

**THE NT WORLD CUSTOM ESG EQUITY INDEX FEEDER FUND**

# Supplement dated 14 August 2023 to the Prospectus dated 14 August 2023 for Northern Trust Investment Funds plc

## The NT World Custom ESG Equity Index Feeder Fund

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

*This Supplement contains specific information in relation to The NT World Custom ESG Equity Index Feeder Fund (the "Fund"), a sub-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").*

***The Fund is a feeder fund which will invest 85% or more of its Net Asset Value permanently in Northern Trust World Custom ESG Equity Index Fund (the "Master Fund"), a sub-fund of the Northern Trust UCITS Common Contractual Fund (the "CCF"), an open-ended umbrella common contractual fund governed by the laws of Ireland, and authorised by the Central Bank pursuant to the UCITS Regulations. The Manager of the Company also acts as manager of the CCF and has appointed the Investment Manager as investment manager of the Master Fund.***

*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.***

***This Fund is a feeder of the Master Fund which is passively managed. A typical investor is prepared to accept a degree of medium to high volatility. A typical investor will be seeking to achieve large and mid cap representation across developed market 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 efficient portfolio management ("EPM") purposes (as detailed below). See section below titled "Borrowing and Leverage" for details of the leverage effect of investing in FDI.***

## INVESTMENT OBJECTIVE AND POLICIES

### The Fund

#### Investment Objective

The investment objective of the Fund is to invest at least 85% of its assets in the Master Fund.

#### Investment Policies

Save as hereinafter provided, it is not intended that the Fund will make any direct investments and all monies received by it will be invested in the Master Fund as soon as reasonably practicable.

The Fund may invest up to 15% of net assets, in aggregate, in (a) ancillary liquid assets, including cash deposits, cash equivalents (including certificates of deposits, U.S. treasury bills, investment grade corporate bonds, commercial paper and short term money market deposits) and Money Market Instruments, which may be held by the Fund to meet expenses or pending investments and (b) FDI as set out in the section titled "Use of Efficient Portfolio Management Techniques Financial Derivative Instruments and Securities Financing Transactions".

As a result of the direct investments which may be made by the Fund as detailed above and different fee structures, the performance of the Fund and the Master Fund may not be identical.

### Master Fund

## NORTHERN TRUST WORLD CUSTOM ESG EQUITY INDEX FUND

#### Investment Objective

The investment objective of the Master Fund is to closely match the risk and return characteristics of the MSCI World Custom ESG Index (the "**Index**") with net dividends reinvested. Any change of Index shall only be made with the prior approval of its unitholders (the "**Unitholders**").

#### Investment Policies

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

"Equity and Equity Related Securities" includes but is not limited to equities, depositary receipts, preferred shares, equity linked notes (unleveraged debt securities linked to the performance of equities), warrants (not more than 5% of the Master Fund's net asset value), convertible securities (such as convertible preference shares, share purchase rights and bonds convertible into common or preferred shares). Such Equity and Equity Related Securities shall be listed on stock exchanges or regulated markets in countries (within the list of Regulated Markets as defined in the prospectus for the CCF) 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. The Master Fund may from time to time hold securities which are not included in the Index constituents as a result of corporate actions and other such activities. In such event, the Master Fund will sell such securities as soon as practicable taking into account the best interests of the Unitholders.

The Investment Manager will use a proprietary optimisation methodology for the Master Fund to construct the portfolio as further set out in the section "**Index Tracking Strategy**" below.

The Master Fund may invest in FDI for EPM purposes and may be fully or partially hedged back to the base currency of the Master Fund 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 section entitled "Hedging" in the prospectus of the CCF. The Master Fund may invest in FDI as set out in the section titled "Efficient Portfolio Management, Financial Derivative Instruments and Securities Financing Transactions" in the prospectus of the CCF.

The Master 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). Any such CIS will have investment objectives which are materially similar to the Master Fund.

#### Index Tracking Strategy

The Master Fund operates 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 (i.e. a physical replication model). However, the Master Fund does not seek to fully replicate the Index but instead seeks to match the Master Fund's investments with Index constituents on a sample based physical replication model (i.e. an optimisation approach) within the scope of the general UCITS investment restrictions and the specific investment restrictions set out in the CCF prospectus. Accordingly, investment in the Master Fund should not be considered to provide a direct exposure to the Index. In normal market conditions the Master Fund can be expected to closely match the performance of the Index. However, in normal market conditions an ex-post tracking error of 0.05% - 0.50% should be anticipated. This is due to transaction costs and the liquidity impact of the Master Fund's optimisation approach and the fact that the respective Class returns reflect the relevant withholding tax rates applicable to such Classes under the CCF structure. Employing an optimisation approach (rather than full replication) necessarily results in individual security overweights and underweights, as the Master Fund will strive to achieve representative exposure in the more liquid and accessible sectors of the Index.

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

#### Index Description

The Index is a free float-adjusted market capitalisation weighted index that is designed to measure the equity market performance of developed markets. \*It is a custom index calculated and screened by MSCI based on Environmental, Social and Governance ("**ESG**") criteria selected by Northern Trust which excludes certain companies not considered to meet socially responsible principles, as discussed further below.

It is not envisaged that any circumstances will arise hereby 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 Master 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 Master Fund may be terminated on the basis of the provisions outlined in the prospectus of the Master Fund.

In terms of index composition and methodology, the Index corresponds with the MSCI World Index with the exclusion of companies not considered to meet ESG criteria. Pursuant to the ESG criteria selected by the Investment Manager, as further detailed in the Annex, certain companies shall be excluded from the Index.

The valuation function within MSCI is functionally independent of the design of the Index. The Index is reviewed quarterly for any necessary rebalancing – 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 Master Fund or on transaction costs associated with the Master Fund as any rebalancing is not expected to require any higher frequency of position turnover in the Master Fund than would otherwise be the case.

Further details of the Index constituents, weightings and methodology can be navigated to from the following links:

<https://www.msci.com/index-methodology> and

<https://www.msci.com/constituents>

## INVESTMENT RESTRICTIONS

### The Fund

The general investment restrictions set out under the heading **Investment Restrictions** in the Prospectus shall apply, save for the derogation in accordance with Regulation 78(1) of the UCITS Regulations from Regulations 4(3)(a), 68, 70 and 74(2)(a)(iii) of the UCITS Regulations. The investment restrictions as they apply to the Fund should be read accordingly.

### The Master Fund

The general investment restrictions set out in the "Investment Restrictions" section of the CCF prospectus apply to the Master Fund.

## INTERNAL CONDUCT OF BUSINESS RULES

The Manager on behalf of the Fund has put in place internal conduct of business rules in relation to the investment by the Fund in the units of the Master Fund (the "**Business Rules**"). The Business Rules set out which Classes of the Master Fund are available for investment by the Fund, details of the charges and expenses to be borne by the Fund, the standard dealing arrangements and events affecting dealing arrangements.

Further information relating to the Business Rules and a copy of the CCF prospectus is available from the Manager at their offices in Dublin, Ireland.

## USE OF EFFICIENT PORTFOLIO MANAGEMENT TECHNIQUES, FINANCIAL DERIVATIVE

## INSTRUMENTS AND SECURITIES FINANCING TRANSACTIONS

### The Fund

Derivatives may be used by the Fund but use is expected to be limited and will be for hedging purposes only. The Fund may use the following for hedging purposes: currency forwards and exchange traded futures.

### The Master Fund

The Master Fund may use currency forwards and exchange traded futures for EPM purposes as further described in the prospectus of the CCF.

The Master Fund may engage in transactions in FDI identified above for the purposes of EPM and/or to protect against exchange risks within the conditions and limits laid down by the Central Bank from time to time. Such transactions may include foreign exchange transactions and while seeking to protect against exchange risks may still alter the currency characteristics of transferable securities held by the Master Fund. Please see section entitled "Hedging" in the prospectus of the CCF for more details.

Collateral or margin may be passed by the Master Fund to a counterparty or broker in respect of OTC FDI transaction. Further details of the Master Fund's collateral policy are set out in Schedule II section 8 of the CCF's prospectus.

The use of FDI for the purposes outlined above may expose the Master Fund to the risks disclosed under the section of the CCF's prospectus entitled "Risk Factors".

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

## BORROWING AND LEVERAGE

Each of the Fund and the Master Fund may borrow up to 10% of its respective Net Asset Value on a temporary basis.

Global exposure and leverage as a result of its investment in FDI shall not exceed 100% of the Net Asset Value of the Fund and will be calculated in accordance with the requirements of Regulation 78(2)(b) of the UCITS Regulations.

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

## MATERIAL CONTRACTS OF THE MASTER FUND

The manager of the CCF has appointed Northern Trust Global Investments Limited as investment manager to the Master Fund pursuant to an investment management agreement.

## RISK FACTORS

In addition to the general risk factors set out in the **Risk Factors** section of the Prospectus, the following additional risk factors apply specifically to the Fund:

**Master/Feeder Risks; and  
Feeder Fund Fees.**

## 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.

## TAXATION

There are not anticipated to be any adverse tax consequences for investors resulting from the Fund's investment in the Master Fund relative to an investment in a directly investing fund. Investors in the Fund should refer to the section of the Prospectus entitled "Taxation" for further information on taxation provisions which should be taken into account when considering an investment in the Fund. Prospective investors should consult their own professional advisors on the relevant taxation considerations applicable to the purchase, acquisition, holding, switching and disposal of Shares and receipt of distributions (if applicable) under the laws of their countries of citizenship, residence or domicile.

## KEY INFORMATION FOR BUYING AND SELLING

### Share Classes

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

The following share classes may be issued at the discretion of the Manager;

A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y and Z

Each class may be issued as either Accumulating or Distributing) and may be issued in EUR, USD, GBP and Danish Krone (DKK).

### Currency Hedged Share Classes

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

### Minimum Shareholding

EUR 100,000 (or the equivalent in GBP, USD or DKK) subject to the discretion of the Directors to allow lesser amounts

### Minimum Initial Investment Amount

EUR 100,000 (or the equivalent in GBP, USD or DKK) subject to the discretion of the Directors to allow lesser amounts

### Minimum Additional Investment Amount

EUR 100,000 (or the equivalent in GBP, USD or DKK) subject to the discretion of the Directors to allow lesser amounts

### Fund 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

Applications for subscription and redemption of Shares must be received by 12.00pm Irish time on the relevant Business Day prior to the relevant Dealing Day. The Directors may agree to waive the notice period at their discretion provided such applications are received before the close of business in the relevant market which closes first on any Dealing Day.

### Initial Offer Period

The Initial Offer Period in respect of Class EUR B, Class EUR P, Class D USD and Class D EUR is closed.

The Initial Offer Period in respect of all other Share Classes will commence at 9.00 a.m. (Irish time) on 15 August 2023 and shall continue until 5.00 p.m. (Irish time) on 13 February 2024 or such earlier or later date as the Directors may determine.

### Settlement Date

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

### Preliminary Charge

There will be no Preliminary Charge for this Fund.

### Redemption Charge

There is no Redemption Charge for this Fund.

### Anti-Dilution Levy – Master Fund

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.

It should be noted that the Directors may be required to exercise their discretion to value the Fund's assets (that is units in the Master Fund) at a fair value (with such method



of valuation to be approved by the Depositary, in accordance with the valuation provisions outlined in the Prospectus and the Articles), in circumstances where the latest available net asset value per unit of the Master Fund does not adequately capture any subsequent market events that the Directors are aware of at the time the Fund's valuation is carried out.

#### **Initial Issue Price**

For Euro denominated share classes €10 per Share, for USD denominated share classes \$10 per Share, for GBP denominated share classes, £10 per Share and for Danish Krone denominated share classes DKK100 per Share.

#### **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 AND EXPENSES OF THE FUND**

The Investment Manager will 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 0.50 % of the Net Asset Value of the Fund in respect of the class A 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 the reasonable out-of-pocket expenses incurred by the Manager in the performance of its duties.

The Manager shall not be entitled to 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 also 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).

The Investment Manager may from time to time, at its sole discretion and out of its own resources, decide to (i) rebate to Shareholders part or all of the fees set out above and/or (ii) enter into loss compensation arrangements with Shareholders.

### **FEES AND EXPENSES OF THE MASTER FUND**

The Fund will directly (through its investment in the Master Fund) bear a pro rata share of the costs of the expenses of the Master Fund, which will include (but is not limited to) legal, accounting, auditing, organisational, administrative, custodial and operating expenses. Where, in connection with an investment in the Master Fund, a distribution fee, commission fee or other monetary benefit is received by the Fund, the Manager or any person acting on behalf of either the Fund or the Manager, the fee, commission or other monetary benefit shall be paid into the assets of the Fund.

#### **Fees and Expenses of the Administrator and Depositary**

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

#### **Ongoing Expenses**

Ongoing legal and constitution fees and expenses and database fees will also be paid out the assets of the Master Fund.

#### **Other Fees and Expenses**

In addition to the fees outlined above, the Master Fund will also be responsible for the fees of Hermes EOS (for its services in respect of the Master Fund, as described in the Prospectus), up to 0.02% of the Net Asset Value of the Master Fund per annum.

Such fee shall accrue and be calculated on each Dealing Day and be payable quarterly in arrears. These fees will be discharged by the Investment Manager who will then be reimbursed by the Master Fund the corresponding amount, out of the assets of the Master Fund.

This section should be read in conjunction with the section entitled **Fees and Expenses of the Funds** in the Prospectus and the section entitled "Fees and Expenses" of the CCF prospectus.

#### **Establishment costs**

The organisational and establishment expenses relating to the creation of the Fund are estimated not to exceed EUR 35,000. These costs shall be borne by the Fund and will be amortised over the first five accounting periods of its operation (or such other period as may be determined by the Directors at their discretion), and shall be subject to such adjustment following the establishment of new Funds as the Directors may determine. The Manager may create additional Funds from time to time subject to obtaining prior approval from the Central Bank.

### **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.

#### **Notices**

Shareholders shall be provided with no less than (3) three months' notice of any intention of the Directors of the Company to terminate the Fund.

Shareholders shall be notified as promptly as reasonably practicable of (i) any sanctions imposed by a regulatory or administrative body against the Company and (ii) the

commencement of any formal investigations (other than routine examinations) against the Company.

#### **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.

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

**Product name:**  
The NT World Custom ESG Equity Index Feeder Fund ("the Product")

**Legal entity identifier:**  
549300ESID1B75HK6O80

## Environmental and/or social characteristics

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

●● <input type="checkbox"/> Yes	●● <input checked="" type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: _%</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b>	<input checked="" type="checkbox"/> It promotes <b>Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <input type="checkbox"/> It promotes E/S characteristics, <b>but will not make any sustainable investments</b>

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

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



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

The investment objective of the Product is to invest at least 85% of its assets in the Northern Trust World Custom ESG Equity Index Fund (the "**Master Fund Product**"), the investment objective of which is to closely match the risk and return of the MSCI World Custom ESG Index (the "**Index**").

The Index is constructed so as to ensure that its investments promote environmental and social characteristics. It is a custom Index calculated by MSCI based on environmental, social and governance ("ESG") criteria selected by the Investment Manager of the Master Fund Product, which is applied by the Index provider to exclude certain companies not considered to meet socially responsible principles.

Please refer to the sustainability indicators stated below for further detail.

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

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



Below is a list of sustainability indicators selected of the Master Fund used to measure the attainment of the environmental and/or social characteristics which are applied by the Index using the NT Custom ESG screening criteria to exclude:

- i. companies that are in breach of global norms such as UN's Global Compact Ten Principles due to being involved in controversies classified as "very severe" in the areas of Environment, Human Rights and Community, Labour Rights and Supply Chain, or Governance. For further details on the UN Global Compact Ten Principles, please refer to [www.unglobalcompact.org/aboutthegc/thetenprinciples/index.html](http://www.unglobalcompact.org/aboutthegc/thetenprinciples/index.html)
- ii. companies that derive any revenue from the production of tobacco, or 5% or more of their revenue from the distribution of tobacco, supply of key products for the production of tobacco, or the retail of tobacco;
- 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 derive 5% or more revenue from weapons sales or from military contracting;
- vi. companies that derive 5% of revenue or more from thermal coal mining;
- 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 revenue from for profit prisons.

referred to hereafter as the "NT Custom ESG screening criteria".

This methodology is reviewed annually. These sustainability indicators are non-exhaustive and subject to change

The Investment Manager of the Master Fund Product shall also ensure that any investments made by the Product in accordance with rules regarding cluster munitions laid down in the relevant national legislation adopting the Convention on Cluster Munitions.

Hermes EOS has been appointed to carry out corporate engagement with carefully selected companies held within the Master Fund Product. Please refer to the Prospectus for further detail on this appointment.

***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 are to positively contribute towards any of the environmental objectives listed below. Our definition of positive contribution includes minimum percentage revenues deriving from activities linked with these objectives alongside companies assessed to have credible carbon reduction targets such as The Science Based Targets Initiative ("SBTI").

- alternative energy (renewables),
- energy efficiency,
- green building,
- sustainable water,
- pollution prevention and
- sustainable agriculture.

Investments in these areas help contribute towards the Master Fund Product environmental objectives, specifically climate change mitigation and/or climate change adaptation objectives.

***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, it must not only satisfy the positive contribution test, but also a 'do no significant harm' (DNSH) test designed to ensure that no significant harm is caused to any environmental or social investment objective.

Our assessment of harm involves the use of a set of diverse environmental and social indicators for example, greenhouse gas emissions ("GHG"), carbon footprint, GHG intensity of investee companies etc. coupled with our own proprietary thresholds. These thresholds represent a value or metric at which we believe there is a risk of significant harm. In practice, this means that an investee company can only be deemed a sustainable investment under our definition if it a) meets our minimum positive contribution test; b) the indicators for harm are under the proprietary thresholds set at specific points in time and lastly c) that investee companies follow good governance practices and are aligned with minimum safeguards such as Organisation for Economic and Cooperation and Development ("OECD") guidelines for Multinational Enterprises.

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

The Master Fund Product considers adverse impacts through a range of criteria that form part of the investment strategy; the NT Custom ESG screening criteria. These screens provide a strong ethical foundation in line with international norms and are regularly updated following our own research, as well as feedback from our clients. Added to this, we have secured access to a range of ESG data providers and datasets to help us to carry out this assessment and ongoing monitoring.

For sustainable investments specifically, and as described above, our assessment of harm involves the use of a set of diverse environmental and social indicators using proprietary thresholds.

Lastly, consideration of adverse impacts form part of our focused engagement and voting activities designed to help influence the business models of investee companies to transition to a more sustainable future.

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.

- *How are the sustainable investments aligned with the Organisation for Economic Cooperation and Development ("OECD") Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Master Fund Product applies the NT Custom ESG screening methodology to identify and exclude companies that do not adhere to international norms – such as:

- OECD Guidelines for Multinational Enterprises;
- 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; and
- the International Bill of Human Rights.

The implementation of these exclusions at the level of the Master Fund Product happens through the use of third party controversy data used as a proxy to assess the negative environmental, social and governance impact of a company's operations, products and services.

In practice, this means that all investee companies of the Master Fund 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.



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

Yes

No

The Product considers as part of the investment strategy, the following principal adverse impact ("PAI") indicators in Annex 1, Table 1 of the SFDR Regulatory Technical Standards ("SFDR RTS"):

PAI 10: Violations of UNGC principles and OECD Guidelines for Multi-national Enterprises; and

PAI 14: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons).

Adverse impacts also form part of our focused engagement and voting activity enabling us to identify where best to utilise resources for maximum social and/or environmental impact.



## What investment strategy does this financial product follow?

The Master Fund Product is a passive Index tracking strategy whereby it seeks to track the risk and return characteristics of the custom Index - the MSCI World Custom ESG Index by investing directly in assets that are Index constituents.

The investment strategy guides investment decisions based on factors such as investments 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 binding elements of the Master Fund Product strategy used to promote the environmental or social characteristics form part of the custom Index design. The Index is a custom Index calculated and screened by MSCI ESG research based on ESG criteria selected by the Investment Manager which excludes certain companies not considered to meet the NT Custom ESG screening criteria.

The binding elements of the NT Custom ESG screening criteria excludes a range of companies, or sectors, typically based on a prescribed revenue threshold and extend to companies that:

- do not comply with UN Global Compact Principles;
- derive revenue from the production or distribution of tobacco;
- manufacture civilian firearms, controversial and conventional weapons;
- derive revenue from thermal coal power, thermal coal mining, unconventional oil and gas, for-profit prisons.

Please refer to previous response to the question on “sustainability indicators” for a complete list of the ESG exclusions that form part of the product’s binding criteria.

The Investment Manager shall also ensure that any investments made by the Master Fund Product pursuant to its strategy are in accordance with rules regarding cluster munitions laid down in the relevant national legislation adopting the Convention on Cluster Munitions.

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

While the Master Fund's Product's investment universe is reduced as a result of the binding exclusions, it does not commit to a minimum reduction rate. As such, the reduction of the universe may be subject to change.

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

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

An assessment of good governance of investee companies of the Master Fund forms a foundational part of the NT Custom ESG methodology. In practice, this is achieved through the use of our data provider's ESG Controversy screen, a proxy framework designed to address governance topics consistent with international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines and the UN Global Compact.

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

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

- the percent of shareholder votes or number of shareholders voicing an opinion,
- number and position of executives or directors involved,
- number and type of external parties voicing an opinion, or
- the portion of the company that is affected or implicated.

For other governance issues, scale is generally measured by:

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



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

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

The Product invests at least 85% of its assets in the Master Fund Product which will be invested in companies that meet our ESG criteria using the sustainability indicators described above. Of this, a minimum of 10% will be invested in sustainable investments with an environmental objective.

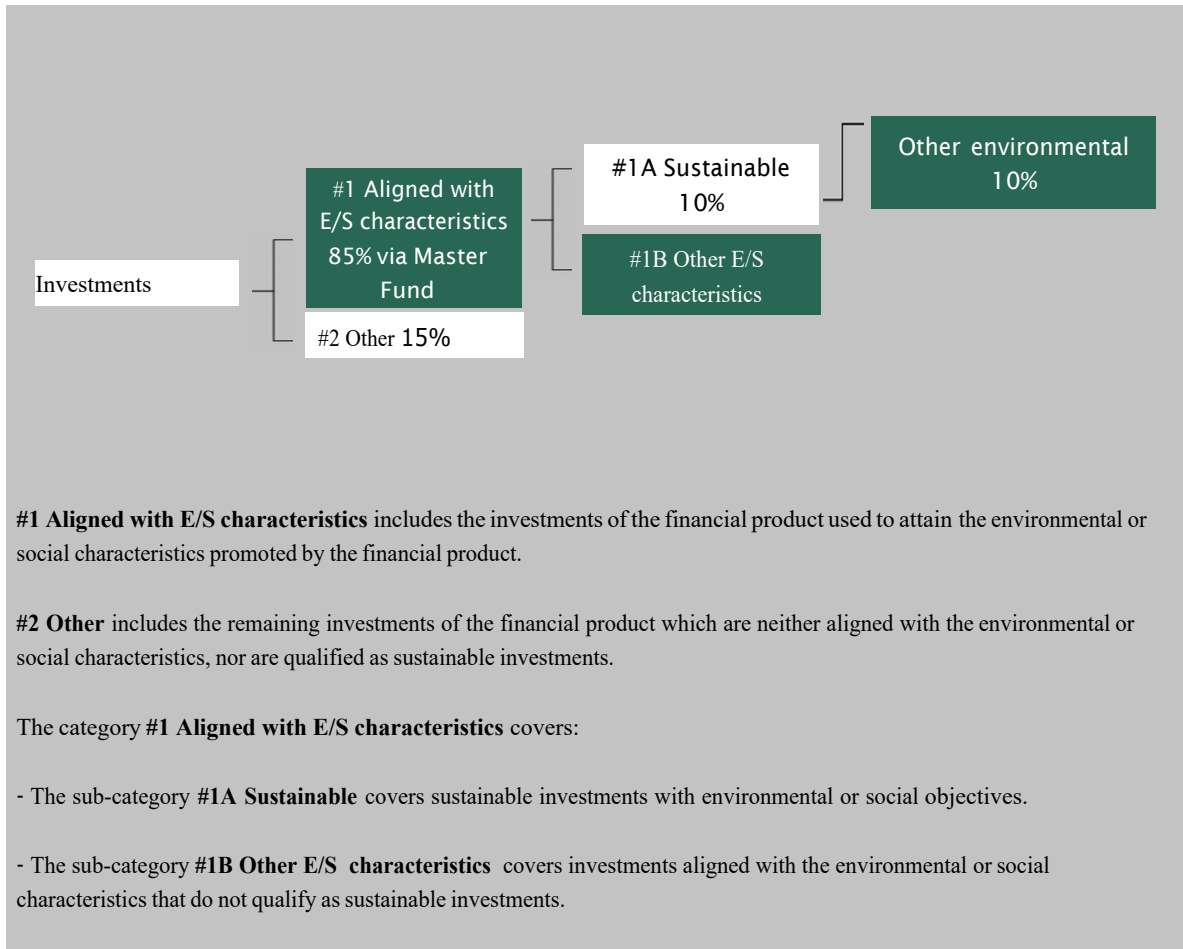
The Product presently intends to invest 0% of its assets in investments that contribute to environmentally sustainable economic activities in accordance with the Taxonomy Regulation.

The "other" 15% of the Product is expected to be used for cash, hedging and other ancillary purposes.



Taxonomy-aligned activities are expressed as a share of:

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



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

The Master Fund Product uses derivatives for managing broad market exposure. Derivatives are not used to attain the environmental or social characteristics of the Product and are not subject to any minimum safeguards.

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

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



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

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

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

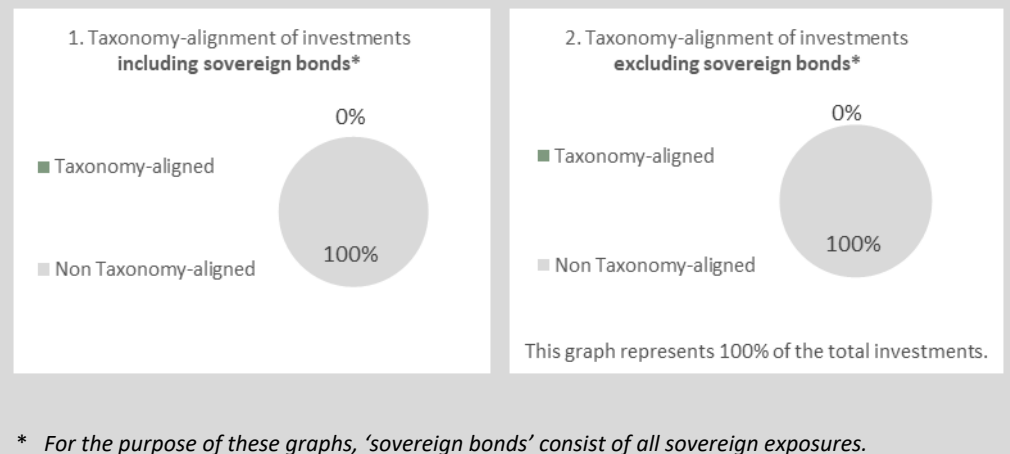
Yes:

In fossil gas     In nuclear energy

✘

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

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



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

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

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



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

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



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

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



### 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 neither is aligned with environmental or social characteristics, nor qualify as sustainable investments. Additionally, no minimum environmental or social safeguards are applied.

Investments may be marked as 'other' for the following reasons:

- Cash and cash equivalents or money market instruments: The Master Fund Product may invest in Cash and cash equivalents or money market instruments.
- Derivatives: The Master Fund Product may use derivatives only for 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?**

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

The Master Fund Product has a designated reference benchmark, MSCI World Custom ESG Index, a custom Index calculated and screened by MSCI based on predetermined ESG criteria.

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

The Indexes are reviewed on a quarterly basis, coinciding with the February, May, August and November Index Reviews of the Parent Index. The list of companies to be excluded by the Master Fund from the custom Index is based on the selected ESG criteria based on MSCI ESG Research.

For some securities, such data may not be published by MSCI ESG Research by the end of the month preceding the Index Review. For such securities, MSCI will use ESG data published after the end of month, when available. We evaluate the ESG criteria with regular reviews to ensure that it continues to be aligned with each of the environmental or social characteristics promoted by the Product.

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

Alignment of the investment strategy of the Master Fund Product is ensured through the tracking of the Index which incorporates the various binding ESG criteria. This means that the Master Fund Product is able to own any company in the resultant investible universe (companies that do not meet the specific criteria will not appear in the universe).

The investment guidelines and restrictions applicable to the Master Fund Product are coded into our order management system to enable pre and post-trade monitoring.

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

The custom Index differs from the Parent Index (the MSCI World Custom ESG Index) due to the NT Custom ESG screening criteria that aim to exclude from the Parent Index companies that do not comply with our ESG criteria.

### ***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](#). Please search by benchmark name.



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

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