Principal Global Investors, LLC

Form ADV Part 2A

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This brochure provides information about the qualifications and business practices of Principal Global Investors, LLC (“PGI”). If you have any questions about the contents of this brochure, please contact us at 800-787-1621.

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 PGI is available on the SEC's website at: https://adviserinfo.sec.gov/.

PGI is an SEC registered investment adviser. This registration does not imply any certain level of skill or training.

PGI uses Principal Asset Management (“Principal AM”) as a DBA (doing business as) name and will be referenced throughout this document as Principal AM (or “the Firm").

Item 2 - Material Changes Summary

The following material changes have been made to Principal AM's brochure since the last filing dated March 31st, 2025.

Item 12 - Brokerage Practices: Section updated to disclose Principal AM’s practices related to the selection of brokers for execution and research.

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Introduction

Principal AM is a diversified global asset management organization providing an expanded range of diverse investment capabilities through a network of specialized investment teams and affiliates. Capabilities span all major asset classes across both public and private markets including equities, fixed income, asset allocation, and real estate, and private markets. Principal AM is an indirect wholly owned subsidiary of Principal Financial Group, Inc. (NASDAQ: PFG).

Principal AM's Services

Principal AM provides investment advisory services to institutional investors and individuals on a discretionary or non-discretionary basis. Principal AM has divided its investment management operations into several distinct investment teams across equities, fixed income, asset allocation, real estate, and private markets. Principal AM also serves as an investment adviser for Principal Funds, Inc., Principal Variable Contracts, Inc., Principal Exchange Traded Funds and, the Scholars Edge 529 plan. Principal AM also provides fund administration services for Principal Funds, Inc. and Principal Variable Contracts, Inc. Principal AM may hire affiliated or non-affiliated investment advisers to provide discretionary investment advisory services in a sub-advisory capacity. For example, Principal AM serves as a "manager of managers" on behalf of certain Principal Funds. In its capacity as a manager of managers, Principal AM recommends the hiring and firing of sub-advisory firms and provides ongoing oversight of such sub-advisory firms in connection with the services provided to the Principal Funds.

Principal AM also provides additional investment services to clients as described more fully in the Investment Solutions section in Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.

Principal AM generally provides continuous and regular investment advice based on the defined investment strategies, objectives, and policies of its clients. These arrangements are documented through an investment management agreement, investment policy statement, or investment guidelines, which incorporate investment management restrictions and guidelines developed in consultation with each client, as well as any additional services required by the client. These restrictions and guidelines customarily impose limitations on the types of securities that may be purchased and the percentage of account assets that may be invested in certain types of securities. Clients may also choose to restrict investment in specific securities or groups of securities for social, environmental, or other reasons. Principal AM also provides certain non-discretionary services to clients such as model portfolios.

Prospective clients or investors may also access our services indirectly by purchasing interests in Principal Funds or other commingled vehicles advised or sub-advised by Principal AM or an affiliate rather than establishing a direct relationship through an investment management agreement.

Commingled funds managed by Principal AM include collective investment trusts, exchange-

traded funds ("ETFs"), open-end or closed-end investment companies (including Interval Funds), and privately offered funds ("Private Funds") not registered under the Investment Company Act of 1940 as amended, (the "1940 Act"). Clients or investors should consider the features of these options and their own specific needs and circumstances when determining the most suitable investment and should carefully review the offering documents of these investment vehicles to understand the investment objectives, strategies, and risks of each vehicle.

Prospective clients or investors may also purchase our services indirectly by purchasing investment management or discretionary trustee services from Principal Trust Company or Principal Bank, rather than establishing a direct relationship through an investment management agreement.

For our mutual funds and other commingled vehicles, investment advice is provided directly to the fund or commingled vehicle, subject to the discretion and control of the funds' general partners (or analogous party), and not to the underlying investors in the fund based upon their individual needs. Fund investors may have conflicting investments, taxes, and other interests with respect to their investments in the fund.

As a consequence, conflicts of interest may arise in connection with decisions made by Principal AM that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a Private Fund, Principal AM and the Private Fund's general partner (or analogous party) will consider the investment and tax objectives of the applicable Private Fund, not the investment, tax, or other objectives of any investor individually.

Principal AM will, from time to time, enter into side letter arrangements with certain investors (e.g., Private Funds, commingled funds, etc.). Side letters provide such investors with different or preferential rights or terms. Such differences and preferences may include but are not limited to, different fund fee structures, and other preferential economic rights, information rights, waiver of certain confidentiality obligations, co-investment rights, redemption, certain rights or terms necessary in light of particular legal, regulatory or policy requirements of a particular investor, additional obligations and restrictions with respect to structuring particular investments in light of the legal and regulatory considerations applicable to a particular investor, or preferential liquidity or transfer rights to the extent other investors are not disadvantaged and these are allowable per regulation. Except as otherwise agreed with an investor or otherwise set out in the fund's organization documents, Principal AM and its affiliates are not required to disclose the terms of side letter arrangements with other investors in the same fund.

The organizational documents of a Private Fund establish complex arrangements among the funds, Principal AM, investors, and other relevant parties. From time to time, questions may arise regarding certain parties' rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of such documents. In some instances, the operative provisions of the organizational documents, if any, may be broad, silent on relevant provisions, conflicting, ambiguous, and vague and may allow for multiple reasonable interpretations.

While Principal AM will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty to the fund and legal obligations, the interpretations used may not be the most favorable to Private Fund investors.

Services required by Principal AM's Private Funds may, for certain reasons including efficiency and economic considerations, be outsourced in whole or in part to third parties, in each case at the discretion of Principal AM or their general partners (or analogous parties).

Principal AM and its affiliates have an incentive to outsource such services at the expense of the Private Funds to, among other things, leverage the use of Principal AM's personnel.

Such services may include, without limitation, investor reporting, Private Fund administration and accounting, custodial, valuation, and legal. Outsourcing may not occur universally for all Private Funds and, accordingly, certain costs may be incurred by one Private Fund for a third-party service provider that is not incurred for comparable services by other Private Funds.

Separately Managed Accounts ("SMA")/Wrap Programs

Principal AM provides investment advisory services to a variety of managed account programs, including separately managed accounts or wrap fee programs, unified managed account programs, and model portfolio programs (collectively, "Managed Accounts").

There are several different types of Managed Account programs offered by third-party broker-dealers, banks, or other investment advisers affiliated with broker-dealers ("Program Sponsors"). In discretionary Managed Account programs, Principal AM is responsible for implementing its investment recommendations. Principal AM may handle the placement of trades for certain accounts with brokers other than the Program Sponsor or its affiliate(s) (e.g., through "step outs"), but typically the majority of trades will be directed to the Program Sponsor or its affiliate(s) for execution. In "Model-Delivery" Managed Account programs, Principal AM is retained by the Program Sponsor to provide non-discretionary research and portfolio recommendations that are not tailored to any program participant. The Program Sponsor has discretion to accept, modify, or reject Principal AM's recommendations and assumes the responsibility to implement transactions for Managed Accounts. Principal AM generally does not have information regarding participants in Model-Delivery Managed Accounts.

Generally, for Managed Accounts comprised of Employee Retirement Income Security Act of 1974 ("ERISA") plan clients, Principal AM's services are ordinarily described in the ERISA plan client's contract with the Program Sponsor and/or in the Program Sponsor's program brochure.

Asset Allocation Service

Principal AM provides asset allocation advice and other investment advisory services to qualified retirement plans funded with annuity contracts purchased from Principal Life Insurance Company ("Principal Life"). These specific clients are contract holders of group variable annuity contracts issued by Principal Life. The clients, as annuity contract holders, have an option to invest in various separate accounts established by Principal Life. Principal AM acts as sub-adviser to Principal Trust Company and Principal Bank, providing asset allocation advice and other investment advisory services to institutional investors.

Services Provided to Non-U.S. Clients

Principal AM may also act as an investment adviser and may conduct marketing activity with respect to clients and prospective clients domiciled in foreign jurisdictions. In some instances, Principal AM may do so without maintaining regulatory licenses or registrations in those jurisdictions, to the extent permitted by applicable law.

Clients and prospective clients in such jurisdictions should consider whether the regulatory framework of their own jurisdiction imposes restrictions upon them regarding hiring an investment adviser that does not hold local regulatory licenses or registrations. Clients and prospective clients should also consider whether the regulatory framework to which Principal AM is subject provides sufficient protection given that Principal AM may not be subject to the regulatory framework with which they are familiar in their own jurisdiction.

Global Asset Management

Principal AM may utilize services from, and provide services to, our United States (U.S.). affiliates and non-U.S. affiliates. These services may include investment advisory services, client relations, investment monitoring, accounting administration, investment research, and trading. To facilitate this collaboration, Principal AM has entered into sub-advisory agreements, intercompany agreements, and "participating affiliate" arrangements with certain non-U.S. affiliates. Each U.S. affiliate is registered with the U.S. Securities and Exchange Commission ("SEC"), and each non-U.S. affiliate is registered with the appropriate respective regulators in their home jurisdictions. Under participating affiliate arrangements, certain employees of Principal AM's non-U.S. affiliates serve as "associated persons" of Principal AM when providing certain of these services, including placing orders for clients, and in this capacity are subject to Principal AM's oversight and supervision.

Assets Under Management

Principal AM managed $419,245,584,914 in discretionary assets and $8,467,136,715 in non-discretionary assets as of December 31, 2025.

Item 5 – Fees and Compensation

Principal AM's fees generally depend on the services being provided. Principal AM offers its services for compensation based primarily on a percentage of assets under management or on a fixed fee basis. Principal AM may negotiate and charge different fees for different accounts. For example, Principal AM may consider a variety of factors when offering discounted fee schedules to certain clients, including but not limited to the totality of the client's (and/or their affiliates') relationship with Principal AM or its affiliates, the number of accounts managed, the size or asset level of the account(s), the nature of services rendered, the country of domicile, and any special requirements of the account(s) managed. For clients with whom Principal AM has agreed to provide the lowest fee rate charged to any other similarly situated client, all these factors, including the totality of Principal AM's relationship with a client and/or its affiliates, may be taken into consideration in determining whether a client is similarly situated to another. Principal AM may also consider the impact such arrangements could have on agreements that have previously been entered into with other clients.

In addition, fees and allocations are often fixed, fixed plus performance, or performance only. Certain fixed fees are required to be paid up front. For an additional discussion of performance-based fees and allocations, please refer to Item 6 ("Performance-Based Compensation and Side-by-Side Management") of this Brochure.

When deciding whether to negotiate a particular fee, Principal AM may also consider its capacity to manage assets in a particular strategy. In addition, Principal AM may offer or make available to certain clients a specified asset level or capacity maximum that Principal AM will allow them to

invest in a given strategy. The amount of capacity offered may impact fee negotiations. The negotiation of fees may result in similarly situated clients paying different fees for comparable advisory services.

Clients may invest in a variety of U.S. and non-U.S. commingled vehicles, including private commingled vehicles. Information regarding advisory fees charged by Principal AM and other expenses payable by investors is set forth in the offering documents for the applicable commingled vehicle.

Fees for Institutional Clients Accounts

Equities Fee Schedules:

Principal AM's standard annual fees for investment management services are based on the fair market value of assets under management as outlined in the table below. Published fee schedules shown reflect unaffiliated client portfolios which are individually managed (segregated and discretionary) and subject to the stated minimum accounts sizes. Fees and minimum investment amounts in all categories and ranges can be subject to negotiation as appropriate and may be higher or lower than those described below.

International Equity	**Fee Schedule**
International Equity Diversified International Equity	0.60% on the first $50 million 0.55% on the next $50 million 0.50% thereafter Minimum Account Size: $50 million
International Developed Equity	0.55% on the first $50 million 0.50% on the next $50 million 0.45% thereafter Minimum Account Size: $25 million
Global Emerging Markets Equity Emerging Markets Ex-China	0.75% on the first $50 million 0.70% on the next $50 million 0.60% thereafter Minimum Account Size: $50 million
Asia Pacific ex Japan Equity Asia Ex Japan Equity	0.65% on the first $50 million 0.60% on the next $50 million 0.50% thereafter Minimum Account Size: $25 million
European Equity	0.50% on the first $50 million 0.40% on the next $50 million 0.30% thereafter Minimum Account Size: $25 million
European Responsible Equity	0.55% on the first $50 million 0.50% on the next $50 million 0.45% thereafter

International Small Cap Equity	0.80% on the first $50 million 0.75% on the next $50 million 0.70% thereafter Minimum Account Size: $25 million
Global Equity Global Opportunities Equity Global Sustainable Equity	0.55% on the first $50 million 0.50% on the next $50 million 0.45% thereafter Minimum Account Size: $25 million

Principal Equities	**Fee Schedule**
U.S. Small Cap Equity U.S. Small Cap Select Equity U.S. Small Cap Select Value Equity U.S. SMID Equity	0.60% on the first $50 million 0.55% on the next $50 million 0.45% thereafter Minimum Account Size: $10 million
Capital Appreciation U.S. Core Equity Income Equity Income Concentrated Capital Appreciation	0.50% on the first $50 million 0.45% on the next $50 million 0.40% on the next $100 million Negotiable on all thereafter Minimum Account Size: $25 million
Concentrated Mid Cap	0.60% on the first $50 million 0.55% on the next $50 million 0.50% on the next $100 million Negotiable on all thereafter Minimum Account Size: $25 million
SMID Equity Income	0.70% on the first $50 million 0.65% on the next $50 million 0.60% on the next $100 million Negotiable on all thereafter Minimum Account Size: $25 million

Mid-Cap Growth	0.75% on the first $100 million 0.50% above $100 million
SMID Growth	0.85% on the first $50 million 0.75% above $50 million
Small-Cap Growth	0.85% on the first $50 million 0.75% above $50 million

Principal Aligned	**Fee Schedule**
Blue Chip Equity Mid Cap Equity Mid Cap Constrained	0.60% on the first $50 million 0.55% on the next $50 million 0.45% thereafter Minimum Account Size: $25 million
Focused Blue Chip Equity	0.70% on the first $50 million 0.65% on the next $50 million 0.55% thereafter Minimum Account Size: $25 million

Public Infrastructure Equity	**Fee Schedule**
Global Listed Infrastructure Securities	0.75% on the first $25 mm 0.65% on the next $25 mm 0.60% on all thereafter Minimum account size: $25 mm

Fixed Income Fee Schedules:

Principal AM's standard annual fees for investment management services are based on the fair market value (unless book value is specified in the negotiated contract) of assets under management as outlined in the tables below. Published fee schedules are shown for unaffiliated client portfolios which are individually managed (segregated and discretionary) and subject to the stated minimum accounts sizes. Fees and minimum investment amounts in all categories and ranges can be subject to negotiation as appropriate and higher or lower than those described below.

Multi-Sector Fixed Income	**Fee Schedule**
Aggregate Passive	0.08% on the first $250 million 0.06% on the next $250 million 0.04% on all thereafter Minimum Account Size: $50 million
Short Term Income	0.20% on the first $150 million 0.15% on the next $150 million 0.10% thereafter Minimum Account Size: $50 million

Core Fixed Income Core Plus - Intermediate	0.25% on the first $50 million 0.20% on the next $50 million 0.15% thereafter Minimum Account Size: $50 million
Core Plus Bond	0.30% on the first $100 million 0.25% on the next $100 million 0.20% thereafter Minimum Account Size: $50 million
U.S. Multi-Sector Fixed Income	0.45% on the first $50 million 0.40% on the next $100 million 0.35% thereafter Minimum Account Sized: $50 million
Multi-Sector Credit	0.50% on the first $100 million 0.45% on the next $100 million 0.40% thereafter Minimum Account Size: $50 million
Global Fixed Income	0.35% on the first $50 million 0.30% on the next $50 million 0.25% on the next $50 million 0.20% thereafter Minimum Account Size: $50 million
Global Multi-Sector Fixed Income	0.45% on the first $50 million 0.40% on the next $100 million 0.35% thereafter Minimum Account Sized: $50 million

Investment Grade	**Fee Schedule**
Investment Grade Corporate Long Duration Credit	0.30% on the first $100 million 0.25% on the next $100 million 0.20% thereafter Minimum Account Size: $50 million

High Yield/Bank Loans	Fee Schedule
Short Duration High Yield High Yield High Yield Opportunistic Global High Yield Bank Loans	0.50% on the first $50 million 0.45% on the next $50 million 0.40% thereafter Minimum Account Size: $50 million

Asia Fixed Income	Fee Schedule
Asia Credit Strategy	0.40% on the first $50 million 0.35% on the next $50 million 0.30% thereafter Minimum Account Size: $50 million
Asia Investment Grade Credit	0.35% on the first $100 million 0.30% on the next $100 million 0.25% thereafter Minimum Account Size: $50 million

Emerging Market Debt	Fee Schedule
Finisterre Emerging Market Debt	0.22% on the first $50 million 0.20% on the next $50 million 0.16% thereafter Minimum Account Size: $50 million

Securitized Debt / Cash	Fee Schedule
Mortgage-Backed Securities	0.22% on the first $50 million 0.20% on the next $50 million 0.16% thereafter Minimum Account Size: $50 million
Government & High-Quality Fixed Income	0.25% on the first $100 million 0.20% on the next $100 million 0.15% on the next $100 million Negotiable on all thereafter Minimum Account Size: $50 million
Balanced CMBS Yield Oriented	0.35% on the first $50 million 0.25% on the next $50 million 0.20% thereafter
CMBS Opportunistic Value	0.55% on the first $50 million 0.50% on the next $50 million 0.40% thereafter Minimum Account Size: $50 million

High Yield CMBS Yield Oriented Return	0.40% on the first $50 million 0.30% on the next $50 million 0.25% thereafter Minimum Account Size: $50 million
CMBS Total Return Investment Grade CMBS Yield Oriented	0.30% on the first $50 million 0.25% on the next $50 million 0.20% thereafter Minimum Account Size: $50 million
Money Market	0.12% on the first $100 million 0.11% on the next $100 million 0.10% thereafter Minimum Account Size: $50 million
Ultra Short High Quality	0.15% on the first $100 million 0.13% on the next $100 million 0.10% thereafter Minimum Account Size: $50 million

Municipal	**Fee Schedule**
Opportunistic Municipal Taxable Municipal Long Fixed Income	0.30% on the first $50 million 0.25% on the next $50 million 0.20% thereafter Minimum Account Size: $50 million
Municipal California Fixed Income	0.25% on the first $100 million 0.20% on the next $100 million 0.15% thereafter Minimum Account Size: $50 million
National Municipal	0.28% on the first $100 million 0.20% on the next $100 million 0.15% thereafter Minimum Account Size: $50 million

Stable Value	**Fee Schedule**
Morley Stable Value Account	0.15% on the first $100 million 0.12% on the next $100 million Minimum Account Size: $50 million

Principal Alternative Credit	Fee Schedule
Private Investment Grade Credit	0.25% on the first $100 million 0.20% on the next $100 million 0.15% thereafter Minimum Account Size: $50 million
Lower and Core Middle Market Direct Lending	Base Management Fee: 1% Performance Fee: 15% with a 6% hurdle Minimum Accounts Size: $50 million

Fees for Private Funds

The fees for a private fund ("Private Fund") are called out more fully in its offering documents and may be negotiable based on the agreements between an underlying Private Fund investor and Principal AM.

Typically, Principal AM Private Fund investments have annual investment management fees up to 1.5% (calculated either as a percentage of the investor's account value or as percentage of their invested capital in the Private Fund) which typically decline based on the amount of assets invested.

In addition, Private Funds incur organizational and start-up expenses, general partner/management expenses, and expenses, fees and costs connected with a Private Fund's operations. The Private Funds incur these fees and expenses in addition to the investment advisory fees charged by Principal AM. The fees and expenses are paid by the Private Fund and can be substantial. Investors in the Private Funds indirectly bear these expenses as these are paid out of the profits of the Private Fund. Fees from Private Funds deducted from fund assets may reduce investor returns. Principal AM and the General Partners/Managers of the Private Funds generally have complete control and discretion over the organizational and start-up expenses, general partner and management expenses, and expenses, fees and costs connected with the Private Funds they sponsor and organize, as well as their payment.

Private Fund organizational and start-up expenses, general partner/management expenses, and expenses, fees and costs connected with the Private Fund's operations vary widely across the Private Funds sponsored and organized by Principal AM.

Some of the more common types of organizational and start-up expenses include legal, accounting, tax, regulatory filing and compliance, initial capital raising, printing, and other similar fees, costs, and expenses connected to the Private Fund's formation and launch of operations.

Some of the more common general partner and management company expenses include expenses for ongoing legal, accounting, tax advice, compliance, anti-money laundering, and administration services, including expenses associated with the preparation of the General Partner's financial statements and tax returns; placement agent fees and expenses; costs and expenses of any Fund advisory board (including travel and all other out-of-pocket costs incurred in connection with any advisory board meetings); fees, costs, and expenses incurred in connection with distributions to the Private Fund investors; and in respect of reporting to and communicating to the Private Fund's investors.

Timing And Structure of Fee Payments

The timing of fee payments, mutually agreed upon with each client, typically is set forth in the applicable client agreements or in the Private Fund's relevant governing documents and/or other document, as applicable. Asset-based fees generally are paid monthly, quarterly, or semi-annually, and are generally calculated on the value of the account's net or managed assets or, in the case of certain closed-end Private Funds, the committed capital, invested capital, or other capital calculations.

Investment management agreements are typically terminated by Principal AM or the client with advance notice, as set forth in the relevant governing documents. In the event of the termination of a relationship, unearned fees paid in advance, if any, beyond agreed upon minimum fees, will be refunded to the client. To the extent fees have been earned but not yet billed, such fees will be pro-rated and paid by the client upon termination. In certain cases (e.g., Private Funds, and separate accounts with performance-based fees), fees continue to be paid after termination of the relationship in accordance with the governing documents, as applicable.

Asset Allocation Fee Schedule

Principal AM's standard annual fees for investment management services are based on the value of assets under management as outlined in the table below. The published fee schedules apply to unaffiliated client portfolios and are subject to the stated minimum account sizes. Fees and minimum investment amounts across all categories and ranges may be subject to negotiation, as appropriate, and may be higher or lower than those described below.

Asset Allocation Strategies	Fee Schedule
Dynamic Risk (DR) - Balanced Dynamic Risk (DR) – Conservative Balanced Dynamic Risk (DR) – Conservative Growth Dynamic Risk (DR) – Flexible Income Dynamic Risk (DR) – Strategic Growth	0.45% on the first $50 million 0.42% on the next $50 million 0.39% on the next $50 million 0.34% thereafter Minimum Account Size: $25 million

Principal AM may allocate retirement plan client assets among separate accounts available through group annuity contracts issued by Principal Life. Clients may also elect to allocate assets to a liability-driven investment portfolio.

For retirement plan allocations, clients pay fees for Principal AM's investment advisory services. These advisory fees do not include fees associated with the management of the individual Principal Life separate accounts. Principal AM's investment advisory fees are billed directly to the client. If a client elects to have Principal AM's investment advisory fees deducted from the value of its group annuity contract, the tax deferred benefits of the group annuity contract may be reduced.

The standard investment advisory fee is calculated quarterly by multiplying the Ending Balance by the Annual Basis Point Fee and dividing the result by four. "Ending Balance" means the total amount invested in Principal Life separate accounts under the group annuity contract as of the end of each calendar quarter. The applicable Basis Point Fee for a calendar quarter is determined based on the total funds invested in Principal Life separate accounts under the group annuity contract as of the last day of the calendar quarter. Fees are based on the total funds within the

ranges shown below, and may be subject to negotiation.

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

For Fixed Fee Asset Allocation or a one-time Liability Driven Investing Asset Allocation Strategy on Principal Life Insurance Asset Allocations, Principal AM generally charges a fixed fee. The standard fee for these services typically ranges from $1,500 to $2,500 per allocation.

Asset Allocation Services with or without Liability Driven Investment Profile on Principal Bank/Principal Trust Platform

Principal AM may act as either a directly contracted investment manager or as a sub-adviser to Principal Trust Company, Principal Bank, or other affiliates that provide asset allocation advice and other investment advisory services to institutional investors. In such arrangements, clients pay fees to Principal Trust Company, Principal Bank, or the applicable affiliate.

Principal AM's fees are billed to Principal Trust Company, Principal Bank, or the applicable affiliate. These fees generally range from 0.05% to 0.38% of assets under management but may be negotiated on a case-by-case basis.

Fees for Separately Managed Accounts (SMA)

The annual management fees paid to Principal AM for SMA strategies generally range from 0.23% to 0.55% of the relevant SMA account holder's respective accounts. Some SMA programs provide for the wrap fee (including the portfolio management portion payable to Principal AM) to be paid by the SMA account holder before Principal AM renders services to the SMA account holder, while some SMA programs provide for the wrap fee (and Principal AM's portfolio management portion) to be paid in arrears by the SMA account holder after Principal AM provides services for the period. In the event the SMA program provides for prepayment of fees by the SMA account holder, the SMA account holder is directed to the Program Sponsor's brochure for information concerning termination and refund conditions and procedures.

In certain situations, as described more fully in Item 4, Principal AM may provide only model delivery services where the primary adviser serves as the manager of the underlying investment models. In these circumstances, the fees are subject to negotiation.

Fees for 529 Plans

Principal AM provides investment advisory services to a 529 plan sponsored by a state government. Fees for such services are negotiated with the state government sponsoring the plan and, in certain cases, the program managers. More information about the management or administrative fees paid to Principal AM as the investment manager of a 529 plan may be found in each individual plan's program brochure.

Other Expenses

Clients may pay certain expenses such as custodian expenses and brokerage fees (along with other transaction costs) in addition to Principal AM's investment management fees. For additional information regarding brokerage fees and other transaction costs, see Item 12.

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

Performance fee arrangements create an incentive for Principal AM to recommend or select investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee-paying accounts over other accounts in the allocation of investment opportunities. This creates potential conflicts of interest, which Principal AM seeks to address through policies and procedures. Such fee arrangements also create an incentive for Principal AM to favor client accounts that pay performance-based fees over other accounts in the allocation of investment opportunities, and to aggregate or sequence trades in favor of such accounts. Principal AM believes it has procedures reasonably designed and implemented to treat clients fairly and equitably, and to prevent this conflict from influencing the allocation of investment opportunities among clients. Certain Principal AM accounts are charged performance fees in accordance with the conditions and requirements of Rule 205-3 of the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Any such performance fees will be negotiated on an individual basis with the client. Principal AM is willing to consider incentive fees in appropriate circumstances. In measuring client assets for the calculation of performance-based fees, realized and unrealized capital gains and losses are included depending upon contractual provisions.

Principal AM manages investments for a variety of clients including pension funds, retirement plans, mutual funds, ETFs, large institutional clients, 529 plans, real estate, listed infrastructure, interval funds, Managed Accounts, and Private Funds. Potential conflicts of interest can arise from the side-by-side management of these clients based on different fee structures.

Principal AM seeks to mitigate these conflicts by managing accounts in accordance with applicable laws and its policies and procedures, which are designed to ensure all clients are treated fairly, and to prevent any client or group of clients from being systematically favored or disadvantaged in the allocation of investment opportunities. Principal AM's policies and procedures regarding allocation of investment opportunities and trade executions are described below in "Item 12 - Brokerage Practices."

Fee and Cost Allocation

Principal AM provides investment services to multiple clients who can have substantial overlap in investment strategies and who may compete for potentially limited investment opportunities. The Firm offers investment opportunities to each client in accordance with the applicable provisions of each client's constituent documents including allocation into investment vehicles by the Firm and its affiliates.

Principal AM may form employee alignment vehicles to enable certain investment professionals and other employees of Principal AM and its affiliates to participate in the Private Fund. Principal AM may waive carried interest, management fees, and financing fees for any such employees investing directly or indirectly into a Private Fund.

Co-investments can be offered by Principal AM or its affiliates in their discretion to the extent that: (i) the size of an investment opportunity exceeds the aggregate desired allocation to the Client(s) for which the opportunity would be appropriate; and/or (ii) there is adequate interest from prospective Investors, including co-investors. Co-investments can be structured through investment vehicles or similar arrangements organized to facilitate such investments for legal, tax, regulatory, or other purposes (each, a "Co-Investment Vehicle"). A Co-investment Vehicle could include an entity that invests side-by-side with a Private Fund Client or into which a Private Fund Client invests together with other co-investors, each entity and/or co-investor which could be managed by, or otherwise affiliated with, Principal AM or its affiliates.

Certain investors may receive different and/or more favorable terms when compared to such Private Fund Client, and could have interests or requirements that conflict with, and adversely impact, such Private Fund Client. Principal AM will generally seek to cause such Private Fund Client, and other Principal AM related investors, to participate in any investments and any related transaction on comparable economic terms vis-a-vis the underlying opportunity to the extent Principal AM deems appropriate, subject to legal, tax, regulatory, and other similar considerations. Such comparable participation is not necessarily appropriate in all circumstances. The Private Fund Client could participate in such investment on different and potentially less favorable economic and/or non-economic terms than such parties (or that the Private Fund Client would participate in, if such parties were not co-investors) if Principal AM deems such participation as being otherwise in the Private Fund Client's best interests.

Item 7 – Types of Clients

Principal AM provides portfolio management services to individuals, high net worth individuals, corporate pension and profit–sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, municipalities, registered mutual funds, private investment funds, ETFs, trusts, sovereign wealth funds, foreign funds, supranational, central banks, collective investment trusts, wrap programs, insurance separate accounts, life insurance company general accounts, fund of funds, 529 plans, real estate, listed infrastructure, interval funds and other U.S. and international institutions. Some of Principal AM's clients are affiliates. Principal AM is a sub-adviser to Principal Trust Company and Principal Bank providing asset allocation advice and other investment advisory services to institutional investors.

Principal AM provides investment advisory services both directly to clients and as a sub-adviser to investment products (e.g., ETF, CIT, model portfolios) sponsored or advised by other registered investment advisers or financial institutions. Principal AM also provides asset allocation and other investment advisory services to qualified retirement plans funded with group annuity contracts purchased from Principal Life.

Generally, the minimum account size for opening and maintaining an individually managed equity portfolio/account is $10-50 million and is based on the type of strategy used for the client's portfolio.

Generally, the minimum account size for opening and maintaining an individually managed fixed income portfolio/account is $25-50 million and is based on the type of strategy used for the client's portfolio.

Principal AM reserves the right in its sole discretion to accept client accounts with fewer initial assets.

The minimum account size for all Separately Managed Accounts in which Principal AM participates is generally $100,000. Although investment minimums differ from program to program and are determined by the Program Sponsor, Principal AM may elect to waive or negotiate other minimum account sizes.

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

Investing in securities involves risk of loss that clients should be prepared to bear. Each of the investment strategies listed below is subject to certain risks. There is no guarantee that any investment strategy will meet its investment objective.

Equities

Principal AM has various equity teams offering a number of actively managed and systematic strategies, all utilizing equity securities to help meet its clients' investment objectives and goals. Principal AM is generally a long-only manager. The vast majority of the portfolios are discretionary. Please refer below to "Item 16 – Investment Discretion" regarding discretion over client accounts.

Equity teams provide client-focused investment solutions spanning equity markets worldwide. This process generally utilizes internally generated fundamental research that focuses on bottom-up stock selection within a sophisticated comparative framework. The entire scope of research encompasses companies, large and small, in emerging and developed markets, although the universe of companies relevant to any single investment strategy will typically be smaller. The use of technical methods of analysis can also be used within the research. The proprietary systems include some data sourced from outside investment research specialists.

Principal AM maintains a global equity research platform in which teams of investment analysts—organized by region, sector, and thematic expertise—support multiple investment teams and portfolio managers across the Firm. These analysts operate within a shared resource model, meaning their research, insights, and company coverage may be utilized by more than one portfolio management team. While individual investment strategies may rely on specific subsets of the global research platform, the shared analyst structure enhances idea generation, facilitates consistency of research views, and allows for efficient coverage of global markets. Portfolio managers retain full discretion over how analyst research is incorporated into security selection for their respective strategies.

Research teams reference many sources when analyzing a company, including but not

limited to investment publications on general economic conditions, financial publications from the investment banking industry, corporate annual reports and regulatory filings, and meetings with senior management of companies whose stocks in which the specialized investment teams have invested or are considering for investment when deemed appropriate or as necessary, in the teams' judgment.

The types of equity securities typically utilized for these strategies include common stock (exchange traded, over the counter and initial or follow-on offerings) issued by U.S. and non-U.S. corporations or other issuers. The specialized investment teams can utilize different instruments, at their preference, to fulfill their selection including but not limited to: (1) American Depositary Receipts and Global Depositary Receipts, if liquidity is suitable; (2) open-end funds and ETFs for cash equitization purposes and to gain exposure to certain markets; (3) closed-end funds, participation notes, private placement securities and rights and warrants on equity securities (although rare); and (4) forward currency contracts to hedge the exposure of foreign currency fluctuations in the equity portfolios.

Principal AM's philosophy is that equity markets are not perfectly efficient and therefore provide opportunities to add value through fundamental research and active risk management. Our strategies are built on the belief that bottom-up stock selection is the most reliable and repeatable source of consistent competitive performance over time. To that end, the lead portfolio manager for each strategy collaborates directly with the investment analysts regarding the output of their analysis and is ultimately responsible for security selection and for the individual weighting of each portfolio holding.

Risk management is embedded in the investment processes of each distinct investment team. The portfolio managers have a number of risk management systems/tools at their disposal, each serving a different purpose within the portfolio construction process.

These systems monitor risk and guidelines (in terms of region, country, currency, sector, industry, market capitalization distribution, style factor distribution, beta sensitivity and individual position weights) in each client's portfolio. Generally, the portfolio management teams monitor portfolio risk exposures through a series of weighting constraints relative to each portfolio's benchmark and each portfolio's overall characteristics and individual security holdings. Furthermore, the risk management tools allow Senior Management of the specialized investment teams to view portfolio positioning for their respective strategies at any time. The Chief Investment Officers for equity are charged with supporting risk management efforts that quantify the portfolio managers' success in achieving risk and return objectives for the accounts they manage. Prospective clients should be aware that no risk management system is fail-safe, and no assurance can be given that risk frameworks employed by the specialized investment teams will achieve their objectives and prevent or otherwise limit substantial losses.

There is also the risk that the investment approach taken will be out of favor at times, causing strategies to underperform other strategies or funds that also seek capital appreciation but use different approaches to the stock selection and portfolio construction process. A further discussion of the risks inherent in our equity strategies is provided below.

Principal AM offers a broad range of global and regional equity strategies across developed and emerging markets, specified market segments and style preferences, which include, but are not limited to:

International Equity Strategies

Diversified International Equity, International Equity

These strategies offer a broad exposure to equity investment opportunities outside the U.S. They are active core strategies including moderate strategic allocations to emerging markets.

International Developed Equity

These strategies can provide broad exposure to selected equity investment opportunities in developed markets outside of the U.S. utilizing a disciplined active approach.

International Small Cap

These strategies provide diversified exposure among selected smaller capitalization companies in developed regions outside the U.S. utilizing a disciplined active core approach.

European Equity

These strategies offer a broad exposure to European equity investment opportunities (inclusive of the United Kingdom, and excluding European emerging markets), utilizing a disciplined active core approach.

Emerging Markets Equity Strategy

Global Emerging Markets Equity, Emerging Markets Ex-China

These strategies can provide diversified exposure among companies within growing segments of the economy in emerging markets countries and focus on delivering growth without excessive valuation premiums.

Global Equity Strategies

Global Equity, Global Opportunities Equity, Global Responsible Equity

These strategies invest in companies domiciled in the United States, developed international and emerging market countries, with broad latitude to focus on our highest conviction investment opportunities across the world. The “Responsible” designated strategy also incorporates certain specific industry exclusions and carbon related ESG enhanced features.

Domestic Equity Strategies

U.S. Small Cap, U.S. Small Cap Select, U.S. SMID

The objectives of these strategies are to provide a diversified exposure among selected smaller capitalization U.S. companies. The U.S. Small Cap, U.S. Small Cap Select, and U.S. SMID strategies are core offerings while the U.S. Small Cap Select Value strategy has value- oriented characteristics.

Small Cap Growth, SMID Cap Growth, and Mid Cap Growth

The growth strategies focus primarily on stocks within the market capitalization ranges of the Russell Mid Cap Growth Index, Russell 2500 Growth Index and Russell 2000 Growth Index, respectively. The strategies focus on leading indicators of fundamental business improvement and investor expectations. Each strategy seeks long-term growth of capital.

Mid Cap, Blue Chip, Focused Equity

The Mid Cap, Blue Chip, and Focused Equity strategies are designed for investors seeking equity investment opportunities irrespective of benchmark orientation. The strategy focuses primarily on long-term ownership of high-quality businesses with sustainable competitive advantages, owner-operator management, and discounted valuations.

Capital Appreciation

The Capital Appreciation strategy seeks long-term growth of capital by investing in common stocks of companies across the capitalization spectrum.

Equity Income

The Equity Income strategy seeks a relatively high level of current income and long-term growth of income and capital by investing primarily in the common stocks of U.S. large- cap companies.

SMID Equity Income

The objective of the SMID Equity Income strategy is to seek a relatively high level of current income and long-term growth of income and capital by investing primarily in common stocks of small and mid-cap U.S. companies.

Passive & Systematic Equity Strategies

In addition to actively managed strategies, Principal AM also manages passive index replication strategies, as well as various quantitatively managed systematic and “smart beta” strategies. Fee schedules for these strategies are available upon request.

Infrastructure Equity Securities

Principal AM offers an actively managed global listed infrastructure securities strategy to help meet its clients’ investment objectives, needs, and goals. Please refer to Item 16 regarding discretion over the clients’ accounts.

The types of equity securities that can be utilized for this strategy or any related listed infrastructure strategies include common stock (exchange traded, over the counter, and initial public offerings) issued by U.S. and foreign corporations, issuers defined as a listed infrastructure company, or real estate investment trusts. Principal AM can also invest client assets in the following securities, subject to client guidelines: preferred securities, American Depositary Receipts, Global Depositary Receipts, Exchange Traded Funds (“ETFs”), participation notes, private placement securities, and rights and warrants on equity securities.

Forward currency contracts could be used to hedge the exposure to foreign currency fluctuations in the equity portfolios.

Global Listed Infrastructure Strategy

The Global Listed Infrastructure Securities strategy is designed to provide investors with access to the infrastructure asset class by investing in listed securities issued by companies engaged in the infrastructure industry around the world. The strategy's investment objective is to provide excess total returns relative to an index.

Philosophy and Risk Management

Principal AM's philosophy is that equity markets are not perfectly efficient and therefore provide opportunities to add value through fundamental research and active risk management. Principal AM's strategies are built on the belief that bottom-up stock selection is designed to be a reliable and repeatable source of consistent competitive performance over time. The portfolio management team believes mispricing occurs in listed infrastructure markets, often as a result of the mismatch between the shorter-term focus of the market and the long duration of infrastructure assets and investment cycles. The team also believes seeking to avoid the big losers is more important than identifying big winners.

To that end, the portfolio management team collaborates directly with analysts regarding the output of their analysis and is ultimately responsible for security selection and for the individual weighting of each portfolio holding. Risk management is embedded in the investment process. Principal AM's portfolio managers have a number of risk management systems/tools at their disposal, each designed to serve a different purpose within the portfolio construction process. Generally, the portfolio management teams monitor portfolio risk exposures through a series of weighting constraints relative to each portfolio's benchmark, each portfolio's overall characteristics, and individual security holdings.

Prospective clients should be aware that no risk management system is fail-safe, and no assurance can be given that risk frameworks employed by Principal AM and the portfolio managers will achieve their objectives and prevent or otherwise limit substantial losses. There is the risk that Principal AM's investment approach could be out of favor at times, causing strategies to underperform other strategies or funds that also seek capital appreciation but use different approaches to the stock selection and portfolio construction process.

Risks associated with investing in Infrastructure Securities

All Principal AM's infrastructure equity securities strategies entail market risk, liquidity risk, and operational risk. Past performance does not necessarily predict future returns. Clients are subject to the risk that stock prices will fall over short or extended periods of time, and clients could lose all, or a substantial portion, of the value of their investments.

Historically, the equity markets have moved in cycles, and the value of equity securities can fluctuate significantly from day to day. Individual companies could report poor results or be negatively affected by industry and/or economic trends and developments. The prices of these companies' securities could decline in response. These factors contribute to price volatility, which is a principal risk of equity investing.

These strategies utilize, to a significant extent, securities issued by listed infrastructure

companies in the U.S. and outside the U.S. A “listed infrastructure company” is a publicly traded company engaged in the development, operation, and management of infrastructure assets. Infrastructure assets include but are not limited to utilities (electric, gas, water), transportation infrastructure (airports, highways, railways, marine ports), energy infrastructure (renewable energy generation, oil and gas pipeline operators), and communications infrastructure (cell phone tower operators, data centers, other providers of telecommunication services). These securities will have risks associated with the ownership, operation, and management of assets in these sectors.

Some of those risks associated with the ownership, operation, and management of infrastructure assets include adverse economic conditions, changes in government regulation or deregulation, increases in operating costs, changes in consumer preferences or behaviors, declines in occupancy or rental rates, and the availability and pricing of capital. The strategies are concentrated in infrastructure securities and can experience price volatility and other risks associated with non-diversification.

Principal AM Global Listed Infrastructure Securities strategy utilizes foreign investments. Foreign investments are subject to special risks not typically associated with domestic U.S. stocks. Investing in issuers headquartered or otherwise located in foreign countries poses additional risks since political and economic events unique to a country or region will affect those markets and their issuers. Certain political or economic events could impose governmental sanctions and cause certain securities to be ineligible for trading at certain times. These events will not necessarily affect the U.S. economy or similar issuers located in the United States. In addition, investments in foreign countries are generally denominated in a foreign currency. As a result, changes in the value of those currencies compared to the U.S. dollar can affect (positively or negatively) the value of the investment.

Although frequent trading is not a strategy utilized in these real estate equity security strategies, it can occur. Frequent trading can affect investment performance through increased brokerage and other transaction costs and taxes.

Fixed Income

Principal AM manages strategies covering a full range of global fixed income securities, including products that integrate multiple fixed income sectors (multi-strategy) as well as products that emphasize a single fixed income sector.

The fixed income multi-strategy services focus on U.S. dollar-denominated securities as well as fixed income securities issued outside the U.S. and denominated in multiple currencies benchmarked to a range of short, intermediate, and long duration strategies.

The single sector focused strategies include global, and U.S. dollar-denominated strategies focused on investment grade corporate credit, high yield securities, emerging market debt, municipals or government and government-related bonds. Principal AM believes superior returns are best achieved through the integration of rigorous fundamental research, a global perspective, and disciplined risk management. These common threads serve as the cornerstones of the fixed income process:

Macro/Risk Perspective

A broad approach to identifying macro trends and inconsistencies.

Investment Research Framework

A consistent comparative framework based on fundamentals, technical, valuations, and independent internal research, which is used throughout the investment process and facilitates communication as well as portfolio positioning.

Risk Management

A comprehensive, multi-dimensional approach to risk management at each stage of the investment process. A further discussion of the risks inherent in our fixed income strategies is provided below.

Use of Derivatives

While derivatives are not a distinct strategy, periodically Principal AM uses derivatives if permitted by the client. Common fixed income derivatives used include credit default swaps ("CDS"), interest rate swaps, Treasury futures, TBA (To Be Announced MBS Forward), collateralized debt obligations ("CDO"), and currency swaps, among others. Principal AM utilizes the exchange traded and over-the- counter markets, and derivatives are primarily used for asset replication, hedging and structured products.

Fixed Income Strategies

Bank Loans

The Bank Loan strategy seeks to provide a return consisting of income and capital appreciation over the long term primarily through security selection. Investments are in U.S. dollar denominated floating rate bank loan securities.

Emerging Market Broad

Global Bonds

The Global Bonds strategy aims to exploit global bond market opportunities through assessment of the global business/growth cycle and the relative position of individual countries within the cycle. The goal of the strategy is to add value to an actively managed global bond portfolio. The strategy includes Global Sovereign Plus, Global Credit Opportunities, Global Multi-Sector, and Global Short Duration Fixed Income.

High Yield

The High Yield strategy tactically allocates across the high yield spectrum, focusing on the individual ratings of securities. The goal of the strategy is outperformance of the benchmark over a three to five-year period with a below market level of volatility. High yield strategies include High Yield Traditional, Global High Yield, High Yield Opportunistic, High Yield, High Quality High Yield and Short Duration High Yield. This strategy is subject to greater credit quality risk than securities that invest in higher rated fixed income securities and should be considered speculative.

Investment Grade Corporate Credit

The Investment Grade Corporate Credit strategy is built upon a forward-looking credit research process to identify quality issuers in the investment grade universe. This strategy benefits from a dedicated team of credit analysts and high yield specialists to add value to an actively managed credit portfolio. This strategy includes Investment Grade Corporate.

Long Duration

The Long Duration strategy seeks to provide consistent outperformance through an active management strategy capturing multiple sources of excess returns. The goal of the strategy is to add value to an actively managed long duration portfolio. This strategy includes Long Duration Credit, Long Duration Core Plus, Long Duration Investment Grade Corporate, Long Duration Investment Grade Government/Corporate, and Long Duration Fixed Income.

Multi-Sector Fixed Income

The Multi-Sector Fixed Income strategy seeks to provide consistent risk-adjusted returns through balancing the understanding of the quantitative risks with the associated return opportunities. The goal is to provide consistent alpha created through sector allocation, security selection and structural positioning/asset replication. This strategy includes Core Fixed Income, Core Plus Bond and Corporate Plus.

Municipal Bonds

The Municipal Bond strategies invest in securities issued by, or on behalf of, state or local governments, and other public authorities and are tax-exempt. The strategies invest in a broad array of municipal bonds with varying maturities. Municipal strategies include Municipal California Fixed Income, Municipal Fixed Income, Municipal Impact, Opportunistic Municipal and Opportunistic Municipal. Municipal Bond strategies that are not tax-exempt include Taxable Municipal Fixed Income Limited Trading and Taxable Municipal Long Fixed Income.

Securitized Debt

The Mortgage-Backed Securities strategy invests primarily in Fannie Mae, Freddie Mac, and Ginnie Mae agency mortgage-backed securities (MBS), with the ability to invest in treasuries, U.S. agencies, asset-backed securities (ABS) and non-agency MBS. This strategy invests entirely in U.S. based issuers. The Government & High-Quality Fixed Income strategy seeks to provide a high level of current income consistent with stability and liquidity by investing primarily in securities issued by the U.S. government, its agencies and instrumentalities and other high-quality MBS. Mortgage-Backed Securities strategies include Government and High-Quality Fixed Income and Mortgage-Backed Securities.

Securitized Debt/Cash

Principal AM offers actively managed strategies utilizing publicly traded real estate debt securities. Principal AM primarily invests in commercial mortgage-backed securities (“CMBS”) for those strategies. CMBS investing at Principal AM involves buying securities from Conduit, Single-Asset/Single-Borrower (SASB), and Agency securitizations. Principal AM offers the following publicly traded real estate debt securities strategies:

CMBS Total Return: This strategy invests in investment grade CMBS securities focusing on total return relative to the Bloomberg Barclays ERISA Eligible Investment Grade CMBS Index.

Investment Grade CMBS Yield Oriented Return: This strategy seeks an objective of portfolio yield enhancement by investing in a diversified portfolio of investment grade commercial mortgage-backed securities. The strategy seeks to maximize book yield based on a given credit constraint.

High Yield CMBS Yield Oriented Return: This strategy seeks an objective of portfolio yield enhancement by investing in a diversified portfolio of higher yielding commercial mortgage-backed securities, including those rated below-investment grade. The strategy primarily seeks to maximize book yield while secondarily seeking to outperform over a full market cycle the BBB- component of the 2.0 Bloomberg Barclays Investment Grade CMBS Index.

Balanced CMBS Yield Oriented Return: This strategy seeks an objective of portfolio yield enhancements by investing in a diversified portfolio of commercial mortgage-backed securities which can include a mix of investment grade and below-investment grade securities. The strategy seeks to maximize book yield while secondarily seeking to outperform over a full market cycle and is measured against the A- component of the 2.0 Bloomberg Barclays Investment Grade CMBS Index.

CMBS Opportunistic Value: This strategy seeks an objective of opportunistic total return by investing in a diversified portfolio of commercial mortgage-backed securities which can include investment grade and/or below-investment grade securities. The strategy seeks to maximize total return based on current market opportunities and is not measured against a benchmark.

Philosophy and Risk Management: Our public real estate debt securities purchasing philosophy is based on the belief that superior security selection combined with disciplined surveillance and monitoring is the key to consistent outperformance. This is achieved through a consistent balance of fundamental qualitative analysis and quantitative modeling. Qualitative analysis, investment due diligence, and individual security selection is critical to providing strong risk-adjusted returns. Principal Real Estate performs fundamental analysis utilizing its internal investment analysts, advanced modeling techniques and a wide variety of market information sources. The investment process for CMBS combines “top down” technical analysis and a “bottom up” fundamental approach to arrive at a consistent and informed investment decision.

Principal AM utilizes an internally developed, proprietary, CMBS model to aid in investment analysis. The model incorporates expertise from Principal AM’s commercial mortgage underwriting, private equity, and research groups with respect to their current and expected analysis of property cash flows, commercial real estate markets, and future macroeconomic conditions.

The CMBS investment management team internally rates credit risk, assesses cash flow volatility, identifies relative value from a risk-adjusted perspective (which drives investment allocation decisions), and actively manages risk through market cycles by combining its dynamic CMBS model with the extensive commercial real estate experience of Principal AM. In addition, the investment management team performs ongoing surveillance of each client’s CMBS portfolio under management. This surveillance process includes frequent reviews of the model assumptions and samples of underlying loans, including analysis of rent rolls and property operating statements and consultation with our other real estate debt/equity investment

professionals.

Principal AM, at its option, can purchase for eligible accounts initial offerings or on the secondary market CMBS with respect to which Principal AM or an affiliate (i) contributed loans to a CMBS pool, (ii) acts as the primary servicer for one or more mortgages backing the CMBS, or (iii) were in some other manner involved with an underlying CMBS loan. In acting in any of the aforementioned capacities, Principal AM or an affiliate can receive fees. For example, Principal AM or an affiliate can receive fees for originating and closing a loan or for contributing a loan to a CMBS pool. In addition, Principal AM or an affiliate can receive ongoing fees for the continued primary servicing of loans that were contributed to a CMBS pool.

General Risks Associated with Investment in Public Real Estate Debt Securities: Securities backed by commercial real estate assets such as CMBS are subject to securities market risks as well as risks similar to those of direct ownership of commercial real estate mortgages because those securities derive their cash flows and value from the performance of the commercial real estate underlying such investments and/or the owners of such real estate. For more discussion on risks regarding ownership of commercial real estate mortgage investing, please see the preceding section entitled General Risks Associated with Investment in Private Real Estate Debt.

In addition to the risks listed above, CMBS is a structured security. Structured securities are securities that entitle the holders thereof to receive payments that depend primarily on the cash flow from, or sale proceeds of, a specified pool of assets together with rights designed to assure the servicing or timely distribution of proceeds to holders of the securities.

The risks typically experienced by structured securities are credit risks, liquidity risks, interest rate risks, market risks, operational risks, structural risks, and legal risks. They are subject to the significant credit risks inherent in the underlying commercial mortgages and to the respective performance of the borrowers' payment obligations with respect to the mortgages and to the servicers' distribution of payments to the CMBS security holders. The performance of these types of securities is also dependent on the allocation of principal and interest payments as well as losses among the classes of such securities of any issue. In addition, concentrations of CMBS backed by underlying collateral located in a specific geographic region or concentrations of specific borrowers or property types, can subject the securities to additional risk. Certain CMBS have structural features that divert payments of interest and/or principal to more senior classes when the delinquency or loss experience of the pool exceeds a certain level, which would reduce or eliminate payments of interest on one or more classes of such CMBS for one or more payment dates.

There is liquidity risk in the public commercial real estate debt securities market. This could make the sale of these securities more difficult depending on market conditions and lack of liquidity adversely affects the value of the investment. CMBS and other asset backed securities are affected by the quality of the credit extended in the underlying loans. As a result, their quality is dependent upon the selection of the commercial mortgage portfolio and the cash flow generated by the commercial real estate assets.

Risk factors related to the foregoing include lack of diversification in the commercial mortgage portfolio, dependence on the skills, decision-making, and experience of the various issuers in selecting the commercial mortgage portfolio and borrower default.

Under certain circumstances, conflicts of interest can arise in the case of CMBS securities when

one or more clients of Principal AM invest in different parts of an issuer's capital structure. For example, when one or more clients of Principal AM own a private equity obligation of an issuer and other Principal AM clients could own public securities of the same issuer. As a result, if the issuer in which one or more clients of Principal AM hold different classes of securities, encounters financial problems, decisions over the terms of any workout can raise conflicts of interest (including, for example, the equity investment holder could have rights and remedies that conflict with the interests of the holder of public debt securities). Principal AM could be forced to make a decision regarding the rights, interests, and remedies of one client that could be at odds with the rights, interests, and remedies of another client. In such cases, Principal AM will disclose to all clients any such conflicts of interest and each specific conflict of interest will be discussed and resolved on a case-by-case basis. Any such discussions will take into consideration the best interests of the relevant clients of Principal AM, the circumstances giving rise to the conflict and applicable laws. Principal AM's clients should be aware that all conflicts will not necessarily be resolved in favor of their interests. There can be no assurance that any conflict of interest can be resolved to result in the same investment terms as if such conflict did not exist.

When loans default, the result can be either a foreclosure of the property or a restructure of the loan. Such actions could impact the amount of proceeds ultimately derived from the loan and the timing of receipt of such proceeds could be shorter or longer than the original term of the loan. Losses on the loans can negatively impact the value of the CMBS and other asset backed securities. They will most directly affect the subordinate CMBS classes first. Any proceeds received from the loans will generally be applied to the most senior bonds outstanding before any payments are made to the subordinate bonds. Any losses from the loans are applied to the most junior bonds outstanding. The occurrence of defaults and losses on the loans can result in downgrades of the CMBS by the rating agencies due to higher potential for principal loss and, consequently, have an adverse effect on the price of the CMBS bonds.

Stable Value

The Morley Stable Value strategy seeks to provide capital preservation and stable, competitive returns through the consistent application of three factors: a disciplined investment process that combines top-down economic research with fundamental bottom- up security analysis; a focus on building high-quality, well diversified portfolios by wrap provider, investment manager and mandate; and a commitment to risk management.

Asia Credit

The Asia Credit strategy seeks to maximize total returns from investing in a broad range of Asian credits across investment grade and high yield issuers. The strategy focuses on delivering returns via asset allocation between high yield and investment grade, duration management, and bottom-up security selection. The strategy is actively managed with emphasis on relative value trading and harnessing liquidity premium in Asia credit.

Principal Alternative Credit

Private Credit seeks to provide competitive risk adjusted yield and return over comparable public corporate bonds, while also focusing on loss mitigation.

Performance will primarily come from security selection with a significant amount of return

generated from coupons.

The Principal Alternative Credit – Direct Lending strategy focuses on core middle market and lower middle market lending opportunities and seeks to achieve solid potential risk-adjusted returns by prioritizing an intentional approach to portfolio construction.

Other Strategies

Passive Strategies seek to mimic the indices they track, providing similar risk and return statistics while minimizing tracking error.

The Money Market strategy invests primarily in high-quality short-term instruments, including corporate commercial paper, T-Bills and repos, emphasizing liquidity and capital preservation.

The Ultra Short High-Quality strategy invests in short duration securities across multiple fixed income sectors, including those not typically included in traditional money market funds, with the goal to provide yield benefits and necessary liquidity.

Asset Allocation

Principal Asset Allocation, an asset allocation team within Principal AM, primarily provides asset allocation services, which includes recommendations relating to overall asset class selection, risk management, asset class rebalancing and manager selection within asset classes, both within and outside of Principal AM. Principal Asset Allocation can utilize asset classes in their modeling such as U.S. and foreign equity, U.S. and foreign fixed income, cash equivalents, and real estate with further differentiation based on market capitalization (as an example, large-cap vs. small-cap) and/or investment style (as an example, value vs. growth) as well as other asset subclasses. The asset allocations for retirement plan clients holding a group annuity contract include Principal Life and unaffiliated separate account investment options. Principal Asset Allocation also makes recommendations and allocations to underlying investment strategies as detailed below.

Principal Asset Allocation conducts detailed analyses and review of the appropriateness of the exposure and weightings of each asset class within a specific client's portfolio or mandate based upon the agreed upon parameters of each individual investment management agreement.

Principal Asset Allocation will assess current asset class weightings based upon any number of individual factors and make adjustments to those allocations over time. In identifying potential areas of investment, Principal Asset Allocation takes into consideration the ability of an asset class to provide capital appreciation, the ability to generate current income, certain diversification characteristics of the asset class, the potential need for capital preservation and/or certain risk hedging characteristics when making its allocation recommendations.

Principal Asset Allocation also evaluates the risk premium associated with each asset class or sector in an effort to determine the appropriateness of the allocations related to the overall intended risk profile and strategy of the client. Principal Asset Allocation employs an asset allocation approach to portfolio construction as client assets are allocated across one or any number of predetermined separate accounts or commingled funds. Principal Asset Allocation primarily utilizes mutual funds, unit investment trusts, separate accounts, ETFs and/or other commingled funds that are typically sub-advised by affiliated managers.

The portfolio construction process includes a comprehensive analysis of manager style for each of the asset classes employed in the asset allocation strategy, based on their portfolio returns and holdings.

Principal Asset Allocation conducts a rigorous investment due diligence process on each affiliated manager, and on other managers who might be specified by the client. This due diligence takes into account qualitative factors; quantitative factors; an assessment of each manager's style against our medium-term view on markets; and finally, an assessment of their ability to manage the investment risk in their holdings.

After a portfolio is initially constructed, Principal Asset Allocation monitors the aggregate portfolio as well as the underlying managers for each asset class on an ongoing basis to determine that the asset allocation model continues to operate within each client's stated investment guidelines. The asset class selection and risk management analyses are used to determine both the timing of portfolio rebalancing and the magnitude by which allocations are allowed to drift away from neutral target allocations. Portfolio rebalancing recommendations typically rely on a combination of fundamental and quantitative inputs within pre-established risk parameters and rebalancing is employed generally as a risk reduction measure rather than a tactical measure.

Underlying portfolio risks include, but are not limited to, size/style drift and earnings quality for equities; credit quality and interest rate sensitivity for fixed income portfolios; and specific sectors and countries for real estate portfolios. There is also a risk that one, some, or all of the underlying portfolios selected for inclusion in the asset allocation models do not meet their stated investment objective or that the overall asset allocation recommendations that are made by Principal Asset Allocation do not perform as expected. Asset allocation advisory services offered to qualified retirement plans funded by group annuity contracts are subject to risks associated with investing in group annuity separate accounts. As with every investment, there is also the risk that the investment decisions made result in the loss of principal and that the investment could be worth less money at the time of redemption than the investor contributed to the portfolio.

Principal Asset Allocation monitors portfolio risk in a number of ways, including the processes detailed above relating to portfolio construction and the ongoing monitoring of the portfolios. Principal Asset Allocation monitors the performance of each underlying manager in the portfolio relative to the benchmark established for each asset class as well as relative to a peer group.

Principal Asset Allocation continually monitors the macro-economic environment to which the asset classes are exposed. The economic environment is a factor in the risk analysis allocation and portfolio rebalancing decisions discussed above.

A variety of software applications are used to monitor the current asset allocation mix in the client's portfolio to identify the principal sources of portfolio risk, and to verify that the risk/return profile for the portfolio is in agreement with the client's stated investment objective and applicable guidelines.

Investment Solutions

Investment Solutions, a team within Principal AM, primarily provides asset allocation services to pension and profit-sharing plans, Taft-Hartley plans, foundations, endowments, municipalities,

institutional investors, and qualified retirement plans, or other investments that may be sponsored or managed by an affiliate.

Investment Solutions utilizes a long-term, strategic outlook toward investment markets and aims to build efficient, well-diversified portfolios for clients. The investment market outlook utilizes both historical-based and forward-looking return forecasts to establish future return expectations for various asset classes. These various asset classes are then combined and optimized into an array of efficient portfolios with distinct risk and return characteristics.

Investment Solutions implements the core asset allocation strategy based on information provided by a client as it relates to their goals and objectives. Based upon that information, the Investment Solutions team selects the specific investment options that meet the client's goals and objectives.

Investment Strategies for other strategies are specified in their offering documents.

Sustainable Investing

Our global investment teams are covered by our signatory status to the Principles for Responsible Investment ("PRI"). Stewardship activities are a part of each investment team's specialized philosophy and process. Consistent with a specialized investment team model, each investment team has the responsibility of determining, for their strategy, the most appropriate approach to sustainability and stewardship and has the autonomy to define the approach and scope of its engagement with companies and participation in industry and sector collaborative engagements. Given the scope of our global asset management business and the different asset classes we work with, the rationale for our sustainable investing approach and stewardship governance structure is to ensure that all areas of the business are represented at a strategic level while maintaining the independence to develop dedicated and individual sustainable investing approaches within the overall vision and based on client demands. The Principal Asset Management Sustainable Investing Oversight Committee ("SIOC") classifies, reviews, and approves implementation of products and strategies Principal actively markets in accordance with appropriate sustainability-related definitions. The SIOC also assures classifications are disseminated to aid key Principal AM stakeholder groups, including investment, marketing, product, client facing and compliance and risk functions, and reviews alignment of such products and capabilities that claim sustainability characteristics on a periodic basis to assure alignment remains appropriate. Additionally, the SIOC will identify critical risks affecting sustainable investing support within Principal AM. The membership of the SIOC is appointed by and reports to the Principal Asset Management Operating Committee.

Artificial Intelligence

Principal Asset Management ("Principal AM") utilizes artificial intelligence ("AI") and machine learning technologies, developed internally, and sourced from third parties, to support certain business functions, including aspects of investment research and analysis. AI technologies are used to enhance efficiency, data analysis, and research capabilities and are intended to supplement, not replace, the judgment of investment professionals.

The use of AI technologies is subject to operational, model, and data related risks. AI systems depend on technology infrastructure, third party platforms, data quality, and underlying assumptions, and may produce inaccurate, incomplete, biased, or misleading outputs,

particularly under changing market conditions. Certain AI technologies, including generative AI models, may generate outputs that appear coherent or authoritative but are factually incorrect or not grounded in underlying data ("hallucinations"). If not appropriately identified or reviewed, such limitations could adversely affect investment analysis, operational processes, or client communications. Despite governance, risk management, and oversight practices, the Firm may not be able to identify, anticipate, or fully mitigate all risks associated with the use of AI technologies.

Certain investment teams at Principal AM incorporate AI enabled tools to support aspects of the investment process, including refining investment signals, enhancing fundamental research, summarizing company financial information, identifying market patterns, and accelerating data analysis. These technologies are used as analytical and decision support tools and are not the primary driver of security selection, asset allocation, or investment outcomes. AI supported outputs are subject to human review and professional judgment, and Principal AM does not rely on AI to make autonomous investment decisions.

American Depository Receipts and Global Depository Receipts Risk: American depository receipts ("ADRs") are receipts issued by a U.S. bank or trust company evidencing ownership of underlying securities issued by non-U.S. issuers. ADRs may be listed on a national securities exchange or may be traded in the over-the-counter market. Global depository receipts ("GDRs") are receipts issued by either a U.S. or non-U.S. banking institution representing ownership in a non-U.S. company's publicly traded securities that are traded on non-U.S. stock exchanges or non-U.S. over-the- counter markets. Holders of unsponsored ADRs or GDRs generally bear all the costs of such facilities. The depository of an unsponsored facility frequently is under no obligation to distribute investor communications received from the issuer of the deposited security or to pass through voting rights to the holders of depository receipts in respect of the deposited securities. Investments in ADRs and GDRs pose, to the extent not hedged, currency exchange risks (including blockage, devaluation, and non-exchangeability), as well as a range of other potential risks relating to the underlying shares, which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains, other income or gross sales or disposition proceeds, political or social instability or diplomatic developments that could affect investments in those countries, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding the underlying shares of ADRs and GDRs, and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. companies. Such risks may have a material adverse effect on the performance of such investments and could result in substantial losses.

Asset-Backed Securities Risk: General downturns in the economy could cause the value of asset-backed securities to fall. In addition, asset-backed securities present certain risks that are not presented by mortgage-backed securities. Primarily, these securities may provide a strategy with a less effective security interest in the related collateral than do mortgage-backed securities. Therefore, there is the possibility that recoveries on the underlying collateral may not, in some cases, be available to support payments on these securities.

Automated Rebalancing and Trading Risk: Certain strategies rely on computer models, data inputs and assumptions in generating trade orders. Statistical investing models rely on back-tested information and, thus, may not operate as expected or intended when events having few or no historical antecedents occur, and, accordingly, may generate losses another manager

could have been able to avoid. Likewise, use of algorithms and other rebalancing technology may result in a portfolio that may be more aggressive or more conservative than necessary or incorrectly trigger or fail to initiate rebalancing. Changes to algorithmic code may materially affect a client's account and may not have the desired effect over time.

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

Counterparty Risk: Under certain conditions, a counterparty to a transaction, including derivative instruments, could fail to honor the terms of the agreement, default and the market for certain securities or financial instruments in which the counterparty deals may become illiquid.

Credit Quality Risk: Failure of an issuer to make timely interest or principal payments, or a decline or perception of a decline in the credit quality of a bond can cause a bond's price to fall, lowering the value of a strategy's investment in such security. The lower a security's credit rating, the greater the chance that the security issuer will default or fail to meet its payment obligation.

Cybersecurity and Operational Risk: With the increased use of technologies to conduct business and the sensitivity of client information, investment strategy and holdings, a portfolio is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate internal or external attacks or unintentional events and are not limited to gaining unauthorized access to digital systems, and misappropriating assets or sensitive information, corrupting data, or causing operational disruption, including the denial-of-service attacks on websites.

Cyber security failures or breaches (either internally at Principal AM or externally by a third-party service provider or at or against issuers of securities in which the portfolio invests) have the ability to cause disruptions and impact business operations. Such events could potentially result in financial losses, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement, or other compensation costs, and/or additional compliance costs, including the cost to prevent cyber incidents.

Principal AM has developed a Business Continuity Program (the "Program") that is designed to minimize the disruption of normal business operations in the event of an adverse incident impacting Principal AM or its affiliates. Principal AM will evaluate whether to enact all or portions of the Program on a case-by-case basis, and not all incidents will rise to the level of enacting the Program. While Principal AM believes that the Program is comprehensive and should enable it to reestablish normal business operations in a timely manner in the event of an adverse incident, there are inherent limitations in such programs (including the possibility that contingencies have not been anticipated and procedures do not work as intended) and under some circumstances, Principal AM and its affiliates, any vendors used by Principal AM or its affiliates or any service providers to the portfolios Principal AM manages could be prevented or hindered from providing services to the portfolio for extended periods of time. These circumstances may include, without limitation, acts of God, acts of governments, any act of declared or undeclared war or of a public enemy (including acts of terrorism), power shortages or failures, utility or communication failure or delays, labor disputes, strikes, pandemics,

epidemics, shortages, supply shortages, and system failures or malfunctions. These circumstances, including systems failures and malfunctions, could cause disruptions and negatively impact a portfolio's service providers and a portfolio's operations, potentially including impediments to trading portfolio securities. A portfolio's ability to recover any losses or expenses it incurs as a result of a disruption of business operations may be limited by the liability, standard of care and related provisions in its contractual arrangements with Principal AM and other service providers.

Operational risk includes the potential for system failures, service disruptions, or errors arising from dependencies on technology infrastructure, including internal systems, cloud environments, and third-party platforms. While the Firm maintains cybersecurity and incident response protocols, the complexity and scale of AI-enabled systems may increase the difficulty of detecting and mitigating threats in real time. In addition, the regulatory framework governing AI continues to evolve globally and domestically. The Firm may be subject to new or enhanced regulatory requirements, increased supervisory scrutiny, or differing regulatory interpretations across jurisdictions. Failure to comply with applicable requirements, or delays in adapting to regulatory change, could result in legal, compliance, or enforcement risks. Despite governance and oversight efforts, the Firm may not be able to fully anticipate or mitigate all operational risks associated with AI Technologies.

Data Risk: Data governance and data management risks in investment operations primarily involve the potential for flawed, incomplete, or inaccurate data inputs, which can lead to erroneous or biased outcomes. These risks are heightened by reliance on large-scale data collection and complex algorithms. Poor data quality or improper handling may impact investment analysis, portfolio construction, and decision-making. Additionally, data privacy concerns, information security breaches, and regulatory compliance challenges pose further risks, especially as the regulatory environment evolves.

Derivatives Risk: A small investment in derivatives could have a potentially large impact on a strategy's performance. The use of derivatives involves risks different from, or possibly greater than, the risks associated with investing directly in the underlying assets. Derivatives can be highly volatile, illiquid, and difficult to value and there is the risk that changes in the value of a derivative held by a strategy will not correlate with the underlying instruments or the strategy's other investments. Transactions in derivatives (such as options, futures, and swaps) have the potential to increase volatility, cause liquidation of portfolio positions when not advantageous to do so and produce disproportionate losses. All derivatives used for hedging purposes involve basis risk. This occurs when the value of underlying hedging instrument moves differently (not perfectly correlated) than the corresponding item being hedged.

Duration Risk: Duration is a measure of the expected life of a fixed income security and its sensitivity to changes in interest rates. Generally, securities with longer durations or maturities are more sensitive to changes in interest rates than securities with shorter durations or maturities, causing them to be more volatile. Conversely, fixed-income securities with shorter durations or maturities will be less volatile but may provide lower returns than fixed-income securities with longer durations or maturities.

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

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

Emerging Markets Risk: Foreign investment risks are greater in emerging markets than in developed markets. Emerging market investments are often considered speculative. Emerging market countries, including some Latin American countries, may have economic and political systems that are less developed, and can be expected to be less stable than developed markets. For example, the economies of such countries can be subject to rapid and unpredictable rates of inflation or deflation.

Equity Risk: Clients are subject to the risk that stock prices will fall over short or extended periods of time, and clients could lose all, or a substantial portion, of the value of their investments. Historically, the equity markets have moved in cycles, and the value of equity securities can fluctuate significantly from day to day. Markets go through periods of rising prices as well as periods of falling prices depending on investors' perceptions about the economy, interest rates, and the attractiveness of other securities such as bonds or real estate. Individual companies can report poor results or be negatively affected by industry and/or economic trends and developments. The prices of these companies' securities can decline in response. These factors contribute to price volatility, which is a principal risk of equity investing.

Fixed Income Risk: The market value of a fixed-income security may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the outlook for corporate earnings, changes in interest or currency rates, or adverse investor sentiment generally. The fixed-income securities market can be susceptible to increases in volatility and decreases in liquidity. Liquidity can decline unpredictably in response to overall economic conditions or credit tightening. Increases in volatility and decreases in liquidity may be caused by a rise in interest rates (or the expectation of a rise in interest rates). An unexpected increase in strategy redemption requests, which may be triggered by market turmoil or an increase in interest rates, could cause the strategy to sell its holdings at a loss or at undesirable prices and adversely affect the strategy's performance and increase the strategy's liquidity risk, expenses and/or taxable distributions.

Foreign Investment Risk: To the extent that Principal AM invests in companies based outside the U.S., it faces the risks inherent in foreign investing, which includes the loss of value as a result of political or economic instability; nationalization, expropriation, or confiscatory taxation; changes in foreign exchange rates and restrictions; settlement delays and limited government regulation. Adverse political, economic, or social developments could undermine the value of Principal AM's investments or prevent Principal AM from realizing their full value. Financial reporting standards for companies based in foreign markets differ from those in the U.S. Additionally, foreign securities markets generally are smaller and less liquid than U.S. markets. To the extent that Principal AM invests in non-U.S. dollar denominated foreign securities, changes in currency exchange rates may affect the U.S. dollar value of foreign securities or the

income or gain received on these securities.

Foreign governments may restrict investment by foreigners, limit withdrawal of trading profit or currency from the country, restrict currency exchange or seize foreign investments. Investments may also be subject to foreign withholding taxes. Foreign transactions and custody of assets may involve delays in payment, delivery or recovery of money or investments.

High Yield Risk: Strategies that invest in high yield securities and unrated securities of similar credit quality (commonly known as "high yield securities" or "junk bonds") may be subject to greater levels of credit risk, call risk and liquidity risk than strategies that do not invest in such securities. These securities are considered predominantly speculative with respect to an issuer's continuing ability to make principal and interest payments and may be more volatile than other types of securities. An economic downturn or individual corporate developments could adversely affect the market for these securities and reduce Principal AM's ability to sell these securities at an advantageous time or price. An economic downturn would generally lead to a higher non-payment rate, and a high yield security may lose significant market value before a default occurs. Issuers of high yield securities may have the right to "call" or redeem the issue prior to maturity, which may cause Principal AM to have to reinvest the proceeds in other high yield securities or similar instruments that may pay lower interest rates. In addition, the high yield securities in which a strategy invests may not be listed on any exchange and a secondary market for such securities may be comparatively illiquid relative to markets for other more liquid fixed income securities. Consequently, transactions in high yield securities may involve greater costs than transactions in more actively traded securities. A lack of publicly available information, irregular trading activity and wide bid/ask spreads among other factors, may, in certain circumstances, make high yield debt more difficult to sell at an advantageous time or price than other types of securities or instruments.

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

Interest Rate Risk: Interest rate risk is the risk that fixed income securities, dividend- paying equity securities and other instruments will decline in value because of changes in interest rates. As nominal interest rates rise, the value of certain fixed income securities or dividend-paying equity securities is likely to decrease. Interest rate changes can be sudden and unpredictable, and a strategy may lose money as a result of movements in interest rates. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. Therefore, the longer the effective maturity and duration of the strategy's portfolio, the more the value of your investment is likely to react to interest rates. The values of equity and other non-fixed income securities may also decline due to fluctuations in interest rates.

Certain debt securities, derivatives, and other financial instruments may utilize LIBOR as the reference or benchmark rate for interest rate calculations. As market participants transition away from LIBOR, LIBOR's usefulness may deteriorate. The transition process may lead to increased volatility and illiquidity in markets that currently rely on LIBOR to determine interest rates. LIBOR's deterioration may adversely affect the liquidity and/or market value of securities that use LIBOR as a benchmark interest rate, including securities and other financial instruments

in which Principal AM invests. Further, the utilization of an alternative reference rate, or the transition process to an alternative reference rate, may adversely affect the performance of a strategy in which you invest.

Large Cap Stock Risk: To the extent a strategy invests in large capitalization stocks, the strategy may underperform strategies that invest primarily in the stocks of lower quality, smaller capitalization companies during periods when the stocks of such companies are in favor.

Laws, Regulations and Taxation Risk: Many different regulatory bodies govern our company. We are required to comply with federal securities laws; insurance regulations; employee benefit plan regulation; financial services regulation; U.S. and international tax regulations; environmental, social and governance ("ESG") regulations; and cybersecurity and privacy regulations. Complying with the various regulations can increase our cost of doing business. We could also face potential fines or reputational risk if we do not comply. We may be subject to new or enhanced regulatory requirements, increased supervisory scrutiny, or differing regulatory interpretations across jurisdictions. Failure to comply with applicable requirements, or delays in adapting to regulatory change, could result in legal, compliance, or enforcement risks. In addition, changes in tax laws can reduce sales of certain tax- advantaged products or increase our operating expenses. Changes in accounting standards may adversely impact reported results of operations and financial condition. Litigation and tax audits can increase costs and create adverse publicity for us.

Liquidity Risk: When there is little or no active trading market for specific types of securities, it can become more difficult to sell the securities at or near their perceived value. In such a market, the value of such securities and the value of your investment may fall dramatically, even during periods of declining interest rates. Liquidity risk also exists when a particular derivative instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price. The secondary market for certain municipal bonds tends to be less well developed or liquid than many other securities markets, which may adversely affect the strategy's ability to sell such municipal bonds at attractive prices. Trading limits (such as "daily price fluctuation limits" or "speculative position limits") on futures trading imposed by regulators and exchanges could prevent the prompt liquidation of unfavorable futures positions and result in substantial losses.

It is also possible that an exchange or a regulator may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only. Therefore, in some cases, the execution of trades to invest or divest cash flows may be postponed which could adversely affect the withdrawal of assets and/or performance.

Loans Risk: Loans are traded in a private, unregulated inter-dealer or inter-bank resale market and are generally subject to contractual restrictions that must be satisfied before a loan can be bought or sold. These restrictions may impede Principal AM's ability to buy or sell loans (thus affecting their liquidity) and may negatively impact the transaction price. The types of covenants included in loan agreements generally vary depending on market conditions, the creditworthiness of the issuer, the nature of the collateral securing the loan and possibly other factors. Loans with fewer covenants that restrict activities of the borrower may provide the borrower with more flexibility to take actions that may be detrimental to the loan holders and

provide fewer investor protections in the event of such actions or if covenants are breached. A strategy may experience relatively greater realized or unrealized losses or delays and expense in enforcing its rights with respect to loans with fewer restrictive covenants. Loans may be structured such that they are not securities under securities law, and in the event of fraud or misrepresentation by a borrower, lenders may not have the protection of the anti-fraud provisions of the federal securities laws. Loans are also subject to risks associated with other types of income investments, including credit risk and risks of lower rated investments. Investments in bank loans are subject to the credit risk of both the financial institution and the underlying borrower.

Mortgage-Related Securities Risk: Mortgage-related securities are complex derivative instruments, subject to credit, prepayment, and extension risk, and may be more volatile, less liquid, and more difficult to price accurately, than more traditional fixed- income securities. A strategy that invests in mortgage-related securities is subject to the credit risk associated with these securities, including the market's perception of the creditworthiness of the issuing federal agency, as well as the credit quality of the underlying assets. Although certain mortgage-related securities are guaranteed as to the timely payment of interest and principal by a third party (such as a U.S. government agency or instrumentality with respect to government-related mortgage-backed securities) the market prices for such securities are not guaranteed and will fluctuate.

Declining interest rates may result in the prepayment of higher yielding underlying mortgages and the reinvestment of proceeds at lower interest rates can reduce the strategy's potential price gain in response to falling interest rates, reduce the strategy's yield or cause the strategy's share price to fall (prepayment risk). Rising interest rates may result in a drop in prepayments of the underlying mortgages, which would increase the strategy's sensitivity to rising interest rates and its potential for price declines (extension risk).

Municipal Securities Risk: Municipal securities are issued by or on behalf of states, territories, possessions and local governments and their agencies and other instrumentalities and may be secured by the issuer's general obligations or by the revenue associated with a specific capital project. Both "general obligation" municipal bonds and "revenue" bonds are subject to interest rate, credit and market risk, and uncertainties related to the tax status of a municipal bond, or the rights of investors invested in these securities.

The ability of an issuer to make payments could be affected by litigation, legislation or other political events or the bankruptcy of the issuer. In the event of bankruptcy of such an issuer, a strategy investing in the issuer's securities could experience delays in collecting principal and interest, and may not, in all circumstances, be able to collect all principal and interest to which it is entitled. In addition, imbalances in supply and demand in the municipal market may result in a deterioration of liquidity and lack of price transparency in the market. At certain times, this may affect pricing, execution, and transaction costs associated with a particular trade. The value of certain municipal securities, in particular obligation debt, may also be adversely affected by rising health care costs, increasing unfunded pension liabilities, changes in accounting standards, and by the phasing out of federal programs providing financial support. Municipal securities may be less liquid than taxable bonds and there may be less publicly available information on the financial condition of municipal securities issuers than for issuers of other securities. The secondary market for municipal securities also tends to be less well-developed or liquid than many other securities markets, a by-product of lower capital commitments to the asset class by the dealer community, which may adversely affect Principal AM's ability to sell municipal

securities it holds at attractive prices or value municipal securities. Lower rated municipal bonds are subject to greater credit and market risk than higher quality municipal bonds.

Prepayment Risk: When interest rates fall, the principal on mortgage-backed and certain asset-backed securities may be prepaid. The loss of higher yielding underlying mortgages and the reinvestment of proceeds at lower interest rates can reduce a strategy's potential price gain in response to falling interest rates, reducing the value of your investment.

Small and Mid-Size Company Risk: Small and mid-size company stocks have historically been subject to greater investment risk than large company stocks. The prices of small and mid-size company stocks tend to be more volatile than prices of large company stocks.

Sovereign Debt Risk: A strategy that invests in fixed income instruments issued by sovereign entities may decline in value as a result of default or other adverse credit events resulting from the issuer's inability or unwillingness to make principal or interest payments in a timely fashion. A sovereign entity's failure to make timely payments on its debt can result from many factors, including, without limitation, insufficient foreign currency reserves or an inability to sufficiently manage fluctuations in relative currency valuations, an inability or unwillingness to satisfy the demands of creditors and/or relevant supranational entities regarding debt service or economic reforms, the size of the debt burden relative to economic output and tax revenues, cash flow difficulties, and other political and social considerations. The risk of loss to a strategy in the event of a sovereign debt default or other adverse credit event is heightened by the unlikelihood of any formal recourse or means to enforce its rights as a holder of the sovereign debt. In addition, sovereign debt restructurings, which may be shaped by entities and factors beyond Principal AM's control, may result in a loss in value of a strategy's sovereign debt holdings.

Sustainability-Focused Criteria Risk: The use of sustainability-focused (e.g., ESG) criteria may affect a strategy's investment performance and, as such, such strategy may perform differently compared to a similar strategy that does not use such criteria. For instance, sustainability-focused criteria used may result in forgoing opportunities to buy certain securities when it might otherwise be advantageous to do so, and/or selling securities due to such securities no longer complying with the sustainability-focused criteria when it might be disadvantageous to do so. As such, the application of sustainability-focused criteria may restrict the ability of such strategy to acquire or dispose of its investments at a price and time that it wishes to do so and may therefore result in a loss. The use of sustainability-focused criteria may also result in such a strategy being concentrated in companies with a focus on sustainability-focused criteria and its value may be more volatile than that of a strategy having a more diverse portfolio of investments. The selection of securities may involve subjective judgement. There is also a lack of standardized taxonomy of sustainability-focused criteria evaluation methodology and the way in which different strategies apply such sustainability-focused criteria may vary. Sustainability-focused assessment considers ESG data and research from external data providers, which may be incomplete, inaccurate, or unavailable. As a result, there is a risk associated with the assessment of a security or issuer based on such information or data.

Structured Products Risk: Structured products are complex credit instruments involving a series of CDS or CDOs as an example. The instruments typically have several tranches, and the investing party is potentially exposed to one or several levels of payment risk. The instrument will have provisions which spell out participation in revenue and loss or repayment of principal when certain conditions are experienced by the underlying assets.

Tax Risk: Changes to tax laws can result in various risks with regard to investments, with fixed income investments being particularly sensitive to potential tax change implications.

U.S. Government Securities Risk: Not all obligations of the U.S. government's agencies and instrumentalities are backed by the full faith and credit of the U.S. Treasury. Some obligations are backed only by the credit of the issuing agency or instrumentality and in some cases, there may be some risk of default by the issuer. Any guarantee by the U.S. government or its agencies or instrumentalities of a security held by the strategy does not apply to the market value of such security. A security backed by the U.S. Treasury, or the full faith and credit of the United States is guaranteed only as to the timely payment of interest and principal when held to maturity. In addition, because many types of U.S. government securities trade actively outside the United States, their prices may rise and fall as changes in global economic conditions affect the demand for these securities. No assurance can be given that the U.S. government will provide financial support to its agencies and instrumentalities, since it is not obligated to do so by law. Securities issued by U.S. government sponsored enterprises such as FHLMC, FNMA and the Federal Home Loan Bank are not issued or guaranteed by the U.S. Treasury. Yields available from U.S. government securities are generally lower than yields from other fixed income securities.

Volatility Risk: The market value of the investments made on behalf of advisory clients may decline unexpectedly due to changes in market rates of interest, general economic or political conditions, industry specific developments, or the condition of financial markets.
Risks of Investing in Real Estate-Related Investments: Investments in real estate-related investments, including loans secured by real estate or real estate assets, are subject to various risks, including adverse changes in national or international economic conditions, local market conditions, availability or terms of debt financing, interest rates, environmental laws and regulations, zoning laws, and other governmental rules and fiscal policies, energy prices, the financial conditions of tenants, buyers, and sellers of properties, real estate tax rates and other operating expenses, the relative popularity of certain property types, and the availability of certain construction materials, as well as risks due to dependence on cash flow, acts of God, uninsurable losses and other factors which are beyond the control of the Fund, its general partner or its manager.

Highly Competitive Market for Investment Opportunities: The activity of identifying, completing, and realizing attractive investment opportunities is highly competitive and involves a significant degree of uncertainty. Principal AM competes for investment opportunities with private investment vehicles, public markets, individuals and financial institutions, including investment banks, commercial banks and insurance companies, business development companies, strategic industry acquirers, hedge funds, and other institutional investors. It is possible that competition for appropriate investment opportunities may increase and such supply-side competition may adversely affect the terms upon which investments can be made. To the extent that current market conditions change or change more quickly than the Firm currently anticipates, investment opportunities may cease to be available.

General Risks with Investment in Private Funds

Below is an additional list of some of the broader risks associated with applicable private investments that may be different than investing in public markets.

Private Funds will be subject to investment and liquidity risk and other risks such as those

associated with general and local economic conditions. Notwithstanding the mitigants described herein, investors may lose all or a significant portion of their investment, which may occur as a result of identified or unidentified risks.

Private funds will not be registered under the Securities Act of 1933 as amended, or the securities laws of any U.S. state or otherwise with any U.S. regulatory authority and private funds will not be registered under the 1940 Act unless otherwise noted. Consequently, investors in a private fund will not receive the protections of the 1940 Act afforded to investors in registered investment companies. Private funds may utilize leverage. An investor could lose all, or a substantial portion of, the investment. A private fund's manager or adviser has total investment authority over the fund and may be subject to various conflicts of interest. For closed end funds, the ability for an investor to redeem its limited partner interest in a private fund is extremely limited and subject to certain restrictions and conditions under the applicable Limited Partner Agreement. For open ended funds, investments are not entirely liquid and only allow redemptions at specific periods (which redemptions may be limited or restricted as allowed pursuant to an agreement). No public market for the sale of limited partner interests exists and such interests, subject to certain limited exceptions, are not transferable. A private fund is not suitable for all investors and does not represent a complete investment program. A private fund is available only to qualified investors who are comfortable with the substantial risks associated with investing. Private funds are speculative investments and are not suitable for all investors, nor do they represent a complete investment program. An investment in private funds includes the risks inherent in an investment in securities, as well as specific risks associated with the use of leverage, short sales, options, futures derivative instruments, investments in non-U.S. securities, junk bonds and illiquid investments. There can be no assurance that an investment strategy will be successful. Not all risks are included herein. Please carefully review the offering documents of any private investment vehicles to understand the investment objectives, strategies, redemption limitations and other risks of each vehicle.

Holdings Disclosure

Principal AM oversees a range of registered and unregistered funds and separate accounts, often employing similar strategies that involve investing in common securities. For example, a security held in a mutual fund account might also appear in a separately managed account with a similar investment style. The frequency of portfolio holdings disclosures varies among these funds and accounts. As a result, it is possible that clients receive holdings updates on a different frequency and that other market participants could use the publicly disclosed information for their own benefit.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the Firm or the integrity of the Firm's management.

To the best of Principal AM's knowledge, Principal AM has no information applicable to this item that is not otherwise disclosed in Form ADV Part 1A.

Item 10 – Other Financial Industry Activities and Affiliations

Principal AM provides global investment solutions to institutional, retirement, retail and high net worth investors in the U.S. and select emerging markets. Principal AM is organized into Investment Management, which provides public, multi-asset and private market capabilities across all asset classes, including equity, fixed income, real estate and alternatives, to serve a breadth of client investment objectives; and International Pension, which provides long-term savings and retirement solutions through pension accumulation and income annuities in Asia and Latin America.

Affiliated Entities

Principal AM utilizes personnel or other resources or services of its non-U.S. affiliates, Principal Global Investors (Europe) Ltd., Principal Global Investors (EU) Ltd., Principal Global Investors (Singapore) Ltd., Principal Global Investors (Australia) Ltd., Principal Global Investors (Ireland) Ltd., Principal Global Investors (Switzerland) Ltd., Principal Asset Management Company (Asia) Ltd., Principal Global Investors (Japan) Ltd., and any other affiliated entities that Principal AM contracts with as appropriate to assist Principal AM in the performance of investment advisory services.

Those advisory affiliates recommend to their clients or invest on behalf of their clients in securities that are the subject of recommendations to, or discretionary trading on behalf of, Principal AM's clients. Investment professionals from the advisory affiliates render portfolio management, research, or trading services to Principal AM's clients, including registered investment companies.

Affiliated Investment Advisers

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

Principal Asset Management Company (Asia) Limited ("PAM Asia") is an investment adviser registered in Hong Kong with the Securities Futures Commission (SFC), and with the SEC in the US. that offers specialized investment teams to invest funds distributed primarily in Asia.

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

Principal Securities, Inc. ("PSI"), is an investment adviser registered with the SEC and a FINRA-registered broker-dealer that markets a variety of proprietary and non- proprietary mutual funds, unit investment trusts and limited partnerships. Principal AM does not execute security transactions with PSI. PSI is an introducing broker-dealer for retail funds business.

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

Commission.

Affiliated Broker Dealers

SAMI Brokerage, LLC ("SAMI"), is a registered broker-dealer and a FINRA (Financial Industry Regulatory Authority) member. Principal AM executes securities transactions for clients through SAMI in certain circumstances, but only in compliance with applicable rules.

Principal Securities, Inc. ("PSI"), is an investment adviser registered with the SEC and a FINRA-registered broker-dealer that markets a variety of proprietary and non- proprietary mutual funds, unit investment trusts and limited partnerships. Principal AM does not execute security transactions with PSI. PSI is an introducing broker-dealer for retail funds business.

Principal Funds Distributor, Inc. ("PFD") is a FINRA registered broker-dealer. PFD serves as a principal underwriter for Principal Funds, Inc. and Principal Variable Contracts, Inc, provides marketing support for Principal Exchange-Traded Funds, and acts as a non-exclusive placement agent for Principal AM's private funds in the US and Canada. Principal AM acts as sub-adviser to certain Principal Funds. Principal AM does not execute security transactions with PFD.

Other Principal Financial Group Affiliated Entities

The Principal Real Estate Europe Group ("the PrinREE Group"), which was acquired by Principal in April 2018, manages alternative investment funds and separate account mandates investing in European real estate on behalf of investors and clients. The PrinREE Group includes 5 authorized Alternative Investment Fund Managers ("AIFMs"): Principal Real Estate Limited - authorized in the UK by the FCA; Principal Asset Management SAS - authorized in France by the AMF; Principal Real Estate S.À R.L. - authorized in Luxembourg by the CSSF; Principal Real Estate Spezialfondsgesellschaft mbH - each of which are registered in Germany by BaFin. Principal Real Estate has a Participating Affiliate Arrangement with the PrinREE Group that allows the PrinREE Group to provide advisory services to Principal Real Estate clients.

Principal Asset Management Ltda., an investment adviser in Brazil, specializes in alternative investments and hedge funds in local markets and abroad.

Principal Global Investors Trust Company ("PGI Trust") is an Oregon banking corporation and a trustee of collective investment trusts. PGI Trust, as trustee, retains Principal AM as investment adviser for one or more bank collective investment trusts. For some of the bank collective investment trusts, Principal AM is granted discretion or mandated to retain one or more affiliated investment advisory firms as sub-adviser.

Principal Trust Company is a Delaware trust company providing trust, custodial and administrative services. Additionally, Principal Trust Company serves as a discretionary trustee over a group of accounts where they delegate investment advisory services to Principal AM.

Principal Bank is an FDIC-insured bank that offers a variety of products and services, including Individual Retirement Accounts.

Principal Bank is a federal savings association, and Principal Trust Company is a Delaware trust

company. Principal Bank and Principal Trust do business under the name Principal Custody Solutions (“PCS”). In some situations, PCS serves as discretionary trustee to accounts for which PCS delegates investment advisory services to Principal AM. Principal Bank also serves as an affiliated qualified custodian to some of these accounts as well as to other accounts for which Principal AM serves as investment manager.

Principal Life Insurance Company (“Principal Life”) is a licensed insurance company in all 50 states and the District of Columbia. Principal AM manages the Principal Total Market Stock Index Separate Account of Principal Life. Principal AM provides asset allocation advice and other investment advisory services to qualified retirement plans funded with group annuity contracts purchased from Principal Life.

Principal AM also has other affiliated entities that are listed in Form ADV Part 1A Item 7A.

Other Financial Industry Activities

Principal AM’s legal entity (PGI) is registered with the Commodity Futures Trading Commission (CFTC) as a Commodity Trading Advisor (“CTA”) and as a Commodity Pool Operator (“CPO”).

PGI operates one or more controlled foreign corporations (“CFC”) of the registered fund for which it acts as a registered CPO and is a member of the National Futures Association (“NFA”). PGI advises qualified eligible persons (“QEPs”) under CFTC Regulation 4.7.

Principal AM is the investment adviser to the Principal Funds, which includes three registered open-end management investment companies – Principal Funds, Inc.; Principal Variable Contracts Funds, Inc.; and Principal Exchange-Traded Funds – as well as two registered closed-end management investment companies operated as Principal-advised closed-end interval funds.

Some of Principal AM’s staff are registered representatives of PFD or both PFD and PSI. The staff, in their capacity as registered representatives of PFD and PSI, solicit investment in Principal Funds or in unregistered private investment funds which are sponsored or managed by Principal AM or its affiliates. Only the registered representatives on Principal AM’s distribution staff are eligible to receive sales compensation for any sales of shares of the Principal Funds or interests in unregistered private investment funds. In addition to the sales compensation paid to Principal AM’s distribution staff, Principal Funds and unregistered private investment funds pay advisory fees that are received by Principal AM or its affiliated advisers. As such, there is a conflict of interest when funds that are paying advisory fees to Principal AM or its affiliated advisers are recommended by the sales staff.

Some Separately Managed Account/Wrap fee programs (“SMA Programs”) include investment styles with respect to which one or more of Principal AM’s affiliated investment advisory firms have expertise and experience. Where that is the case, both Principal AM and the affiliated advisory firm(s) will be involved in the provision of investment advisory services to program participants electing the investment style, with the affiliated advisory firm responsible for providing model portfolio creation and maintenance services for the style, and Principal AM responsible for placing client account trades, proxy voting (for those clients electing to authorize the investment adviser to vote proxies), implementing reasonable client-imposed investment restrictions, establishing and implementing procedures used to select securities to be liquidated

when a client requests partial liquidation of the client's account, and all other responsibilities imposed upon the investment adviser in the particular wrap fee program. In some wrap fee programs, the affiliated advisory firm is also granted authority to handle larger trades, typically those associated with changes to the model portfolio, where appropriate, in order to seek best execution. In those situations, in which one of Principal AM's affiliated advisory firms provides model portfolio creation and maintenance services, the affiliated advisory firm ordinarily provides those services as a sub-adviser to Principal AM, and the client's direct agreement ordinarily is with Principal AM as the investment adviser. In those situations, Principal AM is responsible to the client for the actions and decisions of Principal AM's affiliated sub-adviser and Principal AM is responsible for paying its affiliated sub-adviser out of the fees Principal AM receives as the client's investment adviser. In the event that Principal AM uses SAMI as a broker on trades for accounts in wrap fee programs, no brokerage commissions will be paid to SAMI in connection with those trades.

Principal AM 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. Principal AM enters into arrangements, as needed, to provide services or otherwise enter into some form of business relationship with these foreign and/or domestic affiliates. Additional disclosure of these relationships will be provided upon request.

Principal AM acts as investment adviser to certain index ETFs for which the NASDAQ Stock Market LLC ("NASDAQ") serves as index service provider. While Principal AM retains certain intellectual property rights with respect to such indices, there is no expectation that NASDAQ will consult with Principal AM or its affiliates with respect to possible changes to the indices. Neither Principal AM nor any of its affiliates are expected to be in possession of or have access to any non-public information concerning the index methodologies or screening criteria of each index, although the possibility may occur. To the extent separate accounts, mutual funds, ETFs, or other products seek to track the performance of any of the proprietary indexes, or in instances where Principal AM or an affiliate becomes aware of non-public information concerning the NASDAQ indices, there is a potential for conflicts of interest. Potential conflicts include the possibility of misuse or improper dissemination of non-public information about contemplated changes to the composition of an index, such as using information about changes to the index to trade in a personal account, unauthorized access to index information, and allowing index or methodology changes in order to benefit Principal AM or other accounts managed by it. However, Principal AM believes it has adopted policies and procedures to help protect against these conflicts, including documentation of index changes, restrictions on personal trading, and implementation of certain information barriers.

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

Code of Ethics

Principal AM has adopted a Code of Ethics (the "Code"). The principal purposes of the Code are to provide policies and procedures consistent with applicable laws and regulations, including Rule

204A-1 under the Advisers Act, to prevent conflicts of interests or the appearance of such conflicts when Principal AM's officers, directors, employees, and certain non-employees of Principal AM with access to client and trading information of Principal AM ("Access Persons") own or engage in their own personal transactions involving securities or when members of the person's immediate family, domestic partner, or family members of domestic partners sharing the same household engage in securities transactions. Clients of Principal AM can obtain a summary of the Code of Ethics by contacting the Chief Compliance Officer at 800-787-1621.

Employee Personal Trading

The Code requires all Access Persons to adhere to high standards of honest and ethical conduct, and the interests of our advisory clients must be placed first at all times. All Access Persons of the Firm are required to certify upon association/employment and annually thereafter that they have read, understood, and complied with the Code. This includes that they have complied with the requirements and disclosed covered accounts, reportable securities, and pre-cleared transactions as required by the Code.

Access Persons are permitted to personally buy and sell securities of issuers that Principal AM also trades for its clients, 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 AM conducts for the accounts of clients.

Compliance monitors personal trading via an online pre-clearance system, ACA ComplianceAlpha Employee Compliance module "ACA." The procedures provide for the maintenance of a master securities list that includes all securities traded by Principal AM for purchase or sale on behalf of clients. All Access Persons are required to obtain pre-clearance approval to buy and sell reportable securities (excluding exempt securities and transactions) through ACA, before executing a personal security transaction to make sure the proposed transaction conforms to our Code provisions. There is also a quarterly review of reportable transactions, as well as an annual certification of accounts and holdings by Access Persons.

Principal AM Interests in Client Transactions

Principal AM will invest its own financial assets primarily in U.S. Treasury securities that it also recommends to clients. It also invests its own financial assets in a short-term investment pool of its indirect parent company, PFSI, or in a checking account in the name of Principal AM.

From time to time, Principal AM may invest seed money in an account (e.g., a private fund or separately managed account) for the purposes of creating or maintaining a track record that will later be used to market an investment strategy. When seed money is no longer deemed necessary, the seed money may be withdrawn. Principal AM will attempt to do so without impairing its ability to manage the investment strategy or causing harm to any clients or shareholders.

Principal AM furnishes investment advice with respect to various portfolios of its affiliate

company, Principal Life. In fulfilling its responsibilities, Principal AM buys and/or sells Principal Life securities or other investment products that it also recommends to its clients who are not related persons of Principal AM. Also, Principal AM provides investment advisory services to qualified retirement plans funded through Principal Life group annuity contracts.

The investment options offered to these clients include primarily a recommendation to invest in Principal Life separate accounts. Principal AM is the investment manager of various securities portfolios of Principal Life and other related persons. Principal AM is the adviser to a number of the Principal Funds, a family of mutual funds organized by Principal Life and distributed by PFD.

Related persons of Principal AM include, but are not limited to, Principal Life, PSI, and PFD. In carrying out its responsibilities in each of these arrangements, Principal AM buys or sells for related persons securities that it also recommends to its clients who are not related persons of Principal AM.

From time to time, Principal AM advises clients to purchase securities which could coincide with other client purchases, or when one or more affiliates of Principal AM could also (1) be purchasing or selling and/or (2) holding such securities. Such situations are subject to procedures designed to ensure fair allocation of available transactions. Principal AM also advises clients to participate in investment vehicles with other participants (e.g., a Principal Collective Investment Trust), and which potentially include one or more affiliates of Principal AM. Principal AM recommends to its clients the purchase, sale or holding of shares of affiliated mutual funds and/or ETFs for which Principal AM and its affiliates also provide advisory services while considering suitability. Principal AM has policies and procedures that address trading and potential conflicts of interest. These conflicts, along with all potential conflicts of interest, are overseen according to our relevant policies and procedures.

Outside Activities

Principal AM employees have a duty to act solely in the interest of our clients. As such, Principal AM's Outside Business Activity procedures require that employees obtain approval from their manager and Compliance before engaging in any outside activities. This allows Principal AM the opportunity to consider whether such activities create actual or potential conflicts of interest prior to approving such activity.

Political Contributions

Principal AM's Political Contribution Policy establishes the requirements that apply when covered associates make or solicit U.S. political contributions or engage in political activities in the U.S. The policy prohibits Principal AM's employees from making or soliciting U.S. political contributions for the purpose of obtaining or retaining business. The policy requires employees to pre-clear U.S. political contributions before the employee, spouse, domestic partner, or dependent children ages 17/18 or older residing in the same household who will be able to vote at the time of the election make any contributions to a political candidate, government official, political party, or political action committee ("PAC") in the U.S.

Item 12 – Brokerage Practices

When acting as a discretionary adviser, Principal AM determines which securities or other instruments are bought or sold for an account, the amount of such securities or other instruments and the timing of the purchases and sales, the broker, dealer, underwriter (and in the case of the currency services, the foreign exchange dealer) through which transactions are effected and the commission rates or spreads paid, except as specifically directed by the client. Our discretion in these matters is governed by our responsibility to act in the best interest of our clients in fulfilling their investment objectives.

Selection of Brokers and Dealers

Principal AM's principal objective in selecting broker-dealers and entering client trades is to seek best execution for client transactions. In general, best execution means executing trades at the best net price considering all relevant circumstances. While best execution is our objective for all transactions, it can be evaluated over time through several transactions rather than through a single transaction. In seeking best execution, the key factor is not necessarily the highest bid or the lowest offer, but whether the transaction represents the best qualitative execution for the client. This assessment will be influenced by many factors including current market conditions and the type of instrument in question and the markets in which it trades. In selecting brokers and dealers, Principal AM considers a variety of factors including, but not limited to:

- Financial strength and stability
- Best price for the trade
- Reasonableness of the commission, spreads, or markups
- Ability to execute and clear a trade in a prompt and orderly manner
- Quality of executions in the past and existing relationship to date
- Confidentiality provided by the broker or dealer
- Execution capabilities and any related risks in trading a block of securities
- Broad market coverage resulting in a continuous flow of information concerning bids and offers
- Consistent quality of service, including the quality of any investment-related services provided
- Recordkeeping practices (e.g., timely and accurate confirmations) and
- Cooperation in resolving differences.

Principal AM reviews a variety of internal and external trading reports and other information to evaluate the quality of execution of certain transactions over time. In some instances, Principal AM will pay broker commissions that are higher than the commissions another broker might have charged for the same transaction. Please see the section on Soft Dollar Practices below for additional information about brokerage and research services received by Principal AM.

Principal AM maintains an approved list of brokers and dealers; our traders are required to direct trades only through these approved counterparties. New counterparty arrangements must be reviewed and approved by Principal AM's counterparty review process before trading can begin through the new counterparty. Alternative trading systems that meet the Counterparty Team's guidelines are also eligible for consideration. Once a broker or dealer is approved, it is added to the Approved Counterparty List and communicated to traders. Counterparties are regularly

monitored by the Counterparty Team for signs of deterioration in business operations, creditworthiness, and rating changes.

Principal AM generally does not intend to place portfolio trades for any of its equity or fixed income clients with an affiliated broker-dealer.

To best support client trading outcomes, Principal AM has developed a "Focus Broker" list, which is comprised of a subset of brokers from the Approved Counterparty List that Principal AM believes offer consistent execution quality, access to research, strong overall service and responsiveness, and support enhanced trade oversight of trading outcomes. The Focus Broker list constituents are discussed on a periodic basis (e.g., during Trading Committee meetings) and reviewed on an annual basis (or more frequently as deemed necessary) and are regularly monitored to ensure execution quality is not subordinated to research or other benefits. Principal AM believes that the Focus Broker constituents offer efficient trade communication and provide Principal AM with reduced operational complexity and improved execution quality monitoring ability.

The complete Approved Counterparty List, of which the Focus Broker list is a part, is comprised of a wide group of brokers available to investment personnel for execution and research, including, but not limited to, hard-to-source securities, liquidity needs, and specific expertise. The Approved Counterparty List is similarly reviewed no less than annually. Notwithstanding the above, Principal AM's principal objective is to seek best execution for client transactions.

Broker Review

Principal AM conducts a broker review that gathers input from key investment staff. Portfolio managers, research analysts and traders rate brokers and dealers based on the value they believe they receive from the broker or dealer through reports, meetings, conference calls, management visits and other research. Traders rate brokers and dealers based on factors that include, but are not limited to, execution quality, information flow, volume of trading in Principal AM's orders, willingness to take the other side of the trade in a principal transaction, bids and offers and the broker's execution cost history. Based on their responses, an aggregate score will be calculated for each broker and dealer and a relative ranking determined. In addition to ratings, feedback is gathered on the strengths and weaknesses of each broker and dealer (e.g., research sales, strategy, and trading).

Brokerage Commissions

Transactions on stock exchanges and other agency transactions, as applicable, involve payment by the client of negotiated brokerage commissions. Such commissions vary between different brokers and dealers, and a particular broker or dealer often charges different commissions based on the difficulty and size of the transaction or the means of execution (i.e., program, algorithmic or sales trader), among other things. Although commission rates are considered by Principal AM in our brokerage selection process and are reasonable in relation to the value of the services provided, our clients may not realize the lowest possible commission rates as our determination process considers the additional factors outlined above.

Cross Trades

Principal AM may arrange for one client to purchase or sell securities to another client (i.e., a “cross trade”), provided the clients in question have consented to cross trades and the regulatory authority governing the client accounts clearly permits the cross trade to occur. Principal AM has implemented policies and procedures regarding the execution of cross trades when appropriate for both clients and permissible under applicable law. Cross trades are only considered in circumstances where the transaction is in the best interests of both parties, the purchase and sale of the security satisfies the investment guidelines for each of the portfolios involved, and all applicable regulatory requirements are satisfied (e.g., for mutual funds, the cross trade is consistent with Rule 17a-7 procedures). When entering into cross trades, Principal AM takes steps to obtain a price determined by reference to independent market indicators and which Principal AM believes is consistent with its duty to seek best execution for each party.

Because Principal AM manages different styles of accounts with different portfolio managers, it sometimes happens that two or more portfolio managers initiate orders to buy or sell the same equity security at the same time. If one portfolio manager has entered a buy order for a stock while another portfolio manager has a sell order, the orders will be worked separately to ensure that one account does not buy from the other.

Principal Transactions

Principal AM does not generally engage in principal transactions, as defined by Section 206(3) under the Advisers Act, as part of its trading processes for clients. In the event that Principal AM engages in a principal transaction, Principal AM will take action to ensure compliance with the relevant requirements of the Advisers Act. Section 206(3) prohibits any investment adviser from engaging in or effecting a transaction on behalf of a client while acting either as principal for its own account, or as broker for a person other than the client, without disclosing in writing to the client, before the completion of the transaction, the adviser's role in the transaction and obtaining the client’s consent. An investment adviser is not "acting as broker" if the adviser receives no compensation (other than its advisory fee) for affecting a particular agency transaction between advisory clients.

New Issues

Newly issued securities (including new securities sold in reliance on Rule 144A) will normally be purchased directly from the issuer or from an underwriter for the securities. Such transactions involve no brokerage commissions. Purchases from underwriters will typically involve a commission or concession paid by the issuer (and not by clients of Principal AM) to the underwriter. Secondary purchases from and sales to dealers will include the spread between the bid and asked prices. In general, Principal AM’s primary objective in exercising any available authority concerning the selection of an underwriter, broker, or dealer is to obtain the best overall terms for Principal AM’s clients. In pursuing this objective, Principal AM considers all matters it deems relevant (both for the specific transaction and on a continuing basis), including the breadth of the market in the security, the price of the security, the financial condition and executing capability of the broker or dealer and the reasonableness of the compensation, if any, received by the underwriter, broker, or dealer.

Foreign Exchange Transactions

It is the responsibility of a client's custodian to handle foreign exchange transactions ("FX Transactions") for client accounts, to settle trades and to repatriate dividends, interest, and other income payments received into the client account to the account's base currency when necessary. However, Principal AM will, when requested by the client and where Principal AM determines that it is cost effective or efficient, arrange for its trade desk or a third party to handle trade settlement related FX Transactions in unrestricted currencies. Under this type of arrangement, should a client request, the trade desk is responsible for seeking best execution for FX Transactions, either with the client's custodian or with third parties. Unless otherwise agreed to, Principal AM will continue to issue standing instructions to each client's custodian for all other types of FX Transactions in unrestricted currencies, such as those related to dividend and interest repatriation. Because of various limitations regarding transactions in restricted currencies, (generally in jurisdictions where all FX Transactions must be done by the client's custodian) all FX Transactions in restricted currencies will continue to be affected by each client's custodian pursuant to standing instructions and Principal AM will not be in a position to seek best execution.

In cases where a client has not requested that Principal AM handle arrangements for trade settlement related FX Transactions in non-U.S. securities, and/or Principal AM has deemed that it is not cost effective to do so, Principal AM will instruct the client's custodian to execute the necessary FX Transactions. This is done either through standing instructions communicated to the custodian when the account is established, or at the time settlement instructions are sent to the custodian for a particular transaction. The custodian is responsible for executing FX Transactions, including the timing and applicable rate of such execution pursuant to its own internal processes. As clients generally have arrangements with their custodian regarding the execution of FX Transactions, such arrangements impact the fees and expenses charged to the client by the custodian.

The principles described above apply both to separately managed client accounts and to commingled investment vehicles (including registered funds, collective investment trusts, and similar pooled vehicles) and private funds managed by Principal AM. In the case of commingled vehicles and private funds, FX Transactions are generally effected through the fund's custodian, prime broker, Principal AM's internal trading desk, or other designated service provider, subject to the same limitations and considerations described above. In certain cases, investors in commingled vehicles and private funds may provide direction regarding the execution of FX Transactions in accordance with the applicable governing documents.

Trade Errors

Principal AM maintains a system of checks and balances designed to limit the errors it makes in placing trades for client accounts. It is Principal AM's policy that the utmost care is taken in making and implementing investment decisions on behalf of our funds and our client accounts. Nonetheless, Principal AM will, from time to time, make such errors. It is Principal AM's policy to absorb all losses on trades it places in error. In rectifying erroneous trades, Principal AM distinguishes between errors it identifies prior to the time a client's custodian settles the erroneous trade and posts it to the client's custodial statement ("Time of Settlement") and those it identifies after the Time of Settlement. With respect to equity securities, Principal AM maintains

an error account and settles into it all erroneous trades it identifies prior to the Time of Settlement. Any profits from erroneous trades identified before Time of Settlement are retained in the error account and can only be used to offset losses caused by subsequent errors.

It is Principal AM's policy to accord clients any profitable erroneous trades it identifies after the Time of Settlement, and to net profits and losses of related transactions arising from the same underlying error when calculating client losses.

Principal AM's policy covering the correction of trading errors generally applies only to the extent that Principal AM has control of resolving errors for client accounts. For the Managed Accounts, the Program Sponsor may have control over the resolution of errors of participating investment managers, including Principal AM.

Because of the actions or omissions of a broker-dealer, a trade executed in the market may materially differ from the instructions or order given by the applicable portfolio manager or the trading desk personnel for that trade. Errors attributable to brokers are not considered trade errors, but Principal AM will oversee the resolution of a broker's error.

Soft Dollars – Commission Sharing Agreements

It is Principal AM's policy to use all soft dollar credits generated by brokerage commissions attributable to client accounts in a manner consistent with the "safe harbor" established by Section 28(e) of the Securities Exchange Act. Except as discussed below with respect to "mixed-use" research products and services, services retained via soft dollar arrangements are exclusively used for either research or in connection with brokerage and trading functions within that "safe harbor." In using client brokerage commissions to obtain research or other products or services, Principal AM receives a benefit because Principal AM does not have to produce or pay for the research, products, or services directly. Additionally, Principal AM may have an incentive to select a broker-dealer based on Principal AM's interest in receiving the research or other products or services, rather than receiving most favorable execution. Principal AM has implemented policies and procedures it believes are reasonably designed to address such conflicts of interest. Principal AM has implemented procedures intended to track and evaluate the benefits received by Principal AM and how client commissions are used to pay for eligible research and services.

Principal AM has entered into Commission Sharing Arrangements ("CSA") with selected broker dealers to generate and use commission credits to pay for research from providers regardless of the trading relationship. Transaction commission rates are negotiated at an execution rate and a commission credit rate with an executing broker. Pursuant to the CSA, the research component of the commission is swept to a centralized commission aggregator account maintained by a third-party on behalf of Principal AM. The centralized commission account is used to pay for approved research and services consumed to support Principal AM's investment process in accordance with Principal AM procedures. Principal AM believes the use of CSAs minimizes conflicts of interest inherent in the use of soft dollars as Principal AM directs commissions to the venue that it believes provides best execution and will use accumulated commission credits to pay for research. The use of CSAs allows Principal AM to monitor the cost of the execution relationship as well as the research relationships.

The commission aggregator, under Principal AM supervision, pays for eligible research. This

research payment may be made to a provider who is also an executing broker or another third-party research provider. If the broker or third party does not assign a value to the research provided, Principal AM will assign the value based on Principal AM's assessment of the research. Principal AM utilizes a semi-annual research provider evaluation process to assist in this determination of value. Principal AM maintains records of this valuation process.

In certain soft dollar arrangements, Principal AM could receive research and services that benefit Principal AM's investment and decision-making processes, and are also used by Principal AM in other activities that are ineligible for the "safe harbor." The use of eligible research and services alongside ineligible research and services is considered "mixed-use." In such cases, Principal AM makes a reasonable allocation of the cost of the product or service according to the use. Principal AM pays for the portion of the product or service that consists of research benefiting Principal AM's investment decision making processes using commission dollars while paying the portion that is ineligible as research using Principal AM's own assets. Principal AM maintains records of this process.

Allocation of Soft Dollar Benefits and Costs

The aggregation of commission credits will result in some Principal AM client accounts, including accounts of affiliates, paying a lower amount of commissions over time compared to another client account. Research obtained through CSAs may be used to benefit any Principal AM client and is not limited to the client whose account generated the credits. Although Principal AM seeks to equitably allocate research paid for with commission credits to investment personnel that support portfolio management teams for client accounts that generate credits, research is not allocated to the client accounts in direct proportion to the commission credits that the client account may have earned. Principal AM also shares research across teams such that clients who did not earn commission credits may benefit from such research.

Principal AM mutually utilizes research across its global investment staff and has designed the CSA program to meet the relevant local regulatory requirements within the jurisdictions in which its investment staff are located. In certain instances, client accounts will not participate in the CSA program due to a client-driven specific regulatory or other concerns and Principal AM determines and pays a fair and reasonable amount for research out of its own assets to offset research costs allocated to clients that do not participate in the CSA program and therefore do not earn commission credits.

Principal AM Fixed Income does not accept the use of soft dollar credits and currently does not engage in "deal credit" arrangements in municipal bond transactions.

Trade Order Aggregation and Allocation for Equity Accounts

Principal AM acts as investment adviser for a variety of accounts and will place orders to trade securities for each of those accounts from time to time. If, in carrying out the investment objectives of the accounts, occasions arise when purchases or sales of the same securities are to be made for two or more of the accounts at the same time, Principal AM may submit the orders to purchase or sell to a broker or dealer for execution on an aggregate or "bunched" basis (including orders for accounts in which Principal AM, its affiliates and/or its personnel have beneficial

interests). In aggregating trade orders and allocating available securities, Principal AM seeks to provide fair and equitable treatment to all clients participating in the "bunched order." The fairness of a given allocation depends on the facts and circumstances involved, including the client's investment criteria and account size and the size of the order. Principal AM aggregates trades to give clients the benefits of efficient and cost-effective delivery of investment management services. By aggregating trades, it is possible for Principal AM to also obtain more favorable execution for clients.

Principal AM may create several aggregate or "bunched" orders relating to a single security at different times during the same day. On such occasions, when not restricted by the client's investment management agreement, Principal AM generally prepares, before entering an aggregated order, a written allocation statement as to how the order will be allocated among the various accounts. Securities purchased or proceeds of sales received on each trading day with respect to each such aggregate or "bunched" order shall be allocated to the various accounts whose individual orders for purchase or sale make up the aggregate or "bunched" order by filling each account's order in accordance with the allocation statement. In the event that the aggregated order cannot be completely filled, the securities purchased or sold will generally be allocated among the various accounts on a pro rata basis, subject to rounding to avoid less easily traded lots and individual issuer de minimis limits. Securities purchased for client accounts participating in an aggregate or "bunched" order will be placed into those accounts at a price equal to the average of the weighted prices achieved in the course of filling that aggregate or "bunched" order.

Although Principal AM generally allocates trades pro rata, trades may be allocated on a basis other than strictly pro rata if we believe such allocation is fair and reasonable to all accounts involved in the order. For example, changes in the availability of cash or liquidity needs subsequent to the initial order, a de minimis holding resulting from such an allocation, or a change in the client's needs subsequent to an initial allocation could form the basis of a decision to make a non-pro rata allocation.

Principal AM expects aggregation or "bunching" of orders, on average, to reduce the cost of execution. Principal AM generally will not aggregate a client's order if, in a particular instance, it believes that aggregation will increase the client's cost of execution. In some cases, aggregation or "bunching" of orders could increase the price a client pays or receives for a security or reduce the number of securities purchased or sold for a client account.

Client Directed Brokerage and Managed Accounts

A client may instruct Principal AM to direct trading for their account to a particular broker. If a client directs Principal AM to use a particular broker or dealer, it is possible Principal AM will be unable to negotiate commissions, obtain volume discounts, ensure best execution, or batch trades on the client's behalf. Consequently, clients who direct Principal AM to use a particular broker could possibly pay more in commissions than those who do not. No assurance can be given that transactions executed in accordance with such directed brokerage arrangements result in the best execution available to the client. In addition, client directed brokerage on behalf of employee benefit plan clients may be subject to special requirements under the Employee Retirement Income Security Act of 1974 ("ERISA").

Managed Accounts occasionally include client directed brokerage provisions. More commonly, these programs pay a fee to the Program Sponsor that covers, among other things, brokerage commissions for trades executed with the Program Sponsor or the Program Sponsor-designated broker-dealer. The fee does not cover brokerage commissions charged on trades executed with other broker-dealers. As a result, best execution decisions by Principal AM for trades for these clients tend to favor use of the Program Sponsor or the Program Sponsor-designated broker-dealer, and Principal AM will only seek to execute transactions with other broker-dealers when Principal AM believes that the execution benefits of executing with another broker-dealer outweigh the cost of the commission paid.

Managed accounts are generally traded less frequently, potentially at different times and pursuant to different triggers than "discretionary trading" accounts. In allocating investments among clients of the same investment strategy (including in what sequence orders for trades are placed), Principal AM will use its best reasonable business judgment and will take into account such factors as the investment objectives and strategies of the clients, position weightings, cash availability, risk tolerance, size of the account, and a client's request for directed brokerage all in order to provide a result that Principal AM in good faith believes is fair and equitable to each client over time. Under Managed Account programs, the delivery of trading recommendations and changes in model portfolios occur when accounts with discretionary trading are in the process of implementation, or after similar changes have been implemented. Depending on a variety of factors, including the amount of the wrap fee, the trading activity and the value of custodial and other services, the cost to Managed Accounts that pay a single "wrap" fee may or may not exceed the separate costs of such services.

Fixed income Managed Accounts currently trade at the same time as other fixed income clients, except for time limitations set forth in client agreements. For equity strategies, the delivery of trading recommendations and changes in model portfolios for Managed Accounts occur when accounts with discretionary trading are in the process of implementation, or after similar changes have been implemented.

Efforts are taken to communicate model changes and directed trade recommendations within a reasonable time as discretionary trades except for time limitations set forth in client agreements with each platform sponsor. A predetermined trade rotation is utilized to communicate directed trading when changes are required across multiple Managed Accounts, and the specialized investment teams' "model only" programs are accorded rotation slots on a similar basis as the slots accorded to other Managed Accounts.

It should be expected therefore that accounts receiving directed trade execution through Program Sponsors will be implemented at different points in time and therefore may have differences in performance compared to other accounts in the rotation and/or accounts with Principal AM discretionary trading. Such differences may be favorable or unfavorable because of market changes arising from differences in timing of final trade implementation. Although the trading processes noted above are consistent, changes to model portfolios and the manner by which they are implemented may differ by strategy or portfolio manager.

Item 13 – Review of Accounts

Review of All Accounts

Principal AM reviews each client account to monitor portfolio performance and to ensure that each portfolio conforms to guidelines established by Principal AM and the client. Separately negotiated contracts with each client contain the precise nature of the advisory services to be furnished to that client. These contracts can specify the criteria and process for the account review furnished by the client. In addition, Principal AM uses its own review processes and procedures during the ongoing management of the client's portfolio. Principal AM generally sends reports to clients on the investment status of their portfolios quarterly, or more frequently if required under the terms of the client contract.

Principal AM utilizes a compliance system to assist in the automated review and monitoring of portfolios. Many client account investment guidelines can be input into this compliance system. Each equity trade order is submitted into the system and reviewed electronically for compliance with the account's investment guidelines. This is done prior to the trade order being submitted to Principal AM's trade desk. The system blocks trades that would cause an explicit breach of client guidelines. Principal AM generates daily reports identifying exceptions for further analysis.

Reviews by Strategy

Equities

Equity portfolios receive ongoing review during the trading process. The portfolio managers utilize proprietary and third-party portfolio construction tools to monitor pre-trade and post-trade risks before trade orders are sent to the trading desk. These systems allow the team to evaluate the impact of potential trades on the overall portfolio exposures which cannot be monitored through the automated compliance system yet are a client objective or guideline.

Certain members of the specialized investment teams can monitor portfolios on an ongoing basis. Daily performance reports on representative samples of client portfolios are compared to relative benchmarks. Principal AM runs monthly risk analysis and exception reports on a representative sample of portfolios relative to benchmarks, and in addition, portfolio managers formally review a representative group of client portfolios each month.

Fixed Income

Each fixed income portfolio is reviewed daily by its portfolio manager and team members assigned to that portfolio. Principal AM runs daily reports on a sampling of accounts indicating performance of each portfolio, market value and cash for each account included in the sampling. Principal AM has an oversight process to monitor portfolios. Principal AM runs monthly performance reports on all accounts, which are provided to the members who have oversight authority. Risk management reports showing error (tracking error) and characteristics are run at least quarterly. Each portfolio manager meets quarterly to review the activity in the portfolio(s) for which the portfolio manager is responsible.

Asset Allocation

Principal Asset Allocation reviews fund positioning and performance daily. Sector, risk factor, and issuer concentrations are monitored through third-party tools. Investment guidelines are established and monitored for each sub-adviser within a Fund, setting parameters for individual security weightings, sector allocation ranges, tracking error relative to the benchmark, etc. Quarterly monitoring calls are conducted with each sub-adviser.

These calls are supplemented by reviews of each manager's monthly and quarterly attribution and risk management materials, annual in-person meetings, and an annual re-underwriting of the investment and operations due diligence. Sub-advisers may be removed or replaced as deemed appropriate.

The Investment Solutions team reviews the asset allocation process used to develop its market outlook, as well as the portfolios constructed for its strategies, on a quarterly basis. Asset allocation strategies are customized for each client based on their specific goals and objectives. In certain cases, asset allocation reviews are conducted quarterly, while others may be reviewed annually. The frequency of the review depends on the time horizon and investment strategy applicable to each account.

Reviewers

Principal AM has several committees and other internal groups that help Portfolio Managers in their review of objectives and constraints of the client, investment activity, operational activity, and client relations. The number and type of accounts reviewed, frequency of meetings, and output of each group vary by focus.

Item 14 – Client Referrals and Other Compensation

Principal AM will enter into compensation arrangements with related parties. Currently on select accounts where Principal Securities, Inc. introduces relationships to Principal AM, Principal AM pays compensation to Principal Securities, Inc. in the form of an annual percentage of the management fee in the amount of 0.20% (or 20 basis points) of asset balances of applicable accounts. Principal AM may also from time to time enter into relationships with Principal Securities or other related entities. Principal AM may also enter into promoter arrangements with unrelated person(s) when it appears that a promoter could provide access to clients Principal AM might not otherwise have. Prior to doing so, Principal AM will make all applicable regulatory filings and ensure that such arrangements are maintained in compliance with applicable regulations including Rule 206(4)-1 and any relevant supporting regulatory guidance. This compensation may include paying the promoter (a) a salary; (b) a percentage of the management fee Principal AM has earned that the promoter has introduced; (c) a one-time fee; or (d) any combination of (a), (b), and/or (c).

Other Compensation

Placement Arrangements

Certain Principal AM affiliates, such as Principal Funds Distributor in the U.S., serve as the appointed distributor to many of the registered and unregistered investment products. In this capacity, the Principal AM affiliates contract with authorized participants. In the U.S., these activities may be deemed participation in a distribution of an investment product for statutory purposes, and an affiliate may receive additional compensation.

Promotional and Educational Cost Reimbursements

From time to time and consistent with Principal AM's policy and applicable regulation, Principal AM also pays for, or reimburses broker-dealers or other financial intermediaries, various costs arising from, or activities that may result in, the sale of advisory products or services, including: (i) client and prospective client meetings and entertainment; (ii) sales and marketing materials; (iii) educational and training meetings or entertainment activities with the registered representatives of such broker-dealers and other personnel from entities that distribute Principal AM's products and/or services; and (iv) charitable donations in connection with events involving personnel or clients of entities that distribute Principal AM's products and/or services.

Item 15 - Custody

Rule 206(4)-2 under the Advisers Act (the "Custody Rule") defines "custody" to include a situation in which an adviser or a related person holds, directly or indirectly, client funds or securities or has any authority to obtain possession of them, in connection with advisory services provided by the adviser. For example, for purposes of the Custody Rule, we may be "deemed" to have custody of certain client assets because we have the ability to deduct fees from client custodial accounts. If Principal AM is deemed to have "custody" solely as a consequence of its authority to deduct its fees from client accounts, however, it will not be required to obtain a surprise examination under the Custody Rule. Principal AM urges careful review of account statements and a comparison of official custodial records against any Principal AM-provided account statements.

Principal AM does not hold client assets but has an affiliate which provides custody services for certain Principal AM clients. In these circumstances, Principal AM will receive an Internal Control Report from the affiliate no less frequently than once each year. The internal control report must include the opinion of an independent public accountant as to whether controls have been placed in operation and are suitably designed and operating effectively to meet control objectives relating to custodial services.

Generally, in circumstances where Principal AM is deemed to have "custody," (1) Principal AM will have a reasonable basis, after due inquiry, for believing that the client's custodian sends an account statement, at least quarterly, to such client; and (2) a surprise examination will be conducted annually to verify the existence of assets in the client's account.

Item 16 – Investment Discretion

Principal AM generally receives discretionary authority from the client at the outset of an advisory relationship to select the identity and number of securities to be bought or sold. Principal AM retains limited discretion from clients to allocate retirement plan assets within the group variable annuity contracts issued by Principal Life. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives, guidelines and restrictions for the particular client account memorialized in a written agreement.

When selecting securities and determining amounts, Principal AM observes the investment policies, limitations, and restrictions of the clients for which it advises.

Principal AM may accept accounts for which it has discretionary authority to purchase securities for the account, but not to select broker-dealers for transactions. These are commonly known as "client directed brokerage relationships" and are described in "Item 12 – Brokerage Practices." Principal AM may also accept non-discretionary arrangements, such as providing a series of securities recommendations by periodically updating a model portfolio, or where clients retain investment discretion with respect to transactions in the account. In these situations, Principal AM's lack of investment discretion may cause the client to lose possible advantages that our discretionary clients may derive from our ability to act for those discretionary clients in a more-timely fashion, such as the aggregation of orders for several clients as a single transaction.

Item 17 – Voting Client Securities

Principal AM has adopted and implemented written Proxy Voting Policies and Procedures which are designed to reasonably ensure that Principal AM satisfies its fiduciary obligation with respect to voting proxies for clients which have authorized Principal AM to vote proxies. Clients can choose to retain the right to vote proxies. Principal AM's guiding principles in performing proxy voting are to make decisions that (i) are in its clients' best interests (ii) favor proposal that tend to maximize a company's shareholder value and (iii) are not influenced by conflicts of interest.

Principal AM's Proxy Voting Committee (the "Proxy Voting Committee") shall (i) oversee the voting of proxies and the Proxy Advisory Firm, (ii) where necessary, make determinations as to how to instruct the vote on certain specific proxies, (iii) verify ongoing compliance with the Policy, (iv) review the business practices of the Proxy Advisory Firm and (v) evaluate, maintain, and review the Policy on an annual basis.

The Proxy Voting Committee, on an annual basis, or more frequently as needed, will direct each investment team to review draft proxy voting guidelines recommended by the Committee ("Draft Guidelines"). Where an investment team has a position which deviates from the Draft Guidelines, an alternative set of guidelines for that investment team may be created. Collectively, these guidelines will constitute Principal AM's current Proxy Voting Guidelines and may change from time to time (the "Guidelines"). The Proxy Voting Committee has the obligation to determine that, in general, voting proxies pursuant to the Guidelines is in the best interests of clients.

While the Proxy Voting Committee establishes the Guidelines and Procedures, the Proxy Voting Committee does not direct votes for any client except in certain cases where a conflict of interest

exists. Each investment team is responsible for determining how to vote proxies for those securities held in the portfolios their team manages. While investment teams generally vote consistently with the Guidelines, there may be instances where their vote deviates from the Guidelines. Clients may instruct Principal AM to utilize a different set of guidelines, request specific deviations, or directly assume responsibility for the voting of proxies. In addition, Principal AM may deviate from the Guidelines on an exception basis if the investment team or Principal AM determines that it is the best interest of clients in a particular strategy to do so, or where the Guidelines do not direct a particular response and instead list relevant factors. Principal AM believes a company's positive environmental and social practices may reduce risk and, in turn, influence the value of the company, with a goal of leading to long-term shareholder value.

Where Principal AM is vested with proxy voting authority, it is Principal AM's policy to attempt to vote all proxies on behalf of the client, unless Principal AM determines in accordance with its policies to refrain from voting. Because of the volume and complexity of the proxy voting process, including inherent inefficiencies in the process that are outside Principal AM's control (e.g., delays or incomplete information from intermediaries such as custodians, proxy agents or parties involved in Wrap Fee Programs), not all proxies may be voted. With respect to non-U.S. companies, Principal AM makes reasonable efforts to vote most proxies and follow a similar process to those in the U.S. However, in some cases it may be both difficult and costly to vote proxies due to local regulations, customs or other requirements or restrictions, and such circumstances and expected costs may outweigh any anticipated economic benefit of voting. The major difficulties and costs may include: (i) appointing a proxy; (ii) obtaining reliable information about the time and location of a meeting; (iii) obtaining relevant information about voting procedures for foreign shareholders; (iv) restrictions on trading securities that are subject to proxy votes (share-blocking periods); (v) arranging for a proxy to vote locally in person; (vi) fees charged by custody banks for providing certain services with regard to voting proxies; and (vii) foregone income from securities lending programs. In certain instances, it may be determined by Principal AM that the anticipated economic benefit outweighs the expected cost of voting. Principal AM intends to make its determination on whether to vote proxies of non-U.S. companies on a case-by-case basis.

Some clients may have entered into securities lending arrangements with agent lenders to generate additional revenue. If a client participates in such lending, the client will need to inform Principal AM as part of their contract with Principal AM if they require Principal AM to take actions in regard to voting securities that have been lent. If not commemorated in such agreement, Principal AM will not recall securities and as such, they will not have an obligation to direct the proxy voting of lent securities. In the case of lending, Principal AM maintains one share of each company security out on loan from the client. Principal AM will vote the remaining share in these circumstances.

PrinAM Proxy Voting Philosophy emphasizes long-term shareholder value through responsible corporate governance. While boards and management lead corporate policy, shareholders play a vital oversight role. The Firm's global policy is guided by four themes: board structure, risk and strategy oversight, executive leadership and compensation, and shareholder rights. It supports independent, skilled, and accountable boards, transparent executive pay aligned with performance, and the protection of shareholder rights. Many voting decisions are made case-by-case, especially for shareholder proposals, with passive strategies generally aligning with management unless directed otherwise.

Conflicts of interest may arise within a large, complex financial organization. To address this, the Firm adheres to a strict Code of Ethics and Conduct and complies with all relevant regulations. Investment personnel must act in clients' best interests and report any potential or actual conflicts to Legal or Compliance. Conflicts may stem from internal or external relationships, excluding standard issuer communications or internal investment discussions. The Firm's procedures ensure proxy voting and investment decisions are made independently and solely to maximize shareholder value, maintaining transparency and regulatory compliance.

PrinAM allows investment teams to pursue distinct strategies, which may occasionally result in differing proxy votes across teams. This divergence is not considered a conflict of interest but reflects the autonomy of investment philosophies. To manage exceptions—such as votes that deviate from established guidelines or involve potential conflicts—the Firm enforces a formal Exception Process. Certain votes, such as those involving Principal Financial Group stock or proprietary funds, are excluded from this process and follow predefined rules like echo voting or abstention. If a proxy advisory firm faces a conflict, alternative independent recommendations may be used, or the Exception Process is triggered to ensure decisions remain in clients' best interests.

Principal has retained one or more third-party proxy service provider(s) (the "Proxy Advisory Firm") to provide recommendations for proxy voting guidelines, information on shareholder meeting dates and proxy materials, translate proxy materials printed in a foreign language, provide research on proxy proposals, operationally process votes in accordance with the Guidelines on behalf of the clients for whom Principal AM has proxy voting responsibility, and provide reports concerning the proxies voted ("Proxy Voting Services"). Although Principal AM has retained the Proxy Advisory Firm for Proxy Voting Services, Principal AM remains responsible for proxy voting decisions.

Principal AM maintains proxy voting records and related records designed to meet its obligations under applicable law. Where permitted by and in accordance with applicable law, Principal AM may rely on third parties to make and retain, on our behalf, a copy of the relevant records. Clients may obtain a complete copy of our proxy voting policies and other information regarding how their proxies were voted upon request.

In the rare event that a proxy ballot is received for a fixed income account, the relevant portfolio manager will be responsible for voting the ballot.

Principal AM complies with applicable reporting requirements under Form N-PX. Principal AM is subject to Section 13(f) of the Securities Exchange Act of 1934 and exercises voting power over equity securities, it files an annual Form N-PX report disclosing proxy votes relating to executive compensation matters, including "say-on-pay," "say-on-frequency," and "golden parachute" proposals, as required by Exchange Act Rule 14Ad-1 when as the adviser Principal AM has the power, direct, or influence a proxy vote on behalf of a client.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide clients with certain financial information or disclosures about the Firm's financial condition. Principal AM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of bankruptcy proceedings.