

Kopernik Global All-Cap Equity Fund



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The Kopernik Global All-Cap Equity Fund (the “Fund”) is a sub-fund of Heptagon Fund Plc which is an open-ended umbrella type investment company authorised pursuant to UCITS regulations. Heptagon Capital Limited (“Heptagon”) is the Investment Manager and Kopernik Global Investors LLC (“Kopernik”) is the Sub-Investment Manager meaning Kopernik exercises discretionary investment authority over the Fund. The Fund was launched on December 16, 2013 and had AUM of USD 429m as of September 28, 2018. During the third quarter of 2018 the Fund returned -6.3% compared to 4.3% for its benchmark, the MSCI ACWI NR USD Index.

TOTAL RETURNS

As of September 28th, 2018 net of fees

	Q3 2018	YTD	2017	2016	2015	Since inception*
Kopernik Global All-Cap*	-6.3%	-9.7%	8.4%	52.4%	-11.8%	24.3%
MSCI ACWI NR USD Index	4.3%	3.8%	24.0%	7.9%	-2.4%	41.2%

**Cumulative performance of Kopernik Global All-Cap Equity Fund from Fund inception 16.12.2013*

** Class C shares*

Kopernik Global Investors, LLC – Sub advisor Q3 2018 Commentary

Contributors

Electricite de France SA (“EDF”) increased +27.7% and was the top contributor. EDF is a French utility that owns the world’s largest fleet of nuclear power reactors. During the quarter, France’s Ecological Minister resigned. He was known to have a long-term goal of reducing France’s dependence on nuclear power. EDF rebounded and we opportunistically trimmed our position, although EDF remains one of our top holdings. Another utility, Centrais Electricas Brasileiras (“Eletrobras”) was up +22.6%. Eletrobras was down -50.2% in the previous quarter, during a time when the Brazilian Ibovespa Index sold off more than -27.0% in U.S. dollar terms. As bottom-up investors, we saw significant risk-adjusted upside in Eletrobras, whose hydro-electric assets were trading at a large discount to our estimated replacement cost. We took advantage of the stock’s weakness earlier in the year to add to our position.

As mentioned previously, most of the precious metals group declined in the quarter, but Impala Platinum Holdings Ltd. was up +31.5%. Impala is one of the largest platinum producers in the world. Despite rebounding this quarter, Impala is down -25.8% year-to-date. We have added to our position on weakness this year, as we believe Impala’s platinum reserves are worth substantially more than its share price.

KT Corp. (“KT”), another large holding, increased +11.4%. KT is an integrated phone company in Korea. It is the dominant fixed line player and has large share in the mobile phone and broadband internet markets.

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

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Detractors

The top detractor during the third quarter was the put option on the S&P 500 Index, which detracted -1.8% from the Fund's performance. A put option is a contract giving the owner the right, but not the obligation, to sell a specified amount of an underlying security at a specified price within a specified time. As the U.S. stock markets continue to march higher and reach historically high levels, our put options on the S&P 500 Index declined in price. We reiterate our perception that the put is effectively priced, with implied volatility at multi-year lows in the face of an exorbitantly priced U.S. stock market. If the S&P were to correct, an event that seems long overdue, our upside potential in the put option could be significant.

Many of our precious metals mining companies declined in the quarter. New Gold Inc., down -61.9%, was the top detractor for the group. During the quarter, there was negative news on the grade of the company's gold reserves and the estimated cost to mine them. Although we are disappointed by the news, we remain attracted to New Gold's large quantity of reserves, which we estimate are worth many multiples of New Gold's share price. Other notable detractors in the group include Centerra Gold Inc., Wheaton Precious Metals Corp., and Newcrest Mining Ltd., which were down -28.3%, -20.3%, and -12.2% respectively. The spot price of gold was down -5.0% for the quarter and -8.6% year-to-date, to under \$1,200 per troy ounce. Gold continues to trade at a steep discount to our calculated incentive price of \$2,000 per troy ounce. This incentive price is the price we estimate would encourage adequate supply. Moreover, we reiterate our view that the value of gold as a store of wealth justifies a much higher gold price than \$2,000 per troy ounce. We opportunistically added to the group during the quarter.

Another detractor from the Fund's performance was Diebold Nixdorf Inc., which was down -62.3% in the quarter. Diebold provides automatic teller machines and point of sale terminals for retail stores. Diebold's margins have been lower than cyclically expected, and the stock dropped meaningfully in the quarter on news that margins had further deteriorated. Following this share price decline, the remaining shareholders of Diebold Nixdorf AG, a subsidiary the company acquired in 2015, exercise their put option on their Diebold shares (12.9% of the shares outstanding). This event further pressured Diebold's financial position, as the company took on incremental debt to pay the \$380 million required to buy its shares above where they were trading. Although Diebold now has an increased downside risk, we continue to be attracted to the potential upside, given Diebold's oligopoly in an industry we think has staying power.

Golden Agri-Resources Ltd. ("Golden Agri"), down -18.2%, also detracted. Golden Agri is the largest palm oil plantation company in Indonesia. Golden Agri is down -33.7% year-to-date and trades well below our estimate of risk-adjusted intrinsic value. We have been adding on weakness this year, as palm oil supply and demand dynamics continue to seem favorable.

Performance for our Russian holdings was mixed. The biggest detractors were Lenta Ltd., a food retailer, Sberbank of Russia PJSC, a commercial bank, and RusHydro PJSC, a utilities company, down -35.8%, -10.7%, and -9.9% respectively. Although Sberbank detracted this quarter, we trimmed our position earlier this year when the stock was up approximately five times off its 2015 low. Similarly, we trimmed RusHydro last year when the shares rallied. Amid the U.S. sanctions on Russia and other sources of short-term volatility, we remain focused on investing in companies that trade significantly below our calculated intrinsic value, which we discount for geopolitical (amongst other) risks. Our research tells us the fundamentals for our holdings remain intact. We opportunistically added to names we viewed as having attractive risk-adjusted upside. Our largest Russian holding, Gazprom PJSC, was a positive contributor as it increased +19.2%. Gazprom is the largest natural gas producer in the world, and natural gas prices rebounded in the quarter. Although Gazprom remains a top holding, we have trimmed on strength.

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Portfolio Activity

We initiated a position in China Telecom Corp. Ltd. China Telecom is the monopoly fixed-line telecom and broadband provider in the north of China and is the second largest player in the mobile telecom space. We also initiated a position in Yellow Cake PLC, a newly formed company. Like Uranium Participation Corp., an existing holding, Yellow Cake purchases uranium for investment purposes. We purchased Yellow Cake in its initial offering early in the quarter, which was fortuitous since its shares then increased +20.9%. Our other uranium-related names such as Denison Mines Corp., Uranium Participation, and top holding Cameco Corp., increased +35.2%, +15.5%, and +1.3% respectively. As we have expressed previously, we think uranium's supply and demand fundamentals give it substantial risk-adjusted upside.

We eliminated our position in Guoco Group Ltd., as the stock approached our estimated risk-adjusted intrinsic value after receiving a bid to be taken private. We also eliminated Lukoil PJSC, due to shares increasing toward our estimated risk-adjusted intrinsic value. We exited our position in Pandora Media Inc., as we have found more attractive investment opportunities.

Why Kopernik? *By Kopernik Global Investors, LLC*

Philosophically, we view ourselves as owners of businesses. Our job is to appraise these businesses and take advantage at times when an inefficient, emotional marketplace offers securities at a price that is significantly different from our appraisal. Like our namesake, Kopernik (better known by his Latin name – Copernicus), we trust the results of our own analysis even when (especially when) it generates vastly different conclusions from those of the crowd and/or those taught by many academics. Similarly, we commonly question the data issued by governments, central bankers, and companies themselves. We understand that bargains appear often because people focus on fear or panic, and other forms of risk that are not relevant to the investment portfolio. High tracking error, bad headlines or unpopular stocks/countries/regions/industries can present a degree of risk to a manager's career, while often lowering the potential of permanent loss of capital (due to lower initiation prices and higher potential upside) to the portfolio. Similarly, Kopernik believes volatility and other measures of past price movements are not relevant to long-term investors' assessment of risk. It can be indicative of potential risk to short-term speculators or to highly levered players, but can often present opportunity for true long-term investors.

As always, we appreciate your patience and support.

Sincerely,

Heptagon Capital & Kopernik Global Investors

The views expressed represent the opinions of Kopernik Global Investors, LLC as of September 28, 2018, are not intended as a forecast or guarantee of future results, and are subject to change without notice.

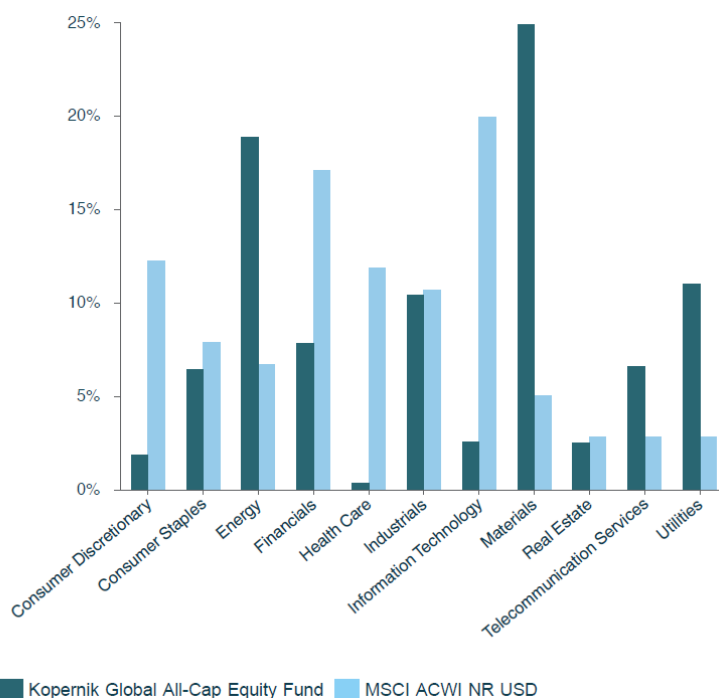
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Kopernik Global All-Cap Equity UCITS Fund Positioning

Top Ten Holdings by Issuer as of 28th September 2018

Name	% of portfolio
Cameco Corp	4.7%
Gazprom Oao	4.5%
KT Corp	4.2%
Newcrest Mining Ltd	4.0%
Rushydro PJSC	3.0%
Range Resources Corp	3.0%
Electricite de France	2.8%
Mitsui & Co Ltd	2.7%
Impala Platinum Holdings	2.7%
Centrais Electricas Brasileiras	2.6%
Total of Top 10 Holdings	34.2%

Portfolio Sector Weights as of 28th September 2018



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Risk Warning

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.

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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 private placement memorandum 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.

Glossary



Assets Under Management (AUM)	The total market value of all assets a financial institution or fund manages on behalf of its clients.
Benchmark	A point of reference against which investment performances can be measured.
Book Value	The value of an asset as per a balance sheet, which is calculated by subtracting its liabilities from its assets.
Bottom-Up Investing	Focuses on the analysis of individual companies first before looking at market cycles and the economy as a whole.
Cumulative Return	Aggregate return over a period of time.
Fundamental Analysis	The evaluation of a company by investigating its intrinsic value, where intrinsic value is measured without reference to the security's market value.
Intrinsic Value	The value of an asset based on fundamental analysis of the business without regard to its current market value.
Market Share	The proportion of the market controlled by a company.
MSCI All Country World Index	A market cap weighted benchmark index that captures large and mid caps across 23 Developed Markets and 24 Emerging Markets countries (Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the UK, the US, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Russia, Qatar, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates)
Net Return	The return to an investor after deducting all fees, expenses and taxes from the gross return generated by an investment.
Operating Margin	A measure of profitability that shows the amount of excess revenue after covering variable costs.
Price/Book Ratio	A ratio that compares the share price of a firm to the book value of its equity, which in turn is the value of the assets of that firm.
Price to Earnings (P/E) ratio	Values a firm by measuring the firm's current share price relative to the firms earnings per share.
Put Option	A contract that gives the buyer of the option the right to sell a specified asset in the future for a price agreed upon today.
S&P 500 Index	Standard & Poor's 500. An American stock market index that includes the 500 largest companies by market capitalization.
Share	A unit of ownership that gives the holder the right to a proportion of the capital of the company.
Total Return	The actual rate of return for an investment that includes all capital gains, dividends and distributions over the investment time period.
Tracking error	A measure to show the difference between the returns of a portfolio and the returns of its benchmark.

Glossary



UCITS	Undertakings for Collective Investment in Transferable Securities. It is a regulatory framework in the European Union.
Valuation	The process of determining how much a company or an asset is currently worth at a particular point in time.
Volatility	A statistical measure to show the degree of movement of asset prices over a set period of time.