

Driehaus Emerging Markets Equity Fund

Q3 2026 Commentary

Portfolio Management



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Investment Objective

The investment objective of the Fund is to achieve long-term capital growth. The Fund's Sub-Investment Manager, Driehaus Capital Management LLC, is a privately-held boutique asset management firm located in Chicago, USA. The firm was founded in 1982 and has USD 29.1 billion of assets under management.

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Opinions expressed whether in general or in both on the performance of individual investments and in a wider economic context represent the views of the contributor at the time of preparation.

The **Driehaus Emerging Markets Equity Fund** (the "Fund") is a sub-fund of Heptagon Fund ICAV, which is an open-ended umbrella type investment vehicle authorised pursuant to UCITS regulations. Heptagon Capital Limited ("Heptagon") is the Investment Manager and Driehaus Capital Management LLC ("Driehaus") is the Sub-Investment Manager, meaning Driehaus exercises discretionary investment authority over the Fund. The Fund was launched on 25th June 2012 and had an AUM of USD 1,645m as of 30th September 2026. During the third quarter of 2026, the Fund returned -5.5% compared to -0.4% for its benchmark, the MSCI Emerging Markets Index NR USD (the "Index"). Year to date, the Fund appreciated 22.7%, compared to 23.4% for the Index. Driehaus Capital Management LLC was appointed Sub-Investment Manager of the Fund on 6th December 2016. Prior to this, OFI Global Institutional, Inc. was the Sub-Investment Manager from 25th June 2012 to 5th December 2016.

Market Overview

Emerging markets faced a volatile third quarter as investor sentiment shifted and markets reacted to concerns around AI, higher interest rates, and geopolitical tensions. Despite the market volatility, company earnings and business fundamentals remained generally strong, with earnings expectations continuing to improve across many emerging markets. Technology-related stocks, particularly in South Korea and Taiwan, saw sharp swings in performance as investors reassessed expectations, while underlying demand tied to AI remained healthy. Overall, market performance during the quarter was driven more by changes in sentiment and positioning than by a deterioration in economic or corporate fundamentals.

Performance Review

The Driehaus Emerging Markets Equity Fund declined 5.51% in the third quarter of 2026, underperforming the MSCI Emerging Markets Index's return of -0.37%. Relative results were weighed down primarily by Information Technology and Financials, partially offset by modest contributions from Health Care and Consumer Discretionary sectors. From a country perspective, Mexico was the largest contributor, while China, Taiwan,

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and Hong Kong were the largest detractors. The months of July and August saw historic corrections in tech-related momentum, which correlated with the strategy's underperformance, before recovering in September.

The performance data below represents the strategy's composite of emerging markets growth accounts managed by Driehaus Capital Management LLC (DCM) (the composite). These returns are estimated for the period as the underlying accounts' data is yet to be reconciled to the custodian bank. Net of fee returns reflect the payment of advisory fees and in some instances, other fees and expenses such as administrative and custodian fees while the gross of fee returns do not. Both are net of brokerage commissions charged to the accounts and reflect the reinvestment of income and other earnings. The performance data shown above represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted.

I Strategy Overview and Positioning

We retain conviction in AI hardware, where tight supply provides suppliers with pricing power and customers are committing to multiyear volumes. We generally used the sharp pullback in July to increase our exposure to some positions in tech hardware in Asia. We also initiated a new position in a Chinese semiconductor device company that designs memory-interface and connectivity chips for server memory modules and data-centre boards, enabling CPUs to access more bandwidth and capacity. At the same time, we became more selective where near-term earnings, cash generation, or monetisation became less certain, trimming selected semiconductor-equipment holdings and exiting positions in IT supply chain stocks.

The strategy increased exposure to Materials, Consumer Discretionary, and Financials during the quarter while reducing Communication Services, Industrials, and Information Technology. Information Technology remains the portfolio's largest absolute sector weight, followed by Financials. On an active basis, Information Technology is the largest sector overweight, followed by Real Estate and Industrials, while Communication Services, Materials, and Energy represent the most significant underweights.

Within technology, the portfolio remains focused on businesses positioned to benefit from artificial intelligence investment, semiconductor localisation, and advanced manufacturing. At the same time, we have become more selective where delivery delays, component constraints, elevated capital requirements, or margin pressure have reduced near-term earnings visibility.

On a country level, the most significant increases were in India and Taiwan, with additional increases in Peru and China. In India, we initiated a position in the country's largest quick commerce platform. Taiwan remains the portfolio's largest absolute country weight, followed by South Korea, China, and India. On an active basis, the strategy's largest country underweight remains South Korea, followed by China, Brazil, and Taiwan. The India underweight narrowed substantially during the quarter, while Hong Kong moved from an overweight to a modest underweight.

I Attribution Comments

Health Care was the largest positive sector contributor, adding 35 basis points on a relative basis and 65 basis points in absolute terms. Results were concentrated in a Chinese contract research and manufacturing company that benefited from stronger operating performance, improved margins, and increased expectations, as well as a global oncology company supported by market-share gains, improving profitability, and an expanding product pipeline.

Consumer Staples and Consumer Discretionary each contributed 7 basis points on a relative basis, while adding 2 and 22 basis points in absolute terms, respectively. Consumer Staples benefited primarily from a Mexican discount retailer supported by resilient demand, market-share gains, and improving operating efficiency. Consumer Discretionary results were concentrated in a global home-appliance company that benefited from product innovation, international expansion, and improving margins.

Information Technology was the largest sector detractor, subtracting 277 basis points on a relative basis and 473 basis points in absolute terms. Multiple semiconductor-equipment and AI holdings lagged as delivery bottlenecks, component

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shortages, higher investment spending, and delayed revenue recognition weighed on near-term expectations. A Taiwanese custom-chip designer also detracted as production timing, supply constraints, and margin pressure overshadowed its longer-term AI opportunity.

Financials detracted 141 basis points on a relative basis and 35 basis points in absolute terms. Results were concentrated in an Indian exchange operator pressured by reduced derivatives activity following regulatory changes, an Argentine bank where softer revenue trends and deteriorating credit quality overshadowed a headline profit beat, and a Chinese investment bank weighed down by merger-related dilution concerns. Collectively, the holdings faced regulatory, revenue, credit, and capital-related pressures.

Industrials detracted 99 basis points on a relative basis and 142 basis points in absolute terms. Results reflected softer demand visibility, margin pressure, delayed capacity expansion, and elevated funding requirements across battery, precision-components, and transportation holdings. The strategy reduced its Industrials overweight during the quarter, while retaining holdings tied to long-term electrification, infrastructure, and power-demand trends.

On a country basis, Mexico was the largest contributor, adding 19 basis points on a relative basis and 9 basis points in absolute terms. The primary positive driver was a discount retailer benefiting from value-oriented demand, store expansion, and improving operating efficiency. Qatar was the next-largest contributor, adding 4 basis points on a relative basis, as the strategy's underweight positioning was beneficial during a weak quarter for the market.

China was the largest country detractor, subtracting 207 basis points on a relative basis and 174 basis points in absolute terms. Results were concentrated in semiconductor equipment and domestic artificial-intelligence holdings, where supply constraints, delivery timing, elevated spending, and reduced near-term earnings visibility weighed on performance.

Taiwan detracted 128 basis points on a relative basis and 10 basis points in absolute terms. Results reflected mixed performance across technology holdings, as production timing, supply constraints, elevated investment requirements, and margin concerns affected custom-chip design and semiconductor-packaging businesses, while the portfolio's slight underweight position limited participation in the broader market's gains.

Hong Kong detracted 58 basis points on a relative basis and 27 basis points in absolute terms, as softer results from a battery manufacturer and select internet and artificial-intelligence platforms offset contributions elsewhere in the market.

Market Outlook

The question on everyone's mind throughout the third quarter was, again, about AI. The ongoing buildout and impact of AI continues to have a significant impact on our portfolio and the emerging markets asset class at large. The selloff at the beginning of the third quarter was, in our view, indiscriminate and without much logical pretext. We used that selloff to add to positions that were down materially on no new information.

While we think that the selloff was largely without logical cause, that doesn't mean it didn't provide some important information. The market is understandably jittery about such parabolic advances in everything related to the compute buildout. It is also an area that is difficult for non-specialists to understand, so every time something potentially scary happens, selling is the obvious choice. Finally, we seem to be at a moment where the 'good' things are well understood though not necessarily discounted. The connection between earnings growth at many hardware companies and revenue growth is also changing as the cycle matures; incremental capex is increasing to meet demand, and the surprises are increasingly in the out-years with near-term capacity more than fully sold out. This is a good problem to have, certainly, but calls for a higher emphasis on stock selection than on riding a strong trend.

Sincerely,

Heptagon Capital and Driehaus Capital Management

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Annualised Total Returns

	Q3 2026	1-Year	3-Year	5-Year	10-Year
Driehaus Emerging Markets Equity Fund	-5.5%	28.1%	24.3%	8.8%	11.0%
MSCI Emerging Markets NR Index	-0.4%	29.2%	24.1%	8.9%	9.1%

Source: Factset Research Systems, Inc.
Fund performance relates to the UCITS Fund (IE00B6ZZNB36, net of fees, in USD).

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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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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>

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