Kopernik Global All-Cap Equity Fund

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The Kopernik Global All-Cap Equity Fund (the “Fund”) is a sub-fund of Heptagon Fund Plc which is an open-ended umbrella type investment company authorised pursuant to UCITS regulations. Heptagon Capital Limited (“Heptagon”) is the Investment Manager and Kopernik Global Investors LLC (“Kopernik”) is the Sub-Investment Manager meaning Kopernik exercises discretionary investment authority over the Fund. The Fund was launched on 16th December 2013 and had AUM of USD 1,020m as of 31st December 2020. During the fourth quarter of 2020, the Fund outperformed its benchmark, the MSCI ACWI NR USD Index, returning 17.4% compared to 14.7% for the benchmark.

TOTAL RETURNS

As of 31st December 2020, net of fees

	Q4 20	**YTD**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Kopernik Global All-Cap*	17.4%	38.3%	38.3%	10.7%	-12.0%	8.1%	52.0%	-12.0%
MSCI ACWI NR USD Index	*14.7%*	*16.3%*	*16.3%*	*26.6%*	*-9.4%*	*24.0%*	*7.9%*	*-2.4%*

** Class I shares*

Kopernik Global Investors, LLC – Sub advisor Q4 2020 Commentary

Contributors

Holdings in the Energy sector made the largest contribution to the strategy, a reversal from Q3 when energy was a detractor from overall returns. We continue to find attractive opportunities in uranium, oil, and natural gas. One of the largest positions, Canadian uranium producer **Cameco Corp (“Cameco”)**, was up 33.3%. Other uranium positions were up as well, with **Nexgen Energy (“Nexgen”)** up 59.4%; **NAC Kazatomprom JSC (“Kazatomprom”)** up 23.3%; **Uranium Participation Corp (“UPC”)** up 25.6%; **and Denison Mines Corp (“Denison”)** up 57.3%. This contribution was largely driven by sharp gains in December. The market may be responding to an announcement from Cameco that they will once again be shutting down one of their largest mines, Cigar Lake, due to coronavirus concerns. As mine supply currently does not meet demand, this will accelerate the drying up of excess uranium supply; and the demand dynamics suggest that higher prices should follow as new nuclear reactors come online (there are currently 54 under construction, primarily in emerging markets). Uranium remains one of the most undervalued commodities, in our opinion. We estimate the long run incentive price to be above $60/lb. The stocks remain deeply undervalued, per our analysis. For more of our thoughts on uranium, please see our recent white paper and webinar. We added to Cameco and Nexgen in November and subsequently trimmed them as well as Denison in December.

The Canadian oil holdings were also positive contributors, **Cenovus Energy Inc (“Cenovus”)** was up 56.6%; **MEG Energy Corp (“MEG”)** was up 68.5%,; **and Crescent Point Energy Corp (“Crescent Point”)** was up 93.6%. All three companies have long-lived proved and probable reserves, decent balance sheets, and significant operating leverage to the oil price. Another of the largest positions, **Gazprom PJSC (“Gazprom”)**, was up 30.5%, and was a large contributor. Gazprom is a Russian natural gas company that has a monopoly on Russian natural gas exports to Europe. It is the largest producer of natural gas in the world and operates over 100,000 miles of gas pipelines. All are still down on a 1-year and 2-year basis and remain significantly undervalued. We previously added to Cenovus, MEG, Crescent Point, and Gazprom before trimming on strong energy prices in mid-to-late December.

Contributors cont.

Utilities and Industrials contributed positively for the quarter. A large contributor was **Electricite de France SA ("EDF")**, which was up 49.0%. This built on its positive contribution from Q3. EDF is one of the world's largest electricity generating companies, with a capacity mix that is 60% nuclear, 24% hydroelectric and other renewables, and 16% thermoelectric. It has one of the largest global nuclear fleets, with 73 reactors. In Industrials, **General Electric Co. ("GE")** was up 81.7% during the quarter. GE is a U.S.-based conglomerate with businesses in multiple segments. We trimmed EDF steadily throughout the first part of the quarter, and trimmed GE before ultimately exiting the position in mid-December.

Copper companies contributed positively for the quarter. **Turquoise Hill Resources Ltd. ("Turquoise Hill")** was up 47.3%, building on its substantial gains from Q2. Turquoise Hill owns the majority of the Oyu Tolgoi mine in Mongolia, which is one of the largest copper, gold, and silver mines in the world, containing 25 million ounces of gold and 47 billion pounds of copper, as well as a large inferred gold equivalent resource. Turquoise Hill continues to challenge majority shareholder Rio Tinto over the financing of remaining capex, and in December sent a letter to the Rio Tinto board of directors expressing their concerns. While dilution remains a significant risk, we believe this risk is more than priced in. **Ivanhoe Mines Ltd ("Ivanhoe")** was up 48.7%. Ivanhoe owns the world's largest undeveloped high-grade copper deposit (Kamoa-Kakula in the Democratic Republic of the Congo). We added to Turquoise Hill and Ivanhoe earlier before trimming both in November and December.

Detractors

While copper producers were up, gold miners contributed negatively. For the second quarter in a row, one of the largest detractors was **Northern Dynasty Minerals Ltd. ("Northern Dynasty")**, which was down 67.1% and detracted from returns. Northern Dynasty has continued to deal with uncertainty as it attempts to bring its Pebble Mine project online. The stock has had a volatile year as the company faced permitting and public relations problems. Over the summer, the Army Corps of Engineers issued its EIS (Environmental Impact Statement). It concluded, after many months of study, that the project met expectations and posed negligible danger to the environment. Several months later, they bowed to political pressure and reversed themselves without explanation, denying Northern Dynasty's permit for the Pebble Project. While Northern Dynasty plans to appeal this decision, this is an unfortunate turn of events. The appeal may now take years, but patience is warranted. We require a larger margin of safety for this stock than for any other stock in the portfolio. Even so, the potential upside is amongst the largest in the portfolio. We added to Northern Dynasty during the quarter.

Other gold miners were down as well, reversing their gains from Q3. **Newcrest Mining Ltd ("Newcrest")**, one of the largest positions, was down 11.2%; **Gabriel Resources Ltd ("Gabriel")** was **down 28.2%; Wheaton Precious Metals Corp ("Wheaton Precious")** was down 14.7%; **Novagold Resources Inc ("Novagold")** was down 18.7%; **and Gold Fields Inc ("Gold Fields")** was down 23.1%. Although many names were down for the quarter, we continue to be pleased with their strong YTD returns and the area still represents a near-maximum industry position within the portfolio. Kopernik believes that opportunities in gold and gold mining continue to look promising. The fundamentals for gold improved in 2020 after the Fed announced that there would be no limit to the amount of money it would print. In our opinion, scarcity matters, and unlimited fiat currency printing should ultimately benefit not only gold but other hard assets as well. While we expect higher prices for gold in the future, the gold miners should do well even without an increase in the gold price. In our opinion, the market is undervaluing the miners at current gold prices, and the price for optionality is very low. We added to Newcrest and Wheaton Precious.

Detractors cont.

Other detractors were spread across multiple sectors. In Financials, **Sprott Inc. (“Sprott”)** was down 14.0% and detracted from total returns. Sprott is a global asset manager that provides access to differentiated precious metals and real asset investment strategies. Another detractor was **China Mobile Ltd (“China Mobile”)**, which was down 10.7%. In November, President Trump issued an executive order that placed the parent companies of China Mobile **and China Telecom Corp Ltd (“China Telecom”)** on a list of prohibited Chinese companies. We continue to believe that both are stable businesses offered at attractive valuations: China Mobile and China Telecom both have 7x earnings multiples, trade at 0.5x and 0.7x tangible book value respectively and have 6.0% and 7.5% dividend yields respectively. We added to Sprott, China Mobile, and China Telecom on weakness.

Portfolio Activity

There were multiple new initiations during the quarter, including new positions in four gold mining companies. We initiated a position in **IAMGOLD Corp (“IAMGOLD”)**. IAMGOLD is a gold mining company with active mines and developmental projects in Suriname, Burkina Faso, and Canada. They have over 14 million ounces of reserves and 7 million ounces of resources. Their mines are high cost compared to other producers, which provides further leverage to the gold price. The added risk is more than compensated for. The strategy also initiated a position in **Equinox Gold (“Equinox”)**, a Canadian mining company with 12.5 million ounces of reserves and 11 million ounces of resources made up of either producing or past-producing assets, which reduces risk. In addition, unique in the gold mining business, Equinox’s management team has shown a willingness to invest countercyclically, creating shareholder value. The strategy participated in an equity offering of **Western Copper and Gold Corp (“Western Copper”)**, a Canadian junior miner that owns 100% of the Casino mine in the Yukon, Canada. They have exposure to 14 million ounces of gold resources and 7.5 billion pounds of copper resources. We initiated a position in **Royal Gold Inc (“Royal Gold”)**, a U.S. based gold streaming and royalty company that focuses on gold but also has exposure to copper and silver. They have high-quality assets including 5 producing stream interests and 36 producing royalty interests. Like Equinox, we are attracted to their strong management team, which has added value by investing countercyclically.

We continue to find value in Korean companies. The strategy initiated a position in **LG UPlus Corp (“LG UPlus”)**, the third-largest integrated phone company in Korea that provides mobile and fixed line phone capabilities, as well as broadband and television services. This position was initiated as an offset for realizing tax losses in **KT Corp (“KT Corp”)**, the most dominant Korean telecom company that is one of the largest positions. This was one of many trades during the quarter that were designed to minimize tax gains. Finally, during the quarter the strategy finished building its position in **Korean Reinsurance Co (“Korean Re”)**, which was initiated in late August. Korean Re is the lone reinsurer in South Korea and has been in business since 1963. We are attracted to its strong management team and balance sheet, as well as its inexpensive valuation on multiple metrics. The strategy eliminated positions in companies whose prices had appreciated strongly over the past few months: **General Electric Co (“GE”)** and the common stock of **Hyundai Motor Co (“Hyundai”)**. The portfolios continue to hold the preferred stock of Hyundai.

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Why Kopernik? ***By Kopernik Global Investors, LLC***

Philosophically, we view ourselves as owners of businesses. Our job is to appraise these businesses and take advantage at times when an inefficient, emotional marketplace offers securities at a price that is significantly different from our appraisal. Like our namesake, Kopernik (better known by his Latin name – Copernicus), we trust the results of our own analysis even when (especially when) it generates vastly different conclusions from those of the crowd and/or those taught by many academics. Similarly, we commonly question the data issued by governments, central bankers, and companies themselves. We understand that bargains appear often because people focus on fear or panic, and other forms of risk that are not relevant to the investment portfolio. High tracking error, bad headlines or unpopular stocks/countries/ regions/industries can present a degree of risk to a manager's career, while often lowering the potential of permanent loss of capital (due to lower initiation prices and higher potential upside) to the portfolio. Similarly, Kopernik believes volatility and other measures of past price movements are not relevant to long-term investors' assessment of risk. It can be indicative of potential risk to short-term speculators or to highly levered players, but can often present opportunity for true long-term investors.

As always, we appreciate your patience and support.

Sincerely,

Heptagon Capital & Kopernik Global Investors

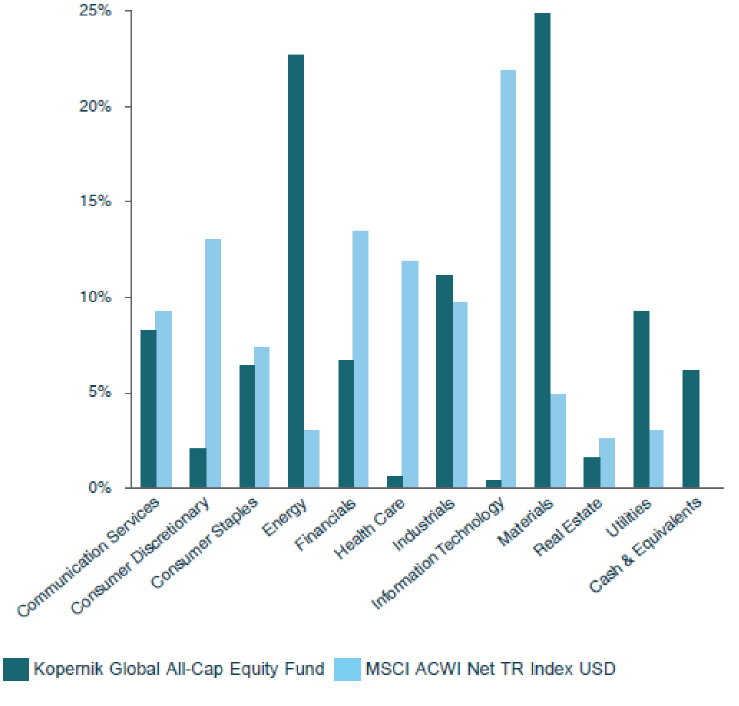
Kopernik Global All-Cap Equity Fund

Kopernik Global All-Cap Equity UCITS Fund Positioning

Top Ten Holdings by Issuer as of 31st December 2020

Name	% of portfolio
Cameco Corp	4.4%
Gazprom OAO	3.9%
Newcrest Mining LTD	3.8%
China Telecom Corp Ltd	3.2%
Seabridge Gold Inc	3.1%
KT Corp	3.0%
Centerra Gold Inc	2.9%
Turquoise Hill Resources Ltd	2.8%
Rushydro PJSC	2.4%
Federal Grid Co Unified	2.3%
Total of Top 10 Holdings	**31.8%**

Portfolio Sector Weights as of 31st December 2020



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Risk Warning

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.

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The information contained herein is provided for informational purposes only, is not complete, and does not contain certain material information about the funds, including important disclosures and risk factors associated with an investment in the funds. Before making an investment in any fund, prospective investors are advised to thoroughly and carefully review the fund's private placement memorandum with their financial, legal and tax advisors to determine whether an investment is suitable for them. An investment in these funds is not suitable for all investors.

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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