

Principal SMA National Municipal

Fourth quarter 2023

Strategy overview

The strategy seeks to provide a high level of income that is exempt from federal income tax while protecting investors' capital.

Portfolio management

James Welch

35 years of experience

James Noble, CFA

31 years of experience

Characteristics^{1,2,4}

	Portfolio	Index
Yield to worst	4.26%	3.94%
Current yield	4.56%	4.37%
Average time to maturity	15.5	24.0
Average effective duration	6.43	5.97
Number of holdings	15	56,853
Inception date	08/01/2023	—

Top 10 holdings^{2,3}

	% of net assets
Alameda Corridor Transportation Agency	7.72
Illinois State G.O.	7.65
NY Transportation Delta Airlines	7.49
NY JFK Airport Terminal #1	7.43
TX Gas Supply British Petroleum	7.39
Salt Verde AZ Financial Corp	7.38
CA Choice Clean Energy	7.30
Iowa Fin Auth Iowa Fertilizer Co.	7.21
Detroit Michigan G.O.	7.03
New York City Transitional Finance Auth	6.18
Total	72.78

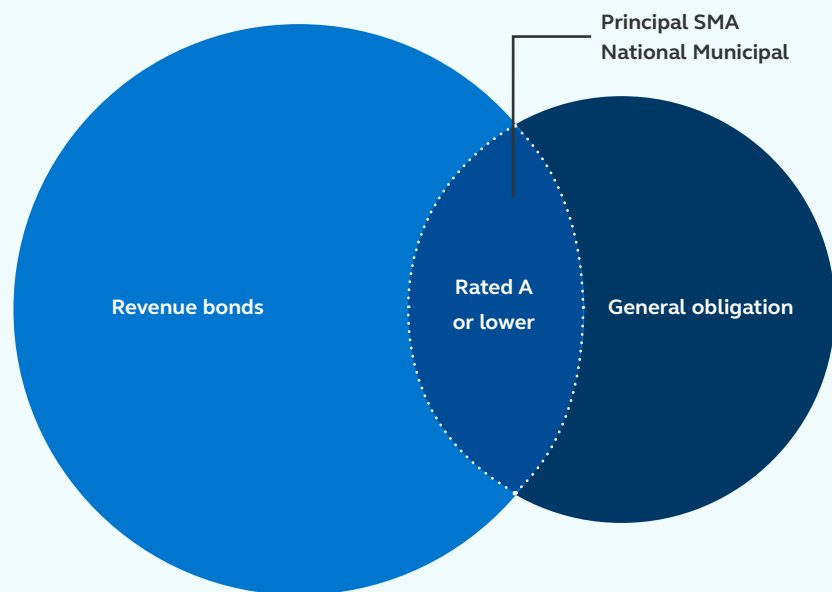
See disclosure section for additional details.

Attractive tax-free income, singularly focused on mid-quality municipal bonds

- Active management seeks the optimal spot on the yield curve and higher exposure to bonds rated A and BBB, in an effort to maximize yield.
- Preference for revenue bonds that provide attractive relative yield and less sensitivity to business cycles.
- Ability to participate in large and small issues, exploiting market and sector dislocations, through credit research.

National Municipal opportunity set

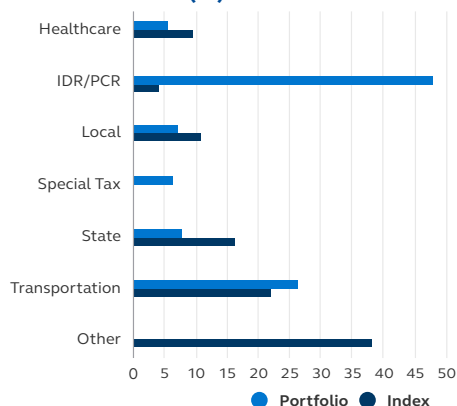
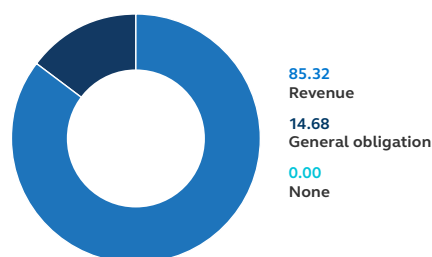
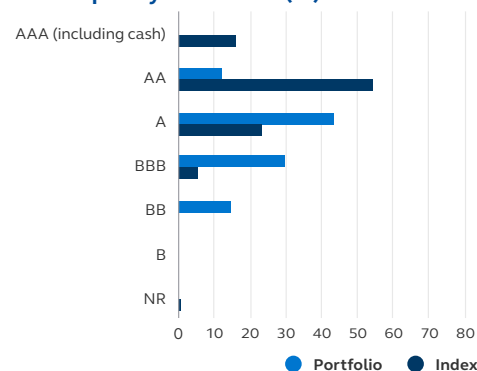
This strategy will tend to focus on mid-quality and potentially high-yield municipal revenue bonds while allowing for state preference flexibility.



Source: Principal Global Investors. For illustrative purposes only. Allocations and investment guidelines are subject to change and may not reflect current holdings.

Why allocate to a portfolio:

- Municipal bonds have provided attractive tax-equivalent yields and lower default rates than traditional investment-grade bonds.
- Municipal bonds can help lower overall portfolio volatility through historically lower correlations to other asset classes.
- Principal Fixed Income's actively managed approach to municipal investing taps multiple sources of alpha, resulting in what we believe is a unique set of portfolio characteristics within the peer group.

Sector allocation (%)^{1,4}Bond allocation (%)¹Credit quality allocation (%)^{1,4,5}

Performance

	3-month	1-year	3-year	5-year	10-year	Since inception (01/01/2012)
Principal SMA National Municipal (gross)	6.97	7.33	-0.31	2.76	3.92	3.73
Bloomberg Municipal Bond Index	7.89	6.40	-0.40	2.25	3.03	2.86
Principal SMA National Municipal (net)	6.38	4.95	-2.53	0.48	1.61	1.43

Risk statistics (3-year, gross)³

	Composite
Sharpe ratio	-0.33
Standard deviation	7.64
Tracking error	1.23
Up/down capture ratio ⁶	108.8/105.4

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Principal SMA National Municipal (gross)	12.92%	4.60%	0.00%	7.19%	1.24%	9.50%	5.64%	3.47%	-10.79%	7.33%
Bloomberg Municipal Bond Index	9.05%	3.30%	0.25%	5.45%	1.28%	7.54%	5.21%	1.52%	-8.53%	6.40%
Principal SMA National Municipal (net)	10.43%	2.28%	-2.22%	4.82%	-1.01%	7.08%	3.30%	1.17%	-12.80%	4.95%

Periods over one year are annualized. Net of Fees reflects the gross returns reduced by an assumed maximum bundled fee of 2%. Beginning August 1, 2023, performance results reflect actual returns of the SMA wrap-fee composite. Prior to August 1, 2023, performance reflects the Principal Fixed Income Municipal Fixed Income institutional composite and did not reflect any actual SMA portfolios. See disclosure section for additional details.

¹ Source: Aladdin® by BlackRock®.

² The index is the Bloomberg Municipal Bond Index and is described below. Portfolio information is based on the strategy's model portfolio. Actual portfolios may differ because of account size, client-imposed investment restrictions, the timing of client investments and market, economic and individual company considerations.

³ Source: Principal Global Investors.

⁴ Portfolio information is based on the strategy's model portfolio.

⁵ Represents the middle rating of Moody's, S&P, and Fitch. When only two agencies rate a bond, the lower is used. When only one agency rates a bond, that rating is used. The ratings are an indication of an issuer's creditworthiness and typically range from AAA or Aaa (highest) to D (lowest). The NR category consists of rateable securities that have not been rated by a Nationally Recognized Statistical Rating Organization.

⁶ 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.

Past performance is no guarantee of future results. Investing involves risk, including possible loss of principal. Fixed Income investments are subject to interest rate risk; when interest rates rise, the price of debt typically declines. Potential investors should be aware that Investment grade corporate bonds carry credit risks, default risk, liquidity risks, currency risks, operational risks, legal risks, counterparty risk and valuation risks.

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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 National Municipal (USD) composite contains fully discretionary retail portfolios investing primarily in municipal bonds. It is measured against the Bloomberg Municipal Bond Index. Investments are typically high quality with varying maturities. The composite may consist of accounts from more than one SMA sponsor platform. The composite was created on August 01, 2023. The composite inception date is January 01, 2012. Accounts with any type of restriction are not included in the composite.

The Bloomberg Municipal Bond Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market. The index has four main sectors: general obligation bonds, revenue bonds, insured bonds (including all insured bonds with a Aaa/AAA rating), and prerefunded bonds. Information regarding the comparison to Bloomberg Municipal Bond Index 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.

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