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Principal Global Selection Fund Series

# Principal BRIC Emerging Economies Fund

Capture the growing potential of BRIC through  
Principal Global Selection Fund Series —  
Principal BRIC Emerging Economies Fund!



#### Important Notes:

1. Principal BRIC Emerging Economies Fund will invest at least 60% of the assets in equity securities of companies in Brazil, Russia, India and Greater China Region (collectively referred to as "BRIC") or in equity securities of companies that derive a significant portion of their revenues from BRIC economies or that have a significant portion of their assets in BRIC economies. The portfolio of the Fund may also from time to time include cash, deposits and instruments with floating or fixed interest rates such as certificates of deposits, bankers' acceptances and commercial paper, which may be denominated in any currency.
2. Generally, emerging market investments carry higher risk due to risks associated with higher volatility, inadequate liquidity and additional regulatory risks. As such, the Fund that predominantly invests into such markets may be considered speculative and carries significant risk.
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 in reliance on this marketing material alone. You should read the Explanatory Memorandum of Principal Global Selection Fund Series for further details (including investment policy, risk factors, fees and charges, and fund information).

## WHY INVEST IN BRIC MARKET?

- Brazil, Russia, India and Greater China Region (collectively referred to as "BRIC") economies are playing an increasingly important role in the global economy. Their combined GDP of USD 8.86trn in 2008 represents more than 14% of global GDP, with growth potential remaining favorable (Table 1 and Table 2).
- Purchasing Managers' Indices in BRIC economies have recovered faster than in other developed and emerging markets since the fourth quarter of 2008<sup>1</sup>, indicating a stronger sign of economic recovery.
- BRIC economies' new orders less inventories bottomed earlier than in the G3 (i.e. USA, Japan and Euroland) last year and rebounded strongly since 2009<sup>1</sup>.
- Domestic demand growth from BRIC economies outpaced the G3 in recent years and is expected to be one of the driving forces of an export-driven recovery in advanced economies in the next couple of years<sup>1</sup>.
- Cumulative return of BRIC equity market has respectively outperformed the cumulative returns of the world and the emerging markets for the past 5 years with valuations staying at reasonable levels (Table 3 and Table 4).

<sup>1</sup> Source: BRICs Monthly Issue No. 09/05, Goldman Sachs Global Economics, Commodities and Strategy Research, as of 29 May 2009

## WHY PRINCIPAL BRIC EMERGING ECONOMIES FUND?

- **Strategic investment approach** gives flexibility to manager to capture growth opportunity primarily through stock picking in BRIC to achieve upside potential
- **Flexible management** which aims to capture the potential of capital appreciation for investors through our rigorous stock picking criteria in the BRIC markets without benchmark restrictions
- **Affordable entry cost**, minimum investment of USD2,000
- **Investment strength of Principal Asset Management Company (Asia) Limited**
  - **Experienced stock selection and disciplined risk management** aim to achieve strong performance
  - **Leading-edge analytical and research tools** bring a consistent information advantage in managing portfolios

## PRINCIPAL BRIC EMERGING ECONOMIES FUND OBJECTIVE

Principal BRIC Emerging Economies Fund seeks to provide investors with long-term growth whilst at the same time producing an attractive rate of income. This Fund seeks to capture the portfolio return of equity investments in BRIC economies by capturing the growth opportunities of these potential giant economies.

## PRINCIPAL BRIC EMERGING ECONOMIES FUND CHARACTERISTICS

Our investment manager will invest at least 60% of the assets in equity securities of companies in BRIC economies or in equity securities of companies that derive a significant portion of their revenues from BRIC economies or that have a significant portion of their assets in BRIC economies.

## PRINCIPAL BRIC EMERGING ECONOMIES FUND IS SUITABLE FOR INVESTORS SEEKING...

- Aggressive investment without benchmark constraints
- High growth potential markets for portfolio diversification
- Potential returns from BRIC over a medium to long-term investment horizon
- Are willing to accept higher risks in BRIC markets



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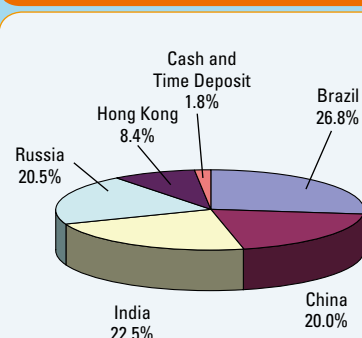
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## FUND DETAILS

Launch Date	1 December 2006
Currency	USD
Minimum Initial Investment	USD2,000
Fund Manager	Principal Asset Management Company (Asia) Limited
Initial Charge	5%
Management Fee	1.5% of net asset value per annum
Performance Fee <sup>2</sup>	10% in excess of 5% net return per annum
Switching Fee	0%
Redemption Fee	0%
Financial Year-end	30 September
Dividend Policy	Accumulation
Risk Profile	High

Top Ten Holdings <sup>3</sup>	Sector	Country	Percentage
Petroleo Brasileiro SA	Energy	Brazil	6.33%
Oao Gazprom	Energy	Russia	5.35%
China Mobile Hong Kong Ltd	Telecommunication Services	Hong Kong	4.14%
Cia Vale Do Rio Doce	Materials	Brazil	3.54%
Lukoil	Energy	Russia	3.41%
Banco Bradesco SA	Financials	Brazil	2.45%
Ishares MSCI Brazil	Index Exchange Traded Fund	Brazil	2.39%
Itau Unibanco Banco Multiplo SA	Financials	Brazil	2.26%
Reliance Industries Ltd	Energy	India	2.07%
Industrial & Commercial Bank of China	Financials	China	2.07%

## Portfolio Breakdown<sup>3</sup>



<sup>2</sup> For details and mechanisms of Performance Fee, please refer to page 20 of the Explanatory Memorandum of Principal Global Selection Fund Series.

<sup>3</sup> Figures as of 29 May 2009

Table 1. BRIC Economies are playing an increasingly important role in the global economy

	Total GDP 2008 <sup>4</sup>			Market Cap <sup>5</sup>		
	USD (Billion)	% World	% BRIC	USD (Billion)	% World	% BRIC
Brazil	1,573	2.6%	17.8%	910	2.4%	13.6%
Russia	1,677	2.8%	18.9%	386	1.0%	5.8%
India	1,210	2.0%	13.7%	1,039	2.8%	15.5%
China	4,402	7.3%	49.7%	4,356 <sup>6</sup>	11.7%	65.1%
Total	8,861	14.6%		6,691	18.0%	
World	60,690			37,199		
USA	14,265			11,102		

Source: International Monetary Fund and Bloomberg

<sup>4</sup> Total GDP figures of 2008 are based on World Economic Outlook Database April 2009, IMF.

<sup>5</sup> For the market capitalization (Mcap), all data is as of 3 June 2009 from Bloomberg.

<sup>6</sup> China Mcap adjusted with HK listed China stocks; USD 1,583.5 bn addition

Table 2. BRIC has favorable GDP growth potential against developed countries

	Real GDP Growth (%)		
	2008	2009 (Forecast)	2010 (Forecast)
Brazil	5.1	-1.3	2.2
Russia	5.6	-6.0	0.5
India	7.3	4.5	5.6
China	9.0	6.5	7.5
Japan	-0.6	-6.2	0.5
USA	1.1	-2.8	0.0
Euro Area	0.9	-4.2	-0.4

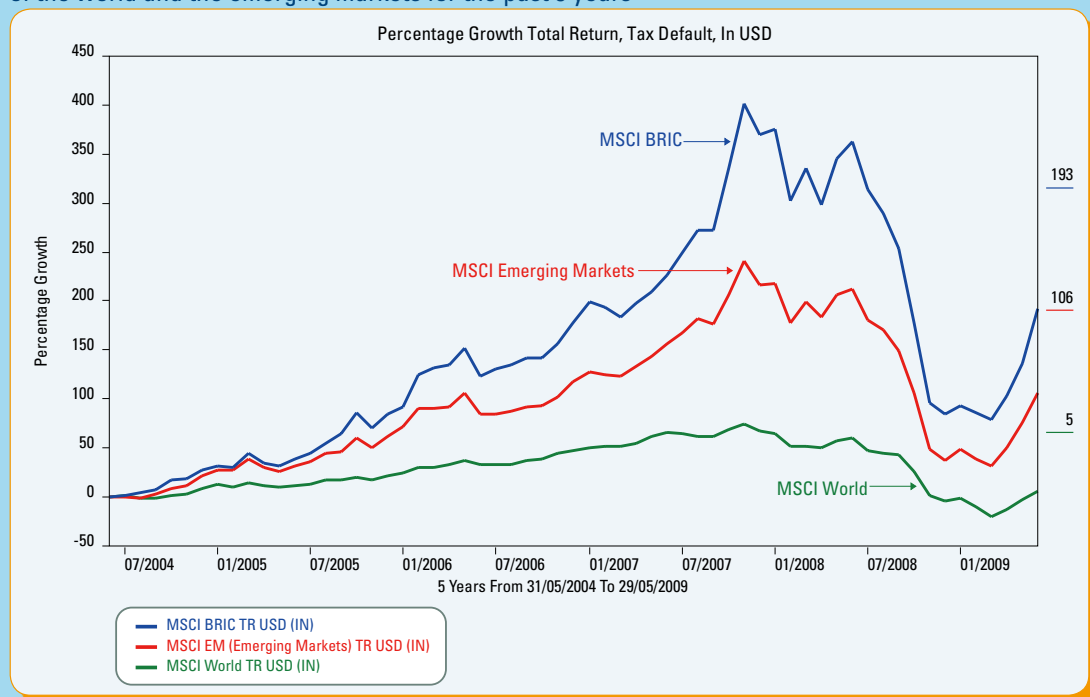
Source: World Economic Outlook, IMF, April 2009

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Table 3. Cumulative return of BRIC equity market has respectively outperformed the cumulative returns of the world and the emerging markets for the past 5 years



Source: Lipper, as of 29 May 2009

Table 4. BRIC equity markets' valuations remain at reasonable levels

	Trailing Price Earning Ratio			
	Current	5-Year Average	10-Year Average	Historical High
China	15.1	16.2	17.0	50.6
Brazil	12.3	11.5	11.6	53.7
Russia	6.9	11.7	13.2	76.5
India	19.0	19.0	17.2	32.7

Source: GEM Market Monitor, Morgan Stanley, as of 8 June 2009

## COMPANY BACKGROUND

### Principal Asset Management Company (Asia) Limited – Expertise and Professionalism

Principal BRIC Emerging Economies Fund is managed by Principal Asset Management Company (Asia) Limited. It is a wholly owned subsidiary of the Principal Financial Group® (“PFG”), a Fortune 500 company listed on the New York Stock Exchange and a member of the Standard & Poor’s (S&P) 500 Index. Serving some 18.8 million<sup>7</sup> customers worldwide with a large spectrum of financial products and services through operations in 12 countries around the globe, the Principal Financial Group has \$236.6 billion<sup>7</sup> in assets under management. Principal Asset Management Company (Asia) Limited is devoted to providing reliable and quality asset management services and our team of professional fund managers is committed to optimizing the return potential to our clients.

<sup>7</sup> Figures as of 31 March 2009

**For more details, please contact distributors or call our enquiry hotline on (852) 2117-8383 or email to [investors-asia@principal.com](mailto:investors-asia@principal.com)**

Issuer: Principal Asset Management Company (Asia) Limited

**Note: Investment involves risks and past performance is not indicative of future performance. The value of the Fund may go up or down. Please refer to the offering document of “Principal Global Selection Fund Series” for further details (including investment policy, risk factors, fees and charges and fund information). Investors are advised to read and understand the contents of the offering documents before investing. This material has not been reviewed by the Securities and Futures Commission.**