

30 June 2018

Japanese 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 (Japan) Ltd ("PGIJ"). PGI has been appointed as Investment Advisor to the Fund and has appointed PGII as Sub-Investment Advisor.

## Fund Managers

**Jun Kim, CFA**  
MBA, MIT Sloan School of Management  
18 Yrs Industry Exp  
**Donghui (David) Han, CFA**  
MBA, The University of Iowa  
17 Yrs Industry Exp  
**Brian W. Pattinson, CFA**  
MBA, University of Iowa  
24 Yrs Industry Exp

## Investment Objective

The Fund aims to provide capital growth over the medium to long term predominantly through investment in Japanese 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 Japan Index are provided for comparison only.

## Fund Facts

Fund Size \$17.1m  
Launch Date 01 Aug 2000  
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  
Income Distribution Accumulated

## Country Registration\*

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

## 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. This shareclass is unhedged. Unhedged shareclasses are exposed to greater risk and volatility. Please note the fund does have hedged shareclasses available.

## PERFORMANCE %

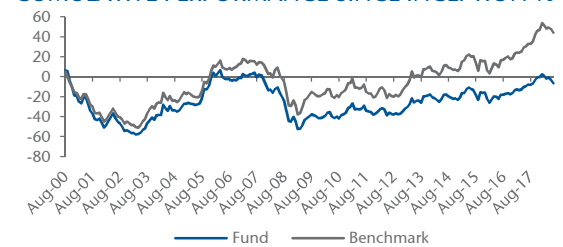
	1M	3M	YTD	1YR	3YR	5YR	10YR
Fund Cumulative Net	-3.31	-4.41	-6.13	3.13	6.69	23.44	11.75
Benchmark Cumulative	-2.52	-2.84	-2.03	10.51	19.93	42.69	41.66
Fund Annualised Net	-3.31	-4.41	-6.13	3.13	2.18	4.30	1.12
Benchmark Annualised	-2.52	-2.84	-2.03	10.51	6.24	7.36	3.54

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	19.19	-0.55	9.45	-6.57	25.38
Benchmark	23.99	2.38	9.57	-4.02	27.16

## CUMULATIVE PERFORMANCE SINCE INCEPTION %



## FUND ANALYSIS

	Fund	Benchmark
Active Share	66.0	-
Price/Earnings	11.1	13.8
Price/Book	1.3	1.7
Div Yield Wtd Avg	2.5	2.1
Mkt Cap Wtd Avg USDm	33,167.6	34,538.3

## RISK ANALYSIS

	3YR	5YR
Information Ratio	-1.7	-1.4
Alpha	-3.8	-3.0
Tracking Error	2.4	2.2
Standard Deviation	12.0	11.5
Beta	1.0	1.0

## TOP 10 HOLDINGS %

	Fund
Toyota Motor Corp.	4.0
KDDI Corporation	3.1
Sony Corporation	3.1
Mitsubishi Corporation	3.0
Hitachi, Ltd.	2.7
Canon Inc.	2.5
Nippon Telegraph and Telephone Corporation	2.3
Central Japan Railway Company	2.3
Takeda Pharmaceutical Co. Ltd.	2.2
DENSO CORPORATION	2.2
<b>Total</b>	<b>27.4</b>

No. of holdings 80

## TOP 5 STOCK OVERWEIGHTS/UNDERWEIGHTS %

	Difference
<b>Overweight</b>	
Mitsubishi Corporation	1.9
Hitachi, Ltd.	1.7
KDDI Corporation	1.6
DENSO CORPORATION	1.6
Canon Inc.	1.6
<b>Underweight</b>	
SoftBank Group Corp.	-1.1
Nintendo Co., Ltd.	-1.1
Kao Corp.	-1.1
Fanuc Corporation	-1.1
Keyence Corporation	-1.6

## SECTOR ALLOCATION %

	Fund	Difference
Consumer Discretionary	25.0	5.0
Industrials	23.3	2.2
Information Technology	11.8	-0.7
Telecommunication Services	8.1	3.0
Financials	7.7	-4.1
Health Care	7.5	-0.3
Consumer Staples	5.2	-3.6
ETF	4.1	4.1
Utilities	3.2	1.4
Materials	2.5	-3.3
Real Estate	0.3	-3.8
Energy	0.0	-1.2
Cash	1.3	1.3

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## Fund Codes

### Accumulation Units:

Bloomberg	PIFJEFA ID
ISIN	IE0002492019
Lipper	60049425
SEDOL	0249201
Valoren	1113023
WKN	987862

## Regulatory Risk Warnings

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

## FUND MANAGEMENT COMMENTARY

### Market Review

The Japanese equity market was down for the month with the MSCI Japan Index returning -2.52% in U.S. dollar terms. During the month, the energy, health care, and consumer discretionary sectors were the top performers, while the materials, financials, and information technology sectors were the bottom performers.

### Fund Review

Stock selection in the utilities, financials, and materials sectors were most effective, while stock selection in the consumer discretionary, industrials, and consumer staples sectors were less effective.

### Market Outlook

Japanese equities were buoyant in the first half of June but soft in the latter half. Initial strength was backed by yen weakness and by U.S. job numbers boosting Wall Street. As the month progressed, yen depreciation continued to bolster the market against a backdrop of the United States - North Korea talks, a rate hike by the FOMC, and an ECB Governing Council decision to keep key interest rates steady until the summer of 2019. Japanese equities were buoyant in the first half of June but soft in the latter half. Initial strength was backed by yen weakness and by U.S. job numbers boosting Wall Street. As the month progressed, yen depreciation continued to bolster the market against a backdrop of the United States - North Korea talks, a rate hike by the FOMC, and an ECB Governing Council decision to keep key interest rates steady until the summer of 2019. Later in the month, fears of deepening US-China trade friction sent ripples across the globe, deepening risk aversion. Financials and foreign demand-oriented names were sold as a result, though resources-related names were bought as oil futures rose. The yen-dollar rate hit the ¥109/U.S. dollar at one point, but regained the high ¥110/U.S. dollar range by month-end. The strategy continues to overweight stocks with improving business fundamentals, rising investor expectations, and attractive relative valuations. Our portfolio construction strategies minimize market, sector, and industry exposures relative to the index to isolate superior stock selection as the primary source of outperformance.

## 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 A 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 up to 100% due to rounding. Past performance is no guarantee of future results.

## 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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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](http://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.

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