

14 May 2021

This Notice is important and requires your immediate attention. If you are in any doubt about the contents of this Notice, you should seek independent professional advice.

Principal Asset Management Company (Asia) Limited ("PAMC (Asia)", "we", "us" or "our") accepts full responsibility for the accuracy of the information contained in this Notice and confirm, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other material facts the omission of which would make any statement misleading as at the date of issuance.

Dear Unitholder,

Re: Principal Life Style Fund (信安豐裕人生基金) (the "Fund")

Thank you for your continual support of the Fund. We would like to inform you of the following changes in respect of the Fund, which shall take effect on 16 August 2021 (the "**Effective Date**"), unless otherwise expressly stated:

1. Amendments to the Explanatory Memorandum of the Fund

- (i) Investment policies of the Principal Asian Equity Fund, the Principal Hong Kong Equity Fund, and the Principal China Equity Fund (the "**Relevant Sub-Funds**")

In light of the recent designation of the Shanghai and Shenzhen stock exchanges as 'approved stock exchanges' by the MPFA, from the Effective Date, the investment policies of each of the Relevant Sub-Funds will be amended to permit further investment in the Chinese listed shares. With a view to broadening the universe of investible assets, the removal of the current investment limitation on investment in Chinese listed shares will provide PAMC (Asia), the manager of the Relevant Sub-Funds, with greater flexibility in allocating fund assets towards investments in Chinese listed shares. The China A-shares that may be invested in may relate to Hong Kong by virtue of them being either traded via the HK-Shanghai or HK-Shenzhen stock connects or representative of Mainland China companies that have businesses in or relations to Hong Kong (e.g. part of the revenues being derived in Hong Kong and/or having certain services or operations in Hong Kong). The investment in China A-shares further aligns with and takes advantage of the increasing correlation between Hong Kong's and Mainland China's markets. Hong Kong and Mainland China's markets continue to grow evermore interconnected and integrated, thereby boosting the productiveness of the respective markets as a collective market than as individual markets. Accordingly, each Relevant Sub-Fund's permitted investment in China A-shares and B-Shares listed on the Shanghai or Shenzhen stock exchanges will be amended as follows:

Relevant Sub-Fund	Potential investment in China A-Shares and B-Shares
Principal Asian Equity Fund	Less than 30% of its net asset value
Principal Hong Kong Equity Fund	Less than 30% of its net asset value
Principal China Equity Fund	Less than 30% of its net asset value

The Product Key Facts Statement of each Relevant Sub-Fund has been updated accordingly.

Correspondingly, the specific risk factor titled "Risks associated with investment in China A-Shares through stock connect programmes" has been updated to enhance the disclosure and reflect ongoing regulatory developments in the China A-shares market.

(ii) Launch of Investment Class Units of the Principal Pension Bond Fund

From the second quarter of 2021, Investment Class Units of Principal Pension Bond Fund are available for subscription.

(iii) Changes of notice periods

The notice period for the changes to the investment policy of any of the Sub-Funds will be changed from the original three months' notice period to one month's notice period or, if the MPFA and/or the SFC may require a notice period of up to three months, such notice period. This change will allow PAMC (Asia) to timely capture any investment opportunities or changes to investment arrangements, taking into account the market outlook. Also, the flexibility of extending the notice period to three months (where necessary) would help ensure that Unitholders' interests will not be compromised. PAMC (Asia) therefore is of the view that this change is in Unitholders' interests and their interests will be adequately protected and will not be prejudiced by this change.

In addition, we have taken this opportunity to tidy up the notice period requirement for any merger or sub-division of a Sub-Fund to better align with the related regulatory requirement, such that the notice period for any such change will be either three months or such shorter notice period as the applicable regulatory requirements may allow.

2. Impacts on the Fund and Unitholders

- (i) The changes to the investment policies of the Relevant Sub-Funds described in section 1(i) will not have a material adverse change to their risk profiles. These changes will also not result in a change in the manner in which the Relevant Sub-Funds currently operate or are being managed.
- (ii) In addition, the fee level and the structure of fees and charges of the Fund and the Sub-Funds will not be adversely affected by the changes in section 1 above.
- (iii) We confirm that the changes in section 1 above will not have any adverse impact on the Fund or the Sub-Funds or the interests of Unitholders. We also confirm that these changes will be in the interests of Unitholders and the interests of Unitholders will be adequately protected and will not be prejudiced in this exercise.

3. Actions required by Unitholders

- (i) No action is required of Unitholders to effect the changes in section 1 above.
- (ii) However, Unitholders of the Relevant Sub-Fund(s) who do not wish to be involved in the change of their investment policies may: (i) realise their investment in the Relevant Sub-Fund(s) in accordance with the section titled "Redemption of Units" of the explanatory memorandum of the Fund (the "**Explanatory Memorandum**"), and/or (ii) switch their existing investment in the Relevant Sub-Fund to other sub-fund(s) under the Fund in accordance with the section titled "Switching between Sub-Funds" of the Explanatory Memorandum.
- (iii) There will be no fees or penalties, bid/offer spreads or redemption charges imposed on any redemption or switching.

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The above changes are more fully discussed in the enclosed Second Addendum (the "**Second Addendum**") to the Explanatory Memorandum. The Second Addendum should be read in conjunction with and forms part of the Explanatory Memorandum. Please read the Second Addendum carefully.

You may access the Second Addendum and the Explanatory Memorandum (as amended by the First Addendum), and Product Key Facts Statement on our website at www.principal.com.hk or request a copy of it by contacting our customer service hotline at 2117 8383.

Terms used in this Notice have the same meanings as in the latest version of the Explanatory Memorandum, unless otherwise specified in this Notice.

If you have any queries relating to the above, please contact our customer service hotline above.

Principal Asset Management Company (Asia) Limited