Q2 2023

FUTURE TRENDS EQUITY FUND

SUSTAINABILITY REPORT

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Fund Manager

A commitment to sustainable investing forms an integral part of the investment philosophy underpinning the Heptagon Future Trends Equity Fund. **Investing in the future means thinking responsibly about the future**. Our approach to responsibility runs all through Heptagon Capital. We became a signatory of the United Nations Principles for Responsible Investment in 2019, implying a clear commitment to integrate environmental, social and governance considerations into our investment practices and ownership policies.

The **Heptagon Future Trends Equity Fund** was launched in January 2016. The Fund is both pan-thematic in its investment approach and highly concentrated, with 22 businesses at present. The Fund has high active share (typically ~95%) and is style, sector, size and geographic agnostic. Annualised returns since inception of 11.1% are ahead of the Fund's MSCI World Index benchmark. Fund AUM are $142m and strategy AUM $150m as of 30 June 2023.

Introduction

Since the inception of the Future Trends Fund in 2016, we have sought to invest in **a diverse range of businesses offering exposure to the key trends which we believe will help shape the future. These trends naturally align with the Sustainable Development Goals** of the United Nations and are trends which we believe will grow in importance regardless of the economy and regulation.

This report is the 14th sustainability publication we have issued. The work detailed in these reports is complemented by our proprietary sustainability database. Throughout, our emphasis has always been on understanding the direction of travel being undertaken by our businesses. At a headline level, we can assert that both **from a quantitative and qualitative perspective, sustainability efforts continue to show clear progress** (across all three pillars of environmental, social and governance). We provide further details later in this report.

We are pleased that our efforts are also recognised externally, in terms of receiving the **high ratings from the two major providers of sustainability assessments**; **AA from MSCI and 5 Globes from Morningstar**. In addition, the Fund has retained for the second year running, the FNG label, the quality standard for sustainable investment funds in German-speaking countries as well as gaining a Silver Medal award from the Big Exchange Platform recognising the high positive impact it has in respect of sustainability.

Learning from the best

We can assert with confidence that **the businesses in which we invest can generally be considered as sustainability leaders**. This view is informed by the ongoing work we have done since the inception of the Fund, much of which has been detailed in previous sustainability reports. As noted above (and discussed in more detail in the Appendix to this report), the strong positioning of our businesses is also endorsed by external providers.

Nonetheless, **there is always scope for improvement**. With acknowledgment to the famous dictum from Oscar Wilde that *imitation is the sincerest form of flattery*, we reached out to almost all of the businesses in which we are invested and put to them a simple question: **which other companies do you believe to be best in class in terms of sustainability, and what can you learn from them?**

Without wishing to disclose which of our businesses specifically name-dropped others, three key high-level observations seem clear to us –

1: Almost every business that we heard referenced as 'sustainability leader' was very large, capitalised at least at $100bn. We conclude from this that **scale matters**. Businesses with bigger (investor relations and/or dedicated sustainability) teams logically have more resources to dedicate towards their sustainability efforts and might also be considered as higher profile in the public eye.
2: Many whom we spoke to cited **oil and gas majors as being leaders in respect of their sustainability efforts**. This makes sense to us since these businesses potentially have a harder job in terms of positioning and promoting their sustainability efforts in the face of the often-negative public perception based around their activities.

3: We were encouraged to hear several of the businesses mention in our discussions that they saw **IBM as a sustainability leader** (unprompted by us). Future Trends first invested in IBM over five years ago.

What follows below are profiles of three businesses, documenting their sustainability positioning. We have selected **Shell, PepsiCo and IBM**. The former represents a business operational within the conventional energy space. Next comes a large, long-established company that also operates in a sector where the Future Trends Fund has no presence and a business that also faces a perception challenge since its products are often regarded as potentially unhealthy. Finally, we showcase IBM, given that it was a long-standing holding within the Fund. All three of these businesses were cited on at least two occasions as being sustainability leaders by the corporate representatives with whom we spoke. There were, of course, many other strong contenders we could also have considered including.

Case Studies

Shell

Shell

Shell was referenced in many of our conversations around sustainability. Despite being a long-established oil major, Shell has a **strongly detailed energy transition plan and notable evidence of decarbonisation efforts**. Wind the clock back to 1997 and the company established its 'General Business Principles.' The original document is still available on Shell's website and within it, sustainability is referenced as a key tenet. Since then, management has worked to embed commitments to this end into its strategy, business processes and decision-making. KPIs on key sustainability metrics have correspondingly been available for the last 25 years.

In February 2021, Shell announced a more recent update to its broad corporate strategy, entitled 'Powering Progress,' which it then subsequently updated in June 2023. It details how Shell **plans to accelerate the transition of its business to net-zero emissions**, listed as its second major goal (albeit behind generating shareholder value). The remaining two goals also have a clear sustainability angle, being centred on **respecting nature** and **powering lives**. The former is focused on protecting the environment, reducing waste and making a positive contribution to biodiversity, while the latter aims to power lives through (Shell's) products and activities, and by supporting an inclusive society.

Shell describes **its approach to sustainability as being a 'journey'**, constantly evolving its strategy to reflect the changing environment in which the business – founded over 120 years ago – operates. Since the announcement of its Powering Progress strategy, Shell has, for example, disposed of its shale assets (to ConocoPhillips) and acquired Spring Energy, a leading renewable energy player in India. Since 2021, Shell has also provided **annual sustainability updates** to the investment community, the most recent being in March 2023.

At the centre of Shell's efforts is the **commitment to carbon neutrality by 2050** (versus 2016 levels). To achieve this target, the company has deployed a number of approaches. Beyond M&A, Shell has increased its capital expenditure allocated to low-carbon energy and non-energy products. Last financial year, this comprised c33% of its total budget. Examples would include increasing its number of electric vehicle charging points (up over 60% in 2022) and developing renewable hydrogen solutions. Projects are currently underway in the Netherlands and China. One other strategy deployed by Shell is to purchase carbon credits. Although other businesses such as BP and Chevron have also adopted a similar approach, **Shell remains a top buyer of carbon credits**. These could remove up to 20% of its emissions by 2030, per the company.

With regard to respecting nature, Shell has focused on reducing waste from its operations and increasing the recycling of plastics. The company has, for example, committed to increase the amount of recycled plastic in its packaging to 30% by 2030. Separately, Shell aims to reduce the amount of freshwater consumption in its facilities by 15% by 2025 (versus 2018 levels). It has also said that it is **targeting for zero waste** by increasing reuse and recycling across its business and supply chains. Shell's powering lives commitments are also notable. These include **providing reliable electricity to 100m people in Africa and Asia who do not yet have it by 2030**. At a corporate level, Shell is seeking to achieve 35% representation of women in its top 1400 leaders by the end of 2025 and 40% by 2030. Its last reported figure was 30.4%. This latter point is notable since we have long argued that **good governance begins at the top**. We are encouraged to see that 86% of Shell's Board is independent. 55% of its Board Directors are female.

One way of tracking Shell's evident progress is through **the improvement in its rating from MSCI**. In September 2018, Shell was only rated BBB. This was upgraded to A in October 2018 and subsequently to AA in September 2021, a rating it has since retained. Among its immediate peers, only Equinor is rated more highly. As with every business there is, nonetheless, scope for Shell to improve. Beyond potentially having more ambitious/ accelerated sustainability targets, **Shell could work at improving community relations** and avoiding controversies where possible. How the ongoing litigation risks from its Niger Delta operations are handled represents a good case study.

Pepsico

PepsiCo products are consumed by over 1bn people annually, according to the company. Beyond its well-known eponymous fizzy drinks, other brands in its stable include Frito-Lay's, Dorito's, Quaker, Lipton and 7-Up. Despite operating in a very different sector to Shell, PepsiCo shares two similarities with this business: first, both have to counter public perception challenges – for Pepsi, as a producer of potentially unhealthy products; next, both have been long-standing practitioners of sustainability.

The 'PepsiCo Way' comprises the company's broad strategic roadmap and philosophy and embedded within this are considerations around sustainability, that have been developed explicitly since 2006, the first year in which PepsiCo provided key sustainability metrics. More recently, in 2019 – coincidentally when the company launched its first Green Bond issue – PepsiCo set **an explicit strategy that put "sustainability and human capital at the centre of how the business will create value and growth."** Called 'pep+' (or 'PepsiCo Positive'), the strategy has three key pillars based around positive agriculture, positive value chain and positive choices.

Begin with the former. PepsiCo has a significant agricultural footprint that covers ~7m acres in over 30 different countries. Its supply chain supports more than 100,000 agricultural jobs worldwide. As part of pep+, **the company has committed to source crops and ingredients in ways that restore the earth and strengthen farming communities**. Today, PepsiCo says that 90%+ of its grower-sourced crops (potatoes, whole corn and oats) are sustainably sourced on a global basis. By 2030, the company targets to source 100% of all key crops (including those from third parties such as vegetable oils and grains) on a sustainable basis. Regenerative agriculture is another focus area at PepsiCo and it aspires to having all its farmers adhering to such principles by 2030. Fewer than 5% do currently, although a recently announced strategic partnership with Archer-Daniels-Midland could allow PepsiCo to scale this figure rapidly.

In terms of its positive value chain, PepsiCo's remit is broad-based, focusing on both **direct action to reduce climate impacts** as well as to provide meaningful jobs and opportunities. Its core target is to reach net zero by 2040. Along the way, PepsiCo aims to reduce absolute emissions across its supply chain by more than 40% by 2030, including a 75% reduction in Scope 1 and 2 emissions (versus a 2015 baseline). At present, PepsiCo estimates that c70% of its global electricity needs in its direct operations are being met by renewable sources. In the US, it is the eleventh largest buyer of clean power. PepsiCo also has targets in place to reduce water usage and to improve sustainable packaging. All its beverage products already come in recyclable (PET) plastic and the business aspires to have 100% of its packaging in a recyclable, compostable, biodegradable or reusable format by 2025. Its last reported figure was 87%.

PepsiCo is a major employer, with over 300,000 people working directly for the business globally. The business has been a **long-standing advocate of equality** and as with other sustainability leaders, this initiates from the top. Its Board comprises 29% female employees (and 85% of its members are independent). The business has set 2025 targets to reach 50% of women in global managerial roles with pay equality across genders. Currently, the figure stands at 44%. In the US, PepsiCo aspires to have 10% of managerial positions represented by both Black and Hispanic groups, versus last reported figures of 8.3% and 9.5% respectively. Volunteering, under the 'One Smile at a Time' initiative, is also deeply embedded within PepsiCo's culture.

The business sees **part of its mission as being to have a positive influence on the diets of people around the world**. This is reflected in the positive choices part of its pep+ strategy. Beyond its more conventional offerings, PepsiCo highlights that it currently provides food products with whole grains, nuts, seeds, fruits and vegetables as well as complementary beverage options such as water and unsweetened tea. These support hydration without adding calories. More explicitly, PepsiCo has set targets to reduce sugars, sodium and saturated fat levels across its portfolio (where relevant) by 2025. Notably, its saturated fat target (that at least 75% of its convenient foods portfolio volume should not exceed 1.1g of saturated fat per 100 calories) was reached in 2021. An additional goal is to ensure transparent labelling on all its key products by 2030.

It is encouraging to see that **MSCI rates PepsiCo AA**, a rating it has held for at least the last five years. Nonetheless, beyond its positive sustainability progress, there remains scope for improvement. **More ambitious diversity, equality and inclusion targets** could be one focus area. Another might be to improve the traceability and certification of its palm oil products.

IBM

IBM believes itself to be the **record-holder in the US**, having published an annual sustainability report for longer than any other business. The 2022 edition marked IBM's 32nd publication. It also holds several other records in respect of sustainability, being the first major employer in the US to recruit people with disabilities, and of colour. Training programmes orchestrated by an in-house education department have been running at IBM for over 90 years.

In our regular interactions with IBM – we have met (either face-to-face or virtually) with the business 15 times in the past 5 years including on 3 occasions at their head office at Armonk – it is evident to us that **sustainability remains top of mind at IBM**. This approach is also led top-down, with CEO since 2020, Arvind Krishna, having initiated regular townhall meetings where employees at all levels are encouraged to ask live questions to which Arvind will respond. He has also done markedly less flying than previous IBM CEOs and encourages video calls as opposed to carbon-intense travel wherever possible.

Its annual sustainability report provides significant detail into IBM's positioning. From a governance perspective, 11 of its 12 Directors are independent (Arvind being the exception), with an average tenure of 4 years. In the last three years, two women Directors and three ethnically diverse Directors have been added.

In terms of targets, IBM has established a **clear environmental objective** to reach net zero greenhouse gas emissions by 2030. To achieve this goal, IBM will (1) reduce its GHG emissions 65% by 2025 against a base year of 2010 (2) procure 75% of the electricity it consumes worldwide from renewable sources by 2025, and 90% by 2030 (3) divert 90% (by weight) of total non-hazardous waste from landfill to incineration by 2025 (4) use feasible technologies such as carbon capture (in or by 2030) to remove emissions in an amount which equals or exceeds the level of IBM's residual emissions.

Additionally, IBM has **multiple initiatives in place regarding ongoing training** for employees, engagement with all suppliers on sound practices and a commitment to increase supplier diversity (15% Black-owned suppliers by 2025). Elsewhere, **corporate citizenship is important to IBM**. Charitable donations by employees are generally matched by the business and volunteering opportunities (often, up to 20 different ones at any given time) are readily available. The business has committed to logging 4m cumulative volunteer hours by 2025 – and is apparently on track. We also note IBM's strong, ongoing commitment to the (albeit broad) principle of good ethics. This is particularly topical in the context of the growing prominence of AI. As early as 2015, IBM established an Ethics Board and has since broadened its remit, remaining acutely conscious of seeking to avoid bias in algorithms.

Despite such enviable achievements/ commitments (as well as an AA sustainability rating from MSCI), **there is still more that can be done by IBM**, in our view. We note that IBM currently has no formal targets in respect of employee diversity. Furthermore, at present, delivery on sustainability targets is still not *formally* linked to remuneration. Rather, it is just a soft goal, with only certain remuneration objectives linked to diversity modifiers. We hope to see further progress in this respect going forward. We also believe there to be a strong case for IBM to separate formally its Chair and CEO roles (see additional comments in proxy voting section below).

Key takeaways

- **Scale helps when it comes to sustainability efforts**. Bigger businesses with bigger budgets (and appropriately minded executive and investor relations teams) can, by definition, devote more resource to ESG commitments, as is evidenced in the above case studies.
- **Sustainability initiatives must be driven from the top**, by senior management, in order to become successfully ingrained across an organisation.
- **There is no downside from being an early-mover and setting industry standards**, especially in a sector (such as energy or fast-moving consumer goods) where businesses may face an uphill battle in respect of sustainability. Being able to challenge pre-conceived perceptions can be a very powerful tool, particularly in an area as subjective as sustainability. This is perhaps *the most important* learning from our analysis.

Further insights into our sustainability work

Corporate interaction

Engagement with management has always been an integral part of our investment process. We seek to meet with all our businesses at least once a year and preferably at their headquarters, where possible. Site visits are also important as they help provide a more detailed understanding of what makes the businesses we invest in unique. In a typical quarter, we undertake around 25 corporate engagements (a combination of real world and virtual) not only with our existing holdings, but with peer businesses and potential future investments.

The second quarter of 2023 has been little different, with 21 corporate interactions occurring during the period. We met with 10 of our portfolio holdings. Specific highlights included:

- conducting a site visit of two warehouse facilities managed by **GXO Logistics** in the United Kingdom. GXO is our newest portfolio addition and is profiled in more detail below;
- meeting the senior management teams of **Cheniere Energy** and **Keysight Technologies** in London;
- having a 1-1 meeting with the Chief Insight Officer of **Kerry Group**;
- hosting management of **MOWI** at our offices in London; and
- travelling to Oxford to meet with several innovative businesses that have emerged out of the city's university.

Proxy voting

We consider participation in proxy voting as an important duty and review all relevant literature before reaching our decisions. On occasions, this may require direct interaction with management/ investor relations. Over the past quarter, we participated in 20 proxy votes, bringing our 2023 to-date total to 22 (reflecting that most businesses in which we are invested have December year-ends and hence their AGMs during the April/ May period).

While the vast majority of proposals denoted are uncontroversial in our view, most notably, **we voted against one of IBM's recommendations at its AGM**. Consistent with our stance in prior years, we believe that it behoves IBM to separate its Chair and CEO roles. Management asserts that "its current leadership structure is optimal for the company at this time." While we do not disagree per se, we note it remains industry best practice to have formal separation.

We also voted against a recommendation by PayPal at its AGM. Although we have exited from our investment in PayPal, we were of the opinion that PayPal's proposed remuneration could not be justified owing to the disappointing performance of the share price in 2022 (down 62.2%). We will continue to be diligent in our reviews of proxy forms going forward.

Deep dive: GXO Logistics

GXO

GXO Logistics became the newest addition to the Future Trends Fund, added to the portfolio in April 2023 (funded through cash and reducing other holdings). Capitalised at $7.5bn, GXO is **the largest pure-play contract logistics provider in the world**. It acts as a systems integrator and integrated solutions provider across the warehouse and logistics space and is supported by a range of secular tailwinds including e-commerce, automation and outsourcing.

The business has only been listed since July 2021, when it was spun out of its parent company, XPO, the freight-forwarder. **Our dialogue with GXO began in early 2022** and we travelled to their US headquarters to meet with management in May 2022. Since then, we have also met the company's CEO at GXO's London office, visited three different sites operated by the business and attended their inaugural Capital Markets Day in London, in January 2023. Access to and interaction with management is an integral part of our investment process and also speaks strongly to the sustainability credentials of any business, in our view.

Despite a relatively short history as a public company, GXO has already made strong progress in respect of sustainability. Disclosure levels are generally high, the business has a dedicated Chief Sustainability Officer (fewer than half of the holdings within the Future Trends Fund currently have this role formally demarcated) and has **a clear remuneration policy linked with delivery on sustainability objectives**. 75% of its Board is independent and 50% comprised diverse members.

At a high level, GXO is specifically **aligned with four of the UN's Sustainable Development Goals**: affordable and clean energy; industry, innovation and infrastructure; responsible consumption and production; and climate action (respectively, goals, 7, 9, 12 and 13). GXO believes that by increasing efficiency within supply chains and by effectively managing reverse logistics, it can help enable its customers to reduce their carbon footprints and minimise the number of products that end up in landfill, supporting circular economy initiatives.

From an environmental perspective, management has committed to a 30% reduction in GHG emissions by 2030 vs a 2019 baseline. By this timeline, it expects to be using 50% renewable energy globally. Prior to 2030, management expects to have LED lighting in 80% of its global operations and to have an 80% global landfill diversion rate by 2025. Longer-term, management has committed to being **100% carbon neutral by 2040** (in respect of scope 1 and 2 emissions).

Culture matters at GXO, with much of its philosophy derived from the operating environment at XPO. When we spoke with Malcolm Wilson, the Chief Executive, he characterised the **GXO culture as being one of openness, inclusivity and education from within**. At the same time, the organisation is results-oriented but remains mindful of how it operates in a wide range of business environments (both geographically and by customer-type). Each site therefore runs its own P&L and layers of management across the firm are kept to a minimum. GXO highlights how c70% of staff are internally promoted and how ongoing training is integral. Over 1.2m hours of total learning were undertaken by GXO employees last year, equivalent to an average of more than 15 hours per employee. The business also has a best-in-class safety record. The safety consciousness of the team is something that was clearly visible across the different GXO-operated warehouses we have visited.

GXO's remuneration policy is clear. It combines short- and long-term targets. While nearer-term metrics are centred on adjusted EBITDA, revenue and free cashflow (in this order), longer-term RSUs (restricted stock units) are tied to three metrics. Total shareholder return versus the S&P Mid Cap 400 Index carries a 60% weight, adjusted free cashflow per share is weighted at 25% and the remaining 15% is tied to ESG scorecard metrics.

In terms of external validation, **MSCI initiated coverage on GXO with an AA rating** in November 2021, highlighting the leadership of the business in respect of governance. This rating was last renewed in January 2023. While we are encouraged by the strong sustainability positioning of GXO, we believe there is always more that can be done. **Setting Scope 3 emissions targets (that are science-based) as well as clear diversity objectives could be possible further goals for GXO to undertake**, in our view.

Conclusion

As we noted at the start of this report, **investing in the future means thinking responsibly about the future**. What this means practically is that the process of interacting with our businesses remains an ongoing one, centred on encouraging them to take greater account of their environmental and social responsibilities within a framework of good governance. We will continue to look for alignment with Sustainable Development Goals and increased transparency. While we are encouraged by the generally good levels of progress made by the businesses within our Fund, we also recognise that there is much work still to be done. We will continue to look to hold all our businesses accountable. As new data and analytical methodologies become available, we will also look to incorporate these into our investment process and analysis. We welcome any feedback or questions you may have. Thank you for your interest in and support for the Future Trends Fund.

Alex Gunz, Fund Manager, Heptagon Capital

Signatory of: PRI Principles for Responsible Investment

MSCI ESG RATINGS AA

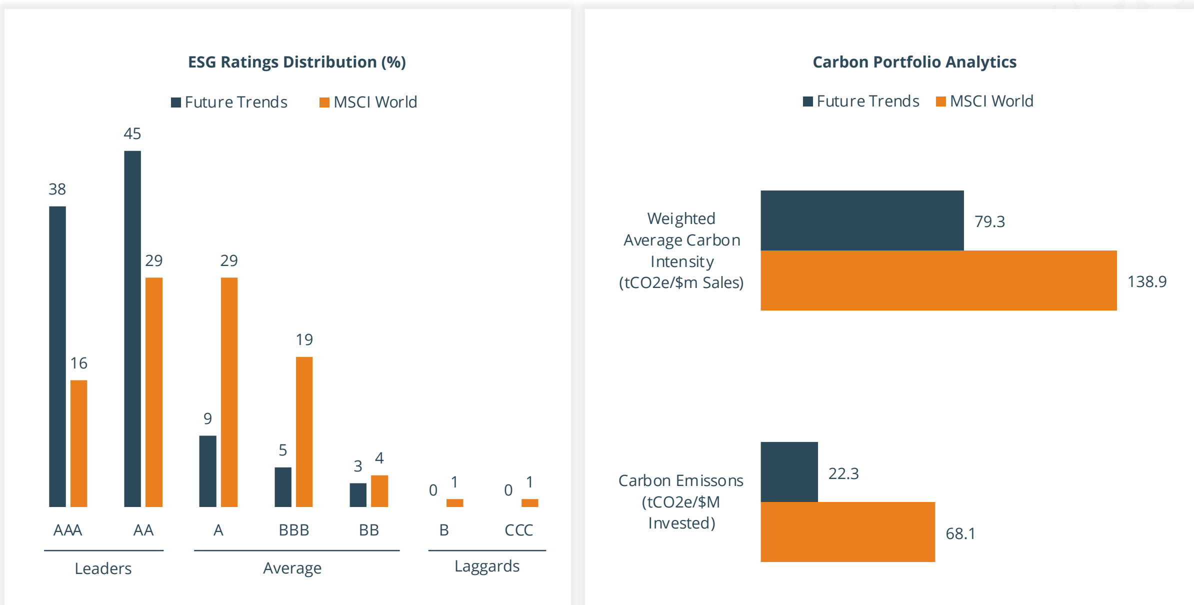
Appendix 1: Insights from MSCI

We are pleased to see that 83% of the Future Trends portfolio receive either AAA or AA ratings from MSCI and so are considered as leaders in respect of sustainability. Although there were no changes in ratings relative to a quarter prior, this figure has shown a marked improvement relative to data a year ago, when the comparable figure was 65%. This change has been driven both by ratings upgrades and portfolio changes (towards more highly rated businesses).

7 of our 22 businesses, equivalent to 38% of the Fund's constituents, receive a AAA rating from MSCI, including our two largest holdings, ASML and Xylem. It is similarly pleasing that no business within the Fund is currently rated as having laggard status by MSCI at present. Airbnb (discussed in more detail in prior reports) receives the lowest rating – BB – across the Fund's constituents. We remain comfortable with the company's sustainability profile.

The chart below highlights that **when compared to its MSCI World benchmark, the distribution of sustainability ratings across the Future Trends is markedly superior**. In addition, the second chart illustrates that **the Fund's carbon footprint is substantially less than that of the benchmark**, which is perhaps unsurprising.

Fund ESG positioning



Source: Heptagon Capital, Calculated on MSCI Analytics, MSCI ESG Research as of 30/06/2023. ESG Ratings are on a scale of AAA to CCC. MSCI Carbon Metrics include Scope 1+2 emissions and are based on a $1,000,000,000 portfolio allocation. ESG Ratings and Carbon Analytics cover equities held in the portfolio only. 30/06/2023.

Appendix 2: A reminder of our process

Since inception, the mantra of the Future Trends Fund has remained *unchanged*. **We seek only to invest in the businesses best exposed to themes which we believe will grow in importance in the future**, broadly regardless of the macro backdrop and the role that governments or regulators might play. Our approach has always been pan-thematic, since we believe no single trend will be responsible for shaping the future. Indeed, as trends overlap, they can become mutually reinforcing in our view. It has always been our opinion that the trends in which we invest naturally align with the Sustainable Development Goals of the United Nations.

Just as important as alignment with the Sustainable Development Goals, we believe it is critical to have clearly defined guidelines on areas in which the Fund will not invest. Since inception, the Future Trends Fund has had a very **clear exclusion list**, where the Fund aims to exclude businesses that are directly involved in and/or derive significant revenues from industries or product lines that include: adult entertainment, alcohol, civilian firearms, controversial weapons, conventional weapons, gambling, mining, nuclear, coal, oil, tobacco.

For every business under consideration for the Fund, we produce a detailed note (typically around five pages in length) making the investment case, which includes a specific section on its ESG positioning. Our assessment is derived from reading company reports, interacting with the company and taking into account the work done by external providers. We are happy to make these reports available on request.

The ranking of businesses based on objective ESG criteria is still an evolving practice. Further, we recognise that since our businesses do not all operate in the same industry (given our pan-thematic approach), factors may vary by business, as does disclosure of available data. To improve our process, we have continued to build out our **proprietary ESG database** to support our corporate due diligence and to complement the regular engagement with corporates/ constant monitoring of newsflow across the Future Trends Fund. We believe this tool allows us to assess the progress of our businesses in respect of certain key, quantifiable metrics as well as informing us of certain crucial topics for discussion with management/ investor relations in our ongoing corporate dialogue.

Our database monitors a wide range of factors that consider sustainability from both a holistic, top-down perspective, as well as focusing in on specifics across the three branches of environmental, social and governance considerations. We are committed to making further enhancements to our database over time.

Important Information

Past performance is not an indication or guarantee of future performance and no representation or warranty is made regarding future performance. This communication is for information purposes only. It is not an invitation or inducement to engage in investment activity.

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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.

SFDR

This Fund has been classified as an Article 8 for the purposes of the EU's Sustainable Finance Disclosure Regulation ('SFDR'). The Fund promotes environmental and/or social characteristics but does not have sustainable investment as its primary objective. It might invest partially in assets that have a sustainable objective, for instance assets that are qualified as sustainable according to EU classifications but does not place significantly higher importance on the environmental objective of each underlying investment. Please see Prospectus for further information on the Funds environmental and/or social characteristics and relevant sustainability risks and principal adverse impacts which may impact the Fund's performance.

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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