

# Principal SMA U.S. Small Cap Value Equity

Second quarter 2024

## Strategy overview

The strategy seeks long-term capital growth by investing primarily in the shares of U.S. small-cap value companies.

## Portfolio management

**Phil Nordhus, CFA**

34 years of experience

**Brian Pattinson, CFA**

30 years of experience

## Characteristics<sup>1,2</sup>

	Portfolio	Index
Composite AUM	\$38.7M	—
UMA/SMA AUM <sup>3</sup>	\$55.1M	—
Inception date	04/01/00	—
Number of holdings	78	1,402
Active share	92.3%	—
Earnings growth <sup>4</sup>	1.7%	-2.0%
Earnings revision <sup>5</sup>	5.7%	10.5%
Price/earnings (FY1) <sup>6</sup>	12.1x	13.3x
Return on equity (last 12 months)	10.1%	8.1%

## Top 10 holdings<sup>1,2</sup>

	% of net assets
Pinnacle Financial Partners, Inc.	2.6
F.N.B. Corporation	2.5
Popular, Inc.	2.5
Taylor Morrison Home Corporation	2.3
Parsons Corporation	2.2
First Horizon Corporation	2.2
Modine Manufacturing Company	2.1
Commercial Metals Company	2.1
Verra Mobility Corp.	2.1
Tko Group Holdings	2.1
<b>Total</b>	<b>22.7</b>

See disclosure section for additional details.

## Early movers on underappreciated opportunities

- Investing in businesses we believe are becoming better as a result of positive change: innovators, renovators, and pacesetters.
- Identifying potential underappreciated growth and improvement opportunities ahead of the market.
- An experienced team powered by perspective and precision. The portfolio managers have co-managed strategies since 2011.

## We focus on investing in businesses becoming better



### INNOVATORS

- Industry disruptors and developers
- Forging new markets and solutions
- Progressive research and development



### RENOVATORS

- Positive changes putting firms back on track
- Self-help improvements, cyclical recoveries

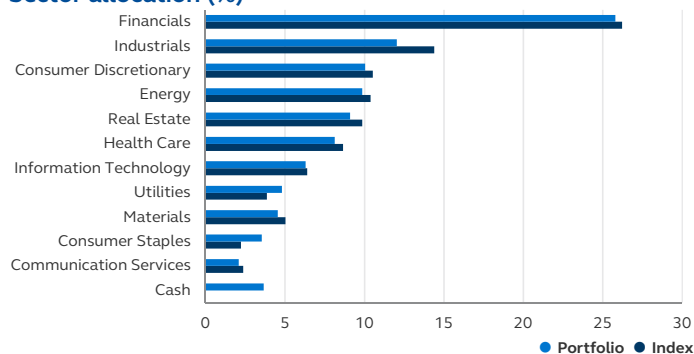
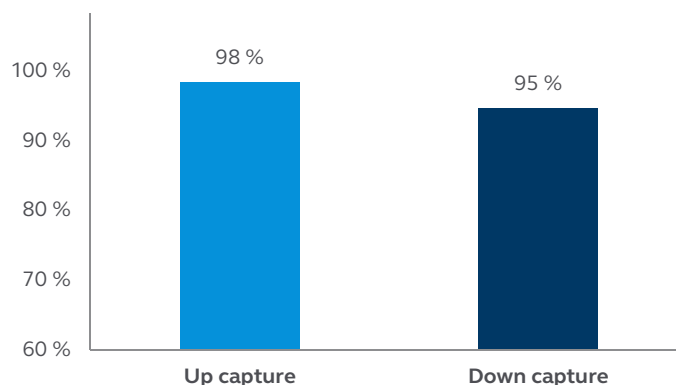


### PACESETTERS

- Established steady growers with strong competitive profiles
- Ongoing continual improvement

## Why allocate to a portfolio:

- Compelling growth and value characteristics for investors seeking core small-cap value equity exposure diversified across sectors.
- Seeks to isolate stock selection as the key driver of results, while avoiding unrewarded risks.

Sector allocation (%)<sup>1,2</sup>Capture ratios (10-year, gross)<sup>7,8</sup>

## Performance

	Composite performance (%)						
	3-month	Year-to-date	1-year	3-year	5-year	10-year	Since inception (04/01/2000)
Principal SMA U.S. Small Cap Value Equity (gross)	-4.72	2.10	10.09	1.31	8.36	7.37	10.21
Russell 2000® Value Index	-3.64	-0.85	10.90	-0.53	7.07	6.22	8.71
Principal SMA U.S. Small Cap Value Equity (net)	-5.45	0.58	6.85	-1.69	5.17	4.21	6.97

## Risk statistics (10-year, gross)

	Composite
Sharpe ratio	0.3
Standard deviation	20.5
Information ratio	0.3
Tracking error	4.0

Calendar year returns (%)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Principal SMA U.S. Small Cap Value Equity (gross)	6.32	2.09	28.22	6.64	-13.49	21.40	8.93	27.62	-13.03	13.82
Russell 2000® Value Index	4.22	-7.47	31.74	7.84	-12.86	22.39	4.63	28.27	-14.48	14.65
Principal SMA U.S. Small Cap Value Equity (net)	3.19	-0.93	24.50	3.50	-16.08	17.86	5.71	23.92	-15.64	10.48

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.

<sup>1</sup> Source: Factset

<sup>2</sup> The index is the Russell 2000® Value 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.

<sup>3</sup> 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.

<sup>4</sup> Average of trailing one-year and forward one-year earnings per share (EPS growth)

<sup>5</sup> Percentage of companies with positive EPS revisions less percentage with negative EPS revisions

<sup>6</sup> Forward one-year price/earnings estimates

<sup>7</sup> Portfolio information is based on the strategy's composite.

<sup>8</sup> 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.

Reported FactSet data is subject to revision over time, which may result in slight differences among data points reported during the same period.

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. Small-cap stocks may have additional risks including greater price volatility.

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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 Russell 2000® Value Index measures the performance of those Russell 2000® companies with lower price-to-book ratios and lower forecasted growth values. Information regarding the Russell 2000 Value Index 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.

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