

PREFERRED SECURITIES FUND

SIMPLIFIED PROSPECTUS

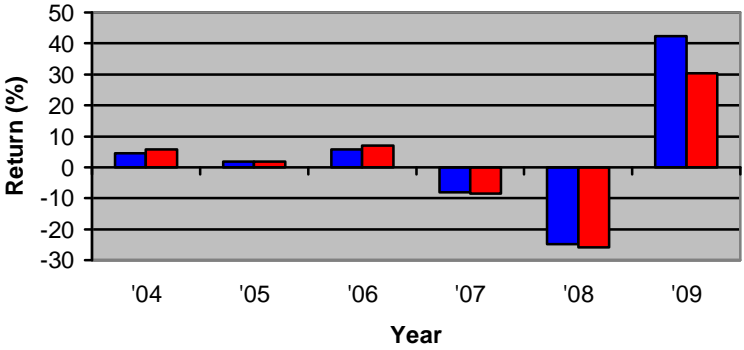
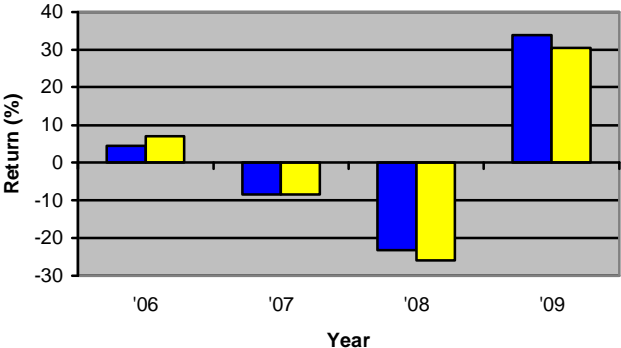
Dated 10 March 2010

This Simplified Prospectus contains key information in relation to the Preferred Securities Fund (the Fund), a fund of Principal Global Investors Funds (the Trust). The Fund was authorised on 14 April 2003 and is a sub-fund of the Trust which is an umbrella open-ended unit trust authorised by the Irish Financial Services Regulatory Authority under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulation, 2003, as amended (the Regulations). The Trust currently has ten other funds, namely the Global Property Securities Fund, the Asian Equity Fund, the European Equity Fund, the Emerging Markets Equity Fund, Global Equity Fund, the High Yield Fund, the Japanese Equity Fund, the Strategic Fixed Income Fund, the U.S. Equity Fund and the Global Equity (ex-Japan) Fund. Other funds may be established from time to time.

Potential investors are advised to read the Prospectus of the Trust dated 22 January 2007 and the Addendum thereto dated 1 April 2009 and the Supplement dated 10 March 2010 in respect of the Fund (the Supplement) (together the Prospectus) before making an investment decision on whether or not to invest in the Fund. The rights and duties of the investor as well as the legal relationship with the Trust are laid down in the Prospectus.

The Fund's base currency is US Dollars.

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| Investment objective | The investment objective of the Fund is to provide a return consisting of income consistent with capital preservation. |
| Investment policy | <p>The Fund seeks to achieve its overall objective by investing primarily in a portfolio of US dollar denominated preferred securities and debt securities. At the time of the Fund's investment, the majority of these securities will be rated as investment grade quality or better. The Fund's investments will be offered on markets listed in Appendix E to the Prospectus, although it is anticipated that the majority will be issued by US issuers.</p> <p>The Fund seeks to add value primarily through security selection, including credit analysis. Its investment process involves in depth proprietary research, and strategic and disciplined portfolio construction.</p> <p>The Fund can invest in both listed and unlisted equity securities, with a level of 10% of the net assets of the Fund permitted in unlisted securities. The Fund may also invest in real estate investment trusts (REITS) or other REIT-like structures which will be the equivalent of REITS. It may also invest in other Funds of the Unit Trust in order to obtain its objective.</p> <p>The Fund may also hold ancillary liquid assets such as bank deposits. However, no more than 1/3 of the net assets of the Fund may be held in aggregate in ancillary liquid assets or non-preferred or debt securities or instruments.</p> <p>For full details on the Fund's investment policy, please refer to the Prospectus.</p> |
| Risk profile | <p>The investments of the Fund are subject to normal market fluctuation and other risks inherent in investing in certain securities. There can be no guarantee against loss, nor any assurance that the Fund's investment objective will be attained. The value of the investments and the income from them, and therefore the value of and income from the Units in the Fund, can fall as well as rise and unitholders may not realise the same amount they invest.</p> <p>A full description of the risk factors applying to the Fund is set out in the Prospectus.</p> <p>Utilisation of the Asset Replication Strategy involves certain considerations stemming from the inherent characteristics of the techniques and instruments used therein including swaps, credit default swaps, total return swaps, repurchase agreements, securities lending and forward currency contracts.</p> <p>Additional considerations apply in respect of the units in Hedged Unit Classes stemming from inherent characteristics of the techniques and instruments used to achieve hedging including</p> |

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| <p>Performance Data of the Fund– I Class Units</p> <p>Inception Date: 22 Apr 2003</p> | <p>currency, transaction and credit risk.</p> <p>Annual total return 2004 to 2009</p>  <p>Return (%)</p> <p>Year</p> <p>■ Pref Securities</p> <p>■ Blended Index: 65% Merrill Lynch Fixed Rate Preferred Securities Index and 35% Barclays Capital Capsec U.S. Dollar Tier 1 Index</p> | <p>Average annual return for the period ending 31/12/2009</p> <p>Past 3 years: -0.5% Past 5 years: 1.2% Since inception: 2.2%</p> <p>Please note that the past performance of the Fund is not necessarily an indicator of future performance.</p> <p>The graph and table above show the past performance in US Dollars.</p> |
| <p>Performance Data of the Fund– A Class Units</p> <p>Inception Date: 27 Feb 2005</p> | <p>Annual total return 2006 to 2009</p>  <p>Return (%)</p> <p>Year</p> <p>■ Pref Securities</p> <p>■ Blended Index: 65% Merrill Lynch Fixed Rate Preferred Securities Index and 35% Barclays Capital Capsec U.S. Dollar Tier 1 Index</p> <p>Performance data does not include subscription and redemption charges and is calculated net of taxes and charges.</p> | <p>Average annual return for the period ending 31/12/2009</p> <p>Past 3 years: -1.9% Since inception: -0.3%</p> <p>Please note that the past performance of the Fund is not necessarily an indicator of future performance.</p> <p>The graph and table above show the past performance in US Dollars.</p> |
| <p>Profile of the typical investor</p> | <p>Investment in the Fund is suitable for investors seeking income and long-term capital growth.</p> | |
| <p>Distribution Policy</p> | <p>Accumulation units in the Fund make no declarations of distributions. All income earned proportionately by the unitholders is reinvested within the Fund and reflected in the value of the Accumulation Units.</p> <p>Distributions on the Income units will be declared and paid quarterly within 30 days of the end of each calendar quarter. Such distributions may be paid in cash in which case they will be paid by telegraphic transfer to the nominated account of the holder at its risk and expense. The Manager will otherwise reinvest any net income distribution for further Income units unless distributions can be paid in cash.</p> | |

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| Fees and Expenses | Unitholders transaction expenses | | | | |
| | | A Class Units | I Class Units | F Class Units | D Class Units |
| | Preliminary charge | 5.00% of the issue price | Nil | Nil | 5.00% of the issue price |
| | Annual operating expenses | | | | |
| | | A Class Units | I Class Units | F Class Units | D Class Units |
| | Management Fees | 0.90% per annum of the net asset value | 0.40% per annum of the net asset value | 0.6% per annum of the net asset value | 0.6% per annum of the net asset value |
| | Trustee Fee | 0.02% per annum of net assets (on first US \$100,000,000) 0.01% per annum of net assets (over US\$100,000,000) | 0.02% per annum of net assets (on first US \$100,000,000) 0.01% per annum of net assets (over US\$100,000,000) | 0.02% per annum of net assets (on first US \$100,000,000) 0.01% per annum of net assets (over US\$100,000,000) | 0.02% per annum of net assets (on first US \$100,000,000) 0.01% per annum of net assets (over US\$100,000,000) |
| | Administration Fee | Up to 0.15% per annum of the net asset value of the Units | Nil | Up to 0.15% per annum of the net asset value of the Units | Up to 0.15% per annum of the net asset value of the Units |
| | Marketing and Distribution Fee | 0 | 0 | 1.10 % per annum | 0.60% per annum |
| | Total Expense Ratio charged to the Portfolio (as at 30 Sept 2009) Historical information in relation to the total expense ratio can be obtained from the Administrator, details of | A Class Units: 1.19% | I Class Units: 0.54% | NA | NA |

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| | which are set out below | | | | |
| | Portfolio Turnover Rate | 32.06% | | | |
| | Historical information in relation to the portfolio turnover rate is available from the Administrator. The Manager may waive or reduce the preliminary charge and/or management fee at its absolute discretion. Please refer to the Prospectus under the heading Charges and Expenses for further details of the fees and expenses. | | | | |
| Taxation | The Fund will only be subject to tax on certain chargeable events in respect of unitholders who are Irish residents. If a unitholder is not an Irish resident at the time a chargeable event arises no Irish tax will be payable on that chargeable event in respect of that unitholder. Unitholders should consult their professional advisers in relation to the taxation treatment of income and/or capital gains for their own individual situation. | | | | |
| Publication of Unit Price | The net asset value per unit will be published daily in the South China Morning Post and in such other publications as the Manager may decide from time to time, details of which can be found at www.principalglobalfunds.com . | | | | |
| How to buy/sell Units | Applications to purchase, sell or switch units should be sent to the Administrator or the Hong Kong Representative by mail or facsimile before the dealing deadline for each dealing day, further details of which are provided in the Prospectus. | | | | |
| | | A Class Units | I Class Units | F Class Units | D Class Units |
| | Minimum Initial Subscription | US\$10,000 | US\$2,000,000 | US\$10,000 | US\$10,000 |
| | Minimum Additional Investment Amount | US\$1,000 | US\$500,000 | US\$1,000 | US\$1,000 |
| | The Manager may waive or reduce these minimum amounts at its absolute discretion | | | | |
| Additional Important Information | Directors of the Manager: | David Kingston David Shubotham Barbara McKenzie Nicholas Lyster Denis Murphy Ned Burmeister | | | |
| | Promoter and Investment Adviser: | Principal Global Investors, LLC. | | | |
| | Sub-Investment Adviser | Spectrum Asset Management, Inc. | | | |
| | Manager: | Principal Global Investors (Ireland) Limited. | | | |
| | Trustee: | Citibank International plc, Ireland Branch. | | | |
| | Administrator: | Citi Fund Services (Ireland) Limited | | | |
| | Auditors: | PricewaterhouseCoopers. | | | |
| | Supervisory Authority: | Irish Financial Services Regulatory Authority. | | | |
| | Listing: | Application has been made to the Irish Stock Exchange for all the units in the Fund to be admitted to the Official List. | | | |

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| | <p>Additional information and copies of the full Prospectus and the latest annual and semi-annual report and accounts may be obtained free of charge from the Administrator at 1 North Wall Quay, Dublin 1, Ireland, at Tel: +353 1 622 2000 or Fax: +353 1 622 2222 or the head office of the Manager at 1 North Wall Quay, International Financial Services Centre, Dublin 1, Ireland.</p> |
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