

Post Global Limited Term High Yield Fund - A2 Class Income Units

31 October 2021

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
18 Yrs Industry Exp
David D. Kim
18 Yrs Industry Exp
Schuyler Hewes
23 Yrs Industry Exp
Dan Ross
23 Yrs Industry Exp
Iris Shin
17 Yrs Industry Exp
James Wolf
36 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

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

Fund facts

Fund size	\$601.3m
Base currency	USD
Fund domicile	Ireland
UCITS qualifying	Yes
Pricing	Daily
Dealing	10am Dublin

Unit class facts

Launch date	08 Feb 2021
Currency	USD
Minimum investment	US\$1,000
Management fee(s)	1.00% pa
Income distribution	Income
Distribution frequency:	

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	4.6	1.1
Yield to Worst	3.3	0.3
Yield to Maturity	4.0	0.3
Effective Duration (Years)	2.2	1.5

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	36.0	29.0
1-3 Years	25.1	-68.0
3-5 Years	34.4	34.4
5-7 Years	2.0	2.0
7-10 Years	0.0	0.0
>10 Years	0.0	0.0
Cash	2.6	2.6

Credit quality (%)

	Fund	Difference
AAA	0.0	-100.0
BBB	4.3	4.3
BB	52.4	52.4
B	37.0	37.0
CCC	1.2	1.2
Not Rated	2.5	2.5
Cash	2.6	2.6

Industry allocation (%)

	Fund	Difference
TECHNOLOGY	12.9	12.9
FINANCE COMPANIES	10.6	10.6
HEALTHCARE	8.7	8.7
GAMING	7.5	7.5
FINANCIAL OTHER	5.1	5.1
FOOD AND BEVERAGE	4.9	4.9
AUTOMOTIVE	4.8	4.8
CABLE SATELLITE	4.3	4.3
P&C	3.9	3.9
PACKAGING	3.5	3.5
WIRELESS	3.3	3.3
MIDSTREAM	3.1	3.1
BROKERAGE ASSETMANAGERS EXCHANGES	2.7	2.7
AEROSPACE DEFENSE	2.6	2.6
ENVIRONMENTAL	2.5	2.5
METALS AND MINING	2.2	2.2
RESTAURANTS	2.1	2.1
CONSUMER CYCLICAL SERVICES	1.8	1.8
ELECTRIC	1.5	1.5
AIRLINES	1.5	1.5
OTHER REITS	1.4	1.4
WIRELINES	1.2	1.2
PHARMACEUTICALS	1.2	1.2
SUPERMARKETS	1.1	1.1
RETAILERS	0.9	0.9
LEISURE	0.7	0.7
CHEMICALS	0.5	0.5
INDEPENDENT	0.4	0.4
DIVERSIFIED MANUFACTURING	0.2	0.2
BUILDING MATERIALS	0.2	0.2
INDUSTRIAL OTHER	0.2	0.2
Other	0.0	-100.0
Cash	2.6	2.6

Fund codes

Bloomberg	PRTHYAU ID
ISIN	IE00BD5DHQ95
SEDOL	BD5DHQ9
Valoren	44098234
WKN	A2QNM0

Registration

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

Fund management commentary

Market Review

The short duration ICE 1-5 Year BB-B Cash Pay High Yield Constrained Index (the "Index") generated returns of +9 basis points (bps) in October and 4.24% for the year. The yield to worst on the Index increased from 3.21% at the end of September to 3.28% at the end of October, while the option-adjusted spread (OAS) declined from 283 bps to 275 bps driven by Treasury yields increasing. In October, the market began to move affirmatively price in a global monetary tightening cycle. The 2-year Treasury yield increased from 29 bps at the end of September to 49 bps, while the 10-year Treasury yield increased 5 bps to 1.56%. Interest rate futures are also pricing in an expectation of two hikes by the end of 2022, with the first hike coming by July. During the month, the high yield mutual fund base reported an inflow of \$1.4 billion, the fourth inflow over the last eleven months and third consecutive inflow. During the month, 50 bonds priced for \$30.2 billion, although only \$17.2 billion of this was new (non-refinancing) supply. Default activity remained modest in October, with one borrower defaulting on \$681 million in loans and one distressed exchange affecting \$356 million in loans and no high yield bond defaults.

Fund Review

The fund generated modestly negative returns in October.

Market Outlook

As we noted last month, we remain cautiously optimistic about the recovery in the global economy, and while the COVID-19 crisis remains a concern, the secondary effects of the pandemic seem to warrant the most consideration. Specifically, we are monitoring the impact of labor and cost pressures on our portfolios. Accordingly, as "good defense" is an important component of our strategy, we continue to avoid the more volatile subsectors, such as oil field services, and remain selective in our deployment of capital. We continue to focus on investing in high-quality businesses whose business models and balance sheets can withstand different kinds of volatility.

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 Bloomberg Barclays U.S. Government 1-2 Year 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 its index. Further, it is not possible to invest in an index.

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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.

Contact us

For more information on the fund, please contact:

Europe: Principal Global Investors (EU) Limited

+49 69 5060 6787

Edwinson.Petter@principal.com

Principal Global Investors, LLC (Dubai)

+97 143 46 4555

Dungarpurwala.Tasneem@principal.com

Principal Global Investors (Singapore) Limited

+65 6307 7807

Singh.Suresh@principal.com

Principal Global Investors (Switzerland) GmbH

+41 44 286 1000

Bloch.Martin@principal.com

Stengel.Nikolai@principal.com

United Kingdom: Principal Global Investors (Europe) Limited

+44 (0) 207 710 0220

Investors-Europe@principal.com

Glendon.Alan@principal.com

Website

www.principalglobal.com