

Principal Edge SMA Concentrated Mid Cap

First quarter 2024

Strategy overview

The strategy seeks long-term growth of capital by investing in common stocks of mid-capitalization companies.

Portfolio management

Daniel R. Coleman

45 years of experience

Theodore B. Jayne, CFA

26 years of experience

Lauren C. Choi

21 years of experience

Characteristics^{1,2,3}

	Portfolio	Index
Composite AUM	\$79.6M	—
UMA/SMA AUM ⁴	\$56.9M	—
Inception date	08/01/07	—
Number of holdings	47	808
Active share	95.2%	—
Expected turnover	10%-25%	—
Market cap ⁵	\$13.9B	\$27.8B
Operating margin (5-year average)	15.8%	15.7%
Return on capital (5-year average)	15.3%	11.3%
Price/earnings - trailing	27.8	27.3
Price/earnings - forward	24.0	21.6
Dividend Yield - Current	1.6%	1.5%
Dividend yield - indicated ⁵	1.7%	1.6%

Top 10 holdings^{1,2}

	% of net assets
Nordson Corporation	3.4
Lincoln Electric Holdings, Inc.	3.3
Lennox International Inc.	3.3
Avery Dennison Corporation	3.2
Tractor Supply Company	3.1
Fair Isaac Corporation	3.0
Morningstar, Inc.	2.9
Steris Plc	2.9
Msa Safety, Inc.	2.9
Brunswick Corporation	2.8
Total	30.8

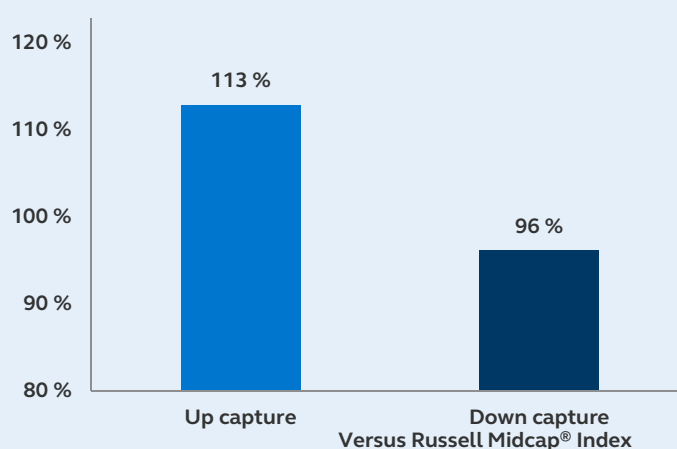
See disclosure section for additional details.

A "stock picker's portfolio" designed with the potential to generate alpha

- **Conviction.** Concentrated portfolio of 35-50 investments, resulting in active share consistently above 90%.
- **Powered by great companies.** A quality-first mentality removes subpar operators, helping to avoid value traps.
- **Sector neutral to help mitigate risk.** We are focused on selecting great companies, not timing sectors.

Performance versus the index

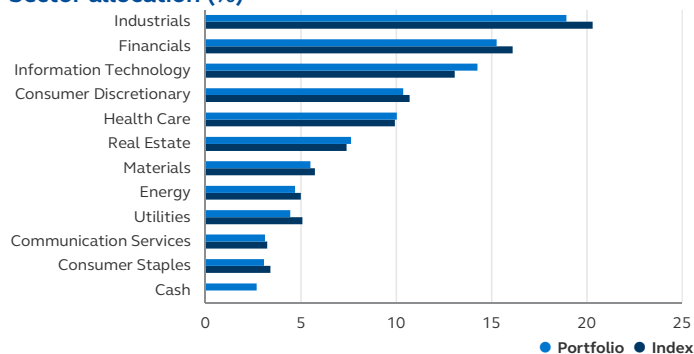
Capture ratios - 10-year, gross



04/01/2014- 03/31/2024. Source: Principal Global Investors. Capture ratios: Shows the relationship of the composite's performance to the performance of an index during a specific timeframe, as a percentage of that index's positive (upside capture) and negative (downside capture) performance. Represents quarterly returns for both composite and index returns. Index performance information reflects no deduction for fees, expenses, or taxes. Indices are unmanaged and individuals cannot invest directly in an index. Portfolio information is based on the strategy's composite. Past performance does not guarantee future return.

Why allocate to a portfolio:

- **Access to an overlooked asset class.** Mid-cap companies may offer the higher growth potential of small companies, with the strength and stability generally offered by larger companies.
- **Quality is market cycle tested.** Companies with competitive advantages, strong management teams, and a commitment to shareholder returns have proven resilient when market cycles transition.
- **Risk, managed.** A focus on quality helps mitigate downside risk, while idiosyncratic risk is managed by maintaining sector neutrality versus the benchmark and limiting positions to 5%.

Sector allocation (%)^{1,2}

Performance

	Composite performance (%)					
	3-month	1-year	3-year	5-year	10-year	Since inception (08/01/2007)
Principal Edge SMA Concentrated Mid Cap (gross)	3.92	19.48	6.79	10.88	11.73	10.71
Russell Midcap® Index	8.60	22.35	6.06	11.09	9.94	9.11
Principal Edge SMA Concentrated Mid Cap (net)	3.15	15.99	3.65	7.62	8.46	7.46

Risk statistics (10-year, gross)⁶

	Composite
Sharpe ratio	0.6
Standard deviation	17.1
Information ratio	0.4
Tracking error	4.4

Calendar year returns (%)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Principal Edge SMA Concentrated Mid Cap (gross)	15.11	2.65	25.36	15.75	-5.21	34.90	11.53	22.38	-15.21	19.03
Russell Midcap® Index	13.22	-2.44	13.80	18.52	-9.06	30.54	17.10	22.58	-17.32	17.23
Principal Edge SMA Concentrated Mid Cap (net)	11.74	-0.39	21.71	12.37	-8.03	31.00	8.24	18.81	-17.76	15.55

Periods over one year are annualized. Net of fees reflects the gross returns reduced by an assumed maximum bundled fee of 3%. See disclosure section for additional details.

¹ Source: FactSet

² The index is the Russell Midcap® Index and is described below. Portfolio information is based on the strategy's model portfolio. The holdings shown do not represent all the securities purchased, sold or recommended for any advisory client and in the aggregate may represent only a small percentage of an account's portfolio holdings. Actual portfolios may differ because of account size, client-imposed investment restrictions, the timing of client investments and market, economic and individual company considerations. Securities are shown for illustrative purposes only and are not a solicitation to buy or sell any security or invest in a sector.

³ Yields and yield related characteristics shown are only one component of performance or expected performance and are not and should not be viewed as a statement of the current or future performance of the strategy. See the gross and net performance of the strategy.

⁴ May include model-only assets managed by the firm, where the firm has no control as to whether investment recommendations are accepted or the firm does not have trading authority over the assets.

⁵ Weighted average

⁶ Source: Principal Global Investors

Past performance is no guarantee of future results. Investing involves risk, including possible loss of principal. 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. Mid-cap stocks may have additional risks including greater price volatility. The strategy may have an increased potential for loss because its portfolio includes a relatively small number of holdings. Movements in the prices of the individual assets may have a magnified effect on the portfolio.

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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. The methods of calculating performance of the composite and the index may not be identical and it is not possible to invest in an index.

The SMA Concentrated Mid Cap composite contains all fully discretionary fee-paying accounts that seek long term growth of capital by investing primarily in U.S. companies in the mid-capitalization range. For comparison purposes, the benchmark is the Russell Midcap Index. The composite name changed from SMA Mid-Cap Core to SMA Concentrated Mid Cap effective April 1, 2018. The SMA Concentrated Mid Cap composite was created on February 15, 2016.

The Russell Midcap® Index measures the performance of the 800 smallest companies in the Russell 1000® Index. The benchmark was changed to be more representative of the composite strategy. Information regarding the comparison to the benchmarks is available upon request.

This strategy is only provided through separately managed accounts program sponsors. Clients should consult a financial professional before making any investment decisions. Financial professionals should consider the appropriateness of the manager, strategy and program for its clients on an initial and ongoing basis.

Wrap fee schedules are provided by independent wrap sponsors and are available upon request from the representative wrap sponsor. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. Net performance shown reflects the gross returns reduced by a maximum bundled fee which includes brokerage, custodial, and investment management expenses. Actual investment advisory fees incurred by clients may vary.

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