

BAY CAPITAL ICAV

(An open-ended Irish collective asset-management vehicle with registered number C553333 and established as an umbrella fund with segregated liability between sub-funds pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended))

SUPPLEMENT

Bay Capital India First - UCITS

Dated 13 August 2025

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1. **Important information**

This Supplement contains information relating to Bay Capital India First-UCITS (the “Sub-Fund”), a sub-fund of Bay Capital ICAV (the “Fund”), an open-ended umbrella fund with segregated liability between Funds authorised by the Central Bank as a UCITS pursuant to the UCITS Regulations.

This Supplement forms part of and should be read in conjunction with the general description of the Fund contained in the Prospectus dated 13 August 2025 together with the most recent annual report and audited financial statements and if published after such report, a copy of the latest half-yearly report and unaudited financial statements. If you are in any doubt about the contents of this Supplement, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser. An investment in the Sub-Fund should not constitute a substantial proportion of your investment portfolio and may not be appropriate for all investors.

To the extent there is any inconsistency between this Supplement and the Prospectus, this Supplement shall prevail. Capitalised terms used and not defined herein shall have the meaning attributed to them in the Prospectus.

1.1 **Profile of a Typical Investor**

Investment in the Sub-Fund may be appropriate for investors who are seeking long term capital appreciation. The Sub-Fund is designed for investors who are willing to accept a medium to high level of volatility, including the possibility of a decline in the value of their investment and/or who are not seeking to invest to meet short term goals.

1.2 **Responsibility**

The Directors, whose names appear in the section of the Prospectus headed “Directory” accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus and this Supplement is in accordance with the facts and does not omit anything likely to affect the import of the information.

1.3 **SFDR and the Framework Regulation**

The Sub-Fund does not have as its objective sustainable investment and does not promote environmental or social characteristics for the purposes of the SFDR. The Sub-Fund is therefore not subject to the additional disclosure requirements for financial products referred to in Article 8 or Article 9 SFDR. For the same reason, the Sub-Fund is not subject to the requirements of the EU Regulation on the establishment of a framework to facilitate sustainable investment (the “Framework Regulation”). The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

2. **Investment Objective**

The Sub-Fund aims to generate superior and sustainable risk adjusted returns for its investors in the medium to long term (typically, over a 3 to 5 year period) by mostly investing in Indian companies.

3. **Investment Policy**

The Sub-Fund aims to deliver this objective by investing in a reasonably concentrated portfolio with 25-60 stocks of mostly Indian companies with an ownership mindset (not a trading one) i.e.

focusing on longer term investment gains. While the Sub-Fund may invest in companies of any size, the investments will be in companies which are expected to grow their revenues and profit at an above-average rate over a long period of time while generating a high return on capital. Typically, they are dominant market leaders (top 3) with an impeccable governance track record.

The Sub-Fund is an actively managed fund and invests primarily in shares of Indian companies. While the majority of the Sub-Fund's assets are expected to be invested in listed equities, ADRs / GDRs or equity-related instruments of Indian companies, the Sub-Fund may also invest no more than 15% in shares of foreign companies that the Investment Manager considers will provide good risk-adjusted returns. The aggregated exposure to the Indian equities may be 100% of the Sub-Fund's total Net Asset Value. The Sub-Fund's investment is not limited to a particular range of market capitalizations or to any industry or sectoral allocation.

While it is not the current intention of the Sub-Fund to invest in other collective investment schemes, should this change in the future, the Sub-Fund will invest no more than 10% of the Net Asset Value in other collective investment schemes. Such collective investment schemes will be UCITS and AIFs in accordance with requirements of the Central Bank.

4. **Investment Strategy**

4.1 Investment Universe

The Investment Manager will invest in businesses within the Sub-Fund's investable universe of companies which benefit from the transformation of India towards becoming the 3rd largest economy in the world.

The investable universe consists of companies which can compound revenues and earnings at an above-average rate for a long period of time while generating high return on capital. These companies, typically, are dominant market leaders (top 3) in their categories, segments, sectors, or markets. Owing to its diversity across geography, race, culture, language, religion, and food habits, it is extremely difficult to attain market leadership in India. Moreover, it is difficult to dislodge a market leader from its position owing to benefits that dominant market share accrues to a business – brand recall, scale benefits (economies of size and scale), distribution advantages, profit pool which helps in investing for future growth (technology, innovation) and strong balance sheet (to withstand temporary dislocations or crises).

While India is likely to see growth in almost every industry, the Investment Manager believes that four major long-term themes – consumption, financialization, digitization and outsourcing – are likely to see disproportionate growth, and each of these emphasizes either the inherent power of the Indian economy or the change in consumer behaviour.

Brief Description of the Themes

- **Consumption** – India's per-capita income is rising and with it the trend toward higher-quality goods and services. This creates opportunities for established businesses and premium products. Moreover, the Investment Manager is observing significant consolidation of industry profit pools towards dominant, well-run franchises.
- **Digitization** – The prevalence of smartphones and inexpensive data has permanently changed how Indians connect with one another and with businesses. Moreover, India has created an incredible digital infrastructure for payments and governance, which has also powered the usage of smartphones. India has seen many digital-first businesses coming up which have been built to solve uniquely Indian problems. The Investment Manager believes that these digital-first businesses are likely to become a large part of the economy as well as the profit pool as they scale.

- **Financialization** – India is experiencing a significant movement away from physical savings towards financial savings as more digitally literate young people enter the workforce. While the penetration of financial products like retail loans, mortgages, credit cards, and insurance in India is far behind the world averages, it is starting to increase as per-capita incomes, and education levels rise. The Investment Manager believes that dominant franchises in the financial products space are likely to see a massive increase in their topline growth and will see significant operating leverage with scale.
- **Outsourcing** – With a young population and a knowledge-based economy, India has the right building blocks as an economy to develop itself into a hub for manufacturing and outsourcing. Within this, the Investment Manager is looking at franchises where they derive their competitive advantage from wage cost arbitrage and their technological know-how and economies of scale.

The Investment Manager considers that the above themes are an important indicator of investee companies which have the potential for long term growth and high return on capital and to become leading franchises.

4.2 Core Investment Tenets

The investment strategy of the Sub-Fund is underpinned by five investment tenets –

- 1) **Business** – The Investment Manager focusses on the fundamental factors to ascertain the quality of the franchise, the longevity of the growth, overall margin potential and the competitiveness of the franchise.
- 2) **Management** – The Investment Manager does detailed diligence from primary as well as secondary sources to understand the management’s execution capability, organisation’s culture, management’s track record of capital allocation and the overall governance quality of the company.
- 3) **Valuation** – Ultimately, investment success is dependent on the price that the Fund pays for the opportunity. The Investment Manager does detailed work on ascertaining the long term value of the franchise and compares the same with the current market prices to arrive at the expected internal rate of return of the opportunity in the 3-5 year horizon. The Investment Manager team has developed a proprietary research platform (*Centralis*) to track the internal rate of return expectation of all the stocks in the investment universe.
- 4) **Long Time Frame** – The Investment Manager believes that most market participants have an extremely short-term lens for investing and this offers a tremendous arbitrage to long-term investors – while most market participants are focussed on 1 to 5 quarters, the Investment Manager’s discussion on any franchise starts once that business offers a compelling opportunity for the next 3 to 5 years.
- 5) **Portfolio Management** – The Investment Manager does not take any top-down macro calls (i.e. analysis based on economic/geopolitical forecasts), sectoral calls (i.e. based on particular sectors of the economy) and does not focus on the Benchmark at all for any decision making in the portfolio. However, the Investment Manager believes that agile portfolio management is key to remaining resilient in all scenarios – this is a strategic approach that applies agile principles to the management of a collection of projects and programs which enables the Investment Manager to respond more quickly to any change in market conditions. For example, in agile portfolio management the Investment Manager does not follow a rigid strategy based on certain requirements such as sector or geography but has the ability to respond to the market quickly by choosing stocks based on any variety of reasons as long as they present the right opportunity. The portfolio is seen as a collection of individual companies and the portfolio management decisions are taken on an individual basis depending on stock weights, current valuations, earnings/internal rate of return prospects, liquidity constraints, diversification needs and other opportunities available in the market as a result of continuous monitoring by the Investment Manager.

4.3 Responsible Investing/Sustainability Risks Policy

The Investment Manager's strong belief is that the only way to deliver sustainable value to investors is through optimizing long term returns against risks which informs the Investment Manager's approach to Responsible Investing. The Investment Manager is a firm believer that ESG factors can materially impact upon a company's performance (either positively or negatively) and are therefore financially material.

The Indian securities regulator, SEBI, has approved the Business Responsibility and Sustainability Report (BRSR), a regulatory framework for ESG disclosures and assurances and has mandated listed companies to comply to these requirements in a staggered manner. The Sub-Fund supports this initiative and its quest to capture parameters unique to the Indian context (and emerging markets in general). The Investment Manager also engages with portfolio companies to report their sustainability disclosures using the Integrated Reporting framework in compliance with the International Integrated Reporting Council (IIRC) guidelines.

Sustainability Risks Policy

The Manager, in conjunction with the Investment Manager, has determined that sustainability risks are considered as part of a larger risk management framework for the Sub-Fund and further details are set out in Appendix 2. The Investment Manager takes into consideration the nuances within different industries and evaluates the materiality of the environment, social, and governance issues that may affect the investment opportunity set in those industries. For example, environmental issues will carry more relevance for a logistics company that operates a fleet of vehicles, than it will for an IT services company. Similarly, social issues especially related to worker treatment will be evaluated more intensely for an industry like construction, which hires an unorganised, blue-collar workforce, than for banking and finance businesses, that predominantly hire a white-collar workforce. Further analysis on these issues will be conducted for any specific company identified for investment.

No consideration of adverse impacts

The SFDR requires an in-scope firm to make a "comply or explain" decision whether to consider the principal adverse impacts ("PAIs") of its investment decisions on Sustainability Factors (defined in SFDR as environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters), in accordance with a specific regime outlined in SFDR (the "PAI regime").

The Investment Manager has not currently implemented due diligence policies in respect of the principal adverse impacts of its investment decisions on Sustainability Factors (the "PAI Policy") as is required pursuant to the SFDR. This is due to the fact that in the context of the investment strategy of the Sub-Fund, it is not practicable to conduct detailed due diligence on the principal adverse impacts of the Investment Manager's investment decisions on Sustainability Factors.

Accordingly, in respect of the Sub-Fund, the Investment Manager does not consider the principal adverse impacts of its investment decisions on Sustainability Factors and accordingly the Sub-Fund does not comply with the PAI regime. The decision not to comply with the PAI Regime will be kept under review and in the event of any change the Supplement will be updated in accordance with the applicable regulatory requirements.

Notwithstanding the Investment Manager's decision not to comply with the PAI regime in respect of the Sub-Fund, the Investment Manager has implemented positive ESG-related initiatives and policies, as part of its overall commitment to ESG matters, as summarised below. For the avoidance of doubt, none of the following information is intended to suggest that the Investment Manager considers PAI in the context of this Fund.

5. **The Benchmark**

The Benchmark is the iShares MSCI India ETF (INDA US Equity) Index which measures the performance of the large and mid-cap segments of the Indian equity market. It is a total return index which assumes that all cash distributions are reinvested in addition to tracking price movements. The Benchmark is consistent with the investment policy of the Sub-Fund which is to invest primarily in stocks of Indian companies (listed in Indian or US stock exchanges).

As the Sub-Fund is actively managed (meaning that the Investment Manager has discretion over the composition of the Sub-Fund's portfolio to its stated investment objectives and policy, as stated above), securities selection is not constrained by the Benchmark. The strategy pursued by the Sub-Fund does not impose limits on the extent to which portfolio holdings and/or weights must adhere to or may diverge from the composition of the Benchmark.

6. **Securities Financing/Efficient Portfolio Management/FDI**

The Sub-Fund shall not enter into any securities lending, repurchase / reverse repurchase arrangements or any total return swaps. In the event this changes, the Supplement will be updated in accordance with the requirements of the Central Bank, the UCITS Rules and SFTR.

7. **Share Classes**

The Sub-Fund has established hedged and unhedged Share Classes, as detailed in the Share Class table in Section 12.

Hedged Share Classes

A currency Share Class will be hedged against exchange rate fluctuation risks between the denominated currency of the currency Share Class and the Base Currency. Forward foreign exchange contracts will be used for this purpose (further described below).

Such hedging will not exceed 105% of the Net Asset Value of the Sub-Fund or Net Asset Value attributable to the relevant Share Class. The hedged positions will be kept under review to ensure that over-hedged positions do not exceed the permitted level of 105%. This review will also incorporate a procedure to ensure that positions materially in excess of 100% will not be carried forward from month to month. Hedged Share Classes are indicated in the table below at section 12, otherwise they are unhedged. Similarly, under-hedged positions will be monitored to ensure that such positions do not fall short of 95% of the Net Asset Value of the relevant Share Class. While the Sub-Fund intends to maintain hedging positions within the specified limits, over-hedged or under-hedged positions may arise due to factors beyond the control of the Fund. Under-hedged positions will be kept under review to ensure that they are not carried forward from month to month.

All hedging transactions will be clearly attributable to a specific Share Class and therefore currency exposures of different Share Classes shall not be combined or offset against the currency exposures of other Share Classes. Furthermore, any forward foreign exchange contracts entered into by the Investment Manager on behalf of the relevant Share Class could expose the relevant Share Class to credit risk from the creditworthiness of the counterparty. Although these transactions are intended to minimise the risk of loss due to a decline in the value of hedged currency or interest rate, they also limit any potential gain that might be realised should the value of the hedged currency or interest rate increase. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is entered into and the date when it matures. The successful execution of a hedging strategy which matches exactly the profile of the investments of any Sub-Fund cannot

be assured. It may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the assets from the anticipated decline in value of the portfolio positions as a result of such fluctuations. Sub-Fund performance may be strongly influenced by movements in foreign exchange rates because currency positions held by the Sub-Fund may not always correspond with the securities positions held.

The Sub-Fund may incur transaction costs in respect of entering into any currency hedging. Any costs and gains or losses of the currency strategy will accrue solely to the relevant Share Class.

Forward Foreign Exchange Contracts

A forward contract locks in the price at which an asset may be purchased or sold on a future date. In currency forward contracts, the contract holders are obligated to buy or sell the currency at a specified price, at a specified quantity and on a specified future date. Forward contracts may be cash settled between the parties. The Sub-Fund shall only use forward foreign exchange contracts for the purposes of the hedged Share Classes. Any forward contract entered into by the Sub-Fund will be in accordance with the limits prescribed by the law.

Unhedged Share Classes

In the case of an unhedged currency Share Class, a currency conversion will take place on subscriptions, redemptions, switches and distributions at prevailing exchange rates. The value of the Shares expressed in the currency Share Class will be subject to exchange rate risk in relation to the Base Currency.

Please refer to the section entitled “Risk Factors” in the Prospectus for further information.

8. Investment Restrictions of the Sub-Fund

The Fund and the Sub-Fund adhere to the restrictions and requirements set out under the UCITS Regulations, as may be amended from time to time. The investment restrictions are set out in Appendix 1 to the Prospectus.

In accordance with the Central Bank Regulations, the Sub-Fund will apply for a derogation from some of the investment restrictions for six months from the date of approval of the Sub-Fund pursuant to the UCITS Regulations but will observe the principle of risk-spreading.

9. Borrowing and Leverage

The Sub-Fund will not utilise financial derivative instruments (“FDIs”) as part of its investment strategy or for investment purposes and the Sub-Fund will not employ leverage through the use of FDIs. A Risk Management Process will be submitted to the Central Bank in accordance with the Central Bank and the UCITS Rules prior to the Sub-Fund engaging in FDI transactions.

The Sub-Fund may from time to time borrow up to 10% of the Net Asset Value of the Sub-Fund on a temporary basis if the Directors, in their absolute discretion, consider that such borrowing is necessary or desirable for liquidity purposes. The Sub-Fund may from time to time secure such borrowings by pledging, mortgaging or charging the net assets of the Sub-Fund in accordance with the provisions of the UCITS Regulations.

The Sub-Fund may not borrow for investment purposes.

The Manager will use the commitment approach for the purpose of calculating global exposure in respect of the Sub-Fund. The Sub-Fund will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits

that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

10. **Investment Manager**

The Manager has appointed Bay Capital Partners UK Limited, the ("Investment Manager"), as Investment Manager of the Sub-Fund.

The Investment Manager was incorporated on 28 December 2006 as a "collective investment scheme manager". It has a registered office at 2nd Floor Regis House, 45 King William Street, London, United Kingdom.

The principal activity of the Investment Manager is to provide Investment management and investment advisory services for professional investors looking for long-term investment based primarily in India.

Pursuant to the Investment Management and Distribution Agreement dated 13 August 2025 between the Manager, the Investment Manager and the Sub-Fund, the Investment Manager has been appointed to manage the investment and re-investment of the Sub-Fund's assets in accordance with the investment objectives and policies described in this Supplement.

The Investment Management and Distribution Agreement may be terminated by the Investment Manager by giving not less than 90 days' notice to the other parties. The Investment Management and Distribution Agreement may be also terminated at any time immediately by any party if (i) a party commits a material breach of the Investment Management and Distribution Agreement and fails to remedy a breach of the Investment Management and Distribution Agreement within thirty days of being requested to do so; (ii) a party is wound up, has a receiver or examiner appointed over its assets or some event having equivalent effect occurs; or (iii) a party ceases to be permitted under applicable law perform its duties and obligations under any applicable laws.

11. **Distribution Policy**

Accumulating and distributing Share Classes are available as further indicated in the table below in Section 12.

Accumulating Share Classes

The income, earnings and gains will be accumulated and reinvested on behalf of the Shareholders. It is not currently intended to distribute dividends to Shareholders in the accumulating Share Classes.

Distributing Share Classes

It is the intention of the Directors to declare dividends where justified out of the profits of the Sub-Fund. Dividends will be paid from the net income which is calculated as the Sub-Fund's income less expenses (excluding any realised and unrealised gains and losses). Dividends will be declared and paid annually within the first two (2) weeks of February, subject to the discretion of the Directors.

Dividends will be paid to Shareholders by electronic transfer to the relevant Shareholder's bank account of record on the initial Application Form in the currency of denomination of the distributing Share Classes at the expense of the payee.

The net income available for distribution in respect of the distributing Share Classes will be determined in accordance with the relevant law and generally accepted accounting principles consistently applied.

Dividends which have not been claimed within six (6) years of their payment date shall no longer be payable to the beneficiaries and shall revert to the Sub-Fund.

The Directors shall maintain an equalisation account with a view to ensuring that the level of dividends payable by the Sub-Fund is not affected by the issue and redemption of the Shares during the relevant accounting period. The issue price of the Shares may in such circumstances be deemed to include an equalisation payment calculated by reference to that accrued income of the Sub-Fund and the first distribution in respect of a Share may include a payment of capital usually equal to the amount of such equalisation payment. The redemption price of each Share will also include an equalisation payment in respect of the accrued income of the Sub-Fund up to the date of redemption. The Directors may adjust the manner in which equalisation is applied from time to time. Shareholders will be notified in advance of such adjustment being made.

This section should be read in conjunction with the “Distribution Policy” section of the Prospectus.

12. **Key information for buying and selling**

The following Share Classes are available:

Share Class Name	Initial Issue Price	Minimum Initial Investment Amount*	Minimum Additional Investment Amount*	Minimum Holding Amount*	Investment Management Fee	Performance Fee Rate	Hedged	Accumulating / Distributing
F	USD 10	USD 1,000	USD 1,000	USD 1,000	0.70% p.a.	-	-	Accumulating
F	USD 10	USD 1,000	USD 1,000	USD 1,000	0.70% p.a.	-	-	Distributing
F	GBP 10	GBP 1,000	GBP 1,000	GBP 1,000	0.70% p.a.	-	-	Accumulating
F	GBP 10	GBP 1,000	GBP 1,000	GBP 1,000	0.70% p.a.	-	-	Distributing
F	EUR 10	EUR 1,000	EUR 1,000	EUR 1,000	0.70% p.a.	-	-	Accumulating
F	EUR 10	EUR 1,000	EUR 1,000	EUR 1,000	0.70% p.a.	-	-	Distributing
FP	USD 10	USD 1,000	USD 1,000	USD 1,000	0.40% p.a.	10% of any outperformance of benchmark	-	Accumulating
FP	USD 10	USD 1,000	USD 1,000	USD 1,000	0.40% p.a.	10% of any outperformance		Distributing
FP	GBP 10	GBP 1,000	GBP 1,000	GBP 1,000	0.40% p.a.	10% of any outperformance	-	Accumulating
FP	GBP 10	GBP 1,000	GBP 1,000	GBP 1,000	0.40% p.a.	10% of any outperformance	-	Distributing
FP	EUR 10	EUR 1,000	EUR 1,000	EUR 1,000	0.40% p.a.	10% of any outperformance		Accumulating
FP	EUR 10	EUR 1,000	EUR 1,000	EUR 1,000	0.40% p.a.	10% of any outperformance of benchmark		Distributing
I	USD 10	USD 1,000	USD 1,000	USD 1,000	1.0% p.a.	-	-	Accumulating
I	USD 10	USD 1,000	USD 1,000	USD 1,000	1.0% p.a.	-	-	Distributing
I	GBP 10	GBP 1,000	GBP 1,000	GBP 1,000	1.0% p.a.	-	-	Accumulating
I	GBP 10	GBP 1,000	GBP 1,000	GBP 1,000	1.0% p.a.	-	-	Distributing
I	EUR 10	EUR 1,000	EUR 1,000	EUR 1,000	1.0% p.a.	-	-	Accumulating
I	EUR 10	EUR 1,000	EUR 1,000	EUR 1,000	1.0% p.a.	-	-	Distributing
A	USD 10	USD 1,000	USD 1,000	USD 1,000	1.0% p.a.	-	Yes	Accumulating
A	USD 10	USD 1,000	USD 1,000	USD 1,000	1.0% p.a.	-	Yes	Distributing
A	GBP 10	GBP 1,000	GBP 1,000	GBP 1,000	1.0% p.a.	-	Yes	Accumulating
A	GBP 10	GBP 1,000	GBP 1,000	GBP 1,000	1.0% p.a.	-	Yes	Distributing
A	EUR 10	EUR 1,000	EUR 1,000	EUR 1,000	1.0% p.a.	-	Yes	Accumulating
A	EUR 10	EUR 1,000	EUR 1,000	EUR 1,000	1.0% p.a.	-	Yes	Distributing

*These amounts may be waived to a lower amount as Directors may determine at their discretion. Further, the Directors may in their absolute discretion differentiate between Share Classes, without limitation, as to currency denomination of a particular Share Class, dividend policy, hedging strategies, if any, applied to the designated currency of a particular Share Class, or fees and expenses.

Base Currency means USD.

Business Day means every day on which banks in India and Ireland are open for normal business or such other day(s) as the Directors may determine and notify to Shareholders in advance.

Dealing Day means any Business Day.

Dealing Deadline means 12p.m. (Irish time) on the Business Day immediately preceding the relevant Dealing Day.

Initial Offer Period means from 9.00 a.m. (Irish time) on 14 August 2025 to 5.30 p.m. (Irish time) on 14 February 2026 or such shorter or longer period as the Directors may determine on behalf of the Sub-Fund and notify to the Administrator. Where the Initial Offer Period is shortened or extended, the Sub-Fund will notify the Central Bank in accordance with the Central Bank's requirements.

Initial Issue Price means, during the Initial Offer Period, the Initial Issue Price and following the close of the Initial Offer Period, the prevailing Net Asset Value per Share.

Minimum Fund Size means USD \$10,000,000 or foreign currency equivalent thereof or such other amount as may be determined by the Directors at their discretion. When the size of the Sub-Fund is below such amount or foreign currency equivalent, the Directors of the Sub-Fund may compulsorily redeem all of the Shares of the Sub-Fund in accordance with the "Compulsory Redemptions" section of the Prospectus.

Settlement Period means (i) for subscriptions, the second Business Day following the relevant Dealing Day or such other time determined by the Directors in accordance with the requirements of the Central Bank; (ii) for redemptions, the third Business Day following the relevant Dealing Day or such other time determined by the Directors in accordance with the requirements of the Central Bank.

Valuation Point means the close of business (Irish time) on the Dealing Day or such other time as the Directors may determine from time to time and notify in advance to Shareholders.

13. **Application for Shares**

Applications for Shares may be made to the Administrator (or to the Distributor for onward transmission to the Administrator) (whose details are set out in the Application Form). Applications received by the Administrator prior to the Dealing Deadline for any Dealing Day, will be processed on that Dealing Day. Applications received after the Dealing Deadline will not be accepted. However, applications may be accepted in exceptional circumstances after the Dealing Deadline provided that (a) this is approved by the Manager acting on behalf of the Fund in consultation with the Directors; and (b) the exceptional circumstances are fully documented by the Manager acting on behalf of the Fund in consultation with the Directors.

Any applications received after the Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day, unless the Manager acting on behalf of the Fund in its absolute discretion, in exceptional circumstances, otherwise determines to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day, provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day and such exceptional circumstances have been fully documented by the Manager acting on behalf of the Fund.

Initial applications should be made by providing a signed Application Form which may be provided electronically to the Administrator (or to the Distributor for onward transmission to the Administrator) and such other papers (such as documentation relating to money laundering prevention checks) as may be required by the Directors or their delegate.

Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator (or to the Distributor for onward transmission to the Administrator), electronically without a requirement to submit original documentation and such applications should contain such information as may be specified from time to time by the Directors, the Manager, or their delegate. Amendments to a Shareholder's registration details and payment instructions will only be effected on receipt of original written instructions or electronic instructions from the relevant Shareholder.

The Subscription Price at which a Share is subscribed for on a Subscription Day is the Net Asset Value per Share on the relevant Subscription Day, as adjusted in accordance with any applicable fees as described under the 'Fees and Expenses' section and in accordance with the provisions of the Prospectus.

14. **Redemption of Shares**

Requests for the redemption of Shares should be made to the Administrator (whose details are set out in the Application Form) by written communication and include such information as may be specified from time to time by the Directors or their delegate. Requests for redemptions received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. The redemption price at which a Share is redeemed on a Redemption Day is the Net Asset Value per Share on the relevant Redemption Day, as adjusted in accordance with any applicable fees as described under the 'Fees and Expenses' section of the Prospectus and Supplement and in accordance with the provisions of this section.

Any requests for redemptions received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day, unless the Manager acting on behalf of the Fund in its absolute discretion, in exceptional circumstances, otherwise determines to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day, provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day and such exceptional circumstances have been fully documented by the Manager acting on behalf of the Sub-Fund and in consultation with the Directors.

Redemption requests will only be accepted for processing where cleared funds and completed documents including documentation relating to money laundering prevention checks are in place from original subscriptions. No redemption payment will be made from a Shareholder's holding until the original Application Form and all documentation required by or on behalf of the Fund (including any documents in connection with anti-money laundering procedures) has been received from the Shareholder and the anti-money laundering procedures have been completed. Redemption requests can be processed on receipt of electronic instructions only where payment is made to the account of record.

15. **Fees and Expenses**

The following fees and expenses will be incurred by the Fund on behalf of the Sub-Fund. Additional fees and operating expenses of the Fund (including the establishment costs of the Fund and this Sub-Fund) are set out in detail in the section of the Prospectus entitled “Fees and Expenses”.

15.1 **Manager Fees**

The Manager shall be paid a fee out of the assets of the Sub-Fund, calculated and accrued on each Dealing Day and payable monthly in arrears, of an amount up to 0.045% of the Net Asset Value of the Sub-Fund (plus VAT, if any), subject to an annual minimum fee of €70,000 (plus VAT, if any) per Sub-Fund and a €5,000 set-up fee. The Manager is also entitled to receive out of the assets of the Sub-Fund reasonable and properly vouched expenses.

15.2 **Investment Management and Distribution Fee**

The Investment Manager will be entitled to a maximum investment management fee in respect of each Share Class, calculated and accruing on each Dealing Day and payable monthly in arrears. The relevant fee per each Share Class is set out in the table in Section 11 above. The Investment Manager is also entitled to receive out of the assets of the Sub-Fund reasonable and properly vouched expenses.

The Investment Manager may direct transactions to brokers in return for research services pursuant to a soft commission arrangement. No direct payment may be made for such services, but the Investment Manager may undertake to place business with such broker provided such broker has agreed to provide best execution with respect to such services and provided such services are of a type which assists in the provision of investment services to the Sub-Fund. Any soft commission arrangements will be disclosed in the periodic reports of the Fund.

The Distributor will be paid a portion of the investment management fee. The Distributor is also entitled to receive out of the assets of the Sub-Fund reasonable and properly vouched expenses.

15.3 **Depositary Fees**

The Depositary will be entitled to a maximum fee of 0.025% per annum of the Sub-Fund’s Net Asset Value payable out of the assets of the Sub-Fund subject to a minimum annual fee of €36,000, an initial set-up fee of €2,500 and an annual cash flow monitoring fee of €5,000. The fees will be accrued on each Dealing Day and payable monthly in arrears.

15.4 **Administrator Fees**

The Administrator will be entitled to a maximum fee of 0.06% per annum of the Sub-Fund’s Net Asset Value payable out of the assets of the Sub-Fund subject to a minimum annual fee of €50,000 and an initial onboarding fee of €10,000. The fees will be accrued on each Dealing Day and payable monthly in arrears.

15.5 **Performance Fee**

The Investment Manager will be entitled to receive a performance related fee (the “Performance Fee”) in respect of certain Share Classes. The Performance Fee will be calculated on each Dealing Day in respect to each separate Share Class. The calculation of the Performance Fee will be verified by the Depositary and is not open to the possibility of manipulation.

Calculation Period

The Performance Fee will be calculated on the out performance of the Benchmark (iShares MSCI India ETF (INDA US Equity) Index). Once available, details of the past performance against the Benchmark will be published and displayed on the Fund's website www.baycapitalucits.com, in the key investor information document and in the year-end financial statements of the ICAV. This information will also be available from the Distributor or the Investment Manager upon request, once available.

The Performance Fee will be calculated in respect of each calendar year ending 31 December (the "Calculation Period"). The first Calculation Period will be the period commencing on the Business Day immediately following the close of the Initial Offer Period and ending on 31 December provided the particular Share Class has 12 months of performance since launch. The crystallisation date for the performance fee payable in all Share Classes will be 31 December in each year provided that at least 12 months of performance has been calculated for that Share Class.

Performance Fee Calculation

The Performance Fee will be calculated by reference to a Benchmark Adjusted Net Asset Value of a Share Class. The Initial Issue Price is taken as the starting price for the Performance Fee calculation.

The Benchmark Adjusted Net Asset Value of a Share Class is the Net Asset Value of the Share Class as at the end of the last Calculation Period after which a Performance Fee was paid (or if no Performance Fee has yet been paid, the Initial Issue Price multiplied by the number of Class Shares issued at the end of the Initial Offer Period) increased on each Dealing Day by the value of any subscriptions or reduced pro rata by the value of any redemptions on each Dealing Day and adjusted by the Benchmark over the course of the Calculation Period (the "Benchmark Adjusted Net Asset Value"). The "Benchmark" means the compounded daily return on iShares MSCI India ETF Index, Ticker: INDA USD Equity.

If at the end of the relevant Calculation Period, the Net Asset Value per Share exceeds the Benchmark Adjusted Net Asset Value per Share, the Performance Fee payable shall be equal in aggregate to the Performance Fee Rate multiplied by the amount by which the Net Asset Value per Share exceeds the Benchmark Adjusted Net Asset Value per Share of the relevant Share Class as at the end of the relevant Calculation Period. For the avoidance of doubt, this means the Performance Fee will be payable on the relative return over the Benchmark rather than any absolute return over the Net Asset Value per Share.

Any underperformance of the Benchmark in a given Calculation Period will be clawed back before any Performance Fee becomes payable in the following Calculation Period. This means that investors will not be charged a Performance Fee until any previous shortfalls relative to the Benchmark Adjusted Net Asset Value are recovered. However, it also means that the Performance Fee will be payable on the relative return of the relevant Share Class against the Benchmark and that a Performance Fee will be payable if the Net Asset Value of the relevant Share Class has outperformed the Benchmark during the Calculation Period but the Share Class has fallen in value. A worked example of how the Performance Fees will be calculated during a Calculation Period including in this situation, is set out in Appendix 2.

Any excess performance will be calculated net of all costs and could be calculated without deducting the Performance Fee itself, provided that in doing so it is in the investor's best interest and would result in less fees being charged to the investor.

In the case of Shares redeemed during a Calculation Period, the accrued Performance Fee in respect of those Shares will be payable in the month that redemption occurs.

Timing

The Performance Fee will be calculated and accrue on each Dealing Day and be paid annually in arrears on or about the third week in January.

Warnings

The Performance Fee is based on net realised and net unrealised gains and losses at the end of the Calculation Period and as a result, the Performance Fee may be paid on unrealised gains that may never subsequently be realised. A Performance Fee will be payable if the Net Asset Value of the relevant Share Class has outperformed the Benchmark during the Calculation Period but the Share Class has fallen in value.

The Benchmark is intended solely for the purposes of calculating the Performance Fee. There can be no assurance that the performance of the Sub-Fund shall exceed the Benchmark and the Investment Manager shall not be liable solely for the failure of the Sub-Fund to generate returns in excess of the Benchmark.

15.6 **Establishment Costs**

All fees and expenses relating to the establishment of the ICAV and the Sub-Fund, including the fees of the Sub-Fund's professional advisers, any establishment fees charged by the Depositary or Administrator are estimated to amount to approximately €200,000 (excluding VAT) and will be paid by the Sub-Fund out of the proceeds of the initial issue of Shares. The Directors have resolved to amortise these costs and expenses on a straight line basis over a period of 5 years from the date on which the Fund commences business. The Directors may, in their absolute discretion, shorten the period over which these costs and expenses are amortised.

16. **Risk Factors**

The general risk factors set out under the Appendix 2 of the Prospectus "Risk Factors" apply to the Sub-Fund. The risks described in the Prospectus should not be considered to be an exhaustive list of the risks which potential investors should consider before investing in the Sub-Fund. Potential investors should be aware that an investment in the Sub-Fund may be exposed to other risks from time to time. **The value of investments and income can go down as well as up (this may partly be the result of exchange rate fluctuations in investments which may have an exposure to foreign currencies) and investors may not get back the full amount invested. An investment in the Sub-Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

As well as the general risk factors outlined above and in the Prospectus, investing in India carries some additional and particular risks:

Political, Economic and Other Factors

Investment in India involves risks relating to political, economic and social factors. The ICAV, the redemption price and liquidity of the shares in the Fund and the underlying investments of the Fund may be adversely affected by inflation, interest rates, taxation, commodity prices, social instability and other political, economic and social factors, as well as changes in the laws or regulations of India. Furthermore, the economy of India may differ favourably or unfavourably from the economies of other more developed countries, including in the rate of growth of gross domestic product, the rate of inflation, capital reinvestment, availability of resources, self-sufficiency and the balance of payments position.

In addition, because the government of India exercises substantial influence over many aspects of the Indian economy, government action in the future could have a significant impact on the Indian economy which, in turn, could affect issuers of the securities in which the Fund invests, market

conditions and the prices and yields of securities in the Fund's portfolios. Since the mid-1980s, India has adopted more liberal and free market economic policies. Despite such reforms, a large portion of industry and the financial system remains under state control. There can be no assurance that the government of India will continue to pursue liberal and free market economic policies or, if it does, that such policies will be successful. A return to more socialist policies could adversely affect the Fund's portfolios.

India's political, social and economic stability is commensurate with its developing status. Certain developments beyond the control of the Fund and the Investment Manager, such as the possibility of political changes, government regulation, social instability, diplomatic disputes, or other similar developments, could adversely affect the Fund's ability to invest.

India is a country comprised of diverse religious and ethnic groups. Whilst it has a well-developed and stable political system, religious and ethnic issues have a significant bearing on the political scene in India and consequent policy making. Therefore, the Indian political and social scene is subject to inherent risks. Further, border disputes including the ongoing tension in relations between India and Pakistan, particularly over the region of Kashmir, and cross-border terrorism could weaken regional stability in South Asia.

Although inflation in India has been relatively modest over the last 10 years, there is no assurance that inflation rates will not increase. High inflation may lead to the imposition of corrective measures designed to moderate growth, regulate prices of staples and other commodities and otherwise contain inflation, and such measures could inhibit economic activity in India and thereby possibly adversely affect the Fund's and the Fund's investments. Inflation may also directly affect the investee companies by increasing operating costs and/or reducing the returns to the Fund from such investments; for instance, if rents are fixed at a particular price. In addition, high inflation may adversely affect local taxation of the companies.

Indian Securities Markets

The entities in which the Fund invest are likely to be listed or eventually have their securities listed on an Indian or overseas stock exchange as a means of creating liquidity for that investment. In connection with such a listing, the Fund may be restricted from disposing of the securities in that company for a lock up period of up to 12 months due to contractual obligations and/or regulatory constraints. Furthermore, there can be no assurance that the listing of such securities will provide a viable exit mechanism, as these securities may suffer from low trading volumes and low market capitalisation at the time of the intended disposal.

Enforcement Risk

Laws regarding the rights of creditors and the obligations of purchasers or lessees of property are generally significantly less developed in India than in other more developed countries and may be less protective of rights and interests. It may be difficult to obtain swift and equitable enforcement of such laws or to obtain enforcement of a judgment in a local court.

Minority or Non-controlling Interests in Indian entities

The Fund may, in certain cases, take minority interests in entities. In these cases, the Fund may have a limited ability to protect its investment in such entities. However, as a condition of investment in a portfolio entity, the Investment Manager expects that appropriate shareholder rights, supervisory rights and reserved matters will generally be negotiated to protect the interests of the Fund. There can be no assurance, however, that such minority shareholder rights will be available or will provide the requisite protection.

While the Fund intends to invest in portfolio entities with proven operating management in place, there can be no assurance that such management will continue to operate successfully. The Investment Manager will monitor the performance of each portfolio investment, but the Fund will rely upon management to operate the portfolio entities on a day-to-day basis.

Exchange Rate Fluctuations

The Indian Rupee is not fully convertible and most capital account transactions require approval from the RBI. Although the Fund may be able to hedge currency risks for a relatively short period (up to two years), this will be expensive given the very high hedging costs prevailing in the country and thus render hedging the currency uneconomical.

Accounting, Disclosure and Regulatory Standards

Accounting, financial, and other reporting standards in India may not be equivalent to those in other countries. Differences may arise in areas such as valuation of properties and other assets, accounting for depreciation, deferred taxation, inventory obsolescence, contingent liabilities, and foreign exchange transactions. Accordingly, in some circumstances less information or only information presented differently may be available to investors.

Breaches of Investment Documents and Counter-party Risks

The Fund will seek to obtain typical contractual protections and covenants appropriate for the portfolio investment in question. There can be no assurance that such protection or covenants will achieve their desired effect. Material misrepresentations or omissions or breaches of contracts on the part of a portfolio company or other obligors (including any credit support providers) may occur which will affect the portfolio investments and their value. Furthermore, the Fund will rely upon the accuracy and completeness of representations made by an investee company and other obligors to the extent reasonable, but cannot guarantee such accuracy or completeness.

Loss of FPI license

It is intended that the Fund will obtain and hold all necessary licenses from local regulatory authorities for investing in India. The Fund will be classed in India as a Category I foreign portfolio investor ("FPI"). Any equities and equity-related securities of issuers based in India will be registered and held on behalf of the Fund by one of the sub-custodians listed in Appendix 4 of the Prospectus.

The Investment Manager is required to register the Fund as a FPI with the Securities and Exchange Board of India ("SEBI") under the SEBI (Foreign Portfolio Investors) Regulations 2019 to be eligible to invest in the Indian capital market. SEBI approved Designated Depository Participants ("DDPs") register FPIs on behalf of the SEBI subject to compliance with "Know Your Client" or "KYC" requirements. If the FPI registration is lost or cancelled for any reason, the Fund will not be able to invest in Indian listed securities.

Under the FPI regime, the Fund may not purchase more than 10% of the total paid-up equity capital on a fully diluted basis of an Indian company. This investment control is subject to change from time to time and is monitored by the DDPs and the Investment Manager.

17. Sub-Funds of the Fund

The Fund has no other sub-funds established as at the date of this Supplement. Additional sub-funds of the Fund may be added in the future with the prior approval of the Central Bank.

APPENDIX 1 – PERFORMANCE FEE (“PF”) WORKED EXAMPLE

PF Period	*NAV Per Unit	Benchmark Adjusted Net Asset Value (“HRANAV”) Per Share	PF Payable	NAV Per Share (after PF)	HRANAV Per Share at Start of New PF Period
PF Period # 1 Start	10.00	10.00	0	10.00	10.00
PF Period # 1 End	11.00	10.50	Yes The NAV exceeds the HRANAV therefore a PF of $10\% * HRANAV * (NAV/HRANAV-1) = .05$ is payable	10.95	10.95
PF Period # 2 Start	10.95	10.95	0	10.95	10.95
PF Period # 2 End	11.00	12.00	No The NAV does not exceed the HRANAV therefore no PF is payable	11.00	Because there was no PF payable at the end of PF period # 2 the HRANAV continues at 12 at the start of PF period # 3
PF Period # 3 Start	11.00	12.00	0	11.00	12.00
PF Period # 3 End	9.50	8.50	Yes The NAV has fallen in value since the beginning of the PF period, however, the NAV still exceeds the HRANAV at the end of the PF period and therefore a PF of $10\% * HRANAV * (NAV/HRANAV-1) = .10$ is payable	9.40	9.40

APPENDIX 2 - SUSTAINABLE FINANCE DISCLOSURE REGULATION

Impact of sustainability risks on returns

The Investment Manager has assessed the impact of sustainability risks on the returns of the Sub-Fund and sets out in this section of the document a qualitative summary of those risks.

Assessment of sustainability risks is complex and requires subjective judgements, which may be based on data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that the Investment Manager's strategy will correctly assess the impact of sustainability risks on the Sub-Fund's investments.

To the extent that a sustainability risk occurs, or occurs in a manner that is not anticipated by the Investment Manager, there may be a sudden, material negative impact on the value of an investment, and hence the returns of the Sub-Fund. Such negative impact may result in an entire loss of value of the relevant investment(s) and may have an equivalent negative impact on the returns of the Sub-Fund.

The impacts following the occurrence of a sustainability risk may be numerous and vary depending on the specific risk and asset class. In general, where a sustainability risk occurs in respect of an asset, there will be a negative impact on, and may be an entire loss of, its value. For a corporate, this may be because of damage to its reputation with a consequential fall in demand for its products or services, loss of key personnel, exclusion from potential business opportunities, increased costs of doing business and/or increased cost of capital. A corporate may also suffer the impact of fines and other regulatory sanctions. The time and resources of the corporate's management team may be diverted from furthering its business and be absorbed seeking to deal with the sustainability risk, including changes to business practices and dealing with investigations and litigation. Sustainability risks may also give rise to loss of assets and/or physical loss including damage to real estate and infrastructure. The utility and value of assets held by businesses to which the Sub-Fund is exposed may also be adversely impacted by a sustainability risk.

Sustainability risks are relevant as both standalone risks, and also as cross-cutting risks which manifest through many other risk types which are relevant to the assets of the Sub-Fund. For example, the occurrence of a sustainability risk can give rise to financial and business risk, including though a negative impact on the credit worthiness of other businesses. The increasing importance given to sustainability considerations by both businesses and consumers means that the occurrence of a sustainability risk may result in significant reputational damage to affected businesses. The occurrence of a sustainability risk may also give rise to enforcement risk by governments and regulators, and also litigation risk.

A sustainability risk may arise and impact a specific investment or may have a broader impact on an economic sector, geographical regions and/or jurisdictions and political regions.

Many economic sectors, regions and/or jurisdictions, including India, are currently and/or in the future may be, subject to a general transition to a greener, lower carbon and less polluting economic model. Drivers of this transition include governmental and/or regulatory intervention, evolving consumer preferences and/or the influence of non-governmental organisations and special interest groups.

Laws, regulations and industry norms play a significant role in controlling the impact on Sustainability Factors of many industries, particularly in respect of environmental and social factors. Any changes in such measures, such as increasingly stringent environmental or health and safety laws, can have a material impact on the operations, costs and profitability of businesses. Further, businesses which are in compliance with current measures may suffer claims, penalties and other liabilities in respect of alleged prior failings. Any of the foregoing may result in a material loss in value of an investment linked to such businesses.

Further, certain industries face considerable scrutiny from regulatory authorities, non-governmental organisations and special interest groups in respect of their impact on Sustainability Factors, such as compliance with minimum wage or living wage requirements and working conditions for personnel in the

supply chain. The influence of such authorities, organizations and groups along with the public attention they may bring can cause affected industries to make material changes to their business practices which can increase costs and result in a material negative impact on the profitability of businesses. Such external influence can also materially impact the consumer demand for a business's products and services which may result in a material loss in value of an investment linked to such businesses.

Sectors, regions, businesses and technologies which are carbon-intensive, higher polluting or otherwise cause a material adverse impact on Sustainability Factors may suffer from a significant fall in demand and/or obsolescence, resulting in stranded assets the value of which is significantly reduced or entirely lost ahead of their anticipated useful life. Attempts by sectors, regions, businesses and technologies to adapt so as to reduce their impact on Sustainability Factors may not be successful, may result in significant costs being incurred, and future ongoing profitability may be materially reduced.

In the event that a sustainability risk arises this may cause investors, including the Investment Manager in respect of the Sub-Fund, to determine that a particular investment is no longer suitable and to divest of it (or not make an investment in it), further exacerbating the downward pressure on the value of the investment.

In addition to the above, a description of certain other sustainability risks identified by the Investment Manager as being potentially relevant to the investments made by the Sub-Fund and hence its returns, is set out below. This description is not exhaustive.

(i) Environmental

Environmental risks are associated with environmental events or conditions and their effect on the value of assets to which the Sub-Fund may have exposure. Such risks may arise in respect of a company itself, its affiliates or in its supply chain and/or apply to a particular economic sector, geographical or political region. Environmental risks include:

- **Climate change:** risks arising from climate change, including the occurrence of extreme weather events (for example major droughts, floods, or storms) may adversely impact the operations, revenue and expenses of certain industries and may result in physical loss or damage of, or otherwise loss in value of, assets, and in particular physical assets such as real estate and infrastructure. Global warming may result in extreme heat waves, increased localised or widespread flooding and rising sea levels, compromising infrastructure, agriculture and ecosystems, increasing operational risk and the cost of insurance, which may affect the utility and value of investments. To the extent that companies in which the Sub-Fund invests have historically contributed to climate change, they could face enforcement action by regulators and/or be subject to fines or other sanctions. The likelihood and extent of any such action might be unknown at the time of investment.
- **Natural resources:** the relationship between businesses and natural resources is becoming increasingly important due to the scarcity of fresh water, loss of biodiversity and risks arising from land use. Water is critical to agricultural, industrial, domestic, energy generation, recreational and environmental activities. Reduced supply or allocation of water and/or increased cost in supply and controls over its use may adversely impact the operations, revenue and expenses of certain industries in which the Sub-Fund may invest. Biodiversity underpins ecosystem services such as food, clean water, genetic resources, flood protection, nutrient cycling and climate regulation. A continued loss of biodiversity may adversely affect the operations, revenue and expenses of certain industries in which the Sub-Fund may invest, such as land users and marine industries, agriculture, the extractives industries (cement and aggregates, oil, gas and mining) forestry and tourism. Land use and land use management practices have a major impact on natural resources. In particular, industries dependant on commodities linked to deforestation such as soy, palm oil, cattle and timber may suffer an adverse impact on their operations, revenue and expenses as a result of measures taken to manage land use.
- **Pollution and solid waste management:** pollution adversely affects the environment and may for example, result in negative impact on human health, damage to ecosystems and biodiversity and reduced crop harvests. Measures introduced by governments or regulators to transition to a low-carbon economy and more broadly reduce pollution and control and reduce solid waste may adversely impact the operations, revenue

and expenses of industries in which the Sub-Fund may invest. Technologies linked to environmentally harmful materials or practices may become obsolete, resulting in a decrease in value of investments.

(ii) Social

Social risks may be internal or external to a business and are associated with employees, local communities and customers of companies in which the Sub-Fund may invest or otherwise have exposure. Social risks also relate to the vulnerability of a business to, and its ability to take advantage of, broader social “megatrends”. Such risks may arise in respect of the company itself, its affiliates or in its supply chain. Social risks include:

- **Internal social factors:** human capital considerations such as human rights violations, lack of access to clean water, food and sanitary living environment, human trafficking, modern slavery / forced labour, inadequate health and safety, discrimination, breaches of employee rights and use of child labour which may, in particular, give rise to negative consumer sentiment, fines and other regulatory sanctions and/or investigations and litigation. The profitability of a business reliant on adverse treatment of human capital may appear materially higher than if appropriate practices were followed.
- **External social factors:** for example, restrictions on or abuse of the rights of consumers including consumer personal data, management of product safety, quality and liability, relationships with and infringements of rights of local communities and indigenous populations may, in particular, give rise to negative consumer sentiment, fines and other regulatory sanctions and/or investigations and litigation.
- **Social “megatrends”:** trends such as globalisation, automation and the use of artificial intelligence in manufacturing and service sectors, inequality and wealth creation, digital disruption and social media, changes to work, leisure time and education, changes to family structures and individual rights and responsibilities of family members, changing demographics including though health and longevity and urbanisation are all examples of social trends that can have a material impact on businesses, sectors, geographical regions and the vulnerability and inability to adapt or take advantage of such trends may result in a material negative impact on the Sub-Fund’s investments.

(iii) Governance

- Governance risks are associated with the quality, effectiveness and process for the oversight of day to day management of companies in which the Sub-Fund may invest or otherwise have exposure. Such risks may arise in respect of the company itself, its affiliates or in its supply chain. These risks include:
- **Lack of diversity at board or governing body level:** the absence of a diverse and relevant skillset within a board or governing body may result in less well-informed decisions being made without appropriate debate and an increased risk of “group think”. As the ‘first line of defence’ for minority shareholders, the Investment Manager considers a competent, independent, and strong board as the most important tenet of corporate governance.
- **Inadequate external or internal audit:** ineffective or otherwise inadequate internal and external audit functions (or quality of the engagement with an external auditor) may increase the likelihood that fraud and other issues within a company are not detected and/or that material information used as part of a company’s valuation and/or the Investment Manager’s investment decision making is inaccurate.
- **Infringement or curtailment of rights of (minority) shareholders:** the extent to which rights of shareholders, and in particular minority shareholders (which may include the Sub-Fund) are appropriately respected within an company’s formal decision making process may have an impact on the extent to which the company is managed in the best interest of its shareholders as a whole (rather than, for example, a small number of dominant shareholders) and therefore the value of an investment in it.
- **Bribery and corruption:** the effectiveness of a company’s controls to detect and prevent bribery and corruption (for example susceptibility to corruption, high unaccounted cash generation, avenues for siphoning

funds) both within the company and its governing body and also its suppliers, contractors and sub-contractors may have an impact on the extent to which a company is operated in furtherance of its business objectives.

- **Lack of scrutiny of executive pay:** failure to align levels of executive pay with performance and long-term corporate strategy in order to protect and create value may result in executives failing to act in the long-term interest of the company.
- **Inadequate safeguards on personal data / IT security (of employees and/or customers):** the effectiveness of measures taken to protect personal data of employees and customers and, more broadly, IT and cyber security (business continuity planning, data security and privacy) will affect a company's susceptibility to inadvertent data breaches and its resilience to "hacking".
- **The absence of appropriate and effective safeguards for employment related risks:** discriminatory employment practices, workplace harassment, discrimination and bullying, respect for rights of collective bargaining or trade unions, the health and safety of the workforce, protection for whistleblowers and non-compliance with minimum wage or (where appropriate) living wage requirements may ultimately reduce the talent pool available to the company, the wellbeing, productivity and overall quality of its workforce and may lead to increased employment and other business costs.