

22 June 2017

**Principal Global Credit Opportunities Fund (ARSN 108 685 927) ("Trust")
Amendment to the Trust Constitution to allow for adoption of the Attribution Managed
Investment Trust ("AMIT") regime for the Trust
Notice under section 601GCA(3) of the *Corporations Act 2001* (Cth)**

This notice is published by Principal Global Investors (Australia) (ACN 102 488 068) ("**Responsible Entity**") under section 601GCA(3) of the *Corporations Act 2001* (Cth) as modified by ASIC Instrument 2016/489 to inform members of the Trust that the Responsible Entity proposes to amend the constitution for the Trust ("**Constitution**").

The amendments are in connection with the new tax regime applying to managed investment trusts which satisfy the requirements to be AMITs, which was introduced by the *Tax Laws Amendment (A New Tax System for Managed Investment Trusts) Act 2016* (Cth) ("**AMIT Regime**").

Details of the AMIT Regime and the proposed amendments to the Constitution are set out below.

The Responsible Entity has determined that the Trust will adopt the AMIT Regime for the financial year commencing on 1 July 2017.

AMIT Regime

The AMIT Regime is a new set of rules for the taxation of managed investment trusts and their members. One of the aims of the AMIT Regime is to provide greater certainty than the current rules in relation to the taxation position for managed investment trusts and their members.

One key aspect under the AMIT Regime is that the Responsible Entity must allocate or "attribute" the taxable income of the Trust to members on a fair and reasonable basis. Currently, members are subject to tax on their proportionate share of the taxable income of the Trust based on the share of the income of the Trust to which they are presently entitled according to trust law principles.

The AMIT Regime may provide the following potential benefits for members of an AMIT:

- Greater clarity and certainty associated with the tax treatment of distributions and the character of income and capital of the AMIT, in contrast to the current "present entitlement" regime. In particular, a removal of the potential for double taxation that may arise for members where there are mismatches between the amount distributed and the taxable income of the AMIT;
- If a variance is discovered between the amounts actually attributed to members for an income year, and the amounts that should have been attributed, the variance can be attributed in the income year in which it is discovered by the responsible entity, rather than amending previous years' tax returns and notifying members of those amendments.
- An AMIT will be deemed to be a "fixed trust" and members will be treated as having vested and indefeasible interests in the income and capital of the AMIT throughout the income year, which can be relevant for:
 - utilising trust losses; and
 - applying the franking credit provisions.
- Where a member receives a distribution of cash that is less than their allocated share of the taxable trust components, members will be entitled to make upward adjustments to the cost base of their units in the AMIT.

The proposed amendments to the Constitution

The proposed Constitution amendments will enable the Responsible Entity to operate the Trust under the AMIT Regime. Details of these proposed amendments are summarised in the table below.

A copy of the Constitution including the proposed changes is available on request from the Responsible Entity and on the Fund's website at <https://www.principalglobal.com/au/fund/principal-global-credit-opportunities-fund/overview>.

If the changes to the Constitution proceed, they will operate from the time the Responsible Entity makes the election to opt into the AMIT Regime.

How to contact us if you wish to respond to this notice

Pursuant to the terms of ASIC Instrument 2016/489, the Responsible Entity will proceed to amend the Constitution as proposed on or after the day which is **7 days from the date of this notice**, unless it receives requests to call and arrange a meeting of members of the Trust to consider and vote on a special resolution to modify the Constitution as proposed, from members with at least 5% of the votes that may be cast on the resolution.

You are not required to respond to this notice, but if you wish to request a meeting of members to vote on the amendments, this request must be made in writing, and may be sent to forster.grant@principal.com by 29 June 2017.

If you would like further information in relation to this notice please contact Grant Forster.

Constitution clause	Description of the amendment
Clause 11.4	<p>Standing principles</p> <p>A new clause 11.4 has been inserted which provides for the Responsible Entity to establish principles to determine the manner in which trust components are allocated to members.</p>
Clause 11.5	<p>Accumulation</p> <p>A new clause 11.5 allows the Responsible Entity to accumulate or carry forward amounts that may otherwise have had to be distributed annually.</p>
Clause 11.17	<p>Liability</p> <p>A new clause 11.17 is added, which states that the Responsible Entity does not incur any liability as a result of an exercise of any power or discretion in relation to distributions under the AMIT Regime.</p>

Constitution clause	Description of the amendment
Clause 11	<p>AMIT Regime</p> <p>Several new clauses have been inserted which contains the provisions for the operation of the Trust as an AMIT under the AMIT Regime, including to:</p> <ul style="list-style-type: none"> • provide for the Responsible Entity to elect into the AMIT regime (<i>clause 11.14</i>); • facilitate the exercise of Responsible Entity’s powers in relation to “unders and overs” of the Trust, in the manner permitted by the AMIT Regime (<i>clause 11.16</i>); • provide for the attribution of taxable income in a manner consistent with the requirements of the <i>Income Tax Assessment Act 1997</i> (Cth) (which includes that attribution among members must be worked out on a fair and reasonable basis) (<i>clause 11.13 and 11.14</i>); • provide machinery in relation to the exercise of the rights afforded to members under the AMIT regime to object to the attribution. It also requires members to indemnify the Responsible Entity against costs and liabilities incurred in that process and to acknowledge that their rights may be impacted by the exercise of other members’ objection rights (<i>clause 11.15</i>); • provide for each member to indemnify the Responsible Entity in relation to any tax and any other costs, expenses or liabilities incurred as a result of being liable to such tax, that may become payable by the Responsible Entity under the AMIT Regime, which the Responsible Entity determines is properly referable to the member or units held by the member (<i>clause 20.4</i>); and • provide for the Responsible Entity to determine that the Withdrawal Price of Units may include a distribution of the income of the Trust (<i>clause 7.5</i>).
Incidental changes	<p>Additional incidental changes have been made to the Constitution to facilitate the proposed amendments, for example, to include specific definitions referable to the AMIT Regime in clause 27 (“<i>Definitions</i>”) of the Constitution.</p>
Other changes not adverse to members’ rights	<p>Amendments are also proposed to the Constitution in relation to the creation of new classes of units in the Trust, and matters relating to the administration of the classes. As these changes do not affect any members who hold units only in the existing class, they are made under section 601GC(1)(b) of the Corporations Act on the basis that they do not adversely affect members’ rights (<i>clauses 4.4 to 4.7</i>).</p>