

Preferred Securities Fund - Hong Kong Dollar D2 Class Income Units

31 July 2024

Investment manager

Principal Global Investors, LLC

Sub investment manager

Spectrum Asset Management[†] specialises in the management of preferred securities. Principal Global Investors, LLC has been appointed as Investment Manager to the Fund, and has appointed Spectrum Asset Management, Inc. as the Sub-Investment Manager.

Fund managers**Kevin Nugent**

40 Yrs Industry Exp

Manu Krishnan, CFA

20 Yrs Industry Exp

Mark A. Lieb

47 Yrs Industry Exp

L. Phillip Jacoby, IV

42 Yrs Industry Exp

Bob Giangregorio

21 Yrs Industry Exp

Fred Diaz

32 Yrs Industry Exp

Satomi Yarnell

15 Yrs Industry Exp

Investment objective

The Fund seeks to achieve its overall objective by investing primarily in a portfolio of US dollar denominated preferred securities and debt securities, including convertible bonds and contingent convertible securities (CoCos).

Index

BBG GLOBAL AGG CORP USD TR

Fund facts

Fund size	HKD 32,84b
Launch date	08 Feb 2019
Fund base currency	USD
Min investment	US\$ 1,000
Fund domicile	IRELAND
UCITS qualifying	Yes
Dealing cut off	10:00 AM GMT Daily 5pm Hong Kong SAR
SFDR Categorisation	Article 8
Fee structure	D2 Class
Preliminary charge	max 5%
Management fee	0.60% pa
Admin charge	0.15% pa
Marketing and distribution fee	0.60% pa
Trustee fee	Not more than 0.022% pa

Investor minimum

Please contact Principal Global Investors

Important note

- The Preferred Securities Fund will invest primarily in a portfolio of U.S. dollar denominated preferred securities and debt securities.
- The Fund's investments will be offered on markets listed in Appendix A to the Prospectus, although it is anticipated that the majority will be issued by U.S. issuers. Compared with a well-diversified fund, its concentration risk is relatively high and hence it might be more volatile than a well-diversified fund.
- Investment involves risk. There is no assurance on investment returns and you may not get back the amount originally invested.
- The investment decision is yours but you should not invest in this Fund unless the intermediary who sells it to you has advised you that it is suitable for you and explained how it is consistent with your investment objectives.
- You should not invest solely in reliance on this marketing material alone. You should read the Summary Prospectus and the relevant Supplement(s) before investing including the Special Investment Considerations and Risks section of the Summary Prospectus.
- In relation to D2 Class Income Units of the Fund, the dividends which may be distributed by such class of units may be paid effectively out of the capital of the Fund (i.e. making the distribution from gross income while charging all or part of the Fund's fees and expenses to capital), resulting in an increase in distributable income for the payment of dividends by the Fund and an immediate reduction of the net asset value per unit of the Fund. Payment of dividends effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Dividend is not guaranteed.

Performance (%)

	1M	3M	YTD	1YR	3YR	5YR	SI
Fund Cumulative Net	1.56	3.51	5.29	10.12	1.11	11.49	19.42
Cumulative Index	2.38	4.73	2.22	7.15	-6.66	5.51	13.16
Fund Annualised Net	1.56	3.51	5.29	10.12	0.37	2.20	3.29
Index Annualised	2.38	4.73	2.22	7.15	-2.27	1.08	2.28

Fund performance is calculated on a NAV to NAV basis. Please see performance notes for further details. SI represents Since Inception.

Calendar year performance (%)

	2023	2022	2021	2020	2019
Fund Net	7.72	-10.61	2.22	3.68	-
Index	8.52	-15.18	-0.34	9.15	-

Fund analysis

	Fund	Index
Average Credit Quality	Baa2	A3
Current Yield**	6.1	4.5
Yield to Worst***	6.0	5.2
Yield to Maturity#	7.2	5.2
Modified Duration	3.6	6.6

Top 10 holdings (%)

	Fund
Zurich Finance Ireland 3 1/31-51 REG S	2.6
Bank Of Nova Scotia 4.9 6/25 perp	2.4
Enterprise Products Oper 5.25 8/27-77	2.1
HSBC Capital Funding 10.176 6/30/30 RegS	1.8
Toronto Dominion Bank 8.125 10/27-82	1.7
MetLife Inc. 10.75 8/1/39	1.6
Enbridge Inc 6 1/27-77	1.6
Demeter Swiss Re 5.625 8/27-52 Reg S	1.6
Intesa SanPaolo SPA 7.70 9/25-49 144A	1.6
Nippon Life Insurance 2.75 1/31-51 Reg S	1.6
Total	18.6

No. of holdings

228

Geographic allocation (%)

	Fund
United States	32.5
Canada	11.8
Great Britain	11.4
Switzerland	9.6
France	5.7
Japan	5.6
Ireland	4.4
Netherlands	3.3
Spain	3.1
Finland	2.3
Australia	2.2
Germany	2.0
Sweden	2.0
Other	2.9
Cash	1.1

Credit quality (%)

	Fund
AA/AAA and cash	1.1
A	17.8
BBB	62.2
BB and Lower	14.4
FX Hedge	0.0
UCITS Fund	4.4
Not Rated	0.0

Industry allocation (%)

	Fund
Banks	49.8
Insurance	28.6
Utilities	6.5
Energy	5.6
UCITS Fund	4.4
Financials	1.2
REITs	1.1
Telecommunications	0.9
Industrials	0.8
FX Hedge	0.0
Other	0.0
Cash	1.1

Source: Principal Global Investors and/or its affiliates and the Index. Characteristics sources: Bloomberg, Moody's, S&P, Fitch, and Spectrum Asset Management.

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	PGPSD2H ID
ISIN	IE00BFNQRS61
Lipper	68537057
SEDOL	BFNQRS6
Valoren	44119931
WKN	A2PDH4

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

Performance note

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 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 information reflects the performance of the D2 Class income units. Periods over one year are annualised. Investors should obtain their own independent tax advice. ##The following performance comparators were used for the Fund between the dates specified: Inception to 30 September 2008, Lehman Aggregate Index or BofA Merrill Lynch Preferred Stock Index; 1 October 2008 to 31 March 2011, 65% BofA Merrill Lynch Fixed Rate Preferred Securities Index and 35% Barclays Capital CapSec Tier 1 Index; 1 April 2011 to 28 February 2014, 50% BofA Merrill Lynch Fixed Rate Preferred Securities Index and 50% Barclays Capital CapSec Tier 1 Index; and 28 February 2014 to 29 September 2018, 50% BofA Merrill Lynch Fixed Rate Preferred Securities Index and 50% BofA Merrill Lynch US Capital Securities Index. On 30 September 2018, the performance comparator for the Fund changed to the current Index and on that date the index returns presented in this factsheet from inception of the Fund were amended to solely show those of the current index. Index returns for the other indices will be provided upon request. The inception date of the fund is 22 April 2003; not all share classes may be available to all investors. Performance since the inception of the fund is available on request. Outperforming the Blended Index is not specifically included in the objective of the Fund, and the figures shown in the table are provided as a comparison only. The methods of calculation of performance may not be identical. The source of performance is based on the current Investment Manager, Principal Global Investors, LLC. Past performance is not indicative of future performance. All figures are stated in HKD unless otherwise noted. **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.

Disclosure

*Where applicable: In Singapore, the Fund is registered as a Restricted Scheme and in Italy for Qualified Investors only.

Divergences between the returns of unit classes denominated in the base currency of the fund and hedged unit classes may arise among other things due to interest rate differentials between the base currency of the fund and the hedged unit class currency.

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This document has not been reviewed by the Securities and Futures Commission.

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Contact us

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