Principal Asia Pacific High Dividend Equity Fund
Grasp the Chance for Yielding Growth and Income!

Important Notes

1. The Principal Asia Pacific High Dividend Equity Fund ("Fund") will invest in a diversified portfolio of listed securities in the Asia Pacific region, including but not limited to the following countries: Australia, China, Hong Kong, Indonesia, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan and Thailand. Principal Asset Management Company (Asia) Limited ("Manager") will focus on companies which demonstrate strong corporate fundamentals and offer the potential for superior dividend yields. The Fund may also on an ancillary basis from time to time hold cash, deposits and instruments with floating or fixed rates such as certificates of deposits, bankers' acceptances and commercial paper.

2. The Fund invests in equities located in developed markets and in emerging markets. Such investments carry market, credit, liquidity, currency, regulatory and other associated risks that can cause portfolio values to be very volatile.

3. For Income Class Units of the Fund, dividends are not guaranteed. The Manager may at its discretion pay dividend out of gross income while paying all or part of the fees and expenses attributable to the Income Class Units out of the capital of such Units, resulting in an increase in distributable income for the payment of dividends by the Income Class Units and therefore, the Sub-Fund may effectively pay dividend paid out of capital. Payment of dividend effectively out of capital amounts to a return or withdrawal of part of the investor’s original investment in the Income Class Units or from any capital gains attributable to that original investment. Any distributions involving payment of dividends effectively out of the capital of the Income Class Units may result in an immediate reduction of its net asset value per Unit.

4. Investment involves risk. There is no assurance on investment returns and you may not get back the amount originally invested. Dividend rate is not guaranteed.

5. The investment decision is yours and 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.

6. You should not rely solely on this marketing material when making your investment decision. You should read the Explanatory Memorandum of Principal Prosperity Series for further details (including investment policy, risk factors, fees and charges, and fund information).

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Average annualized dividend rate for the past 15 years

3.7%1

Dividend is not guaranteed1

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Fund Merits:

- Leverage of dividend-paying large-caps and growth-potential small-caps
- A performing, well-diversified portfolio of ~100 holdings
- Steady stream of monthly distribution1
- The Fund2 has shown outstanding performance over the past 16 years (2nd quartile ranking in YTD, 1st quartile ranking in 3 years, 5 years, 7 years, 10 years and since inception)

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Monthly Dividend Distributions Available – Income Class Units1

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Consistent return

4

Total return

4

Lipper Leader Fund Rating1

Quartile Ranking1

#1

3Yr, 5Yr, 7Yr, 10Yr, and Since Inception
Why Investing in Asia Pacific Region?

1. Proven Performance during Fed Rate Cuts
   - The Federal Reserve interest-rate cuts in history gave emerging economies and Asia-Pacific markets capacity to ease their own interest rates and get back to higher growth. During the recent five easing cycles, the average return of emerging and Asia Pacific ex-Japan market outperformed developed market and S&P 500.

<table>
<thead>
<tr>
<th>Performance during rate cuts</th>
<th>Return % Equities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start</td>
<td>End</td>
</tr>
<tr>
<td>2/6/1989</td>
<td>4/9/1992</td>
</tr>
<tr>
<td>5/7/1995</td>
<td>31/1/1996</td>
</tr>
<tr>
<td>28/9/1998</td>
<td>17/11/1998</td>
</tr>
<tr>
<td>2/1/2001</td>
<td>25/6/2003</td>
</tr>
<tr>
<td>14/9/2007</td>
<td>16/12/2008</td>
</tr>
<tr>
<td>Average</td>
<td>130</td>
</tr>
</tbody>
</table>

2. Monetary and Fiscal Stimulus to Support the Economy
   - A large number of emerging market central banks had begun cutting rates far before the Fed’s move. Given current levels of Asia and Emerging Market policy rates, there may be more room for monetary easing compared to developed market. In addition, broadly lower levels of government debts in Asia-Pacific countries may provide more room for fiscal stimulus. These policies, as a result, are likely to sustain a generally higher economic growth rate in Asia.

3. Stable Asia-Pacific Currencies Performance
   - Despite a strong dollar and currency crises in some of the emerging countries, Asian currencies remained stable year-to-date. The relatively consistent performance of the Asian currencies may be beneficial to major Asian asset classes in the long term as they historically have had a high correlation.

10 Best YTD Performance among Emerging Markets (%):

- Russian Ruble
- Thai Baht
- Mexican Peso
- Philippine Peso
- Indonesian Rupiah
- South African Rand
- Taiwanese Dollar
- Peruvian Sol
- Singapore Dollar
- Malaysian Ringgit

Classification: Internal Use
4. Potentially Offer Greater Dividend Yields

- Asia-Pacific corporates are posting attractive dividend yields compared to their respective 10-year government bond yields. Equity investors may benefit from steady dividend income, in addition to capital appreciation.

5. Dividend Income Adds to Total Return

- In the past 10 years, dividends in emerging and Asia-Pacific ex-Japan markets are one of key contributors to performance growth.

6. Seize the Opportunities For Attractive Valuations

- Along with market volatilities, valuations of Asia-Pacific equities are now at an attractive level, relative to their historical average. There exists room to rebound when valuations revert.
Why Principal Asia Pacific High Dividend Equity Fund?

1. Consistent Outperformance

![Graph showing annualized return percentage for Principal Asia Pacific High Dividend Equity Fund and Reference Index from 2002 to 2018.]

<table>
<thead>
<tr>
<th>Annualized Return (%)</th>
<th>1 year</th>
<th>3 years</th>
<th>5 years</th>
<th>10 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Asia Pacific High Dividend Equity Fund</td>
<td>17.42%</td>
<td>10.42%</td>
<td>5.92%</td>
<td>6.58%</td>
</tr>
<tr>
<td>Peers Group Average</td>
<td>15.89%</td>
<td>8.62%</td>
<td>3.99%</td>
<td>4.85%</td>
</tr>
<tr>
<td>Excess Return</td>
<td>1.53%</td>
<td>1.80%</td>
<td>1.93%</td>
<td>1.73%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Calendar Year Performance (%)</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Asia Pacific High Dividend Equity Fund</td>
<td>-15.88%</td>
<td>36.28%</td>
<td>6.17%</td>
<td>-6.72%</td>
<td>5.69%</td>
</tr>
</tbody>
</table>

2. Potential for Yielding Opportunity

- Distribution Yield – Average annualized dividend rate for the past 15 years 3.7%.

<table>
<thead>
<tr>
<th>Record Year</th>
<th>Annualized Dividend Yield</th>
<th>Record Year</th>
<th>Annualized Dividend Yield</th>
<th>Record Year</th>
<th>Annualized Dividend Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>6.4%</td>
<td>2010</td>
<td>2.9%</td>
<td>2015</td>
<td>5.0%</td>
</tr>
<tr>
<td>2006</td>
<td>3.7%</td>
<td>2011</td>
<td>4.0%</td>
<td>2016</td>
<td>3.2%</td>
</tr>
<tr>
<td>2007</td>
<td>3.1%</td>
<td>2012</td>
<td>3.7%</td>
<td>2017</td>
<td>2.7%</td>
</tr>
<tr>
<td>2008</td>
<td>4.6%</td>
<td>2013</td>
<td>3.7%</td>
<td>2018</td>
<td>3.0%</td>
</tr>
<tr>
<td>2009</td>
<td>2.6%</td>
<td>2014</td>
<td>3.8%</td>
<td>2019*</td>
<td>2.6%</td>
</tr>
</tbody>
</table>
3. Overweight Small Caps that Outperform Continuously

![Portfolio Market Cap Weights](image)

Reference Index Market Cap Weights
- Large Caps: 64%
- Mid Caps: 30%
- Small Caps: 6%

- Portfolio Market Cap Weights
- Large Caps: 62%
- Mid Caps: 17%
- Small Caps: 6%

Normalised at the beginning of 2000

![Graph](image)

MSCI AC Asia Pacific ex. Japan Small Cap
MSCI AC Asia Pacific ex. Japan Large Cap

4. Stock Selection Criteria

- A performing, well-diversified portfolio with about 100 securities, encompassing dividend-paying large-caps and high-growth potential mid-to-small caps.

![700+ securities across Asia Pacific Bottom-up stock selection](image)

- Sustainable business fundamentals rising expectation
- Attractive valuation
- Investment team with proven track record
- Global research platform

Approximately 100 holdings

Steady Distribution
Strong Cash Flow
Corporate Governance
Growth Potential

Fund Facts

<table>
<thead>
<tr>
<th>Investment Objective</th>
<th>To achieve high current income and capital appreciation through investing in a diversified portfolio of listed securities in the Asia Pacific region.</th>
</tr>
</thead>
</table>
| Fund Managers        | Donghui (David) Han, CFA 18 years of industry experience  
                       Alan Xi Wang, CFA 20 years of industry experience |
| Fund Domicile        | Hong Kong |
| Base Currency        | US Dollar |
| Fund Size            | US$142.47 million |
| Initial Charge       | Up to 5% |
| Management Fee       | 1.40% p.a. |
| Inception Date       | 13 Dec 2002 |
| Reference Index      | MSCI AC Asia Pacific ex. Japan Net Return Index (USD) |
| Fund Codes           | ISIN HK0000272416  
                       Bloomberg DAOAPDOHK |
| Dividend Policy      | Monthly |
1. Distribution policy: Monthly dividend distribution (if any), but the policy is subject to the complete and absolute discretion of the fund manager, and the fund manager has the sole discretion to determine the amount of any such dividend. The dividend per unit is calculated based on the latest dividend distribution with dividend reinvested, and may be higher or lower than the actual annual dividend yield. Past distribution does not imply positive return. For funds offering classes with a distribution feature, such classes aim at monthly distribution as the case may be. Dividend is not guaranteed. Distributions may be paid from capital.

2. The inception date of Principal Asia Pacific High Dividend Equity Fund is 13 December 2002.

3. Source: Lipper, data as of 31 December 2019. The Lipper Ratings for Consistent Return and Total Return of the fund are 5 and 4. Lipper Leaders Fund Ratings: Funds are ranked on a scale of 1 to 5, the top 20% of funds receive a rating of “5” and are named Lipper Leaders. For more of source and assessment criteria, please refer to http://www.lipperleaders.com/Result.aspx.

4. Source: © Morningstar 2019, as of 31 December 2019. Peer group refers to Asia Pacific ex-Japan Equity. The fund ranked 2nd quartile ranking in YTD, 1st quartile ranking in 3 years, 5 years, 10 years and since inception outperforming over peers. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

5. Source: Bloomberg, as of 31 December 2019. The performance of Developed Market, Emerging Market and Asia Pacific ex-Japan Market represent for MSCI World Index, MSCI Emerging Markets Index and MSCI Asia Pacificex. Japan NR Index (USD), respectively.

6. Source: Bloomberg, as of 31 December 2019. Asia Pacific policy rates change refer to the average of policy rates including countries like Australia, China, Hong Kong, India, Indonesia, Malaysia, New Zealand, Philippines, South Korea, Taiwan, Thailand, Emerging Market policy rates change refer to the average of policy rates including countries like China, Hong Kong, India, Indonesia, Malaysia, Philippines, South Korea, Taiwan, Thailand, Chile, Colombia, Czech, Hungary, Mexico, Peru, Poland, Romania, South Africa, Turkey. Developed market policy rates change refer to the average of policy rates including countries like US, Europe, UK, Canada, Switzerland, Sweden, Norway, Denmark.

7. Source: IMF, Bloomberg, as of October 2019.

8. Source: Bloomberg, as of 31 December 2019. Correlation indicates that two types of assets have a correlation that is close to 0 or negative, the correlation of increase and decrease of the assets is lower.


10. Source: Bloomberg, as of 31 December 2019. Australia, Taiwan, Singapore, Hong Kong, Germany, US, Japan, Asia Pacific ex-Japan and Global equities dividend yield to ACW, TWSE, STI, HSI, DAX, S&P 500, Nikkei 225, MSCI Asia Pacific ex. Japan NR Index (USD) and MSCI ACWI Index dividend yield, respectively.

11. Source: Bloomberg, as of 31 December 2019. The performance of Global, Developed Market, Emerging Market and Asia Pacific ex-Japan Market represent for MSCI ACWI Index, MSCI World Index, MSCI Emerging Markets Index and MSCI Asia Pacificex. Japan NR Index (USD), respectively.


17. Source: Principal Global Investors. Data as of 31 December 2019. The management fee has been changed from 1.2% to 1.4% effective from 1 July 2007.

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