

Principal Asset Management Company (Asia) Limited  
Periodic Assessment for Principal Sustainable Asia  
Equity Income Fund  
December 2023

## Periodic assessment

### Principal Prosperity Series – Principal Sustainable Asia Equity Income Fund (“Sub-Fund”)

The Sub-Fund primarily (i.e. at least 70% of the Sub-Fund’s net asset value) invest in a diversified portfolio of listed securities of companies and issuers in the Asia Pacific (ex-Japan) region which are considered to be outperforming their peers with respect to sustainability performance based on environmental, social and governance (“ESG”) factors (“ESG achievers”) as well as exchange traded funds (“ETFs”) and collective investment schemes (“CISs”), which primarily invest in equity securities of companies and issuers that maintain better ESG profiles than their corresponding traditional counterparts (collectively “ESG achiever ETFs/CISs”). The Sub-Fund will also seek to achieve high current income and capital appreciation with a focus on high dividend yielding stocks. The Sub-Fund will invest in a diversified portfolio of listed securities in the Asia Pacific (ex-Japan) region, including but not limited to the following: Australia, Greater China (including PRC, Hong Kong, Macau and Taiwan), Indonesia, India, Malaysia, New Zealand, the Philippines, Singapore, South Korea and Thailand. The Sub-Fund will focus on ESG achievers which demonstrate strong corporate fundamentals and offer the potential for superior dividend yields. The Sub-Fund will also seek to achieve capital appreciation with relatively moderate to high volatility commensurate with investing in equities. The Sub-Fund aims to maintain a minimum of 70% of the Sub-Fund’s net asset value invested in listed securities issued by ESG achievers as well as ESG achiever ETFs/CISs. The aggregate investment of the Sub-Fund’s investment in ETFs and CISs (including ESG achiever ETFs/CISs) will be less than 30% of the Sub-Fund’s net asset value.

The Fund Manager adopts a best-in-class strategy under which the Fund Manager will screen all securities investable by the Sub-Fund (including ETFs and CISs) with the aim of identifying ESG achievers and ESG achiever ETFs/CISs. The Fund Manager will assign ESG scorings on potential companies/issuers by using a proprietary ESG methodology. Companies/issuers which are in the higher Quartile 1 or 2 within Asia Pacific (ex-Japan) region, or within their respective sectors of sub-regions (i.e. Greater China, Asia developed markets and Asia emerging markets (ex-Greater China)) based on ESG scores as ranked by the Fund Manager’s internal rating system will be considered to be ESG achievers.

Based on holdings data as of 29 December 2023, about 79.9% of the Sub-Fund’s net asset value is invested in listed securities issued by ESG achievers and no holdings in ESG achiever ETFs/CISs, which represents 35.0% exclusion based upon the number of issuers from the investment universe perspective as a result of this screening.

	<b>Sub - Fund</b>
Listed securities issued by ESG achievers	79.9%
ESG achiever ETFs/CISs	0%
Sub-total	79.9%

	<b>Sub - Fund</b>	<b>Benchmark*</b>
ESG Overall Rating	A	A
MSCI ESG LEADERS	36.7%	37.9%
MSCI ESG AVERAGE	47.2%	50.4%
MSCI ESG LAGGARDS	12.9%	11.3%

\* MSCI AC Asia Pacific ex Japan Net Return Index (USD)

For equity investments, the fund manager aims to engage investee companies and integrate ESG considerations in its research at least once a year. Upon assessment, the investment team may disagree with the MSCI ratings. At which point, the investment team may include or exclude an investment based on this assessment. The fund has also appointed our proxy voting manager to vote in favor of ESG principles, where appropriate and consistent with the stated investment objective. Due to the screening process the manager may eliminate an investment if there are no ratings from MSCI or it is not aligned to any UN SDG factors.

*Integration of sustainability considerations and/or environmental, social and governance (ESG) factors is qualitative and subjective by nature. There is no guarantee that the criteria used, or judgment exercised, will reflect the beliefs or values of any particular investor. Investment teams have a high degree of investment process autonomy and may consider or weight sustainability and/or ESG criteria or factors differently (or not at all). For those teams that consider sustainability and/or ESG factors as part of the investment process in strategies that are not explicitly sustainability and/or ESG-oriented, those sustainability considerations and/or ESG factors are generally no more significant than other factors in the investment selection process, such that sustainability considerations and/or ESG factors may not be determinative in deciding to include or exclude any particular investment in the portfolio. Information regarding responsible practices or other sustainability metrics, including ESG data, differs by source and may not be accurate or complete. Integration of sustainability considerations and/or ESG factors may present additional advantages or risks, may not protect against market risk or volatility, and under certain circumstances may detract from investment performance. You should not make any investment assumptions based solely on the information contained herein. Information is provided as additional insight into the relevant investment processes and should not be viewed as a change in an investment team's underlying investment objectives, strategies, risk parameters, or portfolio construction guidelines. There is no assurance that any strategy or integration of sustainability considerations and/or ESG factors will be successful or profitable.*