

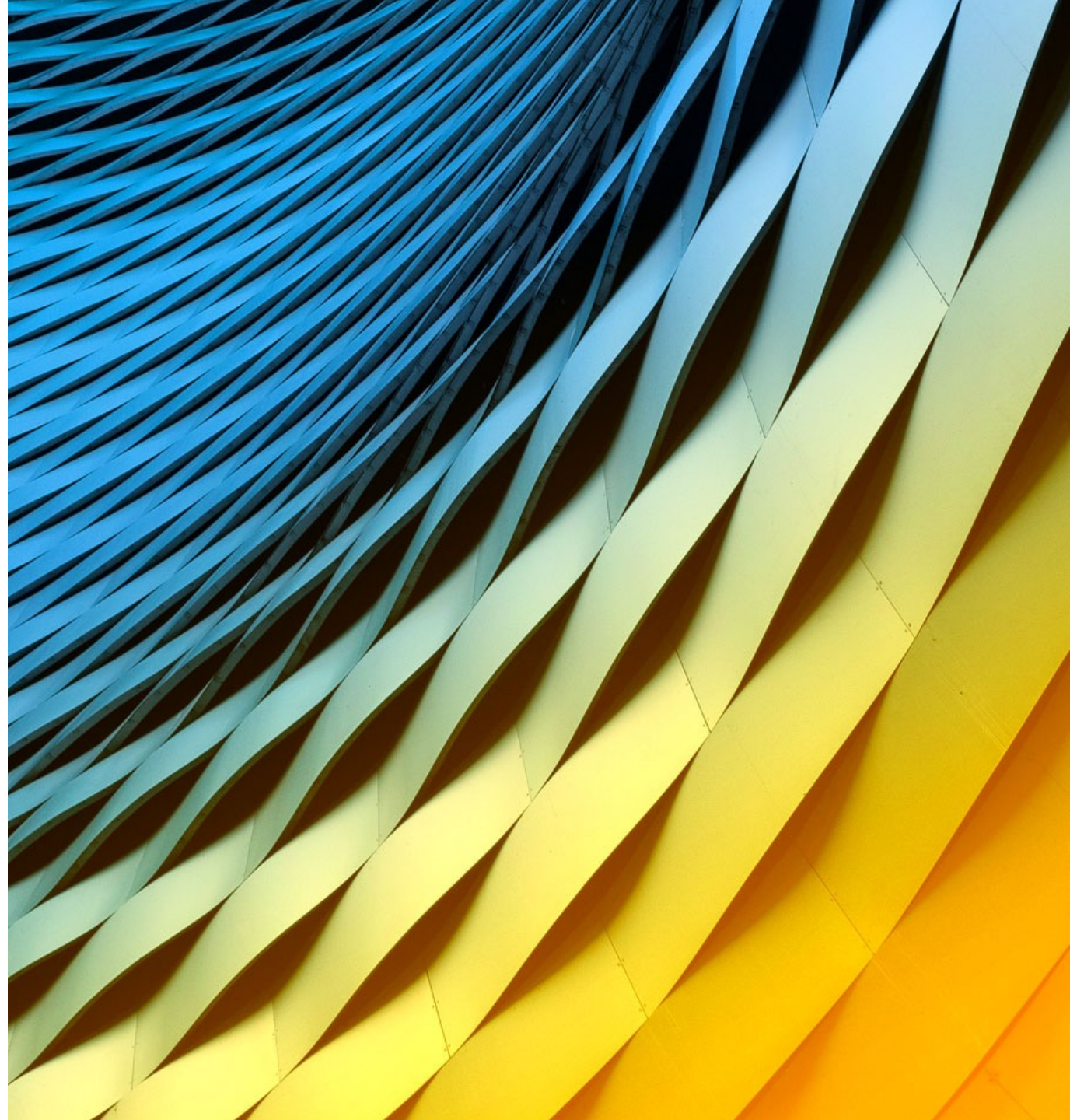
Heptagon Capital – Heptagon Future Trends: How we identify trends and then... Invest in it

Alexander Gunz
Equity Fund Manager
Heptagon Capital

May 17, 2021



Exchange and Industry Sponsored Webinars are presented by unaffiliated third parties. Interactive Brokers LLC is not responsible for the content of these presentations. You should review the contents of each presentation and make your own judgment as to whether the content is appropriate for you. Interactive Brokers LLC does not provide recommendations or advice. This presentation is not an advertisement or solicitation for new customers. It is intended only as an educational presentation.



Disclosures

Options involve risk and are not suitable for all investors. For information on the uses and risks of options, you can obtain a copy of the Options Clearing Corporation risk disclosure document titled [Characteristics and Risks of Standardized Options](#) by calling (312) 542-6901.

Futures are not suitable for all investors. The amount you may lose may be greater than your initial investment. Before trading futures, please read the [CFTC Risk Disclosure](#). For a copy visit [interactivebrokers.com](#).

Security futures involve a high degree of risk and are not suitable for all investors. The amount you may lose may be greater than your initial investment. Before trading security futures, please read the [Security Futures Risk Disclosure Statement](#). For a copy visit [Interactivebrokers.com](#).

There is a substantial risk of loss in foreign exchange trading. The settlement date of foreign exchange trades can vary due to time zone differences and bank holidays. When trading across foreign exchange markets, this may necessitate borrowing funds to settle foreign exchange trades. The interest rate on borrowed funds must be considered when computing the cost of trades across multiple markets.

The Order types available through Interactive Brokers LLC's Trader Workstation are designed to help you limit your loss and/or lock in a profit. Market conditions and other factors may affect execution. In general, orders guarantee a fill or guarantee a price, but not both. In extreme market conditions, an order may either be executed at a different price than anticipated or may not be filled in the marketplace.

There is a substantial risk of loss in trading futures and options. Past performance is not indicative of future results.

Any stock, options or futures symbols displayed are for illustrative purposes only and are not intended to portray recommendations.

IRS Circular 230 Notice: These statements are provided for information purposes only, are not intended to constitute tax advice which may be relied upon to avoid penalties under any federal, state, local or other tax statutes or regulations, and do not resolve any tax issues in your favor.

Interactive Brokers LLC is a member of [NYSE FINRA SIPC](#)

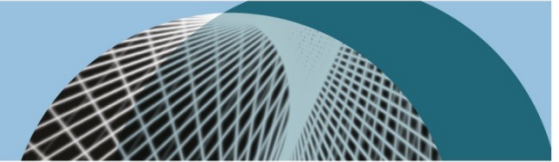


Heptagon Future Trends:

How we see the future, and then... invest in it

Alex Gunz – Portfolio Manager

May 2021



Alexander Gunz – Fund Manager

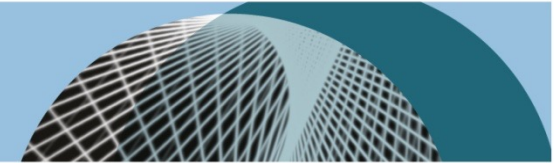
Alex joined Heptagon Capital in January 2011. His role includes managing the Heptagon Future Trends Equity Fund, as well as involvement in Heptagon’s multi-manager programme for discretionary clients.

Alex started his career in financial services in 1997, working for Hoare Govett as an analyst before moving to Credit Suisse where he became a top-ranked analyst covering European telecoms operators. Following Credit Suisse and before joining Heptagon Capital, Alex held senior roles at JP Morgan and Friedman Billings and Ramsey.











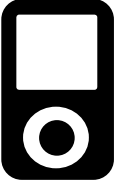




Alex has a degree in Philosophy, Politics and Economics from Worcester College, University of Oxford and a Masters in English Literature from Queen Mary College, University of London. Alex also has an Honours Diploma in Wine and is a published novelist.



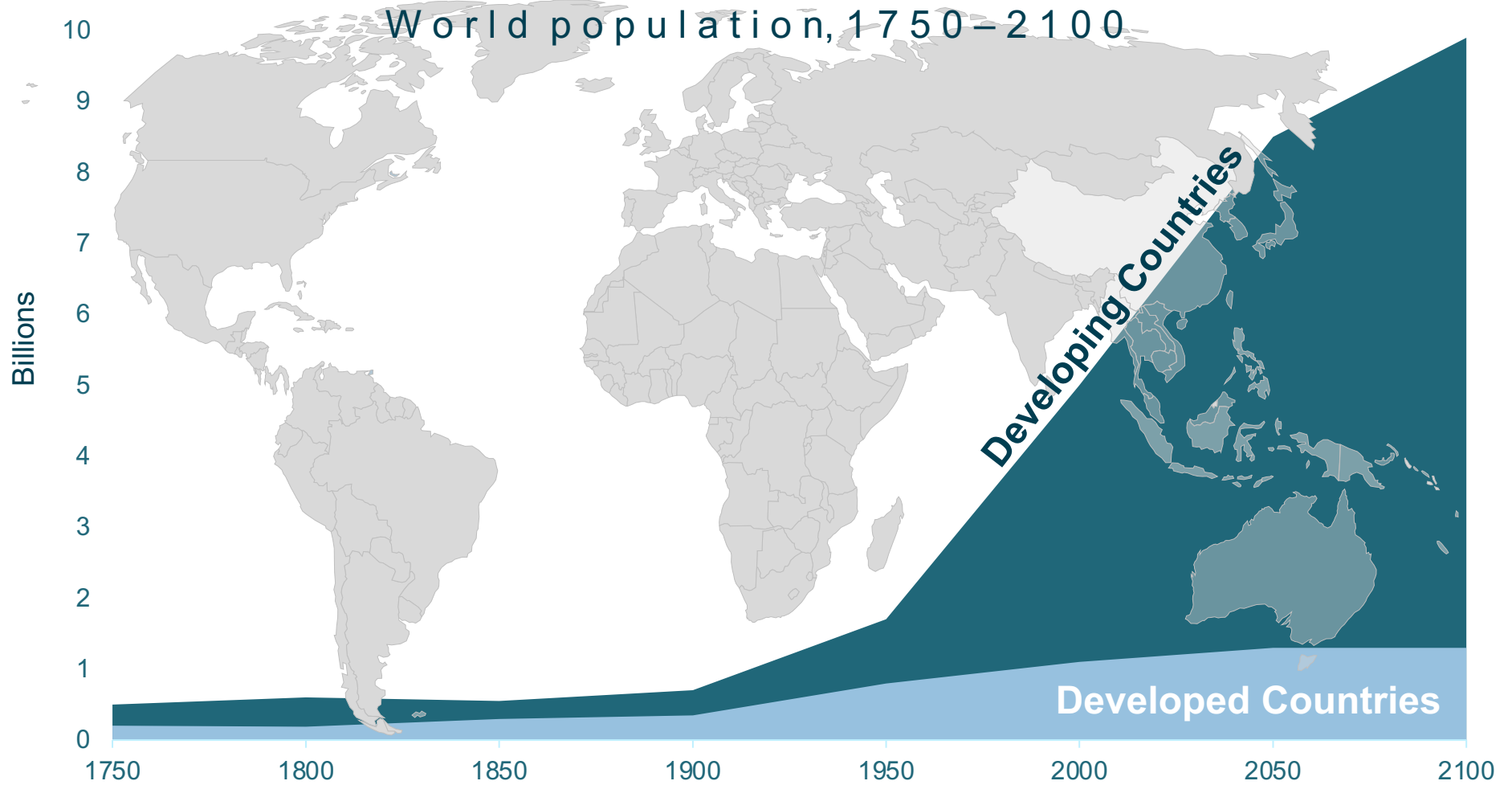
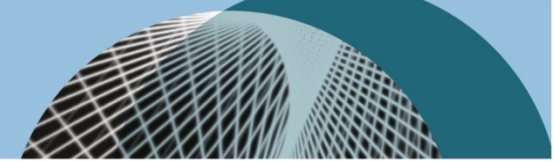
Disruption everywhere



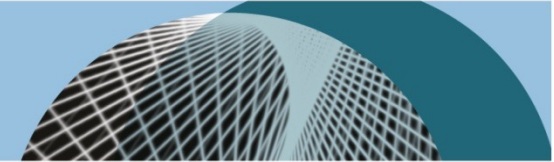
Number of years it took for each product to gain 50 million users:

Airlines	Automobiles	Telephone	Electricity	Credit Card	Television	ATM	
							
68yrs	62yrs	50yrs	46yrs	28yrs	22yrs	18yrs	
Computer	Cell phone	Internet	ipods	YouTube	Facebook	Twitter	Pokemon Go
							
14yrs	12yrs	7yrs	4yrs	4yrs	3yrs	2yrs	19 days

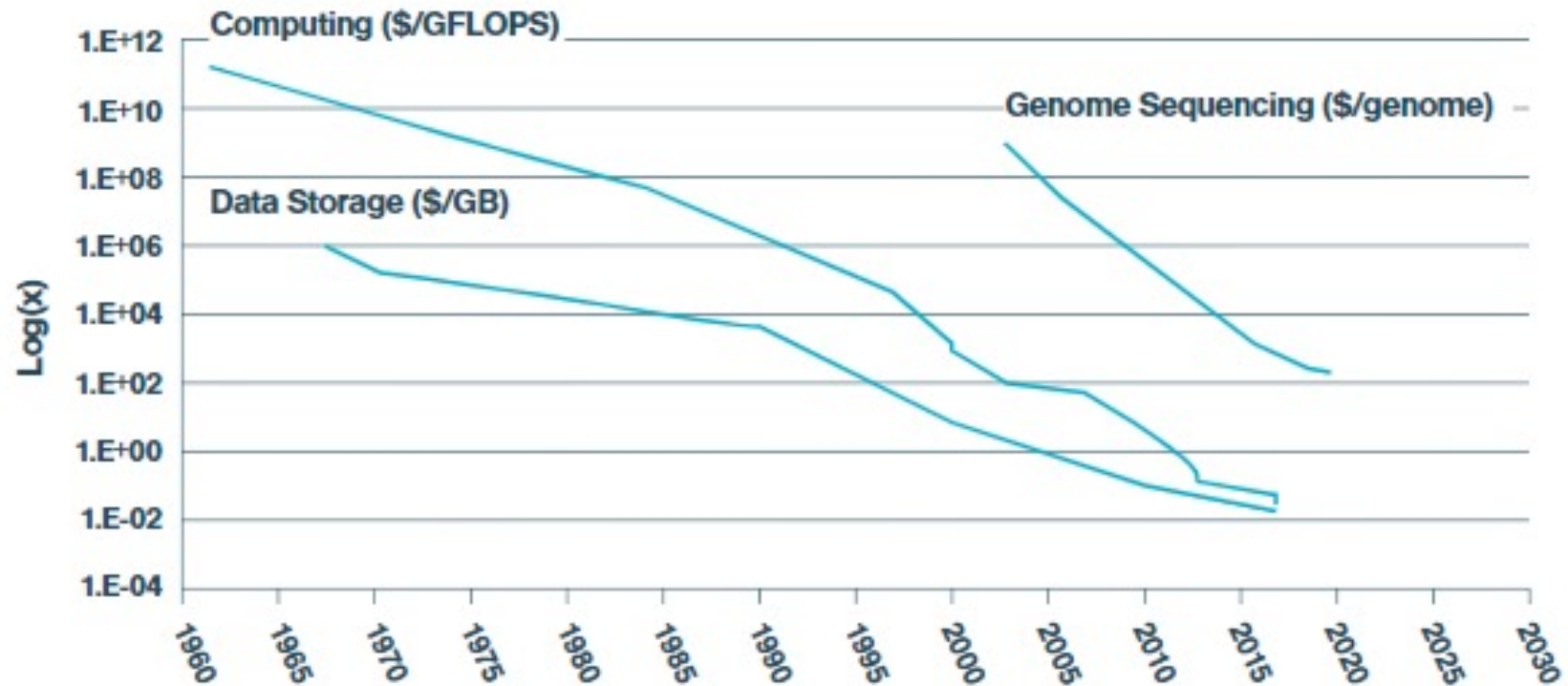
Why further disruption will happen



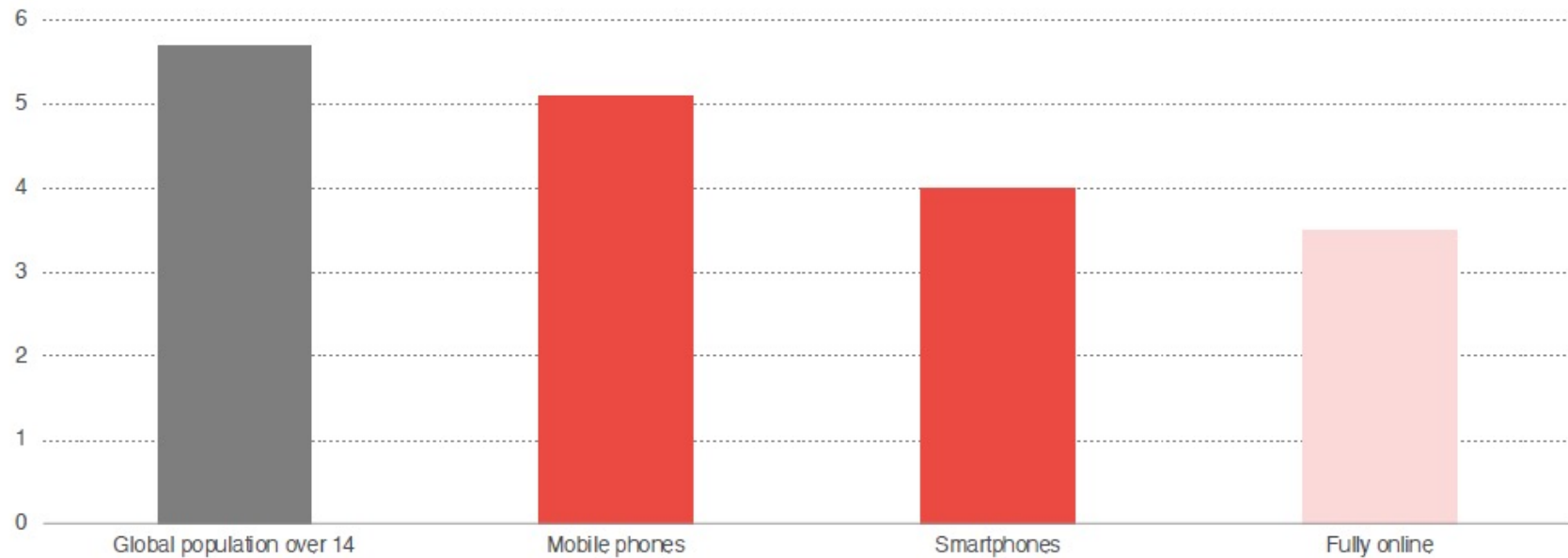
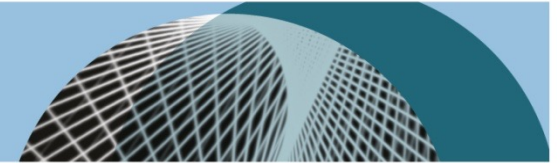
More bang for your buck



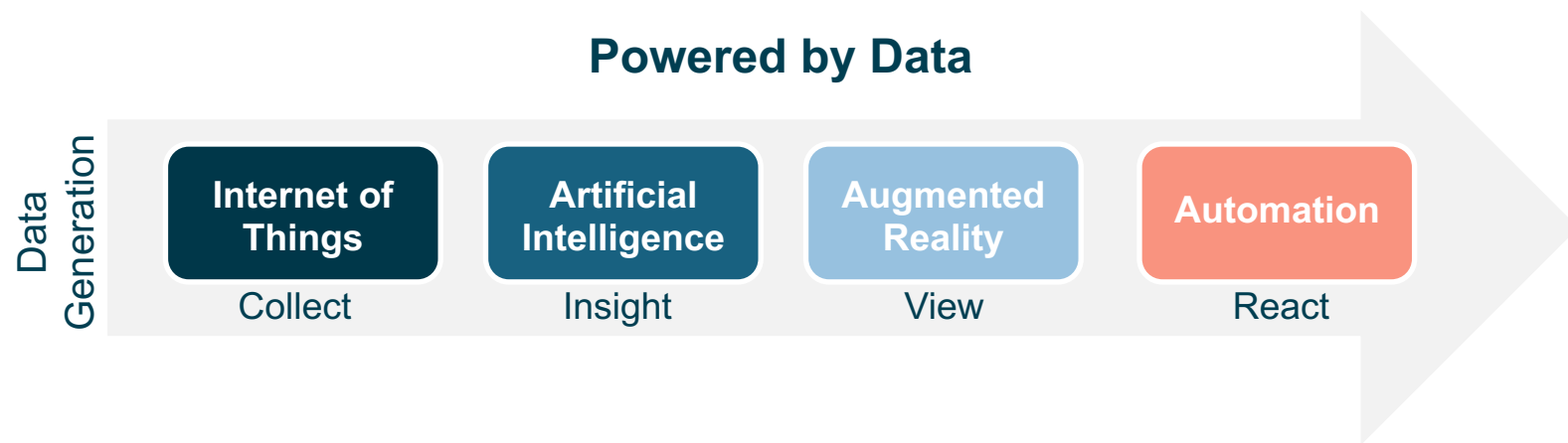
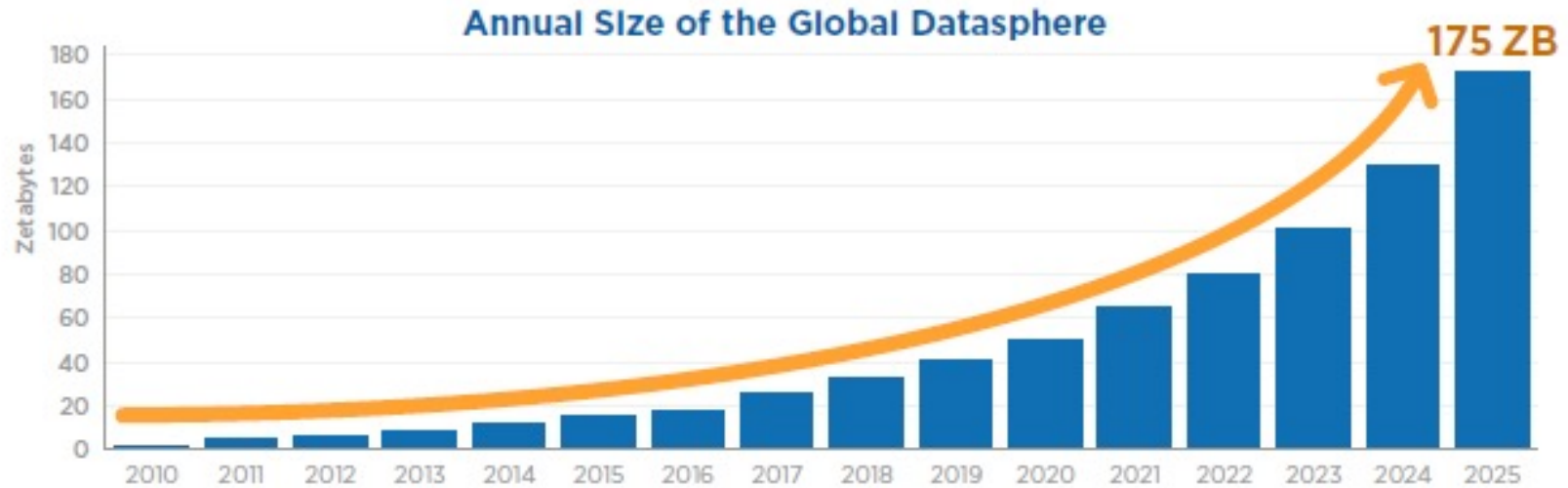
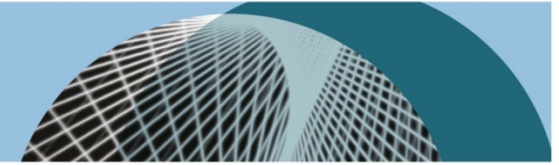
Technology costs falling exponentially



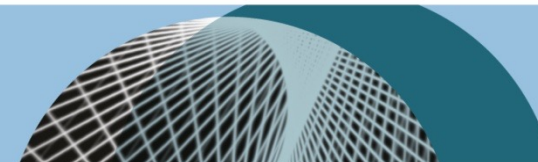
Almost everyone connected



The data deluge

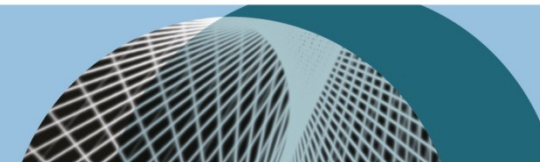


Long runway ahead



Factor	Global Penetration
Smartphones	~50%
Corporate workloads in the cloud	~20%
Retail purchases made online	~20%
Digital payment volumes	~25%
Education spend online	<5%
Renewables share of energy industry	~10%
Electrical vehicles share of auto market	<10%
Non-meat-based global protein consumption	<5%
Human genomes sequenced	<1%

How we look at the world



We seek to identify and invest only in businesses exposed to long-term future trends

Our approach is proprietary, unconstrained and has a strong commitment to responsible investing

Investment process



Conduct **research** on long-term themes and **screen** for attractive businesses



Tighten search criteria and **identify** well-placed businesses



Detailed financial **modelling**, valuation and due diligence

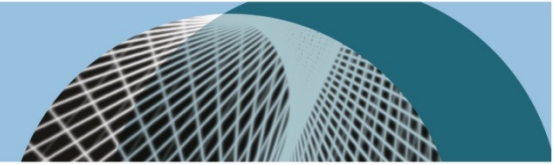


Constant **monitoring** of newsflow/ market developments

~20

stock portfolio

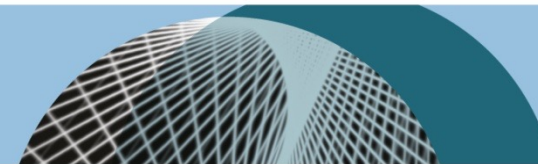
Extensive Thematic Work



3D-printing	Digital Currencies	LED Lighting	Robotics
5G	EdTech	Microbiome	Sharing Economy
Agriculture	Energy Storage	Molecular Diagnostics	Smart Cities
Alt-Meat	Food Innovation	Nanotechnology	Space
Artificial Intelligence	Future Homes	Online Society	Synthetic Biology
Blockchain	Healthcare IT	Peer-to-Peer Lending	Telemedicine
Cannabis	Healthcare Solutions	Power Shortages	Transport as a Service
Cashless Society	Hydrogen	Quantum Computing	Virtual Reality
CRISPR	Implantable Tech.	Rail Renaissance	Waste/ Plastic Pollution
Cybersecurity	Internet of Things	Renewable Energy	Water Shortages
Data Deluge			

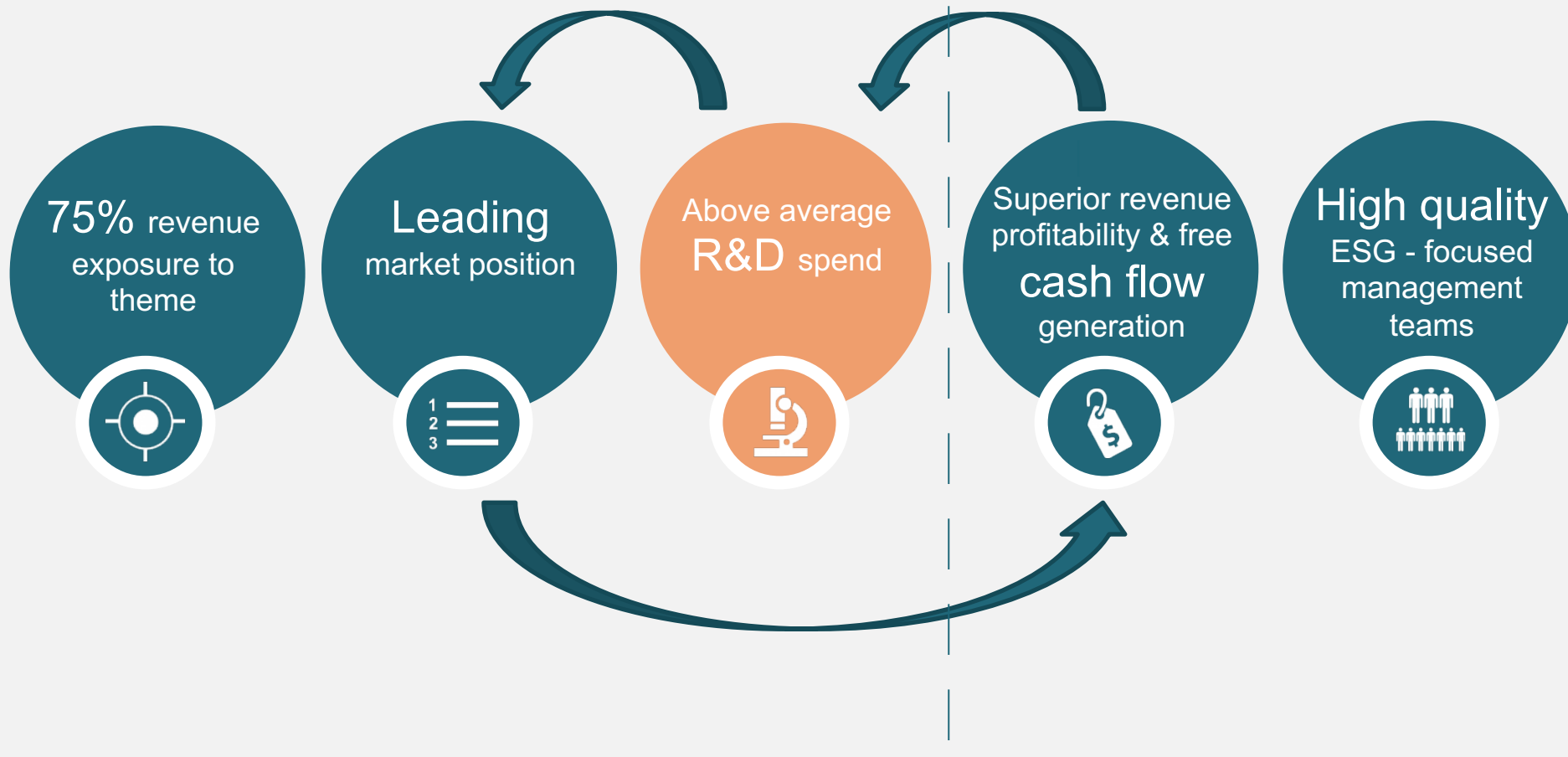
Source: Heptagon Capital. All publications available on Heptagon Capital's website: <http://heptagon-capital.com/news-views/heptagon-insight>
Themes highlighted in blue relate to those where the Fund has current exposure.

Stock Selection



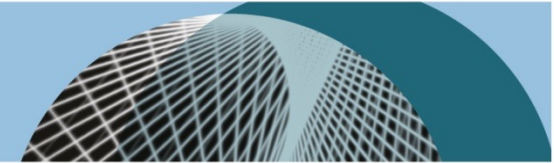
Quantitative Factors

Qualitative Factors



The illustration above highlights certain key processes and/or metrics utilized in connection with the strategy and is not intended to depict the entire investment management process. There can be no assurance that any investment process or strategy will achieve its investment objectives.

Pan-thematic approach



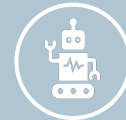
5G



**AGEING
SOCIETY**



**ALTERNATIVE
ENERGY**



**AUTOMATION
AND
ROBOTICS**



**CAR OF THE
FUTURE**



**CASHLESS
SOCIETY**



**CYBER-
SECURITY**



**DATA
DELUGE**



EDTECH



**FOOD
INNOVATION**



**HEALTHCARE
SOLUTIONS**



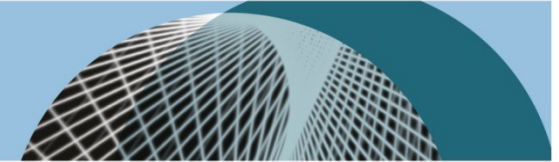
**ONLINE
SOCIETY**



Any stock, options or futures symbols displayed are for illustrative purposes only and are not intended to portray recommendations.

The illustrations above highlight certain key businesses that may be represented in the strategy and are not intended to depict the entire investment universe.

Case Study 1: Online Society



Urbanisation

55%



Of global population lives in cities¹

Speed

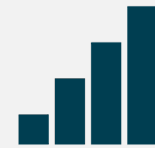
↓ 2.5



Days max. accepted shipping time²

Variety

350mn



SKUs handled by large e-commerce player³

Omni-channel

USD 6.5tn



Retail e-commerce spend by 2023⁴

Automation

10%

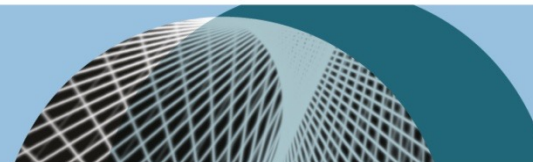


Fully automated warehouse globally⁵

Source: Kion Group, Capital Markets Day 2020

¹U.N. World Urbanization Prospects Report, 2018; ²Dimensionsmail Research, 2019; ³Dematic Estimates; ⁴National Retail Federation, 2019; ⁵THLee & Partners, 2019

Case Study 1: Prologis



#1 in global industrial real estate with 976m square feet of assets, 5x the size of the nearest player

Goods with an economic value of \$2.2tr flow through its distribution centres annually, equivalent to ~2.5% of global GDP.

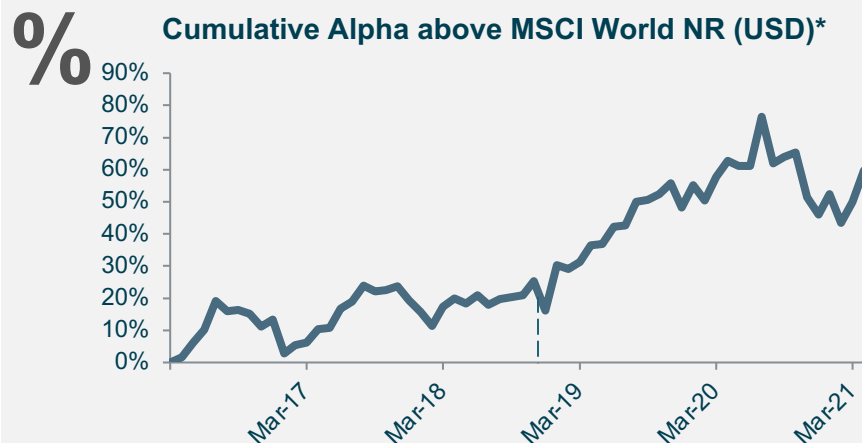
Beneficiary of structural supply shortages and secular demand trends; implies strong scope to raise rentals and improve margins



Long-serving and well-regarded management team with aligned interests

Over 15% annualized returns in the last 10Y

Regular interaction with management: Head Office site visit in September 2019. Also have met with local management in London and San Francisco, and toured a big box facility



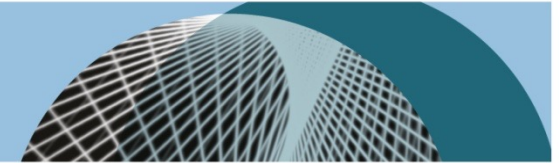
3Y forecast revenue growth	7.0%
3Y forecast EPS growth	5.0%
3Y forecast FCF growth	11.0%
Net debt to EBITDA	3.4x
Forecast P/AFFO	26.0x
Forecast FCF yield	3.1%

* First investment was made in December 2018.

Any stock, options or futures symbols displayed are for illustrative purposes only and are not intended to portray recommendations.

Past performance is no guide to future performance and the value of investments and income from them can fall as well as rise.

Sources: Heptagon Capital, Bloomberg, as of 30.04.21.



New school rules



Education is ripe for disruption

<3% of total global education expenditure is on digital

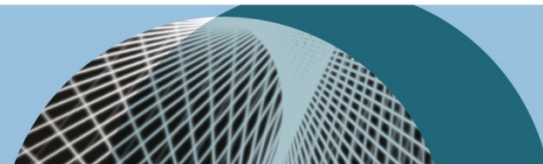
Global education expenditure

\$10tn by 2030
vs
\$6tn 2018/+4% CAGR

EdTech will play a large role

Expected to reach \$342bn by 2025 +12% CAGR
vs
\$152bn 2018

Case Study 2: Chegg



Leading direct-to-student online educational platform.

15m monthly active users; over 270m content views.

Large content database of over 43m+ items; significant operating leverage.

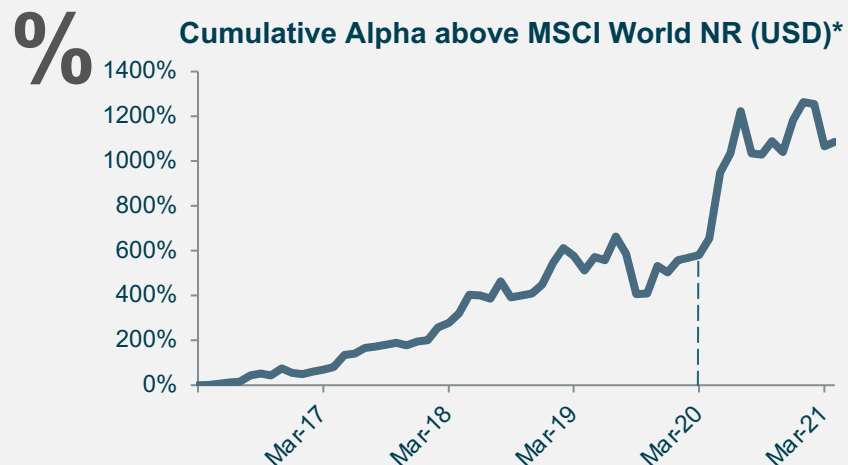
Proprietary IP and ongoing high (30%+ of revenues) spend on R&D.



38% annualized returns since IPO in 2013. CEO with Chegg since 2010 and 1.2% shareholder.

Regular interaction with Chegg since 2013. Last met management face-to-face at their HQ in September 2019. Call with CFO in Sept 2020.

Improving ESG disclosure. Strong social commitment to helping disadvantaged students.



* First investment was made in March 2020.



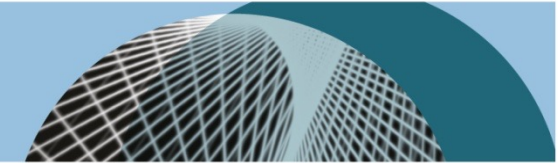
3Y forecast revenue growth	20.4%
3Y forecast EPS growth	45.9%
3Y forecast FCF growth	NM
Net debt to EBITDA	2.3x
Forecast P/E	43.1x
Forecast FCF yield	1.1%

Any stock, options or futures symbols displayed are for illustrative purposes only and are not intended to portray recommendations.

Past performance is no guide to future performance and the value of investments and income from them can fall as well as rise.

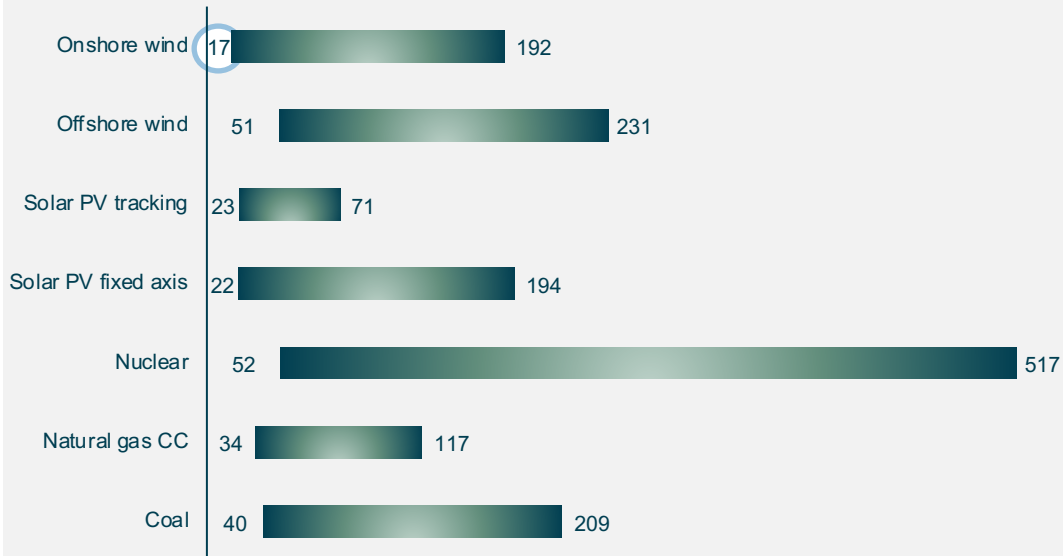
Sources: Heptagon Capital, Bloomberg, as of 30.04.21.

Case Study 3: Renewable Energy



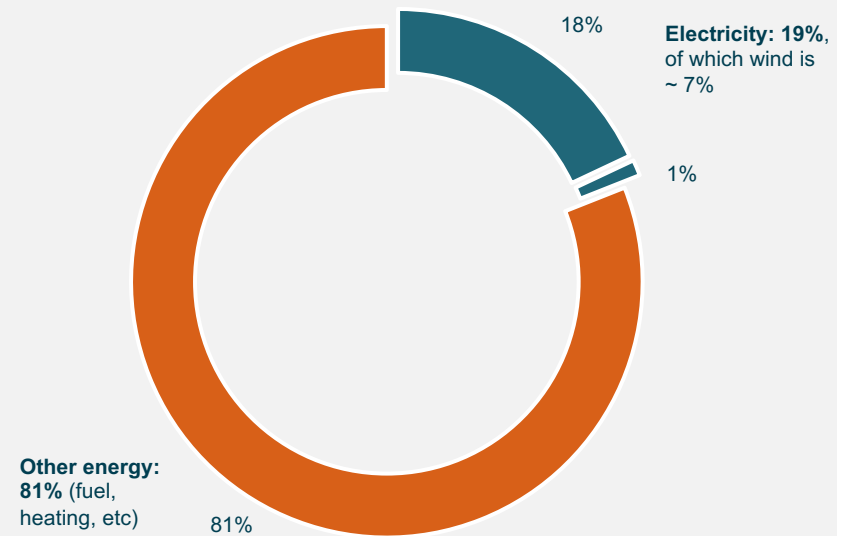
Increasingly competitive...

Global Levelised Cost of Energy ranges
(2020, in \$/MWh)

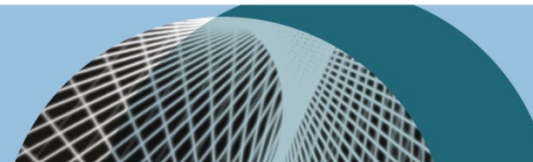


...with long runway ahead

Wind accounts for
7% of electricity and
1% of energy



Case Study 3: Vestas



#1-player globally in provision of onshore wind turbines; #2 globally in offshore; #1 global service organisation.

Attractive secular tailwinds with renewables accounting for >50% of all new power projects currently.

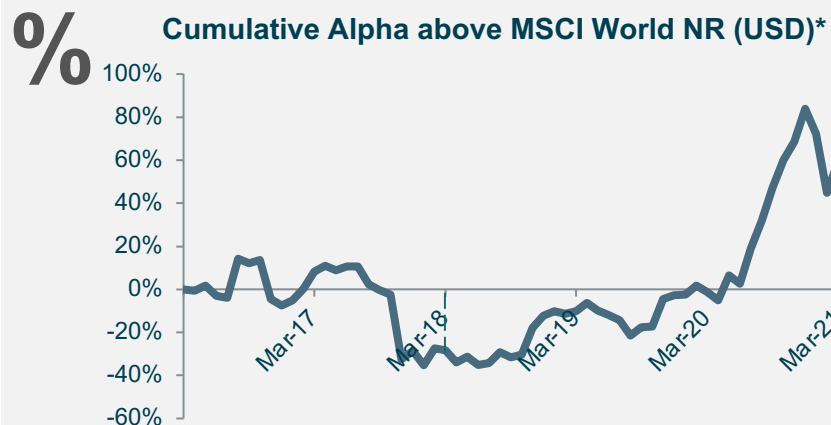
Clear strategy: outgrow the market with the lowest cost base. Vestas has the industry-leading balance sheet.



20%+ annualized returns over both the last 5Y and 10Y, well ahead of benchmarks.

Top-class disclosure and ESG documentation with leading rankings from external agencies including Sustainalytics and MSCI.

Regular ongoing (virtual) interaction with Vestas management across group, and peer businesses.



3Y forecast revenue growth	5.1%
3Y forecast EPS growth	12.2%
3Y forecast FCF growth	21.9%
Net debt to EBITDA	(1.2x)
Forecast P/E	32.8x
Forecast FCF yield	1.1%

* First investment was made in March 2018.

Any stock, options or futures symbols displayed are for illustrative purposes only and are not intended to portray recommendations.

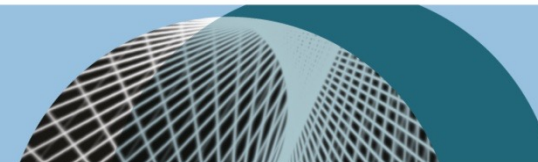
Past performance is no guide to future performance and the value of investments and income from them can fall as well as rise.

Sources: Heptagon Capital, Bloomberg, as of 30.04.21.

Avoid the hype



Future Trends: Summary of Strategy



It is not the strongest of the species that survive, nor the most intelligent but the ones most responsive to change

CHARLES DARWIN

Businesses exposed to long-term future trends

Concentrated (20-25 holdings)
Low turnover
97% active share*

All cap
Unconstrained
Benchmark agnostic*

Proprietary investment process

Strong commitment to responsible investing

Two strategies

Name	Strategy	Launch date	AUM (\$m)**
1) Future Trends Equity Fund	Long-only	January 2016	182
2) Future Trends Hedged Fund	Long-only hedged with index futures	March 2018*	11

Any stock, options or futures symbols displayed are for illustrative purposes only and are not intended to portray recommendations.

• Active share data as of 28.02.2021; source Morningstar. Fund benchmark is MSCI World NR (USD) ** AUM as of 30.04.21

*On 12th March 2018 the strategy changed from Helicon to Future Trends.

Q&A



Disclaimer

Heptagon Capital Limited, Heptagon Capital LLP and its Partners disclaim any and all liability relating to these materials, including, without limitation, any express or implied representations or warranties for statements or errors contained in, and omissions from, these materials. Certain assumptions have been made, and/or parameters set, in the preparation of these materials which have resulted in the returns detailed herein, and no representation or warranty is made that any returns indicated will be achieved. Changes to assumptions or parameters may have a material impact on the returns detailed. This document should not be copied to any other person without our express consent. This document should not be considered an offer to buy or sell investments.

Heptagon Capital Limited has issued this communication as investment manager for Heptagon Fund PLC and is licensed to conduct investment services by the Malta Financial Services Authority. Heptagon Capital LLP is authorised and regulated in the UK by the Financial Conduct Authority.

The results given in this document are based solely upon historical fund performance as gathered and supplied by BBH and Bloomberg. That past performance has not been independently verified by either Heptagon Capital Limited or Heptagon Capital LLP. It is not intended to predict or depict the future performance of any investment.

The information contained herein is provided for informational purposes only, is not complete, and does not contain certain material information about the funds, including important disclosures and risk factors associated with an investment in the funds. Before making an investment in any fund, prospective investors are advised to thoroughly and carefully review the fund's Prospectus with their financial, legal and tax advisors to determine whether an investment is suitable for them. An investment in these funds is not suitable for all investors.

The distribution of information contained herein and the sale of shares in the Funds may be subject to legal or regulatory restrictions in certain countries in which users are resident or of which they are citizens. In particular, neither the shares in the Funds nor the Funds themselves have been registered under any United States ("US") Securities legislation and are not available for purchase by US Persons.

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>.

Past performance is no guide to future performance and the value of investment and income from them can fall as well as rise.