

Driehaus Emerging Markets Sustainable Equity Fund

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The Driehaus Emerging Markets Equity Fund (the “Fund”), a sub-fund of Heptagon Fund Plc which is an open-ended umbrella type investment company authorised pursuant to UCITS regulations. Heptagon Capital Limited (“Heptagon”) is the Investment Manager and Driehaus Capital Management LLC (“Driehaus”) is the Sub-Investment Manager. Driehaus exercises discretionary investment authority over the Fund. The Fund was launched on June 25, 2012 and had AUM of USD 109m as of September 30th, 2020. Driehaus Capital Management LLC was appointed Sub-Investment Manager of the Fund on December 6, 2016. Prior to this OFI Global Institutional, Inc. was the Sub-Investment Manager from June 25, 2012 to December 5, 2016.

The Fund (I USD share class) now has a 5-star Morningstar rating over the past 3 years since Driehaus took over portfolio management. During the third quarter of 2020, the Fund outperformed its benchmark the MSCI Emerging Markets NR (“Index”) returning 12.3% (I USD), compared to 9.6% for the Index.

Annualized Total Returns

As of September 30, 2020 gross of fees

	Q3 20	YTD	1-Yr	3-Yrs	5-Yrs	10-Yrs
Driehaus Emerging Markets Growth composite	12.1%	8.8%	21.6%	8.0%	12.8%	6.8%
MSCI Emerging Markets NR Index	9.6%	-1.2%	10.5%	2.4%	9.0%	2.5%

Source: Driehaus Capital Management, Bloomberg

Driehaus manages the Irish regulated Driehaus Emerging Markets Equity UCITS Fund according to the same investment principals, philosophy and execution of approach as it manages the Driehaus Emerging Markets Growth Composite, however it should be noted that due to different regulation, fees, taxes, charges and other expenses there can be variances between the investment returns demonstrated by each portfolio. The Driehaus Emerging Markets Growth Composite is provided in the table above to show a longer track record for the underlying strategy.

Driehaus Capital Management – Sub-advisor Q3 2020 Commentary

Market Overview

Many commentators have made the point that Emerging Markets (EM) are not a monolithic asset class. That has become even more true in this extraordinary year. Therefore, we think this is a good opportunity to revisit some of the local dynamics across the major EM countries to take stock of what’s happened this year.

China is the obvious place to start. China (and Hong Kong) collectively make up over 40% of the index and their weight is likely to keep rising. After the threat from Covid-19 became clear, China implemented stifling lockdown measures in January. As a result, the economy shrank in the first quarter for the first time since it started recording quarterly GDP back in 1992. However, the country’s strict response enabled it to get the virus under control and new infections have flatlined since February. Today, life has largely returned to normal with schools, restaurants, and movie theaters all reopened. In August, scenes from a packed pool party in Wuhan, where the virus originated, provided a striking visual compared to the ongoing struggles in other countries. The sharp rebound in domestic demand drove a 3.2% year over year increase in real GDP in the second quarter and Purchasing Managers’ Index (PMIs) have been in expansionary territory since March.

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

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Market Review Cont.

China's North Asian neighbours South Korea and Taiwan have exhibited similar dynamics. South Korea was able to effectively flatten its first wave and muffle all the subsequent outbreaks. Taiwan largely bypassed the pandemic altogether; it has only had roughly 500 confirmed cases in total. Taiwan was able to leverage its experience with the SARS outbreak in 2003 to quickly implement travel restrictions, deploy a robust contact-tracing operation, and achieve broad compliance with mask-wearing and social distancing.

These three countries have achieved enviable results in controlling Covid-19. Aside from their virus-control measures, they also have reasonably effective domestic healthcare systems and their economies have significant exposure to innovative industries that have seen spikes in demand this year like semiconductors, biotech, and ecommerce. Additionally, these economies are self-funding with current account surpluses that make them less vulnerable to foreign capital flows. These factors were conducive to strong equity markets in the third quarter as well as appreciating currencies. Unfortunately, many of these advantages do not extend to other EM countries which has resulted in high dispersion in virus management, economic growth, and market performance.

Exhibit 1: After the United States, India, and Russia have the most Covid-19 infections in the world:

	Infection	Death	Ratio
US	7,459,102	209,820	2.81%
India	6,685,082	101,782	1.52%
Brazil	4,927,235	146,352	2.97%
Russia	1,231,277	21,260	1.73%
Colombia	862,158	26,712	3.10%
Peru	828,169	32,609	3.94%
Spain	813,412	32,086	3.94%
Mexico	789,780	79,880	10.11%
South Africa	682,215	16,976	2.49%
France	664,289	32,171	4.84%

Source: John Hopkins, J.P Morgan, Mortality rate=deaths/infections. As of Oct 5, 2020.

India's Prime Minister, Narendra Modi, announced a national lockdown in March and has consistently advocated social distancing and mask wearing. The severity of the lockdown resulted in a 23.9% year over year drop in real GDP in the June quarter. However, with its massive population, low income levels, lack of testing capacity, and undersupplied healthcare system, a large outbreak was perhaps inevitable once the virus took root. India has been fortunate to have a lower mortality rate than many other countries, possibly due to its young population. However, many deaths are likely not being reported. Since lockdowns failed and brought severe economic hardship, India is now trying to battle the virus through changing behaviour and has conducted a very high number of tests. Together, these factors have allowed for a better-than-expected economic recovery coming out of the lockdown. PMIs rebounded sharply with signs of pent-up demand and the market rose by 15.0% in the quarter.

Brazil has had a parallel experience to the US this year. Despite a national healthcare system (albeit an underfunded one), the country now has more cases than all of Europe. President Jair Bolsonaro has generally been unwilling to acknowledge the severity of the threat posed by Covid-19 (even after falling ill with it in early July). He has resisted recommendations for social distancing and has even gone as far as sabotaging quarantine measures that were implemented at the state level.

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Market Review Cont.

The country has also had difficulty procuring enough personal protective equipment (PPE), testing kits, and ventilators. Brazil's erratic response has exacerbated the already chaotic political environment and led to widening inequality. While the economy has rebounded some from earlier in the year, the country's real GDP is forecast to drop by over 5% in 2020. With the policy rate at record lows and a messy fiscal position, Brazil has limited room to help itself. It is no surprise then that Brazilian equities underperformed in the quarter, with Real depreciation exacerbating USD-reported performance.

Russia has likely been underreporting its case and death count. However, new statistics have revealed the magnitude of the crisis there. Russia has pinned their hopes on a fast-tracked vaccine. The first candidate was granted emergency approval in August after being tested on only 76 patients. The second is expected to be approved in mid-October. However, without robust scientific data and a larger sample size, confidence in both the safety and efficacy of these early vaccines will remain low. Russia's situation is further complicated by ongoing geopolitical risks and persistently low oil prices. Russian equities fell in the third quarter and the Ruble continued to depreciate against the USD.

Clearly, the major countries in EM have had meaningfully different levels of success fighting the pandemic this year. We think the pandemic response has revealed a lot about the economic, political, and social strengths of each country. Importantly, like with the sector trends that we have written about previously (e.g. growth of digital communication, gaming, etc.), we think Covid-19 has acted to expand existing gaps and vulnerabilities, not change conditions that were already in place.

Performance Review

The Driehaus Emerging Markets Growth Strategy, net of fees, returned 12.12% in the third quarter, ahead of the 9.56% gain in the MSCI EM Index and 8.93% increase in the S&P 500. Year to date, the strategy was up 8.10% compared to a -1.16% drop in the MSCI EM Index. Stock selection, allocation, and currency have all been positive contributors to performance this year.

Taiwan and China were the top performing markets for the strategy in the third quarter. In China, the strategy benefitted from its lack of exposure to large Chinese banks which have had to support the economy with unprofitable lending. Conversely, the strategy gained from its positions in China exposed to domestic tourism and healthcare. South Korea was the largest detractor due to the strategy's technology positions. Notably, despite the positive attributes discussed in the previous section, the strategy was underweight its benchmark in these countries. This is consistent with our history due to the composition of the index but also reflects the fact that these countries have already emerged successfully from the lockdown.

Financials was the top performing sector for the strategy. Performance was helped by the previously noted underweight to Chinese financials. The strategy also benefitted from its position in an Indian financial company that benefitted from an improving competitive position as weaker peers lost funding access and larger banks pulled back on lending.

Information Technology was the only sector with negative attribution in the quarter. Aside from Korean technology, some of the strategy's Chinese software positions underperformed after strong gains in the first half. We have a positive long-term view of China's nascent software market and expect these stocks to regain their footing going forward.

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Outlook and Positioning

Amidst the uncertainty of the ongoing pandemic and the upcoming US election, market conditions are not going to get any less challenging. We also recognize that the countries, industries, and stocks that have outperformed this year will not continue to do so indefinitely. Additional fiscal stimulus, loose monetary policy, and an effective vaccine could result in a dramatically different market environment.

If the global economy continues to recover from the pandemic and there is some degree of synchronized global growth, we expect our process will lead us towards cyclical and recovery growth stocks as well as countries that benefit from rising trade and capital flows. Conversely, if global growth remains depressed, we will likely have a higher allocation to names in our dynamic and consistent growth buckets that can grow their earnings independent of cyclical conditions. We do not think it prudent to make a significant and binary call in advance as the future is unknowable. Rather, we will continue to focus on earnings revisions and second-derivative growth changes.

The Covid-19 pandemic has had a significant yet distinct impact on all the emerging market countries. The virus has amplified the differences between countries and companies and the asset class is now even more heterogeneous. Regardless of how future events play out, companies that are well-managed, flexible, and forward-thinking are likely to have a better chance to grow their earnings in the post-Covid world. We look forward to finding these opportunities for you.

Sincerely,

Heptagon Capital and Driehaus Capital Management

The views expressed represent the opinions of Driehaus Capital Management, as September 30th 2020, are not intended as a forecast or guarantee of future results, and are subject to change without notice.

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Sector performance attribution- Q3 2020

GICS Sector	Driehaus Emerging Markets Growth Strategy (Port) (%)			MSCI Emerging Markets Index (Bench) (%)			Total Effect
	Port Avg. Weight	Port Total Return	Port Contrib. To Return	Bench Avg. weight	Bench Total Return	Bench Contrib. To Return	
Comm. Services	14.20	5.40	1.08	13.05	2.47	0.40	0.39
Consumer Discretionary	17.05	27.61	4.54	18.70	26.83	4.45	0.00
Consumer Staples	10.90	7.60	0.90	6.26	4.29	0.30	0.12
Energy	3.00	3.60	0.17	5.74	-0.47	0.02	0.43
Financials	13.84	0.89	0.36	18.10	-0.52	0.10	0.67
Health Care	5.40	12.43	0.65	4.26	1.93	0.07	0.53
Industrials	4.12	17.64	0.71	4.50	2.90	0.15	0.66
Information Technology	20.10	16.24	3.15	17.79	20.51	3.31	-0.51
Materials	5.24	17.88	0.74	7.00	11.62	0.78	0.27
Real Estate	0.42	-6.29	-0.02	2.47	0.94	0.05	0.16
Utilities	0.16	-55.15	-0.03	2.11	-4.39	-0.07	0.25
Cash	5.56	-0.14	-0.01	0.00	0.00	0.00	-0.31
Total	100.00	11.93	11.93	100.00	9.56	9.56	2.37

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance

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Top 10 Country performance attribution- Q3 2020

Driehaus Emerging Markets Growth Strategy (Port) (%)				MSCI Emerging Markets Index (Bench) (%)			Attribution Analysis (%)
Country	Port Avg. Weight	Port Total Return	Port Contrib. To Return	Bench Avg. weight	Port Total Return	Bench Contrib. To Return	Total Effect
Taiwan	10.72	25.27	2.42	12.59	16.54	1.95	0.64
China	31.48	15.61	5.28	36.83	13.24	4.75	0.63
United States	5.69	16.42	1.00	0.58	18.81	0.10	0.48
Thailand	0.39	-12.26	-0.06	1.99	-14.06	-0.29	0.41
Singapore	1.00	42.31	0.37	0.02	8.67	0.00	0.32
Hong Kong	8.41	9.80	0.79	3.76	4.76	0.20	0.23
South Africa	0.16	7.19	0.03	3.56	3.88	0.18	0.19
Brazil	4.89	-3.98	0.14	5.11	-3.32	-0.10	0.14
Chile	0.70	12.52	0.12	0.56	-4.19	-0.01	0.14
Netherlands	1.47	17.50	0.30	0.17	-2.55	-0.02	0.13
Total	100.00	11.93	11.93	100.00	9.56	9.56	2.37

Sources: Driehaus Capital Management LLC, Factset Research Systems, Inc., eVestment Alliance

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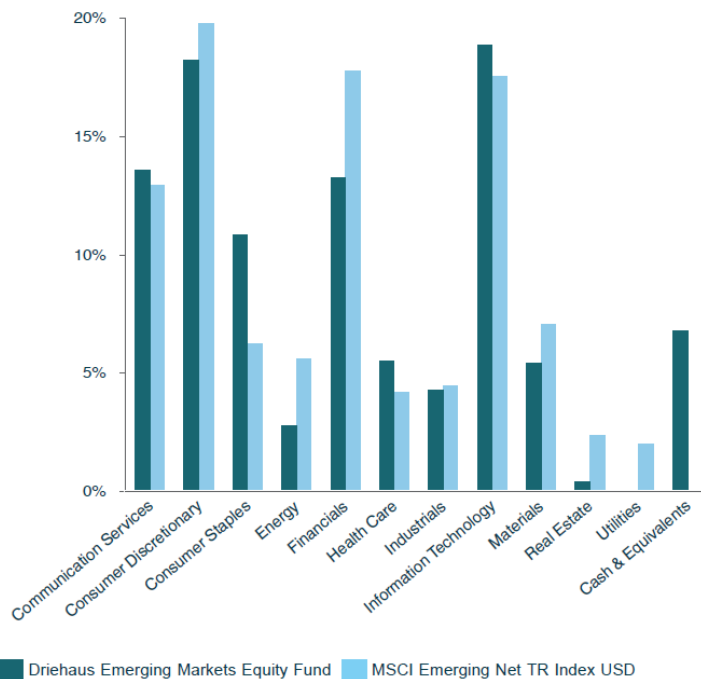
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Driehaus Emerging Markets Equity UCITS Fund Positioning

Top Ten Holdings by Issuer as of 31st August 2020

Name	% of portfolio
Alibaba Group Holdings Ltd	6.9%
Tencent Holdings Ltd	6.9%
Taiwan Semiconductor	6.3%
Samsung Electronics Co	3.3%
Nike Inc	1.6%
Wuxi Biologics Cayman Inc	1.6%
Kweichow Moutai Co Ltd	1.5%
HDFC Bank Ltd	1.5%
Nvidia Corp	1.5%
B3 SA- Brasil Bolsa Balcao	1.5%
Total of Top 10 Holdings	32.6%

Portfolio Sector Weights as of 31st August 2020





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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.

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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 fund's private placement memorandum with their financial, legal and tax advisors to determine whether an investment is suitable for them. An investment in these funds is not suitable for all investors.

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Glossary

Annualized	A rate or return that is recalculated to show it as an annual rate.
Asset Class	A group of securities with similar characteristics that tend to behave similarly in the marketplace, such as equities, bonds and cash equivalents.
Assets under management (AUM)	The total market value of all assets a financial institution or fund manages on behalf of its clients.
Benchmark	A point of reference against which investment performances can be measured.
Bloomberg	A company that provides business and market news, data and analysis.
Capital Flow	Money movement for the purpose of investment, trade or business production.
Composite	A combination of all investments managed by an investment manager to measure an overall performance over time.
Discretionary Portfolio Management	Where the portfolio manager has the authority to make investment decisions without the consent of the portfolio's owner.
Emerging Market	An economy of a developing nation that is engaging with global markets as it grows.
Equities	A security that represents ownership in an entity and that may pay income as dividends.
Fiscal Policy	A government policy that makes use of government spending and taxation to influence an economy.
Gross Domestic Product (GDP)	The value of all goods and services produced in a given country during a specific time period.
Growth Investment Style	Investment strategy focusing on capital appreciation. Companies sought are those whose earnings are predicted to grow at an above-average rate.
Leverage	The amount of debt that is utilized to increase the potential return on an investment.
Liquidity	The degree to which an asset can be purchased or sold in the market without affecting the asset's price.
Monetary Policy	A policy set by a Central Bank or a regulatory committee that alters an economy's money supply in an attempt to affect, for example, inflation and liquidity.
MSCI Emerging Markets Growth Index	A market cap weighted benchmark index that represents large and mid caps across 26 emerging markets (Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Russia, Qatar, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates).

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Glossary

Open-ended Fund	A collective investment scheme that is able to issue or redeem shares at any point in time.
Performance Attribution	An analysis used to explain a portfolio's performance by looking at the performance of each of its investments.
Portfolio Weight	The percentage amount of a holding in a portfolio.
Purchasing Managers Index (PMI)	An indicator of economic health in the manufacturing sector.
S&P 500 Index	Standard & Poor's 500. An American stock market index that includes the 500 largest companies by market capitalization.
Total Effect	The Total Effect for each MSCI/GICS Sector is equal to the sum of the individual Attribution Effects for that MSCI/GICS Sector.
Total Return	The actual rate of return for an investment that includes all capital gains, dividends and distributions over the investment time period.
UCITS	Undertakings for Collective Investment in Transferable Securities. It is a regulatory framework in the European Union.
Underweight	A recommendation given by a research analyst to hold a smaller position in a security relative to other securities in a portfolio.
Valuation	The process of determining how much a company or an asset is currently worth at a particular point in time.