

Bank Loans

30 June 2021

Strategy description

A strategy invested in leveraged loan securities that are typically secured and have a floating rate structure.

Portfolio managers

Mark Denkinger, CFA
31 years' experience

Darrin Smith, CFA
30 years' experience

Jason Hahn, CFA
28 years' experience

Joshua Rank, CFA
21 years' experience

Index

S&P LSTA 100 Leveraged Loan 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	10YR
Bank Loans (gross)	1.22	2.57	8.99	4.96	5.27	4.37
S&P LSTA 100 Leveraged Loan Index	1.13	2.17	9.37	4.29	4.66	4.06
Excess gross return	0.09	0.41	-0.38	0.67	0.60	0.31
Bank Loans (net)	1.09	2.32	8.47	4.46	4.75	3.83

12-month rolling return (%)

	July 16 - June 17	July 17 - June 18	July 18 - June 19	July 19 - June 20	July 20 - June 21
Bank Loans (gross)	6.49	4.96	4.10	1.93	8.99
Bank Loans (net)	5.92	4.44	3.60	1.45	8.47
S&P LSTA 100 Leveraged Loan Index	6.73	3.73	4.22	-0.46	9.37

As of June 2021.

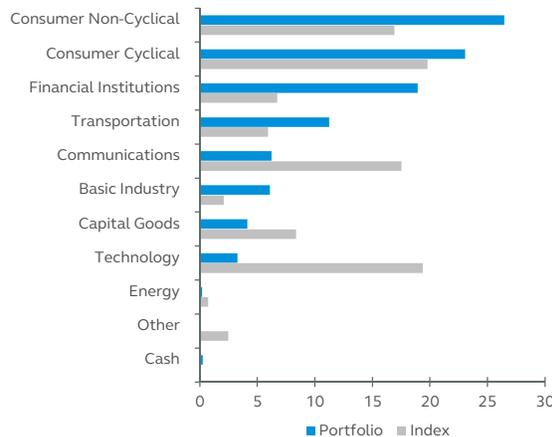
Source: Principal Global Investors.

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.

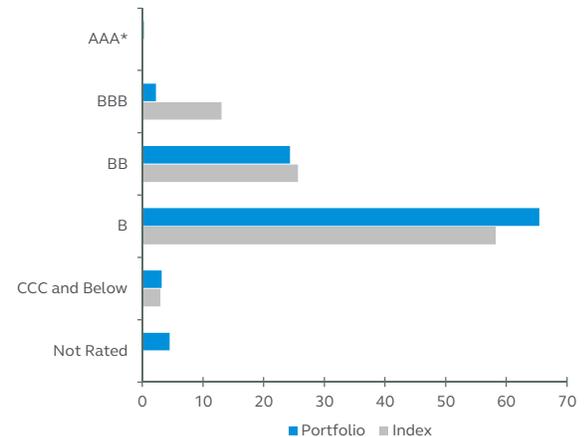
Sector distribution[†]

Market value (%)



Quality distribution[†]

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[†]

	Portfolio	Index
Average credit quality*	B+	B+
Average coupon	4.6%	3.3%
Average life	4.3	4.2

* 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.

Top 10 holdings (%)[†]

Company	Portfolio
American Airlines Inc	5.7
Enterprise Development Authority/The	5.5
Kronos Acquisition Holdings Inc	5.3
Bellring Brands Llc	4.6
Golden Nugget Llc	4.5
Asurion Llc	4.3
Acrisure Llc	4.2
Ahp Health Partners Inc	4.2
Irb Holding Corp	4.0
Russell Investments Us Institutional Holdco Inc	3.9
Total	46.2

Securities listed are based on the issue, not the issuer.

[†]Source: Certain analytics powered by Aladdin[®] by BlackRock[®]. BlackRock[®] and Aladdin[®] 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[®] by BlackRock[®] 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

We believe a significant driver in our goal of delivering consistent peer outperformance over a full market cycle is our research process. We employ bottom-up security selection using a dedicated high yield team that is integrated within our broad fixed income capabilities. Additionally, our approach employs well-defined exit strategies to ensure maximum sensitivity to credit and valuation changes. Allocation and security decisions are aligned with our client objectives to construct diversified portfolios. Thorough, ongoing monitoring of macro and issuer risk ensures consistency with those client objectives.

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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.

The S&P/LSTA U.S. Leverage Loan 100 Index is designed to reflect the performance of the largest facilities in the US dollar leveraged loan market. The index rebalancing frequency is weekly, to reflect pay-downs and ensure the index maintains 100 loan facilities. All syndicated leveraged loans covered by the S&P/LSTA Leveraged Loan Index universe are eligible for inclusion. Term loans from syndicated credits must be senior secured, have minimum initial term of one year, minimum initial spread of LIBOR + 125bps, and US dollar denominated. In reports issued prior to July 16, 2014, the Credit Suisse Leveraged Loan Index was used for comparison purposes. The benchmark was changed to be more representative of the composite strategy. Information regarding the comparison to the benchmarks 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.

Effective March 2021, composite net performance is calculated using the highest applicable fee as shown in the composite fee schedule. Prior to March 2021, composite net returns were derived based the aggregation of underlying portfolios and their noted actual or model fee tier. Actual investment advisory fees incurred by clients may vary. Composite net returns after January 1, 2011, are inclusive of performance-based fees (where applicable). Performance-based fees are accounted for on a cash basis.

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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- (ii) have sustainable investment as its objective in a way that meets the specific criteria contained in Article 9 of SFDR.

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