

This notice contains important information that requires your immediate attention. Should you have any queries, you are recommended to seek independent professional advice.

The following change(s) in investment choice(s) relate(s) to the Capital Flexi InvestPlan and Capital InvestPlan.

Removal of Restriction and Clarification of Investment Objectives and Policies of the Underlying Funds of the Investment Choices

- *Principal Life Style Fund - China Equity Fund (Retail Class)(PRCEH)*
- *Principal Life Style Fund - Hong Kong Equity Fund (Retail Class)(PRHEH)*

As advised by Principal Asset Management Company (Asia) Limited (the “Manager”), with effect from January 2, 2018, the underlying funds of the investment choices above can invest in eligible China A-Shares and China B-Shares listed on the Shanghai or Shenzhen stock exchanges, each of which was previously prohibited from investing in China A-Shares and more than 10% of its net asset value in China B-Shares. As the Shanghai and Shenzhen stock exchanges are currently not recognized by the Mandatory Provident Fund Schemes Authority as ‘approved stock exchanges’ set out 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 respective net asset value of underlying funds.

The reason for the proposed removal of restriction is to allow investment into eligible China A-Shares up to a maximum of 10% of the respective net asset values which does not materially change the respective statements of investment policy and objectives of the underlying funds.

The removal of restriction can enhance the Manager’s ability to make investments in China A-Shares via the stock connect schemes, which were first introduced in 2014. Although the proposed removal of restriction is intended to enhance the overall returns for investors, there are associated risks and therefore the disclosure under “Risk Factors” in the explanatory memorandum will be enhanced with effect from January 2, 2018 to include “Risks associated with investment in China A-Shares through stock connect programmes” to reflect news risks relating to investment in China A- Shares.

Investors should be aware that there are various risks associated with investing in China A-Shares and China B-Shares which are unique when compared to risks associated with other types of securities in other markets. Apart from “Risks associated with investment in China A-Shares through stock connect programmes”, investors are also advised to refer to the sections titled “Risks associated with investments/exposure to RMB currency and/or Mainland China” and “Custodial risk” for risks involved in investing in China A-Shares and China B-Shares.

Effective from January 2, 2018, the disclosure under the section “Investment Objectives and Policies” of the underlying funds in the explanatory memorandum and their respective KFSs will also be updated to clarify the extent and type of their primary and ancillary investments to reflect the current practice.

Save as disclosed above, there is no change in the manner that the underlying funds will be managed nor to their fee levels.

The costs associated with the changes herein will be borne by the Manager.

It is confirmed that none of the amendments made herein will have any adverse impact on investors of the underlying funds.

You should refer to the relevant offering documents and the notice to shareholders of the underlying fund(s) of the above investment choice(s) in relation to the above changes, which are made available by MassMutual Asia Ltd. upon request.

If you have selected the above investment choice(s) under your insurance policy and if for any reason you wish to change to other investment choice(s), you may switch your investment choice(s) to other available investment choice(s) provided by your policy. Currently, no switching charge and bid-offer spread apply to the investment choices. For details, please refer to Principal Brochure or contact MassMutual Asia Ltd. - Customer Service Hotline at (852) 2533 5555.

7 August 2017

This Notice is important and requires your immediate attention. If you are in any doubt about the contents of this Notice, you should seek independent professional advice.

Principal Asset Management Company (Asia) Limited accepts full responsibility for the accuracy of the information contained in this Notice and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other material facts the omission of which would make any statement misleading as at the date of issuance.

Dear Unitholders,

Re: Principal Life Style Fund (信安豐裕人生基金) (the “Fund”)

Thank you for your continued support of the Fund. We would like to inform you that the following changes have been made to the Fund:

A. Change of address

With effect from 16 October 2017, the address of the Manager, the Trustee, the Custodian and the Registrar of the Fund will be changed to 30/F Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Kowloon respectively.

With effect from 1 December 2017, the address of Principal Global Investors (Hong Kong) Limited will be changed to Unit 1001-1002 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

B. Removal of restriction to allow the Principal China Equity Fund and the Principal Hong Kong Equity Fund to invest in China A-Shares and China B-Shares and to clarify the “Investment Objectives and Policies” of Principal Hong Kong Equity Fund and Principal China Equity Fund

With effect from 2 January 2018, Principal Hong Kong Equity Fund and Principal China Equity Fund can invest in eligible China A-Shares and China B-Shares listed on the Shanghai or Shenzhen stock exchanges, each of which was previously prohibited from investing in China A-Shares and more than 10% of its net asset value in China B-Shares. As the Shanghai and Shenzhen stock exchanges are currently not recognized by the Mandatory Provident Fund Schemes Authority as ‘approved stock exchanges’ set out 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 respective net asset value of Principal Hong Kong Equity Fund and Principal China Equity Fund.

The reason for the proposed removal of restriction is to allow investment into eligible China A-Shares up to a maximum of 10% of the respective net asset values which does not materially change the respective statements of investment policy and objectives (“SIPO”) of the Principal Hong Kong Equity Fund and Principal China Equity Fund.

The removal of restriction can enhance the Manager’s ability to make investments in China A-Shares via the stock connect schemes, which were first introduced in 2014. Although the proposed removal of restriction is intended to enhance the overall returns for investors, there are associated risks and therefore the disclosure under “Risk Factors” in the Explanatory Memorandum will be enhanced with effect from 2 January 2018 to include “Risks associated with investment in China A-Shares through stock connect programmes” to reflect news risks relating to investment in China A-Shares.

Unitholders should be aware that there are various risks associated with investing in China A-Shares and China B-Shares which are unique when compared to risks associated with other types of securities in other markets. Apart from “Risks associated with investment in China A-Shares through stock connect programmes”, unitholders are also advised to refer to the sections titled “Risks associated with investments/exposure to RMB currency and/or Mainland China” and “Custodial risk” for risks involved in investing in China A-Shares and China B-Shares.

Effective from 2 January 2018, the disclosure under the section “Investment Objectives and Policies” of Principal Hong Kong Equity Fund and Principal China Equity Fund in the Explanatory Memorandum and their respective KFSs will also be updated to clarify the extent and type of their primary and ancillary investments to reflect the current practice.

Save as disclosed above, there is no change in the manner that such Sub-Funds will be managed nor to their fee levels.

C. Publication of Suspension and Publication of Net Asset Value

Place and timing of publication of suspension of calculation of Net Asset Value per Unit

With effect from 17 August 2017, notification in relation to suspension of calculation of net asset value per unit of a Sub-Fund will be published on the website www.principal.com.hk¹ instead of publication in the newspapers in Hong Kong. Such publication will be made immediately (instead of as soon as may be practicable) after any such declaration and at least once a month during the period of such suspension. The Manager may also cause a notice to be given to Unitholders and to all those (whether Unitholders or not) whose applications to subscribe for or redeem Units shall have been affected by such suspension stating that such declaration has been made.

Publication of Net Asset Value per Unit and rounding practice

With effect from 17 August 2017, the net asset value per unit for each Sub-Fund will be published on each dealing day on the website www.principal.com.hk¹ instead of publication in the newspapers in Hong Kong. The Trust Deed has also been revised to reflect this change.

In accordance with the Fifth Addendum to the Explanatory Memorandum and our letter to Unitholders, both dated 23 November 2012, the current rounding practice adopted by the Manager in determining the issue and redemption prices for each Sub-Fund is to round down (not up) to 4 decimal places. As such, the net asset value per unit for each Sub-Fund published on the website www.principal.com.hk¹ will be rounded down to 4 decimal places (instead of rounded up to 4 decimal places) to reflect such practice. For the avoidance of doubt, there is no change to the dealing or pricing arrangements of the Fund.

D. Directors of the Manager

With effect from 30 June 2017, subsequent to the resignations of Mr. Norman R. J. Sorensen Valdez, Mr. Sinn Pak Ming, Ringo and Mr. Yuen Sze Fun as Directors, the composition of the Board of Directors of the Manager now comprises Ms. Nora Mary Everett and Mr. Binay Chandgothia.

¹ The website has not been reviewed by the SFC.

E. Others

The following changes shall take effect from 27 July 2017:

Payment procedures for accepting subscriptions moneys

With effect from 27 July 2017, the payment procedures for accepting subscription moneys have been updated. Subscription moneys will be able to be made in either Hong Kong dollars (“**HKD**”) or U.S. dollars (“**USD**”) (instead of HKD only) without any cost of currency conversion on the part of investors at the time of application.

Where subscription moneys are made in currencies other than HKD and USD, the payment procedures remain the same that such subscription moneys will be converted into HKD at the prevailing exchange rates. The cost of currency conversion will be borne by the applicant. Conversion of currencies may involve some delay.

Pension Class Units

With effect from 27 July 2017, the definition of Pension Class Units of the Fund has been amended as follows (additions are underlined and deletions are shown):

Pension Class Units – Available to registered schemes or approved pooled investment funds under the MPFS Ordinance or occupational retirement schemes, which are managed by Principal Asset Management Company (Asia) Limited (~~but excluding any registered scheme, approved pooled investment fund or occupational retirement scheme which is not managed by Principal Asset Management Company (Asia) Limited at the time of establishment of such registered scheme, approved pooled investment fund or occupational retirement scheme (as the case may be))~~ or other investment managers as may be determined by the Trustee or the Manager at their discretion.

The reason for this change is to remove the restriction on availability of Pension Class Units to certain schemes which are not managed by Principal Asset Management Company (Asia) Limited at the time of their establishment and to give the Trustee or the Manager the discretion to make Pension Class Units available to schemes that are managed by other investment managers. The Trust Deed has also been revised to reflect this change.

Foreign Account Tax Compliance Act (“FATCA”) and PRC taxation

With effect from 27 July 2017, the Explanatory Memorandum has been amended to include disclosures in relation to FATCA and PRC taxation to provide the latest regulatory information.

Liquidity Risk Management

With effect from 27 July 2017, the Explanatory Memorandum has been amended to include disclosure in relation to the Fund’s liquidity risk management policy to comply with the latest regulatory requirements.

Conflicts of interest, fee rebates and appointment of sub-custodians

With effect from 27 July 2017, the Explanatory Memorandum has been amended to enhance the existing disclosure in relation to (i) conflicts of interest, (ii) fee rebates and (iii) the basis upon which sub-custodians are appointed, to reflect the latest regulatory requirements. The Trust Deed has also been amended to reflect (iii). Such amendments are for clarification purposes only and do not consist of any change in current practice.

Enhancement of risk disclosure generally

With effect from 27 July 2017, risk disclosures under the “RISK FACTORS” section in the Explanatory Memorandum has been enhanced generally.

The costs associated with the changes herein will be borne by the Manager.

It is confirmed that none of the amendments made herein will have any adverse impact on Unitholders or investors of the Fund.

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The above changes are more fully discussed in the attached Ninth Addendum to the Explanatory Memorandum of the Fund (the “**Ninth Addendum**”). The Ninth Addendum should be read in conjunction with and forms part of the Explanatory Memorandum and the Product Key Facts Statement of each of the Sub-Funds. Please read the Ninth Addendum carefully.

The Trust Deed has been amended by a supplemental deed of variation dated 27 July 2017 to reflect various updates to comply with the relevant requirements in the Code on Unit Trusts and Mutual Funds (the “**UT Code**”) and to reflect various amendments to the Explanatory Memorandum. Clause 1.01 has been amended to align the definitions of “Pension Class Unit” and “Connected Person” with those in the Explanatory Memorandum and the UT Code respectively. Clauses 2.02, 9.06, 14.19, 15.01 and 24.01 have been amended to reflect the relevant requirements of 4.5(a)(i), (ii) and (iii), 6.15(e), Appendix D11 and Appendix D4(c) and Appendix D12(d) of the UT Code. Clause 5.13 has been amended to allow the Fund to publish the net asset value of the Sub-Funds in an appropriate manner as may be permitted by the UT Code. Clause 15.02 has been amended to reflect the requirements of Section 5(7) of Annex 1: Minimum Disclosure Requirements of the Guide on Practices and Procedures for Application for Authorisation of Unit Trusts and Mutual Funds. A copy of the latest Trust Deed will be available for inspection at our office at Unit 1001-3, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong during normal office hours.

Terms not defined in this Notice shall have the same meanings as in the Explanatory Memorandum of the Principal Life Style Fund unless otherwise specified herein.

Should you have any questions about these changes or would like to obtain a copy of the updated Explanatory Memorandum and the Product Key Facts Statements of the Sub-Funds of the Fund, please contact our customer hotline at (852) 2117 8383 or visit our website at www.principal.com.hk¹.

Principal Asset Management Company (Asia) Limited

¹ The website has not been reviewed by the SFC.