

Real Estate Debt Fund - I Class Income Units

31 October 2019

Investment advisor

Principal Global Investors, LLC ("PGI")

Sub investment advisor

Principal Real Estate Investors, LLC ("PrinRE")

PrinRE is a specialized investment management group of Principal Global Investors which is located in various investments locations worldwide. The real estate capabilities of PrinRE span the spectrum of public and private equity and debt investment alternatives. PrinRE have been managing Commercial Mortgage-Backed Securities (CMBS) portfolios for more than fifteen years, and have built a reputation for delivering the opportunity for consistent yield enhancement, over the long-term, primarily through bottomup security selection.

Fund managers

Marc Peterson, CFA

27 Yrs Industry Exp

Scott M. Carson, CFA

16 Yrs Industry Exp

Jason T. Haigh

20 Yrs Industry Exp

Investment objective

The Fund's primary objective is to seek to provide attractive long-term risk adjusted returns by investing primarily in a diversified portfolio of U.S. commercial mortgage-backed securities (CMBS). While the Fund will primarily invest in CMBS, it may also invest in unsecured bonds issued by companies primarily engaged in a real estate or real estate related business. Securities in the portfolio may be both fixed and floating rate and may or may not be of investment grade or may be unrated. The Fund may use certain financial derivative instruments (FDI) for investment purposes.

Performance comparator

The Fund is managed without reference to a particular benchmark. Figures in relation to the Bloomberg Barclays CMBS Investment Grade Index (the "Index") are provided for comparison only.

Fund facts

Fund size	\$9.5m
Base currency	USD
Fund domicile	Ireland
UCITS qualifying	Yes
Pricing	Daily
Dealing	10am Dublin

Unit class facts

Launch date	21 Mar 2016
Currency	USD
Hedging	N/A
Minimum investment	US\$2,000,000
Management fee(s)	0.55% pa
Income distribution	Income
Distribution frequency:	
Quarterly: March, June, September and December	

Regulatory risk warnings

There is no guarantee that the investment objective of the Fund will be achieved. Derivatives are volatile and carry a high degree of risk, including liquidity risk. Leverage can magnify losses as well as gains. Commercial Mortgage Backed Securities carry greater risk compared to other securities in times of market stress.

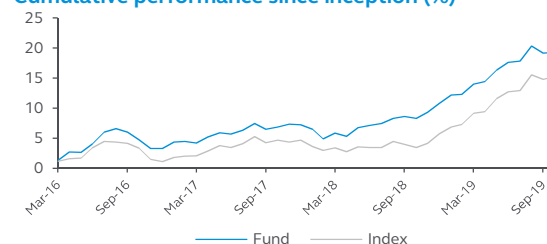
Performance (%)

	1M	3M	YTD	1YR	3YR	5YR	SI
Fund Cumulative Net	0.11	1.23	7.66	10.12	13.79	-	19.27
Index Cumulative	0.33	2.02	8.96	11.34	11.49	-	15.20
Fund Annualised Net	0.11	1.23	7.66	10.12	4.40	-	5.00
Index Annualised	0.33	2.02	8.96	11.34	3.69	-	3.99

12-month rolling return (%)

Nov 14 - Oct 15	Nov 15 - Oct 16	Nov 16 - Oct 17	Nov 17 - Oct 18	Nov 18 - Oct 19
-	-	1.92	1.39	10.12

Cumulative performance since inception (%)

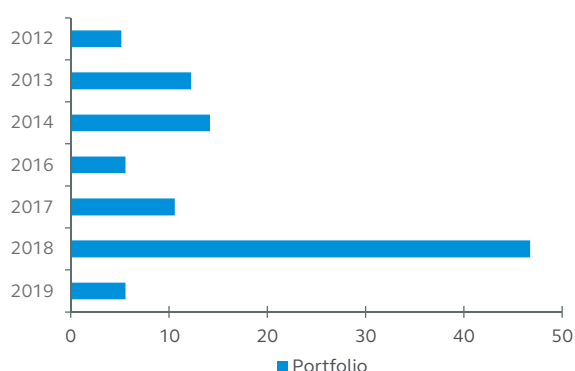


Past performance is not a reliable indicator of future performance.

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 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 December 2018, the performance data shown is based upon the Fund's month-end market close prices. (See performance note for important information.)

Vintage distribution (%)

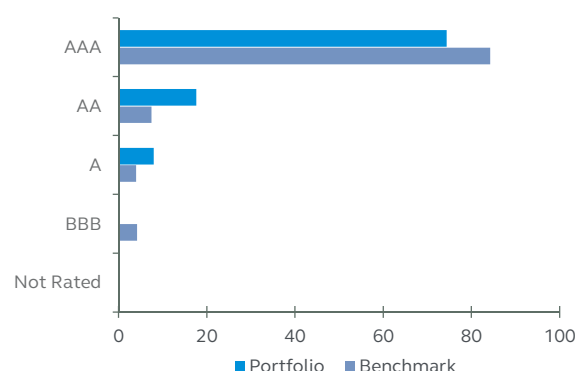


Excludes Cash

Vintage refers to the year a CMBS issuance was launched in the primary market. The chart shows the portfolios exposure to each vintage.

Quality distribution

Market value (%)



AAA Includes Cash

Quality Distribution shown is based on ratings from S&P, Moody's, and Fitch. The Not Rated category consists primarily of bonds that are rated by one or more nationally recognized statistical ratings organizations other than S&P, Moody's, and Fitch. More information is available upon request.

Portfolio characteristics

	Portfolio	Benchmark
Current Yield	3.6	3.3
Yield to Maturity	2.5	2.3
# of Issues	13	3,616
Average Credit Quality ¹	AA+	AA+
Average Coupon ²	3.9	3.5
Price Market Weighted ³	109.1	105.7
Average Life	6.9	5.6
Duration (Years)	5.9	4.9

¹ Average Credit Quality shown is not based on ratings of one rating agency. More information regarding the averaging methodology and quality distribution is available upon request.

² Average Coupon excludes I/O securities

³ Price Market Weighted excludes I/O securities

Collateral diversification (%)

State (Top10)	Portfolio	Property Type	Portfolio
California	19.5	Multi-Family	69.2
New York	11.1	Office	10.1
Texas	8.0	Retail	7.6
Florida	6.8	Lodging	4.7
Georgia	5.7	Mixed Use	3.5
North Carolina	4.4	Industrial	2.1
Colorado	3.9	Self Storage	1.4
Arizona	3.8	Mobile Home	0.9
Ohio	3.6	Co-op Housing	0.5
Illinois	3.2	Other	0.1
Top 10 Total	70.0	Total	100.0

Source: Principal Global Investors and/or its affiliates and the Index. Characteristics source: Trepp LLC.

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	
ISIN	IE00BD3Z9W74
SEDOL	BD3Z9W7

Registration
Belgium, Finland, France, Germany, Guernsey, Ireland, Italy, Jersey, Netherlands, Singapore, South-Korea, 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.

Regulatory risk warnings
The potential for profit is accompanied by the possibility of loss.

Fund management commentary

Market Review

Risk sentiment improved in October as the near-term sentiment around the U.S./China trade dispute turned more constructive and upcoming Brexit deadlines were extended.The Federal Reserve cut rates as expected and signaled a stable outlook given moderate growth, a solid jobs market, and well-behaved inflation. Finally, a stronger than expected October U.S.jobs report further underpinned the upbeat month. Longer-dated U.S. treasury rates were stable and CMBS spreads tightened modestly, with some pressure building later in the month as a busy new issue calendar ramped up.

Fund Review

The U.S. Treasury curve steepened over the month, leading to mixed mark-to-market impacts across the portfolio. Holdings of AAA-rated bonds were top contributors, given the large concentration of exposure in this sector. The portfolio is being substantially de-risked after having benefited from a flattening of the credit curve and a strong rally in interest rates year-to-date.

Market Outlook

Accommodative central bank policy, low rates, and a relentless hunt for yield have been dominant themes in the post-GFC years. The renewed push of global monetary stimulus and drop in sovereign yields has been supportive of asset valuations, however growth fundamentals carry more weight in determining long-term realized returns. The continuing low rate environment further supports investor demand for yield, however a wary eye towards volatility calls for prudent risk taking and diversification, especially as investors are forced further out on the risk spectrum to hit yield targets. CMBS is well-positioned in this environment given its collateralized nature in U.S. based CRE, yield enhancement offered, and potential diversification benefits. Four CMBS conduit deals priced totaling US\$3.7 billion with a heavy November pipeline building up.

Performance note

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.
Prior to December 2018, the performance data shown is not based upon the Fund's official Net Asset Value ("NAV") prices. The performance calculations reflect the month-end market close prices of the Fund's assets, whereas the actual performance investors receive reflects the official NAVs at which they trade the Fund which are calculated at the Fund's Valuation Point. As a result, it is possible that the stated performance and the actual investment returns received differed.
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.

The Fund is managed without reference to a particular benchmark; it does not track or define asset allocation in respect of a benchmark. The figures published are for information purposes only and provide details of the performance of a comparable index, the 'Performance Comparator'. The method of calculating performance may differ between the Fund and it's Performance Comparator. Further, it is not possible to invest in the Performance Comparator.

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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: 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.

Contact us
For more information on the fund, please contact:

Principal Global Investors (Europe) Limited
+44 (0) 207 710 0220
Investors-Europe@principal.com
Pilavachi.Helly@principal.com
Glendon.Alan@principal.com
+49 69 5060 6787
Richter.Frank@principal.com
Sippel.Diana@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
Stengel.Nikolai@principal.com

Website
www.principalglobal.com