

Global Property Securities Fund - D2 Class Inc Units (USD)

31 May 2021

Investment advisor

Principal Global Investors, LLC

Sub investment advisor

The real estate capabilities of Principal Real Estate Investors, LLC span the spectrum of public and private equity and debt investment alternatives.

Principal Global Investors, LLC has been appointed as Investment Advisor to the Fund and has appointed Principal Real Estate Investors, LLC, Principal Global Investors (Europe) Ltd, Principal Global Investors (Australia) Ltd and Principal Global Investors (Singapore) Ltd as the Sub-Investment Advisors.

Fund managers

Kelly D. Rush, CFA

37 Yrs Industry Exp

Anthony Kenkel, CFA, FRM

24 Yrs Industry Exp

Simon Hedger

43 Yrs Industry Exp

Investment objective

The objective of the Fund is to seek to provide a total return primarily through investment in a portfolio of global property securities.

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FTSE EPRA NAREIT Developed NTR

Index**

Fund facts

| | |
|--------------------|------------------------------|
| Fund size | \$692.9m |
| Launch date | 09 Dec 2019 |
| Fund base currency | USD |
| Min investment | US\$1,000 |
| Fund domicile | Ireland |
| UCITS qualifying | Yes |
| Pricing | Daily |
| Dealing cut off | 10am Dublin 5pm Hong Kong |

Income Distribution

| | |
|--------------------------------|----------------------------|
| Income Distribution | Income |
| Fee structure | D2 Class |
| Preliminary charge | max 5% |
| Management fee | 0.80% pa |
| Admin charge | 0.15% pa |
| Marketing and distribution fee | 0.75% pa |
| Trustee fee | Not more than 0.022% pa |

Investor minimum

Please contact Principal Global Investors

Fund grading

Kelly Rush and Anthony Kenkel A rated - Citywire Fund Manager Ratings



Important note

- The Fund shall invest no less than 80% of the assets of the Fund in real estate investment trusts ("REITs") and common equity securities issued by non-REIT real estate companies in the United States and REITs, common equity securities issued by non-REIT real estate companies and similar structures in other areas of the world.
- Risks associated with investing in the securities of companies in the real estate industry include the following: declines in the value of real estate, risks related to general and local economic, political and market conditions, overbidding and increased competition, increases in property taxes and operating expenses, changes in zoning laws, casualty or condemnation losses, defaults on mortgage payments, variations in rental income, changes in neighbourhood values, vacancy rates, the appeal of properties to tenants and increases in interest rates.
- Investment involves risk. There is no assurance on investment returns and you may not get back the amount originally invested.
- The investment decision is yours but you should not invest in this Fund unless the intermediary who sells it to you has advised you that it is suitable for you and explained how it is consistent with your investment objectives.
- You should not invest solely in reliance on this marketing material alone. You should read the Summary Prospectus and the relevant Supplement(s) before investing including the Special Investment Considerations and Risks section of the Summary Prospectus.
- In relation to D2 Class Income Units of the Fund, the dividends which may be distributed by such class of units may be paid effectively out of the capital of the Fund (i.e. making the distribution from gross income while charging all or part of the Fund's fees and expenses to capital), resulting in an increase in distributable income for the payment of dividends by the Fund and an immediate reduction of the net asset value per unit of the Fund. Payment of dividends effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Dividend is not guaranteed.

Performance (%)

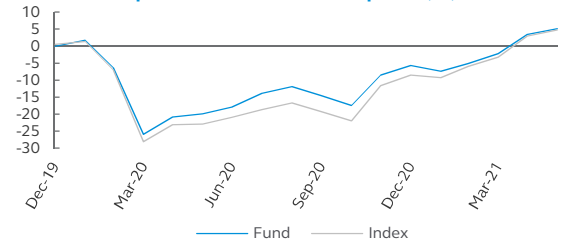
| | 1M | 3M | YTD | 1YR | 3YR | 5YR | SI |
|---------------------|------|-------|-------|-------|-----|-----|------|
| Fund Cumulative Net | 1.57 | 10.74 | 11.40 | 31.21 | - | - | 5.09 |
| Cumulative Index | 1.79 | 11.41 | 14.60 | 35.92 | - | - | 4.78 |
| Fund Annualised Net | 1.57 | 10.74 | 11.40 | 31.21 | - | - | 3.41 |
| Index Annualised | 1.79 | 11.41 | 14.60 | 35.92 | - | - | 3.21 |

Fund performance is calculated on a NAV to NAV basis. Please see performance notes for further details. SI represents Since Inception.

Calendar year performance (%)

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|----------|-------|------|------|------|------|
| Fund Net | -5.66 | - | - | - | - |
| Index | -9.04 | - | - | - | - |

Cumulative performance since inception (%)



Top 10 holdings (%)

| | Fund |
|--------------------------------------|-------------|
| Prologis Incorporated | 5.3 |
| Vonovia SE | 4.0 |
| Welltower, Inc. | 3.5 |
| Invitation Homes, Inc. | 3.3 |
| Avalon Bay Communities, Incorporated | 3.1 |
| SEGRO plc | 2.9 |
| Essex Property Trust, Inc. | 2.7 |
| Sun Communities, Inc. | 2.3 |
| Mitsubishi Estate Company, Limited | 2.2 |
| American Homes 4 Rent | 2.2 |
| Total | 31.5 |
| No. of holdings | 92 |

Sector allocation (%)

| | Fund | Difference |
|---------------------|------|------------|
| Office & Industrial | 26.5 | 2.9 |
| Residential | 24.5 | 6.0 |
| Diversified | 18.9 | -2.0 |
| Healthcare | 6.2 | -1.1 |
| Technology Space | 5.2 | 1.9 |
| Net Lease | 5.0 | -2.1 |
| Retail | 4.7 | -6.7 |
| Self-Storage | 4.5 | -0.5 |
| Lodging | 2.1 | -0.6 |
| Other | 1.4 | 1.0 |
| Cash | 1.1 | 1.1 |

Top 5 stock overweights/underweights (%)

| | Difference |
|----------------------------|------------|
| Overweight | |
| Invitation Homes, Inc. | 2.1 |
| Vonovia SE | 2.0 |
| SEGRO plc | 1.9 |
| American Tower Corporation | 1.7 |
| Welltower, Inc. | 1.7 |
| Underweight | |
| Deutsche Wohnen SE | -1.2 |
| Realty Income Corporation | -1.4 |
| Simon Property Group, Inc. | -2.0 |
| Digital Realty Trust, Inc. | -2.4 |
| Public Storage | -2.4 |

Geographic allocation (%)

| | Fund | Difference |
|---------------------------|------|------------|
| United States | 53.5 | -1.8 |
| Continental Europe / Emea | 11.3 | -2.5 |
| Japan | 9.8 | -1.2 |
| United Kingdom | 6.4 | 1.5 |
| Hong Kong | 5.4 | -0.2 |
| Australia / New Zealand | 4.6 | 1.0 |
| Canada | 4.1 | 1.2 |
| Singapore | 2.2 | -0.8 |
| Emerging Asia | 1.3 | 1.3 |
| Mexico | 0.3 | 0.3 |
| Cash | 1.1 | 1.1 |

Fund codes

| | |
|-----------|--------------|
| Bloomberg | PRGPSDU ID |
| ISIN | IE00BYM2LR54 |
| Lipper | 68364917 |
| SEDOL | BYM2LR5 |
| CUSIP | G72451365 |
| Valoren | 30695779 |
| WKN | A2PWXG |

Registration*

Austria, Belgium, Denmark, Finland, France, Germany, Guernsey, Hong Kong SAR, Ireland, Italy, Jersey, Luxembourg, Macau, Netherlands, Norway, Singapore, Spain, Sweden, Switzerland and UK

Fund management commentary**Market Review**

After a weak start from concerns that higher than expected inflation data would bring forward the timeline for a Fed taper, global equities recovered ending the month with modest gains (FTSE EPRA NAREIT Developed NTR, +1.8%). This came despite the emergence of mutant strain COVID-19 outbreaks in many countries, particularly in Asia. Property stocks marginally outperformed equities (MSCI World index, +1.6%) and global bonds (Barclays Global Aggregate, +0.7%). Europe was the best performing region. APAC returns trailed behind as reopening momentum in Asia took a step-back with mutant strain virus outbreaks in the heretofore poster-child regions for COVID-19 control. The Americas region lagged marginally.

Fund Review

The main detractor was positioning within German residential. Overweight to a Chinese data center company detracted as it continued to sell off on market uncertainty surrounding growing calls for regulation of tech companies in China. Selection within Hong Kong developers detracted.

The portfolio benefitted from exposure to the U.K. self-storage sector as stocks performed well. Overweight to higher beta Spain and France also contributed due to the regions' exposure to reopening plays such as office and retail. Stock selection within U.S. data centers and hotel sectors contributed. Selection amongst U.S. net lease REITs was additive.

Market Outlook

We are cautiously optimistic going forward but will continue to evaluate relative valuations as we expect that uncertainty and policy-induced volatility is likely here to stay. Rather than attempting to forecast sentiment shifts, our investment decisions are guided by fundamental valuation levels and we will continue to search for opportunities using our bottom-up, stock selection focused approach. While we acknowledge it is possible value stocks could continue to rally and further narrow the value/growth valuation gap, we do not believe a further narrowing is warranted nor sustainable. We believe stocks with superior earnings prospects and favorable structural demand drivers are best positioned, based on current valuation levels, to outperform in the intermediate to longer-term future. We have selectively added to cyclical themes on weakness, particularly where we feel consensus has been too bearish and there is scope for earning upgrades, given some of the more near-term cyclically supportive factors.

Performance note

From December 2018, the performance data shown is based upon the Fund's official Net Asset Value (NAV) prices. The performance data shown is net of fees and other charges but excludes any potential entry/exit charges- as such the return an investor receives may be lower. Prior to 31st December 2018, the data performance calculations reflect the month-end market close prices of the Fund's assets. After 1 January 2019, the performance data shown is based upon the Fund's Net Asset Value (NAV) prices of the last Irish business day of the month. For Funds not open for dealing on this day this will be an indicative NAV. As a result, it is possible that the stated performance and the actual investment returns available to investors will differ. The performance information reflects performance of the D2 Class income units. Periods over one year are annualised. Investors should obtain their own independent tax advice. **Outperforming the FTSE EPRA NAREIT Developed NTR Index is not specifically included in the objective for the Fund, and the figures shown in the table are provided as a comparison only. Past performance is no guarantee of future results. All figures shown in this document are in U.S dollars unless otherwise noted. Source & Copyright: CITYWIRE. Portfolio managers are A rated by Citywire for 3 year risk-adjusted performance for the period 30 April 2018 - 30 April 2021. Citywire's exclusive methodology ranks fund managers based on their individual track records across all funds they manage globally.

Disclosure

*Where applicable: In Singapore, the Fund is registered as a Restricted Scheme and in Italy for Qualified Investors only.

Divergences between the returns of unit classes denominated in the base currency of the fund and hedged unit classes may arise among other things due to interest rate differentials between the base currency of the fund and the hedged unit class currency.

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This document has not been reviewed by the Securities and Futures Commission.

Unless specified in this document, the strategy does not:

(i) promote environmental or social characteristics in a way that meets the specific criteria contained in Article 8 of the Sustainable Finance Disclosure Regulation (EU) No. 2019/2088 ("SFDR"); nor (ii) have sustainable investment as its objective in a way that meets the specific criteria contained in Article 9 of SFDR.

Notwithstanding this, the strategy/product is managed in line with the Principal Global Investors responsible investment policy, incorporating its Sustainability Risk and Principle Adverse Impacts policies. These policies can be found at <https://www.principalglobal.com/about-us>.

Contact us

For more information on the fund, please contact:

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