

# Principal Global Multi-Strategy Fund

Fourth quarter 2023

## Fund overview

An innovative blend of alternative strategies and managers designed to handle the effects of market volatility with an emphasis on positive total returns.

## Morningstar overall rating:

★★★★

Overall Morningstar Rating™ as of 12/31/2023 among 121 Multistrategy Funds  
Morningstar ratings may vary between share classes, are based on historical risk-adjusted total returns and are subject to change.

## Ticker

Class I: PSMIX    Class R6: PGLSX  
Class A: PMSAX

## Portfolio management

### May Tong, CFA

23 years of experience

### Ben Rotenberg, CFA, CAIA

31 years of experience

### Jessica Bush, CFA

23 years of experience

## Fund information

	Fund	Index
Fund AUM	\$433.2M	—
Sharpe ratio (3-year)	0.2	-0.6
Standard deviation (3-year)	4.8	3.1

Source: Morningstar

**Standard deviation:** Measures how widely portfolio returns have varied. **Sharpe ratio:** Measures how an investment balances risks and rewards. The higher the Sharpe ratio, the better the investment's historical risk-adjusted performance. **Alpha:** The difference between an investment's actual returns and its expected performance, given its level of risk (as measured by beta).

## Seeks to provide greater predictability, enhanced return, and more efficient risk-reduction outcome

- Blends uncorrelated alpha sources from hedge fund strategies managed by multiple specialist managers.
- Diversified sources of alpha seek to maximize risk-adjusted returns and help mitigate reaction to market swings.
- Portfolio construction and manager selection help drive alpha and deliver a more efficient outcome.

## Blending multiple strategies in a single fund

Portfolio allocations (as of 12/31/2023)

	4Q23	3Q23
<b>Global Credit</b>	0.5%	2.7%
<b>Liquidity</b>		
Principal Asset Allocation	0.5%	2.7%
<b>Equity long/short</b>	30.2%	29.4%
Gotham Asset Management, LLC	13.8%	12.4%
Los Angeles Capital Management LLC	8.2%	8.1%
Wellington Management Company LLP	8.2%	8.9%
<b>Credit long/short</b>	37.4%	35.0%
Principal Finisterre	18.8%	16.8%
Loomis, Sayles & Company, L.P.	18.6%	18.2%
<b>Global macro and managed futures</b>	16.0%	17.4%
Graham Capital Management, L.P.	16.0%	17.4%
<b>Event driven</b>	15.4%	15.2%
Westchester Capital Management, LLC	15.4%	15.2%

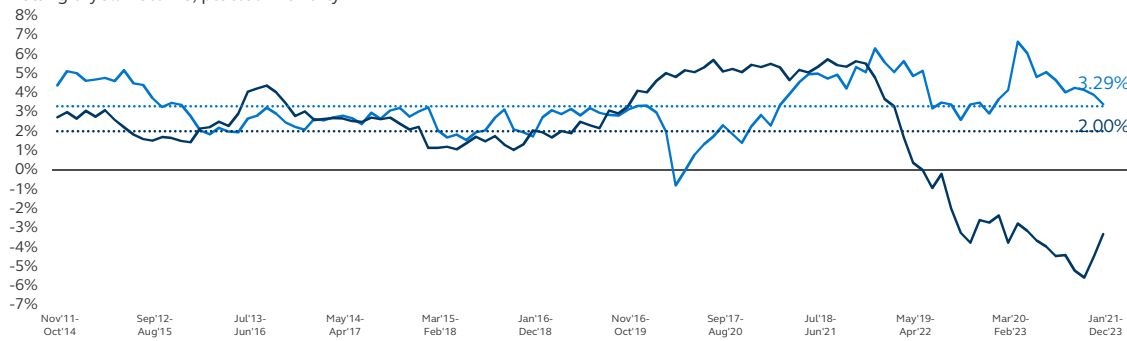
May not reflect current allocations or investment managers. Percentages may not add up to 100% due to rounding. Wellington Management Company LLP is a SEC-registered investment advisor and an independent and unaffiliated investment manager to Principal Funds.

## Why allocate to a portfolio:

- **Increase efficiency:** Access to a variety of uncorrelated hedge fund strategies that are blended in an effort to deliver a less volatile return pattern
- **Mitigate volatility:** Focused on risk reduction, which may be beneficial to investors during market uncertainty
- **Rate-sensitive alternative:** Offers the potential for replacing interest-rate-sensitive asset classes, which have tended to experience drawdowns during a rising-rate environment

## PSMIX versus the broad fixed income market

Rolling 3-year returns, plotted monthly



● PSMIX  
● Bloomberg Aggregate Bond Index<sup>1,2</sup>  
● PSMIX average  
● Bloomberg Aggregate Bond Index average

Source: Morningstar  
11/01/2011 - 12/31/2023.  
Past performance does not guarantee future results.

## Performance, rankings, &amp; ratings

	Average annual total returns (%)							Expense ratio <sup>7</sup> (net/gross)	Expense limit expiration date	
	3-month	1-year	3-year	5-year	10-year	Since inception (10/24/2011)				
Class I <sup>3</sup>	2.03	6.58	3.41	4.68	3.15	3.48	1.70/1.86	12/30/2024		
HFRX Global Hedge Fund Index <sup>2,4</sup>	1.70	3.10	0.71	3.46	1.41	1.91	—	—		
Morningstar Category Average	1.82	6.24	3.67	4.13	2.25	—	—	—		
<b>Morningstar rankings and ratings</b>										
Category and number of funds in category: Multistrategy	135	130	121	105	56	—	—	—		
Class I percentile rankings <sup>5</sup>	—	37	36	31	19	—	—	—		
Class I ratings <sup>6</sup>	—	—	***	*****	*****	Overall *****	—	—		
<b>Calendar year returns (%)</b>										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Class I <sup>3</sup>	3.67	-0.64	3.27	6.59	-4.33	8.18	5.11	5.63	-1.79	6.58
HFRX Global Hedge Fund Index <sup>4</sup>	-0.58	-3.64	2.50	5.99	-6.72	8.62	6.81	3.65	-4.41	3.10
Morningstar Category Average	3.35	-1.71	2.51	5.56	-4.31	7.77	1.63	6.86	-2.07	6.24

Morningstar percentile rankings are based on total returns. Morningstar ratings are based on risk-adjusted returns.

**Returns represent past performance and do not guarantee future results. Share price, principal value, and return will vary and you may have a gain or loss when shares are sold. Current performance may be lower or higher than quoted. For the most recent month-end performance, visit [www.PrincipalAM.com/mutual](http://www.PrincipalAM.com/mutual).**

<sup>1</sup> Bloomberg U.S. Aggregate Bond Index represents securities that are domestic, taxable, and dollar denominated. The index covers the U.S. investment-grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

<sup>2</sup> Index performance information reflects no deduction for fees, expenses, or taxes. Indices are unmanaged and individuals cannot invest directly in an index.

<sup>3</sup> Performance assumes reinvestment of all dividends and capital gains.

<sup>4</sup> HFRX Global Hedge Fund Index is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies; including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage.

<sup>5</sup> Morningstar percentile rankings are based on total returns and do not reflect the inclusion of sales charges. If sales charges were reflected, rankings could be lower.

<sup>6</sup> The Morningstar Rating™ for funds, or "star rating," is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Morningstar ratings do not reflect the inclusion of sales charges. If sales charges were reflected, ratings could be lower.

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<sup>7</sup> The net expense ratio reflects contractual expense limits, if any, which may lower net expenses and cause the gross and net expense ratios to differ. In such cases a date is listed through which expense limits are expected to apply; however, Principal Funds and the investment adviser may mutually agree to terminate the expense limits prior to the end of the period. Returns displayed are based on net total investment expense.

Returns shown for periods of less than one year are not annualized.

Asset allocation and diversification do not ensure a profit or protect against a loss. This Fund uses alternative strategies such as arbitrage, leverage, derivatives and shorting securities. Long/short investing does not guarantee lower risk associated with equity markets, capitalization, sector swings or other factors and may have higher turnover with additional tax consequences. Short selling risks include investment loss and added costs to cover short positions. International investing involves greater risks such as currency fluctuations, political/social instability and differing accounting standards. Use of alternative strategies may magnify risk. Securities such as bonds, equities, international and emerging market securities, and currencies are subject to risks associated with market and interest rate movements. The Fund is non-diversified and may be more susceptible to price volatility if the Fund does not meet its objective. Investors should not expect significant outperformance during market rallies. Additional risks are included in the Fund's prospectus.

Class I shares are available only to eligible investors, including various institutional investors and investors in certain mutual fund wrap or asset allocation programs. See the prospectus for eligibility requirements.

Principal Asset Allocation is involved in the creation of asset allocation solutions and is responsible for the initial selection and ongoing monitoring of affiliated and unaffiliated investment managers. Principal Asset Allocation and Finisterre Capital are specialized investment management groups of Principal Global Investors, the investment adviser to Principal Funds. Principal Global Investors leads global asset management at Principal®.

**Carefully consider a fund's objectives, risks, charges, and expenses. Contact your financial professional or visit [www.PrincipalAM.com](http://www.PrincipalAM.com) for a prospectus, or summary prospectus if available, containing this and other information. Please read it carefully before investing.**

Investing involves risk, including possible loss of principal.

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