

Principal Global Property Securities Fund

31 July 2010

Portfolio Services
Offering the Fund

Asgard; Beacon Investment Management Services, Ltd.; BT Wrap Solutions

Key Investment Professionals

Kelly Rush, 23 years experience,
Lead Portfolio Manager

Alastair Gillespie, 12 years experience,
Co-Portfolio Manager

Simon Hedger, 32 years experience,
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Fund, please contact

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Fund Overview

The Principal Global Property Securities Fund (the Fund) is designed to provide Australian investors with access to a portfolio of global property securities by investing in a global (or international) portfolio of listed securities that are engaged in the real estate industry. The Fund is actively managed against the FTSE EPRA/NAREIT Developed Index ("Index"), hedged to Australian dollars.

The Fund is managed by a specialist property securities team, which has significant experience in the management of both property securities portfolios and physical property markets. A rigorous investment process is used, which combines in-depth original research with disciplined portfolio construction and risk controls.

Fund Performance as at 31 July 2010 (%)

	One Month	Three Months	One Year	Three Years	Since Inception
Gross Fund Performance ¹	7.9	-2.6	25.3	-10.8	-12.3
Net Fund Performance ²	7.8	-2.8	24.1	-11.7	-13.2
FTSE EPRA NAREIT Developed Hedged AUD Index	7.4	-2.1	25.2	-11.1	-12.4

Source: State Street Australia Limited

¹ Fund performance is before fees and assumes the reinvestment of distributions.

² Fund performance is after fees and assumes the reinvestment of distributions.

Performance for periods in excess of one year are annualised.

Past performance is not a reliable indicator of future results.

Objective of the Fund

The Fund aims to provide investors with a higher return than the Index over the medium term (i.e. 3 to 5 years), before fees.

Depending on individual circumstances, this Fund is suitable for investors looking to invest for at least three to five years.

Fund Ratings



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STANDARD
& POOR'S

S&P FUND RATING
★★★ NEW †

LONSEC

Investment Grade §

Fund Details

Fund Size

\$A 15.9 million

Typical Number of Portfolio Holdings

90-180

Estimated Indirect Cost Ratio (ICR)

1.00% p.a. (capped)

The actual ICR for each financial year will be calculated as at 30 June each year.

Entry/Exit Fees

Nil

Buy/Sell Spread

0.30%/0.25%

Unit Prices

Unit prices are normally calculated and released daily based on the net asset value of the Fund at the close of the previous business day.

Distributions

30 June 10: 0.00 c/unit
31 December 09: 0.00 c/unit
30 June 09: 7.37 c/unit
31 December 08: 0.00 c/unit

Principal Global Property Securities Fund Review as at 31 July 2010

Market Overview

Global property shares outperformed global equities in July, gaining 9.6% versus 8.1% (measured in U.S. dollars) as worries over European sovereign and bank risks began to recede after the bank stress tests increased disclosure and recent economic data showed a strengthening recovery in Europe. While economic releases in the United States were not as positive, this was offset by the good results reported by most listed companies. Global bonds returned 3.4% over the month as yield curves shifted down across the globe.

Asia rose 8.0% as speculation increased that the Chinese authorities may have finished tightening. Japan was the only laggard, rising just 4.2%. Australia returned inline at 8.2% as New Zealand and Singapore returned just over 11% and Hong Kong returned 9.0%.

Europe gained 13.9% as funding pressures eased and European currencies strengthened against the U.S. dollar, almost doubling the local currency return of 7.1%. Greece rebounded 26.4% after its string of losses in recent months, followed by Finland and Norway. Switzerland and Italy were the only European countries not posting double-digit returns. North America returned 9.6% with Canada gaining 9.2% and the United States 9.7%, despite disappointing economic news.

In most regions, larger companies with higher debt and growth were the better performers over the month.

Fund Performance³

The Principal Global Property Fund (the Fund) outperformed the FTSE EPRA/NAREIT Developed Index (the Index), after fees for the month of July.

The North American portfolio remains positioned to capture improving economic and real estate fundamentals, with higher exposure to economically sensitive sectors such as hotels and realty service providers, which paid off this month, as did an underweight to the defensive health care sector.

Europe's positive contribution came mainly from stock picking within the key countries of France and Great Britain which comprise almost two-thirds of the European benchmark. A bias towards Northern Europe also helped.

Stock picking also accounted for Asia's positive attribution, particularly within Australia and Japan. Overweight positions to ING Industrial Fund in Australia, Agile Property Holdings in Singapore and Kenedix Realty Investment Corp. in Japan were especially beneficial.

Portfolio Strategy and Outlook

In most regions of the world direct real estate either has or is in the process of bottoming out, and listed property stocks have generally recapitalized and focused on opportunities arising in their respective core markets as conditions improve. Sustainable rental growth is the next phase of the recovery in the property cycle and this is already evident in some office markets such as central London, New York and Paris, despite challenges in the economic environment. However macro themes are likely to dominate listed property markets in the shorter-term even though operators are reporting a good operational environment.

Global markets have risen strongly over the last month amid a flurry of favorable news: many companies reported better than expected second quarter results; clarity emerged regarding European bank stress tests; concern has abated regarding both China's growth prospects and Europe's sovereign debt problems. However, longer-term uncertainties remain regarding the trajectory of the global economic recovery. Those uncertainties continue to mount amid recent disappointing economic data. Until investors find comfort with the sustainability of the recovery, markets will remain quite sensitive to incremental news flow.

³Past performance is not a reliable indicator of future results.



Fund Details

Inception Date

1 February 2007

Fund Type

Distributing unit trust

APIR Code

PGI0002AU

Reporting

Monthly & Quarterly performance updates

Responsible Entity

Principal Global Investors (Australia) Limited

ABN: 45 102 488 068

AFSL No.: 225385

Derivates Risk Statement

Available on request

Currency

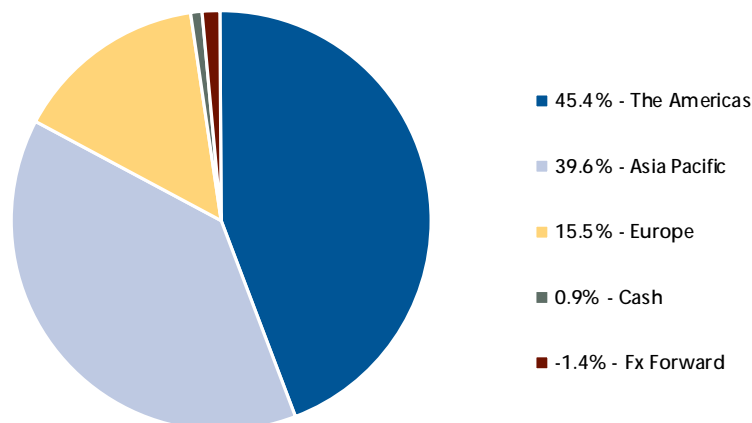
Hedged in \$A

ASIC Registration

ARSN 122 853 758

Fund Investments as at 31 July 2010 ⁴

Geographical Allocations (%)



Sector Allocation (%)

Diversified	33.5
Retail	20.5
Office & Industrial	17.6
Residential	14.0
Lodging	3.7
Healthcare	3.6
Other	3.5
Self-Storage	2.6
Net Lease	1.2
Cash	0.9
N/A	0.3
Healthcare Operator	0.0
Fx Forward	-1.4
Total	100.0

Top Ten Holdings

Holdings	Country	Sector	(%)
Simon Property Group Inc.	United States	Retail	4.8
Sun Hung Kai Properties Ltd.	Hong Kong	Diversified	3.5
Westfield Group	Australia	Retail	3.4
Unibail-Rodamco S.A.	France	Retail	3.0
Mitsui Fudosan Co. Ltd.	Japan	Diversified	2.7
Public Storage	United States	Self-Storage	2.6
Equity Residential	United States	Residential	2.4
Boston Properties Inc.	United States	Office & Industrial	2.2
Avalonbay Communities Inc.	United States	Residential	2.0
Capitaland Ltd.	Singapore	Diversified	1.9
Total Top Ten			28.4

Number of Holdings 170

Investment Guidelines

- Min/Max stock position relative to the Index: +/- 5%
- Maximum cash holding: 25%

Source: Principal Global Investors

⁴ In preparing the asset and sector exposure of the Fund we have taken into account both direct and indirect investments and the effects of futures and options contracts. Investors should be aware that the exposure of the Fund could change significantly on a daily basis. Investments do not always add up to 100% due to rounding. Please see additional disclosures on page 4.

Principal Global Property Securities Fund

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