

# PRINCIPAL LIFE STYLE FUND

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UNAUDITED SEMI ANNUAL REPORT

For The Six Months Ended 30 June 2015



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# MANAGEMENT AND ADMINISTRATION

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## **Trustee, Custodian and Registrar**

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## **Delegate of the Manager**

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## **Sub-Delegate of the Manager**

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(for Principal Asian Equity Fund, Principal China Equity Fund, Principal Hong Kong Bond Fund, Principal Hong Kong Dollar Savings Fund, and Principal Hong Kong Equity Fund)

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## **Legal Advisor to the Manager**

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# MANAGER'S REPORT

## **Principal Life Style Fund (the "Fund")**

The Manager has pleasure in presenting the Manager's report of the Fund for the six months ended 30 June 2015.

## **Principal Asian Equity Fund**

### ***Market Review***

During June, global equities experienced a sell-off in risk assets as Greece's showdown with creditors stayed on the front page. China continues to be the most important headline in emerging markets as market liberalization and deregulation continue to impact investor sentiment. China cut interest rates, proposed a measure to increase the equity allocation of the social security fund (NCSSF), and made changes to bank requirements to encourage transparency and support liquidity.

### ***Strategy and Outlook***

ASEAN markets, with faltering domestic spending, political turmoil, and liquidity risk, all ended the quarter in negative territory. The worst performing market was Indonesia as expectations from the Jokowi government started deflating following poor execution.

The MSCI China Index declined in June. Most sectors were weak across the board with consumer staples and information technology showing the strongest returns. Official manufacturing PMI remains unchanged at 50.2 in June. Industrial production growth has stabilized thanks to the policy easing. In order to boost growth, the People's Bank of China (PBoC) reduced interest rates by 0.25% again, the fourth time since November. The PBoC also cut the reserve requirement ratio (RRR) for targeted financial institutions in June.

## **Principal China Equity Fund**

### ***Market Review***

In the first half of 2015, MSCI China MPF Index was up 14.20%. Information technology, industrials and materials were the top performing sectors, while energy, utilities and consumer staples sectors lagged during the period.

Official manufacturing PMI remains unchanged at 50.2 in June. Industrial production growth has stabilized thanks to the policy easing, which accelerated to 6.1% YoY in May vs. 5.9% in April. CPI increased 1.2% YoY in May, lower than the previous month of 1.5% and the consensus of 1.3%. In order to boost growth, PBoC reduced interest rates by 25bps again, the fourth time since November, and cut RRR for targeted financial institutions in June.

### ***Strategy and Outlook***

The slew of policy easing in the past months curbed the downside of manufacturing activity, but soft domestic demand, overcapacity in some major industrial sectors and continued headwinds faced by export sectors prevented material improvement in the manufacturing sector. This round of PBoC cuts in both interest rates and RRR suggest that central government has become more determined to stabilize the growth. The recent correction in the equity market has created an opportunity for further policy easing. We are expecting a modest growth recovery from the second half supported by both monetary and fiscal policy easing.

## **Principal European Equity Fund**

### ***Market Review***

European markets rallied during the first months of 2015, then gave up almost half their gain during the last two weeks of the period under review, as the headlines from Greece became increasingly negative. The consumer discretionary sector was the best performer, whilst utilities underperformed.

Following the election of the anti-Austerity party Syriza in Greece at the end of January, the news from Greece has steadily deteriorated, reaching a crescendo towards the end of the period, when finally the Government ended negotiations and called for a referendum in order to gauge whether there is sufficient support in the country for further austerity, as essentially the Greeks are being asked to decide between staying within the Euro, or abandoning it. Although the European markets fell 4% after the referendum was announced, they have since recovered somewhat.

### ***Strategy and Outlook***

We continue to remain broadly constructive on European equity markets on the basis of free cash flows, high profit margins, and reasonable valuations. While natural resource producers and related capital equipment manufacturers face significant downward earnings pressures, a majority of other sectors continue to offer upside surprise potential. Markets will, of course, continue to face some risk of correction due to profit taking and rebalancing pressures by pension and institutional investors, and market volatility seems quite likely to rise from the very subdued levels of the past few years with interest rate volatility likely to trend higher as we embark on a Federal Reserve (Fed) rate hike.

## **Principal Hong Kong Bond Fund**

### ***Market Review***

Global Central banks remained dovish this year. In addition to rate cuts, China and India both introduced liquidity easing measures through a reduction banking reserve requirements.

The 10-yr HK Government bond yield closed 10bps lower (at 1.80%) than the prior period, partly because it had a steeper decline compared to Global sovereign yields in the beginning of the year. The 5-yr HK Government bond yield fell even more by 29bps, widening the 5-10yr yield spread 18bps to 60bps. Reflecting the above interest rate changes, HSBC HK Local Currency Bond Index ended with 2.4% gains for the period.

Economic numbers showed that HK's growth drivers remained mixed. Home prices moved up further, with the Overall Centaline Property Price Index gaining 17% in the last 12 months. Efforts by the Government and HKMA to cool prices have obviously fallen flat; home supply has clearly lagged demand while interest rates have remained extremely low, creating favorable conditions for the property market.

### ***Strategy and Outlook***

Our sector positioning is based on continuing improvement to growth in the major OECD economies. We remain short duration as we feel global rates are still on a path to increased rates. With increased global risk volatility, spreads have underperformed. This will continue to keep the central banks engaged globally, and thus will continue to push global investors towards more risk assets. Thus despite the increase in risk, we still expect spreads to bounce back and perform as we move forward.

## **Principal Hong Kong Dollar Savings Fund**

### ***Market Review***

Overall monetary conditions remained extremely easy. The HK Monetary base increased 6% to HK\$1,425bn. The Aggregate Balance, on the other hand, jumped 30% to HK\$311bn, implying ample liquidity with banks as flow from across the border, chasing stocks, remained strong.

3-m HIBOR and 1-yr HIBOR remained stable. USD LIBOR was stable in the shorter tenors but raised 14bps to 0.77% in the 1-yr tenor, pricing in a rate hike by the US Fed sometime this year. Hong Kong's bank deposit rates remained easy. HK's Composite Interest rate (rate on short term deposits paid by HK banks) averaged just 35bps during the period, 7bps lower than the prior period.

The 10-yr HK Government bond yield closed 10bps lower (at 1.80%) than the prior period, partly because it had a steeper decline compared to Global sovereign yields in the beginning of the year. Economic numbers showed that HK's growth drivers remained mixed. Home prices moved up further, efforts by the Government and HKMA to cool prices have obviously fallen flat; home supply has clearly lagged demand while interest rates have remained extremely low, creating favorable conditions for the property market.

### ***Strategy and Outlook***

Due to very low interest rates, gross fund returns remain low. The low-yield environment in HKD money markets makes it challenging to increase portfolio accrual yield meaningfully. We kept the allocation to CNH assets in the HKD Savings Fund around 10% in light of substantial positive carry and a reasonably stable currency environment.

## **Principal Hong Kong Equity Fund**

### ***Market Review***

In the first half of 2015, the Hang Seng Index was up 13.7%. Information technology, materials and financials were the top performing sectors, while the consumer discretionary, energy and utilities lagged during the period.

Hong Kong's export growth fell 4.6% year over year (YoY) in May, mainly due to weak external demand trends in the region. Hong Kong's retail sales contracted by 0.1% YoY on value basis and grew by 4.6% YoY on a volume basis. Headline CPI inflation accelerated to 3.0% in May from 2.8% YoY in April.

China official manufacturing PMI remains unchanged at 50.2 in June. Industrial production growth has stabilized thanks to the policy easing. CPI increased 1.2% YoY in May, lower than the previous month of 1.5% and the consensus of 1.3%. In order to boost growth, People's Bank of China (PBoC) reduced interest rates by 25bps again, the fourth time since November, and cut RRR for targeted financial institutions in June.

### **Principal Hong Kong Equity Fund** *(continued)*

#### ***Strategy and Outlook***

Sluggish external demand was the key drag on Hong Kong's economic growth in the first quarter. Recent data suggests that external demand trends have not improved and the continued sluggishness in economic growth in China, Hong Kong's largest trading partner, has been weighing on Hong Kong's export growth. In this context, we will be closely watching the Chinese government's efforts to revive domestic demand in the coming months. Moreover, the Hong Kong economy is undergoing a period of relatively anemic domestic demand. Private consumption growth is likely to remain weak on the back of sluggish real wages. Owing to these headwinds to growth, we expect growth in the Hong Kong economy to be weaker than the long term average.

### **Principal International Bond Fund**

#### ***Market Review***

The market suffered another volatile first half of the year, in the first quarter rates rallied with the announcement of the new accommodative measures from the European Central Bank (ECB) and continued turmoil in Greece. Risk assets rebounded in February with expectations of quantitative easing in Europe, oil prices stabilizing and positive employment data in the U.S. Throughout the second quarter, rates were more volatile as the ongoing saga between Greece and its creditors kept the market on edge. Risk assets generally performed well in April and May buoyed by stronger growth prospects and a still cautious Federal Reserve. Fears over Greece and heavy issuance began to weigh on the market by June when most risk assets underperformed.

Global central banks continued on divergent paths. The Fed continued its process of normalizing policy by removing the word "patient" from its statement regarding raising rates. At the June meeting, the Fed continued this process as comments signaled a strong likelihood of at least one rate increase this year. However, whether the Fed will raise rates once or twice this year and by how much is still up for debate, as the Fed statement allows for changes based on data.

#### ***Strategy and Outlook***

We expect the U.S. economy to continue on a moderate growth path over the next year, core inflation in the U.S. to resume a slight upward trend during the summer, and global growth to remain slow.

Corporate spreads widened during June as the combination continued supply and the risk in the market of a potential Greek exit from the Euro weighed heavy on risk assets. One of the main drivers of corporate spreads is profit margins. Profit margins have remained historically high since the recovery began five years ago; justifiably so as companies have restricted hiring and limited capital spending and expansion. With weak Q1 2015 growth, economy wide profits did fall to 10.5% of sales from 11.0% in Q4 2014. Profit levels should recover somewhat in Q2 which should support current spread levels.

### **Principal International Equity Fund**

#### ***Market Review***

During the last six months, the global equity markets saw generally higher returns with the MSCI MPF ACWI Index returning +2.77%. During the period, health care, financials, information technology sectors were the best performing while the utilities, energy and consumer staples sectors lagged in performance. From a country perspective, China, Russia and Denmark led the performance while Greece, New Zealand and Malaysia lagged its peers.

#### ***Strategy and Outlook***

The portfolio continues to overweight stocks with improving business fundamentals, rising investor expectations and attractive relative valuations. Bottom-up stock selection remains the primary source of outperformance.

Within the consumer discretionary sector, we moved our overweight higher in the multiline retail industry and continue to see earnings upside in retail companies as the "tax break" for the consumer from reduced oil prices should spur rising discretionary spending. The portfolio remains underweight the information technology sector as a result of weakness in the PC market. Within financials, upside remains in Canadian banks as their earnings possess upside to earnings expectations due to strengthening capital market returns, tight expense controls and lower provisions for credit loss which is helping drive operating leverage higher. We maintain our exposure to health care services companies benefitting from the rise in generic drug utilization as well as the aging of baby boomers and in turn leading to expanding margins and sales.

### **Principal Pension Bond Fund**

#### ***Market Review***

The first half of 2015 was filled with interest rate volatility, diverging central bank policy, and continued uncertainty surrounding Greece. The outlook for global growth improved as quantitative easing in Europe and Japan seemed to have positive effects. However, rhetoric on Greece's debt situation kept the market volatile. U.S. Treasury yields ended higher, with rates at the long-end of the curve rising the most.

#### ***Strategy and Outlook***

The combination of data dependent rate hiking risks, heavy supply volumes, and high sensitivity surrounding dealer inventory levels means the market is set up for more interest rate and spread volatility as the summer season gets underway. Despite a U.S. growth slowdown in the first quarter, consensus still expects the first rate hike from the Fed later this year. A positive technical aspect for the U.S. market is foreign demand remains strong and could strengthen if rates increase further, bringing more incremental yield demand into the market.

Fundamentals remain steady, but have begun to slowly weaken. Technical have been negative as heavy issuance was pulled forward anticipating the Fed liftoff later this year. However yield based demand from overseas has somewhat offset this factor. With spreads widening, valuations appear attractive compared to recent history.

### **Principal U.S. Equity Fund**

#### ***Market Review***

Over the last six months, the S&P 500 returned 1.23%. The top three sectors during the period in the S&P 500 were healthcare, consumer discretionary, and telecommunication services. The bottom three sectors were utilities, energy, and industrials. US GDP for 1Q15 was revised up to -0.2% annualized from -0.7%, reflecting an improvement in consumption. Nonfarm Payrolls continue to improve, risking 280K in the most recent release.

#### ***Strategy and Outlook***

Within technology, we own companies with favorable exposures to increased enterprise capital spending and mobility solutions, such as smart phones, tablets, personal computers, cloud-based storage solutions. We see opportunities in the gaming industry driven by the first console refresh cycle in seven years, which has reinvigorated content demand.

We own a collection of financial services companies that we believe provide a balanced exposure to future interest rate risks while providing superior company specific attributes relative to peers. We remain positive on industrial, retail, and self-storage REITs that are benefiting from strong leasing demand.

For consumer discretionary, we remain overweight department store retailers with company-specific growth and business optimization strategies that can produce sales growth and margin expansion. We have a favorable view towards content providers and are studying this issue for future investment adjustments.

### **Principal Asset Management Company (Asia) Limited**

17 July 2015

# INVESTMENT REPORT

## Portfolio statement as at 30 June 2015

Principal Asian Equity Fund			
Investments	*Portfolio holdings	Market value <i>HKS/HKS equivalent</i>	% of NAV
<b>Listed shares</b>			
<i>China</i>			
Air China Ltd-H	4,754,000	41,645,040	1.04
ANTA Sports Products Ltd	845,000	15,886,000	0.40
Bank of China Ltd-H	7,876,300	39,696,552	0.99
Beijing Capital Land Ltd-H	1,576,000	9,392,960	0.24
Belle International Holdings Ltd	1,904,000	17,002,720	0.43
BYD Electronic (International) Co Ltd	1,109,000	11,644,500	0.29
China Communications Construction Co Ltd-H	1,453,000	16,854,800	0.42
China Construction Bank Corp-H	16,532,010	117,046,631	2.93
China High Speed Transmission Equipment Group Co Ltd	2,937,000	19,766,010	0.50
China Mobile Ltd	1,248,624	123,925,932	3.12
China Petroleum & Chemical Corp-H	10,974,000	73,416,060	1.84
China Taiping Insurance Holdings Co Ltd	1,786,800	49,762,380	1.25
China Travel International Investment Hong Kong Ltd	3,826,000	13,046,660	0.33
China Vanke Co Ltd-H	815,400	15,557,832	0.39
Chongqing Rural Commercial Bank Co Ltd-H	3,920,000	24,343,200	0.61
CNOOC Ltd	3,582,000	39,402,000	0.99
Far East Horizon Ltd	6,108,000	45,077,040	1.13
Huadian Power International Corp Ltd-H	4,838,000	41,558,420	1.04
Huaneng Power International Inc-H	2,222,000	23,997,600	0.60
Jintian Pharmaceutical Group Ltd	6,227,000	25,842,050	0.65
Lenovo Group Ltd	1,950,000	20,943,000	0.52
PAX Global Technology Ltd	1,441,000	16,023,920	0.40
PetroChina Co Ltd-H	2,852,000	24,669,800	0.62
PICC Property and Casualty Co Ltd-H	3,310,600	58,465,196	1.46
Ping An Insurance (Group) Co of China Ltd-H	816,000	85,435,200	2.14
Shimao Property Holdings Ltd	1,207,500	18,474,750	0.46
Sino Biopharmaceutical Ltd	1,772,000	15,948,000	0.40
Sino-Ocean Land Holdings Ltd	5,010,500	29,361,530	0.74
Sound Global Ltd	1,225,000	8,575,000	0.21
Technovator International Ltd	2,054,000	13,515,320	0.34
Tencent Holdings Ltd	1,032,400	159,712,280	4.01
Zhejiang Expressway Co Ltd-H	1,666,000	17,926,160	0.45
		1,233,914,543	30.94
<i>Hong Kong</i>			
AIA Group Ltd	1,510,800	76,673,100	1.92
BOC Hong Kong (Holdings) Ltd	951,500	30,733,450	0.77
Cathay Pacific Airways Ltd	1,528,000	29,123,680	0.73
Champion REIT	3,814,000	16,247,640	0.41
Cheung Kong Infrastructure Holdings Ltd	331,000	19,926,200	0.50
Cheung Kong Property Holdings Ltd	654,992	42,115,986	1.06
CK Hutchison Holdings Ltd	654,992	74,603,589	1.87
Hang Seng Bank Ltd	132,700	20,104,050	0.50
Hong Kong Exchanges and Clearing Ltd	74,600	20,410,560	0.51
PCCW Ltd	6,916,000	32,021,080	0.80
Power Assets Holdings Ltd	205,000	14,493,500	0.36
Sun Hung Kai & Co Ltd	2,616,000	18,207,360	0.46
Sun Hung Kai Properties Ltd	275,000	34,540,000	0.87
The United Laboratories International Holdings Ltd	4,392,000	24,639,120	0.62
Wheelock and Co Ltd	540,000	21,384,000	0.54
		475,223,315	11.92

Principal Asian Equity Fund (continued)			
Investments	*Portfolio holdings	Market value <i>HKS/HKS equivalent</i>	% of NAV
<b>Listed shares (continued)</b>			
<i>India</i>			
Ashok Leyland Ltd	2,878,605	25,389,328	0.64
Aurobindo Pharma Ltd	304,633	53,774,363	1.35
Axis Bank Ltd-GDR	127,953	43,297,188	1.08
Bharti Infratel Ltd	451,795	24,551,648	0.62
HCL Technologies Ltd	191,129	21,371,160	0.54
Hindustan Petroleum Corp Ltd	368,270	32,644,869	0.82
JSW Energy Ltd	1,436,357	17,165,151	0.43
Maruti Suzuki India Ltd	83,930	41,052,229	1.03
Power Finance Corp Ltd	19,125	595,214	0.01
Rural Electrification Corp Ltd	851,767	28,491,941	0.71
Tata Consultancy Services Ltd	91,160	28,270,792	0.71
UPL Ltd	502,659	32,729,980	0.82
YES BANK Ltd	424,524	43,551,108	1.09
		392,884,971	9.85
<i>Indonesia</i>			
PT Bank Negara Indonesia (Persero) Tbk	448,000	1,382,413	0.03
PT Gudang Garam Tbk	22,200	582,926	0.01
PT Telekomunikasi Indonesia Tbk	812,700	1,386,378	0.03
		3,351,717	0.07
<i>Malaysia</i>			
DiGi.com Bhd	1,326,000	14,597,731	0.37
<i>Singapore</i>			
ComfortDelGro Corp Ltd	2,563,500	46,263,855	1.16
DBS Group Holdings Ltd	453,300	54,076,723	1.35
Oversea-Chinese Banking Corp Ltd	856,000	50,244,173	1.26
Singapore Telecommunications Ltd	2,351,600	57,083,383	1.43
United Overseas Bank Ltd	141,700	18,848,709	0.47
UOL Group Ltd	522,000	20,827,673	0.52
		247,344,516	6.19



# INVESTMENT REPORT *(continued)*

## Portfolio statement as at 30 June 2015

Principal Asian Equity Fund <i>(continued)</i>			
Investments	*Portfolio holdings	Market value <i>HKS/HKS equivalent</i>	% of NAV
<b>Listed shares <i>(continued)</i></b>			
<i>South Korea</i>			
AMOREPACIFIC Corp	14,743	42,826,221	1.07
BGF retail Co Ltd	19,821	22,039,064	0.55
Com2uS Corp	12,703	10,928,852	0.27
Doosan Heavy Industries & Construction Co Ltd	37,390	6,236,118	0.16
GS Holdings Corp	59,406	20,538,608	0.51
Hyosung Corp	30,100	30,121,500	0.75
Hyundai Development Co- Engineering & Construction	66,298	30,500,434	0.76
Hyundai Motor Co	21,848	20,648,961	0.52
Hyundai Steel Co	49,960	23,504,916	0.59
Industrial Bank of Korea	385,385	38,699,937	0.97
KB Financial Group Inc	150,856	38,684,462	0.97
KIA Motors Corp	91,723	28,875,137	0.72
Korea Electric Power Corp	154,090	49,044,187	1.23
Korea Gas Corp	54,990	16,508,784	0.41
Korean Air Lines Co Ltd	105,269	29,628,054	0.74
KT&G Corp	46,447	30,631,727	0.77
LG Display Co Ltd	144,495	25,957,387	0.65
LG Household & Health care Ltd	4,284	23,042,948	0.58
Lotte Chemical Corp	12,522	25,148,909	0.63
Samsung Electronics Co Ltd	19,807	174,536,219	4.38
Sk Holdings Co Ltd	15,767	21,695,110	0.54
SK Hynix Inc	175,084	51,467,661	1.29
SK Innovation Co Ltd	22,183	18,807,355	0.47
SK Telecom Co Ltd	8,126	14,117,716	0.35
SKC Co Ltd	56,902	14,552,009	0.36
		808,742,276	20.24
<i>Taiwan</i>			
Chungghwa Telecom Co Ltd	609,000	15,047,298	0.38
Everlight Electronics Co Ltd	1,132,000	16,827,294	0.42
Far EasTone Telecommunications Co Ltd	1,005,000	18,825,695	0.47
Feng Tay Enterprises Co Ltd	717,680	32,257,448	0.81
Flexium Interconnect Inc	540,000	16,949,227	0.42
Fubon Financial Holding Co Ltd	4,307,000	66,403,257	1.66
Hon Hai Precision Industry Co Ltd	2,200,639	53,600,233	1.34
King Yuan Electronics Co Ltd	3,290,000	22,263,877	0.56
King's Town Bank Co Ltd	2,798,000	18,829,060	0.47
Largan Precision Co Ltd	59,000	52,222,453	1.31
Makalot Industrial Co Ltd	266,000	17,733,412	0.44
Mega Financial Holding Co Ltd	5,040,628	35,186,460	0.88
Merida Industry Co Ltd	505,000	25,361,066	0.64
Pegatron Corp	687,000	15,577,244	0.39
Powertech Technology Inc	980,000	16,437,989	0.41
Taiwan Mobile Co Ltd	1,051,000	27,182,292	0.68
Taiwan Semiconductor Manufacturing Co Ltd-ADR	923,431	162,572,301	4.08
Yageo Corp	1,069,000	12,991,796	0.33
Zhen Ding Technology Holding Ltd	479,000	12,989,888	0.33
		639,258,290	16.02

Principal Asian Equity Fund <i>(continued)</i>			
Investments	*Portfolio holdings	Market value <i>HKS/HKS equivalent</i>	% of NAV
<b>Listed shares <i>(continued)</i></b>			
<i>Thailand</i>			
Krung Thai Bank Pcl-Foreign	3,719,800	14,603,205	0.37
PTT Pcl-Foreign	197,200	16,253,012	0.41
Thai Union Frozen Products Pcl-Foreign	5,666,200	28,358,345	0.71
		59,214,562	1.49
<b>Total listed shares</b>		3,874,531,921	97.09
<b>Delisted shares</b>			
<i>Hong Kong</i>			
Peace Mark (Holdings) Ltd	2,010,000	-	0.00
<b>Total delisted shares</b>		-	0.00
<b>Options/warrants</b>			
<i>South Korea</i>			
Com2uS Corp-Rights	2,069	161,052	0.00
<b>Total Options/warrants</b>		161,052	0.00
<b>Total investments</b>		3,874,692,973	97.09
<b>Other net assets</b>		116,266,843	2.91
<b>Total net asset value</b>		3,990,959,816	100.00
<b>Total cost of investments</b>		3,503,656,394	
* The value of each holding as a percentage of the total net asset value is accounted for on the trade day.			

# INVESTMENT REPORT *(continued)*

## Portfolio statement as at 30 June 2015

Principal China Equity Fund			
Investments	*Portfolio holdings	Market value <i>HKS/HKS equivalent</i>	% of NAV
<b>Listed shares</b>			
<i>China</i>			
Agricultural Bank of China Ltd-H	5,015,415	20,914,281	0.60
Air China Ltd-H	6,024,000	52,770,240	1.52
Bank of China Ltd-H	32,059,100	161,577,864	4.64
Bank of Communications Co Ltd-H	5,235,000	42,298,800	1.21
Beijing Capital Land Ltd-H	7,612,000	45,367,520	1.30
Belle International Holdings Ltd	1,940,000	17,324,200	0.50
BYD Electronic (International) Co Ltd	2,082,000	21,861,000	0.63
China CITIC Bank Corp Ltd-H	1,681,000	10,388,580	0.30
China Communications Construction Co Ltd-H	4,368,000	50,668,800	1.45
China Construction Bank Corp-H	40,803,620	288,889,630	8.28
China Eastern Airlines Corp Ltd-H	7,710,000	50,037,900	1.44
China Everbright Bank Co Ltd-H	4,752,000	22,096,800	0.63
China Life Insurance Co Ltd-H	2,871,000	96,896,250	2.78
China Merchants Bank Co Ltd-H	2,556,218	57,770,527	1.66
China Mobile Ltd	2,849,500	282,812,875	8.11
China Overseas Land & Investment Ltd	1,499,200	41,003,120	1.18
China Pacific Insurance (Group) Co Ltd-H	613,400	22,818,480	0.66
China Petroleum & Chemical Corp-H	16,758,800	112,116,372	3.22
China Power International Development Ltd	8,316,000	49,147,560	1.41
China Railway Construction Corp Ltd-H	2,475,000	29,650,500	0.85
China Railway Group Ltd-H	1,607,000	13,450,590	0.39
China Resources Cement Holdings Ltd	2,744,000	11,881,520	0.34
China Shenhua Energy Co Ltd-H	613,000	10,837,840	0.31
China Taiping Insurance Holdings Co Ltd	2,119,600	59,030,860	1.69
China Telecom Corp Ltd-H	8,560,000	38,948,000	1.12
China Travel International Investment Hong Kong Ltd	14,964,000	51,027,240	1.47
China Unicom (Hong Kong) Ltd	1,348,000	16,445,600	0.47
China Vanke Co Ltd-H	558,987	10,665,472	0.31
Chongqing Rural Commercial Bank Co Ltd-H	2,857,000	17,741,970	0.51
CNOOC Ltd	7,873,000	86,603,000	2.49
Far East Horizon Ltd	7,663,000	56,552,940	1.62
Fosun International Ltd	1,769,500	32,275,680	0.93
Great Wall Motor Co Ltd-H	422,000	16,036,000	0.46
Guangzhou R&F Properties Co Ltd-H	2,929,600	27,860,496	0.80
Haier Electronics Group Co Ltd	1,195,000	24,975,500	0.72
Huadian Power International Corp Ltd-H	5,379,998	46,214,183	1.33
Huaneng Power International Inc-H	866,000	9,352,800	0.27
Huaneng Renewables Corp Ltd-H	5,760,000	18,028,800	0.52
Huatai Securities Co Ltd-H	84,800	1,857,120	0.05
Industrial and Commercial Bank of China Ltd-H	30,566,850	188,291,796	5.40
Jintian Pharmaceutical Group Ltd	7,958,000	33,025,700	0.95
KWG Property Holding Ltd	2,812,000	18,390,480	0.53
Lee & Man Paper Manufacturing Ltd	3,718,000	18,366,920	0.53
Lenovo Group Ltd	1,714,000	18,408,360	0.53
Ozmer Water International Holding Ltd	6,695,000	18,545,150	0.53
PetroChina Co Ltd-H	9,688,362	83,804,331	2.41
PICC Property and Casualty Co Ltd-H	3,873,120	68,399,299	1.96
Ping An Insurance (Group) Co of China Ltd-H	1,585,500	166,001,850	4.77
Shanghai Industrial Holdings Ltd	469,000	12,334,700	0.35
Shimao Property Holdings Ltd	632,500	9,677,250	0.28
Sino Biopharmaceutical Ltd	2,044,000	18,396,000	0.53
Sino-Ocean Land Holdings Ltd	7,720,500	45,242,130	1.30
Sound Global Ltd	1,374,000	9,618,000	0.28
Technovator International Ltd	5,228,000	34,400,240	0.99
Tencent Holdings Ltd	2,145,900	331,970,729	9.52
Tiangong International Co Ltd	5,732,000	7,165,000	0.21
Tianneng Power International Ltd	1,694,000	6,267,800	0.18

Principal China Equity Fund <i>(continued)</i>			
Investments	*Portfolio holdings	Market value <i>HKS/HKS equivalent</i>	% of NAV
<b>Listed shares <i>(continued)</i></b>			
<i>China <i>(continued)</i></i>			
Tongda Group Holdings Ltd	10,780,000	16,170,000	0.46
Zhejiang Expressway Co Ltd-H	2,684,000	28,879,840	0.83
		3,159,552,485	90.71
<i>Hong Kong</i>			
Cathay Pacific Airways Ltd	529,000	10,082,740	0.29
Hua Hong Semiconductor Ltd	2,699,000	27,799,700	0.80
Man Wah Holdings Ltd	2,958,400	22,513,424	0.65
Orient Overseas (International) Ltd	480,000	19,032,000	0.55
Sun Hung Kai & Co Ltd	2,605,000	18,130,800	0.52
The United Laboratories International Holdings Ltd	5,118,000	28,711,980	0.82
Value Partners Group Ltd	2,625,000	32,130,000	0.92
		158,400,644	4.55
<b>Total listed shares</b>		3,317,953,129	95.25
<b>Delisted shares</b>			
<i>China</i>			
China North Industries Investment Ltd	20,000	-	0.00
<b>Total delisted shares</b>		-	0.00
<b>Total investments</b>		3,317,953,129	95.26
<b>Other net assets</b>		165,032,509	4.74
<b>Total net asset value</b>		3,482,985,638	100.00
<b>Total cost of investments</b>		2,874,275,554	
* The value of each holding as a percentage of the total net asset value is accounted for on the trade day.			

# INVESTMENT REPORT *(continued)*

## Portfolio statement as at 30 June 2015

Principal European Equity Fund			
Investments	*Portfolio holdings	Market value <i>HKS/HKS equivalent</i>	% of NAV
<b>Listed shares</b>			
<i>Australia</i>			
South32 Ltd	32,819	343,670	0.05
<i>Belgium</i>			
Anheuser-Busch InBev SA/NV	11,877	11,053,902	1.57
Delhaize Group SA	8,304	5,324,409	0.75
KBC Group NV	11,074	5,746,741	0.81
Proximus SA	21,149	5,798,802	0.82
		27,923,854	3.95
<i>Denmark</i>			
A/S Schouw & Co	9,183	3,724,494	0.53
Carlsberg A/S-B	4,263	3,005,364	0.43
Coloplast A/S-B	5,684	2,896,363	0.41
Danske Bank A/S	28,823	6,582,635	0.93
Genmab A/S	4,538	3,064,947	0.43
Novo Nordisk A/S-B	42,284	17,890,737	2.54
Pandora A/S	13,198	11,012,160	1.56
Royal Unibrew A/S	21,033	5,584,609	0.79
Vestas Wind Systems A/S	18,153	7,036,074	1.00
		60,797,383	8.62
<i>Finland</i>			
Elisa Oyj	21,070	5,186,111	0.74
Sampo Oyj-A	12,908	4,721,566	0.67
Stora Enso Oyj-R	43,710	3,498,550	0.50
UPM-Kymmene Oyj	30,546	4,196,929	0.60
		17,603,156	2.51
<i>France</i>			
Altran Technologies	21,788	1,817,291	0.26
APERAM SA	11,559	3,609,664	0.51
Credit Agricole SA	21,156	2,443,373	0.35
Natixis SA	125,264	7,000,401	0.99
Numerical-SFR SAS	5,566	2,291,123	0.32
Orange SA	67,085	8,020,833	1.14
Peugeot SA	33,508	5,350,909	0.76
Renault SA	6,570	5,313,805	0.75
Teleperformance	6,445	3,535,957	0.50
Total SA	22,471	8,476,379	1.20
Ubisoft Entertainment SA	49,918	6,906,123	0.98
Valeo	4,731	5,789,608	0.82
		60,555,466	8.58

Principal European Equity Fund <i>(continued)</i>			
Investments	*Portfolio holdings	Market value <i>HKS/HKS equivalent</i>	% of NAV
<b>Listed shares <i>(continued)</i></b>			
<i>Germany</i>			
Aareal Bank AG	11,919	3,634,373	0.52
Bayer AG	11,458	12,454,489	1.77
Continental AG	2,281	4,191,538	0.59
Daimler AG	18,174	12,845,585	1.82
Deutsche Annington Immobilien SE	8,571	1,877,381	0.27
Deutsche Telekom AG	89,666	11,993,796	1.70
Dialog Semiconductor Plc	20,604	8,649,761	1.23
Duerr AG	2,414	1,746,369	0.25
Evonik Industries AG	5,411	1,603,324	0.23
Fresenius SE & Co KGaA	13,280	6,616,736	0.94
Hannover Rueck SE	9,242	6,944,421	0.98
Henkel AG & Co KGaA	4,908	4,274,673	0.61
K+S AG	10,335	3,380,884	0.48
		80,213,330	11.39
<i>Greece</i>			
Hellenic Telecommunications Organization SA	24,918	1,768,998	0.25
<i>Ireland</i>			
Bank of Ireland	731,580	2,292,824	0.33
CRH Plc	22,123	4,849,624	0.69
Smurfit Kappa Group Plc	9,834	2,103,795	0.30
		9,246,243	1.32
<i>Italy</i>			
Credito Emiliano Spa	25,297	1,618,504	0.23
ENEL Spa	189,293	6,660,221	0.94
Mediobanca Banca di Credito Finanziario Societa' Per Azioni	49,786	3,790,910	0.54
		12,069,635	1.71
<i>Netherlands</i>			
ASM International NV	6,111	2,193,257	0.31
Boskalis Westminster NV	6,683	2,540,015	0.36
Heineken NV	11,040	6,506,167	0.92
Koninklijke Ahold NV	31,843	4,631,521	0.66
NXP Semiconductors NV	2,750	2,093,482	0.30
		17,964,442	2.55
<i>Norway</i>			
DnB ASA	53,413	6,855,279	0.97
Marine Harvest ASA	27,080	2,388,794	0.34
Norsk Hydro ASA	70,423	2,283,791	0.32
Statoil ASA	23,127	3,179,273	0.45
Yara International ASA	8,560	3,430,283	0.49
		18,137,420	2.57



# INVESTMENT REPORT *(continued)*

## Portfolio statement as at 30 June 2015

Principal Hong Kong Bond Fund				
Investments	Maturity	*Portfolio holdings	Market value HK\$/HK\$ equivalent	% of NAV
<b>Listed/quoted debt instruments</b>				
<i>Certificates of deposit</i>				
<i>Denominated in Hong Kong Dollar</i>				
Bank of China Ltd-1.5%	07/12/2015	25,000,000	25,041,800	1.16
Bank of China Ltd-2.4%	15/05/2017	20,000,000	20,270,800	0.94
Bank of China Ltd-2.8%	21/11/2016	11,500,000	11,713,900	0.54
Bank of China Ltd-Floating	11/01/2018	10,000,000	9,975,360	0.46
Bank of Communications Co Ltd-1.35%	23/11/2015	23,000,000	23,021,712	1.07
Bank of Communications Co Ltd-1.86%	13/03/2018	15,000,000	14,970,000	0.70
China Construction Bank (Asia) Corp Ltd-1.38%	19/11/2015	10,000,000	10,011,970	0.47
China Construction Bank (Asia) Corp Ltd-2.4%	03/04/2017	15,000,000	15,217,095	0.71
China Construction Bank Corp-2.28%	30/05/2017	20,000,000	20,238,620	0.94
China Construction Bank Corp-3%	31/03/2016	20,000,000	20,269,040	0.94
China Construction Bank Corp-4.05%	15/01/2020	4,000,000	4,242,208	0.20
China Development Bank Corp-1.75%	05/03/2016	10,000,000	10,039,440	0.47
China Development Bank Corp-2.95%	20/03/2017	20,000,000	20,453,200	0.95
China Development Bank Corp-3%	25/06/2018	4,000,000	4,114,532	0.19
China Development Bank Corp-3.75%	26/01/2022	20,000,000	20,859,760	0.97
China Development Bank Corp-Floating	23/11/2015	20,000,000	20,008,200	0.93
DBS Bank (Hong Kong) Ltd-2.55%	30/06/2016	25,000,000	25,337,250	1.18
DBS Bank (Hong Kong) Ltd-3.86%	20/01/2020	10,000,000	10,544,590	0.49
DBS Bank (Hong Kong) Ltd-3.95%	20/01/2020	15,000,000	15,874,500	0.74
Hang Seng Bank Ltd-1.75%	16/10/2017	60,000,000	60,263,280	2.81
Hang Seng Bank Ltd-2.25%	11/05/2020	10,000,000	9,986,780	0.46
Industrial and Commercial Bank of China (Asia) Ltd-1.95%	09/09/2016	25,000,000	25,181,700	1.17
Malayan Banking Bhd-2.5%	05/06/2017	17,000,000	17,254,099	0.80
OCBC Wing Hang Bank Ltd-2.6%	16/07/2018	19,000,000	19,397,100	0.90
OCBC Wing Hang Bank Ltd-3.2%	09/06/2021	25,000,000	25,332,500	1.18
The Bank of East Asia Ltd-1.43%	21/06/2016	6,000,000	5,961,000	0.28
The Bank of East Asia Ltd-2.25%	15/05/2017	25,000,000	25,275,000	1.17
Wing Lung Bank Ltd-2.75%	19/05/2016	22,000,000	22,288,706	1.04
			513,144,142	23.86
<b>Total certificates of deposit</b>			513,144,142	23.86
<i>Non-certificates of deposit</i>				
<i>Denominated in Hong Kong Dollar</i>				
Airport Authority Hong Kong-1.5%	02/09/2016	16,000,000	16,146,768	0.75
Airport Authority Hong Kong-1.75%	28/07/2016	15,000,000	15,174,585	0.71
Airport Authority Hong Kong-2.25%	05/09/2022	15,000,000	14,700,180	0.68
Airport Authority Hong Kong-4.85%	15/03/2021	22,000,000	25,123,472	1.17
Airport Authority Hong Kong-5.1%	13/04/2016	31,000,000	32,081,621	1.49
Ausnet Services Holdings Pty Ltd-4.125%	16/03/2020	18,000,000	19,026,432	0.88
Australia and New Zealand Banking Group Ltd-3.37%	14/11/2018	1,500,000	1,581,285	0.07
Australia and New Zealand Banking Group Ltd-4.01%	02/02/2017	5,000,000	5,228,340	0.24
Australia and New Zealand Banking Group Ltd-4.5%	10/02/2020	4,000,000	4,422,424	0.21
Australia and New Zealand Banking Group Ltd-5.24%	05/07/2017	3,000,000	3,238,218	0.15

Principal Hong Kong Bond Fund <i>(continued)</i>				
Investments	Maturity	*Portfolio holdings	Market value HK\$/HK\$ equivalent	% of NAV
<b>Listed/quoted debt instruments <i>(continued)</i></b>				
<i>Non-certificates of deposit <i>(continued)</i></i>				
<i>Denominated in Hong Kong Dollar <i>(continued)</i></i>				
Bank of Scotland Plc-4.65%	19/01/2016	9,000,000	9,164,430	0.43
BG Energy Capital Plc-3.94%	02/10/2019	10,000,000	10,588,370	0.49
CIMB Bank Bhd-2.7%	14/05/2019	20,000,000	20,325,780	0.94
City of Paris France-4.8%	16/11/2015	12,000,000	12,155,232	0.57
CLP Power Hong Kong Financing Ltd-2%	31/01/2017	23,000,000	23,236,601	1.08
CLP Power Hong Kong Financing Ltd-2.83%	20/09/2022	8,000,000	7,979,232	0.37
CLP Power Hong Kong Financing Ltd-3.22%	20/03/2030	10,000,000	9,578,000	0.45
CLP Power Hong Kong Financing Ltd-3.45%	01/03/2027	5,000,000	5,039,210	0.23
CLP Power Hong Kong Financing Ltd-3.93%	20/09/2021	4,000,000	4,275,960	0.20
CLP Power Hong Kong Financing Ltd-3.97%	23/03/2026	7,000,000	7,396,305	0.34
Commonwealth Bank of Australia-0%	25/01/2016	15,000,000	14,932,500	0.69
HKCG (Finance) Ltd-2.8%	25/02/2025	6,000,000	5,811,384	0.27
HKCG (Finance) Ltd-3.3%	16/05/2022	10,000,000	10,311,540	0.48
HKCG (Finance) Ltd-3.4%	07/02/2022	12,000,000	12,470,088	0.58
HKCG (Finance) Ltd-3.55%	13/12/2023	20,000,000	20,779,040	0.97
HKCG (Finance) Ltd-3.8%	05/04/2027	5,000,000	5,216,895	0.24
Hong Kong Government-0.79%	19/09/2016	20,000,000	20,144,740	0.94
Hong Kong Government-0.97%	08/12/2016	45,000,000	45,450,000	2.11
Hong Kong Government-1.09%	05/06/2023	20,000,000	19,222,000	0.89
Hong Kong Government-1.1%	17/01/2023	80,000,000	76,779,599	3.58
Hong Kong Government-1.94%	04/12/2023	15,000,000	15,329,880	0.71
Hong Kong Government-2.16%	09/12/2019	13,000,000	13,625,638	0.63
Hong Kong Government-2.22%	07/08/2024	11,000,000	11,355,060	0.53
Hong Kong Government-2.31%	21/06/2021	25,000,000	26,366,225	1.23
Hong Kong Government-2.46%	04/08/2021	10,000,000	10,551,950	0.49
Hong Kong Government-2.53%	22/06/2020	10,000,000	10,649,000	0.50
Hong Kong Government-3.56%	25/06/2018	10,000,000	10,846,360	0.50
Hong Kong Government-5.125%	23/07/2019	35,000,000	39,935,000	1.86
Hong Kong Science & Technology Parks Corp-2.12%	11/07/2019	36,000,000	36,327,600	1.69
Hong Kong Science & Technology Parks Corp-3.2%	11/07/2024	45,000,000	46,336,500	2.15
Hongkong Land Notes Co Ltd-3%	26/10/2022	5,000,000	4,993,720	0.23
Hongkong Land Notes Co Ltd-3.15%	10/05/2028	10,000,000	9,622,920	0.45
Hongkong Land Notes Co Ltd-3.95%	08/06/2020	10,000,000	10,626,590	0.49
Hongkong Land Notes Co Ltd-3.95%	06/11/2023	10,000,000	10,595,320	0.49
Industrial & Commercial Bank of China Ltd-1%	11/03/2016	29,000,000	28,971,986	1.35
Korea Expressway Corp-4%	02/03/2022	4,000,000	4,270,380	0.20
Korea Gas Corp-2.5%	20/06/2017	15,000,000	15,261,900	0.71
Korea National Oil Corp-2.18%	29/01/2020	20,000,000	19,829,880	0.92
Korea National Oil Corp-4.5%	04/03/2021	10,000,000	10,952,950	0.51
Kowloon-Canton Railway Corp-3.5%	29/04/2019	21,000,000	22,383,396	1.04
Kowloon-Canton Railway Corp-3.64%	24/07/2019	27,500,000	29,504,750	1.37
Kowloon-Canton Railway Corp-3.82%	09/07/2021	27,000,000	29,380,887	1.37
Kowloon-Canton Railway Corp-3.88%	15/06/2021	21,000,000	22,912,932	1.07
Macquarie Bank Ltd-2.7%	10/08/2015	10,000,000	10,016,630	0.47
Macquarie Bank Ltd-3.55%	29/08/2017	18,000,000	18,769,806	0.87
Malayan Banking Bhd-2.85%	01/03/2017	11,500,000	11,731,277	0.55
MTR Corp (C.I.) Ltd-1.68%	15/03/2017	20,000,000	20,252,500	0.94
MTR Corp (C.I.) Ltd-1.9%	25/10/2020	27,500,000	27,202,890	1.26
MTR Corp (C.I.) Ltd-2.15%	08/12/2016	30,000,000	30,574,770	1.42

# INVESTMENT REPORT *(continued)*

## Portfolio statement as at 30 June 2015

Principal Hong Kong Bond Fund <i>(continued)</i>				
Investments	Maturity	*Portfolio holdings	Market value HK\$/HK\$ equivalent	% of NAV
<i>Listed/quoted debt instruments (continued)</i>				
<i>Non-certificates of deposit (continued)</i>				
<i>Denominated in Hong Kong Dollar (continued)</i>				
MTR Corp (C.I.) Ltd-2.25%	12/10/2022	21,500,000	20,967,338	0.97
MTR Corp (C.I.) Ltd-4.95%	21/10/2019	4,000,000	4,466,800	0.21
MTR Corp (C.I.) Ltd-5.2%	18/07/2018	9,000,000	10,006,641	0.47
Nordea Bank AB-2.5%	22/01/2019	30,000,000	30,644,220	1.42
Oversea-Chinese Banking Corp Ltd-2.2%	19/01/2017	5,000,000	5,062,090	0.24
SP PowerAssets Ltd-4.01%	20/05/2019	15,000,000	15,761,520	0.73
Standard Chartered Bank-2.39%	27/08/2015	3,000,000	3,005,040	0.14
Standard Chartered Bank-2.4%	25/08/2015	3,000,000	3,004,947	0.14
Standard Chartered Bank-4.1%	29/06/2020	5,000,000	5,321,000	0.25
Sun Hung Kai Properties (Capital Market) Ltd-2.95%	08/05/2023	6,000,000	5,917,410	0.28
Sun Hung Kai Properties (Capital Market) Ltd-3.23%	10/01/2023	5,000,000	5,053,955	0.23
Sun Hung Kai Properties (Capital Market) Ltd-3.25%	05/12/2022	6,000,000	6,087,576	0.28
Sun Hung Kai Properties (Capital Market) Ltd-3.36%	24/04/2017	6,000,000	6,178,800	0.29
Sun Hung Kai Properties (Capital Market) Ltd-4.05%	24/02/2021	5,000,000	5,356,150	0.25
Sun Hung Kai Properties (Capital Market) Ltd-4.1%	20/04/2021	5,000,000	5,358,730	0.25
Sun Hung Kai Properties (Capital Market) Ltd-4.67%	09/02/2016	15,000,000	15,309,000	0.71
Sun Hung Kai Properties (Capital Market) Ltd-4.9%	02/11/2015	13,000,000	13,160,082	0.61
Sun Hung Kai Properties (Capital Market) Ltd-5.05%	14/08/2018	3,000,000	3,264,819	0.15
Swire Pacific MTN Financing Ltd-2.9%	24/01/2023	10,000,000	9,917,760	0.46
Swire Pacific MTN Financing Ltd-3.78%	28/02/2022	10,000,000	10,538,890	0.49
Swire Pacific MTN Financing Ltd-3.9%	05/11/2030	10,000,000	10,069,180	0.47
Swire Pacific MTN Financing Ltd-4.2%	18/12/2018	6,000,000	6,402,162	0.30
Telstra Corp Ltd-4.02%	10/07/2020	10,000,000	10,500,540	0.49
The Bank of East Asia Ltd-2.97%	24/06/2019	15,000,000	15,299,265	0.71
The Export-Import Bank of Korea-2.3%	31/08/2016	25,000,000	25,388,850	1.18
The Export-Import Bank of Korea-2.525%	13/02/2019	2,000,000	2,031,580	0.09
The Hong Kong Mortgage Corp Ltd-0%	19/09/2016	5,000,000	4,949,315	0.23
The Hong Kong Mortgage Corp Ltd-1.85%	14/12/2016	20,000,000	20,284,480	0.94
The Hong Kong Mortgage Corp Ltd-2%	11/01/2016	29,000,000	29,217,065	1.36
The Hong Kong Mortgage Corp Ltd-2.4%	27/09/2021	2,000,000	1,998,456	0.09
The Hong Kong Mortgage Corp Ltd-4.525%	02/09/2020	42,500,000	46,494,575	2.16
The Hong Kong Mortgage Corp Ltd-4.7%	22/02/2016	5,000,000	5,129,540	0.24
The Hong Kong Mortgage Corp Ltd-4.85%	09/07/2018	10,500,000	11,553,150	0.54
The Hong Kong Mortgage Corp Ltd-5.056%	05/10/2022	7,000,000	8,092,399	0.38
The Hongkong Land Treasury Services (Singapore) Pte Ltd-4.1875%	23/10/2019	4,000,000	4,293,476	0.20
The Link Finance (Cayman) 2009 Ltd-3.14%	18/05/2018	10,000,000	10,359,670	0.48
The Link Finance (Cayman) 2009 Ltd-3.2%	06/09/2021	4,000,000	4,115,056	0.19

Principal Hong Kong Bond Fund <i>(continued)</i>				
Investments	Maturity	*Portfolio holdings	Market value HK\$/HK\$ equivalent	% of NAV
<i>Listed/quoted debt instruments (continued)</i>				
<i>Non-certificates of deposit (continued)</i>				
<i>Denominated in Hong Kong Dollar (continued)</i>				
The Link Finance (Cayman) 2009 Ltd-3.73%	23/01/2017	36,000,000	37,292,400	1.73
The Link Finance (Cayman) 2009 Ltd-4.75%	20/05/2019	11,000,000	12,043,570	0.56
United Overseas Bank Ltd-2.2%	27/03/2017	5,000,000	5,060,500	0.24
Urban Renewal Authority-1.5%	13/07/2017	20,000,000	20,196,540	0.94
Urban Renewal Authority-1.65%	17/01/2020	15,000,000	14,844,210	0.69
Urban Renewal Authority-1.75%	02/08/2019	10,000,000	10,000,480	0.46
Urban Renewal Authority-2.15%	10/05/2023	20,000,000	19,350,280	0.90
Urban Renewal Authority-2.92%	27/01/2021	26,000,000	26,972,400	1.25
Westpac Banking Corp-4.763%	13/10/2015	3,000,000	3,032,832	0.14
			1,586,093,667	73.73
<b>Total non-certificates of deposit</b>			1,586,093,667	73.73
<b>Total listed/quoted debt instruments</b>			2,099,237,809	97.59
<b>Total investments</b>			2,099,237,809	97.59
<b>Other net assets</b>			51,869,638	2.41
<b>Total net asset value</b>			2,151,107,447	100.00
<b>Total cost of investments</b>			2,093,204,012	
* The value of each holding as a percentage of the total net asset value is accounted for on the trade day.				

# INVESTMENT REPORT *(continued)*

## Portfolio statement as at 30 June 2015

Principal Hong Kong Dollar Savings Fund				
Investments	Maturity	*Portfolio holdings	Market value <i>HKS/HKS equivalent</i>	% of NAV
<b>Listed/quoted debt instruments</b>				
<i>Certificates of deposit</i>				
<i>Denominated in Hong Kong Dollar</i>				
Agricultural Bank of China Ltd-1.4%	27/06/2016	17,000,000	17,030,600	0.97
Bank of China Ltd-1.05%	02/03/2016	30,000,000	29,978,580	1.71
Bank of China Ltd-1.2%	19/10/2015	28,000,000	28,010,080	1.59
Bank of China Ltd-1.45%	20/08/2015	9,000,000	8,994,600	0.51
Bank of China Ltd-2%	26/06/2016	35,000,000	35,248,290	2.01
Bank of China Ltd-2.25%	27/03/2017	2,000,000	2,021,600	0.11
Bank of China Ltd-2.6%	25/10/2016	16,000,000	16,246,592	0.92
Bank of Communications Co Ltd-1.3%	28/08/2015	24,000,000	24,009,600	1.37
Bank of Communications Co Ltd-3.18%	16/02/2016	35,000,000	35,436,975	2.02
China CITIC Bank International Ltd-1.3%	24/08/2015	45,000,000	45,021,600	2.56
China Construction Bank (Asia) Corp Ltd-1.1%	27/10/2015	20,000,000	20,003,040	1.14
China Construction Bank (Asia) Corp Ltd-1.38%	19/11/2015	52,500,000	52,562,843	2.99
China Construction Bank Corp-1.6%	03/09/2015	15,000,000	15,013,500	0.85
China Construction Bank Corp-3%	31/03/2016	10,000,000	10,134,520	0.58
China Development Bank Corp-1.27%	15/03/2016	25,000,000	25,007,500	1.42
China Development Bank Corp-1.75%	05/03/2016	30,000,000	30,118,320	1.71
China Development Bank Corp-2.7%	25/01/2016	11,000,000	11,097,174	0.63
Dah Sing Bank Ltd-1%	24/03/2016	30,000,000	29,968,620	1.70
Industrial and Commercial Bank of China (Asia) Ltd-1.95%	09/09/2016	20,000,000	20,145,360	1.15
Industrial and Commercial Bank of China (Asia) Ltd-2.89%	11/02/2016	25,000,000	25,262,025	1.44
Malayan Banking Bhd-1.25%	23/12/2015	20,000,000	19,970,000	1.14
OCBC Wing Hang Bank Ltd-3.03%	17/02/2016	37,000,000	37,430,051	2.13
The Bank of East Asia Ltd-1.15%	20/01/2016	40,000,000	40,005,880	2.28
The Bank of East Asia Ltd-2.52%	04/08/2016	6,000,000	6,079,842	0.35
Wing Lung Bank Ltd-2.75%	19/05/2016	10,000,000	10,131,230	0.58
			594,928,422	33.86
<i>Denominated in Offshore Chinese Renminbi</i>				
Agricultural Bank of China Ltd-3.15%	03/09/2015	21,000,000	26,203,648	1.49
China Development Bank Corp-2.95%	15/01/2016	11,000,000	13,695,433	0.78
Industrial & Commercial Bank of China Ltd-4.1%	25/02/2016	35,000,000	43,519,534	2.48
			83,418,615	4.75
<b>Total certificates of deposit</b>			678,347,037	38.61

Principal Hong Kong Dollar Savings Fund <i>(continued)</i>				
Investments	Maturity	*Portfolio holdings	Market value <i>HKS/HKS equivalent</i>	% of NAV
<b>Listed/quoted debt instruments <i>(continued)</i></b>				
<i>Non-certificates of deposit</i>				
<i>Denominated in Hong Kong Dollar</i>				
Airport Authority Hong Kong-1.5%	19/09/2016	6,500,000	6,559,800	0.37
Airport Authority Hong Kong-1.75%	28/07/2016	5,000,000	5,058,195	0.29
Airport Authority Hong Kong-5.1%	13/04/2016	60,000,000	62,093,459	3.52
CIMB Bank Bhd-1.2%	22/01/2016	40,000,000	39,916,000	2.27
CLP Power Hong Kong Financing Ltd-2%	31/01/2017	30,000,000	30,308,610	1.72
CLP Power Hong Kong Financing Ltd-4.75%	18/01/2016	50,000,000	51,033,350	2.90
Commonwealth Bank of Australia-0%	25/01/2016	20,000,000	19,910,000	1.13
Industrial & Commercial Bank of China Ltd-1%	11/03/2016	35,000,000	34,966,190	1.99
Province of Ontario-3.3%	29/12/2015	10,000,000	10,107,560	0.57
Sun Hung Kai Properties (Capital Market) Ltd-4.67%	09/02/2016	19,000,000	19,391,400	1.10
The Korea Development Bank-1.4%	23/11/2015	34,000,000	34,081,600	1.94
The Link Finance (Cayman) 2009 Ltd-3.73%	23/01/2017	16,000,000	16,574,400	0.94
			330,000,564	18.74
<i>Denominated in Offshore Chinese Renminbi</i>				
Caterpillar Financial Services Corp-2.95%	03/03/2016	37,000,000	46,066,455	2.62
HKCG (Finance) Ltd-1.4%	11/04/2016	10,000,000	12,243,012	0.70
New South Wales Treasury Corp-2.75%	01/12/2015	10,000,000	12,492,869	0.71
Standard Chartered Plc-2.625%	31/05/2016	20,000,000	24,748,374	1.41
			95,550,710	5.44
<b>Total non-certificates of deposit</b>			425,551,274	24.18
<b>Total listed/quoted debt instruments</b>			1,103,898,311	62.79
<b>Total investments</b>			1,103,898,311	62.79
<b>Other net assets</b>			654,078,982	37.21
<b>Total net asset value</b>			1,757,977,293	100.00
<b>Total cost of investments</b>			1,105,935,242	
* The value of each holding as a percentage of the total net asset value is accounted for on the trade day.				

# INVESTMENT REPORT *(continued)*

## Portfolio statement as at 30 June 2015

Principal Hong Kong Equity Fund			
Investments	*Portfolio holdings	Market value <i>HKS/HKS equivalent</i>	% of NAV
<b>Listed shares</b>			
<i>China</i>			
Air China Ltd-H	6,634,000	58,113,840	1.05
Bank of China Ltd-H	12,668,000	63,846,720	1.16
Bank of Communications Co Ltd-H	7,726,000	62,426,080	1.13
Beijing Capital Land Ltd-H	9,724,000	57,955,040	1.05
Belle International Holdings Ltd	2,159,000	19,279,870	0.35
BYD Electronic (International) Co Ltd	900,000	9,450,000	0.17
China Communications Construction Co Ltd-H	3,089,000	35,832,400	0.65
China Construction Bank Corp-H	29,803,570	211,009,276	3.82
China Eastern Airlines Corp Ltd-H	8,500,000	55,165,000	1.00
China Everbright Bank Co Ltd-H	3,957,000	18,400,050	0.33
China Merchants Bank Co Ltd-H	1,358,000	30,690,800	0.56
China Mobile Ltd	1,676,493	166,391,930	3.01
China Overseas Land & Investment Ltd	522,000	14,276,700	0.26
China Petroleum & Chemical Corp-H	13,949,200	93,320,148	1.69
China Power International Development Ltd	9,108,000	53,828,280	0.97
China Railway Construction Corp Ltd-H	3,124,500	37,431,510	0.68
China Railway Group Ltd-H	983,000	8,227,710	0.15
China Resources Cement Holdings Ltd	6,166,000	26,698,780	0.48
China Taiping Insurance Holdings Co Ltd	2,939,000	81,851,150	1.48
China Telecom Corp Ltd-H	7,874,000	35,826,700	0.65
China Travel International Investment Hong Kong Ltd	24,734,000	84,342,940	1.53
China Vanke Co Ltd-H	345,800	6,597,864	0.12
Chongqing Rural Commercial Bank Co Ltd-H	3,453,000	21,443,130	0.39
CNOOC Ltd	5,320,040	58,520,440	1.06
Far East Horizon Ltd	12,325,000	90,958,500	1.65
Fosun International Ltd	3,498,000	63,803,520	1.16
Guangzhou R&F Properties Co Ltd-H	3,045,600	28,963,656	0.52
Haier Electronics Group Co Ltd	1,614,000	33,732,600	0.61
Huadian Power International Corp Ltd-H	7,589,903	65,197,267	1.18
Huaneng Power International Inc-H	996,000	10,756,800	0.19
Huaneng Renewables Corp Ltd-H	6,768,000	21,183,840	0.38
Huatai Securities Co Ltd-H	140,200	3,070,380	0.06
Industrial and Commercial Bank of China Ltd-H	21,447,460	132,116,354	2.39
Jintian Pharmaceutical Group Ltd	16,032,000	66,532,800	1.20
KWG Property Holding Ltd	2,333,000	15,257,820	0.28
Lee & Man Paper Manufacturing Ltd	6,167,000	30,464,980	0.55
Ozner Water International Holding Ltd	6,263,000	17,348,510	0.31
PetroChina Co Ltd-H	5,791,485	50,096,345	0.91
PICC Property and Casualty Co Ltd-H	4,490,820	79,307,881	1.44
Ping An Insurance (Group) Co of China Ltd-H	1,165,000	121,975,500	2.21
Shanghai Industrial Holdings Ltd	784,000	20,619,200	0.37
Sino Biopharmaceutical Ltd	2,092,000	18,828,000	0.34
Sino-Ocean Land Holdings Ltd	12,089,000	70,841,540	1.28
Sound Global Ltd	1,682,000	11,774,000	0.21
Technovator International Ltd	8,332,000	54,824,560	0.99
Tencent Holdings Ltd	1,867,135	288,845,785	5.23
Tiangong International Co Ltd	11,350,000	14,187,500	0.26
Tianneng Power International Ltd	2,832,000	10,478,400	0.19
Tongda Group Holdings Ltd	32,610,000	48,915,000	0.89
Weifu High-Technology Group Co Ltd-B	18	566	0.00
Zhejiang Expressway Co Ltd-H	1,440,000	15,494,400	0.28
		2,696,502,062	48.82

Principal Hong Kong Equity Fund <i>(continued)</i>			
Investments	*Portfolio holdings	Market value <i>HKS/HKS equivalent</i>	% of NAV
<b>Listed shares <i>(continued)</i></b>			
<i>Hong Kong</i>			
AIA Group Ltd	5,369,800	272,517,350	4.93
BOC Hong Kong (Holdings) Ltd	3,454,500	111,580,350	2.02
Cathay Pacific Airways Ltd	2,820,000	53,749,200	0.97
Champion REIT	5,072,000	21,606,720	0.39
Cheung Kong Infrastructure Holdings Ltd	1,356,000	81,631,200	1.48
Cheung Kong Property Holdings Ltd	2,001,829	128,717,605	2.33
Chong Hing Bank Ltd	502,000	11,897,400	0.22
CK Hutchison Holdings Ltd	2,274,329	259,046,073	4.69
CLP Holdings Ltd	724,000	47,711,600	0.86
Hang Seng Bank Ltd	510,300	77,310,450	1.40
Henderson Land Development Co Ltd	23,700	1,257,285	0.02
Hong Kong Exchanges and Clearing Ltd	609,400	166,731,840	3.02
Hongkong Land Holdings Ltd	1,503,000	95,542,764	1.73
HSBC Holdings Plc	5,949,300	417,343,395	7.57
Hua Hong Semiconductor Ltd	2,261,000	23,288,300	0.42
Jardine Matheson Holdings Ltd	141,528	62,263,453	1.13
Kerry Properties Ltd	2,619,500	79,632,800	1.44
Man Wah Holdings Ltd	6,893,600	52,460,296	0.95
Orient Overseas (International) Ltd	541,500	21,470,475	0.39
PCCW Ltd	9,813,000	45,434,190	0.82
Power Assets Holdings Ltd	1,383,500	97,813,450	1.77
SmarTone Telecommunications Holdings Ltd	1,692,000	22,875,840	0.41
Sun Hung Kai & Co Ltd	11,105,000	77,290,800	1.40
Sun Hung Kai Properties Ltd	1,106,359	138,958,690	2.52
The Link REIT	774,000	35,139,600	0.64
The United Laboratories International Holdings Ltd	4,222,000	23,685,420	0.43
Value Partners Group Ltd	6,806,000	83,305,440	1.51
Vitasoy International Holdings Ltd	682,000	9,002,400	0.16
Wheelock and Co Ltd	2,162,000	85,615,200	1.55
		2,604,879,586	47.17
<i>Luxembourg</i>			
L'Occitane International SA	1,272,000	28,111,200	0.51
<b>Total listed shares</b>		5,329,492,848	96.50
<b>Delisted shares</b>			
<i>Hong Kong</i>			
Moulin Global Eyecare Holdings Ltd	514,000	-	0.00
<b>Total delisted shares</b>		-	0.00
<b>Total investments</b>		5,329,492,848	96.50
<b>Other net assets</b>		193,149,171	3.50
<b>Total net asset value</b>		5,522,642,019	100.00
<b>Total cost of investments</b>		4,779,518,726	
* The value of each holding as a percentage of the total net asset value is accounted for on the trade day.			



# INVESTMENT REPORT *(continued)*

## Portfolio statement as at 30 June 2015

Principal International Bond Fund				
Investments	Maturity	*Portfolio holdings	Market value HK\$/HK\$ equivalent	% of NAV
<b>Listed/quoted debt instruments</b>				
<i>Certificates of deposit</i>				
<i>Denominated in Canadian Dollar</i>				
Bank of Montreal-4.55%	01/08/2017	500,000	3,337,329	0.13
The Bank of Nova Scotia-4.1%	08/06/2017	500,000	3,295,248	0.13
			6,632,577	0.26
<b>Total certificates of deposit</b>			6,632,577	0.26
<i>Non-certificates of deposit</i>				
<i>Denominated in Australian Dollar</i>				
Australia Government-3.25%	21/04/2029	875,000	5,175,813	0.20
Australia Government-4.5%	15/04/2020	2,225,000	14,567,593	0.57
GE Capital Australia Funding Pty Ltd-6%	15/03/2019	1,000,000	6,538,449	0.26
Morgan Stanley-4.75%	16/11/2018	500,000	3,076,513	0.12
Morgan Stanley-8%	09/05/2017	500,000	3,228,613	0.13
			32,586,981	1.28
<i>Denominated in British Pound</i>				
HSBC Finance Corp-6.25%	19/08/2019	250,000	3,485,897	0.14
ING Bank NV-5.375%	15/04/2021	500,000	7,007,099	0.27
NATIONAL GRID ELECTRICITY TRANSMISSION Plc-7.375%	13/01/2031	350,000	6,182,889	0.24
Nationwide Building Society-5.625%	09/09/2019	500,000	6,912,757	0.27
Northern Rock (Asset Management) Plc-6.375%	02/12/2019	400,000	5,623,442	0.22
NV Bank Nederlandse Gemeenten-5.2%	07/12/2028	200,000	3,095,991	0.12
The Goldman Sachs Group Inc-5.5%	12/10/2021	500,000	6,713,728	0.26
The Royal Bank of Scotland Plc-6.625%	17/09/2018	400,000	5,526,202	0.22
The United Kingdom-1.25%	22/07/2018	1,450,000	17,775,564	0.69
The United Kingdom-1.75%	22/07/2019	1,700,000	21,059,404	0.82
The United Kingdom-1.75%	07/09/2022	470,000	5,699,378	0.22
The United Kingdom-3.25%	22/01/2044	1,650,000	22,160,163	0.87
The United Kingdom-4.25%	07/12/2027	950,000	14,051,302	0.55
The United Kingdom-4.25%	07/03/2036	240,000	3,672,260	0.14
The United Kingdom-4.25%	07/12/2040	750,000	11,737,179	0.46
			140,703,255	5.49
<i>Denominated in Canadian Dollar</i>				
Bell Canada-3.35%	22/03/2023	750,000	4,787,365	0.19
JPMorgan Chase & Co-Floating	22/02/2021	500,000	3,178,477	0.12
Lloyds Bank Plc-4.57%	13/10/2015	1,000,000	6,306,182	0.25
Morgan Stanley-4.9%	23/02/2017	500,000	3,300,344	0.13
Ontario Electricity Financial Corp-10%	06/02/2020	500,000	4,313,701	0.17
Province Of British Columbia-5.7%	18/06/2029	275,000	2,313,144	0.09
Province of Ontario-2.1%	08/09/2019	1,850,000	11,969,740	0.47
Province of Quebec Canada-4.5%	01/12/2020	1,000,000	7,214,336	0.28
Rogers Communications Inc-6.11%	25/08/2040	800,000	5,823,542	0.23
Royal Bank of Canada-Floating	06/12/2024	1,000,000	6,501,769	0.25
The Goldman Sachs Group Inc-Floating	19/04/2022	1,000,000	6,493,140	0.25
The Royal Bank of Scotland Plc-5.875%	12/05/2016	500,000	3,227,280	0.13
TransCanada PipeLines Ltd-3.69%	19/07/2023	500,000	3,319,759	0.13
Winnipeg City of-5.9%	02/02/2029	125,000	1,025,441	0.04
			69,774,220	2.73

Principal International Bond Fund <i>(continued)</i>				
Investments	Maturity	*Portfolio holdings	Market value HK\$/HK\$ equivalent	% of NAV
<b>Listed/quoted debt instruments <i>(continued)</i></b>				
<i>Non-certificates of deposit <i>(continued)</i></i>				
<i>Denominated in Czech Koruna</i>				
Czech Republic Government-4%	11/04/2017	5,400,000	1,833,437	0.07
<i>Denominated in Danish Krone</i>				
Denmark Government-1.75%	15/11/2025	5,200,000	6,472,731	0.25
Denmark Government-4.5%	15/11/2039	500,000	908,470	0.04
			7,381,201	0.29
<i>Denominated in Euro</i>				
ABB Finance BV-2.625%	26/03/2019	400,000	3,722,824	0.15
Abbey National Treasury Services Plc-1.75%	15/01/2018	500,000	4,449,663	0.17
ABN AMRO Bank NV-3.625%	06/10/2017	500,000	4,638,426	0.18
ABN AMRO Bank NV-4.125%	28/03/2022	500,000	5,074,803	0.20
Anheuser-Busch InBev SA/NV-2.875%	25/09/2024	250,000	2,361,538	0.09
Autoroutes du Sud de la France-7.375%	20/03/2019	500,000	5,377,284	0.21
B.A.T. International Finance Plc-5.375%	29/06/2017	600,000	5,708,823	0.22
Belgium Government-3.75%	28/09/2020	50,000	509,502	0.02
Belgium Government-4.25%	28/09/2021	1,650,000	17,541,002	0.68
Belgium Government-4.25%	28/09/2022	975,000	10,535,228	0.41
BNP Paribas-2.375%	17/02/2025	500,000	4,065,337	0.16
BNP Paribas-2.875%	26/09/2023	500,000	4,721,891	0.18
BRED-Banque Populaire-6.437%	18/06/2018	400,000	3,835,494	0.15
Bundesrepublik Deutschland-1%	15/08/2024	3,275,000	29,051,558	1.13
Bundesrepublik Deutschland-1.5%	15/05/2024	1,575,000	14,606,680	0.57
Bundesrepublik Deutschland-2.5%	15/08/2046	375,000	3,976,007	0.16
Bundesrepublik Deutschland-4%	04/01/2037	630,000	7,956,877	0.31
Bundesrepublik Deutschland-4.75%	04/07/2034	250,000	3,365,859	0.13
Cloverie Plc for Zurich Insurance Co Ltd-Floating	24/07/2039	500,000	5,245,674	0.20
Cooperative Centrale Raiffeisen-Boerenbank B.A.-4.125%	14/07/2025	900,000	9,412,278	0.37
Cooperative Centrale Raiffeisen-Boerenbank B.A.-5.875%	20/05/2019	450,000	4,541,079	0.18
EDF-4%	12/11/2025	250,000	2,579,415	0.10
EDF-4.125%	25/03/2027	1,000,000	10,505,002	0.41
Electricite de France Societe anonyme-4.625%	11/09/2024	700,000	7,557,954	0.30
Finland Government-3.375%	15/04/2020	250,000	2,487,232	0.10
France Government OAT-1%	25/05/2019	8,000,000	71,601,455	2.80
France Government OAT-3%	25/04/2022	3,200,000	32,059,871	1.25
France Government OAT-4.5%	25/04/2041	1,000,000	12,836,570	0.50
GDF Suez-6.375%	18/01/2021	500,000	5,625,399	0.22
GE Capital European Funding-4.35%	03/11/2021	250,000	2,588,895	0.10
HSBC France-1.875%	16/01/2020	500,000	4,519,037	0.18
ING Bank NV-Floating	16/09/2020	250,000	2,175,726	0.08
Ireland Government-2%	18/02/2045	150,000	1,134,333	0.04
Ireland Government-3.4%	18/03/2024	1,375,000	13,736,347	0.54
Ireland Government-4.5%	18/04/2020	900,000	9,199,497	0.36
Italy Buoni Poliennali Del Tesoro-0.25%	15/05/2018	2,000,000	17,128,655	0.67
Italy Buoni Poliennali Del Tesoro-2.15%	15/12/2021	2,025,000	18,036,881	0.70
Italy Buoni Poliennali Del Tesoro-3.25%	01/09/2046	250,000	2,164,912	0.08
Italy Buoni Poliennali Del Tesoro-3.75%	01/08/2021	795,000	7,745,780	0.30
Italy Buoni Poliennali Del Tesoro-5%	01/08/2034	500,000	5,523,750	0.22
Italy Buoni Poliennali Del Tesoro-5.25%	01/11/2029	600,000	6,664,384	0.26

# INVESTMENT REPORT *(continued)*

## Portfolio statement as at 30 June 2015

Principal International Bond Fund <i>(continued)</i>				
Investments	Maturity	*Portfolio holdings	Market value HK\$/HK\$ equivalent	% of NAV
<i>Listed/quoted debt instruments (continued)</i>				
<i>Non-certificates of deposit (continued)</i>				
<i>Denominated in Euro (continued)</i>				
Italy Buoni Poliennali Ddel Tesoro-5.5%	01/11/2022	2,500,000	26,793,761	1.05
JPMorgan Chase & Co-Floating	12/10/2015	250,000	2,163,349	0.08
Morgan Stanley-2.25%	12/03/2018	500,000	4,510,592	0.18
Morgan Stanley-4.375%	12/10/2016	500,000	4,553,183	0.18
Netherlands Government-2.25%	15/07/2022	1,175,000	11,338,473	0.44
Netherlands Government-2.5%	15/01/2033	150,000	1,502,492	0.06
Netherlands Government-2.75%	15/01/2047	150,000	1,621,842	0.06
Netherlands Government-5.5%	15/01/2028	1,125,000	14,553,929	0.57
Nordea Bank AB-2.25%	05/10/2017	200,000	1,805,598	0.07
Orange SA-2.5%	01/03/2023	500,000	4,658,174	0.18
Philip Morris International Inc-2.875%	30/05/2024	300,000	2,836,215	0.11
Roche Holdings Inc-6.5%	04/03/2021	500,000	5,681,224	0.22
Santander Consumer Finance SA-0.99%	18/02/2020	500,000	4,244,330	0.17
Spain Government-0.5%	31/10/2017	1,550,000	13,411,585	0.52
Spain Government-4.4%	31/10/2023	3,000,000	30,518,761	1.19
Spain Government-5.15%	31/10/2044	250,000	2,890,424	0.11
Spain Government-6%	31/01/2029	2,325,000	27,402,082	1.07
Standard Chartered Plc-1.75%	29/10/2017	750,000	6,677,859	0.26
Svenska Handelsbanken AB-4.375%	20/10/2021	750,000	7,749,374	0.30
Telefonica Emisiones SAU-5.496%	01/04/2016	400,000	3,594,583	0.14
The Goldman Sachs Group Inc-2.625%	19/08/2020	500,000	4,608,731	0.18
The Goldman Sachs Group Inc-3.25%	01/02/2023	500,000	4,739,513	0.19
The Goldman Sachs Group Inc-4.5%	30/01/2017	500,000	4,609,683	0.18
The Procter & Gamble Co-2%	16/08/2022	500,000	4,547,088	0.18
The Royal Bank of Scotland Plc-5.375%	30/09/2019	110,000	1,116,585	0.04
The Royal Bank of Scotland Plc-5.5%	23/03/2020	750,000	7,743,900	0.30
			592,442,252	23.11
<i>Denominated in Japanese Yen</i>				
Asian Development Bank-2.35%	21/06/2027	200,000,000	15,429,250	0.60
BPCe-0.793%	13/12/2018	300,000,000	19,091,321	0.75
Cooperative Centrale Raiffeisen-Boerenleenbank B.A.-1.362%	02/11/2022	100,000,000	6,545,586	0.26
DnB Bank ASA-0.593%	24/01/2019	100,000,000	6,383,446	0.25
European Investment Bank-1.9%	26/01/2026	300,000,000	21,997,349	0.86
European Investment Bank-2.15%	18/01/2027	200,000,000	15,089,292	0.59
Hyundai Capital Services Inc-0.75%	16/10/2015	100,000,000	6,350,602	0.25
Japan Government 2 Year Bond-0.1%	15/05/2017	855,000,000	54,324,918	2.13
Japan Government 5 Year Bond-0.2%	20/06/2019	695,000,000	44,318,404	1.74
Japan Government 10 Year Bond-0.6%	20/03/2023	350,000,000	22,718,531	0.89
Japan Government 10 Year Bond-0.7%	20/12/2022	30,000,000	1,963,895	0.08
Japan Government 10 Year Bond-1.1%	20/09/2021	375,000,000	25,148,791	0.98
Japan Government 20 Year Bond-1.4%	20/09/2034	630,000,000	41,635,846	1.63
Japan Government 20 Year Bond-1.5%	20/03/2034	240,000,000	16,205,954	0.63
Japan Government 30 Year Bond-1.5%	20/03/2045	305,000,000	19,562,934	0.76
Province of Ontario-1.65%	08/06/2020	200,000,000	13,578,171	0.53
Province of Quebec Canada-3.95%	07/11/2016	100,000,000	6,659,637	0.26
Province of Quebec Canada-4%	28/10/2016	200,000,000	13,303,166	0.52
The Export-Import Bank of Korea-0.45%	14/03/2017	100,000,000	6,329,166	0.25
The Export-Import Bank of Korea-1.32%	08/07/2016	100,000,000	6,377,783	0.25
The Export-Import Bank of Korea-1.38%	24/05/2017	100,000,000	6,438,378	0.25
The Korea Development Bank-0.69%	29/01/2019	100,000,000	6,379,584	0.25
			375,832,004	14.71

Principal International Bond Fund <i>(continued)</i>				
Investments	Maturity	*Portfolio holdings	Market value HK\$/HK\$ equivalent	% of NAV
<i>Listed/quoted debt instruments (continued)</i>				
<i>Non-certificates of deposit (continued)</i>				
<i>Denominated in Malaysian Ringgit</i>				
Malaysia Government-3.654%	31/10/2019	2,200,000	4,529,053	0.18
Malaysia Government-4.498%	15/04/2030	500,000	1,059,970	0.04
			5,589,023	0.22
<i>Denominated in Mexican Peso</i>				
Mexican Bonos-4.75%	14/06/2018	34,500,000	17,115,566	0.67
Mexican Bonos-5%	11/12/2019	37,500,000	18,375,474	0.72
Mexican Bonos-6.5%	10/06/2021	31,000,000	15,949,438	0.62
Mexican Bonos-7.25%	15/12/2016	2,000,000	1,035,532	0.04
Mexican Bonos-8.5%	13/12/2018	2,000,000	1,101,962	0.04
			53,577,972	2.09
<i>Denominated in New Zealand Dollar</i>				
New Zealand Government-3%	15/04/2020	200,000	1,051,780	0.04
New Zealand Government-6%	15/12/2017	230,000	1,303,595	0.05
			2,355,375	0.09
<i>Denominated in Norwegian Krone</i>				
Norway Government-4.25%	19/05/2017	500,000	522,186	0.02
Norway Government-4.5%	22/05/2019	1,900,000	2,111,919	0.08
			2,634,105	0.10
<i>Denominated in Polish Zloty</i>				
Poland Government-5.25%	25/10/2017	850,000	1,882,830	0.07
Poland Government-5.25%	25/10/2020	825,000	1,913,062	0.07
Poland Government-5.5%	25/10/2019	800,000	1,852,776	0.07
			5,648,668	0.21
<i>Denominated in Singapore Dollar</i>				
Singapore Government-1.625%	01/10/2019	300,000	1,720,936	0.07
Singapore Government-3%	01/09/2024	400,000	2,376,688	0.09
SP PowerAssets Ltd-4.665%	18/08/2020	250,000	1,567,709	0.06
			5,665,333	0.22
<i>Denominated in South African Rand</i>				
South Africa Government-8.25%	15/09/2017	4,100,000	2,649,772	0.10
<i>Denominated in Swedish Krona</i>				
Sweden Government-1.5%	13/11/2023	1,400,000	1,382,337	0.05
Sweden Government-4.25%	12/03/2019	3,475,000	3,772,869	0.15
			5,155,206	0.20

# INVESTMENT REPORT *(continued)*

## Portfolio statement as at 30 June 2015

Principal International Bond Fund <i>(continued)</i>				
Investments	Maturity	*Portfolio holdings	Market value HK\$/HK\$ equivalent	% of NAV
<i>Listed/quoted debt instruments (continued)</i>				
<i>Non-certificates of deposit (continued)</i>				
<i>Denominated in Swiss Franc</i>				
Switzerland Government-2.5%	08/03/2036	325,000	3,671,143	0.14
<i>Denominated in Thai Baht</i>				
Thailand Government-5.67%	13/03/2028	10,000,000	2,849,553	0.11
<i>Denominated in United States Dollar</i>				
21st Century Fox America Inc-3%	15/09/2022	45,000	340,843	0.01
21st Century Fox America Inc-4.75%	15/09/2044	50,000	378,994	0.01
21st Century Fox America Inc-5.4%	01/10/2043	95,000	786,119	0.03
21st Century Fox America Inc-6.15%	15/02/2041	170,000	1,530,388	0.06
AbbVie Inc-1.75%	06/11/2017	200,000	1,554,504	0.06
AbbVie Inc-3.6%	14/05/2025	885,500	6,781,079	0.26
ABN AMRO Bank NV-2.45%	04/06/2020	800,000	6,165,598	0.24
Alabama Power Co-3.85%	01/12/2042	40,000	282,001	0.01
Altria Group Inc-5.375%	31/01/2044	85,000	696,960	0.03
American Honda Finance Corp-1.125%	07/10/2016	460,000	3,576,207	0.14
American International Group Inc-3.375%	15/08/2020	500,000	4,012,027	0.16
Anadarko Petroleum Corp-4.5%	15/07/2044	200,000	1,424,932	0.06
Anheuser-Busch Cos Llc-5.6%	01/03/2017	295,000	2,462,087	0.10
Anheuser-Busch InBev Worldwide Inc-2.5%	15/07/2022	235,000	1,751,951	0.07
Anheuser-Busch InBev Worldwide Inc-8.2%	15/01/2039	145,000	1,673,399	0.07
Anthem Inc-1.875%	15/01/2018	180,000	1,392,967	0.05
Apache Corp-3.25%	15/04/2022	413,000	3,148,617	0.12
Apache Corp-4.25%	15/01/2044	80,000	538,582	0.02
Apache Corp-4.75%	15/04/2043	35,000	251,092	0.01
Apple Inc-1%	03/05/2018	30,000	230,215	0.01
Apple Inc-2.85%	06/05/2021	425,000	3,343,110	0.13
Apple Inc-3.45%	09/02/2045	105,000	689,868	0.03
Apple Inc-3.75%	13/05/2045	125,000	954,922	0.04
AT&T Inc-2.375%	27/11/2018	125,000	977,507	0.04
AT&T Inc-3.4%	15/05/2025	400,000	2,957,334	0.12
AT&T Inc-4.3%	15/12/2042	115,000	764,060	0.03
AT&T Inc-4.45%	15/05/2021	165,000	1,365,192	0.05
AT&T Inc-4.5%	15/05/2035	375,000	2,672,436	0.10
AT&T Inc-4.75%	15/05/2046	115,000	811,245	0.03
Australia and New Zealand Banking Group Ltd-5.1%	13/01/2020	500,000	4,334,166	0.17
B.A.T. International Finance Plc-2.75%	15/06/2020	250,000	1,949,045	0.08
Baltimore Gas and Electric Co-3.35%	01/07/2023	390,000	3,041,598	0.12
Bank of America Corp-2.6%	15/01/2019	2,290,000	17,945,863	0.70
Bank of America Corp-4%	01/04/2024	1,000,000	7,888,445	0.31
Barclays Bank Plc-5%	22/09/2016	430,000	3,488,761	0.14
Barrick Gold Corp-3.85%	01/04/2022	50,000	375,686	0.01
BHP Billiton Finance (USA) Ltd-2.05%	30/09/2018	230,000	1,808,824	0.07
BHP Billiton Finance (USA) Ltd-5.5%	30/09/2043	30,000	241,411	0.01
BNP Paribas-1.25%	12/12/2016	410,000	3,186,539	0.12
BNP Paribas-2.4%	12/12/2018	360,000	2,823,375	0.11
BP Capital Markets Plc-2.241%	26/09/2018	75,000	589,840	0.02
BPCe-5.15%	21/07/2024	555,000	4,371,147	0.17
Burlington Northern Santa Fe Llc-3.45%	15/09/2021	250,000	2,002,108	0.08
Capital One Bank (USA) National Association-2.15%	21/11/2018	420,000	3,252,102	0.13
Celgene Corp-4%	15/08/2023	15,000	118,938	0.00
Celgene Corp-5.25%	15/08/2043	15,000	121,073	0.00

Principal International Bond Fund <i>(continued)</i>				
Investments	Maturity	*Portfolio holdings	Market value HK\$/HK\$ equivalent	% of NAV
<i>Listed/quoted debt instruments (continued)</i>				
<i>Non-certificates of deposit (continued)</i>				
<i>Denominated in United States Dollar (continued)</i>				
Chevron Corp-0.889%	24/06/2016	300,000	2,332,263	0.09
Chevron Corp-1.104%	05/12/2017	80,000	617,519	0.02
Chevron Corp-1.718%	24/06/2018	80,000	623,875	0.02
Chevron Corp-2.355%	05/12/2022	80,000	593,497	0.02
Colombia Government-7.375%	18/03/2019	1,600,000	14,363,276	0.56
Comcast Corp-4.75%	01/03/2044	65,000	511,524	0.02
Comcast Corp-5.7%	01/07/2019	600,000	5,289,035	0.21
Comcast Corp-6.5%	15/11/2035	25,000	241,139	0.01
ConocoPhillips Co-1.05%	15/12/2017	170,000	1,307,945	0.05
CRH America Inc-8.125%	15/07/2018	255,000	2,318,449	0.09
CSX Corp-3.7%	30/10/2020	195,000	1,595,160	0.06
CVS Health Corp-2.25%	05/12/2018	420,000	3,296,122	0.13
CVS Health Corp-5.3%	05/12/2043	160,000	1,351,593	0.05
Daimler Finance North America Llc-1.45%	01/08/2016	285,000	2,218,067	0.09
Daimler Finance North America Llc-2.375%	01/08/2018	190,000	1,493,412	0.06
Deutsche Telekom International Finance BV-6.75%	20/08/2018	250,000	2,223,158	0.09
Devon Energy Corp-2.25%	15/12/2018	230,000	1,787,840	0.07
Devon Energy Corp-3.25%	15/05/2022	245,000	1,877,189	0.07
DIRECTV Holdings Llc / DIRECTV Financing Co Inc-3.8%	15/03/2022	85,000	662,727	0.03
DIRECTV Holdings Llc / DIRECTV Financing Co Inc-4.45%	01/04/2024	130,000	1,031,277	0.04
DIRECTV Holdings Llc / DIRECTV Financing Co Inc-6%	15/08/2040	110,000	884,934	0.03
DIRECTV Holdings Llc / DIRECTV Financing Co Inc-6.375%	01/03/2041	55,000	458,645	0.02
Dominion Gas Holdings Llc-4.8%	01/11/2043	25,000	191,326	0.01
DTE Energy Co-6.375%	15/04/2033	110,000	1,052,437	0.04
Eastman Chemical Co-4.65%	15/10/2044	45,000	330,496	0.01
Electricite de France Societe anonyme-4.875%	22/01/2044	155,000	1,253,438	0.05
Encana Corp-5.15%	15/11/2041	50,000	357,523	0.01
Ensoco Plc-5.2%	15/03/2025	350,000	2,686,314	0.10
ERAC USA Finance Llc-3.3%	15/10/2022	20,000	152,070	0.01
ERAC USA Finance Llc-3.85%	15/11/2024	105,000	816,995	0.03
ERAC USA Finance Llc-4.5%	15/02/2045	200,000	1,424,888	0.06
Florida Power & Light Co-5.96%	01/04/2039	200,000	1,910,465	0.07
General Electric Capital Corp-2.3%	27/04/2017	400,000	3,161,428	0.12
General Electric Capital Corp-5.3%	11/02/2021	690,000	6,014,607	0.23
General Electric Capital Corp-5.875%	14/08/2018	125,000	1,158,983	0.05
General Electric Capital Corp-6%	07/08/2019	600,000	5,316,873	0.21
General Electric Co-4.5%	11/03/2044	60,000	472,383	0.02
Georgia-Pacific Llc-3.734%	15/07/2023	50,000	390,218	0.02
Georgia-Pacific Llc-5.4%	01/11/2020	70,000	605,753	0.02
Gilead Sciences Inc-4.8%	01/04/2044	205,000	1,635,639	0.06
GNMA 0626-4%	20/12/2042	1,083,442	8,957,150	0.35
GNMA 3171-5.5%	20/12/2031	4,594	39,915	0.00
GNMA 3201-6.5%	20/02/2032	10,236	92,251	0.00
GNMA 3272-5.5%	20/08/2032	29,810	263,718	0.01
GNMA 3474-6%	20/11/2033	79,250	706,355	0.03
GNMA 3488-5.5%	20/12/2033	19,349	171,130	0.01
GNMA 3499-5%	20/01/2034	28,918	251,152	0.01
GNMA 3500-5.5%	20/01/2034	205,919	1,820,884	0.07
GNMA 3515-5.5%	20/02/2034	127,777	1,128,114	0.04
GNMA 3534-4%	20/04/2019	15,970	130,536	0.01
GNMA 3543-5%	20/04/2034	132,399	1,144,420	0.04
GNMA 3556-5.5%	20/05/2034	106,993	947,677	0.04

# INVESTMENT REPORT *(continued)*

## Portfolio statement as at 30 June 2015

Principal International Bond Fund <i>(continued)</i>				
Investments	Maturity	*Portfolio holdings	Market value <i>HKS/HKS equivalent</i>	% of NAV
<i>Listed/quoted debt instruments (continued)</i>				
<i>Non-certificates of deposit (continued)</i>				
<i>Denominated in United States Dollar (continued)</i>				
GNMA 3568-5%	20/06/2034	70,574	610,828	0.02
GNMA 3570-6%	20/06/2034	48,908	437,178	0.02
GNMA 3584-6%	20/07/2034	16,700	147,906	0.01
GNMA 3595-5%	20/08/2034	102,366	883,760	0.03
GNMA 3596-5.5%	20/08/2034	11,917	105,233	0.00
GNMA 3617-4.5%	20/10/2019	53,527	434,782	0.02
GNMA 3625-6%	20/10/2034	65,789	594,080	0.02
GNMA 3666-6%	20/01/2035	76,871	695,160	0.03
GNMA 3678-5.5%	20/02/2035	120,846	1,070,389	0.04
GNMA 3702-5.5%	20/04/2035	49,716	439,613	0.02
GNMA 3711-5.5%	20/05/2035	84,743	750,611	0.03
GNMA 3712-6%	20/05/2035	18,136	163,115	0.01
GNMA 3750-6.5%	20/08/2035	37,251	343,958	0.01
GNMA 3759-5%	20/09/2035	64,896	561,727	0.02
GNMA 3760-5.5%	20/09/2035	184,499	1,631,611	0.06
GNMA 3797-6%	20/12/2035	22,359	198,947	0.01
GNMA 3805-5%	20/11/2036	58,348	503,758	0.02
GNMA 3808-6%	20/01/2036	18,810	166,947	0.01
GNMA 3820-6%	20/02/2036	90,667	798,036	0.03
GNMA 3821-6.5%	20/02/2036	26,244	237,407	0.01
GNMA 3864-5.5%	20/06/2036	42,056	369,851	0.01
GNMA 3865-6%	20/06/2036	16,797	148,353	0.01
GNMA 3931-6%	20/12/2036	60,108	529,843	0.02
GNMA 3932-6.5%	20/12/2036	86,764	770,114	0.03
GNMA 3984-5%	20/05/2037	50,049	425,162	0.02
GNMA 4196-6.5%	20/07/2038	66,426	589,555	0.02
GNMA 429779-5.5%	15/12/2033	30,261	270,661	0.01
GNMA 4854-4.5%	20/11/2040	1,208,310	10,241,234	0.40
GNMA 487861-5.5%	15/04/2039	149,424	1,326,199	0.05
GNMA 4882-4%	20/12/2040	860,531	7,148,110	0.28
GNMA 511460-5%	15/04/2035	18,128	155,539	0.01
GNMA 5169-4.5%	20/09/2026	1,241,937	10,395,169	0.41
GNMA 5175-4.5%	20/09/2041	1,110,037	9,408,368	0.37
GNMA 531047-5.5%	15/11/2032	44,934	402,317	0.02
GNMA 546760-4.5%	15/04/2040	662,807	5,697,783	0.22
GNMA 553055-5.5%	15/02/2033	38,160	339,101	0.01
GNMA 562388-6%	15/08/2034	21,849	197,931	0.01
GNMA 570310-6%	15/02/2017	6,634	52,390	0.00
GNMA 574548-5.5%	15/04/2034	234,647	2,099,678	0.08
GNMA 592593-6%	15/02/2033	8,416	75,933	0.00
GNMA 593891-5.5%	15/03/2033	1,121	9,795	0.00
GNMA 605098-5%	15/03/2034	97,538	844,610	0.03
GNMA 605396-5%	15/05/2019	85,879	708,347	0.03
GNMA 615603-5.5%	15/07/2034	36,101	316,264	0.01
GNMA 615892-5%	15/08/2033	44,147	381,770	0.01
GNMA 616474-5%	15/06/2034	34,256	296,848	0.01
GNMA 618860-5%	15/08/2018	21,134	174,190	0.01
GNMA 620568-5%	15/09/2033	108,868	941,290	0.04
GNMA 621759-5.5%	15/12/2033	30,551	273,319	0.01
GNMA 640215-5.5%	15/03/2035	56,908	504,759	0.02
GNMA 644034-5.5%	15/08/2035	52,207	464,767	0.02
GNMA 649221-6%	15/09/2035	4,876	42,872	0.00
GNMA 651782-6%	15/04/2036	151,346	1,366,943	0.05
GNMA 654420-6.5%	15/08/2036	46,010	424,905	0.02
GNMA 661047-6%	15/11/2036	28,808	261,401	0.01
GNMA 661552-6.5%	15/12/2036	41,555	367,499	0.01
GNMA 663852-5.5%	15/02/2037	34,969	307,858	0.01
GNMA 671325-6%	15/07/2037	66,313	587,419	0.02

Principal International Bond Fund <i>(continued)</i>				
Investments	Maturity	*Portfolio holdings	Market value <i>HKS/HKS equivalent</i>	% of NAV
<i>Listed/quoted debt instruments (continued)</i>				
<i>Non-certificates of deposit (continued)</i>				
<i>Denominated in United States Dollar (continued)</i>				
GNMA 685878-6%	15/05/2038	65,185	580,225	0.02
GNMA 699451-6%	15/10/2038	63,663	568,527	0.02
GNMA 700908-6%	15/11/2038	85,723	786,036	0.03
GNMA 716373-5%	15/06/2039	1,551,828	13,483,964	0.53
GNMA 716657-5%	15/08/2039	131,421	1,127,713	0.04
GNMA 717803-5.5%	15/06/2039	245,061	2,141,185	0.08
GNMA 726031-4.5%	15/07/2040	1,228,424	10,447,119	0.41
GNMA 746103-4.5%	15/08/2040	828,529	7,042,359	0.27
GNMA 758314-4%	15/10/2041	2,335,711	19,317,993	0.75
GNMA 758589-4.5%	20/12/2040	1,340,300	11,264,260	0.44
GNMA 781305-6.5%	15/06/2031	55,712	502,120	0.02
GNMA 781687-5.5%	15/12/2033	80,096	716,183	0.03
GNMA 781811-5%	15/10/2034	773,001	6,694,173	0.26
GNMA 782017-5.5%	15/12/2020	31,163	260,738	0.01
Halliburton Co-4.75%	01/08/2043	110,000	876,177	0.03
Hewlett-Packard Co-6%	15/09/2041	50,000	383,361	0.01
ING Bank NV-2%	25/09/2015	200,000	1,554,541	0.06
Ingersoll-Rand Global Holding Co Ltd-2.875%	15/01/2019	95,000	748,803	0.03
Ingersoll-Rand Global Holding Co Ltd-5.75%	15/06/2023	35,000	298,578	0.01
Ingersoll-Rand Luxembourg Finance SA-2.625%	01/05/2020	325,000	2,508,473	0.10
Ingersoll-Rand Luxembourg Finance SA-3.55%	01/11/2024	250,000	1,896,304	0.07
Ingersoll-Rand Luxembourg Finance SA-4.65%	01/11/2044	65,000	486,391	0.02
John Deere Capital Corp-2.25%	17/04/2019	325,000	2,542,105	0.10
JPMorgan Chase & Co-3.2%	25/01/2023	310,000	2,357,000	0.09
JPMorgan Chase & Co-3.875%	10/09/2024	470,000	3,584,895	0.14
JPMorgan Chase & Co-4.4%	22/07/2020	500,000	4,176,021	0.16
JPMorgan Chase & Co-6.3%	23/04/2019	500,000	4,440,549	0.17
JPMorgan Chase & Co-Floating	25/01/2018	250,000	1,950,808	0.08
Kellogg Co-1.75%	17/05/2017	275,000	2,142,802	0.08
Kraft Foods Group Inc-5%	04/06/2042	255,000	1,969,936	0.08
Kraft Foods Group Inc-6.125%	23/08/2018	160,000	1,386,975	0.05
Lloyds Bank Plc-2.3%	27/11/2018	325,000	2,546,098	0.10
Low's Cos Inc-3.12%	15/04/2022	385,000	3,020,036	0.12
LYB International Finance BV-4.875%	15/03/2044	45,000	338,935	0.01
Marathon Petroleum Corp-4.75%	15/09/2044	145,000	1,025,933	0.04
Medtronic Inc-3.5%	15/03/2025	260,000	2,008,693	0.08
Medtronic Inc-4.375%	15/03/2035	505,000	3,884,814	0.15
Medtronic Inc-6.625%	15/03/2045	207,000	1,608,826	0.06
Merck & Co Inc-1.3%	18/05/2018	195,000	1,505,711	0.06
MetLife Inc-1.756%	15/12/2017	1,393,000	10,891,091	0.43
Mexico Government-3.625%	15/03/2022	6,800,000	53,347,539	2.09
Mexico Government-5.125%	15/01/2020	7,500,000	64,101,003	2.51
Moody's Corp-5.5%	01/09/2020	155,000	1,348,820	0.05
Morgan Stanley-4.3%	27/01/2045	285,000	2,064,435	0.08
Morgan Stanley-6.625%	01/04/2018	2,955,000	25,703,779	1.00
Nabors Industries Inc-2.35%	15/09/2016	55,000	427,616	0.02
NBCUniversal Media LLC-2.875%	15/01/2023	280,000	2,107,957	0.08
NBCUniversal Media LLC-4.45%	15/01/2043	175,000	1,303,856	0.05
Newmont Mining Corp-4.875%	15/03/2042	30,000	195,144	0.01
Nissan Motor Acceptance Corp-1.95%	12/09/2017	135,000	1,053,586	0.04
Noble Energy Inc-3.9%	15/11/2024	60,000	458,602	0.02
Noble Energy Inc-5.05%	15/11/2044	150,000	1,114,139	0.04
Northern Trust Corp-3.95%	30/10/2025	45,000	360,452	0.01

# INVESTMENT REPORT *(continued)*

## Portfolio statement as at 30 June 2015

Principal International Bond Fund <i>(continued)</i>				
Investments	Maturity	*Portfolio holdings	Market value HKS/HKS equivalent	% of NAV
<i>Listed/quoted debt instruments (continued)</i>				
<i>Non-certificates of deposit (continued)</i>				
<i>Denominated in United States Dollar (continued)</i>				
Oracle Corp-2.375%	15/01/2019	235,000	1,848,848	0.07
Oracle Corp-2.5%	15/10/2022	230,000	1,718,117	0.07
Oracle Corp-4.375%	15/05/2055	160,000	1,152,531	0.04
Pacific Gas and Electric Co-5.125%	15/11/2043	75,000	628,719	0.02
Pacific Gas and Electric Co-5.4%	15/01/2040	500,000	4,296,672	0.17
PacificCorp-5.5%	15/01/2019	500,000	4,344,147	0.17
Perrigo Co Plc-1.3%	08/11/2016	200,000	1,543,877	0.06
Petro-Canada-6.05%	15/05/2018	350,000	3,013,325	0.12
Petroleros Mexicanos-4.875%	24/01/2022	3,000,000	24,183,841	0.94
Philip Morris International Inc-4.375%	15/11/2041	75,000	556,947	0.02
Phillips 66-4.65%	15/11/2034	150,000	1,137,576	0.04
PNC Funding Corp-3.3%	08/03/2022	500,000	3,942,145	0.15
Pride International Inc-6.875%	15/08/2020	190,000	1,684,532	0.07
Prudential Financial Inc-5.375%	21/06/2020	500,000	4,373,094	0.17
QUALCOMM Inc-4.65%	20/05/2035	225,000	1,688,433	0.07
Rabobank Nederland-1.7%	19/03/2018	590,000	4,585,095	0.18
Rio Tinto Finance (USA) Ltd-3.5%	02/11/2020	450,000	3,634,403	0.14
Rio Tinto Finance (USA) Ltd-9%	01/05/2019	50,000	483,841	0.02
Roche Holdings Inc-4%	28/11/2044	200,000	1,494,911	0.06
Roche Holdings Inc-6%	01/03/2019	365,000	3,219,912	0.13
SABMiller Holdings Inc-3.75%	15/01/2022	200,000	1,602,000	0.06
Sanofi SA-4%	29/03/2021	160,000	1,328,096	0.05
Santander Holdings USA Inc-3%	24/09/2015	510,000	3,964,534	0.15
Sempra Energy-2.875%	01/10/2022	160,000	1,202,619	0.05
Shell International Finance BV-3.25%	11/05/2025	755,000	5,796,015	0.23
Shell International Finance BV-3.625%	21/08/2042	225,000	1,525,438	0.06
Shell International Finance BV-4.375%	11/05/2045	85,000	650,418	0.03
Skandinaviska Enskilda Banken AB-2.45%	27/05/2020	1,160,000	8,917,860	0.35
Spectra Energy Partners LP-4.75%	15/03/2024	130,000	1,065,063	0.04
Svenska Handelsbanken AB-2.5%	25/01/2019	390,000	3,072,279	0.12
Svenska Handelsbanken AB-5.125%	30/03/2020	500,000	4,378,024	0.17
Sysco Corp-4.5%	02/10/2044	15,000	117,446	0.00
Telefonica Emisiones SAU-5.462%	16/02/2021	775,000	6,643,278	0.26
Telefonica Emisiones SAU-7.045%	20/06/2036	65,000	618,852	0.02
The Bank of Tokyo-Mitsubishi UFJ Ltd-2.7%	09/09/2018	530,000	4,205,647	0.16
The Bear Stearns Cos Llc-5.3%	30/10/2015	300,000	2,358,919	0.09
The Dow Chemical Co-4.375%	15/11/2042	25,000	176,557	0.01
The Dow Chemical Co-7.375%	01/11/2029	85,000	830,659	0.03
The Goldman Sachs Group Inc-2.375%	22/01/2018	400,000	3,148,044	0.12
The Goldman Sachs Group Inc-5.375%	15/03/2020	710,000	6,128,883	0.24
The Goldman Sachs Group Inc-6%	15/06/2020	40,000	354,346	0.01
The Goldman Sachs Group Inc-6.25%	01/02/2041	285,000	2,614,899	0.10
The Goldman Sachs Group Inc-6.45%	01/05/2036	105,000	918,505	0.04
The Goldman Sachs Group Inc-6.75%	01/10/2037	195,000	1,773,121	0.07
The Goldman Sachs Group Inc-Floating	29/11/2023	295,000	2,324,320	0.09
The Home Depot Inc-2.25%	10/09/2018	120,000	951,964	0.04
The Home Depot Inc-4.25%	01/04/2046	130,000	978,591	0.04
The J. M. Smucker Co-4.375%	15/03/2045	275,000	1,962,767	0.08
Time Warner Cable Inc-4.5%	15/09/2042	35,000	221,322	0.01
Time Warner Cable Inc-5.875%	15/11/2040	5,000	37,526	0.00
Time Warner Cable Inc-6.75%	01/07/2018	410,000	3,543,769	0.14
Time Warner Cable Inc-8.75%	14/02/2019	110,000	1,012,761	0.04
Time Warner Inc-4.05%	15/12/2023	105,000	834,671	0.03
Time Warner Inc-4.875%	15/03/2020	275,000	2,326,304	0.09
Time Warner Inc-6.25%	29/03/2041	245,000	2,173,336	0.08
Total Capital-2.125%	10/08/2018	380,000	2,990,012	0.12
TransCanada PipeLines Ltd-4.625%	01/03/2034	105,000	807,065	0.03

Principal International Bond Fund <i>(continued)</i>				
Investments	Maturity	*Portfolio holdings	Market value HKS/HKS equivalent	% of NAV
<i>Listed/quoted debt instruments (continued)</i>				
<i>Non-certificates of deposit (continued)</i>				
<i>Denominated in United States Dollar (continued)</i>				
TransCanada PipeLines Ltd-5%	16/10/2043	55,000	428,036	0.02
TransCanada PipeLines Ltd-7.125%	15/01/2019	30,000	270,121	0.01
Tyco Electronics Group SA-2.375%	17/12/2018	190,000	1,489,559	0.06
Tyco Electronics Group SA-3.5%	03/02/2022	285,000	2,236,778	0.09
United States Treasury Bill-Floating	20/08/2015	2,450,000	18,992,757	0.74
United States Treasury Note/Bond-0.25%	29/02/2016	2,500,000	19,391,101	0.76
United States Treasury Note/Bond-0.5%	30/09/2016	6,150,000	47,739,343	1.87
United States Treasury Note/Bond-0.5%	30/04/2017	12,500,000	96,743,482	3.79
United States Treasury Note/Bond-1.25%	30/11/2018	4,325,000	33,612,085	1.31
United States Treasury Note/Bond-1.625%	30/04/2019	5,500,000	43,113,441	1.69
United States Treasury Note/Bond-1.75%	30/09/2019	4,750,000	37,265,966	1.45
United States Treasury Note/Bond-2.125%	15/05/2025	3,000,000	22,835,074	0.89
United States Treasury Note/Bond-2.5%	15/02/2045	4,500,000	30,701,503	1.20
United States Treasury Note/Bond-3%	15/11/2044	190,000	1,440,813	0.06
United States Treasury Note/Bond-4.5%	15/02/2036	2,250,000	21,931,160	0.86
Verizon Communications Inc-2.625%	21/02/2020	123,000	951,377	0.04
Verizon Communications Inc-4.522%	15/09/2048	267,000	1,818,387	0.07
Verizon Communications Inc-5.012%	21/08/2054	453,000	3,222,333	0.13
Verizon Communications Inc-5.15%	15/09/2023	300,000	2,715,977	0.11
Verizon Communications Inc-6.4%	15/09/2033	12,000	106,603	0.00
Viacom Inc-5.85%	01/09/2043	230,000	1,774,701	0.07
Virginia Electric and Power Co-4%	15/01/2043	70,000	507,104	0.02
Virginia Electric and Power Co-4.65%	15/08/2043	75,000	603,220	0.02
Vodafone Group Plc-1.5%	19/02/2018	260,000	1,943,448	0.08
Vodafone Group Plc-2.5%	26/09/2022	105,000	746,627	0.03
Vodafone Group Plc-4.375%	16/03/2021	90,000	740,553	0.03
Volkswagen International Finance NV-1.15%	20/11/2015	200,000	1,553,930	0.06
Volkswagen International Finance NV-1.6%	20/11/2017	500,000	3,897,190	0.15
Wal-Mart Stores Inc-3.25%	25/10/2020	175,000	1,423,603	0.06
Wal-Mart Stores Inc-4.75%	02/10/2043	85,000	701,850	0.03
Wells Fargo & Co-3.45%	13/02/2023	500,000	3,855,111	0.15
Wells Fargo & Co-5.606%	15/01/2044	700,000	5,959,915	0.23
Wm. Wrigley Jr. Co-1.4%	21/10/2016	240,000	1,865,289	0.07
Wm. Wrigley Jr. Co-2.4%	21/10/2018	145,000	1,140,038	0.04
Wm. Wrigley Jr. Co-3.375%	21/10/2020	440,000	3,514,917	0.14
Zimmer Biomet Holdings Inc-3.15%	01/04/2022	355,000	2,707,052	0.11
Zimmer Biomet Holdings Inc-3.55%	01/04/2025	620,000	4,643,846	0.18
			1,138,734,319	44.42
<b>Total non-certificates of deposit</b>			2,449,083,819	95.58
<b>Total listed/quoted debt instruments</b>			2,455,716,396	95.84
<b>Total investments</b>			2,455,716,396	95.84

# INVESTMENT REPORT *(continued)*

## Portfolio statement as at 30 June 2015

Principal International Bond Fund <i>(continued)</i>				
Investments	Maturity	*Portfolio holdings	Market value <i>HKS/HKS equivalent</i>	% of NAV
<b>Forward contract</b>				
Buy USD/sell AUD Forward Rate 0.76154	01/09/2015	1,531,267	(68,107)	0.00
Buy USD/sell CAD Forward Rate 1.25015	01/09/2015	3,533,456	(13,416)	0.00
Buy USD/sell CHF Forward Rate 0.94055	01/09/2015	932,912	(64,342)	0.00
Buy USD/sell CZK Forward Rate 24.9884054	01/09/2015	93,129	(16,147)	0.00
Buy USD/sell DKK Forward Rate 6.7883003	01/09/2015	351,222	(43,025)	0.00
Buy USD/sell EUR Forward Rate 1.09757	01/09/2015	27,616,508	(3,439,138)	(0.13)
Buy USD/sell GBP Forward Rate 1.52468	01/09/2015	7,207,315	(1,733,819)	(0.07)
Buy USD/sell JPY Forward Rate 123.9701182	01/09/2015	17,130,983	(1,844,600)	(0.07)
Buy USD/sell MXN Forward Rate 15.5251008	01/09/2015	2,451,743	286,957	0.01
Buy USD/sell NOK Forward Rate 7.8193003	01/09/2015	125,644	7,416	0.00
Buy USD/sell NZD Forward Rate 0.70546	01/09/2015	501,723	181,362	0.01
Buy USD/sell PLN Forward Rate 3.7669	01/09/2015	272,983	360	0.00
Buy USD/sell SEK Forward Rate 8.5303001	01/09/2015	242,406	(55,300)	0.00
Buy USD/sell SGD Forward Rate 1.3521	01/09/2015	270,505	(6,700)	0.00
Buy USD/sell ZAR Forward Rate 12.3618012	01/09/2015	147,001	(8,021)	0.00
			(6,816,520)	(0.25)
<b>Total forward contracts</b>			(6,816,520)	(0.25)
<b>Other net assets</b>			112,937,306	4.41
<b>Total net asset value</b>			2,561,837,182	100.00
<b>Total cost of investments</b>			2,570,012,349	

\* The value of each holding as a percentage of the total net asset value is accounted for on the trade day.

Principal International Equity Fund				
Investments		*Portfolio holdings	Market value <i>HKS/HKS equivalent</i>	% of NAV
<b>Listed shares</b>				
<i>Australia</i>				
Australia and New Zealand Banking Group Ltd		79,139	15,175,594	0.53
Caltex Australia Ltd		62,905	11,931,468	0.42
Commonwealth Bank of Australia		34,533	17,507,181	0.62
Qantas Airways Ltd		388,434	7,309,768	0.26
South32 Ltd		119,404	1,272,832	0.04
			53,196,843	1.87
<i>Belgium</i>				
Delhaize Group SA		16,224	10,402,603	0.37
<i>Brazil</i>				
BB Seguridade Participacoes SA		135,155	11,459,803	0.40
<i>Canada</i>				
Bank of Montreal		27,100	12,541,025	0.44
Brookfield Asset Management Inc-A		81,900	22,348,171	0.79
Fairfax Financial Holdings Ltd		3,500	13,478,374	0.47
Royal Bank of Canada		52,800	25,216,623	0.89
Suncor Energy Inc		52,300	11,249,507	0.40
The Toronto-Dominion Bank		39,200	13,000,586	0.46
Whitecap Resources Inc		127,597	10,515,483	0.37
			108,349,769	3.82
<i>China</i>				
Datang International Power Generation Co Ltd-H		2,930,000	11,632,100	0.41
Guangdong Investment Ltd		1,374,000	14,921,640	0.52
Huaneng Power International Inc-H		1,394,000	15,055,200	0.53
PICC Property and Casualty Co Ltd-H		332,000	5,863,120	0.21
			47,472,060	1.67
<i>Denmark</i>				
Novo Nordisk A/S-B		35,707	15,107,950	0.53
<i>Finland</i>				
Stora Enso Oyj-R		209,318	16,753,821	0.59
<i>France</i>				
AXA SA		86,310	16,910,095	0.59
Compagnie Industrielle et Financiere d'Ingenierie Ingenico		8,763	7,988,800	0.28
Natixis SA		101,786	5,688,329	0.20
Orange SA		59,318	7,092,193	0.25
Renault SA		19,500	15,771,567	0.55
Safran SA		27,685	14,570,587	0.51
Total SA		33,758	12,733,994	0.45
Valeo		8,956	10,959,993	0.39
			91,715,558	3.22

# INVESTMENT REPORT *(continued)*

## Portfolio statement as at 30 June 2015

Principal International Equity Fund <i>(continued)</i>			
Investments	*Portfolio holdings	Market value <i>HKS/HKS equivalent</i>	% of NAV
<i>Listed shares (continued)</i>			
<i>Germany</i>			
Allianz SE	11,192	13,536,441	0.48
Daimler AG	27,849	19,683,983	0.69
Deutsche Telekom AG	128,602	17,201,907	0.60
Dialog Semiconductor Plc	27,866	11,698,420	0.41
Hannover Rueck SE	25,966	19,510,802	0.69
		81,631,553	2.87
<i>Hong Kong</i>			
BOC Hong Kong (Holdings) Ltd	332,000	10,723,600	0.38
CK Hutchison Holdings Ltd	64,500	7,346,550	0.26
		18,070,150	0.64
<i>Israel</i>			
Teva Pharmaceutical Industries Ltd	45,301	20,815,784	0.73
<i>Italy</i>			
Moncler Spa	67,575	9,723,384	0.34
<i>Japan</i>			
Alps Electric Co Ltd	49,200	11,778,600	0.41
Bridgestone Corp	61,400	17,629,438	0.62
Fuji Electric Co Ltd	443,000	14,805,599	0.52
JFE Holdings Inc	77,000	13,265,147	0.47
KDDI Corp	126,900	23,772,986	0.84
Mitsubishi Electric Corp	192,000	19,262,796	0.68
Mitsubishi UFJ Financial Group Inc	478,600	26,703,506	0.94
Mizuho Financial Group Inc	1,151,000	19,343,401	0.68
Nippon Telegraph and Telephone Corp	86,200	24,236,260	0.85
NOK Corp	38,200	9,205,738	0.32
Sekisui House Ltd	111,500	13,746,203	0.48
Sumitomo Heavy Industries Ltd	394,000	17,840,461	0.63
Sumitomo Mitsui Financial Group Inc	42,500	14,713,421	0.52
Taiyo Yuden Co Ltd	74,600	8,127,811	0.29
TDK Corp	26,200	15,568,706	0.55
The Bank of Kyoto Ltd	146,000	13,055,202	0.46
Tokio Marine Holdings Inc	41,600	13,438,905	0.47
Toyota Motor Corp	69,300	36,051,021	1.27
Yamaha Motor Co Ltd	53,400	9,065,698	0.32
		321,610,899	11.32
<i>Mexico</i>			
Gruma SAB de CV-B	100,000	9,979,234	0.35
Grupo Aeroportuario del Sureste SAB de CV-B	103,950	11,464,325	0.40
Grupo Financiero Inbursa SAB de CV-O	408,300	7,185,941	0.25
		28,629,500	1.00
<i>Netherlands</i>			
Unilever NV	57,502	18,596,537	0.65

Principal International Equity Fund <i>(continued)</i>			
Investments	*Portfolio holdings	Market value <i>HKS/HKS equivalent</i>	% of NAV
<i>Listed shares (continued)</i>			
<i>Norway</i>			
DnB ASA	73,720	9,461,576	0.33
Yara International ASA	36,033	14,439,646	0.51
		23,901,222	0.84
<i>South Africa</i>			
FirstRand Ltd	335,334	11,323,465	0.40
<i>South Korea</i>			
Industrial Bank of Korea	116,209	11,669,580	0.41
Korea Electric Power Corp	56,293	17,917,090	0.63
		29,586,670	1.04
<i>Spain</i>			
Gas Natural SDG SA	64,775	11,406,667	0.40
Iberdrola SA	358,827	18,770,084	0.66
Mediaset Espana Comunicacion SA	124,533	12,673,818	0.45
		42,850,569	1.51
<i>Sweden</i>			
AB SKF-B	64,775	11,509,719	0.40
Investor AB-B	62,145	18,038,061	0.63
NCC AB-B	23,850	5,672,131	0.20
		35,219,911	1.23
<i>Switzerland</i>			
Adecco SA	20,527	12,966,100	0.46
Aryzta AG	10,600	4,066,763	0.14
Lonza Group AG	11,961	12,432,888	0.44
Nestle SA	25,567	14,362,355	0.50
Novartis AG	51,387	39,408,573	1.39
Roche Holding AG	3,292	7,177,996	0.25
		90,414,675	3.18
<i>Taiwan</i>			
Advanced Semiconductor Engineering Inc	1,107,000	11,619,034	0.41
Fubon Financial Holding Co Ltd	566,000	8,726,316	0.31
Zhen Ding Technology Holding Ltd	366,000	9,925,468	0.35
		30,270,818	1.07

# INVESTMENT REPORT *(continued)*

## Portfolio statement as at 30 June 2015

Principal International Equity Fund <i>(continued)</i>			
Investments	*Portfolio holdings	Market value <i>HKS/HKS equivalent</i>	% of NAV
<b>Listed shares <i>(continued)</i></b>			
<i>United Kingdom</i>			
3i Group Plc	153,759	9,670,058	0.34
Ashthead Group Plc	86,714	11,603,931	0.41
BARRATT DEVELOPMENTS Plc	222,206	16,626,311	0.58
BHP Billiton Plc	85,233	12,962,490	0.46
Direct Line Insurance Group Plc	354,965	14,513,910	0.51
Henderson Group Plc	213,303	6,778,845	0.24
Hikma Pharmaceuticals Plc	35,405	8,333,255	0.29
Howden Joinery Group Plc	115,726	7,292,216	0.26
Imperial Tobacco Group Plc	61,282	22,885,738	0.80
ITV Plc	611,711	19,611,706	0.69
Mondi Plc	65,716	10,970,509	0.39
Royal Dutch Shell Plc-A	47,169	10,260,722	0.36
Taylor Wimpey Plc	924,749	20,921,258	0.74
		172,430,949	6.07
<i>United States</i>			
AbbVie Inc	33,880	17,647,086	0.62
Aetna Inc	28,750	28,407,743	1.00
Amgen Inc	21,718	25,846,977	0.91
Am Trust Financial Services Inc	19,576	9,941,605	0.35
Anthem Inc	20,186	25,685,597	0.90
Apple Inc	74,941	72,866,611	2.55
Archer-Daniels-Midland Co	60,688	22,685,847	0.80
Berkshire Hathaway Inc-B	16,243	17,138,833	0.60
Big Lots Inc	31,746	11,072,099	0.39
Bunge Ltd	18,417	12,535,405	0.44
Cardinal Health Inc	37,117	24,069,318	0.85
CBRE Group Inc-A	49,550	14,212,496	0.50
Celgene Corp	7,742	6,946,129	0.24
Centene Corp	23,548	14,676,924	0.52
Chevron Corp	10,352	7,741,792	0.27
Cisco Systems Inc	147,307	31,358,038	1.10
Comcast Corp-A	35,501	16,551,181	0.58
ConocoPhillips	51,399	24,469,142	0.86
CoreLogic Inc	29,861	9,187,776	0.32
Danaher Corp	8,779	5,824,961	0.20
Darden Restaurants Inc	26,957	14,854,018	0.52
Denbury Resources Inc	231,964	11,436,751	0.40
DIRECTV	21,348	15,356,185	0.54
Dr Pepper Snapple Group Inc	26,501	14,976,653	0.53
DST Systems Inc	18,801	18,361,473	0.65
Eastman Chemical Co	20,303	12,877,888	0.45
Electronic Arts Inc	42,920	22,126,174	0.78
Everest Re Group Ltd	14,076	19,860,925	0.70
Exxon Mobil Corp	52,237	33,691,979	1.18
FedEx Corp	6,217	8,212,501	0.29
Fiserv Inc	22,800	14,640,216	0.51
Foot Locker Inc	31,347	16,283,980	0.57
Gannett Co Inc	31,265	3,390,738	0.12
General Dynamics Corp	12,818	14,079,409	0.49
General Electric Co	43,970	9,056,763	0.32
Gilead Sciences Inc	44,591	40,472,021	1.42
Google Inc-A	5,051	21,146,002	0.74
Google Inc-C	3,286	13,259,331	0.47
HCA Holdings Inc	41,085	28,894,242	1.02
Hess Corp	29,285	15,183,310	0.53
International Business Machines Corp	10,226	12,894,708	0.45
Intuit Inc	19,147	14,957,429	0.53

Principal International Equity Fund <i>(continued)</i>			
Investments	*Portfolio holdings	Market value <i>HKS/HKS equivalent</i>	% of NAV
<b>Listed shares <i>(continued)</i></b>			
<i>United States <i>(continued)</i></i>			
Johnson & Johnson	18,502	13,978,805	0.49
JPMorgan Chase & Co	82,481	43,326,369	1.51
KAR Auction Services Inc	29,794	8,638,242	0.30
KeyCorp	155,857	18,147,684	0.64
L-3 Communications Holdings Inc	11,426	10,042,819	0.35
Leap Corp	14,858	12,930,352	0.45
Lincoln National Corp	22,800	10,467,144	0.37
Lockheed Martin Corp	15,292	22,037,821	0.77
Lowe's Cos Inc	23,998	12,458,918	0.44
LyondellBasell Industries NV-A	27,203	21,830,618	0.77
Macy's Inc	28,800	15,063,579	0.53
Marathon Oil Corp	93,980	19,335,764	0.68
Marriott Vacations Worldwide Corp	29,715	21,135,220	0.74
McKesson Corp	10,072	17,553,200	0.62
Merck & Co Inc	12,486	5,510,481	0.19
Microsoft Corp	90,382	30,934,110	1.09
Northrop Grumman Corp	18,849	23,179,209	0.81
Occidental Petroleum Corp	11,737	7,076,103	0.25
Oracle Corp	53,587	16,741,311	0.59
PartnerRe Ltd	10,029	9,990,466	0.35
PepsiCo Inc	7,830	5,665,712	0.20
Pfizer Inc	138,696	36,051,427	1.27
PG&E Corp	36,563	13,917,085	0.49
Philip Morris International Inc	22,489	13,976,776	0.49
Public Service Enterprise Group Inc	73,687	22,438,164	0.79
Reinsurance Group of America Inc	16,130	11,862,828	0.42
Rock-Tenn Co-A	26,455	12,346,084	0.43
Spirit AeroSystems Holdings Inc-A	30,362	12,971,367	0.46
SunTrust Banks Inc	66,685	22,239,424	0.78
SUPERVALU Inc	157,288	9,864,364	0.35
Synopsys Inc	39,921	15,674,938	0.55
Target Corp	29,430	18,623,660	0.65
TEGNA Inc	62,529	15,545,526	0.55
The Home Depot Inc	19,034	16,397,829	0.58
The Kroger Co	25,370	14,260,782	0.50
The Travelers Cos Inc	21,948	16,446,243	0.58
Tyson Foods Inc-A	29,626	9,790,690	0.34
UGI Corp	36,612	9,777,721	0.34
UnitedHealth Group Inc	16,219	15,339,418	0.54
Universal Health Services Inc-B	21,579	23,771,159	0.84
Valero Energy Corp	18,980	9,210,761	0.32
Wal-Mart Stores Inc	42,707	23,483,022	0.83
Wells Fargo & Co	96,997	42,289,115	1.49
Western Digital Corp	25,301	15,381,174	0.54
		1,522,581,740	53.48
<b>Total listed shares</b>		2,812,116,233	98.84
<b>Total investments</b>		2,812,116,233	98.84
<b>Other net assets</b>		33,145,998	1.16
<b>Total net asset value</b>		2,845,262,231	100.00
<b>Total cost of investments</b>		2,544,954,222	
* The value of each holding as a percentage of the total net asset value is accounted for on the trade day.			



# INVESTMENT REPORT *(continued)*

## Portfolio statement as at 30 June 2015

Principal Pension Bond Fund				
Investments	Maturity	*Portfolio holdings	Market value HK\$/HK\$ equivalent	% of NAV
<b>Listed/quoted debt instruments</b>				
<i>Fixed coupon rate debt instruments</i>				
<i>Denominated in United States Dollar</i>				
21st Century Fox America Inc-3%	15/09/2022	2,630,000	19,920,355	0.87
AbbVie Inc-1.75%	06/11/2017	950,000	7,383,893	0.32
AbbVie Inc-3.6%	14/05/2025	2,795,000	21,415,949	0.94
ABN AMRO Bank NV-2.45%	04/06/2020	3,000,000	23,120,991	1.01
Abu Dhabi National Energy Co PJSC-3.625%	12/01/2023	450,000	3,457,966	0.15
Alabama Power Co-3.85%	01/12/2042	625,000	4,406,268	0.19
Alibaba Group Holding Ltd-2.5%	28/11/2019	500,000	3,833,788	0.17
Alibaba Group Holding Ltd-3.6%	28/11/2024	500,000	3,737,440	0.16
America Movil SAB de CV-5%	30/03/2020	1,000,000	8,581,298	0.38
American Express Credit Corp-2.8%	19/09/2016	4,475,000	35,416,729	1.55
American Honda Finance Corp-1.6%	16/02/2018	730,000	5,675,551	0.25
American International Group Inc-3.375%	15/08/2020	3,200,000	25,676,973	1.13
Anheuser-Busch InBev Worldwide Inc-2.5%	15/07/2022	1,900,000	14,164,714	0.62
Anthem Inc-1.875%	15/01/2018	895,000	6,926,140	0.30
Apache Corp-2.625%	15/01/2023	1,000,000	7,281,525	0.32
Apache Corp-3.25%	15/04/2022	1,170,000	8,919,810	0.39
Apple Inc-1%	03/05/2018	920,000	7,059,919	0.31
Apple Inc-2.85%	06/05/2021	3,360,000	26,430,237	1.16
AT&T Inc-2.375%	27/11/2018	1,155,000	9,032,164	0.40
AT&T Inc-2.45%	30/06/2020	1,450,000	11,018,900	0.48
AT&T Inc-3.4%	15/05/2025	1,500,000	11,090,003	0.49
AT&T Inc-4.45%	15/05/2021	795,000	6,577,744	0.29
Baidu Inc-3.25%	06/08/2018	500,000	3,989,205	0.18
Baltimore Gas and Electric Co-3.35%	01/07/2023	565,000	4,406,418	0.19
Banco de Credito e Inversiones-4%	11/02/2023	300,000	2,302,834	0.10
Bank of America Corp-2.6%	15/01/2019	7,295,000	57,168,153	2.51
Bank of America Corp-4%	01/04/2024	4,285,000	33,801,986	1.48
Barclays Bank Plc-5%	22/09/2016	2,100,000	17,038,136	0.75
Barrick Gold Corp-3.85%	01/04/2022	1,350,000	10,143,510	0.45
Bayer US Finance Llc-3%	08/10/2021	1,135,000	8,862,767	0.39
BBVA Bancomer SA/Texas-6.75%	30/09/2022	2,355,000	20,104,895	0.88
BBVA US Senior SAU-4.664%	09/10/2015	1,155,000	9,039,568	0.40
BHP Billiton Finance (USA) Ltd-3.85%	30/09/2023	2,000,000	15,920,941	0.70
BNP Paribas-1.25%	12/12/2016	1,340,000	10,414,541	0.46
BNP Paribas-2.4%	12/12/2018	1,185,000	9,293,608	0.41
BP Capital Markets Plc-2.241%	26/09/2018	1,650,000	12,976,473	0.57
BPCE-1.7%	25/04/2016	1,720,000	13,405,453	0.59
BPCE-5.15%	21/07/2024	3,380,000	26,620,679	1.17
Brazilian Government-4.875%	22/01/2021	650,000	5,265,682	0.23
British Telecommunications Plc-1.625%	28/06/2016	575,000	4,480,164	0.20
Burlington Northern Santa Fe Llc-3.45%	15/09/2021	1,040,000	8,328,771	0.37
Capital One Bank (USA) National Association-2.15%	21/11/2018	1,385,000	10,724,192	0.47
CBS Corp-5.75%	15/04/2020	2,330,000	20,344,712	0.89
Celgene Corp-4%	15/08/2023	1,075,000	8,523,863	0.37
Chevron Corp-2.355%	05/12/2022	1,250,000	9,273,385	0.41
Citigroup Inc-4.05%	30/07/2022	1,595,000	12,661,254	0.56
City National Corp-5.25%	15/09/2020	500,000	4,385,784	0.19
Coca-Cola FEMSA SAB de CV-2.375%	26/11/2018	500,000	3,930,753	0.17
Commonwealth Edison Co-6.15%	15/09/2017	4,500,000	38,436,915	1.69
ConocoPhillips Co-3.35%	15/11/2024	750,000	5,753,381	0.25
ConocoPhillips-5.75%	01/02/2019	1,500,000	13,144,979	0.58
Cooperatieve Centrale Raiffeisen-Borenenleenbank BA-1.7%	19/03/2018	2,185,000	16,980,395	0.75
Cooperatieve Centrale Raiffeisen-Borenenleenbank BA-4.625%	01/12/2023	610,000	4,878,784	0.21

Principal Pension Bond Fund <i>(continued)</i>				
Investments	Maturity	*Portfolio holdings	Market value HK\$/HK\$ equivalent	% of NAV
<b>Listed/quoted debt instruments <i>(continued)</i></b>				
<i>Fixed coupon rate debt instruments <i>(continued)</i></i>				
<i>Denominated in United States Dollar <i>(continued)</i></i>				
Corporacion Nacional del Cobre de Chile-3%	17/07/2022	550,000	4,059,052	0.18
Countrywide Financial Corp-6.25%	15/05/2016	1,690,000	13,615,637	0.60
CRH America Inc-8.125%	15/07/2018	855,000	7,773,625	0.34
CSX Corp-3.7%	30/10/2020	800,000	6,544,246	0.29
CSX Transportation Inc-6.251%	15/01/2023	444,081	3,967,601	0.17
CVS Health Corp-2.25%	05/12/2018	820,000	6,435,285	0.28
CVS Health Corp-4.125%	15/05/2021	2,160,000	17,910,488	0.79
Daimler Finance North America Llc-2.375%	01/08/2018	3,505,000	27,549,525	1.21
Devon Energy Corp-3.25%	15/05/2022	2,645,000	20,265,978	0.89
DIRECTV Holdings Llc / DIRECTV Financing Co Inc-3.8%	15/03/2022	415,000	3,235,668	0.14
DIRECTV Holdings Llc / DIRECTV Financing Co Inc-4.45%	01/04/2024	1,355,000	10,749,085	0.47
Dominion Resources Inc-1.95%	15/08/2016	1,970,000	15,389,946	0.68
DTE Energy Co-6.375%	15/04/2033	935,000	8,945,716	0.39
Eastman Chemical Co-3.8%	15/03/2025	1,000,000	7,738,502	0.34
Ecopetrol SA-7.625%	23/07/2019	800,000	7,186,289	0.32
Edison International-3.75%	15/09/2017	1,525,000	12,404,568	0.54
Enco Plc-5.2%	15/03/2025	1,480,000	11,359,269	0.50
ERAC USA Finance Llc-3.3%	15/10/2022	1,630,000	12,393,726	0.54
ERAC USA Finance Llc-3.85%	15/11/2024	385,000	2,995,649	0.13
Express Scripts Holding Co-3.125%	15/05/2016	2,395,000	18,871,530	0.83
General Electric Capital Corp-3.1%	09/01/2023	2,500,000	19,327,087	0.85
General Electric Capital Corp-4.65%	17/10/2021	3,500,000	29,728,078	1.30
General Electric Capital Corp-5.3%	11/02/2021	915,000	7,975,892	0.35
General Electric Co-5.25%	06/12/2017	370,000	3,124,434	0.14
Genzyme Corp-5%	15/06/2020	980,000	8,584,049	0.38
Georgia-Pacific Llc-3.734%	15/07/2023	1,815,000	14,164,908	0.62
Georgia-Pacific Llc-5.4%	01/11/2020	460,000	3,980,664	0.17
Gilead Sciences Inc-3.05%	01/12/2016	375,000	2,990,656	0.13
Grupo Binmo SAB de CV-3.875%	27/06/2024	1,000,000	7,726,385	0.34
Hewlett-Packard Co-3%	15/09/2016	125,000	988,710	0.04
Hewlett-Packard Co-6%	15/09/2041	240,000	1,840,131	0.08
HSBC Bank Plc-3.1%	24/05/2016	2,000,000	15,819,263	0.69
ING Bank NV-2%	25/09/2015	2,040,000	15,856,317	0.70
Ingersoll-Rand Global Holding Co Ltd-2.875%	15/01/2019	525,000	4,138,121	0.18
Ingersoll-Rand Luxembourg Finance SA-2.625%	01/05/2020	1,355,000	10,458,401	0.46
Ingersoll-Rand Luxembourg Finance SA-3.55%	01/11/2024	1,000,000	7,585,218	0.33
JPMorgan Chase & Co-3.875%	10/09/2024	3,045,000	23,225,543	1.02
JPMorgan Chase & Co-4.4%	22/07/2020	3,000,000	25,056,126	1.10
Korea Hydro & Nuclear Power Co Ltd-3%	19/09/2022	600,000	4,625,189	0.20
Kraft Foods Group Inc-6.125%	23/08/2018	1,585,000	13,739,724	0.60
Lloyds Bank Plc-2.3%	27/11/2018	1,050,000	8,225,856	0.36
LyondellBasell Industries NV-5%	15/04/2019	2,200,000	18,474,911	0.81
Macy's Retail Holdings Inc-5.9%	01/12/2016	2,025,000	16,725,605	0.73
Metricom Inc-3.5%	15/03/2025	2,980,000	23,022,710	1.01
Mexico Government-3.5%	21/01/2021	850,000	6,721,157	0.29
Monsanto Co-3.375%	15/07/2024	1,000,000	7,404,289	0.32
Moody's Corp-5.5%	01/09/2020	715,000	6,221,974	0.27
Morgan Stanley-1.75%	25/02/2016	920,000	7,161,051	0.31
Morgan Stanley-4.1%	22/05/2023	7,630,000	59,259,835	2.61
Morgan Stanley-6.625%	01/04/2018	890,000	7,741,578	0.34

# INVESTMENT REPORT *(continued)*

## Portfolio statement as at 30 June 2015

Principal Pension Bond Fund <i>(continued)</i>				
Investments	Maturity	*Portfolio holdings	Market value HK\$/HK\$ equivalent	% of NAV
<i>Listed/quoted debt instruments (continued)</i>				
<i>Fixed coupon rate debt instruments (continued)</i>				
<i>Denominated in United States Dollar (continued)</i>				
MUFG Americas Holdings Corp-3%	10/02/2025	4,000,000	29,097,232	1.28
NBCUniversal Media Llc-2.875%	15/01/2023	3,710,000	27,930,428	1.23
Nissan Motor Acceptance Corp-1.95%	12/09/2017	795,000	6,204,451	0.27
Noble Energy Inc-3.9%	15/11/2024	405,000	3,095,567	0.14
Northern Trust Corp-3.95%	30/10/2025	385,000	3,083,865	0.14
Oracle Corp-2.375%	15/01/2019	1,405,000	11,053,748	0.49
Oracle Corp-2.5%	15/10/2022	885,000	6,611,016	0.29
Oracle Corp-2.95%	15/05/2025	320,000	2,387,479	0.10
Oracle Corp-4.375%	15/05/2055	625,000	4,502,076	0.20
Pacific Gas and Electric Co-3.85%	15/11/2023	650,000	5,226,877	0.23
PacifiCorp-3.85%	15/06/2021	1,710,000	14,086,979	0.62
Packaging Corp of America-4.5%	01/11/2023	1,500,000	11,992,219	0.53
Panama Government-4%	22/09/2024	1,000,000	7,930,961	0.34
Perrigo Co Plc-1.3%	08/11/2016	255,000	1,968,443	0.09
Petroleros Mexicanos-4.875%	24/01/2022	350,000	2,821,448	0.12
Petroleros Mexicanos-4.875%	18/01/2024	550,000	4,370,303	0.19
PNC Funding Corp-5.25%	15/11/2015	4,165,000	32,815,543	1.44
Poland Government-3%	17/03/2023	500,000	3,805,555	0.17
Praxair Inc-1.25%	07/11/2018	1,700,000	13,005,730	0.57
Pride International Inc-6.875%	15/08/2020	1,255,000	11,126,778	0.49
Progress Energy Inc-4.4%	15/01/2021	2,930,000	24,311,418	1.07
QUALCOMM Inc-4.65%	20/05/2035	525,000	3,939,676	0.17
Republic Services Inc-3.8%	15/05/2018	1,900,000	15,495,112	0.68
Rio Tinto Finance (USA) Ltd-1.875%	02/11/2015	1,845,000	14,360,235	0.63
Rio Tinto Finance (USA) Ltd-3.5%	02/11/2020	615,000	4,967,018	0.22
Rio Tinto Finance (USA) Ltd-9%	01/05/2019	335,000	3,241,733	0.14
Roche Holdings Inc-6%	01/03/2019	1,000,000	8,821,678	0.39
SABMiller Holdings Inc-3.75%	15/01/2022	875,000	7,008,750	0.31
Sanofi SA-4%	29/03/2021	620,000	5,146,371	0.23
Santander Holdings USA Inc-3%	24/09/2015	2,595,000	20,172,482	0.89
Sempra Energy-2.875%	01/10/2022	555,000	4,171,586	0.18
Shell International Finance BV-4.25%	11/05/2025	5,000,000	38,384,204	1.68
Spectra Energy Partners LP-4.75%	15/03/2024	870,000	7,127,726	0.31
Statoil ASA-2.25%	08/11/2019	2,000,000	15,551,037	0.68
Sumitomo Mitsui Banking Corp-2.5%	19/07/2018	555,000	4,385,173	0.19
Svenska Handelsbanken AB-2.5%	25/01/2019	1,335,000	10,516,647	0.46
Sysco Corp-2.35%	02/10/2019	1,800,000	14,093,500	0.62
Telefonica Emisiones SAU-5.462%	16/02/2021	3,350,000	28,716,106	1.26
The Bank of Nova Scotia-2.55%	12/01/2017	1,000,000	7,918,020	0.35
The Bank of Tokyo-Mitsubishi UFJ Ltd-1.55%	09/09/2016	805,000	6,267,736	0.28
The Bank of Tokyo-Mitsubishi UFJ Ltd-2.7%	09/09/2018	2,365,000	18,766,708	0.82
The Goldman Sachs Group Inc-2.375%	22/01/2018	1,540,000	12,119,971	0.53
The Goldman Sachs Group Inc-3.625%	07/02/2016	1,950,000	15,361,667	0.67
The Goldman Sachs Group Inc-3.625%	22/01/2023	790,000	6,085,606	0.27
The Goldman Sachs Group Inc-5.375%	15/03/2020	2,575,000	22,227,992	0.98
The Goldman Sachs Group Inc-6%	15/06/2020	365,000	3,233,404	0.14
The Goldman Sachs Group Inc-6.45%	01/05/2036	440,000	3,848,974	0.17
The Goldman Sachs Group Inc-6.75%	11/10/2037	220,000	2,000,444	0.09
The Home Depot Inc-2.25%	10/09/2018	510,000	4,045,848	0.18
Time Warner Cable Inc-6.75%	01/07/2018	2,015,000	17,416,327	0.76
Time Warner Inc-4.05%	15/12/2023	750,000	5,961,934	0.26
Time Warner Inc-4.875%	15/03/2020	1,000,000	8,459,286	0.37
Total Capital-2.125%	10/08/2018	1,675,000	13,179,657	0.58
TransCanada PipeLines Ltd-7.125%	15/01/2019	1,210,000	10,894,899	0.48
Transnet SOC Ltd-4%	26/07/2022	200,000	1,489,043	0.07
Tyco Electronics Group SA-2.375%	17/12/2018	785,000	6,154,231	0.27

Principal Pension Bond Fund <i>(continued)</i>				
Investments	Maturity	*Portfolio holdings	Market value HK\$/HK\$ equivalent	% of NAV
<i>Listed/quoted debt instruments (continued)</i>				
<i>Fixed coupon rate debt instruments (continued)</i>				
<i>Denominated in United States Dollar (continued)</i>				
Tyco Electronics Group SA-3.5%	03/02/2022	1,450,000	11,380,097	0.50
UBS AG-2.35%	26/03/2020	2,465,000	18,976,173	0.83
Vale Overseas Ltd-4.375%	11/01/2022	950,000	7,194,851	0.32
Verizon Communications Inc-2.625%	21/02/2020	2,890,000	22,353,494	0.98
Verizon Communications Inc-4.522%	15/09/2048	341,000	2,322,360	0.10
Verizon Communications Inc-5.15%	15/09/2023	1,930,000	16,380,735	0.72
Verizon Communications Inc-6.4%	15/09/2033	40,000	355,342	0.02
Viacom Inc-4.5%	01/03/2021	2,200,000	18,041,991	0.79
Vodafone Group Plc-1.5%	19/02/2018	1,170,000	8,916,998	0.39
Vodafone Group Plc-4.375%	16/03/2021	425,000	3,497,058	0.15
Volkswagen International Finance NV-1.125%	18/11/2016	600,000	4,657,943	0.20
Volkswagen International Finance NV-1.15%	20/11/2015	1,085,000	8,430,071	0.37
Volkswagen International Finance NV-1.6%	20/11/2017	325,000	2,533,173	0.11
Volkswagen International Finance NV-2.125%	20/11/2018	725,000	5,663,993	0.25
Wells Fargo & Co-5.606%	15/01/2044	1,060,000	9,025,014	0.40
Wm. Wrigley Jr. Co-1.4%	21/10/2016	2,075,000	16,126,979	0.71
Wm. Wrigley Jr. Co-2.4%	21/10/2018	610,000	4,796,020	0.21
Wm. Wrigley Jr. Co-3.375%	21/10/2020	1,355,000	10,824,347	0.48
Xerox Corp-2.95%	15/03/2017	200,000	1,588,032	0.07
Xerox Corp-6.75%	01/02/2017	1,425,000	11,899,605	0.52
Zimmer Biomet Holdings Inc-3.55%	01/04/2025	2,060,000	15,429,554	0.68
Zoetis Inc-1.15%	01/02/2016	695,000	5,388,964	0.24
			2,099,617,364	92.16
<b>Total fixed coupon rate debt instruments</b>				
<i>Floating coupon rate debt instruments</i>				
<i>Denominated in United States Dollar</i>				
AT&T Inc-Floating	27/11/2018	540,000	4,213,808	0.18
MetLife Inc-1.756%	15/12/2017	5,850,000	45,737,888	2.01
The Goldman Sachs Group Inc-Floating	29/11/2023	1,250,000	9,848,812	0.43
			59,800,508	2.62
<b>Total floating coupon rate debt instruments</b>				
<b>Total listed/quoted debt instruments</b>			2,159,417,872	94.78
<b>Total investments</b>			2,159,417,872	94.78
<b>Other net assets</b>			119,019,507	5.22
<b>Total net asset value</b>			2,278,437,379	100.00
<b>Total cost of investments</b>			2,175,678,736	

\* The value of each holding as a percentage of the total net asset value is accounted for on the trade day.

# INVESTMENT REPORT *(continued)*

## Portfolio statement as at 30 June 2015

Principal U.S. Equity Fund			
Investments	*Portfolio holdings	Market value <i>HKS/HKS equivalent</i>	% of NAV
<b>Listed shares</b>			
<i>United States</i>			
Aetna Inc	9,900	9,782,145	0.96
Amgen Inc	26,200	31,181,085	3.06
Anthem Inc	12,860	16,363,657	1.61
Apple Inc	61,700	59,992,126	5.90
Archer-Daniels-Midland Co	34,800	13,008,626	1.28
Berkshire Hathaway Inc-B	28,230	29,786,939	2.93
Broadcom Corp-A	23,890	9,535,951	0.94
Bunge Ltd	4,400	2,994,830	0.29
Cardinal Health Inc	27,550	17,865,391	1.76
Centene Corp	5,590	3,484,118	0.34
Cisco Systems Inc	80,560	17,149,243	1.69
Comcast Corp-A	46,710	21,777,010	2.14
ConocoPhillips	57,540	27,392,642	2.69
Corporate Office Properties Trust	10,540	1,923,411	0.19
CVS Health Corp	14,870	12,090,064	1.19
Darden Restaurants Inc	22,570	12,436,665	1.22
Dr Pepper Snapple Group Inc	9,620	5,436,602	0.53
Duke Realty Corp	33,000	4,750,626	0.47
Electronic Arts Inc	31,240	16,104,885	1.58
Entergy Corp	8,790	4,804,000	0.47
EP Energy Corp-A	96,898	9,562,428	0.94
Equity Residential	33,030	17,967,391	1.77
Everest Re Group Ltd	5,560	7,845,037	0.77
Extra Space Storage Inc	19,760	9,990,626	0.98
Exxon Mobil Corp	18,760	12,099,882	1.19
Foot Locker Inc	30,100	15,636,195	1.54
Gannett Co Inc	17,225	1,868,108	0.18
General Dynamics Corp	17,900	19,661,525	1.93
Gilead Sciences Inc	17,410	15,801,796	1.55
Google Inc-A	2,670	11,177,950	1.10
Google Inc-C	3,369	13,594,244	1.34
HCA Holdings Inc	20,750	14,593,051	1.43
Honeywell International Inc	18,170	14,363,237	1.41
Intel Corp	13,080	3,084,044	0.30
Intuit Inc	9,650	7,538,476	0.74
Jones Lang LaSalle Inc	2,660	3,526,166	0.35
JPMorgan Chase & Co	40,710	21,384,518	2.10
KeyCorp	104,100	12,121,200	1.19
Keysight Technologies Inc	11,900	2,877,314	0.28
Kohl's Corp	10,260	4,979,847	0.49
L-3 Communications Holdings Inc	17,050	14,986,003	1.47
Lear Corp	12,860	11,191,569	1.10
Lexmark International Inc-A	13,200	4,522,944	0.44
Lockheed Martin Corp	6,494	9,358,724	0.92
Lowe's Cos Inc	17,380	9,023,085	0.89
LyondellBasell Industries NV-A	10,390	8,338,055	0.82
Macy's Inc	34,600	18,097,216	1.78
McKesson Corp	11,010	19,187,921	1.89
Micron Technology Inc	29,560	4,317,281	0.42
Microsoft Corp	99,260	33,972,691	3.34
Murphy USA Inc	11,020	4,768,660	0.47
Northrop Grumman Corp	9,720	11,952,990	1.17
Oracle Corp	22,400	6,998,066	0.69
Pfizer Inc	109,200	28,384,494	2.79
PG&E Corp	62,440	23,766,726	2.34
Philip Morris International Inc	15,590	9,689,089	0.95
PPL Corp	10,320	2,357,680	0.23
Public Service Enterprise Group Inc	40,830	12,432,997	1.22
Regency Centers Corp	12,180	5,568,998	0.55
Rock-Tenn Co-A	8,540	3,985,468	0.39

Principal U.S. Equity Fund <i>(continued)</i>			
Investments	*Portfolio holdings	Market value <i>HKS/HKS equivalent</i>	% of NAV
<b>Listed shares <i>(continued)</i></b>			
<i>United States <i>(continued)</i></i>			
Simon Property Group Inc	7,830	10,502,267	1.03
Southwest Airlines Co	12,236	3,138,782	0.31
Spirit AeroSystems Holdings Inc-A	5,070	2,166,024	0.21
Starz-A	32,760	11,357,184	1.12
SunTrust Banks Inc	28,300	9,438,040	0.93
Synopsis Inc	13,700	5,379,290	0.53
Talen Energy Corp	1,289	171,473	0.02
Target Corp	34,700	21,958,579	2.16
TEGNA Inc	48,575	12,076,379	1.19
Tesoro Corp	21,000	13,741,627	1.35
The Goldman Sachs Group Inc	10,600	17,156,967	1.69
The Kroger Co	39,970	22,467,618	2.21
Valero Energy Corp	45,490	22,075,738	2.17
Verizon Communications Inc	4,970	1,795,810	0.18
Wells Fargo & Co	91,000	39,674,520	3.90
Western Digital Corp	19,660	11,951,855	1.17
Xerox Corp	90,450	7,460,624	0.73
		992,946,485	97.59
<b>Total listed shares</b>		992,946,485	97.59
<b>Total investments</b>		992,946,485	97.59
<b>Other net assets</b>		24,477,403	2.41
<b>Total net asset value</b>		1,017,423,888	100.00
<b>Total cost of investments</b>		863,588,451	
* The value of each holding as a percentage of the total net asset value is accounted for on the trade day.			

**INVESTMENT REPORT** *(continued)*  
**Statement of movements in portfolio holdings**

Principal Asian Equity Fund	% of net assets as at 30 June 2015	% of net assets as at 31 December 2014
<b>Listed shares (by country/by region)</b>		
China	30.94	30.24
Hong Kong	11.92	12.69
India	9.85	-
Indonesia	0.07	3.27
Malaysia	0.37	4.15
Philippines	-	1.61
Singapore	6.19	6.04
South Korea	20.24	21.42
Taiwan	16.02	15.18
Thailand	1.49	3.12
	97.09	97.72
<b>Options/warrants (by country/by region)</b>		
South Korea	-	-
	97.09	97.72
Other net assets	2.91	2.28
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

Principal China Equity Fund	% of net assets as at 30 June 2015	% of net assets as at 31 December 2014
<b>Listed shares (by industry sector)</b>		
Consumer discretionary	4.50	3.38
Consumer staples	-	1.91
Energy	8.43	9.43
Financials	43.91	43.39
Health care	2.30	2.60
Industrials	7.67	7.48
Information technology	12.93	11.76
Materials	2.01	2.03
Telecommunication services	9.70	10.72
Utilities	3.81	4.97
	95.26	97.67
Other net assets	4.74	2.33
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

**INVESTMENT REPORT** *(continued)*  
**Statement of movements in portfolio holdings** *(continued)*

Principal European Equity Fund	% of net assets as at 30 June 2015	% of net assets as at 31 December 2014
<b>Listed shares (by country/by region)</b>		
Australia	0.05	-
Austria	-	0.30
Belgium	3.95	3.18
Denmark	8.62	7.66
Finland	2.51	2.51
France	8.58	7.99
Germany	11.39	11.31
Greece	0.25	0.78
Ireland	1.32	-
Italy	1.71	2.00
Netherlands	2.55	1.96
Norway	2.57	3.73
Portugal	-	0.30
Spain	3.64	5.87
Sweden	6.55	5.96
Switzerland	12.21	13.65
United Kingdom	31.47	28.80
	97.37	96.00
Other net assets	2.63	4.00
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

Principal Hong Kong Bond Fund	% of net assets as at 30 June 2015	% of net assets as at 31 December 2014
<b>Listed/quoted debt instruments</b>		
Certificates of deposit	23.86	24.00
Non-certificates of deposit	73.73	73.00
	97.59	97.00
Other net assets	2.41	3.00
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

**INVESTMENT REPORT** *(continued)*  
**Statement of movements in portfolio holdings** *(continued)*

Principal Hong Kong Dollar Savings Fund	% of net assets as at 30 June 2015	% of net assets as at 31 December 2014
Listed/quoted debt instruments		
Certificates of deposit (by currency)		
Hong Kong Dollar	33.86	38.43
Offshore Chinese Renminbi	4.75	7.87
Non-certificates of deposit (by currency)		
Hong Kong Dollar	18.74	13.13
Offshore Chinese Renminbi	5.44	2.72
Other net assets	62.79	62.15
	37.21	37.85
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

Principal Hong Kong Equity Fund	% of net assets as at 30 June 2015	% of net assets as at 31 December 2014
Listed shares (by industry sector)		
Consumer discretionary	4.45	5.58
Consumer staples	0.16	0.93
Energy	3.66	3.67
Financials	57.51	52.17
Health care	1.97	2.10
Industrials	6.67	10.19
Information technology	7.70	6.38
Materials	2.45	1.84
Telecommunication services	4.89	6.78
Utilities	7.04	8.44
Other net assets	96.50	98.08
	3.50	1.92
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

**INVESTMENT REPORT** *(continued)*  
**Statement of movements in portfolio holdings** *(continued)*

Principal International Bond Fund	% of net assets as at 30 June 2015	% of net assets as at 31 December 2014
<b>Listed/quoted debt instruments (by currency)</b>		
<b>Certificates of deposit (by currency)</b>		
Canadian Dollar	0.26	-
<b>Non-certificates of deposit (by currency)</b>		
Australian Dollar	1.28	1.23
British Pound	5.49	5.31
Canadian Dollar	2.73	3.36
Czech Koruna	0.07	0.08
Danish Krone	0.29	0.29
Euro	23.11	25.32
Japanese Yen	14.71	15.22
Malaysian Ringgit	0.22	-
Mexican Peso	2.09	1.26
New Zealand Dollar	0.09	0.06
Norwegian Krone	0.10	0.11
Polish Zloty	0.21	0.22
Singapore Dollar	0.22	0.06
South African Rand	0.10	0.11
Swedish Krona	0.20	0.22
Swiss Franc	0.14	0.15
Thai Baht	0.11	0.11
United States Dollar	44.42	43.11
	95.84	96.22
Forward contracts	(0.25)	-
Other net assets	4.41	3.78
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

Principal International Equity Fund	% of net assets as at 30 June 2015	% of net assets as at 31 December 2014
<b>Listed shares (by country/region)</b>		
Australia	1.87	0.65
Belgium	0.37	0.42
Brazil	0.40	0.41
Canada	3.82	4.54
China	1.67	4.15
Denmark	0.53	-
Finland	0.59	0.91
France	3.22	2.74
Germany	2.87	1.53
Hong Kong	0.64	2.15
India	-	0.42
Israel	0.73	-
Italy	0.34	0.39
Japan	11.32	8.41
Malaysia	-	0.50
Mexico	1.00	0.28
Netherlands	0.65	-
Norway	0.84	1.48
South Africa	0.40	0.56
South Korea	1.04	2.86
Spain	1.51	1.05
Sweden	1.23	2.10
Switzerland	3.18	3.48
Taiwan	1.07	-
United Kingdom	6.07	4.61
United States	53.48	54.21
	98.84	97.85
Other net assets	1.16	2.15
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

**INVESTMENT REPORT** *(continued)*  
**Statement of movements in portfolio holdings** *(continued)*

Principal Pension Bond Fund	% of net assets as at 30 June 2015	% of net assets as at 31 December 2014
<b>Listed/quoted debt instruments</b>		
Fixed coupon rate debt instruments	92.16	91.10
Floating coupon rate debt instruments	2.62	4.14
<hr/>		
Other net assets	94.78	95.24
	5.22	4.76
<hr/>		
Total net assets	100.00	100.00

Principal U.S. Equity Fund	% of net assets as at 30 June 2015	% of net assets as at 31 December 2014
<b>Listed shares (by industry sector)</b>		
Consumer discretionary	14.28	13.13
Consumer staples	6.45	8.31
Energy	8.34	6.72
Financials	18.85	17.19
Health care	15.39	16.59
Industrials	7.42	10.84
Information technology	21.19	22.47
Materials	1.21	0.22
Telecommunication services	0.18	1.13
Utilities	4.28	1.97
<hr/>		
Other net assets	97.59	98.57
	2.41	1.43
<hr/>		
Total net assets	100.00	100.00



# STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$
<b>Assets</b>										
Investments	3,874,692,973	3,317,953,129	686,688,397	2,099,237,809	1,103,898,311	5,329,492,848	2,455,716,396	2,812,116,233	2,159,417,872	992,946,485
Derivative financial instruments	-	-	-	-	-	-	476,095	-	-	-
Account receivables	27,139,696	51,656,369	1,650,547	14,044,461	12,433,616	46,927,443	21,061,965	6,425,651	20,988,726	944,392
Amounts receivable from brokers	42,512,087	7,755,766	89,635	20,553,982	-	15,683,960	4,273,203	37,077,779	-	8,525,997
Amounts receivable on subscriptions	2,947,514	18,669,323	308,927	3,420,257	2,066,844	9,398,617	3,103,938	2,276,809	617,705	884,007
Cash at banks	63,590,219	103,588,042	19,677,976	34,968,141	647,685,544	124,450,944	95,211,142	31,720,493	97,441,770	27,287,631
Others	-	1,469	-	216	3,115	151,185	3,533	-	-	2,889
	4,010,882,489	3,499,624,098	708,415,482	2,172,224,866	1,766,087,430	5,526,104,997	2,579,846,272	2,889,616,965	2,278,466,073	1,030,591,401
<b>Liabilities</b>										
Derivative financial instruments	-	-	-	-	-	-	7,292,615	-	-	-
Amounts payable to brokers	16,547,974	-	2,990,960	20,426,332	-	-	8,806,574	42,978,765	-	11,989,137
Distribution payable	-	420,909	-	54,467	-	152,564	-	-	-	-
Amounts payable on redemptions	3,074,757	15,733,887	154,016	497,399	8,064,267	2,395,581	1,851,443	1,275,349	-	1,160,994
Accrual and other payables	299,942	483,665	44,981	139,221	45,870	914,833	58,458	100,620	28,694	17,382
	19,922,673	16,638,461	3,189,957	21,117,419	8,110,137	3,462,978	18,009,090	44,354,734	28,694	13,167,513
<b>Net assets attributable to unitholders</b>	3,990,959,816	3,482,985,638	705,225,525	2,151,107,447	1,757,977,293	5,522,642,019	2,561,837,182	2,845,262,231	2,278,437,379	1,017,423,888
<b>Number of units in issue</b>										
- Pension class	86,614,155.4027	144,744,614.6504	54,111,855.9840	145,712,177.5082	138,582,549.6029	83,137,034.5880	164,398,608.7087	99,957,601.3244	143,283,277.4097	38,614,660.0138
- Retail class	724,171.1193	44,274,838.9666	-	47,423,119.3193	164,727.3584	40,484,210.6087	88,758.5887	601,549.6148	-	240,846.0194
- Investment class	380,549.0446	28,552,808.6843	237,971.6721	-	-	10,918,902.8044	499,179.0362	-	-	-
- I6 class	-	-	-	-	-	70,853,911.8024	-	-	-	-
- R6 class*	-	2,063,277.0657	-	3,756,332.4155	-	1,218,565.1405	-	-	-	-
<b>Net asset value per unit</b>										
- Pension class	45.6730	16.6859	12.9802	11.0676	12.6716	36.4928	15.5386	28.3238	15.9016	26.2511
- Retail class	38.0887	14.4770	-	10.5641	11.5850	31.6356	11.3290	23.4062	-	15.5486
- Investment class	19.5825	14.1738	11.9548	-	-	31.8961	12.6458	-	-	-
- I6 class	-	-	-	-	-	11.9481	-	-	-	-
- R6 class*	-	10.7236	-	9.9675	-	10.7983	-	-	-	-

\* This class was newly launched on 2 January 2015.

**STATEMENT OF FINANCIAL POSITION** *(continued)*

As at 31 December 2014

	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$
<b>Assets</b>										
Investments	3,662,979,036	2,519,826,437	561,836,808	1,867,802,368	1,045,804,893	5,005,767,474	2,521,862,201	2,813,187,861	2,206,798,099	935,023,095
Account receivables	677,563	-	406,769	16,325,062	12,271,371	-	22,083,458	1,252,850	21,089,336	676,861
Amounts receivable from brokers	-	3,856,411	-	-	-	26,135,596	-	-	-	41,585
Amounts receivable on subscriptions	1,321,445	2,000,193	80,124	15,423,587	3,316,493	10,324,987	1,295,462	1,639,935	429	1,451,577
Cash at banks	86,229,973	74,533,640	23,097,149	34,791,745	623,373,773	109,716,147	76,865,742	65,318,959	89,305,282	11,648,595
	3,751,208,017	2,600,216,681	585,420,850	1,934,342,762	1,684,766,530	5,151,944,204	2,622,106,863	2,881,399,605	2,317,193,146	948,841,713
<b>Liabilities</b>										
Amounts payable to brokers	-	16,373,460	-	4,715,918	-	39,486,837	-	5,203,568	-	-
Amounts payable on redemptions	2,274,824	3,317,659	103,914	3,893,276	1,953,876	7,495,437	1,106,876	980,736	4,166	229,190
Accrual and other payables	338,894	492,359	46,046	186,908	64,575	1,203,312	94,011	129,642	50,731	26,943
	2,613,718	20,183,478	149,960	8,796,102	2,018,451	48,185,586	1,200,887	6,313,946	54,897	256,133
<b>Net assets attributable to unitholders</b>	<b>3,748,594,299</b>	<b>2,580,033,203</b>	<b>585,270,890</b>	<b>1,925,546,660</b>	<b>1,682,748,079</b>	<b>5,103,758,618</b>	<b>2,620,905,976</b>	<b>2,875,085,659</b>	<b>2,317,138,249</b>	<b>948,585,580</b>
<b>Number of units in issue</b>										
- Pension class	88,095,222.7586	123,394,534.6764	47,685,985.3169	133,693,514.2046	133,744,366.5883	90,445,341.6360	162,340,621.9725	103,854,426.2965	146,374,456.3181	36,689,464.3537
- Retail class	812,055.9216	35,289,568.4326	-	45,763,543.4779	276,458.1347	42,661,095.4423	93,314.3919	614,617.3022	-	208,793.3147
- Investment class	350,905.9254	26,793,143.9662	200,036.0383	-	-	10,325,844.5719	496,210.8908	-	-	-
- I6 class	-	-	-	-	-	69,430,983.6091	-	-	-	-
<b>Net asset value per unit</b>										
- Pension class	42.1529	14.5632	12.2259	10.8463	12.5580	31.9784	16.0975	27.5481	15.8302	25.7670
- Retail class	35.4015	12.7410	-	10.3896	11.5113	27.9131	11.8125	22.9308	-	15.3737
- Investment class	18.1703	12.4429	11.3262	-	-	28.1138	13.1660	-	-	-
- I6 class	-	-	-	-	-	10.5192	-	-	-	-

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