

Principal Prosperity Series - Principal Sustainable Asia Equity Income Fund



Overall Morningstar Rating™ ★★☆☆

As of 31/07/2024

Important Notes:

- The Principal Sustainable Asia Equity Income Fund (“Sub-Fund”) will invest in a diversified portfolio of listed securities in the Asia Pacific (ex-Japan) region, including but not limited to the following: Australia, Greater China (including PRC, Hong Kong, Macau and Taiwan), Indonesia, India, Malaysia, New Zealand, the Philippines, Singapore, South Korea and Thailand. The Sub-Fund will focus on ESG achievers which demonstrate strong corporate fundamentals and offer the potential for superior dividend yields. The Sub-Fund will also seek to achieve capital appreciation with relatively moderate to high volatility commensurate with investing in equities. The Sub-Fund aims to maintain a minimum of 70% of the Sub-Fund’s net asset value invested in listed securities issued by ESG achievers as well as ESG achiever ETFs/CISs. The aggregate investment of the Sub-Fund’s investment in ETFs and CISs (including ESG achiever ETFs/CISs) will be less than 30% of the Sub-Fund’s net asset value.
- The Sub-Fund invests in equities located in developed markets and in emerging markets. Such investments carry general investment risk, equity market risk, ESG investment policy risk, currency risk, concentration risk, specific risks in investing in emerging markets and other associated risks that can cause portfolio values to be very volatile.
- The use of ESG criteria may affect the Sub-Fund’s investment performance and, as such, the Sub-Fund may perform differently compared to similar funds that do not use such criteria. For instance, ESG criteria used in the Sub-Fund’s investment policy may result in the Sub-Fund forgoing opportunities to buy certain securities when it might otherwise be advantageous to do so, and/or selling securities due to such securities no longer meeting the Sub-Fund’s ESG criteria when it might be disadvantageous to do so. As such, the application of ESG criteria may restrict the ability of the Sub-Fund to acquire or dispose of its investments at a price and time that it wishes to do so, and may therefore result in a loss to the Sub-Fund. The use of ESG criteria may also result in the Sub-Fund being concentrated in companies with a focus on ESG criteria and its value may be more volatile than that of a fund having a more diverse portfolio of investments. The selection of securities may involve the subjective judgement of the Fund Manager’s Delegate. There is also a lack of standardised taxonomy of ESG criteria evaluation methodology and the way in which different funds apply such ESG criteria may vary. The Fund Manager and the Fund Manager’s Delegate’s ESG assessment takes into account ESG data and research from external data providers, which may be incomplete, inaccurate or unavailable. As a result, there is a risk associated with the assessment of a security or issuer based on such information or data.
- In respect of the Income Class Units, the Fund Manager may at its discretion pay dividend out of gross income while paying all or part of the fees and expenses attributable to the Income Class Units out of the capital of such units, resulting in an increase in distributable income for the payment of dividend by the Income Class Units and therefore, the Sub-Fund may effectively pay dividend out of capital. For Income Plus Class Units, the Fund Manager may pay dividends out of capital. The payment of dividends effectively out of capital or out of capital amounts to a return or withdrawal of part of a Unitholder’s original investment in the Income Class Units or the Income Plus Class Units or from any capital gains attributable to that original investment. Any such distributions may result in an immediate reduction of the net asset value per unit. Dividend is not guaranteed.
- The Sub-Fund’s net derivative exposure may be up to 50% of the Sub-Fund’s net asset value, which exposes the Sub-Fund to risks associated with investment in financial derivative instruments (FDI).
- Investment involves risk. There is no assurance on investment returns and you may not get back the amount originally invested.
- The investment decision is yours and you should not invest in this Sub-Fund unless the intermediary who sells it to you has advised you that it is suitable for you and explained how it is consistent with your investment objectives.
- You should not rely solely on this marketing material when making your investment decision. You should read the Explanatory Memorandum and Product Key Facts of Principal Prosperity Series for further details (including investment policy, risk factors, fees and charges, and fund information).

Investment Objective

The Sub-Fund will primarily (i.e. at least 70% of the Sub-Fund’s net asset value) invest in a diversified portfolio of listed securities of companies and issuers in the Asia Pacific (ex-Japan) region which are considered to be outperforming their peers with respect to sustainability performance based on environmental, social and governance (“ESG”) factors (“ESG achievers”) as well as exchange traded funds (“ETFs”) and collective investment schemes (“CISs”), which primarily invest in equity securities of companies and issuers that maintain better ESG profiles than their corresponding traditional counterparts (collectively “ESG achiever ETFs/CISs”). The Sub-Fund will also seek to achieve high current income and capital appreciation with a focus on high dividend yielding stocks.

Fund Information

Fund Manager	David (Donghui) Han, CFA 23 years of industry experience
Fund Manager	Alan (Xi) Wang, CFA 24 years of industry experience
Fund Domicile	Hong Kong
Base Currency	US Dollar
Fund Size	US\$131.31 million
Fund Launch Date	13 December 2002
Preliminary Charge	Up to 5%
Management Fee	1.40% p.a. [^]
For other charges and expenses, please refer to the Explanatory Memorandum.	

Fund Performance

Cumulative Return ¹ (%)	1 month	3 months	1 year	3 years	5 years	Since Inception
Fund	-1.1	6.6	8.7	-11.1	18.4	573.7
Index ²	0.2	6.0	7.1	-6.3	23.1	542.8

Calendar Year Return ¹ (%)	YTD	2023	2022	2021	2020	2019
Fund	10.3	3.3	-18.9	-4.4	26.3	17.4
Index ²	8.7	7.4	-17.5	-2.9	22.4	19.2

ESG Information

ESG Information	Fund	Index
Weighted Average Proprietary ESG Score ⁴	6.3	6.3

Performance Since Inception^{1,2}



[^] The management fee has been changed from 1.2% to 1.4% effective from 1 July 2007.

¹ Source: © Morningstar 2024 Bid to bid, in fund currency (Dividend reinvested). Overall Morningstar Rating™ 2024 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information in this document.

² Effective from 31 July 2023 (the “Effective Date”), the Sub-Fund has been renamed from “Principal Asia Pacific High Dividend Equity Fund” to “Principal Sustainable Asia Equity Income Fund”, and its investment objective and policies have been changed accordingly. The previous “Income Class Unit” has been renamed to “Income Class Units – Retail – USD” from the Effective Date, and past performance is presented for reference only.

³ MSCI AC Asia Pacific ex. Japan Net Return Index (USD).

⁴ The ESG scores are measured through the use of proprietary research and ESG data from third-party providers.

⁵ The Manager intends to distribute dividend monthly. For details of dividend disclosures, please refer to point 4 of the Important Notes above.

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As of 31/07/2024

Launched Share Class

Share Class	Income (monthly) Class Units - Retail
Share Class Currency	USD
Minimum Investment	HK\$5,000
Dividend Frequency	Monthly
Annualized Distribution Yield [†]	7.00%
ISIN	HK0000272416
Bloomberg Code	DAOAPDO HK

Top Ten Holdings*

Stock	Sector	%
Taiwan Semiconductor Manufacturing Co Ltd	Information Technology	8.7
Samsung Electronics Co Ltd	Information Technology	4.1
Tencent Holdings Ltd	Communication Services	3.8
SK Hynix Inc	Information Technology	2.4
PDD Holdings Inc	Consumer Discretionary	2.0
Alibaba Group Holding Ltd	Consumer Discretionary	1.9
Commonwealth Bank of Australia	Financials	1.8
BHP Group Ltd	Materials	1.8
National Thermal Power Corp	Utilities	1.6
Varun Beverages Ltd	Consumer Staples	1.6
Total		29.7

Portfolio Characteristics

Portfolio Yield [#]	2.48% [#]
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Location Breakdown (%)

Location	%
The People's Republic of China**	22.9
India	18.6
Australia	14.7
Taiwan	14.4
Korea	13.2
Hong Kong SAR, China	3.1
Singapore	2.6
Philippines	1.8
Indonesia	1.3
Others	2.2
Cash	5.2
Total	100.0

Industry Breakdown (%)

Industry	%
Financials	23.4
Information Technology	22.1
Consumer Discretionary	12.5
Industrials	9.5
Communication Services	6.7
Utilities	5.2
Health Care	4.5
Materials	3.8
Consumer Staples	2.7
Others	4.4
Cash	5.2
Total	100.0

Investments do not always add up to 100% due to rounding.

[#] The figure is for reference only and does not represent the actual yield received by investors.

* Investors should be aware that the exposure of the Sub-Fund can change significantly on a daily basis.

** Means the People's Republic of China excluding Hong Kong, Macau and Taiwan for purpose of this Fact Sheet.

Investment involves risks. Past performance is no guarantee to future performance. Please refer to the Explanatory Memorandum and Product Key Facts of Principal Prosperity Series for further details (including investment policy, risk factors, fees and charges, and fund information).

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

Issuer: Principal Asset Management Company (Asia) Limited