

Website disclosure for the EU Sustainable Finance Disclosure Regulation (SFDR)

Principal Global Investors Funds Preferred Securities Fund

["the Fund"]

Status under the EU Sustainable Finance Disclosure Regulation (SFDR)

The Manager has categorised the Fund as meeting the provisions set out in Article 8 of SFDR for products which promote environmental and social characteristics, as further described below.

Description of the environmental and social characteristics of the Fund

Among other characteristics, the Fund promotes environmental and social characteristics as defined in the SFDR. The environmental characteristics considered by the Fund include, but are not limited to: greenhouse gas emissions and renewable sources of power. The social characteristics considered by the Fund include, but are not limited to: health and safety and product safety.

In order to address the environmental characteristic promoted, the Investment Adviser applies binding screening criteria to the selection of underlying assets as part of its investment decision making process. This selection criteria may not be disappled or overridden by the Investment Adviser.

The Investment Adviser employs an approach based on assigning a tiered ESG risk level, as further described below, to each holding considered within the Fund. This assessment is subsequently incorporated in the fundamental analysis integral to investment decision making. Companies assigned with a high risk level could support a change in the underlying credit recommendation. Companies with a medium risk level can have material ESG challenges, but the Investment Adviser believes these are typically manageable. Companies assigned a low risk level have effective ESG policies and relatively minor issues.

The Investment Adviser's proprietary analysis to identify this tiered risk level for each company incorporates a review of a company's ESG risk-mitigation policies, ESG performance data and goal disclosures, supported by management discussions. This is supported with further third party data and opinions, such as Bloomberg and MSCI. However, the Investment Adviser will consider, but does not rely on, rating agency and other third-party research opinions to solely make its determination.

The Investment Adviser excludes thermal coal producers from the Fund as defined by GICS Industry Sector classification. A further set of fixed exclusion criteria is in place to exclude companies from consideration for investment where their revenue is significantly derived from involvement in producing tobacco or firearms or where there is involvement in the gambling or adult entertainment sectors, as defined by the GICS Industry Sector classification. The Investment Adviser will also exclude companies that are producers or are associated with controversial chemicals (such as herbicides and pesticides deemed as health hazards), minerals (such as those been proven to be carcinogenic) and products (such as opioids and other addictive substances) as defined by the Investment Adviser's proprietary standards.

The Fund will also exclude holdings where investee company involvement in controversial weapons is identified as defined by the ISS Controversial Weapons Research methodology.

This screening and exclusion policy will apply across all securities holdings as described in the investment policy and does not specifically align itself to external guidelines or principles.

The Investment Adviser identifies governance considerations as integral to the investment philosophy and process and has the expectation that management is acting responsibly and ethically. Factors included in the Investment Adviser's analysis of corporate governance include management oversight and accountability, risk management, financial disclosure and accounting standards, board quality, ethics and business conduct, political contributions, shareholder rights and a commitment to compliance and cybersecurity. This analysis is supported by resources including company financials and other disclosures, meetings with company management, third-party research, and industry conferences. The Investment Adviser also engages with investee companies on an ongoing basis to ensure stewardship and progress towards addressing environmental and social concerns.

Principal Global Investors (as defined below) is a signatory 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.principalglobal.com/eu/about-us/responsible-investing>.

The Fund is actively managed with reference to Bloomberg Global Aggregate Corporate USD TR (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 used for the calculation of the Index can be found from the Index provider's website www.msci.com.

Periodic reports

A description of the extent to which environmental and social characteristics are met will be available as part of the Fund's annual report and accounts which will be published on this website once available. The Fund's most recent annual report and accounts does not include any information pursuant to SFDR.

Important Information:

Definitions:

- The "Manager" shall mean Principal Global Investors (Ireland) Limited
- The "Investment Advisor" shall mean Principal Global Investors, LLC and any sub-adviser appointed by Principal Global Investors, LLC
- "prospectus" shall mean the Funds' prospectus and, in the context of any one sub-fund, the relevant supplement (s) thereto.
- Unless otherwise indicated, defined terms in this form have the same meaning as in the prospectus.

Principal Global Investors (Ireland) Limited is regulated by the Central Bank of Ireland

Full details of the risks associated with investing in the Fund are detailed in the Fund Prospectus, Supplement and Key Investor Information Document ("KIID"). These documents are available on our website at principalglobal.com and you are advised to read them before investing so you can make an informed decision about whether to invest. This document is intended for information purposes only. It is not an offer or a solicitation to anyone to subscribe for units in the Fund. It should not be construed as investment advice. There is no guarantee that the investment objective of the Fund will be achieved.

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