Principal Securities, Inc.

Form CRS Client Relationship Summary – 7/1/2021

Introduction	**Principal Securities, Inc. is registered with the Securities and Exchange Commission (SEC) as both a broker-dealer and an investment adviser and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.**
What investment services and advice can you provide me?	We offer both **brokerage** and **investment advisory** services to retail investors. Our **brokerage** services include buying and selling securities. You should know the following information about our brokerage services: ▪ While we offer a broad range of investment products issued, sponsored or managed by other member companies of Principal Financial Group, as well as products of non-affiliated companies, we *do not* make available or offer advice on all investments available in the market. We currently offer retail investor services related to the following investment products: mutual funds, variable annuities, variable life insurance, equities, fixed income (bonds and CDs), and options, as well as relatively small numbers of unit investment trusts (UITs), closed-end and interval funds, and alternative investments. ▪ We *do* offer recommendations on the purchase and sale of securities. ▪ We *do not offer ongoing monitoring* of investments in brokerage accounts. ▪ We *do not exercise discretion* over investments within brokerage services. This means you make the ultimate decision regarding purchases and sales of investments. ▪ We *do not have account minimums* for brokerage services, but certain retail investment products have minimum investment amounts and such amounts will be set out in the respective product's prospectus or other offering documents. Our **investment advisory** services include advisory products and services. You should know the following information about our investment advisory solutions: ▪ We offer a limited number of **investment advisory** services, which include: o *Managed Account Solutions Wrap Fee Program*: We offer different types of wrap fee programs, some of which are discretionary (a financial professional can buy and sell securities without your consent for each trade) and some of which are non-discretionary. Some discretionary wrap fee programs are managed by our financial professionals, while others are managed by a third party. In all wrap fee programs, our financial professionals will help determine the investment strategy and program that is right for you and will provide you asset allocation and investment recommendations. Our financial professionals will monitor the investments in your account at least annually as long as the account is open, and they will meet with you at least annually to review your account. o *Direct Advisory Account*: Under these discretionary programs, a third party is involved in managing your portfolio. Depending on the arrangement, we work together with the third party in managing your account, or we refer you to the third-party manager and they are responsible for managing the assets in your account. The specific investments you can hold in your account depend on which third-party manager is selected, and that third party's limitations. Our financial professionals will monitor the investments in your account at least annually as long as the account is open, and they will meet with you at least annually to review your account. o *Financial Planning and Consulting Services*: Our financial professional develops a financial planning report or consults with you regarding your specific financial situation or certain aspects of it. Financial planning examines your goals and helps you prioritize, save, and invest for them.

- Our advisory programs offered on a discretionary basis require written authorization from you, to your financial professional, before they can begin acting with discretion. This discretion authority will continue until you revoke the authorization.
- We do have account minimums associated with our investment advisory services that vary by the type of investment and program. You can read more about our account minimums at PrincipalSecurities.com.

For additional information, please see our website, PrincipalSecurities.com for our Form ADV Part 2A brochures, and additional disclosures.

Conversation Starters. Ask your financial professional –

- ✓ Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?
- ✓ How will you choose investments to recommend to me?
- ✓ What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?

What fees will I pay?

Brokerage transaction costs: When you buy or sell investments such as equities, bonds, CDs or options through our brokerage services, you are generally charged a commission or markup on each trade. For other investments such as mutual funds and other funds, UITs and annuities, as well as variable insurance, we receive sales commissions from the products or their sponsors. Brokerage services also have other miscellaneous fees or other expenses. Some of the most common miscellaneous fees we charge include - a service and handling fee, inactivity and maintenance fees, custodian fees, and various other transactional fees and product-level fees. Because you will be charged more when there are more trades in a brokerage account, a financial professional will earn more if you trade more frequently. And because we receive higher sales commissions and other compensation from selling some products over others, we have an incentive to recommend products that pay us more.

Investment advisory fees: The fees you will pay for our investment advisory programs depends on the specific program you choose. Some of these fees are negotiable. The programs are:

- Managed Account Solutions Wrap Fee Program: Under our wrap fee programs, you are charged an advisory fee that is assessed quarterly in advance and is a percentage of the dollar value of the assets in your account. For the wrap fee programs managed by third parties, the bundled fee includes both investment advice and transaction fees for the trades placed in your account. Because the overall fee associated with these wrap fee programs includes most transaction costs and fees to a broker-dealer or bank that has custody of these assets, the fee is higher than a typical advisory fee. For the wrap fee program that is managed by our financial professionals, in addition to the bundled fee option, we also offer a pricing option that allows you to pay a lower advisory fee but also pay separate transaction fees for trades placed in your account. Regardless of the program or pricing option selected, if your account includes mutual funds or other funds, you will also pay the management fees and other product-level costs of those funds. Because we receive more in fees when you have more assets in an advisory account, we have an incentive to encourage you to increase the assets in your account.
- Direct Advisory Account: The fee we receive for a direct advisory account depends on whether we are acting as an investment adviser or referring you to a third-party manager, as well as the specific third-party manager program you select and the amount of assets you invest. When we refer you to a third-party manager, you do not pay us any fees directly. Instead, you pay the third-party manager's advisory fee (as described in each third-party manager's disclosure brochures) and the third-party manager pays us a portion of the fee it collects from you. When we act as an investment adviser, you pay both us and the third-party manager separate advisory fees based on the dollar value of the assets in your account. The program fee is assessed either monthly or quarterly and is collected either in advance or in arrears depending on the specific program. Because we receive more in fees under certain arrangements and

	more from some third-party manager programs than others, we have an incentive to encourage you to invest in certain programs over others. ▪ Financial Planning and Consulting Services: Each financial professional sets their own rates for financial planning and consulting services based on their educational and business background, professional designations, licensing, geographic location, and other relevant factors. Our financial professionals offer both hourly fee and flat fee arrangements. Because we receive more in hourly fees the longer the engagement, we have an incentive to encourage more extensive planning and consulting services. You will typically also pay other fees, depending on your account type, that can include account minimum fees, maintenance fees, and other ancillary fees that are outlined in the documents provided prior to account opening. More information regarding fees and costs on your account is available at PrincipalSecurities.com.
	You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. ***For additional information***, please see our website, PrincipalSecurities.com for our Form ADV Part 2A brochures, fee schedule, and additional disclosures.
	Conversation Starter. Ask your financial professional – ✓ Help me understand how these fees and costs might affect my investments. If I give you $10,000 to invest, how much will go to fees and costs, and how much will be invested for me?
What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? **How else does your firm make money and what conflicts of interest do you have?**	***When we provide you with a recommendation as your broker-dealer or act as your investment adviser***, we must act in your best interest and not put our interests ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide you. Here are some examples to help you understand what this means. ***Examples of Ways We Make Money and Conflicts of Interest.*** ▪ Proprietary Products: Principal Securities is a member company of Principal Financial Group. Other member companies of Principal Financial Group create some of the products our financial professionals offer to clients. Investments that are issued, sponsored, or managed by our affiliates are often referred to as proprietary products. When our financial professionals sell proprietary products, our affiliates receive compensation. This creates an incentive for Principal Securities to recommend proprietary products to you. ▪ Third-Party Payments and Revenue Sharing: Principal Securities has relationships with a number of third parties from which we receive compensation (beyond commissions) when we recommend or sell certain investments. Some of the third-party payments and revenue sharing Principal Securities receives include 12b-1 fees, marketing support, distribution, and stockholder servicing fees. Principal Securities also receives technology credits and other compensation related to having and placing business where our third-party clearing firm will serve as custodian. Lastly, certain of our financial professionals also receive non-cash compensation in the form of due diligence educational meetings put on by product sponsors. These types of compensation create incentives for Principal Securities and its financial professionals to recommend those investments sponsored or managed by companies from which we receive third-party payments.
	For additional information, please see our website, PrincipalSecurities.com, for additional disclosures and our Form ADV Part 2A brochures.

	Conversation Starter. Ask your financial professional – ✓ How might your conflicts of interest affect me, and how will you address them?
How do your financial professionals make money?	The primary way our financial professionals make money is through the commissions and fees you pay Principal Securities. Our financial professional receives the majority of the fee you pay as compensation for providing services to you. For our brokerage services, our financial professional receives a significant portion of the commission that you pay. Because the commission you pay varies by product, the compensation our financial professional receives also varies by product. The compensation paid to us and to your financial professional is higher for certain products. The reasons for the higher compensation generally are related to the products being more complex and the extra time for your financial professional to meet your needs. For our investment advisory services, our financial professional receives a significant portion of the advisory fee that you pay. These compensation structures incentivize your financial professional to recommend a type of product or service that results in a higher fee or charge to you. For brokerage services, our financial professional will make more money when they sell products that have higher commissions or mark-ups, and if you trade more frequently. For investment advisory services, our financial professional will make more money if you invest more assets in your account and if they charge you a higher advisory fee. For financial planning and consulting services, our financial professional will make more money if they charge you a higher hourly fee or if you purchase more extensive services. In addition to the cash compensation explained above, some of our financial professionals are statutory employees of our affiliates who receive benefits and insurance as part of their employment arrangement. To be a statutory employee, a financial professional must spend most of their time marketing our affiliates' life insurance and annuity products. This form of non-cash compensation incentivizes such financial professionals to recommend proprietary products. Our financial professionals also are eligible for incentive trips if they qualify based on their overall sales for a particular year, which incentivizes our financial professionals to make more sales. We strive to make the qualification criteria as product neutral as possible and include educational and charitable components to the trips. We provide transition assistance to some financial professionals to encourage the financial professional to affiliate with Principal Securities and to help cover associated costs. Transition assistance can include a lump sum payment, forgivable loan, and/or coverage of certain fees (such as registration fees, termination fees associated with moving accounts, and technology service fees). This assistance creates an incentive for the financial professional to move and maintain accounts with us, and in the case of a forgivable loan, to recommend our products and services based on the revenue they generate for us.
Do you or your financial professionals have legal or disciplinary history?	Yes, Principal Securities and some of our financial professionals have legal or disciplinary histories. Visit Investor.gov/CRS for a free and simple search tool to research us and our financial professionals.
	Conversation Starter. Ask your financial professional – ✓ As a financial professional, do you have a disciplinary history? For what type of conduct?
Additional Information	***For additional information about our services,*** visit PrincipalSecurities.com. If you would like the most current copy of this disclosure, please call 888-774-6267.
	Conversation Starter. Ask your financial professional – ✓ Who is my primary contact person? ✓ Is he or she a representative of an investment adviser or a broker-dealer? ✓ Who can I talk to if I have concerns about how this person is treating me?

Securities and advisory products provided by Principal Securities, Inc. (Principal Securities), 1-888-774-6267, member SIPC. Principal Securities is a member of the Principal Financial Group®, Des Moines, IA 50392.

Principal Securities, Inc. (PSI)
Regulation Best Interest (Reg BI) Client Disclosure

Information About My Role as a Financial Professional and Principal Securities, Inc.

For the recommendations your financial professional is currently making to you, they are acting in the capacity of a broker on behalf of Principal Securities, Inc. ("Principal Securities®"). A broker is a person who is in the business of buying and selling securities—stocks, bonds, mutual funds, and certain other investment products—on behalf of their clients. Your financial professional's recommendations will continue to be made in a broker capacity unless they verbally state otherwise.

Principal Securities is registered or licensed to conduct business in all fifty states and the District of Columbia. Principal Securities began its operation in 1968, and is headquartered in Des Moines, Iowa.

The parent company of Principal Securities is a wholly owned subsidiary of Principal Financial Group, Inc. Principal Financial Group, Inc. is a publicly held company traded on the NASDAQ (with the ticker "PFG").

Principal Securities provides securities-related advice to its brokerage clients that is related to the brokerage services provided and for which Principal Securities does not receive any compensation other than the usual and customary brokerage commissions.

Services, Investment Approach and Limitations

Services Our Firm and Your Financial Professional Provide to You

Principal Securities offers access to a wide range of investments and services to its clients. Principal Securities and your financial professional can help facilitate most kinds of securities-related financial transactions you may want to make. Our financial professionals have financial research resources they can leverage to assist them when making recommendations to you. When a financial professional suggests that you buy or sell a particular security, they must believe that the recommendation is in your best interest based on a number of factors, including your income, other investments, and overall financial situation, your tolerance for risk, and your stated investment objectives.

Permitted Activities Based on Registration. Your financial professional is a broker with a Series 7 registration and is an investment adviser representative. As a broker with these registrations your financial professional can offer the products set forth in the following table:

	Series 7 Registered Representative
Products Your Financial Professional Can Offer You	Mutual Funds, Variable Annuities, Variable Life Insurance, Unit Investment Trusts, Equities, Exchange Traded Funds, Options, Alternatives, other Fixed Income Investments and 529 Plans.

Because your financial professional is licensed as an investment adviser representative, they are also able to offer investment advisory services to you.

Some common differences between retail (commission-based or brokerage) services provided by a registered representative and advisory (fee-based) services provided by an investment advisor representative are:

Services	**Retail (Commission-based)**	**Advisory (fee-based)**
Trading	Generally less frequent	More frequent
Education	Case by case interactions	Ongoing
Account Monitoring	Not offered	Ongoing
Compensation	Commission charged on a per transaction basis	Recurring fees charged on assets in your account

Our Investment Approach

Principal Securities' financial professionals seek to take a client's whole financial picture into account when developing a strategy and Principal Securities currently offers the following investment products:

- Fixed income (bonds and CDs);
- Mutual funds, including closed-end and interval funds;
- Options;
- Real Estate Investment Trusts (REITs);
- Stocks (equities);
- Unit investment trusts (UITs);
- Variable Annuities; and
- Variable Life Insurance.

We believe that for most investors diversification offers benefits and, when appropriate, we recommend diversification among various asset classes and industry sectors offering investments tailored to the needs of our clients. Additionally, taking into consideration risk tolerance and other factors, your financial professional will utilize either a strategic buy-and-hold approach, or active tactical investment approach, depending on the appropriateness for the specific client. Risks in owning securities products include the fact that you can lose money and that the recommended strategies may not perform as intended or hoped, or as they have in the past.

Your Principal Securities financial professional will share their approach with you if it differs from the above approach.

Principal Securities does not have account minimums for brokerage services, but certain retail investment products have minimum investment amounts and such amounts will be set out in the respective product's prospectus or other offering documents.

Limitations

Neither Principal Securities nor our financial professionals provide ongoing monitoring of investments or investment strategies in connection with our brokerage services, including for our retail investment products. Instead, our services and advice are limited to recommendations related to a potential transaction – for example, a recommendation to buy, sell or hold a particular security.

Our financial professionals *do not* exercise discretion over investments in brokerage accounts. This means you make the ultimate decision regarding purchases and sales of investments.

ERISA Fiduciary Acknowledgment

When Principal Securities and your financial professional provide investment advice to you regarding your ERISA retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest

This rule applies to recommended rollovers from:

- An employer-sponsored retirement plan defined in ERISA section 3(3) or Code section 4975(e)(1)(A)("Plan") to an IRA as described in Code section 4975(e)(1)(B) or (C) ("IRA") or another Plan;
- An IRA to another IRA or Plan
- One type of account to another (e.g. from a commission-based account to a fee-based account).

Commissions, Fees and Costs

It is important that you understand how Principal Securities and its financial professionals are compensated as some sources of compensation can create conflicts of interest. This document is designed to help you understand the types of compensation Principal Securities and its financial professionals receive, so that you can assess our conflicts of interest when you make investment decisions. The information explained in this document relates primarily to our brokerage services. Additional information regarding the compensation and conflicts of interest associated with our advisory services (managed accounts that are compensated by fee-based billing) can be found in our firm brochures on www.principalsecurities.com.

When you make an investment through our brokerage services, you will pay certain sales charges and fees. These sales charges may be paid at the time you purchase the investment, as well as on an ongoing basis (sometimes referred to as trailing commissions) and are intended to compensate Principal Securities and its financial professionals for the marketing and other services provided to clients. One such fee is called a 12b-1 fee and it is a fee paid out of mutual fund or Exchange-traded fund ("ETF") assets to cover the costs of distribution – marketing and selling mutual fund shares – and sometimes to cover the costs of providing shareholder services.

Sales charges on a new purchase are a percentage of the purchase price and part of that sales charge is paid to the firm and financial professional (the commission). For example, on a purchase of a $10,000 mutual fund, the firm may be compensated 4%, or $400. On average, Principal Securities retains 5-50% of the commissions or fees you pay, with the remaining 50-95% paid to your financial professional as compensation for assisting you with the investment. In the example above, this means that 5-50% of the $400 would be retained by Principal Securities ($20-$200), and the remainder would be paid to your financial professional ($200-$380). For some products these commissions and ongoing fees are deducted from the total invested assets in your account and reduce investment returns.

As mentioned above, between 50-95% of the total commission or fee you pay to Principal Securities goes to the financial professional as compensation for their services. The specific percentage the financial professional receives is found in what's called a broker payout grid (also referred to as the "grid") and is based on the financial professional's sales productivity and retention of business over time. For example, all other factors being equal, typically if one Principal Securities financial professional brought in $500,000 worth of total new business during a calendar year and another financial professional brought in $100,000 the grid percentages for the first financial professional would be higher than for the second financial professional. It is important to note that the individual clients of each financial professional in this example would pay the same amount in commissions or fees regardless of which financial professional they work with. However, the compensation structure creates an incentive for our financial professionals to make recommendations that, if followed, would result in their clients investing higher amounts of money. In an effort to mitigate the risk of a financial professional making a recommendation that is not in a client's best interest to increase their future percentage pay-out, the percentage pay-out increases are intentionally set in small increments.

The amount of the sales charge and other costs you pay depends on the type of investment and the amount of money you invest. The compensation structure for each investment product is described more fully in the product's respective prospectus or offering documents. To help you understand the general structure of these sales charges and fees, however, please see the tables in Exhibit 1 of this document that provide information on sales compensation as well as other characteristics of the product types.

Principal Securities may offer other securities that are not noted in the list above. If you are interested in a security not listed above, please review the details and risks for those products in the related prospectus or offering documents.

Conflicts of Interest

Due to the compensation structure outlined above, Principal Securities and our financial professionals have financial incentives to recommend investments to you that result in larger commissions or fees. Financial professionals also have an incentive to recommend rollovers relating to your retirement accounts, as a financial professional would earn compensation when money is rolled into a new account or product. Additionally, financial professionals are paid commissions on a per transaction basis, so the more your account is traded, the more Principal Securities and your financial professional will be paid. For that reason, Principal Securities and your financial professional have an incentive to recommend more frequent trading. To mitigate these conflicts Principal Securities has a dedicated team that reviews transactions to ensure they are in your best interest, as well as other surveillance tools to detect potential problems. We disclose these conflicts to you so that you can make fully informed decisions on what action to take. Other conflicts of Principal Securities and our financial professionals are addressed below.

Your financial professional may have other conflicts of interest that are not identified in this document. If that's the case, your financial professional will disclose those conflicts to you no later than the point at which they make a recommendation to you. An example of such a conflict is your financial professional engaging in a Principal Securities-approved outside business activity ("OBA"). An OBA involves your financial professional spending time on an activity other than the provision of brokerage and advisory services through Principal Securities. An example of a common OBA in which certain of our financial professionals participate is tax preparation and/or accounting services.

Proprietary Products

Principal Securities is a member company of the Principal Financial Group, a family of financial services companies. Companies that are affiliated with Principal Securities are involved in various activities relating to the proprietary financial products our financial professionals sell. Those activities include manufacturing the products, serving as principal underwriter for the products, as well as managing the funds, ETFs, annuities and life insurance products. Because we sell products manufactured by and managed by our affiliates, our financial professionals and the firm have an incentive to sell these products because the affiliated companies benefit financially when the proprietary products are sold.

Proprietary mutual funds pay certain agreed upon fees to affiliates of Principal Securities for fund transfer agent and administration and distribution services. Additionally, the proprietary funds are managed by investment adviser affiliates of Principal Securities. These affiliates receive management fees from the proprietary funds for the investment management services provided.

Principal Securities serves as the principal underwriter for the variable life and variable annuity contracts issued by affiliates of Principal Securities. In addition, some of the underlying investments available in these variable life and variable annuity products are manufactured and managed by an affiliate of Principal Securities. That affiliate benefits financially whenever money in the variable life or variable annuity gets allocated to one of those underlying investments. Information about sales compensation for these products can be found in the applicable product prospectus. To mitigate these conflicts, Principal Securities has a dedicated team that reviews transactions to ensure they are in your best interest and it has other surveillance tools to detect potential problems. We disclose these conflicts to you so that you can make fully informed decisions on what action to take.

Compensation Principal Securities receives from its affiliate product manufacturers generally is in line with the amounts Principal Securities receives from unaffiliated product manufacturers. However, there are instances where compensation our affiliates pay us - and indirectly our financial professionals - is higher than unaffiliated product manufacturers pay. For more information, see Exhibit 1.

Bank Deposit Sweep Program

All uninvested cash balances in a brokerage account are automatically swept into and invested in a Bank Deposit Sweep Program ("BDSP") unless you select a different core investment option. Under the BDSP, uninvested cash is swept into an interest-bearing omnibus deposit account at one or more FDIC-insured banks. The interest rate clients earn from the BDSP may be higher or lower than the rates available in other core investment options or at other depository institutions. Principal Bank, an affiliate of Principal Securities, is included on the BDSP bank list and is currently the first bank within the sequence of banks on the BDSP bank list. A conflict of interest exists because there is an incentive for Principal Securities to use the BDSP as the default core investment option because an affiliate will receive additional revenue from those funds. Principal Securities is further conflicted because it receives compensation from Principal Bank for services Principal Securities provides to maintain the BDSP. For more details on the BDSP program, please see the full program details at www.principalsecurities.com.

Salary and Benefits

In some instances, Principal Life Insurance Company, an affiliate of Principal Securities, pays a salary to new financial professionals when they begin their career. During the time these new professionals are on salary, they receive training and education.

Additionally, some of Principal Securities' financial professionals are statutory employees of Principal Life Insurance Company. This means that they receive certain employee benefits from our affiliate. In order to maintain statutory employee status, these financial professionals must spend a majority of their time selling annuity (both retail and group) and life insurance products of its affiliates. This creates a conflict of interest as these financial professionals have an incentive to recommend affiliates' products to clients in order to obtain employee benefits. To mitigate these conflicts, Principal Securities has a dedicated team that reviews transactions to make sure they are in clients' best interests. We disclose these conflicts to you so you can make fully informed decisions on what action to take.

Recognition Events and Trips

Financial professionals who meet certain sales thresholds are invited to educational recognition trips and events hosted by Principal Life Insurance Company and/or its affiliates. Qualification for these trips and events is based on the level of overall sales of products. This creates a conflict in that financial professionals have an incentive to sell more products in order to qualify for the trips and events. To mitigate this conflict, the qualification criteria are designed to not favor one product over any other product and non-proprietary products are treated the same as proprietary products.

Additionally, some financial professionals may be invited to attend due diligence events with outside investment firms. These events and trips create a conflict of interest as they incentivize the sale of certain companies' products. To mitigate such conflicts, all events and trips must be reviewed by Principal Securities to ensure reasonableness. Principal Securities also has a dedicated team that reviews transactions to make sure they are in clients' best interests and it has other surveillance tools to detect potential problems. We disclose these conflicts to you so that you can make fully informed decisions on what action to take.

Principal Securities also rewards financial professionals who meet certain production goals by application count of any new business within a calendar year through award of a gift card for $100 eCertificate to the Principal Corporate Store. As noted above, Principal Securities mitigates this conflict by reviewing transactions to make sure they are in the clients' best interests and using surveillance tools to detect potential problems.

Principal Securities receives direct or indirect reimbursements from certain sponsors or platform providers including but not limited to marketing reimbursements, meals, and the cost of presentation facilities for financial professionals to attend sales presentations or education events. These reimbursements give Principal Securities incentive to recommend to a financial professional the use of one sponsor or provider over another.

Payments from Product Sponsors

Principal Securities receives payments from certain product sponsors for making those sponsors' products available on Principal Securities' platform. Principal Securities also has relationships with a number of third parties from which we receive compensation (beyond commissions) when we recommend or sell certain investments. Some of the third-party payments and revenue sharing Principal Securities receives include 12b-1 fees, marketing support, distribution, and stockholder servicing fees. The payments from product sponsors create conflicts of interest as they incentivize Principal Securities to select products for its platform for which it will receive such sponsor payments. To mitigate this conflict of interest, Principal Securities performs initial and ongoing due diligence of products proposed to be included on the firm's product platform. Principal Securities has a Conflicts Committee to identify conflicts and help with mitigation efforts related to the conflicts. Principal Securities also has a Product Committee that reviews products before they are put on the firm's platform. We disclose these conflicts to you so that you can make fully informed decisions on what action to take. The following are companies from which we receive revenue sharing and third-party payments in connection with brokerage business and retail investment products: CCO Capital, LLC; and Hines Securities, Inc. For the most up-to-date list, please visit www.principalsecurities.com and click on the link to the "Third Party Payments (PDF)". For additional information about 12b-1 fees that are paid to Principal Securities, please see the prospectus for the individual product you are considering purchasing.

Payments from Our Clearing Firm

Principal Securities utilizes National Financial Services LLC ("NFS"), an unaffiliated third party, as its clearing and custody firm. The selection of NFS presents a conflict of interest because we receive certain benefits from NFS that we may not get from other firms.

As part of the arrangement, NFS makes certain revenue payments to Principal Securities. The revenue payments are variable and include interest payments for cash that Principal Securities keeps with NFS. Principal Securities receives these payments based on the condition that Principal Securities use NFS for a period in the future or upon receipt of a certain asset threshold. Principal Securities mitigates this conflict by having a robust conflict of interest and vendor management policy.

Principal Securities also receives revenue sharing from NFS for investments in certain no transaction fee ("NTF") mutual funds offered through NFS. Although NTF funds do not assess transaction charges, most NTF mutual funds have higher internal expenses than other mutual funds available to you. These higher internal fund expenses are assessed to investors who purchase or hold NTF funds. Depending on the frequency of trading and hold periods, NTF funds can cost clients more, or can cost Principal Securities less, than mutual funds that assess transaction charges but have lower internal expenses. In addition, the higher internal expenses charged to clients who hold NTF funds will adversely affect the long-term performance of their accounts when compared to share classes of other funds that assess lower internal expenses. The revenue-sharing payments made by these mutual funds to NFS are based on the amount of assets invested in such mutual funds by clients maintaining accounts with NFS. As Principal Securities performs certain shareholder services with respect to its clients who hold positions in mutual funds that make these revenue-sharing payments, NFS shares with Principal Securities a portion of the revenue sharing payments it receives from these mutual funds. Other mutual funds available on the Principal Securities platform do not make revenue-sharing payments to NFS. As a result, Principal Securities does not receive revenue-sharing payments from NFS with respect to its clients' holdings in such mutual funds. Our financial professionals are free to and do recommend mutual funds and mutual fund share classes for which revenue-sharing payments are not made. In addition, no portion of the revenue sharing payments Principal Securities receives from NFS are paid to Principal Securities' financial professionals. Further information regarding fees and charges assessed by a mutual fund is available in the applicable mutual fund prospectus.

Principal Securities receives separate compensation from NFS when NFS becomes the custodian for assets for which it did not previously serve as custodian. This compensation creates a conflict for Principal Securities in that it receives additional revenue when clients follow recommendations to move their assets, which will result in NFS becoming the custodian of such assets.

Principal Securities also receives annual payments from NFS to offset certain technology costs.

To mitigate these conflicts, Principal Securities has a dedicated team that reviews transactions to make sure they are in clients' best interests. We disclose these conflicts to you so that you can make fully informed decisions on what action to take.

Brokerage Platform Compensation

Principal Securities also receives compensation from certain client charges on the NFS platform that are increased from the cost that Principal Securities pays for such items. These include administrative fees such as check fees, transfer fees, annual custodial fees, and trading fees such as markup on trading costs. Additionally, Principal Securities charges an order handling fee for all trades that are executed. These fees are discussed in greater detail in the client fee schedules. This creates a conflict in that Principal Securities receives additional revenue for increased trading and account activity which could encourage additional trading. To mitigate these conflicts, Principal Securities has a dedicated team that reviews transactions to make sure they are in clients' best interests and it has other surveillance tools to detect potential problems. We disclose these conflicts to you so that you can make fully informed decisions on what action to take. Please visit the following website to view the current fee schedule: www.principalsecurities.com.

Varying Compensation by Product

The compensation we receive from sales of products varies from product to product. For example, the compensation we receive for the sale of one variable annuity often is different than the compensation we receive for the sale of a different variable annuity. There also is different compensation for the sale of one type of product (e.g., a mutual fund) than for a different type of product (e.g., a variable annuity). Because of the different compensation levels, Principal Securities and our financial professionals have an incentive to sell the product for which we receive the most compensation. To mitigate these conflicts, Principal Securities has a dedicated team that reviews transactions to make sure they are in clients' best interests and it has other surveillance tools to detect potential problems. In addition, in deciding which products to include on its product platform, Principal Securities reviews the compensation for each product to ensure it is reasonable in comparison to the compensation for other products within the same product type. We disclose these conflicts to you so that you can make fully informed decisions on what action to take.

Other Compensation – Transition Assistance

Principal Securities provides some of our financial professionals various forms and amounts of transition assistance to encourage the financial professional to transition to our firm and to help cover associated costs. Such transition assistance can include a lump sum payment, coverage of certain fees (such as registration fees, termination fees associated with moving accounts, and technology service fees), or both. Some other financial professionals receive transition assistance in the form of a loan and forgivable promissory note. The promissory notes vary in amount and terms, but the loan amount is largely based on the financial professional's anticipated production. Portions of the loaned amount are forgiven on an annual basis if the financial professional remains affiliated with the firm and meets the minimum production requirement set forth in the note. The minimum production requirement is based on commissions and fees paid for the sale of securities products and advisory services, but does not include the sale of insurance or annuity contracts. If your financial professional received a forgivable loan and has an outstanding loan balance, your financial professional has an incentive to recommend that you purchase products and services that count toward the minimum production requirement for forgiveness, purchase products and services that result in higher compensation, and engage in other fee-generating activities that will assist your financial professional in meeting the minimum production requirements for all or a portion of the outstanding loan balance to be forgiven. This conflict is heightened as a financial professional approaches the deadline for meeting the annual qualification target for loan forgiveness, particularly in the final year of the note.

EXHIBIT 1

INFORMATION ABOUT COMMISSION-BASED PRODUCTS
AVAILABLE FROM PRINCIPAL SECURITIES FINANCIAL PROFESSIONALS

This information is current as of June 4, 2021.
For the most up-to-date information, please visit www.principalsecurities.com.

About this Exhibit

Investing involves risk, including possible loss of principal. This risk applies to all of the products below unless otherwise specified. This document provides general information about different types of investments our firm (or an affiliate) makes available to our clients as well as the compensation and fees related to those investments. We encourage you to ask your financial professional how the products below may help meet your investing needs, including risk tolerance (how much risk you can take on) and investment objectives (your goals in investing).

For detailed information about fees relating to broker accounts and products, please visit www.principalsecurities.com and Client Fee Schedule (MM1019).

Investment Share Classes

Some investments have different share classes available to accommodate investors' time horizons, which is how long the investor intends to hold the investment. Investments with different share classes include some types of annuities, mutual funds, and 529 plans. Common share classes, and some of their characteristics, include:

- A-shares: these typically have an "upfront" or "front-end" load, which means the investor pays a sales charge at the time the purchase occurs, but there typically is a lower ongoing fee than with Band C-shares. Generally, A-shares are more appropriate for someone who plans to hold the investment for a longer time period (e.g., over 4 years) or invest a larger dollar amount.

- *B-shares: these typically have a "back-end" load or a "contingent deferred sales charge" (CDSC = the percentage of your investment that you lose if you were to sell your position). CDSC's, also known as redemption charges, typically decrease each year until they are reduced to $0. A common amount of time for the CDSC to reduce to $0 is seven years. B-shares also typically have a higher ongoing fee than A-shares.*

- *C-shares: these typically have a "back-end" load or "CDSC" like B-shares, or they may have a level load, meaning the same amount is charged year over year. C-shares also typically have higher ongoing-fees than A-shares. C-share purchases are typically more appropriate for investors with shorter term investment time horizons (e.g., 4 years or less).*

Principal Securities Product Types and Compensation Information

Mutual Funds
In a mutual fund, a pool of money from many investors is professionally invested in a diverse mix of stocks, bonds, and other securities, based on the mutual fund’s objective. As an individual investor, you buy shares that represent part-ownership of the mutual fund. Because the underlying investments of the mutual fund consist of a variety of investments, this can help reduce some of the risks associated with investing.

Initial Purchase and Redemption Charges	Ongoing Compensation
Account fees. Mutual funds may charge you a separate fee to maintain your account, especially if your investment falls below a certain dollar amount. **Purchase fees.** Whether or not a mutual fund charges a front-end sales charge, it may assess a purchase fee at the time you buy shares of the mutual fund. A-share mutual fund fees are typically 5.75%, but they can be as low as 1.50%. We offer proprietary mutual funds, which typically pay 5.50% for A-shares, but can be as low as 1.50%. **Redemption charges.** To discourage very short-term trading, mutual funds often charge a redemption charge to investors who sell shares shortly after buying them. Redemption charges may be charged anywhere from a few days to over a year. For that reason, it's important to understand if and how your mutual fund assesses redemption charges before you buy, especially if you think you might need to sell your shares shortly after purchasing them. Fees for C-shares are typically 1%, but they can be as high as 2% or as low as 0.5%. We offer proprietary mutual funds, which pay 1% for C-shares. **Exchange fees.** Some funds also charge exchange fees for moving your money from one mutual fund to another mutual fund offered by the same investment company.	**Management fees.** These fees pay the mutual fund's portfolio manager. **12b-1 fees.** These fees, capped at one percent of your assets in the fund, are taken out of the mutual fund's assets to pay for the costs of marketing and selling the fund, for some shareholder services, and sometimes for employee bonuses. **Other expenses.** This miscellaneous category includes the costs of providing services to shareholders outside of the expenses covered by 12b-1 fees or portfolio management fees. You also pay transaction fees for the trades the mutual fund makes. **More specific expense and fee information for each mutual fund can be found in the prospectus for the particular mutual fund.**

Stocks
When you invest in a stock, you become one of the owners of the company issuing the stock. Stocks represent ownership shares, also known as equity shares. Whether you make or lose money on a stock depends on the success or failure of the company, which type of stock you own, what’s going on in the stock market overall and other factors. Stocks may become more or less volatile over time. One example might be a newer stock that had formerly seen big price swings but becomes less volatile as the company grows and establishes a track record. Another example might be a stock with a

Stocks	
traditionally stable price that becomes extremely volatile following unfavorable or favorable news reports, which trigger a rash of selling or buying.	
Sales Compensation	**Ongoing Compensation**
Sales compensation is laid out in a table provided to you as part of the Client Fee Schedule (MM1019) www.principalsecurities.com. Commissions start at $35, in addition to a percentage of the amount purchased. As an example, purchasing a share of stock for $5000 would cost you $35 plus 2% of the amount invested. That comes out to $35 plus $100 for a total of $135.	Stocks typically do not have any ongoing compensation.

Exchange Traded Funds	
Exchange-traded funds (ETFs) combine aspects of mutual funds and conventional stocks. Like a mutual fund, an ETF is a pooled investment fund that offers an investor an interest in a professionally managed, diversified portfolio of investments. Unlike mutual funds, ETF shares trade like stocks on stock exchanges and can be bought or sold throughout the trading day at fluctuating prices.	
Sales Compensation	**Ongoing Compensation**
Sales compensation is laid out in a table provided to you as part of the Client Fee Schedule (MM1019). Commission starts at $35, in addition to a percentage of the amount purchased. As an example, purchasing a stock for an amount of $5000 would cost you $35 plus 2% of the amount invested. That comes out to $35 plus $100 for a total of $135.	ETFs have expense ratios, like mutual funds, calculated as a percentage of the assets you have invested. **More specific expense and fee information for each ETF can be found in the prospectus for the particular ETF.**

Bonds (Fixed Income)
A bond is a loan an investor makes to a corporation, government, federal agency or other organization in exchange for interest payments over a specified term, plus repayment of principal at the bond's maturity date. There are a wide variety of bonds including treasuries, agency bonds, corporate bonds, municipal bonds, and more. When you invest in bonds and bond mutual funds, you face the risk that your investment might lose money, especially if you buy an individual bond and want or need to sell it before it matures. Bond mutual fund prices can fluctuate, just as stock mutual funds do. Risk will also vary depending on the type of bond you own. Risks: When interest rates fall, bond prices typically rise, and when interest rates rise, bond prices typically fall. Interest rate risk is the risk that changes in interest rates (in the U.S. or other world markets) may reduce (or increase) the market value of a bond you hold. Inflation risk is the risk that the yield on a bond will not keep pace with purchasing power (in fact, another name for inflation risk is purchasing power risk). Liquidity risk is the risk that you will not be easily able to find a buyer for a bond you need to sell. While U.S. Treasury securities are generally deemed to be free of default risk,

<table>
<tr><th colspan="2">Bonds (Fixed Income)</th></tr>
<tr><td colspan="2">most bonds face a possibility of default. This means that the bond obligor will either be late paying creditors (including you, as a bondholder), pay a negotiated reduced amount or, in worst-case scenarios, be unable to pay at all.

A bond rating from the S&P below BBB or by Moody’s below Baa3 is considered below investment grade. Trading of below investment grade bonds is considered speculative and our financial professionals are not allowed to recommend them.</td></tr>
<tr><th>Sales Compensation</th><th>Ongoing Compensation</th></tr>
<tr><td>Commissions are charged according to the commission schedule in the form of mark-ups and are typically between 1-2% for bonds, and less for commercial paper and other instruments, depending on the maturity. Mark-ups may be higher for small trade amounts as there is also a minimum ticket charge which factors into the total commission percentage. The exact markup charge will be reflected on your trade confirmation.</td><td>Bonds typically do not have any ongoing compensation.

More specific expense and fee information for each bond can be found in the prospectus for the particular bond.</td></tr>
</table>

<table>
<tr><th colspan="2">Unit Investment Trusts</th></tr>
<tr><td colspan="2">Unit investment trusts, or UITs, are similar to mutual funds and closed-end funds. All three are investment companies, which means they pool money from many investors and invest it based on specific investment goals. The key difference with UITs, however, is that once a UIT sets its portfolio, it remains the same for its life (barring any major corporate events, such as a merger or bankruptcy proceeding) and the term is fixed. UITs can vary in their investment strategies, risk profiles, performance histories, management and fees.</td></tr>
<tr><th>Sales Compensation</th><th>Ongoing Compensation</th></tr>
<tr><td>UITs charge an initial sales charge, creation, or redemption fee at specific times, based on whether you hold or sell the position. Typically, these charges range from 1-3% depending on the term and are often paid in multiple monthly installments following the end of the initial offering period.</td><td>UITs have an annual operating fee of 0-1%, that is charged on an ongoing basis.

More specific expense and fee information for each UIT can be found in the prospectus for the particular UIT.</td></tr>
</table>

Options
Options are contracts that give the purchaser the right, but not the obligation, to buy or sell a security, such as a stock or exchange-traded fund, at a fixed price within a specific period of time. Options can be used as part of a strategy to help investors manage risk (hedge strategy), generate income (covered call strategy), or a number of other strategies. Buying and selling options involves risk and it is possible to lose money. Options tend to be complex investments and, before utilizing them, you should take the time to learn about different types of options, trading strategies and the risks involved. Option trading requires your financial professional to obtain specific approval before trading can occur. It is also worth noting that a standard option contract runs for 9 months and, due to their relatively short-

Options	
term nature, you can accumulate multiple charges in a short period of time. As such, option trading in a standard brokerage account can be a relatively expensive way to trade them.	
Sales Compensation	**Ongoing Compensation**
Details about sales compensation related to options will be provided to you in the Client Fee Schedule (MM1019). Commissions start at $35, in addition to a percentage of the amount purchased. For example, purchasing an options contract for an amount of $5000 would cost you $35 plus 1% of the amount invested. That comes out to $35 plus $50 for a total of $85.	Options typically do not have any ongoing compensation.

529 Plans	
A 529 plan is a tax-advantaged savings plan used to save for future education costs. There are two types of 529 plans—education savings plans and prepaid tuition plans. The education savings version allows earnings to grow tax-deferred and withdrawals are tax-free when used for qualified education expenses. In prepaid tuition plans account holders purchase “units” at participating colleges and universities to cover future tuition or fees at current prices (as opposed to future prices, which likely will be higher). Every state offers at least one of these types of plans. Another benefit of 529 plans is that they can be used for other qualified expenses such as repayment of student loans and payment for pre-college school tuition starting with kindergarten. It is important for you to review state rules for these plans and plans may be limited to only specific dollar amount thresholds.	
Initial Purchase and Redemption Charges	**Ongoing Compensation**
Account fees. 529 Plans may charge you a separate fee to maintain your account, especially if your investment falls below a certain dollar amount. **Purchase fees.** Whether or not a 529 Plan charges a front-end sales charge, it may assess a purchase fee at the time you invest in the plan. A-share fees are typically 5.75%, but they can be as low as 1%. **Redemption charges.** To discourage very short-term trading, investments in the plan often charge redemption charges to investors who sell shares shortly after buying them. Redemption charges may be charged anywhere from a few days to over a year. So, it's important to understand if and how your fund assesses redemption charges before you buy, especially if you think you might need to sell your shares shortly after purchasing them. C-share fees are typically 1%, but they can be as high as 1.1% or as low as 0.5%.	**Management fees.** These fees pay the fund's portfolio manager. **12b-1 fees.** These fees, capped at one percent of your assets in the fund, are taken out of the fund's assets to pay for the cost of marketing and selling the fund, for some shareholder services, and sometimes for employee bonuses. **Other expenses.** This miscellaneous category includes the costs of providing services to shareholders outside of the expenses covered by 12b-1 fees or portfolio management fees. You also pay transaction fees for the trades the fund makes, though this amount is not reported separately as the other fees are. **More specific expense and fee information for the 529 Plan can be found in its prospectus.**

529 Plans	
Exchange fees. Some funds also charge exchange fees for moving your money from one fund to another fund offered by the same investment company.	

Variable Life Insurance	
Variable life insurance is a life insurance policy with an investment component. The cash value in the policy is invested in sub-accounts available within the policy. A sub-account acts similar to a mutual fund. As with stocks, returns typically are not guaranteed and you may lose money, including your initial investment. Insurance Company Risk: the financial strength of the insurance company that issues the policy backs all guarantees, including the death benefit. If the insurance company experiences financial problems, it may not be able to meet its obligations to you.	
Sales Compensation	**Ongoing Compensation**
Up-front sales commission for Variable Life Insurance is based on a percentage of first year premiums paid into the policy, with higher commission paid up to target premium and lower commission paid on first year deposits above target premium. A financial professional may choose to receive higher commission up front (e.g., 118% on proprietary product or 75%+ on non-proprietary products) on first-year target premiums, and receive lower commissions on premiums paid in subsequent years. Conversely, a financial professional may choose to receive less up-front commission (e.g., 51% on proprietary product or 65% on non-proprietary products) on first year target premiums, with higher commissions paid on subsequent years' premiums. In some cases, commissions may be paid at a much lower rate (e.g., 21.25% on proprietary product and 32% on non-proprietary products) in the first year, with structure created to pay higher amounts in subsequent years. In addition to these commissions paid up to target premium, financial professionals receive a reduced commission (up to approximately 7% on proprietary product and 2-3% on non-proprietary products) on first-year deposits that exceed the target premium amount. The different compensation options are designed by insurers to result in roughly equivalent compensation over the span of an average policy. Financial professionals will select the payment	Ongoing renewal commissions are paid annually, with annual commission amounts generally shrinking over time. Service fees, typically representing a small percentage of the Net Present Value (NPV) of a policy, may be paid to financial professionals under some commission structures during certain time periods (or for the life) of policy. Ongoing compensation is dependent on which compensation structure is selected by the financial professional. If higher up-front commissions are selected on proprietary variable life products, 3.4% commission is paid on renewal premium amounts in years 2-10 of the policy, with no service fees paid. For non-proprietary policies, a range of 1.5-2.5% commissions are paid on renewal premium amounts over a period ranging from 2-15 years, with 0-0.2% paid in service fees for differing periods of the policy life. If lower up-front commissions are selected on proprietary variable life products, 3.4% commission is paid on renewal premium amounts in years 2-10 of the policy, with 0.425% paid annually in service fees during years 2-20. For non-proprietary policies, a range of 2-2.5% commissions are paid on renewal premium amounts over a period of 2-5 years, with 0.15% paid in service fees for years 5-20 of the policy.

Variable Life Insurance	
method that best fits their personal needs. Commissions represent gross amounts paid to the firm by the issuing insurance company, with a percentage of these gross amounts paid to financial professionals. Financial professionals will receive a lower percentage of these gross amounts for proprietary products than non-proprietary products. Commissions are paid by the insurance company and not paid directly by you, the client.	On a proprietary policy where the financial professional has the option to choose a much lower up-front commission (21.25%), that commission is paid at that same rate for renewal premiums for 10 years, but no service fees are paid. On non-proprietary policies where the financial professional has the option to choose a much lower up-front commission (32%), no ongoing commissions are paid on future year's premiums, but service fees of 0.375% are paid annually.

Alternative Investments	
Alternative investments can be comprised of physical properties, commodities, real assets, or other products that are not readily marketable. One type of alternative investment is a Non-Traded Real Estate Investment Trust ("REIT"), which is a company that owns, and in most cases operates, income-producing real estate. The primary risks associated with alternative investments are liquidity and default risk as there typically are limited public markets for the investments and they typically allow only a percentage of the investment to be liquidated at a given time. Principal Securities also considers Interval Funds as an alternative investment. An interval fund is a non-traditional type of closed-end mutual fund that periodically offers to buy back a percentage of outstanding shares from shareholders. Much like REITs, interval funds often carry liquidity risk as these buy back periods are limited. In periods where many investors are attempting to redeem these investments, redemptions can be restricted, offered only in a lottery type setting, or prorated. Alternative investments typically are more complex in nature and their risks may be harder to readily determine.	
Sales Compensation	**Ongoing Compensation**
Upfront compensation on REIT's is typically 3-5%. Interval funds sales compensation is similar to mutual funds. See above.	On an ongoing basis the financial professional typically receives about 1% of the initial purchase price per year, over a set number of years.

Variable Annuities	
A variable annuity is a contract with an insurance company. The accumulated value in the variable annuity is invested in sub-accounts available within the variable annuity. A sub-account acts similarly to a mutual fund. Earnings in a variable annuity grow tax-deferred until they are withdrawn. As with stocks, returns typically are not guaranteed and you may lose money, including your initial investment. Insurance Company Risk: the financial strength of the insurance company that issues the variable annuity backs all guarantees, including the death benefit. If the insurance company experiences financial problems, it may not be able to meet its obligations to you. Variable annuities offer: • Lifetime income • Underlying investment options (called sub-accounts) in multiple asset classes • Tax-deferred growth until income payments begin • Death benefits Investment Risk - as with stocks and mutual funds, returns typically are not guaranteed and you may lose money, including your initial investment. Variable annuities assess surrender charges (similar to redemption charges discussed earlier) for withdrawals within a specified period, which can be as long as six to eight years.	
Sales Compensation	**Ongoing Compensation**
The sales compensation consists of commissions paid on premiums deposited in the variable annuity contract. The commissions on non-proprietary products typically range between 1.75% and 7.00% depending on whether the contract issued has a rider elected and the client's age. The commissions on proprietary products typically range between 3.25% and 7.00% depending on whether the contract issued has a rider elected and the client's age.	Commissions are typically paid up front; however, a financial professional can choose "Trail" Commission Options instead. The trail commissions on proprietary and non-proprietary products typically range between 0.50% and 6.25% in the first year, and 0.25% and 1.00% per year through the length of the contract; the ranges vary based on how much the financial professional chooses for their first year commission as well as whether the annuity issued has a rider elected, and the client's age. Average fees and expenses on proprietary products: Mortality and expense: 0.60%-1.25% Administration charge: 0.15%-0.25% **12b-1 fees.** Certain of the underlying fund companies pay 12b-1 fees to Principal Securities as the principal underwriter of the Principal Life variable annuities. These fees range from 0.15% to 0.50%. These fees are taken out of the underlying funds' assets to pay for the cost of marketing and selling the underlying fund and for some shareholder services. Average fees and expenses on non-proprietary products: Mortality and expense: 0.80%-1.25% Administration charge: 0.15%-0.30%

Variable Annuities	
	Some variable annuities have distribution fees. Some fees are lower than shown in the above ranges. Some variable annuities charge the lesser of a percentage and a flat dollar amount, and some waive charges once the contract reaches a specified account value. Riders can be added to a variable annuity contract for an additional expense. **More specific expense and fee information for each variable annuity can be found in the prospectus for the particular variable annuity.**

<u>Non-Security Annuity Products Our Financial Professionals Can Offer</u>

As an insurance agent of an affiliate of Principal Securities, your financial professional also has the ability to offer the following types of fixed annuities to you. The resulting fixed annuity contracts are not accounts of Principal Securities.

Fixed Annuity/Long Term Care (LTC) Hybrid	
A type of annuity with an option that can extend LTC benefits if annuity LTC benefits are exhausted. Many annuities assess surrender charges for withdrawals within a specified period; this annuity's surrender charge period is seven years. Interest Rate Risk: This type of annuity does not have investment risk, i.e., the value of the annuity dropping to zero. However, they do have interest rate risk in that, in a positive interest rate environment, the guaranteed interest rate of the annuity would not increase but, instead, would remain constant through the guarantee period.	
Sales Compensation	**Ongoing Compensation**
The sales compensation consists of commissions paid on premiums deposited in the annuity contract. The commissions on fixed annuity/LTC Hybrid products range from 2.00%-7.75% depending on client's age.	This product does not offer a "Trail" Commission Option.

Fixed Deferred Annuities
A fixed deferred annuity is an insurance contract used to grow savings safely and create guaranteed income when it is needed. Fixed deferred annuities offer: • Guaranteed growth with set interest rates that ensure the money isn't affected by market volatility • Tax-deferral on earnings until a withdrawal is taken or income is received • Annuitization options that allow for income for a specific period of time, or for life • Death benefits that go directly to beneficiaries

Fixed Deferred Annuities	
Interest Rate Risk: fixed deferred annuities do not have investment risk, i.e., the value of the annuity dropping to zero. However, they do have interest rate risk in that, in a positive interest rate environment, the guaranteed interest rate of the annuity would not increase but, instead, would remain constant through the guarantee period. Many fixed annuities assess surrender charges for withdrawals within a specified period, which can be as long as nine years.	
Sales Compensation	**Ongoing Compensation**
The sales compensation consists of commissions paid on premiums deposited in the fixed annuity contract. The commissions on non-proprietary products range between 0.75% and 4.00% depending on the surrender charge period elected and the client's age. The commissions on proprietary products range between 0.75% and 4.00% depending on the surrender charge period elected and the client's age.	Commissions are typically paid up front; however, a financial professional can choose "Trail" Commission Options instead. The trail commissions on fixed annuities range between 0.25% and 3.60% in the first year and 0.10% and 0.40% per year through the length of the contract; the ranges vary based on how much the financial professional chooses for their first year commission as well as the length of the surrender charge period elected and the client's age.

Fixed Income Annuities	
An income annuity is an insurance contract that promises guaranteed, pension-like income over a period of time, usually for the rest of your life or the life of you and your partner. The annuity is purchased with a lump sum of money or ongoing payments. Immediate income annuities start paying income within a short period of time after account opening, typically 30 – 365 days. Deferred income annuities may begin paying income after one year or up to twenty years after account opening. Interest Rate Risk: in an environment when interest rates are rising, the guaranteed interest rate remains constant through the payout period. As a result, in that scenario the annuity owner's purchasing power is reduced because the annuity payments the owner receives lose buying power over time.	
Sales Compensation	**Ongoing Compensation**
The sales compensation consists of commissions paid on premiums deposited in the fixed income annuity contract. The commissions on non-proprietary products typically range between 3.50% - 4.50% for life payouts and 1.75% - 3.50% for fixed period payouts, with some shorter fixed period options having lower commissions. The commissions on proprietary products typically range between 4.00% and 4.50% for life payouts and 2.75% and 3.25% for fixed period payouts.	Fixed income annuities typically do not have any ongoing compensation.

Fixed Indexed Annuities	
Like a fixed deferred annuity, a fixed indexed annuity is an insurance contract that is purchased for the purpose of growing retirement savings safely and guaranteeing income in retirement. However, the main difference is that it gives you the opportunity to participate in some portion of market growth, too. A fixed indexed annuity offers interest rates linked to one or more published, equity-based indices (such as the S&P 500 Index®). Index crediting is what provides the growth potential. Credits are based on how the market performs in any given year and are applied to existing premium at the end of each contract year. If the index goes up, the value of the annuity is credited with a rate up to a set cap. If the index goes down, no credit will be provided for that year, but it also means the premium is protected from market losses. A fixed indexed annuity is purchased with a one-time lump sum payment (i.e., the principal). In return, the owner receives: • Tax-deferred growth until starting to take income • Guaranteed lifetime income if the contract is annuitized • Guaranteed death benefit that transfers unused funds to beneficiary when the owner dies Fixed indexed annuities assess surrender charges for withdrawals within a specified period, which can be as long as seven years. Caps, participation rates, spreads and declared fixed interest rates are subject to change annually. Down market years can lead to zero-interest crediting.	
Sales Compensation	**Ongoing Compensation**
The sales compensation consists of commissions paid on premiums deposited in the fixed indexed annuity contract. The commissions on non-proprietary products typically range between 1.25% and 8% depending on the surrender charge period, whether a rider was elected and the client's age. The commissions on proprietary products typically range between 1.85% and 4.50% depending on the surrender charge period, whether a rider was elected, and the client's age.	Commissions are typically paid up front; however, a financial professional can choose "Trail" Commission Options instead. The trail commissions on proprietary and non-proprietary products range between 0.94%-5.50% in the first year and 0.10%-0.75% per year through the length of the contract; the ranges vary based on how much the financial professional chooses for their first year commission as well as surrender charge period, whether the contract issued had a rider elected, and the client's age.