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Principal Global Investors Funds

European Equity Fund

November 30, 2011

Important Notes

I. The Principal European Equity Fund will invest primarily in the equity securities of companies domiciled or with their core business in Europe (including Eastern Europe), 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 **European Equity Fund** aims to provide capital growth over the medium to long term predominantly through investment in European equities that we believe are mispriced by the market and have potential for significant growth.

Why Invest in the European Equity Fund?

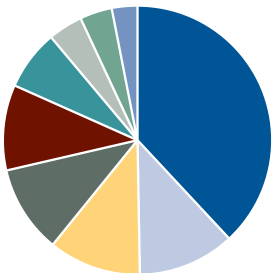
The **European Equity Fund** offers investors:

- Access to companies that the investment manager believes are undergoing significant restructuring and the resultant expected decline in operating costs.
- An investment in a region where the business culture is evolving towards a situation in which shareholder and management interests will be more closely aligned.
- Access to companies that the investment manager believes exhibit improving business fundamentals, sustainable competitive advantages, rising investor expectations, and attractive relative valuation.

GICS Sector Allocation* (%)

Financials	16.3
Energy	13.4
Consumer Staples	12.8
Health Care	12.6
Industrials	11.4
Materials	10.4
Consumer Discretionary	7.7
Telecommunication Services	7.0
Information Technology	4.7
Utilities	2.9
Cash	0.9
Total	**100.0**

Geographical Allocation* (%)



- 38.0 - United Kingdom
- 11.8 - Switzerland
- 10.9 - France
- 10.8 - Germany
- 10.2 - Other/Cash
- 7.1 - Sweden
- 4.1 - Netherlands
- 3.9 - Norway
- 3.1 - Finland

100.0 - Total

Top 10 Holdings*

Security	**Country**	**Sector**	**(%)**
Royal Dutch Shell Plc	United Kingdom	Energy	4.1
Nestle S.A.	Switzerland	Consumer Staples	3.5
Vodafone Group Plc	United Kingdom	Telecommunication Services	2.7
Novartis Ag	Switzerland	Health Care	2.5
Roche Holding Ag	Switzerland	Health Care	2.3
Total S.A.	France	Energy	2.2
British American Tobacco Plc	United Kingdom	Consumer Staples	2.1
Unilever Plc	Netherlands	Consumer Staples	1.9
Hsbc Holdings Plc	United Kingdom	Financials	1.8
Basf Se	Germany	Materials	1.7
Total Top Ten			**24.7**
Total Number of Holdings in Fund			**140**

*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.

QUICK FUND FACTS

Fund Rating

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

Lead Investment Professionals
Juliet Cohn , Chris Ibach

Launch Date
24 November 1992

Fund Structure
Irish Unit Trust
(UCITS Qualified)

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

Base Currency
US$

Fund Size
US$82.7 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: IE0000712996
Accumulation Units: IE0001148372

Lipper ID:
Income Units: 60008020
Accumulation Units: 60008019

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%

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Fund Management Commentary

Market Review

European markets fell over 17% during the month, before recovering to end the month down just 4.5%. It was a volatile month, though not as volatile as October. Financials performed poorly with banks being the weakest, together with autos and insurance.

Fund Review

The fund outperformed the MSCI Europe benchmark during the month of November.

Portfolio Outlook and Strategy

Markets were weak, on the news that Greek Prime Minister George Papandreou called for, and then withdrew a referendum on the 130bn euro bailout package offered to Greece. Mario Draghi took the helm at the European Central Bank (ECB), and immediately announced an interest rate cut of 25bp, and indicated the possibility of further easing, which took the markets by surprise.

Economic data was generally weaker than expected. The G20 Summit, held in Cannes, brought no meaningful progress on a solution to the European Crisis, over and above the EU Summit held at the end of October. Sentiment also weakened on the news that clearing house LCH Clearnet was raising margin requirements. The Italian government approved austerity measures amidst rising bond yields, and in Greece a government was formed led by former ECB Vice-President Lukas Papademos. Investor sentiment improved following the resignation of Italian Prime Minister Silvio Berlusconi, who had lost his parliamentary majority earlier in the week, heralding the arrival of Mario Monti, who then formed a technocratic Italian government to deal with Italy's debt problems. During the month, Italian, Spanish, and French bond yields increased, with their spread over German bunds reaching the highest level since the Euro began. The European sovereign bond market saw significant volatility, most notably Germany failed to attract sufficient bids at an auction of benchmark 10-year bunds. However, the month ended with a squeeze across all markets and by November 30th, European markets posted their biggest four-day rally since November 2008. The gain was fuelled by coordinated action from the major central banks.

Economic growth expectations for much of the world are still trending lower. Europe in particular is likely to see a recession for at least part of 2012, with conditions particularly acute in the peripheral countries. As a result, earnings expectations are continuing to fall, especially for companies with the most exposure to Europe and those companies in cyclical industries. This is creating a weak backdrop for risk assets. Meanwhile, the European sovereign crisis remains unresolved and a source of global financial system risk. Spanish and Italian sovereign yields are too high for economic growth to be sustained. Bank funding markets have been effectively shut for almost six months now. The crisis has reached a point where more action is likely, and necessary from the authorities. We now await the latest plan from Europe's politicians with the expectation that they will unveil a credible plan, along with a detailed roadmap, as to how Europe will move closer to fiscal union over time. We remain skeptical about the ability of the European authorities to resolve the crisis without debt restructuring and possibly Euro exit for some countries, but they will continue to try to reverse the current negative debt/economic dynamic into a positive dynamic with further support measures that continue to make the investment landscape treacherous. A defensive skew in the fund remains appropriate in the current environment.

FUND PERFORMANCE

Net Accumulative Performance (%)

	PGIF	Index*
1 Month	-4.1	-4.5
Year To Date	-11.6	-9.7
1 Year	-3.9	-2.1
3 Years	26.2	34.2
5 Years	-24.2	-19.7
7 Years	16.8	18.6
10 Years	60.8	59.5
Since Inception	438.1	327.3

Net Annualised Performance (%)

	PGIF	Index*
2 Years	-1.3	-2.4
3 Years	8.1	10.3
4 Years	-10.6	-9.5
5 Years	-5.4	-4.3
7 Years	2.2	2.5
10 Years	4.9	4.8

Net Calendar Year Performance (%)

	PGIF	Index*
2010	8.8	3.9
2009	27.2	35.8
2008	-46.8	-46.4
2007	11.3	13.9
2006	37.2	33.7
2005	13.0	9.4
2004	21.2	20.9
2003	35.6	38.5
2002	-15.4	-18.4
2001	-24.7	-19.9

Contact Us

For more information on the Fund, please contact:

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Disclosures

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.

*Outperforming the MSCI Europe (Net) Accumulation 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.
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.
This material has not been reviewed by the Securities and Futures Commission.

The information in this document has been derived from sources believed to be accurate as of November 2011.