Investment Strength and Flexibility

Principal LifeTime Hybrid CITs

With more than $54.2 billion under management in target date funds, we know how to help people save for retirement.[1]

A Target Date investment option

Now more than ever, your employees are searching for efficient ways to invest their hard-earned retirement savings. You can help provide that opportunity with Principal LifeTime Hybrid CITs (CITs), a series of target date funds developed for qualified plans and maintained under a collective investment trust.

Lifecycle investment options (including target date funds) are a popular investment choice for plan participants who aren't comfortable or interested in making a lot of investment decisions or tracking numerous investment options.[2]

Through the CITs, you may receive:

- A lower-cost choice for you and your participants;
- A strategy of investing in more passively-managed investment options;
- A sound, structured investment process driving portfolio construction and ongoing maintenance; and
- An investment option that satisfies the Qualified Default Investment Alternative (QDIA) regulatory requirements.[3]

See how the CITs can benefit your retirement program.

What is a collective investment trust?

- Pooled investment vehicle
- Generally available for qualified and governmental 457(b) plans
- Tax-exempt trust
- May act as a Qualified Default Investment Alternative (QDIA)[3]

[1] Principal, as of 12/31/2016

[2] 63% of retirement plans include target date/lifecycle funds in their investment line-up, PSCA's Annual Survey of Profit Sharing and 401(k) plans, December 2016.

[3] The ultimate decision as to whether a Principal LifeTime Hybrid CIT is an appropriate investment option for a plan and whether a Target Date Fund can serve as a QDIA belongs to the appropriate retirement plan fiduciaries.

Understanding the features of a collective investment trust

A collective investment trust is a pooled-investment vehicle designed for retirement plans and is maintained by a bank or trust company.

Collective investment trusts have been gathering momentum in the defined contribution (DC) plan market. Product and technology improvements have equipped collective investment trusts with many of the advantages, such as daily valuation and automated trading through the National Securities Clearing Corporation (NSCC), enjoyed by mutual funds.

Collective investment trusts can provide certain economies. Because they are exempt from registration with the Securities and Exchange Commission (SEC), they are not subject to some of the operational expenses that impact other investment options.

With today's close scrutiny of retirement plan fees and their impact on return, collective investment trusts have become an attractive option for plan sponsors concerned about managing their fiduciary responsibilities.

Helping Your Participants Take Action

The CITs may invest in various types of investments including Principal Funds, Inc. institutional class shares, Principal Life Insurance Company Separate Accounts and other collective investment trusts and mutual funds. Each CIT is managed toward a particular target (retirement) date, or the approximate date the participant or investor starts withdrawing money.

For example, if a participant's retirement is anticipated to take place near 2020, he or she could choose the Principal LifeTime Hybrid 2020 CIT, or other TDFs, depending on their risk tolerance. Principal LifeTime Hybrid CITS even have a collective investment trust for participants who are approximately 15 years beyond normal retirement age: Principal LifeTime Hybrid Income CIT.

A Strong Investment Philosophy

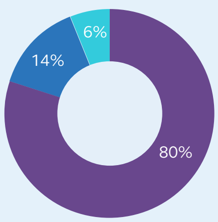
The CITs embrace a multi-asset class, multi-style and multi-manager approach. They provide broadly diversified, institutional quality investment portfolios with the following characteristics:

- Core and specialty asset classes
- Complementary investment styles
- Multiple underlying investment managers
- A structured investment process

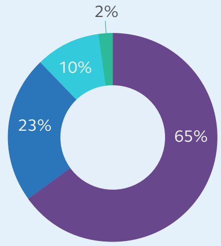
Principal LifeTime Hybrid CIT allocations

A look at the Principal LifeTime Hybrid CITs

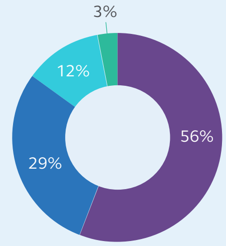
Fixed Income | U.S. Equity | Non-U.S. Equity | Real Assets/Other



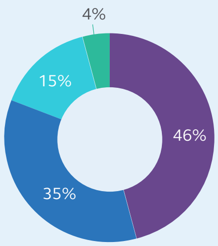
Principal LifeTime Hybrid Income CIT
Participants may wish to consider this option if they're approximately 15 years beyond normal retirement age.



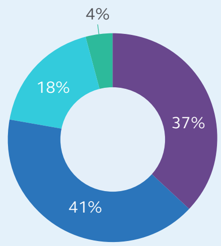
Principal LifeTime Hybrid 2010 CIT
Participants may wish to consider this option if they're less than 15 years beyond normal retirement age.



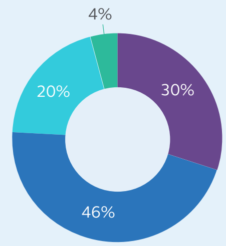
Principal LifeTime Hybrid 2015 CIT
Participants may wish to consider this option if retiring between now and 2017.



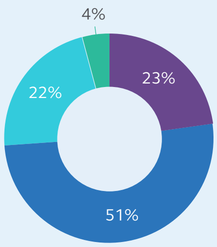
Principal LifeTime Hybrid 2020 CIT
Participants may wish to consider this option if retiring between 2018 and 2022.



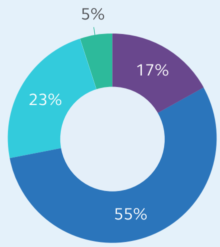
Principal LifeTime Hybrid 2025 CIT
Participants may wish to consider this option if retiring between 2023 and 2027.



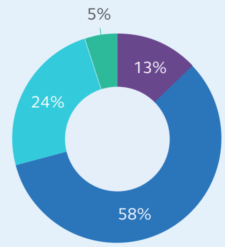
Principal LifeTime Hybrid 2030 CIT
Participants may wish to consider this option if retiring between 2028 and 2032.



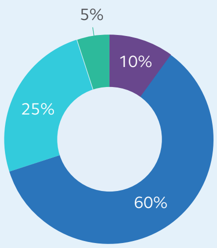
Principal LifeTime Hybrid 2035 CIT
Participants may wish to consider this option if retiring between 2033 and 2037.



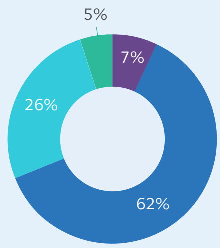
Principal LifeTime Hybrid 2040 CIT
Participants may wish to consider this option if retiring between 2038 and 2042.



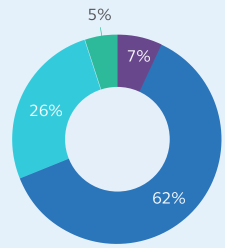
Principal LifeTime Hybrid 2045 CIT
Participants may wish to consider this option if retiring between 2043 and 2047.



Principal LifeTime Hybrid 2050 CIT
Participants may wish to consider this option if retiring between 2048 and 2052.



Principal LifeTime Hybrid 2055 CIT
Participants may wish to consider this option if retiring between 2053 and 2057.



Principal LifeTime Hybrid 2060 CIT
Participants may wish to consider this option if retiring beyond 2057.

*As of October 2016. Allocations based on current allocation targets. They will change over time.

Asset allocation and diversification do not ensure a profit or protect against a loss.

For all portfolios the retirement age is assumed to be 65 years of age.

Additional target date funds may be added to the Principal LifeTime Hybrid CIT series to accomodate plan participants with later normal retirement dates as they enter the workforce.

We make investment decisions based on a consistent investment philosophy and this four-step investment process:

1 Selecting asset classes

Every asset class used in the CITs must meet certain eligibility requirements and have a clearly defined role in the strategy:

- Capital appreciation potential
- Current income generation
- Capital preservation
- Diversification characteristics
- Risk hedging characteristics

2 Glide path structure

As each CIT 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.

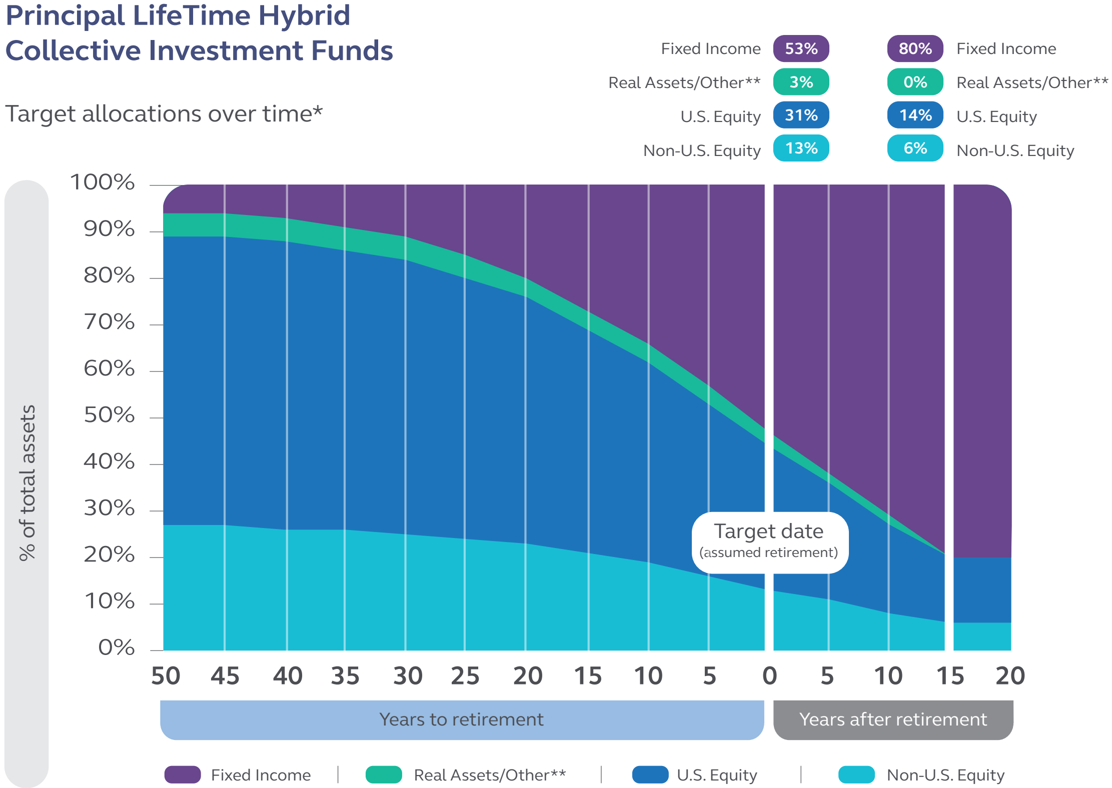
The asset allocation for each CIT is regularly re-adjusted within a time frame that extends 15 years beyond the target date, at which point it reaches its most conservative allocation. The CITs assume the value of the investor's account will be withdrawn gradually during retirement.

For example, assume the participant has elected to direct contributions to the 2030 portfolio and has 15 years until retirement. Today, the asset allocation is approximately 30% Fixed Income, 4% Real Assets/Other, 46% U.S. Equities and 20% Non-U.S. Equities. Over time, the 2030 portfolio will continue to become more conservative and once the target date is reached, the asset mix would shift to 53% Fixed Income, 3% Real Assets/Other, 31% U.S. Equities, 13% Non-U.S. Equities. Approximately 15 years after the target date, the portfolio would be allocated 80% Fixed Income, 0% Real Assets/Other, 14% U.S. Equities and 6% Non-U.S. Equities.

Neither the principal nor the underlying assets of the Principal LifeTime Hybrid CITs are guaranteed at any time, including the target date. Investment risk remains at all times.

Principal LifeTime Hybrid Collective Investment Funds

Target allocations over time*



*As of October 31, 2016

**Shareholders receive exposure to real assets and alternative investment strategies through certain underlying funds.

Asset allocation and diversification do not ensure a profit or protect against a loss.

Multiple sub-advisors of underlying investment options

BlackRock
Brookfield
Credit Suisse
Dimensional
Edge Asset Management
FFTW
First State Investments
J.P.Morgan Asset Management
LoganCircle Partners
Macquarie
Mellon Capital
Neuberger Berman
Origin Asset Management
Pictet 1805
Post Advisory Group
Principal Global Investors
Principal Real Estate Investors
Reaves Asset Management
Spectrum
Stone Harbor Investment Partners
Symphony Asset Management
Tortoise Capital Advisors

The investment managers used within Principal LifeTime Hybrid CITs can change at any time.

3 Constructing the portfolios

During this process, the investment team identifies which asset classes are not as likely to outperform their indexes after fees are taken into account; these asset classes are represented through passively-managed investment portfolios. Their goal is to minimize portfolio volatility while maintaining strong returns. The investment team also identifies which asset classes they believe will provide the greatest opportunities to outperform their corresponding indexes through active management.

The CITs provide a variety of investment styles and complementary approaches.

They utilize a combination of sub-advisors and, as a result, are classified within the industry as "multiple manager" target date funds.

4 Implementing strategic rebalancing

The fourth and final step involves developing ranges for each asset class and strategically rebalancing the portfolios to the midpoint while maintaining sensitivity to transaction costs and market impact. The primary focus is to control and manage systematic risks, not to forecast short-term market trends.

Fiduciary support through offering a QDIA

The CITs not only might help your participants maximize return for the amount of risk taken, they may also provide fiduciary relief for you.

The CITs satisfy the QDIA regulatory requirements and are well positioned to serve as a QDIA.[5]

Principal Life Insurance Company (Principal Life), as an investment manager, is a fiduciary with regard to the selection, monitoring and retention of the portfolio managers for Principal Life Separate Accounts. Principal Life is also a fiduciary with regard to the selection and monitoring of Sub-Advised Funds and the Principal LifeTime Hybrid CITs as appropriate investment options to be offered to retirement plans. ERISA imposes on the plan administrator or other appropriate plan fiduciary ongoing accountability for the selection and monitoring of those to whom specific fiduciary responsibilities have been delegated or on whom the plan dministrator is depending for help in meeting its own fiduciary obligations.[4]

[4] Principal Life will hold harmless and indemnify the appropriate named fiduciary of the plan from claims by a plan participant sustained through judgment by a court of competent jurisdiction on grounds of negligence on the part of Principal Life in the selection, monitoring and retention of the portfolio managers for Principal Life Separate Accounts, or in the selection and monitoring of the appropriateness of the Sub-Advised Funds, or the Principal LifeTime Hybrid CITs for retirement plans.

[5] The ultimate decision as to whether the Principal LifeTime Hybrid CITs are an appropriate investment option for a plan and whether a Target Date Fund can serve as a QDIA belongs to the appropriate retirement plan fiduciaries.

Keep successful retirement savings in your sights

Adding Principal LifeTime Hybrid CITs to your company's retirement plan today can strengthen your investment lineup and provide your plan participants with an efficient way to save for retirement.

In addition, Principal® makes available a wide range of asset allocation choices that are among the most comprehensive in the industry. This breadth of choice can empower you to build an investment program that meets the diverse needs of your retirement plan and participants.

Contact your representative of Principal today to find out more about the Principal LifeTime Hybrid CITs or any of our other asset allocation choices.

Principal[SM]

This document is not a recommendation and is not intended to be taken as a recommendation. This material was prepared for general distribution and is not directed to a specific individual.

The Principal LifeTime Hybrid Collective Investment Funds (CITs) are collective investment trusts maintained by Principal Global Investors Trust Company, (the Trust Company). The Trust Company has retained Principal Global Investors, LLC, doing business as Principal Portfolio Strategies (the Adviser), to serve as investment adviser with respect to the CITs, subject to the Trust Company's supervision and review. The Adviser is an indirect wholly owned subsidiary of Principal Financial Group, Inc., and is under common control with the Trust Company. The Adviser also manages portfolios which may be included as underlying investments in the CITs. The Adviser receives management fees from these portfolios. The Adviser or other affiliates of the Trust Company may provide services to the CITs and may receive fees for such services. The CITs are available only to certain qualified retirement plans and governmental 457(b) plans.

The CITs are not mutual funds and are not registered with the Securities and Exchange Commission, the State of Oregon, or any other regulatory body. Units of the CITs are not deposits or obligations of, guaranteed by, or insured by the Trust Company or any affiliate, and are not insured by the FDIC or any other federal or state government agency. The value of the CITs will fluctuate so that when redeemed, units may be worth more or less than the original cost. The declaration of trust, participation agreement, and disclosure documents contain important information about investment objectives, risks, fees and expenses associated with investment in the CITs and should be read carefully before investing. The declaration of trust is available at principal.com. A copy of the participation agreement can be obtained from your plan administrator.

Investing involves risk, including possible loss of principal.

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.

Equity investment options involve greater risk, including heightened volatility, than fixed-income investment options. Fixed-income investments are subject to interest rate risk; as interest rates rise their value will decline.

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

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

Specialty investment options may experience greater volatility than investment options with a broader investment strategy due to sector focus. These investment options are not intended to serve as a complete investment program.

Investment manager/sub-adviser means either the Investment Adviser or Sub-Adviser to the investment or the underlying asset. The trustee of any Collective Investment Trust is the ERISA Investment Manager to the CIT.

The risks associated with derivative investments include that the underlying security, interest rate, market index, or other financial asset will not move in the direction the investment manager and/or Sub-Advisor anticipated, the possibility that there may be no liquid secondary market, the risk that adverse price movements in an instrument can result in a loss substantially greater than a fund's initial investment, the possibility that the counterparty may fail to perform its obligations, and the inability to close out certain hedged positions to avoid adverse tax consequences.

Insurance products and plan administrative services provided through Principal Life Insurance Co., a member of the Principal Financial Group®, Des Moines, IA 50392.