

Important Notes:

1. Principal Hong Kong Dollar Savings Fund will invest primarily in a portfolio of high quality Hong Kong dollar short-to-medium duration debt securities and it may also hold assets denominated in other currencies.
2. Investment in this Fund is different from placing deposits with a bank or deposit-taking company. Investment in this Fund is not protected by the Deposit Protection Scheme.
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 Dollar Savings Fund aims to earn a competitive short-to-medium term rate of return. To achieve its investment objective, the Fund will invest primarily in a portfolio of high quality Hong Kong dollar short-to-medium duration debt securities. The Fund may also hold assets denominated in other currencies. The risk profile of the Principal Hong Kong Dollar Savings Fund is generally regarded as low.

Fund Commentary

Liquidity conditions stayed easy despite a further drop in the aggregate balance by about HK\$19 billion as Hong Kong Monetary Authority issued more bills/notes to absorb high banking surpluses. HIBORS hardened a tad (14 basis points [bps] in three-month and 22 bps in 12-month tenors). In real terms, they did not harden much as USD LIBORS went up 19 bps and 18 bps in three-month and 12-month tenors respectively. Exchange Fund Bill yields rose at the shorter end (due to fresh supplies from Hong Kong Monetary Authority and higher near-term HIBORS) while softening appreciably at the far end. Exchange Fund Bill yields were up 16 bps for one-year while they declined 43 bps in five-years and -37 bps in 10-years.

Due to very low rates, the gross fund returns of the funds remained very low during the month. Our strategy has been to extend duration of the portfolio, within limited means, to get some yield pick-up. The increase in HIBORS in the last two to three weeks will be marginally positive to returns as it will allow us to reinvest maturing investments at higher yields.

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\$1,022.6
Risk Profile	Low

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 0.25% 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.

Hong Kong Dollar Savings Fund Cumulative Return(%)¹

	1 month	3 months	1 year	3 years	5 years	Since Inception
Fund	-0.02	0.02	0.31	5.48	12.15	11.20
Index ²	0.00	0.00	0.01	1.26	5.71	5.82

Hong Kong Dollar Savings Fund Calendar Year Return(%)¹

	Year-to-date	2009	2008	2007	2006	2005
Fund	0.09	0.55	2.15	3.64	3.80	1.44
Index ²	0.00	0.01	0.13	2.03	2.51	1.01

¹ The performance information reflects performance of the retail class units. It is denominated in HK dollar and calculated on NAV to NAV basis, income reinvested. The source of the performance is from Lipper and Principal Asset Management Company (Asia) Limited. Outperforming the 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 Hong Kong Dollar Savings Rate, takes into account compound interest

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