

European Equity Fund - A Class Income Units

31 January 2021

Investment advisor

Principal Global Investors, LLC ("PGI")

Sub investment advisor

Principal Global Investors (Europe) Ltd ("PGE")

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

Fund managers

Juliet Cohn

39 Yrs Industry Exp

Paul H. Blankenhagen, CFA

29 Yrs Industry Exp

Investment objective

The Fund aims to provide capital growth over the medium to long term predominantly through investment in European equities that we believe are mispriced by the market and have potential for significant growth.

Index

MSCI Europe NTR Index*

Fund facts

Fund size	\$43.5m
Base currency	USD
Fund domicile	Ireland
UCITS qualifying	Yes
Pricing	Daily
Dealing	10am Dublin 5pm Hong Kong SAR

Unit class facts

Launch date	24 Nov 1992
Currency	USD
Hedging	N/A
Minimum investment	US\$1,000
Management fee(s)	1.50% pa
Income distribution	Income
Distribution frequency:	Annually: September

Fund grading

5 Star Overall Morningstar Rating™ as of 31 January 2021



Juliet Cohn and Paul H. Blankenhagen A rated - Citywire Fund Manager Ratings



Performance (%)

	1M	3M	YTD	1YR	3YR	5YR	10YR
Fund Cumulative Net	-1.11	18.25	-1.11	14.97	14.52	58.27	86.62
Index Cumulative	-1.45	20.75	-1.45	6.53	3.83	46.45	59.18
Fund Annualised Net	-1.11	18.25	-1.11	14.97	4.62	9.61	6.43
Index Annualised	-1.45	20.75	-1.45	6.53	1.26	7.92	4.75

12-month rolling return (%)

Feb 16 - Jan 17	Feb 17 - Jan 18	Feb 18 - Jan 19	Feb 19 - Jan 20	Feb 20 - Jan 21
5.00	31.61	-13.88	15.67	14.97

Risk analysis

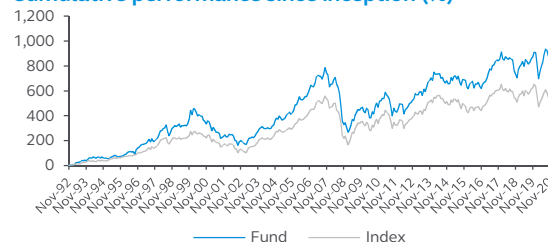
	3YR	5YR
Information Ratio	0.7	0.4
Alpha	3.3	2.2
Tracking Error	4.9	4.4
Standard Deviation	17.8	15.5
Beta	0.9	0.9

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 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	62.6	-
Price/Earnings	24.0	22.9
Price/Book	5.5	3.1
Div Yield Wtd Avg	1.8	2.5
Mkt Cap Wtd Avg USDm	78,325.6	82,949.6

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

Top 10 holdings (%)

	Fund
ASML Holding NV	3.7
Nestle S.A.	3.7
Roche Holding Ltd	3.0
LVMH Moet Hennessy Louis Vuitton SE	2.6
Neste Corporation	2.0
AstraZeneca PLC	1.9
Enel SpA	1.8
Unilever PLC	1.8
Novo Nordisk A/S	1.8
Iberdrola SA	1.8
Total	24.1
No. of holdings	113

Sector allocation (%)

	Fund	Difference
Industrials	20.6	6.1
Health Care	14.7	0.1
Financials	13.6	-1.6
Consumer Discretionary	13.1	1.8
Information Technology	12.5	4.6
Materials	8.9	0.6
Consumer Staples	7.4	-5.8
Utilities	4.0	-1.0
Energy	2.0	-2.4
Communication Services	1.8	-2.1
Real Estate	0.8	-0.6
Cash	0.4	0.4

Top 5 stock overweights/underweights (%)

	Difference
Overweight	
Neste Corporation	1.7
ASML Holding NV	1.4
Vestas Wind Systems A/S	1.2
3i Group plc	1.1
CRH Plc	1.0
Underweight	
Total SE	-1.1
HSBC Holdings Plc	-1.1
SAP SE	-1.4
Royal Dutch Shell Plc	-1.4
Novartis AG	-1.8

Geographic allocation (%)

	Fund	Difference
United Kingdom	20.3	-2.5
France	13.6	-3.8
Germany	12.7	-2.4
Switzerland	11.8	-3.5
Sweden	9.9	4.4
Netherlands	9.1	2.7
Denmark	6.4	2.5
Italy	5.3	1.4
Ireland	3.3	2.2
Spain	2.7	-1.1
Finland	2.7	1.0
Norway	0.8	-0.2
Austria	0.5	0.2
Other	0.5	-1.3
Cash	0.4	0.4

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

BloombergPIFEGFI ID
ISINIE0000712996
Lipper60008020
SEDOL0071299
CUSIPG7244L214
Valoren116285
WKN986040

Registration

Belgium, Finland, France, Germany, Guernsey, Hong Kong SAR, 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.

Contact us

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Fund management commentary

Market Review

Equity markets posted largely mixed results. Equities took a breather as investors dealt with an insurrection at the White House prior to President Biden’s inauguration, while a retail-led short squeeze in the final week of the period led volatility to jump higher and equity returns to have one of their worst weeks in over three months. Smaller companies and emerging markets topped returns amid ongoing cyclical recovery prospects. Global economic data points trended off low levels while improvements were seen in the fight against the pandemic. The volatility amid the abrupt retail-led short squeeze left some hedge funds with substantial losses. Redditt led the market frenzy as retail investors focused on a handful of heavily shorted stocks, including GameStop, and began substantially buying these shares. Volatility shot higher from 23 to 37 as identified by the VIX and the events led to forced selling of larger-cap, long-term winners to cover margins and liquidity. By the end of the week equity gains were wiped out. The commodity complex, aside from oil, rates and dollar move were relatively moot from previous months. Oil prices were the leader of a quiet bunch. Yields trended higher while the dollar came off a 3-year low.

The S&P 500 posted a loss of 1.0% while the MSCI EM Index returned 3.1%. The MSCI Europe Index was down slightly with a loss of 1.4% while the MSCI Japan Index had a loss of 1.0%.

Fund Review

Strong stock selection was witnessed in the Netherlands and the information technology and industrials sectors. Negative attribution was seen in the United Kingdom, Denmark, and the consumer discretionary sector.

Market Outlook

With 2020 leaving investors to deal with abrupt changes, volatility and an elevated number of macro-driven items, we remain confident that fundamentals will reassert themselves relatively soon and earnings will continue to drive share prices higher. Our analysts have been focusing on the duration of the change they can identify. There are a lot of companies now where we can see a dislocation between expectations and our estimates. We look to further capitalize on this.

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 may be corporate governance and investor protection issues associated with Russian investments.
- The ability to trade REITS in the secondary market can be more limited than other stocks.
- The value of an investment may fluctuate due to changes in exchange rates between currencies or the possible imposition of exchange control regulations.
- This unit class is unhedged. Unhedged unit classes are exposed to greater risk and volatility.

Performance note

The 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.

From 1 June 2000 to 31st December 2018, performance data shown was based upon the Fund's month-end market close prices. Prior 1 June 2000, performance is calculated on a bid-to-bid basis, thereafter 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.

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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 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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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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NTR stands for net total return. An NTR Index is net of withholding taxes.