

Global Property Securities Fund - Singapore Dollar Hedged A2 Class Income

30 June 2022

Investment advisor

Principal Global Investors, LLC ("PGI")

Sub investment advisor

PGI has appointed Principal Real Estate Investors, LLC ("PrinRE"), Principal Global Investors (Europe) Ltd ("PGIE"), Principal Global Investors (Australia) Ltd ("PGIA") and Principal Global Investor (Singapore) Limited ("PGIS") as the Sub-Investment Advisors. PrinRE is a specialized investment management group of Principal Global Investors which is located across various investments locations. The real estate capabilities of PrinRE span the spectrum of public and private equity and debt investment alternatives.

Fund managers**Kelly D. Rush, CFA**

38 Yrs Industry Exp

Anthony Kenkel, CFA, FRM

25 Yrs Industry Exp

Simon Hedger

44 Yrs Industry Exp

Investment objective

To provide a return primarily from a global portfolio of public securities of companies engaged in the property industry or whose value is largely derived from property assets. This may include REITs, Non-REIT real estate companies and similar structures or equity and debt securities of companies with at least 50% of their assets, income or profits derived from property related products or services at the time of investment.

Index

FTSE EPRA NAREIT Developed NTR

Fund facts

Fund size	SGD 880.4m
Base currency	USD
Fund domicile	Ireland
UCITS qualifying	Yes
Pricing	Daily
Dealing	10am Dublin

Unit class facts

Launch date	27 Aug 2021
Currency	SGD
Hedging	Class/Portfolio
Minimum investment	US\$2,000,000
Management fee(s)	0.80% pa
Income distribution	Income
Distribution frequency:	Quarterly
	September

Fund grading

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



The shareclass launched less than 12 months ago, as such, there is currently insufficient past performance data to be displayed.

Fund analysis

	Fund	Index
Active Share	58.1	-
Price/Cash Flow	19.6	19.0
Debt to Equity	104.8	107.0
Div Yield Wtd Avg	3.4	4.0
Mkt Cap Wtd Avg USDm	19,358.8	20,033.0

Any yields quoted on the fact sheet are calculated at portfolio level gross of tax and expenses.

Top 10 holdings (%)

	Fund
Prologis Incorporated	4.1
AvalonBay Communities, Inc.	3.5
Extra Space Storage Inc.	3.2
Ventas, Inc.	3.1
Invitation Homes, Inc.	3.0
VICI Properties Inc	2.9
Essex Property Trust, Inc.	2.8
Sun Communities, Inc.	2.7
Rexford Industrial Realty, Inc.	2.6
Equinix, Inc.	2.6
Total	30.4

No. of holdings

84

Sector allocation (%)

	Fund	Difference
Office & Industrial	23.3	1.8
Residential	22.3	4.7
Diversified	17.7	0.5
Healthcare	10.2	0.9
Self-Storage	6.8	0.6
Net Lease	6.3	-2.6
Technology Space	5.7	-0.3
Retail	4.6	-5.9
Lodging	2.3	-0.1
Other	0.0	-0.4
Cash	0.7	0.7

Top 5 stock overweights/underweights (%)

	Difference
Overweight	
American Tower Corporation	2.1
Rexford Industrial Realty, Inc.	2.0
Extra Space Storage Inc.	1.8
AvalonBay Communities, Inc.	1.8
Ventas, Inc.	1.8
Underweight	
Duke Realty Corporation	-1.3
Simon Property Group, Inc.	-1.5
Digital Realty Trust, Inc.	-2.2
Realty Income Corporation	-2.5
Public Storage	-3.0

Geographic allocation (%)

	Fund	Difference
United States	59.9	-2.0
Japan	9.2	-0.8
Continental Europe / Emea	8.2	-0.3
United Kingdom	5.0	0.5
Australia / New Zealand	4.8	0.9
Hong Kong	4.7	-0.1
Canada	4.1	1.2
Singapore	3.0	-0.6
Mexico	0.5	0.5
Other	0.0	-0.1
Cash	0.7	0.7

Fund codes

ISIN IE00075HMF03

Registration

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

Not all unit classes are registered in the listed countries, please contact your sales representative for more details. In Italy, the Fund is registered for Qualified Investors only and in Singapore, the Fund is registered as a Restricted Scheme for institutional investors and relevant persons defined in the SFA.

Fund management commentary**Market Review**

Inflation concerns continued to drive significant market volatility. U.S. May headline inflation accelerated to 8.6%, triggering a more aggressive reactionary rate hike of 75 bps from the Fed. Risk assets experienced a sharp selloff globally as markets fretted that the concerted rate hikes by global central banks would tip economies into a recession sooner rather than later. Global REITS (FTSE EPRA/NAREIT Developed NTR) tracked global equities (MSCI World), both losing roughly 8.6% and underperforming global bonds, which were off 3.2%. There was significant intra-month volatility in U.S. 10-year Treasury yields, which spiked to as high as 3.5% mid-month before falling back to end the month at 3.0% as narrative shifted to one of peak inflation and a forthcoming demand slowdown. APAC held up the best. The Americas trailed behind. Europe was the weakest region.

Fund Review

Stock selection and allocation decisions contributed, though currency effects pulled down relative returns. Though most sectors were pressured, growth sectors generally held up better. Overweights to these sectors with defensive attributes and continued strong fundamentals (such as U.S. towers) and underweight to value stocks with greater economic sensitivity (U.S. retail and office) contributed to relative outperformance. Underweight to Sweden, which underperformed, contributed. Cash exposure was a contributor. Stock selection in U.S. industrial detracted due to underweight to a stock whose share price was boosted. Australian exposure that underperformed due to rising bond yields was detractive. Overweight to Spanish office was another drag on relative performance.

Market Outlook

Our portfolio construction process remains focused on bottom-up stock selection. We are mindful of potential swings in sentiment that can drive style shifts causing performance leadership to flip between different groups of stocks. While we have historically favored structural growth stocks given strong bottom-up fundamentals, in the past year, we have been opportunistically reorienting toward value and cyclical. Although global growth forecasts have been falling, current IMF forecasts are still robust for 2022 and 2023. We continue to maintain a core of structural growth stocks, which we believe have pricing power and should be well positioned to weather any growth slowdown.

Risk warnings

- Equity markets are subject to many factors, including economic conditions, government regulations, market sentiment, local and international political events, and environmental and technological issues that may impact return and volatility. There is a risk that an investment will decline in value.
- There are specific risks associated with investing in the securities of companies in the real estate industry such as declines in the value of real estate, risks related to general and local economic conditions, increases in property taxes and operating expenses, variations in rental income, the appeal of properties to tenants and increases in interest rates etc.
- The ability to trade REITS in the secondary market can be more limited than other stocks.
- The Fund's investments may be in currencies other than US Dollars. The value of an investment may fluctuate due to changes in exchange rates between currencies or the possible imposition of exchange control regulations.
- Currency hedging may reduce but will not remove risk. Hedging will incur more transaction costs and fees, which will affect overall return.

Performance note

*Index disclosure: The Fund is actively managed and aims to outperform the FTSE EPRA NAREIT Developed NTR (the "Index"). The portfolio manager may reference the Index as part of the investment management process, and it is also considered as part of the investment risk monitoring process. However, the portfolio manager maintains full discretion to select investments for the Fund in line with the above investment policy.

This document presents the performance of this particular unit class of the Fund from the date of inception of the unit class in its unit class currency, as specified on the front page. Performance since inception date of the Fund, which precedes the inception date of the unit class, is available upon request. 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. For income unit classes, returns are measured on a total return basis i.e. net investment income plus capital gain or loss from investment. The performance data shown is net of fees and other charges but excludes any potential entry/exit charges – as such the returns an investor receives may be lower.

Disclosure

Principal Global Investors ("PGI") is the asset management arm of the Principal Financial Group, and includes (amongst other entities): Principal Global Investors LLC ("PGI LLC"), Principal Global Investors (Europe) Limited ("PGIE") and any Sub-Advisers to the Fund. PGIE has been appointed as Distributor for the Fund and has identified that the Fund is compatible with the needs, characteristics and objectives of both institutional and retail investors. Please note however that PGI does not distribute directly to retail investors who should seek independent investment advice before deciding whether the fund in question is suitable to meet their investment needs and objectives. Full details of the risks associated with investing in the Fund are detailed in the Fund Prospectus, Supplement and Key Investor Information Document ("KIID"). All fees and charges related to the Fund may not be contained within this document. Information regarding the costs and charges associated with the Fund is provided in the MiFID II ex-ante disclosure. 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. Any person selling or advising you about the Fund may charge you additional costs and you should request information about those costs and charges from that person.

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. Commentary is based on current market conditions, there is no assurance that such events or projections will occur and actual conditions may be significantly different. Expressions of opinion and predictions within this document are accurate as of the date of issuance and subject to change without notice. Reference to a specific investment or security does not constitute a recommendation to buy, sell or hold such investment or security, and is provided for illustrative purposes. Percentages do not always add up to 100% due to rounding.

The Fund may offer different unit classes which may be subject to different fees and expenses (which could affect performance) and may not be available to all investors. Where the Fund offers hedged unit classes, returns of such unit classes may diverge from that of unit classes denominated in the base currency of the Fund and the hedged unit class currency.

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Disclosure for Singapore: The Fund is a restricted scheme in Singapore, it is not authorised or recognised by the MAS and the units in the Fund are not allowed to be offered to the retail public. The Fund is available only to: 1) Institutional Investors under Section 304 of the Securities and Futures Act ("SFA"); and 2) persons within the meaning of "relevant persons" defined in Section 305 of the SFA and in accordance with the conditions of, any other applicable provisions of the SFA. Mandatory Disclosure for the DIFC: 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. The document is intended for sophisticated institutional and professional investors only in the DIFC and is delivered in on an individual basis to the recipient only and should not be passed on or otherwise distributed to any other person or organization. Disclosure for Switzerland: This document is marketing material and is issued in Switzerland by Principal Global Investors (Switzerland) GmbH. Where the Fund is registered in Switzerland, the name of the Swiss representative is ACOLIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich. 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.

Important information

The Investment Objective as stated in this document is a summary, please refer to the supplement for full details of the Investment Objective and Policy of the Fund.

Source & Copyright: CITYWIRE. Portfolio managers are + rated by Citywire for 3 year risk-adjusted performance for the period 31 May 2019 - 31 May 2022. Citywire's exclusive methodology ranks fund managers based on their individual track records across all funds they manage globally.

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