

2023

WCM GLOBAL EQUITY FUND

LEI: 549300XZIX0LZIQITZ41

Sustainable Finance Disclosures Regulation (SFDR) - Article 8 Website Disclosures

1. Summary

The Fund's Sub-Investment Manager, WCM Investment Management, is an independent asset management firm based in Laguna Beach, California, founded in 1976.

The Sub-Investment Manager ("WCM") uses a bottom-up approach that seeks to identify companies with attractive attributes, such as long-term historical growth in revenue and earnings, and/or a potential for superior future growth. The Sub-Investment Manager's investment process, which takes into consideration ESG factors, seeks companies that are industry leaders who are viewed as innovators in their field with business strategies aimed at building on opportunities that have sustainable competitive advantages leading to the outperformance of competitors; corporate cultures emphasizing strong, quality and experienced management, with cultures that help to foster these attributes at management level; low or no debt; and attractive relative valuations.

2. No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

3. Environmental or social characteristics of the financial product

The Fund seeks to identify companies that may exhibit environmental and social characteristics (which may vary from industry to industry and from company to company) such as:

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

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.

4. Investment strategy

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.

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.

Implementation of selection criteria

- 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, corporate culture, 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.

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:

- 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 moat trajectory.

Good governance practices of 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; and
- 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.

5. Proportion of investments

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. 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.

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.

6. Monitoring of environmental or social characteristics

The environmental and social characteristics promoted by the Fund, together with governance factors, support the attractiveness of companies as long-term portfolio holdings for the Fund and complement the assessment of corporate culture and management by the Sub-Investment Manager on each of the investee companies.

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.

When assessing the environmental and social indicators, together with the consideration of governance factors, 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 moat trajectory.

7. Methodologies

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

The methodology to measure the attainment of the environmental and social characteristics focuses primarily on identifying the trajectory of a company's ESG practices, positive change may reveal a cultural priority within the company that the Sub-Investment Manager believes can enhance the short and long-term value of a company. This analysis may also reveal areas for improvement, which may lead to further engagement with investee/potential companies.

8. Data sources and processing

The data sources used to analyse each of the environmental or social characteristics promoted by the Fund may include:

- Bloomberg data;
- Factset data;
- ISS data;
- Glass Lewis data;
- MSCI data;
- Various company reports; and
- Monitoring of articles and news.

The Sub-Investment Manager believes that analysing relevant ESG factors is important to gaining a holistic understanding of the companies in which the Fund invests. Therefore, the Sub-Investment Manager believes that doing the research themselves and relying on their own judgement is critical in order to integrate ESG into company analysis and decision making, this also ensures data is up to the quality standards expected by the Sub-Investment Manager to support investment decision making.

Third party data providers are used to support some aspects of the in-house research as well as for reporting purposes.

9. Limitations to methodologies and data

Limitations on methodologies and ESG data include the lack of consistency, reliability, comparability, and quality of the data available. This is driven by issues including, but not limited to:

- Lack of common methodology;
- Lack of standardised reporting by companies;
- Different estimation models and analytical tools for unreported data;
- Difficult to quantify factors and unverified or unaudited information; and
- Backward looking information that fails to capture “direction of travel”.

These limitations are addressed by:

- Use of varied data sources;
- Company engagement to understand data at source; and
- Reliance on internal research and analysis using third party data as complementary information.

10. Due diligence

The Sub-Investment Manager assesses sustainability risks at the pre-investment stage and on an ongoing basis as follows:

Pre-investment - due diligence assessment

Any business identified as having a high probability of a potential sustainability risk impacting future returns would not be included in the final portfolio. This pre-investment due diligence assessment, together with adherence to exclusion criteria and selection process, decreases potential negative impacts of sustainability risks on returns at the outset.

Ongoing assessment

Where there is a marked deterioration in sustainability of a business, evidenced both by quantitative factors such as a decline in ESG risk ratings noted by an independent global provider and factors such as negative perceptions over a business' operating practices, the Sub-Investment Manager will seek to engage with the business' management, and if unsatisfactory, potentially exit from the investment.

11. Engagement policies

Throughout the research process, the Sub-Investment Manager meets with management and prospective portfolio companies to raise issues, including ESG-related issues, in order to enhance their understanding of the issuer's practices and goals in creating shareholder value. Engaging with the companies that the Sub-Investment Manager analyses not only helps with the assessment of a company's sustainability risks and ESG challenges and opportunities, but also allows the Sub-Investment Manager to express their views and attempt to create positive change for the benefit of all stakeholders. 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 engages with companies on ESG issues that they think may prove material to the long-term sustainability of a company's business. The Sub-Investment Manager may also identify sustainability risks or opportunities that they believe are material to their investment theses and encourage investee companies to refine their practices around a given issue.

12. Designated reference benchmark

The Fund does not have a sustainable designated reference benchmark.

I Important Information

Past performance is not an indication or guarantee of future performance and no representation or warranty is made regarding future performance. This communication is for information purposes only. It is not an invitation or inducement to engage in investment activity.

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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>.

I 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.

I SFDR

This Fund has been classified as an Article 8 for the purposes of the EU's Sustainable Finance Disclosure Regulation ('SFDR'). The Fund promotes environmental and/or social characteristics but does not have sustainable investment as its primary objective. It might invest partially in assets that have a sustainable objective, for instance assets that are qualified as sustainable according to EU classifications but does not place significantly higher importance on the environmental objective of each underlying investment. Please see [prospectus](#) for further information on the Funds environmental and/or social characteristics and relevant sustainability risks and principal adverse impacts which may impact the Fund's performance.

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