

WCM Global Equity Fund

Q2 2025 Commentary

Portfolio Management



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Investment Objective

The Fund aims to achieve long-term capital growth by investing primarily in equity securities of large cap global companies located throughout the world.

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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.

Investors should note that, relative to the expectations of the Autorité des Marchés Financiers, this WCM Global Equity Fund presents disproportionate communication on the consideration of non-financial criteria in its management..

The **WCM Global Equity 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 WCM Investment Management (“WCM”) is the Sub-Investment Manager meaning WCM exercises discretionary investment authority over the Fund. The Fund was launched on 18th January 2017 and had AUM of USD 3,052m as of 30th June 2025.

Performance review

For 2025’s second quarter, the WCM Global Equity Fund returned ~+18.78% (net), outperforming the MSCI ACWI index by ~+725 basis points (bps). For the trailing twelve months, the fund is +1554 bps (net) ahead of its benchmark.

Global equity markets defied gravity in Q2. In April, markets reeled following Trump’s sweeping ‘Liberation Day’ reciprocal tariff plan, which stoked fears of an unravelling of global trade relations that have endured for nearly 80 years. In the weeks that followed, the proposed policies moderated, and investor sentiment flipped from “this is the end” to “reject the noise, for now.” Bolt on stronger-than-expected corporate earnings growth, renewed investments in AI, resilient consumer spending, and accelerating secular trends (e.g., ex-US defence, electrification, aerospace), and we’re off to the races in Q2.

The Strategy shone amidst this backdrop. The main driver was stock selection, which was strong and broad-based, accounting for nearly all of the alpha during the quarter.

While we are pleased by the strategy’s recent performance, we never rest on our laurels. Complacency means death in this business. As such, we commit to the endless task of unlocking incremental improvements to our moat trajectory and corporate culture playbook.

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

I Attribution

Sector-based attribution revealed that allocation and selection contributed. Regional attribution showed allocation detracted modestly, while selection contributed.

Contributors:

For sector allocation, our underweights to Energy and Consumer Staples contributed. For sector selection, Industrials was a dominant contributor, followed by Financials and Tech. By geography, there were no material contributors vis-à-vis regional allocation. Regional selection was strongly positive in Europe and the Americas. Asia/Pacific contributed, as well.

Detractors:

For sector allocation, our mild underweight to Information Technology (best) detracted. The primary detractors vis-à-vis sector selection were our picks in Health Care and Consumer Discretionary. For regional allocation, our overweight to Europe (2nd worst) detracted. There were no detractors vis-à-vis regional selection.

Other Factors:

In Q2, the simple market factors mostly favoured the Strategy: Small Cap outperformed Large Cap, High Quality outperformed Low Quality ("Quality" uses ROE as a proxy), and Growth beat Value.

I Comments

Cooler heads prevailed. Over the past several quarters, we've stressed the importance of temperament and balance, especially during periods of heightened uncertainty. We believe Q2 serves as an apposite lesson as to why this is the case. Markets experienced pronounced selling pressure in April due to policy uncertainties, resulting in double-digit declines that were subsequently reversed into double-digit gains. Capitulation trades quickly shifted into those driven by fear of missing out. The Strategy weathered the recent volatility well. We believe our deliberate portfolio construction, which balances exposures across defensive, secular, and cyclical positions, as well as varying industry cycles, imparts durability during periods such as these.

We remain clear-eyed that concerns prompting April's sell-off are ever present; policy and posturing could very well morph into less bark and more bite, yielding pernicious outcomes for global markets. The future remains clear as mud with respect to these exogenous risks.

So where do we find clarity? In the long-term staying power of great companies. April's drawdown marked just one-of-many recent memory instances where investors forwent temperament and balance, eschewed company fundamentals, and ditched the baby with the bathwater. And there will undoubtedly be more episodes like it. For us, however, we maintain our belief that businesses with growing competitive advantages, aligned corporate cultures, and supportive tailwinds will continue to deliver, despite the bumps along the way.

I Portfolio Activity

Buy: Robinhood Markets, Inc.

California-based Robinhood is a financial technology company dedicated to making finance accessible to everyone through its mobile-first trading platform. Robinhood has grown its moat by evolving into a comprehensive financial platform, introducing products like retirement accounts and robo-advisory services. The company's streamlined organisation focuses on product speed and financial discipline, fostering innovation and resilience. Following a significant cultural shift in 2022, Robinhood transitioned from a hypergrowth focus to a pragmatic execution approach. This new positioning aims for sustainable long-term growth by targeting recurring revenues and capturing the generational wealth transfer to Millennials and Gen Z.

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Buy: BAE Systems plc

BAE Systems is the dominant British global defence company and boasts a strong presence in other key markets. Strengthening tailwinds stem from declining geopolitical stability and the attendant increase in sovereign defence investments. BAE's moat comes from long-standing relationships with global defence departments, deep technical know-how, long-term contracts, and high switching costs. Its participation in several key defence programmes (e.g., F-35 Lightning), as well as favourable cultural developments focused on improving margins and FCF conversion, offer a compelling setup. We anticipate durable growth and rising margins/ROICs going forward.

Sell: Intuitive Surgical, Inc.

While we still think very highly of the company, we sold to fund a different secular growth idea, Robinhood.

Sell: Datadog, Inc.

New developments in the observability space include trends towards bifurcating compute and storage, as the disruptive 'Lakehouse' architecture pioneered by Databricks gains traction. The increasing adoption of this architecture raises material moat trajectory concerns for Datadog.

Sell: Arista Networks, Inc.

We sold to free up capital for higher conviction ideas elsewhere.

Buy and Manage:

We added to Siemens Energy AG, Rolls-Royce plc, Nintendo Co., Heidelberg Materials AG, Tencent Holdings, and Corteva, Inc., rounding into larger positions.

We trimmed AstraZeneca plc, Novo Nordisk A/S, McKesson Corp., GE Aerospace, and AppLovin Corp., to manage position sizes.

As always, the team appreciates your patience and support.

Sincerely,

Heptagon Capital and WCM Investment Management

The views expressed represent the opinions of WCM Investment Management as of 30th June 2025, are not intended as a forecast or guarantee of future results, and are subject to change without notice.

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Annualized Total Returns

	Q2 25	YTD	1-Yr	3-Yrs	5-Yrs	10-Yrs
WCM Quality Global Growth Strategy	18.8%	15.8%	31.7%	25.3%	14.5%	14.4%
MSCI ACWI NR USD Index	11.5%	10.1%	16.2%	17.4%	13.7%	10.0%

Source: Morningstar, FactSet, WCM

Fund performance prior to 31.03.2017 relates to the WCM Quality Global Growth Composite ("Composite"), thereafter, it relates to the UCITS Fund (IE00BYZ09Q19). MSCI represents the MSCI AC World Index (net).

WCM manages the Irish regulated WCM Global Equity UCITS Fund according to the same investment principals, philosophy and execution of approach as it manages the WCM Quality Global Growth Composite, however it should be noted that due to different regulation, fees, taxes, charges and other expenses there can be variances between the investment returns demonstrated by each fund. The WCM Quality Global Growth Composite (net of fees) (the "strategy") is provided in the table above to show a longer track record for the underlying strategy.

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I Risk Warnings

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

This Fund has been classified as an Article 8 for the purposes of the EU's Sustainable Finance Disclosure Regulation ('SFDR'). Please see [Prospectus](#) for further information.

Authorised & Regulated by the Financial Conduct Authority (FRN: 403304)

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For all definitions of the financial terms used within this document, please refer to the glossary on our website: <https://www.heptagon-capital.com/glossary>

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