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Independent news about Nordic asset management

## Qblue aims to reach a wider audience

**Bjarne Graven Larsen's QBlue Balanced wants to reach more international investors, he tells AMWatch. He also discusses why he thinks the quant winter has made way for a quant spring.**



"We also felt a need at Qblue for a broader reach to family offices, distributors and other third-party channels," says Bjarne Graven Larsen in an interview with AMWatch. | Photo: Carsten Bundgaard

**BY MIRZA GAZIC**

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Qblue Balanced, a quant asset manager founded by former ATP and Ontario Teachers' Pension Plan CIO Bjarne Graven Larsen in 2018, has entered into a couple of high-profile partnerships in the past year.

In May 2021, the firm partnered up with Swedish financial house and insurance broker Max Matthiessen's fund subsidiary Navigera to launch the Global Sustainable Leaders fund in Sweden.

Eight months later the firm launched a collaboration with London-based manager Heptagon, as **reported by AMWatch** <<https://amwatch.dk/article13668192.ece>> on January 24. Once again, the partnership is about launching the Article 9-classified Global Sustainable Leaders fund.

"It's the same strategy as with Max Matthiessen, but targeting different investor segments and geographies," Graven Larsen tells AMWatch in a follow up interview.

He says Qblue and Heptagon had known each other and had discussions for several years, dating back to when the Danish manager launched its first strategy. At that time, though, the UK firm already had a long-short fund with ESG characteristics.

"When we did the launch with Max Matthiessen's Navigera last year, we continued our conversations with them and they showed interest in that strategy too. What works for us is that they have a UCITS fund set-up. With this you can distribute to institutions and to retail and third-party channels and private banking clients. That was one of the things that appealed to us - you see more and more institutional investors that prefer having a UCITS set-up," Graven Larsen says.

Another favorable aspect of working with Heptagon is the London manager's global reach.

"We also felt a need at Qblue for a broader reach to family offices, distributors and other third-party channels. We felt that would benefit us and wanted to broaden to other geographies and segments in the market. But the chemistry also worked. That's important when you enter partnerships. You just know when you have found the right people that share the same values," he says.

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## **We wanted to broaden to other geographies and segments in the market**

**BJARNE GRAVEN LARSEN**

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The latest partnership fund launched in mid-January, and three investors have been made public: Swedish insurer Dalarnas försäkringsbolag, Danish investment company Chr. Augustinus Fabrikker and Singapore-based financial company Singlife with Aviva.

Chr. Augustinus Fabrikker CEO Claus Gregersen has said the Danish firm invested DKK 400m (EUR 40m) in the fund, which had USD 140.5m at the time of launch.

The fact that QBlue is able to reel in these investors is, according to Graven Larsen, due to ongoing discussions and because they have been actively working to promote themselves.

"I think it's fair to say we've had conversations with Dalarna for quite some time. They've known us and we had a positive dialog about our strategy and their goals for a while. The same goes for Chr. Augustinus Fabrikker. We knew already that they were into sustainable investments. They spend a lot of time sourcing that. And they're based in CPH like we are. We've also had discussions in Singapore since day one and found that Singlife were looking for something like what we offered," he says, and adds:

"It's all about being in the market and being active."

### **Return expectations**

The Global Sustainable Leaders fund is a long-only strategy that uses MSCI World as its benchmark. As has previously been reported, the asset manager uses its own, internally developed tool to identify what it calls as the leaders in sustainability. The tool will help in the goal to beat the benchmark by up to three percent on average annually.

"70 percent of it is invested in US like the benchmark. Since we're invested in the same regions and industries as the benchmark, the fund will follow it but we feel investing in the 10 percent most sustainable companies applying our proprietary tool will provide added value. The goal is two to three percent on average better than benchmark annually. We won't do better every year. Some years we will do better, some worse. But the long-term goal, if we look at a rolling five-year period, is to deliver up to 3 percent better per annum on average," he says.

### **AUM and the development of the Swedish partnership**

Qblue Balanced has a total of around EUR 250m in assets under management.

Its Swedish partnership with Navigera has yielded SEK 500m (EUR 50m) since launch, which Graven Larsen says is beyond both firms' expectations.

Navigera's website doesn't include MSCI World as an available index to compare the fund's returns to but does have Morningstar Global Markets. Using that instead shows that Global Sustainable Leaders has a return of 17.79 percent since May 2021, while the benchmark has 10.54 percent.

While it's not exactly the same strategy as Qblue's first product, which was a long/short alternative risk premium fund, it's safe to say that the firm didn't start at the best of times for quant managers.

The last few years have heavily favored growth and tech stocks and Graven Larsen has himself referred to the "quant winter" during his previous interview with AMWatch. It wasn't just alternative risk premia managers that suffered; even value-based managers found it difficult to navigate in an environment when FAANG-stocks provided buoyancy to the stock market.

Sweden's Second National Pension Fund (AP2) is a good example, having underperformed its contemporaries at AP1, AP3 and AP4 for some years.

He says he believes 2021 was the advent of the spring, after the quant winter period of 2020. But he also sees a reason to continue being cautious around value.

"Markets started to normalize, and it became clear that QE and "low for long" monetary policy could not continue forever. Our Alternative Risk Premia strategy performed well in these circumstances and was up by 19.5 percent full-year. It is my expectation that this normalization will continue, which is favorable for quant managers. Regarding value strategies, you have to be careful as these strategies tend to score poorly in the sustainability dimensions. Unless you integrate sustainability into your value strategies, as we try to do, you could be in for a bumpy ride," Graven Larsen says.

## Partnerships

Asset management partnerships in the Nordics have continued to make headlines over the past year.

Aside from Qblue, its existing partner Max Matthiessen also entered a major collaboration with Goldman Sachs. Partnerships with consultants and placement agents have also been taking place, with Swedish firms Intervalor, OE Capital and House of Reach involved recently.

Collaborations in order to reach clients are important for newer managers like Qblue Balanced, Graven Larsen says, but sees another kind of cooperation as even more crucial.

"We are also looking for more cooperation in terms of data. The fintech partnerships become more important, to improve your product. So generally speaking, partnerships are important, but I think working with start-ups and data providers that can enable us to improve our way of working on our own is even more crucial. Right now, we're looking for alternative providers for climate data, where we want a better data set than we currently have," he concludes, adding:

"There's a lot of data out there but not a lot of great data. That's something we focus a lot on."

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