



This Notice is important and requires your immediate attention. If you are in any doubt about the contents of this Notice or the action to be taken, you should seek independent professional advice.

Principal Global Investors (Ireland) Limited accepts responsibility for the information contained in this Notice as being accurate at the date of publication. Unless otherwise defined in this Notice, capitalised terms used in this Notice shall have the same meaning as those used in the Hong Kong Summary Prospectus dated 27 December 2019 (the “Hong Kong Summary Prospectus”).

UNITHOLDER NOTICE

14 February 2020

Principal Global Investors Funds (the "Trust") Global Equity Fund (the "Fund")

Dear Unitholder

We are writing to notify you of the following proposed changes to the Fund (the “**Changes**”) which will take effect on 16 March 2020 (the “**Effective Date**”).

Change of investment strategy of Global Equity Fund

It is currently disclosed in the Hong Kong Summary Prospectus and the Product Key Facts Statement of the Fund (together the “**Hong Kong Offering Document**”) that it may invest in equity securities from markets around the world, including emerging markets. When investing in emerging markets, the Fund adopts a policy of diversification and the percentage of the Fund’s assets invested in a single emerging market will not, in the Manager’s opinion, be imprudent, taking into account the market conditions and the holdings of the Fund in such emerging market and/or other markets as at the particular time. Such investments in emerging markets include investments which are listed or traded in China from time to time, but will not include exposure to China A-Shares or investments in China B-Shares.

From the Effective Date, to provide flexibility and in line with industry trends for investments in Chinese equity securities, the investment strategy of the Fund will be revised such that the Fund may continue to hold investments, including equity securities of companies, which are listed or traded or the principal activities of which are located in China from time to time, while exposure to China shall be through Hong Kong-listed H-Shares and other available depository receipts or through direct investments in China A-Shares via the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect (the “**Stock Connect**”). The Fund will continue not to make investments in China B Shares.

The Fund’s investment exposure to China forms part of the Fund’s existing primary investment strategy, whereby up to 30% of the Fund’s Net Asset Value may from time to time be invested in securities, including equity securities of companies, which are listed or traded or the principal activities of which are located in China from time to time. The Fund currently does not invest in onshore equity securities in China. As a result of the foregoing change, the Fund may invest in China A-Shares via the Stock Connect.

Please refer to the Appendix for the investment strategy of the Fund before and after the foregoing change.

As a result of the foregoing change, the Fund will be subject to the following additional risk factors:

Risks associated with the Stock Connect – The relevant rules and regulations on the Stock Connect are subject to change which may have potential retrospective effect. The Stock Connect is subject to quota limitations. Where a suspension in the trading through the Stock Connect is effected, the Fund's ability to invest in China A-shares or access the PRC market through the Stock Connect will be adversely affected. In such event, the Fund's ability to achieve its investment objective could be negatively affected.

As up to 30% of the Fund's Net Asset Value may be invested in equity securities related to China, the Fund may from time to time be concentrated in investments in China, and may therefore during such times be subject to increased exposure to risks relating to investments in Mainland China. Such investments may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility. The value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments, and may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Mainland China market.

Removal of Principal Global Investors (Europe) Limited as discretionary sub-adviser to the Fund

Currently, Principal Global Investors (Ireland) Limited as the Manager of the Fund has delegated investment management of the Fund to Principal Global Investors, LLC. as the Adviser, who has in turn appointed Principal Global Investors (Europe) Limited ("PGIE") to act as sub-adviser to the Fund. PGIE has been delegated responsibility in respect of investments and related aspects of the management of the Fund, which may include but are not limited to security selection and/or portfolio construction responsibilities.

From the Effective Date, to streamline the decision making process in respect of the investment management of the Fund, PGIE will be removed as sub-adviser of the Fund and any investment management function previously delegated to PGIE will revert to the Manager and the Adviser. There will be no change to the risk profile of the Fund resulting from this removal.

Apart from the Changes, there are no changes in the operation and/or manner in which the Fund is being managed. There will be no change in the fee structure and fee level of the Fund following the implementation of the Changes.

The rights and interests of the Unitholders of the Fund would not be materially prejudiced as a result of the Changes. The costs and expenses associated with the Changes are estimated to be approximately HK\$120,000 which will be borne by the Fund.

If you do not agree with either or both of the Changes, you may switch your units in the Fund to units of other sub-funds of the Trust which are authorised¹ by the SFC or redeem your units free of charge in accordance with the procedures disclosed in the Hong Kong Summary Prospectus.

The Hong Kong Summary Prospectus and Product Key Facts Statement of the Fund will be updated to reflect the Changes and will be available free of charge from:

¹ The SFC's authorisation is not a recommendation or endorsement of the sub-funds of the Trust nor does it guarantee the commercial merits of the sub-funds of the Trust or their performance. It does not mean the sub-funds of the Trust are suitable for all investors nor is it an endorsement of the suitability of the sub-funds of the Trust for any particular investor or class of investors. Please refer to the offering documents of the Trust for details.



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www.principal.com.hk²

If you have any questions relating to these changes, please contact the customer hotline of Principal Investment & Retirement Services Limited, the Hong Kong Representative, at (852) 2117-8383, 30/F Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Kowloon, or visit our website at www.principal.com.hk³.

Many thanks for your continued support.

Yours faithfully

A handwritten signature in black ink, consisting of several loops and a horizontal line, positioned above a horizontal line.

Director, for and on behalf of
Principal Global Investors (Ireland) Limited

² This website has not been reviewed by the SFC.

³ This website has not been reviewed by the SFC.

Appendix

Before the Effective Date

Investment objective

To seek capital growth over the medium to long term by investing primarily in equity securities selected from investment markets around the world, which the Manager believes are mispriced by the market and have the potential for significant growth.

Investment strategy

The Fund can invest in both listed and unlisted equity securities from markets around the world including emerging markets, with a level of 10% of the net assets of the Fund permitted in unlisted securities. When investing in emerging markets, the Fund adopts a policy of diversification and the percentage of the Fund's assets invested in a single emerging market will not, in the Manager's opinion, be imprudent, taking into account the market conditions and the holdings of the Fund in such emerging market and/or other markets as at the particular time. Emerging markets include those countries identified as emerging markets by the International Finance Corporation, a division of the World Bank and other underdeveloped countries that the Manager believes present attractive investment opportunities. Emerging markets include, but are not limited to, Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Portugal, Russia, Slovakia, South Africa, Taiwan, Thailand, Turkey and Venezuela.

The Fund may hold investments from time to time which are listed or traded in Russia. It is not anticipated that such investments will normally constitute a substantial element of the Fund and shall not in any event exceed 15% of the net assets of the Fund.

The Fund may decide to hold investments which are listed or traded in China from time to time. However, the Fund does not directly invest in China A shares and will not have exposure to China A shares. The Fund currently does not invest in China B Shares and it currently does not intend to make such investments in China B Shares.

The Fund may also invest in other funds of the Principal Global Investors Funds to attain its investment objective.

It may also invest in real estate investment trusts (REITS) or other REIT-like structures which will be the equivalent of REITS. The Fund may also hold ancillary liquid assets such as bank deposits, and a range of non equity securities, including debt securities, fixed interest and money market securities (such as government bonds and bank bills). However, no more than one third of the net assets of the Fund may be held in aggregate in ancillary liquid assets and non equity securities.

The Fund may use financial derivative instruments for the purpose of efficient portfolio management. The financial derivative instruments that may be entered into for this purpose may include options, futures, options on futures, and other over the counter derivative instruments (including swaps).

From the Effective Date

Investment objective

To seek capital growth over the medium to long term by investing primarily in equity securities selected from investment markets around the world, which the Manager believes are mispriced by the market and have the potential for significant growth.

Investment strategy

The Fund can invest in both listed and unlisted equity and equity-related securities from markets around the world including emerging markets, with a level of 10% of the net assets of the Fund permitted in unlisted securities. When investing in emerging markets, the Fund adopts a policy of diversification and the percentage of the Fund's assets invested in a single emerging market will not, in the Manager's opinion, be imprudent, taking into account the market conditions and the holdings of the Fund in such emerging market and/or other markets as at the particular time. Notwithstanding the foregoing, the Fund may at times be concentrated in any market around the world, including emerging markets, as a result of the Adviser's investment strategy having regard to the prevailing market factors / opportunities rather than as a result of a predetermined investment strategy. Emerging markets include those countries identified as emerging markets by the International Finance Corporation, a division of the World Bank and other underdeveloped countries that the Manager believes present attractive investment opportunities. Emerging markets include, but are not limited to, Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Portugal, Russia, Slovakia, South Africa, Taiwan, Thailand, Turkey and Venezuela.

As part of the foregoing, up to 30% of the Fund's Net Asset Value may from time to time be invested in securities, including equity securities of companies, which are listed or traded or the principal activities of which are located in China from time to time. Exposure to China shall be through Hong Kong-listed H-Shares and other available depositary receipts or through direct investments in China A-Shares via the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect. The Sub-Fund may invest up to 20% of its net asset value in depositary receipts. The Fund currently does not invest in China B Shares and it currently does not intend to make such investments in China B Shares.

The Fund may hold investments from time to time which are listed or traded in Russia. It is not anticipated that such investments will normally constitute a substantial element of the Fund and shall not in any event exceed 15% of the net assets of the Fund.

The Fund may also invest in other funds of the Principal Global Investors Funds to attain its investment objective.

It may also invest in real estate investment trusts (REITS) or other REIT-like structures which will be the equivalent of REITS. The Fund may also hold ancillary liquid assets such as bank deposits, and a range of non equity securities, including debt securities, fixed interest and money market securities (such as government bonds and bank bills). However, no more than one third of the net assets of the Fund may be held in aggregate in ancillary liquid assets and non equity securities.

The Fund may use financial derivative instruments for the purpose of efficient portfolio management. The financial derivative instruments that may be entered into for this purpose may include options, futures, options on futures, and other over the counter derivative instruments (including swaps).