

# Global Credit Opportunities

30 June 2020

## Strategy description

A global credit strategy that opportunistically invests in investment grade credit and across multiple "plus" fixed income sectors with the objective of delivering high yield-like returns.

## Portfolio managers

**Darryl Trunel, CFA**  
31 years' experience

**William C. Armstrong, CFA**  
33 years' experience

**Tina Paris, CFA**  
19 years' experience

## Index

Bloomberg Barclays Global Aggregate Corp USD Hedged Index

## Risk warning

- The potential for profit is accompanied by the possibility of loss.
- Fixed Income investments are subject to interest rate risk; when interest rates rise, the price of debt typically declines.
- Potential investors should be aware that fixed Investments carry credit risks, default risk, liquidity risks, currency risks, operational risks, legal risks, counterparty risk and valuation risks.

## Composite performance (%)

|  | 3M   | YTD  | 1YR   | 3YR  | 5YR  | SI*  |
|--|------|------|-------|------|------|------|
| Global Credit Opportunities (gross)                                    | 8.26 | 9.55 | 12.95 | 7.60 | 6.21 | 6.92 |
| Bloomberg Barclays Global Aggregate Corp USD Hedged Index <sup>^</sup> | 7.85 | 3.47 | 7.15  | 5.70 | 5.39 | 5.22 |
| Excess gross return  | 0.41 | 6.08 | 5.81  | 1.90 | 0.82 | 1.69 |
| Global Credit Opportunities (net)                                      | 8.15 | 9.32 | 12.47 | 7.16 | 5.77 | 6.38 |

## 12-month rolling return (%)

|  | Jul 15 - Jun 16 | Jul 16 - Jun 17 | Jul 17 - Jun 18 | Jul 18 - Jun 19 | Jul 19 - Jun 20 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Global Credit Opportunities (gross)                                    | 2.61            | 5.75            | 0.30            | 9.97            | 12.95           |
| Global Credit Opportunities (net)                                      | 2.17            | 5.31            | -0.10           | 9.52            | 12.47           |
| Bloomberg Barclays Global Aggregate Corp USD Hedged Index <sup>^</sup> | 7.06            | 2.84            | 0.58            | 9.60            | 7.15            |

As of June 2020.

Source: Principal Global Investors.

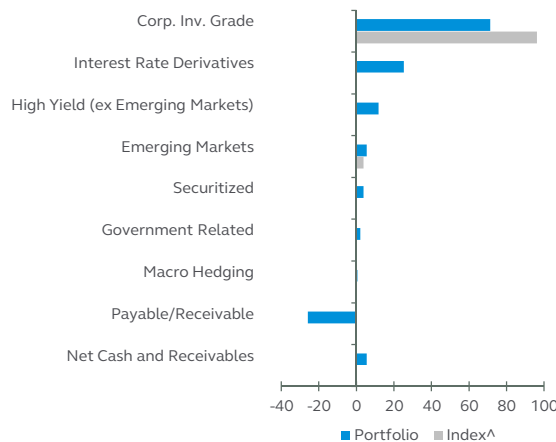
**Past performance is not a reliable indicator of future performance and should not be relied upon to make investment decisions.**

Periods over one year are annualized. Please see disclosures for additional information on performance.

\*Inception Date: 01 January 2012.

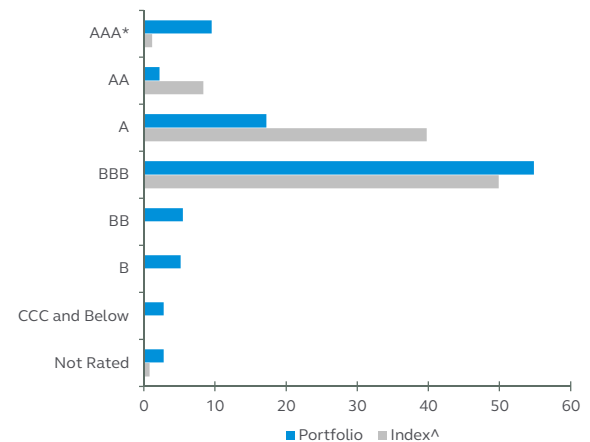
## Sector distribution<sup>†</sup>

Market value (%)



## Quality distribution<sup>†</sup>

Market value (%)



\*Includes cash

Quality distribution shown is based on ratings from S&P, Moody's, and Fitch. The Not Rated category consists of rateable securities that have not been rated by a nationally recognized statistical rating organization.

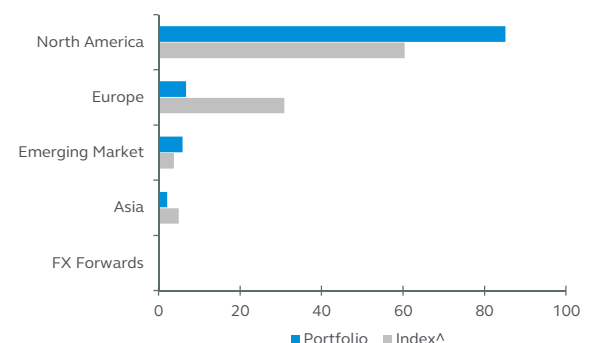
## Portfolio characteristics<sup>†</sup>

|                                       | Portfolio | Index <sup>^</sup> |
|---------------------------------------|-----------|--------------------|
| Option adjusted yield to worst        | 2.9%      | 2.1%               |
| Option adjusted duration (years)      | 7.5       | 7.3                |
| Option adjusted spread duration (yrs) | 4.9       | 7.3                |
| Average credit quality <sup>*</sup>   | BBB+      | A-                 |
| Ex-post var                           | 4.0       | 5.0                |

\* Average credit quality shown is not based on ratings of one rating agency. More information regarding the averaging methodology and quality distribution is available upon request.

## Regional distribution<sup>†</sup>

Market value (%)



<sup>^</sup>Source: Bloomberg

<sup>†</sup>Source: Certain analytics powered by Aladdin<sup>®</sup> by BlackRock<sup>®</sup>. BlackRock<sup>®</sup> and Aladdin<sup>®</sup> are trademarks and service marks of BlackRock, Inc. and its affiliates (collectively, "BlackRock"). BlackRock owns all proprietary rights in the marks and in the Aladdin<sup>®</sup> by BlackRock<sup>®</sup> services. BlackRock neither approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom. Characteristics shown are of the representative portfolio.

Due to rounding, figures and percentages shown may not add to the total or equal 100%.

Figures relating to the index are shown for comparative purposes only. The two methods of calculation may not be identical and it is not possible to invest in an index.

## About Principal Global Fixed Income

Principal Global Fixed Income is a specialized investment management group within Principal Global Investors. Our fixed income capabilities span multiple credit market cycles and draw upon the depth and breadth of our credit research process. Our analysts are industry experts, providing independent credit ratings and investment recommendations on over 1500 issuers.

Our macroeconomic and risk perspective serves as a consistent foundation for evaluating all opportunities and is integrated into the risk management process; this unique part of our process aims to deliver downside risk reduction while allowing for upside capture.

## Investment philosophy

We believe superior returns are best achieved for our clients through the integration of rigorous fundamental research, a global perspective, and disciplined risk management.

## Investment process

### Dynamic asset allocation

Unlike traditional multi-sector credit strategies, Global Capital Structure Opportunities is not constrained by a benchmark. This unconstrained asset allocation, allows our team the flexibility to tactically and strategically shift allocations among a diverse set of high-yielding fixed income sectors as market conditions and opportunities change.

### High conviction security selection

Global Capital Structure Opportunities invests in fewer securities than a traditional portfolio. Investment decisions are guided by our own independent credit ratings and fundamental research process which allow us to build concentrated portfolios of securities with the highest total return potential. Allocations are guided by conviction rather than benchmark weighting.

### Multiple lines of defense

Our disciplined risk management process employs multiple layers of defense, including Value-at-Risk limits to help manage portfolio risk and explicit exit strategies for every holding in the portfolio to help manage issuer risk.

## Disclosures

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All figures shown in this document are in US dollars unless otherwise noted. Indices are unmanaged and do not take into account fees, expenses and transaction costs are not available for direct investment.

Bloomberg Barclays Global Aggregate - Corp USD Hedged Index includes publicly issued U.S. corporate and specified foreign debentures and secured notes that are eligible for the global aggregate index. Securities must meet the specified maturity, liquidity and quality requirements. To qualify, bonds must be SEC-registered. The corporate sectors are industrial, utility and finance, which include both US and non-US corporations. The benchmark returns are hedged to the USD currency. Information regarding the comparison to the Bloomberg Barclays Global Aggregate - Corp USD Hedged Index is available upon request.

Composite performance results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Gross performance shown does not reflect the deduction of investment management fees and certain transaction costs, which will reduce portfolio performance.

Net performance results reflect a reduction for investment advisory fees based on the firm's applicable asset management fee schedule. Additional information on calculation of composite performance data is available on request. Actual investment advisory fees charged to clients may vary.

Each portfolio included in the composite is managed according to its own individual investment restrictions and limitations and therefore their characteristics may vary from those of the Representative Portfolio shown. Portfolio performance, characteristics and volatility may differ from the benchmark shown. Holdings and weightings are subject to change daily. The holdings listed should not be considered a recommendation to purchase or sell any security and there is no assurance an investment in these securities will be profitable.

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