

This Product Highlights Sheet is an important document.

- It highlights the key terms and risks of this investment product and complements the Prospectus<sup>1</sup>.
- It is important to read the Prospectus before deciding whether to purchase the product. If you do not have a copy, please contact us to ask for one.
- You should not invest in the product if you do not understand it or are not comfortable with the accompanying risks.
- If you wish to purchase the product, you will need to make an application in the manner set out in the Prospectus.

## PRINCIPAL S&P ETHICAL ASIA PACIFIC DIVIDEND ETF (THE “FUND”)

<b>SGX counter name (SGX stock code):</b> <b>Primary currency counter (US\$)</b>  <b>Secondary currency counter (S\$)</b>	PRINCIPAL S&P AP DIV US\$ (P5P)	<b>SGX-ST Listing Date:</b> <b>Primary currency counter (US\$)</b>	8 March 2012
	PRINCIPAL S&P AP DIV S\$D (QR9)	<b>Secondary currency counter (S\$)</b>	15 June 2012
<b>Product Type</b>	Exchange-Traded Fund The Units are Excluded Investment Products	<b>Designated Market Maker</b>	Phillip Securities Pte Ltd
<b>Manager</b>	Principal Asset Management (S) Pte Ltd	<b>Underlying Reference Asset</b>	S&P Ethical Pan Asia Select Dividend Opportunities Index (the “Index”)
<b>Expense Ratio</b>	1.25% (for the year ended 30 June 2022)	<b>Traded Currencies<sup>2</sup></b>	US dollars (US\$) (primary currency) and Singapore dollars (S\$) (secondary currency)
		<b>Board Lot Size</b>	1 Unit

### PRODUCT SUITABILITY

<b>WHO IS THE PRODUCT SUITABLE FOR?</b> <ul style="list-style-type: none"> <li>• The Fund is <u>only</u> suitable for investors who:           <ul style="list-style-type: none"> <li>○ aim to achieve investment results that, before expenses, closely correspond to the performance of the Index;</li> <li>○ want capital growth and income in the form of dividends<sup>3</sup>;</li> <li>○ believe that the Index will increase in value; and</li> <li>○ are comfortable with the greater volatility and risks of an equity fund.</li> </ul> </li> </ul>	<b>Further Information</b>  Refer to the “Investment Objective” and “Investment Policy of the Fund” sections of the Prospectus for further information on product suitability.
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<sup>1</sup> The Prospectus is available for collection at the Manager’s office at 50 Raffles Place, #22-03A & B Singapore Land Tower, Singapore 048623, from Monday to Friday during usual business hours, or accessible at <https://www.principal.com.sg/en/etf-sg>.

<sup>2</sup> For more information on dual currency trading, please refer to: <https://www.sgx.com/securities/trading>.

<sup>3</sup> Such dividend distributions (paid in US\$) are not guaranteed and are made in the Manager’s discretion. There is currently no income reinvestment service for the Fund.

**KEY PRODUCT FEATURES**

**WHAT ARE YOU INVESTING IN?**

You are investing in an exchange traded fund constituted in Singapore that aims to provide investment results that, before expenses, closely correspond to the performance of the Index.

The Index is designed to track the performance of ethically conscious, high dividend yielding stocks from the Pan Asia region. To be included in the Index, stocks must have less than 5% revenue exposure to alcohol, gaming, pork and tobacco. The top 40 highest yielding stocks in the Pan Asia region that meet these criteria are represented in the Index.

The Manager may in its absolute discretion decide to distribute income to Unitholders at such times as it may determine in each financial year. The amount to be distributed to Unitholders will be derived from the net income of the Fund. There is currently no income reinvestment service for the Fund. Such distributions, if any, will be paid in US\$. Distributions will only be paid to the extent that they are available for distribution pursuant to the Trust Deed.

Refer to the "Principal S&P Ethical Asia Pacific Dividend ETF" section and Appendices I and II of the Prospectus for further information on the features of the product.

Published values of the Index can be found on S&P's website at [www.spdji.com](http://www.spdji.com).

**Investment Strategy**

The Fund is not managed according to traditional methods of "active" investment management, which involve the buying and selling of securities based on the fund manager's economic, financial and market analysis and investment judgment. Unlike an actively managed investment fund, the Fund does not attempt to "beat" the market or the Index. Instead, the Manager, using a "passive" or indexing investment approach, attempts to deliver an investment performance which closely corresponds, before expenses, to the performance of the Index.

The use of an indexing investment approach may eliminate some of the risks of active management such as poor stock selection. An indexing investment approach may also help increase after-cost performance by keeping portfolio turnover low in comparison to actively managed investment funds.

In managing the Fund, the Manager may adopt either a Replication Strategy or a Representative Sampling Strategy. The Manager may swap between the two strategies, without prior notice to investors, in its absolute discretion as often as it believes appropriate in order to achieve the investment objective of the Fund.

As the Fund is an index-tracking fund which tracks the performance of the Index and holds the component Index Securities, it is expected that the only asset class which the Fund will invest in is equities.

Replication Strategy

Using a Replication Strategy, the Fund will invest in substantially all the Index Securities in substantially the same weightings (i.e. proportions) as the Index.

However, if the Manager believes that a Replication Strategy is not the most efficient means to track the Index, the Manager may decide to adopt a Representative Sampling Strategy instead.

Representative Sampling Strategy

Using a Representative Sampling Strategy, the Fund will hold a representative sample of a portfolio of Securities selected by the Manager using quantitative analytical models in a technique known as "portfolio sampling". Where a representative sampling strategy is employed, Securities that are not constituents of the Index may be held by the Fund. Such Securities will be expected to have a high level of correlation or a similar valuation or market capitalisation as the relevant Index Securities.

The Manager will seek to construct the portfolio of the Fund so that, in the aggregate, its capitalisation, industry and fundamental investment characteristics perform like those of the Index.

Refer to the "Investment Policy of the Fund" section of the Prospectus setting out the description of the investment strategy of the Fund.

<b>Parties Involved</b>	
<p><b>WHO ARE YOU INVESTING WITH?</b></p> <ul style="list-style-type: none"> <li>• The Manager is Principal Asset Management (S) Pte Ltd</li> <li>• The Trustee is Citicorp Trustee (Singapore) Limited.</li> <li>• The Custodian is Citibank, N.A., Singapore Branch.</li> <li>• The Registrar is Citicorp Trustee (Singapore) Limited.</li> </ul>	<p>Refer to the “Key Information” and “Management and Administration” sections of the Prospectus for further information on the role and responsibilities of these entities and what happens if they become insolvent.</p>
<b>KEY RISKS</b>	
<p><b>WHAT ARE THE KEY RISKS OF THIS INVESTMENT?</b></p> <p><b>The value of the product and its dividends or coupons may rise or fall. These risk factors may cause you to lose some or all of your investment:</b></p>	<p>Refer to the “Risk Factors” and “Risk Factors Relating To The Index” sections of the Prospectus for further information on risks of the product.</p>
<b>Market and Credit Risks</b>	
<ul style="list-style-type: none"> <li>• <b>Market prices for Units in the Fund may be different from their Net Asset Value (NAV).</b></li> </ul> <p>The price of Units (in US\$ for the primary currency counter or S\$ for the secondary currency counter) traded on the SGX-ST will depend, amongst other factors, on market supply and demand, as well as the prevailing financial market, corporate, economic and political conditions, and their price may be different from the NAV of the Fund, which is denominated in the base currency/primary currency of US dollars, or the Singapore dollar equivalent of the NAV of the Fund.</p> <ul style="list-style-type: none"> <li>• <b>You are exposed to Foreign Exchange Risk.</b></li> </ul> <p>As the Fund’s investments are generally invested in securities in Asia Pacific such that a substantial portion of the revenue and income of the Fund may be received in a currency other than the Fund’s base currency/primary currency of US dollars, any fluctuation in the exchange rate of the US dollar relative to the relevant foreign currency will affect the NAV of the Fund, which is denominated in US dollars.</p> <ul style="list-style-type: none"> <li>• <b>You are exposed to Emerging Market Risk.</b></li> </ul> <p>The Fund will invest in securities listed on stock exchanges in the Asia Pacific countries, including Malaysia, Thailand, Indonesia and China, which are considered to be emerging markets as compared to Singapore. Emerging markets risks include, but are not limited to: generally less liquid and less efficient securities markets; generally greater price volatility; exchange rate fluctuations and exchange controls; imposition of restrictions on the repatriation of funds or other assets; less publicly available information about issuers; etc.</p>	
<b>Liquidity Risks</b>	
<ul style="list-style-type: none"> <li>• <b>The secondary market may be illiquid.</b></li> </ul> <p>You can sell your Units on the SGX-ST. However, you may not be able to find a buyer on the SGX-ST when you wish to sell your Units. While the Fund intends to appoint at least one market maker to assist in creating liquidity for investors, liquidity is not guaranteed and trading of Units on the SGX-ST may be suspended in various situations.</p> <p>If the Units are delisted from the SGX-ST or if the CDP is no longer able to act as the depository for the Units listed on the SGX-ST, the Fund may be terminated and Units will be redeemed in accordance with the termination provisions in the Trust Deed.</p> <ul style="list-style-type: none"> <li>• <b>Redemption through Participating Dealers.</b></li> </ul>	

Investors can only redeem Units through Participating Dealers if they are clients of the relevant Participating Dealer, subject to such terms and conditions as may be imposed. A redemption application shall only be made or accepted in respect of Units constituting an application unit size of 0.5 million Units or whole multiples thereof and shall only be accepted if made by or through a Participating Dealer.

**Product-Specific Risks**

- You are exposed to Concentration Risk.**

If the Index comprises Index Securities that are concentrated in a particular group of stocks, industry or group of industries, the Fund may be adversely affected by the performance of those stocks and be subject to price volatility. The Index currently consists primarily of stocks from the telecommunication services, financial, industrial and utilities industries. As such, in tracking the Index, the performance of the Fund may be more susceptible to any single economic, market, political or regulatory occurrence in these industries.

- You are exposed to Tracking Error Risk.**

Factors such as the fees and expenses of the Fund, imperfect correlation between the Fund's assets and the Index Securities constituting the Index, rounding of share prices, changes to the Index and regulatory policies may affect the Manager's ability to achieve close correlation with the performance of the Index. The Fund's returns may therefore deviate from the Index and there is no assurance that the Fund will be able to fully track the performance of the Index.

- The Fund is Not Actively Managed.**

The Fund is not actively managed. Accordingly, the Fund may be affected by a decline in world market segments relating to the Index. The Fund invests in the Index Securities included in the Index. The Manager does not attempt to select stocks individually or to take defensive positions in declining markets.

**FEES AND CHARGES**

**WHAT ARE THE FEES AND CHARGES OF THIS INVESTMENT?**

Fees and Charges Payable by Retail Investors Dealing in Units on the SGX-ST

Subscription/Redemption fee	Nil
Brokerage	Market rates. Investors will have to bear brokerage fees charged by their stockbrokers.
Clearing fee	Currently the clearing fee for trading Units on the SGX-ST is at the rate of 0.0325% of the contract value, subject to the prevailing goods and services tax.

Refer to the "Fees, Charges and Expenses" section of the Prospectus for further information on fees and charges.

Fees and Charges Payable by the Fund

Manager's fee	Currently 0.65% of Net Asset Value per annum Maximum 1.00% of Net Asset Value per annum The annual Manager's fee is retained by the Manager as the Manager does not pay any trailer fees with respect to the Fund.
Custodian Fee	The Custodian Fee payable is subject to agreement between the Manager and the Custodian and may exceed 0.1% of Net Asset Value per annum depending on, amongst others, the size of the Fund and the number of transactions carried out.

Note: The fees of the Trustee, Index Provider and Auditors will be borne by the Manager and will not be charged to the Fund.

**CONTACT INFORMATION**

**HOW DO YOU CONTACT US?**

If you have questions concerning the Fund, you may call the Manager at telephone number (65) 6390 0800.

## APPENDIX: GLOSSARY OF TERMS

"Index Securities"	means shares or interests issued by companies listed on the Relevant Exchanges that are included in the Index from time to time or depository receipts that may be issued against such shares or interests.
"Relevant Exchanges"	means the stock exchanges on which the Index Securities are traded and a "Relevant Exchange" means any one of them.
"Security"	<p>means any share, stock, debenture, loan stock, bond, security, commercial paper, acceptance, depository receipt, trade bill, treasury bill, instrument or note of, or issued by or under the guarantee of, any body, whether incorporated or unincorporated, or of any government or local government authority or supranational body, whether paying interest or dividends or not and whether fully-paid, partly paid or nil paid and includes (without prejudice to the generality of the foregoing):-</p> <ul style="list-style-type: none"><li>(A) any right, option or interest (howsoever described) in or in respect of any of the foregoing, including units in any unit trust;</li><li>(B) any certificate of interest or participation in, or temporary or interim certificate for, receipt for or warrant to subscribe or purchase, any of the foregoing;</li><li>(C) any instrument commonly known or recognised as a security;</li><li>(D) any receipt or other certificate or document evidencing the deposit of a sum of money, or any rights or interests arising under any such receipt, certificate or document; and</li><li>(E) any bill of exchange and any promissory note,</li></ul> <p>provided that each of such Securities falling within paragraphs (A) to (E) of this definition shall be a permissible investment under the Code on Collective Investment Schemes.</p>
"Unit"	means one undivided share in the Fund.
"Unitholder"	means a holder of Units.