

Principal Asset Allocation

Trade Commentary

Principal Core ETF Portfolios

September 16, 2026

Positioning rationale

Principal Core ETF Portfolios

As of September 16, 2026

Key Takeaways

- Trimmed the overweight to EM equities following a strong run, with the asset class potentially facing a more challenging backdrop if U.S. rates remain elevated.
- 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.

ALLOCATIONS

Principal Core ETF Portfolios

		Portfolio	20/80	40/60	60/40	80/20	100/0
Index			12% S&P 1500 8% MSCI ACWI ex- U.S. 80% Bloomberg U.S. Agg	24% S&P 1500 16% MSCI ACWI ex-U.S. 60% Bloomberg U.S. Agg	36% S&P 1500 24% MSCI ACWI ex-U.S. 40% Bloomberg U.S. Agg	48% S&P 1500 32% MSCI ACWI ex-U.S. 20% Bloomberg U.S. Agg	60% S&P 1500 40% MSCI ACWI ex-U.S.
U.S. equities							
USMC	Principal US Mega-Cap ETF		4.00%	7.50%	13.50%	16.00%	16.50%
VONG	Vanguard Russell 1000 Growth ETF		4.50%	6.50%	10.00%	13.50%	14.50%
LCAP	Principal Capital Appreciation Select ETF		2.00%	3.00%	3.50%	4.50%	5.00%
SPYM	SPDR Portfolio S&P 500 ETF		3.50%	8.00%	11.50%	12.00%	16.00%
SCHV	Schwab US Large-Cap Value ETF™		--	2.00%	4.00%	5.00%	7.50%
VOE	Vanguard Mid-Cap Value ETF		--	1.00%	3.50%	3.50%	4.00%
VO	Vanguard Mid-Cap Index Fund ETF		1.00%	2.50%	2.50%	2.50%	3.00%
PSC	Principal U.S. Small-Cap Multi		1.00%	2.00%	3.00%	3.50%	4.50%
VTWO	Vanguard Russell 2000 ETF		--	--	1.00%	1.00%	1.00%
FREL	Fidelity® MSCI Real Estate ETF		--	1.00%	1.00%	1.00%	1.00%
Non-U.S. equities							
AVDE	Avantis International Equity ETF		2.00%	3.00%	6.00%	8.00%	11.00%
EFV	iShares MSCI EAFE Value ETF		1.00%	1.00%	1.50%	3.00%	5.00%
SCHE	Schwab Emerging Markets Equity ETF™		1.00%	2.50%	2.50%	3.00%	3.50%
EDIV	SPDR S&P Emerging Markets Dividend ETF		--	--	1.50%	2.00%	2.00%
Fixed Income							
GOVT	iShares US Treasury Bond ETF		12.00%	10.00%	9.00%	4.00%	1.50%
MBB	iShares MBS ETF		11.00%	7.50%	3.50%	2.00%	--
AGG	iShares Core US Aggregate Bond ETF		22.00%	17.00%	7.50%	7.00%	2.00%
SPBO	State Street® SPDR® Port Corp Bd ETF		9.00%	5.00%	1.50%	1.00%	--
VCSH	Vanguard Short-Term Corporate		5.00%	4.00%	2.00%	--	--
PREF	Principal Spectrum Preferred Sec.		3.50%	3.00%	3.00%	2.00%	--
VWOB	Vanguard Emerging Mkts Govt Bd ETF		4.50%	2.50%	1.00%	--	--
YLD	Principal Active Income ETF		5.00%	4.50%	3.50%	2.00%	--
SCHP	Schwab U.S. TIPS ETF		6.00%	4.50%	2.00%	1.50%	--
Cash							
Cash			2.00%	2.00%	2.00%	2.00%	2.00%

CHANGE TO ALLOCATIONS

Principal Core ETF Portfolios

		Portfolio	20/80	40/60	60/40	80/20	100/0
		Index	12% S&P 1500 8% MSCI ACWI ex- U.S. 80% Bloomberg U.S. Agg	24% S&P 1500 16% MSCI ACWI ex-U.S. 60% Bloomberg U.S. Agg	36% S&P 1500 24% MSCI ACWI ex-U.S. 40% Bloomberg U.S. Agg	48% S&P 1500 32% MSCI ACWI ex-U.S. 20% Bloomberg U.S. Agg	60% S&P 1500 40% MSCI ACWI ex-U.S.
U.S. equities							
USMC	Principal US Mega-Cap ETF						
VONG	Vanguard Russell 1000 Growth ETF		4.50%	6.50%	10.00%	13.50%	14.50%
ONEQ	Fidelity® Nasdaq Composite ETF		-3.00%	-5.50%	-9.00%	-12.50%	-13.50%
LCAP	Principal Capital Appreciation Select ETF		2.00%	3.00%	3.50%	4.50%	5.00%
PSET	Principal Quality ETF		-2.00%	-3.00%	-3.50%	-4.50%	-5.00%
SPYM	SPDR Portfolio S&P 500 ETF						
SCHV	Schwab US Large-Cap Value ETF™			-0.50%		-2.00%	-1.00%
VOE	Vanguard Mid-Cap Value ETF			1.00%	3.50%	3.50%	4.00%
PY	Principal Value ETF		-1.50%	-1.50%	-4.50%	-5.00%	-6.00%
VO	Vanguard Mid-Cap Index Fund ETF						
PSC	Principal U.S. Small-Cap Multi						
VTWO	Vanguard Russell 2000 ETF				1.00%	1.00%	1.00%
IYM	iShares Russell 2000 ETF				-1.00%	-1.00%	-1.00%
FREL	Fidelity® MSCI Real Estate ETF						
Non-U.S. equities							
AVDE	Avantis International Equity ETF		2.00%	3.00%	6.00%	8.00%	11.00%
PIEQ	Principal International Equity ETF		-2.00%	-3.00%	-4.50%	-7.00%	-9.50%
EFV	iShares MSCI EAFE Value ETF						
SCHE	Schwab Emerging Markets Equity ETF™			-1.00%	-1.50%	-1.50%	-1.50%
EDIV	SPDR S&P Emerging Markets Dividend ETF						
Fixed Income							
GOVT	iShares US Treasury Bond ETF						
MBB	iShares MBS ETF		-1.00%	-0.50%			
AGG	iShares Core US Aggregate Bond ETF		22.00%	17.00%	7.50%	7.00%	2.00%
IUSB	iShares Core Total USD Bond Market ETF		-22.00%	-16.00%	-7.50%	-5.00%	
SPBO	State Street® SPDR® Port Corp Bd ETF		9.00%	5.00%	1.50%	1.00%	
USIG	iShares Broad USD IG Bond ETF		-9.00%	-5.00%	-1.50%		
VCSH	Vanguard Short-Term Corporate						
PREF	Principal Spectrum Preferred Sec.						
VWOB	Vanguard Emerging Mkts Govt Bd ETF						
YLD	Principal Active Income ETF						
SCHP	Schwab U.S. TIPS ETF		1.00%	0.50%			
Cash							
Cash							

Important information

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

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