

## Principal LifeTime Portfolios

# A strong long-term performance history

Since their introduction, lifecycle investment options have become popular choices for use in retirement plans—both with plan sponsors and participants.<sup>1</sup>

Launched in March 2001, Principal LifeTime is one of the oldest target date portfolios—and it has a history of delivering solid long-term performance. For the past decade, the six original Principal LifeTime Funds (institutional share class) have ranked in the top two Morningstar quartiles 70% of the time (42 of 60 periods) on a calendar-year basis.

**Table 1: Morningstar calendar-year percentile rankings with number of funds in category<sup>2</sup>**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Principal LifeTime Strategic Income Fund	88 <sup>th</sup> 107	68 <sup>th</sup> 122	44 <sup>th</sup> 134	10 <sup>th</sup> 162	16 <sup>th</sup> 260	43 <sup>rd</sup> 281	64 <sup>th</sup> 293	43 <sup>rd</sup> 272	31 <sup>st</sup> 172	65 <sup>th</sup> 171
Principal LifeTime 2010 Fund	83 <sup>rd</sup> 266	90 <sup>th</sup> 304	26 <sup>th</sup> 201	1 <sup>st</sup> 179	38 <sup>th</sup> 167	9 <sup>th</sup> 145	18 <sup>th</sup> 153	20 <sup>th</sup> 141	42 <sup>nd</sup> 126	73 <sup>rd</sup> 111
Principal LifeTime 2020 Fund	65 <sup>th</sup> 134	68 <sup>th</sup> 186	31 <sup>st</sup> 212	1 <sup>st</sup> 203	61 <sup>st</sup> 205	1 <sup>st</sup> 208	16 <sup>th</sup> 222	25 <sup>th</sup> 228	39 <sup>th</sup> 237	67 <sup>th</sup> 221
Principal LifeTime 2030 Fund	53 <sup>rd</sup> 130	48 <sup>th</sup> 169	49 <sup>th</sup> 200	10 <sup>th</sup> 200	38 <sup>th</sup> 205	12 <sup>th</sup> 208	37 <sup>th</sup> 222	27 <sup>th</sup> 228	29 <sup>th</sup> 237	85 <sup>th</sup> 221
Principal LifeTime 2040 Fund	40 <sup>th</sup> 111	50 <sup>th</sup> 151	58 <sup>th</sup> 193	18 <sup>th</sup> 194	35 <sup>th</sup> 202	10 <sup>th</sup> 204	46 <sup>th</sup> 218	30 <sup>th</sup> 227	22 <sup>nd</sup> 237	92 <sup>nd</sup> 221
Principal LifeTime 2050 Fund	30 <sup>th</sup> 28	51 <sup>st</sup> 86	67 <sup>th</sup> 139	16 <sup>th</sup> 150	40 <sup>th</sup> 168	7 <sup>th</sup> 177	36 <sup>th</sup> 202	30 <sup>th</sup> 212	24 <sup>th</sup> 226	90 <sup>th</sup> 213

**Percentile rank**  
Funds in category

Performance in  
top two quartiles

**Percentile rank**  
Funds in category

Performance in  
bottom two quartiles

Source: Morningstar, Inc. Morningstar calendar-year percentile rankings and number of funds in category displayed are based on the current universe of Mutual Funds, according to Morningstar. These figures do not include funds that have merged, liquidated or changed categories during the time periods displayed.

## About Principal LifeTime portfolios

Principal LifeTime portfolios, which are target date portfolios, invest in underlying Principal Funds. Each Principal LifeTime portfolio is managed toward a particular target (retirement) date, or the approximate date the participant or investor starts withdrawing money. As each Principal LifeTime portfolio approaches its target date, the investment mix becomes more conservative by increasing exposure to generally more conservative investment options and reducing exposure to typically more aggressive investment options. The asset allocation for each Principal LifeTime portfolio is regularly readjusted within a time frame that extends 15 years beyond the target date, at which point it reaches its most conservative allocation. Principal LifeTime portfolios assume the value of the investor's account will be withdrawn gradually during retirement. Neither the principal nor the underlying assets of the Principal LifeTime portfolios are guaranteed at any time, including the target date. Investment risk remains at all times.

Each Principal LifeTime portfolio is available as a mutual fund and as a separate account that invests wholly in Institutional class shares of said mutual fund.

<sup>1</sup> PSCA's 58th Annual Survey of Profit Sharing and 401(k) Plans, January 2016.

<sup>2</sup> Numbers in chart represent calendar-year Morningstar Category peer rankings of the six Principal LifeTime portfolios inceptioned in 2001. Data based only on the performance of the Principal Lifetime Funds Institutional share class. Other share classes may not have similar peer rankings. Past performance is no guarantee of future results. Please see the next page to view standardized time frames and other important information.

Investment results shown represent historical performance and do not guarantee future results. Your investment's returns and principal values will fluctuate with changes in interest rates and other market conditions so the value, when redeemed, may be worth more or less than original costs. Current performance may be lower or higher than the performance shown. For more information, including the most recent month-end performance, visit principal.com, call your financial professional or call 800.547.7754.

**Table 2: Principal LifeTime Funds performance**

Investment option	Average annual total returns through 03/31/2017					Percentile rankings as of 03/31/2017				
	1 yr.	5 yr.	10 yr.	Since inception	Inception date	1 yr.	5 yr.	10 yr.	Total inv. exp. net/gross	Contractual cap/waiver expire date
<b>Target-Date Retirement</b>										
Principal LifeTime Strategic Income Inst Fund <sup>9, 13, 16, 19, 27, 32</sup>	5.53	4.27	3.17	4.46	03/01/2001	67	34	66	0.64/0.64	-/-
Principal LifeTime Strategic Income R3 Fund <sup>9, 13, 16, 19, 27, 32</sup>	4.88	3.68	2.58	3.87	03/01/2001	83	67	82	1.20/1.20	-/-
<b>Morningstar Category Average - Target-Date Retirement</b>	<b>6.03</b>	<b>3.94</b>	<b>3.57</b>	<b>Total funds in category</b>		<b>171</b>	<b>113</b>	<b>63</b>	-	-/-
<b>Target-Date 2000-2010</b>										
Principal LifeTime 2010 Inst Fund <sup>9, 13, 16, 19, 27, 32</sup>	7.35	5.58	3.67	5.05	03/01/2001	50	38	62	0.67/0.67	-/-
Principal LifeTime 2010 R3 Fund <sup>9, 13, 16, 19, 27, 32</sup>	6.73	4.99	3.09	4.46	03/01/2001	82	69	89	1.24/1.24	-/-
<b>Morningstar Category Average - Target-Date 2000-2010</b>	<b>7.24</b>	<b>5.20</b>	<b>3.87</b>	<b>Total funds in category</b>		<b>112</b>	<b>69</b>	<b>46</b>	-	-/-
<b>Target-Date 2015</b>										
Principal LifeTime 2015 Inst Fund <sup>9, 13, 16, 19, 27, 32</sup>	8.48	6.16	-	4.80	02/29/2008	39	42	-	0.68/0.68	-/-
Principal LifeTime 2015 R3 Fund <sup>9, 13, 16, 19, 27, 32</sup>	7.91	5.55	-	4.15	02/29/2008	57	66	-	1.25/1.25	-/-
<b>Morningstar Category Average - Target-Date 2015</b>	<b>8.01</b>	<b>5.80</b>	<b>4.30</b>	<b>Total funds in category</b>		<b>135</b>	<b>71</b>	<b>31</b>	-	-/-
<b>Target-Date 2020</b>										
Principal LifeTime 2020 Inst Fund <sup>9, 13, 16, 19, 27, 32</sup>	9.43	6.89	4.25	5.68	03/01/2001	29	16	34	0.71/0.71	-/-
Principal LifeTime 2020 R3 Fund <sup>9, 13, 16, 19, 27, 32</sup>	8.78	6.28	3.66	5.08	03/01/2001	52	41	67	1.28/1.28	-/-
<b>Morningstar Category Average - Target-Date 2020</b>	<b>8.54</b>	<b>5.72</b>	<b>3.90</b>	<b>Total funds in category</b>		<b>225</b>	<b>147</b>	<b>79</b>	-	-/-
<b>Target-Date 2025</b>										
Principal LifeTime 2025 Inst Fund <sup>9, 13, 16, 19, 27, 32</sup>	10.29	7.33	-	5.23	02/29/2008	46	34	-	0.73/0.73	-/-
Principal LifeTime 2025 R3 Fund <sup>9, 13, 16, 19, 27, 32</sup>	9.56	6.71	-	4.60	02/29/2008	66	57	-	1.29/1.29	-/-
<b>Morningstar Category Average - Target-Date 2025</b>	<b>10.10</b>	<b>6.77</b>	<b>4.36</b>	<b>Total funds in category</b>		<b>199</b>	<b>114</b>	<b>41</b>	-	-/-
<b>Target-Date 2030</b>										
Principal LifeTime 2030 Inst Fund <sup>9, 13, 16, 19, 27, 32</sup>	10.93	7.75	4.53	5.80	03/01/2001	69	36	35	0/73/0.73	-/-
Principal LifeTime 2030 R3 Fund <sup>9, 13, 16, 19, 27, 32</sup>	10.26	7.12	3.94	5.20	03/01/2001	79	57	59	1.30/1.30	-/-
<b>Morningstar Category Average - Target-Date 2030</b>	<b>11.49</b>	<b>7.12</b>	<b>4.21</b>	<b>Total funds in category</b>		<b>225</b>	<b>147</b>	<b>79</b>	-	-/-

Target-Date 2035										
Principal LifeTime 2035 Inst Fund <sup>9, 13, 16, 19, 27, 32</sup>	11.19	8.09	-	5.49	02/29/2008	86	47	-	0.69/0.69	-/-
Principal LifeTime 2035 R3 Fund <sup>9, 13, 16, 19, 27, 32</sup>	10.64	7.49	-	4.91	02/29/2008	93	68	-	1.25/1.25	-/-
<b>Morningstar Category Average - Target-Date 2035</b>	<b>12.76</b>	<b>7.91</b>	<b>4.71</b>	<b>Total funds in category</b>		<b>199</b>	<b>114</b>	<b>41</b>	<b>-</b>	<b>-/-</b>
Target-Date 2040										
Principal LifeTime 2040 Inst Fund <sup>9, 13, 16, 19, 27, 32</sup>	11.74	8.37	4.65	5.92	03/01/2001	88	43	40	0.71/0.71	-/-
Principal LifeTime 2040 R3 Fund <sup>9, 13, 16, 19, 27, 32</sup>	11.10	7.77	4.06	5.33	03/01/2001	93	64	61	1.28/1.28	-/-
<b>Morningstar Category Average - Target-Date 2040</b>	<b>13.47</b>	<b>7.96</b>	<b>4.43</b>	<b>Total funds in category</b>		<b>225</b>	<b>147</b>	<b>79</b>	<b>-</b>	<b>-/-</b>
Target-Date 2045										
Principal LifeTime 2045 Inst Fund <sup>9, 13, 16, 19, 27, 32</sup>	12.20	8.61	-	5.68	02/29/2008	91	50	-	0.73/0.73	-/-
Principal LifeTime 2045 R3 Fund <sup>9, 13, 16, 19, 27, 32</sup>	11.60	8.00	-	5.05	02/29/2008	94	73	-	1.29/1.29	-/-
<b>Morningstar Category Average - Target-Date 2045</b>	<b>13.97</b>	<b>8.44</b>	<b>4.81</b>	<b>Total funds in category</b>		<b>199</b>	<b>113</b>	<b>39</b>	<b>-</b>	<b>-/-</b>
Target-Date 2050										
Principal LifeTime 2050 Inst Fund <sup>9, 13, 16, 19, 27, 32</sup>	12.59	8.80	4.75	5.74	03/01/2001	90	42	34	0.74/0.74	-/-
Principal LifeTime 2050 R3 Fund <sup>9, 13, 16, 19, 27, 32</sup>	11.98	8.19	4.16	5.15	03/01/2001	94	69	64	1.30/1.30	-/-
<b>Morningstar Category Average - Target-Date 2050</b>	<b>14.15</b>	<b>8.32</b>	<b>4.53</b>	<b>Total funds in category</b>		<b>217</b>	<b>136</b>	<b>34</b>	<b>-</b>	<b>-/-</b>
Target-Date 2055										
Principal LifeTime 2055 Inst Fund <sup>9, 13, 16, 19, 27, 32</sup>	12.86	8.80	-	5.69	02/29/2008	89	53	-	0.75/0.75	-/-
Principal LifeTime 2055 R3 Fund <sup>9, 13, 16, 19, 27, 32</sup>	12.26	8.21	-	5.10	02/29/2008	94	79	-	1.30/1.30	02/28/2017 02/28/2017
<b>Morningstar Category Average - Target-Date 2055</b>	<b>14.22</b>	<b>8.76</b>	<b>6.18</b>	<b>Total funds in category</b>		<b>197</b>	<b>86</b>	<b>1</b>	<b>-</b>	<b>-/-</b>
Target-Date 2060+										
Principal LifeTime 2060 Inst Fund <sup>9, 10, 13, 16, 19, 27, 32</sup>	12.85	-	-	8.81	03/01/2013	91	-	-	0.77/0.77	02/28/2017 02/28/2017
Principal LifeTime 2060 R3 Fund <sup>9, 10, 13, 16, 19, 27, 32</sup>	12.29	-	-	8.29	03/01/2013	95	-	-	1.32/1.32	02/28/2017 02/28/2017
<b>Morningstar Category Average - Target-Date 2060+</b>	<b>14.41</b>	<b>9.53</b>	<b>-</b>	<b>Total funds in category</b>		<b>135</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-/-</b>

<sup>9</sup>Equity investment options involve greater risk, including heightened volatility, than fixed-income investment options. Fixed-income investment options are subject to interest rate risk, and their value will decline as interest rates rise.

<sup>10</sup>Asset allocation does not guarantee a profit or protect against a loss. Investing in real estate, small-cap, international, and high-yield investment options involves additional risks.

<sup>13</sup>Fixed-income and asset allocation investment options that invest in mortgage securities are subject to increased risk due to real estate exposure.

<sup>16</sup>Asset allocation and diversification do not ensure a profit or protect against a loss. Additionally there is no guarantee this investment option will provide adequate income at or through retirement.

<sup>19</sup>The Investment Advisor will display "Multiple Sub-Advisors" for certain target-date, target-risk and specialty investment options where the assets are directed by the Investment Manager to multiple underlying investment options. These underlying investment options may use multiple sub-advisors who are responsible for the day-to-day management responsibilities.

<sup>27</sup>International and global investing involves greater risks such as currency fluctuations, political/social instability and differing accounting standards.

<sup>32</sup>This Principal LifeTime Fund indirectly bears its pro rata share of the management fees incurred by the underlying Principal Funds in which this fund invests. Based on the asset allocation of the Principal LifeTime Funds outlined in the prospectus dated March 1, 2017, the weighted average operating expenses of the underlying funds are: Principal LifeTime Strategic Income, 0.61%; Principal LifeTime 2010, 0.65%; Principal LifeTime 2015, 0.67%; Principal LifeTime 2020, 0.70%; Principal LifeTime 2025, 0.72%; Principal LifeTime 2030, 0.72%; Principal LifeTime 2035, 0.68%; Principal LifeTime 2040, 0.70%; Principal LifeTime 2045, 0.71%; Principal LifeTime 2050, 0.72%; Principal LifeTime 2055, 0.72%; Principal LifeTime 2060, 0.73%. While the operating expenses of the underlying mutual funds are not part of the Principal LifeTime Fund's operating expenses they are included in the Total Investment Expense. Performance results shown for the Principal LifeTime Fund reflect the application of these expenses.



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In situations where the net and gross total expense figures are different, the mutual fund or underlying fund in which a separate account invests has waived/capped a portion of its management fees through the date displayed on the Waiver Expiration Date or Contractual Cap Expiration Date column. Differences may also be shown due to the fund family choosing to pay certain expenses that would normally be payable by the fund. Returns displayed are based on net total investment expense.

**Carefully consider the Fund's objectives, risks, charges, and expenses. Contact your financial professional or visit [principal.com](http://principal.com) for a prospectus, or summary prospectus if available, containing this and other information. Please read it carefully before investing.**

**Before directing retirement funds to a separate account, investors should carefully consider the investment objectives, risks, charges and expenses of the separate account as well as their individual risk tolerance, time horizon and goals. For additional information, contact us at 800.547.7754 or by visiting [principal.com](http://principal.com).**

A mutual fund's share price and investment return will vary with market conditions, and the principal value of an investment when you sell your shares may be more or less than the original cost.

From Principal Financial Group®: A Disciplined Approach to Due Diligence

Principal LifeTime Funds are supported by our due diligence process which provides a rigorous and disciplined framework for identifying, hiring and retaining premier investment managers within each asset class and investment style for our Sub-Advised Investment Options. It is just one of the ways Principal® can help you manage your fiduciary responsibilities.

Note: Performance results are illustrated only for the Institutional Class shares; results for other share classes may be different. Only eligible purchasers may buy Institutional Class shares. Please see Principal Funds Prospectus for additional information regarding eligibility; however, other share classes may be available. For more information, including rankings for other share classes contact your local representative of Principal.

Percentile rankings are based on total returns in accordance with the appropriate Morningstar peer group.

Returns shown for periods of less than one year are not annualized. All returns displayed here are after Total Investment Expense of the investment option.

Any operating expenses of a mutual fund or underlying mutual fund that are part of net Total Investment Expense are obtained from the mutual fund's most recent prospectus. The operating expenses shown as part of Total Investment Expense include voluntary expense limits and fee credit. Insurance products and plan administrative services provided through Principal Life Insurance Co. Principal Funds, Inc. is distributed by Principal Funds Distributor, Inc. Securities offered through Principal Securities, Inc., 800.547.7754, member SIPC and/or independent broker/dealers. Principal Life, Principal Funds Distributor, Inc. and Principal Securities are members of Principal Financial Group®, Des Moines, IA 50392. Certain investment options may not be available in all states or U.S. commonwealths. Separate Accounts are available through a group annuity contract with Principal Life Insurance Company. See the group annuity contract for the full name of the Separate Account. Principal Life Insurance Company reserves the right to defer payments or transfers from Principal Life Separate Accounts as permitted by the group annuity contracts providing access to the Separate Accounts or as required by applicable law. Such deferment will be based on factors that may include situations such as: unstable or disorderly financial markets; investment conditions which do not allow for orderly investment transactions; or investment, liquidity and other risks inherent in real estate (such as those associated with general and local economic conditions). If you elect to allocate funds to a Separate Account, you may not be able to immediately withdraw them.

For a Mutual Fund investment option, Total Investment Expense gross equals the sum of (a) the total fund operating expenses plus (b) if the mutual fund invests in other mutual funds, the weighted-average management fee of those other mutual funds, as listed in the most recent prospectus.

The actual Total Investment Expense may change if the mutual fund investment option's allocation of assets to other mutual funds changes. This report includes investment options that contain information from a variety of sources. A primary source is Morningstar which provides holdings information, operations data, and rankings or statistics proprietary to Morningstar. Morningstar is generally the source of information on mutual funds unaffiliated with Principal.

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