

The Directors of REQ Capital UCITS ICAV (the “**ICAV**”) whose names appear in the “**Directory**” of the Prospectus accept responsibility for the information contained in 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 this Supplement and the Prospectus is in accordance with the facts and does not omit any material information likely to affect the import of such information.

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## **REQ Global Compounders**

(A sub-fund of REQ Capital UCITS ICAV, an Irish collective asset management vehicle constituted as an umbrella fund with segregated liability between sub-funds and authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended)

### **SUPPLEMENT**

**DATED 19 NOVEMBER 2024**

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This Supplement forms part of, and should be read in the context of and together with, the Prospectus dated 19 November 2024 (the “**Prospectus**”) in relation to the ICAV and contains information relating to REQ Global Compounders which is a sub-fund of the ICAV.

An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

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## THE FUND

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Any words or terms not defined in this Supplement have the same meaning given to them in the Prospectus.

### ***The Fund***

REQ Global Compounders is one of two sub-funds of the ICAV. The other sub-fund of the ICAV is REQ Nordic Compounders.

The Fund's Base Currency is Norwegian Krone (NOK).

For the Fund, every day (except Saturday or Sunday) on which banks in Ireland and Norway are ordinarily open for business is a Business Day.

Each Business Day shall be a Dealing Day in respect of the Fund, unless otherwise determined by the Directors and notified to Shareholders in advance.

The Fund's Net Asset Value is calculated as of 5 pm Irish time on each Valuation Day and each Dealing Day shall be a Valuation Day.

### ***Share Classes***

The Fund currently offers certain Classes, which are divided into certain categories, the details of which are as follows:

<b>Class Name</b>	<b>Institutional</b>	<b>A</b>	<b>Performance</b>	<b>R</b>
<b>Base Currency Classes Available</b>	NOK	NOK	NOK	NOK
<b>Hedged Classes Available</b>	N/A	N/A	N/A	N/A
<b>Unhedged Classes Available</b>	EUR USD SEK GBP CHF	EUR USD SEK GBP CHF	EUR USD SEK GBP CHF	EUR USD SEK GBP CHF
<b>Distribution Classes Available</b>	Yes	Yes	Yes	No
<b>Accumulation Classes Available</b>	Yes	Yes	Yes	Yes

Please note that a list of the available Share Classes in the Fund has been included at Appendix 1 to this Supplement.

### ***Investor Profile***

Investment in the Fund is suitable for investors, such as high net worth individuals and institutional investors, who are seeking to generate a high total return over the long term.

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## INVESTMENT OBJECTIVE AND POLICIES

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### Investment Objective

The Fund's investment objective is to provide investors with a high total return over the long term.

### Investment Policy

The Fund seeks to achieve its investment objective by investing in equity securities, as detailed in the *Asset Classes* section below, listed in Recognised Markets globally.

The Fund is a long-only fund which invests in companies across all market capitalisations and all market sectors. In selecting securities of the Fund, the Investment Manager will seek to invest in a portfolio of approximately 20-40 companies.

The Fund will seek to invest in companies referred to as "Compounders". "Compounders" are companies that are able to reinvest cash flows at high returns over long periods of time. These companies ideally have high recurring revenues and are built on dominant and durable intangible assets, such as brands, patented technology, computer software, databases and trade secrets that produce value at present and are likely to continue to do so. They have pricing power (ie, an increase in the price of the product/service will generally not result in an equal decrease in demand) and have low capital intensity (ie, a low level of fixed or real capital costs when compared to other costs, eg labour). They compound capital by growing organically and through bolt-on acquisitions (i.e. acquisitions which are small in size relative to the company itself and therefore pose little risk to the overall company when it comes to execution and cultural fit).

In identifying companies to invest in, the Investment Manager will focus on companies which, in its opinion, exhibit long-term growth prospects. The Investment Manager seeks to identify such companies by taking into account qualitative criteria as described below. In particular, the Investment Manager will seek to identify companies with excellent management teams and a strong corporate culture.

In assessing the quality of a company's management, the Investment Manager will conduct detailed research on companies and will consider a variety of factors including the capital allocation skills of a company's management, how management organise the company to capture entrepreneurial spirit and management interaction with all stakeholders, including shareholders. While conducting its research on potential investments, the Investment Manager will form an opinion of senior management.

When identifying companies to invest in, the Investment Manager will seek to avoid companies which sell a single product to a single customer in a single market. The Investment Manager will also seek to avoid investing in companies which are solely dependent on one factor which is outside the control of management.

The Fund promotes environmental and social characteristics within the meaning of article 8 of the SFDR, including by taking sustainability into account in investment decisions, both as part of its assessment of a company and through the use of exclusion lists. In this way, the Fund promotes the following environmental and social characteristics:

#### Environmental

- i. Climate change mitigation
- ii. Affordable and clean energy
- iii. Climate change adaptation
- iv. The transition to a circular economy
- v. Pollution prevention
- vi. Lower deforestation

#### Social

- i. Durable corporate cultures
- ii. Decent work and economic growth
- iii. Reduced inequalities

- iv. Good corporate governance
- v. Health and well-being in society
- vi. The promotion of human rights

Further information on the environmental and social characteristics of the Fund can be found below and in the Annex of this Supplement. However, investors should note that, in accordance with the discretion provided within SFDR, the adverse impacts of investment decisions on sustainability factors are not taken into account due to the lack of information and data readily available to adequately assess such principal adverse impacts.

The Investment Manager believes that companies which engage proactively in sustainable development gain a competitive advantage and that, by incorporating sustainability into the investment process, sustainability risks are unlikely to have a material negative impact on the Fund. When assessing a company, the Investment Manager will consider whether the company's management team understands the issues of sustainable development and takes responsibility in a proactive way. The Investment Manager will also look at issues such as diversity, in terms of sex, age, ethnicity, labour contracts, sensible incentive schemes and corporate culture when assessing the company's management. The Investment Manager will aim to discover how companies measure sustainability and how they actively orient themselves in order to improve on sustainable issues. This will be achieved, for example, by looking at the key performance indicators that the company has in place, confirming whether the company adheres to any international environmental agreements, meeting and questioning management and reviewing annual reports. The Fund will, as active owners, put sustainability high on the agenda.

The Investment Manager will apply an exclusion list of controversial stocks and industries, based on the exclusion list applied by Norges Bank Investment Management (NBIM) (available at <https://www.nbim.no/en/the-fund/responsible-investment/exclusion-of-companies/>) which excludes, for example, producers of coal and coal based energy, tobacco and cluster munitions. In addition to the NBIM exclusion list, the Fund will exclude companies that produce pornography, gambling and weapons. Such companies will be identified through the Investment Manager's company-specific analysis described above rather than via published data which labels companies as operating in particular sectors. In this way, where a company, for example, produces weapons but this is only a minor part of its business, it may not be labelled as a weapons producer in published data but the Investment Manager's analysis should identify that fact and enable the exclusion of the company from the Fund.

As part of its due diligence process, the Investment Manager will seek to identify companies which are led by their initial founders. Founder-led companies tend to take social and environmental aspects more seriously than companies that are purely institutionally owned. (For the avoidance of doubt, the Fund may invest in companies that are purely institutionally owned, provided such companies take social and environmental aspects seriously.) By investing in many founder-led companies where the founder has a generational perspective, the Investment Manager believes many sustainability aspects will be taken into account. These founders will invest in sustainable products and services when these investments increase growth prospects, increase return on capital and/or reduce the cost of capital. The Investment Manager believes that investing in a sustainable way and increasing shareholder value are two sides of the same coin.

The Fund is actively managed and is not constrained by a reference benchmark.

There can be no assurance that the Fund will achieve its investment objective. The Net Asset Value per Share in the Fund will fall or rise depending on the movements in the markets. The Fund does not offer a protection of capital; however, the maximum loss an investor may incur is limited to its investment in the Fund.

The Sub-Fund invests at least 51% of its total value in equity participations, within the meaning of Section 2 Para. 8 of the German Investment Tax Act (GITA).

## **Asset Classes**

The Investment Manager will seek to achieve the investment objective of the Fund by investing the assets of the Fund primarily in equities and equity-related securities, in accordance with **Appendix D – Investment Restrictions** of the Prospectus.

The equities in which the Fund may invest will predominantly be common shares but can also include preference shares, private placement securities, depositary receipts (American Depositary Receipts, European Depositary Receipts or Global Depositary Receipts) of companies listed or traded on a Recognised Market and convertible securities (other than contingent convertible securities) which are convertible into, or exchangeable for, common shares.

The Fund will not have any exposure to total return swaps, repurchase agreements or reverse repurchase agreements. The Fund will not engage in securities lending transactions.

### **Cash management**

The Fund may hold cash or invest its cash balances at such times deemed appropriate by the Investment Manager, pending investment of such cash or in order to fund anticipated expenses of the Fund or otherwise in the sole discretion of the Investment Manager, up to a limit of 20% of the Net Asset Value of the Fund. These investments will be high quality, liquid assets, such as investment grade, short-term debt securities which are listed, traded or dealt in on Recognised Markets and/or cash and cash equivalents (including UCITS eligible money market funds, UCITS eligible passive index tracking ETFs and cash deposits and near cash instruments, such as bank certificates of deposit or bank deposits with credit institutions).

### **Borrowing and Leverage**

The global exposure of the Fund is calculated using the commitment approach. As the Fund is using the commitment approach to calculate its global exposure, it must ensure that such global exposure does not exceed its total Net Asset Value. The Fund will be deemed leveraged where it has a global exposure of greater than zero and, in that context, the Fund will not be leveraged in excess of 100% of Net Asset Value.

The ICAV may borrow money in an amount up to 10% of its net assets at any time for the account of the Fund and the ICAV may charge the Fund's assets as security for any such borrowing, provided that such borrowing is only for temporary purposes.

## SUBSCRIPTION AND REDEMPTION OF SHARES

Shares in the Fund will be issued and redeemed on the terms and in accordance with the procedures described in the Prospectus. For detailed information concerning subscriptions and redemptions, please consult the sections under the heading “*Subscription for Shares*” and “*Redemption of Shares*” in the Prospectus. Details specific to the Fund and the Classes are set out below.

The Fund currently offers the Classes of Shares as set out above in the section entitled “The Fund” and the Classes possess the following features relevant to subscriptions and redemptions:

<b>Class Categories</b>				
<b>Class Name</b>	<b>Institutional</b>	<b>A</b>	<b>Performance</b>	<b>R</b>
<b>Minimum Initial Subscription Amount</b>	NOK 100 million*	NOK 100,000*	NOK 100,000*	NOK 100,000*
<b>Minimum Additional Subscription Amount</b>	0	0	0	0
<b>Minimum Holding Amount</b>	NOK 100,000*	NOK 100,000*	NOK 100,000*	NOK 100,000*
<b>Minimum Redemption Amount</b>	0	0	0	0
<b>Maximum Subscription Fee</b>	0	0	0	0
<b>Maximum Redemption Fee</b>	0	0	0	0
<b>Initial Offer Price</b>	100*	100*	100*	100*
<b>Dealing Deadline for Subscriptions</b>	11 am (Irish time) one Business Day immediately preceding the relevant Dealing Day			
<b>Settlement Deadline for Subscriptions</b>	4 pm (Irish time) on the second Business Day following the relevant Dealing Day			
<b>Dealing Deadline for Redemptions</b>	11 am (Irish time) one Business Day immediately preceding the relevant Dealing Day			
<b>Target Settlement of Redemption Payments</b>	Third Business Day following the relevant Dealing Day			

\* or, as applicable, in the relevant currency of the Share Class

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## RISK CONSIDERATIONS

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There can be no assurance that the Fund's investments will be successful or that the investment objective of the Fund will be achieved. Investors should be aware of the risks of the Fund described in the **Risk Considerations** section of the Prospectus and below. An investment in the Fund is suitable only for persons who are in a position to take such risks.

### **Concentration Risk**

As described in the investment policy, the Investment Manager will seek to invest in a portfolio of approximately 20-40 companies. The Investment Manager will also, at all times, comply with the UCITS diversification requirements (as set out in **Appendix D – Investment Restrictions** of the Prospectus). This notwithstanding and as a consequence of the number of positions in the Fund's portfolio, the value of the Sub-Fund's investments may be more volatile than a more diverse portfolio and the Sub-Fund's returns as a whole may be adversely affected by the unfavourable performance of any one company.

### **Performance Fee Calculation**

The performance fee payable to the Investment Manager is calculated on a Class-by-Class basis and it is not, therefore, calculated on a Shareholder-by-Shareholder basis. This may result in inequalities as between Shareholders in relation to the payment of performance fees, with some investors paying disproportionately higher performance fees in certain circumstances. It may also result in certain Shareholders having more of their capital at risk at any time than others.



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## DIVIDEND POLICY

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In respect of Distributing Classes, it is the current intention of the Directors, subject to any de minimis threshold, to declare dividends out of net income attributable to each of the Distributing Classes. Under normal circumstances, the Directors intend that dividends shall be declared on an annual basis in or around 31 December of each year and paid within 10 Business Days. However, Shareholders should note that the Directors may, in their discretion, decide not to make such payment in respect of a Distributing Class.

For the Accumulating Classes the Directors do not currently intend to declare any dividends in respect of the Shares of the Fund and net investment income on the Fund's investments attributable to each Class is expected to be retained by the Fund, which will result in an increase in the Net Asset Value per Share of the relevant Class.

The Directors nevertheless retain the right to declare dividends in respect of such net investment income on the Fund's investments in their sole discretion. In the event that the Directors determine to declare dividends in respect of any Class of Shares on a once-off basis, Shareholders will be notified in advance, including the date by which distributions will be paid and the method by which distributions will be paid. In the event that the Directors determine to change the distribution policy (eg, by declaring distributions on a regular basis), Shareholders will be notified in advance and full details of the new policy will be disclosed in an updated Supplement.

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## FEES AND EXPENSES

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The following fees and expenses apply in respect of the Fund. Please see the **Fees and Expenses** section of the Prospectus for further detail in relation to the fees and expenses of the ICAV and Fund, including in particular the fees of the Management Company, the Depository and the Administrator.

### **Investment Manager Fees**

#### *Investment Management Fee*

The Investment Manager shall be paid, out of the assets of each Class, an annual investment management fee at the relevant percentage of the Net Asset Value set out below (plus VAT, if any):

<b>Share Class</b>	<b>Fee rate</b>
Institutional	0.6%
A	1.0%
Performance	0.5%
R	1.5%

The Investment Manager's fee shall accrue daily, be calculated on each Valuation Day and be payable monthly in arrears.

#### *Performance Fee*

A performance fee may be awarded by the Fund to the Investment Manager as set out below.

The performance fee is calculated on a Class-by-Class basis, by reference to the Prior High Net Asset Value and the Hurdle, both as described below. Examples of how any performance fee will be calculated are included at Appendix 2.

A performance fee will be calculated by reference to the sum of (i) the Prior High Net Asset Value of that Class or the Net Asset Value of that Class at the start of the Performance Evaluation Period, whichever is higher, (the "**Reference NAV**") and (ii) an annual rate of 8% of the Reference NAV accumulated over

the Performance Evaluation Period (together, the “**Hurdle**”). The performance fee will be equal to the percentage set out below of the amount by which the Net Asset Value of the relevant Class (gross of accrued but unpaid performance fee but net of all other fees and expenses<sup>1</sup>) exceeds the Hurdle:

<b>Class</b>	<b>Performance fee rate</b>
<b>Institutional</b>	Nil
<b>A</b>	Nil
<b>Performance</b>	15%
<b>R</b>	Nil

The “Performance Evaluation Period” is one calendar year except (1) in the year in which the relevant Shares were issued, in which case the Performance Evaluation Period will begin on the Dealing Day on which the Shares were issued and (2) in the year in which the relevant Shares were redeemed, in which case the Performance Evaluation Period will end on the Dealing Day on which the Shares were redeemed.

In respect of the initial Performance Evaluation Period for a Class, the “Prior High Net Asset Value” is the Initial Offer Price per Share for Shares of that Class, multiplied by the number of Shares of such Class issued at the start of the initial Performance Evaluation Period, adjusted by the value of any subscriptions and/or redemptions of Shares which have taken place subsequent to such date.

Whether or not a performance fee is paid at the end of a Performance Evaluation Period, a new Performance Evaluation Period begins and, in respect of each such subsequent Performance Evaluation Period, the “Prior High Net Asset Value” of a given Class is either:

- (a) where a performance fee was paid in respect of the prior Performance Evaluation Period, the Net Asset Value per Share of the relevant Class at the beginning of the Performance Evaluation Period multiplied by the number of Shares of such Class in issue at the beginning of such Performance Evaluation Period, adjusted by the value of any subscriptions and/or redemptions of Shares which have taken place subsequent to such date; or
- (b) where no performance fee was paid in respect of the prior Performance Evaluation Period, the Net Asset Value per Share of the relevant Class at the beginning of the Performance Evaluation Period immediately following a Performance Evaluation Period for which a performance fee was paid (or the Prior High Net Asset Value for the initial Performance Evaluation Period if no performance fee has yet been paid) multiplied by the number of Shares of such Class in issue at the beginning of such Performance Evaluation Period, adjusted by the value of any subscriptions and/or redemptions of Shares which have taken place subsequent to such date.

For the avoidance of doubt, for any Performance Evaluation Period where the Net Asset Value of the relevant Class has exceeded its Prior High Net Asset Value but no performance fee has been paid because the Net Asset Value of the relevant Class for the Performance Evaluation Period did not exceed the Hurdle, the Prior High Net Asset Value for the relevant Class will remain unchanged (i.e., the Prior High Net Asset Value for the relevant Class will remain as that from when the last performance fee was actually paid).

Where Shares are redeemed during a Performance Evaluation Period, any performance fee accrued with respect to such Shares will crystallise and be paid to the Investment Manager. For the avoidance of doubt, in calculating the Hurdle for a period other than a year, the annual rate of 8% referred to above is adjusted pro-rata to reflect the length of the relevant period.

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<sup>1</sup> Note that the fee is calculated by reference to the Net Asset Value gross of accrued but unpaid performance fee and net of all other fees and expenses on the basis that to do is in the best interests of the Shareholders.

The performance fee will be calculated and accrued on each Valuation Day and this calculation will be verified by the Depositary and will not be open to the possibility of manipulation. The performance fee shall only become due and owing (if the conditions described above are met) at the end of the Performance Evaluation Period.

**Subscription Fee and Redemption Fee**

No subscription fee, exchange fee or redemption fee will be payable in respect of the Shares.

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## APPENDIX 1 – LIST OF SHARE CLASSES

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### **Institutional Classes**

Institutional NOK (Dist)  
Institutional NOK (Acc)  
Institutional EUR (Dist)  
Institutional EUR (Acc)  
Institutional USD (Dist)  
Institutional USD (Acc)  
Institutional SEK (Dist)  
Institutional SEK (Acc)  
Institutional GBP (Dist)  
Institutional GBP (Acc)  
Institutional CHF (Dist)  
Institutional CHF (Acc)

### **A Classes**

A NOK (Dist)  
A NOK (Acc)  
A EUR (Dist)  
A EUR (Acc)  
A USD (Dist)  
A USD (Acc)  
A SEK (Dist)  
A SEK (Acc)  
A GBP (Dist)  
A GBP (Acc)  
A CHF (Dist)  
A CHF (Acc)

### **Performance Classes**

Performance NOK (Dist)  
Performance NOK (Acc)  
Performance EUR (Dist)  
Performance EUR (Acc)  
Performance USD (Dist)  
Performance USD (Acc)  
Performance SEK (Dist)  
Performance SEK (Acc)  
Performance GBP (Dist)  
Performance GBP (Acc)  
Performance CHF (Dist)  
Performance CHF (Acc)

### **R Classes**

R NOK (Acc)  
R EUR (Acc)  
R USD (Acc)  
R SEK (Acc)  
R GBP (Acc)  
R CHF (Acc)

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## APPENDIX 2 – PERFORMANCE FEE CALCULATION EXAMPLES

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### Performance Fee

A performance fee may be awarded by the Fund to the Investment Manager as set out in the “Fees and Expenses” section. The impact of that performance fee is described here. In the event of any inconsistency between this section and the “Fees and Expenses” section, the “Fees and Expenses” section shall prevail.

Each Dealing Day, a performance fee calculation is carried out. If the annualized performance of a given Class is at or above 8%, there will be a positive performance fee accrued in the Net Asset Value. This will reduce the Net Asset Value and will represent a sum that (on an annual basis and assuming performance is still ahead of the Hurdle) is paid to the Investment Manager. If the annualized performance of a given Class is below 8%, there will be no performance fee accrued in the Net Asset Value for the Investment Manager. There will be no reduction in the Net Asset Value and no sum “owing” to the Investment Manager for performance fees.

Where a Shareholder redeems from the Fund during the year (ie, other than at the annual payment date), any performance fee accrued is crystallised and paid. For example, if a Shareholder sells Shares and the annualized performance of the relevant Class is at or above 8%, there will be a performance fee paid to the Investment Manager. However, if a Shareholder sells Shares and the accumulated annualized performance of the relevant Class is below 8%, there will be no performance fee paid to the Investment Manager. Any performance fee accrued will also crystallise and be paid in the event that the Fund is terminated.

Other than those payments relating to redemptions or Fund termination, performance fees can only be paid once per year and only if performance is above the 8% Hurdle. At the end of each year, the calculation is reset and the next potential payment is one year later, assuming performance over those 12 months is above 8%.

Where performance during a year is less than 8% and there is therefore no payment at year end, the calculation is reset. The calculation is reset by reference to the high watermark (the Prior High Net Asset Value) or the Net Asset Value at the start of the year, whichever is higher. This is illustrated in the following examples.

For example, if the starting Net Asset Value is NOK 100, then the Hurdle after one year is NOK 108. However, if performance is less than that (eg, NOK 105) and a fee is not paid, the Hurdle applies during the next year to the Net Asset Value at the start of the year (NOK 105), which is higher than the high watermark (100). As such, the next Hurdle will be NOK 105 multiplied by 1.08, ie NOK 113.4). This example is illustrated in the table below.

	NAV at 1 Jan	High watermark	Hurdle	NAV <sup>2</sup> at 31 Dec	Result
Year 1	100	100	108% of 100 = 108	105	No fee paid
Year 2	105	100	108% of 105 = 113.4	110	No fee paid

By way of another example, if the starting Net Asset Value is NOK 100, then the Hurdle after one year is NOK 108. However, if performance is less than that (eg, NOK 95) and a fee is not paid, the Hurdle applies during the next year to the high watermark of NOK 100, as this is higher than the Net Asset Value at the start of the year (NOK 95). As such, the Hurdle will stay at NOK 108, even though the Net Asset Value per Share is NOK 95). This example is illustrated in the table below.

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<sup>2</sup> Note, the Net Asset Value used in this column in this and the other tables is the Net Asset Value gross of accrued but unpaid performance fee but net of all other fees and expenses

	NAV at 1 Jan	High watermark	Hurdle	NAV at 31 Dec	Result
Year 1	100	100	108% of 100 = 108	95	No fee paid
Year 2	95	100	108% of 100 = 108	107	No fee paid

Where performance during a year is more than 8% and there is therefore a payment at year end, the calculation is reset. Because there is a payment, the high watermark is reset to align with the Net Asset Value at the start of the year and as such, this is used to calculate the Hurdle. For example, if the starting Net Asset Value per Share is NOK 100, then the Hurdle after one year is NOK 108. If performance is more than that (eg, NOK 110), a fee is paid. At the start of the next year, the Hurdle applies to the new Net Asset Value per Share after the performance fee has been paid (which is the same as the new high watermark). This example is illustrated in the table below.

	NAV at 1 Jan	High watermark	Hurdle	NAV at 31 Dec	Result
Year 1	100	100	108% of 100 = 108	110	Fee paid
Year 2	109.7*	109.7	108% of 109.7 = 118.47	115	No fee paid

*\*The Net Asset Value of NOK 109.7 reflects the fact that a performance fee of NOK 0.30 was paid on 31 December*

Note regarding examples

The examples provided above assume that, during the year, there have been no subscriptions or redemptions. Where there are subscriptions or redemptions during the year, the Hurdle is adjusted to reflect these. The adjustment takes into account the NAV per Share at which the subscription/redemption was processed and the amount of the subscription/redemption compared to the Fund as a whole.

It is important to note that the adjustment cannot completely overcome the fact that the performance fee is calculated on a Class-by-Class basis and not on an investor-by-investor basis. In particular, an investor who subscribes during the year will be bound by the adjusted Hurdle and the adjusted Hurdle will most likely not be the same as the Hurdle would have been had the performance fee be calculated on an investor-by-investor basis. In some circumstances and viewed from that investor's perspective, this may mean the payment of less performance fee (or none) than would have been the case and, in other circumstances, it may mean the payment of more performance fee than would have been the case. Equally, for investors already in the Fund, the adjusted Hurdle will apply and the adjustment may, from the perspective of those investors, have a positive or negative impact.

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### APPENDIX 3 – DEFINITIONS

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Words and terms defined in the Prospectus have the same meaning in this Supplement unless otherwise stated herein.

“**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 may be amended from time to time.

ANNEX

Product name: REQ Global Compounders (the "Fund")

Legal entity identifier: 635400NXKHLWATN5II59

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of sustainable investments with an environmental objective: \_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of sustainable investments with a social objective: \_\_\_%

It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



### What environmental and/or social characteristics are promoted by this financial product?

*The Fund promotes environmental and social characteristics, including by taking sustainability into account in investment decisions, both as part of the assessment of a company and through the use of exclusion lists, as described in further detail below. In particular, the Fund promotes the following environmental characteristics through the use of environmental exclusion criteria:*

- i. Climate change mitigation*
- ii. Affordable and clean energy*
- iii. Climate change adaptation*
- iv. The transition to a circular economy*
- v. Pollution prevention*
- vi. Lower deforestation*

*The Fund promotes the following social characteristics:*



- i. *Durable corporate cultures*
- ii. *Decent work and economic growth*
- iii. *Reduced inequalities*
- iv. *Good corporate governance*
- v. *Health and well-being in society*
- vi. *The promotion of human rights*

*The Fund does not use a reference benchmark to attain its environmental or social characteristics.*

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

*The Fund uses the following sustainability indicators to measure the attainment of the environmental and social characteristics it promotes:*

- *An exclusion list which contains environmental and/or social aspects. The exclusion list is based on the criteria for exclusion of companies from the Norwegian Government Pension Fund Global (NBIM), (available at <https://www.nbim.no/en/the-fund/responsible-investment/exclusion-of-companies/>) which excludes, for example, producers of coal and coal based energy, tobacco and cluster munitions. In addition to the NBIM exclusion list, the Fund will exclude companies exposed to the production of pornography, gambling and weapons. The Fund defines exposure as consolidated revenues above 5% at the parent company level.*
- *The Investment Manager will seek to identify companies which are led by their initial founders. Founder-led companies tend to take social and environmental aspects more seriously than companies that are purely institutionally owned. (For the avoidance of doubt, the Fund may invest in companies that are purely institutionally owned, provided such companies take social and environmental aspects seriously.)*
- *When assessing a company, the Investment Manager will consider whether the company's management team understands the issues of sustainable development and takes responsibility in a proactive way. The Investment Manager will also look at issues such as diversity, in terms of sex, age, ethnicity, labour contracts, sensible incentive schemes and corporate culture when assessing the company's management. The Investment Manager will aim to discover how companies measure sustainability and how they actively orient themselves in order to improve on sustainable issues. This will be achieved, for example, by looking at the key performance indicators that the company has in place, confirming whether the company adheres to any international environmental agreements, meeting and questioning management and reviewing annual reports*

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Does this financial product consider principal adverse impacts on sustainability factors?**

- Yes
- No



**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**What investment strategy does this financial product follow?**

*The Fund is a long-only fund which invests in the equity of companies across all market capitalizations and all market sectors. The Fund will seek to invest in companies referred to as “Compounders”, which are companies that reinvest cash flow at high returns over long periods of time.*

*In identifying companies to invest in, the Investment Manager will focus on companies which, in its opinion, exhibit long-term growth prospects. The Investment Manager seeks to identify such companies by taking into account qualitative criteria, including excellent management teams and strong corporate cultures, proactive engagement in sustainable development and management teams led by the initial founders.,*

*With the growth-oriented profile of the Fund, the Investment Manager will take sustainability into account in investment decisions, both as part of its assessment of a company and through the use of exclusion lists. The Investment Manager’s investment philosophy is that companies which engage proactively in sustainable development gain a competitive advantage and that, by incorporating sustainability into the investment process, sustainability risks are unlikely to have a material negative impact on the investments of the Fund.*

*When assessing a company, the Investment Manager will consider whether the company’s management team understands the issues of sustainable development and takes responsibility in a proactive way. The Investment Manager will also look at issues such as diversity, in terms of sex, age, ethnicity, labour contracts, sensible incentive schemes and corporate culture when assessing the company’s management. The Investment Manager will aim to discover how companies measure sustainability and how they actively orient*

themselves in order to improve on sustainable issues. This will be achieved, for example, by looking at the key performance indicators that the company has in place, confirming whether the company adheres to any international environmental agreements, meeting and questioning management and reviewing annual reports. The Fund will, as an active owner, put sustainability high on the agenda.

As part of its due diligence process, the Investment Manager will seek to identify companies which are led by their initial founders. Founder-led companies tend to take social and environmental aspects more seriously than companies that are purely institutionally owned. (For the avoidance of doubt, the Fund may invest in companies that are purely institutionally owned, provided that such companies take social and environmental aspects seriously.) By investing in many founder-led companies where the founders or owners have a generational perspective, sustainability aspects should be taken more into account.

The Fund is actively managed and is not constrained by a reference benchmark.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The exclusion list described above is used when selecting investments in order to attain each of the environmental or social characteristics promoted by the Fund and is a binding element of the investment strategy.

- **What is the policy to assess good governance practices of the investee companies?**

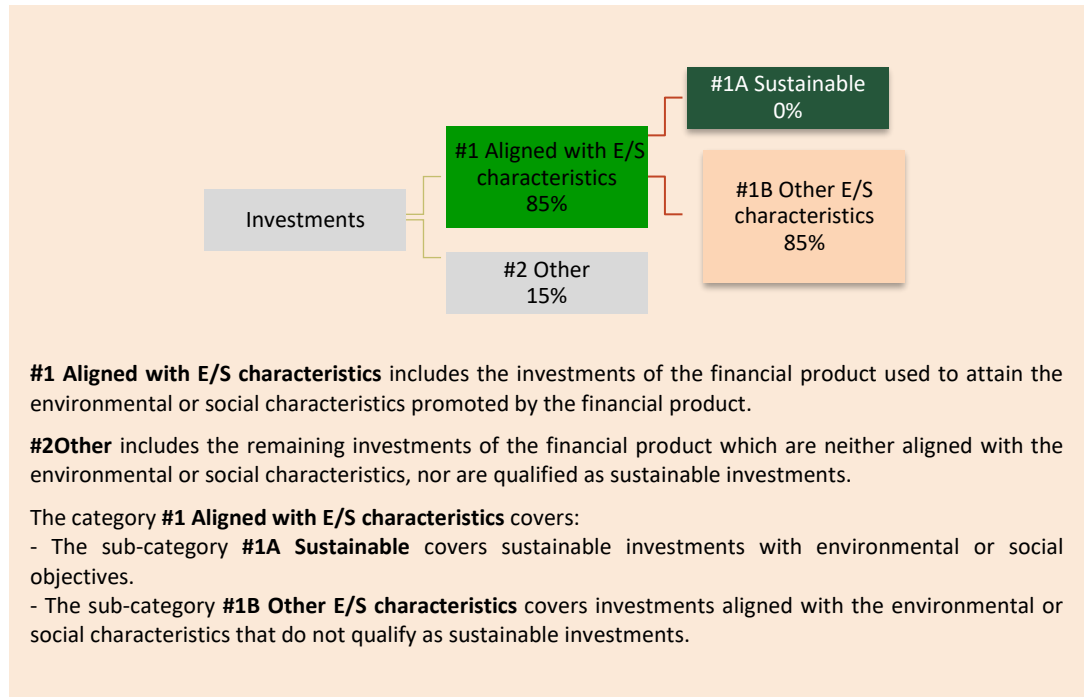
The Investment Manager follows a risk assessment framework which assesses the corporate governance practices of its investee companies prior to making financial investments. This risk assessment framework and corresponding company evaluations are updated at a minimum of once per year. The Fund only invests in companies that follow good governance principles.

**Good governance** practices include sound management structures, employee relations, remuneration of



**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?



Asset allocation category	Description
#1 Aligned with E/S characteristics	A minimum 85% of investments are aligned with the environmental and social characteristics of the Fund, none of which are guaranteed to be sustainable investments.
#1A Sustainable #1B Other E/S characteristics	
#2 Other	Up to 15% of investments may not be aligned with the environmental and social characteristics of the Fund. These include cash and cash equivalents. Given the nature of these investments, no minimum environmental or social safeguards are applied.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

**Does the Financial Product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

Yes,

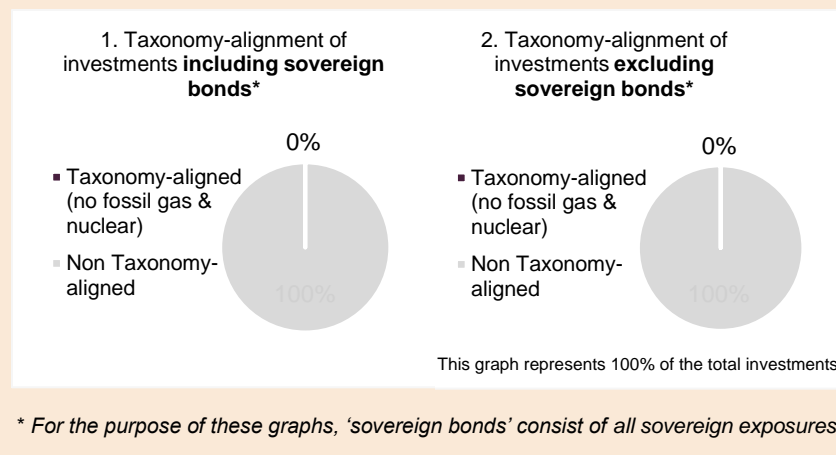
In fossil gas       In nuclear energy

No

<sup>1</sup> Fossil Gas and/or nuclear related activities will comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU taxonomy objective – see explanatory note in the left had margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in commission Delegated Regulation (EU) 2022/1214.

While the Fund promotes environmental and social characteristics within the meaning of Article 8 of the SFDR, it does not currently commit to investing in any “sustainable investments” within the meaning of the SFDR.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



● **What is the minimum share of investments in transitional and enabling activities?**

*The Fund does not commit to making any investment in transitional and enabling activities.*



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

*The Fund does not commit to a minimum share of sustainable investments.*



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

*The Fund will from time to time have investments that are included under "#2 Other", which may include cash and cash equivalents (including UCITS eligible money market funds, UCITS eligible passive index tracking ETFs and cash deposits and near cash instruments, such as bank certificates of deposit or bank deposits with credit institutions).*

*Given the nature of these investments, no minimum environmental or social safeguards are applied, however the Investment Manager will continuously assess the risk related to holding such investments, and apply a cautious approach towards investing in such securities.*



**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

*The Fund does not use a designated index to reference benchmark its*

*investments, neither in terms of financial performance, nor in terms of benchmarking whether it is aligned with the environmental and/or social characteristics that the Fund promotes.*



**Where can I find more product specific information online?**

**More product-specific information can be found on the website:**

**[www.reqcapital.no](http://www.reqcapital.no)**