

Principal Mid Cap S&P 400 Index Fund (Class R3)

As of September 30, 2011

Stock Investment

Category: Mid-Cap Blend

The typical mid-cap blend fund invests in stocks of various sizes and mixed characteristics, giving it a middle-of-the-road profile. Most shy away from high-priced growth stocks, but aren't so price-conscious that they land in value territory.

What is the investment's strategy?

The investment seeks long-term growth of capital. The fund normally invests at least 80% of net assets in common stocks of companies that compose the S&P MidCap 400 Index. It employs a passive investment approach designed to attempt to track the performance of the index. The fund invests in index futures and options and exchange-traded funds (ETFs) on a daily basis to gain exposure to the index in an effort to minimize tracking error relative to the benchmark.

Other Considerations

Small and mid-cap stocks are often more volatile than large-cap stocks. Smaller companies generally face higher risks due to their limited product lines, markets and financial markets. Unlike other funds, which generally seek to "beat" the market, Index Funds seek to match their respective indices. It is not possible to invest in an index.

Other Information

12b-1 fee: 0.25%
Expense Ratio (gross)**: 0.76% of fund assets
Trading Blackout Holding Period: 30 Days
Trading Blackout Min Amount: \$0.00
Trading Blackout Effective Date: 09/30/2011
Fund Inception Date: 12/06/2000
Total Fund Assets(\$mil): 55.50
Ticker: PMFMX

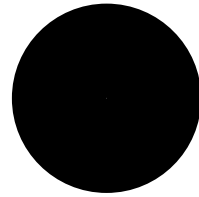
Portfolio Manager(s)

Thomas L. Kruchten

Management Company: Principal Management Corp.
Telephone: 800-547-7754

Portfolio Snapshot as of 08/31/2011 ^

Portfolio Composition



	Net %
Cash	0.22
Stocks*	99.78
Bonds	0.00
Other	0.00
*Foreign Stock (% of stocks)	0.00

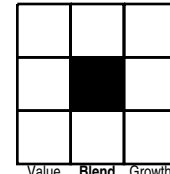
Industry Sectors as of 08/31/2011 ^

	Long %
Cyclical	38.40
Basic Materials	7.18
Consumer Cyclical	12.93
Financial Services	10.40
Real Estate	7.89
Defensive	22.21
Consumer Defensive	6.52
Healthcare	10.27
Utilities	5.42
Sensitive	39.40
Communication Services	1.28
Energy	6.80
Industrials	17.43
Technology	13.89

Top Ten Holdings as of 08/31/2011 ^

	% of Assets
S&P Mid 400 Emini Sep11	2.34
Green Mountain Coffee Roasters, Inc.	1.19
Vertex Pharmaceuticals	0.85
Lubrizol Corporation	0.79
Dollar Tree Stores, Inc.	0.79
Perrigo Company	0.72
BorgWarner Inc	0.71
HollyFrontier Corp	0.68
iShares S&P MidCap 400 Index	0.66
Macerich Company	0.58

Morningstar Style Box™



Morningstar Rating*

☆☆☆	Overall †
☆☆☆	3 Year ‡
☆☆☆☆	5 Year ‡
☆☆☆☆	10 Year †
†	Out of 369 Mid-Cap Blend Funds
‡	Out of 369 Mid-Cap Blend Funds
‡	Out of 305 Mid-Cap Blend Funds
†	Out of 193 Mid-Cap Blend Funds

Past performance is no guarantee of future results.

* For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive five stars, then next 22.5% receive four stars, the middle 35% receive three stars, the next 22.5% receive two stars, and the bottom 10% receive one star. The Overall Morningstar Rating™ for a fund is derived from a weighted average of the performance figures associated with its three-, five- and 10-year (if applicable) Morningstar Rating™ metrics.

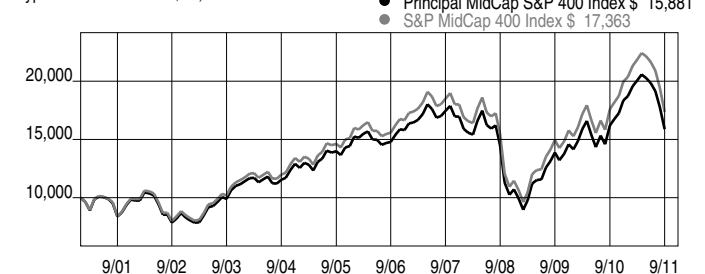
Average Annual Total Returns as of 09/30/2011

	YTD	1Year	3Year	5Year	10Year	Since Inception
Principal MidCap S&P 400 Index	-13.47%	-2.04%	3.18%	1.43%	6.60%	--
Mid-Cap Blend Average	-14.63	-3.41	1.91	-0.41	6.11	--
S&P MidCap 400 Index	-13.02	-1.27	4.05	2.19	7.50	--

Performance data quoted represents past performance. Past performance is no guarantee of future results. Due to market volatility, current performance may be less or higher than the figures shown. Investment return and principal value will fluctuate so that upon redemption, shares may be worth more or less than their original cost. Performance data does not reflect deduction of redemption fee, which, if such fee exists, would lower performance. For current to the most recent month-end performance information, please visit www.NYLI.com/retirement.

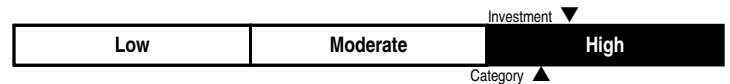
Performance

Hypothetical Growth of \$10,000



Volatility Analysis

Best 3-month Period	Mar. 09-May. 09	28.37%
Worst 3-month Period	Sep. 08-Nov. 08	-36.72%



In the past, this investment has shown a wide range of price fluctuations relative to other investments. This investment may experience significant price increases in favorable markets or undergo large price declines in adverse markets. Some of this risk may be offset by owning other investments that follow different investment strategies.

** Expense ratio (gross) does not include fee waivers or expense reimbursements which result in lower actual cost to the investor.

^ The portfolio composition, industry sectors, top ten holdings, and credit analysis are presented to illustrate examples of securities that the fund has bought and diversity of areas in which the fund may invest and may not be representative of the fund's current or future investments. The top ten holdings do not include money market instruments and/or futures contracts. The figures presented are as of date shown, do not include the fund's entire investment portfolio, and may change at any time.

Mid-Cap Blend Average is the average annual total return of the universe of mutual funds designated by Morningstar, Inc. as comprising the Morningstar Mid-Cap Blend category.

S&P MidCap 400 Index: The S&P MidCap 400 Index is an unmanaged index that measures the performance of 400 medium-capitalization stocks. Results assume the reinvestment of all capital gain and dividend distributions. An investment cannot be made directly into an index.

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