

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

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.

Product name: Driehaus US Small Cap Equity Fund

Legal entity identifier: 549300RXFCG13MFJ0X66

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 Sub-Investment Manager believes material ESG factors may affect the sustainability of companies' future earnings and profitability and therefore may impact the risk and return potential of their long-term investment prospects. Therefore, the Sub-Investment Manager takes ESG factors into consideration when evaluating potential securities to add to the Fund.

The ESG factors which are deemed material may vary from sector to sector and from company to company. For clarity, whereas for one company, water usage may be considered a material factor for future earnings and profitability, and therefore the Sub-Investment Manager may look to promote good water usage practices at such company through engagement or otherwise (see below the list of different ways the

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

Sub-Investment Manager promotes environmental and/or social (E/S) characteristics), water usage may be immaterial to another company and therefore not be considered.

Environmental factors may include:

- Carbon emissions;
- Water scarcity;
- Waste management;
- Air and water pollution; and
- Electronic waste.

Social factors may include:

- Workplace safety;
- Data protection and privacy;
- Employee and management diversity;
- Labor standards;
- Employee training and development; and
- Customer satisfaction protection policies.

As each factor is company-specific depending on the materiality to future earnings and profitability, the Sub-Investment Manager uses multiple reputable ESG data providers that embed materiality of ESG factors into their scores and ratings and uses these to get a holistic understanding of each company's ESG performance from different perspectives. These different providers and approaches provide the Sub-Investment Manager with ESG scores, ESG risk exposure, ESG performance through media monitoring, controversy involvement and UN Global Compact compliance.

At the overall Fund level, the ESG characteristics promoted include:

1. ESG disclosure through engagement and proxy voting;
2. Engaging with companies that have material ESG-related risks based on third party ESG scores and/or qualitative data and seeking improvement in that data over time if Sub-Investment Manager agrees with the scores and/or data;
3. Minimum environmental and social safeguards through embedding ESG scores and qualitative data into the investment research process and applying the exclusion criteria;
4. Adherence to the UN Global Compact by engaging with non-compliant companies or companies on watchlist status; and
5. Understanding and identifying the environmental and social adverse impacts through consideration of the principal adverse impacts (PAIs) of investment decisions on sustainability factors as detailed below.

The Sub-Investment Manager promotes the E/S characteristics of the Fund through: (1) embedding ESG scores into the investment research process; (2) abiding to the exclusion criteria; (3) through engagement; (4) through proxy voting; and (5) PAI consideration.

For further information on proxy voting and engagement please refer to the Sub-Investment Manager's Responsible Investment and Proxy Voting policies available at: Driehaus Responsible Investment Policy Page Microsoft Word - DCM Summary of Proxy Voting Policy 2-2023 - FINAL[5].doc (driehaus.com)

● ***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 promotes the E/S characteristics of the Fund through: (1) embedding ESG scores into the investment research process; (2) abiding to the exclusion criteria; (3) through engagement; (4) through proxy voting; and (5) PAI consideration.

As mentioned, materiality of ESG factors vary from sector to sector and from company to company, therefore, as described above, the Sub-Investment Manager uses ESG data providers that embed materiality of ESG factors into their scores, ratings and qualitative data amongst others to measure the attainment of the E/S characteristics. Therefore, the indicators the Sub-Investment Manager looks at to measure the attainment at Fund level include:

- ESG scores from third party vendors;
- Number and % of companies that do not meet the ESG exclusion criteria of the Fund;
- Number and % of companies that are in violation of, or not in compliance with the UN Global Compact;
- Total number of companies engaged on ESG topics; and
- Total number of proxies voted.

In addition to the above, the attainment of the E/S characteristics promoted will also be measured by the Sub-Investment Manager using the PAI regime. Please see the Sub-Investment Manager's PAI policy, available at: <https://assets.heptagon-capital.com/20230810080146/Driehaus-sub-funds-PAI-policy.pdf> for more information.

● ***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

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 EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

X

The Fund considers principal adverse impacts on sustainability factors. The Sub-Investment Manager, at the outset excludes certain companies from the investment universe of the Fund due to involvement in controversial weapons and violations of the UN Global Compact Principles. The Sub-Investment Manager applies ESG exclusion criteria (as outlined above) and engages with investee companies through a principal adverse impact process whereby the risk management team of the Sub-Investment Manager runs a principal adverse impact report using an SFDR solutions tool provided by a third-party vendor. The report is run at portfolio level and includes aggregated data for principal adverse impacts indicators as outlined above. The risk management team will review each investee company’s performance on the principal adverse impacts indicators against the Benchmark to determine if any investee companies are performing negatively.

If any investee company has been identified as performing negatively, the Sub-Investment Manager may: (i) carry out internal research to find any existing ESG information for the investee company; (ii) if no information is available, the Sub-Investment Manager may engage with the management of the investee company; and (iii) if no information is available following the steps taken at (i) and (ii), the Sub-Investment Manager will document this.

While the Sub-Investment Manager may decide to not pursue a particular investment in light of a negative score, it is not automatically precluded from engaging with such companies in order to understand the accuracy of such negative score and whether management’s practices are improving over time.

The impact of the Fund’s investment against the above indicators will continue to be monitored on a regular basis.

Information on principal adverse impacts on sustainability factors will be disclosed in the Fund’s annual report

No



What investment strategy does this financial product follow?

The Fund uses a growth style of investment in equity securities, whereby the Sub-Investment Manager seeks out investments with good growth potential. Under normal market conditions, the Fund will invest at least 80% of its net assets in the equity securities, including common and preferred stocks, of U.S. small-capitalization (“small-cap”) companies. The Sub-Investment Manager currently considers a company to be a small-cap company if it is within the same market capitalization range at the time of investment as those included in the Benchmark.

While the Fund will invest primarily in the equity securities of U.S. small-cap companies, the Fund may also from time to time invest up to a maximum of 20% of its assets in the equity securities of non-U.S. companies that trade in the U.S. or in securities of companies with market capitalization above or below the range of those companies in the Benchmark.

The Sub-Investment Manager considers ESG factors to support the attractiveness of companies as long-term portfolio holdings for the Fund. The Sub-Investment Manager believes that the consideration of a broad array of factors, including ESG factors, is critical to generating risk-adjusted returns over time. Furthermore, in-line with the Sub-Investment Manager’s risk management process, the purpose of the aforementioned analysis is to ensure that ESG-related risks are identified, understood, and controlled, to the extent practical.

The Sub-Investment Manager excludes companies directly involved in the activities described in the binding criteria section. The Sub-Investment Manager also seeks to engage with investee companies through proxy voting and occasionally through direct communication with management and boards of directors.

Engagement efforts with companies serve as a tool to further evaluate and explore risks, including material ESG risks and to enhance due diligence. Much of the Sub-Investment Manager’s engagement efforts are generated on a case-by-case basis and centred around the most relevant or material risks for a given company.

● ***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 E/S characteristics promoted, the Fund excludes investment in companies that are directly involved in, and/or derive significant revenue from:

- Controversial Weapons production/distribution (>0% revenue) (namely antipersonnel landmines, cluster munitions, biological and chemical weapons);
- Weapons production/distribution (>10% revenue);
- Tobacco production (>5% revenue); and
- Coal production and/or distribution (>30%).

In addition to the above-mentioned industries, the Fund will seek 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 and where it’s believed that appropriate remedial action has not been taken.

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

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

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

The Sub-Investment Manager continually applies systematic fundamental and technical analysis to identify liquid stocks of companies that may be experiencing positive growth inflections for more focused analysis.

The Fund's universe starts with approximately 1,800 securities. When a liquidity screen is applied that looks at securities with market capitalizations of approximately \$500 million-\$7 billion, the universe is reduced to approximately 1,600 investable securities.

The universe is further reduced through additional fundamental and technical analysis, including the analysis of a company's metrics such as, but not limited to, earnings, revenue, operating margins etc.

These considerations are then linked to the exclusion criteria as outlined in this Supplement to ensure that the E/S characteristics of this Fund are met. Through the combination of the aforementioned screening criteria and ESG analysis, the Sub-Investment Manager is able to identify companies that may be experiencing positive growth inflections, or that may be poised to do so, and which meet the ESG considerations of the Fund. The remaining list is then appropriate for deeper and more focused fundamental analysis to ultimately form the final makeup of the portfolio (typically around 80-120 holdings).

● ***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 favours management teams exhibiting comprehensive, balanced, and thoughtful approaches to overall business risk management, including ESG matters. Without strong corporate governance practices, the Sub-Investment Manager may lack confidence in the leadership and integrity of a company's management team.

Governance factors may include, among others:

- business ethics;
- accounting standards;
- board structure and oversight; and
- whistleblower schemes.

Governance factors play a crucial role in the Sub-Investment Manager's risk analysis for a given company. Without strong corporate governance practices, the Sub-Investment Manager may lack confidence in the leadership and integrity of a company's management team.



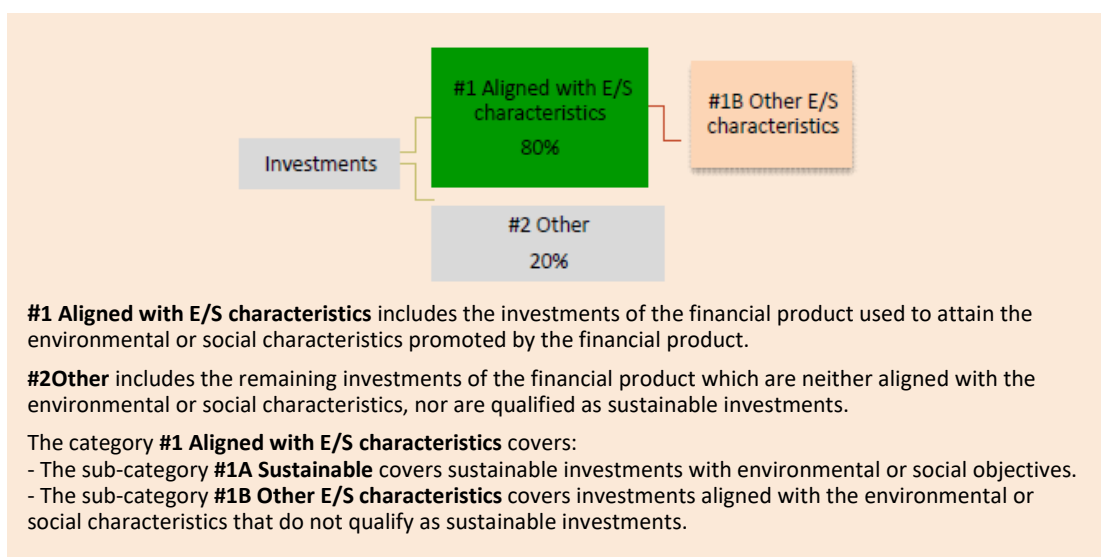
What is the asset allocation planned for this financial product?

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.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Fund aims to achieve its objective by investing predominantly in a concentrated portfolio of equity securities, including common and preferred stocks of U.S. small-cap companies. The Fund may also hold cash or cash equivalents, and the Fund may use derivative instruments for the purposes of efficient portfolio 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, in order to meet the environmental or social characteristics promoted, the Fund is generally expected to invest at least 80% of its equity exposure in companies aligned with the E/S characteristics of the Fund but that may not be classified as sustainable investments as defined under the 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.

● **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?

N/A

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

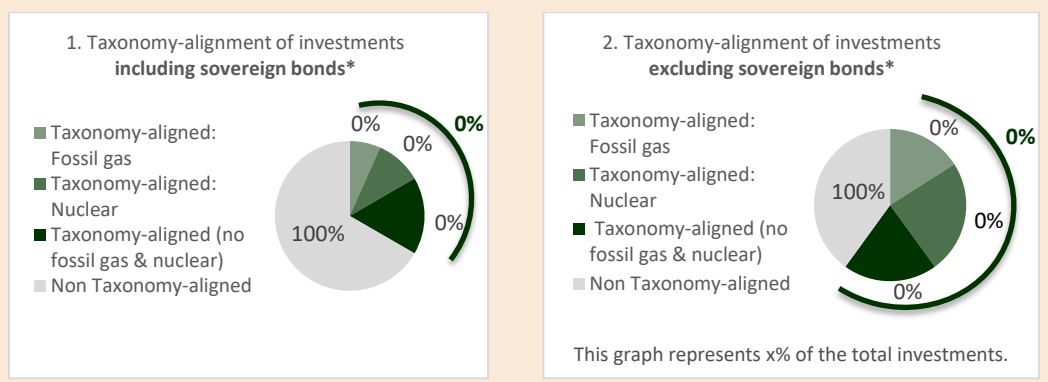
Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

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 Taxonomy¹?**

- 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?

N/A



What is the minimum share of socially sustainable investments?

N/A

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 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.



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.



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

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



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://assets.heptagon-capital.com/20230901102510/FINAL-Clean-Driehaus-Small-WEBSITE-Disclosures-01.09.23.pdf>

Appendix II

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 \times 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 \times 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