



## THE STERLING FUND

SUPPLEMENT DATED 7 AUGUST 2020 TO THE PROSPECTUS DATED 30 NOVEMBER 2018  
FOR NORTHERN TRUST GLOBAL FUNDS PLC



**Northern Trust**

**M-5708488-5**

NTAC:3NS-20

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# Supplement dated 7 August 2020 to the Prospectus dated 30 November 2018 for Northern Trust Global Funds Plc

## THE STERLING FUND

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

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

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

### DIRECTORY

NTAC:3NS-20  
AQQ/665571-000001/21996198v21

NTAC:3NS-20

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### PROFILE OF A TYPICAL INVESTOR

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

## DESCRIPTION OF THE FUND

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

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

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

## INVESTMENT OBJECTIVE AND POLICIES

### Investment Objective

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

### Investment Policies

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

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

In accordance with the internal credit quality assessment procedures of the Company, a documented assessment of AQQ/665571-000001/21996198v21

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

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

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

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

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

The Fund may also enter into repurchase and reverse repurchase arrangements (i.e. Securities Financing Transactions) in accordance with the requirements of SFTR, Central Bank Rules and the Money Market Fund Regulation. Repurchase agreements may be used on a temporary basis for liquidity purposes and reverse repurchase agreements may be used for investment purposes. Any type of assets that may be held by the Fund in accordance with its investment objective and policies may be subject to such Securities Financing Transactions. The cash received by the Fund as part of a repurchase agreement shall not exceed 10% of the Net Asset Value of the Fund. There is no restriction on the proportion of assets that may be subject to reverse repurchase agreement and therefore the maximum and expected proportion of the Fund's assets that can be subject to a reverse repurchase agreement can be as much as 100%, i.e. all of the assets of the Fund. Use of Total Return Swaps by the Fund is not envisaged. In any case the most recent semi-annual and annual report of the Company will express as an absolute amount and as a percentage of the Fund's assets the amount of Fund assets subject to Securities Financing Transactions. Further details on the use of Securities Financing Transactions are set out in the Prospectus.

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

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

## 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.

## BORROWINGS

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

## RISK FACTORS

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

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

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

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

## DIVIDEND POLICY

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

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

## KEY INFORMATION FOR BUYING AND SELLING

### Base Currency

Sterling

### Business Day

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

### Dealing Day

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

### Dealing Deadline

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

### Settlement Date

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

### Valuation Point

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

### Initial Offer Period

For Distributing Class H Shares from 9.00 a.m. (Irish time) on 10 August 2020 until 5.00 p.m. (Irish time) on 10 February 2020 or such earlier or later date as the Directors may determine.

### Issue Price

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

### Classes of Shares Available

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

Shares may be issued as Accumulating Shares or Distributing Shares.

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

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

### Minimum Investments

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

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

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

### Preliminary Charge

There will be no Preliminary Charge for this Fund.

### FEES AND EXPENSES

#### 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 1.00% of the Net Asset Value of the Fund.

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

The Administrator shall be entitled to receive out of the net assets of the Fund an annual fee, accrued and calculated

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

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

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

### MISCELLANEOUS

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

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