

Principal®

信安

信安資金管理(亞洲)有限公司

Principal Asset Management Company (Asia) Limited

Principal Prosperity Series

Unaudited Semi-Annual Report
For the six months ended 31 December 2009

PRINCIPAL PROSPERITY SERIES

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ADMINISTRATION

Manager

Principal Asset Management Company (Asia) Limited
Units 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
U.S.A.

Trustee and Registrar

Principal Trust Company (Asia) Limited
Units 1001-03, Central Plaza
18 Harbour Road
Wanchai, Hong Kong

Directors of Principal Asset Management Company (Asia) Limited

Norman RJ Sorensen Valdez
Binay Chandgothia
Sinn Pak Ming, Ringo
Yeung Cheuk Wah, Nelson
Nora Mary Everett

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
23rd Floor, One Pacific Place
88 Queensway
Hong Kong

(Cayman Islands Law)
Maples and Calder Asia
53rd Floor, The Center
99 Queen's Road Central
Hong Kong

MANAGER'S REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

Principal Prosperity Series - Principal Asia Pacific High Dividend Equity Fund

Market Review

The Asia Pacific equity markets posted positive returns in the last six months of 2009 with the MSCI All Country Asia Pacific ex-Japan Index up 30.23%. All of the sectors posted positive returns in the period with the information technology, consumer discretionary and materials sectors performing the best for the six month period. From a country perspective, stocks in Indonesia, Australia and South Korea were the best performing countries for the period. All countries posted positive returns.

Fund Performance

The fund posted a positive return during the period. Stock selection in the industrials, energy and utilities sectors contributed the most to positive performance for the period, while the stock selection in the information technology, consumer staples and financials sectors negatively contributed to the relative performance the most during the period.

An overweight position in Macarthur Coal Ltd. gave us positive performance in the period. The company is primarily engaged in the operation of coal mines.

An overweight position in Sino-Ocean Land Holdings Ltd. gave us negative performance in the period. The company's principal activities are developing and investing in property.

Strategy and Outlook

After a very dynamic market environment in 2009, overall investors will become to be more focused on fundamentals even though macro news flow will continue to play a role in determining the market direction. 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 minimize 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 January 2010

STATEMENT OF ASSETS AND LIABILITIES

(Expressed in United States dollars)

Principal Asia Pacific High Dividend Equity Fund

as at 31 December 2009 *as at 30 June 2009*

Assets

Investments	\$ 118,953,665	\$ 92,299,060
Interest, dividend and other receivables	65,872	446,152
Amounts receivable on subscription of units	41,372	159,803
Cash and cash equivalents	4,576,502	1,948,965

\$ 123,637,411 \$ 94,853,980

Liabilities

Amounts payable on redemption of units	\$ 86,604	\$ 71,831
Distributions payable	1,436,542	1,363,039
Accrued expenses and other payables	74,542	66,497

\$ 1,597,688 \$ 1,501,367

Net assets attributable to unitholders \$ 122,039,723 \$ 93,352,613

Total number of units in issue 5,183,764.05 5,048,291.32

Net asset value per unit \$ 23.54 \$ 18.49

INVESTMENT PORTFOLIO AS AT 31 DECEMBER 2009

Principal Asia Pacific High Dividend Equity Fund	<i>Holdings</i>	<i>Market value US\$/ US\$ equivalent</i>	<i>% of net assets</i>
Listed investments (cost: US\$92,086,160)			
<i>Equities</i>			
<i>Australia</i>			
AMP Ltd	220,000	\$ 1,340,237	1.10
Australia & New Zealand Banking Group	94,337	1,942,264	1.59
BHP Billiton Ltd	149,701	5,808,628	4.76
Centennial Coal Co Ltd	176,020	633,566	0.52
Commonwealth Bank of Australia	74,161	3,660,348	3.00
Computershare Ltd	73,000	752,140	0.62
Dexus Property Group	488,000	373,258	0.31
JB Hi-Fi Ltd	42,160	857,391	0.70
Leighton Holdings Ltd	26,000	891,625	0.73
MacArthur Coal Ltd	64,000	647,892	0.53
Macquarie Group Ltd	21,800	949,450	0.78
Macquarie Infrastructure Group	371,700	446,523	0.37
Macquarie Office Trust	1,658,881	462,751	0.38
Metcash Ltd	90,000	362,010	0.30
Monadelphous Group Ltd	64,000	824,695	0.68
National Australia Bank Ltd	63,767	1,572,232	1.29
Oil Search Ltd	84,200	464,454	0.38
OneSteel Ltd	326,271	983,543	0.81
Panoramic Resources Ltd	219,000	459,166	0.38
QBE Insurance Group Ltd	28,508	656,715	0.54
Rio Tinto Ltd	17,337	1,168,336	0.96
SMS Management & Technology Ltd	140,000	706,742	0.58
Stockland	185,400	658,987	0.54
Straits Resources Ltd	370,500	575,105	0.47
Westfield Group	52,323	590,419	0.48
Westpac Banking Corp	140,498	3,198,606	2.62
Woodside Petroleum Ltd	25,000	1,061,823	0.87
Woolworths Ltd	30,642	772,050	0.63
WorleyParsons Ltd	21,937	574,039	0.47
		\$ 33,394,995	27.39
<i>China</i>			
Agile Property Holdings Ltd	392,000	\$ 576,236	0.47
Air China Ltd-H	614,000	480,581	0.39
Angang Steel Co Ltd-H	208,000	459,174	0.38
Bank of China Ltd-H	2,790,000	1,510,996	1.24
Beijing Enterprises Holdings Ltd	71,000	514,980	0.42
China Coal Energy Co-H	600,000	1,101,719	0.90
China Construction Bank Corp-H	2,066,000	1,776,912	1.46
China Life Insurance Co Ltd-H	348,000	1,720,895	1.41
China Mobile Ltd	152,500	1,432,548	1.17
China Overseas Land & Investment Ltd	321,336	679,537	0.56
China Shenhua Energy Co Ltd-H	238,000	1,166,193	0.96
China Shipping Development Co Ltd-H	250,000	375,879	0.31
CNOOC Ltd	513,000	807,025	0.66

INVESTMENT PORTFOLIO AS AT 31 DECEMBER 2009 *(continued)*

Principal Asia Pacific High Dividend Equity Fund	<i>Holdings</i>	<i>Market value US\$/ US\$ equivalent</i>	<i>% of net assets</i>
Listed investments (cost: US\$92,086,160) <i>(continued)</i>			
<i>Equities (continued)</i>			
<i>China (continued)</i>			
Dongfeng Motor Group Co Ltd-H	484,000	\$ 697,745	0.57
GOME Electrical Appliances Holdings Ltd	1,576,000	573,080	0.47
Guangdong Investment Ltd	750,000	438,096	0.36
Hengan International Group Co Ltd-H	86,000	638,750	0.52
Industrial & Commercial Bank of China-H	1,927,000	1,600,211	1.31
Jiangxi Copper Co Ltd-H	153,000	362,221	0.30
PetroChina Co Ltd-H	1,088,308	1,307,909	1.07
Shanghai Industrial Holdings Ltd	101,000	516,386	0.42
Shenzhen International Group Holdings Ltd	500,000	656,338	0.54
Sino-Ocean Land Holdings Ltd	620,000	574,019	0.47
Tencent Holdings Ltd-H	40,000	869,100	0.71
Zhejiang Expressway Co Ltd-H	426,000	394,956	0.32
		\$ 21,231,486	17.39
<i>Hong Kong</i>			
BOC Hong Kong (Holdings) Ltd	395,000	\$ 896,437	0.73
Cheung Kong (Holdings) Ltd	73,000	944,134	0.77
Cheung Kong Infrastructure Holdings Ltd	123,000	468,676	0.38
Chow Sang Sang Holding	492,000	590,008	0.48
First Pacific Co	560,000	342,276	0.28
Great Eagle Holdings Ltd	237,000	617,319	0.51
Hang Seng Bank Ltd	54,500	806,064	0.66
Hong Kong Exchanges and Clearing Ltd	59,000	1,060,534	0.87
Hutchison Whampoa Ltd	106,000	729,889	0.60
Hysan Development Co Ltd	240,000	682,385	0.56
Li & Fung Ltd	264,000	1,097,851	0.90
Minth Group Ltd	460,000	678,568	0.56
Pacific Basin Shipping Ltd	731,000	530,683	0.44
SJM Holdings Ltd	1,000,000	551,891	0.45
Sun Hung Kai Properties Ltd	93,000	1,394,673	1.14
Wharf (Holdings) Ltd	136,000	784,769	0.64
		\$ 12,176,157	9.97

INVESTMENT PORTFOLIO AS AT 31 DECEMBER 2009 *(continued)*

Principal Asia Pacific High Dividend Equity Fund	<i>Holdings</i>	<i>Market value US\$/ US\$ equivalent</i>	<i>% of net assets</i>
Listed investments (cost: US\$92,086,160) (continued)			
<i>Equities (continued)</i>			
<i>India</i>			
Axis Bank Ltd	34,572	\$ 733,286	0.60
Bank of India	39,459	325,740	0.27
Hero Honda Motors Ltd	12,510	460,754	0.38
ICICI Bank Ltd	62,000	1,165,886	0.96
Infosys Technologies Ltd	17,300	964,868	0.79
Jindal Steel & Power Ltd	59,400	895,760	0.73
JSW Steel Ltd	35,000	760,375	0.62
Oil & Natural Gas Corp Ltd	20,900	527,906	0.43
Reliance Industries Ltd	26,800	626,679	0.51
State Bank of India Ltd	11,000	535,170	0.44
Tata Consultancy Services Ltd	50,000	804,342	0.66
		\$ 7,800,766	6.39
<i>Indonesia</i>			
Bank Rakyat Indonesia	911,000	\$ 741,518	0.61
PT Bank Central Asia Tbk	1,407,000	726,068	0.59
PT Indo Tambangraya Megah	205,000	693,622	0.57
PT International Nickel Indonesia Tbk	1,054,500	409,526	0.34
PT Tambang Batubara Bukit Asam Tbk	320,000	587,328	0.48
		\$ 3,158,062	2.59
<i>Malaysia</i>			
CIMB Group Holdings Bhd	110,000	\$ 414,930	0.34
Gamuda Bhd	268,000	204,703	0.17
MMC Corp Bhd	670,000	478,297	0.39
Sime Darby Bhd	186,800	492,251	0.40
Tanjong Plc	73,000	361,145	0.30
		\$ 1,951,326	1.60
<i>New Zealand</i>			
New Zealand Oil & Gas Ltd	406,200	\$ 492,600	0.40
<i>The Philippines</i>			
Philippine Long Distance Telephone Co	6,500	\$ 369,414	0.30

INVESTMENT PORTFOLIO AS AT 31 DECEMBER 2009 *(continued)*

Principal Asia Pacific High Dividend Equity Fund			
	<i>Holdings</i>	<i>Market value US\$/ US\$ equivalent</i>	<i>% of net assets</i>
Listed investments (cost: US\$92,086,160) <i>(continued)</i>			
<i>Equities (continued)</i>			
<i>Singapore</i>			
CapitaLand Ltd	73,000	\$ 218,958	0.18
DBS Group Holdings Ltd	100,000	1,099,788	0.90
Keppel Corp Ltd	66,000	387,911	0.32
Noble Group Ltd	348,000	807,701	0.66
Olam International Ltd	200,000	379,927	0.31
Oversea-Chinese Banking Corp	58,000	376,927	0.31
SembCorp Marine Ltd	90,000	237,811	0.19
Singapore Telecommunications Ltd	209,000	464,189	0.38
Straits Asia Resources Ltd	246,000	458,526	0.38
United Overseas Bank Ltd	74,000	1,041,085	0.85
		\$ 5,472,823	4.48
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<i>South Korea</i>			
Busan Bank	48,700	\$ 587,175	0.48
Daegu Bank	40,900	608,018	0.50
Daelim Industrial Co	6,040	434,335	0.36
Daishin Securities Co Ltd	17,000	230,682	0.19
GS Holdings Corp	10,000	292,133	0.24
Hanjin Shipping Co Ltd	11,234	200,989	0.16
Hanjin Shipping Holdings Co Ltd	2,166	25,647	0.02
Hanwha Chem Corp	32,900	383,879	0.31
Hyundai Mobis	5,135	758,929	0.62
Hyundai Motor Co	10,360	1,083,452	0.89
KB Financial Group Inc	23,956	1,236,099	1.01
Korea Electric Power Corp	17,550	517,245	0.42
Korea Plant Service & Engineering Co Ltd	12,500	460,240	0.38
Korea Zinc Co Ltd	2,700	476,056	0.39
KT Corp	14,850	501,843	0.41
LG Corp	8,800	552,184	0.45
LG Display Co Ltd	15,000	508,857	0.42
LG International Corp	12,250	320,277	0.26
Lotte Shopping Co Ltd	1,700	508,381	0.42
NHN Corp	3,890	645,528	0.53
POSCO	2,576	1,375,938	1.13
S&T Dynamics Co Ltd	26,650	377,751	0.31
Samsung Electronics Co Ltd	4,931	3,405,229	2.79
Shinhan Financial Group Co Ltd	28,400	1,060,392	0.87
SK Energy Co Ltd	5,950	604,254	0.50
STX Pan Ocean Co Ltd	29,000	283,231	0.23
		\$ 17,438,744	14.29
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INVESTMENT PORTFOLIO AS AT 31 DECEMBER 2009 *(continued)*

Principal Asia Pacific High Dividend Equity Fund	<i>Holdings</i>	<i>Market value US\$/ US\$ equivalent</i>	<i>% of net assets</i>
Listed investments (cost: US\$92,086,160) (continued)			
<i>Equities (continued)</i>			
<i>Taiwan</i>			
Chang Hwa Commercial Bank	989,000	\$ 471,468	0.39
Chicony Electronics Co Ltd	207,129	502,445	0.41
China Steel Corp	874,430	902,038	0.74
Chunghwa Telecom Co Ltd	280,721	522,129	0.43
Hon Hai Precision Industry Co Ltd	302,740	1,433,733	1.18
Lite-On Technology Corp	293,455	440,779	0.36
MediaTek Inc	77,138	1,345,514	1.10
Novatek Microelectronics Corp Ltd	216,505	724,165	0.59
Powertech Technology Inc	130,445	442,428	0.36
Quanta Computer Inc	291,890	635,059	0.52
Realtek Semiconductor Corp	143,420	423,670	0.35
Richtek Technology Corp	62,000	633,761	0.52
Siliconware Precision Industries Co	493,000	668,070	0.55
Simplo Technology Co Ltd	107,360	637,649	0.52
Taiwan Cement Corp	494,000	525,039	0.43
Taiwan Mobile Co Ltd	220,078	429,286	0.35
Taiwan Semiconductor Manufacturing Co Ltd	1,262,169	2,544,855	2.09
U-Ming Marine Transport Corp	194,000	394,186	0.32
WPG Holdings Co Ltd	353,227	615,028	0.50
		\$ 14,291,302	11.71
<i>Thailand</i>			
Kasikornbank Pcl-Foreign	160,000	\$ 417,579	0.34
Siam Commercial Bank Pcl-Foreign	155,800	405,449	0.33
Total Access Communication Pcl-Foreign	318,000	352,962	0.29
		\$ 1,175,990	0.96
Total equities		\$ 118,953,665	97.47
Total listed investments		\$ 118,953,665	97.47
Cash and cash equivalents		\$ 4,576,502	3.75
Other net assets		(1,490,444)	(1.22)
Total net asset value		\$ 122,039,723	100.00

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS

Principal Asia Pacific High Dividend Equity Fund	<i>as at 31 December 2009</i>	<i>as at 30 June 2009</i>
	<i>% of net assets</i>	<i>% of net assets</i>
Listed investment		
<i>Equities</i>		
Australia	27.39	24.87
China	17.39	14.58
Hong Kong	9.97	16.08
India	6.39	7.23
Indonesia	2.59	2.05
Malaysia	1.60	1.36
New Zealand	0.40	0.44
Papu New Guinea	-	0.67
The Philippines	0.30	0.35
Singapore	4.48	4.22
South Korea	14.29	14.03
Taiwan	11.71	11.47
Thailand	0.96	1.52
Total listed investments	97.47	98.87
Other net assets	2.53	1.13
Total net assets	100.00	100.00