



**PRINCIPAL ADVISED SERVICES, LLC**

**FORM ADV PART 2A: ADVICE BROCHURE**

Legal Address

655 9<sup>th</sup> Street  
Des Moines, IA 50309

Mailing Address

711 High Street  
Des Moines, IA 50309

866-412-0770

[www.principal.com](http://www.principal.com)

January 2, 2024

This brochure (the "Brochure") provides information about the qualifications and business practices of Principal Advised Services, LLC ("Principal Advised Services," "us," "our," or "we"). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Additional information about Principal Advised Services is also available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Principal Advised Services is 297324. If there are questions about the contents of this Brochure, please contact us at 866-412-0770 or [AdvisedServices@principal.com](mailto:AdvisedServices@principal.com). Any reference to Principal Advised Services as a "registered investment adviser" or as being "registered" does not imply a certain level of skill or training.

## Item 2: Material Changes

Since the last annual update on March 31, 2023, the following material changes were made to the Brochure:

- **Item 4** was updated to describe new and updated services provided by Principal Advised Services, as well as material conflicts of interest associated with those services. Additionally, the ownership structure was updated to reflect that Principal Advised Services is no longer a subsidiary of Principal Bank, effective January 1, 2024. Principal Advised Services is now wholly owned by Principal Holding Company LLC and is a sister company to Principal Bank.
- **Item 10** was updated to reflect affiliated services and conflicts of interest associated with the services Principal Advised Services provides.
- **Item 12** was updated with information specific to SimpleInvest.
- **Item 13** was updated to reflect review of account information specific to SimpleInvest and supervision of investment advice.
- **Item 14** was updated to describe new client referral arrangements.
- **Item 15** was updated with information specific to the Principal® SimpleInvest program.
- **Item 16** was updated with information specific to the Principal® SimpleInvest program.
- Throughout the Brochure changes were made to add information regarding non-discretionary advice from the Principal Advised Services ADV 2A Wrap Fee Brochure. Please see that Brochure for all applicable information regarding the SimpleInvest Wrap Fee Program.

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**Item 4: Advisory Business**


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Principal Advised Services is a member company of Principal Financial Group, a diverse family of financial services companies offering businesses, individuals, and institutional customers a wide range of financial products and services, including retirement, insurance, and asset management. Principal Financial Group provides recordkeeping services to retirement plans. As part of these recordkeeping services, Principal Financial Group offers educational and advisory services to retirement plan participants who hold plan accounts, when elected by the sponsor of the retirement plan.

Principal Advised Services was formed in 2017. Its principal place of business is in Des Moines, Iowa. Principal Advised Services is a subsidiary of Principal Financial Group, Inc. (NASDAQ: PFG), through intermediate holding companies.

***Description of Services Offered***

Principal Advised Services offers advice through multiple programs and services, to both retirement plan participants and retail customers. When an investment adviser representative ("IAR") of Principal Advised Services is providing a recommendation regarding a retirement plan account or IRA, Principal Advised Services is a fiduciary under the Investment Advisers Act of 1940 ("Advisers Act") and within the meaning of Title I of the Employee Retirement Income Security Act of 1974 ("ERISA") and/or the Internal Revenue Code ("the Code"), as applicable, which are laws governing retirement accounts.

1. Certain call center staff who are IARs provide personalized one-on-one retirement evaluations, advice, and recommendations to a plan participant regarding their in-plan account. Retirement plan participants are offered three forms of nondiscretionary investment advice in these evaluations:
  - i. Advice regarding whether the participant should enroll in Target My Retirement, a discretionary managed account service that primarily creates asset allocation portfolios for participants from all or a portion of the plan's investment lineup. Target My Retirement is offered by Morningstar Investment Management, LLC ("Morningstar"). Morningstar is an SEC-registered investment adviser and subsidiary of Morningstar Inc., neither of which are affiliates of Principal Financial Group nor Principal Advised Services. The plan sponsor must make the Target My Retirement service available to participants as a plan feature, and if a plan participant chooses to enroll in Target My Retirement, Morningstar provides investment management services directly to the plan participant. In some instances, a plan sponsor may pay for all or part of the Target My Retirement service for its plan participants. However, it is subject to change at the plan sponsor's discretion. Principal Advised Services does not automatically update or monitor the advice as to the appropriateness of Target My Retirement; a participant must reengage with Principal Advised Services to receive updated advice.
  - ii. Advice regarding the amount of money the participant should contribute to the plan, including savings rate recommendations.
  - iii. "Point in Time" advice regarding the funds that the participant should select from the Plan's available investment choices. A participant receives the ability to view an investment portfolio that includes allocations among all, or a portion of the plan's investment options. Should the participant determine that the proposed Point in Time asset allocation is appropriate, the participant can implement the proposed allocations by making self-directed transactions through the plan's website. Unlike fully subscribing to Target My Retirement, the Point in Time service is non-discretionary and will not automatically implement any asset allocation, nor will it automatically rebalance a participant's portfolio.

In formulating advice about the amount of money a participant should contribute to the plan, and in formulating its advice about the funds that a participant should select in the plan, Principal Advised Services leverages investment methodology provided to it by Morningstar. The advice described above is informed by factors including a participant's retirement profile information, situation, objectives, investment experience, the level of engagement the participant plans to have in managing

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their retirement savings, their outlook on volatility, and whether the participant finds value in professional management. When constructing the non-discretionary advice for the participant's investment portfolio, the Point in Time advice will take into consideration any other investments the participant holds inside their plan account, and any assets held outside the plan account, if the participant provides this information. In addition, a participant may receive education on the features of their plan account.

Principal Advised Services does not automatically update or monitor the advice described above; a participant must reengage with Principal Advised Services to receive updated advice.

2. If authorized by the retirement plan sponsor, certain retirement plan participants can receive non-discretionary recommendations on their options when they are eligible for a distribution from the plan which is recordkept at Principal Financial Group. Additionally, this service is offered to plan participants whose plans are not recordkept at Principal Financial Group, Principal Financial Group retail account holders, and prospective retail clients. Call center staff who are employees of Principal Bank and registered with both Principal Advised Services and affiliated broker-dealer Principal Securities, Inc. ("PSI") offer a recommendation as to which of four distribution options is in their best interest. There are inherent limitations in the distribution options presented, as the staff will only be able to present options available through Principal Financial Group, rather than all potential investment options available in the market, with the exception of a recommendation to roll over to a new employer's retirement plan that does not use Principal Financial Group to provide its recordkeeping services.

Staff determine the relevance of specific products for an individual's needs and objectives. The factors that determine the relevance of products include fees and expenses, desire for investment advice or management, risk tolerance, investor involvement, and whether automatic rebalancing is preferred. Based on these needs and objectives, the call center staff will compare the applicable product(s) to the other options the individual has, including leaving the account with the prior employer's retirement plan or in a current IRA or account, rolling over to another employer's retirement plan, rolling over to an IRA with Principal Financial Group or cashing out their retirement plan savings. The staff will provide recommendations in the best interest of the individual and formulate recommendations through a third-party tool configured to demonstrate which recommendation is in the individual's best interest.

The options available include a group of IRAs from Principal Financial Group that offer access to SimpleInvest, to mutual funds offered by Principal Financial Group, and to a money market account or certificate of deposit ("CD") offered by Principal Bank. Principal SimpleInvest Wrap Fee Program ("SimpleInvest") is offered through Principal Advised Services. Please see the Principal Advised Services Form ADV Part 2A: Wrap Fee Brochure for all applicable information regarding SimpleInvest.

Principal Advised Services is responsible for recommendations to stay in the current plan, IRA or account, move to a new employer's plan, cash out of the current plan, and to roll over to a SimpleInvest. The other recommended IRAs are offered through PSI and Principal Bank, which are affiliated with Principal Advised Services. Principal Advised Services is not responsible for any rollover recommendations to affiliated IRAs; those recommendations are provided by staff in their capacity as registered representatives of PSI or Principal Bank employees and not in their capacity as IARs of Principal Advised Services. If the recommendation is to roll over to SimpleInvest, the IAR will determine whether SimpleInvest is appropriate for the participant based on an analysis of a individual's current financial situation, investment goals, risk tolerance and/or investing preferences and the capabilities and expenses associated with the Program.

The recommendation and output of the options comparison is provided, in addition to important disclosures. The individual then decides whether to accept the recommendation. If accepted, recommendations to invest in SimpleInvest are then reviewed by a supervision team to ensure appropriateness. If the supervision team does not approve the recommendation, the individual will not be able to invest in SimpleInvest through the IAR. However, the individual could independently choose to invest in SimpleInvest directly, in which case, Principal Advised Services is not responsible for these client-directed roll overs. The recommendation is limited to the information available at that time.

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Any analysis, review, guidance, or recommendations offered by Principal Advised Services creates no duty or other responsibility to advise Customers to take any action or inaction regarding their positions, individual investments, investment strategies or asset allocations at other financial institutions. Principal Advised Services does not manage accounts other than Customer accounts.

### Conflicts of Interest

Recommendations to invest in SimpleInvest or use Principal Financial Group products or services or any other products or services that involve revenue-sharing arrangements pose conflicts of interest. For example, a recommendation to engage Principal Advised Services or to increase the level of investment assets with Principal Advised Services, including through rollovers or other transfers of retirement plan accounts or IRAs, would pose a conflict, as it would increase the advisory fees paid to Principal Advised Services. Regardless of the investments and services selected, Principal Advised Services, together with our affiliates, will make more money if an investor chooses to rollover assets from a retirement plan or IRA to an IRA or retirement plan for which we provide services. Call center representatives have an incentive to recommend investments that result in greater revenue for Principal Financial Group. This conflict of interest is mitigated by Principal Advised Services having a dedicated supervision team that reviews transactions where a SimpleInvest recommendation is made to ensure it is in the client's best interest.

If a participant follows our recommendation to enroll in Target My Retirement, Morningstar will earn additional investment management expenses by charging investment management fees against the participant's account. Pursuant to separate contractual arrangements, Morningstar compensates Principal Financial Group for services it provides to Morningstar relative to Target My Retirement, like for building and maintaining technology to transmit and receive data. As such, when we recommend Target My Retirement, our affiliate will earn additional revenue if the participant follows our recommendations. Additionally, our recommendation to use Target My Retirement may constitute a promotional relationship under the SEC's marketing rule. We will provide required disclosure to participants to whom we recommend Target My Retirement.

If a participant follows our recommendation to contribute more to their retirement plan account, our affiliate Principal Financial Group earns additional compensation because Principal Financial Group assesses some recordkeeping and related fees as a percentage of a participant's account, and our recommendation increases the amounts against which Principal Financial Group assesses its fees.

When we make a fund-specific investment recommendation to a participant, we make this recommendation considering the funds that the plan's sponsor or other fiduciary has selected and made available within the plan. Some of these funds may be investments offered or advised by our affiliates, including Principal Global Investors, LLC, which does business as Principal Asset Management ("Principal Asset Management"), in which case our affiliate earns additional fees (such as investment management fees) when a participant implements our fund-specific recommendation. Other funds we recommend from the plan's lineup may make revenue sharing payments to our affiliates. As such, Principal Advised Services may cause its affiliate to receive additional compensation in connection with its fund-specific recommendations, even if the fund is not a proprietary fund of Principal Financial Group.

Principal Advised Services uses Principal Asset Management to develop the investment models available in SimpleInvest and help with ongoing monitoring of model performance. Principal Advised Services has an incentive to select Principal Asset Management over comparable unaffiliated third-party providers, because by selecting an affiliate, Principal Advised Services ensures that an affiliate receives compensation for these services.

Principal Advised Services uses Principal Asset Management for trading services for SimpleInvest. Principal Advised Services has an incentive to select Principal Asset Management over comparable unaffiliated third-party providers, because by selecting an affiliate, Principal Advised Services ensures that an affiliate receives compensation for these services.

Many of the investments available in SimpleInvest are proprietary mutual funds and ETFs. Principal Advised Services has an incentive to select proprietary funds over comparable unaffiliated third-party funds because by selecting an affiliate, Principal Advised Services ensures that an affiliate receives compensation.

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Staff are paid a salary, including benefits, and do not receive commissions. Staff are eligible to receive annual and periodic bonuses based on individual and company performance. Factors considered in assessing the staff's individual performance include goals for the retention of investor assets in Principal-affiliated products, call quality, adherence to policies and procedures, and other factors. Staff are also eligible for periodic awards based on progress towards asset retention goals. This compensation is considered a conflict of interest because staff have an incentive to retain assets in Principal-affiliated products to maximize annual bonus potential and the potential for periodic awards. To mitigate these conflicts of interest, compensation programs are reviewed to ensure they do not prevent staff from providing best interest recommendations. Additionally, transactions proposed by staff are reviewed and analyzed by supervision teams to ensure they are in your best interest.

Customers, prospective retail clients and plan participants (together "Clients") are not obligated to implement any recommendations made by Principal Advised Services or maintain an ongoing relationship with Principal Advised Services or its affiliates. If a Client elects to act on any recommendations made by Principal Advised Services, the Client is under no obligation to execute the transaction through Principal Advised Services or our affiliates. However, if the recommendation is to roll over to an IRA with Principal, the comparison will only be of the IRA options available on the platform and not IRA options available at other financial institutions. Staff are only authorized to sell products available on its platform and have a financial interest to sell our products, even if another product may also be in a client's best interest but not available on our platform.

Certain of our IARs are also registered representatives of PSI, a broker-dealer firm which is under common control with Principal Advised Services. If brokerage services are recommended, the Client should review the PSI Broker-Dealer Disclosure, which describes the material conflicts of interest associated with those brokerage services.

As of December 31, 2022, Principal Advised Services managed \$352,564,235 of client assets on a discretionary basis.

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**Item 5: Fees and Compensation**

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There is no additional fee charged by Principal Advised Services for the nondiscretionary investment advice and recommendations described above. However, if the participant elects to use Target My Retirement, there is an ongoing investment management fee charged by Morningstar against the participant's plan account. If the Client elects to roll over to an IRA invested in SimpleInvest, there is an ongoing investment management fee charged by Principal Advised Services. Please see the Principal Advised Services Form ADV Part 2A: Wrap Fee Brochure for important information about the SimpleInvest program. Additionally, the investment recommendations described above will impact the revenue that our affiliates earn, and this causes conflicts of interest. Additional information about these conflicts of interest is provided above and in later sections of this Brochure.

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**Item 6: Performance-Based Fees and Side-By-Side Management**

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Principal Advised Services does not charge performance-based fees (fees calculated based on a percentage gain in the underlying account).

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**Item 7: Types of Clients**

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Principal Advised Services provides services described herein to plan participants in retirement plans, whose plan sponsors have authorized the services through contractual arrangements with Principal Financial Group, plan participants in retirement plans not recordkept with Principal Financial Group, Principal Financial Group retail account holders and to prospective retail clients.

There is currently no minimum balance required for Target My Retirement.

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In order to invest in SimpleInvest, a customer must initially invest a minimum of \$5,000 total in one or more accounts and maintain a balance of at least \$1,000 in each account. SimpleInvest is designed to provide investment advisory services to individual investors who reside in the U.S., who have regular internet access, and who are comfortable investing in mutual funds and ETFs through a digital investment experience. Participation in SimpleInvest requires that the Customer completes an account application, enrolls in electronic delivery, and is approved for an account with Apex Clearing Corporation ("Apex") and with Principal Advised Services. The account application can be accessed online through the account portal.

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**Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss**

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***Principal Advised Services Investment Advice Committee***

The Principal Advised Services Investment Advice Committee is appointed by the Principal Advised Services Board of Directors to oversee the nondiscretionary advisory activities described herein. The Investment Advice Committee is comprised of investment and risk professionals working for various business units of member companies of Principal Financial Group, including individuals from PSI.

Among other responsibilities, the Investment Advice Committee has the responsibility to oversee the formulation and delivery of the advice described herein, including by overseeing the fiduciary requirements, conflicts of interest and conflict mitigation strategies, disclosures regarding advice, policies and procedures, audit and correction issues, and investment methodology used in formulating the advice. To this end, the Investment Advice Committee reviews and approves the proprietary investment methodology that generates advice about whether a participant should enroll in Target My Retirement, as well as the investment methodology provided by Morningstar that generates advice about savings recommendations, the Point in Time fund-specific advice, and the formulation of distribution and rollover advice, including the software settings, customizations and configurations of the third-party software used.

***Material Risks***

In general, all customer accounts are subject to risks, including the risks discussed below. This Brochure does not include every potential risk associated with the services described herein. Rather, it is a general description of certain risks inherent with the advice described herein. Customers should refer to the agreements and underlying fund prospectuses and disclosure documents relevant to the services described above for additional information.

***Model Risk***

The model asset allocation portfolios available in investment products like Principal® SimpleInvest and Target My Retirement®, are based on generally accepted principles of modern portfolio investment theory. However, like all models, algorithms and/or calculations ("Models"), all investing comes with inherent risks. Models may incorrectly forecast future behavior or produce unexpected results, including losses. The success of using Models depends on numerous factors, including the validity, accuracy and completeness of the Model's development, implementation and maintenance, the Model's assumptions, factors, algorithms and methodologies, and the accuracy and reliability of the supplied historical or other data. If incorrect data is entered into even a well-founded Model, the resulting information will be incorrect. Investments selected with the use of Models may perform differently than expected as a result of the design of the Model, inputs into the Model, or other factors. In addition, changes to a Model, although subject to compliance controls and testing, may not have the desired effect with respect to an investor's account. While this risk increases if changes to a Model are insufficiently tested prior to implementation, even extensively tested changes may not produce the desired effect over time. The advice generated from Models is dependent, in part, upon information received from clients as well as from other third parties and external sources, meaning that the service could be impacted depending on the accuracy of the information provided.

***Investment Risks***



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Investing in securities, like mutual funds and ETFs or other funds, whether in connection with the advice described above or otherwise, involves risk of loss that customers should be prepared to bear, including loss of principal. Principal Advised Services does not guarantee the results of any advice or recommendation. In addition, Principal Advised Services does not guarantee that the objectives of the customer will be met.

The past performance of Principal Advised Services or Principal Asset Management is no guarantee of future results; therefore, a customer should not assume the future performance of an investment strategy will be profitable. Market, interest rate, investment and other related risks may adversely affect the performance of securities held in customer accounts and cause losses in a customer account. While employing a diversified investment portfolio, including the usage of a variety of investment products representing different asset categories can mitigate some risks for investors, they cannot and do not prevent all loss. Ultimately, such risks are borne by the individual investor. The following is a list of some of the principal risks of investing in mutual funds and ETFs and other funds. The following list of risks is not intended to be a comprehensive list of risks.

**Investing in funds generally.** A customer account bears all the risks of the investment strategies employed by the mutual funds and ETFs and other funds held in the customer account, including the risk that the fund will not meet its investment objectives. The funds held in customer accounts may invest in equities, fixed income, derivatives, and other asset classes; the risks associated with such investments are described below. For the specific risks associated with any particular fund, please refer to its prospectus or other disclosure document.

**Exchange Traded Funds (“ETF”s).** An ETF is subject to the risks of the underlying securities that it holds, as well as the risk that it may fail to closely track the index it follows (tracking error). ETFs are subject to fees and expenses (like management fees and operating expenses) that do not apply to an index, and a customer account will indirectly bear its proportionate share of the fees and expenses of the ETFs in which it invests. Moreover, ETF shares may trade at a premium or discount to their net asset value (“NAV”). Therefore, due to variations in the NAV of the ETF under certain circumstances the ETF could trade for more or less than the value of the underlying investments if bought separately. Although ETFs are required to calculate their NAV on a daily basis, at times the market price of an ETF’s shares may be more than the NAV (trading at a premium) or less than the NAV (trading at a discount). Given the differing nature of the relevant secondary markets for ETFs, certain ETFs may trade at a larger premium or discount to NAV than shares of other ETFs depending on the markets where such ETFs are traded. The risk of deviation from NAV for ETFs generally is heightened in times of market volatility or periods of steep market declines. For example, during periods of market volatility, securities underlying ETFs may be unavailable in the secondary market, market participants may be unable to calculate accurately the NAV per share of such ETFs, and the liquidity of such ETFs may be adversely affected. This kind of market volatility may also disrupt the ability of market participants to create and redeem shares in ETFs. Further, market volatility may adversely affect, sometimes materially, the prices at which market participants are willing to buy and sell shares of ETFs. As a result, under these circumstances, the market value of shares of an ETF may vary substantially from the NAV per share of such ETF, and the customer may incur significant losses from the sale of ETF shares.

As an ETF trades on an exchange, it is subject to the risks of any exchange-traded instrument, including: (i) an active trading market for its shares may not develop or be maintained, (ii) market makers or authorized participants may decide to reduce their role or step away from these activities in times of market stress, (iii) the exchange may halt trading of its shares, and (iv) its shares may be delisted from the exchange. This means there may be times when ETFs are not as liquid as other investments.

In addition, ETF managers that offer passive investment strategies generally do not seek to outperform their benchmark. As a result, ETF managers may hold securities that are components of their underlying index, regardless of the current or projected performance of the specific security or market sector. Passive managers do not attempt to take defensive positions based upon market conditions, including declining markets. This approach could cause a passive vehicle’s performance to be lower than if it employed an active strategy.

**Market Risk.** The price of any security or the value of an entire asset class can decline for many reasons, including but not limited to interest rates, regulatory changes, unpredictable market sentiment changes, and political, economic, and social conditions. Global markets are interconnected, and events like hurricanes, floods, earthquakes, forest fires and similar natural disturbances, war, terrorism or threats of terrorism, civil disorder, public health crises, and similar “Act of God” events have led and may in the future

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lead to increased short-term market volatility and may have adverse long-term and widespread effects on world economies and markets generally. Customer Accounts may have exposure to countries and markets impacted by such events, which could result in material losses.

**Equity Investments.** Price changes may occur in the market, or in a country, industry, or sector of the market. In addition, different types of stocks tend to shift in and out of favor depending on market and economic conditions, and the types of stocks in which a fund invests may underperform the market. For example, growth stocks can be more volatile than other types of stocks, and the market can undervalue value stocks for long periods of time. Dividends on common stocks are not fixed but are declared at the discretion of an issuer's board of directors. There is no guarantee that a company will pay dividends, or that if paid they will remain at current levels or increase over time. Investors holding common stock of any issuer are generally exposed to greater risk than if they hold preferred stock or debt obligations of the issuer.

**Fixed Income Investments.** In general, the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) The ability of an issuer of a bond to repay principal prior to a security's maturity can cause greater price volatility if interest rates change, and, if a bond is prepaid, a bond fund may have to invest the proceeds in securities with lower yields. Fixed income securities also carry inflation risk and credit and default risks for both issuers and counterparties. Unlike individual bonds, most bond funds do not have a maturity date, so holding them until maturity to avoid losses caused by price volatility is not possible. In addition, investments in certain bond structures may be less liquid than other investments, and therefore may be more difficult to trade effectively.

**Foreign Investments.** Foreign securities are subject to interest rate, currency exchange rate, economic, regulatory, and political risks, all of which may be greater in emerging markets. These risks are particularly significant for funds that focus on a single country, region, or emerging markets. Foreign markets may be more volatile than U.S. markets and can perform differently from the U.S. market. Emerging markets can be subject to greater social, economic, regulatory, and political uncertainties and can be extremely volatile. Foreign exchange rates can also be extremely volatile.

**Derivatives.** Certain mutual funds and ETFs and other funds may invest in derivatives. A derivative is a financial contract whose value is based on the value of a financial asset (such as a stock, bond, or currency); a physical asset (such as gold, oil, or wheat); or a market index (such as the S&P 500® Index). Investments in derivatives may subject these funds to risks different from, and possibly greater than, those of the underlying securities, assets, or market indexes. Some forms of derivatives, such as exchange-traded futures and options on securities, commodities, or indexes, have been trading on regulated exchanges for decades. These types of derivatives are standardized contracts that can easily be bought and/or sold, the market values of which are determined and published daily. Non-standardized derivatives (such as swap agreements), on the other hand, tend to be more specialized or complex, and may be more difficult to value. Derivatives may involve leverage because they can provide investment exposure in an amount exceeding the initial investment. As a result, the use of derivatives may cause funds to be more volatile because leverage tends to exaggerate the effect of any increase or decrease in the value of a fund's portfolio securities.

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#### Item 9: Disciplinary Information

Neither Principal Advised Services nor any of its officers, directors, employees, or other management persons has been involved in any legal or disciplinary events that would require disclosure in response to this Item.

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#### Item 10: Other Financial Industry Activities and Affiliations

As a wholly owned subsidiary in the family of entities of Principal Financial Group, Principal Advised Services is part of a diversified, global financial services organization with many types of affiliated financial services providers, including but not limited to broker-dealers, insurance companies and other investment advisers.

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Certain of Principal Advised Services' management persons, including its members of the management team, Investment and Investment Advice Committee members, and other control persons, also hold positions with one or more affiliated entities. These management persons may have significant other duties for our affiliates and may allocate a substantial portion of their time to the management of other affiliated entities of Principal Advised Services. Management persons performing work for Principal Advised Services in addition to work performed for other affiliates are not required to devote all their working time to Principal Advised Services. Conflicts of interest from time to time may arise in allocating management time, services, or functions among Principal Advised Services and other affiliates. Principal Advised Services attempts to mitigate such conflicts through its internal controls and by disclosure to you.

### ***Material Relationships with Related Persons and Potential Conflicts of Interest***

Principal Advised Services has certain relationships or arrangements with related persons that are material to its investment advisory business. Below is a description of these relationships and some of the conflicts that arise from them. Principal Advised Services mitigates the conflicts of interest discussed below through disclosure in this Brochure and through the implementation, monitoring and review of the policies and procedures that comprise its compliance program. Please see "Conflicts of Interest" above and below for further discussion of the conflicts of interest that arise from using affiliated service providers and offering affiliated mutual funds and ETFs and other funds.

Principal Life Insurance Company is licensed as an insurance company in all 50 states and the District of Columbia. Principal Advised Services has entered into an agreement pursuant to which Principal Life Insurance Company and its global affiliates will furnish certain personnel, services and facilities to Principal Advised Services, and Principal Advised Services will reimburse its affiliates for the costs associated with these services. Principal Life Insurance Company provides recordkeeping services to retirement plans. The majority of services and programs described here are offered to participants of retirement plans that use Principal Life Insurance Company as a recordkeeper.

Principal Advised Services may direct retirement plan participants to Principal Bank for the purchase of banking products. As Principal Advised Services is an affiliate of Principal Bank, IARs may be incentivized to make these referrals as a relationship exists between Principal Bank and Principal Advised Services.

Principal Advised Services is an affiliate of PSI, an investment adviser and a broker-dealer registered with the SEC, and a FINRA member firm. Principal Advised Services does not conduct any brokerage business with Principal Securities, Inc., although Principal Securities, Inc. may have brokerage relationships with retirement plans recordkept by Principal Financial Group, as more fully described below. However, certain supervised persons or associated persons of Principal Advised Services are registered representatives of Principal Securities, Inc. as a result of other duties they perform.

While not compensated for such activities, Principal Advised Services IARs may direct Customers to a life insurance agent of Principal Life Insurance Company to purchase life or disability insurance products. Additionally, Principal Advised Services' IARs are often also Registered Representatives of PSI, an affiliated broker-dealer through which they sell securities products.

Principal Funds Distributor, Inc., is the principal underwriter for an investment company called Principal Funds, Inc. Many of the investments available through SimpleInvest are mutual funds of Principal Funds, Inc. The use of the affiliated mutual funds poses a conflict of interest as an affiliate receives compensation for the sale of the fund shares. The ETFs available through Principal Advised Services are offered by an affiliate, Principal Exchange Traded Funds; an unaffiliated entity distributes these ETFs. To the extent that Principal Advised Services selects lower cost funds or share classes in SimpleInvest, an affiliate of Principal Advised Services may receive less compensation. In this case, Principal Advised Services has a conflict of interest and financial incentive to recommend portfolios that have lower cost funds or share classes since the amount of its account management fee will be comparatively greater (as a portion of the overall program fee) than had it recommended higher-fee share classes; an increase in the amount of investment expenses lowers the amount of the program fee that Principal Advised Services receives in the form of the account management fee. However, the overall compensation earned by Principal Advised Services and its affiliates, collectively, does not change based on the investments in the SimpleInvest account, whether from affiliated funds or otherwise. Thus, Principal Advised Services' selection of funds and share classes does not change the overall fee you pay for SimpleInvest.

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The trading services for SimpleInvest are provided with the assistance of Principal Asset Management, which is an affiliate of Principal Advised Services. Principal Asset Management is registered as an investment adviser with the SEC. This relationship poses a conflict in that Principal Advised Services has an incentive to select Principal Asset Management as the provider of these services for the Program over comparable unaffiliated third-party providers, because by selecting an affiliate, Principal Advised Services ensures that an affiliate receives compensation for these services.

Principal Asset Management also serves as the model provider for SimpleInvest and acts as the investment manager for all of the affiliated mutual funds and ETFs that are available through SimpleInvest. This relationship poses a potential conflict in that Principal Advised Services has an incentive to select Principal Asset Management as the model provider and to offer investments managed by Principal Asset Management through the Program, because these choices generate compensation for a Principal Advised Services affiliate. To the extent that Principal Advised Services selects lower cost funds or share classes, Principal Asset Management will receive less compensation in the form of investment expenses from the affiliated mutual funds and ETFs included in Customer Accounts. As a result, Principal Advised Services has a conflict of interest and financial incentive to recommend portfolios that have lower cost funds or share classes since the amount of its account management fee will be comparatively greater (as a portion of the overall program fee) than had it recommended higher-fee share classes; an increase in the amount of investment expenses lowers the amount of the program fee that Principal Advised Services receives in the form of the account management fee. However, the compensation earned by Principal Advised Services and its affiliates, collectively, does not change based on the investments in the Client account, whether from affiliated funds or otherwise. Thus, Principal Advised Services' selection of funds and share classes does not change the program fee you pay for the Program.

Apex Clearing Corporation, an unaffiliated broker-dealer, provides clearing, custody, trade execution and related services to SimpleInvest.

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#### **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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Principal Advised Services has adopted a Code of Ethics (the "Code"). The principal purpose of the Code is to provide policies and procedures consistent with applicable laws and regulations, including Rule 204A-1 under the Advisers Act, to prevent or mitigate conflicts of interests or the appearance of such conflicts when Principal Advised Services officers, directors, employees and certain non-employees of Principal Advised Services with access to customer and trading information of Principal Advised Services ("Access Persons") own or engage in their own personal transactions involving securities.

The Code requires all Access Persons to adhere to high standards of honest and ethical conduct and the interests of our advisory customers to be placed first always. All Access Persons are required to certify upon association/employment and annually thereafter that they have read, understood, and complied with the Code. This includes certifying that they have complied with the requirements to disclose covered accounts, reportable securities and pre-cleared transactions as required by the Code, when applicable. Access Persons are permitted to personally buy and sell securities of issuers that Principal Advised Services also trades for its customers, so long as those buy and sell transactions are conducted in accordance with the Code.

As such, there are procedures in place to prevent instances where potential conflicts of interest arise between the personal securities transactions of the Access Persons and the securities transactions that Principal Advised Services does for customer accounts. The compliance area of Principal Advised Services monitors personal trading.

All Access Persons are required to obtain pre-clearance approval to buy and sell any offerings that are exempt from registration under the Securities Act of 1933 pursuant to Regulation D ("private placements") and are required to report their securities transactions on an ongoing basis through an online monitoring system. There is also a quarterly review of reportable transactions, as well as annual certification of accounts and holdings by Access Persons. Please refer to our Code for a detailed overview of provisions.

Customers and prospective customers of Principal Advised Services may obtain a full copy of the Code by contacting an IAR, or the Compliance Department by request at 866-412-0770.

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***Participation or Interest in Customer Transactions and Other Conflicts of Interest***

Conflicts of interest or potential conflicts of interest commonly refer to activities or relationships in which the interests of Principal Advised Services and its affiliates compete with the interests of customers.

Members of the Principal Advised Services management team, Investment Committee and Investment Advice Committee will meet on an as needed basis to identify and discuss any actual or potential conflicts of interest. Additionally, such members will review risk controls, policies, and procedures to identify any necessary controls to mitigate or eliminate any actual or potential conflicts of interest.

***Recommendations or Investments in Securities that Principal Advised Services or its Related Persons may also Purchase and Sell***

As a wholly owned subsidiary of Principal Financial Group, Principal Advised Services is part of a diverse family of financial services companies that offers customers a wide range of financial products and services. Principal Advised Services' affiliates at times may give investment advice and/or act in the performance of their duties in a manner that differs from or is inconsistent with the advice given for customer accounts described in this Brochure. In addition, Principal Advised Services' recommendations described above will differ from its affiliates' recommendations or guidance.

***Affiliated Mutual Funds and other Funds***

If Principal Advised Services recommends affiliated mutual funds or other funds, then its affiliates, including Principal Asset Management, will, in the aggregate, receive more compensation when customer assets are invested in affiliated funds than they would receive if the customer instead invested in unaffiliated funds. This creates a financial incentive for Principal Advised Services to choose affiliated funds for the Program over non-affiliated funds. We mitigate this conflict of interest by disclosing it to you, and in the case of the nondiscretionary investment advice described above, by using third party investment methodology to power fund-specific investment recommendations.

Principal Advised Services has a conflict of interest in offering affiliated mutual funds and ETFs through SimpleInvest because the compensation received by Principal Asset Management and its affiliates increases when the assets invested in the affiliated mutual funds and ETFs increase. Principal Asset Management and its affiliates will, in the aggregate, receive more compensation when Customer assets are invested in affiliated funds than they would receive if the Customer instead invested in unaffiliated funds. This creates a financial incentive for Principal Advised Services to choose affiliated funds for SimpleInvest over non-affiliated funds. We mitigate this conflict of interest by disclosing it to you and making clear that, except for the cash portion of the portfolio, SimpleInvest is limited to proprietary funds.

***Retention of Affiliated and Unaffiliated Service Providers***

Principal Advised Services has a financial incentive to select Principal Asset Management as both the model provider and as the provider of trading services for SimpleInvest over comparable providers that are not affiliated with Principal Advised Services because Principal Advised Services' affiliates will, in the aggregate, receive more total revenue when assets are invested in investment products managed or serviced by affiliated service providers. Principal Advised Services' Investment Committee members oversee the services provided by Principal Asset Management.

In addition to retaining its affiliates to provide certain services, Principal Advised Services also retains unaffiliated service providers to provide various other services. A service provider may provide services to Principal Advised Services while also providing services to affiliates of Principal Advised Services and may negotiate rates in the context of the overall relationship. Alternatively, Principal Advised Services may be unable to obtain the same fee rates from a given service provider that its affiliates negotiated, and Principal Advised Services may not know about these lower negotiated rates.

***Conflicts of Interest Created by Trading Model Portfolios***

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Our affiliates benefit if your account includes proprietary investment options. A plan may include proprietary investments that are managed or sponsored by a Principal Advised Service affiliate such as mutual funds or collective investment trusts (CITs). When a proprietary investment option is in a plan lineup, Principal Advised Service's affiliates receive compensation for services they provide. Principal Advised Services tries to mitigate the conflict by ensuring that neither its affiliates exercise discretion or have responsibility for the selection or monitoring of the investment options available within Target My Retirement. Instead, the plan sponsor is responsible for selecting the investment options available in the Plan.

Principal Financial Group also benefits if an investor selects Target My Retirement. Principal Financial Group receives a portion of the fee from Morningstar that a participant is charged when they use Target My Retirement, so we have an incentive to recommend Target My Retirement over Point in Time advice. Principal Advised Services tries to mitigate this conflict by disclosing this conflict, and by weighing strong investor preferences around fee sensitivity more heavily than other factors when making a recommendation to use Target My Retirement.

Principal Asset Management may provide model portfolios to affiliated and unaffiliated investment advisers who use model portfolios to assist in developing their own investment recommendations and managing their own accounts. In addition, Principal Asset Management may trade in the same or similar securities for its other customers. Principal Asset Management may (but need not) delay communicating information regarding model portfolios or any updates thereto until after its other customers have commenced trading. In such circumstances, Principal Advised Services will not have had the chance to evaluate or act upon the model portfolio recommendations prior to the time at which other advisory accounts received such recommendations and had the opportunity to act upon them. It is also possible that Principal Asset Management may have already started trading the same or similar securities for its other customers before Principal Advised Services has directed Principal Asset Management to trade on behalf of Customers. Such differences in the timing of trades can affect the pricing of the relevant securities and can result in SimpleInvest accounts receiving less favorable pricing. Transactions for which orders have been placed may be subject to price movements, particularly with large orders relative to the given security's trading volume, which may result in SimpleInvest accounts receiving prices that are less favorable than the prices Principal Asset Management's other customers receive.

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**Item 12: Brokerage Practices**

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Principal Advised Services provides some of the services described herein within retirement plans recordkept by Principal Financial Group. As part of the recordkeeping arrangement with Principal Financial Group, retirement plan sponsors instruct Principal Financial Group about how to execute trades in plan accounts, and entities within Principal Financial Group may be selected for this purpose. Principal Advised Services does not select or recommend the manner in which plan brokerage functions take place, and some of the services described herein are delivered without regard to the brokerage arrangements selected by the plan sponsor. Principal Advised Services does not receive research or other soft dollar benefits from broker-dealers that place mutual fund transactions.

Apex Clearing Corporation, an unaffiliated broker-dealer, provides clearing, custody, trade execution and related services to SimpleInvest.

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**Item 13: Review of Accounts**

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Principal Advised Services does not automatically update or monitor the nondiscretionary advice it provides; a participant must reengage with Principal Advised Services to receive updated advice. Principal Advised Services does have practices to periodically confirm that its investment methodology remains appropriate and accurate.

***Supervision of Advice***

Principal Advised Services' Board of Directors has established a committee, called the Investment Advice Committee, to provide governance of investment advice made by IARs. The Investment Advice Committee's responsibilities are primarily to provide governance over advisory activities outside Principal Advised Services' discretionary investment management services, which are separately governed by the Investment Committee discussed above.

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Principal Advised Services generally provides all SimpleInvest customers with continuous access to its website. Through the website, SimpleInvest customers can access information about their account status, portfolio allocations, securities, and balances.

Proprietary, as well as commercially available, software is used to review the SimpleInvest accounts quarterly to ensure that they are in line with investment objectives. Additional reviews may be triggered by material changes in variables such as a SimpleInvest customer's individual circumstances, or the market, political or economic environment. As mentioned above, Customers have access to account information through the website. Apex in its capacity as the custodian prepares account statements showing transactions and account balances during the prior quarter. All information relating to SimpleInvest customers and accounts is provided on the website and/or sent via email or paper as required.

Generally, on a quarterly basis, Principal Advised Services will remind SimpleInvest customers to review and update the profile information previously provided. Principal Advised Services requests that SimpleInvest customers reconfirm their current profile information as needed and on an annual basis.

Additionally, Principal Advised Services' Investment Committee, in conjunction with the compliance team, will prepare and review exception reports on an ongoing basis to ensure that SimpleInvest accounts are in line with the asset allocation and risk parameters identified for customers based on their RTQ scores. The Investment Committee will also review relevant material changes to the algorithm prior to implementation.

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**Item 14: Client Referrals and Other Compensation**

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Principal Advised Services has entered into and is currently a party to referral agreements whereby we receive referral fees as a promoter in accordance with the requirements of Rule 206(4)-1 of the Advisers Act and any corresponding state securities law requirements. In order to make referrals to unaffiliated registered investment advisers, plan sponsors must agree to add this feature to the plan. Principal Advised Services will refer plan participants, as appropriate, to affiliated and unaffiliated registered investment advisers that are able to provide comprehensive wealth management services. The referral fee is a percentage of the asset management fees received by the registered investment adviser is paid to Principal Advised Services when a referred plan participant becomes a new client.

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**Item 15: Custody**

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Principal Advised Services does not act as a custodian for participant assets for the advice described in this Brochure, although its affiliates may be custodian for the retirement plans whose participants may receive nondiscretionary advice through the services described in this Brochure.

Principal Advised Services does not act as a custodian for SimpleInvest assets and does not have physical custody of SimpleInvest customer funds or securities at any time. Apex serves as the qualified custodian for all SimpleInvest accounts. Apex will provide regular ongoing statements to Customers showing your securities positions and account activity. Customers should promptly and carefully review the statements provided by Apex and compare them against the account information available online through SimpleInvest and notify us promptly in writing via email or physical mail of any errors or discrepancies.

Principal Advised Services is deemed to have custody of SimpleInvest customer funds as defined in Rule 206(4)-2 of the Advisers Act ("Custody Rule") as a result of customers authorizing Principal Advised Services to withdraw advisory fees from customer accounts, and when customers initiate third-party transfers out of their customer accounts. Principal Advised Services will comply with all applicable Custody Rule requirements.

From time to time, Principal Advised Services may inadvertently receive customer assets from third parties. Principal Advised Services has appropriate policies and procedures which provide for returning such assets to the sender, as permitted by the Custody Rule and guidance thereunder.

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**Item 16: Investment Discretion**

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Principal Advised Services does not have discretionary investment authority regarding a retirement plan participant's investment, nor does it have discretionary authority over the plan's investment line-up. Morningstar has discretionary authority if a participant enrolls in Target My Retirement. Morningstar's discretionary authority is limited to rebalancing a participant's portfolio and effecting changes in connection with the participant's asset allocation.

Principal Advised Services provides SimpleInvest Customers with discretionary investment advisory services and asset allocation implemented with the assistance of proprietary algorithms. Principal Advised Services uses the services of its affiliates in several capacities in offering SimpleInvest. The trading engine used in SimpleInvest and all the model portfolios available through the SimpleInvest are provided by affiliates of Principal Advised Services. In addition, generally, the underlying investment products offered through the SimpleInvest, except for an FDIC-insured deposit bank account, are proprietary investment products managed by affiliates of Principal Advised Services. As a discretionary adviser, Principal Advised Services has the authority to modify, in its sole discretion and without prior notice to customers, the selection of investment products that comprise each of the portfolios and the relative weighting of investment options and allocation to cash within the model portfolios.

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**Item 17: Voting Client Securities**

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Principal Advised Services does not accept authority to vote proxies on investment funds held in client accounts. If a security held in plan account files a proxy statement, the plan sponsor or participant may vote the proxy.

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**Item 18: Financial Information**

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Principal Advised Services does not require or solicit the prepayment of any fees and does not have any adverse financial condition that is reasonably likely to impair Principal Advised Services' ability to continuously meet its contractual commitments to you. Principal Advised Services has not been the subject of a bankruptcy proceeding.