entering 2024, financial markets expected the Federal Reserve (FED) to begin cutting interest rates by March, with several further cuts to follow throughout the year. However, the markets proved to be too optimistic. By the end of March, the FED had maintained its 5.25%-5.50% target range with the first rate cut now anticipated in June and a 50% probability of two additional cuts in the latter half of the year.

The uncertainty about when the FED will start cutting interest rates fuelled a continuation of last year's key theme, where the mega cap stocks, including the Magnificent 7, outperformed their small cap counterparts. This was supported by very strong earnings out of the preeminent AI leader, Nvidia. As in 2023, this was a headwind for all sustainable funds including QGSL.

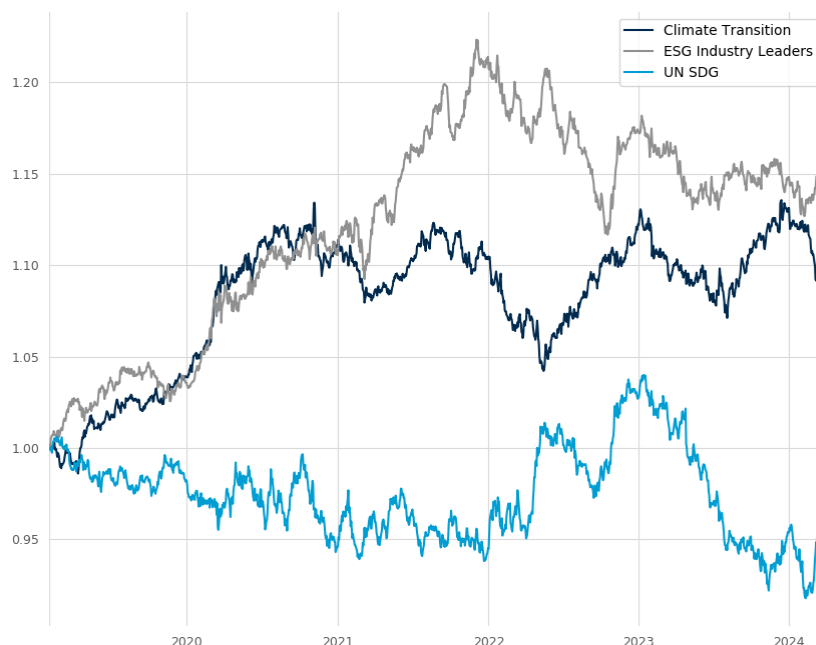
In Q1 2024, ten of the eleven GICS sectors in MSCI World NTR (USD) were up, the strongest performers were in Information Technology and Financials, whilst Real Estate and Utilities saw the weakest growth. The QGSL fund outperformed the benchmark in three out of eleven GICS sectors, with Information Technology and Consumer Discretionary being the strongest, whereas Communication Services and Financials were the weakest. Regionally, Europe outperformed the benchmark, while both North America and Asia underperformed.

In Q1 2024, all three dimensions of the Sustainability Cube™ ended lower, but the combination of the three dimensions fared much better. This confirms our belief in a multi-dimensional approach to sustainability (Figure 1). The Climate

Past performance is no guide to future performance, and the value of investments and income from them can fall as well as rise

Transition dimension, the strongest dimension last year, has suffered from severe underperformance year to date. This underperformance has been driven by both Actual (companies with low current carbon footprint) and Sentiment (companies perceived to be climate transition leaders) sub-dimensions, while Progress (companies positioned well for a more carbon neutral world) outperformed (Figure 2).

Excess Return in USD of Sustainability Cube™ Dimension Portfolios (01/01/2019 - 29/03/2024)

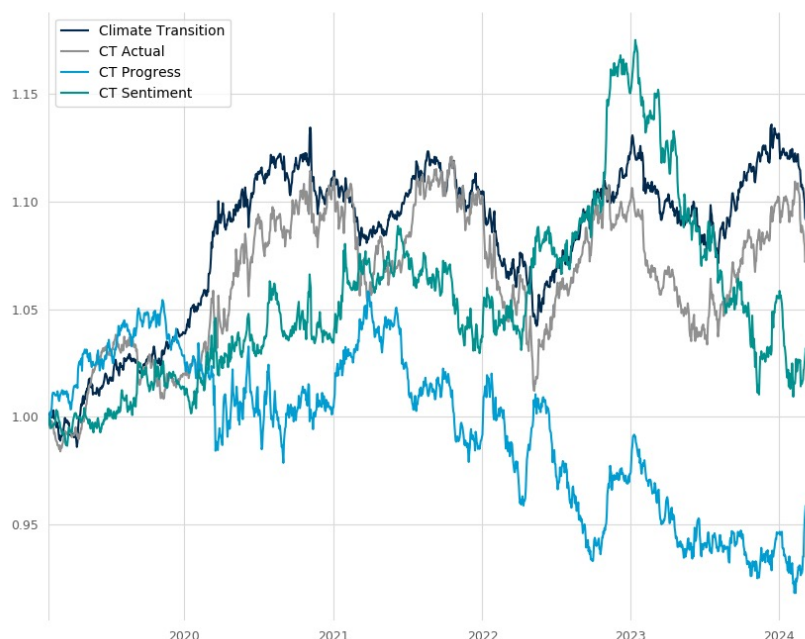


Source: Qblue Balanced A/S

** Excess Returns over MSCI World (in USD gross of fees)

Methodology: QGSL Portfolio Construction with same parameters as the live portfolio but using individual dimensions as the sustainability factor. Portfolios are rebalanced monthly.

Excess Return of Transition Dimension Portfolios (01/01/2019 - 29/03/2024)



Source: Qblue Balanced A/S

** Excess Returns over MSCI World (in USD gross of fees)

Methodology: QGSL Portfolio Construction with same parameters as the live portfolio but using individual dimensions as the sustainability factor. Portfolios are rebalanced monthly.

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Stock Attribution

Top 3 Stocks	Average weight in Portfolio %	Portfolio's Stock Return %	Portfolio's Stock Contribution %
NVIDIA Corporation	5.44	82.25	+3.54
IBM	5.16	17.71	+0.90
Applied Materials, Inc.	2.04	28.56	+0.64

Bottom 3 Stocks	Average weight in Portfolio %	Portfolio's Stock Return %	Portfolio's Stock Contribution %
Intel Corporation	4.83	-12.64	-0.70
Adobe Inc.	2.89	-15.45	-0.47
Humana Inc.	1.21	-23.46	-0.38

Source: Heptagon Capital, FactSet Research Systems

Sector Attribution

GICS Sector	Portfolio Avg Wgt (%)	Benchmark Avg Wgt (%)	Portfolio Sector Cont (%)	Benchmark Sector Cont (%)	Portfolio's Attribution Effect		
					GICS Sector Allocation (%)	Selection + Interaction (%)	Total Effect (%)
Communication Services	4.97	7.42	-0.37	0.96	-0.07	-1.07	-1.14
Consumer Discretionary	9.02	10.74	1.21	0.72	0.04	0.64	0.69
Consumer Staples	4.87	6.69	0.10	0.22	0.10	-0.06	0.04
Energy	2.24	4.34	-0.04	0.40	-0.01	-0.25	-0.26
Financials	15.67	15.11	1.00	1.56	0.01	-0.61	-0.60
Health Care	11.66	12.22	0.49	0.93	-0.00	-0.38	-0.38
Industrials	12.07	11.05	0.98	1.05	0.02	-0.22	-0.20
Information Technology	30.96	23.77	5.04	2.96	0.23	1.26	1.49
Materials	3.67	3.87	0.08	0.10	-0.03	0.04	0.00
Real Estate	2.21	2.33	-0.12	-0.03	0.01	-0.09	-0.09
Utilities	2.45	2.45	-0.23	0.01	-0.00	-0.25	-0.25
Cash	0.20	0.00	0.00	0.00	-0.02	0.00	-0.02

Source: Heptagon Capital, FactSet Research Systems

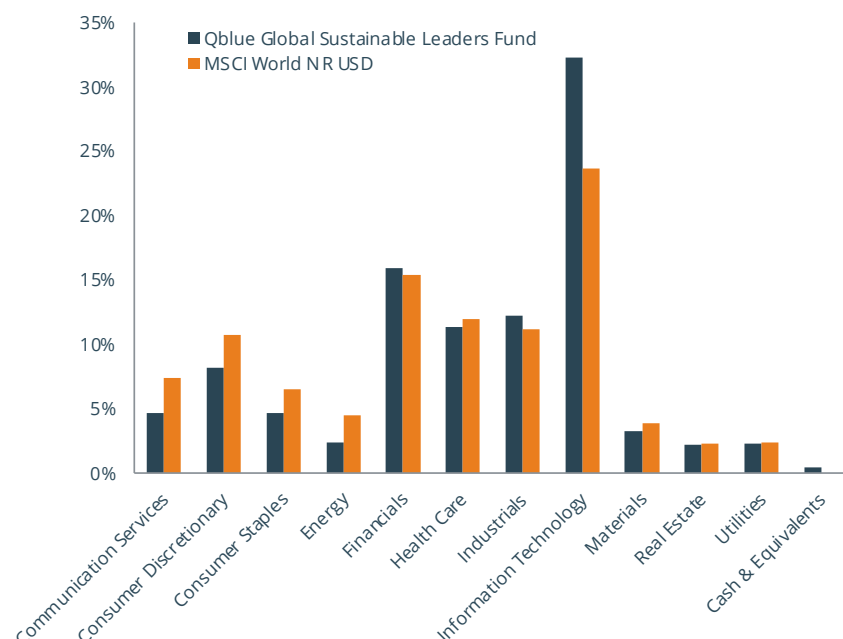
Region Attribution

Region	Portfolio Avg Wgt (%)	Benchmark Avg Wgt (%)	Portfolio Region Cont (%)	Benchmark Region Cont (%)	Portfolio's Attribution Effect		
					Region Allocation (%)	Selection + Interaction (%)	Total Effect (%)
Americas	73.43	73.94	6.57	7.43	-0.01	-0.81	-0.81
Asia/Pacific	8.31	8.95	0.27	0.60	0.02	-0.27	-0.26
Europe	18.06	16.99	1.31	0.84	-0.05	0.42	0.37
Cash	0.20	0.00	0.01	0.00	-0.02	0.00	-0.02

Source: Heptagon Capital, FactSet Research Systems

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Portfolio Sector Weights



Source: Heptagon Capital, Morningstar.

Top 10 Holdings by Issuer

% of Portfolio

NVIDIA Corp.	5.26%
International Business Machines Corp.	5.05%
Intel Corp.	4.92%
Automatic Data Processing, Inc.	4.76%
Adobe Inc.	3.94%
Elevance Health, Inc.	3.72%
TELUS Corporation	2.67%
First Solar, Inc.	2.52%
National Bank of Canada	2.32%
Novo Nordisk A/S Class B	2.17%
Total of Top 10 Holdings	37.35%

Portfolio Activity

Top 5 Bought

Name	Country Code	Industry (GICS 3)	Weight
Acuity Brands, Inc.	US	Electrical Equipment	0.86
AXA SA	FR	Insurance	0.70
Elisa Oyj Class A	FI	Diversified Telecommunication Services	0.64
Xylem Inc.	US	Machinery	0.55
Amadeus IT Group SA Class A	ES	Hotels Restaurants & Leisure	0.32

Top 5 Sold

Name	Country Code	Industry (GICS 3)	Weight
Tele2 AB Class B	SE	Wireless Telecommunication Services	0.79
CBRE Group, Inc. Class A	US	Real Estate Management & Development	0.77
Expeditors International of Washington, Inc.	US	Air Freight & Logistics	0.63
Wheaton Precious Metals Corp	CA	Metals & Mining	0.62
KBC Group N.V.	BE	Banks	0.61

Source: Heptagon Capital, FactSet Research Systems

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Total Returns as of 31st March 2024.

	Q1	YTD	January	February	March	Since Inception* (ann.)
Qblue Global Sustainable Leaders	7.69%	7.69%	0.58%	4.01%	2.94%	7.10%
MSCI World NR USD	8.80%	8.80%	1.20%	4.24%	3.13%	10.82%

Source: Morningstar, Bloomberg. *Since inception date 12th January 2022.
All figures shown are net of fees for the C USD share class.

Sincerely,
Heptagon Capital and Qblue Balanced A/S

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The Fund is subject to special risk considerations including geographic concentration risk, portfolio concentration risk and operational risk. The investment return and principal value of an investment will fluctuate so that the investor's shares, when redeemed, may be worth more or less than their original cost. Any investor should consider the investment objectives, risks and charges and expenses of the fund carefully before investing. Where an investment is denominated in a currency other than the investor's currency, changes in rates of exchange may have an adverse effect on the value, price of, or income derived from the investment.

I SFDR

The Fund has been classified as an Article 9 for the purposes of the EU's SFDR. The Fund has sustainable investment as its objective alongside financial return. The Fund invests primarily in assets classified as sustainable investments as defined under the SFDR. Please see [Prospectus](#) for further information on the Fund's sustainable objective and relevant sustainability risks and principal adverse impacts which may impact the Fund's performance.

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