

Principal Capital Appreciation Select

30 June 2026

Strategy description

The Capital Appreciation Select strategy seeks long-term growth of capital by investing in common stocks of companies across the capitalization spectrum. The benchmark is the Russell 1000[®] Index. The strategy typically invests in 35-60 companies.

Strategy facts

Manager: Principal Equities

Inception: 01 January 2017

Index: Capital Appreciation Select Custom Index

Available vehicles¹: IMA, SMA, ETF

Targeted number of holdings²: 35-60

Expected turnover²: 30-60%

Key differentiators

- **Quality first.** Proprietary industry review process utilizes deep fundamental analysis to identify quality businesses and avoid sub-par operators
- **Free cash flow focused.** Valuation framework utilizes free cash flow to identify opportunities in continuous compounders or companies with short-term dislocations
- **Balanced approach.** Sector neutral framework allows team to focus on company drivers, with stock selection focused on generating strong risk-adjusted results

Portfolio management

Theodore B. Jayne, CFA

27 years' experience

Daniel R. Coleman

46 years' experience

Investment philosophy

We invest in companies that we believe are high-quality with competitive advantages, financial strength, shareholder-oriented management teams, and a strong or improving profitability. We focus on quality first, have the patience to invest at attractive valuations, and maintain a long-term investment horizon.

Composite performance (%)

	3M	YTD	1YR	3YR	5YR	10YR	Performance Start (01 January 2017)
Principal Capital Appreciation Select (gross)	14.43	12.40	23.95	23.39	14.72	-	16.52
Principal Capital Appreciation Select (net)	14.30	12.12	23.34	22.78	13.87	-	15.79
Capital Appreciation Select Custom Index ³	15.13	10.32	22.01	20.26	12.25	-	14.86

Calendar year returns (%)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Principal Capital Appreciation Select (gross)	-	18.93	-2.26	33.05	21.58	27.64	-17.48	26.62	32.91	14.11
Principal Capital Appreciation Select (net)	-	18.35	-2.75	32.40	20.98	25.43	-17.90	26.00	32.27	13.55
Capital Appreciation Select Custom Index ³	-	21.13	-5.24	31.02	20.89	25.66	-19.21	25.96	23.95	17.37

Source: Principal Global Investors.

As of December 2025. Investing involves risk, including possible loss of principal. Periods over one year are annualized. Please see disclosures for additional information on performance.

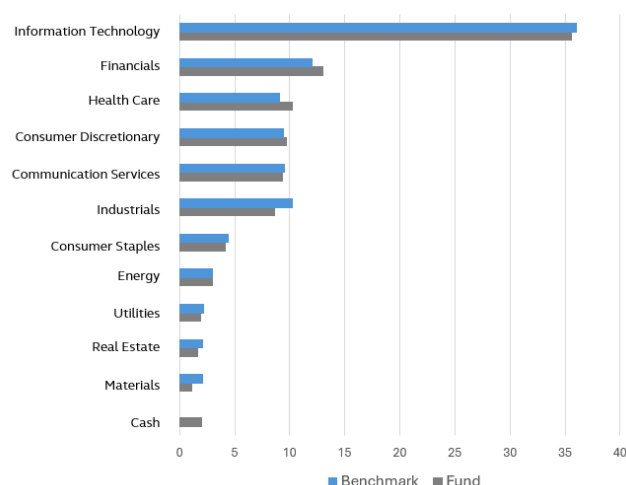
¹ Not all vehicles are available to investors in all jurisdictions.

² Investment guidelines are subject to change.

³ Effective 10/01/2024 the fund changed its benchmark from the Russell 3000 Index to the Russell 1000 Index. The Capital Appreciation Select Custom Index reflects the prior index (Russell 3000[®]) linked to the current index (Russell 1000[®]), historically.

Representative portfolio top 10 holdings (%)⁴

		Location	Sector	Portfolio	Index	Active weight ⁵
1	NVIDIA Corporation	United States	Information Technology	7.2	6.7	0.4
2	Apple Inc.	United States	Information Technology	5.9	6.0	-0.1
3	Alphabet Inc.	United States	Communication Services	5.4	5.4	-0.1
4	Microsoft Corporation	United States	Information Technology	3.9	4.0	-0.1
5	Amazon.com, Inc.	United States	Consumer Discretionary	3.7	3.3	0.4
6	Lam Research Corporation	United States	Information Technology	3.5	0.8	2.7
7	Broadcom Inc.	United States	Information Technology	3.4	2.5	0.8
8	Visa Inc.	United States	Financials	3.0	0.8	2.2
9	GE Vernova Inc.	United States	Industrials	3.0	0.5	2.5
10	JPMorgan Chase & Co.	United States	Financials	2.8	1.3	1.6

Representative portfolio sector allocation (%)⁴Portfolio characteristics^{4,8}

	Portfolio	Index
Market cap (weighted average)	\$1,421.5B	\$1,311.2B
Sales growth (trailing 5-year CAGR)	13.18	12.86
Turnover – last 12 months ⁶	70.48	-
Active share ⁷	54.9%	0.00%
Number of holdings	54	1,023
Dividend yield (weighted average)	0.77%	1.09%
Beta	0.98	1.00
Price/earnings – last 12 months	30.50	29.71
Operating margin (trailing 5-year average)	22.89	23.55
Return on capital (trailing 5-year average)	18.40	18.40

Composite risk statistics (gross)⁶

	3YR	5YR
Sharpe ratio	1.40	0.69
Standard deviation	11.84	14.90
Information ratio	1.22	0.91
Tracking error	3.00	3.24

⁴ Source: FactSet. FactSet data is subject to revision over time, which may result in slight differences among data points reported during the same period.

⁵ Portfolio security weight minus the benchmark security weight.

⁶ Source: Principal Global Investors.

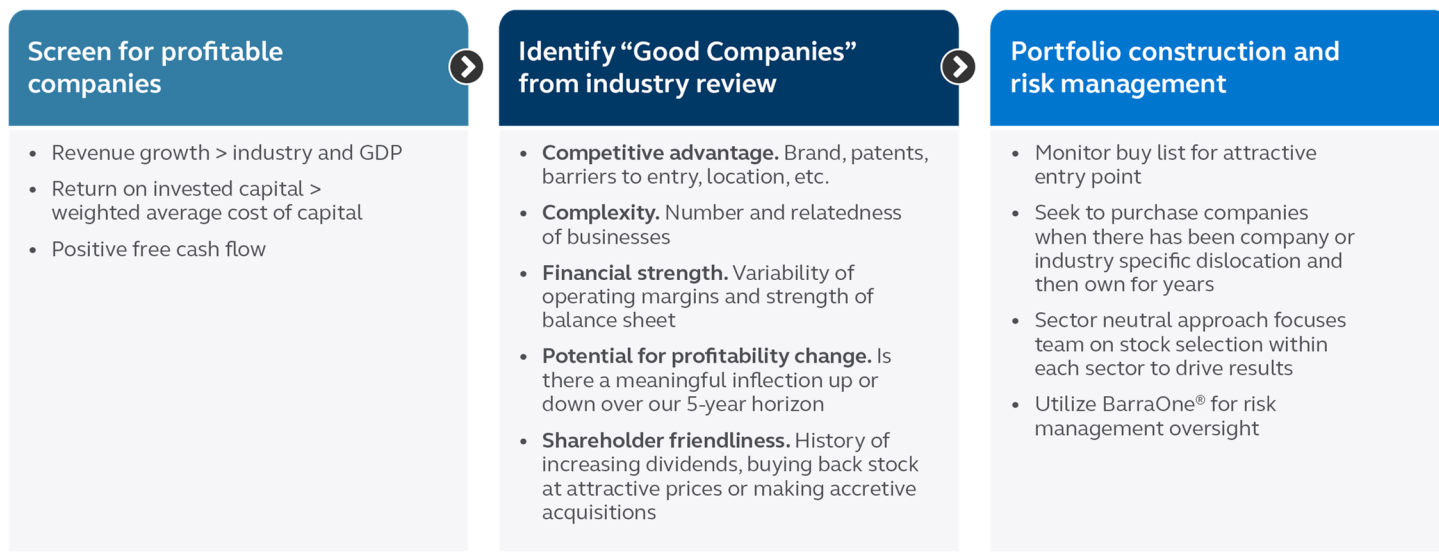
⁷ A measure of the proportion of stock weights in a manager's portfolio that differ from the index.

⁸ 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.

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

Seek quality companies at attractive valuations



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 are not available for direct investment.

The Russell 1000 Index represents the **top 1,000 companies by market capitalization in the United States**. The index is a subset of the Russell 3000 Index. The Russell 1000 index comprises about 93% of the total market cap of all listed stocks in the U.S. equity market. Information regarding the comparison to the Russell 1000 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.

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