

Principal SMA U.S. Real Estate Equity Securities

Fourth quarter 2023

Strategy overview

The strategy offers exposure to the U.S. real estate market through the investment of listed real estate securities. It invests in high quality companies and targets strong, risk-adjusted performance using diversified sources of alpha.

Portfolio management

Kelly D. Rush, CFA
40 years of experience

Keith Bokota, CFA
19 years of experience

Anthony Kenkel, CFA, FRM
27 years of experience

Characteristics^{1,2}

	Portfolio	Index
Composite AUM	\$194.1M	—
UMA/SMA AUM ³	\$957.0M	—
Inception date	04/01/00	—
Number of holdings	41	120
Active share	44.8%	—
Earnings growth (NTM) ⁴	3.5%	2.7%
Price/net asset value ⁴	102.8%	103.2%
Market Cap ⁵	\$36.4B	\$37.8B
Company leverage ⁵	26.8%	28.0%
Dividend Yield ⁴	3.6%	3.9%
Dividend growth (NTM) ⁴	3.8%	3.8%

Top 5 holdings^{2,6}

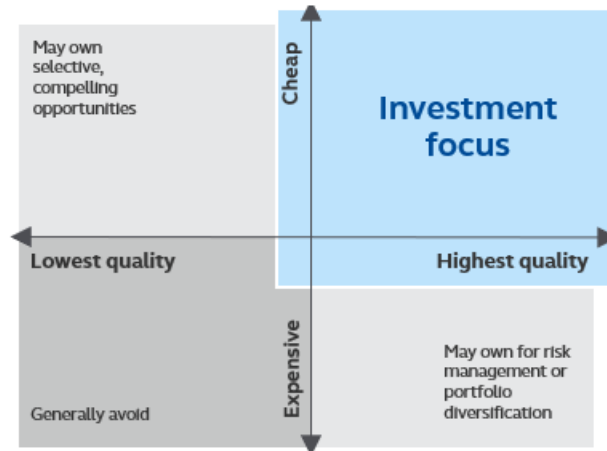
	% of net assets
Prologis, Inc.	7.6
Welltower Inc.	6.1
Equinix, Inc.	6.0
Extra Space Storage Inc.	5.8
Ventas, Inc.	5.4
Total	30.9

See disclosure section for additional details.

A real estate strategy that strives to deliver strong, risk-adjusted performance

- Track record of consistent and attractive risk-adjusted returns generated by bottom-up stock selection.
- "Quality at the right price" investment style favors above average companies trading at average or discounted valuations.
- Access to extensive Principal resources and in-house insights from across our public and private real estate platform.

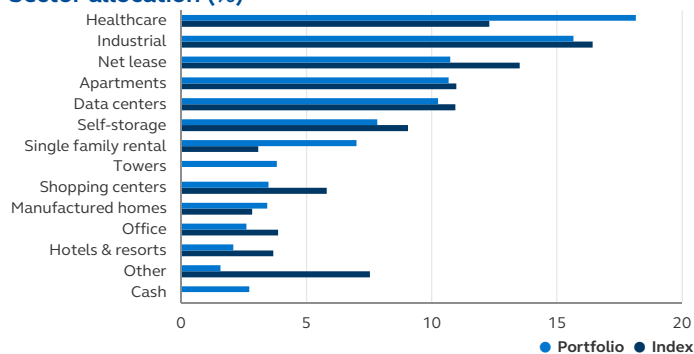
Clear security selection framework



For illustrative purposes only. Reflects assumptions used in portfolio construction. The strategy may not perform as intended.

Why allocate to a portfolio:

- Total-return potential:** Historically a long-term total return enhancer, relative to stocks and bonds.
- Low correlation:** Diversification through low correlations with other asset classes.
- Income potential:** Dividends offer a potential income-stream, plus the opportunity for capital appreciation tied to real asset ownership.
- Liquidity:** Liquid, with immediate exposure to real estate.

Sector allocation (%)^{1,2}

Performance

	Composite performance (%)					
	3-month	1-year	3-year	5-year	10-year	Since inception (04/01/2000)
Principal SMA U.S. Real Estate Equity Securities (gross)	15.58	14.13	6.61	9.25	9.29	11.64
MSCI US REIT Index	16.00	13.74	7.10	7.39	7.59	9.79
Principal SMA U.S. Real Estate Equity Securities (net)	14.76	10.78	3.47	6.04	6.08	8.36

Risk statistics (5-year, gross)⁶

	Composite
Sharpe ratio	0.4
Standard deviation	19.5
Information ratio	0.6
Tracking error	3.2
Up/down capture ratio ⁷	96.2 / 89.0

Calendar year returns (%)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Principal SMA U.S. Real Estate Equity Securities (gross)	33.11	4.59	6.36	9.39	-3.53	31.49	-2.29	40.70	-24.54	14.13
MSCI US REIT Index	30.38	2.52	8.60	5.07	-4.57	25.84	-7.57	43.06	-24.51	13.74
Principal SMA U.S. Real Estate Equity Securities (net)	29.27	1.50	3.22	6.17	-6.40	27.68	-5.19	36.65	-26.83	10.78

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 US REIT Index and is described below. Portfolio information is based on the strategy's model 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 median

⁵ Weighted average

⁶ Source:

⁷ 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. Real estate investment options are subject to risks associated with credit, liquidity, interest rate fluctuation, adverse general and local economic conditions, and decreases in real estate values and occupancy rates.

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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 MSCI US REIT Index is a free float-adjusted market capitalization weighted index that is comprised of equity REITs that are included in the MSCI US Investable Market 2500 Index, with the exception of specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. The index represents about 99% of the US REIT universe. Information regarding the comparison to the MSCI US REIT 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 investment advisory fees incurred by clients may vary.

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MM8218-34 | 01/2024 | 3306664-052024