

## Important Notes:

1. Principal International Bond Fund will invest mainly in the global bond markets. It will primarily invest in a portfolio of debt securities, both sovereign or non-sovereign, of varying maturities and denominated in the world's major currencies.
2. Investment involves risk. There is no assurance on investment returns and your investments may suffer significant loss.
3. 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.
4. 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 International Bond Fund aims to protect and maximise real asset value in terms of international purchasing power. To accomplish its objective, the Fund will invest mainly in the global bond markets. The Fund will primarily invest in a portfolio of debt securities, both sovereign or non-sovereign, of varying maturities and denominated in the world's major currencies. The risk profile of the Principal International Bond Fund is generally regarded as moderate.

## Fund Commentary

### Market Review

The Barclays Capital Global Aggregate Index returned -1.61% during November.

### Fund Performance

The fund underperformed the index during November, driven by the underperformance from all of the regional allocations.

The US region underperformed its index for the month due to sector allocation and security selection. The fund was overweight to financials which was the driver for the month. The Pan-European region also underperformed its index primarily due to sector allocation and security selection. The sector allocation was negative as the fund was overweight credit, particularly within the financials, which underperformed. The Asia Pacific regional allocation underperformed its index primarily due to security selection.

### Portfolio Strategy & Outlook

Our sector positioning is based on slow but positive growth in the major Organization for Economic Co-operation and Development economies (OECD). We have moved to neutral duration as the political risk has increased significantly. We see value in high quality credit and will continue to position this way specifically overweighting financials. We have moved to neutral weighting in mortgage backed securities. We continue to move to a more balanced position across the yield curve.

## TOP TEN HOLDINGS

Bond	Currency	%
GINNIE MAE II POOL-4% 20/11/2041	USD	3.90%
JAPAN GOVERNMENT-50 (20 YR) 1.9% 22/03/2021	JPY	2.68%
JAPAN-285(10 YEAR ISSUE)-1.70% 20/03/2017	JPY	2.56%
UK TREASURY 4.25% 07/12/2027	GBP	2.18%
JAPAN GOVERNMENT TWENTY YEAR BOND-1.9% 20/03/2024	JPY	1.96%
FRANCE GOVERNMENT BOND OAT-3.5% 25/04/2026	EUR	1.59%
JAPAN GOVERNMENT TWENTY YEAR BOND-1.6% 20/06/2030	JPY	1.48%
BUNDESREPUBLIK DEUTSCHLAND-3.5% 04/07/2019	EUR	1.46%
BUONI POLIENNALI DEL TESORO-4.25% 01/02/2015	EUR	1.25%
GINNIE MAE II POOL-4% 20/12/2040	USD	1.23%

\* 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. 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	2 July 2003
Fund Domicile	Hong Kong
Base Currency	Hong Kong Dollar
Fund Size (million)	HK\$2,764.0
Risk Profile	Moderate

## 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 1.00% p.a.
- Trustee Fee 0.20% p.a.
- Switching Fee 4 free switches / year<sup>#</sup>
- 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.

<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	-3.32	-5.59	0.73	13.95	12.83	25.39
Index <sup>2</sup>	-1.61	-2.91	6.44	26.20	34.01	58.90

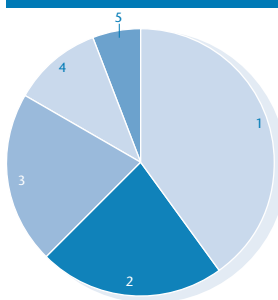
## Calendar Year Return(%)<sup>1</sup>

	Year-to-date	2010	2009	2008	2007	2006
Fund	0.17	3.29	4.37	-1.34	7.11	4.72
Index <sup>2</sup>	4.96	5.81	6.98	4.15	9.76	6.96

<sup>1</sup> The performance information reflects performance of the retail class units. 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 Barclays Global Aggregate Bond (Total 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.

<sup>2</sup> Barclays Global Aggregate Bond (Total Return) Index

## Asset Allocation



1 USD Bonds	40.1%
2 Asia Pacific ex Hong Kong Dollar Bonds	22.4%
3 Euro Bonds	21.0%
4 Other Currency Bonds	10.8%
5 Cash	5.7%