

European Equity Fund - Euro I Class Accumulation Units

30 September 2021

Investment advisor

Principal Global Investors, LLC ("PGI")

Sub investment advisor

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

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

39 Yrs Industry Exp

Paul H. Blankenhagen, CFA

29 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.

Index

MSCI Europe NTR Index*

Fund facts

Fund size	€72.6m
Base currency	USD
Fund domicile	Ireland
UCITS qualifying	Yes
Pricing	Daily
Dealing	10am Dublin

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 30 September 2021



Juliet Cohn and Paul H. Blankenhagen A rated - Citywire Fund Manager Ratings



Performance (%)

	1M	3M	YTD	1YR	3YR	5YR	10YR
Fund Cumulative Net	-4.16	1.45	17.99	29.44	41.22	71.54	229.09
Index Cumulative	-3.01	0.74	16.20	28.76	25.58	48.15	153.49
Fund Annualised Net	-4.16	1.45	17.99	29.44	12.18	11.39	12.64
Index Annualised	-3.01	0.74	16.20	28.76	7.88	8.17	9.74

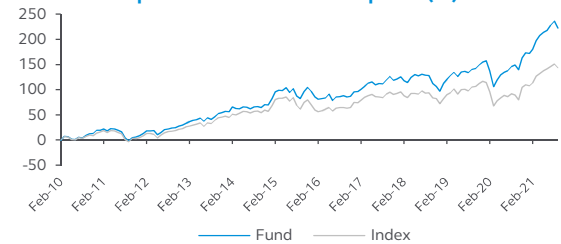
12-month rolling return (%)

Oct 16 - Sep 17	Oct 17 - Sep 18	Oct 18 - Sep 19	Oct 19 - Sep 20	Oct 20 - Sep 21
16.78	4.01	5.35	3.56	29.44

Risk analysis

	3YR	5YR
Information Ratio	0.9	0.8
Alpha	5.2	4.1
Tracking Error	4.7	4.2
Standard Deviation	15.6	13.1
Beta	0.9	0.9

Cumulative performance since inception (%)



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	66.6	-
Price/Earnings	22.4	19.5
Price/Book	6.7	3.5
Div Yield Wtd Avg	1.7	2.4
Mkt Cap Wtd Avg USDm	90,196.0	93,275.2

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

Top 10 holdings (%)

	Fund
ASML Holding NV	3.9
Roche Holding Ltd	3.2
AstraZeneca PLC	2.8
LVMH Moët Hennessy Louis Vuitton SE	2.8
Novo Nordisk A/S	2.6
Nestle S.A.	2.0
Schneider Electric SE	1.9
L'Oreal SA	1.8
ING Groep NV	1.6
Deutsche Post AG	1.6
Total	24.1

No. of holdings

87

Sector allocation (%)

	Fund	Difference
Industrials	18.5	3.6
Health Care	15.8	1.4
Financials	15.2	-0.8
Consumer Discretionary	12.5	0.8
Information Technology	11.9	3.2
Consumer Staples	8.1	-4.5
Materials	6.3	-1.6
Communication Services	2.3	-1.5
Energy	2.2	-2.6
Utilities	1.9	-2.1
Real Estate	0.6	-0.7
Cash	4.7	4.7

Top 5 stock overweights/underweights (%)

	Difference
Overweight	
3i Group plc	1.2
JD Sports Fashion PLC	1.1
AstraZeneca PLC	1.1
ING Groep NV	1.1
Novo Nordisk A/S	1.1
Underweight	
Nestle S.A.	-1.2
SAP SE	-1.3
Unilever PLC	-1.3
Royal Dutch Shell Plc	-1.6
Novartis AG	-1.7

Geographic allocation (%)

	Fund	Difference
United Kingdom	18.8	-3.7
France	18.1	0.6
Switzerland	12.2	-2.7
Netherlands	10.8	3.2
Denmark	8.1	4.0
Germany	7.9	-6.3
Sweden	7.5	1.8
Norway	2.6	1.5
Ireland	2.3	1.2
Italy	2.2	-1.6
Finland	1.9	0.3
Spain	1.2	-2.6
Belgium	1.0	-0.4
Other	0.5	-0.1
Cash	4.7	4.7

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

Registration

Belgium, Denmark, Finland, France, Germany, Guernsey, Ireland, Italy, Jersey, 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**

It was a tough month for equities weighed down by the latest Fed meeting modestly bringing forward the tightening of monetary policy expectations while news of Chinese property developer Evergrande, likely to default on a significant portion of its debts, had cascading concerns across the globe. The period closed with most markets down low single digit returns led by the U.S.

While returns were largely negative, sector performance varied. Energy was the standout performer posting almost positive double-digit returns based upon the MSCI ACWI Index. The sector had a catalyst in oil prices that saw WTI, and Brent prices, rise and hit multi-year highs. Financials fared relatively better helped by the rise in yields. Weakness in commodity-related prices led to materials being the weakest performer while IT lagged giving up its quarterly gains. Equity returns were mostly lower as the markets took a breather. The S&P 500 was lower by 4.6% while the MSCI EM Index ended the period down by 3.9%. The MSCI Europe Index capped the period down by 4.7%.

Fund Review

Strong stock selection was witnessed in the communication services and health care sectors while Norway was a top performer from a country perspective. Negative attribution was seen in Sweden and the industrials and energy sectors.

Market Outlook

As we work through the final quarter of 2020, we are increasingly confident that company specific fundamentals will reassert themselves as the key driver of stock specific performance. With the path to recovery likely uneven across the globe, our analysts remain hyper-focused on the duration of the change they can identify. Various companies have seen an increased dislocation between consensus earnings expectations and our own forecasts. We look to capitalize on this.

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. Our analysts' search for underappreciated fundamental change at attractive valuations and is highlighting profitable investment opportunities across sectors and regions.

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 may be corporate governance and investor protection issues associated with Russian investments.
- 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.

Performance note

Index disclosure: The Fund is actively managed and aims to outperform the MSCI Europe 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. 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, Leutschbachstrasse 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.

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NTR stands for net total return. An NTR Index is net of withholding taxes.

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 Principle Adverse Impacts policies. These policies can be found at <https://www.principalglobal.com/about-us>.

Contact us

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