

Principal Life Style Fund
Principal Hong Kong Equity Fund
July 2024

<ul style="list-style-type: none"> • <i>This statement provides you with key information about Principal Hong Kong Equity Fund (“Sub-Fund”).</i> • <i>This statement is a part of the Explanatory Memorandum.</i> • <i>You should not invest in the Sub-Fund based on this statement alone.</i> 							
Quick facts							
Fund Manager:	Principal Asset Management Company (Asia) Limited						
Delegate of the Fund Manager:	Principal Global Investors, LLC (internal delegation, USA)						
Trustee & Custodian:	Principal Trust Company (Asia) Limited						
Ongoing charges over a year*:	<table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">Retail Class Units:</td> <td style="text-align: right;">1.42%</td> </tr> <tr> <td>R2 Class Units:</td> <td style="text-align: right;">1.92%</td> </tr> <tr> <td>R6 Class Units:</td> <td style="text-align: right;">1.42%</td> </tr> </table>	Retail Class Units:	1.42%	R2 Class Units:	1.92%	R6 Class Units:	1.42%
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R2 Class Units:	1.92%						
R6 Class Units:	1.42%						
<p>* <i>The ongoing charges figures are based on expenses for the year ended 31 December 2023. These figures may vary from year to year.</i></p>							
Dealing frequency:	Every business day						
Base currency:	Hong Kong Dollar						
Dividend policy:	<p>For Retail Class Units and R2 Class Units: No dividend will be declared or distributed.</p> <p>For R6 Class Units:</p> <ol style="list-style-type: none"> 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. 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. 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. 						
Financial year end of the Sub-Fund:	31 December						
Min. investment:	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

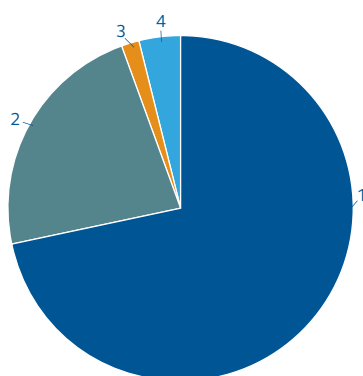
To achieve capital growth over the long-term by investing mainly in Hong Kong equity markets.

Investment Strategy

The Sub-Fund will invest at least 70% of its assets in listed equities issued by companies established in Hong Kong or by companies whose shares are listed (including but not limited to H shares and shares of red-chip companies) on the Hong Kong Stock Exchange. The Sub-Fund may also invest in listed equities issued by companies which have business in Hong Kong. The Sub-Fund may hold up to 30% of its assets in cash and time deposits on a temporary basis or for such longer period as the circumstances require to maintain liquidity. The Sub-Fund will invest less than 30% of its net asset value in eligible China A-Shares and B-Shares listed on the Shanghai and Shenzhen stock exchanges 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	71.8%
2	Hong Kong Equities	22.7%
3	United States Equities	1.7%
4	Cash and Time Deposit	3.8%

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.

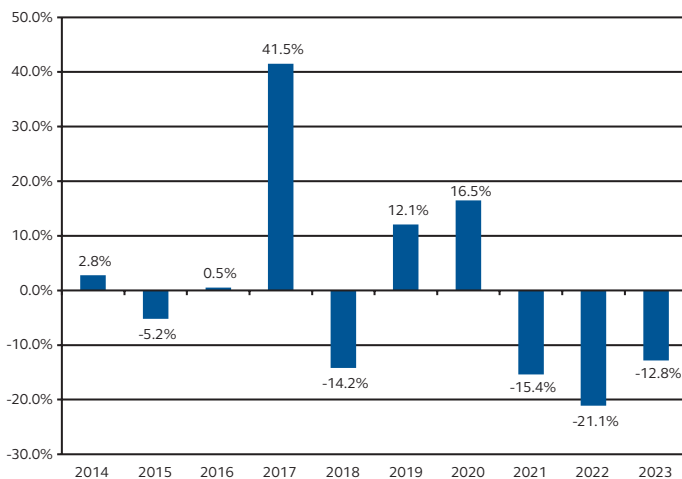
- Investment risk** — The Sub-Fund’s investment portfolio may fall in value due to any of the key risk factors and therefore your investment in the Sub-Fund may suffer losses. There is no guarantee of the repayment of principal.
- Concentration risk** — The Sub-Fund invests in the Hong Kong and China stocks 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.
- 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.

What are the key risks? (con't)

- 4. 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.
- 5. 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.
- 6. 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).

How has the Sub-Fund performed?



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: 1 November 2005
Retail Class launch date: 1 November 2005

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
Subscription fee	Up to 5% of the amount you buy
Switching fee	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
Redemption fee	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)
Management fee	1.20% (maximum 2%)
Trustee fee	0.20% (maximum 1%)
Custodian fee	0.01% to 0.50%
Performance fee	N/A
Distribution fee	Retail Class Units: N/A R2 Class Units: 0.50% R6 Class Units: N/A
Valuation fee	Up to HK\$1,000 / month
Administration fee	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.