

# Qblue Global Sustainable Leaders Fund

## Q3 2024 Commentary

### Portfolio Management



**Fredrik  
Martinsson**



**Lars Voss  
Toft**



**Thomas  
Stryger Olsen**



**Martin  
Richter**



**Lars Hougaard  
Nielsen**

### 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.

### Contact

**Heptagon Capital**

63 Brook Street, Mayfair,  
London W1K 4HS

Tel: +44 20 7070 1800

email [london@heptagon-capital.com](mailto:london@heptagon-capital.com)

*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 12<sup>th</sup> January 2022 and had an AUM of \$673m as of 30<sup>th</sup> of September 2024.

### Key highlights

- In Q3, the Fund (C share class) was up 9.0% compared to 6.4% for the MSCI World NTR (USD)
- The Federal Reserve lowered U.S. interest rates for the first time in more than four years
- Strong quarter for the Sustainability theme in North America

### Performance review

The Fund's C share class rose by 9.0% during Q3, outperforming the MSCI World NTR by 2.6%.

The strong performance in the quarter made up for the Fund's relative underperformance in the first half of the year. Contributing factors included a sustainability theme recovery in North American and a diminishing relative performance headwind from the "Magnificent 7".

From an industry exposure point of view, during Q3, ten out of eleven GICS sectors within the MSCI World NTR (USD) experienced positive returns; Financials and Industrials led, whilst Energy lagged. The Fund outperformed in eight of the eleven sectors, with Information Technology and Communication Services being the strongest and Utilities and Health Care the weakest. Regionally, North America and Asia outperformed, whereas Europe underperformed.

On the sustainability side, the Sustainability Cube™ performed well during Q3, led by the UN SDG and ESG Industry Leaders dimensions, although the Climate Transition dimension lagged. The combined performance of these components reinforced our belief in a multidimensional sustainability approach.

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

Breaking down the quarter, July proved to be an eventful month in U.S. politics and global financial markets. While global equity markets continued to rise, Big Tech experienced a sell-off alongside a broader rotation into smaller-cap stocks. This shift was evidenced by the Russell 2000 index increasing by 10.1%, while the Russell 1000 index rose by 1.4%. The sustainability theme, which had faced challenges for several quarters, saw a shift in momentum and began to demonstrate positive performance.

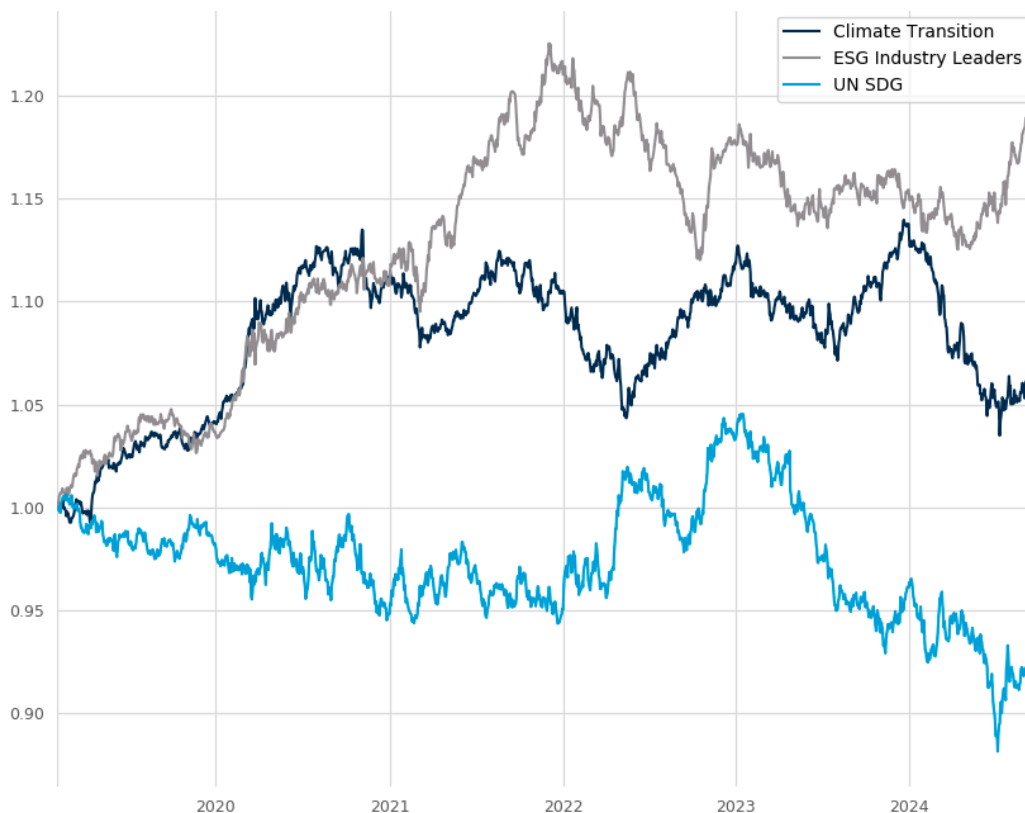
August started with significant moves throughout global markets. On August 5th, we witnessed the second-largest daily spike in the Volatility Index (VIX) on record, the catalyst being the unwinding of the Yen carry trade. This in turn triggered a sell-off in both Japanese and global equity markets, especially in highly valued AI/IT stocks. The market recovered somewhat during the following days in anticipation of Jerome Powell’s speech at Jackson Hole and NVIDIA’s Q2 earnings announcement.

In September, the Federal Reserve cut interest rates by 50 basis-points for the first time in over four years. The initiation of a new rate-cut cycle was positively received by global markets. A mixed Q2 earnings season concluded with promising reports from cyclical sectors, spurring a sector rotation as these stocks compensated for the weaker performance in Technology and Communication Services. September was a positive month for sustainability; however, the Fund’s performance was mixed. Key portfolio holdings such as IBM and Hewlett Packard Enterprises delivered strong returns, driven by their AI initiatives. These gains were, however, offset by negative performance from Adobe and Novo Nordisk.

**Conclusion**

Since the Fund’s inception, sourcing equity factor exposures among sustainable companies has become increasingly challenging. In response to this, Qblue has implemented portfolio adjustments to enhance factor exposure while maintaining a strong sustainability profile and the maintaining in a multidimensional sustainability approach. Since the Fund’s inception on January 12th, 2022, the C-share class has returned 18.7%, compared to the MSCI World NTR’s 21.1% and the MSCI WORLD ESG leaders NTR’s 21.3%.

**Excess Return in USD of Sustainability Cube™ Dimension Portfolios (01/01/2019 -30/09/2024)**



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 %
IBM Corporation	5.20	28.89	+1.40
Automatic Data Processing, Inc.	4.84	16.41	+0.81
Gilead Sciences, Inc.	3.51	23.73	+0.80
Bottom 3 Stocks	Average weight in Portfolio %	Portfolio's Stock Return %	Portfolio's Stock Contribution %
Novo Nordisk A/S	2.75	-18.33	-0.53
Adobe Inc.	4.82	-6.83	-0.31
Hewlett Packard Enterprise Co.	4.59	-1.05	-0.25

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	4.91	7.52	0.62	0.21	0.09	0.51	0.60
Consumer Discretionary	8.20	10.07	1.05	0.71	-0.05	0.56	0.52
Consumer Staples	4.65	6.51	0.91	0.59	-0.06	0.50	0.45
Energy	2.23	4.14	0.08	-0.11	0.19	0.13	0.32
Financials	15.93	15.30	1.90	1.57	0.00	0.26	0.26
Health Care	12.43	12.04	0.20	0.68	-0.01	-0.52	-0.53
Industrials	12.03	10.88	1.37	1.10	0.05	0.10	0.14
Information Technology	32.12	25.03	2.12	0.45	-0.31	1.59	1.27
Materials	3.37	3.67	0.26	0.36	-0.01	-0.12	-0.13
Real Estate	2.27	2.25	0.47	0.36	0.01	0.10	0.11
Utilities	1.64	2.59	0.31	0.43	-0.10	0.03	-0.07
Cash	0.23	0.00	0.01	0.00	-0.01	0.00	-0.01

Source: Heptagon Capital, FactSet Research Systems

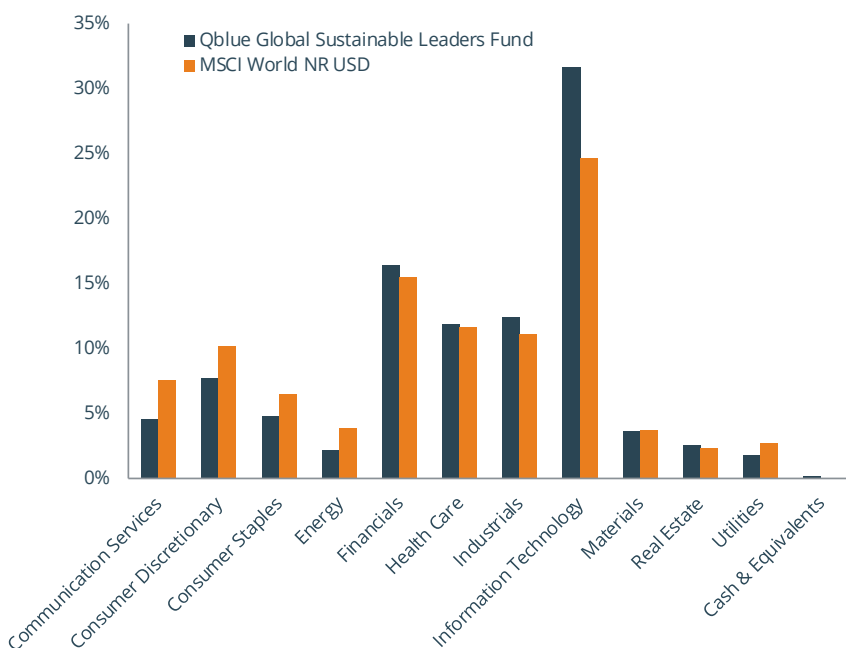
## Region Attribution

Region	Portfolio Avg Wgt (%)	Benchmark Avg Wgt (%)	Portfolio Region Cont (%)	Benchmark Region Cont (%)	Portfolio's Attribution Effect		
					Region Allocation (%)	Selection + Interaction (%)	Total Effect (%)
Americas	74.19	75.02	7.57	4.61	0.01	3.07	3.08
Asia/Pacific	8.00	8.43	0.77	0.67	0.01	0.09	0.10
Europe	17.58	16.44	0.95	1.07	0.01	-0.25	-0.24
Cash	0.23	0.00	0.01	0.00	-0.01	0.00	-0.01

Source: Heptagon Capital, FactSet Research Systems

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## Portfolio Sector Weights



Source: Heptagon Capital, Morningstar.

Top 10 Holdings by Issuer	% of Portfolio
Hewlett Packard Enterprise Co.	5.59%
International Business Machines Corporation	5.25%
NVIDIA Corporation	5.18%
Adobe Inc.	4.29%
Gilead Sciences, Inc.	4.12%
Visa Inc. Class A	3.52%
Automatic Data Processing, Inc.	3.25%
ServiceNow, Inc.	2.79%
Autodesk, Inc.	2.42%
BorgWarner Inc.	2.18%
<b>Total of Top 10 Holdings</b>	<b>38.61%</b>

## Portfolio Activity

### Top 5 Bought

Name	Country Code	Industry (GICS 3)	Weight
Visa Inc. Class A	US	Financial Services	3.52
ServiceNow, Inc.	US	Software	2.79
Amadeus IT Group SA Class A	ES	Hotels Restaurants & Leisure	0.91
Intuit Inc.	US	Software	0.83
C.H. Robinson Worldwide, Inc.	US	Air Freight & Logistics	0.72

### Top 5 Sold

Name	Country Code	Industry (GICS 3)	Weight
First Solar, Inc.	US	Semiconductors & Semiconductor Equipment	1.77
Crown Castle Inc.	US	Specialized REITs	1.38
Kellanova	US	Food Products	1.10
Atkinsrealis Group Inc.	CA	Construction & Engineering	0.88
Bayerische Motoren Werke AG	DE	Automobiles	0.77

Source: Heptagon Capital, FactSet Research Systems

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**Total Returns** as of 30<sup>th</sup> September 2024.

	Q3	YTD	Jul	Aug	Sep	Since Inception* (ann.)
<b>Qblue Global Sustainable Leaders</b>	9.0%	19.4%	3.0%	3.9%	1.9%	6.5%
<b>MSCI World NR USD</b>	6.4%	18.9%	1.8%	2.6%	1.8%	7.3%

Source: Morningstar, Bloomberg. \*Since inception date 12<sup>th</sup> January 2022.

All figures shown are net of fees for the C USD share class.

Sincerely,

**Heptagon Capital and Qblue Balanced A/S**

The views expressed represent the opinions of Qblue Balanced A/S as of 30<sup>th</sup> September 2024, are not intended as a forecast or guarantee of future results, and are subject to change without notice

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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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Heptagon Capital, 63 Brook Street, Mayfair,  
London W1K 4HS  
Tel: +44 20 7070 1800  
(FRN 403304)

Authorised & Regulated by the Financial Conduct  
Authority in the UK  
12 Endeavour Square, London

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