

31 December 2017

Claritas Latin American Equity Fund - I Acc USD

### Investment Manager

Claritas† specialises in the management of Brazilian and Latin American alpha generation strategies. It manages active equity long only funds, as well as equity long/short and arbitrage, macro, structured funds and balanced mandates.

†Principal Global Investors, LLC has been appointed as Investment Advisor to the Fund and has appointed Claritas Administração de Recursos LTDA as the Sub-Investment Adviser.

### Fund Managers

**Eduard Morais, CFA**  
BA, University Federal Rio De Janeiro  
18 Yrs Industry Exp  
**Helder Soares**  
BA, University Sao Paulo  
25 Yrs Industry Exp

### Investment Objective

The Fund aims to provide capital growth over the long term through investment in equities in Latin American investment markets.

### Fund Facts

Fund Size	\$12.0m
Launch Date	23 Sep 2013
Base Currency	USD
Min Investment	US\$300,000
Management Fee	1.00% pa
Fund Domicile	Ireland
UCITs Qualifying	Yes
Pricing	Daily
Dealing	10am Dublin 5pm Hong Kong
Income Distribution	Accumulated

### Country Registration

Guernsey, Ireland, Jersey and Switzerland

### 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.

### PERFORMANCE %

	1M	3M	YTD	1YR	3YR	5YR	SI
Fund Cumulative Net	3.62	-3.14	19.36	19.36	9.43	-	-6.50

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

### CUMULATIVE PERFORMANCE SINCE INCEPTION %



### FUND ANALYSIS

	Fund
Price/Earnings	15.0
Price/Book	2.7
Div Yield Wtd Avg	2.7
Mkt Cap Wtd Avg USDm	31,017

### TOP 10 HOLDINGS %

	Fund
ITAU UNIBANCO HOLDING S-PREF	7.5
BANCO BRADESCO SA-PREF	5.7
VALE SA	5.3
AMERICA MOVIL SAB DE C-SER L	4.0
PETROBRAS - PETROLEO BRAS	3.6
AMBEV SA	3.4
B3 SA-BRASIL BOLSA BALCAO	3.1
PETROBRAS - PETROLEO BRAS-PR	3.0
CREDICORP LTD	2.7
CPFL ENERGIA SA	2.6
<b>Total</b>	<b>40.8</b>

No. of holdings 96

### SECTOR ALLOCATION %

	Fund
Banks	26.0
Beverages	7.0
Oil&Gas	6.8
Electric	5.8
Iron/Steel	5.6
Retail	4.4
Telecommunications	4.3
Food	4.0
Mining	3.6
Forest Products&Paper	3.1
Diversified Finan Serv	3.1
Building Materials	2.9
Commercial Services	2.9
Other	17.7

### COUNTRY ALLOCATION %

	Fund
Brazil	56.9
Mexico	23.7
Chile	10.8
Peru	3.8
Colombia	2.9
Cash	1.9

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## Fund Codes

### Accumulation Units:

Bloomberg	PGICLAE ID
ISIN	IE00BBPRBJ87
Lipper	68230093
SEDOL	BBPRBJ8
Valoren	22533817
WKN	A1XCKB

## Regulatory Risk Warnings

The potential for profit is accompanied by the possibility of loss. Investing in emerging markets has associated risks including currency risk, confiscatory taxation, nationalization of assets, possibility of expropriation, volatility, liquidity and external factors e.g. war, natural disasters.

## Contact Us

For more information on the fund, please contact:

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## FUND MANAGEMENT COMMENTARY

### Market Review

Latin American equities increased 4.5% in December, outperforming both emerging markets (+3.6%) and developed markets (+1.4%). December was another month of mixed performance. Chile had a stellar performance (+15.8%), while Brazil performed in-line with the region (+4.7%) and Mexico remained flat (+0.0%). Chile had the region's best performance, recovering from last month's losses, on the back of favorable results from the presidential election. Former president Sebastian Piñera won the second round with 54% of the votes, better than the polls that were suggesting a much closer race. On the economic front, inflation remained at 1.9% in November, leading the Central Bank to sustain a dovish bias, while keeping the policy rate unchanged at 2.5%. Brazil presented mixed news, both on the political and economic fronts. While the trial on Lula's appeal, that could prevent him from running for the presidential race was scheduled for January 24th, ahead of expectations, the vote for the pension reform was postponed to February. Data on industrial production and retail sales disappointed, but inflation continued mild allowing Central Bank to cut another 50 bps to 7.0%. Mexico lagged the region in December as inflation continues climbing – it reached 6.7% in the first half of December. The Central Bank raised interest rate by 25 bps to 7.25% in a split decision, one member voted for a 50 bps increase, and released a hawkish statement given a more challenging outlook for inflation, with Fed's monetary policy pressuring Mexican currency.

### Fund Review

The positive highlights were the overweight allocations in Brazil. The negative highlight was one underweight in Brazil.

## PERFORMANCE NOTE

All figures sourced by Principal Global Investors unless otherwise stated as at December 2017. Performance Source: Performance is calculated on a NAV-to-NAV basis, includes the reinvestment of all investment income, and does not take into account subscription fees and/or tax, but does include trustee and management fees. The NAVs used to 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 I class accumulation units. Outperforming the MSCI EM Latin America Index is not specifically included in the objective for the Fund, and the figures shown in the table are provided as a comparison only. All figures are stated in USD unless otherwise noted. Investments do not always add up to 100% due to rounding.

## DISCLOSURE

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

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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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Past performance is no guide to the future. There is no guarantee that the investment objective of the Fund will be achieved. The NAV is not guaranteed and may fall as well as rise, depending on investment performance, and exchange rate fluctuations – where the Fund invests in non-USD denominated assets, whose value is not hedged to the USD. Before investing, investors should obtain and read a copy of the prospectus and the KIID, which provide full details of the risks of investing in the Fund. These are available at [principalglobalfunds.com](http://principalglobalfunds.com). Full risks of investing are outlined in the KIID and prospectus.

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All fees and charges related to the Fund may not be contained within this document. Investors seeking to participate in this Fund should refer to the Fund prospectus, supplement and KIID, obtainable on request or from the company website, for full disclosure of all Fund charges and Fees.