

# Preferred Securities Fund - F Class Income Units

31 March 2023

## Investment advisor

Principal Global Investors, LLC ("PGI")

## Sub investment advisor

Spectrum Asset Management, Inc.

("Spectrum")

Spectrum specialises in the management of preferred securities.

## Fund managers

**Mark A. Lieb**

46 Yrs Industry Exp

**L. Phillip Jacoby, IV**

41 Yrs Industry Exp

**Manu Krishnan, CFA**

19 Yrs Industry Exp

**Bob Giangregorio**

20 Yrs Industry Exp

**Fred Diaz**

31 Yrs Industry Exp

**Kevin Nugent**

39 Yrs Industry Exp

**Satomi Yarnell**

13 Yrs Industry Exp

## Investment objective

The Fund seeks to provide an income return consistent with capital preservation. The Fund seeks to achieve its objective by investing primarily in a portfolio of U.S. dollar denominated preferred securities and debt securities. At the time of the Fund's investment the majority of these securities will be rated as investment grade. Any exposure to currencies other than US dollar will be hedged back to US dollars.

## Index

BBG GLOBAL AGG CORP USD TR

## Fund facts

|                     |                                     |
|---------------------|-------------------------------------|
| Fund size           | \$3,952.5m                          |
| Base currency       | USD                                 |
| Fund domicile       | Ireland                             |
| UCITS qualifying    | Yes                                 |
| Pricing             | Daily                               |
| Dealing             | 10am Dublin<br>5pm Hong Kong<br>SAR |
| SFDR Categorisation | Article 8                           |

## Unit class facts

|                         |             |
|-------------------------|-------------|
| Launch date             | 28 Feb 2007 |
| Currency                | USD         |
| Hedging                 | Portfolio   |
| Minimum investment      | US\$1,000   |
| Management fee(s)       | 0.60% pa    |
| Income distribution     | Income      |
| Distribution frequency: |             |

## Fund grading

Mark A. Lieb A rated - Citywire Fund Manager Ratings



## Performance (%)

|                     | 1M    | 3M    | YTD   | 1YR   | 3YR   | 5YR  | 10YR  |
|---------------------|-------|-------|-------|-------|-------|------|-------|
| Fund Cumulative Net | -3.36 | -0.74 | -0.74 | -7.09 | 6.46  | 1.69 | 25.02 |
| Index Cumulative    | 2.57  | 3.40  | 3.40  | -5.15 | -1.19 | 8.56 | 26.17 |
| Fund Annualised Net | -3.36 | -0.74 | -0.74 | -7.09 | 2.11  | 0.34 | 2.26  |
| Index Annualised    | 2.57  | 3.40  | 3.40  | -5.15 | -0.40 | 1.65 | 2.35  |

## 12-month rolling return (%)

| Apr 18 - Mar 19 | Apr 19 - Mar 20 | Apr 20 - Mar 21 | Apr 21 - Mar 22 | Apr 22 - Mar 23 |
|-----------------|-----------------|-----------------|-----------------|-----------------|
| 1.03            | -5.45           | 18.61           | -3.40           | -7.09           |

## Risk analysis

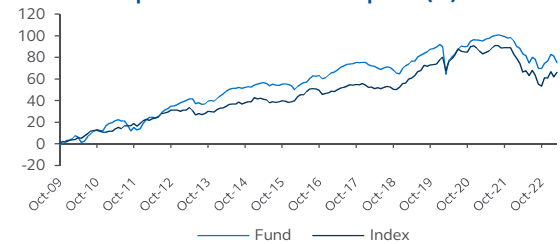
|                    | 3YR | 5YR  |
|--------------------|-----|------|
| Information Ratio  | 0.5 | -0.2 |
| Alpha              | 2.1 | -1.3 |
| Tracking Error     | 5.4 | 5.6  |
| Standard Deviation | 7.8 | 8.9  |
| Beta               | 0.7 | 0.9  |

Past performance is not a reliable indicator of future performance.

Source: Fund Administrator: BNY Mellon Fund Services (Ireland) DAC since February 2011, performance data prior to this date is sourced from PGI and/or its affiliates; and the Index.

Data: From December 2018, 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. 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 December 2018, the performance data shown is based upon the Fund's month-end market close prices. (See performance note for further details.)

## Cumulative performance since inception (%)



## Fund analysis

|                        | Fund | Index |
|------------------------|------|-------|
| Average Credit Quality | Baa2 | A3    |
| Current Yield          | 6.5  | 4.1   |
| Yield to Worst         | 7.3  | 5.3   |
| Yield to Maturity      | 7.5  | 5.3   |
| Modified Duration      | 3.7  | 6.8   |

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

- Current Yield is the annual interest earned on the underlying bonds divided by the market price of the underlying portfolio of bonds. The figure is not the dividend yield received by the investors and is subject to change depending on the underlying portfolio of bonds.
- Yield to Worst is the lowest potential yield that can be received on a bond without the issuer actually defaulting. The yield to worst is calculated by making the worst-case scenario assumptions on the issue.
- Yield to Maturity is a concept used to determine the rate of return an investor will receive if a long-term, interest-bearing investment, such as a bond, is held to its maturity date. Please note that this is not the return or dividend to be received by investors in the fund.

## Top 10 holdings (%)

|  | Fund        |
|--|-------------|
| Zurich Finance Ireland 3 1/31-51 REG S   | 2.5         |
| Bank Of Nova Scotia 4.9 6/25 perp        | 2.1         |
| HSBC Capital Funding 10.176 6/30/30 RegS | 2.1         |
| Enterprise Products Oper 5.25 8/27-77    | 2.0         |
| Enbridge Inc 6 1/27-77                   | 1.8         |
| Toronto Dominion Bank 8.125 10/27-82     | 1.7         |
| Munich Re 5.875 11/31-42 REG S           | 1.7         |
| MetLife Inc. 10.75 8/1/39                | 1.6         |
| Nippon Life Insurance 2.75 1/31-51 Reg S | 1.6         |
| Demeter Swiss Re 5.625 8/27-52 Reg S     | 1.6         |
| <b>Total</b>                             | <b>18.5</b> |

No. of holdings

233

## Credit quality (%)

|              | Fund |
|--------------|------|
| AA or AAA    | 0.3  |
| A            | 18.3 |
| BBB          | 64.5 |
| BB and Lower | 16.9 |

Credit Quality refers to the credit ratings for the underlying securities in the Fund as rated by Standard & Poor's or Moody's Investors Service, and typically range from AAA/Aaa (highest) to C/D (lowest). If Moody's and S&P assign different ratings, the higher rating is used. Ratings methodologies and individual ratings can change over time.

## Geographic allocation (%)

|               | Fund |
|---------------|------|
| United States | 33.4 |
| Great Britain | 11.8 |
| Switzerland   | 10.6 |
| Canada        | 9.0  |
| France        | 8.8  |
| Japan         | 7.1  |
| Italy         | 3.3  |
| Netherlands   | 3.0  |
| Australia     | 2.8  |
| Finland       | 2.6  |
| Spain         | 2.4  |
| Germany       | 1.7  |
| Denmark       | 1.6  |
| Other         | 1.7  |
| Cash          | 0.3  |

## Industry allocation (%)

|                    | Fund |
|--------------------|------|
| Banks              | 50.0 |
| Insurance          | 29.8 |
| Utilities          | 7.0  |
| Energy             | 7.0  |
| Industrials        | 1.9  |
| Telecommunications | 1.6  |
| Financials         | 1.3  |
| REITs              | 1.1  |
| Other              | 0.0  |
| Cash               | 0.3  |

Source: Principal Global Investors and/or its affiliates and the Index. Characteristics sources: Bloomberg, Moody's, S&P, Fitch, and Spectrum Asset Management.

Data: This data/analysis is not sourced from the Fund's official record. It is based upon data from the internal systems of Principal Global Investors and/or its affiliates. Performance shown in this section is gross which does not take into account any fees or other charges which, if taken into account, would reduce the figures shown.

Fund codes

|           |              |
|-----------|--------------|
| Bloomberg | PGIPSF1 ID   |
| ISIN      | IE00B44XF072 |
| Lipper    | 68027488     |
| SEDOL     | B44XF07      |
| CUSIP     | G7244T183    |
| Valoren   | 10662082     |
| WKN       | A1JBGS       |

Registration

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

Contact us

For more information on the fund, please contact:

Europe: Principal Global Investors (EU) Limited

+49 69 5060 6787  
Hoerich.Gottfried@principal.com  
Edwinson.Petter@principal.com

Principal Global Investors, LLC (Dubai)  
+97 143 46 4555  
Dungarpurwala.Tasneem@principal.com

Principal Global Investors (Singapore) Limited  
+65 6307 7807  
Singh.Suresh@principal.com

Principal Global Investors (Switzerland) GmbH  
+41 44 286 1000  
Bloch.Martin@principal.com  
Zwicker.Isabel@principal.com

United Kingdom: Principal Global Investors (Europe) Limited  
+44 (0) 207 710 0220  
Investors-Europe@principal.com  
Glendon.Alan@principal.com

Website

<https://www.principalam.com>

Risk warnings

- The market value of debt securities is affected by changes in prevailing interest rates and the Fund may be exposed to credit risk by investing in debt securities.
- Default risk and liquidity risk associated with investment in below investment grade securities.
- Contingent Convertible Securities risk is due by the substantially greater risk that these instruments may have compared to other forms of securities in times of credit stress and may result in a material loss to the Fund.
- This shareclass is unhedged. Unhedged shareclasses are exposed to greater risk and volatility. Please note the fund does have hedged shareclasses available.

Performance note

\*Index disclosure: The Fund is actively managed and aims to outperform the BBG GLOBAL AGG CORP USD TR (the "Index"). However, the Index composition is not factored into the investment management process and 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 investing.

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

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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 PrincipalAM.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.

The figures published are for information purposes only and provide details of the performance of a comparable index. The method of calculating performance may differ between the Fund and it's index. Further, it is not possible to invest in an index.

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The following indices were used for the Fund between the dates specified: Inception to 30 September 2008, Lehman Aggregate Index or BofA Merrill Lynch Preferred Stock Index; 1 October 2008 to 31 March 2011, 65% BofA Merrill Lynch Fixed Rate Preferred Securities Index and 35% Barclays Capital CapSec Tier 1 Index; 1 April 2011 to 28 February 2014, 50% BofA Merrill Lynch Fixed Rate Preferred Securities Index and 50% Barclays Capital CapSec Tier 1 Index; and 28 February 2014 to 30 July 2018, 50% BofA Merrill Lynch Fixed Rate Preferred Securities and 50% BofA Merrill Lynch US Capital Securities Index. On 30 July 2018, the index for the Fund changed to the current Index and on that date the index returns presented in this factsheet from inception of the Fund were amended to solely show those of the current index. Index returns for the other indices will be provided upon request.

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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.

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