

‘ANNEX IV

Template periodic 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: Heptagon European Focus Equity Fund

Legal entity identifier: 549300Z6OKMP639Z0P98

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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Sustainable investment objective

Did this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input type="radio"/> Yes	<input type="radio"/> <input checked="" type="radio"/> No
<input type="checkbox"/> It made sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input type="checkbox"/> It made sustainable investments with a social objective: ___%	<input checked="" type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments

To what extent were the environmental and/or social characteristics promoted by this financial product met?



The investment objective of the Fund is to provide long-term capital appreciation by investing in European equities. The Fund employs a high conviction, bottom-up, low turnover, research driven strategy with a focus on companies that exhibit sustainable long-term growth. ESG considerations are essential to the investment process, and the Fund engaged in active dialogue with companies to foster good ESG practices and improve the sustainability profile of companies in the long-term.

The Fund has a comprehensive exclusion list which prohibits the strategy from investing in harmful sectors, such as fossil fuel, weapons, tobacco, gambling and adult entertainment. The average age of a portfolio company is 90+ years; they are all leaders in their respective fields of operation and pursue excellence in the widest possible sense. The Fund therefore only invested in companies that promote sound characteristics which support society.

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

- Improving greenhouse gas (GHG) emissions; there is a growth-tilt to the strategy. As such, it is fair to assume that over time, companies will emit more GHG, use more energy, water and let out more waste. However, as 'growth' is a pre-requisite for conducting a sensible business, the Fund aims to ensure that each portfolio company is becoming more efficient in GHG, energy, water and waste terms by looking at productivity. The Fund monitors portfolio companies' progress is by dividing each ESG factor by sales as well as by number of employees with a view to observing an improvement over a continuous 3 – 5 year period. Overall, the Fund's investee companies show improving GHG-emission intensity (as measured by GHG per sales and employee unit) – in other words – they are becoming more GHG-efficient. While there may have be 1-2 outliers over a single year due to structural changes (generally caused by acquisitions), it has not been observed that over a 3-5 year period any of the Portfolio companies have reported deteriorating GHG-efficiency. Consequently, all the management teams of the Portfolio companies are actively striving to become more GHG-efficient.
- Improving energy/electricity usage development; over-and-above the aforementioned, how much of portfolio companies' overall energy usage is sourced from renewable sources is also monitored. Over time, the Fund is seeking to observe a higher proportion stemming from renewable energy in Fund holdings.
- Transparency and disclosure of environmental and social reports; all portfolio companies in the Fund are publishing transparent and consistent ESG reports with few (if any) restatements to prior years. An example of restatement is **Adidas** (aprox 4.5% exposure), where a change in company strategy, due to a change in top-management, led to some of the environmental metrics for 2022 being re-stated.

Eurofins Scientific was for some time the least strong company in terms of ESG disclosure. Partly for this reason, the holding was divested from in March 2023.

- Lack of material environmental and/or social controversies; no portfolio company has had any meaningful shortcomings in terms of E/S.

The Fund is aware that some companies in the portfolio needs to source raw materials from developing countries – **Lindt & Sprüngli** and **Nestlé** are two such examples. **Lindt** sources cocoa from the Ivory Coast. During the full and half-yearly reporting points, management addressed this issue by showcasing how they are monitoring child labour. In Q3 2023, it was highlighted that **Nestlé** had encountered a similar controversy regarding child labour in Indonesia in the field of palm oil.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

- Human rights considerations; there have been no human rights considerations in any of the portfolio companies to the knowledge of the Sub-Investment Manager.
- Overall good environmental practices; overall in the Portfolio, individual portfolio company practices are gradually becoming better (albeit from already high levels). There has been a dramatic increase in the number of portfolio companies which are relying on Science Based environmental targets. On average, the portfolio companies aim to be carbon-neutral by 2023 (Scope 1 and Scope 2) and fully carbon-neutral by 2050 (including Scope 3).
- Employee diversity; all portfolio companies are making concerted effort to increase employee diversity.
- Alignment with UN Sustainable Development goals; all portfolio companies are making progress to incorporate a larger number of United Nations Sustainable Development goals.

The extent to which the environmental and/or social characteristics promoted by the Fund product were met during the reporting period is stated in the answer below, “How did the sustainability indicators perform?” of this annex.

● ***How did the sustainability indicators perform?***

When assessing the metrics’ performance below, the Sub-Investment Manager initially looks for improving portfolio companies’ absolute data, or for ongoing improvement in E/S productivity, and analyses data points, where measurable, as a percentage of sales and by employees.

This is best demonstrated with an example. Below showcases the ESG analysis of the biggest position in the Fund - **Novo Nordisk** (9.5% exposure)

- Environment: improvement of GHG/water/waste pre unit of sales and per employee
- Social: improvement of women/female executive per unit of sales and per employee

	2017	2018	2019	2020	2021	2022	5yr CAGR	Verdict
Environment								
Total waste (in tonnes)	157,000.0	142,000.0	124,000.0	140,783.0	180,806.0	213,505.0	3.4%	
Total water usage (in tonnes or by 1000m3)	3,276,000.0	3,101,000.0	3,149,000.0	3,368,000.0	3,488,000.0	3,918,000.0	1.2%	
Total GHG/CO2 emission (in tonnes)	129,000.0	153,000.0	161,000.0	90,000.0	93,000.0	92,000.0	-6.5%	
Total energy consumption (MWh)	2,922,000.0	2,890,000.0	2,993,000.0	3,191,000.0	3,387,000.0	3,677,000.0	2.9%	
Total renewable energy use (if applicable)	2,308,380.0	2,225,300.0	2,274,680.0	3,191,000.0	3,387,000.0	3,677,000.0	8.1%	
Social								
Number of female staff (year-end or average)	16,830	17,496	17,736	18,582	20,846	24,281		
Number of female executives (by year-end or average)	1	1	2	2	2	2		
Number of female board members	4	4	5	5	3	6		
Governance								
Total number of board members	11	12	13	13	12	13		
Number of independent board members	4	6	7	7	7	6		
Total compensation to board (in local FX)	0.000	0.000	0.000	17.000	17.000	20.000		
Number of members in executive management team	7	9	9	9	10	10		
Total compensation to executive management team (in local FX)	0.000	0.000	200.000	207.000	277.000	260.000		
Revenues (local FXm)								
Number of staff (by year-end or average)	111,696	111,831	122,021	126,946	140,800	176,954		
	42,076	42,672	43,258	45,323	48,478	55,185		
Environment								
Waste/sales unit	1.41	1.27	1.02	1.11	1.28	1.21	-3.0%	Good
Water/sales unit	29.33	27.73	25.81	26.53	24.77	22.14	-5.5%	Good
GHG/sales unit	1.15	1.37	1.32	0.71	0.66	0.52	-14.8%	Good
Energy/sales unit	26.16	25.84	24.53	25.14	24.06	20.78	-4.5%	Good
Renewable energy/sales unit	20.67	19.90	18.64	25.14	24.06	20.78	0.1%	Good
Waste/employee								
Water/employee	3.73	3.33	2.87	3.11	3.73	3.87	0.7%	Bad
GHG/employee	77.86	72.67	72.80	74.31	71.95	71.00	-1.8%	Good
Energy/employee	3.07	3.59	3.72	1.99	1.92	1.67	-11.5%	Good
Renewable energy/employee	69.45	67.73	69.19	70.41	69.87	66.63	-0.8%	Good
	54.86	52.15	52.58	70.41	69.87	66.63	4.0%	Good
Social								
Female staff/sales unit	0.151	0.156	0.145	0.146	0.148	0.137	-1.9%	Bad
Female executives/sales unit	0.009	0.009	0.016	0.016	0.014	0.011	4.8%	Good
Female board members/sales unit	0.036	0.036	0.041	0.039	0.021	0.034	-1.1%	Bad
Waste/employee								
Female staff/employee	0.400	0.410	0.410	0.410	0.430	0.440	1.9%	Good
Female executives/employee	0.024	0.023	0.046	0.044	0.041	0.036	8.8%	Good
Female board members/employee	0.095	0.094	0.116	0.110	0.062	0.109	2.7%	Good

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

Environment:

Most portfolio companies show the following profile with 2019 as a base year. GHG, waste, water, energy etc. fell sharply from 2019 to 2020 due to the Covid-19 lockdowns. In 2021, the same ESG metrics showed deterioration as economies opened up and companies wanted to make up for 'lost sales' in 2020. There has been a real improvement in the same ESG metrics from 2021 to 2022.

Answers can be found in above table for Novo Nordisk.

- Greenhouse gas (GHG) emission development; higher in absolute GHG, but lower by unit of sales and per employee.
- Improving energy/electricity usage and development; higher in absolute terms but lower by unit of sales and per employee.
- Improving renewable energy/electricity usage development; Novo Nordisk already sources all its energy consumption (Scope 1 and Scope 2) from renewable sources.
- Improving waste and water consumption development. Waste: higher in absolute terms; lower by unit of sales but higher per employee (we have assumed this is a one-off as the company rolled out a new block-buster – the anti-obesity drug - Wegovy). Water: higher in absolute terms but lower by unit of sales and per employee.

Social

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.

- Fair wages/salaries; the Sub-Investment Manager looked at staff-turnover as part of its check-list when it goes through the annual reporting. It also looks at portfolio companies' internal employee surveys to the degree that they are disclosed. However, as most of the portfolio companies are multinational/transnational companies, this is a fairly meaningless metric since salary levels vary greatly where the companies are operating and/or how much of their production is outsourced to developing markets.
- Ethical supply-chain product sourcing and outsourcing to third party suppliers; the Sub-Investment Manager monitors 'controversies' to the degree when they are highlighted. Since the portfolio companies are extremely reputable businesses (irrespective of their industry), the Sub-Investment Manager almost takes for granted that they have more to lose by reputational issues than setting a good example. The Sub-Investment Manager has never encountered any ethical supply chain issue with any of the portfolio companies.
- Employee diversity; Women's participation to units of sales and in terms of overall headcount; please refer to the above table of **Novo Nordisk**. Women's participation to units of sales lower (because sales growth has been much stronger than overall staff and female staff growth). Women as a percentage of overall headcount higher.
- Women's executive participation in terms of the overall management structure has increased over time.

● ***...and compared to previous periods?***

Not applicable. There has been no previous reporting.

● ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

Not applicable. The Fund promoted E/S characteristics but did not make any sustainable investments.

● ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable.

— ***How were the indicators for adverse impacts on sustainability factors taken into account?***

Not applicable.

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

Not applicable.



How did this financial product consider principal adverse impacts on sustainability factors?

The Fund did not consider PAIs for the reference period of this periodic report.

Asset allocation describes the share of investments in specific assets.



What were the top investments of this financial product?

The table below shows the 15 largest holdings in the Fund as of 30 September 2023.

Holding	Sector	Weight (%)	Country
Novo Nordisk AS Class B	Healthcare	9.52	Denmark
Atlas Copco AB Class A	Industrials	6.14	Sweden
L'Oreal	Consumer Staples	6.01	France
Hermes International SCA	Consumer Discretionary	5.48	France
ASML Holding NV	Information technology	5.35	Netherlands
Lindt & Spruengli AG	Consumer Staples	5.04	Switzerland
Dassault Systemes SE	Information technology	4.94	France
Givaudan SA	Materials	4.79	Switzerland
adidas AG	Consumer Discretionary	4.78	Germany
Diageo Plc	Consumer Staples	4.78	UK
Beiersdorf AG	Consumer Staples	4.76	Germany
Coloplast AS Class B	Healthcare	4.73	Denmark
EssilorLuxottica SA	Healthcare	4.70	France
Nestle SA	Consumer Staples	4.52	Switzerland
Straumann Holding AG	Healthcare	4.48	Switzerland

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.



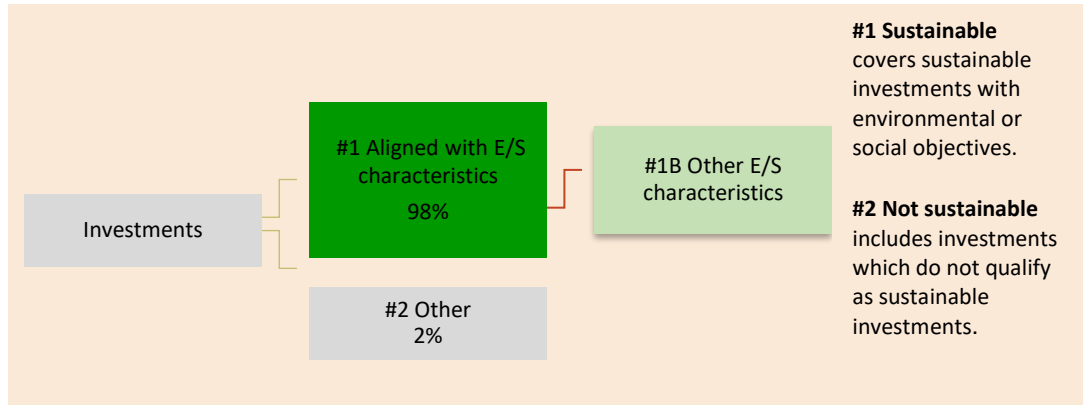
What was the proportion of sustainability-related investments?

Not applicable.

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

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

What was the asset allocation?



● **In which economic sectors were the investments made?**

Portfolio sector breakdown 30th Sep-23 – see table below.

Sectors	Portfolio exposure
Consumer Discretionary	16.4%
Consumer Staples	25.1%
Health Care	27.0%
Industrials	12.0%
Information Technology	12.7%
Materials	4.8%
Cash	2.0%
Total	100.0%



To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.

● **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy¹?**

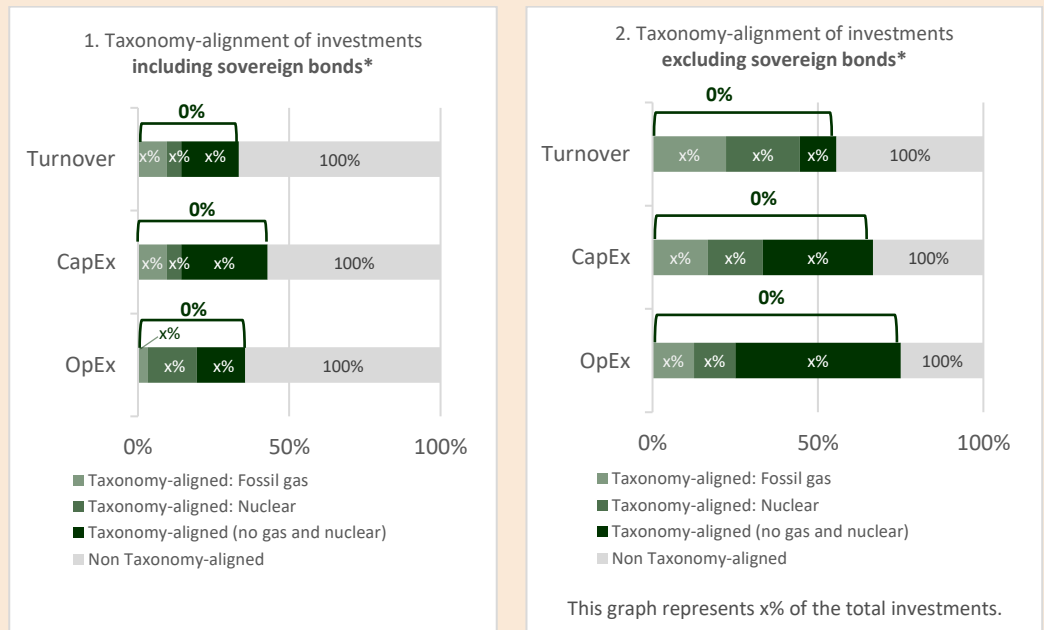
¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

- Yes:
 - In fossil gas
 - In nuclear energy
- No

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.

The graphs below show in green the percentage of investments that were 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 was the share of investments made in transitional and enabling activities?**

The share of investments in transitional and enabling activities invested in by the Fund was 0%.

● **How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?**

Not applicable. There has been no previous reporting.



What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?

Not applicable.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What was the share of socially sustainable investments?

Not applicable.



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

Cash and other instruments such as deposits were used for liquidity, hedging and efficient portfolio management. To the extent that these instruments were used, they constituted a minority of the Funds holdings and have adequate minimum safeguards, achieved through exclusions and investment screening criteria.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

During the reference period, the environmental and/or social characteristics were met by following the investment strategy and applying exclusion criteria as per the prospectus. The investment strategies and/or exclusion criteria are monitored to ensure adherence.

During the period the Sub-Investment Manager also engaged with selected portfolio companies, in particular on governance. Particularly, the Fund divested Eurofins Scientific in March 2023 due to poor transparency and a change to the investment case (caused by higher inflation).



How did this financial product perform compared to the reference benchmark?

- **How did the reference benchmark differ from a broad market index?**
Not applicable.
- **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?**
Not applicable.
- **How did this financial product perform compared with the reference benchmark?**
Not applicable.
- **How did this financial product perform compared with the broad market index?**
Not applicable.

Reference benchmarks are indexes to measure whether the financial product attains the sustainable objective.