

# U.S. Equity Fund - A Class Accumulation Units

31 December 2018

## Investment advisor

Principal Global Investors, LLC ("PGI")

Principal Global Equities is a specialized investment management group of Principal Global Investors which is located in various investment offices worldwide. It has expertise across U.S., international and emerging equity markets.

## Fund managers

**Mustafa Sagun, Ph.D., CFA**  
PhD, University of South Florida  
27 Yrs Industry Exp

**Christopher Ibach, CFA**  
MBA, University of Iowa  
24 Yrs Industry Exp

## Investment objective

The Fund seeks to provide capital growth over the medium to long term predominantly through investment in equity securities of companies domiciled or with their core business in the United States, which we believe are mispriced by the market and have the potential for significant growth.

## Performance comparator

The Fund is managed without reference to a particular benchmark. Figures in relation to the SP 500 GTR Index (the "Index") are provided for comparison only.

## Fund facts

Fund size	\$0.2m
Base currency	USD
Fund domicile	Ireland
UCITS qualifying	Yes
Pricing	Daily
Dealing	10am Dublin 5pm Hong Kong

## Unit class facts

Launch date	01 Dec 2003
Currency	USD
Hedging	N/A
Management fee(s)	1.50% pa
Income distribution	Accumulated

## Fund grading

3 Star Overall Morningstar Rating™ as of 31 December 2018



## Regulatory risk warnings

There is no guarantee that the investment objective of the Fund will be achieved.

## Performance (%)

	1M	3M	YTD	1YR	3YR	5YR	10YR
Fund Cumulative Net	-11.10	-17.23	-8.30	-8.30	16.01	27.21	160.93
Index Cumulative	-9.03	-13.52	-4.38	-4.38	30.42	50.33	243.04
Fund Annualised Net	-11.10	-17.23	-8.30	-8.30	5.07	4.93	10.06
Index Annualised	-9.03	-13.52	-4.38	-4.38	9.25	8.49	13.11

## 12-month rolling return (%)

January 14 - December 14	January 15 - December 15	January 16 - December 16	January 17 - December 17	January 18 - December 18
-	-1.21	5.19	20.28	-8.30

## Risk analysis

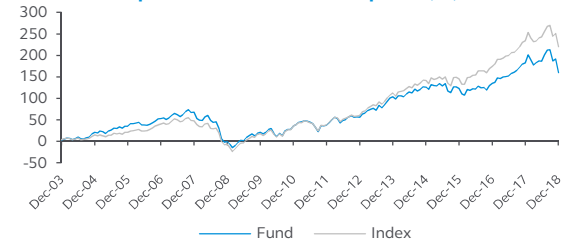
	3YR	5YR
Information Ratio	-1.4	-1.2
Alpha	-5.4	-3.9
Tracking Error	3.0	2.9
Standard Deviation	12.6	11.7
Beta	1.1	1.0

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.)

## Cumulative performance since inception (%)



## Fund analysis

	Fund	Index
Active Share	61.6	-
Price/Earnings	16.2	17.5
Price/Book	4.6	4.3
Div Yield Wtd Avg	2.2	2.2
Mkt Cap Wtd Avg USDm	253,893.7	200,798.6

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

## Top 10 holdings (%)

	Fund
Alphabet Inc.	6.1
Microsoft Corporation	4.9
Apple Inc.	4.7
Berkshire Hathaway Inc.	3.2
Amazon.com, Inc.	3.1
Amgen Inc.	3.0
Cisco Systems, Inc.	2.9
Pfizer Inc.	2.9
UnitedHealth Group Incorporated	2.9
JPMorgan Chase & Co.	2.4
<b>Total</b>	<b>36.0</b>

No. of holdings

62

## Sector allocation (%)

	Fund	Difference
Information Technology	21.2	1.1
Health Care	16.1	0.5
Financials	14.6	1.3
Consumer Discretionary	10.9	1.0
Communication Services	10.3	0.2
Industrials	9.9	0.7
Consumer Staples	5.4	-2.0
Energy	5.4	0.0
Real Estate	2.6	-0.4
Materials	2.2	-0.6
Utilities	1.2	-2.1
Cash	0.3	0.3

## Top 5 stock overweights/underweights (%)

	Difference
<b>Overweight</b>	
Alphabet Inc.	3.1
Amgen Inc.	2.4
Cisco Systems, Inc.	2.0
Aflac Incorporated	1.9
American Financial Group, Inc.	1.9
<b>Underweight</b>	
Coca-Cola Company	-0.9
Wells Fargo & Company	-0.9
Merck & Co., Inc.	-0.9
AT&T Inc	-1.0
Procter & Gamble Company	-1.1

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

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	PIFUEIV ID
ISIN	IE0033958335
Lipper	60091855
SEDOL	BOSYJ73
CUSIP	G7244L123
Valoren	1791866
WKN	A0BMNN

**Country registration**

Belgium, Chile, Finland, France, Germany, Guernsey, Hong Kong, Ireland, Italy, Jersey, Netherlands, 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.

**Regulatory risk warnings**

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

**Contact us**

For more information on the fund, please contact:

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**Fund management commentary****Market Review**

The year-end rally failed to make its appearance in December as equity markets faced one of its toughest months in years with the weakness centered around the United States. Risk sentiment deteriorated as the global growth outlook came under fire amid ongoing trade disputes between the United States and China, tighter monetary conditions, the US government shutdown, and Brexit concerns spurring significant bouts of volatility, all of which was exacerbated by substantial technical trading. The abrupt swings in investor sentiment and volume of technical trading brought meaningful decoupling from earnings trends. Markets posted high single-digit contractions of valuation multiples despite generally resilient earnings performance. This provided for a tough period and quarter overall for earnings focused investing.

Emerging markets fared the best in the quarter helped by a weakening US dollar. Small-caps faced even more pressure as a previously synchronized upswing in global growth has begun to roll over. The ongoing impasse on Brexit and the "yellow vest" protests in France weighed on European returns while bringing doubt to Europe's growth outlook. For Japan, the lack of inflation coupled with stagnant growth are pressuring returns. The Fed was at the heart of the sharp sell-off in the month following their latest meeting. As expected, the central bank raised rates by 25 bps. However, Chairman Jerome Powell unnerved markets by saying that the Fed wasn't thinking of changing its "autopilot" policy of shrinking its balance sheet size.

Equity returns posted one of its worst months in years. The S&P 500 was the top laggard with a decline of 9.0% while the MSCI EM Index led the relative performance dropping by 2.7%. Both the MSCI Europe Index and the MSCI Japan Index moved lower by 4.6% and 6.7%, respectively.

**Fund Review**

Stock selection in the financials, industrials, and communication services sectors contributed positively to relative performance while stock selection in the consumer staples, materials, and real estate sectors detracted from relative performance.

**Market Outlook**

Our portfolio is comprised of companies we believe offer superior fundamental change relative to their peers, rising investor expectations, and attractive relative valuations.

**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. Performance since inception date of the Fund, which precedes the inception date of the unit class, is available upon request.

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 will differ.

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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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 its 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, Affolternstrasse 56, 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.

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GTR stands for gross total return. A GTR index is gross of withholding taxes.