

Important Notes

- I. The Principal Japanese Equity Fund will invest primarily in the equity securities of companies domiciled or with their core business in Japan, which the Adviser believes are mispriced by the market and have the potential for significant growth.
- II. The Fund invests in a single country. 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

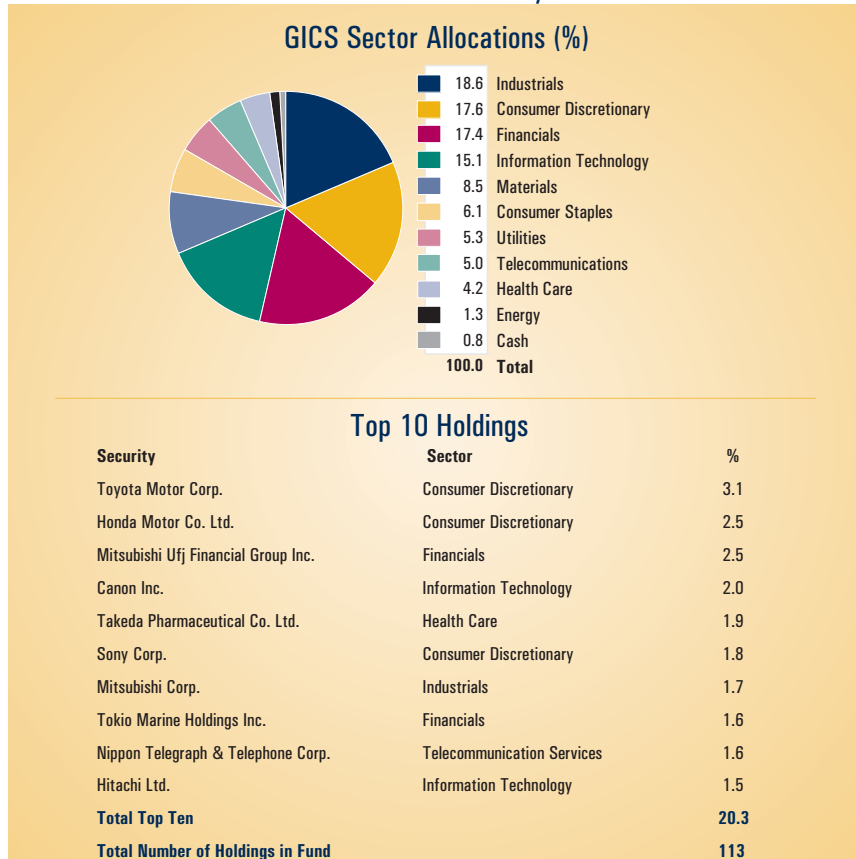
The Principal Global Investors Funds **Japanese Equity Fund** aims to provide capital growth over the medium to long term predominantly through investment in Japanese equities that we believe are mispriced by the market and have potential for significant growth.

Why Invest in the Japanese Equity Fund?

The **Japanese Equity Fund** offers investors:

- An investment in a country that is in the early stages of significant microeconomic change that will drive a trend improvement in the return on assets.
- A chance to invest in both large companies and smaller businesses with new growth opportunities that are benefiting from a major change in company behaviour, including the breakdown of the traditional stakeholder system.
- A market likely to see a significant improvement in the trend demand for equities, given savings structures and pension liabilities.
- Access to companies that the investment manager believes exhibit improving business fundamentals, sustainable competitive advantages, rising investor expectations, and attractive relative valuation.

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



* 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.

Fund Rating

Standard & Poor's Fund Management Rating **A**
Issued as at July 2008

QUICK FUND FACTS

Lead Investment Professionals

Chris Ibach, Mark Nebelung

Launch date	1 August 2000
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\$10.4 million
Dealing Cutoff	10am Dublin 5pm Hong Kong
Pricing	Daily

Investor minimum

For minimum investment amounts, please contact Principal Global Investors.

ISIN codes:

- Accumulation units IE0002492019

Lipper ID:

- Accumulation units 60049425

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

JAPANESE EQUITY FUND REVIEW AS AT 31 MAY 2010

Market Review

The Japanese equity markets posted negative returns in May with the MSCI Japan Index decreasing 8.1%. In May all sectors posted negative returns with the utilities and telecommunication services performing the best despite posting negative returns. The information technology, financials and consumer discretionary sectors lagged the most in May.

Fund Review

The fund outperformed the MSCI Japan Index during the month. Stock selection in the consumer discretionary, financials and information technology sectors was most effective. However, stock selection in the utilities, industrials and energy sectors was less effective.

An overweight position in Avex Group Holdings Inc. had a positive impact on the fund. The company's principal activity is the production and sale of music and visual content. During the month, Avex group reported earnings that beat estimates and as a result received upgrades from several brokers.

An overweight position in MTL Ltd. had a negative impact on the fund in May. The company provides agency services and the retail sale of mobile phones.

At the end of May the fund's overweight positions included Nippon Shokubai Co. Ltd., Sogo Medical Co. Ltd., Sony Financial Holdings Inc., Takata Corp. and Nippon Electric Glass Co. Ltd.

Portfolio Outlook and Strategy

TOPIX was down 10.8% on a local currency basis for the month of May. The European financial crisis and fears on the expected Chinese monetary tightening sent the market down after Japan came back from the Golden Week Holidays at the beginning of the month. A bailout plan announced by the European Union and the International Monetary Fund in mid-May helped support the market, but yen appreciation driven by euro weakness continued to negatively impact the Japanese market. Yen appreciated 13% against the euro during the month. In the meantime, geopolitical risk on the Korean Peninsula increased and sent the market even lower towards the end of the month.

The fund 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 in order to isolate superior stock selection as the primary source of outperformance.

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FUND PERFORMANCE AS AT 31 MAY 2010

Accumulative Performance (%)

	PGIF	Index*
1 month	-7.1	-8.1
3 months	-1.4	-3.6
6 months	2.5	0.0
Year-to-date	2.5	-0.7
1 year	5.4	4.6
2 years	-32.9	-26.3
3 years	-41.6	-30.7
4 years	-39.7	-26.3
5 years	-16.3	1.2
Since Inception	-40.1	-19.7

Annualised Performance (%)

	PGIF	Index*
2 years	-18.1	-14.2
3 years	-16.4	-11.5
4 years	-11.9	-7.3
5 years	-3.5	0.2

Calendar Year Performance (%)

	PGIF	Index*
2009	-2.2	6.3
2008	-35.0	-29.2
2007	-7.0	-4.2
2006	-0.9	6.2
2005	36.9	25.5
2004	18.4	15.9
2003	36.5	35.9
2002	-16.4	-10.3
2001	-33.7	-29.4

Performance is calculated on a NAV-to-NAV basis, 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 accumulation units. Investors should obtain their own independent tax advice.

*Outperforming the MSCI Japan 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.

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.

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