

Principal Blue Chip Fund

Second quarter 2021

Fund overview

The Fund invests for the long-term in high-quality companies led by owner-operators. The Fund uses a highly active approach to U.S. large-cap equities that aims for long-term outperformance with less risk.

Morningstar overall rating:



Overall Morningstar Rating™ as of 06/30/2021 among 1138 Large Growth Funds

Morningstar ratings may vary between share classes, are based on historical risk-adjusted total returns and are subject to change.

Ticker

Class I: PBCKX Class C: PBLCX
Class A: PBLAX Class R6: PGBHX

Portfolio management

K. William Nolin, CFA

28 years of experience

Thomas Rozycki, CFA

21 years of experience

Fund information

	Fund	Index
Fund AUM	\$10.1B	—
Number of holdings	41	499
Operating margin	26.9%	25.5%
Active share	61.0%	—
Market Cap ¹	\$615.1B	\$800.1B
Sharpe ratio (5-year)	1.4	1.3
Turnover ²	32.9%	—

Source: FactSet

¹ Weighted average

² Turnover is calculated semi-annually; reflects most recent available calculation.

Active share: Measures how much different portfolio weights in securities are from benchmark weights. The higher the active share, the more the portfolio differs from the benchmark. **Sharpe ratio:** Measures how an investment balances risks and rewards. The higher the Sharpe ratio, the better the investment's historical risk-adjusted performance.

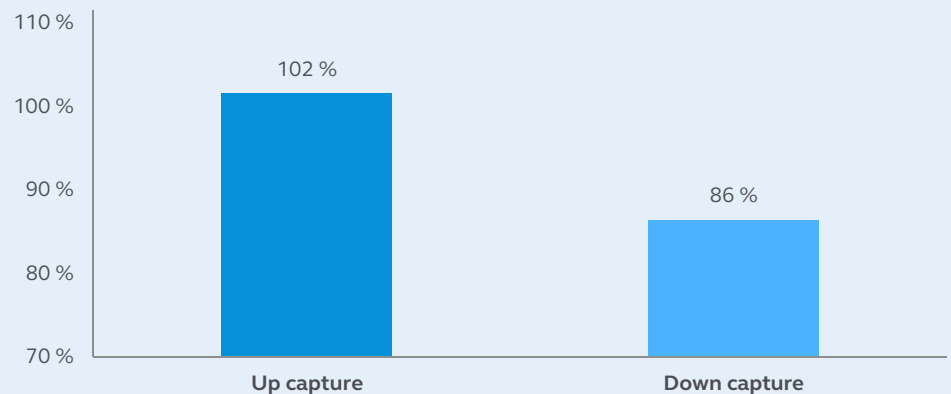
Reported FactSet data is subject to revision over time, which may result in slight differences among data points reported during the same period.

A highly active approach that focuses on owner-operators

- A wide latitude to depart from index weights results in higher active share and more concentrated top holdings than peers.
- Aligned incentives: Owner-operators tend to be passionate and cost conscious. We believe they have longer-term outlooks and are better capital allocators.
- An experienced team with a history of delivering excess risk-adjusted returns over market cycles.

A focus on risk reduction

PBCKX capture ratios - 5-year



Versus Russell 1000® Growth Index

07/01/2016 - 06/30/2021

Source: Morningstar

Capture ratios: Shows the relationship of the fund's performance to the performance of an index during a specific timeframe, as a percentage of that index's positive (upside capture) and negative (downside capture) performance. Represents quarterly returns for both fund and index returns.

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

Why allocate to a portfolio:

- **Long-term U.S. equity holding:** Strategy aims to outperform large-cap indexes through market cycles with less risk.
- **Complementary to indices:** The highly active approach complements passive core equity holdings because companies with large inside ownership (the owner-operators the team emphasizes) are underrepresented in indices.³

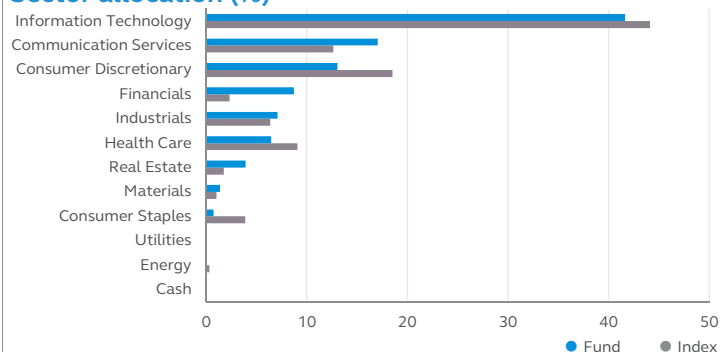
³ Most major indexes are float-adjusted to reflect the portion of each company's shares available for trading. Given owner-operator stakes are tightly held (not available in the open market), companies with significant ownership by such insiders tend to be most impacted by float adjustment.

Past performance does not guarantee future results. Asset allocation and diversification do not ensure a profit or protect against a loss.

Top 10 holdings⁴

	% of net assets
Amazon.com Inc	8.9
Microsoft Corp	8.7
Alphabet Inc - C Shares	5.5
Adobe Inc	4.8
Intuit Inc	4.8
Mastercard Inc	4.7
Brookfield Asset Management Inc	4.6
PayPal Holdings Inc	4.5
Visa Inc	4.4
salesforce.com Inc	4.4
Total	55.3

⁴ The holdings listed do not constitute a recommendation to purchase or sell a particular security. Cash and/or derivative positions that are not part of the core investment strategy will not be reflected in the top holdings list.

Sector allocation (%)⁵

⁵ Source: FactSet. Fund holdings and allocations shown are unaudited and may not be representative of current or future investments. Percentages may not add up to 100% due to rounding and/or inclusion or exclusion of cash.

Performance, rankings, & ratings

	Average annual total returns (%)							Expense ratio ¹¹ (net/gross)	Expense limit expiration date
	3-month	Year-to-date	1-year	3-year	5-year	10-year	Since inception (06/14/2012)		
Class I ⁶	14.76	16.86	42.35	27.19	25.36	—	20.19	0.66/0.71	12/30/2021
Russell 1000® Growth Index ^{7,8}	11.93	12.99	42.50	25.14	23.66	17.87	19.49	—	—
Morningstar Category Average	10.28	12.38	41.70	22.56	21.98	15.99	—	—	—
Morningstar rankings and ratings									
Category and number of funds in category: Large Growth	1283	1272	1239	1138	1024	761	—	—	—
Class I percentile rankings ⁹	—	—	39	11	15	—	—	—	—
Class I ratings ¹⁰	—	—	—	★★★★★	★★★★★	—	Overall ★★★★★	—	—
Calendar year returns (%)									
	2013	2014	2015	2016	2017	2018	2019	2020	
Class I ⁶	29.32	10.77	5.37	8.87	28.86	2.96	38.79	34.78	
Russell 1000® Growth Index ^{7,8}	33.48	13.05	5.67	7.08	30.21	-1.51	36.39	38.49	
Morningstar Category Average	33.92	10.00	3.60	3.23	27.67	-2.09	31.90	35.86	

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.

⁶ Performance assumes reinvestment of all dividends and capital gains.

⁷ 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.

⁸ Index performance information reflects no deduction for fees, expenses, or taxes. Indices are unmanaged and individuals cannot invest directly in an index.

⁹ 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.

¹⁰ 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.

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¹¹ The net expense ratio reflects contractual expense limits, if any, which may lower net expenses and cause the gross and net expense ratios to differ. In such cases a date is listed through which expense limits are expected to apply; however, Principal Funds and the investment adviser may mutually agree to terminate the expense limits prior to the end of the period. Returns displayed are based on net total investment expense.

Returns shown for periods of less than one year are not annualized.

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.

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

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