Fund Disclosure

Principal LifeTime Hybrid Collective Investment Funds
(A Collective Investment Trust Maintained by
Principal Global Investors Trust Company, an Oregon Banking Corporation)

Background

The Funds. Each Fund is a separate collective investment fund created under the Principal LifeTime Hybrid Collective Investment Funds (the “Collective Trust”) maintained by Principal Global Investors Trust Company, as trustee (“Trustee”), pursuant to a Plan and Declaration of Trust, first established as of March 1, 2008, as amended and supplemented. This summary includes key information about the Principal LifeTime Hybrid Collective Investment Funds (each a “Fund” or collectively, the “Funds”). This Fund description is merely a summary of, and should be read in conjunction with, the Declaration of Trust.

Status of the Funds under the Securities Law. Neither the Collective Trust nor any of the Funds will be registered as an investment company under the Investment Company Act of 1940 (the “1940 Act”). (Note: The collective investment trusts described in this Disclosure Document are separate, distinct and not in any way part of, the Principal Funds, Inc. Principal LifeTime Hybrid Funds, which are registered investment companies sponsored by one or more affiliates of the Trustee and Adviser.) The Collective Trust and the Funds intend to qualify for the exclusion from the definition of an “investment company” under the 1940 Act provided for by Section 3(c)(11) of the 1940 Act. The Section 3(c)(11) exclusion is available for collective investment funds maintained by a bank consisting solely of assets of certain employee benefit plans. Accordingly, Participating Trusts will not have the benefit of the protections afforded by the 1940 Act (which, among other things, requires investment companies to have governing boards of directors with a majority of disinterested directors and regulates the relationship between the adviser and the investment company).

The offering of units of the Funds (each, a “Unit”) has not been registered under the U.S. securities laws or the laws of any applicable jurisdiction. Therefore, Participating Trusts will not have the benefit of the protections afforded by the Securities and Exchange Commission (“SEC”) under the Securities Act of 1933 (the “1933 Act”) (which, among other things, requires specified disclosure in connection with the offering of securities). Neither the SEC nor any state securities commission has approved or disapproved of the Units or determined if this document is accurate or complete. Any representation to the contrary is a criminal offense.

Units of participation in the Funds are not deposits or obligations of, or guaranteed by or insured by, Principal Global Investors Trust Company or any affiliate, are not insured by the Federal Deposit Insurance Corporation or any other Federal or state government agency, and may lose value.

The Trustee. The Trustee of the Collective Trust and the Funds is an Oregon banking corporation with trust powers. The main business address of the Trustee is 1300 SW Fifth Avenue, Suite 3300, Portland, OR 97201. The Trustee is an indirect wholly owned subsidiary of Principal Financial Group, Inc. The Trustee, the Adviser and the Underlying Funds’ (as defined below) advisers are under common control. As of February 21, 2018, Trustee had approximately $49.7 billion in trust assets.

The Adviser. Under a Third Amended and Restated Investment Advisory Agreement effective as of January 2, 2018, as may be further amended, restated or otherwise modified from time to time, the Trustee has retained Principal Global Investors, LLC, a Delaware limited liability company (the “Adviser”), an affiliate of the Trustee, to serve as investment adviser with respect to the Funds, subject to the Trustee’s supervision and review. The Investment Advisory Agreement may be terminated by either party on giving 60 days’ written notice, without the payment of any penalty. The Adviser is an indirect wholly owned subsidiary of Principal Financial Group, Inc. and is under common control with the Trustee and the advisers to the Underlying Funds (as defined below). The Adviser also serves as an adviser to certain of the Underlying Funds. The Adviser’s investment capabilities encompass an extensive range of equity and fixed income investments as well as specialized overlay and advisory services.
**Investment Objective.**

**Principal LifeTime Hybrid 2015-2065 Collective Investment Trust**

The Funds seek a total return consisting of long-term growth of capital and current income consistent with the investment strategy of an investor who expects to retire in the year identified in each respective Fund’s name.

**Principal LifeTime Hybrid Income Collective Investment Trust**

The Fund seeks current income and, as a secondary objective, capital appreciation.

*Investing involves market risk, including the possible loss of principal, and there is no guarantee that the investment objectives will be achieved.*

**Principal Investment Strategies.**

Each of the LifeTime Hybrid 2015-2065 Collective Investment Trusts operates as a “target date fund” that invests according to an asset allocation strategy designed for investors having a retirement investment goal close to the year in the Fund’s name. In the case of Principal LifeTime Hybrid Income CIT, the assets are invested in underlying investment options which are also intended to provide income, growth, and inflation protection. The Trustee may invest the assets of each of the Funds among a range of diversified investment options, including but not limited to, mutual funds, collective investment trusts and pooled separate accounts (collectively referred to as the “Underlying Funds”). Its Underlying Funds consist of domestic and foreign equity funds, fixed-income funds, real asset funds, and other funds that aim to offer diversification beyond traditional equity and fixed-income securities. The asset class diversification of the Funds are designed to moderate overall price volatility. The Funds may add, remove, or substitute Underlying Funds at any time.

The Funds are managed with strategic or long-term asset class targets and target ranges. There is a rebalancing strategy that aligns with the target weights to identify asset classes that are either overweight or underweight. The Funds may shift asset class targets in response to normal evaluative processes, the shortening time horizon of the Fund or changes in market forces or Fund circumstances.

In selecting Underlying Funds and target weights, the Funds consider quantitative measures (e.g. past performance, expected levels of risk and returns, expense levels, diversification, and style consistency) and qualitative factors (e.g. organizational stability, investment experience, investment and risk management processes, and information, trading, and compliance systems). There are no minimum or maximum percentages of assets that the Funds must invest in a specific asset class or Underlying Fund.

The Underlying Funds invest in growth and value stocks of small, medium and large market capitalization companies, fixed-income securities, domestic and foreign securities, securities denominated in foreign currencies, investment companies (including index funds), securitized products, U.S. government and U.S. government-sponsored securities, and derivatives. A derivative is a financial arrangement, the value of which is derived from, or based on, a traditional security, assets, or market index. The Underlying Funds principally use futures, options, swaps (including, for example, credit default, interest rate, and currency swaps and forwards to gain exposure to a variety of securities or asset classes or attempt to reduce risk.

Each of the LifeTime Hybrid 2015-2065 Collective Investment Trusts’ asset allocation will become more conservative over time as investment goals near (for example, retirement, which is assumed to begin at age 65) and investors become more risk-averse. Approximately 15 years after its target year, the Fund’s Underlying Fund allocation is expected to match that of the Principal LifeTime Hybrid Income Collective Investment Trust. At that time, the Fund may be combined with the Principal LifeTime Hybrid Income Collective Investment Trust if the board of directors of the Trustee determines that the combination is in the best interests of the investors in such Fund. It is expected that when the target date in the Fund’s name is reached, the investors in such Fund will begin gradually withdrawing the account’s value.

There is no guarantee that any Fund will provide adequate income at or through retirement with respect to any participant or group of participants in a Participating Trust, including, without limitation, those who decide to select a Fund with a target date roughly corresponding with such participant’s or group of participants’ anticipated
retirement date. Retirement dates may change; therefore, anticipated retirement dates should not form the sole basis for an investment allocation decision.

The Offering – Eligible Trusts. Admission as a Participating Trust in the Fund is limited to trusts forming parts of employee benefit plans qualified under the provisions of Section 401(a), and exempt from taxation under the provisions of Section 501(a), of the Code, and certain governmental employee benefit plans described in Section 818(a)(6) of the Code that meet certain requirements described in the Declaration of Trust (“Eligible Trust(s)”), that enter into an appropriate Participation Agreement with the Trustee, and that are accepted for participation in the Fund by the Trustee in its sole discretion. The Trustee will not accept investments from individual retirement accounts or simplified employee pension plans. H.R. 10 and “Keogh” pension and profit sharing plans may or may not be Eligible Trusts, as determined in the sole discretion of the Trustee.

The Units are not registered with the SEC under the 1933 Act. In offering the Units, the Trust intends to rely upon the exemption from registration under the 1933 Act for interests in a collective investment fund maintained by a bank for certain employee benefit plans, in reliance on the representations and agreements of the Participating Trusts in the Participation Agreements.

Participating Trusts may redeem their Units but may not transfer them other than by redemption. There will be no public market for the Units.

Risks

The principal risks of investing in the Funds that are inherent in the fund of funds, in alphabetical order, are:

Asset Allocation Risk. A fund's selection and weighting of asset classes may cause it to underperform other funds with a similar investment objective.

Conflict of Interest Risk. PGI may serve in the same or similar capacity for the underlying investment options. Conflicts may arise as PGI seeks to fulfill its responsibilities to the Funds and the underlying investment options. Because PGI Trust Company, PGI, and their affiliated companies may earn different fees from the underlying investment options in which the Funds invest, there may be a conflict between the interests of the Funds and the economic interests of PGI Trust Company and its affiliates. Generally, ERISA requires that these conflicts be disclosed to and approved by the plan fiduciary who selects the Funds as investments for the plan.

Fund of Funds Risk. The Fund’s selection and weighting of asset classes and allocation of investments in Underlying Funds may cause it to underperform other funds with a similar investment objective. The Fund's performance and risks correspond directly to the performance and risks of the Underlying Funds in which it invests, proportionately in accordance with the weightings of such investments, and there is no assurance that the Underlying Funds will achieve their investment objectives. Management of the Fund entails potential conflicts of interest. The Funds invest in affiliated Underlying Funds, which are managed by the Adviser or its affiliates. The Underlying Funds benefit from investment by the Funds, and the relative benefits to each Underlying Fund may create an incentive to allocate more Fund assets to Underlying Funds that produce greater benefits for the Adviser or its affiliates.

Target Date Fund Risk. A target date fund should not be selected based solely on age or retirement date because there is no guarantee that this fund will provide adequate income at or through retirement.

The principal risks of investing in the Funds that are inherent in the Underlying Funds, in alphabetical order, are:

Counterparty Risk. Counterparty risk is the risk that the counterparty to a contract or other obligation will be unable or unwilling to honor its obligations.

Derivatives Risk. Derivatives may not move in the direction anticipated by the portfolio manager. Transactions in derivatives may increase volatility, cause the liquidation of portfolio positions when not advantageous to do so and result in disproportionate losses that may be substantially greater than a fund’s initial investment.

Credit Default Swaps. Credit default swaps involve special risks, in addition to those generally associated with swaps, because they are difficult to value, are highly susceptible to liquidity and credit risk, and generally pay a return to the party that has paid the premium only in the event of an actual default by
the issuer of the underlying obligation (as opposed to a credit downgrade or other indication of financial difficulty). The protection “buyer” in a credit default contract may be obligated to pay the protection “seller” an upfront payment or a periodic stream of payments over the term of the contract provided generally that no credit event on a reference obligation has occurred. If a credit event occurs, the seller generally must pay the buyer the “par value” (full notional value) of the swap in exchange for an equal face amount of deliverable obligations of the reference entity described in the swap, or the seller may be required to deliver the related net cash amount, if the swap is cash settled. The Fund may be either the buyer or seller in the transaction.

**Forward Contracts, Futures and Swaps.** Forward contracts, futures, and swaps involve specific risks, including: the imperfect correlation between the change in market value of the instruments held by the fund and the price of the forward contract, future or swap; possible lack of a liquid secondary market for a forward contract, future or swap and the resulting inability to close a forward contract, future or swap when desired; counterparty risk; and if the fund has insufficient cash, it may have to sell securities from its portfolio to meet daily variation margin requirements.

**Options.** Options involve specific risks, including: imperfect correlation between the change in market value of the instrument held by the fund and the price of the options, counterparty risk, difference in trading hours for the options markets and the markets for the underlying securities (rate movements can take place in the underlying markets that cannot be reflected in the options markets), and an insufficient liquid secondary market for particular options.

**Emerging Markets Risk.** Investments in emerging market countries may have more risk than those in developed market countries because the emerging markets are less developed and more illiquid. Emerging market countries can also be subject to increased social, economic, regulatory, and political uncertainties and can be extremely volatile.

**Equity Securities Risk.** The value of equity securities could decline if the issuer's financial condition declines or in response to overall market and economic conditions. The Fund’s principal market segment(s), such as large cap, mid cap or small cap stocks, or growth or value stocks, may underperform other market segments or the equity markets as a whole.

**Growth Stock Risk.** If growth companies do not increase their earnings at a rate expected by investors, the market price of the stock may decline significantly, even if earnings show an absolute increase. Growth company stocks also typically lack the dividend yield that can lessen price declines in market downturns.

**Small and Medium Market Capitalization Companies.** Investments in smaller companies and mid-size companies may involve greater risk and price volatility than investment in larger, more mature companies.

**Value Stock Risk.** Value stocks may continue to be undervalued by the market for extended periods, including the entire period during which the stock is held by a fund, or the events that the portfolio manager believed would cause the stock price to increase may not occur as anticipated or at all. Moreover, a stock judged to be undervalued actually may be appropriately priced at a low level.

**Fixed-Income Securities Risk.** Fixed-income securities are subject to interest rate risk and credit quality risk. The market value of fixed-income securities generally declines when interest rates rise, and an issuer of fixed-income securities could default on its payment obligations.

**Foreign Currency Risk.** Risks of investing in securities denominated in, or that trade in, foreign (non-U.S.) currencies include changes in foreign exchange rates and foreign exchange restrictions.

**Foreign Securities Risk.** The risks of foreign securities include loss of value as a result of: political or economic instability; nationalization, expropriation or confiscatory taxation; settlement delays; and limited government regulation (including less stringent reporting, accounting, and disclosure standards than are required of U.S. companies).

**Index Fund Risk.** An index fund has operating and other expenses while an index does not. As a result, over time, index funds tend to underperform the index. The correlation between fund performance and index performance
Principal Global Investors Trust Company

may also be affected by changes in securities markets, changes in the composition of the index and the timing of purchases and sales of fund shares.

**Portfolio Duration Risk.** Portfolio duration is a measure of the expected life of a fixed-income security and its sensitivity to changes in interest rates. The longer a fund's average portfolio duration, the more sensitive the fund will be to changes in interest rates.

**Real Estate Securities Risk.** Investing in real estate securities, subjects the Fund to the risks associated with the real estate market (which are similar to the risks associated with direct ownership in real estate), including declines in real estate values, loss due to casualty or condemnation, property taxes, interest, rate changes, increased expenses, cash flow of underlying real estate assets, regulatory changes (including zoning, land use and rents) and environmental problems, as well as to the risks related to the management skill and creditworthiness of the issuer.

**Redemption Risk.** A fund that serves as an Underlying Fund for a fund of funds is subject to certain risks. When a fund of funds reallocates or rebalances its investments, an Underlying Fund may experience relatively large redemptions or investments. These transactions may cause the Underlying Fund to sell portfolio securities to meet such redemptions, or to invest cash from such investments, at times it would not otherwise do so, and may as a result increase transaction costs, result in changes to expense ratios and increased expenses, and adversely affect underlying fund performance.

**Securitized Products Risk.** Investments in securities products are subject to risks similar to traditional fixed income securities, such as credit, interest rate, liquidity, prepayment, extension, and default risk, as well as additional risks associated with the nature of the assets and the servicing of those assets. Unscheduled prepayments on securitized products may have to be reinvested at lower rates. A reduction in prepayments may increase the effective maturities of these securities, exposing them to the risk of decline in market value over time (extension risk).

**U.S. Government Securities Risk.** Yields available from U.S. government securities are generally lower than yields from many other fixed-income securities.

**U.S. Government-Sponsored Securities Risk.** Securities issued by U.S. government-sponsored or -chartered enterprises such as the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, and the Federal Home Loan Banks are not issued or guaranteed by the U.S. Treasury.

**Fund Operations**

**Account Opening.** An Eligible Trust may invest in the Fund by:

- executing a Participation Agreement with the Trustee to establish an Account with the Collective Trust; and
- transferring to that Account via specified methods an initial investment designating how the Eligible Trust wishes to allocate such amount among the Funds.

The Trustee has the right, in its sole discretion, to reject any otherwise Eligible Trust.

**Additions and Withdrawals.** Additions to a Fund are deposited as of a Valuation Date. The addition will be completed within a reasonable time, generally within three (3) business days, but may in certain situations take up to 30 days after the applicable Valuation Date. Additions to and withdrawals from the Funds may be made, at the Trustee’s discretion, either in cash or in assets at the current value of such assets. Trustee may from time to time in its sole discretion specify minimum and/or maximum amounts for permitted additions.

Withdrawals from a Fund (in whole or in part) generally are made as of a Valuation Date. The withdrawal will be completed within a reasonable time, generally within three (3) business days, but may in certain situations take up to 30 days after the applicable Valuation Date.

Participating Trusts are permitted to make additions to and withdrawals from a Fund if the Trustee approves a request for or a notice of intention of taking that action on or before the relevant Valuation Date. No such request or notice may be cancelled or countermanded after the Valuation Date. A request for addition or withdrawal received in good order by the Trustee on or before 4:00 p.m. (Eastern) (the “Transaction Cutoff Time”) on a
Valuation Date is effective on that Valuation Date. Any such request received by the Trustee after the Transaction Cutoff Time is effective on the next following Valuation Date.

Expenses incurred or estimated expenses expected to be incurred in connection with additions or withdrawals to be paid in cash (including, without limitation, brokerage fees, stamp taxes, and settlement, duty, stock listing, and related expenses determined by the Trustee to be allocable to such additions or withdrawals) may be charged to a Participating Trust making an addition or withdrawal, including under circumstances where the addition or withdrawal represents a significant portion (as determined by the Trustee under uniform procedures established and consistently applied) of the Fund's net asset value on the date of the addition or withdrawal. In addition, if a withdrawal is made in kind, the Participating Trust will reimburse the costs of transferring the property, as determined by the Trustee.

**Business Day.** Each day the Trustee is open for business shall constitute a “Business Day.”

**Cash Management.** The Funds intend to be fully-invested, therefore, cash normally will be held for liquidity and transactional purposes only. Under normal conditions, cash will be automatically allocated on a daily basis to the Underlying Funds. Each Underlying Fund, in turn, has its own cash management process. The Trustee expects to satisfy Fund redemption requests through liquidation of units of the Underlying Funds.

**Commodity Pool Operator Disclosure.** The Fund is operated by Principal Global Investors Trust Company, which has claimed an exclusion from the definition of the term “commodity pool operator” under the Commodity Exchange Act (the Act) and, therefore, is not subject to registration or regulation as a pool operator under the Act.

**Controlling Documents.** Participation in the Funds is subject to the terms of the Declaration of Trust, including a Supplemental Declaration for each of the Funds amended as of January 2, 2018, and as may be further amended, restated or modified from time to time, and to the execution of an adoption, participation, or similar agreement by the eligible employee benefit plan and the Trustee (collectively, the “Controlling Documents”). In the event of any inconsistency between this Disclosure Document and the terms of the Controlling Documents, the terms of the Controlling Documents shall govern.

Eligible Investors interested in participating in the Collective Trust should first carefully review the Controlling Documents and consult with their legal adviser.

The Collective Trust will afford prospective Participating Trusts the opportunity, at any reasonable time prior to participating, to ask questions of, and receive answers from, the Trustee concerning the terms and conditions of participation in the Funds and to obtain any additional information reasonably available to the Trustee as necessary to verify the accuracy of any representations or information set forth in this Disclosure Document.

**Custodian.** State Street Bank and Trust Company.

**Fiscal Year.** Each Fund's fiscal year is the 12-month period beginning each March 1.

**Fund Level Expenses.** Under the terms of the Declaration of Trust, the Trustee may charge to the Collective Trust a fee for the management or administration of the Funds. The Trustee may reimburse itself out of the Funds for its reasonable direct costs and expenses incurred by it in the administration and management of the Funds, including without limitation: legal fees and expenses; the reasonable fees of independent public accountants and such counsel, accountants, custodians, sub-custodians, depositaries, brokers, appraisers, pricing services, third party recordkeepers, and other agents as may be employed by the Trustee from time to time. In addition, the Trustee shall be entitled to be reimbursed out of the Funds for any and all taxes or assessments paid by it with respect to the Funds or any asset or the income thereof, pursuant to any statute or regulation requiring such payment.

**Fund Units.** The Trustee will divide each Fund into Units of participation for purposes of recording the beneficial interests of the Participating Trusts therein. Each Unit shall represent a proportionate, undivided interest in the property of the particular Fund. The Trustee at its discretion may direct that any Fund shall provide for one or more classes of Units whose rights and obligations, including the obligation to pay management or other fees with respect to such Fund, may differ.

**Market Timing/Frequent Trading.** Excessive trading may interfere with a Fund's ability to implement long-term
investment strategies, increase a Fund's portfolio turnover ratio, increase a Fund's portfolio transaction expenses, and decrease investment performance for a Fund's long-term investors.

The Collective Trust and the Funds do not knowingly permit market timing or frequent trading. If such activity is brought to the attention of the Collective Trust, Participating Trusts will be required to agree to cooperate in taking reasonable steps to curtail such action.

**No Solicitation.** This Disclosure Document is prepared solely for sponsors of employee benefit plans and trusts that are eligible to participate in the Funds. It is not an offer to sell or a solicitation of an offer to buy Units of the Funds described herein in any jurisdiction to any person to whom it is unlawful to make such an offer of sale.

**Performance.** Performance information for the Funds is available on the Performance, Rates & Values page at [www.principal.com](http://www.principal.com) or through another site in accordance with written notification provided to the Authorizing Fiduciary. Multiple share classes are available with varying fees.

**Reports.** At least quarterly, an unaudited report of the performance of the Fund will be provided on the Performance, Rates & Values page at [www.principal.com](http://www.principal.com) or through another site in accordance with written notification provided to the Authorizing Fiduciary. Each plan will also receive annual tax information and audited financial statements. The Trustee will file annual reports of the Fund (Form 5500) with the Department of Labor and will take commercially reasonable steps to assist plans with their participant disclosure obligations.

**Service Fee.** If the Participation Agreement so provides, the Trustee may also pay third party service provider fees on behalf of the Participating Trust, on the terms and conditions set out in the Participation Agreement and in accordance with such other agreements or arrangements, if any, as the Trustee and Participating Trust may agree.

**Tax Matters.** Each Fund is intended to qualify as a “group trust” under U.S. Internal Revenue Service Revenue Ruling 81-100, as amended, and thereby be exempt from taxation under Section 501(a) of the Code.

A tax-exempt organization is subject to tax on any “unrelated business taxable income” realized by it, consisting generally of income derived from a trade or business which is regularly carried on by the organization and which is unrelated to its exempt purpose. Unrelated business taxable income does not in general include investment income, such as interest, or gains from the sale or other disposition of securities or other property, unless the underlying investment is debt-financed. Since the Funds do not intend to employ leverage to purchase portfolio assets, the income a Fund realizes on its investments should not be subject to the unrelated business income tax. If, nevertheless, a Fund were to realize unrelated business taxable income, it would be responsible for the filing of a tax return with respect to such income, and for the payment of the associated federal income tax. Any tax so paid would be considered an expense of that Fund. The Participating Trusts would not have any responsibility for filing such a return or paying such tax in respect of such unrelated business taxable income.

Employee benefit plans eligible to participate in the Funds are urged to consult their own tax advisers regarding the tax consequences of an investment in the Funds, with specific reference to their own situations.

**Trustee/Adviser Fee.** Each Participating Trust will be subject to a Trustee fee charged at a rate agreed between the Trustee and the Participating Trust. Trustee compensation is accrued daily and paid monthly. In order to avoid fee stacking, (i) to the extent that any Fund assets are invested in Underlying Trusts maintained by the Trustee or Underlying Separate Accounts of Principal Life, no additional compensation will be paid to Trustee or its affiliates with respect to interests in those Underlying Trusts or Underlying Separate Accounts held by a Fund and (ii) to the extent that any Fund assets are invested in Underlying Mutual Funds a credit will be subtracted from the Trustee fee otherwise payable by a Participating Trust that is equal to the Participating Trust’s pro rata share of the operating expenses of the Underlying Mutual Funds (including, but not limited to, the investment management fee, investment advisory fee or any similar fee paid by the Underlying Mutual Fund to any affiliates of the Trustee and Adviser).

**Valuation.** The Unit value of each Fund (“Official Unit Price”) is determined as of each Valuation Date (which is each day the Trustee is open for business). The Trustee computes each Fund's Official Unit Price by determining the current or fair value of the assets of that Fund, by deducting all expenses and liabilities of the Fund due or accrued as of the Valuation Date, and by dividing the result by the number of Units outstanding on the Valuation Date. Trustee fees are not included as “expenses and liabilities of a Fund.” (See Fund Units, Trustee Fee and Service Fee above.)
The allocation of the Funds’ assets in Underlying Funds as of February 28, 2018 is shown in the table below.

<table>
<thead>
<tr>
<th>Underlying Funds</th>
<th>Principal LifeTime Hybrid Income CIT</th>
<th>Principal LifeTime Hybrid 2010 CIT</th>
<th>Principal LifeTime Hybrid 2015 CIT</th>
<th>Principal LifeTime Hybrid 2020 CIT</th>
<th>Principal LifeTime Hybrid 2025 CIT</th>
<th>Principal LifeTime Hybrid 2030 CIT</th>
<th>Principal LifeTime Hybrid 2035 CIT</th>
<th>Principal LifeTime Hybrid 2040 CIT</th>
<th>Principal LifeTime Hybrid 2045 CIT</th>
<th>Principal LifeTime Hybrid 2050 CIT</th>
<th>Principal LifeTime Hybrid 2055 CIT</th>
<th>Principal LifeTime Hybrid 2060 CIT</th>
<th>Principal LifeTime Hybrid 2065 CIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P 500 Sep. Acct.</td>
<td>11%</td>
<td>17%</td>
<td>21%</td>
<td>26%</td>
<td>30%</td>
<td>33%</td>
<td>36%</td>
<td>39%</td>
<td>43%</td>
<td>43%</td>
<td>43%</td>
<td>43%</td>
<td>44%</td>
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<tr>
<td>S&amp;P 400 Sep. Acct.</td>
<td>3%</td>
<td>4%</td>
<td>6%</td>
<td>7%</td>
<td>8%</td>
<td>9%</td>
<td>10%</td>
<td>10%</td>
<td>11%</td>
<td>11%</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
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<tr>
<td>S&amp;P 600 Sep. Acct.</td>
<td>1%</td>
<td>2%</td>
<td>2%</td>
<td>3%</td>
<td>3%</td>
<td>4%</td>
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<td>4%</td>
<td>4%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
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<tr>
<td>Diversified International Fund</td>
<td>7%</td>
<td>11%</td>
<td>13%</td>
<td>17%</td>
<td>19%</td>
<td>21%</td>
<td>21%</td>
<td>23%</td>
<td>24%</td>
<td>25%</td>
<td>25%</td>
<td>26%</td>
<td>25%</td>
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<tr>
<td>Intl. SmallCap Sep. Acct.</td>
<td>1%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>3%</td>
<td>3%</td>
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<td>Intl. Emerging Markets Fund</td>
<td>——</td>
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<td>——</td>
<td>1%</td>
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<td>Origin Emerging Markets Fund</td>
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<td>1%</td>
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<tr>
<td>Inflation Protection Fund</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
<td>2%</td>
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<tr>
<td>Bond Market Index Sep. Acct.</td>
<td>39%</td>
<td>32%</td>
<td>30%</td>
<td>27%</td>
<td>24%</td>
<td>21%</td>
<td>18%</td>
<td>13%</td>
<td>10%</td>
<td>7%</td>
<td>5%</td>
<td>4.05%</td>
<td>5%</td>
</tr>
<tr>
<td>Diversified Real Asset CIT</td>
<td>3%</td>
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<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
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<td>Global Real Estate Securities Fund</td>
<td>——</td>
<td>——</td>
<td>——</td>
<td>——</td>
<td>——</td>
<td>——</td>
<td>——</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>High Yield I Fund</td>
<td>——</td>
<td>——</td>
<td>——</td>
<td>——</td>
<td>——</td>
<td>——</td>
<td>——</td>
<td>4%</td>
<td>3%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Global Diversified Income Fund</td>
<td>10%</td>
<td>9%</td>
<td>8%</td>
<td>7%</td>
<td>6%</td>
<td>4%</td>
<td>——</td>
<td>——</td>
<td>——</td>
<td>——</td>
<td>——</td>
<td>——</td>
<td>——</td>
</tr>
<tr>
<td>Short-Term Income Fund</td>
<td>21%</td>
<td>16%</td>
<td>11%</td>
<td>6%</td>
<td>2%</td>
<td>0%</td>
<td>——</td>
<td>——</td>
<td>——</td>
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<td>——</td>
</tr>
</tbody>
</table>
ERISA Fee Statement Disclosure

Principal LifeTime Hybrid Collective Investment Funds

(A Collective Investment Trust Maintained by
Principal Global Investors Trust Company, an Oregon Banking Corporation)

Department of Labor (“DOL”) regulations under ERISA section 408(b)(2) requires Covered Service Providers (“CSP”) to provide information to Covered Plans regarding the services they provide and the compensation associated with such services. DOL regulations under ERISA Section 404(a)(5) require plan sponsors provide additional information to plan participants regarding available investment options. This notice is designed to provide applicable CSP disclosures to the plan fiduciaries (as required under 408(b)(2)) and to assist plans in obtaining information they may need with respect to their participant level disclosures (as required under 404(a)(5)). Unless otherwise noted the information provided is as of February 28, 2018. Capitalized terms not defined herein have the meaning given to them in the governing documents of the Principal LifeTime Hybrid Collective Investment Trust Funds (each a “Fund”, collectively, the “Funds”).

Covered Service Provider

Principal Global Investors Trust Company (“Trustee”) is a CSP and serves as an ERISA fiduciary with respect to plan assets invested in the Fund. It provides services to the Fund directly or through subcontractors that it has retained and oversees. Services include, but are not limited to: trustee functions, investment management services and fund administration services including portfolio accounting, performance monitoring and transfer agency functions. The Funds’ Declaration of Trust and Participation Agreement provide a more comprehensive account of services provided by Trustee.

Fee and Investment Option Information

The following describes fee and investment information related to the Principal LifeTime Hybrid Collective Investment Funds. Information is provided for all current share classes; please refer to your Participation Agreement for the share class applicable to your plan.

<table>
<thead>
<tr>
<th>Share Class</th>
<th>Fund Name</th>
<th>Operating Expenses</th>
<th>Service Fee</th>
<th>Total Investment Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Z</td>
<td>Principal LifeTime Hybrid CIT (all vintages: Income through 2065)</td>
<td>0.30%</td>
<td>0.0%</td>
<td>0.30%</td>
</tr>
<tr>
<td>Z5</td>
<td>Principal LifeTime Hybrid CIT (all vintages: Income through 2065)</td>
<td>0.30%</td>
<td>0.05%</td>
<td>0.35%</td>
</tr>
<tr>
<td>Z10</td>
<td>Principal LifeTime Hybrid CIT (all vintages: Income through 2065)</td>
<td>0.30%</td>
<td>0.10%</td>
<td>0.40%</td>
</tr>
<tr>
<td>Z15</td>
<td>Principal LifeTime Hybrid CIT (all vintages: Income through 2065)</td>
<td>0.30%</td>
<td>0.15%</td>
<td>0.45%</td>
</tr>
<tr>
<td>Z20</td>
<td>Principal LifeTime Hybrid CIT (all vintages: Income through 2065)</td>
<td>0.30%</td>
<td>0.20%</td>
<td>0.50%</td>
</tr>
<tr>
<td>Z25</td>
<td>Principal LifeTime Hybrid CIT (all vintages: Income through 2065)</td>
<td>0.30%</td>
<td>0.25%</td>
<td>0.55%</td>
</tr>
<tr>
<td>Z30</td>
<td>Principal LifeTime Hybrid CIT (all vintages: Income through 2065)</td>
<td>0.30%</td>
<td>0.30%</td>
<td>0.60%</td>
</tr>
<tr>
<td>Q</td>
<td>Principal LifeTime Hybrid CIT (all vintages: Income through 2065)</td>
<td>0.26%</td>
<td>0.00%</td>
<td>0.26%</td>
</tr>
<tr>
<td>R6</td>
<td>Principal LifeTime Hybrid CIT (all vintages: Income through 2065)</td>
<td>0.30%</td>
<td>0.45%</td>
<td>0.75%</td>
</tr>
<tr>
<td>R5</td>
<td>Principal LifeTime Hybrid CIT (all vintages: Income through 2065)</td>
<td>0.30%</td>
<td>0.55%</td>
<td>0.85%</td>
</tr>
</tbody>
</table>
Operating Expenses

Operating Expenses are those charges that the Trustee determines, in its sole discretion, must be paid in order to operate a Fund or obtain investments for a Fund. This includes direct costs and expenses incurred in the operation, administration and management of the Funds including legal fees, fees of an independent public accountant, accountants, custodians, sub-custodians, depositaries, brokers, appraisers, pricing services, third party recordkeepers and other agents as may be employed by the Trustee from time to time. The Trustee or PGI will reimburse the Funds for any operating expenses in excess of the expense disclosed in this column.

Operating Expenses also include the Trustee/Adviser fee. The Trustee/Adviser Fee includes a non-advisory trustee fee of 0.04% paid to the Trustee of the Funds; the remaining Trustee/Adviser Fee is paid to PGI as compensation for the investment advisory services PGI provides to the Funds.

The Funds may invest assets in other CITs for which the Trustee serves as trustee (“Underlying Trusts”) and PGI, or another affiliate of the Trustee may provide investment advisory services to the Underlying Trusts. In addition, the Funds may invest in mutual funds managed by PGI and sponsored by Principal Life Insurance Company (“Principal Life”), also an affiliate of the Trustee (“Principal Funds”), and insurance company separate accounts maintained by Principal Life (“Principal Separate Accounts”). The Funds may indirectly bear expenses associated with these underlying investment options. The Trustee or Principal Global Investors, LLC (“PGI”) will reimburse the Funds for any underlying fund expenses in excess of the expense disclosed in this column. In order to avoid fee stacking, for underlying investment options managed by PGI or an affiliate, either (i) no additional compensation will be paid to the Trustee, PGI, or their affiliates from such assets, or (ii) a credit will be subtracted from the Trustee/Adviser Fee paid by each Participating Trust equal to the Participating Trust’s pro rata share of the investment management fee, investment advisory fee, or any similar fee paid by the underlying investment option to any affiliates of PGI Trust Company and PGI.

PGI, with respect to Principal Funds, Principal Life, with respect to Principal Separate Accounts, and the Trustee with respect to Underlying Trusts, pay a portion of their fees to a sub-advisor, which may be an affiliate of the Trustee.

Please see the Principal Funds, Inc. prospectuses for information relating to Principal Funds.

Please refer to the Principal LifeTime Hybrid Collective Investment Funds Disclosure Document and the fact sheets for each Fund that were provided with the Participation Agreement for information about underlying investment options in which the Funds invest.

Service Fee

The Funds may be made available to plans through certain Financial Intermediaries who help you understand, evaluate, and provide services to your plan. The general term Financial Intermediaries includes broker / dealers, third party administrators, recordkeepers, trust companies and other financial service providers. Financial Intermediaries are paid a Service Fee as compensation for the services they provide. Service Fees associated with the Funds are paid only as directed by your responsible Plan fiduciary in the Participation Agreement for the Funds, pursuant to arrangements between your Plan and the Financial Intermediary.

If the plan fiduciary has selected a share class that charges a Service Fee, the column above titled “Service Fee” includes the amount that the Trustee pays to the Service Provider specified in the Participation Agreement, as directed by the Participating Trust in the Participation Agreement. All Service Fee amounts are expressed as annualized rates in basis points. The Service Fee will be calculated and paid either monthly or quarterly, as specified
in the Operating Agreement between the Service Provider and the Trustee, on the Weighted Average Daily Balance. Weighted Average Daily Balance means the amounts under your Plan in its relevant Funds Share Class at the end of each calendar month/quarter factoring in when each amount was received during the month/quarter.

**Total Investment Expense**

Total Investment Expense is the gross total investment expense less any fee waivers, reimbursements, caps, or reduction of expenses for the investment option, as well as any operating expenses. These are the expenses, as a percentage of net assets, actually borne by the investment option. The Trustee does not receive any additional compensation that is charged directly against the Funds' assets (e.g. sales loads, sales charges, exchange fees or purchase fees) that have not been reflected in the Total Investment Expense.

**Compensation Paid Among Related Parties Including Affiliates and Subcontractors**

Certain affiliates of the Trustee may compensate Principal Funds Distributor, an affiliate of the Trustee, for services provided in connection with the distribution of the Funds. Such compensation is paid from the revenue of such affiliate and is not an additional expense of the Funds. Such compensation does not constitute compensation for investment advisory services. Principal Funds Distributor will pay a portion of its compensation to its registered representatives. Unless specifically noted otherwise, such registered representatives are employees of affiliates of the Trustee.

**Indirect Compensation**

Indirect Compensation is defined as compensation received from any source other than the covered plan, the plan sponsor, the Trustee as a CSP, or an affiliate of the Trustee. The Trustee does not receive any material indirect compensation including non-monetary compensation with respect to the services it provides on behalf of the Fund.

**Compensation for Termination**

The Trustee does not assess additional fees associated with a Participating Trust’s decision to terminate its Participation Agreement and liquidate its Fund Units.

**Objectives, Principal Strategies, Risk & Performance**

Please review the Fund's Supplemental Declaration of Trust and Disclosure Document to obtain information regarding the Funds’ objectives, strategies, and risks. Performance information is provided via the Fund's client reporting materials.