

THE NT HIGH QUALITY EURO GOVERNMENT BOND INDEX FUND

Supplement dated 28 February 2019 to the Prospectus dated 23 June 2017 for Northern Trust Investment Funds p.l.c.

The NT High Quality Euro Government Bond Index Fund

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

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

*The Directors of the Company, whose names appear in the **Management and Administration** section of the Prospectus, accept responsibility for the information contained in the Prospectus 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.

An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

The Fund may invest in financial derivative instruments (FDI) for efficient portfolio management purposes (as detailed below). See section titled “Leverage” for details of the leverage effect of investing in FDI.

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.

Dated: 28 February 2019

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INVESTMENT OBJECTIVE AND POLICIES

Investment Objective

The investment objective of the Fund is to track the risk and return characteristics of Bloomberg Barclays Euro Sovereign High Quality Index (the **Index**). Any change of the Index shall only be made with the prior approval of the Shareholders.

Investment Policies

The Fund seeks to achieve its investment objectives through investment primarily in freely transferable bonds (within the scope of the defined term: Debt and Debt Related Securities) that are constituents of the Index as described further below in the section entitled "Index Description". The Fund may also invest in bonds issued by governments included in the Index that would exhibit similar characteristics to securities in the Index and that have a similar risk profile. Investment in such securities will, in all cases, be consistent with the investment objective of the Fund. The bonds in which the Fund invests will be of investment grade and, although in practice they may be purchased or sold by the Investment Manager on the secondary market, they will be listed or traded on a Market within the list in Appendix I of the Prospectus. In accordance with the facility as set out in regulation 70 of the Regulations, the Fund may be substantially invested in the Debt and Debt Related Securities issued by a single EU member state issuer. The average credit rating of the Fund's assets will therefore be approximate to the average credit rating of the Index. However, it is noted that any securities held by the Fund that are subject to a downgrade to below the minimum index rating (referred to below) may be retained by the Investment Manager provided this is consistent with the Fund's investment objective and the best interests of Shareholders.

The Fund will use a proprietary optimisation methodology to construct the portfolio. Optimisation aims to match the risk and return characteristics of the Fund to the Index through holding Index constituents, although not necessarily holding all of the constituents, and not necessarily with the same weightings.

The Fund may invest in FDI for efficient portfolio management purposes (**EPM**). The Fund may be fully or partially hedged back to the Base Currency in accordance with the powers and restrictions set out by the Central Bank in relation to techniques for EPM purposes. See section below entitled "USE OF EFFICIENT PORTFOLIO MANAGEMENT TECHNIQUES AND FINANCIAL DERIVATIVE INSTRUMENTS" for further details.

Index Tracking Strategy

The Fund operates an index tracking strategy whereby it seeks to track the risk and return characteristics of the Index through the investment 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. Accordingly, investment in the Fund should not be considered to provide a direct exposure to the Index. In normal market conditions the Fund can be expected to closely match the performance of the Index. However, in normal market conditions, since the Fund does not seek to fully replicate the Index, a tracking error of 5-10bps should be anticipated due to transaction costs and the liquidity impact of the Fund's sampling approach. Employing a sampling approach (rather than full replication) necessarily results in individual security overweightings 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 is a custom index provided by Barclays Capital.

The Index comprises of the investment grade bonds issued by governments of certain member states of the Economic and Monetary Union (**EMU**) bloc of countries (whose membership may change from time to time) that meet the qualitative criteria of the Index regarding sovereign debt rating. The Index currently reflects the bond issuance (with a maturity profile of over 1 year) of the governments of Austria, Finland, France, Germany and the Netherlands, each being rated at the date of the Supplement with a minimum index rating of AA2.

To remain in the Index, the debt of a particular country must be rated AA3 or better. The rating taken will be the middle rating assigned by Fitch, Moody's and Standard & Poors (the **Agencies**). Where only two of the Agencies assign a rating then the lower of the two will be used. Where only one of the Agencies assigns a rating then that rating will be used. The countries in the Index will be weighted by market capitalisation.

The valuation function within Barclays is functionally independent of the design of the Index. The Index is reviewed monthly for any necessary rebalancing, with the objective of reflecting change in the underlying constituents 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 were the Index to be static.

It is not expected in any circumstances that the composition of the Index will be adjusted to the extent that tracking is not possible within the scope of standard UCITS investment restrictions.

Further details on the Index, including constituents and weightings can be navigated to from the following link: https://indices.barcap.com/Benchmark_Indices/Index_Constituents_for_UCITS (click on Euro Sovereign High Quality Index)

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 Benchmarks 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 high quality 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.

The Fund does not intend to invest in CIS and in any case may not invest more than 10% of Net Asset Value in CIS in aggregate.

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

Notwithstanding any other term of the Prospectus, the following requirements will apply where the Investment Manager invests in repurchase/reverse repurchase agreements, and securities lending (together "**Efficient Portfolio Management Techniques**") and/or invests in derivative instruments on behalf of the Fund in accordance with the investment Objective and Investment Policies of the Fund set out above and the conditions and limits set out in the Central Bank Rules. In the event of any conflict between the provision of this section and any other term of the Prospectus, the requirements in this section shall prevail with respect to the Fund only.

The use of techniques and instruments relating to transferable securities, money market instruments and/or other financial instruments in which the Fund invests for efficient portfolio management purposes should be in line with the best interests of Shareholders and will generally be made for one or more of the following reasons:

- (i) the reduction of risk;
- (ii) the reduction of cost; or
- (iii) the generation of additional capital or income for the Fund with an appropriate level of risk, taking into account the risk profile of the Fund and the risk diversification rules set out in the Central Bank Rules.

The Fund may use the following Efficient Portfolio Management Techniques: 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 Asset Value) set out herein). Further details of the Efficient Portfolio Management Techniques that the Fund may employ are set out in the **Efficient Portfolio Management, Financial Derivative Instruments and Securities Financing Transactions** section of the Prospectus.

The Fund may use repurchase/reverse repurchase agreements and 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 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**.

LEVERAGE

Global exposure and leverage as a result of its investment in FDI as described above shall not exceed 100% of the Net Asset Value of the Fund. Global exposure will be measured using the commitment approach.

BORROWINGS

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

RISK FACTORS

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

Reinvestment of Cash Collateral Risk

As the Fund may reinvest cash collateral received, subject to the conditions and within the limits laid down by the Central Bank, reinvesting cash collateral will be exposed to the risk associated with such investments, such as failure or default of the issuer of the relevant security or the relevant counterparty on its obligations under the relevant contract.

RISK MANAGEMENT PROCESS

The Manager on behalf of the Fund has filed with the Central Bank its risk management process which enables it to accurately measure, monitor and manage the various risks associated with the use of FDI. Any FDI not included in the risk management process will not be utilised until such time as a revised submission has been cleared by the Central Bank. The Manager will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

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. (Irish time) on that Dealing Day.

Initial Offer Period

The Initial Offer Period in respect of Euro B and Euro C 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 5.00 p.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.

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 both subscriptions and redemptions on any Dealing Day where net subscriptions or net redemptions exceed 1% of the Net Asset Value of the Fund. Once operationally feasible, and with prior notification to Shareholders, such Anti-Dilution Levy will instead be applied to subscriptions and redemptions on any Dealing Day where there are net subscriptions or net redemptions. 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.

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 1% 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 Asset Value of the Fund an annual fee, accrued and calculated on each Dealing Day and payable monthly in arrears at an annual rate which will not exceed 0.08% of the Net Asset Value of the Fund (plus VAT, if any). The Administrator is entitled to be repaid out of the assets of the Fund all of its reasonable agreed upon transaction and other charges (which will be at normal commercial rates) and other out-of-pocket expenses (plus VAT thereon, if any).

The Depositary shall be entitled to receive out of the Net Asset Value of the Fund an annual fee, accrued and calculated on each Dealing Day and payable monthly in arrears, at an annual rate which will not exceed 0.2% of the Net Asset Value of the Fund (plus VAT thereon, if any).

The Depositary is also entitled to be repaid out of the assets of the Fund sub-custodian's fees (which will be charged at normal commercial rates) as well as agreed upon transaction charges (which will be at normal commercial rates) and other out-of-pocket expenses (plus VAT thereon, if any).

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.

Establishment costs

The organisational and establishment expenses relating to the creation of the Fund did not exceed €35,000 and will be

borne by the Fund and will be amortised by the Fund 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.

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

- **The NT Europe (ex-UK) Equity Index Fund**
- **The NT Euro Government Bond Index Fund**
- **The NT Index Linked Bond Index Fund**
- **The NT Japan Equity Index Fund**
- **The NT Pacific (ex-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 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**