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Principal Asset Management℠

Principal High Yield

30 September 2026

Strategy description

A strategy that is primarily invested in U.S.-domiciled companies and is focused on income and capital appreciation derived primarily from security selection.

Strategy facts

Manager: Principal Fixed Income

Inception: 1 January 2008

Index: BBG HY 2% ISSUER CONSTRAINED

Available vehicles[1]: IMA, U.S. Mutual Fund

Targeted number of issuers[2]: 150-225

Expected turnover[2]: 30-50%

Key differentiators

- **Incorporation of proprietary data science tools and Environmental, Social, and Corporate Governance (ESG) metrics** helps challenge biases and seeks to avoid unintended risk.
- **Well-defined exit strategies to help minimize risk;** dynamic risk limits allow flexibility to adjust risk tolerance as market volatility and our macro risk perspective changes.
- **Seeks to deliver attractive income** and a level of downside mitigation through varying market environments.

Portfolio management

Mark Denkinger, CFA
36 years' experience

Darrin Smith, CFA
35 years' experience

Joshua Rank, CFA
26 years' experience

Investment philosophy

We believe attractive returns are best achieved for our clients through the integration of rigorous fundamental research, a global perspective, and disciplined risk management.

Composite performance (%)

	3M	YTD	1YR	3YR	5YR	10YR	Performance Start (1 January 2008)
Principal High Yield (gross)	-1.63	0.63	1.82	7.79	4.28	5.49	6.80
Principal High Yield (net)	-1.75	0.25	1.31	7.26	3.76	5.01	6.31
BBG HY 2% ISSUER CONSTRAINED	-1.82	0.10	1.41	8.02	3.60	5.04	6.49

Calendar year returns (%)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Principal High Yield (gross)	15.29	8.61	-3.60	14.62	6.91	6.27	-7.93	13.54	8.02	7.64
Principal High Yield (net)	14.82	8.17	-4.00	14.16	6.48	5.77	-8.39	12.98	7.49	7.10
BBG HY 2% ISSUER CONSTRAINED	17.13	7.50	-2.08	14.32	7.05	5.26	-11.18	13.44	8.19	8.62

Source: Principal Global Investors.
As of September 2026. Investing involves risk, including possible loss of principal. Periods over one year are annualized. Please see disclosures for additional information on performance.

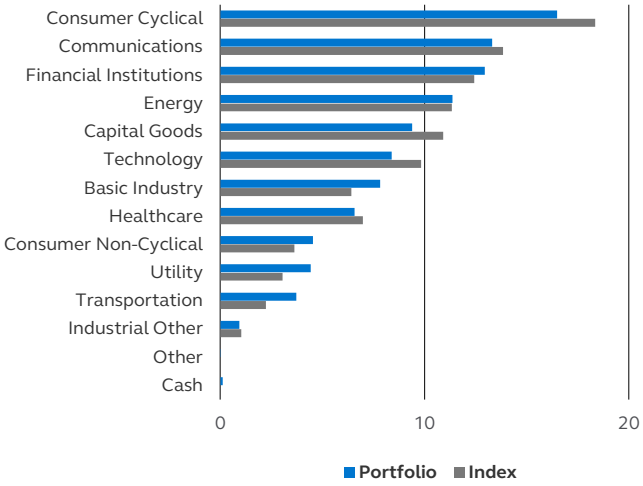
[1]Not all vehicles are available to investors in all jurisdictions.

[2]Investment guidelines are subject to change.

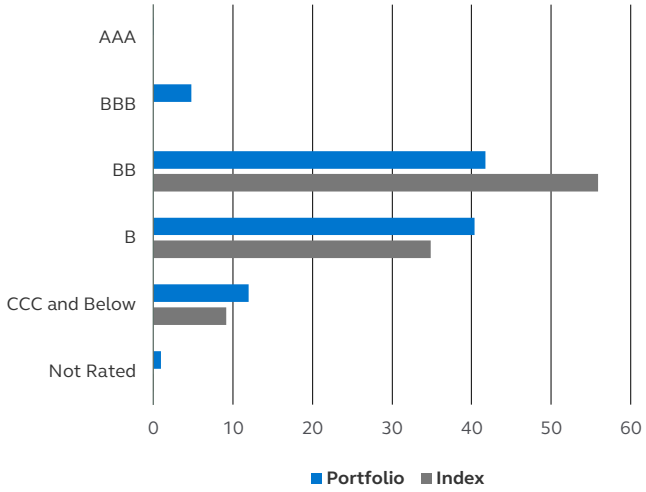
Representative portfolio top 10 issues (%)[3]

		Location	Sector	Portfolio
1	Energy Transfer Lp	United States	Energy	0.9
2	Smyrna Ready Mix Concrete Llc	United States	Capital Goods	0.8
3	Jazz Securities Dac	Ireland	Consumer Non Cyclical	0.8
4	California Buyer Ltd / Atlantica Sustainable Inf	United Kingdom	Electric	0.7
5	1261229 Bc Ltd	Canada	Consumer Non Cyclical	0.7
6	Global Aircraft Leasing Co Ltd	Cayman Islands	Finance Companies	0.7
7	Victra Holdings Llc / Victra Finance Corp	United States	Consumer Cyclical	0.7
8	Freedom Mortgage Holdings Llc	United States	Finance Companies	0.7
9	Iron Mountain Inc	United States	Technology	0.7
10	Cinemark Usa Inc	United States	Consumer Cyclical	0.6

Representative portfolio sector allocation (%)[3]



Representative portfolio quality allocation (%)[3]



Representative portfolio characteristics[3,4]

	Portfolio	Index
Yield to worst	8.3%	8.2%
Average life	4.3	4.4
Option adjusted duration (years)	3.1	3.3
Average credit quality[5]	B+	B+
Average coupon	7.0%	6.8%

Composite risk statistics (gross)[6]

	3YR	5YR
Sharpe ratio	0.72	0.06
Standard deviation	4.29	6.44
Information ratio	-0.38	0.76
Tracking error	0.60	0.89

[3] Source: Certain analytics powered by Aladdin® by BlackRock®. BlackRock® and Aladdin® are trademarks and service marks of BlackRock, Inc. and its affiliates (collectively, "BlackRock"). BlackRock owns all proprietary rights in the marks and in the Aladdin® by BlackRock® services. BlackRock neither approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom.

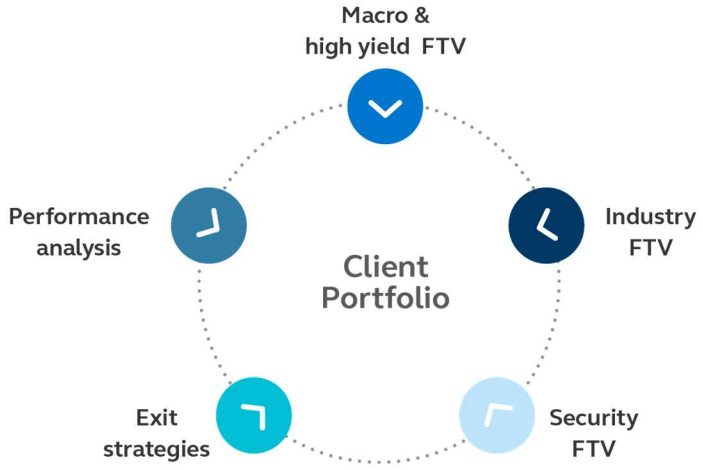
[4] Yields and yield related characteristics shown are only one component of performance or expected performance and are not and should not be viewed as a statement of the current or future performance of the strategy. See the gross and net performance of the strategy.

[5] Not based on ratings of one rating agency. More information regarding the averaging methodology and quality distribution is available upon request. Quality allocation shown is based on ratings from S&P, Moody's, and Fitch. The Not Rated category consists of rateable securities that have not been rated by a nationally recognized statistical rating organization. AAA includes cash. 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.

[6] Source: Principal Global Investors.

Investment process overview

A dynamic, time-tested, and consistent process combining macro perspective with fundamental research & analysis



Fundamentals, Technicals, Valuations (FTV) framework instills a consistent research approach to identifying best risk/return opportunities

Independent forward-looking ratings on all invested issuers

Well-defined exit strategies help minimize capital losses

Past performance is no guarantee of future results. Investing involves risk, including possible loss of principal. Fixed Income investments are subject to interest rate risk; when interest rates rise, the price of debt typically declines. Lower-rated securities are subject to additional credit and default risks. There can be no assurance that the strategy's objectives of downside risk reduction/protection will be achieved.
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Indices are unmanaged and do not take into account fees, expenses and transaction costs are not available for direct investment.
Bloomberg U.S. High Yield 2% Issuer Constrained Index is a component of the U.S. Corporate High Yield Bond Index with a maximum exposure of 2% per issuer. The index includes all fixed income securities having a maximum quality rating of Ba1, a minimum amount outstanding of $150 million, and at least 1 year to maturity. The Bloomberg U.S. Corporate High Yield 2% Issuer Constrained Index covers fixed rate, noninvestment grade securities rated BB+ through C by S&P. No single issuer can comprise more than 2% of the Index. Information regarding the comparison to the Bloomberg High Yield 2% Issuer Constrained 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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