

Post Global Limited Term High Yield Fund - Euro Hedged N Class Income Units

30 April 2020

Investment advisor

Principal Global Investors, LLC ("PGI")

Sub investment advisor

Post Advisory Group, LLC ("Post")

Post specialises in the management of high yield fixed income.

Fund managers

Jeffrey Stroll

17 Yrs Industry Exp

David D. Kim

17 Yrs Industry Exp

Schuyler Hewes

22 Yrs Industry Exp

Dan Ross

22 Yrs Industry Exp

Iris Shin

16 Yrs Industry Exp

James Wolf

35 Yrs Industry Exp

Investment objective

The Fund's primary objective is to seek to achieve a high rate of return relative to typical high yield investments by investing primarily in a portfolio of short-term, lower volatility, high yield debt with an effective duration of less than half of the Bloomberg Barclays US High Yield Index. The Fund will invest in a diversified portfolio of typically below investment grade high yield securities, including global corporate bonds, bank debt, convertible bonds, commercial paper and preferred stocks.

Index

Bloomberg Barclays U.S. Government 1-2 Year EUR Hedged Index*

Fund facts

Fund size	€478.5m
Base currency	USD
Fund domicile	Ireland
UCITS qualifying	Yes
Pricing	Daily
Dealing	10am Dublin

Unit class facts

Launch date	12 Dec 2019
Currency	EUR
Hedging	Class/Portfolio
Minimum investment	US\$1,000
Management fee(s)	0.70% pa
Income distribution	Income
Distribution frequency:	

Regulatory risk warnings

There is no guarantee that the investment objective of the Fund will be achieved. Currency hedging may reduce but will not remove risk. Hedging will incur more transaction costs and fees, which will affect overall return.

The shareclass launched less than 12 months ago, as such, there is currently insufficient past performance data to be displayed.

Fund analysis

	Fund	Index
Average Credit Quality	BB-	AAA
Current Yield	5.3	1.9
Yield to Worst	6.0	0.2
Yield to Maturity	6.2	0.2
Effective Duration (Years)	2.0	1.4

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

- Current Yield is the annual interest earned on the underlying bonds divided by the market price of the underlying portfolio of bonds. The figure is not the dividend yield received by the investors and is subject to change depending on the underlying portfolio of bonds.
- Yield to Worst is the lowest potential yield that can be received on a bond without the issuer actually defaulting. The yield to worst is calculated by making the worst-case scenario assumptions on the issue.
- Yield to Maturity is a concept used to determine the rate of return an investor will receive if a long-term, interest-bearing investment, such as a bond, is held to its maturity date. Please note that this is not the return or dividend to be received by investors in the fund.

Effective duration

	Fund	Difference
<1 Year	25.6	12.5
1-3 Years	45.0	-41.8
3-5 Years	26.4	26.4
5-7 Years	0.0	0.0
7-10 Years	0.0	0.0
>10 Years	0.0	0.0
Cash	2.9	2.9

Credit quality (%)

	Fund	Difference
AAA	0.0	-99.8
BBB	10.5	10.5
BB	59.9	59.9
B	23.4	23.4
CCC	2.3	2.3
Not Rated	1.0	0.9
Cash	2.9	2.9

Industry allocation (%)

	Fund	Difference
TECHNOLOGY	14.8	14.8
CABLE SATELLITE	10.6	10.6
WIRELESS	8.1	8.1
HEALTHCARE	7.7	7.7
FINANCE COMPANIES	7.5	7.5
MEDIA ENTERTAINMENT	5.4	5.4
CONSUMER CYCLICAL SERVICES	3.7	3.7
PHARMACEUTICALS	3.5	3.5
FOOD AND BEVERAGE	3.3	3.3
PACKAGING	3.0	3.0
HEALTH INSURANCE	2.9	2.9
OTHER REITS	2.8	2.8
AUTOMOTIVE	2.7	2.7
P&C	2.5	2.5
FINANCIAL OTHER	2.3	2.3
RESTAURANTS	2.2	2.2
AEROSPACE DEFENSE	2.0	2.0
MIDSTREAM	1.8	1.8
ENVIRONMENTAL	1.5	1.5
LEISURE	1.4	1.4
GAMING	0.9	0.9
INDEPENDENT	0.9	0.9
RETAILERS	0.9	0.9
HEALTHCARE REITS	0.8	0.8
METALS AND MINING	0.7	0.7
BROKERAGE ASSETMANAGERS	0.7	0.7
EXCHANGES		
DIVERSIFIED MANUFACTURING	0.7	0.7
WIRELINES	0.6	0.6
INDUSTRIAL OTHER	0.6	0.6
CHEMICALS	0.2	0.2
BANKING	0.2	0.2
BUILDING MATERIALS	0.1	0.1
TREASURIES	0.0	-95.6
GOVERNMENT SPONSORED	0.0	-2.6
Other	0.0	-1.8
Cash	2.9	2.9

Source: Principal Global Investors and/or its affiliates and the Index. Characteristics source: State Street Bank.

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

IE00BD0Q8D73

Registration

Austria, Belgium, Chile, Denmark, Finland, France, Germany, Guernsey, Ireland, Italy, Jersey, Luxembourg, Netherlands, Norway, Singapore, Spain, Sweden, Switzerland, UAE 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

Fund Review

Market Outlook

Performance note

Disclosure

Important information

After suffering significant losses in the first quarter, the high yield market rallied during April, even as the economic fallout from the COVID-19 outbreak continued to spread, amid record fund inflows (approximately \$14 billion for the month). The rebound was largely driven by increased expectations for a faster reopening of the economy as the pace of new COVID-19 cases and deaths has decelerated domestically, as well as strong Federal Reserve backing of U.S. credit markets that has even extended into the upper tiers of the high yield market. After outflows of \$12 billion during March (the third-largest on record), the high yield market saw a strong reversal in demand during April, with \$6.4 billion of ETF inflows and actively managed fund inflows of \$7.5 billion – the largest cumulative inflow on record. The inflows were met with a significant rebound in high yield supply, with new issuance of \$37 billion for April, which was absorbed relatively easily by the market. Default activity continued to accelerate, with a record 19 companies filing for bankruptcy or missing an interest payment in April, affecting \$36 billion in bonds and loans. The par-weighted high yield default rate increased to 4.71% by the end of the month, up from 2.63% at the beginning of the year.

After providing strong downside protection relative to the broader high yield market during the sharp weakness in March, the Fund rebounded, delivering good risk-adjusted returns.

Although we believe that eased shelter-at-home orders may provide some modest incremental improvement to economic activity, we believe the rapid snapback in the market seen in April primarily reflects the perceived “backstop” associated with the Fed’s actions and the improved technical picture in fixed income markets. We remain cautious about the shape and steepness of the economic recovery in general, and in particular, about the recovery for individual sectors and companies. Accordingly, the Fund continues to be positioned defensively, in credits that we believe can withstand different kinds of volatility and provide strong downside protection.

Index disclosure: The Fund is actively managed and aims to outperform the Bloomberg Barclays U.S. Government 1-2 Year EUR Hedged Index (the “Index”). The portfolio manager may reference the Index as part of the investment management process, and it is also considered as part of the investment risk monitoring process. However, the portfolio manager maintains full discretion to select investments for the Fund in line with the above investment policy.

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.

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.

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 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.

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