



Principal Funds Distributor, Inc. – Regulation Best Interest Disclosures – June 30, 2020

Introduction - Expanded and Additional Disclosures

Principal Funds Distributor, Inc. is a limited purpose broker-dealer that acts as a placement agent for private investment funds organized and managed by its affiliates, Principal Real Estate Investors, Inc., Principal Global Investors, and Post Advisory Group, LLC. We distribute these proprietary funds to retail and institutional investors primarily through intermediaries, including banks, and investment advisers. We also distribute these proprietary funds directly to institutional investors, including financial institutions and other corporate investors, pension and retirement plans, governmental entities, charities, endowments, and foundations. From time to time, we also offer and recommend certain proprietary funds directly to individual investors, high-net-worth families and their related investment vehicles, who may or may not have in-house professional staff to advise them.

Statements in this document (i) expound on and provide more definitive information on matters discussed in our Form CRS (which is summary in nature and limited in substance and size by SEC Form CRS); and (ii) are subject to the more complete terms and conditions of the offering documents of the private investment funds. We may amend this document from time to time and you will be bound by the amended disclosures if you receive our services after we deliver the amended disclosures to you. You will also be subject to all amended terms, conditions and disclosures of the offering documents that are sent to you from time to time. Please contact us in writing promptly if you do not fully understand or have questions about the disclosures in this document – or other disclosure documents you receive– on the essential facts of our client relationships and conflicts of interest we face.

Standard of Conduct

Under the SEC's Regulation Best Interest, we and our financial professionals are required to act in a retail customer's best interest at the time we make a recommendation to that retail customer of any securities transaction or investment strategy involving securities (including account-type recommendations), without placing our financial or other interest ahead of the retail customer's interest. The requirement under Regulation Best Interest that we act in the best interest of the retail customer is limited to when we make a recommendation of a security or investment strategy involving securities to a retail customer. Recommendations do not include, without limitation, marketing materials, educational materials, statements of philosophy and investment principles, descriptions of strategies and risks, and impersonal advice. We have no obligation to update statements made, or information provided, with respect to a previous recommendation. Nor are we responsible for your decision to modify or delay the implementation of any recommendation we make. You need to carefully review your disclosures.

We make recommendations to a retail customer based on relevant information we know about the retail customer's investment profile and our assessment of a product's or investment strategy's potential risks, rewards, and costs as applicable to the given recommendation. A customer's investment profile can include, as applicable, the retail customer's age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and any other information the retail customer discloses to us. It is your responsibility to provide accurate and timely information about your investment profile to us. If you would like to know why we made a particular recommendation to you, just ask your financial professional.

Neither Regulation Best Interest nor any best interest obligation extends to any other dealings or services we provide, including, without limitation, how we market securities and services, the fees that we charge, or our duty to deal fairly with retail customers. Nor does Regulation Best Interest or any best interest obligation extend to any dealings or recommendations that are provided for use other than primarily for personal, family or household purposes (such as for business or commercial purposes).

Financial professionals may verbally provide you additional information related to the products and services we offer, including any material limitations on the securities or investment strategies that the financial professional recommends, as well as the financial professional's investment philosophy and any conflicts of interest that may be unique to the financial professional.

Our Services, Fees and Costs

We do not offer or provide investment monitoring, make investment decisions for you, or accept or process orders, maintain customer accounts, or custody or safe-keep shareholder assets. You make the ultimate decision regarding whether to buy or sell a proprietary fund. We do not have a customer relationship with you solely by virtue of acting as placement agent. Our sales personnel solely promote proprietary products (managed by affiliated advisers) to clients. We do not offer third-party funds. There may be other comparable products available in the marketplace that are subject to lower fees and/or generate greater returns than proprietary products. Each proprietary fund has its own investment minimum, which is described in the offering materials.

We do not receive a commission or other fee from you when you purchase a proprietary fund. You will pay a proportionate share of a proprietary fund's fees and expenses. Please refer to the applicable offering documents for more information. The fees you pay depend on the fees and expenses of proprietary funds in which you invest. You will receive product specific documentation that includes more information on specific charges associated with such products, including the private placement memorandum and in the Fund's partnership agreements. Certain proprietary funds may be more expensive for you than others even if they seek to implement the same or a similar investment strategy.

Fees are set forth in the offering documents associated with the investment. Proprietary funds may carry built-in operating expenses that affect the fund's return (e.g., investment management fees). Details on the operating expenses are included in each fund's prospectus or offering document.

Our Financial Professionals are compensated by a salary and discretionary bonus. Bonuses are discretionary and are determined using qualitative and quantitative factors, including relationship-building efforts, sales results, and overall job performance.

While we will take reasonable care in developing and making recommendations to you, securities involve risk, and you may lose money up to a total loss. There is no guarantee that you will meet your investment goals, or that our recommended investment strategy will perform as anticipated. Please consult any available offering documents for any private investment fund we recommend for a discussion of risks associated with the product. We can provide those documents to you. For more information, see the applicable offering documents.

Conflicts of Interest

You should understand that, as a broker-dealer, we have conflicts of interest when we make a recommendation of a securities transaction or investment strategy involving securities, including that we only recommend proprietary funds. These conflicts of interest are described in greater detail in other documents such as prospectuses and other offering materials, trade confirmations, and other disclosures for the private investment funds. Please contact us in writing promptly if you do not fully understand or have questions about the essential facts of our client relationships and conflicts of interest we face that are described in this document and other disclosure documents you receive from us.

Financial Professional Designations

Financial professionals may hold professional designations or credentials (for example, as accountants, financial planners or lawyers) and be members of related professional organizations. These organizations may have standards of conduct for their members. We are not bound by the standards of any organizations of which our financial professionals are members even if these financial professionals make known their designations or credentials. Rather, your relationship with us is governed by the standards of conduct of those regulatory and self-regulatory organizations to which we are subject.

Contact Information

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