

30 June 2017

Finisterre EM Debt Fund - I Acc USD

Investment Manager

Finisterre Capital[^] specialises in the management of emerging markets fixed income total return investment strategies. Finisterre manages emerging markets funds in a variety of asset classes, including sovereign debt, local currency debt, corporate credit and foreign exchange.

[^]Principal Global Investors, LLC has been appointed as Investment Advisor to the Fund, and has appointed Finisterre Malta Limited and Finisterre Capital LLP as the Sub-Investment Advisors.

Fund Managers

Bertrand Lavigne

BA Engineering, ENSIMAG
21 Yrs Industry Exp

Edward Lynch

MSC, University College Dublin
17 Yrs Industry Exp

Investment Objective

The investment objective of the Fund is to generate medium to long term positive total returns from a combination of current income and capital appreciation by investing in global emerging market securities. The Fund invests primarily in sovereign and corporate credits, local fixed income instruments, currencies and other debt securities. The Fund will take long and short positions and use financial derivative instruments.

Fund Facts

Fund Size	\$368.8m
Launch Date	04 Oct 2013
Base Currency	USD
Min Investment	US\$2,000,000
Management Fee	1.50% pa
Performance Fee	15%
Fund Domicile	Ireland
UCITS Qualifying	Yes
Pricing	Daily
Dealing	Thursday: 10am
Income Distribution	Dublin
	Accumulated

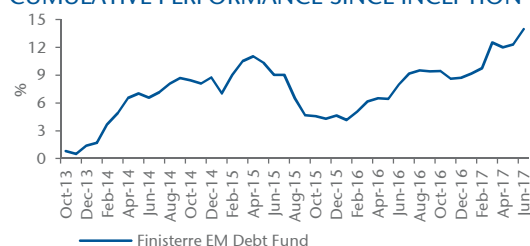
HISTORICAL MONTHLY NET PERFORMANCE %

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	SI [†]	ITD ^{††}
2013	-	-	-	-	-	-	-	-	-	-	-0.34	0.90	-	-	-
2014	0.30	1.96	1.19	1.54	0.45	-0.42	0.56	0.82	0.60	-0.24	-0.30	0.60	7.26	-	-
2015	-1.59	1.87	1.37	0.44	-0.61	-1.17	-0.01	-2.33	-1.69	-0.11	-0.26	0.33	-3.78	-	-
2016	-0.46	0.86	1.03	0.33	-0.04	1.46	1.09	0.29	-0.09	0.06	-0.77	0.12	3.90	-	-
2017	0.39	0.54	2.54	-0.47	0.29	1.47	-	-	-	-	-	-	4.82	13.98	3.56

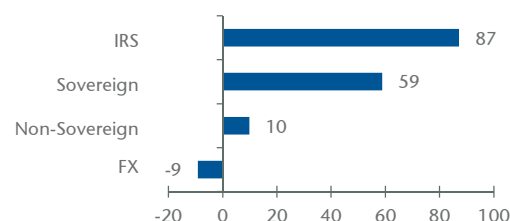
[†]Since Inception Cumulative Return (net). ^{††}Since Inception Annualised Return

Fund performance is calculated on a Nav to Nav basis, including net of trustee and management fees. See performance notes.**

CUMULATIVE PERFORMANCE SINCE INCEPTION %



MONTHLY ATTRIBUTION BY STRATEGY (bps)



MONTHLY (TOP 5 PnL) COUNTRY ATTRIBUTION

Contributors	Strategy	Return Attribution (bps)
Mexico	Sovereign	-3
	Forward	4
	IRS	87
	Non-Sovereign	4
Greece	Sovereign	15
Indonesia	Sovereign	12
	Forward	-1
Turkey	Sovereign	8
	Forward	1
Argentina	Sovereign	5
	Forward	3

Detractors	Strategy	Return Attribution (bps)
Korea	Sovereign	-2
	Forward	1
	IRS	-28
Europe	Forward	3
	IRS	-8
Australia	Sovereign	-4
	Forward	-4
	IRS	3
Germany	Sovereign	6
	Forward	-10
	IRS	3
Hungary	Sovereign	-10
	Forward	-7
	IRS	14

FUND ANALYSIS

EM 10Y Equivalent Exposures

Long Exposure (EM 10Y equiv. as x of NAV)	0.12x
Short Exposure (EM 10Y equiv. as x of NAV)	-0.11x
Net Exposure (EM 10Y equiv. as x of NAV)	0.01x
Gross Exposure (EM 10Y equiv. as x of NAV)	0.23x
VaR (% NAV) [99.99% 5D]	0.71%
VaR (% NAV) [99% 1D]	0.20%
SDV01 (bp NAV)	0.03bps

RISK SUMMARY

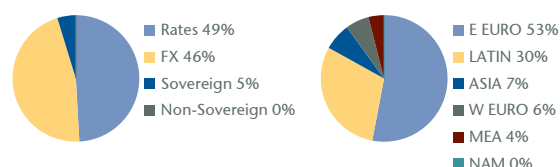
Annualised Vol	3.37%
Sharpe Ratio***	1.02
Spread Duration	0.05yrs
Average Duration	0.05yrs

***Sharpe Ratio vs. 1 Month Treasury Bill.

TOP 10 HOLDINGS % (RATES: EM 10Y Equiv.)

	Fund exposure as % NAV
ISRAEL_LMFI	0.7
AUSTRIA_EDT	0.4
SINGAPORE_FXT	0.4
CZECH	0.2
REPUBLIC_LMFI	
HUNGARY_LMFI	0.1
MEXICO_LMFI	0.1
SOUTH AFRICA_LMFI	0.1
MEXICO_FXT	0.1
SINGAPORE_LMFI	0.1
EUROZONE_FXT	-1.0
Total	1.3

MONTH-END PORTFOLIO RISK BY STRATEGY & REGIONAL EXPOSURE



Top 10 holdings % EM 10Y equivalent exposures is given in terms of NAV% by position – US, UK and German treasuries are excluded. The strategy exposure pie-chart is given in terms of ratios of standalone strategy VaR vs. total standalone strategy VaR and the regional exposure pie-chart is given in terms of ratio of regional EM 10Y equivalent exposure vs. total EM 10Y exposure (US rates hedges excluded).

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Fund Codes

Accumulation Units:

Bloomberg	PGIFEMD ID
ISIN	IE00BBPRC846
Lipper	68232562
SEDOL	BBPRC84
Valoren	22593015

Country Registration

Austria, Belgium, Finland, France, Germany, Guernsey, Ireland, Italy*, Jersey, Luxembourg, Netherlands, Singapore*, Spain, Sweden, Switzerland and UK

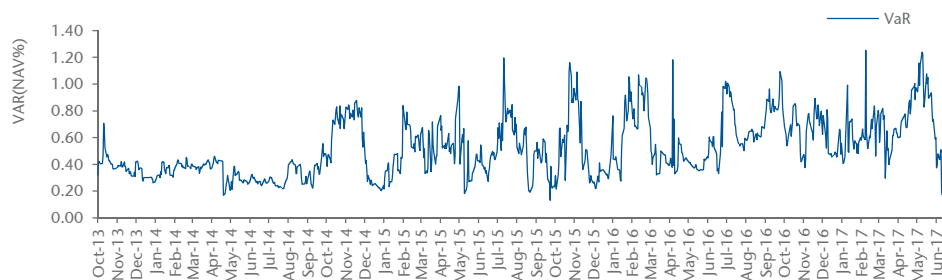
MONTH-END EM 10Y EQUIV. EXPOSURES BY COUNTRY %

Top 5 Longs	Strategy	Net Exposure (% NAV)
ISRAEL	Credit, FX	0.70
SINGAPORE	FX, Rates	0.46
AUSTRIA	Credit	0.44
CZECH REPUBLIC	FX, LM Rates	0.23
MEXICO	Credit, FX, LM Rates	0.18
Top 5 Shorts	Strategy	Net Exposure (% NAV)
EUROZONE	FX, LM Rates	-0.98
POLAND	LM Rates	0.00
TAIWAN	FX, Rates	0.00

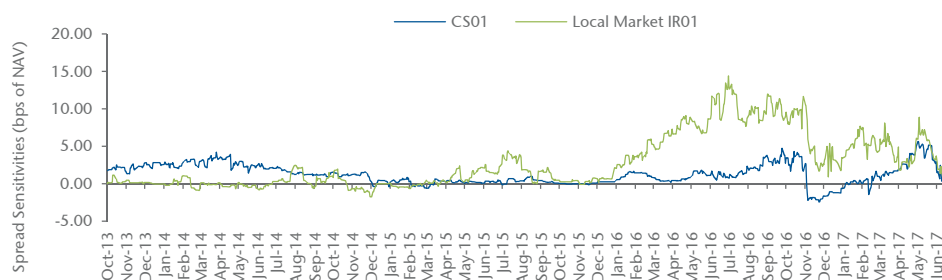
CURRENCY EXPOSURE (MV in NAV %)

	Fund Exposure as % NAV
SGD	0.39
MXN	0.08
ZAR	0.05
GBP	0.05
CNH	0.03
TRY	0.00
PLN	0.00
HUF	0.00
CZK	-0.01
ILS	-0.01
EUR	-0.98
Other	0.00
Total	-0.40

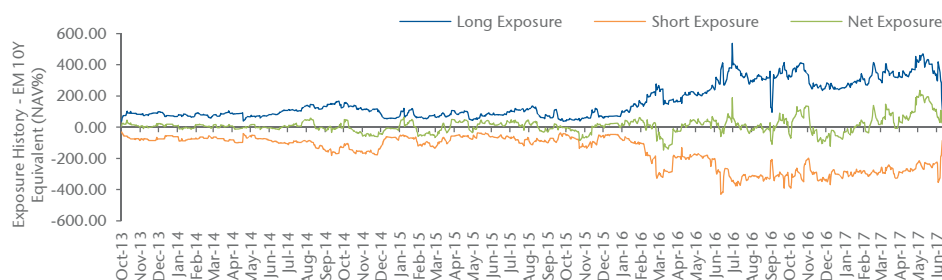
VAR HISTORY (1D 99%) - UCITS DAILY VAR LIMIT = 4.47%



SPREAD SENSITIVITY HISTORY



LONG/SHORT EXPOSURE HISTORY



FUND MANAGEMENT COMMENTARY

Fund Review

Most of the June performance was achieved during the first part of the month. Received positions in Mexico, followed by Indonesian local and external debt and Greek strip bonds were the standout performers. Our Europe short rates position, mainly expressed via bunds, was unwound at the same time we were taking out our long emerging market complex bond positions. Emerging markets has recovered well from the shock of the Brazilian politics affecting president Dilma in May. We took profit in all our long positions before the global rate sell-off on the back of ECB comments toward the end of the month.

Market Outlook

Going forward, we are keeping our book very liquid and invested in a mix of U.S. T-bills and short-term currency hedged emerging market debt in Israel, Czech Republic, and Mexico. Our level of risk is currently low and is expected to remain so for the next two months. We believe it may take a while for the market to learn how to live with less accommodative monetary policies on the back of better fundamentals. Ultimately, emerging markets should not trade as a block but more as single stories with clear differentiation between countries that are disciplined in conducting reforms and invested in long-term growth, versus those using capital inflow to finance deficits and relying on short-term growth. This will be the theme for the coming quarters.

PERFORMANCE NOTE

All figures sourced by Principal Global Investors unless otherwise stated as at June 2017. Performance Source: Performance is calculated on a NAV-to-NAV basis, includes the reinvestment of all investment income, and does not take into account subscription fees and/or tax, but does include trustee and management fees. The NAVs used to in these calculations reflect the month-end market close prices of assets. The actual performance an investor receives reflects the NAVs at which they trade the Fund, which are calculated at the Fund's Valuation Point - as such, the two returns will differ. The performance information reflects performance of the I class accumulation units. All figures are stated in USD unless otherwise noted. Investments do not always add up to 100% due to rounding.

Fund performance data is supplied by the Fund's administrator, BNY Mellon. The Fund's attribution data is supplied by the Investment Manager. Please note that the pricing sources and timing of pricing snaps used in the attribution and final Administrator return calculation may differ.

DISCLOSURE

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

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Past performance is no guide to the future. There is no guarantee that the investment objective of the Fund will be achieved. The NAV is not guaranteed and may fall as well as rise, depending on investment performance, and exchange rate fluctuations – where the Fund invests in non-USD denominated assets, whose value is not hedged to the USD. Before investing, investors should obtain and read a copy of the prospectus and the KIID, which provide full details of the risks of investing in the Fund. These are available at principalglobalfunds.com. Full risks of investing are outlined in the KIID and prospectus.

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