HEPTAGON Capital

Future Trends

Sustainability Report

Q2 2021

Alex Gunz

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The **Heptagon Future Trends Equity Fund ("Future Trends Fund")** was launched in January 2016. The Fund is both pan-thematic in its investment approach and highly concentrated, with 23 businesses at present. The Fund has high active share (typically 90%+) and is style, sector, size and geographic agnostic. 18.4% annualised returns since inception compared to returns of 14.9% for the Fund's MSCI World Index benchmark. Fund AUM is $177m and strategy AUM $189m as of 30 June 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.

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.

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 (a full list is 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.

This report constitutes our sixth publication about investing sustainably (our original May 2020 note can be found here). **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 95th percentile within its immediate peer group and in the 94th 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.

We are confident that **every business within the Future Trends Fund has alignment to multiple SDGs**, even if this is not always quantifiable. Furthermore, it is worth noting that certain of the goals overlap (for example, those of no poverty and zero hunger), while others (such as peace, justice and strong institutions, or partnerships for the goals) may be of limited explicit focus for the businesses within our universe. Goals

12 and 13 – responsible consumption and production, and climate action – provide some good examples of where many of our businesses have developed policies that are consistent with the objectives established by the United Nations. Alignment with other goals will be profiled in subsequent Sustainability reports.

Case study one: Goal 12

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Companies as diverse as Aptiv (a systems integrator for the auto industry), MOWI (a salmon farmer) and Prologis (a provider of industrial warehouses) stand out as industry leaders in respect of responsible consumption and production. Product innovation at **Aptiv** has reduced the weight of materials used for building electric vehicles, resulting in more energy conversion efficiency and better driving range, thereby accelerating the likely customer transition away from conventional internal combustion engines. **MOWI** highlights that 1.8m tonnes of carbon dioxide emissions are avoided annually by replacing the corresponding amount of land animal protein production with salmon. This is equivalent to removing 380,000 cars from the road every year. **Prologis** owns over 4,700 buildings in 19 countries across the world, equivalent to almost 1bn square feet. All of its properties are targeted to be equipped with LED lighting by 2025 and an increasing percentage of its portfolio have solar panels installed. Indeed, Prologis ranks third in the US – where ~60% of its properties are based – in terms of solar installations, behind only Walmart and Amazon.

Case study two: Goal 13

13 CLIMATE ACTION

Almost all businesses within the Future Trends Fund have set out targets to reach net zero carbon emissions over the next 10-20 years. Some of these announcements have been relatively recent (for example, **PayPal** – for more information, see later in this report), while others remain laggards and have yet to establish targets, even if there is an intention to do so (at **Covetrus** or **Zebra Technologies**, for example – also see below). **Vestas**, the world's leading producer of wind turbines, is a strong case study of what other businesses may seek to achieve. At the start of 2020, it committed to reduce its global carbon footprint by 55% within a 2025 timeframe, aiming to become 100% carbon neutral by 2030. In addition, Vestas announced in January 2020 that it would eliminate all waste in the production of its wind turbines by 2040. Other businesses with strong commitments in this respect include **ASML** (machines that make semiconductor chips) and **Novo Nordisk** (diabetes treatment), highlighting that climate action is an objective that cuts across sectors/themes.

What we <u>don't</u> invest in

Just as important as having 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 –

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

Our MSCI World benchmark comprises ~2,000 businesses (although we are not confined to investing exclusively in businesses from within this Index). Using the above exclusion criteria, as well as having in place the restriction that the Fund would not invest in businesses that had committed serious violations of the UN's Global Compact, **our universe is shrunk by over 25%** to fewer than 1,500 potentially investable businesses. Further, the Future Trends Fund would be reluctant to invest in any business with fewer than 50% of its Board comprising independent directors and/or businesses that were deemed by external research providers to currently carry unacceptable levels of risk. No business within the Fund falls into this category.

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 second quarter of 2021, we did 28 virtual meetings including with 16 of our current 23 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 and/or Senior Investor Relations at ASML, Avast, Covetrus, Kerry Group, MOWI, Prologis and Zebra as well as being privileged to join a roundtable hosted by the Chief Executive of IBM, along with four other investors. The remaining calls were either in a small group format and/or with prospect/peer businesses).

Having participated in around 100 virtual meetings in the past 12 months, several topics have recurred with regularity and we thought it interesting to share what we believe to be our top-five most frequently discussed areas below –

- In which areas do you see most scope for improvement in respect of your current approach to sustainability?
- What is your timeline/ thought process for linking executive remuneration with ESG goals?
- To what extent do you believe your ESG objectives conflict with your commercial objectives; and how do you intend to redress?
- It's reasonably clear what your environmental objectives are, but please highlight where you have made most impact socially?
- If there is no separation between Chair and CEO (as is often the case for many of our US-listed investments), why not and under what circumstances might you review?

We detail below four case studies that we believe best illustrate our interaction with businesses in respect of ESG matters.

Case study one: Avast

Avast has only been publicly listed for three years. Future Trends first invested in the business in March 2020, but met with management twice prior to its investment and has since participated in five (virtual) meetings with a variety of personnel including the Chief Executive, Finance Director, Chief Technology Officer and Investor Relations (IR). ESG has become an increasingly important topic for Avast and a portion of our most recent call with IR in May pertained to this matter. While the company's most recent Annual Report – published in March – contains substantial and improved (relative to a year prior) disclosure on ESG matters, the business has yet to issue a dedicated ESG report. We were, however, informed that Avast was in the process of completing an internal audit of its ESG processes and had begun to work with a consultant in order to establish clear three-year ESG targets. These will likely be shared externally in the coming six to twelve months, with there being the intention to publish a full ESG report in 2022. Ahead of this, we were encouraged to see Avast release in late June three factsheets relating to its current positioning in respect of environmental, social and governance metrics, consistent with the frameworks of the Sustainability Accounting Standards Board and Global Reporting Initiative.

Case study two: Covetrus

Covetrus became the latest investment in Future Trends when we initiated a position at the start of May. Prior to our investment, we conducted substantial due diligence including several conversations with senior management (Chief Executive and Chief Finance Officer) as well as Investor Relations. Covetrus only listed in February 2019, when the veterinary distribution business of Henry Schein was spun-out and merged with Vets First Choice, a privately owned software business. After an initial series of missteps, new management was brought in during early 2020. A clear three-year business plan has been put in place, which we believe is highly credible. Covetrus has delivered well against expectations and raised its financial guidance at its most recent set of results.

Given the recent change at Covetrus, management is only now beginning to address the topic of ESG and **we were invited to share our input with the company** over the past quarter, joining a call with Covetrus' Global Chief Ethics & Compliance Officer (and Investor Relations). The business is already moving in the right direction, with high levels of workforce and Board diversity: 50% of employees are female as is 40% of the Board. Covetrus has also undertaken a number of environmental initiatives including conserving energy at its facilities, minimising waste, increasing recycling and eliminating single-use plastics. Further, Covetrus has a long track record of charitable giving; to rescue/ shelter services for animals as well as academic research. Much of this detail will be formalised and increasingly shared with the investment community, but we believe there is still work to be done, particularly in respect of setting hard targets including in areas such as a scope 1 and 2 emissions reductions.

Case study three: Kerry Group

Some of the year-to-date volatility in the share price of Kerry Group (in which the Fund has been invested since inception) can be attributed to commentaries from short-sellers that have raised concerns about Kerry's accounting practices and level of disclosure. Management has been very proactive in responding to these concerns and we joined a call with Chief Executive Edmond Scanlon to hear him rebut the charges in February. As part of our ongoing engagement work with all our businesses, we spoke again with Kerry's Senior Investor Relations Officer on this topic in June. He highlighted how Kerry had taken feedback from many of its shareholders regarding the need for improved disclosure. The detail provided at the time of the company's most recent acquisition (the €835m purchase of Niacet in June) was markedly better to prior levels and, in the eyes of Kerry, superior to that provided by many of its peers. While we will continue to monitor progress (and particularly the level of non-trading items reported in the P&L

account), Kerry does seem committed to sharing more information. A potential Capital Markets Day event tentatively planned for the coming months may also be helpful.

Case study four: Zebra Technologies

Future Trends has been an investor in Zebra Technologies since August 2018. We have met with management regularly over this period and indeed our very last face-to-face meeting pre-pandemic was with the company's then Chief Financial Ofifcer at Zebra's Chicago headquarters, in March 2020. Zebra has since appointed a new CFO – the previous executive moved to a role at a larger company – and we spent an hour with Nathan Winters over Zoom in May. Nathan is an internal appointment within Zebra and so knows the business well and has been responsible for shaping the group strategy for some time. Although Zebra does not currently publish a dedicated Sustainability report, its intention is to do so during early 2022. Zebra highlighted that it has been pursuing Science Based Targets in respect of its CO2 footprint (scope 1-3 emissions) since the start of 2021. In addition, all senior management have clear ESG objectives embedded within their remuneration. We are encouraged by the direction of travel and welcome the prospect of increased disclosure.

Proxy voting

Over the past quarter, **we completed 18 proxy votes**. We take this process seriously and on several occasions voted *against* Board proposals. In the case of IBM, we argued in favour of the business having an independent Chair, since we believe this constitutes a good principle of corporate governance. IBM was against this motion and although it did pass in IBM's favour, the margin was very small (51:49). We were pleased, however, to see that our decision to vote in favour of increased disclosure by First Solar on diversity matters (relating to gender, race and ethnicity) was endorsed by a convincing margin (75:25) despite First Solar being against the proposal.

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. Several of our businesses committed (in some cases, for the first time) to clear environmental targets. Improving diversity also remains top of mind. 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: Aptiv

A May press release saw Aptiv commit to become carbon neutral in its global operations by 2030. Further, Aptiv expects to provide carbon neutral products and achieve net neutrality by 2040. Included within this objective is to reduce CO2 emissions by an additional 25% by 2025 (relative to an already achieved reduction of 40% since 2011), source 100% of electricity for operations from renewable sources by 2030 and deliver only carbon-neutral products by 2039, from sourcing to disposal.

Case study two: Equinix

Similar to Aptiv, Equinix issued a press release in June 2021 where it announced a 2030 global climate-neutral target. In-line with SBT requirements, Equinix has committed to make a 50% absolute reduction in Scope 1 and 2 emissions from a 2019 base year by 2030. In addition, Equinix will target reaching 100% renewable electricity by 2030. Beyond this, Equinix has said that it will require that 66% of its suppliers by emissions will have science-based targets by 2025.

Case study three: Keysight Technologies

2030 is also a crucial year for Keysight Technologies. In an announcement issued over the past quarter, the business said that it would commit to 55% renewable energy and 10% energy reduction through efficiency and conservation initiatives by fiscal 2030 (vs a fiscal 2019 baseline) and that it would further commit to 100% renewable energy and 20% energy reduction by 2040. Keysight also announced a series of important social objectives. By the end of fiscal 2021, it expects 35% of global new hires will be women and 45% of US new hires will be from underrepresented minorities. Additionally, Keysight is targeting to commit $250m in value to strengthening communities and engage 75,000 students and future engineers through STEM education initiatives.

Case study four: PayPal

Similar to other businesses profiled in this section, PayPal announced environmental goals (for the first time) in April. The business has said that it aims to use renewable energy to power all its data centres by 2023, reduce its carbon emissions by 25% by 2025 (versus a 2020 baseline) and to be carbon-neutral by 2040. Separately, PayPal announced that it had committed $135m of investments to-date in financial projects helping to support black and other under-served communities and a further $100m to advance financial inclusion and the economic empowerment of women and girls. Its target is to reach over $500m of commitments to help advance racial equality.

Case study five: Prologis

Prologis continues to be a clear leader in our view across a very broad range of ESG issues. Over the past quarter it made several new announcements in this respect including (1) a partnership with the Association of Supply Chain Management to create a new industry certificate to help develop the next-generation of talent for the logistics industry and help address skills shortages; (2) the launch of a new Leadership in Energy & Environmental Design programme to ensure the appropriate build and standardisation of sustainable green buildings; (3) a commitment to install all its buildings with LED lighting by 2025.

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 one of the leading independent global providers 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 weightings. Four of the Fund's top-five holdings (and nine of our top-ten) as of 30 June 2021 receive either negligible or low risk ratings from Sustainalytics. This level shows an improvement relative to a quarter prior (although the ratio four out of the top-five is unchanged, only seven of our top-ten received these rankings as of the end of Q1).

Sustainalytics data for Future Trends top-five holdings

Company		Porfolio Weight	Risk Category	Risk Rating	Last Report
ASML	ASML	5.8%	Low	11.8	May-21
Thermo Fisher Scientific	ThermoFisher SCIENTIFIC	5.3%	Low	14.2	Apr-21
IBM	IBM	5.2%	Low	14.6	May-21
PayPal	PayPal	5.1%	Low	17.4	May-21
MOWI	MOWI	5.0%	Medium	26.1	Apr-21
Fund Average				19.0	

Source: Heptagon Capital, Sustainalytics, data as of 30 June 2021. For more Sustainalytics methodology see discussion below.

Methodology

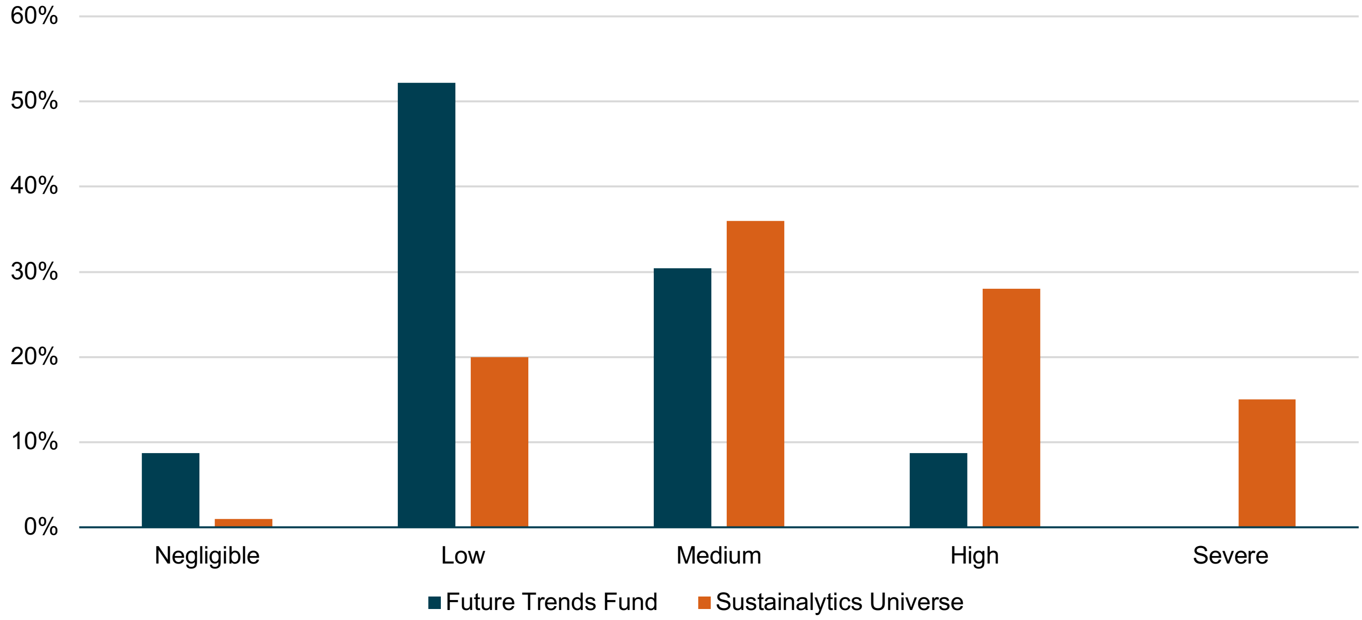
Sustainalytics emphasises good governance as the *starting point* for any discussion about SRI priorities.

- **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 negligible risk of material financial impacts driven by ESG factors, and vice versa.

Across our portfolio of 23 companies, two businesses receive unmanaged risk ratings of 10 or lower 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 carries 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 19.2 to 19.0.

Distribution of ESG Ratings: Future Trends vs Sustainalytics Universe



Source: Sustainalytics, Heptagon Capital. Data as of 30 June 2021.

In terms of **momentum**, a markedly bigger percentage of our businesses are demonstrating positive momentum relative to negative, currently (65% vs 22%, 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 Surgical showed the biggest change over the past three months (equivalent to a 5.5 point gain in momentum), perhaps indicative of its improving ESG disclosures, a topic we have discussed in previous quarterly commentaries.

Finally, with regard to **controversies**, 10 of our 23 businesses are considered by Sustainalytics to be subject at present to no or low levels of controversy, while only three of our businesses receive a controversry designation of either ‘high’ or ‘significant.’ This status is unchanged relative to the prior quarter. The 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 businesses. 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 we have discussed in previous reports.

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 30 June 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. Since we first started tracking the data from the end of Q1 last year, there has been a marked improvement. The Fund's average had fallen from 79.6 then to 43.5 at the end of 2020. Since then, the figure has dropped slightly, to 42.7 reported as of end June 2020. Relative to a quarter prior (and given new disclosure on the part of our businesses), Equinix, Keysight Technologies, Novo Nordisk and Orpea have demonstrated reductions in their levels of ESG emissions. Equinix's figure remains the highest in the Fund, reflecting the cooling equipment required within its data centres, although we are impressed with its commitment to reducing energy consumption, as discussed earlier in the report.

- **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. Although there is wide dispersion across our portfolio holdings, our average business has ~36% female employees, a slight improvement relative to a year prior (~34%). Equinix has demonstrated a particular improvement in its ratio relative to a year prior (22% to 31%), while we were pleased to note that Covetrus – our newest holding within Future Trends employs an impressive 50% of females across its workforce. Orpea (a leading provider of accommodation and care services for the elderly) continues to rank most highly in this respect, even if its ratio is down slightly relative to a year prior (79% vs 82%).

Conclusion

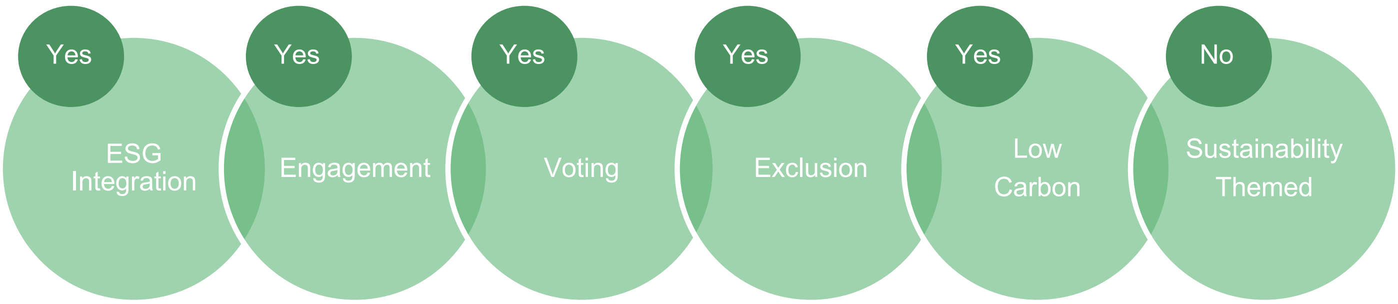
As we noted at the start of this report, **investing in the future means thinking responsibly about the future**. What this means practically is that the process of interacting with our businesses remains an ongoing one, centred on encouraging them to take greater account of their environmental and social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