

# Principal Diversified Real Asset CIT

Designed to deliver a specific outcome: real assets for real diversification

2018  
first quarter

## Protecting purchasing power through varying market environments.

The Principal Diversified Real Asset CIT seeks to provide:

### A diverse blend of real assets.

Allocating to a diversified real asset strategy may improve your returns through various market environments by:

- Aiming to protect purchasing power.
- Providing the opportunity for long-term diversification benefits.
- Enhancing the total return potential for a portfolio.

### Enhanced return potential through economic cycles.

Real assets may provide the potential for growth whether the economy is booming or stagnant by:

- Balancing real return/real asset strategies to mitigate undesired risk.
- Focusing on the broad universe of real return/real asset classes that have exhibited low correlation to traditional asset classes.
- Using research and modeling techniques to target the most favorable blend of each asset class to seek optimal risk/return potential.

### A multi-manager, multi-asset approach.

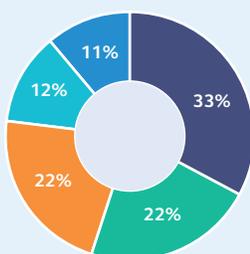
Combining asset allocation expertise and access to global investment management<sup>1</sup> by:

- Hiring specialist investment managers to target broad inflationary market concerns.
- Offering flexibility and transparency through a portfolio of separate accounts.
- Providing dynamic asset allocation toward a targeted risk-return profile.



## Blending multiple strategies in a single fund

Portfolio allocations (as of 03/31/2018)



<b>Real return</b> .....	33%
<b>Currency</b>	
BNP Paribas Asset Mgmt* .....	3%
<b>Floating rate debt</b>	
Symphony Asset Mgmt .....	18%
<b>Treasury inflation-protected securities (TIPS)</b>	
BlackRock International Limited.....	12%
<b>Infrastructure</b> .....	22%
<b>Global infrastructure</b>	
Macquarie Capital Investment Mgmt	8%
Brookfield Investment Mgmt.....	4%
<b>Global water</b>	
S&P Global Water Index.....	4%
<b>Master limited partnerships (MLPs)</b>	
Tortoise Capital Advisors .....	6%

<b>Natural resources</b> .....	22%
<b>Global natural resources**</b>	
The Boston Company Asset Mgmt.....	6%
S&P Global Natural Resources	
Equal-Weighted .....	10%
<b>Global timber</b>	
Pictet Asset Mgmt.....	6%
<b>Commodities</b> .....	12%
Credit Suisse Asset Mgmt .....	12%
<b>Global REITs</b> .....	11%
Principal Real Estate Investors .....	11%

## Investment managers



BLACKROCK



Brookfield



May not reflect current allocations or investment managers. Percentages may not add up to 100% due to rounding.

\*Effective June 1, 2017, Fischer Francis Trees & Watts, Inc. (FTW), a sub-advisor for the currency sleeve, changed its name to BNP Paribas Asset Management, Inc.

\*\*During the fourth quarter of 2017, we enhanced our global natural resources investment portfolio to include a blend of an actively-managed portion sub-advised by The Boston Company Asset Management, LLC and passively-managed portion managed by Principal Global Equities. We consolidated the global metals and mining and global agriculture investment portfolio to reduce overlap with the new global natural resources portfolio.

\*\*\*During the second quarter of 2018, Brookfield Investment Management, Inc., was replaced by RARE Infrastructure (North America) Pty Limited as a global infrastructure subadvisor.

<sup>1</sup>Investment managers were selected using a proprietary process, characterized by a comprehensive and continuous review of all investment managers.

## Portfolio strategy & management

The Diversified Real Asset CIT is managed by Principal Portfolio Strategies. The investment objective is to achieve a long-term total return in excess of inflation.

### Jake Anonson, CFA

25 years of experience

### Jessica Bush, CFA

17 years of experience

### Marc Dummer, CAIA

36 years of experience

### Kelly Grossman, FSA

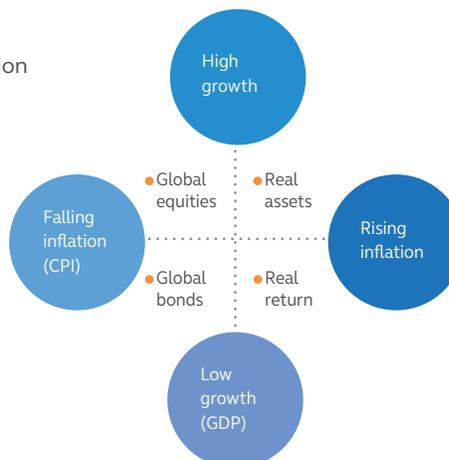
19 years of experience

### Ben Rotenberg, CFA

25 years of experience

## The real asset universe

Real assets may help provide diversification benefits beyond a traditional stock and bond portfolio.



## Performance & ratings (as of 03/31/2018)

	Average annual total returns					
	Year-to-date	1-year	3-year	5-year	Since inception (05/30/2013)	Expense ratio
Diversified Real Asset CIT - Tier 1	-1.30%	5.24%	0.54%	—	1.31%	0.74%
Diversified Real Asset Strategic Index <sup>2,3</sup>	-2.24%	5.37%	2.51%	0.95%	—	—
Morningstar ratings						
Category & number of funds in category: World Allocation	498	464	376	329	—	—
Diversified Real Asset CIT - Tier 1 <sup>4</sup>	—	—	★	—	Overall   ★	—
Calendar year total returns		2014	2015	2016	2017	
Diversified Real Asset CIT - Tier 1		2.26%	-12.26%	6.18%	10.10%	—

Returns represent past performance and do not guarantee future results. Share price, principal value, and return will vary and you may have a gain or loss when shares are sold. Current performance may be lower or higher than quoted. For the most recent month end performance, visit [principal.com/help/performance-rates-values](http://principal.com/help/performance-rates-values).

<sup>2</sup>Diversified Real Asset Strategic Index is composed of 35% Bloomberg Barclays U.S. Treasury TIPS Index, 20% S&P Global Infrastructure Index, 20% S&P Global Natural Resources Index, 15% Bloomberg Commodity Index, and 10% FTSE EPRA/NAREIT Developed Market Index.

<sup>3</sup>Index performance information reflects no deduction for fees, expenses, or taxes. Indices are unmanaged and individuals cannot invest directly in an index.

<sup>4</sup>The Morningstar Rating™ for funds, or “star rating,” is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product’s monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Morningstar ratings do not reflect the inclusion of sales charges. If sales charges were reflected, ratings could be lower. © 2018 Morningstar, Inc. All rights reserved. Part of the mutual fund data contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

The Principal Diversified Real Asset Collective Investment Trust (CIT) is a collective investment trust maintained by Principal Global Investors Trust Company (the Trust Company). The Trust Company has retained Principal Global Investors LLC (the

Adviser), to serve as investment adviser with respect to the CIT, subject to the Trust Company’s supervision and review. The Adviser is an indirect wholly owned subsidiary of Principal Financial Group, Inc., and is under common control with the Trust Company. The CIT is available only to certain qualified retirement plans and governmental 457(b) plans.

The CIT is not a mutual fund and is not registered with the Securities and Exchange Commission, the State of Oregon, or any other regulatory body. Units of the CIT are not deposits or obligations of, guaranteed by, or insured by the Trust Company or any affiliate, and are not insured by the FDIC or any other federal or state government agency. The value of the CIT will fluctuate so that when redeemed, units may be worth more or less than the original cost. The declaration of trust, participation agreement, and disclosure documents contain important information about investment objectives, risks, fees, and expenses associated with investment in the CIT and should be read carefully before investing. The declaration of trust is available at [principal.com](http://principal.com). A copy of the participation agreement can be obtained from your plan administrator.

Insurance products and plan administrative services provided through Principal Life Insurance Co., a member of the Principal Financial Group®, Des Moines, IA 50392. Certain investment options and contract riders may not be available in all states or U.S. commonwealths.

Asset allocation and diversification do not ensure a profit or protect against a loss. Fixed-income investments are subject to interest rate risk; as interest rates rise their value will decline. The U.S. government does not guarantee the principal or coupon payments of non-U.S. Treasury bonds. Investments in natural resource industries can be affected by disease, embargoes, international/political/economic developments, variations in the commodities markets/weather and other factors. Investing in derivatives entails specific risks regarding liquidity, leverage and credit that may reduce returns and/or increase volatility.

For more information, please call Investment Only Sales Support at 800-787-1621, option 6.

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