

30 June 2018

Japanese 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 (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\$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, 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 %

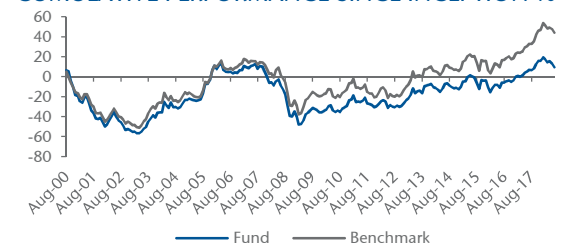
	1M	3M	YTD	1YR	3YR	5YR	10YR
Fund Cumulative Net	-3.25	-4.19	-5.71	4.06	9.34	28.23	20.00
Benchmark Cumulative	-2.52	-2.84	-2.03	10.51	19.93	42.69	41.66
Fund Annualised Net	-3.25	-4.19	-5.71	4.06	3.02	5.10	1.84
Benchmark Annualised	-2.52	-2.84	-2.03	10.51	6.24	7.36	3.54

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	20.26	0.22	10.21	-5.97	26.25
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	-1.3	-1.0
Alpha	-3.0	-2.2
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
Total	27.4

No. of holdings 80

TOP 5 STOCK OVERWEIGHTS/UNDERWEIGHTS %

	Difference
Overweight	
Mitsubishi Corporation	1.9
Hitachi, Ltd.	1.7
KDDI Corporation	1.6
DENSO CORPORATION	1.6
Canon Inc.	1.6
Underweight	
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	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 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 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 June 2018. 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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