

30 June 2018

Asian Equity Fund - A 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

Mihail Dobrinov, CFA

MBA, 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 Index are provided for comparison only.**

Fund Facts

Fund Size \$5.9m
Launch Date 01 Jul 1996
Base Currency USD
Min Investment US\$10,000
Management Fee

1.50% pa
Fund Domicile Ireland
UCITS Qualifying Yes
Pricing Daily
Dealing 10am Dublin
5pm Hong Kong

Country Registration*

Belgium, 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



Mohammed Zaidi and Mihail Dobrinov + rated - Citywire Fund Manager Ratings



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 %

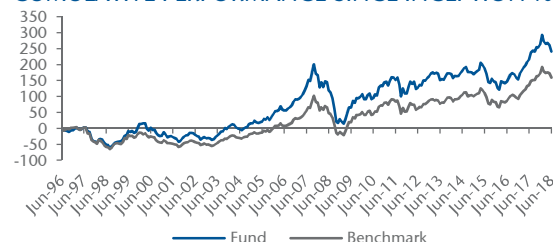
	1M	3M	YTD	1YR	3YR	5YR	10YR
Fund Cumulative Net	-5.66	-6.48	-6.24	8.11	17.99	35.39	55.71
Benchmark Cumulative	-4.79	-5.39	-4.76	9.90	22.58	46.37	75.61
Fund Annualised Net	-5.66	-6.48	-6.24	8.11	5.66	6.24	4.52
Benchmark Annualised	-4.79	-5.39	-4.76	9.90	7.01	7.91	5.79

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	43.32	3.78	-9.48	-0.20	2.51
Benchmark	41.72	5.44	-9.20	3.16	3.76

CUMULATIVE PERFORMANCE SINCE INCEPTION %



FUND ANALYSIS

	Fund	Benchmark
Active Share	60.5	-
Price/Earnings	13.7	15.3
Price/Book	2.3	2.0
Div Yield Wtd Avg	2.5	2.6
Mkt Cap Wtd Avg USDm	122,263.4	104,792.6

RISK ANALYSIS

	3YR	5YR
Information Ratio	-0.5	-0.7
Alpha	-1.4	-1.6
Tracking Error	2.6	2.5
Standard Deviation	15.7	13.8
Beta	1.0	1.0

TOP 10 HOLDINGS %

	Fund
Tencent Holdings Ltd.	7.0
Samsung Electronics Co., Ltd.	6.3
Alibaba Group Holding Ltd.	5.5
Taiwan Semiconductor Manufacturing Co., Ltd.	4.5
ALA Group Limited	3.1
China Construction Bank Corporation	2.9
CNOOC Limited	2.6
Infosys Limited	2.6
DBS Group Holdings Ltd	2.2
Baidu.com Inc.	2.2
Total	39.0

No. of holdings

76

TOP 5 STOCK OVERWEIGHTS/UNDERWEIGHTS %

	Difference
Overweight	
CNOOC Limited	2.0
Infosys Limited	1.9
HDFC Bank Limited	1.5
DBS Group Holdings Ltd	1.5
Uni-President Enterprises Corp.	1.3
Underweight	
Bank of China Limited	-0.9
Housing Development Finance Corporation Limited	-1.0
Hon Hai Precision Industry Co., Ltd.	-1.0
Industrial and Commercial Bank of China Limited	-1.1
China Mobile Limited	-1.2

SECTOR ALLOCATION %

	Fund	Difference
Information Technology	35.2	3.6
Financials	26.1	3.2
Consumer Discretionary	11.7	2.8
Energy	10.1	5.6
Materials	4.6	-0.2
Real Estate	3.7	-2.3
Consumer Staples	3.5	-1.5
Industrials	2.1	-4.4
Utilities	0.7	-2.4
Telecommunication Services	0.5	-3.2
Health Care	0.3	-2.9
Cash	1.7	1.7

COUNTRY ALLOCATION %

	Fund	Difference
China	42.7	2.1
South Korea	15.8	-0.7
India	12.7	2.9
Taiwan	11.1	-2.1
Hong Kong	4.5	-3.2
Singapore	4.5	0.6
Thailand	4.3	1.8
Malaysia	1.7	-0.9
Indonesia	1.0	-1.2
Philippines	0.0	-1.1
Pakistan	0.0	-0.1
Cash	1.7	1.7

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Fund Codes

Accumulation Units:

Bloomberg	PIFAGFA ID
ISIN	IE0001148265
Lipper	60008017
SEDOL	0114826
CUSIP	G7244L180
Valoren	514302
WKN	986037

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.

FUND MANAGEMENT COMMENTARY

Market Review

Global equity stocks were volatile during June. Using the MSCI All Country World Index (USD) as a proxy, global equities declined 0.5% during the month. Developed markets were flat during the period, outperforming emerging markets, which fell 4.1%. Year-to-date, developed markets are up 0.8% and emerging markets are down 6.5%. The U.S. dollar moved higher in June, pressuring several emerging market currencies. Several central banks raised policy rates during the month to aid the slide against the U.S. dollar. India, Mexico, Turkey, and Indonesia were notable markets that increased rates. The top three performing countries for the month were Mexico, Greece, and Egypt. The worst performing markets were Thailand, Brazil, and Pakistan. Gold prices were lower during the month. Agricultural commodities were sharply lower - soybeans the worst performer. Aluminum, copper, and steel all declined. The Goldman Sachs Commodity Index rose 1.2%.

Fund Review

Both the Asia Pacific and Asia regions detracted performance during the month. In the Asia Pacific region, both Singapore and Hong Kong detracted from results. Within Asia, stock selection in South Korea and China drove the overall losses while Taiwan and India outperformed.

Market Outlook

It was a tough month for the Asian emerging markets and a tougher month for Korea. Our strategy has a neutral weight to Korea, but was hurt by the positioning tilted towards export growth through information technology and domestic consumer growth through exposure to retailers. India was a relative outperformer in June. However, the macro backdrop remains challenging. We maintain our positive outlook on these stocks based on bottom up business fundamentals. The Thai stock market was the worst performer. We are reconsidering our exposure here. Indonesia also had a weak month. Elsewhere in ASEAN, the Philippines declined. Malaysia was a relative outperformer. The external outlook however is stable. China's economic activity stayed in expansion mode. We hold a cautious view on RMB and credit bond markets, hence lowered weights in financials. We are selective in Taiwan focusing on stocks with positive fundamentals changes.

PERFORMANCE NOTE

Launch date shown is date from which performance information is accessible, the actual Fund launch date is 24 June 1996.

All figures sourced by Principal Global Investors unless otherwise stated as at June 2018. Performance Source: Performance is calculated on a bid-to-bid basis up to 1 June 2000 and on a NAV-to-NAV basis thereafter, 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 A class accumulation units. Periods over one year are annualised. 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. On 1 April 2015 the benchmark for the Asian Equity Fund changed to the MSCI AC Asia ex-Japan Index from MSCI AC Far East ex-Japan Index. Prior to 1 April 2015 benchmark returns show the MSCI AC Far East ex-Japan Index. All figures are stated in USD unless otherwise noted. Investments do not always add up 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. Source & Copyright: CITYWIRE. Mohammed Zaidi and Mihail Dobrinov are + rated by Citywire for 3 year risk-adjusted performance for the period 30 June 2015 – 30 June 2018. Citywire's exclusive methodology ranks fund managers based on their individual track records across all funds they manage globally.

** The two methods of calculation of performance may not be identical. On 1 April 2015 the benchmark for the Asian Equity Fund changed to the MSCI AC Asia ex-Japan Index from MSCI AC Far East ex-Japan Index. Prior to 1 April 2015 benchmark returns show the MSCI AC Far East ex-Japan Index.

DISCLOSURE

*Not all unit classes are registered in the listed countries, please contact your sales representative for more details. 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. 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.

Contact Us

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