

Appendix II

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Summit Sustainable Opportunities L/S Equity Fund

Legal entity identifier: 549300B0PYQ607JJ0395

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective:** ___%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** ___%

It promotes **Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

The characteristics promoted by the Fund consist of investing in companies that may exhibit E/S characteristics such as:

- Reduced resource consumption.
- Improved process efficiency; and
- Resource generation and/or overall waste reduction.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The Sub-Investment Manager may consider the following environmental and social criteria which may vary depending on the sector as well as data availability:

Environment:

- Resource intensity;
- Energy consumption;
- Waste management; and
- Greenhouse gas (GHG) emissions.

Social:

- Contribution to local communities / regeneration;
- Avoidance of controversies;
- Employee diversity.

When considering these criteria, the Sub-Investment Manager aims to:

- Understand the business activity of the company and whether a component, core component or by-product of that company's activities is, in the opinion of the Sub-Investment Manager, a more sustainable way of doing business;
- Map the business activity to the United Nations Sustainable Development Goals; and
- Cross reference the investment thesis with third party sustainability data providers, if available.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

N/A

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

N/A

----- *How have the indicators for adverse impacts on sustainability factors been taken into account?*

N/A

----- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

N/A



Does this financial product consider principal adverse impacts on sustainability factors?

Yes, _____

No



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

What investment strategy does this financial product follow?

The Fund is designed to achieve capital appreciation and deliver risk-adjusted returns over a market cycle and seek investments in companies that offer market-driven solutions to global sustainability challenges. The Sub-Investment Manager seeks to make investments based on individual theses and focuses on companies that offer exposure to a broad array of sustainability trends. The Sub-Investment Manager views sustainability as a driver of disruption and sustainably oriented businesses as companies offering lower environmental impact and less resource-intensive products or services than incumbent players.

The Sub-Investment Manager believes that the long-term case for sustainably oriented investing is strong and supported both by the increasing availability of economically viable, sustainably oriented business models and by meaningful demographic tailwinds. Target companies may offer sustainably oriented products or services, or take an efficient approach to resource generation or consumption – including through the consideration of environmental, social and governance (“ESG”) factors. The Fund may also enter into hedging transactions of companies it believes have revenues and earnings that may fall short of consensus estimates or that may be susceptible to the impact of sustainability-driven disruption. The Fund may utilize a variety of financial instruments, such as derivatives, options, interest rate swaps, caps and floors, futures and forward contracts, both for investment purposes and for risk management purposes. While the Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the sub-investment manager if it had not engaged in any such hedging transactions.

The Sub-Investment Manager regularly engages with investee and prospect companies on sustainability and other issues during management interactions and actively votes proxies.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

In addition to the environmental and social characteristics considered, the Sub-Investment Manager aims to avoid long exposure (however may have short exposure) to companies that are directly involved in, and/or derive significant revenue from:

- Oil and gas extraction (conventional and unconventional)
- Thermal coal
- Civilian firearms production
- Conventional weapons production
- Controversial weapons production and/or distribution
- Tobacco production
- Alcohol production

To qualify as an investable stock in the Fund, each company is subject to a combination of quantitative and qualitative analysis and a comprehensive in-house due diligence process performed in different areas of a company.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund follows a positive inclusion bias as opposed to an exclusionary investment process and does not look at a set universe of companies. To identify a potential investment, the Sub-Investment Manager seeks investments in companies that offer market-driven solutions to global sustainability challenges. The Sub-Investment Manager then does fundamental work on its themes and ideas, including engagement with management teams and industry participants.

- **What is the policy to assess good governance practices of the investee companies?**

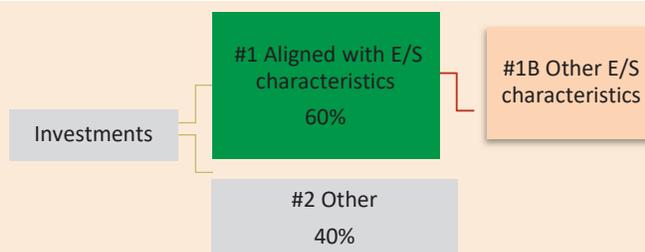
The following factors are typically considered:

- Board composition and independence;
- Tenure and previous experience of the management team; and
- Policies including, but not limited to, code of ethics and code of conduct.



What is the asset allocation planned for this financial product?

The investment strategy has no limits on asset allocations, but historically approximately 60% of long positions have adhered to the E/S characteristics described. The remainder typically falls into investments, which may not be associated with a specific sustainability product or service, but generally are investments that follow the same ESG process (such as investments in technology sectors with lower carbon options). Target companies generally operate in the energy, infrastructure, industrials, information technology and consumer industries.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

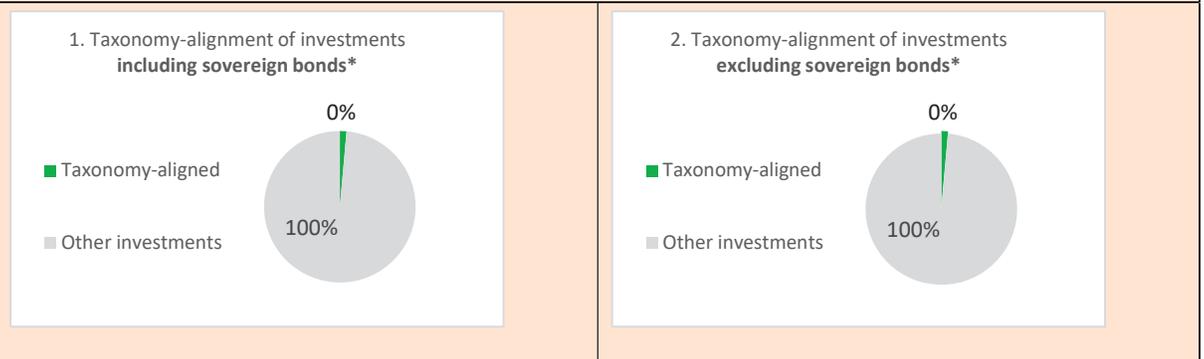
- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

- The Fund uses options or swaps primarily as a hedging tool around event risk. Options or swaps utilised are generally single name hedges. Whilst the product does use derivatives as part of the investment strategy, the use of derivatives is not with a view to attaining the environmental or social characteristics promoted by the Fund.



- **To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



**For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- **What is the minimum share of investments in transitional and enabling activities?**

N/A



- **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

N/A



- **What is the minimum share of socially sustainable investments?**

N/A



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The purpose of any investments made by the Fund that may be classified as “#2 other” within the SFDR is mainly for efficient portfolio management, liquidity management or hedging purposes. There could also be investments in companies that may not match the Fund’s ESG criteria in its entirety but have the adequate minimum safeguards to meet the investment criteria.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No

- *How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?*

N/A

- *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*

N/A

- *How does the designated index differ from a relevant broad market index?*

N/A

- *Where can the methodology used for the calculation of the designated index be found?*

N/A

Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.heptagon-capital.com/summit-sustainable-opportunities-l-s-equity-fund-the-fund/>



Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.