

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 that compose the Standard & Poor's ("S&P") MidCap 400 Index at the time of purchase. The index is designed to represent U.S. equities with risk/return characteristics of the mid cap universe.



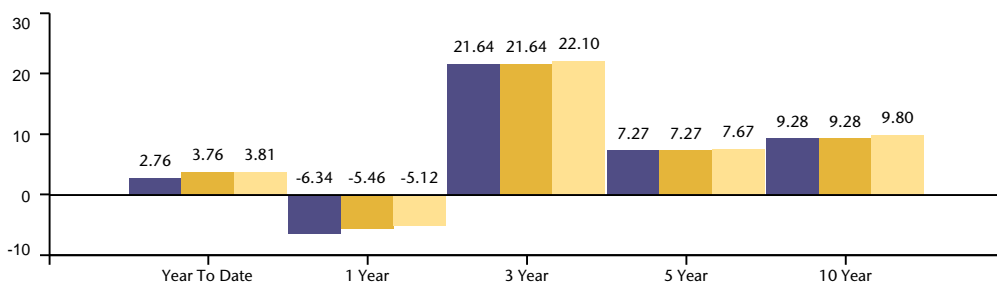
Portfolio managers

Jeffrey A. Schwarte, CPA, CFA. Since 07/29/2016. B.A., University of Northern Iowa

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Long-term returns % as of 03/31/2023

■ MidCap S&P 400 Index Fund (J) Including Sales Charge ■ MidCap S&P 400 Index Fund (J) Excluding Sales Charge ■ Standard & Poor's 400 MidCap Stock Index



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 Principal®, or call our Participant Contact Center at 1-800-222-5852.

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
MidCap S&P 400 Index Fund (J) Including Sales Charge %	2.76	-6.34	21.64	7.27	9.28
MidCap S&P 400 Index Fund (J) Excluding Sales Charge %	3.76	-5.46	21.64	7.27	9.28
Morningstar Percentile Rankings	-	42	29	52	48
# of Funds in Category	426	413	375	351	224
Annual Returns	2022	2021	2020	2019	2018
Total Return Excluding Sales Charge %	-13.39	24.17	13.31	25.74	-11.49
Standard & Poor's 400 MidCap Stock Index %	-13.06	24.76	13.66	26.20	-11.08
Mid Cap Blend Category %	-14.01	23.40	12.39	26.21	-11.15
Morningstar Percentile Rankings	43	51	41	63	59
# of Funds in Category	405	391	407	404	464

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. 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

Mid Cap Blend

Morningstar Style Box™

As of 02/28/2023

Investment style

Value	Blend	Growth	Market capitalization	
				Large
				Medium
			Small	

Risk and Return Statistics

as of 03/31/2023 Relative to Standard & Poor's 400 MidCap Stock Index

	3Yr	5Yr
Alpha	-0.37	-0.38
Beta	1.00	1.00
R-Squared	100.00	100.00
Standard Deviation	21.06	22.34
Mean	21.64	7.27
Sharpe Ratio	0.98	0.36
Excess Return	-0.46	-0.40
Tracking Error	0.11	0.10
Information Ratio	-4.08	-3.93

Operations

Total Investment Expense Net	0.41 %
Total Investment Expense Gross	0.41 %
Inception Date	03/01/2001
Extended Performance Inception Date#	12/06/2000
Total Net Assets (mil)	\$1,306.24
12b-1 Fees	0.15 %
CDSC	1.00 %

Portfolio information†

Composition as of 02/28/2023

Asset Distribution	Asset Type	Net %	Short %	Long %
	U.S. Stocks	97.70	0.03	97.73
	Cash	1.58	0.01	1.59
	Non-U.S. Stocks	0.70	0.00	0.70
	U.S. Bonds	0.01	0.00	0.01

Top ten holdings

as of 02/28/2023

	% of net assets
1. Principal Government Money Market R-6	1.41
2. Fair Isaac Corp	0.76
3. Reliance Steel & Aluminum Co	0.65
4. Axon Enterprise Inc	0.61
5. Carlisle Companies Inc	0.60
6. Hubbell Inc	0.60
7. First Horizon Corp	0.59
8. Builders FirstSource Inc	0.56
9. AECOM	0.54
10. Graco Inc	0.52
% of net assets in top ten holdings*	6.84

Analysis

# of Stock Hldgs	401
# of Bond Hldgs	0
# of Other Hldgs	3
AvgMktCap (mil)	\$6,463.33
Turnover Ratio	21%
P/C Ratio	6.21
P/B Ratio	2.03
P/E Ratio	14.71

Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
Cyclical	44.27	Defensive	16.77	Sensitive	38.97
Consumer Cyclical	14.83	Healthcare	9.46	Technology	13.37
Basic Materials	6.02	Consumer Defensive	3.89	Industrials	19.55
Financial Svcs	14.95	Utilities	3.42	Energy	4.06
Real Estate	8.47			Comm Svcs	1.99

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.

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 MidCap S&P 400 Index Fund (J).

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**

Standard & Poor's 400 MidCap Stock Index includes approximately 10% of the capitalization of U.S. equity securities. These are comprised of stocks in the middle capitalization range.

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 principalfunds.com.

^The Morningstar Category and Style Box will sometimes differ because they examine different time periods. The Morningstar style box is recalculated each month and is a snapshot of where the portfolio was most recently invested based on the available portfolio statistics. The Morningstar Category is based on the fund's average portfolio statistics over the past three years. If there is a discrepancy between the fund's category and its style box, this indicates a change from a previous investment style that may or may not be temporary. To determine the most current investment style of a fund, use the style box. When making historical performance comparisons, use the Morningstar category. If a fund's investment style box designation continues to drift away from its Morningstar category, Morningstar will update the category.

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.

Each index based investment option is invested in the stocks or bonds of the index it tracks. Performance of indexes reflects the unmanaged results for the market segment the selected stocks or bonds represent. There is no assurance an index based investment option will match the performance of the index tracked.

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#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.

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

The risks associated with derivative investments include that the underlying security, interest rate, market index, or other financial asset will not move in the direction the Investment Adviser and/or Sub-Advisor anticipated, the possibility that there may be no liquid secondary market, the risk that adverse price movements in an instrument can result in a loss substantially greater than a fund's initial investment, the possibility that the counterparty may fail to perform its obligations; and the inability to close out certain hedged positions to avoid adverse tax consequences.

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



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