Website disclosure – Sinclair Capital Fund RAIF

Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR")

The AIFM/Investment Manager maintains a Sustainability Risk Policy that considers the risk that an environmental, social and governance event or condition could cause an actual or potential material negative impact on the value of an investment, and hence the Net Asset Value of a Sub-Fund (the "sustainability risk"). The AIFM, in consultation with the Investment Manager, considers sustainability risks relevant to the returns of each Sub-Fund, but sustainability risk would not by itself prevent the Investment Manager from making any investment. Instead, sustainability risk forms part of the overall investment and risk management processes, and is one of many risks which may, depending on the specific investment opportunity, be relevant to a determination of risk. However, the AIFM and the Investment Manager do not apply any absolute risk limits or risk appetite thresholds to each Sub-Fund which relate exclusively to sustainability risk as a separate category of risk. The AIFM and the Investment Manager consider the existing procedures to be appropriate, proportional and tailored to the investment strategies of the Sub-Funds.

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and requires subjective judgements, which may be based on data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate.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 AIFM or the Investment Manager will correctly assess the impact of sustainability risks on each Sub-Fund's investments. To the extent that a sustainability risk occurs, or occurs in a manner that is not anticipated by the AIFM or the Investment Manager, there may be a sudden, material negative impact on the value of an investment, including an entire loss of value of the relevant investment(s) and may also have a negative impact on the Net Asset Value of the relevant Sub-Fund. 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.

Examples of sustainability risks identified by the AIFM, in consultation with the Investment Manager, as being potentially relevant to the investments made by a Sub-Fund and which may potentially impact its Net Asset Value are, without limitation:

(i) environmental risks such as climate change, depletion of natural resources, or pollution and waste that arise in respect of a company itself, its affiliates or in its supply chain and/or that apply to a particular economic sector, geographical or political region;

(ii) social risks, whether internal to a business (e.g. human rights violations, human trafficking, modern slavery / forced labour, inadequate health and safety, discrimination, breaches of employee rights and use of child labour, external (e.g. 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) or "megatrends" (e.g. globalisation, automation and the use of artificial intelligence in manufacturing and service sectors, inequality and wealth creation, digital disruption and social media, changing demographics including though health and longevity and urbanisation)); and

(iii) governance risks such as lack of board or governing diversity, inadequate external or internal audit, infringement of the rights of minority shareholders, bribery and corruption, lack of scrutiny of executive pay, or poor personal data safeguards.

Any of these sustainability risks, if realized, could cause a company to suffer 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 company may also suffer the impact of fines and other regulatory sanctions, or a loss of assets and/or physical loss including damage to real estate and infrastructure. Likewise, many economic sectors, regions and/or jurisdictions, can suffer material impacts from changes in law, regulation or industry norms, such as increasingly stringent environmental or health and safety laws, or a general transition to a greener, lower carbon and less polluting economic model. 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 pollution, 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. 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 may materially reduce future ongoing profitability. A sustainability risk may also cause investors, including the Investment Manager in respect of a 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.

No consideration of sustainability adverse impacts

The AIFM and the Investment Manager do not systematically consider the principal adverse impacts of a Sub-Fund's investments on sustainability factors due to the lack of available and reliable data. The AIFM and the Investment Manager continue to closely monitor regulatory developments with respect to the SFDR and other applicable ESG-focused laws and regulations, including the implementation of related and secondary legislation and regulatory guidance. The AIFM and the Investment Manager intend to work towards considering adverse impacts of investment decisions on sustainability factors, as prescribed by the SFDR, in due course.