

**THE NT EURO GOVERNMENT BOND INDEX FUND**

**SUPPLEMENT DATED 28 FEBRUARY 2019 TO THE PROSPECTUS  
DATED 23 JUNE 2017 FOR NORTHERN TRUST INVESTMENT FUNDS  
PLC**



Supplement dated 28 February 2019 to  
the Prospectus dated 23 June 2017 for  
Northern Trust Investment Funds plc

## **THE NT EURO GOVERNMENT BOND INDEX FUND**

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

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

The Directors of Northern Trust Investment Funds plc, whose names appear in the **Management and Administration** section of 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.

**A Repurchase Charge of up to 1% of the repurchase price may be charged by the Directors in their discretion on the repurchase of Shares. The difference at any one time between the sale and repurchase price of Shares means that the investment should be viewed as medium to long term.**

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## INVESTMENT OBJECTIVE AND POLICIES

### Investment Objective

The investment objective of the Fund is to closely match the risk and return characteristics of the Citigroup EGBI (EMU Government Bond Index) (the **Index**). Any change in the Index shall only be made with the prior approval of the Shareholders.

### Investment Policies

The Fund will invest in freely transferable Debt and Debt Related Securities issued by countries making up the Index. The securities are bonds issued by the governments of the EMU bloc of countries whose membership may change from time to time. In order to meet its investment objective, the Fund needs to be able to invest in any security in the Index. The Investment Manager will determine whether, after any downgrading of a security, the security should be reasonably held by the Fund. The average credit rating of the Fund will therefore approximate to the average credit rating of the Index. These securities are typically dealt in the secondary market which is made up of market makers and market participants. The secondary Market will be consistent with the list of Markets in Appendix I of the Prospectus. Market makers provide liquidity to the market participants as they are obliged to quote two way prices at which they are committed to deal in appropriate size.

### Index Tracking Strategy

The 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 Fund does not seek to fully replicate the Index but instead seeks to match the Fund's investments with Index constituents on a sample based physical replication model (i.e. an optimisation approach) within the scope of the general UCITS investment restrictions and the specific investment restrictions set out below. Accordingly, investment in the Fund should not be considered to provide a direct exposure to the Index. In normal market conditions the Fund can be expected to closely match the performance of the Index. However, in normal market conditions an ex-post tracking error of 0.00% - 0.10% should be anticipated. This is due to transaction costs and the liquidity impact of the Fund's optimisation approach. Employing an optimisation approach (rather than full replication) necessarily results in individual security overweights and underweights, as the Fund will strive to achieve representative exposure in the more liquid and accessible sectors of the Index.

As the 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 reflects the bond issuance (with a maturity profile of over 1 year) of those governments comprising the EMU region and those meeting the minimum credit criteria of BBB-/Baa3 (S&P/Moody's).

The Citigroup fixed-income indices measure the total rate-of-return performance (i.e. including both changes in bond prices as well as income generated) for bond markets with a remaining maturity of at least one year. In addition, each market has a minimum issue size criterion designed to include only those bonds that are "reasonably available" for institutional investors under normal market circumstances. With respect to the Index, this minimum issue size is currently set at Eur 1 billion.

The valuation function within Citigroup 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 Fund or on transaction costs associated with the Fund as any rebalancing is not expected to require any higher frequency of position turnover in the Fund than would otherwise be the case.

Further details of the Index constituents, weightings and methodology can be navigated to from the following links: [https://www.yieldbook.com/x/ixFactSheet/factsheet\\_quarterly\\_egbi.pdf](https://www.yieldbook.com/x/ixFactSheet/factsheet_quarterly_egbi.pdf) and [https://www.yieldbook.com/f/m/pdf/citi\\_indices/Citi\\_Idx\\_Guide\\_20160304\\_WEB.pdf](https://www.yieldbook.com/f/m/pdf/citi_indices/Citi_Idx_Guide_20160304_WEB.pdf).

In accordance with Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the **EU Benchmarks Regulation**) the Investment Manager has, on behalf of the Manager, put in place written plans which would enable the Fund to reference an alternative index, should the Index cease to be provided.

The Index used by the Fund in accordance with Article 3(1)(7)(e) of the EU Benchmarks Regulation is to be provided by an administrator either included in the register referred to in Article 36 of the EU Benchmarks Regulation or availing of the transitional arrangements pursuant to Article 51 of the EU Benchmark Regulation.

## PROFILE OF A TYPICAL INVESTOR

The Fund is designed for institutional investors including, but not limited to: national and multi-national corporations, pension funds, insurance companies, sovereign wealth funds, charities and fiduciary managers. A typical investor is a sophisticated investor prepared to accept a degree of low volatility. A typical investor will be seeking to achieve exposure to European government bonds and will be seeking to achieve a return on investment in the medium to long term.

## INVESTMENT RESTRICTIONS

The general investment restrictions set out under the heading Investment Objective and Policies of the Funds – Investment Restrictions in the Prospectus shall apply.

It is noted in particular that the Fund may not invest more than 10% of net assets in CIS on aggregate.

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

The purposes of efficient portfolio management should be in line with the best interests of Shareholders and is to achieve one or more of the following: the reduction of risk, the reduction of costs, and the generation of additional capital or income for the Fund with no, or with an acceptably low level of, risk.

The Fund may use the following instruments for the purpose of efficient portfolio management: spot and forward currency contracts, options on securities, indices and currencies, swaps, futures and options on futures,

when-issued and forward commitment securities (subject to the investment and borrowing limits (10% of the Fund's net assets) set out herein). Further details of the techniques and instruments that the Fund may employ for efficient portfolio management purposes are set out in the **Efficient Portfolio Management, Financial Derivative Instruments and Securities Financing Transactions** section of the Prospectus.

The Fund may use securities lending transactions (i.e. Securities Financing Transactions) in accordance with the requirements of SFTR and the Central Bank Rules. Any type of assets that may be held by the Fund in accordance with its investment objective and policies may be subject to such Securities Financing Transactions. There is no restriction on the proportion of assets that may be subject to Securities Financing Transactions and therefore the maximum and expected proportion of the Fund's assets that can be subject to Securities Financing Transactions can be as much as 100%, i.e. all of the assets of the Fund. Use of repurchase/reverse repurchase agreements and Total Return Swaps by the Fund is not envisaged. In any case the most recent semi-annual and annual report of the Company will express as an absolute amount and as a percentage of the Fund's assets the amount of Fund assets subject to Securities Financing Transactions.

Collateral or margin may be passed by the Fund to a counterparty or broker in respect of 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 **FDI and Securities Financing Transactions** for the purposes outlined above may expose the Fund to the risks disclosed under the section of the Prospectus titled **Risk Factors**.

## BORROWINGS

In accordance with the general provisions set out in the Prospectus under the heading **Investment Objectives and Policies of the Funds – Borrowing and Lending Powers** the Fund may borrow up to 10% of its net assets on a temporary basis.

## RISK FACTORS

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

## DIVIDEND POLICY

### Accumulating Shares

In respect of the Accumulating Shares, the Directors intend to declare all net income of the Fund attributable to each relevant 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. The Shareholders shall reinvest all dividends in the following manner: any dividends on each relevant class of Accumulating Shares shall be paid by the Company into an account in the name of the Depositary for the account of the relevant Shareholders. The amount standing to the credit of this account shall not be an asset of the Fund and will be immediately transferred, pursuant to a standing instruction, from the aforementioned account to the Subscriptions/Redemptions Account. The Net Asset Value per Share will not change as a result of the above reinvestment process and no additional Shares will be issued.

## 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. Any such dividend shall be paid to Shareholders in the form of cash on the last Business Day of the month. The Shareholders shall reinvest all dividends unless the Shareholder elects in writing to receive the dividends in the form of cash payable annually. In the case of a reinvestment of dividends, any dividends on each relevant class of Distributing Shares shall be paid by the Company into an account in the name of the Depositary for the account of the relevant Shareholders. The amount standing to the credit of this account shall not be an asset of the Fund and will be immediately transferred, pursuant to a standing instruction, from the aforementioned account to the Subscriptions/Redemptions Account.

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

## KEY INFORMATION FOR BUYING AND SELLING

### Share Classes

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

**Accumulating Shares** means Shares in the Fund in respect of which the net income and net capital gains arising will be rolled up.

**Distributing Shares** means Shares in the Fund in respect of which the net income shall be distributed.

### Base Currency

Euro

### Business Day

Any day (except Saturday or Sunday) on which the banks in both Dublin, Ireland and London, England are open generally for business, or such other day as the Directors may, with the consent of the Depositary, determine and notify to Shareholders.

### Dealing Day

Every Business Day is a Dealing Day.

### Dealing Deadline

In respect of a Dealing Day, the Dealing Deadline is 12.00 p.m. on that Dealing Day.

### 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 Manager.

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

An exchange of Shares will in effect be represented by a redemption of Shares in the Original Class and a simultaneous subscription for Shares in the New Class on

the relevant Dealing Day. In such cases, the settlement of the transaction shall be effected on a timely basis (not to exceed five Business Days), subject to receipt of the relevant duly signed exchange request documentation.

### Preliminary Charge

There will be no Preliminary Charge for this Fund.

### Repurchase Charge

Up to 1% of the repurchase price.

### Anti-Dilution Levy

An Anti-Dilution Levy will typically be applied to net subscriptions or net redemptions on any Dealing Day where net subscriptions or net redemptions exceed 1% of the Net Asset Value of the Fund. 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.

### Valuation Point

Close of business in the relevant recognised market on each Dealing Day.

### Initial Issue Price

For euro denominated share classes €100 per Share, for US Dollar denominated share classes \$100 per Share, for sterling denominated share classes, £100 per Share.

### Initial Offer Period

The Initial Offer Period in respect of Euro Class B Shares, Euro Class C Shares and Euro Class P1 Shares is closed.

The Initial Offer Period in respect of all other Share Classes shall commence at 9am (Irish time) on 1 March 2019 and will continue until 5.00p.m. (Irish time) on 30 August 2019 or such earlier or later date as the Directors may determine.

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

### Classes of Shares Available

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

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

### Currencies Available

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

Class P1 Shares are only available in Euro.

### Minimum Shareholding

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

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

### Minimum Initial Investment Amount

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

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

## FEES AND EXPENSES

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

The Manager will be entitled to receive an annual fee of up to 0.08% in respect of the Class A, B, C, E, F, G, H and P1 Shares and of up to 0.20% in respect of all Class D Shares (plus VAT thereon, if any).

Such fee shall accrue and be calculated on each Dealing Day and be payable monthly in arrears. The Manager shall be entitled to be reimbursed out of the assets of the Fund for the reasonable out-of-pocket expenses incurred by the Manager in the performance of its duties.

The Manager will pay out of the above fee (and not out of the assets of the Fund), the fees of the Investment Manager. 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 Investment Manager 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 0.08% of the net assets 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 0.08% of the net assets 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 out of the assets of the Fund (plus VAT thereon, if any).

A distribution fee of up to 1% may be applied to Class A, B, C, D, E, F, G, H and P1 Shares (plus VAT thereon, if any).

This section should be read in conjunction with the section entitled Expenses of the Funds in the Prospectus.

## 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.

**There are 19 other Funds of the Company currently in existence, namely:**

- **The NT Pacific (ex-Japan) Equity Index Fund**
- **The NT Europe (ex-UK) Equity Index Fund**
- **The NT Index Linked Bond Index Fund**
- **The NT Japan Equity Index Fund**
- **The NT UK Equity Index Fund**
- **The NT North America Equity Index Fund**
- **The NT Euro Government Inflation Linked Index Fund**
- **The NT Emerging Markets Index Fund**
- **The NT Frontier Markets Index Fund**
- **The NT All Country Asia ex Japan Custom ESG Equity Index Fund**
- **The NT Emerging Markets Custom ESG Equity Index Fund**
- **The NT High Quality Euro Government Bond Index Fund**
- **The NT Emerging Markets Quality Low Carbon Fund**
- **The NT Emerging Markets Custom Equity Index Fund**
- **The NT US High Yield Fixed Income Fund**
- **The NT Emerging Markets Custom ESG Feeder Fund**
- **The NT Emerging Markets ESG Leaders Equity Index Fund**
- **The NT EM Local Currency Government Bond Index Fund**
- **The NT World Equity Index Feeder Fund**