

## Investment Strategy

The investment seeks long-term growth of capital. The fund normally invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of companies with large market capitalizations at the time of purchase. It invests in growth equity securities, an investment strategy that emphasizes buying equity securities of companies whose potential for growth of capital and earnings is expected to be above average.

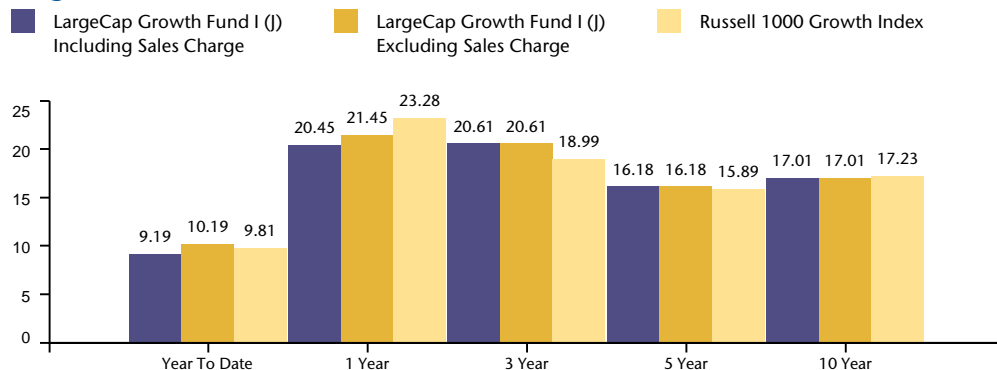


## Portfolio managers

**James W. Fennessy**, CFA. Since 06/02/2009. B.S., Truman State University

**Randy L. Welch** Since 06/02/2009. M.B.A., Drake University

## Long-term returns % as of 06/30/2020



## Performance disclosure

Investment results shown represent historical performance and do not guarantee future results. Investment returns and principal values fluctuate with changes in interest rates and other market conditions so the value, when redeemed, may be worth more or less than original costs. Current performance may be lower or higher than the performance data shown. For more performance information, including the most recent month-end performance, visit Rates & Values on principal.com, contact your representative of The Principal, or call our Participant Contact Center at 1-800-222-5852.

In situations where the net and gross total investment expense figures are different or where a contractual cap and/or waiver date is given, the mutual fund or the 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 displayed are based on net total investment expense.

Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
LargeCap Growth Fund I (J) Including Sales Charge %	9.19	20.45	20.61	16.18	17.01
LargeCap Growth Fund I (J) Excluding Sales Charge %	10.19	21.45	20.61	16.18	17.01
Morningstar Percentile R rankings	-	31	15	16	21
# of Funds in Category	1363	1343	1237	1084	809
Annual Returns	2019	2018	2017	2016	2015
Total Return Excluding Sales Charge %	34.69	3.56	33.50	0.66	7.75
Russell 1000 Growth Index %	36.39	-1.51	30.21	7.08	5.67
Large Growth Category %	31.90	-2.09	27.67	3.23	3.60
Morningstar Percentile R rankings	30	8	17	74	17
# of Funds in Category	1360	1405	1363	1463	1681

Morningstar percentile rankings are based on total returns. Principal Funds, Inc. Class J-share returns including sales charges assume the reinvestment of all distributions and reflect applicable fees and expenses. Class J-shares are subject to a maximum contingent deferred sales charge of 1.00% for the first 18 months following purchase.

## Morningstar category

Large Growth

## Morningstar Style Box™

As of 05/31/2020

### Investment style

Value	Blend	Growth	
			Large
			Medium
			Small

Market capitalization

## Risk and Return Statistics

as of 06/30/2020 Relative to Russell 1000 Growth Index

	3Yr	5Yr
Alpha	1.54	0.21
Beta	0.99	1.01
R-Squared	97.77	96.33
Standard Deviation	17.67	15.91
Mean	20.61	16.18
Sharpe Ratio	1.06	0.95
Excess Return	1.61	0.28
Tracking Error	2.65	3.05
Information Ratio	0.61	0.10

## Operations

Total Investment Expense Net	0.85%
Total Investment Expense Gross	0.87%
Waiver Expiration Date	02/28/2021
Inception Date	03/01/2001
Extended Performance Inception Date <sup>#</sup>	12/06/2000
Total Net Assets (mil)	\$11,166.71
12b-1 Fees	0.15%
CDSC	1.00%

## Portfolio information†

Composition as of 05/31/2020

Asset Distribution	Asset Type	Net %	Short %	Long %
	U.S. Stocks	93.25	0.00	93.25
	Non-U.S. Stocks	5.18	0.00	5.18
	Cash	1.30	1.22	2.52
	Preferred	0.22	0.00	0.22
	Other	0.05	0.00	0.05

## Top ten holdings

Top ten holdings	% of net assets
1. Microsoft Corp	6.79
2. Amazon.com Inc	6.69
3. Alphabet Inc Class C	3.14
4. Facebook Inc A	2.71
5. PayPal Holdings Inc	2.70
6. Intuit Inc	2.56
7. Apple Inc	2.50
8. Intuitive Surgical Inc	2.38
9. Alphabet Inc A	2.34
10. SBA Communications Corp	2.14
<b>% of net assets in top ten holdings*</b>	<b>33.95</b>

## Analysis

# of Stock Hldgs	500
# of Bond Hldgs	0
# of Other Hldgs	15
AvgMktCap (mil)	\$125,743.10
Turnover Ratio	71%
P/C Ratio	18.98
P/B Ratio	5.11
P/E Ratio	33.93

## Stock Sector Breakdown

	% of net assets	% of net assets	% of net assets
<b>Cyclical</b>	<b>26.60</b>	<b>Defensive</b>	<b>25.29</b>
Consumer Cyclical	13.70	Healthcare	19.34
Basic Materials	1.98	Consumer Defensive	5.20
Financial Svcs	8.11	Utilities	0.75
Real Estate	2.81	Technology	27.09
		Industrials	7.01
		Energy	0.20
		Comm Svcs	13.81

Investors should carefully consider a fund's investment objectives, risks, charges, and expenses prior to investing. A prospectus, or summary prospectus if available, containing this and other information can be obtained by contacting a financial professional, visiting [principalfunds.com](http://principalfunds.com), or calling 800-222-5852. Read the prospectus carefully before investing.

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.

Returns shown for periods of less than one year are not annualized. Annualized total returns measure net investment income and capital gain or loss from portfolio investments as an annualized average, assuming the reinvestment of dividends, and without adjusting for loads.

Insurance products and plan administrative services, if applicable, are provided by Principal Life Insurance Company. Principal mutual funds are part of the Principal Funds, Inc. series. Principal Funds, Inc. is distributed by Principal Funds Distributor, Inc. Securities are offered through Principal Securities, Inc., 800-222-5852, member SIPC, and/or independent broker/dealers. Securities sold by a Principal Securities Registered Representative are offered through Principal Securities. Principal Funds Distributor, Principal Securities and Principal Life are members of the Principal Financial Group®, Des Moines, IA 50392. Certain investment options may not be available in all states or U.S. commonwealths.

The full name of this investment option is Principal LargeCap Growth Fund I (J).

Russell 1000 Growth Index is a market-capitalization weighted index of those firms in the Russell 1000 with higher price-to-book ratios and higher forecasted growth values.

**Past performance is no guarantee of future results.** Market indices have been provided for comparison purposes only. They are unmanaged and do not reflect fees or expenses. Individuals cannot invest directly in an index.

Investment Options may charge a short-term trading or redemption fee to protect the interests of long-term Contractholders.

**Alpha** - The difference between an investment's actual returns and its expected performance, given its level of risk (as measured by beta). **Beta** - An investment's sensitivity to market movements. **R-squared** - Ranges from 0 to 100 and reveals how closely an investment's returns track those of a benchmark index. **Standard Deviation** - Measures how much an investment's returns are likely to fluctuate. **Mean** - Represents the annualized total return for a fund over 3 and 5 years. **Sharpe Ratio** - Measures how an investment balances risks and rewards. The higher the Sharpe ratio, the better the investment's historical risk-adjusted performance. **Excess Return** - The difference between a manager's return and the return of an external standard such as a passive index.

**Tracking Error** - The standard deviation or volatility of excess returns. **Information Ratio** - A risk-adjusted measure commonly used to evaluate an active manager's involvement skill. It's defined as the manager's excess return divided by the variability or standard deviation of the excess return.

**Average Market Cap** - The overall "size" of a stock investment option's portfolio. It is the geometric mean of the market capitalization for all of the stocks it owns and is calculated by raising the market capitalization of each stock to a power equal to that stock's stake in the portfolio. The resulting numbers are multiplied together to produce the geometric mean of the market caps of the stocks in the portfolio, which is reported as average market capitalization.

**Price/Cash Flow (projected) Ratio** - The ratio of the company's most recent month-end share price to the company's estimated cash flow per share (CPS) for the current fiscal year. Cash flow measures the ability of a business to generate cash and it acts as a gauge of liquidity and solvency. Morningstar calculates internal estimates for the current year CPS based on the most recently reported CPS and average historical cash flow growth rates. Price/cash flow (projected) is one of the five value factors used to calculate the Morningstar Style Box. For portfolios, this data point is calculated by taking an asset-weighted average of the cash flow yields (C/P) of all the stocks in the portfolio and then taking the reciprocal of the result.

**Price/Projected Earnings Ratio** - The ratio of the company's most recent month-end share price to the company's estimated earnings per share (EPS) for the current fiscal year. If a third-party estimate for the current year EPS is not available, Morningstar will calculate an internal estimate based on the most recently reported EPS and average historical earnings growth rates. Price/projected earnings is one of the five value factors used to calculate the Morningstar Style Box. For portfolios, this data point is calculated by taking an asset-weighted average of the earnings yields (E/P) of all the stocks in the portfolio and then taking the reciprocal of the result.

**Price/Book (projected) Ratio** - The ratio of the company's most recent month-end share price to the company's estimated book value per share (BPS) for the current fiscal year. Book value is the total assets of a company, less total liabilities. Morningstar calculates internal estimates for the current year BPS based on the most recently reported BPS and average historical book value growth rates.

**Total Investment Expense - Gross** is the current maximum expense ratio, as a percentage of assets that can be applied to this investment option.

**Total Investment Expense - Net**; you will be responsible for this expense and it will be automatically taken prior to calculating performance. Total Investment Expense Net is the Total Investment Expense Gross expense ratio less any fee waivers, reimbursements or caps, if applicable. The expenses ratio, as a percentage of net assets, includes applicable operating expenses, management fees, including 12b-1 fees, and administrative fees.

† The Composition depicts a breakdown of the investment option's portfolio holdings, as of the date listed, into general investment classes. The x-axis represents the percentage each investment group holds, with the y-axis representing a zero value. Values to the right of the y-axis represent long security positions, while values to the left of the y-axis represent short security positions. The table to the right of the bar chart sums these two values to present the net emphasis of each investment group. Due to rounding, the total net position may not equal 100%. Long positions involve buying a security and selling it later, with the hope that the security price rises over time. In contrast, short positions are taken to benefit from anticipated price declines. Portfolio holdings are subject to change and companies referenced in this report may not currently be held. Information is current as of the creation of this piece. Keep in mind that portfolio holdings are subject to risk. For a complete list of the most recent publicly available holdings visit [principalfunds.com](http://principalfunds.com).

#These calculated returns reflect the historical performance of the oldest share class of the fund, adjusted to reflect a portion of the fees and expenses of this share class. For time periods prior to inception date of the fund, predecessor performance is reflected. Please see the fund's prospectus for more information on specific expenses, and the fund's most recent shareholder report for actual date of first sale. Expenses are deducted from income earned by the fund. As a result, dividends and investment results will differ for each share class.

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.

\* Values may exceed 100% if both long and short positions are included in the portfolio.



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Risk and return statistical data is calculated by Morningstar, Inc. Excess Return is calculated by Principal Life Insurance Company.

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May lose value • Not a deposit • No bank or credit union guarantee Not insured by any Federal government agency