

Principal Investors Fund, Inc. Profile
BOND & MORTGAGE SECURITIES FUND
Advisors Select

The date of this profile is June 30, 2004

This Profile summarizes key information about the Fund that is included in the Fund's prospectus. The Fund's prospectus includes additional information about the Fund, including a more detailed description of the risks associated with investing in the Fund that you may want to consider before you invest. You may obtain the prospectus and other information (including Sub-Advisor composite performance information) about the Fund at no cost by calling 1-800-547-7754. The prospectus is also available on our website at: www.principal.com.

Fund Objective/Goal

The Fund seeks to provide current income.

Main Strategies

The Fund invests primarily in intermediate maturity fixed-income securities with a dollar weighted average maturity in the 3-6 years range. Under normal circumstances, it invests at least 80% of its assets in:

- securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities;
- fixed-income securities and taxable municipal bonds, rated in the four highest grades by a nationally recognized statistical rating organization or, if unrated, in the opinion of the Sub-Advisor are of comparable quality; and
- mortgage-backed securities representing an interest in a pool of mortgage loans.

The rest of the Fund's assets may be invested in:

- preferred and common stock that may be convertible (may be exchanged for a fixed number of

shares of common stock of the same issuer) or may be non-convertible; or

- securities rated less than the four highest grades but not lower than CCC- (Standard & Poor's rating).

Under unusual market or economic conditions, the Fund may invest up to 100% of its assets in cash and cash equivalents.

Main Risks

The Fund may invest in fixed-income securities. When interest rates fall, the price of such securities rise and when interest rates rise, the price declines. In addition, the value of these securities may be affected by the credit rating of the entity that issued the security and its maturity.

The mortgage-backed securities that the Fund may invest in are subject to prepayment risk. When interest rates decline, significant unscheduled prepayments may result. These prepayments must then be reinvested at lower rates. On the other hand, during periods of rising interest rates, a reduction in prepayments may increase the effective maturities of these securities and may increase the volatility of the Fund.

The Fund may invest in securities issued by government-sponsored enterprises (such as the Federal Home Loan Bank). Although the issuing agency, instrumentality or corporation may be chartered or sponsored by the US government, their securities are neither issued or guaranteed by the US Treasury.

As with all mutual funds, as the value of the Fund's assets rise and fall, the Fund's share price changes. If the investor sells Fund shares when their value is less than the price the investor paid for them, the investor will lose money.

Investor Profile

The Fund may be a suitable investment for investors seeking diversification by investing in a fixed-income mutual fund.

Manager

The Manager, Principal Management Corporation, provides certain corporate administrative services to the Fund. The Manager is an indirect subsidiary of Principal Financial Services, Inc. and has managed mutual funds since 1969. As of December 31, 2003, the mutual funds it manages had assets of approximately \$7.8 billion.

Sub-Advisor

The Manager has contracted with the Sub-Advisor to provide investment advisory services to the Fund.

Principal Global Investors, LLC ("Principal") is an indirectly wholly-owned subsidiary of Principal Life Insurance Company and an affiliate of the Manager. Principal has been active in retirement plan investing since 1941 and has sub-advised mutual fund assets since 1969. Together with its affiliates, Principal had assets under management as of December 31, 2003 of approximately \$118.5 billion. Principal Global Investor's headquarters address is 801 Grand Avenue, Des Moines, Iowa 50392.

Day-to-Day Management

William C. Armstrong, CFA. Mr. Armstrong leads the multi-sector/core portfolio management group for Principal. Mr. Armstrong has been with the Principal Financial Group since 1992. He earned his Master's degree from the University of Iowa and his Bachelor's degree from Keamey State College. He has earned the right to use the Chartered Financial Analyst designation.

Fund Operating Expenses

Management Fees.....	0.55%
12b-1 Fees	0.30
Other Expenses*	0.45
Total Fund Operating Expenses	1.30%

* Other Expenses:

Service Fee	0.25%
Administrative Service Fee	0.20

Quarterly Total Returns

The Fund's highest and lowest quarterly returns during the time period covered by the chart at the right were:

Highest	Q3 '01	4.03%
Lowest	Q4 '01	-0.55%

Average annual total returns (%) for the period ending June 30, 2004

This table shows how the Fund's average annual returns compare with those of a broad-based securities market index and an index of mutual funds with similar investment objectives.

	<u>1</u>	<u>3</u>	<u>5</u>	<u>10</u>	<u>Life of</u>
	<u>Year</u>	<u>Years</u>	<u>Years</u>	<u>Years</u>	<u>Fund*</u>
Advisors Select Class	-0.30	4.89	N/A	N/A	5.39
Lehman Brothers Aggregate Bond Index.....	0.33	6.36	6.95	7.39	
Morningstar Intermediate-Term Bond Category.....	0.19	5.56	6.07	6.55	

* The Fund's SEC effective date was December 6, 2000. Principal has been Sub-Advisor to the Fund since inception.

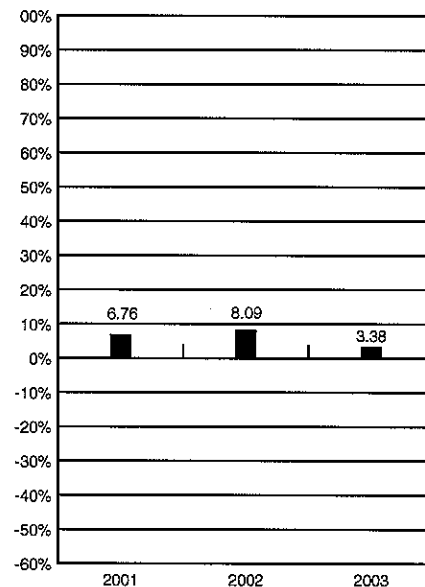
Example

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your cost would be:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$132	\$412	\$713	\$1,568

Year-by-Year Total Returns

The bar chart provides some indication of the risks of investing in the Fund by showing changes in performance from year to year.



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Principal Investors Fund, Inc. Profile
PRINCIPAL LIFETIME STRATEGIC INCOME FUND
Advisors Select

The date of this profile is June 30, 2004

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Fund Objective/Goal

The Fund seeks high current income.

Main Strategies

To pursue its goal, the Fund invests in shares of other Principal Investors Funds (the "underlying funds"). The Fund allocates its assets in the underlying funds using an allocation strategy that is intended to give the Fund exposure to the domestic and foreign equity and fixed-income markets. At any time, the Sub-Advisor may add or substitute underlying funds in which the Fund invests.

Currently, approximately 15% of the Fund's assets are invested in equity security underlying funds and 85% in fixed-income security underlying funds. In deciding how to allocate the Fund's assets among the underlying funds, the Sub-Advisor considers long-term asset class returns and volatility assumptions. There are no minimum or maximum percentages in which the Fund must invest in any underlying fund.

Main Risks

The Fund's ability to meet its investment objective depends on the ability of the underlying funds to achieve their investment objectives. Consequently, the Fund

is subject to the particular risks of the underlying funds in the proportions in which the Fund invests in them.

The Fund's broad diversification is designed to moderate the Fund's overall price swings. However, the Fund share prices will fluctuate as the prices of the underlying funds rise or fall with changing market conditions.

Because it purchases equity securities, the Fund is subject to the risk that stock prices will fall over short or extended periods of time. A company in which a particular underlying fund invests may report poor results or be negatively affected by industry and/or economic trends and developments. In response, the price of the securities issued by such companies may decline. In addition the Sub-Advisor's assessment of the potential growth of underlying funds held by the Fund may prove incorrect, resulting in losses or poor performance even in a rising market. These factors contribute to price volatility.

In addition to the general stock market risk, certain underlying funds have additional risks. Investments in companies with smaller market capitalizations may involve greater risks and price volatility (wide, rapid fluctuations) than investments in larger, more mature companies. To the extent an underlying fund invests in foreign securities, it is also subject to the risk that a foreign security could lose value as a result of political, financial and economic events in foreign countries. In addition, foreign securities may be subject to securities regulators with less stringent accounting and disclosure standards than are required of U.S. companies.

The values of the fixed-income securities in which the underlying funds invest

change daily. Their prices reflect changes in interest rates, market conditions and announcements of other economic, political or financial information. When interest rates fall, the price of a bond rises and when interest rates rise, the price declines.

Investor Profile

The Fund is generally a suitable investment for investors in retirement.

Manager

The Manager, Principal Management Corporation, provides certain corporate administrative services to the Fund. The Manager is an indirect subsidiary of Principal Financial Services, Inc. and has managed mutual funds since 1969. As of December 31, 2003, the mutual funds it manages had assets of approximately \$7.8 billion.

Sub-Advisor

The Manager has contracted with the Sub-Advisor to provide investment advisory services to the Fund.

Principal Global Investors, LLC ("Principal") is an indirectly wholly-owned subsidiary of Principal Life Insurance Company and an affiliate of the Manager. Principal has been active in retirement plan investing since 1941 and has sub-advised mutual fund assets since 1969. Together with its affiliates, Principal had assets under management as of December 31, 2003 of approximately \$118.5 billion. Principal Global Investor's headquarters address is 801 Grand Avenue, Des Moines, Iowa 50392.

Day-to-Day Management

Dirk Laschanzky, CFA. As a portfolio manager at Principal, Mr. Laschanzky is responsible for asset allocation and provides advice to clients concerning their portfolios across all asset classes. Prior

to joining Principal in 1997, he was a portfolio manager and analyst for over seven years at AMR Investment Services where he managed short-term money market funds and was responsible for American Airlines' pension plan investment management. He also served as a financial analyst for American Airlines. He received an MBA and

BA, both in Finance, from the University of Iowa. He has earned the right to use the Chartered Financial Analyst designation.

Fees and Expenses

In addition to the total operating expenses shown below, the Fund, as shareholder in the underlying funds,

bears its pro rata share of the management fees incurred by each underlying fund. Based on the allocation of Fund assets among the underlying funds as of June 30, 2004, the weighted average management fee of the underlying funds is 0.59%.

Fund Operating Expenses

Management Fees.....	0.1225%
12b-1 Fees	0.3000
Other Expenses*	0.4500
Total Fund Operating Expenses	0.8725%

* Other Expenses:

Service Fee	0.25%
Administrative Service Fee.....	0.20

Quarterly Total Returns

The Fund's highest and lowest quarterly returns during the time period covered by the chart at the right were:

Highest	Q2 '03	6.94%
Lowest	Q3 '02	-3.54%

Average annual total returns (%) for the period ending June 30, 2004

This table shows how the Fund's average annual returns compare with those of a broad-based securities market index and an index of mutual funds with similar investment objectives.

	<u>1</u>	<u>3</u>	<u>5</u>	<u>10</u>	<u>Life of</u>
	<u>Year</u>	<u>Years</u>	<u>Years</u>	<u>Years</u>	<u>Fund*</u>
Advisors Select Class	9.90	4.68	N/A	N/A	4.39
S&P 500 Index.....	19.10	-0.69	-2.20	11.82	
Lehman Brothers Aggregate Bond Index.....	0.33	6.36	6.95	7.39	
Morningstar Conservative Allocation Category.....	6.46	3.13	3.14	7.54	

* The Fund's SEC effective date was March 1, 2001. Principal has been Sub-Advisor to the Fund since inception.

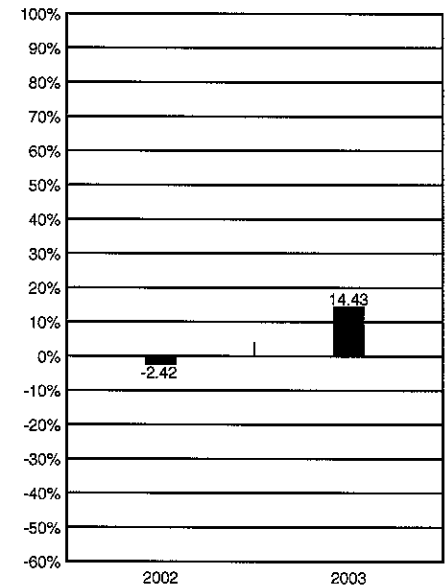
Example

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your cost would be:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$89	\$278	\$484	\$1,075

Year-by-Year Total Returns

The bar chart provides some indication of the risks of investing in the Fund by showing changes in performance from year to year.



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Principal Investors Fund, Inc. Profile
PRINCIPAL LIFETIME 2010 FUND
Advisors Select

The date of this profile is June 30, 2004

This Profile summarizes key information about the Fund that is included in the Fund's prospectus. The Fund's prospectus includes additional information about the Fund, including a more detailed description of the risks associated with investing in the Fund that you may want to consider before you invest. You may obtain the prospectus and other information about the Fund at no cost by calling 1-800-547-7754. The prospectus is also available on our website at: www.principal.com.

Fund Objective/Goal

The Fund seeks a total return consisting of long-term growth of capital and current income.

Main Strategies

To pursue its goal, the Fund invests in shares of other Principal Investors Funds (the "underlying funds"). The Fund allocates its assets in the underlying funds using an allocation strategy that is intended to give the Fund exposure to the domestic and foreign equity and fixed-income markets. At any time, the Sub-Advisor may add or substitute underlying funds in which the Fund invests.

Currently, approximately 40% of the Fund's assets are invested in equity security underlying funds. The remaining 60% of the Fund's assets are invested in fixed-income security underlying funds. There are no minimum or maximum percentages in which the Fund must invest in any underlying fund.

Over time, shifts in the allocations to the underlying funds will be designed to accommodate investors progressing from asset accumulation years to income-generation years.

Main Risks

The Fund's ability to meet its investment objective depends on the ability of the underlying funds to achieve their investment objectives. Consequently, the Fund is subject to the particular risks of the underlying funds in the proportions in which the Fund invests in them.

The Fund is subject to the risk that stock prices will fall over short or extended periods of time. A company in which a particular underlying fund invests may report poor results or be negatively affected by industry and/or economic trends and developments. In response, the price of the securities issued by such companies may decline. In addition, the Sub-Advisor's assessment of the potential growth of underlying funds held by the Fund may prove incorrect, resulting in losses or poor performance even in a rising market. These factors contribute to price volatility. In addition to the general stock market risk, certain underlying funds have additional risks. Investments in companies with smaller market capitalizations may involve greater risks and price volatility (wide, rapid fluctuations) than investments in larger, more mature companies.

To the extent an underlying fund invests in foreign securities, it is also subject to the risk that a foreign security could lose value as a result of political, financial and economic events in foreign countries.

The values of the fixed-income securities in which an underlying Fund may invest change daily. Their prices reflect changes in interest rates, market conditions and announcements of other economic, political or financial information. When interest rates fall, the price of a bond rises and when interest rates rise, the price declines.

Because the underlying funds invest in both stocks and bonds, the Fund may under perform stock mutual funds when stocks are in favor and may under perform bond mutual funds when bonds are in favor. As with all mutual funds, as the value of the Fund's assets rise and fall, the Fund's share price changes. If the investor sells Fund shares when their value is less than the price the investor paid for them, the investor will lose money.

Investor Profile

The Fund is generally a suitable investment for investors expecting to retire around the year 2010 or fund a cashflow need in the year 2010.

Manager

The Manager, Principal Management Corporation, provides certain corporate administrative services to the Fund. The Manager is an indirect subsidiary of Principal Financial Services, Inc. and has managed mutual funds since 1969. As of December 31, 2003, the mutual funds it manages had assets of approximately \$7.8 billion.

Sub-Advisor

The Manager has contracted with the Sub-Advisor to provide investment advisory services to the Fund.

Principal Global Investors, LLC ("Principal") is an indirectly wholly-owned subsidiary of Principal Life Insurance Company and an affiliate of the Manager. Principal has been active in retirement plan investing since 1941 and has sub-advised mutual fund assets since 1969. Together with its affiliates, Principal had assets under management as of December 31, 2003 of approximately \$118.5 billion. Principal Global Investor's

headquarters address is 801 Grand Avenue, Des Moines, Iowa 50392.

Day-to-Day Management

Dirk Laschanzky, CFA. As a portfolio manager at Principal, Mr. Laschanzky is responsible for asset allocation and provides advice to clients concerning their portfolios across all asset classes. Prior to joining Principal in 1997, he was a portfolio manager and analyst for over

seven years at AMR Investment Services where he managed short-term money market funds and was responsible for American Airlines' pension plan investment management. He also served as a financial analyst for American Airlines. He received an MBA and BA, both in Finance, from the University of Iowa. He has earned the right to use the Chartered Financial Analyst designation.

Fees and Expenses

In addition to the total operating expenses shown below, the Fund, as shareholder in the underlying funds, bears its pro rata share of the management fees incurred by each underlying fund. Based on the allocation of Fund assets among the underlying funds as of June 30, 2004, the weighted average management fee of the underlying funds is 0.59%.

Fund Operating Expenses

Management Fees.....	0.1225%
12b-1 Fees	0.3000
Other Expenses*	0.4500
Total Fund Operating Expenses	0.8725%

* Other Expenses:

Service Fee	0.25%
Administrative Service Fee.....	0.20

Quarterly Total Returns

The Fund's highest and lowest quarterly returns during the time period covered by the chart at the right were:

Highest	Q2 '03	8.50%
Lowest	Q3 '02	-5.56%

Average annual total returns (%) for the period ending June 30, 2004

This table shows how the Fund's average annual returns compare with those of a broad-based securities market index and an index of mutual funds with similar investment objectives.

	<u>1</u>	<u>3</u>	<u>5</u>	<u>10</u>	<u>Life of</u>
	<u>Year</u>	<u>Years</u>	<u>Years</u>	<u>Years</u>	<u>Fund*</u>
Advisors Select Class	11.66	4.53	N/A	N/A	4.16
S&P 500 Index	19.10	-0.69	-2.20	11.82	
Lehman Brothers Aggregate Bond Index.....	0.33	6.36	6.95	7.39	
Morningstar Conservative Allocation Category	6.46	3.13	3.14	7.54	

* The Fund's SEC effective date was March 1, 2001. Principal has been Sub-Advisor to the Fund since inception.

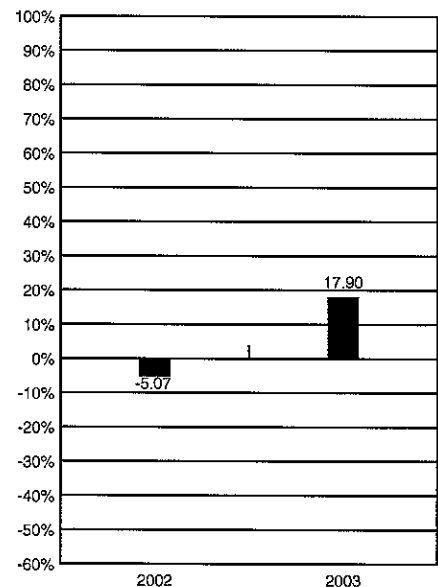
Example

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your cost would be:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$89	\$278	\$484	\$1,075

Year-by-Year Total Returns

The bar chart provides some indication of the risks of investing in the Fund by showing changes in performance from year to year.



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Principal Investors Fund, Inc. Profile
PRINCIPAL LIFETIME 2020 FUND
Advisors Select

The date of this profile is June 30, 2004

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Fund Objective/Goal

The Fund seeks a total return consisting of long-term growth of capital and current income.

Main Strategies

To pursue its goal, the Fund invests in shares of other Principal Investors Funds (the "underlying funds"). The Fund allocates its assets in the underlying funds using an allocation strategy that is intended to give the Fund exposure to the domestic and foreign equity and fixed-income markets. At any time, the Sub-Advisor may add or substitute underlying funds in which the Fund invests.

Currently, approximately 60% of the Fund's assets are invested in equity security underlying funds. The remaining 40% of the Fund's assets are invested in fixed-income security underlying funds. There are no minimum or maximum percentages in which the Fund must invest in any underlying fund.

Over time, shifts in the allocations to the underlying funds will be designed to accommodate investors progressing from asset accumulation years to income-generation years.

Main Risks

The Fund's ability to meet its investment objective depends on the ability of the underlying funds to achieve their investment objectives. Consequently, the Fund is subject to the particular risks of the underlying funds in the proportions in which the Fund invests in them.

The Fund is subject to the risk that stock prices will fall over short or extended periods of time. A company in which a particular underlying fund invests may report poor results or be negatively affected by industry and/or economic trends and developments. In response, the price of the securities issued by such companies may decline. In addition, the Sub-Advisor's assessment of the potential growth of underlying funds held by the Fund may prove incorrect, resulting in losses or poor performance even in a rising market. These factors contribute to price volatility. In addition to the general stock market risk, certain underlying funds have additional risks. Investments in companies with smaller market capitalizations may involve greater risks and price volatility (wide, rapid fluctuations) than investments in larger, more mature companies.

To the extent an underlying fund invests in foreign securities, it is also subject to the risk that a foreign security could lose value as a result of political, financial and economic events in foreign countries.

The values of the fixed-income securities in which an underlying Fund may invest change daily. Their prices reflect changes in interest rates, market conditions and announcements of other economic, political or financial information. When interest rates fall, the price of a bond rises and when interest rates rise, the price declines.

Because the underlying funds invest in both stocks and bonds, the Fund may under perform stock mutual funds when stocks are in favor and may under perform bond mutual funds when bonds are in favor. As with all mutual funds, as the value of the Fund's assets rise and fall, the Fund's share price changes. If the investor sells Fund shares when their value is less than the price the investor paid for them, the investor will lose money.

Investor Profile

The Fund is generally a suitable investment for investors expecting to retire around the year 2020 or fund a cashflow need in the year 2020.

Manager

The Manager, Principal Management Corporation, provides certain corporate administrative services to the Fund. The Manager is an indirect subsidiary of Principal Financial Services, Inc. and has managed mutual funds since 1969. As of December 31, 2003, the mutual funds it manages had assets of approximately \$7.8 billion.

Sub-Advisor

The Manager has contracted with the Sub-Advisor to provide investment advisory services to the Fund.

Principal Global Investors, LLC ("Principal") is an indirectly wholly-owned subsidiary of Principal Life Insurance Company and an affiliate of the Manager. Principal has been active in retirement plan investing since 1941 and has sub-advised mutual fund assets since 1969. Together with its affiliates, Principal had assets under management as of December 31, 2003 of approximately \$118.5 billion. Principal Global Investor's

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Day-to-Day Management

Dirk Laschanzky, CFA. As a portfolio manager at Principal, Mr. Laschanzky is responsible for asset allocation and provides advice to clients concerning their portfolios across all asset classes. Prior to joining Principal in 1997, he was a portfolio manager and analyst for over

seven years at AMR Investment Services where he managed short-term money market funds and was responsible for American Airlines' pension plan investment management. He also served as a financial analyst for American Airlines. He received an MBA and BA, both in Finance, from the University of Iowa. He has earned the right to use the Chartered Financial Analyst designation.

Fees and Expenses

In addition to the total operating expenses shown below, the Fund, as shareholder in the underlying funds, bears its pro rata share of the management fees incurred by each underlying fund. Based on the allocation of Fund assets among the underlying funds as of June 30, 2004, the weighted average management fee of the underlying funds is 0.61%.

Fund Operating Expenses

Management Fees.....	0.1225%
12b-1 Fees	0.3000
Other Expenses*	0.4500
Total Fund Operating Expenses	0.8725%

* Other Expenses:

Service Fee	0.25%
Administrative Service Fee	0.20

Quarterly Total Returns

The Fund's highest and lowest quarterly returns during the time period covered by the chart at the right were:

Highest	Q2 '03	10.12%
Lowest	Q3 '02	-7.78%

Average annual total returns (%) for the period ending June 30, 2004

This table shows how the Fund's average annual returns compare with those of a broad-based securities market index and an index of mutual funds with similar investment objectives.

	<u>1</u>	<u>3</u>	<u>5</u>	<u>10</u>	<u>Life of</u>
	<u>Year</u>	<u>Years</u>	<u>Years</u>	<u>Years</u>	<u>Fund*</u>
Advisors Select Class	13.47	4.39	N/A	N/A	3.97
S&P 500 Index	19.10	-0.69	-2.20	11.82	
Lehman Brothers Aggregate Bond Index	0.33	6.36	6.95	7.39	
Morningstar Moderate Allocation Category.....	12.38	1.77	1.80	8.84	

* The Fund's SEC effective date was March 1, 2001. Principal has been Sub-Advisor to the Fund since inception.

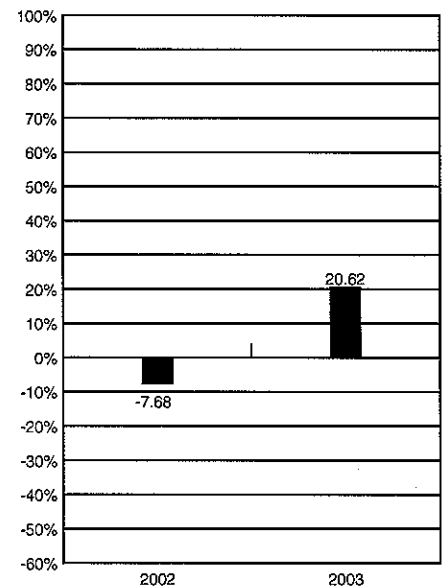
Example

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your cost would be:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$89	\$278	\$484	\$1,075

Year-by-Year Total Returns

The bar chart provides some indication of the risks of investing in the Fund by showing changes in performance from year to year.



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Principal Investors Fund, Inc. Profile
PARTNERS SMALLCAP GROWTH FUND II
Advisors Select

The date of this profile is June 30, 2004

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Fund Objective/Goal

The Fund seeks long-term growth of capital.

Main Strategies

The Fund pursues its investment objective by investing primarily in equity securities. Under normal market conditions, the Fund invests at least 80% of its assets in equity securities of companies with small market capitalizations (those with market capitalizations equal to or smaller than the greater of 1) \$2.5 billion or 2) the highest market capitalization of the companies in the Russell 2000 Growth Index at the time of purchase).

The Sub-Advisor seeks to invest in companies that possess dominant market positions or franchises, a major technical edge, or a unique competitive advantage. To this end, the Sub-Advisor considers earnings revision trends, positive stock price momentum and sales acceleration when selecting securities. The Fund may also invest in securities of emerging growth companies which are companies that the Sub-Advisor expects to experience above average earnings or cash flow growth or meaningful changes in underlying asset values.

Investments in equity securities may include common stock and preferred stock.

Main Risks

Because it purchases equity securities, the Fund is subject to the risk that stock prices will fall over short or extended periods of time. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. In response, the price of securities issued by such companies may decline. These factors contribute to price volatility.

Investments in companies with smaller market capitalizations may involve greater risks and price volatility (wide, rapid fluctuations) than investments in larger, more mature companies. Smaller companies may be developing or marketing new products or services for which markets are not yet established and may never become established. While small, unseasoned companies may offer greater opportunities for capital growth than larger, more established companies, they may also involve greater risks.

In addition, the Fund is subject to the risk that its principal market segment, small capitalization growth stocks, may under perform compared to the equity markets as a whole. The securities purchased by the Fund present greater opportunities for growth because of high potential earnings growth, but may also involve greater risks than securities that do not have the same potential.

The value of the Fund's equity securities may fluctuate on a daily basis. As with all mutual funds, as the values of the Fund's assets rise and fall, the Fund's share price changes. The Fund's share price

may fluctuate more than that of funds primarily invested in stocks of mid and large-sized companies and may under perform as compared to the securities of larger companies. If the investor sells Fund shares when their value is less than the price the investor paid for them, the investor will lose money.

Investor Profile

The Fund may be a suitable investment for investors seeking long-term growth of capital. Investors must be willing to accept the risks of investing in common stocks that may have greater risks than stocks of companies with lower potential for earnings growth.

Manager

The Manager, Principal Management Corporation, provides certain corporate administrative services to the Fund. The Manager is an indirect subsidiary of Principal Financial Services, Inc. and has managed mutual funds since 1969. As of December 31, 2003, the mutual funds it manages had assets of approximately \$7.8 billion.

Sub-Advisor

The Manager has contracted with the Sub-Advisor to provide investment advisory services to the Fund.

UBS Global Asset Management (Americas) Inc., a Delaware corporation located at 1 North Wacker, Chicago, IL 60606 ("UBS Global AM"), is a registered investment advisor. UBS Global AM, a subsidiary of UBS AG, is a member of the UBS Global Asset Management business group (the "Group") of UBS AG. As of March 31, 2004, UBS Global AM managed approximately \$53.8 billion in assets and the Group managed approximately \$475.0 billion in assets.

Day-to-Day Management

Paul A. Graham, Jr., CFA. Mr. Graham joined UBS Global AM in 1994 and has had portfolio management responsibilities since 1994. Mr. Graham is Executive Director, Co-Head of U.S. Small Cap Growth Equity. For eight years prior to joining the firm, he served as a small cap portfolio manager and research analyst at Value Line Asset Management. Mr.

Graham received his BA from Dartmouth College. He has earned the right to use the Chartered Financial Analyst designation and is a member of the New York Society of Security Analysts.

David N. Wabnik. Mr. Wabnik joined UBS Global AM in 1995 and has been a portfolio manager since 1995. Mr. Wabnik is Executive Director, Co-Head of

U.S. SmallCap Growth Equity. For four years prior to joining the firm, he served as a small cap portfolio manager/senior research analyst at Value Line Asset Management. Mr. Wabnik received his BS from Binghamton University and his MBA from Columbia Business School. He completed the Certified Financial Analyst Level I exams.

Fund Operating Expenses

Management Fees.....	1.00%
12b-1 Fees	0.30
Other Expenses*	0.45
Total Fund Operating Expenses	1.75%

* Other Expenses:

Service Fee	0.25%
Administrative Service Fee	0.20

Quarterly Total Returns

The Fund's highest and lowest quarterly returns during the time period covered by the chart at the right were:

Highest	Q4 '01	29.65%
Lowest	Q3 '01	-31.33%

Average annual total returns (%) for the period ending June 30, 2004

This table shows how the Fund's average annual returns compare with those of a broad-based securities market index and an index of mutual funds with similar investment objectives.

	<u>1</u>	<u>3</u>	<u>5</u>	<u>10</u>	<u>Life of</u>
	<u>Year</u>	<u>Years</u>	<u>Years</u>	<u>Years</u>	<u>Fund*</u>
Advisors Select Class	24.05	-1.78	N/A	N/A	-8.12
Russell 2000 Growth Index	31.56	-0.22	-0.45	7.15	
Morningstar Small Growth Category	28.31	-0.04	4.19	10.29	

* The Fund's SEC effective date was December 6, 2000. UBS became Sub-Advisor to the Fund on November 1, 2002.

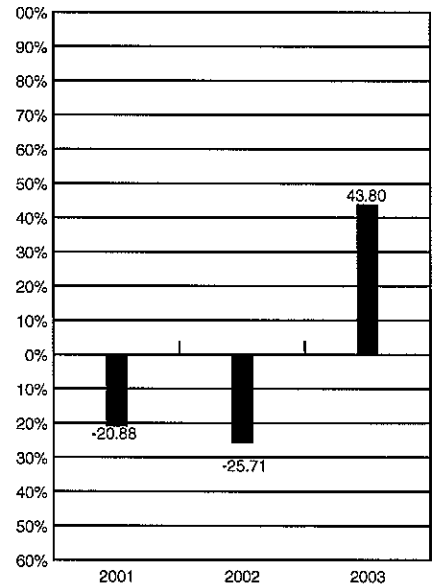
Example

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your cost would be:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$178	\$551	\$949	\$2,062

Year-by-Year Total Returns

The bar chart provides some indication of the risks of investing in the Fund by showing changes in performance from year to year.



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Principal Investors Fund, Inc. Profile
PRINCIPAL LIFETIME 2030 FUND
Advisors Select

The date of this profile is June 30, 2004

This Profile summarizes key information about the Fund that is included in the Fund's prospectus. The Fund's prospectus includes additional information about the Fund, including a more detailed description of the risks associated with investing in the Fund that you may want to consider before you invest. You may obtain the prospectus and other information about the Fund at no cost by calling 1-800-547-7754. The prospectus is also available on our website at: www.principal.com.

Fund Objective/Goal

The Fund seeks a total return consisting of long-term growth of capital and current income.

Main Strategies

To pursue its goal, the Fund invests in shares of other Principal Investors Funds (the "underlying funds"). The Fund allocates its assets in the underlying funds using an allocation strategy that is intended to give the Fund exposure to the domestic and foreign equity and fixed-income markets. At any time, the Sub-Advisor may add or substitute underlying funds in which the Fund invests.

Currently, approximately 70% of the Fund's assets are invested in equity security underlying funds. The remaining 30% of the Fund's assets are invested in fixed-income security underlying funds. There are no minimum or maximum percentages in which the Fund must invest in any underlying fund.

Over time, shifts in the allocations to the underlying funds will be designed to accommodate investors progressing from asset accumulation years to income-generation years.

Main Risks

The Fund's ability to meet its investment objective depends on the ability of the underlying funds to achieve their investment objectives. Consequently, the Fund is subject to the particular risks of the underlying funds in the proportions in which the Fund invests in them.

The Fund is subject to the risk that stock prices will fall over short or extended periods of time. A company in which a particular underlying fund invests may report poor results or be negatively affected by industry and/or economic trends and developments. In response, the price of the securities issued by such companies may decline. In addition, the Sub-Advisor's assessment of the potential growth of underlying funds held by the Fund may prove incorrect, resulting in losses or poor performance even in a rising market. These factors contribute to price volatility. In addition to the general stock market risk, certain underlying funds have additional risks. Investments in companies with smaller market capitalizations may involve greater risks and price volatility (wide, rapid fluctuations) than investments in larger, more mature companies.

To the extent an underlying fund invests in foreign securities, it is also subject to the risk that a foreign security could lose value as a result of political, financial and economic events in foreign countries.

The values of the fixed-income securities in which an underlying Fund may invest change daily. Their prices reflect changes in interest rates, market conditions and announcements of other economic, political or financial information. When interest rates fall, the price of a bond rises and when interest rates rise, the price declines.

Because the underlying funds invest in both stocks and bonds, the Fund may under perform stock mutual funds when stocks are in favor and may under perform bond mutual funds when bonds are in favor. As with all mutual funds, as the value of the Fund's assets rise and fall, the Fund's share price changes. If the investor sells Fund shares when their value is less than the price the investor paid for them, the investor will lose money.

Investor Profile

The Fund is generally a suitable investment for investors expecting to retire around the year 2030 or fund a cashflow need in the year 2030.

Manager

The Manager, Principal Management Corporation, provides certain corporate administrative services to the Fund. The Manager is an indirect subsidiary of Principal Financial Services, Inc. and has managed mutual funds since 1969. As of December 31, 2003, the mutual funds it manages had assets of approximately \$7.8 billion.

Sub-Advisor

The Manager has contracted with the Sub-Advisor to provide investment advisory services to the Fund.

Principal Global Investors, LLC ("Principal") is an indirectly wholly-owned subsidiary of Principal Life Insurance Company and an affiliate of the Manager. Principal has been active in retirement plan investing since 1941 and has sub-advised mutual fund assets since 1969. Together with its affiliates, Principal had assets under management as of December 31, 2003 of approximately \$118.5 billion. Principal Global Investor's

headquarters address is 801 Grand Avenue, Des Moines, Iowa 50392.

Day-to-Day Management

Dirk Laschanzky, CFA. As a portfolio manager at Principal, Mr. Laschanzky is responsible for asset allocation and provides advice to clients concerning their portfolios across all asset classes. Prior to joining Principal in 1997, he was a portfolio manager and analyst for over

seven years at AMR Investment Services where he managed short-term money market funds and was responsible for American Airlines' pension plan investment management. He also served as a financial analyst for American Airlines. He received an MBA and BA, both in Finance, from the University of Iowa. He has earned the right to use the Chartered Financial Analyst designation.

Fees and Expenses

In addition to the total operating expenses shown below, the Fund, as shareholder in the underlying funds, bears its pro rata share of the management fees incurred by each underlying fund. Based on the allocation of Fund assets among the underlying funds as of June 30, 2004, the weighted average management fee of the underlying funds is 0.60%.

Fund Operating Expenses

Management Fees.....	0.1225%
12b-1 Fees	0.3000
Other Expenses*	0.4500
Total Fund Operating Expenses	0.8725%

* Other Expenses:

Service Fee	0.25%
Administrative Service Fee	0.20

Quarterly Total Returns

The Fund's highest and lowest quarterly returns during the time period covered by the chart at the right were:

Highest	Q2 '03	11.35%
Lowest	Q3 '02	-10.11%

Average annual total returns (%) for the period ending June 30, 2004

This table shows how the Fund's average annual returns compare with those of a broad-based securities market index and an index of mutual funds with similar investment objectives.

	<u>1</u>	<u>3</u>	<u>5</u>	<u>10</u>	<u>Life of</u>
	<u>Year</u>	<u>Years</u>	<u>Years</u>	<u>Years</u>	<u>Fund*</u>
Advisors Select Class	15.27	3.42	N/A	N/A	3.17
S&P 500 Index.....	19.10	-0.69	-2.20	11.82	
Lehman Brothers Aggregate Bond Index	0.33	6.36	6.95	7.39	
Morningstar Moderate Allocation Category	12.38	1.77	1.80	8.84	

* The Fund's SEC effective date was March 1, 2001. Principal has been Sub-Advisor to the Fund since inception.

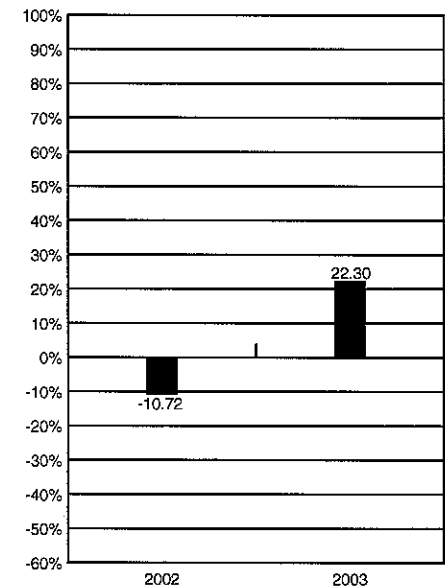
Example

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your cost would be:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$89	\$278	\$484	\$1,075

Year-by-Year Total Returns

The bar chart provides some indication of the risks of investing in the Fund by showing changes in performance from year to year.



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Principal Investors Fund, Inc. Profile
PRINCIPAL LIFETIME 2040 FUND
Advisors Select

The date of this profile is June 30, 2004

This Profile summarizes key information about the Fund that is included in the Fund's prospectus. The Fund's prospectus includes additional information about the Fund, including a more detailed description of the risks associated with investing in the Fund that you may want to consider before you invest. You may obtain the prospectus and other information about the Fund at no cost by calling 1-800-547-7754. The prospectus is also available on our website at: www.principal.com.

Fund Objective/Goal

The Fund seeks a total return consisting of long-term growth of capital and current income.

Main Strategies

To pursue its goal, the Fund invests in shares of other Principal Investors Funds (the "underlying funds"). The Fund allocates its assets in the underlying funds using an allocation strategy that is intended to give the Fund exposure to the domestic and foreign equity and fixed-income markets. At any time, the Sub-Advisor may add or substitute underlying funds in which the Fund invests.

Currently, approximately 80% of the Fund's assets are invested in equity security underlying funds. The remaining 20% of the Fund's assets are invested in fixed-income security underlying funds. There are no minimum or maximum percentages in which the Fund must invest in any underlying fund.

Over time, shifts in the allocations to the underlying funds will be designed to accommodate investors progressing from asset accumulation years to income-generation years.

Main Risks

The Fund's ability to meet its investment objective depends on the ability of the underlying funds to achieve their investment objectives. Consequently, the Fund is subject to the particular risks of the underlying funds in the proportions in which the Fund invests in them.

The Fund is subject to the risk that stock prices will fall over short or extended periods of time. A company in which a particular underlying fund invests may report poor results or be negatively affected by industry and/or economic trends and developments. In response, the price of the securities issued by such companies may decline. In addition, the Sub-Advisor's assessment of the potential growth of underlying funds held by the Fund may prove incorrect, resulting in losses or poor performance even in a rising market. These factors contribute to price volatility. In addition to the general stock market risk, certain underlying funds have additional risks. Investments in companies with smaller market capitalizations may involve greater risks and price volatility (wide, rapid fluctuations) than investments in larger, more mature companies.

To the extent an underlying fund invests in foreign securities, it is also subject to the risk that a foreign security could lose value as a result of political, financial and economic events in foreign countries.

The values of the fixed-income securities in which an underlying Fund may invest change daily. Their prices reflect changes in interest rates, market conditions and announcements of other economic, political or financial information. When interest rates fall, the price of a bond rises and when interest rates rise, the price declines.

Because the underlying funds invest in both stocks and bonds, the Fund may under perform stock mutual funds when stocks are in favor and may under perform bond mutual funds when bonds are in favor. As with all mutual funds, as the value of the Fund's assets rise and fall, the Fund's share price changes. If the investor sells Fund shares when their value is less than the price the investor paid for them, the investor will lose money.

Investor Profile

The Fund is generally a suitable investment for investors expecting to retire around the year 2040 or fund a cashflow need in the year 2040.

Manager

The Manager, Principal Management Corporation, provides certain corporate administrative services to the Fund. The Manager is an indirect subsidiary of Principal Financial Services, Inc. and has managed mutual funds since 1969. As of December 31, 2003, the mutual funds it manages had assets of approximately \$7.8 billion.

Sub-Advisor

The Manager has contracted with the Sub-Advisor to provide investment advisory services to the Fund.

Principal Global Investors, LLC ("Principal") is an indirectly wholly-owned subsidiary of Principal Life Insurance Company and an affiliate of the Manager. Principal has been active in retirement plan investing since 1941 and has sub-advised mutual fund assets since 1969. Together with its affiliates, Principal had assets under management as of December 31, 2003 of approximately \$118.5 billion. Principal Global Investor's

headquarters address is 801 Grand Avenue, Des Moines, Iowa 50392.

Day-to-Day Management

Dirk Laschanzky, CFA. As a portfolio manager at Principal, Mr. Laschanzky is responsible for asset allocation and provides advice to clients concerning their portfolios across all asset classes. Prior to joining Principal in 1997, he was a portfolio manager and analyst for over

seven years at AMR Investment Services where he managed short-term money market funds and was responsible for American Airlines' pension plan investment management. He also served as a financial analyst for American Airlines. He received an MBA and BA, both in Finance, from the University of Iowa. He has earned the right to use the Chartered Financial Analyst designation.

Fees and Expenses

In addition to the total operating expenses shown below, the Fund, as shareholder in the underlying funds, bears its pro rata share of the management fees incurred by each underlying fund. Based on the allocation of Fund assets among the underlying funds as of June 30, 2004, the weighted average management fee of the underlying funds is 0.60%.

Fund Operating Expenses

Management Fees.....	0.1225%
12b-1 Fees	0.3000
Other Expenses*	0.4500
Total Fund Operating Expenses	0.8725%

* Other Expenses:

Service Fee	0.25%
Administrative Service Fee	0.20

Quarterly Total Returns

The Fund's highest and lowest quarterly returns during the time period covered by the chart at the right were:

Highest	Q2 '03	12.38%
Lowest	Q3 '02	-12.12%

Average annual total returns (%) for the period ending June 30, 2004

This table shows how the Fund's average annual returns compare with those of a broad-based securities market index and an index of mutual funds with similar investment objectives.

	<u>1</u>	<u>3</u>	<u>5</u>	<u>10</u>	<u>Life of</u>
	<u>Year</u>	<u>Years</u>	<u>Years</u>	<u>Years</u>	<u>Fund*</u>
Advisors Select Class	16.86	3.61	N/A	N/A	3.31
S&P 500 Index	19.10	-0.69	-2.20	11.82	
Lehman Brothers Aggregate Bond Index.....	0.33	6.36	6.95	7.39	
Morningstar Moderate Allocation Category.....	12.38	1.77	1.80	8.84	

* The Fund's SEC effective date was March 1, 2001. Principal has been Sub-Advisor to the Fund since inception.

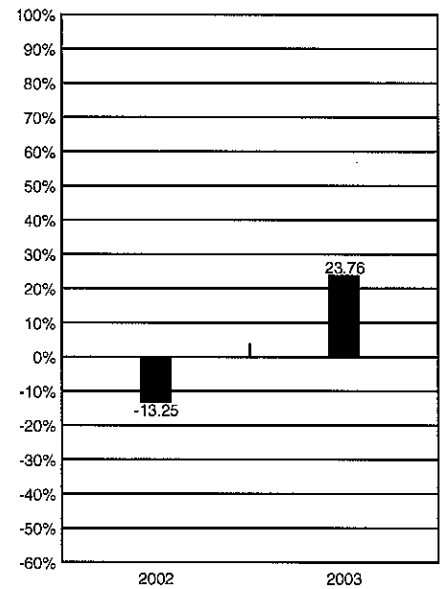
Example

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your cost would be:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$89	\$278	\$484	\$1,075

Year-by-Year Total Returns

The bar chart provides some indication of the risks of investing in the Fund by showing changes in performance from year to year.



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Principal Investors Fund, Inc. Profile
PRINCIPAL LIFETIME 2050 FUND
Advisors Select

The date of this profile is June 30, 2004

This Profile summarizes key information about the Fund that is included in the Fund's prospectus. The Fund's prospectus includes additional information about the Fund, including a more detailed description of the risks associated with investing in the Fund that you may want to consider before you invest. You may obtain the prospectus and other information about the Fund at no cost by calling 1-800-547-7754. The prospectus is also available on our website at: www.principal.com.

Fund Objective/Goal

The Fund seeks a total return consisting of long-term growth of capital and current income.

Main Strategies

To pursue its goal, the Fund invests in shares of other Principal Investors Funds (the "underlying funds"). The Fund allocates its assets in the underlying funds using an allocation strategy that is intended to give the Fund exposure to the domestic and foreign equity and fixed-income markets. At any time, the Sub-Advisor may add or substitute underlying funds in which the Fund invests.

Currently, approximately 90% of the Fund's assets are invested in equity security underlying funds. The remaining 10% of the Fund's assets are invested in fixed-income security underlying funds. There are no minimum or maximum percentages in which the Fund must invest in any underlying fund.

Over time, shifts in the allocations to the underlying funds will be designed to accommodate investors progressing from asset accumulation years to income-generation years.

Main Risks

The Fund's ability to meet its investment objective depends on the ability of the underlying funds to achieve their investment objectives. Consequently, the Fund is subject to the particular risks of the underlying funds in the proportions in which the Fund invests in them.

The Fund is subject to the risk that stock prices will fall over short or extended periods of time. A company in which a particular underlying fund invests may report poor results or be negatively affected by industry and/or economic trends and developments. In response, the price of the securities issued by such companies may decline. In addition, the Sub-Advisor's assessment of the potential growth of underlying funds held by the Fund may prove incorrect, resulting in losses or poor performance even in a rising market. These factors contribute to price volatility. In addition to the general stock market risk, certain underlying funds have additional risks. Investments in companies with smaller market capitalizations may involve greater risks and price volatility (wide, rapid fluctuations) than investments in larger, more mature companies.

To the extent an underlying fund invests in foreign securities, it is also subject to the risk that a foreign security could lose value as a result of political, financial and economic events in foreign countries.

The values of the fixed-income securities in which an underlying Fund may invest change daily. Their prices reflect changes in interest rates, market conditions and announcements of other economic, political or financial information. When interest rates fall, the price of a bond rises and when interest rates rise, the price declines.

Because the underlying funds invest in both stocks and bonds, the Fund may under perform stock mutual funds when stocks are in favor and may under perform bond mutual funds when bonds are in favor. As with all mutual funds, as the value of the Fund's assets rise and fall, the Fund's share price changes. If the investor sells Fund shares when their value is less than the price the investor paid for them, the investor will lose money.

Investor Profile

The Fund is generally a suitable investment for investors expecting to retire around the year 2050 or fund a cashflow need in the year 2050.

Manager

The Manager, Principal Management Corporation, provides certain corporate administrative services to the Fund. The Manager is an indirect subsidiary of Principal Financial Services, Inc. and has managed mutual funds since 1969. As of December 31, 2003, the mutual funds it manages had assets of approximately \$7.8 billion.

Sub-Advisor

The Manager has contracted with the Sub-Advisor to provide investment advisory services to the Fund.

Principal Global Investors, LLC ("Principal") is an indirectly wholly-owned subsidiary of Principal Life Insurance Company and an affiliate of the Manager. Principal has been active in retirement plan investing since 1941 and has sub-advised mutual fund assets since 1969. Together with its affiliates, Principal had assets under management as of December 31, 2003 of approximately \$118.5 billion. Principal Global Investor's

headquarters address is 801 Grand Avenue, Des Moines, Iowa 50392.

Day-to-Day Management

Dirk Laschanzky, CFA. As a portfolio manager at Principal, Mr. Laschanzky is responsible for asset allocation and provides advice to clients concerning their portfolios across all asset classes. Prior to joining Principal in 1997, he was a portfolio manager and analyst for over

seven years at AMR Investment Services where he managed short-term money market funds and was responsible for American Airlines' pension plan investment management. He also served as a financial analyst for American Airlines. He received an MBA and BA, both in Finance, from the University of Iowa. He has earned the right to use the Chartered Financial Analyst designation.

Fees and Expenses

In addition to the total operating expenses shown below, the Fund, as shareholder in the underlying funds, bears its pro rata share of the management fees incurred by each underlying fund. Based on the allocation of Fund assets among the underlying funds as of June 30, 2004, the weighted average management fee of the underlying funds is 0.59%.

Fund Operating Expenses*

Management Fees.....	0.1225%
12b-1 Fees	0.3000
Other Expenses*	0.4500
Total Fund Operating Expenses	0.8725%

* Other Expenses:

Service Fee	0.25%
Administrative Service Fee.....	0.20

Quarterly Total Returns

The Fund's highest and lowest quarterly returns during the time period covered by the chart at the right were:

Highest	Q2 '03	13.36%
Lowest	Q3 '02	-14.90%

Average annual total returns (%) for the period ending June 30, 2004

This table shows how the Fund's average annual returns compare with those of a broad-based securities market index and an index of mutual funds with similar investment objectives.

	<u>1</u>	<u>3</u>	<u>5</u>	<u>10</u>	<u>Life of</u>
	<u>Year</u>	<u>Years</u>	<u>Years</u>	<u>Years</u>	<u>Fund*</u>
Advisors Select Class.....	18.61	2.05	N/A	N/A	1.90
S&P 500 Index	19.10	-0.69	-2.20	11.82	
Lehman Brothers Aggregate Bond Index.....	0.33	6.36	6.95	7.39	
Morningstar Large Blend Category	17.63	-1.39	-1.76	10.08	

* The Fund's SEC effective date was March 1, 2001. Principal has been Sub-Advisor to the Fund since inception.

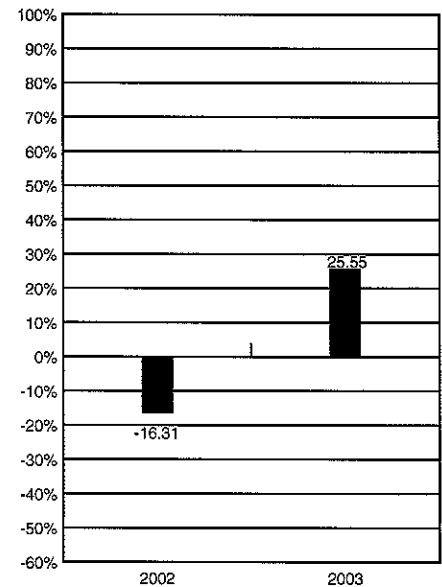
Example

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your cost would be:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$89	\$278	\$484	\$1,075

Year-by-Year Total Returns

The bar chart provides some indication of the risks of investing in the Fund by showing changes in performance from year to year.



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Principal Investors Fund, Inc. Profile
PARTNERS LARGE CAP BLEND FUND
Advisors Select

The date of this profile is June 30, 2004

This Profile summarizes key information about the Fund that is included in the Fund's prospectus. The Fund's prospectus includes additional information about the Fund, including a more detailed description of the risks associated with investing in the Fund that you may want to consider before you invest. You may obtain the prospectus and other information (including Sub-Advisor composite performance information) about the Fund at no cost by calling 1-800-547-7754. The prospectus is also available on our website at: www.principal.com.

Fund Objective/Goal

The Fund seeks long-term growth of capital.

Main Strategies

The Fund pursues its investment objective by investing primarily in equity securities of companies that the Sub-Advisor believes offer superior growth prospects or whose stock is undervalued. Under normal market conditions, the Fund invests at least 80% of its assets in companies with large market capitalizations (those with market capitalizations within the range of companies in the Standard & Poor's 500 Index ("S&P 500 Index")).

The Sub-Advisor uses a disciplined portfolio construction process whereby it weights each sector approximately the same as the S&P 500 Index Individual holdings within each sector, and their weights within the portfolio, can vary substantially from Index.

A team of equity analysts is directly responsible for selecting stocks for the Fund. Analysts select stocks from the industries they cover based on rigorous fundamental analysis that assesses the quality of the business franchise, earn-

ings growth potential for the company, and stock valuation. A team of portfolio managers supervises the analysts and has the responsibility for the overall structure of the Fund and oversees the quantitative analysis that helps the analysts manage their industry-specific portfolios.

The Sub-Advisor has the discretion to purchase some securities that do not meet its normal investment criteria when it perceives an unusual opportunity for gain. These special situations might arise when T. Rowe Price believes a security could increase in value.

Securities may be sold for a variety of reasons, such as to secure gains, limit losses, or redeploy assets into more promising opportunities.

Main Risks

Because it purchases equity securities, the Fund is subject to the risk that stock prices will fall over short or extended periods of time. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. In response, the price of securities issued by such companies may decline. These factors contribute to price volatility.

The Fund is also subject to sector risk which is the possibility that a certain sector may under perform other sectors or the market as a whole. As the Sub-Advisor allocates more of the Fund's portfolio holdings to a particular sector, the Fund's performance will be more susceptible to any economic, business or other developments that generally affect that sector.

In addition, the Fund is subject to the risk that its principal market segment, large

capitalization stocks, may under perform compared to other market segments or to the equity markets as a whole. The value of the Fund's equity securities may fluctuate on a daily basis. As with all mutual funds, as the value of the Fund's assets rise and fall, the Fund's share price changes. If the investor sells Fund shares when their value is less than the price the investor paid for them, the investor will lose money.

Investor Profile

The Fund may be a suitable investment for investors seeking long-term growth of capital. Generally investors prefer investing in larger, established companies and are willing to accept the risks of investing in common stocks.

Manager

The Manager, Principal Management Corporation, provides certain corporate administrative services to the Fund. The Manager is an indirect subsidiary of Principal Financial Services, Inc. and has managed mutual funds since 1969. As of December 31, 2003, the mutual funds it manages had assets of approximately \$7.8 billion.

Sub-Advisor

The Manager has contracted with the Sub-Advisor to provide investment advisory services to the Fund.

T. Rowe Price Associates, Inc. ("T. Rowe Price"), together with its affiliates, T. Rowe Price had approximately \$190.0 billion in assets under management as of December 31, 2003. T. Rowe Price is located at 100 East Pratt Street, Baltimore, MD 21202.

Day-to-Day Management

William J. Stromberg, CFA. Mr. Stromberg is a Vice President of T. Rowe Price

Group, Inc., and T. Rowe Price Associates, Inc., Director of Global Equity Research, and a member of the Equity Steering Committee. He joined the firm in 1987. He earned a BA from Johns Hopkins University and an MBA from Tuck School of Business at Dartmouth College. He holds the Chartered Financial Analyst designation.

Richard T. Whitney, CFA. Mr. Whitney is a Vice President of T. Rowe Price

Group, Inc. and T. Rowe Price, and a Portfolio Manager in the Systematic Equity Group. Prior to joining the firm in 1985, Mr. Whitney was employed by the Chicago Board of Trade and IBM. He earned a BS and an MEE in Electrical Engineering from Rice University and an MBA from the University of Chicago. He holds the Chartered Financial Analyst designation.

M. Christine Wojciechowski, CFA. Ms. Wojciechowski is a Vice President of T. Rowe Price and a Quantitative Analyst in the Systematic Equity Group. She joined the firm in 1984. Ms. Wojciechowski earned a BBA from Loyola College and an MBA from the same institution. She holds the Chartered Financial Analyst designation.

Fund Operating Expenses

Management Fees.....	0.75%
12b-1 Fees	0.30
Other Expenses*	0.45
Total Fund Operating Expenses	1.50%

* Other Expenses:

Service Fee	0.25%
Administrative Service Fee.....	0.20

Quarterly Total Returns

The Fund's highest and lowest quarterly returns during the time period covered by the chart at the right were:

Highest	Q2 '03	14.14%
Lowest	Q3 '02	-15.62%

Average annual total returns (%) for the period ending June 30, 2004

This table shows how the Fund's average annual returns compare with those of a broad-based securities market index and an index of mutual funds with similar investment objectives.

	<u>1</u>	<u>3</u>	<u>5</u>	<u>10</u>	<u>Life of</u>
	<u>Year</u>	<u>Years</u>	<u>Years</u>	<u>Years</u>	<u>Fund*</u>
Advisors Select Class.....	15.29	0.32	N/A	N/A	-0.40
S&P 500 Index	19.10	-0.69	-2.20	11.82	
Morningstar Large Blend Category	17.63	-1.39	-1.76	10.08	

* The Fund's SEC effective date was December 6, 2000. T. Rowe Price became Sub-Advisor to the Fund on March 9, 2004.

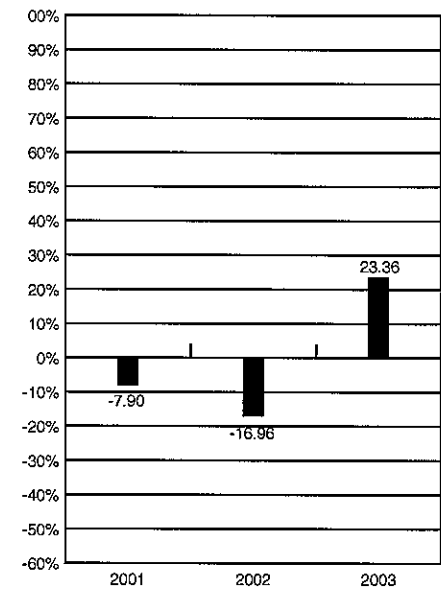
Example

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your cost would be:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$153	\$474	\$818	\$1,791

Year-by-Year Total Returns

The bar chart provides some indication of the risks of investing in the Fund by showing changes in performance from year to year.



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Principal Investors Fund, Inc. Profile
PARTNERS LARGE CAP VALUE FUND
Advisors Select

The date of this profile is June 30, 2004

This Profile summarizes key information about the Fund that is included in the Fund's prospectus. The Fund's prospectus includes additional information about the Fund, including a more detailed description of the risks associated with investing in the Fund that you may want to consider before you invest. You may obtain the prospectus and other information (including Sub-Advisor composite performance information) about the Fund at no cost by calling 1-800-547-7754. The prospectus is also available on our website at: www.principal.com.

Fund Objective/Goal

The Fund seeks long-term growth of capital.

Main Strategies

The Fund invests primarily in undervalued equity securities of companies among the 750 largest by market capitalization that the Sub-Advisor, believes offer above-average potential for growth in future earnings. Under normal market conditions, the Fund generally invests at least 80% of its assets in companies with large market capitalizations (those with market capitalizations similar to companies in the Russell 1000 Value Index) at the time of purchase.

The Sub-Advisor employs an investment strategy, generally described as "value" investing, that involves seeking securities that:

- exhibit low financial ratios (particularly stock price-to-book value, but also stock price-to-earnings and stock price-to-cash flow);
- can be acquired for less than what the Sub-Advisor believes is the issuer's intrinsic value; or
- appear attractive on a dividend discount model.

Value oriented investing entails a strong "sell discipline" in that it generally requires the sale of securities that have reached their intrinsic value or a target financial ratio. Value oriented investments may include securities of companies in cyclical industries during periods when such securities appear to the Sub-Advisor to have strong potential for capital appreciation or securities of "special situation" companies. A special situation company is one that the Sub-Advisor believes has potential for significant future earnings growth but has not performed well in the recent past. These situations include companies with management changes, corporate or asset restructuring or significantly undervalued assets. For the Sub-Advisor, identifying special situation companies and establishing an issuer's intrinsic value involves fundamental research about such companies and issuers.

Main Risks

Because it purchases equity securities, the Fund is subject to the risk that stock prices will fall over short or extended periods of time. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The price of securities issued by such companies may suffer a decline in response. These factors contribute to price volatility.

In addition, the Fund is subject to the risk that its principal market segment, large capitalization value stocks, may under perform compared to other market segments or to the equity markets as a whole. The value of the Fund's securities may fluctuate on a daily basis. As with all mutual funds, as the value of the Fund's assets rise and fall, the Fund's share price changes. If the investor sells Fund shares when their value is less than the

price the investor paid for them, the investor will lose money.

Investor Profile

The Fund may be a suitable investment for investors seeking long-term growth of capital. Investors must be willing to accept the risks of investing in common stocks, but who prefer investing in companies that appear to be considered undervalued relative to similar companies.

Manager

The Manager, Principal Management Corporation, provides certain corporate administrative services to the Fund. The Manager is an indirect subsidiary of Principal Financial Services, Inc. and has managed mutual funds since 1969. As of December 31, 2003, the mutual funds it manages had assets of approximately \$7.8 billion.

Sub-Advisor

The Manager has contracted with the Sub-Advisor to provide investment advisory services to the Fund.

Alliance Capital Management L.P. ("Alliance") through its Bernstein Investment Research and Management unit ("Bernstein"). As of December 31, 2003, Alliance managed \$474 billion in assets. Bernstein is located at 767 Fifth Avenue, New York, NY 10153 and Alliance is located at 1345 Avenue of the Americas, New York, NY 10105.

Day-to-Day Management

Marilyn G. Fedak. Ms. Fedak was named chief investment officer and chairman of the U.S. Equity Investment Policy Group, and was also elected to the Board of Directors, in 1993. She had previously served as a senior portfolio manager since joining the firm in 1984.

Ms. Fedak is a member of the Small-Capitalization, International, Global, Global Balanced, Canadian Equity and Advanced Value Investment Policy Groups, and the Private Client Investment Group. From 1972 to 1983, she was a portfolio manager and research analyst at Morgan Guaranty Trust Company. She earned a BA from Smith College in 1968 and an MBA from Harvard

University in 1972, and is a Chartered Financial Analyst.

John D. Phillips, Jr., CFA. Mr. Phillips, Senior Portfolio Manager - U.S. Value Equities, is a member of the Investment Policy Group, and member of the Research Review Committee. He joined the firm in 1994. From 1992 to 1993, he was chairman of the Investment Com-

mittee and chief equity officer at Investment Advisers, Inc. in Minneapolis. From 1972 to 1992, he was at State Street Research and Management Co. in Boston, where he progressed from investment research analyst to vice chairman of the Equity Investment Committee. He earned a BA from Hamilton College and an MBA from Harvard University, and is a Chartered Financial Analyst.

Fund Operating Expenses

Management Fees.....	0.80%
12b-1 Fees	0.30
Other Expenses*	0.45
Total Fund Operating Expenses	1.55%

* Other Expenses:

Service Fee	0.25%
Administrative Service Fee.....	0.20

Quarterly Total Returns

The Fund's highest and lowest quarterly returns during the time period covered by the chart at the right were:

Highest	Q2 '03	15.40%
Lowest	Q3 '02	-18.62%

Average annual total returns (%) for the period ending June 30, 2004

This table shows how the Fund's average annual returns compare with those of a broad-based securities market index and an index of mutual funds with similar investment objectives.

	<u>1</u>	<u>3</u>	<u>5</u>	<u>10</u>	<u>Life of</u>
	<u>Year</u>	<u>Years</u>	<u>Years</u>	<u>Years</u>	<u>Fund*</u>
Advisors Select Class	19.35	3.88	N/A	N/A	6.07
Russell 1000 Value Index	21.13	2.97	1.87	12.64	
Morningstar Large Value Category	19.70	1.17	1.15	10.59	

* The Fund's SEC effective date was December 6, 2000. Bernstein has been Sub-Advisor to the Fund since inception.

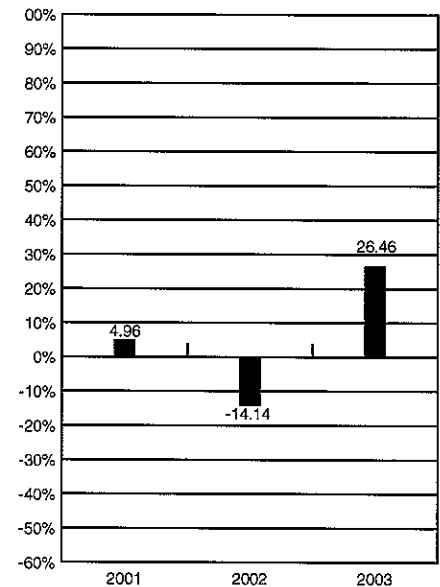
Example

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your cost would be:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$158	\$490	\$845	\$1,845

Year-by-Year Total Returns

The bar chart provides some indication of the risks of investing in the Fund by showing changes in performance from year to year.



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Principal Investors Fund, Inc. Profile
PARTNERS MIDCAP VALUE FUND
Advisors Select

The date of this profile is June 30, 2004

This Profile summarizes key information about the Fund that is included in the Fund's prospectus. The Fund's prospectus includes additional information about the Fund, including a more detailed description of the risks associated with investing in the Fund that you may want to consider before you invest. You may obtain the prospectus and other information (including Sub-Advisor composite performance information) about the Fund at no cost by calling 1-800-547-7754. The prospectus is also available on our website at: www.principal.com.

Fund Objective/Goal

The Fund seeks long-term growth of capital.

Main Strategies

The Fund invests primarily in common stocks of medium capitalization companies. Under normal market conditions, the Account invests at least 80% of its total assets in companies with medium market capitalizations (those with market capitalizations similar to companies in the Russell Midcap Value Index) at the time of purchase. Companies may range from the well established and well known to the new and unseasoned.

The stocks are selected using a value oriented investment approach by the Sub-Advisor that identifies value stocks in several ways. Factors it considers in identifying value stocks may include:

- strong fundamentals, such as a company's financial, operational and competitive positions;
- consistent cash flow; and
- a sound earnings record through all phases of the market cycle.

The Sub-Advisor may also look for other characteristics in a company, such as a

strong position relative to competitors, a high level of stock ownership among management, and a recent sharp decline in stock price that appears to be the result of a short-term market overreaction to negative news. The Sub-Advisor believes that, over time, securities that are undervalued are more likely to appreciate in price and are subject to less risk of price decline than securities whose market prices have already reached their perceived economic value.

This approach also involves selling portfolio securities when the Sub-Advisor believes they have reached their potential, when the securities fail to perform as expected or when other opportunities appear more attractive.

Main Risks

Because it purchases equity securities, the Fund is subject to the risk that stock prices will fall over short or extended periods of time. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. In response, the price of the securities issued by such companies may decline. These factors contribute to price volatility.

The medium capitalization companies the Fund invests in may be more vulnerable to adverse business or economic events than larger, more established companies. In particular, these mid-sized companies may pose greater risk due to narrow product lines, limited financial resources, less depth in management or a limited trading market for their securities.

In addition, the Fund is subject to the risk that its principal market segment, medium capitalization value stocks, may under perform compared to other market

segments or to the equity markets as a whole. Because different types of stocks tend to shift in and out of favor depending on market and economic conditions, the Fund's performance may sometimes be lower or higher than that of other types of funds.

It is anticipated that the annual portfolio turnover rate may be greater than 100%. A portfolio turnover rate of 200%, for example, is equivalent to the Fund buying and selling all of its securities two times during the course of the year. A high turnover rate may increase the Fund's trading costs and may have an adverse impact on the Fund's performance.

The value of the Fund's securities may fluctuate on a daily basis. If the investor sells Fund shares when their value is less than the price the investor paid for them, the investor will lose money.

Investor Profile

The Fund may be a suitable investment for investors seeking long-term growth of capital. Investors must be willing to accept the potential for short-term fluctuations in the value of investments.

Manager

The Manager, Principal Management Corporation, provides certain corporate administrative services to the Fund. The Manager is an indirect subsidiary of Principal Financial Services, Inc. and has managed mutual funds since 1969. As of December 31, 2003, the mutual funds it manages had assets of approximately \$7.8 billion.

Sub-Advisor

The Manager has contracted with the Sub-Advisor to provide investment advisory services to the Fund.

Neuberger Berman Management Inc. ("Neuberger Berman") is an affiliate of Neuberger Berman, LLC. Neuberger Berman, LLC is located at 605 Third Avenue, 2nd Floor, New York, NY 10158-0180. Together with Neuberger Berman, the firms manage more than

\$70 billion in total assets (as of December 31, 2003). Neuberger Berman is an indirect wholly owned subsidiary of Lehman Brothers Holdings, Inc.

Day-to-Day Management

Andrew Wellington. Portfolio Manager, Neuberger Berman, since 2001. Mr. Wellington earned a BS from the University of Pennsylvania, Wharton School of Business. He has 12 years of industry experience.

Fund Operating Expenses

Management Fees.....	1.00%
12b-1 Fees	0.30
Other Expenses*	0.45
Total Fund Operating Expenses	1.75%

* Other Expenses:

Service Fee	0.25%
Administrative Service Fee	0.20

Quarterly Total Returns

The Fund's highest and lowest quarterly returns during the time period covered by the chart at the right were:

Highest	Q2 '03	14.40%
Lowest	Q3 '02	-14.54%

Average annual total returns (%) for the period ending June 30, 2004

This table shows how the Fund's average annual returns compare with those of a broad-based securities market index and an index of mutual funds with similar investment objectives.

	1	3	5	10	Life of
	Year	Years	Years	Years	Fund*
Advisors Select Class	29.92	8.43	N/A	N/A	8.65
Russell Midcap Value Index.....	30.81	9.82	8.62	14.19	
Morningstar Mid-Cap Value Category.....	27.37	7.61	8.10	12.71	

* The Fund's SEC effective date was December 6, 2000. Neuberger Berman has been Sub-Advisor to the Fund since inception.

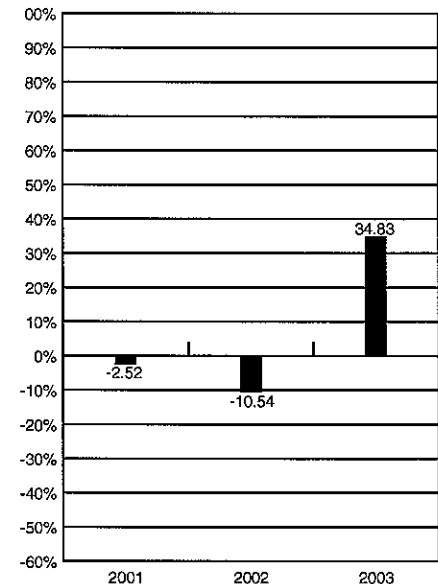
Example

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your cost would be:

1 Year	3 Years	5 Years	10 Years
\$178	\$551	\$949	\$2,062

Year-by-Year Total Returns

The bar chart provides some indication of the risks of investing in the Fund by showing changes in performance from year to year.



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Principal Investors Fund, Inc. Profile
LARGECAP S&P 500 INDEX FUND
Advisors Select

The date of this profile is June 30, 2004

This Profile summarizes key information about the Fund that is included in the Fund's prospectus. The Fund's prospectus includes additional information about the Fund, including a more detailed description of the risks associated with investing in the Fund that you may want to consider before you invest. You may obtain the prospectus and other information (including Sub-Advisor composite performance information) about the Fund at no cost by calling 1-800-547-7754. The prospectus is also available on our website at: www.principal.com.

Fund Objective/Goal

The Fund seeks long-term growth of capital.

Main Strategies

Under normal market conditions, the Fund invests at least 80% of its assets in common stocks of companies that compose the Standard & Poor's 500[®] Index*. The Sub-Advisor attempts to mirror the investment performance of the Index by allocating the Fund's assets in approximately the same weightings as the S&P 500. The S&P 500 is an unmanaged index of 500 common stocks chosen to reflect the industries of the U.S. economy and is often considered a proxy for the stock market in general.

The Fund uses an indexing strategy and is not managed according to traditional methods of "active" investment management. It does not attempt to manage market volatility, use defensive strategies or reduce the effect of any long-term periods of poor stock performance. The correlation between Fund and Index performance may be affected by the Fund's expenses, changes in securities markets, changes in the composition of

the Index and the timing of purchases and sales of Fund shares.

Main Risks

Because of the difficulty and expense of executing relatively small stock trades, the Fund may not always be invested in the less heavily weighted S&P 500 stocks. The Fund's portfolio may be weighted differently from the Index particularly if the Fund has a small level of assets to invest. In addition, the Fund's ability to match the performance of the Index is affected to some degree by the size and timing of cash flows into and out of the Fund. The Fund is managed to attempt to minimize such effects.

Because it purchases equity securities, the Fund is subject to the risk that stock prices will fall over short or extended periods of time. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. In response, the price of securities issued by such companies may decline. These factors contribute to price volatility.

In addition, the Fund is subject to the risk that its principal market segment, large capitalization stocks, may underperform compared to other market segments or to the equity markets as a whole. The securities purchased by the Fund may present greater opportunities for growth because of high potential earnings growth, but may also involve greater risk than securities that do not have the same potential.

As with all mutual funds, as the value of the Fund's assets rise and fall, the Fund's share price changes. If the investor sells Fund shares when their value is less than the price the investor paid for them, the investor will lose money.

Investor Profile

The Fund is generally a suitable investment for investors seeking long-term growth of capital. Investors must be willing to accept the potential for volatile fluctuations in the value of investments and prefer a passive rather than active management style.

* Standard & Poor's[®] and S&P 500[®] are trademarks of The McGraw-Hill Companies, Inc. and have been licensed for use by Principal Life Insurance Company and the Manager. The Fund is not sponsored, endorsed, sold or promoted by Standard & Poor's and Standard & Poor's makes no representation regarding the advisability of investing in the Fund.

Manager

The Manager, Principal Management Corporation, provides certain corporate administrative services to the Fund. The Manager is an indirect subsidiary of Principal Financial Services, Inc. and has managed mutual funds since 1969. As of December 31, 2003, the mutual funds it manages had assets of approximately \$7.8 billion.

Sub-Advisor

The Manager has contracted with the Sub-Advisor to provide investment advisory services to the Fund.

Principal Global Investors, LLC ("Principal") is an indirectly wholly-owned subsidiary of Principal Life Insurance Company and an affiliate of the Manager. Principal has been active in retirement plan investing since 1941 and has sub-advised mutual fund assets since 1969. Together with its affiliates, Principal had assets under management as of December 31, 2003 of approximately \$118.5 billion. Principal Global Investor's

headquarters address is 801 Grand Avenue, Des Moines, Iowa 50392.

Day-to-Day Management

Dirk Laschanzky, CFA. As a portfolio manager at Principal, Mr. Laschanzky is responsible for asset allocation and provides advice to clients concerning their

portfolios across all asset classes. Prior to joining Principal in 1997, he was a portfolio manager and analyst for over seven years at AMR Investment Services where he managed short-term money market funds and was responsible for American Airlines' pension plan investment management. He also

served as a financial analyst for American Airlines. He received an MBA and BA, both in Finance, from the University of Iowa. He has earned the right to use the Chartered Financial Analyst designation.

Fund Operating Expenses

Management Fees.....	0.15%
12b-1 Fees	0.30
Other Expenses*	0.45
Total Fund Operating Expenses	0.90%

* Other Expenses:

Service Fee	0.25%
Administrative Service Fee.....	0.20

Quarterly Total Returns

The Fund's highest and lowest quarterly returns during the time period covered by the chart at the right were:

Highest	Q2 '03	15.12%
Lowest	Q3 '02	-17.48%

Average annual total returns (%) for the period ending June 30, 2004

This table shows how the Fund's average annual returns compare with those of a broad-based securities market index and an index of mutual funds with similar investment objectives.

	<u>1</u>	<u>3</u>	<u>5</u>	<u>10</u>	<u>Life of</u>
	<u>Year</u>	<u>Years</u>	<u>Years</u>	<u>Years</u>	<u>Fund*</u>
Advisors Select Class	17.77	-1.74	N/A	N/A	-4.07
S&P 500 Index.....	19.10	-0.69	-2.20	11.82	
Morningstar Large Blend Category.....	17.63	-1.39	-1.76	10.08	

* The Fund's SEC effective date was December 6, 2000. Principal has been Sub-Advisor to the Fund since inception.

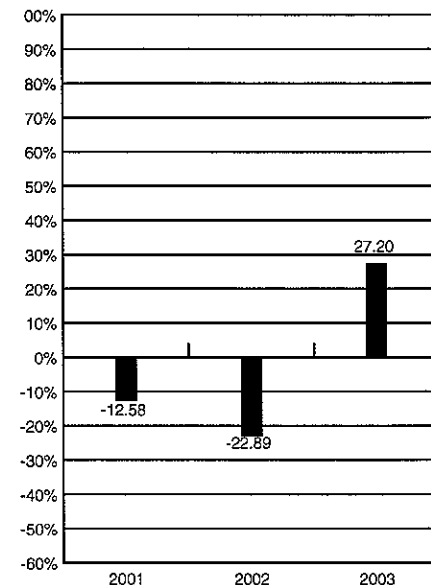
Example

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your cost would be:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$92	\$287	\$498	\$1,108

Year-by-Year Total Returns

The bar chart provides some indication of the risks of investing in the Fund by showing changes in performance from year to year.



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Principal Investors Fund, Inc. Profile
PARTNERS LARGE CAP GROWTH FUND II
Advisors Select

The date of this profile is June 30, 2004

This Profile summarizes key information about the Fund that is included in the Fund's prospectus. The Fund's prospectus includes additional information about the Fund, including a more detailed description of the risks associated with investing in the Fund that you may want to consider before you invest. You may obtain the prospectus and other information (including Sub-Advisor composite performance information) about the Fund at no cost by calling 1-800-547-7754. The prospectus is also available on our website at: www.principal.com.

Fund Objective/Goal

The Fund seeks long-term growth of capital.

Main Strategies

Under normal markets, the Fund invests at least 80% of its assets in equity securities of companies with large market capitalizations.

The Sub-Advisor selects stocks for investment that it believes will increase in value over time using a growth investment strategy it developed. This strategy looks for companies with earnings and revenues that are not only growing, but growing at a successively faster, or accelerating, pace. Accelerating growth is shown, for example, by growth that is faster this quarter than last or faster this year than the year before. The strategy is based on the premise that, over the long-term, the stocks of companies with accelerating earnings and revenues have a greater than average chance to increase in value.

The Sub-Advisor uses a bottom-up approach to select securities to buy for the Fund. The Sub-Advisor makes its investment decisions based on the busi-

ness fundamentals of the individual companies, rather than on economic forecasts or the outlook for industries or sectors. Using its extensive database, the Sub-Advisor tracks financial information for thousands of companies to identify trends in the companies' earnings and revenues. This information is used to help select or hold the securities of companies they believe will be able to sustain accelerating growth and sell the securities of companies whose growth begins to slow down.

The Sub-Advisor does not attempt to time the market. Instead, under normal market conditions, they intend to keep the Fund essentially fully invested in securities regardless of the movement of stock prices generally. When the Sub-Advisor believes it is prudent, the Fund may invest a portion of its assets in convertible debt securities, equity-equivalent securities, foreign securities, short-term securities, non-leveraged futures and options and other similar securities.

Main Risks

Because it purchases equity securities, the Fund is subject to the risk that stock prices will fall over short or extended periods of time. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. In response, the price of securities issued by such companies may decline. These factors contribute to price volatility.

In addition, the Fund is subject to the risk that its principal market segment, large capitalization growth stocks, may under perform compared to other market segments or to the equity markets as a whole. The securities purchased by the Fund may present greater opportunities for growth because of high potential

earning growth, but may also involve greater risk than securities that do not have the same potential.

Use of forward foreign currency exchange contracts, currency or index futures or other derivatives involves risks. The contracts may increase the Fund's volatility and, thus, could involve a significant risk. If the Sub-Advisor's predictions are inaccurate, the adverse consequences to the Fund (e.g., a reduction in the Fund's net asset value) may leave the Fund in a worse position than if these strategies were not used.

As with all mutual funds, as the value of the Fund's assets rise and fall, the Fund's share price changes. If the investor sells Fund shares when their value is less than the price the investor paid for them, the investor will lose money.

Investor Profile

The Fund may be a suitable investment for investors seeking long-term growth of capital. Investors must be willing to accept the risks of investing in common stocks that may have greater risks than stocks of companies with lower potential for earnings growth.

Manager

The Manager, Principal Management Corporation, provides certain corporate administrative services to the Fund. The Manager is an indirect subsidiary of Principal Financial Services, Inc. and has managed mutual funds since 1969. As of December 31, 2003, the mutual funds it manages had assets of approximately \$7.8 billion.

Sub-Advisor

The Manager has contracted with the Sub-Advisor to provide investment advisory services to the Fund.

American Century Investment Management, Inc. ("American Century") was founded in 1958. Its office is located in the American Century Tower at 4500 Main Street, Kansas City, KS 64111. As of December 31, 2003, American Century managed over \$87 billion in assets.

Day-to-Day Management

Prescott LeGard, CFA. Mr. LeGard is a Portfolio Manager for American Century. Mr. LeGard joined the company in 1999. Before joining the company, he was an Equity Analyst for USAA Investment Management where he analyzed technology companies. He has worked in the investment industry since 1993. Mr. LeGard holds a BA Degree in Eco-

nomics from DePauw University. He has earned the right to use the Chartered Financial Analyst designation.

Tim Reynolds, CFA. Mr. Reynolds joined American Century as an analyst in 1999 and was promoted in 2001 to portfolio manager for the core growth strategy. Previously, he was a senior analyst for USAA and a portfolio manager for U.S. Global Investors. He has worked in the financial industry since 1993. Mr. Reynolds holds a Master's in Finance from Texas Tech University and a BBA in Finance from Texas A&M University. He has earned the right to use the Chartered Financial Analyst designation.

Gregory Woodhams, CFA. Mr. Woodhams is a Vice President and Senior Portfolio Manager for American Century. Mr. Woodhams has worked in the financial industry since 1992 and joined American Century in 1997. Previously, he was Vice President and Director of Equity Research at Texas Commerce Bank. Mr. Woodhams holds a Bachelor's Degree in Economics from Rice University and a Master's Degree in Economics from the University of Wisconsin at Madison. He has earned the right to use the Chartered Financial Analyst designation.

Fund Operating Expenses

Management Fees.....	1.00%
12b-1 Fees	0.30
Other Expenses*	0.45
Total Fund Operating Expenses	1.75%

* Other Expenses:

Service Fee	0.25%
Administrative Service Fee	0.20

Quarterly Total Returns

The Fund's highest and lowest quarterly returns during the time period covered by the chart at the right were:

Highest	Q4 '01	14.47%
Lowest	Q1 '01	-19.72%

Average annual total returns (%) for the period ending June 30, 2004

This table shows how the Fund's average annual returns compare with those of a broad-based securities market index and an index of mutual funds with similar investment objectives.

	<u>1</u>	<u>3</u>	<u>5</u>	<u>10</u>	<u>Life of</u>
	<u>Year</u>	<u>Years</u>	<u>Years</u>	<u>Years</u>	<u>Fund*</u>
Advisors Select Class	14.72	-3.60	N/A	N/A	-8.82
Russell 1000 Growth Index.....	17.89	-3.73	-6.47	10.12	
Morningstar Large Growth Category.....	16.58	-4.58	-4.89	9.06	

* The Fund's SEC effective date was December 6, 2000. American Century has been Sub-Advisor to the Fund since inception.

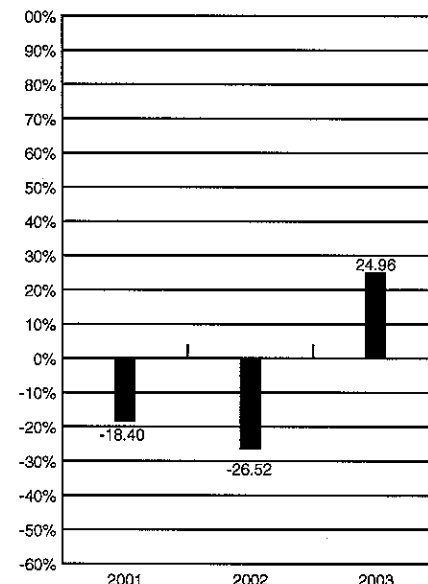
Example

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your cost would be:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$178	\$551	\$949	\$2,062

Year-by-Year Total Returns

The bar chart provides some indication of the risks of investing in the Fund by showing changes in performance from year to year.



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Principal Investors Fund, Inc. Profile
PARTNERS MIDCAP GROWTH FUND
Advisors Select

The date of this profile is June 30, 2004

This Profile summarizes key information about the Fund that is included in the Fund's prospectus. The Fund's prospectus includes additional information about the Fund, including a more detailed description of the risks associated with investing in the Fund that you may want to consider before you invest. You may obtain the prospectus and other information (including Sub-Advisor composite performance information) about the Fund at no cost by calling 1-800-547-7754. The prospectus is also available on our website at: www.principal.com.

Fund Objective/Goal

The Fund seeks long-term growth of capital.

Main Strategies

The Fund invests primarily in common stocks and other equity securities of U.S. companies with strong earnings growth potential. Under normal market conditions, the Fund invests at least 80% of its assets in companies with market capitalizations similar to companies in the Russell Midcap Growth Index at the time of purchase.

The Fund invests in securities of companies that are diversified across economic sectors. It attempts to maintain sector concentrations that approximate those of its current benchmark, the Russell Midcap Growth Index. The Fund is not an index fund and does not limit its investment to the securities of issuers in the Index.

The Sub-Advisor selects stocks that it believes have strong earnings growth potential. It invests in companies with strong earnings dynamics, and sells those with deteriorating earnings prospects. The Sub-Advisor believes fore-

casts for market timing and sector rotation are unreliable and introduce an unacceptable level of risk. As a result, under normal market conditions the Fund is fully invested.

Main Risks

Because it purchases equity securities, the Fund is subject to the risk that stock prices will fall over short or extended periods of time. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The price of securities issued by such companies may suffer a decline in response. These factors contribute to price volatility.

The medium capitalization companies the Fund invests in may be more vulnerable to adverse business or economic events than larger, more established companies. In particular, these mid-size companies may pose greater risk due to narrow product lines, limited financial resources, less depth in management or a limited trading market for their securities.

In addition, the Fund is subject to the risk that its principal market segment, medium capitalization growth stocks, may under perform compared to the equity markets as a whole. The securities purchased by the Fund may present greater opportunities for growth because of high potential earnings growth, but may also involve greater risks than securities that do not have the same potential. The value of the Fund's equity securities may fluctuate on a daily basis.

The Fund may actively trade securities in an attempt to achieve its investment objective. A portfolio turnover rate of 200%, for example, is equivalent to the Fund buying and selling all of its securi-

ties two times during the course of the year. A high turnover rate may increase the Fund's trading costs and may have an adverse impact on the Fund's performance.

As with all mutual funds, as the value of the Fund's assets rise and fall, the Fund's share price changes. If the investor sells Fund shares when their value is less than the price the investor paid for them, the investor will lose money.

Investor Profile

The Fund may be a suitable investment for investors seeking long-term growth of capital. Investors must be willing to accept the risks of investing in common stocks that may have greater risks than stocks of companies with lower potential for earnings growth.

Manager

The Manager, Principal Management Corporation, provides certain corporate administrative services to the Fund. The Manager is an indirect subsidiary of Principal Financial Services, Inc. and has managed mutual funds since 1969. As of December 31, 2003, the mutual funds it manages had assets of approximately \$7.8 billion.

Sub-Advisor

The Manager has contracted with the Sub-Advisor to provide investment advisory services to the Fund.

Turner Investment Partners, Inc. ("Turner") was founded in 1990. Its address is 1205 Westlakes Drive, Suite 100, Berwyn, PA 19312. As of December 31, 2003, Turner had discretionary management authority with respect to approximately \$12 billion in assets.

Day-to-Day Management

Christopher K. McHugh. Mr. McHugh, Senior Portfolio Manager, joined Turner Investment Partners, Inc. in 1990. He holds a BS in Accounting from Philadelphia University and an MBA in Finance from St. Joseph's University. He has been in investment management since 1986.

William C. McVail. Mr. McVail, Senior Portfolio Manager, joined Turner in 1998. Prior thereto, he was Portfolio Manager at PNC Equity Advisers. He has been in investment management since 1987.

Robert E. Turner, CFA. Mr. Turner, Chairman and Chief Investment Officer,

founded Turner in 1990. Prior to 1990, he was Senior Investment Manager with Meridian Investment Company. He has been in investment management since 1981. He has earned the right to use the Chartered Financial Analyst designation.

Fund Operating Expenses

Management Fees.....	1.00%
12b-1 Fees	0.30
Other Expenses*	0.45
Total Fund Operating Expenses	1.75%

* Other Expenses:

Service Fee	0.25%
Administrative Service Fee.....	0.20

Quarterly Total Returns

The Fund's highest and lowest quarterly returns during the time period covered by the chart at the right were:

Highest	Q4 '01	24.92%
Lowest	Q3 '01	-31.51%

Average annual total returns (%) for the period ending June 30, 2004

This table shows how the Fund's average annual returns compare with those of a broad-based securities market index and an index of mutual funds with similar investment objectives.

	<u>1</u>	<u>3</u>	<u>5</u>	<u>10</u>	<u>Life of</u>
	<u>Year</u>	<u>Years</u>	<u>Years</u>	<u>Years</u>	<u>Fund*</u>
Advisors Select Class	26.35	-4.23	N/A	N/A	-9.29
Russell Midcap Growth Index.....	27.33	0.23	0.49	10.88	
Morningstar Mid-Cap Growth Category	22.84	-2.35	1.18	10.11	

* The Fund's SEC effective date was December 6, 2000. Turner has been Sub-Advisor to the Fund since inception.

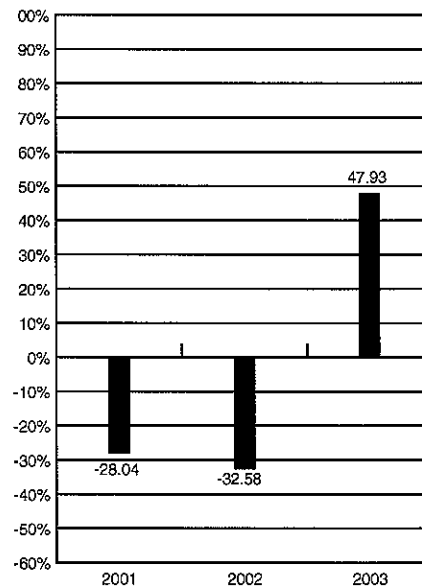
Example

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your cost would be:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$178	\$551	\$949	\$2,062

Year-by-Year Total Returns

The bar chart provides some indication of the risks of investing in the Fund by showing changes in performance from year to year.



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Principal Investors Fund, Inc. Profile
PARTNERS SMALLCAP VALUE FUND I
Advisors Select

The date of this profile is June 30, 2004

This Profile summarizes key information about the Fund that is included in the Fund's prospectus. The Fund's prospectus includes additional information about the Fund, including a more detailed description of the risks associated with investing in the Fund that you may want to consider before you invest. You may obtain the prospectus and other information (including Sub-Advisor composite performance information) about the Fund at no cost by calling 1-800-547-7754. The prospectus is also available on our website at: www.principal.com.

Fund Objective/Goal

The Fund seeks to generate a total return consisting of current income and long-term growth of capital.

Main Strategies

The Fund invests primarily in a diversified group of equity securities of small U.S. companies with small market capitalizations (those with market capitalizations similar to companies in the Russell 2000 Value Index at the time of purchase. Under normal market conditions, the Fund invests at least 80% of its assets in equity securities of such companies. Emphasis is given to those companies that exhibit value characteristics. Value securities generally have above average dividend yield and below average price to earnings (P/E) ratios.

The Sub-Advisor uses quantitative and fundamental research, systematic stock valuation and a disciplined portfolio construction process. It seeks to enhance returns and reduce the volatility in the value of the Fund relative to that of the U.S. small company value universe, represented by the Russell 2000® Value Index. The Sub-Advisor continuously screens the small company universe to

identify for further analysis those companies that exhibit favorable factor rankings. The Sub-Advisor ranks these companies within economic sectors according to their relative attractiveness, then selects for purchase the companies it feels to be most attractive within each economic sector.

Under normal market conditions, the Fund will have sector weightings comparable to that of the U.S. small company value universe though it may under or over-weight selected economic sectors. The Fund may also purchase securities issued as part of, or a short period after, companies' initial public offerings ("IPOs"), and may at times dispose of those shares shortly after their acquisition. Since the Fund has a long-term investment perspective, it does not intend to respond to short-term market fluctuations or to acquire securities for the purpose of short-term trading.

Main Risks

Because it purchases equity securities, the Fund is subject to the risk that stock prices will fall over short or extended periods of time. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. In response, the price of securities issued by such companies may decline. These factors contribute to price volatility.

Investments in companies with smaller market capitalizations may involve greater risks and price volatility (wide, rapid fluctuations) than investments in larger, more mature companies. While small, unseasoned companies may offer greater opportunities for capital growth than larger, more established companies, they may also involve greater risks.

The Fund's purchase of shares issued in IPOs exposes it to the additional risks associated with companies that have little operating history as public companies, as well as to the risks inherent in those sectors of the market where these new issuers operate. The market for IPO issuers has been volatile and share prices of certain newly-public companies have fluctuated in significant amounts over short periods of time.

In addition, the Fund is subject to the risk that its principal market segment, small capitalization value stocks, may under perform compared to the equity markets as a whole. The value of the Fund's equity securities may fluctuate on a daily basis. As with all mutual funds, as the values of the Fund's assets rise and fall, the Fund's share price changes. The Fund's share price may fluctuate more than that of funds primarily invested in stocks of mid and large-sized companies and may under perform as compared to the securities of larger companies. If the investor sells Fund shares when their value is less than the price the investor paid for them, the investor will lose money.

Investor Profile

The Fund may be a suitable investment for investors seeking long-term growth of capital. Investors must be willing to accept the potential for volatile fluctuations in the value of investments.

Manager

The Manager, Principal Management Corporation, provides certain corporate administrative services to the Fund. The Manager is an indirect subsidiary of Principal Financial Services, Inc. and has managed mutual funds since 1969. As of December 31, 2003, the mutual funds it

manages had assets of approximately \$7.8 billion.

Sub-Advisor

The Manager has contracted with the Sub-Advisor to provide investment advisory services to the Fund.

J.P. Morgan Investment Management, Inc. ("Morgan"), 522 Fifth Avenue, New York, NY 10036 is a wholly-owned sub-

subsidiary of J.P. Morgan & Co. Incorporated ("J.P. Morgan") a bank holding company. As of December 31, 2003, J.P. Morgan and its subsidiaries had total combined assets under management of approximately \$559 billion.

Day-to-Day Management

Christopher T. Blum, CFA. Vice President of Morgan. Mr. Blum is a portfolio manager in the U.S. Small Cap Equity

Group. He rejoined the firm in 2001. Previously, he spent two years as a research analyst at Pomona Capital. Prior to that, Mr. Blum spent over three years with J.P. Morgan where he focused on structured small-cap core and small-cap value accounts. He earned his BBA in Finance at the Bernard M. Baruch School for Business and is a holder of the CFA designation.

Fund Operating Expenses

Management Fees.....	1.00%
12b-1 Fees	0.30
Other Expenses*	0.45
Total Fund Operating Expenses	1.75%

* Other Expenses:

Service Fee	0.25%
Administrative Service Fee	0.20

Quarterly Total Returns

The Fund's highest and lowest quarterly returns during the time period covered by the chart at the right were:

Highest	Q2 '03	23.10%
Lowest	Q1 '03	-4.57%

Average annual total returns (%) for the period ending June 30, 2004

This table shows how the Fund's average annual returns compare with those of a broad-based securities market index and an index of mutual funds with similar investment objectives.

	<u>1</u>	<u>3</u>	<u>5</u>	<u>10</u>	<u>Life of</u>
	<u>Year</u>	<u>Years</u>	<u>Years</u>	<u>Years</u>	<u>Fund*</u>
Advisors Select Class	37.04	N/A	N/A	N/A	38.04
Russell 2000 Value Index	35.18	12.16	12.83	13.91	
Morningstar Small Value Category	33.95	11.80	12.65	14.05	

* The Fund's SEC effective date was December 30, 2002. Morgan has been Sub-Advisor to the Fund since inception.

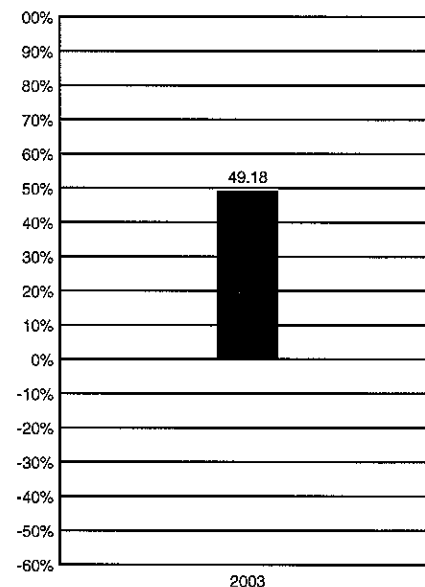
Example

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your cost would be:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$178	\$551	\$949	\$2,062

Year-by-Year Total Returns

The bar chart provides some indication of the risks of investing in the Fund by showing changes in performance from year to year.



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Principal Investors Fund, Inc. Profile
REAL ESTATE SECURITIES FUND
Advisors Select

The date of this profile is June 30, 2004

This Profile summarizes key information about the Fund that is included in the Fund's prospectus. The Fund's prospectus includes additional information about the Fund, including a more detailed description of the risks associated with investing in the Fund that you may want to consider before you invest. You may obtain the prospectus and other information (including Sub-Advisor composite performance information) about the Fund at no cost by calling 1-800-547-7754. The prospectus is also available on our website at: www.principal.com.

Fund Objective/Goal

The Fund seeks to generate a total return.

Main Strategies

Under normal market conditions, the Fund invests at least 80% of its assets in equity securities of companies principally engaged in the real estate industry. For purposes of the Fund's investment policies, a real estate company has at least 50% of its assets, income or profits derived from products or services related to the real estate industry. Real estate companies include real estate investment trusts and companies with substantial real estate holdings such as paper, lumber, hotel and entertainment companies. Companies whose products and services relate to the real estate industry include building supply manufacturers, mortgage lenders and mortgage servicing companies.

Real estate investment trusts ("REITs") are corporations or business trusts that are permitted to eliminate corporate level federal income taxes by meeting certain requirements of the Internal Revenue Code. REITs are characterized as:

- equity REITs, which primarily own property and generate revenue from rental income;
- mortgage REITs, which invest in real estate mortgages; and
- hybrid REITs, which combine the characteristics of both equity and mortgage REITs.

In selecting securities for the Fund, the Sub-Advisor focuses on equity REITs.

In selecting securities for the Fund, the Sub-Advisor uses a fundamental company analysis which utilizes a free cash flow model. The Sub-Advisor attempts to leverage its relationship with its affiliated real estate professionals to identify regions and assets classes for investment.

Main Risks

The net asset value of the Fund's shares is effected by changes in the value of the securities it owns. The prices of equity securities held by the Fund may decline in response to certain events including those directly involving issuers of these securities, adverse conditions affecting the general economy, or overall market declines. In the short term, stock prices can fluctuate dramatically in response to these factors. Because of these fluctuations, principal values and investment returns vary. As with all mutual funds, the value of the Fund's assets may rise or fall. If the investor sells Fund shares when their value is less than the price the investor paid for them, the investor will lose money.

Under normal market conditions the Fund invests at least 80% of its net assets in securities of companies principally engaged in the real estate industry, the Fund is also subject to sector risk; that is, the possibility that the real estate sector may under perform other sectors

or the market as a whole. As the Sub-Advisor allocates more of the Fund's portfolio holdings to the real estate sector, the Fund's performance will be more susceptible to any economic, business or other developments that generally affect that sector. The share price of the Fund may fluctuate more widely than the value of shares of a fund that invests in a broader range of industries.

Investor Profile

The Fund is generally a suitable investment for investors who seek a total return, want to invest in companies engaged in the real estate industry and are willing to accept the potential for volatile fluctuations in the value of investments.

Manager

The Manager, Principal Management Corporation, provides certain corporate administrative services to the Fund. The Manager is an indirect subsidiary of Principal Financial Services, Inc. and has managed mutual funds since 1969. As of December 31, 2003, the mutual funds it manages had assets of approximately \$7.8 billion.

Sub-Advisor

The Manager has contracted with the Sub-Advisor to provide investment advisory services to the Fund.

Principal Real Estate Investors, LLC ("Principal - REI"), an indirect wholly-owned subsidiary of Principal Life and an affiliate of the Manager, was founded in 2000. As of December 31, 2003, Principal - REI, together with its affiliated asset management companies, had approximately \$118.5 billion in assets. Principal - REI's address is 801 Grand Avenue, Des Moines, Iowa 50392.

Day-to-Day Management

Kelly D. Rush, CFA. Mr. Rush directs the Real Estate Investment Trust (REIT) activity for Principal - REI. Mr. Rush joined the Principal Financial Group in 1987 and has been dedicated to public

real estate investments since 1995. His experience includes the structuring of public real estate transactions that included commercial mortgage loans and the issuance of unsecured bonds. He received his Master's degree and

Bachelor's degree in Finance from the University of Iowa. He has earned the right to use the Chartered Financial Analyst designation.

Fund Operating Expenses*

Management Fees.....	0.85%
12b-1 Fees	0.30
Other Expenses*	0.45
Total Fund Operating Expenses	1.60%

* Other Expenses:

Service Fee	0.25%
Administrative Service Fee.....	0.20

Quarterly Total Returns

The Fund's highest and lowest quarterly returns during the time period covered by the chart at the right were:

Highest	Q2 '03	10.34%
Lowest	Q3 '02	-6.64%

Average annual total returns (%) for the period ending June 30, 2004

This table shows how the Fund's average annual returns compare with those of a broad-based securities market index and an index of mutual funds with similar investment objectives.

	<u>1</u>	<u>3</u>	<u>5</u>	<u>10</u>	<u>Life of</u>
	<u>Year</u>	<u>Years</u>	<u>Years</u>	<u>Years</u>	<u>Fund*</u>
Advisors Select Class.....	27.21	16.33	N/A	N/A	16.34
Morgan Stanley REIT Index	26.37	15.08	14.24	N/A	
Morningstar Specialty - Real Estate Category.....	26.57	15.30	13.86	12.38	

* The Fund's SEC effective date was December 6, 2000. Principal-REI has been Sub-Advisor to the Fund since inception.

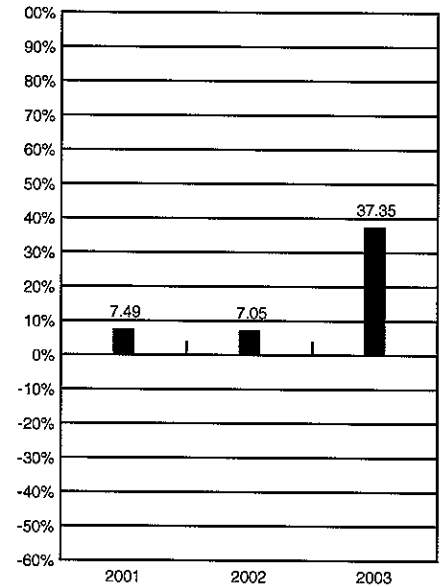
Example

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your cost would be:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$163	\$505	\$871	\$1,900

Year-by-Year Total Returns

The bar chart provides some indication of the risks of investing in the Fund by showing changes in performance from year to year.



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Principal Investors Fund, Inc. Profile
PARTNERS INTERNATIONAL FUND
Advisors Select

The date of this profile is June 30, 2004

This Profile summarizes key information about the Fund that is included in the Fund's prospectus. The Fund's prospectus includes additional information about the Fund, including a more detailed description of the risks associated with investing in the Fund that you may want to consider before you invest. You may obtain the prospectus and other information (including Sub-Advisor composite performance information) about the Fund at no cost by calling 1-800-547-7754. The prospectus is also available on our website at: www.principal.com.

Fund Objective/Goal

The Fund seeks to generate a total return consisting of current income and long-term growth of capital.

Main Strategies

The Fund normally invests primarily in non-U.S. securities. The Sub-Advisor normally invests the Fund's assets primarily in common stocks and normally diversifies the Fund's investments across different countries and regions. In allocating the investments, the Sub-Advisor will consider the size of the market in each country and region relative to the size of the international market as a whole.

The Sub-Advisor relies on fundamental analysis of each issuer and its potential for success in light of its current financial condition, its industry position, and economic and market conditions. Factors considered include growth potential, earnings estimates and management. These securities may then be analyzed using statistical models to further evaluate growth potential, valuation, liquidity and investment risk. In buying and selling securities for the Fund, the Sub-Advisor invests for the long term and selects

those securities it believes offer strong opportunities for long-term growth of capital and are attractively valued.

The Sub-Advisor may use various techniques, such as buying and selling futures contracts and exchange traded funds, to increase or decrease the Fund's exposure to changing security prices or other factors that affect security values. If the Sub-Advisor's strategies do not work as intended, the Fund may not achieve its objective.

Main Risks

Because it purchases equity securities, the Fund is subject to the risk that stock prices will fall over short or extended periods of time. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The price of securities issued by such companies may suffer a decline in response. These factors contribute to price volatility. A foreign security could also lose value as a result of political, financial and economic events in foreign countries. Foreign securities may be subject to securities regulators with less stringent accounting and disclosure standards than are required of U.S. companies.

Because foreign securities generally are denominated in foreign currencies, the value of the net assets of the Fund as measured in U.S. dollars will be affected by changes in exchange rates. In addition, the Fund's foreign investments may be less liquid and their price more volatile than comparable investments in U.S. securities. Settlement periods may be longer for foreign securities and portfolio liquidity may be affected.

The Fund may invest in securities of companies with small to medium market

capitalizations. While small companies may offer greater opportunities for capital growth than larger, more established companies, they may also involve greater risk.

As with all mutual funds, as the value of the Fund's assets rise and fall, the Fund's share price changes. If the investor sells Fund shares when their value is less than the price the investor paid for them, the investor will lose money.

Investor Profile

The Fund may be an appropriate investment for investors seeking long-term growth of capital in markets outside of the U.S. who are able to assume the increased risks of higher price volatility and currency fluctuations associated with investments in international stocks which trade in non-U.S. currencies.

Manager

The Manager, Principal Management Corporation, provides certain corporate administrative services to the Fund. The Manager is an indirect subsidiary of Principal Financial Services, Inc. and has managed mutual funds since 1969. As of December 31, 2003, the mutual funds it manages had assets of approximately \$7.8 billion.

Sub-Advisor

The Manager has contracted with the Sub-Advisor to provide investment advisory services to the Fund.

Fidelity Management & Research Company ("FMR") is the sub-advisor. Day-to-day management decisions concerning the Fund are made by FMR Co., Inc. ("FMRC") which serves as sub-subadvisor. FMRC is a wholly-owned subsidiary of FMR. As of December 31, 2003, FMR and its affiliates managed approximately

\$839.8 billion in assets. FMR's address is 82 Devonshire Street, Boston, MA 02109.

Day-to-Day Management
Cesar E. Hernandez, CFA. Mr. Hernandez is vice president of FMR and FMRC. He has worked as a portfolio manager since joining FMR in 1989. He has been

portfolio manager since the Fund's inception in December 2003. He has earned the right to use the Chartered Financial Analyst designation.

Fund Operating Expenses	
Management Fees.....	1.10%
12b-1 Fees	0.30
Other Expenses*	<u>0.45</u>
Total Fund Operating Expenses	<u>1.85%</u>

* Other Expenses:

Service Fee	0.25%
Administrative Service Fee	0.20

Example

The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your cost would be:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$188	\$582	\$1,001	\$2,169

Average annual total returns (%) for the period ending June 30, 2004

This table shows how the Fund's average annual returns compare with those of a broad-based securities market index and an index of mutual funds with similar investment objectives.

	<u>1</u>	<u>3</u>	<u>5</u>	<u>10</u>	<u>Life of</u>
	<u>Year</u>	<u>Years</u>	<u>Years</u>	<u>Years</u>	<u>Fund*</u>
Advisors Select Class	N/A	N/A	N/A	N/A	2.32
MSCI EAFE (Europe, Australia, Far East) Index - ND.....	32.37	3.87	0.06	4.05	
Morningstar Foreign Large Blend Category.....	27.79	1.45	-0.27	4.95	

* The Fund's SEC effective date was December 15, 2003. Fidelity has been Sub-Advisor to the Fund since inception. The Advisors Select Class was added to the Fund on June 1, 2004.

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