

Principal Life Style Fund - China Equity Fund

As of 31 May 2010

Important Notes:

1. Principal China Equity Fund will invest primarily in equities issued by companies with exposure in different sectors of economies in People's Republic of China (Mainland China).
2. The Fund invests in a single country. 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 China Equity Fund aims to achieve capital growth over the long term by investing mainly in China-related equities. The Fund will invest primarily in equities issued by companies with exposure in different sectors of economies in People's Republic of China (Mainland China). In addition, the Fund may hold cash and short-term investments for cash management purpose. The risk profile of the Principal China Equity Fund is generally regarded as high.

Fund Commentary

Market Review

In May 2010, the MSCI China Index returned -5.18%. The financials and telecommunication services were the top performing sectors, while the health care and information technology sectors lagged during the month.

Fund Performance

The fund was performing inline with the benchmark during the month. Stock selection positively affected performance in the energy, consumer discretionary and health care sectors, while stock selection in the materials, financials and industrials sectors detracted from performance.

Portfolio Strategy & Outlook

We see normalized trend growth rates ahead and risk of inflation running away low on easier year on year comparison as positives. Tightening policy is beginning to take effect as reflected in domestic orders growth moderating in May. External orders remain strong, and after recent corrections in global commodities prices, input cost is likely to peak earlier than expected. Domestic rural consumption remains strong supporting overall growth, and the government has just announced an increase to subsidies in expansion of the home appliance scheme offsetting slow down in other policy targeted segments.

TOP TEN HOLDINGS

Stock	%
CHINA MOBILE HONG KONG LTD	8.95%
CHINA CONSTRUCTION BANK-H	8.04%
CNOOC LTD	6.56%
CHINA LIFE INSURANCE CO-H	5.71%
INDUSTRIAL & COMMERCIAL BANK OF CHINA	5.32%
PETROCHINA CO LTD-H	4.24%
TENCENT HOLDINGS LTD	4.23%
BANK OF CHINA LTD-H	3.75%
PING AN INSURANCE GROUP CO-H	2.99%
CHINA SHENHUA ENERGY CO-H	2.95%

* 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. Investment involves risks. The value of units may rise as well as fall. Investors are reminded that in certain circumstances their right to redeem may be suspended. Details of the risks of investing in the Fund and emerging markets 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	29 June 2007
Fund Domicile	Hong Kong
Base Currency	Hong Kong Dollar
Fund Size (million)	HK\$924.5
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 1.50% 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	-5.37	0.30	17.94	N/A	N/A	2.44
Index ²	-5.18	-0.39	14.51	N/A	N/A	0.76

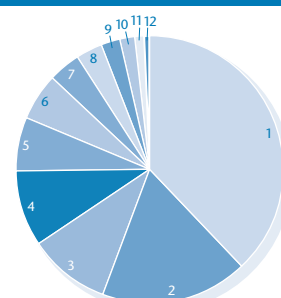
Calendar Year Return(%)¹

	Year-to-date	2009	2008	2007	2006	2005
Fund	-6.14	66.83	-51.53	N/A	N/A	N/A
Index ²	-6.88	62.37	-51.12	N/A	N/A	N/A

¹ The performance information reflects performance of the retail class units, income re-invested. 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 China (Net Return) Index 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 China (Net Return) Index

Asset Allocation



1	Financials	37.9%
2	Energy	17.8%
3	Telecommunication Services	9.9%
4	Industrials	9.2%
5	Consumer Discretionary	6.5%
6	Information Technology	5.7%
7	Materials	3.9%
8	Other Sectors	3.2%
9	Cash	2.3%
10	Health Care	1.8%
11	Utilities	1.1%
12	Consumer Staples	0.7%