
If you are in any doubt about the contents of this addendum (the "Addendum"), you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser.

The Directors of the Company, whose names appear under the heading "Management of the ICAV" in the prospectus of the Company dated 22 February 2021 (the "Prospectus") are the persons responsible for the information contained in the Prospectus (including any Supplement or Addendum thereto) and this Addendum and accept responsibility accordingly. 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 this document is in accordance with the facts and does not omit anything likely to affect the import of the information.

IGUANA INVESTMENTS ICAV

(An Irish collective asset-management vehicle constituted as an umbrella fund with segregated liability between Funds with registration number C425102 and authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended.)

ADDENDUM

This Addendum forms part of and should be read in the context of and in conjunction with the Prospectus.

The date of this Addendum No.1 is 10 March 2021.

AMENDMENTS TO THE PROSPECTUS

With effect from the date of this Addendum, the following amendments shall be made to the Prospectus:

- (a) The following new definitions shall be inserted into the **Definitions** section of the Prospectus:

"SFDR", 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, as amended and as may be further amended.

"Sustainability Factors", as defined in the SFDR, means environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

"Sustainability Risk", as defined in the SFDR, an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of an Investment."

- (b) The **Important Information** section of the Prospectus shall be updated by the insertion of the following new section entitled "SFDR":

"The purpose of this Section is to provide investors with certain disclosures required under the SFDR. Further information can be found at <https://kbassociates.ie/sustainable-finance-disclosures-regulation-details/> and www.iguanainvestments.com.

Principal Adverse Impacts

Taking due account of the nature and scale of its activities and the wide and varied range of financial products it makes available, the Manager, in accordance with Article 4(1)(b) of the SFDR, has elected for the time being not to consider (in the manner specifically contemplated by Article 4(1)(a) of the SFDR) the principal adverse impacts of investment decisions of the ICAV on Sustainability Factors. The Manager considers this a pragmatic approach to compliance with its obligations under the SFDR.

Additionally, the Investment Manager has elected for the time being not to consider the principal adverse impacts of investment decisions of the Fund on Sustainability Factors, primarily as the regulatory technical standards supplementing SFDR which will set out the content, methodology and information required in the principal adverse sustainability impact statement remain in draft form and have been delayed.

The Manager and Investment Manager will keep the decision to not consider the principal adverse impacts on Sustainability Factors under review and will formally re-evaluate this decision on a periodic basis.

Sustainability Risks

As a financial market participant, the SFDR obliges the Manager to integrate into its investment decisions consideration of Sustainability Risks. As the Manager has delegated investment management of the Fund to the Investment Manager, the Manager will in practice need to rely upon the investment decision-making processes of the Investment Manager to ensure that the Sustainability Risks posed to the Fund are integrated effectively.

The Manager through the Investment Manager integrates consideration of Sustainability Risks into the due diligence it undertakes as part of its investment decision processes. However, the Investment Manager does not screen out potential investments based solely on Sustainability Risks. Further, the Investment Manager does not invest in or divest specific assets based solely

on Sustainability Risks as the Investment Manager's key objective in managing the Fund is to seek to achieve superior investment performance.

The likely impact of Sustainability Risks on the returns of the Fund has been assessed by the Investment Manager and has been determined to be low. However, Sustainability Risk is an evolving, multi-faceted and multi-point-impact risk category and there can therefore be no guarantee that this will remain the case throughout the lifetime of the Fund."

With effect from the date of this Addendum, the following amendments shall be made to the Supplement of Iguana Investments Long/Short Equity Fund:

- (c) The **Investment Policy** section of the Supplement shall be updated by the insertion of the following new section entitled "SFDR":

"SFDR

The Fund pursues an investment strategy that is designed in part to promote certain Environmental and Social characteristics in the manner contemplated by Article 8 of the SFDR. It does not however have, as its objective, sustainable investment as such term is understood in accordance with SFDR.

The Environmental and Social characteristics the Fund seeks to promote are met by the integration of Environmental, Social and Governance ("ESG") factors into: (a) the investment analysis and (b) the investment decision making process for the Fund. In more detail:

- (a) Investment analysis. The Fund seeks to analyse and consider each potential company investment on its own merits and ESG issues are considered as part of fundamental analysis when evaluating an investment by reference to the UN Principles of Responsible Investment (PRI). The PRI approach in brief is to consider the impact of ESG factors relevant to an individual business or industry at all key assumption points when conducting detailed financial modelling and valuation on a potential investment. For example, a business that would generally be considered to have both a limited life and a heavy environmental impact, such as fossil fuel production, would see these negative environmental impacts reflected in the financial model and valuation by incorporating some or all of the following points:
- a very low or significantly negative value assigned to the terminal growth component of the Discounted Cashflow valuation;
 - a significantly higher than normal discount rate to reflect the poor quality and significant wider social and economic costs of corporate cashflows;
 - and a lower future profit margin reflecting an expected future requirement for high regulatory emissions and remediation/clean-up costs likely to be required by the business.

In this example, these adjustments would cumulatively have a very material impact on the financial analysis, ensuring that the ESG drawbacks of the business model are adequately considered in parallel with the financial metrics and ensuring that ESG considerations are reflected in the investment analysis.

- (b) Decision-making process for the Fund. The Fund has an internal decision-making process to discuss and decide whether or not to invest in a security. The rationale behind the investment decision centres around a number of 'questions' that we ask and answer that collectively should be answered in the affirmative if the inclusion of the security in the portfolio is to be justified. These questions cover a number of issues such as valuation, competitive position, strategy and management, and also include evaluating and considering whether or not and how the company's strategy and actions are improving or reducing its current sustainability position. Whilst the Investment Manager considers various ESG factors as part of its decision-making process, key areas of focus for the Fund are presently felt to be: overall level of corporate CO2 additions (especially Scope

3 emissions), overall sustainability; and governance considerations. Additional information on the ESG criteria the Investment Manager applies can be found in its Environment Social and Governance (ESG) Policy.

The Investment Manager commits to be an active owner and to incorporate ESG issues into its ownership policies and practices and will seek appropriate disclosure on ESG issues by the entities in which it invests. It aims to register with the UN PRI Secretariat by the end of 2021 and to report on its activities and progress towards implementing the Principles of Responsible Investment (the "Principles") by the end of 2022. It will actively work to promote acceptance and implementation of the Principles within the investment industry."

The Prospectus and Supplement shall otherwise remain unamended and in full force and effect.