

### Important Notes

- I. The Principal Asian Equity Fund will invest primarily in the equity securities of companies domiciled or with their core business in the Asian Region (excluding Japan), which the Adviser believes are mispriced by the market and have the potential for significant growth.
- II. The Fund invests in a single region. Compared with a well-diversified fund, its concentration risk is relatively high and hence it might be more volatile than a well-diversified fund.
- III. Investment involves risk. There is no assurance on investment returns and your investments may suffer significant loss.
- IV. The investment decision is yours but you should not invest in this Fund unless the intermediary who sells it to you has advised you that it is suitable for you and explained how it is consistent with your investment objectives.
- V. You should not invest solely in reliance on this marketing material alone. You should read the Prospectus and the relevant Supplement(s) before investing including the Special Investment Considerations and Risks section of the Prospectus.

### INVESTMENT OBJECTIVE

The Principal Global Investors Funds **Asian Equity 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.

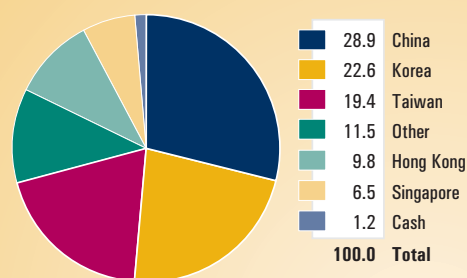
### Why Invest in the Asian Equity Fund?

The **Asian Equity Fund** offers investors:

- The opportunity to invest in countries that should experience faster long-term rates of growth than most developed economies.
- Access to companies that are very competitive in international markets due to low labour costs, currency depreciation and the transfer of technology from companies in the developed world.
- The ability to take advantage of long-term growth in per capita incomes and rising consumption levels throughout the region.

### What Were the Fund's Investments as at 31 May 2010?\*

#### Geographical Allocation (%)



#### GICS Sector Allocations (%)

Financials	31.6
Information Technology	20.9
Industrials	10.3
Energy	8.3
Materials	8.2
Consumer Discretionary	6.8
Telecommunications	6.2
Consumer Staples	4.3
Utilities	1.8
Cash	1.2
Health Care	0.6
<b>Total</b>	<b>100.0</b>

#### Top 10 Holdings

Security	Country	Sector	%
Samsung Electronics Co. Ltd.	South Korea	Information Technology	4.3
China Mobile Ltd.	China	Telecommunication Services	3.8
China Construction Bank Corp.	China	Financials	2.4
Taiwan Semiconductor Manufacturing Co. Ltd.	Taiwan	Information Technology	2.4
Hon Hai Precision Industry Co. Ltd.	Taiwan	Information Technology	2.3
Industrial & Commercial Bank Of China Ltd.	China	Financials	2.2
Posco	South Korea	Materials	2.1
Sun Hung Kai Properties Ltd.	Hong Kong	Financials	2.0
Petrochina Co. Ltd.	China	Energy	1.8
Cnooc Ltd.	China	Energy	1.8
<b>Total Top Ten</b>			<b>25.1</b>
<b>Total Number of Holdings in Fund</b>			<b>128</b>

### Fund Rating

Standard & Poor's Fund Management Rating **AA**  
Issued as at October 2008

### QUICK FUND FACTS

#### Lead Investment Professional

Michael Reynal, Michael Ade

**Launch date** 2 November 1992

**Fund structure** Irish Unit Trust (UCITS Qualified)

**Registration** France, Germany, UK, Switzerland, Hong Kong, Ireland, Guernsey, Jersey, Sweden, Spain, Italy, Finland & the Netherlands

**Base currency** US\$

**Fund size** US\$14.0 million

**Dealing Cutoff** 10am Dublin  
5pm Hong Kong

**Pricing** Daily

#### Sub-investment Advisor

Principal Global Investors (Europe) Limited

#### Investor minimum

For minimum investment amounts, please contact Principal Global Investors.

#### ISIN codes:

- Income units IE0000712665
- Accumulation units IE0001148265

#### Lipper ID:

- Income units 60008018
- Accumulation units 60008017

### Fee Structure

#### A Class

- Application fee/  
Preliminary charge max 5%
- Management fee 1.50% pa
- Administration charge 0.15% pa
- Trustee fee
  - Up to \$100 million 0.02%
  - Above \$100 million 0.01%

### For More Information on the Fund, Please Contact:

#### • Principal Global Investors

(Asia) Limited on

852 2117 8383

Email: [Investors-Asia@principal.com](mailto:Investors-Asia@principal.com)

\* In preparing the asset exposure of the Fund, we have taken into account both direct and indirect investments and the effects of futures and options contracts. Investors should be aware that the exposure of the Fund can change significantly on a daily basis.

Investments do not always add up to 100% due to rounding.

## ASIAN EQUITY FUND REVIEW AS AT 31 MAY 2010

### Market Review

The MSCI AC Far East ex-Japan Index reported -8.4% during the month, underperforming the S&P 500 Index at -8.0% and outperforming the MSCI EAFE Index at -11.5%. Thailand was the top performing market in Asia for the month. The best performing sectors in Thailand were consumer staples and consumer discretionary, while the worst were energy and utilities services. The Philippines and China were the next best performers this month. The worst performance came from South Korea and Taiwan.

### Fund Performance

The fund outperformed the MSCI AC Far East ex-Japan Index for the month of May.

Stock selection was positive on a country and sector basis. The fund outperformed in the consumer discretionary and consumer staples sectors. In consumer discretionary, the fund's overweight position in Kia Motors Corp. provided performance. In consumer staples, the top outperformer was an overweight position in Gudang Garam. The fund underperformed in the financials and utilities sectors. In industrials, the fund's position in Industrial Bank of Korea hindered performance and in utilities, the underperformance was due to a position in CLP Holdings Ltd.

The best performing countries were South Korea, Taiwan and Indonesia. The laggard performances were found in Hong Kong and China, with a position in CLP Holdings Ltd. and an overweight position in Lenovo Group Ltd. hindering performance respectively.

### Portfolio Strategy & Outlook

Asian indices traded sharply lower during May as Eurozone sovereign concerns and continued policy uncertainty in China weighed on markets. Thailand was the best performing market during the month, supported by the removal of the "red shirt" protesters from the downtown site they had occupied since March. While risk of further violence has declined, political uncertainty will remain high until new elections are held, which is slated for later this year. The Philippine market was another notable outperformer, as a landslide victory in the presidential election by the business friendly Benigno Aquino III of the liberal party was applauded by investors. Economic releases continue to point towards improvement in economic activity and inflation remains muted. China managed to outperform the regional index, as the hard hit financial sector stabilized. The physical property market has seen transaction volumes fall sharply, and developers have begun to cut prices on primary properties. With cooling measures so far having the desired impact and continued uncertainty surrounding Eurozone, authorities are likely to take pause to evaluate how recent tightening measures will impact the real economy. South Korea was the worst performing market in May, dropping nearly 13%. Materials and technology bore the brunt of the selling, but all sectors ended the month lower. The Korean won was a major headwind to USD returns, as heightened tensions with the North and a perceived reliance on external funding led to an 8% decline in the currency. We remain overweight export oriented names, which are positioned to benefit from currency weakness. Taiwan fell nearly 10%, led down by technology, as investors fretted over European exposure and a rebound in inventory levels. We remain positive on the outlook for technology, and view the recent sell off as a buying opportunity.

*The information in this document has been derived from sources believed to be accurate as of May 2010. It contains general information only on investment matters and should not be considered as a comprehensive statement on any matter and should not be relied upon as such. The information it contains does not take account of any investor's investment objectives, particular needs or financial situation. Past performance is not a reliable indicator of future performance and should not be relied upon as a significant basis for an investment decision. You should consider whether an investment fits your investment objectives, particular needs and financial situation before making any investment decision. Subject to any contrary provisions of applicable law, no company in the Principal Financial Group nor any of their employees or directors gives any warranty of reliability or accuracy nor accepts any responsibility arising in any other way (including by reason of negligence) for errors or omissions in this document. All figures shown in this document are in U.S. dollars unless otherwise noted. This document is issued in: The United Kingdom by Principal Global Investors (Europe) Limited, Level 4, 10 Gresham Street, London, EC2V 7JD, registered in England, No. 03819986, which has approved its contents, and which is authorised and regulated by the Financial Services Authority; Singapore by Principal Global Investors (Singapore) Limited (ACRA Reg. No. 199603735H), which is regulated by the Monetary Authority of Singapore. In Singapore this document is directed exclusively at institutional investors [as defined by the Securities and Futures Act (Chapter 289)]. Hong Kong by Principal Global Investors (Asia) Limited, which is regulated by the Securities and Futures Commission. Australia by Principal Global Investors (Australia) Limited (ABN 45 102 488 068, AFS Licence No. 225385) which is regulated by the Australian Securities and Investment Commission. Japan by Principal Global Investors (Japan) Ltd. (Kanto Local Finance Bureau (Kinsho) No. 462, Japan Securities Investment Advisers Association; Membership No. 011-01627). In the United Kingdom this document is directed exclusively at persons who are market counterparties or professional investors (as defined by the rules of the Financial Services Authority). In connection with its management of client portfolios, Principal Global Investors (Europe) Limited may delegate management authority to affiliates that are not authorised and regulated by the Financial Services Authority. In any such case, the client may not benefit from all protections afforded by rules and regulations enacted under the Financial Services and Markets Act 2000. This material has not been reviewed by the Securities and Futures Commission*

## FUND PERFORMANCE AS AT 31 MAY 2010

### Accumulative Performance (%)

	PGIF	Index*
1 month	-8.1	-8.4
3 months	0.3	0.0
6 months	-3.9	-1.6
Year-to-date	-7.7	-5.8
1 year	15.0	19.0
2 years	-21.4	-14.3
3 years	-12.2	-3.2
4 years	20.6	31.0
5 years	61.7	66.6
10 years	107.2	98.7
Since Inception	208.0	161.4

### Annualised Performance (%)

	PGIF	Index*
2 years	-11.3	-7.4
3 years	-4.2	-1.1
4 years	4.8	7.0
5 years	10.1	10.7
10 years	7.6	7.1

### Calendar Year Performance (%)

	PGIF	Index*
2009	60.2	68.9
2008	-51.3	-50.6
2007	39.1	36.5
2006	33.5	31.7
2005	23.7	21.3
2004	10.9	17.2
2003	52.3	44.5
2002	-7.0	-9.4
2001	-4.0	-2.2
2000	-32.6	-36.8
1999	96.9	62.1

*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 account of application fee or tax, but does include trustee and management fees. The performance information reflects performance of the A Class income units. Investors should obtain their own independent tax advice.*

*From Fund inception to 31 October 2002, the source of performance is based on the previous Advisor, BT Funds Management.*

*From 1 November 2002, the source of performance is based on the current Advisor, Principal Global Investors, LLC.*

*\*Outperforming the MSCI AC Far East ex-Japan Index (MSCI AC Asia Free ex-Japan Accumulation Index on or before 31 October 2002) is not specifically included in the objective of 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.*

*On 1 November 2002 the benchmark for the Asian Equity Fund changed to the MSCI AC Far East ex-Japan Index from the MSCI AC Asia Free ex-Japan Accumulation Index. All historical index performance has been restated accordingly.*

*Past performance is not indicative of future performance. All figures are stated in USD unless otherwise noted.*