

# Post Short Duration High Yield Fund - Hong Kong Dollar D2 Class Income Plus Units

31 July 2022

## 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**

19 Yrs Industry Exp

**David D. Kim**

19 Yrs Industry Exp

**Schuyler Hewes**

24 Yrs Industry Exp

**Dan Ross**

24 Yrs Industry Exp

**Iris Shin**

18 Yrs Industry Exp

**James Wolf**

35 Yrs Industry Exp

## Investment objective

The Fund seeks to achieve its objective by investing primarily in a portfolio of short-term, lower volatility high yield debt securities with an average duration of approximately 12-24 months.

## Index

BBG US GOVT 1-2 YEAR INDEX GTR

## Fund facts

Fund size	HKD 4,543.2m
Base currency	USD
Fund domicile	Ireland
UCITS qualifying	Yes
Pricing	Daily
Dealing	10am Dublin 5pm Hong Kong SAR

## Unit class facts

Launch date	02 Jun 2020
Currency	HKD
Hedging	N/A
Minimum investment	US\$1,000
Management fee(s)	0.70% pa
Income distribution	Income
Distribution frequency:	

## Performance (%)

	1M	3M	YTD	1YR	3YR	5YR	SI
Fund Cumulative Net	4.02	-0.02	-3.74	-3.06	-	-	3.08
Index Cumulative	0.32	0.19	-1.34	-1.45	-	-	-0.92
Fund Annualised Net	4.02	-0.02	-3.74	-3.06	-	-	1.41
Index Annualised	0.32	0.19	-1.34	-1.45	-	-	-0.42

## 12-month rolling return (%)

Aug 17 - Jul 18	Aug 18 - Jul 19	Aug 19 - Jul 20	Aug 20 - Jul 21	Aug 21 - Jul 22
-	-	-	4.54	-3.06

## Risk analysis

	1YR
Information Ratio	-0.3
Alpha	2.4
Tracking Error	5.6
Standard Deviation	6.3
Beta	3.0

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
Average Credit Quality	BB-	AAA
Current Yield	5.1	1.4
Yield to Worst	6.2	3.0
Yield to Maturity	6.3	3.0
Effective Duration (Years)	2.4	1.4

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

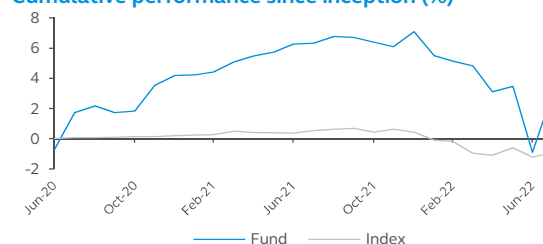
## Effective duration

	Fund	Difference
<1 Year	10.5	2.9
1-3 Years	52.6	-39.8
3-5 Years	33.4	33.4
5-7 Years	0.0	0.0
7-10 Years	0.0	0.0
>10 Years	0.0	0.0
Cash	3.4	3.4

## Credit quality (%)

	Fund	Difference
AAA	0.0	-99.9
AA	0.0	-0.1
BBB	9.5	9.5
BB	39.5	39.5
B	41.4	41.4
CCC	3.8	3.8
Not Rated	2.3	2.3
Cash	3.4	3.4

## Cumulative performance since inception (%)



- 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.

## Industry allocation (%)

	Fund	Difference
TECHNOLOGY	15.2	15.2
FINANCE COMPANIES	9.6	9.6
GAMING	7.7	7.7
HEALTHCARE	6.7	6.7
P&C	5.9	5.9
FINANCIAL OTHER	5.6	5.6
FOOD AND BEVERAGE	4.8	4.8
CABLE SATELLITE	3.9	3.9
RESTAURANTS	3.9	3.9
AUTOMOTIVE	3.2	3.2
METALS AND MINING	3.1	3.1
PACKAGING	2.9	2.9
MIDSTREAM	2.9	2.9
BROKERAGE ASSETMANAGERS	2.6	2.6
EXCHANGES		
AEROSPACE DEFENSE	2.5	2.5
CONSUMER CYCLICAL SERVICES	2.4	2.4
ENVIRONMENTAL	2.3	2.3
LEISURE	2.2	2.2
AIRLINES	1.7	1.7
WIRELESS	1.6	1.6
ELECTRIC	1.5	1.5
OTHER REITS	1.2	1.2
SUPERMARKETS	1.1	1.1
WIRELINES	0.8	0.8
RETAILERS	0.5	0.5
PHARMACEUTICALS	0.5	0.5
MEDIA ENTERTAINMENT	0.2	0.2
BUILDING MATERIALS	0.2	0.2
CONSTRUCTION MACHINERY	0.1	0.1
Other	0.0	-100.0
Cash	3.4	3.4

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

Bloomberg	PGLD2PH ID
ISIN	IE00BJLTX766
Lipper	68610579
SEDOL	BJLTX76
Valoren	51720233
WKN	A2P6BK

Registration

Austria, Belgium, Denmark, Finland, France, Germany, Guernsey, Hong Kong SAR, Ireland, Italy, Jersey, Liechtenstein, Luxembourg, Macau, 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.

Contact us

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Fund management commentary

**Market Review**

July was a very strong month for the high yield market, as investors rallied behind the narrative that inflation was likely to decline, which would allow the Fed to be less aggressive with respect to rate hikes. In addition, the technical picture was supportive as the high yield market had its first monthly inflow of 2022 and the new issue calendar was light. Earnings provided further support, as results tended to be better than expected.

**Fund Review**

We saw broad-based positive performance across positions. The most pronounced strength was generally in positions with longer maturities and duration, which saw a greater benefit from the broader high yield market's spread tightening and interest rate declines. While the Fund's loan exposure generated positive performance, loans generally underperformed the bond rally during July.

**Market Outlook**

We are mindful that there are a significant number of macro headwinds that require close monitoring. Most notably, inflation and the reaction function from the Fed, but also significant left tail risks (including, but not limited to, the potential for an energy crisis in Europe, and an escalation in tensions between the U.S. and China around Taiwan). We believe that navigating a soft landing for the U.S. economy will be difficult and see a recession in the U.S. as likely, although our base case is that it will not be long-lasting or deep. We also recognize that current corporate fundamentals continue to be mostly positive, that valuations have become much more attractive since the beginning of the year, and that market technicals should continue to be supportive in the near-term. Accordingly, while we continue to prioritize downside protection, we have a generally positive market bias (at least for the near-term) as August begins. We used the rally to trim exposure to an issuer with outsize exposure to Europe (and in particular, to rising energy costs in Europe). We replaced this exposure in good-quality credits with short duration profiles, careful to keep interest rate risk in check, that offered attractive yields.

**Risk warnings**

- The market value of debt securities is affected by changes in prevailing interest rates and the Fund may be exposed to credit risk by investing in debt securities.
- There are default and liquidity risks associated with investment in high yield securities.
- Default risk and liquidity risk associated with investment in below investment grade securities.
- 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 BBG US GOVT 1-2 YEAR INDEX GTR (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

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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.

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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.

The strategy promotes environmental and/or social characteristics as referenced in Article 8 of the Sustainable Finance Disclosure Regulation (EU) No. 2019/2088 ("SFDR"). Please refer to the required pre-contract disclosures contained in the relevant prospectus or offering memorandum (as applicable) or on our website. More information can be found at <https://www.principalglobal.com/about-us>.)