

**Supplement**  
**for the**  
**Global Responsible Equity Fund**  
**14 December 2023**  
**Principal Global Investors Funds**

This Supplement contains specific information in relation to the Global Responsible Equity 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.**

## TABLE OF CONTENTS

1	INVESTMENT OBJECTIVE, POLICIES AND PROFILE OF A TYPICAL INVESTOR.....	1
2	INVESTMENT RESTRICTIONS .....	3
3	EFFICIENT PORTFOLIO MANAGEMENT .....	3
4	BORROWINGS .....	3
5	INVESTMENT MANAGER .....	3
6	SUB-INVESTMENT MANAGER .....	4
7	RISK FACTORS .....	4
8	DISTRIBUTION POLICY .....	4
9	KEY INFORMATION FOR BUYING AND SELLING .....	4
10	CHARGES AND EXPENSES .....	5
11	OTHER INFORMATION .....	5
12	SFDR ANNEX.....	7

## **1 INVESTMENT OBJECTIVE, POLICIES AND PROFILE OF A TYPICAL INVESTOR**

### **1.1 Investment Objective**

The investment objective of the Fund is to seek capital growth over the medium to long term.

Investors should be aware that there is no guarantee that the Fund will achieve its investment objective.

### **1.2 Investment Policies**

The Fund seeks to achieve its objective by investing principally in equity securities domiciled in both developed and emerging markets that demonstrate positive fundamental change at attractive relative valuations.

Investee companies are considered to be displaying positive fundamental change (synonymous with 'businesses becoming better') where they are seen to be actively improving and becoming stronger. The first step in the process employed by the Investment Manager and the Sub-Investment Manager is to identify signs of positive change in an investee company. Indicators of positive change could be determined from sources such as accelerating sales volumes, increased market share or improved financial statements. The Investment Manager and the Sub-Investment Manager then seek to identify the catalysts underlying the positive change through proprietary screening and determine whether they are internal catalysts (investee company driven) and/or external catalysts (industry driven). Internal catalysts could be driven by internal investee company operational initiatives that range from cost cutting to expanding distribution, better capital deployment and improved corporate governance. External catalysts could be driven by favourable product cycles, changing industry dynamics and regulatory changes. The foregoing analysis of catalysts enables the Investment Manager and the Sub-Investment Manager to assess the likely magnitude and durability of the catalysts and whether the change is likely to be structural or cyclical in nature. The Investment Manager and the Sub-Investment Manager will have an investment preference for investee companies whose catalysts are therefore likely to be long term and structural in nature (i.e. will create fundamental positive change). This enables the Investment Manager and the Sub-Investment Manager to substantiate investee companies that are considered to be displaying positive fundamental change and whose valuation is therefore under-appreciated in the market relative to their potential for positive fundamental change.

The Investment Manager and the Sub-Investment Manager analyse potential investee companies identified pursuant to the foregoing process to determine whether they are consistent with the ESG considerations, as further detailed in section 1.3 below, that are promoted by the Fund.

The Fund may also invest in real estate investment trusts ("**REITS**") or other REIT-like structures which will be the equivalent of REITS.

In jurisdictions where it would not be possible or practical for the Fund to hold the equity securities directly, it may obtain exposure through equity-related securities including American Depositary Receipts and Global Depositary Receipts.

The Fund may also invest 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 in the event of not being able to invest directly. The Fund will only invest in AIFs per the Central Bank's Guidance in relation to

UCITS Acceptable Investments in Other Investment Funds. The Fund will not invest in US exchange traded funds.

The Fund may obtain exposure to Chinese equities 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. The Fund may hold investments from time to time which are listed or traded in Russia on the Moscow exchange. It is not anticipated that such investments will normally constitute a substantial element of the Fund and shall not in any event exceed 10% of the net assets of the Fund.

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 company contribution towards the United Nations Sustainable Development Goals and environmental stewardship. The social characteristics considered by the Fund are public health, health and safety and workforce and community management.

The Investment Manager and the Sub-Investment Manager combine an assessment of ESG risks with screening and exclusion criteria. 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 and the Sub-Investment Manager are signatories to the UN Principles for Responsible Investment (the "UNPRI") as part of the Principal Global Investors Group. As a signatory to the UNPRI, the good governance practices of investee companies are assessed prior to making an investment and periodically thereafter. UNPRI 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 MSCI AC World NTR (the "**Index**") on the basis that the Fund seeks to outperform the Index. The Investment Manager and/or the Sub-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 and the Sub-Investment Manager maintain full discretion to select investments for the Fund in line with the above investment policy.

The Index does not take environmental or social characteristics into account, and considerations of the environmental and social characteristics, as further outlined in section 1.3 above are recognised independently of the Index. Information on the methodology of the calculation of the Index can be found from the Index provider's website [www.msci.com](http://www.msci.com).

## 1.6 **Profile of a Typical Investor**

Investment in the Fund is suitable for investors seeking capital growth over the medium to long term 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.

## 3 **EFFICIENT PORTFOLIO MANAGEMENT**

The Fund may 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 may 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.

The Investment Manager 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 SUB-INVESTMENT MANAGER**

The Investment Manager has, in turn, appointed Principal Global Investors (Europe) Ltd ("PGIE" or the "**Sub-Investment Manager**") to act as sub-investment manager to the Fund.

PGIE were appointed pursuant to an Amended and Restated Sub-Investment Manager Agreement (the "**Sub-Investment Manager Agreement**"). The Sub-Investment Manager Agreement may be terminated by either party on giving 60 days' 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.

## **7 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 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.

## **8 DISTRIBUTION POLICY**

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

## **9 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).

### **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.

## 10 CHARGES AND EXPENSES

10.1 The Sub-Investment Manager's fees are paid by the Investment Manager from its annual fee.

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	1.50	0	Not more than 0.0220	0.15
I	2,000,000	0.00	0.75	0	Not more than 0.0220	0
D	1,000	5.00	0.75	0.75	Not more than 0.0220	0.15
F2	1,000	0.00	0.75	1.10	Not more than 0.0220	0.15
N	1,000	0.00	0.75	0.00	Not more than 0.0220	0.15

10.2 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**.

## 11 OTHER INFORMATION

11.1 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> : N/A <u>Unhedged</u> : US Dollar, Euro
A Class Income	<u>Hedged</u> : N/A <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
F2 Class Accumulation	<u>Hedged</u> : N/A <u>Unhedged</u> : US Dollar
F2 Class Income	<u>Hedged</u> : N/A <u>Unhedged</u> : US Dollar
I Class Accumulation	<u>Hedged</u> : N/A <u>Unhedged</u> : US Dollar, Euro, Sterling
I Class Income	<u>Hedged</u> : N/A <u>Unhedged</u> : US Dollar, Euro, Sterling
N Class Accumulation	<u>Hedged</u> : N/A <u>Unhedged</u> : US Dollar, Euro, Sterling
N Class Income	<u>Hedged</u> : N/A <u>Unhedged</u> : US Dollar, Euro, Sterling



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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: Global Responsible Equity Fund

Legal entity identifier: 549300VJEKNWV9BBR441

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?



Yes



No



It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_\_%



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



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective



It will make a minimum of **sustainable investments with a social objective**: \_\_\_\_%



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 company contribution towards the United Nations Sustainable Development Goals and environmental stewardship. The social characteristics considered by the Fund are public health, health and safety and workforce and community management.

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?**

The Investment Manager and the Sub-Investment Manager use the following indicators to measure the attainment of each of the characteristics promoted by the Fund:

**Sustainability indicators** measure how the environmental or social characteristics promoted by the



financial product are attained.

For assessing environmental stewardship, the Investment Manager and the Sub-Investment Manager consider the percentage of holdings in the Fund's portfolio that have committed themselves to setting a net zero emission target.

For assessing company contribution towards the United Nations Sustainable Development Goals and company's practice on public health, health and safety and workforce and community management, the Investment Manager and the Sub-Investment Manager consider the SDG contribution using a proprietary SDG tool with validation as part of the Investment Manager's and the Sub-Investment Manager's fundamental investment process.

In addition, the Investment Manager's and the Sub-Investment Manager's investment strategy is expected to monitor ESG performance as measured by the Investment Manager's and the Sub-Investment Manager's proprietary ESG performance tool and external ESG data providers.

**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.

— *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.

**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.

*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 and the Sub-Investment Manager consider 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 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 multinational enterprises (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 and the Sub-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 to be disclosed in the annual report for the Fund.

☐ **No**



#### **What investment strategy does this financial product follow?**

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

The Fund seeks to achieve its objective by investing principally in equity securities domiciled in both developed and emerging markets that demonstrate positive fundamental change at attractive relative valuations.

Investee companies are considered to be displaying positive fundamental change (synonymous with 'businesses becoming better') where they are seen to be actively improving and becoming stronger. The first step in the process employed by the Investment Manager and the Sub-Investment Manager is to identify signs of positive change in an investee company. Indicators of positive change could be determined from sources such as accelerating sales volumes, increased market share or improved financial statements. The Investment Manager and the Sub-Investment Manager then seek to identify the catalysts underlying the positive change through proprietary screening and determine whether they are internal catalysts (investee company driven) and/or external catalysts (industry driven). Internal catalysts could be driven by internal investee company operational initiatives that range from cost cutting to expanding distribution, better capital deployment and improved corporate governance. External catalysts could be driven by favourable product cycles, changing industry dynamics and regulatory changes. The foregoing analysis of catalysts enables the Investment Manager and the Sub-Investment Manager to assess the likely magnitude and durability of the catalysts and whether the change is likely to be structural or cyclical in nature. The Investment Manager and the Sub-Investment Manager will have an investment preference for investee companies whose catalysts are therefore likely to be long term and structural in nature (i.e. will create fundamental positive change). This enables the Investment Manager and the Sub-Investment Manager to substantiate investee companies that are considered to be displaying positive fundamental change and whose valuation is therefore under-appreciated in the market relative to their potential for positive fundamental change.

The Investment Manager and the Sub-Investment Manager analyse potential investee companies identified pursuant to the foregoing process to determine whether they are consistent with the ESG considerations, as further detailed below, that are promoted by the Fund.

In order to meet the environmental and social characteristics promoted, the Investment Manager and the Sub-Investment Manager combine an assessment of ESG risks with screening and exclusion criteria to act as the binding elements considered as part of the Fund's investment strategy.

In order to consider ESG risk, the Investment Manager and the Sub-Investment Manager assign an ESG risk level to each holding considered within the Fund. To assign the ESG risk levels, the Investment Manager and the Sub-Investment Manager evaluate an investee company's relationships with each of its stakeholders; shareholders, customers, employees, suppliers and their supply chains, their communities and the environment. The Investment Manager and the Sub-Investment Manager

will use a proprietary methodology incorporating partnership with third party data providers (MSCI, ISS and Bloomberg etc.) to help provide consistent data across the investment universe when making these evaluations. The Investment Manager and the Sub-Investment Manager will also assign an ESG risk trend of either improving, stable or deteriorating. This risk trend designation provides important context to the risk level and informs the Investment Manager's and the Sub-Investment Manager's tolerance for that risk.

The Investment Manager and the Sub-Investment Manager subsequently use these ESG risk levels to identify the key risks to the stakeholders and the associated positive change to the environmental and social characteristics to be considered in each holding and references these outcomes in investment decision making.

***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 and the Sub-Investment Manager apply a carbon risk score, using MSCI data, to all investee companies in the Fund's portfolio.
2. The Investment Manager and the Sub-Investment Manager aim for an aggregate carbon risk level for the Fund that is 20% lower than MSCI AC World NTR.
3. The Investment Manager and the Sub-Investment Manager aims for 40% of the Net Asset Value of the Fund to contribute to the SDGs.
4. The Fund applies exclusions across the following categories and criteria:
  - a) excludes thermal coal producers from the Fund's holdings as defined by GICS Industry Sector classification.
  - b) excludes companies with involvement in controversial weapons as defined by the ISS Controversial Weapons Research methodology
  - c) excludes companies where their revenue is significantly derived from involvement in producing tobacco, as defined by the GICS Industry Sector classification.
  - d) excludes companies where their revenue is significantly derived from involvement in the gambling sector, as defined by the GICS Industry Sector classification.

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 Investment Manager and the Sub-Investment Manager identify governance considerations as integral to the investment philosophy and process. Improving governance policies and practices are identified as providing a basis for an improved relative valuation, while governance dilution or deterioration represent an inherent source of risk and downward valuation. In order to ensure good governance, the Investment Manager and the Sub-Investment Manager engage with senior executives from investee companies within the Fund. The Investment Manager and the Sub-Investment Manager incorporate discussions on the ESG issues of greatest importance as identified by the proprietary ESG risk evaluation of the holding. The Investment Manager and the Sub-Investment Manager will both look for and ask for actions and plans that fit a SMART framework to address any ESG issues: Specific, Measurable, Attainable, Relevant and Time-bounded. Following this engagement with management, the Investment Manager and the Sub-Investment Manager will then re-assess the ESG risks to ensure a circular, continual process.

**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?

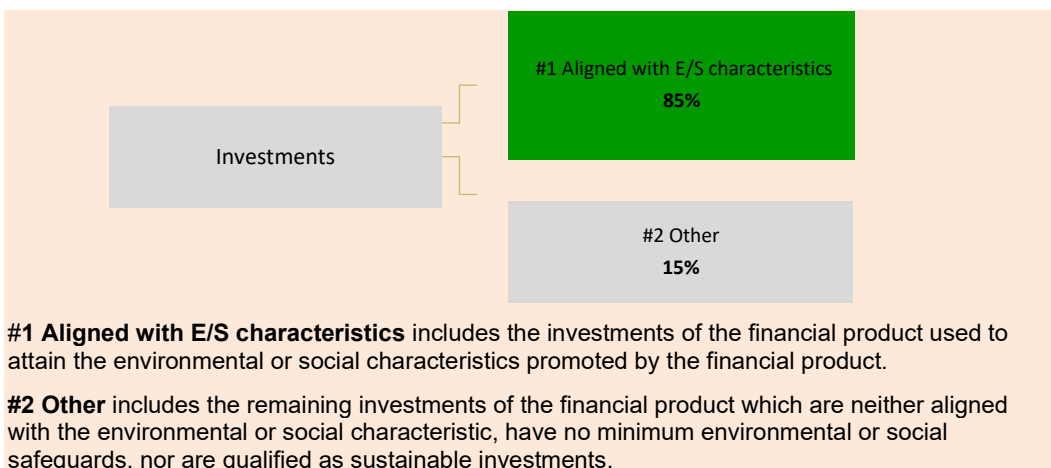
### Asset allocation

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.

In accordance with the binding elements of the investment strategy, 85% of investments made will be aligned to the E/S characteristics, whilst the remaining 15% 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.



## 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 Taxonomy<sup>1</sup>?

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

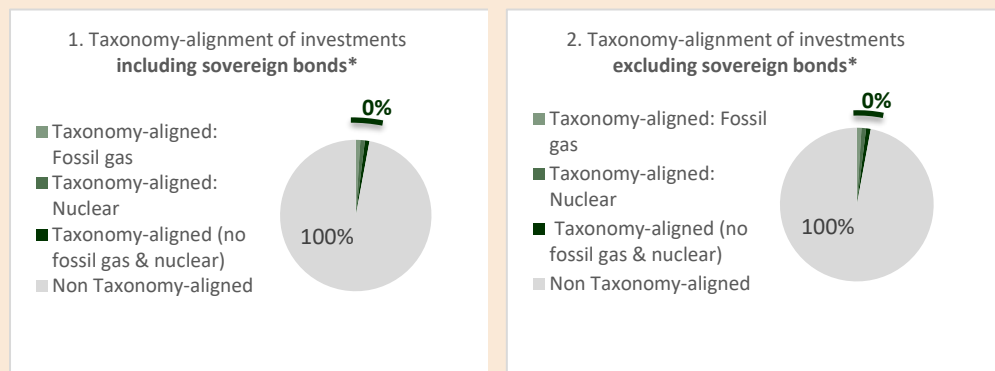
☒ No

<sup>1</sup> 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 Regulation (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.

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.

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.

● ***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/16e40315e54839ee/original/Article-10-Website-Disclosure-PGIF-Global-Responsible-Equity-Fund.pdf>

