

**Q3 2022**

# **EASTERLY US VALUE EQUITY FUND\***

\* A sub-fund of Heptagon Fund ICAV

The Fund has been classified as an Article 6 for the purposes of the EU's Sustainable Finance Disclosure Regulation ('SFDR'). The Fund takes sustainability criteria into account within the investment process but does not have sustainable investment as its objective and does not promote environmental or social characteristics.

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# IMPORTANT INFORMATION

The following presentation provides information on the Easterly US Value Equity Fund (the “Fund”), a sub-fund of Heptagon Fund ICAV which is an open-ended umbrella type investment company authorised pursuant to UCITS regulations. Heptagon Capital Limited (“Heptagon”) is the Investment Manager and Easterly Investment Partners LLC (“Easterly”) is the Sub-Investment Manager meaning Easterly exercises discretionary investment authority over the Fund.

Easterly has been managing its All-Cap Value Strategy since December 2011. The Fund has the same Portfolio Managers and investment team, the same investment objective and uses the same philosophy and strategy as the Easterly Investment Partners All-Cap Value Strategy. Since the Fund has a relatively short time period, the following presentation makes extensive reference to the Easterly Investment Partners All-Cap Value Composite (“Composite”) to provide a better understanding of how the team has managed this strategy over a longer time period. Net of fee performance is calculated net of 0.45% management fee. The Composite was created on 20/12/2011.

Easterly manages the Fund according to the same investment principles, philosophy and execution of approach as those used for the Composite, however it should be noted that due to certain factors including, but not limited to, differences in cash flows, fees, expenses, performance calculation methods, and portfolio sizes and composition, there may be variances between the investment returns demonstrated by each portfolio in the future.

For the same reason, although the following presentation makes extensive reference to the performance of Easterly as sub-investment manager of the Composite, the data for the Composite is provided purely for indicative purposes to demonstrate how Easterly has performed historically in its role as investment advisor to this specific strategy. The performance for the Composite is not the performance of the Fund and is not an indication of how the Fund would have performed in the past or will perform in the future. This material should not be viewed as a solicitation or offer of services by Easterly. It is provided for informational purposes only. The information contained herein does not constitute an offer to sell or the solicitation of an offer to purchase any U.S. registered security or U.S. investment product.

Any performance data quoted represents past performance. Performance figures are also shown for the Russell 3000® Value TR USD Index. The Russell 3000® Value TR USD Index is a trademark/service mark of the Frank Russell Company. Russell is a trademark of the Frank Russell® Company. The Russell 3000® Value TR USD Index measures the performance of those Russell 3000® companies with lower price-to-book ratios and lower expected growth rates. The Russell 3000® Index is represented by the 3,000 largest companies in the U.S. equity market, which represents around 98% of all U.S. equity securities. Performance figures are also shown for the S&P 500 Total Return Index (“S&P 500”). The S&P 500 Index is an American stock market index that includes the 500 largest companies by market capitalization.

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. The Funds' prospectus and simplified prospectus contain these and other important information about the Fund. The prospectus should be read carefully before investing. Please email [london@heptagon-capital.com](mailto:london@heptagon-capital.com) for a free copy of these documents. Easterly claims compliance with the Global Investment Performance Standards (®).

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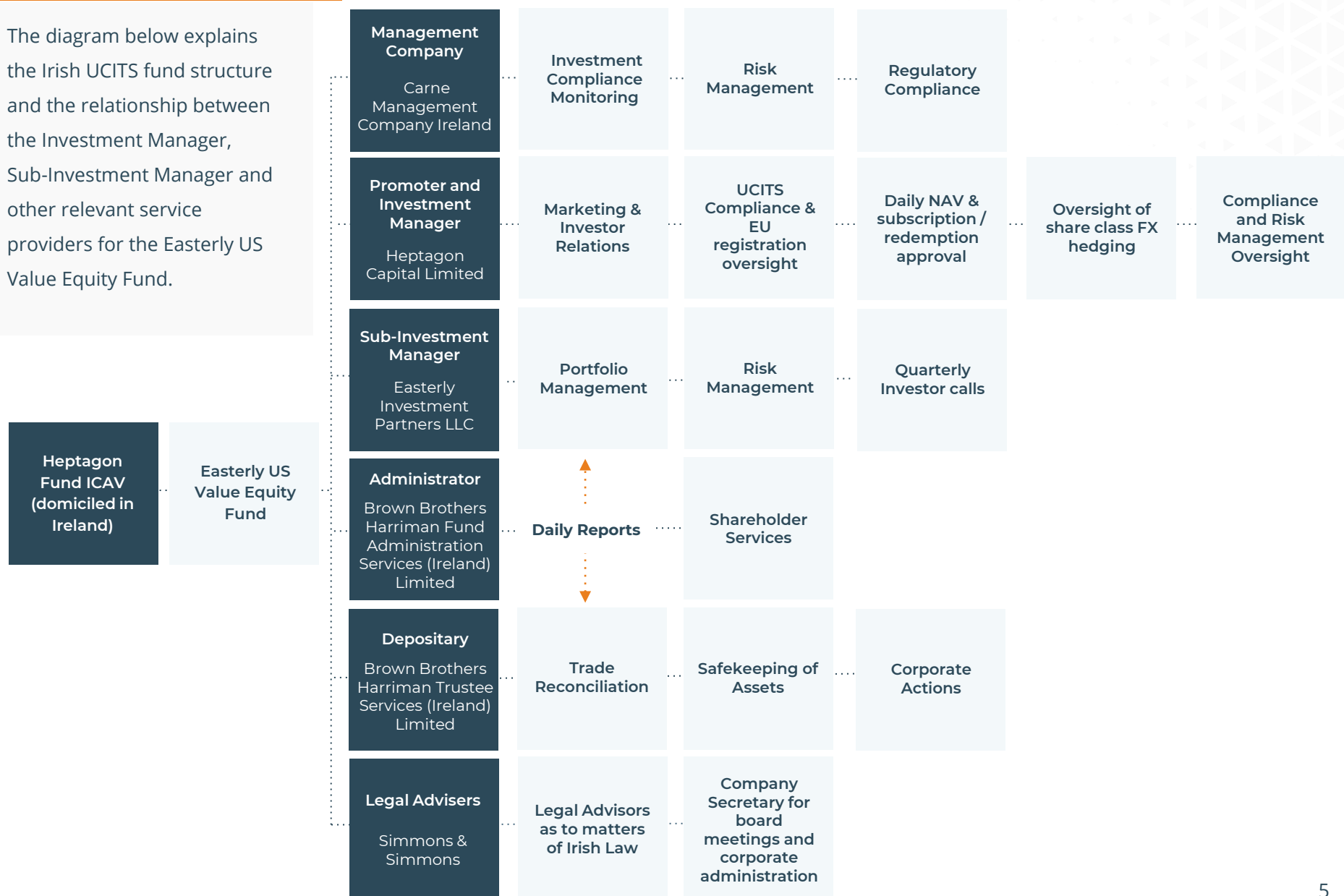
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# THE INVESTMENT MANAGER & SUB-INVESTMENT MANAGER



# IRISH UCITS FUND STRUCTURE

The diagram below explains the Irish UCITS fund structure and the relationship between the Investment Manager, Sub-Investment Manager and other relevant service providers for the Easterly US Value Equity Fund.



# INVESTMENT MANAGER – HEPTAGON CAPITAL

**Independent  
boutique  
asset  
management  
firm**

**\$12.0bn\*\*  
Assets under  
Management  
and Advice**

**Established in  
2005**

**4 Office  
Locations**

**45 Total  
Employees**

**19 Different  
Nationalities**

**18  
Languages**

## Heptagon Capital

### Heptagon UCITS Fund Platform

#### In-house

- Heptagon European Focus Equity Fund
- Heptagon Future Trends Equity Fund
- Heptagon Future Trends Hedged Fund
- Heptagon Listed Private Assets Fund

#### Sub-advised

- Driehaus Emerging Markets Sustainable Equity Fund
- Driehaus US Micro Cap Equity Fund
- Driehaus US Small Cap Equity Fund
- **Easterly US Value Equity Fund**
- Heptagon Kettle Hill US L/S Equity Fund
- Kopernik Global All-Cap Equity Fund
- Qblue Global Sustainable Leaders Fund
- Summit Sustainable Opportunities L/S Equity Fund
- WCM Global Equity Fund
- Yacktman US Equity Fund

### External Manager Platform

- Hedge Funds
- Private Equity
- Alternative Funds
- Long Only Funds
- Real Estate

### Discretionary Portfolio Management

- Discretionary Portfolio Management
- Concentrated Equity Management
- Hedging and Overlay Strategies
- Asset Allocation Advice
- Bespoke Mandates

Signatory of:



*PRI is a leading global network for investors who are committed to integrating environmental, social and governance considerations into their investment practices and ownership policies. Heptagon Capital signed the UN PRI on 10th July 2019.*

**\*Heptagon Capital** includes **Heptagon Capital Limited**, licensed to conduct investment services by the Malta Financial Services Authority and **Heptagon Capital LLP**, authorised and regulated by the Financial Conduct Authority

**\*\*As of 30/06/2022**

**\*\*\*The Levin Easterly US Equity Fund changed to the Easterly US Value Equity Fund on 06.05.2021 following a change in the Sub-Investment Manager's name.**

# SUB-INVESTMENT MANAGER – EASTERLY INVESTMENT PARTNERS

Boutique asset  
management  
firm

\$1.8 billion of  
Assets under  
Management

5 experienced  
investment  
professionals

Headquartered in  
Massachusetts,  
USA

Founded  
in 1982

Registered  
with the SEC

## Contrarian, Value Investors Seeking Catalysts

- Solely focusing on Value equity portfolios.

## Tenured Team

- Experienced team of 5 investment professionals with an average 23 years of industry experience.

## Bottom-up, Fundamental Analysis

- Enables the team to predict clear, identifiable catalysts in companies whose stocks are down in price and temporarily out-of-favour – good businesses with proprietary positions at reasonable prices.



Signatory of:



PRI is a leading global network for investors who are committed to integrating environmental, social and governance considerations into their investment practices and ownership policies. Easterly signed the UN PRI on 8th June 2020.

Source: Easterly Investment Partners as of 30/06/2022.

Advised Assets include assets under management and assets under advisement.

# INVESTMENT TEAM PROFILE

The Easterly team of six, which averages 23 years of experience, are responsible for the portfolio management (including idea generation, portfolio construction, security selection, investment research and risk management) of the Easterly US Value Equity UCITS Fund.

## Portfolio Managers

**Jack Murphy**  
Lead PM & CIO  
Industrials, Consumer &  
Health Care

Industry Experience: 30 years  
Firm Experience: 25 years

**Chris Susanin**  
PM & Director of Research  
Industrials & Consumer

Industry Experience: 25 years  
Firm Experience: 9 years

## Analysts

**John Mackin**  
Senior Analyst  
Consumer, Retail & Health Care

Industry Experience: 30 years  
Firm Experience: 17 years

**Rich Petersen**  
Senior Analyst  
Technology & Telecom

Industry Experience: 30 years  
Firm Experience: 15 years

**Evan Ratner**  
Senior Analyst  
Generalist & Consumers

Industry Experience: 15 years  
Firm Experience: 13 years

*\*Includes periods at predecessor firms, Levin Capital Strategies, L.P. and John A. Levin & Co., Inc.*



# **EASTERLY INVESTMENT PARTNERS ALL-CAP VALUE STRATEGY, PHILOSOPHY & PROCESS**



# EASTERLY INVESTMENT PARTNERS ALL-CAP VALUE STRATEGY OVERVIEW

## Investment Philosophy

Contrarian and value-oriented philosophy buying quality companies—when their stocks are down—with an identifiable catalyst that has the potential to unlock value

## Investment Objective

The strategy aims to outperform, net of fees, the Russell 3000® Value Index, and longer-term, over a full market cycle, expects to outperform the S&P 500 Index.

## Investment Style

Fundamental, bottom up value equity investment approach

## Portfolio Managers

Lead Portfolio Manager has managed the strategy since 20/12/2011

- Jack Murphy, Lead PM & CIO
- Chris Susanin, PM & Director of Research

## Benchmark

Primary: Russell 3000® Value Index  
Secondary: S&P 500 Index

## AUM

Total Strategy Assets: \$401m

## Concentration Constraints

Single security < 10% of NAV as per prospectus

## Diversification

Concentrated in number of positions (generally 25-40) but diversified by sector  
Position weights generally between 0.5% and 7.0%

# INVESTMENT PHILOSOPHY

Easterly's investment philosophy is **contrarian** and **value-oriented**.

Fundamental bottom-up research is used to identify and buy quality companies—when their stocks are down—with an identifiable **catalyst** that has the potential to unlock value.



## Value

- Invest in companies at attractive valuations relative to historic norms
- Use Free Cash Flow as the desired valuation metric (P/FCF)
- Seek an asymmetric risk/reward profile with good downside protection
- Asset values and dividend yield are important metrics



## Contrarian

- Buy stocks that are down in price; generally down from 52-week highs and often down 15-30% from peak
- Buy stocks where Easterly has a differentiated view and where there is a market misperception or misunderstanding



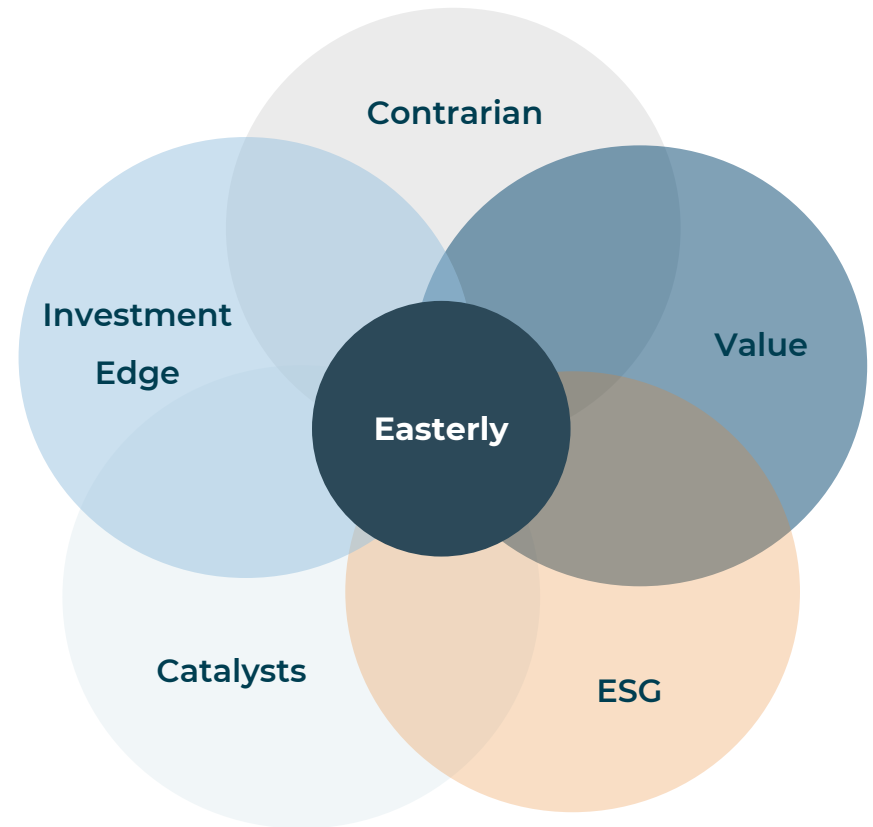
## Catalyst

- Identify discrete events or “catalysts” that can shift market sentiment and get a stock moving toward a price objective
- Focus on the medium-term timeframe, typically 9-18 months
- Catalysts are not typically binary events and are often evolutionary

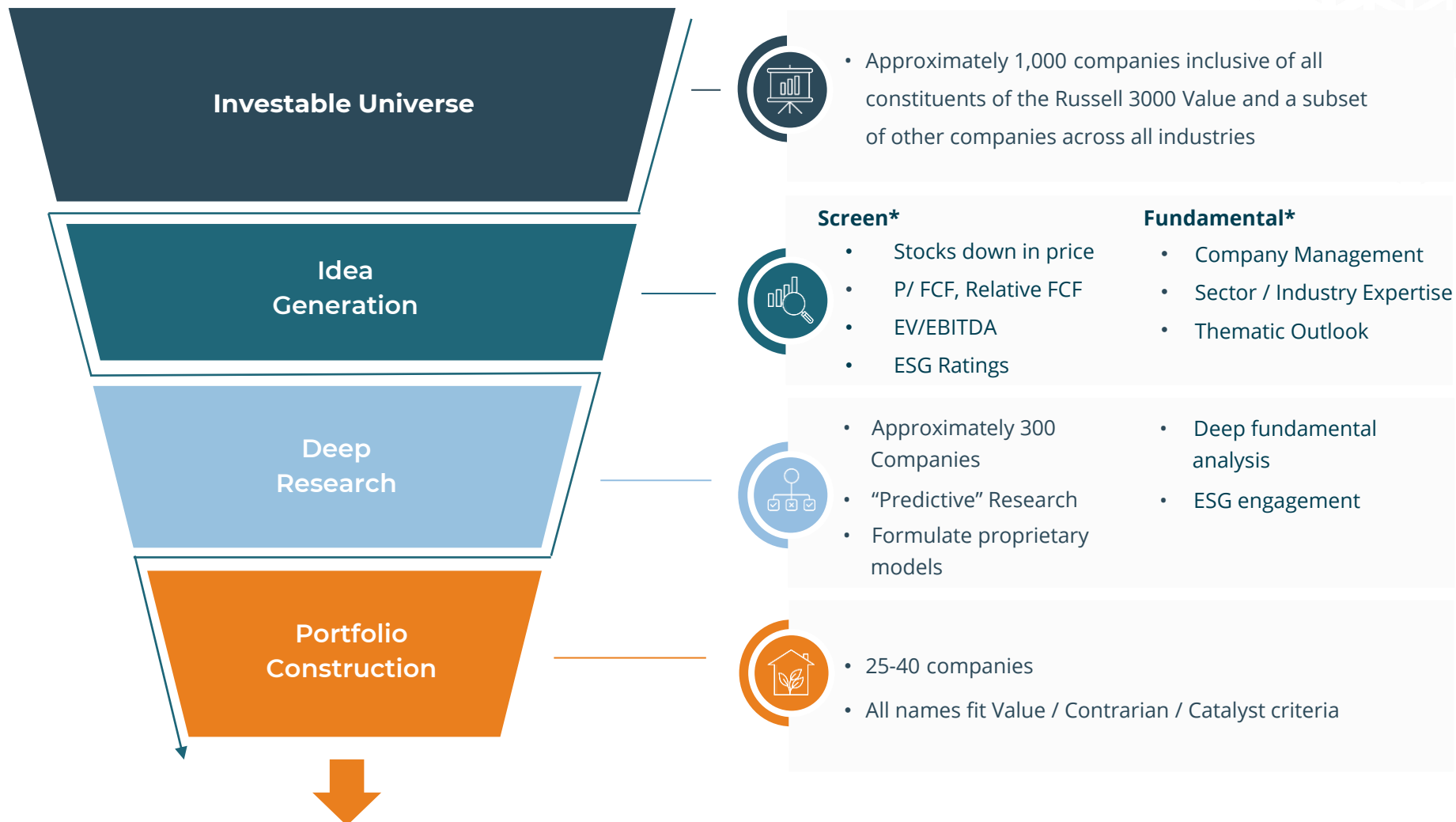
# INVESTMENT CRITERIA

## Five Key Investment Criteria - A Disciplined Approach

- **Contrarian:** Is the price of the stock low enough to reflect good value and warrant a buy?
- **Value:** Is there underlying value in the stock? How does it compare to its peers? Is there an asymmetric risk/reward?
- **ESG:** How can we successfully engage with the company to ensure they are driving toward best practices?
- **Catalysts:** What do we understand that the market does not?
- **Investment Edge:** Do we possess an analytic or informational advantage?



# IDEA GENERATION



\* Not exhaustive.

# INVESTMENT PROCESS

## Idea Generation



### Research Process

- Comprehensive engagement with management
- Maximise company touchpoints
- Conduct field research
- Monitor supply chain, competitive framework
- Analyse sector / industry data
- Build robust models / forecasts
- Determine valuation (risk / reward)
- ESG evaluation and engagement



### Team Process

- Daily Morning Meeting
- Weekly Idea Generation Forum
- Formal Thesis Review
- Ongoing risk / reward analysis
- Flat team structure and daily informal interaction

### Recommendation



### Portfolio Construction



## Sell Discipline

- Price objective achieved
- Position size optimised for risk/reward and strength of story
- Catalyst unlocked
- Fundamental change results in change to thesis, valuation, catalyst
- New portfolio ideas
- Raise cash



## Risk Management

- Moves 15% down trigger an automatic review with whole team
- Monitor Risk – weekly report, liquidity, strength of story, strength of business, risk/return expectations, sector and industry exposures
- Weekly deep dives ensure continued thesis support
- Track portfolio for unintended bets to ensure balanced portfolio
- Committee coverage to provide multi-departmental oversight
- Compliance supports adherence to firm policies and obligations
- ESG controversy monitoring

**ESG**





# OUR SUSTAINABLE INVESTING COMMITMENTS

*Signatory of:*



EIP is a signatory of **PRI (Principles for Responsible Investment)**. The PRI is the world's leading proponent of responsible investment and encourages investors to use responsible investment to enhance returns and better manage risks.

EIP became a **PRI signatory in June 2018**.



EIP is a signatory of **Climate Action 100+**, an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.

EIP is a member of the **Aviation Engagement Group**.



EIP is a signatory of the **Carbon Disclosure Project**. CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

EIP is an **engagement lead on 3 companies**.



EIP is a supporter of the **Task Force on Climate-related Financial Disclosures**. TCFD releases climate-related financial disclosure recommendations to help companies provide better information to support informed investing.

# ESG ANALYSIS AS PART OF DUE DILIGENCE

**Easterly US Value Equity Fund integrates several ESG strategies from Heptagon Capital's sustainable investing framework as an intrinsic part of the investment process.**



## Exclusion Screening

- Intentionally avoiding investments in certain industries or issuers based on values/norms or risk-based criteria.



## ESG Integration

- The systematic and explicit inclusion by investment managers of ESG factors into financial analysis and investment decisions.



## Company Engagement

- Driving positive outcomes in ESG related policies through proxy voting and/or active dialogue with invested companies.



## SFDR Classification Article 6

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

Source: Heptagon Capital, MSCI ESG Research, MSCI ESG rating as of 31st March 2022

# ESG ENGAGEMENT PROCESS

- | We aim to directly engage with 100% of owned companies in the All-Cap Value UCITS portfolio.
- | Internally driven company engagements, supplemented with a global 3rd party ESG data provider, as well as publicly available sustainability reporting to enhance our fundamental research process.
- | We interface with senior management, typically Chief Sustainability Officer, on key topics such as (but not limited to):

## Environmental

- GHG Emissions
- Climate Risk
- Water Stress
- Packaging & Waste
- Energy Efficiency
- Renewable Energy
- Environmental Controversies\*

## Social

- Diversity & Inclusion
- Human Capital Management
- Product Safety
- Labor Relations
- Supply Chain Management
- Health & Safety
- Social Controversies\*

## Governance

- Board Independence
- Executive Compensation
- Sustainability Oversight
- Business Ethics
- Corporate Governance
- ESG Targets & Disclosures

| EIP may escalate and trigger additional engagements if a company is not progressing on these topics or has a notable gap in goals or data. ESG is a lens into the quality of management and boards and our team has become more forceful in discussing best practices with meaningful positive outcomes.

*\* Based on Sustainalytics ESG Controversy Scale Category 0 (low) to Category 5 (severe), EIP emphasizes engagements on a Category 3 or above*

# ESG ENGAGEMENT CASE STUDY: GENERAL MOTORS (GM)



**Engagement Initiated: 3Q 2021**

**Objective: Environmental, GHG Emissions Reduction**

**Engagement:** BrightDrop is a new business from General Motors that aims to provide EV solutions to the delivery and logistics sector. During our initial engagement & benchmarking process, Easterly set-up a standard ESG Introduction call with Verizon's Chief ESG Officer and Investor Relations in August 2021. Our team highlighted that the service fleet was not electrified and could/should be. We learned that Verizon was in the early stages of considering a transition to electric vehicles for their fleet. However, they believed that the fleet requirements of their use-case were more complex than peers. Chris Susanin, Director of Research and Co-PM, recommended to Verizon that they strongly consider General Motors' BrightDrop commercial EV division and was able to facilitate a direct introduction between Verizon and GM.

**Result:** Six weeks after Chris' suggestion and connection, Verizon became the first customer to commit to the BrightDrop EV410, a medium-size electric light commercial vehicle.

**Engagement Initiated: 2Q 2021**

**Objective: Social, Product Safety**

**Engagement:** General Motors' Chevrolet Bolt recall was flagged as a Category 4 Controversy by Sustainalytics. Our research team did significant due diligence on the Bolt fire issue, which resulted in a detailed communication to GM regarding the risks of not inspecting every cell and how the defect rate needed to dramatically improve. Easterly also expressed our displeasure as GM asked 140k+ Bolt customers to park 50 feet from their homes in order to mitigate risk. Our belief is that the cars should have been taken back by GM with customers provided buyouts, loaners or replacements. We were able to meet in person with GM's Head of Supply Chain to review all issues/risk and came away highly confident that this risk was being adequately addressed and contained.

**Result:** GM ultimately did respond with buyout offers for customers. LG is also fully reimbursing GM for the recall costs and, after comprehensive research on the company's new Ultium battery packs (different than the Bolt battery system), we are not concerned about similar events in the future.

# ESG ENGAGEMENT CASE STUDY: INTERNATIONAL PAPER (IP)



**Engagement Initiated: 2Q 2021**

**Objective: Environmental, Water Stewardship & Disclosure**

**Engagement:** Easterly had owned International Paper prior to starting ESG engagement & benchmarking process. One of Easterly's largest clients, had inquired about IP's water stewardship efforts and ESG disclosures. The client had been unsuccessful in cultivating a dialogue and asked that we leverage our corporate relationships to facilitate a call with our client, and with Easterly analysts, and the "Chief Sustainability Officer and Senior Manager, Sustainable Operations" from International Paper. During the call we focused efforts on ESG disclosures specific to water (consumption, intensity, quality), best practices in reporting, and what their overall water stewardship strategy and targets were. We also spent time discussing specific site clean-up and IP's policies and practices aimed at preventing future environmental controversy.

**Result:** IP had previously not made public their CDP Water Report, resulting in Sustainalytics not accounting for the details from this report, which had a negative impact on IP's overall rating. After our meeting, IP committed to making their CDP Water Report public going forward to provide greater transparency into their robust water stewardship ambitions. Also at that time, IP was in the process of spinning out their legacy printing paper business, which dramatically improves all water usage and intensity metrics (with two of the most negatively impactful overseas mills being spun out). Combined, we believe these steps will result in an improved risk rating with the data providers. From a client perspective, this was an important ESG risk, and they were happy to see our level of active engagement on the topic.

# THE CURRENT INVESTMENT OPPORTUNITY: VALUE VS. GROWTH



# OPPORTUNITIES IN CURRENT MARKET ENVIRONMENT

## | Why Now?

- The market is seeing continuous headwinds that are not expected to subside
- Historically high inflation and increasing US interest rates will lead to a normalization in the valuation divide currently seen between value and growth stocks
- Along with the above, COVID-19, geopolitical concerns, and supply chain issues all present opportunities for managers who do fundamental, bottom-up research

## | Why Easterly US Value Equity Fund?

- All Cap Value represents Easterly's best ideas, regardless of market capitalization
- Concentrated portfolio of high-conviction ideas that are all Contrarian / Value / Catalyst

## | Why Easterly?

- Tenured team lead by CIO Jack Murphy, with over 30 years of experience investing with this process and philosophy
- As an experienced, fundamental manager, our team has a proven ability to identify company-specific catalysts that will impact businesses going forward, affecting long-term valuations
- We are a true value manager and do not chase stocks with extended valuations

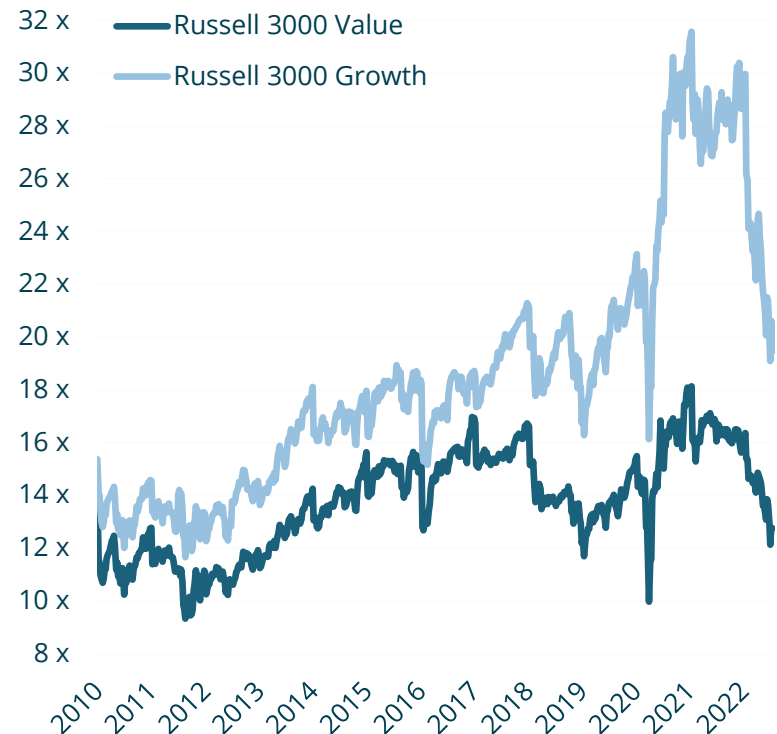
# RUSSELL 3000: VALUE VS. GROWTH



- All Growth stocks have experienced dramatic multiple expansion, while Value has lagged.
- Using forward consensus estimates, the P/E on the Russell 3000 Growth from 2010 through the end of 2017 averaged **15.6x**, compared to **13.1x** for the Russell 3000 Value Index.
- Since 2017, the Growth P/E has dramatically expanded, reaching a peak of over **30x** before its recent pullback to **19x**.



## Value is Extremely Cheap Relative to Growth, Based on Historical P/E





# VALUE VS. GROWTH



- This has created a **historic gap** in the Growth versus Value P/E multiple.
- Growth historically has been **2.5x-3.0x** P/E higher than Value.
- Since the start of 2022, Value has rallied, closing the gap from a **13.6x** P/E differential to a **6.7x** P/E differential



**We think this differential clearly favours and creates opportunities for Value investors**



## Growth vs. Value P/E Differential



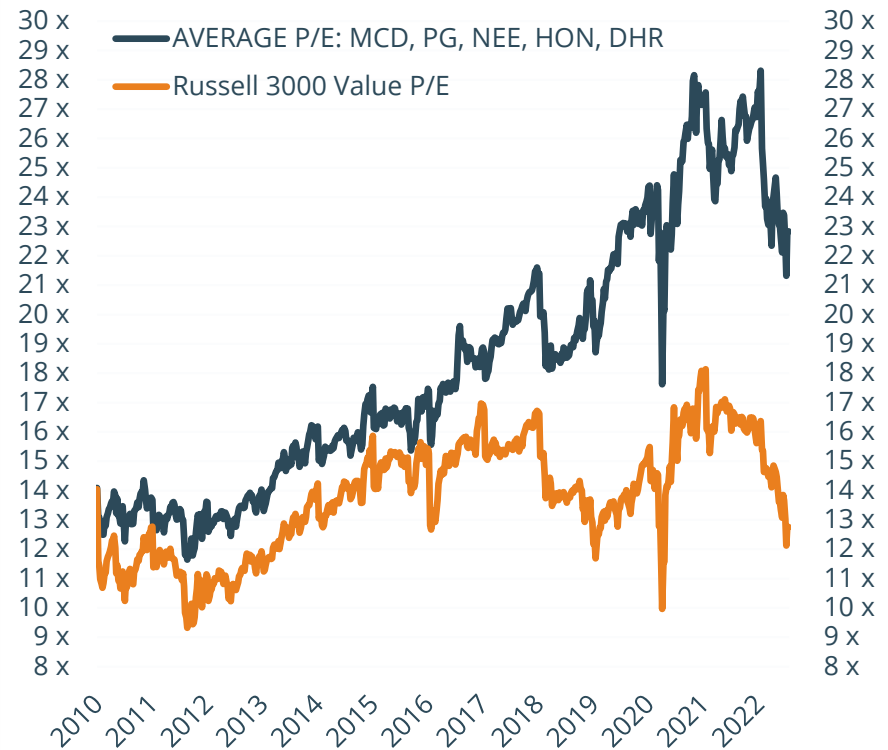
# BIFURCATION WITHIN VALUE STOCKS



- We analysed the top **25%** most expensive names of the Russell 3000 Value Index. These names, which account for **45% of the index**, have an average forward **P/E of 22.7x**.
- The remaining names, which account for **51%** of the index, have an average P/E of just **11.0x\***.
- Analysing five of the largest stocks in the Russell 3000 Value Index: MCD, PG, NEE, HON, and DHR
  - Through 2017, these 5 Value stocks traded at an average P/E premium above the Index by **2.0x**.
  - **Today, that premium is over 10.0x.**



## Value Index Bifurcation



# STOCK EXAMPLES

The companies discussed in this document below were chosen as representations of the type of stocks held by the Easterly Investment Partners All-Cap Value Composite. The stocks are not presented to demonstrate performance. Holdings are subject to change and may not reflect recent market activity or current holdings.

This information is provided by Easterly. This information is not provided to the recipient for the purpose of soliciting investment advisory clients for Easterly. This information is not intended to provide investment advice. Nothing herein should be construed as a solicitation, recommendation or an offer to buy, sell or hold any securities, market sectors, other investments or to adopt any investment strategy or strategies. You should assess your own investment needs based on your individual financial circumstances and investment objectives.

This material is not intended to be relied upon as a forecast or research. The opinions expressed are those of Easterly as of 30<sup>th</sup> June 2021 and are subject to change at any time due to changes in market or economic conditions. The information and opinions contained in this material are derived from proprietary and non-proprietary sources deemed by Easterly to be reliable and are not necessarily all inclusive. Easterly does not guarantee the accuracy or completeness of this information. There is no guarantee that any forecasts made will come to pass. Reliance upon information in this material is at the sole discretion of the reader.

# BIO-RAD LABORATORIES (BIO)

BIO-RAD

- Bio-Rad owns a stake in Sartorius AG, a German pharmaceuticals and lab equipment provider, which is worth over \$8.2 billion. Sartorius' market cap is EUR 35B and the stock appreciated over 70% in 2021.
- Presented conservative guidance at recent analyst day – 9% CAGR on revenues and 28% EBITDA margins – which caused the stock to sell-off
- Management has a history of being conservative and they last time they provided long-term goals they beat them easily
- Net cash of approximately \$1.2B
- After backing out cash and Sartorius, on 2023 numbers, the stock is trading at 9.7x EBITDA for core BIO compared to peers trading at 20x



## | Catalysts

- Potential M&A in Clinical Diagnostics business due to potential synergies with existing business
- Increased organic growth in Life Science via new products, broadening their total addressable market
- Improving margins via freight and roll-out of Enterprise Resource Planning system in China



## | Valuation

- **Price Target:** \$715
- **Price on 30/06/2022:** \$495

## | ESG

- **Sustainalytics ESG Risk Rating:** 17.3
- **Global Universe Percentile:** 16<sup>th</sup>
- **Laboratory Equipment and Services Subindustry Percentile:** 21<sup>st</sup>
- **ESG Highlights:**
  - 2030 sustainability targets (emissions, renewable & DEI)
  - Strong policies on business ethics and corruption
  - 33% female board representation
  - No severe ESG controversies

# STEELCASE (SCS)

Steelcase

- SCS is the largest office furniture manufacturer in the world, producing not only office furniture, but also architectural and technological products for office environments.
- As offices in the US re-open, many are being reconfigured from open concept back to traditional individual offices for each employee
- The stock is currently trading at 7x pre-covid EPS and has a 5.1% dividend yield
- Net cash on the balance sheet and a strong order book
- In the last three quarters, SCS has reported 23%, 38%, and 27% order growth due to covid recovery
- Due to the nature of the business, orders turn into revenue very quickly, so there is a high likelihood of strong numbers in the near term
- Management bought back 2 million shares at \$11 per share, 3% of the float



## | Catalysts

- Continuation of increased order growth due to covid reopening
- Decrease in raw material input costs as price of steel falling, leading to positive earnings revisions
- Continuation of successful execution during a difficult market environment due to the supply chain



## | Valuation

- **Price Target:** \$18.80
- **Price on 30/06/2022:** \$10.73

## | ESG

- **Sustainalytics ESG Risk Rating:** 8.1
- **Global Universe Percentile:** 1<sup>st</sup>
- **Office Services Subindustry Percentile:** 9<sup>th</sup>
- **ESG Highlights:**
  - 1.5C aligned (SBTi)
  - Emphasis on DEI & employee welfare
  - 54.5% female board representation
  - Strong ESG disclosures



- Unilever is a consumer goods company, which recently collapsed their dual-headquarter structure in an effort to simplify their business
- 70% of its business is in Emerging Markets, which has negatively impacted the stock due to supply chain and inflation issues
- Stock is down after they bid on GlaxoSmithKline's consumer healthcare business only to withdraw it a few days later
- 3.8% dividend yield, repurchased 2.5% of the float in Q3 and Q4, and is now trading at 15x FCF, with peers at over 25x
- Unilever continues to buy back their stock aggressively
- Involvement of activist investor is a positive and could lead to a potential split up of assets to realize true value



## | Catalysts

- Should start to see improved pricing in Asia, which is historically slow to materialize
- Activist investor is now involved
- Continued growth in high multiple business while downsizing lower valuation segments



## | Valuation

- **Price Target:** \$58.80
- **Price on 30/06/2022:** \$45.83

## | ESG

- **Sustainalytics ESG Risk Rating:** 21.5
- **Global Universe Percentile:** 30<sup>th</sup>
- **Personal Products Subindustry Percentile:** 6<sup>th</sup>
- **ESG Highlights:**
  - Implements strong sustainable packaging initiatives vs peers
  - 1.5C aligned (SBTi)
  - CEO compensation linked to ESG KPIs
  - 46% female Board representation
  - Strong ESG related disclosures

# PERFORMANCE- EASTERLY US VALUE EQUITY FUND\*



\* A sub-fund of Heptagon Fund ICAV, an Irish UCITS vehicle

# PERFORMANCE OF EASTERLY US VALUE EQUITY FUND

as of 30/06/2022

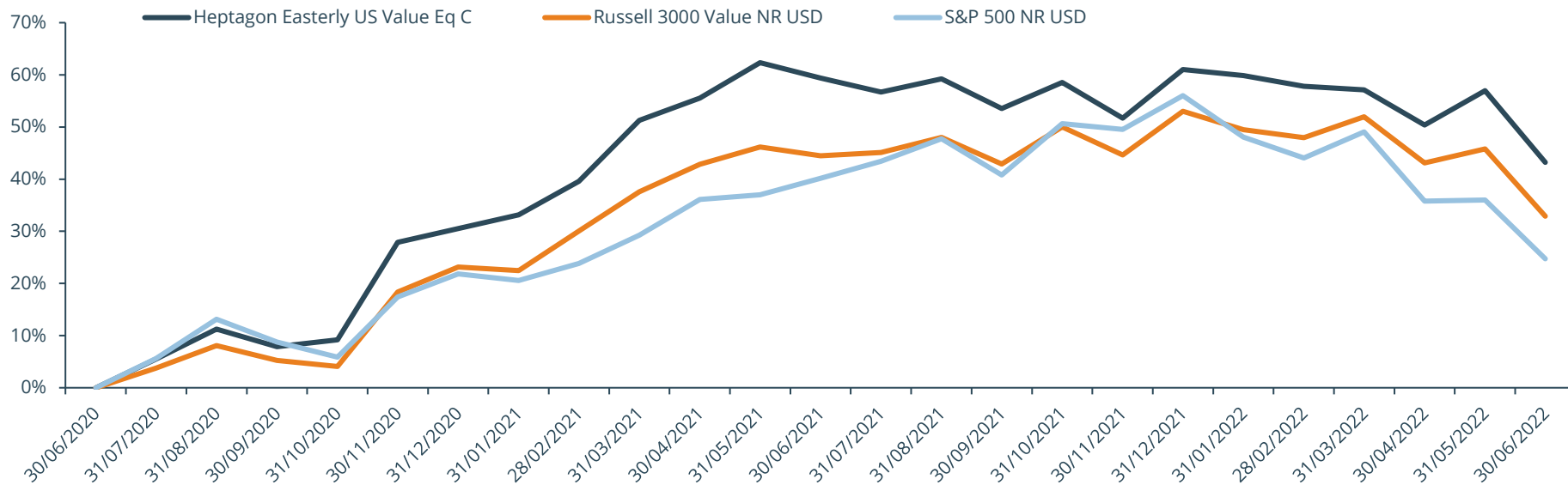
## Monthly Returns: Class C – Net of fees

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Russell	Excess Return
2020							5.5%	5.4%	-3.0%	1.2%	17.1%	2.1%	30.5%	23.1%	7.4%
2021	2.0%	4.8%	8.4%	2.8%	4.3%	-1.8%	-1.7%	1.6%	-3.6%	3.2%	-4.3%	5.8%	23.0%	24.6%	-1.6%
2022	-0.4%	-1.3%	-0.4%	-4.3%	4.4%	-8.8%							-10.8%	-13.4%	+2.6%

\* Since inception 30/06/2020

## Cumulative Performance Since Inception

UCITS Fund AUM in USD Millions: USD 79m as of 30/06/2022



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

Source: Morningstar and BBH.

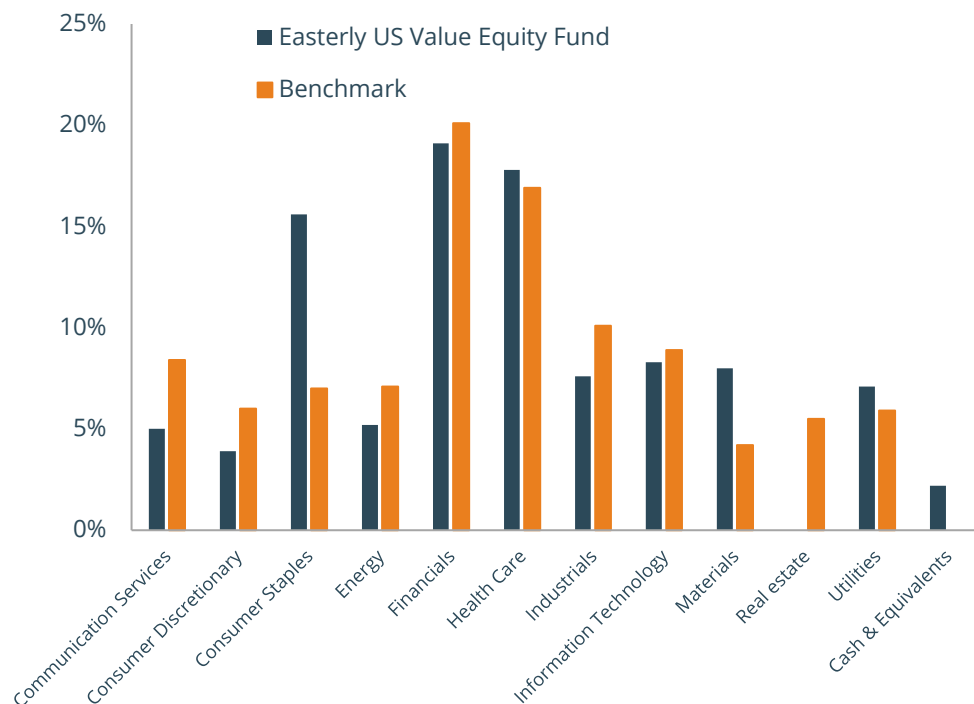
**Risk Warning:** The Fund is subject to special risk considerations including geographic concentration risk, portfolio concentration risk and operational risk. The investment return and principal value of an investment will fluctuate so that the investor's shares, when redeemed, may be worth more or 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. Russell represents the Russell 3000 Value TR (net) USD Index. Please refer to important information on page 2.



# CHARACTERISTICS OF EASTERLY US VALUE EQUITY FUND

as of 30/06/2022

## Portfolio Sector Weights



## Top Ten Holdings

% Holding

The Goldman Sachs Group Inc	5.8%
Unilever PLC ADR	5.4%
Pfizer Inc	5.2%
Dominion Energy Inc	4.5%
Truist Financial Corp	4.4%
Bio-Rad Laboratories Inc Class A	4.4%
Pioneer Natural Resources Co	4.2%
Berkshire Hathaway Inc Class B	4.2%
Graphic Packaging Holding Co	3.7%
Cisco Systems Inc	3.3%
<b>Total of Top 10 Holdings</b>	<b>45.1%</b>

## Portfolio Characteristics

Easterly Russell

<b>Number of Holdings</b>	37	2,263
<b>Weighted Average Market Cap</b>	\$93.93bn	\$123.70bn
<b>Price to Earning Ratio</b>	9.5x	13.1x
<b>Price to Book Ratio</b>	1.5x	2.2x
<b>Dividend Yield</b>	2.5%	2.3%
<b>Active Share</b>	85.9%	-

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

Source: Morningstar and BBH.

**Risk Warning:** 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. Russell represents the Russell 3000 Value TR (net) USD Index. Please refer to important information on page 2.

# **PERFORMANCE - EASTERLY INVESTMENT PARTNERS ALL-CAP VALUE COMPOSITE**



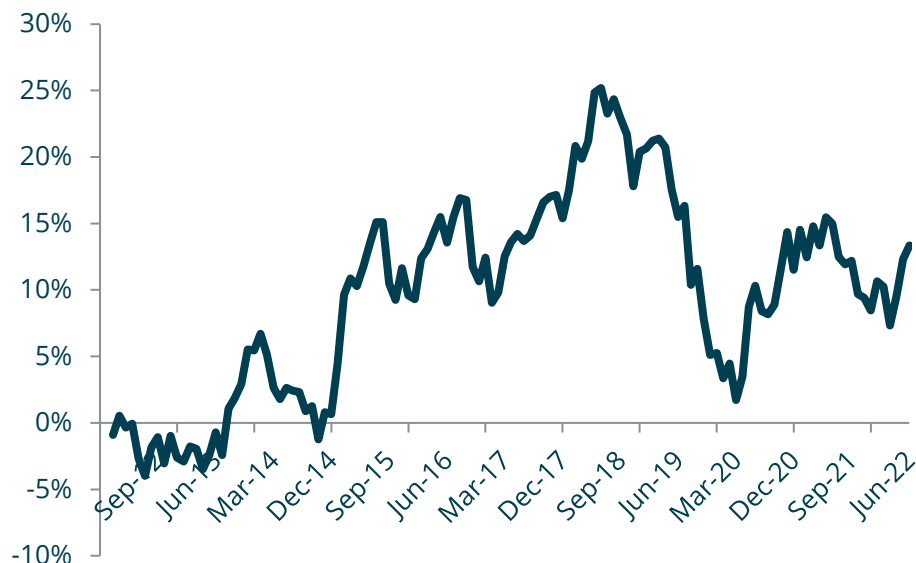
# PERFORMANCE OF EASTERLY INVESTMENT PARTNERS ALL-CAP VALUE COMPOSITE

as of 30/06/2022

## Monthly Returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Russell	Excess Return
2012	6.4%	3.2%	4.7%	-2.0%	-6.2%	2.8%	-0.4%	4.7%	4.3%	-2.6%	2.1%	0.8%	18.5%	17.5%	1.0%
2013	6.8%	2.7%	4.1%	-0.0%	3.9%	0.8%	4.3%	-0.6%	3.8%	5.7%	5.7%	2.6%	47.7%	32.7%	15.0%
2014	-2.7%	3.3%	0.1%	-0.1%	2.4%	2.8%	-2.3%	2.7%	-2.3%	0.4%	4.1%	0.7%	9.0%	12.7%	-3.7%
2015	-0.6%	10.2%	-0.1%	0.2%	2.7%	-0.5%	1.6%	-6.4%	-7.4%	7.0%	2.8%	-4.5%	3.7%	-4.1%	7.8%
2016	-6.0%	2.8%	8.6%	3.4%	2.7%	-0.8%	5.1%	2.2%	-0.3%	-6.2%	5.9%	4.5%	23.1%	18.4%	4.7%
2017	-2.4%	4.4%	1.4%	0.8%	0.2%	1.5%	1.8%	-0.2%	4.6%	1.1%	3.5%	-0.1%	17.5%	13.2%	4.3%
2018	5.8%	-2.4%	-2.5%	1.6%	4.1%	0.6%	2.6%	2.6%	-1.1%	-7.0%	-0.0%	-8.5%	-5.2%	-8.6%	3.4%
2019	9.0%	4.0%	0.6%	3.4%	-9.8%	6.1%	1.6%	-8.5%	5.1%	-1.8%	0.8%	3.2%	12.5%	26.3%	-13.8%
2020	-4.4%	-9.5%	-21.9%	14.1%	8.8%	1.0%	2.5%	4.4%	-2.2%	1.3%	17.6%	2.0%	7.7%	2.9%	4.8%
2021	2.1%	5.1%	8.5%	3.0%	4.5%	-1.6%	-1.6%	1.7%	-3.5%	3.2%	-4.1%	5.9%	24.7%	25.4%	-0.7%
2022	-0.8%	-1.5%	0.4%	-4.2%	4.6%	-8.7%							-10.2%	-13.1%	+2.3%

## Cumulative Alpha above Russell 3000 Value Index



### Statistics – 31/12/2011-30/06/2022

Annualised return

Easterly Russell S&P500

13.2% 10.4% 13.3%

Annualised volatility

16.9% 14.3% 13.7%

Annual Sharpe Ratio (Rf=LIBOR USD 3M)

0.77 0.71 0.95

Max drawdown

-36.1% -27.3% -20.0%

Correlation to Russell 3000® Value Index

0.92 1.00 -

Beta to Russell 3000® Value Index

1.10 1.00 -

Bull Beta to Russell 3000® Value Index

1.10 1.00 -

Bear Beta to Russell 3000® Value Index

1.15 1.00 -

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

Sources: Easterly, Bloomberg, Heptagon Capital.

Easterly represents the Easterly Investment Partners All-Cap Value Composite (gross of fees). Russell represents the Russell 3000® Value TR USD Index.

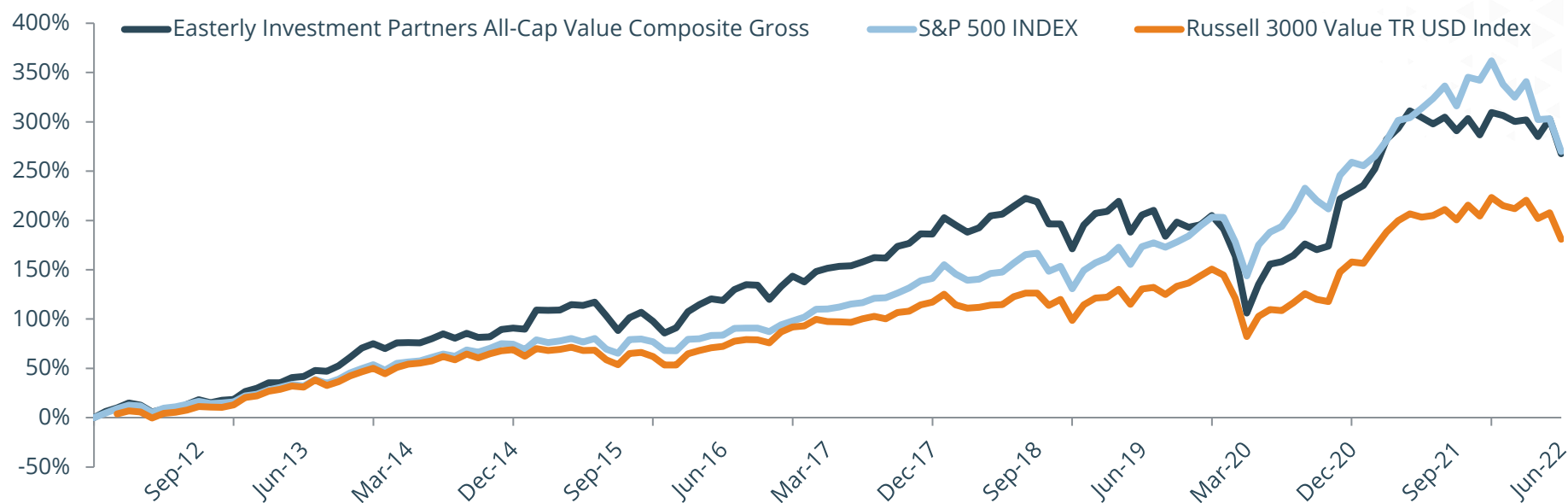
Past performance of Easterly Investment Partners All-Cap Value Composite is no indication of future performance of the Easterly US Value Equity Fund (Irish UCITS Fund).

# PERFORMANCE OF EASTERLY INVESTMENT PARTNERS ALL-CAP VALUE COMPOSITE

as of 30/06/2022

## Historical Cumulative Returns

Investment growth in the **Easterly Investment Partners All-Cap Value Composite** since 2012 vs. **Russell 3000® Value Index** and **S&P 500**.



	YTD	1 Yr	Ann. 3 Yrs	Ann. 5 Yrs	Ann. 7 Yrs	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Easterly</b>	-10.2%	-9.1%	6.4%	7.4%	8.0%	24.7%	7.7%	12.5%	-5.2%	17.5%	23.1%	3.7%	9.0%	47.7%	18.5%
<b>Russell</b>	-13.1%	-7.5%	6.8%	7.0%	7.6%	25.4%	2.9%	26.3%	-8.6%	13.2%	18.4%	-4.1%	12.7%	32.7%	17.5%
<b>S&amp;P 500</b>	-20.0%	-10.6%	10.6%	11.3%	11.1%	28.7%	18.4%	31.5%	-4.4%	21.8%	12.0%	1.4%	13.7%	32.4%	16.0%

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

Sources: Easterly, Bloomberg, Heptagon Capital.

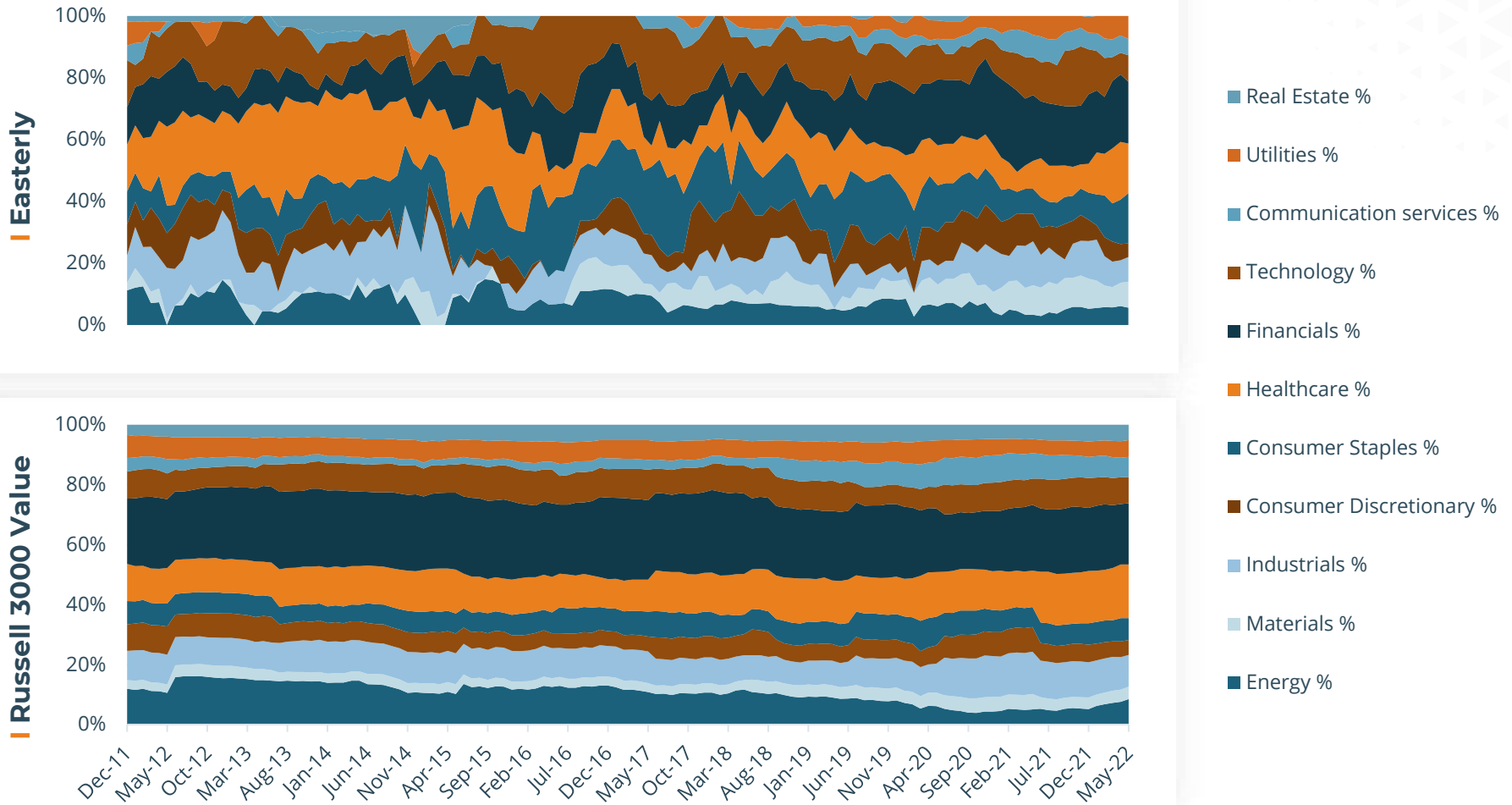
Easterly represents the Easterly Investment Partners All-Cap Value Composite (gross of fees). Russell represents the Russell 3000® Value TR USD Index.

Past performance of Easterly Investment Partners All-Cap Value Composite is no indication of future performance of the Easterly US Value Equity Fund (Irish UCITS Fund).

# **PORTFOLIO ANALYSIS - EASTERLY INVESTMENT PARTNERS ALL-CAP VALUE COMPOSITE**



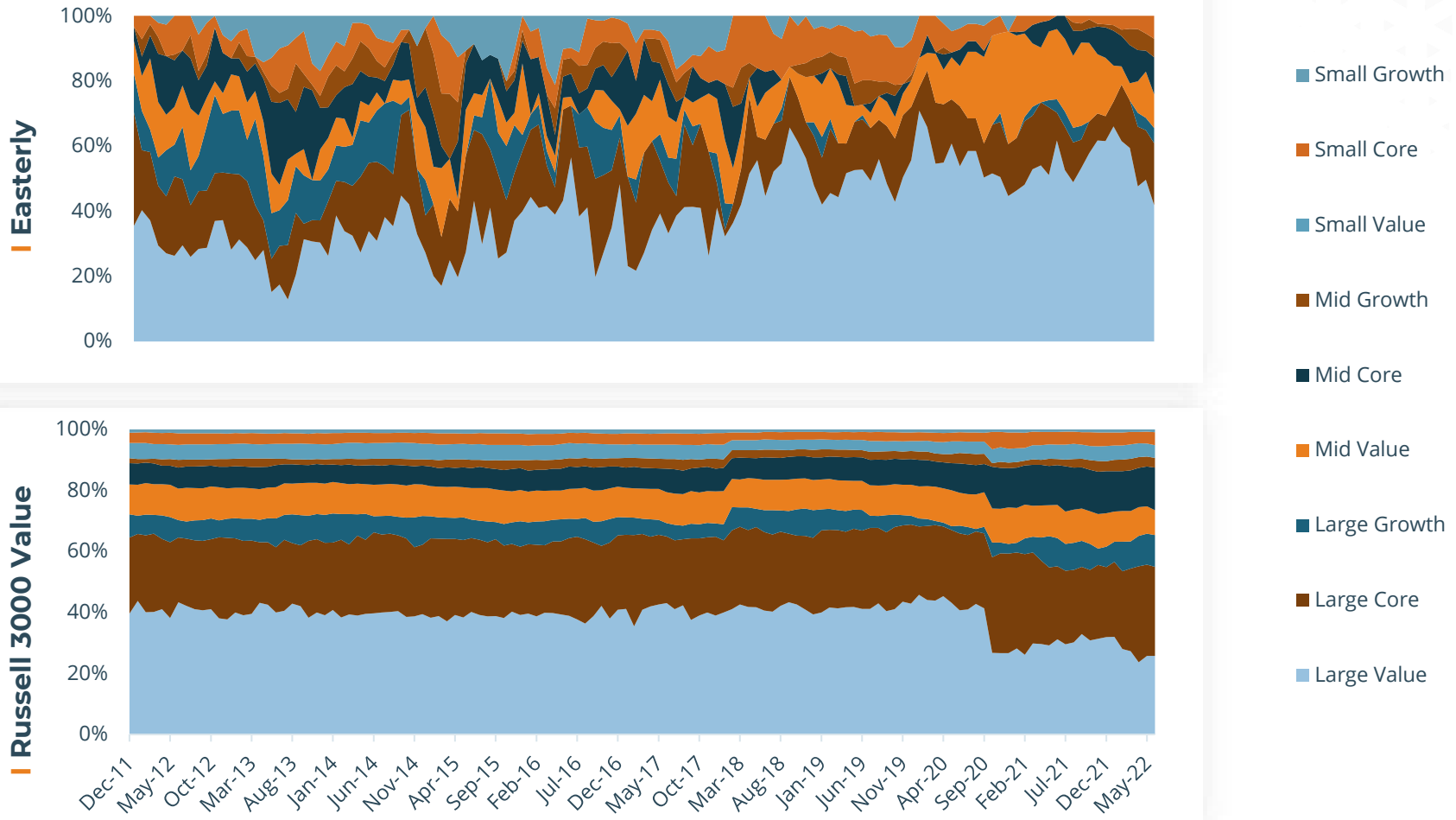
## Historical GICS Sector Weights



Source: Morningstar

Easterly represents the Easterly Investment Partners All-Cap Value Composite (gross of fees). Russell represents the Russell 3000® Value TR USD Index.

## Historical Equity Capitalisation Weights



Source: Morningstar

Easterly represents the Easterly Investment Partners All-Cap Value Composite (gross of fees). Russell represents the Russell 3000® Value TR USD Index.

# **EASTERLY INVESTMENT TEAM BIOGRAPHIES**





# EASTERLY INVESTMENT TEAM



**Jack Murphy**  
CIO & Lead  
Portfolio Manager

Jack Murphy is the CIO, Lead PM and senior analyst for Easterly. His sector focuses are Industrials and Consumers. Jack joined Easterly\* in 1995 as an analyst and became a PM in 2001. He was at Prudential Securities (1991-1995) and worked at Bain & Co. (1988-1991). Mr. Murphy earned a BS from Bryant College and an MBA from Northeastern University.

Chris Susanin is a Co-Portfolio Manager, Director of Research and analyst for Easterly focusing on the consumer and industrial sectors. Prior to rejoining the team\* in 2017, Mr. Susanin was a PM in the industrials group of Point72 Asset Management (2011-2016), PM of the FrontPoint Consumer & Industrial Fund at FrontPoint Partners (2006-2011), PM and analyst at John A Levin & Co., Inc. focusing on the consumer and industrial sectors (2001-2006). He also was an Institutional Investor All-Star analyst at Lehman Brothers covering building products and electrical equipment (1996-2001). Chris earned a BA in Economics from Franklin & Marshall College and an MBA from Columbia Business School.



**Chris Susanin**  
Director of Research  
Senior Analyst



**Evan Ratner**  
Senior Analyst

Evan Ratner is a Senior Analyst for Easterly with a sector focus on consumer staples. Prior to joining the team\* in 2014, Mr. Ratner began his career as a trader at Richmond Capital before becoming an analyst at Charter Advisors, both family offices. Mr. Ratner holds an undergraduate degree in finance from Emory University and an MBA from the NYU Stern School of Business.

# EASTERLY INVESTMENT TEAM

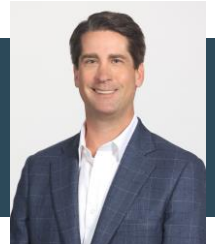


**Rich Petersen**  
Senior Analyst

Rich Petersen is a Senior Analyst for Easterly responsible for the technology sector. Mr. Peterson joined the team\* in 2007, from Pacific Crest Securities, where he was a senior analyst on the software research team ranked “Top Boutique” by Institutional Investor for the three-year period he was employed. Previously, Mr. Petersen worked in equity research at WR Hambrecht, CSFB Tech Group, and Volpe Brown Whelan. Mr. Peterson earned a BA from Connecticut College and an MBA from Columbia Business School.

John Mackin is a Senior Analyst for Easterly focusing on the consumer and retail sectors. Prior to joining the team\* in 2004, Mr. Mackin was an analyst for SAC Capital Advisors (2003–2004); president and co-founder of Archimedes Capital Partners (2000–2003); PM and senior equity analyst for Forstmann-Leff International (1998–2000); and an equity analyst for Merrill Lynch Capital Fund (1991–1998). Mr. Mackin earned a BA from Lake Forest College.

**John Mackin**  
Senior Analyst



# FUND PARTICULARS



# EASTERLY US VALUE EQUITY FUND PARTICULARS

## Legal Structure

An open-ended umbrella type investment vehicle authorised pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended.

## Share Classes

A (Retail) / B (Retail) / C (Seed) / I (Institutional)

## ISIN / Bloomberg Ticker

A IE00BLF9WY64 B IE00BLF9XB03  
C IE00BMX0K335 I IE00BLF9XQ55

## Exchange Listed

None

## Registered for Retail Sale

Austria, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Norway, Spain, Sweden, Switzerland

## Registered for Accredited Investors

Singapore (CISNET restricted scheme), UK (NPPR - National Private Placement Regime)

## Minimum Investment

A = \$15,000 / B = \$15,000 / C = \$1,000,000 / I = \$2,000,000

## Management Fee

A = 1.50% / B = 1.95% / C = 0.90% / I = 1.15%

## Subscriptions

Daily - T+2 Settlement

## Redemptions

Daily - T+3 Settlement

## Lock-up Provision

None

## Leverage

None

## Sub-Investment Manager

Easterly Investment Partners LLC

## Management Company

Carne Management Company Ireland

## Depository

Brown Brothers Harriman Trustee Services (Ireland) Limited

## Administrator

Brown Brothers Harriman Fund Administration Services (Ireland) Limited

## Lawyers

Simmons & Simmons LLP, Dublin

## Auditor

Grant Thornton LLP

Please refer to important information on page 2.

## NOTES & DISCLAIMERS



# EASTERLY INVESTMENT PARTNERS ALL-CAP VALUE COMPOSITE DISCLAIMER

Year End	Total Assets (millions)				Composite Performance		Annualized 3-Year Standard Deviation					
	Firm AUM	Firm (AUA)*	Composite	Number of Accounts	Gross	Net	Russell 3000 Value	S&P 500	Composite	Russell 3000 Value	S&P 500	Composite Dispersion
<b>2022*</b>	1,314	449	79	5 or fewer	-10.24%	-10.44%	-13.15%	-19.96%	23.69%	19.74%	18.64%	N/A <sup>2</sup>
<b>2021</b>	-	-	51	5 or fewer	24.71%	24.45%	25.37%	28.71%	24.22%	19.61%	17.41%	N/A <sup>2</sup>
<b>2020</b>	-	-	29	2	7.68%	7.00%	2.87%	18.40%	24.54%	20.24%	18.79%	N/A <sup>2</sup>
<b>2019</b>	-	-	55	1	12.50%	11.39%	26.26%	31.49%	14.24%	12.01%	11.93%	N/A <sup>2</sup>
<b>2018</b>	-	-	452	2	-5.21%	-6.16%	-8.58%	-4.38%	12.90%	11.06%	10.80%	N/A <sup>2</sup>
<b>2017</b>	-	-	52	1	17.53%	16.38%	13.19%	21.83%	13.71%	10.33%	9.92%	N/A <sup>2</sup>
<b>2016</b>	-	-	62	1	23.07%	21.86%	18.40%	11.96%	13.91%	10.97%	10.59%	N/A <sup>2</sup>
<b>2015</b>	-	-	3	1	3.67%	2.64%	-4.13%	1.38%	12.46%	10.74%	10.47%	N/A <sup>2</sup>
<b>2014</b>	-	-	4	1	9.03%	7.95%	12.70%	13.69%	10.19%	9.36%	8.97%	N/A <sup>2</sup>
<b>2013</b>	-	-	9	1	47.65%	46.23%	32.69%	32.39%	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>2</sup>
<b>2012</b>	-	-	6	1	18.48%	17.32%	17.55%	16.00%	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>2</sup>
<b>2011***</b>	-	-	5	1	1.54%	1.46%	1.97%	1.37%	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>2</sup>

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

Source: Easterly

Assets and performance are as of June 30, 2022.

\* Supplemental Information: Assets under Advisement (AUA) includes the assets where Easterly IP provides its advisory services in similar strategies and does not have discretionary trading authority.

\*\* Performance represents a non-annualized partial period return beginning on December 20, 2011.

N/A1 -Information is not shown as 36 months of performance is not available.

N/A2 -Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

# EASTERLY INVESTMENT PARTNERS ALL-CAP VALUE COMPOSITE DISCLAIMER

All-Cap Composite - Contains fully discretionary equity accounts. The strategy reflects the performance of long-only portfolios substantially invested in domestic listed equities and ADR's that primarily trade on U.S. stock exchanges and may occasionally investment in convertible and corporate bonds taking into account various factors. The inception of the strategy is December 20, 2011 and is biased toward All-Cap capitalization value stock. Since May 2016 the strategy has been managed more concentrated with positions typically around 20 to 25 which formerly were 30 to 45. Performance presented prior to March 29, 2019 occurred while the Portfolio Manager and the research team were affiliated with a prior firm (Levin Capital Strategies, L.P.). Leverage is not used in this strategy. The minimum initial investment for this composite is \$1,000,000. The Long Only Strategy - All-Cap Composite was created in April 2019 when the Portfolio Manager and the research team were acquired by Easterly Investment Partners LLC ("Easterly").

Easterly claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Easterly has been independently verified for the period April 1, 2019 through April 30, 2019 by ACA Performance Services, LLC.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis, and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Long Only Strategy - All-Cap Composite has been examined for the period April 1, 2019 through April 30, 2019. The verification and performance examination reports are available upon request.

Easterly is an independent registered investment adviser with the SEC under the U.S. Investment Advisers Act of 1940. The firm primarily manages various long-only strategies. The firm maintains a complete list and description of composites, which is available upon request. The U.S. Dollar is the currency used to express performance. Results are based on fully discretionary accounts under management, including those investors no longer with the firm. Composite performance is presented gross of foreign withholding taxes on interest income and capital gains and net of foreign withholding on dividends. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using the maximum fee structure (1.0% with no performance fees), applied monthly. The investment fee schedule for the composite is 1.00% per annum on accounts less than \$5 million. Fees for accounts greater than \$5 million but less than \$15 million are 0.75% per annum. Fees for accounts greater than \$15 million but less than \$100 million are 0.75% on the first \$15 million and 0.50% on the remainder. Fees for accounts in excess of \$100 million are negotiable. Actual investment advisory fees incurred by clients may vary.

The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. The annualized 3-year standard deviation represents the annualized standard deviation of actual composite and benchmark returns, using the rolling 36 months ended each year end. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Past performance is not a guarantee of future results.

There can be no assurance that the stated investment objective for this strategy can be achieved. Information in this presentation has been obtained from sources believed to be reliable but cannot be guaranteed. The above referenced index is a benchmark of unmanaged securities, and the index is not a security that can be purchased or sold. Standard deviation is a measurement of historical volatility of investment returns. The above returns are unaudited, and subject to change without notice. Results may be higher or lower based on IPO eligibility, and actual investor's returns may differ, depending upon date(s) of investment(s). Additional information is available upon request.

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Heptagon Capital Limited has issued this communication as investment manager for Heptagon Fund ICAV (the “Company”), an umbrella fund with segregated liability between sub-funds (the “Funds”) and authorised pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as amended, and is licensed to conduct investment services by the Malta Financial Services Authority. Heptagon Capital LLP is authorised and regulated in the UK by the Financial Conduct Authority and is the sub-investment manager for a number of the Funds.

The results given in this document are based solely upon historical fund performance as gathered and supplied by MSCI, Bloomberg, Morningstar, Brown Brothers Harriman Fund Administration Services (Ireland) Limited, the ICAV’s administrator, Heptagon Capital and Easterly Investment Partners LLC. That past performance has not been independently verified by either Heptagon Capital Limited or Heptagon Capital LLP. It is not intended to predict or depict the future performance of any investment.

The information contained herein is provided for informational purposes only, is not complete, and does not contain certain material information about the Funds, including important disclosures and risk factors associated with an investment in the Funds. Before making an investment in any Fund, prospective investors are advised to thoroughly and carefully review the ICAV’s [Prospectus](#) (the “Prospectus”) as well as the supplement to the Prospectus for the Fund and the Fund’s key investor information document with their financial, legal and tax advisors to determine whether an investment is suitable for them. An investment in the Funds is not suitable for all investors.

The distribution of information contained herein and the sale of shares in the Funds may be subject to legal or regulatory restrictions in certain countries in which applicants for shares are resident or of which they are citizens. In particular, neither the shares in the Funds nor the Funds themselves have been registered under any United States (“US”) Securities legislation and are not available for purchase by US persons (as defined in the Prospectus).

The Easterly US Value Equity Fund takes sustainability risks into account within the investment process and this is disclosed in accordance with Article 6 requirements of the EU’s Sustainable Finance Disclosure Regulation. However, the Fund does not have as its objective sustainable investment and does not promote environmental or social characteristics for the purposes of the EU’s Sustainable Finance Disclosure Regulation.



# DISCLAIMER

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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>.

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

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(FRN 403304)

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12 Endeavour Square, London, E20 1JN