



PRINCIPAL GLOBAL INVESTORS FUNDS

Global Time Diversified Absolute Return

Global Time Diversified Absolute Return Fund

The Global Time Diversified Absolute Return Fund is part of the Principal Global Investors Funds range of Dublin-based UCITS, and is registered in most major European countries and in Singapore where it is registered as a Restricted Scheme. The Fund aims to provide a consistent stream of positive returns in excess of USD 3-month LIBOR (London Inter-Bank Offer Rate), as calculated by the BBA, over a three to five year horizon. The Global Time Diversified Absolute Return Fund does not offer any form of guarantee with respect to investment performance and no form of capital protection will apply.

Fund Characteristics †

General Investment Guidelines

- Investment universe: G10
- Expected annual volatility target: 15%

A true alternative strategy

- Targets a strong risk-adjusted expected return
- Medium risk profile targeting 15% volatility per annum
- Low correlation to market beta and other global macro strategies
- Diversification across multiple factors designed to generate stable return profile

Typical Investment Universe

AUD, CAD, CHF, EUR, GBP, JPY, NZD, USD, SEK, NOK

† Investment guidelines are subject to change.

Why Global Time Diversified Absolute Return with Macro Currency Group?

The Macro Currency Group is a specialized investment group within Principal Global Investors. Based in London and Sydney, the Macro Currency Group has been managing currency mandates tailored to investor requirements for over 18 years. The Group's capabilities include unique absolute return Fund offerings as well as highly bespoke, client-focused, portfolios. All our strategies are fundamentally-focused, highly liquid and are managed within a sophisticated risk management construct.

Highly experienced investment team - with an average of 20 years of focused experience in financial markets, the Fund's two portfolio managers have experienced numerous market cycles, significant economic shifts and a vast range of geo-political developments. This experience is enhanced by the skills and knowledge of our strategists and traders, all of whom are focused on supporting the Fund's portfolio managers.

An absolute return Fund designed to provide a stable return profile and attractive risk-adjusted returns with a low correlation to other asset classes - The design of the Global Time Diversified Absolute Return Fund returns to the original thesis of alternative investments: to provide a consistent return stream, regardless of prevailing market conditions, that is lowly correlated with market beta. The Fund aims to achieve its goal through the implementation of two complementary, yet distinct, fundamental strategies. This diversification by return driver creates multi-manager like characteristics in a single manager fund without over-diluting return.*

Innovative investment process embedded within a rigorous risk management framework - The two underlying strategies within the Fund offer diversification across multiple factors: investment style (discretionary vs. systematic), investment focus (disconnects between macro fundamentals and price vs. global growth capture) and, importantly, timeframe (one month to six months vs. greater than one year). We believe that this approach helps generate a return that is not only powerful on its own but which also offers diversification characteristics when held within a wider portfolio. The Fund's investment process is embedded within, and supported by, a sophisticated risk management framework including a bespoke suite of analysis and portfolio construction tools, liquidity filters and stop loss signalling.

Long/short methodology - Each investment we make is a relative trade: we sell one currency in order to buy another. All currency trading is done in this way, enabling us to benefit from both positive and negative views on each currency within our universe whilst facilitating the ability to generate positive returns regardless of the economic backdrop. Having managed currency portfolios for nearly 20 years, the Macro Currency Group are highly experienced with the instruments we utilise and the portfolio managers are supported by a team of four dedicated traders and a trading operations department in multiple timezones.

THE GLOBAL TIME DIVERSIFIED ABSOLUTE RETURN FUND COMBINES TWO COMPLEMENTARY, YET DISTINCT, FUNDAMENTAL STRATEGIES TO PROVIDE ATTRACTIVE RISK-ADJUSTED RETURNS WITH HIGH LIQUIDITY, TRANSPARENCY AND DIVERSIFICATION.

An absolute return Fund providing attractive risk-adjusted returns

The Fund has been designed for absolute return investors looking for a source of lowly correlated alpha. The Fund is designed to provide diversification across a range of factors thereby producing a stable return that has attractive risk-adjusted returns over the medium- to long-term.

Exhibits low correlation with other alternative and traditional asset classes

The strategy has exhibited low correlations with bonds, equity and commodity markets, as well as many of hedge funds.

Provides high liquidity, transparency & diversification across multiple factors within one vehicle

The Fund adopts a highly transparent, highly liquid investment process managed within a strict and rigorous risk management framework. It also offers strong diversification benefits as it combines a multiple, macro-themed approach with the broad systematic allocation, which has differing style, trading focus and time-horizons.

Medium volatility profile

With a volatility target of 15% p.a., the Fund is designed to provide a medium level of risk, whilst targeting a strong risk-adjusted return. It also offers strong diversification benefits as it combines a multiple, macro-themed approach with the broad systematic allocation, which has differing style, trading focus and time-horizons.

Investor-friendly profile

- Liquid investment universe
- Daily dealing
- Transparent investment process
- No entry/exit fees, gates nor side-pockets

Leveraging the best of the Macro Currency Group

- Experienced investment team
- Combines unique long-term strategy with successful discretionary approach
- Proprietary risk management framework and systems

Where the Fund Invests

The Fund has a G10, developed market, universe. The Fund's approach draws together two distinct, yet complementary, investment strategies designed to provide access to multiple sources of fundamentally-driven returns within a single-manager vehicle. The Fund is an equally-weighted (in risk terms) blend of the discretionary and systematic investment processes, this 50/50 approach being achieved over the long term by giving each segment a risk envelope that is not adjusted or rebalanced but is left to equalize over the course of the business cycle.

The **discretionary approach** seeks to identify and exploit fundamental macroeconomic themes that influence exchange rates over a two to six month timeframe. The portfolio manager identifies themes by first analysing the strategic environment before using this foundation to conduct tactical analysis. Themes are translated into the most appropriate instrument with multiple themes combined to create a directional, diversified, portfolio. Throughout this process there is constant interaction between portfolio managers and strategists.

The **systematic approach** is strategically focused with a long-term, 12 month time horizon which is reset once a year. Our fundamentally-focused systematic strategy is designed to give investors access to the long-term returns available from the currency market. These returns are generated by creating currency exposure to a set of systematic risk factors that we believe drive returns across all asset markets. In our view, these risk factors can be captured efficiently in the currency market where the liquidity, transparency, and the low-cost nature of trading result in a strategy with the prospect of strong return properties and a low correlation to traditional asset classes.

The result is an equally-weighted blend of the two components employing diversification by style, investment focus as well as time horizon, and offers greater stability of return throughout the business cycle and therefore a potentially stronger overall absolute return.

Principal Global Investors

Principal Global Investors, the advisor to the Global Time Diversified Absolute Return (the Fund), is a diversified asset management organization. The Macro Currency Group is an autonomous business unit and a specialist provider of global macro and currency absolute return investment strategies, as well as hedging solutions. The Macro Currency Group has been managing portfolios on behalf of clients for over 18 years**. Our currency management strategy is tailored to investor requirements and includes both leveraged and unleveraged absolute return strategies as well as benchmark-oriented strategic currency overlay.

This document is for investment and business professionals only which include professional clients and eligible counterparties as defined by the FCA. The Principal may not forward this document themselves to retail clients. The value of units may fall as well as rise as a result of market movements as well as currency fluctuations. Past performance is no guide to the future. Full details of the risks of investing in the Fund are contained in the prospectus. Investors should obtain and read a copy of the prospectus and Key Investor Information Document before investing, these are available at principalglobalfunds.com. This document is issued in: The United Kingdom by Principal Global Investors (Europe) Limited, Level 1, 1 Wood Street, London, EC2V 7JB, registered in England, No. 03819986, which has approved its contents, and which is authorized and regulated by the Financial Conduct Authority; Singapore by Principal Global Investors (Singapore) Limited (ACRA Reg. No. 199603735H), which is regulated by the Monetary Authority of Singapore and is directed exclusively at institutional investors as defined by the Securities and Futures Act (Chapter 289); Hong Kong by Principal Global Investors (Hong Kong) Limited, which is regulated by the Securities and Futures Commission and is directed exclusively at professional investors as defined by the Securities and Futures Ordinance; Principal Global Investors LLC, a branch registered in the Dubai International Financial Centre and authorized by the Dubai Financial Services Authority (DFSA) as a representative office and is delivered on an individual basis to the recipient and should not be passed or otherwise distributed by the recipient to any other person or organization. This document is intended for sophisticated institutional and professional investors only. Mandatory Disclosure: Module 4.6.5.(d) - The DFSA has no responsibility for reviewing or verifying any prospectus or other documents in connection with this financial product. It has not approved this document or any other associated documents nor taken any steps to verify the information set out therein. This material is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

A member of the Principal Financial Group®.

The name of the Swiss representative is ACOLIN Fund Services AG, Stadelhoferstrasse 18, CH-8001 Zürich. The name of the Swiss paying agent is Banque Cantonale de Genève, 17, quai de l'île, 1204 Geneva. Investors can obtain free of charge the prospectus, trust deed, the prospectus, the key investor information document (KIID), and the annual and semi-annual reports from the representative in Switzerland. Pensions & Investments, "The Best Places to Work in Money Management," 12/14/2015. The information in this document has been derived from sources believed to be accurate as of December 2015.

The Fund is not authorized for sale in Hong Kong.

*When compared to most return streams generated from a single source of return.

**Experience includes investment management team activities at prior firms.

Pensions & Investments, "The Best Places to Work in Money Management," 12/14/2015.



Contact Us

Europe

Principal Global Investors (Europe) Limited
+44 (0) 207 710 0252 Cahill.James@principal.com
+44 (0) 207 710 0292 Pilavachi.Helly@principal.com

Dubai

Principal Global Investors, LLC
+97 143 46 4555 Dungarparwala.Tasneem@principal.com

Singapore

Principal Global Investors (Singapore) Limited
+65 6490 0280 Sim.Lynn@principal.com

Hong Kong

Principal Global Investors (Hong Kong) Limited
+852 3519 2026 Ho.Cham@principal.com

WWW.PRINCIPALGLOBALFUNDS.COM