

Global Property Securities Fund - GBP I Class

Accumulation Units

31 July 2022

Investment advisor

Principal Global Investors, LLC ("PGI")

Sub investment advisor

PGI has appointed Principal Real Estate Investors, LLC ("PrinRE"), Principal Global Investors (Europe) Ltd ("PGIE"), Principal Global Investors (Australia) Ltd ("PGIA") and Principal Global Investor (Singapore) Limited ("PGIS") as the Sub-Investment Advisors. PrinRE is a specialized investment management group of Principal Global Investors which is located across various investments locations. The real estate capabilities of PrinRE span the spectrum of public and private equity and debt investment alternatives.

Fund managers

Kelly D. Rush, CFA

38 Yrs Industry Exp

Anthony Kenkel, CFA, FRM

25 Yrs Industry Exp

Simon Hedger

44 Yrs Industry Exp

Investment objective

To provide a return primarily from a global portfolio of public securities of companies engaged in the property industry or whose value is largely derived from property assets. This may include REITs, Non-REIT real estate companies and similar structures or equity and debt securities of companies with at least 50% of their assets, income or profits derived from property related products or services at the time of investment.

Index

FTSE EPRA NAREIT Developed NTR

Fund facts

Fund size	£534.5m
Base currency	USD
Fund domicile	Ireland
UCITS qualifying	Yes
Pricing	Daily
Dealing	10am Dublin

Unit class facts

Launch date	14 Jul 2021
Currency	GBP
Minimum investment	US\$2,000
Management fee(s)	0.80% pa
Income distribution	Accumulated

Fund grading

Kelly Rush and Anthony Kenkel + rated -
Citywire Fund Manager Ratings



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

Fund analysis

	Fund	Index
Active Share	57.3	-
Price/Cash Flow	20.6	20.6
Debt to Equity	100.3	109.4
Div Yield Wtd Avg	3.2	3.4
Mkt Cap Wtd Avg USDm	21,557.2	22,181.0

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

Top 10 holdings (%)

	Fund
Prologis, Inc.	4.3
AvalonBay Communities, Inc.	3.6
Extra Space Storage Inc.	3.3
Invitation Homes, Inc.	3.1
VICI Properties Inc	3.1
Ventas, Inc.	3.0
Essex Property Trust, Inc.	2.9
Rexford Industrial Realty, Inc.	2.7
Alexandria Real Estate Equities, Inc.	2.6
Equinix, Inc.	2.6
Total	31.1
No. of holdings	83

Sector allocation (%)

	Fund	Difference
Office & Industrial	24.1	2.7
Residential	22.7	5.0
Diversified	17.4	0.5
Healthcare	10.2	1.1
Self-Storage	7.1	0.8
Net Lease	6.6	-2.7
Technology Space	5.7	-0.1
Retail	4.8	-5.9
Lodging	2.5	0.0
Other	0.0	-0.4
Cash	-1.1	-1.1

Top 5 stock overweights/underweights (%)

	Difference
Overweight	
Rexford Industrial Realty, Inc.	2.1
American Tower Corporation	2.1
Extra Space Storage Inc.	1.9
AvalonBay Communities, Inc.	1.9
Essex Property Trust, Inc.	1.9
Underweight	
Duke Realty Corporation	-1.4
Simon Property Group, Inc.	-1.6
Digital Realty Trust, Inc.	-2.1
Realty Income Corporation	-2.5
Public Storage	-2.9

Geographic allocation (%)

	Fund	Difference
United States	61.2	-1.2
Japan	9.1	-0.5
Continental Europe / Emea	8.5	-0.1
United Kingdom	5.2	0.6
Australia / New Zealand	5.1	1.1
Hong Kong	4.4	0.0
Canada	4.2	1.3
Singapore	3.0	-0.5
Mexico	0.4	0.4
Other	0.0	-0.1
Cash	-1.1	-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
ISIN
SEDOL
Valoren
WKN

PRGPSIP ID
IE00BD5DH036
BD5DH03
44098238
A3CVN7

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Fund management commentary

Market Review

A higher than anticipated U.S. June inflation figure weighed on markets early in the month, but gave way to optimism that the point of peak inflation and rate hikes had passed. With economic data starting to skew negative mid-month and with more cautious corporate outlooks, the second half of the month saw a “bad news is good news” theme at play as investors bet that slowing growth would force the Fed to start cutting rates by early next year. Global equity markets (MSCI World) stabilized and staged an 8.0% rally off their lows. Global property stocks (FTSE EPRA/NAREIT Developed NTR) performed in line with equities, while both asset classes outperformed global bonds (Bloomberg Global Aggregate, 2.1%). The U.S. 10-year bond yield ended 46 bps lower. The Eurozone was the strongest performer. The Americas trailed modestly behind. APAC lagged.

Fund Review

Exposure to global industrial (U.S., Australia, and U.K.), U.S. lab science office, and preference for U.S. coastal apartments contributed, with the main driver being strong earnings results. Underweight to disappointing quarterly results in U.S. data centers was beneficial. With Continental Europe generally boosted by the reopening of a Russian gas pipeline to the region, overweights to France and Spain contributed. Underweight to strong performance from Swedish stocks due to solid results was a top detractor, as was underweight to U.S. malls, which rebounded after selling off year-to-date.

Market Outlook

Under a base case scenario of above trend inflation accompanied by firm growth, physical property should function well as an inflation hedge. There are a range of uncertainties that could change this outcome, not least the conflict in Ukraine further exacerbating the tightness in commodity supply and driving prices higher, creating upside risks to inflation and potential downside risks for growth. An unrelentless pace of central bank rate hikes to ward off inflation is the other key risk. This stagflationary scenario would negatively impact not just property stocks but broader risk assets. We remain focused on bottom-up stock selection, but are mindful of potential swings in sentiment that can drive style shifts causing performance leadership to flip between different groups of stocks.

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 are specific risks associated with investing in the securities of companies in the real estate industry such as declines in the value of real estate, risks related to general and local economic conditions, increases in property taxes and operating expenses, variations in rental income, the appeal of properties to tenants and increases in interest rates etc.
- The ability to trade REITs in the secondary market can be more limited than other stocks.
- The Fund's investments may be in currencies other than US Dollars. 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. Please note the fund does have hedged unit classes available.

Performance note

*Index disclosure: The Fund is actively managed and aims to outperform the FTSE EPRA NAREIT Developed NTR (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 31st December 2018, the data performance calculations reflect the month-end market close prices of the Fund's assets. After 1 January 2019, the performance data shown is based upon the Fund's Net Asset Value (NAV) prices of the last Irish business day of the month. For Funds not open for dealing on this day this will be an indicative NAV. As a result, it is possible that the stated performance and the actual investment returns available to investors 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

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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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. Source & Copyright: CITYWIRE. Portfolio managers are + rated by Citywire for 3 year risk-adjusted performance for the period 30 June 2019 - 30 June 2022. Citywire's exclusive methodology ranks fund managers based on their individual track records across all funds they manage globally.