

30 June 2018

Post Global Limited Term High Yield Fund - I Inc GBP Hedged

Investment Manager

Post Advisory Group† specialises in the management of high yield fixed income.

†Principal Global Investors, LLC has been appointed as Investment Advisor to the Fund, and has appointed Post Advisory Group, LLC as the Sub-Investment Advisor.

Fund Managers

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26 Yrs Industry Exp

Schuyler Hewes
B.S. & B.A., University of Pennsylvania (Wharton)
20 Yrs Industry Exp

David D. Kim
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15 Yrs Industry Exp

Dan Ross
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20 Yrs Industry Exp

Jeff Stroll
MBA, Columbia University
17 Yrs Industry Exp

Investment Objective

The Fund's primary objective is to seek to achieve a high rate of return relative to typical high yield investments by investing primarily in a portfolio of short-term, lower volatility, high yield debt with an average duration of approximately 12-24 months. The Fund will invest in a diversified portfolio of typically below investment grade high yield securities, including global corporate bonds, bank debt, convertible bonds, commercial paper and preferred stocks.

Performance Comparator

The Fund is managed without reference to a particular benchmark. Figures in relation to the Bloomberg Barclays U.S. Government 1-2 Year GBP Hedged are provided for comparison only.

Fund Facts

Fund Size	£619.7m
Launch Date	09 Feb 2016
Base Currency	USD
Hedging	Class/Portfolio
Min Investment	US\$300,000
Management Fee	0.70% pa
Fund Domicile	Ireland
UCITs Qualifying	Yes
Pricing	Daily
Dealing	Tuesday: 10am Dublin
Income Distribution	Income

Country Registration*

Belgium, Chile, Finland, France, Germany, Guernsey, Ireland, Italy, Jersey, Luxembourg, Netherlands, Singapore, Spain, Sweden, Switzerland, UAE and UK

Regulatory Risk Warnings

Past performance is not a reliable indicator of future performance. There is no guarantee that the investment objective of the Fund will be achieved. Currency hedging may reduce but will not remove risk. Hedging will incur more transaction costs and fees, which will affect overall return.

PERFORMANCE %

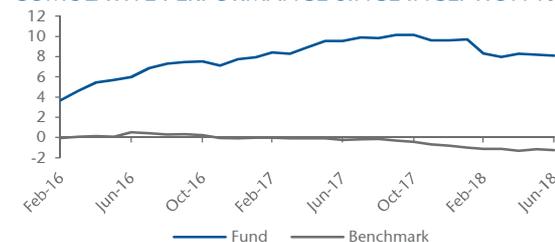
	1M	3M	YTD	1YR	3YR	5YR	SI
Fund Cumulative Net	-0.10	0.11	-1.38	-1.32	-	-	8.09
Benchmark Cumulative	-0.12	-0.15	-0.46	-1.03	-	-	-1.26
Fund Annualised Net	-0.10	0.11	-1.38	-1.32	-	-	3.31
Benchmark Annualised	-0.12	-0.15	-0.46	-1.03	-	-	-0.53

Fund performance is calculated on a Nav to Nav basis, including net of trustee and management fees. See performance notes, SI represents Since Inception.

CALENDAR YEAR PERFORMANCE %

	2017	2016	2015	2014	2013
Fund Net	1.74	-	-	-	-
Benchmark	-0.70	-	-	-	-

CUMULATIVE PERFORMANCE SINCE INCEPTION %



FUND ANALYSIS

	Fund	Benchmark
Average Credit Quality	BB-	AAA
Current Yield	5.4	1.7
Yield to Worst	5.0	2.5
Yield to Maturity	5.1	2.5
Effective Duration (Years)	2.0	1.4

RISK ANALYSIS

	1YR
Information Ratio	-0.2
Alpha	-1.3
Tracking Error	1.5
Standard Deviation	1.4
Beta	0.3

EFFECTIVE DURATION

	Fund	Difference
<1 Year	20.9	13.9
1-3 Years	57.4	-35.5
3-5 Years	16.7	16.7
5-7 Years	0.0	0.0
7-10 Years	0.0	0.0
>10 Years	0.0	0.0
Cash	4.9	4.9

INDUSTRY ALLOCATION %

	Fund	Difference
HEALTHCARE	15.1	15.1
CABLE SATELLITE	10.9	10.9
WIRELESS	8.7	8.7
TECHNOLOGY	8.2	8.2
MEDIA ENTERTAINMENT	7.9	7.9
GAMING	5.7	5.7
AEROSPACE/DEFENSE	4.3	4.3
CONSUMER CYCLICAL SERVICES	3.7	3.7
PACKAGING	3.7	3.7
CONSUMER PRODUCTS	3.3	3.3
LEISURE	3.1	3.1
FINANCE COMPANIES	2.9	2.9
WIRELINES	2.0	2.0
P&C	1.9	1.9
FOOD AND BEVERAGE	1.7	1.7
FINANCIAL OTHER	1.6	1.6
LIFE	1.6	1.6
HEALTH INSURANCE	1.5	1.5
INDEPENDENT	1.1	1.1
MIDSTREAM	1.1	1.1
ENVIRONMENTAL	0.8	0.8
AIRLINES	0.7	0.7
OTHER REITS	0.7	0.7
RESTAURANTS	0.6	0.6
LODGING	0.6	0.6
CHEMICALS	0.5	0.5
AUTOMOTIVE	0.5	0.5
DIVERSIFIED MANUFACTURING	0.3	0.3
BROKERAGE ASSETMANAGERS EXCHANGES	0.2	0.2
INDUSTRIAL OTHER	0.1	0.1
BUILDING MATERIALS	0.1	0.1
TREASURIES	0.0	-91.5
OWNED NO GUARANTEE	0.0	-4.7
GOVERNMENT SPONSORED	0.0	-3.5
Other	0.0	-0.2
Cash	4.9	4.9

CREDIT QUALITY %

	Fund	Difference
AAA	0.0	-99.1
AA	0.0	-0.9
BBB	7.3	7.3
BB	49.4	49.4
B	34.5	34.5
CCC	2.3	2.3
Not Rated	1.6	1.6
CASH	4.9	4.9

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Fund Codes

Income Units:

ISIN IE00B89Z5284
SEDOL B89Z528

Regulatory Risk Warnings

The potential for profit is accompanied by the possibility of loss.

FUND MANAGEMENT COMMENTARY

Market Review

After a weak first quarter which saw multiple bouts of volatility, the high yield market performed somewhat better in the second quarter, primarily driven by strong performance from lower quality credits. While the high yield market saw continued outflows, they declined relative to 1Q (\$3.9 billion in 2Q versus \$19.9 billion in 1Q), and the technical backdrop for high yield benefited from the market coupon and muted new issue supply (as the bond market continued to be cannibalized by senior loans). The 10-year US Treasury yield widened modestly (amid some significant intra-quarter volatility); we would observe that the more interesting trend was the continued flattening in the yield curve, as the Fed hiked short-term interest rates for the second time this year. This flattening created the risk of more volatility, as market fears of an inverted yield curve (and the potential economic implications associated with it) grew. Short duration high yield was resilient in the face of this continued rise in the short end of the Treasury curve, with the bulk of the impact on the market from the widening yield curve having been realized over the prior 5-6 months. The senior loan market continued to see inflows from investors looking for more floating rate exposure, though the acceleration of new issue loans caused moderate weakness in secondary price levels towards.

Fund Review

We believe that the market has generally now caught up with the Fed's more hawkish outlook, as certain key economic data gradually improve along with inflation indicators. We note the dynamic where low interest rates globally may be keeping an artificial "ceiling" on the 10-year US Treasury yield at around 3.0% (international investors could still be large buyers at that level even in the face of the Fed driving short-term rates higher).

Market Outlook

Short duration high yield bonds generated positive returns, even as the short end of the Treasury curve continued to move wider. Performance was positive across ratings categories, although it was strongest for lower quality credit – the BB component of the BAML 0-5 Year US High Yield Constrained Index returned 57 bps, versus 252 bps for the CCC component.

PERFORMANCE NOTE

All figures sourced by Principal Global Investors unless otherwise stated as at June 2018. Performance Source: Performance is calculated on a NAV-to-NAV basis, which takes account of net income and capital gains or losses from investments and does not take into account subscription fees and/or tax, but does include trustee and management fees. Returns for periods over one year are annualised. All figures are stated in USD, unless otherwise noted. The NAVs used in these calculations reflect the month-end market close prices of assets. The actual performance an investor receives reflects the NAVs at which they trade the Fund, which are calculated at the Fund's Valuation Point - as such, the two returns will differ. The performance information reflects performance of the A class Income units. The Fund is managed without reference to a particular benchmark; it does not track or define asset allocation in respect of a benchmark. The figures published are for information purposes only and provide details of the performance of a comparable index, the 'Performance Comparator'. The method of calculating performance may differ between the Fund and its Performance Comparator. Further, it is not possible to invest in the Performance Comparator. Past performance is not indicative of future performance. Investments do not always add up to 100% due to rounding.

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Contact Us

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