

# Key Information Document

## Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

## Product

**Name of Product:** Preferred Securities Fund - Hong Kong Dollar D2 Class Income Plus Units

**PRIIP Manufacturer:** Principal Global Investors (Ireland) Ltd

**ISIN:** IE00BJLTX980

**Website:** <https://www.principalam.com/eu/investment-products/ucits-funds>

Call +44 (0) 207 710 0220 for more information.

The Central Bank of Ireland (CBI) is responsible for supervising Principal Global Investors (Ireland) Ltd in relation to this Key Information Document.

**This Key Information Document is accurate as at 22 February 2024.**

## What is this product?

### Type

Unit Trust

### Term

The Fund does not have a maturity date, however the Directors or Trustee reserve the right to close the fund in certain situations – more details are contained within the prospectus.

### Objectives

The overall objective of the Fund is to provide a return consisting of income consistent with capital preservation. The Fund seeks to achieve its overall objective by investing primarily in a portfolio of US dollar denominated preferred securities and debt securities. Within this, the Fund may invest, in particular, in convertible bonds and contingent convertible securities (CoCos). The Fund is actively managed with reference to Bloomberg Global Aggregate Corporate USD Total Return (the "Index") on the basis that the Fund seeks to outperform the Index.

### Intended Retail Investor

The Fund is intended for all investors seeking a return consistent with capital preservation over a long-term investment horizon. Investors should have the ability to bear losses up to the amount they have invested in the Fund. Investors should understand the risks involved and must have prior financial markets experience or knowledge to invest in this Fund.

### Key Risks:

- There may be risks associated with investment in Contingent convertible securities due to the unpredictable nature of conversion events and the higher credit risk of subordinated instruments. CoCos

are also subject to coupon cancellations, as coupon payments are entirely discretionary and may be cancelled by the issuer at any point, with any such cancelled payments being written off which can ultimately lead to a mispricing risk.

- The market value of debt securities is affected by changes in prevailing interest rates. The Fund may also be exposed to credit and default risk by investing in such securities. The default risk increases for below investment grade debt securities.

- There are specific risks associated with investments in emerging markets, resulting from potentially less developed market practices. These include legal, political and fiscal instability, settlement, liquidity, currency, accounting standards and custodial risk.

- The Manager integrates sustainability risks into the investment processes for the Fund in relation to risk management and decision making. This means sustainability factors are considered as part of the investment process which may carry the risk that the Fund's performance may be negatively impacted due to restrictions placed on its exposure to certain sectors or types of investments as a result.

- The value of an investment may fluctuate due to changes in exchange rates between currencies and may or may not be hedged back to the Fund's base currency.

- Fees and/or distributions may be paid out of the capital of the Fund, which has the effect of lowering the capital value of investor's holdings in the Fund and limiting the potential for future capital growth.

## What are the risks and what could I get in return?

### Risk Indicator



The risk indicator assumes that you keep the product for 5 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less.

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

We have classified this product as 3 out of 7, which is a medium-low risk class.

This rates the potential losses from future performance at a medium-low level, and poor market conditions are unlikely to impact the capacity of the PRIIPs manufacturer to pay you.

**If the product currency differs from your investment currency, the following applies: Be aware of currency risk. You will receive payments in a different currency, so the final return you will get depends on the exchange rate between the two currencies. This risk is not considered in the indicator shown above.**

Further information on risks is detailed in the prospectus available at <https://www.principalam.com/eu/investment-products/ucits-funds> or on request from the manager.

This product does not include any protection from future market performance so you could lose some or all of your investment.

If we are not able to pay you what is owed, you could lose your entire investment.

## Performance Scenarios

The figures shown include all the costs of the product itself. The figures do not take into account your personal tax situation, which may also affect how much you get back.

What you will get from this product depends on future market performance. Market developments in the future are uncertain and cannot be accurately predicted.

The unfavourable, moderate, and favourable scenarios shown are illustrations using the worst, average, and best performance of the product and a suitable benchmark over the last 10 years. Markets could develop very differently in the future.

The stress scenario shows what you might get back in extreme market circumstances.

The unfavourable scenario occurred for an investment between August 2021 and January 2024.

The moderate scenario occurred for an investment in the benchmark between April 2015 and April 2020.

The favourable scenario occurred for an investment in the benchmark between December 2015 and December 2020.

Recommended holding period: 5 years

Example Investment: HKD 100,000.

Scenarios		If you exit after 1 year	If you exit after 5 years
Minimum	There is no minimum guaranteed return. You could lose some or all of your investment.		
Stress	What you might get back after costs	56,720 HKD	58,510 HKD
	Average return each year	-43.28 %	-10.17 %
Unfavourable	What you might get back after costs	81,720 HKD	84,670 HKD
	Average return each year	-18.28 %	-3.27 %
Moderate	What you might get back after costs	97,720 HKD	118,170 HKD
	Average return each year	-2.28 %	3.40 %
Favourable	What you might get back after costs	110,040 HKD	133,560 HKD
	Average return each year	10.04 %	5.96 %

## What happens if Principal Global Investors (Ireland) Ltd is unable to pay out?

There is no compensation or guarantee scheme in place which may offset, all or any of, your loss.

## What are the costs?

The person advising on or selling you this product may charge you other costs. If so, this person will provide you with information about these costs and how they affect your investment.

## Costs over time

The tables show the amounts that are taken from your investment to cover different types of costs. These amounts depend on how much you invest and how long you hold the product. The amounts shown here are illustrations based on an example investment amount and different possible investment periods.

We have assumed:

- In the first year, you would get back the amount that you invested (0 % annual return). For the other holding periods we have assumed the product performs as shown in the moderate scenario.
- HKD 100,000 is invested.

	If you exit after 1 year	If you exit after 5 years
Total costs	6,462 HKD	15,582 HKD
Annual cost impact (*)	6.5%	2.6% each year

(\*) This illustrates how costs reduce your return each year over the holding period. For example it shows that if you exit at the recommended holding period your average return per year is projected to be 6.0% before costs and 3.4% after costs.

## Composition of costs

One-off costs upon entry or exit		If you exit after 1 year
Entry costs	This is the most you will be charged. The person selling you the product will inform you of the actual charge.	Up to 5,000 HKD
Exit costs	We do not charge an exit fee for this product.	0 HKD
<b>Ongoing costs [taken each year]</b>		
Management fees and other administrative or operating costs	1.39% of the value of your investment per year. This is an estimate based on actual costs over the last year	1,390 HKD
Transaction costs	0.1% of the value of your investment per year. This is an estimate of the costs incurred when we buy and sell the underlying investments for the product. The actual amount will vary depending on how much we buy and sell.	72 HKD
<b>Incidental costs taken under specific conditions</b>		
Performance fees	There is no performance fee for this product	0 HKD

## How long should I hold it and can I take money out early?

### Recommended holding period: 5 years

The Fund's recommended holding period is 5 years as the Fund invests for the long term. Investors can sell their units on demand on each Business Day (as defined in the Fund's Prospectus). For further information on the Fund's divestment procedure and when divestment is possible, please refer to the "Redemption of Units" section of the Fund's Prospectus.

## How can I complain?

If you are not entirely satisfied with any aspect of the service you have received and you wish to complain, you should write or contact our Registration Team at:

Principal Global Investors Registration Team  
BNY Mellon Fund Services (Ireland) Designated Activity,  
c/o Transfer Agency Mellon  
Wexford Business Park, Rochestown Drinagh Wexford, Ireland, Y35 VY03  
Email: [bnymtaregistration@bnymellon.com](mailto:bnymtaregistration@bnymellon.com)  
Telephone: +353 1 900 8081

## Other relevant information

The cost, performance and risk calculations included in this KID follow the methodology prescribed by EU rules. Further information including the prospectus, supplement, latest annual and interim reports and factsheets are available together with any update to this KID and Past Performance will be available on our website. <https://www.principalam.com/eu/investment-products/ucits-funds>