

- *This statement provides you with key information about Principal Global Investors Funds - Global Diversified Income 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 (Adviser):** Principal Global Investors, LLC. Internal delegation in the USA

**Sub-Delegate of the Manager (Sub-Adviser):** Principal Global Investors (Hong Kong) Ltd. Internal delegation in Hong Kong.  
Spectrum Asset Management, Inc. Internal delegation in the USA.  
Finisterre Malta Limited. Internal delegation in Malta.  
Finisterre Capital LLP. Internal delegation in the United Kingdom.  
Post Advisory Group, LLC. Internal delegation in the USA.  
DDJ Capital Management, LLC. External delegation in the USA.  
Reaves Asset Management. External delegation in the USA.

**Trustee:** Bank of New York Mellon SA/NV (Dublin Branch)

<b>Ongoing charges over a year*:</b>	D Class Income Plus Units <sup>^</sup>	1.65%
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	Hong Kong Dollar D Class Income Plus Units <sup>^</sup>	1.65%
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<sup>^</sup> As the unit class has not yet been launched, the figure is an estimate only and represents estimated expenses chargeable to the relevant unit class expressed as a percentage over the estimated average net asset value of the relevant unit class. The actual figure may be different upon actual operation of the relevant unit class and may vary from year to year

**Dealing frequency:** Every business day in Ireland, other than Saturday and Sunday

**Base currency:** US Dollar

**Dividend policy:**

**For Income Units:**

- Distributions of the D Class Income Plus Units and Hong Kong Dollar D 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.

**Financial year end of this Sub-Fund:** 30 September

**Min. investment:** **For D Class Income Plus Units and Hong Kong Dollar D Class Income Plus 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**

The investment objective of the Sub-Fund is to provide income. Investors should be aware that there is no guarantee that the Sub-Fund will achieve its investment objective.

##### **Investment Strategy**

The Sub-Fund seeks to achieve the investment objective by investing the majority of its assets (i.e. at least 70% of the Sub-Fund's Net Asset Value) in debt, equity, and hybrid securities. Hybrid securities are securities with features of both debt and equity securities. Typically, the Sub-Fund's indicative allocation is to invest 0% to 85% of its Net Asset Value in equity securities and 0% to 90% of its Net Asset Value in fixed and floating debt securities which may or may not be of investment grade quality or unrated. The foregoing may change in light of the prevailing market conditions and according to the Adviser / Sub-Adviser's strategic and tactical asset allocation views, taking into consideration factors such as liquidity, costs, timing of execution, macroeconomic environment, expected yields and total returns, relative attractiveness of individual securities and issuers available in the market, and the correlation between each asset class.

The Sub-Fund may invest globally, and all the securities acquired by the Sub-Fund (other than permitted unlisted investments) will be listed or traded on the exchanges and markets listed in Appendix A to the Summary Prospectus. Exposure to equity securities in China shall be through Hong Kong-listed "H" shares and other available depositary receipts or through direct exposure to China-A Shares via the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect. Exposure to debt securities in China, including urban investment bonds, shall be through Bond Connect to the China Interbank Bond Market. Urban investment bonds are debt instruments issued by Mainland local government financing vehicles ("LGFVs"), which are separate legal entities established by local governments and / or their affiliates to raise financing for public welfare investment or infrastructure projects. The Sub-Fund may invest up to 30% of its Net Asset Value in equity and debt securities issued in or outside mainland China, including the foregoing exposure through "H" shares.

Other than the restrictions disclosed herein, the Sub-Fund is not subject to any limitation on the portion of its Net Asset Value

that may be invested in equity securities and/or in any one country, region or sector, and will be unrestricted in its choice of companies by size, although the Sub-Fund may at times be concentrated in a single country or geographical area as a result of the Sub-Adviser's investment strategy having regard to the prevailing market factors / opportunities rather than as a result of a predetermined investment strategy. The instruments the Sub-Fund may invest in may be denominated in any currency.

The types of debt securities the Sub-Fund may invest in include, but are not limited to, corporate, sovereign and quasi-sovereign bonds, Rule 144A securities (including Rule 144A securities which have not been issued with an undertaking to register them with the U.S. Securities and Exchanges Commission, provided that they are eligible investments for the Sub-Fund), commercial and residential mortgage backed securities and other asset backed securities, loan participations and/or loan assignments (which may be securitised or unsecuritised) ("**Loans**"), as well as emerging market debt securities.

The Sub-Fund is not subject to any limitation on the portion of its Net Asset Value that may be invested in the above types of debt securities, including corporate bonds and Rule 144A securities, other than the following:

- not more than 35% of the Net Asset Value of the Sub-Fund may be invested in sovereign and quasi-sovereign bonds;
- not more than 10% of the Net Asset Value of the Sub-Fund may be invested in debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) which is below investment grade;
- not more than 15% of the Net Asset Value of the Sub-Fund may be invested in commercial and residential mortgage backed securities and other asset backed securities;
- not more than 10% of the Net Asset Value of the Sub-Fund may be invested in Loans; and
- not more than 35% of the Net Asset Value of the Sub-Fund may be invested in emerging market debt securities.

The debt securities which the Sub-Fund may acquire may be fixed and/or floating rate. The Sub-Fund does not have any restrictions on the credit rating of its debt securities, including debt securities issued within Mainland China, which may or may not be of investment grade quality as rated by internationally recognised credit rating agencies e.g. Standard & Poor's, Moody's, and Fitch, and a Mainland local credit rating agency (in respect of debt securities issued within Mainland China), or as considered by the Adviser, or may be unrated. For the purpose of the Sub-Fund, "unrated" debt securities are defined as debt securities which neither the debt securities themselves nor their issuers have a credit rating. The Sub-Fund may invest more than 30% and up to 90% of its Net Asset Value in debt securities which are not rated, or considered to be of below investment grade quality.

The types of hybrid securities the Sub-Fund may invest in are preferred stock and convertible securities, including contingent convertible securities ("**CoCos**"). Not more than 25% of the Net Asset Value of the Sub-Fund may be invested in convertible bonds and not more than 10% of the Net Asset Value of the Sub-Fund may be invested in debt instruments with loss-absorption features e.g. CoCos. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

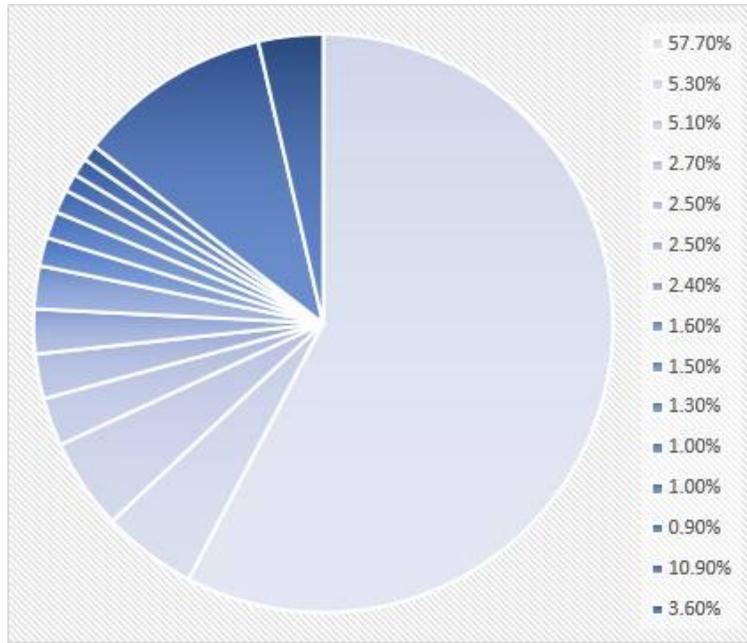
As ancillary investments, the Sub-Fund may also invest up to 10% of its Net Asset Value in UCITS or other collective investment schemes, the constituents of which would typically include the instruments described above. The Sub-Fund may also hold ancillary liquid assets such as bank deposits.

Indirect exposure to the types of securities mentioned above may be achieved indirectly through the use of financial derivative instruments ("**FDI**") such as futures, forwards, options, and swaps. The Sub-Fund may also use FDI for hedging purposes, investment purposes and for efficient portfolio management.

**Use of Derivatives / Investment in Derivatives**

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

**Investment Mix as at 31 May 2020**



United States	57.7%
Canada	5.3%
United Kingdom	5.1%
Japan	2.7%
Netherlands	2.5%
Mexico	2.5%
France	2.4%
Panama	1.6%
Brazil	1.5%
Hong Kong	1.3%
Italy	1.0%
Peru	1.0%
Finland	0.9%
Other	10.9%
Cash	3.6%

**What are the key risks?**

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

1. **General investment risk** - The Sub-Fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Sub-Fund may suffer losses. There is no guarantee of the repayment of principal.
2. **Currency risk** - Underlying investments of the Sub-Fund may be denominated in currencies other than the base currency of the Sub-Fund. Also, a class of units may be designated in a currency other than the base currency of the Sub-Fund. The net asset value of the Sub-Fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.
3. **Equity market risk** - The Sub-Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.
4. **Risks associated with debt securities**
  - **Credit / counterparty risk** - The Sub-Fund is exposed to the credit/default risk of issuers of the debt securities that the Sub-Fund may invest in.
  - **Interest rate risk** - Investment in the Sub-Fund is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.
  - **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. The Investment Adviser may or may not be able to dispose of the debt instruments that are being downgraded.
  - **Risk specific to below investment grade or unrated securities** – The Sub-Fund invests in below investment grade or unrated debt securities, and such securities are speculative and may be subject to lower liquidity, higher volatility, greater risk of loss of principal and interest, greater risk of default and price changes due to changes in the issuer's credit worthiness than higher-rated debt securities.
  - **Valuation risk** - Valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the net asset value's calculation of the Sub-Fund.
  - **Credit rating risk** - Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.
  - **Credit rating agency risk** – The credit appraisal system and rating methodologies employed in Mainland China may be different from those employed in other markets. Credit ratings given by Mainland China rating agencies may therefore not be directly comparable with those given by other international rating agencies.
  - **Sovereign debt risk** – The Sub-Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Sub-Fund to participate in restructuring such debts. The Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.
5. **Restricted securities risk** – The Sub-Fund may invest in securities purchased in private placements and/or pursuant to Rule 144A of the United States Securities Act of 1933 (as amended) (the 1933 Act) (if available). These restricted securities may be subject to limitations on resale or transfer as a matter of law or contract. They are normally resold only to institutional investors. There can be no assurance that the Fund will be able to dispose of such restricted securities readily.
6. **Concentration risk** – Although the Sub-Fund invests globally, it may at times be concentrated in a single country or geographical area, during which the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments, and the value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign

exchange, liquidity, tax, legal or regulatory event affecting such country or geographical area.

7. **Emerging market risk** – The Sub-Fund invests in emerging markets, which 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. Given the Sub-Fund’s investments may be concentrated in any geographical region(s) or nation(s) which the Sub-Adviser considers to be emerging markets, the value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.
8. **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.
9. **Specific risks relating to investments in Mainland China** – The Sub-Fund may from time to time be concentrated in investments in Mainland China. The risk factor “Emerging market risk” above also applies to investments in Mainland China.
10. **RMB currency and conversion risks** – RMB is currently not freely convertible and is subject to exchange controls and restrictions. Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors’ base currencies (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of investor’s investment in the Sub-Fund. Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors. With respect to the Sub-Fund’s investments which are denominated in RMB and under exceptional circumstances, payment of redemptions and/or dividend payment may be delayed due to the exchange controls and restrictions applicable to RMB.
11. **Risks associated with the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong 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 Sub-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 Sub-Fund’s ability to achieve its investment objective could be negatively affected.
12. **Risk of associated with Bond Connect** – Investing in the China Interbank Bond Market via Bond Connect is subject to regulatory risks and various risks such as volatility risk, liquidity risk, settlement and counterparty risk as well as other risk factors typically applicable to debt securities. The relevant rules and regulations are subject to change which may have potential retrospective effect. In the event that the relevant PRC authorities suspend account opening or trading on the China Interbank Bond Market, the Sub-Fund’s ability to invest in the China Interbank Bond Market will be adversely affected. In such event, the Sub-Fund’s ability to achieve its investment objective will be negatively affected.
13. **Risks associated with urban investment bonds** – Urban investment bonds are issued by LGFVs, and are typically not guaranteed by local governments or the central government of Mainland China. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Sub-Fund could suffer substantial loss and the Net Asset Value of the Sub-Fund could be adversely affected.
14. **Risks associated with depositary receipts** – Investment via depositary receipts may be subject to additional risks compared to direct exposure to such security, including counterparty risk where the underlying security and the depositary bank’s own assets are not segregated, such that a significant or even total loss might be suffered in the event of the liquidation of the depositary or custodian bank. In addition, depositary receipts holders generally do not have the same right as the direct shareholders of the underlying securities. The performance of depositary receipts may also be impacted by relevant fees.

**15. Risk of global asset allocation strategy**

- The global asset allocation may not achieve the desired results under all circumstances and market conditions.
- The investments of the Sub-Fund may be periodically rebalanced and therefore the Sub-Fund may incur greater transaction costs than a fund with static allocation strategy.

**16. Risks associated with investment in FDI** - Risks associated with FDI include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the Sub-Fund. Exposure to FDI may lead to a high risk of significant loss by the Sub-Fund.

**17. Dividends paid out of capital** – The dividends paid out of capital may result in 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.

**How has the Sub-Fund performed?**

The Manager views the D Class Income Plus Units, being a retail unit class intended to be offered to Hong Kong investors, to be the representative unit class. As this unit class has not yet been launched, there is insufficient data to provide a useful indication of past performance to investors.

**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
<b>Subscription fee (Preliminary Charge)</b>	<b>For D Class Units</b> Up to 5% of the amount you buy
<b>Switching fee</b>	Four free switches in a 12-month period. Up to 1% of the amount you are switching for any subsequent switches
<b>Redemption fee</b>	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.

	<b>Annual Rate (as a % of the Sub-Fund’s Net Asset Value attributable to the relevant unit class)</b>	
<b>Management fee</b>	<b>For D Class Units</b>	0.75%

	<b>Annual Rate (as a % of the Sub-Fund's Net Asset Value)</b>	
<b>Trustee fee</b>	<b>For D Class Units</b>	
	Minimum	USD 15,000
	Up to	0.022%
<b>Performance fee</b>	N/A	
<b>Administration fee</b>	<b>For D Class Units</b>	0.15%
<b>Marketing and distribution fee</b>	<b>For D Class Units</b>	0.60%

**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 an 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 unit 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.