

Global High Yield Fund

Sow Seed for Your Harvest

Q1 2022

Important Notes

1. The High Yield Fund (the “Fund”) invests the majority (i.e. over 50%) of its assets in a portfolio of US dollar denominated public and private issued high-yield fixed income securities (e.g. fixed interest rate corporate bonds) which are rated below investment grade. The issuers of the majority of these securities are concentrated in the US and Canada.
2. Investment involves risks (e.g. below investment grade securities, high yield securities, downgrading risks, default risks, liquidity risks and concentration risks). There is no assurance on investment returns and you may not get back the amount originally invested.
3. The investment decision is yours but you should not invest in this Fund unless the intermediary who sells it to you has advised you that it is suitable for you and explained how it is consistent with your investment objectives.
4. You should not invest solely in reliance on this marketing material alone. You should read the Summary Prospectus and the Product Key Facts Statement of the Fund (particularly the risk factors) carefully before investing.
5. In relation to A Class Income Units of the Fund, the dividends which may be distributed by such class of units may be paid effectively out of the capital of the Fund (i.e. making the distribution from gross income while charging all or part of the Fund's fees and expenses to capital), resulting in an increase in distributable income for the payment of dividends by the Fund and an immediate reduction of the net asset value per unit of the 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. Dividend is not guaranteed.



Monthly Dividend
Distributions
Available –
D2 Class Income
Plus Units ¹

Target Yield*



7.0%

- ESG Oriented Fund ²
- Optimal fund size and flexible investment strategy helps to generate income while diversifying your portfolio risk
- Well-defined ‘Exit Strategies’ steer lock-in gains while minimizing default risks

> What are Global High Yield Bonds?

- High yield bond usually refers to corporate bonds with a lower credit rating than investment-grade corporate bonds and a relatively higher yield than investment grade bonds.

> Merits of Global High Yield Bonds

Complementary to traditional investment grade bonds:

- **Potentially offer greater yields and income** than a traditional fixed income portfolio
- Favorably positioned in the capital structure; **high yield coupons are paid before equity dividends**

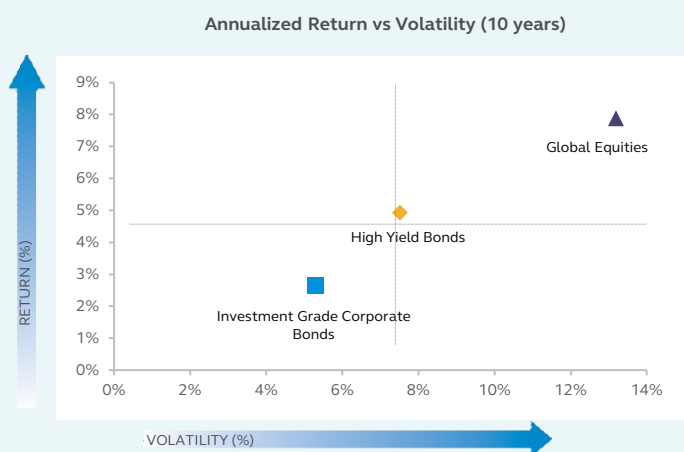
And also a supplement to equities

- Using different kinds of fixed income securities gives opportunities for **enhanced returns with generally lower volatility than equities**.
- High yield bonds sector generally has a **relatively low correlation to other sectors of the fixed income market** along with less sensitivity to interest rate risk; an allocation to high yield bonds may **provide portfolio diversification benefits**.

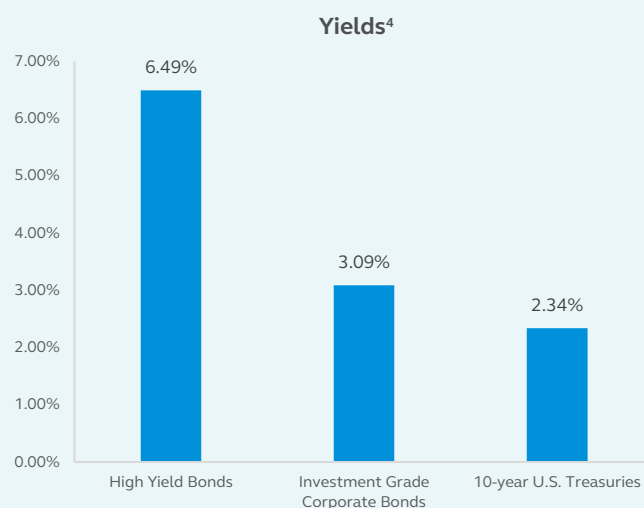
> Why Global High Yield Bonds Now?

1. Compelling Return with Less Volatility Relative to Equity

- The relatively low correlation with other asset classes generally enhance the risk/return profile of the portfolio which captures equity-like upside potential while offering income potential which could shield against market volatility³



2. Potentially Offer Greater Yields than Other Fixed Income Sectors



3. Performance During Fed Rate Hikes⁵

- As the economy rebounds from the COVID-19 shock, the possibilities of rate hikes by the Federal Reserve increase after the tapering of bond purchases.
- With relatively solid fundamentals, Global high yield bonds could sustain their uptrend over a short-to-medium term.

Cumulative Return Subsequent to Previous Fed Rate Hike	1-Year (From Dec 16, 2015 to Dec 16, 2016)	2-Year (From Dec 16, 2015 to Dec 16, 2017)	3-Year (From Dec 16, 2015 to Dec 16, 2018)
Bloomberg Global High Yield Index	13.3%	25.6%	22.3%
Bloomberg Global Aggregate Index	0.8%	9.2%	6.9%
Bloomberg Global Aggregate Treasuries Index	0.4%	8.8%	6.8%

4. High Yield Bond's Performance Comparing to Other Bond Sectors / Market⁶

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD	
Global High Yield Bond 19.6%	Global High Yield Bond 7.3%	US Treasuries 5.1%	Emerging Market Bond 1.3%	Global High Yield Bond 14.3%	Global High Yield Bond 10.4%	US Treasuries 0.9%	Emerging Market Bond 13.1%	Global Corporate Bond 10.4%	Global High Yield Bond 1.0%	US Treasuries -4.7%	
Emerging Market Bond 18.0%	Global Corporate Bond 0.4%	Emerging Market Bond 4.8%	US Treasuries 0.8%	Emerging Market Bond 9.9%	Global Corporate Bond 9.1%	Global Government Bond -0.8%	Global High Yield Bond 12.6%	Global Government Bond 10.1%	Emerging Market Bond -1.7%	Global High Yield Bond -5.5%	
Global Corporate Bond 11.2%	Global IG Bond -2.6%	Global Corporate Bond 3.2%	Global High Yield Bond -2.7%	Global Corporate Bond 4.3%	Emerging Market Bond 8.2%	Global IG Bond -1.2%	Global Corporate Bond 11.5%	Global IG Bond 9.2%	US Treasuries -2.3%	Global IG Bond -5.5%	
Global IG Bond 4.3%	US Treasuries -2.8%	Global IG Bond 0.6%	Global IG Bond -3.2%	Global IG Bond 2.1%	Global Government Bond 7.5%	Emerging Market Bond -2.5%	US Treasuries 6.9%	US Treasuries 8.0%	Global Corporate Bond -2.9%	Global Government Bond -5.8%	
US Treasuries 2.0%	Global Government Bond -4.0%	Global High Yield Bond 0.0%	Global Corporate Bond -3.6%	Global Government Bond 1.6%	Global IG Bond 7.4%	Global Corporate Bond -3.6%	Global IG Bond 6.8%	Global High Yield Bond 7.0%	Global IG Bond -4.7%	Global Corporate Bond -6.5%	
Global Government Bond 1.6%	Emerging Market Bond -4.1%	Global Government Bond -0.5%	Global Government Bond -3.6%	US Treasuries 1.0%	US Treasuries 2.3%	Global High Yield Bond -4.1%	Global Government Bond 5.9%	Emerging Market Bond 6.5%	Global Government Bond -7.0%	Emerging Market Bond -8.9%	

Global High Yield Bond - Bloomberg Global High Yield Total Return Index Value Unhedge

Global Corporate Bond - Bloomberg Global Aggregate Corp Total Return Index Value Unhedged USD

Global IG Bond - Bloomberg Global-Aggregate Total Return Index Value Unhedged USD

Global Government Bond - FTSE World Government Bond Index USD

Emerging Market Bond - Bloomberg EM USD Aggregate Total Return Index Value Unhedged

US Treasuries - Bloomberg US Treasury Total Return Unhedged USD

> Why Principal Global High Yield Fund?

1. Consistency of Long-term Performance

Annualized Performance (%) ⁷ (I Acc USD)	1 Year	3 Years	5 Years	7 Years	Since Launch
Principal Global High Yield Fund*	-0.65	4.45	4.18	4.66	6.72
Peers Group Average*	-2.44	2.63	2.85	3.19	4.31
Excess Return	1.79	1.82	1.33	1.47	2.41
Peers Quartile Rank	1	1	1	1	1

Calendar Year Performance (%) ⁷ (I Acc USD)	2021	2020	2019	2018	2017	2016
Principal High Yield Fund*	5.28	5.83	14.33	-4.40	7.73	14.09

Annualized Performance (%) (D2 Income Plus)	1 Year	3 Years	5 Years	7 Years	Since Launch
Principal Global High Yield Fund	-1.35				

Calendar Year Performance (%) (D2 Income Plus)	2021	2020	2019	2018	2017	2016
Principal Global High Yield Fund	4.47					N/A

Performance for I Class Accumulation Units is for reference only

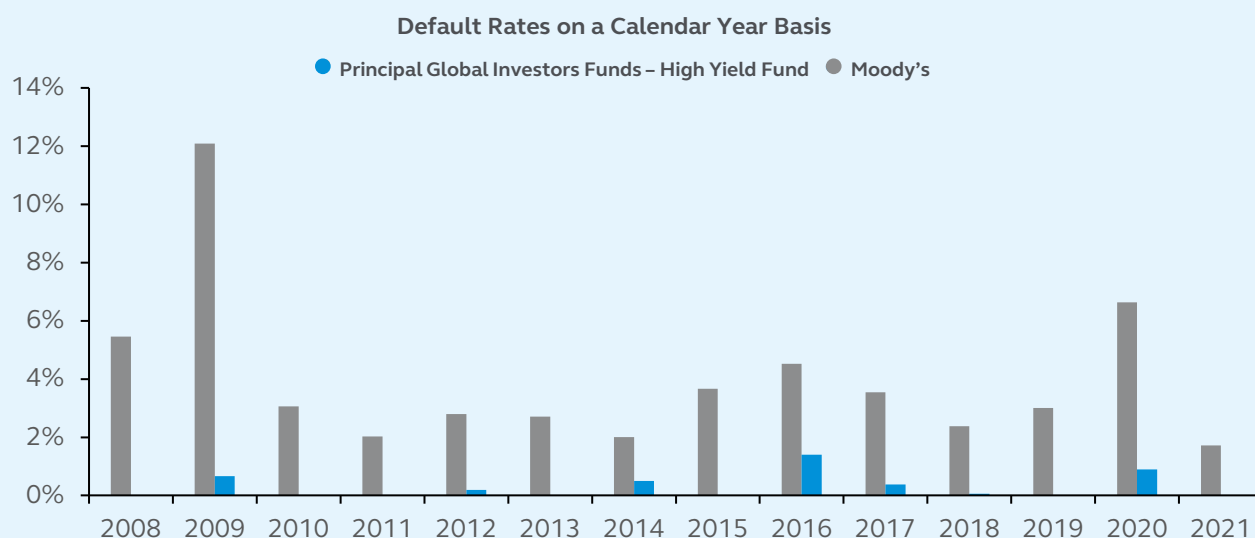
2. Attractive Income Opportunities

- Dividend Record – Average annualized dividend rate for the past 8 years is 4.5%⁸

Record Year	2022*	2021	2020	2019	2018	2017	2016	2015
Average Annualized Dividend Rate	4.4%	4.0%	4.5%	4.5%	4.5%	4.2%	5.1%	4.9%

3. Generally Low Default Rates Relative to the High Yield Sector⁹

The fund's well-defined 'Exit Strategies' help minimizing default risks.



4. Principal ESG integration

- The fund is classified as ESG Oriented Fund¹.
- The fund will invest in companies / issuers that are consistent with the Investment Adviser's Policy on Responsible Investing which takes account of environment, social and corporate governance ("ESG") criteria.

5. Integrated and Specialized Investment Team

- Managed by Principal's Fixed Income team, whilst following a consistent investment process; the team has utilized a proprietary ratings system, potentially enabling them to anticipate the movement of credit ratings ahead of the market and competitors.
- The High Yield investment team averages 20 years of industry experience¹⁰.

> Fund Facts

Investment Objective

The objective of the Fund is to provide a return consisting of income and, over the long term, capital growth. The Fund seeks to achieve its overall objective by investing primarily in a portfolio of US dollar denominated public and private issued high-yield fixed income securities, such as fixed interest rate corporate bonds. These securities will generally be rated below investment grade.

Fund Managers

Mark Denkinger, Darrin Smith, Joshua Rank

Fund Domicile

Ireland

Index

ICE BofA Global High Yield USD Hedged Index

Base Currency

USD

Fund Size¹¹

USD \$265.7m

Preliminary Charge

Maximum 5% (A Class Units)

Share Class	A Class Acc (USD)	A Class Inc (USD)	A Class Inc (AUD) (Hedged)	D2 Class Income Plus Units (HKD)	D2 Class Income Plus Units (USD)
Management Fee	1.0% pa	1.0% pa	1.0% pa	0.6% pa	0.6% pa
Marketing and Distribution Fees	N/A	N/A	N/A	0.6% pa	0.6% pa
Launch Date	25-Nov-09	27-Jun-14	9-Jan-15	2-Jun-20	2-Jun-20
ISIN Code	IE00B0Z1BD73	IE00B1YLT193	IE00BP4VMB80	IE00BKHY2756	IE00BKHY2640
Bloomberg Code	PIFHYIA ID	PIFIEAI ID	PIFHYAC ID	PGHDPH ID	PGHD2PU ID
Distribution Policy ¹²	N/A	Quarterly dividend distribution (in January, April, July and October)	Quarterly dividend distribution (in January, April, July and October)	Monthly dividend distribution	Monthly dividend distribution
Target Yield*				7.0%	7.0%

1. Source: PGI, as of 31 March 2022. For funds offering classes with a distribution feature, dividend rate is not guaranteed. Distributions may be paid from capital. Index disclosure: The Fund is actively managed and aims to outperform the ICE BofA Global High Yield Index (the "Index"). However, the Index composition is not factored into the investment management process and the portfolio manager maintains full discretion to select investments for the Fund in line with the above investment policy. *Target Yield refers to D2 Class Income Plus Units Q1 Target Yield, which is for reference only and subject to review every quarter and not guaranteed. Positive distribution yield does not imply positive return.
2. It is defined in the Addendum to the Prospectus dated 03 March 2021. The fund promotes environment and social characteristics as defined in the Sustainable Finance Disclosure Regulation "SFDR". The companies in which investments are made follow good governance practices and the Investment Adviser invests in companies based on an evaluation of the board structure, management and business ethics.
3. Source: Bloomberg, as of 31 March 2022. Bloomberg Global High Yield Total Return Index Value Unhedge Index represent for High Yield Bonds; Bloomberg Global Aggregate Corporate Total Return Index Value Unhedged USD Index represents for Investment Grade Corporate Bonds; MSCI ACWI Index represents for Global Equities.
4. Source: Bloomberg, Yield refers to Yield to Worst as of 31 March 2022. Bloomberg Global High Yield Total Return Index Value Unhedged Index represents for High Yield Bonds; Bloomberg Global Aggregate Corporate Total Return Index Value Unhedged USD Index represents for Investment Grade Corporate Bonds.
5. Source: Bloomberg, as of 16 December 2017. The previous Fed funds rate hike cycle began on 16 December 2015 and ended on 19 December 2018.
6. Source: © Morningstar 2022, Bloomberg, as of 31 March 2022, Total Return in USD. Past Performance is not an indication of future result.
7. Source: © Morningstar 2022, Principal Global Investors (PGI), as of 31 March 2022, performance refers to I Accumulation class of the fund, NAV to NAV, gross income re-invested in USD. The fund ranked 1st quartile among peers across periods of YTD, 3y, 5y, 7y and since launch respectively. *The annualized performance data of Principal High Yield Fund (I Acc USD Class) is provided by PGI. The performance data of the peer group average is extracted from Morningstar.
8. Calculation: Annualized yield = $[(1 + \text{distribution per unit} / \text{Ex-Dividend Price})^{\text{distribution frequency}} - 1]$, the annualized dividend yield is calculated based on the latest dividend distribution with dividend reinvested and may be higher or lower than the actual annual dividend yield. Positive distribution yield does not imply positive return. *2022 average annualized dividend rate is based on the distributions in March with dividend reinvested, and may be different from the actual 2022 dividend yield.
9. Source: Moody's, Principal Global Investors, as of 31 March 2022.
10. Source: Principal Global Investors, as of 31 March 2022.
11. Source: Principal Global Investors, fund size as of 31 March 2022.
12. Distribution policy: Quarterly dividend distribution, i.e. January, April, July and October (if any), but the policy is subject to the complete and absolute decision of the fund manager and there is no guarantee that a particular dividend policy will continue. Quarterly dividend distributions are available for A Class Income Units (USD) and AUD Hedged A Class Income Units only. Quarterly Dividend is not guaranteed. For detail of dividend disclosures, please refer to point 5 of important notes on page 1 of this document.

Distribution policy: Monthly dividend distribution, (if any). 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. Distribution policy is subject to the complete and absolute decision of the fund manager and there is no guarantee that a particular dividend policy will continue. Monthly Dividend distributions are available for D2 Class Income Units only. Dividend is not guaranteed. For detail of dividend disclosures, please refer to point 5 of important notes on page 1 of this document.

*Target Yield refers to D2 Class Income Plus Units Q1 Target Yield, which is for reference only and subject to review every quarter and not guaranteed. Positive distribution yield does not imply positive return. Dividend is not guaranteed.

Source of data: All fund data is as of 31 March 2022 and all figures shown in this document are in U.S. dollars unless stated.

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