

Important Notes:

1. Principal Asian Equity Fund will invest primarily in equity securities of companies in the Asian Region.
2. The Fund invests in a single region. Compared with a well-diversified fund, its concentration risk is relatively high and hence it might be more volatile than a well-diversified fund.
3. Investment involves risk. There is no assurance on investment returns and your investments may suffer significant loss.
4. The investment decision is yours but you should not invest in this 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.
5. You should not invest solely in reliance on this marketing material alone. You should read the Explanatory Memorandum of Principal Life Style Fund for further details (including investment policy, risk factors, fees and charges, and fund information).

Fund Objective

Principal Life Style Fund – Principal Asian Equity Fund aims to seek capital growth over the long term by investing in Asian equity markets. To achieve its objective, the Fund will invest primarily in equity securities of companies in the Asian Region. In addition, the Fund may hold cash and short-term investments such as bills and deposits. Investment markets may include, but are not limited to, Hong Kong, Singapore, South Korea, Malaysia, Taiwan, Thailand, the Philippines, Indonesia, India and China. The risk profile of the Principal Asian Equity Fund is generally regarded as high.

Fund Commentary

Market Review

The MSCI All Country Far East ex-Japan Index outperformed the S&P 500 Index and the MSCI EAFE benchmark, and underperformed the MSCI EMF benchmark.

The Philippines was the top performing market this quarter. The worst performance came from Thailand, South Korea and Hong Kong.

Fund Performance

The fund posted a positive return during the fourth quarter.

Stock selection was positive on a sector basis. The top performing sectors were industrials and energy. The laggard performance was found in financials with an overweight position in Woori Finance Holdings Co Ltd affecting the performance. South Korea and China were the best performing countries for the quarter. Taiwan and Hong Kong were the worst performing countries.

Portfolio Strategy & Outlook

Asian markets rose nearly 7% in the October–December period, registering its third consecutive quarter of strong returns. The Chinese market led the region, helped by statements that the country's economic policy would remain focused on supporting domestic consumption and employment in 2010. Korea lagged for the quarter, led down by the financial sector. Indonesia underperformed slightly for the quarter, but remains the regions best performing market for 2009.

TOP TEN HOLDINGS

Stock	Country	%
SAMSUNG ELECTRONICS CO LTD	KR	4.73%
HON HAI PRECISION INDUSTRY	TW	2.97%
TAIWAN SEMICONDUCTOR MANUFACTURING CO	TW	2.94%
POSCO	KR	2.68%
CHINA MOBILE HONG KONG LTD	CN	2.49%
CHINA CONSTRUCTION BANK-H	CN	2.41%
INDUSTRIAL & COMMERCIAL BANK OF CHINA	CN	2.15%
PETROCHINA CO LTD-H	CN	1.88%
CHINA LIFE INSURANCE CO-H	CN	1.83%
BANK OF CHINA LTD-H	CN	1.81%

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

This flyer is to be read in conjunction with the Explanatory Memorandum. Future performance and the capital value of the Fund are not guaranteed. Past performance figures are not indicative of future performance. The value of units may rise as well as fall. Investors are reminded that in certain circumstances their right to redeem may be suspended. Full details of the risks of investing in the Fund are contained in the Explanatory Memorandum. We recommend investors obtain and read a copy of the Explanatory Memorandum before investing. This material has not been reviewed by the Securities and Futures Commission.
Issuer: Principal Asset Management Company (Asia) Limited

QUICK FUND FACTS

Fund Manager	Principal Asset Management Company (Asia) Limited
Launch Date	2 July 2003
Fund Domicile	Hong Kong
Base Currency	Hong Kong Dollar
Fund Size (million)	HK\$2,187.6
Risk Profile	High

MINIMUM SUBSCRIPTION

Retail Class

- Initial Subscription (inclusive of initial charges) HK\$10,000 / class
- Each Subsequent Subscription (inclusive of initial charges) HK\$ 5,000 / class
- Regular Savings Plan HK\$ 2,000 per month / class

Investment Class

Please contact us for more information.

FEE STRUCTURE

Retail Class

- Initial Charge Up to 5%
- Management Fee 1.20% p.a.
- Trustee Fee 0.20% p.a.
- Switching Fee 4 free switches / year[#]
- Valuation Fee Up to HK\$1,000 / month

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

Investment Class

Please contact us for more information.

[#] Switching fee of up to 1% of the issue price of the new class of units to be issued may be levied for subsequent switches.

Cumulative Return(%)¹

	1 month	3 months	1 year	3 years	5 years	Since Inception
Fund	4.47	6.95	61.53	9.03	83.76	173.03
Index ²	4.51	6.51	69.47	14.72	84.89	178.26

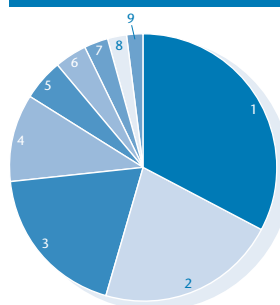
Calendar Year Return(%)¹

	Year-to-date	2008	2007	2006	2005	2004
Fund	61.53	-51.26	38.47	34.20	25.59	11.09
Index ²	69.47	-50.69	37.27	32.60	21.54	17.73

¹ The performance information reflects performance of the retail class units. It is denominated in HK dollar and calculated on NAV to NAV basis. The source of the performance is from Lipper and Principal Asset Management Company (Asia) Limited. Outperforming the MSCI AC Far East ex. Japan Total Return Index (USD) is not specifically included in the objective of the Fund and the figures shown in the table are provided as a comparison only. The two methods of calculation of performance may not be identical.

² MSCI AC Far East ex. Japan Total Return Index (USD)

Asset Allocation



1	China	32.7%
2	Korea	21.8%
3	Taiwan	18.8%
4	Hong Kong	10.6%
5	Singapore	5.0%
6	Indonesia	3.9%
7	Thailand	2.9%
8	Malaysia	2.3%
9	Cash	2.0%