

THE NT GLOBAL HIGH YIELD ESG BOND INDEX FUND

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

The NT Global High Yield ESG Bond Index Fund

This Supplement contains specific information in relation to The NT Global High Yield ESG Bond Index Fund (the "Fund"), a Fund of Northern Trust Investment Funds p.l.c. (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").

("EPM") purposes (as detailed below). See section below titled "Borrowing and Leverage" for details of the leverage effect of investing in FDI.

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 low volatility. A typical investor will be seeking to achieve exposure to below investment grade corporate debt 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

INVESTMENT OBJECTIVE AND POLICIES

Investment Objective

The investment objective of the Fund is to track the risk and return characteristics of the ICE BofAML Global High Yield Index (the "**Index**") subject to certain environmental, social and governance ("**ESG**") exclusions and ESG weightings.

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 freely transferable Debt and Debt Related Securities and below investment grade bonds that are constituents of the Index as described further below in the section entitled "**Index Description**". The Fund may invest more than 30% in below investment grade bonds. The Fund may also invest in either investment grade or below investment grade bonds issued by corporates that is not included in the Index that are deemed by the Investment Manager to exhibit similar characteristics to securities in the Index and that have a similar risk profile, examples include: recently issued securities that are expected to be included in the Index; securities that have previously been included in the Index and have been deleted due to maturity falling below one year; and, securities that have previously been included in the Index and have been deleted due to an increase in the paramount eligibility threshold of the Index. Investment in such securities will, in all cases, be consistent with the investment objective of the Fund. The bonds which may be fixed or floating rate in which the Fund invests will be of either investment grade or below investment grade credit quality at the time of purchase and, although in practice they may be purchased or sold by the Investment Manager on the secondary market, they and all other securities, including exchange traded FDI, in which the Fund may invest (other than permitted unlisted securities) will be listed or traded on a Market within the list in Appendix I of the Prospectus. The average credit rating of the Fund's assets will therefore be approximate to the average credit rating of the Index. However, it is noted that any securities held by the Fund that are subject to an upgrade to investment grade may be retained by the Investment Manager provided this is consistent with the Fund's investment objective and the interests of the Shareholders.

The Fund will exclude securities that do not meet certain ESG criteria chosen by the Investment Manager, such as weapons producers, tobacco producers, thermal coal producers and companies that are in breach of the UN's Global Compact Ten Principles, as detailed in the Annex. In addition, securities issued by companies with deteriorating ESG ratings and those involved in any notable ESG controversies may be excluded from investment. The Fund will employ an optimisation methodology proprietary to the Investment Manager to overweight securities issued by companies that are leaders in implementing ESG principles, thereby maximising exposure to securities with higher ESG ratings. The Fund also seeks to reduce carbon emissions and carbon intensity and improve its carbon transition score compared to the Index. Additionally, the Fund aligns to key risks relative to the Index, including duration, yield, option adjusted spread, and credit quality. The optimisation will also seek to maintain country weights, sector weights, and issuer weights which approximate to those of the Index.

The Fund may invest in FDI for EPM purposes. The Fund 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 EPM purposes as further disclosed in the **Efficient Portfolio Management, Financial Derivative Instruments and Securities Financing Transactions** section of the Prospectus. The Fund may invest in FDI as set out in section titled "**Use of Efficient Portfolio Management Techniques and Financial Derivative Instruments**" below.

Index Tracking Strategy

The Fund operates an index tracking strategy whereby it seeks to track the risk and return characteristics of the Index through investing directly in the Index constituents (i.e. a physical replication model). However, the Fund does not seek to fully replicate the Index but instead seeks to match the Fund's investments with Index constituents on a sample based physical replication model within the scope of the general UCITS investment restrictions and the specific investment restrictions set out below. Therefore the weighting of a constituent of the Index held by the Fund cannot exceed the permitted investment restrictions. Accordingly, investment in the Fund should not be considered to provide a direct exposure to the Index. In normal market conditions the Fund can be expected to closely match the performance of the Index. However, in normal market conditions, since the Fund does not seek to fully replicate the Index, a Tracking Error 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, ESG exclusions and ESG weightings, 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

The Fund's investments will, at the time of purchase, comply with the Fund's environmental, social and governance ("**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.

Index Description

The Index is provided by Intercontinental Exchange Bank of America Merrill Lynch.

The Index tracks the performance of USD, CAD, GBP and EUR denominated below investment grade corporate bonds publicly issued in the major domestic or eurobond markets (which includes emerging markets). Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch), at least 18 months to final maturity at the time of issuance, at least one year remaining term to final maturity as of the rebalancing date, a fixed coupon schedule and a minimum amount outstanding of USD 250 million, EUR 250 million, GBP 100 million, or CAD 100 million.

Index constituents are market capitalization weighted. Information concerning constituent bond prices, timing and

conventions is provided in the ICE BofAML Bond Index Guide, which can be accessed via (<https://indices.theice.com>), or by sending a request to iceindices@theice.com. The Index is rebalanced on the last calendar day of the month, based on information available up to and including the third business day before the last business day of the month. New issues must settle on or before the calendar month end rebalancing date in order to qualify for the coming month. No changes are made to constituent holdings other than on month end rebalancing dates. The rebalancing frequency will have minimal impact on the strategy of the Fund or on transaction costs associated with the Fund.

Further details on the Index, including constituents and weightings can be navigated to from the following link by establishing a user profile: <https://indices.theice.com> and the methodology from the following: <https://indices.theice.com/publications/showPublications>.

Any member of the public may establish a user profile on a free of charge basis.

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.

USE OF EFFICIENT PORTFOLIO MANAGEMENT TECHNIQUES AND FINANCIAL DERIVATIVE INSTRUMENTS

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

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 EPM techniques. Please refer to the section of the Prospectus entitled **Collateral Policy** for further details.

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 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**.

BORROWING AND LEVERAGE

The Fund may borrow up to 10% of its Net Asset 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**" also apply to the Fund, as well as the following additional factors, which apply specifically to the Fund:

Liquidity Risk;
Exposed to risks related to emerging markets; and
Reinvestment of Cash Collateral Risk.

INVESTMENT MANAGER AND SUB-INVESTMENT MANAGER

The Manager has appointed Northern Trust Global Investments Limited as the Investment Manager of 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.

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

Euro

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 that Dealing Day.

Initial Offer Period

The Initial Offer Period in respect of Class D EUR, Class G EUR and Class H USD Distributing has closed.

The Initial Offer Period in respect of all other Share Classes shall continue until 5.00 p.m. (Irish time) on 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 two (2) 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 a swing pricing adjustment as further detailed in the Prospectus in the section 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 €100 per Share, for US Dollar denominated share classes \$100 per Share, for Sterling denominated share classes, £100 per Share.

Classes of Shares Available

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

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

Currencies Available

Each of the Share Classes are available in Euro, Sterling and U.S. Dollar.

Currency Hedged Share Classes

Distributing Share Class A GBP, Accumulating Share Class A GBP, Distributing Share Class B EUR and Accumulating Share Class B EUR are available as either a hedged or an unhedged Share Classes. For each hedged Share Class, the Fund will enter into certain currency-related transactions in order to seek to hedge out currency risk relevant to that Class.

This will involve a Share Class designated in a currency other than the Base Currency being hedged against (i) exchange

rate fluctuation risks between the designated currency of the Share Class and the Base Currency of the Fund; and/or (ii) exchange rate fluctuation risks between the designated currency of the Share Class and the other denominated currencies of the Fund's assets.

To the extent that hedging is successful for a particular Class, the performance of the Share Class is likely to move in line with the performance of the underlying assets.

Any financial instruments used to implement such currency hedging strategies with respect to one or more Share Classes shall be assets/liabilities of the Fund but will be attributable to the relevant Share Class(es) and the gains and losses (realised and unrealised) on, and the costs of the currency hedging transactions (including any administrative costs arising from additional risk management) will accrue solely to the relevant Share Class.

However, investors should note that there is no segregation of liability between Share Classes. Although the costs, gains and losses of the currency hedging transactions will accrue solely to the relevant Share Class, Shareholders are nonetheless exposed to the risk that hedging transactions undertaken in one Share Class may impact negatively on the Net Asset Value of another Share Class. Any additional risk introduced to the Fund through the use of currency hedging for a given Share Class should be mitigated and monitored appropriately. Accordingly, in accordance with the Central Bank Rules, the following operational provisions will apply to any currency hedging transactions:

- (i) Counterparty exposure should be managed in accordance with the limits in the Central Bank Regulations and the Central Bank Rules.
- (ii) Over-hedged positions should not exceed 105% of the Net Asset Value of the relevant Share Classes which is to be hedged against the currency risk.
- (iii) Under-hedged positions should not fall short of 95% of the portion of the Net Asset Value of the relevant Share Class which is to be hedged against currency risk.
- (iv) Hedged positions will be kept under review on an ongoing basis, at least at the same valuation frequency of the Fund, to ensure that over hedged or under hedged positions do not exceed/fall short of the permitted levels disclosed above.
- (v) Such review (referred to above) will incorporate a procedure to rebalance the hedging arrangements on a regular basis to ensure that positions materially in excess of 100% or under- hedged positions will not be carried forward from month to month.
- (vi) The currency exposures of different currency Share Classes may not be combined or offset and currency exposures of assets of the Fund may not be allocated to separate Share Classes.
- (vii) Notwithstanding the above, there can be no guarantee that the hedging techniques will be successful and, while not intended, this activity could result in over-hedged or under-hedged positions due to external factors outside the control of the Company. Further, these hedging techniques are designed to reduce a Shareholder's exposure to currency risk. The use of such class hedging techniques may therefore substantially limit holders of Shares in the relevant Share Classes from benefiting if the currency of that Share Class falls against that of the Base Currency of the Fund and/or the currency in which the assets of the Fund are denominated.

Currency Hedged Share Classes

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

Minimum Shareholding

€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

€100,000 (or its equivalent in the relevant Share Class currency) subject to the discretion of the Directors to allow lesser amounts.

FEES AND EXPENSES

The Investment Manager will be entitled to receive out of the assets of the Fund an annual fee of up to 0.50% (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 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 Manager shall not receive a fee but shall 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 costs relating to the creation of the Fund have been fully amortised by the Fund.

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.

ANNEX

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 Global High Yield ESG Bond Index Fund (the "Fund")

Legal entity identifier:

549300HTX38J5YFFOL50

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes **No**

- | | |
|---|---|
| <input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective : ____% | <input checked="" type="checkbox"/> 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 5% 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"/> with a social objective |
| <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective : ____% | <input type="checkbox"/> 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 environmental and social characteristics through tracking the risk and return characteristics of the Index subject to certain environmental, social and governance exclusions and ESG weightings.

The Fund does not have a specific index designated as a reference benchmark.

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

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

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

- i. avoiding specific investment in business activities with adverse health and social impacts including tobacco, nuclear weapons, civilian firearms, controversial weapons, conventional weapons, and for-profit prisons; and
- ii. 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. <https://indices.theice.com>



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 (t/USD million sales);
- MSCI Red Flag ESG Controversies, defined as very severe, ongoing controversies that a company is directly involved in;
- Specific revenue thresholds regarding tobacco, gambling, alcohol, nuclear weapons, civilian firearms, unconventional oil and gas, arctic oil, thermal coal mining (not including metallurgical coal), thermal coal-based power generation, nuclear power suppliers;
- Any tie to controversial weapons (cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, non-detectable fragments and incendiary weapons); and
- MSCI ESG Ratings to identify companies that have demonstrated an ability to manage their ESG risks.

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.

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 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 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 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 ESG controversy screening criteria to identify and exclude companies that do not adhere to 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 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 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.

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 freely transferable debt and debt related securities including below investment grade bonds 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 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:

- i. companies that are directly involved in ongoing controversies classified as “very severe” in the areas of Environment, Human Rights and Community, Labour Rights and Supply Chain, Customers or Governance;
- ii. 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;
- iii. 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;
- iv. companies that manufacture civilian firearms or retail civilian firearms and derive 5% or more revenue from this sector;
- v. companies that manufacture conventional weapons or provide support services to and derive 5% or more revenue from this sector;
- vi. 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 Fund increases exposure to securities issued by companies that are leaders in implementing ESG principles, thereby maximising exposure, when compared to the Parent Index, to securities that have demonstrated an ability to manage their ESG risks and opportunities effectively using a seven point scale from ‘AAA’ to ‘CCC’. Companies are only eligible for inclusion if they have an MSCI ESG Rating of ‘BB’ or above.

To reduce the carbon footprint, when compared to the Parent Index, the Fund aims to reduce the operational carbon intensity of the portfolio (weighted average carbon intensity based on tons of CO₂e/\$M sales) by reducing exposure to securities with higher operational carbon intensity.

● ***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 and tilting rules, 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 ESG screening criteria applied to the Index.

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

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:

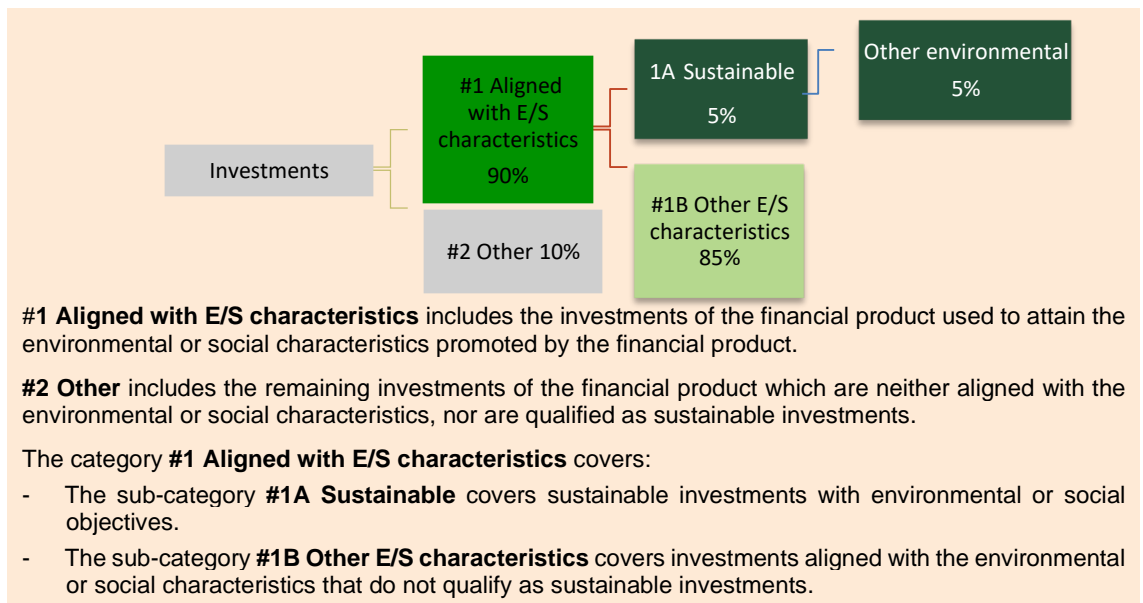
- **Bribery and fraud:** issues such as bribery, tax evasion, insider trading, money laundering, tax evasion or avoidance, violations of government sanctions and accounting irregularities;
- **Corporate governance structures:** issues such as shareholder- or board-level objections to pay practices and 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; and
- **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.

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. For corporates, this allocation is the result of a range of binding positive tilts and exclusions applied to the Index in order to achieve the ESG investable universe.

Of this, a minimum of 5% 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



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

The Fund does not use derivatives.



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 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.

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



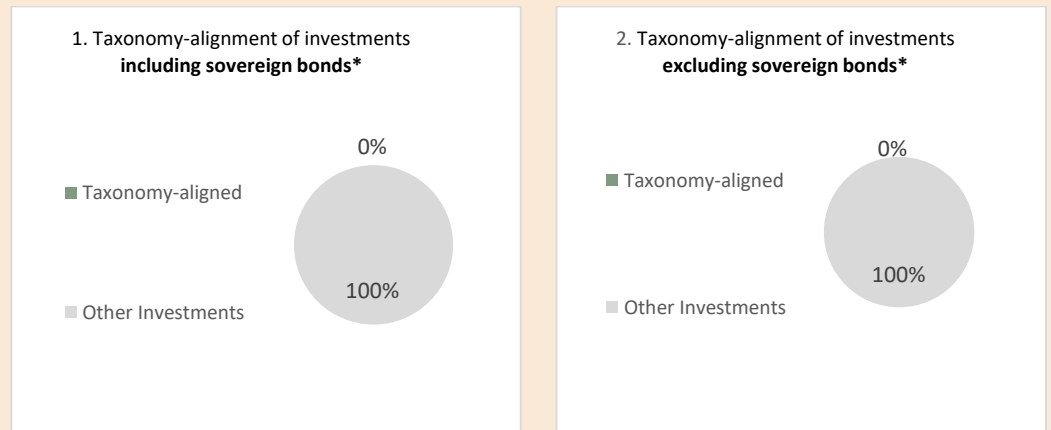
To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Fund invests at least 5% 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**

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?

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 5% 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.

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.



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 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 such as certificates of deposits and time deposits and money market instruments to take advantage of market opportunities as they arise.

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?

No, the Fund does not have a specific Index 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?***

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 to ensure 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?***

This is not applicable as the Fund does not have a designated Index.

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

This is not applicable as the Fund does not have a designated Index.

Where can I find more product specific information online?

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

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

