

THE NT ALL COUNTRY ASIA EX JAPAN CUSTOM ESG EQUITY INDEX FUND

Supplement dated 22 November 2024 to the Prospectus dated 27 August 2024 for Northern Trust Investment Funds plc

The NT All Country Asia ex Japan Custom ESG Equity Index Fund

*This Supplement contains specific information in relation to The NT All Country Asia ex Japan Custom ESG Equity Index Fund (the "**Fund**"), a Fund of Northern Trust Investment Funds plc (the "**Company**") an open-ended investment company with variable capital established as an umbrella fund with segregated liability between Funds governed by the laws of Ireland and authorised by the Central Bank of Ireland (the "**Central Bank**").*

This Supplement forms part of and should be read in conjunction with the Prospectus.

*The Directors of the Company, whose names appear in the **Management and Administration** section of the Prospectus, accept responsibility for the information contained in the Prospectus, this Supplement and the 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, 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 is prepared to accept a degree of medium to high volatility. A typical investor will be seeking to achieve exposure across Asian (ex-Japan) equities and will be seeking to achieve a return on 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. This Fund is passively managed

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.

INVESTMENT OBJECTIVE AND POLICIES

Investment Objective

The investment objective of the Fund is to closely match the risk and return characteristics of the MSCI AC (All Country) Asia ex Japan Custom ESG Index* (the "**Index**") with net dividends reinvested. Any change of Index shall only be made with the prior approval of the Shareholders.

Investment Policies

The Fund seeks to achieve its investment objectives through investment primarily in a diversified portfolio of freely 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.

Such Equity and Equity Related Securities shall be listed on stock exchanges or regulated markets in countries (within the list of Markets set out in Appendix 1 of the Prospectus) comprised within the Index, details of which are set out under the heading "**Index Description**" below. 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. In order to access Equity and Equity Related Securities issued by companies or linked to companies located in China or listed/traded on stock exchanges in China, the Fund may trade through the Shanghai and Shenzhen Stock Connect programmes. The Fund may from time to time hold Equity and Equity Related Securities which are not included in the Index constituents as a result of corporate actions and other such activities. In such event, the Fund will sell such securities as soon as reasonably practicable taking into account the best interests of the Shareholders. In addition, certain Equity and Equity Related Securities which the Fund may hold may experience more market price volatility than other securities and could, in certain circumstances, result in high volatility levels. The Net Asset Value of the Fund may reflect this volatility.

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 Shareholders.

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 may invest in FDI as set out in the section titled "**Use of Efficient Portfolio Management Techniques, Financial Derivative Instruments and Securities Financing Transactions**" below.

Index Tracking Strategy

The Fund operates an index tracking physical replication strategy through investing directly in the Index constituents 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.

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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 Shareholders (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 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 well-correlated 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 up to of up to 1% 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 is the MSCI AC Asia ex-Japan Index (the "**Parent Index**"). The Parent Index is designed to measure the equity market performance of Asia, excluding Japan and captures large and mid-cap issuers as determined by MSCI.

The Index is a custom index calculated and screened by MSCI ESG research 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 socially responsible principles considering business involvement, and ESG controversy screening criteria as further detailed in the Annex and (ii), excludes companies with exposure to thermal coal above thresholds specified within the Annex.

In addition companies shall be excluded which do not conform with certain governance criteria as further detailed in the Annex.

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

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. However, the Index rules reflect that MSCI shall stop calculating the Index if the number of components falls below 20. In addition, 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 valuation function within MSCI is functionally independent of the design of the Index. The Index is reviewed quarterly for any necessary rebalancing – typically in February, May, August and November, with the objective of reflecting change in the underlying equity markets in a timely manner, while limiting undue index turnover. The rebalancing frequency will 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 constituents, weightings and methodology can be navigated to from the following links: www.msci.com/index/methodology/latest/CustomESG and www.msci.com/constituents.

INVESTMENT RESTRICTIONS

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

It is noted in particular that the Fund may not invest more than 10% of Net Asset Value in CIS in aggregate.

USE OF EFFICIENT PORTFOLIO MANAGEMENT TECHNIQUES, FINANCIAL DERIVATIVE INSTRUMENTS AND SECURITIES FINANCING TRANSACTIONS

The Fund may use currency forwards and exchange-traded futures for hedging and EPM purposes. Further details of the techniques and instruments that the Fund may employ for EPM purposes are set out in **Efficient Portfolio Management, Financial Derivative Instruments and Securities Financing Transactions** section of 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 Share Class.

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

The Fund may use securities lending transactions (i.e. Securities Financing Transactions) in accordance with the requirements of SFTR and the Central Bank Rules. 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. There is no restriction on the proportion of assets that may be subject to Securities Financing Transactions and therefore the maximum and expected proportion of the Fund's assets that can be subject to Securities Financing Transactions can be as much as 100%, i.e. all of the assets of the Fund. Use of repurchase/reverse repurchase agreements and 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.

Collateral or margin may be passed by the Fund to a counterparty or broker in respect of EPM techniques or Securities Financing Transactions. Please refer to the section of the Prospectus entitled **Collateral Policy** for further details.

The use of FDI and 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**.

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

BORROWING AND LEVERAGE

The Fund may borrow up to 10% of its Net Assets Value on a temporary basis.

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

RISK FACTORS

The general risk factors as set out in the Prospectus under the heading "**Risk Factors**" apply to the Fund, as well as the following additional factors, which apply to the Fund:

Stock Connect Risks

DIVIDEND POLICY

Accumulating Shares

No dividends will be declared in respect of the Accumulating Shares.

Distributing Shares

In respect of the Distributing Shares, the Directors intend to declare and pay all net income of the Fund attributable to each class annually as a dividend to the Shareholders of each relevant class of Shares on the register of members as at the close of business on the relevant Dealing Day.

Further details on the distribution policy are set out in Prospectus under the heading **Dividend Policy**.

KEY INFORMATION FOR BUYING AND SELLING

Share Classes

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

Base Currency

USD

Business Day

Any day (except Saturday or Sunday) on which the banks in Ireland are open generally for business, or such other day as the Directors may determine and notify to Shareholders.

Dealing Day

The Dealing Day for the Fund will be every Business Day or such other day or days as the Directors may determine and notify in advance to Shareholders, 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 12.00 p.m. (Irish time) on the Business Day immediately preceding each Dealing Day.

Initial Offer Period

The Initial Offer Period in respect of Euro Class C Shares and US Dollar Class C Shares is closed.

The Initial Offer Period in respect of all other the Share Classes shall continue until 23 May 2025 (or such shorter or longer period as the Manager may determine and notify to the Central Bank).

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

Settlement Date

In the case of applications, proceeds must be received no later than two (2) Business Days after 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 three (3) Business Days after the relevant Dealing Day (assuming the receipt of the relevant duly signed repurchase documentation) or as otherwise determined by the Manager provided that in all cases proceeds are paid within ten (10) Business Days.

Preliminary Charge

There will be no Preliminary Charge for this Fund.

Redemption Charge

There is no Redemption Charge for this Fund.

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

For Euro denominated share classes €10 per Share, for USD denominated share classes \$10 per Share, for Sterling denominated share classes, £10 per Share.

Classes of Shares Available

A, B, C, D, E, F, G, H, P1

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

Currencies Available

Each of the Share Classes, with the exception of Class P1 Shares are available in Euro, Sterling and U.S. Dollar.

Class P1 Shares are only available in Euro.

Currency Hedged Share Classes

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

Minimum Shareholding

In respect of Class P1 Shares, €10,000 subject to the discretion of the Directors to allow lesser amounts.

For all other Shares Classes \$100,000 (or its equivalent in the relevant Share Class currency) subject to the discretion of the Directors to allow lesser amounts.

Minimum Initial Investment Amount

In respect of Class P1 Shares, €10,000 subject to the discretion of the Directors to allow lesser amounts.

For all other Shares Classes \$100,000 (or its equivalent in the relevant Share Class currency) subject to the discretion of the Directors to allow lesser amounts.

German Taxation

The Fund will invest and be managed such that it qualifies as an Equity Fund as defined in the Prospectus.

FEES AND EXPENSES

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

The Investment Manager will be entitled to receive an annual fee of up to 0.20% in respect of the class A, B, C, E, F, G, H and P1 Shares and of up to 0.30% in respect of all Class D Shares (plus VAT thereon, if any).

Such fee shall accrue and be calculated on each Dealing Day and be payable monthly in arrears. The Investment Manager shall also 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 Manager shall not receive a fee but shall also be entitled to be reimbursed out of the assets of the Fund for the reasonable out-of-pocket expenses incurred in the performance of its duties.

The Administrator shall be entitled to receive out of the Net Asset Value 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 0.08% of the Net Asset 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 Asset Value 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 0.2% of the Net Asset 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).

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 of the Funds** in the Prospectus.

Establishment costs

The organisational and establishment expenses relating to the creation of the Fund have been fully amortised by the Fund.

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".

MISCELLANEOUS

Reporting

Some Shareholders 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.

Other Funds

The other Funds of the Company are listed in the Global Supplement to the Prospectus.

New Funds may be created from time to time by the Directors with the prior approval of the Central Bank in which case further Supplements incorporating provisions relating to those Funds will be issued by the Company.

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: The NT All Country Asia Ex Japan Custom ESG Equity Index Fund ("the Fund")

Legal entity identifier:
549300XF5R1PFP866J93

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

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

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

It will make a minimum of **sustainable investments with a social objective**: ___%

It promotes Environmental/ Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments

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

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

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

The Fund promotes the following 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:

- (i) reducing investments in unconventional oil and gas exploration and Arctic oil; and
- (ii) reducing investments in thermal coal power generation and thermal coal mining.

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

- (iii) avoiding investments in controversial weapons;
- (iv) reducing specific investment in business activities with adverse health and social impacts including gambling, adult entertainment, tobacco, nuclear weapons, civilian firearms, aggregate weapons, and for-profit prisons; and
- (v) 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:

- MSCI Red Flag ESG Controversies, defined as very severe, ongoing controversies that a company is directly involved in;
- Specific revenue thresholds regarding gambling, adult entertainment, tobacco, nuclear weapons, civilian firearms, aggregate weapons, for-profit prisons, unconventional oil and gas, Arctic oil, thermal coal mining (not including metallurgical coal), thermal coal-based power generation;
- Any tie to controversial weapons (munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, non-detectable fragments and incendiary weapons); and
- MSCI Low Carbon Transition (LCT) Management Score which assesses current and potential exposure to transition risks and opportunities through companies' operations, and business model.

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 the environmental and social objectives including reducing carbon emissions and avoiding business activities with adverse health and social impacts including tobacco, nuclear weapons, civilian firearms, controversial weapons, conventional weapons, and for-profit prisons or human or labour rights violations as set out in the principles of the UN Global Compact. An investee company must promote good governance practices without causing significant adverse impact through its products 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 the 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 such 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 thermal coal mining and thermal coal power generation.

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 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 ESG controversy screening criteria to identify and exclude companies that do not adhere to international norms and conventions such as:

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 quarterly and is based on any investee company being directly involved in very severe and ongoing controversies in relation to its operations, products and services.

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,

No

The Fund considers as part of the investment strategy, the following principal adverse impact (PAI) indicators in Annex 1, Table 1 of the **SFDR RTS**.



- Exposure to companies active in the fossil fuels sector;
- Violations of UNGC principles and OECD Guidelines for Multi-national 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.

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.

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 by MSCI as part of the Index methodology construction.

The application of the following exclusions seeks to attain the environmental and social characteristics promoted by the Fund by excluding (MSCI ESG Research revenue estimates are utilised for all revenue based exclusions):

- i. companies that are directly involved in ongoing controversies classified as "very severe" in the areas of Environment, Human Rights and Community Impact, Labour Rights and Supply Chain, Customers or Governance;
- ii. companies deriving 5% or more revenue from gambling-related business activities;
- iii. companies deriving 5% or more revenue from adult entertainment-related business activities;
- iv. 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;
- v. 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;
- vi. companies that manufacture civilian firearms or retail civilian firearms and derive 5% or more revenue from this sector;
- vii. companies that manufacture aggregate weapons or provide support services to and derive 5% or more revenue from this sector;
- viii. companies that derive 5% of revenue or more from thermal coal mining and extraction;
- ix. companies that derive (a) 10% or more revenue from coal-fired power generation or (b) between 5% and 10% revenue from this source and have transition risk preparedness or carbon management that is considered weak - i.e. an MSCI LCT Management Score of 4 or below, or a score in the bottom two LCT Management Score quartiles;
- x. companies that derive (a) 50% or more revenue from unconventional oil and gas such as oil sands and shale gas or (b) between 5% and 50% revenue from these sources and have transition risk preparedness or carbon management that is considered weak - i.e. an MSCI LCT Management Score of 4 or below, or a score in the bottom two LCT Management Score quartiles;
- xi. companies that derive (a) 50% or more revenue from Arctic oil or (b) between 1% and 50% revenue from this source and have transition risk preparedness or carbon management that is considered weak - i.e. an MSCI LCT Management Score of 4 or below, or a score in the bottom two LCT Management Score quartiles; and

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

- xii. companies that derive 5% or more of their total annual revenues from activities related to for-profit prisons.

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.

● ***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, 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 of investee companies forms a foundational part of the application of the ESG screening criteria applied to the Parent Index.

The ESG Controversy screen is 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 very severe, ongoing controversy that directly implicates a company through its operations, products and services and will result in that company's exclusion from the Index. The following indicators are used:

- **Bribery and fraud:** issues such as bribery, tax evasion, insider trading, money laundering, tax evasion or avoidance, violations of government sanctions and accounting irregularities;
- **Corporate governance structures:** issues such as shareholder- or board-level objections to pay practices and governance structures, shareholder resolutions seeking change to governance practices, and conflicts of interest or unethical behaviour by, or misrepresentation of, or lack of qualifications on the part of, directors or senior executives.
- **Controversial investments:** issues such as financing projects that are controversial because of their actual or anticipated environmental or social impact, as well as criticism of mining companies, real estate investment trusts and similar companies that receive royalties or own shares in a particular project that they neither own nor operate.

A governance screen is applied to companies in emerging markets. Companies are evaluated based on three distinct rules.

1. The screen excludes companies that do not conform with all four of the following criteria: (i) the individual shareholders of the relevant company must not hold 30% or more of the voting rights, and; (ii) at least half of the relevant company's board of directors must be independent, and; (iii) at least half of members of the company's audit committee must be independent; and; (iv) at least half of members of the company's remuneration committee must be independent.
2. Also excluded are companies that do not have a clean (non-qualified) auditor opinion; and
3. Companies domiciled within countries with a poor human rights track record if they also meet criteria for super majority state ownership or face a human rights MSCI ESG controversy Score of 4 or less.

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.

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.

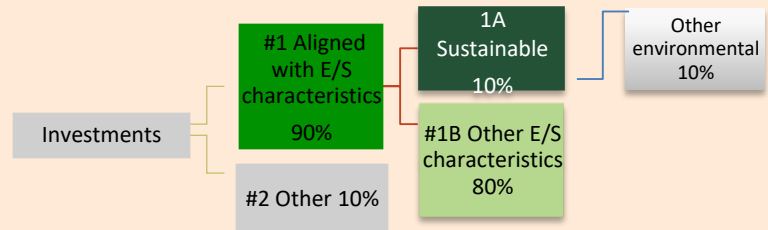
Enabling activities directly enable other activities to make a substantial contribution

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.

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



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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 Taxonomy¹?

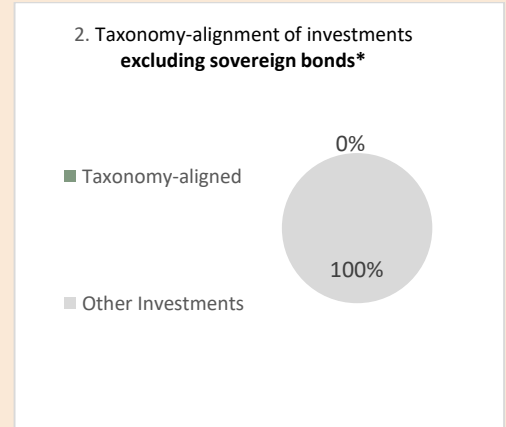
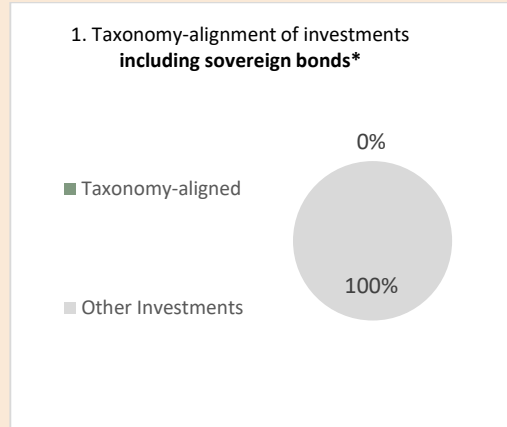
- Yes:**
- In fossil gas In nuclear energy
- No**

¹ 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.

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.

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**

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 investments in transitional and enabling activities?**

This is not applicable. The Fund will not make any investments in transitional and enabling activities.



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

The Fund 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 does not commit to 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 may be 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 Index has been designated as a reference benchmark.

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

Reference benchmarks are indexes to measure whether the financial

product attains the environmental or social characteristics that they promote.

The Index is aligned with each of the environmental or social characteristics of the Fund as it is screened by MSCI research based on the binding elements detailed earlier, which are applied to the Index constituents at the quarterly 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 the 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 ESG screening criteria described in earlier responses.

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

The Methodology used for the designated Index can be found [here](#).

Where can I find more product specific information online?

More product-specific information can be found on the website [here](#).

