

Principal® SAM Balanced Portfolio as of 12/31/2019

A Shares: **SABPX** C Shares: **SCBPX**

Investment Strategy

The investment seeks to provide as high a level of total return (consisting of reinvested income and capital appreciation) as is consistent with reasonable risk. The fund operates as a fund of funds. It generally invests: between 20% and 60% of its assets in fixed-income funds, and less than 40% in any one fixed-income fund; between 40% and 80% of its assets in equity funds, and less than 30% in any one equity fund; and less than 20% of its assets in specialty funds, and less than 20% in any one specialty fund.

Portfolio Managers

Todd A. Jablonski, CFA

Since 01/01/2010, M.B.A., New York University

Gregory L. Tornga, CFA

Since 10/02/2017, M.B.A., Chapman University



Morningstar category

Allocation--50% to 70% Equity

Not FDIC or NCUA Insured

May Lose Value • Not a Deposit • No Bank or Credit Union Guarantee
Not Insured by any Federal Government Agency

Average Annual Total Returns¹ as of 12/31/2019

	Year-to-Date	1-Year	3-Year	5-Year	10-Year	Since Inception
SAM Balanced Portfolio (A)						
Excluding Sales Charge	19.57%	19.57%	9.05%	6.37%	8.03%	7.28%
Including Sales Charge	12.99%	12.99%	7.01%	5.16%	7.42%	7.02%
Morningstar Percentile Rankings	–	48	43	46	46	–
Number of Funds in Category	697	697	643	570	420	–
SAM Balanced Portfolio (C)						
Excluding Sales Charge	18.71%	18.71%	8.25%	5.57%	7.23%	6.73%
Including Sales Charge	17.71%	17.71%	8.25%	5.57%	7.23%	6.73%

Investment results shown represent historical performance and do not guarantee future results. Your investment's returns and principal values will 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 shown. For more information, including the most recent month-end performance, visit principalfunds.com, call your financial professional, or call 800-222-5852. A sales charge may apply as follows: Class A shares: maximum up-front sales charge of 5.50% and Class C shares: contingent deferred sales charge of 1% on redemptions made during the first 12 months. See the prospectus for details. Performance listed with sales charge reflects the maximum sales charge.

Where gross and net expense ratios differ, the investment adviser has contractually agreed to limit the investment option's expenses. Differences also may be due to the investment adviser's decision to pay (through the same dates) certain expenses that would normally be payable by the fund.

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 less than one year are not annualized.

Operations

Total Net Assets (mil.)	\$4,591.21
Class A Inception Date	07/25/1996
Class C Inception Date	03/01/2002
Extended Performance Inception Date	07/25/1996

Total Investment Expense

	Gross Expense Ratio	Net Expense Ratio	Expiration Date	
			Contractual Cap	Waiver
Class A	1.25%	1.25%	N/A	N/A
Class C	2.00%	2.00%	N/A	N/A

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Annual Total Returns ^{1,2} (Calendar Year)	13.10%	0.54%	12.28%	17.10%	6.36%	-1.25%	6.31%	14.65%	-5.39%	19.57%

¹ Performance assumes reinvestment of all dividends and capital gains. Extended performance is calculated based on the historical performance of the fund's oldest share class, adjusted for the fees and expenses of the share class shown. Periods of less than one year are not annualized. 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.

² The annual total returns shown above represent performance for Class A shares (not adjusted for sales charge) and any extended annual performance is based on the fund's oldest share class (not adjusted for sales charge). Annual total returns for other share classes will differ.

Portfolio information as of 11/30/2019

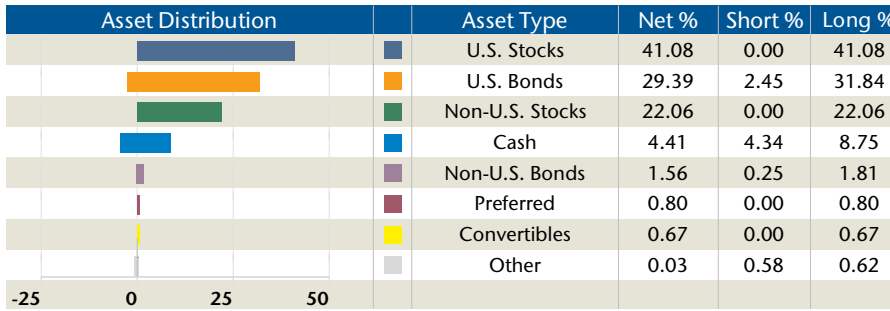
Analysis

Number of Holdings	21
Turnover Ratio	13%
P/E Ratio	18.61

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

Top Ten Holdings

	% of Net Assets
1. Principal Equity Income Inst	13.24
2. Principal Income R6	12.29
3. Principal Diversified International R-6	11.65
4. Principal US Mega-Cap Multi-Factor ETF	10.19
5. Principal Blue Chip R-6	9.15
6. Principal Short-Term Income Inst	7.78
7. Principal Government & High Qual Bd Inst	6.77
8. Principal Active Global Dividend Inc ETF	5.04
9. Principal EDGE MidCap R-6	4.22
10. Principal Diversified Real Asset R6	3.15
% of net assets in top ten holdings	83.50



Stock Sector Breakdown as of 11/30/2019

Cyclical	42.47%	Defensive	20.78%
Real Estate	8.73	Utilities	3.50
Financial Svcs	20.06	Healthcare	10.69
Consumer Cyclical	10.05	Consumer Defensive	6.59
Basic Materials	3.63		
Sensitive	36.74%		
Energy	5.27		
Comm Svcs	8.31		
Industrials	9.61		
Technology	13.55		

Risk & Return Statistics as of 12/31/2019

Class A Shares

Relative to SAM Balanced Blended Index

	3-Year	5-Year
Alpha	-0.67	-0.88
Beta	1.01	1.00
R-Squared	98.54	98.55
Standard Deviation	6.99	7.07

Risk and return statistical data is calculated by Morningstar, Inc.

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.

Equity investment options involve greater risk, including heightened volatility, than fixed-income investment options. Fixed-income investment options are subject to interest rate risk, and their value will decline as interest rates rise.

Fixed-income and asset allocation investment options that invest in mortgage securities are subject to increased risk due to real estate exposure.

Asset allocation and diversification do not ensure a profit or protect against a loss. Additionally there is no guarantee this investment option will provide adequate income at or through retirement.

International and global investing involves greater risks such as currency fluctuations, political/social instability and differing accounting standards.

This Principal Strategic Asset Management Portfolio (SAM) indirectly bears its pro rata share of the management fees incurred by the underlying Principal Funds in which this portfolio invests. Based on the asset allocation of the SAM Portfolio outlined in the prospectus dated March 1, 2019, the weighted average operating expenses of the underlying funds are: Flexible Income, 0.51%; Conservative Balanced, 0.62%; Balanced, 0.64%; Conservative Growth, 0.67%; Strategic Growth, 0.68%. While the operating expenses of the underlying mutual funds are not part of the SAM Portfolio operating expenses they are included in the Total Investment Expense. Performance results shown for the SAM Portfolios reflect the application of these expenses.

SAM Balanced Blended Index is composed of 15% MSCI EAFE Index, 45% Russell 3000 Index and 40% Bloomberg Barclays Aggregate Bond Index.

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.

Web Site: principalfunds.com

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.

Investing involves risk, including possible loss of principal.

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