

Third Quarter 2020

Quarterly Commentary

Ticker	Inv Manager or Sub-Advisor	Benchmark	Morningstar Category	Investment Objective
POEIX	Origin Asset Management LLP	MSCI Emerging Markets NR Index	Diversified Emerging Markets	Diversified Emerging Markets

Economic Overview

The world recovery from the COVID-19 lockdown and recession has turned uneven. The lockdown response to the surge in COVID-19 infections and fatalities brought unparalleled economic devastation and record job losses and the rebound was just as incredible, but in reverse, in job gains and economic revival. That spectacular resurgence of growth turned into an ongoing expansion in some places, one with a more sustainable pace. However, the recent surge in COVID-19 infections in parts of Europe and Japan hampered their return to normalcy.

United States business surveys of purchasing managers by Markit News for the composite and manufacturing indices were high including capital spending, which appears to have returned with a vengeance; specifically, new orders of capital goods, excluding aircraft. Business confidence was still below pre-COVID levels. Housing activity was spectacular with robust home sales, record homebuilder confidence, super-low mortgage rates, rising affordability, and home purchase mortgage applications. JP Morgan Chase credit/debit card data still reflects weakness for the week ending September 18; outside of a spending surge around Labor Day. Consumer spending also showed little decline from the July 31 end of the \$600 supplemental jobless benefit. Confidence is still below pre-pandemic levels. The drop in daily new U.S. COVID-19 cases from the surge in July flattened out in September after falling by a third in August.¹

China was the other driver of world growth as their astonishing rebound from the COVID-19 recession marched on. Industry reports for August were healthy. The manufacturing business survey by Markit News, at 53.1, recovered back to the prior uptrend line. Fixed investment was a just a touch below. Credit growth surged. Exports accelerated to a gain of 11.6% with solid demand from the rest of the world. House prices were up and property sales volume surged. Retail sales reflected a positive trend for the first time this year as the recovery broadened out.

A second wave of virus infections in greater Europe and Japan dampened their recoveries. Markit News indices of Eurozone business surveys weakened in September. The composite index lost nearly two points and at 50.1 just barely showed expansion. The details pointed to a huge dichotomy between services and manufacturing. The rise in new cases was hardest on the service sector as many Eurozone countries rely heavily on tourism for growth. Manufacturing was in a solid expansion with the index at 53.7%, well above breakeven. Still, even the rise in German business confidence slowed. United Kingdom business surveys and other data showed a very strong rebound that slowed recently by another wave of virus activity.

A fading revival was a similar story for Japan. Markit News indices of Japanese purchasing manager surveys were stuck in contraction territory. While there had been sizeable rebounds in consumer spending, industrial output, and business and consumer confidence, they all remained well below pre-COVID levels.*

* Commentary sourced from October outlook and commentary by Robert F. Baur, Ph.D., executive director, chief global economist, all data from Bloomberg unless otherwise stated.

¹<https://covidtracking.com/data/download>

Performance Contributors and Detractors

Contributors

During last quarter:

Overweight allocation to and stock selection within information technology was the leading contributor at a sector level. The second biggest positive effect came from the underweight within energy. Taiwan proved the most beneficial to relative performance from a country perspective, both from allocation and stock selection, followed by stock selection in India.

Detractors

During last quarter:

Consumer discretionary stock selection was the biggest drag on relative performance. Materials was the second biggest detractor at sector level. At the country level, South Africa was the main detractor from relative performance.

Changes to the investment option's structure or portfolio:

No material changes occurred in the portfolio structure.

Origin Emerging Markets Inst Fund

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 fund 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 fund. The gross fund expense figure does not reflect any waivers or caps on the mutual fund. Performance shown reflects the application of net expenses of the fund.

Average Annual Total Returns (%) as of 09/30/2020	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date	01/23/2015
Origin Emerging Markets Inst Fund	9.05	4.60	16.71	2.60	8.86	-	4.45	Ext. Perf. Inc. Date	01/23/2015
MSCI Emerging Markets NR Index	9.56	-1.16	10.54	2.42	8.97	2.50	-	Total Inv. Exp Gross	1.33
Diversified Emerging Markets Category	8.87	-1.43	9.11	1.73	8.08	2.46	-	Total Inv Exp Net	1.20
Morningstar Percentile Ranking	-	-	22	37	36	-	-	Waiver Date	-
Total Funds in Category	832	808	790	695	590	264	-	Contractual Cap Date	12/30/2020

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.

Origin Emerging Markets Inst Fund

Statistics Summary as of 09/30/2020

	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					
Origin Emerging Markets Inst Fund	0.32	0.96	89.96	0.14	0.03	19.20	19	17	4.29	-4.02	99.14	98.06
MSCI Emerging Markets NR Index	N/A	N/A	N/A	N/A	N/A	N/A	19	17	4.32	-4.10	100.00	100.00
	5 Year						5 Year					
Origin Emerging Markets Inst Fund	0.40	0.95	87.58	0.50	-0.02	17.58	34	26	3.85	-3.68	97.76	96.89
MSCI Emerging Markets NR Index	N/A	N/A	N/A	N/A	N/A	N/A	36	24	3.94	-3.80	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 08/31/2020

Security	Net Assets (%)
Alibaba Group Holding Ltd ADR	8.48
Taiwan Semiconductor Manufacturing Co Ltd ADR	5.81
Tencent Holdings Ltd	5.47
Principal Government Money Market Instl	4.17
Naspers Ltd Class N	3.28
Samsung Electronics Co Ltd GDR	2.54
HCL Technologies Ltd	2.39
NetEase Inc ADR	2.39
China Merchants Bank Co Ltd Class H	2.04
ENN Energy Holdings Ltd	1.68
Total % in Top 10	38.25

Origin Emerging Markets Inst Fund

Manager(s)	Start Date	Degree	Alma Mater
Tarlock Randhawa	01/23/2015	B.S.	Brunel University
Nigel Dutson	01/23/2015	B.S.	Surrey University
Chris Carter	01/23/2015	M.A.	University of Cambridge
John Birkhold	01/23/2015	M.B.A.	University of Chicago

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 emerging market companies at the time of purchase. The advisor considers a security to be tied economically to an emerging market country (an "emerging market security") if the issuer of the security has its principal place of business or principal office in an emerging market country, has its principal securities trading market in an emerging market country, or derives a majority of its revenue from emerging market countries.

About Origin Asset Management LLP

Established in 2005, Origin Asset Management LLP is an owner-managed investment management boutique specializing in the construction of Global Equity, Global Small Cap, Global Emerging Market and International (ex-US) Equity portfolios for institutional clients. They use a distinctive, systematic and evidence based investment process. Origin's founding partners have an average of more than 25 years investment experience and have worked together for up to 18 years. Origin is 26% owned by its working partners. The balance of 74% is owned by Principal Global Investors LLC, which is part of Principal Financial Group of the US, a Fortune 500 company. Origin's working partners retain control over investment policy, process and the day-to-day management of the business.

Important Notes

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 brokers/dealers. 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.

Investors should carefully consider a mutual fund's investment objectives, risks, charges, and expenses prior to investing. A prospectus, or summary prospectus if available, containing this and other information can be obtained by contacting a financial professional, visiting principal.com, or calling 1-800-547-7754. Read the prospectus carefully before investing.

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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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.

MSCI Emerging Markets NR Index measures equity market performance in the global emerging markets. It consists of 26 emerging market countries in Europe, Latin America and the Pacific Basin.

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.

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

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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1350382-09/30/2020