PRINCIPAL GLOBAL MULTI-STRATEGY FUND

Quarterly commentary

SECOND QUARTER 2026

Market review

Liquid alternatives posted strong second quarter (Q2) gains as improving risk sentiment and lower volatility supported broad performance across hedge fund strategies. Returns continued to demonstrate the diversification benefits of alternative investments.

Equity hedge led performance, with the HFRX Equity Hedge Index returning 10.31%. Strong equity markets and elevated stock dispersion created a favorable environment for fundamental long/short managers.

Macro/CTA strategies gained 4.09%, benefiting from persistent trends across commodities, currencies, and interest rates. The strategy remains one of the strongest performers over the past year.

Event driven (3.52%) and fixed income credit (3.11%) benefited from tighter credit spreads, resilient corporate fundamentals, and improving capital market activity.

Relative value (2.47%) and equity market neutral (1.97%) delivered steady positive returns, reinforcing the diversification benefits of liquid alternatives.

Market indices	Quarterly returns (%)	1-year returns (%)
HFRX Global Hedge Fund USD Index	5.40	9.66
HFRX Equity Hedge USD Index	10.31	14.65
HFRX Event Driven USD Index	3.52	5.77
HFRX Fixed Income-Credit TR USD Index	3.11	6.28
HFRX Equity Market Neutral USD Index	1.97	2.41
HFRX Relative Value Arbitrage USD Index	2.47	4.99
HFRX Macro/CTA USD Index	4.09	15.13
S&P 500 TR USD Index	15.20	22.32
MSCI ACWI NR USD Index	14.93	23.67
Bloomberg U.S. Aggregate Bond TR USD Index	0.67	3.79
Bloomberg Global Aggregate TR USD Index	0.87	0.62

As of June 30, 2026. Source: Morningstar. Indices are unmanaged and do not take into account fees, expenses, and transaction costs and it is not possible to invest in an index.

TICKER:

Class I: PSMIX
Class A: PMSAX
Class R6: PGLSX

Portfolio commentary

The Principal Global Multi-Strategy Fund (I-shares) returned 3.73% for the quarter ending June 30, 2026, underperforming the HFRX Global Hedge Fund Index which returned 5.40%

What helped?

- The trend-following strategy managed by Graham Capital Management, L.P. (Graham) within the global macro segment of the portfolio delivered strong positive returns for the period and outperformed relative to the broader HFRX Macro/CTA Index, as well as outperforming other systematic commodity trading advisors (CTAs) (mostly comprised of trend-following strategies). Graham's performance was driven by long positions in equity futures, although they also had positive contributions from currency positioning.
- Our allocation to Principal Finisterre (Finisterre), a sleeve focused on emerging market debt (EMD) within our relative value arbitrage bucket, was among the largest contributors to the Fund's absolute and index-relative performance for the quarter. Finisterre outperformed peers in the relative value arbitrage strategy. EMD benefited from supportive yields, improving risk sentiment, and Finisterre's allocation decisions.
- The Fund's underweight allocation to Global Macro/CTA strategies relative to the HFRX Global Hedge Fund Index was a positive contributor from an attribution perspective.

What hurt?

- Our allocation to Los Angeles Capital Management LLC (LA Capital) in the equity hedge bucket was a positive contributor to absolute returns but detracted from relative performance. LA Capital produced positive performance for the quarter but significantly underperformed the HFRX Equity Hedge Index during the period. LA Capital's portfolio suffered from being overweight value factors (which underperformed during the quarter) and underweight bad momentum factors (which outperformed during the quarter). Security selection within communication services and materials also detracted from LA Capital's relative results.
- Our allocation to Westchester Capital Management, LLC (Westchester) in the event-driven bucket detracted from index-relative results. While Westchester delivered modest positive returns, it underperformed event-driven peers, in part because Westchester tends to focus on high quality mergers & acquisitions in the large capitalization space. One of the drivers of higher returns among some event-driven peers was allocations in smaller special situation names which may be acquisition targets.

What's next?

- During the quarter, the Fund onboarded Parametric Portfolio Associates, LLC (Parametric) as a new sub-advisor in the Fund's equity hedge bucket, replacing Gotham Asset Management, LLC (Gotham). The portfolio continues to exhibit balance across its strategies and sub-strategies. We have generally experienced strong relative performance coming from managers across the strategy and have seen different managers' sleeves lead the way from quarter to quarter. The Fund continues to deliver positive long-term performance compared with the Morningstar Multi-Strategy peer universe, as well as relative to cash + performance objectives, and relative to the HFRX Global Hedge Fund Index over longer time periods. The portfolio management team continues to search for potential bench managers for the portfolio.

Allocation update

	Q2 2026 (%)	Q1 2026 (%)
Equity hedge	**33.8**	**30.4**
Los Angeles Capital Management LLC	21.8	18.5
Parametric Portfolio Associates, LLC	12.0	–
Gotham Asset Management, LLC	–	11.9
Relative value arbitrage	**28.0**	**28.5**
Principal Finisterre	16.9	16.6
Loomis, Sayles & Company, L.P.	11.2	11.8
Macro/CTA	**23.7**	**24.6**
Graham Capital Management, L.P.	7.8	7.0
Record Currency Management Limited	5.3	5.9
Crabel Capital Management, LLC	6.2	7.0
Tail-Risk Hedge[*1]	4.4	4.7
Event driven	**11.3**	**12.7**
Westchester Capital Management, LLC	11.3	12.7
Liquidity	**3.2**	**3.9**
Principal Asset Allocation	3.2	3.9

As of June 30, 2026. Source: Principal Global Investors. CTA: Commodity Trading Advisor.

[*1] A tactical asset allocation sleeve was added in 2023 with allocations reflecting under their respective asset classes (at times, there may not be any tactical views reflected through this sleeve, so allocations may be zero).

PRINCIPAL GLOBAL MULTI-STRATEGY FUND as of June 30, 2026

Performance, rankings, & ratings

Average annual total returns (%)	3-month	Year-to-date	1-year	3-year	5-year	10-year	Since inception (10/24/2011)	Expense ratio (net/gross)	Expense limit expiration date
Class I	3.73	5.15	12.52	9.21	6.00	5.17	4.53	1.47/1.48	12/30/2026
HFRX Global Hedge Fund Index	5.40	4.80	9.66	6.59	3.08	3.65	–	–	–
Morningstar category average	2.51	3.74	9.22	7.89	5.36	3.72	–	–	–

Morningstar rankings and ratings	3-month	Year-to-date	1-year	3-year	5-year	10-year	Overall
Category and number of funds in category: Multistrategy	119	117	116	105	99	66	105
Class I percentile rankings	–	–	43	31	25	16	–
Class I ratings	–	–	–	★★★★	★★★★	★★★★	★★★★

Calendar year returns (%)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Class I	3.27	6.59	-4.33	8.18	5.11	5.63	-1.79	6.58	8.86	10.47
HFRX Global Hedge Fund Index	2.50	5.99	-6.72	8.62	6.81	3.65	-4.41	3.10	5.27	7.14
Morningstar category average	2.51	5.56	-4.31	7.77	1.63	6.86	-2.07	6.24	6.09	6.66

Morningstar percentile rankings are based on total returns. Morningstar rankings are based on risk-adjusted returns.

Returns represent past performance and do not guarantee future results. Share price, principal value, and return will vary and you may have a gain or loss when shares are sold. Current performance may be lower or higher than quoted. For the most recent month-end performance, visit www.PrincipalAM.com.

The net expense ratio reflects contractual expense limits, if any, which may lower net expenses and cause the gross and net expense ratios to differ. In such cases a date is listed through which expense limits are expected to apply; however, Principal Funds and the investment advisor may mutually agree to terminate the expense limits prior to the end of the period. Returns displayed are based on net total investment expense.

Performance assumes reinvestment of all dividends and capital gains.

Benchmark description: HFRX Global Hedge Fund Index is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies; including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage.

Index performance information reflects no deduction for fees, expenses, or taxes. Indices are unmanaged and individuals cannot invest directly in an index.

Returns shown for periods of less than one year are not annualized.

The Morningstar Rating™ for funds, or "star rating," is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Morningstar ratings do not reflect the inclusion of sales charges. If sales charges were reflected, ratings could be lower.

HFRX Global Hedge Fund USD Index: The index is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies; including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage.

HFRX Equity Hedge USD Index: The index is a measure of the performance of the hedge fund market and is asset-weighted based on the distribution of assets in the hedge fund industry.

HFRX Event Driven USD Index: The index measures the performance of an event-driven index and its exposure includes a combination of sensitivities to equity markets, credit markets, and idiosyncratic, company-specific developments.

HFRX Fixed Income-Credit TR USD Index: The index includes strategies with exposure to credit across a broad continuum of credit sub-strategies, including corporate, sovereign, distressed, convertible, asset backed, capital structure arbitrage, multi-strategy, and other relative value and event driven sub-strategies.

HFRX Equity Market Neutral USD Index: The index is a monthly-reporting HFRX index and its constituents are comprised of private hedge funds. Equity market neutral strategies employ sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities and select securities for purchase and sale.

HFRX Relative Value Arbitrage USD Index: The index measures the performance of the hedge fund market. Relative value investment managers maintain positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationship between multiple securities.

HFRX Macro/CTA USD Index: The index measures the performance of the hedge fund market where macro strategy managers trade a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency, and commodity markets.

S&P 500 TR USD Index: The index is a market-capitalization-weighted index of 500 widely held stocks often used as a proxy for the stock market.

MSCI All Country World NR USD Index (ACWI): The index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The ACWI consists of developed and emerging market country indices and covers approximately 85% of the global investable equity opportunity set.

Bloomberg U.S. Aggregate Bond TR USD Index: The index is the most widely followed broad market U.S. bond index. It measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market.

Bloomberg Global Aggregate TR USD Index: The index measures global investment-grade debt from 24 local currency markets. This multi-currency benchmark includes treasury, government-related, corporate, sand securitized fixed rate bonds from both developed and emerging markets issuers.

Carefully consider a fund's objectives, risks, charges, and expenses. Contact your financial professional or visit www.PrincipalAM.com for a prospectus, or summary prospectus if available, containing this and other information. Please read it carefully before investing.

Commentary reflects the opinions of Principal Global Investors, is believed to come from reliable sources, and reflects the opinions of the investment advisor at the time of publication. The opinions may not come to pass.

Past performance is no guarantee of future results and should not be relied upon to make an investment decision. Investing involves risk, including possible loss of principal.

This Fund uses alternative strategies such as arbitrage, leverage, derivatives and shorting securities. Long/short investing does not guarantee lower risk associated with equity markets, capitalization, sector swings or other factors and may have higher turnover with additional tax consequences. Short selling risks include investment loss and added costs to cover short positions. International investing involves greater risks such as currency fluctuations, political/social instability and differing accounting standards. Use of alternative strategies may magnify risk. Securities such as bonds, equities, international and emerging market securities, and currencies are subject to risks associated with market and interest rate movements. The Fund is non-diversified and may be more susceptible to price volatility if the Fund does not meet its objective. Investors should not expect significant outperformance during market rallies. Additional risks are included in the Fund's prospectus.

Asset allocation and diversification do not ensure a profit or protect against a loss.

Fixed-income investments are subject to interest rate risk; as interest rates rise their value will decline.

Liquidity allocation may not be held as cash and may be invested on a short- term basis in ETFs that represent asset classes in the Fund, seeking to align with the target weights in the Fund's index.

Class I shares are available only to eligible investors, including various institutional investors and investors in certain mutual fund wrap or asset allocation programs. See the prospectus for eligibility requirements.

Principal Asset Allocation and Principal Finisterre are investment teams within Principal Global Investors.

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