Kopernik Global All-Cap Equity Fund

Q2 2025 Commentary

Portfolio Management

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Investment Objective

The Fund seeks to provide long-term capital appreciation by investing primarily in equity securities of U.S. and non-U.S. companies. The research driven investment process seeks to add value through active management and by selecting securities of companies that, in the manager's opinion, are misperceived and undervalued by the market.

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Opinions expressed whether in general or in both on the performance of individual investments and in a wider economic context represent the views of the contributor at the time of preparation.

The **Kopernik Global All-Cap Equity Fund** (the "Fund") is a sub-fund of Heptagon Fund ICAV which is an open-ended umbrella type investment vehicle authorised pursuant to UCITS regulations. Heptagon Capital Limited ("Heptagon") is the Investment Manager and Kopernik Global Investors LLC ("Kopernik") is the Sub-Investment Manager meaning Kopernik exercises discretionary investment authority over the Fund.

The Fund was launched on 16th December 2013 and had an AUM of USD 1,637m as of 30th June 2025. During the second quarter of 2025, the Fund (C USD share class) outperformed its benchmark, returning 18.5% compared to 11.5% for the MSCI ACWI.

The views expressed represent the opinions of Kopernik Global Investors, LLC as of 30th June 2025, are not intended as a forecast or guarantee of future results and are subject to change without notice.

Quarter Overview

Markets were rocked by significant volatility early in the quarter, presumably caused by poor fundamentals and high valuations, but accentuated by the decision of the U.S. to impose substantial global tariffs. Whatever the uncertainty, by the end of the quarter, U.S. markets seemed to be unfazed once again, gaining back much more than their first-quarter negative returns and marching back to all-time highs. At the same time, it does appear that value stocks may be coming back into favor after many years of lagging the markets. In this environment, we believe that it is more important than ever that investors focus on the fundamentals, avoid investing in overpriced securities, and diversify across sectors, countries, and businesses. Buying good companies for less than they are worth has historically portended strong returns over the long term, especially following periods of underperformance.

Building on its gains from the first quarter, the Materials sector contributed to total Strategy returns during the quarter. Many of the Strategy's precious metals companies contributed positively.

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Platinum group metals ("PGM") producers had a strong quarter; the platinum price rose more than 35% (26% in June alone), finishing the quarter at more than $1350/oz. **Impala Platinum Holdings Ltd ("Impala")**, **Valterra Platinum Ltd ("Valterra;"** formerly Anglo American Platinum), and **Sibanye Stillwater Ltd ("Sibanye")** had total returns of 31.4%, 21.0%, and 60.4%, respectively. **Impala** and **Valterra** are the largest Platinum Group Metals (PGM) producers in the world, together accounting for a meaningful percentage of global reserves and 47% of global production. **Sibanye** is another major PGM producer, with operations, projects, and investments across five continents. We trimmed **Impala**.

Other precious metals stocks also contributed positively. Gold producers **Newmont Corp ("Newmont")** and **Aris Mining Corp ("Aris")** had total returns of 21.1% and 45.9%, respectively. Newmont is the world's largest gold producer by reserves; Aris owns producing and developing mines in Colombia, Guyana, and Canada. Non-producing miners also contributed positively. The market prefers current cash flow to future cash flows and dislikes miners who are not yet producing; this provides us with an opportunity to purchase stocks with high optionality to higher gold prices. **Seabridge Gold Inc**, which owns KSM, the largest undeveloped gold project in Canada, had a total return of 24.5%, and **Novagold Resources Inc ("Novagold")** had a total return of 40.2%. **Novagold**'s stock price, after seriously lagging in recent quarters, rose after the company announced that its partner Barrick Gold Corp had sold its 50% stake in the Donlin project to a private mining investor who is much keener to move the project forward than Barrick was; however, the stock price pulled back after **Novagold** issued $48 million in new shares to fund their purchase of another 10% of the project. The purchase should prove to be quite value-accretive, but we share the market's disappointment with the low price of the secondary offering. **Northern Dynasty Minerals Ltd ("Northern Dynasty")**, which owns the Pebble Project in Alaska, had a total return of 17.0%. This built on its large gain from the first quarter. The abeyance on the ongoing legal cases has been extended twice, and the company has announced that it is negotiating with the U.S. Environmental Protection Agency (EPA) on the agency's veto of the project. Northern Dynasty and the EPA failed to reach an agreement, and on July 18, the company announced that it had filed for a summary judgment from the court, a situation that is still ongoing. We are closely monitoring any further developments. The stock price has come down significantly since the end of the quarter.

Finally, in materials, **K+S AG ("K+S")**, Europe's largest potash producer, and **Ivanhoe Electric Inc. ("Ivanhoe Electric")**, whose main project is the Santa Cruz copper project in Arizona, one of the largest undeveloped copper projects in the U.S, contributed positively. **K+S** had a total return of 36.0%, while **Ivanhoe Electric** had a total return of 61.9%. We trimmed **K+S**.

Companies in the Energy sector also contributed positively; the sector as a whole contributed to total Strategy returns during the quarter. Companies with exposure to uranium were the strongest energy performers. **Paladin Energy Ltd ("Paladin")**, an Australian uranium producer that owns assets in Namibia, Canada, and Australia, had a total return of 67.5%. The company has had problems with its flagship mine in Namibia that had driven the stock price down; those issues seem to be reversing. **NAC Kazatomprom JSC**, the world's largest uranium miner, had a total return of 32.3%. Early in the quarter, the Strategy re-initiated a position in **NexGen Energy Ltd ("NexGen")**, which owns development projects in Canada, as prices had dropped below our risk-adjusted intrinsic value. **NexGen** performed strongly, with a total return of 63.8%. Finally, two companies that buy and hold physical uranium, **Yellow Cake PLC** and the **Sprott Physical Uranium Trust** (classified by GICS as a financials company), had total returns of 33.8% and 31.5%, respectively. Also in energy, **MEG Energy Corp ("MEG")**, a Canada-based oil producer, had a total return of 24.4%. In May, **Strathcona Resources Ltd**, another Canadian oil producer, announced an acquisition bid for **MEG**. The potential acquisition price is below our estimate of risk-adjusted intrinsic value. We will continue to monitor the situation. We added to **Paladin**, and trimmed and added opportunistically to **NexGen** and **MEG**, taking advantage of volatility in the stock prices.

South Korean stocks performed strongly, contributing to total Strategy returns. After a period of political crisis that began with last December's declaration of martial law, presidential elections at the beginning of June brought Lee Jae-myung to power. The new president has pledged to, among other things, improve corporate governance with the aim to reduce the Korea discount. Two members of the triopoly of South Korean telecom companies, **LG Uplus Corp ("LG Uplus")** and **KT Corp ("KT")** had total returns of 50.3% and 17.1%, respectively. **LG Uplus** was the Strategy's largest contributor. **Korea Electric Power Corp ("Kepco")**, South Korea's dominant electric utility, had a total return of 101.5%. Over the past three years, the government has allowed **Kepco** to raise tariff rates by ~50%. Furthermore, it has recently been announced that **Kepco** would be able to maintain those higher tariff rates even though global energy prices have dropped, a positive for the company. **LG Corp**, a South Korean conglomerate with multiple business segments, had a total return of 33.6%. Additionally, **Hyundai Department Store Co Ltd ("Hyundai Dept Store")**, one of three major department store brands in South Korea, had a total return of 40.5%; **DL E&C Co Ltd ("DL E&C")**, an engineering & construction firm with business in housing-related building and development, as well as construction and engineering for civil and industrial end markets, had a total return of 35.5%; **Hankook & Company Co Ltd**, a holding company that owns 30% of Hankook tire, a global tire manufacturer and distributor, had a total return of 36.7%; and **Korean Reinsurance Co**, the lone reinsurer in South Korea, had a total return of 43.9%. We trimmed **KT** and **Hyundai Dept Store**, and took advantage of volatility in the stock price of **LG Corp** to trim and add opportunistically.

Although the Materials sector on a whole contributed positively, there were exceptions. The Strategy's largest detractor was **Equinox Gold Corp**, a Canada-based gold producer with long-lived reserves, which had a total return of -16.0%. Other detractors in the Materials sector were **Sociedad Quimica y Minera de Chile SA**, a large, low-cost lithium producer, with a total return of -11.0%, and **Ivanhoe Mines Ltd ("Ivanhoe Mines")**, owner of the Kamoa-Kakula copper deposit in the Democratic Republic of the Congo and the Platreef platinum project in South Africa, with a total return of -10.9%. Ivanhoe Mines fell after reporting production issues due to seismic activity. The price of Ivanhoe Mines was volatile throughout the quarter, and we added around price movements.

Other detractors were **Baidu Inc**., the "Google of China", with a total return of -8.6%; **First Resources Ltd**, a palm oil company with plantations in Indonesia, as well as downstream refining and processing assets, with a total return of -7.4%; **MHP SE**, a Ukrainian poultry producer, with a total return of -7.5%; and a Brazil-based oil producing company, **Petroleo Brasileiro SA**, with a total return of -5.3%.

Recent volatility and a long stealth bear market had created a lot of opportunities for investors, early in the quarter. During the quarter, the Strategy initiated several new positions: **Empresa Nacional de Telecomunicaciones SA**, a market-leading Chilean telecommunications company; **Glencore PLC**, one of the world's largest global diversified natural resources companies and one of the world's largest metals trading companies; **Hankook Tire & Technology Inc**, a South Korean company that is the 7th largest global tire manufacturer and a subsidiary of **Hankook & Co Ltd** (which the Strategy also owns); **Indah Kiat Pulp & Paper Tbk PT**, an Indonesian producer of pulp, cultural paper, packaging materials, and tissue products; **Lundin Mining Corporation**, a copper mining company with operations in the Americas and Europe; **Jupiter Fund Management PLC**, a UK- based asset manager; a convertible bond of **Borr Drilling Ltd**, an international offshore oil and gas drilling contractor; and **Orbia Advance Corp SAB de CV**, a Mexico-based conglomerate with diversified business segments. All of these companies are undervalued on multiple metrics and trade at substantial discounts to Kopernik's estimates of their risk-adjusted intrinsic values.

As discussed above, the Strategy re-initiated a position in **NexGen** as well as a position in **BASF**, a large German chemicals company, as prices once again dropped to attractive levels.

The Strategy eliminated positions in **China Shenhua Energy Co Ltd; Artemis Gold Inc; Samsung Electronics Co Ltd; Perpetua Resources Corp; Sprott Inc**; and **Wheaton Precious Metals Corp** as prices appreciated.

In closing, we continue to be focused on appraising businesses and mitigating risk through diversification across sectors and countries, and we still see significant upside in the Strategy's holdings as they were exceptionally mispriced at the end of last year. Our investment process is centered on buying and holding companies trading at significant discounts to Kopernik's estimate of their risk-adjusted intrinsic value, and we view volatility as an opportunity to add and trim. You can count on us to employ our disciplined, fundamentals-based, long-term approach that has produced a proven track record throughout full market cycles. We are grateful to our long-term investors who understand the art and science of value investing and adhering to its discipline.

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Why Kopernik? By Kopernik Global Investors, LLC

Philosophically, we view ourselves as owners of businesses. Our job is to appraise these businesses and take advantage at times when an inefficient, emotional marketplace offers securities at a price that is significantly different from our appraisal. Like our namesake, Kopernik (better known by his Latin name – Copernicus), we trust the results of our own analysis even when (especially when) it generates vastly different conclusions from those of the crowd and/or those taught by many academics. Similarly, we commonly question the data issued by governments, central bankers, and companies themselves. We understand that bargains appear often because people focus on fear or panic, and other forms of risk that are not relevant to the investment portfolio. High tracking error, bad headlines or unpopular stocks/countries/ regions/industries can present a degree of risk to a manager's career, while often lowering the potential of permanent loss of capital (due to lower initiation prices and higher potential upside) to the portfolio. Similarly, Kopernik believes volatility and other measures of past price movements are not relevant to long-term investors' assessment of risk. It can be indicative of potential risk to short-term speculators or to highly levered players, but can often present opportunity for true long-term investors.

As always, thank you for your support.

Sincerely,

Heptagon Capital & Kopernik Global Investors

Annualized Total Returns

	Q2 25	1- Year	3-Year	5-Year	10-Year
Kopernik Global All-Cap Equity Fund	18.5%	35.0%	20.7%	16.1%	12.7%
MSCI ACWI NR USD Index	11.5%	16.2%	17.3%	13.7%	10.0%

Source: Morningstar

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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

The Fund takes sustainability risks into account within the investment process, and this is disclosed in accordance with Article 6 requirements of the Sustainable Finance Disclosure Regulation ('SFDR') in the Fund's Prospectus. However, the Fund does not have as its objective sustainable investment and does not promote environmental or social characteristics for the purposes of the SFDR. Sustainability risks may occur in a manner that is not anticipated by the Sub-Investment Manager, there may be a sudden, material negative impact on the value of an investment and hence the returns of the Fund. As a result of the assessment of the impact of sustainability risks on the returns of the Fund, the Sub-Investment Manager aims to identified that the Fund may be exposed to sustainability risks and will aim to mitigate those risks.

Authorised & Regulated by the Financial Conduct Authority (FRN: 403304)

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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

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