

Principal introduces first local-domiciled ESG Asian Income and Allocation Strategies[~] to Hong Kong Market

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Principal Hong Kong (“Principal”) announced the launch of the **Principal Sustainable Asian Income Fund** today and the upcoming **Principal Sustainable Asian Allocation Fund (New Funds)** under the Principal Prosperity Series. These funds are SFC authorized and placed on their “list of green and ESG funds” #. This enables retail investors to gain access to the first-to-market local-domiciled ESG Asian income and allocation strategies[~], which may be part of the income solutions for pre- and post-retirement.

“Enhancing retirement protection with potential regular dividend paying investment products may help sustain the living standards of retirees enabling them to feel more financially secure,” said Mr. Derek Ching, CEO of Principal Investment & Retirement Services Limited.

The New Funds aim to provide capital growth and income over medium to long term by investing in Asia Pacific companies that are **environmental, social and governance (ESG) Leaders**⁺. They utilize a **Best-In-Class** strategy[^] with the portfolio being 100% ESG screened.

“At Principal, our investment capabilities in ESG have been building for over two decades.” said Mr. Ching. “Sustainable investing is becoming a more important consideration for investors. Our New Funds are Asian focused ESG funds with 100% ESG screening. Investing in ESG does not mean that investors need to sacrifice investment returns. In fact, the performance of ESG indices may outperform non-ESG traditional indices.”

These New Funds domiciled in Hong Kong with relatively low to medium risk level are available for investment from both local and Greater Bay Area (GBA) mainland residents. As a southbound stream of GBA’s Wealth Management Connect, these New Funds may help capture the business opportunities with unique fund features not currently offered in the market. The New Funds come with different share classes which include Income Plus Class Units that target higher potential monthly yields for those investors trying to match desired income levels.

“We keep innovating to empower customers along their retirement journey. By introducing the new ESG income funds, we strive to bring more diversified products for our clients to generate possible passive income and help them achieve their financial goals. At the same time, we help them align their investments with the environmental and social values they’re concerned with. Together, we wish to safeguard the sustainability of our clients’ interests for future generations to come.” Mr. Ching added.

Notes:

~ Principal Sustainable Asian Income Fund and Principal Sustainable Asian Allocation Fund are on the list of green and ESG funds, and currently they are the only Hong Kong domiciled funds classified as Asian Income and/or Allocation Strategies, for details please refer to <https://www.sfc.hk/en/Regulatory-functions/Products/List-of-green-and-ESG-funds>

The list of green and ESG funds does not constitute an official recommendation of these products or a guarantee of their green or ESG attributes or related performance.

+ Principal Asset Management Company (Asia) Limited (the 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 their respective sectors based on ESG scores as ranked by the Manager's internal rating system, or have a minimum MSCI ESG rating of BBB will be considered to be ESG leaders.

^ The Manager adopts a best-in-class strategy under which the Manager will screen all securities investable by the Sub-Fund (including ETF and CIS) with the aim of identifying ESG leaders and ESG-focused ETF/CIS.

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About Principal

In Hong Kong, we are a provider of investment and retirement solutions. Our member companies, including Principal Trust Company (Asia) Limited, Principal Investment & Retirement Services Limited and Principal Asset Management Company (Asia) Limited, combine our capabilities in global investment management, retirement leadership and asset allocation expertise to provide retirement and asset management services as well as award-winning mutual funds and investment products to businesses, individuals and institutional investors. All the above companies are member companies of the Principal Financial Group.

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