



TOWN OF MIDDLEBURY

Retirement Plan Committee

Meeting Minutes

Thursday, October 10, 2019 – 1:00 PM

Town Hall Conference Room

1212 Whittemore Rd., Middlebury, CT 06762

Present:

Edward Asselin, Chairman
JoAnn Cappelletti
William J. Stowell

Also Present:

Brigitte M. Bessette – Recording Clerk
James B. Dorney, CRPS - UBS
Marc A. Ciociola, CRPS – UBS
Michael S. Burke, CEBS, AIF – Principal Financial Group
Connie Brunswick, Finance Assistant

Call to Order

The meeting was called to order at 1: 00 P.M. by Mr. Asselin with the Pledge of Allegiance.

Approval of September 19, 2019 Meeting Minutes

Mrs. Cappelletti MOTIONED to approve the Minutes of the September 19, 2019 Meeting, SECONDED by Mr. Stowell, unanimous approval.

Correspondence – Mr. Asselin received correspondence regarding an Annual Report which was due September 1, 2019. Mrs. Brunswick will look into this matter.

Chairman Comments – Mr. Asselin welcomed all present.

Public Comments – None

Old Business – None

New Business – UBS Presentation

Mr. Ciociola began with a brief overview of the Broadridge Matrix Quarterly Report (for period ending June 30, 2019) along with the “Flash Report” through August 31, 2019) see attached. As is customary in reviewing these reports the investments, overall allocations, fluctuations and levels of aggressiveness / conservatism are reviewed. In October of 2018 there was roughly \$17,560,000. By year end (after a particularly bad quarter) it was \$15,739,000. The plan has regained in the first several quarters of the year to approximately the same level in October of 2019 minus any distributions. The value of the plan is where it was.

As discussed a few months ago, Mr. Ciociola noted every 5 to 7 years is a good time to “benchmark” the town’s current retirement plan. Part of this process it to evaluation this plan against similarly sized pension plan. This periodic benchmarking remains one of this Board’s most important fiduciary responsibilities. Even if no action is taken based on information presented and the current plan remains, this benchmarking is documented. Mr. Dorney stressed “this is for the benefit for the retired employees and it is our responsibility to do the right thing by them.”

Mr. Ciociola and Mr. Dorney contacted many different carriers, researched fee schedules, reviewed appropriate size platforms, ran numerous reports and collected the appropriate data. The main four “pillars” they researched were:

1. Transparency - are the fees and process of the plan easily understood and assessable?
2. Service – what kind of service are you getting?
3. Reporting – what is the reporting like?
4. Fees – what are the costs associated with this plan versus other providers?

Based on their research Principal Financial Group in their professional opinion was the best choice. Mr. Ciociola then introduced Michael S. Burke, CEBS, AIF of Principal Financial Group. Mr. Burke disbursed to those present a Defined Benefit Proposal for the Town of Middlebury (see attached). Three pieces of information includes an overview and background history of Principal Financial Group, Costs and a Sample Investment Menu. Principal dates back to the 1800’s, has been servicing organizations and their employees for a wide variety of employee benefits (retirement plans) since the 1940’s and is currently a Fortune 500 Company with thousands of employees located worldwide. Principal is the largest provider of pension plans in the United States.

One of several advantages Principal provides in contrast to Broadridge Matrix is an open architecture investment platform. This allows the advisors (Mr. Ciociola and Mr. Dorney of UBS) far more flexibility to select and best choose among a variety of different investment solutions appropriate for the Town of Middlebury’s plan (more than 4,000 different mutual funds, separate accounts, collective trust funds etc).

Another key difference would be from the operational side and or service enhancements. Principal would take over the trust and custody responsibilities (town would retain its current actuary), obtain all necessary relevant data from Matrix (bank accounts, routing numbers etc) and Principal would make direct payments to retirees. Principal has a Participant Call Center where Retirees may make direct contact to make any changes (banking, address change etc). This will (if the town chooses) bypass having to go through Mrs. Brunswick first. As noted in the handout the proposal for the Town of Middlebury is based upon the characteristics of the pension plan (total assets, annual deposit, active participants, retired lives etc).

Readers note - the Active Participants depicts the #1 which is just a filler. There is no difference in charges regardless of that number.

The \$30,500 annual fee includes Trust and/or Custody Services, Investment Related Services and Retiree Services. The % listed is the total cost of \$30,500 divided by the current assets. This is how the % is calculated. The Town would not be charged both. This is showing how it is calculated both ways. This is a very clear and transparent respect to costs and services provided. Mr. Burke again further discussed the added or enhanced services offered such as direct payments to the retirees, custody, holding of assets, participant call center, recording keeping, reporting etc.

Mr. Ciociola noted the proposed cost presented by Principal is approximately 40% less than what the town is currently paying (approximately \$50,000 in annual savings).

In response to Mr. Stowell, Mr. Burke confirmed the \$30,500 is a fixed amount. He further explained that if for example the plan doubled to approximately \$35,000,000 of assets, the percentage would be about .09%. The amount that is fixed is the dollar amount.

Mr. Ciociola added a request must be made to Matrix for a similar “fee for services and annual plan” report. When received both he and Mr. Dorney as advisors find it difficult to read and understand. When a plan has growth such as this, it is necessary to reprice periodically. Matrix had this opportunity two years ago while restructuring but did not pass along any savings to the town. During the benchmark process the fee savings was a pleasant surprise.

Mr. Burke continued by explaining Principal’s operational control practices. There are annual audits performed by an outside accounting firm. There are monthly checks within their system to ensure Principal is processing and making payments correctly, accurately and in a timely manner to pensioners. Measures are taken to ensure town advisors are receiving the necessary reports and data for better informed recommendations for this board. Principal also provides a service warranty whereby if there is an error made by Principal, it will hold the town harmless. Lastly, from a servicing prospective, Middlebury will be assigned a local relationship manager (Katrina Arthur) based in Connecticut. This manager or liaison will work with Middlebury on an ongoing basis and be available to this board and to both Mr. Ciociola and Mr. Dorney for attending meetings if desired.

Mrs. Brunswick initiated a discussion regarding the current responsibilities and procedures she follows with Broadridge Matrix for new pensioners and questioned what Principal’s procedures would be. She also discussed what she currently does to make changes (address, bank account, deceased). With Principal, new pensioners will be processed similarly but once the data is collected by Principal, any future changes are made from the pensioner directly to Principal rather than through Mrs. Brunswick. Principal will also provide reports to notify Mrs. Brunswick

(Middlebury) of any and all changes made. The procedure for healthcare cost share deductions and garnishments for certain pensioners was also discussed. Mr. Burke confirmed Principal has many clients subject to similar provisions and assumes operationally this would function the same way.

Mr. Dorney noted the reporting at Broadridge Matrix is adequate but “pokey”. For example the latest flash report they provided for this meeting is as of June 30, 2019. Today is October 10, 2019. Mr. Burke confirmed quarterly reports provided will be more current and up to date.

In response to Mr. Asselin, Mr. Burke explained the reason for such a significant costs savings is that Principal is the largest provider of defined benefit plans in the US which is an advantage from a pricing perspective. Comparisons to payroll providers and high turnover rates within Broadridge Matrix were discussed. Principal’s turnover rate is between 5 to 10 years as opposed to payroll companies which is closer to 1 year.

Mr. Ciociola gave an overall review of their benchmark findings. He and Mr. Dorney have no other vested interest but to make the current plan better. He further expressed the importance of their benchmark findings. To recommend a change of platform is an important decision not to be made lightly. They have found in Principal Financial Group something better, cheaper and something that would essentially protect this board’s fiduciary liability.

Mr. Asselin questioned if there were any Broadridge Matrix exit fees. This was not clear. Mr. Ciociola will inquire. Mr. Stowell noted this information is necessary for the town budgeting process.

Discussion then focused in detail on the transition process, data collection, procedure, timeline and notification to pensioners should this board decided to change platform to Principal. Mrs. Brunswick stressed the importance of a seamless transition for pensioners without any payment delays. In response to Mr. Stowell, Mr. Dorney noted that the current funds with Matrix are pooled funds. Under the current contract no changes in the handling of the plan should take place during the transition period. Also, the \$30,500 fee is guaranteed for three years, unless a major business change occurs (such as Middlebury terminates the plan). This fee also is not a promotional fee.

Discussion took place regarding who now is authorized as signatory of the plan. This will be determined. Although the consensus was in favor of switching to Principal, this board will carefully review the proposal submitted before making a final decision. A special meeting will be called when necessary.

Mr. Asselin thanked the gentlemen for their time and professionalism.

Adjournment

Mrs. Cappelletti MOTIONED to adjourn the meeting at 2:23 P.M., SECONDED by Mr. Stowell, unanimous approval.

These minutes are submitted subject to approval.

Respectfully submitted,

Brigitte M. Bessette
Recording Clerk

Attachments

Cc: Retirement Plan Committee Members
Connie Brunswick – Finance Assistant
Town Clerk / Web Master



Broadridge

Matrix
FINANCIAL SOLUTIONS

TOWN OF MIDDLEBURY RET. PLAN

Fiscal Year End: 12/31

FOR THE PERIOD ENDING: JUNE 30, 2019

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PERFORMANCE - REPORT PERIOD: 3/1/08 TO 6/30/19

TOWN OF MIDDLEBURY RET. PLAN

	4/1/19 MARKET VALUE	ENDING MARKET VALUE	PORTFOLIO ALLOCATION	LAST 3 MONTHS		FISCAL YTD		REPORT PERIOD ¹	
				GAIN/ LOSS	TOTAL RETURN	GAIN/ LOSS	TOTAL RETURN	GAIN/ LOSS	TOTAL RETURN
Cash	-85,379	-85,379	-0.5%	0	0.0%	0	0.0%	936	0.2%
Cash	-85,379	-85,379	-0.5%	0	0.0%	0	0.0%	936	0.2%
Money Mkts & Equivalents	83,366	83,738	0.5%	476	0.6%	959	1.2%	3,456	0.5%
Cash & Money Market	83,366	83,738	0.5%	476	0.6%	959	1.2%	3,456	0.5%
US Corporate	4,900,900	5,097,947	28.5%	141,758	2.9%	286,347	6.0%	1,769,792	3.9%
Fixed Income	4,900,900	5,097,947	28.5%	141,758	2.9%	286,347	6.0%	1,769,792	3.9%
Balanced Funds	968,385	1,002,400	5.6%	31,642	3.2%	100,882	11.2%	223,698	7.0%
Balanced Mutual Funds	968,385	1,002,400	5.6%	31,642	3.2%	100,882	11.2%	223,698	7.0%
Large Cap Core Funds	1,949,945	2,068,837	11.6%	0	0.0%	0	0.0%	4,294	1.0%
Large Cap Growth Funds	1,638,257	1,740,459	9.7%	90,553	4.5%	376,251	22.2%	1,840,733	9.9%
Large Cap Value Funds	1,212,003	1,309,735	7.3%	73,238	4.3%	237,324	15.7%	1,546,195	8.6%
Mid Cap Growth Funds	1,203,674	1,289,469	7.2%	79,539	6.4%	283,001	27.6%	1,323,155	11.0%
Mid Cap Value Funds	641,596	658,336	3.7%	67,376	5.4%	235,671	22.4%	1,383,545	11.7%
Small Cap Growth Funds	690,194	713,218	4.0%	8,976	1.3%	92,101	16.2%	533,922	9.2%
Small Cap Value Funds	1,181,303	1,243,493	7.0%	15,367	2.1%	100,111	16.2%	584,009	9.1%
Equity Income Funds	556,417	574,503	3.2%	51,510	4.3%	194,580	18.5%	269,025	11.6%
Real Estate Funds				6,286	1.1%	78,141	15.9%	258,413	9.4%
S&P 500 Funds				0	0.0%	0	0.0%	176,603	8.6%
U.S. Equity	9,073,591	9,568,050	53.7%	392,644	4.2%	1,597,180	19.9%	7,919,893	9.7%
Emerging Market Eq. Funds	422,364	438,966	2.5%	3,881	0.6%	42,804	10.6%	71,615	2.2%
International Developed/Global Eq Funds	1,691,973	1,744,277	9.8%	29,869	1.6%	189,780	12.1%	483,759	3.1%
International Equities	2,114,337	2,182,843	12.2%	33,750	1.4%	232,585	11.8%	555,373	2.5%
TOTAL PORTFOLIO (Net of fees)	17,055,199	17,879,399	100.0%	566,269	3.2%	2,150,719	13.7%	9,327,379	6.1%
TOTAL CONTRIBUTIONS/WITHDRAWALS				LAST 3 MONTHS		FISCAL YTD		REPORT PERIOD	
TOTAL FEES				257,932		-10,536		8,552,020	
				34,201		67,234		1,145,769	

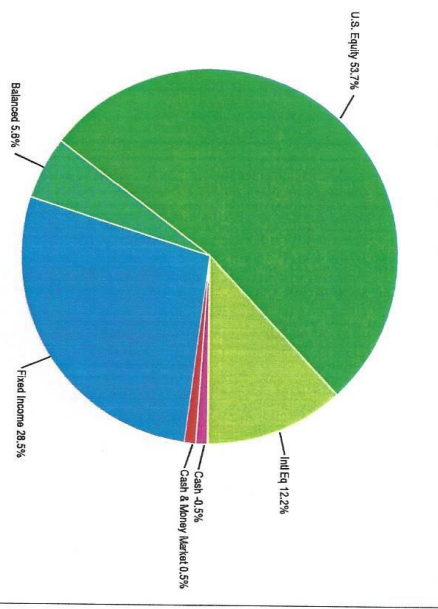
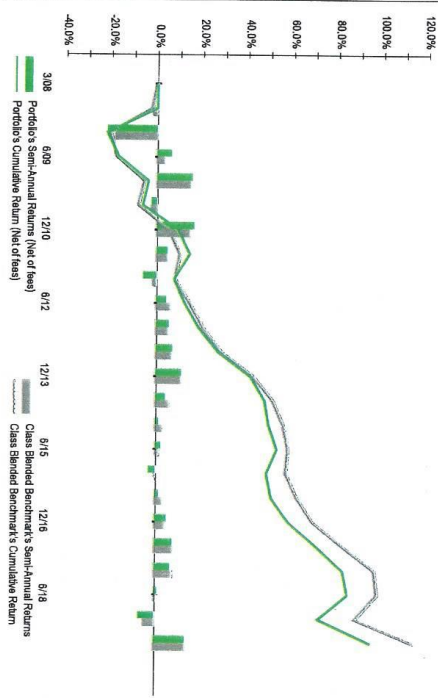
¹ Annualized Return
Account: Town Of Middlebury Ret. Plan

PORTFOLIO TOTALS - REPORT PERIOD: 3/1/08 TO 6/30/19

TOWN OF MIDDLEBURY RET. PLAN

4/1/19		ENDING		LAST 3 MONTHS		FISCAL YTD		REPORT PERIOD	
MARKET VALUE	MARKET VALUE	GAIN/LOSS	CONTRIBUTIONS/WITHDRAWALS	GAIN/LOSS	CONTRIBUTIONS/WITHDRAWALS	GAIN/LOSS	CONTRIBUTIONS/WITHDRAWALS	GAIN/LOSS	CONTRIBUTIONS/WITHDRAWALS
17,055,199	17,879,399	600,470	257,932	2,217,953	-10,536	10,473,148	8,552,020		
TOTAL FEES			34,201		67,234		1,145,769		

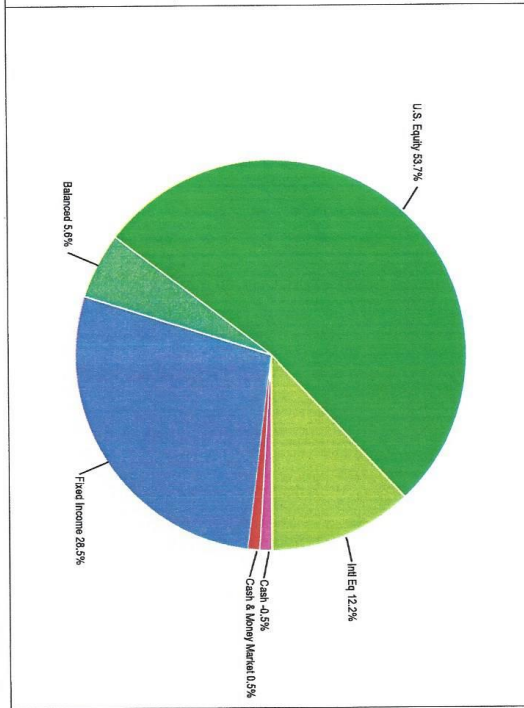
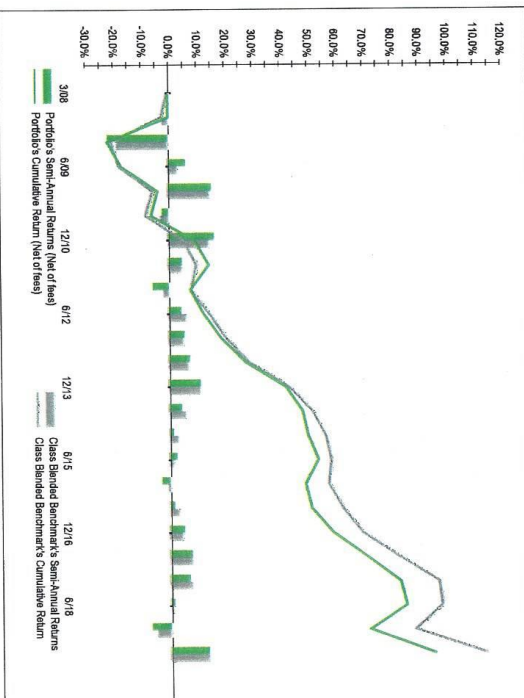
ASSET CLASS PERFORMANCE



ASSET CLASS	BENCHMARK	PORTFOLIO ALLOCATION	LAST 3 MONTHS		FISCAL YTD		REPORT PERIOD	
			CLASS RETURN	BENCHMARK RETURN	CLASS RETURN	BENCHMARK RETURN	CLASS RETURN	BENCHMARK RETURN
Cash	Not Applicable	-0.3%	0.0%	0.0%	0.0%	0.2%	0.0%	
Cash & Money Market	Lipper Money Market Index	0.5%	0.6%	0.5%	1.2%	0.5%	0.5%	
Fixed Income	BBG BARC Aggregate Bond Index	28.5%	2.9%	3.1%	6.0%	3.9%	3.9%	
Balanced Mutual Funds	Lipper Balanced Fund Index	5.9%	3.2%	3.4%	11.2%	7.0%	8.0%	
U.S. Equity	Standard & Poor's 500 Stock Index	53.7%	4.2%	4.3%	19.9%	9.7%	9.8%	
International Equities	MSCI EAFE Gross Index	12.2%	1.4%	4.0%	11.8%	2.5%	2.8%	
TOTAL PORTFOLIO (Net of Fees)	Class Blended Benchmark	100.0%	3.2%	3.9%	13.7%	6.1%	7.0%	
Inflation	Consumer Price Index		0.5%	0.5%	1.0%	1.9%	1.6%	
RETURNS AFTER INFLATION (Net of Fees)			2.8%	3.4%	12.5%	4.4%	5.3%	

ASSET CLASSES VS. BENCHMARKS - REPORT PERIOD: 3/1/08 TO 6/30/19

TOWN OF MIDDLEBURY RET. PLAN



ASSET CLASS	BENCHMARK	PORTFOLIO ALLOCATION	LAST 3 MONTHS		FISCAL YTD		REPORT PERIOD	
			CLASS RETURN	BENCHMARK RETURN	CLASS RETURN	BENCHMARK RETURN	CLASS RETURN	BENCHMARK RETURN
Cash	Not Applicable	-0.5%	0.0%	0.0%	0.0%	0.2%	0.0%	
Cash & Money Market	Lipper Money Market Index	0.5%	0.6%	0.5%	1.2%	0.5%	0.5%	
Fixed Income	BBG BARC Aggregate Bond Index	28.5%	2.9%	3.1%	6.0%	3.9%	3.9%	
Balanced Mutual Funds	Lipper Balanced Fund Index	5.6%	3.2%	3.4%	11.2%	7.0%	8.0%	
U.S. Equity	Standard & Poor's 500 Stock Index	53.7%	4.2%	4.3%	19.9%	18.5%	9.7%	
International Equities	MSCI EAFE Gross Index	12.2%	1.4%	4.0%	11.8%	14.5%	2.5%	
TOTAL PORTFOLIO (Net of fees)	Class Blended Benchmark	100.0%	3.2%	3.9%	13.7%	13.8%	6.1%	
Initiation	Consumer Price Index		0.3%	0.5%	1.0%	1.0%	1.6%	
RETURNS AFTER INFLATION (Net of fees)			2.8%	3.4%	12.5%	12.7%	4.4%	
							5.3%	

ASSET CLASS REVIEW - REPORT PERIOD: 3/1/08 TO 6/30/19

TOWN OF MIDDLEBURY RET. PLAN

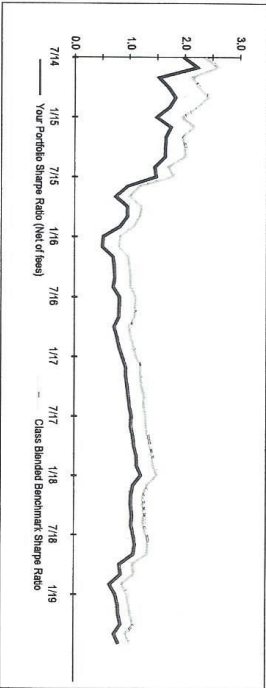
ASSET CLASS/BENCHMARK	PORTFOLIO ALLOCATION	FISCAL YTD	LAST 6 MONTHS	LAST 12 MONTHS	LAST 3 YEARS ¹	LAST 5 YEARS ¹	LAST 10 YEARS ¹	REPORT PERIOD ¹
Cash	-0.5%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.2%
Not Applicable		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash & Money Market	0.5%	1.2%	1.2%	2.2%	1.3%	0.8%	0.5%	0.5%
Lipper Money Market Index		1.1%	1.1%	2.0%	1.2%	0.7%	0.4%	0.5%
Fixed Income	28.5%	6.0%	6.0%	7.3%	2.9%	3.1%	4.4%	3.9%
BBG BARC Aggregate Bond Index		6.1%	6.1%	7.9%	2.3%	2.9%	3.9%	3.9%
Balanced Mutual Funds	5.6%	11.2%	11.2%	4.9%	6.9%	4.6%	7.0%	7.0%
Lipper Balanced Fund Index		12.2%	12.2%	6.8%	8.2%	5.8%	8.0%	8.0%
U.S. Equity	53.7%	19.9%	19.9%	8.7%	14.1%	9.5%	14.2%	9.7%
Standard & Poor's 500 Stock Index		18.5%	18.5%	10.4%	14.2%	10.7%	14.7%	9.6%
International Equities	12.2%	11.8%	11.8%	-2.4%	10.2%	3.0%	6.0%	2.5%
MSCI EAFE Gross Index		14.5%	14.5%	1.6%	9.6%	2.7%	7.4%	2.8%
TOTAL PORTFOLIO	100.0%	13.7%	13.7%	5.8%	9.0%	5.8%	9.0%	6.1%
Class Blended Benchmark		13.8%	13.8%	8.3%	9.7%	7.2%	10.1%	7.0%

¹ Annualized Return
Account Town Of Middlebury Ret. Plan

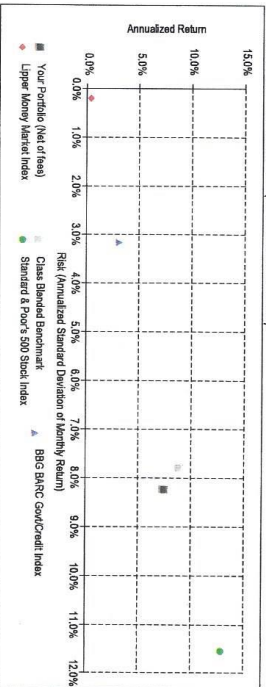
ASSET CLASS MULTIGRAPH - REPORT PERIOD: 3/1/08 TO 6/30/19

TOWN OF MIDDLEBURY RET. PLAN

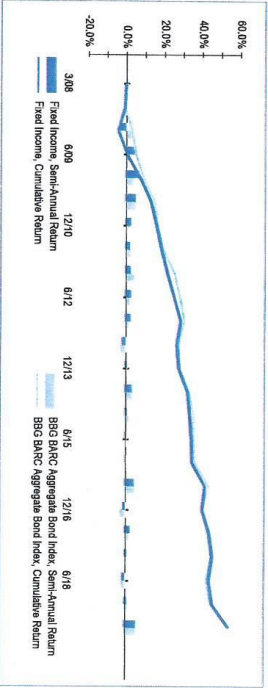
PORTFOLIO RISK-ADJUSTED RETURN (SHARPE RATIO)



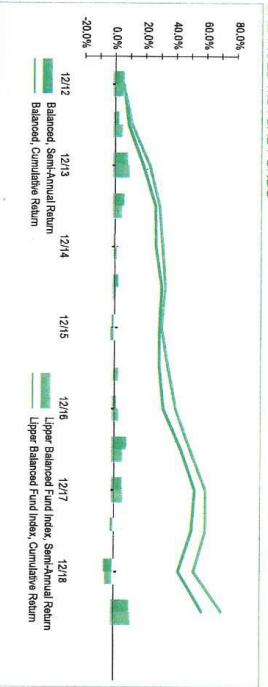
INVESTMENT EFFICIENCY (RETURN VS. RISK)



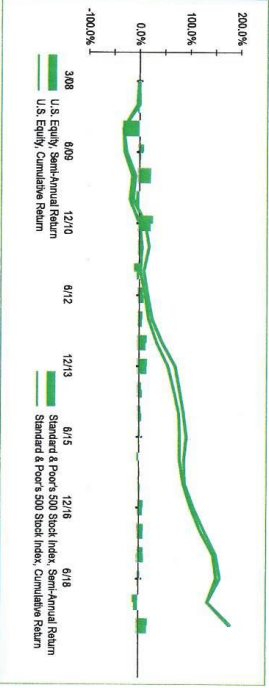
FIXED INCOME



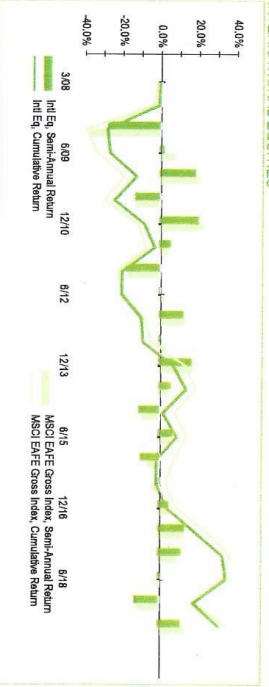
BALANCED MUTUAL FUNDS



U.S. EQUITY



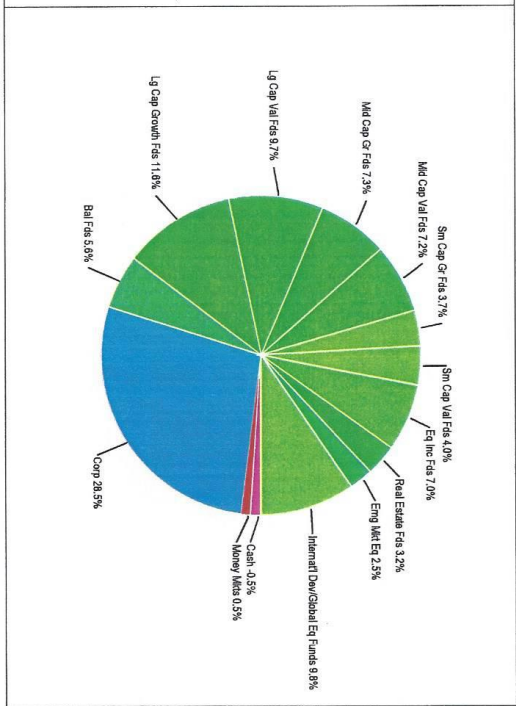
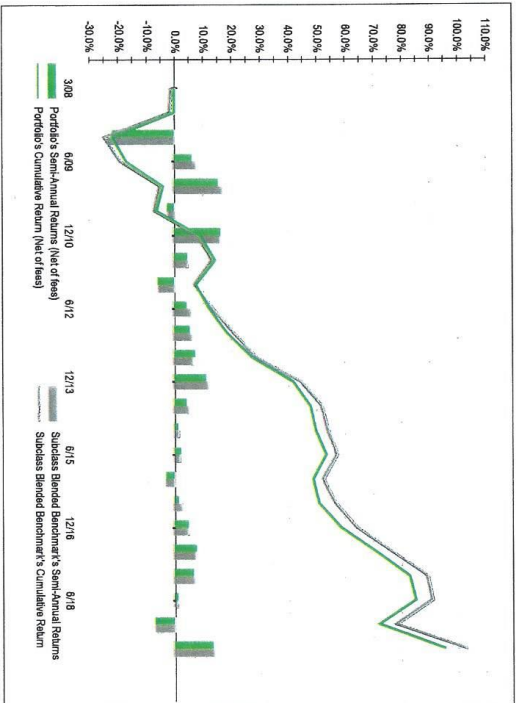
INTERNATIONAL EQUITIES



Note: Analytics calculations use a maximum of 72 months
Account: Town Of Middlebury Ret. Plan

ASSET SUBCLASSES VS. BENCHMARKS - REPORT PERIOD: 3/1/08 TO 6/30/19

TOWN OF MIDDLEBURY RET. PLAN



ASSET SUBCLASS	BENCHMARK	PORTFOLIO ALLOCATION	LAST 3 MONTHS		FISCAL YTD		REPORT PERIOD ¹	
			SUBCLASS RETURN	BENCHMARK RETURN	SUBCLASS RETURN	BENCHMARK RETURN	SUBCLASS RETURN	BENCHMARK RETURN
Cash	Lipper Money Market Index	-0.5%	0.0%	0.5%	0.0%	1.1%	0.2%	0.5%
Money Mkts & Equivalents	Lipper Money Market Index	0.5%	0.6%	0.5%	1.2%	1.1%	0.5%	0.5%
US Corporate	Lipper Core Bond Funds Index	28.5%	2.9%	3.2%	6.0%	6.6%	3.9%	4.2%
Balanced Funds	Lipper Balanced Fund Index	5.6%	3.2%	3.4%	11.2%	12.2%	7.0%	8.0%
Large Cap Core Funds	Lipper Large-Cap Core Index	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	6.1%
Large Cap Growth Funds	Lipper Large-Cap Growth Index	11.6%	4.5%	4.7%	22.2%	21.7%	9.9%	10.1%
Large Cap Value Funds	Lipper Large-Cap Value Index	9.7%	4.3%	3.6%	15.7%	15.6%	8.6%	7.5%
Mid Cap Growth Funds	Lipper Mid-Cap Growth Index	7.3%	6.4%	6.4%	27.6%	26.4%	11.0%	9.8%
Mid Cap Value Funds	Lipper Mid-Cap Value Index	7.2%	5.4%	2.3%	22.4%	15.6%	11.7%	7.7%
Small Cap Growth Funds	Lipper Small-Cap Growth Index	3.7%	1.3%	5.2%	16.2%	25.1%	9.2%	10.0%
Small Cap Value Funds	Lipper Small-Cap Value Index	4.0%	2.1%	0.8%	18.5%	13.4%	9.1%	7.6%
Equity Income Funds	Lipper Equity Income Fund Index	7.0%	4.3%	3.7%	18.5%	15.7%	11.6%	8.9%
Real Estate Funds	Dow Jones Equity All REIT Index	3.2%	1.1%	0.9%	15.9%	17.2%	9.4%	6.4%
S&P 500 Funds	Lipper S&P 500 Fund Index	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.6%
Emerging Market Eq Funds	MSCI Emerging Mkts Index (Gross)	2.5%	0.6%	0.7%	10.6%	10.8%	2.2%	2.5%

ASSET SUBCLASSES VS. BENCHMARKS - REPORT PERIOD: 3/1/08 TO 6/30/19

TOWN OF MIDDLEBURY RET. PLAN

ASSET SUBCLASS	BENCHMARK	PORTFOLIO ALLOCATION	LAST 3 MONTHS		FISCAL YTD		REPORT PERIOD ¹	
			SUBCLASS RETURN	BENCHMARK RETURN	SUBCLASS RETURN	BENCHMARK RETURN	SUBCLASS RETURN	BENCHMARK RETURN
International Developed/Global Eq F-un MSCI EAFE Gross Index	MSCI EAFE Gross Index	9.8%	1.6%	4.0%	12.1%	14.5%	3.1%	2.8%
TOTAL PORTFOLIO (Net of fees)	Subclass Blended Benchmark	100.0%	3.2%	3.5%	13.7%	14.0%	6.1%	6.5%
Inflation	Consumer Price Index		0.5%	0.5%	1.0%	1.0%	1.6%	1.6%
RETURNS AFTER INFLATION (Net of fees)			2.8%	3.1%	12.5%	12.9%	4.4%	4.8%

¹ Annualized Return
Account Town Of Middlebury Ret. Plan

ASSET SUBCLASS REVIEW - REPORT PERIOD: 3/1/08 TO 6/30/19

TOWN OF MIDDLEBURY RET. PLAN

ASSET SUBCLASS/BENCHMARK	PORTFOLIO ALLOCATION	FISCAL YTD	LAST 6 MONTHS	LAST 12 MONTHS	LAST 3 YEARS ¹	LAST 5 YEARS ¹	LAST 10 YEARS ¹	REPORT PERIOD ¹
Cash	-0.5%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.2%
Lipper Money Market Index		1.1%	1.1%	2.0%	1.2%	0.7%	0.4%	0.5%
Money Mkts & Equivalents	0.5%	1.2%	1.2%	2.2%	1.3%	0.8%	0.5%	0.5%
Lipper Money Market Index		1.1%	1.1%	2.0%	1.2%	0.7%	0.4%	0.5%
US Corporate	28.5%	6.0%	6.0%	7.3%	2.9%	3.1%	4.4%	3.9%
Lipper Core Bond Funds Index		6.6%	6.6%	8.0%	2.6%	3.1%	4.8%	4.2%
Balanced Funds	5.6%	11.2%	11.2%	4.9%	6.9%	4.6%	7.0%	7.0%
Lipper Balanced Fund Index		12.2%	12.2%	6.8%	8.2%	5.8%	8.0%	8.0%
Large Cap Core Funds	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%	0.8%	1.0%
Lipper Large-Cap Core Index		0.0%	0.0%	0.0%	0.0%	-1.8%	13.2%	6.1%
Large Cap Growth Funds	11.6%	22.2%	22.2%	12.6%	19.2%	12.5%	15.3%	9.9%
Lipper Large-Cap Growth Index		21.7%	21.7%	11.0%	18.7%	12.4%	15.0%	10.1%
Large Cap Value Funds	9.7%	15.7%	15.7%	8.0%	13.6%	9.5%	13.5%	8.6%
Lipper Large-Cap Value Index		15.6%	15.6%	7.4%	11.4%	7.6%	12.4%	7.5%
Mid Cap Growth Funds	7.3%	27.6%	27.6%	13.1%	15.8%	10.8%	14.7%	11.0%
Lipper Mid-Cap Growth Index		26.4%	26.4%	13.1%	17.4%	10.8%	14.9%	9.8%
Mid Cap Value Funds	7.2%	22.4%	22.4%	10.4%	14.6%	9.2%	15.3%	11.7%
Lipper Mid-Cap Value Index		15.6%	15.6%	-1.7%	7.5%	4.6%	12.4%	7.7%
Small Cap Growth Funds	3.7%	16.2%	16.2%	-3.1%	10.4%	3.7%	13.3%	9.2%
Lipper Small-Cap Growth Index		25.1%	25.1%	7.0%	17.7%	10.3%	14.7%	10.0%
Small Cap Value Funds	4.0%	16.2%	16.2%	-1.6%	11.3%	6.2%	13.2%	9.1%
Lipper Small-Cap Value Index		13.4%	13.4%	-7.4%	8.5%	4.0%	11.7%	7.6%
Equity Income Funds	7.0%	18.5%	18.5%	10.4%	11.6%	11.6%	11.6%	11.6%
Lipper Equity Income Fund Index		15.7%	15.7%	8.9%	8.9%	8.9%	8.9%	8.9%
Real Estate Funds	3.2%	15.9%	15.9%	9.0%	3.6%	7.9%	9.4%	9.4%
Dow Jones Equity All REIT Index		17.2%	17.2%	8.7%	1.9%	4.9%	6.4%	6.4%
S&P 500 Funds	0.0%	0.0%	0.0%	0.0%	17.2%	8.6%	8.6%	8.6%
Lipper S&P 500 Fund Index		0.0%	0.0%	0.0%	15.4%	7.7%	7.7%	7.7%

ASSET SUBCLASS REVIEW - REPORT PERIOD: 3/1/08 TO 6/30/19

TOWN OF MIDDLEBURY RET. PLAN

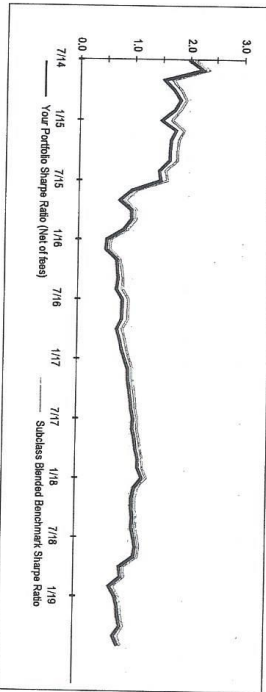
ASSET SUBCLASS/BENCHMARK	PORTFOLIO ALLOCATION	FISCAL YTD	LAST 6 MONTHS	LAST 12 MONTHS	LAST 3 YEARS ¹	LAST 5 YEARS ¹	LAST 10 YEARS ¹	REPORT PERIOD ¹
Emerging Market Eq. Funds	2.5%	10.6%	10.6%	1.3%	10.6%	2.7%	2.2%	2.2%
MSCI Emerging Mkts Index (Gross)		10.8%	10.8%	1.6%	11.1%	2.9%	2.5%	2.5%
International Developed/Global Eq Funds	9.8%	12.1%	12.1%	-3.3%	10.1%	3.0%	6.7%	3.1%
MSCI EAFE Gross Index		14.5%	14.5%	1.6%	9.6%	2.7%	7.4%	2.8%
TOTAL PORTFOLIO	100.0%	13.7%	13.7%	5.8%	9.0%	5.8%	9.0%	6.1%
Subclass Blended Benchmark		14.0%	14.0%	6.3%	9.1%	6.0%	9.6%	6.5%

¹ Annualized Return
Account Town Of Middlebury Ret. Plan

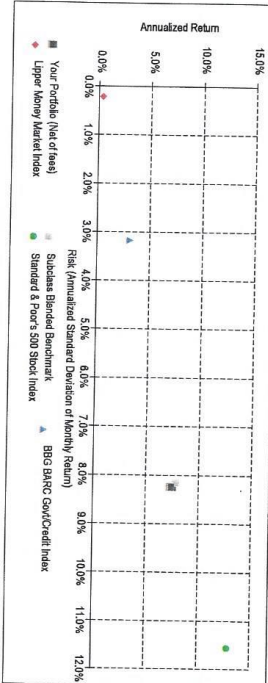
ASSET SUBCLASS MULTIGRAPH - REPORT PERIOD: 3/1/08 TO 6/30/19

TOWN OF MIDDLEBURY RET. PLAN

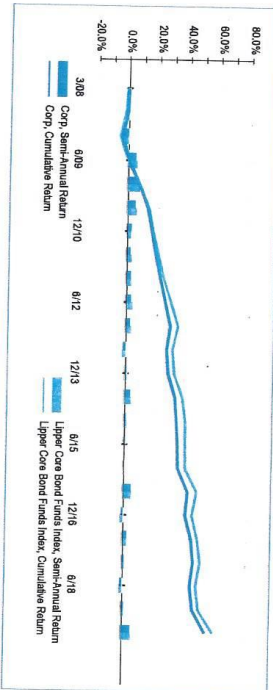
PORTFOLIO RISK-ADJUSTED RETURN (SHARPE RATIO)



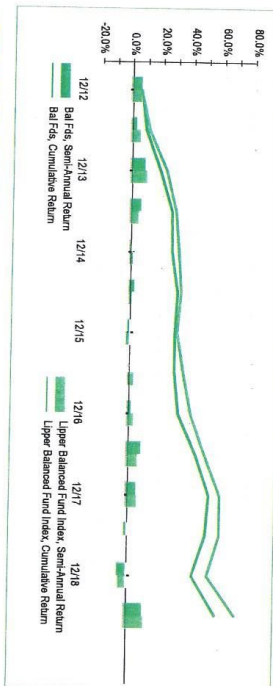
INVESTMENT EFFICIENCY (RETURN VS. RISK)



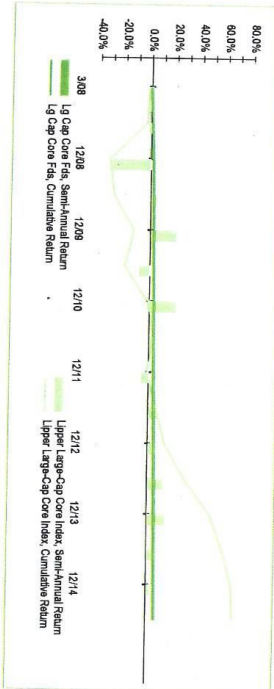
US CORPORATE



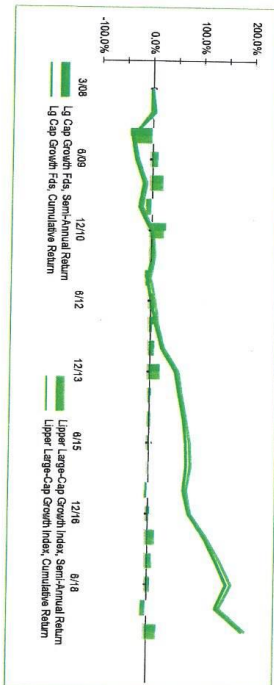
BALANCED FUNDS



LARGE CAP CORE FUNDS



LARGE CAP GROWTH FUNDS

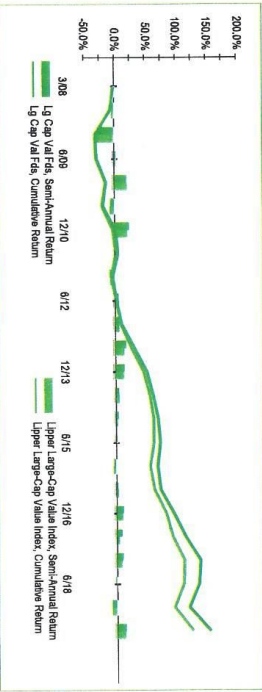


Note: Analytics calculations use a maximum of 72 months
Account: Town Of Middlebury Ret. Plan

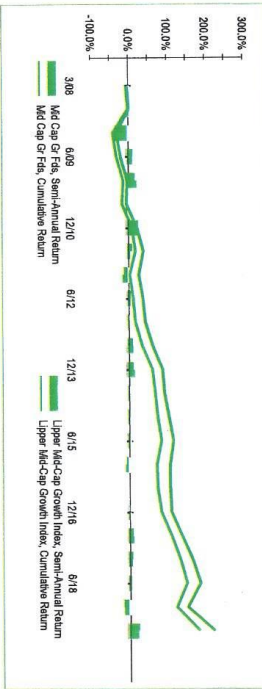
ASSET SUBCLASS MULTIGRAPH - REPORT PERIOD: 3/1/08 TO 6/30/19

TOWN OF MIDDLEBURY RET. PLAN

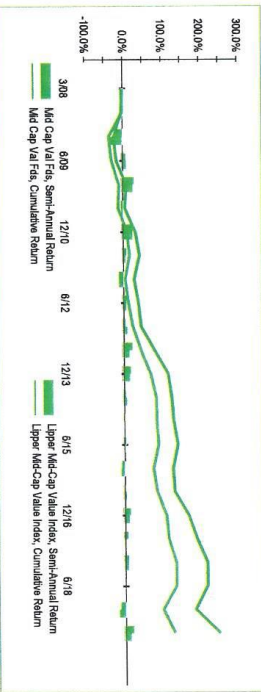
LARGE CAP VALUE FUNDS



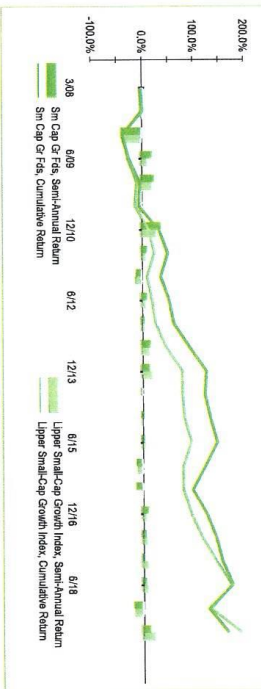
MID CAP GROWTH FUNDS



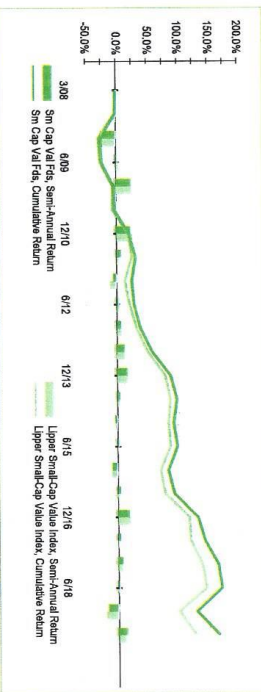
MID CAP VALUE FUNDS



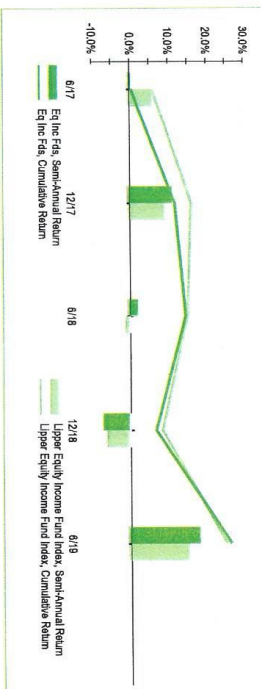
SMALL CAP GROWTH FUNDS



SMALL CAP VALUE FUNDS



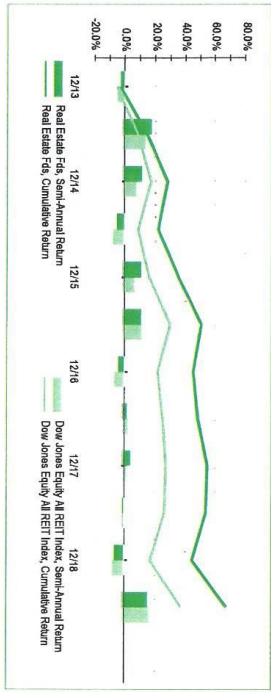
EQUITY INCOME FUNDS



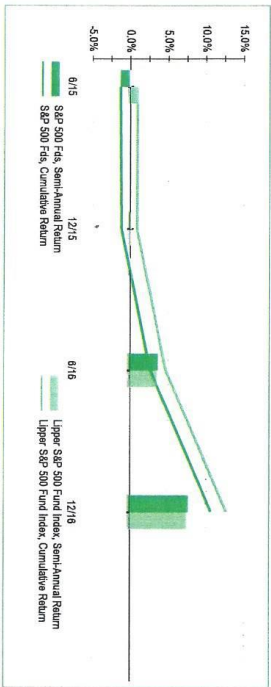
ASSET SUBCLASS MULTIGRAPH - REPORT PERIOD: 3/1/08 TO 6/30/19

TOWN OF MIDDLEBURY RET. PLAN

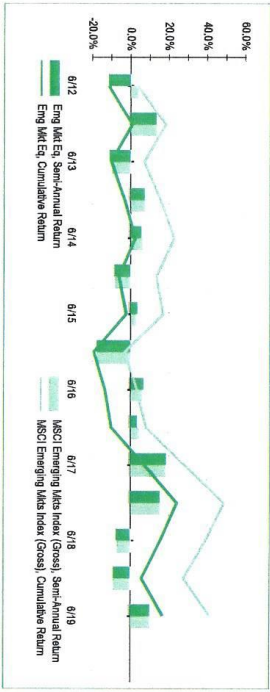
REAL ESTATE FUNDS



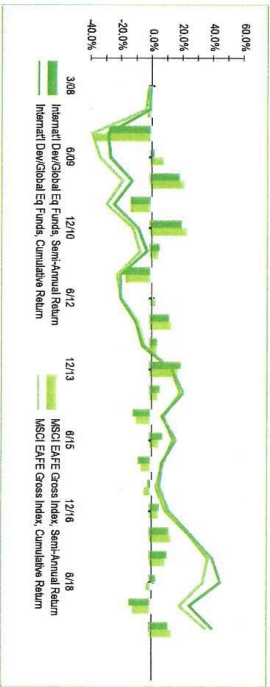
S&P 500 FUNDS



EMERGING MARKET EQ. FUNDS



INTERNATIONAL DEVELOPED/GLOBAL EQ FUNDS



ACCOUNT ASSET REVIEW - REPORT PERIOD: 3/1/08 TO 6/30/19

TOWN OF MIDDLEBURY RET. PLAN

TOP 10 HOLDINGS BY ENDING MARKET VALUE

ASSET	PORTFOLIO ALLOCATION	ENDING MARKET VALUE	PORTFOLIO ALLOCATION	ENDING MARKET VALUE	
Core Plus Fixed Income Fund Cl 0	14.0%	2,498,333			
Multi-Manager Large Cap Growth Fund Cl 0	11.6%	2,068,837			
Multi-Manager Large Cap Value Fund Cl 0	9.7%	1,740,459			
Multi-Manager Core Fixed Income Fund Cl 0	7.8%	1,392,961			
Multi-Manager Mid Cap Growth Fund Cl 0	7.3%	1,309,735			
Multi-Manager Mid-Cap Value Fund Cl 0	7.2%	1,289,469			
BlackRock Equity Index Fund Class 01M	7.0%	1,243,493			
Short Duration Fund Cl 0	6.7%	1,206,654			
Global Allocation Fund Cl 0	5.6%	1,002,400			
International Fundamental Value Fund Cl 0	5.2%	938,542			
			Small Cap Value Funds		
			Multi-Manager Small Cap Value Fund Cl 0	4.0%	713,218
			Equity Income Funds		
			BlackRock Equity Index Fund Class 01M	7.0%	1,243,493
			Real Estate Funds		
			REIT Fund Cl 0	3.2%	574,503
			International Equities		
			Emerging Market Eq. Funds		
			BlackRock Emerging Markets Equity Index Fund Cl 0	2.5%	438,366
			International Developed/Global Eq Funds		
			International Fundamental Value Fund Cl 0	5.2%	938,542
			International Growth Fund Cl 0	4.5%	805,735

ALL HOLDINGS BY CLASS/SUBCLASS

Town Of Middlebury Ret. Plan

Cash	-0.5%	-85,379
Cash & Money Market		
Money Mkts & Equivalents		
Money Market Fund Cl 0	0.5%	83,738
Fixed Income		
US Corporate		
Core Plus Fixed Income Fund Cl 0	14.0%	2,498,333
Multi-Manager Core Fixed Income Fund Cl 0	7.8%	1,392,961
Short Duration Fund Cl 0	6.7%	1,206,654
Balanced Mutual Funds		
Global Allocation Fund Cl 0	5.6%	1,002,400
U.S. Equity		
Large Cap Growth Funds		
Multi-Manager Large Cap Growth Fund Cl 0	11.6%	2,068,837
Large Cap Value Funds		
Multi-Manager Large Cap Value Fund Cl 0	9.7%	1,740,459
Mid Cap Growth Funds		
Multi-Manager Mid Cap Growth Fund Cl 0	7.3%	1,309,735
Mid Cap Value Funds		
Multi-Manager Mid-Cap Value Fund Cl 0	7.2%	1,289,469
Small Cap Growth Funds		
Multi-Manager Small Cap Growth Fund Cl 0	3.7%	658,336

Town Of Middlebury Ret. Plan

Town Of Middlebury Ret. Plan (by Account 71442)

Date Range: 1/1/2019 through 8/31/2019

	Ending Market Value	Portfolio Allocation	Last Month		Last 3 Months		Selected Dates	
			Investment Gain/Loss	Total Return	Investment Gain/Loss	Total Return	Investment Gain/Loss	Total Return
Cash	-84,100	-0.5%	0	0.0%	0	0.0%	0	0.0%
Cash	-84,100	-0.5%	0	0.0%	0	0.0%	0	0.0%
Money Mkts & Equivalents	83,977	0.5%	147	0.2%	461	0.6%	1,269	1.5%
Cash & Money Market	83,977	0.5%	147	0.2%	461	0.6%	1,269	1.5%
US Corporate	5,149,690	29.2%	87,967	1.7%	168,881	3.4%	384,882	8.1%
Fixed Income	5,149,690	29.2%	87,967	1.7%	168,881	3.4%	384,882	8.1%
Balanced Mutual Funds	996,048	5.6%	-177	0.0%	38,668	4.0%	99,683	11.0%
Balanced Mutual Funds	996,048	5.6%	-177	0.0%	38,668	4.0%	99,683	11.0%
Large Cap Growth Funds	2,047,097	11.6%	-31,710	-1.5%	133,696	6.9%	377,498	22.3%
Large Cap Value Funds	1,704,207	9.6%	-37,889	-2.2%	93,418	5.7%	223,615	14.8%
Mid Cap Growth Funds	1,296,779	7.3%	-20,580	-1.6%	89,803	7.3%	284,738	27.8%
Mid Cap Value Funds	1,266,366	7.2%	-19,526	-1.5%	73,334	6.1%	227,227	21.6%
Small Cap Growth Funds	628,120	3.6%	-23,212	-3.6%	16,971	2.7%	68,421	11.9%
Small Cap Value Funds	674,505	3.8%	-40,681	-5.7%	16,430	2.4%	68,012	10.9%
Equity Income Funds	1,231,815	7.0%	-19,897	-1.6%	79,354	6.8%	192,550	18.3%
Real Estate Funds	582,948	3.3%	13,856	2.4%	29,283	5.2%	95,437	19.4%
U.S. Equity	9,431,837	53.4%	-179,738	-1.9%	532,289	5.9%	1,537,498	19.2%
Emerging Market Eq. Funds	403,690	2.3%	-18,277	-4.3%	-409	-0.2%	16,754	3.9%
International Developed/Global Eq Funds	1,683,815	9.5%	-31,314	-1.8%	44,513	2.7%	147,802	9.4%
International Equities	2,087,504	11.8%	-49,591	-2.3%	44,104	2.1%	164,556	8.3%
Total Gross of Fees	17,664,956	100.0%	-141,392	-0.8%	784,403	4.6%	2,187,887	13.9%
Totals (Net of Fees) ¹	17,664,956	100.0%	-153,368	-0.9%	749,318	4.4%	2,096,712	13.3%
Total Contributions and Withdrawals			-89,368		232,596		-262,148	
Fees			11,976		35,085		91,176	

FOOTNOTES:

¹ Starting 04/01/2008, management fees have been incorporated into performance calculations.



We're Principal®.

We help people plan for a life that never goes according to plan.

Bringing innovative tools, resources and best-in-class service and support to help you manage a strong retirement program.



Meet our defined benefit (DB) services!

- No. 1 for total number of DB clients¹
- More than 2,600 DB plans²
- Over 600 actuarial plan clients³
- A leading provider in pension risk transfer business⁴
- Nearly \$60 billion in Assets Under Management⁵

Average assets of top five clients²

- \$4.1 billion – Investment management only
- \$1 billion – Administrative and investment management



More than 357,000 retirees served⁶



23 enrolled actuaries, with an average of almost 20 years of experience³

¹ PLANSPONSOR DB Administrative Survey, 5/31/2019.

² Principal Financial Group as of 12/31/2018.

³ Principal Financial Group as of 12/31/2018.

⁴ Based on single premium product sales. LIMRA, 2018.

⁵ Principal Financial Group as of 12/31/2018. Includes both full-service retirement plan clients and investment-only clients through subsidiary Principal Global Investors, Inc.

⁶ Total RPS block of business as of 12/31/2018.

Defined Benefit is just one cornerstone of the Principal Total Retirement SuiteSM!

Principal Total Retirement SuiteSM helps you streamline your program

As a single service provider, we offer comprehensive services for your retirement program with any combination of these four plan types:



Defined benefit plans

No. 1 for total number of DB clients⁷

Defined contribution plans

A leading provider of DC plans⁸

Employee stock ownership plans

No. 1 recordkeeper of ESOPs⁹

Nonqualified plans

No. 1 provider of nonqualified deferred compensation plans¹⁰

Retirement is the heart of our business. 95% of our assets under management are from retirement and asset management operations!¹¹

Best in class for security of both participant and plan sponsor websites.¹²

One of the World's Most Ethical Companies.¹³

⁷ PLANSPONSOR DB Administration Survey, 5/31/2018.

⁸ Based on number of recordkeeping plans, PLANSPONSOR Recordkeeping Survey, 7/31/2018 - #5 (53,223 plans).

⁹ Based on the number of plans, PLANSPONSOR Recordkeeping Survey, 7/31/2018 (892 plans).

¹⁰ Based on total number of NQDC Section 409A plans only, PLANSPONSOR Recordkeeping Survey, 7/31/2018 (1,835 plans).

¹¹ As of 9/30/2018.

¹² Q3 2017 Dalbar WebMonitor Rankings: Principal ranked #2.

¹³ Ethisphere Institute, 2/28/2018.



principal.com

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Defined Benefit Proposal for Town of Middlebury

As of: 06/27/2019

Your Plan Pricing is Based On

Current Total Assets	\$17,400,000
Annual Deposits	\$626,100
Active Participants	1
Vested Termed Participants	0
Retired Lives	52
Service model	TPA ¹

Annual Plan & Services Fees

	Percentage of assets	Cost in dollars
Trust and/or Custody Services, Investment Related Services, and Retiree Services	0.18%	\$30,500
ERISA Budget for Your Financial Professional ²	0.27%	\$46,980
Annual Plan & Services Fees ³	0.45%	\$77,480

Trust and/or Custody, Investment Related Services, and Retiree Services include a package of Core Services and Optional Services elected. There are no additional Fees from any member company of the Principal Financial Group® for this service package.

See details on Services Specific to Your Plan, and Participant Transaction Fees pages.

Core services snapshot

You receive a package of Core Services to help ensure your retirement plan needs are met. In addition to necessary plan services, our Core Services include a number of value-added features to help make managing your retirement plan easier. Principal Life Insurance Company stands behind our services with our Service Warranty⁴; providing a promise of quality service and level of indemnification protection. The listing of our core services and optional services selected by you can be found in your Service and Expense Agreement. You will also have access to an updated list of available services on principal.com.

Our Core Services are provided for the Trust and or Custody Services, Investment Related Services and Retiree Services fees listed.

A comprehensive list of Core Services is available upon request.



General Services and Reports

Trust and/or Custody, Investment Related Services and Retiree Services

- Employer login on principal.com
- Client Service Team
- Comprehensive investment option material & reporting
- Daily account valuation
- Due diligence process
- Investment support for fiduciary
- Principal blog
- Plan transition services
- Sample investment policy
- Service Warranty⁴
- Retirement Plan & Investment Review
- Retiree listing



Distribution Services

Trust and/or Custody, Investment Related Services and Retiree Services

- Benefit distributions & annuity payments, including required tax withholding



Plan Compliance & Government Filing Services

Trust and/or Custody, Investment Related Services and Retiree Services

- ASC 820 fair market value assessment
- ASC 715-20 valuing and reporting
- Form 5500 Schedule A report
- Government relations
- SOC1 report



Participant Services

Trust and/or Custody, Investment Related Services and Retiree Services

- Verification of life audit

Town of Middlebury

You have options related to how annual costs and investment fees are collected.

Costs can be:

- Deducted from plan assets
- Billed to you (plan sponsor)
- Offset by revenue share from investment providers

What's unique to my plan?

Services Specific to Your Plan

	Cost in dollars
Retiree annuity payments	Included
Trustee Services	Included

This list represents services unique to your Plan. These are included in the fees illustrated unless stated otherwise.

To help ensure your specific retirement plan needs are met, you may elect to include Optional Services as part of the overall service package provided for your plan. A comprehensive list of Optional Services is available on request. Additional fees may apply.

Participant Transaction Fees

	Cost in dollars
Lump Sum Defined Benefit (DB) Participant Distributions	\$50.00 per distribution

The lump sum DB participant distribution fee is a plan-level fee and will be collected according to the collection method established for other plan fees. This fee does not apply to repetitive monthly payments to retirees.

Town of Middlebury

Important information

- This Fee Summary is based on the following information:
 - This is a Defined Benefit plan.
 - No data management or participant services are being provided on this plan.
 - Deducted fees are determined and processed monthly.
 - State of Delivery: DELAWARE
 - Up to 32 investment options may be used. Additional investments may incur a fee.
 - An outside plan document is used (no SPD provided).
 - Coding changes to implement and operate employer requested amended or restated plan provisions on custom plan documents or outside plan documents will be charged at the time the service is performed.
 - We reserve the right to adjust fees if plan characteristics are incorrect or should change. This expense projection is valid for 120 days from the Print Date.
- Deposit Year End Date: 12/31/2020
- The First Deposit Year begins on the stated effective date and ends on the Deposit Year End Date. Subsequent Deposit Years end on the 12-month anniversary of the deposit Year End Date.
- This Fee Summary must be presented by an individual licensed in the applicable State of Delivery. Individual may also need to be a Registered Representative if registered securities are involved.
- This Fee Summary is for illustrative purposes only and does not create, affect or alter any past, present or future agreement or understanding.
- The fee allocated to recordkeeping services is the sum of the Fee Paid by Plan Sponsor and Revenue Sharing to Recordkeeper from the actual investment options chosen for the plan, less the fee for your ERISA Budget. Revenue Sharing to Recordkeeper are amounts Principal Life as Recordkeeper or an affiliate expects to receive from the investment options chosen for the plan in connection with the services provided for your plan. The amounts received or retained are taken into consideration in setting the price for the investment and service package and do not offset our fees on a dollar-for-dollar basis.
- Principal Life is not paying broker compensation to any Financial Professional for your plan. You may direct us to pay third parties from plan assets, including Financial Professionals. If you want information regarding any Financial Professional compensation, please contact your Financial Professional for this information.
- This Fee Summary Principal Life Insurance Company (Principal Life), a member company of The Principal, is submitting for your consideration is based on information concerning your plan submitted to The Principal by your representative. The proposal reflects specific rate level / share class(es) that you and your representative decided upon. You should consider whether the rate level/share class(es) illustrated is most appropriate for you.
- The Fee Summary is based on our understanding of the plan at this time. We reserve the right to adjust these expenses if any assumptions are incorrect or should change upon a review of your plan documents, most recent actuarial valuation, or plan records. We expect that we will receive data in good-working order and all necessary documents and information in a timely manner.
- Capitalized terms not defined in this Fee Summary have the same meaning assigned to them under other applicable agreements or contracts.
- The Investment Providers and distributors of certain products and investment options have chosen to offer for sale fund share classes and rate levels with service-and distribution-related fees that may or may not be higher than other available share classes or rate levels of the same product or investment option.
- Financial Professionals can make available a variety of products and investment options from a variety of Investment Providers.

Important information continued

- Insurance products and plan administrative services are provided by Principal Life Insurance Company. Principal mutual funds are part of the Principal Funds, Inc. series. Principal Funds, Inc. is distributed by Principal Funds Distributor, Inc. Securities sold or services offered by a Principal Securities Registered Representative are offered through Principal Securities, Inc., 800-547-7754, member SIPC and/or independent broker/dealers. Principal Funds Distributor, 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.
- 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 visit principal.com
- Investment information given or made available to your Financial Professional is representative of a platform you or another plan fiduciary may select from or use to monitor investment alternatives and is not individualized to the needs of any plan. Principal, its affiliates and their employees have not and will not undertake to provide you or your Financial Professional impartial investment advice or to give you or your Financial Professional advice in a fiduciary capacity, unless so indicated under a separate writing. As a service provider, at your direction, we'll provide investment information to assist you and your Financial Professional (if applicable) with your fiduciary responsibilities. You, or another appropriate plan fiduciary, may select a different platform (or set of investment options) which may have an effect on pricing.
- The compensation Principal, as an entity, receives will vary based on investments you or your Financial Professional chooses for your plan. We have detailed the amounts we receive from the various investments you have chosen on your Fee Summary. Our financial interest in other investments available on our platforms may be found on our website under the Investments tab on principal.com.

Footnotes

- 1 Any additional fees charged by the third party administrator (TPA) will be disclosed separately by the TPA. The TPA may also receive compensation from us in addition to any remuneration that the TPA receives from you or the retirement plan.
- 2 You have chosen to establish an ERISA Budget to pay legitimate retirement plan expenses. A separate legal agreement is required. The amount designated for your Requested ERISA Budget is 0.27% on plan assets. Of the 0.27%, you have directed 0.27% to be paid to your Financial Professional.
- 3 On an annual basis, Principal Life will review the Annual Fee Requirement and the expected Revenue Sharing to Recordkeeper generated by the investment options chosen for the plan. Based on the expected Revenue Sharing to Recordkeeper, Your Fee Balance may change from year to year to meet the Annual Fee Requirement. If the Annual Fee Requirement is not met by the Revenue Sharing to Recordkeeper, Your Fee Balance may be billed to you, or deducted from plan assets, as directed by an appropriate plan fiduciary. If the Revenue Sharing to Recordkeeper exceeds the Annual Fee Requirement, the difference, will be made available through an ERISA Budget to pay legitimate plan expenses. A separate legal agreement is required.
- 4 For comprehensive warranty details on the levels of coverage we offer, see the Service Warranty document. Principal Life is not a fiduciary in the broader context of operating any plan.



Investment Option Performance Results and Statistics

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The Principal Financial Group®: Outcome-based Retirement Expertise

The Principal® understands the fiduciary responsibilities plan sponsors face in developing and monitoring an investment lineup to help meet the diverse needs of today's retirement plan participants, including volatility, inflation, and longevity risks. The Principal undertakes a rigorous due diligence process as a direct response to this challenge, resulting in a key differentiator that seeks to address these needs and key risks — our **Sub-Advised Investment Options**¹.

Through the due diligence process The Principal® identifies, hires, and monitors a **select group of investment managers** and provides plan sponsors and participants access to retirement-focused investment options and investment managers that are typically only available to large, institutional retirement plans. Through this defined and proven process, the member companies of The Principal are able to make available to plan sponsors and their financial professionals a level of indemnification and fiduciary support.

Beyond our diversified Sub-Advised Investment Options, we offer additional choice and flexibility through outside investment companies. We have more than 5,300 mutual funds and CITs from over 230 fund families, with access to more than 20,000 additional mutual funds and other investments through the National Securities Clearing Corporation (NSCC). For ultimate flexibility we offer the Principal Self-Directed Brokerage AccountSM.

¹Sub-Advised Investment Options include the Principal Stable Value Fund, Principal Funds, the Principal LifeTime Hybrid Collective Investment Funds, and the Principal Life Separate Accounts available through a group annuity contract with Principal Life Insurance Company, Des Moines, IA 50392.



Investors should carefully consider a mutual fund's investment objectives, risks, charges, and expenses prior to investing. A prospectus, or summary prospectus if available, containing this and other information can be obtained by contacting a financial professional, visiting principal.com, or calling 1-800-547-7754. Read the prospectus carefully before investing.

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

Insurance products and plan administrative services, if applicable, are provided by Principal Life Insurance Company. Securities are offered through Principal Securities, Inc., 1.800.547.7754, member SIPC and/or independent broker/dealers. Securities sold by a Principal Securities® Registered Representative are offered through Principal Securities. 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. Principal Life Insurance Company reserves the right to defer payments or transfers from Principal Life Separate Accounts as described in the group annuity contracts providing access to the Separate Accounts or as required by applicable law. Such deferral will be based on factors that may include situations such as: unstable or disorderly financial markets; investment conditions which do not allow for orderly investment transactions; or investment, liquidity, and other risks inherent in real estate (such as those associated with general and local economic conditions). If you elect to allocate funds to a Separate Account, you may not be able to immediately withdraw them.

Principal® Investment Performance

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.

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





For more performance information, including most recent month-end performance, visit www.principal.com, contact your representative of the Principal Financial Group® (The Principal®), or call our participant contact center at 1-800-547-7754.







Fund Manager or Sub-Advisor Investment Option Large U.S. Equity	Average Annual Total Returns through 09/30/2019						Percentile Rankings as of 09/30/2019						Total Inv. Contractual Exp. Net / Cap/Waiver Gross Expiration Date			
	YTD	1 yr.	3 yr.	5 yr.	10 yr.	Since Inception	Inception Date	YTD	1 yr.	3 yr.	5 yr.	10 yr.				
Large Value																
Principal Global Investors Equity Income Separate Account-Z-A, 3, 12, 43	21.56	8.62	13.82	10.42	12.85	9.08	06/30/2009	-	7	3	5	6	0.30 / 0.31	02/29/2020	-	-
Morningstar Category Average - Large Value	16.43	1.93	9.43	7.30	10.66	Total Funds in Category	1221	1217	1090	944	693	1,007 / 1.23	-	-	-	-
Large Blend																
Principal Global Investors Large-Cap S&P 500 Index Separate Account-Z-A, 2, 8, 29, 41, 52	20.48	4.21	13.32	10.76	13.17	9.64	01/01/1990	-	34	21	16	10	0.05 / 0.05	-	-	-
Morningstar Category Average - Large Blend	18.98	3.00	11.70	8.98	11.76	Total Funds in Category	1440	1423	1222	1086	825	0.95 / 1.52	-	-	-	-
Large Growth																
Principal Global Investors Blue Chip Separate Account-Z-A, 3, 12, 41	27.40	11.48	19.16	15.69	-	16.92	09/30/2013	-	4	6	2	-	0.38 / 0.48	12/30/2019	-	-
Morningstar Category Average - Large Growth	20.54	1.87	14.62	11.04	13.13	Total Funds in Category	1394	1388	1243	1110	822	1.07 / 1.55	-	-	-	-
Small Value																
Mid Cap Value																
Vanguard Group Vanguard Mid-Cap Value Index Admiral Fund 1, 2, 62	20.43	2.30	8.83	8.37	12.59	13.62	09/27/2011	-	21	21	16	7	0.07 / 0.07	-	-	-
Morningstar Category Average - Mid Cap Value	16.26	-2.14	7.04	6.26	10.65	Total Funds in Category	418	418	366	324	226	1.09 / 2.39	-	-	-	-
Mid Cap Growth																
BlackRock Advisors, LLC BlackRock Mid-Cap Growth Equity K Fund 1, 62	29.17	7.47	20.25	15.13	15.20	21.74	03/28/2016	-	16	3	3	7	0.75 / 0.77	01/31/2020	-	-
Morningstar Category Average - Mid Cap Growth	22.76	1.10	13.10	9.89	12.56	Total Funds in Category	607	603	544	487	375	1.18 / 2.42	-	-	-	-
Small Value																
Vanguard Group Vanguard Small Cap Value Index Admiral Fund Morningstar Category Average - Small Value	14.56	-5.48	7.33	7.60	11.54	12.88	09/27/2011	-	26	17	17	8	0.07 / 0.07	-	-	-
Morningstar Category Average - Small Value	12.30	-9.38	4.92	5.03	9.36	Total Funds in Category	427	420	384	341	233	1.24 / 1.86	-	-	-	-
Small Growth																
Janus Henderson Janus Henderson Triton N Fund 1, 62	21.65	-2.26	14.07	12.72	15.32	14.65	05/31/2012	-	19	30	12	3	0.66 / 0.66	-	-	-
Morningstar Category Average - Small Growth	16.80	-7.52	11.52	9.63	12.29	Total Funds in Category	668	664	584	519	399	1.23 / 1.85	-	-	-	-

Fund Manager or Sub-Advisor Investment Option	Average Annual Total Returns through 09/30/2019					Percentile Rankings as of 09/30/2019					Total Inv. Contingent Exp. Net / Cap. Value Gross / Expire Date			
	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception	Inception Date	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Exp. Net / Gross	Cap. Value / Expire Date
International Equity														
Diversified Emerging Markets														
Capital Research and Mgmt Co American Funds New World R6 Fund 4, 6z	17.37	7.87	9.57	5.49	6.40	9.13	05/01/2009	-	6	3	3	2	0.62 / 0.62	-
Morningstar Category Average - Diversified Emerging Markets	7.99	-0.03	5.06	1.66	3.40	Total Funds in Category	857	839	701	569	243	1.35 / 2.32	-	
Foreign Large Blend														
MFS Investment Management MFS International Diversification R6 Fund 4, 6z	15.29	1.77	8.43	6.04	6.89	4.26	10/02/2017	-	11	4	3	3	0.76 / 0.78	09/30/2020
Morningstar Category Average - Foreign Large Blend	12.13	-2.04	5.55	2.92	4.51	Total Funds in Category	733	723	611	489	365	1.02 / 1.34	-	
Foreign Small/Mid Blend														
Principal Global Investors International SmallCap Separate Account-Z A, 1, 4, 41, 50	16.63	-4.21	6.43	6.55	9.02	10.93	01/01/1995	-	17	15	2	5	0.73 / 0.73	-
Morningstar Category Average - Foreign Small/Mid Blend	10.66	-7.18	4.64	3.92	6.52	Total Funds in Category	115	113	91	69	55	1.30 / 1.72	-	
Short Term Fixed Income														
Principal Global Investors Short-Term Income Separate Account-Z A, 3, 12, 16, 17, 29, 43	4.49	5.02	2.58	2.38	2.77	4.16	12/31/2010	-	31	17	17	21	0.27 / 0.27	02/29/2020
Morningstar Category Average - Short Term Bond	4.08	4.57	2.11	1.83	2.23	Total Funds in Category	572	555	488	436	277	0.74 / 1.47	-	
Money Market														
Principal Global Investors Liquid Assets Separate Account-Z A, 6, 28, 40, 41	1.73	2.30	1.56	0.99	0.53	4.60	12/10/1980	-	-	-	-	-	0.18 / 0.18	-
SEC 7-Day Yield as of 09/30/2019 is 1.96% ***	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Morningstar Category Average - Money Market	1.43	1.90	1.13	0.68	0.35	Total Funds in Category	569	568	526	451	404	0.46 / 1.23	-	
Intermediate Core-Plus Bond														
Principal Global Investors Core Plus Bond Separate Account-Z A, 16, 17, 29, 37, 41	9.70	9.86	3.53	3.68	5.17	7.56	02/01/1983	-	39	27	23	12	0.26 / 0.26	-
Principal Global Investors Income Separate Account-Z A, 3, 12, 16, 17, 43	8.70	9.17	3.92	3.85	5.08	7.71	06/30/2009	-	62	11	15	13	0.28 / 0.28	02/29/2020
Morningstar Category Average - Intermediate Core-Plus Bond	8.49	9.16	3.19	3.28	4.39	Total Funds in Category	632	618	539	448	332	0.80 / 1.17	-	
Owned Real Estate														
Principal Real Estate Inv U.S. Property Separate Account-Z A, 26, 41	4.81	6.17	8.04	9.78	10.95	7.23	01/01/1982	-	-	-	-	-	0.79 / 0.79	-

Please see important information at the end of this presentation.

Principal® Investment Options As Of September 2019

Large U.S. Equity		
Large Value	Large Blend	Large Growth
Equity Income Separate Account-Z A, 3, 12, 49  Principal™	LargeCap S&P 500 Index Separate Account-Z A, ++, 2, 8, 29, 41, 52	Blue Chip Separate Account-Z A, 3, 12, 41  Principal™
Small/Mid U.S. Equity		
Mid Cap Value	Mid Cap Blend	Mid Cap Growth
Vanguard Mid-Cap Value Index Admiral Fund 1, 2, 62  Vanguard		BlackRock Mid-Cap Growth Equity K Fund 1, 62 BLACKROCK
Small Value		
Vanguard Small Cap Value Index Admiral Fund  Vanguard	Small Blend	Janus Henderson Trion N Fund 1, 62 Janus Henderson INVESTORS

International Equity	Balanced/Asset Allocation	Short-Term Fixed Income
American Funds New World R6 Fund 4, 62 		Liquid Assets Separate Account-Z A, 6, 28, 40, 41 Short-Term Income Separate Account-Z A, 3, 12, 16, 17, 29, 43 
MFS International Diversification R6 Fund 4, 62 		
International SmallCap Separate Account-Z A, 1, 4, 41, 50 		
Fixed Income		
Core Plus Bond Separate Account-Z A, 16, 17, 29, 37, 41 Income Separate Account-Z A, 3, 12, 16, 17, 43 	U.S. Property Separate Account-Z A, 36, 41 	
Other		

Please see important information at the end of this presentation.

Important Information

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

⁴ Sub-advised Investment Options include Separate Accounts available through a group annuity contract with the Principal Life Insurance Company. Insurance products and plan administrative services, if applicable, are provided by Principal Life Insurance Company a member of the Principal Financial Group, Des Moines, IA 50392. 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 deferral will be based on factors that may include situations such as: unstable or disorderly financial markets; investment conditions which do not allow for orderly investment transactions; or investment liquidity, and other risks inherent in real estate (such as those associated with general and local economic conditions). If you elect to allocate funds to a Separate Account, you may not be able to immediately withdraw them.

*** The 7-Day Yield % more closely reflects the current earnings of this money market investment option than the total return displayed.

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

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

Investment options are subject to investment risk. Shares or unit values will fluctuate and investments, when redeemed, may be worth more or less than their original cost. This does not apply, however, to the guaranteed portions of group annuity contracts issued by Principal Life that constitute guaranteed benefit policies as defined in ERS4 §401(b)(2)(B).

Any operating expenses of a mutual fund or underlying mutual fund that are part of net Total Investment Expense are obtained from the mutual fund's most recent prospectus. The operating expenses shown as part of Total Investment Expense include voluntary expense limits and fee credit.

Investors should carefully consider a mutual fund's investment objectives, risks, charges, and expenses prior to investing. A prospectus, or summary prospectus if available, containing this and other information can be obtained by contacting a financial professional, visiting principal.com, or calling 1-800-547-7754. Read the prospectus carefully before investing.

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

Insurance products and plan administrative services, if applicable, are provided by Principal Life Insurance Company. Principal Funds, Inc. is distributed by Principal Funds Distributor, Inc. 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 Funds Distributor, 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.

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

For a Separate Account investment option, Total Investment Expense gross equals the sum of these expenses: (a) the amount of money, expressed as a percentage, deducted for the costs of managing a separate account where applicable, fees for plan administrative services and agent compensation, plus (b) if the separate account invests in an underlying mutual fund, the total fund operating expenses of the underlying mutual fund, plus (c) if an underlying mutual fund invests in other mutual funds, the weighted-average management fee of those other mutual funds, as listed in the most recent prospectus. The actual Total Investment Expense may change if an underlying mutual fund's allocation of assets to other mutual funds changes.

This report includes investment options that contain information from a variety of sources. A primary source is Morningstar which provides holdings information, operations data, and rankings or statistics proprietary to Morningstar. Morningstar is generally the source of information on mutual funds unaffiliated with the Principal.

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

Compliance number: 686356-122018

1. Small-cap and mid-cap investment options are subject to more fluctuation in value and may have additional risks than other investment options with stocks of larger, more stable companies.
2. Each index based investment option is invested in the stocks or bonds of the index it tracks. Performance of indexes reflects the unmanaged results for the market segment the selected stocks or bonds represent. There is no assurance an index based investment option will match the performance of the index tracked.
3. This Separate Account invests solely in the least expensive share class of the Principal Funds. 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.
4. International and global investment options are subject to additional risk due to fluctuating exchange rates, foreign accounting and financial policies, and other economic and political environments.
6. Liquid asset investment options are not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC), or any other government agency. Although the investment option may seek to preserve the value of an investment, it is possible to lose money by investing in the portfolio.
8. S&P 500 is a trademark of S&P Global and is used under license. The product is not sponsored, endorsed, sold or promoted by Standard & Poor's and Standard & Poor's makes no representation regarding the advisability of investing in the product.
12. These calculated returns reflect the historical performance of the oldest share class of the fund, adjusted to reflect a portion of the fees and expenses of this share class. For time periods prior to inception date of the fund, predecessor performance is reflected. Please see the fund's prospectus for more information on specific expenses, and the fund's most recent shareholder report for actual date of first sale. Expenses are deducted from income earned by the fund. As a result, dividends and investment results will differ for each share class.
16. Fixed-income investment options are subject to interest rate risk, and their value will decline as interest rates rise. Neither the principal of bond investment options nor their yields are guaranteed by the U.S. government.
17. Fixed-income and asset allocation investment options that invest in mortgage securities are subject to increased risk due to real estate exposure.
26. This investment option is subject to investment and liquidity risk and other risks inherent in real estate such as those associated with general and local economic conditions. If you elect to contribute funds into the U.S. Property Separate Account, withdrawals may be delayed for up to 3 years.

28. The net return experienced may be negative if the costs to maintain and operate the Liquid Assets Separate Account exceed returns. Participants may also see negative returns if plan expenses, if applicable, are netted or deducted from their accounts.
29. The risks associated with derivative investments include that the underlying security, interest rate, market index, or other financial asset will not move in the direction the Investment Adviser and/or Sub-Adviser anticipated, the possibility that there may be no liquid secondary market, the risk that adverse price movements in an instrument can result in a loss substantially greater than a fund's initial investment, the possibility that the counterparty may fail to perform its obligations, and the inability to close out certain hedged positions to avoid adverse tax consequences.
37. Formerly known as Bond and Mortgage Separate Account.
40. Prior to January 1, 2017, the name of this investment option was Principal Money Market Separate Account.
41. Investment manager/sub-advisor means either the Investment Advisor or Sub-Advisor to the investment option or the underlying asset(s). Principal Life Insurance Company is the Investment Manager as defined by ERISA, with regard to the assets of the Separate Accounts. Principal Global Investors is a member of the Principal Financial Group.
43. Investment manager/sub-advisor means either the Investment Advisor or Sub-Advisor to the investment option or the underlying asset(s). Principal Life Insurance Company is the Investment Manager as defined by ERISA, with regard to the assets of the Separate Accounts. Principal Global Investors is a member of the Principal Financial Group. Edge Asset Management is an internal investment boutique of Principal Global Investors.
50. Effective September 21, 2018, this portfolio is sub-advised by Principal Global Investors. Prior to September 21, 2018, the portfolio was sub-advised by DFA and Principal Global Investors. The portfolio has had various sub-advisors since its inception. Performance results displayed reflect all sub-advisors managing this portfolio during the time periods displayed.
52. For the NE Rate level, Principal Life Insurance Company (Principal Life) 1. pays the Sub-Adviser the management fee and compensation for services provided to the separate account, and 2. pays the separate account the expected operating expenses proportionally attributable to the NE Rate level in the maintenance of the Separate Account. Operating expenses may be greater or less than expected in any given period. The NE Rate level is only available to Contract holders who meet certain requirements and select certain additional products and services made available by Principal Life or an affiliate. Ask your Principal representative for additional details.
62. For investment options, returns for all time periods, except the Since Inception time frame, may include the historical performance of the oldest share class of the investment, adjusted to reflect a portion of the fees and expenses of this share class. Since Inception returns display the actual return of this share class and do not reflect the adjusted returns of the oldest share class. Please see the fund's prospectus or if CIT, the offering document for more information on specific expenses, and the investment options most recent shareholder report for actual date of first sale. For a CIT, you may need to contact the plan sponsor or plan advisor, if applicable. Expenses are deducted from income earned by the investment option. As a result, dividends and investment results will differ for each share class.

Glossary of Terms

7 Day Yield - The 7-Day Yield % more closely reflects the current earnings of this money market investment option than the total return displayed.

Category Average Expense Ratio - The average of the expense ratios in the investment option's Morningstar category for each year.

Category Average Return - Morningstar takes the average return of the funds that exist in a category for the time period and divide by the number of funds that exist for that time period. For calendar year category average returns, Morningstar includes funds that have merged, liquidated, or changed categories when calculating category averages.

Total Investment Expense Gross - The current maximum expense ratio, as a percentage of assets that can be applied to this investment option.

Total Investment Expense Net - You will be responsible for this expense and it will be automatically taken prior to calculating performance. Total Investment Expense Net is the Total Investment Expense Gross expense ratio less any fee waivers, reimbursements or caps, if applicable. The expenses ratio, as a percentage of net assets, includes applicable operating expenses, management fees, including 12b-1 fees, and administrative fees.

Expense Waiver - The investment advisor can waive a portion of their management fees resulting in a lower net investment expense ratio.

Contractual Cap - A contractual agreement between the investment advisor and the fund to limit, as a percentage of net assets, the expenses borne by the fund.

Inception Date - Date on which the investment option began its operations.

Morningstar Category - The Morningstar Category identifies investment options based on their actual investment styles as measured by their underlying portfolio holdings (portfolio statistics and compositions over the past three years).

Percentile Rankings - Each investment's total returns are compared to other investments in the same Morningstar category for various time periods. Total returns are ranked on a scale from 1 to 100 where 1 represents the highest-returning 1% of investments and 100 represents the lowest returning investments.

Investment Advisor - May include Registered Investment Advisers as defined in the Advisers Act of 1940, Investment Advisers as defined in the Investment Company Act of 1940, as well as a company employed by the investment option's advisor to handle the investment option's day-to-day management. In these instances, the portfolio manager generally works for the fund's subadvisor, and not the advisor. See definition of Multiple Sub-Advisor appearing elsewhere in this presentation for greater detail about Sub-Advisors.

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