

**Principal Life Style Fund  
Principal China Equity Fund  
July 2024**

<ul style="list-style-type: none"> <li>• <i>This statement provides you with key information about Principal China Equity Fund (“Sub-Fund”).</i></li> <li>• <i>This statement is a part of the Explanatory Memorandum.</i></li> <li>• <i>You should not invest in the Sub-Fund based on this statement alone.</i></li> </ul>							
<b>Quick facts</b>							
<b>Fund Manager:</b>	Principal Asset Management Company (Asia) Limited						
<b>Delegate of the Fund Manager:</b>	Principal Global Investors, LLC (internal delegation, USA)						
<b>Trustee &amp; Custodian:</b>	Principal Trust Company (Asia) Limited						
<b>Ongoing charges over a year*:</b>	<table> <tr> <td>Retail Class Units:</td> <td>1.75%</td> </tr> <tr> <td>R2 Class Units:</td> <td>2.30%</td> </tr> <tr> <td>R6 Class Units:</td> <td>1.75%</td> </tr> </table>	Retail Class Units:	1.75%	R2 Class Units:	2.30%	R6 Class Units:	1.75%
Retail Class Units:	1.75%						
R2 Class Units:	2.30%						
R6 Class Units:	1.75%						
<p>* <b>For Retail Class Units and R6 Class Units:</b> the ongoing charges figures are based on expenses for the year ended 31 December 2023. These figures may vary from year to year.</p> <p><b>For R2 Class Units:</b> the ongoing charges figure is based on the ongoing expenses and average net asset estimated by the Fund Manager for the first year of launch of such Units. The estimate of the average net asset used is HKD180 million. However, the actual ongoing expenses and average net asset may be different from the estimates, but the Fund Manager intends to ensure that the actual ongoing charges over a year of such Units will not exceed the figure above. This figure may vary from year to year.</p>							
<b>Dealing frequency:</b>	Every business day						
<b>Base currency:</b>	Hong Kong Dollar						
<b>Dividend policy:</b>	<p><b>For Retail Class Units and R2 Class Units:</b> No dividend will be declared or distributed.</p> <p><b>For R6 Class Units:</b></p> <ol style="list-style-type: none"> <li>1. Subject to the Fund Manager’s discretion, the Fund Manager intends to distribute a dividend on a quarterly basis in March, June, September and December.</li> <li>2. The dividend distributed in respect of the R6 Class Units of the Sub-Fund may be paid effectively out of the capital attributable to the R6 Class Units of the Sub-Fund (i.e. making the distribution from gross income while charging all or part of the fees and expenses attributable to the R6 Class Units to the capital out of such Units of the Sub-Fund), subject to the Fund Manager’s discretion, resulting in an increase in distributable income for the payment of dividend by the R6 Class Units of the Sub-Fund and may result in an immediate reduction of the net asset value per unit of the R6 Class Units of the Sub-Fund. Such payment of dividend effectively out of capital amounts to a return or withdrawal of part of an investor’s original investment in the R6 Class Units or from any capital gains attributable to that original investment.</li> <li>3. Subject to prior approval from the SFC, the Fund Manager may amend the above-mentioned dividend policy in respect of the R6 Class Units in the future by giving the affected Unitholders not less than one (1) month’s notice of such changes.</li> </ol>						
<b>Financial year end of the Sub-Fund:</b>	31 December						
<b>Min. investment:</b>	HK\$ 10,000 initial, HK\$ 5,000 additional						

### What is this product?

The Sub-Fund is a fund constituted in the form of a unit trust.

### Objectives and Investment Strategy

#### Objective

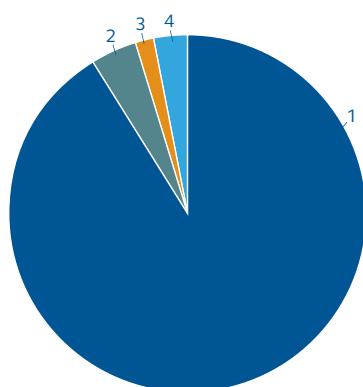
To achieve capital growth over the long term by investing mainly in China related equities.

#### Investment Strategy

The Sub-Fund will invest at least 70% of its assets in equities issued by companies with exposure in different sectors of economies in the People's Republic of China (Mainland China) or in collective investment schemes as permitted under the MPF Regulation which primarily invests in such equity securities. Equity securities include but are not limited to equity shares, preference shares and depository receipts. The Sub-Fund may invest less than 70% of its net asset value in eligible China A-Shares and B-Shares listed on the Shanghai and Shenzhen stock exchanges (including the ChiNext market and the Science and Technology Innovation Board (“**STAR Board**”)) via the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (“**Stock Connect**”) and/or the qualified foreign investor (“**QFI**”) regime.

The Sub-Fund will not enter into any financial futures contracts or financial options contracts.

### Investment Mix as at 31 December 2023



1	Mainland China Equities	91.3%
2	Hong Kong Equities	4.1%
3	Other Equities	1.7%
4	Cash and Time Deposit	2.9%

### Use of derivatives / investment in derivatives

The Sub-Fund will not use derivatives for any purposes.

### What are the key risks?

**Investment involves risks. Please refer to the Explanatory Memorandum for details including the risk factors.**

- Investment risk** — The Sub-Fund's investment portfolio may fall in value due to any of the key risk factors and therefore your investment in the Sub-Fund may suffer losses. There is no guarantee of the repayment of principal.
- Currency risk** — Underlying investments of the Sub-Fund may be denominated in currencies other than the base currency of the Sub-Fund. Also, a class of units may be designated in a currency other than the base currency of the Sub-Fund. The NAV of the Sub-Fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.
- Concentration risk** — The Sub-Fund invests in companies with exposure to a single country and the value of the Sub-Fund may be more volatile than Sub-Funds having a more diverse portfolio of investments. Additionally, the value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the single country or regional markets.

**What are the key risks? (con't)**

4. **Market risk** — The Sub-Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors, which may affect the NAV of the Sub-Fund.
5. **Dividend paid effectively out of capital** — In respect of the R6 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 R6 Class Units out of the capital of such Units, resulting in an increase in distributable income for the payment of dividend in respect of the R6 Class Units and therefore, the Sub-Fund may effectively pay dividend out of capital. This amounts to a return or withdrawal of part of a Unitholder's original investment in the R6 Class Units or from capital gains attributable to that original investment. Any distributions involving payment of dividend effectively out of the capital of the R6 Class Units may result in an immediate reduction of its NAV per unit.
6. **Emerging market risks** — Investment in the China equity markets may involve special risks not typically associated with investment in more developed markets, such as liquidity risks, currency risks, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.
7. **Risks associated with investment in China A-Shares through Stock Connect programmes** — The relevant rules and regulations on the Stock Connect are subject to change which may have potential retrospective effect. The Stock Connect programmes are subject to quota limitations. Where a suspension in the trading through the programme is effected, the Sub-Fund's ability to invest in China A-shares or access Mainland China market through the programme will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective could be negatively affected.
8. **Risks associated with investment made through the QFI regime** — The Sub-Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in Mainland China, which are subject to change and such change may have potential retrospective effect.

The Sub-Fund may suffer substantial losses if the approval of the QFI status is being revoked/terminated or otherwise invalidated as the Sub-Fund may be prohibited from trading of relevant securities and repatriation of the Sub-Fund's monies, or if any of the key operators or parties (including QFI custodian/brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

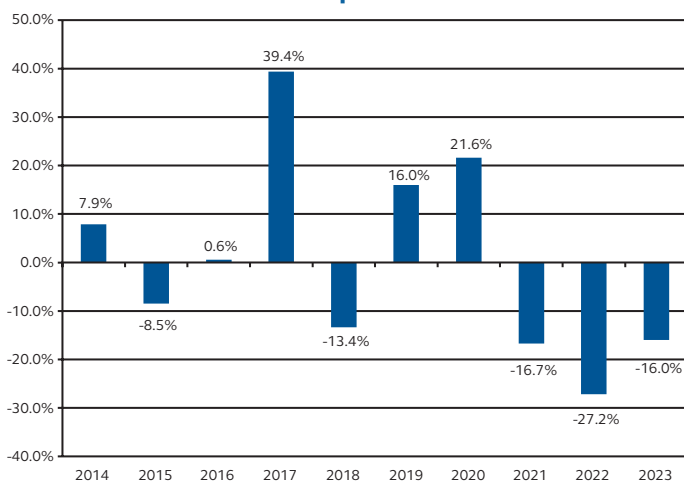
9. **Risks associated with investments/exposure to RMB currency** — RMB is currently not freely convertible and is subject to exchange controls and restrictions. Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Sub-Fund. Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors. Under exceptional circumstances, payment of realisation and/or distribution payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.
10. **People's Republic of China ("PRC") tax risk** — The Sub-Fund may be subject to the potential tax liability for capital gains arising from disposal of PRC securities (including China A-Shares) issued by PRC tax resident enterprises. Having consulted a professional and independent tax adviser, the Fund Manager currently does not make any capital gains tax provision on the gross unrealised and realised capital gains derived from trading of PRC securities by the Sub-Fund. However, the Fund Manager reserves the right to make a provision for the potential capital gains tax in respect of investments in the PRC in the future. There is possibility of the PRC tax rules, regulations and practice being changed and taxes being applied retrospectively. There is no assurance that current tax concessions and exemptions will not be abolished in the future. As such, there is a risk that the Sub-Fund may have tax liabilities which were not provided for, which may potentially cause substantial loss to the Sub-Fund. The Fund Manager will closely monitor any further guidance by the relevant PRC tax authorities and adjust the tax provision policy of the Sub-Fund accordingly.

**What are the key risks? (con't)**

**11. Risks associated with investment in ChiNext market and/or STAR Board** — The Sub-Fund may invest in ChiNext market and/or the STAR Board and may be subject to the following risks:

- Higher fluctuation on stock prices and liquidity risk – Listed companies on ChiNext market and/or STAR Board are usually of emerging nature with smaller operating scale. Listed companies on ChiNext market and STAR Board are subject to wider price fluctuation limits, and due to higher entry thresholds for investors may have limited liquidity, compared to other boards. Hence, companies listed on these boards are subject to higher fluctuation in stock prices and liquidity risks and have higher risks and turnover ratios than companies listed on the main boards.
- Over-valuation risk – Stocks listed on ChiNext and/or STAR Board may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.
- Differences in regulation – The rules and regulations regarding companies listed on the ChiNext market and STAR Board are less stringent in terms of profitability and share capital than those in the main boards.
- Delisting risk – It may be more common and faster for companies listed on ChiNext market and/or STAR Board to delist. ChiNext market and STAR Board have stricter criteria for delisting compared to the main boards. This may have an adverse impact on the Sub-Fund if the companies that it invests in are delisted.
- Concentration risk (Applicable to STAR Board) – STAR Board is a newly established board and may have a limited number of listed companies during the initial stage. Investments in STAR Board may be concentrated in a small number of stocks and subject the Sub-Fund to higher concentration risk.

**How has the Sub-Fund performed?**



The performance in these years was achieved under circumstances that no longer apply. The investment and policy of the Sub-Fund was changed on 19 July 2024.

Past performance information is not indicative of future performance. Investors may not get back the full amount invested.

The computation basis of the performance is based on the calendar year end, NAV-to-NAV, with dividend reinvested.

These figures show by how much the Retail Class Units increased or decreased in value during the calendar year being shown. Performance data has been calculated in HKD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.

Where no past performance is shown there was insufficient data available in that year to provide performance.

Fund launch date: 28 June 2007  
Retail Class launch date: 28 June 2007

*Retail Class is selected as the most appropriate representative unit class as it has the longest track record.*

**Is there any guarantee?**

The Sub-Fund does not have any guarantees. You may not get back the full amount of the money you invest.

### What are the fees and charges?

- Charges which may be payable by you**

You may have to pay the following fees when dealing in the units of the Sub-Fund.

Fee	What you pay
<b>Subscription fee</b>	Up to 5% of the amount you buy
<b>Switching fee</b>	4 free switches per year, up to 1% of the issue price of the new class of units to be issued may be levied for subsequent switches
<b>Redemption fee</b>	N/A

- Ongoing fees payable by the Sub-Fund**

The following expenses will be paid out of the Sub-Fund. They affect you because they reduce the return you get on your investments.

	Annual rate (as a % of the Sub-Fund's net asset value)
<b>Management fee</b>	1.50% (maximum 2%)
<b>Trustee fee</b>	0.20% (maximum 1%)
<b>Custodian fee</b>	0.01% to 0.50%
<b>Performance fee</b>	N/A
<b>Distribution fee</b>	Retail Class Units: N/A R2 Class Units: 0.50% R6 Class Units: N/A
<b>Valuation fee</b>	Up to HK\$1,000 / month
<b>Administration fee</b>	N/A

- Other fees**

You may have to pay other fees when dealing in the units of the Sub-Fund. The Sub-Fund will bear the costs which are directly attributable to it. Please refer to the section "Charges and Expenses" of the Explanatory Memorandum for details.

### Additional Information

- You generally may buy and/or redeem units at the Sub-Fund's next-determined net asset value (NAV) after the Fund Manager receives your request in good order on a dealing day before 5:00 p.m. (Hong Kong time) being the Sub-Fund's dealing cut-off time. Before placing your subscription or redemption orders, please check with your distributor for the distributor's internal dealing cut-off time (which may be earlier than the Sub-Fund's dealing cut-off time).
- The net asset value per unit for the Sub-Fund will be calculated and published on each dealing day.
- The composition of the dividend (i.e. the relative amounts (i) paid out of net distribution income and (ii) effectively paid out of capital) for the last 12 months for the R6 Class Units is available from the Fund Manager on request and is also available from the website <http://www.principal.com.hk>\*
- The past performance information of other unit classes offered to Hong Kong investors (if any) is available from the Fund Manager on request and from the website <http://www.principal.com.hk>\*

\* *The website has not been reviewed by the SFC.*

### Important

- If you are in doubt, you should seek professional advice.
- The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.