

# Principal Diversified Real Asset CIT

First quarter 2025

## Fund overview

A multi-asset, multi-manager portfolio designed to protect purchasing power by seeking long-term total return in excess of inflation. The CIT's strategy of investing across a universe of real assets offers the potential for enhanced returns and reduced risk relative to a traditional portfolio.

## Portfolio management

**May Tong, CFA**

24 years of experience

**Ben Rotenberg, CFA, CAIA**

32 years of experience

**Jessica Bush, CFA**

24 years of experience

## CIT information

	CIT-Tier 1	Index
CIT AUM	\$1.5B	–
Number of holdings	1072	575
% Equity	62.6	–
% Fixed income	26.1	–
Weighted average duration	1.7	4.9
Sharpe ratio (3-year)	-0.3	-0.23
Standard deviation (3-year)	13.2	14.0

Source: FactSet and Morningstar.

**Duration:** The sensitivity of the value of principal of a fixed-income investment to interest rate changes. **Sharpe ratio:** Measures how an investment balances risks and rewards. The higher the Sharpe ratio, the better the investment's historical risk-adjusted performance. **Standard deviation:** Measures how widely portfolio returns have varied.

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

## Dynamic real asset exposure, balanced risk profile, more consistent outcome

- Strategically allocate among real return and real asset securities, beyond TIPS, commodities, and REITs.
- Blends multiple strategies to help mitigate undesired risk; designed to offer real return with lower-than-market volatility.
- Specialist managers within each asset class exploit opportunities and deliver a more consistent real asset outcome.

### Portfolio allocations (as of 03/31/2025)

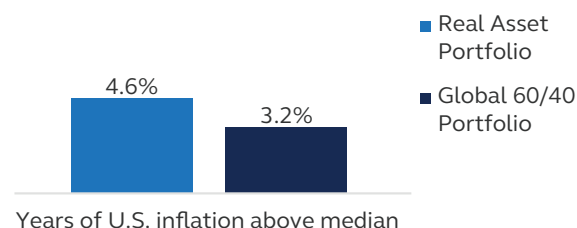
	Q1 2025	Q4 2024
<b>Infrastructure</b>	<b>22.2%</b>	<b>22.9%</b>
ClearBridge Investments (North America) Pty Limited	7.1%	7.1%
Delaware Investments Fund Advisers (Macquarie*)	15.2%	15.8%
<b>Real estate investment trusts (REITs)</b>	<b>24.6%</b>	<b>25.0%</b>
<b>Global REITs</b>		
Principal Real Estate	19.6%	19.8%
<b>U.S. REITs</b>		
Principal Asset Allocation	4.9%	5.2%
<b>Commodities</b>	<b>14.9%</b>	<b>14.6%</b>
CoreCommodity Management, LLC	7.2%	4.1%
Wellington Management Company LLP*	7.8%	10.5%
<b>Natural resources</b>	<b>12.6%</b>	<b>14.9%</b>
<b>Climate change</b>		
Impax Asset Management Limited	0.0%	2.0%
<b>Global natural resources</b>		
Newton Investment Management North America LLC	7.7%	8.8%
Principal Asset Allocation	3.0%	2.0%
<b>Timber and forestry</b>		
Pictet Asset Management SA	2.0%	2.0%
<b>Real return</b>	<b>12.8%</b>	<b>13.4%</b>
<b>Treasury inflation-protected securities (TIPS)</b>		
BlackRock Financial Management, Inc.	8.6%	8.8%
<b>Floating rate debt</b>		
Nuveen Asset Management, LLC	4.1%	4.6%
<b>Liquidity</b>	<b>2.2%</b>	<b>1.7%</b>
Principal Asset Allocation	2.2%	1.7%
<b>Tactical asset allocation</b>	<b>10.7%</b>	<b>7.5%</b>
Principal Asset Allocation	10.7%	7.5%

The information shown is the representative portfolio of our Diversified Real Asset strategy. May not reflect current allocations of investment managers. Percentages may not add up to 100% due to rounding. \*Delaware Investments Fund Advisers, a series of Macquarie Investment Management Business Trust. \*Wellington Management Company LLP is a SEC-registered investment advisor and an independent and unaffiliated investment manager to Principal Funds. A Tactical asset allocation sleeve was added in the fourth quarter of 2023. At times, there may not be any tactical views reflected through this sleeve, so allocations may be zero.

## Why allocate to a portfolio:

- **Protect purchasing power:** The value of real assets or their income tends to rise with inflation, they can be more responsive than traditional assets
- **Diversification:** Real assets have exhibited modest correlation and little overlap with a traditional stock and bond portfolio
- **Enhance total return potential:** Valuations of the real asset equity universe are more attractive compared with the current valuations in the broad equity market

## Real assets have historically delivered resilient returns during periods of higher inflation



As of December 31, 2024. Source: U.S. Bureau of Labor Statistics, CPI ex-food & energy, FactSet. Data is for the period January 1, 2005 – December 31, 2024. Global 60/40 portfolio: 60% MSCI All Country World Index and 40% Bloomberg Global Aggregate Index. Real asset portfolio: blend of 30% S&P Global Infrastructure Index NTR, 25% FTSE EPRA/NAREIT Developed Index NTR, 15% Bloomberg U.S. Treasury TIPS Index, 15% Bloomberg Commodity Index, and 15% S&P Global Natural Resources Index NTR. Median inflation for the period is 2.12%. Below median inflation years: 2009-2016, 2019, 2020. Above median inflation years: 2005-2008, 2017, 2018, 2021-2024. Past performance does not guarantee future results. Index performance information reflects no deduction for fees, expenses, or taxes. Indices are unmanaged and individuals cannot invest directly in an index. Reflects annualized total returns.

## Performance and ratings

	Average annual total returns (%)						
	3-month	1-year	3-year	5-year	10-year	Since inception (05/30/2013)	Expense ratio (net/gross)
Diversified Real Asset CIT - Tier 1	3.29	4.87	-0.73	9.32	3.25	3.15	0.72/0.72
Diversified Real Asset CIT - Tier 3	3.39	5.02	-0.63	9.42	3.37	3.28	0.62/0.62
Diversified Real Asset Index (Linked) <sup>(1),(2)</sup>	4.73	8.42	0.39	9.51	4.14	–	–
<b>Morningstar ratings</b>	<b>3-month</b>	<b>1-year</b>	<b>3-year</b>	<b>5-year</b>	<b>10-year</b>	<b>Overall</b>	
Category and number of funds in category: Global Allocation	359	349	336	320	243	336	
Diversified Real Asset CIT - Tier 1 <sup>(3)</sup>	–	–	★	★★★	★	★★	
Diversified Real Asset CIT - Tier 3 <sup>(3)</sup>	–	–	★	★★★	★★	★★	

Calendar year total returns (%)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Diversified Real Asset CIT - Tier 1	-12.26	6.18	10.10	-7.60	14.54	3.94	17.52	-6.02	3.20	3.25
Diversified Real Asset CIT - Tier 3	-12.31	6.37	10.15	-7.47	14.84	4.08	17.58	-5.88	3.31	3.28

Morningstar ratings are based on risk-adjusted returns. These calculated returns reflect the historical performance of the oldest tier level of the fund, adjusted to reflect the fees and expenses of each tier. For time periods prior to inception date of the tier, predecessor performance is reflected. Investment results will differ for each tier level.

**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 [principal.com/help/performance-rates-values](http://principal.com/help/performance-rates-values).**

<sup>(1)</sup>Diversified Real Asset Index (Linked) benchmark description: January 1, 2022 and after, 15% Bloomberg U.S. Treasury TIPS Index (includes publicly issued U.S. Treasury inflation-protected securities that meet the index criteria), 30% S&P Global Infrastructure Index (designed to track 75 companies from around the world chosen to represent the listed infrastructure industry, covering energy, transportation, and utilities), 15% S&P Global Natural Resources Index (includes 90 of the largest publicly-traded companies in natural resources and commodities businesses that meet specific investability requirements, covering three primary commodity-related sectors: agribusiness, energy, and metals & mining), 15% Bloomberg Commodity Index (a broadly diversified commodity price index), and 25% FTSE EPRA/NAREIT Developed Markets Index (designed to represent general trends in eligible real estate equities worldwide). Before January 1, 2022, 35% Bloomberg U.S. Treasury TIPS Index, 20% S&P Global Infrastructure Index, 20% S&P Global Natural Resources Index, 15% Bloomberg Commodity Index, and 10% FTSE EPRA/NAREIT Developed Markets Index.

<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>The Morningstar Rating<sup>™</sup> 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. © 2025 Morningstar, Inc. All rights reserved. Part of the mutual fund data contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

Returns displayed are based on net total investment expense. The Principal Diversified Real Asset Collective Investment Trust (CIT) is a collective investment trust maintained by Principal Global Investors Trust Company (the Trust Company). The Trust Company has retained Principal Global Investors LLC (the Advisor), to serve as investment advisor with respect to the CIT, subject to the Trust Company’s supervision and review. The Advisor is an indirect wholly owned subsidiary of Principal Financial Group, Inc., and is under common control with the Trust Company. The CIT is available only to certain qualified retirement plans and

governmental 457(b) plans.

Performance assumes reinvestment of all dividends and capital gains.

Investing involves risk, including possible loss of principal.

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.

Infrastructure companies are subject to risk factors including high interest costs, regulation costs, economic slowdown, and energy conservation policies. REITs are subject to declines in real estate values, risks to physical property, and instability/creditworthiness of management. Investment in natural resource industries and commodity related derivatives can be affected by political/economic developments, market shocks/natural disasters, and other factors. TIPS are subject to interest rate risk and may be unsuccessful at mitigating inflation. Floating rate debt instruments are subject to credit risk, interest rate risk, and impaired collateral risk, which means that the value of the collateral used to secure a loan held by the fund could decline over the course of the loan.

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MM6631-50 | 04/2025 | 4382057-082025

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