

Principal European Equity

31 March 2024

Strategy description

The strategy aims to provide long-term capital growth by investing primarily in the shares of European-domiciled companies. The strategy is research driven and focused on bottom-up stock selection, not bold calls on macro or geopolitical conditions.

Strategy facts

Manager: Principal Global Equities

Inception: 1 January 1994

Index: MSCI Europe NTR Index

Targeted number of holdings¹: 75-150

Expected turnover¹: <75%

Key differentiators

- **We invest in businesses we believe are becoming better** as a result of positive change: innovators, renovators, and pacesetters.
- **We identify them ahead of the market** by recognizing potential underappreciated growth and improvement opportunities.
- **We isolate stock selection as the key driver of results**, delivering style consistency over time using a comprehensive system of checks and balances.

Portfolio management

Juliet Cohn

42 years' experience

Paul Blankenhagen, CFA

32 years' experience

Investment philosophy

We believe bottom-up stock selection is the most reliable and repeatable source of consistent performance. We also recognize that persistent behavioral biases and impediments to capital flows create market inefficiencies and opportunities. We seek to exploit these anomalies through focused fundamental research and disciplined risk management.

Composite performance (%)

	3M	1YR	3YR	5YR	10YR	Performance Start (1 April 2000)
Principal European Equity (gross)	7.44	16.19	4.02	9.18	6.36	5.72
Principal European Equity (net)	7.31	15.61	3.50	8.67	5.87	4.95
MSCI Europe NTR Index	5.23	14.11	6.18	7.95	4.44	4.13

12-month rolling returns (%)

	Apr 19 - Mar 20	Apr 20 - Mar 21	Apr 21 - Mar 22	Apr 22 - Mar 23	Apr 23 - Mar 24
Principal European Equity (gross)	-10.87	54.73	0.20	-3.32	16.19
Principal European Equity (net)	-11.25	54.09	-0.30	-3.80	15.61
MSCI Europe NTR Index	-15.50	44.95	3.51	1.38	14.11

Source: Principal Global Investors.

As of March 2024. Investing involves risk, including possible loss of principal. Periods over one year are annualized. Please see disclosures for additional information on performance.

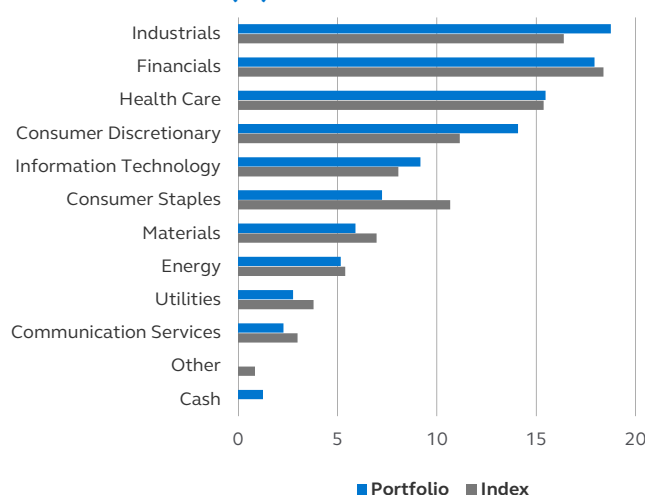
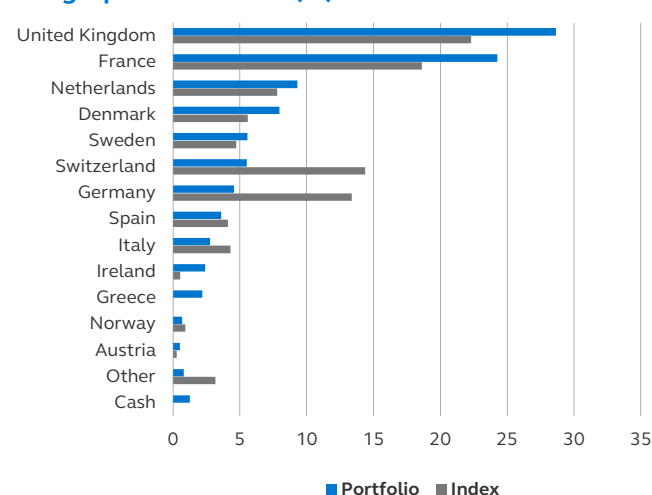
Risk Considerations

- The potential for profit is accompanied by the possibility of loss.
- Equity markets are subject to many factors, including economic conditions, government regulations, market sentiment, local and international political events, and environmental and technological issues that may impact return and volatility.
- There is a risk that an investment will decline in value.

¹Investment guidelines are subject to change.

Top 10 holdings (%)²

	Location	Sector	Portfolio	Index	Active weight ³
1 Novo Nordisk A/S	Denmark	Health Care	5.8	3.8	2.0
2 Asml Holding Nv	Netherlands	Information Technology	4.8	3.5	1.3
3 Astrazeneca Plc	United Kingdom	Health Care	3.4	1.9	1.5
4 Royal Dutch Shell Plc	United Kingdom	Energy	3.1	2.0	1.2
5 Lvmh Moet Hennessy Louis Vuitton Se	France	Consumer Discretionary	3.1	2.3	0.9
6 Schneider Electric Se	France	Industrials	3.0	1.1	1.9
7 Hermes International Sca	France	Consumer Discretionary	2.2	0.7	1.5
8 Iberdrola Sa	Spain	Utilities	2.2	0.7	1.5
9 3i Group Plc	United Kingdom	Financials	2.1	0.3	1.8
10 Sanofi	France	Health Care	2.1	1.0	1.1

Sector allocation (%)²Geographic allocation (%)²Portfolio characteristics²

	Portfolio	Index
Return on equity	16.7%	16.1%
Earnings growth ⁴	11.0%	10.7%
Active share ⁵	63.0%	-
Earnings revisions ⁷	-17.0%	-33.7%
Price/earnings ⁶	17.5x	16.6x
Number of holdings	85	421
Market cap (weighted average)	\$135.2B	\$121.4B

Composite risk statistics (gross)⁸

	3YR	5YR
Sharpe ratio	0.07	0.38
Standard deviation	19.29	18.94
Information ratio	-0.49	0.25
Tracking error	4.47	4.88

² Source: FactSet. Characteristics and weightings shown are of the representative portfolio. FactSet data is subject to revision over time, which may result in slight differences among data points reported during the same period.

³ Portfolio security weight minus the benchmark security weight.

⁴ Average of trailing one-year and forward one-year earnings per share (EPS) growth.

⁵ Percentage of companies with positive EPS revisions less percentage with negative EPS revisions.

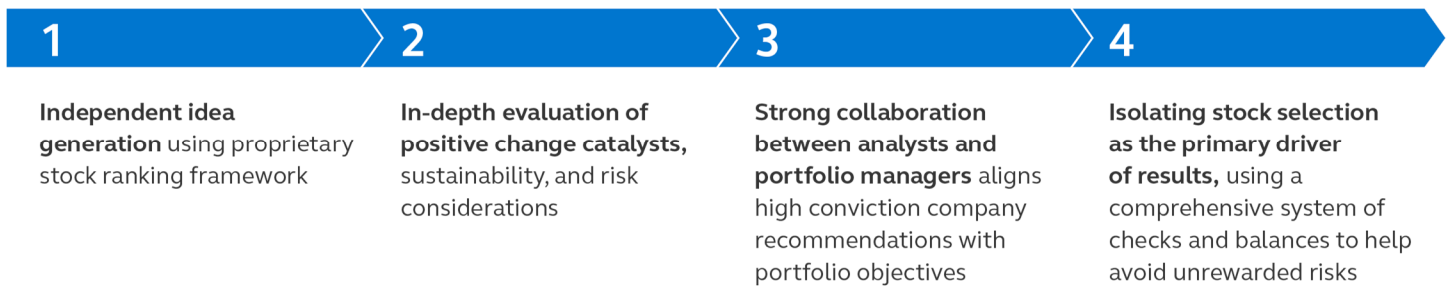
⁶ Forward one-year price/earnings estimates.

⁷ A measure of the proportion of stock weights in a manager's portfolio that differ from the index.

⁸ Source: Principal Global Investors.

Due to rounding, figures and percentages shown may not add to the total or equal 100%. The index benchmarks are referred to for comparative purposes only and are not necessarily intended to parallel the risk or investment approach of the portfolios included in the composites and the methods of calculating performance of the composite and the index may not be identical.

Investment process overview



Perspective and precision: a disciplined, repeatable approach for better fundamental outcomes

This material covers general information only and does not take account of any investor's investment objectives or financial situation and should not be construed as specific investment advice, a recommendation, or be relied on in any way as a guarantee, promise, forecast or prediction of future events regarding an investment or the markets in general. The opinions and predictions expressed are subject to change without prior notice. The information presented has been derived from sources believed to be accurate; however, we do not independently verify or guarantee its accuracy or validity. Any reference to a specific investment or security does not constitute a recommendation to buy, sell, or hold such investment or security, nor an indication that the investment manager or its affiliates has recommended a specific security for any client account. Subject to any contrary provisions of applicable law, the investment manager and its affiliates, and their officers, directors, employees, agents, disclaim any express or implied warranty of reliability or accuracy and any responsibility arising in any way (including by reason of negligence) for errors or omissions in the information or data provided.

All figures shown in this document are in U.S. dollars unless otherwise noted.

Indices are unmanaged and do not take into account fees, expenses and transaction costs are not available for direct investment.

The MSCI Europe Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets in Europe. Information regarding the comparison to the MSCI Europe Index is available upon request.

Composite performance results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Gross performance shown does not reflect the deduction of investment management fees and certain transaction costs, which will reduce portfolio performance. Net performance results reflect a reduction for investment advisory fees based on the firm's applicable asset management fee schedule. Effective March 2021, composite net performance is calculated using the highest applicable fee as shown in the composite fee schedule. Prior to March 2021, composite net returns were derived based the aggregation of underlying portfolios net returns that were either calculated by applying actual client fees for non-affiliated clients or a model tiered fee schedule for affiliated clients, unless otherwise noted. Composite net returns after January 1, 2011, are inclusive of performance-based fees (where applicable). Performance-based fees are accounted for on a cash basis. Prior to January 2003 certain commingled funds which returns may be utilized in a Composite's performance track record had net returns that reflected a deduction for administrative fees in addition to direct trading expenses and investment management fees. Therefore, the average fees will be higher during these time periods.

Each portfolio included in the composite is managed according to its own individual investment restrictions and limitations and therefore their characteristics may vary from those of the Representative Portfolio shown. Portfolio performance, characteristics and volatility may differ from the benchmark shown. Holdings and weightings are subject to change daily. The holdings listed should not be considered a recommendation to purchase or sell any security and there is no assurance an investment in these securities will be profitable.

This material is not intended for distribution to or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

This document is issued in:

- Europe by Principal Global Investors (Ireland) Limited, 70 Sir John Rogerson's Quay, Dublin 2, D02 R296, Ireland. Principal Global Investors (Ireland) Limited is regulated by the Central Bank of Ireland.
- United Kingdom by Principal Global Investors (Europe) Limited, Level 1, 1 Wood Street, London, EC2V 7 JB, registered in England, No. 03819986, which is authorized and regulated by the Financial Conduct Authority ("FCA").
- This document is marketing material and is issued in Switzerland by Principal Global Investors (Switzerland) GmbH. The name of the Swiss representative is ACOLIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich. The name of the Swiss paying agent is Banque Cantonale de Genève, 17, quai de l'Île, 1204 Geneva. Investors can obtain free of charge the prospectus, trust deed, the prospectus, the key investor information document (KIID), and the annual and semi-annual reports from the representative in Switzerland. The current document is intended for information purposes only and shall not be used as an offer to buy and/or sell shares.
- United Arab Emirates by Principal Global Investors LLC, a branch registered in the Dubai International Financial Centre and authorized by the Dubai Financial Services Authority as a representative office and is delivered on an individual basis to the recipient and should not be passed on or otherwise distributed by the recipient to any other person or organization.

In Europe, this document is directed exclusively at Professional Clients and Eligible Counterparties and should not be relied upon by Retail Clients (all as defined by the MiFID). Clients that do not directly contact with Principal Global Investors (Europe) Limited ("PGIE") or Principal Global Investors (Ireland) Limited ("PGII") will not benefit from the protections offered by the rules and regulations of the Financial Conduct Authority or the Central Bank of Ireland, including those enacted under MiFID II. Further, where clients do contract with PGIE or PGII, PGIE or PGII may delegate management authority to affiliates that are not authorised and regulated within Europe and in any such case, the client may not benefit from all protections offered by the rules and regulations of the Financial Conduct Authority, or the Central Bank of Ireland.

©2024 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. Principal Asset ManagementSM is a trade name of Principal Global Investors, LLC. Principal Equities is an investment team within Principal Global Investors.

Unless specified in this document, the strategy does not:

- (i) promote environmental or social characteristics in a way that meets the specific criteria contained in Article 8 of the Sustainable Finance Disclosure Regulation (EU) No. 2019/2088 ("SFDR"); nor
- (ii) have sustainable investment as its objective in a way that meets the specific criteria contained in Article 9 of SFDR.

Notwithstanding this, the strategy/product is managed in line with the Principal Global Investors responsible investment policy, incorporating its Sustainability Risk and Principal Adverse Impacts policies. These policies can be found at <https://www.principalam.com/SFDR>.