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Sustainability Risk Disclosure Statement for the Kingsway Fund
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Introduction

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") requires certain disclosures on the integration of sustainability risks[1] and the consideration of adverse sustainability impacts in investment decision-making processes of sustainability factors by alternative investment fund managers ("AIFM") and/or funds based in the EU.

Kroll **(**Luxembourg) Management Company S.à r.l.("Kroll"), authorised by and subject to the supervision of the Commission de Surveillance du Secteur Financier, are the EU AIFM of the Kingsway Fund (the "Fund"), a Luxembourg domiciled alternative investment fund which has two sub-funds (the "Sub-Funds"): Frontier Consumer Franchises and Frontier Consumer Franchises EXTOBA ("EXTOBA"). Kroll has delegated portfolio management of the Fund, including compliance with relevant SFDR obligations, to Kingsway Capital Partners Limited (the "Investment Manager"), authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Integration of sustainability risks in the investment decision-making process.

Sustainability risk forms an important part of the due diligence process implemented by the Investment Manager though the Sub-Funds do not promote environmental and/or social characteristics as part of their investment strategy. Specifically, EXTOBA, is restricted from investing in companies involved in the production and manufacturing of tobacco and tobacco products.

When assessing the sustainability risk associated with permitted underlying investments, the Investment Manager assesses the risk that the value of such underlying investments could be materially negatively impacted by an environmental, social or governance ("ESG") event or condition ("ESG Event").

Using largely qualitative considerations due to the limitations on the availability of ESG data in frontier markets in both listed and unlisted securities, sustainability risk is identified, monitored and managed by the Investment Manager in the following manner:

(i) Prior to acquiring investments for a Sub-Fund, the Investment Manager utilises its own fundamental research based on data provided by the company's management and third party consultants in order to analyse the relevant investment's vulnerability to sustainability risk as an integral part of its investment decision making process. Particular care is taken by the Investment Manager in assessing the quality of governance arrangements in place. Consideration of the existence and/or adequacy of broader ESG arrangements and practices of an issuer to manage its sustainability risk also forms an integral part of the analysis. The information gathered from the fundamental analysis conducted will be taken into account by the Investment Manager in deciding whether to acquire a holding in an issuer. As more extensive ESG specific data becomes available in the frontier markets, the Investment Manager will be able to extend the range of data it takes into account.

[1] Sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

(ii) During the life of the investment, sustainability risk is monitored through review of ESG related data published by the issuer (where available), engagement with management including on-site visits and feedback from experienced "operating partners" and, where relevant, Investment Manager staff where they hold directorships or fulfil equivalent roles cognisant of developed market ESG standards. The views of consultants and other advisers, including governmental agencies, may also be sought.

(iii) Potential improvements in ESG behaviour will be discussed with and sought from management, including through the exercise of shareholder voting rights, as described in the Investment Manager's shareholders engagement policy. Where, in addition to other factors, the sustainability risk associated with a particular investment has increased beyond the ESG risk appetite for the relevant Sub-Fund, the Investment Manager will consider reducing the exposure or, in extreme cases, selling the relevant investment, taking into account the best interests of the Shareholders of the relevant Sub-Fund.

Notwithstanding the tobacco investment restriction adopted by EXTOBA, the Sub-Funds do not claim as their objective sustainable investment, nor do they promote environmental or social characteristics as defined in the SFDR. As a result, the investments underlying this Fund do not take into account the EU criteria for environmentally sustainable economic activities.

Consideration of adverse sustainability impacts

As permitted under Article 4 of the SFDR neither the AIFM nor the Investment Manager considers the adverse impacts of investment decisions on sustainability factors for the Fund on the basis that they are not financial market participants that are required to do so and due to lack of available data and certainty in applicable requirements. In time, and subject to ESG related data becoming available in frontier markets, the Investment Manager may move to considering the adverse impacts of its investment decisions on sustainability factors for the Fund.

Remuneration Policy

The Remuneration Policies of the AIFM and the Investment Manager include the integration of sustainability risks as contained in Article 5 of SFDR into remuneration arrangements. The remuneration policies promotes sound and effective risk management and do not encourage excessive risk-taking.