

31 January 2019

Japanese Equity Fund - I Class Accumulation Units

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 PGIJ as Sub-Investment Advisor.

Fund Managers

Jun Kim, CFA
MBA, MIT Sloan School of Management
19 Yrs Industry Exp
Donghui (David) Han, CFA
MBA, The University of Iowa
18 Yrs Industry Exp
Brian W. Pattinson, CFA
MBA, University of Iowa
25 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	\$0.3m
Launch Date	01 Aug 2000
Base Currency	USD
Hedging	N/A
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
Trustee Fee	Not more than 0.022% pa

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 %

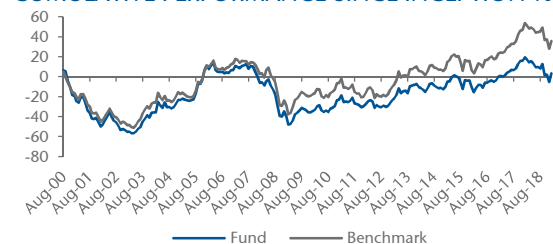
	1M	3M	YTD	1YR	3YR	5YR	10YR
Fund Cumulative Net	9.42	1.93	9.42	-13.37	16.13	15.58	72.14
Benchmark Cumulative	6.10	-0.60	6.10	-11.62	27.84	28.34	91.36
Fund Annualised Net	9.42	1.93	9.42	-13.37	5.11	2.94	5.58
Benchmark Annualised	6.10	-0.60	6.10	-11.62	8.52	5.11	6.70

Fund performance is calculated on a NAV to NAV basis. Please see performance notes for further details.

CALENDAR YEAR PERFORMANCE %

	2018	2017	2016	2015	2014
Fund Net	-18.44	20.26	0.22	10.21	-5.97
Benchmark	-12.88	23.99	2.38	9.57	-4.02

CUMULATIVE PERFORMANCE SINCE INCEPTION %



FUND ANALYSIS

	Fund	Benchmark
Active Share	64.7	-
Price/Earnings	10.2	13.1
Price/Book	1.2	1.5
Div Yield Wtd Avg	2.7	2.4
Mkt Cap Wtd Avg USDm	33,434.1	33,065.1

RISK ANALYSIS

	3YR	5YR
Information Ratio	-1.1	-0.8
Alpha	-4.1	-2.3
Tracking Error	3.2	2.8
Standard Deviation	12.3	12.8
Beta	1.1	1.0

TOP 10 HOLDINGS %

	Fund
Toyota Motor Corp.	4.8
Hitachi, Ltd.	3.4
Sony Corporation	2.7
NTT DoCoMo, Inc.	2.6
Kirin Holdings Co. Ltd.	2.5
OBIC Co., Ltd.	2.5
Sumitomo Corporation	2.5
East Japan Railway Company	2.5
Mitsubishi UFJ Financial Group, Inc.	2.4
Honda Motor Co., Ltd.	2.4
Total	28.2
No. of holdings	68

TOP 5 STOCK OVERWEIGHTS/UNDERWEIGHTS %

	Difference
Overweight	
Hitachi, Ltd.	2.4
OBIC Co., Ltd.	2.3
Kirin Holdings Co. Ltd.	1.9
Sumitomo Corporation	1.9
ANA Holdings Inc.	1.8
Underweight	
Tokio Marine Holdings Incorporated	-1.0
Kao Corp.	-1.1
Nintendo Co., Ltd.	-1.1
Sumitomo Mitsui Financial Group, Inc.	-1.5
Keyence Corporation	-1.5

SECTOR ALLOCATION %

	Fund	Difference
Industrials	23.2	2.2
Consumer Discretionary	20.3	1.7
Information Technology	11.9	1.7
Health Care	10.6	1.8
Communication Services	9.3	1.0
Financials	8.6	-3.0
Consumer Staples	6.3	-2.2
Utilities	3.9	1.9
Materials	3.4	-2.3
Real Estate	0.3	-3.9
Energy	0.0	-1.1
Cash	2.3	2.3

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Fund Codes

Accumulation Units:

Bloomberg	PIFJEI ID
ISIN	IE0002492126
Lipper	60046197
SEDOL	0249212
Valoren	1113033
WKN	987950

Regulatory Risk Warnings

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

FUND MANAGEMENT COMMENTARY

Market Review

The Japanese equity market was up for the month with the MSCI Japan Index returning 6.10% in US dollar terms. During the month, the information technology, communication services, and healthcare sectors were the top performers, while the consumer staples sector was the only sector with negative performance.

Fund Review

The strategy outperformed the index during the month. Stock selection in the consumer staples, information technology, and consumer discretionary sectors were most effective, while stock selection in the healthcare, financials, and utilities sectors were less effective.

Market Outlook

A V-shaped recovery greeted Japanese equities during January, following a challenging December. Seeds of the recovery were ironically sown in December itself, the brutal sell-off implying deeply oversold equity markets. Progress on US-China trade talks despite occasional disruptions encouraged the Japanese market's recovery. Valuations remain relatively attractive and we remain focused on shareholder value and return on equity improvement by Japanese corporates

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 January 2019. Performance Source: 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. 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 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 up to 100% due to rounding. Source: MSCI. 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 January 2019. 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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