

31 October 2017

Emerging Markets 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

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MBA, University of Iowa

22 Yrs Industry Exp

Mohammed Zaidi

MBA, MIT Sloan School of Management

20 Yrs Industry Exp

Alan Xi Wang, CFA

MBA, The University of Iowa

18 Yrs Industry Exp

Investment Objective

The Fund aims to provide capital growth over the medium to long term predominantly through investment in equities from the world's emerging investment markets that we believe are mispriced by the market and have potential for significant growth.

Benchmark

MSCI Emerging Markets Index

Fund Facts

Fund Size \$6.1m
Launch Date 19 Feb 1998
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, 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 31 October 2017



PERFORMANCE %

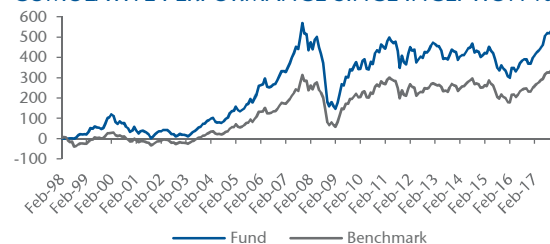
	1M	3M	YTD	1YR	3YR	5YR	10YR
Fund Cumulative Net	2.25	4.51	34.81	28.83	19.07	20.63	-5.39
Benchmark Cumulative	3.51	5.39	32.26	26.45	18.09	26.61	6.14
Fund Annualised Net	2.25	4.51	34.81	28.83	5.99	3.82	-0.55
Benchmark Annualised	3.51	5.39	32.26	26.45	5.69	4.83	0.60

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

CALENDAR YEAR PERFORMANCE %

	2016	2015	2014	2013	2012
Fund Net	8.26	-13.68	-4.38	-6.08	19.95
Benchmark	11.19	-14.92	-2.19	-2.60	18.22

CUMULATIVE PERFORMANCE SINCE INCEPTION %



FUND ANALYSIS

	Fund	Benchmark
Active Share	63.7	-
Price/Earnings	14.7	15.7
Price/Book	3.1	2.2
Div Yield Wtd Avg	2.1	2.2
Mkt Cap Wtd Avg USDm	126,216.7	97,683.5

RISK ANALYSIS

	3YR	5YR
Information Ratio	0.1	-0.4
Alpha	0.6	-0.8
Tracking Error	2.7	2.7
Standard Deviation	14.9	14.1
Beta	0.9	1.0

TOP 10 HOLDINGS %

	Fund
Samsung Electronics Co., Ltd.	6.8
Tencent Holdings Ltd.	6.0
Alibaba Group Holding Ltd. Sponsored ADR	5.7
Taiwan Semiconductor Manufacturing Co., Ltd.	5.7
Naspers Limited Class N	3.2
Industrial and Commercial Bank of China Limited Class H	2.5
China Construction Bank Corp.	2.5
Sberbank Russia OJSC	1.8
Ping An Insurance (Group) Company of China, Ltd. Class H	1.7
Vale SA	1.6
Total	37.6

No. of holdings 91

TOP 5 STOCK OVERWEIGHTS/UNDERWEIGHTS %

	Difference
Overweight	
Taiwan Semiconductor Manufacturing Co., Ltd.	1.9
Alibaba Group Holding Ltd. Sponsored ADR	1.7
Samsung Electronics Co., Ltd.	1.5
Industrial and Commercial Bank of China Limited Class H	1.4
HDFC Bank Limited	1.4
Underweight	
Petrobras Petroleo Brasileiro	-0.7
Bank of China Limited	-0.8
Housing Development Finance Corporation Limited	-0.8
Itau Unibanco Holding SA Pfd	-0.8
Baidu.com Inc.	-1.3

SECTOR ALLOCATION %

	Fund	Difference
Information Technology	31.0	2.5
Financials	22.5	-0.5
Consumer Discretionary	15.3	5.1
Energy	9.8	2.9
Materials	6.3	-0.9
Telecommunication Services	5.0	0.1
Consumer Staples	2.3	-3.9
Health Care	1.7	-0.6
Utilities	1.7	-0.8
Industrials	1.6	-3.9
Real Estate	0.0	-2.8
Cash	2.8	2.8

COUNTRY ALLOCATION %

	Fund	Difference
China	31.3	1.6
South Korea	15.6	0.0
India	12.9	4.2
Brazil	9.0	2.0
Taiwan	9.0	-2.8
Russia	4.3	1.1
South Africa	3.6	-2.7
Indonesia	2.6	0.5
Thailand	2.1	-0.1
Mexico	1.7	-1.4
Malaysia	1.2	-1.0
Chile	1.1	-0.2
Poland	1.0	-0.3
Other	1.8	-3.5
Cash	2.8	2.8

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Fund Codes

Accumulation Units:

Bloomberg	PIFEMIA ID
ISIN	IE0002492902
Lipper	60005180
SEDOL	B2NGJF6
Valoren	860617
WKN	987954

FUND MANAGEMENT COMMENTARY

Market Review

In October, global equities were supported by stronger economic growth data, easy financial conditions, and a strong start to the earnings seasons to end the month higher. Using the MSCI All Country World Index (USD) as a proxy, global equities advanced 2.1%. Emerging markets outperformed developed markets, gaining 3.5% vs. 1.9%. Year-to-date emerging markets are up 32.6%. Reversing the trend of this year, the U.S. Dollar Index (USD against a basket of international currencies) moved higher 1.6%. Emerging market currencies turned quite volatile on the back of the rising dollar. Latin America was hit the hardest with the Mexican peso off the most, down 5.1%, as tensions related to NAFTA renegotiations caused concern. The Brazilian real declined 3.3% and the Colombia peso declined 3.5%. The South African rand and Turkish lira had losses of 4.6% and 6.4%, respectively. Asian currencies held up well, led by the Korea won, which advanced 2.3%. The Indian rupee and Taiwan dollar were modestly higher. Brazil, Russia, and Colombia cut interest rates during the period.

Commodities moved higher, led by energy, following the largest drawdown in U.S. crude inventories in many years. The Goldman Sachs Commodity Index advanced 4.0%. West Texas Intermediate (WTI) and Brent gained 5.2% and 6.7%, respectively. Metals generally moved higher with notable gains to aluminum, up 2.8%, and copper, up 5.5%. However, gold declined 0.6% and iron ore fell 5.7%. Agricultural commodities were mixed.

Emerging market regions were disparate. Asia was the best performing, rising 5.3% followed by the EMEA region, which advanced 1.0%. Latin America sold off 3.6%. Information technology was the top performing sector, up 6.8%, while telecommunication services fared the worst, down 0.6%. South Korea, India, and Taiwan were the best performing countries while Mexico, Colombia, and Brazil fared the worst.

Fund Review

The EMEA region outperformed, but these gains were offset by losses to Latin America and Asia. From a country perspective, South Africa, Taiwan, and Colombia were the top relative performers while Brazil, India, and South Korea were the largest detractors. Real estate was the top performing sector while the consumer discretionary sector detracted the most.

PERFORMANCE NOTE

All figures sourced by Principal Global Investors unless otherwise stated as at October 2017. 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. Outperforming the MSCI Emerging Markets Index is not specifically included in the objective for the Fund, and the figures shown in the table are provided as a comparison only. The two methods of calculation of performance may not be identical. Past performance is not indicative of future performance. 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 October 2017. 2017 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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