

Principal SMA International Equity ADR

First quarter 2025

Strategy overview

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

Portfolio management

Paul Blankenhagen, CFA

33 years of experience

George P. Maris, CFA

27 years of experience

Matthew Peron

33 years of experience

Characteristics^{1,2}

	Portfolio	Index
Composite AUM	\$2.0M	—
UMA/SMA AUM ³	\$13.6M	—
Inception date	01/01/01	—
Number of holdings	40	1,982
Active share	87.5%	—
Market cap ⁴	\$124.9B	\$107.7B
Earnings growth ⁵	10.5%	9.0%
Price/earnings (FY1) ⁶	15.1x	15.5x
Return on equity (last 12 months)	16.8%	14.3%

Top 10 holdings^{2,7}

	% of net assets
Deutsche Telekom Ag	5.3
Sanofi	4.4
Unilever Plc	4.2
Bae Systems Plc	4.0
Taiwan Semiconductor Manufacturing Co., Ltd.	3.8
Erste Group Bank Ag	3.5
Yum China Holdings, Inc.	3.4
Tencent Holdings Ltd.	3.3
Aia Group Limited	3.3
Nintendo Co., Ltd.	3.2
Total	38.4

See disclosure section for additional details.

Concentrated, core, all-weather profile

- Compelling view that excess returns are generated over time by investing in companies where free cash flow power is underestimated by the market.
- A focus on uncorrelated idea generation and deep fundamental analysis.
- Growth and value both simultaneously essential for value creation.

Investment Universe
Developed and emerging market companies > \$2B free float

Security selection

- Fundamentally-driven best ideas
- Free cash flow growth
 - Fundamental and behavioral analysis
 - Cash flow driven valuation

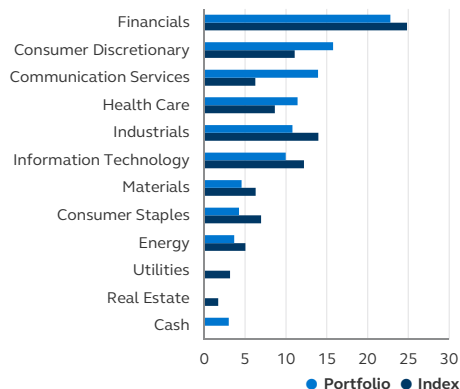
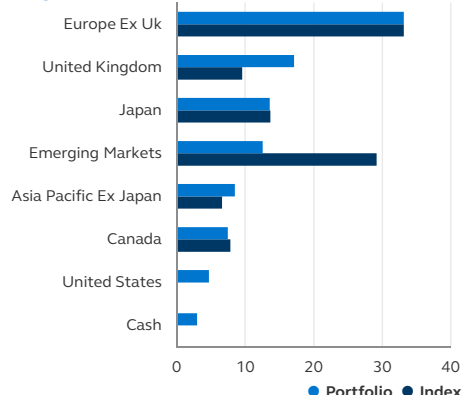
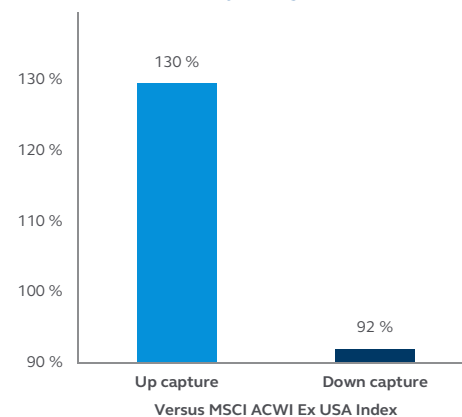
Portfolio construction & risk management

- Efficient use of risk budget
- Proprietary risk management tool
 - Manage factor exposures
 - Implied alpha

Style agnostic portfolio with 30 – 50 holdings

Why allocate to a portfolio:

- Efficient approach to gaining exposure to non-U.S. equity companies.
- Exposure across non-U.S. regions and sectors leads to overall portfolio diversification and potential return enhancement.
- High conviction stock selection provides exposure to many top investment ideas.

Sector allocation (%)^{1,2}Regional allocation (%) ^{1,2}Capture ratios (10-year, gross)^{7,8,9}

Performance

	Composite performance (%)					
	3-month	1-year	3-year	5-year	10-year	Since inception (01/01/2001)
Principal SMA International Equity ADR (gross)	7.92	9.18	7.88	14.41	8.70	6.04
Blended MSCI Index	5.23	6.09	4.48	10.91	4.97	4.47
Principal SMA International Equity ADR (net)	7.13	5.97	4.71	11.06	5.51	2.92

Risk statistics (10-year, gross)⁷

	Composite
Standard deviation	14.6
Information ratio	0.8
Tracking error	4.8

Calendar year returns (%)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Principal SMA International Equity ADR (gross)	3.21	2.01	28.49	-12.73	28.72	22.23	14.72	-18.64	16.28	11.33
Blended MSCI Index	-5.66	4.50	27.19	-14.20	21.51	10.65	7.82	-16.00	15.62	5.53
Principal SMA International Equity ADR (net)	0.17	-1.00	24.77	-15.35	24.99	18.66	11.36	-21.09	12.88	8.07

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.

¹ Source: FactSet

² 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.

³ 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.

⁴ Weighted average

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

⁶ Forward one-year price/earnings estimates

⁷ Source: Principal Global Investors

⁸ Portfolio information is based on the strategy's composite.

⁹ 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.

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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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