

Principal Prosperity Series - Principal Sustainable Asian Income Fund



As of 31/07/2024

Important Notes:

- The Principal Sustainable Asian Income Fund ("Sub-Fund") will primarily (i.e. at least 70% of the Sub-Fund's net asset value) invest in a diversified portfolio of fixed income securities and fixed income-related securities of companies and issuers in Asia 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 other collective investment schemes ("CISs") which primarily invest in debt securities of companies or issuers that maintain better ESG profiles than their corresponding traditional counterparts (collectively "ESG achiever ETFs/CISs"), and provide a return consisting of income and capital growth over medium to long term.
- The Sub-Fund will primarily invest in a portfolio of fixed income and fixed income-related securities of companies domiciled in, traded in and/or with substantial business interests in Asia and/or governments and government-related issuers located in Asia, including but not limited to sovereign, quasi-sovereign, agency, such investments may include corporate bonds/debentures, floating rate notes, bills, commercial papers, certificates of deposit, and debt instruments with loss-absorption features, which may be denominated in USD or other currencies. The Sub-Fund may invest 30% or more of its net asset value in fixed income and fixed income-related securities relating to emerging markets. Such investments carry general investment risk, risks associated with debt securities, ESG investment policy risk, currency risk, concentration risk, specific risks in investing in emerging markets, risks associated with RMB unit classes, risk associated with investment in financial derivative instruments, risks of implementing active currency position and other associated risks that can cause portfolio values to be very volatile.
- The Sub-Fund may invest up to 40% of its Net Asset Value in debt securities rated below investment grade (i.e. rated BB+ or below by Standard & Poor's or comparable ratings by Moody's Investors Services or Fitch Ratings) or in the case the credit rating is designated/assigned by a PRC (means the People's Republic of China excluding Hong Kong, Macau and Taiwan for purpose of this material) credit rating agency, A+ and below, or unrated. For the purpose of the Sub-Fund, "unrated debt securities" is defined as debt securities which neither the debt securities nor their issuers have a credit rating. While these credit ratings provided by the relevant rating agencies serve as a point of reference, the Sub-Delegate of the Manager will conduct its own assessment on the credit quality based on various factors, such as leverage level, operating margin, return on capital, interest coverage, operating cash flows, industry outlook, competitive position in the market and corporate governance. The Sub-Fund may from time to time invest less than 30% of its Net Asset Value in RMB-denominated debt securities issued in the PRC, including through the Qualified Foreign Investor ("QFI") regime, the China interbank bond market direct access program and/or China Hong Kong Bond Connect, as well as urban investment bonds which are debt instruments issued by local government financing vehicles ("LGFVs"). These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for public welfare investment or infrastructure projects.
- 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 Sub-Delegates. 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 Sub-Delegates' 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 may also invest less than 30% of its net asset value in debt instruments with loss absorption features, which may include instruments classified as Additional Tier 1/ Tier 2 capital instruments, contingent convertible bonds ("CoCos"), non-preferred senior bonds which may also be known as Tier 3 bonds and other instruments eligible to count as loss-absorbing capacity under the resolution regime for financial institution, in compliance with its investment policy and limits. These instruments may be subject to contingent write-down or contingent conversion to equity on the occurrence of trigger event(s).
- The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's net asset value.
- 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 but 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 fixed income securities and fixed income-related securities of companies and issuers in Asia 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 other collective investment schemes ("CISs") which primarily invest in debt securities of companies or issuers that maintain better ESG profiles than their corresponding traditional counterparts (collectively "ESG achiever ETFs/CISs"), and provide a return consisting of income and capital growth over medium to long term.

Fund Performance

Cumulative Return ¹ (%)	1 month	3 months	1 year	3 years	5 years	Since Inception
Fund ²	1.7	4.2	5.6	N/A	N/A	-9.5
Index ³	1.7	4.4	7.9	N/A	N/A	-3.0

Calendar Year Return ¹ (%)	YTD	2023	2022
Fund ²	2.7	4.7	-15.5
Index ³	3.8	7.2	-12.5

ESG Information	Fund	Index
Weighted Average Proprietary ESG Score ⁴	6.3	5.0

Fund Information

Fund Managers	Howe Chung Wan 20 years of industry experience Prakash Gopalakrishnan 23 years of industry experience
Fund Base Currency	USD
Fund Size	US\$18.57 million
Fund Launch Date	15 December 2021
Preliminary Charge	Up to 5%

For other charges and expenses, please refer to the Explanatory Memorandum.

Performance Since Inception^{1,2} (Accumulation Class Units – Retail – USD)



1 Source: © Morningstar 2024 and Principal Asset Management Company (Asia) Limited. 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 Accumulation Class Units – Retail – USD is for reference only.

3 ICE BofA Merrill Lynch Asian Dollar Index. The index is for comparative purposes only.

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

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As of 31/07/2024

Available Share Class

Share Class	Accumulation Class Units - Retail	Income (monthly) Class Units - Retail	Income Plus (monthly) Class Units - Retail
Share Class Currency	USD / HKD / RMB	HKD	USD / HKD / RMB
Management Fee	0.90% p.a.	0.90% p.a.	0.90% p.a.
Minimum Investment	US\$1,000 / HK\$5,000 / RMB5,000	HK\$5,000	US\$1,000 / HK\$5,000 / RMB5,000
Dividend Frequency [^]	N/A	Monthly	Monthly
Annualized Distribution Yield [*]	N/A	4.95%	7.43% (USD) / 7.47% (HKD) / 4.96% (RMB hedged)
ISIN	HK0000799012 (USD) / HK0000799103 (HKD) / HK0000799194 (RMB hedged)	HK0000799111	HK0000799038 (USD) / HK0000799129 (HKD) / HK0000799210 (RMB hedged)
Bloomberg Code	PSAIARD HK (USD) / PSAIARH HK (HKD) / PSAIARC HK (RMB hedged)	PSAIRH HK	PSAIPRD HK (USD) / PSAIPRH HK (HKD) / PSAIPRC HK (RMB hedged)

Top Ten Bond Holdings*

Bond	Sector	%
Perusahaan Penerbit SBSN Indonesia III-5.6% 15/11/2033	Others	3.4
BOC Aviation USA Corporation-5% 17/01/2029	Financials	3.2
Korea Development Bank/The-5.625% 23/10/2033	Financials	2.9
Sinopec Group Overseas Development 2018 Ltd-3.68% 08/08/2049	Energy	2.6
Manulife Financial Corp-4.275% 19/06/2034	Financials	2.0
Star Energy Geothermal Darajat II / Star Energy Geothermal Salak-4.85% 14/10/2038	Utilities	2.0
Philippines Government International Bond-5.95% 13/10/2047	Government	1.7
SK Hynix Inc-6.375% 17/01/2028	Information Technology	1.7
CK Hutchison International (24) Ltd-5.5% 26/04/2034	Others	1.7
LG Electronics Inc-5.625% 24/04/2029	Consumer Discretionary	1.7
Total		22.9

Portfolio Characteristics

Portfolio Yield [#]	5.70% [#]
Modified Duration	4.70
Average Bond Quality	BBB+

Location Breakdown (%)

Location	Fund
The People's Republic of China**	24.2
Indonesia	15.4
India	14.3
Korea	11.0
Hong Kong SAR, China	9.1
Singapore	6.0
Macau SAR, China	4.7
United Kingdom	3.7
Philippines	3.1
Canada	2.0
Others	4.7
Cash	1.8
Sub-Total	100.0

Industry Breakdown (%)

Industry	Fund
Financials	45.6
Consumer Discretionary	11.9
Utilities	7.3
Communication Services	5.7
Government	5.0
Energy	4.2
Information Technology	2.7
Materials	1.6
Consumer Staples	1.4
Real Estate	0.1
Others	12.4
Cash	1.8
Sub-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 Fund can change significantly on a daily basis.

[^] Source: Principal Asset Management Company (Asia) Limited, as of 31 July 2024. Distributions of the Income Class Units and Income Plus Class Units will be declared and paid monthly within 30 days of the end of each calendar month. Dividend, if declared, will be automatically re-invested unless cash distribution is applied for. For funds offering classes with a distribution feature, dividend rate is not guaranteed. Distributions may be paid from capital.

^{*} Annualized Distribution Yield = [(1+dividend per unit/ex-dividend NAV)^{distribution frequency}]-1, the annualized distribution yield is calculated based on the latest dividend distribution, and may be higher or lower than the actual annual distribution yield. Positive distribution yield does not imply positive return.

^{**} 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. For details of the Fund and risk of emerging markets, please refer to the Fund's Explanatory Memorandum.

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

Issuer: Principal Asset Management Company (Asia) Limited