

APPENDIX 2 :

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: Cornerstone Concentrated 30 US Equity Fund
Legal entity identifier: 213800JOCGETWX4P1D38

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**

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

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.



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

The Fund promotes environmental and social ("E/S") characteristics such as

Environmental

1. Reducing fossil fuel reliance by avoiding investment in companies which derive >10% of their revenue from thermal coal production.

Social

1. Improving human rights, labour rights and promoting anti-corruption measures through investing in companies that uphold the principles of the UN

Global Compact (“UNGC”) or demonstrating taking active steps to improving its E/S behaviours, as assessed by the Sub-Investment Manager;

2. Avoiding the financing of controversial weapons by excluding investment in companies which derive >0% revenue in controversial weapons; and

3. Promotion of responsible investing by excluding investments in companies which derive >10% revenue in tobacco production.

The Sub-Investment Manager promotes the E/S characteristics of the Fund by integrating ESG considerations into its high-conviction, concentrated equity investment process, which focuses on large-cap US stocks. The investment team of the Sub-Investment Manager conducts in-depth fundamental analysis of each company, assessing not only financial performance but also the sustainability of its business approach, focus, and embedded sustainability characteristics. E/S characteristics are evaluated as part of this review, with particular attention to promoting E/S characteristics such as how companies manage their impact on stakeholders (including employees, suppliers, customers, and communities in which they operate), and whether they operate in a manner that minimises negative externalities on both an environmental and social level. The Sub-Investment Manager believes that companies with robust E/S characteristics are more likely to have more durable and repeatable fundamentals and that responsible management behaviour across environmental, social, and governance levels reduces the risk of a wide range of social, regulatory, legislative, or litigation-related concerns. By seeking companies with sustainable and responsible business models, the Fund aims to support long-term value creation while promoting positive environmental and social outcomes.

Additionally, the Sub-Investment Manager promotes the E/S characteristics of the Fund through:

(1) limiting exposure to ESG “laggards” (defined herein) to no more than 25% of the portfolio of the Fund. The Sub-Investment Manager embeds ESG scores into its investment analysis by first receiving data inputs from multiple third party ESG data providers (such as, but not limited to, MSCI). These providers embed materiality of ESG considerations into their ratings and provide the Sub-Investment Manager with ESG scores, risk exposure, performance, controversy involvement, and UNGC compliance in respect of each company. This data permits the Sub-Investment Manager to get a holistic understanding of each company’s ESG performance. At the point of investment decision making, and on an ongoing basis, if a company is regarded and confirmed as an ESG laggard (defined as a company whose ESG scores, as determined by the Sub-Investment Manager using data from third party ESG data providers falls approximately one or more standard deviations below the relevant mean score of the market at the time of assessment) then this holding would not be deemed as promoting the E/S characteristics of the Fund. The Sub-Investment Manager may retain investments in ESG laggards for a number of reasons, including where it believes that the company is on a credible improvement trajectory, evidenced by, for example, publicly disclosed ESG improvement targets, measurable progress against identified ESG weaknesses, improved ESG ratings or reduced controversy exposure over time, or where engagement with the

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

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.

company is expected to drive positive change. In such cases, the Sub-Investment Manager will monitor these holdings closely and may engage with the company to encourage improved ESG practices. The retention of such investments does not detract from the overall promotion of the E/S characteristics of the Fund, as exposure to ESG laggards is limited to no more than 25% of the portfolio; and

(2) abiding to the exclusion criteria.

- ***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 ensures that no holdings within the Fund are:

- (i) deriving >10% revenue from thermal coal production;
- (ii) in violation of, or not in compliance with the UNGC, unless the relevant holding is demonstrating taking active steps to improving its E/S behaviours, as assessed by the Sub-Investment Manager;
- (iii) deriving >0% revenue in controversial weapons; and
- (iv) deriving >10% revenue in tobacco production.

- ***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

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.

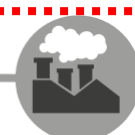


Does this financial product consider principal adverse impacts on sustainability factors?

- ☐ Yes
- ☒ No

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

What investment strategy does this financial product follow?



The Fund seeks to deliver long-term capital growth by investing predominantly in equity securities of large, highly liquid companies that are listed or traded on recognised U.S. markets. To achieve this, the Sub-Investment Manager applies a rigorous, team-driven investment process grounded in detailed fundamental analysis and proprietary valuation (including Cornerstone’s proprietary ‘Fair Value Model’) techniques. The Fair Value Model determines a fair price for a stock by assessing its normalised earnings potential and applying an appropriate multiple to those earnings. This approach takes into account fundamental factors such as profitability, growth rates, and both financial and operational leverage. The selection process aims to uncover opportunities where market participants have mispriced stocks, often due to cognitive biases or behavioural inefficiencies. The Fund will invest at least 90% of its equity investments in U.S. domiciled companies or companies included in major U.S. indices. The investment universe generally consists of

approximately 800 multinational corporations, including select non-U.S. companies that are traded on U.S. exchanges, providing broad exposure to global businesses through U.S. listings.

Under normal market conditions, the Fund will maintain a concentrated portfolio consisting of 30 holdings at any given time. However, the number of holdings may temporarily deviate from 30 as a result of trading activity, including the timing of trade execution and settlement. Any such deviation will be temporary in nature. Positions are selected through a bottom-up process that emphasises stock selection over sector allocation. Position sizes and sector weights are determined based on relative attractiveness, risk considerations, and the degree of mispricing to the Sub-Investment Manager's assessment of fair value of the stock based on its underlying fundamentals, rather than its current market price.

● ***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?***

The Sub-Investment Manager's investible universe ("Universe") includes 800 primarily US-domiciled large cap stocks. Before selecting stocks from that Universe, the Fund promotes responsible investing by excluding companies that are directly involved in, and/or derive significant revenue from

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

Additionally, the Sub-Investment Manager promotes the improvement of human rights, labour rights and promoting anti-corruption measures through excluding companies that do not uphold the principles of the UNGC.

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

While there is no committed minimum rate, the Sub-Investment Manager employs a disciplined, team-based investment process, focusing on fundamental research and proprietary valuation methodologies to identify equity securities of large, liquid companies being mispriced by market participants due to cognitive and behavioural errors.

Before engaging in fundamental, bottom-up research to select stocks from the Universe, the Fund promotes responsible investing by excluding companies that are directly involved in, and/or derive significant revenue from companies that are involved in the following activities:

- Thermal coal production (>10% revenue);
- Controversial Weapons production/distribution (>0% revenue) (namely antipersonnel landmines, cluster munitions, biological and chemical weapons);

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

- In violation of, or not in compliance with the UNGC, unless the relevant holding is demonstrating taking active steps to improving its E/S behaviours, as assessed by the Sub-Investment Manager; and
- Tobacco production (>10% revenue).

The investment team of the Sub-Investment Manager uses its internally developed investment model (Fair Value Model) and other valuation methodologies to screen for attractive companies. Risk is controlled at the stock level by focusing on companies with demonstrated financial strength, long-term profitability, and a stock price that is below intrinsic value.

The investment team of the Sub-Investment Manager begins work by analysing the most attractive names filtering through its proprietary valuation screen. Assessing the unique ESG risks and opportunities and the impact on the company's fundamentals are implemented at this stage. Companies that would obviously not pass fundamental review are excluded weekly. For example, a name that is in danger of going bankrupt may look very inexpensive, but the investment team will avoid these names as the Sub-Investment Manager seeks first to preserve capital for its clients. Additionally, equity positions would be eliminated from consideration due to the impact of environmental or social actions and behaviours (for example, facing significant business model risks from legislative, regulatory, or litigation concerns), or a history of poor governance and anti-shareholder behaviour (for example, self-dealing). This process of elimination allows the investment team of the Sub-Investment Manager to spend greater time analysing each surviving equity position.

The investment team makes adjustments to the reported data to put all companies on equal footing with respect to their return metrics. Equity positions are then ranked based on their current discount to fair value. The investment team of the Sub-Investment Manager conducts fundamental research to identify the embedded characteristics that have enabled the relevant company to achieve its long-term profitability and to ensure those characteristics are still in place and sustainable. Embedded characteristics would include quality of management, patents, products, distribution, culture, brand value, etc.

The Sub-Investment Manager uses a long-term investment horizon when evaluating the respective outlooks for each company. Equity positions may also be excluded from consideration because the Sub-Investment Manager's fundamental research has led to concerns about the veracity, repeatability, or sustainability of the relevant company's past track record

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

The Sub-Investment Manager's investment research process includes, as relevant and unique to each current or potential security, a review of a company's management team and governance structure, including, but not limited to, voting, board structure and representation, management incentives, and the history of strategic and capital allocation decisions. As minority shareholders in publicly traded securities, the Sub-Investment Manager believes good corporate governance is vital to ensure client capital is fairly, appropriately, and efficiently managed. Good governance is a clear advantage

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.

supporting the Sub-Investment Manager’s perspective on the relevance and repeatability of a company’s prior track record and fundamental quality, and actively reviews for and promotes good governance in its investment research process.

Governance factors also play a crucial role in the Sub-Investment Manager’s risk analysis for a given company. Without strong corporate governance practices, or having a history of poor corporate ethics or non-compliance with established accounting or legal standards will affect the Sub-Investment Manager’s assessment of the quality of the management team and/or board and the Sub-Investment Manager’s confidence in them.

Governance factors may include, among others:

- Business ethics;
- Accounting standards;
- Board structure and oversight; and/or
- Conflicts of interest.

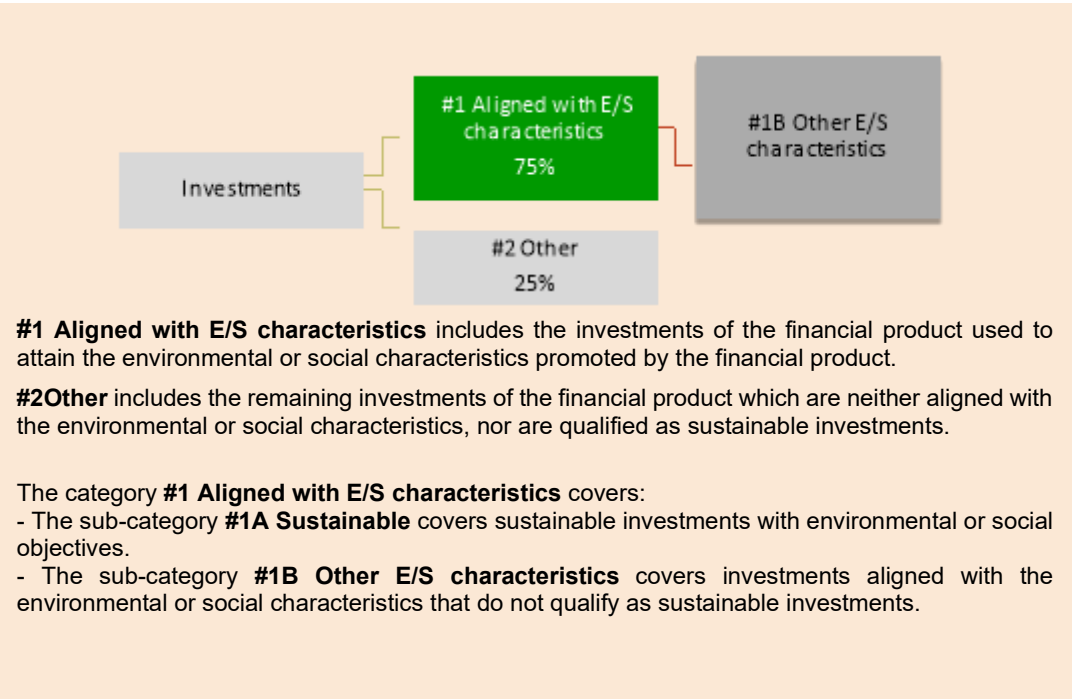
The Sub-Investment Manager has no strict exclusions for particular governance structures, but assesses them in the context of a company’s past track record and future potential.



What is the asset allocation planned for this financial product?

The Fund aims to achieve its objective by investing predominantly in a concentrated portfolio of equity securities, including common stocks of U.S. large cap companies or American Depositary Receipts. The Fund may also hold cash or money market instruments, and the Fund may use derivative instruments for the purposes of efficient

Asset allocation describes the share of investments in specific assets.



portfolio management and hedging under the conditions and within the limits laid down by the Central Bank.

- ***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 set forth by the Central Bank.

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.



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

N/A



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

☐

Yes:

☐

In

fossil

☐

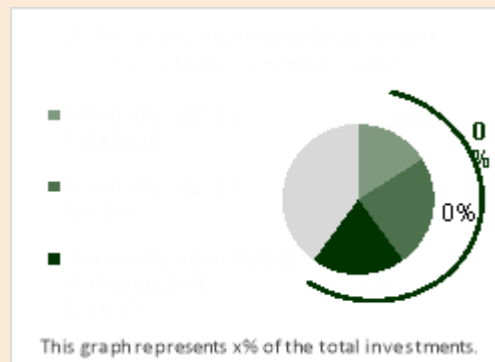
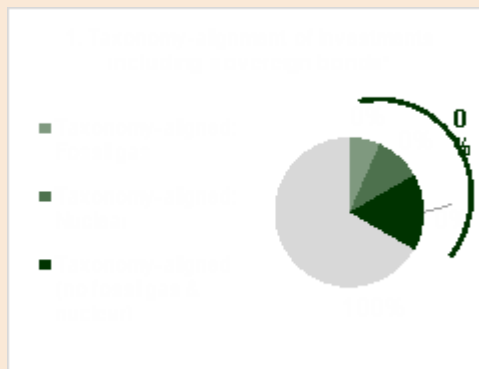
gas In nuclear energy

☒

No

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.

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



- 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” (such as cash and/or money market instruments) within the SFDR is mainly for efficient portfolio management, liquidity management or hedging purposes. There could also be investments, for efficient portfolio management purposes, 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.



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?

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

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?*

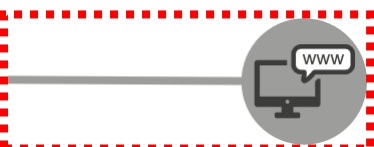
N/A

- *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://heptagon-capital.com/cornerstone-concentrated-30-us-equity-fund/>

APPENDIX 3

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 = $0.20\% \times \$102.03 = \$0.21$) 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