

Global Property Securities Fund - HKD D2 Class Income 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

Index*

Fund facts

| | |
|---------------------|------------------------------|
| Fund size | HKD 5,106.4m |
| Base currency | USD |
| Fund domicile | Ireland |
| UCITS qualifying | Yes |
| Pricing | Daily |
| Dealing | 10am Dublin 5pm Hong Kong |
| SFDR Categorisation | SAR Article 6 |

Unit class facts

| | |
|-------------------------|-------------|
| Launch date | 06 Jan 2020 |
| Currency | HKD |
| Minimum investment | US\$1,000 |
| Management fee(s) | 0.80% pa |
| Income distribution | Income |
| Distribution frequency: | |

Fund grading

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



Performance (%)

| | 1M | 3M | YTD | 1YR | 3YR | 5YR | SI |
|---------------------|------|-------|--------|--------|-----|-----|-------|
| Fund Cumulative Net | 8.16 | -6.19 | -15.37 | -12.17 | - | - | -2.43 |
| Index Cumulative | 8.01 | -5.66 | -13.80 | -9.08 | - | - | -0.65 |
| Fund Annualised Net | 8.16 | -6.19 | -15.37 | -12.17 | - | - | -0.95 |
| Index Annualised | 8.01 | -5.66 | -13.80 | -9.08 | - | - | -0.25 |

12-month rolling return (%)

| Aug 17 - Jul 18 | Aug 18 - Jul 19 | Aug 19 - Jul 20 | Aug 20 - Jul 21 | Aug 21 - Jul 22 |
|-----------------|-----------------|-----------------|-----------------|-----------------|
| - | - | - | 28.79 | -12.17 |

Risk analysis

| | 1YR |
|--------------------|------|
| Information Ratio | -3.7 |
| Alpha | -3.1 |
| Tracking Error | 0.8 |
| Standard Deviation | 18.9 |
| Beta | 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 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. 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 further details.)

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.

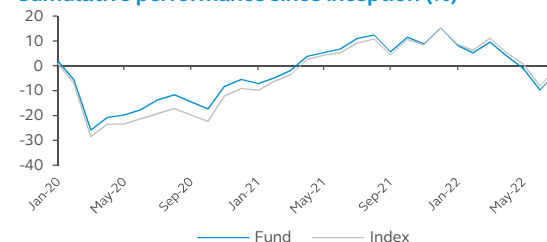
Top 10 holdings (%)

| | 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 |

Cumulative performance since inception (%)



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. Reported FactSet data is subject to revision over time, which may result in slight differences among data points reported during the same period.

Fund codes

Bloomberg

ISIN

Lipper

SEDOL

Valoren

WKN

PRGSPD2 ID

IE00BD5DHD66

68590679

BD5DHD6

44168685

A2PXJ3

Registration

Austria, Belgium, Denmark, Finland,

France, Germany, Guernsey, Hong Kong SAR, Ireland, Italy, Jersey, Liechtenstein, Luxembourg, Macau, Netherlands, Norway, 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

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 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 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. 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.

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 it's 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, Sobos 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), which is regulated by the Monetary Authority of Singapore and is directed exclusively at institutional investors as defined by the Securities and Futures Act 2001. This advertisement or publication has not been reviewed by the Monetary Authority of Singapore; 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: This document is marketing material and is issued in Switzerland by Principal Global Investors (Switzerland) GmbH. Where the Fund is registered in Switzerland, the name of the Swiss representative is ACOLIN Fund Services AG, Leutschenbachstrasse 50, 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. 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.

Unless specified in this document, the strategy does not:
(i) promote environmental or social characteristics in a way that meets the specific criteria contained in Article 8 of the Sustainable Finance Disclosure Regulation (EU) No. 2019/2088 ("SFDR"); nor (ii) have sustainable investment as its objective in a way that meets the specific criteria contained in Article 9 of SFDR. Notwithstanding this, the strategy/product is managed in line with the Principal Global Investors responsible investment policy, incorporating its Sustainability Risk and Principal Adverse Impacts policies. These policies can be found at <https://www.principalglobal.com/about-us>.