

Principal Asset Allocation

SmallCap Growth I Fund

FOURTH QUARTER 2022

Actively invested.

As a global leader in asset management, we are focused on harnessing the potential of every opportunity to secure an advantage for our clients.

ABOUT PRINCIPAL ASSET MANAGEMENT

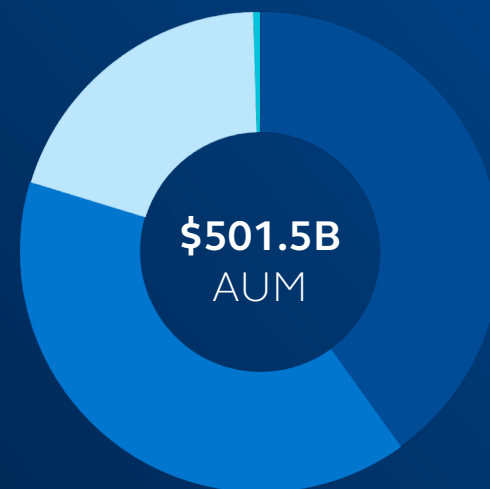
23rd largest manager of worldwide institutional assets.¹

11-year winner of Pensions & Investments' annual Best Places to Work in Money Management, earning a spot every year since the program launched.²

A fiduciary with disciplined processes, specialized expertise across asset classes, and global investment capabilities in both public and private markets.

As of December 31, 2022. See Important Information page for AUM description. Due to rounding, figures and percentages shown may not add to the totals or equal 100%. ¹Managers ranked by total worldwide institutional assets as of December 31, 2021 "Largest Money Managers," PENSIONS & INVESTMENTS, December 31, 2021. ²Pensions & Investments, "The Best Places to Work in Money Management" among companies with 1,000 or more employees, December 2022.

Principal Asset Management



40.0%	Fixed Income
39.7%	Equities
19.9%	Real Estate
0.4%	Alternatives

Principal Asset Allocation

WHO WE ARE

An investment team within Principal Asset Management and manager of global multi-asset investment strategies

WHAT WE DO

We construct multi-asset and multi-manager portfolios that aim to deliver risk-adjusted investment performance that meet our clients' needs.

WHO WE SERVE

Institutional and individual investors through our relationships with investment consultants, wealth management platforms, and financial advisors across the globe.



\$132 BILLION in assets under management

23 dedicated investment professionals

Average of **16 YEARS** investment experience

10 YEARS average firm tenure

As of December 31, 2022. See Important Information for additional details.

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Investment team



JAMES FENNESSEY, CFA
Portfolio Manager



RANDY WELCH
Managing Director
Portfolio Manager



JASON HARVEY, CFA
Portfolio Analyst



CHAD SEVERIN
Senior Portfolio Analyst



MARC DUMMER, CAIA
Managing Director,
Client Portfolio Manager



MICHAEL REIDY
Director,
Client Portfolio Manager

Principal Asset Allocation



TODD JABLONSKI, CFA
Executive Director,
Chief Investment Officer,
Head of Asset Allocation



ANDY DION
Managing Director and
Chief Operating Officer

- Portfolio managers average over 29 years of industry experience
- Co-portfolio manager structure effectively utilizes strengths of each team member
- Portfolio strategy, design, construction, implementation, and management
- Dedicated analysts to drive and support the investment process

As of December 31, 2022.

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Manager performance conundrum



PROBLEM:

Investor impatience creates vicious cycle of buying high and selling low.

Investors abandon talented investment managers during unfavorable market environments.



DESIRED OUTCOME:

More consistent return pattern within peer group.

Rely on strategic allocations and multiple managers to mitigate fourth quartile performance on a longer-term basis.

Our philosophy

A core-satellite fund is comprised of a core portfolio plus two or more satellite portfolios.

Core manager

- Seeks to anchor the investment option and stabilize returns.
- Systematically managed — seeks to replicate the fund's Index.
- Handles all cash flows.

Satellite managers

- Purpose is to provide diversified source of excess return.
- Strategic pairing of complementary managers.
- Designed to manage consistency within peer group rankings.

CORE PORTFOLIO GOAL:

Stabilize returns and help reduce volatility within the investment option



SATELLITE PORTFOLIO GOAL:

Outperform the index and provide diversification

Our four-step process

- 1 | Determine core weights
- 2 | Identify appropriate satellite managers
- 3 | Determine satellite weights
- 4 | Monitor

Determine core weights

Stabilizing returns vs. index

Incorporating a core component may improve overall strategy peer group ranking and consistency of peer group ranking

Quartile distribution
3-year rolling over a 20-year period

Equity index	Morningstar category	Average Morningstar percentile rank 3-year rolling over 20-year period	% in first quartile	% in second quartile	% in third quartile	% in fourth quartile	% in top half
Russell 1000 Value®	Large Value	41	28%	39%	32%	1%	67%
Russell 1000 Growth®	Large Growth	29	48%	38%	14%	0%	86%
Russell MidCap Value®	Mid Value	34	38%	41%	22%	0%	78%
Russell MidCap Growth®	Mid Growth	36	29%	55%	16%	0%	84%
Russell 2000 Value®	Small Value	47	13%	41%	42%	4%	54%
Russell 2000 Growth®	Small Growth	46	6%	61%	25%	9%	67%
MSCI EAFE Value	Foreign Large Value	55	10%	26%	52%	12%	36%

As of December 31, 2022. Past performance does not guarantee future results. Index performance information reflects no deduction for fees, expenses, or taxes. Indices are unmanaged and individuals cannot invest directly in an index.

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Provide the ability to achieve excess returns

Identifying appropriate satellite managers

Two or more managers at various weights

Typically possesses:

**WIDER RISK
CONSTRAINTS**

**MORE FOCUSED OR
CONCENTRATED
PORTFOLIOS**

HIGH ACTIVE SHARE

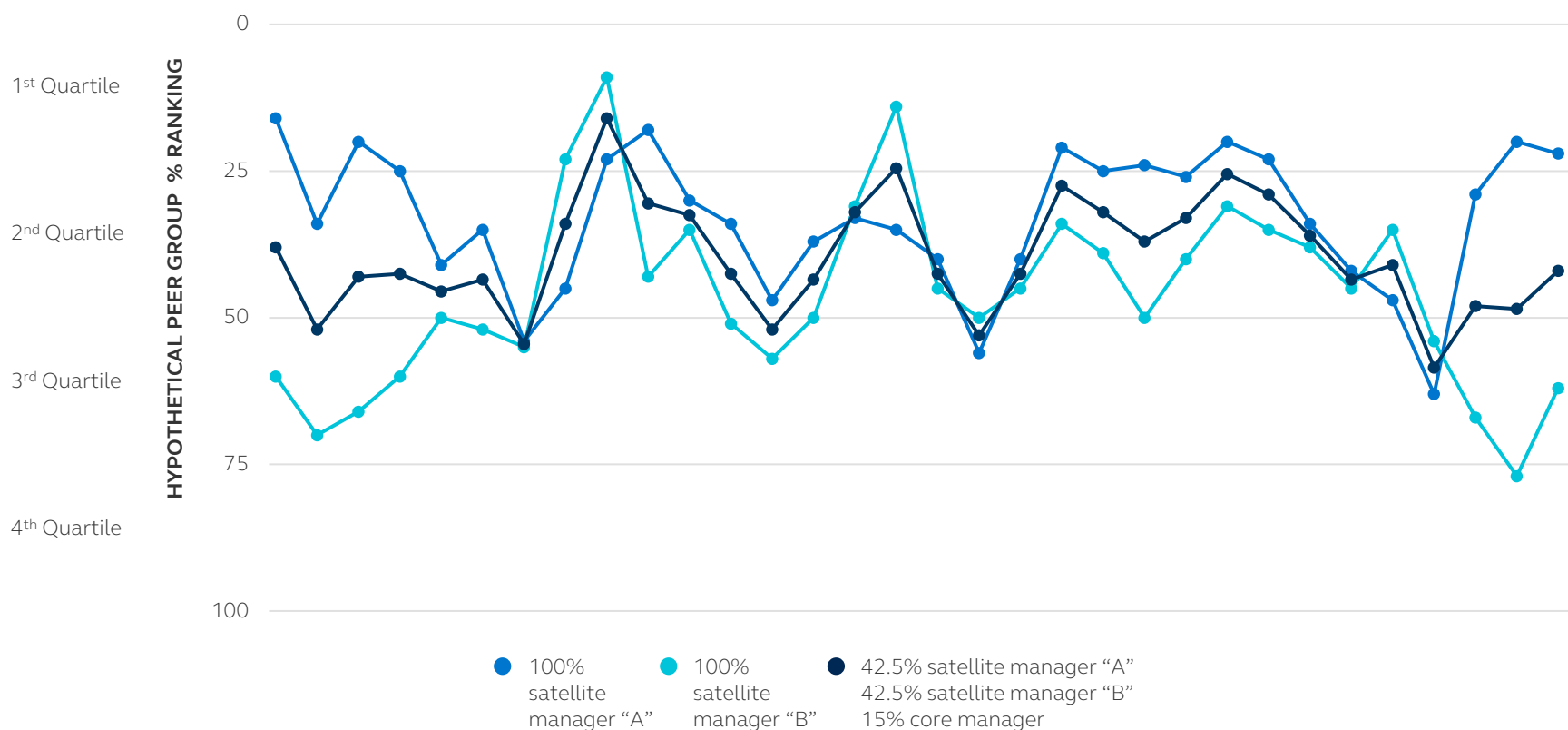
Managers are complementary

**NOT ATTEMPTING
TO CREATE A
'BARBELL' STRATEGY**

**LOW CORRELATION
OF EXCESS RETURNS
TO EACH OTHER**

Determine satellite weights

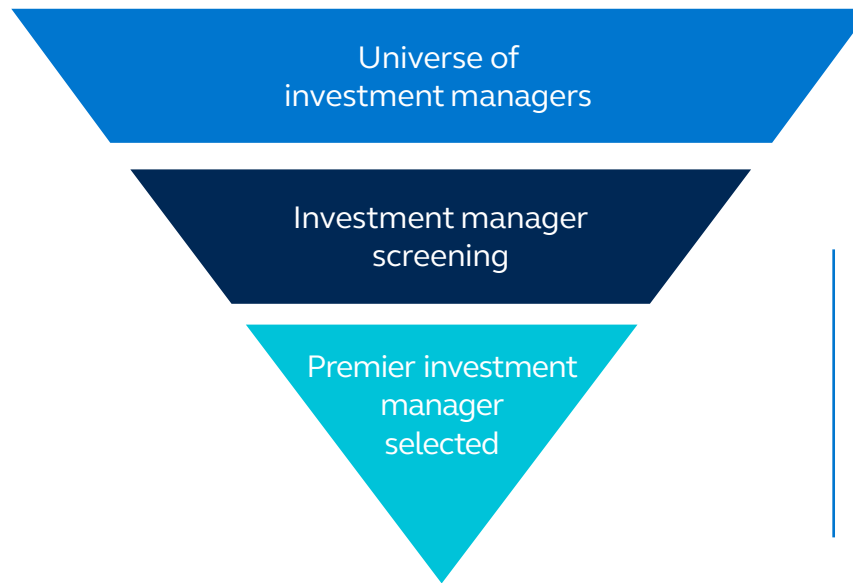
Conduct mean-variance optimization



For illustrative purposes only. Manager "A", manager "B", and the core manager depicted are hypothetical managers. The performance and peer group shown are hypothetical and are presented to illustrate the intended effect of implementing a core-satellite structure. Does not represent any investment strategy or reflect fees, taxes, or expenses.

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Our manager selection process



A rigorous, disciplined framework for identifying, selecting, and monitoring premier investment management firms

What happens when an issue is detected in the monitoring process?

WATCH LIST → **If issue is unresolved** → **TERMINATE**

The investment manager's investment philosophy and strategy may not perform as intended and could result in a loss or gain.

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Potential benefits

- | Seeks to provide more consistent return pattern relative to peer groups.
- | Active share is monitored in efforts to maintain a truly active profile.
- | Enables use of a broad range of alpha managers.
- | Mitigates impact of adverse manager events (e.g., portfolio manager lift-out, firm sale).
- | Subject to proven, proprietary due diligence process.

SMALLCAP GROWTH I FUND

Performance

Average annual total returns (%)										
	3-month	YTD	1-year	3-year	5-year	10-year	Since inception (12/06/2000)	Expense ratio (net/gross)	Contractual cap/waiver expire date	
Class I	4.90	-28.55	-28.55	2.87	6.58	10.80	6.59	0.94/0.96	02/28/2023	
Russell 2000® Growth Index	4.13	-26.36	-26.36	0.65	3.51	9.20				
Morningstar rankings										
Class I percentile rankings	-	-	57	60	49	36				
Total funds in category: Small Growth	618	604	604	576	530	399				
Calendar year returns (%)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Class I	-28.55	7.24	42.06	33.59	-5.42	26.32	9.25	1.19	1.54	43.00
Russell 2000® Growth Index	-26.36	2.83	34.63	28.48	-9.31	22.17	11.32	-1.38	5.60	43.30
Excess return	-2.19	4.41	7.43	5.11	3.89	4.15	-2.07	2.57	-4.06	-0.30
Morningstar rankings										
Class I percentile rankings	57	66	35	23	47	24	57	16	65	38
Total funds in category: Small Growth	604	615	616	640	676	684	669	730	722	714

As of December 31, 2022. Morningstar percentile rankings are based on total returns. Morningstar ratings are based on risk-adjusted returns.

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 principalfunds.com.

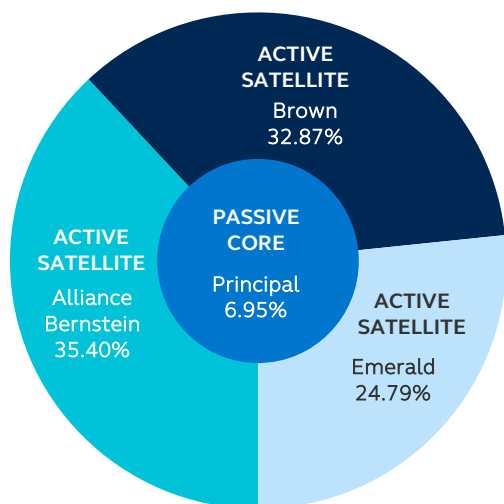
In situations where the net and gross total investment expense figures are different, the mutual fund or underlying fund in which a separate account invests has waived/capped a portion of its management fees through the date displayed in the waiver expiration date or contractual cap expiration date column. Differences may also be shown due to the fund family choosing to pay certain expenses that would normally be payable by the fund.

Returns shown for periods of less than one year are not annualized. Returns displayed are always based on net total investment expense.

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SMALLCAP GROWTH I FUND

Investment managers and positioning



	Alliance Bernstein	Brown Advisory	Emerald
Process summary	<ul style="list-style-type: none"> Invest in quality companies that are demonstrating improving fundamentals and favorable earnings momentum Employ a stock ranking system that utilizes both fundamental and quantitative research 	<ul style="list-style-type: none"> Invest in fast growing companies where the total return profile of the portfolio is optimized to account for both expected earnings per share growth (emphasis on high absolute and sustainable growth) as well as valuation 	<ul style="list-style-type: none"> Identify under-researched companies with key attributes such as competitive advantages, leadership position, etc. Uses a 10-step process that culminates with internal report on each company
Number of holdings	90-135	50-90	100-150
Sector bands relative to index	+/- 10.0% relative to the benchmark index	No sector will exceed 50% of the portfolio	No more than three times the index, with absolute maximum of 45%
Date added to the fund	March 2003	September 2010	April 2014

This portfolio is positioned to be slightly larger and more growth-oriented than the benchmark Russell 2000® Growth Index. It tends to do well when the market rewards companies with sustainable growth.

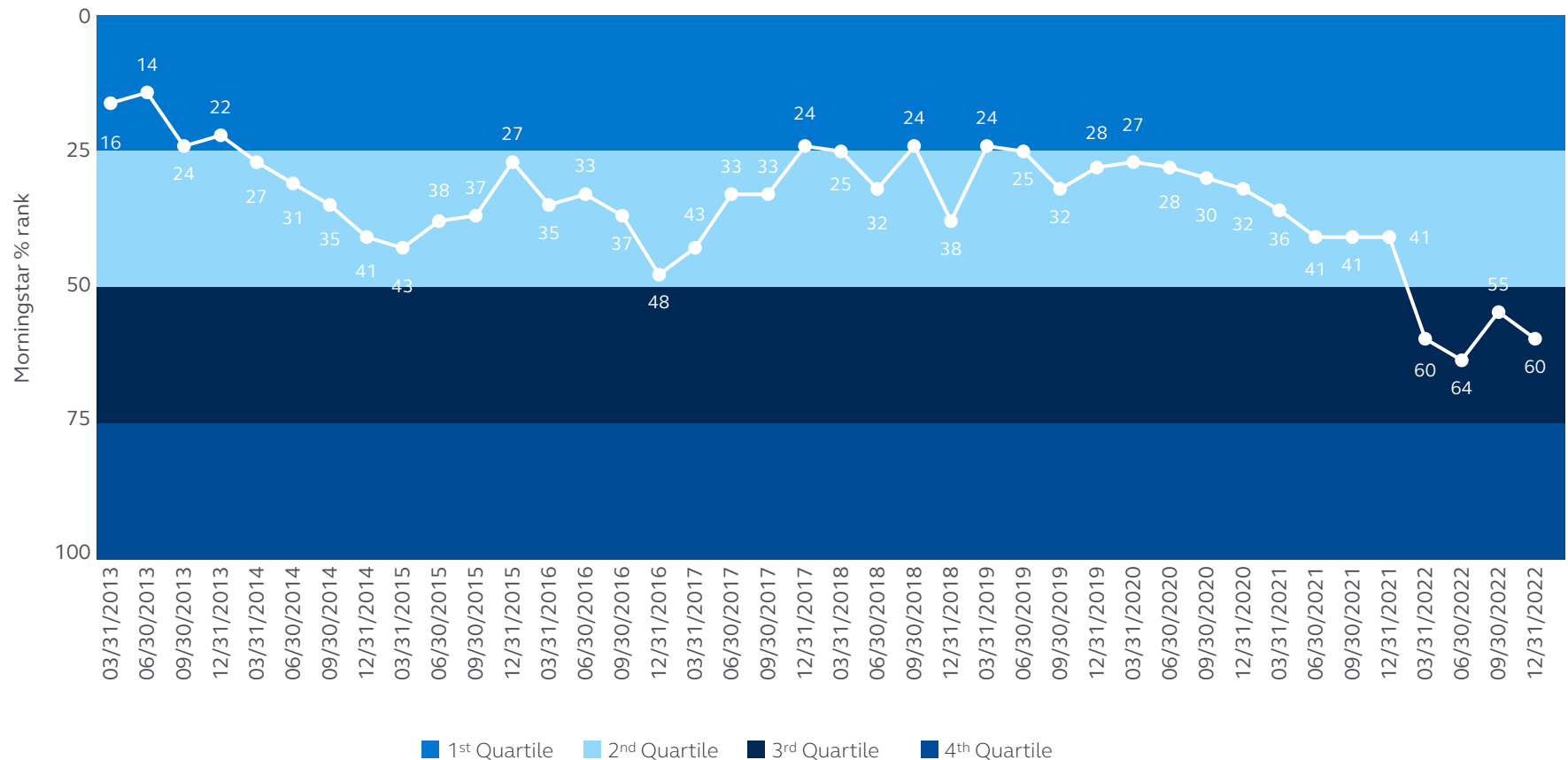
As of December 31, 2022. Allocations will change over time. Asset allocation and diversification do not ensure a profit or protect against a loss. May not reflect current holdings or allocations. Percentages may not add up to 100% due to rounding.

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SMALLCAP GROWTH I FUND

Quarterly percentile ranks

Principal SmallCap Growth I Fund (I-shares) rolling 3-year Morningstar ranking



As of December 31, 2022. Source: Morningstar. Data is U.S. Fund Small Growth category. Morningstar percentile rankings are based on total returns.

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Additional information

Professional credentials



JAMES FENNESSEY, CFA – PORTFOLIO MANAGER

James is a Portfolio Manager within Principal Asset Allocation, an investment team within Principal Asset ManagementSM that engages in the creation of asset allocation solutions. He joined Principal in 2000. He has been a portfolio manager for the Principal LifeTime target date portfolios since 2007 and the Principal LifeTime Hybrid Target Date Funds since their inception in 2009. He serves as a Portfolio Manager on the multi-managed core/satellite funds and is also responsible for New Mexico 529 Plan. James graduated from Truman State University with a B.S. in Business Administration, with an emphasis in Finance and a minor in Economics. He has earned the right to use the Chartered Financial Analyst designation and is a member of the CFA Institute.



RANDY WELCH – MANAGING DIRECTOR, PORTFOLIO MANAGER

Randy Welch is Managing Director, Portfolio Manager at Principal Asset Allocation, an investment team within Principal Asset ManagementSM that engages in the creation of asset allocation solutions. He is responsible for overseeing the Strategic Asset Allocation team. He has been a portfolio manager for the Principal LifeTime target date portfolios since 2007 and the Principal LifeTime Hybrid target date funds since their inception in 2009. He serves as a Portfolio Manager on the multi-managed core/satellite funds and is also responsible for the New Mexico 529 Plan. Randy joined Principal in 1989 and has been in the investment industry since 1985. Randy received an M.B.A. from Drake University and a bachelor's degree from Grand View College. Randy is an affiliate member of the Chartered Financial Analysts (CFA) Institute.



JASON HARVEY, CFA – PORTFOLIO ANALYST

Jason is a Portfolio Analyst for Principal Asset Allocation, an investment team within Principal Asset ManagementSM that engages in the creation of asset allocation solutions. He is involved with asset class & market research, glide path & portfolio modeling, risk & analytics and portfolio trading associated with the strategies run by the Strategic Asset Allocation Team, which includes Principal LifeTime portfolios, Core-Satellite, and 529 Plans. Jason joined the firm in 2011. Prior to his current role, he was a Quantitative Specialist for Principal International. Jason graduated from Central College in Pella, IA with a B.A. in Business Management, with an emphasis in Finance and a minor in accounting. He has earned the right to use the Chartered Financial Analyst designation and is a member of the CFA Institute.



CHAD SEVERIN – SENIOR PORTFOLIO ANALYST

Chad is a Senior Portfolio Analyst for Principal Asset Allocation, an investment team within Principal Asset ManagementSM that engages in the creation of asset allocation solutions. He is involved with asset class & market research, glide path & portfolio construction/modeling, portfolio risk & analytics, and trading associated with the strategies run by the Strategic Asset Allocation Team, which includes Principal LifeTime portfolios, Core-Satellite, and 529 Plans. Chad joined the firm in 2003. Prior to his current role, Chad served as an analyst for the Strategic Asset Allocation Team, as well as a manager of equity performance & analytics at Principal Asset Management. He received a bachelor's degree in accounting from Simpson College.

Sub-advisors for SmallCap Growth I Fund



Alliance Bernstein (AB) has a unique combination of expertise, innovative solutions, and global reach to earn its clients' trust and create innovative solutions tailored to particular needs as they seek to deliver expected performance.

PHILOSOPHY

AB leans on the company's large size to attract the industry's best—people with relentless drive and ingenuity who prize delivering for clients above all else. AB global structure has allowed the firm to build an extensive and integrated global research and investing footprint over four decades, which helps give it the broadest possible perspective. Working with all types of clients, AB believes its diverse clientele allows the firm to evolve as markets do—focusing its full resources on achieving client objectives.

The investment advisor's investment philosophy and strategy may not perform as intended and could result in a loss or gain.

PROCESS

AB uses four main pillars of thought when considering its investment approach:

Research-driven stock selection by dedicated sector analyst-managers.

Employ a disciplined process incorporating both fundamental and quantitative analysis.

Focus on stocks with stronger-than-expected earnings growth.

Adhere to clear risk-control criteria.

Sub-advisors for SmallCap Growth I Fund



In 1993, Brown Advisory Holdings Incorporated (“Brown Advisory”) was launched as an investment management arm of Alex. Brown & Sons, a Baltimore-based investment bank founded in 1800. From its inception, Brown Advisory has been characterized by a culture of independence.

Brown Advisory has always been engaged solely in the business of providing investment management services to institutions and high-net-worth families. Brown believes success is measured by delivering superior, long-term, risk-adjusted investment results. To achieve success, the company employs a highly collaborative and rigorous investment process that is measurable, observable, and repeatable.

PHILOSOPHY

Brown Advisory is an independent investment firm committed to delivering superior investment performance and the highest level of client service.

Brown adheres to the following core principles:

Thought leadership, creativity, and diligence.

Entrepreneurial spirit and teamwork.

The steadfast pursuit of excellence for the benefit of our clients, shareholders, employees, and communities.

Brown Advisory will only launch and maintain investment strategies that it believes it has the human capital, processes, and technological capability to support and achieve “best-in-class” investment results and client service. Brown continuously strives to identify any areas of potential improvement in its overall structure and invest in those accordingly.

The investment advisor’s investment philosophy and strategy may not perform as intended and could result in a loss or gain.

PROCESS

The firm takes a long-term view of public company investing, seeking to own fundamentally sound businesses at attractive prices where our view of the world differs from that of the consensus. By concentrating its portfolios in its best ideas, Brown’s goal is to build, security-by-security, a collection of holdings where the risk/reward proposition is highly skewed in their favor.

Brown Advisory’s U.S. Small-Cap Growth Equity strategy seeks to produce superior risk-adjusted returns through a concentrated portfolio of diversified, small-capitalization equity securities with above-average sustainable growth, sound management teams, and favorable competitive positioning.

Brown is a group of bottom-up, fundamentally driven investors, evaluating each business on its own merits. It does not attempt to make macro-economic predictions or invest on a top-down basis. Although economic and market environments will undoubtedly factor into the growth proposition of many companies that we research, we use this information only in the context of our strict bottom-up, security-by-security selection process. We do, however, review the portfolio frequently to help ensure that we avoid unintended consequences from our bottom-up approach.

Sub-advisors for SmallCap Growth I Fund



EMERALD
ADVISERS, LLC

The entire Emerald investment team prides itself on intense fundamental, bottom-up research designed to identify unrecognized, under-researched, and undervalued companies. Emerald seeks only companies who have distinct competitive advantages within their respective industries and who have superior growth rates relative to their peers and the market.

The portfolio management team works with Emerald's analysts who are constantly on the road visiting companies, meeting management and workers, and touring facilities. This hands-on approach provides Emerald insight into industry trends as well as company specific trends. Emerald believes they have an advantage over other managers who rely solely on research from Wall Street firms.

PHILOSOPHY

Emerald believes that by applying intense, bottom-up fundamental analysis, there is an extraordinary opportunity to capitalize on the inefficiently priced small-cap market. By constructing portfolios primarily comprised of small-cap companies that Emerald claims to “know better than anyone else,” its goal in the long run is to add value to its client's portfolios. With two portfolio managers and nine research analysts concentrating exclusively on small-cap stocks, Emerald boasts more investment professionals per assets managed than practically any other firm in the country.

The investment advisor's investment philosophy and strategy may not perform as intended and could result in a loss or gain.

PROCESS

The Emerald process includes the production of an analyst-generated internal report on each company, which includes a brief company description, its competitive advantages, an assessment of management, specific growth drivers, risks, valuation (and comparable), and why Emerald should buy now. Idea generation resides with the research and the portfolio management teams. The portfolio management and research teams continuously review current holdings and explore new ideas.

- Production of an analyst-generated internal report on each company.
 - Includes a brief company description, its competitive advantages, an assessment of management, specific growth drivers, risks, valuation (and comparable), and why Emerald should buy now.
- Idea generation
 - Conducted by the research and portfolio management teams.
- The portfolio management and research teams continuously review current holdings and explore new ideas.

Important information

Carefully consider a fund's objectives, risks, charges, and expenses. Contact your financial professional or visit [principalfunds.com](https://www.principalfunds.com) for a prospectus, or summary prospectus if available, containing this and other information. Please read it carefully before investing.

Investing involves risk, including possible loss of principal.

Asset allocation and diversification does not ensure a profit or protect against a loss.

Equity investments involve greater risk, including higher volatility, than fixed-income investments.

The manager of the Fund, Principal Global Investors, invests between 10% and 40% of the Fund's assets in common stocks in an attempt to match or exceed the performance of the Fund's benchmark index for performance.

This investment option is considered non-diversified, which means it, or the underlying mutual fund, can invest a higher percentage of its assets in of fewer individual issuers than a diversified investment. As a result, changes in the value of a single investment could cause greater fluctuations, gain or loss, in the net asset value than would occur if it was more diversified.

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

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Morningstar percentile rankings are based on total returns. Morningstar ratings are based on risk-adjusted returns.

Russell 2000® Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000® Index companies with higher price-to-value ratios and higher forecasted growth values

A mutual fund's share price and investment return will vary with market conditions, and the principal value of an investment when you sell your shares may be more or less than the original cost.

Class I shares are available only to eligible investors, including various institutional investors and investors in certain mutual fund wrap or asset allocation programs. See the prospectus for eligibility requirements.

Morningstar percentile rankings are based on total returns and do not reflect the inclusion of sales charges. If sales charges were reflected, rankings could be lower.

Returns shown for periods of less than one year are not annualized. All returns displayed here are after Total Investment Expense of the investment option.

Investment options are subject to investment risk. Shares or unit values will fluctuate and investments, when redeemed, may be worth more or less than their original cost. This does not apply, however, to the guaranteed portions of group annuity contracts issued by Principal Life that constitute guaranteed benefit policies as defined in ERISA §401(b)(2)(B).

Any operating expenses of a mutual fund or underlying mutual fund that are part of net Total Investment Expense are obtained from the mutual fund's most recent prospectus. The operating expenses shown as part of Total Investment Expense include voluntary expense limits and fee credit.

This report includes investment options that contain information from a variety of sources. A primary source is Morningstar which provides holdings information, operations data, and rankings or statistics proprietary to Morningstar. Morningstar is generally the source of information on mutual funds unaffiliated with Principal.

Important information

Principal Global Investors leads global asset management at Principal® and includes the asset management operations of the following members of Principal®: Principal Global Investors, LLC; Principal Real Estate Investors, LLC; Principal Real Estate Europe Limited and its affiliates; Spectrum Asset Management, Inc.; Post Advisory Group, LLC; Origin Asset Management, LLP; Claritas Investimentos; Principal Global Investors (Europe) Limited; Principal Global Investors (Singapore) Ltd.; Principal Global Investors (Australia) Ltd.; Principal Global Investors (Japan) Ltd.; Principal Asset Management Company (Asia) Ltd., and include assets where we provide model portfolios. Marketing assets under management include certain assets that are managed by Principal International and Retirement and Income Solutions (RIS) divisions of Principal.

All figures shown in this document are in U.S. dollars unless otherwise noted. All assets under management figures shown in this document are gross figures, before fees, transaction costs and other expenses and may include leverage, unless otherwise noted. Assets under management 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.

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Principal Asset Allocation is an investment team within Principal Global Investors.

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