

Asian Equity Fund - A Class Income Units

31 December 2018

Investment advisor

Principal Global Investors, LLC ("PGI")

Sub investment advisor

Principal Global Investors (Europe) Ltd ("PGIE")

Principal Global Equities is a specialized investment management group of Principal Global Investors which is located in various investments locations. It has expertise across U.S., international and emerging equity markets.

Fund managers

Mihail Dobrinov, CFAMBA, University of Iowa
23 Yrs Industry Exp**Mohammed Zaidi**

MBA, MIT Sloan School of Management

21 Yrs Industry Exp

Alan Xi Wang, CFA

MBA, The University of Iowa

19 Yrs Industry Exp

Investment objective

The Fund aims to provide capital growth over the medium to long term predominantly through investment in Asian (excluding Japan) equities that we believe are mispriced by the market and have potential for significant growth.

Performance comparator

The Fund is managed without reference to a particular benchmark. Figures in relation to the MSCI AC Asia ex-Japan NTR Index (the "Index") are provided for comparison only. Different indices may have been used in prior periods. See Important Information for further details.

Fund facts

Fund size	\$2.9m
Base currency	USD
Fund domicile	Ireland
UCITS qualifying	Yes
Pricing	Daily
Dealing	10am Dublin 5pm Hong Kong

Unit class facts

Launch date	06 Nov 1992
Currency	USD
Hedging	N/A
Management fee(s)	1.50% pa
Income distribution	Income
Distribution frequency:	Annually: September

Fund grading

3 Star Overall Morningstar Rating™ as of 31 December 2018



Regulatory risk warnings

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	-4.39	-12.84	-21.16	-21.16	17.24	5.90	122.54
Index Cumulative	-2.71	-8.66	-14.37	-14.37	27.95	19.85	160.85
Fund Annualised Net	-4.39	-12.84	-21.16	-21.16	5.44	1.15	8.32
Index Annualised	-2.71	-8.66	-14.37	-14.37	8.56	3.69	10.06

12-month rolling return (%)

January 14 - December 14	January 15 - December 15	January 16 - December 16	January 17 - December 17	January 18 - December 18
-	-9.49	3.76	43.32	-21.16

Risk analysis

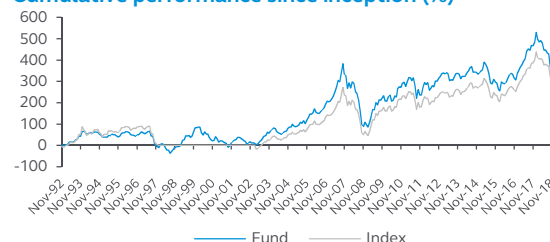
	3YR	5YR
Information Ratio	-1.2	-0.9
Alpha	-3.6	-2.6
Tracking Error	2.7	2.7
Standard Deviation	15.8	15.0
Beta	1.1	1.0

Past performance is not a reliable indicator of future performance.

Source: Fund Administrator: BNY Mellon Fund Services (Ireland) DAC since February 2011, performance data prior to this date is sourced from PGI and/or its affiliates; and the Index.

Data: From December 2018, the performance data shown is based upon the Fund's official Net Asset Value (NAV) prices. The performance data shown is net of fees and other charges but excludes any potential entry/exit charges- as such the return an investor receives may be lower. Prior to December 2018, the performance data shown is based upon the Fund's month-end market close prices. (See performance note for important information.)

Cumulative performance since inception (%)



Fund analysis

	Fund	Index
Active Share	59.0	-
Price/Earnings	11.8	15.4
Price/Book	1.7	2.0
Div Yield Wtd Avg	3.0	2.8
Mkt Cap Wtd Avg USDm	107,799.6	85,955.4

Any yields quoted on the fact sheet are calculated at portfolio level gross of tax and expenses.

Top 10 holdings (%)

	Fund
Tencent Holdings Ltd.	7.4
Taiwan Semiconductor Manufacturing Co., Ltd.	7.0
Samsung Electronics Co., Ltd.	6.8
Alibaba Group Holding Ltd.	4.8
AIA Group Limited	3.5
China Construction Bank Corporation	2.5
Reliance Industries Limited	2.3
China Mobile Limited	2.1
Ping An Insurance (Group) Company of China, Ltd.	1.9
DBS Group Holdings Ltd	1.8
Total	40.1

No. of holdings

76

Sector allocation (%)

	Fund	Difference
Financials	28.2	4.0
Information Technology	19.1	2.6
Consumer Discretionary	13.8	1.7
Communication Services	12.2	-0.7
Energy	9.0	4.4
Real Estate	5.7	-0.5
Industrials	4.4	-2.6
Utilities	4.1	0.6
Materials	2.8	-2.1
Consumer Staples	2.2	-3.0
Health Care	1.6	-1.4
Cash	-3.1	-3.1

Top 5 stock overweights/underweights (%)

	Difference
Overweight	
Taiwan Semiconductor Manufacturing Co., Ltd.	2.7
Samsung Electronics Co., Ltd.	2.3
Tencent Holdings Ltd.	1.9
Weichai Power Co., Ltd.	1.5
Malayan Banking Bhd.	1.5
Underweight	
CK Hutchison Holdings Ltd	-0.6
Oversea-Chinese Banking Corporation Limited	-0.6
Hon Hai Precision Industry Co., Ltd.	-0.7
Bank of China Limited	-0.8
Industrial and Commercial Bank of China Limited	-1.2

Country allocation (%)

	Fund	Difference
China	45.8	7.3
South Korea	14.3	-1.5
India	12.8	2.1
Taiwan	11.8	-1.3
Hong Kong	6.3	-2.0
Thailand	4.6	1.8
Singapore	2.9	-1.1
Malaysia	2.7	-0.1
Indonesia	1.9	-0.8
Philippines	0.0	-1.3
Pakistan	0.0	0.0
Cash	-3.1	-3.1

Source: Principal Global Investors and/or its affiliates and the Index. Characteristics source: FactSet.

Data: This data/analysis is not sourced from the Fund's official record. It is based upon data from the internal systems of Principal Global Investors and/or its affiliates. Performance shown in this section is gross which does not take into account any fees or other charges which, if taken into account, would reduce the figures shown.

Fund codes		
Bloomberg		PIFAEIA ID
ISIN	IE0000712665	
Lipper	60008018	
SEDOL	0071266	
CUSIP	G7244L198	
Valoren	116282	
WKN	986036	

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

Not all unit classes are registered in the listed countries, please contact your sales representative for more details. In Italy, the Fund is registered for Qualified Investors only and in Singapore, the Fund is registered as a Restricted Scheme for institutional investors and relevant persons defined in the SFA.

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:
Principal Global Investors (Europe) Limited
+44 (0) 207 710 0220
Investors-Europe@principal.com
Pilavachi.Helly@principal.com
Glendon.Alan@principal.com
Principal Global Investors, LLC (Dubai)
+97 143 46 4555
Dungarpurwala.Tasneem@principal.com
Principal Global Investors (Singapore) Limited
+65 6307 7807
Singh.Suresh@principal.com
Principal Global Investors (Switzerland) GmbH
+41 44 286 1000
Bloch.Martin@principal.com
Stengel.Nikolai@principal.com

Website
www.principalglobal.com

Fund management commentary

Market Review

Global equity markets had a sharp decline in December. During the fourth quarter, both emerging and developed markets were down. Markets are now assigning a higher probability of a global slowdown in 2019, exemplified by flattening yield curves, widening credit spreads, and falling commodities prices. Commodities sold off with the risk-off environment amplifying losses. The Goldman Sachs Commodity Index plunged during the quarter. West Texas Intermediate (WTI) and Brent declined. Oil prices came down on the back of slowing demand growth, stronger production growth, and concessional waivers to importers of Iranian oil by the US. Metals and agricultural commodities were mixed. The US dollar moved higher. Using the US dollar Index (US dollar against a basket of international currencies), the greenback rose 1.1%. From a sector standpoint, the top performers were utilities, consumer staples, and industrials while healthcare, consumer discretionary, and energy fared the worst. During December, the MSCI All Country Asia ex-Japan Index fell 2.7%, performing in-line with the MSCI Emerging Markets Index.

Fund Review

Performance was driven by stock selection.

Market Outlook

As an export-oriented economy with a significant presence in the technology sector, the Korean economy is facing headwinds from global trade tensions. The domestic economy remains unexciting, with low inflation suggesting significant slack in the economy and weak domestic demand because of regulations. Our strategy is to selectively look for value stocks that have been sold off over a period and therefore largely discounted most of the bad news. Overall market earnings growth expectations of just 5% keep us cautious and looking for stocks with idiosyncratic earnings drivers. Indonesia and the Philippines markets were flat for the month. China's economics activities softened in December and given the uncertainty of the resolution of the trade war and economy, we remain cautious and stay relatively defensive. The MSCI Taiwan Index was down during the period. Our strategy benefited from stock selection in the information technology sector. Taiwan's economic activities were also softened during the month. We are cautious and selective on Taiwan and focus on stocks with sustainable and positive fundamentals changes.

Performance note

This document presents the performance of this particular unit class of the Fund from the date of inception of the unit class in its unit class currency, as specified on the front page.
From 1 June 2000 to 31st December 2018, performance data shown was based upon the Fund's month-end market close prices. Prior 1 June 2000, performance is calculated on a bid-to-bid basis, thereafter performance data shown is not based upon the Fund's official Net Asset Value (NAV) prices. The performance calculations reflect the month-end market close prices of the Fund's assets, whereas the actual performance investors receive reflects the official NAVs at which they trade the Fund which are calculated at the Fund's Valuation Point. As a result, it is possible that the stated performance and the actual investment returns received differed.
For income unit classes, returns are measured on a total return basis i.e. net investment income plus capital gain or loss from investment.
The performance data shown is net of fees and other charges but excludes any potential entry/exit charges – as such the returns an investor receives may be lower.

Disclosure

Principal Global Investors ("PGI") is the asset management arm of the Principal Financial Group, and includes (amongst other entities): Principal Global Investors LLC ("PGI LLC"), Principal Global Investors (Europe) Limited ("PGIE") and any Sub-Advisers to the Fund. PGIE has been appointed as Distributor for the Fund and has identified that the Fund is compatible with the needs, characteristics and objectives of both institutional and retail investors. Please note however that PGI does not distribute directly to retail investors who should seek independent investment advice before deciding whether the fund in question is suitable to meet their investment needs and objectives. Full details of the risks associated with investing in the Fund are detailed in the Fund Prospectus, Supplement and Key Investor Information Document ("KIID"). All fees and charges related to the Fund may not be contained within this document. Information regarding the costs and charges associated with the Fund is provided in the MiFID II ex-ante disclosure. These documents are available on our website at principalglobal.com and you are advised to read them before investing so you can make an informed decision about whether to invest. Any person selling or advising you about the Fund may charge you additional costs and you should request information about those costs and charges from that person.
This document is intended for information purposes only. It is not an offer or a solicitation to anyone to subscribe for units in the Fund. It should not be construed as investment advice. There is no guarantee that the investment objective of the Fund will be achieved. Commentary is based on current market conditions, there is no assurance that such events or projections will occur and actual conditions may be significantly different. Expressions of opinion and predictions within this document are accurate as of the date of issuance and subject to change without notice. Reference to a specific investment or security does not constitute a recommendation to buy, sell or hold such investment or security, and is provided for illustrative purposes. Percentages do not always add up to 100% due to rounding.
The Fund may offer different unit classes which may be subject to different fees and expenses (which could affect performance) and may not be available to all investors. Where the Fund offers hedged unit classes, returns of such unit classes may diverge from that of unit classes denominated in the base currency of the Fund and the hedged unit class currency.
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 it's Performance Comparator. Further, it is not possible to invest in the Performance Comparator.
Information in this document has been derived from sources believed to be accurate as of the date of issuance and is derived from PGI or its affiliates unless otherwise noted. Information derived from sources other than PGI or its affiliates is believed to be reliable however we do not independently verify or guarantee its accuracy or validity. Subject to any contrary provisions of applicable law, no company in the Principal Financial Group nor any of their employees or directors gives any warranty of reliability or accuracy nor accepts any responsibility arising in any other way (including by reason of negligence) for errors or omissions in this document.
This material is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. When this document is issued in the following countries/jurisdictions, it is issued by the entities noted: Europe, by PGIE, Level 1, 1 Wood Street, London, EC2V 7JB, registered in England, No. 03819986, which has approved its contents, and which is authorized and regulated by the Financial Conduct Authority; Switzerland, by Principal Global Investors (Switzerland) GmbH, authorised by the Swiss Financial Market Supervisory Authority ("FINMA"); Singapore, by Principal Global Investors (Singapore) Limited (ACRA Reg. No. 199603735H), regulated by the Monetary Authority of Singapore ("MAS"); and the Dubai International Financial Centre ("DIFC"), by Principal Global Investors LLC, a branch registered in the DIFC and authorized by the Dubai Financial Services Authority ("DFSA") as a representative office.
Disclosure for Singapore: The Fund is a restricted scheme in Singapore, it is not authorised or recognised by the MAS and the units in the Fund are not allowed to be offered to the retail public. The Fund is available only to: 1) Institutional Investors under Section 304 of the Securities and Futures Act ("SFA"); and 2) persons within the meaning of "relevant persons" defined in Section 305 of the SFA and in accordance with the conditions of, any other applicable provisions of the SFA. Mandatory Disclosure for the DIFC: Module 4.6.5.(d) - The DFSA has no responsibility for reviewing or verifying any prospectus or other documents in connection with this financial product. It has not approved this document or any other associated documents nor taken any steps to verify the information set out therein. The document is intended for sophisticated institutional and professional investors only in the DIFC and is delivered in on an individual basis to the recipient only and should not be passed on or otherwise distributed to any other person or organization. Disclosure for Switzerland: Where the Fund is registered in Switzerland, the name of the Swiss representative is ACOLIN Fund Services AG, Affolternstrasse 56, CH-8050 Zurich. The name of the Swiss paying agent is Banque Cantonale de Genève, 17, quai de l'île, 1204 Geneva. Investors can obtain free of charge the prospectus, trust deed, the prospectus, the key investor information document (KIID), and the annual and semi-annual reports from the representative in Switzerland.

Important information

The Investment Objective as stated in this document is a summary, please refer to the supplement for full details of the Investment Objective and Policy of the Fund.
MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used to create indices or financial products. This report is not approved or produced by MSCI.
Overall Morningstar Rating™ as of December 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.
NTR stands for net total return. An NTR Index is net of withholding taxes.
On 1 April 2015, the performance comparator for the Fund changed to the current Index from MSCI AC Far East ex-Japan Index (the "Prior Index"). Prior to that date, index returns show those of the Prior Index. The two methods of calculation of performance may not be identical.