

# NORTHERN TRUST DEVELOPED REAL ESTATE ESG CLIMATE INDEX FUND

a Sub-Fund of

## NORTHERN TRUST UCITS COMMON CONTRACTUAL FUND

Supplement dated 27 August 2024 to the Prospectus dated 27 August 2024

### For Northern Trust UCITS Common Contractual Fund

This Supplement contains specific information in relation to the Northern Trust Developed Real Estate ESG Climate Index Fund (the "**Fund**"), a Sub-Fund of the Northern Trust UCITS Common Contractual Fund, an open-ended umbrella common contractual fund governed by the laws of Ireland, and authorised by the Central Bank.

Northern Trust UCITS Common Contractual Fund, initially called the Northern Trust Non-UCITS Common Contractual Fund, was initially constituted on 14 October 2009 by the Deed of Constitution entered into between the Manager and the Depositary and was previously authorised on 14 October 2009 by the Central Bank pursuant to the provisions of The Investment Funds, Companies and Miscellaneous Provisions Act 2005. Pursuant to an amended and restated Deed of Constitution dated 20 January 2012, Northern Trust UCITS Common Contractual Fund was reauthorised by the Central Bank as a UCITS pursuant to the Regulations on 20 January 2012.

**This Supplement forms part of and should be read in conjunction with the Prospectus dated 27 August 2024.**

The Directors of the Manager, whose names appear under the section entitled "Directors of the Manager" in the Prospectus, accept responsibility for the information contained in the Prospectus, Supplement and the below Annex. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

Words and expressions defined in the Prospectus shall, unless the context otherwise requires or as otherwise provided herein, have the same meaning when used in this Supplement.

The Fund meets the criteria pursuant to Article 8 of the Sustainable Finance Disclosure Regulation (Regulation EU/2019/2088) as amended ("**SFDR**") to qualify as a financial product which promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics and provided that the companies that the Fund invests in follow good governance practices. Please refer to the Annex appended hereto which has been prepared for the purpose of meeting the specific financial product level disclosure requirements contained in SFDR applicable to an Article 8 Fund.

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

**A typical investor will be seeking to achieve exposure to real estate related securities and a return on its investment in the medium to long term.**

**Investment in the Fund may be appropriate for professional or retail investors who have knowledge of, and investment experience in, this particular financial product and understand and can evaluate the strategy, characteristics and risks in order to make an informed investment decision.**

**The Fund may invest in financial derivative instruments ("FDI") for hedging and efficient portfolio management ("EPM") purposes (as detailed below). See below section titled "Borrowing and Leverage" for details of the leverage effect of investing in FDI.**

**The Manager may apply a Redemption Charge of up to one (1) per cent of the Net Asset Value. The difference at any one time between the sale and repurchase price of Units means that an investment in the Fund should be viewed as medium to long term.**

## DIRECTORY

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## 1 INVESTMENT OBJECTIVE, POLICIES AND STRATEGIES

### Investment Objective

The investment objective of the Fund is to closely match the risk and return characteristics of the Solactive Developed Real Estate ESG Climate Index NTR (the "**Index**") with net dividends reinvested. Any change of Index shall only be made with the prior approval of the Unitholders.

### Investment Policies

The Fund seeks to achieve its investment objectives through investment primarily in a diversified portfolio of real estate related securities listed or traded on Recognised Markets worldwide. Such real estate related securities may include Real Estate Investment Trusts (REITs) and transferable Equity and (where considered by the Investment Manager to be necessary or appropriate) Equity Related Securities issued by companies or linked to companies within the Index whose principal business is the ownership, management and/or development of income producing and for sale real estate.

"Equity and Equity Related Securities" includes but is not limited to equities, depositary receipts, preferred shares, equity linked notes (unleveraged debt securities linked to the performance of equities), warrants (not more than 5% of the Fund's Net Asset Value) and convertible securities which do not embed FDI or leverage (such as convertible preference shares, share purchase rights and corporate bonds (which shall only be held as a result of corporate actions and which may be rated or unrated, fixed and/or floating rate) and convertible into common or preferred shares). The Fund shall not invest in contingent convertible securities. Such Equity and Equity Related Securities shall typically be listed on stock exchanges or regulated markets in countries (within the list of Regulated Markets) comprised within the Index, details of which are set out below under the heading "Index Description". However, where direct access to the equity markets in those countries is not practicable, indirect exposure may be achieved through investment in Equities and/or Equity Related Securities listed on markets elsewhere.

The Investment Manager will **use an index tracking or physical replication strategy** as further set out in the section "Index Tracking Strategy" below. The Fund may invest in FDI for efficient portfolio management purposes and may be fully or partially hedged back to the Base Currency in accordance with the powers and restrictions set out by the Central Bank in relation to techniques for efficient portfolio management purposes as further disclosed in section 3.5 entitled "Hedging" in the Prospectus. The Fund may invest in FDI as set out in the section titled "Efficient Portfolio Management Techniques. Financial Derivative Instruments and Securities Financing Transactions" below. Any exchange traded FDI the Fund invests in will be listed or traded on Regulated Markets.

The Fund's investments will, at the time of purchase, comply with the Fund's ESG policy, as described below under "Index Description". As the Fund is an index tracking product, it may continue to hold securities which no longer comply with these ESG requirements until such time as the relevant securities cease to form part of the Index or if the Investment Manager exercises its discretion to dispose of a security before the next rebalance in limited instances and it is possible and practicable (in the Investment Manager's view) to liquidate the position, having regard to the best interests of the Unitholders.

The Fund may also invest (up to 10% of its Net Asset Value) indirectly in Equities and Equity Related Securities comprised within the Index through holdings in open-ended collective investment schemes ("CIS") (including UCITS exchange traded funds ("ETFs")). Any such CIS will have investment objectives which are materially similar to the Fund. The Fund will only invest in AIFs per the Central Bank's Guidance in relation to UCITS Acceptable Investments in Other Investment Funds. Any investment in AIFs shall be subject to the foregoing 10% restriction on investment in CIS.

### Index Tracking Strategy

The Fund operates an index tracking/replication strategy through investing directly in Index constituents, or to replicate, to the extent possible, the composition of the Index by physically holding all the Index constituents in similar proportion to their weighting in the Index. Where direct investment is not achievable, direct substitutes for Index constituents may be used.

It may not always be possible or practicable to purchase each and every constituent of the Index in accordance with the weightings of the Index, or doing so may be detrimental to holders of units in the Master Fund (for example, where there are considerable costs or practical difficulties involved in compiling a portfolio of securities in order to replicate the Index, or in circumstances where a security in the Index becomes temporarily unavailable or less liquid, or as a result of legal restrictions that apply to the Master Fund but not to the Index). In these circumstances, the Investment Manager may use a number of techniques, including purchasing securities which are not constituents of the Index, whose returns, individually or collectively, are considered by the Investment Manager to be similar to the constituents of the Index.

The Fund typically holds securities at, or very close to, Index weight and an ex-post Tracking Error of 0.05% - 0.50% should be anticipated. The causes of Tracking Error can include but are not limited to the following: the holdings and size of the Fund, cash flows, such as any delays in investing subscription proceeds into the Fund or realising investments to meet redemptions, fees and the frequency of rebalancing against the Index.

As the Fund does not pursue a synthetic index replication strategy, there is no counterparty risk related to the index replication strategy.

As outlined above the Fund seeks to track certain characteristics of the Index. The Fund may therefore avail of the increased diversification limits as outlined in Regulation 71(1)(a) of the Regulations and may therefore invest up to 20% of its Net Asset Value in Equity and Equity Related Securities issued by the same body. This increased limit may only be utilised where the Fund is investing directly in constituents of the Index.

### **Index Description**

The starting universe for the Index corresponds with Solactive GBS Developed Markets Real Estate Index PR (the "**Parent Index**") with the exclusion of entities that are linked to timber and mortgage REITs. The Index is a free float-adjusted market capitalisation weighted index that is designed to represent general trends in eligible real estate equities worldwide which incorporates REITs and real estate holding and development companies. Real estate holding and development companies are involved in real estate activities such as the ownership, trading and development of income-producing real estate.

REITs are a type of investment structure which invest in income producing real estate and may earn rental income from commercial or residential property.

The index is calculated and screened by Solactive based on predetermined and objective ESG criteria selected by the Investment Manager which (i) excludes certain companies from the Parent Index which are not considered to meet socially responsible principles considering business involvement, and ESG controversy screening criteria as further detailed in the Annex and (ii) applies ESG scores from Global Real Estate Sustainability Benchmark ("**GRESB**") and excludes companies with a GRESB scores of 1 of 0 which also have a Northern Trust Vector Score in the bottom decile; (iv) reduces exposure to companies using Scope 1 and 2 GHG emission data based on Enterprise Value Including Cash (EVIC); and (v) tilt towards, i.e. increases exposure when compared to the Parent Index, to companies with a favourable carbon risk rating.

Further information about the ESG criteria applied to the Index, including exclusions and specified thresholds, is provided in the Annex.

Furthermore, using data provided by ISS, an optimisation shall be applied to (i) significantly reduce exposure to companies with high carbon intensity, relative to the Parent Index as calculated by ISS using Scope 1 and 2 GHG emission data based on Enterprise Value Including Cash (EVIC); and, (ii) ensure an uplift in the ISS-calculated "Carbon Risk Rating" of the portfolio relative to the Parent Index. The Carbon Risk Rating provides an aggregated score indicating a company's overall climate-related risk as a function of company-specific risk exposure (as a baseline reflected in a carbon risk classification) and the company's carbon performance score.

Any changes to the foregoing exclusion list will be made available from

<https://www.solactive.com/indices/>.

Finally risk is controlled by applying liquidity and turnover constraints and limiting, relative to the Parent Index, the weights of securities, exposure by sub-industry, region and country, as well as exposures to other risk factors. The liquidity and turnover constraints are designed to reduce the impact of excess trading costs on the performance of the Index and to ensure that the Index remains liquid.

It is not envisaged that any circumstances will arise whereby the exclusion list is not compatible with the customised Index criteria so as to construct the Index. The Fund will only continue to track the Index while it remains diversified to a level consistent with UCITS requirements. If the Index ceases to be so diversified the Fund may be terminated on the basis of the provisions outlined in the Prospectus.

The Index is reviewed semi-annually for any necessary rebalancing in October and April, with the objective of reflecting changes in the underlying real estate securities and ESG rankings in a timely manner, while limiting undue index turnover. The rebalancing frequency is designed to have minimal impact on the strategy of the Fund, or on transaction costs associated with, the Fund as any rebalancing is not expected to require any higher frequency of position turnover in the Fund than would otherwise be the case.

Further details of the Index please refer to <https://www.solactive.com/indices/>. Further details on GRESB can be found at <https://gresb.com/>.

Further details on the Northern Trust Vector Score can be found at <https://landing.northerntrust.com/esg-vector-score/p/1>.

Further details on Sustainalytics can be found at <https://www.sustainalytics.com/>.

Further details on ISS can be found at <https://www.issgovernance.com/esg/climate-solutions/>.

For further details on the UN Global Compact Ten Principles, please refer to [www.unglobalcompact.org/aboutthegc/thetenprinciples/index.html](http://www.unglobalcompact.org/aboutthegc/thetenprinciples/index.html).

In accordance with Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the EU Benchmarks Regulation) the Investment Manager has, on behalf of the Manager, put in place written plans which would enable the Fund to reference an alternative index, should the Index cease to be provided.

The Index used by the Fund in accordance with Article 3(1)(7)(e) of the EU Benchmarks Regulation is to be provided by an administrator which has been included in the register referred to in Article 36 of the EU Benchmarks Regulation.

### **Use of Efficient Portfolio Management Techniques. Financial Derivative Instruments and Securities Financing Transactions**

The purpose of EPM should be in line with the best interests of Unitholders and is to achieve one or more of the following: the reduction of risk, the reduction of costs and the generation of additional capital or income for the Fund with an acceptably low level of risk.

The Fund may use forwards and exchange traded futures for EPM and hedging purposes as further described in the Prospectus.

The Fund may also enter into certain currency related transactions in order to hedge exchange rate fluctuation risks between the denominated currencies of the Fund's assets and the designated currency of the relevant Class.

Warrants, share purchase rights and convertible securities may also be held for the purposes of EPM and traded or exercised when considered appropriate.

As a result of currency hedging, hedged Classes may be exposed to counterparty risk as further detailed in the section of the Prospectus entitled Credit Risk and Counterparty Risk.

Further details of the techniques and instruments that the Fund may employ for EPM purposes are set out in the Efficient Portfolio Management, Financial Derivative Instruments and Securities Financing

Transactions section of the Prospectus.

Collateral or margin may be passed by the Fund to a counterparty or broker in respect of Efficient Portfolio Management Techniques. Please refer to the section of the Prospectus entitled Collateral Policy for further details.

The use of FDI for the purposes outlined above may expose the Fund to the risks disclosed under the section of the Prospectus titled Risk Factors.

The Fund shall not engage in any securities lending or use repurchase agreements/reverse repurchase agreements (i.e. Securities Financing Transactions) and this section will be updated in accordance with the Central Bank Rules and the disclosure requirements of Regulation 2015/2365 in advance of any change in this regard.

## **2 INVESTMENT RESTRICTIONS**

The general investment restrictions set out in the Prospectus under the heading “Investment Restrictions” apply to the Fund.

## **3 BORROWING AND LEVERAGE**

The Fund may borrow up to ten (10) per cent of its Net Asset Value on a temporary basis.

The Fund may utilise FDI (as referred to above under the heading “Efficient Portfolio Management (EPM) and Use of Derivatives”).

Global exposure and leverage as a result of its investment in FDI shall not exceed 100% of the Net Asset Value of the Fund. Global exposure will be measured using the commitment approach.

## **4 LISTINGS**

It is not currently intended to list the Units of the Fund on any stock exchange, though the Directors may in future apply for one or more Classes to be admitted to the Official List and trading on the Main Securities Market of the Irish Stock Exchange.

## **5 RISK FACTORS**

The general risk factors set out in the Prospectus under the heading “Risk Factors” apply to the Fund.

## **6 GROSS INCOME PAYMENT POLICY**

Gross Income Payments may be made in respect of Distributing Units at the discretion of the Manager (following consultation with the Investment Manager) in accordance with the provisions of the Prospectus.

## **7 INVESTMENT MANAGER**

The Manager has appointed Northern Trust Global Investments Limited to provide discretionary investment management services to the Fund. In line with its global operating model the Investment Manager has appointed Northern Trust Investments, Inc as the sub-investment manager of the Fund.

## **8 KEY INFORMATION FOR BUYING AND SELLING**

### **Unit Classes**

Units may be issued as Accumulating Units or (where specifically identified as such) Distributing Units.

### **Base Currency**

U.S. Dollar.

### **Business Day**

Any day other than a Saturday or Sunday on which commercial banks are open for business in Ireland, or such other day or days as the Manager may, with the consent of the Depositary, determine.

**Dealing Day**

The Dealing Day for the Fund will be every Business Day or such other day or days as the Manager may determine and notify in advance to Unitholders, provided that there shall be at least one Dealing Day per fortnight. In determining whether a day should be treated as a Dealing Day, the Directors may take into account whether there are sufficient market exchanges open as determined by the Investment Manager to allow the normal liquidity trading of the portfolio.

The Investment Manager maintains a list of any non-Dealing Days on the Website.

**Dealing Deadline**

In respect of a Dealing Day, the Dealing Deadline is 3:30p.m. (Irish time) on each Dealing Day on the Business Day prior to the relevant Dealing Day. Any applications received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless the Directors in their absolute discretion in exceptional circumstances, otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day provided that such request(s) have been received prior to the Valuation Point for the particular Dealing Day.

**Initial Offer Period**

The Initial Offer Period in respect of the below Classes has closed:

A, B, E EUR Accumulating Units

F GBP Distributing Units

The Initial Offer Period in respect to all other Classes shall continue until 12pm (Irish time) on 26 February 2025 (or such shorter or longer period as the Manager may determine).

After the Initial Offer Period, the relevant Classes will be continuously open for subscriptions on each Dealing Day.

**Settlement Date**

In respect of receipt of monies for subscription for Units, the Settlement Date shall be two (2) Business Days following the relevant Dealing Day or as otherwise determined by the Manager and in respect of dispatch of monies for the redemption of Units, the Settlement Date shall be two (2) Business Days following the relevant Dealing Day assuming timely receipt of the relevant duly signed repurchase documentation or as otherwise determined by the Manager and in any event should not exceed fourteen (14) calendar days from the Dealing Deadline.

An exchange of Units will in effect be represented by a redemption of Units in the Original Class and a simultaneous subscription for Units in the New Class on the relevant Dealing Day. In such cases, the settlement of the transaction shall be effected on a timely basis, subject to receipt of the relevant duly signed exchange request documentation.

**Preliminary Charge**

The Manager will not apply a Preliminary Charge for this Fund.

**Redemption Charge**

The Manager may apply a Redemption Charge of up to one (1) per cent of the Net Asset Value per Unit payable to the Manager or its relevant distributor.

It is noted, specifically, that the Class F Units will not charge a Redemption Charge to investors.

**Anti-Dilution Levy**

The Directors or the Manager (or their duly appointed delegate) may impose an anti-dilution adjustment as further detailed in the section of the Prospectus entitled **Anti-Dilution Levy**.

**Valuation Point**

With respect to: (i) currencies and currency-related transactions only, 4pm (London time); and (ii) all other assets, the close of business of the relevant market that closes last on each Dealing Day, which in all cases shall be after the Dealing Deadline.

**Initial Issue Price**

U.S.\$10 per Unit for the US Dollar Classes



€10 per Unit for the Euro classes

£10 per Unit for the Sterling Classes

DKK100 per Unit for the Danish Krone Classes

#### **Classes of Units Available**

A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z, AA, BB, CC, DD, EE, FF, GG, HH, II, JJ, KK, LL, MM, NN, OO, PP, QQ, RR, SS, TT, UU, VV, WW, XX, YY and ZZ.

Each of the above referenced Classes are available as Accumulating Units and Distributing Units.

#### **Currencies Available**

Each of the above referenced Classes are available in U.S. Dollar (USD), Euro (EUR), Sterling (GBP) and Danish Krone (DKK).

#### **Currency Hedged Unit Classes**

Each Share Class is available as either a hedged or an unhedged Share Class

#### **Minimum Initial Investment Amount**

In respect of Class X, U.S.\$100,000 or its equivalent in the relevant currency or such greater or lesser amounts as the Directors of the Manager may, in their absolute discretion, decide.

In respect of all other Classes, U.S. \$30 million or its equivalent in the relevant currency or such greater or lesser amounts as the Directors of the Manager may, in their absolute discretion, decide.

#### **Minimum Additional Investment**

U.S.\$100,000 or its equivalent in the relevant currency or such greater or lesser amounts as the Directors of the Manager may, in their absolute discretion, decide.

#### **Minimum Net Asset Value**

U.S.\$30 million.

#### **Restriction on the Exchange of Units**

Class F Units do not bear any investment management fees and are available only to investors who are investing in the Fund indirectly through feeder funds or other vehicles managed by the Investment Manager or any associated party, thereby avoiding double- charging of fees. Holders of Units in other classes cannot exchange their Units for Class F Units.

## **9 FEES AND EXPENSES**

### **Fees and Expenses of the Manager, the Investment Manager, the Depositary, any sub-custodian and the Administrator**

The Manager shall be entitled to be reimbursed out of the assets of the Fund for the reasonable out-of-pocket expenses incurred by the Manager in the performance of its duties.

The Investment Manager is entitled to receive out of the assets of the Fund (with the exception of Class F Units) an annual fee of up to half (0.50) per cent of the Net Asset Value of the Fund. Such fee shall accrue and be calculated on each Dealing Day and be payable monthly in arrears. The Investment Manager shall be entitled to be reimbursed out of the assets of the Fund for its reasonable out-of-pocket expenses incurred in the performance of its duties.

The Depositary and Administrator will be entitled to receive out of the assets of the Fund a combined aggregate annual fee of up to 0.2 per cent of the Net Asset Value of the Fund (plus VAT, if any). The latest figure will be set out in the most recently published reports and accounts of the Fund or, pending publication of the initial reports and accounts, will be available upon request from the Administrator. This fee will accrue and be calculated on each Dealing Day and shall be payable quarterly in arrears. The Depositary and Administrator shall also be entitled to be reimbursed out of the assets of the Fund for all reasonable pre-approved out-of-pocket expenses incurred by them in the performance of their duties.

In addition to the fees outlined above, the Fund will also be responsible for the fees of Hermes EOS (for

its services in respect of the Fund, as described in the Prospectus), up to 0.02% of the Net Asset Value of the Fund per annum. Such fee shall accrue and be calculated on each Dealing Day and be payable quarterly in arrears.

This section should be read in conjunction with the section entitled "Fees and Expenses" in the Prospectus.

**Initial Expenses**

The initial organisational and establishment costs relating to the creation of the Fund are estimated not to exceed EUR 25,000. These costs shall be borne by the Fund and will be amortised over the first five accounting periods of its operation (or such other period as may be determined by the Directors at their discretion) and shall be subject to such adjustment following the establishment of new Sub-Funds as the Directors may determine.

**Any other fees and expenses payable out of the assets of the Fund are set out in the Prospectus under the heading "Fees and Expenses".**

**10 MISCELLANEOUS**

Some Unitholders may receive additional information and/or reports in relation to the Fund on a frequent basis. Any such information will be available to all investors in the Fund on request. Any such information will only be provided on a historical basis and after the relevant Dealing Day to which the information relates. Please contact your relationship manager to discuss any reporting needs.

**Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** Northern Trust Developed Real Estate ESG Climate Index Fund ("The Fund")

**Legal entity identifier:** 635400FGBYVB5USOZH43

## Environmental and/or social characteristics

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

<input checked="" type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> <b>Yes</b>	<input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> <b>No</b>
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : ____%	<input checked="" type="checkbox"/> <b>It promotes Environmental/ Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> : ____%	<input type="checkbox"/> with a social objective
<input type="checkbox"/> It promotes <b>E/S characteristics, but will not make any sustainable investments</b>	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>

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

The Fund promotes environmental and social characteristics through tracking the risk and return characteristics of the Index which has been designated as a reference benchmark.

The Fund promotes the following environmental characteristics related to climate change:

- (i) reducing carbon reserves and emissions versus the Parent Index;
- (ii) reducing investment in unconventional oil and gas exploration and Arctic oil, and
- (iii) reducing investments in thermal coal power and thermal coal mining.

The Fund promotes the following social characteristics related to social norms and conventions:

- i. avoiding investments in controversial weapons, and;
- ii. reducing specific investment in business activities with adverse health and social impacts including tobacco, nuclear weapons, civilian firearms, aggregate weapons, and for-profit prisons, and;
- iii. human rights, labour rights, supply chain and anti-bribery and corruption as set out in the principles of the UN Global Compact.

Further information on the methodology and specific parameters of the Index that the Fund tracks can be found [here](#).

**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 following sustainability indicators are used to measure the attainment of the environmental and social characteristics promoted by the Fund:

- Scope 1 and Scope 2 carbon emissions intensity (Enterprise Value Including Cash (“EVIC”));
- ISS-calculated Carbon Risk Rating; an aggregated score indicating a company’s overall climate- related risk as a function of company-specific risk exposure and the company’s carbon performance score;
- Sustainalytics’ Global Standards Screen (GSS) ‘non-compliant’; defined as companies causing or contributing to severe, systematic violations of international norms
- Global Real Estate Sustainability Benchmark (GRESB) assessment of ESG performance of property companies and funds; a range refers to a range of 0 – 5 stars based on the GRESB assessment of an entity;
- The NT Vector Score which is a measurement that assesses publicly traded companies in the context of financially relevant ESG related criteria that could impact a company’s operating performance.
- Specific revenue thresholds regarding tobacco, nuclear weapons, aggregate weapons, civilian firearms, for profit prisons, unconventional oil and gas, arctic oil, thermal coal mining (not including metallurgical coal), thermal coal based power generation, and;
- Any tie to controversial weapons (cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, non-detectable fragments and incendiary weapons).

Please also refer to the response below on the binding elements of the investment strategy for further details of the sustainability indicators, including the thresholds applied.

Further information on the methodology and specific thresholds of the Index can be found [here](#).

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The intended objectives of the sustainable investments of the Fund are to positively contribute towards environmental and social objectives such as reducing carbon emissions and avoiding adverse business activities or human rights violations. An investee company must promote good governance practices without causing significant adverse impact through its product and services.

An investee company is assessed as a sustainable investment using the following methodology found [here](#).

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

In order to deem an investment a sustainable investment, the investee company must ‘do no significant harm’ (DNSH) to the environment or society through its product and services.

The assessment of harm involves a set of diverse environmental and social indicators to assess whether a company with potentially positive environmental or social contributions, has other adverse environmental and/or social impacts.

The Investment Manager considers each of the Principal Adverse Impacts (PAI) indicators within Table 1, Annex 1 of the Regulatory Technical Standards (RTS) of SFDR and applies a proprietary threshold to each indicator. In circumstances where the Investment Manager feels that the data integrity behind an indicator is lacking, a relevant proxy is applied.

These thresholds represent a value or metric at which Investment Manager believes there is a risk of significant harm. In practice, this means that an investee company can only be deemed a sustainable investment whereby: (i) it does not breach the PAI threshold as set by the Investment Manager; (ii) meets the minimum positive contribution test (please see response to "what are the objective of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives" for further details on the positive contribution test); and (iii) follows good governance practices and are aligned with minimum safeguards as the [United Nations Global Compact](#) and [Organisation for Economic and Cooperation and Development \(OECD\) Guidelines for Multinational Enterprises on Responsible Business Conduct](#).

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

In addition to the DNSH test detailed in the previous response, the Fund considers certain adverse impacts as part of the investment strategy through:

- excluding companies found to be directly involved in violation of international norms;
- excluding certain companies from the Parent Index not considered to meet ESG characteristics, and;
- excluding certain companies with exposure to carbon and fossil fuels.

These criteria may be updated over time as new ESG data providers and datasets arise to help us to carry out this assessment and ongoing monitoring.

For sustainable investments specifically, and as described above, the Fund's assessment of harm involves the use of a set of diverse environmental and social indicators with thresholds that represent a value or metric at which the Investment Manager believes there is a risk of significant harm. Examples include avoidance of controversial weapons and human rights violations, reducing carbon footprint and exposure to fossil fuels.

- *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Fund applies the Global Standards Screening criteria to identify and exclude companies that are assessed to be non-compliant with the UN Global Compact (UNGC) and other international norms and conventions such as :

- the OECD Guidelines for Multinational Enterprises; and
- the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation (ILO) on Fundamental Principles and Rights at Work.

The implementation of these exclusions is semi-annual and is based on any investee company that is directly associated with issues causing severe, negative impacts on the environment and society.

In practice, this means that all investee companies that form part of the Index are aligned with these minimum safeguards, not only the sustainable investments.

*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.*

**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.

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

- Yes,** The Fund considers as part of the investment strategy, the following principal adverse impact (PAI) indicators in Annex 1, Table 1 of the RTS:
- GHG emissions (Scope 1 and Scope 2);
  - Carbon footprint;
  - GHG intensity;
  - Exposure to companies active in the fossil fuels sector;
  - Violations of UNGC principles and OECD Guidelines for Multinational Enterprises; and
  - Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons).

In addition, through the Investment Manager's direct engagement and voting, as well as engagement activities performed by the Investment Manager's outside engagement partner, Hermes EOS, the Fund aims to encourage investee companies to improve their ESG practices and disclosures.

**No**

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

The Fund has an index tracking strategy whereby it seeks to track the risk and return characteristics of the Index by investing directly in assets that are Index constituents.

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

### ***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 following are the binding elements of the investment strategy that are used to promote the environmental and social characteristics. These elements form part of the Index design and are coded as part of the Index methodology construction. The application of the following exclusions by the Fund seeks to attain the environmental and social characteristics promoted by the Fund through its investment in the Fund by excluding:

- companies assessed as non-compliant with international norms and directly associated with issues causing severe, systemic negative impacts on the environment or society;
- companies that derive any revenue from the production of tobacco, or 5% or more revenue from the distribution of, supply of key products for, or retail of, tobacco and tobacco alternatives;
- companies that manufacture controversial weapons, such as cluster bombs, landmines, nuclear weapons, depleted uranium weapons, biological/chemical weapons, (or their strategic components), blinding laser, non-detectable components, or incendiary weapons;
- companies that manufacture civilian firearms or retail civilian firearms and derive 5% or more revenue from this sector;
- companies that manufacture aggregate weapons or provide support services to and derive 5% or more revenue from this sector;
- companies that derive 5% of revenue or more from thermal coal mining and extraction;

- vii. companies that derive 30% or more revenue from coal-fired power generation or 5% or more revenue if their transition risk preparedness or carbon management is considered weak;
- viii. companies that derive 5% or more revenue from unconventional oil and gas such as oil sands and shale gas or 1% or more revenue from arctic oil and gas and their management of carbon in their own operations is assessed as weak, and;
- ix. companies that derive 5% or more of their total annual revenues (either reported or estimated) from activities related to for profit prisons.

The Index then applies ESG scores using the GRESB assessment collects information on the ESG performance of property companies and funds. This range refers to a range of 0 – 5 stars based on the GRESB assessment of an entity. It is quintile position relative to other entities in the GRESB assessment, for example, if an entity is in the top quintile it will be a GRESB 5 star rated entity.

Companies with a GRESB rating of 1 or 0; will be excluded from the Index if they have a NT ESG Vector Score™ which is in the bottom decile. The NT Vector Score™ is a measurement that assesses publicly traded companies in the context of financially relevant ESG related criteria that could impact a company's operating performance.

In addition, the Index seeks to reduce exposure to companies with high carbon intensity using Scope 1 and 2 GHG emission data based on EVIC and to ensure a carbon risk rating uplift with compared to the Parent Index.

The Carbon Risk Rating provides an aggregated score indicating a company's overall climate- related risk as a function of company-specific risk exposure (as a baseline reflected in a carbon risk classification) and the company's carbon performance score.

These binding elements are non-exhaustive and subject to change.

Further information on the methodology and specific thresholds of the Index can be found [here](#).

Any investments made by the Fund are in accordance with rules regarding cluster munitions laid down in the relevant national legislation adopting the Convention on Cluster Munitions.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

While the investment universe of the Parent Index is reduced as a result of the application of ESG exclusions, carbon risk rating and GRESB scoring, the Fund does not commit to a minimum reduction rate. As such, the reduction of the universe may be subject to change.

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

An assessment of good governance forms a foundational part of the Index methodology.

In practice, this is achieved through the use of the NT ESG Vector Score™ and the Sustainability Global Standards Screen, a proxy framework designed to address governance topics consistent with international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines and the UN Global Compact.

A non-compliant, severe issue that directly implicates a company through its operations, products and services will result in that company's exclusion from the Index.

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

The Fund intends to invest at least 90% of its net asset value in companies that are aligned with the environmental or social characteristics promoted by the Fund.

Of this, a minimum of 10% of its net asset value will be invested in sustainable investments with an environmental objective.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



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

The "other" assets are expected to be cash and derivatives for hedging and other ancillary purposes.

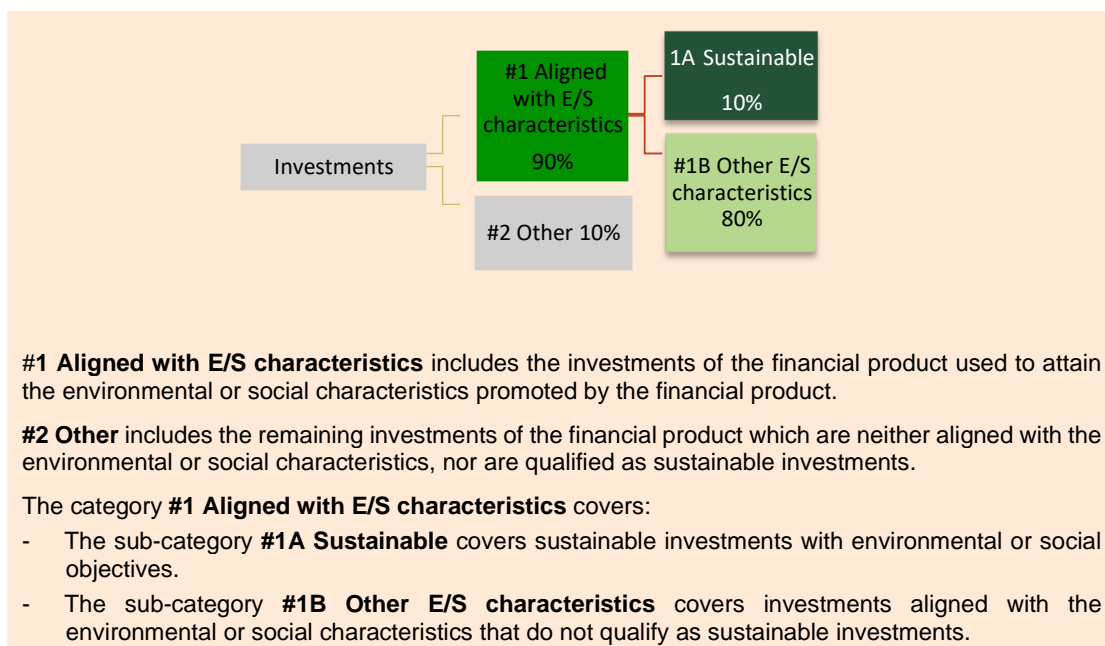
Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

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



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Fund.



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

The Fund invests at least 10% of its net asset value in Sustainable Investments but commits 0% of its Net Asset Value to 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**

*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.*

<sup>1</sup> Fossil gas and/or nuclear related activities will only 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 hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulations (EU) 2022/1214.

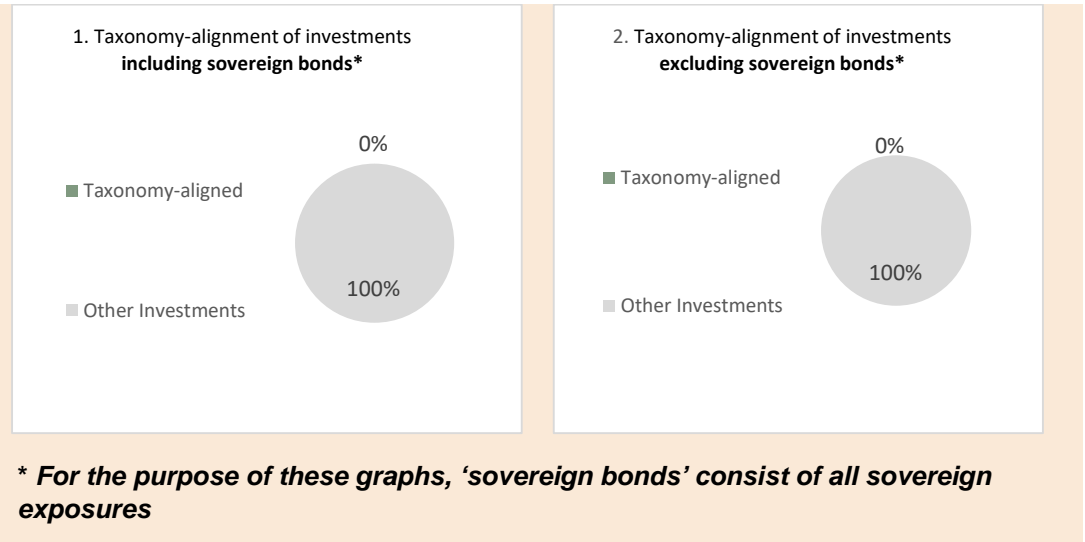


low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



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



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

Not applicable. The Fund will not make any investments in transitioning 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 invests at least 10% of its Net Asset Value in sustainable investments with environmental objectives which are not aligned with the EU Taxonomy.



● **What is the minimum share of socially sustainable investments?**

Not applicable. The Fund will not make any investments in sustainable investments with a social objective.



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

Derivatives and cash are the only two investment types categorised as ‘other’ and no minimum environmental or social safeguards are applied.

Investments categorised as ‘other’ will be used for the following reasons:

- Cash and cash equivalents or money market instruments: The Fund may invest in cash and cash equivalents or money market instruments to take advantage of market opportunities as they arise.
- Derivatives: The Fund may use derivatives only for hedging and managing broad market exposure.

● **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?**

Yes. The Fund has a designated reference benchmark.

● **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

The Index is aligned with each of the environmental or social characteristics of the Fund as it is screened by the index provider based on the binding elements detailed earlier, which are applied to the Index constituents at the semi-annual rebalance.

The Investment Manager evaluates the application of the binding elements through regular reviews so that the Index continues to be aligned with each of the environmental or social characteristics promoted by the Fund.



● ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Alignment of the investment strategy with the methodology of the Index is achieved on a continuous basis through the Fund tracking the Index, which incorporates the various binding elements, within the set tracking error tolerance and outlined in the Index Tracking Strategy section of this Supplement. In addition, investment guidelines and restrictions are coded in the Investment Manager's order management system to enable pre and post-trade monitoring.

● ***How does the designated index differ from a relevant broad market index?***

The Index differs from the Parent Index due to the application of the ESG screening, carbon risk rating and GRESB scoring described in earlier responses.

● ***Where can the methodology used for the calculation of the designated index be found?***

The methodology used for the Index can be found [here](#) . Please search by benchmark name.

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

More product specific information regarding the Fund can be found [here](#).

