SUPPLEMENT II TO THE PROSPECTUS OF STRATEGY ONE FUND

This document constitutes supplement II ("**Supplement II**") to the prospectus of Strategy One Fund dated December 2018 (as supplemented by the supplement thereto dated 1 October 2019) (the "**Prospectus**").

This Supplement II contains updated information relating to the Prospectus and shall be implemented in the updated version of the Prospectus. Until this information is implemented, this Supplement II should be read in conjunction with the Prospectus. Defined terms have the same meaning as ascribed to them in the Prospectus. Any Prospectus information not supplemented herein or in previous supplements should be regarded as unchanged.

1. The section entitled "2. Definitions" in the Prospectus is amended by the addition of the following definitions:

"Article 8 classification": means funds as defined under Article 8(1) of Regulation (EU) 2019/2088

"Article 9 classification": means funds as defined under Article 9(1), (2) and (3) of Regulation (EU) 2019/2088

"SASB": means the Sustainability Accounting Standards Board, an independent non-profit organization that sets standards to guide the disclosure of financially material sustainability information by companies to their investors.

"SFDR": means 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 from time to time.

2. The section entitled "3. The investment opportunity" is amended by addition of the following:

3.3 Sustainability

The Fund does not promote environmental and/or social characteristics, nor does it have sustainable investment as its objective. In the context of the Sustainable Finance Disclosure Regulation (SFDR), the Fund is therefore not classified as either an Article 8 or Article 9 fund. However, in compliance with the SFDR, the Fund Manager does consider the effects of material sustainability risks on the value of the Fund's investments.

Sustainability risks are categorized into Environmental, Social or Governance (ESG) issues and may pose a material risk to the value of an investment.

Some examples of environmental risks are:

- Increased taxation on environmentally damaging activities
- Damage to production facilities due to global warming induced flooding
- Fines for mishandling of hazardous waste

Some examples of social sustainability risks are:

- Negative publicity and loss of contracts after poor handling of digital client data or security.
- Closer scrutiny of labor rights in the supply chain
- Dishonest marketing practices or product safety

Some examples of governance risks are:

- increasing scrutiny on livable wages and earnings dispersion within a company
- ethics bribery and corruption
- anti-competitive behaviour

<u>Policy on the integration of sustainability risks into investment decisions</u>

Listed equity and Corporate bonds

Not all sustainability risks may have a material negative effect on the value of an investment. Also, the relevancy of each sustainability risk may differ based on the economic sector the investment is active in. Therefore, the Fund applies the Materiality Map of the Sustainability Accounting Standards Board (SASB) to determine which sustainability risks are material to consider in the investment decision-making process.

SASB has identified more than 25 sustainability risks divided across the E, S, and G topics. Dependent on the economic sector the investment is active in, these risks are marked either 1) not material, 2) not likely material, 3) likely material. For a risk to be classified as likely material, SASB has found that for over 50% of the companies active in that sector, the risk has a significant impact on the financial position or operational activities.

In each investment decision the relevant material sustainability risks are investigated using the following focus points:

- Policy and practices: Investigating if relevant sustainability risks to the investment are well covered by policies informs if all risks are sufficiently in scope and in control. If so, then the value of the investment may be less sensitive to the relevant sustainability risk than its peers.

- Incidents: If the sector or the investment experienced significant incidents regarding the relevant sustainability risk recently, this may inform the understanding of both the frequency of it occurring, as well as the investments readiness and quality of response. Better preparedness and a strong response mean the value of the investment may be less sensitive to the relevant sustainability risk than its peers.

Sovereign debt investments

Like corporates, sustainability risks for sovereigns are also a product of environmental, social and governance related challenges to its financial and operational qualities and expected future cashflows. Understanding an issuer’s response to these sustainability risks may provide insight into its future liabilities and expenses.

Based on publicly available data and research by the World Bank, a country’s performance on various sustainability risks can be collected, benchmarked and labeled as either environmental, social or governance risks. From this, we will define the key issues to serve as indicators of each of the three ESG risks.

When considering an investment into sovereign debt, the due diligence will include an analysis of the key ESG issues, using the available data from the World Bank as a base taking into account both the internal and external effects of these issues on the value of the debt product under consideration. Next, recent events and news as well as any relevant sanctions or research by other institutions will be considered to understand the sovereign's response to these risks.

Fund of funds

Direct investments into equities and debt allow for a direct analysis of the relevant sustainability risks of the intended investments. This direct link is not available for funds that invest into other funds, causing the preferred sub-sector approach to sustainability risk analysis to not be applicable. Here the analysis will have to focus on the investee fund's manager, policies, and reporting on sustainability risk management.

A clear understanding of the sustainability risks in the investee funds is required. Therefore, the due diligence process for any new fund investment will contain at a minimum the following topics:

- Analysis of the fund's sustainability risk related disclosures and reporting
- Questioning the fund manager on the sustainability risks the fund is exposed to
- Questioning the fund manager on the concentration of sustainability risks in the portfolio and its development over time
- Analysis of the fund manager's policy for identifying, measuring and monitoring sustainability risks
- Questioning if the fund manager takes principle adverse Impacts into account as prescribed by the SFDR

Irrespective of whether the investee fund is subject to the SFDR, the exposure to sustainability risk is investigated. When the due diligence indicates that sustainability risks are not a sufficient part of an investee fund's investment policies, no investment in the fund will be made. Taking principal adverse impacts into account is not mandatory for investment under the SFDR for funds classified as article 6, it will however form input for SFDR related risk reporting on the Fund level as well as on the level of the Fund Manager.

This analysis will provide a low, average or high estimated sensitivity of the value of the investment to material sustainability risks and informs the investment decision-making process. A high sensitivity does not automatically disqualify an investment from inclusion in the Fund, but this information will be included in the decision-making process.

Considering the broad scope of the Fund's investment policy, it is not possible to pre-define which sustainability risks will likely be material. Additionally, the estimated sensitivity of the Fund to specific sustainability risks will depend on the sector diversification. The broader the diversification across economic sectors, the lower the sensitivity.

<u>Monitoring of sustainability risks in the Fund</u>

On a monthly basis, the sustainability risk analyses for the investments of the Fund are reviewed and updated if and when applicable. Here, material changes to the individual sustainability risks of an investment are not expected to occur often. The most likely reason for this would be a significant change in the economic activity of the investment causing it to be moved to a different economic sector. A spin-out or acquisition of significant size relative to the market value of the investment could prompt this change. An update of the estimated sensitivity of the value of the investment to a sustainability risk might be triggered by a change in the policies and practices of the investment, or by a significant incident regarding the sustainability risk.

The material sustainability risk exposures and the concentration of high sensitivity investments in the Fund are part of the risk management policy of the Fund Manager and are monitored on a monthly basis.

3. The section entitled "4.2 Risks Relating to the Fund and Investee Funds" is amended by addition of the following:

Sustainability risk

Sustainability risk in the context of the Fund is defined as the risk of a decrease in the value of an investment of the Fund due to an environmental, social or governance (ESG) related event. Such an event may have a direct negative impact on the financials of the investment or a longer-term impact on the operations or earnings capacity of the investment. The Fund has identified multiple sustainability risks which may impact the value of its investments to a varying degree.

4. The section entitled "10.2.4 Other Information" is amended by addition of the following at the end of the section:

The sustainability risk policy of the Fund Manager and the principal adverse impacts declaration of the Fund Manager are available on the Website of the Fund Manager.

Amsterdam, March 2021

Privium Fund Management B.V.	Stichting Bewaarder Strategy One Fund
Fund Manager	Legal Owner