

# European Equity Fund - A Class Accumulation 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	01 Jul 1996
Currency	USD
Hedging	N/A
Minimum investment	US\$1,000
Management fee(s)	1.50% pa
Income distribution	Accumulated

## 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	-1.12	18.25	-1.12	14.94	14.44	58.04	87.69
Index Cumulative	-1.45	20.75	-1.45	6.53	3.83	46.45	59.18
Fund Annualised Net	-1.12	18.25	-1.12	14.94	4.59	9.58	6.49
Index Annualised	-1.45	20.75	-1.45	6.53	1.26	7.92	4.75

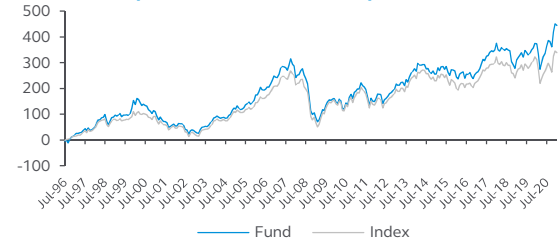
## 12-month rolling return (%)

Feb 16 - Jan 17	Feb 17 - Jan 18	Feb 18 - Jan 19	Feb 19 - Jan 20	Feb 20 - Jan 21
4.93	31.62	-13.96	15.73	14.94

## 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

## 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.)

## 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
<b>Total</b>	<b>24.1</b>

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
<b>Overweight</b>	
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
<b>Underweight</b>	
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

Bloomberg	PIFEGFA ID
ISIN	IE0001148372
Lipper	60008019
SEDOL	0114837
CUSIP	G7244L206
Valoren	514304
WKN	986041

## 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.

## 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

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. 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. 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](http://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 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 its index. Further, it is not possible to invest in an index.

Information in this document has been derived from sources believed to be accurate as of the date of issuance and is derived from PGI or its affiliates unless otherwise noted. Information derived from sources other than PGI or its affiliates is believed to be reliable however we do not independently verify or guarantee its accuracy or validity. Subject to any contrary provisions of applicable law, no company in the Principal Financial Group nor any of their employees or directors gives any warranty of reliability or accuracy nor accepts any responsibility arising in any other way (including by reason of negligence) for errors or omissions in this document.

This material is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. When this document is issued in the following countries/jurisdictions, it is issued by the entities noted: In Europe by Principal Global Investors (EU) Limited, Sobo Works, Windmill Lane, Dublin D02 K156, Ireland. Principal Global Investors (EU) Limited is regulated by the Central Bank of Ireland. In United Kingdom by PGIE, Level 1, 1 Wood Street, London, EC2V 7JB, registered in England, No. 03819986, which has approved its contents, and which is authorized and regulated by the Financial Conduct Authority; Switzerland, by Principal Global Investors (Switzerland) GmbH; Singapore, by Principal Global Investors (Singapore) Limited (ACRA Reg. No. 199603735H), regulated by the Monetary Authority of Singapore ("MAS"); and the Dubai International Financial Centre ("DIFC"), by Principal Global Investors LLC, a branch registered in the DIFC and authorized by the Dubai Financial Services Authority ("DFSA") as a representative office.

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. This is an advertising document. 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.

MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used to create indices or financial products. This report is not approved or produced by MSCI.

Source & Copyright: CITYWIRE. Portfolio managers are A rated by Citywire for 3 year risk-adjusted performance for the period 31 December 2017 - 31 December 2020. Citywire's exclusive methodology ranks fund managers based on their individual track records across all funds they manage globally.

Overall Morningstar Rating™ as of January 2021. Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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

## Contact us

For more information on the fund, please contact:

**Principal Global Investors (Europe) Limited**  
+44 (0) 207 710 0220  
[Investors-Europe@principal.com](mailto:Investors-Europe@principal.com)  
[Pilavachi.Helly@principal.com](mailto:Pilavachi.Helly@principal.com)  
[Glendon.Alan@principal.com](mailto:Glendon.Alan@principal.com)  
+49 69 5060 6787  
[Richter.Frank@principal.com](mailto:Richter.Frank@principal.com)  
[Sippel.Diana@principal.com](mailto:Sippel.Diana@principal.com)  
[Edwinson.Petter@principal.com](mailto:Edwinson.Petter@principal.com)

**Principal Global Investors, LLC (Dubai)**  
+97 143 46 4555  
[Dungarpurwala.Tasneem@principal.com](mailto:Dungarpurwala.Tasneem@principal.com)

**Principal Global Investors (Singapore) Limited**  
+65 6307 7807  
[Singh.Suresh@principal.com](mailto:Singh.Suresh@principal.com)

**Principal Global Investors (Switzerland) GmbH**  
+41 44 286 1000  
[Bloch.Martin@principal.com](mailto:Bloch.Martin@principal.com)  
[Stengel.Nikolai@principal.com](mailto:Stengel.Nikolai@principal.com)

## Website

[www.principalglobal.com](http://www.principalglobal.com)