

## 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:** WCM Global Equity Fund

**Legal entity identifier:** 549300XZIX0LZIQITZ41

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input checked="" type="radio"/> <input type="radio"/> <b>Yes</b>		<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> <b>No</b>	
<input type="checkbox"/>	It will make a minimum of <b>sustainable investments with an environmental objective:</b> ____%	<input type="checkbox"/>	It promotes <b>Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments
<input type="checkbox"/>	<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/>	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/>	<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/>	<input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/>	It will make a minimum of <b>sustainable investments with a social objective:</b> ____%	<input checked="" type="checkbox"/>	It promotes E/S characteristics, but <b>will not make any sustainable investments</b>
<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/> with a social objective



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

#### Environmental characteristics:

- No exposure to fossil fuels production and/or extraction
- Greenhouse gas (“GHG”) emissions reduction
- Renewable energy usage and development
- Lack of or well managed environmental controversies

**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.

## **Social characteristics:**

- High social standards
- Strong emphasis on human capital management – sustainable levels of employee turnover, high talent recruitment, development, and retention
- Lack of or well managed social controversies
- High scoring on WCM's corporate culture internal rating criteria

The Sub-Investment Manager believes corporate culture is a critical determinant of the resiliency and trajectory of a company's competitive advantage, and how a company views and manages ESG issues. As a key component of the Fund's bottom-up fundamental approach, social criteria such as human capital management and corporate culture analysis are more heavily weighted within the Sub-Investment Manager's research process, over environmental criteria.

Similarly, companies with good corporate governance practices and strong, quality, experienced management, demonstrate better understanding, monitoring and management of environmental and social risks.

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

Materiality of environmental and social indicators analysed to measure the attainment of the environmental and social characteristics may vary considerably from industry to industry and from company to company and may be dependent on data availability. These may include, but are not limited to:

## **Environment:**

- Environmental controversies
- GHG emissions reduction
- Renewable energy usage and development

## **Social**

- The Sub-Investment Manager's corporate culture internal rating criteria
- Social controversies
- Talent recruitment, development and retention
- Employee turnover
- Data protection

When assessing these indicators, together with the consideration of governance factors and qualitative data, the Sub-Investment Manager also aims to:

- Understand the trajectory of a company's ESG practices, positive change may reveal a cultural priority within the company that can be value enhancing in the short and long term
- Identify companies with high social standards, as the Sub-Investment Manager believes this is an enhancer of investment value

- Complement the analysis of a company's most trajectory

- **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

- **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

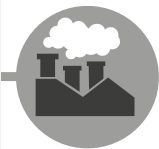
**What investment strategy does this financial product follow?**

The Fund aims to achieve its investment objective by investing primarily in equity securities of large cap global companies located worldwide, including in emerging markets, which are listed or traded on Recognised Markets. Large cap global companies are generally considered to be companies that have a market capitalisation in excess of \$5 billion. The Fund is a global fund insofar as its investments are not confined to any particular geographic region or market and the Fund may invest in excess of 30% of its Net Asset Value in securities of issuers from emerging markets.

As a key component of the Fund's bottom-up fundamental approach, the Sub-Investment Manager conducts a non-financial ESG analysis, with respect to corporate culture and governance research as detailed below, on at least 80% of the Fund's net assets on an ongoing basis, or as the investment horizon of a particular company may dictate. In the Sub-Investment Manager's view, corporate culture is a critical determinant of the resiliency and trajectory of a company's competitive advantage, and how a company views and manages ESG issues.

In that perspective, the Sub-Investment Manager will apply a binding and proprietary set of investment criteria to own businesses exhibiting sound corporate cultures.

**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.



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

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Company cultures are evaluated and defined through the Sub-Investment Manager's corporate culture internal rating criteria.

The Sub-Investment Manager tests for the presence of material deficiencies across a set of human capital factors. If a material deficiency is discovered across any one factor, the Sub-Investment Manager will ban the company in question from fund inclusion.

If a material human capital factor deficiency is discovered for a pre-existing holding as part of the ongoing monitoring made by the Sub-Investment Manager, that company will be either sold, within a reasonable period of time under circumstances that will not materially impact fund performance, or the Sub-Investment Manager will engage the company to promote curing of the deficient factor identified.

With respect to the company engagement identified above, the Sub-Investment Manager will usually take one or more of the following approaches with companies:

- Conduct culture-focused calls with CEOs
- Offer pre-emptive feedback to management on ESG matters/concerns
- Request meetings with management and the board to communicate concerns
- Vote against select members of the board based on ESG concerns
- Vote against or in line with management on select proxy measures, based on the Sub-Investment Manager's ESG analysis

The Sub-Investment Manager also seeks to engage in active dialogue with the management teams of companies to discuss ESG practices. The Sub-Investment Manager further seeks to monitor and engage with companies for ESG accountability through the use of proxy voting and shareholder engagement. The Sub-Investment Manager believes that this plays an important role of raising the sustainability profile of companies in the long-term.

● ***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 promoted, the Fund will seek to completely exclude investment in companies classified under the below industries/sub-industries as defined by the Global Industry Classification Standard ("GICS") industry classification:

- Oil and gas drilling
- Coal and consumable fuels
- Oil and gas exploration and production
- Tobacco

In addition to the above-mentioned industries/sub-industries as defined by GICS, the Fund will seek to exclude:

- Companies that have direct exposure to power generation (i.e., Utilities) via fossil fuel combustion
- Companies that have direct involvement in the production and/or distribution of controversial weapons, namely antipersonnel landmines, cluster munitions, biological and chemical weapons

- Any company which fails to meet the Sub-Investment Manager's corporate culture internal rating criteria

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

- The initial investment universe includes all global equities, which comprises approximately 2100 companies. The first filter removes non-growth industries, exclusion of companies based on ESG criteria and companies with less than \$3.5 billion of market cap
- Further growth analysis from the Sub-Investment Manager is performed on approximately 450 companies, the Sub-Investment Manager looks for companies with high or rising return on invested capital, low or no debt, high or rising margins, high level business review and history of sustainable growth
- Then an individual company review is performed on approximately 225 companies, the Sub-Investment Manager analyses the moat trajectory, ESG characteristics (material deficiencies across a set of human capital factors), theme tailwind, valuation analysis and risks to thesis including sustainability risks.
- A final portfolio of approximately 30-40 companies is constructed, with diversification considerations, position sizing management, portfolio risk profile, moat and valuation comparisons

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

The Sub-Investment Manager is a signatory to the UN Principles for Responsible Investment (the

"UNPRI"). As a signatory to the UNPRI the good governance practices of investee companies are assessed by the Sub-Investment Manager prior to making an investment and periodically thereafter. The following factors are typically analysed:

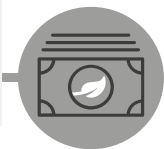
- Board compensation and incentives
- Board of director composition/contribution
- Transparency in financial disclosure and accounting policies
- Core values and behaviours that are aligned with the firm's strategy
- Unethical conduct
- Financial disclosure
- Shareholder relations
- History with regulators

The Sub-Investment Manager favours companies with good corporate governance practices and believes strong, quality, experienced management demonstrates a better understanding, monitoring and management of environmental and social risks.

**What is the asset allocation planned for this financial product?**

The Fund aims to invest primarily in equity securities of large cap global companies located worldwide, including in emerging markets, which are listed or traded on Recognised Markets. The Fund may also hold cash or cash equivalents, and the Fund may use derivative instruments for the purposes of efficient portfolio

**Asset allocation** describes the share of investments in specific assets.



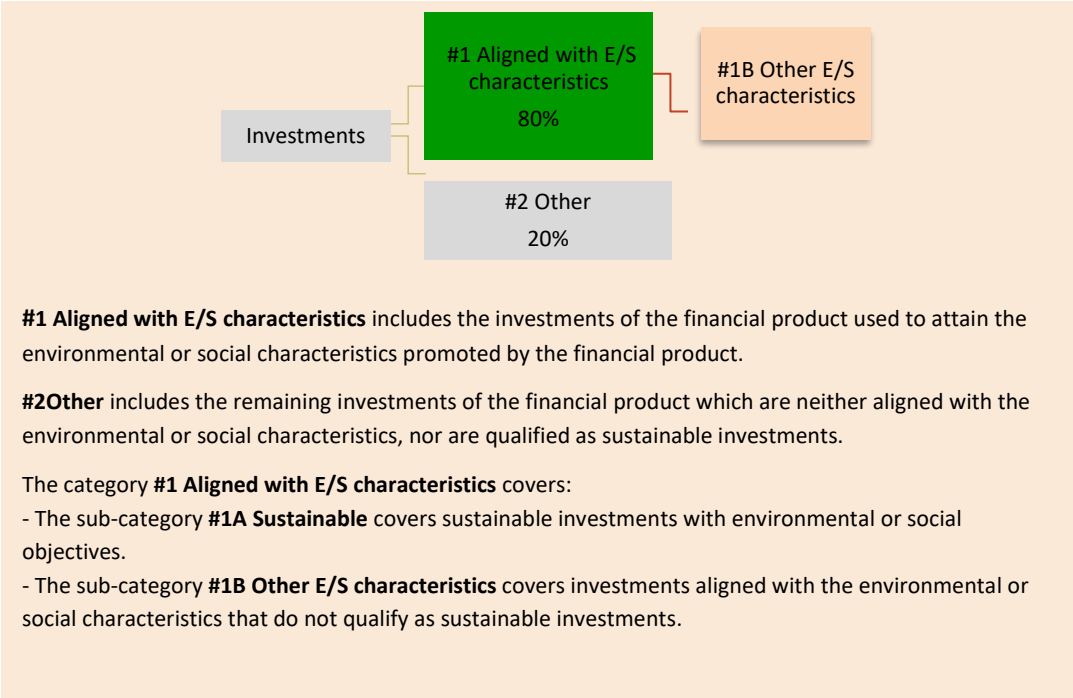
Taxonomy-aligned activities are expressed as a share of:

- **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.

management and hedging under the conditions and within the limits laid down by the Central Bank. All Fund investments go through the same screening and investment process and are made with environmental and social considerations, which may vary from industry to industry and from company to company.

Therefore, under normal circumstances, the Fund expects to invest at least 80% in companies aligned with the environmental and social characteristics described above.

The Fund is mostly exposed to the following sectors: communication services, consumer discretionary, consumer staples, financials, health care, industrials, information technology and materials.



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

Derivative instruments are not used for investment purposes. However, the Fund may employ techniques and instruments for the purposes of efficient portfolio management and hedging under the conditions and within the limits laid down by the Central Bank.



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

**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.

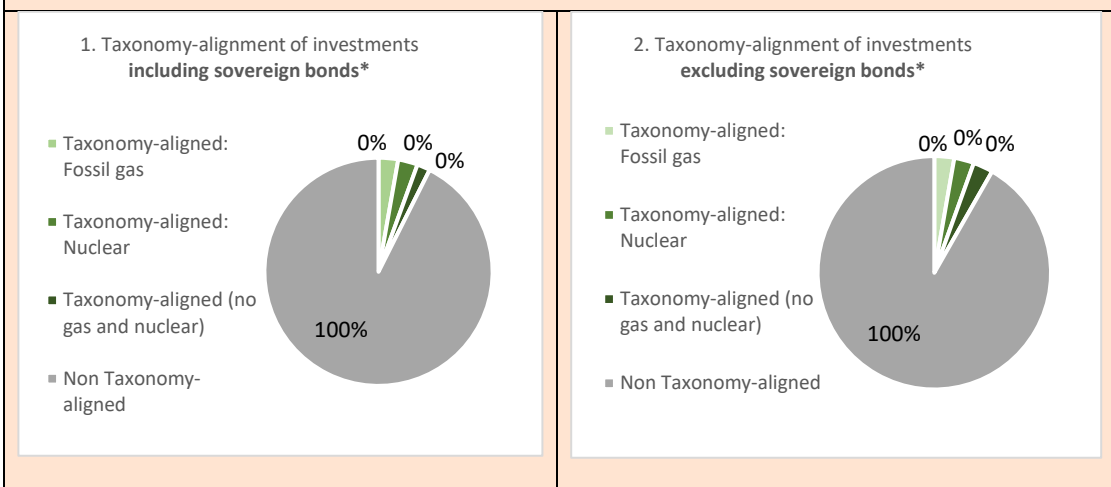
● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

Yes:

In fossil gas                      In nuclear energy                     

No

*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*

● **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?**

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.





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, achieved through exclusions at the outset and strict investment screening 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/wcm-global-equity-fund/>

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



## Appendix III

### Performance Fee Worked Examples

#### 1. Equalisation Class Shares simplified example for illustration purposes:

##### Year 1 - Investor A subscribes in initial offer period at \$100

Share Class performance 5%

Ending period Gross Assets of \$105

Annual charges (before performance fees) of 0.5% of \$105 = \$0.52

Gross Asset Value (GAV) calculated using \$105- \$0.52 = \$104.48

Benchmark starting NAV = \$100

Benchmark performance = 0%

Benchmark ending NAV = \$100

Performance Fee (20% of outperformance against the Benchmark) calculated by taking 20% of the outperformance. i.e.  $\$4.48 * 20\% = \$0.89$

Net Asset Value = GAV less performance fee = \$103.58

##### Year 2 - Investor B subscribes at \$101

Share class performance since end of previous year to Investor B subscription point =  $(\$101 / \$103.58) - 1$ , = -2.49% Benchmark performance = 0%.

Ending period Gross Asset Value of \$102.54

Annual charges (before performance fees) of 0.5% of \$102.54 = \$0.51

Gross Asset Value (GAV) calculated using  $\$102.54 - \$0.51 = \$102.03$

Share Class performance Investor A:  $(\$102.03/\$103.58)-1 = -1.50\%$

Share Class performance Investor B:  $(\$102.03/\$101)-1 = 1.02\%$

Benchmark performance = 0%

Performance fee Investor A - \$0 Share class underperformed Benchmark by 1.50%

Performance fee Investor B – (20% of the 1.02% outperformance = 0.20% \* \$102.03 = \$0.21) via redemption of shares

*Note: Performance fee may still be payable if the share class makes a loss but still outperforms the Benchmark.*

**2. Non-Equalisation Class Shares simplified example for illustration purposes:**

**Year 1 - Investor A subscribes in initial offer period at \$100**

Share Class performance 5%

Ending period Gross Assets of \$105

Annual charges (before performance fees) of 0.5% of \$105 = \$0.52

Gross Asset Value (GAV) calculated using \$105- \$0.52 = \$104.48

Benchmark starting NAV = \$100

Benchmark performance = 0%

Benchmark ending NAV = \$100

Performance Fee (20% of outperformance against the Benchmark) calculated by taking 20% of the outperformance. i.e.  $\$4.48 * 20\% = \$0.89$

Net Asset Value = GAV less performance fee = \$103.58

**Year 2 - Investor B subscribes at \$101**

Ending period Gross Asset Value of \$102.54

Share Class performance = -1%

Benchmark starting NAV = \$100

Benchmark performance = 0%

Benchmark ending NAV = \$100

Performance fee investor A - \$0 share class underperformed the Benchmark

Performance fee Investor B - \$0 share class underperformed the Benchmark

*Note: Performance fee may still be payable if the share class makes a loss but still outperforms the Benchmark*