

Important Notes

- I. The Principal Preferred Securities Fund will invest primarily in a portfolio of US dollar denominated preferred securities and debt securities.
- II. The Fund's investments will be offered on markets listed in Appendix A to the Prospectus, although it is anticipated that the majority will be issued by U.S. issuers. 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

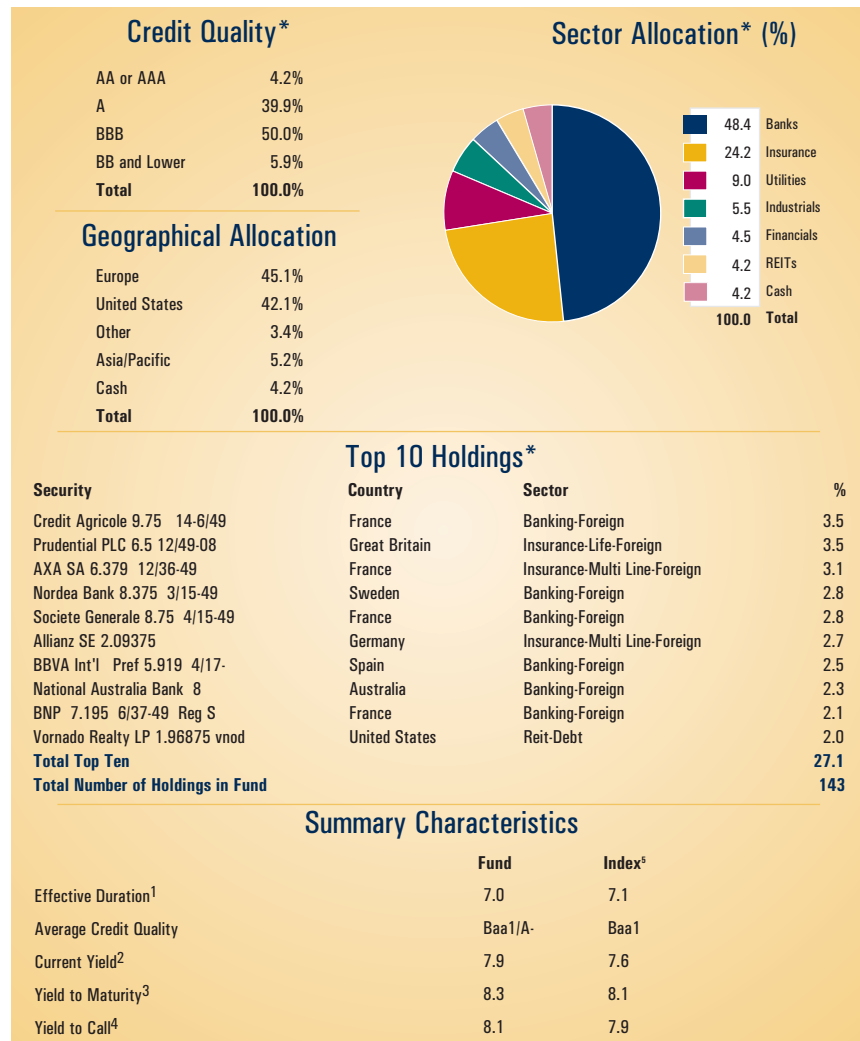
The Principal Global Investors Funds **Preferred Securities Fund** seeks to provide an income return consistent with capital preservation. The Fund seeks to achieve its overall objective by investing primarily in a portfolio of U.S. dollar-denominated preferred securities and debt securities. Value will be primarily added through security selection.

Why Invest in the Preferred Securities Fund?

The **Preferred Securities Fund** offers investors:

- Access to an investment with superior risk-adjusted returns.
- An investment with high current income potential.
- Diversification benefits due to a relatively low correlation to other asset classes.
- An investment that is managed by the largest specialist manager of preferred securities in the United States.

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



Fund Rating

Standard & Poor's Fund Management Rating **AAv5**
Issued as at May 2009

QUICK FUND FACTS

Lead Investment Professionals

Mark Lieb, Bernard Sussman, L. Phillip Jacoby IV

Launch date 27 February 2005

Fund structure Ireland United Trust (UCITS Qualified)

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

Base currency US\$

Fund size US\$141.5 million

Dealing Cutoff 10am Dublin
5pm Hong Kong

Pricing Daily

Sub-investment Advisor

Spectrum Asset Management, Inc

Investment minimum

For minimum investment amounts, please contact Principal Global Investors.

USD Class Fund Codes:

ISIN Code IE00B067MS69

Valoren 2079429

WKN A0D8H0

Bloomberg Code PRIIFSI ID

Lipper 60015003

Income Distribution Policy

Distributed

Fee Structure

- Preliminary charge max 5%
- Management fee 0.90% pa
- Administration fee 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

* 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.

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PREFERRED SECURITIES FUND REVIEW AS AT 31 MAY 2010

Market Review

May was a down month for preferred securities primarily caused by sovereign debt concerns in Europe. The market concerns over broad fiscal and social issues were further exacerbated by uncertain financial regulatory reform. For preferred securities, May represented the first meaningful correction in the sector since the rally started over a year ago. Consequently, a (familiar) flight to quality trade resumed in the broad market as the UST market rallied about five basis points (bp) while credit assets declined – the average decline in preferred securities was 4.5 bp. The retail preferred market, measured by the Merrill Lynch Fixed Rate Index, dropped 2.48% while the capital securities market, measured by the Barclays Tier1 Capital Securities Index, declined 5.4%.

Fund Review

The correction in the preferred market hit the portfolio hard in May, leading to declines which were greater than the blended benchmark as the capital securities portion underperformed. The portfolio's large position in foreign banking issues was the main drag on returns as economic concerns for the European Union widened. Holdings in Societe Generale, BBVA International, Groupe Banque Populaire and BNP were among the poorest performers.

Portfolio Strategy & Outlook

Spectrum believes financial reform will be constructive over the long-term because of its trend for more common equity to support operating profiles that should be less volatile. The recent Collins Amendment has thrown in some near-term uncertainty, however, concerning bank capital. This amendment would disallow bank trust preferred securities as bank tier-1 capital and was approved with only a voice vote. It was later discovered this amendment would have consequences for bank capital that would be immediately too material, irrespective of its broader push for more quality capital and increased transparency. Consequently, the U.S. Treasury and the Federal Reserve have pushed back hard on the amendment. We expect it to be diluted in final form by the Conference Committee. To the extent that trust preferreds were to be disallowed as tier-1 capital, this would be done over a long period of time as the capital impact would be far too much too fast, in our opinion. Importantly, this disallowance risk would improve the technicals of the U.S. trust preferred market, likely supporting price and spread amidst a broader fundamental improvement in the sector.

Asset Management Capabilities

The Principal Global Investors Funds Preferred Securities Fund was launched in 2005. As such, there is no long-term historical performance data available for the Fund, but we have provided composite performance to the right. Please contact Principal Global Investors for more information regarding capabilities in managing Preferred Securities portfolios.

FUND PERFORMANCE AS AT 31 MAY 2010

Net Accumulative Fund Performance (%)

	PGIF	Index ⁵
1 month	-3.8	-3.5
3 months	-1.3	-0.4
6 months	3.7	7.3
Year-to-date	1.3	3.2
1 year	21.5	29.4
2 years	1.0	-3.7
3 years	-4.7	-9.8
Inception ⁶	-0.1	-1.2

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.

¹ Effective Duration is a measure of a fund's price sensitivity to interest rate changes. Please note that the larger the number, the more price sensitive it is to interest rate changes. ² Current Yield is the annual interest earned on the underlying bonds divided by the market price of the underlying portfolio of bonds. The figure is not the dividend yield received by the investors and is subject to change depending on the underlying portfolio of bonds. ³ Yield to Maturity is a concept used to determine the rate of return an investor will receive if a long-term, interest-bearing investment, such as a bond, is held to its maturity date. Please note that this is not the return or dividend to be received by investors in the fund. ⁴ Yield to Call is the yield on a callable bond assuming the bond will be redeemed by the issuer at the first call date. ⁵ Blended Index: 65% Merrill Lynch Fixed Rate Preferred Securities Index and 35% Barclays Capital Capsec US Dollar Tier 1 Index. ⁶ USD Inception date is 27 February 2005

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 the performance of the A Class income units. Investors should obtain their own independent tax advice.

Outperforming the 65% Merrill Lynch Fixed Rate Preferred Securities Index and 35% Barclays Capital Capsec US Dollar Tier 1 Index (Lehman Aggregate Index or Merrill Lynch Preferred Stock Index on or before 30 September 2008) is not specifically included in the objective of the Fund, and the figures shown in the table are provided as a comparison only. The methods of calculation of performance may not be identical. 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.

This material has not been reviewed by the Securities and Futures Commission