

# Principal Diversified International Equity

31 March 2024

## Strategy description

The strategy aims to provide long-term capital growth by investing primarily in the shares of companies domiciled in developed (ex-U.S.) and emerging market countries. The strategy is research-driven and focused on bottom-up stock selection, not bold calls on macro or geopolitical conditions.

## Strategy facts

**Manager:** Principal Global Equities

**Inception:** 1 April 2000

**Index:** Diversified International Custom Index

**Targeted number of holdings<sup>1</sup>:** 100 -250

**Expected turnover<sup>1</sup>:** <75%

## Key differentiators

- **We invest in businesses we believe are becoming better** as a result of positive change: innovators, renovators, and pacesetters.
- **We identify them ahead of the market** by recognizing potential underappreciated growth and improvement opportunities.
- **We isolate stock selection as the key driver of results**, delivering style consistency over time using a comprehensive system of checks and balances.

## Portfolio management

**Paul Blankenhagen, CFA**

32 years' experience

**Juliet Cohn**

42 years' experience

**George Maris, CFA**

26 years' experience

## Investment philosophy

We believe bottom-up stock selection is the most reliable and repeatable source of consistent performance. We also recognize that persistent behavioral biases and impediments to capital flows create market inefficiencies and opportunities. We seek to exploit these anomalies through focused fundamental research and disciplined risk management.

## Composite performance (%)

	3M	1YR	3YR	5YR	10YR	Performance Start (1 April 2000)
Principal Diversified International Equity (gross)	7.79	18.26	3.39	8.49	5.94	5.16
Principal Diversified International Equity (net)	7.63	17.56	2.78	7.88	5.36	4.62
Diversified International Custom Index	4.69	13.26	1.93	5.96	4.25	3.47

## 12-month rolling returns (%)

	Apr 19 - Mar 20	Apr 20 - Mar 21	Apr 21 - Mar 22	Apr 22 - Mar 23	Apr 23 - Mar 24
Principal Diversified International Equity (gross)	-12.67	55.73	-1.80	-4.82	18.26
Principal Diversified International Equity (net)	-13.11	54.94	-2.38	-5.39	17.56
Diversified International Custom Index	-15.57	49.41	-1.48	-5.07	13.26

Source: Principal Global Investors.

As of March 2024. Investing involves risk, including possible loss of principal. Periods over one year are annualized. Please see disclosures for additional information on performance.

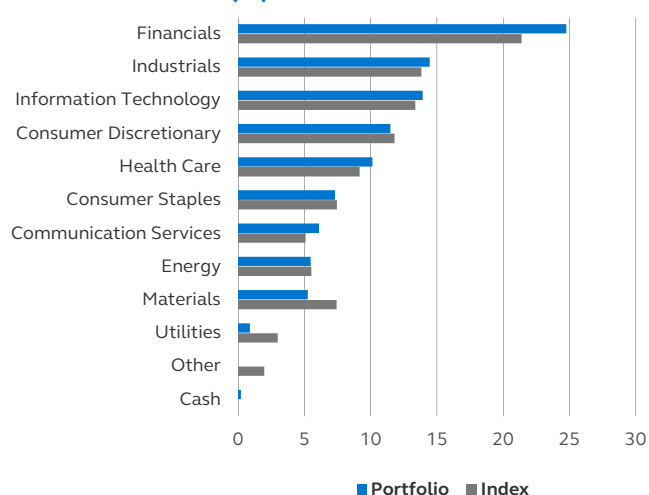
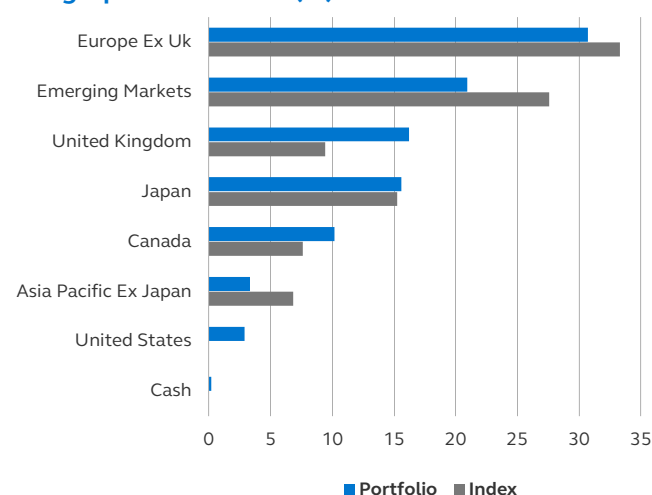
## Risk Considerations

- The potential for profit is accompanied by the possibility of loss.
- 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.
- There is a risk that an investment will decline in value.
- Investing in emerging markets has associated risks including currency risk, confiscatory taxation, nationalization of assets, possibility of expropriation, volatility, liquidity and external factors (e.g., war or natural disasters).

<sup>1</sup>Investment guidelines are subject to change.

Top 10 holdings (%)<sup>2</sup>

		Location	Sector	Portfolio	Index	Active weight <sup>3</sup>
1	Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology	3.4	2.3	1.1
2	Novo Nordisk A/S	Denmark	Health Care	3.0	1.6	1.4
3	Samsung Electronics Co., Ltd.	South Korea	Information Technology	2.9	1.3	1.6
4	Asml Holding Nv	Netherlands	Information Technology	2.7	1.5	1.2
5	3i Group Plc	United Kingdom	Financials	2.3	0.1	2.2
6	Toyota Motor Corp.	Japan	Consumer Discretionary	2.0	1.0	1.0
7	Tencent Holdings Ltd.	China	Communication Services	2.0	1.0	1.0
8	Astrazeneca Plc	United Kingdom	Health Care	1.9	0.8	1.1
9	Bae Systems Plc	United Kingdom	Industrials	1.9	0.2	1.7
10	Aia Group Limited	Hong Kong	Financials	1.9	0.3	1.6

Sector allocation (%)<sup>2</sup>Geographic allocation (%)<sup>2</sup>Portfolio characteristics<sup>2</sup>

	Portfolio	Index
Return on equity	15.1%	14.1%
Earnings growth <sup>4</sup>	12.3%	8.0%
Active share <sup>5</sup>	74.4%	-
Earnings revisions <sup>5</sup>	-12.4%	-11.7%
Price/earnings <sup>6</sup>	16.6x	16.6x
Number of holdings	123	2,231
Market cap (weighted average)	\$136.1B	\$104.6B

Composite risk statistics (gross)<sup>8</sup>

	3YR	5YR
Sharpe ratio	0.04	0.38
Standard deviation	15.93	17.14
Information ratio	0.40	0.75
Tracking error	3.70	3.37

<sup>2</sup> Source: FactSet. Characteristics and weightings shown are of the representative portfolio. FactSet data is subject to revision over time, which may result in slight differences among data points reported during the same period.

<sup>3</sup> Portfolio security weight minus the benchmark security weight.

<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.

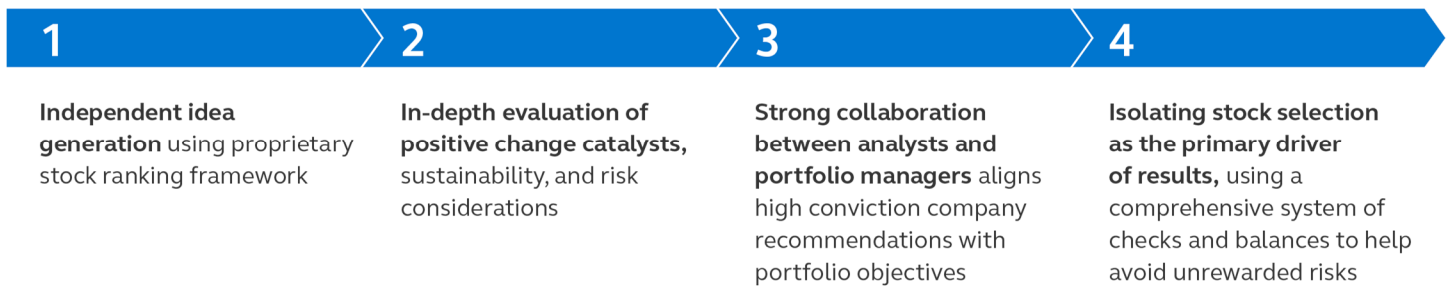
<sup>6</sup> Forward one-year price/earnings estimates.

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

<sup>8</sup> Source: Principal Global Investors.

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



## Perspective and precision: a disciplined, repeatable approach for better fundamental outcomes

This material covers general information only and does not take account of any investor's investment objectives or financial situation and should not be construed as specific investment advice, a recommendation, or be relied on in any way as a guarantee, promise, forecast or prediction of future events regarding an investment or the markets in general. The opinions and predictions expressed are subject to change without prior notice. The information presented has been derived from sources believed to be accurate; however, we do not independently verify or guarantee its accuracy or validity. Any reference to a specific investment or security does not constitute a recommendation to buy, sell, or hold such investment or security, nor an indication that the investment manager or its affiliates has recommended a specific security for any client account. Subject to any contrary provisions of applicable law, the investment manager and its affiliates, and their officers, directors, employees, agents, disclaim any express or implied warranty of reliability or accuracy and any responsibility arising in any way (including by reason of negligence) for errors or omissions in the information or data provided.

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 MSCI ACWI ex-U.S. Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets, excluding the U.S. For time periods prior to 1 March 2008, the MSCI EAFE index returns are used. From 1 March 2008, forward, the MSCI ACWI ex-U.S. Index returns are used. In reports issued prior to 1 March 2008, the MSCI EAFE Index was used for comparison purposes. The benchmark was changed to be more representative of the composite strategy. Information regarding the comparison to the benchmarks 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. The holdings listed should not be considered a recommendation to purchase or sell any security and there is no assurance an investment in these securities will be profitable.

This material is not intended for distribution to or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

This document is issued in:

- Europe by Principal Global Investors (Ireland) Limited, 70 Sir John Rogerson's Quay, Dublin 2, D02 R296, Ireland. Principal Global Investors (Ireland) Limited is regulated by the Central Bank of Ireland.
- United Kingdom by Principal Global Investors (Europe) Limited, Level 1, 1 Wood Street, London, EC2V 7 JB, registered in England, No. 03819986, which is authorized and regulated by the Financial Conduct Authority ("FCA").
- This document is marketing material and is issued in Switzerland by Principal Global Investors (Switzerland) GmbH. The name of the Swiss representative is ACOLIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich. The name of the Swiss paying agent is Banque Cantonale de Genève, 17, quai de l'Île, 1204 Geneva. Investors can obtain free of charge the prospectus, trust deed, the prospectus, the key investor information document (KIID), and the annual and semi-annual reports from the representative in Switzerland. The current document is intended for information purposes only and shall not be used as an offer to buy and/or sell shares.
- United Arab Emirates by Principal Global Investors LLC, a branch registered in the Dubai International Financial Centre and authorized by the Dubai Financial Services Authority as a representative office and is delivered on an individual basis to the recipient and should not be passed on or otherwise distributed by the recipient to any other person or organization.

In Europe, this document is directed exclusively at Professional Clients and Eligible Counterparties and should not be relied upon by Retail Clients (all as defined by the MiFID). Clients that do not directly contact with Principal Global Investors (Europe) Limited ("PGIE") or Principal Global Investors (Ireland) Limited ("PGII") will not benefit from the protections offered by the rules and regulations of the Financial Conduct Authority or the Central Bank of Ireland, including those enacted under MiFID II. Further, where clients do contract with PGIE or PGII, PGIE or PGII may delegate management authority to affiliates that are not authorised and regulated within Europe and in any such case, the client may not benefit from all protections offered by the rules and regulations of the Financial Conduct Authority, or the Central Bank of Ireland.

©2024 Principal Financial Services, Inc., Principal®, Principal Financial Group®, Principal Asset Management, and Principal and the logomark design are registered trademarks and service marks of Principal Financial Services, Inc., a Principal Financial Group company, in various countries around the world and may be used only with the permission of Principal Financial Services, Inc. Principal Asset Management<sup>SM</sup> is a trade name of Principal Global Investors, LLC. Principal Equities is an investment team within Principal Global Investors.

Unless specified in this document, the strategy does not:

(i) promote environmental or social characteristics in a way that meets the specific criteria contained in Article 8 of the Sustainable Finance Disclosure Regulation (EU) No. 2019/2088 ("SFDR"); nor (ii) have sustainable investment as its objective in a way that meets the specific criteria contained in Article 9 of SFDR.

Notwithstanding this, the strategy/product is managed in line with the Principal Global Investors responsible investment policy, incorporating its Sustainability Risk and Principal Adverse Impacts policies. These policies can be found at <https://www.principalam.com/SFDR>.