

PRINCIPAL GLOBAL MULTI-STRATEGY FUND

Quarterly commentary

FIRST QUARTER 2025

Market review

The **global economy confronts upheaval as the U.S. looks to restructure international trade.** U.S. import tariffs have weakened the U.S. economy, while global economies sought to shore up their foundations to withstand the crosscurrents. Uncertainty is extraordinarily elevated and unlikely to clear immediately.

U.S. recession odds have spiked. Growth boosting policy measures are required to avoid recession. The economy is being hit from multiple directions as consumers and businesses confront rising price pressures from import tariffs and labor market cracks.

The first quarter (Q1) of 2025 delivered **mixed performance across hedge fund strategies**, marked by a sharp divergence in thematic performance as macro volatility picked up in March.

Equity dispersion and volatility presented alpha opportunities for equity market neutral and relative value managers, while directional macro strategies faced headwinds from erratic policy signaling.

Event-driven strategies shined during the quarter as falling rates and anticipated federal deregulation provided tailwinds.

Fixed income beta and idiosyncratic alpha outpaced strategies with residual equity market beta sensitivity.

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

Market indices	Quarterly returns (%)	1-year returns (%)
HFRX Global Hedge Fund USD Index	0.53	3.23
HFRX Equity Hedge USD Index	0.22	4.51
HFRX Event Driven USD Index	1.00	3.45
HFRX Fixed Income-Credit TR USD Index	1.25	5.30
HFRX Equity Market Neutral USD Index	2.02	6.28
HFRX Relative Value Arbitrage USD Index	1.17	5.40
HFRX Macro/CTA USD Index	-0.84	-2.80
S&P 500 TR USD Index	-4.27	8.25
MSCI ACWI NR USD Index	-1.32	7.15
Bloomberg U.S. Aggregate Bond TR USD Index	2.78	4.88
Bloomberg Global Aggregate TR USD Index	2.64	3.05

As of March 31, 2025. 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.

Portfolio commentary

The Principal Global Multi-Strategy Fund (I-shares) returned 0.45% for the quarter ending March 31, 2025, slightly underperforming the HFRX Global Hedge Fund Index which returned 0.53%.

What helped?

- Our allocation to Principal Finisterre (Finisterre), a sleeve within our relative value arbitrage bucket which is specifically focused on emerging market debt (EMD), contributed to both absolute and relative performance. EMD indices were broadly higher during the quarter, outperforming other credit markets. Finisterre outperformed the HFRX Fixed Income Credit Index. Finisterre's exposures in Brazil, Venezuela, and in European local currency exposures in Poland, Hungary, and Czech Republic were among the portfolio's better performers.
- The portfolio's allocation to Westchester Capital Management, LLC (Westchester), a sleeve in the event-driven bucket, also contributed to the Fund's absolute and relative performance. Westchester outperformed the HFRX Event Driven Index, in part through their positioning in corporate events in the energy and materials sectors, as well as industrials and financials.
- Our allocation to Record Currency Management Limited (Record) in the global macro bucket delivered positive contribution to both absolute and relative performance. Record's performance was balanced during the period, earning positive returns in every month, and outperforming the HFRX Macro/CTA Index.

What hurt?

- Our allocation to Wellington Management Company LLP* (Wellington) in the equity long/short bucket was the largest detractor from both absolute and relative performance, as Wellington underperformed the HFRX Equity Hedge Index. Wellington's underperformance came from negative stock selection, primarily in large-cap technology stocks, as well as stock selection in financials and consumer sectors.

- Our allocation to Gotham Asset Management, LLC (Gotham) in the equity long/short bucket was also a detractor from both absolute and relative performance, slightly underperforming the HFRX Equity Hedge Index during the period. Gotham's negative performance came from stock selection, especially in the technology, consumer discretionary, and industrials sectors.

What's next?

- After funding one new sub-advisor in the fourth quarter (Q4) of 2024, we look forward to adding a second new sub-advisor in the second quarter (Q2) of 2025, further diversifying our exposure within the global macro bucket. We continue to be encouraged by the balance exhibited in the portfolio. We have seen strong performance coming from managers across the strategy and have seen different managers' strategies lead the way from quarter to quarter. The Fund continues to deliver positive long-term performance compared with the Morningstar Multi-Strategy peer universe.

*Wellington Management Company LLP is a SEC-registered investment advisor and an independent and unaffiliated investment manager to Principal Funds.

Allocation update

	Q1 2025 (%)	Q4 2024 (%)
Equity hedge	29.2	29.8
Los Angeles Capital Management LLC	8.0	8.0
Gotham Asset Management, LLC	13.4	13.7
Wellington Management Company LLP*	7.8	8.1
Relative value arbitrage	31.4	31.2
Principal Finisterre	16.3	16.1
Loomis, Sayles & Company, L.P.	15.2	15.1
Macro/CTA	23.4	22.7
Graham Capital Management, L.P.	16.2	15.4
Record Currency Management Limited	7.2	7.3
Event driven	14.2	14.2
Westchester Capital Management, LLC	14.2	14.2
Liquidity	1.8	2.1
Principal Asset Allocation	1.8	2.1

As of March 31, 2025. Source: Principal Global Investors. CTA: Commodity Trading Advisor. *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 the fourth quarter of 2023. At times, there may not be any tactical views reflected through this sleeve, so allocations may be zero. Tactical asset allocations will reflect under their respective asset classes.

PRINCIPAL GLOBAL MULTI-STRATEGY FUND as of March 31, 2025

Performance, rankings, & ratings

Average annual total returns (%)								
	3-month	1-year	3-year	5-year	10-year	Since inception (10/24/2011)	Expense ratio (net/gross)	Expense limit expiration date
Class I	0.45	3.76	4.16	7.02	3.47	3.84	1.48/1.49	12/30/2025
HFRX Global Hedge Fund Index	0.53	3.23	1.87	4.39	1.84	-	-	-
Morningstar category average	0.80	2.28	4.56	5.66	2.17	-	-	-

Morningstar rankings and ratings	3-month	1-year	3-year	5-year	10-year	Overall
Category and number of funds in category: Multistrategy	126	121	110	101	59	110
Class I percentile rankings	-	46	42	22	19	-
Class I ratings	-	-	★★★	★★★★	★★★★	★★★★

Calendar year returns (%)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Class I	-0.64	3.27	6.59	-4.33	8.18	5.11	5.63	-1.79	6.58	8.86
HFRX Global Hedge Fund Index	-3.63	2.50	5.99	-6.72	8.62	6.81	3.65	-4.41	3.10	5.27
Morningstar category average	-1.71	2.51	5.56	-4.31	7.77	1.63	6.86	-2.07	6.24	6.09

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.

© 2025 Morningstar, Inc. All rights reserved. Part of the mutual fund data contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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 ACWI NR USD Index: 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, and 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.

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.

Principal Asset ManagementSM is a trade name of Principal Global Investors, LLC.

Principal Funds are distributed by Principal Funds Distributor, Inc.

© 2025 Principal Financial Services, Inc. Principal®, Principal Financial Group®, Principal Asset Management, and Principal and the logomark design are registered trademarks and service marks of Principal Financial Services, Inc., a Principal Financial Group company, in various countries around the world and may be used only with the permission of Principal Financial Services, Inc.