

## Important Notes:

1. Principal Hong Kong Equity Fund will invest primarily in listed equities issued by companies established in Hong Kong or by companies whose shares are listed in Hong Kong. The Fund may also invest in listed equities issued by companies which have business in Hong Kong.
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 Hong Kong Equity Fund aims to achieve capital growth over the long-term by investing mainly in Hong Kong equity markets. The Fund will invest primarily in listed equities issued by companies established in Hong Kong or by companies whose shares are listed in Hong Kong (including but not limited to H shares and shares of red-chip companies listed on the Hong Kong Stock Exchange). The Fund may also invest in listed equities issued by companies which have business in Hong Kong. The Fund may hold cash and short-term investments. The risk profile of the Principal Hong Kong Equity Fund is generally regarded as high.

## Fund Commentary

### Market Review

In January 2010, the Hang Seng Index returned -8.0%. All sectors posted negative returns for the month with the telecommunication services, consumer discretionary and health care sectors performing the best.

### Fund Performance

The fund performed almost inline with the index during the month. Stock selection positively affected performance in the consumer discretionary, consumer staples and utilities sectors, while offset by stock selection in materials, industrials and energy sectors.

### Portfolio Strategy & Outlook

We view current monetary policy tightening in China as a normalization process from excessively loose macro policy. Given the strength of the underlying economy, Chinese authorities are making efforts to balance between short-term growth and long-term sustainability, pre-empting inflationary pressures and asset price bubbles. We believe these would be positive for the longer-term development and to prolong the current expansion cycle. In Hong Kong, a low interest rate environment is generally supportive for local spending and employment.

## TOP TEN HOLDINGS

Stock	%
HSBC HOLDINGS PLC	8.47%
CHINA MOBILE HONG KONG LTD	3.30%
SUN HUNG KAI PROPERTIES	3.25%
HONG KONG EXCHANGES & CLEARING LTD	3.08%
LI & FUNG LTD	2.92%
CHEUNG KONG HOLDINGS LTD	2.85%
CHINA CONSTRUCTION BANK-H	2.69%
PETROCHINA CO LTD-H	2.43%
JARDINE MATHESON HOLDINGS LTD	2.30%
CHINA LIFE INSURANCE CO-H	2.27%

\* 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. 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	1 November 2005
Fund Domicile	Hong Kong
Base Currency	Hong Kong Dollar
Fund Size (million)	HK\$1,608.7
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<sup>#</sup>

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

### Investment Class

Please contact us for more information.

<sup>#</sup> 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(%)<sup>1</sup>

	1 month	3 months	1 year	3 years	5 years	Since Inception
Fund	-7.57	-4.25	61.64	15.38	N/A	89.48
Index <sup>2</sup>	-8.00	-7.29	56.15	9.97	N/A	57.92

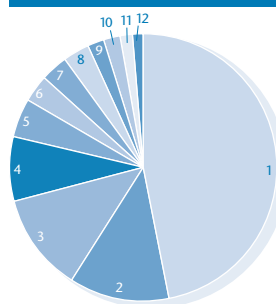
## Calendar Year Return(%)<sup>1</sup>

	Year-to-date	2009	2008	2007	2006	2005
Fund	-7.57	64.23	-51.19	55.46	58.24	N/A
Index <sup>2</sup>	-8.00	56.65	-46.40	43.37	38.98	N/A

<sup>1</sup> 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 Hang Seng Total (dividend re-invested) 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.

<sup>2</sup> Hang Seng Total (dividend re-invested)

## Asset Allocation



1	Financials	46.9%
2	Consumer Discretionary	12.1%
3	Industrials	11.9%
4	Energy	7.8%
5	Information Technology	4.7%
6	Materials	3.3%
7	Telecommunication Services	3.3%
8	Utilities	3.2%
9	Cash	2.0%
10	Consumer Staples	2.0%
11	Other Sectors	1.5%
12	Health Care	1.3%