

Important Notes

- I. The Principal US Equity Fund will invest primarily in the equity securities of companies domiciled or with their core business in the United States, 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 **U.S. Equity Fund** seeks to provide capital growth over the medium to long term predominantly through investment in equity securities of companies domiciled or with their core business in the United States, which we believe are mispriced by the market and have the potential for significant growth.

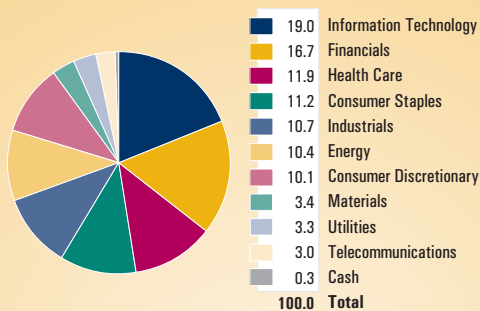
Why Invest in the U.S. Equity Fund?

The **U.S. Equity Fund** offers investors:

- The opportunity to invest in a portfolio that will provide returns similar to the U.S. equity market as measured by the S&P 500 Index.
- A chance to invest in a diversified portfolio of predominantly large-cap stocks, with the flexibility to invest in small- and mid-cap stocks, which will provide enhanced total return potential.
- 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?*

GICS Sector Allocations (%)



Top 10 Holdings

Security	Sector	%
Microsoft Corp.	Information Technology	3.5
General Electric Co.	Industrials	2.9
Oracle Corp.	Information Technology	2.4
Wal-Mart Stores Inc.	Consumer Staples	2.3
Procter & Gamble Co.	Consumer Staples	2.2
At&T Inc.	Telecommunication Services	2.2
Chevron Corp.	Energy	2.2
Wells Fargo & Co.	Financials	2.1
Bank Of America Corp.	Financials	2.1
American Express Co.	Financials	2.1
Total Top Ten		23.9
Total Number of Holdings in Fund		93

* 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 **AA**
Issued as at November 2008

**FORSYTH
PARTNERS**

A

Issued as at 11 October 2007

QUICK FUND FACTS

Lead Investment Professionals

Jeff Schwarte, Mustafa Sagun

Launch date 1 December 2003

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\$77.3 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 IE0033958335

Lipper ID:

• Accumulation units 60091855

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

U.S. EQUITY FUND REVIEW AS AT 31 MAY 2010

Market Review

The S&P 500 Index decreased 8.0% in May; large-cap stocks underperformed small-cap stocks and value stocks outperformed growth stocks. During May all sectors posted negative returns for the month with the telecommunications services and consumer staples sectors performing the best, despite returning -3.90% and -4.59% respectively. The energy, industrials and materials sectors lagged the most in May.

Fund Review

The fund underperformed the S&P 500 Index for the month. Stock selection in the health care, financials and materials sectors was the most effective for the month, while stock selection in the information technology, energy and industrials sectors was less effective. Stocks positively affecting relative returns included AmerisourceBergen Corp., Schlumberger Ltd. and EMC Corp. Stocks that negatively contributed to the fund's relative performance included Microsoft Corp., Dell Inc. and Superior Energy Services Inc.

Our investment strategy struggled during the month as investor speculated the worst is behind us. Investors bid up deep value early cyclicals.

The fund's main overweight positions included EMC Corp., American Express Co. and Oracle Corp.

EMC Corp. develops, delivers and supports information infrastructure and virtual infrastructure technologies and solutions.

American Express Co. provides charge and credit card products and travel-related services worldwide.

Oracle Corp. is an enterprise software company, engaged in the development, manufacture, distribution, servicing and marketing of database, middleware and application software worldwide.

The fund's main underweighted positions included Johnson & Johnson, Pfizer Inc. and Coca-Cola Co. All three stocks continue to disappoint investors and have deteriorating business fundamentals and expensive relative valuations.

Portfolio Outlook & Strategy

We remain committed to our investment philosophy and will continue to invest in securities with improving business fundamentals, rising investor expectations and attractive valuations. Our portfolio construction strategies neutralize market, sector and industry exposures, relative to the index, in order to isolate superior stock selection as the major source of portfolio outperformance.

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

Net Accumulative Fund Performance (%)

	PGIF	Index*
1 month	-8.8	-8.0
3 months	-2.3	-0.9
6 months	-0.2	0.4
Year-to-date	-2.4	-1.5
1 year	15.8	21.0
2 years	-26.2	-18.4
3 years	-28.4	-23.9
Since Inception	18.4	16.1

Net Annualised Performance (%)

	PGIF	Index*
2 years	-14.1	-9.7
3 years	-10.5	-8.7

Calendar Year Performance (%)

	PGIF	Index*
2009	22.1	26.5
2008	-40.9	-37.0
2007	9.6	5.5
2006	13.1	15.8
2005	12.2	4.9
2004	16.8	10.9

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 S&P 500 Index 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 calculating performance may not be identical. Past performance is not indicative of future performance. All figures are stated in USD unless otherwise noted.

*S&P500 Index. S&P 500 is a trademark of The McGraw-Hill Companies, Inc. and has been licensed for use by Principal Life Insurance Company and Principal Management Corporation. The product is not sponsored, endorsed, sold or promoted by Standard & Poor's and Standard & Poor's makes no representation regarding the advisability of investing in the product.

The index benchmarks are referred to for comparative purposes only. A more detailed description of the indexes is available upon request.

The source of performance is based on the current Advisor, Principal Global Investors, LLC.