

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: Heptagon Future Trends Equity Fund

Legal entity identifier: 549300XTPVBSVPM7K354

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:

- Efficient management of pollution and water usage;
- Efficient waste management;
- Transparency and disclosure of environmental and social reports;

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.

- Lack of material environmental and/or social controversies;
- Human rights considerations;
- Overall good environmental practices;
- Employee diversity; and
- Alignment with UN Sustainable Development goals

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

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:

- Greenhouse gas (GHG) emissions/revenues;
- Management of pollution;
- Management of water usage; and
- Waste management

Social:

- Percentage of female employees;
- Contribution to local communities/ regeneration;
- Avoidance of controversies; and
- Supply chains.

When assessing these metrics, the Sub-Investment Manager considers the factors below to monitor how underlying companies meet the desired E/S characteristics:

- a positive rate of change, progress in respect of the company’s environmental and social objectives and disclosures; and
- areas for improvement, which leads to further engagement with investee/potential companies.

● ***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

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 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 a concentrated portfolio of equity securities of companies located worldwide which are listed or traded on Recognised Markets. The Fund is a global fund insofar as its investments are not confined or concentrated in any particular geographic region or market. The Fund may invest in excess of 20% of its Net Asset Value in securities of issuers from Emerging Markets. Where the Fund invests in securities issued in the People's Republic of China, it may do so via the Shanghai-Hong Kong Stock Connect. The Fund will invest at least 80% of its net assets in companies that the Sub-Investment Manager believes adhere to the Fund's environmental, social and governance ("ESG") criteria, as set out below.

The Fund seeks to invest in a diverse range of businesses offering exposure to the key trends which we believe will help shape the future. These trends naturally align with the Sustainable Development Goals of the United Nations and are trends which we believe will grow in importance regardless of the economy and regulation. The Fund is highly concentrated with low levels of turnover, and is sector, size, and geography agnostic. Portfolio construction is conducted bottom-up, with an emphasis on quantitative and qualitative factors as well as ESG considerations.

The Sub-Investment Manager seeks to engage in active dialogue with the management teams of companies to foster good 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.

The above supplemental ESG analysis will be conducted by the Sub-Investment Manager alongside a further combination of quantitative, qualitative, and fundamental analysis to construct the portfolio.

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.

- ***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 aims to exclude companies that are directly involved in, and/or derive significant revenue from, industries or product lines that include:

- adult entertainment;
- alcohol;
- civilian firearms;
- coal;
- controversial weapons;
- gambling;
- mining;
- nuclear;
- oil;
- tobacco; and
- weapons.

The Sub-Investment Manager also aims to exclude companies with known serious violations of internationally recognised norms and standards such as, but not limited to, the UN Global Compact, that the Sub-Investment Manager believes do not show a positive outlook. 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 has an initial investable universe of approximately 2,000 companies located worldwide which are listed or traded on Recognised Markets. The Fund may select constituents from the Benchmark, which covers approximately 85% of the free float-adjusted market capitalization in each country however, as the Fund is actively managed, securities selection is not constrained by the Benchmark. The Fund has full flexibility to invest in securities not represented in the Benchmark.

Firstly, the Sub-Investment Manager conducts research on long-term themes, screens for attractive business and applies ESG exclusion criteria. ESG screening criteria and exclusions result in the investable universe being reduced by at least 20%. By applying further selection criteria utilized to help identify well placed businesses, the process results in a focused watch list of approximately 30-40 companies. Through subsequent financial modelling, valuation, due diligence and company specific ESG considerations, the Sub-Investment Manager will have a final portfolio that consists of approximately 20-25 companies.

- ***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 prior to making an investment and periodically thereafter, the Sub-Investment Manager screens:

- accounting and/ or governance practices such as avoidance of accounting red flags, reporting in English, adherence to IFRS, timely and consistent reporting and tax transparency;
- board transparency level;
- quality of board;
- board remuneration; and
- seeks to avoid dual share class structures.



What is the asset allocation planned for this financial product?

In order to meet the environmental or social characteristics promoted, the Fund will invest at least 80% of its equity exposure in companies aligned with the ESG characteristics of the Fund but that may not be classified as sustainable investments as defined under SFDR. The remainder could be held in companies that may not match the Fund's ESG criteria in its entirety or in cash or cash equivalents, nevertheless, all investments excluding cash and equivalents go through the same screening process and are made with ESG considerations. The strategy therefore follows a significant ESG integration approach as all equity investments are screened with ESG considerations. The Fund is mostly exposed to the following sectors: consumer discretionary, consumer staples, health care, industrial, information technology and real estate.

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.

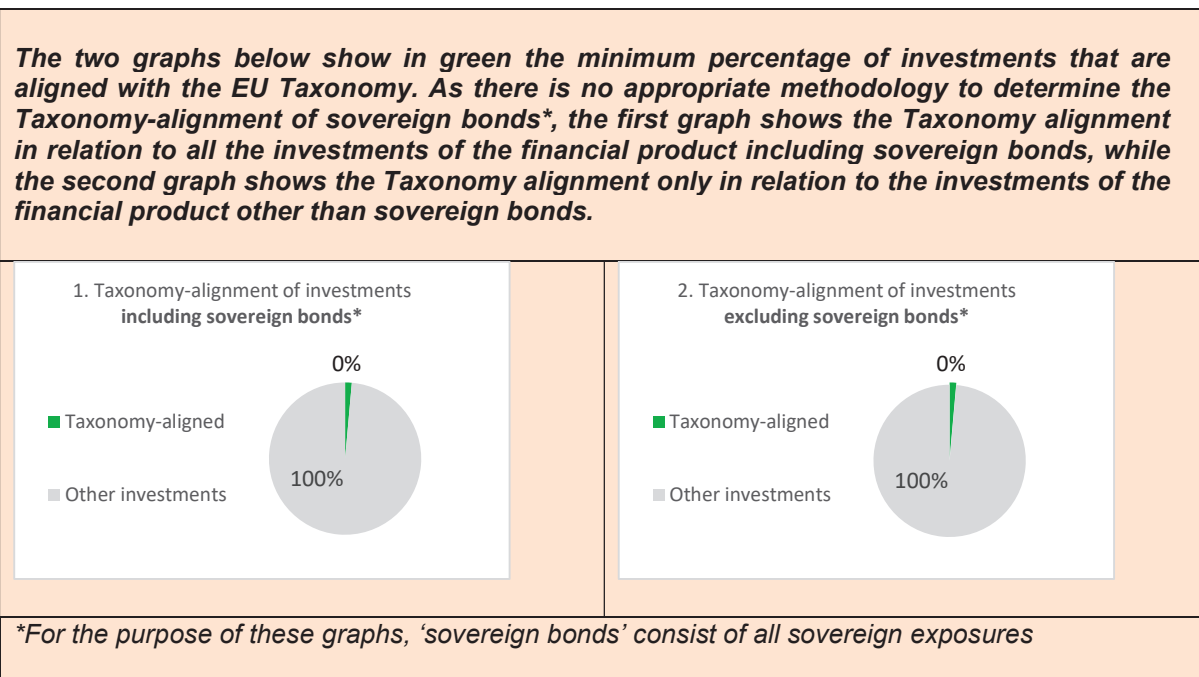


- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

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.

● **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, 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/future-trends-equity-sfdr>

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