

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 (the "Manager") 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 June 2022, as amended (the "Hong Kong Summary Prospectus").

UNITHOLDER NOTICE

11 January 2023

Principal Global Investors Funds (the "Trust")

- **Asian High Yield Fund**
 - **European Responsible Equity Fund**
 - **Global High Yield Fund**
 - **Global Property Securities Fund**
 - **Global Responsible Equity Fund**
 - **Origin Global Emerging Markets Fund**
 - **Origin Global Smaller Companies Fund**
 - **Post Short Duration High Yield Fund**
 - **Preferred Securities Fund**
- (each a "Fund" and collectively the "Funds")**

Dear Unitholder

We are writing to notify you as a unitholder of the below updates to the Funds, which have been reflected in the Hong Kong Summary Prospectus and the Product Key Facts Statements of the relevant Funds from the date of this Notice. These amendments have been noted by the Central Bank.

- 1. Enhancement of disclosures in respect of Level 2 Regulatory Technical Standards of the 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 ("SFDR") and Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation")**

Pursuant to the requirements of the SFDR and the Taxonomy Regulation, relevant disclosures have been amended and/or elaborated as follows:

A. Elaboration of investment policy of Global Responsible Equity Fund

The Adviser analyses potential investee companies to determine whether they are consistent with the ESG considerations that are promoted by Global Responsible Equity Fund. As part of the foregoing, it has previously been disclosed that the environmental characteristics considered include, but are not limited to greenhouse gas and carbon footprint.

Based on the existing investment policy, the environmental characteristics are elaborated by way of amendment of the above examples to promoting environmental stewardship and company contribution towards the United Nations Sustainable Development Goals, which the Adviser considers more fully encapsulates the environmental characteristics considered.

It has also been previously disclosed that the Adviser applies screening whereby the Adviser uses MSCI to identify the carbon risk score for all potential investee companies and aims for an aggregate carbon risk level for the Fund's portfolio that is 20% lower than MSCI AC World NTR. It is elaborated that such screening is a "carbon risk" screening.

B. Elaboration of investment policy of European Responsible Equity Fund

The Adviser analyses potential investee companies to determine whether they are consistent with the ESG considerations that are promoted by European Responsible Equity Fund. As part of the foregoing, it has previously been disclosed that the environmental characteristics considered include, but are not limited to greenhouse gas and carbon footprint.

Based on the existing investment policy, the environmental characteristics are elaborated by way of amendment of the above examples to promoting environmental stewardship and company contribution towards the United Nations Sustainable Development Goals, which the Adviser considers more fully encapsulates the environmental characteristics considered.

It has also been previously disclosed that the Adviser applies screening whereby the Adviser uses MSCI to identify the carbon risk score for all potential investee companies and aims for an aggregate carbon risk level for the Fund's portfolio that is 10% lower than MSCI Europe NTR. It is elaborated that such screening is a "carbon risk" screening, and the Adviser now aims for an aggregate carbon risk level for the Fund's portfolio that is 20% lower than MSCI Europe NTR.

C. Update of disclosures to reflect Level 2 Regulatory Technical Standards of the SFDR

The disclosures on the investment process of Global High Yield Fund have been enhanced via elaboration of governance factors that may be scored by the Adviser. These include board evaluation, management evaluation, business ethics, financial system instability, and regulatory / legal track record.

As part of the enhancement of disclosures in respect of Level 2 Regulatory Technical Standards of the SFDR, the disclosures on the investment process of Preferred Securities Fund, Global High Yield Fund, Post Short Duration High Yield Fund, and Asian High Yield Fund have also been updated to reflect additional administrative, clarificatory and/or editorial updates.

Disclosures have also been elaborated on if and how an ESG Orientated Fund or Sustainable Investment Fund considers the principal adverse impacts on sustainable factors, and that the Manager considers the principal adverse impacts of its investment decisions on sustainability factors at an entity level.

In addition, a separate SFDR annex for each ESG Orientated Fund and Sustainable Investment Fund has been appended to the Hong Kong Summary Prospectus for compliance with Level 2 Regulatory Technical Standards of the SFDR. Such SFDR annexes are prepared in a question & answer format based on the existing investment objective, policy, and ESG investment process of the Funds, such as the existing disclosures on the environmental and social characteristics promoted by the relevant Fund and how such characteristics are met, as well as how good governance practices of investee companies are assessed.

D. Enhancement of disclosures to reflect the Taxonomy Regulation

Disclosures have been enhanced to reflect the Taxonomy Regulation, which 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 requires the Manager to disclose (i) how and to what extent the Manager has used the Taxonomy Regulation to determine

the sustainability of the underlying investments of Sustainable Investment Funds and ESG Orientated Funds; and (ii) to what environmental objective(s) the underlying investments contribute.

Existing disclosures on sustainable finance disclosures risks have also been enhanced to reflect the Taxonomy Regulation.

2. Enhancement of disclosures of Origin Global Emerging Markets Fund to align with Article 8 requirements under the SFDR

A. Enhancement of disclosures on the investment process

The key investment focus of Origin Global Emerging Markets Fund is to seek to achieve capital growth through investment in global emerging market equities with a minimum market capitalisation on purchase of US\$1 billion. Whilst the foregoing will continue to be the key investment focus of this Fund, the disclosures on the investment process of the Fund will be elaborated within the scope of the above investment objective / policy to align with Article 8 requirements under the SFDR and accordingly reflect the environmental characteristic promoted by the Fund and how it is met, as well as information on how good governance of investee companies is assessed. Please note that the rationale for these updates to disclosures at this time is to clarify how the Fund is managed rather than a change in how it is managed.

The environmental characteristic considered by the Fund is greenhouse gas emissions. In order to address the environmental characteristic promoted, the Sub-Adviser applies binding screening criteria to the selection of underlying assets as part of its investment decision making process.

The Sub-Adviser utilises a bespoke metric to measure a company's sensitivity to a change in the price of carbon, as defined as the potential government levy against tonnes of CO2 emitted. The carbon emissions data used is sourced from ISS and Credit Suisse HOLT. This metric allows the Sub-Adviser to decile rank companies based on their exposure to the carbon risk measure. This identification of companies with an unfavourable carbon risk metric ranking is factored into the investment decision making process to enable a consistent and measurable bias away from companies with the highest rate of carbon emissions.

The binding screening criteria used by the Sub-Adviser ensures that the Fund's portfolio exposure to companies in the bottom three deciles on the Origin carbon risk metric will be of the order of 20% below that of MSCI Emerging Markets NTR over rolling twelve month periods and the Fund's portfolio will have aggregate emission levels lower than MSCI Emerging Markets NTR as measured by tonnes of carbon emitted per dollar of revenue generated. This selection criteria may not be disapplied or overridden by the Sub-Adviser.

The Fund will also exclude holdings where company involvement in controversial weapons is identified, as defined by the ISS Controversial Weapons Research methodology. This screening and exclusion policy will apply across all equity securities holdings as described in the investment policy and does not specifically align itself to external guidelines or principles.

This disclosures will also be updated to include an outline of the factors that the Sub-Adviser considers when assessing good corporate governance practices of investee companies. Examples include the quality and accuracy of published financial information, decision making on board composition and general governance structure.

For the avoidance of doubt, whilst the Fund will promote the above ESG characteristics via the foregoing enhancement to the disclosures on its investment process, such characteristics will not be the key investment focus of the Fund. The key investment focus of the Fund will remain unchanged, i.e. seeking to achieve capital growth through investment in global emerging market equities.

B. Enhancement of disclosures on benchmark use

It is currently disclosed that Origin Global Emerging Markets Fund is actively managed with reference to MSCI Emerging Markets NTR. Disclosures are elaborated to specify that this index is also used to reference relative carbon emissions performance (as explained above), and clarify that this index does not take sustainability characteristics into account and considerations of such characteristics are recognised independently of this index.

3. General

The Hong Kong Offering Document of the Trust and the Funds (comprising the Hong Kong Summary Prospectus and the Product Key Facts Statements of the Funds) will be amended to reflect additional administrative, clarificatory and/or editorial updates.

The Hong Kong Offering Document of the Trust and the Funds have been updated to reflect the above updates. Unitholders may obtain a copy of the updated version free of charge from:

Principal Investment & Retirement Services Limited
30/F Millennium City 6
392 Kwun Tong Road
Kwun Tong
Kowloon
www.principal.com.hk¹

If you have any questions relating to the above, 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.hk².

We thank you for your continuing support of the Fund.

Yours faithfully


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

¹ This website has not been reviewed by the SFC.

² This website has not been reviewed by the SFC.