

Principal Global Investors Funds (the "Unit Trust")

Addendum to the Prospectus dated 1 December 2022 (the "Addendum")

This Addendum is supplemental to, forms part of and should be read in conjunction with the prospectus for Principal Global Investors Funds (the "Unit Trust") dated 12 June 2020 (the "Prospectus") and replaces in full the addendum to the Prospectus dated 10 December 2021.

This Addendum forms part of and may not be distributed unless accompanied by (other than to prior recipients of) the Prospectus and must be read in conjunction with the Prospectus. All capitalised terms used herein shall have the meanings set out in the Prospectus.

The Directors of the Manager accept responsibility for the information contained in this Addendum. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure such is the case) the information contained in this Addendum, when read together with the Prospectus, is in accordance with the facts as at the date of this Addendum and does not omit anything likely to affect the import of such information.

IMPORTANT: If you are in doubt about the contents of this Addendum, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

Neither the delivery of this Addendum nor the issue or sale of Units, under any circumstances, constitutes a representation that the information contained in this Addendum is correct as of any time subsequent to the date of this Addendum.

Amendments to the Prospectus

1 "A new section 2.11 "Sustainable Finance Disclosures" shall be added after section 2.10 "Data Protection" with the following:

"2.11 Sustainable Finance Disclosures

The European Union has introduced a series of legal measures (the primary ones being SFDR and the Taxonomy Regulation) requiring firms that manage investment funds to provide transparency on how they integrate sustainability considerations into the investment process with respect to the investment funds they manage.

This section of the Prospectus has been prepared for the purpose of meeting the specific financial product level disclosure requirements contained in SFDR and the Taxonomy Regulation.

2.11.1 SFDR Disclosures

Part A - Fund Classification

For SFDR purposes each Fund is classified as either (i) a Mainstream Fund; (ii) an ESG Orientated Fund; or (iii) a Sustainable Investment Fund.

If a Fund is classified as either an ESG Orientated Fund or a Sustainable Investment Fund, a clear indication of this classification (along with additional SFDR-related disclosure) will be made in the Supplement for the relevant Fund.

As a default, and in the absence of such clear indication, each Fund will be classified as a Mainstream Fund and is therefore not subject to any additional disclosure requirements for financial products referred to in SFDR and does not take into account the EU criteria for environmentally sustainable economic activities as set out in SFDR.

The disclosures in Parts B and C below shall apply to a Fund (regardless of its classification) unless specifically disapplied for a Fund in the relevant Supplement. Where such disclosures are disapplied in the relevant Fund, please see the disclosures in the relevant Supplement for that Fund.

Part B - Sustainability Risks – Integration into investment decision making

All Funds to which this disclosure applies are managed in line with the Manager's Sustainability Risk policy which can be found at <https://www.principalam.com/about-us/esg>. The Sustainability Risk policy approaches Sustainability Risk from the perspective that environmental, social, and governance related risks ("ESG events") might cause a material negative impact on the value of a Fund's investments.

The Adviser or Sub-Adviser of the Funds, as appropriate, will define the manner in which Sustainability Risks are integrated into their investment decisions. These processes aim to identify, measure, manage and monitor Sustainability Risks of the Funds, where relevant.

When making investment decisions, as part of their due diligence processes, the Adviser or Sub-Adviser will continuously assess, including at the time of purchase, all relevant Sustainability Risks that might have a relevant material negative impact on the financial return of an investment.

The Manager has also implemented a shareholder engagement policy for the purposes of the revised Shareholders Rights Directive ("SRD II"). The Manager's engagement policy sets out how it integrates shareholder engagement in its investment strategies, including in relation to the Funds. The Manager's engagement policy can be found at <https://www.principalam.com/about-us/esg>.

Part C - Sustainability Risks – Assessment of likely impacts on Fund returns

The Manager has assessed the impact of Sustainability Risks on the returns of the Funds to which this disclosure applies, and sets out below a qualitative summary of those risks. The investments made by a Fund may expose it to Sustainability Risks. The extent that a Sustainability Risk occurs, or occurs in a manner that is not anticipated may result in a sudden, material negative impact on the value of an investment, and hence the returns of the Fund. Such negative impact may result in an entire loss of value of the relevant investment(s) and may have an equivalent negative impact on the returns of the Fund.

A non-exhaustive description of certain Sustainability Risks identified by the Manager as being potentially relevant to the investments made by each Fund to which this disclosure applies, is set out below.

- a) Environmental risks are associated with environmental events or conditions and their effect on the value of assets to which the relevant Fund may have exposure. Such risks may arise in respect of a company itself, its affiliates or in its supply chain and/or apply to a particular economic sector, geographical or political region. Environmental risks include, but are not limited to climate change, carbon emissions, air pollution, water pollution, harm to biodiversity, deforestation, energy inefficiency, poor waste management practices, increased water scarcity, rising sea levels and/or wildfires.
- b) Social risks may be internal or external to a business and are associated with employees, local communities and customers of companies in which a Fund may invest or otherwise have exposure to. Social risks include, but are not limited to human rights violations, human trafficking, modern slavery, breaches of employee rights, child labour, discrimination, restrictions on or abuse of the rights of consumers, restricted access to clean water, to a reliable food supply, and/or to a sanitary living environment and/or infringements of rights of local communities.
- c) Governance risks are associated with the quality, effectiveness and process for the oversight of day-to-day management of companies in which a Fund may invest or otherwise have exposure to. Such risks may arise in respect of the company itself, its affiliates or in its supply chain. These risks include, but are not limited to; lack of diversity at board or governing body level, inadequate external or internal audit, infringement or curtailment of rights of (minority) shareholders, bribery and corruption, lack of scrutiny of executive pay, poor safeguards on personal data / IT security (of employees and/or customers), discriminatory employment practices, health and safety concerns for the workforce, poor sustainability practices in the supply chain, and/or appropriate and effective safeguards for employment related matters.

Part D - Mainstream Funds

The investments underlying the Mainstream Funds do not take into account the EU criteria for environmentally sustainable economic activities as set out on SFDR.

The classification of a Fund as a Mainstream Fund means that the Fund does not promote environmental or social characteristics in a way that meets the specific criteria contained in Article 8 of SFDR or have sustainable investment as its objective in a way that meets the specific criteria contained in Article 9 of SFDR.

Part E - ESG Orientated Funds and Sustainable Investment Funds

For any Funds that are classified as ESG Orientated Funds or Sustainable Investment Funds additional disclosures required under SFDR for such Funds shall be provided in the relevant Supplement.

Part F - Risk Factors

Please refer to Section 3, entitled "Special Investment Considerations and Risks" and the section entitled "Sustainable Finance Disclosures Risks" in respect of the risks related to sustainable finance disclosures."

2.11.1 Taxonomy Regulation Disclosures

The Taxonomy Regulation seeks to establish a framework to classify environmentally sustainable economic activities (otherwise known as Taxonomy-aligned activities), whilst also amending certain disclosure requirements of SFDR. It sets out harmonised criteria for determining whether an economic activity qualifies as environmentally sustainable and outlines a range of disclosure obligations to enhance transparency and to provide for an objective comparison of financial products regarding the proportion of their investments that contribute to environmentally sustainable economic activities.

The Taxonomy Regulation also builds on the SFDR requirements for Sustainable Investment Funds and ESG-Oriented Funds by placing additional disclosure obligations on such Funds that invest in economic activities that contribute to one or more of the environmental objectives as set out in the Taxonomy Regulation. The Taxonomy Regulation requires the Manager to disclose (i) how and to what extent it has used the Taxonomy Regulation to determine the sustainability of these Funds' underlying investments; and (ii) to what environmental objective(s) the underlying investments contribute.

For the purpose of the Taxonomy Regulation, the investments underlying all Mainstream Funds do not take into account the EU criteria for environmentally sustainable economic activities. Please refer to the Supplements for the ESG Orientated Funds and Sustainable Investment Funds for further information on the Taxonomy Regulation.

2.11.2 Principal Adverse Impacts

The Manager considers the principal adverse impacts of its investment decisions on sustainability factors at an entity level.

At a product level, where a Fund is categorised as an ESG Orientated Fund or a Sustainable Investment Fund, details of the consideration of principal adverse impacts of its investment decisions will be further specified in the Supplement.

Where a Fund is categorised as a Mainstream Fund, the principal adverse impacts of their investment decisions are not currently considered at Fund level as it may not be practicable or proportionate to do so depending on the investment strategy or due to the specific investment outcomes targeted by the strategy of or the specific Fund. This position will be kept under review by the Manager and may change over time."

2 Section 3 entitled " Special Investment Considerations and Risks" will be amended with a new section 3.6 "Sustainable Finance Disclosures Risks" which shall be added after section 3.5 "Contingent Convertible Instruments Risk ":

"3.6 Sustainable Finance Disclosures Risks

SFDR and Taxonomy Regulation - Legal risk

The series of legal measures (including SFDR and Taxonomy Regulation) requiring firms that manage investment funds to provide transparency on how they integrate sustainability considerations into the investment process with respect to the investment funds they manage (the EU sustainable finance action plan) is being introduced in the European Union on a phased basis and some elements (for example supporting regulatory technical standards) have been subject to implementation delays.

The Manager seeks to comply with all legal obligations applicable to it but notes there may be challenges in meeting all the requirements of these legal measures as they are introduced. The Manager may be required to incur costs in order to comply with these new requirements as part of the initial implementation phase and to incur further costs as the requirements change and further elements are introduced. This could be the case in particular if there are adverse political developments or changes in government policies as the implementation phase progresses. These elements could impact on the viability of the Funds and their returns.

ESG Data reliance

The scope of SFDR and the Taxonomy Regulation covers a very wide range of financial products and financial market participants. It seeks to achieve additional transparency regarding how financial market participants integrate ESG risks into their investment decisions and consideration of adverse sustainability impacts in the investment process. Data constraint is one of the biggest challenges when it comes to sustainability related information to end-investors, especially in the case of principal adverse impacts of investment decisions, and there are limitations on sustainability and ESG-related data provided by market participants in relation to comparability. Disclosures in this Prospectus may develop and be subject to change due to ongoing improvements in the data provided to, and obtained from, financial market participants and financial advisers to achieve the objectives of SFDR and the Taxonomy Regulation in order to make sustainability-related information available.

Relative performance

An ESG Orientated Fund or a Sustainable Investment Fund may underperform or perform differently relative to other comparable funds that do not promote environmental and/or social characteristics or pursue a sustainable investment objective."

3 Appendix G - "Definitions" section of the Prospectus shall be amended by the inclusion of the following additional definitions as they would appear in alphabetical order:

"**ESG** means environmental, social and governance;

ESG Orientated Fund means a Fund of the Unit Trust that, in accordance with the criteria outlined in Article 8 of SFDR, promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics and provided that the companies that the Fund invests in follow good governance practices;

Mainstream Fund means a Fund of the Unit Trust which does not meet the criteria to qualify as either an ESG Orientated Fund pursuant to Article 8 of SFDR or a Sustainable Investment Fund pursuant to Article 9 of SFDR;

SFDR or Disclosure Regulation means Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, as may be amended, supplemented, consolidated, substituted in any form or otherwise modified from time to time;

Sustainable Investment means an investment in an economic activity that contributes to an environmental objective, as measured by key resource efficiency indicators on (i) the use of energy, (ii) renewable energy, (iii) raw materials, (iv) water and land, (v) the production of waste, (vi) greenhouse gas emissions, or (vii) its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective (in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations), or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices;

Sustainable Investment Fund means a Fund of the Unit Trust that, in accordance with the criteria outlined in Article 9 of SFDR has Sustainable Investment as its objective;

Sustainability Risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment;

Taxonomy Regulation means the Regulation on the Establishment of a Framework to Facilitate Sustainable Investment (Regulation EU/2020/852), and amending Regulation (EU) 2019/2088, as may be supplemented, consolidated, substituted in any form or otherwise modified from time to time;"

4 The definition of "Supplement" in the "Definitions" section to the Prospectus shall be deleted and replaced in its entirety with the following:

"Supplement means any supplement to the Prospectus issued on behalf of the Unit Trust specifying certain information in relation to a Fund and/or one or more Classes from time to time, noting that any such supplement may be issued with an information card, annex or addendum containing supplemental information on the relevant Fund or Class;"