

Qblue Global Sustainable Leaders Fund

Q2 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 \$616m as of 30th of June 2024. During Q2 2024, the Fund (C share class) returned 1.71% compared to 2.63% for the benchmark, the MSCI World Index. Between the inception, 12th of January 2022, and the 28th of June 2024, the Fund (C-share class) has returned 8.93%, compared to 13.82% for the MSCI World NTR (USD).

Going into the summer holiday season, financial markets were still closely tracking financial data out of the US for guidance on the outlook for future US interest rate cuts. The expected number of cuts this year has been revised down from six to either one or two, with the first anticipated in September.

In April 2024, equity market volatility rose as data indicated that a US interest rate cut before the summer holiday season had become less likely. Consequently, equity markets experienced their first negative month of 2024. In May, markets turned positive, driven by blowout earnings from Nvidia, this fuelled the AI-trade once again and offset the effect from rising US interest rates. In June, Nvidia, a key holding in the fund, surpassed Apple and then Microsoft to become the most valuable stock in the world.

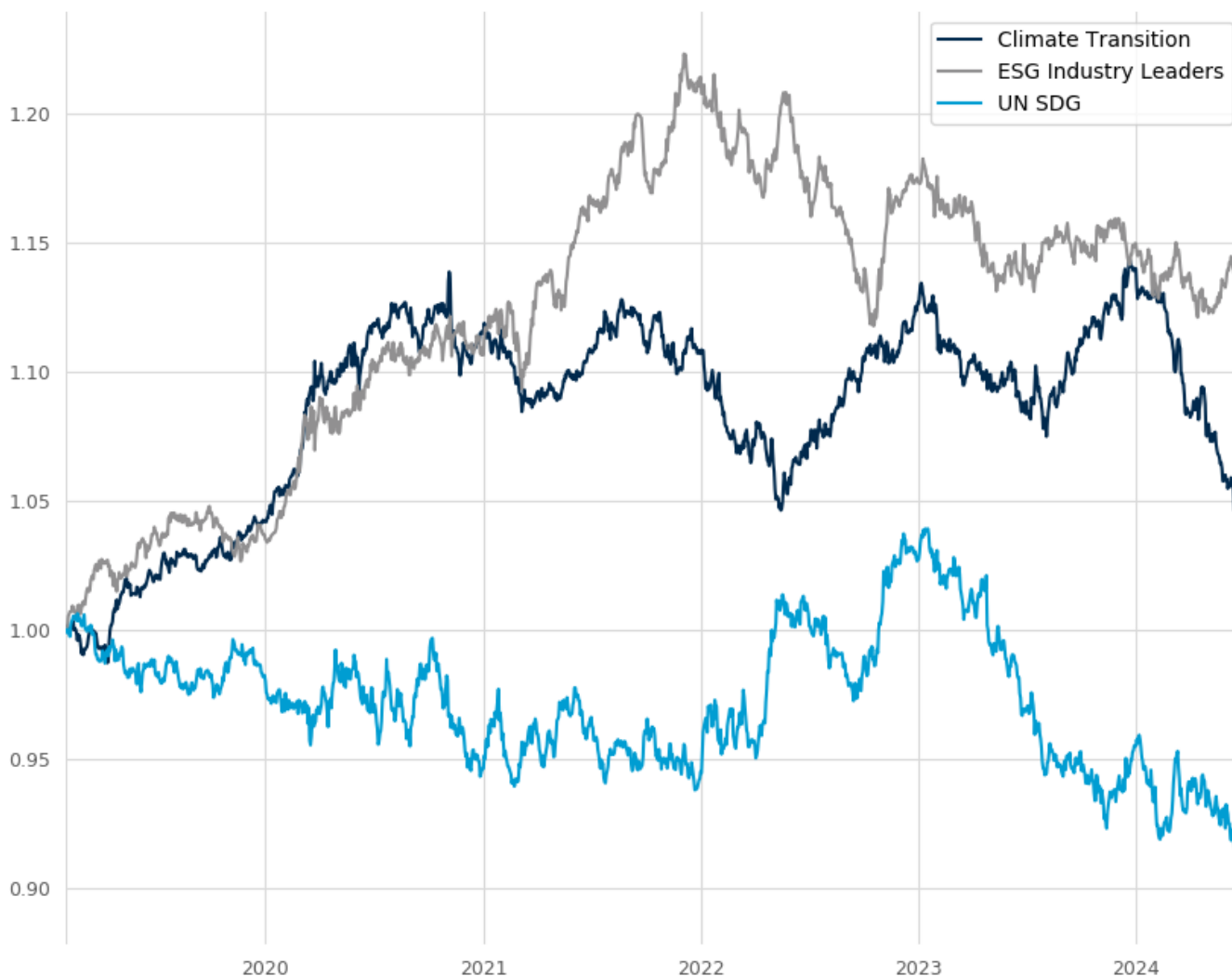
During May 2024, the sustainability theme experienced a turnaround, primarily driven by a strong rebound in solar companies. Solar companies have received much attention from analysts lately, reiterating their buy recommendations and raising price targets as it has become clear that AI is going to require a lot of energy, which should preferably be renewable. As an example, Generative AI tools currently use six to ten times more energy than traditional search engines. First Solar, a holding in the fund, delivered strong performance in Q2.

We celebrated the three-year anniversary of the strategy in April 2024. Based on our live experiences, we have confirmed that our Sustainability Cube™ methodology is effective and found no evidence indicating the need for a major revision. In order to maintain a strong factor exposure in the portfolio, we plan to adjust some of the parameters in the model to achieve more equity premia exposure, while retaining a best-in-class sustainability profile that is in line with the strategy’s philosophy.

In Q2 2024, five of the eleven GICS sectors in MSCI World NTR (USD) were up, with Information Technology and Communication Services being the strongest, whereas Consumer Discretionary and Materials were the weakest. The QGSL fund outperformed the benchmark in six out of eleven sectors, with Industrials and Consumer Staples being the strongest, whereas Communication Services and Information Technology were the weakest. Regionally, Europe and Asia outperformed the benchmark, while North America underperformed.

Furthermore, we saw a reversal of the ESG Industry Leaders dimension driven by strong performance of the S-score, while the two remaining dimensions, Climate Transition and UN SDG ended down.

Excess Return in USD of Sustainability Cube™ Dimension Portfolios (01/01/2019 -28/06/2024)



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.

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

Stock Attribution

Top 3 Stocks	Average weight in Portfolio %	Portfolio's Stock Return %	Portfolio's Stock Contribution %
NVIDIA	5.35	36.90	+1.87
Hewlett Packard Enterprise Co.	2.58	24.62	+1.01
First Solar, Inc.	2.35	34.38	+0.70

Bottom 3 Stocks	Average weight in Portfolio %	Portfolio's Stock Return %	Portfolio's Stock Contribution %
Intel Corporation	1.97	-29.55	-1.58
IBM Corporation	4.92	-8.51	-0.48
Advanced Micro Devices, Inc.	0.83	-15.83	-0.30

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	4.82	7.67	-0.03	0.60	-0.14	-0.44	-0.58
Consumer Discretionary	8.16	10.38	-0.16	-0.27	0.11	0.00	0.11
Consumer Staples	4.78	6.53	0.32	0.03	0.05	0.27	0.32
Energy	2.48	4.43	-0.02	-0.07	0.07	0.04	0.10
Financials	16.10	15.19	-0.24	-0.03	-0.02	-0.23	-0.25
Health Care	11.82	11.82	0.17	0.07	0.03	0.05	0.08
Industrials	12.54	11.10	0.41	-0.24	-0.07	0.65	0.57
Information Technology	31.53	24.30	1.79	2.65	0.59	-1.46	-0.86
Materials	3.43	3.86	0.03	-0.13	0.01	0.13	0.14
Real Estate	2.15	2.17	-0.22	-0.08	0.01	-0.14	-0.13
Utilities	1.93	2.53	0.04	0.10	0.05	-0.09	-0.04
Cash	0.25	0.00	0.00	0.00	0.00	0.00	0.00

Source: Heptagon Capital, FactSet Research Systems

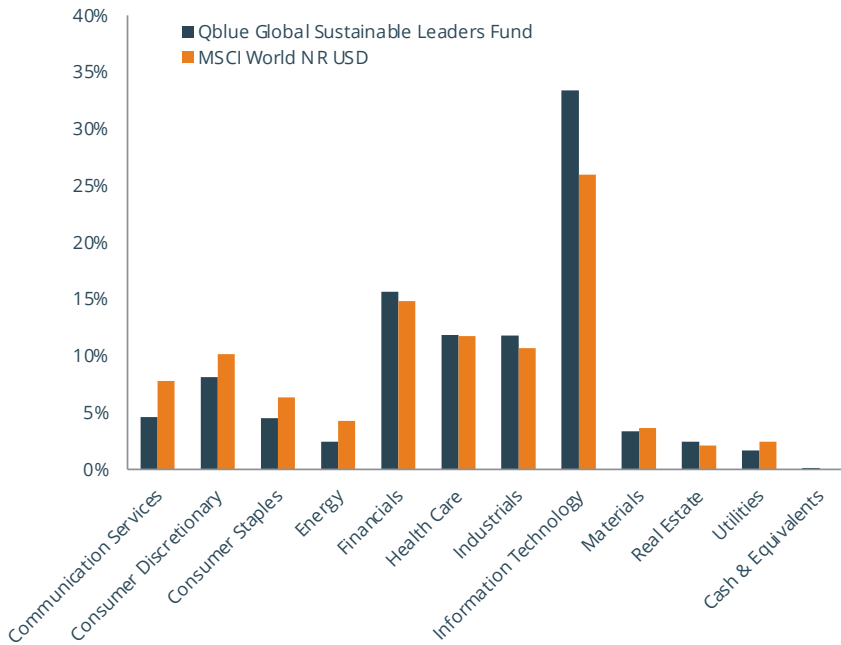
Region Attribution

Region	Portfolio Avg Wgt (%)	Benchmark Avg Wgt (%)	Portfolio Region Cont (%)	Benchmark Region Cont (%)	Portfolio's Attribution Effect		
					Region Allocation (%)	Selection + Interaction (%)	Total Effect (%)
Americas	73.34	74.38	1.19	2.70	-0.01	-1.38	-1.39
Asia/Pacific	8.26	8.62	-0.16	-0.20	0.02	0.00	0.02
Europe	18.15	16.89	1.05	0.14	-0.03	0.84	0.81
Cash	0.25	0.00	0.00	0.00	0.00	0.00	0.00

Source: Heptagon Capital, FactSet Research Systems

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Portfolio Sector Weights



Source: Heptagon Capital, Morningstar.

Top 10 Holdings by Issuer	% of Portfolio
Adobe Inc.	5.43%
Hewlett Packard Enterprise Co.	5.15%
NVIDIA	4.93%
IBM Corporation	4.91%
Automatic Data Processing, Inc.	4.69%
Gartner, Inc.	3.44%
Novo Nordisk A/S Class B	3.10%
Applied Materials, Inc.	2.98%
eBay Inc.	2.83%
Gilead Sciences, Inc.	2.70%
Total of Top 10 Holdings	40.15%

Portfolio Activity

Top 5 Bought

Name	Country Code	Industry (GICS 3)	Weight
Hewlett Packard Enterprise Co.	US	Technology Hardware Storage & Peripherals	5.15
Mastercard Incorporated Class A	US	Financial Services	1.40
Crown Castle Inc.	US	Specialized REITs	1.38
Booking Holdings Inc.	US	Hotels Restaurants & Leisure	0.85
Bayerische Motoren Werke AG	DE	Automobiles	0.77

Top 5 Sold

Name	Country Code	Industry (GICS 3)	Weight
Intel Corporation	US	Semiconductors & Semiconductor Equipment	4.92
Enphase Energy, Inc.	US	Semiconductors & Semiconductor Equipment	1.91
Advanced Micro Devices, Inc.	US	Semiconductors & Semiconductor Equipment	1.60
Prologis, Inc.	US	Industrial REITs	1.14
Humana Inc.	US	Health Care Providers & Services	1.06

Source: Heptagon Capital, FactSet Research Systems

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Total Returns as of 30th June 2024.

	Q2	YTD	April	May	June	Since Inception* (ann.)
Qblue Global Sustainable Leaders	1.71%	9.53%	-5.61%	5.07%	2.56%	8.93%
MSCI World NR USD	2.63%	11.75%	-3.71%	4.47%	2.03%	13.82%

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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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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