

30 June 2018

U.S. Equity Fund - I Acc USD

Investment Manager

Principal Global Equities† has expertise across U.S., international and emerging equity markets.

†Principal Global Equities is a specialized investment management group within Principal Global Investors. Principal Global Investors includes (amongst other entities): Principal Global Investors, LLC ("PGI") and Principal Global Investors (Europe) Ltd ("PGIE"). PGI has been appointed as Investment Advisor to the Fund and has appointed PGIE as Sub-Investment Advisor.

Fund Managers

Mustafa Sagun, Ph.D., CFA
PhD, University of South Florida
27 Yrs Industry Exp
Christopher Ibach, CFA
MBA, University of Iowa
24 Yrs Industry Exp

Investment Objective

The Fund seeks to provide capital growth over the medium to long term predominantly through investment in equity securities of companies domiciled or with their core business in the United States, which we believe are mispriced by the market and have the potential for significant growth.

Performance Comparator

The Fund is managed without reference to a particular benchmark. Figures in relation to the S&P 500 Index are provided for comparison only.

Fund Facts

Fund Size	\$64.8m
Launch Date	01 Dec 2003
Base Currency	USD
Min Investment	US\$2,000,000
Management Fee	0.75% pa
Fund Domicile	Ireland
UCITS Qualifying	Yes
Pricing	Daily
Dealing	10am Dublin 5pm Hong Kong
Income Distribution	Accumulated

Country Registration*

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

Fund Grading

3 Star Overall Morningstar Rating™ as of 30 June 2018



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 %

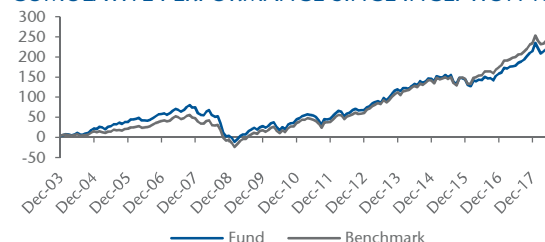
	1M	3M	YTD	1YR	3YR	5YR	10YR
Fund Cumulative Net	-0.04	3.37	1.78	14.61	27.92	72.08	106.19
Benchmark Cumulative	0.62	3.43	2.65	14.37	40.23	87.70	163.40
Fund Annualised Net	-0.04	3.37	1.78	14.61	8.54	11.46	7.50
Benchmark Annualised	0.62	3.43	2.65	14.37	11.92	13.41	10.16

Fund performance is calculated on a NAV to NAV basis, net performance including trustee and management fees. See performance notes.

CALENDAR YEAR PERFORMANCE %

	2017	2016	2015	2014	2013
Fund Net	21.37	5.90	-0.56	11.73	31.14
Benchmark	21.83	11.96	1.38	13.69	32.39

CUMULATIVE PERFORMANCE SINCE INCEPTION %



FUND ANALYSIS

	Fund	Benchmark
Active Share	61.2	-
Price/Earnings	17.8	17.8
Price/Book	4.8	4.5
Div Yield Wtd Avg	1.8	1.9
Mkt Cap Wtd Avg USDm	264,205.7	219,066.7

RISK ANALYSIS

	3YR	5YR
Information Ratio	-1.2	-0.7
Alpha	-3.7	-2.1
Tracking Error	2.8	2.8
Standard Deviation	10.6	10.2
Beta	1.0	1.0

TOP 10 HOLDINGS %

	Fund
Apple Inc.	4.6
Alphabet Inc.	4.4
Microsoft Corporation	4.3
Facebook, Inc.	3.7
Amazon.com, Inc.	3.5
Home Depot, Inc.	2.9
Cisco Systems, Inc.	2.8
JPMorgan Chase & Co.	2.5
Berkshire Hathaway Inc.	2.5
Amgen Inc.	2.4
Total	33.6

No. of holdings 69

TOP 5 STOCK OVERWEIGHTS/UNDERWEIGHTS %

	Difference
Overweight	
Cisco Systems, Inc.	1.9
Home Depot, Inc.	1.9
Amgen Inc.	1.8
American Financial Group, Inc.	1.8
Valero Energy Corporation	1.7
Underweight	
Netflix, Inc.	-0.7
Citigroup Inc.	-0.7
Procter & Gamble Company	-0.9
Exxon Mobil Corporation	-0.9
AT&T Inc	-1.0

SECTOR ALLOCATION %

	Fund	Difference
Information Technology	28.5	2.5
Financials	14.8	1.0
Health Care	14.5	0.4
Consumer Discretionary	14.3	1.4
Industrials	10.1	0.5
Energy	6.1	-0.2
Consumer Staples	5.1	-1.9
Materials	2.5	-0.1
Real Estate	2.3	-0.6
Utilities	1.0	-1.9
Telecommunication Services	0.7	-1.3
Cash	0.2	0.2

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Fund Codes

Accumulation Units:

Bloomberg	PIFUEIN ID
ISIN	IE0033957923
Lipper	60091854
SEDOL	B0SYJ95
Valoren	1791870
WKN	A0BMNP

Regulatory Risk Warnings

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

FUND MANAGEMENT COMMENTARY

Market Review

Global equity returns were weak, but for pockets like the United States. Stocks of the emerging variety carried forward their weakness from the previous month as further strengthening of the U.S. dollar and accelerated rhetoric surrounding trade tariffs weighed, particularly towards areas with a risk-on cyclical tilt. The U.S. was able to post better returns helped by rising earnings growth expectations. U.S. small-caps were particularly in favor as President Donald Trump's protectionist stance is providing support for domestic manufacturers.

The U.S. dollar continued its ascent to reach an almost one-year high. Appreciation accelerated against emerging currencies with the Argentinian peso, South African rand and Brazilian real being hit the hardest. Political concerns globally are driving the strength as well as higher U.S. real yields relative to the rest of the developed world. In a month of weaker commodity prices, oil was a standout performer. On a positive note, the historical summit between the United States and North Korea concluded encouragingly though lacked much detail. Central banks were busy in the period led by the Fed which hiked its target rate by 25 bps. The MSCI Europe Index was down by 0.6% and the MSCI Japan Index was down by 2.5%. The MSCI EM Index (USD terms) moved lower by -4.1%, while the S&P 500 posted a positive total return of 0.6%. The consumer staples sector was the top performer during the period while the industrials sector lagged. U.S. small-cap stocks outperformed large-cap stocks and growth outperformed value.

Fund Review

Stock selection in the consumer discretionary and information technology sectors contributed to relative performance while stock selection in the energy, consumer staples, and financials sectors detracted from relative performance.

Market Outlook

Our portfolio is comprised of companies we believe offer superior fundamental change relative to their peers, rising investor expectations, and attractive relative valuations.

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, 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 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. 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. All figures are stated in USD unless otherwise noted. Investments do not always add to 100% due to rounding. Overall Morningstar Rating™ as of June 2018. 2018 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

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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. Full risks of investing are outlined in the KIID and prospectus.

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