

Second Quarter 2021

Quarterly Commentary

Inv Manager or Sub-Advisor	Benchmark	Morningstar Category	Investment Objective
Principal Global Investors	MSCI World Ex US Small Cap Index	Foreign Small/Mid Blend	Foreign Stock

Performance Contributors and Detractors

Contributors

During last quarter:

Stock selection in Canada and the U.K. stood out as contributors to relative performance. Within Canada, stock selection among capital goods companies contributed most as manufacturing automation companies continued to benefit from increasing demand amid an improving economic backdrop. Canadian energy holdings also benefited from rising oil prices. In the U.K., media holdings performed well amid increased growth in web-based media while animal-related health care holdings benefited from higher levels of pet ownership following the pandemic. Overall, stock selection within the health care and consumer staples sectors stood out as key contributors to relative performance. Future, Tourmaline Oil, ATS Automation Tooling Systems, Mycronic, and HelloFresh were the biggest individual contributors to relative performance.

Detractors

During last quarter:

Stock selection in Japan and Europe detracted most from relative performance. Specifically, Japanese manufacturing plant engineering holdings underperformed amid lower-than-expected guidance related to the uncertainty of the economic recovery within the region. In Europe, stock selection among Swedish capital goods holdings detracted from relative performance while Italian bank holdings also underperformed. The consumer discretionary and industrials sectors detracted. Denka, JGC Holdings, Shinsei Bank, Zeon, and LINK Mobility Group were the biggest individual detractors to relative performance.

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

International SmallCap Separate Account-Z

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	01/01/1995
International SmallCap Separate Account-Z	4.21	9.40	37.33	6.44	10.71	8.29	11.17	Ext. Perf. Inc. Date	12/31/1994
MSCI World Ex US Small Cap Index	4.81	9.92	42.28	8.92	11.88	7.66	-	Total Inv. Exp Gross	0.72
Foreign Small/Mid Blend Category	6.41	12.18	43.30	7.71	11.00	7.08	-	Total Inv Exp Net	0.72
Morningstar Percentile Ranking	-	-	88	80	59	20	-	Waiver Date	-
Total Funds in Category	102	100	100	90	75	47	-	Contractual Cap Date	-

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.

International SmallCap Separate Account-Z

Statistics Summary as of 06/30/2021

	Risk and Return Statistics Summary						Upside/Downside Capture Ratio					
	Alpha	Beta	R2	Sharpe Ratio	Info Ratio	Std Dev	# of Months		Avg Returns %		Benchmark %	
							Up	Down	Up	Down	Up	Down
	3 Year						3 Year					
International SmallCap Separate Account-Z	-2.28	1.01	97.74	0.34	-0.76	21.48	21	15	4.67	-4.22	97.51	106.31
MSCI World Ex US Small Cap Index	N/A	N/A	N/A	N/A	N/A	N/A	20	16	4.79	-3.97	100.00	100.00
	5 Year						5 Year					
International SmallCap Separate Account-Z	-1.14	1.02	97.26	0.61	-0.40	17.57	38	22	3.80	-3.54	99.75	105.52
MSCI World Ex US Small Cap Index	N/A	N/A	N/A	N/A	N/A	N/A	37	23	3.81	-3.36	100.00	100.00

Risk and return statistical data is calculated by Morningstar, Inc. Please see Important Notes section for definitions of Risk and Return Statistics.

Top Ten Holdings as of 05/31/2021

Security	Net Assets (%)
TFI International Inc	1.04
ASM International NV	0.94
Smith (DS) PLC	0.92
SIG Combibloc Group AG Ordinary Shares	0.91
Signify NV	0.90
Intermediate Capital Group PLC	0.88
B&M European Value Retail SA	0.85
KION GROUP AG	0.84
Bucher Industries AG	0.82
Rockwool International A/S B	0.81
Total % in Top 10	8.91

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

International SmallCap Separate Account-Z

Manager(s)	Start Date	Degree	Alma Mater
Brian W. Pattinson	04/01/2001	M.B.A.	University of Iowa
Tiffany N. Lavastida	09/30/2013	M.B.A.	University of Iowa

Investment Strategy

The investment seeks long-term growth of capital by investing primarily in stocks of non-US companies with relatively small capitalizations. It invests in securities of companies with their principal place of business or principal office outside the US; companies for which the principal securities market is outside the US; or companies, regardless of where their securities are traded, that derive 50% of their total revenue outside of the US. Under normal market conditions, it invests at least 80% in companies similar in size to companies included in the Citigroup Extended Market Index (EMI) World ex US.

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.).

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®.

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.

International and global investment options are subject to additional risk due to fluctuating exchange rates, foreign accounting and financial policies, and other economic and political environments.

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

Investment manager/sub-advisor means either the Investment Advisor or Sub-Advisor to the investment option or the underlying asset(s). Principal Life Insurance Company is the Investment Manager as defined by ERISA, with regard to the assets of the Separate Accounts. Principal Global Investors is a member of the Principal Financial Group.

Effective September 21, 2018, this portfolio is sub-advised by Principal Global Investors. Prior to September 21, 2018, the portfolio was sub-advised by DFA and Principal Global Investors. The portfolio has had various sub-advisors since its inception. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.

MSCI World Ex US Small Cap Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. It offers an exhaustive representation of the Small Cap segment by targeting companies that are in the Investable Market Index but not in the Standard Index in a particular market.

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.

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.



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1709028-06/30/2021

Important Notes

Risk and Return Statistics:

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.

Sharpe Ratio - Measures how an investment balances risks and rewards. The higher the Sharpe ratio, the better the investment's historical risk-adjusted performance.

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.

Up-Market Capture Ratio - A statistical measure of an investment option's performance relative to a comparative index in months in which that index has risen. An up-market capture ratio of greater than 100 would indicate that the investment option performed better than the comparative index during months in which the index had risen over a specified time period.

Down-Market Capture Ratio - A statistical measure of an investment option's performance relative to a comparative index in months in which that index has fallen. A down-market capture ratio of greater than 100 would indicate that the investment option performed worse than the comparative index during months in which the index had fallen over a specified time period.

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



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