

Supplement
for the
Global High Yield Fund

14 December 2023

Principal Global Investors Funds

This Supplement contains specific information in relation to the Global High Yield Fund (the "**Fund**"), a Fund of the Principal Global Investors Funds (the "**Unit Trust**"), an open-ended umbrella type unit trust authorised by the Central Bank of Ireland (the "**Central Bank**") as an undertaking for collective investment in transferable securities pursuant to the Regulations.

The Directors of the Manager, whose names appear in the Prospectus, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of the information. The Directors accept responsibility accordingly.

This Supplement forms part of and should be read in conjunction with the Prospectus for the Unit Trust dated 14 December 2023 (the "Prospectus"). Words and expressions defined in the Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

An investment in the Fund should not constitute a substantial portion of an investor's overall investment strategy and it may not be appropriate for all investors.

Dividends may be declared out of the capital of Income Plus Units and/or fees and expenses may be paid out of the capital of the D2 and the Income Plus Units, in each case in order to preserve cash flow to Holders and this will have the effect of lowering the capital value of a Holder's investment. In any such case, there is a greater risk that capital may be eroded (and also that the value of future returns may be diminished) and distribution will be achieved/fees will be paid in a manner that foregoes the potential for future capital growth of your investment. This cycle may continue until all capital is depleted. The likelihood is that due to capital erosion, the value of future returns would also be diminished. Distributions out of capital may have different tax consequences to distributions of income and it is recommended that you seek appropriate advice in this regard.

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1 INVESTMENT OBJECTIVE, POLICIES AND PROFILE OF A TYPICAL INVESTOR

1.1 Investment Objective

The objective of the Fund is to provide a return consisting of income and, over the long term, capital growth.

1.2 Investment Policies

The Fund seeks to achieve its overall objective by investing the majority of the assets of the Fund in a portfolio of US dollar denominated public and private issued high-yield fixed income securities, such as fixed interest rate corporate bonds and 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 Fund). The Fund may also invest globally in 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. The Fund's investments will be listed/traded on the exchanges and markets listed in **Appendix E** to the Prospectus, although it is anticipated that the majority will be issued by US and Canadian issuers.

The Fund seeks to add value primarily through value identification, downside protection, and risk diversification. Investment ideas are generated through internal research efforts, which are supplemented by external sources.

The Fund may also invest in real estate investment trusts ("**REITS**") or other REIT-like structures which will be the equivalent of REITS. The Fund may invest up to 10% of its NAV in UCITS eligible collective investment schemes, including money market funds and exchange traded funds, the constituents of which may comprise the instruments and markets described above and therefore is an alternative means through which the Fund may gain exposure to these types of instruments and markets. The Fund will only invest in AIFs per the Central Bank's Guidance in relation to UCITS Acceptable Investment Funds.

The Fund will invest in companies or issuers that are consistent with the Investment Manager's Policy on Responsible Investing which takes account of environmental, social, and corporate governance ("**ESG**") criteria.

The Fund seeks to exclude companies or issuers from consideration for investment where their revenue is significantly derived from products that are considered unsuitable for the Fund based on its ESG focus (for example, cluster munitions, anti-personnel mines, nuclear weapons outside of the Treaty on the Non-Proliferation of Nuclear Weapons ("**NPT**"), biological weapons or chemical weapons).

Any investment exposure to currencies other than U.S. dollar will be hedged back to U.S. dollars.

The Fund may also hold ancillary liquid assets such as bank deposits. However, no more than 1/3 of the assets of the Fund may be held in aggregate in ancillary liquid assets or non-high yield fixed income securities or instruments.

As investment in the Fund carries significant risk it may not be appropriate for all investors and should not constitute a substantial portion of an investor's overall investment strategy.

Subject to any stricter criteria as set out in the SFDR Annex appended to this Supplement, the Fund applies the Manager's Exclusions Policy. Further details are set out in the Prospectus in the section entitled "*Part G – Exclusions Policy*" of the "*Sustainable Finance Disclosures*" in section 2 (**General Information**).

Investors' attention is drawn to the information set out in the Prospectus under the headings **General Information** and **Special Investment Considerations and Risks**.

1.3 **Disclosures for the EU Sustainable Finance Disclosure Regulation ("SFDR")**

This Fund is classified as an ESG Orientated Fund (as defined in the Prospectus). The purpose of this section is to provide certain disclosures for the purposes of the SFDR in relation to the Fund. The Fund promotes environmental and social characteristics as defined in the SFDR.

The environmental characteristics considered by the Fund are toxic and carbon emissions, environmental opportunities, material sourcing and land use, product waste, water stress, financing environmental impact, and climate change vulnerability. The social characteristics considered by the Fund are health, safety and nutrition, product safety and quality, human capital and community management, privacy and data security, access to healthcare, communications and finance, insuring health and demographic risk and responsible investment.

The Investment Manager incorporates internally generated ESG scores to the selection of underlying assets as part of its investment decision making process for the Fund. Further information about the environmental and social characteristics promoted by the Fund is available in the SFDR Annex appended to this Supplement.

The Investment Manager is a signatory to the UN Principles for Responsible Investment (the "UNPRI") since 2010. As a signatory to the UNPRI the good governance practices of investee companies are assessed prior to making an investment and periodically thereafter. PRI responsible investing reporting can be found at <https://www.principalam.com/eu/about-us/esg>.

1.4 **Taxonomy Disclosure**

While the Fund promotes environmental characteristics, the Fund's investments do not take into account the criteria for environmentally sustainable economic activities, including enabling or transitional activities within the meaning of the Taxonomy Regulation. As such, a minimum of 0% of the Net Asset Value of the Fund shall be invested in Taxonomy-aligned investments.

The "do no significant harm" principle applies only to those investments underlying the Fund that take into account the criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. The investments underlying the remaining portion of the Fund do not take into account the criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation.

1.5 **How the Fund References an Index or Benchmark**

The Fund is actively managed with reference to ICE BofA Merrill Lynch Global High Yield USD Hedged (the "**Index**") on the basis that the Fund seeks to outperform the Index. The Index does not take environmental or social characteristics into account. Information on the methodology of the calculation of the index can be found from the index provider's website www.theice.com. The Investment Manager may reference the Index as part of the investment management process, and it is also considered as part of the investment risk monitoring process. However, the Investment Manager maintains full discretion to select investments for the Fund in line with the above investment policy and considerations of the environmental and social characteristics are recognised independently of the Index.

1.6 **Hedged Unit Classes**

The Fund will offer Units in Hedged Unit classes, details of which are set out below, and investors' attention is drawn to the relevant information set out in the Prospectus under the headings **General Information and Special Investment Considerations and Risks** pertaining to such Units.

1.7 **Profile of a Typical Investor**

Investment in the Fund is suitable for investors seeking return consisting of income and, over the long term, capital growth and who are prepared to accept a high degree of volatility of net asset value.

All investors must be able to afford to set aside the invested capital for the medium to long term. The Fund is suitable as an investment in a well-diversified portfolio.

2 **INVESTMENT RESTRICTIONS**

The general investment restrictions set out in **Appendix A** of the Prospectus shall apply.

The Fund will not invest more than 20% of its net assets in securities traded on markets/exchanges located in emerging markets.

3 **EFFICIENT PORTFOLIO MANAGEMENT**

The Fund will utilise certain techniques and instruments from the Asset Replication Strategy and investors' attention is drawn to the relevant information pertaining to this set out in the Prospectus under the headings **General Information and Special Investment Considerations and Risks**.

The Fund will utilise additional derivative techniques and instruments for the Hedged Unit Classes and may do so for the purposes of efficient portfolio management in accordance with the investment restrictions, conditions and limits laid down by the Central Bank and investors' attention is drawn to the relevant information pertaining to these classes set out in the Prospectus under the headings **General Information and Special Investment Considerations and Risks**.

4 **BORROWINGS**

In accordance with the general provisions set out under the heading **General Information – Borrowings** of the Prospectus, the Fund may borrow up to 10% of its net assets on a temporary basis.

5 **INVESTMENT MANAGER**

The Manager has appointed Principal Global Investors, LLC ("**Principal Global Investors**" or the "**Investment Manager**") as Investment Manager to the Fund pursuant to the Investment Manager Agreement (as amended and novated) described in the Prospectus under the heading **Material Contracts**. This agreement may be terminated by either party on giving 6 months' written notice to the other although, in certain circumstances, the agreement may be terminated forthwith by notice in writing by either party to the other.

Principal Global Investors is a diversified asset management organization and a member of the Principal Financial Group®. Its investment capabilities encompass an extensive range of equity, fixed income and real estate investments as well as specialized overlay and advisory services.

6 RISK FACTORS

The general risk factors set out under the heading **Special Investment Considerations and Risks** of the Prospectus apply to the Fund.

In addition the further risk considerations in respect of the use of the Asset Replication Strategy, the Emerging Markets Risks and the Sustainable Finance Disclosures Risks are also applicable and investors' attention is drawn to the relevant information pertaining to these set out in the Prospectus.

7 DISTRIBUTION POLICY

The general distribution policy set out under the heading **Distribution Policy** of the Prospectus applies to the Fund.

Distributions on the Income Units in the Fund, with the exception of the D2 Class Income Units and Income Plus Units, will be declared and paid quarterly within 30 days of the end of each calendar quarter. Distributions on the D2 Income Units and Income Plus Units in the Fund will be declared and paid monthly within 30 days of the end of each calendar month. Such distributions may be paid in units or in cash. In case of cash payment, the distribution will be paid by telegraphic transfer to the nominated account of the holder at its risk and expense.

Income Plus Units are units that seek to distribute a stable and consistent amount of net income earned and attributable to the Income Plus Units at each Distribution Date. Further details on Income Plus Units are set out under the heading **Distribution Policy** of the Prospectus.

8 KEY INFORMATION FOR BUYING AND SELLING

Base Currency

US dollars

Initial Issue Price in respect of any unlaunched classes of Units

US\$10 per Unit (or 10 units of the relevant currency for all classes denominated in currencies other than US dollars, with the exception of Japanese Yen classes which have an initial issue price of JPY 1,000).

Initial Offer Period in respect of any unlaunched classes of Units

From 9.00 a.m. on 15 December 2023 to 5.30 p.m. on 14 June 2024 as may be shortened or extended by the Manager and in accordance with the requirements of the Central Bank.

Business Day

Any day other than Saturday or Sunday on which banks are open for business in Ireland.

Dealing Day

Any Business Day and/or such other day or days as the Manager may with prior notification to the Holders determine provided that there shall be at least one per fortnight.

Valuation Point

The Valuation Point shall, until further notice, be 11.00 p.m. Dublin time on the relevant Dealing Day.

Foreign exchange rates used to value the assets of the Fund shall be rates taken at 4.00 p.m. London time on the relevant Dealing Day.

Dealing Deadline

In relation to any particular place means such time or times of day in that place as the Manager may from time to time determine and, in relation to Hong Kong, shall until further notice, be 5:00 p.m. Hong Kong time and in relation to Dublin shall, until further notice, be 10:00 a.m. Dublin time in each case on the relevant Dealing Day.

Settlement Currency for Brazilian Real Hedged Unit Classes

The Settlement currency for Subscriptions and Redemptions relating to the Brazilian Real Hedged I Class Accumulation and the Brazilian Real Hedged I Class Income Unit Classes is the Base Currency for the Fund (USD).

9 CHARGES AND EXPENSES

9.1 Investment and Management Charges:

Units	Minimum Initial Subscription (Relevant Class Currency)	Current Preliminary Charge (%)	Annual Management Fee (% per annum)	Marketing and Distribution Fee (% per annum)	Annual Trustee Fee (% per annum)	Administration Fee (% per annum)
A	1,000	5.00	1.00	0.00	Not more than 0.0220	0.15
D	1,000	5.00	0.60	0.60	Not more than 0.0220	0.15
D2	1,000	5.00	0.60	0.60	Not more than 0.0220	0.15
I	2,000,000	0.00	0.60	0.00	Not more than 0.0220	0.00

I3	20,000,000	0.00	0.50	0.00	Not more than 0.0220	0.00
F	1,000	0.00	0.60	1.10	Not more than 0.0220	0.15
P	1,000	0.00	0.60	0.15	Not more than 0.0220	0.15
N	1,000	0.00	0.60	0.00	Not more than 0.0220	0.15

- 9.2 For D2 and Income Plus Unit classes, the Manager shall be entitled to charge fees and expenses (in whole or in part) to the capital of the Fund attributable to the D2 and Income Plus Unit classes instead of income in order to provide greater flexibility in the payment of fees and expenses attributable to those classes.

For Income Plus Units, the Manager shall be entitled to declare dividends out of the Fund's capital instead of income in order to provide greater flexibility in the payment of dividends attributable to those classes.

- 9.3 In circumstances where dividends and/or fees and expenses are charged to capital, there may be reduced potential for capital growth meaning the capital value of the investment of a Holder in the D2 and Income Plus Unit classes (as relevant) may be eroded and due to such capital erosion the value of future returns may also be diminished. As such, income may be achieved by reducing the potential for future capital growth.

- 9.4 Further details of charges and expenses payable out of the assets of the Fund are set out in the Prospectus under the heading **Charges and Expenses**.

10 OTHER INFORMATION

- 10.1 The following classes of Units in the Fund are available for issue:

Unit Classes	Class Currency
Base Currency	US Dollar
A Class Accumulation	<u>Hedged</u> : Australian Dollar, Euro, Singapore Dollar, Swiss Franc <u>Unhedged</u> : US Dollar, Hong Kong Dollar
A Class Income	<u>Hedged</u> : Australian Dollar, Euro, Singapore Dollar, Swiss Franc <u>Unhedged</u> : US Dollar

D Class Accumulation	<u>Hedged</u> : N/A <u>Unhedged</u> : US Dollar
D Class Income	<u>Hedged</u> : N/A <u>Unhedged</u> : US Dollar
D2 Class Income	<u>Hedged</u> : N/A <u>Unhedged</u> : US Dollar, Hong Kong Dollar
D2 Class Income Plus	<u>Hedged</u> : N/A <u>Unhedged</u> : US Dollar, Hong Kong Dollar
F Class Accumulation	<u>Hedged</u> : N/A <u>Unhedged</u> : US Dollar
F Class Income	<u>Hedged</u> : N/A <u>Unhedged</u> : US Dollar
I Class Accumulation	<u>Hedged</u> : Australian Dollar, Brazilian Real*, Danish Kroner, Euro, Japanese Yen, Singapore Dollar, Sterling, Swiss Franc <u>Unhedged</u> : US Dollar
I Class Income	<u>Hedged</u> : Australian Dollar, Brazilian Real*, Danish Kroner, Euro, Japanese Yen, Singapore Dollar, Sterling, Swiss Franc <u>Unhedged</u> : US Dollar
I3 Class Accumulation	<u>Hedged</u> : Euro, Sterling, Swiss Franc <u>Unhedged</u> : US Dollar
I3 Class Income	<u>Hedged</u> : Euro, Sterling, Swiss Franc <u>Unhedged</u> : US Dollar
N Class Accumulation	<u>Hedged</u> : Danish Kroner, Euro, Singapore Dollar, Sterling, Swiss Franc <u>Unhedged</u> : US Dollar
N Class Income	<u>Hedged</u> : Danish Kroner, Euro, Singapore Dollar, Sterling, Swiss Franc

	<u>Unhedged</u> : US Dollar
P Class Accumulation	<u>Hedged</u> : N/A <u>Unhedged</u> : US Dollar
P Class Income	<u>Hedged</u> : N/A <u>Unhedged</u> : US Dollar

*The Settlement currency for Subscriptions and Redemptions relating to Brazilian Real Hedged Unit Classes is the Base Currency for the Fund (USD).

11 SFDR ANNEX

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: Global High Yield Fund Legal entity identifier: 549300BUDV40JA07H774

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☒ ☐ Yes

☒ ☐ ☒ No

<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective : ____%	<input type="checkbox"/> It promotes Environmental/ Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	<input type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective : ____%	<input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments

What environmental and/or social characteristics are promoted by this financial product?

The environmental characteristics considered by the Fund are toxic and carbon emissions, environmental opportunities, material sourcing and land use, product waste, water stress, financing environmental impact, and climate change vulnerability. The social characteristics considered by the Fund are health, safety and nutrition, product safety and quality, human capital and community management, privacy and data security, access to healthcare, communications and finance, insuring health and demographic risk and responsible investment.

No reference benchmark has been designated for the purposes of attaining the above characteristics promoted by the Fund.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?



Sustainability indicators measure how the

environmental or social characteristics promoted by the financial product are attained.

The Investment Manager uses the following indicators to measure the attainment of each of the characteristics promoted by the Fund:

Environmental Factors:

- Toxic and Carbon Emissions: Percentage of operations with high/moderate/low carbon and toxic emission intensity and policies in place to manage/reduce emissions.
- Environmental Opportunities: Degree to which the company is investing in renewable energy, clean technology and green building.
- Material Sourcing / Land Use: Evaluation of practices used by company in natural resource extraction and associated depletion thereof, controversial sourcing.
- Product Waste: Percentage of operations in businesses with high reliance on production of or use of packaging materials, consideration of regulation and recycling.
- Water Stress: Water intensity of business, location of operations in high/moderate/low water stress areas.
- Financing Environmental Impact: Potential credit or reputational risks resulting from indirect exposure to environmental concerns facing borrowers.
- Climate Change Vulnerability: Percentage of premiums derived from Property & Casualty (P&C) insurance lines, risks to insured exposure to geographies vulnerable to climate change effects, and integration of climate change risks into product strategy and risk management.

Social Factors:

- Health / Safety / Nutrition: Risk and management of health and safety-related issues that can lead to accidents causing production disruption, litigation, liabilities etc, nutritional evaluation of product portfolio.
- Product Safety & Quality: Evaluation of product and/or chemical safety as it relates to issues such as recalls, controversies, adverse effects on human health and the environment, percentage of revenues facing elevated product/service quality risks (vulnerable populations, government, public services), percentage of retail & consumer lending in loan portfolio.
- Human Capital & Community Management: Ability to adequately motivate, compensate, retain and manage workforce, high-reliance on skilled workers, jurisdictional & community relationships, supply chain labour standards, percentage of operations in business segments with high/moderate/low levels of employee specialization, education, and qualification needs, and levels of compensation per employee.
- Privacy & Data Security: Does business require collection or handling of sensitive personal data, cost and frequency of data breaches.
- Access (Healthcare, Communications, Finance): Access to healthcare; strong/weak access to internet, phone etc, opportunity to increase access to finance, extent to which companies take advantage of opportunities for growth and strengthening their reputation in developing countries and underserved markets.
- Insuring Health & Demographic Risk: Exposure to product lines and geographies facing emerging health risks, major demographic shifts, integration of risks into risk management and product strategy.
- Responsible Investment: Potential for competitive disadvantages in attracting ESG-related assets or asset depreciation due to ESG investment risks.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable as the Fund does not intend to make sustainable investments.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable as the Fund does not intend to make sustainable investments.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable as the Fund does not intend to make sustainable investments.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable as the Fund does not intend to make sustainable investments.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

✓ **Yes,** the Investment Manager considers principal adverse impacts on sustainability factors by combining internal analysis of the Fund's holdings and third-party data against the following indicators:

- PAI 1 - GHG emissions
- PAI 2 - Carbon footprint
- PAI 3 - GHG intensity of investee companies
- PAI 4 - Exposure levels for companies active in the fossil fuel sector
- PAI 5 - Share of non-renewable consumption and production
- PAI 6 - Energy consumption intensity per high impact climate sector
- PAI 7 - Activities negatively affecting biodiversity-sensitive areas
- PAI 10 - Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- PAI 11 - Lack of monitoring the compliance with UNGC principles and OECD guidelines for MNEs
- PAI 13 - Board gender diversity
- PAI 14 - Exposure to controversial weapons

The principal adverse impacts on sustainability factors are considered as part of the Investment Manager's proprietary ESG scoring methodology and as such, the

indicators are reviewed at regular intervals or when newly reported information becomes available.

Consideration of principal adverse impacts on sustainability factors will be confirmed as part of the periodic reporting disclosed in the annual report.

☐ No



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

What investment strategy does this financial product follow?

The Fund seeks to achieve its overall objective by investing the majority of the assets of the Fund in a portfolio of US dollar denominated public and private issued high-yield fixed income securities, such as fixed interest rate corporate bonds and 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 Fund). The Fund may also invest globally in public and private issued high-yield fixed income securities, such as fixed interest rate corporate bonds.

The Fund seeks to add value primarily through value identification, downside protection, and risk diversification. Investment ideas are generated through internal research efforts, which are supplemented by external sources.

The Fund will invest in companies or issuers that are consistent with the manager's Policy on Responsible Investing which takes account of environmental, social, and corporate governance ("ESG") criteria.

In order to meet the environmental and social characteristics promoted, the manager incorporates internally generated ESG scores to the selection of underlying assets as part of its investment decision making process for the Fund. ESG scores are assigned to each instrument covered and incorporated into each instrument's overall assessment.

The Investment Manager uses a proprietary ESG scoring model to assess current holdings and potential investments on a forward-looking basis. This proprietary methodology draws on a range of data sources to provide a consistent framework across the universe of issuers, incorporating frequent rating updates. It also has the ability to identify companies in transition to better ESG scores.

This proprietary methodology is combined with rigorous fundamental research and manager subsequently screens investments incorporating the environmental and social characteristics described. As a result of this analysis, the lowest scoring ESG issuers are excluded from consideration for investment, and these exclusions can be applied at both an issuer and sector level. All holdings incorporate this commitment to environmental and social characteristics, with the exception of currency hedging instruments and cash.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The binding elements of the investment strategy are as follows:

1. The Investment Manager assigns a proprietary ESG score to each instrument (excluding currency hedging instruments and cash) covered by the Fund.
2. Companies that score lower than 3, according to the propriety methodology, are deemed to have an ESG profile that is unfit to be included in the strategy's opportunity set and therefore would not make it into the Fund.
3. The strategy strives to have similar or better scores than the benchmark (ICE BofA Merrill Lynch Global High Yield USD Hedged Index) for the following metrics:
 - MSCI ESG Quality Score,
 - MSCI ESG Rating,

- MSCI Carbon Risk Category, and
- MSCI Controversies score.

4. The Investment Manager excludes companies or issuers where their revenue is significantly derived from products that are considered unsuitable for the Fund for example, cluster munitions, anti-personnel mines, nuclear weapons outside of the Treaty on the Non-Proliferation of Nuclear Weapons, biological weapons or chemical weapons.

Please refer to the Prospectus for further information on the Exclusions Policy which is also applicable for the Fund's investments in addition to any Fund specific exclusions.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable as there is no committed minimum rate to reduce the scope of investments.

● ***What is the policy to assess good governance practices of the investee companies?***

The companies in which investments are made follow good governance practices and the Investment Manager invests in companies based on an evaluation of the board structure, management and business ethics.

The Investment Manager selectively (dependent upon the sector of the company) scores the following governance factors for every company invested in:

- Board Evaluation: Factors include CEO/chairman independent, entrenched board, board member experience, the presence of key committees (audit, compensation, etc.).
- Management Evaluation: Factors include management tenure, relevant experience, compensation & incentives.
- Business Ethics: Risk and history of ethics issues such as fraud, corruption, misconduct, instability, etc; anticompetitive practices; preventative measures against such problems.
- Financial System Instability: Extent to which companies may face enhanced regulatory scrutiny from contributions to systemic risk in financial markets; risk oversight, governance, commitments to ethical standards.
- Regulatory / Legal Track Record: History of regulatory, legal, and compliance issues.

In order to actively support good governance, the Investment Manager engages with issuers through an escalation process when issuers have a change in one or more ESG factors that may result in a reduced ESG rating. For lower rated ESG scores, the Investment Manager will also carry out further due diligence and company engagement to better underwrite the ESG factors. Engagement with management regarding ESG practices comes primarily through discussion regarding key ESG factors that the Investment Manager views as having a meaningful impact on their business / credit profile.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



What is the asset allocation planned for this financial product?

In accordance with the binding elements of the investment strategy, 80% of investments made will be aligned to the E/S characteristics, whilst the remaining 20% will be cash, cash equivalents and hedging instruments and/or investments that may not be aligned with the E/S characteristics promoted by the Fund.

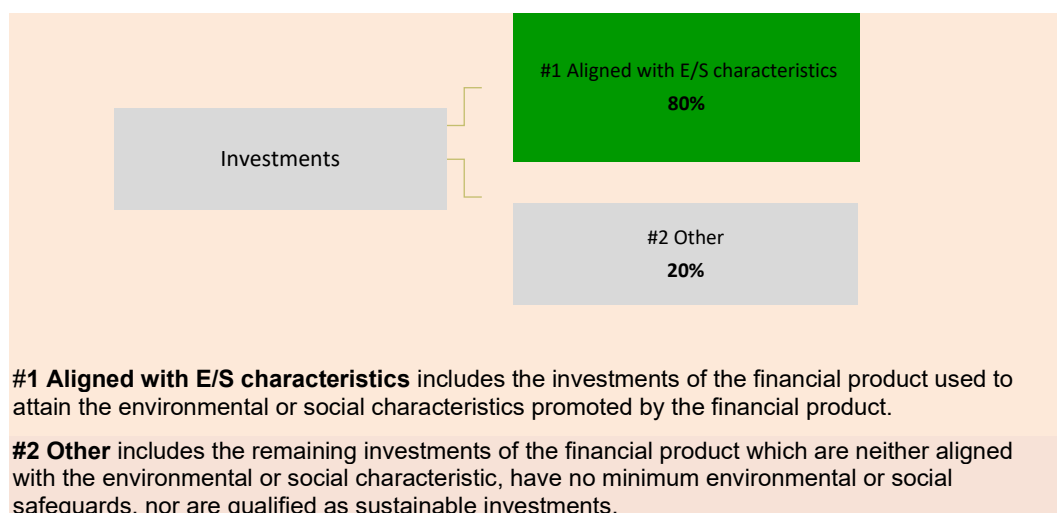
Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

— **turnover** reflecting the share of revenue from green activities of investee companies

— **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

— **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable as derivatives are not used to attain the environmental or social characteristics.

To comply with the EU Taxonomy, the criteria for **fossil gas include** limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.



● **To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

0%

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?**

☐

Yes:

☐

In fossil gas

☐

In nuclear energy



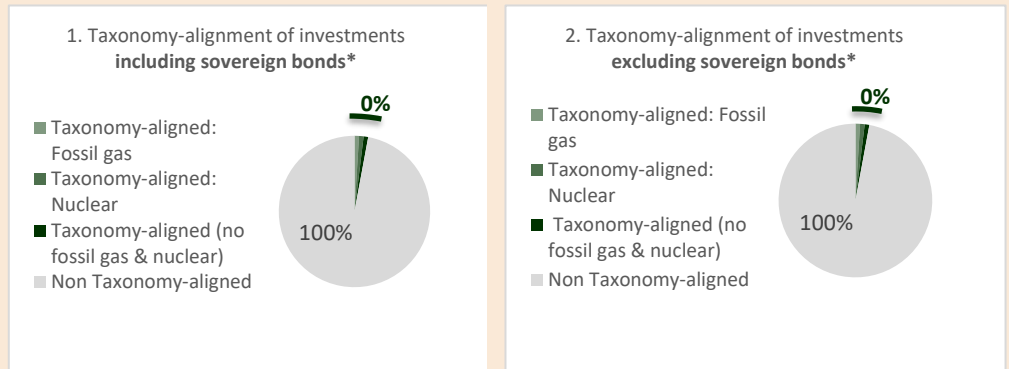
No

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulations (EU) 2022/1214.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

What is the minimum share of investments in transitional and enabling activities?

0%



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

0%



What is the minimum share of socially sustainable investments?

0%



What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The investments included under "#2 Other" are cash, cash equivalents and hedging instruments which are not subject to environmental and/or social screening or any minimum environmental or social safeguards and/or investments that may not be aligned with the environmental and/or social characteristics promoted by the Fund. Cash and cash equivalents do not affect the promoted environmental and/or social characteristics of the Fund. The assessment of issuers and of counterparties for cash and hedging instruments focusses on the creditworthiness of these parties, which can be impacted by sustainability risks.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No. There is no specific index designated as a reference benchmark to determine whether the Fund is aligned with the environmental and/or social characteristics that it promotes.

● ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable. There is no specific index designated as a reference benchmark to determine whether the Fund is aligned with the environmental and/or social characteristics that it promotes.

● ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable. There is no specific index designated as a reference benchmark to determine whether the Fund is aligned with the environmental and/or social characteristics that it promotes.

● ***How does the designated index differ from a relevant broad market index?***

Not applicable. There is no specific index designated as a reference benchmark to determine whether the Fund is aligned with the environmental and/or social characteristics that it promotes.

● ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable. There is no specific index designated as a reference benchmark to determine whether the Fund is aligned with the environmental and/or social characteristics that it promotes.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://brandassets.principal.com/m/326f18404c074a19/original/Article-10-Website-Disclosure-PGIF-Global-High-Yield-Fund.pdf>