



PRINCIPAL ADVISED SERVICES, LLC

FORM ADV PART 2A APPENDIX 1: IN-PLAN ADVICE BROCHURE

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

Item 2: Material Changes

Principal Financial Group provides recordkeeping services to retirement plans. As part of these recordkeeping services, Principal Financial Group offers investment education services, when elected by the sponsor of the retirement plan, to plan participants who hold plan accounts. These services are typically provided by a designated call center, and include education about plan features, plan investment options, and general investment principles. The staff of the call centers are generally registered representatives of Principal Securities Inc., a broker-dealer affiliated with Principal Financial Group. This brochure details an enhanced service whereby certain call center representatives will become investment adviser representatives of Principal Advised Services, and will provide advice and recommendations to a plan participant regarding their in-plan account.

There are no material changes due to this being a new brochure.

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Item 4: Advisory Business

Principal Advised Services is a member company of Principal Financial Group, a diverse family of financial services companies offering businesses, individuals and institutional customers a wide range of financial products and services, including retirement, insurance, and asset management.

Principal Advised Services was formed in 2017. Its principal place of business is in Des Moines, Iowa. Principal Advised Services is a subsidiary of Principal Bank; Principal Advised Services and Principal Bank are wholly owned subsidiaries of Principal Financial Group, Inc. (NASDAQ: PFG).

Description of Services Offered

Retirement plan participants will be offered a personalized one-on-one retirement evaluation through a designated call center staffed with investment advisory representatives of Principal Advised Services. Participants will be offered three forms of nondiscretionary investment advice in these evaluations:

- i. Advice regarding whether the participant should enroll in Target My Retirement, a discretionary managed account service that primarily creates asset allocation portfolios for participants from all or a portion of the plan's investment lineup. Target My Retirement is offered by Morningstar Investment Management, LLC ("Morningstar"). Morningstar is an SEC-registered investment adviser and subsidiary of Morningstar Inc., neither of which are affiliates of Principal Financial Group or Principal Advised Services. The plan sponsor must affirmatively elect to make the Target My Retirement service available to participants, and if a plan participant chooses to enroll in Target My Retirement, Morningstar provides investment management services directly to the plan participant.
- ii. Advice regarding the amount of money the participant should contribute to the plan.
- iii. "Point in Time" advice regarding the funds that the Participant should select in the Plan. A participant will receive the ability to view an investment portfolio that includes allocations among all, or a portion of the plan's investment options. Should the participant determine that the proposed Point in Time asset allocation is appropriate, the participant can implement the proposed allocations by making self-directed transactions through the plan's website. Unlike fully subscribing to Target My Retirement, the Point in Time service is non-discretionary and will not automatically implement any asset allocation, nor will it automatically rebalance a participant's portfolio.

In formulating advice about the amount of money a participant should contribute to the plan, and in formulating its advice about the funds that a participant should select in the plan, Principal Advised Services leverages investment methodology provided to it by Morningstar. The advice described above is informed by factors including a participant's retirement profile information, situation, objectives, investment experience, the level of engagement the participant plans to have in managing their retirement savings, their outlook on volatility, and whether the participant finds value in professional management. When constructing the non-discretionary advice for the participant's investment portfolio, the Point in Time advice will take into consideration any other investments the participant holds inside their plan account, and any assets held outside the plan account if the participant provides this information. In addition, a participant may receive education on the features of their plan account.

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

Principal Advised Services does not have, and will not exercise any, fiduciary discretion with respect to the advice described above. In providing the advice to participants with respect to the advice described above, Principal Advised Services will act as a fiduciary of the plan under the Employee Retirement Income Security Act of 1974 ("ERISA") by reason of the provision of investment advice referred to in section 3(21)(A)(ii) of ERISA. Should participants choose to utilize the Target My Retirement managed account solution, Morningstar will offer participants continuous ongoing discretionary account management. With the managed account solution, Morningstar acts as an investment manager to the participant, as defined in Section 3(38) of ERISA.

Item 5: Fees and Compensation

There is no additional fee charged by Principal Advised Services for the nondiscretionary investment advice and recommendations described above, however, if the participant elects to use Target My Retirement, there is an ongoing investment management fee charged by Morningstar against the participant's plan account. Additionally, the investment recommendations described above will impact the revenue that our affiliates earn, and this causes a conflict of interest. Additional information about these conflicts of interest is described below, and more fully in later sections of this Brochure.

Some of the advice we deliver affects the compensation of our affiliates, as described below. This represents a conflict of interest for us.

- If a participant follows our recommendation to enroll in Target My Retirement, Morningstar will earn additional investment management expenses by charging investment management fees against the participant's account. Pursuant to separate contractual arrangements, Morningstar compensates Principal Financial Group for services it provides to Morningstar relative to Target My Retirement, like for building and maintaining technology to transmit and receive data. As such, when we recommend Target My Retirement, our affiliate will earn additional revenue if the participant follows our recommendations. Additionally, our recommendation to use Target My Retirement may constitute a promotion relationship under the SEC's marketing rule. We will provide required disclosure to participants to whom we recommend Target My Retirement.
- If we recommend that a participant contribute more to their retirement plan account, our affiliate Principal Financial Group may earn additional compensation because Principal Financial Group assesses some recordkeeping and related fees as a percentage of a participant's account, and our recommendation may increase the amounts against which Principal Financial Group assesses its fees.
- When we make a fund-specific investment recommendation to a participant, we make this recommendation considering the funds that the plan's sponsor or other fiduciary has selected and made available within the plan. Some of these funds may be investments offered or advised by our affiliates, including Principal Global Investors, LLC, which does business as Principal Asset Management ("Principal Asset Management"), in which case our affiliate may earn additional fees (such as investment management fees) when a participant implements our fund-specific recommendation. Other funds we recommend from the plan's lineup may make revenue sharing payments to our affiliates. As such, Principal Advised Services may cause its affiliate to receive additional compensation in connection with its fund-specific recommendations, even if the fund is not a proprietary fund of Principal Financial Group.
- Our investment adviser representatives are paid a salary for their work and are generally eligible to receive an annual bonus. The awarding of an investment adviser representative's bonus considers several weighted factors, including the attainment of firm-level asset accumulation or retention goals, but generally does not consider whether a participant takes action based on an investment adviser representative's advice.

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

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

Item 7: Types of Clients

Principal Advised Services provides the services described herein to plan participants in retirement plans, whose plan sponsors have authorized the services through contractual arrangements with Principal Financial Group. There is currently no minimum balance required for these services.

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

Principal Advised Services Investment Advice Committee

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

Among other responsibilities, the Investment Advice Committee has the responsibility to oversee the formulation and delivery of the advice described herein, including by overseeing the investment methodology used in formulating the advice. To this end, the Investment Advice Committee reviews and approves the proprietary investment methodology that generates advice about whether a participant should enroll in Target My Retirement, as well as the investment methodology provided by Morningstar that generates advice about savings recommendations, and the Point in Time fund-specific advice.

Material Risks

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

Model Risk

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

Investment Risks

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

The past performance of Principal Advised Services or Principal Asset Management is no guarantee of future results, therefore, you should not assume the future performance of an investment strategy will be profitable. Market, interest rate, investment and other related risks may adversely affect the performance of securities held in customer accounts and cause losses in a customer account. The following is a list of some of the principal risks of investing in mutual funds and ETFs and other funds. The following list of risks is not intended to be a comprehensive list of risks.

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

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

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

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

Market Risk. The price of any security or the value of an entire asset class can decline for many reasons, including but not limited to interest rates, regulatory changes, unpredictable market sentiment changes, and political, economic and social conditions. Global markets are interconnected, and events like hurricanes, floods, earthquakes, forest fires and similar natural disturbances, war, terrorism or threats of terrorism, civil disorder, public health crises, and similar "Act of God" events have led and may in the future lead to increased short-term market volatility and may have adverse long-term and widespread effects on world economies and markets generally. Customer Accounts may have exposure to countries and markets impacted by such events, which could result in material losses.

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

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

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

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

Item 9: Disciplinary Information

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

Item 10: Other Financial Industry Activities and Affiliations

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

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

Material Relationships with Related Persons and Potential Conflicts of Interest

Principal Advised Services has certain relationships or arrangements with related persons that are material to its investment advisory business. Below is a description of these relationships and some of the conflicts that arise from them. Principal Advised Services mitigates the conflicts of interest discussed below through disclosure in this Brochure and through the implementation, monitoring

and review of the policies and procedures that comprise its compliance program. Please see “Conflicts of Interest” below for further discussion of the conflicts of interest that arise from using affiliated service providers and offering affiliated mutual funds and ETFs and other funds.

Principal Life Insurance Company is licensed as an insurance company in all 50 states and the District of Columbia. Principal Advised Services has entered into a Subsidiary Expense Reimbursement Agreement pursuant to which Principal Life Insurance Company and its global affiliates will furnish certain personnel, services and facilities to Principal Advised Services, and Principal Advised Services will reimburse its affiliates for the costs associated with these services.

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

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

Principal Advised Services has adopted a Code of Ethics (the “Code”). The principal purpose of the Code is to provide policies and procedures consistent with applicable laws and regulations, including Rule 204A-1 under the Investment Advisers Act of 1940 (“Advisers Act”), to prevent or mitigate conflicts of interests or the appearance of such conflicts when Principal Advised Services officers, directors, employees and certain non-employees of Principal Advised Services with access to customer and trading information of Principal Advised Services (“Access Persons”) own or engage in their own personal transactions involving securities.

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

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

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

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

Participation or Interest in Customer Transactions and Other Conflicts of Interest

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

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

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

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

Affiliated Mutual Funds and other funds

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

Conflicts of Interest Created by Trading Model Portfolios

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

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

Item 12: Brokerage Practices

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

Item 13: Review of Accounts

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

Item 14: Client Referrals and Other Compensation

Principal Advised Services does not currently use any paid referral services, so this item is currently not applicable to Principal Advised Services.

Item 15: Custody

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

Item 16: Investment Discretion

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

Item 17: Voting Client Securities

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

Item 18: Financial Information

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