PRODUCT KEY FACTS

Principal Global Investors Funds
Preferred Securities Fund
11 March 2020

- ***This statement provides you with key information about Principal Global Investors Funds - Preferred Securities Fund ("Sub-Fund").***
- ***This statement is a part of the offering document.***
- ***You should not invest in the Sub-Fund based on this statement alone.***

Quick facts

Manager:	Principal Global Investors (Ireland) Limited	
Delegate of the Manager:	Principal Global Investors, LLC. Internal delegation in the USA	
Sub-Delegate of the Manager:	Spectrum Asset Management, Inc. Internal delegation in the USA	
Trustee:	The Bank of New York Mellon SA/NV	
Ongoing charges over a year *:	USD A Class Accumulation	1.09%
	HKD A Class Accumulation Units	1.09%
	USD A Class Income Units	1.09%
	USD D Class Accumulation Units	1.39%
	USD D Class Income Units	1.39%
	USD D2 Class Income Units	1.39%
	HKD D2 Class Income Units	1.39%
	USD F Class Accumulation Units	1.89%
	USD F Class Income Units	1.89%
	Japanese Yen Hedged A Class Accumulation Units	1.11%
	D2 Class Income Plus Units	1.39%
	HKD D2 Class Income Plus Units	1.39%

* The ongoing charges are based on last year's expenses, for the year ended 30 September 2019, and this figure may vary from year to year. The ongoing charges include management fee, trustee fee, administration fee, custodian fee, audit fee, professional expense, legal fee, set up cost and other expenses. The set up costs are based on the amortised portion recognised in accordance with the section "Fees and Expenses" of the Summary Prospectus.

Dealing frequency:	Every Ireland business day, other than Saturday and Sunday
Base currency:	US Dollar
Dividend policy:	**For Income Units** • It will be paid on a quarterly basis in the month of January, April, July and October each year, with the exception of the D2 Class Income Units. Distributions of the D2 Class Income Units will be declared and paid monthly within 30 days of the end of each calendar month. • Dividend, if declared, will be automatically re-invested unless cash distribution is applied for. • The dividends distributed by the Sub-Fund may be paid effectively out of the capital of the Sub-Fund (i.e. making the distribution from gross income while charging all or part of the Sub-Fund's fees and expenses to capital), resulting in an increase in distributable income for the payment of dividends by the Sub-Fund and an immediate reduction of the net asset value per unit of the Sub-Fund. Payment of dividends effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. **For Income Plus Units** • Distributions of the D2 Class Income Plus Units will be declared and paid monthly within 30 days of the end of each calendar month. • Dividend, if declared, will be automatically re-invested unless cash distribution is applied for. • The dividends distributed by the Sub-Fund may be paid out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund and an immediate reduction of the net asset value per unit of the Sub-Fund. Payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment.

	• **For Accumulation Units:** • No dividend will be declared or distributed.
Financial year end of this Sub-Fund:	30 September
Min. investment:	**For A, D, D2 and F Class Units:** US$ 1,000 initial

What is this product?

The Sub-Fund is a fund constituted in the form of a unit trust. It is domiciled in Ireland and its home regulator is the Central Bank of Ireland.

Objectives and Investment Strategy

Objective

To provide a return consisting of income consistent with capital preservation by investing primarily in a portfolio of US dollar denominated preferred securities and debt securities.

Investment Strategy

The Sub-Fund seeks to achieve its overall objective by investing primarily in a portfolio of US dollar denominated preferred securities and debt securities. Preferred securities for this purpose refer to securities with a claim to a company's earnings before payment can be made on common stock, and which are usually entitled to priority over common stock if a company liquidates. Within this, the Sub-Fund may invest, in particular, in convertible bonds and less than 50% of its net asset value in debt instruments with loss-absorption features e.g. contingent convertible securities ("**CoCos**"), senior non-preferred debts, Bank Tier 2 debt, Tier 1 capital etc.. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). CoCos, in particular, are hybrid bonds that may, when the issuer's capital ratio falls below a predetermined trigger level, be written down, written off or converted into an equity security. While it is anticipated that the majority of the Sub-Fund's investments will be issued by US and/or European issuers, the Sub-Fund's investments (other than permitted unlisted investments) will be listed on a number of exchanges and other markets, a list of which is contained in Appendix A to the Summary Prospectus.

At the time of the Sub-Fund's investment, the majority of these securities will be rated as investment grade quality and may be listed or unlisted. However, in the event that these securities are subsequently downgraded to below investment grade, the Manager may continue to hold such securities until there are fundamental concerns regarding the issuer with respect to a range of factors, which are to be assessed in

accordance with the Sub-Fund's risk management process and procedures.

The Sub-Fund seeks to add value primarily through security selection, including credit analysis. Its investment process involves in depth proprietary research, and strategic and disciplined portfolio construction.

The Sub-Fund may also hold ancillary liquid assets such as bank deposits. However, no more than one-third of the net assets of the Sub-Fund may be held in aggregate in ancillary liquid assets or non-preferred or debt securities or instruments, as referred to above.

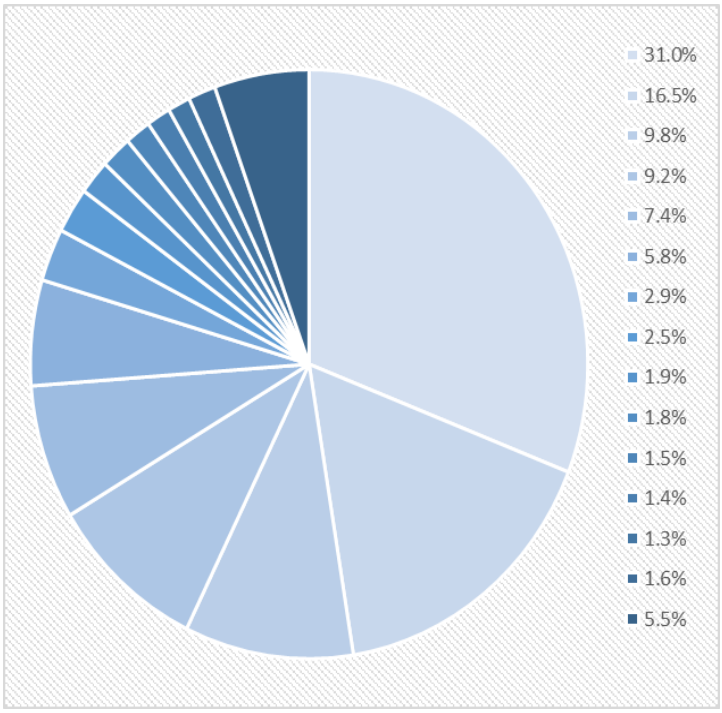
The Sub-Fund will not invest more than 20% of its net assets in (i) securities traded on markets/exchanges located in emerging markets or (ii) securities which at the time of investment are below investment grade.

The Sub-Fund may use financial derivative instruments ("FDI") for the purposes of efficient portfolio management. The FDI that may be entered into for this purpose may include options, futures, options on futures, and other over the counter derivative instruments (including swaps, repurchase or reverse repurchase agreements, etc.).

Use of Derivatives / Investment in Derivatives

The Sub-Fund's net derivative exposure may be up to 50% of its net asset value.

Investment Mix as at 31 December 2019



United States Securities	31.0%
United Kingdom Securities	16.5%
Swiss Securities	9.8%
French Securities	9.2%
Japanese Securities	7.4%
Canadian Securities	5.8%
Australian Securities	2.9%
Swedish Securities	2.5%
Dutch Securities	1.9%
Finnish Securities	1.8%
Italian Securities	1.5%
Spanish Securities	1.4%
Danish Securities	1.3%
Other	1.6%
Cash	5.5%

What are the key risks?

Investment involves risks. Please refer to the Summary Prospectus for details including the risk factors.

1. **Concentration risk** - The performance of the Sub-Fund may be significantly affected or become volatile if the Sub-Fund concentrates its investments in a particular market and/or the markets of a particular geographical region.

2. **Eurozone risk -** In light of ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, the Sub-Fund's investments in the region may be subject to higher volatility, liquidity, currency and default risks. Any adverse events, such as credit downgrade of a sovereign or exit of EU members from the Eurozone, may have a negative impact on the value of the Sub-Fund.

3. **Downgrading risk** - The underlying assets of the Sub-Fund may be subject to the risk of their credit ratings or the credit ratings of their issuers being downgraded. The Sub-Fund's investment value in such securities may be adversely affected if such downgrading occurs.

4. **Risk specific to below investment grade securities** - The Sub-Fund may hold below investment grade securities, and such securities are speculative and involve a greater risk of default and price changes due to changes in the issuer's credit worthiness. The market prices of such securities therefore fluctuate more than investment grade securities and may decline significantly in periods of greater economic difficulty.

5. **Fixed income securities** - The investment value in fixed income securities may fluctuate substantially due to changes in the general economic conditions, interest rate changes and volatility of yields. Investments in fixed income securities are subject to the risk that the issuer could default on its obligations and the Sub-Fund could sustain losses on such investments.

6. **Market risk** - The Sub-Fund's investments are subject to the risks inherent in all securities, including the fact that the value of holdings may go down as well as up significantly, and you may not be able to get back the same amount you invested. In particular, the income earned from the Sub-Fund's investments may fluctuate up or down as a result of changes in the dividend policy of the underlying companies in which the Sub-Fund is invested. Such changes will impact on the level of income available for distribution by the Sub-Fund.

7. **Financial derivative instruments** - The degree of success of the Sub-Fund in using financial derivative instruments for efficient portfolio management will depend, to a large extent, on the ability of the Manager or its delegate to correctly identify and execute on suitable opportunities. This process involves uncertainty, and in adverse situations, such techniques may become ineffective and significant losses may be suffered by the Sub-Fund.

8. **Dividends paid out of / effectively out of capital** - The dividends distributed by the Sub-Fund may be paid out of capital and/or effectively out of the capital of the Sub-Fund (i.e. making the distribution from gross income while charging all or part of the Sub-Fund's fees and expenses to capital), resulting in an increase in distributable income for the payment of dividends by the Sub-Fund and an immediate reduction of the net asset value per unit of the Sub-Fund. Payment of dividends out of capital and effectively out of capital amount to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment.

9. **Risks relating to Hedged Unit Class** - The Yen Hedged A Class Accumulation Units will seek through the use of efficient portfolio management techniques (including exchange rate swap contracts, currency options, forward currency transactions and other instruments) to manage

currency exposure. The strategy of utilising currency hedging transactions for this Hedged Unit Class may substantially limit holders of these units from benefiting if the hedged currency falls against the Base Currency. A risk remains that hedging techniques will not always be effective in limiting losses incurred due to currency fluctuation. To the extent that this Hedged Unit Class of the Sub-Fund enters into hedging transactions with a counterparty on an over the counter basis, there may be a credit risk to this Hedged Unit Class with regard to the counterparties and such transactions may bear the risk of settlement default.

10. **Convertible Bonds** - Convertible bonds, like any other fixed income security, are sensitive to changes in the rates of interest. Convertibles usually have call provisions and when market interest rates drop, there is an imminent risk that the issuing company will call the securities. The issuing company will then be able to refund convertibles with a cheaper debt. In addition to market risk, there are certain risks associated with an investment in a convertible bond such as default risk (risk that the company issuing a convertible security will be unable to repay principal and interest) and interest rate risk.

    The Sub-Fund with convertible securities may not be able to control whether the issuer of a convertible security chooses to convert that security. If the issuer chooses to do so, this action could have an adverse effect on the Sub-Fund's ability to achieve its investment objective because the issuer may force conversion before the Sub-Fund would otherwise choose to do so. This may impact on the value of the Sub-Fund's investment and as a result, the Net Asset Value of the Sub-Fund may be adversely affected.

11. **Risks associated with investments in debt instruments with loss-absorption features** - Debt instruments with loss-absorption features are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of pre-defined trigger event(s) (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level), which are likely to be outside of the issuer's control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.

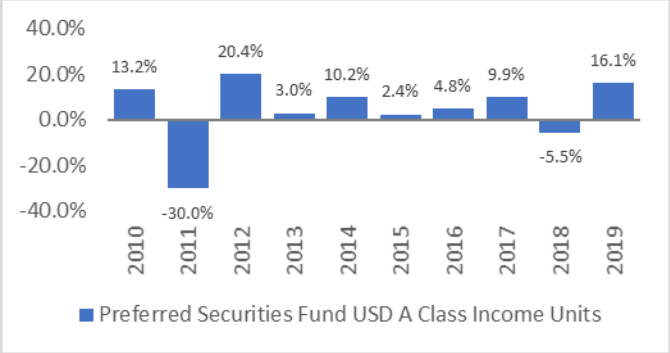
    In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk.

    The Sub-Fund may invest in senior non-preferred debts. While these instruments are generally senior

to subordinated debts, they may be subject to write-down upon the occurrence of a trigger event and will no longer fall under the creditor ranking hierarchy of the issuer. This may result in total loss of principal invested.

The Sub-Fund may invest in CoCos, which are highly complex and are of high risk. Upon the occurrence of the trigger event, CoCos may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. Coupon payments on CoCos are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.

How has the Sub-Fund performed?



Past performance information is not indicative of future performance. Investors may not get back the full amount invested.

The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.

These figures show by how much the USD A Class Income Units** increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.

Sub-Fund launch date: 2003

USD A Class Income Units launch date: 2005

**The Manager views USD A Class Income Units, being the retail share class denominated in the Sub-Fund's base currency with the longest track record, as the most representative share class.

Is there any guarantee?

This Sub-Fund does not have any guarantees. You may not get back the full amount of the money you invest, and negative returns may be generated under certain circumstances.

What are the fees and charges?

- **Charges which may be payable by you**

  You may have to pay the following fees when dealing in the units of the Sub-Fund.

Fee	**What you pay**
Subscription fee (Preliminary Charge)	**For A, D and D2 Class Units**
	Up to 5% of the amount you buy
	For F Class Units
	Nil (Such rate may be increased up to a specified permitted maximum level as set out in the Summary Prospectus upon the giving of not less than 3 months' prior notice to investors.)
Switching fee	Four free switches in a 12-month period. Up to 1% of the amount you are switching for any subsequent switches.
Redemption fee	N/A

- **Ongoing fees payable by the Sub-Fund**

  The following expenses will be paid out of the Sub-Fund. They affect you because they reduce the return you get on your investments.

	Annual Rate (as a % of the Sub-Fund's Net Asset Value attributable to the relevant unit class)	
Management fee	**For A Class Units**	0.90%
	For D, D2 and F Class Units	0.60%
	Annual Rate (as a % of the Sub-Fund's Net Asset Value)	
Trustee fee	**For A, D, D2 and F Class Units**	
	minimum	USD 15,000
	Up to	0.022%
Performance fee	N/A	
Administration fee	**For A, D, D2 and F Class Units**	0.15%
Marketing and	**For D and D2 Class Units**	0.60%

distribution fee	**For F Class Units**	1.10%

- **Other fees**
  You may have to pay other fees when dealing in the units of the Sub-Fund. The Sub-Fund will bear the costs which are directly attributable to it. Please refer to the section "Fees and Expenses" of the Summary Prospectus for details.

  You will be given not less than 3 months' prior notice should there be increase in any of the above fees and charges from the current level up to the specified maximum level. Please refer to the section "Fees and Expenses" of the Summary Prospectus for details of the maximum level of the above fees and charges (if applicable).

Additional Information

- You generally buy and/or redeem units at the Sub-Fund's next-determined net asset value (NAV) after the Manager receives your request in good order on or before 5:00 p.m. (Hong Kong time) (being the dealing cut-off time) on a particular dealing day. If you place your subscription or redemption orders through your distributor, please check with your distributor for the distributor's internal dealing cut-off time (which may be earlier than the Sub-Fund's dealing cut-off time).
- The net asset value per unit of the Sub-Fund will be calculated by reference to prices of the underlying assets of the Sub-Fund as at 11:00 p.m. (Dublin time) on a given dealing day.
- The net asset value per unit of the Sub-Fund will be published on each dealing day and available online at http://www.principal.com.hk*.
- The information pertaining to the composition of the dividends distributed (i.e. the relative amounts paid out of (i) net distributable income; and (ii) capital) for the last 12 months can be obtained from the Hong Kong Representative upon request and also on the internet website of http://www.principal.com.hk*.
- Investors may obtain the past performance information of other share classes offered to Hong Kong investors from the internet website of http://www.principal.com.hk*.

* This website has not been reviewed by the SFC.

Important

- If you are in doubt, you should seek professional advice
- The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.

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