



## THE STERLING CONSERVATIVE ULTRA SHORT ESG FUND

SUPPLEMENT DATED 31 AUGUST 2020 TO THE PROSPECTUS DATED 30 NOVEMBER 2018 AS AMENDED  
BY ADDENDUM DATED 24 MAY 2019 AND 10 JULY 2020  
FOR NORTHERN TRUST GLOBAL FUNDS PLC



**Northern Trust**



# Supplement dated 31 August 2020 to the Prospectus dated 30 November 2018 as amended by addendum dated 24 May 2019 and 10 July 2020 for Northern Trust Global Funds plc

## THE STERLING CONSERVATIVE ULTRA SHORT ESG FUND

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

*The Fund is not a Money Market Fund and has not been authorised in accordance with the Money Market Fund Regulation (as defined below). Investment in the Fund is suitable for investors seeking to achieve exposure to fixed income securities and a return in excess of money market rates with a low sensitivity to changing market conditions in the short to medium term.*

**This Supplement forms part of and should be read in conjunction with the Prospectus dated 30 November 2018.**

*The Directors of the Company whose names are set out under the heading **Management and Administration** in the Prospectus, accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.*

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

### DIRECTORY

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## DESIGNATION OF THE FUND AS NOT BEING A MONEY MARKET FUND

In accordance with the definition contained in Article 1 of Regulation (EU) 2007/1131 of the European Parliament and of the Council on money market funds (the **Money Market Fund Regulation**), a "Money Market Fund" is an authorised UCITS or fund authorised under Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers that (i) invests in short-term assets (i.e. financial assets with a residual maturity not exceeding two years); and (ii) has distinct or cumulative objectives offering returns in line with money market rates or preserving the value of the investment. A Money Market Fund is also prohibited, under the Money Market Fund Regulation, from participating in borrowing or stocklending, may only use financial derivative instruments for hedging (i.e. it may not use financial derivative instruments for investment purposes or efficient portfolio management) and investing in collective investment schemes other than Money Market Funds.

As disclosed in the Investment Policy section below, in normal market circumstances, the Fund will invest a minimum of 20% of its Net Asset Value in securities with a final maturity over two years. The Fund's portfolio is therefore ineligible for a Money Market Fund.

In addition, the Fund is managed such that (i) it is suitable for investors seeking a return in excess of money market rates; (ii) it has the capacity (subject to the conditions in the Regulations) to engage in borrowing; (iii) the types of assets it seeks to invest in do not all fall within the scope of short-term assets as permitted under the Money Market Fund Regulation; and (iv) it may invest in collective investment schemes which do not constitute Money Market Funds. Accordingly, the Fund cannot be operated as Money Market Fund within the scope of the Money Market Fund Regulation and as such it has not been authorised in accordance with the Money Market Fund Regulation.

While the Fund is suitable for investors seeking a return in excess of money market rates in the short to medium term, because the Fund does not seek to maintain a stable Net Asset Value per Share the amount invested in Shares may fluctuate up or down and an investment in the Fund involves certain investment risks (including those which may not be associated with Money Market Funds), including the possible loss of principal. For further information on the risks applicable to the Fund see the "Risk Factors" section below and the general risk factors set out in the Prospectus.

### PROFILE OF A TYPICAL INVESTOR

A typical investor will be one seeking to achieve exposure to fixed income securities and a return in excess of money market rates in the short to medium term.

### INVESTMENT OBJECTIVE AND POLICIES

#### Investment Objective

The objective of the Fund is to provide moderate liquidity and maximise income consistent with a high degree of capital preservation by investing in investment grade fixed income securities.

#### Investment Policies

The Fund seeks to achieve its investment objective through investment primarily in investment grade fixed income

securities subject to certain environmental, social and governance criteria (**ESG**).

The fixed income securities the Fund may invest in can be corporate and government issued, fixed, floating or adjustable rate (the latter being a rate that floats or adjusts periodically based on a predetermined benchmark rate). Types of fixed income securities are bonds, structured notes, mortgage and asset backed securities (i.e. collateralised debt obligations). These instruments shall be listed or traded on regulated stock exchanges and markets as listed in Appendix I of the Prospectus, shall be publicly available and shall not embed derivatives or leverage. Investment may also be made in cash, cash equivalents such as certificates of deposits and time deposits and Money Market Instruments. The Fund may also invest up to 10% of its Net Asset Value in Collective Investment Schemes as a means of achieving broad, indirect exposure to such fixed income securities when considered appropriate. Collective Investment Schemes being a UCITS or other alternative investment fund within the meaning of Regulation 68(1)(e) of the Regulations and which is prohibited from investing more than 10% of its assets in other such collective investment schemes.

Eligible securities must be denominated in GBP.

In buying and selling securities for the Fund, the Investment Manager will use a relative value approach. This approach involves an analysis of general economic and market conditions. It also involves the use of proprietary models that analyse and compare expected returns and assumed risks. This includes fundamental analysis of in-scope securities to assess their value relative to their peers and also carrying out stress testing to ensure the portfolio can adapt to potential changes or shifts in the projected yield curve. Under the relative value approach, the Investment Manager will place an emphasis on particular fixed income securities that it believes will provide a favorable return in light of these risks.

#### Portfolio Duration

The Investment Manager will determine the portfolio duration with a neutral target of six months. In normal market conditions, the Fund will invest a minimum of 20% of its Net Asset Value in securities, instruments and obligations with a final maturity over two years and in general will invest only in securities with a duration of three years or less. The Investment Manager may adjust the Fund's holdings based on actual or anticipated changes in interest rates or credit quality, and may shorten the duration of which a security is held below six months based on the Investment Manager's interest rate outlook or adverse market conditions. The Fund may hold securities with features which affect when such securities mature by permitting the issuer or holder to extend or shorten the proposed maturity date. Where such a feature is triggered it will be taken into account for the purpose of determining the maturity of the relevant security. These features do not embed derivatives or leverage.

#### Portfolio Exclusions

The Fund will not hold securities issued by: i) companies that are in breach of the UN's Global Compact Ten Principles due to being involved in controversies classified as "very severe" in the areas of Environment, Human Rights & Community, Labour Rights & Supply Chain, 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; 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 mining thermal coal; vii) companies that derive 30% of revenue or more from coal-fired energy generation; and viii) companies classified as having "very severe" controversies relating to customer issues.

Additionally the Investment Manager will include ESG criteria when assessing eligible securities for investment.

The Fund will act in accordance with rules regarding cluster munitions laid down in the relevant national legislation adopting the Convention on Cluster Munitions. Consequently, the Fund will take adequate measures to restrict it from: (i) acquiring fixed income securities issued by a company involved in the production, sale or distribution of cluster munition (**Cluster Munition Companies**); or (ii) acquiring fixed income securities in Cluster Munition Companies. In addition, the Fund is restricted from: (i) acquiring financial instruments issued by a company which holds more than fifty (50) per cent of the share capital of Cluster Munition Companies; or (ii) acquiring fixed income securities in such parent Companies. However, the Fund is not restricted from (i) investing in AIFs provided that the relevant AIF consists of less than five (5) per cent of Cluster Munition Companies; and (ii) investing in specifically described projects of Cluster Munition Companies, provided that the invested funds will not be used for the production, sale or distribution of cluster munition. For the definition of "cluster munition", please see to article 2(2) of the Convention on Cluster Munitions which was adopted on 30 May 2008 in Dublin, Ireland and entered into force on 1 August 2010.

### **Efficient Portfolio Management**

The Fund may also enter into repurchase and reverse repurchase arrangements (i.e. Securities Financing Transactions) in accordance with the requirements of SFTR and the Central Bank Rules for efficient portfolio management purposes only. Any type of assets that may be held by the Fund in accordance with its investment objective and policies may be subject to such Securities Financing Transactions. There is no restriction on the proportion of assets that may be subject to Securities Financing Transactions and therefore the maximum and expected proportion of the Fund's assets that can be subject to Securities Financing Transactions can be as much as 100%, i.e. all of the assets of the Fund. Use of Total Return Swaps by the Fund is not envisaged. In any case the most recent semi-annual and annual report of the Company will express as an absolute amount and as a percentage of the Fund's assets the amount of Fund assets subject to Securities Financing Transactions. Further details on the use of Securities Financing Transactions are set out in the Prospectus. Details of revenues arising and attendant direct and indirect operational costs and fees as well as the identity of any specific repurchase/reverse repurchase agreements counterparties and/or securities lending agents engaged by the Company from time to time shall be included in the semi-annual and annual reports of the Company.

Collateral or margin may be passed by the Fund to a counterparty or broker in respect of Efficient Portfolio

Management Techniques or Securities Financing Transactions. Please refer to the section of the Prospectus entitled **Collateral Policy** for further details.

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

### **INVESTMENT RESTRICTIONS**

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

### **BORROWINGS**

In accordance with the requirements of the Central Bank Rules the Fund may borrow up to 10% of its net assets on a temporary basis.

### **DIVIDEND POLICY**

It is the intention of the Directors to declare a dividend annually on 31 January (where 31 January is not a Dealing Day then the next Dealing Day thereafter), in respect of the Distributing Shares of the Fund, where there is a surplus net investment income or otherwise as deemed appropriate by the Directors in their discretion. It is proposed that such dividend will be declared annually out of the Fund's net investment income (i.e. income from dividends, interest or otherwise less the Fund's accrued expenses). Such dividends will be paid annually in cash (except when forming part of repurchase proceeds when such dividends may be paid, at the absolute discretion of the Company, on the relevant Settlement Date), unless the Shareholder elects in writing to receive the dividends in the form of additional Shares. No dividends will be declared in respect of the Accumulating Shares. Accordingly, the price of an Accumulating Share shall rise as income and capital gains accrue in respect of the Accumulating Share.

### **VALUATIONS**

As the Fund is not a Money Market Fund, its assets and liabilities will be valued in accordance with section (B) as set out under the heading **Valuation of Assets** in the Prospectus and the investments of the Fund shall not be valued at amortised cost.

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

#### **Base Currency**

Sterling

#### **Business Day**

A Business Day is each day on which retail banks are open for business in London (or such other day or days as the Directors may determine and notify in advance to Shareholders).

#### **Dealing Day**

Each Business Day except where the Net Asset Value determination is temporarily suspended in the circumstances outlined in the section entitled **Temporary Suspension of Valuation of the Shares and of Sales and Repurchases** in the Prospectus unless otherwise determined by the Directors and notified to Shareholders in advance and provided that in all cases there are at least two Dealing Days per calendar month occurring at regular intervals.

#### **Dealing Deadline**

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

#### **Anti-Dilution Levy**

An Anti-Dilution Levy can be applied to net subscriptions or net redemptions on any Dealing Day, as set out in the Prospectus. This Anti-Dilution Levy will be charged at the discretion of the Directors. The Anti-Dilution Levy is designed to cover the costs of dealing in the various markets and preserve the value of the underlying assets of the Fund.

#### Settlement Date

In the case of applications, proceeds must be received no later than two Business Days after the relevant Dealing Day or as otherwise determined by the Directors.

In the case of repurchases, proceeds must be remitted to investors no later than two Business Days after the relevant Dealing Day (assuming compliance with the requirements of the section entitled **Repurchase Requests** in the Prospectus and the section of the Prospectus entitled **Repurchase Price** shall be deemed amended accordingly with respect to the timing of the payment of redemption proceeds for this Fund) or as otherwise determined by the Directors provided that in all cases proceeds are paid within ten Business Days of the relevant Dealing Day.

An exchange of Shares may be effected as outlined in the section entitled **Conversion of Shares** in the Prospectus on the relevant Dealing Day subject to receipt of the relevant duly signed exchange request documentation.

#### Valuation Point

Close of business in the relevant recognised market that closes last on each Dealing Day which in all cases will be after the Dealing Deadline.

#### Initial Offer Period

From 9.00 a.m. (Irish time) on 1 September 2020 until 5.00 p.m. (Irish time) on 1 March 2021 or such earlier or later date as the Directors may determine and notify to the Central Bank.

#### Issue Price

During the Initial Offer Period, the following Share Classes of the Fund will be initially issued at STG 100 per Share:

Accumulating Shares Class A  
Accumulating Shares Class B  
Accumulating Shares Class C  
Accumulating Shares Class D  
Accumulating Shares Class E  
Accumulating Shares Class F  
Accumulating Shares Class G  
Accumulating Shares Class H  
Accumulating Shares Class I<sup>1</sup>

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

On the Dealing Day following the close of the Initial Offer Period for a class of Shares, the subscription price for such class of Shares shall be the relevant Net Asset Value per Share.

#### Share Classes

Shares may be issued as Accumulating Shares or Distributing Shares.

#### FEES AND EXPENSES

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

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

The maximum aggregate fees charged by the Investment Manager, Depositary and Administrator shall be 0.50% of the Net Asset Value of the Fund.

The Investment Manager shall be titled for each Share Class to receive out of the net assets of the Fund an annual fee, accrued and calculated on each Dealing Day and payable monthly in arrears at an annual rate which will not exceed 0.40% of the Net Asset Value of the Fund (plus VAT, if any) for the respective Share Class. The Investment Manager shall also be titled to be reimbursed out of the assets of the Fund for the reasonable out-of-pocket expenses incurred by it in the performance of its duties.

The Administrator shall be titled to receive out of the net assets of the Fund an annual fee, accrued and calculated on each Dealing Day and payable monthly in arrears at an annual rate which will not exceed 0.05% of the Net Asset Value of the Fund (plus VAT, if any). The Administrator is titled 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 titled to receive out of the net assets of the Fund an annual fee, accrued and calculated on each Dealing Day and payable monthly in arrears, at an annual rate of up to 0.05% of the Net Asset Value of the Fund (plus VAT thereon, if any). The Depositary is also titled 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).

#### Establishment Costs

The cost of establishing the Fund is expected to be approximately €15,000 and shall be borne by the Fund and amortised over the first five years of the Fund's operation (or such other period as the Directors may determine).

#### RISK FACTORS

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

The value of investments and any income from them will fluctuate and is not guaranteed (this may be partly due to exchange rate fluctuations). Investors may not get back the

<sup>1</sup> Accumulating and Distributing Share Class I are only available to investors who have agreed specific terms of business with the Company.

full amount invested. Investors should note that subscription for Shares in the Fund is not the same as making a deposit with a bank or other deposit taking body, the value of the Shares is not insured or guaranteed, and the Fund does not rely on external support for guaranteeing the liquidity of the Fund or stabilising the Net Asset Value per Share. Investment in the Fund involves certain investment risks, including the possible fluctuation and/or loss of principal.

The Fund's Net Asset Value per Share will vary and reflect the effects of unrealised appreciation and depreciation and realised losses and gains. There is no guarantee that the Fund will not experience redemptions based upon unrealised depreciation, realised losses or other factors.

## **MISCELLANEOUS**

**There are 3 other Funds of the Company currently in existence, namely:**

- **The Sterling Fund**
- **The U.S. Dollar Fund**
- **The Euro Liquidity Fund**