

# Principal Life Style Fund

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS  
For The Year Ended 31 December 2020



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# MANAGEMENT AND ADMINISTRATION

## **Manager**

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

## **Trustee, Custodian and Registrar**

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

## **Delegate of the Manager**

Principal Global Investors, LLC  
801 Grand Avenue  
Des Moines  
IA 50392, USA

## **Sub-Delegate of the Manager**

(for Principal Hong Kong Bond Fund, Principal International Bond Fund, and Principal European Equity Fund)

Principal Global Investors (Europe) Limited  
10 Gresham Street  
London EC2V 7JD  
United Kingdom

(for Principal Asian Equity Fund, Principal China Equity Fund, Principal Hong Kong Bond Fund, Principal Hong Kong Dollar Savings Fund, Principal Hong Kong Equity Fund and Principal Asian Bond Fund\*)

Principal Global Investors (Hong Kong) Limited  
Unit 1001-1002, Central Plaza  
18 Harbour Road  
Wan Chai  
Hong Kong

(for Principal Asian Bond Fund\*)

Principal Global Investors (Singapore) Limited  
One Raffles Quay  
#19-01/04 North Tower  
Singapore 048583

\* Principal Asian Bond Fund is not authorised by the Securities and Futures Commission and is not be available for subscription to the retail public.

## **Legal Advisor to the Manager**

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

## **Auditor**

Ernst & Young  
22/F CITIC Tower  
1 Tim Mei Avenue  
Central  
Hong Kong

# MANAGER'S REPORT

Principal Asset Management Company (Asia) Limited (the "Manager") has pleasure in presenting the Manager's report together with the performance of Principal Asian Bond Fund, Principal Asian Equity Fund, Principal China Equity Fund, Principal European Equity Fund, Principal Hong Kong Bond Fund, Principal Hong Kong Dollar Savings Fund, Principal Hong Kong Equity Fund, Principal International Bond Fund, Principal International Equity Fund, Principal Pension Bond Fund and Principal U.S. Equity Fund (Sub-funds of Principal Life Style Fund and referred to individually or collectively as the "Sub-funds") for the year ended 31 December 2020.

## **Principal Asian Bond Fund**

### ***Market Review***

Portfolio outperformed the benchmark in 4Q20 (since launch date of 17 August 2020). Spreads allocation was positive as spreads tightened across supported by both positive contributions from sector allocation and security selection. The overweights in financials, technology and energy contributed positively while the underweights in sovereigns and overweights in basic industry detracted from performance. The overweight in duration contributed negatively as yields rose and the yield curve steepened.

Global equities were stronger across the quarter as we moved past the US elections and with the release of a series of positive vaccine news on their efficacy towards the COVID-19 virus. In addition, global Manufacturing Purchasing Managers' Index (PMI) staying at near term highs as well as the Fed's ongoing monetary stimulus provided further support to the rally. On the COVID front however, the situation remained more mixed with some regions in the world seeing rising new cases leading to governments imposing localized shutdowns, but the positive vaccine news mitigated most of the negativity and markets continued to look past the current COVID situation.

### ***Portfolio Strategy and Outlook***

Overall, the portfolio is positioned with a spread and yield level higher than its benchmark. Duration contribution mostly comes from the higher spread BBB bonds which have a higher spread buffer to cushion the possibility of higher yields. While the Fed is likely to stay dovish, we expect steepening pressure to come through eventually with fiscal stimulus, vaccine progress and an unwind of lower for longer rates trades. As such, the portfolio overweights are focused in the shorter end of the curve to reduce exposures to higher volatility in the longer end of the credit curve.

## **Principal Asian Equity Fund**

### ***Market Review***

Equity markets advanced sharply higher over the fourth quarter accounting for much of the double-digit returns for the year. Using the MSCI All Country World Index (USD) as a proxy, global equities advanced 14.8% during the quarter, and finished the year up 16.8%. Emerging markets outperformed developed markets during the quarter, rising 19.8% vs. 14.1%, bringing the year-to-date returns to 18.7%.

### ***Portfolio Strategy and Outlook***

With 2020 leaving investors to deal with abrupt changes, volatility and an elevated number of macro-driven items, we remain confident that fundamentals will reassert themselves and earnings will continue to drive share prices higher. Many of the companies which performed well earlier in the current year saw a positive tailwind from work at home and lockdowns. Some of the changes we see will be more permanent in nature, others less so. We are unlikely to see some economies fully re-open before the spring, even then we will not be returning to 2019 conditions. As a result, our analysts have been focusing on the duration of the change they can identify. There are a lot of companies now where we can see a dislocation between expectations and our estimates. We look to further capitalize on this.

Markets will continue to face some risk due to de-risking and rebalancing pressures by pension funds and sovereign institutions though this has waned recently amid under allocations to equities at this point. Other key risks, as always, include geopolitical uncertainty and potential policy missteps, whether monetary, fiscal and/or regulatory in nature. As always, we find bottom-up analysis of credit conditions and earnings trends to be much more reliable guides than top-down attempts to forecasts macro variables.

## MANAGER'S REPORT *(continued)*

### **Principal China Equity Fund**

#### **Market Review**

In the fourth quarter, information technology, utilities and healthcare sectors outperformed, while real estate, energy and communication services sectors lagged during the quarter.

China's economic activities continued to lead the global economic recovery in the fourth quarter despite a few dozen local cases re-emerge in China. Official Manufacturing PMI slightly edged down to 51.9 in December from 52.1 in November. Retail sales growth was up 5% in November, in-line with expectation. Total social financing was RMB2,130 billion in November, above expectation which was RMB2,075 billion. In the fourth quarter, the policy guidance from Central Economic Work Conference pointed to a balance policy stance for 2021 and eased market concerns over sharp policy pullback.

#### **Portfolio Strategy and Outlook**

Our strategy remained constructive in the fourth quarter as the COVID-19 was under-control in China since March and the economy has been steadily improving. We continue to like companies that long-term growth story, and thus we continue to increase our position in leading companies in the consumer industry. We reduce some overweight in the banks as we think the restriction on new property loan could hurt the profitability of the banks. We also reduce our position other property related names due to the same reason.

### **Principal European Equity Fund**

#### **Market Review**

Equity markets advanced sharply higher over the fourth quarter accounting for much of the double-digit returns witnessed in 2020 across many areas. The onset of resolution of uncertainties following the discovery of a COVID vaccine and change of leadership in the US, led the market having a greater risk appetite, and focusing on selected cheap opportunities and smaller companies in general.

Much of 2020 equity market leadership was very narrow, led by high-growth and innovating stocks, as investors combatted ongoing headwinds and lackluster growth centered around the global pandemic and US elections. The fourth quarter brought hopeful progress on many fronts, and in turn, sharply higher equity returns accompanied by improving breadth. On an absolute basis, every sector delivered positive returns, led by previously downtrodden areas of energy and financials, while the more defensive sectors of consumer staples and real estate failed to participate.

#### **Portfolio Strategy and Outlook**

As we make continued progress and move past so much uncertainty, we expect growth and equity returns to broaden out. While growth and innovative companies should continue to benefit from secular tailwinds, there are additional opportunities noted below emerging across the entire market cap spectrum. As we embark on a "new normal", we are extremely confident that fundamentals will reassert themselves and earnings will continue to drive share prices higher.

### **Principal Hong Kong Bond Fund**

#### **Market Review**

Portfolio slightly outperformed the benchmark in 4Q20. The underweight in duration contributed positive as yields rose and the yield curve steepened. Currency allocation towards USD was positive as USD credit spreads tightened more than HKD credits. Security selection contributed positively mainly driven by our credit curve steepening view. Sector allocation detracted as our longs in higher quality sectors such as agencies underperformed the lower quality sectors in our portfolio.

#### **Portfolio Strategy and Outlook**

Macro economy globally continues to improve coupled with the gradual re-opening of economies worldwide have helped to maintain market optimism based on an improved outlook. Coupled with the very accommodative policies across global central banks, the liquidity in the financial system would remain supportive for asset prices and a continued search for yield as rates would be held low for longer. We expect Hong Kong's growth to be on gradual path of recovery supported by China's steady growth and Fed's dovish stance, with potential lingering headwinds from weak external demand and persistent COVID incidents.

While the Fed is likely to stay dovish, we expect steepening pressure to come through eventually with fiscal stimulus, vaccine progress and an unwind of lower for longer rates trades. With the base case for Hong Kong a soft recovery and lower inflation, this is supportive of HKD bond markets outperformance over US rates. We feel that the HKD rates curve can steepen further and prefer HKD credit bonds over government bonds in a nascent recovery backdrop.

## MANAGER'S REPORT *(continued)*

### **Principal Hong Kong Dollar Savings Fund**

#### **Market Review**

Hong Kong equity markets rallied in line with global markets, as USD continued to stay under pressure. The Hong Kong aggregate balance continued to stay at highs since 2015 at HKD\$458 billion while the HKD traded slightly off the strong side of the 7.75-7.85 band. 3M HIBOR continued to move lower and compressed relative to 3M US LIBOR to levels seen pre the enactment of the National Security Law in May this year as liquidity remained flush in the financial system. The HKD local rates curve steepened in sympathy with the US rates curve but still managed to outperform US rates in the long end.

Hong Kong's PMI remained in contractionary territory and fell to the lowest level since April as another wave of COVID related restrictions slowed domestic demand. Sharp falls in new orders and new export orders signaled weakness in domestic and global demand in the coming months. Retail sales again contracted in November but there was a shift towards increased discretionary purchases, indicating some improvement in consumer sentiments.

#### **Portfolio Strategy and Outlook**

With the Fed moving towards a new inflation target regime, global interest rates and Fed rates will remain low and continue to weigh on incremental returns from reinvestments. Our strategy of optimizing yield across various options in time deposits, certificate of deposits and public market securities to generate excess returns over 3M HIBOR continues to work well. Rates have continued to fall at the start of the new year and we are keeping duration short in order to retain more flexibility to invest in longer duration opportunities.

### **Principal Hong Kong Equity Fund**

#### **Market Review**

In the fourth quarter, the Hang Seng Index was up 16.2%, and the FTSE MPF Hong Kong index, the benchmark of the Hong Kong equity portfolio, returned 16.1%. Information technology, healthcare and financials sectors outperformed the index, while communication services, energy and real estate sectors lagged during the quarter.

As affected by another round of local coronavirus outbreak in December, Hong Kong's economic activities was weak. Hong Kong Markit PMI declined to 43.5 in December from 50.1 in November, and retail sales continue to decline more than 5% year-over-year in the quarter.

#### **Portfolio Strategy and Outlook**

Our strategy remained constructive in the third quarter as the COVID-19 was under-control in China since March and the economy has been steadily improving. We continue to like companies that long-term growth story, and thus we continue to increase our position in leading companies in the consumer industry. We remained bearish on Hong Kong economy, but we continued to reduce our underweight in Hong Kong local shares lately, as we think the worst situation is already behind us. We reduced our underweight in HSBC the first time in 2020.

### **Principal International Bond Fund**

#### **Market Review**

The portfolio slightly underperformed its benchmark during the fourth quarter 2020. Overall duration and yield curve positioning was the main detractor to relative performance, while security selection and currency allocation contributed positively to performance. Sector allocation had a slight negative impact to performance. Within duration positioning, the main factor of the underperformance was the long duration position on the USD curve as interest rates increased during the quarter. However, this was somewhat offset by positive curve positioning, where overweights were focused on the front and intermediate parts of the curve. A short duration posture to the euro curve also detracted from performance as European rates slightly fell during the quarter. On the positive side, a short duration posture to the Korean won curve contributed positively to performance.

#### **Portfolio Strategy and Outlook**

Strong housing markets, consumer spending, and corporate earnings, combined with the core foundations of global central bank support, are serving as economic tailwinds that will drive growth in 2021. However, near-term virus concerns and associated lockdowns may result in slower growth and more volatility in early 2021.

Overall, the portfolio is positioned with a spread level slightly higher than its benchmark. However, both portfolio yield and duration levels compared to the benchmark are lower. Overall duration positioning is currently short compared to the benchmark, with recent duration moves coming from a reduction in the overweight within the USD allocation and duration addition within the euro allocation. On an asset class basis, the portfolio has increased its overweight to corporates and non-corporate credit while reducing its overweight to treasury securities. The allocation to securitized assets remains underweight. On a currency level the largest overweights are the Japanese yen, Mexican peso, euro, and the Australian dollar. The largest currency underweights are the Chinese renminbi and Korean won.

## MANAGER'S REPORT *(continued)*

### **Principal International Equity Fund**

#### **Market Review**

Equity markets advanced sharply higher over the fourth quarter accounting for much of the double-digit returns witnessed in 2020 across many areas. The onset of resolution of uncertainties and improving growth prospects broadened equity return strength, led by the more cyclical areas of emerging markets and smaller companies. While many market dynamics evolved in the quarter, monetary and fiscal support remained a constant. Amid so much uncertainty, central banks and governments have done their best to keep measures unprecedentedly accommodating, providing key support to economies and markets.

Much of 2020 equity market leadership was very narrow, led by high-growth and innovating stocks, as investors combatted ongoing headwinds and lackluster growth centered around the global pandemic and US elections. The fourth quarter brought hopeful progress on many fronts, and in turn, sharply higher equity returns accompanied by improving breadth. On an absolute basis, every sector delivered positive returns, led by previously downtrodden areas of materials and financials, while the more defensive sectors of consumer staples and real estate failed to participate.

#### **Portfolio Strategy and Outlook**

As we make continued progress and move past so much uncertainty, we expect growth and equity returns to broaden out. While growth and innovative companies should continue to benefit from secular tailwinds, there are additional opportunities noted below emerging across the entire market cap spectrum. As we embark on a “new normal”, we are extremely confident that fundamentals will reassert themselves and earnings will continue to drive share prices higher.

### **Principal Pension Bond Fund**

#### **Market Review**

Global sovereign yields were generally rangebound during the quarter as central banks maintained accommodative policies. However, in the U.S., there was considerable volatility in longer-term rates as the market digested a wide range of events including the U.S. elections, political wrangling over fiscal stimulus, vaccine approvals, lockdowns, and a potential maturity extension of Federal Reserve purchases. The U.S. Treasury ten-year rate increased 0.23% to 0.91% and the thirty-year rate increased 0.19% to 1.65%. In Europe, the yield on German ten-year government bonds fell 0.05% to -0.57% while the rate on U.K. also modestly decreased, falling -0.03% to 0.20%. Chinese rates were unchanged quarter-over-quarter, ending at 3.15%.

#### **Portfolio Strategy and Outlook**

Strong housing markets, consumer spending, and corporate earnings, combined with the core foundations of global central bank support, are serving as economic tailwinds that will drive growth in 2021. However, near-term virus concerns and associated lockdowns may result in slower growth and more volatility in early 2021.

The economic outlook for most emerging market economies remains positive with Asian growth leading the way. Technicals are strong due to fund flows that have turned consistently positive. Emerging markets will continue to benefit from supportive global central banks and improved commodity prices. Spreads appear attractive relative to developed market alternatives.

### **Principal U.S. Equity Fund**

#### **Market Review**

In Q4, the S&P 500 index rose by 12%. Equity market rallied on COVID-19 vaccine announcements but still face headwinds from the virus's ongoing spread, including re-introducing lockdowns in several large cities. Factors that suffered from underperformance earlier this year, notably value and smaller size, experienced material outperformance amid a rotation in market sentiment and “risk on” environment. The conclusion of the US election cycle and the announcement of the COVID-19 vaccine in the US and other countries lifted equities globally. Value, notably energy and financials, rallied significantly in the quarter. Since the pandemic began in earnest, these companies were some of the most beat down. A slight value bias in the portfolio contributed to outperformance. Particularly within the growth-dominated information technology and communication services sectors, high momentum stocks underperformed on the quarter. A slight positive bias towards momentum hurt performance.

#### **Portfolio Strategy and Outlook**

The Dynamic Risk Premium process has prompted a modest bias towards cheaper value and higher momentum. During Q4, the modest bias towards higher quality was reduced. The most considerable statement in the portfolio from a factor perspective remains overweight to smaller size. We have focused on maintaining a low active share aligned with current objectives from a performance and tracking error perspective. As of the end of Q4, the active share is -29%. 2020 was a tumultuous environment for equity factors. Three consecutive prior difficult quarters for the US Equity strategy translate into a 2020 excess return of -383bps.

For and on behalf of

**Principal Asset Management Company (Asia) Limited**

Hong Kong

26 April 2021

# INVESTMENT REPORT

## Performance table

Investment record as at 31 December 2020							
	Net asset value per unit						Total net asset value HK\$
	Pension Class	Retail Class	Investment Class	I6 Class	R6 Class	R2 Class	
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
* Principal Asian Bond Fund	10.0977	-	-	-	-	-	289,706,452
Principal Asian Equity Fund	70.1849	54.1099	28.3278	10.0000	-	-	6,650,142,482
Principal China Equity Fund	25.2318	19.9365	20.0682	-	12.5987	-	5,322,001,560
Principal European Equity Fund	20.4270	-	17.6126	13.3118	-	-	2,657,555,600
Principal Hong Kong Bond Fund	13.1430	12.0667	-	-	9.9437	-	6,990,666,442
Principal Hong Kong Dollar Savings Fund	13.9167	12.4026	-	-	-	-	3,557,349,645
Principal Hong Kong Equity Fund	52.5756	42.1951	43.0236	13.3368	12.3446	14.3392	13,813,438,801
Principal International Bond Fund	19.9654	13.5740	15.3786	-	-	-	5,994,305,452
Principal International Equity Fund	43.4613	33.2350	-	10.0000	-	-	3,091,944,719
Principal Pension Bond Fund	20.2145	-	-	-	-	-	2,907,012,105
Principal U.S. Equity Fund	45.4740	24.8639	-	-	-	-	4,358,345,256
* It was launched on 17 August 2020.							
Investment record as at 31 December 2019							
	Net asset value per unit						Total net asset value HK\$
	Pension Class	Retail Class	Investment Class	I6 Class	R6 Class	R2 Class	
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
Principal Asian Equity Fund	55.8194	43.6398	22.7779	10.0000	-	-	5,235,365,713
Principal China Equity Fund	20.4079	16.4007	16.4268	-	10.6131	-	4,261,880,091
Principal European Equity Fund	17.4307	-	15.2106	13.3118	-	-	981,275,888
Principal Hong Kong Bond Fund	12.2375	11.3150	-	-	9.5502	-	6,387,600,511
Principal Hong Kong Dollar Savings Fund	13.5880	12.1656	-	-	-	-	3,461,792,218
Principal Hong Kong Equity Fund	44.4887	36.2091	36.8450	13.3368	10.8571	12.3654	11,140,250,234
Principal International Bond Fund	18.4856	12.7183	14.3823	-	-	-	5,269,171,769
Principal International Equity Fund	36.6826	28.4474	-	10.0000	-	-	3,662,302,047
Principal Pension Bond Fund	18.8065	-	-	-	-	-	2,629,861,170
Principal U.S. Equity Fund	40.2047	22.2928	-	-	-	-	2,620,246,468
Investment record as at 31 December 2018							
	Net asset value per unit						Total net asset value HK\$
	Pension Class	Retail Class	Investment Class	I6 Class	R6 Class	R2 Class	
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
Principal Asian Equity Fund	48.3291	38.3149	19.9382	10.0000	-	-	4,509,460,430
Principal China Equity Fund	17.3054	14.1448	14.0965	-	9.4254	-	3,941,799,782
Principal European Equity Fund	13.8721	-	12.2496	13.3118	-	-	728,615,606
Principal Hong Kong Bond Fund	11.7590	10.9492	-	-	9.4874	-	5,743,201,605
Principal Hong Kong Dollar Savings Fund	13.2667	11.9321	-	-	-	-	3,343,151,196
Principal Hong Kong Equity Fund	39.1216	32.2887	32.7890	13.3368	9.9643	11.0846	11,218,100,152
Principal International Bond Fund	17.1933	11.9794	13.5109	-	-	-	4,533,677,764
Principal International Equity Fund	30.2665	23.8000	-	10.0000	-	-	3,259,503,566
Principal Pension Bond Fund	17.1755	-	-	-	-	-	2,421,560,436
Principal U.S. Equity Fund	31.7537	17.8627	-	-	-	-	1,679,050,468



# INVESTMENT REPORT *(continued)*

Performance table *(continued)*

Performance record for the year ended 31 December 2020				
	Fund expense ratio (%)#	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Net annualised investment return (%)*
<b>Principal Asian Bond Fund</b>				
Pension Class **	-	10.0977	9.8883	0.98
<b>Principal Asian Equity Fund</b>				
Pension Class	0.03	70.1849	37.8127	25.74
Retail Class	-	54.1099	29.4580	23.99
Investment Class	1.14	28.3278	15.3877	24.37
I6 Class	0.00	10.0000	10.0000	0.00
<b>Principal China Equity Fund</b>				
Pension Class	0.03	25.2318	15.9445	23.64
Retail Class	-	19.9365	12.7635	21.56
Investment Class	1.23	20.0682	12.7987	22.17
R6 Class	-	12.6008	8.2591	18.71
<b>Principal European Equity Fund</b>				
Pension Class	0.02	20.4892	11.9015	17.19
Investment Class	1.22	17.6675	10.3547	15.79
I6 Class	0.00	13.3118	13.3118	0.00
<b>Principal Hong Kong Bond Fund</b>				
Pension Class	0.01	13.1430	12.2306	7.40
Retail Class	-	12.0667	11.3081	6.64
R6 Class	-	10.0563	9.5444	4.12
<b>Principal Hong Kong Dollar Savings Fund</b>				
Pension Class	0.01	13.9174	13.5894	2.42
Retail Class	-	12.4036	12.1665	1.95
<b>Principal Hong Kong Equity Fund</b>				
Pension Class	0.01	52.5756	34.7243	18.18
Retail Class	-	42.1951	28.1702	16.53
Investment Class	1.22	43.0236	28.6790	16.77
I6 Class	0.00	13.3368	13.3368	0.00
R6 Class	-	12.3572	8.4465	13.70
R2 Class	-	14.3392	9.6079	15.96
<b>Principal International Bond Fund</b>				
Pension Class	0.01	19.9654	17.9219	8.01
Retail Class	-	13.5741	12.2978	6.73
Investment Class	1.02	15.3786	13.9131	6.93
<b>Principal International Equity Fund</b>				
Pension Class	0.02	43.4613	24.3091	18.48
Retail Class	-	33.2350	18.7851	16.83
I6 Class	0.00	10.0000	10.0000	0.00
<b>Principal Pension Bond Fund</b>				
Pension Class	0.01	20.2145	17.2030	7.49
<b>Principal U.S. Equity Fund</b>				
Pension Class	0.00	45.4740	27.8619	13.11
Retail Class	-	24.8639	15.3910	11.53

The net annualised investment return represents the percentage change in unit price\* for the year covered in this report. It is for indicative purposes only and is not necessarily a guide to future performance.

\* Percentage change: (unit price at the end of the year - unit price at the beginning of the year)/ unit price at the beginning of the year OR (unit price at the last pricing date - unit price at the beginning of the year)/ unit price at the beginning of the year (for terminated Sub-fund/ fully redeemed class during the year) OR (unit price at the end of the year - unit price at the date of inception)/ unit price at the date of inception (for newly launched Sub-fund/ class)

\*\* Sub-fund/ class was launched on 17 August 2020.

# The fee and charges of an investment in a listed REIT are not regarded as the underlying fund costs as defined under E3.9 of the Disclosure Code of an APIF for the purposes of calculating FER.

# INVESTMENT REPORT *(continued)*

Performance table *(continued)*

Performance record for the year ended 31 December 2019				
	Fund expense ratio (%)#	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Net annualised investment return (%)*
<b>Principal Asian Equity Fund</b>				
Pension Class	0.04	56.1293	46.7657	15.50
Retail Class	-	44.3208	37.0705	13.90
Investment Class	1.14	23.0836	19.2912	14.24
I6 Class	0.00	10.0000	10.0000	0.00
<b>Principal China Equity Fund</b>				
Pension Class	0.03	20.4881	16.7132	17.93
Retail Class	-	16.6542	13.6586	15.95
Investment Class	1.23	16.6193	13.6126	16.53
R6 Class	-	11.0926	9.1012	12.60
<b>Principal European Equity Fund</b>				
Pension Class	0.01	17.5011	13.6739	25.65
Investment Class	1.21	15.2741	12.0733	24.17
I6 Class	0.00	13.3118	13.3118	0.00
<b>Principal Hong Kong Bond Fund</b>				
Pension Class	0.01	12.4117	11.7604	4.07
Retail Class	-	11.5021	10.9468	3.34
R6 Class	-	9.8362	9.4850	0.66
<b>Principal Hong Kong Dollar Savings Fund</b>				
Pension Class	0.01	13.5880	13.2705	2.42
Retail Class	-	12.1656	11.9352	1.96
<b>Principal Hong Kong Equity Fund</b>				
Pension Class	0.02	46.2187	37.8706	13.72
Retail Class	-	38.0056	31.2521	12.14
Investment Class	1.22	38.6151	31.7369	12.37
I6 Class	0.00	13.3368	13.3368	0.00
R6 Class	-	11.6874	9.6434	8.96
R2 Class	-	14.3492	10.5178	11.55
<b>Principal International Bond Fund</b>				
Pension Class	0.01	18.8276	17.2653	7.52
Retail Class	-	13.0089	12.0277	6.17
Investment Class	1.01	14.6989	13.5660	6.45
<b>Principal International Equity Fund</b>				
Pension Class	0.02	36.7588	29.8621	21.20
Retail Class	-	28.5110	23.4791	19.53
I6 Class	0.00	10.0000	10.0000	0.00
<b>Principal Pension Bond Fund</b>				
Pension Class	0.01	18.8855	17.1789	9.50
<b>Principal U.S. Equity Fund</b>				
Pension Class	0.00	40.2688	31.0745	26.61
Retail Class	-	22.3319	17.4783	24.80

The net annualised investment return represents the percentage change in unit price\* for the year covered in this report. It is for indicative purposes only and is not necessarily a guide to future performance.

\* Percentage change: (unit price at the end of the year - unit price at the beginning of the year)/ unit price at the beginning of the year OR (unit price at the last pricing date - unit price at the beginning of the year)/ unit price at the beginning of the year (for terminated Sub-fund/ fully redeemed class during the year) OR (unit price at the end of the year - unit price at the date of inception)/ unit price at the date of inception (for newly launched Sub-fund/ class)

# The fee and charges of an investment in a listed REIT are not regarded as the underlying fund costs as defined under E3.9 of the Disclosure Code of an APIF for the purposes of calculating FER.

# INVESTMENT REPORT *(continued)*

Performance table *(continued)*

Performance record for the year ended 31 December 2018			
	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Net annualised investment return (%)*
<b>Principal Asian Equity Fund</b>			
Pension Class	64.3084	47.4909	(18.46)
Retail Class	51.6447	37.6985	(19.60)
Investment Class	26.8044	19.6293	(19.37)
I6 Class	10.0000	10.0000	0.00
<b>Principal China Equity Fund</b>			
Pension Class	22.7278	16.8733	(11.89)
Retail Class	18.8746	13.8307	(13.38)
Investment Class	18.7228	13.7729	(12.95)
R6 Class	12.9014	9.2181	(15.56)
<b>Principal European Equity Fund</b>			
Pension Class	17.2819	13.4822	(13.42)
Investment Class	15.4335	11.9068	(14.47)
I6 Class	14.2251	12.7961	0.86
<b>Principal Hong Kong Bond Fund</b>			
Pension Class	11.7590	11.3913	1.78
Retail Class	10.9492	10.6528	1.06
R6 Class	9.6513	9.3121	(1.64)
<b>Principal Hong Kong Dollar Savings Fund</b>			
Pension Class	13.2667	13.0182	1.94
Retail Class	11.9321	11.7607	1.48
<b>Principal Hong Kong Equity Fund</b>			
Pension Class	49.7805	37.0094	(12.99)
Retail Class	41.6267	30.6141	(14.20)
Investment Class	42.1941	31.0817	(14.03)
I6 Class	15.8859	12.7003	(7.10)
R6 Class	13.2295	9.4734	(16.68)
R2 Class	14.3492	10.5178	(14.63)
<b>Principal International Bond Fund</b>			
Pension Class	17.5619	16.9036	(0.96)
Retail Class	12.3411	11.7826	(2.14)
Investment Class	13.8986	13.2952	(1.95)
<b>Principal International Equity Fund</b>			
Pension Class	37.2375	29.0219	(12.59)
Retail Class	29.6681	22.8235	(13.82)
I6 Class	10.0000	10.0000	0.00
<b>Principal Pension Bond Fund</b>			
Pension Class	17.3514	16.9776	(1.12)
<b>Principal U.S. Equity Fund</b>			
Pension Class	38.1442	29.7586	(5.08)
Retail Class	21.5518	16.7305	(6.42)

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\* Percentage change: (unit price at the end of the year - unit price at the beginning of the year)/ unit price at the beginning of the year OR  
 (unit price at the last pricing date - unit price at the beginning of the year)/ unit price at the beginning of the year  
 (for terminated Sub-fund/ fully redeemed class during the year) OR  
 (unit price at the end of the year - unit price at the date of inception)/ unit price at the date of inception  
 (for newly launched Sub-fund/ class)

# INVESTMENT REPORT *(continued)*

Performance table *(continued)*

Performance record for the year ended 31 December 2017			
	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Net annualised investment return (%)*
<b>Principal Asian Equity Fund</b>			
Pension Class	59.2705	41.6117	43.58
Retail Class	47.7098	33.9385	41.52
Investment Class	24.7471	17.5456	42.05
I6 Class	10.0000	10.0000	0.00
<b>Principal China Equity Fund</b>			
Pension Class	20.0432	13.8851	41.70
Retail Class	16.6938	11.7373	39.35
Investment Class	16.5453	11.5815	40.05
R6 Class	11.4156	8.3616	33.71
<b>Principal European Equity Fund</b>			
Pension Class	16.0467	12.4050	29.43
Investment Class	14.3435	11.2184	27.90
I6 Class	13.2184	10.3185	28.15
<b>Principal Hong Kong Bond Fund</b>			
Pension Class	11.7051	11.1868	3.34
Retail Class	10.9998	10.5634	2.61
R6 Class	9.9112	9.6272	0.24
<b>Principal Hong Kong Dollar Savings Fund</b>			
Pension Class	13.0183	12.8261	1.49
Retail Class	11.7629	11.6402	1.03
<b>Principal Hong Kong Equity Fund</b>			
Pension Class	45.2360	31.5072	43.48
Retail Class	37.9185	26.7352	41.52
Investment Class	38.4218	27.0412	41.81
I6 Class	14.4603	10.1599	42.08
R6 Class	12.0795	8.7504	37.41
R2 Class <sup>#</sup>	13.0897	10.0000	29.85
<b>Principal International Bond Fund</b>			
Pension Class	17.4624	15.9408	8.36
Retail Class	12.3621	11.3965	6.87
Investment Class	13.9038	12.7779	7.29
<b>Principal International Equity Fund</b>			
Pension Class	34.7316	27.9495	24.63
Retail Class	27.7010	22.6002	22.91
I6 Class	10.0000	10.0000	0.00
<b>Principal Pension Bond Fund</b>			
Pension Class	17.4007	16.5378	5.02
<b>Principal U.S. Equity Fund</b>			
Pension Class	33.6584	27.5810	21.39
Retail Class	19.2057	15.9616	19.59

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<sup>#</sup> R2 Class was launched on 1 February 2017.

# INVESTMENT REPORT *(continued)*

Performance table *(continued)*

Performance record for the year ended 31 December 2016			
	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Net annualised investment return (%)*
<b>Principal Asian Equity Fund</b>			
Pension Class	44.9150	34.3849	6.11
Retail Class	36.8028	28.4113	4.57
Investment Class	19.0058	14.6401	4.96
I6 Class	10.0000	10.0000	0.00
<b>Principal China Equity Fund</b>			
Pension Class	15.2357	11.1501	2.30
Retail Class	12.9494	9.5679	0.57
Investment Class	12.7572	9.3991	1.08
R6 Class	9.2919	7.0270	(2.45)
<b>Principal European Equity Fund</b>			
Pension Class	12.9602	11.1366	(4.00)
Investment Class	11.8026	10.1345	(5.14)
I6 Class	10.8433	9.3118	2.99
<b>Principal Hong Kong Bond Fund</b>			
Pension Class	11.5685	11.0583	(0.08)
Retail Class	10.9537	10.5118	(0.78)
R6 Class	10.0996	9.6392	(3.10)
<b>Principal Hong Kong Dollar Savings Fund</b>			
Pension Class	12.8396	12.6558	1.12
Retail Class	11.6518	11.5361	0.65
<b>Principal Hong Kong Equity Fund</b>			
Pension Class	34.6391	25.7981	1.92
Retail Class	29.5239	22.1626	0.50
Investment Class	29.8439	22.3767	0.71
I6 Class	11.2057	8.3931	0.91
R6 Class	9.7688	7.4968	(2.79)
<b>Principal International Bond Fund</b>			
Pension Class	16.9941	15.6431	2.50
Retail Class	12.1999	11.3296	1.16
Investment Class	13.6744	12.6645	1.48
<b>Principal International Equity Fund</b>			
Pension Class	28.1664	24.1612	2.84
Retail Class	22.7941	19.7828	1.40
I6 Class	10.0000	10.0000	0.00
<b>Principal Pension Bond Fund</b>			
Pension Class	16.9161	16.0247	3.36
<b>Principal U.S. Equity Fund</b>			
Pension Class	28.0476	23.0338	6.55
Retail Class	16.2513	13.5186	4.98

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# INVESTMENT REPORT *(continued)*

Performance table *(continued)*

Performance record for the year ended 31 December 2015			
	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Net annualised investment return (%)*
<b>Principal Asian Equity Fund</b>			
Pension Class	48.9112	37.0683	(7.71)
Retail Class	40.8928	30.8392	(9.04)
Investment Class	21.0112	15.8643	(8.72)
<b>Principal China Equity Fund</b>			
Pension Class	18.2263	12.5608	(6.96)
Retail Class	15.8616	10.8594	(8.55)
Investment Class	15.5149	10.6433	(8.07)
R6 Class <sup>#</sup>	11.9736	8.0266	(14.42)
<b>Principal European Equity Fund</b>			
Pension Class	13.7081	11.7471	5.48
Investment Class	12.6429	10.8800	4.22
<b>Principal Hong Kong Bond Fund</b>			
Pension Class	11.2318	10.8365	3.16
Retail Class	10.6957	10.3798	2.43
R6 Class <sup>#</sup>	10.0579	9.9215	-
<b>Principal Hong Kong Dollar Savings Fund</b>			
Pension Class	12.6955	12.5535	0.99
Retail Class	11.5878	11.5068	0.45
<b>Principal Hong Kong Equity Fund</b>			
Pension Class	39.2582	28.7460	(3.85)
Retail Class	34.0799	24.8478	(5.20)
Investment Class	34.3527	25.0635	(5.00)
I6 Class	12.8657	9.3927	(4.81)
R6 Class <sup>#</sup>	11.7680	8.4735	(10.47)
<b>Principal International Bond Fund</b>			
Pension Class	16.1440	15.4279	(2.91)
Retail Class	11.8404	11.2362	(4.15)
Investment Class	13.1986	12.5484	(3.87)
<b>Principal International Equity Fund</b>			
Pension Class	29.2400	25.3916	(1.93)
Retail Class	24.2024	20.9023	(3.37)
<b>Principal Pension Bond Fund</b>			
Pension Class	16.2046	15.8321	1.08
<b>Principal U.S. Equity Fund</b>			
Pension Class	27.2545	23.8684	0.38
Retail Class	16.1296	14.1046	(1.10)

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<sup>#</sup> R6 Class was launched on 2 January 2015.

# INVESTMENT REPORT *(continued)*

Performance table *(continued)*

Performance record for the year ended 31 December 2014			
	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Net annualised investment return (%)*
<b>Principal Asian Equity Fund</b>			
Pension Class	45.7393	38.2642	1.55
Retail Class	38.5938	32.5538	0.10
Investment Class	19.7870	16.6577	0.44
<b>Principal China Equity Fund</b>			
Pension Class	15.0947	12.1942	9.71
Retail Class	13.2768	10.8183	7.85
Investment Class	12.9456	10.5235	8.40
<b>Principal European Equity Fund</b>			
Pension Class	13.5898	11.3051	(3.78)
Investment Class	12.6751	10.4991	(4.84)
<b>Principal Hong Kong Bond Fund</b>			
Pension Class	10.9169	10.4003	4.12
Retail Class	10.4634	10.0319	3.38
<b>Principal Hong Kong Dollar Savings Fund</b>			
Pension Class	12.5619	12.4109	1.22
Retail Class	11.5236	11.4503	0.42
<b>Principal Hong Kong Equity Fund</b>			
Pension Class	33.6933	28.6071	4.23
Retail Class	29.5455	25.1973	2.77
Investment Class	29.7372	25.3442	2.99
I6 Class	11.1216	9.9529	5.19
<b>Principal International Bond Fund</b>			
Pension Class	16.8485	16.0287	(0.12)
Retail Class	12.6015	11.7749	(4.01)
Investment Class	13.8467	13.1180	(1.11)
<b>Principal International Equity Fund</b>			
Pension Class	28.6356	25.5374	2.30
Retail Class	24.0104	21.5021	0.81
<b>Principal Pension Bond Fund</b>			
Pension Class	15.9195	15.1706	4.45
<b>Principal U.S. Equity Fund</b>			
Pension Class	26.1634	21.8247	12.90
Retail Class	15.6119	13.2357	10.85

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# INVESTMENT REPORT *(continued)*

Performance table *(continued)*

Performance record for the year ended 31 December 2013			
	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Net annualised investment return (%)*
<b>Principal Asian Equity Fund</b>			
Pension Class	42.9624	36.5621	4.06
Retail Class	36.9482	31.3806	2.57
Investment Class	18.8591	16.0256	2.91
<b>Principal China Equity Fund</b>			
Pension Class	13.7351	10.7442	7.29
Retail Class	12.2398	9.6456	5.45
Investment Class	11.8883	9.3478	6.00
<b>Principal European Equity Fund</b>			
Pension Class	12.7056	10.0101	28.91
Investment Class	11.9017	9.4867	27.39
<b>Principal Hong Kong Bond Fund</b>			
Pension Class	10.6697	10.2489	(1.61)
Retail Class	10.3436	9.9207	(2.32)
<b>Principal Hong Kong Dollar Savings Fund</b>			
Pension Class	12.4066	12.1890	1.81
Retail Class	11.4634	11.3138	1.34
<b>Principal Hong Kong Equity Fund</b>			
Pension Class	31.1707	25.9009	11.81
Retail Class	27.6523	23.0959	10.22
Investment Class	27.7607	23.1877	10.47
<b>Principal International Bond Fund</b>			
Pension Class	16.4072	15.5437	(1.97)
Retail Class	13.0101	12.1194	(5.61)
Investment Class	13.6900	12.9027	(2.94)
<b>Principal International Equity Fund</b>			
Pension Class	26.9279	21.5599	26.99
Retail Class	22.7457	18.4748	25.14
<b>Principal Pension Bond Fund</b>			
Pension Class	15.4237	14.7326	0.15
<b>Principal U.S. Equity Fund</b>			
Pension Class	22.8227	17.4916	32.74
Retail Class	13.8684	10.8681	29.74

The net annualised investment return represents the percentage change in unit price\* for the year covered in this report. It is for indicative purposes only and is not necessarily a guide to future performance.

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# INVESTMENT REPORT *(continued)*

Performance table *(continued)*

## Performance record for the year ended 31 December 2012

	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Net annualised investment return (%)*
<b>Principal Asian Equity Fund</b>			
Pension Class	40.1961	31.8699	26.18
Retail Class	34.7460	27.9430	24.37
Investment Class	17.7135	14.2365	24.45
<b>Principal China Equity Fund</b>			
Pension Class	12.3849	10.0269	22.40
Retail Class	11.2144	9.1687	20.28
Investment Class	10.8396	8.8361	20.93
<b>Principal European Equity Fund</b>			
Pension Class	9.9864	7.7494	21.52
Investment Class	9.4702	7.3963	20.07
<b>Principal Hong Kong Bond Fund</b>			
Pension Class	10.5868	10.1479	4.05
Retail Class	10.2937	9.9368	3.25
<b>Principal Hong Kong Dollar Savings Fund</b>			
Pension Class	12.1865	12.0074	1.51
Retail Class	11.3121	11.1972	1.03
<b>Principal Hong Kong Equity Fund</b>			
Pension Class	27.5059	21.7538	27.22
Retail Class	24.7020	19.8079	25.42
Investment Class	24.7721	19.8215	25.70
<b>Principal International Bond Fund</b>			
Pension Class	16.5451	15.4453	6.07
Retail Class	13.2027	12.6070	3.01
Investment Class	13.8157	13.0151	5.01
<b>Principal International Equity Fund</b>			
Pension Class	21.3675	17.6144	19.98
Retail Class	18.3237	15.2271	18.20
<b>Principal Pension Bond Fund</b>			
Pension Class	15.1525	13.9185	8.59
<b>Principal U.S. Equity Fund</b>			
Pension Class	17.8579	15.1407	15.53
Retail Class	11.1854	9.6662	9.38

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# INVESTMENT REPORT *(continued)*

Performance table *(continued)*

Performance record for the year ended 31 December 2011			
	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Net annualised investment return (%)*
<b>Principal Asian Equity Fund</b>			
Pension Class	39.5841	28.1735	(12.99)
Retail Class	34.9490	24.8008	(14.30)
Investment Class	17.7787	12.6241	(14.05)
<b>Principal China Equity Fund</b>			
Pension Class	13.5052	8.6427	(19.68)
Retail Class	12.6026	7.9972	(21.11)
Investment Class	12.0674	7.6781	(20.66)
<b>Principal European Equity Fund</b>			
Pension Class	10.4019	7.2190	(11.25)
Investment Class	10.0627	6.9456	(12.32)
<b>Principal Hong Kong Bond Fund</b>			
Pension Class	10.3246	9.9093	1.75
Retail Class	10.0593	9.9407	(0.35)
<b>Principal Hong Kong Dollar Savings Fund</b>			
Pension Class	12.0054	11.8960	0.93
Retail Class	11.1957	11.1459	0.46
<b>Principal Hong Kong Equity Fund</b>			
Pension Class	27.3774	18.8273	(16.90)
Retail Class	25.2937	17.2095	(18.13)
Investment Class	25.2429	17.2073	(17.91)
<b>Principal International Bond Fund</b>			
Pension Class	16.1826	14.6565	4.28
Retail Class	13.3620	12.3324	1.12
Investment Class	13.6895	12.4729	3.25
<b>Principal International Equity Fund</b>			
Pension Class	20.6090	15.9606	(6.04)
Retail Class	18.1187	13.9373	(7.46)
<b>Principal Pension Bond Fund</b>			
Pension Class	14.0219	13.0976	5.85
<b>Principal U.S. Equity Fund</b>			
Pension Class	15.9740	12.9435	2.08
Retail Class	10.9768	8.6451	(4.59)

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# INVESTMENT REPORT *(continued)*

Portfolio Statement as at 31 December 2020

Principal Asian Bond Fund				
Investments	Maturity	* Portfolio holdings	Fair value HK\$/HK\$ equivalent	% of NAV
<b>Listed/quoted debt instruments</b>				
<b>Non-certificates of deposit</b>				
<i>Denominated in Singapore Dollar</i>				
Aviva Singlife Holdings Pte. Ltd-Floating	24/02/2031	250,000	1,522,814	0.53
<i>Denominated in United States Dollar</i>				
Adani Ports & Special Economic Zone Ltd-4.2%	04/08/2027	250,000	2,079,857	0.72
AIA Group Ltd-3.2%	11/03/2025	215,000	1,798,121	0.62
Alibaba Group Holding Ltd-4%	06/12/2037	250,000	2,285,728	0.79
Australia & New Zealand Banking Group Ltd-Floating	22/07/2030	250,000	2,044,806	0.71
Baidu Inc-3.075%	07/04/2025	500,000	4,138,149	1.43
Bangkok Bank Pcl-4.05%	19/03/2024	250,000	2,113,804	0.73
Bank of China Ltd-5%	13/11/2024	250,000	2,171,671	0.75
BDO Unibank Inc-2.125%	13/01/2026	500,000	3,990,080	1.38
Beijing State-Owned Assets Management (Hong Kong) Co Ltd-4.125%	26/05/2025	250,000	2,089,458	0.72
Bharti Airtel Ltd-4.375%	10/06/2025	200,000	1,685,570	0.58
Bluestar Finance Holdings Ltd-3.375%	16/07/2024	250,000	1,958,161	0.68
BOC Aviation Ltd-2.625%	17/09/2030	250,000	1,954,149	0.67
CCBL (Cayman) 1 Corp Ltd-1.99%	21/07/2025	250,000	1,956,502	0.68
China Cinda 2020 I Management Ltd-3.125%	18/03/2030	500,000	4,061,907	1.40
China Cinda Finance (2017) I Ltd-4.375%	08/02/2025	500,000	4,281,551	1.48
China CITIC Bank International Ltd-Floating	28/02/2029	250,000	2,053,074	0.71
China Construction Bank Corp-Floating	27/02/2029	500,000	4,174,432	1.44
China Development Bank-1.625%	27/10/2030	250,000	1,930,383	0.67
China Mengniu Dairy Co Ltd-2.5%	17/06/2030	250,000	1,951,339	0.67
CNAC (HK) Finbridge Co Ltd-3%	22/09/2030	400,000	2,925,249	1.01
CNOOC Finance (2013) Ltd-2.875%	30/09/2029	250,000	2,016,418	0.70
CNOOC Finance (2013) Ltd-3.3%	30/09/2049	250,000	1,896,028	0.65
Contemporary Ruiding Development Ltd-1.875%	17/09/2025	200,000	1,565,537	0.54
Country Garden Holdings Co Ltd-4.75%	28/09/2023	500,000	3,968,106	1.37
Country Garden Holdings Co Ltd-4.8%	06/08/2030	250,000	2,089,300	0.72
CSCEC Finance Cayman II Ltd-3.5%	05/07/2027	250,000	2,074,338	0.72
DBS Group Holdings Ltd-Floating	11/12/2028	250,000	2,119,626	0.73
ENN Energy Holdings Ltd-3.25%	24/07/2022	250,000	1,990,158	0.69
Foxconn (Far East) Ltd-2.5%	28/10/2030	200,000	1,601,140	0.55
Franshion Brilliant Ltd-4%	21/06/2024	250,000	2,000,338	0.69
GET International Investment Holdings Ltd-3.75%	18/07/2022	250,000	1,977,402	0.68
GLP China Holdings Ltd-4.974%	26/02/2024	250,000	2,075,848	0.72
GLP Pte. Ltd-3.875%	04/06/2025	250,000	2,035,663	0.70
Goodman HK Finance-4.375%	19/06/2024	275,000	2,314,734	0.80
Hongkong Electric Finance Ltd-2.875%	03/05/2026	250,000	2,081,032	0.72
Huarong Finance 2019 Co Ltd-3.625%	30/09/2030	350,000	2,846,265	0.98
Huarong Finance 2019 Co Ltd-3.75%	29/05/2024	250,000	2,037,213	0.70
Huarong Finance 2019 Co Ltd-4.5%	29/05/2029	250,000	2,154,185	0.74
Hutchison Whampoa International (03/33) Ltd-7.45%	24/11/2033	387,000	4,703,288	1.62
Hysan (MTN) Ltd-2.875%	02/06/2027	250,000	2,000,914	0.69
Hyundai Capital America-2.65%	10/02/2025	250,000	2,036,337	0.70
ICBCIL Finance Co Ltd-1.75%	25/08/2025	500,000	3,892,058	1.34
Indonesia Asahan Aluminium (Persero) PT-4.75%	15/05/2025	250,000	2,138,611	0.74
Indonesia Asahan Aluminium (Persero) PT-5.8%	15/05/2050	250,000	2,412,405	0.83
Indonesia Government-2.85%	14/02/2030	500,000	4,181,832	1.44

Principal Asian Bond Fund <i>(continued)</i>				
Investments	Maturity	* Portfolio holdings	Fair value HK\$/HK\$ equivalent	% of NAV
<b>Listed/quoted debt instruments <i>(continued)</i></b>				
<b>Non-certificates of deposit <i>(continued)</i></b>				
<i>Denominated in United States Dollar <i>(continued)</i></i>				
Indonesia Government-4.125%	15/01/2025	250,000	2,166,596	0.75
Indonesia Government-4.2%	15/10/2050	650,000	5,993,277	2.06
Indonesia Government-4.35%	11/01/2048	250,000	2,306,705	0.80
Industrial & Commercial Bank of China Ltd-4.875%	21/09/2025	250,000	2,214,905	0.76
JD.com Inc-3.875%	29/04/2026	250,000	2,167,233	0.75
Kookmin Bank-2.5%	04/11/2030	500,000	3,945,059	1.36
Korea Development Bank-1.25%	03/06/2025	500,000	3,958,517	1.37
Korea Electric Power Corp-2.5%	24/06/2024	250,000	2,053,177	0.71
Lenovo Group Ltd-3.421%	02/11/2030	500,000	4,074,167	1.41
Longfor Group Holdings Ltd-3.375%	13/04/2027	200,000	1,621,662	0.56
Meituan-3.05%	28/10/2030	400,000	3,223,633	1.11
Metropolitan Bank & Trust Co-2.125%	15/01/2026	250,000	1,976,782	0.68
Minejesa Capital BV-4.625%	10/08/2030	250,000	2,086,284	0.72
MTR Corp Ltd-1.625%	19/08/2030	500,000	3,831,088	1.32
NongHyup Bank-1.25%	20/07/2025	703,000	5,550,519	1.92
ONGC Videsh Vankorfeft Pte. Ltd-3.75%	27/07/2026	250,000	2,100,335	0.72
PT Perusahaan Listrik Negara-3%	30/06/2030	450,000	3,611,507	1.25
PETRONAS Capital Ltd-3.5%	18/03/2025	250,000	2,145,140	0.74
PETRONAS Capital Ltd-4.55%	21/04/2050	250,000	2,586,701	0.89
Philippine Government-2.457%	05/05/2030	250,000	2,088,997	0.72
PLDT Inc-2.5%	23/01/2031	250,000	2,018,453	0.70
Power Finance Corp Ltd-4.5%	18/06/2029	250,000	2,128,475	0.73
PSA Treasury Pte. Ltd-2.25%	30/04/2030	250,000	2,052,417	0.71
PT Bank Mandiri (Persero) Tbk-3.75%	11/04/2024	210,000	1,734,584	0.60
PT Bank Rakyat Indonesia (Persero) Tbk-3.95%	28/03/2024	250,000	2,077,425	0.72
PT Pertamina (Persero)-4.175%	21/01/2050	500,000	4,174,355	1.44
PT Perusahaan Gas Negara Tbk-5.125%	16/05/2024	250,000	2,142,310	0.74
PTTEP Treasury Center Co Ltd-2.587%	10/06/2027	250,000	2,021,449	0.70
Reliance Industries Ltd-3.667%	30/11/2027	250,000	2,164,084	0.75
Rongshi International Finance Ltd-1.5%	05/11/2025	200,000	1,553,459	0.54
Sands China Ltd-3.8%	08/01/2026	500,000	4,129,776	1.43
Santos Finance Ltd-5.25%	13/03/2029	200,000	1,734,925	0.60
Shanghai Port Group BVI Development 2 Co Ltd-2.375%	13/07/2030	500,000	3,897,613	1.35
Shimao Group Holdings Ltd-5.6%	15/07/2026	250,000	2,123,170	0.73
Shimao Group Holdings Ltd-6.125%	21/02/2024	250,000	2,055,285	0.71
Sinochem Offshore Capital Co Ltd-1.625%	29/10/2025	200,000	1,538,617	0.53
Sino-Ocean Land Treasure IV Ltd-4.75%	05/08/2029	250,000	2,022,639	0.70
Sinopec Group Overseas Development 2018 Ltd-2.7%	13/05/2030	500,000	4,010,456	1.38
Sinopec Group Overseas Development 2018 Ltd-3.68%	08/08/2049	250,000	2,171,615	0.75
State Bank of India-4.5%	28/09/2023	250,000	2,094,304	0.72
State Grid Overseas Investment (2016) Ltd-3.5%	04/05/2027	700,000	6,024,099	2.07
Sun Hung Kai Properties (Capital Market) Ltd-2.875%	21/01/2030	250,000	2,052,022	0.71
Swire Properties MTN Financing Ltd-3.625%	13/01/2026	250,000	2,130,078	0.74
Tencent Holdings Ltd-3.24%	03/06/2050	250,000	2,002,953	0.69
Tencent Holdings Ltd-3.575%	11/04/2026	250,000	2,145,374	0.74
The Bank of East Asia Ltd-Floating	29/05/2030	250,000	2,033,473	0.70
The Export-Import Bank of Korea-1.25%	21/09/2030	250,000	1,902,036	0.66
The Siam Commercial Bank Pcl-3.9%	11/02/2024	200,000	1,673,999	0.58
Tingyi (Cayman Islands) Holding Corp-1.625%	24/09/2025	250,000	1,934,013	0.67
United Overseas Bank Ltd-Floating	15/04/2029	250,000	2,079,514	0.72

**INVESTMENT REPORT** *(continued)*  
Portfolio Statement as at 31 December 2020 *(continued)*

Principal Asian Bond Fund <i>(continued)</i>				
Investments	Maturity	* Portfolio holdings	Fair value <i>HK\$/HK\$ equivalent</i>	% of NAV
<b>Listed/quoted debt instruments</b> <i>(continued)</i>				
<b>Non-certificates of deposit</b> <i>(continued)</i>				
<i>Denominated in United States Dollar (continued)</i>				
United States Treasury Note/Bond-0.125%	30/09/2022	1,600,000	12,403,845	4.27
UPL Corp Ltd-4.5%	08/03/2028	250,000	2,054,729	0.71
UPL Corp Ltd-4.625%	16/06/2030	250,000	2,090,141	0.72
Vanke Real Estate (Hong Kong) Co Ltd-3.15%	12/05/2025	700,000	5,670,097	1.96
Weibo Corp-3.5%	05/07/2024	250,000	2,024,073	0.70
YUNDA Holding Investment Ltd-2.25%	19/08/2025	250,000	1,934,438	0.67
			269,555,346	93.04
<b>Total non-certificates of deposit</b>			271,078,160	93.57
<b>Total listed/quoted debt instruments</b>			271,078,160	93.57
<b>Total investments</b>			271,078,160	93.57

Principal Asian Bond Fund <i>(continued)</i>					
Investments	Counterparties	Maturity	* Portfolio holdings	Fair value <i>HK\$/HK\$ equivalent</i>	% of NAV
<b>Forward contracts</b>					
<i>Denominated in United States Dollar</i>					
Buy USD Sell SGD	Australia and New Zealand Banking Group Limited	23/02/2021	186,388	(21,517)	(0.01)
FWD Rate 0.74555316					
<b>Total forward contracts</b>				(21,517)	(0.01)
<b>Other net assets</b>				18,649,809	6.44
<b>Total net asset value</b>				289,706,452	100.00
<b>Total cost of investments</b>				270,087,881	
* The value of each holding as a percentage of the total net asset value is accounted for on the trade day.					

**INVESTMENT REPORT (continued)**  
Portfolio Statement as at 31 December 2020 (continued)

<b>Principal Asian Equity Fund</b>			
<b>Investments</b>	<b>* Portfolio holdings</b>	<b>Fair value</b> <i>HK\$/HK\$ equivalent</i>	<b>% of NAV</b>
<b>Listed shares</b>			
<i>Australia</i>			
Afterpay Ltd	16,125	11,367,325	0.17
Appen Ltd	32,582	4,805,907	0.07
Aristocrat Leisure Ltd	59,466	11,013,034	0.17
Australia & New Zealand Banking Group Ltd	371,888	50,432,975	0.76
Beach Energy Ltd	1,874,650	20,215,010	0.30
BHP Group Ltd	393,885	99,843,325	1.50
Commonwealth Bank of Australia	193,462	94,900,453	1.43
CSL Ltd	61,438	103,938,444	1.56
Flight Centre Travel Group Ltd	518,118	49,060,787	0.74
Fortescue Metals Group Ltd	349,423	48,910,301	0.74
Macquarie Group Ltd	77,869	64,421,112	0.97
Megaport Ltd	41,922	3,568,892	0.05
National Australia Bank Ltd	339,230	45,801,453	0.69
NRW Holdings Ltd	985,717	17,195,375	0.26
Omni Bridgeway Ltd	551,456	14,166,282	0.21
OZ Minerals Ltd	478,616	53,984,087	0.81
Qantas Airways Ltd	1,516,105	43,928,622	0.66
QBE Insurance Group Ltd	133,347	6,795,303	0.10
Rio Tinto Ltd	5,999	4,079,549	0.06
Santos Ltd	1,190,870	44,607,559	0.67
Saracen Mineral Holdings Ltd	365,673	10,376,791	0.16
Seven Group Holdings Ltd	275,072	38,371,593	0.58
Silver Lake Resources Ltd	748,279	8,001,901	0.12
Westpac Banking Corp	367,234	42,496,099	0.64
Woolworths Group Ltd	214,436	50,359,024	0.76
Xero Ltd	11,355	9,959,761	0.15
		952,600,964	14.33
<i>China</i>			
Alibaba Group Holding Ltd	1,642,824	382,120,862	5.75
ANTA Sports Products Ltd	190,000	23,351,000	0.35
BYD Co Ltd-H	30,500	6,197,600	0.09
China Aoyuan Group Ltd	513,000	3,868,020	0.06
China Construction Bank Corp-H	6,962,010	41,006,239	0.62
China Feihe Ltd	1,493,000	27,112,880	0.41
China Lesso Group Holdings Ltd	1,535,000	18,634,900	0.28
China Meidong Auto Holdings Ltd	582,000	18,333,000	0.28
China Merchants Bank Co Ltd-H	355,000	17,395,000	0.26
China Resources Cement Holdings Ltd	1,450,000	12,557,000	0.19
China Shenhua Energy Co Ltd-H	716,500	10,460,900	0.16
ENN Energy Holdings Ltd	205,400	23,374,520	0.35
Ever Sunshine Lifestyle Services Group Ltd	1,276,000	21,717,520	0.33
Fuyao Glass Industry Group Co Ltd-H	910,400	38,783,040	0.58
Haier Smart Home Co Ltd	257,000	7,221,700	0.11
Industrial & Commercial Bank of China Ltd-H	4,262,000	21,437,860	0.32
JD.com Inc	201,600	68,947,200	1.04
JD.com Inc-ADR	95,870	65,326,739	0.98
Kweichow Moutai Co Ltd-A	6,293	14,920,151	0.22
KWG Group Holdings Ltd	1,908,000	20,186,640	0.30
Lens Technology Co Ltd-A	494,391	17,957,831	0.27
Li Ning Co Ltd	860,000	45,838,000	0.69
Meituan Dianping-B	339,500	100,016,700	1.50
NetEase Inc	229,300	33,844,680	0.51
NetEase Inc-ADR	44,615	33,123,008	0.50
New Oriental Education & Technology Group Inc-ADR	11,029	15,886,367	0.24
Pharmaron Beijing Co Ltd-H	195,900	25,662,900	0.39
Ping An Insurance (Group) Co of China Ltd-H	1,034,500	98,277,500	1.48
Shimao Group Holdings Ltd	709,000	17,512,300	0.26
Tencent Holdings Ltd	713,800	402,583,200	6.06
Tsingtao Brewery Co Ltd-H	204,000	16,564,800	0.25

<b>Principal Asian Equity Fund (continued)</b>			
<b>Investments</b>	<b>* Portfolio holdings</b>	<b>Fair value</b> <i>HK\$/HK\$ equivalent</i>	<b>% of NAV</b>
<b>Listed shares (continued)</b>			
<i>China (continued)</i>			
Weichai Power Co Ltd-H	910,000	14,159,600	0.21
Wuxi Biologics (Cayman) Inc	437,000	44,923,600	0.68
Xiaomi Corp-B	2,524,800	83,823,360	1.26
Zhongsheng Group Holdings Ltd	713,500	39,420,875	0.59
		1,832,547,492	27.57
<i>Hong Kong</i>			
AIA Group Ltd	1,712,000	162,640,000	2.45
BOC Hong Kong (Holdings) Ltd	632,500	14,863,750	0.22
CK Hutchison Holdings Ltd	157,000	8,493,700	0.13
Galaxy Entertainment Group Ltd	242,000	14,580,500	0.22
Hong Kong Exchanges & Clearing Ltd	104,700	44,497,500	0.67
Hongkong Land Holdings Ltd	1,274,997	40,820,526	0.61
Hysan Development Co Ltd	1,201,000	34,168,450	0.51
Link REIT	841,000	59,374,600	0.89
Man Wah Holdings Ltd	2,136,800	35,940,976	0.54
NagaCorp Ltd	1,292,000	13,126,720	0.20
SITC International Holdings Co Ltd	388,000	6,495,120	0.10
Sun Hung Kai Properties Ltd	283,500	28,350,000	0.43
Swire Properties Ltd	877,800	19,794,390	0.30
Techtronic Industries Co Ltd	383,000	42,359,800	0.64
Xinyi Solar Holdings Ltd	2,240,000	45,360,000	0.68
		570,866,032	8.59
<i>India</i>			
Aamber Enterprises India Ltd	203,864	50,899,626	0.77
Asian Paints Ltd	153,346	44,986,073	0.68
Astral Poly Technik Ltd	173,987	32,917,030	0.49
CreditAccess Grameen Ltd	137,027	10,990,838	0.17
Escorts Ltd	156,343	20,911,052	0.31
HDFC Bank Ltd	237,349	36,176,088	0.54
Hindustan Unilever Ltd	201,766	51,287,918	0.77
Housing Development Finance Corp Ltd	273,790	74,339,135	1.12
ICICI Bank Ltd	896,975	50,928,836	0.77
ICICI Lombard General Insurance Co Ltd	178,172	28,755,100	0.43
Infosys Ltd	425,435	56,694,736	0.85
Ipca Laboratories Ltd	118,924	27,622,605	0.42
Maruti Suzuki India Ltd	46,100	37,422,146	0.56
Navin Fluorine International Ltd	108,713	30,135,399	0.45
Nestle India Ltd	16,647	32,487,228	0.49
Pidilite Industries Ltd	187,051	35,047,230	0.53
Reliance Industries Ltd	468,553	98,712,899	1.48
Volta Ltd	437,557	38,337,136	0.58
WNS (Holdings) Ltd-ADR	59,581	33,278,302	0.50
		791,929,377	11.91
<i>Indonesia</i>			
PT Bank Central Asia Tbk	1,383,000	25,822,618	0.39
<i>Malaysia</i>			
CIMB Group Holdings Bhd	6,335,600	52,574,329	0.79
Frontken Corp Bhd	4,104,900	28,122,147	0.42
		80,696,476	1.21

**INVESTMENT REPORT** *(continued)*  
Portfolio Statement as at 31 December 2020 *(continued)*

Principal Asian Equity Fund <i>(continued)</i>			
Investments	* Portfolio holdings	Fair value <i>HK\$/HK\$ equivalent</i>	% of NAV
<b>Listed shares</b> <i>(continued)</i>			
<i>New Zealand</i>			
Auckland International Airport Ltd	801,588	34,033,583	0.51
<i>Singapore</i>			
AEM Holdings Ltd	785,900	15,908,791	0.24
DBS Group Holdings Ltd	377,300	55,433,452	0.83
Frencken Group Ltd	511,000	3,957,725	0.06
Keppel DC REIT	1,496,500	24,673,675	0.37
Mapletree Industrial Trust REIT	1,429,200	24,234,923	0.36
Mapletree Logistics Trust REIT	2,101,200	24,780,739	0.37
SATS Ltd	845,100	19,735,220	0.30
Sea Ltd-ADR	4,748	7,326,428	0.11
United Overseas Bank Ltd	197,300	26,151,350	0.39
UOL Group Ltd	518,400	23,451,475	0.35
		225,653,778	3.38
<i>South Korea</i>			
Celltrion Inc	9,798	25,096,829	0.38
Ecopro BM Co Ltd	33,099	40,169,907	0.60
Hana Financial Group Inc	117,155	28,837,763	0.43
Hyundai Motor Co	29,004	39,732,031	0.60
KB Financial Group Inc	112,340	34,786,104	0.52
KIA Motors Corp	162,244	72,232,871	1.09
Leeno Industrial Inc	26,680	25,698,113	0.39
LG Chem Ltd	6,045	35,538,996	0.53
NAVER Corp	22,160	46,246,329	0.70
NCSOFT Corp	8,156	54,176,200	0.81
NICE Information Service Co Ltd	206,554	36,548,279	0.55
Samsung Biologics Co Ltd	2,389	14,079,195	0.21
Samsung Electronics Co Ltd Prefer Stock	60,122	31,571,330	0.47
Samsung Electronics Co Ltd	765,844	442,595,479	6.67
SK Hynix Inc	95,460	80,708,899	1.21
		1,008,018,325	15.16
<i>Taiwan</i>			
Accton Technology Corp	409,000	35,661,592	0.54
CTBC Financial Holding Co Ltd	4,288,000	23,308,339	0.35
Delta Electronics Inc	225,000	16,327,835	0.25
Elite Material Co Ltd	1,203,000	52,114,144	0.78
Feng Tay Enterprises Co Ltd	573,000	31,541,900	0.47
Flexium Interconnect Inc	731,000	24,405,802	0.37
Fubon Financial Holding Co Ltd	481,000	6,204,646	0.09
Hon Hai Precision Industry Co Ltd	948,800	24,085,343	0.36
MediaTek Inc	365,570	75,349,692	1.13
Realtek Semiconductor Corp	291,000	31,354,823	0.47
Taiwan Semiconductor Manufacturing Co Ltd	3,501,000	511,986,265	7.71
		832,340,381	12.52
<i>Thailand</i>			
Bangkok Bank Pcl	1,233,400	37,986,558	0.57
PTT Exploration & Production Pcl	767,400	19,513,420	0.29
TISCO Financial Group Pcl	1,958,700	44,863,199	0.67
		102,363,177	1.53

Principal Asian Equity Fund <i>(continued)</i>			
Investments	* Portfolio holdings	Fair value <i>HK\$/HK\$ equivalent</i>	% of NAV
<b>Listed shares</b> <i>(continued)</i>			
<i>The Philippines</i>			
BDO Unibank Inc	3,006,770	51,829,646	0.78
Wilcon Depot Inc	13,496,600	36,814,411	0.55
		88,644,057	1.33
<b>Total listed shares</b>		6,545,516,260	98.43
<b>Delisted Shares</b>			
<i>Hong Kong</i>			
Peace Mark (Holdings) Ltd	2,010,000	-	-
<b>Total delisted shares</b>		-	-
<b>Total investments</b>		6,545,516,260	98.43
<b>Other net assets</b>		104,626,222	1.57
<b>Total net asset value</b>		6,650,142,482	100.00
<b>Total cost of investments</b>		4,774,014,669	
* The value of each holding as a percentage of the total net asset value is accounted for on the trade day.			

**INVESTMENT REPORT** *(continued)*  
Portfolio Statement as at 31 December 2020 *(continued)*

Principal China Equity Fund			
Investments	* Portfolio holdings	Fair value HK\$/HK\$ equivalent	% of NAV
<b>Listed shares</b>			
<i>China</i>			
Alibaba Group Holding Ltd	1,589,300	369,671,180	6.96
Alibaba Health Information Technology Ltd	2,611,000	59,791,900	1.12
ANTA Sports Products Ltd	423,000	51,986,700	0.98
Baidu Inc-ADR	39,200	65,711,515	1.23
BYD Co Ltd-H	770,000	156,464,000	2.94
China Aoyuan Group Ltd	1,327,000	10,005,580	0.19
China Construction Bank Corp-H	39,189,620	230,826,862	4.34
China Feihe Ltd	2,268,000	41,186,880	0.77
China Grand Pharmaceutical & Healthcare Holdings Ltd	1,888,000	12,989,440	0.24
China Lesso Group Holdings Ltd	2,605,000	31,624,700	0.59
China Merchants Bank Co Ltd-H	2,595,500	127,179,500	2.39
China Mobile Ltd	521,000	23,028,200	0.43
China New Higher Education Group Ltd	5,168,000	24,909,760	0.47
China Resources Beer (Holdings) Co Ltd	1,095,000	78,183,000	1.47
China Resources Cement Holdings Ltd	359,000	3,108,940	0.06
China Resources Gas Group Ltd	1,373,000	56,636,250	1.06
China Resources Land Ltd	1,712,000	54,784,000	1.03
China Taiping Insurance Holdings Co Ltd	2,787,000	38,962,260	0.73
China Yongda Automobiles Services Holdings Ltd	1,798,500	23,056,770	0.43
CNOOC Ltd	6,281,000	45,097,580	0.85
ENN Energy Holdings Ltd	669,600	76,200,480	1.43
Ever Sunshine Lifestyle Services Group Ltd	948,000	16,134,960	0.30
Far East Horizon Ltd	6,137,000	49,034,630	0.92
Fuyao Glass Industry Group Co Ltd-H	886,400	37,760,640	0.71
Guangdong Investment Ltd	1,534,000	21,414,640	0.40
Guangzhou Automobile Group Co Ltd-H	1,508,000	12,998,960	0.24
Haidilao International Holding Ltd	984,000	58,744,800	1.10
Haier Smart Home Co Ltd	2,556,800	71,846,080	1.35
Hua Hong Semiconductor Ltd	767,000	33,748,000	0.63
Huatai Securities Co Ltd-H	4,633,800	56,532,360	1.06
Hygeia Healthcare Holdings Co Ltd	416,600	20,330,080	0.38
Industrial & Commercial Bank of China Ltd-H	27,435,850	138,002,326	2.59
Innovent Biologics Inc	600,000	49,230,000	0.93
JD.com Inc	623,600	213,271,200	4.01
Jiangxi Ganfeng Lithium Co Ltd-H	572,600	53,022,760	1.00
Kweichow Moutai Co Ltd-A	12,866	30,504,157	0.57
KWG Group Holdings Ltd	3,574,000	37,812,920	0.71
Lens Technology Co Ltd-A	1,204,500	43,751,217	0.82
Lepu Medical Technology (Beijing) Co Ltd-A	592,369	19,105,648	0.36
Li Ning Co Ltd	2,087,500	111,263,750	2.09
Luxshare Precision Industry Co Ltd-A	227,989	15,182,789	0.29
Meituan Dianping-B	1,603,600	472,420,559	8.89
Midea Group Co Ltd-A	396,106	46,270,376	0.87
NetEase Inc	358,300	52,885,080	0.99
New Oriental Education & Technology Group Inc-ADR	6,102	8,789,429	0.17
Pharmaron Beijing Co Ltd-H	834,400	109,306,400	2.05
PICC Property & Casualty Co Ltd-H	2,722,000	15,978,140	0.30
Ping An Insurance (Group) Co of China Ltd-H	3,361,500	319,342,500	6.01
Pop Mart International Group Ltd	132,000	10,738,200	0.20
Postal Savings Bank of China Co Ltd-H	13,393,000	58,661,340	1.10
Shenzhen International Group Holdings Ltd	374,600	56,939,200	1.07
Shimao Group Holdings Ltd	1,941,500	47,955,050	0.90
Shimao Services Holdings Ltd	709,147	8,481,398	0.16
Sino Biopharmaceutical Ltd	7,837,000	58,777,500	1.10
Sunac China Holdings Ltd	1,509,000	43,232,850	0.81
Sunac Services Holdings Ltd	1,559,724	26,764,864	0.50
Sunny Optical Technology (Group) Co Ltd	245,600	41,678,320	0.78
TAL Education Group-ADR	24,474	13,567,228	0.25
Tencent Holdings Ltd	726,600	409,802,399	7.71
Tencent Music Entertainment Group-ADR	202,241	30,164,328	0.57
Weichai Power Co Ltd-H	2,030,000	31,586,800	0.59

Principal China Equity Fund <i>(continued)</i>			
Investments	* Portfolio holdings	Fair value HK\$/HK\$ equivalent	% of NAV
<b>Listed shares <i>(continued)</i></b>			
<i>China <i>(continued)</i></i>			
Wingtech Technology Co Ltd-A	189,981	22,318,519	0.42
Wuliangye Yibin Co Ltd-A	93,074	32,233,546	0.61
Wuxi Biologics (Cayman) Inc	913,500	93,907,800	1.76
XCMG Construction Machinery Co Ltd-A	2,010,382	12,810,700	0.24
Xiaomi Corp-B	7,243,000	240,467,600	4.53
Xinjiang Goldwind Science & Technology Co Ltd-H	3,032,600	47,247,908	0.89
Zijin Mining Group Co Ltd-H	5,166,000	45,357,481	0.85
		5,028,782,929	94.49
<i>Hong Kong</i>			
AIA Group Ltd	276,200	26,239,000	0.49
Ausnutria Dairy Corp Ltd	387,000	5,038,740	0.09
Everest Medicines Ltd	257,000	17,398,900	0.33
Pacific Basin Shipping Ltd	16,184,000	23,628,640	0.44
Xinyi Glass Holdings Ltd	876,000	18,965,400	0.36
Xinyi Solar Holdings Ltd	3,940,000	79,785,000	1.50
		171,055,680	3.21
<b>Total listed shares</b>		5,199,838,609	97.70
<b>Total investments</b>		5,199,838,609	97.70
<b>Other net assets</b>		122,162,951	2.30
<b>Total net asset value</b>		5,322,001,560	100.00
<b>Total cost of investments</b>		3,958,047,969	
* The value of each holding as a percentage of the total net asset value is accounted for on the trade day.			

**INVESTMENT REPORT** *(continued)*  
Portfolio Statement as at 31 December 2020 *(continued)*

<b>Principal European Equity Fund</b>			
<b>Investments</b>	<b>* Portfolio holdings</b>	<b>Fair value</b> <i>HK\$/HK\$ equivalent</i>	<b>% of NAV</b>
<b>Listed shares</b>			
<i>Austria</i>			
Erste Group Bank AG	56,498	13,432,229	0.51
<i>Belgium</i>			
KBC Group NV	24,426	13,337,484	0.50
<i>Denmark</i>			
Ambu A/S-B	25,276	8,523,374	0.32
Carlsberg AS-B	10,491	13,107,743	0.49
GN Store Nord A/S	25,965	16,207,385	0.61
Novo Nordisk A/S-B	99,696	54,496,275	2.05
Pandora A/S	19,515	17,026,799	0.64
Royal Unibrew A/S	23,540	21,310,686	0.80
Vestas Wind Systems A/S	24,603	45,375,045	1.71
		176,047,307	6.62
<i>Finland</i>			
Kesko Oyj-B	77,575	15,559,157	0.59
Neste Corp	97,319	54,883,822	2.06
		70,442,979	2.65
<i>France</i>			
AXA SA	107,748	20,041,469	0.75
BNP Paribas SA	55,662	22,872,046	0.86
Capgemini SE	14,620	17,671,979	0.66
Compagnie de Saint-Gobain SA	66,580	23,800,913	0.90
Dassault Systemes SE	10,135	16,052,499	0.60
Euronext NV	16,963	14,577,631	0.55
Hermes International	2,704	22,673,077	0.85
Kering	5,066	28,705,329	1.08
LVMH Moët Hennessy Louis Vuitton SE	13,114	63,868,928	2.41
Sartorius Stedim Biotech SA	5,958	16,539,045	0.62
Schneider Electric SE	31,625	35,664,310	1.35
Teleperformance SE	10,599	27,411,527	1.03
Ubisoft Entertainment	18,433	13,853,554	0.52
Vinci SA	30,467	23,629,753	0.89
		347,362,060	13.07
<i>Germany</i>			
Adidas AG	8,771	24,907,960	0.94
Bayerische Motoren Werke AG	35,311	24,313,427	0.91
Carl Zeiss Meditec AG	7,634	7,924,988	0.30
CompuGroup Medical SE & Co Kgaa	16,054	12,028,857	0.45
Deutsche Post AG	78,264	30,215,906	1.14
Deutsche Telekom AG	247,432	35,274,498	1.33
Evonik Industries AG	51,616	13,127,702	0.49
Evotec SE	44,821	12,937,667	0.49
GEA Group AG	34,897	9,740,421	0.37
Hannover Rueck SE	8,921	11,080,938	0.42
HeidelbergCement AG	34,553	20,164,973	0.76
Infineon Technologies AG	80,962	24,226,523	0.91
Nemetschek SE	13,350	7,686,644	0.29
PUMA SE	34,481	30,332,345	1.14
Siemens AG	36,737	41,156,082	1.55

<b>Principal European Equity Fund</b> <i>(continued)</i>			
<b>Investments</b>	<b>* Portfolio holdings</b>	<b>Fair value</b> <i>HK\$/HK\$ equivalent</i>	<b>% of NAV</b>
<b>Listed shares</b> <i>(continued)</i>			
<i>Germany</i> <i>(continued)</i>			
Siemens Energy AG	53,111	15,188,829	0.57
Vonovia SE	41,635	23,718,527	0.89
		344,026,287	12.95
<i>Ireland</i>			
Bank of Ireland Group Plc	92,262	2,902,387	0.11
CRH Plc	88,958	28,849,472	1.09
Flutter Entertainment Plc	10,965	17,445,504	0.65
KingSpan Group Plc	35,425	19,383,862	0.73
		68,581,225	2.58
<i>Italy</i>			
Amplifon Spa	32,965	10,696,980	0.40
ENEL Spa	591,989	46,703,849	1.76
Ferrari NV	12,782	22,986,570	0.86
Intesa Sanpaolo Spa	1,322,370	24,109,915	0.91
Mediobanca Banca di Credito Finanziario Spa	226,223	16,260,229	0.61
Recordati Industria Chimica e Farmaceutica Spa	14,901	6,439,019	0.24
Snam Spa	245,868	10,783,824	0.41
		137,980,386	5.19
<i>Netherlands</i>			
Adyen NV	1,672	30,363,358	1.14
ASM International NV	10,698	18,351,560	0.69
ASML Holding NV	22,281	84,439,369	3.18
BE Semiconductor Industries NV	46,485	21,970,397	0.83
ING Groep NV	259,545	18,905,206	0.71
Koninklijke DSM NV	18,585	24,945,015	0.94
Koninklijke Philips NV	85,036	35,489,275	1.34
Unilever NV	44,324	20,942,697	0.78
		255,406,877	9.61
<i>Norway</i>			
DnB ASA	87,231	13,297,462	0.50
Nel ASA	349,593	9,186,496	0.35
		22,483,958	0.85
<i>Spain</i>			
Banco Santander SA	1,099,841	26,609,706	1.00
Iberdrola SA	473,405	52,800,405	1.99
		79,410,111	2.99
<i>Sweden</i>			
AAK AB	47,837	7,507,742	0.28
ABet Volvo-B	141,616	25,947,970	0.98
Atlas Copco AB-A	70,740	28,163,563	1.06
Getinge AB-B	65,518	11,899,406	0.45
Indutrade AB	66,144	11,018,784	0.41
Investor AB-B	54,774	31,030,127	1.17



**INVESTMENT REPORT** *(continued)*  
Portfolio Statement as at 31 December 2020 *(continued)*

Principal European Equity Fund <i>(continued)</i>			
Investments	* Portfolio holdings	Fair value <i>HK\$/HK\$ equivalent</i>	% of NAV
<b>Listed shares</b> <i>(continued)</i>			
<i>Sweden</i> <i>(continued)</i>			
Kinnevik AB	43,511	17,092,571	0.64
NIBE Industrier AB-B	52,230	13,317,977	0.50
Skanska AB-B	83,848	16,623,728	0.63
SKF AB	112,736	22,745,439	0.86
Telefonaktiebolaget LM Ericsson-B	273,013	25,202,777	0.95
Thule Group AB	60,817	17,686,774	0.66
Trelleborg AB-B	77,660	13,399,776	0.50
		241,636,634	9.09
<i>Switzerland</i>			
Adecco Group AG	35,851	18,665,809	0.70
Barry Callebaut AG	552	10,221,207	0.38
LafargeHolcim Ltd	37,781	16,166,120	0.61
Logitech International SA	37,994	28,729,408	1.08
Lonza Group AG	7,607	38,079,426	1.43
Nestle SA	104,503	95,887,912	3.61
Partners Group Holding AG	1,755	16,063,044	0.61
Roche Holding AG	31,217	84,892,051	3.19
SIG Combibloc Group AG	52,342	9,461,678	0.36
		318,166,655	11.97
<i>United Kingdom</i>			
3i Group Plc	269,649	33,039,053	1.24
Anglo American Plc	93,325	23,940,897	0.90
Antofagasta Plc	112,990	17,221,600	0.65
Ashtead Group Plc	52,956	19,263,769	0.72
AstraZeneca Plc	61,342	47,536,421	1.79
Avast Plc	180,296	10,253,799	0.39
BHP Group Plc	97,307	19,819,607	0.75
Bunzl Plc	39,106	10,108,508	0.38
Compass Group Plc	79,414	11,452,839	0.43
Dechra Pharmaceuticals Plc	37,192	13,576,532	0.51
Electrocomponents Plc	157,055	14,465,744	0.54
Ferguson Plc	19,590	18,414,639	0.69
Halma Plc	106,555	27,611,044	1.04
Howden Joinery Group Plc	159,473	11,636,025	0.44
Intermediate Capital Group Plc	119,928	21,901,890	0.82
International Consolidated Airlines Group SA	443,139	7,492,676	0.28
JD Sports Fashion Plc	335,052	30,488,137	1.15
Legal & General Group Plc	547,219	15,413,080	0.58
London Stock Exchange Group Plc	25,008	23,835,680	0.90
NEXT Plc	19,563	14,667,524	0.55
OSB Group Plc	139,099	6,234,479	0.23
Paragon Banking Group Plc	217,461	11,242,297	0.42
Persimmon Plc	50,226	14,704,761	0.56
Rio Tinto Plc	77,679	44,958,433	1.69
Taylor Wimpey Plc	578,857	10,154,909	0.38
Unilever Plc	64,337	29,898,084	1.13
WH Smith Plc	50,348	8,044,137	0.31
		517,376,564	19.47
<b>Total listed shares</b>		2,605,690,756	98.05
<b>Total investments</b>		2,605,690,756	98.05

Principal European Equity Fund <i>(continued)</i>					
Investments	Counterparties	Maturity	* Portfolio holdings	Fair value <i>HK\$/HK\$ equivalent</i>	% of NAV
<b>Forward contracts</b>					
<i>Hong Kong</i>					
BUY HKD SELL EUR	State Street Bank and Trust Company	18/03/2021	11,827,649	17,037	0.00
FWD RATE 9.515459					
BUY HKD SELL EUR	State Street Bank and Trust Company	18/03/2021	9,891,568	7,463	0.00
FWD RATE 9.508929					
				24,500	0.00
BUY HKD SELL USD	Australia and New Zealand Banking Group Limited	18/03/2021	395,005,800	(18,020)	0.00
FWD RATE 7.75185					
BUY HKD SELL GBP	Australia and New Zealand Banking Group Limited	18/03/2021	3,010,107	(50,568)	0.00
FWD RATE 10.426918					
BUY HKD SELL CHF	Australia and New Zealand Banking Group Limited	18/03/2021	4,553,894	(6,146)	0.00
FWD RATE 8.778418					
BUY HKD SELL EUR	Australia and New Zealand Banking Group Limited	18/03/2021	13,991,703	(86,764)	0.00
FWD RATE 9.44321					
BUY HKD SELL GBP	Australia and New Zealand Banking Group Limited	18/03/2021	9,936,121	(52,546)	0.00
FWD RATE 10.546287					
Buy HKD Sell GBP	Australia and New Zealand Banking Group Limited	18/03/2021	9,081,759	(983)	0.00
FWD Rate 10.60090					
BUY USD SELL CHF	Citibank, N.A.	18/03/2021	12,120,249	(432,754)	(0.02)
FWD RATE 1.12870639					
BUY USD SELL DKK	Citibank, N.A.	18/03/2021	6,796,841	(440,813)	(0.02)
FWD RATE 0.16329863					
Buy USD SELL GBP	Citibank, N.A.	18/03/2021	19,685,581	(3,993,017)	(0.15)
FWD RATE 1.332745					
Buy USD Sell SEK	Citibank, N.A.	18/03/2021	9,692,333	(1,802,223)	(0.07)
FWD Rate 0.11901291					
BUY USD SELL EUR	Royal Bank of Canada	18/03/2021	53,349,829	(3,520,174)	(0.13)
FWD RATE 1.21534					
Buy HKD SELL USD	State Street Bank and Trust Company	18/03/2021	395,005,800	(20,825)	0.00
FWD Rate 7.751795					
BUY HKD SELL USD	State Street Bank and Trust Company	18/03/2021	12,580,448	(1,371)	0.00
FWD RATE 7.751359					
				(10,426,204)	(0.39)
<b>Total forward contracts</b>				(10,401,704)	(0.39)
<b>Other net assets</b>				62,266,548	2.34
<b>Total net asset value</b>				2,657,555,600	100.00
<b>Total cost of investments</b>				2,090,681,883	
* The value of each holding as a percentage of the total net asset value is accounted for on the trade day.					

**INVESTMENT REPORT** *(continued)*  
Portfolio Statement as at 31 December 2020 *(continued)*

Principal Hong Kong Bond Fund				
Investments	Maturity	* Portfolio holdings	Fair value HK\$/HK\$ equivalent	% of NAV
<b>Listed/quoted debt instruments</b>				
<b>Certificates of deposit</b>				
<i>Denominated in Hong Kong Dollar</i>				
Bank of Communications Co Ltd-2.68%	09/02/2021	40,000,000	40,081,040	0.57
Bank of Communications Co Ltd-2.8%	15/03/2021	40,000,000	40,169,400	0.57
Bank of Communications Co Ltd-3.07%	03/08/2021	30,500,000	30,923,096	0.44
Bank of Communications Co Ltd-3.2%	11/05/2021	50,000,000	50,451,900	0.72
China Development Bank Corp-2.95%	19/04/2023	105,000,000	109,523,820	1.57
China Development Bank Corp-3.2%	05/12/2022	50,000,000	52,084,200	0.75
China Development Bank Corp-3.3%	09/11/2022	10,000,000	10,423,110	0.15
China Development Bank Corp-3.75%	26/01/2022	20,000,000	20,607,320	0.29
China Development Bank Corp-4.25%	15/06/2026	5,000,000	5,761,720	0.08
China Development Bank Corp-4.27%	03/03/2025	15,000,000	16,849,770	0.24
China Development Bank Corp-4.47%	14/01/2026	7,000,000	8,073,198	0.12
China Merchants Bank Co Ltd-Floating	11/01/2021	20,000,000	19,998,980	0.29
Fubon Bank (Hong Kong) Ltd-2.55%	22/02/2021	25,000,000	25,054,750	0.36
Hang Seng Bank Ltd-2.35%	06/05/2022	100,000,000	102,442,700	1.47
Hang Seng Bank Ltd-3%	28/05/2021	84,000,000	84,756,168	1.21
Mizuho Bank Ltd-3.2%	22/10/2021	25,000,000	25,466,550	0.36
MUFG Bank Ltd-2.76%	28/03/2022	19,000,000	19,472,777	0.28
MUFG Bank Ltd-3.01%	14/03/2023	117,000,000	122,500,989	1.75
OCBC Wing Hang Bank Ltd-3.2%	09/06/2021	23,000,000	23,255,300	0.33
Sumitomo Mitsui Banking Corp-2%	19/08/2024	50,000,000	51,494,300	0.74
Sumitomo Mitsui Banking Corp-2.11%	09/08/2022	25,000,000	25,459,075	0.36
Sumitomo Mitsui Banking Corp-2.7%	21/02/2022	22,000,000	22,451,044	0.32
Sumitomo Mitsui Banking Corp-2.93%	09/08/2021	20,000,000	20,256,400	0.29
Sumitomo Mitsui Banking Corp-3.18%	30/05/2022	10,000,000	10,312,800	0.15
Bank of China Ltd Hong Kong Branch-2.59%	25/07/2022	12,000,000	12,296,184	0.18
Bank of China Ltd Hong Kong Branch-2.59%	17/10/2022	41,000,000	42,156,938	0.60
Bank of China Ltd Hong Kong Branch-3.9%	31/05/2021	60,000,000	60,771,480	0.87
<b>Total certificates of deposit</b>			1,053,095,009	15.06
<b>Non-certificates of deposit</b>				
<i>Denominated in Hong Kong Dollar</i>				
AIA Group Ltd-2.95%	16/07/2022	47,000,000	48,400,083	0.69
AIA Group Ltd-3.68%	16/01/2031	129,500,000	149,575,607	2.14
Airport Authority Hong Kong-1.55%	30/10/2027	40,000,000	39,789,800	0.57
Airport Authority Hong Kong-1.9%	19/11/2030	30,000,000	29,963,790	0.43
Airport Authority Hong Kong-1.95%	16/06/2027	1,000,000	1,025,432	0.01
Airport Authority Hong Kong-1.95%	20/11/2030	30,000,000	30,097,380	0.43
Airport Authority Hong Kong-2.25%	05/09/2022	34,000,000	34,907,868	0.50
Airport Authority Hong Kong-2.3%	24/04/2030	110,000,000	113,662,780	1.63
Airport Authority Hong Kong-4.8%	22/02/2021	19,000,000	19,109,136	0.27
Ascendas REIT-3%	04/02/2026	14,000,000	14,699,930	0.21
Ascendas REIT-3.57%	20/03/2029	20,000,000	21,966,800	0.31
Australia & New Zealand Banking Group Ltd-2.065%	26/09/2022	12,000,000	12,285,840	0.18
Australia & New Zealand Banking Group Ltd-3.47%	27/09/2023	43,000,000	46,022,513	0.66
Bank of Communications Co Ltd Hong Kong Branch-4%	24/02/2021	10,000,000	10,048,510	0.14
BMW Finance N. V.-2.18%	19/04/2021	5,000,000	5,020,120	0.07
BNP Paribas-3.05%	06/04/2022	30,000,000	30,703,560	0.44
BNZ International Funding Ltd-2.06%	22/06/2021	30,000,000	30,180,210	0.43
BNZ International Funding Ltd-2.32%	31/03/2021	15,000,000	15,049,650	0.22
BOC Aviation Ltd-3.6%	11/02/2026	22,000,000	23,676,004	0.34
CDBL FUNDING 2-2.9%	27/08/2021	13,000,000	13,166,751	0.19
CK Property Finance (MTN) Ltd-2.25%	25/08/2022	61,000,000	62,354,566	0.89

Principal Hong Kong Bond Fund <i>(continued)</i>				
Investments	Maturity	* Portfolio holdings	Fair value HK\$/HK\$ equivalent	% of NAV
<b>Listed/quoted debt instruments <i>(continued)</i></b>				
<b>Non-certificates of deposit <i>(continued)</i></b>				
<i>Denominated in Hong Kong Dollar <i>(continued)</i></i>				
CK Property Finance (MTN) Ltd-3.57%	05/09/2028	43,000,000	47,787,835	0.68
CLP Power Hong Kong Financing Ltd-2.83%	20/09/2022	24,000,000	24,834,648	0.36
CLP Power Hong Kong Financing Ltd-3.22%	20/03/2030	15,000,000	16,601,760	0.24
CLP Power Hong Kong Financing Ltd-3.45%	01/03/2027	5,000,000	5,496,925	0.08
CLP Power Hong Kong Financing Ltd-3.93%	20/09/2021	4,000,000	4,089,044	0.06
CLP Power Hong Kong Financing Ltd-3.97%	23/03/2026	7,000,000	7,761,901	0.11
CLP Power Hong Kong Financing Ltd-4.75%	18/08/2023	1,000,000	1,099,121	0.02
CMT MTN Pte. Ltd-2.5%	27/11/2030	30,000,000	30,080,700	0.43
CMT MTN Pte. Ltd-3.836%	20/11/2025	12,000,000	13,002,000	0.19
Commonwealth Bank of Australia-2.15%	27/09/2022	27,000,000	27,666,819	0.40
Commonwealth Bank of Australia-2.75%	20/02/2024	38,000,000	40,019,244	0.57
Commonwealth Bank of Australia-2.83%	20/02/2024	45,000,000	47,501,325	0.68
DBS Group Holdings Ltd-2.8%	13/01/2022	25,000,000	25,529,025	0.37
DBS Group Holdings Ltd-Floating Eastern Creation II Investment Holdings Ltd-3.85%	18/12/2021	11,000,000	11,305,877	0.16
First Abu Dhabi Bank P.J.S.C.-2.17%	11/06/2025	20,000,000	20,430,240	0.29
General Property Trust-2.2%	18/11/2030	12,000,000	11,868,804	0.17
General Property Trust-3.5%	23/03/2031	16,000,000	17,569,392	0.25
HKCG (Finance) Ltd-1.98%	21/08/2030	69,000,000	69,377,637	0.99
HKCG (Finance) Ltd-2.25%	22/07/2026	10,000,000	10,504,320	0.15
HKCG (Finance) Ltd-2.3%	17/06/2026	21,000,000	22,116,507	0.32
HKCG (Finance) Ltd-2.69%	10/02/2030	23,000,000	24,560,550	0.35
HKCG (Finance) Ltd-2.7%	07/02/2030	67,000,000	72,534,870	1.04
HKCG (Finance) Ltd-2.8%	25/02/2025	6,000,000	6,393,162	0.09
HKCG (Finance) Ltd-2.84%	17/11/2027	82,000,000	87,934,340	1.26
HKCG (Finance) Ltd-2.85%	10/11/2025	73,000,000	78,724,514	1.13
HKCG (Finance) Ltd-3.3%	16/05/2022	10,000,000	10,336,490	0.15
HKCG (Finance) Ltd-3.4%	07/02/2022	28,000,000	28,838,040	0.41
HKCG (Finance) Ltd-3.55%	13/12/2023	33,000,000	35,541,462	0.51
HKCG (Finance) Ltd-3.6%	02/11/2026	10,000,000	11,255,800	0.16
HKCG (Finance) Ltd-3.8%	05/04/2027	6,000,000	6,829,440	0.10
Hong Kong Government-0.8%	27/08/2027	40,000,000	41,067,640	0.59
Hong Kong Government-1.09%	05/06/2023	20,000,000	20,468,200	0.29
Hong Kong Government-1.1%	17/01/2023	20,000,000	20,392,940	0.29
Hong Kong Government-1.25%	29/06/2027	95,000,000	99,702,975	1.43
Hong Kong Government-1.49%	22/02/2028	20,000,000	21,494,540	0.31
Hong Kong Government-1.68%	21/01/2026	125,000,000	133,316,749	1.91
Hong Kong Government-1.73%	20/02/2024	19,000,000	19,941,830	0.29
Hong Kong Government-1.89%	02/03/2032	85,000,000	94,223,605	1.35
Hong Kong Government-1.94%	04/12/2023	15,000,000	15,789,870	0.23
Hong Kong Government-1.97%	17/01/2029	107,000,000	118,495,759	1.70
Hong Kong Government-2.02%	07/03/2034	173,000,000	195,434,120	2.80
Hong Kong Government-2.22%	07/08/2024	106,000,000	113,588,752	1.62
Hong Kong Science & Technology Parks Corp-3.2%	11/07/2024	120,000,000	129,549,720	1.85
Hongkong Land Notes Co Ltd-2.83%	08/06/2032	54,000,000	56,495,988	0.81
Hongkong Land Notes Co Ltd-2.9%	07/12/2022	20,000,000	20,588,800	0.29
Hongkong Land Notes Co Ltd-3%	26/10/2022	5,000,000	5,184,810	0.07
Hongkong Land Notes Co Ltd-3.15%	10/05/2028	19,000,000	20,481,981	0.29
Hongkong Land Notes Co Ltd-3.83%	05/11/2028	30,000,000	33,918,030	0.49
Hongkong Land Notes Co Ltd-3.95%	06/11/2023	10,000,000	10,798,180	0.15
Hysan (MTN) Ltd-2.73%	17/02/2027	41,000,000	41,998,350	0.60
Hysan (MTN) Ltd-3.66%	28/11/2025	32,000,000	34,730,784	0.50
Korea Development Bank-3.6%	16/09/2021	9,000,000	9,192,573	0.13

**INVESTMENT REPORT (continued)**  
Portfolio Statement as at 31 December 2020 (continued)

Principal Hong Kong Bond Fund (continued)				
Investments	Maturity	* Portfolio holdings	Fair value HK\$/HK\$ equivalent	% of NAV
<b>Listed/quoted debt instruments (continued)</b>				
<b>Non-certificates of deposit (continued)</b>				
<i>Denominated in Hong Kong Dollar (continued)</i>				
Korea Expressway Corp-3.02%	05/03/2023	13,000,000	13,546,780	0.19
Korea Expressway Corp-4%	02/03/2022	6,000,000	6,209,484	0.09
Korea Hydro & Nuclear Power Co Ltd-3.35%	13/03/2028	40,000,000	44,702,280	0.64
Korea Railroad Corp-3.375%	07/06/2023	10,000,000	10,564,850	0.15
Kowloon-Canton Railway Corp-3.82%	09/07/2021	34,000,000	34,578,136	0.49
Kowloon-Canton Railway Corp-3.88%	15/06/2021	45,000,000	45,648,450	0.65
Lloyds Bank Plc-3.046%	02/10/2025	5,000,000	5,403,675	0.08
Malayan Banking Bhd-3.66%	10/10/2023	32,000,000	34,448,864	0.49
MTR Corp (C.I.) Ltd-1.92%	26/10/2022	70,000,000	71,675,100	1.03
MTR Corp (C.I.) Ltd-2.25%	12/10/2022	67,500,000	69,477,345	0.99
MTR Corp (C.I.) Ltd-2.25%	28/12/2024	55,000,000	58,094,300	0.83
MTR Corp (C.I.) Ltd-2.25%	04/12/2025	20,000,000	21,073,320	0.30
MTR Corp (C.I.) Ltd-2.56%	02/05/2021	31,000,000	31,210,521	0.45
MTR Corp (C.I.) Ltd-2.65%	09/04/2025	111,000,000	118,636,800	1.70
MTR Corp (C.I.) Ltd-2.83%	06/09/2047	10,000,000	11,048,580	0.16
MTR Corp (C.I.) Ltd-3%	09/11/2045	10,000,000	11,527,820	0.16
National Australia Bank Ltd-2.07%	20/09/2022	25,000,000	25,593,000	0.37
National Australia Bank Ltd-2.4%	18/06/2026	24,000,000	25,569,240	0.37
National Australia Bank Ltd-3.185%	16/03/2028	50,000,000	55,966,200	0.80
National Australia Bank Ltd-Floating	17/05/2026	20,000,000	20,228,700	0.29
Standard Chartered Plc-2.25%	01/06/2023	30,000,000	30,423,000	0.44
State Grid Overseas Investment (2016) Ltd-2.7%	17/04/2024	50,000,000	52,152,250	0.75
State Grid Overseas Investment (2016) Ltd-2.85%	17/04/2029	75,000,000	80,707,575	1.15
Sumitomo Mitsui Banking Corp-2.92%	30/04/2025	18,000,000	19,390,446	0.28
Sun Hung Kai Properties (Capital Market) Ltd-1.9%	14/10/2027	50,000,000	50,182,400	0.72
Sun Hung Kai Properties (Capital Market) Ltd-2.05%	06/08/2027	15,000,000	15,201,435	0.22
Sun Hung Kai Properties (Capital Market) Ltd-2.5%	05/09/2024	31,500,000	32,934,668	0.47
Sun Hung Kai Properties (Capital Market) Ltd-2.55%	24/07/2024	10,000,000	10,460,290	0.15
Sun Hung Kai Properties (Capital Market) Ltd-2.55%	16/08/2024	70,000,000	72,968,000	1.04
Sun Hung Kai Properties (Capital Market) Ltd-3.12%	15/02/2026	55,000,000	59,161,135	0.85
Sun Hung Kai Properties (Capital Market) Ltd-3.21%	27/03/2029	40,000,000	43,409,200	0.62
Sun Hung Kai Properties (Capital Market) Ltd-3.23%	10/01/2023	7,000,000	7,312,879	0.10
Sun Hung Kai Properties (Capital Market) Ltd-3.25%	30/07/2023	49,000,000	51,638,944	0.74
Sun Hung Kai Properties (Capital Market) Ltd-3.38%	18/01/2029	17,500,000	19,218,745	0.27
Sun Hung Kai Properties (Capital Market) Ltd-3.39%	24/01/2029	30,000,000	32,918,730	0.47
Sun Hung Kai Properties (Capital Market) Ltd-3.88%	22/11/2028	40,000,000	45,489,520	0.65
Sun Hung Kai Properties (Capital Market) Ltd-3.94%	06/05/2021	17,000,000	17,199,223	0.25
Swire Pacific MTN Financing Ltd-2.55%	02/03/2027	23,000,000	23,710,631	0.34
Swire Pacific MTN Financing Ltd-3.01%	28/05/2029	40,500,000	43,003,548	0.62
Swire Pacific MTN Financing Ltd-2.6%	21/07/2028	5,000,000	5,137,135	0.07
Swire Pacific MTN Financing Ltd-2.7%	30/06/2027	24,000,000	24,978,336	0.36
Swire Pacific MTN Financing Ltd-2.9%	24/01/2023	10,000,000	10,361,510	0.15
Swire Pacific MTN Financing Ltd-3.35%	31/07/2025	11,000,000	11,828,300	0.17
Swire Pacific MTN Financing Ltd-3.78%	28/02/2022	15,000,000	15,482,580	0.22
Swire Pacific MTN Financing Ltd-3.9%	05/11/2030	10,000,000	11,348,490	0.16

Principal Hong Kong Bond Fund (continued)				
Investments	Maturity	* Portfolio holdings	Fair value HK\$/HK\$ equivalent	% of NAV
<b>Listed/quoted debt instruments (continued)</b>				
<b>Non-certificates of deposit (continued)</b>				
<i>Denominated in Hong Kong Dollar (continued)</i>				
Swire Properties MTN Financing Ltd-1.8%	17/08/2021	36,500,000	36,719,511	0.53
Swire Properties MTN Financing Ltd-2.25%	21/06/2023	25,000,000	25,725,425	0.37
Swire Properties MTN Financing Ltd-2.4%	18/06/2027	32,000,000	33,113,760	0.47
Swire Properties MTN Financing Ltd-2.45%	22/06/2028	43,000,000	42,801,641	0.61
Swire Properties MTN Financing Ltd-2.65%	03/06/2026	13,000,000	13,636,350	0.20
Swire Properties MTN Financing Ltd-2.65%	07/06/2027	5,000,000	5,247,770	0.08
Swire Properties MTN Financing Ltd-2.95%	22/02/2024	24,000,000	25,318,944	0.36
Swire Properties MTN Financing Ltd-3%	07/04/2027	42,000,000	44,848,734	0.64
Swire Properties MTN Financing Ltd-3.1%	24/10/2024	36,000,000	38,385,972	0.55
Swire Properties MTN Financing Ltd-3.55%	17/07/2024	5,000,000	5,397,790	0.08
The Export-Import Bank of Korea-1.93%	24/06/2021	2,500,000	2,515,965	0.04
The Export-Import Bank of Korea-3.13%	26/04/2023	9,000,000	9,409,302	0.13
The Hong Kong Mortgage Corp Ltd-1.92%	10/05/2022	9,000,000	9,164,727	0.13
The Hong Kong Mortgage Corp Ltd-2.29%	09/02/2022	40,000,000	40,758,400	0.58
The Hong Kong Mortgage Corp Ltd-2.45%	01/03/2029	70,000,000	76,233,290	1.09
The Hong Kong Mortgage Corp Ltd-2.47%	15/03/2029	65,000,000	70,899,920	1.01
The Hong Kong Mortgage Corp Ltd-3.2%	16/10/2028	60,000,000	68,490,540	0.98
The Hong Kong Mortgage Corp Ltd-5.056%	05/10/2022	7,000,000	7,546,672	0.11
The Link Finance (Cayman) 2009 Ltd-2.18%	27/10/2038	22,500,000	21,906,315	0.31
The Link Finance (Cayman) 2009 Ltd-3.2%	06/09/2021	4,000,000	4,063,156	0.06
Toyota Motor Finance (Netherlands) BV-2.64%	21/02/2024	50,000,000	52,497,650	0.75
Urban Renewal Authority-2.15%	10/05/2023	58,000,000	60,122,278	0.86
Urban Renewal Authority-2.92%	27/01/2021	62,000,000	62,042,470	0.88
Wells Fargo & Co-3%	05/06/2025	30,500,000	32,563,325	0.46
Westpac Banking Corp-2.18%	15/07/2022	17,000,000	17,438,124	0.24
Westpac Banking Corp-2.31%	13/10/2022	30,000,000	30,967,950	0.43
Westpac Banking Corp-2.84%	20/02/2024	20,000,000	21,122,120	0.30
Westpac Banking Corp-3.52%	11/10/2023	26,000,000	27,796,340	0.40
Wharf REIC Finance (BVI) Ltd-2.1%	16/03/2027	60,000,000	60,591,660	0.86
Wharf REIC Finance (BVI) Ltd-2.55%	16/04/2025	11,000,000	11,560,681	0.17
			5,312,977,577	76.00
<i>Denominated in United States Dollar</i>				
AIA Group Ltd-3.125%	13/03/2023	5,000,000	40,605,113	0.59
Alibaba Group Holding Ltd-3.6%	28/11/2024	4,000,000	34,151,599	0.49
Alphabet Inc-2.05%	15/08/2050	2,500,000	18,497,093	0.27
Australia & New Zealand Banking Group Ltd-Floating	22/07/2030	1,400,000	11,450,916	0.17
China Cinda 2020 I Management Ltd-3.125%	18/03/2030	1,800,000	14,622,864	0.22
China Construction Bank Corp-Floating	27/02/2029	1,800,000	15,027,956	0.21
China Great Wall International Holdings V Ltd-2.375%	18/08/2030	500,000	3,832,677	0.05
China Mengniu Dairy Co Ltd-2.5%	17/06/2030	3,000,000	23,416,072	0.33
CLP Power Hong Kong Financing Ltd-2.125%	30/06/2030	6,000,000	47,027,031	0.67
CLP Power Hong Kong Financing Ltd-2.5%	30/06/2035	300,000	2,375,026	0.03
Foxconn (Far East) Ltd-2.5%	28/10/2030	800,000	6,404,562	0.09
Hongkong Electric Finance Ltd-1.875%	27/08/2030	4,000,000	30,491,491	0.44
Hongkong Electric Finance Ltd-2.875%	03/05/2026	1,500,000	12,486,192	0.18
HSBC Holdings Plc-Floating	04/06/2026	2,350,000	18,930,521	0.27
PSA Treasury Pte. Ltd-2.25%	30/04/2030	2,000,000	16,419,336	0.23
Rongshi International Finance Ltd-1.5%	05/11/2025	750,000	5,825,471	0.08
Sinopec Group Overseas Development 2017 Ltd-3.25%	13/09/2027	2,000,000	16,627,650	0.24
Standard Chartered Plc-Floating	30/01/2026	1,100,000	9,032,622	0.13

**INVESTMENT REPORT** *(continued)*  
Portfolio Statement as at 31 December 2020 *(continued)*

Principal Hong Kong Bond Fund <i>(continued)</i>				
Investments	Maturity	* Portfolio holdings	Fair value HK\$/HK\$ equivalent	% of NAV
<b>Listed/quoted debt instruments</b> <i>(continued)</i>				
<b>Non-certificates of deposit</b> <i>(continued)</i>				
<i>Denominated in United States Dollar (continued)</i>				
State Grid Overseas Investment (2016) Ltd-3.5%	04/05/2027	3,000,000	25,817,564	0.37
The Hongkong Land Finance (Cayman Islands) Co Ltd-2.875%	27/05/2030	2,250,000	18,523,469	0.26
The Link Finance (Cayman) 2009 Ltd-2.875%	21/07/2026	3,700,000	30,747,300	0.44
			402,312,525	5.76
<b>Total non-certificates of deposit</b>			5,715,290,102	81.76
<b>Total listed/quoted debt instruments</b>			6,768,385,111	96.82
<b>Total investments</b>			6,768,385,111	96.82
<b>Other net assets</b>			222,281,331	3.18
<b>Total net asset value</b>			6,990,666,442	100.00
<b>Total cost of investments</b>			6,505,277,910	
* The value of each holding as a percentage of the total net asset value is accounted for on the trade day.				

Principal Hong Kong Dollar Savings Fund				
Investments	Maturity	* Portfolio holdings	Fair value HK\$/HK\$ equivalent	% of NAV
<b>Listed/quoted debt instruments</b>				
<b>Certificates of deposit</b>				
<i>Denominated in Hong Kong Dollar</i>				
Agricultural Bank of China Ltd-2.52%	19/01/2021	15,000,000	15,008,340	0.42
Bank of China Macau Branch-0.68%	16/09/2021	56,000,000	56,034,048	1.58
Bank of China Macau Branch -1%	18/06/2021	39,000,000	39,077,961	1.10
Bank of Communications Co Ltd-2.45%	10/05/2021	20,000,000	20,128,280	0.57
Bank of Communications Co Ltd-2.58%	29/01/2021	5,500,000	5,507,282	0.15
Bank of Communications Co Ltd-2.8%	15/03/2021	10,000,000	10,042,350	0.28
Bank of Communications Co Ltd Macau Branch-0.8%	30/11/2022	70,000,000	69,757,030	1.96
China Development Bank Corp-0.9%	25/05/2021	90,000,000	90,309,690	2.54
China Development Bank Corp-1.67%	10/02/2021	33,000,000	33,047,685	0.93
China Merchants Bank Co Ltd-Floating	11/01/2021	20,000,000	19,998,980	0.56
Hang Seng Bank Ltd-2.1%	29/01/2021	100,000,000	100,099,000	2.81
Hang Seng Bank Ltd-3%	28/05/2021	38,000,000	38,342,076	1.08
Industrial & Commercial Bank of China (Macau) Ltd-0.45%	23/06/2021	40,000,000	39,941,360	1.12
Industrial & Commercial Bank of China (Macau) Ltd-0.5%	22/06/2021	15,000,000	14,997,060	0.42
Industrial & Commercial Bank of China (Macau) Ltd-0.68%	22/12/2021	8,500,000	8,495,895	0.24
Industrial & Commercial Bank of China Ltd Sydney Branch-0.7%	28/07/2021	17,000,000	17,014,229	0.48
Industrial & Commercial Bank of China Ltd Sydney Branch-1%	13/05/2021	130,000,000	130,248,039	3.66
Mizuho Bank Ltd-3.2%	22/10/2021	13,000,000	13,242,606	0.37
MUFG Bank Ltd-2.76%	28/03/2022	20,000,000	20,497,660	0.58
OCBC Wing Hang Bank Ltd-3.2%	09/06/2021	26,000,000	26,288,600	0.74
Sumitomo Mitsui Banking Corp-2.21%	18/11/2022	35,000,000	35,952,210	1.01
Bank of China Ltd Hong Kong Branch-3.9%	31/05/2021	33,000,000	33,424,314	0.94
<b>Total certificates of deposit</b>			837,454,695	23.54
<b>Non-certificates of deposit</b>				
<i>Denominated in Hong Kong Dollar</i>				
Agricultural Bank of China Ltd-1%	22/10/2022	27,000,000	27,111,402	0.76
Airport Authority Hong Kong-4.8%	22/02/2021	10,000,000	10,057,440	0.28
Bank of China Ltd Macau Branch-1.95%	05/03/2022	60,000,000	60,826,500	1.71
Bank of Communications Co Ltd Hong Kong Branch-2.25%	22/01/2022	81,000,000	82,269,270	2.31
BNZ International Funding Ltd-2.06%	22/06/2021	34,000,000	34,204,238	0.96
BNZ International Funding Ltd-2.32%	31/03/2021	64,000,000	64,211,840	1.81
Busan Bank Co Ltd-3.32%	11/09/2021	10,000,000	10,159,640	0.29
Cagamas Global Plc-3.17%	12/07/2021	62,000,000	62,790,438	1.77
CDBL FUNDING 2-2.9%	27/08/2021	30,000,000	30,384,810	0.85
CDBL FUNDING 2-3%	02/08/2021	4,000,000	4,049,464	0.11
CDBL FUNDING 2-3.5%	23/10/2021	23,000,000	23,399,671	0.66
Citigroup Global Markets Holdings Inc-2.85%	02/04/2022	14,000,000	14,327,012	0.40
CLP Power Hong Kong Financing Ltd-3.93%	20/09/2021	68,000,000	69,513,748	1.95
Commonwealth Bank of Australia-2.11%	22/01/2021	4,000,000	4,002,812	0.11
DBS Group Holdings Ltd-2.8%	13/01/2022	22,000,000	22,465,542	0.63
DNB Bank ASA-2.47%	29/03/2021	35,000,000	35,196,700	0.99
HKCG (Finance) Ltd-3.3%	16/05/2022	35,000,000	36,177,715	1.02
HKCG (Finance) Ltd-3.4%	07/02/2022	64,000,000	65,915,520	1.85
Industrial & Commercial Bank of China Ltd-2.2%	16/09/2021	91,000,000	92,048,411	2.59
Korea Development Bank-0.635%	02/09/2021	50,000,000	50,041,550	1.41
Korea National Oil Corp-3.95%	10/02/2022	35,000,000	36,130,675	1.02
Korea National Oil Corp-4.5%	04/03/2021	10,000,000	10,055,910	0.28

**INVESTMENT REPORT (continued)**  
Portfolio Statement as at 31 December 2020 (continued)

Principal Hong Kong Dollar Savings Fund (continued)				
Investments	Maturity	* Portfolio holdings	Fair value HK\$/HK\$ equivalent	% of NAV
<b>Listed/quoted debt instruments (continued)</b>				
<b>Non-certificates of deposit (continued)</b>				
Denominated in Hong Kong Dollar (continued)				
Kowloon-Canton Railway Corp-3.82%	09/07/2021	7,000,000	7,119,028	0.20
Kowloon-Canton Railway Corp-3.88%	15/06/2021	27,000,000	27,389,070	0.77
Mizuho Bank Ltd-3.174%	25/06/2021	45,000,000	45,547,200	1.28
MTR Corp (C.I.) Ltd-1.92%	26/10/2022	20,000,000	20,478,600	0.58
MTR Corp (C.I.) Ltd-2.56%	02/05/2021	16,000,000	16,108,656	0.45
National Australia Bank Ltd-2.55%	14/03/2021	36,000,000	36,144,180	1.02
Royal Bank of Canada-2.555%	18/03/2022	39,000,000	39,772,551	1.12
Sun Hung Kai Properties (Capital Market) Ltd-3.45%	27/09/2021	15,000,000	15,279,255	0.43
Sun Hung Kai Properties (Capital Market) Ltd-3.9%	18/03/2021	33,000,000	33,232,320	0.93
Sun Hung Kai Properties (Capital Market) Ltd-3.94%	06/05/2021	35,000,000	35,410,165	1.00
Sun Hung Kai Properties (Capital Market) Ltd-4%	27/10/2021	25,000,000	25,629,175	0.72
Sun Hung Kai Properties (Capital Market) Ltd-4.05%	24/02/2021	56,000,000	56,258,216	1.58
Sun Hung Kai Properties (Capital Market) Ltd-4.1%	20/04/2021	3,000,000	3,028,119	0.09
Bank of China Ltd Hong Kong Branch-2.45%	17/04/2021	24,500,000	24,610,201	0.69
The Export-Import Bank of Korea-2.28%	13/04/2022	9,500,000	9,672,710	0.27
The Export-Import Bank of Korea-2.405%	26/10/2022	6,000,000	6,138,252	0.17
The Hong Kong Mortgage Corp Ltd-2.05%	15/02/2021	35,000,000	35,064,295	0.99
The Hong Kong Mortgage Corp Ltd-2.31%	12/04/2021	15,000,000	15,075,480	0.42
The Hong Kong Mortgage Corp Ltd-2.4%	27/09/2021	4,000,000	4,055,068	0.11
The Hong Kong Mortgage Corp Ltd-5.4%	31/05/2021	6,000,000	6,115,920	0.17
The Link Finance (Cayman) 2009 Ltd-3.2%	06/09/2021	34,000,000	34,536,826	0.97
Toyota Finance Australia Ltd-2.13%	20/10/2022	10,000,000	10,229,190	0.29
UBS AG-3.12%	01/06/2021	27,000,000	27,237,681	0.77
UBS AG-3.15%	13/08/2021	48,000,000	48,636,000	1.37
Westpac Banking Corp-2.06%	22/09/2022	15,000,000	15,404,341	0.43
<b>Total non-certificates of deposit</b>			1,443,512,807	40.58
<b>Total listed/quoted debt instruments</b>			2,280,967,502	64.12
<b>Total investments</b>			2,280,967,502	64.12
<b>Other net assets</b>			1,276,382,143	35.88
<b>Total net asset value</b>			3,557,349,645	100.00
<b>Total cost of investments</b>			2,280,447,538	

\* The value of each holding as a percentage of the total net asset value is accounted for on the trade day.

Principal Hong Kong Equity Fund			
Investments	* Portfolio holdings	Fair value HK\$/HK\$ equivalent	% of NAV
<b>Listed shares</b>			
China			
Alibaba Group Holding Ltd	4,159,200	967,429,920	6.99
Alibaba Health Information Technology Ltd	4,894,000	112,072,600	0.81
ANTA Sports Products Ltd	743,000	91,314,700	0.66
Baidu Inc-ADR	103,300	173,163,252	1.25
BYD Co Ltd-H	1,343,500	272,999,200	1.98
China Aoyuan Group Ltd	2,490,000	18,774,600	0.14
China Construction Bank Corp-H	77,065,570	453,916,207	3.29
China Feihe Ltd	5,213,000	94,668,080	0.69
China Grand Pharmaceutical & Healthcare Holdings Ltd	5,100,000	35,088,000	0.25
China Lesso Group Holdings Ltd	6,246,000	75,826,440	0.55
China Merchants Bank Co Ltd-H	5,518,500	270,406,500	1.96
China Mobile Ltd	1,399,493	61,857,591	0.45
China New Higher Education Group Ltd	9,224,000	44,459,680	0.32
China Resources Beer (Holdings) Co Ltd	2,294,000	163,791,600	1.19
China Resources Cement Holdings Ltd	748,000	6,477,680	0.05
China Resources Gas Group Ltd	3,134,000	129,277,500	0.94
China Resources Land Ltd	2,614,000	83,648,000	0.61
China Taiping Insurance Holdings Co Ltd	4,594,000	64,224,120	0.46
China Yongda Automobiles Services Holdings Ltd	5,567,000	71,368,940	0.52
CNOOC Ltd	16,863,000	121,076,340	0.88
ENN Energy Holdings Ltd	608,500	69,247,300	0.50
Ever Sunshine Lifestyle Services Group Ltd	2,656,000	45,205,120	0.33
Far East Horizon Ltd	11,428,000	91,309,720	0.66
Fuyao Glass Industry Group Co Ltd-H	1,647,000	70,162,200	0.51
Guangdong Investment Ltd	4,166,000	58,157,360	0.42
Guangzhou Automobile Group Co Ltd-H	3,170,000	27,325,400	0.20
Haidilao International Holding Ltd	2,170,000	129,549,000	0.94
Haier Smart Home Co Ltd	6,219,200	174,759,520	1.27
Hua Hong Semiconductor Ltd	1,211,000	53,284,000	0.39
Huatai Securities Co Ltd-H	5,813,800	70,928,360	0.51
Hygeia Healthcare Holdings Co Ltd	1,104,000	53,875,200	0.39
Industrial & Commercial Bank of China Ltd-H	51,873,000	260,921,190	1.89
Innovent Biologics Inc	985,000	80,819,250	0.59
JD.com Inc	1,020,000	348,840,000	2.53
Jiangxi Ganfeng Lithium Co Ltd-H	707,200	65,486,720	0.47
Kweichow Moutai Co Ltd-A	19,216	45,559,450	0.33
KWG Group Holdings Ltd	4,999,500	52,894,710	0.38
Lens Technology Co Ltd-A	2,683,219	97,462,928	0.71
Lepu Medical Technology (Beijing) Co Ltd-A	763,510	24,625,451	0.18
Li Ning Co Ltd	4,607,500	245,579,750	1.78
Luxshare Precision Industry Co Ltd-A	597,771	39,808,197	0.29
Meituan Dianping-B	2,970,800	875,197,680	6.33
Midea Group Co Ltd-A	882,149	103,046,573	0.75
NetEase Inc	470,400	69,431,040	0.50
New Oriental Education & Technology Group Inc-ADR	11,649	16,779,426	0.12
Pharmaron Beijing Co Ltd-H	1,960,400	256,812,400	1.86
PICC Property & Casualty Co Ltd-H	4,104,000	24,090,480	0.17
Ping An Insurance (Group) Co of China Ltd-H	5,676,000	539,220,000	3.89
Pop Mart International Group Ltd	349,000	28,391,150	0.21
Postal Savings Bank of China Co Ltd-H	20,584,000	90,157,920	0.65
Shenzhou International Group Holdings Ltd	676,900	102,888,800	0.74
Shimao Group Holdings Ltd	5,017,000	123,919,900	0.90
Shimao Services Holdings Ltd	1,926,172	23,037,017	0.17
Sino Biopharmaceutical Ltd	15,777,000	118,327,500	0.86
Sunac China Holdings Ltd	3,456,000	99,014,400	0.72
Sunac Services Holdings Ltd	4,122,025	70,733,949	0.51
Sunny Optical Technology (Group) Co Ltd	336,800	57,154,960	0.41
TAL Education Group-ADR	60,679	33,637,567	0.24
Tencent Holdings Ltd	1,906,835	1,075,454,940	7.77
Tencent Music Entertainment Group-ADR	542,791	80,957,499	0.59
Weichai Power Co Ltd-H	3,542,000	55,113,520	0.40
Wingtech Technology Co Ltd-A	502,151	58,991,512	0.43

**INVESTMENT REPORT** *(continued)*  
Portfolio Statement as at 31 December 2020 *(continued)*

<b>Principal Hong Kong Equity Fund</b> <i>(continued)</i>			
Investments	* Portfolio holdings	Fair value <i>HK\$/HK\$ equivalent</i>	% of NAV
<b>Listed shares</b> <i>(continued)</i>			
<i>China</i> <i>(continued)</i>			
Wuliangye Yibin Co Ltd-A	178,330	61,759,548	0.45
Wuxi Biologics (Cayman) Inc	978,000	100,538,400	0.73
XCMG Construction Machinery Co Ltd-A	5,362,552	34,171,639	0.25
Xiaomi Corp-B	15,397,200	511,187,040	3.69
Xinjiang Goldwind Science & Technology Co Ltd-H	8,244,400	128,447,752	0.94
Zijin Mining Group Co Ltd-H	10,174,000	89,327,720	0.65
		10,245,432,108	74.19
<i>Hong Kong</i>			
AIA Group Ltd	9,374,000	890,530,000	6.44
ASM Pacific Technology Ltd	323,300	33,073,590	0.24
Ausnutria Dairy Corp Ltd	1,017,000	13,241,340	0.10
BOC Hong Kong (Holdings) Ltd	4,844,500	113,845,750	0.82
CITIC Telecom International Holdings Ltd	34,726,000	84,731,440	0.61
CK Asset Holdings Ltd	2,183,829	86,916,394	0.63
CLP Holdings Ltd	741,500	53,165,550	0.38
Everest Medicines Ltd	689,000	46,645,300	0.34
Galaxy Entertainment Group Ltd	2,139,000	128,874,750	0.93
Hong Kong Exchanges & Clearing Ltd	1,255,600	533,630,000	3.85
HSBC Holdings Plc	10,092,400	411,265,300	2.98
Link REIT	948,500	66,964,100	0.48
Melco International Development Ltd	2,063,000	31,110,040	0.23
New World Development Co Ltd	4,552,000	164,327,200	1.19
Pacific Basin Shipping Ltd	71,023,000	103,693,580	0.75
Sun Hung Kai Properties Ltd	1,133,359	113,335,900	0.82
Technic Industries Co Ltd	771,500	85,327,900	0.62
The Hong Kong & China Gas Co Ltd	10,728,800	124,239,504	0.90
Xinyi Glass Holdings Ltd	2,348,000	50,834,200	0.37
Xinyi Solar Holdings Ltd	10,314,000	208,858,500	1.51
		3,344,610,338	24.19
<b>Total listed shares</b>		13,590,042,446	98.38
<b>Delisted shares</b>			
<i>Hong Kong</i>			
Moulin Global Eyecare Holdings Ltd	514,000	-	-
<b>Total delisted shares</b>		-	-
<b>Total investments</b>		13,590,042,446	98.38
<b>Other net assets</b>		223,396,355	1.62
<b>Total net asset value</b>		13,813,438,801	100.00
<b>Total cost of investments</b>		10,807,683,956	

\* The value of each holding as a percentage of the total net asset value is accounted for on the trade day.

<b>Principal International Bond Fund</b>				
Investments	Maturity	* Portfolio holdings	Fair value <i>HK\$/HK\$ equivalent</i>	% of NAV
<b>Listed/quoted debt instruments</b>				
<b>Non-certificates of deposit</b>				
<i>Denominated in Australian Dollar</i>				
Australia Government-3.25%	21/04/2029	12,475,000	89,252,387	1.49
<i>Denominated in British Pound</i>				
American International Group Inc-5%	26/04/2023	1,000,000	11,619,669	0.19
Anheuser-Busch InBev SA/NV-4%	24/09/2025	1,750,000	21,560,174	0.36
Apple Inc-3.05%	31/07/2029	1,750,000	22,565,285	0.38
BAT International Finance Plc-6%	24/11/2034	1,500,000	22,008,521	0.37
BNG Bank NV-5.2%	07/12/2028	200,000	2,891,592	0.05
BNP Paribas-1.125%	16/08/2022	1,000,000	10,749,458	0.18
BPCE-5.25%	16/04/2029	1,700,000	23,187,237	0.39
Cooperatieve Rabobank U.A.-2.25%	23/03/2022	1,000,000	10,849,299	0.18
ING Bank NV-5.375%	15/04/2021	500,000	5,366,688	0.09
The Goldman Sachs Group Inc-5.5%	12/10/2021	500,000	5,496,493	0.09
United Kingdom Gilt-1.5%	22/07/2026	1,000,000	11,497,111	0.19
United Kingdom Gilt -1.625%	22/10/2028	2,400,000	28,491,887	0.48
United Kingdom Gilt -1.75%	22/01/2049	2,600,000	34,612,769	0.58
United Kingdom Gilt -3.25%	22/01/2044	3,550,000	57,803,918	0.96
United Kingdom Gilt -4.25%	07/06/2032	1,100,000	16,802,384	0.28
United Kingdom Gilt -4.25%	07/03/2036	240,000	3,935,969	0.07
			289,438,454	4.84
<i>Denominated in Canadian Dollar</i>				
AT&T Inc-2.85%	25/05/2024	1,900,000	12,247,260	0.20
Canadian Government-1.25%	01/06/2030	2,000,000	12,800,770	0.21
Manulife Financial Corp-Floating	20/08/2029	1,800,000	11,707,954	0.20
Province of British Columbia-5.7%	18/06/2029	275,000	2,289,756	0.04
Province of Ontario-2.6%	02/06/2025	4,000,000	26,403,412	0.44
Province of Ontario-2.9%	02/12/2046	2,600,000	18,623,427	0.31
Province of Quebec Canada-3.5%	01/12/2045	750,000	5,909,566	0.10
Province of Quebec Canada-4.25%	01/12/2021	3,700,000	23,321,244	0.39
Rogers Communications Inc-6.11%	25/08/2040	800,000	6,842,546	0.11
Bell Canada-3.35%	22/03/2023	750,000	4,797,005	0.08
The Toronto-Dominion Bank-Floating	04/03/2031	1,750,000	12,525,848	0.21
TransCanada Pipelines Ltd-3.3%	17/07/2025	1,850,000	12,262,421	0.20
TransCanada Pipelines Ltd-3.69%	19/07/2023	500,000	3,244,579	0.05
Wells Fargo & Co-3.874%	21/05/2025	750,000	5,010,926	0.08
Winnipeg City of-5.9%	02/02/2029	125,000	1,026,137	0.02
			159,012,851	2.64
<i>Denominated in Czech Koruna</i>				
Czech Republic Government-2.4%	17/09/2025	6,000,000	2,339,458	0.04
<i>Denominated in Danish Krone</i>				
Denmark Government-0.5%	15/11/2027	6,250,000	8,575,560	0.14
Denmark Government-1.75%	15/11/2025	5,525,000	7,892,482	0.13
Denmark Government-4.5%	15/11/2039	500,000	1,226,200	0.02
			17,694,242	0.29

**INVESTMENT REPORT** *(continued)*  
Portfolio Statement as at 31 December 2020 *(continued)*

Principal International Bond Fund <i>(continued)</i>				
Investments	Maturity	* Portfolio holdings	Fair value <i>HK\$/HK\$ equivalent</i>	% of NAV
<b>Listed/quoted debt instruments</b> <i>(continued)</i>				
<b>Non-certificates of deposit</b> <i>(continued)</i>				
<i>Denominated in Euro</i>				
Anheuser-Busch InBev SA/NV-1.5%	18/04/2030	5,300,000	56,422,753	0.94
Apple Inc-1.375%	17/01/2024	800,000	8,015,082	0.13
AT&T Inc-1.95%	15/09/2023	1,200,000	12,024,819	0.20
AT&T Inc-2.75%	19/05/2023	500,000	5,094,716	0.08
AT&T Inc-3.15%	04/09/2036	1,000,000	12,059,911	0.20
Bank of America Corp-Floating	04/05/2027	2,000,000	20,737,561	0.35
BAT International Finance Plc-0.875%	13/10/2023	1,700,000	16,552,814	0.28
Becton Dickinson & Co-1%	15/12/2022	800,000	7,756,172	0.13
Bundesrepublik Deutschland				
Bundesanleihe-1.25%	15/08/2048	4,500,000	60,421,087	1.01
Bundesrepublik Deutschland				
Bundesanleihe-2.5%	15/08/2046	375,000	6,162,291	0.10
Bundesrepublik Deutschland				
Bundesanleihe-4%	04/01/2037	630,000	10,402,965	0.17
Bundesrepublik Deutschland				
Bundesanleihe-4.75%	04/07/2034	2,250,000	37,219,937	0.62
Cooperative Rabobank U.A.-4.125%	14/07/2025	1,500,000	17,078,545	0.28
Daimler AG-2.375%	08/03/2023	1,000,000	10,063,465	0.17
Electricite de France SA-4%	12/11/2025	250,000	2,856,148	0.05
Electricite de France SA-4.125%	25/03/2027	2,000,000	23,910,101	0.40
Electricite de France SA-4.625%	11/09/2024	700,000	7,842,855	0.13
France Government OAT-1.75%	25/11/2024	6,500,000	67,961,059	1.13
France Government OAT-2.5%	25/05/2030	2,300,000	28,006,205	0.47
France Government OAT-4.5%	25/04/2041	1,000,000	18,060,801	0.30
Imperial Brands Finance Plc-3.375%	26/02/2026	1,500,000	16,309,052	0.27
Ireland Government-2%	18/02/2045	150,000	2,054,380	0.03
Ireland Government-3.4%	18/03/2024	4,875,000	52,574,271	0.88
Italy Buoni Poliennali Del Tesoro-1.35%	01/04/2030	5,000,000	51,577,795	0.86
Italy Buoni Poliennali Del Tesoro-2.15%	15/12/2021	3,025,000	29,574,751	0.49
Italy Buoni Poliennali Del Tesoro-3.25%	01/09/2046	4,350,000	58,730,414	0.98
Italy Buoni Poliennali Del Tesoro-3.75%	01/08/2021	795,000	7,767,400	0.13
Italy Buoni Poliennali Del Tesoro-5%	01/08/2034	500,000	7,333,055	0.12
Italy Buoni Poliennali Del Tesoro-5.25%	01/11/2029	3,000,000	40,655,762	0.68
Italy Buoni Poliennali Del Tesoro-5.5%	01/11/2022	3,500,000	36,970,837	0.62
JPMorgan Chase & Co-1.375%	16/09/2021	500,000	4,828,551	0.08
Kingdom of Belgium Government-0.8%	22/06/2025	4,000,000	40,693,741	0.68
Molson Coors Beverage Co-1.25%	15/07/2024	1,100,000	10,789,740	0.18
Morgan Stanley-2.375%	31/03/2021	500,000	4,797,923	0.08
Nationwide Building Society-Floating	08/03/2026	2,200,000	22,196,164	0.37
Netherlands Government-2.25%	15/07/2022	1,175,000	11,711,386	0.20
Netherlands Government-2.5%	15/01/2033	150,000	1,946,541	0.03
Netherlands Government-2.75%	15/01/2047	150,000	2,556,059	0.04
Netherlands Government-5.5%	15/01/2028	1,125,000	15,444,762	0.26
Orange SA-2.5%	01/03/2023	500,000	5,046,976	0.08
Southern Power Co-1.85%	20/06/2026	2,000,000	20,833,765	0.35
Spain Government-2.7%	31/10/2048	2,000,000	28,006,098	0.47
Spain Government-3.8%	30/04/2024	750,000	8,190,688	0.14
Spain Government-4.4%	31/10/2023	3,000,000	32,639,666	0.54
Spain Government-5.15%	31/10/2044	950,000	17,884,514	0.30
Spain Government-6%	31/01/2029	4,125,000	58,888,620	0.98
The Goldman Sachs Group Inc-3.25%	01/02/2023	1,000,000	10,212,081	0.17
The Procter & Gamble Co-2%	16/08/2022	500,000	4,944,737	0.08
Tyco Electronics Group SA-1.1%	01/03/2023	500,000	4,893,804	0.08
Zimmer Biomet Holdings Inc-2.425%	13/12/2026	1,000,000	10,640,464	0.18
			1,049,343,284	17.49

Principal International Bond Fund <i>(continued)</i>				
Investments	Maturity	* Portfolio holdings	Fair value <i>HK\$/HK\$ equivalent</i>	% of NAV
<b>Listed/quoted debt instruments</b> <i>(continued)</i>				
<b>Non-certificates of deposit</b> <i>(continued)</i>				
<i>Denominated in Japanese Yen</i>				
BNP Paribas-1.087%	02/03/2027	200,000,000	15,064,793	0.25
BPCE-0.64%	27/01/2022	100,000,000	7,537,193	0.13
BPCE-1.8%	13/07/2026	300,000,000	22,855,971	0.38
Citigroup Inc-2.24%	09/12/2022	100,000,000	7,753,957	0.13
Citigroup Inc-2.36%	16/09/2025	100,000,000	8,108,352	0.14
Citigroup Inc-2.4%	31/10/2025	290,000,000	23,378,153	0.39
Cooperative Rabobank U.A.-1.362%	02/11/2022	100,000,000	7,671,636	0.13
Corning Inc-0.698%	09/08/2024	400,000,000	29,564,449	0.49
Credit Agricole SA-0.443%	09/06/2022	400,000,000	30,071,397	0.50
Credit Agricole SA-0.839%	09/06/2027	400,000,000	29,875,089	0.50
General Electric Co-1.244%	20/09/2023	100,000,000	7,299,657	0.12
HSBC Holdings Plc-1.207%	25/09/2026	200,000,000	15,162,195	0.25
Japan Government 10 Year Bond-0.1%	20/06/2029	700,000,000	53,244,819	0.89
Japan Government 20 Year Bond-1.4%	20/09/2034	1,530,000,000	133,815,620	2.23
Japan Government 20 Year Bond-1.5%	20/03/2034	930,100,000	82,051,089	1.37
Japan Government 30 Year Bond-0.9%	20/09/2048	1,395,000,000	112,937,726	1.88
Japan Government 40 Year Bond-0.8%	20/03/2058	300,000,000	23,468,080	0.39
Lloyds Banking Group Plc-0.482%	14/12/2023	100,000,000	7,510,925	0.13
			617,371,101	10.30
<i>Denominated in New Zealand Dollar</i>				
New Zealand Government-2.75%	15/04/2025	575,000	3,541,553	0.06
<i>Denominated in Norwegian Krone</i>				
Norway Government-1.5%	19/02/2026	600,000	566,838	0.01
Norway Government-1.75%	06/09/2029	27,800,000	26,985,340	0.45
			27,552,178	0.46
<i>Denominated in Polish Zloty</i>				
Poland Government-3.25%	25/07/2025	1,000,000	2,346,780	0.04
<i>Denominated in Singapore Dollar</i>				
Singapore Government-3%	01/09/2024	400,000	2,573,169	0.04
<i>Denominated in Swedish Krona</i>				
Sweden Government-1.5%	13/11/2023	5,700,000	5,679,918	0.09
<i>Denominated in Swiss Franc</i>				
Switzerland Government-2.5%	08/03/2036	1,225,000	15,544,925	0.26
Switzerland Government-3.5%	08/04/2033	125,000	1,647,052	0.03
			17,191,977	0.29
<i>Denominated in Thai Baht</i>				
Thailand Government-5.67%	13/03/2028	10,000,000	3,437,509	0.06

**INVESTMENT REPORT** *(continued)*  
Portfolio Statement as at 31 December 2020 *(continued)*

Principal International Bond Fund <i>(continued)</i>				
Investments	Maturity	* Portfolio holdings	Fair value <i>HK\$/HK\$ equivalent</i>	% of NAV
<b>Listed/quoted debt instruments</b> <i>(continued)</i>				
<b>Non-certificates of deposit</b> <i>(continued)</i>				
<i>Denominated in United States Dollar</i>				
Abbott Laboratories-3.75%	30/11/2026	200,000	1,816,229	0.03
Abbott Laboratories-4.9%	30/11/2046	265,000	3,045,518	0.05
AbbVie Inc-4.875%	14/11/2048	45,000	471,802	0.01
Alphabet Inc-2.05%	15/08/2050	560,000	4,143,349	0.07
Altria Group Inc-4%	31/01/2024	700,000	5,958,053	0.10
Altria Group Inc-5.8%	14/02/2039	110,000	1,123,536	0.02
American International Group Inc-3.9%	01/04/2026	1,080,000	9,546,814	0.16
American International Group Inc-4.5%	16/07/2044	355,000	3,526,360	0.06
Anheuser-Busch Cos Llc/Anheuser-Busch InBev Worldwide Inc-3.65%	01/02/2026	120,000	1,051,529	0.02
Anheuser-Busch Cos Llc/Anheuser-Busch InBev Worldwide Inc-4.9%	01/02/2046	270,000	2,721,471	0.05
Anheuser-Busch InBev Worldwide Inc-5.45%	23/01/2039	270,000	2,843,524	0.05
Anheuser-Busch InBev Worldwide Inc-5.55%	23/01/2049	410,000	4,519,226	0.08
Apple Inc-2.75%	13/01/2025	575,000	4,836,199	0.09
Apple Inc-3%	09/02/2024	790,000	6,588,119	0.12
Apple Inc-3.2%	13/05/2025	60,000	518,601	0.01
Apple Inc-3.35%	09/02/2027	525,000	4,642,790	0.08
Apple Inc-4.25%	09/02/2047	320,000	3,385,492	0.06
Arch Capital Finance Llc-4.011%	15/12/2026	590,000	5,318,289	0.09
Arch Capital Finance Llc-5.031%	15/12/2046	115,000	1,216,603	0.02
AstraZeneca Plc-1.375%	06/08/2030	1,200,000	9,207,942	0.15
AT&T Inc-3.5%	15/09/2053	480,000	3,726,471	0.06
AT&T Inc-3.55%	15/09/2055	445,000	3,437,973	0.06
AT&T Inc-3.65%	15/09/2059	222,000	1,737,725	0.03
AT&T Inc-4.05%	15/12/2023	105,000	900,578	0.02
AT&T Inc-4.3%	15/02/2030	803,000	7,435,917	0.12
Baidu Inc-3.875%	29/09/2023	1,900,000	15,865,951	0.26
Baidu Inc-4.875%	14/11/2028	1,800,000	16,744,397	0.28
Bank of America Corp-4.1%	24/07/2023	215,000	1,824,073	0.03
Bank of America Corp-4.2%	26/08/2024	815,000	7,072,838	0.12
Bank of America Corp-4.25%	22/10/2026	670,000	6,092,282	0.10
Bank of America Corp-Floating	15/03/2025	410,000	3,460,574	0.06
Bank of America Corp-Floating	23/07/2029	555,000	5,123,084	0.09
Bank of America Corp-Floating	07/02/2030	1,115,000	10,180,699	0.17
BAT Capital Corp-3.222%	15/08/2024	190,000	1,594,593	0.03
BAT Capital Corp-4.54%	15/08/2047	125,000	1,076,042	0.02
Becton Dickinson & Co-2.894%	06/06/2022	401,000	3,213,156	0.05
Becton Dickinson & Co-3.363%	06/06/2024	245,000	2,064,643	0.03
Becton Dickinson & Co-3.7%	06/06/2027	180,000	1,601,351	0.03
Becton Dickinson & Co-4.685%	15/12/2044	412,000	4,122,683	0.07
Boston Scientific Corp-4%	01/03/2029	470,000	4,293,890	0.07
Boston Scientific Corp-4.7%	01/03/2049	200,000	2,127,114	0.04
BP Capital Markets America Inc-3%	24/02/2050	600,000	4,775,593	0.08
BP Capital Markets America Inc-3.41%	11/02/2026	210,000	1,825,182	0.03
BP Capital Markets America Inc-4.234%	06/11/2028	100,000	926,436	0.02
Bristol Myers Squibb Co-2.9%	26/07/2024	185,000	1,556,406	0.03
Bristol Myers Squibb Co-3.4%	26/07/2029	375,000	3,384,260	0.06
Bristol Myers Squibb Co-4.125%	15/06/2039	270,000	2,666,896	0.04
Bristol Myers Squibb Co-4.25%	26/10/2049	340,000	3,564,292	0.06
Bristol Myers Squibb Co-5.25%	15/08/2043	15,000	166,697	0.00
Brookfield Finance Inc-3.9%	25/01/2028	520,000	4,625,364	0.08
Brookfield Finance Inc-4%	01/04/2024	775,000	6,594,769	0.11
Brookfield Finance Inc-4.7%	20/09/2047	400,000	3,923,933	0.07
Burlington Northern Santa Fe Llc-5.4%	01/06/2041	1,080,000	12,193,924	0.20
Canadian Natural Resources Ltd-3.85%	01/06/2027	115,000	1,000,295	0.02
Chile Government-3.24%	06/02/2028	6,000,000	52,734,127	0.88
Cigna Corp-3.75%	15/07/2023	293,000	2,455,505	0.04
Cigna Corp-4.125%	15/11/2025	405,000	3,616,889	0.06

Principal International Bond Fund <i>(continued)</i>				
Investments	Maturity	* Portfolio holdings	Fair value <i>HK\$/HK\$ equivalent</i>	% of NAV
<b>Listed/quoted debt instruments</b> <i>(continued)</i>				
<b>Non-certificates of deposit</b> <i>(continued)</i>				
<i>Denominated in United States Dollar</i> <i>(continued)</i>				
Cigna Corp-4.375%	15/10/2028	200,000	1,873,973	0.03
Cigna Corp-4.9%	15/12/2048	450,000	4,797,086	0.08
Citigroup Inc-4.65%	23/07/2048	225,000	2,407,782	0.04
Citigroup Inc-Floating	24/07/2028	200,000	1,757,719	0.03
Citigroup Inc-Floating	27/10/2028	260,000	2,278,686	0.04
CMS Energy Corp-3%	15/05/2026	155,000	1,324,434	0.02
CMS Energy Corp-4.875%	01/03/2044	375,000	3,828,824	0.06
Colombia Government-4%	26/02/2024	14,200,000	119,050,228	1.99
Colombia Government-4.375%	12/07/2021	12,000,000	94,752,681	1.58
Comcast Corp-3.15%	01/03/2026	450,000	3,894,720	0.06
Comcast Corp-3.95%	15/10/2025	115,000	1,024,217	0.02
Comcast Corp-4.15%	15/10/2028	890,000	8,305,281	0.14
Comcast Corp-4.2%	15/08/2034	230,000	2,234,593	0.04
Comcast Corp-4.6%	15/10/2038	580,000	5,925,233	0.10
Comcast Corp-4.7%	15/10/2048	190,000	2,057,839	0.03
Constellation Brands Inc-2.65%	07/11/2022	220,000	1,772,318	0.03
Constellation Brands Inc-4.4%	15/11/2025	1,250,000	11,251,573	0.19
Constellation Brands Inc-5.25%	15/11/2048	150,000	1,636,116	0.03
CSX Corp-4.75%	15/11/2048	300,000	3,190,025	0.05
CVS Health Corp-4.78%	25/03/2038	155,000	1,522,373	0.03
CVS Health Corp-4.875%	20/07/2035	65,000	653,861	0.01
CVS Health Corp-5.05%	25/03/2048	400,000	4,202,500	0.07
Dominion Energy Inc-4.25%	01/06/2028	635,000	5,904,221	0.10
DTE Energy Co-3.4%	15/06/2029	380,000	3,339,469	0.06
DTE Energy Co-6.375%	15/04/2033	120,000	1,336,177	0.02
Duke Energy Corp-2.65%	01/09/2026	1,200,000	10,136,008	0.17
DuPont de Nemours Inc-5.319%	15/11/2038	445,000	4,672,277	0.08
DuPont de Nemours Inc-5.419%	15/11/2048	230,000	2,590,951	0.04
Eli Lilly & Co-3.375%	15/03/2029	105,000	944,966	0.02
Enterprise Products Operating Llc-3.125%	31/07/2029	345,000	2,964,644	0.05
Enterprise Products Operating Llc-4.2%	31/01/2050	230,000	2,094,652	0.03
Equinix Inc-5.375%	15/05/2027	1,600,000	13,519,526	0.23
Exelon Corp-3.497%	01/06/2022	100,000	806,367	0.01
Exxon Mobil Corp-2.61%	15/10/2030	400,000	3,386,992	0.06
Exxon Mobil Corp-4.227%	19/03/2040	700,000	6,757,855	0.11
First Republic Bank-2.5%	06/06/2022	750,000	5,977,108	0.10
First Republic Bank-4.625%	13/02/2047	250,000	2,558,090	0.04
Fox Corp-5.476%	25/01/2039	240,000	2,551,348	0.04
General Mills Inc-4.55%	17/04/2038	345,000	3,439,439	0.06
General Motors Financial Co Inc-5.2%	20/03/2023	2,400,000	20,400,222	0.34
GNMA AE2153-3.5%	20/05/2043	248,486	2,164,711	0.04
GNMA AE9880-3%	15/05/2043	806,250	6,659,245	0.11
GNMA AV5049-3.5%	20/10/2046	2,286,943	19,316,258	0.32
GNMA AV7468-3.5%	20/09/2046	2,466,459	20,511,008	0.34
HSBC Holdings Plc-Floating	11/03/2025	1,500,000	12,695,905	0.21
International Paper Co-4.35%	15/08/2048	190,000	1,929,013	0.03
Johnson & Johnson-3.7%	01/03/2046	325,000	3,212,995	0.05
JPMorgan Chase & Co-5.5%	15/10/2040	250,000	2,849,839	0.05
JPMorgan Chase & Co-Floating	01/04/2023	705,000	5,663,690	0.09
JPMorgan Chase & Co-Floating	06/05/2030	1,225,000	11,016,067	0.18
JPMorgan Chase & Co-Floating	15/11/2048	315,000	3,073,219	0.05
Kinder Morgan Energy Partners LP-4.7%	01/11/2042	410,000	3,637,990	0.06
Kinder Morgan Inc-5.55%	01/06/2045	350,000	3,486,854	0.06
Lam Research Corp-4.875%	15/03/2049	290,000	3,249,554	0.05
Lloyds Banking Group Plc-Floating	07/11/2023	1,100,000	8,908,822	0.15
Lockheed Martin Corp-2.9%	01/03/2025	290,000	2,452,019	0.04
Lockheed Martin Corp-4.09%	15/09/2052	530,000	5,438,473	0.09
Lowe's Cos Inc-3%	15/10/2050	1,000,000	8,291,763	0.14
Markel Corp-3.5%	01/11/2027	310,000	2,711,747	0.05
Markel Corp-5%	05/04/2046	410,000	4,279,177	0.07
Markel Corp-5%	20/05/2049	150,000	1,602,586	0.03



**INVESTMENT REPORT (continued)**  
Portfolio Statement as at 31 December 2020 (continued)

Principal International Bond Fund (continued)				
Investments	Maturity	* Portfolio holdings	Fair value HK\$/HK\$ equivalent	% of NAV
<b>Listed/quoted debt instruments (continued)</b>				
<b>Non-certificates of deposit (continued)</b>				
Denominated in United States Dollar (continued)				
McCormick & Co Inc-3.15%	15/08/2024	410,000	3,445,617	0.06
Medtronic Inc-4.625%	15/03/2045	11,000	120,983	0.00
Mexico Government-4.125%	21/01/2026	9,000,000	80,147,026	1.34
Microsoft Corp-2.4%	08/08/2026	425,000	3,594,412	0.06
Microsoft Corp-2.675%	01/06/2060	210,000	1,764,203	0.03
Microsoft Corp-3.7%	08/08/2046	545,000	5,357,103	0.09
Morgan Stanley-5%	24/11/2025	985,000	9,127,316	0.15
Morgan Stanley-6.375%	24/07/2042	405,000	5,127,508	0.09
Morgan Stanley-Floating	28/04/2026	1,000,000	8,188,094	0.14
Morgan Stanley-Floating	24/03/2051	225,000	2,808,104	0.05
MPLX LP-3.5%	01/12/2022	190,000	1,546,924	0.03
MPLX LP-4%	15/03/2028	230,000	2,051,434	0.03
MPLX LP-4.25%	01/12/2027	110,000	1,001,252	0.02
MPLX LP-4.5%	15/07/2023	280,000	2,364,161	0.04
MPLX LP-5.5%	15/02/2049	635,000	6,482,122	0.11
NBCUniversal Media Llc-4.45%	15/01/2043	150,000	1,522,728	0.03
NextEra Energy Capital Holdings Inc-3.5%	01/04/2029	1,050,000	9,319,336	0.16
Nutrien Ltd-4.2%	01/04/2029	565,000	5,237,182	0.09
Oracle Corp-6.125%	08/07/2039	420,000	5,015,651	0.08
Packaging Corp of America-4.5%	01/11/2023	155,000	1,325,078	0.02
Parker-Hannifin Corp-2.7%	14/06/2024	85,000	706,697	0.01
Parker-Hannifin Corp-3.25%	14/06/2029	500,000	4,398,631	0.07
Parker-Hannifin Corp-4%	14/06/2049	385,000	3,735,288	0.06
PartnerRe Finance B Llc-3.7%	02/07/2029	255,000	2,269,850	0.04
Philip Morris International Inc-4.375%	15/11/2041	630,000	6,095,964	0.10
Philip Morris International Inc-6.375%	16/05/2038	500,000	5,913,887	0.10
Province of Quebec Canada-1.35%	28/05/2030	8,300,000	65,194,133	1.09
Prudential Financial Inc-3.7%	13/03/2051	500,000	4,702,971	0.08
Public Service Enterprise Group Inc-2.875%	15/06/2024	190,000	1,585,610	0.03
Qatar Government-3.4%	16/04/2025	7,000,000	59,826,834	1.00
Raytheon Technologies Corp-3.5%	15/03/2027	365,000	3,229,491	0.05
Raytheon Technologies Corp-3.95%	16/08/2025	955,000	8,490,890	0.14
Raytheon Technologies Corp-4.125%	16/11/2028	815,000	7,532,047	0.13
Raytheon Technologies Corp-4.45%	16/11/2038	140,000	1,368,499	0.02
Raytheon Technologies Corp-4.625%	16/11/2048	100,000	1,052,424	0.02
Raytheon Technologies Corp-5.4%	01/05/2035	45,000	479,646	0.01
Reynolds American Inc-5.85%	15/08/2045	300,000	2,973,902	0.05
Rogers Communications Inc-4.35%	01/05/2049	630,000	6,323,564	0.11
Royal Bank of Canada-3.7%	05/10/2023	455,000	3,845,776	0.06
Saudi Government-2.375%	26/10/2021	10,000,000	78,676,375	1.31
Saudi Government-3.25%	26/10/2026	12,000,000	103,044,017	1.72
Suncor Energy Inc-4%	15/11/2047	225,000	1,952,593	0.03
Teck Resources Ltd-5.4%	01/02/2043	165,000	1,527,707	0.03
Teck Resources Ltd-6.125%	01/10/2035	180,000	1,799,319	0.03
Teck Resources Ltd-6.25%	15/07/2041	200,000	1,982,178	0.03
Telefonica Emisiones S.A-5.213%	08/03/2047	460,000	4,570,895	0.08
TELUS Corp-4.3%	15/06/2049	250,000	2,458,362	0.04
Tencent Holdings Ltd-3.575%	11/04/2026	5,000,000	42,907,487	0.72
Bell Canada-4.3%	29/07/2049	195,000	1,979,597	0.03
The Goldman Sachs Group Inc-3.625%	20/02/2024	575,000	4,851,118	0.08
The Goldman Sachs Group Inc-5.75%	24/01/2022	305,000	2,499,151	0.04
The Goldman Sachs Group Inc-6.75%	01/10/2037	355,000	4,210,996	0.07
The Home Depot Inc-5.875%	16/12/2036	130,000	1,527,932	0.03
The Walt Disney Co-3%	15/09/2022	250,000	2,024,097	0.03
The Walt Disney Co-4.75%	15/09/2044	210,000	2,234,170	0.04
The Walt Disney Co-6.2%	15/12/2034	20,000	235,099	0.00
The Williams Cos Inc-5.75%	24/06/2044	305,000	3,064,361	0.05
Trane Technologies Luxembourg Finance SA-3.8%	21/03/2029	520,000	4,718,623	0.08

Principal International Bond Fund (continued)				
Investments	Maturity	* Portfolio holdings	Fair value HK\$/HK\$ equivalent	% of NAV
<b>Listed/quoted debt instruments (continued)</b>				
<b>Non-certificates of deposit (continued)</b>				
Denominated in United States Dollar (continued)				
Truist Bank-4.05%	03/11/2025	340,000	3,040,167	0.05
TWDC Enterprises 18 Corp-3.15%	17/09/2025	995,000	8,567,885	0.14
Union Pacific Corp-3.5%	08/06/2023	250,000	2,077,699	0.03
United States Treasury Note/Bond-1.125%	15/05/2040	4,500,000	33,118,426	0.55
United States Treasury Note/Bond-1.25%	31/03/2021	4,100,000	31,867,647	0.53
United States Treasury Note/Bond-1.25%	31/07/2023	14,000,000	111,619,995	1.86
United States Treasury Note/Bond-1.25%	15/05/2050	1,500,000	10,548,918	0.18
United States Treasury Note/Bond-1.5%	28/02/2023	23,500,000	187,539,936	3.12
United States Treasury Note/Bond-1.625%	30/04/2023	15,500,000	124,302,028	2.07
United States Treasury Note/Bond-1.625%	15/08/2029	17,500,000	145,126,331	2.42
United States Treasury Note/Bond-1.75%	28/02/2022	9,250,000	73,062,618	1.22
United States Treasury Note/Bond-1.875%	30/11/2021	17,200,000	135,476,835	2.26
United States Treasury Note/Bond-2%	31/12/2021	22,300,000	176,099,697	2.93
United States Treasury Note/Bond-2%	15/08/2025	29,500,000	246,320,779	4.10
United States Treasury Note/Bond-2.25%	15/08/2027	23,800,000	204,578,749	3.40
United States Treasury Note/Bond-2.625%	15/02/2029	17,000,000	151,285,902	2.51
United States Treasury Note/Bond-2.75%	15/08/2047	14,150,000	137,522,340	2.29
United States Treasury Note/Bond-3.875%	15/08/2040	2,700,000	29,997,900	0.50
United States Treasury Note/Bond-5%	15/05/2037	6,500,000	78,974,386	1.32
Unitedhealth Group Inc-3.875%	15/12/2028	825,000	7,669,719	0.13
US Bancorp-2.375%	22/07/2026	1,120,000	9,399,393	0.16
Vale Overseas Ltd-6.25%	10/08/2026	2,800,000	26,915,292	0.45
Verizon Communications Inc-2.987%	30/10/2056	435,000	3,394,464	0.06
Verizon Communications Inc-4.5%	10/08/2033	620,000	6,064,640	0.10
Virginia Electric & Power Co-2.45%	15/12/2050	500,000	3,900,465	0.07
Vodafone Group Plc-4.125%	30/05/2025	420,000	3,723,085	0.06
Vodafone Group Plc-5.25%	30/05/2048	300,000	3,239,484	0.05
W.W. Grainger Inc-4.6%	15/06/2045	600,000	6,241,759	0.10
Walmart Inc-2.85%	08/07/2024	120,000	1,006,396	0.02
Walmart Inc-3.05%	08/07/2026	965,000	8,421,956	0.14
Walmart Inc-4.05%	29/06/2048	20,000	210,399	0.00
Waste Connections Inc-4.25%	01/12/2028	710,000	6,553,278	0.11
Wells Fargo & Co-3.75%	24/01/2024	775,000	6,558,740	0.11
Wells Fargo & Co-4.15%	24/01/2029	575,000	5,291,007	0.09
Wells Fargo & Co-4.4%	14/06/2046	140,000	1,358,607	0.02
Xilinx Inc-2.95%	01/06/2024	1,155,000	9,630,171	0.16
XLIT Ltd-4.45%	31/03/2025	975,000	8,625,461	0.14
XLIT Ltd-5.5%	31/03/2045	620,000	6,724,012	0.11
Zoetis Inc-3.9%	20/08/2028	395,000	3,607,467	0.06
Zoetis Inc-4.45%	20/08/2048	115,000	1,196,847	0.02
			3,424,858,652	57.15
<b>Total non-certificates of deposit</b>			5,711,633,513	95.28
<b>Total listed/quoted debt instruments</b>			5,711,633,513	95.28
<b>Total investments</b>			5,711,633,513	95.28

**INVESTMENT REPORT** *(continued)*  
Portfolio Statement as at 31 December 2020 *(continued)*

Principal International Bond Fund <i>(continued)</i>					
Investments	Counterparties	Maturity	* Portfolio holdings	Fair value <i>HK\$/HK\$ equivalent</i>	% of NAV
<b>Forward contracts</b>					
<i>Denominated in United States Dollar</i>					
Buy USD Sell CAD FWD Rate 1.29030	Goldman Sachs	08/03/2021	3,875,068	(389,966)	(0.00)
Buy USD Sell EUR FWD Rate 1.218865	Goldman Sachs	08/03/2021	10,116,580	(421,637)	(0.01)
	Australia and New Zealand Banking Group Limited				
Buy USD Sell GBP FWD Rate 1.34804	Zealand Banking Group Limited	08/03/2021	10,784,320	(1,208,883)	(0.02)
	Australia and New Zealand Banking Group Limited				
Buy USD Sell DKK FWD Rate 6.10666	Zealand Banking Group Limited	08/03/2021	982,534	(40,511)	(0.00)
<b>Total forward contracts</b>				(2,060,997)	(0.03)
<b>Other net assets</b>				284,732,936	4.75
<b>Total net asset value</b>				5,994,305,452	100.00
<b>Total cost of investments</b>				5,335,185,777	
* The value of each holding as a percentage of the total net asset value is accounted for on the trade day.					

Principal International Equity Fund				
Investments	* Portfolio holdings	Fair value <i>HK\$/HK\$ equivalent</i>	% of NAV	
<b>Listed shares</b>				
<i>Australia</i>				
Appen Ltd	8,085	1,192,553	0.04	
Beach Energy Ltd	132,653	1,430,444	0.05	
CSL Ltd	18,384	31,101,344	1.01	
Downer EDI Ltd	44,645	1,421,597	0.05	
Nine Entertainment Co Holdings Ltd	84,666	1,173,474	0.04	
OZ Minerals Ltd	16,865	1,902,238	0.06	
Piedmont Lithium Ltd-ADR	3,000	617,455	0.02	
Saracen Mineral Holdings Ltd	56,889	1,614,353	0.05	
Seven Group Holdings Ltd	12,071	1,683,863	0.05	
		42,137,321	1.37	
<i>Belgium</i>				
Proximus SA	5,528	854,220	0.03	
<i>Bermuda</i>				
Axalta Coating Systems Ltd	92,908	20,562,627	0.67	
<i>Brazil</i>				
Lojas Renner SA	19,900	1,293,130	0.04	
Notre Dame Intermedica Participacoes SA	14,700	1,718,706	0.06	
Odontoprev SA	40,300	875,122	0.03	
Simpar SA	25,500	1,349,901	0.04	
SLC Agricola SA	13,600	557,163	0.02	
		5,794,022	0.19	
<i>Canada</i>				
Alimentation Couche-Tard Inc-B	114,200	30,121,866	0.97	
Brookfield Asset Management Inc-A	78,100	24,987,804	0.81	
Capital Power Corp	5,400	1,148,523	0.04	
Empire Co Ltd-A	6,800	1,438,433	0.05	
Lundin Mining Corp	33,600	2,308,575	0.07	
Northland Power Inc	97,500	27,074,587	0.88	
Open Text Corp	4,900	1,723,259	0.06	
Parex Resources Inc	10,800	1,150,493	0.04	
Shopify Inc	2,600	22,722,339	0.73	
SSR Mining Inc	9,800	1,523,046	0.05	
Suncor Energy Inc	227,400	29,519,878	0.95	
TC Energy Corp	43,300	13,624,622	0.44	
TFI International Inc	4,100	1,633,617	0.05	
Toromont Industries Ltd	2,000	1,084,729	0.04	
		160,061,771	5.18	
<i>China</i>				
China Lesso Group Holdings Ltd	1,395,000	16,935,300	0.55	
China Meidong Auto Holdings Ltd	28,000	882,000	0.03	
Fuyao Glass Industry Group Co Ltd-H	30,800	1,312,080	0.04	
Li Ning Co Ltd	31,000	1,652,300	0.05	
Pharmaron Beijing Co Ltd-H	10,400	1,362,400	0.04	
Tencent Holdings Ltd	52,400	29,553,600	0.96	
Zhongsheng Group Holdings Ltd	15,000	828,750	0.03	
		52,526,430	1.70	

**INVESTMENT REPORT (continued)**  
Portfolio Statement as at 31 December 2020 (continued)

<b>Principal International Equity Fund (continued)</b>			
<b>Investments</b>	<b>* Portfolio holdings</b>	<b>Fair value</b> <i>HK\$/HK\$ equivalent</i>	<b>% of NAV</b>
<b>Listed shares (continued)</b>			
<i>Denmark</i>			
Carlsberg AS-B	1,087	1,358,128	0.04
GN Store Nord A/S	2,670	1,666,617	0.05
ROCKWOOL International A/S-B	7,725	22,546,002	0.73
Royal Unibrew A/S	1,582	1,432,179	0.05
Vestas Wind Systems A/S	22,489	41,476,218	1.33
		68,479,144	2.20
<i>Finland</i>			
Kojamo Oyj	8,060	1,390,696	0.04
UPM Kymmene Corp	6,627	1,924,899	0.06
		3,315,595	0.10
<i>France</i>			
Arkema SA	1,791	1,596,341	0.05
AXA SA	161,163	29,976,828	0.97
Compagnie de Saint-Gobain SA	76,210	27,243,430	0.88
Euronext NV	1,198	1,029,535	0.03
Faurecia	3,102	1,239,304	0.04
LVMH Moet Hennessy Louis Vuitton SE	5,489	26,732,999	0.86
Rubis SCA	2,863	1,036,561	0.03
Sartorius Stedim Biotech SA	653	1,812,688	0.06
SCOR SE	5,742	1,446,154	0.05
Teleperformance SE	775	2,004,334	0.06
		94,118,174	3.03
<i>Germany</i>			
BASF SE	40,294	24,859,789	0.80
Carl Zeiss Meditec AG	994	1,031,889	0.03
HelloFresh SE	3,027	1,823,678	0.06
KION Group AG	2,827	1,917,698	0.06
LEG Immobilien AG	1,689	2,045,771	0.07
PUMA SE	1,891	1,663,480	0.05
Rheinmetall AG	1,769	1,460,037	0.05
Scout24 AG	2,607	1,666,320	0.05
Stroer SE & Co KgaA	1,596	1,232,357	0.04
		37,701,019	1.21
<i>Hong Kong</i>			
Hongkong Land Holdings Ltd	28,686	918,416	0.03
Hysan Development Co Ltd	58,000	1,650,100	0.05
Man Wah Holdings Ltd	41,200	692,984	0.02
Swire Pacific Ltd	293,000	12,599,000	0.41
Techtronic Industries Co Ltd	245,500	27,152,300	0.88
Xinyi Solar Holdings Ltd	1,318,000	26,689,500	0.86
		69,702,300	2.25
<i>India</i>			
Aamber Enterprises India Ltd	6,432	1,605,906	0.05
Astral Poly Technik Ltd	5,333	1,008,963	0.03
CreditAccess Grameen Ltd	7,365	590,741	0.02
Escorts Ltd	5,736	767,196	0.02

<b>Principal International Equity Fund (continued)</b>			
<b>Investments</b>	<b>* Portfolio holdings</b>	<b>Fair value</b> <i>HK\$/HK\$ equivalent</i>	<b>% of NAV</b>
<b>Listed shares (continued)</b>			
<i>India (continued)</i>			
ICICI Lombard General Insurance Co Ltd	5,486	885,383	0.03
Ipca Laboratories Ltd	3,667	851,738	0.03
Navin Fluorine International Ltd	4,554	1,262,375	0.04
Pidilite Industries Ltd	8,028	1,504,184	0.05
Volta Ltd	12,609	1,104,754	0.04
WNS (Holdings) Ltd-ADR	1,764	985,262	0.03
		10,566,502	0.34
<i>Ireland</i>			
Flutter Entertainment Plc	1,139	1,820,994	0.06
ICON Plc	18,668	28,216,766	0.91
		30,037,760	0.97
<i>Israel</i>			
Bezeq The Israel Telecommunication Corp Ltd	123,182	951,380	0.03
CyberArk Software Ltd	1,269	1,589,628	0.05
Israel Discount Bank Ltd-A	47,222	1,409,144	0.05
NICE Ltd-ADR	13,973	30,713,080	0.99
		34,663,232	1.12
<i>Italy</i>			
Banca Mediolanum Spa	17,530	1,186,476	0.04
Buzzi Unicem Spa-Senza Vincoli Di Rappresentazione Grafica	7,527	1,399,185	0.05
Ferrari NV	18,014	32,395,562	1.05
Hera Spa	42,677	1,212,352	0.04
IREN Spa	39,716	804,910	0.03
Mediobanca Banca di Credito Finanziario Spa	19,847	1,426,543	0.05
Moncler Spa	3,212	1,535,248	0.05
Prismian Spa	7,477	2,072,719	0.07
Recordati Industria Chimica e Farmaceutica Spa	44,633	19,286,808	0.62
		61,319,803	2.00
<i>Japan</i>			
Anritsu Corp	7,300	1,264,453	0.04
COSMOS Pharmaceutical Corp	1,100	1,379,387	0.04
Dai Nippon Printing Co Ltd	7,200	1,004,093	0.03
Daifuku Co Ltd	23,600	22,639,154	0.73
Daiwa House Industry Co Ltd	87,200	20,086,430	0.65
Denka Co Ltd	5,700	1,726,941	0.06
EBARA Corp	68,100	17,253,394	0.56
GLP J-REIT	101	1,234,637	0.04
Hazama Ando Corp	16,900	914,780	0.03
Hoya Corp	35,800	38,406,481	1.24
Japan Hotel REIT Investment Corp	194	772,992	0.03
JFE Holdings Inc	9,300	690,776	0.02
JGC Holdings Corp	15,600	1,130,574	0.04
JSR Corp	131,500	28,412,538	0.92
Kajima Corp	13,700	1,423,397	0.05
Kamigumi Co Ltd	7,900	1,118,343	0.04
Kenedix Office Investment Corp	26	1,368,261	0.04
KYOWA EXEO Corp	7,100	1,553,277	0.05
Mitsubishi UFJ Lease & Finance Co Ltd	31,600	1,175,953	0.04

**INVESTMENT REPORT** *(continued)*  
Portfolio Statement as at 31 December 2020 *(continued)*

Principal International Equity Fund <i>(continued)</i>			
Investments	* Portfolio holdings	Fair value <i>HK\$/HK\$ equivalent</i>	% of NAV
<b>Listed shares</b> <i>(continued)</i>			
<i>Japan</i> <i>(continued)</i>			
Mitsui Fudosan Logistics Park Inc	24	943,649	0.03
Morinaga Milk Industry Co Ltd	3,800	1,451,259	0.05
NEC Corp	4,500	1,874,217	0.06
NH Foods Ltd	3,900	1,331,122	0.04
Nintendo Co Ltd	7,600	37,612,740	1.22
Nippon Express Co Ltd	2,100	1,094,082	0.04
Nippon Shinyaku Co Ltd	2,000	1,017,926	0.03
Nomura Research Institute Ltd	7,900	2,194,518	0.07
OKUMA Corp	2,700	1,171,216	0.04
Penta Ocean Construction Co Ltd	22,200	1,480,383	0.05
Ryohin Keikaku Co Ltd	9,800	1,550,871	0.05
Sankyu Inc	3,200	937,033	0.03
Sawai Pharmaceutical Co Ltd	3,100	1,090,699	0.04
Seria Co Ltd	3,900	1,111,223	0.04
Shinsei Bank Ltd	10,100	965,083	0.03
Sony Corp	40,900	31,624,606	1.02
Sumitomo Bakelite Co Ltd	4,000	1,067,544	0.03
Sushiro Global Holdings Ltd	7,900	2,345,966	0.08
The Chiba Bank Ltd	18,500	789,983	0.03
TIS Inc	9,100	1,446,252	0.05
Toyoda Gosei Co Ltd	5,700	1,283,421	0.04
Toyota Industries Corp	50,300	30,970,585	1.00
Toyota Motor Corp	49,900	29,850,212	0.97
Zenkoku Hoshu Co Ltd	3,500	1,243,276	0.04
Zeon Corp	11,900	1,323,161	0.04
		301,326,888	9.77
<i>Malaysia</i>			
CIMB Group Holdings Bhd	93,700	777,545	0.03
Frontken Corp Bhd	213,400	1,461,976	0.05
		2,239,521	0.08
<i>Mexico</i>			
Arca Continental SAB de CV	22,700	846,914	0.03
Grupo Aeroportuario del Pacifico SAB de CV-B	13,400	1,160,710	0.04
Qualitas Controladora SAB de CV	37,500	1,566,661	0.05
		3,574,285	0.12
<i>Netherlands</i>			
ASM International NV	1,559	2,674,339	0.09
ASML Holding NV	9,872	37,412,390	1.21
ASR Nederland NV	5,532	1,732,352	0.06
Koninklijke DSM NV	1,056	1,417,376	0.05
NN Group NV	82,235	27,852,902	0.90
Signify NV	5,325	1,752,810	0.06
		72,842,169	2.37
<i>New Zealand</i>			
Spark New Zealand Ltd	62,472	1,644,639	0.05

Principal International Equity Fund <i>(continued)</i>			
Investments	* Portfolio holdings	Fair value <i>HK\$/HK\$ equivalent</i>	% of NAV
<b>Listed shares</b> <i>(continued)</i>			
<i>Norway</i>			
Aker BP ASA	6,044	1,185,683	0.04
LINK Mobility Group Holding ASA	18,221	768,139	0.02
		1,953,822	0.06
<i>Peru</i>			
CrediCorp Ltd	817	1,038,815	0.03
<i>Poland</i>			
Dino Polska Spolka Akcyjna	2,400	1,444,751	0.05
<i>Russia</i>			
TCS Group Holding Plc-GDR	3,294	840,115	0.03
X5 Retail Group NV-GDR	3,165	886,219	0.03
		1,726,334	0.06
<i>Singapore</i>			
BOC Aviation Ltd	8,800	589,600	0.02
ComfortDelGro Corp Ltd	95,100	931,854	0.03
Keppel DC REIT	58,900	971,119	0.03
Mapletree Industrial Trust REIT	54,800	929,243	0.03
UOL Group Ltd	30,600	1,384,288	0.04
		4,806,104	0.15
<i>South Africa</i>			
Impala Platinum Holdings Ltd	11,292	1,209,473	0.04
<i>South Korea</i>			
Ecopro BM Co Ltd	1,011	1,226,979	0.04
Hana Financial Group Inc	2,643	650,576	0.02
Hyundai Glovis Co Ltd	705	925,526	0.03
Leeno Industrial Inc	1,259	1,212,666	0.04
NCSOFT Corp	213	1,414,852	0.05
NICE Information Service Co Ltd	7,323	1,295,753	0.04
Samsung Electronics Co Ltd	104,021	60,115,670	1.93
SK Hynix Inc	23,050	19,488,164	0.63
Tokai Carbon Korea Co Ltd	1,850	1,653,882	0.05
		87,984,068	2.83
<i>Spain</i>			
Iberdrola SA	307,925	34,343,880	1.11
<i>Sweden</i>			
Castellum AB	8,188	1,615,614	0.05
Husqvarna AB-B	17,282	1,740,127	0.06
Kinnevik AB	5,038	1,979,094	0.06
Loomis AB	5,433	1,161,902	0.04
SKF AB	9,193	1,854,765	0.06
		8,351,502	0.27

**INVESTMENT REPORT** *(continued)*  
Portfolio Statement as at 31 December 2020 *(continued)*

<b>Principal International Equity Fund</b> <i>(continued)</i>			
Investments	* Portfolio holdings	Fair value <i>HK\$/HK\$ equivalent</i>	% of NAV
<b>Listed shares</b> <i>(continued)</i>			
<i>Switzerland</i>			
ADC Therapeutics SA	2,800	694,805	0.02
Bucher Industries AG	496	1,770,504	0.06
Logitech International SA	2,676	2,023,475	0.07
Lonza Group AG	5,350	26,781,245	0.87
Nestle SA	34,562	31,712,755	1.03
PSP Swiss Property AG	1,710	1,780,321	0.06
Roche Holding AG	14,501	39,434,271	1.28
SIG Combibloc Group AG	8,521	1,540,311	0.05
		105,737,687	3.44
<i>Taiwan</i>			
Accton Technology Corp	11,000	959,114	0.03
Delta Electronics Inc	549,000	39,839,917	1.29
Elite Material Co Ltd	36,000	1,559,526	0.05
Feng Tay Enterprises Co Ltd	27,000	1,486,268	0.05
Flexium Interconnect Inc	26,000	868,059	0.03
Realtek Semiconductor Corp	10,000	1,077,485	0.03
Taiwan Semiconductor Manufacturing Co Ltd	408,000	59,665,924	1.92
		105,456,293	3.40
<i>Thailand</i>			
Bangkok Bank Pcl	28,400	874,670	0.03
TISCO Financial Group Pcl	40,000	916,183	0.03
		1,790,853	0.06
<i>United Kingdom</i>			
3i Group Plc	218,996	26,832,736	0.87
Anglo American Plc	91,248	23,408,078	0.76
B&M European Value Retail SA	33,112	1,808,521	0.06
Boohoo Group Plc	46,527	1,688,571	0.05
ConvaTec Group Plc	42,545	896,723	0.03
DCC Plc	1,757	962,618	0.03
Direct Line Insurance Group Plc	41,370	1,396,357	0.05
DS Smith Plc	40,692	1,612,861	0.05
Entain Plc	13,979	1,676,555	0.05
Halma Plc	6,814	1,765,676	0.06
Hikma Pharmaceuticals Plc	5,994	1,596,955	0.05
IG Group Holdings Plc	16,810	1,533,187	0.05
Intermediate Capital Group Plc	8,773	1,602,172	0.05
J Sainsbury Plc	60,889	1,452,800	0.05
JD Sports Fashion Plc	15,755	1,433,630	0.05
Legal & General Group Plc	993,594	27,985,768	0.91
Redrow Plc	22,061	1,334,018	0.04
Rentokil Initial Plc	29,477	1,589,399	0.05
Taylor Wimpey Plc	1,312,847	23,031,322	0.74
		123,607,947	4.00
<i>United States</i>			
Accolade Inc	3,300	1,112,814	0.04
AdaptHealth Corp	14,900	4,338,416	0.14
Adaptive Biotechnologies Corp	3,200	1,466,821	0.05
Addus HomeCare Corp	3,500	3,176,927	0.10
Adobe Inc	7,869	30,507,959	0.99
Advanced Energy Industries Inc	5,800	4,359,983	0.14

<b>Principal International Equity Fund</b> <i>(continued)</i>			
Investments	* Portfolio holdings	Fair value <i>HK\$/HK\$ equivalent</i>	% of NAV
<b>Listed shares</b> <i>(continued)</i>			
<i>United States</i> <i>(continued)</i>			
Aerojet Rocketdyne Holdings Inc	2,800	1,147,156	0.04
Agree Realty Corp	6,000	3,096,809	0.10
Alaska Air Group Inc	4,700	1,894,613	0.06
Alcoa Corp	9,300	1,661,779	0.05
Allegro Microsystems Inc	13,900	2,872,727	0.09
Alphabet Inc-A	4,705	63,925,147	2.06
Altice USA Inc-A	115,061	33,778,692	1.09
Amazon.com Inc	1,967	49,662,910	1.60
Amedisys Inc	13,721	31,200,505	1.01
Ameriprise Financial Inc	20,126	30,319,127	0.98
Ametek Inc	29,854	27,989,289	0.91
AMN Healthcare Services Inc	2,700	1,428,518	0.05
Apple Inc	83,259	85,642,388	2.76
Array Technologies Inc	3,646	1,219,316	0.04
Athene Holding Ltd-A	7,100	2,374,422	0.08
Atlas Air Worldwide Holdings Inc	3,900	1,648,918	0.05
Bentley Systems Inc-B	2,300	722,286	0.02
BigCommerce Holdings Inc	2,100	1,044,324	0.03
BJ's Wholesale Club Holdings Inc	6,100	1,762,890	0.06
Bluebird Bio Inc	2,000	670,867	0.02
BrightView Holdings Inc	16,400	1,922,273	0.06
Brinker International Inc	4,300	1,885,706	0.06
Bristol Myers Squibb Co	58,443	28,103,063	0.91
Cabot Corp	5,300	1,843,946	0.06
Cabot Oil & Gas Corp	5,600	706,743	0.02
Caesars Entertainment Inc	11,100	6,390,808	0.21
Camden Property Trust	3,900	3,020,900	0.10
Capri Holdings Ltd	66,116	21,526,590	0.70
Carvana Co	2,000	3,713,876	0.12
Centene Corp	1,800	837,645	0.03
Central Garden & Pet Co-A	5,300	1,492,659	0.05
Ceridian HCM Holding Inc	3,700	3,056,436	0.10
Cloudflare Inc-A	4,100	2,415,237	0.08
Colgate Palmolive Co	51,291	33,999,885	1.10
Concentrix Corp	1,800	1,377,238	0.04
Cousins Properties Inc	15,500	4,025,278	0.13
Cummins Inc	700	1,232,351	0.04
Danaher Corp	17,631	30,361,491	0.98
Darling Ingredients Inc	12,500	5,589,264	0.18
DexCom Inc	373	1,069,058	0.03
Dollar Tree Inc	33,007	27,644,581	0.89
Dover Corp	31,575	30,902,536	1.00
Duck Creek Technologies Inc	1,200	402,799	0.01
Dun & Bradstreet Holdings Inc	12,400	2,393,538	0.08
Dycom Industries Inc	7,200	4,215,158	0.14
Dynatrace Inc	5,000	1,677,167	0.05
East West Bancorp Inc	10,700	4,206,266	0.14
Eli Lilly & Co	32,947	43,123,162	1.38
Encompass Health Corp	7,100	4,551,250	0.15
EnerSys	5,600	3,605,781	0.12
Entegris Inc	2,900	2,160,433	0.07
Equitable Holdings Inc	19,000	3,769,149	0.12
Essent Group Ltd	3,900	1,306,074	0.04
Eventbrite Inc-A	11,600	1,627,631	0.05
Exact Sciences Corp	1,600	1,643,321	0.05
Facebook Inc-A	21,665	45,877,018	1.47
Fidelity National Financial Inc	91,397	27,695,996	0.90
First American Financial Corp	5,700	2,281,373	0.07
First Horizon Corp	20,600	2,037,686	0.07
First Midwest Bancorp Inc	13,200	1,629,057	0.05
Glatfelter Corp	6,200	787,272	0.03

**INVESTMENT REPORT** *(continued)*  
Portfolio Statement as at 31 December 2020 *(continued)*

Principal International Equity Fund <i>(continued)</i>			
Investments	* Portfolio holdings	Fair value <i>HK\$/HK\$ equivalent</i>	% of NAV
<b>Listed shares</b> <i>(continued)</i>			
<i>United States</i> <i>(continued)</i>			
Graphic Packaging Holding Co	26,700	3,506,259	0.11
Halliburton Co	14,700	2,153,766	0.07
Honeywell International Inc	21,331	35,172,083	1.14
Horizon Therapeutics Plc	8,400	4,763,356	0.15
Humana Inc	9,055	28,799,012	0.93
Huntsman Corp	2,400	467,731	0.02
Iovance Biotherapeutics Inc	4,000	1,438,790	0.05
Jamf Holding Corp	8,300	1,925,126	0.06
JPMorgan Chase & Co	58,138	57,269,383	1.84
Koppers Holdings Inc	2,300	555,578	0.02
Leslie's Inc	8,700	1,871,551	0.06
LKQ Corp	90,614	24,754,296	0.80
Manhattan Associates Inc	4,600	3,750,683	0.12
Masonite International Corp	2,300	1,753,386	0.06
Mastercard Inc	19,465	53,860,330	1.73
Merck & Co Inc	49,548	31,419,467	1.02
Microsoft Corp	54,272	93,576,985	3.02
Molson Coors Beverage Co	45,699	16,009,155	0.52
MYR Group Inc	4,800	2,236,326	0.07
Nesco Holdings Inc	24,400	1,394,045	0.05
Nevro Corp	1,100	1,476,077	0.05
NIKE Inc-B	31,990	35,083,101	1.13
OGE Energy Corp	9,900	2,445,121	0.08
Parker Hannifin Corp	600	1,267,050	0.04
Parsley Energy Inc-A	20,100	2,212,604	0.07
PayPal Holdings Inc	19,186	34,832,986	1.13
Pebblebrook Hotel Trust	7,300	1,063,898	0.03
Performance Food Group Co	8,700	3,210,974	0.10
Perspecta Inc	21,000	3,920,082	0.13
Piper Sandler Cos	2,100	1,642,593	0.05
Planet Fitness Inc-A	6,100	3,670,953	0.12
Prologis Inc	30,797	23,792,971	0.77
Purple Innovation Inc	8,600	2,196,046	0.07
Ralph Lauren Corp	2,900	2,332,188	0.08
Reinsurance Group of America Inc	1,100	988,315	0.03
Republic Services Inc	34,589	25,821,631	0.84
Revolve Group Inc	11,000	2,657,963	0.09
Rexford Industrial Realty Inc	10,800	4,111,621	0.13
Rexnord Corp	15,200	4,653,183	0.15
Root Inc-A	10,000	1,217,855	0.04
Royalty Pharma Plc	4,200	1,629,569	0.05
Seagen Inc	1,100	1,493,473	0.05
SolarWinds Corp	23,500	2,723,507	0.09
Southwest Gas Corp	4,400	2,072,136	0.07
Sprout Social Inc	13,300	4,681,904	0.15
Steel Dynamics Inc	9,300	2,658,125	0.09
Stifel Financial Corp	6,000	2,347,026	0.08
Sumo Logic Inc	2,200	487,421	0.02
Switch Inc	23,400	2,969,504	0.10
Syneos Health Inc	6,174	3,260,802	0.11
SynnexCorp	1,800	1,136,396	0.04
Synopsys Inc	13,556	27,242,876	0.88
Take Two Interactive Software Inc	16,249	26,174,034	0.85
Taylor Morrison Home Corp	17,600	3,499,608	0.11
Teladoc Health Inc	1,300	2,015,143	0.07
The Hanover Insurance Group Inc	2,800	2,537,852	0.08
The Mosaic Co	5,100	909,717	0.03
The TJX Cos Inc	58,216	30,819,022	1.00
Thermo Fisher Scientific Inc	7,445	26,882,207	0.87
Tractor Supply Co	1,200	1,307,748	0.04
Trean Insurance Group Inc	9,400	954,594	0.03

Principal International Equity Fund <i>(continued)</i>			
Investments	* Portfolio holdings	Fair value <i>HK\$/HK\$ equivalent</i>	% of NAV
<b>Listed shares</b> <i>(continued)</i>			
<i>United States</i> <i>(continued)</i>			
Triton International Ltd	51,807	19,482,249	0.63
Vertex Inc	4,100	1,107,659	0.04
Vishay Intertechnology Inc	24,600	3,949,432	0.13
Visteon Corp	3,400	3,308,348	0.11
Vital Farms Inc	10,100	1,981,677	0.06
World Wrestling Entertainment Inc-A	8,200	3,054,405	0.10
		1,463,094,252	47.29
<b>Total listed shares</b>		3,016,013,203	97.54
<b>Delisted Shares</b>			
<i>United Kingdom</i>			
Conviviality Plc	153,761	-	-
<b>Total delisted shares</b>		-	-
<b>Total investments</b>		3,016,013,203	97.54
<b>Other net assets</b>		75,931,516	2.46
<b>Total net asset value</b>		3,091,944,719	100.00
<b>Total cost of investments</b>		2,131,395,899	
* The value of each holding as a percentage of the total net asset value is accounted for on the trade day.			

**INVESTMENT REPORT** *(continued)*  
Portfolio Statement as at 31 December 2020 *(continued)*

Principal Pension Bond Fund				
Investments	Maturity	* Portfolio holdings	Fair value <i>HK\$/HK\$ equivalent</i>	% of NAV
<b>Listed/quoted debt instruments</b>				
<b>Fixed coupon rate debt instruments</b>				
<i>Denominated in United States Dollar</i>				
Abbott Laboratories-1.4%	30/06/2030	1,000,000	7,864,599	0.27
AbbVie Inc-2.3%	21/11/2022	1,250,000	10,042,846	0.35
AbbVie Inc-2.6%	21/11/2024	1,000,000	8,308,670	0.29
Abu Dhabi Government-2.5%	30/09/2029	550,000	4,600,825	0.16
Abu Dhabi National Energy Co PJSC-4.375%	22/06/2026	300,000	2,687,126	0.09
Activision Blizzard Inc-1.35%	15/09/2030	1,750,000	13,318,159	0.46
Air Lease Corp-2.875%	15/01/2026	2,000,000	16,405,522	0.56
Air Lease Corp-3.375%	01/07/2025	2,000,000	16,673,186	0.57
Air Products & Chemicals Inc-1.85%	15/05/2027	1,500,000	12,308,490	0.42
Alibaba Group Holding Ltd-3.6%	28/11/2024	1,000,000	8,537,900	0.29
Ally Financial Inc-4.625%	30/03/2025	1,200,000	10,603,161	0.36
Ally Financial Inc-5.8%	01/05/2025	2,125,000	19,561,133	0.67
Altria Group Inc-2.35%	06/04/2025	750,000	6,177,368	0.21
Altria Group Inc-2.85%	09/08/2022	1,710,000	13,766,199	0.47
America Movil SAB de CV-3.625%	22/04/2029	700,000	6,132,291	0.21
American International Group Inc-3.9%	01/04/2026	4,605,000	40,706,554	1.40
Amgen Inc-2.2%	21/02/2027	1,600,000	13,296,551	0.46
Anheuser-Busch Cos Llc/Anheuser-Busch InBev Worldwide Inc-3.65%	01/02/2026	390,000	3,417,469	0.12
Anheuser-Busch Cos Llc/Anheuser-Busch InBev Worldwide Inc-4.9%	01/02/2046	125,000	1,259,940	0.04
Anheuser-Busch InBev Worldwide Inc-4.15%	23/01/2025	1,600,000	14,123,582	0.49
Anheuser-Busch InBev Worldwide Inc-4.75%	23/01/2029	825,000	7,897,756	0.27
Apple Inc-1.125%	11/05/2025	1,000,000	7,971,989	0.27
Apple Inc-2.05%	11/09/2026	1,000,000	8,289,460	0.29
Apple Inc-2.75%	13/01/2025	560,000	4,710,037	0.16
Apple Inc-3%	09/02/2024	925,000	7,713,937	0.27
Apple Inc-3.2%	13/05/2025	340,000	2,938,739	0.10
Applied Materials Inc-1.75%	01/06/2030	1,670,000	13,434,823	0.46
Arch Capital Finance Llc-4.011%	15/12/2026	4,215,000	37,994,218	1.31
AT&T Inc-1.65%	01/02/2028	4,000,000	31,637,685	1.09
AT&T Inc-2.3%	01/06/2027	1,485,000	12,277,846	0.42
AT&T Inc-4.05%	15/12/2023	535,000	4,588,658	0.16
AT&T Inc-4.3%	15/02/2030	755,000	6,991,429	0.24
Baidu Inc-3.875%	29/09/2023	525,000	4,384,013	0.15
Baker Hughes a GE Co Llc/Baker Hughes Co-Obligor Inc-3.337%	15/12/2027	240,000	2,084,308	0.07
Bank of America Corp-4.2%	26/08/2024	3,130,000	27,163,170	0.93
Bank of America Corp-4.25%	22/10/2026	4,145,000	37,690,310	1.30
BAT Capital Corp-2.259%	25/03/2028	2,500,000	20,117,592	0.69
BAT Capital Corp-3.215%	06/09/2026	1,000,000	8,537,954	0.29
BAT Capital Corp-3.222%	15/08/2024	2,900,000	24,338,523	0.84
BAT Capital Corp-3.557%	15/08/2027	1,700,000	14,674,061	0.50
Bayer US Finance II Llc-3.375%	15/07/2024	1,400,000	11,733,298	0.40
Bayer US Finance II Llc-3.875%	15/12/2023	455,000	3,842,259	0.13
Bayer US Finance II Llc-4.25%	15/12/2025	2,000,000	17,722,541	0.61
Bayer US Finance II Llc-4.375%	15/12/2028	870,000	7,932,792	0.27
Becton Dickinson & Co-2.894%	06/06/2022	1,462,000	11,714,798	0.40
Becton Dickinson & Co-3.363%	06/06/2024	605,000	5,098,404	0.18
Becton Dickinson & Co-3.7%	06/06/2027	1,720,000	15,301,800	0.53
Berkshire Hathaway Energy Co-3.25%	15/04/2028	2,000,000	17,723,611	0.61
Boston Gas Co-3.15%	01/08/2027	525,000	4,518,464	0.16
Boston Scientific Corp-3.45%	01/03/2024	2,000,000	16,794,848	0.58
BP Capital Markets America Inc-3.588%	14/04/2027	800,000	7,053,382	0.24
BP Capital Markets America Inc-4.234%	06/11/2028	1,145,000	10,607,697	0.36
Bristol Myers Squibb Co-2.9%	26/07/2024	1,515,000	12,745,703	0.44

Principal Pension Bond Fund <i>(continued)</i>				
Investments	Maturity	* Portfolio holdings	Fair value <i>HK\$/HK\$ equivalent</i>	% of NAV
<b>Listed/quoted debt instruments <i>(continued)</i></b>				
<b>Fixed coupon rate debt instruments <i>(continued)</i></b>				
<i>Denominated in United States Dollar <i>(continued)</i></i>				
Bristol Myers Squibb Co-3.4%	26/07/2029	1,555,000	14,033,397	0.48
Broadcom Inc-3.15%	15/11/2025	850,000	7,195,183	0.25
Broadcom Inc-4.7%	15/04/2025	750,000	6,662,744	0.23
Brookfield Finance Inc-3.9%	25/01/2028	1,975,000	17,567,487	0.60
Brookfield Finance Inc-4%	01/04/2024	3,055,000	25,996,155	0.89
Carrier Global Corp-2.242%	15/02/2025	500,000	4,101,493	0.14
Centene Corp-3.375%	15/02/2030	750,000	6,116,930	0.21
Chevron Corp-1.995%	11/05/2027	1,500,000	12,331,537	0.42
Chile Government-3.24%	06/02/2028	400,000	3,515,608	0.12
Cigna Corp-3.4%	17/09/2021	1,405,000	11,125,851	0.38
Cigna Corp-3.75%	15/07/2023	851,000	7,131,859	0.25
Cigna Corp-4.125%	15/11/2025	960,000	8,573,366	0.29
Cigna Corp-4.375%	15/10/2028	1,510,000	14,148,493	0.49
CMS Energy Corp-3%	15/05/2026	500,000	4,272,368	0.15
Coca-Cola FEMSA SAB de CV-2.75%	22/01/2030	1,000,000	8,337,694	0.29
Colbun SA-3.15%	06/03/2030	250,000	2,090,645	0.07
Colombia Government-4.5%	15/03/2029	300,000	2,696,149	0.09
Colombia Government-5%	15/06/2045	200,000	1,891,512	0.07
Comcast Corp-1.95%	15/01/2031	2,000,000	15,921,884	0.55
Comcast Corp-3.15%	01/03/2026	1,315,000	11,381,237	0.39
Comcast Corp-3.375%	15/02/2025	300,000	2,571,272	0.09
Comcast Corp-3.95%	15/10/2025	850,000	7,570,298	0.26
Comcast Corp-4.15%	15/10/2028	580,000	5,412,430	0.19
Comcast Corp-4.2%	15/08/2034	510,000	4,954,967	0.17
Constellation Brands Inc-2.65%	07/11/2022	750,000	6,041,993	0.21
Constellation Brands Inc-2.875%	01/05/2030	500,000	4,247,298	0.15
Constellation Brands Inc-3.7%	06/12/2026	780,000	6,919,966	0.24
Constellation Brands Inc-4.4%	15/11/2025	995,000	8,956,252	0.31
Continental Resources Inc-3.8%	01/06/2024	2,745,000	21,973,440	0.76
Corporacion Nacional del Cobre de Chile-4.25%	17/07/2042	500,000	4,529,889	0.16
Credit Suisse AG-2.95%	09/04/2025	2,000,000	17,007,984	0.59
CVS Health Corp-3.25%	15/08/2029	1,085,000	9,472,787	0.33
CVS Health Corp-5%	01/12/2024	1,135,000	10,104,694	0.35
Dominion Energy Inc-3.9%	01/10/2025	3,930,000	34,614,428	1.19
Dominion Energy Inc-4.25%	01/06/2028	825,000	7,670,838	0.26
DTE Energy Co-6.375%	15/04/2033	935,000	10,411,044	0.36
DuPont de Nemours Inc-4.205%	15/11/2023	3,770,000	32,242,650	1.11
E. I. Du Pont De Nemours & Co-1.7%	15/07/2025	300,000	2,423,555	0.08
E. I. Du Pont De Nemours & Co-2.3%	15/07/2030	250,000	2,061,493	0.07
Eastern Energy Gas Holdings Llc-2.5%	15/11/2024	500,000	4,146,808	0.14
Eastern Energy Gas Holdings Llc-3%	15/11/2029	2,500,000	21,469,403	0.74
Ecopetrol SA-6.875%	29/04/2030	500,000	5,003,981	0.17
Emerson Electric Co-0.875%	15/10/2026	1,500,000	11,704,198	0.40
Enel Chile SA-4.875%	12/06/2028	275,000	2,510,227	0.09
Energy Transfer Operating LP-3.75%	15/05/2030	1,865,000	15,594,791	0.54
Enterprise Products Operating Llc-3.125%	31/07/2029	1,215,000	10,440,704	0.36
Equate Petrochemical BV-3%	03/03/2022	250,000	1,976,786	0.07
Every Inc-2.9%	15/09/2029	750,000	6,373,000	0.22
Exelon Corp-3.497%	01/06/2022	1,500,000	12,095,509	0.42
Expedia Group Inc-3.6%	15/12/2023	835,000	6,898,312	0.24
Expedia Group Inc-3.8%	15/02/2028	1,020,000	8,493,322	0.29
Expedia Group Inc-4.625%	01/08/2027	1,750,000	15,153,486	0.52
Exxon Mobil Corp-2.019%	16/08/2024	550,000	4,489,028	0.15
Exxon Mobil Corp-2.44%	16/08/2029	850,000	7,152,616	0.25
Fox Corp-4.709%	25/01/2029	2,250,000	21,162,652	0.73
GE Capital Funding Llc-4.4%	15/05/2030	680,000	6,214,107	0.21
GE Capital International Funding Co Unlited Co-3.373%	15/11/2025	500,000	4,301,908	0.15

**INVESTMENT REPORT** *(continued)*  
Portfolio Statement as at 31 December 2020 *(continued)*

Principal Pension Bond Fund <i>(continued)</i>				
Investments	Maturity	* Portfolio holdings	Fair value HK\$/HK\$ equivalent	% of NAV
<b>Listed/quoted debt instruments</b> <i>(continued)</i>				
<b>Fixed coupon rate debt instruments</b> <i>(continued)</i>				
<i>Denominated in United States Dollar (continued)</i>				
General Electric Co-3.45%	15/05/2024	2,000,000	16,906,819	0.58
General Electric Co-3.45%	01/05/2027	750,000	6,575,981	0.23
General Motors Financial Co Inc-1.7%	18/08/2023	1,250,000	9,939,675	0.34
General Motors Financial Co Inc-3.85%	05/01/2028	410,000	3,535,793	0.12
Glencore Funding Llc-3%	27/10/2022	1,180,000	9,489,027	0.33
Gruma SAB de CV-4.875%	01/12/2024	300,000	2,610,543	0.09
Hungary Government-5.375%	21/02/2023	600,000	5,104,758	0.18
Indonesia Government-5.375%	17/10/2023	500,000	4,377,894	0.15
Kinder Morgan Inc-5.625%	15/11/2023	2,200,000	19,240,375	0.66
Lam Research Corp-1.9%	15/06/2030	330,000	2,658,418	0.09
Lam Research Corp-4%	15/03/2029	525,000	4,882,183	0.17
Lockheed Martin Corp-1.85%	15/06/2030	500,000	4,066,531	0.14
Lockheed Martin Corp-2.9%	01/03/2025	1,105,000	9,343,039	0.32
Marathon Oil Corp-4.4%	15/07/2027	1,460,000	12,581,513	0.43
Markel Corp-3.5%	01/11/2027	1,285,000	11,240,628	0.39
Mexico Government-4.15%	28/03/2027	300,000	2,683,219	0.09
Micron Technology Inc-2.497%	24/04/2023	1,000,000	8,077,828	0.28
Micron Technology Inc-4.185%	15/02/2027	1,750,000	15,879,954	0.55
Microsoft Corp-2.4%	08/08/2026	1,490,000	12,601,586	0.43
Morgan Stanley-3.125%	23/01/2023	1,295,000	10,594,828	0.36
Morgan Stanley-5%	24/11/2025	3,780,000	35,026,653	1.20
MPLX LP-4%	15/03/2028	545,000	4,861,007	0.17
MPLX LP-4.25%	01/12/2027	640,000	5,825,466	0.20
MPLX LP-4.875%	01/12/2024	525,000	4,670,510	0.16
National Australia Bank Ltd-2.332%	21/08/2030	2,250,000	17,732,237	0.61
Natwest Group Plc-5.125%	28/05/2024	3,915,000	34,288,591	1.18
Newmont Corp-2.25%	01/10/2030	1,250,000	10,198,159	0.35
NextEra Energy Capital Holdings Inc-2.75%	01/11/2029	2,000,000	16,891,408	0.58
NextEra Energy Capital Holdings Inc-3.15%	01/04/2024	2,000,000	16,759,948	0.58
Nucor Corp-2.7%	01/06/2030	300,000	2,557,333	0.09
Nuveen Finance Llc-4.125%	01/11/2024	2,375,000	20,750,202	0.71
Nuveen Llc-4%	01/11/2028	1,590,000	14,725,200	0.51
NVIDIA Corp-2.85%	01/04/2030	2,205,000	19,228,977	0.66
NXP BV/NXP Funding Llc/NXP USA Inc-2.7%	01/05/2025	250,000	2,085,896	0.07
NXP BV/NXP Funding Llc/NXP USA Inc-3.15%	01/05/2027	250,000	2,136,773	0.07
Oracle Corp-2.5%	15/10/2022	2,485,000	20,023,624	0.69
Oracle Corp-2.5%	01/04/2025	500,000	4,165,820	0.14
Oracle Corp-2.8%	01/04/2027	750,000	6,412,216	0.22
Oracle Corp-3.25%	15/11/2027	1,830,000	16,187,923	0.56
Orbia Advance Corp SAB de CV-4%	04/10/2027	200,000	1,714,765	0.06
Packaging Corp of America-4.5%	01/11/2023	930,000	7,950,470	0.27
Panama Government-3.875%	17/03/2028	600,000	5,337,368	0.18
PT Perusahaan Listrik Negara-3.875%	17/07/2029	500,000	4,253,965	0.15
Peruvian Government-5.625%	18/11/2050	550,000	6,704,598	0.23
Petroleos Mexicanos-6.5%	23/01/2029	610,000	4,902,091	0.17
PETRONAS Capital Ltd-3.5%	21/04/2030	250,000	2,224,386	0.08
Philip Morris International Inc-2.375%	17/08/2022	365,000	2,919,651	0.10
Philippine Government-3.75%	14/01/2029	500,000	4,516,645	0.16
Public Service Enterprise Group Inc-2.875%	15/06/2024	750,000	6,258,986	0.22
Qatar Government-3.25%	02/06/2026	1,000,000	8,621,886	0.30
Qatar Government-3.875%	23/04/2023	500,000	4,165,979	0.14
Raytheon Technologies Corp-3.5%	15/03/2027	885,000	7,830,411	0.27
Raytheon Technologies Corp-3.95%	16/08/2025	2,405,000	21,382,818	0.74
Raytheon Technologies Corp-5.4%	01/05/2035	115,000	1,225,762	0.04
Republic of Poland Government-3.25%	06/04/2026	400,000	3,496,954	0.12

Principal Pension Bond Fund <i>(continued)</i>				
Investments	Maturity	* Portfolio holdings	Fair value HK\$/HK\$ equivalent	% of NAV
<b>Listed/quoted debt instruments</b> <i>(continued)</i>				
<b>Fixed coupon rate debt instruments</b> <i>(continued)</i>				
<i>Denominated in United States Dollar (continued)</i>				
Republic Services Inc-2.5%	15/08/2024	1,500,000	12,417,434	0.43
Rogers Communications Inc-3.625%	15/12/2025	950,000	8,337,190	0.29
Romanian Government-4.875%	22/01/2024	130,000	1,124,725	0.04
Royal Bank of Canada-3.7%	05/10/2023	1,415,000	11,959,940	0.41
SABIC Capital II BV-4%	10/10/2023	500,000	4,178,382	0.14
Sabine Pass Liquefaction Llc-5%	15/03/2027	2,100,000	19,194,483	0.66
Salesforce.com Inc-3.7%	11/04/2028	995,000	9,101,108	0.31
Santander UK Plc-5%	07/11/2023	1,016,000	8,694,118	0.30
Saudi Arabian Oil Co-1.625%	24/11/2025	200,000	1,588,756	0.05
Saudi Arabian Oil Co-4.25%	16/04/2039	500,000	4,545,006	0.16
Saudi Government-4%	17/04/2025	400,000	3,463,235	0.12
Sempra Energy-2.875%	01/10/2022	555,000	4,477,451	0.15
Southern Copper Corp-6.75%	16/04/2040	125,000	1,458,412	0.05
Southwest Airlines Co-5.125%	15/06/2027	980,000	9,037,574	0.31
State Grid Overseas Investment (2016) Ltd-3.5%	04/05/2027	500,000	4,302,927	0.15
Steel Dynamics Inc-1.65%	15/10/2027	1,725,000	13,781,969	0.47
Steel Dynamics Inc-2.8%	15/12/2024	1,340,000	11,167,835	0.38
Svenska Handelsbanken AB-3.9%	20/11/2023	3,035,000	25,900,338	0.89
Synchrony Bank-3%	15/06/2022	3,680,000	29,458,589	1.01
Teck Resources Ltd-3.9%	15/07/2030	965,000	8,331,281	0.29
Telefonica Emisiones S.A-5.462%	16/02/2021	1,840,000	14,343,756	0.49
Tencent Holdings Ltd-3.975%	11/04/2029	500,000	4,416,302	0.15
The Boeing Co-2.7%	01/02/2027	3,655,000	29,471,449	1.01
The Boeing Co-2.8%	01/03/2024	1,000,000	8,140,829	0.28
The Boeing Co-4.875%	01/05/2025	1,000,000	8,836,681	0.30
The Goldman Sachs Group Inc-3.625%	20/02/2024	1,735,000	14,637,721	0.50
The Goldman Sachs Group Inc-3.85%	26/01/2027	1,270,000	11,235,256	0.39
The Goldman Sachs Group Inc-5.75%	24/01/2022	655,000	5,367,030	0.18
The Walt Disney Co-2.65%	13/01/2031	750,000	6,374,040	0.22
The Walt Disney Co-3%	15/09/2022	830,000	6,720,001	0.23
Total Capital International-2.829%	10/01/2030	830,000	7,170,147	0.25
TWDC Enterprises 18 Corp-3.15%	17/09/2025	730,000	6,285,986	0.22
Union Pacific Corp-3.5%	08/06/2023	1,675,000	13,920,580	0.48
Union Pacific Corp-3.75%	15/03/2024	1,385,000	11,733,783	0.40
Unitedhealth Group Inc-2.375%	15/08/2024	1,500,000	12,394,422	0.43
Uruguay Government-5.1%	18/06/2050	150,000	1,626,499	0.06
US Bancorp-3%	30/07/2029	900,000	7,792,517	0.27
Vale Overseas Ltd-3.75%	08/07/2030	1,750,000	15,092,506	0.52
Verizon Communications Inc-1.75%	20/01/2031	2,500,000	19,283,407	0.66
Verizon Communications Inc-4.5%	10/08/2033	430,000	4,206,121	0.14
ViacomCBS Inc-2.9%	15/01/2027	3,240,000	27,560,720	0.95
Vodafone Group Plc-4.125%	30/05/2025	690,000	6,116,497	0.21
Vulcan Materials Co-3.9%	01/04/2027	1,590,000	14,369,217	0.49
Waste Connections Inc-2.6%	01/02/2030	750,000	6,258,044	0.22
Waste Connections Inc-3.5%	01/05/2029	1,825,000	16,137,384	0.56
Wells Fargo & Co-3.75%	24/01/2024	3,585,000	30,339,462	1.04
Xcel Energy Inc-2.6%	01/12/2029	1,000,000	8,386,695	0.29
Xilinx Inc-2.375%	01/06/2030	20,000	162,758	0.01
Xilinx Inc-2.95%	01/06/2024	965,000	8,045,987	0.28
XLIT Ltd-4.45%	31/03/2025	6,100,000	53,964,426	1.86
Zoetis Inc-3.9%	20/08/2028	3,770,000	34,430,757	1.18
<b>Total fixed coupon rate debt instruments</b>			2,335,244,387	80.33



**INVESTMENT REPORT** *(continued)*  
Portfolio Statement as at 31 December 2020 *(continued)*

<b>Principal Pension Bond Fund</b> <i>(continued)</i>				
Investments	Maturity	* Portfolio holdings	Fair value <i>HK\$/HK\$ equivalent</i>	% of NAV
<b>Listed/quoted debt instruments</b> <i>(continued)</i>				
<b>Floating coupon rate debt instruments</b>				
<i>Denominated in United States Dollar</i>				
Bank of America Corp-Floating	17/05/2022	3,000,000	23,531,865	0.81
Bank of America Corp-Floating	15/03/2025	1,455,000	12,280,818	0.42
Bank of America Corp-Floating	23/07/2030	1,500,000	13,031,552	0.45
Bank of Montreal-Floating	15/12/2032	1,375,000	12,082,047	0.42
BNP Paribas-Floating	09/06/2026	3,000,000	24,340,789	0.84
Citigroup Inc-Floating	08/04/2026	1,250,000	10,587,063	0.36
Citigroup Inc-Floating	27/10/2028	550,000	4,820,297	0.17
Credit Suisse Group AG-Floating	05/06/2026	7,000,000	56,709,436	1.95
DBS Group Holdings Ltd-Floating	11/12/2028	1,865,000	15,812,408	0.54
General Motors Financial Co Inc-Floating	05/01/2023	1,090,000	8,441,762	0.29
HSBC Holdings Plc-Floating	24/05/2027	4,000,000	31,532,970	1.08
JPMorgan Chase & Co-Floating	01/04/2023	1,460,000	11,729,059	0.40
JPMorgan Chase & Co-Floating	22/04/2026	7,000,000	57,310,418	1.98
Morgan Stanley-Floating	28/04/2026	750,000	6,141,070	0.21
Morgan Stanley-Floating	10/12/2026	2,000,000	15,619,583	0.54
Morgan Stanley-Floating	01/04/2031	880,000	7,934,512	0.27
Natwest Group Plc-Floating	22/03/2025	1,800,000	15,436,942	0.53
Santander UK Group Holdings Plc-Floating	21/08/2026	1,500,000	11,803,456	0.41
Societe Generale SA-Floating	14/12/2026	1,500,000	11,730,873	0.40
Standard Chartered Plc-Floating	30/01/2026	4,000,000	32,845,897	1.13
The Goldman Sachs Group Inc-Floating	05/06/2023	3,990,000	32,030,504	1.10
UBS Group AG-Floating	30/01/2027	2,000,000	15,677,786	0.54
Wells Fargo & Co-Floating	02/06/2028	2,700,000	22,283,253	0.77
<b>Total floating coupon rate debt instruments</b>			453,714,360	15.61
<b>Total listed/quoted debt instruments</b>			2,788,958,747	95.94
<b>Total investments</b>			2,788,958,747	95.94
<b>Other net assets</b>			118,053,358	4.06
<b>Total net asset value</b>			2,907,012,105	100.00
<b>Total cost of investments</b>			2,623,114,245	

\* The value of each holding as a percentage of the total net asset value is accounted for on the trade day.

<b>Principal U.S. Equity Fund</b>			
Investments	* Portfolio holdings	Fair value <i>HK\$/HK\$ equivalent</i>	% of NAV
<b>Listed shares</b>			
<i>Ireland</i>			
Linde Plc	3,330	6,802,377	0.16
Medtronic Plc	18,290	16,608,802	0.38
Pentair Plc	30,925	12,727,462	0.29
Perrigo Co Plc	18,695	6,481,069	0.15
Trane Technologies Plc	14,394	16,197,494	0.37
Willis Towers Watson Plc	2,143	3,499,974	0.08
		62,317,178	1.43
<i>United States</i>			
3M Co	9,255	12,540,429	0.29
Abbott Laboratories	32,905	27,929,022	0.64
AbbVie Inc	29,120	24,188,165	0.55
Accenture Plc-A	6,197	12,548,467	0.29
Activision Blizzard Inc	30,267	21,785,657	0.50
Adobe Inc	7,051	27,336,589	0.63
Advance Auto Parts Inc	9,373	11,444,745	0.26
Advanced Micro Devices Inc	13,406	9,530,930	0.22
Aflac Inc	35,592	12,269,840	0.28
Akamai Technologies Inc	14,344	11,674,481	0.27
Alexandria Real Estate Equities Inc	9,305	12,855,595	0.29
Alexion Pharmaceuticals Inc	4,504	5,455,191	0.13
Alliant Energy Corp	4,402	1,758,448	0.04
Alphabet Inc-A	4,927	66,941,380	1.54
Alphabet Inc-C	4,812	65,350,566	1.50
Altria Group Inc	19,463	6,186,044	0.14
Amazon.com Inc	7,153	180,599,286	4.15
Amcpr Plc	39,378	3,592,936	0.08
American Tower Corp	7,000	12,180,255	0.28
American Water Works Co Inc	1,600	1,903,544	0.04
Ameriprise Financial Inc	2,270	3,419,677	0.08
AmerisourceBergen Corp	12,039	9,123,700	0.21
Amgen Inc	15,858	28,264,711	0.65
Amphenol Corp-A	5,263	5,335,325	0.12
Analog Devices Inc	5,903	6,760,220	0.16
ANSYS Inc	5,529	15,592,964	0.36
Anthem Inc	4,009	9,978,890	0.23
Apple Inc	277,695	285,644,347	6.56
Applied Materials Inc	27,512	18,405,700	0.42
AT&T Inc	107,289	23,920,126	0.55
Avery Dennison Corp	7,514	9,035,046	0.21
Baker Hughes Co	90,900	14,692,284	0.34
Ball Corp	11,553	8,345,202	0.19
Bank of America Corp	110,100	25,869,774	0.59
Baxter International Inc	22,100	13,746,830	0.32
Berkshire Hathaway Inc-B	39,403	70,826,084	1.64
Best Buy Co Inc	16,341	12,641,105	0.29
BlackRock Inc	2,705	15,130,283	0.35
Booking Holdings Inc	454	7,838,773	0.18
BorgWarner Inc	31,487	9,431,652	0.22
Boston Scientific Corp	22,172	6,179,070	0.14
Bristol Myers Squibb Co	49,737	23,916,672	0.55
Broadcom Inc	5,150	17,480,424	0.40
C.H. Robinson Worldwide Inc	2,500	1,819,224	0.04
Cadence Design Systems Inc	16,255	17,191,597	0.39
Campbell Soup Co	24,984	9,364,354	0.21
Capital One Financial Corp	7,500	5,747,213	0.13
Cardinal Health Inc	26,781	11,119,538	0.26
CarMax Inc	9,423	6,900,118	0.16
Carrier Global Corp	51,995	15,203,817	0.35
Caterpillar Inc	4,581	6,463,962	0.15

**INVESTMENT REPORT** *(continued)*  
**Portfolio Statement as at 31 December 2020 *(continued)***

<b>Principal U.S. Equity Fund</b> <i>(continued)</i>			
<b>Investments</b>	<b>* Portfolio holdings</b>	<b>Fair value</b> <i>HK\$/HK\$ equivalent</i>	<b>% of NAV</b>
<b>Listed shares</b> <i>(continued)</i>			
<i>United States (continued)</i>			
Cboe Global Markets Inc	6,705	4,840,176	0.11
CDW Corp	10,486	10,713,014	0.25
Centene Corp	12,763	5,939,372	0.14
CenturyLink Inc	141,353	10,683,881	0.25
Charter Communications Inc-A	893	4,579,663	0.11
Chevron Corp	24,874	16,284,134	0.37
Chipotle Mexican Grill Inc	498	5,353,458	0.12
Church & Dwight Co Inc	10,903	7,372,780	0.17
CIGNA Corp	5,096	8,224,089	0.19
Cisco Systems Inc	44,111	15,302,392	0.35
Citigroup Inc	13,291	6,353,025	0.15
Citizens Financial Group Inc	23,788	6,594,393	0.15
CMS Energy Corp	5,118	2,420,587	0.06
Cognizant Technology Solutions Corp-A	12,494	7,937,246	0.18
Colgate Palmolive Co	16,330	10,824,865	0.25
Comcast Corp-A	61,728	25,074,534	0.58
Comerica Inc	30,185	13,071,081	0.30
Conagra Brands Inc	37,700	10,597,137	0.24
Corteva Inc	44,460	13,345,172	0.31
Costco Wholesale Corp	7,998	23,360,849	0.54
CVS Health Corp	44,196	23,400,387	0.54
Danaher Corp	8,723	15,021,456	0.34
Deere & Co	8,499	17,726,386	0.41
DexCom Inc	1,240	3,553,972	0.08
Digital Realty Trust Inc	9,560	10,339,097	0.24
DISH Network Corp-A	43,728	10,962,737	0.25
Dollar General Corp	10,571	17,233,549	0.40
Dominion Energy Inc	16,480	9,607,147	0.22
Dover Corp	11,148	10,910,577	0.25
Dow Inc	40,207	17,298,723	0.40
DuPont de Nemours Inc	3,900	2,149,882	0.05
eBay Inc	9,980	3,887,640	0.09
Edwards Lifesciences Corp	10,732	7,589,929	0.17
Electronic Arts Inc	4,420	4,920,351	0.11
Eli Lilly & Co	4,451	5,825,756	0.13
Everest Re Group Ltd	5,071	9,202,289	0.21
Expeditors International of Washington Inc	12,299	9,068,080	0.21
Extra Space Storage Inc	15,839	14,225,930	0.33
Exxon Mobil Corp	52,003	16,617,120	0.38
F5 Networks Inc	3,187	4,346,764	0.10
Facebook Inc-A	39,126	82,851,797	1.91
Fastenal Co	12,953	4,903,165	0.11
Fidelity National Information Services Inc	11,273	12,362,108	0.28
Fifth Third Bancorp	61,863	13,221,695	0.30
Fiserv Inc	11,609	10,246,732	0.24
FMC Corp	15,170	13,515,695	0.31
Ford Motor Co	60,663	4,133,635	0.09
Fortinet Inc	11,333	13,049,037	0.30
Fortive Corp	15,276	8,386,581	0.19
Fortune Brands Home & Security Inc	5,769	3,833,558	0.09
Fox Corp-A	54,402	12,280,771	0.28
Fox Corp	51,317	11,488,884	0.26
Garmin Ltd	15,658	14,524,616	0.33
General Dynamics Corp	12,315	14,207,416	0.33
General Mills Inc	32,172	14,664,753	0.34
Gilead Sciences Inc	26,338	11,895,225	0.27
Globe Life Inc	17,592	12,950,165	0.30
Hanesbrands Inc	103,579	11,707,081	0.27
Healthpeak Properties Inc	12,621	2,957,681	0.07
HollyFrontier Corp	52,434	10,507,343	0.24
Hologic Inc	21,848	12,335,063	0.28
Honeywell International Inc	11,398	18,793,840	0.43

<b>Principal U.S. Equity Fund</b> <i>(continued)</i>			
<b>Investments</b>	<b>* Portfolio holdings</b>	<b>Fair value</b> <i>HK\$/HK\$ equivalent</i>	<b>% of NAV</b>
<b>Listed shares</b> <i>(continued)</i>			
<i>United States (continued)</i>			
Host Hotels & Resorts Inc	45,000	5,103,595	0.12
Humana Inc	5,320	16,920,016	0.39
IDEXX Laboratories Inc	505	1,956,896	0.04
IHS Markit Ltd	5,872	4,089,091	0.09
Illinois Tool Works Inc	3,948	6,239,807	0.14
Intel Corp	63,525	24,533,967	0.56
International Business Machines Corp	11,650	11,368,471	0.26
Intuit Inc	8,622	25,388,645	0.58
Intuitive Surgical Inc	3,451	21,886,219	0.50
Inves Co Ltd	51,395	6,944,447	0.16
Jack Henry & Associates Inc	7,818	9,817,553	0.23
Johnson & Johnson	53,803	65,641,034	1.51
JPMorgan Chase & Co	66,424	65,431,584	1.50
KeyCorp	30,687	3,903,754	0.09
Kimberly Clark Corp	4,072	4,256,118	0.10
Kimco Realty Corp	31,681	3,686,370	0.08
KLA Corp	8,361	16,781,332	0.39
L Brands Inc	46,611	13,437,980	0.31
L3Harris Technologies Inc	2,408	3,528,447	0.08
Lam Research Corp	5,018	18,371,321	0.42
Leidos Holdings Inc	17,570	14,317,807	0.33
Lennar Corp-A	23,934	14,143,620	0.32
Lockheed Martin Corp	6,136	16,885,294	0.39
Lowe's Cos Inc	3,919	4,876,371	0.11
M&T Bank Corp	9,263	9,141,121	0.21
MarketAxess Holdings Inc	3,110	13,755,649	0.32
Marsh & McLennan Cos Inc	3,986	3,615,285	0.08
Martin Marietta Materials Inc	4,135	9,102,640	0.21
MasterCard Inc	10,767	29,792,662	0.68
McDonald's Corp	5,588	9,295,334	0.21
McKesson Corp	7,036	9,486,254	0.22
Merck & Co Inc	45,744	29,007,268	0.67
MetLife Inc	39,937	14,535,515	0.33
Mettler Toledo International Inc	1,042	9,205,980	0.21
Microsoft Corp	127,983	220,671,122	5.07
Molson Coors Beverage Co	10,782	3,777,122	0.09
Mondelez International Inc-A	19,648	8,905,757	0.20
Moody's Corp	2,192	4,931,933	0.11
Morgan Stanley	28,427	15,101,884	0.35
Motorola Solutions Inc	3,166	4,173,808	0.10
MSCI Inc	4,891	16,930,418	0.39
NetApp Inc	9,350	4,801,217	0.11
Netflix Inc	4,753	19,923,593	0.46
Newell Brands Inc	79,208	13,035,822	0.30
Newmont Corp	34,442	15,990,500	0.37
NextEra Energy Inc	36,967	22,109,021	0.51
Nielsen Holdings Plc	32,916	5,325,359	0.12
NIKE Inc-B	17,285	18,956,280	0.43
NRG Energy Inc	33,973	9,889,247	0.23
Nucor Corp	9,971	4,111,384	0.09
NVIDIA Corp	9,203	37,255,095	0.85
Oracle Corp	30,229	15,159,341	0.35
Otis Worldwide Corp	23,304	12,203,241	0.28
PACCAR Inc	23,476	15,701,951	0.36
Paycom Software Inc	3,180	11,148,722	0.26
PayPal Holdings Inc	14,575	26,461,523	0.61
PepsiCo Inc	14,447	16,608,798	0.38
PerkinElmer Inc	7,677	8,540,097	0.20
Pfizer Inc	54,377	15,516,738	0.36
Philip Morris International Inc	20,467	13,135,646	0.30
PulteGroup Inc	34,397	11,497,905	0.26
Qorvo Inc	11,521	14,849,897	0.34

**INVESTMENT REPORT** *(continued)*  
Portfolio Statement as at 31 December 2020 *(continued)*

Principal U.S. Equity Fund <i>(continued)</i>			
Investments	* Portfolio holdings	Fair value <i>HK\$/HK\$ equivalent</i>	% of NAV
<b>Listed shares</b> <i>(continued)</i>			
<i>United States</i> <i>(continued)</i>			
Qualcomm Inc	17,034	20,116,387	0.46
Quanta Services Inc	28,677	16,010,549	0.37
Quest Diagnostics Inc	2,166	2,000,989	0.05
Raymond James Financial Inc	15,706	11,648,252	0.27
Raytheon Technologies Corp	10,275	5,695,974	0.13
Regency Centers Corp	23,877	8,438,568	0.19
Regeneron Pharmaceuticals Inc	3,527	13,209,028	0.30
Regions Financial Corp	102,492	12,807,796	0.29
ResMed Inc	7,129	11,747,069	0.27
Robert Half International Inc	21,575	10,449,878	0.24
Rollins Inc	54,183	16,410,652	0.38
Roper Technologies Inc	703	2,349,323	0.05
S&P Global Inc	3,801	9,686,270	0.22
Salesforce.com Inc	14,842	25,603,561	0.59
Sealed Air Corp	18,955	6,728,431	0.15
ServiceNow Inc	5,565	23,745,791	0.54
Skyworks Solutions Inc	11,485	13,611,345	0.31
SI Green Realty Corp	8,439	3,897,722	0.09
Snap-on Inc	8,615	11,429,473	0.26
Starbucks Corp	16,116	13,365,316	0.31
STERIS Plc	7,770	11,416,718	0.26
Stryker Corp	12,402	23,558,525	0.54
SVB Financial Group	5,537	16,646,974	0.38
Take Two Interactive Software Inc	3,664	5,902,004	0.14
Target Corp	18,617	25,476,960	0.58
TechnipFMC Plc	101,527	7,398,246	0.17
Teradyne Inc	14,990	13,931,695	0.32
Tesla Inc	12,278	67,165,873	1.54
Texas Instruments Inc	12,618	16,054,540	0.37
The Allstate Corp	7,268	6,193,705	0.14
The Bank of New York Mellon Corp	14,759	4,855,698	0.11
The Boeing Co	9,575	15,888,895	0.36
The Charles Schwab Corp	17,633	7,250,185	0.17
The Clorox Co	7,308	11,439,242	0.26
The Coca-Cola Co	52,437	22,292,289	0.51
The Goldman Sachs Group Inc	9,332	19,077,467	0.44
The Hartford Financial Services Group Inc	12,442	4,724,201	0.11
The Home Depot Inc	12,523	25,786,270	0.59
The Interpublic Group of Co Inc	80,935	14,756,830	0.34
The J. M. Smucker Co	11,207	10,043,072	0.23
The Kraft Heinz Co	33,988	9,132,161	0.21
The Kroger Co	8,494	2,091,280	0.05
The Mosaic Co	27,544	4,913,184	0.11
The PNC Financial Services Group Inc	9,000	10,395,566	0.24
The Procter & Gamble Co	45,439	49,011,743	1.12
The Progressive Corp	22,818	17,490,628	0.40
The Sherwin Williams Co	1,337	7,617,017	0.17
The Southern Co	4,400	2,095,331	0.05
The TJX Cos Inc	37,283	19,737,282	0.45
The Travelers Co Inc	5,797	6,308,077	0.14
The Walt Disney Co	34,375	48,280,565	1.11
The Williams Cos Inc	55,474	8,622,302	0.20
Thermo Fisher Scientific Inc	10,187	36,782,947	0.84
T Mobile US Inc	10,057	10,513,293	0.24
Tractor Supply Co	10,156	11,067,910	0.25
Tyler Technologies Inc	2,484	8,405,724	0.19
Tyson Foods Inc-A	7,907	3,949,905	0.09
Union Pacific Corp	5,997	9,680,011	0.22
United Parcel Service Inc-B	11,542	15,067,546	0.35
United Rentals Inc	6,557	11,788,106	0.27
Unitedhealth Group Inc	13,367	36,338,277	0.83
Universal Health Services Inc-B	3,338	3,558,020	0.08

Principal U.S. Equity Fund <i>(continued)</i>			
Investments	* Portfolio holdings	Fair value <i>HK\$/HK\$ equivalent</i>	% of NAV
<b>Listed shares</b> <i>(continued)</i>			
<i>United States</i> <i>(continued)</i>			
Unum Group	35,188	6,257,594	0.14
Verisk Analytics Inc	8,178	13,160,516	0.30
Verizon Communications Inc	71,861	32,728,078	0.75
Vertex Pharmaceuticals Inc	3,999	7,326,693	0.17
ViacomCBS Inc	54,702	15,800,304	0.36
Viatis Inc	6,747	980,166	0.02
Visa Inc	24,148	40,945,757	0.94
Walmart Inc	23,094	25,806,742	0.59
Wells Fargo & Co	50,637	11,846,951	0.27
West Pharmaceutical Services Inc	5,826	12,795,338	0.29
WestRock Co	20,541	6,931,538	0.16
Whirlpool Corp	8,526	11,929,379	0.27
Zebra Technologies Corp-A	5,308	15,814,468	0.36
Zions Bancorp N.A.	34,370	11,574,140	0.27
Zoetis Inc	6,945	8,910,245	0.20
		4,208,664,128	96.57
<b>Total listed shares</b>		4,270,981,306	98.00
<b>Total investments</b>		4,270,981,306	98.00
<b>Other net assets</b>		87,363,950	2.00
<b>Total net asset value</b>		4,358,345,256	100.00
<b>Total cost of investments</b>		3,459,213,739	

\* The value of each holding as a percentage of the total net asset value is accounted for on the trade day.

# INVESTMENT REPORT *(continued)*

## Statement of movements in portfolio holdings

<b>*Principal Asian Bond Fund</b>	<b>% of net assets as at 31 December 2020</b>	<b>Principal Asian Equity Fund</b>	<b>% of net assets as at 31 December 2020</b>	<b>% of net assets as at 31 December 2019</b>
<b>Listed/quoted debt instruments</b>		<b>Listed shares (by country/by region)</b>		
Non-certificates of deposit	93.57	Australia	14.33	17.45
<b>Forward contracts (by currency)</b>		China	27.57	25.87
United States Dollar	(0.01)	Hong Kong	8.59	11.29
	93.56	India	11.91	9.08
Other net assets	6.44	Indonesia	0.39	0.73
<b>Total net assets</b>	<b>100.00</b>	Malaysia	1.21	2.82
		New Zealand	0.51	-
		Singapore	3.38	2.97
		South Korea	15.16	12.14
		Taiwan	12.52	13.62
		Thailand	1.53	1.74
		The Philippines	1.33	0.71
			98.43	98.42
		Other net assets	1.57	1.58
		<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>
* It was launched on 17 August 2020.				

**INVESTMENT REPORT** *(continued)*  
Statement of movements in portfolio holdings *(continued)*

<b>Principal China Equity Fund</b>		
	% of net assets as at 31 December 2020	% of net assets as at 31 December 2019
<b>Listed shares (by industry sector)</b>		
Consumer discretionary	33.06	18.24
Consumer staples	3.52	2.17
Energy	0.85	5.10
Financials	24.24	37.82
Health care	8.28	4.10
Industrials	4.56	8.27
Information technology	7.46	4.59
Materials	1.91	3.15
Telecommunication services	10.92	12.98
Utilities	2.90	2.08
	97.70	98.50
Other net assets	2.30	1.50
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

<b>Principal European Equity Fund</b>		
	% of net assets as at 31 December 2020	% of net assets as at 31 December 2019
<b>Listed shares (by country/by region)</b>		
Austria	0.51	0.43
Belgium	0.50	-
Denmark	6.62	5.41
Finland	2.65	1.92
France	13.07	14.18
Germany	12.95	9.89
Ireland	2.58	0.79
Italy	5.19	5.23
Netherlands	9.61	8.37
Norway	0.85	1.34
Spain	2.99	2.24
Sweden	9.09	5.06
Switzerland	11.97	16.02
United Kingdom	19.47	26.68
	98.05	97.56
<b>Forward contracts (by country/by region)</b>		
Hong Kong	(0.39)	-
	97.66	97.56
Other net assets	2.34	2.44
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

**INVESTMENT REPORT** *(continued)*  
Statement of movements in portfolio holdings *(continued)*

<b>Principal Hong Kong Bond Fund</b>		
	% of net assets as at 31 December 2020	% of net assets as at 31 December 2019
<b>Listed/quoted debt instruments</b>		
Certificates of deposit	15.06	21.56
Non-certificates of deposit	81.76	77.00
	96.82	98.56
Other net assets	3.18	1.44
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

<b>Principal Hong Kong Dollar Savings Fund</b>		
	% of net assets as at 31 December 2020	% of net assets as at 31 December 2019
<b>Listed/quoted debt instruments</b>		
Certificates of deposit	23.54	34.40
Non-certificates of deposit	40.58	27.93
	64.12	62.33
Other net assets	35.88	37.67
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

**INVESTMENT REPORT** *(continued)*  
Statement of movements in portfolio holdings *(continued)*

Principal Hong Kong Equity Fund			Principal International Bond Fund		
	% of net assets as at 31 December 2020	% of net assets as at 31 December 2019		% of net assets as at 31 December 2020	% of net assets as at 31 December 2019
<b>Listed shares (by industry sector)</b>			<b>Listed/quoted debt instruments (by currency)</b>		
Consumer discretionary	28.23	12.33	<b>Non-certificates of deposit (by currency)</b>		
Consumer staples	2.74	1.64	Australian Dollar	1.49	0.41
Energy	0.88	2.93	British Pound	4.84	4.55
Financials	34.15	48.76	Canadian Dollar	2.64	2.79
Health care	6.00	2.91	Czech Koruna	0.04	0.04
Industrials	4.72	6.35	Danish Krone	0.29	0.31
Information technology	6.16	3.45	Euro	17.49	14.35
Materials	1.17	2.26	Japanese Yen	10.30	10.71
Telecommunication services	11.19	12.59	New Zealand Dollar	0.06	0.08
Utilities	3.14	3.93	Norwegian Krone	0.46	0.48
	98.38	97.15	Polish Zloty	0.04	0.07
Other net assets	1.62	2.85	Singapore Dollar	0.04	0.08
	100.00	100.00	Swedish Krona	0.09	0.10
			Swiss Franc	0.29	0.30
			Thai Baht	0.06	0.07
			United States Dollar	57.15	59.60
				95.28	93.94
			<b>Forward contracts (by currency)</b>		
			Euro	-	0.01
			United States Dollar	(0.03)	(0.04)
				(0.03)	(0.03)
			Other net assets	4.75	6.09
				100.00	100.00
			Total net assets	100.00	100.00

**INVESTMENT REPORT** *(continued)*  
Statement of movements in portfolio holdings *(continued)*

Principal International Equity Fund			Principal Pension Bond Fund		
	% of net assets as at 31 December 2020	% of net assets as at 31 December 2019		% of net assets as at 31 December 2020	% of net assets as at 31 December 2019
<b>Listed shares (by country/by region)</b>			<b>Listed/quoted debt instruments</b>		
Australia	1.37	0.66	Fixed coupon rate debt instruments	80.33	86.65
Austria	-	0.36	Floating coupon rate debt instruments	15.61	8.74
Belgium	0.03	0.10			
Bermuda	0.67	-			
Brazil	0.19	1.53		95.94	95.39
Bahamas	-	0.23	Other net assets	4.06	4.61
Canada	5.18	4.16			
China	1.70	1.98	<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>
Denmark	2.20	0.79			
Finland	0.10	-			
France	3.03	1.96			
Germany	1.21	0.79			
Hong Kong	2.25	2.16			
India	0.34	1.57			
Indonesia	-	0.13			
Ireland	0.97	1.04			
Israel	1.12	2.36			
Italy	2.00	1.24			
Japan	9.77	7.38			
Malaysia	0.08	0.13			
Mexico	0.12	-			
Netherlands	2.37	2.53			
New Zealand	0.05	-			
Norway	0.06	0.22			
Peru	0.03	-			
Poland	0.05	-			
Portugal	-	0.66			
Russia	0.06	-			
Singapore	0.15	0.52			
South Africa	0.04	0.13			
South Korea	2.83	2.96			
Spain	1.11	1.51			
Sweden	0.27	1.87			
Switzerland	3.44	4.32			
Taiwan	3.40	2.74			
Thailand	0.06	0.15			
United Kingdom	4.00	4.43			
United States	47.29	47.24			
	97.54	97.85			
Other net assets	2.46	2.15			
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>			



**INVESTMENT REPORT** *(continued)*  
Statement of movements in portfolio holdings *(continued)*

<b>Principal U.S. Equity Fund</b>	<b>% of net assets as at 31 December 2020</b>	<b>% of net assets as at 31 December 2019</b>
<b>Listed shares (by industry sector)</b>		
Consumer discretionary	13.02	11.48
Consumer staples	6.03	5.77
Energy	1.70	4.45
Financials	13.49	15.83
Health care	14.31	13.66
Industrials	8.12	10.35
Information technology	27.56	22.09
Materials	2.76	2.26
Telecommunication services	9.87	7.70
Utilities	1.14	2.77
	98.00	96.36
Other net assets	2.00	3.64
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

# INVESTMENT REPORT *(continued)*

## Investment income and performance

Year ended 31 December 2020											
*Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	
Asian	Asian	China	European	Hong Kong	Hong Kong	Hong Kong	International	International	International	U.S.	
Bond	Equity	Equity	Equity	Bond	Dollar Savings	Equity	Bond	Equity	Bond	Equity	
Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	
HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
<b>Investment performance</b>											
Net gains of investments – realised	2,383,119	136,425,724	188,026,678	13,036,313	223,127,503	49,453,249	98,235,471	141,625,471	84,238,120	107,179,058	103,858,632
Net gains of investments – unrealised	968,762	1,128,962,999	754,397,822	291,185,233	235,868,489	7,786,341	1,941,489,223	275,734,911	413,208,530	88,872,291	376,521,720
*It was launched on 17 August 2020.											
Year ended 31 December 2019											
Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	
Asian	China	European	European	Hong Kong	Hong Kong	Hong Kong	International	International	International	U.S.	
Equity	Equity	Equity	Equity	Bond	Dollar Savings	Equity	Bond	Equity	Bond	Equity	
Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	
HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
<b>Investment performance</b>											
Net gains/(losses) of investments – realised	43,295,528	92,005,809	415,815	130,757,267	54,434,415	(43,467,428)	130,581,250	120,631,831	92,006,277	97,282,124	
Net gains/(losses) of investments – unrealised	580,703,162	504,036,917	167,283,061	110,824,737	(1,496,161)	1,166,404,238	216,064,489	508,384,032	138,070,953	354,687,677	
Year ended 31 December 2018											
Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	
Asian	China	European	European	Hong Kong	Hong Kong	Hong Kong	International	International	International	U.S.	
Equity	Equity	Equity	Equity	Bond	Dollar Savings	Equity	Bond	Equity	Bond	Equity	
Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	
HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
<b>Investment performance</b>											
Net gains of investments – realised	175,166,365	249,784,384	110,389,931	121,098,971	36,705,997	36,362,223	126,046,649	278,497,591	43,143,341	87,508,361	
Net gains/(losses) of investments – unrealised	(1,291,925,459)	(910,552,258)	(246,180,052)	(19,093,505)	4,330,243	(2,024,446,910)	(171,652,751)	(799,492,241)	(71,270,019)	(208,716,643)	
Year ended 31 December 2020											
*Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	
Asian	Asian	China	European	Hong Kong	Hong Kong	Hong Kong	International	International	International	U.S.	
Bond	Equity	Equity	Equity	Bond	Dollar Savings	Equity	Bond	Equity	Bond	Equity	
Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	
HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
<b>Income derived from investments</b>											
Bank interest	529	39,245	647	41,994	810	33,313	-	56,774	74,027	94,246	19,082
Fixed deposit interest	-	-	-	-	-	25,789,253	-	-	-	-	-
Gross dividend income	-	122,774,368	117,873,876	21,412,395	-	-	302,146,482	-	50,037,201	-	55,075,841
Other income	-	-	-	285,012	-	-	-	-	252,248	-	76,708
*It was launched on 17 August 2020.											
Year ended 31 December 2019											
Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	
Asian	China	European	European	Hong Kong	Hong Kong	Hong Kong	International	International	International	U.S.	
Equity	Equity	Equity	Equity	Bond	Dollar Savings	Equity	Bond	Equity	Bond	Equity	
Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	
HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
<b>Income derived from investments</b>											
Bank interest	159,918	625	22,565	579	527	-	55,356	84,446	95,727	28,301	
Fixed deposit interest	-	-	-	-	30,368,569	-	-	-	-	-	
Gross dividend income	145,167,418	130,770,858	25,131,138	-	-	363,150,295	-	80,588,632	-	35,986,219	
Other income	-	-	440,876	-	-	-	-	426,388	-	218,044	
Year ended 31 December 2018											
Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	
Asian	China	European	European	Hong Kong	Hong Kong	Hong Kong	International	International	International	U.S.	
Equity	Equity	Equity	Equity	Bond	Dollar Savings	Equity	Bond	Equity	Bond	Equity	
Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	
HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
<b>Income derived from investments</b>											
Bank interest	101,866	881	22,567	1,050	361	-	88,396	57,326	89,757	16,510	
Fixed deposit interest	-	-	-	-	18,895,602	-	-	-	-	-	
Gross dividend income	166,520,951	138,181,972	36,865,068	-	-	312,380,678	-	92,713,491	-	28,453,182	
Other income	-	-	241,143	-	-	-	-	379,295	15,421	48,237	

## INVESTMENT REPORT *(continued)*

### Information On Exposure Arising From Financial Derivative Instruments

<b>Principal Asian Bond Fund</b>					
Gross exposure			Net exposure (note a)		
Highest	Lowest	Average exposure	Highest	Lowest	Average exposure
1,444,901	1,444,901	1,444,901	-	-	-
<b>Principal European Equity Fund</b>					
Gross exposure			Net exposure (note a)		
Highest	Lowest	Average exposure	Highest	Lowest	Average exposure
1,652,845,782	555,612,394	928,892,752	-	-	-
<b>Principal International Bond Fund</b>					
Gross exposure			Net exposure (note a)		
Highest	Lowest	Average exposure	Highest	Lowest	Average exposure
334,754,385	195,809,734	264,200,120	-	-	-

note a: The financial derivative instruments are used for hedging purpose and not included in the calculation of the net derivative exposure.

## INVESTMENT REPORT *(continued)*

### Investment objectives and policies

Each sub-fund of Principal Life Style Fund (the “Sub-fund”) has a separate and distinct investment objective and policy, as described below:

#### **Principal Asian Bond Fund**

The investment objective of the Principal Asian Bond Fund is to provide a return consisting of income and capital growth over medium to long term. The Sub-fund will seek to achieve its investment objective by investing a majority of its assets in Asian debt securities, including but not limited to sovereign, quasi-sovereign, agency, corporate bonds of varying maturities issued by the government, multi-lateral agencies or by companies, and denominated primarily in U.S. dollars and major Asian currencies. The types of debt securities that the Sub-fund intends to primarily invest into are government bonds, corporate bonds/debentures, floating rate notes, bills, commercial papers and certificates of deposit. In addition, the Sub-fund invests not more than 30% of its assets in time deposits or may hold cash.

Other than U.S. dollars and Hong Kong dollars, exposure to any single Asian currency, including (but not limited to) China RMB, South Korean Won and Singaporean dollars, will not exceed 30% of the Sub-fund’s total assets. During special circumstances, such as periods of uncertainty or high volatility in Asian debt securities markets, the Sub-fund may invest up to 30% of its assets in non-Asian assets to protect the Sub-fund. During periods of high volatility, Asian debt securities may be less liquid or with higher bid-offer spreads etc., making them more difficult and expensive to transact in the market. In those cases, to help the Sub-fund maintain liquidity and buffer against market volatility, the Manager may choose to invest in non-Asian assets, such as U.S. Treasuries, non-Asian highly rated sovereign debt securities, which are more liquid and have lower bid-offer spread etc.

The Sub-fund may enter into financial futures contracts, financial option contracts and currency forward contracts for hedging purposes.

The risk profile of this Sub-fund is generally regarded as moderate. In the long term, the return of the Principal Asian Bond Fund is expected, but not guaranteed, to be comparable to the inflation rates in Hong Kong.

#### **Principal Asian Equity Fund**

The investment objective of the Principal Asian Equity Fund is to seek capital growth over the long term by investment in Asian equity markets.

To achieve its objective, the Sub-fund will invest primarily in equity securities of companies in the Asian Region. In addition, the Sub-fund may hold cash and short-term investments such as bills and deposits.

Investment markets may include, but are not limited to, Hong Kong, Singapore, South Korea, Malaysia, Taiwan, Thailand, the Philippines, Indonesia, India and China.

The Sub-fund may enter into financial futures contracts, financial option contracts and currency forward contracts for hedging purposes.

The risk profile of this Sub-fund is generally regarded as high. In the long term, the return of this Sub-fund is expected to exceed the inflation rates in Hong Kong.

#### **Principal China Equity Fund**

The investment objective of the Principal China Equity Fund is to achieve capital growth over the long term by investing mainly in China-related equities.

The Principal China Equity Fund will invest at least 70% of its assets in equities issued by companies with exposure to different sectors of the economy in the People’s Republic of China (Mainland China) or in collective investment schemes as permitted under the MPF Regulation which primarily invest in such equity securities. Equity securities include but are not limited to equity shares, preference shares and depositary receipts.

This Sub-fund may hold cash and short-term investments for cash management purpose. It will maintain an effective exposure of at least 30% in Hong Kong dollars.

This Sub-fund will not enter into any financial futures contracts or financial options contracts.

The Sub-fund may invest in eligible China A-Shares and China B-Shares listed on the Shanghai or Shenzhen stock exchanges. As the Shanghai and Shenzhen stock exchanges are not ‘approved stock exchanges’ in the MPFA Guideline III.4, exposure to China A-Shares and China B-Shares will therefore, in aggregate, be subject to a cap of not more than 10% of the Sub-fund’s net asset value.

The risk profile of this Sub-fund is generally regarded as high. In the long term, the return of this Sub-fund is expected to exceed the inflation rates in Hong Kong.

## INVESTMENT REPORT *(continued)*

### Investment objectives and policies *(continued)*

#### **Principal European Equity Fund**

The investment objective of the Principal European Equity Fund is to achieve capital growth over the long-term by investing mainly in European equity markets.

This Sub-fund will invest primarily in listed equities issued by companies established in Europe or by companies whose shares are listed in Europe or companies that are listed elsewhere but have substantial business in Europe.

This Sub-fund may hold cash and short-term investments for cash management purpose.

This Sub-fund will not enter into any financial futures contracts or any financial option contracts.

The risk profile of this Sub-fund is generally regarded as high. In the long term, the return of this Sub-fund is expected to exceed the inflation rates in Hong Kong.

#### **Principal Hong Kong Bond Fund**

The investment objective of the Principal Hong Kong Bond Fund is to provide a return consisting of income and capital growth over medium to long term.

This Sub-fund will seek to achieve its investment objective by primarily investing at least 70% of its assets in Hong Kong debt securities (rated or unrated), including (but not limited to) sovereign and/or non-sovereign, floating and/or fixed, of varying maturities issued by the government or by multi-lateral agencies or by companies, and denominated in Hong Kong dollars.

The types of debt securities that this Sub-fund primarily intends to invest into are government bonds, corporate bonds/debentures, floating rate notes, bills, commercial papers and certificates of deposit.

This Sub-fund will invest not more than 30% of its assets in other short-term investments such as bills and deposits or may hold cash.

This Sub-fund will not enter into any financial derivative instruments, including financial futures contracts or financial option contracts.

The risk profile of this Sub-fund is generally regarded as moderate.

#### **Principal Hong Kong Dollar Savings Fund**

The investment objective of the Principal Hong Kong Dollar Savings Fund is to earn a competitive short-to-medium-term rate of return.

To achieve its investment objective, the Sub-fund will invest primarily in a portfolio of high quality short-to-medium duration debt securities (rated or unrated), including (but not limited to) sovereign and/or non-sovereign, floating and/or fixed, of varying maturities issued by the government or by multi-lateral agencies or by companies, and denominated in Hong Kong dollars. The types of debt securities that the Sub-fund primarily intends to invest into are government bonds, corporate bonds/debentures, floating rate notes, bills, commercial papers and the Sub-fund may also hold assets denominated in other currencies.

This Sub-fund will not enter into any financial future contracts or financial options contracts.

The risk profile of this Sub-fund is generally regarded as low. In the long term, the return of this Sub-fund is expected to exceed the Hong Kong dollar bank saving rates in Hong Kong.

#### **Principal Hong Kong Equity Fund**

The objective of the Principal Hong Kong Equity Fund is to achieve capital growth over the long-term by investing mainly in Hong Kong equity markets.

The Principal Hong Kong Equity Fund will invest at least 70% of its assets in listed equities issued by companies established in Hong Kong or by companies whose shares are listed (including but not limited to H shares and shares of red-chip companies) on the Hong Kong Stock Exchange. The Principal Hong Kong Equity Fund may also invest in listed equities issued by companies which have business in Hong Kong.

The Sub-fund may hold up to 30% of its assets in cash and time deposits on a temporary basis or for such longer period as the circumstances require to maintain liquidity.

This Sub-fund will not enter into any financial futures contracts or financial option contracts.

The Sub-fund may invest in eligible China A-Shares and China B-Shares listed on the Shanghai or Shenzhen stock exchanges. As the Shanghai and Shenzhen stock exchanges are not 'approved stock exchanges' in the MPFA Guideline III.4, exposure to China A-Shares and China B-Shares will therefore, in aggregate, be subject to a cap of not more than 10% of the Sub-fund's net asset value.

The risk profile of this Sub-fund is generally regarded as high. In the long term, the return of this Sub-fund is expected to exceed the inflation rates in Hong Kong.

## INVESTMENT REPORT *(continued)*

### Investment objectives and policies *(continued)*

#### **Principal International Bond Fund**

The investment objective of the Principal International Bond Fund is to protect and maximise real asset value in terms of international purchasing power.

To accomplish its objective, the Sub-fund will invest mainly in the global bond markets. The Sub-fund will primarily invest in a portfolio of debt securities, both sovereign and non-sovereign, of varying maturities and denominated in the world's major currencies.

The Sub-fund may enter into financial futures contracts, financial option contracts and currency forward contracts for hedging purposes.

The risk profile of this Sub-fund is generally regarded as moderate. In the long term, the return of this Sub-fund is expected to be comparable to the inflation rates in Hong Kong.

#### **Principal International Equity Fund**

The investment objective of the Principal International Equity Fund is to seek capital growth over the long-term by investing in international equity markets.

The Sub-fund seeks to achieve its objective by investing primarily in equity securities selected from investment markets around the world. The Sub-fund may also hold cash and short-term investments.

The Sub-fund may enter into financial futures contracts, financial option contracts and currency forward contracts for hedging purposes.

The risk profile of this Sub-fund is generally regarded as high. In the long term, the return of this Sub-fund is expected to exceed the inflation rates in Hong Kong.

#### **Principal Pension Bond Fund**

The investment objective of the Principal Pension Bond Fund is to provide a return consisting of income and capital growth over medium to long term.

This Sub-fund will seek to achieve its investment objective by primarily investing in debt securities, including sovereign and/or non-sovereign, floating and/or fixed, of varying maturities issued by the government or by multi-lateral agencies or by companies throughout the world such that at least 40% is invested at all times in United States and Greater China (People's Republic of China, Hong Kong, Macau and Taiwan). The types of debt securities that the Sub-fund primarily intends to invest into are government bonds, corporate bonds/debentures, bills, commercial paper and certificates of deposit.

This Sub-fund will not enter into any financial futures contracts or financial options contracts.

The risk profile of this Sub-fund is generally regarded as moderate. In the long term, the return of the Sub-fund is expected to be comparable to the inflation rates in Hong Kong.

#### **Principal U.S. Equity Fund**

The investment objective of the Principal U.S. Equity Fund is to achieve capital growth over the long term by investing in U.S. equity markets.

The Sub-fund seeks to achieve its objective by investing primarily in U.S. equities. The Sub-fund may also hold cash and short-term securities.

The Sub-fund may enter into financial futures contracts, financial option contracts and currency forward contracts for hedging purposes.

The risk profile of this Sub-fund is generally regarded as high. In the long term, the return of this Sub-fund is expected to exceed the inflation rates in Hong Kong.

#### **Changes in the statement of investment policy**

##### **Principal Asian Bond Fund**

##### **Principal Asian Equity Fund**

##### **Principal China Equity Fund**

##### **Principal European Equity Fund**

##### **Principal Hong Kong Bond Fund**

##### **Principal Hong Kong Dollar Savings Fund**

##### **Principal Hong Kong Equity Fund**

##### **Principal International Bond Fund**

##### **Principal International Equity Fund**

##### **Principal Pension Bond Fund**

##### **Principal U.S. Equity Fund**

***(Sub-funds of Principal Life Style Fund and referred to individually or collectively as the "Sub-funds")***

During the year under review, there were no changes in the investment objective and policies of the above Sub-funds that would significantly affect their risk profile.

## INVESTMENT REPORT *(continued)*

Investment objectives and policies *(continued)*

### **Commentary by the Trustee**

During this financial year, all the investments made by each of the Sub-funds were in accordance with the respective Sub-funds' investment policy and the requirements under the Mandatory Provident Fund Schemes Ordinance and the Securities and Futures Ordinance. For detailed information of each Sub-funds' performance and particulars of investments, please refer to the details in this report.

For and on behalf of

**Principal Trust Company (Asia) Limited**

Hong Kong

26 April 2021

## REPORT OF THE TRUSTEE TO THE UNITHOLDERS OF PRINCIPAL LIFE STYLE FUND (THE “FUND”)

We hereby confirm that:

- (1) in our opinion, subject to (3) below, the Manager of the Fund has in all material respects managed the Fund in accordance with the provisions of the Trust Deed dated 7 May 2003, as subsequently amended and restated, for the year ended 31 December 2020;
- (2) during the year ended 31 December 2020, subject to (3) below, we have not become aware of any failures by the Custodian, the Manager, or their delegates to comply with the obligations imposed on them;
- (3) we are not aware of any events of a significant nature relating to the Fund that occurred during the year ended 31 December 2020 but have not been reported to the Mandatory Provident Fund Schemes Authority (the “Authority”) and/or the Securities and Futures Commission (the “SFC”) except for the events specified under the Guidelines on Notification of Events of Significant Nature issued by the Authority;
- (4) subject to (3) above, the provisions of the constitutive documents, the Mandatory Provident Fund Schemes Ordinance, the Mandatory Provident Fund Schemes (General) Regulation, the Code on MPF Investment Funds, the Code on Unit Trusts and Mutual Funds and other relevant guidelines issued by the Authority and the SFC have been complied with in all material respects during the year ended 31 December 2020; and
- (5) in our opinion, there are no material changes which have not been reported to the Authority during the year ended 31 December 2020.

We declare that, during the year ended 31 December 2020, we have supervised and exercised proper controls over all persons appointed or engaged for the purposes of the Fund.

For and on behalf of  
**Principal Trust Company (Asia) Limited**  
Hong Kong  
26 April 2021



# INDEPENDENT AUDITOR'S REPORT

To the unitholders of Principal Asian Bond Fund, Principal Asian Equity Fund, Principal China Equity Fund, Principal European Equity Fund, Principal Hong Kong Bond Fund, Principal Hong Kong Dollar Savings Fund, Principal Hong Kong Equity Fund, Principal International Bond Fund, Principal International Equity Fund, Principal Pension Bond Fund and Principal U.S. Equity Fund (Sub-funds of Principal Life Style Fund, an open-ended unit trust established as an umbrella fund under the laws of Hong Kong)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Principal Asian Bond Fund, Principal Asian Equity Fund, Principal China Equity Fund, Principal European Equity Fund, Principal Hong Kong Bond Fund, Principal Hong Kong Dollar Savings Fund, Principal Hong Kong Equity Fund, Principal International Bond Fund, Principal International Equity Fund, Principal Pension Bond Fund and Principal U.S. Equity Fund (each a separate sub-fund of Principal Life Style Fund and referred to individually or collectively as the "Sub-funds") set out on pages 58 to 104, which comprise the statements of net assets attributable to unitholders as at 31 December 2020, and the statements of profit or loss and other comprehensive income, the statements of changes in net assets attributable to unitholders and the statements of cash flows for the year then ended, and the statements of distribution for the year ended 31 December 2020 for Principal China Equity Fund, Principal Hong Kong Bond Fund and Principal Hong Kong Equity Fund, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial positions of the Sub-funds as at 31 December 2020, and of their financial transactions and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

### Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to Practice Note 860.1 (Revised), *The Audit of Retirement Schemes* issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Sub-funds in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information included in the Annual Report

The Trustee and the Manager of the Sub-funds are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Trustee and Manager for the Financial Statements

The Trustee and the Manager of the Sub-funds are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Trustee and the Manager determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee and the Manager of the Sub-funds are responsible for assessing the Sub-funds' abilities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee and the Manager either intend to liquidate the Sub-funds or to cease operations, or have no realistic alternative but to do so.

In addition, the Trustee and the Manager of the Sub-funds are required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 7 May 2003, as subsequently amended (the "Trust Deed"), the Mandatory Provident Fund Schemes Ordinance (the "Ordinance"), the Mandatory Provident Fund Schemes (General) Regulation (the "General Regulation"), the Code on MPF Investment Funds (the "MPF Code"), Guideline II.5 issued by the Mandatory Provident Fund Schemes Authority (the "Authority"), and the disclosure requirements specified in the Appendix E to the Code on Unit Trusts and Mutual Funds (the "UT Code") issued by the Hong Kong Securities and Futures Commission (the "SFC").

## INDEPENDENT AUDITOR'S REPORT *(continued)*

To the unitholders of Principal Asian Bond Fund, Principal Asian Equity Fund, Principal China Equity Fund, Principal European Equity Fund, Principal Hong Kong Bond Fund, Principal Hong Kong Dollar Savings Fund, Principal Hong Kong Equity Fund, Principal International Bond Fund, Principal International Equity Fund, Principal Pension Bond Fund and Principal U.S. Equity Fund

(Sub-funds of Principal Life Style Fund, an open-ended unit trust established as an umbrella fund under the laws of Hong Kong)

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Sub-funds have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed, the Ordinance, the General Regulation, the MPF Code and Guidelines II.5 issued by the Authority, and the disclosure requirements specified in the Appendix E to the UT Code issued by the SFC.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee and the Manager.
- Conclude on the appropriateness of the Trustee's and the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-funds' abilities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Report on matters under the relevant disclosure provisions of the Trust Deed, the Ordinance, the General Regulation, the MPF Code and Guidelines II.5 issued by the Authority, and the disclosure requirements specified in the Appendix E to the UT Code issued by the SFC**

- (a) In our opinion, the financial statements have been properly prepared, in all material respect, in accordance with the relevant disclosure provisions of the Trust Deed, the Ordinance, the General Regulation, the MPF Code and Guidelines II.5 issued by the Authority, and the disclosure requirements specified in the Appendix E to the UT Code issued by the SFC; and
- (b) We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

### **Ernst & Young**

Certified Public Accountants

Hong Kong

26 April 2021

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2020

		2020									
Notes	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$
<b>Income</b>											
Bank interest income	529	39,245	647	41,994	810	33,313	-	56,774	74,027	94,246	19,082
Fixed deposit interest income	-	-	-	-	-	25,789,253	-	-	-	-	-
Gross dividend income	-	122,774,368	117,873,876	21,412,395	-	-	302,146,482	-	50,037,201	-	55,075,841
Other income	-	-	-	285,012	-	-	-	-	252,248	-	76,708
	529	122,813,613	117,874,523	21,739,401	810	25,822,566	302,146,482	56,774	50,363,476	94,246	55,171,631
<b>Expenses</b>											
Auditor's remuneration	(1,058)	(59,891)	(58,113)	(11,224)	(114,602)	(39,664)	(141,648)	(60,274)	(41,888)	(30,078)	(29,933)
Bank charges	-	(300)	(300)	(300)	(300)	(6,630)	(300)	(300)	(600)	(300)	(400)
Distribution fees	-	-	-	-	-	-	(16,548)	-	-	-	-
Formation costs	5	(12,700)	-	-	-	-	-	-	-	-	-
Investment management fees	14(a)	-	(418,606)	(14,685,483)	(99,801)	(15,189,068)	(592,424)	(15,183,078)	(4,586,596)	(4,155,864)	(705,211)
Investment transaction costs	6	(23,663)	(17,152,787)	(22,835,517)	(4,660,710)	(28,682)	(17,459)	(54,681,015)	(38,075)	(6,710,787)	(33,346)
Legal and other professional fees	-	-	(235,809)	(20,984)	(55,768)	(25,568)	(15,099)	(35,774)	(117,293)	(198,826)	(17,473)
Operating expenses	-	-	(14,355)	(80,605)	(6,738)	(258,085)	(117,964)	(120,611)	(127,041)	(71,542)	(95,469)
Sub-custodian fees	-	(7,843)	(1,500,185)	(1,290,547)	(136,203)	(770,702)	(319,492)	(1,459,369)	(486,177)	(515,506)	(259,190)
Trustee fees	14(b)	-	(77,240)	(2,354,808)	(19,960)	(6,075,627)	(473,939)	(2,691,565)	(1,145,481)	(692,644)	(117,535)
	(45,264)	(19,459,173)	(41,326,357)	(4,990,704)	(22,462,634)	(1,582,671)	(74,329,908)	(6,561,237)	(12,387,657)	(435,856)	(2,952,569)
<b>Gains/(losses) on investments and exchange difference</b>											
Gains on investments	3	5,504,104	1,933,367,472	1,858,160,935	433,480,124	505,367,557	69,791,460	4,390,258,168	513,388,799	1,172,365,754	245,615,258
Losses on investments	3	(2,152,223)	(667,978,749)	(915,736,435)	(129,258,578)	(46,371,565)	(12,551,870)	(2,350,533,474)	(96,028,417)	(674,919,104)	(49,563,909)
Exchange gain/(loss)	-	(110,219)	(8,217,280)	(454,623)	(13,134,570)	(1,624,454)	-	(1,992,397)	1,854,874	(2,112,694)	(375,283)
	3,241,662	1,257,171,443	941,969,877	291,086,976	457,371,538	57,239,590	2,037,732,297	419,215,256	495,333,956	195,676,066	480,016,937
<b>Net income before tax</b>											
Taxation	9	-	(21,260,849)	(7,580,299)	(3,096,752)	-	-	(14,386,025)	(130,735)	(9,783,341)	(2,390)
<b>Net income for the year</b>	12	3,196,927	1,339,265,034	1,010,937,744	304,738,921	434,909,714	81,479,485	2,251,162,846	412,580,058	523,526,434	195,332,066
Distributions to unitholders	12, 13	-	-	(1,760,306)	-	(19,421,603)	-	(1,955,164)	-	-	-
<b>Increase in net assets attributable to unitholders</b>											
	3,196,927	1,339,265,034	1,009,177,438	304,738,921	415,488,111	81,479,485	2,249,207,682	412,580,058	523,526,434	195,332,066	514,807,526

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(continued)*

Year ended 31 December 2020

		2019									
Notes	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$	
<b>Income</b>											
Bank interest income	159,918	625	22,565	579	527	-	55,356	84,446	95,727	28,301	
Fixed deposit interest income	-	-	-	-	30,368,569	-	-	-	-	-	
Gross dividend income	145,167,418	130,770,858	25,131,138	-	-	363,150,295	-	80,588,632	-	35,986,219	
Other income	-	-	440,876	-	-	-	-	426,388	-	218,044	
	145,327,336	130,771,483	25,594,579	579	30,369,096	363,150,295	55,356	81,099,466	95,727	36,232,564	
<b>Expenses</b>											
Auditor's remuneration	(54,649)	(57,033)	(8,827)	(109,488)	(40,499)	(150,148)	(54,926)	(39,503)	(29,346)	(20,349)	
Bank charges	(300)	(300)	(300)	(300)	(4,710)	(300)	(300)	(700)	(300)	(500)	
Distribution fees	-	-	-	-	-	(14,583)	-	-	-	-	
Investment management fees	14(a) (409,606)	(14,466,641)	(75,940)	(13,506,936)	(626,772)	(16,057,397)	(4,532,609)	(4,032,750)	-	(137,357)	
Investment transaction costs	6 (34,652,014)	(21,448,356)	(1,107,203)	(15,525)	(14,369)	(56,101,342)	(112,899)	(7,265,288)	(44,523)	(1,167,777)	
Legal and other professional fees	(297,510)	-	-	-	-	-	-	(53,510)	-	-	
Operating expenses	(1,371)	(49,945)	(61)	(477,147)	(13,605)	(88,227)	(7,699)	(20,171)	-	(14,009)	
Sub-custodian fees	(1,511,493)	(1,228,512)	(108,144)	(733,790)	(318,482)	(2,240,371)	(423,101)	(481,281)	(240,953)	(17,815)	
Trustee fees	14(b) (74,430)	(2,292,841)	(15,188)	(5,402,774)	(501,417)	(2,830,300)	(1,131,498)	(672,125)	-	(22,893)	
	(37,001,373)	(39,543,628)	(1,315,663)	(20,245,960)	(1,519,854)	(77,482,668)	(6,263,032)	(12,565,328)	(315,122)	(1,380,700)	
<b>Gains/(losses) on investments and exchange difference</b>											
Gains on investments	3 1,241,259,189	1,182,883,591	217,264,671	299,515,595	68,216,970	2,522,934,905	410,254,199	976,863,317	248,119,026	598,432,801	
Losses on investments	3 (617,260,499)	(586,840,865)	(49,565,795)	(57,933,591)	(15,278,716)	(1,399,998,095)	(63,608,460)	(347,847,454)	(18,041,796)	(146,463,000)	
Exchange gain/(loss)	(11,898,954)	(698,032)	251,451	(320,296)	-	(1,426,167)	7,136,877	(1,443,161)	(261,834)	(330,060)	
	612,099,736	595,344,694	167,950,327	241,261,708	52,938,254	1,121,510,643	353,782,616	627,572,702	229,815,396	451,639,741	
<b>Net income before tax</b>											
	720,425,699	686,572,549	192,229,243	221,016,327	81,787,496	1,407,178,270	347,574,940	696,106,840	229,596,001	486,491,605	
Taxation	9 (22,689,323)	(7,874,678)	(3,098,157)	-	-	(10,235,053)	(161,708)	(14,537,282)	-	(10,312,357)	
<b>Net income for the year</b>											
	12 697,736,376	678,697,871	189,131,086	221,016,327	81,787,496	1,396,943,217	347,413,232	681,569,558	229,596,001	476,179,248	
Distributions to unitholders	12, 13 -	(1,592,195)	-	(18,583,872)	-	(2,903,070)	-	-	-	-	
<b>Increase in net assets attributable to unitholders</b>											
	697,736,376	677,105,676	189,131,086	202,432,455	81,787,496	1,394,040,147	347,413,232	681,569,558	229,596,001	476,179,248	

# STATEMENT OF NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

31 December 2020

		2020										
Notes	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$	
<b>Assets</b>												
Investments measured at fair value through profit or loss	4	271,078,160	6,545,516,260	5,199,838,609	2,605,690,756	6,768,385,111	2,280,967,502	13,590,042,446	5,711,633,513	3,016,013,203	2,788,958,747	4,270,981,306
Derivative financial instruments		-	-	-	24,500	-	-	-	-	-	-	-
Interest and dividend receivables	7	2,199,132	3,139,024	1,778,275	753,497	54,521,050	33,695,580	2,996,925	44,402,320	2,172,341	20,239,691	2,206,063
Amounts receivable from brokers		-	35,493,018	29,158,183	13,658,062	-	-	80,953,902	-	743,525	-	-
Amounts receivable on subscriptions		486,964	1,377,248	9,964,647	30,000,040	22,981,753	2,697,648	4,109,807	745,625	903,845	289,335	2,668,867
Cash at banks	8	16,207,902	103,917,556	108,050,778	53,181,623	164,885,836	1,244,116,571	175,280,097	242,516,036	73,894,691	98,453,678	85,571,806
Formation costs	5	158,162	-	-	-	-	-	-	-	-	-	-
		290,130,320	6,689,443,106	5,348,790,492	2,703,308,478	7,010,773,750	3,561,477,301	13,853,383,177	5,999,297,494	3,093,727,605	2,907,941,451	4,361,428,042
<b>Liabilities</b>												
Derivative financial instruments		21,517	-	-	10,426,204	-	-	-	2,060,997	-	-	-
Amounts payable to brokers		-	37,249,077	17,422,840	35,206,414	-	-	32,281,767	-	558,297	-	-
Amounts payable on redemptions		220,239	1,440,583	7,173,581	32,681	11,928,723	3,893,474	4,924,026	2,208,621	453,352	894,034	2,467,434
Distribution payables		-	-	7,274	-	5,125,148	-	79,065	-	-	-	-
Accrual and other payables		182,112	610,964	2,185,237	87,579	3,053,437	234,182	2,659,518	722,424	771,237	35,312	615,352
		423,868	39,300,624	26,788,932	45,752,878	20,107,308	4,127,656	39,944,376	4,992,042	1,782,886	929,346	3,082,786
<b>Net assets attributable to unitholders</b>		289,706,452	6,650,142,482	5,322,001,560	2,657,555,600	6,990,666,442	3,557,349,645	13,813,438,801	5,994,305,452	3,091,944,719	2,907,012,105	4,358,345,256

# STATEMENT OF NET ASSETS ATTRIBUTABLE TO UNITHOLDERS *(continued)*

31 December 2020

		2019									
Notes	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$	
<b>Assets</b>											
	Investments measured at fair value										
	through profit or loss										
4	5,152,750,932	4,197,800,230	957,322,660	6,295,480,933	2,157,802,370	10,822,381,084	4,949,967,863	3,583,402,887	2,508,537,235	2,524,867,458	
	Derivative financial instruments										
7	2,831,110	-	569,577	56,993,612	41,618,706	-	541,129	-	-	-	
	Interest and dividend receivables										
	139,248,757	22,979,679	-	-	-	96,363,126	-	5,052,482	-	-	
	Amounts receivable from brokers										
	1,247,311	2,068,997	3,403	10,136,326	4,058,835	6,107,731	1,820,098	1,572,107	639,713	3,682,626	
	Amounts receivable on subscriptions										
8	113,895,604	62,542,941	32,317,410	38,349,251	1,268,520,560	408,538,303	281,487,940	70,552,669	100,155,039	93,869,310	
	5,409,973,714	4,285,391,847	990,213,050	6,400,960,122	3,472,000,471	11,333,390,244	5,273,984,424	3,663,927,166	2,630,443,471	2,624,010,376	
<b>Liabilities</b>											
	Derivative financial instruments										
	-	-	-	-	-	-	2,369,235	-	-	-	
	Amounts payable to brokers										
	171,935,955	16,760,677	8,837,493	-	-	180,599,660	-	78,636	-	3,288,441	
	Amounts payable on redemptions										
	2,082,825	4,737,798	26,848	5,949,483	10,005,529	9,834,664	1,789,040	887,338	547,060	421,466	
	Distribution payables										
	-	61,405	-	4,857,997	-	284,396	-	-	-	-	
	Accrual and other payables										
	589,221	1,951,876	72,821	2,552,131	202,724	2,421,290	654,380	659,145	35,241	54,001	
	174,608,001	23,511,756	8,937,162	13,359,611	10,208,253	193,140,010	4,812,655	1,625,119	582,301	3,763,908	
<b>Net assets attributable to unitholders</b>											
	5,235,365,713	4,261,880,091	981,275,888	6,387,600,511	3,461,792,218	11,140,250,234	5,269,171,769	3,662,302,047	2,629,861,170	2,620,246,468	

# STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Year ended 31 December 2020

		2020									
Notes	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$
<b>Balance brought forward</b>	-	5,235,365,713	4,261,880,091	981,275,888	6,387,600,511	3,461,792,218	11,140,250,234	5,269,171,769	3,662,302,047	2,629,861,170	2,620,246,468
Amounts received and receivable on issue of units	299,528,325	1,122,072,261	1,898,016,251	1,481,127,350	2,106,211,996	2,109,774,365	3,928,609,360	1,356,621,686	697,520,789	577,382,602	2,522,477,600
Amounts paid and payable on redemptions of units	(13,018,800)	(1,046,560,526)	(1,847,072,220)	(109,586,559)	(1,918,634,176)	(2,095,696,423)	(3,504,628,475)	(1,044,068,061)	(1,791,404,551)	(495,563,733)	(1,299,186,338)
Increase in net assets attributable to unitholders	12 3,196,927	1,339,265,034	1,009,177,438	304,738,921	415,488,111	81,479,485	2,249,207,682	412,580,058	523,526,434	195,332,066	514,807,526
<b>Net assets carried forward</b>	289,706,452	6,650,142,482	5,322,001,560	2,657,555,600	6,990,666,442	3,557,349,645	13,813,438,801	5,994,305,452	3,091,944,719	2,907,012,105	4,358,345,256
<b>Units in issue</b>											
<b>At the beginning of the year</b>											
- Pension class	10 -	93,119,876.0051	150,340,891.7258	55,897,635.1800	299,345,173.2330	237,118,657.4542	218,659,593.1751	254,251,583.4139	90,092,652.8786	139,837,484.4354	64,880,494.3149
- Retail class	10 -	547,817.6701	33,452,745.9285	-	174,531,861.5300	19,712,379.7354	23,232,199.1533	278,684.0958	12,565,803.1966	-	526,813.6674
- Investment class	10 -	595,211.0522	35,262,772.9124	455,189.0583	-	-	12,995,904.0672	39,328,395.8633	-	-	-
- I6 class	10 -	-	-	-	-	-	-	-	-	-	-
- R6 class	10 -	-	6,202,516.6915	-	78,481,367.2245	-	8,243,373.1203	-	-	-	-
- R2 class	10 -	-	-	-	-	-	228,094.0397	-	-	-	-
<b>Units issued</b>											
- Pension class	10 29,986,238.9007	19,912,702.5754	75,795,353.4582	79,292,613.2844	83,645,211.1205	144,500,312.0010	84,272,281.3946	62,949,603.2303	18,257,198.8730	29,965,172.6651	55,422,395.5628
- Retail class	10 -	12,265.3272	8,825,356.0949	-	53,442,641.6274	9,649,923.6564	4,580,038.6704	46,472.3669	2,134,795.1801	-	16,254,131.1426
- Investment class	10 -	107,390.3404	4,942,506.3401	601,136.2076	-	-	1,913,886.1353	10,020,904.0882	-	-	-
- I6 class	10 -	-	-	-	-	-	-	-	-	-	-
- R6 class	10 -	-	5,811,544.4000	-	39,624,817.0532	-	2,569,827.1141	-	-	-	-
- R2 class	10 -	-	-	-	-	-	538,578.0222	-	-	-	-
<b>Units redeemed</b>											
- Pension class	10 (1,295,969.1082)	(18,963,902.8772)	(66,649,806.3979)	(5,993,134.5291)	(93,062,983.2140)	(144,624,856.1672)	(68,739,026.3954)	(46,563,415.8663)	(46,510,780.4757)	(25,994,775.3414)	(33,596,331.5270)
- Retail class	10 -	(22,027.0656)	(13,999,109.7745)	-	(35,652,255.3779)	(8,466,751.7570)	(7,785,557.8164)	(158,366.2515)	(2,534,611.5753)	-	(72,141.4195)
- Investment class	10 -	(38,191.9761)	(5,800,739.8209)	(10,105.0554)	-	-	(1,647,523.9768)	(11,072,370.2680)	-	-	-
- I6 class	10 -	-	-	-	-	-	-	-	-	-	-
- R6 class	10 -	-	(8,550,119.4565)	-	(31,678,724.2037)	-	(4,538,179.3750)	-	-	-	-
- R2 class	10 -	-	-	-	-	-	(240,647.4877)	-	-	-	-
<b>At the end of the year</b>											
- Pension class	10 28,690,269.7925	94,068,675.7033	159,486,438.7861	129,197,113.9353	289,927,401.1395	236,994,113.2880	234,192,848.1743	270,637,770.7779	61,839,071.2759	143,807,881.7591	86,706,558.3507
- Retail class	10 -	538,055.9317	28,278,992.2489	-	192,322,247.7795	20,895,551.6348	20,026,680.0073	166,790.2112	12,165,986.8014	-	16,708,803.3905
- Investment class	10 -	664,409.4165	34,404,539.4316	1,046,220.2105	-	-	13,262,266.2257	38,276,929.6835	-	-	-
- I6 class	10 -	-	-	-	-	-	-	-	-	-	-
- R6 class	10 -	-	3,463,941.6350	-	86,427,460.0740	-	6,275,020.8594	-	-	-	-
- R2 class	10 -	-	-	-	-	-	526,024.5742	-	-	-	-

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

Year ended 31 December 2020

	Notes	2019									
		Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$
<b>Balance brought forward</b>		4,509,460,430	3,941,799,782	728,615,606	5,743,201,605	3,343,151,196	11,218,100,152	4,533,677,764	3,259,503,566	2,421,560,436	1,679,050,468
Amounts received and receivable on issue of units		875,005,905	1,165,839,729	86,047,878	1,717,374,707	1,413,411,282	3,121,808,531	933,570,834	525,648,988	227,126,611	1,028,565,436
Amounts paid and payable on redemptions of units		(846,836,998)	(1,522,865,096)	(22,518,682)	(1,275,408,256)	(1,376,557,756)	(4,593,698,596)	(545,490,061)	(804,420,065)	(248,421,878)	(563,548,684)
Increase in net assets attributable to unitholders	12	697,736,376	677,105,676	189,131,086	202,432,455	81,787,496	1,394,040,147	347,413,232	681,569,558	229,596,001	476,179,248
<b>Net assets carried forward</b>		5,235,365,713	4,261,880,091	981,275,888	6,387,600,511	3,461,792,218	11,140,250,234	5,269,171,769	3,662,302,047	2,629,861,170	2,620,246,468
<b>Units in issue</b>											
<b>At the beginning of the year</b>											
- Pension class	10	92,598,750.4415	163,611,640.4680	52,170,874.1839	268,657,785.1407	233,768,484.8405	252,311,544.4052	232,465,565.9312	97,990,433.2594	140,988,866.7733	52,610,384.0223
- Retail class	10	610,025.3885	38,319,999.9383	-	173,280,636.2832	20,264,725.9880	25,306,941.6499	250,336.0223	12,339,072.2195	-	474,233.6450
- Investment class	10	544,943.7755	36,268,374.6566	398,418.5568	-	-	12,962,063.6887	39,510,836.6168	-	-	-
- I6 class	10	-	-	-	-	-	-	-	-	-	-
- R6 class	10	-	6,062,255.1416	-	72,386,346.7797	-	10,306,466.9721	-	-	-	-
- R2 class	10	-	-	-	-	-	219,071.9659	-	-	-	-
<b>Units issued</b>											
- Pension class	10	16,557,644.7530	53,047,449.7723	4,870,316.1640	94,981,704.6459	101,974,606.7178	67,587,286.0841	46,732,554.7412	13,953,236.9049	12,435,256.7981	27,262,354.4632
- Retail class	10	24,910.0898	5,018,995.5823	-	29,197,054.3538	3,619,353.3994	3,076,416.3442	49,280.1832	1,771,960.8593	-	611,141.1516
- Investment class	10	77,848.7573	3,615,349.7133	319,725.2511	-	-	1,469,001.1382	6,122,926.2706	-	-	-
- I6 class	10	-	-	-	-	-	-	-	-	-	-
- R6 class	10	-	3,048,448.3919	-	24,857,435.9426	-	4,843,083.3908	-	-	-	-
- R2 class	10	-	-	-	-	-	104,366.6580	-	-	-	-
<b>Units redeemed</b>											
- Pension class	10	(16,036,519.1894)	(66,318,198.5145)	(1,143,555.1679)	(64,294,316.5536)	(98,624,434.1041)	(101,239,237.3142)	(24,946,537.2585)	(21,851,017.2857)	(13,586,639.1360)	(14,992,244.1706)
- Retail class	10	(87,117.8082)	(9,886,249.5921)	-	(27,945,829.1070)	(4,171,699.6520)	(5,151,158.8408)	(20,932.1097)	(1,545,229.8822)	-	(558,561.1292)
- Investment class	10	(27,581.4806)	(4,620,951.4575)	(262,954.7496)	-	-	(1,435,160.7597)	(6,305,367.0241)	-	-	-
- I6 class	10	-	-	-	-	-	-	-	-	-	-
- R6 class	10	-	(2,908,186.8420)	-	(18,762,415.4978)	-	(6,906,177.2426)	-	-	-	-
- R2 class	10	-	-	-	-	-	(95,344.5842)	-	-	-	-
<b>At the end of the year</b>											
- Pension class	10	93,119,876.0051	150,340,891.7258	55,897,635.1800	299,345,173.2330	237,118,657.4542	218,659,593.1751	254,251,583.4139	90,092,652.8786	139,837,484.4354	64,880,494.3149
- Retail class	10	547,817.6701	33,452,745.9285	-	174,531,861.5300	19,712,379.7354	23,232,199.1533	278,684.0958	12,565,803.1966	-	526,813.6674
- Investment class	10	595,211.0522	35,262,772.9124	455,189.0583	-	-	12,995,904.0672	39,328,395.8633	-	-	-
- I6 class	10	-	-	-	-	-	-	-	-	-	-
- R6 class	10	-	6,202,516.6915	-	78,481,367.2245	-	8,243,373.1203	-	-	-	-
- R2 class	10	-	-	-	-	-	228,094.0397	-	-	-	-



# STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	2020										
	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$
<b>Cash flows from operating activities</b>											
Dividend received, net of withholding tax	-	103,554,557	108,515,302	18,131,723	-	-	284,763,532	-	41,441,850	-	37,032,287
Interest received, net of withholding tax	2,235,457	39,245	647	41,994	158,602,458	75,290,336	-	121,700,939	74,027	80,922,714	19,082
Other income received	-	-	-	285,012	-	-	-	-	252,248	-	76,708
Operating expenses paid	(21,314)	(19,437,430)	(41,092,996)	(4,975,946)	(21,961,328)	(1,551,213)	(74,091,680)	(6,493,193)	(12,284,761)	(435,785)	(2,391,218)
Capital gain tax paid	-	(2,348,952)	-	-	-	-	-	-	(4,114)	-	-
Exchange gain/(loss)	(110,219)	(8,217,280)	(454,623)	(13,134,570)	(1,624,454)	-	(1,992,397)	1,854,874	(2,112,694)	(375,283)	(363,415)
Net deposits with maturity over 3 months placed at banks	-	-	-	-	-	15,326,679	-	-	-	-	-
<b>Net cash flows from operating activities</b>	2,103,924	73,590,140	66,968,330	348,213	135,016,676	89,065,802	208,679,455	117,062,620	27,366,556	80,111,646	34,373,444
<b>Cash flows from investing activities</b>											
Purchase of investment securities	(361,204,341)	(5,571,134,384)	(5,832,978,373)	(1,900,206,262)	(3,006,667,382)	(1,737,015,797)	(14,536,195,077)	(1,424,409,219)	(2,953,553,128)	(1,474,560,704)	(4,395,314,514)
Proceeds from sale of investment securities	89,065,519	5,412,826,640	5,767,848,153	579,172,275	2,836,630,110	1,629,545,611	13,675,349,740	954,327,016	4,023,178,080	1,310,231,476	3,126,292,577
<b>Net cash flows from/(used in) investing activities</b>	(272,138,822)	(158,307,744)	(65,130,220)	(1,321,033,987)	(170,037,272)	(107,470,186)	(860,845,337)	(470,082,203)	1,069,624,952	(164,329,228)	(1,269,021,937)
<b>Cash flows from financing activities</b>											
Subscriptions received	299,041,361	1,121,942,324	1,890,120,601	1,451,130,713	2,093,366,569	2,111,135,552	3,930,607,284	1,357,696,159	698,189,051	577,732,980	2,523,491,359
Redemptions paid	(12,798,561)	(1,047,202,768)	(1,844,636,437)	(109,580,726)	(1,912,654,936)	(2,101,808,478)	(3,509,539,113)	(1,043,648,480)	(1,791,838,537)	(495,216,759)	(1,297,140,370)
Distribution paid	-	-	(1,814,437)	-	(19,154,452)	-	(2,160,495)	-	-	-	-
<b>Net cash flows from/(used in) financing activities</b>	286,242,800	74,739,556	43,669,727	1,341,549,987	161,557,181	9,327,074	418,907,676	314,047,679	(1,093,649,486)	82,516,221	1,226,350,989
<b>Net increase/(decrease) in cash and cash equivalents</b>	16,207,902	(9,978,048)	45,507,837	20,864,213	126,536,585	(9,077,310)	(233,258,206)	(38,971,904)	3,342,022	(1,701,361)	(8,297,504)
<b>Cash and cash equivalents at beginning of year</b>	-	113,895,604	62,542,941	32,317,410	38,349,251	35,191,158	408,538,303	281,487,940	70,552,669	100,155,039	93,869,310
<b>Cash and cash equivalents at end of year</b>	16,207,902	103,917,556	108,050,778	53,181,623	164,885,836	26,113,848	175,280,097	242,516,036	73,894,691	98,453,678	85,571,806
<b>Analysis of balances of cash and cash equivalents:</b>											
Cash at banks	16,207,902	103,917,556	108,050,778	53,181,623	164,885,836	1,244,116,571	175,280,097	242,516,036	73,894,691	98,453,678	85,571,806
Less: Bank deposits with maturity over 3 months	-	-	-	-	-	(1,218,002,723)	-	-	-	-	-
	16,207,902	103,917,556	108,050,778	53,181,623	164,885,836	26,113,848	175,280,097	242,516,036	73,894,691	98,453,678	85,571,806

# STATEMENT OF CASH FLOWS *(continued)*

Year ended 31 December 2020

	2019									
	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$
<b>Cash flows from operating activities</b>										
Dividend received, net of withholding tax	122,451,341	122,896,180	21,856,099	-	-	355,390,542	-	64,964,364	-	25,330,468
Interest received, net of withholding tax	159,918	625	22,565	152,168,477	64,592,953	-	119,648,398	84,446	81,686,764	28,301
Other income received	-	-	440,876	-	-	-	-	426,388	-	218,044
Operating expenses paid	(36,966,366)	(38,346,246)	(1,309,437)	(18,465,307)	(1,429,093)	(76,152,500)	(5,857,744)	(12,199,503)	(315,124)	(1,356,085)
Capital gain tax paid	(2,408,294)	-	-	-	-	-	-	(2,532)	-	-
Exchange gain/(loss)	(11,898,954)	(698,032)	251,451	(320,296)	-	(1,426,167)	7,136,877	(1,443,161)	(261,834)	(330,060)
Net deposits with maturity over 3 months placed at banks	-	-	-	-	(175,489,955)	-	-	-	-	-
<b>Net cash flows from/(used in) operating activities</b>	<b>71,337,645</b>	<b>83,852,527</b>	<b>21,261,554</b>	<b>133,382,874</b>	<b>(112,326,095)</b>	<b>277,811,875</b>	<b>120,927,531</b>	<b>51,830,002</b>	<b>81,109,806</b>	<b>23,890,668</b>
<b>Cash flows from investing activities</b>										
Purchase of investment securities	(9,564,669,464)	(5,054,707,930)	(389,835,726)	(2,421,382,274)	(1,927,261,710)	(13,009,030,354)	(1,997,642,200)	(3,722,292,560)	(1,287,907,392)	(1,675,235,226)
Proceeds from sale of investment securities	9,320,026,541	5,264,203,522	323,148,169	1,821,816,292	1,984,878,136	14,273,946,151	1,509,083,504	3,912,992,694	1,207,294,205	1,216,038,211
<b>Net cash flows from/(used in) investing activities</b>	<b>(244,642,923)</b>	<b>209,495,592</b>	<b>(66,687,557)</b>	<b>(599,565,982)</b>	<b>57,616,426</b>	<b>1,264,915,797</b>	<b>(488,558,696)</b>	<b>190,700,134</b>	<b>(80,613,187)</b>	<b>(459,197,015)</b>
<b>Cash flows from financing activities</b>										
Subscriptions received	877,450,285	1,168,928,702	86,125,251	1,722,419,609	1,415,475,882	3,140,466,076	934,097,597	526,729,939	228,186,862	1,037,539,176
Redemptions paid	(847,245,471)	(1,521,308,475)	(22,523,207)	(1,274,211,731)	(1,370,966,978)	(4,601,232,010)	(544,231,675)	(804,935,525)	(248,490,984)	(565,392,082)
Distribution paid	-	(1,555,039)	-	(18,575,760)	-	(2,942,297)	-	-	-	-
<b>Net cash flows from/(used in) financing activities</b>	<b>30,204,814</b>	<b>(353,934,812)</b>	<b>63,602,044</b>	<b>429,632,118</b>	<b>44,508,904</b>	<b>(1,463,708,231)</b>	<b>389,865,922</b>	<b>(278,205,586)</b>	<b>(20,304,122)</b>	<b>472,147,094</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(143,100,464)</b>	<b>(60,586,693)</b>	<b>18,176,041</b>	<b>(36,550,990)</b>	<b>(10,200,765)</b>	<b>79,019,441</b>	<b>22,234,757</b>	<b>(35,675,450)</b>	<b>(19,807,503)</b>	<b>36,840,747</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>256,996,068</b>	<b>123,129,634</b>	<b>14,141,369</b>	<b>74,900,241</b>	<b>45,391,923</b>	<b>329,518,862</b>	<b>259,253,183</b>	<b>106,228,119</b>	<b>119,962,542</b>	<b>57,028,563</b>
<b>Cash and cash equivalents at end of year</b>	<b>113,895,604</b>	<b>62,542,941</b>	<b>32,317,410</b>	<b>38,349,251</b>	<b>35,191,158</b>	<b>408,538,303</b>	<b>281,487,940</b>	<b>70,552,669</b>	<b>100,155,039</b>	<b>93,869,310</b>
<b>Analysis of balances of cash and cash equivalents:</b>										
Cash at banks	113,895,604	62,542,941	32,317,410	38,349,251	1,268,520,560	408,538,303	281,487,940	70,552,669	100,155,039	93,869,310
Less: Bank deposits with maturity over 3 months	-	-	-	-	(1,233,329,402)	-	-	-	-	-
	<b>113,895,604</b>	<b>62,542,941</b>	<b>32,317,410</b>	<b>38,349,251</b>	<b>35,191,158</b>	<b>408,538,303</b>	<b>281,487,940</b>	<b>70,552,669</b>	<b>100,155,039</b>	<b>93,869,310</b>

# NOTES TO FINANCIAL STATEMENTS

31 December 2020

## 1. PRINCIPAL LIFE STYLE FUND

Principal Life Style Fund (the “Fund”) is an umbrella unit trust established under the laws of Hong Kong pursuant to a Trust Deed dated 7 May 2003, as subsequently amended (the “Trust Deed”) with Principal Trust Company (Asia) Limited as trustee (the “Trustee”). There are eleven Sub-funds (each a separate sub-fund of the Fund and referred to individually the “Sub-fund” or collectively as the “Sub-funds”) established under the Fund during the year with the first dealing date as stated below:

	First dealing date					
	Retail class	Pension class	Investment class	I6 class	R6 class	R2 class
Principal Asian Bond Fund	-	17 August 2020	-	-	-	-
Principal Asian Equity Fund	3 July 2003	3 July 2003	20 January 2006	31 December 2015	-	-
Principal China Equity Fund	29 June 2007	29 June 2007	11 June 2008	-	26 January 2015	-
Principal European Equity Fund	-	4 August 2008	4 August 2008	31 December 2015	-	-
Principal Hong Kong Bond Fund	14 October 2011	22 June 2011	-	-	26 January 2015	-
Principal Hong Kong Dollar Savings Fund	3 July 2003	3 July 2003	-	-	-	-
Principal Hong Kong Equity Fund	2 November 2005	2 November 2005	2 December 2005	27 May 2014	26 January 2015	10 February 2017
Principal International Bond Fund	3 July 2003	3 July 2003	18 January 2006	-	-	-
Principal International Equity Fund	3 July 2003	3 July 2003	-	31 December 2015	-	-
Principal Pension Bond Fund	-	5 December 2008	-	-	-	-
Principal U.S. Equity Fund	3 July 2003	3 July 2003	18 January 2006	-	-	-

The Sub-funds are authorised by the Securities and Futures Commission (“SFC”) under section 104 of the Hong Kong Securities and Futures Ordinance. All Sub-funds are approved pooled investment funds (“APIFs”) under section 6(1) of the Mandatory Provident Fund Schemes (General) Regulation (the “General Regulation”). They are governed by the Code on Unit Trusts and Mutual Funds (the “UT Code”) issued by SFC, Mandatory Provident Fund Schemes Ordinance (the “Ordinance”), the General Regulation, the Code on MPF Investment Funds (the “MPF Code”), and other relevant guidelines (the “MPF Guidelines”) issued by the Hong Kong Mandatory Provident Fund Schemes Authority (the “Authority”).

The Sub-funds can offer six different classes of units, namely, Investment, I6, Pension, Retail, R6 and R2 Class Units. Investment Class Units are available for issue to any collective investment scheme, registered schemes or approved pooled investment fund under the Ordinance, occupational retirement schemes or other institutional investor, to which the Pension Class Units are not made available. I6 Class Units are available to registered schemes or approved pooled investment funds under the Ordinance or occupational retirement schemes for which the Manager has offered a special management fee structure. Pension Class Units are available to registered schemes or approved pooled investment funds under the Ordinance or occupational retirement schemes, which are managed by Principal Asset Management Company (Asia) Limited (the “Manager”). Retail, R6 and R2 Class Units are available to retail investors and any other investors to which the Pension Class Units, I6 Class Units and Investment Class Units are not made available.

### 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong, the relevant provisions of the Trust Deed, the Ordinance, the General Regulation, the MPF Code, the MPF Guidelines, and the relevant disclosure requirements of the UT Code.

These financial statements have been prepared under the historical cost convention, except for investments held at fair values through profit or loss (“FVPL”). These financial statements are presented in Hong Kong dollars.

The preparation of financial statements in conformity with HKFRSs requires the Trustee and the Manager of the Sub-funds to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Sub-funds has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

# NOTES TO FINANCIAL STATEMENTS

31 December 2020

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

- (a) Conceptual Framework for Financial Reporting 2018 (the “Conceptual Framework”) sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Sub-funds.
- (b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Sub-funds has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Sub-funds.
- (c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Sub-funds as the Sub-funds does not have any interest rate hedging relationships.
- (d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Sub-funds.

## 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Sub-funds have not applied the following new and revised HKFRSs that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i> <sup>2</sup>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform - Phase 2</i> <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> <sup>3,4</sup>
Amendments to HKAS 37	<i>Onerous Contracts - Cost of Fulfilling a Contract</i> <sup>2</sup>
Annual Improvements to HKFRSs 2018-2020	<i>Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> No mandatory effective date yet determined but available for adoption

<sup>4</sup> As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

# NOTES TO FINANCIAL STATEMENTS

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## 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

Further information about those HKFRSs that are expected to be applicable to the Sub-funds are described below.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

The Sub-funds did not have interest-bearing bank or other borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate and the London Interbank Offered Rate ("LIBOR") as at 31 December 2020.

Amendments to HKAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Sub-funds' financial statements.

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Sub-funds' financial statements.

Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Sub-funds are as follows:

- HKFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Sub-funds' financial statements.

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **Fair value measurement**

The Sub-funds measure their debt and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Sub-funds. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

# NOTES TO FINANCIAL STATEMENTS

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## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### **Fair value measurement** *(continued)*

The Sub-funds use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Sub-funds determine whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### **Investments and other financial assets**

#### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Sub-funds' business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Sub-funds have applied the practical expedient of not adjusting the effect of a significant financing component, the Sub-funds initially measure a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cashflows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Sub-funds' business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Sub-funds commit to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

#### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

#### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if (a) they are acquired for the purpose of selling or repurchasing in the near term, (b) on initial recognition, it is part of a portfolio of identified financial instruments that are managed together for which, there is evidence of a recent actual pattern of short-term profit-taking, or (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designed and effective hedging instruments). Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative financial instruments and investments which the Sub-funds had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value profit or loss are also recognised as gross dividend income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Sub-funds and the amount of the dividend can be measured reliably.

# NOTES TO FINANCIAL STATEMENTS

31 December 2020

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### **Investments and other financial assets** *(continued)*

#### *Financial assets at amortised cost (debt instruments)*

The Sub-funds measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

### **Impairment of financial assets**

The Sub-funds recognise an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Sub-funds expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### *General approach*

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Sub-funds assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Sub-funds compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Sub-funds consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Sub-funds may also consider a financial asset to be in default when internal or external information indicates that the Sub-funds are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Sub-funds. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for investment contract receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

#### *Simplified approach*

The Sub-funds hold the trade receivables with no significant financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply the simplified approach for expected credit losses (ECL) under HKFRS 9 to all its trade receivables. Therefore the Sub-funds do not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

The Sub-funds’ approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about the past events, current conditions and forecasts of future economic conditions.

The Sub-funds use provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

# NOTES TO FINANCIAL STATEMENTS

31 December 2020

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### **Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Sub-funds' statement of net assets available for benefits) when:

- the rights to receive cash flows from the asset have expired; or
- the Sub-fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Sub-fund has transferred substantially all the risks and rewards of the asset, or (b) the Sub-fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Sub-fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Sub-fund continues to recognise the transferred asset to the extent of the Sub-fund's continuing involvement in the asset. In that case, the Sub-fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Sub-fund has retained.

### **Financial liabilities**

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Sub-funds' financial liabilities include derivative financial instruments, amounts payable to brokers, amounts payable on redemptions, and accrual and other payables.

#### *Subsequent measurement*

##### *Financial liabilities at amortised cost (Loans and borrowings)*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

### **Derivative financial instruments**

The Sub-funds use derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### **Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Sub-funds' cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.



# NOTES TO FINANCIAL STATEMENTS

31 December 2020

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### **Revenue recognition**

Revenue is recognised when it is probable that the economic benefits will flow to the Sub-funds and when the revenue can be measured reliably, on the following bases:

(a) Interest income is recognised on an accrual basis using the effective interest rate method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset. Interest income on bank deposits is disclosed separately on the face of the statement of comprehensive income. Interest income on debt securities is included in gains on investments.

(b) Dividend income is recognised when the Sub-funds' right to receive payment has been established. Dividend income relating to exchange-traded equity investments is recognised in profit or loss on the ex-dividend date.

In some cases, the Sub-funds may receive or choose to receive dividends in the form of additional shares rather than cash. In such cases the Sub-funds recognise the dividend income for the amount of the cash dividend alternative with the corresponding debit treated as an additional investment. Income distributions from private equity investments and other investment funds are recognised in profit or loss as dividend income when declared.

(c) Realised and unrealised gains and losses on investments at fair value through profit or loss are dealt with in profit or loss in the year in which they arise.

### **Expenses**

All expenses, including investment management and custodian fees, are recognised in profit or loss on an accrual basis.

### **Foreign currencies**

Transactions in foreign currencies are translated into the functional currency of the Sub-funds using the exchange rates prevailing at the dates of the transactions. Exchange differences arising from the settlement of such transactions and from the retranslation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

### **Related parties**

A party is considered to be related to the Sub-funds if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Sub-funds;
- (ii) has significant influence over the Sub-funds;
- (iii) is a member of the key management personnel of the Sub-funds or of a parent of the Sub-funds;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Sub-funds are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Sub-funds are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Sub-funds or an entity related to the Sub-funds;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a Sub-funds of which it is a part, provides key management personnel services to the Sub-funds or to the parent of the Sub-funds.

### **Taxation**

Taxation comprises current tax. Taxation relating to items recognised outside profit or loss is recognised outside profit or loss; therefore, taxation relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Sub-funds hold the investments.

# NOTES TO FINANCIAL STATEMENTS

31 December 2020

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Units in issue

The Sub-funds classify financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

A puttable financial instrument that includes a contractual obligation for the Sub-funds to repurchase or redeem that instrument for cash or another financial asset is classified as an equity instrument if it meets all of the following conditions:

- it entitles the holder to a pro rata share of the Sub-funds' net assets in the event of its liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- apart from the contractual obligation for the Sub-funds to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-funds over the life of the instrument.

The redeemable units do not provide the unitholders with the right to require redemption for cash at a value proportionate to the unitholders' share in the Sub-funds' net assets at each daily redemption date and also in the event of the Sub-funds' liquidation. Therefore, they do not meet the criteria for equity classification and therefore are classified as financial liabilities. They are measured at the present value of the redemption amounts.

## 3. GAINS AND LOSSES ON INVESTMENTS

	2020										
	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$
Realised gains	3,137,134	581,618,362	670,155,839	80,318,717	248,212,456	55,646,958	1,584,048,278	196,637,700	516,818,155	128,749,892	331,800,927
Unrealised gains	2,366,970	1,351,749,110	1,188,005,096	353,161,407	257,155,101	14,144,502	2,806,209,890	316,751,099	655,547,599	116,865,366	628,612,538
Total gains on investments	5,504,104	1,933,367,472	1,858,160,935	433,480,124	505,367,557	69,791,460	4,390,258,168	513,388,799	1,172,365,754	245,615,258	960,413,465
Realised losses	(754,015)	(445,192,638)	(482,129,161)	(67,282,404)	(25,084,953)	(6,193,709)	(1,485,812,807)	(55,012,229)	(432,580,035)	(21,570,834)	(227,942,295)
Unrealised losses	(1,398,208)	(222,786,111)	(433,607,274)	(61,976,174)	(21,286,612)	(6,358,161)	(864,720,667)	(41,016,188)	(242,339,069)	(27,993,075)	(252,090,818)
Total losses on investments	(2,152,223)	(667,978,749)	(915,736,435)	(129,258,578)	(46,371,565)	(12,551,870)	(2,350,533,474)	(96,028,417)	(674,919,104)	(49,563,909)	(480,033,113)

  

	2019										
	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$	
Realised gains	528,417,524	497,612,936	28,772,549	171,561,320	61,195,696	999,356,925	165,939,074	326,920,841	106,547,290	168,498,124	
Unrealised gains	712,841,665	685,270,655	188,492,122	127,954,275	7,021,274	1,523,577,980	244,315,125	649,942,476	141,571,736	429,934,677	
Total gains on investments	1,241,259,189	1,182,883,591	217,264,671	299,515,595	68,216,970	2,522,934,905	410,254,199	976,863,317	248,119,026	598,432,801	
Realised losses	(485,121,996)	(405,607,127)	(28,356,734)	(40,804,053)	(6,761,281)	(1,042,824,353)	(35,357,824)	(206,289,010)	(14,541,013)	(71,216,000)	
Unrealised losses	(132,138,503)	(181,233,738)	(21,209,061)	(17,129,538)	(8,517,435)	(357,173,742)	(28,250,636)	(141,558,444)	(3,500,783)	(75,247,000)	
Total losses on investments	(617,260,499)	(586,840,865)	(49,565,795)	(57,933,591)	(15,278,716)	(1,399,998,095)	(63,608,460)	(347,847,454)	(18,041,796)	(146,463,000)	

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## 4. INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

2020											
	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$
<b>(a) Equities</b>											
Listed shares	-	6,545,516,260	5,199,838,609	2,605,690,756	-	-	13,590,042,446	-	3,016,013,203	-	4,270,981,306
<b>(b) Debt securities</b>											
Listed/quoted debt instruments	271,078,160	-	-	-	5,715,290,102	1,443,512,807	-	5,711,633,513	-	2,788,958,747	-
Certificates of deposit	-	-	-	-	1,053,095,009	837,454,695	-	-	-	-	-
	271,078,160	-	-	-	6,768,385,111	2,280,967,502	-	5,711,633,513	-	2,788,958,747	-
	271,078,160	6,545,516,260	5,199,838,609	2,605,690,756	6,768,385,111	2,280,967,502	13,590,042,446	5,711,633,513	3,016,013,203	2,788,958,747	4,270,981,306

2019										
	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$
<b>(a) Equities</b>										
Listed shares	5,152,750,932	4,197,800,230	957,322,660	-	-	10,822,381,084	-	3,583,402,887	-	2,524,867,458
<b>(b) Debt securities</b>										
Listed/quoted debt instruments	-	-	-	4,917,995,102	966,491,451	-	4,949,967,863	-	2,508,537,235	-
Certificates of deposit	-	-	-	1,377,485,831	1,191,310,919	-	-	-	-	-
	-	-	-	6,295,480,933	2,157,802,370	-	4,949,967,863	-	2,508,537,235	-
	5,152,750,932	4,197,800,230	957,322,660	6,295,480,933	2,157,802,370	10,822,381,084	4,949,967,863	3,583,402,887	2,508,537,235	2,524,867,458

## 5. FORMATION COSTS

The cost of establishing the Trust and the Sub-funds including the preparation of the prospectus, inception fees, the costs of seeking and obtaining the listing and authorization by the SFC and all initial legal and printing costs including, if considered appropriate by the Manager, any additional costs of determining the stock code, will be borne by the Sub-funds and amortised over the first five financial years of the respective Sub-funds or such other period as determined by the Manager. However, with respect to the preparation of the Sub-funds' financial statements in compliance with HKFRS, establishment costs are recognized as an expense in the period in which they are incurred.

Formation cost for establishing the Sub-funds will be fully amortised over five financial years and as of 31 December 2020, the remaining amortization period and amount of Principal Asian Bond Fund, which was launched on 17 August 2020, are four years and HK\$158,162 respectively.

## 6. INVESTMENT TRANSACTION COSTS

The costs represent commission fee and handling fee to broker, transaction fees and charges paid to bank.

## 7. INTEREST AND DIVIDEND RECEIVABLES

2020											
	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$
Interest receivables	2,199,132	-	-	-	54,521,050	33,695,580	-	44,402,320	-	20,239,691	-
Dividend receivables	-	3,139,024	1,778,275	753,497	-	-	2,996,925	-	2,172,341	-	2,206,063
	2,199,132	3,139,024	1,778,275	753,497	54,521,050	33,695,580	2,996,925	44,402,320	2,172,341	20,239,691	2,206,063

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## 7. INTEREST AND DIVIDEND RECEIVABLES (continued)

	2019									
	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$
Interest receivables	-	-	-	56,993,612	41,618,706	-	40,167,394	-	21,111,484	-
Dividend receivables	2,831,110	-	569,577	-	-	-	-	3,347,021	-	1,590,982
	2,831,110	-	569,577	56,993,612	41,618,706	-	40,167,394	3,347,021	21,111,484	1,590,982

## 8. CASH AT BANKS

	2020										
	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$
Deposits with banks	-	-	-	-	-	1,218,002,723	-	-	-	-	-
Cash at banks	16,207,902	103,917,556	108,050,778	53,181,623	164,885,836	26,113,848	175,280,097	242,516,036	73,894,691	98,453,678	85,571,806
	16,207,902	103,917,556	108,050,778	53,181,623	164,885,836	1,244,116,571	175,280,097	242,516,036	73,894,691	98,453,678	85,571,806

	2019									
	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$
Deposits with banks	-	-	-	-	-	1,233,329,402	-	-	-	-
Cash at banks	113,895,604	62,542,941	32,317,410	38,349,251	35,191,158	408,538,303	281,487,940	70,552,669	100,155,039	93,869,310
	113,895,604	62,542,941	32,317,410	38,349,251	1,268,520,560	408,538,303	281,487,940	70,552,669	100,155,039	93,869,310

## 9. TAXATION

Taxation in the statement of profit or loss and other comprehensive income represents:

	2020										
	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$
Overseas capital gain tax	-	2,348,952	-	-	-	-	-	13,310	-	-	
Overseas withholding tax	-	18,911,897	7,580,299	3,096,752	-	-	14,386,025	130,735	9,770,031	2,390	17,428,473
	-	21,260,849	7,580,299	3,096,752	-	-	14,386,025	130,735	9,783,341	2,390	17,428,473

	2019									
	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$
Overseas capital gain tax	2,408,294	-	-	-	-	-	-	2,532	-	-
Overseas withholding tax	20,281,029	7,874,678	3,098,157	-	-	10,235,053	161,708	14,534,750	-	10,312,357
	22,689,323	7,874,678	3,098,157	-	-	10,235,053	161,708	14,537,282	-	10,312,357

No provision for Hong Kong profits tax has been made as interest, distribution income and realised gains on disposals of investments of the Sub-funds are excluded from the charge to profits tax under either sections 14, 26 or 26A of the Hong Kong Inland Revenue Ordinance. A reconciliation of the tax expense/credit applicable to income/loss for the year using the statutory rate to tax expense/credit at the effective tax rate has not been presented as the income/loss of the Sub-funds is excluded from the charge to profits tax.

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## 10. UNITS IN ISSUE

	2020										
	Principal Asian Bond Fund	Principal Asian Equity Fund	Principal China Equity Fund	Principal European Equity Fund	Principal Hong Kong Bond Fund	Principal Hong Kong Dollar Savings Fund	Principal Hong Kong Equity Fund	Principal International Bond Fund	Principal International Equity Fund	Principal Pension Bond Fund	Principal U.S. Equity Fund
<b>Pension Class</b>											
Balance brought forward	-	93,119,876.0051	150,340,891.7258	55,897,635.1800	299,345,173.2330	237,118,657.4542	218,659,593.1751	254,251,583.4139	90,092,652.8786	139,837,484.4354	64,880,494.3149
Issued during the year	29,986,238.9007	19,912,702.5754	75,795,353.4582	79,292,613.2844	83,645,211.1205	144,500,312.0010	84,272,281.3946	62,949,603.2303	18,257,198.8730	29,965,172.6651	55,422,395.5628
Redeemed during the year	(1,295,969.1082)	(18,963,902.8772)	(66,649,806.3979)	(5,993,134.5291)	(93,062,983.2140)	(144,624,856.1672)	(68,739,026.3954)	(46,563,415.8663)	(46,510,780.4757)	(25,994,775.3414)	(33,596,331.5270)
Balance as at											
31 December 2020	28,690,269.7925	94,068,675.7033	159,486,438.7861	129,197,113.9353	289,927,401.1395	236,994,113.2880	234,192,848.1743	270,637,770.7779	61,839,071.2759	143,807,881.7591	86,706,558.3507
<b>Retail Class</b>											
Balance brought forward	-	547,817.6701	33,452,745.9285	-	174,531,861.5300	19,712,379.7354	23,232,199.1533	278,684.0958	12,565,803.1966	-	526,813.6674
Issued during the year	-	12,265.3272	8,825,356.0949	-	53,442,641.6274	9,649,923.6564	4,580,038.6704	46,472.3669	2,134,795.1801	-	16,254,131.1426
Redeemed during the year	-	(22,027.0656)	(13,999,109.7745)	-	(35,652,255.3779)	(8,466,751.7570)	(7,785,557.8164)	(158,366.2515)	(2,534,611.5753)	-	(72,141.4195)
Balance as at											
31 December 2020	-	538,055.9317	28,278,992.2489	-	192,322,247.7795	20,895,551.6348	20,026,680.0073	166,790.2112	12,165,986.8014	-	16,708,803.3905
<b>Investment Class</b>											
Balance brought forward	-	595,211.0522	35,262,772.9124	455,189.0583	-	-	12,995,904.0672	39,328,395.8633	-	-	-
Issued during the year	-	107,390.3404	4,942,506.3401	601,136.2076	-	-	1,913,886.1353	10,020,904.0882	-	-	-
Redeemed during the year	-	(38,191.9761)	(5,800,739.8209)	(10,105.0554)	-	-	(1,647,523.9768)	(11,072,370.2680)	-	-	-
Balance as at											
31 December 2020	-	664,409.4165	34,404,539.4316	1,046,220.2105	-	-	13,262,266.2257	38,276,929.6835	-	-	-
<b>I6 Class</b>											
Balance brought forward	-	-	-	-	-	-	-	-	-	-	-
Issued during the year	-	-	-	-	-	-	-	-	-	-	-
Redeemed during the year	-	-	-	-	-	-	-	-	-	-	-
Balance as at											
31 December 2020	-	-	-	-	-	-	-	-	-	-	-
<b>R6 Class</b>											
Balance brought forward	-	-	6,202,516.6915	-	78,481,367.2245	-	8,243,373.1203	-	-	-	-
Issued during the year	-	-	5,811,544.4000	-	39,624,817.0532	-	2,569,827.1141	-	-	-	-
Redeemed during the year	-	-	(8,550,119.4565)	-	(31,678,724.2037)	-	(4,538,179.3750)	-	-	-	-
Balance as at											
31 December 2020	-	-	3,463,941.6350	-	86,427,460.0740	-	6,275,020.8594	-	-	-	-
<b>R2 Class</b>											
Balance brought forward	-	-	-	-	-	-	228,094.0397	-	-	-	-
Issued during the year	-	-	-	-	-	-	538,578.0222	-	-	-	-
Redeemed during the year	-	-	-	-	-	-	(240,647.4877)	-	-	-	-
Balance as at											
31 December 2020	-	-	-	-	-	-	526,024.5742	-	-	-	-
<b>Net asset value per unit</b>											
- Pension class	10.0977	70.1849	25.2318	20.4270	13.1430	13.9167	52.5756	19.9654	43.4613	20.2145	45.4740
- Retail class	-	54.1099	19.9365	-	12.0667	12.4026	42.1951	13.5740	33.2350	-	24.8639
- Investment class	-	28.3278	20.0682	17.6126	-	-	43.0236	15.3786	-	-	-
- I6 class	-	10.0000	-	13.3118	-	-	13.3368	-	10.0000	-	-
- R6 class	-	-	12.5987	-	9.9437	-	12.3446	-	-	-	-
- R2 class	-	-	-	-	-	-	14.3392	-	-	-	-

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## 10. UNITS IN ISSUE (continued)

	2019									
	Principal Asian Equity Fund	Principal China Equity Fund	Principal European Equity Fund	Principal Hong Kong Bond Fund	Principal Hong Kong Dollar Savings Fund	Principal Hong Kong Equity Fund	Principal International Bond Fund	Principal International Equity Fund	Principal Pension Bond Fund	Principal U.S. Equity Fund
<b>Pension Class</b>										
Balance brought forward	92,598,750.4415	163,611,640.4680	52,170,874.1839	268,657,785.1407	233,768,484.8405	252,311,544.4052	232,465,565.9312	97,990,433.2594	140,988,866.7733	52,610,384.0223
Issued during the year	16,557,644.7530	53,047,449.7723	4,870,316.1640	94,981,704.6459	101,974,606.7178	67,587,286.0841	46,732,554.7412	13,953,236.9049	12,435,256.7981	27,262,354.4632
Redeemed during the year	(16,036,519.1894)	(66,318,198.5145)	(1,143,555.1679)	(64,294,316.5536)	(98,624,434.1041)	(101,239,237.3142)	(24,946,537.2585)	(21,851,017.2857)	(13,586,639.1360)	(14,992,244.1706)
Balance as at 31 December 2019	93,119,876.0051	150,340,891.7258	55,897,635.1800	299,345,173.2330	237,118,657.4542	218,659,593.1751	254,251,583.4139	90,092,652.8786	139,837,484.4354	64,880,494.3149
<b>Retail Class</b>										
Balance brought forward	610,025.3885	38,319,999.9383	-	173,280,636.2832	20,264,725.9880	25,306,941.6499	250,336.0223	12,339,072.2195	-	474,233.6450
Issued during the year	24,910.0898	5,018,995.5823	-	29,197,054.3538	3,619,353.3994	3,076,416.3442	49,280.1832	1,771,960.8593	-	611,141.1516
Redeemed during the year	(87,117.8082)	(9,886,249.5921)	-	(27,945,829.1070)	(4,171,699.6520)	(5,151,158.8408)	(20,932.1097)	(1,545,229.8822)	-	(558,561.1292)
Balance as at 31 December 2019	547,817.6701	33,452,745.9285	-	174,531,861.5300	19,712,379.7354	23,232,199.1533	278,684.0958	12,565,803.1966	-	526,813.6674
<b>Investment Class</b>										
Balance brought forward	544,943.7755	36,268,374.6566	398,418.5568	-	-	12,962,063.6887	39,510,836.6168	-	-	-
Issued during the year	77,848.7573	3,615,349.7133	319,725.2511	-	-	1,469,001.1382	6,122,926.2706	-	-	-
Redeemed during the year	(27,581.4806)	(4,620,951.4575)	(262,954.7496)	-	-	(1,435,160.7597)	(6,305,367.0241)	-	-	-
Balance as at 31 December 2019	595,211.0522	35,262,772.9124	455,189.0583	-	-	12,995,904.0672	39,328,395.8633	-	-	-
<b>I6 Class</b>										
Balance brought forward	-	-	-	-	-	-	-	-	-	-
Issued during the year	-	-	-	-	-	-	-	-	-	-
Redeemed during the year	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2019	-	-	-	-	-	-	-	-	-	-
<b>R6 Class</b>										
Balance brought forward	-	6,062,255.1416	-	72,386,346.7797	-	10,306,466.9721	-	-	-	-
Issued during the year	-	3,048,448.3919	-	24,857,435.9426	-	4,843,083.3908	-	-	-	-
Redeemed during the year	-	(2,908,186.8420)	-	(18,762,415.4978)	-	(6,906,177.2426)	-	-	-	-
Balance as at 31 December 2019	-	6,202,516.6915	-	78,481,367.2245	-	8,243,373.1203	-	-	-	-
<b>R2 Class</b>										
Balance brought forward	-	-	-	-	-	219,071.9659	-	-	-	-
Issued during the year	-	-	-	-	-	104,366.6580	-	-	-	-
Redeemed during the year	-	-	-	-	-	(95,344.5842)	-	-	-	-
Balance as at 31 December 2019	-	-	-	-	-	228,094.0397	-	-	-	-
<b>Net asset value per unit</b>										
- Pension class	55.8194	20.4079	17.4307	12.2375	13.5880	44.4887	18.4856	36.6826	18.8065	40.2047
- Retail class	43.6398	16.4007	-	11.3150	12.1656	36.2091	12.7183	28.4474	-	22.2928
- Investment class	22.7779	16.4268	15.2106	-	-	36.8450	14.3823	-	-	-
- I6 class	10.0000	-	13.3118	-	-	13.3368	-	10.0000	-	-
- R6 class	-	10.6131	-	9.5502	-	10.8571	-	-	-	-
- R2 class	-	-	-	-	-	12.3654	-	-	-	-

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## 11. NET ASSET VALUE FOR THE SUB-FUNDS

The Trustee and the Manager would like to highlight that the net asset value (“NAV”) presented in the financial statements and that quoted for pricing purposes at the year end (“Dealing NAV”) are the same since the adoption of HKFRS 13 in 2013. Difference noted in 2020 and 2019 was due to the principles for calculating the Dealing NAV as set out in the Explanatory Memorandum document being different from that required for financial reporting purposes under HKFRSs. The following reconciliation provides details of these differences for 2020 and 2019:

	2020										
	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$
NAV as reported in the financial statements as at 31 December 2020	289,706,452	6,650,142,482	5,322,001,560	2,657,555,600	6,990,666,442	3,557,349,645	13,813,438,801	5,994,305,452	3,091,944,719	2,907,012,105	4,358,345,256
Formation cost	-	-	-	(12,128)	-	-	32,620	-	-	-	-
Dealing NAV as at 31 December 2020	289,706,452	6,650,142,482	5,322,001,560	2,657,543,472	6,990,666,442	3,557,349,645	13,813,471,421	5,994,305,452	3,091,944,719	2,907,012,105	4,358,345,256

  

	2019										
	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$	
NAV as reported in the financial statements as at 31 December 2019	5,235,365,713	4,261,880,091	981,275,888	6,387,600,511	3,461,792,218	11,140,250,234	5,269,171,769	3,662,302,047	2,629,861,170	2,620,246,468	
Formation cost	-	-	(12,128)	-	-	32,620	-	-	-	-	
Dealing NAV as at 31 December 2019	5,235,365,713	4,261,880,091	981,263,760	6,387,600,511	3,461,792,218	11,140,282,854	5,269,171,769	3,662,302,047	2,629,861,170	2,620,246,468	

## 12. NET INCOME TO BE CARRIED FORWARD FOR DISTRIBUTION

	2020										
	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$
Net income for the year before distribution to unitholders	3,196,927	1,339,265,034	1,010,937,744	304,738,921	434,909,714	81,479,485	2,251,162,846	412,580,058	523,526,434	195,332,066	514,807,526
Distributions to unitholders	-	-	(1,760,306)	-	(19,421,603)	-	(1,955,164)	-	-	-	-
Increase in net assets attributable to unitholders	3,196,927	1,339,265,034	1,009,177,438	304,738,921	415,488,111	81,479,485	2,249,207,682	412,580,058	523,526,434	195,332,066	514,807,526

  

	2019										
	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$	
Net income for the year before distribution to unitholders	697,736,376	678,697,871	189,131,086	221,016,327	81,787,496	1,396,943,217	347,413,232	681,569,558	229,596,001	476,179,248	
Distributions to unitholders	-	(1,592,195)	-	(18,583,872)	-	(2,903,070)	-	-	-	-	
Increase in net assets attributable to unitholders	697,736,376	677,105,676	189,131,086	202,432,455	81,787,496	1,394,040,147	347,413,232	681,569,558	229,596,001	476,179,248	

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## 13. DISTRIBUTION

The Manager currently does not intend to make distributions in respect of the Investment Class Units, I6 Class Units, Pension Class Units, Retail Class Units and R2 Class Unit of any Sub-fund and any income earned by such classes of a Sub-fund will be reinvested in the relevant class or classes of that Sub-fund and reflected in the value of units of the relevant class or classes of that Sub-fund.

For R6 Class Units of any Sub-fund, the Manager at present intends to distribute all income or any part thereof received by the relevant Sub-fund and attributable to such Units generally on a quarterly basis in March, June, September and December each year. However, this is not a guarantee that such distributions will be made or that there will be a target level of income distribution for any Sub-fund. The level and frequency of the income distributed by any Sub-fund does not necessarily indicate the total return and income of such Sub-fund. However, the Manager may determine at its absolute discretion that no distribution shall be made (whether by way of interim distribution or final distribution) in respect of R6 Class Units of any Sub-fund.

The distributions made by Principal China Equity Fund, Principal Hong Kong Bond Fund and Principal Hong Kong Equity Fund for the year ended 31 December 2020 and 2019 are as follows:

	2020								
	Principal China Equity Fund - R6 Class			Principal Hong Kong Bond Fund - R6 Class			Principal Hong Kong Equity Fund - R6 Class		
	Unit	HK\$/Unit	HK\$	Unit	HK\$/Unit	HK\$	Unit	HK\$/Unit	HK\$
Undistributed income brought forward			-			-			-
Net income for the year			1,010,937,744			434,909,714			2,251,162,846
Distribution for Q1 2020 (paid at 9 April 2020)	6,311,165.8554	0.0008	(5,049)	73,714,745.9673	0.0630	(4,644,029)	8,464,927.9077	0.0156	(132,053)
Distribution for Q2 2020 (paid at 9 July 2020)	6,599,540.5657	0.1545	(1,019,629)	80,701,980.6729	0.0563	(4,543,522)	7,551,296.7722	0.1279	(965,811)
Distribution for Q3 2020 (paid at 9 October 2020)	6,084,826.6893	0.1197	(728,354)	83,478,832.4880	0.0612	(5,108,904)	6,225,878.2719	0.1250	(778,235)
Distribution for Q4 2020 (paid at 11 January 2021)	3,463,941.6339	0.0021	(7,274)	86,427,460.0737	0.0593	(5,125,148)	6,275,020.8594	0.0126	(79,065)
Transfer to capital			(1,009,177,438)			(415,488,111)			(2,249,207,682)
Undistributed income carried forward			-			-			-

	2019								
	Principal China Equity Fund - R6 Class			Principal Hong Kong Bond Fund - R6 Class			Principal Hong Kong Equity Fund - R6 Class		
	Unit	HK\$/Unit	HK\$	Unit	HK\$/Unit	HK\$	Unit	HK\$/Unit	HK\$
Undistributed income brought forward			-			-			-
Net income for the year			678,697,871			221,016,327			1,396,943,217
Distribution for Q1 2019 (paid at 9 April 2019)	5,602,182.1828	0.0038	(21,288)	72,464,060.6928	0.0613	(4,442,046)	9,200,034.4062	0.0407	(374,441)
Distribution for Q2 2019 (paid at 9 July 2019)	5,216,168.9030	0.1771	(923,784)	73,326,172.3919	0.0616	(4,516,892)	9,478,107.7955	0.1425	(1,350,631)
Distribution for Q3 2019 (paid at 9 October 2019)	6,178,464.3391	0.0948	(585,718)	74,716,873.3619	0.0638	(4,766,937)	10,342,614.9603	0.0864	(893,602)
Distribution for Q4 2019 (paid at 9 January 2020)	6,202,516.6915	0.0099	(61,405)	78,481,367.2245	0.0619	(4,857,997)	8,243,373.1203	0.0345	(284,396)
Transfer to capital			(677,105,676)			(202,432,455)			(1,394,040,147)
Undistributed income carried forward			-			-			-



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## 14. RELATED PARTY TRANSACTIONS

The following is a summary of transactions with related parties during the year which were entered into in the ordinary course of business and on normal commercial terms:

- (a) Principal Asset Management Company (Asia) Limited is the Manager of the Sub-funds. The Manager is entitled to receive management fees for each Sub-fund, calculated at the following percentage of the NAV of the relevant class of units of each Sub-fund. The maximum management fee for each class of units of each Sub-fund is 2% per annum of its NAV.

	Management fee (p.a.)					
	Pension Class	Retail Class	Investment Class	I6 Class	R6 Class	R2 Class
Principal Asian Bond Fund	Nil	N/A	0.80%	0.80%	N/A	N/A
Principal Asian Equity Fund	Nil	1.20%	0.90%	0.80%	1.20%	1.20%
Principal China Equity Fund	Nil	1.50%	1.00%	0.80%	1.50%	1.50%
Principal European Equity Fund	Nil	1.50%	1.00%	0.80%	1.50%	1.50%
Principal Hong Kong Bond Fund	Nil	0.50%	N/A	0.80%	0.50%	0.50%
Principal Hong Kong Dollar Savings Fund	Nil	0.25%	0.60%	0.80%	0.25%	0.25%
Principal Hong Kong Equity Fund	Nil	1.20%	1.00%	0.80%	1.20%	1.20%
Principal International Bond Fund	Nil	1.00%	0.80%	0.80%	1.00%	1.00%
Principal International Equity Fund	Nil	1.20%	1.00%	0.80%	1.20%	1.20%
Principal Pension Bond Fund	Nil	1.00%	0.80%	0.80%	1.00%	1.00%
Principal U.S. Equity Fund	Nil	1.20%	1.00%	0.80%	1.20%	1.20%

The management fee is accrued daily, calculated on each dealing day and is paid monthly in arrears.

- (b) Principal Trust Company (Asia) Limited acts as the Trustee and the Registrar of the Sub-funds. The Trustee is entitled to receive a trustee fee from each Sub-fund at the following percentage of the NAV of the relevant class of units of each Sub-fund. The maximum trustee fee for each class of units of each Sub-fund is 1% per annum of its NAV.

	Trustee fee (p.a.)					
	Pension Class	Retail Class	Investment Class	I6 Class	R6 Class	R2 Class
Principal Asian Bond Fund	Nil	N/A	0.20%	0.20%	N/A	N/A
Principal Asian Equity Fund	Nil	0.20%	0.20%	0.20%	0.20%	0.20%
Principal China Equity Fund	Nil	0.20%	0.20%	0.20%	0.20%	0.20%
Principal European Equity Fund	Nil	0.20%	0.20%	0.20%	0.20%	0.20%
Principal Hong Kong Bond Fund	Nil	0.20%	N/A	0.20%	0.20%	0.20%
Principal Hong Kong Dollar Savings Fund	Nil	0.20%	0.20%	0.20%	0.20%	0.20%
Principal Hong Kong Equity Fund	Nil	0.20%	0.20%	0.20%	0.20%	0.20%
Principal International Bond Fund	Nil	0.20%	0.20%	0.20%	0.20%	0.20%
Principal International Equity Fund	Nil	0.20%	0.20%	0.20%	0.20%	0.20%
Principal Pension Bond Fund	Nil	0.20%	0.20%	0.20%	0.20%	0.20%
Principal U.S. Equity Fund	Nil	0.20%	0.20%	0.20%	0.20%	0.20%

The trustee fee is accrued daily, calculated on each dealing day and is paid monthly in arrears.

- (c) During the year, the Manager has delegated part of its responsibilities to a fellow subsidiary, Principal Global Investors, LLC.

# NOTES TO FINANCIAL STATEMENTS

31 December 2020

## 14. RELATED PARTY TRANSACTIONS (continued)

(d) The transactions with related parties as stated above are within the definition of transactions with associates in accordance with the Ordinance and MPF Guidelines on Reporting Requirements II.5 Annex A I(E)2.

The amounts of related party transactions during the year are disclosed in the statement of profit or loss and other comprehensive income.

	2020										
	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$
Management fees payable	-	50,919	1,582,399	18,090	1,600,519	65,728	1,681,001	475,356	477,367	-	494,803
Trustee fee payable	-	9,408	255,381	3,618	640,208	52,582	297,761	118,725	79,561	-	82,467
	-	60,327	1,837,780	21,708	2,240,727	118,310	1,978,762	594,081	556,928	-	577,270

  

	2019										
	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$	
Management fees payable	40,752	1,449,237	6,723	1,354,755	62,713	1,570,634	447,739	415,391	-	13,716	
Trustee fee payable	7,447	230,149	1,345	541,902	50,171	276,115	111,760	69,232	-	2,286	
	48,199	1,679,386	8,068	1,896,657	112,884	1,846,749	559,499	484,623	-	16,002	

## 15. SOFT COMMISSION ARRANGEMENTS

During the year, the Manager, delegate and sub-delegates of the Manager, and/or their connected parties, had soft commission arrangements with brokers in respect of which certain goods and services used to support investment decision making were received. The Manager, delegate and sub-delegates of the Manager, and/or their connected parties, do not make direct payment for these services but transacts an agreed amount of HK\$63,175,655,609 (2019: HK\$51,529,342,570) of business with the brokers on behalf of the Sub-funds and commission of HK\$14,436,400 (2019: HK\$14,009,823) is paid on these transactions.

The services utilised for the Sub-funds include research and trading related items.

The Manager is satisfied that such soft commission arrangements comply with the relevant requirements under the UT Code.

## 16. BANKING FACILITIES, BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

The Sub-funds had no bank loans, overdrafts or other borrowings as at 31 December 2020 (2019: Nil).

## 17. SECURITY LENDING ARRANGEMENTS

During the year ended 31 December 2020, the Sub-funds did not enter into any security lending arrangements (2019: Nil).

## 18. NEGOTIABILITY OF ASSETS

At 31 December 2020, there was no statutory or contractual requirement restricting the negotiability of the assets of the Sub-funds (2019: Nil).

## 19. COMMITMENTS

The Sub-funds had no commitments as at 31 December 2020 (2019: Nil).

## 20. CONTINGENT LIABILITIES

The Sub-funds had no contingent liabilities as at 31 December 2020 (2019: Nil).

# NOTES TO FINANCIAL STATEMENTS

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## 21. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

### *Principal Asian Bond Fund*

#### Financial assets

	2020		
	At fair value through profit or loss HK\$	At amortised cost HK\$	Total HK\$
Investments at fair value through profit or loss	271,078,160	-	271,078,160
Interest and dividend receivables	-	2,199,132	2,199,132
Amounts receivable on subscriptions	-	486,964	486,964
Cash at banks	-	16,207,902	16,207,902
Formation costs	-	158,162	158,162
	271,078,160	19,052,160	290,130,320

#### Financial liabilities

	2020		
	At fair value through profit or loss HK\$	At amortised cost HK\$	Total HK\$
Derivative financial instruments	21,517	-	21,517
Amounts payable on redemptions	-	220,239	220,239
Accrual and other payables	-	182,112	182,112
	21,517	402,351	423,868

### *Principal Asian Equity Fund*

#### Financial assets

	2020			2019		
	At fair value through profit or loss HK\$	At amortised cost HK\$	Total HK\$	At fair value through profit or loss HK\$	At amortised cost HK\$	Total HK\$
Investments at fair value through profit or loss	6,545,516,260	-	6,545,516,260	5,152,750,932	-	5,152,750,932
Interest and dividend receivables	-	3,139,024	3,139,024	-	2,831,110	2,831,110
Amounts receivable from brokers	-	35,493,018	35,493,018	-	139,248,757	139,248,757
Amounts receivable on subscriptions	-	1,377,248	1,377,248	-	1,247,311	1,247,311
Cash at banks	-	103,917,556	103,917,556	-	113,895,604	113,895,604
	6,545,516,260	143,926,846	6,689,443,106	5,152,750,932	257,222,782	5,409,973,714

#### Financial liabilities

	2020	2019
	At amortised cost HK\$	At amortised cost HK\$
Amounts payable to brokers	37,249,077	171,935,955
Amounts payable on redemptions	1,440,583	2,082,825
Accrual and other payables	610,964	589,221
	39,300,624	174,608,001

# NOTES TO FINANCIAL STATEMENTS

31 December 2020

## 21. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

### Principal China Equity Fund

#### Financial assets

	2020			2019		
	At fair value through profit or loss HK\$	At amortised cost HK\$	Total HK\$	At fair value through profit or loss HK\$	At amortised cost HK\$	Total HK\$
Investments at fair value through profit or loss	5,199,838,609	-	5,199,838,609	4,197,800,230	-	4,197,800,230
Interest and dividend receivables	-	1,778,275	1,778,275	-	-	-
Amounts receivable from brokers	-	29,158,183	29,158,183	-	22,979,679	22,979,679
Amounts receivable on subscriptions	-	9,964,647	9,964,647	-	2,068,997	2,068,997
Cash at banks	-	108,050,778	108,050,778	-	62,542,941	62,542,941
	<u>5,199,838,609</u>	<u>148,951,883</u>	<u>5,348,790,492</u>	<u>4,197,800,230</u>	<u>87,591,617</u>	<u>4,285,391,847</u>

#### Financial liabilities

	2020	2019
	At amortised cost HK\$	At amortised cost HK\$
Amounts payable to brokers	17,422,840	16,760,677
Amounts payable on redemptions	7,173,581	4,737,798
Distribution payables	7,274	61,405
Accrual and other payables	2,185,237	1,951,876
	<u>26,788,932</u>	<u>23,511,756</u>

### Principal European Equity Fund

#### Financial assets

	2020			2019		
	At fair value through profit or loss HK\$	At amortised cost HK\$	Total HK\$	At fair value through profit or loss HK\$	At amortised cost HK\$	Total HK\$
Investments at fair value through profit or loss	2,605,690,756	-	2,605,690,756	957,322,660	-	957,322,660
Derivative financial instruments	24,500	-	24,500	-	-	-
Interest and dividend receivables	-	753,497	753,497	-	569,577	569,577
Amounts receivable from brokers	-	13,658,062	13,658,062	-	-	-
Amounts receivable on subscriptions	-	30,000,040	30,000,040	-	3,403	3,403
Cash at banks	-	53,181,623	53,181,623	-	32,317,410	32,317,410
	<u>2,605,715,256</u>	<u>97,593,222</u>	<u>2,703,308,478</u>	<u>957,322,660</u>	<u>32,890,390</u>	<u>990,213,050</u>

#### Financial liabilities

	2020			2019
	At fair value through profit or loss HK\$	At amortised cost HK\$	Total HK\$	At amortised cost HK\$
Derivative financial instruments	10,426,204	-	10,426,204	-
Amounts payable to brokers	-	35,206,414	35,206,414	8,837,493
Amounts payable on redemptions	-	32,681	32,681	26,848
Accrual and other payables	-	87,579	87,579	72,821
	<u>10,426,204</u>	<u>35,326,674</u>	<u>45,752,878</u>	<u>8,937,162</u>

# NOTES TO FINANCIAL STATEMENTS

31 December 2020

## 21. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Principal Hong Kong Bond Fund

### Financial assets

	2020			2019		
	At fair value through profit or loss HK\$	At amortised cost HK\$	Total HK\$	At fair value through profit or loss HK\$	At amortised cost HK\$	Total HK\$
Investments at fair value through profit or loss	6,768,385,111	-	6,768,385,111	6,295,480,933	-	6,295,480,933
Interest and dividend receivables	-	54,521,050	54,521,050	-	56,993,612	56,993,612
Amounts receivable on subscriptions	-	22,981,753	22,981,753	-	10,136,326	10,136,326
Cash at banks	-	164,885,836	164,885,836	-	38,349,251	38,349,251
	<u>6,768,385,111</u>	<u>242,388,639</u>	<u>7,010,773,750</u>	<u>6,295,480,933</u>	<u>105,479,189</u>	<u>6,400,960,122</u>

### Financial liabilities

	2020		2019	
	At amortised cost HK\$		At amortised cost HK\$	
Amounts payable on redemptions		11,928,723		5,949,483
Distribution payables		5,125,148		4,857,997
Accrual and other payables		3,053,437		2,552,131
		<u>20,107,308</u>		<u>13,359,611</u>

Principal Hong Kong Dollar Savings Fund

### Financial assets

	2020			2019		
	At fair value through profit or loss HK\$	At amortised cost HK\$	Total HK\$	At fair value through profit or loss HK\$	At amortised cost HK\$	Total HK\$
Investments at fair value through profit or loss	2,280,967,502	-	2,280,967,502	2,157,802,370	-	2,157,802,370
Interest and dividend receivables	-	33,695,580	33,695,580	-	41,618,706	41,618,706
Amounts receivable on subscriptions	-	2,697,648	2,697,648	-	4,058,835	4,058,835
Cash at banks	-	1,244,116,571	1,244,116,571	-	1,268,520,560	1,268,520,560
	<u>2,280,967,502</u>	<u>1,280,509,799</u>	<u>3,561,477,301</u>	<u>2,157,802,370</u>	<u>1,314,198,101</u>	<u>3,472,000,471</u>

### Financial liabilities

	2020		2019	
	At amortised cost HK\$		At amortised cost HK\$	
Amounts payable on redemptions		3,893,474		10,005,529
Accrual and other payables		234,182		202,724
		<u>4,127,656</u>		<u>10,208,253</u>

# NOTES TO FINANCIAL STATEMENTS

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## 21. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

### Principal Hong Kong Equity Fund

#### Financial assets

	2020			2019		
	At fair value through profit or loss HK\$	At amortised cost HK\$	Total HK\$	At fair value through profit or loss HK\$	At amortised cost HK\$	Total HK\$
Investments at fair value through profit or loss	13,590,042,446	-	13,590,042,446	10,822,381,084	-	10,822,381,084
Interest and dividend receivables	-	2,996,925	2,996,925	-	-	-
Amounts receivable from brokers	-	80,953,902	80,953,902	-	96,363,126	96,363,126
Amounts receivable on subscriptions	-	4,109,807	4,109,807	-	6,107,731	6,107,731
Cash at banks	-	175,280,097	175,280,097	-	408,538,303	408,538,303
	<u>13,590,042,446</u>	<u>263,340,731</u>	<u>13,853,383,177</u>	<u>10,822,381,084</u>	<u>511,009,160</u>	<u>11,333,390,244</u>

#### Financial liabilities

	2020		2019	
	At amortised cost HK\$		At amortised cost HK\$	
Amounts payable to brokers		32,281,767		180,599,660
Amounts payable on redemptions		4,924,026		9,834,664
Distribution payables		79,065		284,396
Accrual and other payables		2,659,518		2,421,290
		<u>39,944,376</u>		<u>193,140,010</u>

### Principal International Bond Fund

#### Financial assets

	2020			2019		
	At fair value through profit or loss HK\$	At amortised cost HK\$	Total HK\$	At fair value through profit or loss HK\$	At amortised cost HK\$	Total HK\$
Investments at fair value through profit or loss	5,711,633,513	-	5,711,633,513	4,949,967,863	-	4,949,967,863
Derivative financial instruments	-	-	-	541,129	-	541,129
Interest and dividend receivables	-	44,402,320	44,402,320	-	40,167,394	40,167,394
Amounts receivable on subscriptions	-	745,625	745,625	-	1,820,098	1,820,098
Cash at banks	-	242,516,036	242,516,036	-	281,487,940	281,487,940
	<u>5,711,633,513</u>	<u>287,663,981</u>	<u>5,999,297,494</u>	<u>4,950,508,992</u>	<u>323,475,432</u>	<u>5,273,984,424</u>

#### Financial liabilities

	2020			2019		
	At fair value through profit or loss HK\$	At amortised cost HK\$	Total HK\$	At fair value through profit or loss HK\$	At amortised cost HK\$	Total HK\$
Derivative financial instruments	2,060,997	-	2,060,997	2,369,235	-	2,369,235
Amounts payable on redemptions	-	2,208,621	2,208,621	-	1,789,040	1,789,040
Accrual and other payables	-	722,424	722,424	-	654,380	654,380
	<u>2,060,997</u>	<u>2,931,045</u>	<u>4,992,042</u>	<u>2,369,235</u>	<u>2,443,420</u>	<u>4,812,655</u>

# NOTES TO FINANCIAL STATEMENTS

31 December 2020

## 21. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

### Principal International Equity Fund

#### Financial assets

	2020			2019		
	At fair value through profit or loss HK\$	At amortised cost HK\$	Total HK\$	At fair value through profit or loss HK\$	At amortised cost HK\$	Total HK\$
Investments at fair value through profit or loss	3,016,013,203	-	3,016,013,203	3,583,402,887	-	3,583,402,887
Interest and dividend receivables	-	2,172,341	2,172,341	-	3,347,021	3,347,021
Amounts receivable from brokers	-	743,525	743,525	-	5,052,482	5,052,482
Amounts receivable on subscriptions	-	903,845	903,845	-	1,572,107	1,572,107
Cash at banks	-	73,894,691	73,894,691	-	70,552,669	70,552,669
	<u>3,016,013,203</u>	<u>77,714,402</u>	<u>3,093,727,605</u>	<u>3,583,402,887</u>	<u>80,524,279</u>	<u>3,663,927,166</u>

#### Financial liabilities

	2020	2019
	At amortised cost HK\$	At amortised cost HK\$
Amounts payable to brokers	558,297	78,636
Amounts payable on redemptions	453,352	887,338
Accrual and other payables	771,237	659,145
	<u>1,782,886</u>	<u>1,625,119</u>

### Principal Pension Bond Fund

#### Financial assets

	2020			2019		
	At fair value through profit or loss HK\$	At amortised cost HK\$	Total HK\$	At fair value through profit or loss HK\$	At amortised cost HK\$	Total HK\$
Investments at fair value through profit or loss	2,788,958,747	-	2,788,958,747	2,508,537,235	-	2,508,537,235
Interest and dividend receivables	-	20,239,691	20,239,691	-	21,111,484	21,111,484
Amounts receivable on subscriptions	-	289,335	289,335	-	639,713	639,713
Cash at banks	-	98,453,678	98,453,678	-	100,155,039	100,155,039
	<u>2,788,958,747</u>	<u>118,982,704</u>	<u>2,907,941,451</u>	<u>2,508,537,235</u>	<u>121,906,236</u>	<u>2,630,443,471</u>

#### Financial liabilities

	2020	2019
	At amortised cost HK\$	At amortised cost HK\$
Amounts payable on redemptions	894,034	547,060
Accrual and other payables	35,312	35,241
	<u>929,346</u>	<u>582,301</u>

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## 21. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Principal U.S. Equity Fund

### Financial assets

	2020			2019		
	At fair value through profit or loss HK\$	At amortised cost HK\$	Total HK\$	At fair value through profit or loss HK\$	At amortised cost HK\$	Total HK\$
Investments at fair value through profit or loss	4,270,981,306	-	4,270,981,306	2,524,867,458	-	2,524,867,458
Interest and dividend receivables	-	2,206,063	2,206,063	-	1,590,982	1,590,982
Amounts receivable on subscriptions	-	2,668,867	2,668,867	-	3,682,626	3,682,626
Cash at banks	-	85,571,806	85,571,806	-	93,869,310	93,869,310
	<u>4,270,981,306</u>	<u>90,446,736</u>	<u>4,361,428,042</u>	<u>2,524,867,458</u>	<u>99,142,918</u>	<u>2,624,010,376</u>

### Financial liabilities

	2020	2019
	At amortised cost HK\$	At amortised cost HK\$
Amounts payable to brokers	-	3,288,441
Amounts payable on redemptions	2,467,434	421,466
Accrual and other payables	615,352	54,001
	<u>3,082,786</u>	<u>3,763,908</u>

## 22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The major methods and assumptions used in estimating the fair values of financial instruments in accordance to the accounting policy, as stated in note 2.4, are disclosed below.

The carrying amounts of all the Sub-funds' financial assets and financial liabilities at the year end date approximated their fair values. For investment in securities, the fair values are based on their quoted market prices at the year end date without any deduction for estimated future selling costs. For other financial instruments, including amounts due from/to brokers, other account receivables and accounts payables, the carrying amounts approximate their fair values due to the immediate or short-term nature of these financial instruments.

The following tables illustrate the fair value measurement hierarchy of the fund's financial statements:

	2020			Total HK\$
	Quoted price in active markets (Level 1) HK\$	Significant observable inputs (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$	
<b>Assets</b>				
Financial assets at fair value through profit or loss:				
- Investments at fair value through profit or loss	35,228,082,580	17,821,023,033	-	53,049,105,613
- Derivative financial instruments	-	24,500	-	24,500
	<u>35,228,082,580</u>	<u>17,821,047,533</u>	<u>-</u>	<u>53,049,130,113</u>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss:				
- Derivative financial instruments	-	12,508,718	-	12,508,718



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## 22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

	2019			Total HK\$
	Quoted price in active markets (Level 1) HK\$	Significant observable inputs (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$	
<b>Assets</b>				
Financial assets at fair value through profit or loss:				
- Investments at fair value through profit or loss	27,238,525,251	15,911,788,401	-	43,150,313,652
- Derivative financial instruments	-	541,129	-	541,129
	27,238,525,251	15,912,329,530	-	43,150,854,781
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss:				
- Derivative financial instruments	-	2,369,235	-	2,369,235

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Sub-funds' investing activities expose them to various types of risks that are associated with the financial instruments and markets in which they invest. The most important types of financial risks to which the Sub-funds are exposed are market risk, credit risk and liquidity risk.

Asset allocation is determined by the Sub-funds' Manager who manages the distribution of the assets to achieve the investment objectives as stated in the "Investment objective and policies" section of the investment report of the Sub-funds. Divergence from target asset allocations and the composition of the portfolio is monitored by the Sub-funds' Manager. In instances where the Sub-funds have diverged from target asset allocations, the Sub-funds' Manager will rebalance the portfolios to fall in line with the target asset allocations.

### (a) Market risk

Market risk embodies the potential for both loss and gain and includes currency risk, interest rate risk and other price risk. To control risk, investment decisions are based on risk/reward analysis, with the adoption of diversification policies. Investment decisions are taken in accordance with the investment objectives of the concerned portfolios so that unwarranted deviations (risks) are controlled. For example, exposure to long-term bonds is limited in the case of short-medium bond funds so that the price risk from a change in market interest rates is limited. Conversely, for long-term bond funds, a close watch is kept not only on duration but also on the amount of cash/near cash assets as an excess of such assets too can deviate from the portfolio objectives. For equity portfolios too, composition is based on risk-return objectives, in consideration of internally selected benchmarks.

The securities markets of emerging markets tend to be more volatile, less liquid, subject to substantial currency fluctuations and can experience sudden economic and political developments. They may have less government regulations and are probably less subject to extensive accounting and financial reporting requirements than the markets of more developed countries. At times, the Sub-funds may not be able to sell certain portfolio securities without a substantial drop in price, if at all.

The Sub-funds are also subject to the risk of concentration of investments in issuers located in a particular country or region which may be susceptible to adverse securities markets, exchange rates and social, political, regulatory or economic events which may occur in that country or region.

#### *Currency risk*

The Sub-funds may invest in financial instruments denominated in currencies other than their functional currencies. Consequently, the portfolios are exposed to the risk that the exchange rate of their currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the portfolios' assets or liabilities denominated in currencies other than the functional currency.

The Sub-funds do not generally hedge currency exposures beyond what is required to achieve the minimum Hong Kong Dollar ("HKD") currency exposure set by the Authority. Such Sub-funds' effective HKD exposure is monitored on a daily basis, based on which additional hedges may be put in place from time to time.

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## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (a) Market risk (continued)

#### Currency risk (continued)

At the end of the reporting period the Sub-funds had the following net currency exposure:

#### As at 31 December 2020

Currency	Principal Asian Bond Fund		Principal Asian Equity Fund		Principal China Equity Fund		Principal European Equity Fund		Principal Hong Kong Bond Fund		Principal Hong Kong Dollar Savings Fund	
	HK\$	% of net assets	HK\$	% of net assets	HK\$	% of net assets	HK\$	% of net assets	HK\$	% of net assets	HK\$	% of net assets
Australian Dollar	-	-	952,482,552	14.32	-	-	-	-	-	-	-	-
Brazilian Real	-	-	-	-	-	-	-	-	-	-	-	-
British Pound	-	-	76	0.00	-	-	504,315,968	18.98	-	-	-	-
Canadian Dollar	-	-	-	-	-	-	-	-	-	-	-	-
Chinese Yuan	-	-	32,877,982	0.50	222,176,952	4.18	-	-	-	-	-	-
Czech Koruna	-	-	-	-	-	-	-	-	-	-	-	-
Danish Krone	-	-	-	-	-	-	174,412,267	6.56	-	-	-	-
Euro	-	-	-	-	-	-	1,332,667,276	50.14	-	-	-	-
India Rupee	-	-	758,695,553	11.41	-	-	-	-	-	-	-	-
Indonesia Rupiah	-	-	25,822,618	0.39	-	-	-	-	-	-	-	-
Israeli New Sheqel	-	-	-	-	-	-	-	-	-	-	-	-
Japanese Yen	-	-	-	-	-	-	-	-	-	-	-	-
Malaysian Ringgit	-	-	80,696,476	1.21	-	-	-	-	-	-	-	-
Mexican Peso	-	-	-	-	-	-	-	-	-	-	-	-
New Zealand Dollar	-	-	34,033,583	0.51	-	-	-	-	-	-	-	-
Norwegian Kroner	-	-	-	-	-	-	22,483,958	0.85	-	-	-	-
Philippines Peso	-	-	88,644,057	1.33	-	-	-	-	-	-	-	-
Poland Zlotych	-	-	-	-	-	-	-	-	-	-	-	-
Singapore Dollar	1,527,968	0.53	214,288,358	3.22	-	-	-	-	-	-	-	-
South African Rand	-	-	-	-	-	-	-	-	-	-	-	-
South Korean Won	-	-	1,008,177,654	15.16	-	-	-	-	-	-	-	-
Swedish Krona	-	-	-	-	-	-	233,775,239	8.80	-	-	-	-
Swiss Franc	-	-	-	-	-	-	317,461,263	11.95	-	-	-	-
Taiwan Dollar	-	-	834,315,284	12.55	-	-	-	-	-	-	-	-
Thai Baht	-	-	101,869,765	1.53	-	-	-	-	-	-	-	-
United States Dollar	285,632,310	98.59	234,183,355	3.52	118,275,844	2.22	23,247,784	0.87	405,272,131	5.80	-	-
Total value	287,160,278	99.12	4,366,087,313	65.65	340,452,796	6.40	2,608,363,755	98.15	405,272,131	5.80	-	-

# NOTES TO FINANCIAL STATEMENTS

31 December 2020

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (a) Market risk (continued)

#### Currency risk (continued)

#### As at 31 December 2020 (continued)

Currency	Principal Hong Kong Equity Fund		Principal International Bond Fund		Principal International Equity Fund		Principal Pension Bond Fund		Principal U.S. Equity Fund	
	HK\$	% of net assets	HK\$	% of net assets	HK\$	% of net assets	HK\$	% of net assets	HK\$	% of net assets
Australian Dollar	-	-	94,529,583	1.58	41,519,866	1.34	-	-	-	-
Brazilian Real	-	-	-	-	5,268,447	0.17	-	-	-	-
British Pound	-	-	299,387,265	4.99	125,974,329	4.07	-	-	-	-
Canadian Dollar	-	-	165,109,227	2.75	160,386,051	5.19	-	-	-	-
Chinese Yuan	465,425,297	3.37	-	-	-	-	-	-	-	-
Czech Koruna	-	-	2,561,027	0.04	-	-	-	-	-	-
Danish Krone	-	-	18,509,297	0.31	68,479,144	2.21	-	-	-	-
Euro	-	-	1,064,016,908	17.75	304,494,859	9.84	-	-	-	-
India Rupee	-	-	-	-	9,740,180	0.32	-	-	-	-
Indonesia Rupiah	-	-	-	-	-	-	-	-	-	-
Israeli New Sheqel	-	-	-	-	2,360,524	0.08	-	-	-	-
Japanese Yen	-	-	660,413,330	11.02	301,493,721	9.75	-	-	-	-
Malaysian Ringgit	-	-	-	-	2,239,521	0.07	-	-	-	-
Mexican Peso	-	-	93,227,507	1.56	3,574,284	0.12	-	-	-	-
New Zealand Dollar	-	-	5,130,200	0.09	1,644,639	0.05	-	-	-	-
Norwegian Kroner	-	-	32,326,898	0.54	1,953,823	0.06	-	-	-	-
Philippines Peso	-	-	-	-	-	-	-	-	-	-
Poland Zlotych	-	-	9,477,425	0.16	1,444,751	0.05	-	-	-	-
Singapore Dollar	-	-	6,967,350	0.12	4,216,504	0.14	-	-	-	-
South African Rand	-	-	3,118,172	0.05	1,209,473	0.04	-	-	-	-
South Korean Won	-	-	-	-	87,997,108	2.85	-	-	-	-
Swedish Krona	-	-	9,615,180	0.16	8,351,503	0.27	-	-	-	-
Swiss Franc	-	-	18,149,586	0.30	105,042,882	3.40	-	-	-	-
Taiwan Dollar	-	-	-	-	105,678,631	3.42	-	-	-	-
Thai Baht	-	-	3,481,733	0.06	1,790,853	0.06	-	-	-	-
United States Dollar	310,056,793	2.24	3,464,246,921	57.79	1,597,923,707	51.68	2,886,532,548	99.30	4,283,227,936	98.28
<b>Total value</b>	<b>775,482,090</b>	<b>5.61</b>	<b>5,950,267,609</b>	<b>99.27</b>	<b>2,942,784,800</b>	<b>95.18</b>	<b>2,886,532,548</b>	<b>99.30</b>	<b>4,283,227,936</b>	<b>98.28</b>

# NOTES TO FINANCIAL STATEMENTS

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## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (a) Market risk (continued)

#### Currency risk (continued)

#### As at 31 December 2019

Currency	Principal Asian Equity Fund		Principal China Equity Fund		Principal European Equity Fund		Principal Hong Kong Bond Fund		Principal Hong Kong Dollar Savings Fund	
	HK\$	% of net assets	HK\$	% of net assets	HK\$	% of net assets	HK\$	% of net assets	HK\$	% of net assets
Australian Dollar	915,681,228	17.48	-	-	-	-	-	-	-	-
Brazilian Real	-	-	-	-	-	-	-	-	-	-
British Pound	73	0.00	-	-	258,863,324	26.38	-	-	-	-
Canadian Dollar	-	-	-	-	-	-	-	-	-	-
Chinese Yuan	20,740,397	0.40	85,221,612	2.00	-	-	-	-	-	-
Czech Koruna	-	-	-	-	-	-	-	-	-	-
Danish Krone	-	-	-	-	52,283,081	5.33	-	-	-	-
Euro	-	-	-	-	412,564,381	42.04	-	-	-	-
India Rupee	453,575,810	8.66	-	-	-	-	-	-	-	-
Indonesia Rupiah	38,300,176	0.73	-	-	-	-	-	-	-	-
Israeli New Sheqel	-	-	-	-	-	-	-	-	-	-
Japanese Yen	-	-	-	-	-	-	-	-	-	-
Malaysian Ringgit	153,779,422	2.94	-	-	-	-	-	-	-	-
Mexican Peso	-	-	-	-	-	-	-	-	-	-
New Zealand Dollar	-	-	-	-	-	-	-	-	-	-
Norwegian Kroner	-	-	-	-	13,182,319	1.34	-	-	-	-
Philippines Peso	37,340,751	0.71	-	-	-	-	-	-	-	-
Poland Zlotych	-	-	-	-	-	-	-	-	-	-
Singapore Dollar	186,423,875	3.56	-	-	-	-	-	-	-	-
South African Rand	-	-	-	-	-	-	-	-	-	-
South Korean Won	650,631,544	12.43	-	-	-	-	-	-	-	-
Swedish Krona	-	-	-	-	47,500,092	4.84	-	-	-	-
Swiss Franc	-	-	-	-	157,238,670	16.02	-	-	-	-
Taiwan Dollar	724,036,225	13.83	-	-	-	-	-	-	-	-
Thai Baht	59,423,393	1.14	-	-	-	-	-	-	-	-
United States Dollar	167,920,937	3.21	254,455,529	5.97	28,741,475	2.93	634,110,296	9.93	-	-
Total value	3,407,853,831	65.09	339,677,141	7.97	970,373,342	98.88	634,110,296	9.93	-	-

# NOTES TO FINANCIAL STATEMENTS

31 December 2020

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (a) Market risk (continued)

#### Currency risk (continued)

#### As at 31 December 2019 (continued)

Currency	Principal Hong Kong Equity Fund		Principal International Bond Fund		Principal International Equity Fund		Principal Pension Bond Fund		Principal U.S. Equity Fund	
	HK\$	% of net assets	HK\$	% of net assets	HK\$	% of net assets	HK\$	% of net assets	HK\$	% of net assets
Australian Dollar	-	-	41,556,281	0.79	24,592,038	0.67	-	-	-	-
Brazilian Real	-	-	-	-	56,969,056	1.56	-	-	-	-
British Pound	-	-	268,761,671	5.10	168,686,154	4.61	-	-	-	-
Canadian Dollar	-	-	166,501,482	3.16	153,082,026	4.18	-	-	-	-
Chinese Yuan	252,882,923	2.27	-	-	-	-	-	-	-	-
Czech Koruna	-	-	2,311,374	0.04	-	-	-	-	-	-
Danish Krone	-	-	16,693,412	0.32	28,902,321	0.79	-	-	-	-
Euro	-	-	773,777,328	14.68	304,913,354	8.33	-	-	-	-
India Rupee	-	-	-	-	20,230,355	0.55	-	-	-	-
Indonesia Rupiah	-	-	-	-	4,689,497	0.13	-	-	-	-
Israeli New Sheqel	-	-	-	-	32,231,561	0.88	-	-	-	-
Japanese Yen	-	-	627,246,424	11.90	270,306,541	7.38	-	-	-	-
Malaysian Ringgit	-	-	-	-	4,607,100	0.13	-	-	-	-
Mexican Peso	-	-	62,297,089	1.18	-	-	-	-	-	-
New Zealand Dollar	-	-	4,627,857	0.09	-	-	-	-	-	-
Norwegian Kroner	-	-	29,738,747	0.56	8,138,985	0.22	-	-	-	-
Philippines Peso	-	-	-	-	-	-	-	-	-	-
Poland Zlotych	-	-	9,169,119	0.17	-	-	-	-	-	-
Singapore Dollar	-	-	6,709,107	0.13	13,775,067	0.38	-	-	-	-
South African Rand	-	-	3,250,880	0.06	4,722,218	0.13	-	-	-	-
South Korean Won	-	-	-	-	108,412,219	2.96	-	-	-	-
Swedish Krona	-	-	8,459,912	0.16	68,628,204	1.87	-	-	-	-
Swiss Franc	-	-	16,447,105	0.32	157,903,644	4.31	-	-	-	-
Taiwan Dollar	-	-	-	-	100,481,932	2.74	-	-	-	-
Thai Baht	-	-	3,506,532	0.07	5,329,358	0.15	-	-	-	-
United States Dollar	397,158,481	3.57	3,191,261,696	60.56	1,943,367,909	53.06	2,607,184,683	99.14	2,568,965,738	98.04
<b>Total value</b>	<b>650,041,404</b>	<b>5.84</b>	<b>5,232,316,016</b>	<b>99.29</b>	<b>3,479,969,539</b>	<b>95.03</b>	<b>2,607,184,683</b>	<b>99.14</b>	<b>2,568,965,738</b>	<b>98.04</b>

# NOTES TO FINANCIAL STATEMENTS

31 December 2020

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (a) Market risk (continued)

#### Currency risk sensitivity analysis

At 31 December 2020, had the Hong Kong dollar strengthened/(weakened) by the following % in relation to all currencies, with all other variables held constant, the net asset value of the Sub-funds and the change in net assets attributable to unitholders per the Revenue Statement would have decreased/(increased) by the amounts shown below.

Currency	Percentage change	As at 31 December 2020										
		Principal Asian Bond Fund	Principal Asian Equity Fund	Principal China Equity Fund	Principal European Equity Fund	Principal Hong Kong Bond Fund	Principal Hong Kong Dollar Savings Fund	Principal Hong Kong Equity Fund	Principal International Bond Fund	Principal International Equity Fund	Principal Pension Bond Fund	Principal U.S. Equity Fund
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Australian Dollar	5%	-	47,624,128	-	-	-	-	-	4,726,479	2,075,993	-	-
Brazilian Real	5%	-	-	-	-	-	-	-	-	263,422	-	-
British Pound	5%	-	4	-	25,215,798	-	-	-	14,969,363	6,298,716	-	-
Canadian Dollar	5%	-	-	-	-	-	-	-	8,255,461	8,019,303	-	-
Chinese Yuan	5%	-	1,643,899	11,108,848	-	-	-	23,271,265	-	-	-	-
Czech Koruna	5%	-	-	-	-	-	-	-	128,051	-	-	-
Danish Krone	5%	-	-	-	8,720,613	-	-	-	925,465	3,423,957	-	-
Euro	5%	-	-	-	66,633,364	-	-	-	53,200,845	15,224,744	-	-
India Rupee	5%	-	37,934,778	-	-	-	-	-	-	487,009	-	-
Indonesia Rupiah	5%	-	1,291,131	-	-	-	-	-	-	-	-	-
Israeli New Sheqel	5%	-	-	-	-	-	-	-	-	118,026	-	-
Japanese Yen	5%	-	-	-	-	-	-	-	33,020,667	15,074,686	-	-
Malaysian Ringgit	5%	-	4,034,824	-	-	-	-	-	-	111,976	-	-
Mexican Peso	5%	-	-	-	-	-	-	-	4,661,375	178,714	-	-
New Zealand Dollar	5%	-	1,701,679	-	-	-	-	-	256,510	82,232	-	-
Norwegian Kroner	5%	-	-	-	1,124,198	-	-	-	1,616,345	97,691	-	-
Philippines Peso	5%	-	4,432,203	-	-	-	-	-	-	-	-	-
Poland Zlotych	5%	-	-	-	-	-	-	-	473,871	72,238	-	-
Singapore Dollar	5%	76,398	10,714,418	-	-	-	-	-	348,368	210,825	-	-
South African Rand	5%	-	-	-	-	-	-	-	155,909	60,474	-	-
South Korean Won	5%	-	50,408,882	-	-	-	-	-	-	4,399,855	-	-
Swedish Krona	5%	-	-	-	11,688,762	-	-	-	480,759	417,575	-	-
Swiss Franc	5%	-	-	-	15,873,063	-	-	-	907,479	5,252,144	-	-
Taiwan Dollar	5%	-	41,715,764	-	-	-	-	-	-	5,283,932	-	-
Thai Baht	5%	-	5,093,488	-	-	-	-	-	174,087	89,543	-	-
Total		76,398	206,595,198	11,108,848	129,255,798	-	-	23,271,265	124,301,034	67,243,055	-	-
Increase in net assets value		0.0264%	3.1066%	0.2087%	4.8637%	-	-	0.1685%	2.0737%	2.1748%	-	-

As HKD is pegged to USD, the risk of movement in exchange rates between HKD and USD is insignificant.

# NOTES TO FINANCIAL STATEMENTS

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## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (a) Market risk (continued)

Currency risk sensitivity analysis (continued)

Currency	Percentage change	As at 31 December 2019									
		Principal Asian Equity Fund	Principal China Equity Fund	Principal European Equity Fund	Principal Hong Kong Bond Fund	Principal Hong Kong Dollar Savings Fund	Principal Hong Kong Equity Fund	Principal International Bond Fund	Principal International Equity Fund	Principal Pension Bond Fund	Principal U.S. Equity Fund
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Australian Dollar	5%	45,784,061	-	-	-	-	-	2,077,814	1,229,602	-	-
Brazilian Real	5%	-	-	-	-	-	-	-	2,848,453	-	-
British Pound	5%	4	-	12,943,166	-	-	-	13,438,084	8,434,308	-	-
Canadian Dollar	5%	-	-	-	-	-	-	8,325,074	7,654,101	-	-
Chinese Yuan	5%	1,037,020	4,261,081	-	-	-	12,644,146	-	-	-	-
Czech Koruna	5%	-	-	-	-	-	-	115,569	-	-	-
Danish Krone	5%	-	-	2,614,154	-	-	-	834,671	1,445,116	-	-
Euro	5%	-	-	20,628,219	-	-	-	38,688,866	15,245,668	-	-
India Rupee	5%	22,678,790	-	-	-	-	-	-	1,011,518	-	-
Indonesia Rupiah	5%	1,915,009	-	-	-	-	-	-	234,475	-	-
Israeli New Sheqel	5%	-	-	-	-	-	-	-	1,611,578	-	-
Japanese Yen	5%	-	-	-	-	-	-	31,362,321	13,515,327	-	-
Malaysian Ringgit	5%	7,688,971	-	-	-	-	-	-	230,355	-	-
Mexican Peso	5%	-	-	-	-	-	-	3,114,854	-	-	-
New Zealand Dollar	5%	-	-	-	-	-	-	231,393	-	-	-
Norwegian Kroner	5%	-	-	659,116	-	-	-	1,486,937	406,949	-	-
Philippines Peso	5%	1,867,038	-	-	-	-	-	-	-	-	-
Poland Zlotych	5%	-	-	-	-	-	-	458,456	-	-	-
Singapore Dollar	5%	9,321,194	-	-	-	-	-	335,455	688,753	-	-
South African Rand	5%	-	-	-	-	-	-	162,544	236,111	-	-
South Korean Won	5%	32,531,577	-	-	-	-	-	-	5,420,611	-	-
Swedish Krona	5%	-	-	2,375,005	-	-	-	422,996	3,431,410	-	-
Swiss Franc	5%	-	-	7,861,934	-	-	-	822,355	7,895,182	-	-
Taiwan Dollar	5%	36,201,811	-	-	-	-	-	-	5,024,097	-	-
Thai Baht	5%	2,971,170	-	-	-	-	-	175,327	266,468	-	-
<b>Total</b>		<b>161,996,645</b>	<b>4,261,081</b>	<b>47,081,594</b>	<b>-</b>	<b>-</b>	<b>12,644,146</b>	<b>102,052,716</b>	<b>76,830,082</b>	<b>-</b>	<b>-</b>
Increase in net assets value		3.0943%	0.1000%	4.7980%	-	-	0.1135%	1.9368%	2.0979%	-	-

As HKD is pegged to USD, the risk of movement in exchange rates between HKD and USD is insignificant.

#### Interest rate risk

The Sub-funds holding interest rate debt securities are exposed to interest rate risk, where the value of these securities may fluctuate as a result of changes in interest rates. In general, if interest rates rise, the income potential of the floating interest rate securities also rises but the value of fixed rate securities declines. A fall in interest rates would generally have the opposite effect. Aligning the portfolio maturity profile to that of the benchmark as described in the Manager's report and keeping deviations within certain limits is an important way of controlling relative interest rate risk. For example, if a benchmark has a duration of 5 years, the Manager may keep the portfolio duration in a range of 5 +/-2 years to control interest rate risk relative to the benchmark. The Manager is also aware of the running yield of the portfolio, in absolute and relative terms, based on which he adjusts portfolio holdings with the objective of optimizing total portfolio returns from the two sources i.e. running yield and expected price changes.

Some Sub-funds may not have internal underlying benchmarks. For such Sub-funds (especially money market type funds), the Manager may use a laddering technique to control duration risk. Such a technique involves staggering investment maturities over different time buckets to reduce reinvestment and price risk arising from interest rate changes.

# NOTES TO FINANCIAL STATEMENTS

31 December 2020

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (a) Market risk (continued)

#### Interest rate risk (continued)

The following table details the Sub-funds' exposure to interest rate risks. It includes the Sub-funds' assets and liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity date measured by the carrying value of the assets and liabilities:

#### As at 31 December 2020

	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$
<b>Assets</b>											
Cash at banks	16,207,902	103,917,556	108,050,778	53,181,623	164,885,836	26,113,848	175,280,097	242,516,036	73,894,691	98,453,678	85,571,806
Time deposit - 1 year or less	-	-	-	-	-	1,218,002,723	-	-	-	-	-
	16,207,902	103,917,556	108,050,778	53,181,623	164,885,836	1,244,116,571	175,280,097	242,516,036	73,894,691	98,453,678	85,571,806
Financial assets measured at fair value through profit or loss											
- 1 year or less	-	-	-	-	772,324,367	1,707,841,323	-	598,026,287	-	25,469,607	-
- over 1 year to 5 years	107,150,295	-	-	-	2,849,733,700	573,126,179	-	1,791,764,526	-	1,197,186,961	-
- over 5 year to 10 years	129,853,543	-	-	-	2,567,673,496	-	-	1,879,692,673	-	1,461,892,536	-
- over 10 years	34,074,322	-	-	-	578,653,548	-	-	1,442,150,027	-	104,409,643	-
- non-interest bearing investment	-	6,545,516,260	5,199,838,609	2,605,690,756	-	-	13,590,042,446	-	3,016,013,203	-	4,270,981,306
	271,078,160	6,545,516,260	5,199,838,609	2,605,690,756	6,768,385,111	2,280,967,502	13,590,042,446	5,711,633,513	3,016,013,203	2,788,958,747	4,270,981,306
Other non-interest-bearing assets	2,844,258	40,009,290	40,901,105	44,436,099	77,502,803	36,393,228	88,060,634	45,147,945	3,819,711	20,529,026	4,874,930
	290,130,320	6,689,443,106	5,348,790,492	2,703,308,478	7,010,773,750	3,561,477,301	13,853,383,177	5,999,297,494	3,093,727,605	2,907,941,451	4,361,428,042
<b>Liabilities</b>											
Non-interest-bearing liabilities	423,868	39,300,624	26,788,932	45,752,878	20,107,308	4,127,656	39,944,376	4,992,042	1,782,886	929,346	3,082,786
<b>Net assets attributable to unitholders</b>	289,706,452	6,650,142,482	5,322,001,560	2,657,555,600	6,990,666,442	3,557,349,645	13,813,438,801	5,994,305,452	3,091,944,719	2,907,012,105	4,358,345,256



# NOTES TO FINANCIAL STATEMENTS

31 December 2020

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (a) Market risk (continued)

#### Interest rate risk (continued)

#### As at 31 December 2019

	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$
<b>Assets</b>										
Cash at banks	113,895,604	62,542,941	32,317,410	38,349,251	35,191,158	408,538,303	281,487,940	70,552,669	100,155,039	93,869,310
Time deposit - 1 year or less	-	-	-	-	1,233,329,402	-	-	-	-	-
	113,895,604	62,542,941	32,317,410	38,349,251	1,268,520,560	408,538,303	281,487,940	70,552,669	100,155,039	93,869,310
Financial assets measured at fair value through profit or loss										
- 1 year or less	-	-	-	477,972,567	1,529,814,421	-	212,002,794	-	97,673,329	-
- over 1 year to 5 years	-	-	-	3,517,152,175	627,987,949	-	1,984,673,352	-	1,291,213,383	-
- over 5 year to 10 years	-	-	-	1,882,902,343	-	-	1,562,178,534	-	1,038,757,927	-
- over 10 years	-	-	-	417,453,848	-	-	1,191,113,183	-	80,892,596	-
- non-interest bearing investment	5,152,750,932	4,197,800,230	957,322,660	-	-	10,822,381,084	-	3,583,402,887	-	2,524,867,458
	5,152,750,932	4,197,800,230	957,322,660	6,295,480,933	2,157,802,370	10,822,381,084	4,949,967,863	3,583,402,887	2,508,537,235	2,524,867,458
Other non-interest-bearing assets	143,327,178	25,048,676	572,980	67,129,938	45,677,541	102,470,857	42,528,621	9,971,610	21,751,197	5,273,608
	5,409,973,714	4,285,391,847	990,213,050	6,400,960,122	3,472,000,471	11,333,390,244	5,273,984,424	3,663,927,166	2,630,443,471	2,624,010,376
<b>Liabilities</b>										
Non-interest-bearing liabilities	174,608,001	23,511,756	8,937,162	13,359,611	10,208,253	193,140,010	4,812,655	1,625,119	582,301	3,763,908
<b>Net assets attributable to unitholders</b>	5,235,365,713	4,261,880,091	981,275,888	6,387,600,511	3,461,792,218	11,140,250,234	5,269,171,769	3,662,302,047	2,629,861,170	2,620,246,468

# NOTES TO FINANCIAL STATEMENTS

31 December 2020

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (a) Market risk (continued)

#### Interest rate risk sensitivity analysis

A change of 100 basis points in interest rates as at the end of the reporting period would have changed the NAV of the respective Sub-funds and the change in net assets attributable to unitholders by the percentage shown below. The analysis was performed on the same basis for 2019.

#### As at 31 December 2020

	Principal Asian Bond Fund	Principal Asian Equity Fund	Principal China Equity Fund	Principal European Equity Fund	Principal Hong Kong Bond Fund	Principal Hong Kong Dollar Savings Fund	Principal Hong Kong Equity Fund	Principal International Bond Fund	Principal International Equity Fund	Principal Pension Bond Fund	Principal U.S. Equity Fund
Increase 100 basis points in interest rate	(6.06)%	-	-	-	(4.45)%	(0.43)%	-	(7.09)%	-	(4.66)%	-
Decrease 100 basis points in interest rate	6.66%	-	-	-	4.82%	0.43%	-	7.09%	-	4.66%	-

#### As at 31 December 2019

	Principal Asian Equity Fund	Principal China Equity Fund	Principal European Equity Fund	Principal Hong Kong Bond Fund	Principal Hong Kong Dollar Savings Fund	Principal Hong Kong Equity Fund	Principal International Bond Fund	Principal International Equity Fund	Principal Pension Bond Fund	Principal U.S. Equity Fund
Increase 100 basis points in interest rate	-	-	-	(4.25)%	(0.36)%	-	(6.63)%	-	(4.21)%	-
Decrease 100 basis points in interest rate	-	-	-	4.64%	0.36%	-	6.63%	-	4.21%	-

#### Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment (stock-specific) or its issuer, or factors affecting all instruments (generic risks) traded in the market. This risk can be mitigated by constructing a diversified portfolio of investments i.e. diversified by asset class or geographies (global vs. country specific) or both. The Manager manages such risks by regularly monitoring portfolio exposures, both on an absolute basis and relative to underlying benchmarks, if any. For example, if a Sub-fund benchmark has an exposure of x% in a particular stock and of y% in a particular country, the Manager may manage exposure to that stock in his portfolio within x+/-10% and to the country at y+/-10%. Other risks relating to liquidity, sector exposures etc. are also managed in a similar manner.

The percentage breakdown of the investment assets held by each Sub-fund has been stated in the statement of movements in portfolio holdings of the Investment Report.

# NOTES TO FINANCIAL STATEMENTS

31 December 2020

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (a) Market risk (continued)

#### Other price risk sensitivity analysis

As at year end, the overall market exposures were as follows: a decrease in prices of all the underlying investments of each Sub-fund at the year end by the below percentages would have decreased the NAV of the respective Sub-funds and the change in net assets attributable to unitholders by the amounts shown below; an equal change in the opposite direction would have increased the NAV by an equal but opposite amount. The analysis for 2019 was performed by applying the same percentage change in prices of all the underlying investments as at year end.

#### As at 31 December 2020

	Principal Asian Bond Fund HK\$	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$
Overall market exposure	271,078,160	6,545,516,260	5,199,838,609	2,605,690,756	6,768,385,111	2,280,967,502	13,590,042,446	5,711,633,513	3,016,013,203	2,788,958,747	4,270,981,306
% change in prices	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Change in NAV	27,107,816	654,551,626	519,983,861	260,569,076	676,838,511	228,096,750	1,359,004,245	571,163,351	301,601,320	278,895,875	427,098,131

#### As at 31 December 2019

	Principal Asian Equity Fund HK\$	Principal China Equity Fund HK\$	Principal European Equity Fund HK\$	Principal Hong Kong Bond Fund HK\$	Principal Hong Kong Dollar Savings Fund HK\$	Principal Hong Kong Equity Fund HK\$	Principal International Bond Fund HK\$	Principal International Equity Fund HK\$	Principal Pension Bond Fund HK\$	Principal U.S. Equity Fund HK\$
Overall market exposure	5,152,750,932	4,197,800,230	957,322,660	6,295,480,933	2,157,802,370	10,822,381,084	4,949,967,863	3,583,402,887	2,508,537,235	2,524,867,458
% change in prices	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Change in NAV	515,275,093	419,780,023	95,732,266	629,548,093	215,780,237	1,082,238,108	494,996,786	358,340,289	250,853,724	252,486,746

# NOTES TO FINANCIAL STATEMENTS

31 December 2020

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment to pay amounts due on time. The Sub-funds' Manager has a credit review process in place. This ensures review and monitoring of credit quality and credit risk exposure on an ongoing basis, which helps protect portfolios from anticipated negative credit events. The Manager performs this review on a regular basis. The Sub-funds' credit risk is also mitigated through diversification and control of exposure to any single issuer in the Sub-fund.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the year end date. At the end of the reporting period, each Sub-funds' financial assets exposure to credit risk is equivalent to the amounts shown on the statement of financial position.

Credit risk arising on debt securities is mitigated by investing primarily in rated securities or securities issued by rated counterparties of minimum credit ratings stipulated by the Authority ("BBB-"/"A-2" by S&P or equivalent ratings by other rating agencies). Additionally, there is a risk of downgrading of securities i.e. securities ratings getting downgraded by rating agencies which may cause the value of the securities to drop significantly. Typically, in instances where a holding's credit rating of an investment falls below the above minimum ratings, the Manager will dispose of it as soon as practical.

At the end of the reporting period, the Sub-funds invested in debt securities with the following credit quality expressed as a percentage of net assets:

#### As at 31 December 2020

Rating	% of net assets				
	Principl Asian Bond Fund	Principal Hong Kong Bond Fund	Principal Hong Kong Dollar Savings Fund	Principal International Bond Fund	Principal Pension Bond Fund
Aaa/AAA	4.28	0.00	0.00	37.83	0.43
Aa1/AA+	0.71	12.04	2.45	1.01	1.49
Aa2/AA	2.73	10.99	4.77	3.72	1.98
Aa3/AA-	1.32	15.81	3.09	5.97	1.36
A1/A+	12.42	17.32	22.76	11.67	2.06
A2/A	9.33	17.88	3.03	4.15	14.39
A3/A-	8.20	6.65	4.48	5.06	12.94
Baa1/BBB+	13.45	1.06	0.00	11.65	27.01
Baa2/BBB	24.09	0.00	0.00	8.23	22.13
Baa3/BBB-	17.03	0.00	0.00	6.00	12.12
Certificate of deposits without credit rating	0.00	15.06	23.54	0.00	0.00
<b>Total</b>	<b>93.56</b>	<b>96.81</b>	<b>64.12</b>	<b>95.29</b>	<b>95.91</b>

#### As at 31 December 2019

Rating	% of net assets			
	Principal Hong Kong Bond Fund	Principal Hong Kong Dollar Savings Fund	Principal International Bond Fund	Principal Pension Bond Fund
Aaa/AAA	4.36	0.00	42.27	1.31
Aa1/AA+	15.18	0.98	0.85	1.07
Aa2/AA	23.33	5.00	4.40	3.79
Aa3/AA-	6.44	2.38	3.58	1.47
A1/A+	16.50	14.24	9.46	4.44
A2/A	9.11	5.32	4.03	12.38
A3/A-	2.07	0.00	5.51	13.58
Baa1/BBB+	0.00	0.00	9.95	26.81
Baa2/BBB	0.00	0.00	9.94	21.17
Baa3/BBB-	0.00	0.00	3.94	9.35
Certificates of deposits without credit rating	21.56	34.41	0.00	0.00
<b>Total</b>	<b>98.55</b>	<b>62.33</b>	<b>93.93</b>	<b>95.37</b>

Apart from the above Sub-funds, the other Sub-funds did not invest in any debt securities.

# NOTES TO FINANCIAL STATEMENTS

31 December 2020

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

### **(b) Credit risk** *(continued)*

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the good credit quality of the brokers used. The Manager monitors the credit rating and financial positions of the brokers used to further mitigate this risk.

Substantially all the cash at banks held by the Sub-funds are placed with reputable financial institutions. The Trustee monitors the risk by monitoring the credit rating and financial positions of these financial institutions on a regular basis. If the credit quality or the financial position of these financial institutions deteriorates significantly, the Trustee will move the cash balances to another financial institution.

Substantially all the securities of the Sub-funds are held by Citibank, N.A., as the sub-custodian of the Sub-funds. Bankruptcy or insolvency of the custodian may cause the Sub-funds' rights with respect to securities held by the custodian to be delayed or limited. The Trustee monitors its risk by monitoring the credit quality and financial positions of the custodian.

### **Financial assets subject to HKFRS 9's impairment requirements**

The Sub-funds' financial assets subject to the expected credit loss model within HKFRS 9 are only short-term trade receivables, other receivables and cash at banks. At 31 December 2020, the total of short-term trade receivables, other receivables and cash at banks was HK\$2,770,412,941 on which no loss allowance had been provided (31 December 2019: total of HK\$2,933,440,104 on which no loss had been incurred). There is not considered to be any concentration of credit risk within these assets. No assets are considered impaired and no amounts have been written off in the period.

All trade receivables are expected to be received in three months or less. An amount is considered to be in default if it has not been received 30 days after it is due.

As trade receivables are impacted by the HKFRS 9 ECL model, the Sub-funds have adopted the simplified approach. The loss allowance is therefore based on lifetime ECLs.

In calculating the loss allowance, a provision matrix has been used based on historical observed loss rates over the expected life of the receivables adjusted for forward-looking estimates. Items have been grouped by their nature into the following categories: interest and dividend receivables; amounts receivable from brokers; amounts receivable on subscriptions.

### **Financial assets not subject to HKFRS 9's impairment requirements**

The Sub-funds are exposed to credit risk on debt instruments, money market funds and similar securities and derivative assets. These classes of financial assets are not subject to HKFRS 9's impairment requirements as they are measured at FVPL. The carrying value of these assets, under HKFRS 9 represents the Sub-funds' maximum exposure to credit risk on financial instruments not subject to the HKFRS 9 impairment requirements on the respective reporting dates. Hence, no separate maximum exposure to credit risk disclosure is provided for these instruments.

### **(c) Liquidity risk**

The Sub-funds are exposed to daily liquidity risk on redemptions of units. This arises from the risk that the Manager may not be able to convert investments into cash to meet liquidity needs in a timely manner. To guard against this risk, stock selection considerations include analysis of factors like daily trading volumes, bid offer spreads, availability of prices from brokers at short notice. The Sub-funds' financial instruments include mainly investments in listed equity securities and quoted debt securities. They are mainly traded either on stock exchanges or over-the-counter markets and are generally liquid. As a result, in most situations, the Sub-funds should be able to reasonably quickly liquidate their investments in these instruments at close to their fair values in order to meet the liquidity requirements. Under extreme market conditions, liquidation of instruments may have to be done at lower prices.

The Sub-funds are not exposed to other activities which give rise to significant liquidity risk.

# NOTES TO FINANCIAL STATEMENTS

31 December 2020

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (d) Specific instruments

#### Derivatives

The Sub-funds may not enter into any financial futures contracts or financial options contracts. The Manager currently does not undertake any derivatives transactions, except those permitted under the rules of the Authority, i.e. trading in forward contracts for hedging purpose.

#### As at 31 December 2020

As at the year end, the holdings in derivatives translated into the currencies were listed in the table below:

Investment fund	Type of contract	Expiration	Underlying	Notional amount of contracts outstanding HK\$	Fair value HK\$
<b>Issuer: Australia and New Zealand Banking Group Limited</b>					
Principal Asian Bond Fund	Currency forward	February 2021	Buy USD/sell SGD	186,388	(21,517)
Assets/(liabilities)					(21,517)
Net asset values					289,706,452
% of Net asset values					(0.01)
<b>Issuer: Australia and New Zealand Banking Group Limited</b>					
Principal European Equity Fund	Currency forward	March 2021	Buy HKD/sell USD	395,005,800	(18,020)
Principal European Equity Fund	Currency forward	March 2021	Buy HKD/sell GBP	3,010,107	(50,568)
Principal European Equity Fund	Currency forward	March 2021	Buy HKD/sell CHF	4,553,894	(6,146)
Principal European Equity Fund	Currency forward	March 2021	Buy HKD/sell EUR	13,991,703	(86,764)
Principal European Equity Fund	Currency forward	March 2021	Buy HKD/sell GBP	9,936,121	(52,546)
Principal European Equity Fund	Currency forward	March 2021	Buy HKD/sell GBP	9,081,759	(983)
<b>Issuer: Citibank, N.A.</b>					
Principal European Equity Fund	Currency forward	March 2021	Buy USD/sell CHF	12,120,249	(432,754)
Principal European Equity Fund	Currency forward	March 2021	Buy USD/sell DKK	6,796,841	(440,813)
Principal European Equity Fund	Currency forward	March 2021	Buy USD/sell GBP	19,685,581	(3,993,017)
Principal European Equity Fund	Currency forward	March 2021	Buy USD/sell SEK	9,692,233	(1,802,223)
<b>Issuer: Royal Bank of Canada</b>					
Principal European Equity Fund	Currency forward	March 2021	Buy USD/sell EUR	53,349,829	(3,520,174)
<b>Issuer: State Street Bank and Trust Company</b>					
Principal European Equity Fund	Currency forward	March 2021	Buy HKD/sell EUR	11,827,649	17,037
Principal European Equity Fund	Currency forward	March 2021	Buy HKD/sell EUR	9,891,568	7,463
Principal European Equity Fund	Currency forward	March 2021	Buy HKD/sell USD	395,005,800	(20,825)
Principal European Equity Fund	Currency forward	March 2021	Buy HKD/sell USD	12,580,448	(1,371)
Assets/(liabilities)					(10,401,704)
Net asset values					2,657,555,600
% of Net asset values					(0.39)
<b>Issuer: Goldman Sachs</b>					
Principal International Bond Fund	Currency forward	March 2021	Buy USD/sell CAD	3,875,068	(389,966)
Principal International Bond Fund	Currency forward	March 2021	Buy USD/sell EUR	10,116,580	(421,637)
<b>Issuer: Australia and New Zealand Banking Group Limited</b>					
Principal International Bond Fund	Currency forward	March 2021	Buy USD/sell GBP	10,784,320	(1,208,883)
Principal International Bond Fund	Currency forward	March 2021	Buy USD/sell DKK	982,534	(40,511)
Assets/(liabilities)					(2,060,997)
Net asset values					5,994,305,452
% of Net asset values					(0.03)

# NOTES TO FINANCIAL STATEMENTS

31 December 2020

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

### (d) Specific instruments *(continued)*

*Derivatives (continued)*

**As at 31 December 2019**

As at the year end, the holdings in derivatives translated into USD were listed in the table below:

Investment fund	Type of contract	Expiration	Underlying	Notional amount of contracts outstanding HK\$	Fair value HK\$
<b>Issuer: Goldman Sachs</b>					
Principal International Bond Fund	Currency forward	March 2020	Buy USD/sell CAD	1,517,554	(195,849)
Principal International Bond Fund	Currency forward	March 2020	Buy USD/sell EUR	6,000,000	541,129
Principal International Bond Fund	Currency forward	March 2020	Buy USD/sell EUR	8,648,768	(686,896)
Principal International Bond Fund	Currency forward	March 2020	Buy USD/sell GBP	5,140,161	(281,794)
<b>Issuer: Barclays Bank</b>					
Principal International Bond Fund	Currency forward	March 2020	Buy USD/sell CAD	1,517,739	(194,414)
Principal International Bond Fund	Currency forward	March 2020	Buy USD/sell DKK	597,847	(45,843)
Principal International Bond Fund	Currency forward	March 2020	Buy USD/sell EUR	8,648,768	(686,896)
Principal International Bond Fund	Currency forward	March 2020	Buy USD/sell GBP	5,140,707	(277,543)
Assets/(liabilities)					(1,828,106)
Net asset values					5,269,171,769
% of Net asset values					(0.03)

## 24. COMPARATIVE INFORMATION

During current year, trustee assessed the classification and presentation of certain item in the notes to the financial statements. Accordingly, comparative figures of Note 10 to the financial statements have been re-presented to conform the current year's presentation.

## 25. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Trustee and Manager on 26 April 2021.

# INDEPENDENT AUDITOR'S ASSURANCE REPORT

To the unitholders of Principal Asian Bond Fund, Principal Asian Equity Fund, Principal China Equity Fund, Principal European Equity Fund, Principal Hong Kong Bond Fund, Principal Hong Kong Dollar Savings Fund, Principal Hong Kong Equity Fund, Principal International Bond Fund, Principal International Equity Fund, Principal Pension Bond Fund and Principal U.S. Equity Fund (Sub-funds of Principal Life Style Fund, an open-ended unit trust established as an umbrella fund under the laws of Hong Kong)

We have audited the financial statements of Principal Asian Bond Fund, Principal Asian Equity Fund, Principal China Equity Fund, Principal European Equity Fund, Principal Hong Kong Bond Fund, Principal Hong Kong Dollar Savings Fund, Principal Hong Kong Equity Fund, Principal International Bond Fund, Principal International Equity Fund, Principal Pension Bond Fund and Principal U.S. Equity Fund (each a separate sub-fund of Principal Life Style Fund and referred to individually or collectively as the "Sub-funds") for the year ended 31 December 2020 in accordance with Hong Kong Standards on Auditing and with reference to Practice Note 860.1 (Revised), *The Audit of Retirement Schemes* ("PN 860.1") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and have issued an unqualified auditor's report thereon dated 26 April 2021.

Pursuant to Guidelines II.5 and Code on MPF Investment Funds issued by the Mandatory Provident Fund Schemes Authority (the "Authority"), we are required to report whether the Sub-funds complied with certain requirements of the Mandatory Provident Fund Schemes Ordinance (the "Ordinance") and the Mandatory Provident Fund Schemes (General) Regulation (the "General Regulation"), which are made applicable to the Sub-funds through the Code on MPF Investment Funds.

## Trustee and the Manager's Responsibility

The General Regulation requires the trustee and the manager to ensure that:

- (a) proper accounting and other records are kept in respect of the Sub-funds' assets and all financial transactions entered into in relation to the Sub-funds;
- (b) the requirements specified in the guidelines made by the Authority under section 28 of the Ordinance with respect to forbidden investment practices and the requirements of sections 51 and 52 of, and Schedule 1 to, the General Regulation, which are made applicable to the Sub-funds through the Code on MPF Investment Funds, are complied with;
- (c) the Sub-funds' assets are not subject to any encumbrance, otherwise than as permitted by section 65 of the General Regulation.

## Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Auditor's Responsibility

Our responsibility is to report on the Sub-funds' compliance with the above requirements based on the results of the procedures performed by us.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to PN 860.1 issued by the HKICPA. We have planned and performed our work to obtain reasonable assurance about whether the Sub-funds have complied with the above requirements.

We have planned and performed such procedures as we considered necessary with reference to the procedures recommended on PN 860.1, which included reviewing, on a test basis, evidence obtained from the Trustee regarding the Sub-funds' compliance with the above requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Opinion

Based on the foregoing:

1. in our opinion:
  - (a) proper accounting and other records have been kept during the year ended 31 December 2020 in respect of the Sub-funds' assets and all financial transactions entered into in relation to the Sub-funds; and
  - (b) the requirements specified in the guidelines made by the Authority under section 28 of the Ordinance with respect to forbidden investment practices and the requirements of sections 51 and 52 of, and Schedule 1 to, the General Regulation, which are made applicable to the Sub-funds through the Code on MPF Investment Funds, have been complied with, in all material respects, as at 31 December 2020, 30 September 2020, and 31 March 2020;



## INDEPENDENT AUDITOR'S ASSURANCE REPORT *(continued)*

To the unitholders of Principal Asian Bond Fund, Principal Asian Equity Fund, Principal China Equity Fund, Principal European Equity Fund, Principal Hong Kong Bond Fund, Principal Hong Kong Dollar Savings Fund, Principal Hong Kong Equity Fund, Principal International Bond Fund, Principal International Equity Fund, Principal Pension Bond Fund and Principal U.S. Equity Fund  
(Sub-funds of Principal Life Style Fund, an open-ended unit trust established as an umbrella fund under the laws of Hong Kong)

2. as at 31 December 2020, the assets of the Sub-funds were not subject to any encumbrance, otherwise than as permitted by section 65 the General Regulation, which are made applicable to the Sub-funds through the Code on MPF Investments Funds.

### **Intended Users and Purpose**

This report is intended solely for submission by the trustee and the manager to the Authority and is not intended to be, and should not be, used by anyone for any other purpose.

### **Ernst & Young**

Certified Public Accountants

Hong Kong

26 April 2021



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