

The periodic table of investment returns

Annual returns for selected asset classes (2002-2016) ranked in order of performance (best to worst)

This chart ranks the annual returns of eight investment categories, over the last few years, demonstrating the randomness of returns from year to year. Past performance is not a good indicator of future results, making it difficult to predict which asset class will perform best in the next year.

One way clients can help manage this unpredictability is by rebalancing an investment portfolio on an annual basis. Over time their portfolio allocations may drift from their original asset allocation goals, as each investment option achieves different results. Rebalancing involves exchanging retirement funds among investment options to return to the original allocation.

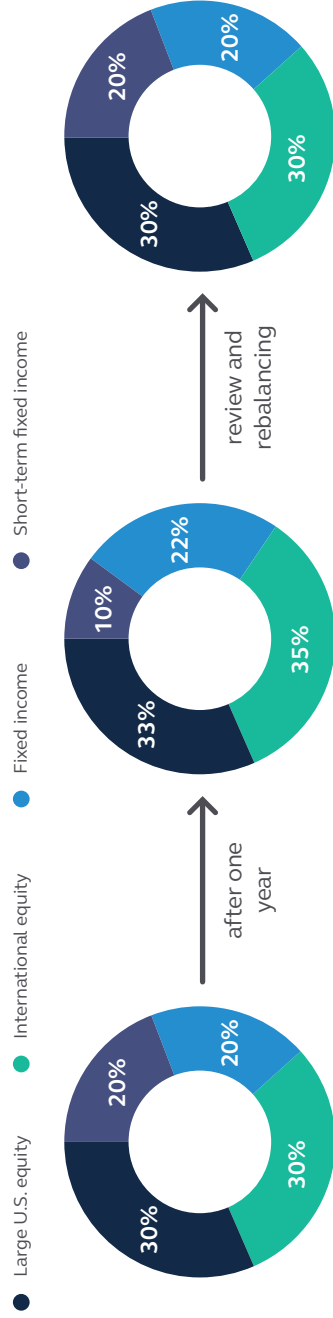
2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Barclays Aggregate Bond 10.27%	Russell 2000 Growth 48.53%	Russell 2000 Value 22.25%	MSCI EAFE Equity 13.56%	MSCI EAFE Equity 26.35%	Russell 1000 Growth 11.82%	Barclays Aggregate Bond 5.24%	S&P 400 MidCap Total Return 37.39%	Russell 2000 Growth 29.08%	Barclays Aggregate Bond 7.84%	Russell 2000 Value 18.05%	Russell 2000 Growth 43.29%	S&P 500 Composite Total Return 13.69%	Russell 1000 Growth 5.67%	Russell 2000 Value 31.74%
Russell 2000 Value -11.42%	Russell 2000 Value 46.02%	MSCI EAFE Equity 20.24%	S&P 400 MidCap Total Return 12.58%	Russell 2000 Value 23.48%	MSCI EAFE Equity 11.18%	Russell 2000 Value -28.93%	Russell 1000 Growth 37.21%	S&P 400 MidCap Total Return 26.64%	Russell 1000 Growth 2.63%	S&P 400 MidCap Total Return 17.96%	Russell 2000 Value 34.50%	Russell 1000 Value 13.45%	S&P 500 Composite Total Return 1.38%	S&P 400 MidCap Total Return 20.74%
S&P 400 MidCap Total Return -14.53%	MSCI EAFE Equity 38.59%	S&P 400 MidCap Total Return 16.48%	Russell 1000 Value 7.04%	Russell 1000 Value 22.21%	S&P 400 MidCap Total Return 7.96%	S&P 400 MidCap Total Return -36.22%	Russell 2000 Growth 34.47%	Russell 2000 Value 24.51%	S&P 500 Composite Total Return 2.12%	Russell 1000 Value 17.50%	S&P 400 MidCap Total Return 33.50%	Russell 1000 Growth 13.05%	Barclays Aggregate Bond 0.55%	Russell 1000 Value 17.34%
Russell 1000 Value -15.53%	S&P 400 MidCap Total Return 35.60%	Russell 1000 Value 16.49%	Russell 1000 Growth 5.27%	S&P 500 Composite Total Return 15.81%	Russell 2000 Growth 7.05%	Russell 1000 Value -36.85%	MSCI EAFE Equity 31.78%	Russell 1000 Growth 16.72%	Russell 1000 Value 0.39%	MSCI EAFE Equity 17.32%	Russell 1000 Growth 33.49%	S&P 400 MidCap Total Return 9.77%	MSCI EAFE Equity -0.81%	S&P 500 Composite Total Return 11.96%
MSCI EAFE Equity -15.94%	Russell 1000 Value 30.03%	Russell 2000 Growth 14.31%	S&P 500 Composite Total Return 4.89%	Russell 2000 Growth 13.35%	Barclays Aggregate Bond 6.96%	S&P 500 Composite Total Return -37.00%	S&P 500 Composite Total Return 26.45%	Russell 1000 Value 15.51%	S&P 400 MidCap Total Return -1.74%	S&P 500 Composite Total Return 15.98%	Russell 1000 Value 32.54%	Barclays Aggregate Bond 5.97%	Russell 2000 Growth -1.38%	Russell 2000 Growth 11.32%
S&P 500 Composite Total Return -22.10%	Russell 1000 Growth 29.76%	S&P 500 Composite Total Return 10.87%	Russell 2000 Value 4.70%	S&P 400 MidCap Total Return 10.33%	S&P 500 Composite Total Return 5.50%	Russell 1000 Growth -38.43%	Russell 2000 Value 20.55%	S&P 500 Composite Total Return 15.06%	Russell 2000 Growth -2.92%	Russell 1000 Growth 15.26%	S&P 500 Composite Total Return 32.39%	Russell 2000 Growth 5.60%	S&P 400 MidCap Total Return -2.18%	Russell 1000 Growth 7.08%
Russell 1000 Growth -27.89%	S&P 500 Composite Total Return 28.68%	Russell 1000 Growth 6.30%	Russell 2000 Growth 4.15%	Russell 1000 Growth 9.08%	Russell 1000 Value -0.17%	Russell 2000 Growth -38.53%	Russell 1000 Value 19.69%	MSCI EAFE Equity 7.74%	Russell 2000 Value -5.50%	Russell 2000 Growth 14.59%	MSCI EAFE Equity 22.78%	Russell 2000 Value 4.22%	Russell 1000 Value -3.83%	Barclays Aggregate Bond 2.65%
Russell 2000 Growth -30.27%	Barclays Aggregate Bond 4.11%	Barclays Aggregate Bond 4.34%	Barclays Aggregate Bond 2.43%	Barclays Aggregate Bond 4.33%	Russell 2000 Value -9.77%	MSCI EAFE Equity -43.39%	Barclays Aggregate Bond 5.93%	Barclays Aggregate Bond 6.56%	MSCI EAFE Equity -12.14%	Barclays Aggregate Bond 4.22%	Barclays Aggregate Bond -2.02%	MSCI EAFE Equity -4.90%	Russell 2000 Value -7.47%	MSCI EAFE Equity 1.00%

The securities represented by these indices involve investment risks, which may include the loss of principal invested. Past performance does not guarantee future results. Indices are unmanaged and not available for direct investment.

Source: Wilshire Compass

- Russell 2000 Value Index
- Russell 2000 Growth Index
- S&P 500 Composite Total Return Index
- S&P 400 MidCap Total Return Index
- Russell 1000 Growth Index
- Russell 1000 Value Index
- MSCI EAFE Equity Index
- Barclays Aggregate Bond Index

This illustration shows how investment options can get “out of balance” over time.



Let’s assume an original investment option mix like the one above.

Account and market activity change the weighting of the portfolio - one year later, all but one of the investment options makes gains.

After rebalancing, the option mix is back to the original allocation.

Rebalancing can be done at least on an annual basis to maintain original levels of asset allocation and to retain a client’s preferred level of risk, especially after an unusual year in the stock market.

Charts are for illustrative purposes only. Assumed rates of return are hypothetical and do not represent the return of any specific investment options. No investment strategy, such as diversification or asset allocation, can guarantee a profit or protect against loss in periods of declining value.



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Carefully consider the Fund’s objectives, risks, charges, and expenses. Contact your financial professional or visit principal.com for a prospectus, or summary prospectus if available, containing this and other information. Please read it carefully before investing.

Investing involves risk including possible loss of principal.

Equity investment options involve greater risk, including heightened volatility, than fixed-income investment options.

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

This document is intended to be educational in nature and is not intended to be taken as a recommendation.

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

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

S&P 500 Composite Total Return Index is an unmanaged, market capitalization-weighted price index composed of 500 widely held common stocks listed on the New York Stock Exchange, American Stock Exchange, and Over-The-Counter market. The index includes dividends reinvestments. The value of the index varies with the aggregate value of the common equity of each of the 500 companies.

S&P 400 MidCap Total Return Index is an index consisting of 400 domestic stocks chosen for market size with dividends reinvested, liquidity and industry group representation. It is a market weighted index that represents approximately 10% of the aggregate market value of U.S. domestic companies.

MSCI EAFE Equity Index is an international index that includes stocks traded on 21 exchanges in Europe, Australia and the Far East, weighted by capitalization. This index represents asset types which are subject to risk, including loss of principal. International stocks are subject to additional risks associated with foreign investments due to fluctuating exchange rates, foreign policies, and economic and political environments including currency risk and varying accounting standards.

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

Russell 2000 Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. These stocks are selected from the 2,000 smallest companies in the Russell 3000 Index, which represent approximately 8% of the total market capitalization of the Russell 3000 Index. Small company investments are subject to more fluctuation in value than investments in larger, more stable companies.

Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and forecasted growth values. Securities in this index are selected from the 2000 smallest companies in the Russell 3000 Index, which represent approximately 8% of the total market capitalization of the Russell 3000 Index.

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