

Principal®

信安

信安資金管理(亞洲)有限公司

Principal Asset Management Company (Asia) Limited

Principal Prosperity Series

**Annual Audited Report
For The Year Ended 30 June 2009**

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ADMINISTRATION

Manager

Principal Fund Management (Hong Kong)
Limited (resigned on 1 November 2007)
Unit 1001-03, Central Plaza
18 Harbour Road
Wanchai, Hong Kong

Manager's responsibility delegated to:

Principal Global Investors, LLC
801 Grand Avenue
Des Moines
Iowa 50392-0339

Manager

Principal Asset Management Company
(Asia) Limited (appointed on 1 November 2007)
Units 1001-1003, Central Plaza
18 Harbour Road
Wanchai, Hong Kong

Trustee and Registrar

Principal Trust Company (Asia) Limited
Units 1001-1003, Central Plaza
18 Harbour Road
Wanchai, Hong Kong

Directors of Principal Fund Management (Hong Kong) Limited

Binay Chandgothia
Hazel Mary McNeilage

Directors of Principal Asset Management Company (Asia) Limited

Norman RJ Sorensen Valdez
Binay Chandgothia
Sinn Pak Ming, Ringo
Yeung Cheuk Wah, Nelson
Nora Marry Everett (appointed on 29 September 2008)
Larry D Zimpleman (resigned on 29 September 2008)

Auditors

KPMG
P.O. Box 493
Century Yard, Cricket Square
Grand Cayman KY1-1106
Cayman Islands

Legal Advisors to the Manager

(Hong Kong Law)
Baker & McKenzie
14th Floor, Hutchison House
10 Harcourt Road
Central, Hong Kong

(Cayman Islands Law)
Maples and Calder Asia
1504 One International Finance Centre
1 Harbour View Street
Hong Kong

MANAGER'S REPORT

Principal Prosperity Series - Principal Asia Pacific High Dividend Equity Fund ("the Fund")

Market Review

The Asia Pacific equity markets posted negative returns during the 12 month period ending 30 June 2009 with the MSCI All Country Asia Pacific ex-Japan Index down 21.82%. All of the sectors posted negative returns for the period with the utilities and consumer discretionary sectors performing the best for the period. The materials, industrials and energy sectors lagged the most for the period. From a country perspective, the Philippines stocks posted positive returns while the other countries posted negative returns for the period.

Fund Performance

The Fund underperformed the index during the 12-month period. The portfolio's dividend yield was 3.57% vs. 2.84% for the index as of 30 June 2009. Stock selection in the health care and consumer discretionary sectors contributed the most to positive performance for the quarter, while the stock selection in the industrials, energy and financials sectors negatively contributed to the relative performance the most during the period.

For instance, an overweight position in Dongfeng Motor Group Co. Ltd. gave us positive performance for the period. The company's principal activity is manufacturing and selling automobiles, engines and other automotive parts. An overweight position in Bradken Ltd. gave us negative performance during the period. The company's principal activity is supplying and servicing wear components for mining and earthmoving equipment, along with supplying equipment and consumables to the mineral processing and quarrying markets.

Portfolio Strategy and Outlook

Strong equity market performance across the world in the second quarter of 2009 highlighted improving investor confidence after the 2008 financial and economic crisis. The Fund continues to focus on stocks with attractive yields, as well as improving business fundamentals, rising investor expectations and attractive relative valuations. Our portfolio construction strategies minimise market, sector and industry exposures relative to the index in order to isolate superior stock selection as the primary source of portfolio outperformance.

Principal Asset Management Company (Asia) Limited

18 August 2009

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF PRINCIPAL PROSPERITY SERIES - PRINCIPAL ASIA PACIFIC HIGH DIVIDEND EQUITY FUND ("THE TRUST")

We have audited the financial statements of the Trust set out on pages 5 to 18, which comprise the statement of assets and liabilities as at 30 June 2009, and the revenue statement, statement of changes in net assets attributable to unitholders and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Manager's and Trustee's responsibility for the financial statements

The Manager and the Trustee are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and for ensuring that the financial statements comply with the relevant disclosure provisions of the Trust Deed, as amended, and the relevant disclosure requirements set out in Appendix E to the Code on Unit Trusts and Mutual Funds ("the Code") issued by the Hong Kong Securities and Futures Commission. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager and the Trustee, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Trust as at 30 June 2009, and of its financial transactions and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards, and have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed, as amended, and the relevant disclosure requirements of the Code.



14 October 2009

REVENUE STATEMENT

for the year ended 30 June 2009

(Expressed in United States dollars)

Principal Asia Pacific High Dividend Equity Fund	<i>Note</i>	<i>2009</i>	<i>2008</i>
Income			
Dividend income		\$ 4,190,221	\$ 7,477,587
Interest income		7,998	16,059
		\$ 4,198,219	\$ 7,493,646
Expenses			
Manager's fee	5(a)	\$ 1,282,290	\$ 2,406,915
Trustee's fee	5(b)	91,249	155,660
Valuation fee	5(b)	12,250	12,300
Registrar fee	5(b)	2,000	2,000
Auditors' remuneration		21,534	16,440
Bank charges and safe custody fees		39,262	61,530
Transaction fees		488,652	1,077,048
Legal and professional fees		5,032	7,570
Miscellaneous expenses		27,751	24,944
		\$ 1,970,020	\$ 3,764,407
Income attributable to unitholders before loss on investments		\$ 2,228,199	\$ 3,729,239
Loss on investments			
Net realised (loss)/gain on sale of investments		\$ (54,656,825)	\$ 15,957,817
Net change in unrealised gain/(loss) on investments		4,713,200	(32,642,272)
Net foreign exchange loss		(452,572)	(692,162)
		\$ (50,396,197)	\$(17,376,617)
Loss attributable to unitholders before taxation		\$ (48,167,998)	\$(13,647,378)
Withholding tax	6	(393,204)	(1,500,420)
Change in net assets attributable to unitholders before finance costs		\$ (48,561,202)	\$(15,147,798)
Finance costs			
Distributions to unitholders	7	(3,440,605)	(5,760,913)
Change in net assets attributable to unitholders		\$ (52,001,807)	\$(20,908,711)

The notes on pages 9 to 18 form part of these financial statements.

STATEMENT OF ASSETS AND LIABILITIES


as at 30 June 2009

(Expressed in United States dollars)

Principal Asia Pacific High Dividend Equity Fund

	<i>Note</i>	<i>2009</i>	<i>2008</i>
Assets			
Equity investments		\$ 92,299,060	\$ 154,860,762
Interest, dividend and other receivables		446,152	464,005
Amounts receivable on subscription of units		159,803	1,187,862
Cash and cash equivalents	4	1,948,965	3,209,649
		\$ 94,853,980	\$ 159,722,278
Liabilities			
Amounts payable on redemption of units		\$ 71,831	\$ 1,467,460
Distributions payable	7	1,363,039	2,525,263
Accrued expenses and other payables	5(a), 5(b)	66,497	84,940
		\$ 1,501,367	\$ 4,077,663
Net assets attributable to unitholders	11	\$ 93,352,613	\$ 155,644,615
Total number of units in issue	8	5,048,291.32	5,611,694.96
Net asset value per unit		\$ 18.49	\$ 27.74

Approved and authorised for issue by the Trustee and the Manager on 14 October 2009




) For and on behalf of

) Principal Trust Company

) (Asia) Limited

)



) For and on behalf of

) Principal Asset Management

) Company (Asia) Limited

)

The notes on pages 9 to 18 form part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**for the year ended 30 June 2009***(Expressed in United States dollars)***Principal Asia Pacific High Dividend Equity Fund**

	<i>Note</i>	<i>2009</i>	<i>2008</i>
Balance brought forward		\$ 155,644,615	\$ 150,444,324
Issue of 544,351.05 units (30 June 2008: 4,146,522.05 units)	8	10,387,606	138,031,479
Redemption of 1,107,754.69 units (30 June 2008: 3,374,766.30 units)	8	(20,677,801)	(111,922,477)
		\$ 145,354,420	\$ 176,553,326
Change in net assets attributable to unitholders		(52,001,807)	(20,908,711)
Net assets attributable to unitholders		\$ 93,352,613	\$ 155,644,615

The notes on pages 9 to 18 form part of these financial statements.

CASH FLOW STATEMENT

for the year ended 30 June 2009

(Expressed in United States dollars)

Principal Asia Pacific High Dividend Equity Fund

	<i>Note</i>	<i>2009</i>	<i>2008</i>
Operating activities			
Dividends received		\$ 4,238,361	\$ 7,571,009
Withholding tax paid		(432,500)	(1,500,420)
Interest received		7,998	16,059
Operating expenses paid		(2,432,026)	(4,728,883)
Net cash flows from operating activities		\$ 1,381,833	\$ 1,357,765
Investing activities			
Proceeds from sale of investments		\$ 126,237,754	\$268,710,583
Payments on purchase of investments		(113,619,677)	(297,350,442)
Net cash flows from/(used in) investing activities		\$ 12,618,077	\$(28,639,859)
Financing activities			
Proceeds from issue of units		\$ 11,415,665	\$140,356,725
Payments on redemption of units		(22,073,430)	(111,841,812)
Payments on distributions		(4,602,829)	(5,171,626)
Net cash flows (used in)/from financing activities		\$ (15,260,594)	\$ 23,343,287
Net decrease in cash and cash equivalents		\$ (1,260,684)	\$ (3,938,807)
Cash and cash equivalents at beginning of year		3,209,649	7,148,456
Cash and cash equivalents at end of year	4	\$ 1,948,965	\$ 3,209,649

The notes on pages 9 to 18 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars)

1 BACKGROUND

Principal Prosperity Series (“the Trust”) is an open-ended umbrella unit trust established under the laws of the Cayman Islands by a trust deed dated 24 October 2002, as amended. The Trust is an umbrella fund which currently consists of one sub-fund, namely Principal Asia Pacific High Dividend Equity Fund (“the Fund”). The Trust registered under the Mutual Funds Law of the Cayman Islands on 30 October 2002.

The Fund is authorised by the Hong Kong Securities and Futures Commission under section 104 of the Hong Kong Securities and Futures Ordinance.

The primary investment objective of the Fund is to provide investors with high current income through investing in a diversified portfolio of listed securities in the Asia Pacific region. The Fund will also seek to achieve capital appreciation with relatively moderate to high volatility commensurate with investing in equities.

The Trust does not have any externally imposed capital requirements.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) *Statement of compliance*

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong, the relevant provisions of the Trust Deed, as amended, and the relevant provisions of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (“the Code”). A summary of the significant accounting policies adopted by the Fund is set out below.

(b) *Changes in accounting policies*

The HKICPA has issued a number of new and revised HKFRSs and Interpretations that are available for early adoption for the current accounting period of the Fund.

There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments.

The Fund has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(c) *Basis of preparation of the financial statements*

The measurement basis used in the preparation of the financial statements is historical cost basis except that investments are stated at their fair value as explained in the accounting policies set out below.

The functional and presentation currency of the Fund is the United States dollar reflecting the fact that the units of the Fund are issued and redeemed in United States dollars.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(Expressed in United States dollars)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Basis of preparation of the financial statements (continued)

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(d) Financial instruments

(i) Classification

All investments are designated at fair value through profit or loss upon initial recognition as all investments are managed and their performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy, and the information provided internally to the relevant parties of the Fund is on a fair value basis.

Financial assets that are classified as loans and receivables include amounts receivable on subscription of units, interest, dividend and other receivables.

Financial liabilities that are not at fair value through profit or loss include amounts payable on redemption of units, distributions payable, accrued expenses and other payables and financial liabilities arising on redeemable units in issue (see note 2(i)).

(ii) Recognition

The Fund recognises financial assets and financial liabilities on the date they become a party to the contractual provisions of the instruments.

Purchases of financial assets are recognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

Financial liabilities are not recognised unless one of the parties has performed their obligations under the contract or the contract is a derivative contract not exempted from the scope of HKAS 39.

(iii) Measurement

Financial instruments are measured initially at fair value (transaction price). Transaction costs of financial assets and financial liabilities at fair value through profit or loss are expensed immediately.

Subsequent to initial recognition, all financial instruments are measured at fair value with changes in fair value recognised in the revenue statement.

Financial assets classified as loans and receivables are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective interest rate. Financial liabilities arising from the redeemable units issued by the Fund are carried at the redemption amount representing the unitholders' right to a residual interest in the Fund's assets.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(Expressed in United States dollars)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Financial instruments (continued)

(iv) Fair value measurement principles

The fair value of financial instruments is based on their quoted market prices at the year end date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices while financial liabilities are priced at current asking prices.

Realised and unrealised gains and losses are included in the revenue statement. Realised gains or losses include net gains or losses on contracts which have been settled or for which offsetting contracts have been entered into.

(v) Gains and losses on subsequent measurement

Gains and losses arising from a change in fair value of financial instruments are recognised in the revenue statement.

(vi) Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or they transfer the financial asset and the transfer qualifies for derecognition in accordance with HKAS 39.

Investments that are sold are derecognised and corresponding receivables from the brokers are recognised as of the date the Fund commits to sell the investments.

The Fund uses the weighted average method to determine realised gains and losses on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(e) Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity from date of issue.

(f) Income recognition

Provided it is probable that the economic benefits will flow to the Fund and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the revenue statement as follows:

Dividend income from equity investments is recognised in the revenue statement on the ex-dividend date.

Interest income is recognised as it accrues using the effective interest rate method.

(g) Translation of foreign currencies

Foreign currency transactions during the year are translated into United States dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities in foreign currencies are translated into United States dollars at the closing exchange rates ruling at the year end date. Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognised together with other changes in fair value. Foreign exchange gains and losses on monetary financial assets and financial liabilities other than those classified at fair value through profit or loss are dealt with in the revenue statement.

(h) Related parties

For the purposes of these financial statements, a party is considered to be related to the Fund if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Fund or exercise significant influence over the Fund in making financial and operating policy decisions, or has joint control over the Fund;

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(Expressed in United States dollars)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Related parties (continued)

- (ii) the Fund and the party are subject to common control;
- (iii) the party is an associate of the Fund;
- (iv) the party is a member of key management personnel of the Fund, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals; or
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(i) Units in issue

All units issued by the Fund provide the unitholders with the right to require redemption for cash at the value proportionate to the unitholder's share in the Fund's net assets at the redemption date. In accordance with HKAS 32, such right gives rise to a financial liability to the Fund which is shown as "net assets attributable to unitholders" in the statement of assets and liabilities.

3 INCOME TAX

There are no taxes on income or gains in the Cayman Islands and the Trust has received an undertaking from the Governor in Cabinet of the Cayman Islands exempting it from all local income, profits and capital taxes for a period of 50 years. Accordingly, no provision for income taxes is included in these financial statements.

No provision for Hong Kong profits tax has been made in the financial statements as the income of the Trust is exempt from taxation under section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

Dividend income, interest and any capital gains received by the Trust may be subject to non-recoverable withholding tax in the countries of origin.

4 CASH AND CASH EQUIVALENTS

	<i>2009</i>	<i>2008</i>
Current deposits with banks	\$ 1,948,965	\$ 3,209,649

5 RELATED PARTY TRANSACTIONS

The following is a summary of related party transactions during the year. All such transactions were entered into in the ordinary course of business and on normal commercial terms:

(a) Manager

The Fund is managed by Principal Asset Management Company (Asia) Limited since 1 November 2007 which received a monthly Manager's fee equivalent to 1.4% per annum of the net asset value of the Fund. It is a company incorporated in Hong Kong and is a subsidiary of the Principal Financial Group, Inc.

The Manager's fee for the year amounted to \$1,282,290 (30 June 2008: \$2,406,915). The Manager's fee payable as at 30 June 2009 amounted to \$28,695 (30 June 2008: \$43,123).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(Expressed in United States dollars)

5 RELATED PARTY TRANSACTIONS *(continued)*

(b) Trustee

The Trustee's fee is equivalent to 0.125% per annum of the net asset value of the Fund on the first US\$40 million and 0.08% per annum of the net asset value of the Fund on the excess above US\$40 million.

The valuation fee is calculated at US\$50 per valuation and the registrar fee is charged at US\$2,000 per annum.

The Trustee's fee, valuation fee and registrar fee for the year total amounted to \$105,499 (30 June 2008: \$169,960). The total fees payable to the Trustee as at 30 June 2009 amounted to \$2,378 (30 June 2008: \$3,097).

6 WITHHOLDING TAX

	<i>2009</i>	<i>2008</i>
Overseas taxation withheld	\$ 393,204	\$ 1,500,420

7 DISTRIBUTIONS

	<i>2009</i>	<i>2008</i>
Interim distribution		
- US\$0.41 on 5,067,233.28 units declared on 31 December 2008 and paid on 16 January 2009 (2008: US\$0.61 on 5,304,343.61 units declared on 31 December 2007 and paid on 17 January 2008)	\$ 2,077,566	\$ 3,235,650
Final distribution		
- US\$0.27 on 5,048,291.32 units declared on 30 June 2009 and paid on 16 July 2009 (2008: US\$0.45 on 5,611,694.96 units declared on 30 June 2008 and paid on 17 July 2008)	1,363,039	2,525,263
	\$ 3,440,605	\$ 5,760,913

According to Clause 15.3 of the Trust Deed, the amount available for distribution includes any interest, dividends or other receipts deemed by the Manager and after making such provisions, if any, for taxation or otherwise attributable to the Fund. The resulting figure may be adjusted by the Manager in their discretion after consulting the Trustee. All distributable income earned during the years ended 30 June 2009 and 2008 has been distributed as above.

8 TOTAL NUMBER OF UNITS IN ISSUE

	<i>2009</i>	<i>2008</i>
Number of units in issue brought forward	5,611,694.96	4,839,939.21
Units issued during the year	544,351.05	4,146,522.05
Units redeemed during the year	(1,107,754.69)	(3,374,766.30)
Number of units in issue carried forward	5,048,291.32	5,611,694.96

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(Expressed in United States dollars)

9 SOFT COMMISSION ARRANGEMENTS

During the year, the Manager, and/or its connected parties, entered into soft commission arrangements with brokers in respect of which certain goods and services used to support investment decision making were received. The Manager, and/or its connected parties, do not make direct payment for these services but transacts an agreed amount of business with the brokers on behalf of the Trust and commission is paid on these transactions.

The goods and services utilised for the Trust include computer hardware and software used for economic and political analysis including valuation and performance measurement, market analysis and data and quotation services.

The Manager is satisfied that such soft commission arrangements comply with the relevant requirements under the Code.

10 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

The Fund's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risks to which the Fund is exposed are market risk, credit risk and liquidity risk.

Asset allocation is determined by the Manager who manages the distribution of the assets to achieve the investment objectives as stated in the "investment objectives and policies" section of the Fund.

Divergence from target asset allocations and the composition of the portfolio is monitored by the Manager. In instances where the Fund has diverged from target asset allocations, the Manager will arrange to rebalance the portfolio to fall in line with the target asset allocations.

(a) Market risk

Market risk embodies the potential for both loss and gain and includes currency risk, interest rate risk and other price risk. To control risk, investment decisions are based on risk/reward analysis, with the adoption of diversification policies. Investment decisions are taken in accordance with the investment objectives of the Fund so that unwarranted deviations (risks) are controlled.

The Fund is also subject to the risk of concentration of investments in issuers located in a particular country or region which may be susceptible to adverse securities markets, exchange rates and social, political, regulatory or economic events which may occur in that country or region.

Currency risk

The Fund may invest in financial instruments denominated in currencies other than its functional currencies. Consequently, the portfolio is exposed to the risk that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the portfolio's assets or liabilities denominated in currencies other than its functional currency.

Currency exposures are generally left unhedged even though the investment guidelines may allow hedging of such exposures. A part of the reason for such is that the portfolio designates the various investment markets in their geographical allocations (contained in the Explanatory Memorandum of the Fund) and currency risk is considered to be a part of the overall risk taken by investing into these geographical regions.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(Expressed in United States dollars)

10 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS *(continued)*

(a) Market risk (continued)

Currency risk (continued)

At the reporting date the Fund had the following currency exposure (in United States dollars equivalent):

<i>Currencies</i>	United States Dollars	
	<i>2009</i>	<i>2008</i>
Australian Dollars	\$ 24,173,103	\$ 51,014,264
Hong Kong Dollars	28,426,325	37,856,264
Indonesian Rupiahs	1,972,302	5,670,205
Indian Rupees	6,750,637	4,033,011
South Korean Won	13,108,184	19,581,885
Malaysian Ringgits	1,271,421	3,391,940
New Zealand Dollars	413,439	2,100,778
Pakistan Rupees	-	773,121
Philippines Pesos	322,705	-
Singapore Dollars	4,391,207	7,652,333
Thai Bahts	1,406,859	4,627,191
New Taiwan Dollars	10,716,031	17,505,334
Total value	\$ 92,952,213	\$ 154,206,326

Currency risk sensitivity analysis

As at 30 June 2009, had the USD strengthened (or weakened) by 10% in relation to all currencies, with all other variables held constant, the net asset value of the Fund and the change in net assets attributable to unitholders per the Revenue Statement would have decreased (or increased) by the amounts shown below. The analysis for 2008 was performed by applying 1% change in all currencies, with all other variables held constant.

<i>Currencies</i>	United States Dollars	
	<i>2009</i>	<i>2008</i>
Australian Dollars	\$ 2,417,310	\$ 510,143
Indonesian Rupiahs	197,230	56,702
Indian Rupees	675,064	40,330
South Korean Won	1,310,818	195,819
Malaysian Ringgits	127,142	33,919
New Zealand Dollars	41,344	21,008
Pakistan Rupees	-	7,731
Philippines Pesos	32,271	-
Singapore Dollars	439,121	76,523
Thai Bahts	140,686	46,272
New Taiwan Dollars	1,071,603	175,053
Total value	\$ 6,452,589	\$ 1,163,500

As Hong Kong Dollar (“HKD”) is pegged to United States Dollar (“USD”), the risk of movement in exchange rates between HKD and USD is considered to be insignificant.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(Expressed in United States dollars)

10 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS *(continued)*

(a) Market risk *(continued)*

Interest rate risk

The Fund did not hold any interest rate debt securities. The Fund's only direct exposure to interest rate is via its bank accounts. Therefore, the Fund has negligible interest rate risk.

Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment (stock-specific) or its issuer, or factors affecting all instruments (generic risks) traded in the market. This risk can be mitigated by constructing a diversified portfolio of investments across different issuers, different sectors or traded on different markets.

The Manager manages such risks by regularly monitoring portfolio exposures, both on an absolute basis and relative to underlying benchmarks, if any. For example, if the Fund's benchmark has an exposure of x% in a particular stock and of y% in a particular country, the Manager may manage exposure to that stock in his portfolio within $x \pm 10\%$ and to the country at $y \pm 10\%$. Other risks relating to liquidity, sector exposures etc. are also managed in a similar manner.

An analysis of the investments held by the Fund has been shown on the Investment Portfolio and the Statement of Movement in Portfolio Holdings.

Other price risk sensitivity analysis

As at 30 June 2009, a 25% (2008: 1%) decrease in prices of all the underlying investments as at the year end date would have decreased the net asset value of the Fund and the change in net assets attributable to unitholders by \$23,074,765 (2008: \$1,548,608). An equal change in the opposite direction would have increased the net asset value by an equal but opposite amount. The analysis for 2008 was performed by applying 1% change in prices of all the underlying investments as at the year end date.

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment to pay dues in time. The Manager has a credit review process in place. This ensures review and monitoring of credit quality and credit risk exposure on an ongoing basis, which helps protect portfolios from anticipated negative credit events. The Manager performs this review on a regular basis. The Fund's credit risk is also mitigated through diversification and control on exposure to any single issuer in the Fund.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date. At the reporting date, the Fund's financial assets exposed to credit risk have been shown on the Statement of assets and liabilities in which the figures are based on the carrying value of each financial asset item.

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the good credit quality of the brokers used. The Manager monitors the credit rating and financing positions of the brokers used to further mitigate this risk.

Substantially all the securities and cash of the Fund are held by Citibank N.A., as the custodian of the Fund. Bankruptcy or insolvency of the custodian may cause the Fund's rights with respect to securities and cash held by the custodian to be delayed or limited. The Trustee monitors its risk by monitoring the credit quality and financial positions of the custodian.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(Expressed in United States dollars)

10 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS *(continued)*

(c) Liquidity risk

The Fund is exposed to daily liquidity risk on redemptions of units. This arises from the risk that the Manager may not be able to convert investments into cash to meet liquidity needs in a timely manner. To guard against this risk, stock selection considerations include analysis of factors like daily trading volumes, bid-offer spreads, availability of prices from brokers at short notice etc. The Fund's financial instruments include mainly investments in listed equity securities. They are mainly traded on stock exchanges and are generally liquid. As a result, for most cases, the Fund should be able to liquidate its investments quickly in these instruments at close to their fair value in order to meet its liquidity requirements. Under extreme market conditions, liquidation of instruments may have to be done at lower prices.

The Fund was not exposed to other activities which will give rise to significant liquidity risk.

The financial liabilities of the Fund mature within one year or on demand.

(d) Specific instruments

Derivatives

Under normal circumstances, the Fund would not hedge against its currency exposure to investing markets. The Fund may use options, futures or other derivatives instruments in order to optimise portfolio performance.

The Manager did not undertake any derivative transactions during the years ended 30 June 2009 and 2008.

(e) Fair value information

The major methods and assumptions used in estimating the fair values of financial instruments are disclosed in note 2(d)(iv) to the financial statements.

The carrying amounts of the Fund's financial assets and financial liabilities at the balance sheet date approximated their fair values. For investment securities, the fair value is based on their quoted bid prices at the balance sheet date without any deduction for estimated future selling costs. For other financial instruments, including interest, dividend and other receivables, amounts receivable on subscription of units, amounts payable on redemption of units, distribution payable and accrued expenses and other payables, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

11 NAV RECONCILIATION

The NAV presented in the financial statements and that quoted for pricing purposes at the year end ("Dealing NAV") are different because the principles for calculating the Dealing NAV as set out in the constitutive/offering document are different from that required for financial reporting purposes under HKFRSs. The following reconciliation provides details:

	<i>2009</i>	<i>2008</i>
NAV as reported in the financial statements as at 30 June	\$ 93,352,613	\$ 155,644,615
Adjustment for different basis adopted by the Fund in arriving at the Dealing NAV:		
Use of latest available traded pricing instead of bid pricing in valuing listed securities	254,353	920,407
Dealing NAV as at 30 June	\$ 93,606,966	\$ 156,565,022

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(Expressed in United States dollars)

12 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30 JUNE 2009

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 30 June 2009 and which have not been adopted in these financial statements.

The Fund is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Fund's results of operations or financial position.

In addition, the following developments may result in new or amended disclosures in the financial statements:

		<i>Effective for accounting periods beginning on or after</i>
HKAS 1 (Revised)	Presentation of financial statements	1 January 2009
HKAS 1 and HKAS 32 (Amendment)	Financial instruments: Presentation - <i>Puttable financial instruments and obligations arising on liquidation</i>	1 January 2009
HKFRS 8	Operating segments	1 January 2009
HKFRS 7 (Amendments)	Financial instruments: Disclosures - <i>Improving disclosures about financial instruments</i>	1 January 2009

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, the Manager has, in all material respects, managed the Trust in accordance with the provisions of the Trust Deed dated 24 October 2002 as amended by Supplemental Deeds dated 21 July 2003, 28 September 2004, 12 January 2006 and 23 August 2007 for the year ended 30 June 2009.



)
) For and on behalf of
) Principal Trust Company
) (Asia) Limited
)

Hong Kong, 14 October 2009

INVESTMENT PORTFOLIO AS AT 30 JUNE 2009

Principal Asia Pacific High Dividend Equity Fund

	<i>Holdings</i>	<i>Fair value US\$/ US\$ equivalent</i>	<i>% of net assets</i>
Listed investments (cost: US\$88,035,831)			
<i>Equities</i>			
<i>Australia</i>			
AGL Energy Ltd	25,600	\$ 278,531	0.30
Australia & New Zealand Banking Group	81,337	1,078,459	1.16
BHP Billiton Ltd	149,701	4,205,621	4.51
BlueScope Steel Ltd	150,901	309,986	0.33
Caltex Australia Ltd	28,173	312,245	0.33
Centennial Coal Co Ltd	176,020	347,294	0.37
CFS Retail Property Trust	186,200	249,455	0.27
Commonwealth Bank of Australia	74,161	2,338,149	2.50
Computershare Ltd	43,000	310,035	0.33
CSL Ltd	25,765	672,156	0.72
Dexus Property Group	488,000	293,211	0.31
Incitec Pivot Ltd	180,000	346,378	0.37
JB Hi-Fi Ltd	18,160	226,041	0.24
Leighton Holdings Ltd	16,000	304,644	0.33
MacArthur Coal Ltd	64,000	339,330	0.36
Macquarie Group Ltd	19,000	601,809	0.64
Macquarie Infrastructure Group	371,700	430,068	0.46
Macquarie Office Trust	1,600,000	272,815	0.29
Mercash Ltd	90,000	312,032	0.33
National Australia Bank Ltd	63,767	1,155,114	1.24
OneSteel Ltd	196,271	407,967	0.44
Panoramic Resources Ltd	130,000	237,495	0.25
QBE Insurance Group Ltd	56,508	905,245	0.97
Rio Tinto Ltd	11,337	480,505	0.51
Stockland	129,400	337,263	0.36
Straits Resources Ltd	225,500	382,668	0.41
Telstra Corp Ltd	86,749	238,073	0.26
Westfield Group	88,713	817,546	0.88
Westpac Banking Corp	140,498	2,299,799	2.46
Woodside Petroleum Ltd	25,000	876,906	0.94
Woolworths Ltd	60,300	1,290,111	1.38
WorleyParsons Ltd	29,937	576,813	0.62
		\$ 23,233,764	24.87

INVESTMENT PORTFOLIO AS AT 30 JUNE 2009 *(continued)*

Principal Asia Pacific High Dividend Equity Fund

	<i>Holdings</i>	<i>Fair value US\$/ US\$ equivalent</i>	<i>% of net assets</i>
Listed investments (cost: US\$88,035,831) (continued)			
<i>Equities (continued)</i>			
<i>China</i>			
Air China Ltd-H	614,000	\$ 300,264	0.32
Angang Steel Co Ltd-H	208,000	345,144	0.37
Anhui Conch Cement Co Ltd-H	50,000	312,579	0.33
Anta Sports Products Ltd	200,000	248,515	0.27
Bank of China Ltd-H	1,892,000	898,389	0.96
Beijing Capital International Airport Co Ltd-H	492,000	342,176	0.37
China Communications Services Corp Ltd-H	458,000	282,481	0.30
China Construction Bank Corp-H	1,805,000	1,397,410	1.50
China Life Insurance Co Ltd-H	348,000	1,286,469	1.38
China National Building Material Co Ltd-H	152,000	293,799	0.31
China Oilfield Services Ltd-H	356,000	386,774	0.41
China Petroleum & Chemical Corp-H	644,000	489,437	0.52
China Shenhua Energy Co Ltd-H	238,000	870,614	0.93
China Shipping Development Co Ltd-H	250,000	322,579	0.35
China Telecom Corp Ltd-H	1,176,000	584,203	0.63
Dongfeng Motor Group Co Ltd-H	484,000	410,929	0.44
Guangshen Railway Co Ltd-H	472,000	222,904	0.24
Hengan International Group Co Ltd-H	86,000	402,810	0.43
Huadian Power International Co-H	1,472,000	461,540	0.49
Industrial & Commercial Bank of China-H	2,216,000	1,544,042	1.65
Jiangxi Copper Co Ltd-H	153,000	251,116	0.27
PetroChina Co Ltd-H	542,308	601,783	0.64
PICC Property & Casualty Co Ltd-H	472,000	324,003	0.35
Sino-Ocean Land Holdings Ltd	620,000	712,795	0.76
Zhejiang Expressway Co Ltd-H	426,000	338,049	0.36
		\$ 13,630,804	14.58
<i>Hong Kong</i>			
Agile Property Holdings Ltd	392,000	\$ 565,488	0.61
Beijing Enterprises Holdings Ltd	71,000	352,707	0.38
Cheung Kong (Holdings) Ltd	73,000	839,259	0.90
Cheung Kong Infrastructure Holdings Ltd	94,000	327,482	0.35
China Mobile Ltd	216,500	2,167,780	2.32
China Overseas Land & Investment Ltd	321,336	740,519	0.79
Chow Sang Sang Holding	492,000	372,648	0.40
CNOOC Ltd	513,000	636,116	0.68
COSCO Pacific Ltd	258,000	289,624	0.31
First Pacific Co	560,000	321,546	0.34
GOME Electrical Appliances Holdings Ltd	1,576,000	386,372	0.41
Great Eagle Holdings Ltd	137,000	289,201	0.31

INVESTMENT PORTFOLIO AS AT 30 JUNE 2009 *(continued)*

Principal Asia Pacific High Dividend Equity Fund

	<i>Holdings</i>	<i>Fair value US\$/ US\$ equivalent</i>	<i>% of net assets</i>
Listed investments (cost: US\$88,035,831) (continued)			
<i>Equities (continued)</i>			
<i>Hong Kong (continued)</i>			
Guangdong Investment Ltd	750,000	\$ 359,030	0.38
Hang Seng Bank Ltd	54,500	763,698	0.82
Henderson Land Development Co Ltd	91,000	521,926	0.56
Hong Kong Exchanges and Clearing Ltd	48,000	748,176	0.80
Hutchison Whampoa Ltd	156,000	1,015,503	1.09
Hysan Development Co Ltd	165,000	421,546	0.45
K Wah International Holdings Ltd	1,680,000	626,473	0.67
Noble Group Ltd	348,000	432,985	0.46
Shanghai Industrial Holdings Ltd	101,000	403,997	0.43
Sun Hung Kai Properties Ltd	78,000	977,258	1.05
The Link REIT	264,500	563,808	0.60
Wharf (Holdings) Ltd	136,000	576,461	0.62
Xinyi Glass Holdings Co Ltd	374,000	322,362	0.35
		\$ 15,021,965	16.08
<i>India</i>			
Axis Bank Ltd	34,572	\$ 595,795	0.64
Bank of India	39,459	289,994	0.31
Castrol India Ltd	33,200	258,507	0.28
Hero Honda Motors Ltd	12,510	364,116	0.39
ICICI Bank Ltd	62,000	934,204	1.00
Infosys Technologies Ltd	17,300	641,360	0.69
Jindal Steel & Power Ltd	9,900	518,444	0.56
JSW Steel Ltd	35,000	448,399	0.48
Oil & Natural Gas Corp Ltd	20,900	465,399	0.50
Reliance Industries Ltd	27,400	1,156,711	1.24
State Bank of India Ltd	11,000	401,180	0.43
Sun Pharmaceutical Industries Ltd	12,560	285,882	0.31
Tata Steel Ltd	46,000	375,687	0.40
		\$ 6,735,678	7.23
<i>Indonesia</i>			
Bank Rakyat Indonesia	911,000	\$ 553,750	0.59
PT Bank Central Asia Tbk	1,407,000	482,798	0.52
PT International Nickel Indonesia Tbk	1,273,500	515,023	0.55
PT Tambang Batubara Bukit Asam Tbk	320,000	363,924	0.39
		\$ 1,915,495	2.05

INVESTMENT PORTFOLIO AS AT 30 JUNE 2009 *(continued)*

Principal Asia Pacific High Dividend Equity Fund			
	<i>Holdings</i>	<i>Fair value US\$/ US\$ equivalent</i>	<i>% of net assets</i>
Listed investments (cost: US\$88,035,831) (continued)			
<i>Equities (continued)</i>			
<i>Malaysia</i>			
Bumiputra-Commerce Holdings Bhd	110,000	\$ 281,730	0.30
Gamuda Bhd	268,000	211,258	0.23
MMC Corp Bhd	670,000	404,212	0.43
Sime Darby Bhd	186,800	369,454	0.40
		----- \$ 1,266,654	----- 1.36
<i>New Zealand</i>			
New Zealand Oil & Gas Ltd	406,200	\$ 413,439	0.44
<i>Papua New Guinea</i>			
Lihir Gold Ltd	105,000	\$ 251,502	0.27
Oil Search Ltd	84,200	371,912	0.40
		----- \$ 623,414	----- 0.67
<i>The Philippines</i>			
Philippine Long Distance Telephone Co	6,500	\$ 322,705	0.35
<i>Singapore</i>			
CapitaLand Ltd	73,000	\$ 187,205	0.20
DBS Group Holdings Ltd	65,000	529,274	0.57
Keppel Corp Ltd	66,000	314,785	0.34
Olam International Ltd	200,000	334,555	0.36
Oversea-Chinese Banking Corp	58,000	266,607	0.29
SembCorp Marine Ltd	90,000	167,346	0.18
Singapore Exchange Ltd	63,000	308,751	0.33
Singapore Telecommunications Ltd	209,000	430,511	0.46
Straits Asia Resources Ltd	246,000	297,574	0.32
United Overseas Bank Ltd	74,000	748,849	0.80
UOL Group Ltd	152,000	346,720	0.37
		----- \$ 3,932,177	----- 4.22

INVESTMENT PORTFOLIO AS AT 30 JUNE 2009 *(continued)*

Principal Asia Pacific High Dividend Equity Fund

	<i>Holdings</i>	<i>Fair value US\$/ US\$ equivalent</i>	<i>% of net assets</i>
Listed investments (cost: US\$88,035,831) <i>(continued)</i>			
<i>Equities (continued)</i>			
<i>South Korea</i>			
Daegu Bank	40,900	\$ 370,811	0.40
Daelim Industrial Co	6,040	293,004	0.31
Daishin Securities Co Ltd	17,000	208,171	0.22
Dongbu Insurance Co Ltd	18,161	372,785	0.40
GS Holdings Corp	10,000	236,273	0.25
Hanjin Shipping Co Ltd	13,400	188,281	0.20
Hanwha Chem Corp	32,900	269,873	0.29
Honam Petrochemical Corp	5,780	348,901	0.37
Hyundai Heavy Industries Co Ltd	1,900	284,862	0.31
Hyundai Mobis	5,135	443,385	0.47
Hyundai Motor Co	5,960	346,199	0.37
KB Financial Group Inc	22,230	748,590	0.80
Korea Electric Power Corp	25,250	586,679	0.63
Korea Plant Service & Engineering Co Ltd	12,500	319,871	0.34
Korea Zinc Co Ltd	2,700	292,476	0.31
KT Corp	14,850	427,799	0.46
KT&G Corp	5,545	312,082	0.33
LG Corp	8,800	419,294	0.45
LG Display Co Ltd	15,000	373,837	0.40
LG Electronics Inc	6,200	569,410	0.61
LG International Corp	12,250	240,394	0.26
Lotte Shopping Co Ltd	1,700	347,620	0.37
NHN Corp	3,890	537,415	0.58
POSCO	2,576	856,341	0.92
S&T Dynamics Co Ltd	26,650	323,201	0.35
Samsung Electronics Co Ltd	4,931	2,299,159	2.46
Samsung Fine Chemicals Co Ltd	6,710	279,155	0.30
Shinhan Financial Group Co Ltd	14,000	354,409	0.38
SK Energy Co Ltd	2,350	188,155	0.20
STX Pan Ocean Co Ltd	29,000	269,752	0.29
		\$ 13,108,184	14.03
<i>Taiwan</i>			
Catcher Technology Co Ltd	125,000	\$ 297,927	0.32
Chang Hwa Commercial Bank	989,000	432,556	0.46
Chicony Electronics Co Ltd	246,000	458,110	0.49
China Steel Corp	838,380	719,305	0.77
Chunghwa Telecom Co Ltd	255,201	508,692	0.55
Gemtek Technology Corp	183,000	294,496	0.32

INVESTMENT PORTFOLIO AS AT 30 JUNE 2009 *(continued)*

Principal Asia Pacific High Dividend Equity Fund	<i>Holdings</i>	<i>Fair value US\$/ US\$ equivalent</i>	<i>% of net assets</i>
Listed investments (cost: US\$88,035,831) (continued)			
<i>Equities (continued)</i>			
<i>Taiwan (continued)</i>			
High Tech Computer Corp	45,000	\$ 635,706	0.68
Hon Hai Precision Industry Co Ltd	169,740	522,516	0.56
KGI Securities Co Ltd	992,000	453,520	0.49
Lite-On Technology Corp	491,000	425,753	0.46
MediaTek Inc	69,000	822,280	0.88
Novatek Microelectronics Corp Ltd	101,000	241,341	0.26
Powertech Technology Inc	150,900	315,046	0.34
Quanta Computer Inc	289,000	465,959	0.50
Realtek Semiconductor Corp	142,000	264,005	0.28
Simplo Technology Co Ltd	97,600	392,661	0.42
Taiwan Cement Corp	494,000	472,770	0.51
Taiwan Mobile Co Ltd	220,078	374,958	0.40
Taiwan Semiconductor Manufacturing Co Ltd	1,118,577	1,861,454	1.99
U-Ming Marine Transport Corp	194,000	378,421	0.41
WPG Holdings Co Ltd	353,227	350,428	0.38
		\$ 10,687,904	11.47
<i>Thailand</i>			
Kasikornbank Pcl-Foreign	160,000	\$ 341,001	0.37
PTT Exploration & Production Pcl-Foreign	115,300	444,016	0.48
Siam Commercial Bank Pcl-Foreign	155,800	332,050	0.36
Total Access Communication Pcl-Foreign	318,000	289,792	0.31
		\$ 1,406,859	1.52
Total equities		\$ 92,299,042	98.87
<i>Rights</i>			
<i>Australia</i>			
Rio Tinto Ltd-Rights	1	18	0.00
Total listed investments		\$ 92,299,060	98.87
Cash and cash equivalents		1,948,965	2.09
Other net liabilities		(895,412)	(0.96)
Total net assets		\$ 93,352,613	100.00

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS

for the year ended 30 June 2009

Principal Asia Pacific High Dividend Equity Fund	% of net assets	
	2009	2008
Listed investments		
<i>Equities</i>		
Australia	24.87	32.54
China	14.58	5.98
Hong Kong	16.08	19.75
India	7.23	2.55
Indonesia	2.05	3.60
Malaysia	1.36	2.18
New Zealand	0.44	1.35
Pakistan	-	0.50
Papua New Guinea	0.67	-
The Philippines	0.35	-
Singapore	4.22	4.26
South Korea	14.03	12.58
Taiwan	11.47	11.24
Thailand	1.52	2.97
Total listed investments	98.87	99.50
Other net assets	1.13	0.50
Total net assets	100.00	100.00

PERFORMANCE TABLE

for the year ended 30 June 2009

(Expressed in United States dollars)

Principal Asia Pacific High Dividend Equity Fund

(a) *Net asset value:*

	<i>Total net asset value</i>	<i>Net asset value per unit</i>
30 June 2006	\$ 56,073,415	20.51
30 June 2007	150,444,324	31.08
30 June 2008	155,644,615	27.74
30 June 2009	93,352,613	18.49

(b) *Performance record:*

<i>For the year ended</i>	<i>Highest issue price during the year</i>	<i>Lowest bid price during the year</i>
30 June 2003	\$ 11.31	\$ 9.81
30 June 2004	15.63	11.05
30 June 2005	17.88	13.78
30 June 2006	23.15	16.21
30 June 2007	31.70	19.99
30 June 2008	39.42	26.51
30 June 2009	27.27	11.93

INVESTMENT OBJECTIVES AND POLICIES OF PRINCIPAL ASIA PACIFIC HIGH DIVIDEND EQUITY FUND

The primary investment objective of Principal Asia Pacific High Dividend Equity Fund is to achieve high current income through investing in a diversified portfolio of listed securities in the Asia Pacific region, including but not limited to the following countries: Australia, China, Hong Kong, Indonesia, Malaysia, New Zealand, The Philippines, Singapore, South Korea, Taiwan and Thailand. The Manager does not currently intend to invest in Japan but may do so in the future if suitable investment opportunities arise. The Manager will focus on companies which demonstrate strong corporate fundamentals and offer the potential for superior dividend yields. The Principal Asia Pacific High Dividend Equity Fund will also seek to achieve capital appreciation with relatively moderate to high volatility commensurate with investing in equities.

The Principal Asia Pacific High Dividend Equity Fund may also on an ancillary basis from time to time hold cash, deposits and instruments with floating or fixed rates such as certificates of deposits, bankers' acceptances and commercial paper.