

Principal Asset Allocation

Trade Commentary

Principal Growth & Income Portfolios

September 16, 2026

Positioning rationale

Principal Growth & Income Portfolios

As of September 16, 2026

Key Takeaways

- Took a modestly more defensive stance amid a challenging rate and inflation environment and elevated valuations.
- Implementation swaps were made to increase exposure to higher-conviction strategies, reduce fees, and improve the purity of desired asset-class exposures.
- Within U.S. equities, we increased exposure to large-cap growth, funded from value, as the asset class is showing improving fundamentals alongside more attractive relative valuations.
- We downgraded U.S. REITs from Favorable to Neutral based on a combination of macro and fundamental considerations. Credit standards have tightened modestly, and loan demand has begun to moderate, while fundamentals have stabilized relative to pre-COVID levels. Against a challenging rate and inflation backdrop, these factors make it more difficult to identify the next catalyst for further REIT outperformance.

ALLOCATIONS

Principal Growth & Income Portfolios

		Portfolio	Moderately conservative	Moderate	Moderately aggressive
		Index	27% S&P 1500 18% MSCI ACWI ex-U.S. 55% Bloomberg U.S. Agg	36% S&P 1500 24% MSCI ACWI ex-U.S. 40% Bloomberg U.S. Agg	45% S&P 1500 30% MSCI ACWI ex-U.S. 25% Bloomberg U.S. Agg
U.S. equities					
USMC	Principal US Mega-Cap ETF		4.50%	6.00%	6.50%
JEPI	JPMorgan Equity Premium Income ETF		5.00%	7.00%	8.00%
BMCIX	Blackrock High Equity Income		5.00%	7.00%	8.00%
SCHV	Schwab US Large-Cap Value ETF™		4.00%	7.00%	9.00%
VONG	Vanguard Russell 1000 Growth ETF		9.00%	15.00%	17.50%
VOE	Vanguard Mid-Cap Value ETF		--	1.00%	1.00%
VO	Vanguard Mid-Cap ETF		1.00%	1.50%	2.00%
PSC	Principal U.S. Small-Cap Multi		2.50%	3.50%	4.50%
VTWO	Vanguard Russell 2000 ETF		--	1.00%	1.00%
JEPQ	JPMorgan Nasdaq Equity Premium Income ETF		4.50%	5.00%	5.50%
PIREX	Principal Real Estate Securities - Institutional		1.00%	1.50%	2.00%
Non-U.S. equities					
PWJZX	PGIM Jennison International Opps Z		3.50%	3.50%	5.00%
VYMI	Vanguard Intl Hi Div Yld Index Fund; ETF		3.00%	3.00%	6.00%
EDIV	SPDR S&P Emerging Markets Dividend ETF		1.00%	2.00%	3.00%
Fixed income					
GOVT	iShares US Treasury Bond ETF		13.00%	7.50%	5.00%
MBB	iShares MBS ETF		8.50%	5.50%	4.00%
PIOIX	Principal Core Fixed Income Fu - Institutional		17.00%	13.00%	5.00%
PREF	Principal Spectrum Preferred Sec.		3.00%	1.50%	1.50%
VWOB	Vanguard Emerging Mkts Govt Bd ETF		6.50%	2.50%	--
YLD	Principal Active Income ETF		4.00%	3.00%	2.50%
VCSH	Vanguard Short-Term Corporate		2.00%	1.00%	1.00%
Cash					
Cash			2.00%	2.00%	2.00%

The table above may not reflect current allocations. The funds comprising the model and the allocations to those funds may change over time.

CHANGE TO ALLOCATIONS

Principal Growth & Income Portfolios

	Portfolio	Moderately conservative	Moderate	Moderately aggressive
	Index	27% S&P 1500 18% MSCI ACWI ex-U.S. 55% Bloomberg U.S. Agg	36% S&P 1500 24% MSCI ACWI ex-U.S. 40% Bloomberg U.S. Agg	45% S&P 1500 30% MSCI ACWI ex-U.S. 25% Bloomberg U.S. Agg
U.S. equities				
USMC	Principal US Mega-Cap ETF			
JEPI	JPMorgan Equity Premium Income ETF			
BMCIX	Blackrock High Equity Income			
SCHV	Schwab US Large-Cap Value ETF™	-1.00%	-1.00%	-1.00%
VONG	Vanguard Russell 1000 Growth ETF	9.00%	15.00%	17.50%
ONEQ	Fidelity® Nasdaq Composite ETF	-5.50%	-11.00%	-13.00%
VOE	Vanguard Mid-Cap Value ETF		1.00%	1.00%
PY	Principal Value ETF	-1.50%	-2.50%	-4.00%
VO	Vanguard Mid-Cap ETF			
PSC	Principal U.S. Small-Cap Multi			
VTWO	Vanguard Russell 2000 ETF		1.00%	1.00%
IWM	iShares Russell 2000 ETF		-1.00%	-1.00%
JEPQ	JPMorgan Nasdaq Equity Premium Income ETF			
PIREX	Principal Real Estate Securities - Institutional	-1.00%	-1.00%	-1.50%
Non-U.S. equities				
PWJZX	PGIM Jennison International Opps Z	-1.00%	-1.00%	-1.00%
VYMI	Vanguard Intl Hi Div Yld Index Fund; ETF			
EDIV	SPDR S&P Emerging Markets Dividend ETF			
Fixed income				
GOVT	iShares US Treasury Bond ETF	1.00%	0.50%	2.00%
MBB	iShares MBS ETF			
PIOIX	Principal Core Fixed Income Fu - Institutional			
PGDIX	Principal Global Diversified I - I			
PREF	Principal Spectrum Preferred Sec.			
VWOB	Vanguard Emerging Mkts Govt Bd ETF			
YLD	Principal Active Income ETF			
VCSH	Vanguard Short-Term Corporate			
Cash				
Cash				

Important information

Investing involves risk, including possible loss of principal.

Asset allocation and diversification do not ensure a profit or protect against a loss. Investment strategy may not perform as intended.

The model portfolios presented are not registered investment products, but, rather, are model strategies reflective of a model account invested in underlying mutual funds and ETFs. The model portfolios do not represent any specific account, pooled investment vehicle or investable securities managed by Principal.

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