

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

During May, first quarter GDP in US was revised down to 3.0%, with the revisions creating only a mild disappointment. The recovery, however, is gaining momentum with capital spending rising quickly and consumers are continuing to spend.

The economic recovery seems to have continued in the Eurozone despite the fiscal storm. Surveys indicate GDP growth was higher than first quarter's 0.2% outturn. Yet, it has hardly been plain-sailing for the Eurozone since the announcement of the €750 billion aid package to deal with euro sovereign debt crisis.

Fund Performance

The fund underperformed the index in May, driven by underperformance by the North American and Pan European regional allocations. Meanwhile, the Asia Pacific region outperformed.

Portfolio Strategy & Outlook

Our sector positioning is based on rebounding, but still weak global growth. Currently we have moved to a neutral position on duration, but tactically playing duration as the market presents opportunities. Within the UK allocation of the portfolio, we have a bias towards financials over the short maturity government related paper. For the European allocation, the portfolio is overweight financial institutions versus covered bonds.

TOP TEN HOLDINGS

Bond	Currency	%
JAPAN-285 (10 YEAR ISSUE)-1.70% 20/03/2017	JPY	4.86%
JAPAN GOVERNMENT-50 (20 YR) 1.9% 22/03/2021	JPY	2.45%
UNITED STATES TREASURY NOTE/BOND-3.125% 15/05/2019	USD	2.15%
ITALIAN GOVERNMENT-4.25% 01/02/2015	EUR	1.83%
BELGIUM GOVERNMENT BOND-4% 28/03/2017	EUR	1.58%
FRANCE GOVERNMENT BOND OAT-4.25% 25/10/2017	EUR	1.57%
JAPAN GOVT-276 (10 YR)-1.60% 20/12/2015	JPY	1.55%
UK TREASURY-4.25% 07/12/2027	GBP	1.14%
GINNIE MAE I POOL-5% 15/06/2039	USD	1.09%
ITALY BUONI POLIENNALI DEL TESORO-4.25% 01/03/2020	EUR	1.07%

* 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\$2,515.6
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[#]
- 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	-1.89	-2.37	3.15	6.85	8.72	17.93
Index ²	-1.27	-1.99	4.31	19.08	25.45	41.07

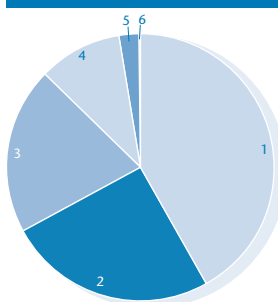
Calendar Year Return(%)¹

	Year-to-date	2009	2008	2007	2006	2005
Fund	-2.69	4.37	-1.34	7.11	4.72	-6.16
Index ²	-1.40	6.98	4.15	9.76	6.96	-4.72

¹ 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.

² Barclays Global Aggregate Bond (Total Return) Index

Asset Allocation



1 USD Bonds	41.8%
2 Euro Bonds	25.3%
3 Asia Pacific ex Hong Kong Dollar Bonds	20.2%
4 Other Currency Bonds	10.1%
5 Cash	2.4%
6 Time Deposit	0.2%