

# Principal Edge SMA Capital Appreciation Select

Fourth quarter 2024

## Fund overview

The strategy seeks long-term growth of capital by investing primarily in U.S. companies.

## Portfolio management

**Daniel R. Coleman**

45 years of experience

**Theodore B. Jayne, CFA**

26 years of experience

## Characteristics<sup>(1)(2)</sup>

	Portfolio	Index
Inception date	12/31/16	—
Number of holdings	48	1,007
Active share	57.04	—
Expected turnover	30-60%	—
Market cap <sup>(3)</sup>	\$1,146.9B	\$1,009.7B
Operating margin (5-year average)	21.8	23.3
Return on capital (5-year average)	20.1	17.8
Price/earnings - trailing	33.6	34.6
Price/earnings - forward	29.9	25.7
Dividend Yield - Current <sup>(4)</sup>	0.80	1.26
Dividend yield - indicated <sup>(4)</sup>	0.86	1.32

## Top 10 holdings<sup>(1)(2)</sup>

	% of net assets
Apple Inc.	7.5
Microsoft Corporation	6.2
NVIDIA Corporation	5.9
Amazon.com, Inc.	5.0
Alphabet Inc.	4.2
Meta Platforms Inc.	3.7
Visa Inc.	3.3
Broadcom Inc.	3.0
Republic Services, Inc.	3.0
JPMorgan Chase & Co.	2.9
<b>Total:</b>	<b>44.6</b>

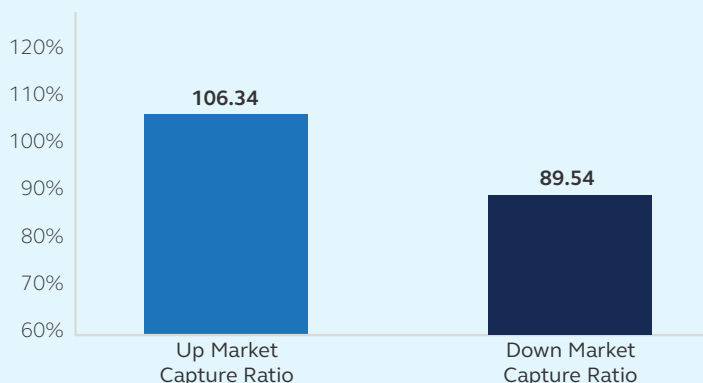
See disclosure section for additional details.

## Core U.S. equity allocation aiming to consistently outperform the market

- **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. Stock selection has driven strong risk-adjusted results.

## Performance versus the index

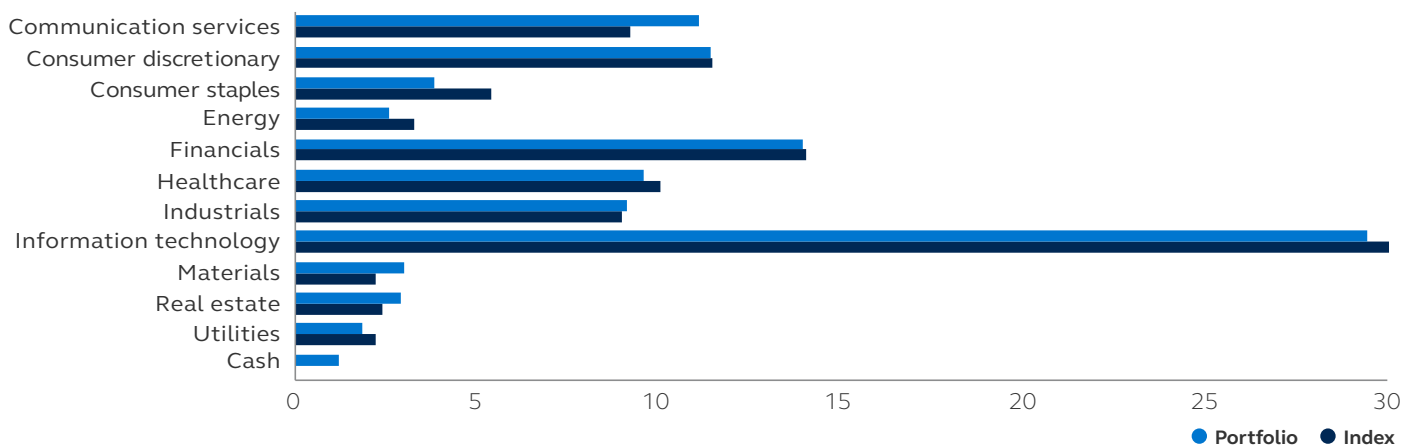
Capture ratios - 5-year, gross



12/31/2019- 12/31/2024. Source: Principal Global Investors. The benchmark for Capital Appreciation Select changed from the Russell 3000<sup>®</sup> Index to the Russell 1000<sup>®</sup> Index on 10/1/2024. The Edge Cap App Select Custom Index reflects the prior index (Russell 3000<sup>®</sup>) linked to the current index (Russell 1000<sup>®</sup>), historically. Capture ratio shows the relationship of the composite's gross 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. Past performance is not a reliable indicator of future performance and should not be relied upon to make investment decisions. It is not possible to invest directly in an index.

## Why allocate to a portfolio:

- **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.
- **Active management with alpha potential.** Skilled active managers can better navigate market challenges and mitigate downside risk.
- **Simple implementation.** Core U.S. equity allocation without having to make timing bets between value and growth styles.

Sector allocation (%)<sup>(1),(2)</sup>

## Performance

	3-month	Composite performance (%)				
		Year-to-date	1-year	3-year	5-year	Since inception 12/31/2016
Principal Edge SMA Capital Appreciation Select (gross)	5.06	32.91	32.91	11.56	16.58	16.23
Edge Cap App Select Custom Index <sup>(2)</sup>	2.75	23.95	23.95	8.04	13.87	14.13
Principal Edge SMA Capital Appreciation Select (net)	4.29	29.07	29.07	8.28	13.17	12.83

Risk statistics (5-year, gross)<sup>(5)</sup>

	Composite
Sharpe Ratio	0.80
Standard deviation	17.67
Information ratio	0.74
Tracking error	3.67

Calendar year returns (%)	2017	2018	2019	2020	2021	2022	2023	2024
Edge SMA Capital Appreciation Select (gross)	18.93	-2.26	33.05	21.58	27.64	-17.48	26.62	32.91
Edge SMA Capital Appreciation Select (net)	15.46	-5.16	29.20	18.03	23.93	-19.97	22.94	29.07
Edge Cap App Select Custom Index <sup>(2)</sup>	21.13	-5.24	31.02	20.89	25.66	-19.21	25.96	23.95

Periods over one year are annualized. Past performance is not a reliable indicator of future performance. 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 benchmark for Capital Appreciation Select changed from the Russell 3000<sup>®</sup> Index to the Russell 1000<sup>®</sup> Index on 10/1/2024. The Edge Cap App Select Custom Index reflects the prior index (Russell 3000<sup>®</sup>) linked to the current index (Russell 1000<sup>®</sup>), historically. Portfolio information is based on the strategy's representative account. Actual portfolios may differ because of account size, client-imposed investment restrictions, the timing of client investments an market, economic and individual company considerations.

<sup>(3)</sup> Weighed Average

<sup>(4)</sup> 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.

<sup>(5)</sup> 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.

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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 Edge SMA Capital Appreciation Select composite contains all fully discretionary fee paying accounts that seek long-term growth of capital by investing primarily in a concentrated portfolio of U.S. companies across the capitalization spectrum. For comparison purposes, the benchmark is the Russell 1000 Index. The Edge SMA Capital Appreciation Select composite was created on December 1, 2024. The composite inception date is January 1, 2017. The composite may consist of accounts from more than one SMA sponsor platform. Accounts with any type of restriction are not included in the composite.

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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