

# Principal SMA International Opportunities ADR Equity

First quarter 2024

## Strategy overview

The strategy seeks long-term capital growth by investing in non-U.S. companies primarily through American Depository Receipts.

## Portfolio management

**Paul Blankenhagen, CFA**

32 years of experience

**Juliet Cohn**

42 years of experience

**George Maris, CFA**

26 years of experience

## Characteristics<sup>1,2</sup>

	Portfolio	Index
Composite AUM	\$394.2K	—
UMA/SMA AUM <sup>3</sup>	\$7.6M	—
Inception date	01/01/01	—
Number of holdings	41	2,231
Active share	86.6%	—
Market cap <sup>4</sup>	\$131.0B	\$104.6B
Earnings growth <sup>5</sup>	14.2%	8.0%
Earnings revision <sup>6</sup>	-15.0%	-11.7%
Price/earnings (FY1) <sup>7</sup>	14.8x	16.6x
Return on equity (last 12 months)	15.1%	14.1%

## Top 10 holdings<sup>2,8</sup>

	% of net assets
Taiwan Semiconductor Manufacturing Co., Ltd.	5.4
Bae Systems Plc	4.2
Asml Holding Nv	3.7
Ms&Ad Insurance Group Holdings Incorporated	3.6
Crh Public Limited Company	3.5
Nintendo Co., Ltd.	3.5
Unilever Plc	3.3
Deutsche Telekom Ag	3.3
Sanofi	3.1
Seven & I Holdings Co., Ltd.	3.1
<b>Total</b>	<b>36.7</b>

See disclosure section for additional details.

## Early movers on underappreciated opportunities

- Investing in businesses we believe are becoming better as a result of positive change: innovators, renovators, and pacesetters.
- Identifying potential underappreciated growth and improvement opportunities ahead of the market.
- An experienced team powered by perspective and precision. The portfolio managers have co-managed strategies since 2004.

## We focus on investing in businesses becoming better



### INNOVATORS

- Industry disruptors and developers
- Forging new markets and solutions
- Progressive research and development



### RENOVATORS

- Positive changes putting firms back on track
- Self-help improvements, cyclical recoveries

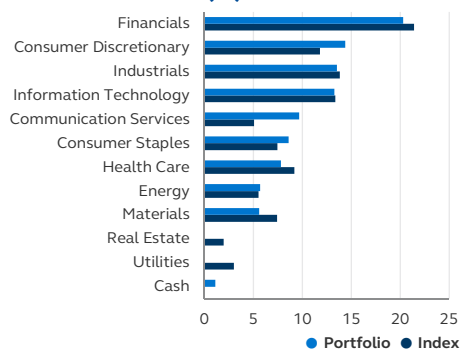
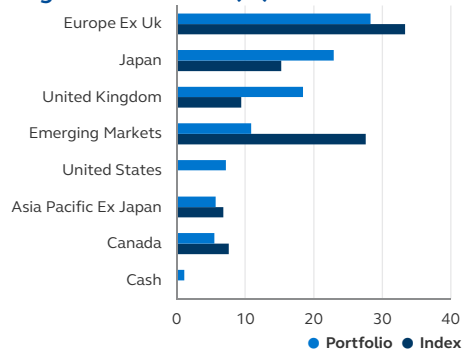
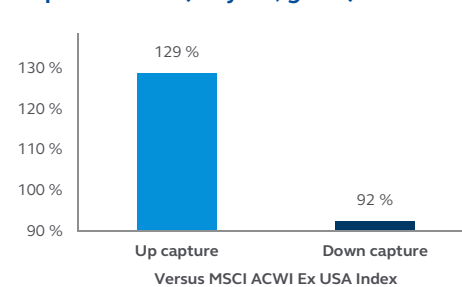


### PACESETTERS

- Established steady growers with strong competitive profiles
- Ongoing continual improvement

## Why allocate to a portfolio:

- Compelling growth and value characteristics for investors seeking core international equity exposure diversified across sectors and regions.
- Unconstrained, high active share profile, with flexibility to position defensively amid turbulent markets.

Sector allocation (%)<sup>1,2</sup>Regional allocation (%)<sup>1,2</sup>Capture ratios (10-year, gross)<sup>8,9,10</sup>

## Performance

	Composite performance (%)					
	3-month	1-year	3-year	5-year	10-year	Since inception (01/01/2001)
Principal SMA International Opportunities ADR Equity (gross)	10.05	19.26	5.60	10.83	7.82	5.91
Blended MSCI Index	4.69	13.26	1.93	5.96	4.25	4.40
Principal SMA International Opportunities ADR Equity (net)	9.26	15.78	2.49	7.58	4.65	2.79

Risk statistics (10-year, gross)<sup>8</sup>

	Composite
Sharpe ratio	0.4
Standard deviation	14.5
Information ratio	0.8
Tracking error	4.6

Calendar year returns (%)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Principal SMA International Opportunities ADR Equity (gross)	-4.33	3.21	2.01	28.49	-12.73	28.72	22.23	14.72	-18.64	16.28
Blended MSCI Index	-3.87	-5.66	4.50	27.19	-14.20	21.51	10.65	7.82	-16.00	15.62
Principal SMA International Opportunities ADR Equity (net)	-7.18	0.17	-1.00	24.77	-15.35	24.99	18.66	11.36	-21.09	12.88

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. The index covers approximately 85% of the global equity opportunity set outside the U.S. For time periods prior to January 01, 2014, the MSCI EAFE index returns are used. From January 1, 2014 forward, the MSCI ACWI ex-U.S. index returns are used. In reports issued from June 1, 2013 to September 30, 2016, the BNY Developed ADR Total Return Index was used for comparison purposes. In reports issued prior to June 1, 2013, the MSCI EAFE Index was used for comparison purposes. Periods over one year are annualized. 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 index is the MSCI ACWI Ex USA Index and is described below. Portfolio information is based on the strategy's representative portfolio. The holdings shown do not represent all the securities purchased, sold or recommended for any advisory client and in the aggregate may represent only a small percentage of an account's portfolio holdings. Actual portfolios may differ because of account size, client-imposed investment restrictions, the timing of client investments and market, economic and individual company considerations. Securities are shown for illustrative purposes only and are not a solicitation to buy or sell any security or invest in a sector.

<sup>3</sup> May include model-only assets managed by the firm, where the firm has no control as to whether investment recommendations are accepted or the firm does not have trading authority over the assets.

<sup>4</sup> Weighted average

<sup>5</sup> Average of trailing one-year and forward one-year earnings per share (EPS growth)

<sup>6</sup> Percentage of companies with positive EPS revisions less percentage with negative EPS revisions

<sup>7</sup> Forward one-year price/earnings estimates

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

<sup>9</sup> Portfolio information is based on the strategy's composite.

<sup>10</sup> Capture ratios: Shows the relationship of the composite's 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.

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

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. International and global investing involves greater risks such as currency fluctuations, political/social instability and differing accounting standards.

This material covers general information only and does not take account of any investor's investment objectives or financial situation and should

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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 SMA International Opportunities ADR Equity composite contains fully discretionary international equity accounts. The composite is measured against the MSCI ACWI ex-U.S. Index. Portfolios have access to foreign country equities traded on the NYSE. The SMA International Opportunities ADR Equity composite was created in October 2008. The composite name changed from SMA International ADR Equity to SMA International Opportunities ADR Equity effective September 1st, 2018. Accounts with any type of restriction are not included in the composite.

The benchmark was changed to be more representative of the composite strategy. Information regarding the comparison to the benchmarks is available upon request.

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.

Wrap fee schedules are provided by independent wrap sponsors and are available upon request from the representative wrap sponsor. Actual returns will be reduced by investment advisory fees and other expenses

that may be incurred in the management of the account. Net performance shown reflects the gross returns reduced by a maximum bundled fee which includes brokerage, custodial, and investment management expenses. Actual investment advisory fees incurred by clients may vary.

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