

Principal SMA National Municipal

First quarter 2024

Strategy overview

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

Portfolio management

James Welch

36 years of experience

James Noble, CFA

32 years of experience

Characteristics^{1,2,4,7}

	Portfolio	Index
Yield to worst	4.03%	3.49%
Average time to maturity	6.57	5.67
Average effective duration	15.04	7.34
Number of holdings	16	57,453
Inception date	08/01/2023	—

Top 10 holdings^{2,3}

	% of net assets
Puerto Rico IME San Juan Terminal	7.40
Alameda Corridor Transportation Agency	7.02
Illinois State G.O.	7.02
Guam Water Authority	6.88
NY JFK Airport Terminal #1	6.82
TX Gas Supply British Petroleum	6.82
NY Transportation Delta Airlines	6.75
Salt Verde AZ Financial Corp	6.75
CA Choice Clean Energy	6.69
Iowa Fin Auth Iowa Fertilizer Co.	6.65
Total	68.80

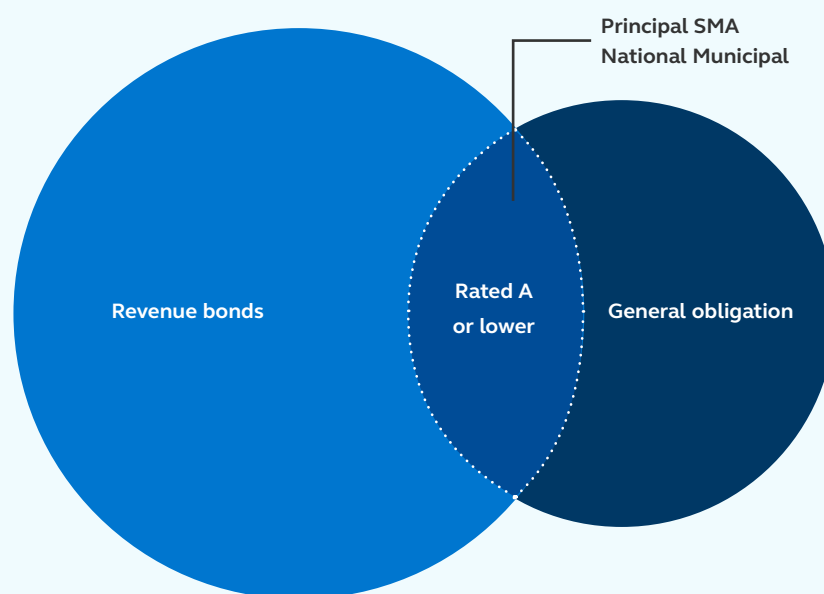
See disclosure section for additional details.

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

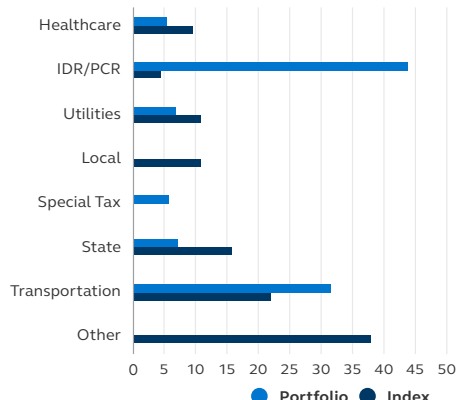
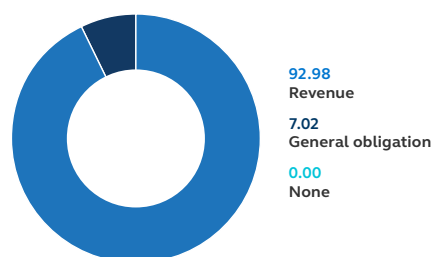
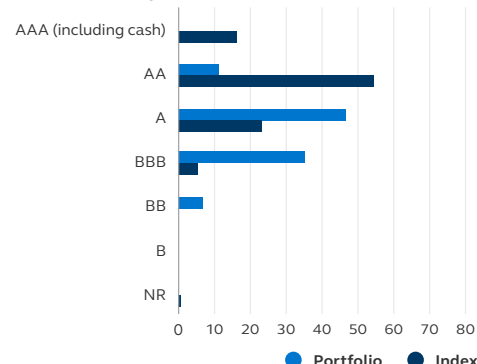
This strategy will tend to focus on mid-quality and potentially high-yield municipal revenue bonds while allowing for state preference flexibility.



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)	0.53	4.76	-0.16	2.15	3.50	3.70
Bloomberg Municipal Bond Index	-0.39	3.13	-0.41	1.59	2.66	2.77
Principal SMA National Municipal (net)	-0.03	2.43	-2.39	-0.12	1.20	1.40

Risk statistics (3-year, gross)³

Composite	
Sharpe ratio	-0.38
Standard deviation	7.53
Tracking error	1.23
Up/down capture ratio ⁶	107.4/103.1

	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.

⁷ Yields and yield related characteristics shown are only one component of performance or expected performance and are not and should not be viewed as a statement of the current or future performance of the strategy. See the gross and net performance of the strategy.

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. This material covers general information only and does not take account of any investor's investment objectives or financial situation and should not be construed as specific investment advice, a recommendation, or be relied on in any way as a guarantee, promise, forecast or prediction

of future events regarding an investment or the markets in general. The opinions and predictions expressed are subject to change without prior notice. The information presented has been derived from sources believed to be accurate; however, we do not independently verify or guarantee its accuracy or validity. Any reference to a specific investment or security does not constitute a recommendation to buy, sell, or hold such investment or security, nor an indication that the investment manager or its affiliates has recommended a specific security for any client account. Subject to any contrary provisions of applicable law, the investment manager and its affiliates, and their officers, directors, employees, agents, disclaim any express or implied warranty of reliability or accuracy and any responsibility arising in any way (including by reason of negligence) for errors or omissions in the information or data provided. 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 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.

Actual client portfolios may differ because of account size, client-imposed investment restrictions, the timing of client investments and market, economic and individual company considerations.

Principal Global Investors ("PGI") acts as a discretionary investment manager or nondiscretionary model provider in a variety of separately managed account or wrap fee programs ("SMA Program") sponsored by either broker-dealers or another financial services firm ("Sponsor"). When acting as a discretionary investment manager, PGI is responsible for implementing trades in SMA Program accounts. When acting as a nondiscretionary model provider, PGI's responsibility is limited to providing non-discretionary investment recommendations of model portfolios to the SMA Program Sponsor who may utilize such recommendations in connection with its management of SMA Program accounts. In such model SMA Programs ("Model Programs"), it is the Sponsor, and not PGI, which serves as the investment manager to, and has trade implementation responsibility for, the Model Program accounts.

This document is issued in the United States by Principal Global Investors, LLC, which is regulated by the U.S. Securities and Exchange Commission. Principal Global Investors, LLC (PGI) is registered with the U.S. Commodity Futures Trading Commission (CFTC) as a commodity trading advisor (CTA), a commodity pool operator (CPO) and is a member of the National Futures Association (NFA). PGI advises qualified eligible persons (QEPs) under CFTC Regulation 4.7.

© 2024 Principal Financial Services, Inc. Principal®, Principal Financial Group®, Principal Asset Management, and Principal and the logomark design are registered trademarks and service marks of Principal Financial Services, Inc., a Principal Financial Group company, in various countries around the world and may be used only with the permission of Principal Financial Services, Inc.

Principal Asset ManagementSM is a trade name of Principal Global Investors, LLC.

MM13864-01 | 04/2024 | 3516269-082024

Certain analytics powered by Aladdin® by BlackRock®. BlackRock® and Aladdin® are trademarks and service marks of BlackRock, Inc. and its affiliates (collectively, "BlackRock"). BlackRock owns all proprietary rights in the marks and in the Aladdin® by BlackRock® services. BlackRock neither approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom.