



LOUISIANA LOTTERY CORPORATION
BASIC, SUPPLEMENTAL, AND 457(b) RETIREMENT PLANS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE PLAN YEAR ENDED DECEMBER 31, 2018

LOUISIANA LOTTERY CORPORATION
BASIC, SUPPLEMENTAL, AND 457(b) RETIREMENT PLANS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE PLAN YEAR ENDED DECEMBER 31, 2018

PREPARED BY ACCOUNTING DEPARTMENT

KAREN B. FOURNET

SENIOR VICE PRESIDENT

SECRETARY TREASURER

**LOUISIANA LOTTERY CORPORATION
 BASIC, SUPPLEMENTAL, AND 457(b) RETIREMENT PLANS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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June 5, 2019

Board of Directors, Louisiana Lottery Corporation

Introduction

The Louisiana Lottery Corporation (the Corporation) is pleased to submit its Comprehensive Annual Financial Report for the Basic, Supplemental, and 457(b) retirement plans for the plan year ended December 31, 2018. Lottery management is responsible for the accuracy and completeness of all data and disclosures in this report. To the best of our knowledge, the information presented is accurate and complete in all material respects and fairly depicts the financial activities and position of these plans.

This report is organized into five sections. The introductory section includes this letter of transmittal and an organizational chart. The financial section includes the independent auditor's report, management's discussion and analysis, and the audited financial statements with accompanying notes. The investment section contains information about the funds available for investment by plan participants. Historical and demographic data are presented in the statistical section of this report. A report on compliance and internal control is included in the last section.

Government Finance Officers Association Certificate of Achievement

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting (see page 6) to the Louisiana Lottery Corporation Basic, Supplemental, and 457(b) Retirement Plans for its comprehensive annual financial report for the year ended December 31, 2017. This was the eleventh consecutive year that the Corporation has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of

Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Retirement Plans

The Corporation sponsors three defined contribution retirement plans as part of its employee benefits program. These plans are governmental plans established pursuant to the Louisiana Lottery Corporation Law in Louisiana Revised Statute 47:9015(A). The Basic and Supplemental Retirement Plans are both qualified plans under Section 401(a) of the Internal Revenue Code (IRC). The 457(b) Retirement Plan is a voluntary deferred compensation plan adopted under the provisions of IRC Section 457(b).

Lottery employees do not participate in any State of Louisiana retirement plans, except for one employee grandfathered into the state plan. All part-time and full-time employees are automatically enrolled in the Basic Retirement Plan. Only full-time employees participate in the Supplemental Retirement Plan. Full-time employees may elect to participate in the 457(b) Retirement Plan.

The Basic Retirement Plan serves as a replacement for participation in the Social Security system. Because of its governmental entity status, the Corporation was allowed to opt out of Social Security in 1993. Employee and employer contributions, 6.2% and 5%, respectively, are deposited into individual participants' accounts in lieu of transfer to the Social Security Administration. Income in retirement is funded through the balance in a participant's account which consists of accumulated contributions and investment earnings.

Supplemental Plan defined contributions consist of a 4.5% set percentage of compensation deposit each pay period and a potential 4% discretionary contribution at the end of the Corporation's fiscal year.

Participants of the 457(b) Retirement Plan may elect to defer compensation as deposits into their accounts up to IRC limits. The Corporation matches the first 2.5% and 50% of the next 3% of participants' compensation deferrals.

Detailed provisions of each plan are included in the notes to the financial statements beginning on page 18. Financial results for the plans are discussed in management's discussion and analysis beginning on page 10 and the remainder of the financial section. Historical financial results and demographic information are presented in the statistical section beginning on page 97.

Administration and Investments

Principal Life Insurance Company (PLIC), a member of the Principal Financial Group of Des Moines, Iowa, provides administrative and investment services for the plans. The administration and recordkeeping of participant information, account balances, investment earnings, distributions, investment transfers, contribution deposits, and participant enrollment and education are conducted through PLIC's system and service

team. PLIC selects and monitors investment managers for its sub-advised investment offerings made available through separate accounts and trusts. Several mutual funds are also available through PLIC for participant investment. Information about all of the separate accounts, trusts, mutual funds, and investment managers is included in the investment section of this report beginning on page 29.

The Corporation's Human Resources and Finance departments are responsible for the administration of the plans with oversight by the Retirement Plans Committee. The Investment Committee serves as the plans' fiduciaries in the selection and monitoring of investment options. Oversight, management, and responsibilities for the plans are presented in the organizational chart on page 5.

An investment policy governs the suitability of investment options available to participants. Assets are safeguarded through the use of separate accounts and trusts. In addition, due diligence reviews are performed quarterly to assess investment manager qualitative processes and quantitative performance. Overall average 2018 investment returns for all funds in the three plans combined were a loss of -6.80%.

Internal Control Framework

Management is responsible for the design and operation of the control environment surrounding the administration and financial reporting of the plans. An effective control system of policies and procedures operating as intended prevents or detects errors or misstatements. Inherently, most controls cannot provide complete effectiveness and the cost of operating the controls should not exceed the anticipated benefits. But, the internal control structure for the plans should provide reasonable assurance that corporate objectives will be achieved in the following categories:

- Reliability of financial reporting
- Safeguarding the plans' assets
- Compliance with applicable laws and regulations

Management has assigned responsibilities and designed processes in an attempt to prevent potential conflicts of interest or unilateral control of critical functions. The Corporation has segregated duties in several key areas including the following:

- Human resources and payroll processing
- Participant enrollment and review
- Cash management and bank account reconciliations
- Contribution calculations and review
- Contribution deposits submission and reconciliation

Operational procedures have also been established for administration of the plans including the following:

- Monitoring laws and regulations affecting the plans with PLIC and outside counsel
- Monitoring investment performance and management through PLIC's due diligence

- program and other outside sources
- Reporting of employee termination information to PLIC
- Reconciling payroll contributions and the Corporation's general ledger to PLIC employer statements
- Annual preparation of the plans' financial statements and all related reconciliations

Employee compliance with these standards is constantly monitored and evaluated.

Independent Audit

The Louisiana Legislative Auditor performs an annual audit of the plans' financial statements. The audits are conducted in accordance with generally accepted auditing standards and generally accepted government auditing standards. The independent auditor's opinion on the plans' financial statements for the year ended December 31, 2018, is included in the financial section of this report.

Acknowledgements

The Accounting Department staff prepared each section of the Comprehensive Annual Financial Report. Their efforts have greatly contributed to the success of this informative document. In addition, we appreciate the efforts of the Legislative Auditor's Office in providing assistance with technical requirements.

We are committed to providing thorough and relevant financial information to the users of our financial statements. Our preparation of this Comprehensive Annual Financial Report reflects this commitment. The additional presentations and disclosures required will assist readers in obtaining an understanding of the plans' provisions, investment options, and historical and current financial results.

Respectfully submitted,

Retirement Plans Committee
Louisiana Lottery Corporation



Rose J. Hudson
President



Karen B. Fournet
Senior Vice President and
Secretary Treasurer

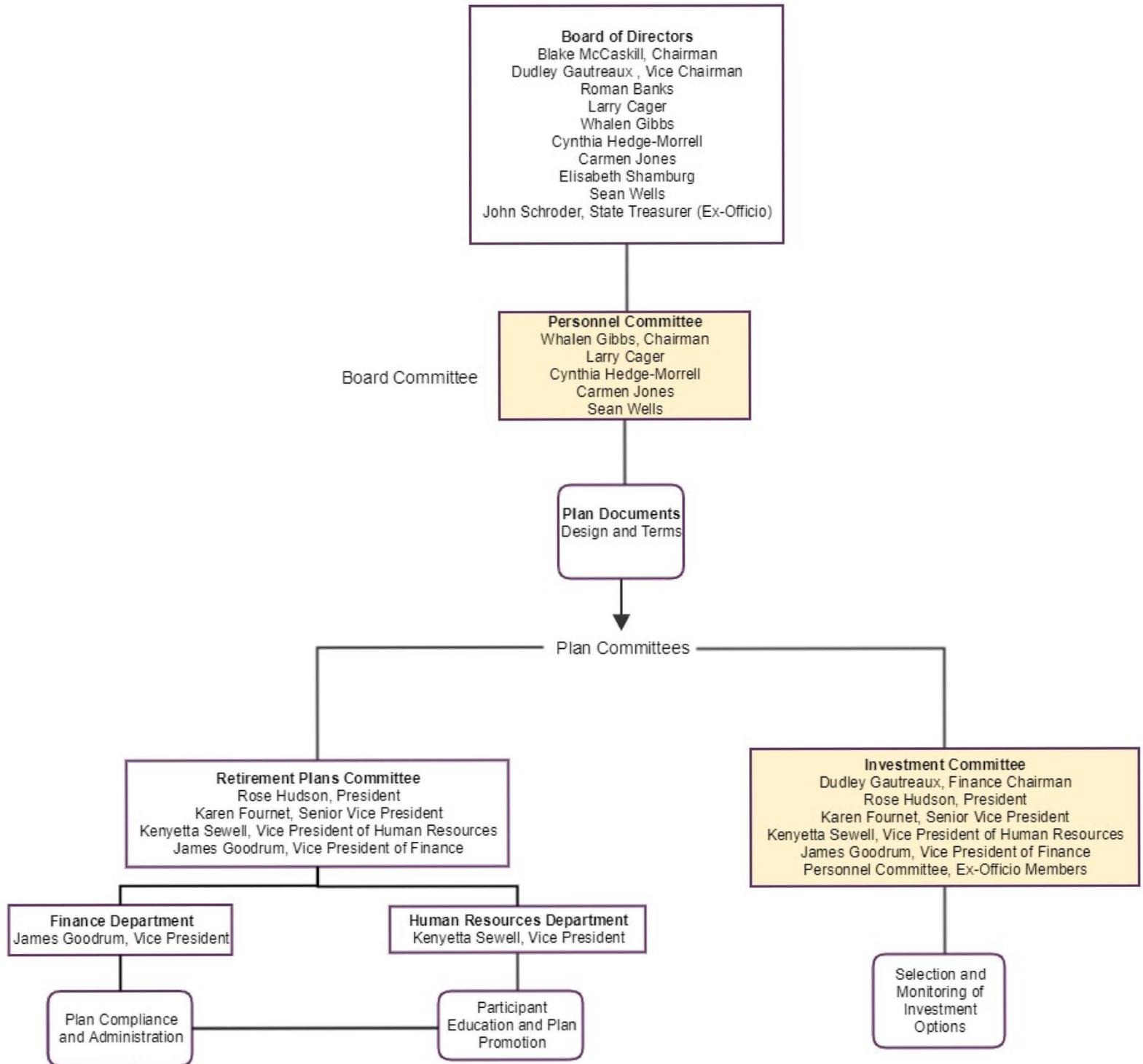


James F. Goodrum
Vice President of Finance



Kenyetta Sewell
Vice President of Human Resources

Louisiana Lottery Corporation Structure of Oversight of Retirement Plans





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Louisiana Lottery Corporation
Basic, Supplemental, & 457(b)
Retirement Plans**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

June 5, 2019

Independent Auditor's Report

**LOUISIANA LOTTERY CORPORATION
BASIC, SUPPLEMENTAL, AND 457(b) RETIREMENT PLANS
STATE OF LOUISIANA**
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements for the Louisiana Lottery Corporation Basic, Supplemental, and 457(b) Retirement Plans (the Plans) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Plans' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial

statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plans as of December 31, 2018, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plans' basic financial statements. The accompanying supplementary information, such as the Schedules of Changes in Net Position Available for Benefits by Investment Option, and the other information, such as the introductory, investment, and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules of Changes in Net Position Available for Benefits by Investment Option are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information

has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Changes in Net Position Available for Benefits by Investment Option are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, investment section, and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2019, on our consideration of the Plans' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plans' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plans' internal control over financial reporting and compliance.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

DG:EM:RR:EFS:ch

LLCRP18



**LOUISIANA LOTTERY CORPORATION
BASIC, SUPPLEMENTAL, AND 457(b) RETIREMENT PLANS
STATE OF LOUISIANA**

**Management's Discussion and Analysis
For the Year Ended December 31, 2018**

This discussion of the Louisiana Lottery Corporation Basic, Supplemental, and 457(b) Retirement Plans' financial statements provides an overview and analysis of the plans' financial position and activities for the year ended December 31, 2018. Please read it in conjunction with the plans' financial statements and notes to the financial statements.

Our annual report consists of two types of financial statements, supplementary information schedules, and accompanying notes that provide narrative explanations and additional details of the plans' provisions and activities. The statements, supplementary information schedules, and notes are presented using the accrual method of accounting. Under this method, financial transactions are recorded when earned or incurred regardless of when cash is received or disbursed.

The statement of net position available for benefits on page 16 includes all assets and liabilities of the plans. The balances reported are as of the year ended December 31, 2018. Assets consist of the fair value of units held for the benefit of participants under each investment fund and any earned contributions deposited after December 31, 2018. Fair value is based on deposit values and quoted market prices of the underlying investments. No liabilities exist because all expenses due from the plans are paid by the Corporation and all benefits due to participants were distributed as of the end of the year.

A summary of all financial activities that occurred during the twelve-month period ending December 31, 2018, is presented in the statement of changes in net position available for benefits on page 17. The categories of activities included on this statement provide reasons for increases or decreases in plan net position. Investment income includes all interest, dividends, and market value gains or losses earned by each investment fund during the year. Participant and employer contributions are the funds earned for each pay period during the year in accordance with the terms of the plans. Withdrawals paid to terminated or retired employees are included in the benefits paid to participants' category. A description of contribution and distribution requirements can be found in note 2 to the financial statements beginning on page 19.

The supplementary information schedules beginning on page 26 present the plans' activities and balances segregated by investment fund. Interfund transfers are participant-directed transfers of funds between investment accounts.

The notes to the financial statements that begin on page 18 present information on accounting policies, plan provisions, investments, income tax status determinations, risk management, termination and merger provisions, and litigation. These notes are an integral part of the financial statements.

A condensed financial data comparison between the current year ended December 31, 2018, and the year ended December 31, 2017, is presented below.

401(a)		
Basic Plan		
Plan Years Ended December 31 for the Years Shown		
	<u>2018</u>	<u>2017</u>
Total Assets	\$12,225,693	\$13,413,542
Liabilities	NONE	NONE
Net position available for benefits	<u>\$12,225,693</u>	<u>\$13,413,542</u>
Additions:		
Investment income (loss)	(\$922,427)	\$1,832,089
Contributions:		
Participant	347,853	348,778
Employer	<u>280,526</u>	<u>281,276</u>
Total additions	(294,048)	2,462,143
Deductions:		
Benefits paid to participants	(893,001)	(231,234)
Distribution service fees	<u>(800)</u>	<u>(640)</u>
Total deductions	(893,801)	(231,874)
(Decrease) increase in net position	<u>(\$1,187,849)</u>	<u>\$2,230,269</u>

**401 (a)
Supplemental Plan
Plan Years Ended December 31 for the Years Shown**

	2018	2017
Total Assets	\$8,116,159	\$8,773,709
Liabilities	<u>NONE</u>	<u>NONE</u>
Net position available for benefits	<u>\$8,116,159</u>	<u>\$8,773,709</u>
Additions:		
Investment income (loss)	(\$589,379)	\$1,162,430
Contributions:		
Participant	104,434	106,757
Employer	<u>475,480</u>	<u>475,618</u>
Total additions	(9,465)	1,744,805
Deductions:		
Benefits paid to participants	(647,645)	(10,828)
Distribution service fees	<u>(440)</u>	<u>(120)</u>
Total deductions	(648,085)	(10,948)
(Decrease) increase in net position	<u>(\$657,550)</u>	<u>\$1,733,857</u>

457(b) Plan
Plan Years Ended December 31 for the Years Shown

	2018	2017
Total Assets	\$9,349,621	\$10,126,938
Liabilities	NONE	NONE
Net position available for benefits	\$9,349,621	\$10,126,938
Additions:		
Investment income (loss)	(\$607,006)	\$1,361,698
Contributions:		
Participant	372,226	357,191
Employer	190,946	192,713
Total additions	(43,834)	1,911,602
Deductions:		
Benefits paid to participants	(733,003)	(118,410)
Distribution service fees	(480)	(320)
Total deductions	(733,483)	(118,730)
(Decrease) increase in net position	(\$777,317)	\$1,792,872

The net position of the plans decreased because the combination of contributions and investment income were less than benefits paid to participants. The reasons for the activity in each component outlined as follows provide the rationale for this overall change.

Investment income

The investment return on the plans' portfolio was as follows:

	2018	2017
<i>Basic Plan</i>	-7.20%	14.90%
<i>Supplemental Plan</i>	-6.98%	14.70%
<i>457(b) Plan</i>	-6.23%	14.75%

The reasons for this investment performance include the asset allocation of the plans' investment portfolio, economic conditions, and the gains and losses of the individual investment funds offered through the plans.

The underlying portfolios of the investments in the plans contain a mix of stocks, bonds, and cash. Each of these types of investments has different risk and return characteristics. Typically, a riskier investment has greater upside and greater downside performance potential. Stocks tend to be more volatile and risky investments that perform according to economic and corporate growth and profitability cycles. Bonds are

usually more conservative investments that provide a fixed stream of income and fluctuations in values dependent upon changes in market interest rates. Cash investments include short-term government and corporate securities that offer a stable and very liquid principal value with an interest component.

The specific asset allocation for each fund is included in the investment section beginning on page 29. This information indicates that the plans' investment performance is heavily dependent upon changes in the stock and bond markets. These financial markets tend to fluctuate with economic trends and conditions. The following chart provides economic indicators and financial market results for each year.

	<u>2018</u>	<u>2017</u>
<u>Economic Indicators:</u>		
<i>Gross Domestic Product (GDP)</i>	2.90%	2.20%
<i>Federal Funds Rate</i>	2.50%	1.50%
<i>Unemployment Rate</i>	3.90%	4.10%
<i>Consumer Price Index (CPI)</i>	1.90%	2.10%
<u>Financial Markets:</u>		
<i>Dow Jones Industrial Average (DJIA)</i>	-5.60%	25.08%
<i>NASDAQ Composite Index</i>	-4.00%	28.24%
<i>Standard and Poor's 500 Index (S&P500)</i>	-6.20%	19.42%
<i>FTSE Global All Cap ex US Index</i>	-14.40%	27.80%
<i>10-Year Treasury Note Yield</i>	2.69%	2.40%
<i>Barclays U.S. Aggregate Bond Index</i>	0.01%	3.54%

The United States (U.S.) economy continued to grow in the past year. Gross domestic product was at 2.90% for 2018 and 2.20% for 2017. The consumer price index decreased slightly to 1.90% indicating low to moderate levels of inflation. The Federal Reserve responded by increasing the federal funds rate from 1.50% to 2.50%. In addition, the unemployment rate decreased to 3.90%. However, the U.S. and global financial markets declined mainly because of volatility in the fourth quarter due to geopolitical concerns and the uncertainty of future monetary policy.

These economic and financial market factors had an impact on the performance of investments. Most domestic and international stock funds produced negative returns. Short-term fixed-income fund returns slightly improved because of the increase in the federal funds rate. The values of most intermediate fixed-income funds slightly decreased in 2018.

The investment performance of the individual funds offered through the plans was affected by the financial market environment. Investment income generated by each fund is listed on the supplementary schedules beginning on page 26. In addition, investment performance and benchmark comparisons are included in the investment section of this report beginning on page 29.

Contributions

The change in the amount of contributions to the plans was affected by a slight decrease in annual compensation. Total compensation was approximately \$5.89 million in 2018 and \$5.91 million in 2017. Contributions are calculated as a percentage of wages. Participant contributions to the 457(b) Plan increased because average elective deferrals increased from 6.04% to 6.32%. The contribution provisions for the Plans are outlined in note 2 to the financial statements beginning on page 19. Historical compensation and deferral information is provided in the operating information in the statistical section of this report on page 101.

Benefits paid to participants

The amount of benefits paid out in any given year is dependent upon the volume of employee terminations or retirements, the length of service of these employees, the balances maintained in their accounts, and the distribution elections that determine the timing of payments. Differences in these factors can cause substantial variances in a year-to-year comparison of plan distributions. The distribution provisions for the plans are included in note 2 to the financial statements beginning on page 19.

This financial overview of the Basic, Supplemental, and 457(b) Retirement Plans is provided as a supplemental analysis of the financial position and activities of the plans as of and for the year ended December 31, 2018. It is based on currently known facts and decisions and includes information about transactions, events, and conditions that are reflected in the financial statements and accompanying notes. The additional presentations and disclosures are included to assist the users of this report in understanding the financial results of these retirement plans.

Respectfully submitted,



James F. Goodrum
Vice President of Finance and Controller



Karen B. Fournet
Senior Vice President and Secretary Treasurer

LOUISIANA LOTTERY CORPORATION
 BASIC, SUPPLEMENTAL, AND 457(b) RETIREMENT PLANS
 STATE OF LOUISIANA

Statement of Net Position Available for Benefits
 December 31, 2018

	<u>401(a) Plans</u>		<u>457(b) Plan</u>
	<u>Basic</u>	<u>Supplemental</u>	
ASSETS			
Investments (note 3)			
Stable Value Fund		\$120,647	\$250,288
Separate Accounts		1,737,159	2,137,271
Collective Investment Trusts - Target Date Funds	\$12,213,189	5,982,189	6,487,313
Mutual Funds		271,235	463,805
Total Investments	<u>12,213,189</u>	<u>8,111,230</u>	<u>9,338,677</u>
Contributions receivable	<u>12,504</u>	<u>4,929</u>	<u>10,944</u>
Total Assets	<u>\$12,225,693</u>	<u>\$8,116,159</u>	<u>\$9,349,621</u>
LIABILITIES			
	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
NET POSITION AVAILABLE FOR BENEFITS	<u>\$12,225,693</u>	<u>\$8,116,159</u>	<u>\$9,349,621</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA LOTTERY CORPORATION
BASIC, SUPPLEMENTAL, AND 457(b) RETIREMENT PLANS
STATE OF LOUISIANA**

**Statement of Changes in Net Position Available for Benefits
For the Year Ended December 31, 2018**

	<u>401(a) Plans</u>		<u>457(b) Plan</u>
	<u>Basic</u>	<u>Supplemental</u>	
ADDITIONS			
Investment income (loss)	(\$922,427)	(\$589,379)	(\$607,006)
Contributions:			
Participant	347,853	104,434	372,226
Employer	280,526	475,480	190,946
Total additions	<u>(294,048)</u>	<u>(9,465)</u>	<u>(43,834)</u>
DEDUCTIONS			
Benefits paid to participants	(893,001)	(647,645)	(733,003)
Distribution service fees	<u>(800)</u>	<u>(440)</u>	<u>(480)</u>
Total deductions	<u>(893,801)</u>	<u>(648,085)</u>	<u>(733,483)</u>
Net decrease	(1,187,849)	(657,550)	(777,317)
NET POSITION AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	<u>\$13,413,542</u>	<u>\$8,773,709</u>	<u>\$10,126,938</u>
NET POSITION AVAILABLE FOR BENEFITS, END OF YEAR	<u><u>\$12,225,693</u></u>	<u><u>\$8,116,159</u></u>	<u><u>\$9,349,621</u></u>

The accompanying notes are an integral part of this statement.

INTRODUCTION

The Louisiana Lottery Corporation (Corporation) is authorized under Louisiana Revised Statute (R.S.) 47:9015(A) to provide or arrange for a retirement plan. The Corporation's Basic, Supplemental, and 457(b) Retirement Plans (the Plans) have been established pursuant to this statute.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and reporting principles.

The Corporation's Plans report on their financial position and results of operations. The financial statements account for contributions from participants and the employer, investment income, and benefits distributed to participants.

B. REPORTING ENTITY

Using the criteria in GASB Codification Section 2100, the Division of Administration, Office of Statewide Reporting and Accounting Policy, has defined the governmental reporting entity to be the State of Louisiana. The Corporation is considered to be a component unit of the State of Louisiana because the state has financial accountability for the Corporation. Although the Corporation appoints the Plans' governing board, the Corporation is not financially accountable for the Plans since, under the Internal Revenue Code (IRC), all assets and income of the Plans are held in trust for the exclusive benefit of participants. In accordance with the provisions of GASB Statement No. 32, plan balances and activities are not reflected in the Corporation's financial statements. In addition, administrative and investment services for the Plans are provided by an insurance company.

C. BASIS OF ACCOUNTING

Basis of accounting refers to the timing of recognition of additions and deductions in the accounts and reporting in the financial statements. The financial statements of the Corporation's Plans are accounted for using the accrual basis of accounting. Accordingly, additions are recognized when earned and deductions are recognized when incurred. The Plans use the following practices in recognizing additions and deductions:

Contributions

Employer and employee contributions are recognized in the period when the compensation used to calculate the contributions is earned.

Investment Income

Investment income is accrued as earned.

Plan Expenses

Fees related to the record keeping and administration of the Plans are paid by the Corporation. Participants pay fees for the processing of distribution requests.

Benefits Paid to Participants

Benefits are recorded when due.

D. VALUATION OF INVESTMENTS

Investments are reported at fair value, which is based on net asset value (NAV) or quoted market prices.

2. DESCRIPTION OF THE PLANS

As of December 31, 2018, there were 107 participants in the Basic Plan, 99 participants in the Supplemental Plan, and 85 participants in the 457(b) Retirement Plan.

A. BASIC RETIREMENT PLAN

The Corporation has a money purchase plan under Section 401(a) of the Internal Revenue Code (IRC) of 1986, as amended, which is intended to constitute a safe harbor within the meaning of Section 3121(b)(7) of the code and the regulations promulgated thereunder. The Basic Retirement Plan, which is a defined contribution plan, began September 1, 1993, with all employees eligible except those who elect coverage under a state retirement plan and those who are either independent contractors or leased employees.

An employee is eligible to participate in the plan immediately upon employment. In addition, a participant is fully vested immediately. In no event shall the assets of this plan revert for the benefit of the Corporation.

As defined in the Basic Retirement Plan, the Corporation's contribution shall be 5% of the participant's compensation for such plan year. The participant's contribution shall equal 6.2% of his or her compensation for such plan year.

No more than the social security wage base in effect as of the first day of the plan year shall be treated as compensation. As of June 1, 1994, the Corporation elected to treat all contributions to the plan as pre-tax.

The distribution of a participant's benefits shall commence as of the date designated by the participant (annuity starting date) after termination of employment with the Corporation, but shall not be later than April 1 of the year following the calendar year in which the participant attains age 70½ or the date on which the participant terminates his or her employment, if later. Subject to certain restrictions, an active participant may also elect to receive a distribution upon attainment of age 62 without regard to whether the participant has terminated his or her employment.

The participant shall make a qualified election to receive the distribution in the form of a single-sum payment or to purchase a qualified joint and survivor annuity or single life annuity contract. This qualified election may be revoked, modified, or amended at any time, or multiple times before the participant's annuity starting date; however, the qualified election is irrevocable as of the participant's annuity starting date.

B. SUPPLEMENTAL RETIREMENT PLAN

The Corporation has a defined contribution retirement plan that covers substantially all full-time employees. The plan is a governmental plan within the meaning of Section 414(d) of the IRC of 1986, as amended, and is intended to constitute a profit-sharing plan under which contributions are determined without regard to the current or accumulated profits of the Corporation, if any.

An employee is eligible to participate in the plan immediately upon employment. In addition, a participant is fully vested immediately. In no event shall the assets of this plan revert for the benefit of the Corporation.

The Corporation contributes 4.5% of each participant's compensation for the year, as defined. Generally, participants are not permitted to contribute to the plan; however, participants may contribute proceeds from a qualified rollover distribution as allowed by IRC Section 402.

In addition, each fiscal year ending June 30, the Board of Directors of the Corporation may determine the amount of a discretionary contribution not to exceed 4% of each participant's compensation for any fiscal year.

The distribution of a participant's account shall be made in the form of a single-sum payment after the participant terminates employment with the Corporation, becomes disabled, or dies. A participant may elect to postpone the distribution, in writing on forms provided by the Retirement Plans Committee, provided, however, in no event shall distribution be postponed later than April 1 following the close of the calendar year in which the participant attains age 70½ or the date on which the participant terminates his or her employment, if later.

C. 457(b) RETIREMENT PLAN

The 457(b) Retirement Plan is a voluntary deferred compensation plan adopted under the provisions of IRC Section 457(b).

A full-time employee is eligible to participate in the plan immediately upon employment. In addition, a participant is fully vested immediately. In no event shall the assets of this plan revert for the benefit of the Corporation.

The plan includes an *Automatic Contribution Arrangement*. Eligible employees will be automatically enrolled at the default percentage of 5.5% of compensation on a pre-tax basis unless an affirmative election is made on a *Compensation Deferral Election Form*. Effective July 1, 2017 and on each subsequent July 1st, the default percentage shall increase by 1%, up to a maximum of 9.5%.

For the plan year, the sum of compensation deferred by a participant and the Corporation's matching contributions made on behalf of such participant shall not exceed the lesser of such participant's compensation or \$18,500. The Corporation contributes a matching contribution equal to 100% of the first 2.5% of compensation deferred by each participant and 50% of the next 3% of compensation deferred by each participant. Participants can elect any combination of Pre-tax or Roth deferral options.

Benefits are payable to former employees at the time and in the manner designated by the participants on a distribution election form. In no event may a participant defer payment of benefits later than April 1 of the calendar year immediately following the year in which the participant attains age 70½ or the date on which the participant terminates his or her employment, if later. The distribution of benefits shall be made in the form of a single-sum payment.

3. INVESTMENTS

Principal Life Insurance Company (PLIC) provides administrative and investment services for the Plans. The Plans' investments at December 31, 2018, are held in trusts, pooled separate accounts, collective investment trusts, or mutual funds. The Principal Stable Value Fund is held in a trust with Principal Global Investors Trust Company serving as the trustee. The separate accounts are established through a flexible investment annuity group contract with PLIC and consist of proprietary Principal funds. Principal LifeTime Hybrid CIT funds are offered through a participation agreement with Principal Global Investors Trust Company. Other mutual fund investments are offered through a group custodial agreement that includes Principal Global Investors Trust Company as trustee.

The fair values of investments in the Principal Stable Value Fund, Principal Separate Accounts, and Principal Lifetime Hybrid CIT funds are measured using net asset value (NAV) per share on a daily basis. These investments can be redeemed daily at NAV. The mutual fund investments are valued using quoted prices from exchange markets and are classified as level 1 of the GASB 72 fair value hierarchy. Mutual funds can also be redeemed daily at fair value.

The Corporation's Retirement Plans Investment Committee (the Committee) is responsible for designating the funds available for investment by Plan participants in accordance with its formal investment policy. The primary objectives of the investment program are to provide quality investment options, allow participants to exercise control over the investment of their retirement accounts, and offer access to an appropriate range of prudent investment options that enables participants to construct a well-diversified portfolio. The policy includes qualitative and quantitative criteria for selecting and monitoring investment options and managers for debt, real estate, asset allocation, and equity investment funds. No specific credit ratings for funds invested in debt securities are required. In addition, the policy does not specifically address requirements for interest rate or foreign currency risk.

All investment options in the Plans are offered at the lowest-cost share class available from PLIC because the Corporation pays for record keeping and administrative expenses. The net investment expense ratios are included in the investment performance chart on page 34 and on the fund fact sheets beginning on page 35.

Participants in the Supplemental and 457(b) Retirement Plans can allocate the investment of participant and employer contributions in whole percentages to any combination of funds reflected on the following page. Basic Plan participants can direct the investment of participant and employer contributions to any of the Principal LifeTime Hybrid CIT Funds listed on the following page. The investment allocations in the Plans for current balances and future contributions can be changed on a daily basis.

At December 31, 2018, investments are composed of the following:

NOTES TO THE FINANCIAL STATEMENTS

	<i>401(a)</i>		<u>457 (b)</u>
	<i>Plans</i>		
	<u>Basic</u>	<u>Supplemental</u>	
Principal Stable Value Fund			
(Principal Global Investors Trust Company - Trustee)		\$120,647	\$250,288
PLIC Flexible Investment Annuity Group Contract			
Separate Accounts:			
Principal Proprietary Funds Z Rate Level:			
U.S. Property		59,098	118,486
LargeCap S&P 500 Index		514,283	451,357
Bond Market Index		21,916	25,292
Core Plus Bond		22,640	16,815
Diversified International		23,890	29,913
Capital Appreciation		75,586	94,376
MidCap Value I		1,944	612
MidCap S&P 400 Index		109,118	121,650
LargeCap Growth I		175,912	241,737
LargeCap Value III		26,349	22,516
MidCap Growth III		241,936	372,645
SmallCap Growth I		228,565	326,132
SmallCap Value II		95,197	158,937
SmallCap S&P 600 Index		140,725	156,803
Collective Investment Trusts:			
Principal Proprietary Funds Z Rate Level:			
Principal LifeTime Hybrid - Target Date Funds			
(Principal Global Investors Trust Company - Trustee)			
Income CIT	\$408,523	57,038	3,626
2010 CIT	476,362	206,420	1,019,182
2015 CIT	234,665	20,662	99,955
2020 CIT	1,533,535	1,127,740	1,183,770
2025 CIT	2,567,762	1,774,036	1,559,041
2030 CIT	3,062,809	1,542,026	1,430,679
2035 CIT	1,030,468	429,801	427,952
2040 CIT	1,051,173	385,169	476,145
2045 CIT	368,376	257,770	203,418
2050 CIT	307,489	130,525	56,496
2055 CIT	171,371	27,800	14,754
2060 CIT	212,855	23,202	11,917
2065 CIT	787,801		378
Mutual Fund Investments:			
(Principal Global Investors Trust Company - Trustee)			
American Century Equity Income A Fund		54,116	71,466
American Funds Growth Fund of America Fund		116,889	196,349
American Funds EuroPacific Growth Fund		100,230	195,990
Total	<u>\$12,213,189</u>	<u>\$8,111,230</u>	<u>\$9,338,677</u>

Investments in the Principal LifeTime Hybrid CIT Funds account for 83% of total investments of all three Plans. These portfolios have various allocations to underlying funds that have investments in bonds and international securities. The underlying bond investments have credit quality ratings and duration measurements that indicate exposure to fair value changes arising from changing interest rates. The Principal LifeTime Hybrid CIT Funds are not specifically rated and duration is not reported. The holdings of each fund are displayed in the fund fact sheets beginning on page 36.

The Principal Stable Value Fund, Bond Market Index and Core Plus Bond Separate Accounts also have underlying fixed income investments with credit quality ratings. However, these funds are not specifically rated.

The Diversified International Separate Account and the American Funds EuroPacific Growth Fund are international funds.

4. INCOME TAX STATUS

The Basic and Supplemental Retirement Plans obtained favorable determination letters from the IRS on May 11, 2017. The IRS stated that the Plans, as designed, were in compliance with the applicable requirements of the IRC. Therefore, the Plans are qualified and tax-exempt as of the financial statement date.

The 457(b) Retirement Plan is an employee benefit plan that is established and maintained under Section 457(b) of the IRC. The 457(b) Retirement Plan has not requested a private letter ruling, which is, in effect, a determination as to the legal status of the Plan. However, the Plan's tax counsel believes that the Plan is designed in compliance with the applicable requirements of the IRC.

5. RISK MANAGEMENT

The Corporation and the Plans' fiduciaries are exposed to various risks of loss related to investment performance, crime, and administrative errors or omissions. The Plans are governmental plans and are not subject to the requirements of the Employee Retirement Income Security Act (ERISA). However, in the best interests of the participants, the Plans' fiduciaries have elected to follow the guidelines in ERISA to provide adequate due diligence in the selection and monitoring of investment options and managers. PLIC assists with these responsibilities and is a co-fiduciary with regard to the selection, monitoring, and retention of portfolio investment managers for its separate accounts. Wilshire Funds Management provides objective, independent, third party oversight for the screening, selection, and monitoring of investment options. In addition, the Corporation has purchased fiduciary liability, crime, and employee benefits administration commercial insurance to cover potential losses.

6. TERMINATION

Although it has not expressed any intent to do so, the Board of Directors of the Corporation has the right, at any time, to terminate the Plans, in whole or in part, by delivering written notice to the administrative services provider and to each participant of such termination. A complete discontinuance of the Corporation's contributions to the Plans shall be deemed to constitute a termination. Upon such termination, the Retirement Plans Committee shall direct the administrative services provider to distribute the assets of the Plans to the participants.

7. MERGERS

The Basic and Supplemental Plans may be merged or consolidated with or its assets and liabilities may be transferred to another plan only if the benefits which would be received by a participant in the event of a termination of the Plans immediately after such transfer, merger, or consolidation are at least equal to the benefit such participant would have received if the Plans had terminated immediately before the transfer, merger, or consolidation.

8. LITIGATION

There is no pending litigation against the Plans at December 31, 2018.

SCHEDULES OF CHANGES IN NET POSITION AVAILABLE FOR BENEFITS, BY INVESTMENT OPTION

Whereas Statement B presents the totals for the Plans as a whole, these schedules present the changes in net position available for benefits by investment option for the year ended December 31, 2018.

**LOUISIANA LOTTERY CORPORATION
BASIC, SUPPLEMENTAL, AND 457(b) RETIREMENT PLANS
STATE OF LOUISIANA**

**Schedule of Changes in Net Position Available for Benefits, by Investment
Option for the 401(a) Basic Plan
For the Year Ended December 31, 2018**

	NET POSTION AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	INVESTMENT INCOME (LOSS)	PARTICIPANT CONTRIBUTIONS	EMPLOYER CONTRIBUTIONS	BENEFITS PAID TO PARTICIPANTS	DISTRIBUTION SERVICE FEES	INTERFUND TRANSFERS	NET POSITION AVAILABLE FOR BENEFITS, END OF YEAR
PLIC Flexible Investment Annuity Group Contract								
Collective Investment Trusts:								
Principal Proprietary Funds Z Rate Level:								
Principal LifeTime Hybrid - Target Date Funds								
(Principal Global Investors Trust Company - Trustee)								
Income CIT	\$337,766	(\$10,191)	\$5,069	\$4,088	(\$55,046)	(\$13)	\$126,850	\$408,523
2010 CIT	569,232	(17,728)	5,469	4,411	(60,057)	(13)	(24,952)	476,362
2015 CIT	432,842	(9,385)	5,456	4,400	(223,506)	(94)	24,952	234,665
2020 CIT	2,083,903	(96,472)	35,988	29,023	(391,937)	(120)	(126,850)	1,533,535
2025 CIT	2,625,568	(172,262)	65,374	52,721	(3,599)	(40)		2,567,762
2030 CIT	3,254,887	(233,869)	63,513	51,219			(72,941)	3,062,809
2035 CIT	1,051,075	(87,162)	36,843	29,712				1,030,468
2040 CIT	1,144,514	(97,997)	39,213	31,624	(76,841)	(280)	10,940	1,051,173
2045 CIT	379,262	(34,955)	28,563	23,034	(27,448)	(80)		368,376
2050 CIT	555,611	(27,461)	19,918	16,063			(256,642)	307,489
2055 CIT	512,387	(4,394)	9,166	7,392	(15,840)	(120)	(337,220)	171,371
2060 CIT	454,560	(17,013)	17,517	14,126	(38,727)	(40)	(217,568)	212,855
2065 CIT		(113,538)	15,449	12,459			873,431	787,801
Contributions Receivable	11,935		315	254				12,504
Total	\$13,413,542	(\$922,427)	\$347,853	\$280,526	(\$893,001)	(\$800)	NONE	\$12,225,693

**LOUISIANA LOTTERY CORPORATION
BASIC, SUPPLEMENTAL, AND 457(b) RETIREMENT PLANS
STATE OF LOUISIANA**

**Schedule of Changes in Net Position Available for Benefits, by Investment
Option for the 401(a) Supplemental Plan
For the Year Ended December 31, 2018**

	NET POSITION AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	INVESTMENT INCOME (LOSS)	PARTICIPANT CONTRIBUTIONS	EMPLOYER CONTRIBUTIONS	BENEFITS PAID TO PARTICIPANTS	DISTRIBUTION SERVICE FEES	INTERFUND TRANSFERS	NET POSITION AVAILABLE FOR BENEFITS, END OF YEAR
Principal Stable Value Fund								
(Principal Global Investors Trust Company - Trustee)	\$500,242	\$7,508		\$10,245	(\$274,171)	(\$70)	(\$123,107)	\$120,647
PLIC Flexible Investment Annuity Group Contract								
Separate Accounts:								
Principal Proprietary Funds Z Rate Level:								
U.S. Property	110,053	4,974		3,090			(59,019)	59,098
LargeCap S&P 500 Index	340,439	(32,871)	\$9	14,146			192,560	514,283
Bond Market Index		544		1,367			20,005	21,916
Core Plus Bond	21,923	(306)		1,023				22,640
Diversified International	21,491	(4,388)		1,773			5,014	23,890
Capital Appreciation	87,640	(867)	3	2,804			(13,994)	75,586
MidCap Value I	40,294	1,322		1,520			(41,192)	1,944
MidCap S&P 400 Index	15,487	(19,115)	5	4,316			108,425	109,118
LargeCap Growth I	84,920	(7,646)	9	5,768			92,861	175,912
LargeCap Value III	46,805	(1,131)		682			(20,007)	26,349
MidCap Growth III	226,252	(14,456)	5	4,850			25,285	241,936
SmallCap Growth I	175,875	(24,181)	7	7,666			69,198	228,565
SmallCap Value II	130,468	(15,384)		3,120			(23,007)	95,197
SmallCap S&P 600 Index	32,755	(26,400)	7	6,275			128,088	140,725
Collective Investment Trusts:								
Principal Proprietary Funds Z Rate Level:								
Principal LifeTime Hybrid - Target Date Funds								
(Principal Global Investors Trust Company - Trustee)								
Income CIT	56,882	(1,633)		1,794	(5)			57,038
2010 CIT	209,753	(8,219)		7,305	(2,419)			206,420
2015 CIT	216,899	3,050			(199,197)	(90)		20,662
2020 CIT	1,310,719	(69,547)		54,564	(107,261)	(40)	(60,695)	1,127,740
2025 CIT	1,628,718	(124,654)		83,679	(1,975)	(40)	188,308	1,774,036
2030 CIT	1,602,606	(119,151)		81,089			(22,518)	1,542,026
2035 CIT	423,381	(37,007)		43,427				429,801
2040 CIT	548,621	(36,036)		37,101	(6,985)	(40)	(157,492)	385,169
2045 CIT	253,024	(25,990)	11,383	38,068	(18,675)	(40)		257,770
2050 CIT	123,175	(13,728)		21,078				130,525
2055 CIT	244,274	4,930		4,279	(6,318)	(80)	(219,285)	27,800
2060 CIT	40,895	(2,350)		14,836	(30,639)	(40)	500	23,202
2065 CIT		3,799	93,004	8,842			(105,645)	
Mutual Fund Investments:								
(Principal Global Investors Trust Company - Trustee)								
American Century Equity Income A Fund	77,338	(2,218)		2,230			(23,234)	54,116
American Funds Growth Fund of America Fund	75,060	(11,360)	2	2,911			50,276	116,889
American Funds EuroPacific Growth Fund	123,018	(16,868)		5,405			(11,325)	100,230
Contributions Receivable	4,702			227				4,929
Total	\$8,773,709	(\$589,379)	\$104,434	\$475,480	(\$647,645)	(\$440)	NONE	\$8,116,159

LOUISIANA LOTTERY CORPORATION
 BASIC, SUPPLEMENTAL, AND 457(b) RETIREMENT PLANS
 STATE OF LOUISIANA

Schedule of Changes in Net Position Available for Benefits, by Investment
 Option for the 457(b) Retirement Plan
 For the Year Ended December 31, 2018

	NET POSITION AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	INVESTMENT INCOME (LOSS)	PARTICIPANT CONTRIBUTIONS	EMPLOYER CONTRIBUTIONS	BENEFITS PAID TO PARTICIPANTS	DISTRIBUTION SERVICES FEES	INTERFUND TRANSFERS	NET POSITION AVAILABLE FOR BENEFITS, END OF YEAR
Principal Stable Value Fund								
(Principal Global Investors Trust Company - Trustee)	\$461,673	\$8,466	\$10,011	\$3,645	(\$434,538)	(\$136)	\$201,167	\$250,288
PLIC Flexible Investment Annuity Group Contract								
Separate Accounts:								
Principal Proprietary Funds Z Rate Level:								
U.S. Property	133,796	10,208	3,693	1,921	(13,159)	(17)	(17,956)	118,486
LargeCap S&P 500 Index	275,994	(29,685)	7,044	3,658	(4,587)	(19)	198,952	451,357
Bond Market Index		350	340	181			24,421	25,292
Core Plus Bond	15,880	(218)	668	486		(1)		16,815
Diversified International	7,113	(2,142)	340	181			24,421	29,913
Capital Appreciation	84,414	(3,921)	1,074	768	(364)	(4)	12,409	94,376
MidCap Value I	685	(73)						612
MidCap S&P 400 Index	17,758	(19,500)	1,415	907	(3,241)	(4)	124,315	121,650
LargeCap Growth I	179,968	1,068	3,795	2,066	(4,008)	(7)	58,855	241,737
LargeCap Value III	22,818	(1,378)	623	453				22,516
MidCap Growth III	333,980	(20,809)	7,406	3,385	(678)	(8)	49,369	372,645
SmallCap Growth I	294,533	(23,716)	3,845	2,045	(11)	(1)	49,437	326,132
SmallCap Value II	182,550	(25,215)	3,695	2,131	(131)	(1)	(4,092)	158,937
SmallCap S&P 600 Index	55,851	(25,018)	1,982	1,310	(3,596)	(5)	126,279	156,803
Collective Investment Trusts:								
Principal Proprietary Funds Z Rate Level:								
Principal LifeTime Hybrid - Target Date Funds								
(Principal Global Investors Trust Company - Trustee)								
Income CIT	1,616	(88)	1,247	852		(1)		3,626
2010 CIT	1,046,882	(40,370)	21,032	3,468	(11,830)			1,019,182
2015 CIT	300,358	(807)			(199,525)	(71)		99,955
2020 CIT	1,420,397	(69,902)	41,664	21,858	(25,000)	(40)	(205,207)	1,183,770
2025 CIT	1,550,999	(104,666)	75,818	37,992	(1,062)	(40)		1,559,041
2030 CIT	1,498,341	(108,596)	68,514	34,171			(61,751)	1,430,679
2035 CIT	421,516	(36,162)	30,416	16,243	(4,021)	(40)		427,952
2040 CIT	633,880	(52,501)	37,002	19,452			(161,688)	476,145
2045 CIT	197,425	(20,028)	15,700	10,321				203,418
2050 CIT	65,665	(5,204)	7,157	5,528	(16,610)	(40)		56,496
2055 CIT	293,328	8,594	859	573	(7,633)	(40)	(280,927)	14,754
2060 CIT	238,702	4,842	4,224	3,652			(239,503)	11,917
2065 CIT		3,506	6,671	4,802			(14,601)	378
Mutual Fund Investments:								
(Principal Global Investors Trust Company - Trustee)								
American Century Equity Income A Fund	61,558	(3,600)	2,386	1,334	(2,846)	(3)	12,637	71,466
American Funds Growth Fund of America Fund	118,880	(15,915)	5,803	2,764			84,817	196,349
American Funds EuroPacific Growth Fund	199,806	(34,526)	7,475	4,754	(163)	(2)	18,646	195,990
Contributions Receivable	10,572		327	45				10,944
Total	\$10,126,938	(\$607,006)	\$372,226	\$190,946	(\$733,003)	(\$480)	NONE	\$9,349,621

**INVESTMENT SECTION
(UNAUDITED)**

Investment Program Overview

The Investment Committee is responsible for the selection and monitoring of the investment options available to participants. A formal investment policy governs the structure and content of these responsibilities. The primary objectives of this policy are as follows:

- **Program Quality** - Provide quality investment options that generate a high level of participation and satisfaction for both current and former employees.
- **Participant Control** – Allow participants to exercise control over their retirement accounts by providing them the ability to direct the investment of account assets.
- **Diversification** – Offer participants access to an appropriate range of prudent investment options that enables them to construct a well-diversified portfolio. The availability of suitable investment options will allow Plan participants to materially affect the potential returns on amounts in their accounts, control the degree of risk to which such amounts are subject, and create a portfolio with aggregate risk and return characteristics normally appropriate for Plan participants.

The Committee has structured the Plans' menu of investment options toward meeting these objectives by selecting funds that are diversified across a selection of asset classes, styles and investment managers. Target-date funds are offered in all three plans. These funds are professionally managed asset allocation portfolios that are fully diversified single investment options matched to a participant's investment time horizon. Principal Lifetime Hybrid CIT Funds are age-based (lifecycle) portfolios that are managed and adjusted systematically based on targeted retirement dates. In addition, a broad variety of individual separate accounts and funds are offered in the Supplemental and 457(b) Plans for the participants that are more involved in their individual investment allocations.

This section of the report contains the following information about the investments offered in the plans:

- **Investment Policy Approved Investment Options** (Page 30)
 - Contains a listing of funds available for investment by participants in each plan grouped into categories of investor preference (i.e. completely do-it-for-me, do-it-myself)
- **Investment Styles** (Page 31)
 - Reflects the diversification of the investment offerings by asset classes, styles, and investment managers
- **Asset Allocation** (Page 32)
 - Provides an overview of the allocation of plan assets by asset class at December 31, 2018
- **Fair Value and Percent of Total Fair Value for Each Investment** (Page 33)
 - Presents the fair value of each investment and percent to total plan assets fair value
- **Investment Performance** (Page 34)
 - Average annualized % rates of return for the 1-, 3-, and 5- year time periods and net expense ratios for each fund are provided
- **Fund Fact Sheets** (Pages 36-96)
 - Contain detailed information about each investment option including investment strategy, returns compared to market categories and benchmarks, statistics, and holdings

Investment balances and allocations are reported at fair value, which is based on deposit values and quoted market prices. Performance calculations are time-weighted rates of return based on market rates of return.

This section of the report was prepared by James F. Goodrum, Vice President of Finance and member of the Investment Committee.

Investment Policy Approved Investment Options

Source: Louisiana Lottery Corporation Retirement Plans Investment Policy

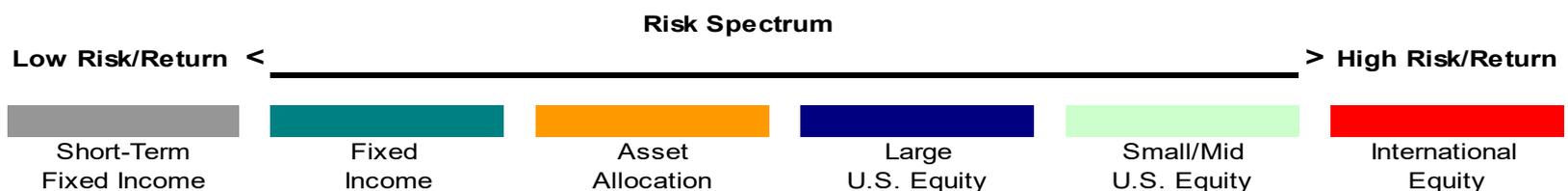
Louisiana Lottery Corporation Investment Policy Current Approved Investment Options

* Use lowest-cost share class available for all investment options with Lottery directly paying administrative expenses

Investment Fund	Investment Style	Basic Plan	Supplemental Plan	457(b) Plan
Lifecycle (Age-Based) Funds:				
Completely "Do-it-for-me" Investors				
Principal LifeTime Hybrid Funds: (1) All funds in series including 5-year intervals and any future date portfolios	Asset Allocation	√	√	√
Individual Separate Accounts and Funds:				
"Do-it-myself" Investors				
Principal Stable Value Fund	Stable Value or Cash Equivalent		√	√
Core Plus Bond	Domestic Fixed Income		√	√
Bond Market Index Separate Account	Domestic Fixed Income		√	√
U.S. Property Separate Account	Core Real Estate Property		√	√
LargeCap S&P 500 Index	Domestic Stock/Large Blend Index		√	√
Capital Appreciation Separate Account	Domestic Stock/Large Blend		√	√
LargeCap Value III Separate Account	Domestic Stock/Large Value		√	√
LargeCap Growth I Separate Account	Domestic Stock/Large Growth		√	√
American Century Equity Income Fund	Domestic Stock/Large Value		√	√
American Funds Growth Fund of America Fund	Domestic Stock/Large Growth		√	√
MidCap Growth III Separate Account	Domestic Stock/Mid Growth		√	√
MidCap Value I Separate Account	Domestic Stock/Mid Value		√	√
MidCap S&P 400 Index Separate Account	Domestic Stock/Mid Blend		√	√
SmallCap Growth I Separate Account	Domestic Stock/Small Growth		√	√
SmallCap Value II Separate Account	Domestic Stock/Small Value		√	√
SmallCap S&P 600 Index Separate Account	Domestic Stock/Small Blend		√	√
Diversified International Separate Account	International or Foreign Stock		√	√
American Funds EuroPacific Growth Fund	International or Foreign Stock		√	√

√ - Approved investment option

(1) These targeted retirement date portfolios will be the default investment option for the plans if a participant does not make an affirmative investment election or elects a do-it-for-me option on an enrollment form.



Investment Styles

Source: Investment Committee and Principal Financial Group

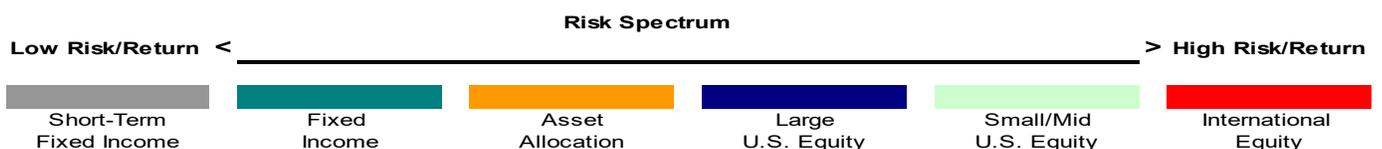
Domestic Equity Investment Style Box

	Value	Blend	Growth
Large Cap	<p>LargeCap Value III Separate Account</p>  <p>BARROW, HANLEY, MEWHINNEY & STRAUSS, LLC</p> <p>American Century Equity Income A Fund</p> 	<p>LargeCap S&P 500 Index Separate Account</p>  <p>Capital Appreciation Separate Account</p> 	<p>LargeCap Growth I Separate Account</p>   <p>American Funds Growth Fund of America Fund</p> 
	Small/Mid U.S. Equity		
Mid Cap	<p>MidCap Value I Separate Account</p>  <p>SmallCap Value II Separate Account</p> 	<p>MidCap S&P 400 Index Separate Account</p>  <p>SmallCap S&P 600 Index Separate Account</p> 	<p>MidCap Growth III Separate Account</p>  <p>SmallCap Growth I Separate Account</p> 
Small Cap			

Other Investment Styles

Short-Term Fixed Income	Fixed Income	Asset Allocation
<p>Principal Stable Value Fund</p> 	<p>Core Plus Bond Separate Account</p>  <p>U.S. Property Separate Account</p>  <p>Bond Market Index Separate Account</p> 	<p>Principal LifeTime Hybrid Funds</p> 

International Equity
<p>Diversified International Separate Account</p>  <p>American Funds Europacific Growth Fund</p> 

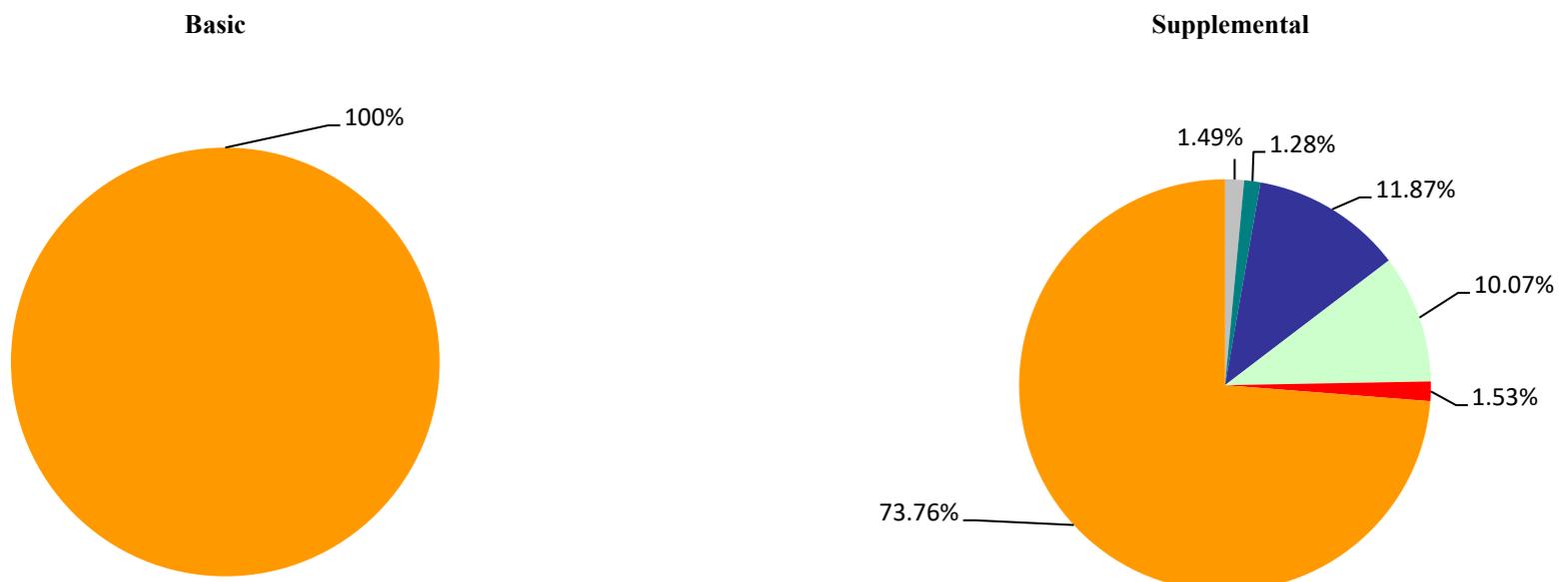


Asset Allocation

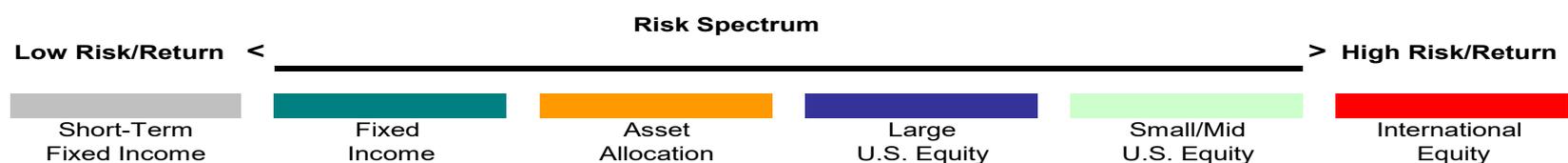
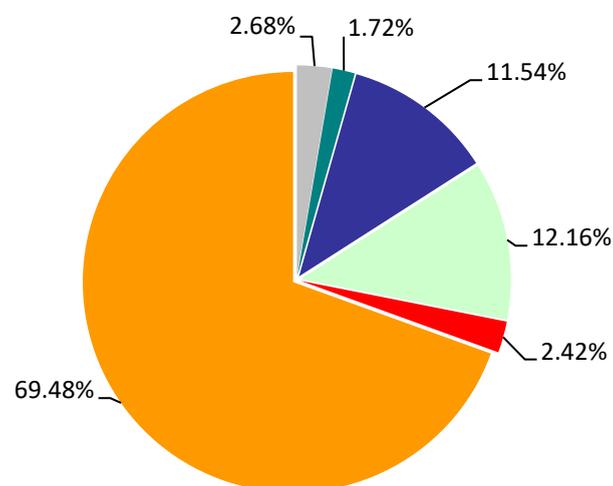
Source: Investment Committee

This chart reflects that the majority of participants prefer investing in the asset allocation funds offered in the investment menu for the Plans. The Basic Plan only allows investments into these target date lifetime hybrid funds while the Supplemental and 457(b) Plans offer the full menu of options approved in the investment policy.

401(a) Plans



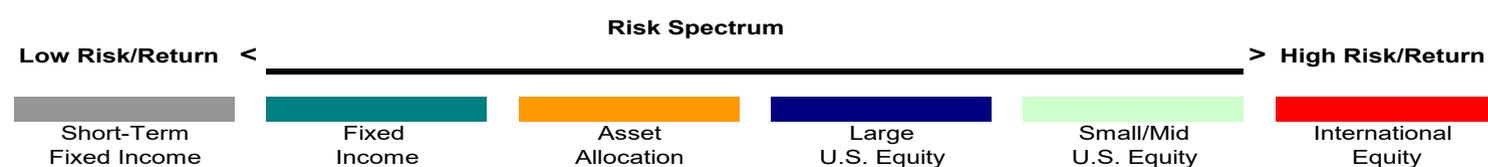
457(b) Plan



Fair Value and Percent of Total Fair Value for Each Investment

Source: Principal Financial Group

	401(a) Plans				457(b) Plan	
	Basic		Supplemental		2018	%
	2018	%	2018	%		
Target-Date Funds:						
Principal Trust (SM) Portfolios:						
<i>Target Date Portfolios</i>						
Income CIT Fund	\$408,523	3.34%	\$57,038	0.70%	\$3,626	0.04%
2010 CIT Fund	476,362	3.90%	206,420	2.54%	1,019,182	10.91%
2015 CIT Fund	234,665	1.92%	20,662	0.25%	99,955	1.07%
2020 CIT Fund	1,533,535	12.56%	1,127,740	13.90%	1,183,770	12.68%
2025 CIT Fund	2,567,762	21.02%	1,774,036	21.87%	1,559,041	16.69%
2030 CIT Fund	3,062,809	25.08%	1,542,026	19.01%	1,430,679	15.32%
2035 CIT Fund	1,030,468	8.44%	429,801	5.30%	427,952	4.58%
2040 CIT Fund	1,051,173	8.61%	385,169	4.75%	476,145	5.10%
2045 CIT Fund	368,376	3.02%	257,770	3.18%	203,418	2.18%
2050 CIT Fund	307,489	2.52%	130,525	1.63%	56,496	0.60%
2055 CIT Fund	171,371	1.40%	27,800	0.34%	14,754	0.16%
2060 CIT Fund	212,855	1.74%	23,202	0.29%	11,917	0.15%
2065 CIT Fund	787,801	6.45%		0.00%	378	0.00%
Individual Separate Accounts and Funds:						
Principal Stable Value Fund			120,647	1.49%	250,288	2.68%
Core Plus Bond			22,640	0.28%	16,815	0.18%
Bond Market Index			21,916	0.27%	25,292	0.27%
U.S. Property Separate Account			59,098	0.73%	118,486	1.27%
LargeCap S&P 500 Index Separate Account			514,283	6.34%	451,357	4.83%
Capital Appreciation Separate Account			75,586	0.93%	94,376	1.01%
LargeCap Value III Separate Account			26,349	0.32%	22,516	0.24%
LargeCap Growth I Separate Account			175,912	2.17%	241,737	2.59%
American Century Equity Income A Fund			54,116	0.67%	71,466	0.77%
American Funds Growth Fund of America Fund			116,889	1.44%	196,349	2.10%
MidCap Growth III Separate Account			241,936	2.98%	372,645	3.99%
MidCap Value I Separate Account			1,944	0.02%	612	0.01%
MidCap S&P 400 Index			109,118	1.35%	121,650	1.30%
SmallCap Growth I Separate Account			228,565	2.82%	326,132	3.49%
SmallCapValue II Separate Account			95,197	1.17%	158,937	1.69%
SmallCap S&P 600 Index Separate Account			140,725	1.73%	156,803	1.68%
Diversified International Separate Account			23,890	0.29%	29,913	0.32%
American Funds EuroPacific Growth Fund			100,230	1.24%	195,990	2.10%
	\$12,213,189	100.00%	\$8,111,230	100.00%	\$9,338,677	100.00%



Investment Performance

Source: Principal Financial Group

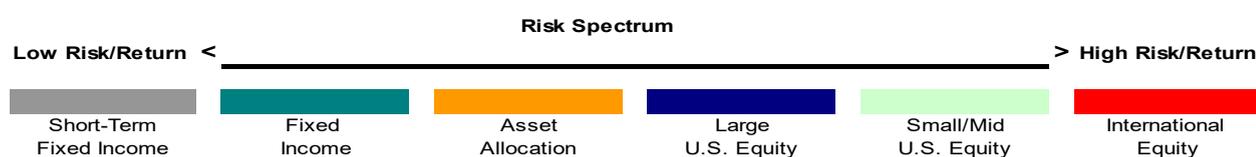
Comparisons to benchmarks and peer groups included in fund fact sheets beginning on page 36

% Rates of Return Through December 31, 2018

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>Net Expense Ratio</u>
Target- Date Funds:				
Principal LifeTime Hybrid Portfolios:				
<i>Target Date Portfolios</i>				
Income CIT Fund	-2.79	3.11	2.72	0.30
2010 CIT Fund	-3.80	3.94	3.28	0.30
2015 CIT Fund	-4.63	4.39	3.60	0.30
2020 CIT Fund	-5.64	4.79	3.99	0.30
2025 CIT Fund	-6.28	5.24	4.33	0.30
2030 CIT Fund	-7.15	5.52	4.57	0.30
2035 CIT Fund	-7.79	5.78	4.77	0.30
2040 CIT Fund	-8.45	5.96	4.90	0.30
2045 CIT Fund	-8.93	6.09	5.00	0.30
2050 CIT Fund	-9.27	6.25	5.10	0.30
2055 CIT Fund	-9.65	6.25	5.12	0.30
2060 CIT Fund	-9.83	6.25	5.27	0.30
2065 CIT Fund (1)				0.30
Individual Separate Accounts and Funds:				
Principal Stable Value Fund	2.03	1.80	1.62	0.37
Core Plus Bond Separate Account	-1.41	2.66	2.68	0.26
Bond Market Index Separate Account	-0.19	1.80	2.29	0.17
U.S. Property Separate Account	8.32	8.61	10.51	0.79
LargeCap S&P 500 Index Separate Account	-4.41	9.20	8.42	0.05
Capital Appreciation Separate Account	-3.00	8.77	8.30	0.32
LargeCap Value III Separate Account	-5.72	7.77	6.73	0.53
LargeCap Growth I Separate Account	3.98	12.15	10.73	0.39
American Century Equity Income A Fund	-4.63	8.73	7.64	1.17
American Funds Growth Fund of America Fund	-2.60	10.27	9.22	0.33
MidCap Growth III Separate Account	-4.19	7.84	5.87	0.64
MidCap Value I Separate Account	-10.65	5.89	4.70	0.62
MidCap S&P 400 Index Separate Account	-11.16	7.56	5.94	0.05
SmallCap Growth I Separate Account	-5.09	9.61	6.34	0.75
SmallCap Value II Separate Account	-14.14	4.97	3.44	0.76
SmallCap S&P 600 Index Separate Account	-8.61	9.39	6.27	0.05
Diversified International Separate Account	-17.26	2.61	1.10	0.44
American Funds EuroPacific Growth Fund	-14.91	4.08	1.86	0.49

(1) Inception year is 2018. Performance information is not available.

*Performance calculations are time-weighted rates of return based on market rates of return.



Fund Fact Sheets

Source: Reprinted with permission from Principal Financial Group

Principal LifeTime Hybrid Income CIT Z as of 12/31/2018

Investment Strategy

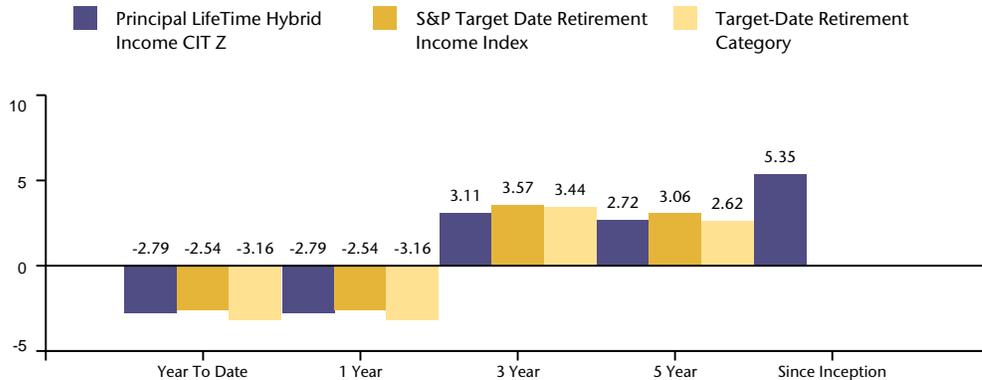
The investment option seeks current income and, as a secondary objective, capital appreciation. To pursue its goal, this Target Date Fund generally invests in affiliated and may invest in nonaffiliated open-ended mutual funds, insurance company separate accounts, and collective trust funds that Principal Trust considers appropriate based on investors who have reached their investment time horizon.

Multiple Sub-Advisors

Portfolio managers

James W. Fennessey, CFA. Since 07/07/2009. B.S., Truman State University
Randy L. Welch Since 07/07/2009. M.B.A., Drake University
Scott W. Smith Since 05/02/2017. B.S., Iowa State University

Long-term returns % as of 12/31/2018



Performance disclosure

Investment results shown represent historical performance and do not guarantee future results. Investment returns and principal values 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 data shown. For more performance information, including the most recent month-end performance, visit principal.com, contact your representative of The Principal, or call our Participant Contact Center at 1-800-547-7754.

In situations where the net and gross total investment expense figures are different or where a contractual cap and/or waiver date is given, the collective investment trust or the underlying investment options in which a collective investment trust invests have waived/capped a portion of its management fee through the date displayed in 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.

Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-2.79	-2.79	3.11	2.72	5.35
S&P Target Date Retirement Income Index %	-2.54	-2.54	3.57	3.06	-
Target-Date Retirement Category %	-3.16	-3.16	3.44	2.62	-
Morningstar Percentile R rankings	-	38	74	49	-
# of Funds in Category	187	187	164	129	-
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-2.79	7.59	4.81	-0.66	5.02
S&P Target Date Retirement Income Index %	-2.54	8.54	5.01	-0.18	4.86
Target-Date Retirement Category %	-3.16	8.81	5.10	-1.50	4.36
Morningstar Percentile R rankings	38	79	63	24	33
# of Funds in Category	187	175	171	172	272

Morningstar percentile rankings are based on total returns.

Morningstar category

Target-Date Retirement

Risk and Return Statistics

as of 12/31/2018 Relative to S&P Target Date Retirement Income Index

	3Yr	5Yr
Alpha	-0.17	-0.06
Beta	0.88	0.88
R-Squared	96.72	96.19
Standard Deviation	3.16	3.20
Mean	3.11	2.72
Sharpe Ratio	0.62	0.63
Excess Return	-0.46	-0.33
Tracking Error	0.72	0.77
Information Ratio	-0.64	-0.45

Operations

Total Investment Expense Net	0.30%
Total Investment Expense Gross	0.30%
Inception Date	07/07/2009
Total Net Assets (mil)	\$460.63



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Risk and return statistical data is calculated by Morningstar, Inc. Excess Return is calculated by Principal Life Insurance Company.

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Not insured by any Federal government agency

Principal LifeTime Hybrid CITs, may invest in various types of investments, including underlying Principal Funds, and each is managed toward a particular target (retirement) date, or the approximate date an investor starts withdrawing money. As each Principal LifeTime Hybrid CIT 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 Hybrid 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. Principal LifeTime Hybrid CITs assume the value of an investor's account will be withdrawn gradually during retirement. 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 Income CIT Z as of 12/31/2018

Average Annual Total Returns of Underlying Options as of 12/31/2018

Investment Option	1 Year	5 Year	10 Year	Since Inception	Total Investment Expense Gross	Total Investment Expense Net	Waiver/Cap Expiration Date	Inception Date
Principal International SmallCap Separate Account-Gross	-19.83	3.78	11.43	11.40	0.07	0.07	N/A N/A	01/01/1995
Principal Bond Market Index Separate Account-Gross	-0.04	2.44	-	2.96	-	-	12/31/2010 12/31/2010	12/30/2009
Principal Diversified International Inst Fund	-17.31	0.61	6.38	3.70	0.84	0.84	02/28/2019 02/28/2019	03/01/2001*
Principal SmallCap S&P 600 Index Separate Account-Gross	-8.57	6.32	13.57	9.54	-	-	N/A N/A	08/31/1999
Principal MidCap S&P 400 Index Separate Account-Gross	-11.12	5.99	13.61	9.08	-	-	N/A N/A	08/31/1999
Principal LargeCap S&P 500 Index Separate Account-Gross	-4.36	8.47	13.10	9.27	-	-	N/A N/A	01/01/1990
Principal Short-Term Income Inst Fund	1.14	1.59	3.12	-	0.43	0.43	02/28/2019 02/28/2019	07/25/1996*
Principal Inflation Protection Inst Fund	-1.58	1.23	2.96	1.32	0.39	0.39	N/A N/A	12/29/2004
Principal High Yield I Inst Fund	-2.72	2.72	9.85	6.38	0.67	0.67	N/A N/A	12/29/2004
Principal Diversified Real Asset CIT-Gross	-7.06	0.05	-	0.63	-	-	N/A N/A	05/30/2013

* These calculated returns reflect the historical performance of the oldest share class of the fund, adjusted to reflect a portion of the fees and expenses of this share class. Please see the funds' prospectuses for more information on specific expenses, and the funds' most recent shareholder report for actual date of first sale. Expenses are deducted from income earned by the fund. As a result, dividends and investment results will differ for each share class.

Portfolio information†

Composition as of 11/30/2018

Asset Distribution	Asset Type	Net %	Short %	Long %
	U.S. Bonds	72.64	4.91	77.55
	U.S. Stocks	15.56	0.00	15.56
	Non-U.S. Stocks	6.45	0.00	6.45
	Non-U.S. Bonds	5.19	0.45	5.64
	Other	0.25	0.23	0.48
	Convertibles	0.09	0.00	0.09
	Cash	-0.19	9.85	9.66

Top ten holdings

	% of net assets
1. Principal Bond Market Index SP	39.63
2. Principal Short-Term Income Inst	22.82
3. Principal LargeCap S&P 500 Idx SP	11.27
4. Principal High Yield Fund I Inst	9.53
5. Principal Diversified Intl Inst	5.41
6. Principal Inflation Protection Inst	4.65
7. Principal MidCap S&P 400 Index SP	2.80
8. Principal Diversified Real Asset Tier 2	1.84
9. Principal SmallCap S&P 600 Idx SP	1.20
10. Principal International SmallCap SP	0.86
% of net assets in top ten holdings	100.00

Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	10
AvgMktCap (mil)	\$35,024.59
Turnover Ratio	69%
AvgEffDur (Yrs)	4.80
P/C Ratio	8.94
P/B Ratio	2.23
P/E Ratio	14.78

Stock Sector Breakdown

	% of net assets		% of net assets		
Cyclical	38.43	Defensive	21.69	Sensitive	39.89
Consumer Cyclical	11.98	Healthcare	11.22	Technology	18.49
Basic Materials	4.96	Consumer Defensive	7.24	Industrials	11.70
Financial Svcs	17.08	Utilities	3.23	Energy	6.97
Real Estate	4.41			Comm Svcs	2.73

Insurance products and plan administrative services are provided by Principal Life, Des Moines, IA 50392.

The full name of this investment option is Principal LifeTime Hybrid Income CIT Z.

S&P Target Date Retirement Income Index provides varying levels of exposure to equities and fixed income. Each target date allocation is created and retired according to a pre-determined schedule related to the respective target date.

Principal LifeTime Hybrid 2010 CIT Z as of 12/31/2018

Investment Strategy

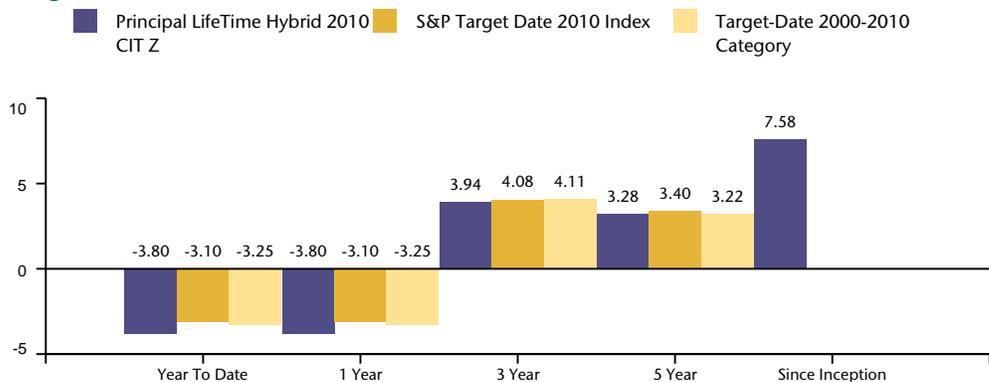
The investment option seeks a total return consisting of long-term growth of capital and current income. To pursue its goal, this Target Date Fund generally invests in affiliated open-ended mutual funds, insurance company separate accounts, unaffiliated mutual funds, and unaffiliated collective trust funds that Principal Trust considers appropriate based on the remaining time horizon of a particular Target Date Fund.

Multiple Sub-Advisors

Portfolio managers

James W. Fennessey, CFA. Since 07/07/2009. B.S., Truman State University
Randy L. Welch Since 07/07/2009. M.B.A., Drake University
Scott W. Smith Since 05/02/2017. B.S., Iowa State University

Long-term returns % as of 12/31/2018



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-3.80	-3.80	3.94	3.28	7.58
S&P Target Date 2010 Index %	-3.10	-3.10	4.08	3.40	-
Target-Date 2000-2010 Category %	-3.25	-3.25	4.11	3.22	-
Morningstar Percentile Rankings	-	78	69	52	-
# of Funds in Category	137	137	118	93	-
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-3.80	10.23	5.89	-0.83	5.52
S&P Target Date 2010 Index %	-3.10	9.95	5.82	-0.21	5.07
Target-Date 2000-2010 Category %	-3.25	10.15	5.86	-1.18	4.10
Morningstar Percentile Rankings	78	55	55	27	12
# of Funds in Category	137	110	111	126	141

Morningstar percentile rankings are based on total returns.

Morningstar category

Target-Date 2000-2010

Risk and Return Statistics

as of 12/31/2018 Relative to S&P Target Date 2010 Index

	3Yr	5Yr
Alpha	-0.20	-0.15
Beta	1.02	1.01
R-Squared	98.81	98.63
Standard Deviation	4.33	4.46
Mean	3.94	3.28
Sharpe Ratio	0.65	0.59
Excess Return	-0.14	-0.12
Tracking Error	0.49	0.53
Information Ratio	-0.27	-0.23

Operations

Total Investment Expense Net	0.30%
Total Investment Expense Gross	0.30%
Inception Date	07/07/2009
Total Net Assets (mil)	\$730.09



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Principal LifeTime Hybrid 2010 CIT Z as of 12/31/2018

Average Annual Total Returns of Underlying Options as of 12/31/2018

Investment Option	1 Year	5 Year	10 Year	Since Inception	Total Investment Expense Gross	Total Investment Expense Net	Waiver/Cap Expiration Date	Inception Date
Principal International SmallCap Separate Account-Gross	-19.83	3.78	11.43	11.40	0.07	0.07	N/A N/A	01/01/1995
Principal Bond Market Index Separate Account-Gross	-0.04	2.44	-	2.96	-	-	12/31/2010 12/31/2010	12/30/2009
Principal Diversified International Inst Fund	-17.31	0.61	6.38	3.70	0.84	0.84	02/28/2019 02/28/2019	03/01/2001*
Principal SmallCap S&P 600 Index Separate Account-Gross	-8.57	6.32	13.57	9.54	-	-	N/A N/A	08/31/1999
Principal MidCap S&P 400 Index Separate Account-Gross	-11.12	5.99	13.61	9.08	-	-	N/A N/A	08/31/1999
Principal LargeCap S&P 500 Index Separate Account-Gross	-4.36	8.47	13.10	9.27	-	-	N/A N/A	01/01/1990
Principal Short-Term Income Inst Fund	1.14	1.59	3.12	-	0.43	0.43	02/28/2019 02/28/2019	07/25/1996*
Principal Inflation Protection Inst Fund	-1.58	1.23	2.96	1.32	0.39	0.39	N/A N/A	12/29/2004
Principal High Yield I Inst Fund	-2.72	2.72	9.85	6.38	0.67	0.67	N/A N/A	12/29/2004
Principal Diversified Real Asset CIT-Gross	-7.06	0.05	-	0.63	-	-	N/A N/A	05/30/2013

* These calculated returns reflect the historical performance of the oldest share class of the fund, adjusted to reflect a portion of the fees and expenses of this share class. Please see the funds' prospectuses for more information on specific expenses, and the funds' most recent shareholder report for actual date of first sale. Expenses are deducted from income earned by the fund. As a result, dividends and investment results will differ for each share class.

Portfolio information†

Composition as of 11/30/2018

Asset Distribution	Asset Type	Net %	Short %	Long %
	U.S. Bonds	64.24	5.66	69.91
	U.S. Stocks	22.01	0.00	22.01
	Non-U.S. Stocks	9.42	0.00	9.42
	Non-U.S. Bonds	4.45	0.52	4.96
	Other	0.27	0.23	0.50
	Convertibles	0.08	0.00	0.08
	Cash	-0.48	11.24	10.76

Top ten holdings

Top ten holdings	% of net assets
1. Principal Bond Market Index SP	33.54
2. Principal Short-Term Income Inst	19.02
3. Principal LargeCap S&P 500 Idx SP	16.14
4. Principal High Yield Fund I Inst	9.04
5. Principal Diversified Intl Inst	8.10
6. Principal Inflation Protection Inst	5.44
7. Principal MidCap S&P 400 Index SP	3.98
8. Principal Diversified Real Asset Tier 2	1.84
9. Principal SmallCap S&P 600 Idx SP	1.63
10. Principal International SmallCap SP	1.28
% of net assets in top ten holdings	100.00

Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	10
AvgMktCap (mil)	\$35,624.36
Turnover Ratio	44%
AvgEffDur (Yrs)	4.92
P/C Ratio	8.88
P/B Ratio	2.23
P/E Ratio	14.72

Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
Cyclical	38.44	Defensive	21.68	Sensitive	39.87
Consumer Cyclical	12.06	Healthcare	11.29	Technology	18.66
Basic Materials	4.82	Consumer Defensive	7.34	Industrials	11.70
Financial Svcs	17.34	Utilities	3.05	Energy	6.75
Real Estate	4.22			Comm Svcs	2.76

Insurance products and plan administrative services are provided by Principal Life, Des Moines, IA 50392.

The full name of this investment option is Principal LifeTime Hybrid 2010 CIT Z.

S&P Target Date 2010 Index provides varying levels of exposure to equities and fixed income. Each target date allocation is created and retired according to a pre-determined schedule related to the respective target date.

Investment Strategy

The investment option seeks a total return consisting of long-term growth of capital and current income. To pursue its goal, this Target Date Fund generally invests in affiliated open-ended mutual funds, insurance company separate accounts, unaffiliated mutual funds, and unaffiliated collective trust funds that Principal Trust considers appropriate based on the remaining time horizon of a particular Target Date Fund.

Multiple Sub-Advisors

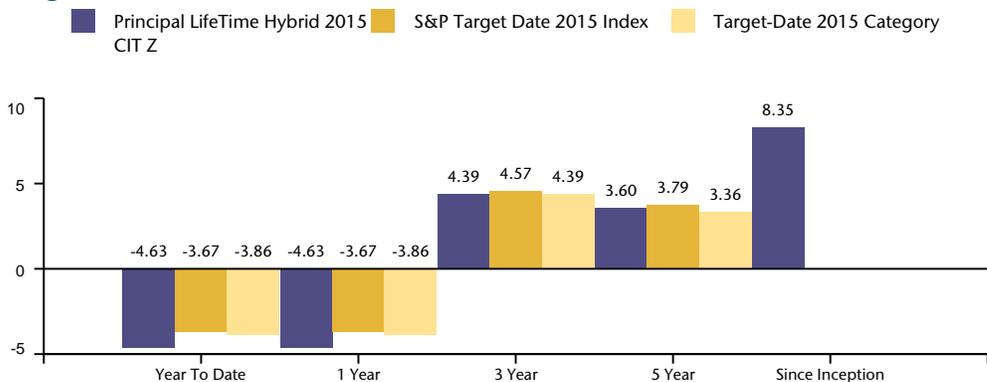
Portfolio managers

James W. Fennessey, CFA. Since 07/07/2009. B.S., Truman State University

Randy L. Welch Since 07/07/2009. M.B.A., Drake University

Scott W. Smith Since 05/02/2017. B.S., Iowa State University

Long-term returns % as of 12/31/2018



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-4.63	-4.63	4.39	3.60	8.35
S&P Target Date 2015 Index %	-3.67	-3.67	4.57	3.79	-
Target-Date 2015 Category %	-3.86	-3.86	4.39	3.36	-
Morningstar Percentile R rankings	-	83	57	44	-
# of Funds in Category	142	142	118	82	-
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-4.63	11.86	6.65	-0.90	5.86
S&P Target Date 2015 Index %	-3.67	11.39	6.56	-0.16	5.49
Target-Date 2015 Category %	-3.86	11.29	6.12	-1.34	4.48
Morningstar Percentile R rankings	83	34	35	28	14
# of Funds in Category	142	122	131	158	182

Morningstar percentile rankings are based on total returns.

Morningstar category

Target-Date 2015

Risk and Return Statistics

as of 12/31/2018 Relative to S&P Target Date 2015 Index

	3Yr	5Yr
Alpha	-0.25	-0.19
Beta	1.03	1.00
R-Squared	98.84	98.68
Standard Deviation	5.13	5.26
Mean	4.39	3.60
Sharpe Ratio	0.64	0.57
Excess Return	-0.17	-0.19
Tracking Error	0.58	0.61
Information Ratio	-0.30	-0.30

Operations

Total Investment Expense Net	0.30%
Total Investment Expense Gross	0.30%
Inception Date	07/07/2009
Total Net Assets (mil)	\$1,346.51



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Principal LifeTime Hybrid 2015 CIT Z as of 12/31/2018

Average Annual Total Returns of Underlying Options as of 12/31/2018

Investment Option	1 Year	5 Year	10 Year	Since Inception	Total Investment Expense Gross	Total Investment Expense Net	Waiver/Cap Expiration Date	Inception Date
Principal International SmallCap Separate Account-Gross	-19.83	3.78	11.43	11.40	0.07	0.07	N/A N/A	01/01/1995
Principal Bond Market Index Separate Account-Gross	-0.04	2.44	-	2.96	-	-	12/31/2010 12/31/2010	12/30/2009
Principal Diversified International Inst Fund	-17.31	0.61	6.38	3.70	0.84	0.84	02/28/2019 02/28/2019	03/01/2001*
Principal SmallCap S&P 600 Index Separate Account-Gross	-8.57	6.32	13.57	9.54	-	-	N/A N/A	08/31/1999
Principal MidCap S&P 400 Index Separate Account-Gross	-11.12	5.99	13.61	9.08	-	-	N/A N/A	08/31/1999
Principal LargeCap S&P 500 Index Separate Account-Gross	-4.36	8.47	13.10	9.27	-	-	N/A N/A	01/01/1990
Principal Short-Term Income Inst Fund	1.14	1.59	3.12	-	0.43	0.43	02/28/2019 02/28/2019	07/25/1996*
Principal Inflation Protection Inst Fund	-1.58	1.23	2.96	1.32	0.39	0.39	N/A N/A	12/29/2004
Principal High Yield I Inst Fund	-2.72	2.72	9.85	6.38	0.67	0.67	N/A N/A	12/29/2004
Principal Diversified Real Asset CIT-Gross	-7.06	0.05	-	0.63	-	-	N/A N/A	05/30/2013

* These calculated returns reflect the historical performance of the oldest share class of the fund, adjusted to reflect a portion of the fees and expenses of this share class. Please see the funds' prospectuses for more information on specific expenses, and the funds' most recent shareholder report for actual date of first sale. Expenses are deducted from income earned by the fund. As a result, dividends and investment results will differ for each share class.

Portfolio information†

Composition as of 11/30/2018

Asset Distribution	Asset Type	Net %	Short %	Long %
	U.S. Bonds	56.43	5.15	61.58
	U.S. Stocks	27.53	0.00	27.53
	Non-U.S. Stocks	12.06	0.00	12.06
	Non-U.S. Bonds	3.92	0.47	4.39
	Other	0.29	0.23	0.52
	Convertibles	0.08	0.00	0.08
	Cash	-0.31	10.15	9.84

Top ten holdings

	% of net assets
1. Principal Bond Market Index SP	30.85
2. Principal LargeCap S&P 500 Idx SP	19.97
3. Principal Short-Term Income Inst	14.64
4. Principal Diversified Intl Inst	10.43
5. Principal High Yield Fund I Inst	8.31
6. Principal MidCap S&P 400 Index SP	5.08
7. Principal Inflation Protection Inst	4.90
8. Principal SmallCap S&P 600 Idx SP	2.27
9. Principal Diversified Real Asset Tier 2	1.85
10. Principal International SmallCap SP	1.70
% of net assets in top ten holdings	100.00

Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	10
AvgMktCap (mil)	\$34,555.04
Turnover Ratio	45%
AvgEffDur (Yrs)	5.04
P/C Ratio	8.82
P/B Ratio	2.22
P/E Ratio	14.68

Stock Sector Breakdown

	% of net assets		% of net assets	
Cyclical	38.57	Defensive	21.59	Sensitive
Consumer Cyclical	12.12	Healthcare	11.27	Technology
Basic Materials	4.81	Consumer Defensive	7.35	Industrials
Financial Svcs	17.45	Utilities	2.97	Energy
Real Estate	4.19			Comm Svcs
				2.76

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The full name of this investment option is Principal LifeTime Hybrid 2015 CIT Z.

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Principal LifeTime Hybrid 2020 CIT Z as of 12/31/2018

Investment Strategy

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Multiple Sub-Advisors

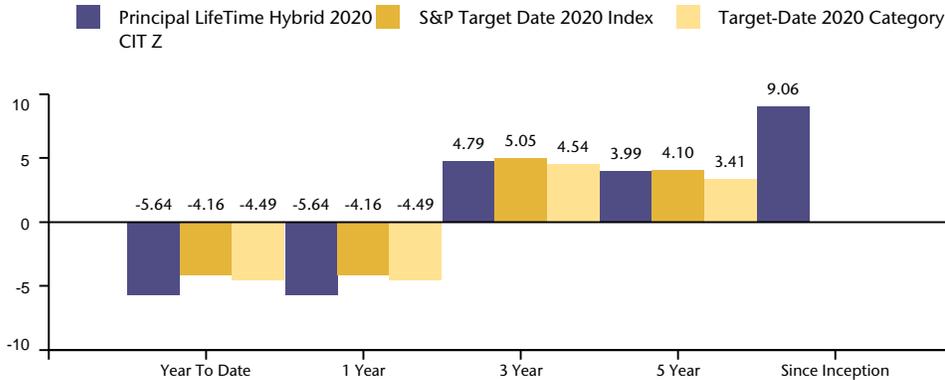
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Scott W. Smith Since 05/02/2017. B.S., Iowa State University

Long-term returns % as of 12/31/2018



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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-5.64	-5.64	4.79	3.99	9.06
S&P Target Date 2020 Index %	-4.16	-4.16	5.05	4.10	-
Target-Date 2020 Category %	-4.49	-4.49	4.54	3.41	-
Morningstar Percentile R rankings	-	90	41	25	-
# of Funds in Category	250	250	206	165	-
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-5.64	13.72	7.23	-0.70	6.41
S&P Target Date 2020 Index %	-4.16	12.80	7.22	-0.19	5.67
Target-Date 2020 Category %	-4.49	12.46	6.23	-1.57	4.72
Morningstar Percentile R rankings	90	25	21	24	7
# of Funds in Category	250	234	221	237	228

Morningstar percentile rankings are based on total returns.

Morningstar category

Target-Date 2020

Risk and Return Statistics

as of 12/31/2018 Relative to S&P Target Date 2020 Index

	3Yr	5Yr
Alpha	-0.58	-0.27
Beta	1.09	1.05
R-Squared	99.04	98.79
Standard Deviation	6.21	6.31
Mean	4.79	3.99
Sharpe Ratio	0.60	0.54
Excess Return	-0.26	-0.11
Tracking Error	0.82	0.76
Information Ratio	-0.31	-0.15

Operations

Total Investment Expense Net	0.30%
Total Investment Expense Gross	0.30%
Inception Date	07/07/2009
Total Net Assets (mil)	\$4,968.57



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Principal LifeTime Hybrid 2020 CIT Z as of 12/31/2018

Average Annual Total Returns of Underlying Options as of 12/31/2018

Investment Option	1 Year	5 Year	10 Year	Since Inception	Total Investment Expense Gross	Total Investment Expense Net	Waiver/Cap Expiration Date	Inception Date
Principal International SmallCap Separate Account-Gross	-19.83	3.78	11.43	11.40	0.07	0.07	N/A N/A	01/01/1995
Principal Bond Market Index Separate Account-Gross	-0.04	2.44	-	2.96	-	-	12/31/2010 12/31/2010	12/30/2009
Principal Diversified International Inst Fund	-17.31	0.61	6.38	3.70	0.84	0.84	02/28/2019 02/28/2019	03/01/2001*
Principal SmallCap S&P 600 Index Separate Account-Gross	-8.57	6.32	13.57	9.54	-	-	N/A N/A	08/31/1999
Principal MidCap S&P 400 Index Separate Account-Gross	-11.12	5.99	13.61	9.08	-	-	N/A N/A	08/31/1999
Principal LargeCap S&P 500 Index Separate Account-Gross	-4.36	8.47	13.10	9.27	-	-	N/A N/A	01/01/1990
Principal Short-Term Income Inst Fund	1.14	1.59	3.12	-	0.43	0.43	02/28/2019 02/28/2019	07/25/1996*
Principal Inflation Protection Inst Fund	-1.58	1.23	2.96	1.32	0.39	0.39	N/A N/A	12/29/2004
Principal High Yield I Inst Fund	-2.72	2.72	9.85	6.38	0.67	0.67	N/A N/A	12/29/2004
Principal Diversified Real Asset CIT-Gross	-7.06	0.05	-	0.63	-	-	N/A N/A	05/30/2013

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Portfolio information†

Composition as of 11/30/2018

Asset Distribution	Asset Type	Net %	Short %	Long %
	U.S. Bonds	46.84	4.10	50.93
	U.S. Stocks	34.32	0.00	34.32
	Non-U.S. Stocks	15.09	0.00	15.09
	Non-U.S. Bonds	3.33	0.37	3.70
	Other	0.31	0.23	0.54
	Convertibles	0.08	0.00	0.08
	Cash	0.04	7.97	8.01

Top ten holdings

	% of net assets
1. Principal Bond Market Index SP	28.28
2. Principal LargeCap S&P 500 Idx SP	25.19
3. Principal Diversified Intl Inst	13.25
4. Principal Short-Term Income Inst	9.22
5. Principal High Yield Fund I Inst	7.39
6. Principal MidCap S&P 400 Index SP	6.28
7. Principal Inflation Protection Inst	3.80
8. Principal SmallCap S&P 600 Idx SP	2.67
9. Principal International SmallCap SP	2.05
10. Principal Diversified Real Asset Tier 2	1.87
% of net assets in top ten holdings	100.00

Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	10
AvgMktCap (mil)	\$35,424.58
Turnover Ratio	35%
AvgEffDur (Yrs)	5.21
P/C Ratio	8.83
P/B Ratio	2.22
P/E Ratio	14.66

Stock Sector Breakdown

	% of net assets		% of net assets	
Cyclical	38.52	Defensive	21.63	Sensitive
Consumer Cyclical	12.14	Healthcare	11.32	Technology
Basic Materials	4.73	Consumer Defensive	7.40	Industrials
Financial Svcs	17.56	Utilities	2.91	Energy
Real Estate	4.09			Comm Svcs
				2.78

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The full name of this investment option is Principal LifeTime Hybrid 2020 CIT Z.

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Investment Strategy

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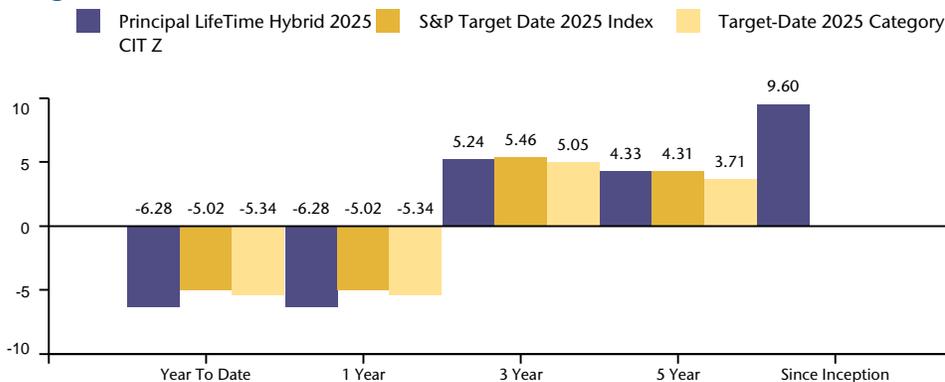
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Long-term returns % as of 12/31/2018



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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-6.28	-6.28	5.24	4.33	9.60
S&P Target Date 2025 Index %	-5.02	-5.02	5.46	4.31	-
Target-Date 2025 Category %	-5.34	-5.34	5.05	3.71	-
Morningstar Percentile R rankings	-	83	45	20	-
# of Funds in Category	226	226	189	146	-
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-6.28	15.35	7.81	-0.68	6.78
S&P Target Date 2025 Index %	-5.02	14.55	7.82	-0.25	5.56
Target-Date 2025 Category %	-5.34	14.67	6.73	-1.59	5.07
Morningstar Percentile R rankings	83	37	14	21	10
# of Funds in Category	226	208	195	206	185

Morningstar percentile rankings are based on total returns.

Morningstar category

Target-Date 2025

Risk and Return Statistics

as of 12/31/2018 Relative to S&P Target Date 2025 Index

	3Yr	5Yr
Alpha	-0.50	-0.11
Beta	1.07	1.04
R-Squared	99.31	98.99
Standard Deviation	7.03	7.09
Mean	5.24	4.33
Sharpe Ratio	0.60	0.53
Excess Return	-0.22	0.02
Tracking Error	0.75	0.76
Information Ratio	-0.30	0.02

Operations

Total Investment Expense Net	0.30%
Total Investment Expense Gross	0.30%
Inception Date	07/07/2009
Total Net Assets (mil)	\$4,929.60



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Principal LifeTime Hybrid 2025 CIT Z as of 12/31/2018

Average Annual Total Returns of Underlying Options as of 12/31/2018

Investment Option	1 Year	5 Year	10 Year	Since Inception	Total Investment Expense Gross	Total Investment Expense Net	Waiver/Cap Expiration Date	Inception Date
Principal International SmallCap Separate Account-Gross	-19.83	3.78	11.43	11.40	0.07	0.07	N/A N/A	01/01/1995
Principal Bond Market Index Separate Account-Gross	-0.04	2.44	-	2.96	-	-	12/31/2010 12/31/2010	12/30/2009
Principal Diversified International Inst Fund	-17.31	0.61	6.38	3.70	0.84	0.84	02/28/2019 02/28/2019	03/01/2001*
Principal SmallCap S&P 600 Index Separate Account-Gross	-8.57	6.32	13.57	9.54	-	-	N/A N/A	08/31/1999
Principal MidCap S&P 400 Index Separate Account-Gross	-11.12	5.99	13.61	9.08	-	-	N/A N/A	08/31/1999
Principal LargeCap S&P 500 Index Separate Account-Gross	-4.36	8.47	13.10	9.27	-	-	N/A N/A	01/01/1990
Principal Short-Term Income Inst Fund	1.14	1.59	3.12	-	0.43	0.43	02/28/2019 02/28/2019	07/25/1996*
Principal Inflation Protection Inst Fund	-1.58	1.23	2.96	1.32	0.39	0.39	N/A N/A	12/29/2004
Principal High Yield I Inst Fund	-2.72	2.72	9.85	6.38	0.67	0.67	N/A N/A	12/29/2004
Principal Diversified Real Asset CIT-Gross	-7.06	0.05	-	0.63	-	-	N/A N/A	05/30/2013

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Portfolio information†

Composition as of 11/30/2018

Asset Distribution	Asset Type	Net %	Short %	Long %
	U.S. Stocks	40.50	0.00	40.50
	U.S. Bonds	38.25	3.04	41.29
	Non-U.S. Stocks	17.63	0.00	17.63
	Non-U.S. Bonds	2.82	0.28	3.09
	Cash	0.40	5.80	6.20
	Other	0.33	0.24	0.56
	Convertibles	0.07	0.00	0.07

Top ten holdings

	% of net assets
1. Principal LargeCap S&P 500 Idx SP	29.61
2. Principal Bond Market Index SP	25.99
3. Principal Diversified Intl Inst	15.60
4. Principal MidCap S&P 400 Index SP	7.50
5. Principal High Yield Fund I Inst	6.58
6. Principal Short-Term Income Inst	4.52
7. Principal SmallCap S&P 600 Idx SP	3.25
8. Principal Inflation Protection Inst	2.69
9. Principal International SmallCap SP	2.34
10. Principal Diversified Real Asset Tier 2	1.91
% of net assets in top ten holdings	100.00

Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	10
AvgMktCap (mil)	\$35,276.23
Turnover Ratio	30%
AvgEffDur (Yrs)	5.42
P/C Ratio	8.83
P/B Ratio	2.22
P/E Ratio	14.67

Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets	
Cyclical	38.52	Defensive	21.63	Sensitive	39.85	
Consumer Cyclical	12.16	Healthcare	11.35	Technology	18.81	
Basic Materials	4.70	Consumer Defensive	7.40	Industrials	11.74	
Financial Svcs	17.60	Utilities	2.88	Energy	6.52	
Real Estate	4.06			Comm Svcs	2.78	

Insurance products and plan administrative services are provided by Principal Life, Des Moines, IA 50392.

The full name of this investment option is Principal LifeTime Hybrid 2025 CIT Z.

S&P Target Date 2025 Index provides varying levels of exposure to equities and fixed income. Each target date allocation is created and retired according to a pre-determined schedule related to the respective target date.

Principal LifeTime Hybrid 2030 CIT Z as of 12/31/2018

Investment Strategy

The investment option seeks a total return consisting of long-term growth of capital and current income. To pursue its goal, this Target Date Fund generally invests in affiliated open-ended mutual funds, insurance company separate accounts, unaffiliated mutual funds, and unaffiliated collective trust funds that Principal Trust considers appropriate based on the remaining time horizon of a particular Target Date Fund.

Multiple Sub-Advisors

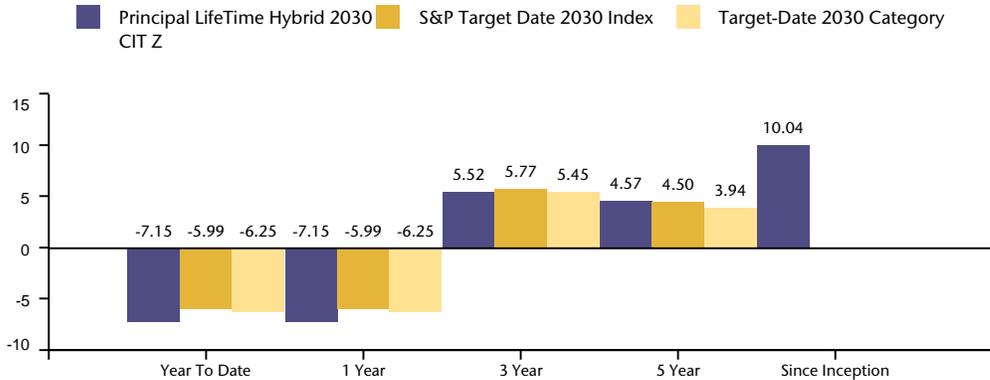
Portfolio managers

James W. Fennessey, CFA. Since 07/07/2009. B.S., Truman State University

Randy L. Welch Since 07/07/2009. M.B.A., Drake University

Scott W. Smith Since 05/02/2017. B.S., Iowa State University

Long-term returns % as of 12/31/2018



Performance disclosure

Investment results shown represent historical performance and do not guarantee future results. Investment returns and principal values 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 data shown. For more performance information, including the most recent month-end performance, visit principal.com, contact your representative of The Principal, or call our Participant Contact Center at 1-800-547-7754.

In situations where the net and gross total investment expense figures are different or where a contractual cap and/or waiver date is given, the collective investment trust or the underlying investment options in which a collective investment trust invests have waived/capped a portion of its management fee through the date displayed in 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.

Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-7.15	-7.15	5.52	4.57	10.04
S&P Target Date 2030 Index %	-5.99	-5.99	5.77	4.50	-
Target-Date 2030 Category %	-6.25	-6.25	5.45	3.94	-
Morningstar Percentile R ankings	-	79	49	20	-
# of Funds in Category	239	239	196	155	-
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-7.15	16.90	8.25	-0.61	7.06
S&P Target Date 2030 Index %	-5.99	16.19	8.35	-0.30	5.64
Target-Date 2030 Category %	-6.25	16.57	7.33	-1.79	5.04
Morningstar Percentile R ankings	79	53	20	20	7
# of Funds in Category	239	234	221	237	228

Morningstar percentile rankings are based on total returns.

Morningstar category

Target-Date 2030

Risk and Return Statistics

as of 12/31/2018 Relative to S&P Target Date 2030 Index

	3Yr	5Yr
Alpha	-0.43	-0.01
Beta	1.05	1.02
R-Squared	99.34	99.10
Standard Deviation	7.80	7.80
Mean	5.52	4.57
Sharpe Ratio	0.58	0.52
Excess Return	-0.25	0.07
Tracking Error	0.72	0.76
Information Ratio	-0.35	0.08

Operations

Total Investment Expense Net	0.30%
Total Investment Expense Gross	0.30%
Inception Date	07/07/2009
Total Net Assets (mil)	\$6,739.16



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Risk and return statistical data is calculated by Morningstar, Inc. Excess Return is calculated by Principal Life Insurance Company.

Not FDIC or NCUA insured

May lose value • Not a deposit • No bank or credit union guarantee
Not insured by any Federal government agency

Principal LifeTime Hybrid CITs, may invest in various types of investments, including underlying Principal Funds, and each is managed toward a particular target (retirement) date, or the approximate date an investor starts withdrawing money. As each Principal LifeTime Hybrid CIT 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 Hybrid 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. Principal LifeTime Hybrid CITs assume the value of an investor's account will be withdrawn gradually during retirement. 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 2030 CIT Z as of 12/31/2018

Average Annual Total Returns of Underlying Options as of 12/31/2018

Investment Option	1 Year	5 Year	10 Year	Since Inception	Total Investment Expense Gross	Total Investment Expense Net	Waiver/Cap Expiration Date	Inception Date
Principal International SmallCap Separate Account-Gross	-19.83	3.78	11.43	11.40	0.07	0.07	N/A N/A	01/01/1995
Principal Bond Market Index Separate Account-Gross	-0.04	2.44	-	2.96	-	-	12/31/2010 12/31/2010	12/30/2009
Principal Diversified International Inst Fund	-17.31	0.61	6.38	3.70	0.84	0.84	02/28/2019 02/28/2019	03/01/2001*
Principal SmallCap S&P 600 Index Separate Account-Gross	-8.57	6.32	13.57	9.54	-	-	N/A N/A	08/31/1999
Principal MidCap S&P 400 Index Separate Account-Gross	-11.12	5.99	13.61	9.08	-	-	N/A N/A	08/31/1999
Principal LargeCap S&P 500 Index Separate Account-Gross	-4.36	8.47	13.10	9.27	-	-	N/A N/A	01/01/1990
Principal Inflation Protection Inst Fund	-1.58	1.23	2.96	1.32	0.39	0.39	N/A N/A	12/29/2004
Principal High Yield I Inst Fund	-2.72	2.72	9.85	6.38	0.67	0.67	N/A N/A	12/29/2004
Principal Origin Emerging Markets R6 Fund	-23.21	-	-	-0.76	1.23	1.08	12/30/2020 12/30/2020	01/23/2015
Principal International Emerging Markets R6 Fund	-20.82	-0.09	6.28	7.55	1.23	1.21	02/28/2019 02/28/2019	11/22/2016*
Principal Diversified Real Asset CIT-Gross	-7.06	0.05	-	0.63	-	-	N/A N/A	05/30/2013

* These calculated returns reflect the historical performance of the oldest share class of the fund, adjusted to reflect a portion of the fees and expenses of this share class. Please see the funds' prospectuses for more information on specific expenses, and the funds' most recent shareholder report for actual date of first sale. Expenses are deducted from income earned by the fund. As a result, dividends and investment results will differ for each share class.

Portfolio information†

Composition as of 11/30/2018

Asset Distribution	Asset Type	Net %	Short %	Long %
	U.S. Stocks	46.08	0.00	46.08
	U.S. Bonds	30.34	2.45	32.79
	Non-U.S. Stocks	20.29	0.00	20.29
	Non-U.S. Bonds	2.28	0.22	2.50
	Cash	0.62	4.51	5.13
	Other	0.33	0.24	0.56
	Convertibles	0.07	0.00	0.07

Top ten holdings

	% of net assets
1. Principal LargeCap S&P 500 Idx SP	33.85
2. Principal Bond Market Index SP	23.87
3. Principal Diversified Intl Inst	17.19
4. Principal MidCap S&P 400 Index SP	8.58
5. Principal High Yield Fund I Inst	5.43
6. Principal SmallCap S&P 600 Idx SP	3.56
7. Principal International SmallCap SP	2.70
8. Principal Inflation Protection Inst	2.08
9. Principal Diversified Real Asset Tier 2	1.92
10. Principal Intl Emerging Markets R-6	0.41
% of net assets in top ten holdings	99.60

Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	11
AvgMktCap (mil)	\$35,558.92
Turnover Ratio	30%
AvgEffDur (Yrs)	5.82
P/C Ratio	8.83
P/B Ratio	2.22
P/E Ratio	14.60

Stock Sector Breakdown

	% of net assets		% of net assets		
Cyclical	38.55	Defensive	21.52	Sensitive	39.94
Consumer Cyclical	12.11	Healthcare	11.30	Technology	18.96
Basic Materials	4.77	Consumer Defensive	7.35	Industrials	11.65
Financial Svcs	17.66	Utilities	2.87	Energy	6.54
Real Estate	4.01			Comm Svcs	2.79

Insurance products and plan administrative services are provided by Principal Life, Des Moines, IA 50392.

The full name of this investment option is Principal LifeTime Hybrid 2030 CIT Z.

Principal LifeTime Hybrid 2035 CIT Z as of 12/31/2018

Investment Strategy

The investment option seeks a total return consisting of long-term growth of capital and current income. To pursue its goal, this Target Date Fund generally invests in affiliated open-ended mutual funds, insurance company separate accounts, unaffiliated mutual funds, and unaffiliated collective trust funds that Principal Trust considers appropriate based on the remaining time horizon of a particular Target Date Fund.

Multiple Sub-Advisors

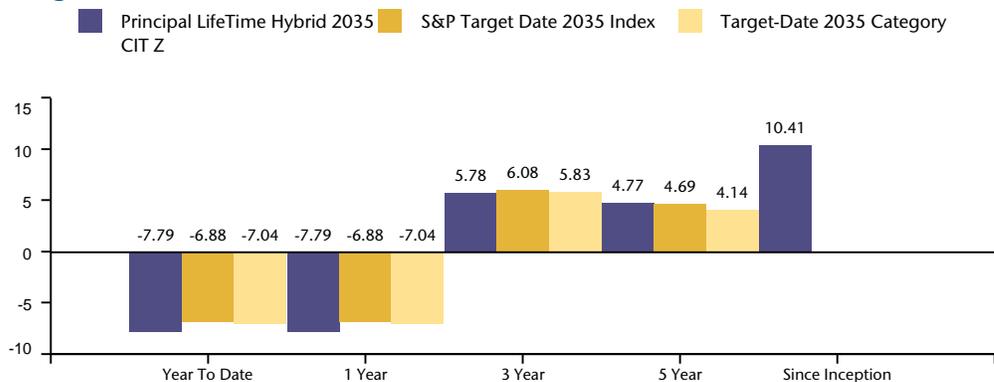
Portfolio managers

James W. Fennessey, CFA. Since 07/07/2009. B.S., Truman State University

Randy L. Welch Since 07/07/2009. M.B.A., Drake University

Scott W. Smith Since 05/02/2017. B.S., Iowa State University

Long-term returns % as of 12/31/2018



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-7.79	-7.79	5.78	4.77	10.41
S&P Target Date 2035 Index %	-6.88	-6.88	6.08	4.69	-
Target-Date 2035 Category %	-7.04	-7.04	5.83	4.14	-
Morningstar Percentile Rankings	-	75	57	20	-
# of Funds in Category	221	221	184	141	-
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-7.79	18.14	8.65	-0.55	7.26
S&P Target Date 2035 Index %	-6.88	17.78	8.85	-0.35	5.69
Target-Date 2035 Category %	-7.04	18.43	7.57	-1.76	5.24
Morningstar Percentile Rankings	75	63	19	18	8
# of Funds in Category	221	208	195	205	185

Morningstar percentile rankings are based on total returns.

Morningstar category

Target-Date 2035

Risk and Return Statistics

as of 12/31/2018 Relative to S&P Target Date 2035 Index

	3Yr	5Yr
Alpha	-0.40	0.06
Beta	1.03	1.00
R-Squared	99.36	99.11
Standard Deviation	8.51	8.44
Mean	5.78	4.77
Sharpe Ratio	0.57	0.51
Excess Return	-0.30	0.08
Tracking Error	0.72	0.80
Information Ratio	-0.42	0.10

Operations

Total Investment Expense Net	0.30%
Total Investment Expense Gross	0.30%
Inception Date	07/07/2009
Total Net Assets (mil)	\$3,909.22



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Principal LifeTime Hybrid 2035 CIT Z as of 12/31/2018

Average Annual Total Returns of Underlying Options as of 12/31/2018

Investment Option	1 Year	5 Year	10 Year	Since Inception	Total Investment Expense Gross	Total Investment Expense Net	Waiver/Cap Expiration Date	Inception Date
Principal International SmallCap Separate Account-Gross	-19.83	3.78	11.43	11.40	0.07	0.07	N/A N/A	01/01/1995
Principal Bond Market Index Separate Account-Gross	-0.04	2.44	-	2.96	-	-	12/31/2010 12/31/2010	12/30/2009
Principal Diversified International Inst Fund	-17.31	0.61	6.38	3.70	0.84	0.84	02/28/2019 02/28/2019	03/01/2001*
Principal SmallCap S&P 600 Index Separate Account-Gross	-8.57	6.32	13.57	9.54	-	-	N/A N/A	08/31/1999
Principal MidCap S&P 400 Index Separate Account-Gross	-11.12	5.99	13.61	9.08	-	-	N/A N/A	08/31/1999
Principal LargeCap S&P 500 Index Separate Account-Gross	-4.36	8.47	13.10	9.27	-	-	N/A N/A	01/01/1990
Principal High Yield I Inst Fund	-2.72	2.72	9.85	6.38	0.67	0.67	N/A N/A	12/29/2004
Principal Origin Emerging Markets R6 Fund	-23.21	-	-	-0.76	1.23	1.08	12/30/2020 12/30/2020	01/23/2015
Principal International Emerging Markets R6 Fund	-20.82	-0.09	6.28	7.55	1.23	1.21	02/28/2019 02/28/2019	11/22/2016*
Principal Real Estate Securities R6 Fund	-4.22	8.51	12.08	10.34	0.82	0.82	02/28/2019 02/28/2019	11/22/2016*

* These calculated returns reflect the historical performance of the oldest share class of the fund, adjusted to reflect a portion of the fees and expenses of this share class. Please see the funds' prospectuses for more information on specific expenses, and the funds' most recent shareholder report for actual date of first sale. Expenses are deducted from income earned by the fund. As a result, dividends and investment results will differ for each share class.

Portfolio information†

Composition as of 11/30/2018

Asset Distribution	Asset Type	Net %	Short %	Long %
	U.S. Stocks	52.15	0.00	52.15
	Non-U.S. Stocks	22.71	0.00	22.71
	U.S. Bonds	21.72	0.04	21.76
	Non-U.S. Bonds	1.88	0.00	1.88
	Cash	1.37	0.50	1.87
	Other	0.14	0.00	0.14
	Convertibles	0.03	0.00	0.03

Top ten holdings

	% of net assets
1. Principal LargeCap S&P 500 Idx SP	37.32
2. Principal Bond Market Index SP	19.27
3. Principal Diversified Intl Inst	19.22
4. Principal MidCap S&P 400 Index SP	9.25
5. Principal High Yield Fund I Inst	4.47
6. Principal SmallCap S&P 600 Idx SP	3.95
7. Principal International SmallCap SP	2.98
8. Principal Real Estate Securities Fd R-6	2.07
9. Principal Intl Emerging Markets R-6	0.74
10. Principal Origin Emerging Markets R6	0.72
% of net assets in top ten holdings	100.00

Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	10
AvgMktCap (mil)	\$35,260.63
Turnover Ratio	30%
AvgEffDur (Yrs)	5.56
P/C Ratio	8.90
P/B Ratio	2.23
P/E Ratio	14.76

Stock Sector Breakdown

	% of net assets		% of net assets		
Cyclical	40.13	Defensive	20.87	Sensitive	39.00
Consumer Cyclical	11.97	Healthcare	11.06	Technology	18.78
Basic Materials	4.56	Consumer Defensive	7.20	Industrials	11.29
Financial Svcs	17.48	Utilities	2.61	Energy	6.14
Real Estate	6.12			Comm Svcs	2.79

Insurance products and plan administrative services are provided by Principal Life, Des Moines, IA 50392.

The full name of this investment option is Principal LifeTime Hybrid 2035 CIT Z.

S&P Target Date 2035 Index provides varying levels of exposure to equities and fixed income. Each target date allocation is created and retired according to a pre-determined schedule related to the respective target date.

Principal LifeTime Hybrid 2040 CIT Z as of 12/31/2018

Investment Strategy

The investment option seeks a total return consisting of long-term growth of capital and current income. To pursue its goal, this Target Date Fund generally invests in affiliated open-ended mutual funds, insurance company separate accounts, unaffiliated mutual funds, and unaffiliated collective trust funds that Principal Trust considers appropriate based on the remaining time horizon of a particular Target Date Fund.

Multiple Sub-Advisors

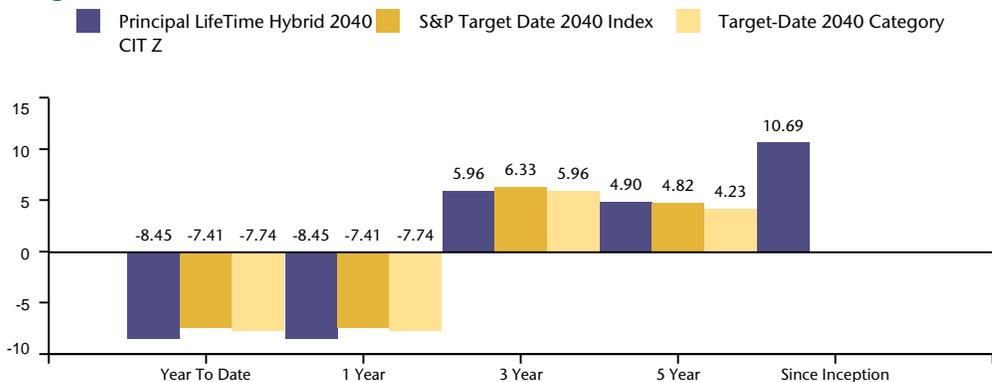
Portfolio managers

James W. Fennessey, CFA. Since 07/07/2009. B.S., Truman State University

Randy L. Welch Since 07/07/2009. M.B.A., Drake University

Scott W. Smith Since 05/02/2017. B.S., Iowa State University

Long-term returns % as of 12/31/2018



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-8.45	-8.45	5.96	4.90	10.69
S&P Target Date 2040 Index %	-7.41	-7.41	6.33	4.82	-
Target-Date 2040 Category %	-7.74	-7.74	5.96	4.23	-
Morningstar Percentile Rankings	-	72	53	21	-
# of Funds in Category	239	239	196	155	-
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-8.45	19.19	9.03	-0.54	7.37
S&P Target Date 2040 Index %	-7.41	18.87	9.23	-0.40	5.69
Target-Date 2040 Category %	-7.74	19.52	7.95	-1.99	5.25
Morningstar Percentile Rankings	72	63	19	17	10
# of Funds in Category	239	234	221	237	227

Morningstar percentile rankings are based on total returns.

Morningstar category

Target-Date 2040

Risk and Return Statistics

as of 12/31/2018 Relative to S&P Target Date 2040 Index

	3Yr	5Yr
Alpha	-0.48	0.05
Beta	1.03	1.01
R-Squared	99.37	99.16
Standard Deviation	9.11	9.00
Mean	5.96	4.90
Sharpe Ratio	0.56	0.50
Excess Return	-0.36	0.08
Tracking Error	0.77	0.83
Information Ratio	-0.48	0.11

Operations

Total Investment Expense Net	0.30%
Total Investment Expense Gross	0.30%
Inception Date	07/07/2009
Total Net Assets (mil)	\$4,649.61



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Principal LifeTime Hybrid 2040 CIT Z as of 12/31/2018

Average Annual Total Returns of Underlying Options as of 12/31/2018

Investment Option	1 Year	5 Year	10 Year	Since Inception	Total Investment Expense Gross	Total Investment Expense Net	Waiver/Cap Expiration Date	Inception Date
Principal International SmallCap Separate Account-Gross	-19.83	3.78	11.43	11.40	0.07	0.07	N/A N/A	01/01/1995
Principal Bond Market Index Separate Account-Gross	-0.04	2.44	-	2.96	-	-	12/31/2010 12/31/2010	12/30/2009
Principal Diversified International Inst Fund	-17.31	0.61	6.38	3.70	0.84	0.84	02/28/2019 02/28/2019	03/01/2001*
Principal SmallCap S&P 600 Index Separate Account-Gross	-8.57	6.32	13.57	9.54	-	-	N/A N/A	08/31/1999
Principal MidCap S&P 400 Index Separate Account-Gross	-11.12	5.99	13.61	9.08	-	-	N/A N/A	08/31/1999
Principal LargeCap S&P 500 Index Separate Account-Gross	-4.36	8.47	13.10	9.27	-	-	N/A N/A	01/01/1990
Principal High Yield I Inst Fund	-2.72	2.72	9.85	6.38	0.67	0.67	N/A N/A	12/29/2004
Principal Origin Emerging Markets R6 Fund	-23.21	-	-	-0.76	1.23	1.08	12/30/2020 12/30/2020	01/23/2015
Principal International Emerging Markets R6 Fund	-20.82	-0.09	6.28	7.55	1.23	1.21	02/28/2019 02/28/2019	11/22/2016*
Principal Real Estate Securities R6 Fund	-4.22	8.51	12.08	10.34	0.82	0.82	02/28/2019 02/28/2019	11/22/2016*

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Portfolio information†

Composition as of 11/30/2018

Asset Distribution	Asset Type	Net %	Short %	Long %
	U.S. Stocks	56.57	0.00	56.57
	Non-U.S. Stocks	24.30	0.00	24.30
	U.S. Bonds	16.13	0.03	16.16
	Cash	1.44	0.40	1.83
	Non-U.S. Bonds	1.40	0.00	1.40
	Other	0.15	0.00	0.15
	Convertibles	0.02	0.00	0.02

Top ten holdings

	% of net assets
1. Principal LargeCap S&P 500 Idx SP	40.43
2. Principal Diversified Intl Inst	20.58
3. Principal Bond Market Index SP	14.07
4. Principal MidCap S&P 400 Index SP	10.29
5. Principal SmallCap S&P 600 Idx SP	4.26
6. Principal High Yield Fund I Inst	3.55
7. Principal International SmallCap SP	3.08
8. Principal Real Estate Securities Fd R-6	2.08
9. Principal Intl Emerging Markets R-6	0.84
10. Principal Origin Emerging Markets R6	0.82
% of net assets in top ten holdings	100.00

Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	10
AvgMktCap (mil)	\$35,290.66
Turnover Ratio	30%
AvgEffDur (Yrs)	5.53
P/C Ratio	8.91
P/B Ratio	2.23
P/E Ratio	14.75

Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets	
Cyclical	40.01	Defensive	20.91	Sensitive	39.09	
Consumer Cyclical	11.98	Healthcare	11.09	Technology	18.84	
Basic Materials	4.57	Consumer Defensive	7.20	Industrials	11.30	
Financial Svcs	17.51	Utilities	2.62	Energy	6.16	
Real Estate	5.95			Comm Svcs	2.79	

Insurance products and plan administrative services are provided by Principal Life, Des Moines, IA 50392.

The full name of this investment option is Principal LifeTime Hybrid 2040 CIT Z.

S&P Target Date 2040 Index provides varying levels of exposure to equities and fixed income. Each target date allocation is created and retired according to a pre-determined schedule related to the respective target date.

Principal LifeTime Hybrid 2045 CIT Z as of 12/31/2018

Investment Strategy

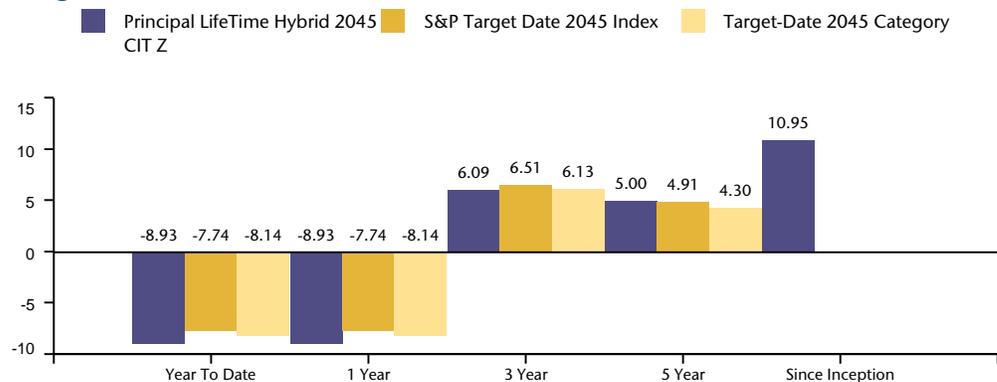
The investment option seeks a total return consisting of long-term growth of capital and current income. To pursue its goal, this Target Date Fund generally invests in affiliated open-ended mutual funds, insurance company separate accounts, unaffiliated mutual funds, and unaffiliated collective trust funds that Principal Trust considers appropriate based on the remaining time horizon of a particular Target Date Fund.

Multiple Sub-Advisors

Portfolio managers

James W. Fennessey, CFA. Since 07/07/2009. B.S., Truman State University
Randy L. Welch Since 07/07/2009. M.B.A., Drake University
Scott W. Smith Since 05/02/2017. B.S., Iowa State University

Long-term returns % as of 12/31/2018



Performance disclosure

Investment results shown represent historical performance and do not guarantee future results. Investment returns and principal values 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 data shown. For more performance information, including the most recent month-end performance, visit principal.com, contact your representative of The Principal, or call our Participant Contact Center at 1-800-547-7754.

In situations where the net and gross total investment expense figures are different or where a contractual cap and/or waiver date is given, the collective investment trust or the underlying investment options in which a collective investment trust invests have waived/capped a portion of its management fee through the date displayed in 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.

Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-8.93	-8.93	6.09	5.00	10.95
S&P Target Date 2045 Index %	-7.74	-7.74	6.51	4.91	-
Target-Date 2045 Category %	-8.14	-8.14	6.13	4.30	-
Morningstar Percentile Rankings	-	76	58	19	-
# of Funds in Category	221	221	184	141	-
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-8.93	20.02	9.27	-0.53	7.43
S&P Target Date 2045 Index %	-7.74	19.56	9.54	-0.46	5.67
Target-Date 2045 Category %	-8.14	20.51	7.93	-1.87	5.35
Morningstar Percentile Rankings	76	70	18	16	11
# of Funds in Category	221	208	195	206	185

Morningstar percentile rankings are based on total returns.

Morningstar category

Target-Date 2045

Risk and Return Statistics

as of 12/31/2018 Relative to S&P Target Date 2045 Index

	3Yr	5Yr
Alpha	-0.61	0.02
Beta	1.04	1.02
R-Squared	99.46	99.19
Standard Deviation	9.60	9.45
Mean	6.09	5.00
Sharpe Ratio	0.55	0.49
Excess Return	-0.42	0.09
Tracking Error	0.82	0.87
Information Ratio	-0.51	0.10

Operations

Total Investment Expense Net	0.30%
Total Investment Expense Gross	0.30%
Inception Date	07/07/2009
Total Net Assets (mil)	\$2,549.38



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Risk and return statistical data is calculated by Morningstar, Inc. Excess Return is calculated by Principal Life Insurance Company.

Not FDIC or NCUA insured

May lose value • Not a deposit • No bank or credit union guarantee
 Not insured by any Federal government agency

Principal LifeTime Hybrid CITs, may invest in various types of investments, including underlying Principal Funds, and each is managed toward a particular target (retirement) date, or the approximate date an investor starts withdrawing money. As each Principal LifeTime Hybrid CIT 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 Hybrid 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. Principal LifeTime Hybrid CITs assume the value of an investor's account will be withdrawn gradually during retirement. 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 2045 CIT Z as of 12/31/2018

Average Annual Total Returns of Underlying Options as of 12/31/2018

Investment Option	1 Year	5 Year	10 Year	Since Inception	Total Investment Expense Gross	Total Investment Expense Net	Waiver/Cap Expiration Date	Inception Date
Principal International SmallCap Separate Account-Gross	-19.83	3.78	11.43	11.40	0.07	0.07	N/A N/A	01/01/1995
Principal Bond Market Index Separate Account-Gross	-0.04	2.44	-	2.96	-	-	12/31/2010 12/31/2010	12/30/2009
Principal Diversified International Inst Fund	-17.31	0.61	6.38	3.70	0.84	0.84	02/28/2019 02/28/2019	03/01/2001*
Principal SmallCap S&P 600 Index Separate Account-Gross	-8.57	6.32	13.57	9.54	-	-	N/A N/A	08/31/1999
Principal MidCap S&P 400 Index Separate Account-Gross	-11.12	5.99	13.61	9.08	-	-	N/A N/A	08/31/1999
Principal LargeCap S&P 500 Index Separate Account-Gross	-4.36	8.47	13.10	9.27	-	-	N/A N/A	01/01/1990
Principal High Yield I Inst Fund	-2.72	2.72	9.85	6.38	0.67	0.67	N/A N/A	12/29/2004
Principal Origin Emerging Markets R6 Fund	-23.21	-	-	-0.76	1.23	1.08	12/30/2020 12/30/2020	01/23/2015
Principal International Emerging Markets R6 Fund	-20.82	-0.09	6.28	7.55	1.23	1.21	02/28/2019 02/28/2019	11/22/2016*
Principal Real Estate Securities R6 Fund	-4.22	8.51	12.08	10.34	0.82	0.82	02/28/2019 02/28/2019	11/22/2016*

* These calculated returns reflect the historical performance of the oldest share class of the fund, adjusted to reflect a portion of the fees and expenses of this share class. Please see the funds' prospectuses for more information on specific expenses, and the funds' most recent shareholder report for actual date of first sale. Expenses are deducted from income earned by the fund. As a result, dividends and investment results will differ for each share class.

Portfolio information†

Composition as of 11/30/2018

Asset Distribution	Asset Type	Net %	Short %	Long %
	U.S. Stocks	59.87	0.00	59.87
	Non-U.S. Stocks	25.82	0.00	25.82
	U.S. Bonds	11.63	0.02	11.65
	Cash	1.51	0.28	1.79
	Non-U.S. Bonds	1.01	0.00	1.01
	Other	0.15	0.00	0.15
	Convertibles	0.02	0.00	0.02

Top ten holdings

	% of net assets
1. Principal LargeCap S&P 500 Idx SP	42.60
2. Principal Diversified Intl Inst	21.94
3. Principal MidCap S&P 400 Index SP	11.08
4. Principal Bond Market Index SP	10.20
5. Principal SmallCap S&P 600 Idx SP	4.62
6. Principal International SmallCap SP	3.12
7. Principal High Yield Fund I Inst	2.51
8. Principal Real Estate Securities Fd R-6	2.09
9. Principal Intl Emerging Markets R-6	0.93
10. Principal Origin Emerging Markets R6	0.91
% of net assets in top ten holdings	100.00

Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	10
AvgMktCap (mil)	\$35,096.91
Turnover Ratio	32%
AvgEffDur (Yrs)	5.54
P/C Ratio	8.89
P/B Ratio	2.23
P/E Ratio	14.73

Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets	
Cyclical	39.98	Defensive	20.89	Sensitive	39.12	
Consumer Cyclical	11.99	Healthcare	11.07	Technology	18.86	
Basic Materials	4.59	Consumer Defensive	7.19	Industrials	11.31	
Financial Svcs	17.56	Utilities	2.63	Energy	6.17	
Real Estate	5.84			Comm Svcs	2.78	

Insurance products and plan administrative services are provided by Principal Life, Des Moines, IA 50392.

The full name of this investment option is Principal LifeTime Hybrid 2045 CIT Z.

S&P Target Date 2045 Index provides varying levels of exposure to equities and fixed income. Each target date allocation is created and retired according to a pre-determined schedule related to the respective target date.

Principal LifeTime Hybrid 2050 CIT Z as of 12/31/2018

Investment Strategy

The investment option seeks a total return consisting of long-term growth of capital and current income. To pursue its goal, this Target Date Fund generally invests in affiliated open-ended mutual funds, insurance company separate accounts, unaffiliated mutual funds, and unaffiliated collective trust funds that Principal Trust considers appropriate based on the remaining time horizon of a particular Target Date Fund.

Multiple Sub-Advisors

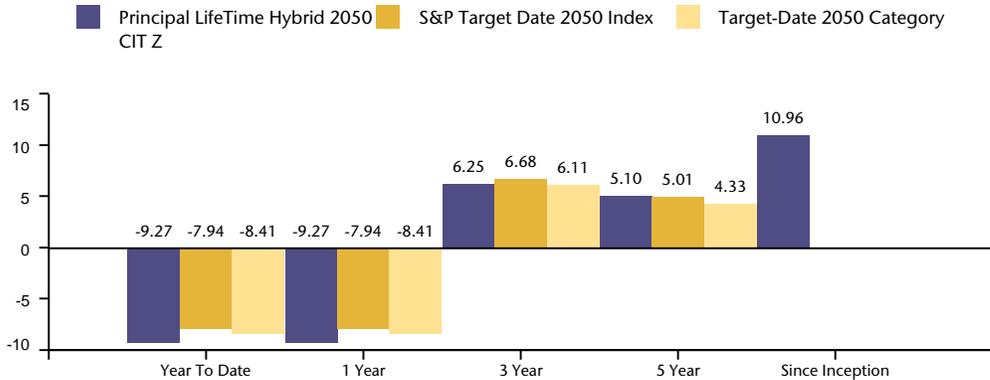
Portfolio managers

James W. Fennessey, CFA. Since 07/07/2009. B.S., Truman State University

Randy L. Welch Since 07/07/2009. M.B.A., Drake University

Scott W. Smith Since 05/02/2017. B.S., Iowa State University

Long-term returns % as of 12/31/2018



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-9.27	-9.27	6.25	5.10	10.96
S&P Target Date 2050 Index %	-7.94	-7.94	6.68	5.01	-
Target-Date 2050 Category %	-8.41	-8.41	6.11	4.33	-
Morningstar Percentile R ankings	-	76	50	14	-
# of Funds in Category	239	239	196	155	-
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-9.27	20.69	9.52	-0.49	7.46
S&P Target Date 2050 Index %	-7.94	20.18	9.74	-0.47	5.69
Target-Date 2050 Category %	-8.41	20.67	8.22	-2.01	5.42
Morningstar Percentile R ankings	76	54	17	16	14
# of Funds in Category	239	230	213	226	212

Morningstar percentile rankings are based on total returns.

Morningstar category

Target-Date 2050

Risk and Return Statistics

as of 12/31/2018 Relative to S&P Target Date 2050 Index

	3Yr	5Yr
Alpha	-0.65	0.02
Beta	1.05	1.02
R-Squared	99.44	99.13
Standard Deviation	9.98	9.79
Mean	6.25	5.10
Sharpe Ratio	0.54	0.49
Excess Return	-0.42	0.09
Tracking Error	0.90	0.93
Information Ratio	-0.47	0.11

Operations

Total Investment Expense Net	0.30%
Total Investment Expense Gross	0.30%
Inception Date	07/07/2009
Total Net Assets (mil)	\$2,750.50



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Principal LifeTime Hybrid 2050 CIT Z as of 12/31/2018

Average Annual Total Returns of Underlying Options as of 12/31/2018

Investment Option	1 Year	5 Year	10 Year	Since Inception	Total Investment Expense Gross	Total Investment Expense Net	Waiver/Cap Expiration Date	Inception Date
Principal International SmallCap Separate Account-Gross	-19.83	3.78	11.43	11.40	0.07	0.07	N/A N/A	01/01/1995
Principal Bond Market Index Separate Account-Gross	-0.04	2.44	-	2.96	-	-	12/31/2010 12/31/2010	12/30/2009
Principal Diversified International Inst Fund	-17.31	0.61	6.38	3.70	0.84	0.84	02/28/2019 02/28/2019	03/01/2001*
Principal SmallCap S&P 600 Index Separate Account-Gross	-8.57	6.32	13.57	9.54	-	-	N/A N/A	08/31/1999
Principal MidCap S&P 400 Index Separate Account-Gross	-11.12	5.99	13.61	9.08	-	-	N/A N/A	08/31/1999
Principal LargeCap S&P 500 Index Separate Account-Gross	-4.36	8.47	13.10	9.27	-	-	N/A N/A	01/01/1990
Principal High Yield I Inst Fund	-2.72	2.72	9.85	6.38	0.67	0.67	N/A N/A	12/29/2004
Principal Origin Emerging Markets R6 Fund	-23.21	-	-	-0.76	1.23	1.08	12/30/2020 12/30/2020	01/23/2015
Principal International Emerging Markets R6 Fund	-20.82	-0.09	6.28	7.55	1.23	1.21	02/28/2019 02/28/2019	11/22/2016*
Principal Real Estate Securities R6 Fund	-4.22	8.51	12.08	10.34	0.82	0.82	02/28/2019 02/28/2019	11/22/2016*

* These calculated returns reflect the historical performance of the oldest share class of the fund, adjusted to reflect a portion of the fees and expenses of this share class. Please see the funds' prospectuses for more information on specific expenses, and the funds' most recent shareholder report for actual date of first sale. Expenses are deducted from income earned by the fund. As a result, dividends and investment results will differ for each share class.

Portfolio information†

Composition as of 11/30/2018

Asset Distribution	Asset Type	Net %	Short %	Long %
	U.S. Stocks	62.46	0.00	62.46
	Non-U.S. Stocks	26.90	0.00	26.90
	U.S. Bonds	8.21	0.02	8.23
	Cash	1.54	0.24	1.78
	Non-U.S. Bonds	0.73	0.00	0.73
	Other	0.16	0.00	0.16
	Convertibles	0.01	0.00	0.01

Top ten holdings

	% of net assets
1. Principal LargeCap S&P 500 Idx SP	44.53
2. Principal Diversified Intl Inst	22.86
3. Principal MidCap S&P 400 Index SP	11.50
4. Principal Bond Market Index SP	6.82
5. Principal SmallCap S&P 600 Idx SP	4.87
6. Principal International SmallCap SP	3.34
7. Principal High Yield Fund I Inst	2.15
8. Principal Real Estate Securities Fd R-6	2.10
9. Principal Intl Emerging Markets R-6	0.92
10. Principal Origin Emerging Markets R6	0.90
% of net assets in top ten holdings	100.00

Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	10
AvgMktCap (mil)	\$35,059.67
Turnover Ratio	33%
AvgEffDur (Yrs)	5.44
P/C Ratio	8.89
P/B Ratio	2.23
P/E Ratio	14.73

Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets	
Cyclical	39.92	Defensive	20.93	Sensitive	39.14	
Consumer Cyclical	12.00	Healthcare	11.10	Technology	18.86	
Basic Materials	4.59	Consumer Defensive	7.20	Industrials	11.33	
Financial Svcs	17.56	Utilities	2.63	Energy	6.17	
Real Estate	5.77			Comm Svcs	2.78	

Insurance products and plan administrative services are provided by Principal Life, Des Moines, IA 50392.

The full name of this investment option is Principal LifeTime Hybrid 2050 CIT Z.

S&P Target Date 2050 Index provides varying levels of exposure to equities and fixed income. Each target date allocation is created and retired according to a pre-determined schedule related to the respective target date.

Principal LifeTime Hybrid 2055 CIT Z as of 12/31/2018

Investment Strategy

The investment option seeks a total return consisting of long-term growth of capital and current income. To pursue its goal, this Target Date Fund generally invests in affiliated open-ended mutual funds, insurance company separate accounts, unaffiliated mutual funds, and unaffiliated collective trust funds that Principal Trust considers appropriate based on the remaining time horizon of a particular Target Date Fund.

Multiple Sub-Advisors

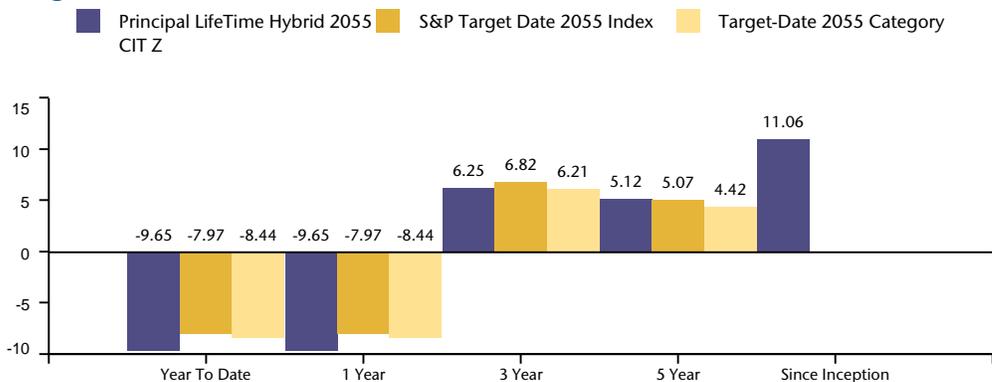
Portfolio managers

James W. Fennessey, CFA. Since 07/07/2009. B.S., Truman State University

Randy L. Welch Since 07/07/2009. M.B.A., Drake University

Scott W. Smith Since 05/02/2017. B.S., Iowa State University

Long-term returns % as of 12/31/2018



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-9.65	-9.65	6.25	5.12	11.06
S&P Target Date 2055 Index %	-7.97	-7.97	6.82	5.07	-
Target-Date 2055 Category %	-8.44	-8.44	6.21	4.42	-
Morningstar Percentile Rankings	-	83	56	14	-
# of Funds in Category	221	221	182	115	-
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-9.65	21.06	9.66	-0.44	7.50
S&P Target Date 2055 Index %	-7.97	20.48	9.94	-0.54	5.64
Target-Date 2055 Category %	-8.44	21.08	8.00	-1.71	5.49
Morningstar Percentile Rankings	83	57	13	18	14
# of Funds in Category	221	206	193	238	156

Morningstar percentile rankings are based on total returns.

Morningstar category

Target-Date 2055

Risk and Return Statistics

as of 12/31/2018 Relative to S&P Target Date 2055 Index

	3Yr	5Yr
Alpha	-0.85	-0.03
Beta	1.06	1.02
R-Squared	99.40	99.03
Standard Deviation	10.23	9.99
Mean	6.25	5.12
Sharpe Ratio	0.53	0.48
Excess Return	-0.56	0.04
Tracking Error	1.01	1.01
Information Ratio	-0.56	0.05

Operations

Total Investment Expense Net	0.30%
Total Investment Expense Gross	0.30%
Inception Date	07/07/2009
Total Net Assets (mil)	\$1,081.27



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Principal LifeTime Hybrid 2055 CIT Z as of 12/31/2018

Average Annual Total Returns of Underlying Options as of 12/31/2018

Investment Option	1 Year	5 Year	10 Year	Since Inception	Total Investment Expense Gross	Total Investment Expense Net	Waiver/Cap Expiration Date	Inception Date
Principal International SmallCap Separate Account-Gross	-19.83	3.78	11.43	11.40	0.07	0.07	N/A N/A	01/01/1995
Principal Bond Market Index Separate Account-Gross	-0.04	2.44	-	2.96	-	-	12/31/2010 12/31/2010	12/30/2009
Principal Diversified International Inst Fund	-17.31	0.61	6.38	3.70	0.84	0.84	02/28/2019 02/28/2019	03/01/2001*
Principal SmallCap S&P 600 Index Separate Account-Gross	-8.57	6.32	13.57	9.54	-	-	N/A N/A	08/31/1999
Principal MidCap S&P 400 Index Separate Account-Gross	-11.12	5.99	13.61	9.08	-	-	N/A N/A	08/31/1999
Principal LargeCap S&P 500 Index Separate Account-Gross	-4.36	8.47	13.10	9.27	-	-	N/A N/A	01/01/1990
Principal High Yield I Inst Fund	-2.72	2.72	9.85	6.38	0.67	0.67	N/A N/A	12/29/2004
Principal Origin Emerging Markets R6 Fund	-23.21	-	-	-0.76	1.23	1.08	12/30/2020 12/30/2020	01/23/2015
Principal International Emerging Markets R6 Fund	-20.82	-0.09	6.28	7.55	1.23	1.21	02/28/2019 02/28/2019	11/22/2016*
Principal Real Estate Securities R6 Fund	-4.22	8.51	12.08	10.34	0.82	0.82	02/28/2019 02/28/2019	11/22/2016*

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Portfolio information†

Composition as of 11/30/2018

Asset Distribution	Asset Type	Net %	Short %	Long %
	U.S. Stocks	64.35	0.00	64.35
	Non-U.S. Stocks	27.82	0.00	27.82
	U.S. Bonds	5.58	0.02	5.60
	Cash	1.56	0.23	1.79
	Non-U.S. Bonds	0.52	0.00	0.52
	Other	0.16	0.00	0.16
	Convertibles	0.01	0.00	0.01

Top ten holdings

	% of net assets
1. Principal LargeCap S&P 500 Idx SP	45.66
2. Principal Diversified Intl Inst	23.61
3. Principal MidCap S&P 400 Index SP	12.02
4. Principal SmallCap S&P 600 Idx SP	5.12
5. Principal Bond Market Index SP	3.99
6. Principal International SmallCap SP	3.39
7. Principal Real Estate Securities Fd R-6	2.11
8. Principal High Yield Fund I Inst	2.10
9. Principal Intl Emerging Markets R-6	1.01
10. Principal Origin Emerging Markets R6	0.99
% of net assets in top ten holdings	100.00

Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	10
AvgMktCap (mil)	\$34,798.01
Turnover Ratio	45%
AvgEffDur (Yrs)	5.18
P/C Ratio	8.88
P/B Ratio	2.22
P/E Ratio	14.71

Stock Sector Breakdown

	% of net assets		% of net assets	
Cyclical	39.93	Defensive	20.90	Sensitive
Consumer Cyclical	12.00	Healthcare	11.08	Technology
Basic Materials	4.61	Consumer Defensive	7.19	Industrials
Financial Svcs	17.59	Utilities	2.63	Energy
Real Estate	5.73			Comm Svcs
				2.78

Insurance products and plan administrative services are provided by Principal Life, Des Moines, IA 50392.

The full name of this investment option is Principal LifeTime Hybrid 2055 CIT Z.

S&P Target Date 2055 Index provides varying levels of exposure to equities and fixed income. Each target date allocation is created and retired according to a pre-determined schedule related to the respective target date.

Investment Strategy

The investment option seeks a total return consisting of long-term growth of capital and current income consistent with the investment strategy of an investor who expects to retire in the year identified in each respective CIT's name. To pursue its goal, this Target Date CIT generally invests in other open-ended mutual funds, insurance company separate accounts and collective trust funds that PGI Trust Company considers appropriate based on the remaining time horizon of a particular CIT and the expected risk tolerance of those investors associated with that time horizon. Over time, Principal Global Investors Trust Company intends to gradually shift the asset allocation targets of each CIT (other than the Principal LifeTime Hybrid Income CIT) to accommodate investors progressing from asset accumulation years to income generation years. It is expected that within 15 years after its target year, a CIT's underlying fund allocation will match that of the Principal LifeTime Hybrid Income CIT.

Multiple Sub-Advisors

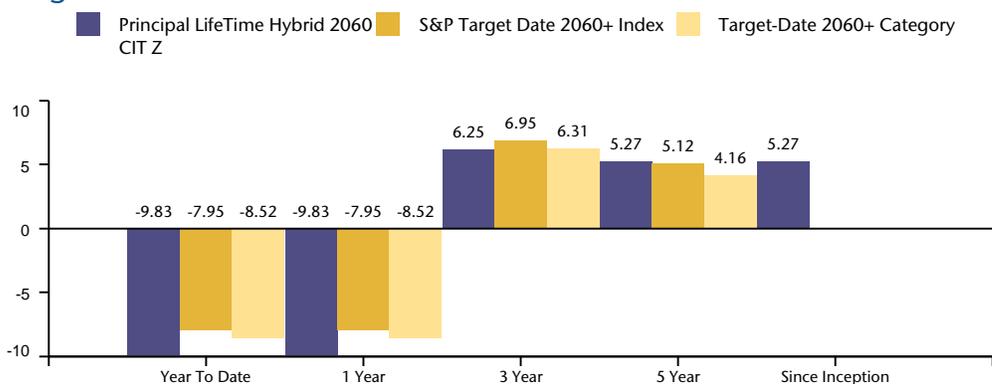
Portfolio managers

James W. Fennessey, CFA. Since 01/02/2014. B.S., Truman State University

Randy L. Welch Since 01/02/2014. M.B.A., Drake University

Scott W. Smith Since 05/02/2017. B.S., Iowa State University

Long-term returns % as of 12/31/2018



Performance disclosure

Investment results shown represent historical performance and do not guarantee future results. Investment returns and principal values 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 data shown. For more performance information, including the most recent month-end performance, visit principal.com, contact your representative of The Principal, or call our Participant Contact Center at 1-800-547-7754.

In situations where the net and gross total investment expense figures are different or where a contractual cap and/or waiver date is given, the collective investment trust or the underlying investment options in which a collective investment trust invests have waived/capped a portion of its management fee through the date displayed in 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.

Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-9.83	-9.83	6.25	5.27	5.27
S&P Target Date 2060+ Index %	-7.95	-7.95	6.95	5.12	-
Target-Date 2060+ Category %	-8.52	-8.52	6.31	4.16	-
Morningstar Percentile R rankings	-	84	65	-	-
# of Funds in Category	201	201	99	9	-
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-9.83	21.32	9.65	-0.46	-
S&P Target Date 2060+ Index %	-7.95	20.75	10.08	-0.66	5.64
Target-Date 2060+ Category %	-8.52	21.27	7.81	-1.17	5.53
Morningstar Percentile R rankings	84	56	13	27	-
# of Funds in Category	201	160	106	43	9

Morningstar percentile rankings are based on total returns.

Principal LifeTime Hybrid CITs, may invest in various types of investments, including underlying Principal Funds, and each is managed toward a particular target (retirement) date, or the approximate date an investor starts withdrawing money. As each Principal LifeTime Hybrid CIT 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 Hybrid 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. Principal LifeTime Hybrid CITs assume the value of an investor's account will be withdrawn gradually during retirement. 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.

Morningstar category

Target-Date 2060+

Risk and Return Statistics

as of 12/31/2018 Relative to S&P Target Date 2060+ Index

	3Yr	5Yr
Alpha	-0.97	-
Beta	1.06	-
R-Squared	99.30	-
Standard Deviation	10.29	-
Mean	6.25	-
Sharpe Ratio	0.53	-
Excess Return	-0.70	-
Tracking Error	1.03	-
Information Ratio	-0.70	-

Operations

Total Investment Expense Net	0.30%
Total Investment Expense Gross	0.30%
Inception Date	01/01/2014
Total Net Assets (mil)	\$393.78



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Risk and return statistical data is calculated by Morningstar, Inc. Excess Return is calculated by Principal Life Insurance Company.

Not FDIC or NCUA insured

May lose value • Not a deposit • No bank or credit union guarantee
Not insured by any Federal government agency

Principal LifeTime Hybrid 2060 CIT Z as of 12/31/2018

Average Annual Total Returns of Underlying Options as of 12/31/2018

Investment Option	1 Year	5 Year	10 Year	Since Inception	Total Investment Expense Gross	Total Investment Expense Net	Waiver/Cap Expiration Date	Inception Date
Principal International SmallCap Separate Account-Gross	-19.83	3.78	11.43	11.40	0.07	0.07	N/A N/A	01/01/1995
Principal Bond Market Index Separate Account-Gross	-0.04	2.44	-	2.96	-	-	12/31/2010 12/31/2010	12/30/2009
Principal Diversified International Inst Fund	-17.31	0.61	6.38	3.70	0.84	0.84	02/28/2019 02/28/2019	03/01/2001*
Principal SmallCap S&P 600 Index Separate Account-Gross	-8.57	6.32	13.57	9.54	-	-	N/A N/A	08/31/1999
Principal MidCap S&P 400 Index Separate Account-Gross	-11.12	5.99	13.61	9.08	-	-	N/A N/A	08/31/1999
Principal LargeCap S&P 500 Index Separate Account-Gross	-4.36	8.47	13.10	9.27	-	-	N/A N/A	01/01/1990
Principal High Yield I Inst Fund	-2.72	2.72	9.85	6.38	0.67	0.67	N/A N/A	12/29/2004
Principal Origin Emerging Markets R6 Fund	-23.21	-	-	-0.76	1.23	1.08	12/30/2020 12/30/2020	01/23/2015
Principal International Emerging Markets R6 Fund	-20.82	-0.09	6.28	7.55	1.23	1.21	02/28/2019 02/28/2019	11/22/2016*
Principal Real Estate Securities R6 Fund	-4.22	8.51	12.08	10.34	0.82	0.82	02/28/2019 02/28/2019	11/22/2016*

* These calculated returns reflect the historical performance of the oldest share class of the fund, adjusted to reflect a portion of the fees and expenses of this share class. Please see the funds' prospectuses for more information on specific expenses, and the funds' most recent shareholder report for actual date of first sale. Expenses are deducted from income earned by the fund. As a result, dividends and investment results will differ for each share class.

Portfolio information†

Composition as of 11/30/2018

Asset Distribution	Asset Type	Net %	Short %	Long %
	U.S. Stocks	65.08	0.00	65.08
	Non-U.S. Stocks	28.48	0.00	28.48
	U.S. Bonds	4.29	0.02	4.31
	Cash	1.57	0.23	1.80
	Non-U.S. Bonds	0.42	0.00	0.42
	Other	0.16	0.00	0.16
	Convertibles	0.01	0.00	0.01

Top ten holdings

	% of net assets
1. Principal LargeCap S&P 500 Idx SP	46.12
2. Principal Diversified Intl Inst	24.13
3. Principal MidCap S&P 400 Index SP	12.18
4. Principal SmallCap S&P 600 Idx SP	5.22
5. Principal International SmallCap SP	3.38
6. Principal Bond Market Index SP	2.58
7. Principal Real Estate Securities Fd R-6	2.12
8. Principal High Yield Fund I Inst	2.10
9. Principal Intl Emerging Markets R-6	1.10
10. Principal Origin Emerging Markets R6	1.08
% of net assets in top ten holdings	100.00

Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	10
AvgMktCap (mil)	\$34,742.81
Turnover Ratio	85%
AvgEffDur (Yrs)	4.93
P/C Ratio	8.86
P/B Ratio	2.22
P/E Ratio	14.69

Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets	
Cyclical	39.95	Defensive	20.87	Sensitive	39.17	
Consumer Cyclical	12.00	Healthcare	11.05	Technology	18.87	
Basic Materials	4.63	Consumer Defensive	7.19	Industrials	11.33	
Financial Svcs	17.62	Utilities	2.63	Energy	6.19	
Real Estate	5.70			Comm Svcs	2.78	

Insurance products and plan administrative services are provided by Principal Life, Des Moines, IA 50392.

The full name of this investment option is Principal LifeTime Hybrid 2060 CIT Z.

Past performance is no guarantee of future results. Market indices have been provided for comparison purposes only. They are unmanaged and do not reflect fees or expenses. Individuals cannot invest directly in an index.

Investment Strategy

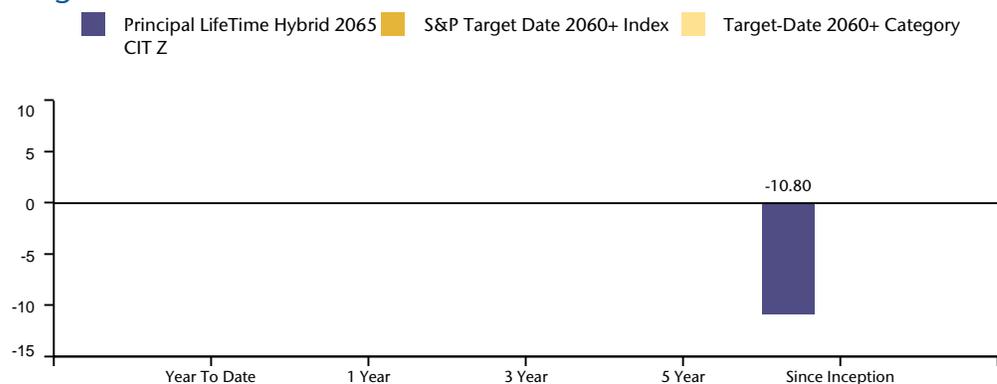
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Portfolio managers

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James W. Fennessey, CFA. Since 01/02/2018. B.S., Truman State University
Randy L. Welch Since 01/02/2018. M.B.A., Drake University

Long-term returns % as of 12/31/2018



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-	-	-	-	-10.80
S&P Target Date 2060+ Index %	-7.95	-7.95	6.95	5.12	-
Target-Date 2060+ Category %	-8.52	-8.52	6.31	4.16	-
Morningstar Percentile Rankings	-	-	-	-	-
# of Funds in Category	201	201	99	9	-
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-	-	-	-	-
S&P Target Date 2060+ Index %	-7.95	20.75	10.08	-0.66	5.64
Target-Date 2060+ Category %	-8.52	21.27	7.81	-1.17	5.53
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# of Funds in Category	201	160	106	43	9

Morningstar percentile rankings are based on total returns.

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Morningstar category

Target-Date 2060+

Risk and Return Statistics

as of 12/31/2018 Relative to S&P Target Date 2060+ Index

	3Yr	5Yr
Alpha	-	-
Beta	-	-
R-Squared	-	-
Standard Deviation	-	-
Mean	-	-
Sharpe Ratio	-	-
Excess Return	-	-
Tracking Error	-	-
Information Ratio	-	-

Operations

Total Investment Expense Net	0.30%
Total Investment Expense Gross	0.30%
Inception Date	01/01/2018
Total Net Assets (mil)	\$28.51



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Risk and return statistical data is calculated by Morningstar, Inc. Excess Return is calculated by Principal Life Insurance Company.

Not FDIC or NCUA insured

May lose value • Not a deposit • No bank or credit union guarantee
 Not insured by any Federal government agency

Principal LifeTime Hybrid 2065 CIT Z as of 12/31/2018

Average Annual Total Returns of Underlying Options as of 12/31/2018

Investment Option	1 Year	5 Year	10 Year	Since Inception	Total Investment Expense Gross	Total Investment Expense Net	Waiver/Cap Expiration Date	Inception Date
Principal International SmallCap Separate Account-Gross	-19.83	3.78	11.43	11.40	0.07	0.07	N/A N/A	01/01/1995
Principal Bond Market Index Separate Account-Gross	-0.04	2.44	-	2.96	-	-	12/31/2010 12/31/2010	12/30/2009
Principal Diversified International Inst Fund	-17.31	0.61	6.38	3.70	0.84	0.84	02/28/2019 02/28/2019	03/01/2001*
Principal SmallCap S&P 600 Index Separate Account-Gross	-8.57	6.32	13.57	9.54	-	-	N/A N/A	08/31/1999
Principal MidCap S&P 400 Index Separate Account-Gross	-11.12	5.99	13.61	9.08	-	-	N/A N/A	08/31/1999
Principal LargeCap S&P 500 Index Separate Account-Gross	-4.36	8.47	13.10	9.27	-	-	N/A N/A	01/01/1990
Principal High Yield I Inst Fund	-2.72	2.72	9.85	6.38	0.67	0.67	N/A N/A	12/29/2004
Principal Origin Emerging Markets R6 Fund	-23.21	-	-	-0.76	1.23	1.08	12/30/2020 12/30/2020	01/23/2015
Principal International Emerging Markets R6 Fund	-20.82	-0.09	6.28	7.55	1.23	1.21	02/28/2019 02/28/2019	11/22/2016*
Principal Real Estate Securities R6 Fund	-4.22	8.51	12.08	10.34	0.82	0.82	02/28/2019 02/28/2019	11/22/2016*

* These calculated returns reflect the historical performance of the oldest share class of the fund, adjusted to reflect a portion of the fees and expenses of this share class. Please see the funds' prospectuses for more information on specific expenses, and the funds' most recent shareholder report for actual date of first sale. Expenses are deducted from income earned by the fund. As a result, dividends and investment results will differ for each share class.

Portfolio information†

Composition as of 11/30/2018

Asset Distribution	Asset Type	Net %	Short %	Long %
	U.S. Stocks	65.16	0.00	65.16
	Non-U.S. Stocks	28.67	0.00	28.67
	U.S. Bonds	4.03	0.02	4.05
	Cash	1.57	0.23	1.80
	Non-U.S. Bonds	0.40	0.00	0.40
	Other	0.16	0.00	0.16

Top ten holdings

	% of net assets
1. Principal LargeCap S&P 500 Idx SP	46.19
2. Principal Diversified Intl Inst	24.30
3. Principal MidCap S&P 400 Index SP	12.17
4. Principal SmallCap S&P 600 Idx SP	5.20
5. Principal International SmallCap SP	3.40
6. Principal Bond Market Index SP	2.30
7. Principal Real Estate Securities Fd R-6	2.15
8. Principal High Yield Fund I Inst	2.09
9. Principal Intl Emerging Markets R-6	1.10
10. Principal Origin Emerging Markets R6	1.08
% of net assets in top ten holdings	100.00

Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	10
AvgMktCap (mil)	\$34,775.07
AvgEffDur (Yrs)	4.87
P/C Ratio	8.85
P/B Ratio	2.22
P/E Ratio	14.68

Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
Cyclical	39.98	Defensive	20.85	Sensitive	39.17
Consumer Cyclical	12.00	Healthcare	11.04	Technology	18.86
Basic Materials	4.64	Consumer Defensive	7.19	Industrials	11.33
Financial Svcs	17.62	Utilities	2.62	Energy	6.20
Real Estate	5.72			Comm Svcs	2.78

Insurance products and plan administrative services are provided by Principal Life, Des Moines, IA 50392.

The full name of this investment option is Principal LifeTime Hybrid 2065 CIT Z.

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Principal Stable Value Fund

Z Class

DECEMBER 31, 2018

Fund Profile

Assets	\$4,704,070,675
Crediting Rate ¹	2.35%
Avg. Duration ²	2.53 years
Market/Book Value Ratio ³	98.84%
Turnover Ratio (updated annually) ⁴	6.65%
Inception Date	January 1997

Fund Composition

Cash	10.11%
GIC	5.42%
Separate Account Contracts	35.63%
Synthetic Investment Contracts	48.85%

Trustee/Adviser Fee¹¹

8 basis points

Investment Contract Issuers

Prudential Ins Co of America	18.12%
Metropolitan Life Ins Co	15.99%
TIAA-CREF Life Ins Co	9.56%
Transamerica Life Ins Co	9.45%
New York Life Ins Co	8.49%
American General Life Ins Co	7.17%
Massachusetts Mutual Life Ins Co	7.00%
RGA Reinsurance Co	4.74%
Pacific Life Insurance Company	4.74%
State Street Bank	4.62%

Duration Distribution

0-1 Yr	19.98%
1-2 Yrs	17.54%
2-3 Yrs	24.03%
3-4 Yrs	23.08%
4-5 Yrs	10.37%
5+ Yrs	5.00%

Fund Structure

The Principal Stable Value Fund (Fund) is a Collective Investment Trust (CIT) maintained by Principal Global Investors Trust Company (the Trust Company). The Trust Company has retained Morley Capital Management (Morley), a specialized investment boutique of Principal Global Investors, LLC, (the Adviser), to serve as investment adviser with respect to the Fund, subject to the Trust Company's supervision and review. The Adviser is an indirect wholly owned subsidiary of Principal Financial Group® and is under common control with the Trust Company.

About the Adviser

Morley was founded in 1982 and began managing its first discretionary stable value account in February 1984. Morley has focused almost exclusively on managing stable value assets for our institutional client base since our inception.

Contact Information

For additional information on enrolling in the Fund, to obtain the Principal Stable Value Fund Disclosure document or to obtain additional information, please contact the Human Resources Department of the participating plan, or the participating plan's recordkeeper.

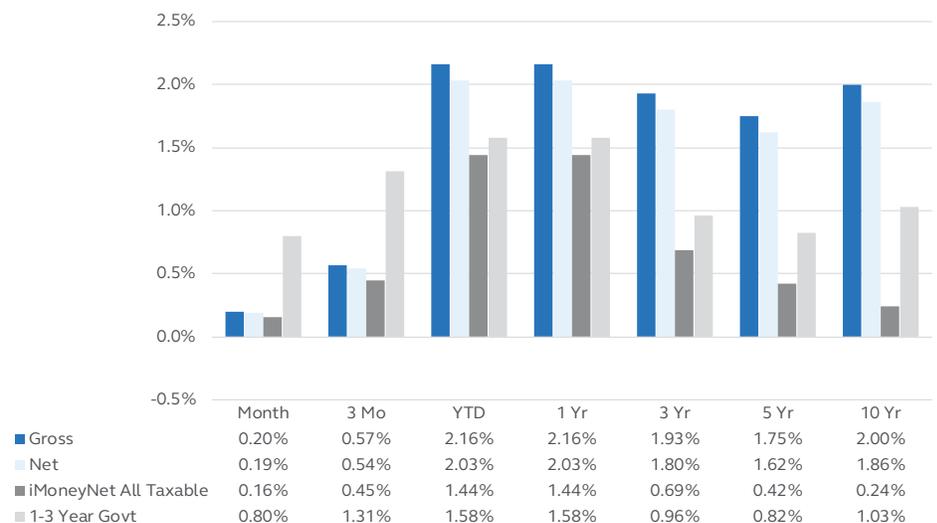
Fund Description

The Fund primarily consists of a diversified portfolio of Stable Value Investment Contracts (Investment Contracts) issued by life insurance companies, banks and other financial institutions, the performance of which may be predicated on underlying fixed income investments. The principal value of these assets is designed to remain stable regardless of stock and bond market fluctuations. The Fund is typically appropriate for investors who desire low volatility, stable principal value, and returns commensurate with a capital preservation objective for a component of their retirement savings. The Fund is designed for long-term retirement investing.

Investment Objective

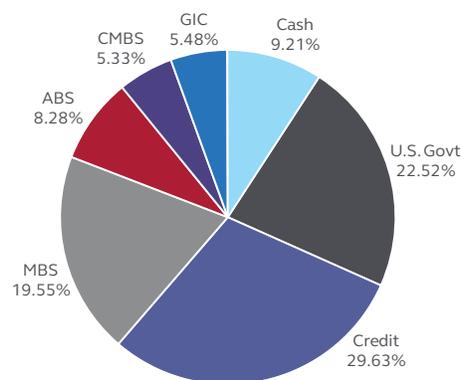
The objective of the Fund is to provide preservation of capital, relatively stable returns consistent with its comparatively low risk profile, and liquidity for benefit responsive plan or participant payments.

Performance

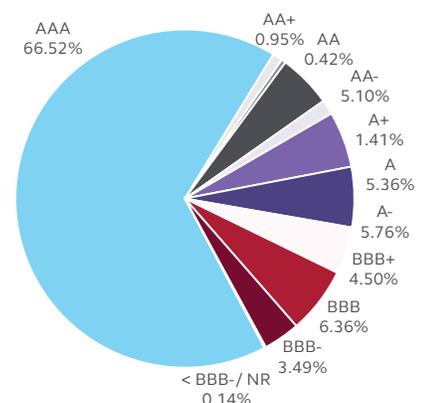


Past performance is not a guarantee of future results. Performance returns assume the reinvestment of dividends and other earnings. Returns for periods less than one year are not annualized. Gross returns are presented net of Fund Level Expenses which include Stable Value Investment Contract Fees, Sub-Adviser Fees, Acquired Fund Fees and Other Expenses. Net returns are presented net of 0.08% annualized Trustee/Adviser Fee and 0.05% annualized Service Fee. Fees charged by varying share classes including the Service Fee may differ and as a result, investors in other share classes may obtain higher or lower net returns if multiple share classes are available. Performance information for share class options available after the original Fund inception date are based on the performance of the Principal Stable Value Fund, adjusted to reflect estimated fees for the respective share class option. The Fund's inception date is January 1997. Please review page 2 for important information.

Sector Allocation



Credit Quality



ABS = Asset Backed Securities
 MBS = Mortgage Backed Securities
 CMBS = Commercial Mortgage Backed Securities

Principal Stable Value Fund / Z Class

A Word on Risk ^{5,6}

While stable value is generally considered a conservative investment option, stable value assets do carry potential risks. The Fund may lose value and may be worth more or less than the original cost when redeemed, and there is no assurance that the Fund's objective will be achieved. Risks include, but are not limited to, 1) Investment Contract risk which includes the risk of maintaining Book Value Accounting standards and the risk that Investment Contract issuers may default on their obligations under the contract; 2) interest rate risk which includes the potential that an increase in market interest rates may decrease the value of fixed income securities (bonds); 3) credit risk which reflects the potential that the issuer of fixed income securities will be unable to make the required payments of interest and/or principal when due. Morley seeks to mitigate Investment Contract and credit risk by investing only in investment grade securities. Our credit research team continually analyzes the credit standing and outlook of investments in the Fund seeking to identify investment options with the best risk/return characteristics consistent with the Fund's investment objective. Please review the Principal Stable Value Fund Disclosure document for additional information regarding Fund structure, investment objective and strategy, risks and expenses and carefully consider such factors before investing.

The Fund is not a deposit, obligation, guaranteed or insured by PGI Trust Co. or any affiliate, is not insured by the Federal Deposit Insurance Corporation (FDIC) or any other federal or state government agency. Neither the Fund nor the offering of the Units has been registered under the U.S. securities laws. Therefore, investors will not have the benefit of the protections for registered securities afforded by the Securities and Exchange Commission ("SEC").

Fees and Expenses

Fees and expenses associated with the Fund include Stable Value Investment Contract Fees, Sub-Adviser Fees, Acquired Fund Fees, and Other Expenses which are collectively referred to as Fund Level Expenses. The Fund also incurs a Trustee/Adviser Fee and may incur a Service Fee if selected by the investing Plan/Trust. The combination of all of these fees represents the Total Fund Operating Expenses for the Fund.

Fund Level Expenses are variable and will fluctuate daily based on factors such as total Fund assets, assets associated with specific Stable Value Investment Contracts or sub-advisers, and the utilization and cost of applicable services. Fund Level Expenses have already been factored into the Fund's gross performance. In contrast the Trustee/Adviser Fee and the Service Fee are generally static and are only altered by direct action from the Trustee or an election by the investing Plan/Trust to amend the Service Fee. The Fund's gross performance is reduced by the applicable Trustee/Adviser Fee and Service Fee to produce the Fund's net performance.

Expense information is updated monthly and may not match expenses provided by applicable recordkeeper.

Annualized Fees as of December 31, 2018

Stable Value Investment Contract Fees (Wrap Fees) ⁷	0.16%
Sub-Adviser Fees ⁸	0.05%
Acquired Fund Fees ⁹	0.01%
Other Expenses ¹⁰	0.01%
Total Fund Level Expenses	0.24%
Trustee/Adviser Fee ¹¹	0.08%
Service Fee ¹²	0.05%
Total Fund Operating Expenses	0.37%

Fee information has been rounded to two decimal places. As a result of this rounding, individual fees may not sum to the total fee presented.

Additional Information

Data provided is for general informational purposes only is not intended to be used for auditing purposes and may not represent a complete accounting of all holdings within the portfolio. The information should not be considered as investment, legal, accounting, or tax advice or a recommendation of any particular security, strategy, or investment product and it does not take into account the investment objectives, financial situation, or needs of any particular investor. Investors should consider whether the Fund is suitable for their particular circumstances and, if necessary, seek professional advice before investing.

Certain data including sector diversification, credit quality, and duration distribution, has been obtained from each investment manager and has been calculated based upon their internal calculation methodologies. The data is current as of the date listed, and is subject to change without notice. While generally deemed reliable, it has not been verified for accuracy or calculation methodologies and the accuracy of the data cannot be guaranteed.

Morley calculates average portfolio credit quality statistics via the aggregated market value weighted average credit quality of securities within the portfolio including GICs, wrapped securities, and cash equivalents for the assets it directly manages. In the event of split ratings for any single investment (as provided by S&P, Moody's and Fitch), the following shall apply: (a) where only two rating agencies rate the investment, the lower of the two ratings shall apply, or (b) where three ratings agencies rate the investment, the median rating shall apply. Ratings are converted to equivalent S&P reporting styles.

Definitions

1. Crediting Rate – The rate of return credited to the book value of the Fund, expressed as an annual percentage rate and is calculated based on a book value dollar weighted basis gross of the Trustee/Adviser Fee and Service Fee and Other Expenses but net of Wrap Fees, Sub-Adviser Fees, and Acquired Fund Fees. A crediting rate is determined per Investment Contract which may remain fixed for the term of the contract or may be reset at predetermined intervals based upon portfolio characteristics including yields, market value, book value and duration. The data is provided for general informational purposes and the return received may be higher or lower than the crediting rate provided.

2. Average Duration – Represents the average dollar weighted effective duration of the underlying securities in the Fund. Duration is a measure of the price sensitivity of a fixed-income security or portfolio to a change in interest rates and is commonly presented in years. The longer the duration the more sensitivity the Fund or security is expected to have to interest rate changes.

3. Market/Book Value Ratio – Represents a measurement of the market value of the Fund's underlying securities as compared to the Fund's book value; typically quoted as a percentage. Generally, participant transactions occur at book value even if the market value is above or below the book value.

4. Turnover Ratio – A measure of trading activity during the previous 12 months, expressed as a percentage of the average total assets of the Fund. The resulting percentage loosely represents the percentage of the portfolio's holdings that have changed over the past 12 months. For the purposes of calculating turnover, investments in other pooled products including other collective investment trusts, or separate account contracts, are treated as a single transaction and do not account for the underlying trading activity within these products.

5. Book Value Accounting – An accounting methodology associated with Stable Value Funds which allows the Funds to amortize market value gains and losses over time through the Fund's crediting rate thus providing capital preservation.

6. Stable Value Investment Contracts – (also known as Investment Contracts or Wrap Contracts) Contracts issued by insurance companies, banks, and other financial institutions that provide book value accounting treatment for the Fund. These contracts are designed to provide capital preservation and permit benefit-responsive transactions at book value. Investment Contracts do not insure the value of the Fund and are not insurance against Fund losses but rather by applying Book Value Accounting standards permit the amortization of gains and losses over time through the crediting rate thus providing capital preservation. Typical examples of these contracts include Guaranteed Investment Contracts (GICs), Bank Investment Contracts (BICs), Synthetic Investment Contracts (SICs), Separate Account Contracts (SACs).

7. Stable Value Investment Contract Fees – Fees assessed by the financial institutions issuing the stable value investment contracts (wrap contracts) in which the Fund invests.

8. Sub-Adviser Fees – Fees assessed by sub-advisers which provide underlying fixed income management for certain portions of the Fund. Fees associated with services provided by Morley are paid directly by the Trustee and are not Fund Level Expenses.

9. Acquired Fund Fees – The Fund invests in other funds which incur their own fees and expenses associated with fund operations. As a result a pro-rata share of the Other Expense of each underlying fund, as provided in its most recent audited financial report, is reported.

10. Other Expenses – Represents fees and expenses associated with Fund operations including but not limited to, accounting and valuation services, custody services, legal and auditing services.

11. Trustee/Adviser Fee – Paid to the Trustee of the Fund for trustee and investment advisory services. Breakpoints associated with this fee reduce costs based upon total assets of the Fund.

12. Service Fee – A fee option that may be selected by the Plan/Trust investing in the Fund. The fee is provided to Principal Life Insurance Company which provides various services to the plan which may include but is not limited to Service Provider functions, plan administrative services, investment management selection, and ongoing investment oversight.

Based upon the structure of various investment options (e.g. collective investment trusts, insurance company separate account contracts, or individually managed accounts), the client may or may not have direct fractional ownership of the underlying securities.

Market indices have been provided for comparison purposes only. They are unmanaged and do not reflect any fees or expenses. Individuals cannot invest directly in an index. The iMoneyNet All-Taxable Money Market Fund Index measures the equally weighted returns of the largest taxable money market funds. The Bloomberg Barclays 1-3 Year Govt Bond Index measures the returns of investment grade, dollar denominated bonds publicly issued by the U.S. Govt, with a maturity of over 1, and less than 3 years.

Direct investment in the Fund is limited to Participating Trusts (also known as investing Plan/Trust) that meet certain requirements described in the Declaration of Trust, that enter into a Participation Agreement with the Trustee. The Fund cannot accept investment directly from individuals and is subject to restrictions regarding transfer and withdrawal of assets including potential deferral of withdrawal requests by up to 12 months, as defined in the applicable Declaration of Trust.

Core Plus Bond Separate Account-Z as of 12/31/2018

Investment Strategy

The investment option invests primarily in intermediate-term, fixed-income investments such as public and private corporate bonds, commercial and residential mortgages, asset-backed securities, and US government and agency-backed securities. Value is added primarily through sector allocation and security selection. The Separate Account may enter into reverse repurchase agreements to attempt to enhance portfolio return and income.



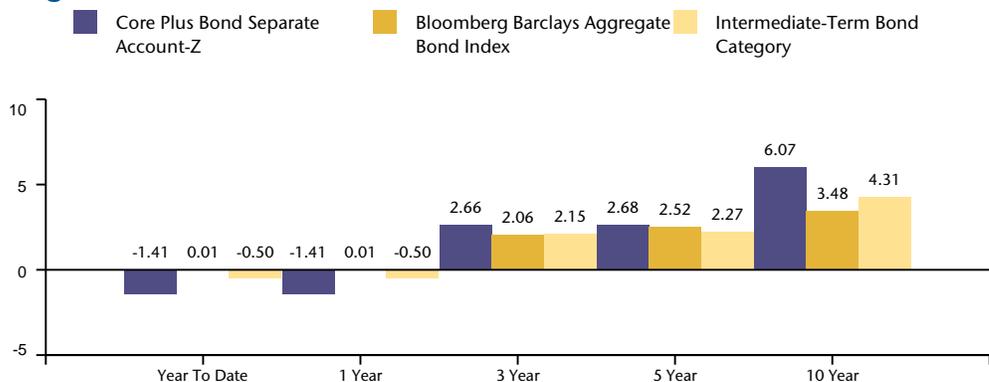
Portfolio managers

William C. Armstrong, CFA. Since 01/01/1997. M.A., University of Iowa

Timothy R. Warrick, CFA. Since 06/01/2002. M.B.A., Drake University

Tina Paris, CFA. Since 06/12/2015. M.B.A., University of Iowa

Long-term returns % as of 12/31/2018



Performance disclosure

Investment results shown represent historical performance and do not guarantee future results. Investment returns and principal values 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 data shown. For more performance information, including the most recent month-end performance, visit principal.com, contact your representative of The Principal, or call our Participant Contact Center at 1-800-547-7754.

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	-1.41	-1.41	2.66	2.68	6.07
Bloomberg Barclays Aggregate Bond Index %	0.01	0.01	2.06	2.52	3.48
Intermediate-Term Bond Category %	-0.50	-0.50	2.15	2.27	4.31
Morningstar Percentile R rankings	-	83	21	25	9
# of Funds in Category	1019	1019	876	767	560
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-1.41	5.05	4.48	-0.12	5.60
Bloomberg Barclays Aggregate Bond Index %	0.01	3.54	2.65	0.55	5.97
Intermediate-Term Bond Category %	-0.50	3.71	3.23	-0.26	5.18
Morningstar Percentile R rankings	83	11	18	53	44
# of Funds in Category	1019	986	985	1042	1038

Morningstar percentile rankings are based on total returns.

Morningstar category

Intermediate-Term Bond

Risk and Return Statistics

as of 12/31/2018 Relative to Bloomberg Barclays Aggregate Bond Index

	3Yr	5Yr
Alpha	0.72	0.37
Beta	0.88	0.88
R-Squared	85.55	86.16
Standard Deviation	2.69	2.63
Mean	2.66	2.68
Sharpe Ratio	0.57	0.75
Tracking Error	1.11	1.05
Information Ratio	0.56	0.15

Operations

Total Investment Expense Net	0.26%
Total Investment Expense Gross	0.26%
Inception Date	02/01/1983
Total Net Assets (mil)	\$3,460.71



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Risk and return statistical data is calculated by Morningstar, Inc. Excess Return is calculated by Principal Life Insurance Company.

Core Plus Bond Separate Account-Z as of 12/31/2018

Portfolio information[†]

Composition as of 11/30/2018

Asset Distribution	Asset Type	Net %	Short %	Long %
	U.S. Bonds	81.06	0.00	81.06
	Non-U.S. Bonds	9.51	0.00	9.51
	Cash	7.74	0.00	7.74
	Convertibles	1.20	0.00	1.20
	Preferred	0.28	0.00	0.28
	Other	0.17	0.00	0.17
	U.S. Stocks	0.04	0.00	0.04

Top ten holdings

	% of net assets
1. United States Treasury Notes 1.75%	2.42
2. Federal National Mortgage Association 3%	1.15
3. United States Treasury Notes 2%	1.12
4. Federal National Mortgage Association 4.5%	1.07
5. United States Treasury Bonds 3%	1.04
6. Federal Home Loan Mortgage Corporation 3%	0.97
7. Government National Mortgage Association 4.5%	0.94
8. Government National Mortgage Association 3.5%	0.80
9. United States Treasury Bonds 3%	0.76
10. Federal National Mortgage Association 4%	0.70
% of net assets in top ten holdings*	10.97

Analysis

# of Stock Hldgs	6
# of Bond Hldgs	1989
# of Other Hldgs	41
AvgMktCap (mil)	\$1,118.96
Turnover Ratio	109%

Credit Analysis

As of 11/30/2018

	% Bonds
AAA	45.98
AA	4.33
A	10.77
BBB	24.05
BB	7.44
B	5.35
Below B	1.55
Not Rated	0.54

Statistics

Avg Eff Duration (Yrs)	5.95
Avg Eff Maturity (Yrs)	0.00
Avg Weighted Price	98.92

Separate Accounts are available through a group annuity contract with Principal Life Insurance Company. Insurance products and plan administrative services, if applicable, are provided by Principal Life Insurance Company, a member of the Principal Financial Group, Des Moines, IA 50392. Certain investment options may not be available in all states or U.S. commonwealths. Principal Life Insurance Company reserves the right to defer payments or transfers from Principal Life Separate Accounts as described in the group annuity contracts providing access to the Separate Accounts or as required by applicable law. Such deferral 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.

The full name of this investment option is Principal Core Plus Bond Separate Account-Z.

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

The credit analysis shows the percentage of fixed-income securities that fall within each credit-quality rating, as assigned by Standard & Poor's or Moody's, and depicts the quality of bonds in the portfolio. Higher ratings indicate a lower credit risk, and lower ratings indicate a higher credit risk. Per the Morningstar Fixed Income Survey guidelines, if two rating agencies rate a security, then the lowest rating is used. The credit analysis may not reflect the current portfolio composition. AAA-rated securities include cash and cash equivalents.

Bloomberg Barclays Aggregate Bond Index represents securities that are domestic, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

Past performance is no guarantee of future results. Market indices have been provided for comparison purposes only. They are unmanaged and do not reflect fees or expenses. Individuals cannot invest directly in an index.

Alpha - The difference between an investment's actual returns and its expected performance, given its level of risk (as measured by beta). **Beta** - An investment's sensitivity to market movements. **R-squared** - Ranges from 0 to 100 and reveals how closely an investment's returns track those of a benchmark index. **Standard Deviation** - Measures how much an investment's returns are likely to fluctuate. **Mean** - Represents the annualized total return for a fund over 3 and 5 years. **Sharpe Ratio** - Measures how an investment balances risks and rewards. The higher the Sharpe ratio, the better the investment's historical risk-adjusted performance. **Excess Return** - The difference between a manager's return and the return of an external standard such as a passive index.

Tracking Error - The standard deviation or volatility of excess returns. **Information Ratio** - A risk-adjusted measure commonly used to evaluate an active manager's involvement skill. It's defined as the manager's excess return divided by the variability or standard deviation of the excess return.

Average Effective Duration - A time measure of a bond portfolio's interest-rate sensitivity, based on the weighted average of the time periods over which the cash flows of all of the portfolio's bond holdings accrue to the portfolio. Time periods are weighted by multiplying by the present value of each bond's cash flow divided by that bond's price. (A bond's cash flows consist of coupon payments and repayment of capital.)

Bond Market Index Separate Account-Z as of 12/31/2018

Investment Strategy

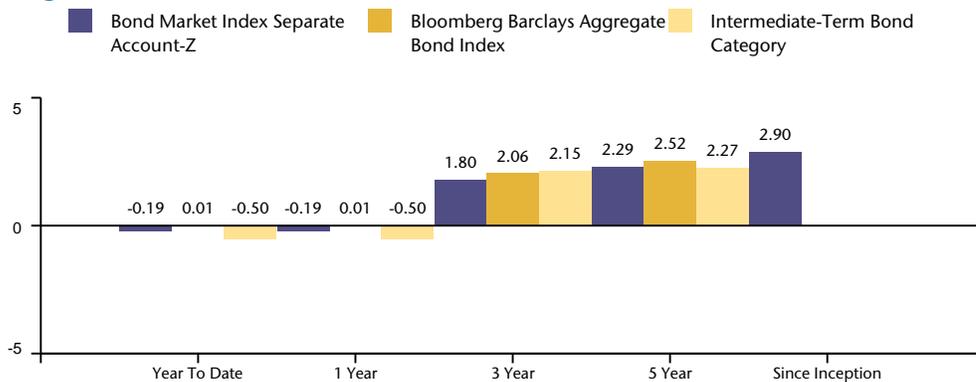
The investment seeks to provide current income. The fund normally invests at least 80% of its net assets, plus any borrowings for investment purposes, in debt securities held by the Barclays U. S. Aggregate Bond Index at the time of purchase. The index is composed of investment grade, fixed rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities, with maturities of one year or more. It employs a passive investment approach designed to attempt to track the performance of the index.



Portfolio managers

Gregory A. Lee, CFA. Since 06/27/2013. B.S., University of California, Davis
Stephanie Shu, CFA. Since 10/02/2015. M.S., Texas A&M University
Paul L. Benson, CFA. Since 10/02/2015. B.A., University of Michigan
Nancy G. Rogers, CFA. Since 10/02/2015. M.B.A., Drexel University

Long-term returns % as of 12/31/2018



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	-0.19	-0.19	1.80	2.29	2.90
Bloomberg Barclays Aggregate Bond Index %	0.01	0.01	2.06	2.52	-
Intermediate-Term Bond Category %	-0.50	-0.50	2.15	2.27	-
Morningstar Percentile Rankings	-	37	69	51	-
# of Funds in Category	1019	1019	876	767	-
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-0.19	3.28	2.34	0.32	5.80
Bloomberg Barclays Aggregate Bond Index %	0.01	3.54	2.65	0.55	5.97
Intermediate-Term Bond Category %	-0.50	3.71	3.23	-0.26	5.18
Morningstar Percentile Rankings	37	66	72	32	36
# of Funds in Category	1019	986	985	1042	1038

Morningstar percentile rankings are based on total returns.

Morningstar category
Intermediate-Term Bond

Risk and Return Statistics

as of 12/31/2018 Relative to
Bloomberg Barclays Aggregate Bond Index

	3Yr	5Yr
Alpha	-0.34	-0.33
Beta	1.00	1.00
R-Squared	99.98	99.94
Standard Deviation	2.88	2.80
Mean	1.80	2.29
Sharpe Ratio	0.22	0.54
Tracking Error	0.05	0.07
Information Ratio	-7.47	-4.90

Operations

Total Investment Expense Net	0.17%
Total Investment Expense Gross	0.17%
Inception Date	12/30/2009
Total Net Assets (mil)	\$8,708.71



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Risk and return statistical data is calculated by Morningstar, Inc. Excess Return is calculated by Principal Life Insurance Company.

Bond Market Index Separate Account-Z as of 12/31/2018

Portfolio information[†]

Composition as of 11/30/2018

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Bonds	91.38	0.00	91.38
		Non-U.S. Bonds	7.08	0.00	7.08
		Cash	1.39	0.00	1.39
		Convertibles	0.15	0.00	0.15
0 25 50 75 100					

Top ten holdings

% of net assets

1. Federal National Mortgage Association 4%	1.05
2. Federal Home Loan Mortgage Corporation 3.5%	0.96
3. Federal Home Loan Mortgage Corporation 4%	0.77
4. Federal National Mortgage Association 3.5%	0.75
5. Government National Mortgage Association 4%	0.63
6. Government National Mortgage Association 3.5%	0.63
7. United States Treasury Notes 2.38%	0.43
8. United States Treasury Notes 2.88%	0.42
9. United States Treasury Notes 2.75%	0.41
10. United States Treasury Notes 2.12%	0.38
% of net assets in top ten holdings*	6.43

Analysis

# of Stock Hldgs	0
# of Bond Hldgs	10587
# of Other Hldgs	46
Turnover Ratio	53%

Credit Analysis

As of 11/30/2018

	% Bonds
AAA	72.95
AA	3.68
A	10.35
BBB	13.02
BB	0.00
B	0.00
Below B	0.00
Not Rated	0.00

Statistics

Avg Eff Duration (Yrs)	5.98
Avg Eff Maturity (Yrs)	8.42
Avg Weighted Price	98.78

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Tracking Error - The standard deviation or volatility of excess returns. **Information Ratio** - A risk-adjusted measure commonly used to evaluate an active manager's involvement skill. It's defined as the manager's excess return divided by the variability or standard deviation of the excess return.

Average Effective Duration - A time measure of a bond portfolio's interest-rate sensitivity, based on the weighted average of the time periods over which the cash flows of all of the portfolio's bond holdings accrue to the portfolio. Time periods are weighted by multiplying by the present value of each bond's cash flow divided by that bond's price. (A bond's cash flows consist of coupon payments and repayment of capital.)

U.S. Property Separate Account-Z as of 12/31/2018

Investment Strategy

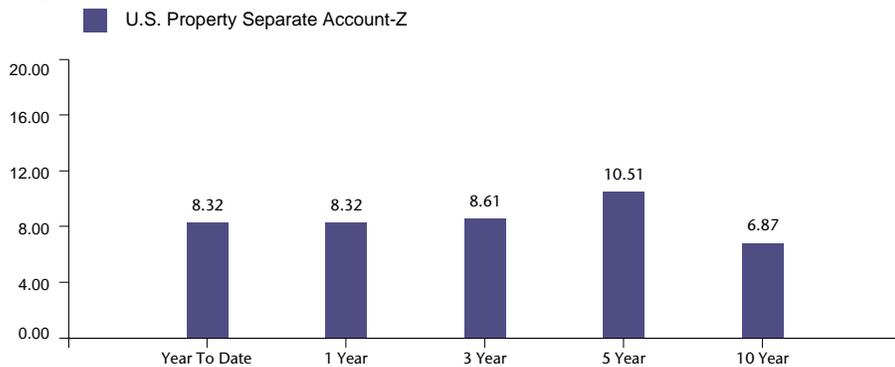
The investment invests the majority of assets in commercial real estate holdings. It focuses on properties that return both lease income and appreciation of the buildings' marketable value. The property holdings usually contain real estate from the multi-family, office, warehouse/manufacturing, and retail sectors. This investment option is subject to investment and liquidity risk and other risks inherent in real estate such as those associated with general and local economic conditions. You may not be able to immediately withdraw funds contributed to this Separate Account. A contractual limitation in the group annuity contract that provides access to this Separate Account may be implemented, which will allow management of this Separate Account, and satisfy withdrawal requests over time and fairly amongst all those who request a withdrawal.



Portfolio managers

John Berg Since 12/01/2003. M.B.A., University of Iowa

Long-term returns % as of 12/31/2018



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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	8.32	8.32	8.61	10.51	6.87

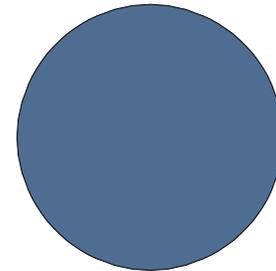
Annual Returns	2018	2017	2016	2015	2014
Total Return %	8.32	8.29	9.22	13.82	13.04

Operations

Total Investment Expense Net	0.79%
Total Investment Expense Gross	0.79%
Inception Date	01/01/1982
Total Net Assets (mil)	\$8,089.42

Portfolio information

Composition as of 11/30/2018



% of Assets

Other	100.00
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Analysis

Total Number of Hldgs	136
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Portfolio composition

Top ten holdings % of net assets

Office/Retail/Land Anaheim,CA	4.12
Office Austin,TX	4.01
Office Seattle,WA	3.67
Office Cambridge,MA	3.55
Office New York,NY	3.45
Multifamily/Retail Cambridge,MA	3.02
Retail Los Angeles,CA	2.58
Office Oakland,CA	2.55
Multifamily Phoenix,AZ	2.39
Office San Jose, CA	2.07

% of net assets in top ten holdings* 31.41%

*Values may exceed 100% if both long and short positions are included in the portfolio.

Geographical diversity % of properties

West	45.65
East	28.91
South	20.67
Midwest	4.77

Property type % of account

Office	40.00
Apartments	23.02
Industrial Park	20.10
Retail	15.60
Other	1.28

LargeCap S&P 500 Index Separate Account-Z as of 12/31/2018

Investment Strategy

The investment option normally invests the majority of assets in common stocks of companies that compose the S&P 500 Index. Management attempts to mirror the investment performance of the index by allocating assets in approximately the same weightings as the S&P 500 Index. Over the long-term, management seeks a very close correlation between the performance of the Separate Account before expenses and that of the S&P 500 Index.

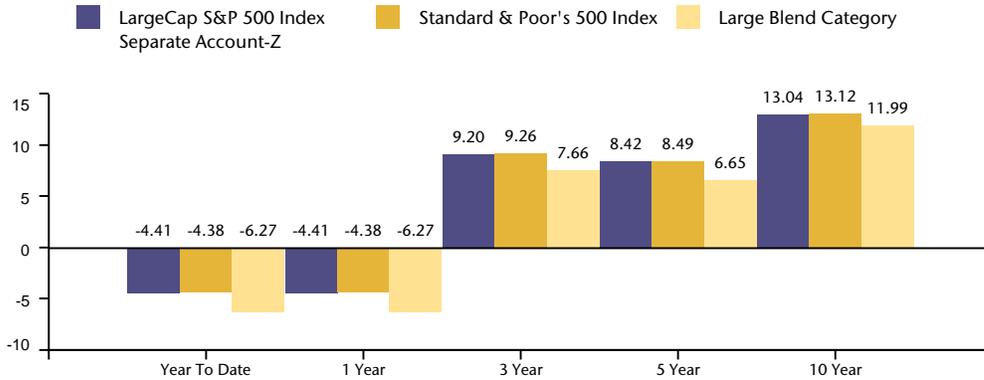


Portfolio managers

Jeffrey A. Schwarte, CPA, CFA. Since 07/29/2016. B.A., University of Northern Iowa

Aaron J. Siebel Since 10/15/2018.

Long-term returns % as of 12/31/2018



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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	-4.41	-4.41	9.20	8.42	13.04
Standard & Poor's 500 Index %	-4.38	-4.38	9.26	8.49	13.12
Large Blend Category %	-6.27	-6.27	7.66	6.65	11.99
Morningstar Percentile Rankings	-	25	16	11	21
# of Funds in Category	1402	1402	1208	1071	805
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-4.41	21.73	11.89	1.34	13.53
Standard & Poor's 500 Index %	-4.38	21.83	11.96	1.38	13.69
Large Blend Category %	-6.27	20.44	10.37	-1.07	10.96
Morningstar Percentile Rankings	25	31	28	20	20
# of Funds in Category	1402	1396	1409	1606	1568

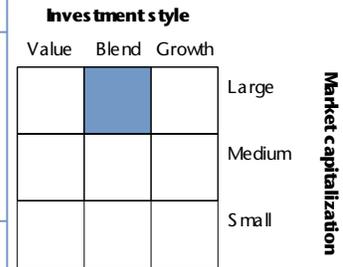
Morningstar percentile rankings are based on total returns.

Morningstar category

Large Blend

Morningstar Style Box™

As of 11/30/2018



Risk and Return Statistics

as of 12/31/2018 Relative to Standard & Poor's 500 Index

	3Yr	5Yr
Alpha	-0.04	-0.06
Beta	1.00	1.00
R-Squared	100.00	100.00
Standard Deviation	10.94	10.93
Mean	9.20	8.42
Sharpe Ratio	0.76	0.73
Excess Return	-0.06	-0.07
Tracking Error	0.03	0.04
Information Ratio	-2.29	-2.24

Operations

Total Investment Expense Net	0.05%
Total Investment Expense Gross	0.05%
Inception Date	01/01/1990
Total Net Assets (mil)	\$25,059.55



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Risk and return statistical data is calculated by Morningstar, Inc. Excess Return is calculated by Principal Life Insurance Company.

LargeCap S&P 500 Index Separate Account-Z as of 12/31/2018

Portfolio information†

Composition as of 11/30/2018

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Stocks	96.81	0.00	96.81
		Cash	2.41	0.00	2.41
		Non-U.S. Stocks	0.78	0.00	0.78

Top ten holdings

	% of net assets
1. Microsoft Corp	3.57
2. Apple Inc	3.44
3. Amazon.com Inc	2.91
4. Berkshire Hathaway Inc B	1.79
5. Johnson & Johnson	1.65
6. JPMorgan Chase & Co	1.57
7. Facebook Inc A	1.42
8. Exxon Mobil Corp	1.41
9. Alphabet Inc Class C	1.41
10. Alphabet Inc A	1.39
% of net assets in top ten holdings*	20.56

Analysis

# of Stock Hldgs	502
# of Bond Hldgs	0
# of Other Hldgs	2
AvgMktCap (mil)	\$102,385.12
Turnover Ratio	2%
P/C Ratio	12.98
P/B Ratio	3.01
P/E Ratio	17.03

Stock Sector Breakdown

	% of net assets	% of net assets	% of net assets
Cyclical	32.70	Defensive	26.47
Consumer Cyclical	11.75	Healthcare	15.53
Basic Materials	2.44	Consumer Defensive	7.80
Financial Svcs	16.13	Utilities	3.14
Real Estate	2.38	Energy	5.46
		Comm Svcs	3.57
Sensitive		Technology	21.69
		Industrials	10.10

Separate Accounts are available through a group annuity contract with Principal Life Insurance Company. Insurance products and plan administrative services, if applicable, are provided by Principal Life Insurance Company, a member of the Principal Financial Group, Des Moines, IA 50392. Certain investment options may not be available in all states or U.S. commonwealths. Principal Life Insurance Company reserves the right to defer payments or transfers from Principal Life Separate Accounts as described in the group annuity contracts providing access to the Separate Accounts or as required by applicable law. Such deferral 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.

The full name of this investment option is Principal LargeCap S&P 500 Index Separate Account-Z.

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

Standard & Poor's 500 Index is a market capitalization-weighted index of 500 widely held stocks often used as a proxy for the stock market.

Past performance is no guarantee of future results. Market indices have been provided for comparison purposes only. They are unmanaged and do not reflect fees or expenses. Individuals cannot invest directly in an index.

Alpha - The difference between an investment's actual returns and its expected performance, given its level of risk (as measured by beta). **Beta** - An investment's sensitivity to market movements. **R-squared** - Ranges from 0 to 100 and reveals how closely an investment's returns track those of a benchmark index. **Standard Deviation** - Measures how much an investment's returns are likely to fluctuate. **Mean** - Represents the annualized total return for a fund over 3 and 5 years. **Sharpe Ratio** - Measures how an investment balances risks and rewards. The higher the Sharpe ratio, the better the investment's historical risk-adjusted performance. **Excess Return** - The difference between a manager's return and the return of an external standard such as a passive index.

Tracking Error - The standard deviation or volatility of excess returns. **Information Ratio** - A risk-adjusted measure commonly used to evaluate an active manager's involvement skill. It's defined as the manager's excess return divided by the variability or standard deviation of the excess return.

Average Market Cap - The overall "size" of a stock investment option's portfolio. It is the geometric mean of the market capitalization for all of the stocks it owns and is calculated by raising the market capitalization of each stock to a power equal to that stock's stake in the portfolio. The resulting numbers are multiplied together to produce the geometric mean of the market caps of the stocks in the portfolio, which is reported as average market capitalization.

Price/Cash Flow (projected) Ratio - The ratio of the company's most recent month-end share price to the company's estimated cash flow per share (CPS) for the current fiscal year. Cash flow measures the ability of a business to generate cash and it acts as a gauge of liquidity and solvency. Morningstar calculates internal estimates for the current year CPS based on the most recently reported CPS and average historical cash flow growth rates. Price/cash flow (projected) is one of the five value factors used to calculate the Morningstar Style Box. For portfolios, this data point is calculated by taking an asset-weighted average of the cash flow yields (C/P) of all the stocks in the portfolio and then taking the reciprocal of the result. **Price/Projected Earnings Ratio** - The ratio of the company's most recent month-end share price to the company's estimated earnings per share (EPS) for the current fiscal year. If a third-party estimate for the current year EPS is not available, Morningstar will calculate an internal estimate based on the most recently reported EPS and average historical earnings growth rates. Price/projected earnings is one of the five value factors used to calculate the Morningstar Style Box. For portfolios, this data point is calculated by taking an asset-weighted average of the earnings yields (E/P) of all the stocks in the portfolio and then taking the reciprocal of the result. **Price/Book (projected) Ratio** - The ratio of the company's most recent month-end share price to the company's estimated book value per share (BPS) for the current fiscal year. Book value is the total assets of a company, less total liabilities. Morningstar calculates internal estimates for the current year BPS based on the most recently reported BPS and average historical book value growth rates.

Capital Appreciation Separate Account-Z as of 12/31/2018

Investment Strategy

The investment seeks to provide long-term growth of capital. The fund invests primarily in equity securities of companies with any market capitalization, but has a greater exposure to large market capitalization companies than small or medium market capitalization companies. It invests in equity securities with value and/or growth characteristics. Investing in value equity securities is an investment strategy that emphasizes buying equity securities that appear to be undervalued.

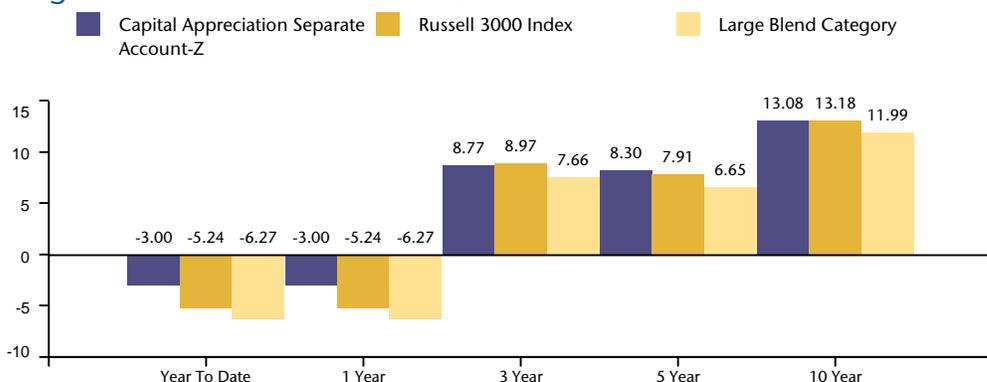


Portfolio managers

Daniel R. Coleman Since 05/19/2010. M.B.A., New York University

Theodore Jayne, CFA. Since 09/30/2015. B.A., Harvard University

Long-term returns % as of 12/31/2018



Performance disclosure

Investment results shown represent historical performance and do not guarantee future results. Investment returns and principal values 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 data shown. For more performance information, including the most recent month-end performance, visit principal.com, contact your representative of The Principal, or call our Participant Contact Center at 1-800-547-7754.

In situations where the net and gross total investment expense figures are different or where a contractual cap and/or waiver date is given, the mutual fund or the underlying fund in which a Separate Account invests has waived/capped a portion of its management fees through the date displayed in 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.

Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	-3.00	-3.00	8.77	8.30	13.08
Russell 3000 Index %	-5.24	-5.24	8.97	7.91	13.18
Large Blend Category %	-6.27	-6.27	7.66	6.65	11.99
Morningstar Percentile Rankings	-	14	33	15	19
# of Funds in Category	1402	1402	1208	1071	805
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-3.00	21.25	9.41	2.57	12.87
Russell 3000 Index %	-5.24	21.13	12.74	0.48	12.56
Large Blend Category %	-6.27	20.44	10.37	-1.07	10.96
Morningstar Percentile Rankings	14	43	66	12	32
# of Funds in Category	1402	1396	1409	1606	1568

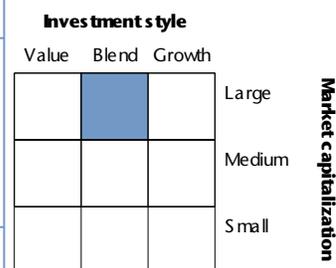
Morningstar percentile rankings are based on total returns.

Morningstar category

Large Blend

Morningstar Style Box™

As of 11/30/2018



Risk and Return Statistics

as of 12/31/2018 Relative to Russell 3000 Index

	3Yr	5Yr
Alpha	0.20	0.62
Beta	0.95	0.96
R-Squared	98.17	98.24
Standard Deviation	10.83	10.81
Mean	8.77	8.30
Sharpe Ratio	0.73	0.73
Excess Return	-0.20	0.38
Tracking Error	1.59	1.51
Information Ratio	-0.13	0.25

Operations

Total Investment Expense Net	0.32%
Total Investment Expense Gross	0.32%
Contractual Cap Expiration Date	02/28/2019
Waiver Expiration Date	02/28/2019
Inception Date	06/30/2009
Extended Performance	
Inception Date#	11/30/1986
Total Net Assets (mil)	\$1,661.31



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Risk and return statistical data is calculated by Morningstar, Inc. Excess Return is calculated by Principal Life Insurance Company.

Capital Appreciation Separate Account-Z as of 12/31/2018

Portfolio information†

Composition as of 11/30/2018

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Stocks	93.36	0.00	93.36
		Non-U.S. Stocks	4.86	0.00	4.86
		Cash	1.78	0.07	1.85

Top ten holdings

	% of net assets
1. Microsoft Corp	4.48
2. Apple Inc	3.95
3. JPMorgan Chase & Co	3.76
4. Alphabet Inc A	2.27
5. Royal Dutch Shell PLC ADR Class B	2.00
6. Discover Financial Services	1.92
7. Amazon.com Inc	1.90
8. Alexandria Real Estate Equities Inc	1.82
9. Johnson & Johnson	1.78
10. NextEra Energy Inc	1.76
% of net assets in top ten holdings*	25.64

Analysis

# of Stock Hldgs	97
# of Bond Hldgs	0
# of Other Hldgs	1
AvgMktCap (mil)	\$75,785.44
Turnover Ratio	36%
P/C Ratio	13.34
P/B Ratio	3.27
P/E Ratio	16.59

Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
Cyclical	32.86	Defensive	24.81	Sensitive	42.34
Consumer Cyclical	12.85	Healthcare	15.36	Technology	22.91
Basic Materials	2.67	Consumer Defensive	6.28	Industrials	9.89
Financial Svcs	14.30	Utilities	3.17	Energy	5.33
Real Estate	3.04			Comm Svcs	4.21

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The full name of this investment option is Principal Capital Appreciation Separate Account-Z. Principal Capital Appreciation investment option is available as a mutual fund and as a Separate Account that invests wholly in Institutional class shares of the Principal Funds, Inc. Capital Appreciation Inst Fund. All voting rights associated with ownership of shares in the mutual fund are the rights of the Separate Account, not of contract holders investing in the Separate Account. For further information on the underlying mutual fund, see the prospectus of the fund (PWCIX) at <http://www.principal.com/retirement/prospectuses/prospect.htm>.

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The Russell 3000 Index is constructed to provide a comprehensive barometer of the broad market and accounts for nearly 98% of the total value of all equity traded on the U.S. exchanges. It measures the stocks that are also members of either the Russell 1000 or the Russell 2000 indexes.

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Tracking Error - The standard deviation or volatility of excess returns. **Information Ratio** - A risk-adjusted measure commonly used to evaluate an active manager's involvement skill. It's defined as the manager's excess return divided by the variability or standard deviation of the excess return.

LargeCap Value III Separate Account-Z as of 12/31/2018

Investment Strategy

The investment seeks long-term growth of capital. Under normal circumstances, the fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in companies with large market capitalizations at the time of purchase. For this fund, companies with large market capitalizations are those with market capitalizations within the range of companies comprising the Russell 1000 (R) Value Index (as of December 31, 2017, the range of the index was between approximately \$1.1 billion and \$489.0 billion). The fund invests in value equity securities, an investment strategy that emphasizes buying equity securities that appear to be undervalued.

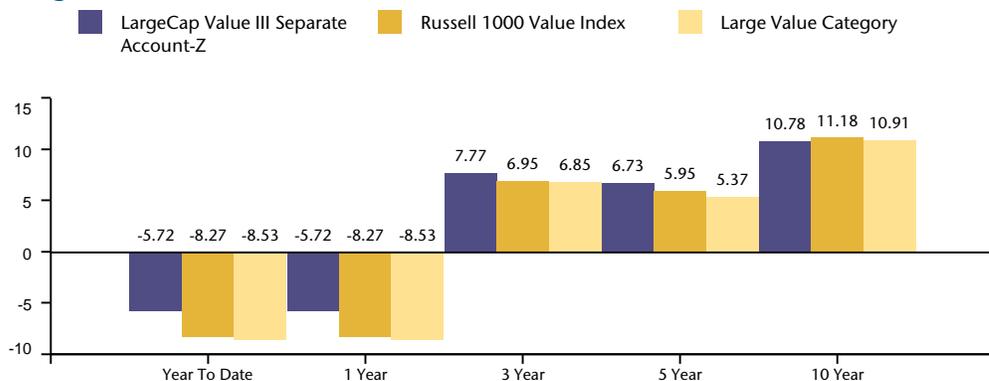


Portfolio managers

James W. Fennessey, CFA. Since 06/02/2009. B.S., Truman State University

Randy L. Welch Since 06/02/2009. M.B.A., Drake University

Long-term returns % as of 12/31/2018



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	-5.72	-5.72	7.77	6.73	10.78
Russell 1000 Value Index %	-8.27	-8.27	6.95	5.95	11.18
Large Value Category %	-8.53	-8.53	6.85	5.37	10.91
Morningstar Percentile R rankings	-	21	29	20	54
# of Funds in Category	1244	1244	1100	937	686
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-5.72	17.08	13.38	-1.68	12.57
Russell 1000 Value Index %	-8.27	13.66	17.34	-3.83	13.45
Large Value Category %	-8.53	15.94	14.81	-4.05	10.21
Morningstar Percentile R rankings	21	38	64	23	18
# of Funds in Category	1244	1260	1268	1378	1290

Morningstar percentile rankings are based on total returns.

Morningstar category

Large Value

Morningstar Style Box™

As of 11/30/2018

Investment style			Market capitalization	
Value	Blend	Growth		
				Large
				Medium
			Small	

Risk and Return Statistics

as of 12/31/2018 Relative to Russell 1000 Value Index

	3Yr	5Yr
Alpha	0.92	0.82
Beta	0.97	0.98
R-Squared	97.78	98.10
Standard Deviation	10.78	10.79
Mean	7.77	6.73
Sharpe Ratio	0.64	0.59
Excess Return	0.81	0.78
Tracking Error	1.65	1.50
Information Ratio	0.50	0.52

Operations

Total Investment Expense Net	0.53%
Total Investment Expense Gross	0.59%
Contractual Cap Expiration Date	02/28/2019
Waiver Expiration Date	02/28/2019
Inception Date	12/29/2000
Total Net Assets (mil)	\$1,925.81



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Risk and return statistical data is calculated by Morningstar, Inc. Excess Return is calculated by Principal Life Insurance Company.

LargeCap Value III Separate Account-Z as of 12/31/2018

Portfolio information[†]

Composition as of 11/30/2018

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Stocks	93.90	0.00	93.90
		Cash	3.22	0.58	3.80
		Non-U.S. Stocks	2.87	0.00	2.87
		Other	0.01	0.00	0.01

Top ten holdings

	% of net assets
1. JPMorgan Chase & Co	3.17
2. CVS Health Corp	3.11
3. Medtronic PLC	2.70
4. Johnson & Johnson	2.59
5. Wells Fargo & Co	2.45
6. Oracle Corp	2.27
7. Microsoft Corp	2.16
8. Chevron Corp	2.03
9. US Bancorp	1.85
10. Comcast Corp Class A	1.83
% of net assets in top ten holdings*	24.16

Analysis

# of Stock Hldgs	680
# of Bond Hldgs	0
# of Other Hldgs	6
AvgMktCap (mil)	\$86,604.29
Turnover Ratio	44%
P/C Ratio	12.23
P/B Ratio	2.37
P/E Ratio	15.56

Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
Cyclical	32.68	Defensive	31.58	Sensitive	35.72
Consumer Cyclical	4.86	Healthcare	18.04	Technology	11.09
Basic Materials	4.05	Consumer Defensive	8.25	Industrials	10.30
Financial Svcs	20.65	Utilities	5.29	Energy	10.32
Real Estate	3.12			Comm Svcs	4.01

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Russell 1000 Value Index is a market-capitalization weighted index of those firms in the Russell 1000 with lower price-to-book ratios and lower forecasted growth values.

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LargeCap Growth I Separate Account-Z as of 12/31/2018

Investment Strategy

The investment seeks long-term growth of capital. The fund normally invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of companies with large market capitalizations at the time of purchase. It invests in growth equity securities; growth orientation emphasizes buying equity securities of companies whose potential for growth of capital and earnings is expected to be above average.

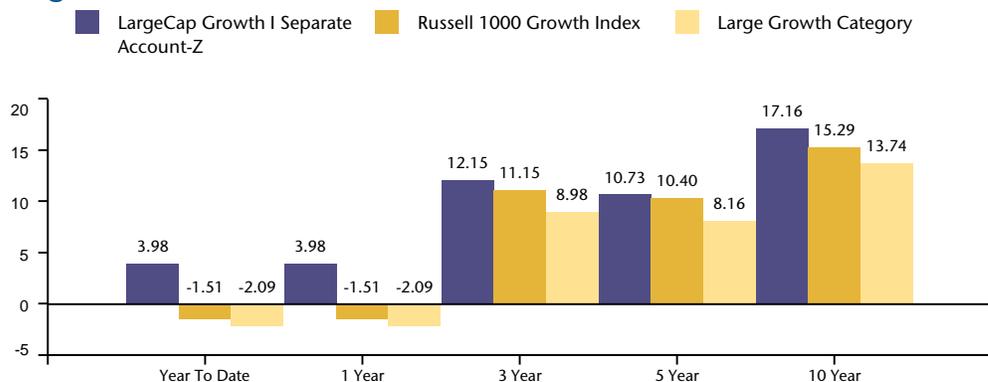


Portfolio managers

James W. Fennessey, CFA. Since 06/02/2009. B.S., Truman State University

Randy L. Welch Since 06/02/2009. M.B.A., Drake University

Long-term returns % as of 12/31/2018



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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	3.98	3.98	12.15	10.73	17.16
Russell 1000 Growth Index %	-1.51	-1.51	11.15	10.40	15.29
Large Growth Category %	-2.09	-2.09	8.98	8.16	13.74
Morningstar Percentile R rankings	-	8	8	13	5
# of Funds in Category	1405	1405	1247	1107	799
Annual Returns	2018	2017	2016	2015	2014
Total Return %	3.98	34.06	1.19	8.40	8.88
Russell 1000 Growth Index %	-1.51	30.21	7.08	5.67	13.05
Large Growth Category %	-2.09	27.67	3.23	3.60	10.00
Morningstar Percentile R rankings	8	13	68	13	65
# of Funds in Category	1405	1363	1463	1681	1710

Morningstar percentile rankings are based on total returns.

Morningstar category

Large Growth

Morningstar Style Box™

As of 11/30/2018

Investment style			Market capitalization	
Value	Blend	Growth		
				Large
				Medium
			Small	

Risk and Return Statistics

as of 12/31/2018 Relative to Russell 1000 Growth Index

	3Yr	5Yr
Alpha	0.71	0.27
Beta	1.03	1.01
R-Squared	92.89	93.43
Standard Deviation	13.13	12.49
Mean	12.15	10.73
Sharpe Ratio	0.86	0.83
Excess Return	0.99	0.33
Tracking Error	3.53	3.21
Information Ratio	0.28	0.10

Operations

Total Investment Expense Net	0.39%
Total Investment Expense Gross	0.41%
Contractual Cap Expiration Date	02/28/2019
Waiver Expiration Date	02/28/2019
Inception Date	12/29/2000
Total Net Assets (mil)	\$7,638.95



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LargeCap Growth I Separate Account-Z as of 12/31/2018

Portfolio information[†]

Composition as of 11/30/2018

Asset Distribution	Asset Type	Net %	Short %	Long %
	U.S. Stocks	92.23	0.00	92.23
	Non-U.S. Stocks	5.67	0.00	5.67
	Cash	1.64	0.46	2.10
	Preferred	0.32	0.00	0.32
	Other	0.14	0.00	0.14

Top ten holdings

	% of net assets
1. Amazon.com Inc	6.45
2. Visa Inc Class A	4.23
3. Microsoft Corp	3.64
4. Intuitive Surgical Inc	2.94
5. Alphabet Inc Class C	2.91
6. Facebook Inc A	2.75
7. Intuit Inc	2.67
8. Alphabet Inc A	2.46
9. Boeing Co	2.44
10. Booking Holdings Inc	2.38
% of net assets in top ten holdings*	32.87

Analysis

# of Stock Hldgs	511
# of Bond Hldgs	0
# of Other Hldgs	22
AvgMktCap (mil)	\$91,149.01
Turnover Ratio	35%
P/C Ratio	18.88
P/B Ratio	6.35
P/E Ratio	25.83

Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
Cyclical	28.52	Defensive	26.16	Sensitive	45.33
Consumer Cyclical	17.37	Healthcare	21.09	Technology	32.30
Basic Materials	1.69	Consumer Defensive	4.57	Industrials	11.26
Financial Svcs	9.26	Utilities	0.50	Energy	0.09
Real Estate	0.20			Comm Svcs	1.68

Separate Accounts are available through a group annuity contract with Principal Life Insurance Company. Insurance products and plan administrative services, if applicable, are provided by Principal Life Insurance Company, a member of the Principal Financial Group, Des Moines, IA 50392. Certain investment options may not be available in all states or U.S. commonwealths. Principal Life Insurance Company reserves the right to defer payments or transfers from Principal Life Separate Accounts as described in the group annuity contracts providing access to the Separate Accounts or as required by applicable law. Such deferral 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.

The full name of this investment option is Principal LargeCap Growth I Separate Account-Z. Principal LargeCap Growth I investment option is available as a mutual fund and as a Separate Account that invests wholly in R6 class shares of the Principal Funds, Inc. LargeCap Growth I R6 Fund. All voting rights associated with ownership of shares in the mutual fund are the rights of the Separate Account, not of contract holders investing in the Separate Account. For further information on the underlying mutual fund, see the prospectus of the fund (PLCGX) at <http://www.principal.com/retirement/prospectuses/prospect.htm>.

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

Russell 1000 Growth Index is a market-capitalization weighted index of those firms in the Russell 1000 with higher price-to-book ratios and higher forecasted growth values.

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Alpha - The difference between an investment's actual returns and its expected performance, given its level of risk (as measured by beta). **Beta** - An investment's sensitivity to market movements. **R-squared** - Ranges from 0 to 100 and reveals how closely an investment's returns track those of a benchmark index. **Standard Deviation** - Measures how much an investment's returns are likely to fluctuate. **Mean** - Represents the annualized total return for a fund over 3 and 5 years. **Sharpe Ratio** - Measures how an investment balances risks and rewards. The higher the Sharpe ratio, the better the investment's historical risk-adjusted performance. **Excess Return** - The difference between a manager's return and the return of an external standard such as a passive index.

Tracking Error - The standard deviation or volatility of excess returns. **Information Ratio** - A risk-adjusted measure commonly used to evaluate an active manager's involvement skill. It's defined as the manager's excess return divided by the variability or standard deviation of the excess return.

American Century Equity Income A Fund as of 12/31/2018

Investment Strategy

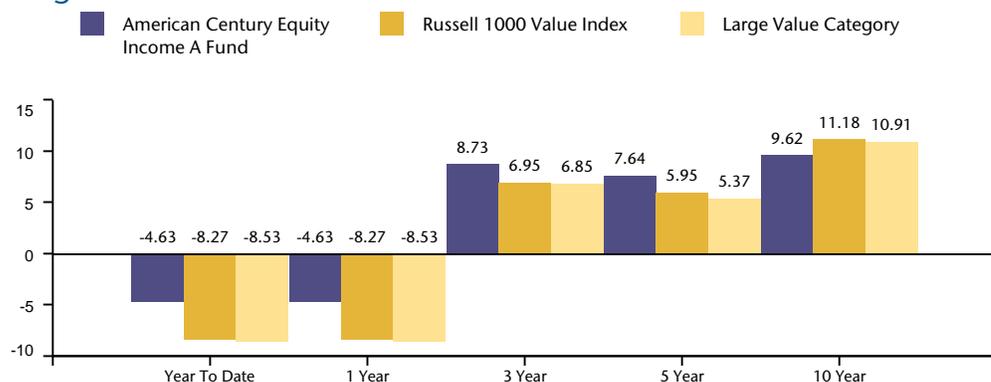
The investment seeks current income; capital appreciation is a secondary objective. The portfolio managers look for equity securities of companies with a favorable income-paying history that have prospects for income payments to continue or increase. The portfolio managers also look for equity securities of companies that they believe are undervalued and have the potential for an increase in price. The fund may invest a portion of its assets in foreign securities when these securities meet the portfolio managers' standards of selection.



Portfolio managers

Phillip N. Davidson, CFA. Since 12/31/1994. M.B.A., Illinois State University
Michael Liss, CFA. Since 12/31/1998. M.B.A., Indiana University
Kevin Toney, CFA. Since 08/30/2003. M.B.A., University of Pennsylvania (Wharton)
Dan Gruemmer, CFA. Since 12/31/2009. M.B.A., University of Chicago (Booth)

Long-term returns % as of 12/31/2018



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	-4.63	-4.63	8.73	7.64	9.62
Russell 1000 Value Index %	-8.27	-8.27	6.95	5.95	11.18
Large Value Category %	-8.53	-8.53	6.85	5.37	10.91
Morningstar Percentile R rankings	-	14	15	10	83
# of Funds in Category	1244	1244	1100	937	686
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-4.63	13.06	19.20	0.35	12.06
Russell 1000 Value Index %	-8.27	13.66	17.34	-3.83	13.45
Large Value Category %	-8.53	15.94	14.81	-4.05	10.21
Morningstar Percentile R rankings	14	82	12	8	25
# of Funds in Category	1244	1260	1268	1378	1290

Morningstar percentile rankings are based on total returns.

Morningstar category

Large Value

Morningstar Style Box™

As of 09/30/2018

Investment style			Market capitalization	
Value	Blend	Growth		
				Large
				Medium
			Small	

Risk and Return Statistics

as of 12/31/2018 Relative to Russell 1000 Value Index

	3Yr	5Yr
Alpha	3.14	2.90
Beta	0.72	0.73
R-Squared	89.08	90.27
Standard Deviation	8.37	8.31
Mean	8.73	7.64
Sharpe Ratio	0.90	0.84
Excess Return	1.77	1.69
Tracking Error	4.15	3.94
Information Ratio	0.43	0.43

Operations

Total Investment Expense Net	1.17%
Total Investment Expense Gross	1.17%
Inception Date	03/07/1997
Total Net Assets (mil)	\$10,399.90
12b-1 Fees	0.25%
Ticker	TWEAX



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Risk and return statistical data is calculated by Morningstar, Inc. Excess Return is calculated by Principal Life Insurance Company.

American Century Equity Income A Fund as of 12/31/2018

Portfolio information[†]

Composition as of 09/30/2018

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Stocks	73.33	0.00	73.33
		Non-U.S. Stocks	10.17	0.00	10.17
		U.S. Bonds	5.55	0.00	5.55
		Preferred	4.06	0.00	4.06
		Cash	3.98	0.03	4.01
		Convertibles	2.15	0.00	2.15
		Other	0.75	0.00	0.75

Top ten holdings

	% of net assets
1. Johnson & Johnson	3.17
2. Nestle SA	3.07
3. Medtronic PLC	3.04
4. Procter & Gamble Co	2.97
5. 3M Co	2.67
6. Total SA	2.53
7. PNC Financial Services Group Inc	2.51
8. Republic Services Inc Class A	2.49
9. Stanley Black & Decker Inc Unit	2.30
10. Chevron Corp	2.29
% of net assets in top ten holdings*	27.04

Analysis

# of Stock Hldgs	87
# of Bond Hldgs	6
# of Other Hldgs	20
AvgMktCap (mil)	\$67,645.24
Turnover Ratio	75%
P/C Ratio	12.32
P/B Ratio	2.59
P/E Ratio	16.56

Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets	
Cyclical	27.28	Defensive	34.51	Sensitive	38.21	
Consumer Cyclical	4.48	Healthcare	14.22	Technology	5.54	
Basic Materials	3.12	Consumer Defensive	12.87	Industrials	17.97	
Financial Svcs	18.86	Utilities	7.42	Energy	12.09	
Real Estate	0.82			Comm Svcs	2.61	

Returns shown for periods of less than one year are not annualized. Annualized total returns measure net investment income and capital gain or loss from portfolio investments as an annualized average, assuming the reinvestment of dividends, and without adjusting for loads.

Insurance products and plan administrative services are provided by Principal Life Insurance Company. Securities are offered through Principal Securities, Inc., 800-547-7754, member SIPC, and/or independent broker dealers. Securities sold by a Principal Securities Registered Representative are offered through Principal Securities. Principal Securities and Principal Life are members of the Principal Financial Group®, Des Moines, IA 50392. Certain investment options may not be available in all states or U.S. commonwealths.

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

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Average Market Cap - The overall "size" of a stock investment option's portfolio. It is the geometric mean of the market capitalization for all of the stocks it owns and is calculated by raising the market capitalization of each stock to a power equal to that stock's stake in the portfolio. The resulting numbers are multiplied together to produce the geometric mean of the market caps of the stocks in the portfolio, which is reported as average market capitalization.

Price/Cash Flow (projected) Ratio - The ratio of the company's most recent month-end share price to the company's estimated cash flow per share (CPS) for the current fiscal year. Cash flow measures the ability of a business to generate cash and it acts as a gauge of liquidity and solvency. Morningstar calculates internal estimates for the current year CPS based on the most recently reported CPS and average historical cash flow growth rates. Price/cash flow (projected) is one of the five value factors used to calculate the Morningstar Style Box. For portfolios, this data point is calculated by taking an asset-weighted average of the cash flow yields (C/P) of all the stocks in the portfolio and then taking the reciprocal of the result. **Price/Projected Earnings Ratio** - The ratio of the company's most recent month-end share price to the company's estimated earnings per share (EPS) for the current fiscal year. If a third-party estimate for the current year EPS is not available, Morningstar will calculate an internal estimate based on the most recently reported EPS and average historical earnings growth rates. Price/projected earnings is one of the five value factors used to calculate the Morningstar Style Box. For portfolios, this data point is calculated by taking an asset-weighted average of the earnings yields (E/P) of all the stocks in the portfolio and then taking the reciprocal of the result. **Price/Book (projected) Ratio** - The ratio of the company's most recent month-end share price to the company's estimated book value per share (BPS) for the current fiscal year. Book value is the total assets of a company, less total liabilities. Morningstar calculates internal estimates for the current year BPS based on the most recently reported BPS and average historical book value growth rates.

American Funds Growth Fund of America R6 Fund as of 12/31/2018

Investment Strategy

The investment seeks growth of capital. The fund invests primarily in common stocks and seeks to invest in companies that appear to offer superior opportunities for growth of capital. It may invest up to 25% of its assets in securities of issuers domiciled outside the United States. The investment adviser uses a system of multiple portfolio managers in managing the fund's assets. Under this approach, the portfolio of the fund is divided into segments managed by individual managers who decide how their respective segments will be invested.



CAPITAL GROUP | AMERICAN FUNDS

Portfolio managers

Donald D. O'Neal Since 11/01/1993. M.B.A., Stanford University

Michael T. Kerr Since 11/01/1998. B.A., Harvard University

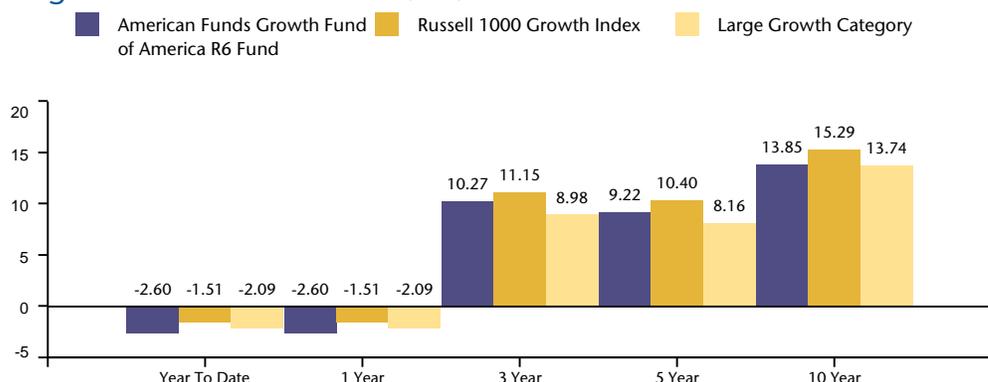
J. Blair Frank Since 11/01/2001.

Barry S. Crosthwaite Since 11/01/2007. M.B.A., Stanford University

James Terrile Since 11/01/2008.

Lawrence R. Solomon, CFA. Since 05/01/2010.

Long-term returns % as of 12/31/2018



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	-2.60	-2.60	10.27	9.22	13.85
Russell 1000 Growth Index %	-1.51	-1.51	11.15	10.40	15.29
Large Growth Category %	-2.09	-2.09	8.98	8.16	13.74
Morningstar Percentile Rankings	-	53	31	38	48
# of Funds in Category	1405	1405	1247	1107	799
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-2.60	26.53	8.82	5.70	9.63
Russell 1000 Growth Index %	-1.51	30.21	7.08	5.67	13.05
Large Growth Category %	-2.09	27.67	3.23	3.60	10.00
Morningstar Percentile Rankings	53	57	9	34	56
# of Funds in Category	1405	1363	1463	1681	1710

Morningstar percentile rankings are based on total returns.

Morningstar category

Large Growth

Morningstar Style Box™

As of 09/30/2018

Investment style

Value	Blend	Growth	Market capitalization	
				Large
				Medium
			Small	

Risk and Return Statistics

as of 12/31/2018 Relative to Russell 1000 Growth Index

	3Yr	5Yr
Alpha	-0.28	-0.55
Beta	0.95	0.94
R-Squared	90.46	92.14
Standard Deviation	12.28	11.76
Mean	10.27	9.22
Sharpe Ratio	0.77	0.75
Excess Return	-0.88	-1.17
Tracking Error	3.86	3.37
Information Ratio	-0.23	-0.35

Operations

Total Investment Expense Net	0.33%
Total Investment Expense Gross	0.33%
Inception Date	05/01/2009
Extended Performance	
Inception Date#	11/30/1973
Total Net Assets (mil)	\$166,556.91
12b-1 Fees	-
Ticker	RGAGX



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Risk and return statistical data is calculated by Morningstar, Inc. Excess Return is calculated by Principal Life Insurance Company.

American Funds Growth Fund of America R6 Fund

Portfolio information[†]

Composition as of 09/30/2018

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Stocks	81.58	0.00	81.58
		Non-U.S. Stocks	11.20	0.00	11.20
		Cash	5.48	0.00	5.48
		U.S. Bonds	1.19	0.00	1.19
		Preferred	0.43	0.00	0.43
		Other	0.13	0.00	0.13
0	25	50	75	100	

Top ten holdings

	% of net assets
1. Amazon.com Inc	6.18
2. Netflix Inc	4.21
3. Facebook Inc A	3.83
4. Microsoft Corp	3.74
5. Alphabet Inc Class C	3.35
6. UnitedHealth Group Inc	2.87
7. Broadcom Inc	1.98
8. The Home Depot Inc	1.93
9. Alphabet Inc A	1.88
10. EOG Resources Inc	1.87
% of net assets in top ten holdings*	31.84

Analysis

# of Stock Hldgs	238
# of Bond Hldgs	13
# of Other Hldgs	87
AvgMktCap (mil)	\$105,163.42
Turnover Ratio	28%
P/C Ratio	13.18
P/B Ratio	3.78
P/E Ratio	23.16

Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets	
Cyclical	34.20	Defensive	19.79	Sensitive	46.01	
Consumer Cyclical	20.95	Healthcare	16.61	Technology	28.91	
Basic Materials	2.76	Consumer Defensive	3.18	Industrials	7.53	
Financial Svcs	9.98	Utilities	0.00	Energy	7.62	
Real Estate	0.51			Comm Svcs	1.95	

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MidCap Growth III Separate Account-Z as of 12/31/2018

Investment Strategy

The investment seeks long-term growth of capital. Under normal circumstances, the fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of companies with medium market capitalizations at the time of purchase. It invests in growth equity securities; growth orientation emphasizes buying equity securities of companies whose potential for growth of capital and earnings is expected to be above average.

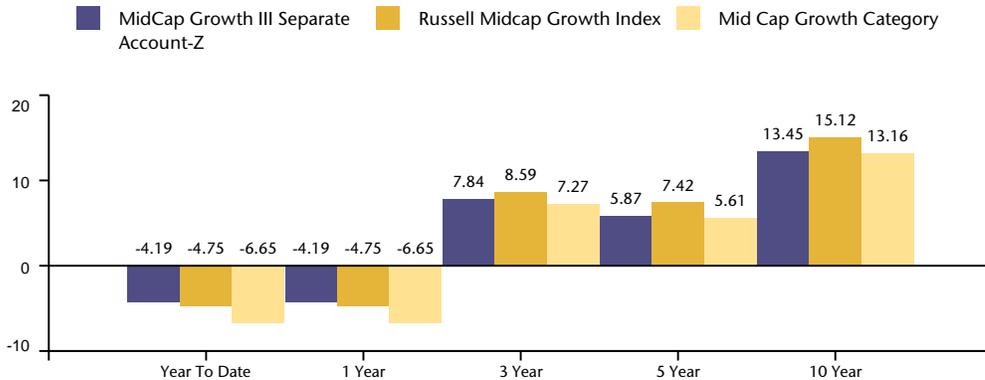


Portfolio managers

James W. Fennessey, CFA. Since 06/02/2009. B.S., Truman State University

Randy L. Welch Since 06/02/2009. M.B.A., Drake University

Long-term returns % as of 12/31/2018



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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	-4.19	-4.19	7.84	5.87	13.45
Russell Midcap Growth Index %	-4.75	-4.75	8.59	7.42	15.12
Mid Cap Growth Category %	-6.65	-6.65	7.27	5.61	13.16
Morningstar Percentile Rankings	-	31	45	47	45
# of Funds in Category	605	605	542	489	341
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-4.19	24.92	4.79	-1.50	7.66
Russell Midcap Growth Index %	-4.75	25.27	7.33	-0.20	11.90
Mid Cap Growth Category %	-6.65	23.91	6.03	-0.95	7.00
Morningstar Percentile Rankings	31	42	55	56	45
# of Funds in Category	605	617	644	733	749

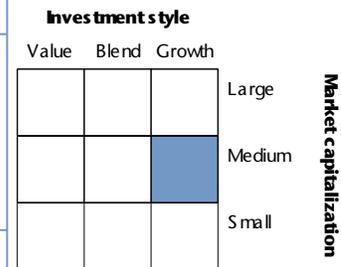
Morningstar percentile rankings are based on total returns.

Morningstar category

Mid Cap Growth

Morningstar Style Box™

As of 11/30/2018



Risk and Return Statistics

as of 12/31/2018 Relative to Russell Midcap Growth Index

	3Yr	5Yr
Alpha	-0.67	-1.37
Beta	1.00	0.99
R-Squared	97.91	97.36
Standard Deviation	13.14	12.56
Mean	7.84	5.87
Sharpe Ratio	0.56	0.46
Excess Return	-0.75	-1.55
Tracking Error	1.90	2.05
Information Ratio	-0.39	-0.75

Operations

Total Investment Expense Net	0.64%
Total Investment Expense Gross	0.72%
Contractual Cap Expiration Date	02/28/2019
Waiver Expiration Date	02/28/2019
Inception Date	10/28/1999
Total Net Assets (mil)	\$921.72



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MidCap Growth III Separate Account-Z as of 12/31/2018

Portfolio information[†]

Composition as of 11/30/2018

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Stocks	95.14	0.00	95.14
		Non-U.S. Stocks	2.71	0.00	2.71
		Cash	2.14	0.22	2.36
		Other	0.01	0.00	0.01

Top ten holdings

	% of net assets
1. Burlington Stores Inc	2.42
2. Edwards Lifesciences Corp	1.75
3. Pool Corp	1.68
4. Vail Resorts Inc	1.65
5. ServiceNow Inc	1.63
6. Dollar General Corp	1.41
7. IDEXX Laboratories Inc	1.41
8. Microchip Technology Inc	1.32
9. The Ultimate Software Group Inc	1.31
10. Synopsys Inc	1.29
% of net assets in top ten holdings*	15.88

Analysis

# of Stock Hldgs	429
# of Bond Hldgs	0
# of Other Hldgs	6
AvgMktCap (mil)	\$12,653.53
Turnover Ratio	44%
P/C Ratio	16.33
P/B Ratio	4.95
P/E Ratio	22.25

Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets	
Cyclical	24.80	Defensive	22.32	Sensitive	52.88	
Consumer Cyclical	15.73	Healthcare	15.05	Technology	29.14	
Basic Materials	2.04	Consumer Defensive	7.27	Industrials	19.95	
Financial Svcs	6.46	Utilities	0.00	Energy	1.81	
Real Estate	0.57			Comm Svcs	1.98	

Separate Accounts are available through a group annuity contract with Principal Life Insurance Company. Insurance products and plan administrative services, if applicable, are provided by Principal Life Insurance Company, a member of the Principal Financial Group, Des Moines, IA 50392. Certain investment options may not be available in all states or U.S. commonwealths. Principal Life Insurance Company reserves the right to defer payments or transfers from Principal Life Separate Accounts as described in the group annuity contracts providing access to the Separate Accounts or as required by applicable law. Such deferral 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.

The full name of this investment option is Principal MidCap Growth III Separate Account-Z. Principal MidCap Growth III investment option is available as a mutual fund and as a Separate Account that invests wholly in Institutional class shares of the Principal Funds, Inc. MidCap Growth III Inst Fund. All voting rights associated with ownership of shares in the mutual fund are the rights of the Separate Account, not of contract holders investing in the Separate Account. For further information on the underlying mutual fund, see the prospectus of the fund (PPIMX) at <http://www.principal.com/retirement/prospectuses/prospect.htm>.

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

Russell Midcap Growth Index is a market-weighted total return index that measures the performance of companies within the Russell Midcap Index having higher price-to-book ratios and higher forecasted growth values.

Past performance is no guarantee of future results. Market indices have been provided for comparison purposes only. They are unmanaged and do not reflect fees or expenses. Individuals cannot invest directly in an index.

Alpha - The difference between an investment's actual returns and its expected performance, given its level of risk (as measured by beta). **Beta** - An investment's sensitivity to market movements. **R-squared** - Ranges from 0 to 100 and reveals how closely an investment's returns track those of a benchmark index. **Standard Deviation** - Measures how much an investment's returns are likely to fluctuate. **Mean** - Represents the annualized total return for a fund over 3 and 5 years. **Sharpe Ratio** - Measures how an investment balances risks and rewards. The higher the Sharpe ratio, the better the investment's historical risk-adjusted performance. **Excess Return** - The difference between a manager's return and the return of an external standard such as a passive index.

Tracking Error - The standard deviation or volatility of excess returns. **Information Ratio** - A risk-adjusted measure commonly used to evaluate an active manager's involvement skill. It's defined as the manager's excess return divided by the variability or standard deviation of the excess return.

Average Market Cap - The overall "size" of a stock investment option's portfolio. It is the geometric mean of the market capitalization for all of the stocks it owns and is calculated by raising the market capitalization of each stock to a power equal to that stock's stake in the portfolio. The resulting numbers are multiplied together to produce the geometric mean of the market caps of the stocks in the portfolio, which is reported as average market capitalization.

Price/Cash Flow (projected) Ratio - The ratio of the company's most recent month-end share price to the company's estimated cash flow per share (CPS) for the current fiscal year. Cash flow measures the ability of a business to generate cash and it acts as a gauge of liquidity and solvency. Morningstar calculates internal estimates for the current year CPS based on the most recently reported CPS and average historical cash flow growth rates. Price/cash flow (projected) is one of the five value factors used to calculate the Morningstar Style Box. For portfolios, this data point is calculated by taking an asset-weighted average of the cash flow yields (C/P) of all the stocks in the portfolio and then taking the reciprocal of the result. **Price/Projected Earnings Ratio** - The ratio of the company's most recent month-end share price to the company's estimated earnings per share (EPS) for the current fiscal year. If a third-party estimate for the current year EPS is not available, Morningstar will calculate an internal estimate based on the most recently reported EPS and average historical earnings growth rates. Price/projected earnings is one of the five value factors used to calculate the Morningstar Style Box. For portfolios, this data point is calculated by taking an asset-weighted average of the earnings yields (E/P) of all the stocks in the portfolio and then taking the reciprocal of the result. **Price/Book (projected) Ratio** - The ratio of the company's most recent month-end share price to the company's estimated book value per share (BPS) for the current fiscal year. Book value is the total assets of a company, less total liabilities. Morningstar calculates internal estimates for the current year BPS based on the most recently reported BPS and average historical book value growth rates.

MidCap Value I Separate Account-Z as of 12/31/2018

Investment Strategy

The investment seeks long-term growth of capital. Under normal circumstances, the fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of companies with medium market capitalizations at the time of purchase. It invests in value equity securities, an investment strategy that emphasizes buying equity securities that appear to be undervalued. The fund also invests in real estate investment trusts.

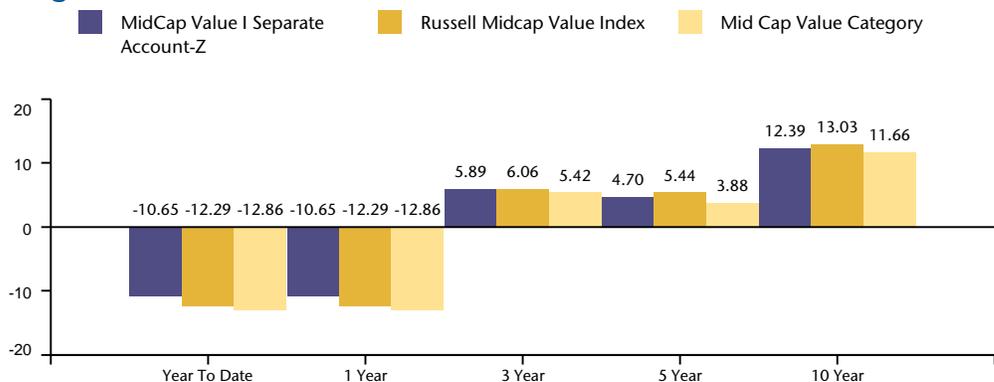


Portfolio managers

James W. Fennessey, CFA. Since 06/02/2009. B.S., Truman State University

Randy L. Welch Since 06/02/2009. M.B.A., Drake University

Long-term returns % as of 12/31/2018



Performance disclosure

Investment results shown represent historical performance and do not guarantee future results. Investment returns and principal values 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 data shown. For more performance information, including the most recent month-end performance, visit principal.com, contact your representative of The Principal, or call our Participant Contact Center at 1-800-547-7754.

In situations where the net and gross total investment expense figures are different or where a contractual cap and/or waiver date is given, the mutual fund or the underlying fund in which a Separate Account invests has waived/capped a portion of its management fees through the date displayed in 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.

Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	-10.65	-10.65	5.89	4.70	12.39
Russell Midcap Value Index %	-12.29	-12.29	6.06	5.44	13.03
Mid Cap Value Category %	-12.86	-12.86	5.42	3.88	11.66
Morningstar Percentile R rankings	-	26	40	31	37
# of Funds in Category	417	417	363	306	218
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-10.65	14.95	15.59	-6.89	13.83
Russell Midcap Value Index %	-12.29	13.34	20.00	-4.78	14.75
Mid Cap Value Category %	-12.86	13.22	18.06	-5.41	9.31
Morningstar Percentile R rankings	26	33	68	70	13
# of Funds in Category	417	405	399	471	460

Morningstar percentile rankings are based on total returns.

Morningstar category

Mid Cap Value

Morningstar Style Box™

As of 11/30/2018

Investment style			Market capitalization	
Value	Blend	Growth		
				Large
				Medium
			Small	

Risk and Return Statistics

as of 12/31/2018 Relative to Russell Midcap Value Index

	3Yr	5Yr
Alpha	-0.10	-0.70
Beta	0.99	1.00
R-Squared	97.04	97.32
Standard Deviation	12.21	11.63
Mean	5.89	4.70
Sharpe Ratio	0.44	0.39
Excess Return	-0.17	-0.73
Tracking Error	2.12	1.91
Information Ratio	-0.08	-0.39

Operations

Total Investment Expense Net	0.62%
Total Investment Expense Gross	0.74%
Contractual Cap Expiration Date	02/28/2019
Waiver Expiration Date	02/28/2019
Inception Date	07/01/1999
Total Net Assets (mil)	\$838.06



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Risk and return statistical data is calculated by Morningstar, Inc. Excess Return is calculated by Principal Life Insurance Company.

MidCap Value I Separate Account-Z as of 12/31/2018

Portfolio information[†]

Composition as of 11/30/2018

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Stocks	98.00	0.00	98.00
		Cash	1.02	0.75	1.77
		Non-U.S. Stocks	0.98	0.00	0.98

Top ten holdings

	% of net assets
1. National Retail Properties Inc	1.98
2. SunTrust Banks Inc	1.68
3. Alleghany Corp	1.66
4. Fidelity National Information Services Inc	1.62
5. Archer-Daniels Midland Co	1.52
6. Reliance Steel & Aluminum Co	1.52
7. Hasbro Inc	1.38
8. WR Berkley Corp	1.36
9. Markel Corp	1.34
10. Motorola Solutions Inc	1.28
% of net assets in top ten holdings*	15.34

Analysis

# of Stock Hldgs	614
# of Bond Hldgs	0
# of Other Hldgs	6
AvgMktCap (mil)	\$11,202.74
Turnover Ratio	61%
P/C Ratio	9.61
P/B Ratio	2.06
P/E Ratio	15.27

Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
Cyclical	48.87	Defensive	19.60	Sensitive	31.53
Consumer Cyclical	14.05	Healthcare	6.75	Technology	11.11
Basic Materials	5.22	Consumer Defensive	6.87	Industrials	14.47
Financial Svcs	19.96	Utilities	5.98	Energy	5.57
Real Estate	9.64			Comm Svcs	0.38

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The full name of this investment option is Principal MidCap Value I Separate Account-Z. Principal MidCap Value I investment option is available as a mutual fund and as a Separate Account that invests wholly in Institutional class shares of the Principal Funds, Inc. MidCap Value I Inst Fund. All voting rights associated with ownership of shares in the mutual fund are the rights of the Separate Account, not of contract holders investing in the Separate Account. For further information on the underlying mutual fund, see the prospectus of the fund (PVMIX) at <http://www.principal.com/retirement/prospectuses/prospect.htm>.

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Russell Midcap Value Index is a market-weighted total return index that measures the performance of companies within the Russell Midcap index having lower price-to-book ratios and lower forecasted growth values.

Past performance is no guarantee of future results. Market indices have been provided for comparison purposes only. They are unmanaged and do not reflect fees or expenses. Individuals cannot invest directly in an index.

Alpha - The difference between an investment's actual returns and its expected performance, given its level of risk (as measured by beta). **Beta** - An investment's sensitivity to market movements. **R-squared** - Ranges from 0 to 100 and reveals how closely an investment's returns track those of a benchmark index. **Standard Deviation** - Measures how much an investment's returns are likely to fluctuate. **Mean** - Represents the annualized total return for a fund over 3 and 5 years. **Sharpe Ratio** - Measures how an investment balances risks and rewards. The higher the Sharpe ratio, the better the investment's historical risk-adjusted performance. **Excess Return** - The difference between a manager's return and the return of an external standard such as a passive index.

Tracking Error - The standard deviation or volatility of excess returns. **Information Ratio** - A risk-adjusted measure commonly used to evaluate an active manager's involvement skill. It's defined as the manager's excess return divided by the variability or standard deviation of the excess return.

MidCap S&P 400 Index Separate Account-Z as of 12/31/2018

Investment Strategy

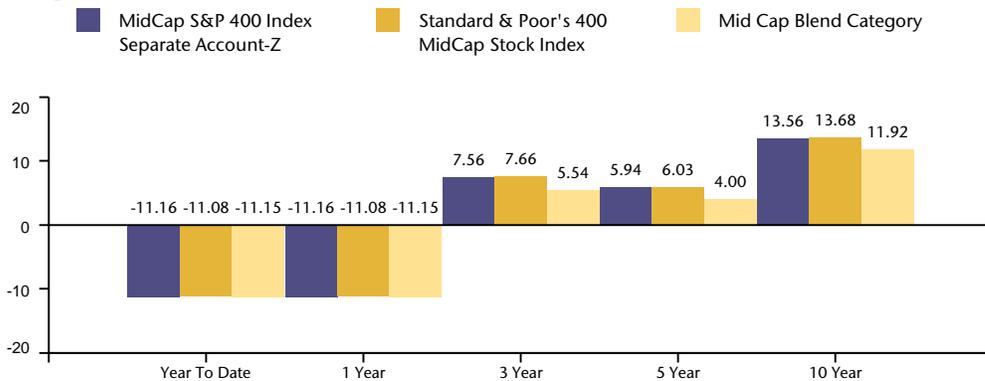
The investment option normally invests the majority of assets in common stocks of companies that compose the S&P MidCap 400 Index. Management attempts to mirror the investment performance of the index by allocating assets in approximately the same weightings as the S&P MidCap 400 Index. Over the long-term, management seeks a very close correlation between the performance of the Separate Account before expenses and that of the S&P MidCap 400 Index.



Portfolio managers

Jeffrey A. Schwarte, CPA, CFA. Since 07/29/2016. B.A., University of Northern Iowa
Aaron J. Siebel Since 10/15/2018.

Long-term returns % as of 12/31/2018



Performance disclosure

Investment results shown represent historical performance and do not guarantee future results. Investment returns and principal values 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 data shown. For more performance information, including the most recent month-end performance, visit principal.com, contact your representative of The Principal, or call our Participant Contact Center at 1-800-547-7754.

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	-11.16	-11.16	7.56	5.94	13.56
Standard & Poor's 400 MidCap Stock Index %	-11.08	-11.08	7.66	6.03	13.68
Mid Cap Blend Category %	-11.15	-11.15	5.54	4.00	11.92
Morningstar Percentile Rankings	-	50	22	20	19
# of Funds in Category	464	464	382	335	235
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-11.16	16.15	20.60	-2.24	9.66
Standard & Poor's 400 MidCap Stock Index %	-11.08	16.24	20.74	-2.18	9.77
Mid Cap Blend Category %	-11.15	15.93	14.14	-4.75	7.80
Morningstar Percentile Rankings	50	49	6	22	30
# of Funds in Category	464	443	427	432	369

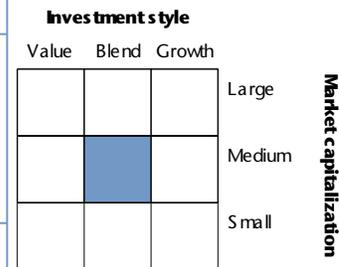
Morningstar percentile rankings are based on total returns.

Morningstar category

Mid Cap Blend

Morningstar Style Box™

As of 11/30/2018



Risk and Return Statistics

as of 12/31/2018 Relative to Standard & Poor's 400 MidCap Stock Index

	3Yr	5Yr
Alpha	-0.09	-0.09
Beta	1.00	1.00
R-Squared	100.00	100.00
Standard Deviation	13.50	12.69
Mean	7.56	5.94
Sharpe Ratio	0.52	0.46
Excess Return	-0.10	-0.08
Tracking Error	0.03	0.03
Information Ratio	-3.06	-2.93

Operations

Total Investment Expense Net	0.05%
Total Investment Expense Gross	0.05%
Inception Date	08/31/1999
Total Net Assets (mil)	\$6,077.01



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Risk and return statistical data is calculated by Morningstar, Inc. Excess Return is calculated by Principal Life Insurance Company.

MidCap S&P 400 Index Separate Account-Z as of 12/31/2018

Portfolio information†

Composition as of 11/30/2018

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Stocks	96.76	0.00	96.76
		Cash	3.10	0.00	3.10
		Non-U.S. Stocks	0.14	0.00	0.14

Top ten holdings

	% of net assets
1. Teleflex Inc	0.73
2. Domino's Pizza Inc	0.67
3. Lamb Weston Holdings Inc	0.65
4. IDEX Corp	0.61
5. Atmos Energy Corp	0.61
6. UGI Corp	0.58
7. STERIS PLC	0.58
8. Zebra Technologies Corp	0.56
9. Reinsurance Group of America Inc	0.55
10. Trimble Inc	0.55
% of net assets in top ten holdings*	6.08

Analysis

# of Stock Hldgs	400
# of Bond Hldgs	0
# of Other Hldgs	2
AvgMktCap (mil)	\$4,969.40
Turnover Ratio	17%
P/C Ratio	9.58
P/B Ratio	2.08
P/E Ratio	15.92

Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets	
Cyclical	44.92	Defensive	18.43	Sensitive	36.65	
Consumer Cyclical	13.89	Healthcare	9.53	Technology	15.20	
Basic Materials	5.41	Consumer Defensive	4.31	Industrials	15.49	
Financial Svcs	16.42	Utilities	4.59	Energy	5.34	
Real Estate	9.20			Comm Svcs	0.62	

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Standard & Poor's 400 MidCap Stock Index includes approximately 10% of the capitalization of U.S. equity securities. These are comprised of stocks in the middle capitalization range.

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Price/Cash Flow (projected) Ratio - The ratio of the company's most recent month-end share price to the company's estimated cash flow per share (CPS) for the current fiscal year. Cash flow measures the ability of a business to generate cash and it acts as a gauge of liquidity and solvency. Morningstar calculates internal estimates for the current year CPS based on the most recently reported CPS and average historical cash flow growth rates. Price/cash flow (projected) is one of the five value factors used to calculate the Morningstar Style Box. For portfolios, this data point is calculated by taking an asset-weighted average of the cash flow yields (C/P) of all the stocks in the portfolio and then taking the reciprocal of the result. **Price/Projected Earnings Ratio** - The ratio of the company's most recent month-end share price to the company's estimated earnings per share (EPS) for the current fiscal year. If a third-party estimate for the current year EPS is not available, Morningstar will calculate an internal estimate based on the most recently reported EPS and average historical earnings growth rates. Price/projected earnings is one of the five value factors used to calculate the Morningstar Style Box. For portfolios, this data point is calculated by taking an asset-weighted average of the earnings yields (E/P) of all the stocks in the portfolio and then taking the reciprocal of the result. **Price/Book (projected) Ratio** - The ratio of the company's most recent month-end share price to the company's estimated book value per share (BPS) for the current fiscal year. Book value is the total assets of a company, less total liabilities. Morningstar calculates internal estimates for the current year BPS based on the most recently reported BPS and average historical book value growth rates.

SmallCap Growth I Separate Account-Z as of 12/31/2018

Investment Strategy

The investment seeks long-term growth of capital. Under normal circumstances, the fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of companies with small market capitalizations at the time of purchase. The management invests up to 30% of the fund's assets in equity securities in an attempt to match or exceed the performance of the Russell 2000(R) Growth Index by purchasing securities in the index while slightly overweighting and underweighting certain individual equity securities relative to their weight in the index.

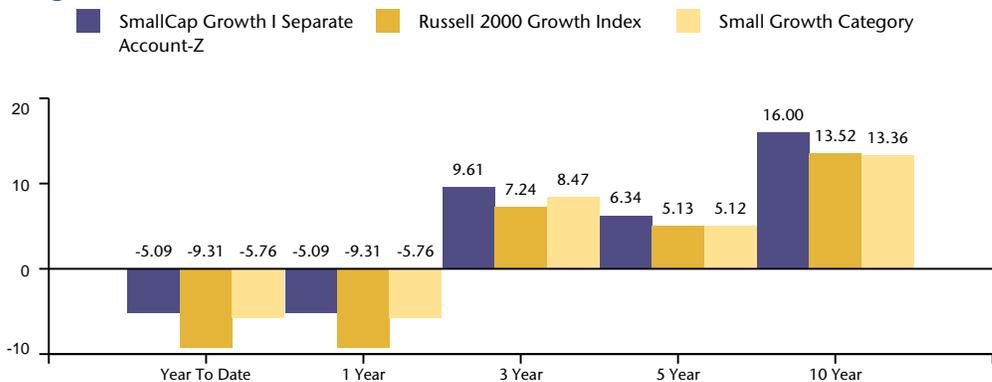


Portfolio managers

James W. Fennessey, CFA. Since 06/02/2009. B.S., Truman State University

Randy L. Welch Since 06/02/2009. M.B.A., Drake University

Long-term returns % as of 12/31/2018



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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	-5.09	-5.09	9.61	6.34	16.00
Russell 2000 Growth Index %	-9.31	-9.31	7.24	5.13	13.52
Small Growth Category %	-5.76	-5.76	8.47	5.12	13.36
Morningstar Percentile Rankings	-	45	35	28	9
# of Funds in Category	676	676	583	516	391
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-5.09	26.67	9.54	1.46	1.80
Russell 2000 Growth Index %	-9.31	22.17	11.32	-1.38	5.60
Small Growth Category %	-5.76	21.50	11.20	-2.41	2.44
Morningstar Percentile Rankings	45	22	55	15	62
# of Funds in Category	676	684	669	730	722

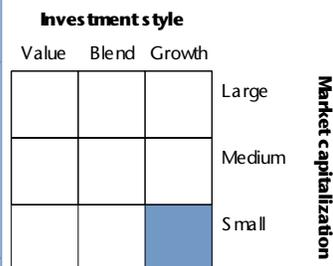
Morningstar percentile rankings are based on total returns.

Morningstar category

Small Growth

Morningstar Style Box™

As of 11/30/2018



Risk and Return Statistics

as of 12/31/2018 Relative to Russell 2000 Growth Index

	3Yr	5Yr
Alpha	2.42	1.29
Beta	0.96	0.97
R-Squared	97.39	96.75
Standard Deviation	16.19	16.04
Mean	9.61	6.34
Sharpe Ratio	0.58	0.42
Excess Return	2.37	1.21
Tracking Error	2.72	2.94
Information Ratio	0.87	0.41

Operations

Total Investment Expense Net	0.75%
Total Investment Expense Gross	0.85%
Contractual Cap Expiration Date	02/28/2019
Waiver Expiration Date	02/28/2019
Inception Date	12/29/2000
Total Net Assets (mil)	\$1,539.01



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SmallCap Growth I Separate Account-Z as of 12/31/2018

Portfolio information[†]

Composition as of 11/30/2018

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Stocks	93.55	0.00	93.55
		Non-U.S. Stocks	3.60	0.00	3.60
		Cash	2.85	0.24	3.09
0	25	50	75	100	

Top ten holdings

	% of net assets
1. Bright Horizons Family Solutions Inc	1.84
2. Waste Connections Inc	1.56
3. Etsy Inc	1.54
4. Catalent Inc	1.22
5. Planet Fitness Inc A	1.21
6. Chegg Inc	1.16
7. Five Below Inc	1.14
8. Mercury Systems Inc	1.03
9. Charles River Laboratories International Inc	1.01
10. Genpact Ltd	0.97
% of net assets in top ten holdings*	12.67

Analysis

# of Stock Hldgs	1243
# of Bond Hldgs	0
# of Other Hldgs	6
AvgMktCap (mil)	\$3,015.22
Turnover Ratio	69%
P/C Ratio	14.71
P/B Ratio	3.29
P/E Ratio	21.20

Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
Cyclical	27.71	Defensive	25.55	Sensitive	46.76
Consumer Cyclical	15.72	Healthcare	19.21	Technology	25.87
Basic Materials	3.20	Consumer Defensive	6.29	Industrials	17.20
Financial Svcs	8.20	Utilities	0.05	Energy	1.36
Real Estate	0.59			Comm Svcs	2.33

Separate Accounts are available through a group annuity contract with Principal Life Insurance Company. Insurance products and plan administrative services, if applicable, are provided by Principal Life Insurance Company, a member of the Principal Financial Group, Des Moines, IA 50392. Certain investment options may not be available in all states or U.S. commonwealths. Principal Life Insurance Company reserves the right to defer payments or transfers from Principal Life Separate Accounts as described in the group annuity contracts providing access to the Separate Accounts or as required by applicable law. Such deferral 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.

The full name of this investment option is Principal SmallCap Growth I Separate Account-Z. Principal SmallCap Growth I investment option is available as a mutual fund and as a Separate Account that invests wholly in R6 class shares of the Principal Funds, Inc. SmallCap Growth I R6 Fund. All voting rights associated with ownership of shares in the mutual fund are the rights of the Separate Account, not of contract holders investing in the Separate Account. For further information on the underlying mutual fund, see the prospectus of the fund (PCSMX) at <http://www.principal.com/retirement/prospectuses/prospect.htm>.

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Russell 2000 Growth Index is a market-weighted total return index that measures the performance of companies within the Russell 2000 Index having higher price-to-book ratio and higher forecasted growth values.

Past performance is no guarantee of future results. Market indices have been provided for comparison purposes only. They are unmanaged and do not reflect fees or expenses. Individuals cannot invest directly in an index.

Alpha - The difference between an investment's actual returns and its expected performance, given its level of risk (as measured by beta). **Beta** - An investment's sensitivity to market movements. **R-squared** - Ranges from 0 to 100 and reveals how closely an investment's returns track those of a benchmark index. **Standard Deviation** - Measures how much an investment's returns are likely to fluctuate. **Mean** - Represents the annualized total return for a fund over 3 and 5 years. **Sharpe Ratio** - Measures how an investment balances risks and rewards. The higher the Sharpe ratio, the better the investment's historical risk-adjusted performance. **Excess Return** - The difference between a manager's return and the return of an external standard such as a passive index.

Tracking Error - The standard deviation or volatility of excess returns. **Information Ratio** - A risk-adjusted measure commonly used to evaluate an active manager's involvement skill. It's defined as the manager's excess return divided by the variability or standard deviation of the excess return.

SmallCap Value II Separate Account-Z as of 12/31/2018

Investment Strategy

The investment seeks long-term growth of capital. Under normal circumstances, the fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of companies with small market capitalizations at the time of purchase. It invests in value equity securities, an investment strategy that emphasizes buying equity securities that appear to be undervalued. The fund also invests in real estate investment trusts ("REITs").

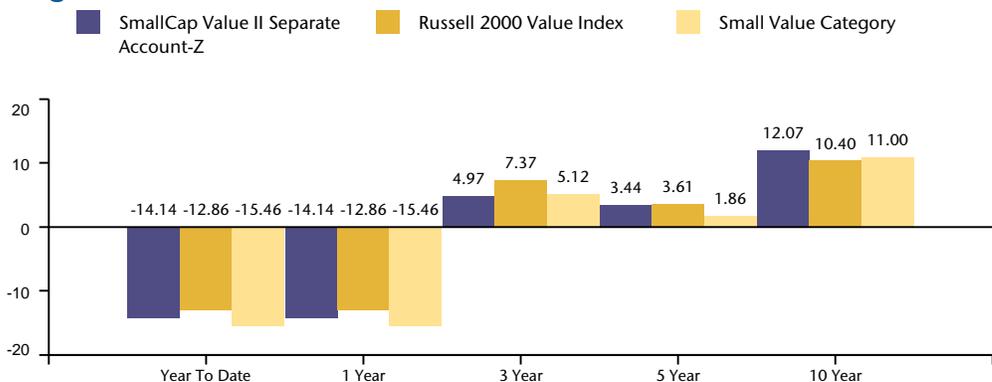


Portfolio managers

James W. Fennessey, CFA. Since 06/02/2009. B.S., Truman State University

Randy L. Welch Since 06/02/2009. M.B.A., Drake University

Long-term returns % as of 12/31/2018



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	-14.14	-14.14	4.97	3.44	12.07
Russell 2000 Value Index %	-12.86	-12.86	7.37	3.61	10.40
Small Value Category %	-15.46	-15.46	5.12	1.86	11.00
Morningstar Percentile R rankings	-	39	52	26	29
# of Funds in Category	417	417	373	327	228
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-14.14	7.23	25.62	-3.75	6.36
Russell 2000 Value Index %	-12.86	7.84	31.74	-7.47	4.22
Small Value Category %	-15.46	8.54	25.99	-6.71	3.34
Morningstar Percentile R rankings	39	65	54	26	19
# of Funds in Category	417	397	405	433	396

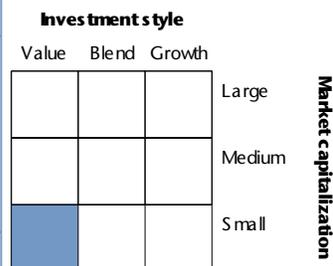
Morningstar percentile rankings are based on total returns.

Morningstar category

Small Value

Morningstar Style Box™

As of 11/30/2018



Risk and Return Statistics

as of 12/31/2018 Relative to Russell 2000 Value Index

	3Yr	5Yr
Alpha	-2.09	-0.06
Beta	0.96	0.95
R-Squared	98.74	97.49
Standard Deviation	15.50	14.66
Mean	4.97	3.44
Sharpe Ratio	0.32	0.26
Excess Return	-2.40	-0.17
Tracking Error	1.84	2.43
Information Ratio	-1.31	-0.07

Operations

Total Investment Expense Net	0.76%
Total Investment Expense Gross	0.80%
Contractual Cap Expiration Date	02/28/2019
Waiver Expiration Date	02/28/2019
Inception Date	06/01/2004
Total Net Assets (mil)	\$954.37



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Risk and return statistical data is calculated by Morningstar, Inc. Excess Return is calculated by Principal Life Insurance Company.

SmallCap Value II Separate Account-Z as of 12/31/2018

Portfolio information[†]

Composition as of 11/30/2018

Asset Distribution		Asset Type	Net %	Short %	Long %
[Bar chart showing 96.95% for U.S. Stocks]		U.S. Stocks	96.95	0.00	96.95
[Bar chart showing 1.65% for Non-U.S. Stocks]		Non-U.S. Stocks	1.65	0.00	1.65
[Bar chart showing 1.40% for Cash]		Cash	1.40	1.18	2.58

Top ten holdings

	% of net assets
1. iShares Russell 2000 Value ETF	1.99
2. Spire Inc	1.02
3. Southwest Gas Holdings Inc	0.98
4. The Brink's Co	0.96
5. First Financial Bancorp	0.94
6. Integrated Device Technology Inc	0.93
7. First Merchants Corp	0.90
8. Nexstar Media Group Inc Class A	0.87
9. Chemical Financial Corp	0.86
10. Brown & Brown Inc	0.86
% of net assets in top ten holdings*	10.30

Analysis

# of Stock Hldgs	1439
# of Bond Hldgs	0
# of Other Hldgs	6
AvgMktCap (mil)	\$1,755.97
Turnover Ratio	84%
P/C Ratio	7.65
P/B Ratio	1.53
P/E Ratio	13.75

Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets	
Cyclical	52.61	Defensive	12.93	Sensitive	34.47	
Consumer Cyclical	14.71	Healthcare	4.88	Technology	14.12	
Basic Materials	4.38	Consumer Defensive	3.04	Industrials	14.70	
Financial Svcs	26.75	Utilities	5.01	Energy	5.09	
Real Estate	6.77			Comm Svcs	0.56	

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Average Market Cap - The overall "size" of a stock investment option's portfolio. It is the geometric mean of the market capitalization for all of the stocks it owns and is calculated by raising the market capitalization of each stock to a power equal to that stock's stake in the portfolio. The resulting numbers are multiplied together to produce the geometric mean of the market caps of the stocks in the portfolio, which is reported as average market capitalization.

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SmallCap S&P 600 Index Separate Account-Z as of 12/31/2018

Investment Strategy

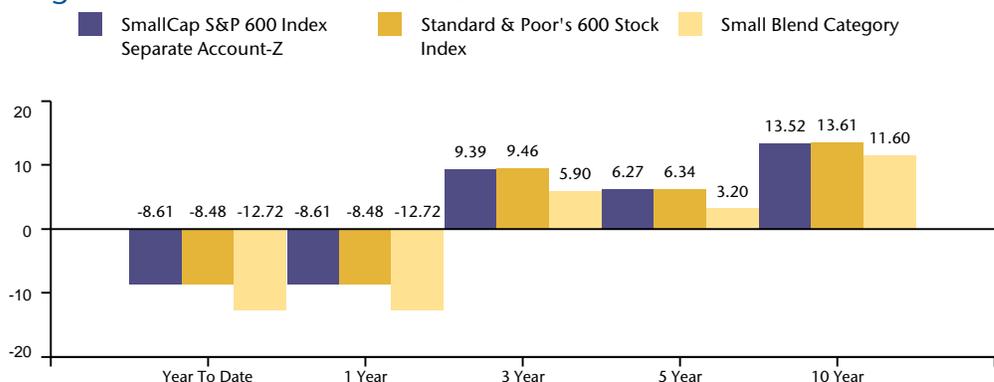
The investment seeks long-term growth of capital and normally invests the majority of assets in common stocks of companies that compose the S&P SmallCap 600 Index. Management attempts to mirror the investment performance of the index by allocating assets in approximately the same weightings as the S&P 600 Index. Over the long-term, management seeks a very close correlation between the performance of the Separate Account before expenses and that of the S&P 600 Index.



Portfolio managers

Jeffrey A. Schwarte, CPA, CFA. Since 07/29/2016. B.A., University of Northern Iowa
Aaron J. Siebel Since 10/15/2018.

Long-term returns % as of 12/31/2018



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	-8.61	-8.61	9.39	6.27	13.52
Standard & Poor's 600 Stock Index %	-8.48	-8.48	9.46	6.34	13.61
Small Blend Category %	-12.72	-12.72	5.90	3.20	11.60
Morningstar Percentile Rankings	-	12	7	5	10
# of Funds in Category	769	769	644	541	393
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-8.61	13.27	26.45	-2.09	5.75
Standard & Poor's 600 Stock Index %	-8.48	13.23	26.56	-1.97	5.76
Small Blend Category %	-12.72	12.28	20.78	-5.38	3.79
Morningstar Percentile Rankings	12	42	11	20	32
# of Funds in Category	769	802	750	780	737

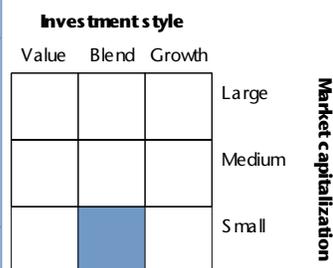
Morningstar percentile rankings are based on total returns.

Morningstar category

Small Blend

Morningstar Style Box™

As of 11/30/2018



Risk and Return Statistics

as of 12/31/2018 Relative to Standard & Poor's 600 Stock Index

	3Yr	5Yr
Alpha	-0.05	-0.06
Beta	1.00	1.00
R-Squared	100.00	100.00
Standard Deviation	16.22	15.23
Mean	9.39	6.27
Sharpe Ratio	0.57	0.43
Excess Return	-0.07	-0.06
Tracking Error	0.09	0.08
Information Ratio	-0.73	-0.75

Operations

Total Investment Expense Net	0.05%
Total Investment Expense Gross	0.05%
Inception Date	08/31/1999
Total Net Assets (mil)	\$4,983.95



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Risk and return statistical data is calculated by Morningstar, Inc. Excess Return is calculated by Principal Life Insurance Company.

SmallCap S&P 600 Index Separate Account-Z as of 12/31/2018

Portfolio information†

Composition as of 11/30/2018

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Stocks	96.37	0.00	96.37
		Cash	2.39	0.00	2.39
		Non-U.S. Stocks	1.23	0.00	1.23
		Other	0.01	0.00	0.01

Top ten holdings

	% of net assets
1. First Financial Bankshares Inc	0.57
2. Ingevity Corp	0.53
3. CACI International Inc Class A	0.52
4. Amedisys Inc	0.51
5. Green Dot Corp	0.51
6. FirstCash Inc	0.51
7. Glacier Bancorp Inc	0.51
8. Spire Inc	0.51
9. Selective Insurance Group Inc	0.50
10. Trex Co Inc	0.48
% of net assets in top ten holdings*	5.15

Analysis

# of Stock Hldgs	601
# of Bond Hldgs	0
# of Other Hldgs	3
AvgMktCap (mil)	\$1,659.92
Turnover Ratio	12%
P/C Ratio	8.75
P/B Ratio	1.97
P/E Ratio	16.81

Stock Sector Breakdown

	% of net assets		% of net assets		
Cyclical	46.38	Defensive	16.23	Sensitive	37.39
Consumer Cyclical	14.05	Healthcare	10.42	Technology	16.06
Basic Materials	6.88	Consumer Defensive	3.32	Industrials	16.69
Financial Svcs	17.71	Utilities	2.49	Energy	3.10
Real Estate	7.74			Comm Svcs	1.54

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Standard & Poor's 600 Stock Index is a small cap index that consists of 600 domestic stocks chosen for market size, liquidity, and industry group representation.

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Diversified International Separate Account-Z as of 12/31/2018

Investment Strategy

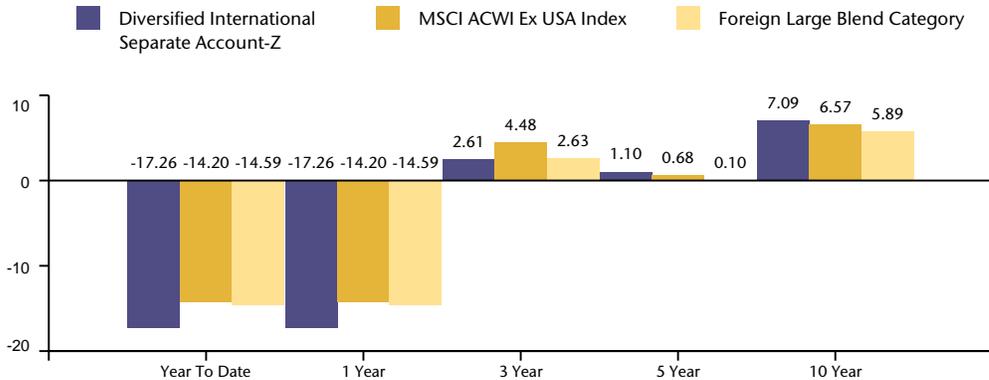
The investment option normally invests the majority of assets in companies in at least three different countries. It invests in securities of companies with their principal place of business or principal office outside of the United States; companies for which the principal securities trade on a foreign exchange; and companies, regardless of where their securities are traded, that derive 50% or more of their total revenue from goods or services produced or sold outside of the United States. The Separate Account may invest in securities of companies with small to medium market capitalizations.



Portfolio managers

Paul H. Blankenhagen, CFA. Since 12/01/2003. M.B.A., Drake University
Juliet Cohn Since 05/01/2004. B.A., Trinity College

Long-term returns % as of 12/31/2018



Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	-17.26	-17.26	2.61	1.10	7.09
MSCI ACWI Ex USA Index %	-14.20	-14.20	4.48	0.68	6.57
Foreign Large Blend Category %	-14.59	-14.59	2.63	0.10	5.89
Morningstar Percentile Rankings	-	83	56	14	17
# of Funds in Category	741	741	639	508	380
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-17.26	29.33	0.97	0.21	-2.45
MSCI ACWI Ex USA Index %	-14.20	27.19	4.50	-5.66	-3.87
Foreign Large Blend Category %	-14.59	25.12	0.79	-1.59	-4.98
Morningstar Percentile Rankings	83	11	47	32	18
# of Funds in Category	741	756	762	788	750

Morningstar percentile rankings are based on total returns.

Morningstar category

Foreign Large Blend

Morningstar Style Box™

As of 11/30/2018

Investment style			Market capitalization	
Value	Blend	Growth		
				Large
				Medium
			Small	

Risk and Return Statistics

as of 12/31/2018 Relative to MSCI ACWI Ex USA Index

	3Yr	5Yr
Alpha	-1.72	0.43
Beta	0.99	0.93
R-Squared	92.54	91.47
Standard Deviation	11.83	11.62
Mean	2.61	1.10
Sharpe Ratio	0.18	0.09
Excess Return	-1.86	0.42
Tracking Error	3.25	3.49
Information Ratio	-0.57	0.12

Operations

Total Investment Expense Net	0.44%
Total Investment Expense Gross	0.44%
Inception Date	05/20/1987
Total Net Assets (mil)	\$2,393.47



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Diversified International Separate Account-Z as of 12/31/2018

Portfolio information[†]

Composition as of 11/30/2018

Asset Distribution		Asset Type	Net %	Short %	Long %
[Bar chart showing 95.89% for Non-U.S. Stocks]		Non-U.S. Stocks	95.89	0.00	95.89
[Bar chart showing 2.14% for U.S. Stocks]		U.S. Stocks	2.14	0.00	2.14
[Bar chart showing 1.40% for Cash]		Cash	1.40	0.00	1.40
[Bar chart showing 0.58% for Other]		Other	0.58	0.00	0.58
0	25	50	75	100	

Top ten holdings	% of net assets
1. Nestle SA	2.28
2. Roche Holding AG Dividend Right Cert.	2.02
3. Taiwan Semiconductor Manufacturing Co Ltd	1.85
4. Brookfield Asset Management Inc Class A	1.73
5. BP PLC	1.47
6. Samsung Electronics Co Ltd	1.44
7. Toyota Motor Corp	1.41
8. The Toronto-Dominion Bank	1.40
9. Canadian National Railway Co	1.39
10. Tencent Holdings Ltd	1.35
% of net assets in top ten holdings*	16.32

Analysis

# of Stock Hldgs	144
# of Bond Hldgs	0
# of Other Hldgs	2
AvgMktCap (mil)	\$35,296.39
Turnover Ratio	42%
P/C Ratio	5.82
P/E Ratio	11.58
P/B Ratio	1.69

Top 5 Countries

Country	% of net assets
Japan	17.01
United Kingdom	10.78
Canada	9.12
Switzerland	8.95
France	7.35

Regional exposure

Region	% of net assets
Europe	45.98
Pacific Rim	19.84
Japan	17.01
Other	11.27
Latin America	3.73
United States	2.18

Separate Accounts are available through a group annuity contract with Principal Life Insurance Company. Insurance products and plan administrative services, if applicable, are provided by Principal Life Insurance Company, a member of the Principal Financial Group, Des Moines, IA 50392. Certain investment options may not be available in all states or U.S. commonwealths. Principal Life Insurance Company reserves the right to defer payments or transfers from Principal Life Separate Accounts as described in 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.

The full name of this investment option is Principal Diversified International Separate Account-Z.

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

MSCI ACWI Ex USA Index is a free float-adjusted market capitalization index that is designed to measure the combined equity market performance of developed and emerging market countries excluding the US.

Past performance is no guarantee of future results. Market indices have been provided for comparison purposes only. They are unmanaged and do not reflect fees or expenses. Individuals cannot invest directly in an index.

Alpha - The difference between an investment's actual returns and its expected performance, given its level of risk (as measured by beta). **Beta** - An investment's sensitivity to market movements. **R-squared** - Ranges from 0 to 100 and reveals how closely an investment's returns track those of a benchmark index. **Standard Deviation** - Measures how much an investment's returns are likely to fluctuate. **Mean** - Represents the annualized total return for a fund over 3 and 5 years. **Sharpe Ratio** - Measures how an investment balances risks and rewards. The higher the Sharpe ratio, the better the investment's historical risk-adjusted performance. **Excess Return** - The difference between a manager's return and the return of an external standard such as a passive index. **Tracking Error** - The standard deviation or volatility of excess returns. **Information Ratio** - A risk-adjusted measure commonly used to evaluate an active manager's involvement skill. It's defined as the manager's excess return divided by the variability or standard deviation of the excess return.

Average Market Cap - The overall "size" of a stock investment option's portfolio. It is the geometric mean of the market capitalization for all of the stocks it owns and is calculated by raising the market capitalization of each stock to a power equal to that stock's stake in the portfolio. The resulting numbers are multiplied together to produce the geometric mean of the market caps of the stocks in the portfolio, which is reported as average market capitalization.

Price/Cash Flow (projected) Ratio - The ratio of the company's most recent month-end share price to the company's estimated cash flow per share (CPS) for the current fiscal year. Cash flow measures the ability of a business to generate cash and it acts as a gauge of liquidity and solvency. Morningstar calculates internal estimates for the current year CPS based on the most recently reported CPS and average historical cash flow growth rates. Price/cash flow (projected) is one of the five value factors used to calculate the Morningstar Style Box. For portfolios, this data point is calculated by taking an asset-weighted average of the cash flow yields (C/P) of all the stocks in the portfolio and then taking the reciprocal of the result. **Price/Projected Earnings Ratio** - The ratio of the company's most recent month-end share price to the company's estimated earnings per share (EPS) for the current fiscal year. If a third-party estimate for the current year EPS is not available, Morningstar will calculate an internal estimate based on the most recently reported EPS and average historical earnings growth rates. Price/projected earnings is one of the five value factors used to calculate the Morningstar Style Box. For portfolios, this data point is calculated by taking an asset-weighted average of the earnings yields (E/P) of all the stocks in the portfolio and then taking the reciprocal of the result. **Price/Book (projected) Ratio** - The ratio of the company's most recent month-end share price to the company's estimated book value per share (BPS) for the current fiscal year. Book value is the total assets of a company, less total liabilities. Morningstar calculates internal estimates for the current year BPS based on the most recently reported BPS and average historical book value growth rates.

American Funds EuroPacific Growth R6 Fund as of 12/31/2018

Investment Strategy

The investment seeks long-term growth of capital. The fund invests primarily in common stocks of issuers in Europe and the Pacific Basin that the investment adviser believes have the potential for growth. Growth stocks are stocks that the investment adviser believes have the potential for above-average capital appreciation. It normally will invest at least 80% of its net assets in securities of issuers in Europe and the Pacific Basin. The fund may invest a portion of its assets in common stocks and other securities of companies in emerging markets.



CAPITAL GROUP® | AMERICAN FUNDS

Portfolio managers

Mark E. Denning Since 12/31/1991. M.B.A., Columbia University

Carl M. Kawaja Since 06/01/2001. B.A., Brown University

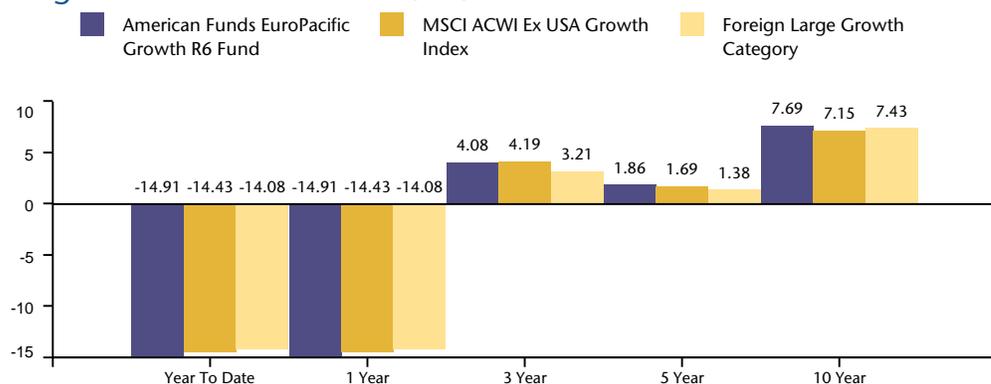
Sung Lee Since 06/01/2002.

Nicholas J. Grace Since 06/01/2002. M.B.A., University of Wisconsin-Madison

Jesper Lyckeus Since 06/01/2004.

Jonathan Knowles Since 06/01/2006. Ph.D., University of Liverpool

Long-term returns % as of 12/31/2018



Performance disclosure

Investment results shown represent historical performance and do not guarantee future results. Investment returns and principal values 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 data shown. For more performance information, including the most recent month-end performance, visit principal.com, contact your representative of The Principal, or call our Participant Contact Center at 1-800-547-7754.

In situations where the net and gross total investment expense figures are different or where a contractual cap and/or waiver date is given, the mutual fund or the underlying fund in which a Separate Account invests has waived/capped a portion of its management fees through the date displayed in 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.

Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total R Return %	-14.91	-14.91	4.08	1.86	7.69
MSCI ACWI Ex USA Growth Index %	-14.43	-14.43	4.19	1.69	7.15
Foreign Large Growth Category %	-14.08	-14.08	3.21	1.38	7.43
Morningstar Percentile Rankings	-	58	33	36	42
# of Funds in Category	439	439	364	315	228
Annual Returns	2018	2017	2016	2015	2014
Total Return %	-14.91	31.17	1.01	-0.48	-2.29
MSCI ACWI Ex USA Growth Index %	-14.43	32.01	0.12	-1.25	-2.65
Foreign Large Growth Category %	-14.08	30.87	-2.14	0.95	-3.92
Morningstar Percentile Rankings	58	44	20	66	27
# of Funds in Category	439	399	363	361	341

Morningstar percentile rankings are based on total returns.

Morningstar category

Foreign Large Growth

Morningstar Style Box™

As of 09/30/2018

Investment style

Value	Blend	Growth	Market capitalization	
				Large
				Medium
			Small	

Risk and Return Statistics

as of 12/31/2018 Relative to MSCI ACWI Ex USA Growth Index

	3Yr	5Yr
Alpha	-0.03	0.23
Beta	0.98	0.93
R-Squared	93.94	93.57
Standard Deviation	11.90	11.36
Mean	4.08	1.86
Sharpe Ratio	0.30	0.16
Excess Return	-0.10	0.17
Tracking Error	2.95	3.00
Information Ratio	-0.04	0.06

Operations

Total Investment Expense Net	0.49%
Total Investment Expense Gross	0.49%
Inception Date	05/01/2009
Extended Performance	
Inception Date#	04/16/1984
Total Net Assets (mil)	\$138,710.98
12b-1 Fees	-
Ticker	REGX



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Risk and return statistical data is calculated by Morningstar, Inc. Excess Return is calculated by Principal Life Insurance Company.

American Funds EuroPacific Growth R6 Fund as of 12/31/2018

Portfolio information[†]

Composition as of 09/30/2018

Asset Distribution		Asset Type	Net %	Short %	Long %
		Non-U.S. Stocks	90.73	0.00	90.73
		Cash	5.48	0.00	5.48
		U.S. Stocks	1.97	0.00	1.97
		U.S. Bonds	1.17	0.00	1.17
		Other	0.52	0.00	0.52
		Preferred	0.14	0.00	0.14
0	25	50	75	100	

Top ten holdings

	% of net assets
1. AIA Group Ltd	2.70
2. Airbus SE	2.49
3. Nintendo Co Ltd	2.35
4. Samsung Electronics Co Ltd	2.34
5. Reliance Industries Ltd	2.32
6. HDFC Bank Ltd	1.95
7. Alibaba Group Holding Ltd ADR	1.81
8. Sony Corp	1.66
9. ASML Holding NV	1.59
10. Taiwan Semiconductor Manufacturing Co Ltd	1.58
% of net assets in top ten holdings*	20.79

Analysis

# of Stock Hldgs	269
# of Bond Hldgs	11
# of Other Hldgs	112
AvgMktCap (mil)	\$44,865.02
P/C Ratio	4.89
P/E Ratio	14.78
P/B Ratio	1.99

Top 5 Countries

	% of net assets
Japan	15.78
United Kingdom	11.54
India	8.19
China	7.95
South Korea	7.17

Regional exposure

	% of net assets
Europe	36.44
Pacific Rim	34.75
Japan	15.97
Other	6.34
Latin America	4.37
United States	2.13

Returns shown for periods of less than one year are not annualized. Annualized total returns measure net investment income and capital gain or loss from portfolio investments as an annualized average, assuming the reinvestment of dividends, and without adjusting for loads.

Insurance products and plan administrative services are provided by Principal Life Insurance Company. Securities are offered through Principal Securities, Inc., 800-547-7754, member SIPC, and/or independent broker dealers. Securities sold by a Principal Securities Registered Representative are offered through Principal Securities. Principal Securities and Principal Life are members of the Principal Financial Group®, Des Moines, IA 50392. Certain investment options may not be available in all states or U.S. commonwealths.

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

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[†] The Portfolio Composition depicts a breakdown of the investment option's portfolio holdings, as of the date listed, into general investment classes. The x-axis represents the percentage each investment group holds, with the y-axis representing a zero value. Values to the right of the y-axis represent long security positions, while values to the left of the y-axis represent short security positions. The table to the right of the bar chart sums these two values to present the net emphasis of each investment group. Due to rounding, the total net position may not equal 100%. Long positions involve buying a security and selling it later, with the hope that the security price rises over time. In contrast, short positions are taken to benefit from anticipated price declines.

STATISTICAL SECTION (UNAUDITED)

This section of the comprehensive annual financial report on Louisiana Lottery Corporation's Retirement Plans presents detailed information as a supplement to the information presented in the financial statements and note disclosures to assist readers in assessing the overall financial health of the Retirement Plans.

CONTENTS

PAGE

Financial Trends, Revenue Capacity, and Operating Information 97-100

These schedules contain information about the Plans' historical financial position, revenue generated by investment returns, and operations.

Operating Information

101

This schedule contains demographic and financial indicators to help readers understand the environment in which the Plans operate.

LOUISIANA LOTTERY CORPORATION
 BASIC, SUPPLEMENTAL, AND 457(b) RETIREMENT PLANS
 STATE OF LOUISIANA

Historical Statements of Changes in Net Position Available for Benefits and
 Plan Investment Returns
 Plan Years Ended December 31 for the Years Shown
 (Unaudited)

	401(a) Basic Plan										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	10-YEAR TOTALS
ADDITIONS											
Investment Income	\$1,334,564	\$845,590	(\$270,294)	\$896,094	\$1,363,469	\$625,706	(\$71,619)	\$836,732	\$1,832,089	(\$922,427)	\$6,469,904
Less administrative and recordkeeping fees	(8,961)	(5,261)	(2,934)	(1,318)							(18,474)
Net investment income	1,325,603	840,329	(273,228)	894,776	1,363,469	625,706	(71,619)	836,732	1,832,089	(922,427)	6,451,430
Contributions:											
Participant	327,100	323,152	314,409	300,862	318,541	326,123	333,248	341,189	348,778	347,853	3,281,255
Employer	263,792	260,609	253,557	242,632	256,888	263,003	268,749	275,153	281,276	280,526	2,646,185
Total additions	1,916,495	1,424,090	294,738	1,438,270	1,938,898	1,214,832	530,378	1,453,074	2,462,143	(294,048)	12,378,870
DEDUCTIONS											
Benefits paid to participants	(136,404)	(675,991)	(622,947)	(335,667)	(622,887)	(398,158)	(347,453)	(485,054)	(231,234)	(893,001)	(4,748,796)
Distribution service fees					(600)	(680)	(870)	(880)	(640)	(800)	(4,470)
Total deductions	(136,404)	(675,991)	(622,947)	(335,667)	(623,487)	(398,838)	(348,323)	(485,934)	(231,874)	(893,801)	(4,753,266)
CHANGES IN NET POSITION	1,780,091	748,099	(328,209)	1,102,603	1,315,411	815,994	182,055	967,140	2,230,269	(1,187,849)	
NET POSITION AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	4,600,089	6,380,180	7,128,279	6,800,070	7,902,673	9,218,084	10,034,078	10,216,133	11,183,273	13,413,542	
NET POSITION AVAILABLE FOR BENEFITS, END OF YEAR	\$6,380,180	\$7,128,279	\$6,800,070	\$7,902,673	\$9,218,084	\$10,034,078	\$10,216,133	\$11,183,273	\$13,413,542	\$12,225,693	
AVERAGE INVESTMENT RETURNS *	24.15%	12.44%	-3.92%	12.17%	15.93%	6.50%	-0.71%	7.82%	14.90%	-7.20%	

* Calculated as net investment income divided by the average net position balance for the year.

LOUISIANA LOTTERY CORPORATION
 BASIC, SUPPLEMENTAL, AND 457(b) RETIREMENT PLANS
 STATE OF LOUISIANA

Historical Statements of Changes in Net Position Available for Benefits and
 Plan Investment Returns
 Plan Years Ended December 31 for the Years Shown
 (Unaudited)

	401(a) Supplemental Plan										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	10-YEAR TOTALS
ADDITIONS											
Investment Income	\$723,265	\$484,591	(\$150,975)	\$504,263	\$854,812	\$371,685	(\$20,097)	\$514,150	\$1,162,430	(\$589,379)	\$3,854,745
Contributions:											
Participant	18,973	13,883	29,786	25,225	4,663	69,783	26,016	81,231	106,757	104,434	480,751
Employer	319,334	312,500	314,191	308,166	322,092	437,302	451,090	461,795	475,618	475,480	3,877,568
Total additions	1,061,572	810,974	193,002	837,654	1,181,567	878,770	457,009	1,057,176	1,744,805	(9,465)	8,213,064
DEDUCTIONS											
Benefits paid to participants	(129,501)	(362,157)	(413,270)	(202,292)	(311,547)	(260,478)	(103,431)	(332,127)	(10,828)	(647,645)	(2,773,276)
Distribution service fees					(480)	(440)	(550)	(680)	(120)	(440)	(2,710)
Total deductions	(129,501)	(362,157)	(413,270)	(202,292)	(312,027)	(260,918)	(103,981)	(332,807)	(10,948)	(648,085)	(2,775,986)
CHANGES IN NET POSITION	932,071	448,817	(220,268)	635,362	869,540	617,852	353,028	724,369	1,733,857	(657,550)	
NET POSITION AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	2,679,081	3,611,152	4,059,969	3,839,701	4,475,063	5,344,603	5,962,455	6,315,483	7,039,852	8,773,709	
NET POSITION AVAILABLE FOR BENEFITS, END OF YEAR	\$3,611,152	\$4,059,969	\$3,839,701	\$4,475,063	\$5,344,603	\$5,962,455	\$6,315,483	\$7,039,852	\$8,773,709	\$8,116,159	
AVERAGE INVESTMENT RETURNS *	23.00%	12.63%	-3.82%	12.13%	17.41%	6.57%	-0.33%	7.70%	14.70%	-6.98%	

* Calculated as net investment income divided by the average net position balance for the year.

LOUISIANA LOTTERY CORPORATION
 BASIC, SUPPLEMENTAL, AND 457(b) RETIREMENT PLANS
 STATE OF LOUISIANA

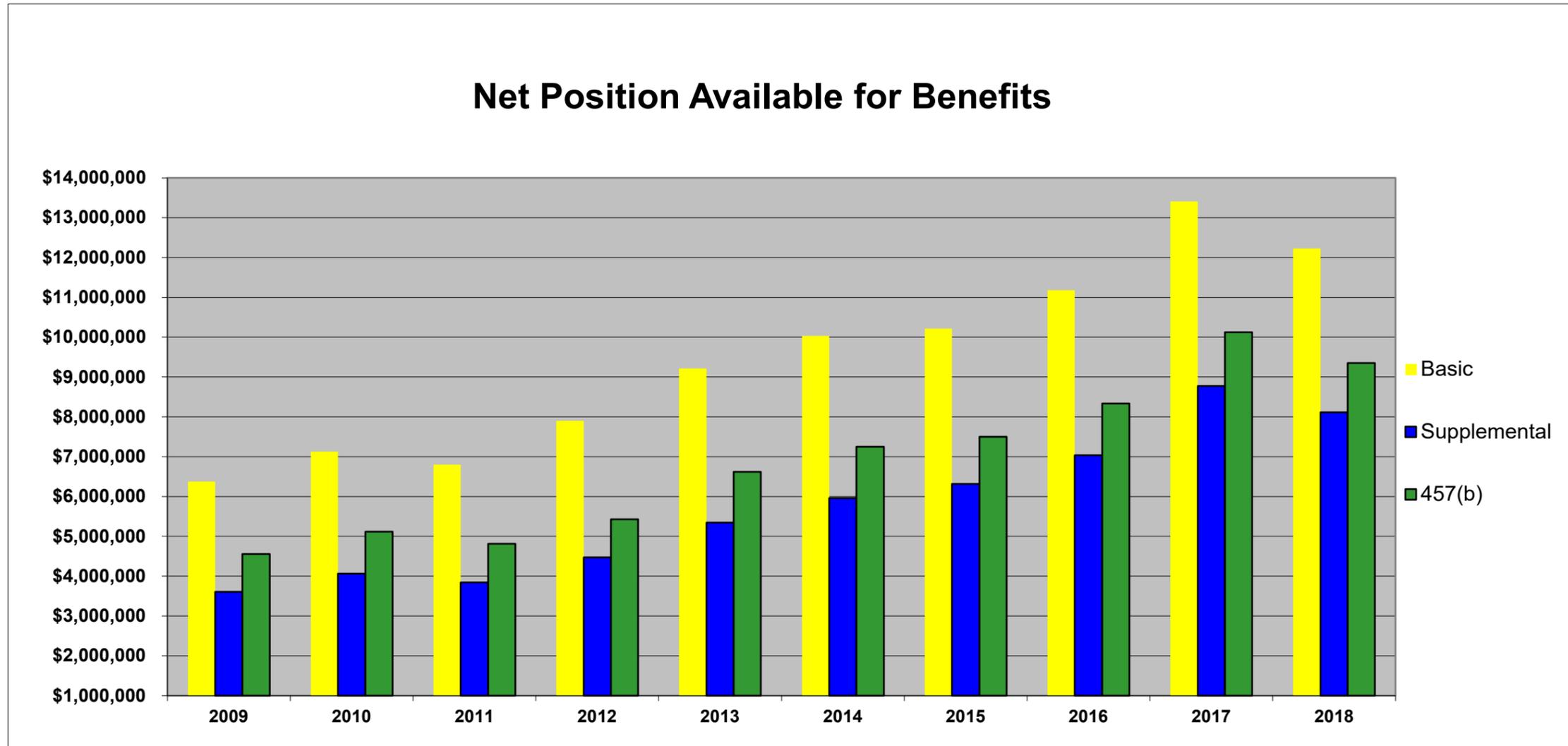
Historical Statements of Changes in Net Position Available for Benefits and
 Plan Investment Returns
 Plan Years Ended December 31 for the Years Shown
 (Unaudited)

	457(b) Retirement										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	10-YEAR TOTALS
ADDITIONS											
Investment Income	\$932,255	\$618,697	(\$178,963)	\$611,586	\$1,063,794	\$443,413	(\$20,042)	\$600,939	\$1,361,698	(\$607,006)	\$4,826,371
Contributions:											
Participant	336,770	315,143	309,563	268,443	274,821	298,622	307,587	347,995	357,191	372,226	3,188,361
Employer	121,961	119,748	117,745	109,700	137,639	166,231	171,849	191,089	192,713	190,946	1,519,621
Total additions	1,390,986	1,053,588	248,345	989,729	1,476,254	908,266	459,394	1,140,023	1,911,602	(43,834)	9,534,353
DEDUCTIONS											
Benefits paid to participants	(140,684)	(498,306)	(547,670)	(375,906)	(282,906)	(283,450)	(207,579)	(303,136)	(118,410)	(733,003)	(3,491,050)
Distribution service fees					(440)	(480)	(550)	(600)	(320)	(480)	(2,870)
Total deductions	(140,684)	(498,306)	(547,670)	(375,906)	(283,346)	(283,930)	(208,129)	(303,736)	(118,730)	(733,483)	(3,493,920)
CHANGES IN NET POSITION	1,250,302	555,282	(299,325)	613,823	1,192,908	624,336	251,265	836,287	1,792,872	(777,317)	
NET POSITION AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	3,309,188	4,559,490	5,114,772	4,815,447	5,429,270	6,622,178	7,246,514	7,497,779	8,334,066	10,126,938	
NET POSITION AVAILABLE FOR BENEFITS, END OF YEAR	\$4,559,490	\$5,114,772	\$4,815,447	\$5,429,270	\$6,622,178	\$7,246,514	\$7,497,779	\$8,334,066	\$10,126,938	\$9,349,621	
AVERAGE INVESTMENT RETURNS *	23.70%	12.79%	-3.60%	11.94%	17.65%	6.39%	-0.27%	7.59%	14.75%	-6.23%	

* Calculated as net investment income divided by the average net position balance for the year.

LOUISIANA LOTTERY CORPORATION
BASIC, SUPPLEMENTAL, AND 457(b) RETIREMENT PLANS
STATE OF LOUISIANA

Financial Trend Information
Plan Years Ended December 31 for the Years Shown
(Unaudited)



LOUISIANA LOTTERY CORPORATION
 BASIC, SUPPLEMENTAL, AND 457(b) RETIREMENT PLANS
 STATE OF LOUISIANA

Operating Information - Participation and Deferral Trends
 Plan Years Ended December 31 for the Years Shown
 (Unaudited)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<i>401(a) Basic Plan</i>										
Number of Participants	130	124	119	115	113	112	113	109	108	107
Total Annual Participant Deferrals	\$327,100	\$323,152	\$314,409	\$300,862	\$318,541	\$326,123	\$333,248	\$341,189	\$348,778	\$347,853
Net Position Available for Benefits	\$6,380,180	\$7,128,279	\$6,800,070	\$7,902,673	\$9,218,084	\$10,034,078	\$10,216,133	\$11,183,273	\$13,413,542	\$12,225,693

<i>401(a) Supplemental Plan</i>										
Number of Participants	102	100	105	105	104	103	104	100	99	99
Total Annual Employer Contributions	\$319,334	\$312,500	\$314,191	\$308,166	\$322,092	\$437,302	\$451,090	\$461,795	\$475,618	\$475,480
Net Position Available for Benefits	\$3,611,152	\$4,059,969	\$3,839,701	\$4,475,063	\$5,344,603	\$5,962,455	\$6,315,483	\$7,039,852	\$8,773,709	\$8,116,159

<i>457(b) Retirement Plan</i>										
Number of Participants	99	97	100	99	94	92	89	89	90	85
Total Annual Participant Deferrals	\$336,770	\$315,143	\$309,563	\$268,443	\$274,821	\$298,622	\$307,587	\$347,995	\$357,191	\$372,226
Average Deferral per Participant	\$3,402	\$3,249	\$3,096	\$2,712	\$2,924	\$3,246	\$3,456	\$3,910	\$3,969	\$4,379
Annual Covered Payroll	\$5,460,432	\$5,407,531	\$5,256,684	\$5,043,751	\$5,332,904	\$5,476,300	\$5,650,036	\$5,763,152	\$5,910,213	\$5,890,541
Deferrals Percentage of Compensation	6.17%	5.83%	5.89%	5.32%	5.15%	5.45%	5.44%	6.04%	6.04%	6.32%
Net Position Available for Benefits	\$4,559,490	\$5,114,772	\$4,815,447	\$5,429,270	\$6,622,178	\$7,246,514	\$7,497,779	\$8,334,066	\$10,126,938	\$9,349,621

OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The following pages contain a report on internal control over financial reporting and on compliance with laws and regulations and other matters as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any significant deficiencies and/or material weaknesses in internal control or compliance and other matters that would be material to the presented financial statements.



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

June 5, 2019

Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of the Basic Financial Statements
Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

**LOUISIANA LOTTERY CORPORATION
BASIC, SUPPLEMENTAL, AND 457(b) RETIREMENT PLANS
STATE OF LOUISIANA
Baton Rouge, Louisiana**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Louisiana Lottery Corporation Basic, Supplemental, and 457(b) Retirement Plans (the Plans) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Plans' basic financial statements, and have issued our report thereon dated June 5, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plans' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plans' internal control. Accordingly, we do not express an opinion on the effectiveness of the Plans' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plans' financial statements are free from material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plans' internal control and compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

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