

European Equity Fund - Euro I Class Accumulation Units

31 July 2019

Investment advisor

Principal Global Investors, LLC ("PGI")

Sub investment advisor

Principal Global Investors (Europe) Ltd ("PGIE")

Principal Global Equities is a specialized investment management group of Principal Global Investors which is located across various investments locations. It has expertise across U.S., international and emerging equity markets.

Fund managers

Juliet Cohn
37 Yrs Industry Exp
Paul H. Blankenhagen, CFA
27 Yrs Industry Exp

Investment objective

The Fund aims to provide capital growth over the medium to long term predominantly through investment in European equities that we believe are mispriced by the market and have potential for significant growth.

Performance comparator

The Fund is managed without reference to a particular benchmark. Figures in relation to the MSCI Europe NTR Index (the "Index") are provided for comparison only.

Fund facts

Fund size	€35.0m
Base currency	USD
Fund domicile	Ireland
UCITS qualifying	Yes
Pricing	Daily
Dealing	10am Dublin 5pm Hong Kong

Unit class facts

Launch date	17 Feb 2010
Currency	EUR
Hedging	N/A
Minimum investment	US\$2,000,000
Management fee(s)	0.75% pa
Income distribution	Accumulated

Fund grading

5 Star Overall Morningstar Rating™ as of 31 July 2019



Regulatory risk warnings

There is no guarantee that the investment objective of the Fund will be achieved. This unit class is unhedged. Unhedged unit classes are exposed to greater risk and volatility. Equity markets are subject to many factors, including economic conditions, government regulations, market sentiment, local and international political events, and environmental and technological issues. The potential for profit is accompanied by the possibility of loss.

Performance (%)

	1M	3M	YTD	1YR	3YR	5YR	SI
Fund Cumulative Net	0.75	1.04	20.04	2.52	27.48	46.26	136.59
Index Cumulative	0.30	-0.43	16.59	1.61	22.80	30.44	100.41
Fund Annualised Net	0.75	1.04	20.04	2.52	8.43	7.90	9.54
Index Annualised	0.30	-0.43	16.59	1.61	7.09	5.46	7.63

12-month rolling return (%)

August 14 - July 15	August 15 - July 16	August 16 - July 17	August 17 - July 18	August 18 - July 19
24.83	-8.09	14.14	8.94	2.52

Risk analysis

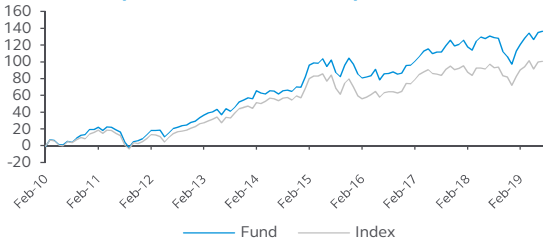
	3YR	5YR
Information Ratio	0.4	0.7
Alpha	1.7	2.6
Tracking Error	3.6	3.5
Standard Deviation	10.4	12.3
Beta	1.0	1.0

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 official Net Asset Value (NAV) prices. 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 important information.)

Cumulative performance since inception (%)



Fund analysis

	Fund	Index
Active Share	61.4	-
Price/Earnings	18.8	15.5
Price/Book	4.6	2.5
Div Yield Wtd Avg	3.0	3.8
Mkt Cap Wtd Avg USDm	76,809.5	80,761.3

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

Top 10 holdings (%)

	Fund
Nestle S.A.	4.9
Roche Holding AG	3.3
Novartis AG	3.3
Royal Dutch Shell Plc	2.7
LVMH Moet Hennessy Louis Vuitton SE	2.6
BP p.Lc.	2.1
Novo Nordisk A/S	1.8
Diageo plc	1.8
Enel SpA	1.7
Iberdrola SA	1.7
Total	25.8
No. of holdings	118

Sector allocation (%)

	Fund	Difference
Health Care	18.1	4.9
Financials	14.6	-3.0
Consumer Staples	14.0	-0.9
Consumer Discretionary	13.3	3.6
Industrials	11.9	-1.5
Information Technology	9.0	3.1
Energy	5.9	-1.7
Materials	5.4	-1.9
Communication Services	4.0	-0.6
Utilities	4.0	-0.4
Real Estate	1.8	0.5
Cash	-2.1	-2.1

Top 5 stock overweights/underweights (%)

	Difference
Overweight	
LVMH Moet Hennessy Louis Vuitton SE	1.2
Roche Holding AG	1.1
3i Group plc	1.1
Teleperformance	1.1
Nestle S.A.	1.1
Underweight	
Allianz SE	-1.1
AstraZeneca PLC	-1.3
SAP SE	-1.4
Total SA	-1.4
HSBC Holdings Plc	-1.6

Country allocation (%)

	Fund	Difference
United Kingdom	28.9	2.3
Switzerland	16.5	1.6
France	14.1	-3.9
Germany	10.2	-3.6
Netherlands	8.3	2.4
Italy	5.8	2.1
Denmark	4.9	2.2
Sweden	3.8	-0.2
Spain	3.5	-1.1
Finland	2.4	0.8
Norway	1.9	0.8
Austria	0.9	0.5
Ireland	0.7	-0.2
Other	0.4	-1.5
Cash	-2.1	-2.1

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	PIFEQIA ID
ISIN	IE00B60S0X89
Lipper	68042440
SEDOL	B60S0X8
Valoren	11492508
WKN	A1XCJ6

Country registration
Belgium, Finland, France, Germany, Guernsey, Hong Kong, Ireland, Italy, Jersey, Netherlands, 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.

Regulatory risk warnings
The potential for profit is accompanied by the possibility of loss. Investing in emerging markets has associated risks including currency risk, confiscatory taxation, nationalization of assets, possibility of expropriation, volatility, liquidity and external factors e.g. war, natural disasters.

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Fund management commentary

Market Review

Equity markets largely continued their trend higher building off a positive G-20 summit and a dovish Fed which planted expectations for a rate cut. However, gains were capped amid a volatile geo-political backdrop led by the on-again, off-again trade relationship between the US and China. European markets lagged the rest of global markets as the political backdrop remained uncertain despite the conclusion of many elections. Boris Johnson was confirmed as the new British Prime Minister, and promptly told the EU he was prepared to consider a “hard” Brexit in order to try and bring them back to the negotiating table.

Fund Review

Performance was driven by stock selection.

Market Outlook

We have seen abrupt shifts in investor sentiment as a result of uncertainty over the likely direction of trade talks between the US and China, and over the likely action or otherwise by the Fed. News that the US will implement an additional 10% tariff on US\$300 billion worth of goods also roiled markets. The Fed adopted a more dovish stance, and cut rates by 0.25%, noting it was a “mid-cycle adjustment”. Despite the constant geopolitical headwinds and growth disruptions, the latest earnings season has beaten expectations, albeit off reduced levels. Earnings growth seems on track for a small beat of reduced expectations. We continue to prefer companies with favourable earnings trends and other aspects of improving business fundamentals, rising investor expectations and attractive relative valuations. The coming quarters will be closely watched for any signs of earnings deterioration should tariff and global worries start hitting the bottom-line. Regardless of the region, sector, or general market conditions, our bottom-up focus on sustainable earnings trends and valuations relative to expectations remains a constant across the portfolio, and helps rise above the fray of short-term “risk on/risk off” tendencies of many investors during bouts of volatility. As always, our analysts’ search for underappreciated fundamental change at attractive valuations continues and, despite the macro noise, is highlighting profitable investment opportunities across sectors and regions.

Performance note

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. 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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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. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used to create indices or financial products. This report is not approved or produced by MSCI. Overall Morningstar Rating™ as of July 2019. Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. NTR stands for net total return. An NTR Index is net of withholding taxes.