

24-Apr-2026

Principal Financial Group, Inc. (PFG)

Q1 2026 Earnings Call

CORPORATE PARTICIPANTS

Humphrey Lee

Vice President-Investor Relations, Principal Financial Group, Inc.

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

Joel Pitz

Executive Vice President & Chief Financial Officer, Principal Financial Group, Inc.

Amy C. Friedrich

President-Benefits & Protection, Principal Financial Group, Inc.

Kamal Bhatia

President & Chief Executive Officer-Principal Asset Management, Principal Financial Group, Inc.

Christopher J. Littlefield

President-Retirement & Income Solutions, Principal Financial Group, Inc.

OTHER PARTICIPANTS

Ryan Krueger

Analyst, Keefe, Bruyette & Woods, Inc.

Wes Carmichael

Analyst, Wells Fargo

Suneet Kamath

Analyst, Jefferies LLC

Jack Matten

Analyst, BMO Capital Markets

Wilma Burdis

Analyst, Raymond James & Associates, Inc.

Thomas Gallagher

Analyst, Evercore ISI

Michael Ward

Analyst, UBS

Pablo S. Singzon

Analyst, JPMorgan Securities LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good morning. And welcome to the Principal Financial Group First Quarter 2026 Financial Results Conference Call. There will be a question-and-answer period after the speakers have completed their prepared remarks. [Operator Instructions] I would now like to turn the conference call over to Humphrey Lee, Vice President of Investor Relations.

Humphrey Lee

Vice President-Investor Relations, Principal Financial Group, Inc.

Thank you, and good morning. Welcome to Principal Financial Group's first quarter 2026 earnings conference call. As always, material related to today's call are available on our website at investors.principal.com. Following a reading of the Safe Harbor provision, CEO, Deanna Strable and CFO, Joel Pitz will deliver prepared remarks. We will then open the call for questions. Members of senior management are also available for Q&A. Some of the comments made during this conference call may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act. The company does not revise or update them to reflect new information, subsequent events, or changes in strategy. Risks and uncertainties that could cause actual results to differ materially from those expressed or implied are discussed in the company's most recent Annual Report on Form 10-K filed by the company with the US Securities and Exchange Commission. Additionally, some of the comments made during this conference call may refer to non-GAAP financial measures. Reconciliations of the non-GAAP financial measures to the most directly comparable US GAAP financial measures may be found in our earnings release, financial supplement, and slide presentation. Deanna?

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

Thanks, Humphrey, and good morning to everyone on the call. This morning, I'll discuss our strong first quarter performance and the steady execution of our strategy focused on delivering sustained growth across our diversified businesses. Joel will then provide additional details on our financial results and capital position. Starting with Slide 2, we delivered 13% adjusted non-GAAP earnings per share growth in the first quarter, above the high end of our target range. This performance was primarily driven by favorable underwriting results and improved mortality within our benefits and protection business, as well as positive market conditions for our fee-based businesses. This contributed to strong revenue growth and margin expansion. Strong performance and capital generation enabled us to return approximately \$375 million of capital to shareholders in the quarter, including \$200 million of share repurchases. We also raised our common stock dividend for the 12th consecutive quarter, an 8% increase on both a quarterly and trailing 12-month basis. Taken together, these results underscore the value of our diversified business model.

Moving to Slide 3, we continue to make progress across our strategic growth drivers. The broad Retirement Ecosystem, Small and Mid-sized Businesses, and Global Asset Management. Within the Retirement Ecosystem, we're starting the year with broad based momentum total retirement transfer deposits of \$12 billion in the quarter grew 35% year-over-year, and recurring deposits grew 7% over the same time period. This growth reflects our ability to win new business as well as retain and grow existing clients with a comprehensive suite of capabilities across record keeping, asset management, investment advice, and income solutions. We're growing our participant base and helping them save more for retirement. This is evidenced by a 3% increase in the number of participants deferring into their retirement plans compared to the year-ago quarter, with average deferrals up over 3% as well. Participants continue to consolidate retirement savings onto our platform, with \$1.7 billion of roll-ins in

the quarter when participants consolidate their retirement savings with us this further reinforces their confidence in the strength of our platform and our ability to provide customized advice and solutions to meet their needs. Our retirement investment expertise is an important growth driver within the retirement ecosystem, is further gaining traction with third party retirement platforms. This is evidenced by DCIO sales of \$2 billion in the quarter, and nearly \$8 billion over the trailing 12 months. For the small and mid-sized business segment our differentiated capabilities and deep expertise are driving results.

In Retirement, the SMB market continues to perform well. Recurring deposits grew 6% over the year-ago quarter and 7% on a trailing 12-month basis. Strong new business activity and favorable retention resulted in positive account value net cash flow of \$600 million for the quarter. In benefits and protection, our broad and meaningful value proposition to the SMB segment continues to drive growth and deepen customer relationships. Specialty Benefits delivered record sales up 24% over the year-ago quarter. Additionally, business market life premium and fees grew 15% year-over-year, demonstrating robust demand for specialized solutions which help business owners protect key employees and fund critical succession strategies. Our latest well-being index, fielded in late March, confirms steady employment trends, with 90% of small and mid-sized business owners indicating they are maintaining or increasing staff. When we look at our own block across 180,000 diverse businesses in group benefits and retirement, both employment and wage growth have remained positive and are contributing to growth.

In Global Asset Management we're generating momentum with record gross sales in Investment Management of \$37 billion, up 21% year-over-year. This growth is directly related to in-demand product offerings and our strengthened distribution relationships across global markets. Our private markets capabilities remain attractive to clients globally, generating net inflows of \$400 million in the quarter and \$3 billion on a trailing 12-month basis. Private markets AUM grew 11% year-over-year due to ongoing demand for our real estate, infrastructure, and private credit strategies. Our active ETF business continues to gain traction and deliver net inflows of \$400 million in the quarter and \$1.8 billion on a trailing 12-month basis. Additionally, we generated strong net cash flow of \$1.5 billion in the quarter from clients outside the US. Looking across these three growth drivers, I'm encouraged by this momentum, the breadth of our retirement solutions, our leadership position in serving small and mid-sized businesses and our expanding global asset management capabilities create multiple avenues for sustained growth.

We also continue to innovate in how we serve and engage customers across the enterprise, leveraging data and emerging technologies, including AI. We're deploying these capabilities across the organization to improve productivity, deepen customer relationships, and continuously improve the experience we deliver every day.

Before I turn this over to Joel, I want to share some of the important recognitions we've received. For the 15th time Principal has been named one of the World's Most Ethical Companies. This recognition from Ethisphere, which I am incredibly proud of, underscores our long-standing commitment to integrity, transparency and responsible business practices. Principal Asset Management was also recognized as the winner of the Data Center Firm of the Year in North America by PERE, a leading private markets publication. This award highlights our decades long expertise, growing capabilities and track record in this sector. Together, these recognitions reinforce the strength of our culture and competitive advantages that differentiate Principal in the marketplace.

In closing, the momentum we're seeing across our businesses gives us confidence in our ability to deliver our financial targets as we expand our customer base to 82 million people worldwide, we remain focused on disciplined execution, sustainable growth and creating long term value for our customers and shareholders. Our strong performance this quarter reflects the dedication of our 19,000 employees around the world. They're

focused on serving customers and executing with discipline allowed us to capitalize on opportunities early in the year and positions us well for continued growth as we move through 2026. Joel?

Joel Pitz

Executive Vice President & Chief Financial Officer, Principal Financial Group, Inc.

Thanks, Deanna. Good morning to everyone in the call. I'll walk through our financial performance for the first quarter and provide updates on our capital position.

As you can see in Slide 4, the first quarter was a strong start to the year, and we are well positioned to deliver on our 2026 financial targets. We reported non-GAAP operating earnings of \$456 million, up 10% compared to the year-ago quarter, or \$2.07 per share, an increase of 14%. Excluding significant variances, non-GAAP operating earnings were \$479 million, up 9% compared to the year-ago quarter or \$2.17 per share, a 13% increase.

Additionally, non-GAAP operating ROE was 16.1%, an improvement of 140 basis points compared to the year-ago period, net the midpoint of our 15% to 17% target range. Significant variances found on Slide 11 had an after-tax impact of \$23 million in the first quarter. Lower variable investment income was primarily driven by timing of real estate transactions and slightly lower returns in our other alternatives portfolio. We shared in our February Outlook call that we were evaluating the presentation of depreciation for core real estate in our Alternatives portfolio. Beginning first quarter, we reclassified this non-cash expense to realize gains and losses. This better reflects total returns by aligning depreciation with where gains are recognized upon sale. We still expect full year 2026 variable investment income to improve relative to 2025 with or without this change. This impacts reported results only and there is no impact to our adjusted results.

Margin expanded by 190 basis points to 30% in the first quarter. This improvement reflects our strong business fundamentals, with 6% year-over-year net revenue growth and disciplined expense management while investing in the business.

Turning to capital and liquidity, we ended the quarter in a strong position with over \$1.4 billion of excess and available capital. This includes: \$800 million at the holding company at our targeted level; \$300 million in our subsidiaries; and \$350 million in excess of our targeted 375% risk-based capital ratio, which was approximately 400% at quarter end. We returned \$374 million to shareholders in the first quarter, including \$200 million of share repurchases and \$174 million of common stock dividends.

Last night, we announced an \$0.82 common stock dividend payable in the second quarter. This is a \$0.02 increase from the dividend paid in the first quarter and 8% increase year-over-year. This remains in line with our targeted 40% dividend payout ratio and demonstrates our confidence in continued earnings growth and capital generation.

Moving to AUM and net cash flow. Total company managed AUM ended the quarter at \$770 billion, modestly lower sequentially due to market performance and up 7% year-over-year. Total company net cash flow was negative \$1.5 billion in the quarter, a meaningful improvement on both the sequential and year-over-year basis. The improvement was driven by positive net cash flow in International Pension in the quarter and improved year-over-year results in Investment Management.

Moving to the businesses, the following commentary excludes significant variances. Starting with RIS and as shown on Slide 5, pre-tax operating earnings of \$318 million increased 4% year-over-year, driven by 3% net revenue growth and margin expansion. Operating margin of 41.5% expanded 60 basis points compared to the year-ago quarter and is slightly above the high end of our target range. This reflects our disciplined focus on

profitable revenue growth and expense management, as well as some favorable seasonality and timing impacts in the current quarter.

Fundamentals across the business remain healthy. As Deanna noted, we delivered strong transfer in recurring deposits as well as favorable retention. This drove \$1.8 billion of RIS account value net cash flow in the quarter, supported by fee-based net cash flow across both large and SMB market segments.

Turning to Slide 6, Principal Asset Management delivered earnings growth of 10% year-over-year on 5% revenue growth and margin expansion. Within Investment Management, pre-tax operating earnings increased 8% from the prior-year quarter. Adjusted revenue increased over 2% year-over-year, despite the impact of our recent divestiture. Higher revenue, along with expense discipline, contributed to a 100-basis point improvement in investment management's quarterly operating margin.

Gross sales in the quarter were a record, up 21% from the year-ago quarter. This highlights the attractiveness of our solutions and the global reach of our distribution. Importantly, demand remains in several key areas, including \$1.2 billion of net cash flow spread equally across private markets, ETFs, and UCITs.

Moving to International Pension, AUM increased 4% sequentially and 20% year-over-year to a record \$160 billion. The increase was primarily due to positive market performance and net cash flow, as well as foreign currency tailwinds. Net cash flow was positive \$500 million in the quarter, with \$700 million of net inflows in Brazil. Pre-tax operating earnings increased 14% year-over-year, driven by the benefit of higher performance fees, favorable foreign currency impacts and growth in the business. Operating margin of 48.5% remains comfortably within our target range.

Turning to Slide 7, Benefits and Protection delivered a very strong quarter. Pre-tax operating earnings were \$177 million, an increase of 41% year-over-year. This was driven by more favorable Specialty Benefits underwriting, improved life mortality, and business growth.

Starting with Specialty Benefits, premium and fees increased 4% year-over-year, in part supported by record sales in the first quarter. As we indicated on our outlook call, we continue to expect premium fees growth to trend higher throughout the year, most notably in the second half. Pre-tax operating earnings of \$140 million increased 26% year-over-year, reflecting strong underwriting experience and growth in the business. Total loss ratio improved 220 basis points compared to the year-ago quarter, due to improved group life and group dental results, along with continued strong results in group disability. This translated into margin expansion, improving to 16.2% and up 290 basis points year-over-year.

In Life Insurance, pre-tax operating earnings of \$37 million increased \$23 million year-over-year, driven by improved mortality experience due to lower frequency and severity. This contributed to a 15.6% operating margin in the quarter at the high end of our target range. Moving to Corporate, first quarter losses were elevated due to timing of expenses. On a full year basis, we expect segment results to be within our target range.

Before closing, I'd like to make a few comments regarding our investment portfolio. There has been heightened attention recently on the insurance industry's exposure to private credit. First and foremost, we have over 60 years of experience underwriting and managing private assets for our general account and clients. As we shared with you last quarter, the vast majority of our private fixed income securities, are investment grade with minimal exposure to direct lending. Importantly, our portfolio continues to perform well with experience better than our long-term expectations. I remain confident in our well-constructed and diversified portfolio, which is appropriately aligned with the liquidity profile of our liabilities. In closing, our first quarter results reflect disciplined execution

across the enterprise with strong earnings growth, margin expansion, and healthy underlying fundamentals. These results reinforce the strength of our diversified business mix and position us well to deliver on our financial targets in 2026 and beyond. This concludes our prepared remarks. Operator, please open the call for questions.

QUESTION AND ANSWER SECTION

[Operator Instructions] Operator: The first question comes from Ryan Krueger from KBW.

Ryan Krueger

Analyst, Keefe, Bruyette & Woods, Inc.

Q

Hey, thanks. Good morning. My first question was on Specialty Benefits. Can you provide some more color on the favorable underwriting experience you had across dental, life, and disability, and also just how you're thinking about the outlook from here?

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

A

Yeah, Ryan. Good morning and welcome back. Obviously, it was a really strong quarter for Specialty Benefits. And I'll pass it over to Amy to talk about the drivers.

Amy C. Friedrich

President-Benefits & Protection, Principal Financial Group, Inc.

A

Yeah, thanks. Yeah Ryan, the underwriting performance was really strong this quarter. As you've noted, with that 58.5% loss ratio when I look through that, it really is primarily group life and dental that are driving that. So when I look at group life, it's going to be driven by that, that low frequency that we saw in this quarter. And when I look at dental, I think we've talked in prior calls about some of the work we've been doing, certainly about past pricing actions, which are now well into the experience. And then also some of the dental network optimization efforts we've been doing, which are also moving into that performance as well.

I should mention too that group disability performance remains strong. It was consistent with prior-year quarters, and it was tracking to what we expected. As a reminder, you asked about looking ahead. When we look ahead, second quarter does tend to be the seasonally highest for dental, so that means that the overall SPD loss ratio does rise a bit in second quarter. But when I look at full year outlook, I look at it very favorably, with loss ratios expected to emerge at the low end or even slightly below the low end of the range we communicated at outlook.

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

A

Thank you. Ryan, do you have a follow-up question?

Ryan Krueger

Analyst, Keefe, Bruyette & Woods, Inc.

Q

Thank you. Yeah. On Investment Management you've seen this good momentum in gross sales. But then, redemptions have also largely ticked up. And so the flows haven't improved as much. So I was just hoping to get

a little more color on, I mean, maybe both sides of it. What's driving the gross sales momentum, but also why do you – have you been seeing higher redemptions and how do you think that may play out from here?

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

Yeah. Thanks, Ryan, for that. I'll ask Kamal to add color regarding that.

A

Kamal Bhatia

President & Chief Executive Officer-Principal Asset Management, Principal Financial Group, Inc.

Sure. Good morning, Ryan. Thanks for the question. It's a good one. So let me break down a little bit of the net flow question you asked. First, I'll just reiterate. I think Deanna and Joel highlighted this in their remarks and you mentioned it as well. We did generate record gross sales in Investment Management first quarter, 21% year-over-year, you would also acknowledge is an impressive number. And I would say it's directly related to our new product focus, our new strategies that we are introducing into the marketplace. But more importantly, we are continuing to grow the number of distribution relationships across the globe. I would highlight for you that Asia had a standout quarter. They had all \$1.1 billion of positive NCF and with our international clients delivering over \$1.5 billion of positive NCF. So the key for us is to grow sales across the globe, which would be key to changing the NCF profile given our legacy book.

Now to your question on what caused the NCF pattern this quarter, we did see some redemption activity that was concentrated among a very small number of US equity, active equity mutual funds in the US wealth channel, primarily driven by changes in asset allocation and advisory business models. So our goal continues to be to deliver higher growth sales and gathering commitments to a broader product set. As redemption activity normalizes, I would expect our non-affiliated NCF profile to improve for the balance of the year. And I would just end with that the future pipeline is very strong. I hope that answers your question, Ryan.

A

Ryan Krueger

Analyst, Keefe, Bruyette & Woods, Inc.

It does. Thanks a lot.

Q

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

Yeah. Thanks, Ryan. Next question.

A

Operator: The next question comes from Wes Carmichael from Wells Fargo.

Wes Carmichael

Analyst, Wells Fargo

Hey. Good morning. Thank you. First question was on the Individual Life segment. I think just looking at results, I think it's the best quarter that segment has produced in a long time. And I typically think about the first quarter as being seasonally weak from the mortality perspective. So just wondering if you think of anything in the earnings power has changed for that segment, or is this just a little bit more one time-ish in nature?

Q

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

A

Yeah. Thanks, Wes, for this – for that question. Obviously, life did have a very strong earnings quarter, really driven by mortality. So I'll ask Amy to give some color around that.

Amy C. Friedrich

President-Benefits & Protection, Principal Financial Group, Inc.

A

Yeah, thanks. Thanks for noting that. I do think we definitely feel like we saw some positive volatility and mortality this quarter. And so, we've had other quarters though where we talked about it going in the opposite direction. So I definitely see some positive mortality sitting in this. But what I would also say is that when we think about our full year results for this segment, we did communicate guidance range in terms of our margin from that 12% to 16%. And even though this was kind of pointing us towards that mid to higher end of that range, I would say something that is in the towards the lower end of that range for a full year expectation for the earnings power and margin power of this business is what I would be thinking about for the health of the business.

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

A

The other thing I would just say, if you did look at claims, it was great to see that the positive came both from incidence and severity. And a lot of times, volatility tends to come from the severity piece. But we did see some better than expected results on both incidents as well as severity so.

Amy C. Friedrich

President-Benefits & Protection, Principal Financial Group, Inc.

A

And when I parse those up incidents and severity, it is about 50-50 for each of them.

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

A

Wes, do you have a follow-up?

Wes Carmichael

Analyst, Wells Fargo

Q

I do. Thank you. Thanks so much. And so just switching to RIS, pretty strong transfer deposits. Just curious if you could maybe just touch on the flow outlook for that segment for the rest of the year?

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

A

Yeah. I'll turn it over to Chris. As you know, we focus on revenue growth and ultimately really drove strong – we did have very strong fundamentals across RIS. Large case can tend to be lumpy when you look at transfer deposits. And this was a quarter we benefited from that. But I'll ask Chris to give some more color.

Christopher J. Littlefield

President-Retirement & Income Solutions, Principal Financial Group, Inc.

A

Yeah, thanks. Thanks, Deanna. Thanks, Wes. So again, I think as you know, we did have a really a good quarter from a net cash flow perspective driven primarily by strong transfer deposits and also experienced very strong contract retention. And those two things are also supported by healthy recurring deposits and stable participant withdrawal rates. And all of this is despite the ongoing market performance. So really feel good about our net cash flow. As we look forward, as Deanna said, as we like to remind you, we really focus on driving profitable revenue growth. But as we look forward to flows in 2026, we do expect IT to follow the historical pattern where Q1

is our strongest for the sales and transfer deposits, and the remaining quarters are likely going to be impacted by strong markets, which increases withdrawal dollars, as well as the lumpiness that we see in large from time to time in the quarterly results.

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

Thanks, Chris, and thanks, Wes. Next question.

A

Operator: The next question comes from Suneet Kamath from Jefferies.

Suneet Kamath

Analyst, Jefferies LLC

Thanks. Morning. I wanted to start with RIS also, on the advice model that you guys have. And correct me if I'm wrong, but my understanding is that you use more of a sort of a call center model, as opposed to sort of feet on the street or building out wealth management offices. And I know one of your competitors is taking that latter approach. Just wondering if that's something that you guys have looked at or if it's something that you might consider. Thanks.

Q

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

Yeah, thanks Suneet. Thanks for being there for the question. As we've talked about, our focus is really on the majority of our participants and want to be able to provide broad based support to those that don't have as much access to the advisor community. And so, I think our approach is different. But I'll ask Chris to continue to give a little bit more insight into that.

A

Christopher J. Littlefield

President-Retirement & Income Solutions, Principal Financial Group, Inc.

Yeah, thanks. Thanks, Suneet, for the question. Again, we really, as Deanna mentioned, focused on those participants that we serve already. And we're not really looking at building a number of storefront physical presence locations. We do have a few hundred salary-based advisors covering about 90% of our participant base to be able to offer them advisory services. And we're seeing nice results. As we mentioned, we're seeing great in-force dynamics, whether it's from participant roll-ins, increasing deferral rates, increasing participants who are deferring. All of that is coming from the advice model that we're offering, we're seeing an increase in our retail individual customers that are both IRA and advisory services customers, up about 11% on the year.

A

And so, our model is really focusing on our participants, focusing on those more mainstream than the high net worth, and really focusing where Americans need to help. And we believe that we have a model that will be successful over time.

Suneet Kamath

Analyst, Jefferies LLC

Got it.

Q

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

A

Yeah. And the other thing I'd mentioned there is we are supplementing that with enhanced technology that will continue to build up as we try to best meet the needs of those clients and how they want to be served.

So Suneet, do you have a follow-up question?

Suneet Kamath

Analyst, Jefferies LLC

Q

I do. Thanks. And I wanted to come back to the SMB market. It sounds like last quarter, if I remember correctly, you guys were pretty confident in the employment outlook. It sounds like in your prepared remarks, you talked about being confident so far this year. But as we think about the economy and sort of the volatility that we're just seeing in the markets given just kind of global issues, is there typically a lag that you would see that maybe you're not seeing it show up in your results now, but down the road, there could be some impacts from this uncertainty that we're seeing.

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

A

Yeah. Suneet, a couple of things. And then, I'm going to ask Amy to give some additional color. I have asked Amy to spearhead a group really focused on monitoring this real-time across the enterprise. I think a couple of things I'll say there is we have a broad-based employer base. So if you think about it, we have 180,000 employers just across our RIS and group benefits, ranging from different size, different industries, different geographies. And I think that diversity is really going to serve us well. As mentioned, we're looking at it from our block perspective. We also have very regular surveys with SMB employers as well. And just sitting here today, we're not seeing anything that is impactful. But we also understand that some of this is going to be dynamic, and we want to stay close to it. But I do come back to that I think that diversity is really going to serve us well. But I'll turn it over to Amy.

Amy C. Friedrich

President-Benefits & Protection, Principal Financial Group, Inc.

A

Yeah. I agree with how Deanna set this up. And I do want to reiterate, as we're seeing in our results, both employment and wage growth are really holding steady in our block. So I'd say wage growth is looking really healthy and similar to what we saw last year. And employment growth has moderated just a bit, but it's really aligned with what we expected to see this year.

So your question, though, about could there be a little bit of a lag? I do think that uncertainty, of which there is definitely the presence of some uncertainty for both employers and employees, tends to have an effect on the marketplace in a couple of ways. One way is that people tend to kind of settle back into, I'm not necessarily going to make some big expansions in terms of growth, but they also settle back into I'm not necessarily going to retract back or do something differently. So it has a little bit of a static effect, that uncertainty in the marketplace. What that means for employees is many of them are staying where they are; and what that means for employers is that many of them are holding true to the plans that they had for the year.

So I'm not seeing that big lag. I am seeing some uncertainty in the sentiment. But small and mid-sized business owners tend to be, and our data proves this out, more optimistic in terms of how aggressively they can take advantage of the market situation when uncertainty does clear. And so, I'm not seeing a big lag effect, but we will continue to watch that every month.

Suneet Kamath*Analyst, Jefferies LLC*

Okay. Thanks.

Q

Deanna D. Strable-Soethout*Chair, President & Chief Executive Officer, Principal Financial Group, Inc.*

Thanks, Suneet, for the questions. Next question.

A

Operator: The next question comes from Jack Matten from BMO Capital Markets.**Jack Matten***Analyst, BMO Capital Markets*

Hey, good morning. My first one is on International Pension. The earnings run rates are going to step up this quarter, even kind of backing out the significant variances that you call out. I guess could you just unpack some of the drivers there. And which do you think are kind of more repeatable or sustainable versus some of the more transitory factors like FX or elevated performance fees?

Q

Deanna D. Strable-Soethout*Chair, President & Chief Executive Officer, Principal Financial Group, Inc.*

Yeah. I'll ask Joel to talk through that. And again, thanks, Jack, for being here and for your questions. Obviously, it was a strong earnings growth for International Pension. And that segment continues to provide some great diversification to our overall results and really focused on where we feel that we can drive growth. So I'll ask Joel to give some specifics on the quarter.

A

Joel Pitz*Executive Vice President & Chief Financial Officer, Principal Financial Group, Inc.*

Yeah. Good morning, Jack. As we indicated last quarter, they were in the mid-60s. We did expect improvement within the IP results. And that certainly did manifest itself in first quarter with about \$80 million of adjusted earnings for the quarter. I'd say from a run rate perspective, your question, it was a little bit outside this quarter because of a performance fee within China Construction Bank, our pension business. There was about a \$7 million performance fee that was paid within that market. That is one way that we're compensated for providing the services that we do within the pension space in China. So it was outside this quarter, but is something that's going to be volatile and we can expect into the future.

A

So everything else being equal, I'd say a good run rate. It's going to be more in the mid-70s, a good source to build off. But importantly, we are getting some FX tailwinds finally. I've been in this business a long time and it's nice to say FX tailwinds as opposed to headwinds. And it's really nice to see the underlying results of these businesses manifest themselves in the US dollars in a meaningful way.

Deanna D. Strable-Soethout*Chair, President & Chief Executive Officer, Principal Financial Group, Inc.*

I hope that helps. And do you have a follow-up question?

A

Jack Matten*Analyst, BMO Capital Markets*

Q

Yes. Thank you. Maybe just one on the kind of the outlook for VII and performance fees that – the investment management business this year. If you have any visibility at this point, the kind of the case of realizations and I guess to what extent do you think market conditions need to change or improve in order to kind of unlock a more normal level of real estate monetization?

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

A

Yeah. I'll have Joel address that.

Joel Pitz

Executive Vice President & Chief Financial Officer, Principal Financial Group, Inc.

A

Yes. So as [indiscernible] (00:32:47) continue to expect 2026 to improve relative to 2025. One of the reasons why we did have the results we did this first quarter was because there was no real estate transaction activity. As a reminder, we have about 50% of our alts portfolio within the real estate. It's what is dependent on transaction activity, again, which there was none in the first quarter. But we do see some pickup in activity for the second, third and fourth quarter. And therefore, we do see some improvement year-over-year. But underlying performance of the alts portfolio in its entirety is performing well than as expected. And to your question, we don't need to see anything change within the macro environment in order for us to deliver on that improvement that we communicated in outlook.

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

A

Yeah, I think the other part you – we've done there was performance fees from an investment management perspective. And I think we said on outlook that we expected 2026 to be similar to 2025, but those are going to be lumpy by quarter. And they were a little lower in the current quarter. Next question.

Operator: The next question comes from Wilma Burdis from Raymond James.

Wilma Burdis

Analyst, Raymond James & Associates, Inc.

Q

Hey. Good morning. What drove the lower PRT sales in the quarter and is there a little bit more competition flowing into the SMB PRT market? Thanks.

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

A

Yeah. Thanks, Wilma, for the question I'll ask Chris to address that.

Christopher J. Littlefield

President-Retirement & Income Solutions, Principal Financial Group, Inc.

A

Good morning, Wilma. Thanks for the question. Again, if you remember, our fourth quarter was a very strong, PRT quarter and fourth quarter of 2025, not just for us with over \$1 billion of PRT sales, but for the industry at about \$28 billion. And I think what that had an impact of doing was really reducing the pipelines in the first quarter. So I think we haven't seen the industry-wide data yet. But anecdotally, it sounds like the industry is pretty light in the first quarter. And we reflect those trends. So that that would be how we're thinking about the PRT business.

The pipeline remains a little light in the second quarter. But if you remember, last year also sort of developed this way as well. Sort of lighter in the first half, more accelerated PRT sales in the second half. And we kind of expect this year to be fairly similar to 2025 when it comes to PRT.

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

A

Yeah, Wilma. And I think as we've discussed, we're not going to take sales for the sake of sales. We're going to make sure we're disciplined on the capital that we deploy and the returns that we can get from that. And if it is lower, we're looking for other opportunities to ensure that we're driving profitable growth across the enterprise. So, thanks for that question. Do you have a follow-up?

Wilma Burdis

Analyst, Raymond James & Associates, Inc.

Q

Yes. Are you seeing any competition actually improving or decreasing in group dental, given you guys have implemented price increases but you're still seeing healthy sales growth? Thanks.

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

A

Yeah. I think that question, you cut out just a little bit, but I think it was really regarding the competitiveness in the group dental market and how that might be impacting the sales volumes. And again, I feel very proud of the results that we delivered, both on the profitability side as well as the growth perspective for Specialty Benefits, but I'll have Amy address the market from a dental perspective.

Amy C. Friedrich

President-Benefits & Protection, Principal Financial Group, Inc.

A

Yeah. Thanks, Wilma. We do tend to be a very significant player nationally in the dental marketplace. And so, one of the things that we saw emerging probably 18 to 24 months ago was some things around cost trends and some other things related to impact on dental pricing that we did then move into our pricing. So we had seen some utilization changes, some cost trend changes that we moved into pricing.

As we look at last year's results, I do feel like we were one of the first in the market with some of those pricing changes, and it did mute a little bit of some of the dental sales that we had for prior year. So I see this year's production, this quarter's production, as a good indication about the power of our dental production for the year in comparison to last year. I do think we are comfortable that – with the rate we're putting out there in the marketplace and we're the recipient of some market movement in the marketplace of some of our competitors, putting in some rate increases. That has brought some things back out to market. So we like the profitability that we're seeing in the dental business that we're writing. And we think it's a good indication for the type of power that dental business will have for us throughout 2026.

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

A

Well, I hope that helps. Thank you for the questions.

Wilma Burdis

Analyst, Raymond James & Associates, Inc.

Q

That's it. Thanks.

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

Next question.

A

Operator: The next question comes from Tom Gallagher from Evercore ISI.

Thomas Gallagher

Analyst, Evercore ISI

Good morning. First question, just on RIS fee flows. 1Q 2025, I think you had a jumbo case that you lost. How were the jumbo case call outs for this quarter? Did you have any wins, losses? How did that influence RIS fee flows this quarter?

Q

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

I'll have Chris addressed that. You're right. Last first quarter we had a more significant on the left side. This quarter, we're seeing it more positive on the transfer deposit side. But I'll have Chris give some more color.

A

Christopher J. Littlefield

President-Retirement & Income Solutions, Principal Financial Group, Inc.

Yeah. I think we had really good wins in the first quarter coming off what was a really strong fourth quarter as well. So I think I'd take you back and we had strong winds, really strong fourth quarter, and that momentum continued in the first quarter. You're right that last year we did have a large case loss that we called out. This year we had broad strength, but we also had a couple large case wins in the quarter. And so, you did see that very significant difference in growth in our transfer deposits. And as you know, the large segments tend to be a little bit lumpy. And the SMB market tends to be sort of more steady and strong.

A

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

Thanks, Tom. Do you have a follow-up?

A

Thomas Gallagher

Analyst, Evercore ISI

Yeah, Deanna. So my follow-up, I guess, is for Kamal the on performance. It looks like your one-year numbers for equities and asset allocation got better. Fixed income slipped a little bit. Three-year numbers fell across the board though in all three categories. Are you seeing any impact from the performance issues. And why do you think the performance is has slipped a bit here?

Q

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

Yeah, I'll have Kamal address that. Obviously, investment performance is something we spend a lot of time focused on. There is some duplication across some of those, especially when you get into asset allocation. But I'll ask Kamal to follow-up on that.

A

Kamal Bhatia

President & Chief Executive Officer-Principal Asset Management, Principal Financial Group, Inc.

A

Absolutely. Good morning, Tom. So I'll start with your question on investment performance and break it down by the segments. As you highlighted, improvement on the one-year number in certain pieces and then three years, slightly weaker. One thing I'll highlight for you, these numbers do not include our very strong private market performance. In fact, our marquee real estate strategy is number one in its category. And as you know, that drives a significant slow for us.

I think in Deanna's comment, we also highlighted for you that we grew our private market business 11% year-over-year. I would highlight for you only 1% of that was from macro. So it shows that we have the engine when investment performance kicks in. But specifically to your question, the area of our core weakness right now is around US equities, particularly active US equities is an area of weakness, particularly in the short term. The long-term numbers are very, very good. As you said, our fixed income performance has improved, particularly non-US fixed income performance is very, very strong. We see that in our flows, particularly around emerging market debt, which continues to attract a lot of client attention. Asset allocation is very important. As you know, we offer our portfolio in multiple flavors. One of our strategies, the on the hybrid side, continues to do well. But you have highlighted some of our challenges in the active book that comes from the US side.

And then the last thing I would highlight for you just this quarter is, is by design, we do run many of these strategies to complement as the passive business has grown across the industry, we by design, design our products to be different and the index that does lead to, in periods of high volatility, significant deviation in market performance, sometimes positive, sometimes negative. But that's what the clients ask from us. They don't want index-like products from us. And in periods where we deliver, it creates a tailwind as well. And it also supports our stable fee rate, which you have always highlighted as a strength for Principal Asset Management.

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

Thanks, Tom, for the questions.

A

Thomas Gallagher

Analyst, Evercore ISI

Thanks.

Q

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

Next question.

A

Operator: The next question comes from Michael Ward from UBS.

Michael Ward

Analyst, UBS

Hi, thanks. Good morning. I was wondering on the Specialty Benefits. Did the M&A that you did in the quarter, like did that contribute at all to new business growth? And then, are there other targets out there that you guys could look to transact on?

Q

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

A

Yeah. Thanks, Mike, for that question. We did do a small dental network acquisition with a company that we had, had a relationship with. I'll have Amy talk to that. And obviously, as I've said on prior calls, it's great to be leaning into some areas that can help drive growth as we continue to think about our portfolio. So, Amy?

Amy C. Friedrich

President-Benefits & Protection, Principal Financial Group, Inc.

A

Yeah, good. Thanks for the question. So as Deanna noted, we did a small dental network acquisition that happened to be in Alabama. It was both a dental network and then some renewal rights for a block of group benefits business. We feel really good about that transaction. Your question, though, I think was specifically was that into first quarter results, and the answer is no. Those were not yet present in first quarter results. Any benefit we get from that in terms of new business or cross sales or power of our dental network will start showing up in second quarter and beyond. I do like being able to lean into this piece of the business. We've got some really nice engines running for us in the Specialty Benefits business, and I like being able to add to it a bit inorganically to help us with future growth.

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

A

Thanks, Mike. Do you have a follow-up question?

Michael Ward

Analyst, UBS

Q

Yes. On RIS, I guess, you guys, I would say have been a little bit quieter just in terms of the inclusion of privates in retirement funds. I'm just curious your sort of stance on that issue and how you see that heading going forward for the industry.

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

A

Yeah. I'll have Chris talk through that. Obviously, we applaud and support thoughtful efforts to expand investment options within retirement plans. The recent DOL guidance is an important step. But I think our stance is it's going to take time. It's going to be slow. And ultimately, as we talk to our customers, they're intrigued, but are not pushing to move at a fast rate for inclusion. But I'll see if Chris has some additional flavor.

Christopher J. Littlefield

President-Retirement & Income Solutions, Principal Financial Group, Inc.

A

Yeah. Thanks, Michael. Thanks, Deanna. Yeah, I mean, I agree. We do support the evaluation of privates to be included in retirement plans. And obviously, we've been offering privates and retirement plans for a long time with our real estate strategies. So we do believe that they play a proper role. But they are complex and they come with new challenges. And I think DOL proposed Safe Harbor that you need to evaluate the performance and the fees and the liquidity and the valuation and the benchmarking, and the complexity. That causes plan sponsors and fiduciaries to sort of step back and really be thoughtful about what works for them. What risks are we exposing participants to? And so, I think we see a very measured approach to people considering the inclusion of privates in the retirement plans.

We just had a significant client conference with 50 or so of our largest and important clients, and there wasn't tremendous – there's a lot of questions and a lot of wanting to understand, but I'm not sensing a tremendous, like, movement toward everyone, including privates quickly into their plans. I think it's going to take some time. And I think as we've said in the past, it's probably going to be introduced first through advise solutions, whether that's a

target date solution vehicle or a managed account vehicle. Because they are complex, they need a little bit more explanation. And the plan sponsor fiduciaries, and the fiduciary committees are going to just take some time understanding how do we include this? How do we monitor the performance, how do we think about the valuation issues, and then how do we deal with the liquidity. So again, we support it. We're working with a lot of investment partners on including their solutions into various vehicles. But I think it is going to be a bit more measured progress as opposed to a big wave of inclusion here in the short term.

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

Thanks, Mike, for those questions.

A

Michael Ward

Analyst, UBS

Thank you.

Q

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

Next question.

A

Operator: Our final question comes from Pablo Singzon from JPMorgan.

Pablo S. Singzon

Analyst, JPMorgan Securities LLC

Hi. Good morning. So just to start off, maybe a question for RIS. Wanted to ask about your efforts or the growth in spread earnings, whether from its usual flows or [ph] EMs (00:46:52) sitting in retirement plans. How do you see the fee versus spread mix evolving over time?

Q

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

Yeah. Thanks, Pablo, and great to have you on the call. I'll have Chris really address that. As we've talked about, we really do think about our fees, how we think about fee and spread is holistically because those are ways that we drive revenue across our retirement ecosystem. So we think less about one versus the other, and really think about how they can contribute to overall retirement as well as principal growth.

A

But I'll have Chris offer some additional color.

Christopher J. Littlefield

President-Retirement & Income Solutions, Principal Financial Group, Inc.

Yeah. Thanks, Pablo. We have, over the last several years, really put some emphasis into looking at how do we continue to grow our spread based earnings. Obviously, PRT and the annuities businesses provide some nice spread-based earnings. But as importantly, we've really focused on growing capital preservation options within our retirement plans, which we call sort of WSRS GA solutions, and those – we've driven very significant flows in those over the last several years and including over \$400 million of flows in the quarter just on WSRS GA. We do think there is an appetite for capital preservation products that can serve the needs of the participant and continue to think that there's opportunities to drive that, but we're not targeting any particular mix flow.

A

Fee based flows are really important for us, and we continue to focus on driving profitable fee revenue and at the same time supplementing and complementing that with the right mix of cap – more capital consumptive, spread based products to make sure that we're getting the returns on the capital that we're doing, while also at the same time meeting the needs for our retirement plan participants for capital preservation.

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

Thanks, Pablo. Hope that helps. Do you have a follow-up?

A

Pablo S. Singzon

Analyst, JPMorgan Securities LLC

I do, Deanna. And secondly, I mean, you have come on, come on. I was hoping you could elaborate on your comment about the asset management pipeline being very strong. Is it better than it was a year ago or are you seeing new opportunities? Anything you can comment on there? Thanks.

Q

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

Yeah, that's a great final question. We do have a strong pipeline as we sit here today. I think volatility in the market could impact the timing of when that flows in. But I'll have Kamal give some additional color.

A

Kamal Bhatia

President & Chief Executive Officer-Principal Asset Management, Principal Financial Group, Inc.

Sure. Pablo, thank you for the question. So just to follow-up to Deanna's comments, I feel very good about our pipeline. Our committed pipeline has now grown to over \$9 billion. Just to help you understand, these are mandates that we have actually won that have not funded, and they have diversified across both public and private markets for largely from our growth in our global client base. And that's key because the demand is more diversified. Historically, we have highlighted for you a pipeline of around \$6 billion around real estate. So you can see how this has scaled up. And it also shows that we are continuing to bring new products to the marketplace as well. So I believe the setup for 2026 is very constructive on that front.

A

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

Thank you Pablo, I hope that helps.

A

Pablo S. Singzon

Analyst, JPMorgan Securities LLC

Thank you.

Q

Operator: We've reached the end of our Q&A. Ms. Strable, your closing comments, please.

Deanna D. Strable-Soethout

Chair, President & Chief Executive Officer, Principal Financial Group, Inc.

Thank you. As we close, I want to thank all of you for joining the call. Our first quarter results underscore the strength of our diversified business model, our focus on execution and growth, and our long-term discipline. As mentioned, we are confident in our ability to deliver our 2026 financial targets, and we're well positioned to navigate the current environment, grow and deepen customer relationships, and deliver long-term value for

shareholders. We appreciate all of your continued interest in Principal and look forward to our ongoing dialogue. Thank you again for your time and have a great day.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2026 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.