

Second Quarter 2021

Quarterly Commentary

Inv Manager or Sub-Advisor	Benchmark	Morningstar Category	Investment Objective
Multiple Sub-Advisors	GDI Blended Index (Linked)	Allocation--15% to 30% Equity	Income

Performance Contributors and Detractors

Contributors

During last quarter:

Manager alpha within the real estate sleeve managed by Principal Real Estate Investors contributed due to strong security selection within office and industrial real estate investment trusts (REITs) and from a style standpoint as real estate outperformed broader world value stocks. Asset allocation was a strong contributor due to the rapid increase in equities. Style selection within fixed income contributed as credit and liquidity risk outpaced rate risk. Commercial mortgage-backed securities (CMBS) was the highest fixed income performance asset class, followed by emerging markets debt and high yield.

Detractors

During last quarter:

Style selection within equities detracted as both infrastructure and developed ex-U.S. shareholder yield underperformed broader world value stocks. Manager performance within fixed income detracted as the CMBS sleeve underperformed its individual benchmark. Manager performance within high yield detracted as Post Advisory underperformed their benchmark due to security selection within its lower rated (CCC+) allocation.

Changes to the investment option's structure or portfolio:

No material changes occurred in the portfolio structure.

Not FDIC or NCUA insured

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

Performance

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 most recent month-end performance, visit www.principal.com, contact your representative of the Principal Financial Group®, or contact our participant contact center at 1-800-547-7754.

In situations where the net and gross expense figures are different, the investment manager has contractually agreed to limit the investment option's expense. Differences may also be shown due to the investment manager choosing to pay certain expenses that would normally be payable by the investment option. The gross total investment expense figure does not reflect any waivers or caps on the mutual fund or underlying mutual fund in which a Separate Account invests. Returns displayed are always based on net total investment expense.

Average Annual Total Returns (%) as of 06/30/2021	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date	09/30/2013
Global Diversified Income Separate Account-Z	3.44	5.66	20.73	6.03	5.86	5.98	9.53	Ext. Perf. Inc. Date	12/15/2008
GDI Blended Index (Linked)	1.99	0.22	9.14	4.82	5.44	4.96	-	Total Inv. Exp Gross	0.56
Allocation--15% to 30% Equity Category	3.02	3.28	11.74	6.56	5.38	4.87	-	Total Inv Exp Net	0.48
Morningstar Percentile Ranking	-	-	4	76	35	14	-	Waiver Date	02/28/2022
Total Funds in Category	196	195	191	175	161	100	-	Contractual Cap Date	02/28/2022

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.

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.

Global Diversified Income Separate Account-Z

Top Ten Holdings as of 05/31/2021

Security	Net Assets (%)
SPECIALTY STL HOLDCO INC	0.89
Principal Government Money Market Instl	0.86
AUCTION.COM	0.76
Principal Government Money Market Instl	0.74
DURAVANT LLC	0.48
Ford Motor Company	0.47
DEXKO GLOBAL	0.46
Sny 10 1/4 Sr	0.46
NFP Corp.	0.44
REAL ALLOY EXIT FACILITY	0.43
Total % in Top 10	5.99

Information is current as of the date noted. Keep in mind that all current and future portfolio holdings are subject to risk.

Manager(s)	Start Date	Degree	Alma Mater
Kelly A. Grossman	03/01/2010	B.A.	University of Northern Iowa
Benjamin E. Rotenberg	03/07/2014	B.A.	Pomona College
Marcus W. Dummer	03/07/2014	M.B.A.	University of Utah
Jessica S. Bush	03/07/2014	B.A.	University of Michigan
May Tong	05/10/2021	B.S.	Boston College, Carrol School of Management

Investment Strategy

The investment seeks income. The fund generally invests a majority of its assets in fixed income securities, such as high yield bonds (also known as "junk" bonds), preferred securities, commercial mortgage-backed securities, and emerging market debt securities, in an effort to provide incremental yields over a portfolio of government securities. It also invests in equity securities in an effort to provide incremental dividend yields and diversify fixed-income related risks.

About Principal Real Estate Inv

Principal Real Estate Investors is the dedicated real estate asset manager for Principal Global Investors. Principal Real Estate Investors' capabilities include commercial mortgage-backed securities, real estate equity securities and a broad range of private market real estate equity and debt alternatives.

About MetLife Investment Mgmt, LLC

Logan Circle Partners, L.P. (Logan Circle) is an asset management firm providing primarily separate account, fixed income investment management services to institutional clients. The firm was founded on April 2007 by Mr. Jude T. Driscoll, Chief Executive Officer and Chief Investment Officer. Prior to founding Logan Circle, Mr. Driscoll was the President and CEO of Delaware Investments, where he was responsible for overseeing all firm activities. On April 16, 2010, Logan Circle was acquired by Fortress Investment Group LLC, a publicly traded company (NYSE: FIG) and a leading global investment management firm, as its traditional asset management arm. Fortress offers a range of alternative investment strategies for institutional and private investors around the world. Fortress has in excess of 1,100 employees working across four business lines: private equity funds, credit funds, hedge funds and traditional asset management. Logan Circle retained its name and Mr. Driscoll continues as the firm's CEO and CIO.

About Spectrum

Spectrum Asset Management (Spectrum) - an affiliate of Principal Global Investors - offers specialized expertise in the management of preferred securities. The firm was founded in 1987 and is based in Stamford, Connecticut. Spectrum's clients include insurance companies, corporations, pension funds, retirement plans, mutual funds, charitable trusts and financial institutions in the U.S. and abroad.

About Principal Global Investors

Principal Global Investors - the institutional asset management affiliate of the Principal Financial Group - the firm focuses on delivering consistently competitive investment performance and superior service on behalf of its clients. Principal Global Investors has expertise in equities, fixed income and real estate investments, as well as specialized overlay and advisory services. The firm upholds the highest standards of excellence in investment research, risk management, ethics, fiduciary responsibility and client service. (Principal Global Investors is the asset management arm of the Principal Financial Group® (The Principal®) and includes the asset management operations of the following subsidiaries of The Principal: Principal Global Investors, LLC; Principal Real Estate Investors, LLC; Spectrum Asset Management, Inc.; Post Advisory Group, LLC; Columbus Circle Investors; Edge Asset Management, Inc.; Principal Global Investors (Europe) Limited; Principal Global Investors (Singapore) Ltd.; Principal Global Investors (Australia) Ltd.; and the majority owned affiliates of Principal International, Inc.).

About Post Advisory Group

Post Advisory Group, LLC (Post), founded in 1992 by Larry Post, is a global investment manager specializing in high-yield fixed income securities with a multi-strategy, value-oriented investment approach. The firm's team of highly experienced investment professionals applies Post's investment philosophy - which emphasizes intensive credit research and detailed analysis of covenant terms and capital structure - in a consistent, conservative manner with the goal of maximizing returns and minimizing risk. Post combines world-class investment expertise, detailed fundamental analysis and risk management capabilities in its efforts to provide the firm's client base with the investment objectives of consistent and attractive risk-adjusted returns.

About W.H. Reaves and Co., Inc

Reaves Asset Management (Reaves), an SEC Registered Investment Adviser, has been managing institutional portfolios since 1978. Reaves' portfolios target a disciplined balance of earnings growth and income in a wide variety of critical, non-discretionary, infrastructure industries. The firm is located in Jersey City, New Jersey.

About DDJ Capital Management, LLC

DDJ Capital Management, LLC (DDJ) is a Massachusetts-based limited liability company that was founded in 1996 to specialize in high yield and distressed and special situations investing. DDJ is 100% privately owned by its founders and key employees.

Important Notes

Separate Accounts are available through a group annuity contract with Principal Life Insurance Co. Insurance products and plan administrative services, if applicable, are provided by Principal Life Insurance Company, a member of the Principal Financial Group, Des Moines, IA 50392. See the fact sheet for the full name of the Separate Account. Certain investment options may not be available in all states or U.S. commonwealths. Principal Life Insurance Company reserves the right to defer payments or transfers from Principal Life Separate Accounts as described in the group annuity contracts providing access to the Separate Accounts or as required by applicable law. Such deferment will be based on factors that may include situations such as: unstable or disorderly financial markets; investment conditions which do not allow for orderly investment transactions; or investment, liquidity, and other risks (such as those associated with general and local economic conditions). If you elect to allocate funds to a Separate Account, you may not be able to immediately withdraw them.

Before directing retirement funds to a separate account, investors should carefully consider the investment objectives, risks, charges and expenses of the separate account as well as their individual risk tolerance, time horizon and goals. For additional information contact us at 1-800-547-7754 or by visiting principal.com.

The value of the investment options will fluctuate so that when redeemed, shares or units may be worth more or less than the original cost.

Returns shown for periods of less than one year are not annualized. All returns displayed here are after Total Investment Expense of the investment option. Any operating expenses of a mutual fund or underlying mutual fund that are part of net Total Investment Expense are obtained from the mutual fund's most recent prospectus. The operating expenses shown as part of the Total Investment Expense include voluntary expense limits and fee credit.

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The commentary represents the opinions of Principal Global Investors. It should not be considered investment advice. No forecast based on the opinions expressed can be guaranteed and may be subject to change without notice. No investment strategy, such as diversification, can guarantee profit or protect against loss. Principal Global Investors leads global asset management and is a member of the Principal Financial Group®.

About Principal Financial Group



The Principal Financial Group® (The Principal®) is a leading global financial company offering businesses, individuals and institutional clients a wide range of financial products and services. Our range of products and services includes retirement solutions, life and health insurance, wellness programs, and investment and banking products through our diverse family of financial services companies and national network of financial professionals.

Important Notes

The full name of this investment option is Principal Global Diversified Income Separate Account-Z. Principal Global Diversified Income investment option is available as a mutual fund and as a Separate Account that invests wholly in R6 class shares of the Principal Funds, Inc. Global Diversified Income R6 Fund. All voting rights associated with ownership of shares in the mutual fund are the rights of the Separate Account, not of contract holders investing in the Separate Account. For further information on the underlying mutual fund, see the prospectus of the fund (PGBLX) at <http://www.principal.com/retirement/prospectuses/prospect.htm>.

Fixed-income investment options are subject to interest rate risk, and their value will decline as interest rates rise. Lower-rated securities are subject to additional credit and default risks. Risks associated with preferred securities differ from risks inherent with other investments. In particular, in the event of bankruptcy, a company's preferred securities are senior to common stock but subordinated to all other types of corporate debt. International investing involves increased risks due to currency fluctuations, political or social instability, and differences in accounting standards, these risks are magnified in emerging markets. REIT securities are subject to risk factors associated with the real estate industry and tax factors of REIT registration.

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 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-Adviser 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.

Investment manager/sub-advisor means either the Investment Adviser or Sub-Adviser to the investment option or the underlying asset(s).

Extended Performance Inception Date (Ext. Perf. Inc. Date) - Inception date of the oldest share class of the fund, or underlying fund of the Separate Account.



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Important Notes

Total Investment Expense Gross - 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.

Expense Waiver/Contractual Cap - When gross and net expense ratios differ, the investment adviser may have agreed to waive certain expenses that would normally be payable by the fund or contractually agreed to limit the investment option's expenses.

This report is not complete unless all pages, as noted below, are included.



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