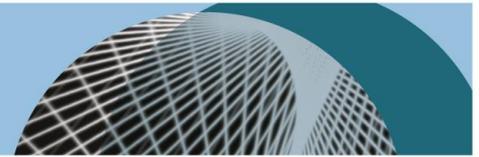


Listed Private Assets: Monthly commentary

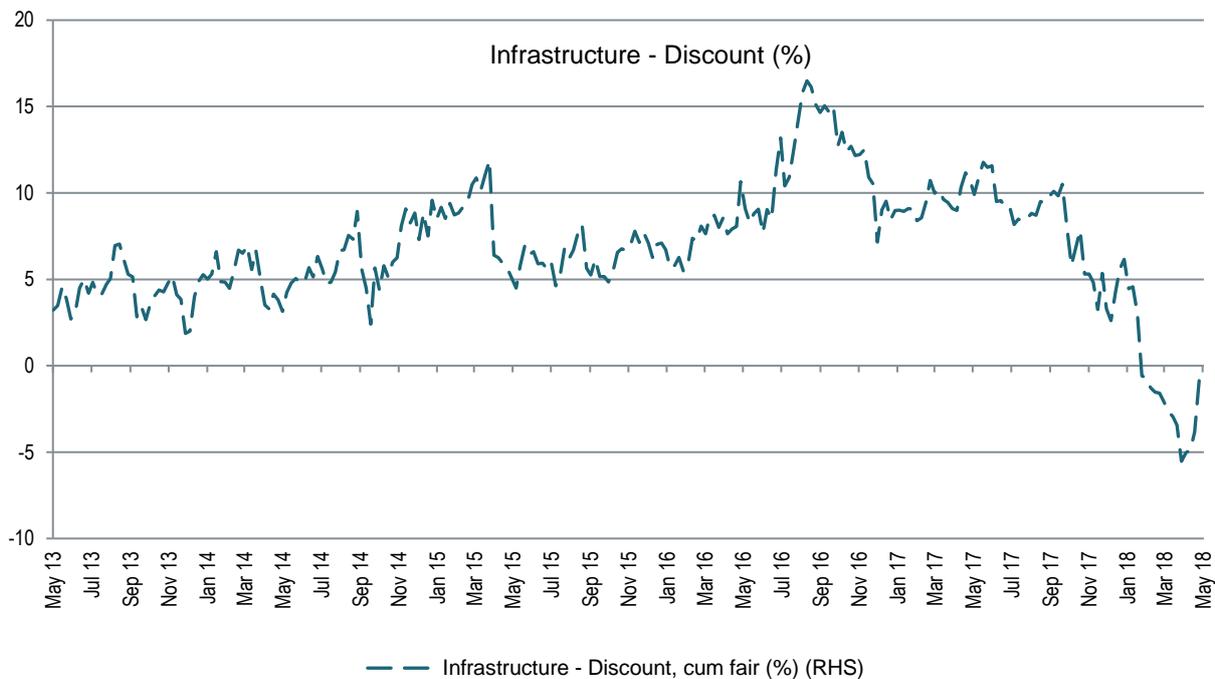
April 2018



April was a strong month for the fund with a +1.8% return, outperforming its 60/40 benchmark for the third months in a row. The Listed Private Asset portfolio saw positive returns across the board in April with 18 out of 22 positions delivering positive performance. Our thesis, namely that the traditional 60/40 portfolio returns will be challenged on a five-year view, is finally starting to payout. The returns for this index since February appear to be much closer to the normal range of performance outcomes. The true anomaly has been the performance of the index over the past two years, with the positive run up to 2018 proving to be one of the longest positive streaks in its history. A portfolio of 60% Global Equities and 40% Global bonds would have produced a 10% annualised return from January 2016 to January 2018 with an annualised volatility of 4%, resulting in a Sharpe ratio of 2.4. We believe that this “low volume / high return” goldilocks scenario is now behind us.

Infrastructure holdings are recovering from the January lows.

Infrastructure is back. Not that we thought it went in the first place but market perception does sometimes move prices with little regard for the fundamentals. The following chart highlights the potential trading opportunities offered in the closed-end company sector. Prices across the Private Asset class do fluctuate over time creating entry points and enabling the fund to build positions at discounts to net asset values. 3I Infrastructure remains one of the best in class management teams in the sector and saw little change in the valuation of its underlying assets; if anything, they have improved in the past quarter. Its price however suffered due to concerns over the greater political risk for the sector, which enabled us to add to the position.



Source: JP Morgan



Our niche Private Equity holding, HG Capital announced further realisation with significant uplift to carrying value.

The management of HG Capital announced a further 3 sales with an average ticket size of \$20m each and an uplift to carrying value of 40%. We have recently written about the potential upside to the value of companies within the HG Capital book and are pleased with the announcements that are in line with the company's policy to sell assets if the price is right. We value the management team's pragmatism and willingness to hold some cash on the balance sheet at times of excessive enthusiasm for Private Equity asset class.

The fund's performance over the past 3 months gives us confidence in the strategy's ability to outperform during more challenging times. Thank you for your interest in and support for the Heptagon Listed Private Assets Fund.

Arnaud Gandon, Chief Investment Officer

**Glossary**

Annualised Return	A rate or return that is recalculated to show it as an annual rate.
Annualised Volatility	A statistical measure to show the degree of movement of asset prices over a set period.
Balance Sheet	A document that provides information on the financial position of a company at a particular point in time. It includes what it owns (assets), what it owes (liabilities) and the value of business to equity holders (shareholders' equity).
Benchmark	A point of reference against which investment performances can be measured.
Bond	A security issued by a corporation or public body that pays the holder a fixed (or variable) rate of interest and matures at a set date.
Closed-end Fund	A fund that issues a fixed number of shares that are not redeemable.
Discount to NAV	When a closed-end fund trades at a lower price than the value of its net assets.
Equity Security	A security that represents ownership in an entity and that may pay income as dividends.
Net Asset Value (NAV)	The value per share at any one moment in time for a fund.
Private Equity	Investments made in companies that are not publicly traded.
Sharpe Ratio	A ratio that measures the performance of an investment through risk-adjusted returns.
Valuation	The process of determining how much a company or an asset is currently worth at a particular point in time.



Important information

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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.

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