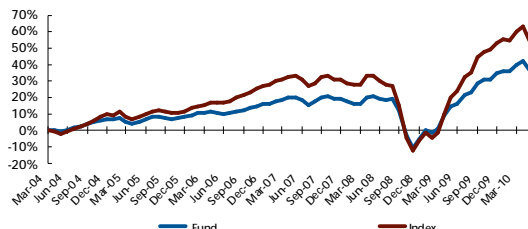


Principal Global Investors Funds

High Yield Fund (USD) - A Class

MAY 2010

Cumulative Performance Since Inception



Cumulative Performance Overview (%)¹

	1 Mo.	Year-to-Date	1 Year	3 Years	5 Years
Fund	-3.8	1.9	19.9	13.8	30.1
Index	-5.0	1.2	28.9	16.2	42.8

Calendar Year Performance (%)¹

	2009	2008	2007	2006	2005
Fund	41.6	-20.5	3.2	6.6	1.3
Index	62.0	-27.9	3.0	13.5	1.5

Annualised Performance (%)¹

	2 Years	3 Years	4 Years	5 Years
Fund	6.4	4.4	5.4	5.4
Index	7.7	5.1	7.2	7.4

All figures sourced by Principal Global Investors unless otherwise stated as at 31 May 2010

Performance Source: The investment returns shown between 1 July 2009 and 31 December 2009 are those for the I Share Class, adjusted for A Class Fees due to seed capital being removed for a brief period. Performance is calculated on a NAV-to-NAV basis, includes the reinvestment of all investment income, and does not take account of application fee or tax, but does include trustee and management fees. The performance information reflects performance of the A class accumulation units. Investors should obtain their own independent tax advice. Outperforming the Merrill Lynch Global High Yield Index (Barclays Capital HY Issuer Constrained Index on or before 30 November 2009 or the Lehman U.S. High Yield Index on or before 30 September 2008) 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.

Fund Characteristics (%)¹

	Effective Duration	Average Credit Quality*	Current Yield	Yield to Maturity
Fund	4.0	BA3/B1	8.9	9.0
Index	4.3	B1	8.7	9.2

Source: POINT. Security and portfolio level analytics with respect to fixed income portfolios in this document are derived from opinions and market assumptions made by Principal Global Investors or its affiliates. Some of the assumptions with respect to fixed income portfolios and the underlying investments include, but are not limited to, expected levels of volatility, prepayment, defaults and recovery rates of certain assets held in the portfolio. Future market experience may differ from these opinions and assumptions. *Average Credit Quality shown above is based on index ratings methodology. More information regarding the averaging methodology is available upon request.

Top 10 Holdings (%)

Hca Inc/De - Pre 2010 lpo	2.6
General Motors Acceptance Corp Of Canad	2.4
Ford Motor Credit Co Llc	2.2
Lincoln National Corp	1.8
Kabel Deutschland Gmbh	1.7
International Lease Finance Corp	1.7
Wind Acquisition Finance Sa	1.7
Liberty Mutual Group Inc	1.6
Lbg Capital No.1 Plc	1.6
Denbury Resources Inc	1.5
Total	18.7
No. of holdings	188

Fund Managers

Mark Denking, CFA
MBA, University of Iowa
20 Yrs Industry Exp

Darrin Smith, CFA
MBA, Drake University
19 Yrs Industry Exp

Investment Objective

The Fund seeks to provide a return consisting of income and, over the long term, capital growth. The Fund seeks to achieve its overall objective by investing in a portfolio of U.S. dollar denominated high yield fixed income securities. Value will be primarily added through security selection.

Benchmark

Merrill Lynch Global High Yield

Fund Rating

Standard & Poor's Fund Management Rating A^{V4}
Issued as at October 2008

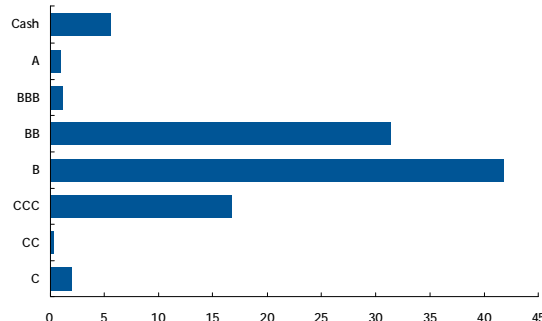
Fund Facts

Fund Size	US\$18.1m
Launch Date	15 March 2004
Base Currency	USD
Minimum Investment	
	US\$10,000
Management Fee	1.00% pa
Fund Domicile	Ireland
UCITS Qualifying	Yes
Pricing	Daily
Dealing	10am Dublin 5pm Hong Kong
Income Distribution	Accumulated

Registered For Sale In:

Belgium, Finland, France, Germany, Guernsey, Hong Kong, Ireland, Italy, Jersey, Netherlands, Spain, Sweden, Switzerland & UK

Credit Quality (%)**



** Average Credit Quality shown above is based on index ratings methodology. More information regarding the average methodology is available upon request.

Industry Allocation (%)

Banking	5.1
Basic Industry	5.9
Brokerage	0.8
Capital Goods	4.3
Cash	5.6
Communications	14.7
Consumer Cyclical	11.2
Consumer Non Cyclical	11.8
Electric	5.9
Energy	11.1
Finance Companies	6.1
Financial Other	0.7
Industrial Other	1.4
Insurance	4.1
Natural Gas	3.6
Technology	4.9
Transportation	2.7



Principal Global Investors Funds

High Yield Fund (USD) - A Class

MAY 2010

Fund Management Commentary

Market Review

The Merrill Lynch Global High Yield Index posted a -5.0% return for May, breaking the 14-month streak of positive performance from the high yield asset class. The barrage of headlines regarding Greece, U.S. regulatory reform and the declining euro all significantly contributed to the first monthly loss since February 2009. The high yield market, while still fundamentally performing well, was unable to overcome these global issues and the ensuing flight-to-quality trade that transpired. Economic indicators around the world continue to be supportive of a recovery, but until more certainty regarding the European Union (EU) and financial regulatory reform develops, volatility will remain high, regardless of asset class. With the widening of high yield spreads, the high yield asset class continues to look attractive and should continue to attract investors.

Fund Review

The fund outperformed the Merrill Lynch Global High Yield Index in May, primarily due to the fund's underweight position in euro denominated bonds. The euro continued to trade poorly during the month. Other primary contributors to the fund's outperformance was the underweight position in lower quality high yield (bonds rated triple-C and below), and the fund's underweight position in European banks, which not surprisingly performed poorly with the European sovereign issues. Security selection was also strong during the month as many of our secured holdings performed well. Detractors to the fund's performance were an overweight position in the insurance sector.

Portfolio Outlook and Strategy

As we think about the outlook for the high yield market, we like to discuss it in similar terms to the way we approach all of our credit decisions, focusing on fundamentals, technicals and valuations.

Fundamentals • The fundamentals of the high yield market continue to improve, led by solid corporate earnings and a dramatically improving default rate. Moody's reported their May default data, with the rolling 12-month default rate declining to 7.50% from 8.97% in April. The default rate peaked in November 2009 at 13.48%. More importantly, Moody's is forecasting the default rate to decline to 1.90% by May 2011.

Technicals • The recent market sell-off has been aided by weakening technicals in the high yield market. After record mutual fund inflows during 2009, and strong inflows during the first quarter, the past five weeks have reversed course. Lipper FMI (formerly AMG Data Services), reported US\$5.3 billion of outflow during this recent sell-off, with flows now negative for the year. With this recent back up in yields and equity sell-off, we would expect to see mutual fund flows return into the high yield asset class during the remainder of 2010.

Valuations • At the end of May, Index spreads were approximately 715 basis points (bp), widening 142 bp during May. This back up in spreads is not surprising given the strong performance of the high yield asset class over the prevailing 14 months. History has shown, that in months of large negative returns, European high yield underperforms U.S. high yield and that is exactly what happened during May. Regardless, since the primary issues impacting the market are dominated in Europe, we anticipate the euro currency will remain under pressure. Spreads are once again wide to historical averages and with the Index yielding 9.29% at the end of May.

Disclosures

¹From Fund inception to 31 May 2008, the source of performance is based on the previous Advisor, Post Advisory Group, an affiliate of Principal Global Investors, LLC. From 1 April 2008, the source of performance is based on the current Advisor, Principal Global Investors, LLC.

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The information in this document has been derived from sources believed to be accurate as of May 2010

Fund Codes

Accumulation Units:

Bloomberg	PIFYHIA ID
ISIN	IE00B0Z1BD73
Lipper	65025475
Valoren	CH2451193
WKN	A0JDN1

Contact Us

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