PROFILE

Principal International I Portfolio

Sub-advised by Origin Asset Management

Principal Global Investors offers expertise in unconstrained global and international equities through our affiliate, Origin Asset Management. Launched in May 2005, Origin Asset Management is an owner-managed investment management boutique. Origin's founding partners have an average of more than 25 years of investment experience and have worked together for up to 18 years. The firm's global investment team of five has an average experience of more than 20 years.

Origin manages five equity strategies and specializes in the construction of Global Equity, Global Small Cap, Global Emerging Market and International Equity portfolios for institutional clients.

Investment Philosophy and Process

The Principal International I portfolio is available as a mutual fund and as a separate account that invests wholly in Institutional class shares of the mutual fund.

Philosophy

Origin relies on a clear, systematic and repeatable approach to investing that acts on evidence rather than opinion. The firm believes there is positive return to:

- Systematic investing
- Low valuation
- Trend following

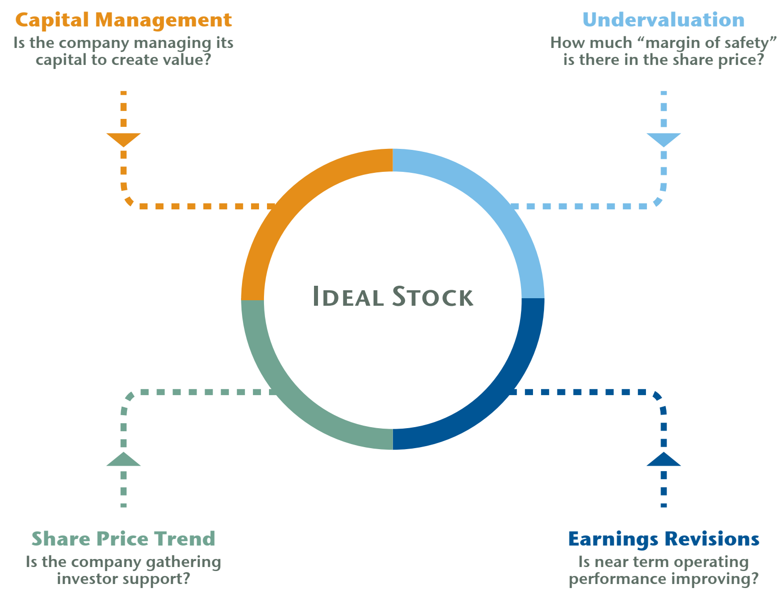
As a result, Origin looks for companies that are well-managed and undervalued, have improving profit expectations and have a rising share price relative to the market.

The investment advisor's investment philosophy and strategy may not perform as intended and could result in a loss or gain.

Process

Origin selects stocks on the basis of four criteria they believe drive future share price outperformance. Two of those criteria are fundamental (capital management and valuation) while the other two (earnings revisions and relative trend) are behavioral. A stock must sufficiently meet all four measurable criteria to be considered for the portfolio.

Origin's Ideal Stock



Origin's investment process runs on a systematic, three-stage monthly cycle, which combines a first-stage quantitative screening with a second stage of qualitative due diligence, followed by portfolio construction and trade prioritization.

Each month, Origin automatically ranks more than 4,000 stocks worldwide on the basis of the four stock selection criteria (capital management, valuation, earnings revisions and relative trend). This enables the firm to focus on those stocks that most strongly meet the four selection criteria. From there, each of the five members of the Global Equity Team individually reviews and scores the subset of stocks in relation to the four selection criteria. The final ranking determines the portfolio trades. Stocks whose scores have deteriorated are sold, and replaced with high conviction stocks. Stock weights reflect Origin's conviction ranks and they have to earn their place, and their weighting, in Origin's portfolios every month.

Portfolio managers

Chris Carter is a founding Partner of Origin Asset Management with 32 years of investment industry experience. He was formerly a senior investment manager at Investec Asset Management, where he was one of the architects of the company's investment process and managed global equity and balanced portfolios. Mr. Carter is a graduate of Gonville & Caius College, Cambridge, with an MA Honors Degree in Economics and Philosophy.

Nigel Duston is a founding Partner of Origin Asset Management with an industry start date of 1988. From January 2000 to July 2004 he was a senior investment manager at Investec Asset Management where he was one of the architects of the company's investment process and a member of the UK and Global Equity teams. Mr. Duston is a graduate of Surrey University with a BSc Joint Honors Degree in Mathematics and Economics.

Tarlock Randhawa is a partner of Origin Asset Management who joined the industry in 2001. Prior to his role at Origin, Mr. Randhawa worked at Investec Asset Management where he was one of the architects of the company's investment process and a member of the Global Equity team. He also managed a number of charitable foundation portfolios. Mr. Randhawa is a graduate of Brunel University with a BSc Joint Honors Degree in Mathematics and Management.

John Birkhold is a partner of Origin Asset Management with 24 years of investment industry experience. Before joining Origin in 2009, Mr. Birkhold was a managing director at Credit Suisse HOLT, where he held a variety of senior roles over a 16-year career, including seven years leading HOLT's Non-US business (London), founding partner of HOLT's Asia Pacific franchise (Sydney) and Portfolio Consultant (Chicago). Mr. Birkhold holds a BS and ME in Systems Engineering from the University of Virginia and an MBA in Finance from the University of Chicago.

Nerys Weir is an investment manager at Origin Asset Management who joined the investment industry in 2001. Previously Ms. Weir worked at Investec Asset Management where she was a member of the Global Equity team. She was also responsible for investment support and analytics. Ms. Weir is a graduate of Leicester University with a BA Honors Degree in Ancient History and Archaeology.

Additional Information

Investors should carefully consider a mutual fund's investment objectives, risks, charges, and expenses prior to investing. A prospectus, or summary prospectus if available, containing this and other information can be obtained by contacting a financial professional, visiting principal.com, or calling 1-800-547-7754. Read the prospectus carefully before investing.

Before directing retirement funds to a separate account, investors should carefully consider the investment objectives, risks, charges and expenses of the separate account as well as their individual risk tolerance, time horizon and goals. For additional information contact us at 1-800-547-7754 or by visiting principal.com.

Investment options are subject to investment risk. Shares or unit values will fluctuate and investments, when redeemed, may be worth more or less than their original cost.

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

This investment option is available through a separate account or Principal Funds, Inc. mutual fund. Separate accounts are made available through a group annuity contract with Principal Life Insurance Company, Des Moines, IA 50392.

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Insurance products and plan administrative services are provided by Principal Life Insurance Company. Principal Funds, Inc. is distributed by Principal Funds Distributor, Inc. Securities are offered through Princor Financial Services Corporation, 800-547-7754, Member SIPC and/or independent broker/dealers. Securities sold by a Princor Registered Representative are offered through Princor®. Principal Funds Distributor, Princor and Principal Life are members of the Principal Financial Group®, Des Moines, IA 50392. Investment options may not be available in all states or U.S. commonwealths. Separate accounts are available through a group annuity contract with Principal Life Insurance Company. See the group annuity contract for the full name of the separate account. Principal Life Insurance Company reserves the right to defer payments or transfers from Principal Life separate accounts as permitted by the group annuity contracts providing access to the separate accounts or as required by applicable law. Such deferment will be based on factors that may include situations such as: unstable or disorderly financial markets; investment conditions which do not allow for orderly investment transactions; or investment, liquidity and other risks inherent in real estate (such as those associated with general and local economic conditions). If you elect to allocate funds to a separate account, you may not be able to immediately withdraw them.

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