

Principal Financial Advisors, Inc.

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This Brochure provides information about the qualifications and business practices of Principal Financial Advisors, Inc. ("PFA"). If you have any questions about the contents of this Brochure, please contact us at 800-322-5447, ext. 2. 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.

PFA is a registered investment adviser. While registration is required under the law, registration of an investment adviser does not imply any level of skill or training.

Additional information about PFA is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Item (Material Changes) will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes.

Material changes made to this version of the Brochure include:

- PFA now makes available to clients, who wish to adopt a custom Liability Driven Investing (“LDI”) strategy and have more than \$50 million in fixed income assets the ability to invest in a liability-driven investment portfolio tailored to their plan rather than using commingled LDI accounts established by Principal Life. The liability-driven investment portfolio would be managed by Principal Global Investors, LLC (“PGI”). This has been updated in Item 4.
- Other Financial Industry Activities and Affiliations were updated in Item 10.
- Information was updated regarding PFA’s practices when it is deemed to have “custody” of client assets in Item 15.

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Item 4 – Advisory Business

I. Introduction

PFA is federally registered with the SEC as an investment adviser. PFA began its operation in May 1987, and is headquartered in Des Moines, Iowa. PFA is a member company of the Principal Financial Group, a family of financial services companies offering businesses, individuals and institutional clients a wide range of financial products and services, including retirement, asset management and insurance.

PFA is a wholly owned subsidiary of Principal Global Investors Holding Company (US), LLC which is a wholly owned subsidiary of Principal Financial Services, Inc. (“PFSI”). PFSI is a wholly owned subsidiary of Principal Financial Group, Inc. (NASDAQ: PFG).

1) Asset Allocation Service

PFA provides asset allocation advice and other investment advisory services to qualified retirement plans funded with group annuity contracts purchased from Principal Life Insurance Company (“Principal Life”). PFA clients are all contract holders of group variable annuity contracts issued by Principal Life. PFA’s clients, as annuity contract holders, have the option to invest in various separate accounts established by Principal Life. To assist PFA in determining an appropriate asset allocation for a retirement plan client, plan sponsors who are focused on a total-return strategy are encouraged to complete a risk tolerance questionnaire. The questionnaire is used to identify the goals of the plan sponsor and assess the level of risk they are comfortable with. For clients who wish to adopt a Liability-Driven Investing strategy, PFA will utilize outputs provided by the client’s actuary in determining an asset allocation strategy. Clients are responsible for informing PFA of any legal, regulatory, or contractual investment restrictions that apply to the plan. PFA’s analysis leads to an allocation which is then combined with the plan sponsors’ goals and risk level from the questionnaire to determine the most appropriate allocation for the plan. The analysis and questionnaire are then discussed with the plan sponsor prior to implementing the final allocation.

2) Management of Separate Account

PFA manages a separate account established and maintained by Principal Life. The account is an index separate account, the Principal Total Market Stock Index Separate Account.

The portfolio of the separate account consists primarily of units in other separate accounts established and maintained by Principal Life for use in connection with group annuity

contracts sold to qualified retirement plans or plans treated as such. PFA provides advice to Principal Life concerning the asset allocation decisions made within the group annuity separate account.

3) Fixed Fee Asset Allocation Strategy

PFA provides a one-time asset allocation recommendation for clients interested in a point-in-time strategy. The asset allocation strategy incorporates the risk and goals of the client based on a questionnaire and some plan information around the emerging liabilities. PFA is not responsible for the implementation or on-going monitoring of the strategy. The client can choose to implement or not implement the asset allocation recommendation provided.

4) Liability Driven Investing (LDI) Asset Allocation Strategy

PFA provides a LDI asset allocation recommendation for clients interested in a LDI strategy. The LDI asset allocation strategy will attempt to closely align the duration of the retirement plan's fixed income assets with the duration of the plan's liabilities. PFA will work with the retirement plan's actuary to obtain information regarding the cash flows and liabilities of the plan to establish the LDI asset allocation strategy. PFA will update the LDI asset allocation strategy on an annual basis for clients that have purchased a group annuity contract from Principal Life. PFA does not have discretion for the plan assets. Therefore, PFA is not responsible for implementing the LDI strategy, determining what percentage of plan assets to allocate to the LDI strategy or selecting the specific investment options for the plan. The client can choose to implement or not implement the LDI asset allocation strategy.

5) One-time Liability Driven Investing (LDI) Asset Allocation Strategy

PFA provides a one-time LDI asset allocation recommendation for clients interested in a point-in-time LDI strategy. The LDI asset allocation strategy will attempt to closely align the duration of the retirement plan's fixed income assets with the duration of the plan's liabilities. PFA will work with the retirement plan's actuary to obtain information regarding the cash flows and liabilities of the plan to establish the LDI asset allocation strategy. PFA does not have discretion for the plan assets. Therefore, PFA is not responsible for implementing the LDI strategy, determining what percentage of plan assets to allocate to the LDI strategy or selecting the specific investment options for the plan. The client can choose to implement or not implement the LDI asset allocation strategy.

6) Cash Balance Model Portfolios

PFA provides Principal Life with three model portfolios for cash balance defined benefit retirement plans. The model portfolios are intended to be used by Principal Life retirement plan clients funding a cash balance plan with a group annuity contract purchased from Principal Life. As annuity contract holders, Principal Life's clients have the option to invest in various separate accounts established by Principal Life. When constructing the model portfolios PFA selects from the separate accounts available to Principal Life's clients through the group annuity contract. The client can choose to implement or not implement one of the model portfolios.

7) Asset Allocation Service with Liability-Driven Investment Portfolio

PFA provides asset allocation advice and other investment advisory services to qualified retirement plans funded with group annuity contracts purchased from Principal Life. PFA clients are all contract holders of group variable annuity contracts issued by Principal Life. PFA's clients, as annuity contract holders, have the option to invest in various separate accounts established by Principal Life. For clients who wish to adopt a custom LDI strategy and have more than \$50 million in fixed income assets there is the option to invest in a liability-driven investment portfolio tailored to their plan rather than using commingled LDI separate accounts established by Principal Life. The liability-driven investment portfolio would be managed by PGI. To assist PFA in determining an appropriate asset allocation for a retirement plan client, plan sponsors are encouraged to complete a risk tolerance questionnaire. The questionnaire is used to identify the goals of the plan sponsor and assess the level of risk they are comfortable with. For clients who wish to adopt a LDI strategy, PFA will utilize outputs provided by the client's actuary in determining an asset allocation strategy. Clients are responsible for informing PFA of any legal, regulatory, or contractual investment restrictions that apply to the plan. PFA's analysis leads to an allocation which is then combined with the plan sponsors' goals and risk level from the questionnaire to determine the most appropriate allocation for the plan. The analysis and questionnaire are then discussed with the plan sponsor prior to implementing the final allocation.

PFA managed \$ 8,963,266,904 in discretionary assets as of December 31, 2019.

Item 5 – Fees and Compensation

1) Asset Allocation Service

The standard quarterly investment advisory fee is calculated by multiplying the Ending Balance by the Annual Basis Point Fee divided by four. Ending Balance means the total funds invested in Principal Life separate accounts under the group annuity contract at the end of each calendar year quarter. The Basis Point Fee for a calendar year quarter is determined using total funds invested in Principal Life separate accounts under the group annuity contract as of the last day of the calendar quarter. If these total funds are:

Total Funds	Basis Point Fee
\$ 0 - \$5,000,000	10.0 bps. (min \$5,000)
Next \$5,000,000	7.0 bps
Next \$15,000,000	4.0 bps.
Next \$25,000,000	3.5 bps.
Next \$50,000,000	2.5 bps.
Next \$100 million and over	2.0 bps.

The advisory fee in the inception quarter, and upon termination, is charged on a prorated basis to reflect the number of days in the quarter the funds are invested.

Expenses can be negotiated based on the size of the plan, the amount of services needed or if the customer has more than one contract with Principal Life. Certain contracts and the service agreements related thereto use average balance over a period rather than assets at the end of the period as long as such agreements remain in effect and are not superseded. PFA has the right to revise the future charge for investment advisory services upon 60 days written notice. PFA shall not at any time be compensated on the basis of a share of capital gains upon or capital appreciation of the funds of the client.

PFA allocates client assets among separate accounts available within group annuity contracts its clients purchase from Principal Life. PFA clients pay fees in connection with PFA's investment advisory services. Those investment advisory fees are in addition to any fees related to the management of the individual Principal Life separate accounts. PFA's fees are either deducted from the value of the group annuity contract or paid directly by the client. If a client chooses to have PFA's investment advisory fees deducted from the value of their group annuity contract, the tax deferral benefits of the group annuity contract could be diminished.

2) Management of Separate Account

Principal Life is not charged a fee for this service, since the two entities are related. However, a fee could be charged at some future date.

3) Fixed Fee Asset Allocation Strategy

The standard fixed fee asset allocation strategy fee is \$2,500; however, expenses could be negotiated based on the size of the plan, the amount of services needed or if the customer has more than one contract with Principal Life. If the client wants PFA to provide another fixed fee asset allocation strategy at a future point-in-time, the client will sign a new agreement with PFA and pay another fee.

4) Liability Driven Investing (LDI) Asset Allocation Strategy

The LDI asset allocation strategy fee is \$1,500 per year. The fee will be collected by Principal Life and paid to PFA after the updated LDI asset allocation strategy has been provided to the client each year.

5) One-time Liability Driven Investing (LDI) Asset Allocation Strategy

The one-time LDI asset allocation strategy fee is \$1,500. The client will be billed for the service once the LDI asset allocation strategy has been provided. If the client wants PFA to provide another one-time LDI asset allocation strategy at a future point-in-time, the client will sign a new agreement with PFA and pay another fee.

6) Cash Balance Model Portfolios

PFA charges Principal Life \$65,000 annually to create and monitor the three model portfolios.

7) Asset Allocation Service with Liability-Driven Investment Portfolio

The investment advisory fee for clients that prefer a liability-driven investment portfolio tailored to their plan as part of their retirement plan's asset allocation strategy will be negotiated on a case-by-case basis. The investment advisory fee will depend on the total retirement plan assets, investment strategy and the investment guidelines that are provided for the liability-driven investment portfolio.

The investment advisory fee in the inception quarter, and upon termination, is charged on a prorated basis to reflect the number of days in the quarter the funds are invested.

PFA has the right to revise the future charge for investment advisory services upon 60 days written notice. PFA shall not at any time be compensated on the basis of a share of capital gains upon or capital appreciation of the funds of the client.

PFA allocates client assets among separate accounts available within group annuity contracts its clients purchase from Principal Life and a liability-driven investment portfolio. PFA clients pay fees in connection with PFA's investment advisory services. Those investment advisory fees include any fees related to the management of the individual Principal Life separate accounts as well as the liability-driven investment portfolio. PFA's fees are billed directly to the client. If a client chooses to have PFA's investment advisory fees deducted from the value of their group annuity contract, the tax deferral benefits of the group annuity contract could be diminished.

Item 6 – Performance-Based Fees and Side-By-Side Management

PFA does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

PFA provides asset allocation advice and other investment advisory services to qualified retirement plans funded with group annuity contracts purchased from Principal Life. PFA also manages the Principal Total Market Stock Index Separate Account established and maintained by Principal Life for qualified retirement plan funding or plans treated as such. The portfolio of the separate account consists primarily of units in other separate accounts established and maintained by Principal Life. PFA provides advice to Principal Life concerning the asset allocation decisions made within the separate account. PFA also creates and monitors three model portfolios for Principal Life.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Advisory services offered or recommended by PFA are subject to risks associated with investing in group annuity separate accounts and liability-driven investment portfolios and will not always be profitable. PFA does not guarantee the results of any advice or recommendations, nor does it guarantee that the investment objectives of Advisory Clients will be met in any service it provides or offers. Investing in group annuity separate accounts and liability-driven investment portfolios involves risk of loss that clients should be prepared to bear.

The primary focus is on analyzing future long-term return potential of major investment classes using fundamental analysis. PFA utilizes a long-term strategic outlook when examining asset classes, investment options and their expected performance. When

providing investment advisory services, PFA uses historical performance, forward looking forecasting tools, and analysis of current trends in the investment industry. It also utilizes portfolio optimization models that evaluate investment portfolio risks, returns and how they correlate with each other.

1) Asset Allocation Service

PFA offers asset allocation services that utilize a long-term, strategic outlook toward investment markets and builds efficient, well-diversified portfolios for clients. The investment market outlook utilizes both historical-based and forward-looking return forecasts to establish future return expectations for various asset classes. These various asset classes are then combined and optimized into an array of efficient portfolios with distinct risk and return characteristics. PFA's asset allocation team regularly reviews the process used to develop its investment market outlook and the portfolios developed for its asset allocation strategies.

PFA implements the core asset allocation strategy based on information provided by a client's actuary and a questionnaire covering the goals and objectives of the client. Based upon that information, PFA selects specific separate accounts offered under Principal Life's qualified retirement plan products and seeks to optimize a multiple manager investment strategy in order to maximize a client's return with an appropriate amount of risk. Other investment advisory services provided might include: reviewing or helping draft a client's investment policy statement, reviewing and monitoring the on-going performance of the portfolios, developing customized rebalancing strategies, and allocating deposits and transfers. It is anticipated that the average number of clients assigned per investment analyst would range between 75-125.

2) Management of Separate Account

The portfolio of the Principal Total Market Stock Index Separate Account consists primarily of units in other separate accounts established and maintained by Principal Life for use in connection with group annuity contracts sold to qualified retirement plans. For this separate account, PFA attempts to mirror the investment performance of the S&P Composite 1500 Index by allocating assets in the appropriate weightings in the separate accounts which attempt to match the performance of the S&P 500, 600, and 400 indices.

3) Fixed Fee Asset Allocation Strategy

The asset allocation strategy incorporates the risk and goals of the client based on a questionnaire and information concerning the plan's emerging liabilities. PFA is not responsible for the implementation or on-going monitoring of the strategy. The client can choose to implement or not implement the asset allocation recommendation provided.

4) Liability Driven Investing (LDI) Asset Allocation Strategy

The LDI asset allocation strategy incorporates the cash flows and liabilities of the retirement plan along with the duration of the LDI Separate Accounts that are made available through the group annuity contract of Principal Life to closely align the duration of the plan's fixed income assets with the duration of the plan's liabilities. PFA is not responsible for the implementation of the strategy. The client can choose to implement or not implement the asset allocation recommendation provided.

5) One-time Liability Driven Investing (LDI) Asset Allocation Strategy

The LDI asset allocation strategy incorporates the cash flows and liabilities of the retirement plan along with the duration of the LDI Separate Accounts that are made available through the group annuity contract of Principal Life to closely align the duration of the plan's fixed income assets with the duration of the plan's liabilities. PFA is not responsible for the implementation or on-going monitoring of the strategy. The client can choose to implement or not implement the asset allocation recommendation provided.

6) Cash Balance Model Portfolios

The cash balance model portfolios have been created not to guarantee a specific return but to seek to align with the interest crediting rates typically used within cash balance plans. PFA offers asset allocation services that utilize a long-term, strategic outlook toward investment markets and seeks to build efficient, well-diversified portfolios. The investment market outlook utilizes both historical-based and forward-looking return forecasts to establish future return expectations for various asset classes. The various asset classes are then combined to create portfolios with distinct risk and return characteristics.

7) Asset Allocation Service with Liability-Driven Investment Portfolio

PFA offers asset allocation services that utilize a long-term, strategic outlook toward investment markets and builds efficient, well-diversified portfolios for clients. The investment market outlook utilizes both historical-based and forward-looking return forecasts to establish future return expectations for various asset classes. These various

asset classes are then combined and optimized into an array of efficient portfolios with distinct risk and return characteristics. PFA's asset allocation team regularly reviews the process used to develop its investment market outlook and the portfolios developed for its asset allocation strategies.

PFA implements the core asset allocation strategy based on information provided by a client's actuary and a questionnaire covering the goals and objectives of the client. Based upon that information, PFA selects from specific separate accounts offered under Principal Life's qualified retirement plan products and a liability-driven investment portfolio to meet the goals and objectives of the client. Other investment advisory services provided might include: reviewing or helping draft a client's investment policy statement, reviewing and monitoring the on-going performance of the portfolios, developing customized rebalancing strategies, and allocating deposits and transfers. It is anticipated that the average number of clients assigned per investment analyst would range between 75-125.

General Risks

In addition to the above stated risks associated with the investment strategies we offer, the following represents a general summary of other material risks. If applicable, please refer to the risks in the offering documents for a more detailed discussion of the risks involved in an investment in any pooled vehicle. Not all material risks will be applicable to each strategy.

Concentration Risk: A strategy that concentrates investments in a particular industry or group has greater exposure than other strategies to market, economic and other factors affecting the industry or group.

Cybersecurity and Operational Risk: With the increased use of technologies such as the Internet to conduct business and the sensitivity of client information, investment strategy and holdings, a portfolio is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate internal or external attacks or unintentional events and are not limited to gaining unauthorized access to digital systems, and misappropriating assets or sensitive information, corrupting data, or causing operational disruption, including the denial-of-service attacks on websites. Cybersecurity failures or breaches either internally at PFA or externally by a third-party service provider or at or against issuers of securities in which the portfolio invests have the ability to cause disruptions and impact business operations. Such events could potentially result in financial losses, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs, including the cost to prevent cyber incidents. Markets can be volatile in response to a number of factors, as well as

broader economic, political and regulatory conditions. Some of these conditions may prevent PFA from executing a particular strategy successfully. For example, an epidemic and reactions thereto could cause uncertainty in financial markets and the operation of businesses, including PFA's business, and may adversely affect the performance of the global economy, induce market volatility, and cause market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive medical absences. It is not always possible to access certain markets or to sell certain investments at a particular time or at an acceptable price, thereby impacting the liquidity of a given portfolio. Leverage and most types of derivatives create exposure in an amount exceeding the initial investment, which can increase volatility by magnifying gains or losses. The value of a client portfolio will change daily based on changes in market, economic, industry, political, regulatory, geopolitical and other considerations. A client portfolio will not always achieve its objective and/or could decrease in value.

PFA has developed a Business Continuity Program (the "Program") that is designed to minimize the disruption of normal business operations in the event of an adverse incident impacting PFA or its affiliates. While PFA believes that the Program is comprehensive and should enable it to reestablish normal business operations in a timely manner in the event of an adverse incident, there are inherent limitations in such programs (including the possibility that contingencies have not been anticipated and procedures do not work as intended) and under some circumstances, PFA and its affiliates, any vendors used by PFA or its affiliates or any service providers to the portfolios PFA manages could be prevented or hindered from providing services to the portfolio for extended periods of time. These circumstances may include, without limitation, acts of God, acts of governments, any act of declared or undeclared war or of a public enemy (including acts of terrorism), power shortages or failures, utility or communication failure or delays, labor disputes, strikes, epidemics, shortages, supply shortages, and system failures or malfunctions. These circumstances, including systems failures and malfunctions, could cause disruptions and negatively impact a portfolio's service providers and a portfolio's operations, potentially including impediments to trading portfolio securities. A portfolio's ability to recover any losses or expenses it incurs as a result of a disruption of business operations may be limited by the liability, standard of care and related provisions in its contractual arrangements with PFA and other service providers.

Economic and Market Events Risk: Markets can be volatile in response to a number of factors, as well as broader economic, political and regulatory conditions. Some of these conditions may prevent PFA from executing a particular strategy successfully. For example, a pandemic and reactions thereto could cause uncertainty in financial markets and the operation of businesses, including PFA's business, and may adversely affect the

performance of the global economy, induce market volatility, and cause market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive medical absences. It is not always possible to access certain markets or to sell certain investments at a particular time or at an acceptable price, thereby impacting the liquidity of a given portfolio. Leverage and most types of derivatives create exposure in an amount exceeding the initial investment, which can increase volatility by magnifying gains or losses. The value of a client portfolio will change daily based on changes in market, economic, industry, political, regulatory, geopolitical and other considerations. A client portfolio will not always achieve its objective and/or could decrease in value.

Foreign Investment Risk: To the extent that PFA invests in companies based outside the US, it faces the risks inherent in foreign investing, which includes the loss of value as a result of: political or economic instability; nationalization, expropriation or confiscatory taxation; changes in foreign exchange rates and restrictions; settlement delays and limited government regulation. Adverse political, economic or social developments could undermine the value of PFA's investments or prevent PFA from realizing their full value. Financial reporting standards for companies based in foreign markets differ from those in the US. Additionally, foreign securities markets generally are smaller and less liquid than US markets. To the extent that PFA invests in non-US dollar denominated foreign securities, changes in currency exchange rates may affect the US dollar value of foreign securities or the income or gain received on these securities. Foreign governments may restrict investment by foreigners, limit withdrawal of trading profit or currency from the country, restrict currency exchange or seize foreign investments. Investments may also be subject to foreign withholding taxes. Foreign transactions and custody of assets may involve delays in payment, delivery or recovery of money or investments. In addition, there is significant market uncertainty regarding Brexit's ramifications, and the range and potential implications of possible political, regulatory, economic, and market outcomes are difficult to predict. This uncertainty may affect other countries in the EU and elsewhere, and may cause volatility within the EU, triggering prolonged economic downturns in certain countries within the EU.

Inflation and Deflation Risk: Inflation risk is the risk that the present value of assets or income will be worth less in the future as inflation decreases the present value of money. Deflation risk is the risk that prices throughout the economy decline over time creating an economic recession, which could make issuer default more likely and may result in a decline in the value of a strategy's assets.

Tax Risk: Changes to tax laws can result in various risks.

Volatility Risk: The market value of the investments made on behalf of advisory clients may decline unexpectedly due to changes in market rates of interest, general economic or political conditions, industry specific developments, or the condition of financial markets.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of PFA or the integrity of PFA’s management. To the best of PFA’s knowledge, PFA has no information applicable to this item.

Item 10 – Other Financial Industry Activities and Affiliations

Affiliated Entities

Principal Global Investors, LLC (“PGI”), an investment adviser registered with the SEC. PGI offers portfolio management services for fixed income, equities and asset allocation products to affiliated and non-affiliated persons. PGI is a member of the National Futures Association and registered as a commodity trading advisor and commodity pool operator with the Commodity Futures Trading Commission.

Principal Real Estate Investors, LLC (“PrinREI”) is an investment adviser registered with the SEC. PrinREI offers portfolio management and investment advisory and subadvisory services for public and private real estate products to affiliated (including PGI) and non-affiliated persons.

The Principal Real Estate Europe Group (“the PrinREE Group”), which was acquired by Principal in April 2018, manages alternative investment funds and separate account mandates investing in European real estate on behalf of investors and clients. The PrinREE Group includes 5 authorized Alternative Investment Fund Managers (“AIFMs”): Principal Real Estate Limited- authorized in the UK by the FCA, Principal Real Estate SAS- authorized in France by the AMF, Principal Real Estate S.À R.L.- authorized in Luxembourg by the CSSF, Principal Real Estate Kapitalverwaltungsgesellschaft mbH and Principal Real Estate Spezialfondsgesellschaft mbH- each of which are registered in Germany by BaFin.

Principal Enterprise Capital, LLC (“PEC”) is an investment advisor registered with the SEC. PEC invests in Real Estate Operating Companies (“REOCs”).

Principal Advised Services, LLC (“PAS”) is an investment adviser registered with the SEC. PAS provides asset allocation advice implemented with assistance of proprietary algorithms.

Post Advisory Group, LLC (“Post”) is an investment adviser registered with the SEC. Post offers services in managing client funds invested in high yield debt securities and distressed securities.

Columbus Circle Investors (“Columbus Circle”) is an investment adviser registered with the SEC. Columbus Circle offers services in managing client funds invested in U.S. growth equity securities.

Origin Asset Management, LLP (“Origin”), an investment adviser registered with the SEC. Origin offers services in managing client funds invested in global (ex U.S.) equity securities.

Finisterre Capital, LLP (“Finisterre”), an investment adviser registered with the SEC. Finisterre offers services in managing client funds invested in emerging market fixed income securities. Finisterre is also a member of the National Futures Association and registered with the CFTC as a CTA and a CPO.

Finisterre Malta Limited (“Finisterre Malta”), an investment adviser registered with the SEC. Finisterre Malta offers services in managing client funds invested in emerging market fixed income securities.

Robustwealth, Inc. (“Robustwealth”), an investment advisor registered with the SEC, offers a digital wealth management platform utilized by advisers.

Claritas Investments Ltd. (“Claritas”), an investment adviser in Brazil, specializes in alternative investments and hedge funds in local markets and abroad.

Spectrum Asset Management, Inc. (“Spectrum”) an investment adviser registered with the SEC. Spectrum is also a member of the NFA and registered with the CFTC. Spectrum offers services managing client funds invested in preferred securities. Spectrum is also a member of the National Futures Association and registered with the Commodity Futures Trading Commission.

SAMI Brokerage, LLC (“SAMI”), is a registered broker-dealer and a FINRA member.

Principal Securities, Inc. (“PSI”), is an investment adviser registered with the SEC and a FINRA registered broker-dealer that markets a variety of proprietary and non-proprietary mutual funds, unit investment trusts and limited partnerships. PFA currently does not execute security transactions with PSI.

Principal Funds Distributor, Inc. (“PFD”), is a registered broker-dealer and a FINRA member. PFD is the principal underwriter for an investment company, Principal Funds, Inc. PFA does not execute security transactions with PFD.

Principal Global Investors Trust Company (“PGI Trust”) is an Oregon banking corporation and a trustee of collective investment trusts.

Principal Trust Company is a Delaware trust company providing trust, custodial and administrative services.

Principal Bank is an FDIC-insured bank specializing in Individual Retirement Accounts.

Principal Life Insurance Company ("Principal Life") is a licensed insurance company in all 50 states and the District of Columbia.

Principal International, Inc. ("PI") is an affiliate of PFA, as both Principal International and PFA are direct or indirect wholly owned subsidiaries of PFSI.

Other Financial Industry Activities

The principal business of PFA is that of an investment adviser. The executive officers of PFA are also employees of Principal Life. They spend approximately 5 – 15% of their time on PFA business and 85 - 95% of their time on Principal Life business.

PFA has a material arrangement with Principal Life. In addition to managing the Principal Total Market Stock Index Separate Account of Principal Life, all of PFA's clients are contract holders of one or more Principal Life group annuity contracts.

PFA might at any time control a significant share of the funds invested in one or more of the separate accounts available as an investment option under a Principal Life group annuity contract. If PFA controls a significant share of the funds invested in one separate account, a change in PFA's asset allocation strategy could reduce the liquidity of that account. Under the group annuity contracts, Principal Life has the ability to delay transfers and withdrawals from the separate accounts. Therefore, a reduction in liquidity could limit the ability of both PFA's clients and non-clients to transfer or withdraw funds from particular separate accounts.

PFA's asset allocation decisions can have a financial impact on Principal Life and affiliated investment advisers. Depending upon the decision, the financial impact could be positive or negative. Because PFA acts as a fiduciary with respect to its client's plans, it endeavors not to give undue consideration to the impact that its decisions might have on Principal Life, affiliated investment advisers, and Principal Life customers that are not PFA clients.

In order to limit the appearance of conflicts of interest and the opportunity for events that could trigger an actual conflict of interest, PFA will do the following:

- 1) Continue to maintain a documented, systematic methodology that does not consider impact to affiliates to determine which Principal Life separate accounts to recommend to its clients;

- 2) Remind its asset allocation team before each quarterly meeting of its inherent conflicts of interest, and its duties of loyalty and care as a fiduciary;
- 3) Provide training that reminds its board of directors and asset allocation team of PFA's inherent conflicts of interest, and its duties of loyalty and care as a fiduciary;
- 4) Disclose on Form ADV Part 2A PFA's inherent conflicts of interest, and its duties of loyalty and care as a fiduciary; and
- 5) Make documented recusal procedures available to its officers and directors when faced with a potential conflict of interest regarding an issue.

Principal Life's, or an affiliated company's profits could vary depending upon the underlying separate accounts in which PFA invests.

1) Asset Allocation Service

PFA's investment advisory services are designed for use primarily with the group annuity contracts offered by Principal Life to qualified retirement plans. The relationship between PFA and Principal Life will be fully disclosed.

2) Management of Separate Account

Principal Life is aware of its relationship with PFA. PFA understands that disclosure of PFA's role in the asset allocation decisions for the Principal Total Market Stock Index Separate Account will be included in Principal Life materials and brochures.

3) Fixed Fee Asset Allocation Strategy

PFA provides a one-time asset allocation recommendation for clients interested in a point-in-time strategy. PFA does not have on-going advisory responsibility for the client's asset allocation strategy. Any implementation is the responsibility of the client.

4) Liability Driven Investing (LDI) Asset Allocation Strategy

The LDI asset allocation strategy is designed for use with the LDI Separate Accounts that are made available through the group annuity contract of Principal Life. PFA does not have on-going advisory responsibility for the client's LDI asset allocation strategy. Any implementation is the responsibility of the client.

5) One-time Liability Driven Investing (LDI) Asset Allocation Strategy

The LDI asset allocation strategy is designed for use with the LDI Separate Accounts that are made available through the group annuity contract of Principal Life. PFA does not have on-going advisory responsibility for the client's LDI asset allocation strategy. Any implementation is the responsibility of the client.

6) Cash Balance Model Portfolios

The cash balance model portfolios are designed for use with the group annuity contract offered by Principal Life to qualified retirement plans. The relationship between PFA and Principal Life will be fully disclosed. PFA understands that disclosure of PFA's role in constructing the model portfolios will be included in Principal Life materials and brochures. Any implementation is the responsibility of the client.

7) Asset Allocation Service with Liability-Driven Investment Portfolio

PFA's investment advisory services are designed for use primarily with the group annuity contracts offered by Principal Life to qualified retirement plans. Any assets that PFA allocates to the liability-driven investment portfolio would be managed by PGI. The relationships between PFA, PGI and Principal Life will be fully disclosed.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

PFA has adopted a Code of Ethics (Code). The principal purposes of the Code are to provide policies consistent with applicable laws and regulations and to prevent conflicts of interests or the appearance of such conflicts when PFA officers, directors, employees and certain non-employees of PFA with access to client and trading information of PFA (Access Persons) own or engage in their own personal transactions involving securities. All Access Persons are required to certify annually that they have read, understood and complied with the Code. This includes that they have complied with the requirements and disclosed or reported all personal reportable covered personal securities and transactions as required by the Code. The compliance area monitors personal trading via the on-line pre-clearance system, FIS Personal Trading Assistant. Each calendar quarter, PFA's Access Persons review and certify to a report of their personal securities transactions in accordance with the Code.

Clients of PFA can obtain a copy of the Code of Ethics by contacting the Chief Compliance Officer at 800-533-1390.

Item 12 – Brokerage Practices

This Item is not applicable to PFA.

Item 13 – Review of Accounts

Review of Accounts:

1) Asset Allocation Service

PFA provides asset allocation strategies and other investment advisory services to qualified retirement plans funded with group annuity contracts purchased from Principal Life. On a quarterly basis, PFA's asset allocation team reviews the process used to develop its investment market outlook and the portfolios developed for its asset allocation strategies. A routine review of the appropriateness of the investment mix occurs at least annually. Asset allocation strategies are customized for each client based on their specific goals and objectives for their retirement plan. On average, an investment analyst will provide investment advisory services to 75-125 clients. Investment analysts carry out their duties at various levels of autonomy according to job level, the amount of assets per plan, and the size of transactions.

2) Management of Separate Account

PFA regularly reviews the portfolio of the Principal Total Market Stock Index Separate Account to assure that it appropriately correlates to the target allocation. PFA's asset allocation team meets quarterly or more often to review its portfolio.

3) Fixed Fee Asset Allocation Strategy

PFA provides a one-time asset allocation recommendation for clients interested in a point-in-time strategy. There are no on-going reviews of the accounts.

4) Liability Driven Investing (LDI) Asset Allocation Strategy

PFA provides a LDI asset allocation strategy for clients which is updated annually once the actuarial valuation is completed.

5) One-time Liability Driven Investing (LDI) Asset Allocation Strategy

PFA provides a one-time LDI asset allocation strategy for clients interested in a point-in-time strategy. There are no on-going reviews of the accounts.

6) Cash Balance Model Portfolios

PFA reviews the appropriateness of the investment options and their weighting in the model portfolios at least annually. There are no on-going reviews of client accounts.

7) Asset Allocation Service with Liability-Driven Investment Portfolio

PFA provides asset allocation strategies and other investment advisory services to qualified retirement plans funded with group annuity contracts purchased from Principal Life. On a quarterly basis, PFA's asset allocation team reviews the process used to develop its investment market outlook and the portfolios developed for its asset allocation strategies. A routine review of the appropriateness of the investment mix occurs at least annually. Asset allocation strategies are customized for each client based on their specific goals and objectives for their retirement plan. On average, an investment analyst will provide investment advisory services to 75-125 clients. Investment analysts carry out their duties at various levels of autonomy according to job level, the amount of assets per plan, and the size of transactions.

Reports to Clients:

1) Asset Allocation Service

PFA will prepare at least an annual report for each client which is in addition to the regular financial reports the customer receives from Principal Life. This asset allocation report covers a review of the plan's investment allocation and targets, plan performance and investment performance. PFA can generate additional reports at the request of the client.

2) Management of Separate Account

PFA will report current allocation of assets among the other separate accounts to Principal Life on a regular basis at intervals agreed to by the two entities.

3) Fixed Fee Asset Allocation Strategy

PFA provides a one-time asset allocation recommendation for clients interested in a point-in-time strategy. There are no regular reports given to clients.

4) Liability Driven Investing (LDI) Asset Allocation Strategy

PFA provides a LDI asset allocation strategy for clients which is updated annually once the actuarial valuation is completed.

5) One-time Liability Driven Investing (LDI) Asset Allocation Strategy

PFA provides a one-time LDI asset allocation strategy for clients interested in a point-in-time strategy. There are no regular reports given to clients.

6) Cash Balance Model Portfolios

PFA provides Principal Life with three model portfolios for cash balance plans. There are no regular reports given to clients.

7) Asset Allocation Service with Liability-Driven Investment Portfolio

PFA will prepare at least an annual report for each client which is in addition to the regular financial reports the customer receives from Principal Life. This asset allocation report covers a review of the plan's investment allocation and targets, plan performance and investment performance. PFA can generate additional reports at the request of the client.

Item 14 – Client Referrals and Other Compensation

This Item is not applicable to PFA.

Item 15 – Custody

Under Rule 206(4)-2 of the Advisers Act, (the “Custody Rule”) there may be circumstances where PFA may be “deemed” to have custody. When required, clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. PFA urges you to carefully review such statements and compare such official custodial records to the account statements that PFA provides to you. The statements can vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Clients that are invested in a liability-driven investment portfolio as opposed to commingled separate accounts offered by Principal Life should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains the client's investment assets. PFA urges you to carefully review such statements and compare such official custodial records to the investment advisory reports that PFA provides to you.

Item 16 – Investment Discretion

PFA retains limited discretion from clients to allocate plan assets within the group variable annuity contract issued by Principal Life and if applicable, a liability-driven investment portfolio. Clients are responsible to inform PFA of any legal, regulatory, or contractual investment restrictions that apply to their plan.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, PFA does not have any authority to and does not vote proxies on behalf of advisory clients.

Item 18 – Financial Information

PFA has no financial issues that would be reasonably likely to impair its ability to meet contractual commitments to clients. PFA has not been the subject of a bankruptcy proceeding.