

# Principal SMA U.S. Real Estate Equity Securities

First quarter 2024

## 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<sup>1,2,3</sup>

	Portfolio	Index
Composite AUM	\$225.4M	—
UMA/SMA AUM <sup>4</sup>	\$932.8M	—
Inception date	04/01/00	—
Number of holdings	43	137
Active share	46.0%	—
Earnings growth (NTM) <sup>5</sup>	4.8%	2.9%
Price/net asset value <sup>5</sup>	95.9%	96.3%
Market Cap <sup>6</sup>	\$38.7B	\$41.4B
Company leverage <sup>6</sup>	28.0%	28.9%
Dividend Yield <sup>5</sup>	3.4%	3.8%
Dividend growth (NTM) <sup>5</sup>	3.5%	2.9%

## Top 10 holdings<sup>1,2</sup>

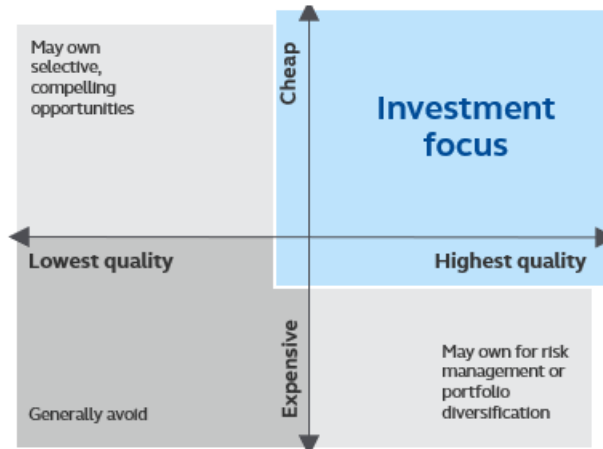
	% of net assets
American Tower Corporation	9.8
Equinix, Inc.	7.0
Prologis, Inc.	6.8
Welltower Inc.	6.1
Extra Space Storage Inc.	5.4
Avalonbay Communities, Inc.	4.8
Ventas, Inc.	4.8
Invitation Homes, Inc.	3.8
Vici Properties Inc	3.7
Sba Communications Corp.	3.3
<b>Total</b>	<b>55.5</b>

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.

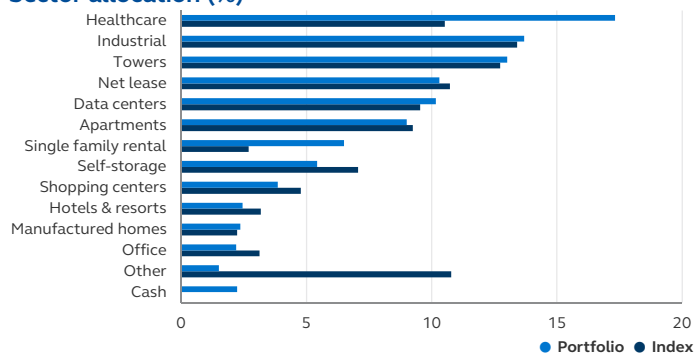
## Clear security selection framework



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 (%)<sup>1,2</sup>

## 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)	-1.58	8.76	3.61	5.50	8.07	11.43
U.S. REIT Linked Index <sup>7</sup>	-0.49	10.18	3.97	4.10	6.52	9.66
Principal SMA U.S. Real Estate Equity Securities (net)	-2.32	5.56	0.55	2.39	4.89	8.16

## Risk statistics (5-year, gross)

	Composite
Sharpe ratio	0.2
Standard deviation	19.0
Information ratio	0.4
Tracking error	3.2
Up/down capture ratio <sup>8</sup>	94.6 / 90.2

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
U.S. REIT Linked Index <sup>7</sup>	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.

<sup>1</sup> Source: Factset

<sup>2</sup> The index is the U.S. REIT Linked 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.

<sup>3</sup> 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.

<sup>4</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>5</sup> Weighted median

<sup>6</sup> Weighted average

<sup>7</sup> U.S. REIT Linked Index composition: For March 1, 2024 and after, the index is 100% the FTSE NAREIT All Equity REIT Index, and for the period prior to March 1 2024, it is 100% the MSCI US REIT Index.

<sup>8</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. 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.

FTSE NAREIT All Equity REIT Index is a free-float weighted index that contains all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria. MSCI US REIT Index is a capitalization-weighted benchmark index of most actively traded Real Estate Investment Trusts (REITs), designed to measure real estate performance.

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