

Principal Global Real Estate Securities Fund

A key component in a globally diversified portfolio

2017 third quarter

Ticker:

Class A: POSAX
Class C: POSCX
Class I: POSIX

Morningstar rating

Class I Shares



Overall Morningstar Rating™ as of 09/30/2017 among 239 Global Real Estate Funds

Morningstar ratings may vary between share classes, are based on historical risk-adjusted total returns and are subject to change.

Real estate may offer capital appreciation over its original value, income through interest or dividends, and a means of offsetting inflation.

The Principal Global Real Estate Securities Fund seeks to:

Uncover opportunity.

Real estate investment trusts (REITs) offer a flexible and accessible way to invest in various real estate markets. Today:

- Approximately two-thirds of the world's real estate investment opportunities are located outside of the United States.¹
- Experienced active managers can seek to capitalize on the infancy of the global asset class.
- Global REITs may provide a liquid and diversified way to invest in multiple countries and real estate sectors.

Offer diversification.

Due to market volatility, investors understand the critical importance of deep diversification. Real assets like global real estate can enhance portfolios over the long term as they offer:

- Historically low correlation with other asset classes.²
- Capital appreciation over its original value, income through interest or dividends, and a liquid way to invest in high-quality real estate.
- Attractive historical risk-adjusted returns and dividend yields over time.

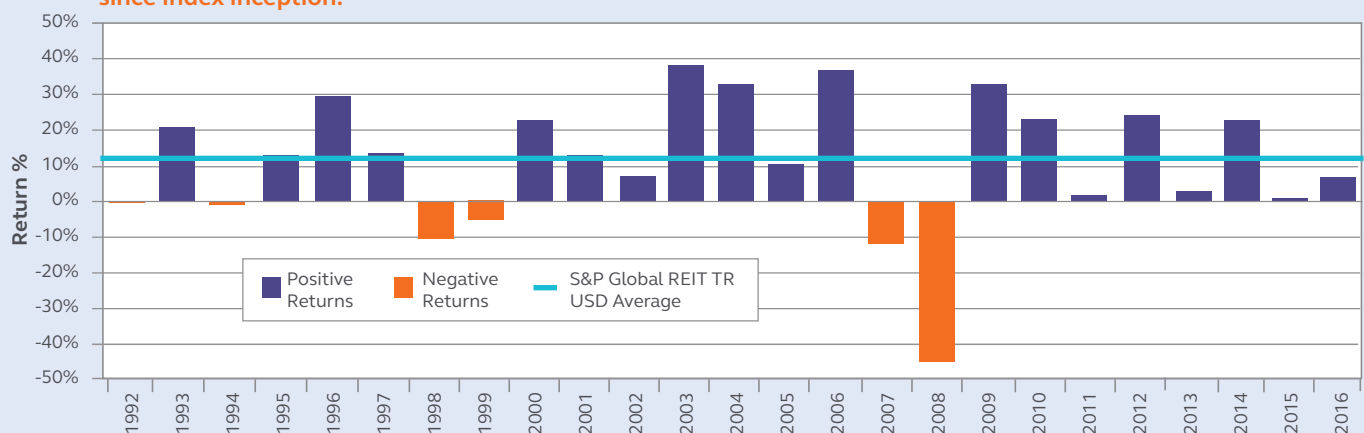
Provide global leadership.

The global real estate securities portfolio management team averages over 30 years of industry experience and:

- Includes 17 dedicated investment professionals.
- Provides in-depth real estate coverage of over 20 countries around the world.
- Has investment professionals located in the U.S., London, Singapore, and Australia.

Consistent total returns

Total returns for REITs have been positive in 19 of the 25 years and have averaged 11.45 percent per year since index inception.



Source: Morningstar.

Results are based upon average annual returns of the S&P Global REIT TR USD Index between 01/01/1992 and 12/31/2016. The benchmark for the Fund is the FTSE EPRA/NAREIT Developed NTR Index; the S&P Global REIT TR USD Index was used for historical and illustrative purposes. Index performance information reflects no deduction for fees, expenses, or taxes. Indices are unmanaged and individuals cannot invest directly in an index.

Past performance does not guarantee future results.

REITs are subject to a real estate industry sensitive to interest rates, general and local economic conditions, property tax rates, and other factors.

¹ FactSet, as of December 31, 2016.

² Zephyr StyleADVISOR. Correlations from January 2006 - February 2017.

Portfolio strategy & management

The Principal Global Real Estate Securities Fund is sub-advised by Principal Real Estate Investors, an investment manager with six decades of experience.³ The Fund seeks total return by investing in at least 80 percent of its assets in equity securities of U.S. and non-U.S. companies primarily engaged in the real estate industry. This includes companies with at least half of their assets, income, or profits derived from products or services related to the real estate industry.

Kelly Rush, CFA

33 Years of Experience

Simon Hedger

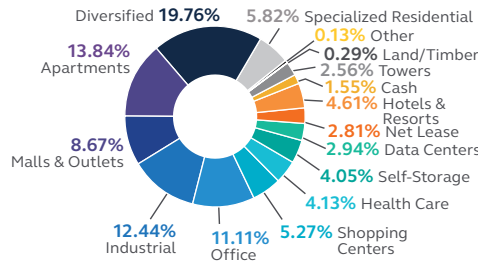
39 Years of Experience

Anthony Kenkel, CFA, FRM

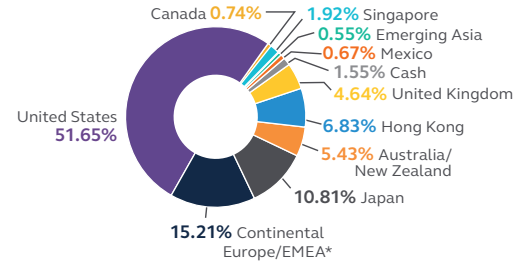
20 Years of Experience

Portfolio composition

Property allocations⁴ (as of 09/30/2017)



Country allocations⁴ (as of 09/30/2017)



* EMEA includes Eastern Europe, Middle East, and Africa (Emerging Market Countries).

Top 5 holdings (as of 08/31/2017)

Rank	Company Name	% of Net assets
1.	Simon Property Group Inc	4.21%
2.	Deutsche Wohnen AG	3.40%
3.	Essex Property Trust Inc	2.82%
4.	Mitsui Fudosan Co Ltd	2.70%
5.	AvalonBay Communities Inc	2.68%

The holdings listed do not constitute a recommendation to purchase or sell a particular security.

Performance, percentiles, & ratings (as of 09/30/2017)

	Average annual total returns						Yields ¹⁰	
	Year-To-Date	1-Year	3-Year	5-Year	Since Inception (10/01/2007)	Expense Ratio	30-Day SEC	12-Month Distribution
Class I ⁵	9.70%	2.76%	6.77%	7.91%	3.59%	0.90%	1.87%	2.74%
Class A (Excluding Sales Charge) ⁵	9.32%	2.30%	6.30%	7.44%	2.74%	1.32%	1.44%	2.53%
Class A (Including Sales Charge) ⁵	3.31%	-3.36%	4.33%	6.24%	2.16%	1.32%	1.36%	2.39%
FTSE EPRA/NAREIT Developed Index NR ^{6,7}	6.53%	0.57%	5.87%	6.73%	—	—	—	—
Morningstar rankings and ratings								
Class I Percentile Rankings ⁸	—	38	22	20	—	—	—	—
Class A Percentile Rankings ⁸	—	46	32	28	—	—	—	—
Category and Number of Funds in Category: Global Real Estate	239	233	184	151	—	—	—	—
Class I Ratings ⁹	—	—	★★★★	★★★★	Overall ★★★★★	—	—	—
Class A Ratings ^{5,9}	—	—	★★★	★★★★	Overall ★★★★★	—	—	—

Returns represent past performance and do not guarantee future results. Share price, principal value, and return will vary and you may have a gain or loss when shares are sold. Current performance may be lower or higher than quoted. For the most recent month end performance, visit principalfunds.com. A maximum sales charge of 5.5% may apply for Class A shares. Performance reflects this maximum sales charge when a sales charge is indicated.

³ Principal Real Estate Investors is the dedicated real estate group of Principal Global Investors. Experience includes investment activities originally in the real estate investment area of Principal Life Insurance Company and continuing through the firm to present.

⁴ May not reflect current allocations/holdings. Percentages may not add up to 100% due to rounding.

⁵ Performance assumes reinvestment of all dividends and capital gains. Only certain investors, such as retirement plan participants, can purchase class A shares without a sales charge; see the prospectus for details.

⁶ FTSE EPRA/NAREIT Developed Index NR is designed to represent general trends in eligible real estate equities worldwide.

⁷ Index performance information reflects no deduction for fees, expenses, or taxes. Indices are unmanaged and individuals cannot invest directly in an index.

⁸ Morningstar percentile rankings are based on total returns and do not reflect the inclusion of sales charges. If sales charges were reflected, rankings could be lower.

⁹ The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year

period actually has the greatest impact because it is included in all three rating periods. Morningstar Ratings do not reflect the inclusion of sales charges. If sales charges were reflected, rankings could be lower. © 2017 Morningstar, Inc. All rights reserved. Part of the mutual fund data contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Results were achieved during highly favorable market conditions and may not be sustainable.

¹⁰ 30-Day SEC yield represents net investment income earned by a fund over a 30-day period, stated as an annual percentage. 12-month yield is based on actual distributions paid over a trailing 12-month period, stated as an annual percentage.

International and global investing involves greater risks such as currency fluctuations, political/social instability and differing accounting standards. Investing in derivatives entails specific risks relating to liquidity, leverage, and credit that may reduce returns and/or increase volatility.

Class I shares are available only to eligible investors, including various institutional investors and investors in certain mutual fund wrap or asset allocation programs. See the prospectus for eligibility requirements.

Principal Funds Class P shares automatically converted to Institutional Class shares effective close of business June 23, 2017.

Not authorized for distribution unless preceded or accompanied by a current prospectus, or a summary prospectus if available, that includes information about the Fund's objectives, risks, charges and expenses. Please read it carefully before investing.

Investing involves risk, including possible loss of principal.

Principal Funds are distributed by Principal Funds Distributor, Inc.

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