HEPTAGON
Capital

Future Trends

Sustainability Report
Q1 2021

Alex Gunz

Future Trends: Sustainability Report
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The **Heptagon Future Trends Equity Fund** was launched in January 2016. The Fund is both pan-thematic in its invertment approach and is highly concentrated, with 22 businesses at present. The Fund has high active share (typically 90%+) and is sector, size and geographic agnostic. 17.6% annualised returns since inception compare to returns of 14.0% for the Fund's MSCI World Index benchmark. Fund AUM is $179m and strategy AUM $190m as of 31 March 2021.

Introduction

A commitment to sustainable investing forms an integral part of the Heptagon Future Trends Equity Fund's investment philosophy. **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 July 2019, implying a clear commitment to integrate environmental, social and governance considerations into our investment practices and ownership policies.

This report constitutes our fifth publication about investing sustainably (our original May 2020 note can be found **here**). Even if we have only been producing such reports for around a year, **our philosophy has remained unchanged since the inception of the Future Trends Fund in 2016**. Put simply, **we seek to invest in a diverse range 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.

The Future Trends Fund is highly concentrated with low levels of turnover, and is sector, size and geography agnostic. Portfolio construction is conducted bottom-up, with an emphasis on quantitative and qualitative factors as well as ESG considerations. The Fund does not invest in areas such as gambling, weapons, or tobacco (further details are provided later in this report) and engages in active dialogue with companies to foster good ESG practices and improve the sustainability profile of companies in the long-term.

The Future Trends Fund is classified as an Article 8 Fund under the European Union's Sustainable Finance Disclosure Regulation. The Fund receives 5 Sustainability Globes from Morningstar and achieves a top percentile ranking versus its peers. MSCI currently ranks the Fund in the 94th percentile within its immediate peer group and in the 91st percentile within the global universe of the ~34,000 Funds it covers.

Alignment with Sustainable Development Goals

The United Nations launched its 2030 Agenda for Sustainable Development in 2015, at which time it was adopted by all members. The agenda provides a shared blueprint for peace and prosperity for the planet. At its heart lie 17 Sustainable Development Goals (SDGs).

When we think about the future **our starting point is to consider how to allocate scarce resource efficiently**. This premise is fundamental to classic economics but it is also highly significant when one considers how to balance the needs of a growing global population (the United Nations predicts a ~25% increase in the world's population between now and the end of the century) with shrinking natural resources (water, food, energy). An ageing population in many geographies – with additional healthcare needs – and an urbanising population in others – with different needs – will also likely pressure the system.

It is against this background that we have consistently argued that **technology is an enabler**; a tool for enabling more efficient resource allocation. Think about **how a powerful combination and application of data can result in improved resource optimisation**. Data have no value, we believe, unless they are stored, secured and analysed. When applied appropriately, data can help enable health innovation and improve waste management, to name just two examples. Data insights can also promote better air, water and food quality. They may further drive more responsible and sustainable consumption as well as reducing inequalities. Start to consider the potential for how data can be leveraged and you can see immediate alignment with the SDGs.

All the businesses within the Future Trends Fund will leverage the power of data *in addition* to working towards promoting other specific SDGs. Indeed, it is perhaps to consider that **every business within the Future Trends Fund has exposure to multiple SDGs,** as the case studies below highlight.

Case study one: Vestas

Listed in Denmark and capitalised at DKK263.0bn ($41.7bn), Vestas is the world's #1 provider of onshore wind turbines and #2 provider of offshore turbines. We expect significant growth in the wind industry as countries embrace alternative energy sources and the cost of providing them falls. Heptagon Capital has been an investor in Vestas since March 2018.

The business is aligned with 7 of the 17 SDGs. These include affordable and clean energy (goal 7), sustainable cities and communities (goal 11), responsible consumption and production (goal 12) and climate action (goal 13). In addition, Vestas is committed to quality education, good jobs & economic growth, and partnerships towards goals (targets 4, 8 and 17 respectively). The company has set a clear range of targets and aims to become 100% carbon neutral by 2030, while reducing its carbon footprint by 55% within a 2025 timeframe (relative to 2020 levels). It also aims to eliminate all waste in the production of wind turbines by 2040. 85% are currently recyclable.

Case study two: Keysight Technologies

The business is the #1 player globally in network test and equipment, with a ~25% market share. The use of Keysight's hardware and software is integral for the development of 5G infrastructure, which will enable faster speeds, greater network capacity and improved connectivity. The business is listed in the US and capitalised at $27.0bn. Heptagon Capital has been an investor since April 2019.

At the heart of Keysight's business is innovation (consistent with goal 9; industry, innovation & infrastructure). The deployment of 5G networks will also be crucial in the development of sustainable cities and communities (goal 11) while helping to promote good jobs and economic growth (goal 8). The business is also committed to responsible consumption and production (goal 12) and has clear energy and water conservation targets (which also play to goal 7; affordable and clean energy). Promoting quality education (goal 4) is also integral to Keysight's strategy and the business has thus far helped engage over 570,000 students and future engineers in STEM education projects.

Case study three: MOWI

MOWI is the world's leading salmon business, responsible for the production of around 450,000 tonnes of salmon annually, equivalent to 1 in 5 fish, or ~7.5m daily meals. It is the only business with a fully integrated supply chain, from feed (for fish) through to fork (own-brand MOWI salmon is available). The business is listed in Norway and capitalised at NOK109.7bn ($12.8bn). Heptagon Capital has been an investor since September 2018.

Salmon is attractive from a sustainability perspective, with a significantly smaller carbon footprint and lower level of water consumption per kilogram of equivalent meat relative to other comparable protein sources. These levels are between 4 and 7 times less than those required to produce poulry, pork or beef (per MOWI).

Salmon delivers clear health benefits too, being rich in not only protein, but also Omega-3 fatty acids, vitamins D and B12 and minerals such as iodine and selenium. MOWI therefore supports not only climate action (goal 13) but also good health and well-being (goal 3). The business is also aligned with responsible consumption & production, and 'life below water' (goals 12 and 14 respectively) as well as promoting objectives such as reduced inequalities – better access to healthy food – and gender equality (goals 10 and 5 respectively).

What we don't invest in

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 –

- X adult entertainment;
- X alcohol;
- X civilian firearms;
- X gambling;
- X mining;
- X nuclear;
- X oil;
- X tobacco; and
- X weapons.

The investment process

For every business under consideration for the Fund, we produce a detailed (3-5 page) note 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 (our Fund has always been pan-thematic), factors may vary by business, as does disclosure of available data. Factors we take into consideration include:

- **Environment:** greenhouse gas (GHG) emissions; management of pollution; management of water usage; and waste management.
- **Social:** percentage of female employees; contribution to local communities; avoidance of controversies; and analysis of supply chains.
- **Governance:** accounting practices (avoidance of red flags, reporting in English, adherence to IFRS, timely and consistent reporting); board transparency, quality and remuneration; and the preferred avoidance of dual share class structures.

Engagement with our businesses

Active and ongoing engagement with the management/ investor relations teams of all the businesses within the Future Trends Fund is an integral part of our strategy. It is also consistent with our commitment to being a socially responsible investor. Over the past 12 months we have participated in ~100 company meetings (all virtual owing to current circumstances) and completed over 25 proxy votes.

During the first quarter of 2021, we did 30 virtual meetings including with 15 of our current 22 investments in the Fund. ESG considerations constitute a crucial discussion topic in almost all our meetings and we believe it behooves us as a responsible manager of assets to push our businesses on how and where they should be improving their strategies. We had one-on-one calls with C-level management at First Solar and Steris (as well as with TomTom – although we are no longer invested in this business; see below) as well as one-on-ones with Investor Relations at Daifuku, Intuitive Surgical and Thermo Fisher (the remaining calls were either in a small group format and/or with prospect/peer businesses). Over the past quarter, we also completed three proxy votes (Kerry Group, Keysight Technologies and Novo Nordisk).

Case study one: TomTom

The Future Trends Fund was invested in TomTom between April 2016 and February 2021. Our decision to sell out of our position was motivated by a combination of factors (for more information, see our most recent quarterly commentary). However, one of our main concerns was the disappointing interaction we had with management over its commitment to ESG and its reluctance to set formal targets. We first raised the topic actively in a call with the Chief Finance Officer in May 2020. At the time, the message was that TomTom was "looking into" the possible publication of a dedicated Sustainability Report with related key performance indicators. We saw no signs of positive change in this respect and when we last spoke with the CFO (in February 2021) it was evident that the business had not visibly progressed in its work on ESG disclosure. When asked about this, the CFO highlighted the apparent complexities around identifying which ESG metrics it should disclose as well as the cost/time to provide this information on an ongoing basis. Given that many comparable businesses are able to provide relevant and detailed ESG metrics and targets, we were disappointed by TomTom's stance. We expect all our businesses to have clear and consistent ESG strategies.

Case study two: Steris

Future Trends first invested in Steris in August 2019. We engaged substantially with management prior to our investment, visited Steris HQ in Mentor, Ohio in March 2020 (the week prior to lockdown) and have continued our dialogue, speaking most recently to the CFO in January 2021. ESG considerations have formed part of all our discussions. While Steris operates in the field of sterilisation and so has some of the highest safety and ethical standards in the world, there is little formal disclosure to support this. We were told by the firm's CEO on our site visit that "we do more than we talk about" in respect of ESG and Steris provided several examples of its lean manufacturing approach and clear success in waste reduction. Since then, we have consistently asked for further information and ways of providing quantification of ESG initiatives. It was therefore pleasing to learn in our most recent discussion that Steris had formed a global ESG Steering Committee (led by the firm's COO) at the start of 2021 and that it had also made the first-time hire of a Sustainability and Social Media Manager. While we would welcome a formal report and objectives, we are pleased with the increasing awareness of and commitment to ESG disclosure being shown by Steris.

Case study three: Daifuku

Future Trends started an investment in Daifuku, a leading Japanese automation business, in June 2020. During the course of our due diligence we were highly impressed by the firm's commitment to ESG. Daifuku has published an annual Corporate & Social Responsibility report since 2016 with detailed disclosure on over 50 different objectives. In February 2021, management announced its Environmental Vision 2050, which aims to promote environmentally-friendly activities in its business operatons and across its products/services. The business aims to be carbon-neutral by 2050 as well as setting clear interim targets for 2030. We had the opportunity to speak with Investor Relations at Daifuku to gain more details into these initiatives in March 2021. Beyond highlighting its clear commitment to reducing carbon emisisons and increasing recycling across its value chain, Daifuku noted that there is still much room for improvement in respect of its ESG strategy. We applaud this approach; ESG should be an *ongoing* commitment. One specific area that Daifuku called out as requiring more work was to improve Board diversity. While 4 of its 11 members are independent – and this figure could be higher – Daifuku noted that only one Board member was female; a ratio it intends to improve upon.

Monitoring progress

Beyond direct contact with our businesses, the quarterly earnings season provides us with the opportunity to learn what progress companies have made in respect of not just financial but also ESG objectives. 18 of our 22 businesses within the Future Trends Fund have December financial year-ends and so many have used this opportunity to set out updated ESG initiatives/targets as well as provide disclosure on ESG matters in their Annual Reports (and/or in dedicated Sustainability Reports).

To the extent that there is commonality across our businesses, we note an increasing level of commitments towards carbon neutrality as well as a growing importance placed upon improving diversity (both in terms of gender and race). Rather than provide a full list of new information released by each of our businesses, we thought it more interesting to highlight some of the initiatives we found most notable.

Case study one: Mastercard

Mastercard announced on 24 March 2021 that it would **link executive compensation to delivery on ESG initiatives**. We see this as a positive move and expect other businesses to follow suit. Specifically, Mastercard has outlined its three ESG priorities as being carbon neutrality, financial inclusion and gender pay parity. This announcement follows much other work Mastercard has done in respect of ESG. Earlier in the year, Mastercard published a wide-ranging update on how it had already begun to deliver relative to its 'Solidarity' initiatives, first set out in June 2020. The project was designed to "activate the full breadth" of Mastercard's resources to combat racism and create equal opportunities for all. Among other initiatives, Mastercard has committed to investing $500m in Black communities through technology, products, insights, grants and supplier spending over the next five years; rolled out global-conscious inclusion training to all Mastercard employees; launched an evolved recruitment strategy to attract and hire Black candidates at college, experienced and senior levels; and, doubled down on its Girls4Tech programme to continue to reach girls in underserved communities.

Case study two: Prologis

January 2021 saw the publication of a report from Prologis in conjunction with MIT's Real Estate Innovation Lab which showed that carbon emissions from online shopping were 36% lower, on average, than those produced by in-store trips. This implies that **e-commerce has a clear sustainability advantage over in-store shopping** (even after factoring in higher returns and packaging), which is supportive, in our view, to the investment case for Prologis, the world's largest owner of industrial real estate. Further, the report shows that built-out logistics networks, which include urban fulfilment centres, can reduce transportation-related emissions by 50%, equivalent to the carbon footprint per package being lowered by ~10%.

Case study three: MOWI

We highlighted earlier in the report how MOWI's business is closely aligned with the Sustainability Goals of the United Nations. At its March 2021 Capital Markets Day (its first since November 2018), MOWI provided further granularity on the ESG initiatives being taken across its value chain. We were impressed that 100% of MOWI's 2020 harvest volumes were sustainably certified by a GSSI (Global Sustainable Seafood Initiative)-recognised standard. Elsewhere, MOWI highlighted how it had reduced the amount of plastic used in packaging (2000 tons of virgin plastic were avoided by alternative packaging in 2020) as well as how it had increased its use of recycled packaging and farming equipmemnt (equivalent to over 15,000 tons last year). The circular economy also plays a significant role in how MOWI runs its businesses: sludge from its freshwater plants is, for example, re-used as compost in agriculture while ~49,000 tons of salmon by-products (unwanted fish parts) are upcycled into other aquaculture and/or pet food products.

Case study four: Thermo Fisher

A brief honourable mention to Thermo Fisher for being recognised as '**the best place to work for LGBTQ equality' for the sixth consecutive year**, per the 19th annual survey by the Human Rights Campaign Foundation. The Future Trends Fund has been an investor in Thermo Fisher since September 2020.

Ranking our businesses

ESG analysis is an evolving practice and we are constantly refining our methodology to incorporate new data and sources. Beyond the proprietary work we do (detailed above), we also incorporate data from Sustainalytics as a means of considering how our businesses rank from an ESG perspective. Sustainalytics is, arguably, the leading independent global provider of ESG and corporate governance research and ratings to investors. **The Future Trends Fund continues to exhibit a high correlation between ESG rankings and portfolio weighitngs.** Four of the Fund's top-five holdings (and seven of our top-ten) as of 31 March 2021 receive either negligible or low risk ratings from Sustainalytics. This level is consistent with a quarter prior.

Sustainalytics data for Future Trends top-five holdings

Company		Porfolio Weight	Risk Category	Risk Rating	Last Report
Vestas	Vestas	5.7%	Low	15.9	Mar-21
ASML	ASML	5.6%	Low	12.8	Jul-20
MOWI	MOWI	5.4%	Medium	25.9	Feb-21
Mastercard	mastercard	5.2%	Low	16.3	Nov-20
IBM	IBM	5.0%	Low	18.0	Mar-21
Fund Average				19.2	

Source: Heptagon Capital, Sustainalytics, data as of 31 March 2021. For more Sustainalytics methodology see discussion below.

Methodology

Sustainalytics emphasises good governance as the *starting point* for any discussion about SRI priorities.

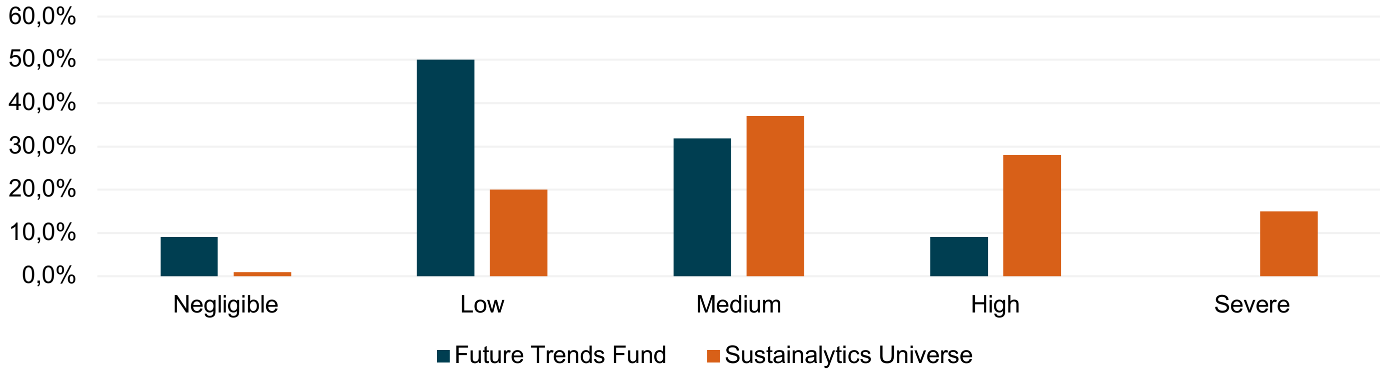
- **Businesses are given a 'risk' rating**. These are derived from deep insights into multiple exposure factors including corporate governance, human capital, product governance, ESG integration of financials and business ethics. This results in a composite risk score (or measure of a company's unmanaged ESG risk), where the **lower the risk rating, the better**. Note these ratings – and all others within Sustainalytics – are on an absolute basis rather than being industry/ sector-relative.
- Sustainalytics also awards businesses **a 'momentum' score**. This is centred around direction of travel; whether businesses are getting better in their governance practices and their practical application. Scores here should be considered *in conjunction* with risk ratings. As a general rule, positive momentum should be seen as encouraging and vice versa. Low risk ratings combined with stable (or positive) momentum could be seen as an ideal scenario.

- **Companies are additionally assessed on the extent of the controversies in which they have been involved**. These could relate to factors such as anti-competitive practices, data breaches or animal welfare among others. Businesses are scored on a ranking of 1-5, where lower is better.

Sustainalytics groups businesses into five categories of risk ratings ranging from negligible through to severe via low, medium and high. A negligibly rated business is one whose enterprise value is considered to have a neglible risk of material financial impacts driven by ESG factors, and vice versa.

Across our portfolio of 22 companies, two businesses receive unmanaged risk ratings of sub-10 from Sustainalytics (meaning the enterprise value of the business is considered to have a negligible risk of material financial impacts driven by ESG factors) and none of our businesses carry a rating of over-40 (considered as severe). Indeed, as the table below shows, **the Future Trends Fund has a markedly superior distribution of risk ratings relative to the broad universe of business covered by Sustainalytics**. Relative to a quarter prior, the average risk rating for the portfolio has improved slightly; from 19.8 to 19.2.

Distribution of ESG Ratings: Future Trends vs Sustainalytics Universe



Source: Sustainalytics, Heptagon Capital. Data as of 31 March 2021.

In terms of **momentum**, a bigger percentage of our businesses are demonstrating positive momentum relative to negative, currently (50% vs 32%, with the remainder unchanged) based on information provided in the most recent reviews issued by Sustainalytics. Combined with the above risk scores, this suggests to us that the management teams of our businesses are generally mindful of their ESG imperatives and are continuing to implement appropriate policy.

Intuitive Surigcal showed the biggest improvement over the past three months (equivalent to a 5.3 point gain in momentum), perhaps indicative of its improving ESG disclosures, a topic we have discussed in previous quarterly commentaries. Intuitive also saw its unmanaged risk rating reclassified by Sustainalytics from High to Medium per its most recent (February 2021) review. There were no notable outliers on the negative side.

Finally, with regard to **controversies**, 10 of our 22 businesses are considered by Sustainalytics to be subject at present to no or low levels of controversy, while only 3 of our businesses receive a controversry designation of either 'high' or 'significant.' This represents **an improvement relative to the prior quarter** given the addition of Aptiv to the Fund and our sale of Microsoft. Aptiv (discussed in more detail below) has generally strong ESG credentials and is subject only to a low level of controversy, per Sustainalytics. Meanwhile Microsoft – sold in January – was called out for its anti-competitive practices and received a high controversy rating.

The remaining three businesses subject to controversy per Sustainalytics are Mastercard, MOWI and Novo Nordisk (ordered alphabetically). Having dug into the matters raised – and no new concerns emerged over the past quarter – we consider the topics of controversy to be well-understood issues, which although require careful monitoring, do not change our investment view on the businessss. Anti-competitive practices are the main (general) source of concern. An additional issue for MOWI is animal welfare. While there is work to be done in this respect, MOWI ranks ahead of almost all its agriculture peers, as discussed earlier in this report.

Some additional comments on ESG ranking

While we are of the view that sustainably oriented businesses ought to have good governance practices and that this constitutes the starting point for our ESG considerations, we also pay additional attention to environmental and social matters. Our work in this field is evolving and does not currently have as much granularity as the governance insights provided by Sustainalytics. The below data (which has also featured in previous ESG reports and is sourced from Bloomberg as of 31 March 2021) offers good proxies for corporates' progress in respect of their environmental and social objectives. We will look to add to this over time.

- **Greenhouse Gas (GHG) Emissions/ Revenues:** This metric measures the total tons of GHG emissions per millions of reported local currency revenues; lower is better. This is a good measure of a business's environmental credentials. Businesses equivalent to over 90% of the Fund's assets currently disclose this information. The average GHG emissions/ revenue figure disclosed by businesses in our Fund was 44.4 at the end of Q4; a marked improvement relative to when we first started recording this data a year ago (when the average figure was 83.8). Vestas, Novo Nordisk and Prologis rank most highly in respect of low GHG emissions despite operating in very different industries (wind turbines, diabetes drug manufacturing and industrial real estate, respectively); although it is perhaps not uncoincidental that the former two are both Danish businesses, which often have high levels of ESG stewardship.

- **Percentage of Female Employees:** We use this as a metric for considering the quality of businesses within our universe on social factors; higher is better. Businesses equivalent to 90% of the Fund's assets currently disclose this information (slightly higher than the prior quarter). Although there is wide dispersion across our portfolio holdings, our average business has ~36% female employees; a slight improvement relative to a quarter prior (~34%). At many of our businesses, the direction of travel is encouraging. Orpea, a leading provider of accommodation and care services for the elderly, perhaps unsurprisingly ranks highest in respect of this metric (at 83%), while, based on last disclosed data, Chegg and Vestas currently rank most notably below average.

Deep-dive into Aptiv

Aptiv, a $36.6bn, US-listed play on the car of the future became the newest investment within the Future Trends Fund. We initiated a position in the business in January 2021 and the full rationale for our investment is detailed in our most recent **quarterly commentary**. Although we have been following the car of the future theme since at least 2015 (see **here**), our detailed work on Aptiv started in the fourth quarter of last year, during which time we had the opportunity to speak on several occasions in a one-on-one format with both the Investor Relations team and the Chief Financial Officer. This access helped reinforce our conviction in not only the investment case for Aptiv, but also its strong ESG credentials.

Source: Aptiv

In terms of key highlights:

- **Disclosure:** Aptiv has published a Sustainability Report annually since 2013.
- **Alignment with Sustainable Development Goals:** Aptiv's business is closely aligned to 9 of the United Nation's goals, namely: good health & well-being; gender equality; clean water & santiation; decent work & economic growth; industry, innovation & infrastructure; sustainable cities & communities; responsible consumption & production; climate action; and peace, justice & strong institutions. Full details on each are provided in its available literature.

- **Governance:** 11 of Aptiv's 12 members of Board are independent. Aptiv also provides very clear disclosure on its remuneration policies. Of particular note, 10% of senior management's remuneration premised on 'strategic targets', which include ESG metrics around talent & diversity, culture and quality.
- **Environmental:** Aptiv's first Sustainability Report in 2013 targeted a 2020 carbon footprint 30% lower than the level reported in 2012. This goal was achieved in 2019 as were its targets in reducing waste and water consumption. 2025 targets call for a further 25% reduction in CO2 emissions and an additional 12% decrease in water consumption. By 2025, Aptiv expects renewable energy to power ~25% of its operations.
- **Social:** Diversity is a key priority at Aptiv**.** Its global workforce is comprised 47% by women. Women occupy 22% of management roles. The development of inclusivity and talent is also integral to Aptiv's mission. All managers have to participate in 'leading through culture' workshops annually and 94% of Aptiv's employees have completed its code of conduct training.
- **External recognition:** Aptiv was recognised in February 2021 as one of the world's most ethical companies for the 9th consecutive year by Ethisphere, a global leader in defining and advancing the standards of ethical business practices.
- **Sustainalytics perspective:** Aptiv receives an unmanaged ESG risk rating of 13.7 from Sustainalytics, which ranks it in a low risk category and places the business 5th out of 178 auto parts businesses included within the Sustainalytics database (equivalent to the third percentile). Their most recent review of the business was conducted in March this year.

Conclusion

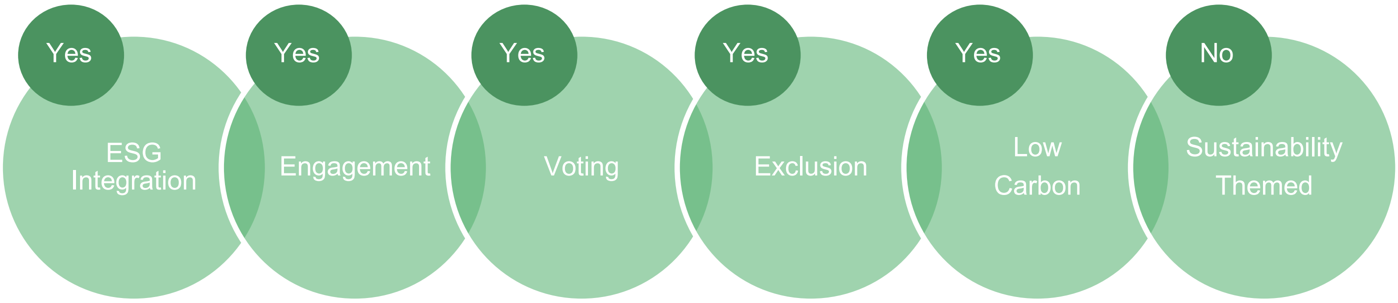
As we noted at the start of this report, **investing in the future means thinking responsibly about the future**. What this means practically is that the process of interacting with our businesses remains an ongoing one, centred on encouraging them to take greater account of their environmental and social 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

Appendix: Sustainability Fund Classification



A full list of ESG considerations which are used in our analysis (and may vary by sector) follow below -

- alignment with UN Sustainable Development goals;
- environmental and social reporting, disclosures and transparency;
- material environmental and/or social controversies;
- human rights considerations;
- environmental practices;
- employee and board-member diversity;
- anti-corruption policies;
- unethical business conduct;
- board structure; and
- executive compensation

- Sustainable Investment – ESG Fund Overall
- Sustainable Investment – ESG Engagement
- Sustainable Investment – ESG Incorporate

Morningstar Sustainability Globes

Further details can be found **here**.

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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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.

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.

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