HEPTAGON Capital

Q2 2022

FUTURE TRENDS EQUITY FUND

SUSTAINABILITY REPORT

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Fund Manager

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 at least 95%) and is style, sector, size and geographic agnostic. Annualised returns since inception remain ahead of the Fund's MSCI World Index benchmark. Fund AUM are $125m and strategy AUM $136m as of 30 June 2022.

Introduction

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.

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 constitutes our tenth publication about investing sustainably.

The Fund receives an AA rating from MSCI and 5 Sustainability Globes from Morningstar. **The Future Trends Fund is classified as an Article 8 Fund under the European Union's Sustainable Finance Disclosure Regulation**. We were also pleased that the Future Trends Fund was awarded the FNG-label (the quality standard for sustainable investment funds in German-speaking countries) for the first time in 2021.

E is for Engagement

We and many others focused on sustainability are of the opinion that **good ESG principles begin with good governance**. To this end, the leaders of the businesses in which we invest are the stewards of their organisations, not just responsible for setting corporate strategy but also for acting as internal and external role models. Our investment process has always been premised on combining top-down work on sustainable themes which we believe will grow in importance with detailed bottom-up due diligence on the businesses we see as best-placed to benefit from these trends. **Ongoing access to management is therefore crucial**.

We have detailed in previous sustainability reports that we seek to meet with the management teams of the businesses in which we are invested at least once a year. Engaging with peer businesses and prospects for future investments is also an ongoing part of our process. **Typically, we conduct around 25 meetings a quarter, or over 100 a year**.

Q2 was a particularly active quarter for engaging with management teams. **We undertook our first trip to the US since before the pandemic in May** (we were previously there in March 2020, almost the last week before lockdowns began). **On this trip, we visited 23 businesses** across 6 different states. **The roster included 12 of our investments in the Fund** at the time (we have since sold Covetrus, owing to it being subject to an agreed takeover bid) as well as 11 prospect candidates. In many instances we were told that we were among the first investors physically to be in the offices of our businesses. We also got incredibly good access to C-level management – something we value and are grateful for – and in 11 instances, we met with the CEO or CFO (and in one instance the Chief Technology Officer).

Beyond the US, we also travelled to Switzerland to meet the management team of SIG Combibloc and did in-person meetings with management teams of Darktrace, Equinix, Keysight and Zebra Technologies in London as well as holding a virtual meeting with Cheniere Energy, our newest investment. Year-to-date, there have been only two businesses within the Future Trends Fund (Steris and Vestas) with whom we have not met, either face-to-face or virtually. Given the large number of meetings recent undertaken, **this quarter's Sustainability Report has a specific focus on engagement**.

Inevitably, **sustainability was a key topic in almost all our meetings**. The cadence of the debate and management teams' awareness of its growing importance (especially in the US) has undoubtedly improved relative to a year ago. Below follow some key highlights on what selected businesses shared with us regarding their progress on sustainability matters. Please note, this list is non-exhaustive and only covers the discussions where we felt sustainability topics were particularly relevant. To keep things simple, we have listed our engagements in alphabetical order –

Airbnb: We profiled Airbnb in detail in our Q3 2021 sustainability report. At the time, we noted that while Airbnb had done much to empower hosts (providing them with a novel source of income) and work with communities (driving many sustainable initiatives such as recycling), there was still more to be done at a corporate level. When we met the company, we asked about the timing of a dedicated Sustainability Report to which management said it was "working on it." At the least, investors should expect more disclosure (via some form of factsheet) later this year. The internal focus seems more on diversity than on environmental matters for now. As of the end of 2021, under-represented minority populations comprised 14% of its US-based employees and those who identify as women (in the gender binary) made up 48% of global employees. Airbnb has set a goal that by the end of 2025 20% of product development and IT employees are to be from under-represented minorities at all levels, 20% of US employees be under-represented minorities, and 50% of employees at all levels be women. Success in achieving these goals is one of several metrics used by Airbnb to help determine compensation. We will continue to monitor progress carefully.

Aptiv: The company has had a consistently strong track record in respect of sustainability, and we profiled the business in a deep-dive in our Q1 2021 ESG report. When we met with Aptiv in New York and asked them where they thought they could improve with respect to sustainability, management highlighted that the purpose of a recently conducted Materiality Analysis (we were asked to contribute our views) was precisely to answer this question. Aptiv believes it can do more in respect of (1) enhanced transparency and disclosure on certain metrics (2) understanding its supply chain risks more comprehensively and (3) working to drive better diversity at both its Board level and across its engineering teams. Separately, Aptiv said it hoped to be able to set Science Based Targets from 2023.

Chegg: The business remains one of the relative laggards in our Fund in terms of sustainability. Nonetheless, Chegg is making progress. When we met with the business in mid-May, Investor Relations highlighted the imminent publication of Chegg's first Sustainability Report (which has now occurred) as well as their current hiring mandate for a dedicated ESG specialist. In terms of climate initiatives, Chegg noted that it had mapped Scope 1 and 2 emissions and was in the "early stages" for Scope 3, with the intention to set climate goals over the next 1-2 years. More details on this topic are disclosed in its Sustainability Report. In respect of diversity, Chegg stated that while it did set internal goals, it was reluctant to share these externally at present, particularly should they result in potential legal challenges down the road. On the topic of linking executive remuneration to dedicated targets, Chegg said it would "continue to review" the logic of doing so, even if its last Materiality Analysis had revealed this, apparently, to be a low priority.

Covetrus: Although we have now exited from our position in Covetrus owing to the Board accepting a proposal from two private equity firms to take control of the business, part of our meeting with management at their headquarters in Portland, Maine focused on the progress the business was making in respect of sustainability (for the record, we met Covetrus three days prior to the private equity consortium's offer and eight days prior to Covetrus accepting it). As detailed in our Q3 2021 Sustainability Report, much of our initial engagement with Covetrus focused on what the business should be doing to demonstrate its sustainability credentials most effectively. The company has made good progress, particularly in respect of diversity matters. Much of our discussion in May centred on the case for linking remuneration to certain sustainability objectives. Covetrus highlighted to us that while it does not have any specific remuneration policy relating to delivery of broad sustainability objectives, there is a target for all level 8 employees and above (equivalent to c20% of the workforce) relating to diversity and inclusion. If Covetrus does not increase its percentage of employees from diverse backgrounds from 39% (achieved in 2021) to 42% this year, then executive pay-out would only be 90%, even if all financial measures were achieved for the year. Were the diversity target achieved, then there would be a 10% kicker on top of the 100% payout, assuming all other financial objectives were completed. It will be interesting to track from the sidelines whether Covetrus' current sustainability momentum is maintained under its future owners.

Equinix: We came away from our meeting with Equinix (at its Redwood City HQ) very impressed with its culture, which emphasises a message of "I'm safe, I belong, I matter." Management has always operated an 'open-door' policy and members of the C-suite are regularly seen in the communal kitchen areas. Equinix has made a concerned push to drive diversity, particularly at an engineering level by partnering with local community colleges and broadening its overall recruiting drive. While there is more to be done, the number of female employees at VP level and above has grown by 3.6pp over the last year. Management intends to keep growing this metric even though it has not committed to a formal target. Certain (non-disclosed) ESG targets have been added to annual bonuses as a 'modifier' beginning in 2022, although linking longer term remuneration (LTIPs) with ESG objectives remains some time away.

First Solar: We held a very active discussion with the CFO on the merits of linking remuneration to sustainability targets. Company-wide bonuses for all employees will have a "small" element linked to hitting certain sustainability objectives for the first time this year. Longer-term, the debate remains open. First Solar pointed out to us that some of its reluctance in this respect related to where sustainability objectives may potentially conflict with corporate objectives. We have some sympathy with the view that just because First Solar operates in a sustainable space (i.e., solar) does not necessarily mean that all its strategy has to be entirely sustainability focused. Management noted that linking remuneration to CO2 reduction initiatives was less complex than diversity objectives, given that the make-up of its US workforce is markedly different, say, to that of its employees in Malaysia, making global targets somewhat challenging. Elsewhere, First Solar highlighted the strong progress it was making to drive increased recycling of solar panel parts at the end of their useful lives (as opposed to these panels ending up in landfills).

IBM: Our conversation on sustainability with IBM highlighted two different strands to its approach, being more sustainable as a business and also helping its clients to become more sustainable. With regard to the former, IBM highlighted its industry record as a pioneer, having published dedicated ESG reports for the last 31 years. The company said investors should expect enhanced disclosure as well as more qualitative examples of its progress in this area going forward. In terms of the latter, IBM noted that it is seeking actively to build better trust and transparency in the algorithms that drive its data analysis (for IBM customers). The key messages are clients' data remain their own, IBM's algorithms are transparent (and can be shared with clients) and algorithms have been deliberately designed to avoid bias.

Intuitive Surgical: During the time we have been publishing our quarterly sustainability notes, Intuitive is one of the businesses that has demonstrated the most progress, albeit from a low base. This has also been recognised by MSCI, which upgraded its rating of Intuitive from BBB to A in May 2022. Annual CSR reports have now been released for the last two years along with disclosure on a range of metrics. Intuitive said "a lot of work is still being done" and that it was actively recruiting to grow a team of dedicated sustainability specialists. While there is a strong desire to capture and report much of the good work it does, Intuitive acknowledged that this process takes time. Quantitative diversity objectives are likely to be released ahead of environmental targets, partly owing to the uncertainty over which environmental standards Intuitive plans to follow. That said, Intuitive has committed to providing carbon reporting within the next two years, and most likely at the earlier end of this horizon.

Mastercard: We have always seen Mastercard a leader in respect of sustainability and management highlighted to us that the recent linking compensation to ESG targets across the whole organisation would help raise the profile internally of its sustainability efforts. Much of our discussion related to the "under-appreciated" work the business has always done. Mastercard highlighted that data privacy was a core organisational foundation. Consumers could use the network in the knowledge their data would not be compromised, while corporates purchasing data insights from Mastercard via its consulting arm knew that all data was anonymised and the company's algorithms had been designed to avoid bias (a similar message to what we heard from IBM). Additionally, Mastercard also stressed its ongoing dialogues with governments globally aimed at driving financial inclusion (for example, by using Mastercard as a disbursement network). Separately and subsequent to our meeting, Mastercard issued a press release in June highlighting its commitment to delivering economic empowerment tools and resources to over 1m women in Guatemala, Honduras and El Salvador in its capacity as a founder member of Partnership for Central America. The organisation is aimed at increasing prosperity in the region through practical solutions.

Prologis: We have always been impressed with the commitment Prologis has shown towards sustainability, being the first US REIT either to set Science Based Targets or to issue Green Bonds, for example. Despite good progress, there clearly always remains room for improvement. Prologis highlighted to us that it had created the post of Chief Sustainability Officer for the first time this year and recruited a person to fill this role and drive further efforts. Part of our discussion centred on the good work the business has undertaken in respect of linking remuneration to diversity targets for all employees enrolled on its annual bonus scheme. Seven metrics now sit on its ESG scorecard, up from one (based around diversity) in 2017 and three (relating also then to solar and LED deployment) in 2018. The list now comprises three environmental objectives, three social and one governance. Importantly, one metric recently added relates to the number of participants enrolled in its Community Workforce Initiative (a programme aimed at attracting more people to work in warehouses – and something we have discussed in prior sustainability reports). Combined, these metrics account for a 10% weight in short-term bonuses. Separately, we were pleased to see the press release issued by Prologis in June (to coincide with the publication of its latest Sustainability Report) that it would commit to net zero emissions by 2040, with an interim target of net zero for its own operations by 2030.

SIG Combibloc: After a 1-1 call with the CEO and CFO of SIG in April, we spent a full day with the whole team at the company's Capital Markets Day in Zurich in June. Samuel Sigrist, the group's Chief Executive described how sustainability was "integral" to his business. As one of the world's leading providers of packaging solutions, he sees SIG's mission as being to address the need for more safe food in the world (via storing it more effectively) at the same time as being to reduce both carbon and plastic. Specifically, SIG aims to become net carbon positive, with the "perfect pack" removing carbon dioxide from the atmosphere since it would be made entirely from fully recyclable paper. SIG said it has "clear line of sight" towards producing aluminium-free beverage cartons. Across its broader portfolio, SIG says its intention is to move towards mono-material products wherever possible. More broadly, the concept of continuous improvement in every aspect of its business – including sustainability – is deeply embedded into SIG's culture, as was evident from our time spent with the company. 10% of SIG's short-term incentive plan is currently linked to the business delivering on sustainability targets, but management said the direction of travel for this level was "only one way."

Thermo Fisher: The leading life sciences business has been publishing CSR reports since 2015 and scores strongly, in our view, in many aspects of sustainability. It has in place clear science-based environmental targets (net zero by 2050) and reports on current diversity levels across the organisation. When we asked whether the business intended to move towards setting quantitative diversity targets, Thermo highlighted that it "could do better" in this respect, but that the focus remained on finding the right person for the right job. Management will continue to disclose progress on diversity levels for now, rather than setting explicit targets. We believe this is a step in the right direction, even if targets could be logical over time. Elsewhere, Thermo was keen to highlight to us the good work it had done in respect of establishing the Foundation for Science (in 2020), which provides tools for "the next generation of scientists" as the company put it to us. To-date, over 2900 organisations have received support from Thermo.

Two other points of note: Ukraine and Green Bonds

In addition to the information shared by businesses with us in our recent meetings, many of our businesses also issued press releases over the past quarter highlighting new sustainability initiatives and/or progress made on existing commitments. The two topics that we felt were of most note pertain to responses to the ongoing conflict in Ukraine and (unrelated) announcements relating to green bond issuance. To take each in turn, we detail the initiatives which specifically caught our eye -

Ukraine: Airbnb announced at the end of April that 11,000 refugees from Ukraine had now received temporary accommodation through the good work of its host community and contributions from the Airbnb Foundation. By June, this figure had reached 50,000. These numbers compare to Airbnb's original target of 10,000, first announced in February. We believe these details demonstrate to a highly tangible response to the humanitarian crisis in Ukraine (not to mention the speed with which Airbnb was able to react). Separately, **PayPal** said on its Q1 earnings call that its platform had permitted for over $100m to be sent to and received by Ukrainian refugees. Dan Schulman, the company's CEO says that its platform provides "an essential role for those in need."

Green Bonds: ASML, the Dutch manufacturer of advanced lithography machines for semiconductor production, announced its first green bond offering of €500m in May. **ASML is one of eight businesses within the Future Trends Fund (or 36% of its constituents) that have now issued green bonds. We have added this factor into our proprietary ESG database** as a way of tracking the progress our businesses are making in respect of sustainability. Elsewhere, we note that following **Equinix's** recent $1.2bn green bond offering, the US listed data centre business is the fourth largest green bond issuer globally. For the record, Kerry Group, Mastercard, MOWI, Prologis, Thermo Fisher and Vestas are the Fund's other green bond issuers.

A quick comment on proxy voting

As part of our ongoing engagement with businesses, we take the process of proxy voting seriously. Year-to-date, we have completed 20 proxy votes. On several occasions we have voted against Board proposals. Notable cases would include –

- **IBM:** We believe it behoves businesses to have separation between the role of Chief Executive and Chair of the Board to promote independence in decision making and provide appropriate checks and balances. This is not currently the case at IBM and hence we voted *in favour* of separating the roles and so *against* IBM.

- **PayPal:** We voted *against* the company's proposal for executive remuneration given the disappointing share price performance recorded over the past 12 months, combined with a (downward) reset to financial guidance and the announcement of the CFO's departure.

Historically, we have also rejected certain proposals from Equinix, First Solar, Kerry Group, Novo Nordisk and Thermo Fisher.

Deep dive: Cheniere Energy

Cheniere became the newest investment in the Future Trends Fund, added to the portfolio in April 2022. Listed in the US with a market capitalisation of $33.8bn, Cheniere is a full-service provider of liquefied natural gas (LNG), offering procurement, transportation, liquefaction and shipping.

We first made **the case for LNG** in 2011 and were previously invested in the business from 2016 to 2020. Our motivation for exiting from Cheniere two years ago was *nothing* to do with the quality of the business and was simply a reflection of our (then) relative conviction level, particularly in the context of the valuation opportunities presented elsewhere as a result of the broader market's pandemic-related sell-off. More recently, the changed geopolitical environment resulting from Russia invasion of Ukraine has brought to front of mind the importance of developing diversified energy strategies. As we wrote in our March thematic piece, LNG constitutes an integral interim energy solution, a natural 'bridge' between reducing fossil fuel consumption and getting renewable sourcing up to scale. This provided part of the motivation for revisiting our investment case on Cheniere.

Cheniere has a strong track record in execution (reflected in its annualised returns of 22.5% over the last five years) and throughout the time we have followed the business, its disclosure and accessibility has been first-class, in our view. Our interactions date to 2016. We last met management face-to-face in London just prior to the pandemic and (re)engaged with Investor Relations prior to reinvesting in the business.

We believe that Cheniere's sustainability positioning is generally strong. At a high-level, natural gas has a significant role to play in the global energy mix for decades to come and helps balance carbon reduction and economic priorities around the globe. When LNG is converted back to natural gas, it can be used instead of coal, which reduces the amount of pollution traditionally produced from burning fossil fuels. Compared to coal, it produces significantly fewer carbon emissions. Each cargo of LNG that displaces coal in power-generation reduces emissions by an estimated 150,000 tones. Further data show that US LNG compares favourably to other suppliers on a lifecycle emissions basis. Additionally, we believe Cheniere can be seen to be making a major contribution to energy security during a critical time in history, with c75% of its LNG volumes produced since the start of this year delivered to Europe.

Cheniere published its first Corporate Responsibility Report in July 2021 and its second last month. These reports highlight the intentionality of its sustainability strategy. As Cheniere pointed out to us when we last spoke with them, "we are still a young company," with its first cargo only shipped six years ago. At present, rather than having set formal environmental targets, Cheniere is focused on "promoting an active understanding of our emissions". What this means practically is that Cheniere has collaborated with natural gas suppliers and academic institutions to monitor, report and verify greenhouse gas emissions at production sites. The result was the recent publication of an industry-first: a peer-reviewed greenhouse gas life-cycle assessment aimed at improving emissions accounting. Cheniere's view is that it must be able to understand the full lifecycle of carbon emissions across its chain (upstream midstream and downstream) prior to setting targets. We believe this data-driven approach makes sense. It is also notable that Cheniere's first carbon-neutral cargo was produced in March and delivered in April (for Shell). We would expect further similar developments going forward. Cheniere has also created the technology to allow future specific cargoes to be tagged in order to measure their emissions.

Much of Cheniere's progress in respect of sustainability has come from the top. **82% of its Board is independent** and activist Carl Icahn has been a major investor (and Board member) since 2016. Three of its Board are female. In terms of broad diversity initiatives, Cheniere has a strong series of qualitative commitments and training programmes aiming to employ and promote people from all backgrounds. Cheniere has also said that it may look to move towards setting formal diversity targets over time. Although sustainability initiatives originate from the top of the organisation, **17% of annual performance compensation for all employees is tied to certain ESG metrics** currently. This will rise to 30% in 2022.

In terms of **external validation**, MSCI rates Cheniere AA, a recent upgrade versus its prior A rating. The ratings provider cites "leading governance" as being a positive and highlights its strong whistle blower and anti-corruption practices as being industry leading. MSCI does, however, note that Cheniere "appears to lack a strong GHG emissions mitigation strategy." We believe Cheniere has made generally good progress on sustainability, but there remains more that can be done. We would look to see increased disclosure and potentially even greater alignment of remuneration with targets over time.

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

CCC B BB BBB A AA AAA

Morningstar Sustainability Globes

FNG-SIEGEL 2021

Appendix 1: 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 been building over the past year **a 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 on environmental, social and governance considerations. Some of the key elements documented comprise:

- Publication of ESG, Sustainability or CSR report
- Board independence
- Emissions targets
- Commitment to diversity
- C-level remuneration linked to ESG targets

We are committed to making further enhancements to our database over time. Other factors currently under consideration for inclusion are: programmes for managing water consumption and packaging waste as well as how our businesses manage labour issues across their workforce. Look out for more information in future sustainability reports.

Appendix 2: Ranking our businesses on external data

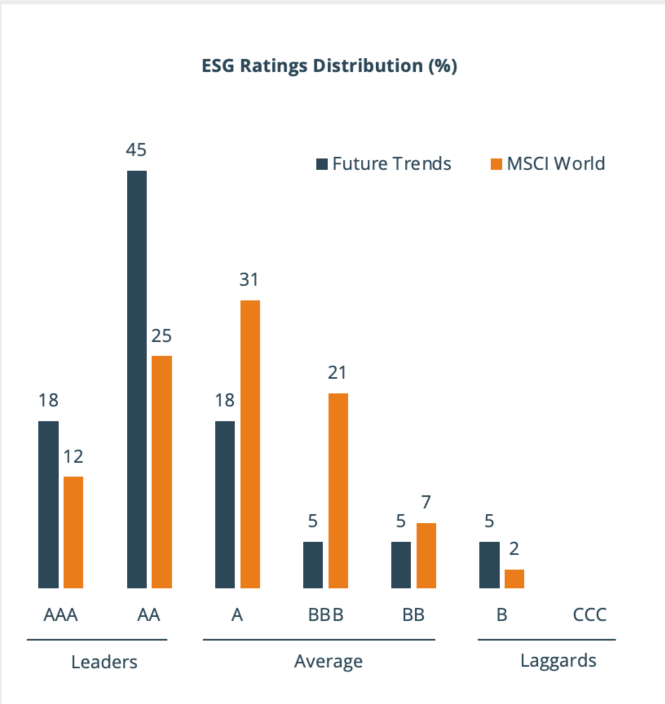
As our work on sustainability has continued to expand, we have increased our emphasis on the proprietary parts of our process. We believe these allow us to form the best impression of the overall direction of travel. Nonetheless, we provide below a quantitative overlay. We currently use MSCI as our data provider. MSCI's database covers over 8,500 businesses across the world and rates them on a scale of AAA (best) through to CCC (laggard), consistent with the approach taken to its corporate credit ratings.

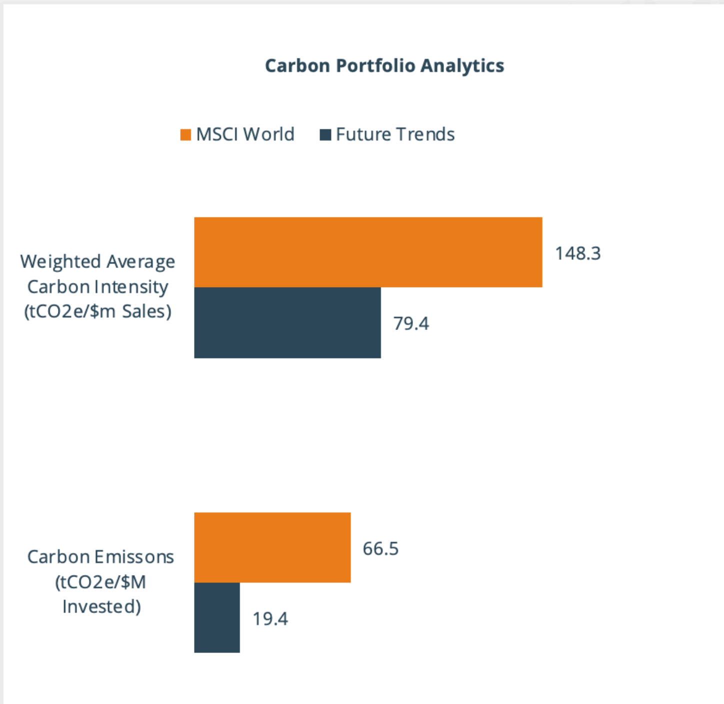
We are pleased to see that **63% of the Future Trends portfolio receive either AAA or AA ratings from MSCI** and so are considered as leaders in respect of sustainability. This figure is higher than a quarter prior (60%) and is based on the percentage of businesses owned with such a rating, although the number is comparable when also calculated on a percentage of assets basis.

Four businesses within the Fund (ASML, Kerry Group, Novo Nordisk and Vestas) receive the 'gold standard' of a AAA rating. Over the past quarter, both Cheniere and Intuitive Surgical received ratings upgrades. As a result of these changes, only four businesses in our Fund (Airbnb, Chegg, Darktrace and Thermo Fisher) are currently rated below A. As we have discussed elsewhere, we are comfortable with the sustainability positioning of all these businesses.

The charts below highlight, **when compared to its MSCI World benchmark, the distribution of sustainability ratings across the Future Trends is markedly superior**. Whereas 63% of our portfolio businesses have leadership status, the comparable figure for the MSCI World is just 37%.

The other data of note that MSCI provides is the highlighting of the carbon footprint of the Future Trends Fund. Perhaps unsurprisingly given the themes to which the Fund is exposed and the areas in which it does not invest, **the Fund's carbon footprint is substantially less than that of the benchmark**. The charts below illustrate this point clearly.





Source: Heptagon Capital, MSCI ESG Research as of 30/06/2022. 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.

Going forward, we will look to derive additional insights from MSCI's sustainability databases and to share these accordingly with investors.

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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