HEPTAGON Capital

Q1 2021

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 1,255m as of 31st March 2021.

TOTAL RETURNS

As of 31st March 2021, net of fees

	Q1 21	YTD	2020	2019	2018	2017	2016	2015
Kopernik Global All-Cap*	9.2%	9.2%	38.3%	10.7%	-12.0%	8.1%	52.0%	-12.0%
MSCI ACWI NR USD Index	*4.6%*	*4.6%*	*16.3%*	*26.6%*	*-9.4%*	*24.0%*	*7.9%*	*-2.4%*

** Class I shares*

Kopernik Global Investors, LLC – Sub advisor Q1 2021 Commentary

Contributors

Following along from Q4 2020, holdings in the Energy sector made the largest contribution to the strategy for the second quarter in a row. As we discussed in our recent ESG Webinar, energy, including hydrocarbons, continues to be an important part of our portfolio. We believe that ESG concerns are important, and we have been integrating ESG factors into our risk adjusting process since inception. We also believe that ESG is not black and white and that while the market's passive approach is ESG is sub-optimal, it has created significant market inefficiencies, particularly in the energy sector. We continue to find attractive opportunities in natural gas, oil, and uranium.

Our U.S. natural gas companies, **Southwestern Energy Co ("Southwestern")** and **Range Resources Corp ("Range")**, performed very well over the quarter. The fundamentals continue to support higher natural gas prices in the future, and both companies have long-lasting reserves at current production rates. Southwestern was up 56.0% during the quarter, while Range was up 54.2%. As is our process, we trimmed both companies when prices rose, while adding back when prices dipped during the quarter. The Canadian oil and natural gas producers had a strong quarter. **Crescent Point Energy Corp ("Crescent Point")**, **MEG Energy Corp ("MEG")**, and **Cenovus Energy Inc ("Cenovus")** all contributed positively, building on their gains from the previous quarter. All three are Canadian oil producers with long-lived assets. Cenovus also has natural gas and natural gas liquids production, as well as downstream assets in the U.S. and Canada, which they gained with their acquisition of **Husky Energy ("Husky")** in January 2021. Crescent Point was up 79.0%; MEG was up 48.6%; and Cenovus was up 23.7%. **Inpex Corp ("Inpex")**, a Japanese oil and gas exploration and production company, was another positive contributor, appreciating 27.0%.We trimmed Crescent Point and MEG, and added to Cenovus early in the quarter before the price ran up.

Heptagon Capital, 63 Brook Street, Mayfair, London W1K 4HS ~ Tel: +44 20 7070 1800 ~ Fax: +44 20 7070 1881

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Contributors cont.

Uranium companies built on their gains from the previous quarter. 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. One of the largest positions, and a position held since inception, is Canadian uranium producer **Cameco Corp ("Cameco")**, which was up 23.9%.. The market may be responding to a December 2020 announcement from Cameco that they would be shutting down one of their largest mines, Cigar Lake, for the second time 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). Other uranium producers also made positive contributions: **Nexgen Energy Ltd ("Nexgen")** was up 30.9%; **NAC Kazatomprom JSC ("Kazatomprom")** was up 36.7%; and **Denison Mines Corp** was up 65.4%. We trimmed Denison, Cameco, and Nexgen on price appreciation.

Industrials also made a positive contribution during the quarter, led by two Japanese industrial conglomerates. **Mitsubishi Corp ("Mitsubishi")** and **Mitsui & Co Ltd ("Mitsui")** are each Japanese conglomerates with multiple business segments. Both are durable, world-class businesses that trade below book value. Mitsubishi was up 17.5% while Mitsui was up 15.8%. Other positive contributors were spread across multiple sectors. **Golden Agri-Resources Ltd ("Golden Agri")**, a global leader in palm oil production and has several refineries, was up 29.9%. We are attracted to their low valuation: they trade at half of book value and at an attractive price on a price/hectare basis. **Sprott Inc ("Sprott")**, a Canadian asset management firm that provides investors with exposure in the precious metals space, was up 31.8%, while **KT Corp ("KT")**, the dominant fixed-line and number-two mobile phone provider in Korea, was up 13.0%. We trimmed Mitsubishi, Mitsui, Golden Agri, and Sprott on price appreciation, but added to KT Corp early in the quarter before prices rose.

As the copper price continued to rise in the first quarter, the position in **Turquoise Hill Resources Ltd. ("Turquoise Hill")** also rose, increasing 29.6% from price appreciation. 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. The stock was volatile during the quarter, and we trimmed and added opportunistically.

Another positive contributor was **Northern Dynasty Minerals Ltd., ("Northern Dynasty")**, which owns the Pebble Mine in Alaska, a massive copper/gold/molybdenum deposit. Northern Dynasty was up 97.6% in the first quarter. Northern Dynasty has continued to deal with uncertainty as it attempts to bring its Pebble Mine project online. The stock has been volatile as the company faced permitting and public relations problems. Over the summer of 2020, 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 filed for an administrative appeal in February, 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.

Detractors

Many of the gold mining companies performed poorly this quarter, and the Materials sector as a whole detracted from strategy returns. We continue to remain optimistic on the fundamentals for gold. The central banks substantially increased the monetary base last year, and look likely to do the same this year, which continues to bode well for future gold prices. Importantly, the mining stocks are undervalued even sans a gold price increase. The largest detractor was **Centerra Gold Inc ("Centerra")**, a large Canadian gold producer that owns mines in Canada, Turkey, and Kyrgyzstan. Centerra's Kumtor Mine in Kyrgyzstan is a good asset in a challenging location. Centerra has an ongoing tax dispute with the government, and the country announced in January that it was banning foreign companies from future mining projects. Centerra's mine at Kumtor is already permitted, so they are excluded from the ban, but we require a high margin of safety to account for the risks. We remain attracted to their diversified assets and long-lived reserves, as well as their strong management team. Other gold miners were down as well: **Seabridge Gold Inc ("Seabridge")** was down 23.2%; **Newcrest Mining Ltd ("Newcrest")** was down 5.7%; **New Gold Inc ("New Gold")** was down 29.7%; **Artemis Gold Inc ("Artemis")** was down 18.4%; **Polyus PJSC ("Polyus")** was down 8.7% and **Equinox Gold Corp ("Equinox")** was down 22.9%. Silver miners also detracted. **Fresnillo PLC ("Fresnillo")**, the world's largest primary silver producer, with all of its assets in Mexico, was down 22.7%, while **Bear Creek Mining Corp ("Bear Creek")**, whose Corani Silver Project is the largest undeveloped silver project in the world, was down 29.7%. We took advantage of lower prices to add to our positions in Centerra, Seabridge, Newcrest, Artemis, Polyus, Equinox, and Fresnillo. We added a small amount to Bear Creek as well but were limited by our internal compliance limits. We own a diversified portfolio of precious metal mining companies, diversifying across management teams, geographies, geologies, and balance sheets. A large and long-lived mineral endowment is the most important commonality across all of the mining holdings.

Other detractors were spread across multiple sectors. In the Financials sector, **Turkiye Halk Bankasi ("Halkbank")** was down 30.2%. Halkbank is a primary bank in Turkey, a country that has faced repeated financial and political crises over the past few years. Another detractor was **MHP SE ("MHP")**, a Ukrainian poultry producer, which was down 9.3%. We added to Halkbank. **Electricite de France SA ("EDF")**, one of the world's largest electric utilities companies, was also down. As we mentioned in our ESG webinar, we find it interesting that a company with a capacity mix that is 60% nuclear, 24% hydroelectric and other renewables, and 16% thermoelectric has not benefited from the massive amount of money chasing clean energy. Nuclear, in our opinion, must be part of the equation if countries are looking to reduce carbon emissions. Instead, the share price is more driven in the short term by news about the timing and terms of potential regulatory reform. This has created volatility in the share price, of which we have taken advantage: during the quarter, we added quite a bit before trimming as the price appreciated. Another detractor was **China Telecom Corp Ltd ("China Telecom")**, which was down 7.5%. In November, former President Trump issued an executive order that placed the parent companies of **China Mobile Ltd ("China Mobile")** and China Telecom a list of prohibited Chinese companies. We continue to believe that both are stable businesses offered at attractive valuations, but we will continue to follow all applicable rules pertaining to the executive order around owning these securities.

Portfolio Activity

We initiated a position in **VTB Bank PJSC ("VTB")**, one of Russia's largest banks and the highest-rated investment bank in the country. We also initiated a position in **Carrefour SA ("Carrefour")**, one of the world's largest food retailers with a presence in over 30 countries.

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Portfolio Activity cont.

As you will recall from our previous letter, last quarter we eliminated our position in **Hyundai Motor Co. ("Hyundai")** common stock due to significant price appreciation. We continue to hold preferred shares of the stock, which trade very differently than preferred shares in the United States. As is our process, we have decreased positions in Hyundai across the board as the different types of shares approached our risk-adjusted intrinsic value. We eliminated the first preferred line during the quarter, while still holding the second preferred in the portfolio. Other eliminations include the positions in **Conic Metals Corp ("Conic")** and **Franklin Resources Inc ("Franklin Resources")** after prices appreciated.

In closing, we continue to be excited by the portfolio's significant potential for upside over the long run. We persist in opportunistically buying and holding companies that we believe are trading at significant discounts to their risk-adjusted intrinsic value, using volatile times to our advantage. You can count on us to employ our disciplined, fundamentals-based, long-term approach that has produced a proven track record through full market cycles.

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

The views expressed represent the opinions of Kopernik Global Investors, LLC as of March 31, 2021, are not intended as a forecast or guarantee of future results, and are subject to change without notice.

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

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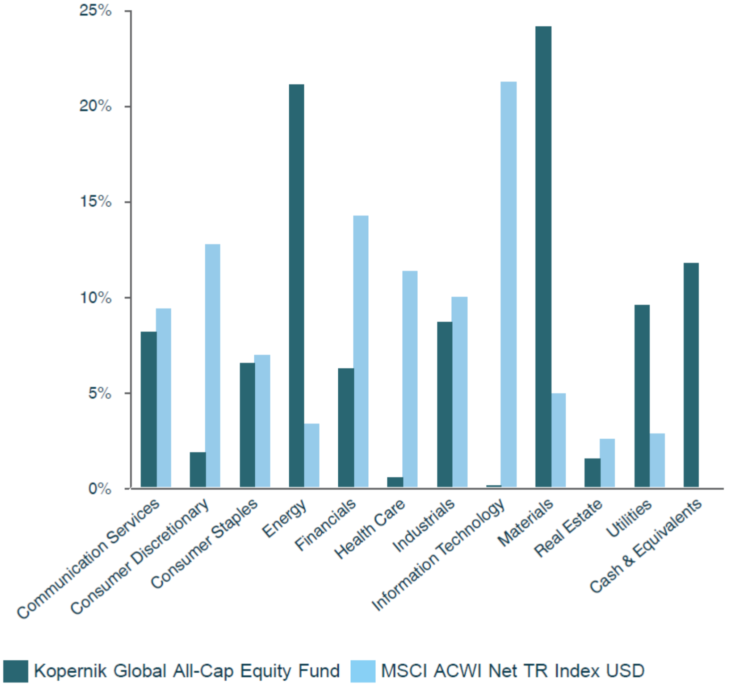
Kopernik Global All-Cap Equity UCITS Fund Positioning

Top Ten Holdings by Issuer as of 31st March 2021

Name	% of portfolio
Gazprom PAO	3.8%
Newcrest Mining LTD	3.7%
Cameco Corp	3.5%
KT Corp	3.3%
China Telecom Corp LTD	3.1%
Turquoise Hill Resources LTD	3.1%
Centerra Gold Inc	2.8%
Rushydro PJSC	2.8%
Federal Grid Co Unified	2.3%
Electricite de France	2.2%
Total of Top 10 Holdings	**30.6%**

Portfolio Sector Weights as of 31st March 2021



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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.

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SFDR

The Fund takes sustainability risks into account within the investment process, and this is disclosed in accordance with Article 6 requirements of the Sustainable Finance Disclosure Regulation ('SFDR') in the Fund's prospectus. However, the Fund does not have as its objective sustainable investment and does not promote environmental or social characteristics for the purposes of the SFDR. Sustainability risks may occur in a manner that is not anticipated by the Sub-Investment Manager, there may be a sudden, material negative impact on the value of an investment and hence the returns of the Fund. As a result of the assessment of the impact of sustainability risks on the returns of the Fund, the Sub-Investment Manager aims to identified that the Fund may be exposed to sustainability risks and will aim to mitigate those risks.

Heptagon Capital LLP, 63 Brook Street, Mayfair, London W1K 4HS
tel +44 20 7070 1800
fax +44 20 7070 1881
email london@heptagon-capital.com

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