

Principal Global Investors to Acquire Majority Stake in Liongate Capital Management

Deal Value: Undisclosed

Sandler O'Neill served as exclusive financial advisor to Principal Global Investors in this transaction and rendered a fairness opinion. Overall, this represents Sandler O'Neill's 61st financial services transaction since January 1, 2012, more than any other investment bank during that time period.⁽¹⁾

(Des Moines, Iowa) – Principal Global Investors, LLC, a leading global asset manager and a member of the Principal Financial Group® (NYSE:PFG), today announced an agreement to acquire a 55 percent stake in Liongate Capital Management (Liongate), a global alternative investment boutique based in London and New York focused on managing portfolios of hedge funds.

Founded in 2003, Liongate has approximately US \$2.1 billion⁽²⁾ in assets under management across a range of commingled funds and dedicated client portfolios. Its client base includes many of the world's leading pension funds, insurance companies and sovereign wealth funds. Liongate is recognized for its dynamic approach to asset allocation and managed hedge solutions, which have delivered strong, long-term risk-adjusted returns to its blue-chip investor base.

The transaction will strengthen The Principal's alternative investment capabilities, deepen its pool of investment talent, and help extend its product offerings into customized multi-asset and hedge fund solutions.

"With its strong reputation and focused investment expertise, Liongate is a welcome addition to our multi-boutique investment management structure," said Jim McCaughan, chief executive officer of Principal Global Investors. "The partnership will enhance our capabilities in alternative investments, which is an area where client demand continues to grow. Very few institutional investment firms have this level of expertise in hedge fund investing."

Being affiliated with a global investment management leader, Liongate will benefit from access to The Principal's global footprint and strong distribution networks, as well as its product development expertise and best-practice support infrastructure.

"Our clients increasingly want hedged solutions over their entire portfolios, and not just on an 'alternatives' side plate. The operational synergies and economies of scale will enhance our client resources globally, enabling Liongate to focus on consistent, risk-adjusted client performance. The Principal gets what we want to do, and our personal chemistry is strong, so that is why we decided to work together," said Randall Dillard, chief investment officer and co-founder of Liongate.

The Liongate partners will retain a 45 percent share and will manage Liongate within their current roles. The partners are reinvesting a significant share of their consideration into existing Liongate investment strategies. Additional terms of the transaction were not disclosed.

The transaction is expected to close in the second quarter of 2013, pending regulatory approval. The Principal estimates the acquisition will be slightly accretive in the first year.

(1) Source: SNL Financial. Includes financial services transactions since January 1, 2012; excludes terminated transactions or self-advisory roles

(2) As of January 1, 2013

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