F U N D E V A L U A T I O N R E P O R T

Hospitality Industry 401(k)

Quarterly Review
March 31, 2013

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- Principal Financial Group's money market fund "broke the buck" in 2012 as the fee subsidy ended. The fund returned -0.31%.
- Most funds (9 out of 17 active funds, excluding balanced funds) underperformed their stated benchmark. Four funds in the 401(k) Plan that are also in the Pension Plan outperformed their benchmarks (DFA, Vontobel, Vanguard, and PIMCO).
- Ending total value of the 401(k) Plan is $20.5 million, an increase of approximately $1.0 million from the December 31, 2012 value. The increase was evenly due to contributions and investment returns.

Aggregate Assets
Asset Summary as of 3/31/13

	Market Value 3/31/13 ($ mm)	% of 401(k) Savings Plan	Market Value 12/31/12 ($ mm)
Total Fund Aggregate	**20.5**	**100**	**19.5**
Cash	5.5	27	5.8
Balanced Assets	5.2	25	4.8
Large Cap Equity Assets	3.1	15	2.7
MidCap Equity Assets	1.9	9	1.7
Small Cap Equity Assets	1.0	5	0.8
International Developed Markets Equity Assets	1.1	5	0.9
International Emerging Markets Equity Assets	0.0	< 1	0.0
Fixed Income Assets	2.4	12	2.4
Real Estate Assets	0.3	2	0.3

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Aggregate Assets
Portfolio Roster as of 3/31/13

	Market Value 3/31/13 ($ mm)	% of Asset Class	% of 401(k) Savings Plan	Market Value 12/31/12 ($ mm)
Total Fund Aggregate	**20.5**	**NA**	**100**	**19.5**
Cash	**5.5**	**100**	**27**	**5.8**
Principal Money Market	5.5	100	27	5.8
Balanced Assets	**5.2**	**100**	**25**	**4.8**
Principal LifeTime Strategic Income	0.2	3	< 1	0.2
Principal LifeTime 2010	1.1	21	5	1.1
Principal LifeTime 2020	1.8	35	9	1.7
Principal LifeTime 2030	1.8	34	9	1.6
Principal LifeTime 2040	0.3	5	1	0.2
Principal LifeTime 2050	0.1	2	< 1	0.1
Large Cap Equity Assets	**3.1**	**100**	**15**	**2.7**
Touchstone Sands Capital Institutional Growth	1.0	33	5	0.9
T.Rowe/Clearbridge LargeCap Blend	1.0	31	5	0.9
Principal LargeCap S&P 500 Index	1.0	31	5	0.8
Vanguard Equity Income	0.2	5	< 1	0.1
MidCap Equity Assets	**1.9**	**100**	**9**	**1.7**
Principal MidCap	1.2	62	6	1.0
Prudential Jennison Mid Cap Growth	0.6	32	3	0.6
Goldman Sachs/LA Capital MidCap Value	0.1	5	< 1	0.1
Principal MidCap S&P 400 Index	< 0.1	< 1	< 1	< 0.1

Aggregate Assets
Portfolio Roster as of 3/31/13

	Market Value 3/31/13 ($ mm)	% of Asset Class	% of 401(k) Savings Plan	Market Value 12/31/12 ($ mm)
Small Cap Equity Assets	**1.0**	**100**	**5**	**0.8**
Principal SmallCap S&P 600 Index	0.6	62	3	0.5
Principal SmallCap Blend	0.2	23	1	0.1
AllianceBernstein/CCI/Brown SmallCap Growth	0.1	12	< 1	0.2
Goldman Sachs/CCI/Brown Small Cap Value	< 0.1	2	< 1	0.0
International Developed Markets Equity Assets	**1.1**	**100**	**5**	**0.9**
Principal/DFA International SmallCap	0.9	88	5	0.8
Capital Research & Management American Funds EuroPacific Growth	0.1	12	< 1	0.1
International Emerging Markets Equity Assets	**0.0**	**100**	**< 1**	**0.0**
Virtus Emerging Markets Opportunities	< 0.1	100	< 1	0.0
Fixed Income Assets	**2.4**	**100**	**12**	**2.4**
Principal Bond and Mortgage	1.7	70	8	1.7
Fidelity Advisor High Income Advantage	0.6	24	3	0.5
PIMCO Total Return	0.2	6	< 1	0.1
Vanguard Inflation-Protected Securities	< 0.1	< 1	< 1	0.0
Real Estate Assets	**0.3**	**100**	**2**	**0.3**
Principal U.S. Property	0.3	100	2	0.3

Aggregate Assets
Performance as of 3/31/13

	1Q13 (%)	1 YR (%)	3 YR (%)	5 YR (%)	Inception Date	Since Inception (%)	Fund Expense Ratio (%)	Peer Average Expense Ratio (%)
Cash								
Principal Money Market	-0.1	-0.3	-0.1	0.3	12/1/12	-0.1	0.56	NA
90-Day T-Bills	*0.0*	*0.1*	*0.1*	*0.3*		*0.0*		
Balanced								
Principal LifeTime Strategic Income	2.4	7.4	7.5	4.2	12/1/12	2.9	0.79	0.69
Dow Jones Target Today Index	*0.4*	*3.8*	*6.0*	*5.3*		*0.4*		
Principal LifeTime 2010	3.9	8.8	8.5	4.3	12/1/12	5.0	0.83	0.68
Dow Jones Target 2010 Index	*1.1*	*4.7*	*6.5*	*4.7*		*1.4*		
Principal LifeTime 2020	5.4	10.1	9.3	4.4	12/1/12	6.9	0.88	0.80
Dow Jones Target 2020 Index	*3.3*	*7.0*	*7.9*	*4.8*		*4.2*		
Principal LifeTime 2030	6.1	10.5	9.6	4.2	12/1/12	7.9	0.92	0.83
Dow Jones Target 2030 Index	*5.8*	*9.6*	*9.2*	*5.2*		*7.5*		
Principal LifeTime 2040	6.9	11.2	9.8	4.0	12/1/12	8.9	0.94	0.87
Dow Jones Target 2040 Index	*7.7*	*11.5*	*10.0*	*5.4*		*9.9*		
Principal LifeTime 2050	7.2	11.6	9.9	3.9	12/1/12	9.3	0.95	0.82
Dow Jones Target 2050 Index	*8.1*	*12.0*	*10.5*	*5.7*		*10.5*		

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Aggregate Assets
Performance as of 3/31/13

	1Q13 (%)	1 YR (%)	3 YR (%)	5 YR (%)	Inception Date	Since Inception (%)	Fund Expense Ratio (%)	Peer Average Expense Ratio (%)
Large Cap Equity								
Touchstone Sands Capital Institutional Growth	7.1	6.7	NA	NA	12/1/12	6.9	0.80	1.11
Russell 1000 Growth	*9.5*	*10.1*	*13.1*	*7.3*		*9.5*		
T.Rowe/Clearbridge LargeCap Blend	10.3	12.6	10.8	5.3	12/1/12	11.1	0.91	1.04
Russell 1000	*11.0*	*14.4*	*12.9*	*6.2*		*12.1*		
Principal LargeCap S&P 500 Index	10.5	13.6	12.3	5.5	12/1/12	11.5	0.31	1.04
S&P 500	*10.6*	*14.0*	*12.7*	*5.8*		*11.6*		
Vanguard Equity Income	11.3	16.5	15.4	7.0	12/1/12	11.9	0.30	0.89
Russell 1000 Value	*12.3*	*18.8*	*12.7*	*4.8*		*14.6*		
MidCap Equity								
Principal MidCap	12.2	20.0	18.6	10.8	12/1/12	14.3	0.81	1.24
Russell MidCap	*13.0*	*17.3*	*14.6*	*8.4*		*15.5*		
Prudential Jennison Mid Cap Growth	8.5	10.2	NA	NA	12/1/12	10.1	0.76	1.20
Russell MidCap Growth	*11.5*	*12.8*	*14.2*	*8.0*		*13.5*		
Goldman Sachs/LA Capital MidCap Value	13.3	19.0	13.4	8.1	12/1/12	16.1	1.15	1.10
Russell MidCap Value	*14.2*	*21.5*	*15.0*	*8.5*		*17.2*		
Principal MidCap S&P 400 Index	13.3	17.4	14.7	9.5	12/1/12	15.8	0.31	1.24
S&P MidCap	*13.5*	*17.8*	*15.1*	*9.8*		*15.9*		

	1Q13 (%)	1 YR (%)	3 YR (%)	5 YR (%)	Inception Date	Since Inception (%)	Fund Expense Ratio (%)	Peer Average Expense Ratio (%)
Small Cap Equity								
Principal SmallCap S&P 600 Index	11.7	15.7	14.7	8.9	12/1/12	15.3	0.31	1.19
S&P Small Cap	*11.8*	*16.1*	*15.2*	*9.2*		*15.5*		
Principal SmallCap Blend	15.2	17.4	14.3	6.9	12/1/12	17.8	0.91	1.19
Russell 2000	*12.4*	*16.3*	*13.5*	*8.2*		*16.4*		
AllianceBernstein/CCI/Brown SmallCap Growth	11.2	10.9	16.5	10.4	12/1/12	13.2	1.24	1.27
Russell 2000 Growth	*13.2*	*14.5*	*14.7*	*9.0*		*16.5*		
Goldman Sachs Small Cap Value	12.6	17.8	NA	NA	12/1/12	16.1	0.96	1.23
Russell 2000 Value	*11.6*	*18.1*	*12.1*	*7.3*		*16.3*		
International Developed Markets Equity								
Principal/DFA International SmallCap	8.2	12.9	10.0	1.6	12/1/12	12.0	1.46	1.36
MSCI ACWI (ex. U.S.) Small Cap	*6.5*	*10.5*	*7.0*	*2.5*		*10.8*		
Capital Research & Management American Funds EuroPacific Growth	2.9	9.6	5.1	NA	12/1/12	5.8	0.50	1.18
MSCI EAFE	*5.1*	*11.3*	*5.0*	*-0.9*		*8.5*		
International Emerging Markets Equity								
Virtus Emerging Markets Opportunities	1.6	8.3	NA	NA	12/1/12	3.1	1.42	1.45
MSCI Emerging Markets	*-1.6*	*2.0*	*3.3*	*1.1*		*3.2*		

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Aggregate Assets Performance as of 3/31/13

	1Q13 (%)	1 YR (%)	3 YR (%)	5 YR (%)	Inception Date	Since Inception (%)	Fund Expense Ratio (%)	Peer Average Expense Ratio (%)
Fixed Income								
Principal Bond and Mortgage	0.3	5.9	7.4	6.7	12/1/12	0.5	0.71	0.48
Barclays Aggregate	*-0.1*	*3.8*	*5.5*	*5.5*		*-0.3*		
Fidelity Advisor High Income Advantage	4.0	14.4	11.2	10.1	12/1/12	6.2	0.78	0.95
Barclays High Yield	*2.9*	*13.1*	*11.2*	*11.6*		*4.5*		
PIMCO Total Return	0.6	7.9	6.9	7.8	12/1/12	0.9	0.46	0.48
Barclays Aggregate	*-0.1*	*3.8*	*5.5*	*5.5*		*-0.3*		
Vanguard Inflation-Protected Securities	-0.3	5.7	8.4	5.5	12/1/12	-0.9	0.20	0.48
Barclays U.S. TIPS	*-0.4*	*5.7*	*8.6*	*5.9*		*-1.0*		
Real Estate								
Principal U.S. Property	2.8	11.9	15.3	-2.0	12/1/12	3.6	1.15	1.12
NCREIF ODCE Equal Weighted	*2.6*	*10.7*	*15.0*	*-1.2*		*5.0*		

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