Principal Asset Management℠

Principal Diversified Real Asset Fund

Second quarter 2026

Fund overview

A multi-asset, multi-manager portfolio designed to protect purchasing power by seeking long-term total return in excess of inflation. The Fund's strategy of investing across a universe of real assets offers the potential for enhanced returns and reduced risk relative to a traditional portfolio.

Ticker

Class I: PDRDX Class R6: PDARX
Class A: PRDAX

Portfolio management

May Tong, CFA
25 years of experience

Ben Rotenberg, CFA, CAIA
33 years of experience

Fund information

	Fund	Index
Fund AUM	$2.5B	—
Number of holdings	370	563
Sharpe ratio (3-year)	0.5	0.7
Standard deviation (3-year)	10.1	10.4

Source: FactSet and Morningstar
Standard deviation: Measures how widely portfolio returns have varied. **Sharpe ratio:** Measures how an investment balances risks and rewards. The higher the Sharpe ratio, the better the investment's historical risk-adjusted performance.
Reported FactSet data is subject to revision over time, which may result in slight differences among data points reported during the same period.

Dynamic real asset exposure, balanced risk profile, more consistent outcome

- Strategically allocate among real return and real asset securities, beyond TIPS, commodities, and REITs.
- Blends multiple strategies to help mitigate undesired risk; designed to offer real return with lower-than-market volatility.
- Specialist managers within each asset class exploit opportunities and deliver a more consistent real asset outcome.

Portfolio allocations (as of 06/30/2026)

	2Q26	1Q26
Infrastructure	**36.0%**	33.8%
Principal Asset Allocation	**8.5%**	8.9%
ClearBridge Investments (North America) Pty Limited	**16.8%**	11.5%
Nuveen Asset Management, LLC	**10.7%**	13.4%
Real estate investment trusts (REITs)	**22.3%**	20.0%
Global real estate		
Principal Real Estate-REIT	**17.5%**	17.5%
U.S. real estate		
Principal Asset Allocation	**4.8%**	2.5%
Commodities	**14.8%**	13.1%
Wellington Management Company LLP	**10.9%**	9.1%
CoreCommodity Management, LLC	**3.9%**	4.0%
Natural resources	**22.9%**	23.8%
Global natural resources		
Principal Asset Allocation	**10.6%**	12.2%
Newton Investment Management North America LLC	**11.3%**	9.8%
Timber and forestry		
Pictet Asset Management SA	**1.0%**	1.8%
Real return	**0.1%**	0.2%
Floating rate debt		
Nuveen Asset Management, LLC	**0.1%**	0.2%
Liquidity	**0.7%**	3.1%
Principal Asset Allocation	**0.7%**	3.1%
Tactical asset allocation	**3.4%**	6.0%
Principal Asset Allocation	**3.4%**	6.0%

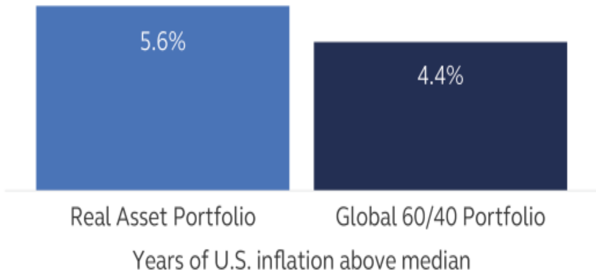
May not reflect current allocations or investment managers. Percentages may not add up to 100% due to rounding.
Wellington Management Company LLP is a SEC-registered investment advisor and an independent and unaffiliated investment manager to Principal Funds.

A Tactical asset allocation sleeve was added in 2023. At times, there may not be any tactical views reflected through this sleeve, so allocations may be zero.

Why allocate to a portfolio:

- **Protect purchasing power:** The value of real assets or their income tends to rise with inflation, they can be more responsive than traditional assets
- **Diversification:** Real assets have exhibited modest correlation and little overlap with a traditional stock and bond portfolio
- **Enhance total return potential:** Valuations of the real asset equity universe are more attractive compared with the current valuations in the broad equity market

Real assets have historically delivered resilient returns during periods of higher inflation



As of December 31, 2025. Source: U.S. Bureau of Labor Statistics, CPI ex-food & energy, FactSet. Data is for the period January 1, 2006 - December 31, 2025. Global 60/40 portfolio: 60% MSCI All Country World Index and 40% Bloomberg Global Aggregate Index. Real asset portfolio: 35% S&P Global Infrastructure Index NTR, 25% FTSE EPRA/NAREIT Developed Index NTR, 20% S&P Global Natural Resources Index NTR, and 20% Bloomberg Commodity Index. Median inflation for the period: 2.10%. Below median inflation years: 2009-2016, 2019, 2020. Above median inflation years: 2006-2008, 2017, 2018, 2021-2025. Past performance does not guarantee future results. Index performance information reflects no deduction for fees, expenses, or taxes. Indices are unmanaged and individuals cannot invest directly in an index. Reflects annualized total returns.

Performance, rankings, & ratings

	Average annual total returns (%)									Yields (%)[7]	
	3-month	Year-to-date	1-year	3-year	5-year	10-year	Since inception (03/16/2010)	Expense ratio[6] (net/gross)	Expense limit expiration date	30-Day SEC (Unsubsidized/ subsidized)	12-month distribution
Class I[2]	-0.72	9.75	17.32	10.05	5.93	6.07	5.11	0.87/0.92	12/30/2026	2.14/2.21	3.77
Diversified Real Asset Index (Linked)[1,3]	-0.84	11.00	18.55	12.07	7.02	6.48	4.85	–	–	–	–
Morningstar Category Average	7.14	8.07	16.58	12.95	6.47	7.55	–	–	–	–	–
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: Global Moderate Allocation	411	410	409	402	389	323	402				
Class I percentile rankings[4]	–	–	34	96	60	89	–				
Class I ratings[5]	–	–	–	★	★★	★	★				

Calendar year returns (%)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Class I[2]	5.86	10.17	-7.90	15.01	3.97	17.34	-6.16	3.24	3.08	14.64
Diversified Real Asset Index (Linked)[1,3]	12.40	10.38	-7.27	14.86	2.08	15.87	-5.12	4.31	4.21	16.54
Morningstar Category Average	6.60	13.99	-7.16	17.61	9.32	12.01	-13.20	12.16	8.79	16.15

Morningstar percentile rankings are based on total returns. Morningstar ratings 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/mutual.

1 Diversified Real Asset Index (Linked) benchmark description: Effective January 1, 2026, 35% S&P Global Infrastructure Index NTR, 25% FTSE EPRA/NAREIT Developed Index NTR, 20% S&P Global Natural Resources Index NTR, and 20% Bloomberg Commodity Index; January 1, 2022 to December 31, 2025, 30% S&P Global Infrastructure Index NTR, 25% FTSE EPRA/NAREIT Developed Index NTR, 15% Bloomberg U.S. Treasury TIPS Index NTR, 15% Bloomberg Commodity Index, and 15% S&P Global Natural Resources Index NTR; prior to January 1, 2022, 35% Bloomberg U.S. Treasury TIPS Index, 20% S&P Global Infrastructure Index NTR, 20% S&P Global Natural Resources Index NTR, 15% Bloomberg Commodity Index, and 10% FTSE EPRA/NAREIT Developed Index NTR.

2 Performance assumes reinvestment of all dividends and capital gains.

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

4 Morningstar percentile rankings are based on total returns and do not reflect the inclusion of sales charges. If sales charges were reflected, rankings could be lower.

5 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.

[6] 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 adviser may mutually agree to terminate the expense limits prior to the end of the period. Returns displayed are based on net total investment expense.

[7] 30-Day SEC yield represents net investment income earned by a fund over a 30-day period, stated as an annual percentage. Unsubsidized yield reflects the SEC yield when some fund expenses are not waived. Subsidized yield reflects a fund's yield when all expense waivers are included. 12-month yield is based on actual distributions paid over a trailing 12-month period, stated as an annual percentage.

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

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

Infrastructure companies are subject to risk factors including high interest costs, regulation costs, economic slowdown, and energy conservation policies. REITs are subject to declines in real estate values, risks to physical property, and instability/creditworthiness of management. Investment in natural resource industries and commodity related derivatives can be affected by political/economic developments, market shocks/natural disasters, and other factors. Floating rate debt instruments are subject to credit risk, interest rate risk, and impaired collateral risk, which means that the value of the collateral used to secure a loan held by the fund could decline over the course of the loan.

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 is an investment team within Principal Global Investors.

Principal Real Estate is a trade name of Principal Real Estate Investors, LLC, an affiliate of Principal Global Investors.

Not authorized for distribution unless preceded or accompanied by a current prospectus, or a summary prospectus if available, that includes information about the Fund’s objectives, risks, charges and expenses. Please read it carefully before investing.

Investing involves risk, including possible loss of principal.
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