

# Global Real Estate Securities R6 Fund as of 03/31/2019

## Investment Strategy

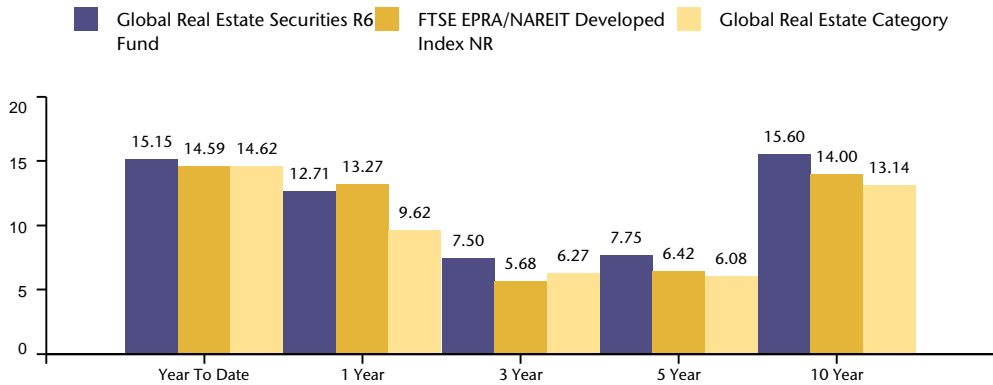
The investment seeks to generate a total return. Under normal circumstances, the fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of U.S. and non-U.S. companies principally engaged in the real estate industry at the time of purchase. For the fund's investment policies, a real estate company has at least 50% of its assets, income or profits derived from products or services related to the real estate industry.



## Portfolio managers

**Simon Hedger** Since 10/01/2007. M.B.A., University of New England  
**Kelly D. Rush**, CFA. Since 10/01/2007. M.B.A., University of Iowa  
**Anthony Kenkel**, CFA. Since 09/16/2010. M.B.A., University of Chicago

## Long-term returns % as of 03/31/2019



## Performance disclosure

Investment results shown represent historical performance and do not guarantee future results. Investment returns and principal values fluctuate with changes in interest rates and other market conditions so the value, when redeemed, may be worth more or less than original costs. Current performance may be lower or higher than the performance data shown. For more performance information, including the most recent month-end performance, visit Rates & Values on principal.com, contact your representative of The Principal, or call our Participant Contact Center at 1-800-222-5852.

In situations where the net and gross total investment expense figures are different or where a contractual cap and/or waiver date is given, the mutual fund or the underlying fund in which a Separate Account invests has waived/capped a portion of its management fees through the date displayed in the waiver expiration date or contractual cap expiration date column. Differences may also be shown due to the fund family choosing to pay certain expenses that would normally be payable by the fund. Returns displayed are based on net total investment expense.

Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	15.15	12.71	7.50	7.75	15.60
FTSE EPRA/NAREIT Developed Index NR %	14.59	13.27	5.68	6.42	14.00
Global Real Estate Category %	14.62	9.62	6.27	6.08	13.14
Morningstar Percentile Rankings	-	26	17	15	5
# of Funds in Category	230	219	196	152	111
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-3.39	14.77	0.31	1.59	16.23
FTSE EPRA/NAREIT Developed Index NR %	-5.63	10.36	4.06	-0.79	15.02
Global Real Estate Category %	-7.11	15.12	1.97	-0.92	11.67
Morningstar Percentile Rankings	1	33	73	12	-
# of Funds in Category	213	233	239	250	221

Morningstar percentile rankings are based on total returns.

## Morningstar category

Global Real Estate

## Morningstar Style Box™

As of 02/28/2019

Investment style			Market capitalization	
Value	Blend	Growth		
				Large
				Medium
			Small	

## Risk and Return Statistics

as of 03/31/2019 Relative to FTSE EPRA/NAREIT Developed Index NR

	3Yr	5Yr
Alpha	1.82	1.34
Beta	0.97	0.98
R-Squared	97.09	97.56
Standard Deviation	11.08	11.89
Mean	7.50	7.75
Sharpe Ratio	0.59	0.62
Excess Return	1.81	1.33
Tracking Error	1.91	1.87
Information Ratio	0.95	0.71

## Operations

Total Investment Expense Net	0.88%
Total Investment Expense Gross	0.94%
Contractual Cap Expiration Date	02/29/2020
Inception Date	11/25/2014
Extended Performance Inception Date <sup>#</sup>	10/01/2007
Total Net Assets (mil)	\$3,581.92
12b-1 Fees	-
Ticker	PGRSX





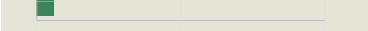
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Risk and return statistical data is calculated by Morningstar, Inc. Excess Return is calculated by Principal Life Insurance Company.

# Global Real Estate Securities R6 Fund as of 03/31/2019

## Portfolio information<sup>†</sup>

Composition as of 02/28/2019

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Stocks	50.71	0.00	50.71
		Non-U.S. Stocks	46.26	0.00	46.26
		Cash	3.03	0.00	3.03

## Top ten holdings

	% of net assets
1. Prologis Inc	3.51
2. Deutsche Wohnen SE	3.48
3. AvalonBay Communities Inc	3.23
4. Simon Property Group Inc	3.09
5. Mitsubishi Estate Co Ltd	2.69
6. Welltower Inc	2.65
7. Goodman Group	2.60
8. Alexandria Real Estate Equities Inc	2.57
9. Link Real Estate Investment Trust	2.53
10. Mitsui Fudosan Co Ltd	2.45
% of net assets in top ten holdings*	28.80

## Analysis

# of Stock Hldgs	85
# of Bond Hldgs	0
# of Other Hldgs	2
AvgMktCap (mil)	\$10,996.16
Turnover Ratio	24%
P/C Ratio	8.07
P/E Ratio	24.72
P/B Ratio	1.36

## Top 5 Countries

	% of net assets
United States Of America	52.30
Japan	11.53
Hong Kong	7.28
Germany	5.86
United Kingdom	5.15

## Regional exposure

	% of net assets
United States	52.30
Europe	19.52
Pacific Rim	14.86
Japan	11.53
Other	1.29
Latin America	0.50

Returns shown for periods of less than one year are not annualized. Annualized total returns measure net investment income and capital gain or loss from portfolio investments as an annualized average, assuming the reinvestment of dividends, and without adjusting for loads.

Insurance products and plan administrative services, if applicable, are provided by Principal Life Insurance Company. Principal mutual funds are part of the Principal Funds, Inc. series. Principal Funds, Inc. is distributed by Principal Funds Distributor, Inc. Securities are offered through Principal Securities, Inc., 800-222-5852, member SIPC, and/or independent broker/dealers. Securities sold by a Principal Securities Registered Representative are offered through Principal Securities. Principal Funds Distributor, Principal Securities and Principal Life are members of the Principal Financial Group®, Des Moines, IA 50392. Certain investment options may not be available in all states or U.S. commonwealths.

The full name of this investment option is Principal Global Real Estate Securities R6 Fund.

*Investors should carefully consider a mutual fund's investment objectives, risks, charges and expenses prior to investing. A prospectus, or summary prospectus if available, containing this and other information can be obtained by contacting a financial professional, visiting [principal.com](http://principal.com), or by calling 800-222-5852. Read the prospectus carefully before investing.*

FTSE EPRA/NAREIT Developed Index NR is designed to represent general trends in eligible real estate equities worldwide.

**Past performance is no guarantee of future results.** Market indices have been provided for comparison purposes only. They are unmanaged and do not reflect fees or expenses. Individuals cannot invest directly in an index.

Investment Options may charge a short-term trading or redemption fee to protect the interests of long-term Contractholders.

**Alpha** - The difference between an investment's actual returns and its expected performance, given its level of risk (as measured by beta). **Beta** - An investment's sensitivity to market movements. **R-squared** - Ranges from 0 to 100 and reveals how closely an investment's returns track those of a benchmark index. **Standard Deviation** - Measures how much an investment's returns are likely to fluctuate. **Mean** - Represents the annualized total return for a fund over 3 and 5 years. **Sharpe Ratio** - Measures how an investment balances risks and rewards. The higher the Sharpe ratio, the better the investment's historical risk-adjusted performance. **Excess Return** - The difference between a manager's return and the return of an external standard such as a passive index. **Tracking Error** - The standard deviation or volatility of excess returns. **Information Ratio** - A risk-adjusted measure commonly used to evaluate an active manager's involvement skill. It's defined as the manager's excess return divided by the variability or standard deviation of the excess return.

**Average Market Cap** - The overall "size" of a stock investment option's portfolio. It is the geometric mean of the market capitalization for all of the stocks it owns and is calculated by raising the market capitalization of each stock to a power equal to that stock's stake in the portfolio. The resulting numbers are multiplied together to produce the geometric mean of the market caps of the stocks in the portfolio, which is reported as average market capitalization.

**Price/Cash Flow (projected) Ratio** - The ratio of the company's most recent month-end share price to the company's estimated cash flow per share (CPS) for the current fiscal year. Cash flow measures the ability of a business to generate cash and it acts as a gauge of liquidity and solvency. Morningstar calculates internal estimates for the current year CPS based on the most recently reported CPS and average historical cash flow growth rates. Price/cash flow (projected) is one of the five value factors used to calculate the Morningstar Style Box. For portfolios, this data point is calculated by taking an asset-weighted average of the cash flow yields (C/P) of all the stocks in the portfolio and then taking the reciprocal of the result. **Price/Projected Earnings Ratio** - The ratio of the company's most recent month-end share price to the company's estimated earnings per share (EPS) for the current fiscal year. If a third-party estimate for the current year EPS is not available, Morningstar will calculate an internal estimate based on the most recently reported EPS and average historical earnings growth rates. Price/projected earnings is one of the five value factors used to calculate the Morningstar Style Box. For portfolios, this data point is calculated by taking an asset-weighted average of the earnings yields (E/P) of all the stocks in the portfolio and then taking the reciprocal of the result. **Price/Book (projected) Ratio** - The ratio of the company's most recent month-end share price to the company's estimated book value per share (BPS) for the current fiscal year. Book value is the total assets of a company, less total liabilities. Morningstar calculates internal estimates for the current year BPS based on the most recently reported BPS and average historical book value growth rates.

**Total Investment Expense - Gross** is the current maximum expense ratio, as a percentage of assets that can be applied to this investment option.

**Total Investment Expense - Net**; you will be responsible for this expense and it will be automatically taken prior to calculating performance. Total Investment Expense Net is the Total Investment Expense Gross expense ratio less any fee waivers, reimbursements or caps, if applicable. The expenses ratio, as a percentage of net assets, includes applicable operating expenses, management fees, including 12b-1 fees, and administrative fees.

† The Portfolio Composition depicts a breakdown of the investment option's portfolio holdings, as of the date listed, into general investment classes. The x-axis represents the percentage each investment group holds, with the y-axis representing a zero value. Values to the right of the y-axis represent long security positions, while values to the left of the y-axis represent short security positions. The table to the right of the bar chart sums these two values to present the net emphasis of each investment group. Due to rounding, the total net position may not equal 100%. Long positions involve buying a security and selling it later, with the hope that the security price rises over time. In contrast, short positions are taken to benefit from anticipated price declines. Portfolio holdings are subject to change and companies referenced in this report may not currently be held. Information is current as of the creation of this piece. Keep in mind that portfolio holdings are subject to risk. For a complete list of the most recent publicly available holdings visit [principal.com](http://principal.com).

International and global investment options are subject to additional risk due to fluctuating exchange rates, foreign accounting and financial policies, and other economic and political environments.

Real Estate investment options are subject to investment and liquidity risk and other risks inherent in real estate such as those associated with general and local economic conditions. Property values can decline due to environmental and other reasons. In addition, fluctuation in interest rates can negatively impact the performance of real estate investment options.

#These calculated returns reflect the historical performance of the oldest share class of the fund, adjusted to reflect a portion of the fees and expenses of this share class. For time periods prior to inception date of the fund, predecessor performance is reflected. Please see the fund's prospectus for more information on specific expenses, and the fund's most recent shareholder report for actual date of first sale. Expenses are deducted from income earned by the fund. As a result, dividends and investment results will differ for each share class.

The risks associated with derivative investments include that the underlying security, interest rate, market index, or other financial asset will not move in the direction the Investment Adviser and/or Sub-Advisor anticipated, the possibility that there may be no liquid secondary market, the risk that adverse price movements in an instrument can result in a loss substantially greater than a fund's initial investment, the possibility that the counterparty may fail to perform its obligations; and the inability to close out certain hedged positions to avoid adverse tax consequences.

\* Values may exceed 100% if both long and short positions are included in the portfolio.