

MidCap Growth III R3 Fund as of 12/31/2022

Investment Strategy

The investment seeks long-term growth of capital. Under normal circumstances, the fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of companies with medium 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.

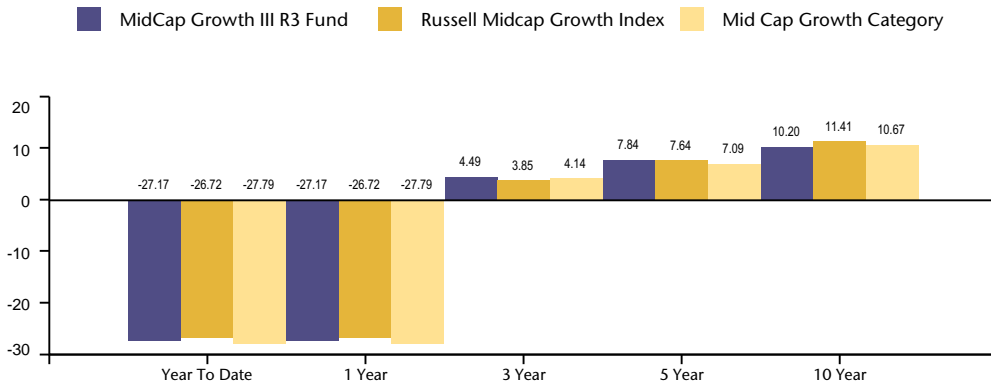


Portfolio managers

James W. Fennessey, 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 12/31/2022



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 principal.com, contact your representative of Principal®, or call our Participant Contact Center at 1-800-547-7754.

Where gross and net expense ratios differ or where a contractual cap and/or waiver date is given, the mutual fund, collective investment trust, or underlying applicable investment in which this investment option 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.

| Long Term Returns | Year To Date | 1 Year | 3 Year | 5 Year | 10 Year |
|---------------------------------|--------------|--------|--------|--------|---------|
| Total Return % | -27.17 | -27.17 | 4.49 | 7.84 | 10.20 |
| Russell Midcap Growth Index % | -26.72 | -26.72 | 3.85 | 7.64 | 11.41 |
| Mid Cap Growth Category % | -27.79 | -27.79 | 4.14 | 7.09 | 10.67 |
| Morningstar Percentile Rankings | - | 50 | 46 | 40 | 61 |
| # of Funds in Category | 586 | 586 | 534 | 499 | 389 |
| Annual Returns | 2022 | 2021 | 2020 | 2019 | 2018 |
| Total Return % | -27.17 | 15.41 | 35.72 | 34.54 | -4.95 |
| Russell Midcap Growth Index % | -26.72 | 12.73 | 35.59 | 35.47 | -4.75 |
| Mid Cap Growth Category % | -27.79 | 13.05 | 39.26 | 32.52 | -6.65 |
| Morningstar Percentile Rankings | 50 | 42 | 41 | 36 | 38 |
| # of Funds in Category | 586 | 588 | 604 | 618 | 605 |

Morningstar percentile rankings are based on total returns and in accordance with the appropriate Morningstar peer group. Returns shown for less than one year are not annualized.

Morningstar category

Mid Cap Growth

Morningstar Style Box™

As of 11/30/2022

| Investment style | | | Market capitalization | |
|------------------|-------|--------|-----------------------|--------|
| Value | Blend | Growth | | |
| | | | | Large |
| | | | | Medium |
| | | | Small | |

Risk and Return Statistics

as of 12/31/2022 Relative to Russell Midcap Growth Index

| | 3Yr | 5Yr |
|--------------------|-------|-------|
| Alpha | 0.69 | 0.30 |
| Beta | 0.98 | 0.99 |
| R-Squared | 97.73 | 97.88 |
| Standard Deviation | 24.71 | 21.85 |
| Mean | 4.49 | 7.84 |
| Sharpe Ratio | 0.26 | 0.39 |
| Excess Return | 0.64 | 0.20 |
| Tracking Error | 3.76 | 3.20 |
| Information Ratio | 0.17 | 0.06 |

Operations

| | |
|--------------------------------|------------|
| Total Investment Expense Net | 1.42% |
| Total Investment Expense Gross | 1.44% |
| Waiver Expiration Date | 02/28/2023 |
| Inception Date | 12/06/2000 |
| Total Net Assets (mil) | \$1,141.58 |
| 12b-1 Fees | 0.25% |
| Ticker | PPQMX |



© 2023 Morningstar, Inc. All Rights Reserved. Part of the 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.

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

MidCap Growth III R3 Fund as of 12/31/2022

Portfolio information[†]

Composition as of 11/30/2022

| Asset Distribution | | Asset Type | Net % | Short % | Long % |
|--------------------|--|-----------------|-------|---------|--------|
| | | U.S. Stocks | 94.04 | 0.00 | 94.04 |
| | | Non-U.S. Stocks | 3.10 | 0.00 | 3.10 |
| | | Cash | 2.86 | 0.18 | 3.04 |

Top ten holdings

as of 11/30/2022

| | % of net assets |
|--|-----------------|
| 1. Principal Government Money Market Instl | 3.04 |
| 2. Synopsys Inc | 2.52 |
| 3. Keysight Technologies Inc | 1.99 |
| 4. Chipotle Mexican Grill Inc | 1.77 |
| 5. MSCI Inc | 1.72 |
| 6. Tyler Technologies Inc | 1.72 |
| 7. Paycom Software Inc | 1.58 |
| 8. Pool Corp | 1.47 |
| 9. Monolithic Power Systems Inc | 1.44 |
| 10. Insulet Corp | 1.42 |
| % of net assets in top ten holdings* | 18.68 |

Analysis

| | |
|------------------|-------------|
| # of Stock Hldgs | 430 |
| # of Bond Hldgs | 0 |
| # of Other Hldgs | 3 |
| AvgMktCap (mil) | \$20,546.63 |
| Turnover Ratio | 44% |
| P/C Ratio | 14.48 |
| P/B Ratio | 4.73 |
| P/E Ratio | 22.89 |

Stock Sector Breakdown

| | % of net assets | | % of net assets | | % of net assets |
|-------------------|-----------------|--------------------|-----------------|------------------|-----------------|
| Cyclical | 26.47 | Defensive | 18.66 | Sensitive | 54.85 |
| Consumer Cyclical | 15.06 | Healthcare | 15.69 | Technology | 30.21 |
| Basic Materials | 2.80 | Consumer Defensive | 2.92 | Industrials | 20.39 |
| Financial Svcs | 6.37 | Utilities | 0.05 | Energy | 3.42 |
| Real Estate | 2.24 | | | Comm Svcs | 0.83 |

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., 800-547-7754, 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 MidCap Growth III R3 Fund.

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

Investment and Insurance products are:

- **Not Insured by the FDIC or Any Federal Government Agency**
- **Not a Deposit or Other Obligation of, or Guaranteed by Credit Union or Bank**
- **Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested**

Russell Midcap Growth Index is a market-weighted total return index that measures the performance of companies within the Russell Midcap Index having 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.

Turnover Ratio - This is a measure of the fund's trading activity, which is computed by taking the lesser of purchases or sales (excluding all securities with maturities of less than one year) and dividing by average monthly net assets.

Total Investment Expense - Gross is the current maximum expense ratio, as a percentage of assets that can be applied to this investment option. This does not represent the recordkeeping or individual transactional fees that can be deducted from or reduce the earnings for an investment under your account. However, it does include operating expenses, management fees, including 12b-1 fees, and administrative fees.

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 operating expenses, management fees, including 12b-1 fees, and administrative fees.

† Portfolio information under the Asset Distribution Table 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 principal.com.

Small-cap and mid-cap investment options are subject to more fluctuation in value and may have additional risks than other investment options with stocks of larger, more stable companies.

Small-cap and mid-cap stocks may have additional risks, including greater price volatility.

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.