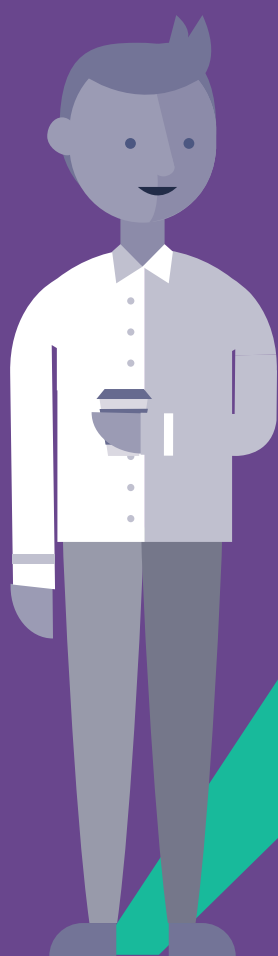


Principal Asset Management Company (Asia) Limited

Unaudited Semi-Annual Report
For the six months ended 31 December 2019



PRINCIPAL PROSPERITY SERIES

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ADMINISTRATION

Manager

Principal Asset Management Company (Asia) Limited
30/F, Millennium City 6
392 Kwun Tong Road
Kwun Tong, Kowloon
Hong Kong

Manager's responsibility delegated to:

Principal Global Investors (Hong Kong) Limited
Unit 1001-2
Central Plaza
18 Harbour Road
Central, Hong Kong

Trustee and Registrar

Principal Trust Company (Asia) Limited
30/F, Millennium City 6
392 Kwun Tong Road
Kwun Tong, Kowloon
Hong Kong

Directors of Principal Asset Management Company (Asia) Limited

Binay Chandgothia
Cheong Wee Yee

Auditor

KPMG
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

Legal Advisors to the Manager

(Hong Kong Law)
Baker & McKenzie
14/F One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

MANAGER'S REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

Principal Prosperity Series - Principal Asia Pacific High Dividend Equity Fund (the "Sub-Fund")

Market Review

Global equity markets surged into the end of the year as year-long uncertainties began to find clarity. An agreed upon phase one trade deal between the U.S. and China was cheered by the market while the never-ending Brexit dynamics found reprieve following the latest elections as a Conservatives majority lessens the likelihood of a Hard Brexit. The two catalysts spurred a risk-on rally to close out the year inducing a shift into market laggards, namely emerging markets and smaller companies, while bond-proxy sectors that previously could do no wrong were significant laggards amid profit taking.

The Asia Pacific ex-Japan markets returned a healthy 10.5% during the quarter, but still behind the overall emerging markets return of 11.9%. Of the largest markets, Taiwan, China, and South Korea outperformed while Australia and India failed to keep pace with the fierce fourth quarter rally. Our Asia Pacific ex-Japan Opportunities strategy underperformed by approximately 60 bps during the fourth quarter but outperformed by over 50 bps for the full 2019 calendar year.

Strategy and Outlook

The overall Australian market does not look cheap, but we continue to find solid idiosyncratic stock ideas. Specifically, the software industry continues to provide much needed diversification into the Asia region where tech hardware has been dominating. Also, we like companies who generate offshore earnings relative to domestic Australian companies.

Principal Asset Management Company (Asia) Limited

16 January 2020

STATEMENT OF FINANCIAL POSITION

(Expressed in United States dollar)

Principal Asia Pacific High Dividend Equity Fund	as at 31 December 2019	as at 30 June 2019
Assets		
Investments measured at fair value through profit or loss	\$ 140,456,605	\$ 131,300,539
Dividend and other receivables	83,954	464,049
Amounts receivable from brokers	3,456,301	433,047
Amounts receivable on subscription of units	16,701	382,346
Cash and cash equivalents	2,310,377	2,878,054
Total assets	\$ 146,323,938	\$ 135,458,035
Liabilities		
Amounts payable on redemption of units	\$ 2,279	\$ 60,733
Amounts payable to brokers	3,781,154	662,058
Distributions payable	27,851	71,510
Accrued expenses and other payables	229,814	90,172
Total liabilities (excluding net assets attributable to unitholders classified as financial liabilities)	\$ 4,041,098	\$ 884,473
Net assets attributable to unitholders	\$ 142,282,840	\$ 134,573,562
Representing:		
Financial liabilities	\$ 142,282,840	\$ 134,573,562
Total number of units in issue		
Income Class Units	696,285.73	715,100.59
Accumulation Class Units - Institutional	8,582,934.71	8,452,807.72
Net asset value per unit		
Income Class Units	\$ 32.24	\$ 31.03
Accumulation Class Units - Institutional	13.97	13.30

INVESTMENT PORTFOLIO AS AT 31 DECEMBER 2019

Principal Asia Pacific High Dividend Equity Fund			
	Holdings	Fair value US\$/ US\$ equivalent	% of net assets
Listed investments (cost: US\$122,204,920)			
Equities			
<i>Australia</i>			
Appen Ltd	45,644	\$ 718,486	0.50
Aristocrat Leisure Ltd	42,605	1,005,377	0.71
Australia & New Zealand & Banking Group Ltd	37,342	644,595	0.45
Beach Energy Ltd	400,948	705,321	0.50
BHP Group Ltd	58,382	1,592,491	1.12
Centuria Industrial REIT	179,736	420,733	0.30
Charter Hall Group	53,529	415,675	0.29
Commonwealth Bank of Australia	40,141	2,247,812	1.58
CSL Ltd	12,407	2,397,856	1.69
Downer EDI Ltd	81,618	467,340	0.33
Fortescue Metals Group Ltd	85,460	640,274	0.45
Goodman Group	113,661	1,065,045	0.75
Kogan.com Ltd	233,123	1,240,086	0.87
Macquarie Group Ltd	15,307	1,478,843	1.04
Megaport Ltd	106,242	799,697	0.56
National Australia Bank Ltd	71,505	1,234,315	0.87
OZ Minerals Ltd	57,490	425,079	0.30
Perenti Global Ltd	401,551	455,912	0.32
QBE Insurance Group Ltd	30,594	276,170	0.19
Santos Ltd	163,545	937,596	0.66
Saracen Mineral Holdings Ltd	276,293	640,948	0.45
Select Harvests Ltd	94,406	555,120	0.39
Service Stream Ltd	209,197	389,998	0.27
Seven Group Holdings Ltd	62,149	848,057	0.60
Telstra Corp Ltd	151,882	376,821	0.26
Wesfarmers Ltd	14,649	425,044	0.30
Westpac Banking Corp	51,830	880,156	0.62
Woolworths Group Ltd	36,588	927,240	0.65
		\$ 24,212,087	17.02
<i>China</i>			
Alibaba Group Holding Ltd-ADR	37,893	\$ 8,037,104	5.66
Anhui Conch Cement Co Ltd-H	91,000	663,739	0.47
ANTA Sports Products Ltd	115,000	1,030,029	0.72
Asia Cement (China) Holdings Co	447,000	668,141	0.47
Bosideng International Holdings Ltd	2,024,000	730,339	0.51
China Aoyuan Group Ltd	481,000	784,434	0.55
China Construction Bank Corp-H	3,376,620	2,918,131	2.05
China Lesso Group Holdings Ltd	873,000	1,119,921	0.79
China Life Insurance Co Ltd-H	284,000	789,557	0.55
China Medical System Holdings Ltd	975,000	1,404,769	0.99

INVESTMENT PORTFOLIO AS AT 31 DECEMBER 2019 (continued)

Principal Asia Pacific High Dividend Equity Fund			
	Holdings	Fair value US\$/ US\$ equivalent	% of net assets
<i>China (continued)</i>			
China Mobile Ltd	178,000	\$ 1,497,162	1.05
China Petroleum & Chemical Corp-H	590,000	355,330	0.25
China Railway Construction Corp Ltd-H	405,000	443,620	0.31
China Shenhua Energy Co Ltd-H	213,000	445,289	0.31
CNOOC Ltd	357,000	594,129	0.42
Guangdong Investment Ltd	276,000	577,702	0.41
Guangzhou Automobile Group Co Ltd-H	428,000	533,118	0.37
Huatai Securities Co Ltd-H	291,400	515,640	0.36
Industrial & Commercial Bank of China Ltd-H	2,847,000	2,193,543	1.54
JD.com Inc-ADR	37,947	1,336,873	0.94
Kweichow Moutai Co Ltd-A	4,200	713,254	0.50
Logan Property Holdings Co Ltd	334,000	560,999	0.39
Meituan Dianping	44,100	577,059	0.41
NetEase Inc-ADR	3,891	1,193,136	0.84
New Oriental Education & Technology Group Inc-ADR	6,666	808,253	0.57
Ping An Insurance (Group) Co of China Ltd-H	203,500	2,406,753	1.69
Semiconductor Manufacturing International Corp	211,500	324,282	0.23
Sunac China Holdings Ltd	132,000	789,044	0.55
Sunny Optical Technology (Group) Co Ltd	32,300	559,528	0.39
TAL Education Group-ADR	7,147	344,485	0.24
Tencent Holdings Ltd	127,900	6,168,842	4.34
Times China Holdings Ltd	306,000	610,633	0.43
Vipshop Holdings Ltd-ADR	64,970	920,625	0.65
Weichai Power Co Ltd-H	215,000	453,887	0.32
WuXi AppTec Co Ltd-H	23,500	291,660	0.20
Wuxi Biologics (Cayman) Inc	37,000	468,712	0.33
Xiaomi Corp	177,200	245,296	0.17
Zhongsheng Group Holdings Ltd	212,000	868,428	0.61
Zoomlion Heavy Industry Science & Technology Co Ltd-H	597,000	500,605	0.35
		\$ 45,444,051	31.93
<i>Hong Kong</i>			
AIA Group Ltd	290,200	\$ 3,048,304	2.14
BOC Hong Kong (Holdings) Ltd	303,500	1,054,225	0.74
CITIC Telecom International Holdings Ltd	1,379,000	502,910	0.35
CK Hutchison Holdings Ltd	113,000	1,078,139	0.76
Hongkong Land Holdings Ltd	87,900	505,425	0.36
Melco International Development Ltd	180,000	506,202	0.36
NagaCorp Ltd	798,000	1,393,636	0.98
New World Development Co Ltd	321,000	440,234	0.31
SITC International Holdings Co Ltd	960,000	1,171,123	0.82
Sun Hung Kai Properties Ltd	55,000	842,579	0.59

INVESTMENT PORTFOLIO AS AT 31 DECEMBER 2019 (continued)

Principal Asia Pacific High Dividend Equity Fund			
	Holdings	Fair value US\$/ US\$ equivalent	% of net assets
<i>Hong Kong (continued)</i>			
Techtronic Industries Co Ltd	111,000	\$ 905,829	0.64
WH Group Ltd	495,000	511,692	0.36
Wheelock & Co Ltd	90,000	600,393	0.42
Xinyi Glass Holdings Ltd	802,000	1,062,825	0.75
		\$ 13,623,516	9.58
<i>India</i>			
Axis Bank Ltd	56,343	\$ 595,895	0.42
HDFC Bank Ltd	61,600	1,099,013	0.77
Housing Development Finance Corp Ltd	24,952	844,272	0.59
ICICI Bank Ltd-ADR	76,664	1,156,860	0.81
Ipca Laboratories Ltd	21,792	347,274	0.24
Larsen & Toubro Ltd	33,474	609,467	0.43
Mahindra & Mahindra Ltd	52,885	394,255	0.28
Muthoot Finance Ltd	57,158	610,406	0.43
Reliance Industries Ltd	102,559	2,177,783	1.53
Tech Mahindra Ltd	32,774	350,394	0.25
WNS (Holdings) Ltd-ADR	14,505	959,506	0.67
		\$ 9,145,125	6.42
<i>Indonesia</i>			
Bank Rakyat Indonesia (Persero) Tbk PT	3,806,200	\$ 1,207,646	0.85
Telkom Indonesia (Persero) Tbk PT	1,627,100	465,801	0.33
		\$ 1,673,447	1.18
<i>Malaysia</i>			
CIMB Group Holdings Bhd	1,083,100	\$ 1,362,739	0.96
Econpile Holdings Bhd	2,372,000	437,521	0.31
Pentamaster Corp Bhd	511,100	566,890	0.40
		\$ 2,367,150	1.67

INVESTMENT PORTFOLIO AS AT 31 DECEMBER 2019 (continued)

Principal Asia Pacific High Dividend Equity Fund			
	Holdings	Fair value US\$/ US\$ equivalent	% of net assets
<i>Singapore</i>			
CapitaLand Commercial Trust	342,300	\$ 506,000	0.36
DBS Group Holdings Ltd	77,900	1,497,587	1.05
Frasers Logistics & Industrial Trust	646,900	595,867	0.42
Keppel DC REIT	455,595	703,935	0.49
Mapletree Industrial Trust	349,700	675,397	0.47
Mapletree Logistics Trust	388,600	502,276	0.35
United Overseas Bank Ltd	28,800	565,004	0.40
UOL Group Ltd	239,900	1,482,668	1.04
		\$ 6,528,734	4.58
<i>South Korea</i>			
AfreecaTV Co Ltd	11,249	\$ 670,555	0.47
Fila Holdings Corp	10,618	486,878	0.34
Hana Financial Group Inc	25,577	816,540	0.57
Hyundai Glovis Co Ltd	3,946	488,196	0.34
Hyundai Mobis Co Ltd	3,704	820,375	0.58
Hyundai Motor Co	2,075	216,325	0.15
Kia Motors Corp	28,165	1,079,481	0.76
Korea Electric Power Corp	23,353	561,680	0.39
LG Chem Ltd	1,298	356,550	0.25
Mando Corp	15,989	486,929	0.34
POSCO	2,216	453,422	0.32
Samsung Electronics Co Ltd	136,235	6,576,947	4.63
Shinhan Financial Group Co Ltd	8,229	308,630	0.22
SK Hynix Inc	29,468	2,399,063	1.69
		\$ 15,721,571	11.05
<i>Taiwan</i>			
Accton Technology Corp	238,000	\$ 1,333,155	0.94
Cathay Financial Holding Co Ltd	376,000	533,436	0.37
Chicony Electronics Co Ltd	157,000	465,891	0.33
E.SUN Financial Holding Co Ltd	1,001,523	931,665	0.65
Fubon Financial Holding Co Ltd	243,000	375,940	0.26
Giant Manufacturing Co Ltd	67,000	475,827	0.33
Hon Hai Precision Industry Co Ltd	343,320	1,039,392	0.73
ITEQ Corp	273,000	1,160,559	0.82
Kung Long Batteries Industrial Co Ltd	8,000	39,744	0.03
Largan Precision Co Ltd	4,000	666,844	0.47
MediaTek Inc	56,000	828,087	0.58

INVESTMENT PORTFOLIO AS AT 31 DECEMBER 2019 (continued)

Principal Asia Pacific High Dividend Equity Fund			
	Holdings	Fair value US\$/ US\$ equivalent	% of net assets
<i>Taiwan (continued)</i>			
Realtek Semiconductor Corp	54,000	\$ 423,113	0.30
Taiwan Semiconductor Manufacturing Co Ltd	668,169	7,374,096	5.19
Taiwan Union Technology Corp	249,000	1,228,727	0.86
Wiwynn Corp	29,910	633,264	0.45
Yageo Corp	68,000	990,797	0.70
		\$ 18,500,537	13.01
<i>Thailand</i>			
Advanced Info Service PCL	55,500	\$ 396,269	0.28
Bangkok Bank PCL	122,200	653,355	0.46
PTT Exploration & Production PCL	102,400	427,353	0.30
Thai Beverage PCL	1,279,500	845,903	0.59
		\$ 2,322,880	1.63
<i>The Philippines</i>			
Vista Land & Lifescapes Inc	2,883,000	\$ 439,766	0.31
Wilcon Depot Inc	1,345,000	477,741	0.34
		\$ 917,507	0.65
Total equities		\$ 140,456,605	98.72
Total listed investments		\$ 140,456,605	98.72
Other net assets		1,826,235	1.28
Total net assets		\$ 142,282,840	100.00

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS

Principal Asia Pacific High Dividend Equity Fund	% of net assets as at 31 December 2019	% of net assets as at 30 June 2019
Listed investments (by country/by region)		
Equities		
Australia	17.02	21.10
China	31.93	26.47
Hong Kong	9.58	8.98
India	6.42	8.25
Indonesia	1.18	1.58
Malaysia	1.67	1.17
New Zealand	-	0.32
Singapore	4.58	3.78
South Korea	11.05	11.84
Taiwan	13.01	12.20
Thailand	1.63	1.49
The Philippines	0.65	0.39
Total listed investments	98.72	97.57
Other net assets	1.28	2.43
Total net assets	100.00	100.00



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