

# Supplement dated 3 July 2023 to the Prospectus dated 31 January 2022, as amended by addendum dated 29 November 2022 for Northern Trust Global Funds Plc

## THE STERLING FUND

*This Supplement contains specific information in relation to The Sterling Fund (the **Fund**), a fund of Northern Trust Global Funds plc (the **Company**) an open-ended umbrella investment company with variable capital and with segregated liability between funds governed by the laws of Ireland and authorised by the Central Bank.*

**This Supplement forms part of and should be read in conjunction with the Prospectus dated 31 January 2022, as amended by addendum dated 29 November 2022.**

*The Directors of the Company whose names are set out under the heading **Management and Administration** in the Prospectus, accept responsibility for the information contained in the Prospectus and 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) 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, have the same meaning when used in this Supplement.*

**The Distributing Share Classes of the Fund seek to maintain a constant Net Asset Value per Share. The Accumulating Share Classes of the Fund do not seek to maintain a constant Net Asset Value per Share.**

*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.*

### DIRECTORY

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## PROFILE OF A TYPICAL INVESTOR

A typical investor will be seeking to achieve exposure to fixed income or adjustable rate securities and a return on its investment in the short to medium term.

## DESCRIPTION OF THE FUND

The Fund is a LVNAV MMF that meets the criteria for and is categorised as a *short-term money market fund* in accordance with the Money Market Fund Regulation.

A *short-term money market fund* can be distinguished from the alternative category of *standard money market fund* on the basis of the specific criteria set out in the Money Market Fund Regulation. The Money Market Fund Regulation provides for a two-tier approach recognising the distinction between *short term money market funds* which invest in investments with a very short Weighted Average Maturity and Weighted Average Final Maturity, and *standard money market funds*, which operate a longer Weighted Average Maturity and Weighted Average Final Maturity.

Although the Fund may invest in Money Market Instruments and Deposits, Shares in the Fund are not deposits and are not guaranteed and the Fund does not rely on external support for guaranteeing the liquidity of the Fund or stabilising the Net Asset Value per Share. Investment in the Fund involves certain investment risks, including the possible fluctuation and/or loss of principal. Investors' attention is particularly drawn to the risk factors set out under the heading **Risk Factors** in the Prospectus.

## INVESTMENT OBJECTIVE AND POLICIES

### Investment Objective

The objective of the Fund is to preserve capital, maintain liquidity and generate current income by investing in high quality fixed income or adjustable rate securities denominated in the Base Currency of the Fund.

### Investment Policies

Such investments will be invested on a global basis, will be traded principally on the wholesale, interbank and over the-counter markets and may provide a fixed or adjustable rate (i.e. a rate that floats or adjusts periodically based on a predetermined benchmark) return. The Fund may invest in Eligible Securities including certificates of deposit, commercial paper, floating rate notes, medium term notes, U.S. Government Securities and securities issued or guaranteed by any OECD government, its agencies or instrumentalities or by any supra-national entity. In addition, the Fund may invest in Eligible Securitisations and any other short term Eligible Securities which are consistent with the investment objective. The Fund may also invest in Deposits, including cash deposits and time deposits.

The Sterling Fund has availed of the derogation provided for under Regulation 17 (7) of the Money Market Fund Regulation and may, in accordance with the principle of risk-spreading, invest up to 100% of its assets in different money market instruments issued or guaranteed separately or jointly by the European Union, the national, regional and local administrations of the Member States or their central banks, the European Central Bank, the European Investment Bank, the European Investment Fund, the European Stability Mechanism, the European Financial Stability Facility, a central authority or central bank of a third country, the International Monetary Fund, the International Bank for Reconstruction and Development, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the Bank for International

Settlements, or any other relevant international financial institution or organisation to which one or more Member States belong ("**Public Debt Issuers**").

In accordance with the internal credit quality assessment procedures of the Manager, a documented assessment of the credit quality of such instruments will be performed in order to ensure that such instruments are of sufficient quality. Where one or more rating agencies registered and supervised by ESMA have provided a rating of the instrument, regard may be given to, inter alia, those credit ratings. While there will be no mechanistic reliance on such external ratings, a material change that could have an impact on the existing assessment of the instrument will lead to a new assessment of the credit quality of such instruments.

The Fund will limit the Weighted Average Maturity of its investments to 60 days or less, and have a Weighted Average Final Maturity of 120 days or less.

A minimum of 30% of the Net Asset Value of the Fund will be comprised of assets that mature on five Business Days, reverse repurchase agreement which are able to be terminated by giving prior notice of five Business Days, or cash which is able to be withdrawn by giving prior notice of five Business Days. Money Market Instruments issued or guaranteed separately or jointly by Public Debt Issuers which are highly liquid and can be redeemed and settled within one Business Day and have a residual maturity of up to 190 days may also be included within the weekly maturing assets of the Sterling Fund, up to a limit of 17.5% of its Net Asset Value. The Fund shall not acquire any asset other than a daily maturing asset when such acquisition would result in the Fund investing less than 30% of the Net Asset Value in daily maturing assets.

In addition, a minimum of 10% of the Net Asset Value of the Fund will be composed of assets that mature on each Business Day, reverse repurchase agreement which are able to be terminated by giving prior notice of one Business Day, or cash which is able to be withdrawn by giving prior notice of one Business Day. The Fund shall not acquire any asset other than a daily maturing asset when such acquisition would result in the Fund investing less than 10% of the Net Asset Value in daily maturing assets.

The Fund may enter into certain currency forward contracts in accordance with the terms of the Prospectus solely for the purposes of hedging any foreign exchange risk which may arise from an unexpected redenomination of an investment held in the Fund to a currency other than the Base Currency of the Fund.

The Fund may also enter into repurchase and reverse repurchase arrangements (i.e. Securities Financing Transactions) in accordance with the requirements of SFTR, Central Bank Rules and the Money Market Fund Regulation. Repurchase agreements may be used on a temporary basis for liquidity purposes and reverse repurchase agreements may be used for investment purposes. Any type of assets that may be held by the Fund in accordance with its investment objective and policies may be subject to such Securities Financing Transactions. The cash received by the Fund as part of a repurchase agreement shall not exceed 10% of the Net Asset Value of the Fund. There is no restriction on the proportion of assets that may be subject to reverse repurchase agreement and therefore the maximum and expected proportion of the Fund's assets that can be subject to a reverse repurchase agreement can be as much as 100%, i.e. all of the assets of

the Fund. Use of Total Return Swaps by the Fund is not envisaged. In any case the most recent semi-annual and annual report of the Company will express as an absolute amount and as a percentage of the Fund's assets the amount of Fund assets subject to Securities Financing Transactions. Further details on the use of Securities Financing Transactions are set out in the Prospectus.

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

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

### **Portfolio Exclusions and ESG Integration**

The Fund promotes environmental, social and governance characteristics as part of its investment policies.

Firstly by way of exclusions, it excludes certain securities pursuant to the Northern Trust ESG Custom Screens selected by the Investment Manager, as detailed in the Annex.

Secondly, in relation to corporate securities only, the Fund will aim to select corporate securities with higher or improving NT ESG Vector Scores™ (as described below) and, where consistent with the investment objective of the Fund, will adjust positions within the portfolio to enhance the aggregate ESG profile/score of the portfolio targeting a 10% uplift in normal market conditions of the weighted average NT ESG Vector Score™ of the corporate component within the portfolio relative to the weighted average NT ESG Vector Score™ of the universe of corporate securities eligible for investment by the Fund. The Northern Trust ESG 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. It marries two leading sustainability reporting frameworks; the Sustainability Accounting Standards Board's (SASB) Standards, which are industry-specific sustainability disclosure standards focused on financial materiality, and the thematic structure of the Task Force on Climate related Financial Disclosures' (TCFD) recommendations. It applies TCFD's anticipatory framework on governance, strategy and risk management, beyond simply climate, to all financially material ESG risks across the SASB Standards, resulting in a comprehensive risk assessment. Additionally, the Northern Trust ESG Vector Score places a further emphasis on corporate governance because of the impact it can have on long-term value.

Thirdly, periodic reviews by the Portfolio Management Team and the SI Team of the Investment Manager, to review and discuss holdings with lower NT ESG Vector Scores™ and other relevant ESG issues.

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

### **INVESTMENT RESTRICTIONS**

The general investment restrictions set out under the heading **Investment Restrictions** in the Prospectus shall apply.

The Fund will not invest in other collective investment schemes.

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### **BORROWINGS**

The Company may borrow up to 10% of the Net Asset Value of the Fund at any time and the Directors may charge the assets of the Fund as security for any such borrowing, provided that such borrowing is only for temporary purposes in accordance with the Regulations. It is considered by the Company that temporary borrowing of this nature (which typically takes the form of operational overdraft facilities), as permitted in accordance with Regulation 103(3)(a) of the Regulations is not inconsistent with the restriction on borrowing that applies to Authorised Money Market Funds, such as the Fund, as contained in the section of the Money Market Fund Regulation on eligible assets (Article 9(2)(e) thereof).

### **RISK FACTORS**

The general risk factors set out under the heading **Risk Factors** in the Prospectus apply to the Fund. In particular, investors should have regard to the "LVNAV MMF Risk" and "Automatic Conclusion Risk".

In addition the following risk factors shall apply to the Fund.

**Negative Yield Environment:** Due to market conditions, the Accumulating Share Classes may not achieve their objective of preservation of capital and may suffer from negative yields (i.e. the costs and expenses may exceed the income and gains of the Share Class on a Business Day). This will result in a corresponding reduction in the Net Asset Value per Share of the relevant Accumulating Share Classes (i.e. the NAV per Shares will not remain stable) as a result of erosion of capital.

**Historic Pricing:** Upon the conversion of any Share Classes to Accumulating Shares, the Fund will issue and repurchase Shares at the Net Asset Value per Share as determined on the Business Day prior to the relevant Dealing Day. In implementing historic pricing, the Manager has introduced measures to mitigate any risk to existing shareholders presented as a result of an investor dealing with knowledge of the previous day's market movements. The Manager has introduced a de minimis threshold that will be calculated by comparing, in advance of the Dealing Deadline, the prior day's prices with those currently available. In the event that the difference between these prices exceeds this threshold the Manager will not employ historic pricing.

### **DIVIDEND POLICY**

No dividends will be declared in respect of the Accumulating Shares. Accordingly, the price of an Accumulating Share shall rise or fall as income and capital gains accrue in respect of the Accumulating Share.

It is the intention of the Directors to declare a dividend on each Dealing Day in respect of the Distributing Shares of the Fund. It is proposed that such dividend will be declared on each Dealing Day out of the Fund's net investment income (i.e. income from the dividends, interest or otherwise less the Fund's accrued expenses). Such dividends will be paid monthly in cash (except when forming part of the repurchase proceeds whereby such dividends will be paid, at the absolute discretion of the Company, on the relevant Settlement Date), unless the Shareholder elects in writing to receive the dividends in the form of additional Shares.

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

#### **Base Currency**

Sterling

#### **Business Day**

A Business Day is each day on which retail banks are open

for business in London (or such other day or days as the Directors may, with the consent of the Depositary, determine and notify in advance to Shareholders).

### Dealing Day

Each Business Day except where the Net Asset Value determination is temporarily suspended in the circumstances set out under the heading **Temporary Suspension of Valuation of the Shares and of Sales and Repurchases** in the Prospectus unless otherwise determined by the Directors and notified in advance to Shareholders.

### Dealing Deadline

2 p.m. (Irish time) on each Dealing Day.

### Settlement Date

In the case of applications, proceeds must be received by close of business on the relevant Dealing Day or as otherwise determined by the Manager. In the case of repurchases proceeds must be remitted to investors no later than close of business on the relevant Dealing Day (assuming the receipt of the relevant duly signed repurchase documentation) or as otherwise determined by the Manager provided that provided that in all cases proceeds are paid within ten Business Days.

### Valuation Point

3 p.m. (Irish time) on each Dealing Day

### Initial Offer Period

For Distributing Class H Shares from 9.00 a.m. (Irish time) on 30 November 2022 until 5.00 p.m. (Irish time) on 26 May 2023 or such earlier or later date as the Directors may determine.

### Issue Price

During the Initial Offer Period, Distributing Class H Shares will be initially issued at £1 per Share.

### Classes of Shares Available

A, B, C, D, E, F, G, H

Shares may be issued as Accumulating Shares or Distributing Shares.

The following Share Classes have been issued as at the date of this Supplement:

Distributing Shares Class A  
Distributing Shares Class B  
Distributing Shares Class C  
Distributing Shares Class D  
Distributing Shares Class E  
Distributing Shares Class F  
Distributing Shares Class G  
Distributing Shares Class G

### Minimum Investments

Share Class	Minimum Initial Investment
Shares Class A	GBP 0
Shares Class B	GBP 40,000,000
Shares Class C	GBP 5,000,000,000
Shares Class D	GBP 450,000,000
Shares Class E	GBP 800,000,000
Shares Class F	GBP 250,000,000
Share Class G	GBP 100,000,000
Share Class H	GBP 4,000,000,000

### Net Negative Income and Stable Net Asset Value Considerations

Where the Company, in consultation with the Manager, determines that a Class of Distributing Shares of the Fund may not be able to maintain a stable Net Asset Value per Share due to the net yield (i.e. the yield net of all costs and expenses) attributable to that Class being negative (a "**Negative Yield**"), the Directors may, upon the provision of advance notice (where practicable), implement a conversion to Accumulating Shares (the "**Negative Yield Measures**"). Where such a conversion is implemented, the Distributing Shares affected by the Negative Yield (the "**Affected Class**") will be amended as follows: (i) the distribution policy will be amended and the Shares will become Accumulating Shares; and (ii) the negative income will be accrued into the Net Asset Value and as such the Net Asset Value per Share for these Share Classes will not remain stable and their capital may be eroded. In the event that the negative yield environment ceases and the Directors determine that the relevant Affected Class is able to maintain a stable Net Asset Value per Share, the Company, in consultation with the Manager, may reverse the conversion.

### Preliminary Charge

There will be no Preliminary Charge for this Fund.

## FEES AND EXPENSES

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

The maximum aggregate fees charged by the Investment Manager, Depositary and Administrator shall be 1.00% of the Net Asset Value of the Fund.

The Investment Manager shall be entitled for each Share Class to receive out of the net assets of the Fund an annual fee, accrued and calculated on each Dealing Day and payable monthly in arrears at an annual rate which will not exceed 0.80% of the Net Assets Value of the Fund (plus VAT, if any) for the respective Share Class. The Investment Manager shall also be entitled to be reimbursed out of the assets of the Fund for the reasonable out-of-pocket expenses incurred by it in the performance of its duties.

The Administrator shall be entitled to receive out of the net assets of the Fund an annual fee, accrued and calculated on each Dealing Day and payable monthly in arrears at an annual rate which will not exceed 0.10% of the Net Assets Value of the Fund (plus VAT, if any). The Administrator is entitled to be repaid out of the assets of the Fund all of its reasonable agreed upon transaction and other charges (which will be at normal commercial rates) and other out-of-pocket expenses (plus VAT thereon, if any).

The Depositary shall be entitled to receive out of the net assets of the Fund an annual fee, accrued and calculated on each Dealing Day and payable monthly in arrears, at an annual rate of up to 0.10% of the Net Assets Value of the Fund (plus VAT thereon, if any). The Depositary is also entitled to be repaid out of the assets of the Fund sub-custodian's fees (which will be charged at normal commercial rates) as well as agreed upon transaction charges (which will be at normal commercial rates) and other out-of-pocket expenses (plus VAT thereon, if any).

The Manager is entitled to cover its reasonable out of pocket costs and expenses incurred in the performance of its duties. The latest figure will be set out in the most recently published report and accounts of the Fund, or pending publication of the initial report and accounts, will be available upon request from the Administrator. These costs and expenses will accrue and

be calculated on each Dealing Day and shall be payable quarterly in arrears.

This section should be read in conjunction with the section set out under the heading **Expenses of the Funds** in the Prospectus.

#### **MISCELLANEOUS**

There are 4 other Funds of the Company Current in existence, namely

- **The U.S. Dollar Fund**
- **The Euro Liquidity Fund**
- **The Sterling Conservative Ultra Short ESG Fund**
- **The Sterling Ultra Short ESG Fund**

**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**

**Product name:**  
The Sterling Fund (the Product)

**Legal entity identifier:**  
635400FIZRUST8ZI7Z42

**Environmental and/or social characteristics**

<b>Does this financial product have a sustainable investment objective?</b>	
<input checked="" type="radio"/> <input type="radio"/> <b>Yes</b>	<input type="radio"/> <input checked="" type="radio"/> <b>No</b>
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b>	<input type="checkbox"/> It <b>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 0% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <input checked="" type="checkbox"/> It promotes E/S characteristics, <b>but will not make any sustainable investments</b>

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

As its investment objective, the Product seeks to preserve capital, maintain liquidity and generate current income by investing in high quality fixed income or adjustable rate securities denominated in the Base Currency of the Fund. The investible universe uses the Northern Trust (NT) custom environmental, social and governance (ESG) screening criteria to be in line with international norms and specific ESG criteria.

The Product has the following environmental and/or social (E/S) characteristics that it promotes.

- (i) The Product applies ESG exclusions that excludes securities which have faced "non-compliant" controversies pertaining to ESG issues;
- (ii) The Product will aim to select corporate securities with higher or improving NT ESG Vector Scores™ and in normal market conditions will adjust positions to target a 10% uplift of the weighted average NT ESG Vector Score™ of the corporate component within the portfolio relative to the weighted average NT ESG Vector Score™ of the universe of corporate securities eligible for investment by the Product; and
- (iii) Thirdly, periodic reviews by the Portfolio Management Team and the SI Team of the Investment Manager, to review and discuss holdings with lower NT ESG Vector Scores™ and other relevant ESG issues.

Please refer to the section "What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?" below for further detail.

**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



**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?***

Below is a list of sustainability indicators, expressed in number and/or weight of holdings, used to measure the attainment of the E/S characteristics promoted by this Product. Such sustainability indicators are applied by the Fund through screening out companies that conflict with the NT Custom ESG screening criteria (as defined below):

1. companies that are in breach of global norms such as UN's Global Compact Ten Principles due to being involved in controversies classified as "non-compliant";
2. companies that derive any revenue from the production of tobacco, or 5% or more of their revenue from the distribution of tobacco, supply of key products for the production of tobacco, or the retail of tobacco;
3. 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;
4. companies that manufacture civilian firearms or retail civilian firearms and derive 5% or more revenue from this sector;
5. companies that manufacture conventional weapons or provide support services to and derive 5% or more revenue from weapon sales or from military contracting;
6. companies that derive 5% of revenue or more from mining thermal coal;
7. companies that derive 30% of revenue or more from coalfired energy generation or 5% or more revenue which also have weak management of carbon risk within their own operations;
8. 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 which also have weak management of carbon risk within their own product and services; and;
9. companies that derive 5% or more revenue from for profit prisons,

referred to hereafter as the "NT Custom ESG screening criteria". This methodology is reviewed annually. These sustainability indicators are non- exhaustive and subject to change.

Additionally, where consistent with its investment objective, the Product will:

1. aim to select corporate securities with higher or improving NT ESG Vector Scores™; and
2. adjust positions to enhance the aggregate ESG profile/score of the portfolio targeting a 10% uplift in normal market conditions of the weighted average NT ESG Vector Score™ of the portfolio's corporate component relative to the weighted average NT ESG Vector Score™ of the universe of corporate securities eligible for investment by the Product.

**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?**

Not applicable - the Product does not make a commitment to sustainable investments.

**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?**

Not applicable - the Product does not make a commitment to sustainable investments.

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

Not applicable -the Product does not make a commitment to sustainable investments.

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

Not applicable - the Product does not make a commitment to 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

No

Through the NT Custom ESG Screening criteria methodology, the Product adheres to international norms by screening for violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises.

Additionally, the methodology excludes a range of companies whose business activities have been determined to cause significant harm on the environment or society such as exposure to controversial weapons (anti- personnel mines, cluster munitions, chemical weapons and biological weapons) and identified cases of severe human rights issues and incidents.





## What investment strategy does this financial product follow?

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

The Product is an active strategy, whose objective is to seek to preserve capital, maintain liquidity and generate current income by investing in high quality fixed income or adjustable rate securities denominated in the Base Currency of the Fund which, firstly by way of exclusions, excludes certain securities pursuant to the Northern Trust ESG Custom screening methodology selected by the Investment Manager, as detailed above.

Secondly, the product will aim to select corporate securities with higher or improving NT ESG Vector Scores™ and, in normal market conditions, will adjust positions to enhance the aggregate ESG profile/score of the portfolio targeting a 10% uplift of the weighted average NT ESG Vector Score™ of the corporate component within the portfolio relative to the weighted average NT ESG Vector Score™ of the universe of corporate securities eligible for investment by the Product.

Thirdly, periodic reviews by the Portfolio Management Team and the SI Team of the Investment Manager, to review and discuss holdings with lower NT ESG Vector Scores™ and other relevant ESG issues.

## 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 Portfolio operates the NT Custom screening criteria on a binding basis.

Please refer to previous response on "What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product" for a complete list of the elements of the product's investment strategy to attain its E or S characteristics, which include the application of the binding NT Custom screening criteria and other non-binding elements.

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

While the Product's investment universe is reduced as a result of the binding exclusions, it 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 of investee companies forms a foundational part of the application of the NT Custom ESG screening criteria. In practice, this is achieved through the use of our data provider's ESG Controversy 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.

In order to produce the relevant controversy, our chosen data provider assesses the negative environmental, social and governance impact of the investee companies operations, products and services. It also identifies breaches of international norms through the use of controversy proxies which are assessed based on the scale and severity of the controversy.

Severity may vary depending on the nature of the controversy but generally includes metrics such as:

- the percent of shareholder votes or number of shareholders voicing an opinion,
- number and position of executives or directors involved,
- number and type of external parties voicing an opinion, or

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

- the portion of the company that is affected or implicated.

For other governance issues, scale is generally measured by:

- the length of time an activity was ongoing,
- the size of the market or government affected, or
- the scale on which either company executives or external parties such as government officials were involved.



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

The Product intends to be at least 70% invested in issuers that have improved ESG metrics in normal market condition.

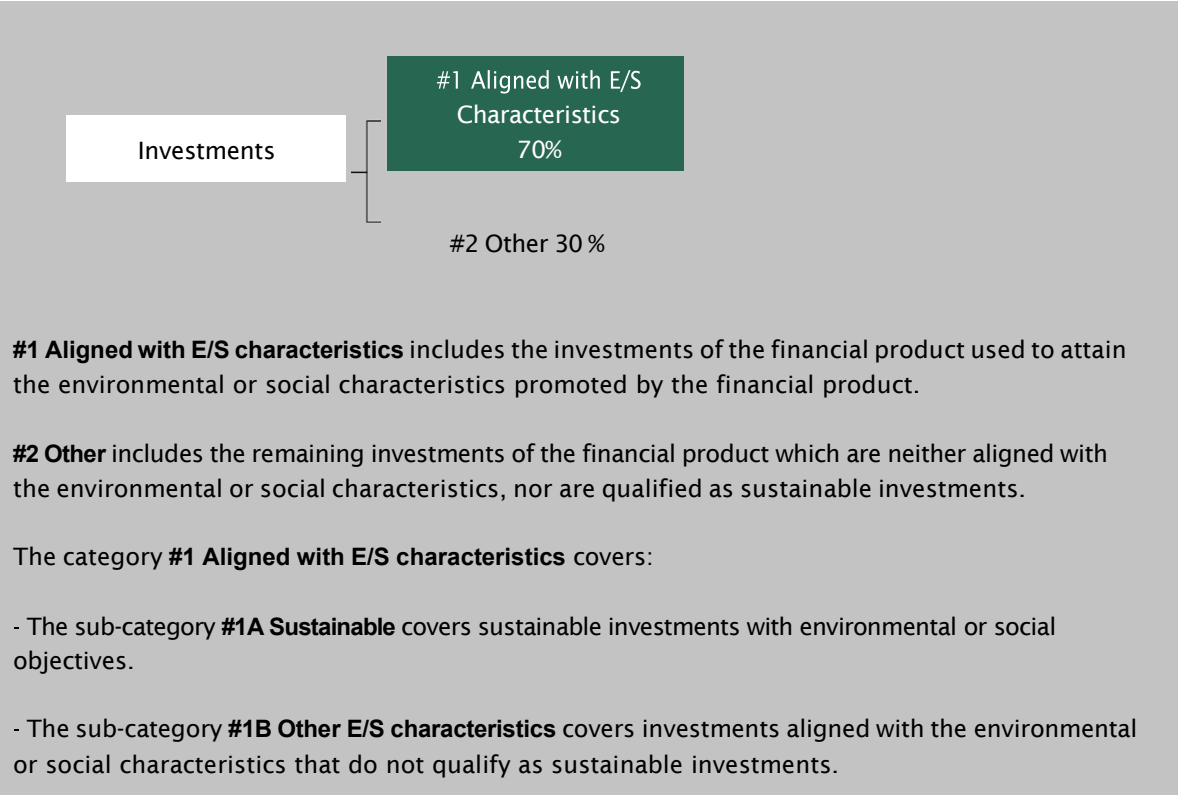
The Product presently intends to invest 0% of its assets in investments that contribute to environmentally sustainable economic activities in accordance with the Taxonomy Regulation.

The “other” is expected to be for cash, cash equivalents and other money market instruments which are not subject to portfolio exclusions or any ESG integration due to the nature of such investments.

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

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.



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

Not applicable - the Product does not use derivatives.

**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?**

The Product presently intends to invest 0% of its assets in investments that contribute to environmentally sustainable economic activities in accordance with the Taxonomy Regulation.

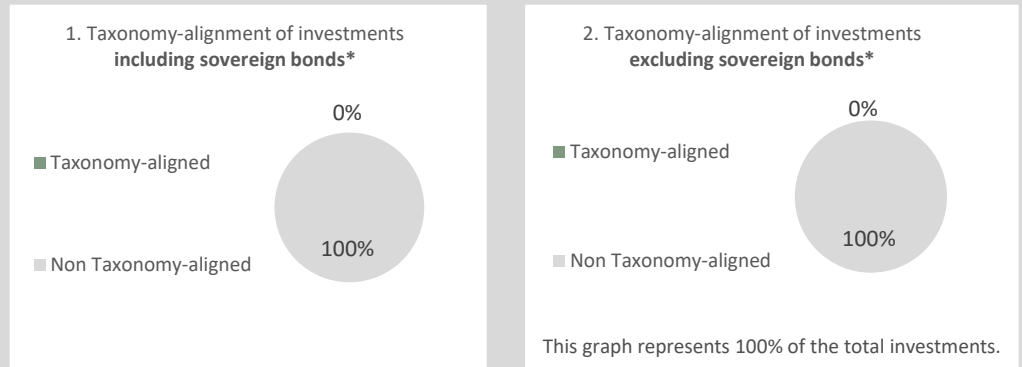
**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?<sup>1</sup>**

Yes:  In fossil gas  In nuclear energy

No:

<sup>1</sup> Fossil gas and/or nuclear related activities will 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 Regulation (EU) 2022/1214.

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.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

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

This is not applicable as the Product presently intends to invest 0% of its assets in investments that contribute to environmentally sustainable economic activities in accordance with the Taxonomy Regulation, which includes 0% of its assets in enabling activities and 0% of its assets in transitional activities towards climate change mitigation.

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



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

0% of the Product sustainable investments commitment is expected to be aligned with the EU Taxonomy.



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

The Product is not targeting socially sustainable investments hence anticipates 0% investments in social sustainable investments.



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

Cash is the only investment type categorised as ‘other’ and neither is aligned with environmental or social characteristics, nor qualify as sustainable investments. Additionally, no minimum environmental or social safeguards are applied.

Investments may be marked as ‘other’ for the following reasons:

- Cash, cash equivalents and other money market instruments, which are not subject to portfolio exclusions or any ESG integration due to the nature of such investments.



**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?**

Not applicable, the Product does not have a specific index designated as a reference benchmark with E/S characteristics.

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

Not applicable, the Product does not have a designated index.

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

Not applicable.

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

Not applicable, the Product does not have a designated index.

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

Not applicable, the Product does not have a designated index.



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

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