

THE NT JAPAN EQUITY 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 JAPAN EQUITY INDEX FUND

*This Supplement contains specific information in relation to The NT Japan Equity 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 MSCI Japan Index (the **Index**). Any change in the Index for any other reason shall only be made with the prior approval of the Shareholders.

Investment Policies

The Fund will invest in freely transferable Equity and Equity Related Securities issued by companies or linked to companies primarily making up the Index. Such securities are listed/traded on stock exchanges in Japan and are issued by companies listed on stock exchanges in Japan. The 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.

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 forms part of the MSCI Standard Index Series. The Index is a free float-adjusted market capitalisation Index that is designed to measure developed market equity Net Total Return in the Japan region.

The MSCI Standard Index Series covers the large- and mid-cap segments of the Global Investable Market Index equity universe and targets 85% of free float-adjusted market capitalisation in each industry group, in each country. Currently, MSCI calculates the Standard Index Series for more than 56 countries globally in the developed and the emerging markets.

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

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 medium to high volatility. A typical investor will be seeking to achieve exposure across Japanese equities and will be seeking to achieve a return on investment in the medium to long term.

RESPONSIBLE INVESTMENT – CORPORATE ENGAGEMENT

The Investment Manager has appointed Hermes Equity Ownership Services ("Hermes EOS") to act as the Manager's agent in carrying out corporate engagement with carefully selected companies held within the Fund (each an "Engaged Company"). Engaged Companies will be selected for engagement and engagement will be carried out in accordance with an Engagement Policy, a copy of which is available from the Investment Manager on request. The engagement process neither informs investment or divestment decisions nor the construction of the Index, and Hermes EOS will exercise no discretion over Fund assets.

An engagement by Hermes EOS with an Engaged Company will involve a process of dialogue with that Engaged Company with the long-term objective of that Engaged Company improving on its social, ethical and environmental practices in the belief that such factors can have an impact on financial performance.

Hermes EOS typically conducts engagement with Engaged Companies in confidence and will not disclose the Manager's involvement in such engagements, unless specifically agreed in advance.

In addition to engaging with individual Engaged Companies, Hermes EOS has a broad international public policy engagement program through which it engages with governments and regulators on behalf of its client base (including the Manager) to promote the interests of long-term institutional investors.

The Fund will follow the Northern Trust Proxy Voting Policy, a copy of which is available via the following website:

<https://www.northerntrust.com/asset-management/europe/uk-stewardship-proxy-voting>

Engagement activities conducted on behalf of the Fund may not always be complemented by this policy.

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 purpose 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

Base Currency
Euro

Business Day
Any day (except Saturday or Sunday) on which the banks in both Dublin, Ireland and London, UK 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 the Business Day immediately preceding 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 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 B, Euro P1, Sterling B, USD A and USD B 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 0.10% 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 (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).

In addition to the fees outlined above, the Fund will also be responsible for the fees of Hermes EOS (for its services in respect of the Fund, as described in this Supplement), up to 0.02% of the Net Asset Value of the 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 Fund the corresponding amount, out of the assets of the Fund.

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

MATERIAL CONTRACTS

In addition to those detailed in the Prospectus, the following contracts have been entered into otherwise than in the ordinary course of the business intended to be carried on by the Fund and are or may be material:

The Agreement for the Provision of Responsible Investment Services dated 22 June 2015, as amended, between the Investment Manager and Hermes EOS (with its registered office at Lloyds Chambers, 1 Portsoken Street, London E1 8HZ, United Kingdom). Hermes EOS, authorised and regulated by the Financial Conduct Authority, provides non-discretionary responsible investment advisory services to the Investment Manager in respect of various sub-funds managed by the Investment Manager, including the Fund. This agreement provides that the appointment of Hermes EOS will continue unless and until terminated by either party giving to the other not less than 9 months' written notice (such notice may only be served on or after the first anniversary of the agreement), although in certain circumstances the agreement may be terminated forthwith by notice in writing by either party to the other; the agreement provides that Hermes EOS will accept responsibility for loss to the Investment Manager and/or the Fund to the extent that such loss is due to the negligence, wilful default, fraud or any breach of the agreement by Hermes EOS. See Fees and Expenses section above for details of the fees of Hermes EOS as paid out of the assets of the Fund.

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 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 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**