



**Form ADV, Part 2A Appendix 1 (Firm Wrap-Fee Program Disclosure Brochure) for
Principal Managed Account Solutions Programs
(with account clearing/custody through Fidelity Clearing & Custody Solutions)**

**Principal Managed Portfolio
Principal Strategy Select Portfolios
Principal Separately Managed Accounts Portfolios
Principal Advisory Select Portfolios
Principal Unified Managed Account Select Portfolios**

Principal Securities, Inc.

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This Brochure provides information about the qualifications and business practices of Principal Securities, Inc. ("Principal Securities"). If you have any questions about the contents of this Brochure, please contact us at 888-774-6267. 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.

Principal Securities is a registered investment adviser. While registration is required under the law, registration of an investment adviser or a broker-dealer does not imply any specific level of skill or training.

Additional information about Principal Securities is available on the SEC's website at www.adviserinfo.sec.gov and on FINRA's website at www.finra.org/brokercheck.

Securities, advisory products, and brokerage services are offered through Principal Securities, Inc., Member SIPC.

Item 2 – Material Changes

This Item 2 (Material Changes) will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes.

Since our last update on November 1, 2019, we have made the following material changes to our Brochure.

We encourage all clients to review the Wrap-Fee Program Disclosure Brochure thoroughly to determine any impact to their situation.

All information related to the Advisory Programs offered on the Envestnet platform are included within this Firm Wrap-Fee Program Disclosure Brochure.

New information:

All Items

Principal Securities added a new Advisory Program. The new Advisory Program is referred to as the Principal Separately Managed Account Program (“SMA”). Information regarding the new SMA program has been added throughout this Brochure.

Item 4

Financial Advisor vs Broker-Dealer Representative section was added to explain the difference between them.

Tax Overlay and Impact Overlay in UMA Select section was added to explain the new tax and impact overlay option that can be added to a UMA Select Program Account and the additional associated costs.

Change to existing information:

Item 4

Program Descriptions section for the Principal Unified Managed Account Select Program (“UMA Select”) was updated to include information about the availability of both the pre-built UMA Select models and the tax and impact overlay options.

What Does the Client Fee Cover? section was updated to include information about an additional cost when implementing a tax and/or impact overlay.

Client and Advisor Derived Fee Billing section was updated to remove the language about changing all accounts to Client Derived on 1-1-2020.

Item 6

Strategy Select, SMA, UMA Select pre-built models section was updated to include the process for reviewing SMAs & UMA pre-built models for inclusion in the Advisory Programs.

Item 9

Other Financial Industry Affiliations section was updated describing a new service by Principal Global Investors, LLC (“PGI”) offering suggested models for UMA Select to help the Financial Advisor build a UMA Select model to meet Clients’ specific investment needs and disclosing the associated conflict of interest.

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Our fiscal year-end is December 31st. We may provide other ongoing disclosure information about material changes as necessary throughout the year.

We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Our Brochure may be requested free of charge by contacting us at 888-774-6267.

Additional information about Principal Securities is available on the SEC's website at www.adviserinfo.sec.gov and on FINRA's website at www.finra.org/brokercheck.

Item 3 – Table of Contents

Item 1 – Cover Page	i
Item 2 – Material Changes	ii
Item 3 – Table of Contents	iv
Item 4 – Services, Fees, and Compensation.....	1
Item 5 – Account Requirements and Types of Clients	15
Item 6 – Portfolio Manager Selection and Evaluation	19
Item 7 – Client Information Provided to Portfolio Managers	20
Item 8 – Client Contact with Portfolio Managers	21
Item 9 – Additional Information	21

Privacy Notice

Item 4 – Services, Fees, and Compensation

Overview

Principal Securities (“we”, “us”, “our”, “Firm”) is federally registered with the SEC as an investment adviser and is a member broker-dealer with the Financial Industry Regulatory Authority (“FINRA”). Principal Securities is registered or licensed to conduct business in all fifty states and the District of Columbia.

Principal Securities began its operation in 1968, and is headquartered in Des Moines, Iowa. Principal Securities 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 and investment services, life and health insurance, and banking through its diverse family of financial services companies.

Principal Securities’ principal business activity is acting as a securities broker-dealer. When acting as a broker-dealer, Principal Securities provides securities-related advice to its brokerage clients that is incidental to the brokerage services provided and for which Principal Securities does not receive any special compensation (i.e., compensation other than the usual and customary brokerage commissions). Brokerage services and incidental advice are provided by individuals who are registered representatives of Principal Securities (“Broker-Dealer Representatives”). Principal Securities does not consider clients who receive only brokerage services or such incidental advice from our Broker-Dealer Representatives to be investment advisory clients (“Advisory Client”, “you”, “your”).

Principal Securities is a wholly owned subsidiary of Principal Financial Services, Inc. which is a wholly owned subsidiary of Principal Financial Group, Inc. Principal Financial Group, Inc. is a publicly held company traded on the NASDAQ.

This Brochure only covers the wrap fee investment advisory programs offered by Principal Securities (“Advisory Programs”). In addition to the programs described in this document, Principal Securities offers additional investment advisory programs that are described in separate Form ADV Part 2As and are available on the SEC’s website at www.adviserinfo.sec.gov. These additional programs include the Principal Managed Account Program, Principal Direct Advisory Account and Principal Financial Planning & Consulting Services.

Principal Securities authorizes individuals who are registered as investment adviser representatives of Principal Securities (“Financial Advisor”) in writing to act on its behalf to offer services as described below, collectively referred to as “Advisory Services”. Principal Securities allows its Financial Advisors to use Investment Adviser Representative, Financial Advisor or other similar titles when offering Advisory Services.

The Advisory Programs described in this Brochure are subject to risks associated with investing in securities and the investments in the asset allocation models will not always be profitable. Principal Securities does not guarantee the results of any advice or recommendations given to Advisory Clients utilizing the Advisory Programs.

Financial Advisor vs Broker-Dealer Representative

Principal Securities offers both brokerage and investment advisory services. Principal Securities requires that all Financial Advisors are also registered representatives of the Principal Securities broker-dealer.

This means that they can either act in the capacity of a registered representative, also known as a Broker-Dealer Representative or in the capacity of an Investment Adviser Representative, also known as Financial Advisor.

When a program described in this brochure is being offered by a Financial Advisor, the Financial Advisor is working in the capacity of an investment advisor representative of the registered investment adviser and not as a registered representative of the broker-dealer.

In certain situations, it may be more appropriate for the Financial Advisor to act in the capacity of Broker-Dealer Representative instead of a Financial Advisor. Examples include, but are not limited to accounts:

- (i) that will have a minimal amount of trading with a buy and hold strategy;
- (ii) where a client would not want ongoing monitoring;
- (iii) with a high concentration of a single security; or
- (iv) without discretionary trading authority.

Accounts offered to a client by a Broker-Dealer Representative provide payment to the Broker-Dealer Representative in the form of a commission. The commission could be assessed on a buy or sell of a position and/or could be paid to the Broker-Dealer Representative in the form of a 12b-1 fee.

As described in this brochure, the accounts offered to a client by a Financial Advisor provide payment to the Financial Advisor in the form of an ongoing fee, which is based on the value of the client's account. The ongoing fee covers the cost of the continuous management of your account, investment advice from the Financial Advisor, trades, and general account maintenance. See the following section titled **What Does the Client Fee Cover?** for more information regarding what the fee covers.

Clients should consider selecting an Advisory Program account if they are:

- (i) seeking help with actively managing their account;
- (ii) wanting ongoing monitoring of their account;
- (iii) are planning to hold several securities and make frequent trades; and
- (iv) looking to engage an advisor as an investment fiduciary.

Programs

Principal Securities offers the following Advisory Programs:

- Principal Managed Portfolio
- Principal Strategy Select Portfolios
- Principal Separate Managed Account Program
- Principal Advisory Select Portfolios
- Principal Unified Managed Account Select Portfolios

For all Principal Advisory Programs, custody and clearing services are provided by Fidelity Clearing & Custody Solutions ("FCCS"). FCCS provides clearing, custody and other brokerage services through National Financial Services LLC ("NFS"). Ongoing Advisory Program account ("Program Account") administration services are provided by Envestnet Asset Management, Inc. ("Envestnet"), a Registered Investment Adviser ("RIA"). Principal Securities is not affiliated with FCCS, NFS, or Envestnet.

Program Descriptions

Principal Securities currently offers five investment advisory programs, some of which incorporate services provided by a third-party RIA ("Portfolio Manager"), and some which do not.

Principal Managed Portfolio ("Managed Portfolio")

Managed Portfolio is a discretionary wrap fee asset allocation program that has been designed specifically for Principal Securities by Morningstar Investment Management LLC ("Morningstar"). Morningstar serves as the Portfolio Manager and creates portfolios comprised of exchange traded funds ("ETFs") and mutual funds that are affiliated with Principal Securities and non-affiliated with Principal Securities.

Principal Strategy Select Portfolios ("Strategy Select")

Strategy Select is a discretionary wrap fee asset allocation program in which Portfolio Managers create and offer model portfolios that incorporate the use of both mutual funds and ETFs.

Principal Separate Managed Accounts Program ("SMA")

SMA is a discretionary wrap fee asset allocation program in which Portfolio Managers create model portfolios that incorporate the use of stocks, bonds, ETFs and other investments.

Principal Advisory Select Portfolios ("Advisory Select")

The Advisory Select Program is a wrap fee program that allows for the creation of custom portfolios by investing in mutual funds, ETFs, and other securities, as recommended by the Financial Advisor or requested by the client. The Advisory Select Program Accounts are offered on both a discretionary as well as a non-discretionary basis.

Principal Unified Managed Account Select Portfolios ("UMA Select")

UMA Select is a discretionary wrap fee investment advisory program that allows Principal Securities' Financial Advisors to create a UMA Select portfolio made up of different investment programs, each referred to as a "sleeve." UMA Select portfolios can include Managed Portfolio sleeves, Strategy Select sleeves, SMA sleeves and/or Advisor Managed Portfolio Select ("AMP Select") sleeves. AMP Select allows for model customization by the Financial Advisor similar to the Advisory Select program. A Financial Advisor can either create a custom UMA Select portfolio or select a Portfolio Manager's pre-built model portfolio that aligns with the Advisory Client's investment profile. UMA Select Program Accounts also offer both tax overlays and impact overlays when at least one SMA Sleeve is incorporated into the UMA Select Model.

Services

Advisory Program Selection and Investment Questionnaire

Principal Securities' Financial Advisors use information provided by an Advisory Client when forming recommendations regarding use of an Advisory Program. An investment questionnaire with a scored answer system is available to Financial Advisors to assist with matching prospective clients to a model portfolio that is suited to the client's investment objectives, risk profile, and tax situation.

Managed Portfolio

Morningstar's investment research, risk tolerance questionnaire and other asset allocation tools are relied upon by Principal Securities in Managed Portfolio to ensure that the model portfolios appropriately meet prospective investors' investment objectives and risk tolerance.

Principal Securities offers the Managed Portfolio to fiduciaries and plan sponsors of retirement plans. In those cases, the risk tolerance questionnaire is not utilized. The fiduciaries and plan sponsors select one of the model portfolios based on their need for a specific portfolio investment style ranging from conservative to aggressive. Principal Securities does not assume responsibility for administration of any retirement plan or for diversification of any plan's investments. Principal Securities does not have any duties, responsibilities or liabilities for any plan assets that are not in the Managed Portfolio account.

Investments

After choosing an Advisory Program(s), the prospective client will choose, with the assistance of a Financial Advisor, the appropriate model portfolio within the Advisory Program selected based on the client's investment objective, risk profile and tax situation.

If the Advisory Program selected is the Advisory Select program or the UMA Select program with an AMP Select Sleeve, the Financial Advisor will assist the client with selecting the investments to purchase or transfer in kind to the Program Account. Unless requested otherwise by the prospective client, the Financial Advisor will recommend Eligible Investments (as defined in Item 5) that correspond to the client's risk tolerance of the model chosen by the client.

It is recommended that a Program Account stay within the risk tolerance of the model portfolio. Principal Securities reserves the right to terminate a Program Account if, after 90 days or more, the risk tolerance in the Program Account does not match the risk tolerance of the chosen model portfolio.

Principal Securities and its Financial Advisors can provide investment or model recommendations to one client in the Advisory Programs that differs from that given to another client. The Financial Advisor does not give investment advice as it relates to investments that are not held within the Program Account.

Tax Overlay and Impact Overlay in UMA Select

For an additional cost, Advisory Clients with a UMA Select Program Account that has one or more SMA sleeves have the option to implement either a tax overlay, an impact overlay, or both, onto the Program Account. The tax overlay reviews the tax impact of the trading within the SMA sleeve specific to that Program Account as part of the rebalancing process. The impact overlay aids an Advisory Client in implementing restrictions on a Program Account to exclude specific companies or industries.

Advisory Account Rebalancing

A rebalance within a Program Account may or may not generate trades. If the positions in the account are within the allocation guidelines of the model portfolio it is possible that no trades will be generated at the time of a scheduled rebalance. For all Advisory Programs, reallocation of model portfolios and rebalancing within a non-qualified Program Accounts may cause tax consequences.

Below are descriptions of the rebalancing process for each program.

Managed Portfolio

The model portfolios are created by Morningstar using a fundamental asset class review along with a broad screening of mutual funds and ETFs. The model portfolios will include mutual funds and could include ETFs distributed or advised by both affiliates of Principal Securities as well as non-affiliates of Principal Securities. Monthly reviews are conducted by Morningstar to determine if portfolio changes are needed. If any of the Managed Portfolios are no longer within the

predetermined parameters, the Managed Portfolio will be rebalanced to the original target allocations. Principal Securities will execute the trades for the Managed Portfolio Program Accounts. Morningstar and Principal Securities work together to set drift parameters on each of the asset classes for the model portfolios.

Strategy Select and SMA

Each Portfolio Manager determines its own methodology for model analysis & rebalancing. The Strategy Select and SMA Program Accounts will rebalance on an ongoing basis but may rebalance more frequently based on the Portfolio Manager's investment philosophy. Please reference the Portfolio Manager's Form ADV Part 2A disclosure brochure for additional information on each Portfolio Manager's investment philosophy.

Advisory Select

Upon a review of the clients' Program Account the Financial Advisor will recommend adjustments based on changes to the client's ongoing investment objectives, risk tolerance, planned investment time horizon, financial goals, and whether the client wishes to impose any reasonable restrictions on the investments contained in the Program Account.

Principal Securities encourages clients in the Advisory Select Program to rebalance at least annually; however, Principal Securities undertakes no obligation to rebalance the Program Account, unless requested by the client.

UMA Select

If a sleeve adjustment is made within a UMA Select model, a rebalance of the Program Account will occur. Individual sleeves within a UMA Select model will rebalance the portion allocated to that sleeve according to the rebalancing methodologies outlined above. However, if a tax or impact overlay has been added to the Program Account, a different rebalancing process may occur based on the overlay rules implemented for that specific Program Account.

If no sleeve adjustments are implemented by the Financial Advisor, then the UMA Select model will be scheduled to automatically rebalance back to original allocations on either a quarterly, semi-annual or annual schedule. The rebalance schedule will be determined by the Financial Advisor at the time the Program Account is established, in conjunction with input from the client.

Principal Trust within Advisory Programs

Principal Securities has entered into an arrangement whereby Financial Advisors are permitted to refer clients in need of services by a corporate trustee to Principal Trust Company ("Principal Trust"), an affiliated trust company based in Wilmington, Delaware. If authorized under the trust agreement, Principal Trust may retain the referring Financial Advisor to make investment recommendations for the trust. In such a situation, Principal Trust in its capacity as trustee is the Advisory Client and has the ultimate responsibility for determining the investments to be held in the trust. Beneficiaries of trusts administered by Principal Trust that participate in an Advisory Program will receive quarterly statements from Principal Trust showing assets and activity. Principal Trust Company is the trade name of Delaware Charter Guarantee & Trust Company. More detailed information about Principal Trust's services and fees can be found in materials issued by Principal Trust.

Non-Purpose Loans

Upon your request and with Principal Securities' consent, your Program Account assets, for specific non-qualified registrations only, may be "pledged" or used as collateral for loans obtained through certain loan programs sponsored by non-affiliated banks ("Non-purpose Loan"). The costs associated with a Non-purpose Loan are not included in the Client Fee charged to Advisory Program clients. Principal Securities does not receive any additional compensation from your participation in Non-purpose Loans. If you elect to participate in a Non-purpose Loan, the terms and conditions applicable to it are governed by the applicable loan documents and other service agreements by the bank (collectively "Loan Documents") and are not included or described further in this Brochure. You should carefully review the terms, conditions, and any related risk disclosures for the Non-purpose Loan and understand that such risks may be heightened in the event you hold a concentrated position in your pledged Program Account or if your pledged Program Account makes up all, or substantially all, of your overall net worth or investable assets. The terms of the Loan Documents may result in the prohibition of purchasing or holding certain assets as collateral which could disrupt your selected model portfolio's investment strategy for the Program Account. The terms of the Loan Documents may also restrict or prevent withdrawals of assets from your Program Account. Under the terms of the loan program, your Program Account may be subject to a collateral call or liquidation. A collateral call or liquidation may prevent your Program Account from being invested in accordance with the Advisory Program requirements or your investment objectives and could disrupt your selected investment strategy for the Program Account. You may not be provided with prior notice of a liquidation of the securities in your pledged account and may not be entitled to choose the securities which are to be liquidated by the lender. This may result in unforeseeable and/or undesirable tax consequences for which neither Principal Securities nor your Financial Advisor have any responsibility to consider in making decisions to liquidate assets pledged as collateral. Liquidation of certain assets may also result in additional fees, penalties, and losses not included or described in this Brochure. You should consult with your own independent tax advisor in order to fully understand the tax implications associated with pledging your Program Account as loan collateral and the potential liquidation of pledged assets. You are encouraged to speak with your Financial Advisor with questions you may have about how a Non-purpose Loan may impact the investment management and performance of your Program Account.

Fees and Compensation

Advisory Clients are assessed a fee, calculated as a percentage of the Program Account value ("Client Fee"). The Advisory Client and Financial Advisor will negotiate the Client Fee, but in any event, the Client Fee will not exceed the maximum annual percentage fees set forth below:

Managed Portfolio:

Account Value	Client Fee
\$0-\$250,000	Up to 2.00%
>\$250,000-\$500,000	Up to 1.75%
> 500,000-\$1,000,000	Up to 1.50%
>\$1,000,000	Up to 1.25%

Strategy Select:

Account Value	Client Fee
\$0-\$250,000	Up to 2.00%
>\$250,000-\$500,000	Up to 2.00%
> 500,000-\$1,000,000	Up to 2.00%

>\$1,000,000 - \$3,000,000	Up to 2.00%
>\$3,000,000 - \$6,000,000	Up to 2.00%
>\$6,000,000	Up to 2.00%

SMA:

Account Value	Client Fee
\$0-\$500,000	Up to 2.50%
>\$500,000 - \$1,000,000	Up to 2.50%
>\$1,000,000 - \$2,000,000	Up to 2.50%
>\$2,000,000 - \$5,000,000	Up to 2.50%
>\$5,000,000	Up to 2.50%

Advisory Select:

Account Value	Client Fee
\$0-\$250,000	Up to 2.00%
>\$250,000-\$500,000	Up to 1.75%
> 500,000-\$1,000,000	Up to 1.50%
>\$1,000,000 - \$3,000,000	Up to 1.25%
>\$3,000,000 - \$6,000,000	Up to 1.00%
>\$6,000,000	Up to 1.00%

UMA Select:

Account Value	Client Fee
\$0-\$250,000	Up to 3.00%
>\$250,000-\$500,000	Up to 3.00%
> 500,000-\$1,000,000	Up to 3.00%
>\$1,000,000 - \$3,000,000	Up to 3.00%
>\$3,000,000 - \$6,000,000	Up to 3.00%
>\$6,000,000	Up to 3.00%

How is the Program Account Value Calculated?

The Program Account value used to determine the Client Fee is generally the Average Daily Value of the assets in the account during the preceding quarter.

Accounts reaching a breakpoint asset level do not qualify for a fee reduction on total account value. Client Fee reductions apply only to amounts in excess of the breakpoint asset level if the Client Fee is higher than the maximum annual percentage indicated above for that breakpoint asset level.

Instead of using the Average Daily Value as noted above, Managed Portfolio accounts opened prior to April 1st, 2019 are assessed the Client Fee quarterly, in advance, based on the market value of the account assets as of the last business day of the previous quarter. Such Managed Portfolio accounts that have deposits or withdrawals by Client in excess of \$1000 per business day will be charged or refunded, respectively, a portion of the quarterly Client Fee pro-rated by the number of days during the preceding quarter the assets were either held in or withdrawn from the Managed Portfolio accounts. For any Managed Portfolio accounts that were opened on or after April 1st, 2019 using a form of application intended for use only before April 2019, Principal Securities can use the Average Daily Value billing method described above if it chooses to do so.

When and how is the Client Fee Paid?

The Client Fee is due and payable quarterly in advance based on the calculation details noted above. The Client Fee is deducted directly from the Program Account.

In the first three-month period beginning with the date in which the Program Account is partially or fully invested (the “inception quarter”) the Client Fee is charged on a prorated basis to reflect the number of days in the inception quarter the assets are held in the Program Account. The Program Account value for such inception quarter will be the initial amount deposited.

Clients will not be credited back a prorated amount for withdrawals that occur in the current billing quarter where the Client Fee has already been deducted. Conversely, the Client will not have a prorated portion of the Client Fee charged when contributions occur within the current billing quarter.

How is the Client Fee handled upon Program Account termination?

In the event of termination of a Program Account, unearned fees are refunded to the client by Principal Securities on a pro-rata basis. Refunded client fees are issued to the client in accordance with the client’s initial instruction when possible; otherwise, a check is issued.

What Does the Client Fee Cover?

Except for certain client charges as specified below, the Client Fee covers the provision of initial and ongoing investment advisory services (“Advisor Fee”), as well as the account administration and custody of assets invested in Advisory Programs (“Program Fee”). The cost of the execution and clearing securities transactions (“Transaction Fee”) occurring in a Program Account is included in the Program Fee. For Client Accounts implementing a tax and/or impact overlay option in the UMA Select Program, an additional cost will be charged specifically for the overlay management.

Principal Securities pays a portion of the total Program Fee to Morningstar to compensate it for ongoing asset allocation modeling, investment research, model portfolio design and asset allocation tool updates related to the Managed Portfolio and Advisory Select programs, including Managed Portfolio sleeves & AMP Select sleeves in the UMA Select program; to Portfolio Managers for the Strategy Select program, SMA program, and Strategy Select sleeves and SMA sleeves in the UMA Select program; and to Envestnet for ongoing Advisory Program Account administration services and, as applicable, tax and impact overlays applied to UMA Select models.

Principal Securities pays a portion of the total Program Fee to FCCS for custody and clearing services for all Advisory Programs. Principal Securities retains a portion of the Program Fee to cover the costs of the Advisory Programs and Program Accounts including operational costs, account administration, product due diligence and training.

Tax and/or Impact Overlay Management on UMA Select Accounts

For UMA Select Program Accounts that have added either the tax and/or impact overlay, the Client Fee will not automatically decrease if the overlay requirements are no longer being met and the overlay management can no longer occur. The tax and impact overlay management fee is a separate fee in addition to the existing Program Fee as described in your account paperwork.

Advisory Select and UMA Select Programs – Trading Costs

Trading within wrap fee Program Accounts comes with a cost (“Transaction Fee”) that is initially covered by the Client Fee. In the event that the amount of trades within the account exceeds the trading

allotment covered by the Client Fee, your Financial Advisor will cover the cost of any additional Transaction Fees within the Program Account for the Advisory Select and the UMA Select Programs. This will not apply to Managed Portfolio, Strategy Select or SMA Program Accounts. The Transaction Fees typically include a mark-up in excess of the cost applied by FCCS. Principal Securities will retain the mark-up.

Your Financial Advisor has a conflict of interest because they have a financial incentive to (i) recommend a Strategy Select model, a Managed Portfolio model or an SMA model where the advisor would not have to cover the cost of additional Transaction Fees or (ii) execute fewer transactions within an Advisory Select or UMA Select Program Account. Sponsor seeks to mitigate this conflict by providing an initial allotment of trades at no additional cost that should cover a standard number of trades throughout any particular year. If additional trades are needed beyond the initial allotment, the Financial Advisor is required to act in your best interest and trade the Program Account according to your instructions and financial needs.

What Does the Client Fee NOT Cover?

The Client Fee does not cover certain fees charged by third parties, such as

- (i) management fees and expenses charged by mutual funds distributed or advised by affiliates of Principal Securities ("Proprietary Funds"), mutual funds or closed-end investment companies not distributed or advised by affiliates of Principal Securities ("Non-Proprietary Funds") and ETFs that are held in a Program Account;
- (ii) odd-lot differentials, American Depositary Receipt fees and exchange fees, transfer fees and other fees imposed by law;
- (iii) redemption fees imposed by certain Proprietary or Non-Proprietary Funds; and
- (iv) any contingent deferred sales charge assessed on the sale or liquidation of Proprietary or Non-Proprietary Fund shares, where applicable.

In addition, the Client Fee does not cover certain services available upon request from Principal Securities, including, but not limited to wire transfer fees, overnight delivery fees, certificate delivery fees, account termination fees, transaction fees collected by NFS on behalf of Self-Regulatory Organizations ("SRO") and paid to the SEC and reorganization fees; and any check reordering cost and fees, where applicable.

Certain custodial services have an additional mark-up applied in addition to the cost applied by FCCS, which is retained by PSI. Those custodial services where PSI adds a mark-up include bounced checks, stop payments, full outgoing transfer fee, trade extension fee, annual IRA fee, equity trades, fixed income trade and no-load mutual funds.

PSI waives the annual IRA fee on Program Accounts as explained in the Additional Information Related to Fees section below.

For equity trades, fixed income trades and no-load mutual fund transactions that are not covered in the cost of the Client Fee, the Financial Advisor will cover the cost of the transaction as well as the mark-up as noted in the section above.

The Client Fee also does not cover the cash debit interest that is charged to a Program Account by FCCS when a negative balance occurs in a Program Account. Please reference the Broker Dealer Services

Client Fee Schedule document for a complete list of fees for custodial services that are not covered by the Client Fee.

If trades occur in a Client Account through a broker dealer outside of FCCS (“step-out trade”) additional costs can be incurred for the trade. Costs associated with step-out trades are not included within the Client Fee and would be an additional cost to the Advisory Client. Please see Item 9 – Best Execution for additional information on step-out trades.

Fee Negotiation

The Client Fee is negotiable and as a result, clients with similar assets may pay different Client Fees. Principal Securities can discount the Client Fee to clients meeting certain criteria, such as having existing insurance, banking, or investment relationships with Principal Securities or its affiliates, or having an immediate family member who is a Financial Advisor. Principal Securities can also discount its Client Fees for competitive reasons or in other situations upon a prospective customer, or client’s request.

Client and Advisor Derived Fee Billing

For all Program Accounts established after November 1, 2019 the fee billing method will be client derived. Accounts opened prior to November 1, 2019 will remain unchanged using the advisor derived billing method.

The client derived billing method maintains a consistent Advisor Fee when the Program Fee changes. This will only impact clients invested within the UMA Select Program when the sleeves within a UMA Select model are adjusted.

The Client Fee can increase or decrease when a change is made to a UMA Select portfolio with a differing Program Fee. In the event the Client Fee increases, the Client Fee will never exceed the maximum fee allowable noted in the UMA Select Fee Schedule section above.

There are two ways to make model portfolio changes within the UMA Select program: (i) the sleeves within the UMA Select model are adjusted or (ii) a model portfolio change is initiated to remove the previous UMA Select model from the Program Account and attach a different UMA Select model to the Program Account.

When a UMA Select model sleeve adjustment is made by either the Financial Advisor in agreement with the Advisory Client, or a Portfolio Manager of a pre-built UMA Select model, the cost of the program could increase, decrease or stay the same. The cost change occurs automatically with no prior notification to the Advisory Client. The UMA Select Program Fee is determined by the sleeves within the UMA Select model portfolio, the percent that is allocated to each sleeve and if either a tax and/or impact overly has been added to a Program Account.

- When a UMA Select Sleeve adjustment is completed and there is no change to the Program Fee the Client Fee will remain the same
- When a UMA Select Sleeve adjustment is completed and there is a decrease to the Program Fee the Client Fee will decrease by the same amount as the decrease to the Program Fee
- When a UMA Select Sleeve adjustment is completed & there is an increase to the Program Fee the Client Fee will increase by either:
 - The same amount as the increase to the Program Fee as long as the increase is below the maximum Client Fee allowed within each tier or

- less than the amount of the increase to the Program Fee as to not exceed the maximum Client Fee allowed within each tier

Household Billing

Program Accounts that share the same home mailing address are eligible to be householded together, upon Advisory Client request, for billing purposes. Householding Program Accounts for billing can result in a reduced Client Fee. When Program Accounts are householded together, the total average daily balance (or period ending balance, if applicable) for all householded Program Accounts is used to determine the applicable fee percentage of the Client Fee schedule.

It is the Advisory Client's responsibility to elect to household accounts. If you do not household your Program Accounts, this could result in a higher Client Fee.

Principal Securities and its Financial Advisors earn higher fees if clients do not household eligible Program Accounts. Principal Securities addresses this conflict of interest by disclosing this conflict to clients so that they may discuss the householding policy or Program Fee with their Financial Advisor.

Principal Securities does not allow plan sponsors of retirement plans, who are Advisory Clients, to household Program Accounts for their individual assets with their qualified plan assets. Additionally, Principal Securities does not household across different Advisory Programs. For example, an Advisory Client who has an Advisory Select Program Account would not be able to household the assets with a Managed Portfolio Program Account.

Mutual Funds with Loads

For mutual fund shares that carry a front-end or back-end load (A shares & C shares respectively) and are transferred or liquidated to fund a Program Account, the Client will not be charged the Client Fee on:

- (i) the value of any class C shares until at least 12 months after the date such class C shares are purchased, if purchased with a back-end load, or
- (ii) the value of any class A shares until at least 24 months after the date such class A shares are purchased, if purchased with a front-end load.

Minimum Account Fee – Strategy Select and SMA Program

If a Strategy Select or SMA Program Account value falls below the minimum outlined in Item 5, a minimum account fee will be assessed. Your Financial Advisor will be responsible for covering the cost of the difference between the Program cost and the Program Fee collected from the Client Fee. The assessment will occur on a quarterly basis. Your Financial Advisor would have an incentive to recommend additional assets be deposited into the Program Account to avoid paying the minimum account fee.

Additional Information Related to Fees

Annual IRA Fee

Custodial and maintenance fees normally applicable to individual retirement accounts and qualified retirement plans for which FCCS acts as Custodian are waived.

Insufficient Cash Balance for Client Fee

Financial Advisors and Portfolio Managers managing Program Accounts are to maintain cash in the Program Account in order to cover the Client Fee and other charges and fees. If the money market fund

balance, Bank Deposit Sweep Program or other cash equivalent funds in the Program Accounts are not sufficient to pay the Client Fee, the Client authorizes Principal Securities to redeem investments in the Program Account from the holdings in the model portfolio to pay the Client Fee. See Item 9, Bank Deposit Sweep Program, for additional details related to the Bank Deposit Sweep Program.

Mutual Funds and ETF Expenses and 12b-1 Fees

The mutual funds and ETFs held in the Program Accounts also incur investment management fees and will incur 12b-1 distribution and shareholder servicing fees and other operating fees and expenses as defined in the prospectus. The Advisory Client pays the internal fees and expenses of the mutual funds and ETFs, which are in addition to the Client Fee paid to Principal Securities. These fees and expenses decrease potential investment and Program Account positive returns and increase potential negative returns. Some of the mutual funds included in model portfolios pay certain fees to Principal Securities, including, but not limited to distribution and shareholder servicing fees paid pursuant to distribution and shareholder servicing plans adopted by the Funds under Rule 12b-1 of the Investment Company Act of 1940 ("12b-1 fees"). To mitigate this conflict of interest involving 12b-1 fees, Principal Securities will credit these payments to the Program Accounts.

Strategy Select and SMA

Some Strategy Select and SMA Portfolio Managers may retain 12b-1 fees paid by mutual funds. This could impact Strategy Select and SMA Program Accounts and UMA Select Program Accounts holding a Strategy Select or SMA Sleeve. For any Strategy Select and SMA Portfolio Managers assigned to a Client Account, the Client should refer to the Portfolio Manager's Form ADV Part 2A or Appendix 1 disclosure document for specific information related to the handling of 12b-1 fees.

FCCS Mutual Fund Revenue Sharing and NTF Mutual Funds

FCCS receives distribution assistance payments from certain mutual fund companies for inclusion in its mutual fund program. This assistance may take the form of additional compensation paid by the fund, its investment advisers or an affiliate. FCCS generally shares some portion of those distribution assistance payments with Principal Securities related to Principal Securities' customer holdings or trading. Additionally, when NTF Mutual Funds are included in a Program Account, Principal Securities portion of the Program Fee increases.

Because Principal Securities receives compensation, either directly or indirectly, from these companies based on the amount of client assets invested within the revenue sharing mutual funds, Principal Securities has a conflict of interest in including these mutual funds in Advisory Programs. Additional information related to these funds within each Advisory Program is listed below.

Managed Portfolio

Principal Securities has relied on Morningstar's determination that the overall performance of these mutual funds merits inclusion in the model portfolios. The total operating expense of each model portfolio can be different because of the different mix of investments making up each model portfolio. This does not change the amount of the Client Fee paid by the client or the compensation received by the Financial Advisor, but the revenue sharing payment received by Principal Securities will vary based on the investments making up each model portfolio. Additionally, although Principal Securities receives more of the Program Fee from certain model portfolios, and the Financial Advisor advises the client about which model portfolio to use, these conflicts are mitigated because Morningstar determines which mutual funds and ETFs will be included in the model portfolios and the Financial Advisor does not receive any of such revenue

sharing. Also, the Advisory Client completes an investment questionnaire to assist with the selection of an appropriate model portfolio offered by Managed Portfolio.

Strategy Select and SMA

Each Portfolio Manager is responsible for determining the mutual funds and ETFs within each model portfolio, therefore the total operating expense of each model portfolio can be different based on the investments selected for each Model Portfolio. This does not change the amount of the Client Fee paid by the client or the compensation received by the Financial Advisor, but the revenue sharing payment received by Principal Securities will vary based on investments making up each model portfolio. Additionally, although Principal Securities receives more of the Program Fee from certain model portfolios, and the Financial Advisor advises the client about which model portfolio to use, this conflict is mitigated because the Portfolio Managers determine which mutual funds and ETFs will be included in the model portfolios and the Financial Advisor does not receive any of such revenue sharing. Principal Securities is not involved in the selection of the underlying investments within the Strategy Select or SMA Portfolios, consequently Principal Securities is not able to influence the amount of revenue sharing received.

Advisory Select

Principal Securities has a conflict including mutual funds in the Advisory Select Program because we receive more of the Program Fee from NTF mutual funds as well as revenue sharing from certain mutual funds companies. Many NTF funds have higher internal expenses than non-NTF funds. These expenses are assessed to clients who purchase or hold NTF funds. Depending upon the frequency of trading and hold periods, NTF funds may cost clients more, or may cost Principal Securities or its Financial Advisors less, than mutual funds that assess transaction charges but have lower internal expenses. These additional expenses adversely impact the long-term performance of Program Accounts when compared to share classes of the same fund that assess lower internal expenses. As noted in the section below on Best Execution, Principal has a three-step program in which a NTF fund may be used where I-Shares are available, but only where the NTF is in the best interest of the client.

Where the Financial Advisor has discretionary authority on an Advisory Select Program Account, the Financial Advisor is responsible for the underlying portfolio composition, and Principal Securities mitigates the conflict of interest since the Financial Advisor does not receive any direct compensation of revenue sharing received by the firm. In addition, where the Financial Advisor does not have discretionary authority, the Financial Advisor obtains approval from the Advisory Client regarding recommendations made by the Financial Advisor.

UMA Select

UMA Select model portfolios can include Managed Portfolio Sleeves, Strategy Select Sleeves, SMA Sleeves and AMP Select Sleeves. The operating expenses of each UMA Select model will be determined by the sleeves that are included in the UMA Select model as well as the percentage allocated to each sleeve. This does not change the Client Fee paid by the client or the compensation received by the Financial Advisor but what is received by Principal Securities will vary based on the investments making up each model portfolio.

If a UMA Select model contains either Managed Portfolio Sleeves, Strategy Select Sleeves and/or SMA Sleeves the conflicts of interest are addressed as noted above in the Managed Portfolio, Strategy Select and SMA sections.

For UMA Select models containing the AMP Select Sleeve, the Financial Advisor will not receive any direct compensation of revenue sharing received by the firm thereby mitigating any conflict of interest.

Comparable Services

A client could directly invest in the investments offered through Advisory Programs without the services of Principal Securities and would not incur a Client Fee. Advisory Programs may cost the client more or less than purchasing such services separately, assuming that similar services could be purchased directly from the various providers. Other investment firms offer to the public other investment products such as mutual funds with asset allocation models similar to those found in the Advisory Programs. Those programs have differing fees and charges that may be higher or lower than the Client Fee.

An Advisory Client may pay more fees under an Advisory Program than the Advisory Client might pay if the Advisory Client were to instead invest through a brokerage account. Advisory Programs charge a fee on the assets in the program, while brokerage accounts charge commissions on transactions.

Generally, the lower the number of transactions in a wrap fee Program Account, the more expensive the Advisory Program is when compared to a brokerage account where the client is only charged commissions. Factors in addition to the number of transactions that bear upon the relative cost of the Advisory Program in relation to the cost of the services purchased separately include the size of the account, the number and type of investments making up the portfolio, and the frequency of rebalancing the Program Account. Principal Securities and the Financial Advisor have a conflict of interest because of the financial incentive to recommend wrap fee Advisory Programs over alternative services (such as brokerage services). Principal Securities surveils Program Accounts to address this conflict of interest.

Ineligible Assets in Advisory Select

Client Fees will exclude the value of Ineligible Assets (as defined in Item 5) starting on the day the assets are transferred into a Program Account. See Item 5 for more information about Ineligible Assets in a Program Account.

Principal ETFs in Advisory Select Qualified Accounts

For Qualified Advisory Select Program Accounts (as defined in Item 9 below) holding Principal ETFs, the investment management expenses of the Principal ETFs will be credited back to the client account for the days the Principal ETFs are held within the Qualified Program Account.

Advisory Program Fee Reduction

Principal Securities offers its Financial Advisors higher payouts based on their total assets under management ("AUM") held in Advisory Programs. Advisors are offered additional compensation on a quarterly basis when they reach specified AUM levels. These higher payouts for reaching various AUM levels present a conflict of interest because they provide a financial incentive for your Financial Advisor to recommend Advisory Programs over other available non-Advisory Programs that do not offer higher payouts to the Financial Advisor. Principal Securities surveils Program Accounts to address this conflict of interest.

Compensation

Principal Securities pays a portion of the Client Fee it collects to the following parties:

- Morningstar for ongoing asset allocation modeling and updates for Managed Portfolio, Advisory Select and UMA Select (if Managed Portfolio and AMP Select Sleeves are included in a UMA Select model);
- Portfolio Managers of SMA models and UMA Select (if Strategy Select or SMA Sleeves are included in a UMA Select model);
- FCCS for custody and clearing services;
- Envestnet for ongoing Program Account administration and overlay management services;
- Financial Advisor for services rendered in connection with Program Accounts.

Item 5 – Account Requirements and Types of Clients

Types of Clients

Principal Securities offers the Advisory Programs to individuals, qualified and nonqualified retirement plans, trusts, estates, charitable organizations, and other corporations and business entities.

Program Account Minimums

Program Account minimums are stated below. If a Program Account value falls below the stated minimum, Principal Securities reserves the right to terminate the Program Account and move the assets to a brokerage account where the account will no longer be actively monitored or to close the Program Account. However, in its discretion, Principal Securities may choose to allow Program Accounts that fail to meet the minimum balance requirement. Program Accounts that fail to meet the minimum balance requirement may have different compositions than portfolios that are above the minimum, as it may not be possible to fully implement some investment strategies.

Managed Portfolio

Minimum initial investment starts at \$25,000 per Program Account.

Strategy Select - FSP

Minimum initial investment starts at \$25,000 per Program Account.

Strategy Select - SMA

Minimum initial investment starts at \$100,000 per Program Account.

Advisory Select

Minimum initial investment starts at \$25,000 per Program Account.

UMA Select

The UMA Select program minimum starts at \$150,000 per Program Account and can be greater than \$150,000 depending on the underlying investments selected. The minimum is based on the sleeves selected and the percentage allocated to each sleeve.

Account Requirements

To participate in an Advisory Program, a client must establish a brokerage account with Principal Securities.

Upon a client's request for withdrawal or transfer of client funds or securities invested within the Advisory Program, Principal Securities is deemed to have custody of those funds or securities in order to authenticate the client's request and enter the instructions into FCCS's system for processing. All dividends and other distributions from Program Account assets will be managed in accordance with instructions given on the account opening forms.

Principal Securities reserves the right to terminate its services if it believes the rendering of its investment advisory services is no longer appropriate for a client.

Eligible Investments in Advisory Select and AMP Select Sleeves Within UMA Select

Certain restrictions apply to assets allowed in Advisory Select Program Accounts and AMP Select sleeves of a UMA Select Program Account. "Eligible Investments" as used in this Brochure currently include:

- domestic equity securities consisting of registered common stock and convertible preferred stock traded on U.S. national exchanges or over the counter and American Depositary Receipts;
- load waived shares (or shares not offered with a sales load) of Proprietary Funds;
- shares of mutual funds or closed-end investment companies of Non-Proprietary Funds;
- certain unit investment trusts, exchange-traded notes ("ETNs") and ETFs;
- covered calls;
- fixed-income securities consisting of U.S. Treasury and federal agency securities, corporate bonds, commercial paper, municipal bonds, high yield bonds, registered preferred stock traded on U.S. national exchanges, and mortgage-backed securities;
- cash and certain cash equivalents, including certificates of deposit, structured CDs and money market fund shares; and
- warrants.

Generally, no other types of investments will be permitted in an Advisory Select Program Account or AMP Select Sleeve of a UMA Select Program Account. However, Managed Portfolio, Strategy Select and SMA Sleeves of a UMA Select Program Account may contain investments that would not otherwise be allowed in an Advisory Select Program Account or an AMP Select Sleeve.

Ineligible Assets – Advisory Select

Upon the transfer of assets into an Advisory Select Program Account, Principal Securities or the Financial Advisor will inform the client of any transferred assets that are not eligible to be held in the Program Account ("Ineligible Assets") and will work with the client in an effort to sell the Ineligible Assets and use the proceeds of the sale to purchase Eligible Investments. When the Ineligible Asset is received in an Advisory Select Program Account, the value of the Ineligible Asset will be excluded from the fee calculation. Although Ineligible Assets can be transferred into a Program Account, Ineligible Assets will be evaluated to determine if they are to be liquidated, converted or transferred out of a Program Account.

The following are examples of assets that will generally not be accepted in Program Accounts:

- securities with legal, contractual, or other restrictions on sales, including but not limited to, private placements or company stock owned by insiders;
- illiquid securities (such as shares of unlisted Real Estate Investment Trusts and interests in limited partnerships or other direct participation programs);
- common stock or individual bonds, debentures or other debt obligations issued by Principal Financial Group, Inc. or other affiliated companies of Principal Securities;

- Proprietary and Non-Proprietary mutual funds that have a back-end sales charge;
- equity securities valued at less than \$5.00 per share and not listed on an exchange;
- non-dollar-denominated securities;
- options (puts and calls), except for covered calls;
- derivatives, such as futures or forward contracts;
- securities held in margin accounts;
- interval funds; or
- cryptocurrencies

Available Investments in Advisory Select and AMP Select Sleeves within UMA Select

There are more than 150 mutual fund and ETF families available to a client through the Advisory Select Program and the AMP Select Sleeve within the UMA Select Program. The mutual funds available are either no-load or are eligible to be purchased at net asset value and without sales charges. Principal Securities conducts a review of mutual funds by asset class mix to assist Financial Advisors in recommending investments to populate the model chosen by a client. Results are provided quarterly to the Financial Advisors. The information is designed to assist the Financial Advisor in recommending which Proprietary Funds and Non-Proprietary Funds are purchased or sold into the Program Account. The fact that a mutual fund family is the subject of ongoing review by Principal Securities is not, in itself, a recommendation of the fund family or any particular fund. Principal Securities will permit certain individual stocks, convertible securities, American Depositary Receipts, and bonds to be transferred in or purchased by the client into Program Accounts, but these assets are not subject to ongoing research, due diligence or review by Principal Securities. Consequently, the Financial Advisors must use third-party research, the quality of which is not known by Principal Securities. Program Accounts containing these assets may be more volatile.

Clients should be aware that combining different securities across industry and geographical sectors (diversifying) can help reduce the overall risk of their portfolios. Clients can also diversify through the purchase of mutual funds and ETFs.

Incoming Assets – Managed Portfolio, Strategy Select, SMA or UMA Select

If assets received into a Managed Portfolio, Strategy Select, SMA or UMA Select Program Account fall within specific parameters, the assets will automatically be liquidated and invested into the model positions. This applies regardless of whether an asset received in the Program Account is defined as eligible or ineligible. In the event a security is received into a Managed Portfolio, Strategy Select or UMA Select Program Account and is unable to be liquidated and invested into the model positions, the position will automatically be removed from the fee calculation and an effort will be made to remove the position from the Program Account. For SMA Program Accounts, if a security is received and unable to be liquidated, the position will remain in the funding account.

Investment Discretion

Non-Discretionary Program Accounts require client's acceptance or rejection of a recommended buy, sell, reallocation or model rebalancing.

Discretionary Program Accounts give a Financial Advisor authority to exchange, convert, buy, or sell securities, and reallocate and rebalance Program Accounts without prior notification, consultation or authorization from the Advisory Client. Discretionary trading is made in accordance with the Advisory Client's stated investment objectives and market conditions.

Such discretionary authority includes, but is not limited to:

- account rebalancing;
- block or aggregate batch trading;
- selling out of a recommended security or position;
- writing covered calls on stock and closing covered call transactions; and
- buying individual stocks, bonds, mutual funds, ETFs, ETNs and CDs.

Managed Portfolio, Strategy Select, SMA and UMA Select Programs

Managed Portfolio, Strategy Select, SMA and UMA Select Programs are by default discretionary programs and are not offered on a non-discretionary basis. To participate in the Managed Portfolio Program, Strategy Select Program, SMA or the UMA Select Program, Principal Securities requires the Advisory Client to sign an agreement to allow discretion within those Program Accounts. Discretion within these Program Accounts is granted to Principal Securities, Financial Advisors, Morningstar, and/or Portfolio Managers, depending on the program selected.

For UMA Select Program Accounts, Financial Advisors are allowed to make sleeve adjustments to the UMA Select models created by the Financial Advisor and make positions changes within the AMP Select Sleeve on a discretionary basis, as long as the change falls within the Advisory Client's stated investment objectives and market conditions. For pre-built UMA Select models only the Portfolio Manager would have discretion to update the sleeves and allocations within the UMA Select model.

Advisory Select

The Advisory Select Program is offered on both a discretionary and non-discretionary basis. An Advisory Select Program Account by default is non-discretionary but, subject to approval by Principal Securities, the Advisory Client can grant discretionary authority to Principal Securities and its Financial Advisors by signing the Principal Advisory Select Portfolios Discretionary Trading Authorization Form.

Limited Discretion in Advisory Select and UMA Select

Principal Securities and/or its Financial Advisor have limited discretionary authority on all Advisory Select Program Accounts and UMA Select Program Accounts with an AMP Select Sleeve as described in this paragraph. Principal Securities and its Financial Advisors are authorized to take the following actions without obtaining prior approval from an Advisory Client (See Item 4): (i) if Principal Securities becomes aware of a lower cost share class that is available for a mutual fund held in an Advisory Select Program Account or an AMP Select Sleeve containing mutual funds, Principal Securities may exchange or convert a Client's Program Account assets from one share class into a lower cost share class of the same mutual fund (even if that will have income tax consequences for the Advisory Client); and (ii) to transfer ineligible assets into a Principal Securities brokerage account as needed. Any exchange or conversion of Client's Program Account assets from one share class into a lower cost share class of the same mutual fund would generally occur as a result of the quarterly review described further in the section below on Best Execution.

Item 6 – Portfolio Manager Selection and Evaluation

Managed Portfolio

Principal Securities uses asset allocation tools and investment research from Morningstar as the primary resource in delivering Managed Portfolio. Morningstar has developed the asset allocation models for Managed Portfolio. Morningstar utilizes its proprietary research and screening processes to design model portfolios consistent with the asset allocation models.

Managed Portfolio investment and research methodology uses a valuation-driven approach developed and implemented by Morningstar. This process is rooted in the following beliefs:

- Markets are inefficient over the short to medium-term;
- Mean reversion strongly influences capital markets over the long-term;
- Reward for risk varies and is closely linked to valuation;
- Investor sentiment drives markets to extremes;
- Drawdown is Morningstar's preferred measure of risk; and
- Positive skewed risk reward opportunities improve risk-adjusted returns.

A valuation-driven asset allocation approach takes advantage of underpriced assets by comparing an asset's current price with Morningstar's estimate of its intrinsic value, which is the value of its underlying cash flows. The belief is that buying underpriced assets can help improve return potential as prices eventually realign with fundamentals. The model portfolios are created by Morningstar using a fundamental asset class review along with a broad screening of mutual funds and ETFs. The model portfolios include mutual funds and could include ETFs distributed or advised by both affiliates of Principal Securities as well as non-affiliates of Principal Securities.

Principal Securities hired Morningstar as the Portfolio Manager of the Principal Managed Portfolio program. Principal Securities provides oversight of the services provided by Morningstar, which includes, but is not limited to, their investment strategies, asset allocation model portfolios and underlying performance. Principal Securities conducts ongoing due diligence of Morningstar by the completion of an annual due diligence questionnaire and ongoing contact with Morningstar representatives. Principal Securities personnel reviews Morningstar and maintains frequent contact as appropriate to ensure the models are performing as intended.

Strategy Select, SMA, UMA Select pre-built models

Principal Securities' approval process for the Strategy Select Program, SMA Program & UMA Select pre-built models follows an objective process which aims to provide a broad list of Portfolio Manager strategies across varying types of risk tolerances, investment styles, philosophies, and investment vehicles that have met Principal Securities due diligence requirements. Portfolio Manager strategies are available in various investment styles including strategic, dynamic, tactical, and alternative and are offered in various models across the risk spectrum.

To be eligible for inclusion to the Strategy Select, SMA or UMA Select pre-built models, Portfolio Manager must have an approved status on the Envestnet platform or be reviewed and approved as part of Principal Securities' due diligence process.

Principal Securities or Envestnet reviews various criteria when determining Portfolio Managers' eligibility for inclusion on the platform, including the following:

- Risk Score Questionnaire – As part of its due diligence process, Envestnet calculates the risk score of a Portfolio Manager's model in an effort to match an investor's risk profile with the potential risk a Portfolio Manager model may assume.
- Portfolio Manager Due Diligence Questionnaire – As part of a risk-based approach, Principal Securities may send additional due diligence questionnaires to Portfolio Managers.
- Qualitative Assessments – As part of the due diligence process, Principal Securities or Envestnet may also collect additional quantitative due diligence including gaining a better understanding of firms' personnel, stability, or investment philosophy.

For additional information on the Envestnet due diligence process, please see the Envestnet Form ADV Part 2A.

Performance-Based Fees

Principal Securities 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).

Methods of Analysis, Investment Strategies and Risk of Loss

Investment and advisory products and services offered or recommended by Principal Securities and its Financial Advisors are subject to risks associated with investing in securities and will not always be profitable. Principal Securities and its Financial Advisors do not guarantee the results of any advice or recommendations, nor do they guarantee that the investment objectives of Advisory Clients will be met in any program, service or product it provides or offers. Investing in securities involves risk of loss that clients should be prepared to bear.

Item 7 – Client Information Provided to Portfolio Managers

The Advisory Client provides personal information on the account opening paperwork as well as the investment questionnaire that assists the Financial Advisor in forming a recommendation of an Advisory Program and model portfolio. Individual client data is not provided to Portfolio Managers managing a Managed Portfolio, Strategy Select or UMA Select Program Account. Aggregate level and limited individual account data is provided to Portfolio Managers for business purposes to assist them with trading. Additional information related to the sharing of your personal information for business purposes can be found within the attached Privacy Notice.

For SMA Program Accounts, individual client data is provided to Portfolio Managers to allow for Portfolio Managers to construct and manage customized portfolios for Advisory Clients.

It is the responsibility of the Advisory Client to notify Principal Securities or their Financial Advisor when changes to the client information are needed.

Item 8 – Client Contact with Portfolio Managers

Advisory Clients should contact their Financial Advisors with questions related to their Program Accounts. For Managed Portfolio, Strategy Select, SMA or UMA Select Program Accounts, Financial Advisors have the ability to contact the Portfolio Managers assigned to a Program Account.

Item 9 – Additional Information

Disciplinary Information

July 25, 2012 - FINRA found Principal Securities' email monitoring processes were inadequate and FINRA found that this violated NASD Rule 3010(a) and FINRA Rule 2010. Principal Securities was censured and fined \$7,500.

December 2, 2015 – FINRA alleged Principal Securities' email monitoring processes were inadequate due to a coding error that resulted in a portion of incoming email communications not being timely reviewed. FINRA alleged that this violated NASD Rule 3010 and FINRA Rule 2010. Without admitting or denying the findings, Principal Securities accepted and consented to censure and a fine of \$115,000.

December 21, 2016 - Without admitting or denying the findings, Principal Securities consented to sanctions and to the entry of findings by FINRA that Principal Securities: (1) Failed to establish, maintain, and enforce a reasonable supervisory system related to the use of certain consolidated reports provided to customers by its registered representatives, and (2) failed to enforce its written supervisory procedures regarding two registered representatives in one of its branch offices who failed to retain copies of consolidated reports in accordance with its written supervisory procedures. Principal Securities accepted and consented to censure and a fine of \$125,000.

October 26, 2017 – Without admitting or denying the findings, Principal Securities consented to the sanctions and to the entry of findings that for at least three years, its system for supervising additions to existing variable annuities was not reasonably designed to ensure that it complied with applicable securities law and rules, including those governing suitability. Principal Securities accepted and consented to a censure and fine of \$250,000.

March 11, 2019 - Principal Securities self-reported to the Securities and Exchange Commission (SEC) as part of the SEC's Share Class Selection Disclosure Initiative (SCSD) possible violations of the Investment Advisers Act of 1940 (Advisers Act) relating to the firm's failure to make necessary disclosures concerning mutual fund share class selection. Without the firm admitting or denying the findings, on March 11, 2019, the SEC entered an order against the firm alleging breaches of fiduciary duty and inadequate disclosures in connection with the firm's mutual fund share class selection practices and fees it received pursuant to Rule 12b-1 under the Investment Company Act of 1940. At times during the period January 1, 2014 to December 31, 2018, the firm purchased, recommended or held advisory clients' mutual fund share classes that charged 12b-1 fees instead of lower-cost share classes of the same funds for which the clients were eligible. The firm received 12b-1 fees in connection with these investments. The firm failed to disclose in its Form ADV or otherwise the conflicts of interest related to its receipt of 12b-1 fees and/or its selection of mutual fund share classes that pay such fees.

The firm was censured and ordered to cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 207 of the Advisers Act. The firm was also required to pay disgorgement and prejudgment interest to affected investors totaling \$1,764,624.26, as well as to take other remedial actions.

Other Financial Industry Activities

Principal Securities' primary business is that of a securities broker-dealer and Registered Investment Adviser. Principal Securities' other financial activities primarily include the sale of mutual funds, variable annuity, indexed annuities and variable life insurance contracts, but also includes the sale of unit investment trusts, direct participation programs, and general securities (as an introducing broker to its clearing firm, FCCS, on a fully disclosed basis). Principal Securities representatives receive compensation for the sale of these investment products and may receive additional compensation from the sale of other products outside of their securities activities.

Other Financial Industry Affiliations

Principal Funds Distributor, Inc., is the principal underwriter for an investment company (Principal Funds, Inc.). Principal Global Investors, LLC ("PGI") is the manager of Principal Funds, Inc. and Principal ETFs. Shares of Principal Funds, Inc. and Principal ETFs sold in connection with Principal Securities' advisory products pose certain conflicts of interest. See section below titled "Other Compensation" for additional information on these conflicts. Principal Securities serves as distributor for the variable life and variable annuity contracts issued by Principal Life Insurance Company and Principal National Life Insurance Company. Banking products offered through Principal Bank. Principal Securities is affiliated with Principal Funds Distributor, Inc., Principal Life Insurance Company, Principal Trust, Principal Bank, Principal Global Investors Holding Company, LLC and Principal National Life Insurance Company and all are subsidiaries of Principal Financial Services, Inc.

PGI has created suggested UMA Select portfolio models for Financial Advisors. As the manager for these investments, PGI has an incentive to recommend a significant allocation to the Managed Portfolio Program, which includes shares of Principal Funds and Principal ETFs. However, the portfolio models are only suggestions, and the Financial Advisor must independently determine whether to utilize a suggested portfolio model, make modifications to a suggested portfolio model, or create a custom portfolio.

The inclusion of products sponsored by affiliates of Principal Securities in our PMAS Advisory Programs presents a conflict of interest for the firm. Principal Securities mitigates this conflict at the advisor level by monitoring its Financial Advisors' investment advisory activities and setting compensation policies that do not reward its Financial Advisors for selling proprietary products over non-proprietary products. Please see "Other Compensation" under Item 9 for more information regarding compensation conflicts; in addition, a Financial Advisor's Form ADV Part 2B provides additional details regarding his or her role as registered representative when selling securities products of affiliates.

Principal Securities Role

Principal Securities is a registered broker-dealer and, through its Broker-Dealer Representatives, transacts business in a variety of securities products including mutual funds, stocks, bonds, CDs, etc. In such role, Principal Securities offers securities products, including those issued by its affiliates or distributed by Principal Securities to Advisory Clients. Principal Securities will charge commissions on the sales of these products to Advisory Clients. Principal Securities ensures that Broker-Dealer Representatives who also act as Financial Advisors clearly disclose their dual role in all communications

with the public by reviewing all advertising and sales literature, including business cards and letterhead as well as require that this Brochure be delivered to the Advisory Client upon solicitation for Advisory Services.

Bank Deposit Sweep Program (BDSP)

Unless an Advisory Client elects a different core investment option, all uninvested cash or credit balances in eligible Program Accounts will automatically be swept into and invested in the Bank Deposit Sweep Program ("BDSP"). Under the BDSP, available cash will be swept into interest-bearing omnibus deposit accounts at one or more FDIC-insured banks ("Bank Deposit Account").

As more fully described in the Bank Deposit Sweep Program Disclosure Document, your Program Account is generally protected, up to applicable limits, by the Securities Investor Protection Corporation (the "SIPC"). Your cash is eligible to be insured, up to applicable limits, by the Federal Deposit Insurance Corporation (the "FDIC") by participating in the BDSP. Most deposits are insured up to \$250,000 per depositor when aggregated with all other deposits held in the same insurable capacity at each BDSP Program bank. Funds deposited in Deposit Accounts are not eligible for coverage by the SIPC.

Principal Securities will deposit the available cash in your Program Account into the BDSP using one or more BDSP banks on the BDSP bank list, up to \$246,500 at each BDSP bank. In total, up to \$2,500,000.00 of your cash may be held and insured in BDSP banks at a time. Once these maximum deposit amounts have been deposited in each BDSP bank on the BDSP bank list, any additional funds will be deposited in a designated "Excess Bank" without limit and without regard to maximum available FDIC insurance coverage. Such additional funds will not be eligible for FDIC insurance or coverage by the SIPC.

It is your duty to monitor your accounts, your FDIC coverage and your FDIC insurance eligibility. Changes to the BDSP bank list will be posted at www.principal.com/bdspdisclosures and you should consult this site for the most up-to-date information about the BDSP. Other changes to the BDSP may be posted to this site as well, and you should direct any questions you may have to Principal Securities. It is your duty to inform us of any BDSP banks that you do not wish to receive your available cash.

Interest rates/APY on the Deposit Accounts will be determined based on prevailing economic and business conditions. The interest rate on the Bank Deposit Accounts will fluctuate and will be reset on the first business day of each calendar month to equal the yield on the government money market fund used as the primary alternative core account investment vehicle for your account type as of the second to last business day of the prior calendar month. The interest rates on the alternative core account investment vehicles may reset as often as daily. Over any given period, the interest rates on the BDSP deposits may be lower than the rate of return on the alternative core account investment vehicles that are not FDIC insured, or on bank account deposits that are outside the BDSP.

BDSP Sweep-Related Conflicts

The interest rate clients earn from the BDSP may be higher or lower than the rates available in other types of accounts or investment alternatives available at FCCS including money market funds, or from comparable accounts in other depository institutions.

Principal Bank, an affiliate of Principal Securities, is included on the BDSP bank list and is currently the first bank within the sequence of banks on the BDSP bank list. A conflict of interest exists as an affiliate is receiving additional revenue that they would not otherwise receive because Principal Securities has chosen the BDSP as the default sweep vehicle and has allowed Principal Bank to participate in the BDSP.

Principal Securities receives compensation from Principal Bank for services Principal Securities provides to maintain the BDSP

To determine accounts eligible for the BDSP, please reference the Bank Deposit Sweep Program Disclosure Document.

Best Execution

Principal Securities serves as the introducing broker-dealer and clears all transactions through FCCS. Principal Securities relies on FCCS to ensure best execution. While best efforts will be made by FCCS, it is possible that another broker-dealer may execute a transaction at a better quality, speed, or price. FCCS provides Principal Securities with reports detailing statistical results and the rationale behind its best execution review. Principal Securities utilizes FCCS' reports to perform a quarterly review of trade execution to make sure it is in alignment with the industry.

Factors considered when determining best execution are the character of the market, size and type of transaction, number of markets checked, location and accessibility of primary markets, and quotation services to the broker-dealer. Any issues identified are passed on to FCCS for investigation and correction. Principal Securities performs a quarterly review of a random sample of trades, comparing the execution price received with the price reported on Bloomberg. Any issues identified are passed on to FCCS for investigation and correction.

Advisory Select and UMA Select Program Accounts with an AMP Select Sleeve

Principal Securities has established a comprehensive three-step program to surveil for best execution in the selection of mutual fund share classes held in an Advisory Select account or a UMA Select account with an AMP Select Sleeve:

STEP 1 - Presume Institutional Shares ("I-Shares") Result in Best Execution. Principal Securities generally presumes that an I-Share would be in the best interest of the client over other available share classes in the same mutual fund.

STEP 2 - Conduct Quarterly Reviews of all Mutual Fund Holdings. Principal Securities conducts a quarterly review of all mutual fund holdings to determine I-Share availability. If any exceptions are identified, holdings incurring 12b-1 fees will be exchanged or converted into the available I-Share.

STEP 3 - Refund any Rule 12b-1 Fees. Any 12b-1 fee received by Principal Securities will be credited back to the applicable Program Account. Please see "Item 4 - Mutual Funds and ETF Expenses and 12b-1 Fees" for a description of the crediting program for all Program Accounts.

Step-Out Trades

Trading can be executed by Portfolio Managers through a broker dealer that is not affiliated with FCCS ("step-out trade"). If a step-out trade is executed, in certain circumstances, additional costs could be assessed to the stepped-out trade within the Program Account. Not all step-out trades have additional costs. For those step-out trades that have additional costs, those costs include commissions, mark-ups, mark-downs or transaction fees by the executing broker dealer. These additional costs are regularly passed on to the Advisory Client. The cost of step-out trades is above and beyond the agreed upon Client Fee.

The additional cost of stepped-out trades should be factored in by the Client and their Financial Advisor when selecting the Advisory Program and/or Portfolio Manager that is appropriate for the Client.

Not all Portfolio Managers participate in step-out trades. Portfolio Managers determine their own trade execution policies. For additional information on the trading policies for each Portfolio Manager, please refer to the Portfolio Manager's Form ADV Part 2A and the Envestnet Form ADV Part 2A.

Lowest Cost Mutual Fund Share Class - Conflict of Interest

As noted in the section on Best Execution, it is our practice to place clients in I-Shares within Advisory Select and AMP Select sleeves within the UMA Select Program whenever they are available. We have established a quarterly review program to validate this practice.

Principal Securities receives 12b-1 fees from certain mutual funds. To the extent Principal Securities receives 12b-1 fees when a lower cost share class is available for the same mutual fund, Principal Securities has a conflict of interest associated with (i) making investment decisions or recommendations in light of the receipt of 12b-1 fees, and (ii) selecting or recommending the more expensive 12b-1 fee paying share class when a lower-cost share class is available for the same mutual fund.

All 12b-1 fees received by Principal Securities are credited back to the applicable Program Accounts. Please see "Item 4 - Mutual Funds and ETF Expenses and 12b-1 Fees" for a description of the crediting program for all Program Accounts.

The possibility that Principal Securities in its role as an investment adviser might receive and has in the past received a portion of compensation based on transactions, creates a conflict of interest due to Principal Securities and its Financial Advisor's financial incentive to recommend mutual fund share classes and ETFs that may indirectly pay the Financial Advisor a portion of the compensation received by its affiliated broker-dealer. Principal Securities has sought to remedy this conflict of interest by prohibiting the receipt of compensation based on transactions, 12b-1 fees and other fees from its affiliated broker-dealer when executing a transaction for mutual fund or ETF shares in an advisory account.

Incoming Transfers – Advisory Select

To the extent that a client transfers existing mutual funds into an Advisory Select Program Account for ongoing investment advisory services by Principal Securities, the Financial Advisor will review whether such mutual funds are the best share class reasonably available and make recommendations in the best interest of such client under the facts and circumstances at the time.

Share Class Exchanges and Conversions – Advisory Select and UMA Select with AMP Select Sleeve

Principal Securities may, in its discretion, exchange or convert an Advisory Client's mutual fund position held in one share class to a different share class. Such share class exchanges or conversions will occur as deemed appropriate by Principal Securities or its Financial Advisor and will be reflected on the Advisory Client's account statement. Principal Securities will consider various factors when considering share class exchanges and conversions in an advisory account, including but not limited to, the difference in the expense ratio between share classes. Please reference the Best Execution Section above for additional details.

Mutual Fund Share Class Purchases in Advisory Select and UMA Select with AMP Select Sleeve – Conflict of Interest

For the Advisory Select and UMA Select Program (with AMP Select Sleeve), Principal Securities or its Financial Advisors generally purchase I Shares, no-load shares or load-waived Class A shares. Advisory Select and UMA Select are programs whereby Principal Securities or the Financial Advisor pays the transaction costs associated with executing a recommendation that a Financial Advisor makes for a client's Program Account. When executing a recommended allocation, Principal Securities and its Financial Advisor will not choose a mutual fund share class that charges no upfront transaction costs (an "NTF fund share class") but causes the client to pay ongoing 12b-1 fees unless such a choice is in the Advisory Client's best interest. This choice constitutes a conflict of interest because if Principal Securities or the Financial Advisor assumes these costs, there is a financial incentive to select NTF funds in its Program Accounts to avoid paying mutual fund transaction charges, thereby, incurring less expense and increasing its compensation by avoiding transaction costs it would otherwise pay on behalf of a client's Program Account, while at the same time causing the client to incur higher costs over time.

As set forth above in the section on Best Execution, it is our practice to place clients in I-Shares whenever they are available. When an I-Share class is not available, Principal Securities may continue to recommend the use of an NTF Fund share class.

Code of Ethics

Principal Securities has implemented a Code of Ethics ("Code") pursuant to SEC Rule 204A-1. A complete copy of the Code is available upon request. The purpose of this Code is to prevent or mitigate conflicts of interest that exist, or appear to exist, and to prevent any violations of applicable laws, when Principal Securities' Officers, Directors, Investment Adviser Representative and certain employees who meet the SEC's definition of "Access Person" own or engage in transactions involving securities.

Central aspects of the Code include:

- the requirement that all reportable personal security transactions be conducted in such a manner as to avoid any actual or potential conflict of interest or abuse of an individual's position of trust and responsibility;
- fiduciary principles that include the requirement to place the interests of Advisory Clients first and maintain in confidence information concerning the security holdings of those customers: and
- the duty to comply with applicable federal and state securities laws, including the prohibitions against insider trading and market manipulation.

Each Access Person is provided with a copy of the Code and any amendment and must certify that they have read and will comply with the Code including any amendments.

In general, the Code also requires Access Persons to disclose all accounts in which they will have beneficial ownership in certain reportable securities. When a person becomes an Access Person or prior to being released as an Investment Adviser Representative, those persons must furnish a copy of an initial holdings report on any such accounts and reportable securities. A copy of an account statement issued by or an electronic data transmission from the firm where the account is maintained can satisfy this requirement. Access Persons must also furnish copies of quarterly transaction reports and annual holding reports on reportable securities. Copies of quarterly and annual statements issued by or

electronic data transmissions from the firm where the account is maintained can satisfy this requirement. These records are then reviewed as appropriate.

Principal Securities Investment in Managed Portfolio and UMA Select

Principal Securities may temporarily invest funds into new investment models when such new models first become available. Principal Securities, for these purposes, may invest funds in amounts that are below the stated minimum. Principal Securities will not trade in a manner that disadvantages clients.

Participation or Interest in Client Transactions

In its capacity as a registered investment adviser, Principal Securities will not enter into any principal transactions with Advisory Program Accounts. Bonds traded within Advisory Select Program Accounts or UMA Select Program Accounts with an AMP Select Sleeve are traded as agency transactions with Advisory Program clients.

Clients enter into principal transactions with Principal Securities in its capacity as broker-dealer. In the role of a broker-dealer, Principal Securities offers variable life, variable annuities, mutual funds, stocks, bonds, and other securities to Advisory Clients and will charge these clients commissions on the sales of these products.

Certain affiliates of Principal Securities have a financial interest in client transactions with respect to the Proprietary Funds if they are purchased by a client in an Advisory Select Program Account or AMP Select Sleeve in a UMA Select Program Account. Proprietary Funds are managed and sub-advised by affiliates of Principal Securities. Proprietary Funds pay investment management fees to these affiliates. Although Principal Securities does not directly receive these payments, Principal Securities has a conflict of interest between its duty to act in the best interest of its clients and any interest it has in generating investment management fees for its affiliates by including the Proprietary Funds in the Advisory Select Program Account or an AMP Select Sleeve in a UMA Select Programs. Certain Proprietary and Non-Proprietary Funds eligible to be purchased in the Advisory Select program and an AMP Select Sleeve within the UMA Select program offer additional compensation to Principal Securities or the Financial Advisor. Please see "Other Compensation" under Item 9 for more information.

Personal Trading

See Item 9, the "Code of Ethics", explaining the requirements to prevent any violations of applicable laws when Access Persons own securities or engage in transactions involving securities.

Review of Accounts

Managed Portfolio, Strategy Select, SMA and UMA Select

Accounts in the Principal Advisory Programs are reviewed as described earlier in Item 4 (Methods of Analysis, Investment Strategies and Risk of Loss).

Advisory Select

Financial Advisors are responsible for ongoing review of their clients' Program Accounts and are subject to branch office supervision.

Annual Program Account Reviews

The Financial Advisor will make a reasonable effort to meet with clients at least annually to review the Program Account. As part of the annual review the client's Financial Advisor will review the client's

Program Account(s) performance, model portfolio and Eligible Investments, as needed. Also, the Financial Advisor will request information regarding whether there has been any change in the client's ongoing investment objectives, risk tolerance, planned investment time horizon, financial goals, and whether the client wishes to impose any reasonable restrictions on the investments contained in the Program Account. Based on the information provided by the Advisory Client, if necessary, the Financial Advisor will suggest changes to the Client Account.

Regular Reports and Statements

Advisory Clients receive a confirmation upon each Program Account trade and an account statement no less frequently than quarterly. A monthly statement will be provided for every month in which there is brokerage activity in a Program Account. FCCS is the qualified custodian that has custody of client account assets and provides the custodial services for assets invested within Advisory Programs, which includes clearing, custody, and other brokerage services through NFS. All dividends and other distributions from Program Account assets will be managed in accordance with instructions given on the account opening forms or as otherwise instructed by the Advisory Client.

Quarterly performance reports produced by Envestnet are made available to the client. These performance reports are intended to inform clients as to how their Program Account has performed for the reporting period.

Other Compensation - Proprietary Funds, Proprietary ETFs and Conflicts of Interest in Managed Portfolio

Principal Securities does not recommend, select or play any role in Morningstar's selection of the specific investments comprising the model portfolios beyond defining the program's eligible investments. Mutual funds and ETFs sponsored and sub-advised by affiliates of Principal Securities are eligible for inclusion in Morningstar's asset allocations and are offered through many of the model portfolios. These mutual funds and ETFs pay investment management fees to these Principal Securities affiliates. Although Principal Securities does not directly receive these payments, Principal Securities has a conflict of interest because Principal Securities retains the discretion to accept, modify or reject Morningstar's asset allocation target and selection of securities recommendations and therefore, has an incentive to choose Principal Funds, Inc. mutual funds and Principal ETFs to implement Morningstar's recommended asset allocation for a Managed Portfolio Account due to the compensation that will be received by affiliates of Principal Securities, over non-proprietary mutual funds and ETFs that are not sub-advised or managed by Principal Securities' affiliates.

Principal Securities has relied on Morningstar's determination that the overall performance of Principal Funds and Principal ETFs merits their inclusion in Managed Portfolio model portfolios. In offering these funds in Managed Portfolio, Principal Securities believes that it has complied with the applicable standards of fiduciary duty that require it to act in the best interest of the client when making investment recommendations.

Other Compensation - Proprietary Funds, Proprietary ETFs and Conflicts of Interest in Advisory Select and UMA Select with an AMP Select Sleeve

Principal Securities has a conflict of interest in connection with recommendations for investment in Proprietary Funds which are Eligible Investments and can be held in an Advisory Select Program Account or AMP Select Sleeve within a UMA Select Program Account. Principal Securities has an incentive to choose mutual funds and ETFs distributed or managed by affiliates of Principal Securities to implement its recommended asset allocation for a Program Account due to the compensation that will be received

by affiliates of Principal Securities that is not received when it recommends Non-Proprietary Funds. Proprietary Funds pay certain agreed upon fees to affiliates of Principal Securities for fund transfer agent and administration services and distribution services. In addition, the Proprietary Funds are managed by investment adviser affiliates of Principal Securities. Such affiliates receive management fees from the Proprietary Funds for the investment management services provided.

Principal Securities has a conflict of interest because it has a financial incentive to recommend the purchase of Proprietary Funds over Non-Proprietary Funds, when both are Eligible Investments.

Principal Securities generally prohibits the recommendation or purchase of a Proprietary Fund into a Program Account opened by or on behalf of a trust described in Internal Revenue Code of 1986, as amended ("IRC") § 401(a) which forms part of a plan, or a plan described in IRC § 403, which trust or plan is exempt from tax under IRC § 501(a); an individual retirement account described in IRC § 408(a); an individual retirement annuity described in IRC § 408(b); an Archer Medical Savings Account described in IRC § 330(d); a health savings account described in IRC § 223(d); or, a Coverdale savings account described in IRC § 530 ("Qualified Program Account"). Proprietary Funds, except for Principal Exchange-Traded Funds (as mentioned in Item 4), transferred into a Qualified Advisory Select Program Account or Qualified UMA Select Program Account within an AMP Select Sleeve are not allowed to be held for an extended period of time.

As noted in the section based on Best Execution, it is our practice to place clients in I-Shares whenever they are available. We have established a quarterly review program to validate this practice for Advisory Select Program Accounts and UMA Select Program Accounts with an AMP Select Sleeve. All 12b-1 fees received by Principal Securities are credited to all applicable Program Accounts.

Some Proprietary Funds do not have an I-Share class available. Therefore, some share classes of Proprietary Funds that pay such fees will be permitted to be transferred from other accounts or purchased in the Non-Qualified Program Accounts. Unless such shares are exchanged for another share class, Principal Securities will continue to receive these fees and credit them back to the applicable Program Accounts.

Other Compensation – Non-Proprietary Funds and Conflicts of Interest

Principal Securities is not affiliated with the mutual fund companies that sponsor the Non-Proprietary Funds. However, conflicts of interest arise in connection with certain Non-Proprietary Funds. Some Non-Proprietary Funds pay 12b-1 fees to Principal Securities. These 12b-1 fees are separate from and in addition to the investment management fees and other expenses. 12b-1 fees decrease potential positive returns and increase potential negative returns in Program Accounts and are in addition to the Client Fee. The receipt of 12b-1 fees presents a conflict of interest because it gives Principal Securities and its Financial Advisors an incentive to recommend mutual funds for accounts based on the compensation received rather than on a client's need. To mitigate this conflict of interest, Principal Securities will credit the 12b-1 fees to the Program Accounts to the extent they arise as a result of Non-Proprietary Funds held in both Qualified and Non-Qualified Program Accounts.

As noted in the section on Best Execution, it is our practice to place clients in I-Shares whenever they are available. We have established a quarterly review program for Advisory Select and the UMA Select Program Accounts with an AMP Select Sleeve to validate this practice. All 12b-1 fees received by Principal Securities are credited to applicable Program Accounts.

Other Compensation – General

Principal Securities does not receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions (“soft dollar benefits”).

Sponsor Reimbursements

Principal Securities may receive direct or indirect reimbursements from sponsors or platform providers including but not limited to marketing reimbursements, meals, and the cost of presentation facilities for Financial Advisors to attend sales presentations or education events. These reimbursements may give Principal Securities incentive to recommend to a Financial Advisor the use of one sponsor or provider over another, however, reimbursements are not shared with the Financial Advisor.

Other Reimbursements

Additional items where PSI either currently receives some reimbursements or can elect to receive additional reimbursements based on agreements with FCCS include Margin Debit Interest, Unsecured Debit Interest, Credit Interest or Cash Debits.

Financial Information

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

Brokerage Requirements

Principal Securities makes no recommendations as to broker-dealers or custodians except in connection with the Advisory Programs, where clients must utilize Principal Securities’ brokerage services for their program accounts.

Trade Error Correction Procedures

In the event of a trade error correction, Principal Securities has specific procedures designed to correct any trade error as promptly as possible. Principal Securities' policy is to rectify the trade error caused by us or our affiliates by adjusting the client's Program Account as it would have been had no error occurred. For trades where Principal Securities is at fault or where no fault can be determined, Principal Securities will absorb any losses or gains resulting from that error. If it is determined that the Advisory Client is at fault, Principal Securities uses its discretion to pass along any losses to the Advisory Client, and Principal Securities will keep any gains resulting from the trade error. Advisory Client is responsible for reviewing Program Account statements and notifying their Financial Advisor or Principal Securities immediately if any discrepancies are found. Principal Securities will not correct errors older than six months from occurrence.

Proxy Voting

As a matter of firm policy and practice, Principal Securities and its Financial Advisors do not have any authority to and do not vote proxies on behalf of advisory clients.

Managed Portfolio, Strategy Select and Advisory Select Programs

Advisory Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. All proxies will be sent to the Advisory Client.

SMA Program

SMA Portfolio Managers retain the responsibility for receiving and voting proxies for any and all securities maintained in SMA Program Accounts. Proxy voting will be governed by the Portfolio Manager's policy. Please reference the Portfolio Manager's Form ADV Part 2A for proxy voting information.

UMA Select Programs

Proxy voting will be governed by the Envestnet policy. Please reference the Envestnet's Form ADV Part 2A for proxy voting information.

Trusted Contacts

Advisory Clients can choose to add Trusted Contact(s) to their Program Account at the time the account is established or anytime thereafter. Principal Securities is authorized to contact a Trusted Contact and disclose information about the Program Account to address possible financial exploitation, to confirm the specifics of the Advisory Client's current contact information, health status, or the identity of any legal guardian, executor, trustee or holder of a power of attorney, or as otherwise permitted by law. An Advisory Client may change or remove a Trusted Contact at any time by written notice to Principal Securities.