



**LOUISIANA LOTTERY CORPORATION**  
**BASIC, SUPPLEMENTAL, AND 457(b) RETIREMENT PLANS**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE PLAN YEAR ENDED DECEMBER 31, 2021**

**LOUISIANA LOTTERY CORPORATION**  
**BASIC, SUPPLEMENTAL, AND 457(b) RETIREMENT PLANS**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE PLAN YEAR ENDED DECEMBER 31, 2021**

**PREPARED BY ACCOUNTING DEPARTMENT**  
**KAREN B. FOURNET**  
**SENIOR VICE PRESIDENT**  
**SECRETARY TREASURER**

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

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b>INTRODUCTORY SECTION</b>	
LETTER OF TRANSMITTAL .....	1
ORGANIZATIONAL CHART .....	5
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING .....	6
<b>FINANCIAL SECTION</b>	
INDEPENDENT AUDITOR'S REPORT .....	7
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	11
<b>BASIC FINANCIAL STATEMENTS</b>	
STATEMENT OF NET POSITION AVAILABLE FOR BENEFITS .....	17
STATEMENT OF CHANGES IN NET POSITION AVAILABLE FOR BENEFITS .....	18
NOTES TO THE FINANCIAL STATEMENTS .....	19
<b>SUPPLEMENTAL INFORMATION SCHEDULES</b>	
<b>SCHEDULES OF CHANGES IN NET POSITION AVAILABLE FOR BENEFITS, BY INVESTMENT OPTION</b>	
<b>SCHEDULE 1 - 401(a) BASIC PLAN FOR THE YEAR ENDED</b>	
DECEMBER 31, 2021 .....	27
<b>SCHEDULE 2 - 401(a) SUPPLEMENTAL PLAN FOR THE YEAR ENDED</b>	
DECEMBER 31, 2021 .....	28
<b>SCHEDULE 3 - 457(b) PLAN FOR THE YEAR ENDED</b>	
DECEMBER 31, 2021 .....	29
<b>INVESTMENT SECTION</b>	
INTRODUCTION.....	30
INVESTMENT POLICY APPROVED INVESTMENT OPTIONS .....	31
INVESTMENT STYLES.....	32
ASSET ALLOCATION .....	33
FAIR VALUE AND PERCENT OF TOTAL FAIR VALUE FOR EACH INVESTMENT.....	34

INVESTMENT PERFORMANCE .....	35
FUND FACT SHEETS .....	36

**STATISTICAL SECTION**

HISTORICAL STATEMENTS OF CHANGES IN NET POSITION AVAILABLE FOR BENEFITS AND PLAN INVESTMENT RETURNS - BASIC PLAN.....	98
HISTORICAL STATEMENTS OF CHANGES IN NET POSITION AVAILABLE FOR BENEFITS AND PLAN INVESTMENT RETURNS - SUPPLEMENTAL PLAN.....	99
HISTORICAL STATEMENTS OF CHANGES IN NET POSITION AVAILABLE FOR BENEFITS AND PLAN INVESTMENT RETURNS – 457(b) PLAN .....	100
FINANCIAL TREND INFORMATION .....	101
OPERATING INFORMATION - PARTICIPATION AND DEFERRAL TRENDS.....	102

<b>REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....</b>	<b>103</b>
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June 23, 2022

Board of Directors, Louisiana Lottery Corporation  
Rose J. Hudson, President, Louisiana Lottery Corporation

## **Introduction**

The Louisiana Lottery Corporation (the Corporation) is pleased to submit its Annual Comprehensive Financial Report for the Basic, Supplemental, and 457(b) retirement plans for the plan year ended December 31, 2021. 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 annual comprehensive financial report for the year ended December 31, 2020. This was the fourteenth 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 annual comprehensive 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 annual comprehensive 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 19. Financial results for the plans are discussed in management's discussion and analysis beginning on page 11 and the remainder of the financial section. Historical financial results and demographic information are presented in the statistical section beginning on page 98.

## **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 30.

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 2021 investment returns for all funds in the three plans combined were a gain of 13.03%.

### **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. However, 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, 2021, is included in the financial section of this report.

### **Acknowledgements**

The Accounting Department staff prepared each section of the Annual Comprehensive 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 Annual Comprehensive 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,

LOUISIANA LOTTERY CORPORATION



Christina G Price  
Director of Finance

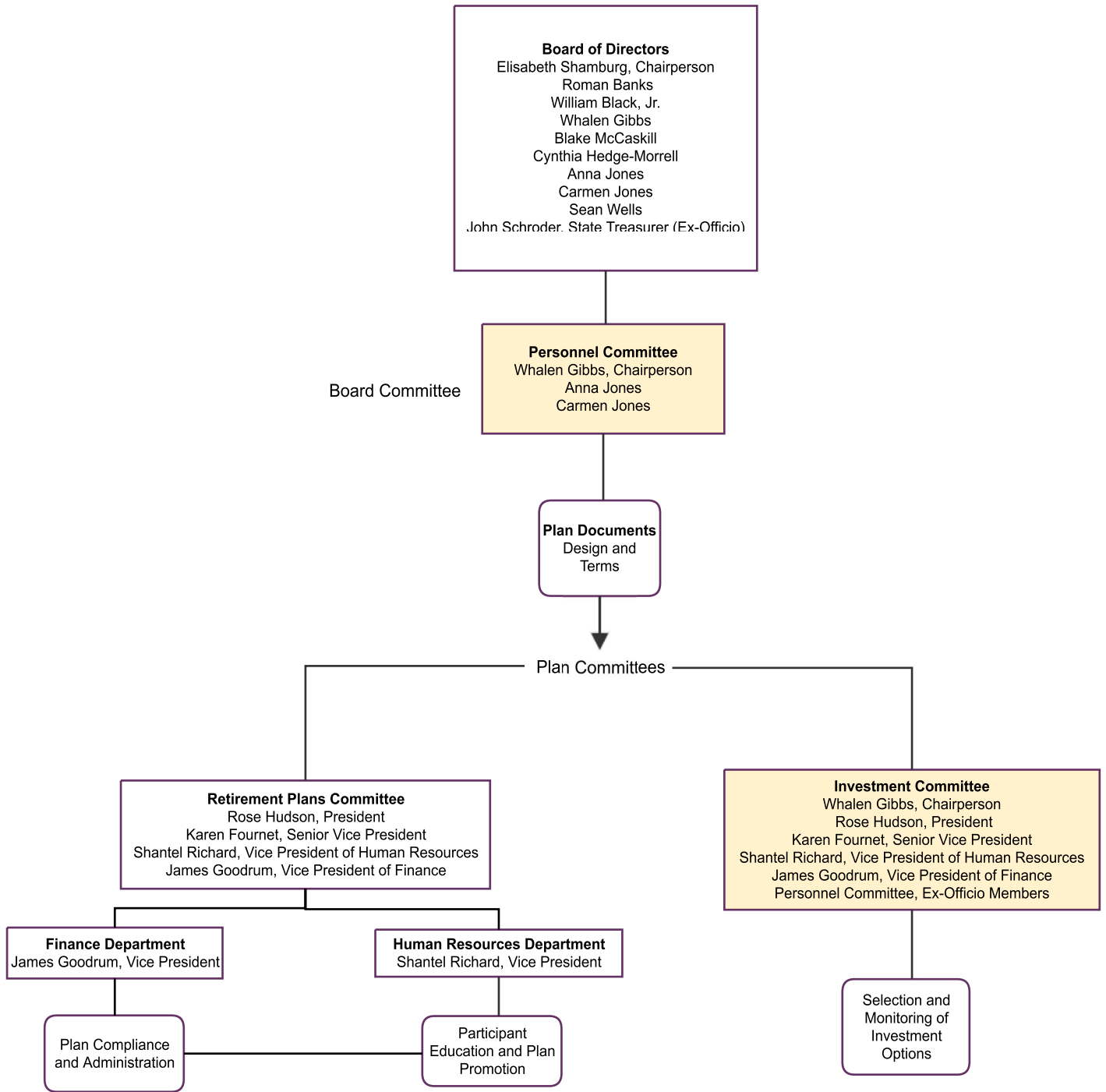


[Karen Fournet \(Jun 23, 2022 16:13 CDT\)](#)

Karen B. Fournet  
Senior Vice President and Secretary Treasurer



# 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 Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2020

*Christopher P. Morill*

Executive Director/CEO

**FINANCIAL SECTION**





LOUISIANA LEGISLATIVE AUDITOR  
MICHAEL J. "MIKE" WAGUESPACK, CPA

June 23, 2022

Independent Auditor's Report

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

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the financial statements for the Louisiana Lottery Corporation (Corporation) Basic, Supplemental, and 457(b) Retirement Plans (the Plans) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Plans' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Plans as of December 31, 2021, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plans' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, internal omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Corporation's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plans' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, amount other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 16 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 Schedules of Changes in Net Position Available for Benefits by Investment Option are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory, investment, and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2022, on our consideration of the Corporation's 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 Corporation's 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 Corporation's internal control over financial reporting and compliance.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA  
Legislative Auditor

DG:EM:RR:EFS:aa

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

**Management's Discussion and Analysis  
For the Year Ended December 31, 2021**

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, 2021. 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 17 includes all assets and liabilities of the plans. The balances reported are as of the year ended December 31, 2021. 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, 2021. 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, 2021, is presented in the statement of changes in net position available for benefits on page 18. 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 fair 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 20.

The supplementary information schedules beginning on page 27 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 19 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, 2021, and the year ended December 31, 2020, is presented below.

<b>401(a)</b>		
<b>Basic Plan</b>		
<b>Plan Years Ended December 31 for the Years Shown</b>		
	<b>2021</b>	<b>2020</b>
<b>Total Assets</b>	\$20,117,008	\$17,697,602
<b>Liabilities</b>	NONE	NONE
<b>Net position available for benefits</b>	\$20,117,008	\$17,697,602
<b>Additions:</b>		
Investment income	\$2,396,463	\$2,198,393
Contributions:		
Participant	370,694	357,079
Employer	298,949	287,968
<b>Total additions</b>	3,066,106	2,843,440
<b>Deductions:</b>		
Benefits paid to participants	(645,350)	(406,224)
Distribution service fees	(1,350)	(736)
<b>Total deductions</b>	(646,700)	(406,960)
<b>Increase in net position</b>	\$2,419,406	\$2,436,480

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

	<b>2021</b>	<b>2020</b>
<b>Total Assets</b>	\$14,219,490	\$12,341,197
<b>Liabilities</b>	<u>NONE</u>	<u>NONE</u>
<b>Net position available for benefits</b>	<u>\$14,219,490</u>	<u>\$12,341,197</u>
<b>Additions:</b>		
Investment income	\$1,788,174	\$1,728,056
Contributions:		
Participant	1,551	29,429
Employer	<u>505,536</u>	<u>490,437</u>
<b>Total additions</b>	2,295,261	2,247,922
<b>Deductions:</b>		
Benefits paid to participants	(416,318)	(203,704)
Distribution service fees	<u>(650)</u>	<u>(414)</u>
<b>Total deductions</b>	(416,968)	(204,118)
<b>Increase in net position</b>	<u>\$1,878,293</u>	<u>\$2,043,804</u>

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

	<b>2021</b>	<b>2020</b>
<b>Total Assets</b>	\$16,143,973	\$14,124,391
<b>Liabilities</b>	<u>NONE</u>	<u>NONE</u>
<b>Net position available for benefits</b>	<u>\$16,143,973</u>	<u>\$14,124,391</u>
<b>Additions:</b>		
Investment income	\$1,983,734	\$2,031,640
Contributions:		
Participant	446,108	427,164
Employer	<u>212,565</u>	<u>204,068</u>
<b>Total additions</b>	2,642,407	2,662,872
<b>Deductions:</b>		
Benefits paid to participants	(622,425)	(268,778)
Distribution service fees	<u>(400)</u>	<u>(500)</u>
<b>Total deductions</b>	(622,825)	(269,278)
<b>Increase in net position</b>	<u>\$2,019,582</u>	<u>\$2,393,594</u>

The net position of the plans increased because the combination of contributions and investment income were more 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:

	<u>2021</u>	<u>2020</u>
<i>Basic Plan</i>	12.67%	13.34%
<i>Supplemental Plan</i>	13.46%	15.27%
<i>457(b) Plan</i>	13.11%	15.72%

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, 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 30. 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>2021</u>	<u>2020</u>
<b><u>Economic Indicators:</u></b>		
<i>Gross Domestic Product (GDP)</i>	5.5%	-2.4%
<i>Federal Funds Rate</i>	0.1%	0.1%
<i>Unemployment Rate</i>	4.3%	6.7%
<i>Consumer Price Index (CPI)</i>	6.9%	1.2%
<b><u>Financial Markets:</u></b>		
<i>Standard and Poor's 500 Index (S&amp;P 500)</i>	28.7%	18.4%
<i>Russell 2000 Small Cap Index</i>	14.8%	20.0%
MSCI EAFE International Developed Markets Index	11.8%	8.3%
MSCI EME International Emerging Markets Index	-2.2%	18.7%
<i>10-Year Treasury Note Yield</i>	1.5%	0.9%
Bloomberg Barclays U.S. Aggregate Bond Index	-1.5%	7.5%

\*Source: JPMorgan Asset Management Guide to the Markets December 31, 2021 and 2020

The pandemic continued to be a driving factor for the United States (U.S.) and global economies in 2021. Increased vaccinations throughout the country and the fifth U.S. Federal Government stimulus package in March of 2021 provided support to consumers allowing for gradual reopening of businesses. Several new COVID-19 variants impacted this reopening extending the pandemic and delaying the return to normal. Even with this delay, the increased consumer demand from the extended stay at home orders and the added stimulus money drove spending to new levels with GDP growing by the highest rate since 1984. Supply chain issues and shortages of goods have emerged as major concerns for consumers.

The labor market has made an extraordinarily strong recovery in 2021 with unemployment claims near pre-pandemic levels. Workers are now demanding higher wages adding to the concerns regarding inflation. The year ended with the Consumer Price Index at the highest rate in 40 years.

The Federal Reserve held the federal funds rate steady near zero during 2021 and continued its bond buying program. With concerns regarding inflation increasing, these policies could end seeing an increase in the federal funds rate in early 2022.

With increased spending and lower unemployment, many businesses performed very well, with the S&P 500 reaching seventy all-time highs in 2021. International stock funds in the developed countries performed well with increased vaccinations and consumer spending. However, international stock funds in the emerging markets underperformed

in 2021 due mostly to China 's poor performance and less effective vaccination efforts in the emerging markets compared to the developed countries.

Short-term fixed-income fund returns were very minimal because of the continuation of the federal funds rate near zero. The values of most intermediate fixed-income funds have ended the year with a negative return as the market has priced the anticipated increase in the federal funds rate.

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 27. In addition, investment performance and benchmark comparisons are included in the investment section of this report beginning on page 30.

### **Contributions**

Contributions to the plans were consistent with the prior year amounts mainly because total eligible compensation slightly increased from 2020 to 2021. Contributions are calculated as a percentage of wages. Participant contributions to the 457(b) Plan slightly increased because average elective deferrals increased from 7.00% to 7.10%. The contribution provisions for the Plans are outlined in note 2 to the financial statements beginning on page 20. Historical compensation and deferral information is provided in the operating information in the statistical section of this report on page 102.

### **Benefits paid to participants**

Benefits paid out in any given year are 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 20.

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, 2021. 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,



Christina G. Price  
Director of Finance

  
Karen Fournet (Jun 23, 2022 15:32 CDT)

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, 2021**

	<u>401(a) Plans</u>		<u>457(b) Plan</u>
	<u>Basic</u>	<u>Supplemental</u>	
<b>ASSETS</b>			
Investments (note 3)			
Stable Value Fund		\$160,223	\$176,336
Separate Accounts		3,597,715	4,610,520
Collective Investment Trusts - Target Date Funds	\$20,103,449	10,053,648	10,436,443
Mutual Funds		402,579	907,595
Total Investments	<u>20,103,449</u>	<u>14,214,165</u>	<u>16,130,894</u>
Contributions receivable	<u>13,559</u>	<u>5,325</u>	<u>13,079</u>
<b>Total Assets</b>	<u>\$20,117,008</u>	<u>\$14,219,490</u>	<u>\$16,143,973</u>
<b>LIABILITIES</b>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
<b>NET POSITION AVAILABLE FOR BENEFITS</b>	<u>\$20,117,008</u>	<u>\$14,219,490</u>	<u>\$16,143,973</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, 2021**

	<u>401(a) Plans</u>		<u>457(b) Plan</u>
	<u>Basic</u>	<u>Supplemental</u>	
<b>ADDITIONS</b>			
Investment income	\$2,396,463	\$1,788,174	\$1,983,734
Contributions:			
Participant	370,694	1,551	446,108
Employer	298,949	505,536	212,565
Total additions	<u>3,066,106</u>	<u>2,295,261</u>	<u>2,642,407</u>
<b>DEDUCTIONS</b>			
Benefits paid to participants	(645,350)	(416,318)	(622,425)
Distribution service fees	(1,350)	(650)	(400)
Total deductions	<u>(646,700)</u>	<u>(416,968)</u>	<u>(622,825)</u>
Net increase	2,419,406	1,878,293	2,019,582
<b>NET POSITION AVAILABLE FOR BENEFITS, BEGINNING OF YEAR</b>	<u>17,697,602</u>	<u>12,341,197</u>	<u>14,124,391</u>
<b>NET POSITION AVAILABLE FOR BENEFITS, END OF YEAR</b>	<u>\$20,117,008</u>	<u>\$14,219,490</u>	<u>\$16,143,973</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, 2021, there were 106 participants in the Basic Plan, 98 participants in the Supplemental Plan, and 89 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 72 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 72 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 1<sup>st</sup>, 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 \$19,500. 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 72 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, 2021 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 35 and on the fund fact sheets beginning on page 36.

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, 2021, investments are composed of the following:

## NOTES TO THE FINANCIAL STATEMENTS

	<i>401(a)</i>		<b>457 (b)</b>
	<i>Plans</i>		
	<b><u>Basic</u></b>	<b><u>Supplemental</u></b>	
<b>Principal Stable Value Fund</b>			
(Principal Global Investors Trust Company - Trustee)		\$160,223	\$176,336
<b>PLIC Flexible Investment Annuity Group Contract</b>			
<b>Separate Accounts:</b>			
<b>Principal Proprietary Funds Z Rate Level:</b>			
U.S. Property		64,759	113,448
LargeCap S&P 500 Index		1,299,032	1,389,796
Bond Market Index		24,371	52,795
Core Plus Bond		48,453	43,221
Diversified International		8,981	2,883
Capital Appreciation		148,903	188,385
MidCap Value I		8,252	3,106
MidCap S&P 400 Index		134,630	185,778
LargeCap Growth I		400,202	540,966
LargeCap Value III		46,415	41,484
MidCap Growth III		518,468	811,950
SmallCap Growth I		513,734	630,278
SmallCap Value II		164,688	220,103
SmallCap S&P 600 Index		216,827	386,327
<b>Collective Investment Trusts:</b>			
<b>Principal Proprietary Funds Z Rate Level:</b>			
<b>Principal LifeTime Hybrid - Target Date Funds</b>			
(Principal Global Investors Trust Company - Trustee)			
Income CIT	\$523,242	101,923	64,797
2010 CIT	577,414	255,617	1,254,911
2015 CIT	346,306	28,666	138,676
2020 CIT	2,017,555	1,564,206	1,521,274
2025 CIT	3,914,317	2,902,201	2,691,811
2030 CIT	5,069,975	2,560,999	2,466,257
2035 CIT	2,819,644	886,481	914,140
2040 CIT	1,041,875	759,901	687,652
2045 CIT	760,926	553,734	502,823
2050 CIT	484,733	192,298	112,659
2055 CIT	316,121	65,628	37,126
2060 CIT	474,585	79,605	37,561
2065 CIT	1,756,756	102,389	6,756
<b>Mutual Fund Investments:</b>			
(Principal Global Investors Trust Company - Trustee)			
American Century Equity Income A Fund		67,356	94,997
American Funds Growth Fund of America Fund		160,299	444,070
American Funds EuroPacific Growth Fund		174,924	368,528
<b>Total</b>	<b><u>\$20,103,449</u></b>	<b><u>\$14,214,165</u></b>	<b><u>\$16,130,894</u></b>



Investments in the Principal LifeTime Hybrid CIT Funds account for 80% 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 Euro Pacific 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, 2021.

## 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, 2021.



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, 2021

	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
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	\$506,445	\$25,031	\$10,413	\$8,397	(\$15,497)	(\$100)	(\$11,447)	\$523,242
2010 CIT	565,017	34,975			(23,138)	(150)	710	577,414
2015 CIT	313,592	25,039	5,566	4,489	(2,330)	(50)		346,306
2020 CIT	2,054,630	200,813	32,727	26,393	(296,958)	(50)		2,017,555
2025 CIT	3,508,285	407,189	60,934	49,140	(111,131)	(100)		3,914,317
2030 CIT	4,457,570	601,079	66,322	53,486	(107,672)	(100)	(710)	5,069,975
2035 CIT	2,358,987	363,915	53,919	43,484	(611)	(50)		2,819,644
2040 CIT	857,416	142,714	35,282	28,454	(21,941)	(50)		1,041,875
2045 CIT	578,349	108,016	41,275	33,286				760,926
2050 CIT	428,788	78,327	19,778	15,951	(57,461)	(650)		484,733
2055 CIT	258,497	50,223	8,891	7,171	(8,611)	(50)		316,121
2060 CIT	373,541	74,876	14,486	11,682				474,585
2065 CIT	1,426,295	284,266	19,236	15,512			11,447	1,756,756
Contributions Receivable	10,190		1,865	1,504				13,559
<b>Total</b>	<b>\$17,697,602</b>	<b>\$2,396,463</b>	<b>\$370,694</b>	<b>\$298,949</b>	<b>(\$645,350)</b>	<b>(\$1,350)</b>	<b>NONE</b>	<b>\$20,117,008</b>



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, 2021

	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
<b>Principal Stable Value Fund</b> (Principal Global Investors Trust Company - Trustee)	\$133,937	\$2,397		\$20,687			\$3,202	\$160,223
<b>PLIC Flexible Investment Annuity Group Contract</b> <b>Separate Accounts:</b> <b>Principal Proprietary Funds Z Rate Level:</b>								
U.S. Property	50,543	11,883		2,333				64,759
LargeCap S&P 500 Index	769,706	255,431		21,838	(\$14,978)	(\$35)	267,070	1,299,032
Bond Market Index	53,327	(1,073)		1,448			(29,331)	24,371
Core Plus Bond	47,346	(172)		1,279				48,453
Diversified International	13,771	1,152		669			(6,611)	8,981
Capital Appreciation	198,866	35,915		2,335	(1,284)	(2)	(86,927)	148,903
MidCap Value I	4,063	1,440		500			2,249	8,252
MidCap S&P 400 Index	106,602	30,228		6,709			(8,909)	134,630
LargeCap Growth I	408,660	72,812		5,918	(5,618)	(9)	(81,561)	400,202
LargeCap Value III	36,556	9,048		811				46,415
MidCap Growth III	439,639	72,443		6,386				518,468
SmallCap Growth I	556,405	42,508		7,231			(92,410)	513,734
SmallCap Value II	114,358	38,364		3,677			8,289	164,688
SmallCap S&P 600 Index	167,157	40,469		5,450			3,751	216,827
<b>Collective Investment Trusts:</b> <b>Principal Proprietary Funds Z Rate Level:</b> <b>Principal LifeTime Hybrid - Target Date Funds</b> (Principal Global Investors Trust Company - Trustee)								
Income CIT	74,395	4,225		2,846	(6)		20,463	101,923
2010 CIT	250,908	15,841			(11,058)	(74)		255,617
2015 CIT	26,571	2,095						28,666
2020 CIT	1,579,378	152,330		54,428	(221,800)	(130)		1,564,206
2025 CIT	2,488,355	302,092		77,300	(107,116)	(100)	141,670	2,902,201
2030 CIT	2,321,813	297,862		82,994			(141,670)	2,560,999
2035 CIT	722,008	112,055		52,683	(215)	(50)		886,481
2040 CIT	626,849	104,988		44,804	(16,690)	(50)		759,901
2045 CIT	435,444	79,506		53,884	(15,000)	(100)		553,734
2050 CIT	158,680	29,741	1,551	19,781	(17,405)	(50)		192,298
2055 CIT	54,329	10,465		4,977	(5,148)	(50)	1,055	65,628
2060 CIT	58,402	11,929		9,274				79,605
2065 CIT		8,238		2,300			91,851	102,389
<b>Mutual Fund Investments:</b> (Principal Global Investors Trust Company - Trustee)								
American Century Equity Income A Fund	55,536	9,285		2,535				67,356
American Funds Growth Fund of America Fund	217,262	30,065		3,781			(90,809)	160,299
American Funds EuroPacific Growth Fund	166,302	4,612		5,382			(1,372)	174,924
<b>Contributions Receivable</b>	4,029			1,296				5,325
<b>Total</b>	<b>\$12,341,197</b>	<b>\$1,788,174</b>	<b>\$1,551</b>	<b>\$505,536</b>	<b>(\$416,318)</b>	<b>(\$650)</b>	<b>NONE</b>	<b>\$14,219,490</b>





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, 2021

	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
<b>Principal Stable Value Fund</b>								
(Principal Global Investors Trust Company - Trustee)	\$262,674	\$3,358	\$22,316	\$8,466	(\$136,207)	(\$50)	\$15,779	\$176,336
<b>PLIC Flexible Investment Annuity Group Contract</b>								
<b>Separate Accounts:</b>								
<b>Principal Proprietary Funds Z Rate Level:</b>								
U.S. Property	105,699	22,316	3,702	1,885	(18,000)	(21)	(2,133)	113,448
LargeCap S&P 500 Index	765,489	262,649	21,992	8,177		(6)	331,495	1,389,796
Bond Market Index	115,618	(2,320)	2,884	827			(64,214)	52,795
Core Plus Bond	41,929	(148)	834	606				43,221
Diversified International	7,558	700	358	260			(5,993)	2,883
Capital Appreciation	249,162	45,430	2,068	1,254			(109,529)	188,385
MidCap Value I	841	388	27	20			1,830	3,106
MidCap S&P 400 Index	147,881	41,432	5,717	2,247		(5)	(11,494)	185,778
LargeCap Growth I	536,867	98,470	6,674	3,300		(9)	(104,336)	540,966
LargeCap Value III	32,177	8,025	742	540				41,484
MidCap Growth III	703,604	113,206	9,480	3,943			(18,283)	811,950
SmallCap Growth I	667,014	51,540	6,718	3,229			(98,223)	630,278
SmallCap Value II	148,368	51,112	3,267	1,645			15,711	220,103
SmallCap S&P 600 Index	304,392	78,812	6,420	3,058		(5)	(6,350)	386,327
<b>Collective Investment Trusts:</b>								
<b>Principal Proprietary Funds Z Rate Level:</b>								
<b>Principal LifeTime Hybrid - Target Date Funds</b>								
(Principal Global Investors Trust Company - Trustee)								
Income CIT	12,324	1,812	4,667	1,282	(2)		44,714	64,797
2010 CIT	1,235,358	77,965			(58,312)	(100)		1,254,911
2015 CIT	128,540	10,136						138,676
2020 CIT	1,613,155	157,922	48,719	20,505	(318,977)	(50)		1,521,274
2025 CIT	2,254,883	278,682	74,062	35,916	(84,059)	(50)	132,377	2,691,811
2030 CIT	2,210,469	286,263	66,394	35,508			(132,377)	2,466,257
2035 CIT	734,843	115,346	44,418	20,098	(515)	(50)		914,140
2040 CIT	538,213	92,899	36,470	19,617			453	687,652
2045 CIT	366,809	69,659	44,588	21,767				502,823
2050 CIT	91,227	17,449	5,982	4,007	(6,353)	(50)	397	112,659
2055 CIT	27,205	5,540	2,594	1,787				37,126
2060 CIT	28,219	5,680	1,703	1,245			714	37,561
2065 CIT	5,230	1,065	63	39			359	6,756
<b>Mutual Fund Investments:</b>								
(Principal Global Investors Trust Company - Trustee)								
American Century Equity Income A Fund	73,134	12,918	3,016	1,521		(4)	4,412	94,997
American Funds Growth Fund of America Fund	366,605	66,046	8,194	3,481			(256)	444,070
American Funds EuroPacific Growth Fund	339,142	9,382	9,779	5,278			4,947	368,528
<b>Contributions Receivable</b>	9,762		2,260	1,057				13,079
<b>Total</b>	<b>\$14,124,391</b>	<b>\$1,983,734</b>	<b>\$446,108</b>	<b>\$212,565</b>	<b>(\$622,425)</b>	<b>(\$400)</b>	<b>NONE</b>	<b>\$16,143,973</b>



**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 31)
  - 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 32)
  - Reflects the diversification of the investment offerings by asset classes, styles, and investment managers
- **Asset Allocation** (Page 33)
  - Provides an overview of the allocation of plan assets by asset class at December 31, 2021
- **Fair Value and Percent of Total Fair Value for Each Investment** (Page 34)
  - Presents the fair value of each investment and percent to total plan assets fair value
- **Investment Performance** (Page 35)
  - Average annualized % rates of return for the 1-, 3-, 5-, and 10- year time periods and net expense ratios for each fund are provided
- **Fund Fact Sheets** (Pages 37-97)
  - 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

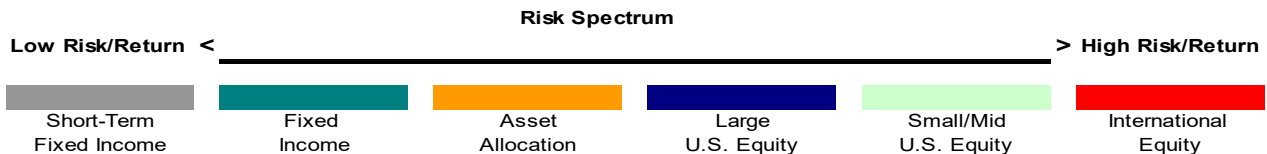
### Louisiana Lottery Corporation Investment Policy Current Approved Investment Options

\* 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
<b>Lifecycle (Age-Based) Funds:</b>				
<b>Completely "Do-it-for-me" Investors</b>				
<b>Principal LifeTime Hybrid Funds: (1)</b> All funds in series including 5-year intervals and any future date portfolios	Asset Allocation	√	√	√
<b>Individual Separate Accounts and Funds:</b>				
<b>"Do-it-myself" Investors</b>				
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

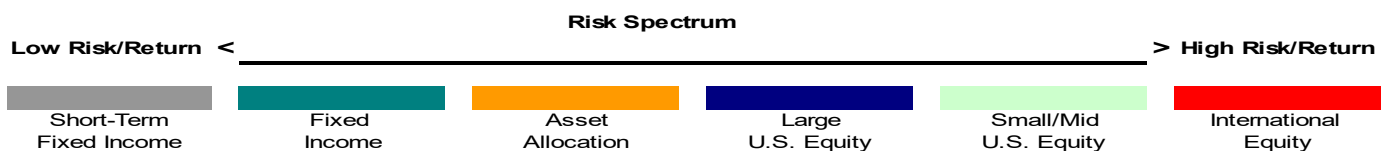
## Domestic Equity Investment Style Box

	Value	Blend	Growth
Large Cap	<p>LargeCap Value III Separate Account</p>  <p>American Century Equity Income A Fund</p> 	<p>LargeCap S&amp;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&amp;P 400 Index Separate Account</p>  <p>SmallCap S&amp;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 Euro Pacific Growth Fund</p> 

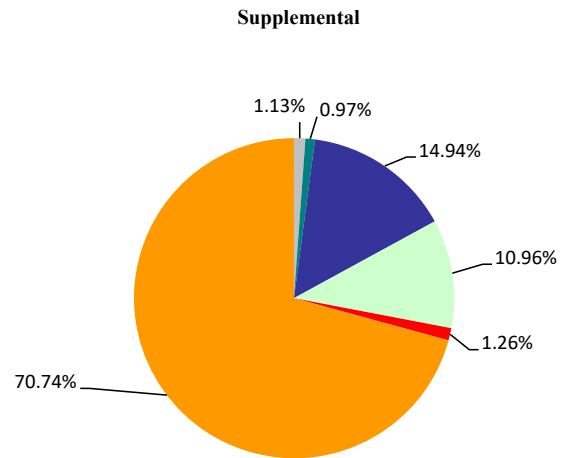
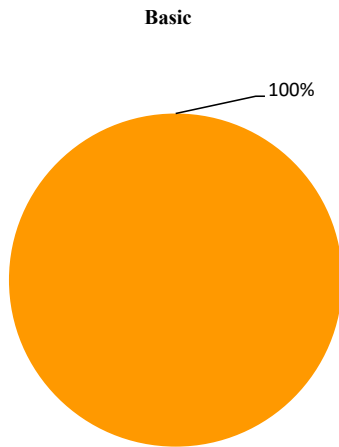


## Asset Allocation

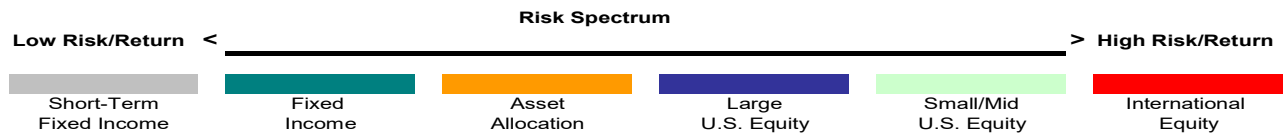
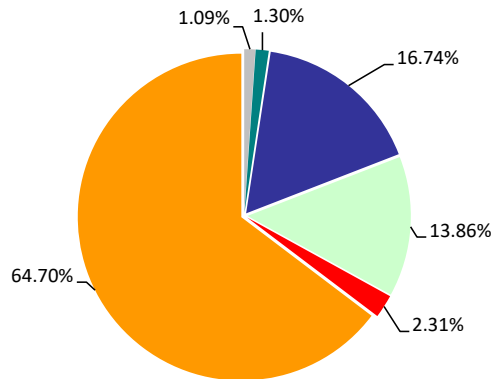
Source: Investment Committee

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

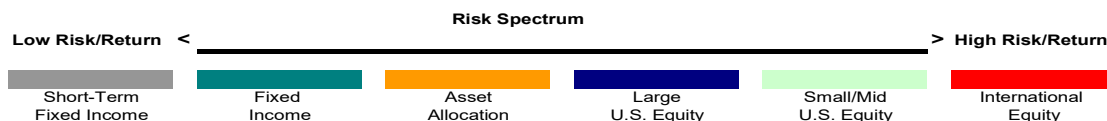




## Fair Value and Percent of Total Fair Value for Each Investment

Source: Principal Financial Group

	401(a) Plans				457(b) Plan	
	Basic		Supplemental		2021	%
	2021	%	2021	%		
<b>Target-Date Funds:</b>						
<b>Principal Trust (SM) Portfolios:</b>						
<i>Target Date Portfolios</i>						
Income CIT Fund	\$523,242	2.60%	\$101,923	0.72%	\$64,797	0.40%
2010 CIT Fund	577,414	2.87%	255,617	1.80%	1,254,911	7.78%
2015 CIT Fund	346,306	1.72%	28,666	0.20%	138,676	0.86%
2020 CIT Fund	2,017,555	10.04%	1,564,206	11.00%	1,521,274	9.43%
2025 CIT Fund	3,914,317	19.47%	2,902,201	20.42%	2,691,811	16.69%
2030 CIT Fund	5,069,975	25.22%	2,560,999	18.02%	2,466,257	15.29%
2035 CIT Fund	2,819,644	14.03%	886,481	6.24%	914,140	5.67%
2040 CIT Fund	1,041,875	5.18%	759,901	5.35%	687,652	4.26%
2045 CIT Fund	760,926	3.79%	553,734	3.90%	502,823	3.12%
2050 CIT Fund	484,733	2.41%	192,298	1.35%	112,659	0.70%
2055 CIT Fund	316,121	1.57%	65,628	0.46%	37,126	0.23%
2060 CIT Fund	474,585	2.36%	79,605	0.56%	37,561	0.23%
2065 CIT Fund	1,756,756	8.74%	102,389	0.72%	6,756	0.04%
<b>Individual Separate Accounts and Funds:</b>						
Principal Stable Value Fund			160,223	1.13%	176,336	1.09%
Core Plus Bond			48,453	0.34%	43,221	0.27%
Bond Market Index			24,371	0.17%	52,795	0.33%
U.S. Property Separate Account			64,759	0.46%	113,448	0.70%
LargeCap S&P 500 Index Separate Account			1,299,032	9.14%	1,389,796	8.62%
Capital Appreciation Separate Account			148,903	1.05%	188,385	1.17%
LargeCap Value III Separate Account			46,415	0.33%	41,484	0.26%
LargeCap Growth I Separate Account			400,202	2.82%	540,966	3.35%
American Century Equity Income A Fund			67,356	0.47%	94,997	0.59%
American Funds Growth Fund of America Fund			160,299	1.13%	444,070	2.75%
MidCap Growth III Separate Account			518,468	3.65%	811,950	5.03%
MidCap Value I Separate Account			8,252	0.06%	3,106	0.02%
MidCap S&P 400 Index			134,630	0.95%	185,778	1.15%
SmallCap Growth I Separate Account			513,734	3.61%	630,278	3.91%
SmallCapValue II Separate Account			164,688	1.16%	220,103	1.36%
SmallCap S&P 600 Index Separate Account			216,827	1.53%	386,327	2.39%
Diversified International Separate Account			8,981	0.06%	2,883	0.02%
American Funds EuroPacific Growth Fund			174,924	1.23%	368,528	2.28%
	\$20,103,449	100.00%	\$14,214,165	100.00%	\$16,130,894	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, 2021

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	<u>Net Expense Ratio</u>
<b>Target- Date Funds:</b>					
<b>Principal LifeTime Hybrid Portfolios:</b>					
<i>Target Date Portfolios</i>					
Income CIT Fund	4.96	8.90	6.20	5.22	0.29
2010 CIT Fund	6.35	10.24	7.28	6.86	0.29
2015 CIT Fund	7.89	11.53	8.16	7.77	0.29
2020 CIT Fund	9.69	13.24	9.28	8.78	0.29
2025 CIT Fund	11.59	14.80	10.34	9.65	0.29
2030 CIT Fund	13.44	16.30	11.29	10.44	0.29
2035 CIT Fund	15.19	17.64	12.14	11.10	0.29
2040 CIT Fund	16.60	18.63	12.75	11.65	0.29
2045 CIT Fund	17.85	19.44	13.24	12.03	0.29
2050 CIT Fund	18.60	20.00	13.60	12.32	0.29
2055 CIT Fund	19.22	20.38	13.80	12.44	0.29
2060 CIT Fund (1)	19.57	20.69	13.97		0.29
2065 CIT Fund (2)	19.70	20.99			0.29

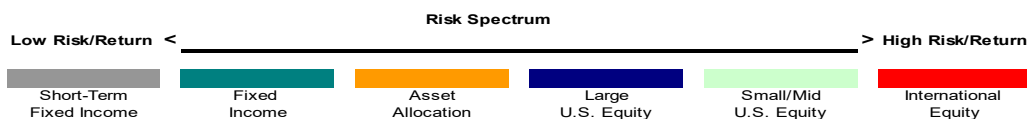
### Individual Separate Accounts and Funds:

Principal Stable Value Fund	1.61	2.00	1.95	1.72	0.33
Core Plus Bond Separate Account	-0.37	6.50	4.58	4.01	0.27
Bond Market Index Separate Account	-1.79	4.59	3.36	2.65	0.16
U.S. Property Separate Account	22.84	9.56	9.06	10.69	0.79
LargeCap S&P 500 Index Separate Account	28.61	25.99	18.40	16.47	0.05
Capital Appreciation Separate Account	28.15	26.54	18.97	16.46	0.36
LargeCap Value III Separate Account	24.61	17.75	12.50	13.22	0.51
LargeCap Growth I Separate Account	22.07	31.07	25.71	19.61	0.39
American Century Equity Income A Fund	16.49	13.29	9.41	10.80	1.17
American Funds Growth Fund of America Fund	19.69	28.61	21.26	18.31	0.30
MidCap Growth III Separate Account	16.41	29.31	20.95	15.68	0.60
MidCap Value I Separate Account	31.50	21.31	12.89	13.54	0.49
MidCap S&P 400 Index Separate Account	24.64	21.30	12.99	14.10	0.05
SmallCap Growth I Separate Account	7.52	27.08	19.80	16.49	0.62
SmallCap Value II Separate Account	32.88	19.50	9.46	12.78	0.65
SmallCap S&P 600 Index Separate Account	26.43	20.00	12.33	14.41	0.05
Diversified International Separate Account	9.87	16.73	11.22	9.11	0.43
American Funds EuroPacific Growth Fund	2.84	17.95	12.87	10.01	0.46

(1) Inception year is 2014. Performance information is not available.

(2) 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 12/31/2021

## Investment Strategy

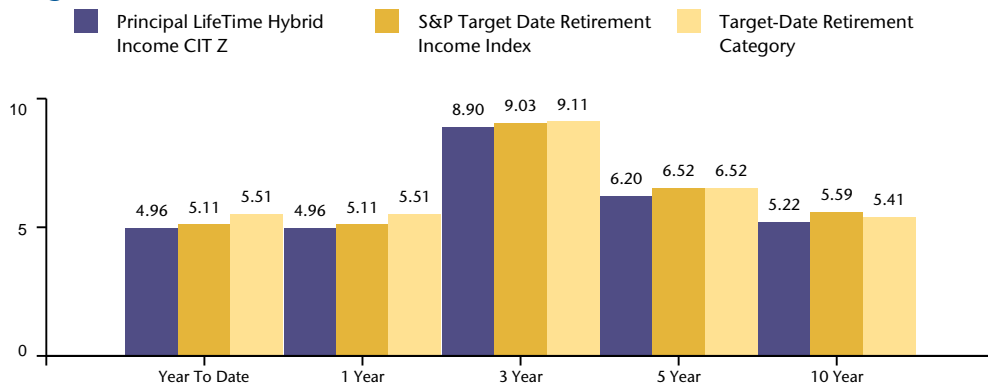
The investment option seeks current income and, as a secondary objective, capital appreciation. To pursue its goal, this Target Date Fund generally invests in affiliated and may invest in nonaffiliated open-ended mutual funds, insurance company separate accounts, and collective trust funds that Principal 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 12/31/2021



## 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 Principal®, or call our Participant Contact Center at 1-800-547-7754.*

*Where gross and net expense ratios differ 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 through the date displayed in the waiver expiration date or contractual cap expiration date column. Differences also may be due to the investment advisor's decision to pay (through the same dates) 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 %	4.96	4.96	8.90	6.20	5.22
S&P Target Date Retirement Income Index %	5.11	5.11	9.03	6.52	5.59
Target-Date Retirement Category %	5.51	5.51	9.11	6.52	5.41
Morningstar Percentile R rankings	-	69	57	64	69
# of Funds in Category	167	167	151	126	78
Annual Returns	2021	2020	2019	2018	2017
Total Return %	4.96	10.03	11.83	-2.79	7.59
S&P Target Date Retirement Income Index %	5.11	8.81	13.33	-2.54	8.54
Target-Date Retirement Category %	5.51	9.03	12.85	-3.16	8.81
Morningstar Percentile R rankings	69	33	67	38	79
# of Funds in Category	167	168	183	187	175

*Morningstar percentile rankings are based on total returns and in accordance with the appropriate Morningstar peer group. Returns shown for less than one year are not annualized.*

*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 Retirement

## Risk and Return Statistics

as of 12/31/2021 Relative to S&P Target Date Retirement Income Index

	3Yr	5Yr
Alpha	0.90	0.35
Beta	0.87	0.87
R-Squared	96.81	96.75
Standard Deviation	5.37	4.67
Mean	8.90	6.20
Sharpe Ratio	1.46	1.07
Excess Return	-0.13	-0.31
Tracking Error	1.25	1.08
Information Ratio	-0.10	-0.29

## Operations

Total Investment Expense Net	0.29%
Total Investment Expense Gross	0.29%
Inception Date	07/07/2009
Total Net Assets (mil)	\$514.76



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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 Income CIT Z as of 12/31/2021

## Portfolio information†

Composition as of 11/30/2021

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Bonds	53.04	3.64	56.68
		U.S. Stocks	24.11	0.16	24.27
		Non-U.S. Stocks	11.75	0.00	11.75
		Non-U.S. Bonds	5.63	0.05	5.68
		Cash	4.00	0.14	4.14
		Convertibles	1.11	0.00	1.11
		Other	0.35	0.13	0.47

## Top ten holdings

	% of net assets
1. Principal Bond Market Index Sep Acct	31.70
2. Principal LargeCap S&P 500 Idx Sep Acct	18.15
3. PGI CIT Short-Term Income Fund - 0 bp	16.91
4. Principal High Income Inst	7.13
5. PGI CIT Diversified International Equity Fund - 0 bp	7.12
6. Principal Inflation Protection Inst	6.16
7. Principal MidCap S&P 400 Index Sep Acct	3.93
8. Principal Diversified Real Asset CIT - Gross	2.42
9. PGI CIT International Strategic Equity Fund - 0 bp	2.32
10. Principal SmallCap S&P 600 Idx Sep Acct	1.82
<b>% of net assets in top ten holdings</b>	<b>97.65</b>

## Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	12
AvgMktCap (mil)	\$64,212.66
Turnover Ratio	35%
AvgEffDur (Yrs)	6.34
P/C Ratio	10.75
P/B Ratio	2.66
P/E Ratio	17.40

## Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
<b>Cyclical</b>	<b>36.33</b>	<b>Defensive</b>	<b>19.85</b>	<b>Sensitive</b>	<b>43.82</b>
Consumer Cyclical	12.91	Healthcare	11.19	Technology	21.61
Basic Materials	4.62	Consumer Defensive	5.74	Industrials	11.45
Financial Svcs	14.56	Utilities	2.92	Energy	3.36
Real Estate	4.24			Comm Svcs	7.40

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.

### Investment and Insurance products are:

- **Not Insured by the FDIC or Any Federal Government Agency**
- **Not a Deposit or Other Obligation of, or Guaranteed by Credit Union or Bank**
- **Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested**

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.

**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 Options may charge a short-term trading or redemption fee to protect the interests of long-term Contractholders.

**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.

## 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

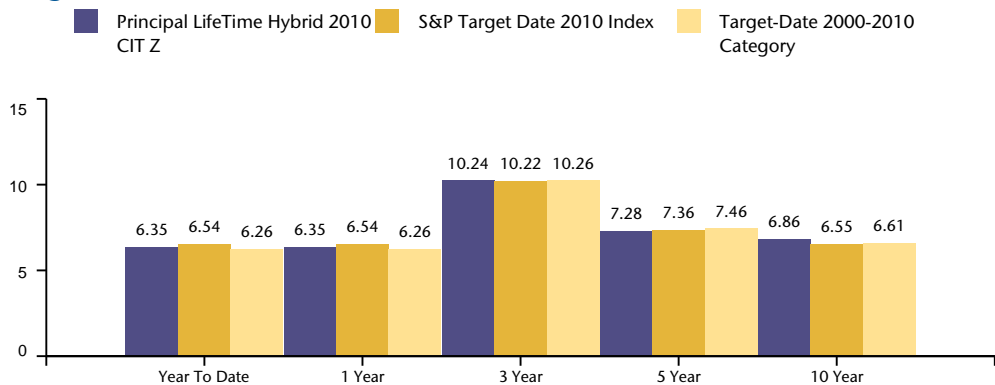
### Portfolio managers

**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 12/31/2021



## 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](http://principal.com), contact your representative of Principal®, or call our Participant Contact Center at 1-800-547-7754.

Where gross and net expense ratios differ 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 through the date displayed in the waiver expiration date or contractual cap expiration date column. Differences also may be due to the investment advisor's decision to pay (through the same dates) 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 %	6.35	6.35	10.24	7.28	6.86
S&P Target Date 2010 Index %	6.54	6.54	10.22	7.36	6.55
Target-Date 2000-2010 Category %	6.26	6.26	10.26	7.46	6.61
Morningstar Percentile R rankings	-	54	60	68	51
# of Funds in Category	120	120	115	77	52
Annual Returns	2021	2020	2019	2018	2017
Total Return %	6.35	10.91	13.59	-3.80	10.23
S&P Target Date 2010 Index %	6.54	9.95	14.30	-3.10	9.95
Target-Date 2000-2010 Category %	6.26	10.48	13.86	-3.25	10.15
Morningstar Percentile R rankings	54	41	60	78	55
# of Funds in Category	120	119	140	137	110

Morningstar percentile rankings are based on total returns and in accordance with the appropriate Morningstar peer group. Returns shown for less than one year are not annualized.

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## Morningstar category

Target-Date 2000-2010

## Risk and Return Statistics

as of 12/31/2021 Relative to S&P Target Date 2010 Index

	3Yr	5Yr
Alpha	0.63	0.20
Beta	0.93	0.95
R-Squared	98.80	98.58
Standard Deviation	6.47	5.75
Mean	10.24	7.28
Sharpe Ratio	1.41	1.05
Excess Return	0.02	-0.07
Tracking Error	0.86	0.75
Information Ratio	0.02	-0.12

## Operations

Total Investment Expense Net	0.29%
Total Investment Expense Gross	0.29%
Inception Date	07/07/2009
Total Net Assets (mil)	\$710.83



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

# Principal LifeTime Hybrid 2010 CIT Z as of 12/31/2021

## Portfolio information†

Composition as of 11/30/2021

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Bonds	53.70	3.50	57.20
		U.S. Stocks	23.72	0.16	23.88
		Non-U.S. Stocks	11.60	0.00	11.60
		Non-U.S. Bonds	5.75	0.05	5.80
		Cash	4.04	0.13	4.17
		Convertibles	1.15	0.00	1.15
		Other	0.04	0.00	0.04

## Top ten holdings

	% of net assets
1. Principal Bond Market Index Sep Acct	32.79
2. Principal LargeCap S&P 500 Idx Sep Acct	18.46
3. PGI CIT Short-Term Income Fund - 0 bp	17.36
4. PGI CIT Diversified International Equity Fund - 0 bp	7.44
5. Principal High Income Inst	7.26
6. Principal Inflation Protection Inst	6.35
7. Principal MidCap S&P 400 Index Sep Acct	3.69
8. PGI CIT International Strategic Equity Fund - 0 bp	2.42
9. Principal SmallCap S&P 600 Idx Sep Acct	1.89
10. Principal International SmallCap Sep Acct	1.23
<b>% of net assets in top ten holdings</b>	<b>98.88</b>

## Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	11
AvgMktCap (mil)	\$67,625.40
Turnover Ratio	32%
AvgEffDur (Yrs)	6.31
P/C Ratio	10.92
P/B Ratio	2.69
P/E Ratio	17.49

## Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
<b>Cyclical</b>	<b>36.27</b>	<b>Defensive</b>	<b>19.75</b>	<b>Sensitive</b>	<b>44.00</b>
Consumer Cyclical	13.22	Healthcare	11.55	Technology	22.19
Basic Materials	4.37	Consumer Defensive	5.87	Industrials	11.23
Financial Svcs	15.01	Utilities	2.33	Energy	2.91
Real Estate	3.67			Comm Svcs	7.67

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.

### Investment and Insurance products are:

- **Not Insured by the FDIC or Any Federal Government Agency**
- **Not a Deposit or Other Obligation of, or Guaranteed by Credit Union or Bank**
- **Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested**

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.

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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.



## 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

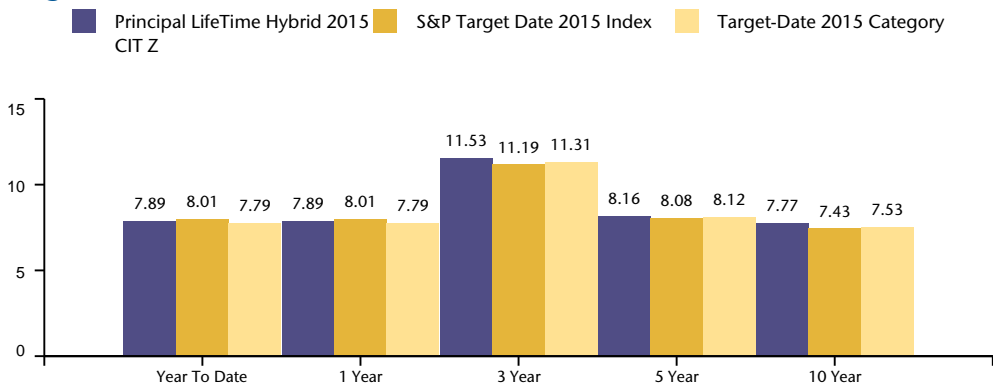
### Portfolio managers

**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 12/31/2021



## Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	7.89	7.89	11.53	8.16	7.77
S&P Target Date 2015 Index %	8.01	8.01	11.19	8.08	7.43
Target-Date 2015 Category %	7.79	7.79	11.31	8.12	7.53
Morningstar Percentile R rankings	-	46	48	49	48
# of Funds in Category	122	122	117	88	44
Annual Returns	2021	2020	2019	2018	2017
Total Return %	7.89	11.64	15.19	-4.63	11.86
S&P Target Date 2015 Index %	8.01	10.28	15.40	-3.67	11.39
Target-Date 2015 Category %	7.79	10.75	15.45	-3.86	11.29
Morningstar Percentile R rankings	46	39	50	83	34
# of Funds in Category	122	118	128	142	122

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## Morningstar category

Target-Date 2015

## Risk and Return Statistics

as of 12/31/2021 Relative to S&P Target Date 2015 Index

	3Yr	5Yr
Alpha	0.61	0.14
Beta	0.97	0.99
R-Squared	99.34	99.09
Standard Deviation	7.65	6.81
Mean	11.53	8.16
Sharpe Ratio	1.36	1.02
Excess Return	0.34	0.08
Tracking Error	0.67	0.66
Information Ratio	0.54	0.12

## Operations

Total Investment Expense Net	0.29%
Total Investment Expense Gross	0.29%
Inception Date	07/07/2009
Total Net Assets (mil)	\$1,226.64



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# Principal LifeTime Hybrid 2015 CIT Z as of 12/31/2021

## Portfolio information†

Composition as of 11/30/2021

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Bonds	49.92	3.43	53.35
		U.S. Stocks	26.32	0.15	26.47
		Non-U.S. Stocks	13.35	0.00	13.35
		Non-U.S. Bonds	5.22	0.05	5.27
		Cash	3.84	0.13	3.98
		Convertibles	1.01	0.00	1.01
		Other	0.34	0.12	0.47

## Top ten holdings

	% of net assets
1. Principal Bond Market Index Sep Acct	30.80
2. Principal LargeCap S&P 500 Idx Sep Acct	20.21
3. PGI CIT Short-Term Income Fund - 0 bp	14.78
4. PGI CIT Diversified International Equity Fund - 0 bp	8.10
5. Principal High Income Inst	6.63
6. Principal Inflation Protection Inst	5.80
7. Principal MidCap S&P 400 Index Sep Acct	3.84
8. PGI CIT International Strategic Equity Fund - 0 bp	2.64
9. Principal Diversified Real Asset CIT - Gross	2.37
10. Principal SmallCap S&P 600 Idx Sep Acct	2.08
<b>% of net assets in top ten holdings</b>	<b>97.25</b>

## Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	12
AvgMktCap (mil)	\$65,719.70
Turnover Ratio	25%
AvgEffDur (Yrs)	6.35
P/C Ratio	10.76
P/B Ratio	2.66
P/E Ratio	17.38

## Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
<b>Cyclical</b>	<b>36.27</b>	<b>Defensive</b>	<b>19.84</b>	<b>Sensitive</b>	<b>43.89</b>
Consumer Cyclical	12.91	Healthcare	11.23	Technology	21.75
Basic Materials	4.62	Consumer Defensive	5.77	Industrials	11.34
Financial Svcs	14.64	Utilities	2.84	Energy	3.32
Real Estate	4.10			Comm Svcs	7.48

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 2015 CIT Z.

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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.

## Investment Strategy

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## Multiple Sub-Advisors

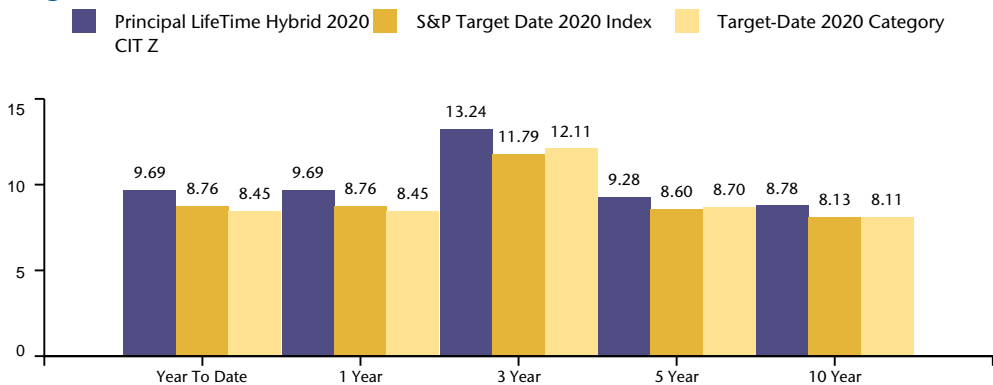
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**Randy L. Welch** Since 07/07/2009. M.B.A., Drake University

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

## Long-term returns % as of 12/31/2021



## Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	9.69	9.69	13.24	9.28	8.78
S&P Target Date 2020 Index %	8.76	8.76	11.79	8.60	8.13
Target-Date 2020 Category %	8.45	8.45	12.11	8.70	8.11
Morningstar Percentile Rankings	-	27	26	32	24
# of Funds in Category	171	171	160	126	64
Annual Returns	2021	2020	2019	2018	2017
Total Return %	9.69	12.80	17.36	-5.64	13.72
S&P Target Date 2020 Index %	8.76	10.24	16.52	-4.16	12.80
Target-Date 2020 Category %	8.45	10.79	16.14	-4.49	12.46
Morningstar Percentile Rankings	27	26	34	90	25
# of Funds in Category	171	178	233	250	234

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## Morningstar category

Target-Date 2020

## Risk and Return Statistics

as of 12/31/2021 Relative to S&P Target Date 2020 Index

	3Yr	5Yr
Alpha	0.87	0.18
Beta	1.04	1.07
R-Squared	99.52	99.28
Standard Deviation	9.11	8.14
Mean	13.24	9.28
Sharpe Ratio	1.32	0.99
Excess Return	1.44	0.68
Tracking Error	0.74	0.86
Information Ratio	1.97	0.79

## Operations

Total Investment Expense Net	0.29%
Total Investment Expense Gross	0.29%
Inception Date	07/07/2009
Total Net Assets (mil)	\$4,895.63



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# Principal LifeTime Hybrid 2020 CIT Z as of 12/31/2021

## Portfolio information†

Composition as of 11/30/2021

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Bonds	44.54	3.05	47.59
		U.S. Stocks	30.88	0.13	31.01
		Non-U.S. Stocks	15.41	0.00	15.41
		Non-U.S. Bonds	4.49	0.04	4.53
		Cash	3.53	0.13	3.65
		Convertibles	0.80	0.00	0.80
		Other	0.35	0.12	0.48

Top ten holdings	% of net assets
1. Principal Bond Market Index Sep Acct	29.52
2. Principal LargeCap S&P 500 Idx Sep Acct	23.73
3. PGI CIT Short-Term Income Fund - 0 bp	10.74
4. PGI CIT Diversified International Equity Fund - 0 bp	9.47
5. Principal High Income Inst	5.84
6. Principal Inflation Protection Inst	5.11
7. Principal MidCap S&P 400 Index Sep Acct	4.49
8. PGI CIT International Strategic Equity Fund - 0 bp	3.08
9. Principal SmallCap S&P 600 Idx Sep Acct	2.51
10. Principal Diversified Real Asset CIT - Gross	2.38
<b>% of net assets in top ten holdings</b>	<b>96.88</b>

### Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	12
AvgMktCap (mil)	\$65,906.76
Turnover Ratio	24%
AvgEffDur (Yrs)	6.37
P/C Ratio	10.80
P/B Ratio	2.67
P/E Ratio	17.42

### Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
<b>Cyclical</b>	<b>36.26</b>	<b>Defensive</b>	<b>19.84</b>	<b>Sensitive</b>	<b>43.90</b>
Consumer Cyclical	12.96	Healthcare	11.29	Technology	21.79
Basic Materials	4.57	Consumer Defensive	5.78	Industrials	11.34
Financial Svcs	14.68	Utilities	2.77	Energy	3.26
Real Estate	4.05			Comm Svcs	7.51

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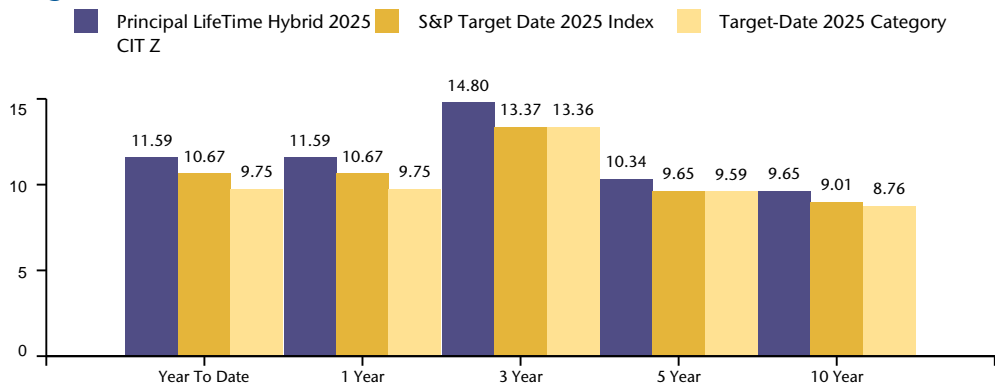
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## Long-term returns % as of 12/31/2021



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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	11.59	11.59	14.80	10.34	9.65
S&P Target Date 2025 Index %	10.67	10.67	13.37	9.65	9.01
Target-Date 2025 Category %	9.75	9.75	13.36	9.59	8.76
Morningstar Percentile R rankings	-	16	19	32	16
# of Funds in Category	220	220	203	167	88
Annual Returns	2021	2020	2019	2018	2017
Total Return %	11.59	13.78	19.15	-6.28	15.35
S&P Target Date 2025 Index %	10.67	11.22	18.38	-5.02	14.55
Target-Date 2025 Category %	9.75	11.84	18.25	-5.34	14.67
Morningstar Percentile R rankings	16	22	34	83	37
# of Funds in Category	220	214	232	226	208

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## Morningstar category

Target-Date 2025

## Risk and Return Statistics

as of 12/31/2021 Relative to S&P Target Date 2025 Index

	3Yr	5Yr
Alpha	1.00	0.31
Beta	1.02	1.04
R-Squared	99.47	99.33
Standard Deviation	10.60	9.39
Mean	14.80	10.34
Sharpe Ratio	1.28	0.97
Excess Return	1.42	0.68
Tracking Error	0.81	0.86
Information Ratio	1.77	0.80

## Operations

Total Investment Expense Net	0.29%
Total Investment Expense Gross	0.29%
Inception Date	07/07/2009
Total Net Assets (mil)	\$6,869.23



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Not insured by any Federal government agency

# Principal LifeTime Hybrid 2025 CIT Z as of 12/31/2021

## Portfolio information<sup>†</sup>

Composition as of 11/30/2021

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Bonds	37.83	2.62	40.45
		U.S. Stocks	36.87	0.11	36.98
		Non-U.S. Stocks	17.54	0.00	17.54
		Non-U.S. Bonds	3.62	0.04	3.66
		Cash	3.18	0.12	3.30
		Convertibles	0.58	0.00	0.58
		Other	0.37	0.13	0.50

## Top ten holdings

	% of net assets
1. Principal LargeCap S&P 500 Idx Sep Acct	28.49
2. Principal Bond Market Index Sep Acct	27.05
3. PGI CIT Diversified International Equity Fund - 0 bp	10.86
4. PGI CIT Short-Term Income Fund - 0 bp	6.37
5. Principal MidCap S&P 400 Index Sep Acct	5.38
6. Principal High Income Inst	5.10
7. Principal Inflation Protection Inst	4.31
8. PGI CIT International Strategic Equity Fund - 0 bp	3.53
9. Principal SmallCap S&P 600 Idx Sep Acct	2.92
10. Principal Diversified Real Asset CIT - Gross	2.47
<b>% of net assets in top ten holdings</b>	<b>96.50</b>

## Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	12
AvgMktCap (mil)	\$67,356.95
Turnover Ratio	18%
AvgEffDur (Yrs)	6.38
P/C Ratio	10.87
P/B Ratio	2.69
P/E Ratio	17.49

## Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
<b>Cyclical</b>	<b>36.16</b>	<b>Defensive</b>	<b>19.86</b>	<b>Sensitive</b>	<b>43.98</b>
Consumer Cyclical	12.99	Healthcare	11.35	Technology	21.92
Basic Materials	4.49	Consumer Defensive	5.79	Industrials	11.28
Financial Svcs	14.67	Utilities	2.72	Energy	3.21
Real Estate	4.01			Comm Svcs	7.57

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.

### Investment and Insurance products are:

- **Not Insured by the FDIC or Any Federal Government Agency**
- **Not a Deposit or Other Obligation of, or Guaranteed by Credit Union or Bank**
- **Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested**

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.

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Investment Options may charge a short-term trading or redemption fee to protect the interests of long-term Contractholders.

**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.



## 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

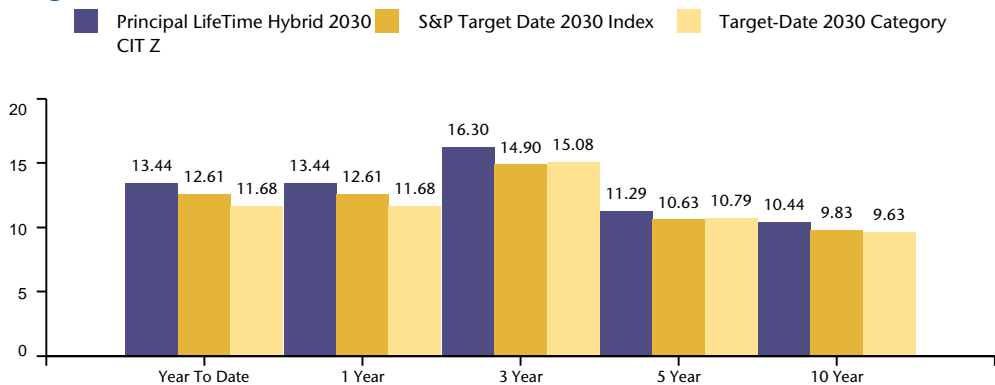
### Portfolio managers

**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 12/31/2021



## Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	13.44	13.44	16.30	11.29	10.44
S&P Target Date 2030 Index %	12.61	12.61	14.90	10.63	9.83
Target-Date 2030 Category %	11.68	11.68	15.08	10.79	9.63
Morningstar Percentile R rankings	-	14	21	33	21
# of Funds in Category	221	221	202	167	93
Annual Returns	2021	2020	2019	2018	2017
Total Return %	13.44	14.75	20.86	-7.15	16.90
S&P Target Date 2030 Index %	12.61	11.91	20.38	-5.99	16.19
Target-Date 2030 Category %	11.68	12.99	20.07	-6.25	16.57
Morningstar Percentile R rankings	14	22	41	79	53
# of Funds in Category	221	224	241	239	234

Morningstar percentile rankings are based on total returns and in accordance with the appropriate Morningstar peer group. Returns shown for less than one year are not annualized.

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## Morningstar category

Target-Date 2030

## Risk and Return Statistics

as of 12/31/2021 Relative to S&P Target Date 2030 Index

	3Yr	5Yr
Alpha	1.28	0.52
Beta	1.00	1.01
R-Squared	99.45	99.33
Standard Deviation	11.99	10.60
Mean	16.30	11.29
Sharpe Ratio	1.25	0.96
Excess Return	1.40	0.65
Tracking Error	0.90	0.88
Information Ratio	1.55	0.75

## Operations

Total Investment Expense Net	0.29%
Total Investment Expense Gross	0.29%
Inception Date	07/07/2009
Total Net Assets (mil)	\$10,210.33



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# Principal LifeTime Hybrid 2030 CIT Z as of 12/31/2021

## Portfolio information†

Composition as of 11/30/2021

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Stocks	42.39	0.00	42.39
		U.S. Bonds	30.67	0.00	30.67
		Non-U.S. Stocks	19.45	0.00	19.45
		Non-U.S. Bonds	2.68	0.00	2.68
		Other	2.56	0.00	2.56
		Cash	1.94	0.07	2.00
		Convertibles	0.31	0.00	0.31

## Top ten holdings

	% of net assets
1. Principal LargeCap S&P 500 Idx Sep Acct	33.18
2. Principal Bond Market Index Sep Acct	29.45
3. PGI CIT Diversified International Equity Fund - 0 bp	12.43
4. Principal MidCap S&P 400 Index Sep Acct	6.32
5. Principal High Income Inst	4.60
6. PGI CIT International Strategic Equity Fund - 0 bp	4.05
7. Principal SmallCap S&P 600 Idx Sep Acct	3.42
8. PGI CIT US REIT Fund - 0 bp	2.49
9. Principal International SmallCap Sep Acct	2.06
10. Principal Origin Emerging Markets R6	2.00
<b>% of net assets in top ten holdings</b>	<b>100.00</b>

## Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	10
AvgMktCap (mil)	\$69,254.58
Turnover Ratio	13%
AvgEffDur (Yrs)	6.26
P/C Ratio	10.98
P/B Ratio	2.71
P/E Ratio	17.54

## Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
<b>Cyclical</b>	<b>36.13</b>	<b>Defensive</b>	<b>19.77</b>	<b>Sensitive</b>	<b>44.13</b>
Consumer Cyclical	13.20	Healthcare	11.58	Technology	22.34
Basic Materials	4.31	Consumer Defensive	5.86	Industrials	11.14
Financial Svcs	14.96	Utilities	2.33	Energy	2.92
Real Estate	3.66			Comm Svcs	7.73

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 2030 CIT Z.

### Investment and Insurance products are:

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- **Not a Deposit or Other Obligation of, or Guaranteed by Credit Union or Bank**
- **Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested**

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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.

## Investment Strategy

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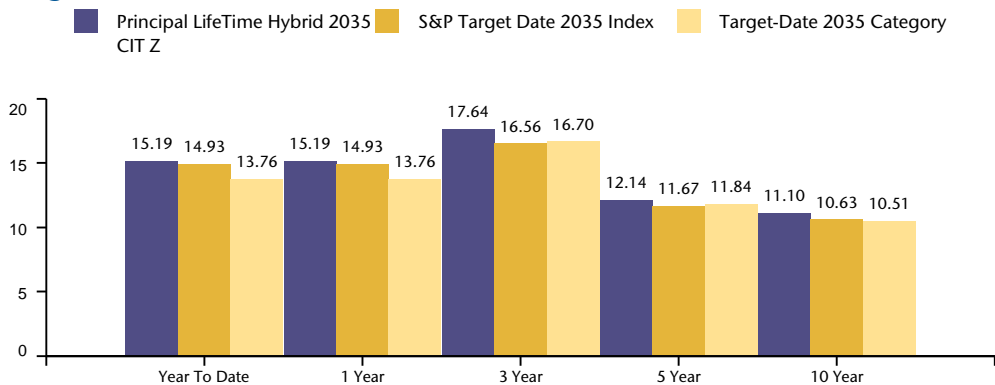
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## Long-term returns % as of 12/31/2021



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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	15.19	15.19	17.64	12.14	11.10
S&P Target Date 2035 Index %	14.93	14.93	16.56	11.67	10.63
Target-Date 2035 Category %	13.76	13.76	16.70	11.84	10.51
Morningstar Percentile R rankings	-	15	33	40	31
# of Funds in Category	213	213	200	164	85
Annual Returns	2021	2020	2019	2018	2017
Total Return %	15.19	15.24	22.63	-7.79	18.14
S&P Target Date 2035 Index %	14.93	12.79	22.18	-6.88	17.78
Target-Date 2035 Category %	13.76	14.04	22.04	-7.04	18.43
Morningstar Percentile R rankings	15	36	36	75	63
# of Funds in Category	213	207	229	221	208

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## Morningstar category

Target-Date 2035

## Risk and Return Statistics

as of 12/31/2021 Relative to S&P Target Date 2035 Index

	3Yr	5Yr
Alpha	1.41	0.61
Beta	0.97	0.98
R-Squared	99.40	99.29
Standard Deviation	13.29	11.71
Mean	17.64	12.14
Sharpe Ratio	1.23	0.94
Excess Return	1.08	0.47
Tracking Error	1.13	1.02
Information Ratio	0.95	0.46

## Operations

Total Investment Expense Net	0.29%
Total Investment Expense Gross	0.29%
Inception Date	07/07/2009
Total Net Assets (mil)	\$6,769.26



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# Principal LifeTime Hybrid 2035 CIT Z as of 12/31/2021

## Portfolio information†

Composition as of 11/30/2021

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Stocks	51.62	0.00	51.62
		Non-U.S. Stocks	22.54	0.00	22.54
		U.S. Bonds	21.57	0.00	21.57
		Cash	2.07	0.10	2.17
		Non-U.S. Bonds	1.90	0.00	1.90
		Convertibles	0.21	0.00	0.21
		Other	0.08	0.00	0.08

## Top ten holdings

	% of net assets
1. Principal LargeCap S&P 500 Idx Sep Acct	38.36
2. Principal Bond Market Index Sep Acct	20.28
3. PGI CIT Diversified International Equity Fund - 0 bp	14.42
4. Principal MidCap S&P 400 Index Sep Acct	7.49
5. PGI CIT International Strategic Equity Fund - 0 bp	4.69
6. Principal SmallCap S&P 600 Idx Sep Acct	3.90
7. Principal High Income Inst	3.66
8. PGI CIT US REIT Fund - 0 bp	2.51
9. Principal International SmallCap Sep Acct	2.43
10. Principal Origin Emerging Markets R6	2.27
% of net assets in top ten holdings	100.00

## Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	10
AvgMktCap (mil)	\$65,943.74
Turnover Ratio	7%
AvgEffDur (Yrs)	6.22
P/C Ratio	11.18
P/B Ratio	2.70
P/E Ratio	17.90

## Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
<b>Cyclical</b>	<b>38.29</b>	<b>Defensive</b>	<b>19.08</b>	<b>Sensitive</b>	<b>42.61</b>
Consumer Cyclical	12.88	Healthcare	11.18	Technology	21.55
Basic Materials	4.16	Consumer Defensive	5.65	Industrials	10.80
Financial Svcs	14.45	Utilities	2.25	Energy	2.81
Real Estate	6.80			Comm Svcs	7.45

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.

### Investment and Insurance products are:

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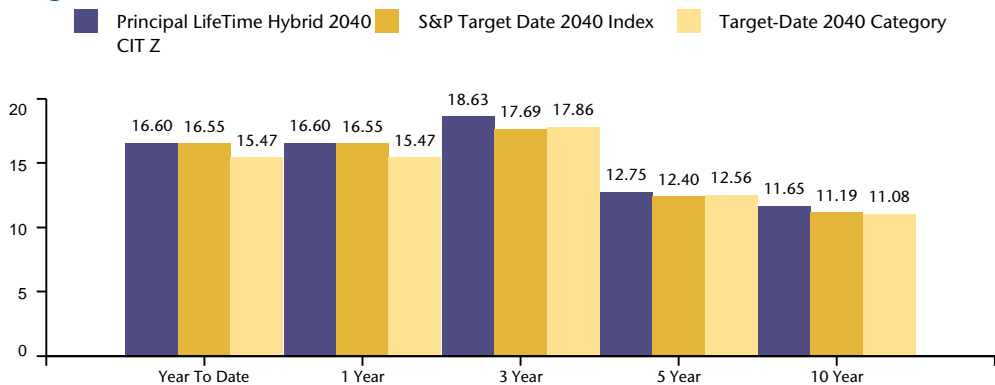
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## Long-term returns % as of 12/31/2021



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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	16.60	16.60	18.63	12.75	11.65
S&P Target Date 2040 Index %	16.55	16.55	17.69	12.40	11.19
Target-Date 2040 Category %	15.47	15.47	17.86	12.56	11.08
Morningstar Percentile R rankings	-	19	32	49	33
# of Funds in Category	215	215	202	167	93
Annual Returns	2021	2020	2019	2018	2017
Total Return %	16.60	15.62	23.85	-8.45	19.19
S&P Target Date 2040 Index %	16.55	13.37	23.37	-7.41	18.87
Target-Date 2040 Category %	15.47	14.56	23.19	-7.74	19.52
Morningstar Percentile R rankings	19	38	44	72	63
# of Funds in Category	215	218	241	239	234

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## Morningstar category

Target-Date 2040

## Risk and Return Statistics

as of 12/31/2021 Relative to S&P Target Date 2040 Index

	3Yr	5Yr
Alpha	1.37	0.54
Beta	0.96	0.98
R-Squared	99.40	99.29
Standard Deviation	14.33	12.61
Mean	18.63	12.75
Sharpe Ratio	1.21	0.93
Excess Return	0.93	0.35
Tracking Error	1.25	1.11
Information Ratio	0.76	0.32

## Operations

Total Investment Expense Net	0.29%
Total Investment Expense Gross	0.29%
Inception Date	07/07/2009
Total Net Assets (mil)	\$7,917.63



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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 2040 CIT Z as of 12/31/2021

## Portfolio information†

Composition as of 11/30/2021

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Stocks	57.89	0.00	57.89
		Non-U.S. Stocks	25.73	0.00	25.73
		U.S. Bonds	12.84	0.00	12.84
		Cash	2.19	0.10	2.29
		Non-U.S. Bonds	1.14	0.00	1.14
		Convertibles	0.13	0.00	0.13
		Other	0.09	0.00	0.09

Top ten holdings	% of net assets
1. Principal LargeCap S&P 500 Idx Sep Acct	43.42
2. PGI CIT Diversified International Equity Fund - 0 bp	16.42
3. Principal Bond Market Index Sep Acct	11.81
4. Principal MidCap S&P 400 Index Sep Acct	8.36
5. PGI CIT International Strategic Equity Fund - 0 bp	5.35
6. Principal SmallCap S&P 600 Idx Sep Acct	4.31
7. Principal International SmallCap Sep Acct	2.74
8. Principal Origin Emerging Markets R6	2.67
9. PGI CIT US REIT Fund - 0 bp	2.51
10. Principal High Income Inst	2.41
% of net assets in top ten holdings	100.00

## Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	10
AvgMktCap (mil)	\$66,667.62
Turnover Ratio	5%
AvgEffDur (Yrs)	6.18
P/C Ratio	11.16
P/B Ratio	2.70
P/E Ratio	17.85

## Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
<b>Cyclical</b>	<b>38.04</b>	<b>Defensive</b>	<b>19.16</b>	<b>Sensitive</b>	<b>42.80</b>
Consumer Cyclical	12.91	Healthcare	11.22	Technology	21.67
Basic Materials	4.19	Consumer Defensive	5.68	Industrials	10.81
Financial Svcs	14.51	Utilities	2.26	Energy	2.83
Real Estate	6.43	Comm Svcs		Comm Svcs	7.49

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.

### Investment and Insurance products are:

- **Not Insured by the FDIC or Any Federal Government Agency**
- **Not a Deposit or Other Obligation of, or Guaranteed by Credit Union or Bank**
- **Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested**

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.

**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 Options may charge a short-term trading or redemption fee to protect the interests of long-term Contractholders.

**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.

## 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

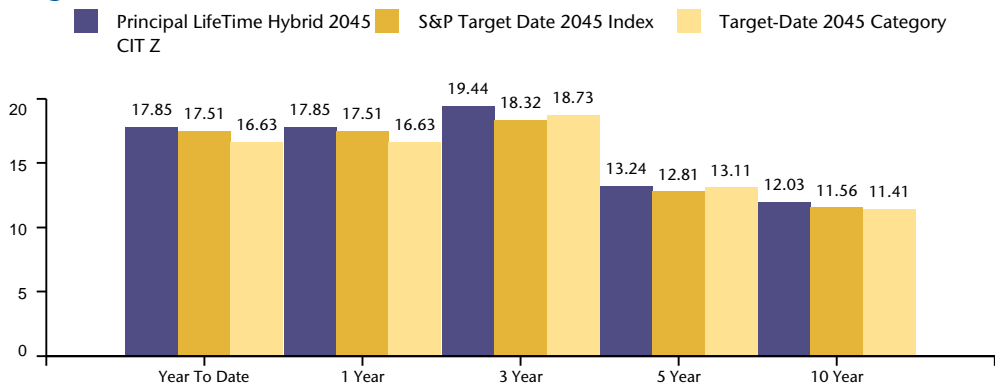
### Portfolio managers

**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 12/31/2021



## 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](http://principal.com), contact your representative of Principal®, or call our Participant Contact Center at 1-800-547-7754.

Where gross and net expense ratios differ 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 through the date displayed in the waiver expiration date or contractual cap expiration date column. Differences also may be due to the investment advisor's decision to pay (through the same dates) 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 %	17.85	17.85	19.44	13.24	12.03
S&P Target Date 2045 Index %	17.51	17.51	18.32	12.81	11.56
Target-Date 2045 Category %	16.63	16.63	18.73	13.11	11.41
Morningstar Percentile R rankings	-	18	32	52	25
# of Funds in Category	213	213	200	164	84
Annual Returns	2021	2020	2019	2018	2017
Total Return %	17.85	15.84	24.80	-8.93	20.02
S&P Target Date 2045 Index %	17.51	13.66	24.02	-7.74	19.56
Target-Date 2045 Category %	16.63	15.10	24.35	-8.14	20.51
Morningstar Percentile R rankings	18	45	47	76	70
# of Funds in Category	213	207	229	221	208

Morningstar percentile rankings are based on total returns and in accordance with the appropriate Morningstar peer group. Returns shown for less than one year are not annualized.

## Morningstar category

Target-Date 2045

## Risk and Return Statistics

as of 12/31/2021 Relative to S&P Target Date 2045 Index

	3Yr	5Yr
Alpha	1.30	0.46
Beta	0.98	0.99
R-Squared	99.43	99.33
Standard Deviation	15.21	13.36
Mean	19.44	13.24
Sharpe Ratio	1.19	0.92
Excess Return	1.11	0.43
Tracking Error	1.21	1.10
Information Ratio	0.92	0.39

## Operations

Total Investment Expense Net	0.29%
Total Investment Expense Gross	0.29%
Inception Date	07/07/2009
Total Net Assets (mil)	\$5,060.21



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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 12/31/2021

## Portfolio information†

Composition as of 11/30/2021

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Stocks	63.82	0.00	63.82
		Non-U.S. Stocks	27.83	0.00	27.83
		U.S. Bonds	5.45	0.00	5.45
		Cash	2.27	0.10	2.37
		Non-U.S. Bonds	0.49	0.00	0.49
		Other	0.09	0.00	0.09
		Convertibles	0.05	0.00	0.05

Top ten holdings	% of net assets
1. Principal LargeCap S&P 500 Idx Sep Acct	47.98
2. PGI CIT Diversified International Equity Fund - 0 bp	17.80
3. Principal MidCap S&P 400 Index Sep Acct	9.38
4. PGI CIT International Strategic Equity Fund - 0 bp	5.80
5. Principal Bond Market Index Sep Acct	4.94
6. Principal SmallCap S&P 600 Idx Sep Acct	4.75
7. Principal International SmallCap Sep Acct	2.96
8. Principal Origin Emerging Markets R6	2.82
9. PGI CIT US REIT Fund - 0 bp	2.52
10. Principal High Income Inst	1.05
% of net assets in top ten holdings	100.00

## Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	10
AvgMktCap (mil)	\$67,014.74
Turnover Ratio	5%
AvgEffDur (Yrs)	6.16
P/C Ratio	11.16
P/B Ratio	2.71
P/E Ratio	17.86

## Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
<b>Cyclical</b>	<b>37.87</b>	<b>Defensive</b>	<b>19.21</b>	<b>Sensitive</b>	<b>42.92</b>
Consumer Cyclical	12.94	Healthcare	11.26	Technology	21.73
Basic Materials	4.18	Consumer Defensive	5.69	Industrials	10.85
Financial Svcs	14.53	Utilities	2.26	Energy	2.83
Real Estate	6.22			Comm Svcs	7.51

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.

### Investment and Insurance products are:

- **Not Insured by the FDIC or Any Federal Government Agency**
- **Not a Deposit or Other Obligation of, or Guaranteed by Credit Union or Bank**
- **Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested**

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.

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## Investment Strategy

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## Multiple Sub-Advisors

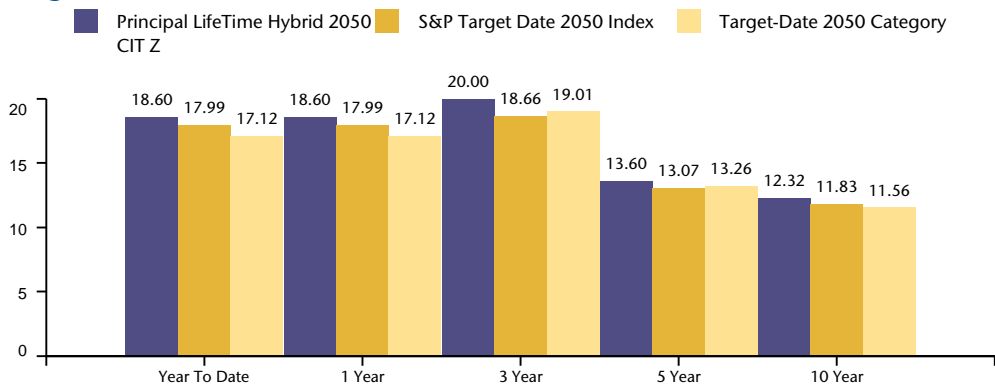
### Portfolio managers

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**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 12/31/2021



## Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	18.60	18.60	20.00	13.60	12.32
S&P Target Date 2050 Index %	17.99	17.99	18.66	13.07	11.83
Target-Date 2050 Category %	17.12	17.12	19.01	13.26	11.56
Morningstar Percentile R rankings	-	13	22	45	15
# of Funds in Category	215	215	202	167	85
Annual Returns	2021	2020	2019	2018	2017
Total Return %	18.60	16.03	25.57	-9.27	20.69
S&P Target Date 2050 Index %	17.99	13.86	24.35	-7.94	20.18
Target-Date 2050 Category %	17.12	15.25	24.54	-8.41	20.67
Morningstar Percentile R rankings	13	43	31	76	54
# of Funds in Category	215	217	241	239	230

Morningstar percentile rankings are based on total returns and in accordance with the appropriate Morningstar peer group. Returns shown for less than one year are not annualized.

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## Morningstar category

Target-Date 2050

## Risk and Return Statistics

as of 12/31/2021 Relative to S&P Target Date 2050 Index

	3Yr	5Yr
Alpha	1.19	0.36
Beta	1.00	1.01
R-Squared	99.47	99.37
Standard Deviation	15.85	13.91
Mean	20.00	13.60
Sharpe Ratio	1.18	0.91
Excess Return	1.34	0.52
Tracking Error	1.16	1.12
Information Ratio	1.15	0.48

## Operations

Total Investment Expense Net	0.29%
Total Investment Expense Gross	0.29%
Inception Date	07/07/2009
Total Net Assets (mil)	\$5,469.90



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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 2050 CIT Z as of 12/31/2021

## Portfolio information†

Composition as of 11/30/2021

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Stocks	66.79	0.00	66.79
		Non-U.S. Stocks	28.70	0.00	28.70
		Cash	2.31	0.10	2.41
		U.S. Bonds	1.92	0.00	1.92
		Non-U.S. Bonds	0.17	0.00	0.17
		Other	0.08	0.00	0.08
		Convertibles	0.02	0.00	0.02

Top ten holdings	% of net assets
1. Principal LargeCap S&P 500 Idx Sep Acct	50.37
2. PGI CIT Diversified International Equity Fund - 0 bp	18.32
3. Principal MidCap S&P 400 Index Sep Acct	9.72
4. PGI CIT International Strategic Equity Fund - 0 bp	5.97
5. Principal SmallCap S&P 600 Idx Sep Acct	5.03
6. Principal International SmallCap Sep Acct	3.07
7. Principal Origin Emerging Markets R6	2.94
8. PGI CIT US REIT Fund - 0 bp	2.53
9. Principal Bond Market Index Sep Acct	1.65
10. Principal High Income Inst	0.42
% of net assets in top ten holdings	100.00

### Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	10
AvgMktCap (mil)	\$67,402.02
Turnover Ratio	4%
AvgEffDur (Yrs)	6.10
P/C Ratio	11.17
P/B Ratio	2.72
P/E Ratio	17.86

### Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
<b>Cyclical</b>	<b>37.77</b>	<b>Defensive</b>	<b>19.24</b>	<b>Sensitive</b>	<b>42.99</b>
Consumer Cyclical	12.95	Healthcare	11.28	Technology	21.78
Basic Materials	4.17	Consumer Defensive	5.69	Industrials	10.84
Financial Svcs	14.53	Utilities	2.27	Energy	2.83
Real Estate	6.12	Comm Svcs		Comm Svcs	7.54

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.

### Investment and Insurance products are:

- **Not Insured by the FDIC or Any Federal Government Agency**
- **Not a Deposit or Other Obligation of, or Guaranteed by Credit Union or Bank**
- **Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested**

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.

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# Principal LifeTime Hybrid 2055 CIT Z as of 12/31/2021

## 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

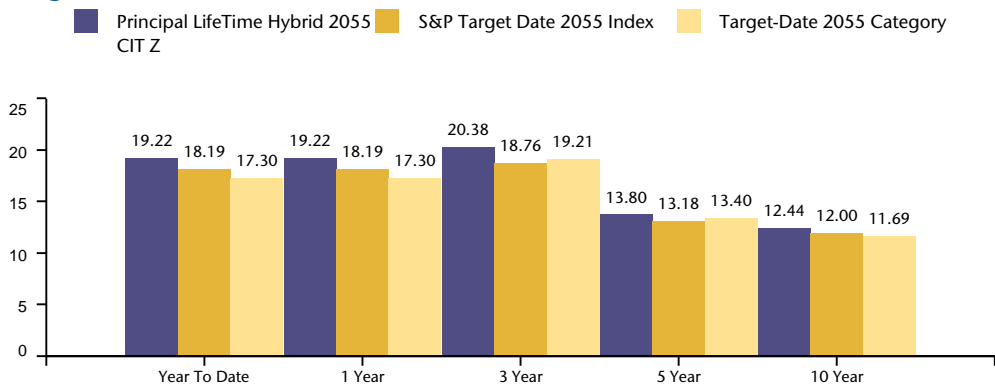
### Portfolio managers

**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 12/31/2021



## 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](http://principal.com), contact your representative of 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 %	19.22	19.22	20.38	13.80	12.44
S&P Target Date 2055 Index %	18.19	18.19	18.76	13.18	12.00
Target-Date 2055 Category %	17.30	17.30	19.21	13.40	11.69
Morningstar Percentile R rankings	-	10	10	37	18
# of Funds in Category	213	213	200	162	64
Annual Returns	2021	2020	2019	2018	2017
Total Return %	19.22	15.93	26.24	-9.65	21.06
S&P Target Date 2055 Index %	18.19	13.86	24.48	-7.97	20.48
Target-Date 2055 Category %	17.30	15.47	24.91	-8.44	21.08
Morningstar Percentile R rankings	10	47	15	83	57
# of Funds in Category	213	207	229	221	206

Morningstar percentile rankings are based on total returns and in accordance with the appropriate Morningstar peer group. Returns shown for less than one year are not annualized.

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## Morningstar category

Target-Date 2055

## Risk and Return Statistics

as of 12/31/2021 Relative to S&P Target Date 2055 Index

	3Yr	5Yr
Alpha	1.15	0.24
Beta	1.02	1.03
R-Squared	99.50	99.39
Standard Deviation	16.31	14.32
Mean	20.38	13.80
Sharpe Ratio	1.17	0.90
Excess Return	1.62	0.62
Tracking Error	1.19	1.20
Information Ratio	1.37	0.52

## Operations

Total Investment Expense Net	0.29%
Total Investment Expense Gross	0.29%
Inception Date	07/07/2009
Total Net Assets (mil)	\$2,731.94



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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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# Principal LifeTime Hybrid 2055 CIT Z as of 12/31/2021

## Portfolio information†

Composition as of 11/30/2021

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Stocks	66.80	0.00	66.80
		Non-U.S. Stocks	28.69	0.00	28.69
		Cash	2.31	0.10	2.41
		U.S. Bonds	1.93	0.00	1.93
		Non-U.S. Bonds	0.18	0.00	0.18
		Other	0.08	0.00	0.08
		Convertibles	0.02	0.00	0.02

Top ten holdings	% of net assets
1. Principal LargeCap S&P 500 Idx Sep Acct	50.50
2. PGI CIT Diversified International Equity Fund - 0 bp	18.32
3. Principal MidCap S&P 400 Index Sep Acct	9.61
4. PGI CIT International Strategic Equity Fund - 0 bp	5.96
5. Principal SmallCap S&P 600 Idx Sep Acct	5.02
6. Principal International SmallCap Sep Acct	3.07
7. Principal Origin Emerging Markets R6	2.93
8. PGI CIT US REIT Fund - 0 bp	2.52
9. Principal Bond Market Index Sep Acct	1.61
10. Principal High Income Inst	0.46
% of net assets in top ten holdings	100.00

## Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	10
AvgMktCap (mil)	\$67,709.52
Turnover Ratio	4%
AvgEffDur (Yrs)	6.05
P/C Ratio	11.18
P/B Ratio	2.72
P/E Ratio	17.87

## Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
<b>Cyclical</b>	<b>37.75</b>	<b>Defensive</b>	<b>19.25</b>	<b>Sensitive</b>	<b>43.01</b>
Consumer Cyclical	12.95	Healthcare	11.29	Technology	21.80
Basic Materials	4.16	Consumer Defensive	5.69	Industrials	10.83
Financial Svcs	14.53	Utilities	2.27	Energy	2.83
Real Estate	6.11			Comm Svcs	7.55

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.

### Investment and Insurance products are:

- **Not Insured by the FDIC or Any Federal Government Agency**
- **Not a Deposit or Other Obligation of, or Guaranteed by Credit Union or Bank**
- **Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested**

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.

**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 Options may charge a short-term trading or redemption fee to protect the interests of long-term Contractholders.

**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.

## 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

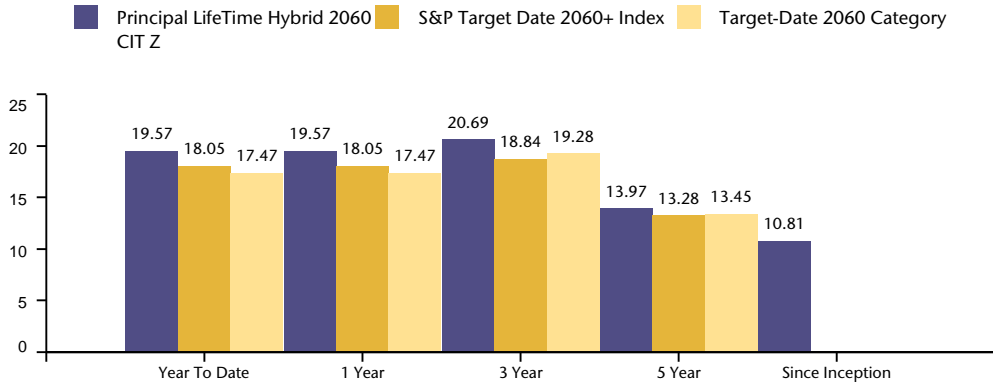
### Portfolio managers

**James W. Fennessey**, CFA. Since 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 12/31/2021



## Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	19.57	19.57	20.69	13.97	10.81
S&P Target Date 2060+ Index %	18.05	18.05	18.84	13.28	-
Target-Date 2060 Category %	17.47	17.47	19.28	13.45	-
Morningstar Percentile Rankings	-	10	3	32	-
# of Funds in Category	208	208	188	139	-
Annual Returns	2021	2020	2019	2018	2017
Total Return %	19.57	16.20	26.53	-9.83	21.32
S&P Target Date 2060+ Index %	18.05	13.99	24.73	-7.95	20.75
Target-Date 2060 Category %	17.47	15.52	25.15	-8.52	21.27
Morningstar Percentile Rankings	10	43	15	84	56
# of Funds in Category	208	257	216	201	160

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## Morningstar category

Target-Date 2060

## Risk and Return Statistics

as of 12/31/2021 Relative to S&P Target Date 2060+ Index

	3Yr	5Yr
Alpha	1.11	0.18
Beta	1.03	1.04
R-Squared	99.54	99.44
Standard Deviation	16.60	14.54
Mean	20.69	13.97
Sharpe Ratio	1.17	0.90
Excess Return	1.84	0.68
Tracking Error	1.23	1.25
Information Ratio	1.50	0.56

## Operations

Total Investment Expense Net	0.29%
Total Investment Expense Gross	0.29%
Inception Date	01/01/2014
Total Net Assets (mil)	\$1,364.32



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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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# Principal LifeTime Hybrid 2060 CIT Z as of 12/31/2021

## Portfolio information†

Composition as of 11/30/2021

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Stocks	66.88	0.00	66.88
		Non-U.S. Stocks	28.61	0.00	28.61
		Cash	2.31	0.10	2.41
		U.S. Bonds	1.93	0.00	1.93
		Non-U.S. Bonds	0.18	0.00	0.18
		Other	0.08	0.00	0.08
		Convertibles	0.02	0.00	0.02

Top ten holdings	% of net assets
1. Principal LargeCap S&P 500 Idx Sep Acct	50.48
2. PGI CIT Diversified International Equity Fund - 0 bp	18.23
3. Principal MidCap S&P 400 Index Sep Acct	9.77
4. PGI CIT International Strategic Equity Fund - 0 bp	5.93
5. Principal SmallCap S&P 600 Idx Sep Acct	4.97
6. Principal International SmallCap Sep Acct	3.06
7. Principal Origin Emerging Markets R6	2.96
8. PGI CIT US REIT Fund - 0 bp	2.52
9. Principal Bond Market Index Sep Acct	1.55
10. Principal High Income Inst	0.53
% of net assets in top ten holdings	100.00

## Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	10
AvgMktCap (mil)	\$67,604.00
Turnover Ratio	6%
AvgEffDur (Yrs)	5.97
P/C Ratio	11.18
P/B Ratio	2.72
P/E Ratio	17.87

## Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
<b>Cyclical</b>	<b>37.76</b>	<b>Defensive</b>	<b>19.24</b>	<b>Sensitive</b>	<b>43.01</b>
Consumer Cyclical	12.95	Healthcare	11.28	Technology	21.80
Basic Materials	4.16	Consumer Defensive	5.69	Industrials	10.84
Financial Svcs	14.53	Utilities	2.27	Energy	2.83
Real Estate	6.12			Comm Svcs	7.54

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.

### Investment and Insurance products are:

- **Not Insured by the FDIC or Any Federal Government Agency**
- **Not a Deposit or Other Obligation of, or Guaranteed by Credit Union or Bank**
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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.

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## Investment Strategy

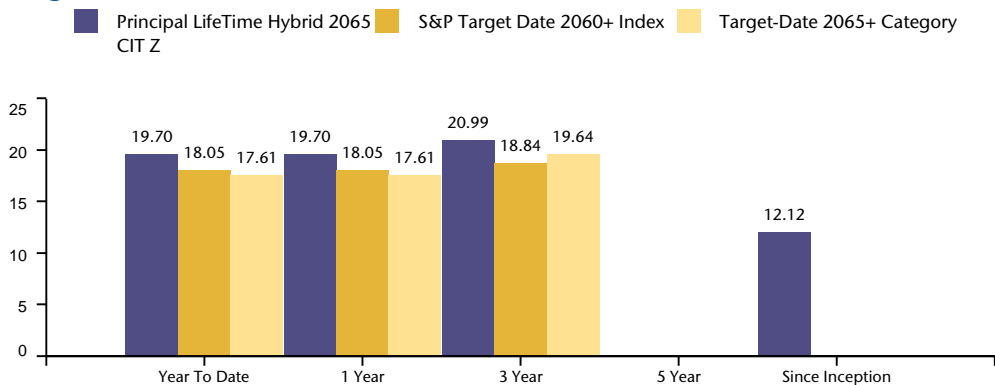
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## Multiple Sub-Advisors

### Portfolio managers

**Scott W. Smith** Since 01/02/2018. B.S., Iowa State University  
**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 12/31/2021



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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	Since Inception
Total Return %	19.70	19.70	20.99	-	12.12
S&P Target Date 2060+ Index %	18.05	18.05	18.84	13.28	-
Target-Date 2065+ Category %	17.61	17.61	19.64	-	-
Morningstar Percentile Rankings	-	15	15	-	-
# of Funds in Category	134	134	16	-	-
Annual Returns	2021	2020	2019	2018	2017
Total Return %	19.70	16.71	26.79	-	-
S&P Target Date 2060+ Index %	18.05	13.99	24.73	-7.95	20.75
Target-Date 2065+ Category %	17.61	15.91	25.95	-9.21	-
Morningstar Percentile Rankings	15	24	22	-	-
# of Funds in Category	134	53	17	16	-

Morningstar percentile rankings are based on total returns and in accordance with the appropriate Morningstar peer group. Returns shown for less than one year are not annualized.

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## Morningstar category

Target-Date 2065+

## Risk and Return Statistics

as of 12/31/2021 Relative to S&P Target Date 2060+ Index

	3Yr	5Yr
Alpha	1.28	-
Beta	1.04	-
R-Squared	99.55	-
Standard Deviation	16.68	-
Mean	20.99	-
Sharpe Ratio	1.18	-
Excess Return	2.14	-
Tracking Error	1.25	-
Information Ratio	1.71	-

## Operations

Total Investment Expense Net	0.29%
Total Investment Expense Gross	0.29%
Inception Date	01/01/2018
Total Net Assets (mil)	\$289.01



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Not insured by any Federal government agency

# Principal LifeTime Hybrid 2065 CIT Z as of 12/31/2021

## Portfolio information<sup>†</sup>

Composition as of 11/30/2021

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Stocks	66.78	0.00	66.78
		Non-U.S. Stocks	28.67	0.00	28.67
		Cash	2.31	0.10	2.41
		U.S. Bonds	1.96	0.00	1.96
		Non-U.S. Bonds	0.18	0.00	0.18
		Other	0.08	0.00	0.08
		Convertibles	0.02	0.00	0.02

Top ten holdings	% of net assets
1. Principal LargeCap S&P 500 Idx Sep Acct	49.82
2. PGI CIT Diversified International Equity Fund - 0 bp	18.38
3. Principal MidCap S&P 400 Index Sep Acct	10.34
4. PGI CIT International Strategic Equity Fund - 0 bp	5.98
5. Principal SmallCap S&P 600 Idx Sep Acct	4.95
6. Principal International SmallCap Sep Acct	3.06
7. Principal Origin Emerging Markets R6	2.84
8. PGI CIT US REIT Fund - 0 bp	2.53
9. Principal Bond Market Index Sep Acct	1.57
10. Principal High Income Inst	0.54
% of net assets in top ten holdings	100.00

## Analysis

# of Stock Hldgs	0
# of Bond Hldgs	0
# of Other Hldgs	10
AvgMktCap (mil)	\$66,199.65
Turnover Ratio	50%
AvgEffDur (Yrs)	5.97
P/C Ratio	11.15
P/B Ratio	2.71
P/E Ratio	17.85

## Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
<b>Cyclical</b>	<b>37.85</b>	<b>Defensive</b>	<b>19.22</b>	<b>Sensitive</b>	<b>42.93</b>
Consumer Cyclical	12.97	Healthcare	11.27	Technology	21.70
Basic Materials	4.17	Consumer Defensive	5.68	Industrials	10.91
Financial Svcs	14.54	Utilities	2.27	Energy	2.83
Real Estate	6.17			Comm Svcs	7.49

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.

### Investment and Insurance products are:

- **Not Insured by the FDIC or Any Federal Government Agency**
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- **Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested**

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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 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.



# Principal Stable Value Fund

## Z Class

DECEMBER 31, 2021

### Fund Profile

Assets	\$5,570,524,963
Crediting Rate <sup>1</sup>	1.66%
Avg. Duration <sup>2</sup>	3.01 years
Market/Book Value Ratio <sup>3</sup>	101.25%
Turnover Ratio (updated annually) <sup>4</sup>	2.92%
Inception Date	January 1997

### Fund Composition

Cash	3.78%
GIC	4.49%
Separate Account Contracts	31.21%
Synthetic Investment Contracts	60.51%

### Trustee/Adviser Fee<sup>11</sup>

8 basis points

### Investment Contract Issuers

Metropolitan Life Ins Co	17.41%
Prudential Ins Co of America	16.11%
Massachusetts Mutual Life Ins Co	10.89%
Transamerica Life Ins Co	10.35%
RGA Reinsurance Co	8.86%
State Street Bank	8.79%
American General Life Ins Co	8.50%
Pacific Life Insurance Co	8.49%
New York Life Ins Co	6.82%

### Duration Distribution

0-1 Yr	11.57%
1-2 Yrs	20.03%
2-3 Yrs	23.73%
3-4 Yrs	18.51%
4-5 Yrs	13.81%
5+ Yrs	12.35%

### Fund Structure

The Principal Stable Value Fund (Fund) is a collective investment trust 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 manager 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 Investment Manager

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.

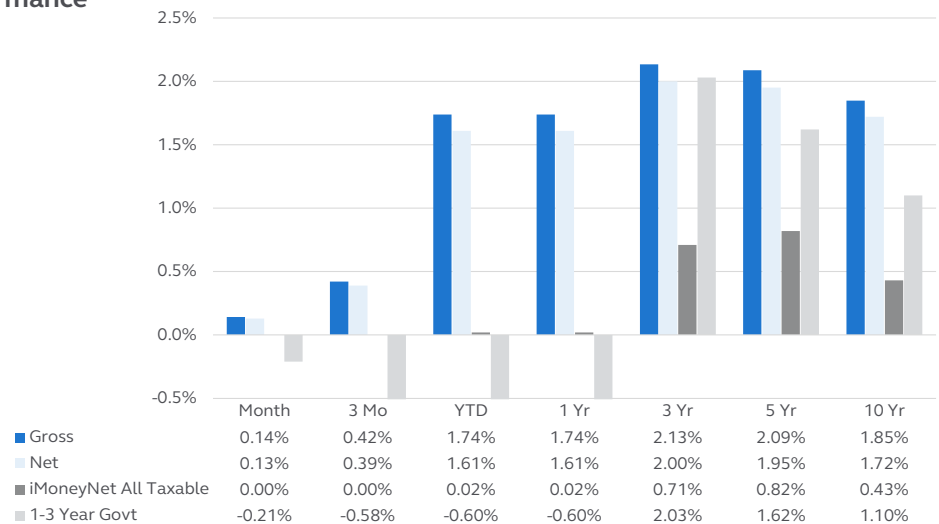
### Fund Description

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

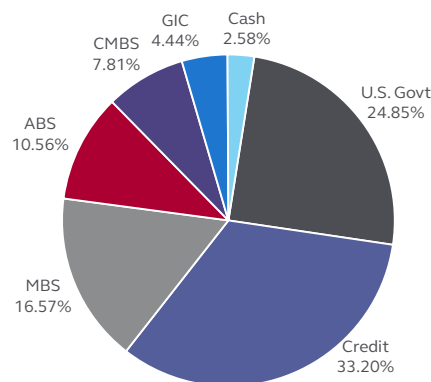
The objective of the Fund is to provide preservation of capital, relatively stable returns consistent with its comparatively low risk profile, and liquidity for benefit responsive plan or participant payments.

### Performance

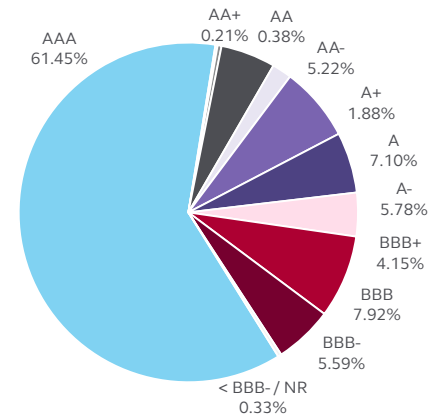


**Past performance is not a guarantee of future results.** Performance returns assume the reinvestment of dividends and other earnings. Returns are calculated based on the net asset value (NAV) of the Fund. Returns for periods less than one year are not annualized. Gross returns are presented net of 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 <sup>5,6</sup>

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, 2021

Stable Value Investment Contract Fees (Wrap Fees) <sup>7</sup>	0.14%
Sub-Adviser Fees <sup>8</sup>	0.03%
Acquired Fund Fees <sup>9</sup>	0.02%
Other Expenses <sup>10</sup>	0.00%
<b>Total Fund Level Expenses</b>	<b>0.20%</b>
Trustee/Adviser Fee <sup>11</sup>	0.08%
Service Fee <sup>12</sup>	0.05%
<b>Total Fund Operating Expenses</b>	<b>0.33%</b>

*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

The Principal Stable Value Fund invests all of its assets in units of the Morley Stable Value Fund. Accordingly, certain statistics including but not limited to, credit quality, duration, sector diversification, fund composition, investment contract issuer, stable value investment contract fees, sub-adviser fees and acquired fund fees represent data associated with the Morley Stable Value Fund.

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 Global, Moody's Investment Services and Fitch Ratings), 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 Global 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** – 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** – 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** – 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 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 plan initiated withdrawal requests by up to 12 months, as defined in the applicable Declaration of Trust.

# Core Plus Bond Separate Account-Z as of 12/31/2021

## 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.

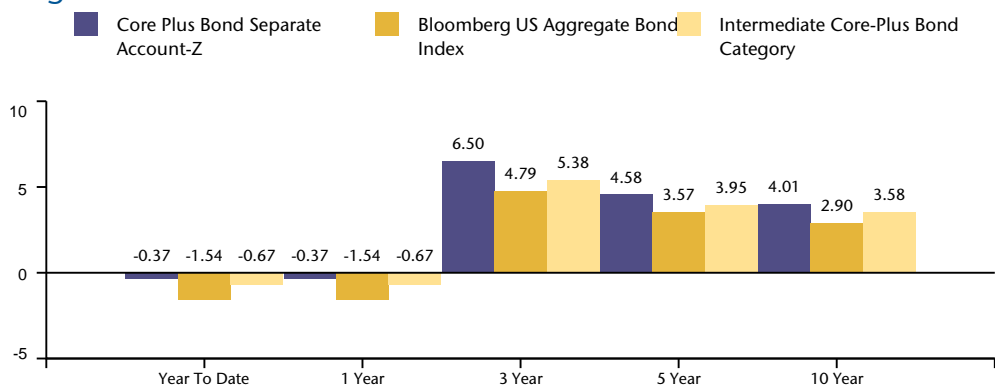


### Portfolio managers

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

**Randy Woodbury**, CFA. Since 04/30/2020. M.B.A., Iowa State University

## Long-term returns % as of 12/31/2021



## 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](http://principal.com), contact your representative of Principal®, or call our Participant Contact Center at 1-800-547-7754.*

*Where gross and net expense ratios differ 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 also may be due to the investment adviser's decision to pay (through the same dates) 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 %	-0.37	-0.37	6.50	4.58	4.01
Bloomberg US Aggregate Bond Index %	-1.54	-1.54	4.79	3.57	2.90
Intermediate Core-Plus Bond Category %	-0.67	-0.67	5.38	3.95	3.58
Morningstar Percentile Rankings	-	32	12	18	25
# of Funds in Category	605	605	569	495	353
Annual Returns	2021	2020	2019	2018	2017
Total Return %	-0.37	10.05	10.17	-1.41	5.05
Bloomberg US Aggregate Bond Index %	-1.54	7.51	8.72	0.01	3.54
Intermediate Core-Plus Bond Category %	-0.67	8.06	8.94	-0.61	4.27
Morningstar Percentile Rankings	32	16	21	79	19
# of Funds in Category	605	602	613	617	597

*Morningstar percentile rankings are based on total returns and in accordance with the appropriate Morningstar peer group. Returns shown for less than one year are not annualized.*

## Morningstar category

Intermediate Core-Plus Bond

## Risk and Return Statistics

as of 12/31/2021 Relative to Bloomberg US Aggregate Bond Index

	3Yr	5Yr
Alpha	1.57	1.04
Beta	1.02	0.98
R-Squared	80.71	80.78
Standard Deviation	3.82	3.30
Mean	6.50	4.58
Sharpe Ratio	1.48	1.05
Tracking Error	1.64	1.44
Information Ratio	1.04	0.71

## Operations

Total Investment Expense Net	0.27%
Total Investment Expense Gross	0.27%
Inception Date	02/01/1983
Total Net Assets (mil)	\$3,319.60



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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 12/31/2021

## Portfolio information†

Composition as of 11/30/2021

Asset Distribution	Asset Type	Net %	Short %	Long %
	U.S. Bonds	77.91	0.00	77.91
	Non-U.S. Bonds	15.45	0.00	15.45
	Convertibles	3.20	0.00	3.20
	Cash	3.11	8.37	11.48
	Preferred	0.13	0.00	0.13
	Other	0.12	0.00	0.12
	U.S. Stocks	0.08	0.00	0.08

## Top ten holdings

Top ten holdings	% of net assets
1. United States Treasury Bills 0%	4.73
2. Federal National Mortgage Association 2.5%	2.84
3. United States Treasury Bills 0%	1.81
4. Government National Mortgage Association 2.5%	1.68
5. United States Treasury Bonds 3%	1.54
6. United States Treasury Bills 0%	1.52
7. United States Treasury Bonds 2%	1.37
8. Federal National Mortgage Association 2%	1.34
9. Fnma Pass-Thru I 2%	1.17
10. Fnma Pass-Thru I 2%	1.11
% of net assets in top ten holdings*	19.12

## Analysis

# of Stock Hldgs	1
# of Bond Hldgs	1769
# of Other Hldgs	65
Turnover Ratio	109%
P/C Ratio	6.88
P/E Ratio	3.24
P/B Ratio	2.98

## Credit Analysis

As of 11/30/2021	
AAA	41.87
AA	1.56
A	7.66
BBB	25.14
BB	13.44
B	7.61
Below B	0.47
Not Rated	2.25

## % Bonds

## Statistics

Avg Eff Duration (Yrs)	6.14
Avg Eff Maturity (Yrs)	0.00
Avg Weighted Price	105.66

Separate Accounts are available through a group annuity contract with Principal Life Insurance Co. 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. See the fact sheet for the full name of the Separate Account. 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 (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.*

## Investment and Insurance products are:

- **Not Insured by the FDIC or Any Federal Government Agency**
- **Not a Deposit or Other Obligation of, or Guaranteed by Credit Union or Bank**
- **Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested**

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.

The Bloomberg US Aggregate Bond Index measures the performance of investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. It rolls up into other Barclays flagship indices, such as the multi-currency Global Aggregate Index and the U.S. Universal Index, which includes high yield and emerging markets debt.

**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 Options may charge a short-term trading or redemption fee to protect the interests of long-term Contractholders.

**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.

# Bond Market Index Separate Account-Z as of 12/31/2021

## 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.

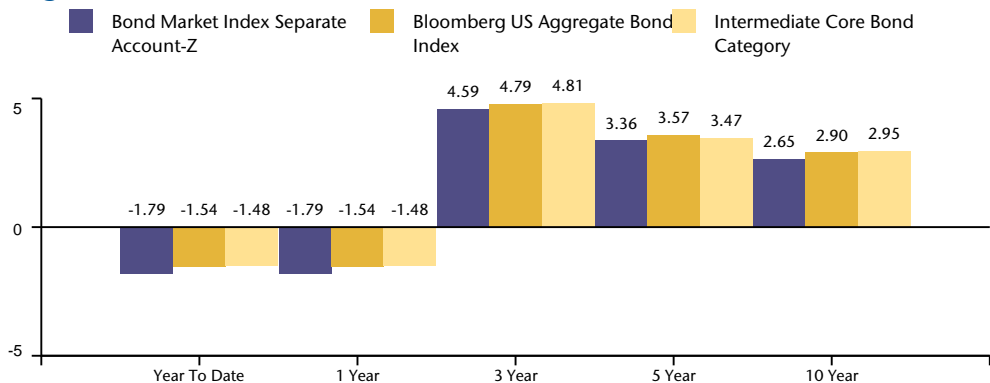


## Portfolio managers

**Darryl Trunnel, CFA.** Since 07/01/2019. B.S., Iowa State University

**Jeff Callahan, CFA.** Since 12/18/2020. M.B.A., University of Iowa

## Long-term returns % as of 12/31/2021



## 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 Principal®, or call our Participant Contact Center at 1-800-547-7754.*

*Where gross and net expense ratios differ 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 also may be due to the investment adviser's decision to pay (through the same dates) 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 %	-1.79	-1.79	4.59	3.36	2.65
Bloomberg US Aggregate Bond Index %	-1.54	-1.54	4.79	3.57	2.90
Intermediate Core Bond Category %	-1.48	-1.48	4.81	3.47	2.95
Morningstar Percentile Rankings	-	63	64	64	74
# of Funds in Category	423	423	386	348	253
Annual Returns	2021	2020	2019	2018	2017
Total Return %	-1.79	7.38	8.49	-0.19	3.28
Bloomberg US Aggregate Bond Index %	-1.54	7.51	8.72	0.01	3.54
Intermediate Core Bond Category %	-1.48	7.52	8.06	-0.50	3.71
Morningstar Percentile Rankings	63	61	48	37	66
# of Funds in Category	423	415	430	1019	986

*Morningstar percentile rankings are based on total returns and in accordance with the appropriate Morningstar peer group. Returns shown for less than one year are not annualized.*

## Morningstar category

Intermediate Core Bond

## Risk and Return Statistics

as of 12/31/2021 Relative to Bloomberg US Aggregate Bond Index

	3Yr	5Yr
Alpha	-0.19	-0.20
Beta	1.00	1.00
R-Squared	99.03	99.30
Standard Deviation	3.41	3.07
Mean	4.59	3.36
Sharpe Ratio	1.12	0.74
Tracking Error	0.33	0.25
Information Ratio	-0.64	-0.85

## Operations

Total Investment Expense Net	0.16%
Total Investment Expense Gross	0.16%
Inception Date	12/30/2009
Total Net Assets (mil)	\$10,800.00



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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 12/31/2021

## Portfolio information†

Composition as of 11/30/2021

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Bonds	90.56	0.00	90.56
		Non-U.S. Bonds	7.44	0.00	7.44
		Cash	1.08	0.00	1.08
		Convertibles	0.92	0.00	0.92

## Top ten holdings

% of net assets

1. Federal National Mortgage Association 2.5%	2.26
2. Federal National Mortgage Association 2%	1.46
3. Government National Mortgage Association 2.5%	1.44
4. Government National Mortgage Association 2%	1.28
5. Fnma Pass-Thru I 2%	0.88
6. Fnma Pass-Thru I 2%	0.74
7. Federal National Mortgage Association 2%	0.69
8. United States Treasury Notes 0.125%	0.64
9. United States Treasury Notes 0.625%	0.55
10. Fnma Pass-Thru I 2%	0.55
% of net assets in top ten holdings*	10.51

## Analysis

# of Stock Hldgs	0
# of Bond Hldgs	5630
# of Other Hldgs	101
Turnover Ratio	53%

## Credit Analysis

As of 11/30/2021

	% Bonds
AAA	71.52
AA	2.80
A	11.61
BBB	14.07
BB	0.00
B	0.00
Below B	0.00
Not Rated	0.00

## Statistics

Avg Eff Duration (Yrs)	6.59
Avg Eff Maturity (Yrs)	0.00
Avg Weighted Price	106.67

Separate Accounts are available through a group annuity contract with Principal Life Insurance Co. 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. See the fact sheet for the full name of the Separate Account. 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 (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 Bond Market 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](http://principal.com).*

## Investment and Insurance products are:

- **Not Insured by the FDIC or Any Federal Government Agency**
- **Not a Deposit or Other Obligation of, or Guaranteed by Credit Union or Bank**
- **Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested**

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.

The Bloomberg US Aggregate Bond Index measures the performance of investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. It rolls up into other Barclays flagship indices, such as the multi-currency Global Aggregate Index and the U.S. Universal Index, which includes high yield and emerging markets debt.

**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 Options may charge a short-term trading or redemption fee to protect the interests of long-term Contractholders.

# U.S. Property Separate Account-Z as of 12/31/2021

## Investment Strategy

Effective close of market 03/20/2020, a contractual limitation will delay the payment of most withdrawal or transfer requests from the Principal US Property Separate Account (Separate Account) but for no more than three years from the effective date. In accordance with the terms of your employer's group annuity contract, delayed payment requests will be honored proportionately. This means transactions may be processed in a series of payments until enough cash is available to pay obligations. The Separate Account invests the majority of assets in owned private equity commercial real estate. It focuses on properties anticipated to 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 Separate Account is subject to investment and liquidity risk and other risks inherent in real estate such as those associated with general and local economic conditions. Please log on to the participant website at [www.principal.com](http://www.principal.com) for more details.

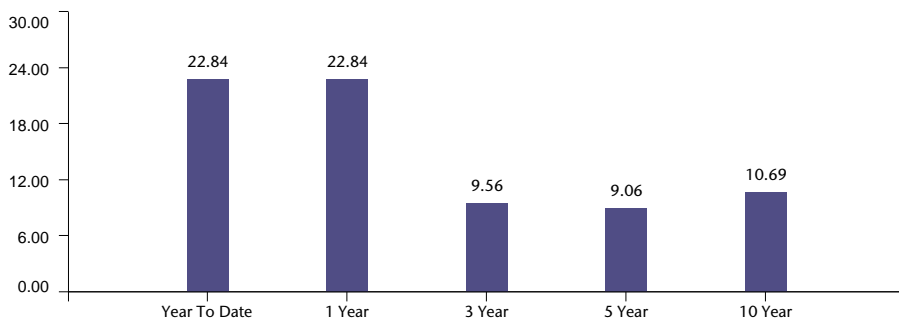


## Portfolio managers

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

## Long-term returns % as of 12/31/2021

■ U.S. Property Separate Account-Z



## 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 most recent month-end performance, visit [principal.com](http://principal.com), contact your representative of Principal®, or call our Participant Contact Center at 1-800-547-7754.*

Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	22.84	22.84	9.56	9.06	10.69

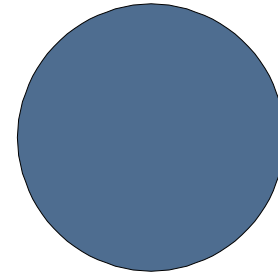
Annual Returns	2021	2020	2019	2018	2017
Total Return %	22.84	0.81	6.22	8.32	8.29

## Operations

Total Investment Expense Net	0.79%
Total Investment Expense Gross	0.79%
Inception Date	01/01/1982
Total Net Assets (mil)	\$9,390.20

## Portfolio information

Composition as of 12/31/2021



## % of Assets

Other	100.00
-------	--------

## Analysis

Total Number of Hldgs	136
-----------------------	-----

## Portfolio composition

### Top ten holdings

	% of net assets
Sonoran Village	3.76
500 West Second Street	3.72
Nine Two Nine	3.61
Park Place	3.53
Charles Park1	2.65
Watermark Kendall East & West	2.45
1370 Avenue of the Americas	2.28
Burbank Empire Center	2.08
Jurupa Business Park	2.05
555 City Center	1.95

% of net assets in top ten holdings\* 28.13%

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

## Geographical diversity

	% of properties
West	49.25
East	25.03
South	22.10
Midwest	3.60

## Property type

	% of account
Apartments	30.40
Office	29.82
Industrial Park	26.66
Retail	11.50
Other	1.29
Land-Dev	0.29

# LargeCap S&P 500 Index Separate Account-Z as of 12/31/2021

## 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.

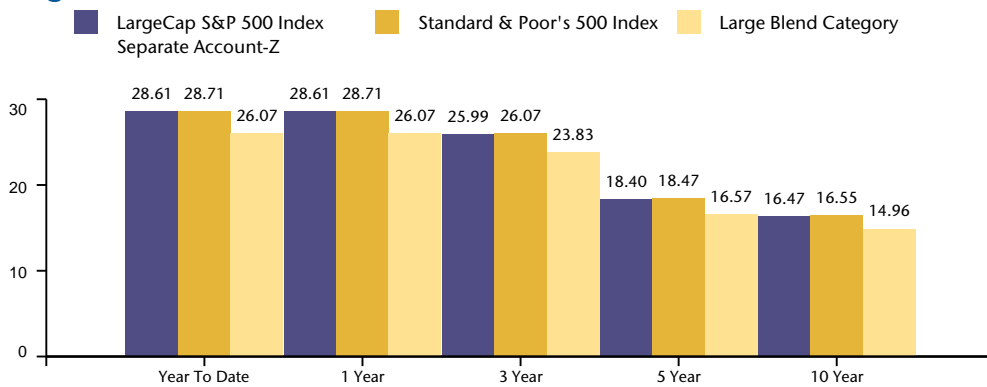


### Portfolio managers

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

**Aaron J. Siebel** Since 10/15/2018. B.A., University of Iowa

## Long-term returns % as of 12/31/2021



## 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](http://principal.com), contact your representative of Principal®, or call our Participant Contact Center at 1-800-547-7754.

Where gross and net expense ratios differ 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 also may be due to the investment adviser's decision to pay (through the same dates) 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 %	28.61	28.61	25.99	18.40	16.47
Standard & Poor's 500 Index %	28.71	28.71	26.07	18.47	16.55
Large Blend Category %	26.07	26.07	23.83	16.57	14.96
Morningstar Percentile Rankings	-	25	26	19	14
# of Funds in Category	1382	1382	1244	1109	822
Annual Returns	2021	2020	2019	2018	2017
Total Return %	28.61	18.36	31.38	-4.41	21.73
Standard & Poor's 500 Index %	28.71	18.40	31.49	-4.38	21.83
Large Blend Category %	26.07	15.83	28.78	-6.27	20.44
Morningstar Percentile Rankings	25	38	27	25	31
# of Funds in Category	1382	1363	1387	1402	1396

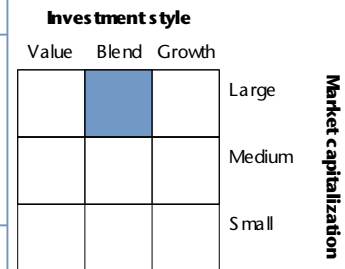
Morningstar percentile rankings are based on total returns and in accordance with the appropriate Morningstar peer group. Returns shown for less than one year are not annualized.

## Morningstar category

Large Blend

## Morningstar Style Box™

As of 11/30/2021



## Risk and Return Statistics

as of 12/31/2021 Relative to Standard & Poor's 500 Index

	3Yr	5Yr
Alpha	-0.04	-0.05
Beta	1.00	1.00
R-Squared	100.00	100.00
Standard Deviation	17.39	15.37
Mean	25.99	18.40
Sharpe Ratio	1.37	1.11
Excess Return	-0.07	-0.07
Tracking Error	0.03	0.02
Information Ratio	-3.22	-3.00

## Operations

Total Investment Expense Net	0.05%
Total Investment Expense Gross	0.05%
Inception Date	01/01/1990
Total Net Assets (mil)	\$35,551.01



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

## Portfolio information†

Composition as of 11/30/2021

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Stocks	97.15	0.00	97.15
		Cash	1.86	0.00	1.86
		Non-U.S. Stocks	0.99	0.00	0.99

## Top ten holdings

	% of net assets
1. Apple Inc	6.57
2. Microsoft Corp	6.29
3. Amazon.com Inc	3.87
4. Tesla Inc	2.35
5. Alphabet Inc Class A	2.16
6. NVIDIA Corp	2.06
7. Alphabet Inc Class C	2.03
8. Meta Platforms Inc Class A	1.96
9. Berkshire Hathaway Inc Class B	1.30
10. JPMorgan Chase & Co	1.20
% of net assets in top ten holdings*	29.80

## Analysis

# of Stock Hldgs	506
# of Bond Hldgs	0
# of Other Hldgs	2
AvgMktCap (mil)	\$227,496.25
Turnover Ratio	2%
P/C Ratio	14.49
P/B Ratio	4.01
P/E Ratio	20.98

## Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
<b>Cyclical</b>	<b>30.67</b>	<b>Defensive</b>	<b>21.21</b>	<b>Sensitive</b>	<b>48.13</b>
Consumer Cyclical	12.88	Healthcare	12.80	Technology	26.93
Basic Materials	2.20	Consumer Defensive	6.04	Industrials	8.13
Financial Svcs	12.97	Utilities	2.37	Energy	2.71
Real Estate	2.62			Comm Svcs	10.36

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

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### Investment and Insurance products are:

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- **Not a Deposit or Other Obligation of, or Guaranteed by Credit Union or Bank**
- **Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested**

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.

Investment Options may charge a short-term trading or redemption fee to protect the interests of long-term Contractholders.

**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.



# Capital Appreciation Separate Account-Z as of 12/31/2021

## Investment Strategy

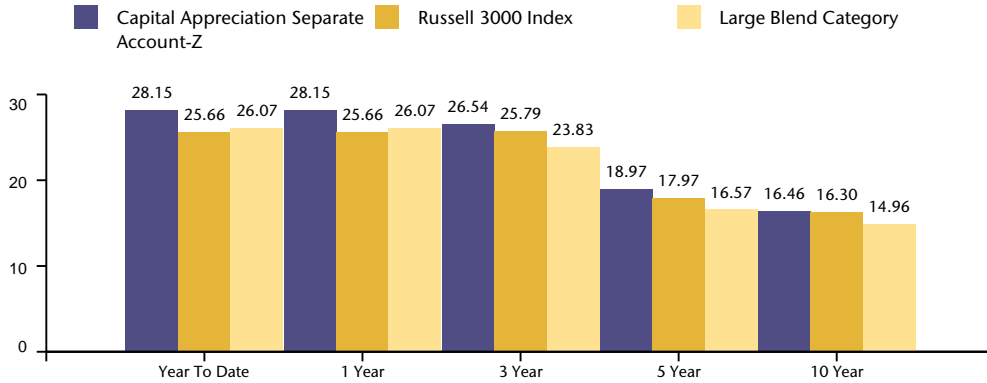
The investment seeks to provide long-term growth of capital. The fund invests primarily in equity securities of companies with any market capitalization, but it has a greater exposure to large market capitalization companies than small or medium market capitalization companies. The managers seek to invest in securities of businesses that they believe are trading at a discount to their private market value (i.e., the value of the business if it was sold), have a competitive advantage, and/or that have barriers to entry in their respective industries.



## 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 12/31/2021



## 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](http://principal.com), contact your representative of 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 %	28.15	28.15	26.54	18.97	16.46
Russell 3000 Index %	25.66	25.66	25.79	17.97	16.30
Large Blend Category %	26.07	26.07	23.83	16.57	14.96
Morningstar Percentile Rankings	-	31	16	11	15
# of Funds in Category	1382	1382	1244	1109	822
Annual Returns	2021	2020	2019	2018	2017
Total Return %	28.15	18.99	32.89	-3.00	21.25
Russell 3000 Index %	25.66	20.89	31.02	-5.24	21.13
Large Blend Category %	26.07	15.83	28.78	-6.27	20.44
Morningstar Percentile Rankings	31	31	11	14	43
# of Funds in Category	1382	1363	1387	1402	1396

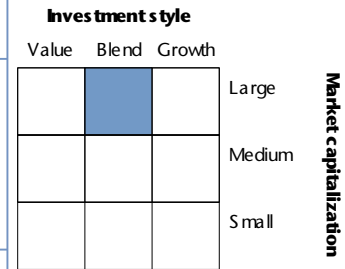
Morningstar percentile rankings are based on total returns and in accordance with the appropriate Morningstar peer group. Returns shown for less than one year are not annualized.

## Morningstar category

Large Blend

## Morningstar Style Box™

As of 11/30/2021



## Risk and Return Statistics

as of 12/31/2021 Relative to Russell 3000 Index

	3Yr	5Yr
Alpha	2.51	2.01
Beta	0.91	0.92
R-Squared	97.40	97.73
Standard Deviation	16.79	14.88
Mean	26.54	18.97
Sharpe Ratio	1.45	1.17
Excess Return	0.74	1.00
Tracking Error	3.16	2.58
Information Ratio	0.24	0.39

## Operations

Total Investment Expense Net	0.36%
Total Investment Expense Gross	0.36%
Inception Date	06/30/2009
Extended Performance Inception Date#	11/30/1986
Total Net Assets (mil)	\$2,725.88



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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 12/31/2021

## Portfolio information†

Composition as of 11/30/2021

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Stocks	95.61	0.00	95.61
		Non-U.S. Stocks	2.74	0.00	2.74
		Cash	1.65	0.00	1.65

## Top ten holdings

	% of net assets
1. Microsoft Corp	6.68
2. Apple Inc	5.24
3. Alphabet Inc Class A	4.15
4. Amazon.com Inc	2.82
5. Costco Wholesale Corp	2.69
6. Chevron Corp	2.66
7. Adobe Inc	2.57
8. JPMorgan Chase & Co	2.36
9. Abbott Laboratories	2.19
10. Meta Platforms Inc Class A	2.17
% of net assets in top ten holdings*	33.52

## Analysis

# of Stock Hldgs	82
# of Bond Hldgs	0
# of Other Hldgs	2
AvgMktCap (mil)	\$200,894.89
Turnover Ratio	30%
P/C Ratio	14.97
P/B Ratio	4.83
P/E Ratio	22.51

## Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
<b>Cyclical</b>	<b>29.87</b>	<b>Defensive</b>	<b>21.84</b>	<b>Sensitive</b>	<b>48.27</b>
Consumer Cyclical	11.47	Healthcare	12.98	Technology	25.67
Basic Materials	1.57	Consumer Defensive	6.52	Industrials	8.29
Financial Svcs	13.40	Utilities	2.34	Energy	3.78
Real Estate	3.43			Comm Svcs	10.53

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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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- **Not a Deposit or Other Obligation of, or Guaranteed by Credit Union or Bank**
- **Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested**

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 12/31/2021

## 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. The fund invests in value equity securities, an investment strategy that emphasizes buying equity securities that appear to be undervalued.

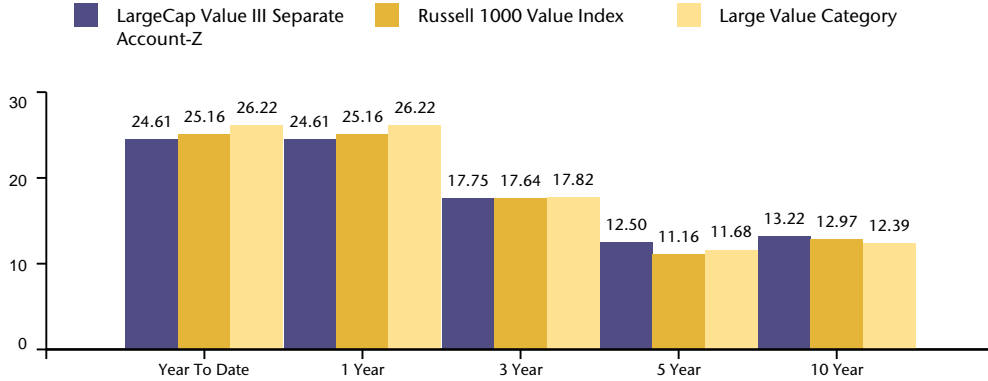


## Portfolio managers

**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 12/31/2021



## Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	24.61	24.61	17.75	12.50	13.22
Russell 1000 Value Index %	25.16	25.16	17.64	11.16	12.97
Large Value Category %	26.22	26.22	17.82	11.68	12.39
Morningstar Percentile R rankings	-	69	49	35	27
# of Funds in Category	1207	1207	1143	1036	755
Annual Returns	2021	2020	2019	2018	2017
Total Return %	24.61	3.40	26.71	-5.72	17.08
Russell 1000 Value Index %	25.16	2.80	26.54	-8.27	13.66
Large Value Category %	26.22	2.91	25.04	-8.53	15.94
Morningstar Percentile R rankings	69	43	34	21	38
# of Funds in Category	1207	1200	1209	1244	1260

Morningstar percentile rankings are based on total returns and in accordance with the appropriate Morningstar peer group. Returns shown for less than one year are not annualized.

## Morningstar category

Large Value

## Morningstar Style Box™

As of 11/30/2021

Investment style			Market capitalization	
Value	Blend	Growth		
				Large
				Medium
			Small	

## Risk and Return Statistics

as of 12/31/2021 Relative to Russell 1000 Value Index

	3Yr	5Yr
Alpha	0.43	1.38
Beta	0.98	0.98
R-Squared	98.88	98.75
Standard Deviation	18.99	16.31
Mean	17.75	12.50
Sharpe Ratio	0.92	0.74
Excess Return	0.10	1.33
Tracking Error	2.06	1.86
Information Ratio	0.06	0.72

## Operations

Total Investment Expense Net	0.51%
Total Investment Expense Gross	0.58%
Waiver Expiration Date	02/28/2022
Inception Date	12/29/2000
Total Net Assets (mil)	\$3,618.97



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

## Portfolio information†

Composition as of 11/30/2021

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Stocks	95.12	0.01	95.13
		Non-U.S. Stocks	2.70	0.00	2.70
		Cash	2.18	0.13	2.31

## Top ten holdings

	% of net assets
1. UnitedHealth Group Inc	2.76
2. CVS Health Corp	2.45
3. Principal Government Money Market Instl	2.31
4. Dollar General Corp	1.93
5. Goldman Sachs Group Inc	1.93
6. American International Group Inc	1.71
7. Wells Fargo & Co	1.64
8. JB Hunt Transport Services Inc	1.51
9. International Flavors & Fragrances Inc	1.48
10. Advance Auto Parts Inc	1.48
<b>% of net assets in top ten holdings*</b>	<b>19.21</b>

## Analysis

# of Stock Hldgs	862
# of Bond Hldgs	0
# of Other Hldgs	2
AvgMktCap (mil)	\$71,626.81
Turnover Ratio	46%
P/C Ratio	10.21
P/B Ratio	2.32
P/E Ratio	15.55

## Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
<b>Cyclical</b>	<b>39.18</b>	<b>Defensive</b>	<b>24.46</b>	<b>Sensitive</b>	<b>36.38</b>
Consumer Cyclical	9.45	Healthcare	15.25	Technology	9.84
Basic Materials	5.59	Consumer Defensive	6.05	Industrials	12.86
Financial Svcs	20.75	Utilities	3.16	Energy	7.61
Real Estate	3.39			Comm Svcs	6.07

Separate Accounts are available through a group annuity contract with Principal Life Insurance Co. 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. See the fact sheet for the full name of the Separate Account. 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 (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 Value III Separate Account-Z. Principal LargeCap Value 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. LargeCap Value 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 (PLVIX) at <http://www.principal-funds.com/Principal?site=MF>.

*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](http://principal.com).*

## Investment and Insurance products are:

- **Not Insured by the FDIC or Any Federal Government Agency**
- **Not a Deposit or Other Obligation of, or Guaranteed by Credit Union or Bank**
- **Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested**

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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**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.

# LargeCap Growth I Separate Account-Z as of 12/31/2021

## 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, an investment strategy that emphasizes buying equity securities of companies whose potential for growth of capital and earnings is expected to be above average. The fund is non-diversified.

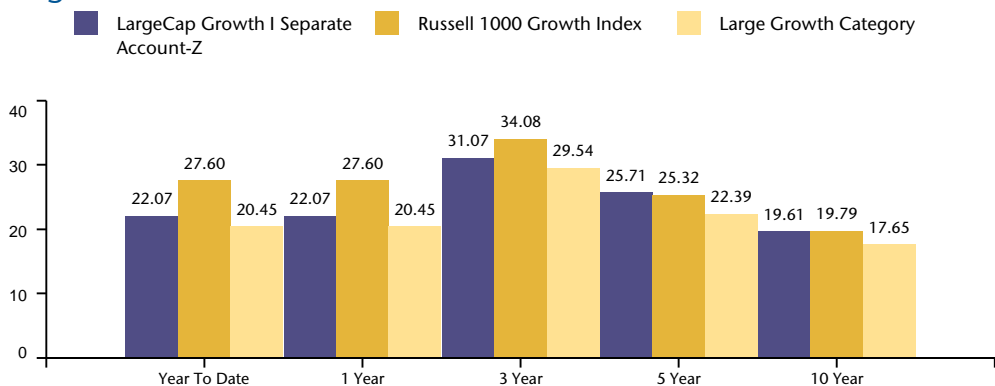


## Portfolio managers

**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 12/31/2021



## 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](http://principal.com), contact your representative of Principal®, or call our Participant Contact Center at 1-800-547-7754.

Where gross and net expense ratios differ 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 also may be due to the investment adviser's decision to pay (through the same dates) 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 %	22.07	22.07	31.07	25.71	19.61
Russell 1000 Growth Index %	27.60	27.60	34.08	25.32	19.79
Large Growth Category %	20.45	20.45	29.54	22.39	17.65
Morningstar Percentile R rankings	-	53	36	16	16
# of Funds in Category	1237	1237	1116	1012	768
Annual Returns	2021	2020	2019	2018	2017
Total Return %	22.07	36.40	35.26	3.98	34.06
Russell 1000 Growth Index %	27.60	38.49	36.39	-1.51	30.21
Large Growth Category %	20.45	35.86	31.90	-2.09	27.67
Morningstar Percentile R rankings	53	40	26	8	13
# of Funds in Category	1237	1289	1360	1405	1363

Morningstar percentile rankings are based on total returns and in accordance with the appropriate Morningstar peer group. Returns shown for less than one year are not annualized.

## Morningstar category

Large Growth

## Morningstar Style Box™

As of 11/30/2021

### Investment style

Value	Blend	Growth	Market capitalization	
				Large
				Medium
			Small	

## Risk and Return Statistics

as of 12/31/2021 Relative to Russell 1000 Growth Index

	3Yr	5Yr
Alpha	-1.20	1.13
Beta	0.96	0.96
R-Squared	96.98	96.39
Standard Deviation	17.97	16.24
Mean	31.07	25.71
Sharpe Ratio	1.56	1.43
Excess Return	-3.00	0.39
Tracking Error	3.21	3.16
Information Ratio	-0.94	0.12

## Operations

Total Investment Expense Net	0.39%
Total Investment Expense Gross	0.41%
Waiver Expiration Date	02/28/2022
Inception Date	12/29/2000
Total Net Assets (mil)	\$14,566.26



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

## Portfolio information†

Composition as of 11/30/2021

Asset Distribution	Asset Type	Net %	Short %	Long %
	U.S. Stocks	93.74	0.00	93.75
	Non-U.S. Stocks	5.09	0.00	5.09
	Cash	0.95	0.00	0.95
	Preferred	0.16	0.00	0.16
	Other	0.05	0.00	0.05

## Top ten holdings

	% of net assets
1. Microsoft Corp	7.51
2. Amazon.com Inc	5.86
3. Intuit Inc	3.96
4. Alphabet Inc Class C	3.90
5. Apple Inc	3.41
6. Alphabet Inc Class A	3.28
7. Rivian Automotive Inc Class A	2.98
8. ServiceNow Inc	2.70
9. Meta Platforms Inc Class A	2.68
10. Intuitive Surgical Inc	2.67
% of net assets in top ten holdings*	38.96

## Analysis

# of Stock Hldgs	525
# of Bond Hldgs	0
# of Other Hldgs	9
AvgMktCap (mil)	\$212,948.57
Turnover Ratio	23%
P/C Ratio	20.42
P/B Ratio	7.70
P/E Ratio	34.57

## Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
<b>Cyclical</b>	<b>24.30</b>	<b>Defensive</b>	<b>19.67</b>	<b>Sensitive</b>	<b>56.03</b>
Consumer Cyclical	15.35	Healthcare	15.29	Technology	34.10
Basic Materials	1.98	Consumer Defensive	4.38	Industrials	6.23
Financial Svcs	5.24	Utilities	0.00	Energy	0.03
Real Estate	1.73			Comm Svcs	15.67

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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-funds.com/Principal?site=MF>.

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# American Century Equity Income A Fund as of 12/31/2021

## Investment Strategy

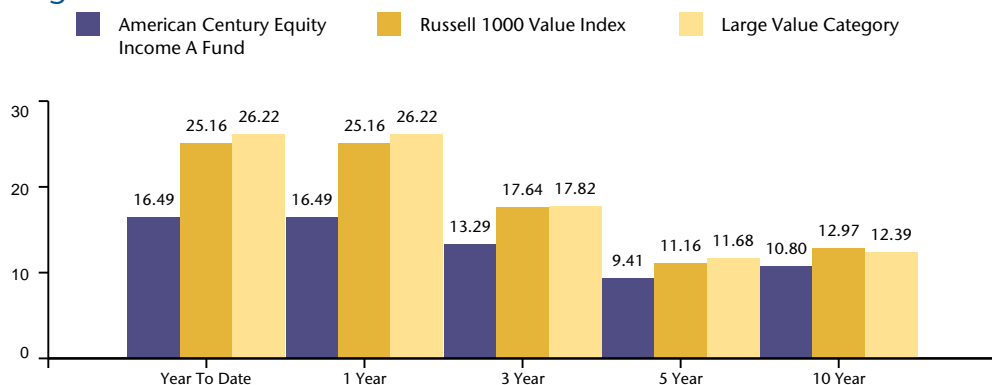
The investment seeks current income; capital appreciation is a secondary objective. The portfolio managers look for equity securities of companies with a favorable income-paying history that have prospects for income payments to continue or increase. The portfolio managers also look for equity securities 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)  
**Brian Woglom**, CFA. Since 04/29/2019. M.B.A., University of Michigan

## Long-term returns % as of 12/31/2021



## 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](http://principal.com), contact your representative of 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 %	16.49	16.49	13.29	9.41	10.80
Russell 1000 Value Index %	25.16	25.16	17.64	11.16	12.97
Large Value Category %	26.22	26.22	17.82	11.68	12.39
Morningstar Percentile R rankings	-	98	92	85	87
# of Funds in Category	1207	1207	1143	1036	755
Annual Returns	2021	2020	2019	2018	2017
Total Return %	16.49	0.83	23.80	-4.63	13.06
Russell 1000 Value Index %	25.16	2.80	26.54	-8.27	13.66
Large Value Category %	26.22	2.91	25.04	-8.53	15.94
Morningstar Percentile R rankings	98	66	68	14	82
# of Funds in Category	1207	1200	1209	1244	1260

Morningstar percentile rankings are based on total returns and in accordance with the appropriate Morningstar peer group. Returns shown for less than one year are not annualized.

## Morningstar category

Large Value

## Morningstar Style Box™

As of 09/30/2021

### Investment style

Value	Blend	Growth	Market capitalization	
				Large
				Medium
			Small	

## Risk and Return Statistics

as of 12/31/2021 Relative to Russell 1000 Value Index

	3Yr	5Yr
Alpha	-0.36	0.45
Beta	0.76	0.76
R-Squared	95.62	95.50
Standard Deviation	14.99	12.88
Mean	13.29	9.41
Sharpe Ratio	0.85	0.68
Excess Return	-4.35	-1.75
Tracking Error	5.64	4.80
Information Ratio	-0.77	-0.36

## Operations

Total Investment Expense Net	1.17%
Total Investment Expense Gross	1.17%
Inception Date	03/07/1997
Total Net Assets (mil)	\$12,037.36
12b-1 Fees	0.25%
Ticker	TWEAX



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## Portfolio information†

Composition as of 09/30/2021

Asset Distribution	Asset Type	Net %	Short %	Long %
	U.S. Stocks	68.06	0.00	68.06
	Non-U.S. Stocks	14.58	0.00	14.58
	U.S. Bonds	10.16	0.00	10.16
	Cash	2.88	0.00	2.88
	Preferred	2.66	0.00	2.66
	Convertibles	1.44	0.00	1.44
	Non-U.S. Bonds	0.22	0.00	0.22

## Top ten holdings

Top ten holdings	% of net assets
1. Johnson & Johnson	4.94
2. Medtronic PLC	4.16
3. Marsh & McLennan Companies Inc	2.82
4. Emerson Electric Co	2.80
5. Verizon Communications Inc	2.76
6. Walmart Inc	2.73
7. Roche Holding AG	2.49
8. Linde PLC	2.47
9. Cisco Systems Inc	2.08
10. PepsiCo Inc	2.05
% of net assets in top ten holdings*	29.29

## Analysis

# of Stock Hldgs	74
# of Bond Hldgs	18
# of Other Hldgs	18
AvgMktCap (mil)	\$90,167.41
Turnover Ratio	85%
P/C Ratio	11.94
P/B Ratio	2.83
P/E Ratio	16.74

## Stock Sector Breakdown

	% of net assets	% of net assets	% of net assets
<b>Cyclical</b>	<b>25.38</b>	<b>Defensive</b>	<b>44.11</b>
Consumer Cyclical	2.32	Healthcare	19.56
Basic Materials	4.05	Consumer Defensive	16.99
Financial Svcs	17.26	Utilities	7.56
Real Estate	1.75	Technology	9.07
		Industrials	12.32
		Energy	5.70
		Comm Svcs	3.42
		<b>Sensitive</b>	<b>30.51</b>

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.

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

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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.

# American Funds Growth Fund of America R6 Fund as of 12/31/2021

## 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.



**CAPITAL GROUP** | AMERICAN FUNDS

### Portfolio managers

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

**J. Blair Frank** Since 11/01/2001.

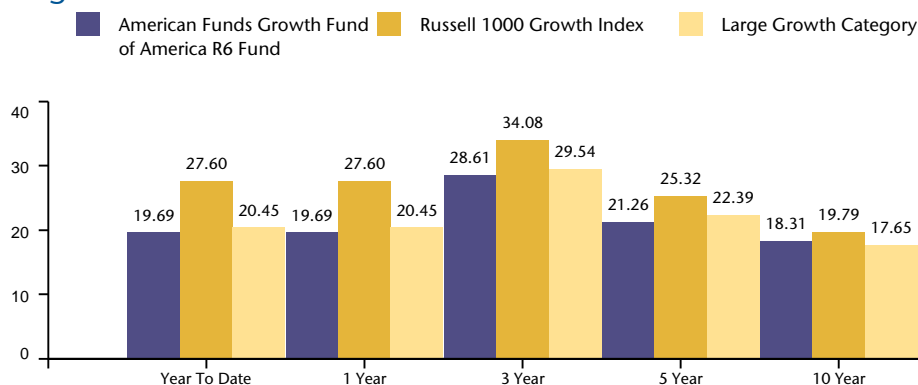
**Lawrence R. Solomon, CFA.** Since 05/01/2010.

**Martin Romo** Since 11/01/2010. B.A., University of California-Berkeley

**Carl M. Kawaja** Since 11/01/2010. B.A., Brown University

**Mark L. Casey** Since 11/01/2012.

## Long-term returns % as of 12/31/2021



## Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	19.69	19.69	28.61	21.26	18.31
Russell 1000 Growth Index %	27.60	27.60	34.08	25.32	19.79
Large Growth Category %	20.45	20.45	29.54	22.39	17.65
Morningstar Percentile Rankings	-	64	60	62	39
# of Funds in Category	1237	1237	1116	1012	768
Annual Returns	2021	2020	2019	2018	2017
Total Return %	19.69	38.28	28.54	-2.60	26.53
Russell 1000 Growth Index %	27.60	38.49	36.39	-1.51	30.21
Large Growth Category %	20.45	35.86	31.90	-2.09	27.67
Morningstar Percentile Rankings	64	35	80	53	57
# of Funds in Category	1237	1289	1360	1405	1363

Morningstar percentile rankings are based on total returns and in accordance with the appropriate Morningstar peer group. Returns shown for less than one year are not annualized.

## Morningstar category

Large Growth

## Morningstar Style Box™

As of 09/30/2021

### Investment style

Value	Blend	Growth	Market capitalization	
				Large
				Medium
			Small	

## Risk and Return Statistics

as of 12/31/2021 Relative to Russell 1000 Growth Index

	3Yr	5Yr
Alpha	-2.83	-2.10
Beta	0.95	0.94
R-Squared	93.82	93.44
Standard Deviation	18.09	16.16
Mean	28.61	21.26
Sharpe Ratio	1.44	1.21
Excess Return	-5.46	-4.05
Tracking Error	4.59	4.26
Information Ratio	-1.19	-0.95

## Operations

Total Investment Expense Net	0.30%
Total Investment Expense Gross	0.30%
Inception Date	05/01/2009
Extended Performance	
Inception Date#	11/30/1973
Total Net Assets (mil)	\$291,194.23
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.

## Portfolio information†

Composition as of 09/30/2021

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Stocks	85.32	0.00	85.32
		Non-U.S. Stocks	11.10	0.00	11.10
		Cash	3.00	0.13	3.14
		Preferred	0.43	0.00	0.43
		Other	0.11	0.00	0.11
		Convertibles	0.03	0.00	0.03
0	25	50	75	100	

## Top ten holdings

	% of net assets
1. Tesla Inc	5.77
2. Microsoft Corp	5.53
3. Netflix Inc	5.23
4. Facebook Inc Class A	4.95
5. Amazon.com Inc	4.30
6. Capital Group Central Cash Fund	3.14
7. Alphabet Inc Class C	3.00
8. Alphabet Inc Class A	2.17
9. UnitedHealth Group Inc	1.87
10. Broadcom Inc	1.69
% of net assets in top ten holdings*	37.65

## Analysis

# of Stock Hldgs	405
# of Bond Hldgs	0
# of Other Hldgs	24
AvgMktCap (mil)	\$163,471.83
Turnover Ratio	24%
P/C Ratio	15.87
P/B Ratio	5.04
P/E Ratio	24.83

## Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
<b>Cyclical</b>	<b>31.72</b>	<b>Defensive</b>	<b>15.43</b>	<b>Sensitive</b>	<b>52.86</b>
Consumer Cyclical	20.98	Healthcare	12.92	Technology	22.92
Basic Materials	1.69	Consumer Defensive	2.03	Industrials	7.43
Financial Svcs	8.54	Utilities	0.48	Energy	1.92
Real Estate	0.51			Comm Svcs	20.59

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.

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

### Investment and Insurance products are:

- **Not Insured by the FDIC or Any Federal Government Agency**
- **Not a Deposit or Other Obligation of, or Guaranteed by Credit Union or Bank**
- **Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested**

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.



# MidCap Growth III Separate Account-Z as of 12/31/2021

## 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, an investment strategy that emphasizes buying equity securities of companies whose potential for growth of capital and earnings is expected to be above average.

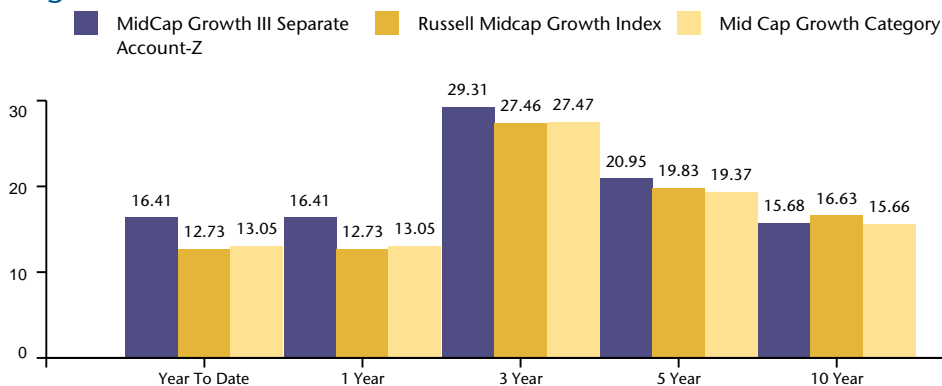


## Portfolio managers

**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 12/31/2021



## Performance disclosure

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Where gross and net expense ratios differ 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 also may be due to the investment adviser's decision to pay (through the same dates) 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 %	16.41	16.41	29.31	20.95	15.68
Russell Midcap Growth Index %	12.73	12.73	27.46	19.83	16.63
Mid Cap Growth Category %	13.05	13.05	27.47	19.37	15.66
Morningstar Percentile Rankings	-	35	31	30	56
# of Funds in Category	588	588	538	491	380
Annual Returns	2021	2020	2019	2018	2017
Total Return %	16.41	36.82	35.77	-4.19	24.92
Russell Midcap Growth Index %	12.73	35.59	35.47	-4.75	25.27
Mid Cap Growth Category %	13.05	39.26	32.52	-6.65	23.91
Morningstar Percentile Rankings	35	39	29	31	42
# of Funds in Category	588	604	618	605	617

Morningstar percentile rankings are based on total returns and in accordance with the appropriate Morningstar peer group. Returns shown for less than one year are not annualized.

## Morningstar category

Mid Cap Growth

## Morningstar Style Box™

As of 11/30/2021

### Investment style

Value	Blend	Growth	Market capitalization	
				Large
				Medium
			Small	

## Risk and Return Statistics

as of 12/31/2021 Relative to Russell Midcap Growth Index

	3Yr	5Yr
Alpha	2.31	1.28
Beta	0.96	0.98
R-Squared	97.27	97.56
Standard Deviation	20.01	17.79
Mean	29.31	20.95
Sharpe Ratio	1.35	1.10
Excess Return	1.84	1.11
Tracking Error	3.39	2.80
Information Ratio	0.55	0.40

## Operations

Total Investment Expense Net	0.60%
Total Investment Expense Gross	0.62%
Waiver Expiration Date	02/28/2022
Inception Date	10/28/1999
Total Net Assets (mil)	\$1,240.61



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

## Portfolio information†

Composition as of 11/30/2021

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Stocks	93.95	0.04	93.99
		Non-U.S. Stocks	3.23	0.00	3.23
		Cash	2.81	0.00	2.81

## Top ten holdings

	% of net assets
1. Principal Government Money Market Instl	2.73
2. Pool Corp	2.63
3. Synopsis Inc	2.28
4. MSCI Inc	1.91
5. Tyler Technologies Inc	1.89
6. Monolithic Power Systems Inc	1.73
7. Keysight Technologies Inc	1.71
8. Chipotle Mexican Grill Inc	1.66
9. Microchip Technology Inc	1.59
10. IDEXX Laboratories Inc	1.57
% of net assets in top ten holdings*	19.71

## Analysis

# of Stock Hldgs	427
# of Bond Hldgs	0
# of Other Hldgs	3
AvgMktCap (mil)	\$24,956.56
Turnover Ratio	34%
P/C Ratio	20.89
P/B Ratio	6.00
P/E Ratio	31.31

## Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
<b>Cyclical</b>	<b>26.77</b>	<b>Defensive</b>	<b>19.79</b>	<b>Sensitive</b>	<b>53.45</b>
Consumer Cyclical	17.38	Healthcare	18.00	Technology	32.24
Basic Materials	2.26	Consumer Defensive	1.77	Industrials	18.31
Financial Svcs	5.51	Utilities	0.02	Energy	0.69
Real Estate	1.62			Comm Svcs	2.21

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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>.

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# MidCap Value I Separate Account-Z as of 12/31/2021

## 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.

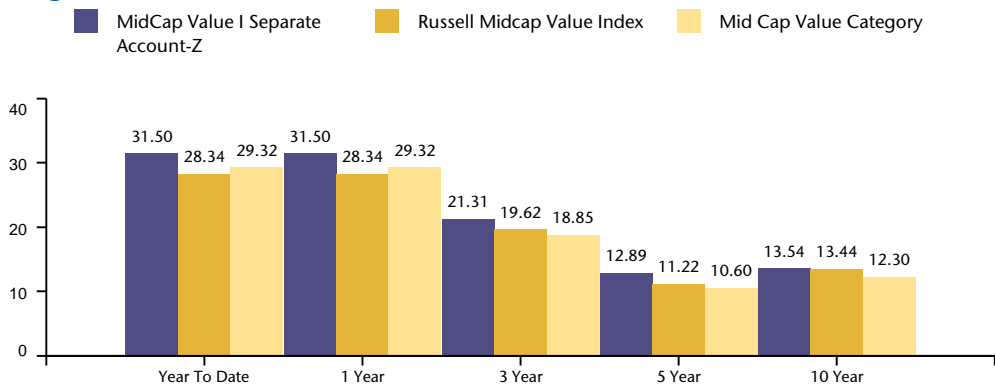


## Portfolio managers

**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 12/31/2021



## Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	31.50	31.50	21.31	12.89	13.54
Russell Midcap Value Index %	28.34	28.34	19.62	11.22	13.44
Mid Cap Value Category %	29.32	29.32	18.85	10.60	12.30
Morningstar Percentile Rankings	-	29	17	12	15
# of Funds in Category	413	413	391	351	265
Annual Returns	2021	2020	2019	2018	2017
Total Return %	31.50	6.74	27.17	-10.65	14.95
Russell Midcap Value Index %	28.34	4.96	27.06	-12.29	13.34
Mid Cap Value Category %	29.32	2.63	25.18	-12.86	13.22
Morningstar Percentile Rankings	29	24	38	26	33
# of Funds in Category	413	415	422	417	405

Morningstar percentile rankings are based on total returns and in accordance with the appropriate Morningstar peer group. Returns shown for less than one year are not annualized.

## Morningstar category

Mid Cap Value

## Morningstar Style Box™

As of 11/30/2021

Investment style			Market capitalization	
Value	Blend	Growth		
				Large
				Medium
			Small	

## Risk and Return Statistics

as of 12/31/2021 Relative to Russell Midcap Value Index

	3Yr	5Yr
Alpha	2.18	1.87
Beta	0.95	0.95
R-Squared	98.89	98.80
Standard Deviation	21.22	18.00
Mean	21.31	12.89
Sharpe Ratio	0.98	0.70
Excess Return	1.68	1.67
Tracking Error	2.52	2.17
Information Ratio	0.67	0.77

## Operations

Total Investment Expense Net	0.49%
Total Investment Expense Gross	0.51%
Contractual Cap Expiration Date	02/28/2022
Waiver Expiration Date	02/28/2022
Inception Date	07/01/1999
Total Net Assets (mil)	\$3,007.06



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

## Portfolio information†

Composition as of 11/30/2021

Asset Distribution	Asset Type	Net %	Short %	Long %
	U.S. Stocks	96.26	0.00	96.26
	Non-U.S. Stocks	2.21	0.00	2.21
	Cash	1.53	0.00	1.53

## Top ten holdings

	% of net assets
1. Everest Re Group Ltd	1.53
2. Textron Inc	1.49
3. Principal Government Money Market Instl	1.41
4. Archer-Daniels Midland Co	1.38
5. Alleghany Corp	1.38
6. Zions Bancorp NA	1.36
7. BorgWarner Inc	1.33
8. Reliance Steel & Aluminum Co	1.33
9. American Financial Group Inc	1.27
10. Tyson Foods Inc Class A	1.27
% of net assets in top ten holdings*	13.75

## Analysis

# of Stock Hldgs	709
# of Bond Hldgs	0
# of Other Hldgs	3
AvgMktCap (mil)	\$15,555.23
Turnover Ratio	54%
P/C Ratio	9.15
P/B Ratio	2.22
P/E Ratio	14.07

## Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
<b>Cyclical</b>	<b>43.63</b>	<b>Defensive</b>	<b>15.36</b>	<b>Sensitive</b>	<b>41.00</b>
Consumer Cyclical	12.64	Healthcare	6.51	Technology	10.71
Basic Materials	7.19	Consumer Defensive	6.38	Industrials	22.70
Financial Svcs	15.40	Utilities	2.47	Energy	4.95
Real Estate	8.40			Comm Svcs	2.64

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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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# MidCap S&P 400 Index Separate Account-Z as of 12/31/2021

## 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.

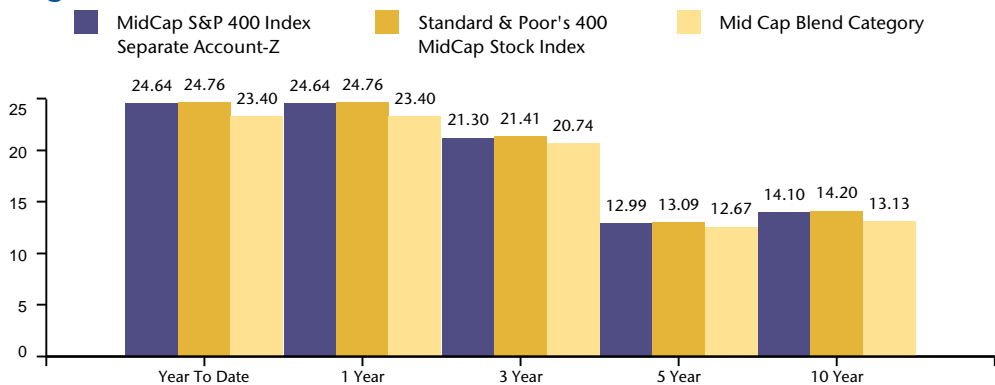


### Portfolio managers

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

**Aaron J. Siebel** Since 10/15/2018. B.A., University of Iowa

## Long-term returns % as of 12/31/2021



## Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	24.64	24.64	21.30	12.99	14.10
Standard & Poor's 400 MidCap Stock Index %	24.76	24.76	21.41	13.09	14.20
Mid Cap Blend Category %	23.40	23.40	20.74	12.67	13.13
Morningstar Percentile Rankings	-	44	41	43	29
# of Funds in Category	391	391	360	313	206
Annual Returns	2021	2020	2019	2018	2017
Total Return %	24.64	13.54	26.12	-11.16	16.15
Standard & Poor's 400 MidCap Stock Index %	24.76	13.66	26.20	-11.08	16.24
Mid Cap Blend Category %	23.40	12.39	26.21	-11.15	15.93
Morningstar Percentile Rankings	44	37	57	50	49
# of Funds in Category	391	407	404	464	443

Morningstar percentile rankings are based on total returns and in accordance with the appropriate Morningstar peer group. Returns shown for less than one year are not annualized.

## Morningstar category

Mid Cap Blend

## Morningstar Style Box™

As of 11/30/2021

### Investment style

Value	Blend	Growth	Market capitalization	
				Large
				Medium
			Small	

## Risk and Return Statistics

as of 12/31/2021 Relative to Standard & Poor's 400 MidCap Stock Index

	3Yr	5Yr
Alpha	-0.06	-0.07
Beta	1.00	1.00
R-Squared	100.00	100.00
Standard Deviation	22.12	19.15
Mean	21.30	12.99
Sharpe Ratio	0.95	0.68
Excess Return	-0.11	-0.09
Tracking Error	0.04	0.04
Information Ratio	-2.72	-2.59

## Operations

Total Investment Expense Net	0.05%
Total Investment Expense Gross	0.05%
Inception Date	08/31/1999
Total Net Assets (mil)	\$7,010.94



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## Portfolio information†

Composition as of 11/30/2021

Asset Distribution	Asset Type	Net %	Short %	Long %
	U.S. Stocks	97.43	0.00	97.43
	Cash	1.98	0.00	1.98
	Non-U.S. Stocks	0.59	0.00	0.59

## Top ten holdings

	% of net assets
1. Signature Bank	0.76
2. FactSet Research Systems Inc	0.73
3. SolarEdge Technologies Inc	0.71
4. Camden Property Trust	0.69
5. Molina Healthcare Inc	0.69
6. Trex Co Inc	0.63
7. Repligen Corp	0.60
8. Williams-Sonoma Inc	0.60
9. Builders FirstSource Inc	0.59
10. Wolfspeed Inc	0.58
% of net assets in top ten holdings*	6.58

## Analysis

# of Stock Hldgs	400
# of Bond Hldgs	0
# of Other Hldgs	2
AvgMktCap (mil)	\$7,039.89
Turnover Ratio	17%
P/C Ratio	9.00
P/B Ratio	2.25
P/E Ratio	15.96

## Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
<b>Cyclical</b>	<b>45.25</b>	<b>Defensive</b>	<b>16.37</b>	<b>Sensitive</b>	<b>38.36</b>
Consumer Cyclical	15.28	Healthcare	9.76	Technology	15.00
Basic Materials	4.84	Consumer Defensive	3.93	Industrials	19.10
Financial Svcs	14.97	Utilities	2.68	Energy	2.57
Real Estate	10.16			Comm Svcs	1.69

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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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# SmallCap Growth I Separate Account-Z as of 12/31/2021

## 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 fund may invest up to 30% of the fund's assets using an index sampling strategy designed to match the performance of the Russell 2000(R) Growth 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 12/31/2021



## 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](http://principal.com), contact your representative of Principal®, or call our Participant Contact Center at 1-800-547-7754.

Where gross and net expense ratios differ 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 also may be due to the investment adviser's decision to pay (through the same dates) 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 %	7.52	7.52	27.08	19.80	16.49
Russell 2000 Growth Index %	2.83	2.83	21.17	14.53	14.14
Small Growth Category %	11.89	11.89	25.87	18.09	15.16
Morningstar Percentile Rankings	-	64	40	36	29
# of Funds in Category	615	615	580	513	385
Annual Returns	2021	2020	2019	2018	2017
Total Return %	7.52	42.58	33.88	-5.09	26.67
Russell 2000 Growth Index %	2.83	34.63	28.48	-9.31	22.17
Small Growth Category %	11.89	38.62	27.68	-5.76	21.50
Morningstar Percentile Rankings	64	34	22	45	22
# of Funds in Category	615	616	640	676	684

Morningstar percentile rankings are based on total returns and in accordance with the appropriate Morningstar peer group. Returns shown for less than one year are not annualized.

## Morningstar category

Small Growth

## Morningstar Style Box™

As of 11/30/2021

### Investment style

Value	Blend	Growth	Market capitalization	
				Large
				Medium
			Small	

## Risk and Return Statistics

as of 12/31/2021 Relative to Russell 2000 Growth Index

	3Yr	5Yr
Alpha	6.00	5.23
Beta	0.94	0.94
R-Squared	95.32	95.73
Standard Deviation	22.43	19.88
Mean	27.08	19.80
Sharpe Ratio	1.15	0.96
Excess Return	5.91	5.26
Tracking Error	5.09	4.29
Information Ratio	1.17	1.23

## Operations

Total Investment Expense Net	0.62%
Total Investment Expense Gross	0.64%
Contractual Cap Expiration Date	02/28/2022
Waiver Expiration Date	02/28/2022
Inception Date	12/29/2000
Total Net Assets (mil)	\$3,110.76



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

## Portfolio information†

Composition as of 11/30/2021

Asset Distribution		Asset Type	Net %	Short %	Long %
[Bar chart showing 92.96% for U.S. Stocks]		U.S. Stocks	92.96	0.00	92.96
[Bar chart showing 4.00% for Non-U.S. Stocks]		Non-U.S. Stocks	4.00	0.00	4.00
[Bar chart showing 3.03% for Cash]		Cash	3.03	1.12	4.15

## Top ten holdings

	% of net assets
1. Principal Government Money Market Instl	3.30
2. Lattice Semiconductor Corp	1.45
3. Tetra Tech Inc	1.25
4. Rapid7 Inc	1.23
5. MACOM Technology Solutions Holdings Inc	1.07
6. E-Mini Russ 2000 Dec21	1.05
7. SiteOne Landscape Supply Inc	1.04
8. National Vision Holdings Inc	1.02
9. Chart Industries Inc	1.01
10. Genpact Ltd	1.01
<b>% of net assets in top ten holdings*</b>	<b>13.43</b>

## Analysis

# of Stock Hldgs	1317
# of Bond Hldgs	0
# of Other Hldgs	6
AvgMktCap (mil)	\$4,634.31
Turnover Ratio	62%
P/C Ratio	14.26
P/B Ratio	3.93
P/E Ratio	25.36

## Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets	
<b>Cyclical</b>	<b>27.51</b>	<b>Defensive</b>	<b>25.17</b>	<b>Sensitive</b>	<b>47.32</b>	
Consumer Cyclical	15.58	Healthcare	21.82	Technology	26.37	
Basic Materials	2.03	Consumer Defensive	3.00	Industrials	17.61	
Financial Svcs	8.43	Utilities	0.35	Energy	1.14	
Real Estate	1.47			Comm Svcs	2.20	

Separate Accounts are available through a group annuity contract with Principal Life Insurance Co. 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. See the fact sheet for the full name of the Separate Account. 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 (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-funds.com/Principal?site=MF>.

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### Investment and Insurance products are:

- **Not Insured by the FDIC or Any Federal Government Agency**
- **Not a Deposit or Other Obligation of, or Guaranteed by Credit Union or Bank**
- **Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested**

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.

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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.



# SmallCap Value II Separate Account-Z as of 12/31/2021

## 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").

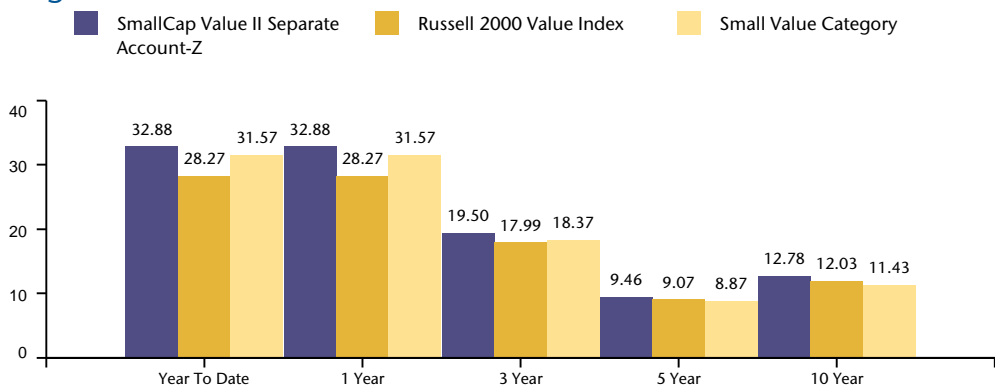


## Portfolio managers

**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 12/31/2021



## Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	32.88	32.88	19.50	9.46	12.78
Russell 2000 Value Index %	28.27	28.27	17.99	9.07	12.03
Small Value Category %	31.57	31.57	18.37	8.87	11.43
Morningstar Percentile R rankings	-	41	28	40	22
# of Funds in Category	446	446	418	392	300
Annual Returns	2021	2020	2019	2018	2017
Total Return %	32.88	3.93	23.59	-14.14	7.23
Russell 2000 Value Index %	28.27	4.63	22.39	-12.86	7.84
Small Value Category %	31.57	4.02	21.43	-15.46	8.54
Morningstar Percentile R rankings	41	44	27	39	65
# of Funds in Category	446	416	419	417	397

Morningstar percentile rankings are based on total returns and in accordance with the appropriate Morningstar peer group. Returns shown for less than one year are not annualized.

## Morningstar category

Small Value

## Morningstar Style Box™

As of 11/30/2021

### Investment style

Value	Blend	Growth	Market capitalization	
				Large
				Medium
			Small	

## Risk and Return Statistics

as of 12/31/2021 Relative to Russell 2000 Value Index

	3Yr	5Yr
Alpha	1.59	0.51
Beta	0.98	0.98
R-Squared	98.21	98.24
Standard Deviation	25.13	21.50
Mean	19.50	9.46
Sharpe Ratio	0.81	0.48
Excess Return	1.50	0.38
Tracking Error	3.40	2.89
Information Ratio	0.45	0.14

## Operations

Total Investment Expense Net	0.65%
Total Investment Expense Gross	0.67%
Contractual Cap Expiration Date	02/28/2022
Waiver Expiration Date	02/28/2022
Inception Date	06/01/2004
Total Net Assets (mil)	\$1,444.14



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

## Portfolio information†

Composition as of 11/30/2021

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Stocks	96.01	0.00	96.01
		Non-U.S. Stocks	2.46	0.00	2.46
		Cash	1.54	0.75	2.29

## Top ten holdings

	% of net assets
1. Principal Government Money Market Instl	2.29
2. Insight Enterprises Inc	1.67
3. Element Solutions Inc	1.38
4. Syneos Health Inc Class A	1.18
5. ExlService Holdings Inc	1.17
6. ASGN Inc	1.11
7. Molina Healthcare Inc	1.08
8. LPL Financial Holdings Inc	1.05
9. Capri Holdings Ltd	0.94
10. FTI Consulting Inc	0.90
% of net assets in top ten holdings*	12.79

## Analysis

# of Stock Hldgs	1532
# of Bond Hldgs	0
# of Other Hldgs	4
AvgMktCap (mil)	\$2,706.63
Turnover Ratio	88%
P/C Ratio	5.82
P/B Ratio	1.52
P/E Ratio	11.34

## Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
<b>Cyclical</b>	<b>47.06</b>	<b>Defensive</b>	<b>11.91</b>	<b>Sensitive</b>	<b>41.04</b>
Consumer Cyclical	11.26	Healthcare	5.08	Technology	12.63
Basic Materials	6.80	Consumer Defensive	3.53	Industrials	19.54
Financial Svcs	26.18	Utilities	3.30	Energy	6.82
Real Estate	2.82			Comm Svcs	2.05

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The full name of this investment option is Principal SmallCap Value II Separate Account-Z. Principal SmallCap Value II 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 Value II 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 (PSMVX) at <http://www.principal-funds.com/Principal?site=MF>.

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# SmallCap S&P 600 Index Separate Account-Z as of 12/31/2021

## 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.

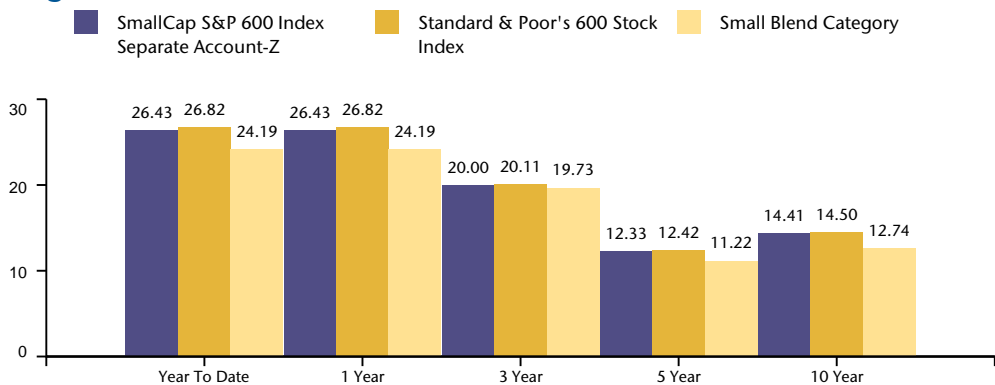


### Portfolio managers

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

**Aaron J. Siebel** Since 10/15/2018. B.A., University of Iowa

## Long-term returns % as of 12/31/2021



## Performance disclosure

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Long Term Returns	Year To Date	1 Year	3 Year	5 Year	10 Year
Total Return %	26.43	26.43	20.00	12.33	14.41
Standard & Poor's 600 Stock Index %	26.82	26.82	20.11	12.42	14.50
Small Blend Category %	24.19	24.19	19.73	11.22	12.74
Morningstar Percentile Rankings	-	37	50	29	10
# of Funds in Category	630	630	596	528	352
Annual Returns	2021	2020	2019	2018	2017
Total Return %	26.43	11.34	22.77	-8.61	13.27
Standard & Poor's 600 Stock Index %	26.82	11.29	22.78	-8.48	13.23
Small Blend Category %	24.19	10.99	23.75	-12.72	12.28
Morningstar Percentile Rankings	37	50	61	12	42
# of Funds in Category	630	671	702	769	802

Morningstar percentile rankings are based on total returns and in accordance with the appropriate Morningstar peer group. Returns shown for less than one year are not annualized.

## Morningstar category

Small Blend

## Morningstar Style Box™

As of 11/30/2021

### Investment style

Value	Blend	Growth	Market capitalization	
				Large
				Medium
			Small	

## Risk and Return Statistics

as of 12/31/2021 Relative to Standard & Poor's 600 Stock Index

	3Yr	5Yr
Alpha	-0.07	-0.06
Beta	1.00	1.00
R-Squared	100.00	100.00
Standard Deviation	23.87	20.96
Mean	20.00	12.33
Sharpe Ratio	0.85	0.61
Excess Return	-0.11	-0.09
Tracking Error	0.10	0.10
Information Ratio	-1.01	-0.83

## Operations

Total Investment Expense Net	0.05%
Total Investment Expense Gross	0.05%
Inception Date	08/31/1999
Total Net Assets (mil)	\$5,908.49



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

## Portfolio information†

Composition as of 11/30/2021

Asset Distribution		Asset Type	Net %	Short %	Long %
		U.S. Stocks	97.20	0.00	97.20
		Cash	1.61	0.00	1.62
		Non-U.S. Stocks	1.19	0.00	1.19

## Top ten holdings

	% of net assets
1. Macy's Inc	0.84
2. Omnicell Inc	0.73
3. Chart Industries Inc	0.59
4. Innovative Industrial Properties Inc Registered Shs	0.58
5. Exponent Inc	0.57
6. Power Integrations Inc	0.57
7. AMN Healthcare Services Inc	0.51
8. Vonage Holdings Corp	0.49
9. UFP Industries Inc	0.49
10. Watts Water Technologies Inc Class A	0.49
% of net assets in top ten holdings*	5.85

## Analysis

# of Stock Hldgs	601
# of Bond Hldgs	0
# of Other Hldgs	2
AvgMktCap (mil)	\$2,322.45
Turnover Ratio	12%
P/C Ratio	7.53
P/B Ratio	1.83
P/E Ratio	13.74

## Stock Sector Breakdown

	% of net assets		% of net assets		% of net assets
<b>Cyclical</b>	<b>44.41</b>	<b>Defensive</b>	<b>17.98</b>	<b>Sensitive</b>	<b>37.61</b>
Consumer Cyclical	12.56	Healthcare	11.91	Technology	13.53
Basic Materials	5.26	Consumer Defensive	4.33	Industrials	16.61
Financial Svcs	17.47	Utilities	1.74	Energy	4.55
Real Estate	9.12			Comm Svcs	2.92

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The full name of this investment option is Principal SmallCap S&P 600 Index Separate Account-Z.

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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 12/31/2021

## 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.

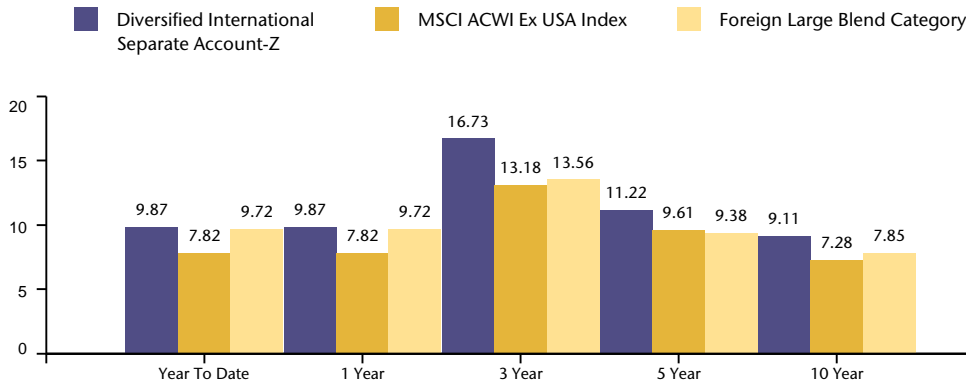


### Portfolio managers

**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 12/31/2021



## 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](http://principal.com), contact your representative of Principal®, or call our Participant Contact Center at 1-800-547-7754.

Where gross and net expense ratios differ 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 also may be due to the investment adviser's decision to pay (through the same dates) 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 %	9.87	9.87	16.73	11.22	9.11
MSCI ACWI Ex USA Index %	7.82	7.82	13.18	9.61	7.28
Foreign Large Blend Category %	9.72	9.72	13.56	9.38	7.85
Morningstar Percentile Rankings	-	56	12	14	13
# of Funds in Category	767	767	698	601	409
Annual Returns	2021	2020	2019	2018	2017
Total Return %	9.87	17.22	23.49	-17.26	29.33
MSCI ACWI Ex USA Index %	7.82	10.65	21.51	-14.20	27.19
Foreign Large Blend Category %	9.72	9.30	21.59	-14.59	25.12
Morningstar Percentile Rankings	56	9	24	83	11
# of Funds in Category	767	785	732	741	756

Morningstar percentile rankings are based on total returns and in accordance with the appropriate Morningstar peer group. Returns shown for less than one year are not annualized.

## Morningstar category

Foreign Large Blend

## Morningstar Style Box™

As of 11/30/2021

Investment style			Market capitalization	
Value	Blend	Growth		
				Large
				Medium
			Small	

## Risk and Return Statistics

as of 12/31/2021 Relative to MSCI ACWI Ex USA Index

	3Yr	5Yr
Alpha	3.24	1.39
Beta	1.00	1.02
R-Squared	96.29	95.93
Standard Deviation	17.33	15.45
Mean	16.76	11.24
Sharpe Ratio	0.94	0.70
Excess Return	3.58	1.62
Tracking Error	3.34	3.15
Information Ratio	1.07	0.52

## Operations

Total Investment Expense Net	0.43%
Total Investment Expense Gross	0.43%
Inception Date	05/20/1987
Total Net Assets (mil)	\$3,647.72



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



## Portfolio information†

Composition as of 11/30/2021

Asset Distribution		Asset Type	Net %	Short %	Long %
[Bar chart showing 94.08%]		Non-U.S. Stocks	94.08	0.00	94.08
[Bar chart showing 3.13%]		Cash	3.13	0.00	3.13
[Bar chart showing 2.67%]		U.S. Stocks	2.67	0.00	2.67
[Bar chart showing 0.11%]		Other	0.11	0.00	0.11

## Top ten holdings

% of net assets

1. Taiwan Semiconductor Manufacturing Co Ltd	2.75
2. ASML Holding NV	2.40
3. Roche Holding AG	2.08
4. Nestle SA	1.91
5. Novo Nordisk A/S Class B	1.77
6. Brookfield Asset Management Inc Registered Shs -A- Limited V	1.73
7. Samsung Electronics Co Ltd	1.68
8. Sony Group Corp	1.60
9. Toyota Motor Corp	1.58
10. AstraZeneca PLC	1.43
% of net assets in top ten holdings*	18.94

## Analysis

# of Stock Hldgs	156
# of Bond Hldgs	0
# of Other Hldgs	2
AvgMktCap (mil)	\$54,200.55
Turnover Ratio	42%
P/C Ratio	9.20
P/E Ratio	15.31
P/B Ratio	2.11

## Top 5 Countries

% of net assets

Japan	17.57
France	9.00
United Kingdom	8.52
Switzerland	7.54
Canada	7.36

## Regional exposure

% of net assets

Europe	45.20
Pacific Rim	22.69
Japan	17.57
Other	10.34
United States	2.76
Latin America	1.44

Separate Accounts are available through a group annuity contract with Principal Life Insurance Co. 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. See the fact sheet for the full name of the Separate Account. 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 (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.*

### Investment and Insurance products are:

- **Not Insured by the FDIC or Any Federal Government Agency**
- **Not a Deposit or Other Obligation of, or Guaranteed by Credit Union or Bank**
- **Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested**

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.

Investment Options may charge a short-term trading or redemption fee to protect the interests of long-term Contractholders.

**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 Funds EuroPacific Growth R6 Fund as of 12/31/2021

## 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

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

**Sung Lee** Since 06/01/2002.

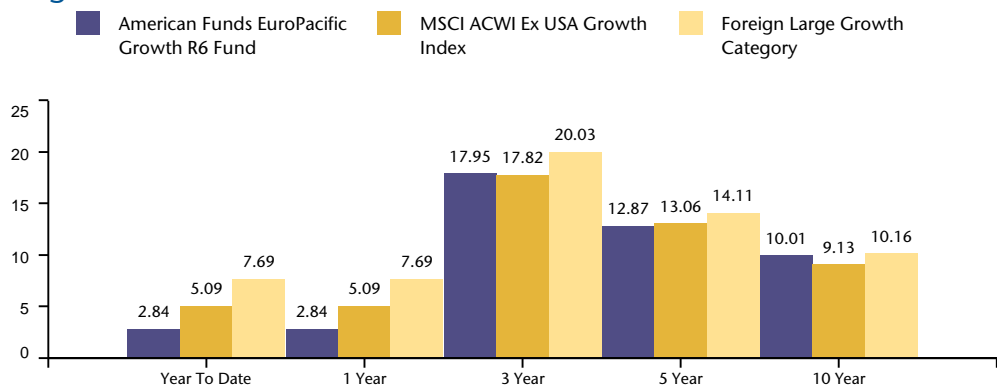
**Nicholas J. Grace, CFA.** Since 06/01/2002. M.B.A., University of Wisconsin-Madison

**Jesper Lyckeus** Since 06/01/2004.

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

**Andrew B. Suzman** Since 06/01/2007. M.B.A., Harvard University

## Long-term returns % as of 12/31/2021



## 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](http://principal.com), contact your representative of 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 %	2.84	2.84	17.95	12.87	10.01
MSCI ACWI Ex USA Growth Index %	5.09	5.09	17.82	13.06	9.13
Foreign Large Growth Category %	7.69	7.69	20.03	14.11	10.16
Morningstar Percentile Rankings	-	80	70	67	47
# of Funds in Category	450	450	386	332	221
Annual Returns	2021	2020	2019	2018	2017
Total Return %	2.84	25.27	27.40	-14.91	31.17
MSCI ACWI Ex USA Growth Index %	5.09	22.20	27.34	-14.43	32.01
Foreign Large Growth Category %	7.69	25.48	27.83	-14.08	30.87
Morningstar Percentile Rankings	80	33	59	58	44
# of Funds in Category	450	447	469	439	399

Morningstar percentile rankings are based on total returns and in accordance with the appropriate Morningstar peer group. Returns shown for less than one year are not annualized.

## Morningstar category

Foreign Large Growth

## Morningstar Style Box™

As of 09/30/2021

### Investment style

Value	Blend	Growth	Market capitalization	
				Large
				Medium
			Small	

## Risk and Return Statistics

as of 12/31/2021 Relative to MSCI ACWI Ex USA Growth Index

	3Yr	5Yr
Alpha	-1.84	-1.22
Beta	1.14	1.11
R-Squared	94.74	94.84
Standard Deviation	17.88	15.70
Mean	17.95	12.87
Sharpe Ratio	0.97	0.78
Excess Return	0.13	-0.18
Tracking Error	4.65	3.88
Information Ratio	0.03	-0.05

## Operations

Total Investment Expense Net	0.46%
Total Investment Expense Gross	0.46%
Inception Date	05/01/2009
Extended Performance	
Inception Date#	04/16/1984
Total Net Assets (mil)	\$186,460.91
12b-1 Fees	-
Ticker	REGRX



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

## Portfolio information†

Composition as of 09/30/2021

Asset Distribution		Asset Type	Net %	Short %	Long %
		Non-U.S. Stocks	93.87	0.00	93.87
		Cash	4.30	0.00	4.30
		U.S. Stocks	1.68	0.00	1.68
		Other	0.14	0.00	0.14

## Top ten holdings

	% of net assets
1. ASML Holding NV	3.68
2. Reliance Industries Ltd	2.66
3. Sea Ltd ADR	2.47
4. MercadoLibre Inc	2.32
5. Taiwan Semiconductor Manufacturing Co Ltd	2.25
6. AIA Group Ltd	2.01
7. LVMH Moet Hennessy Louis Vuitton SE	1.92
8. Airbus SE	1.78
9. WuXi Biologics (Cayman) Inc	1.52
10. HDFC Bank Ltd	1.51
% of net assets in top ten holdings*	22.13

## Analysis

# of Stock Hldgs	382
# of Bond Hldgs	0
# of Other Hldgs	5
AvgMktCap (mil)	\$61,116.85
Turnover Ratio	32%
P/C Ratio	11.13
P/E Ratio	19.07
P/B Ratio	2.40

## Top 5 Countries

	% of net assets
Japan	10.84
Netherlands	9.15
China	8.54
India	7.98
France	7.84

## Regional exposure

	% of net assets
Europe	43.83
Pacific Rim	28.18
Japan	10.84
Other	7.77
Latin America	7.63
United States	1.76

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.

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

## Investment and Insurance products are:

- **Not Insured by the FDIC or Any Federal Government Agency**
- **Not a Deposit or Other Obligation of, or Guaranteed by Credit Union or Bank**
- **Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested**

MCSI ACWI Ex USA Growth Index captures large and mid-cap securities exhibiting overall growth style characteristics across 22 Developed Markets countries and 23 Emerging Markets countries.

**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.

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## **STATISTICAL SECTION (UNAUDITED)**

This section of the annual comprehensive 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.

<b><u>CONTENTS</u></b>	<b>PAGE</b>
<b>Financial Trends, Revenue Capacity, and Operating Information</b>	<b>98-101</b>

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

<b>Operating Information</b>	<b>102</b>
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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										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	10-YEAR TOTALS
<b>ADDITIONS</b>											
<b>Investment Income</b>	\$896,094	\$1,363,469	\$625,706	(\$71,619)	\$836,732	\$1,832,089	(\$922,427)	\$2,554,190	\$2,198,393	\$2,396,463	\$11,709,090
Less administrative and recordkeeping fees	(1,318)										(1,318)
<b>Net investment income</b>	894,776	1,363,469	625,706	(71,619)	836,732	1,832,089	(922,427)	2,554,190	2,198,393	2,396,463	11,707,772
<b>Contributions:</b>											
Participant	300,862	318,541	326,123	333,248	341,189	348,778	347,853	357,563	357,079	370,694	3,401,930
Employer	242,632	256,888	263,003	268,749	275,153	281,276	280,526	288,354	287,968	298,949	2,743,498
<b>Total additions</b>	1,438,270	1,938,898	1,214,832	530,378	1,453,074	2,462,143	(294,048)	3,200,107	2,843,440	3,066,106	17,853,200
<b>DEDUCTIONS</b>											
Benefits paid to participants	(335,667)	(622,887)	(398,158)	(347,453)	(485,054)	(231,234)	(893,001)	(164,028)	(406,224)	(645,350)	(4,529,056)
Distribution service fees		(600)	(680)	(870)	(880)	(640)	(800)	(650)	(736)	(1,350)	(7,206)
<b>Total deductions</b>	(335,667)	(623,487)	(398,838)	(348,323)	(485,934)	(231,874)	(893,801)	(164,678)	(406,960)	(646,700)	(4,536,262)
<b>CHANGES IN NET POSITION</b>	1,102,603	1,315,411	815,994	182,055	967,140	2,230,269	(1,187,849)	3,035,429	2,436,480	2,419,406	
<b>NET POSITION AVAILABLE FOR BENEFITS, BEGINNING OF YEAR</b>	6,800,070	7,902,673	9,218,084	10,034,078	10,216,133	11,183,273	13,413,542	12,225,693	15,261,122	17,697,602	
<b>NET POSITION AVAILABLE FOR BENEFITS, END OF YEAR</b>	\$7,902,673	\$9,218,084	\$10,034,078	\$10,216,133	\$11,183,273	\$13,413,542	\$12,225,693	\$15,261,122	\$17,697,602	\$20,117,008	
<b>AVERAGE INVESTMENT RETURNS *</b>	12.17%	15.93%	6.50%	-0.71%	7.82%	14.90%	-7.20%	18.58%	13.34%	12.67%	

\* 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										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	10-YEAR TOTALS
<b>ADDITIONS</b>											
Investment Income	\$504,263	\$854,812	\$371,685	(\$20,097)	\$514,150	\$1,162,430	(\$589,379)	\$1,819,738	\$1,728,056	\$1,788,174	\$8,133,832
Contributions:											
Participant	25,225	4,663	69,783	26,016	81,231	106,757	104,434		29,429	1,551	449,089
Employer	308,166	322,092	437,302	451,090	461,795	475,618	475,480	486,326	490,437	505,536	4,413,842
<b>Total additions</b>	837,654	1,181,567	878,770	457,009	1,057,176	1,744,805	(9,465)	2,306,064	2,247,922	2,295,261	12,996,763
<b>DEDUCTIONS</b>											
Benefits paid to participants	(202,292)	(311,547)	(260,478)	(103,431)	(332,127)	(10,828)	(647,645)	(124,330)	(203,704)	(416,318)	(2,612,700)
Distribution service fees		(480)	(440)	(550)	(680)	(120)	(440)	(500)	(414)	(650)	(4,274)
<b>Total deductions</b>	(202,292)	(312,027)	(260,918)	(103,981)	(332,807)	(10,948)	(648,085)	(124,830)	(204,118)	(416,968)	(2,616,974)
<b>CHANGES IN NET POSITION</b>	635,362	869,540	617,852	353,028	724,369	1,733,857	(657,550)	2,181,234	2,043,804	1,878,293	
<b>NET POSITION AVAILABLE FOR BENEFITS, BEGINNING OF YEAR</b>	3,839,701	4,475,063	5,344,603	5,962,455	6,315,483	7,039,852	8,773,709	8,116,159	10,297,393	12,341,197	
<b>NET POSITION AVAILABLE FOR BENEFITS, END OF YEAR</b>	\$4,475,063	\$5,344,603	\$5,962,455	\$6,315,483	\$7,039,852	\$8,773,709	\$8,116,159	\$10,297,393	\$12,341,197	\$14,219,490	
<b>AVERAGE INVESTMENT RETURNS *</b>	12.13%	17.41%	6.57%	-0.33%	7.70%	14.70%	-6.98%	19.77%	15.27%	13.46%	

\* 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

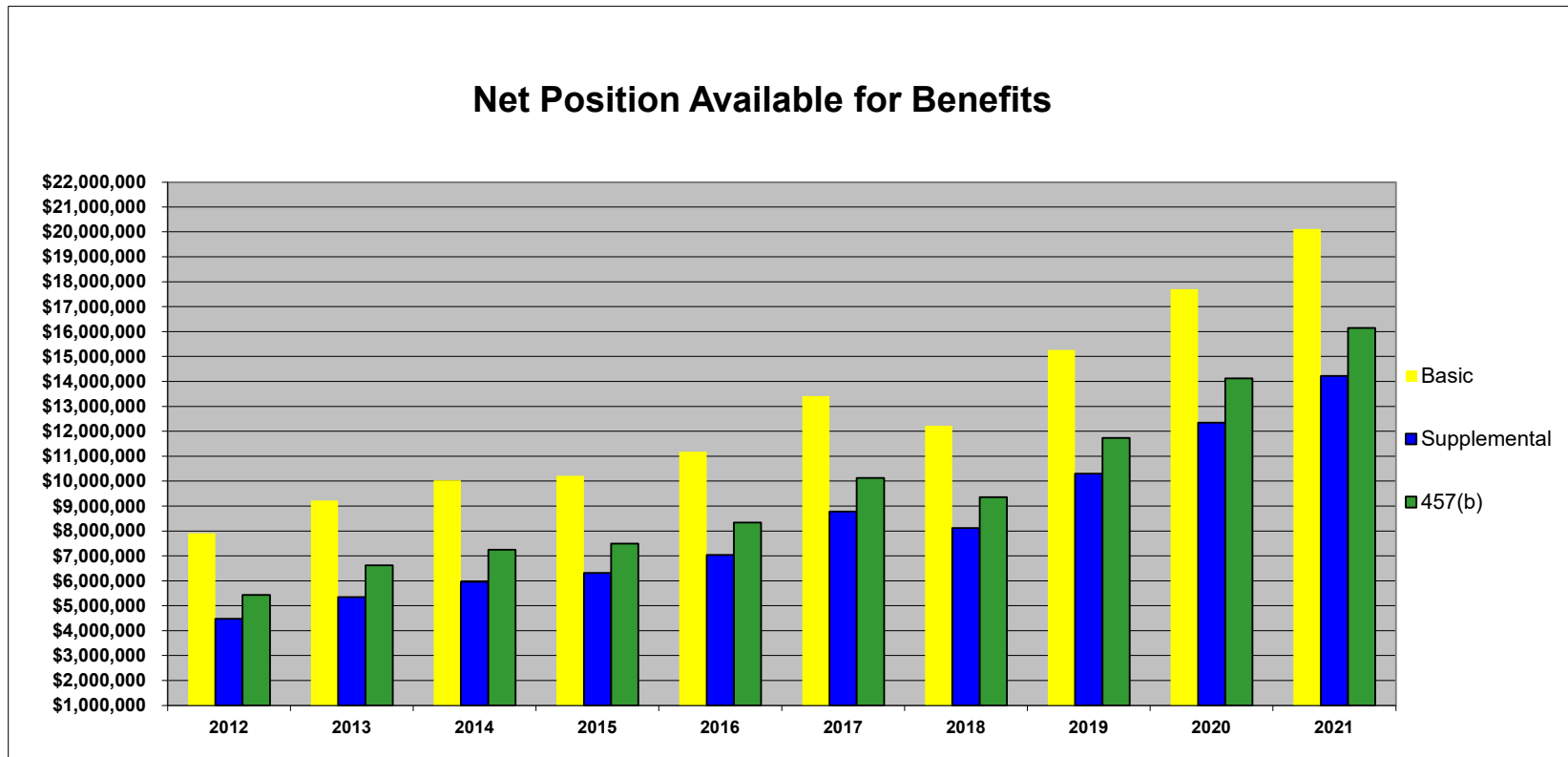
Historical Statements of Changes in Net Position Available for Benefits and  
 Plan Investment Returns  
 Plan Years Ended December 31 for the Years Shown  
 (Unaudited)

	457(b) Retirement										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	10-YEAR TOTALS
<b>ADDITIONS</b>											
Investment Income	\$611,586	\$1,063,794	\$443,413	(\$20,042)	\$600,939	\$1,361,698	(\$607,006)	\$2,036,026	\$2,031,640	\$1,983,734	\$9,505,782
Contributions:											
Participant	268,443	274,821	298,622	307,587	347,995	357,191	372,226	397,115	427,164	446,108	3,497,272
Employer	109,700	137,639	166,231	171,849	191,089	192,713	190,946	196,556	204,068	212,565	1,773,356
<b>Total additions</b>	989,729	1,476,254	908,266	459,394	1,140,023	1,911,602	(43,834)	2,629,697	2,662,872	2,642,407	14,776,410
<b>DEDUCTIONS</b>											
Benefits paid to participants	(375,906)	(282,906)	(283,450)	(207,579)	(303,136)	(118,410)	(733,003)	(247,721)	(268,778)	(622,425)	(3,443,314)
Distribution service fees		(440)	(480)	(550)	(600)	(320)	(480)	(800)	(500)	(400)	(4,570)
<b>Total deductions</b>	(375,906)	(283,346)	(283,930)	(208,129)	(303,736)	(118,730)	(733,483)	(248,521)	(269,278)	(622,825)	(3,447,884)
<b>CHANGES IN NET POSITION</b>	613,823	1,192,908	624,336	251,265	836,287	1,792,872	(777,317)	2,381,176	2,393,594	2,019,582	
<b>NET POSITION AVAILABLE FOR BENEFITS, BEGINNING OF YEAR</b>	4,815,447	5,429,270	6,622,178	7,246,514	7,497,779	8,334,066	10,126,938	9,349,621	11,730,797	14,124,391	
<b>NET POSITION AVAILABLE FOR BENEFITS, END OF YEAR</b>	\$5,429,270	\$6,622,178	\$7,246,514	\$7,497,779	\$8,334,066	\$10,126,938	\$9,349,621	\$11,730,797	\$14,124,391	\$16,143,973	
<b>AVERAGE INVESTMENT RETURNS *</b>	11.94%	17.65%	6.39%	-0.27%	7.59%	14.75%	-6.23%	19.32%	15.72%	13.11%	

\* 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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<i>401(a) Basic Plan</i>										
<b>Number of Participants</b>	115	113	112	113	109	108	107	105	103	106
<b>Total Annual Participant Deferrals</b>	\$300,862	\$318,541	\$326,123	\$333,248	\$341,189	\$348,778	\$347,853	\$357,563	\$357,079	\$370,694
<b>Net Position Available for Benefits</b>	\$7,902,673	\$9,218,084	\$10,034,078	\$10,216,133	\$11,183,273	\$13,413,542	\$12,225,693	\$15,261,122	\$17,697,602	\$20,117,008

<i>401(a) Supplemental Plan</i>										
<b>Number of Participants</b>	105	104	103	104	100	99	99	98	96	98
<b>Total Annual Employer Contributions</b>	\$308,166	\$322,092	\$437,302	\$451,090	\$461,795	\$475,618	\$475,480	\$486,326	\$490,437	\$505,536
<b>Net Position Available for Benefits</b>	\$4,475,063	\$5,344,603	\$5,962,455	\$6,315,483	\$7,039,852	\$8,773,709	\$8,116,159	\$10,297,393	\$12,341,197	\$14,219,490

<i>457(b) Retirement Plan</i>										
<b>Number of Participants</b>	99	94	92	89	89	90	85	86	86	89
<b>Total Annual Participant Deferrals</b>	\$268,443	\$274,821	\$298,622	\$307,587	\$347,995	\$357,191	\$372,226	\$397,115	\$427,164	\$446,108
<b>Average Deferral per Participant</b>	\$2,712	\$2,924	\$3,246	\$3,456	\$3,910	\$3,969	\$4,379	\$4,618	\$4,967	\$5,012
<b>Annual Covered Payroll</b>	\$5,043,751	\$5,332,904	\$5,476,300	\$5,650,036	\$5,763,152	\$5,910,213	\$5,890,541	\$6,189,870	\$6,102,384	\$6,283,420
<b>Deferrals Percentage of Compensation</b>	5.32%	5.15%	5.45%	5.44%	6.04%	6.04%	6.32%	6.42%	7.00%	7.10%
<b>Net Position Available for Benefits</b>	\$5,429,270	\$6,622,178	\$7,246,514	\$7,497,779	\$8,334,066	\$10,126,938	\$9,349,621	\$11,730,797	\$14,124,391	\$16,143,973





**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  
MICHAEL J. "MIKE" WAGUESPACK, CPA

June 23, 2022

Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of 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 (Corporation) Basic, Supplemental, and 457(b) Retirement Plans (the Plans) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Plans' basic financial statements, and have issued our report thereon dated June 23, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing 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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's 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 or significant deficiencies may exist that were not identified.

### **Report on 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 its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the financial statements. 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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this communication is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA  
Legislative Auditor

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