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Principal Financial Group, Inc. (PFG)

Q3 2026 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning. And welcome to the Principal Financial Group Third Quarter 2026 Financial Results Conference Call. There will be a question-and-answer period after the speakers have completed their prepared remarks. [Operator Instructions] We would ask that you be respectful of others and limit your questions to one and a follow-up so we can get to everyone in the queue.

I would now like to turn the conference over to Humphrey Lee, Vice President of Investor Relations in FP&A.

Humphrey Lee

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

Thank you and good morning. Welcome to the Principal Financial Group's third quarter 2026 earnings conference call. As always, materials 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 cover our third quarter performance and the continued progress we're making against our strategic priorities. Joel will then provide additional details on our financial results and capital position. Starting on slide 2, our third quarter results build on our strong year-to-date performance and reinforce our confidence in delivering on our 2026 financial targets. Adjusted non-GAAP earnings per share increased 12% year-to-date at the high-end of our target range, including 7% growth in the third quarter against a strong prior year comparison. Underlining performance in the quarter remained strong against an environment that was volatile and dynamic. On an adjusted basis, third quarter non-GAAP pre-tax operating earnings increased 3% on 4% net revenue growth.

This was primarily driven by higher revenue and disciplined expense management in RIS, improved mortality experience in Life, and growth in International Pension. Adjusted non-GAAP year-to-date pre-tax operating earnings increased 10%, supported by 5% net revenue growth and 120 basis points of margin expansion. We also continue to deliver strong results in capital generation with ROE above 16% and trailing 12-month free capital flow conversion of 77%, both within our targeted ranges. In the third quarter, we returned nearly $430 million of capital to shareholders, bringing our year-to-date return to more than $1.2 billion. We remain on track to deliver on

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our full year capital deployment target. Moving to slide 3. We continue to make progress against our three strategic growth priorities. Retirement ecosystem, small and mid-sized businesses and Global Asset Management.

Within the retirement ecosystem, which includes recordkeeping, asset management, income solutions and advice. Our scale and breadth of capabilities create multiple opportunities to drive value and deepen relationships with our customers. We're continuing to grow our participant base and helping them save more for retirement. Recurring deposits increased 8% year-over-year, while the number of participants contributing to their retirement plans and the average deferrals per participant both increased by 4%. Participants are also consolidating more of their retirement savings onto our platform. In the quarter, we had $1.8 billion of roll-ins and $7.4 billion over the trailing 12 months, up 9% and 15% respectively. The attractiveness of our retirement solutions and expertise drove $1.5 billion of DCIO sales and $900 million of PRT sales during the quarter.

We're also further expanding the investment management options available across our retirement platform, including through our featured partner program, which now supports private market strategies and retirement plans. Our partnership with leading alternative asset managers, including Principal Asset Management, allows us to offer more holistic and innovative solutions through professionally managed retirement accounts. This builds on our longstanding experience supporting private assets on our recordkeeping platform and is another example of how we're leveraging our scale and expertise to meet the evolving needs of plan sponsors, advisors, and participants. Notably, our strength continues to be recognized. In the 2026 NAPA Advisors' Choice Awards, Principal was named a top retirement service provider across all market segments for both participant experience capabilities and plan sponsor and advisor support.

This recognition reflects our partnership and strong commitment to the financial professionals we serve. For the small and mid-size business segment, our focus and differentiated capabilities in this attractive market continue to drive growth across our businesses. While not shown on the slide, we recently fielded our latest Well-Being Index, a survey of US employers on business, health, and outlook. Results collected in September and October show small and mid-sized businesses are increasingly more cautious about the economic environment and future growth. Despite that caution, staffing and benefits remain a top priority for business owners. We are seeing a similar trend in our own customer base with positive employment growth across both B&P and WSRS. As seen on slide 3, Specialty Benefits employment grew nearly 2% over the trailing 12 months.

In retirement, SMB transfer deposits increased 21% and recurring deposits increased 7% year-over-year, reflecting the attractive value proposition of our solutions for this market segment. In Specialty Benefits, sales grew 10% from the prior year quarter and 15% over the trailing 12 months, contributing to a third consecutive quarter of sequential premium growth improvement. We're excited to build on that momentum with Beam Benefits. On September 1, we completed this acquisition, adding more than 26,000 small business customers and a digital-first cloud-native platform. Beam strengthens our ability to serve SMBs with greater speed and ease, expanding our reach and accelerating growth in this attractive market. Turning to Global Asset Management, I want to first address net cash flow before highlighting the progress we continue to make across the broader platform.

Total company net cash flow was negative $11 billion in the quarter, largely driven by select active equity strategies in Investment Management. We recognize that net cash flow needs to improve, and we're focused on the actions within our control to strengthen investment performance and drive enhanced growth over time. Active equity flows remain challenged across the industry and we expect near-term pressure to continue. At the same time, we're seeing demand in areas where we've been investing to grow the platform. Private markets generated $800 million of positive net cash flow during the quarter, and active ETFs generated positive $500 million. Over

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the trailing 12 months, each has generated approximately $2 billion of positive flows. We continue to build on that momentum, most recently with the launch of the Principal Equity Premium Income ETF to meet growing demand for income-oriented strategies.

Importantly, our international capabilities continue to provide another source of diversification and growth. International Pension generated more than $400 million of positive net cash flow with positive flows across all locations and AUM up 10% year-over-year. We're also extending the reach of our global capabilities. Earlier this month, we partnered with ASB Capital in the Middle East to launch a multi-asset fund that brings together our expertise across equities, fixed income and private markets. And Broadridge named us a best-in-class top five provider for international fund distribution in Latin America. Both reflect how our global investment capabilities and local distribution expertise help clients access opportunities beyond their home markets. While we have more work to do, the growth we are seeing in private markets, ETFs and our international businesses reflect the steps we have taken to diversify our platform and position it for long-term growth.

Before I hand it over to Joel, I also want to recognize that last Friday marked the 25th anniversary of Principal becoming a publicly traded company. We IPO'd at an initial stock price of $18.50 and since then have generated strong annualized returns of 10% for our shareholders. That was a pivotal moment in our history, creating new opportunities to grow, compete globally and meet the needs of our customers. 25 years later, the same willingness to evolve continues to shape how we position Principal for the future. Today, our focus on the retirement ecosystem, small and mid-sized businesses, and global asset management reflects where we're best-positioned to win. And we'll continue investing in these areas to drive growth at attractive returns to generate long-term value for our customers and shareholders. Joel?

Joel M. Pitz

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

Thanks, Deanna. Good morning to everyone on the call. I'll walk through the key highlights of our third quarter financial performance and provide an update on our capital position. We continue to deliver on our financial targets with year-to-date earnings per share growth of 12% on both a reported and adjusted basis, at the high end of our 9% to 12% target. Starting on slide 4, third quarter non-GAAP operating earnings were $482 million, an increase of 2% year-over-year; with earnings per share of $2.22, an increase of 6%. Details of our significant variances can be found on slide 9 and were largely driven by lower than expected variable investment income and encaje performance. These contributed to an after-tax impact of $59 million or $0.27 per share in the third quarter. Excluding these items, non-GAAP operating earnings were $541 million, up 3% year-over-year, while earnings per share of $2.49 increased 7%.

Non-GAAP operating ROE excluding significant variances was 16.6%, improving 110 basis points year-over-year and above the midpoint of our 15% to 17% targeted range. Turning to capital and liquidity, we ended the quarter in a strong position with more than $1.5 billion of excess and available capital. This includes $1.15 billion at the holding company, $300 million in our subsidiaries, and $80 million in excess of our targeted 375% risk-based capital ratio, which was approximately 380% at quarter-end. In the third quarter, we returned $429 million to shareholders, including $250 million of share repurchases and $179 million of dividends. Capital deployment totaled more than $1.2 billion year-to-date, and we are well-positioned to deliver on our full year target of $1.5 billion to $1.8 billion. Throughout the year, we've had attractive organic and inorganic growth opportunities, including the third quarter acquisition of Beam Benefits.

Beam was not contemplated in our 2026 outlook and as a result we expect full year share buybacks to be towards the low-end of our target range. Last night we announced an $0.85 per share dividend payable in the fourth quarter. This is a $0.01 increase from the prior quarter, 8% higher than a year ago and in line with our

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commitment to a 40% dividend payout ratio. Additionally, I want to highlight the immaterial impacts of our actuarial assumption review, which can be found on slide 11. As a result of a prospective change in non-GAAP operating earnings definition, assumption review impacts are now excluded from this metric and reported separately as a reconciling item. Now, turning to the businesses, the following excludes significant variances found on slide 9. In RIS, as shown on slide 5, pre-tax operating earnings increased 5% year-over-year, driven by 4% net revenue growth and continued expense discipline.

Operating margin was 42%, above the high-end of our targeted range, while investing in the business. This quarter has strong underlying fundamentals, including record client retention and stable withdrawal rates, with recurring deposits up 8% to nearly $13 billion. Additionally, PRT sales totaled $900 million in the quarter, with sales in the pipeline increasing from the first half of the year. We continue to exceed our return hurdles and remain disciplined in our deployment of capital. Turning to slide 6. Principal Asset Management delivered earnings growth in the quarter, driven by strong growth in International Pension. Within Investment Management, revenue declined 2% year-over-year. Excluding the impact of divestitures, revenue increased 1% year-over-year as increases in transaction and borrower fees more than offset the impact of net cash flow on management fees.

Pre-tax operating earnings declined 3% for the quarter. On a year-to-date basis, earnings increased 2% and margin improved 40 basis points. Moving to International Pension, adjusted pre-tax operating earnings increased 11% year-over-year, driven by continued growth in Latin America. Operating margin expanded 240 basis points to the high-end of our 46% to 50% target range. AUM increased 10% from a year ago to $166 billion, while positive net cash flow in all locations reflected broad-based momentum across the business. Additionally, we completed the sale of our Chile annuity business on September 1, further sharpening our focus on our core pension and asset management capabilities.

Turning to slide 7, Benefits and Protection generated pre-tax operating earnings of $183 million, a 3% year-over-year increase driven by Life earnings growth and compared to a very strong third quarter 2025 Specialty Benefits results. Starting with Specialty Benefits, premium and fees increased 6% year-over-year, driven by core business momentum and a one-month contribution from Beam. Earnings were relatively stable compared to the prior year as strong underwriting results in the quarter were measured against a very favorable prior year quarter. Also reflected in the current quarter was a slight earnings headwind from Beam. While the acquired block is currently operating at a modest loss, integration plans are on track, and repapering will begin to drive value in early 2027. The Specialty Benefits loss ratio was 59%, driven by improved results in dental and group life.

Dental results in the current quarter marked its sixth consecutive quarter of year-over-year improvement. These strong underwriting results were partially offset by individual disability experiencing a higher loss ratio due to claims volatility. The overall Specialty Benefits loss ratio continues to perform better than our long-term targeted range. Turning to Life, adjusted pre-tax operating earnings were $39 million, a 29% increase from the prior year, driven by improved mortality experience due to lower frequency and severity. Operating margin increased 420 basis points year-over-year to 16.4%, exceeding the top end of our targeted range. Turning to the corporate segment, losses were within our targeted range. Given year-to-date results, we expect to come in at or above the high-end of our range for the full year. At an enterprise level through the third quarter, we've delivered 12% EPS growth year-to-date.

ROE expansion and generated strong free capital flow, reflecting continued strength and momentum in our business. The strategic actions we have taken during the year have enabled us to focus on higher growth opportunities. The third quarter acquisition of Beam Benefits, the transition of our Hong Kong business to asset management, and the sale of our Chile annuity business have further optimized our portfolio. As we enter the final

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quarter of the year, we are well well-positioned to deliver on our financial targets, supported by strong fundamentals, a healthy capital position and continued focus on our strategic priorities.

This concludes our prepared remarks. Operator, please open the call for questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] The first question comes from Wes Carmichael from Wells Fargo.

Wes Carmichael
Analyst, Wells Fargo

Q

Hey, good morning. Thank you. First question, could you just talk about the decision to move the assumption review below the line this quarter? I realize it's a small impact this year, but I think it's been maybe larger in the past. And I know most of your core businesses are not really long duration, volatile insurance lines, but I think it's maybe a little bit different than what most peers do?

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

A

Thanks, Wes, for the question. I'll have Joel address that.

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

A

Yeah. Good morning, Wes. As you mentioned, it was immaterial this quarter and frankly, we've always focused on operating earnings excluding actuarial assumption review given the one-time nature of the annual review. And for that reason, we've historically actually defined our profitability metric for incentive comp and the like as operating earnings excluding AAR. So, since we've always removed it from our OE definition, we stepped back and asked why it's even part of our OE definition and therefore revisited treatment and decided to make the change effective 2026. And importantly, we'll continue to highlight the one-time ARR impact that we've done in the slides. They will be very transparent as it relates to the impact between the OE to net income reconciliation to ensure full transparency going forward.

But we do believe this will provide a more meaningful presentation for investors that the OE metric will better represent the underlying performance for the operations.

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

A

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

Wes Carmichael
Analyst, Wells Fargo

Q

I do, thank you. Just the second one was on International Pension and with respect to Brazil. I think, there's recent reelection and I think the stock market there and the real has been under some pretty significant pressure. I'm just wondering if you can help with any sensitivity of International Pension earnings to Brazil equities and currency?

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

Yeah, I'll ask Joel to get into the sensitivity piece from a financial perspective, but maybe I'll just quickly address the broader impacts that we see around the Brazil election. I'll start with that the result that happened on Sunday, it was a reversal from the first-round outcome and I think, it's going to take some time to – for the market to absorb that reversal and ultimately reverse back out some of the positives that had come in due to the – what happened in the first round. But one positive of this is it will allow for continuity in our business in Brazil due to stability and leadership at our JV partner Banco do Brasil. We will likely see market volatility as investors assess both the fiscal and the interest rate outlook. But Brazil remains a very attractive long-term market. We have strong relationships there and we have successfully navigated multiple political and economic cycles.

We remain confident in our ability to continue executing our priorities and drive growth in our market leading business. But I'll have Joel give you a little bit more sensitivities around some of the financial impacts.

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

Yeah, Wes. Deanna in her opening comments talked about our long history as a public company in 2001. We've actually been in Brazil longer than that. We actually started our JV in 1999, and that partnership has performed extremely well over that period of time. But as a reminder, the interest rate environment is very different in Brazil than it is here in the US. And so, what we do see is market volatility that's happening in the equity market, particularly during the month of October. But if you look at within our pension plan, we have less than 1% of our AUM in Brazilian equities. That's expected when you have interest rates in the mid-teens. And so again, interest rates are going to be much more important for our growth prospects and our asset base fee business than what you're going to see the equity markets.

So as it relates to sensitivity of our business, we don't see that the change in the equity markets since the election having a meaningful impact at all. Again, given our low allocation towards equities and feel very good about the continued growth prospects of Brazil in the intermediate and long-term.

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

Thanks, Wes.

Wes Carmichael
Analyst, Wells Fargo
Q

Thank you.

Operator: Our next question comes from Joel Hurwitz with Dowling & Partners.

Joel Robert Hurwitz
Analyst, Dowling & Partners Securities LLC
Q

Hey, good morning. Wanted to start on Investment Management revenue. Kamal, can you just unpack the further fee rate decline in the quarter? And then can you also talk about the driver of the higher other revenue and any color on how to think about the growth in that revenue stream as you grow private markets AUM?

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

Thanks, Joel, for the question. I'll have Kamal address that.

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

Good morning, Joel. Thank you for the question. So I'll start with the fee rate dynamic related to NCF. Obviously, in the short-term it has been a headwind to the rate we published for you, particularly given that the pressure has been largely concentrated in higher fee active equity strategies. But at the same time, like you asked the business has become substantially more diversified, I would say, both by geography and by capability. You highlighted private markets, but there's more to it. One example I'll give you as you think about this, is even our active ETF business, which continues to grow year-over-year and has generated positive NCF, earns a premium over the base fee rate that you see in our earnings. So we continue to underwrite really good business and our goal is to keep that fee rate high compared to both market and competition.

So the key thing I would highlight for you is that a single fee statistic may not fully capture the earnings power of the business because a lot of non-traditional fees continue to grow. You highlighted real estate as borrower transaction fees scale up given market volatility and capital being put to work. As we continue to expand our infrastructure business, the nature of those fees will change over time. So certainly, the non-traditional fee component will grow. And it'll be tough to capture it in a single statistic, so you should look at the total line rather than just the management fee line. And the other dynamic driving our revenue growth is customer mandates continue to grow. A lot of these are not traditionally in fund structures and so certainly, that drives the fee growth rate. You saw some of that manifest this quarter given your question.

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

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

Joel Robert Hurwitz
Analyst, Dowling & Partners Securities LLC
Q

Yeah, on Beam. With the deal now closed, can you just provide some more color on the expected earnings impact? I think you guys said it was a bit of an earnings drag this quarter. How much of a drag was it? And then how should we think about earnings emergence as you move the business to your paper and onto your dental network?

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

Yeah, so I'll start with that. We're so excited to close the acquisition of Beam Benefits on September 1. That was slightly sooner than we actually expected to close and will really set us up for continuing to integrate this at an accelerated rate as we go into 2027. I'll ask Amy to get into a little bit more specifics on the actual impact on both on the top line as well as the bottom line.

Amy C. Friedrich
President-Benefits & Protection, Principal Financial Group, Inc.
A

Yeah. Thanks for the question. I would want to go back and just kind of start with a little bit of a reminder that fundamentally, when I think about Beam it's really a capability and a growth acquisition and it expands how we

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serve that small and mid-size business, and then strengthens the capabilities that we have in that smaller market. So our top priority through all this work is going to be to make sure we provide continuity and enhance the products and experiences that we offer employers and brokers and our own employees. So keeping that strategic rationale in mind, you had mentioned it – and I'll go ahead and size that for you – that Beam was a slight headwind to earnings. To put that in context, that was about $1 million or $2 million in earnings for this quarter. So, moving Beam policies to our paper and our dental network is going to be the mechanism.

We refer to that as repapering, but that's going to be the mechanism that will initially reduce and eliminate those losses. So Deanna mentioned being pleased that we closed on 09/01. And one of the reasons we're pleased about that is it gave us the ability to start this repapering process on 01/01 of 2027. So, broker and customer notices have already started, and we'd consider a repapering timeline at or ahead of plan. So keep in mind though, these are largely small case policies which tend to have policy anniversaries spread throughout the calendar year as opposed to primarily in 01/01. So this repapering activity will happen throughout 2027 and will begin to markedly decrease the earnings drag in the first half of 2027. I'd expect us to give more detail, more guidance on how this integration work will impact full year 2027 results at our next earnings and outlook call.

But for now, I'm really comfortable sharing that our plans are tracking and that we're slightly ahead of our plan and remain pleased with the transaction.

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

Thanks, Joel, for the questions.

Joel Robert Hurwitz Q
Analyst, Dowling & Partners Securities LLC

Thank you. Thank you.

Operator: Question comes from Jack Matten from BMO Capital Markets.

Jack Matten Q
Analyst, BMO Capital Markets Corp.

Hey. Good morning. Question on Investment Management net flows. Do you expect to continue seeing headwinds in the US active equity business in upcoming quarters? And I want to get any update on the pipeline heading into year-end. I think last quarter you gave a number of about $10 billion.

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

Yeah. I'll ask Kamal to address that.

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

Good morning, Jack. Let me start with your question on the quarter and the NCF, and then I'll also give you a sense of the pipeline question. So like I said, last quarter, the second half of the year remains challenging, so the level of net outflow this third quarter, while it was better than 2Q, is still significant as you highlighted. As you highlighted, it's mostly concentrated in our US retail active equity strategies at this stage with some institutional withdrawals overseas as well. What I would highlight for you, it remains concentrated and there is a strong bias

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against those kind of products in the wealth business and retail business. You even see that in industry-wide flows this quarter as well, so we are not immune to that. Where we continue to see constructive trends over time, one, I would direct you to our ETF business. So this quarter, we reached a high point of $14 billion in AUM.

That business has grown 84% year-over-year, so consistent net cash flow and growth has contributed. So I continue to see a good momentum on that business, and so you should continue tracking that. To your question on pipeline, as you suggested, last quarter I had highlighted the pipeline number which has also increased this quarter by another $700 million, while we actually put a significant amount of capital to work during the quarter as well. So some of the committed mandates we put to work and then we added new mandates as well, so overall pipeline grew by that amount. And what I would tell you is those two measures continue to trend in the positive direction, and our goal remains to align with where the vectors of client demand are while we continue to manage through the industry-wide transition of these traditional active products.

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

A

Thanks, Jack. Do you have a follow up?

Jack Matten
Analyst, BMO Capital Markets Corp.

Q

Yes, thank you. Maybe just one on the free capital conversion metric of 77% which is a healthy level, within your target range, but it's been trending a little bit lower over the past couple of quarters. I'm just wondering if there's any drivers that you'd call out. I would have thought maybe since market performance has still been pretty good, that would kind of help your fee-based businesses and keep conversion maybe at the higher end of that range. But just curious if there's any moving pieces there that you'd call out.

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

A

Yeah, I'll have Joel address that. There is some seasonality to that metric. And obviously, some of the organic opportunities can be a little volatile quarter-to-quarter. But I'll have Joel address your question.

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

A

Yeah. Good morning, Jack. As you said, 77% is comfortably within our 75% to 85% free capital flow. In fact, the excess and available capital is largely in line with last quarter. So to sit here today with $1.53 billion at third quarter, it's a very good position to be in. But just a little context, a lot of good things happened during the quarter. You look at the strong free capital generation for the quarter which, as we always indicate, is typically more heavily weighted in the back half of the year. And we certainly saw that in the third quarter. We had meaningful organic deployments during the quarter, that's highlighted by $900 million of PRT sales and the $500 million MTN issuance that we did in earlier in the quarter. And we deployed $430 million of shareholder deployments towards share buybacks and also the dividends.

And then finally, we closed on two relevant inorganic transactions during the course of the quarter. And so, all that happened and still having the same capital we had coming into the quarter, going out of the quarter. I want to highlight a couple of things on the inorganic front, just to make sure it's clear from a capital perspective. On September 1, we closed the acquisition of Beam Benefits and also closed the sale of our Chile annuity business. So, although the capital impacts was largely offset, the Chile proceeds actually were contemplated in outlook guidance, whereas the Beam purchase was not.

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And so the fact is we funded the Beam transaction without it being contemplating the outlook and are still delivering on our share buyback plans and still delivering on our overall capital deployment, which is a product of our privileged position, whereby we have a good mix of business that allows us to deploy capital towards great inorganic opportunity like Beam and also continue to delivering our capital deployment objectives for the year. So, again, a very impactful quarter, a very busy quarter, but again, feeling really good about our TTM, 77% free capital payout ratio. Hope that helps. Jack.

Jack Matten
Analyst, BMO Capital Markets Corp.

Q

Thank you.

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

A

Next question.

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

Wilma Burdis
Analyst, Raymond James & Associates, Inc.

Q

Hey, good morning. Could you tell us a little bit more about the disability experience and Specialty Benefits? Is there anything to note regarding the slightly higher loss ratio on those products? Thanks.

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

A

Yeah. I'll have Amy address that, and just to be specific, was that on the group disability side that you were focused on, Wilma?

Wilma Burdis
Analyst, Raymond James & Associates, Inc.

Q

Yes.

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

A

So I'll ask Amy to address that.

Amy C. Friedrich
President-Benefits & Protection, Principal Financial Group, Inc.

A

Yeah, sure. Appreciate the question. I do want to start with the overall loss ratio of 59%. I think, it's a really strong underwriting result. And it's below the end of our 60% to 64% range noted that dental and group life and I think Joel covered this in his comments they were really significant contributors to the underwriting result. And dental, which is the largest part of our block, is seeing the sixth consecutive quarter of improved loss ratio performance. So that's sort of the backdrop for the answer to my question. Regarding group disability, I am comfortable with the trends that I'm seeing with this product. Inherently, it's a product line that can have some quarterly volatility, and I think we all understand that well. The last two quarters have emerged better than expected with that volatility and better than historical trends.

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I think because of that inherent volatility, though, I do think it's more helpful to look the trailing 12-month patterns for this block. One thing I want to remind, and I was looking through some of the write-ups, I'd want to remind that we do provide a loss ratio illustration in our supplement that removes significant variances, which did impact the loss ratio for group disability third quarter of the prior year. So on a trailing 12-month basis with AAR impacts removed, the group disability line is up slightly and aligns generally with what I see as a gradual movement towards more historical disability performance. It's also probably a pretty reasonable indicator of near-term performance. So my summary around group disability is it's kind of doing that gradual movement up towards some of that disability – historical disability performance.

But I'm really comfortable with the fundamentals that I'm seeing as you begin to look at the types of things like frequency and severity, I'm very comfortable with the performance of that block.

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

Hey, Wilma. I also think it's important that we manage that as a block. Most of our customers have multiple products with us, and we're thinking about pricing in a way that makes sense for the overall employer. So I do want you to come back to the 59%, which is very attractive relative to our historical performance and our targeted level of performance. and like Amy said, I think if you look at it on a TTM or a year-to-date basis, group disability is still performing at a very healthy level. Wilma, do have a follow-up?

Wilma Burdis
Analyst, Raymond James & Associates, Inc.
Q

Oh. Hey, yeah, sorry. I was on mute. Are you seeing any benefits in your private fixed income funds from the AI demand in the market? Thanks.

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

Yeah, I'll see if Kamal wants to address that.

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

Hi. Good morning, Wilma. It's a timely question Wilma and particularly I'll give you the answer around a business we started building a few years ago around private infrastructure debt. One of the decisions we made was knowing that we may live in a long decade of rising rates and inflation coming back as we built a business around more floating rate strategies versus fixed rate strategies. And we are now starting to see the benefit of that decision through client demand. But even the results it's produced, even in our own balance sheet. That asset class, as you will appreciate, is coming into a really, really good cycle of global infrastructure investing. And what we have started to see is more clients wanting access to infrastructure over private credit, more floating rate over fixed rate.

And in fact, this quarter we actually won our first large institutional mandate in that business that we started few years ago, the business that we effectively built from scratch organically. So we do feel that is a positive tailwind for us in our private markets business.

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

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Thanks, Wilma for the questions.

Wilma Burdis
Analyst, Raymond James & Associates, Inc.

Q

Thank you.

Operator: The next question comes from Ryan Krueger from KBW.

Ryan Krueger
Analyst, Keefe, Bruyette & Woods, Inc.

Q

Hey. Thanks. Good morning. My first question was on expense seasonality in the fourth quarter, you typically have somewhat higher expenses at the end of the year. And then given that you're also tracking towards the high-end of your EPS growth target, was wondering if you may consider accelerating any other sort of investments in the business we should think about this quarter?

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

A

Yeah, Ryan, I think if you look at our expense line, it really does show that we continue to have strong discipline in expense management relative to our revenue growth. But there is some seasonality that happens quarter-to-quarter. So I'll let Joel address how we are thinking about this coming quarter.

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

A

Ryan, what I'd expect you to see for the fourth quarter is similar you've seen in years past, which is maybe low-single digit increase in expenses in the fourth quarter relative to the average of the three quarters. So, nothing materially different to what you've seen historically. And as Deanna said, we're going to continue to make sure that we align expense with revenue to ensure we continue with the margin expansion.

Ryan Krueger
Analyst, Keefe, Bruyette & Woods, Inc.

Q

Got it.

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

A

Do you have a follow up?

Ryan Krueger
Analyst, Keefe, Bruyette & Woods, Inc.

Q

Yeah. On Specialty Benefits, you mentioned Beam as a capability in growth related transaction. I guess, how do you feel about your overall capabilities at this point in the Specialty Benefits business? And I guess in particular, you've always focused on the very small end of the market. Would you ever kind of contemplate broadening that out to capture a bigger area of the marketplace?

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

A

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Yeah. I think, first of all, I feel really strong about our capabilities there across the SMB market and Beam allows us to stretch a little bit in the lower side and we have some efforts that are allowing us to stretch a little bit into more of the M side. But I'll maybe ask Amy to overall talk about our capabilities.

Amy C. Friedrich
President-Benefits & Protection, Principal Financial Group, Inc.
A

Yeah. So when I think about the capabilities, you're exactly right that we have trended towards that smaller end of the marketplace. Just coming back to years ago when we made that decision to really focus on that small to mid-size capabilities, number one, that's been a hallmark of Principal for a number of years, whether you're talking about the retirement business or the benefits business. And so that small market is something that has made a lot of sense for us to grow. One of the reasons it makes sense is because it remains an underpenetrated space. So it's a space where small businesses, you're not going to find 100% saturation. You're not going to find that every small and growing business has added all the benefits they need to attract and retain and to keep their employees protected. And so we really like building capabilities in that small market because it truly is a new market play.

In any given quarter that we look at, about 15% of the business that we're writing is truly a new benefit for the first time. So one of the reasons we move a little more cautiously up into that mid-market is because most of that is fully saturated. So, by the time you're talking about an employer that has 500, maybe even a 1,000 employees, they tend to have introduced some sort of an enterprise HR technology maybe by that point, maybe they're working with a bit more sophisticated partners in terms of the customization that they're doing for some of that benefit. So, our sweet spot is really going to be those companies that are growing that probably aren't sitting in that completely saturated marketplace, that aren't necessarily going to have complex, highly customized needs that are driven by benefits focused HR department with an RFP process.

So we will look at going up market. We will look at moving towards things that make sense for our business. But we're not going to do that if the profile is that we're going to have to integrate and customize and do things that really are, we'll leave to the other carriers that have built the types of capabilities up there that are strong. Where we're going to build more capabilities is in that smaller market, that less penetrated market. And the people who really, we think are a big part of the US economic growth engine and who are going to give us an outsized possibility to grow right along with them.

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

Thanks, Ryan for the question.

Ryan Krueger
Analyst, Keefe, Bruyette & Woods, Inc.
Q

Thank you.

Operator: Our next question comes from Alex Scott from Barclays.

Alex Scott
Analyst, Barclays Capital, Inc.
Q

Hey, good morning. First one, I wanted to ask is just a follow-up on sort of the digital infrastructure, hyperscaler question from before. Could you talk about what you have in your own general account? And just given it's an area that's probably growing a bit. Can you talk about the way you think about risk limits and things like that for investing or providing credit to the hyperscalers? Thank you.

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

Yeah, I'll have Joel address that question.

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

Yeah. Good morning, Alex. We benefit from a very diversified portfolio, and with strong ALM and liabilities that are illiquid and restricted. And the AI exposure we have is very manageable. And we think about our direct exposure to data centers, it's very low-single digits and it's diversified across geographies, structure types, tenants and some maturities So, we're limiting exposure to any single asset or credit in any form. So it's also worth noting that our exposure on these properties themselves, it's leveraging our facilities and property expertise, and therefore, not exposing ourselves to GPUs, chips, and hardware. And so, again, the nature of our investment is very targeted and tailored. And so we remain very confident in our underwriting standards and continue to focus on diversification, quality and liquidity profiles that'll meet our ongoing liability needs.

And again, continue to feel really good about the outlook of GA portfolio and how the portfolio is performing overall.

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

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

Alex Scott
Analyst, Barclays Capital, Inc.
Q

Yeah, I do. I wanted to go back to the part of the strategy where you are attempting to capture a bit more of the AUM coming out of 401(k)s and take advantage of your position in the ecosystem and so forth. Can you just give us a quick update on how that's progressing and anything quantitative you can provide for maybe how much is going into Investment Management and so forth? Thanks.

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

Yeah, I'm going to let Chris answer that. And again, ultimately, I think it's important to understand that that's post trying to drive revenue while they're active participants, and you see some of those metrics on slide 3, and then building capabilities over time to make sure that we can have a longer lifetime relationship with those participants. But I'll have Chris talk about progress and where we are in that journey.

Christopher J. Littlefield
President-Retirement & Income Solutions, Principal Financial Group, Inc.
A

Yeah. Thanks for the question, Alex. I mean, again, as Deanna pointed out, our initial focus is on improving plan outcomes by increasing participation, the deferrals, the roll-ins, managed accounts. We're seeing really good initial progress. We've highlighted the significant increases we've seen in roll-ins over the course of this year, and that's largely attributable by those capabilities focused on continuing to serve those participants better. Those capabilities continue to rollout. We're seeing nice participation, increases in utilization on managed accounts, and are continuing to buildout our financial planning and advisory capabilities that will continue to roll out through 2027. So again, when we started talking about this, it's a long-term build. We're seeing nice green shoots early in

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terms of the roll-ins that we're capturing and the advice that people are taking and the decisions that they're making.

You're seeing it increase participation rates, increase deferral rates, and over time you'll see it through an increase in advised and managed accounts. And so we feel really good about the progress, but it's still early days and the momentum continues to build.

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

Thanks, Alex, for that question.

Alex Scott
Analyst, Barclays Capital, Inc.
Q

Thanks.

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

Michael Ward
Analyst, UBS
Q

Thanks. Good morning. I was curious how you guys think about South Korean markets. There were reports of Samsung seeking a stake in your stock and whether or not you want to comment on that. I'm just also curious, like, how you think about that actual market opportunity there.

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

Yeah, there's two parts to that question. I'll address part of it, and I'll ask Kamal to talk about really our strong presence that we have there on an investment management perspective that we've been building over the last few years. I'll start out by a public traded company, we're always active in evaluating opportunities to enhance our growth opportunities. For those of us that have followed us for the last 25 years, our approach is going to continue to be very disciplined, very opportunistic. And we obviously don't comment on any market rumors, but we'll keep people updated as things continue to progress or not progress.

So with that, I will turn it over to Kamal because under his leadership we have built out some very capable sales professionals in that market, and we see it as a growth opportunity going forward.

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

Sure. Good morning, Mike. Let me start with I think you have an astute question on how Korea is developing, and I would highlight for you the parallels you see in Korea now compared to US. One of the things that's happened over the last year and even this year, it's become one of the most important markets. The dynamics that are driving that market are very similar to US in terms of the AI transformation of the biggest companies, the market cap of those companies. So it's certainly become a much more important market from an investing standpoint. As Deanna said, we've had a business there for a while that continues to do very well. The other commonality between the US market and Korea is a lot of the capital is controlled by insurance companies, banks, very similar to US. And they continue to seek more global investing conduits, and that's certainly something from our seat is very, very valuable.

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And as the market grows in size and there's more capital, it certainly is a very, very good market to be in. The one gap over time you will see emerge in Korea which I would highlight is – plays to our strength is Korea, like many economies, is also actively thinking about how to go into the retirement system and how they seek input on evolving that business, and that's certainly something we are looking to actively think about given our strength in global retirement. Outside of that, I'll just leave you with this that Korea as an economy and as a market for investing in our capabilities, particularly real estate, is also a very strong market. In fact, it's one of the few markets that's always had a positive bias to real estate and continues to put more capital in real estate.

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

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

Michael Ward Q
Analyst, UBS

Yes. Thanks, guys. So just on M&A for you guys. Strategically, how much – I guess how much more of a component is M&A for you strategically? But specifically, I'm wondering about larger M&A. There's a lot of or a handful of other pending or kind of expected M&A combinations in the space. And – but then I think about your guys' history, right, and the pros and cons of other large M&A you've done historically. So I'm just trying to – I'd love a view on how you think about this.

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

Yeah, I'll take that one, Mike. First of all I'd say is that our M&A philosophy has not changed. We remain very disciplined and we have a very high bar for any transaction. While we won't shy away from pursuing M&A, and you've seen that thus far this year, any transaction must make sense strategically, financially and culturally, and to find targets that meet all three of those criteria aren't always as easy as it might seem. We do view M&A as an opportunistic accelerator rather than a requirement. We think that organic growth is the primary path to achieving our objective, but we will continue to be inquisitive and we do have the flexibility to pursue attractive opportunities that are aligned with our strategic areas of focus in a thoughtful and disciplined manner.

Beam is an example of that. We've talked about it. It offered a clear capability that accelerated an existing growth priority, and those would be examples of things we would continue to lean into.

Michael Ward Q
Analyst, UBS

Thanks, Deanna.

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

Next question.

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

Thomas Gallagher Q
Analyst, Evercore ISI

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Good morning. Just had a few questions on how to think about the Chilean annuity sale proceeds versus Bean Benefits. Joel, I think I heard you say the two essentially – I think the proceeds from Chile effectively funded the Beam deal. Just want to make sure I got that right. And I think I was backing into around $400 million for Beam Benefits, so that would imply you got $400 million for Chile, you paid $400 million for Beam. Just want to see if that's about the right numbers. And then the way to think about the earnings contribution between the two, I think, I heard the commentary about modest losses for Beam. And I think you gave up $30 million of pre-tax earnings in Chile, anyway, bunch of small questions in there. Can you shed any light on that? Thanks.

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

Yeah, Tom, I appreciate the question. It's not often that you have two transactions close on the same day, but I'll also remind you that sometimes cash and capital move a little bit differently. So I'll have Joel talk about both the capital impacts as well as the earnings impact.

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

Yeah. So, Tom, on the capital front, that's an important point, is they do largely offset and as Deanna mentioned that the sale price and capital don't always mean the same, but we have communicated and will communicate as the capital are offsetting the capital we receive. The Chile annuity sale was largely aligned with the capital that we deployed to fund the Beam transaction. But one important point, too, is we knew about going into outlook, we knew about the Chile annuity sale and we had signaled it would close in the latter half of 2026. So, that was contemplating our capital deployment communicating outlook, which is why frankly our share buybacks were relatively outsized compared to what you're going to see in a normal year above our 35% to 45% targeted range.

So when Beam came along, we're funding that through organic means as well as through, as I mentioned in my opening remarks, through a slightly reduced share buybacks in the fourth quarter. And so, again, despite that, despite the fact that we acquired something we didn't anticipate, we're going to continue to deliver on our share buyback target as well as our overall capital deployment targets for the year. So that's the capital side of the equation. And then when you look at the earnings side of the equation, you're right. If you look at the annuities profitability, it generated about $30 million pre-tax a year. But when you look at what the opportunities for growth were within that business over the last couple of years, it was a closed block. We were not selling new annuity products, so it does generate earnings, but it wasn't going to generate the growth.

And when you look at the prospect, both in the short, intermediate, long-term, that Beam is going to afford us relative the Chile annuities business, we feel really good about the repositioning of our portfolio for Beam relative to the opportunities we had in the annuity space within Chile.

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

Does that help, Tom.

Thomas Gallagher
Analyst, Evercore ISI
Q

That does. Thanks for that. And then if I could just ask a follow-up. I heard what you guys said about the AI ecosystem debt. That was helpful. Curious from Kamal's perspective, how do you think about that same question for you. Do you guys have a house view of how your managing that sort of megatrend in debt issuance as it

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relates to your third-party fixed income and equity business? Do you – whether that's – avoiding that theme or just curious how you're approaching that theme from a third-party investment performance perspective?

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

Yeah, I'll maybe ask Kamal to address that.

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

Sure. Good morning, Tom. It's an important and timely question. So, let me give you a sense of how we have thought about it, and then go to the market dynamics today. I would tell you our AI strategy, at least with respect to our Investment Management business, simply boils down to us focusing on bricks versus pick-and-shovel, we do partner with the pick-and-shovel providers, but the focus we have is the best risk reward in this cycle is really to own the real estate that's going around and I would broadly put infrastructure in that bucket. The nature of AI just given it's a transformational technology is inherently risky and we do think the risk reward for doing and participating in that is better captured through an equity conduit.

And I think in real estate equity there's an additional dimension of collateral backing your equity risk and therefore you can continue to optimize for the outcomes and the risk reward you are seeking. Now as the market has accelerated and I think your question underlies this fact that capital going into the space has multiplied into trillions and a lot of hyperscalers are investing. Our view remains that the sweet spot of the build-out is much smaller, sort of the 50-megawatt is the area we focus for a variety of reasons, I would highlight for you. One, that we are in a transition going from cloud to inference, and those kind of assets can support both technologies at this stage and the market demand continues to be optimized for that. There continues to be also noise on how you can build these very large projects. So we do believe being on the smaller end is less execution risk. It has much more attractive development economies.

And you also have buyers at the exit of building these assets, which is the ultimate outcome we want to own for ourselves and for our clients. Obviously, power has become a bigger constraint and obviously that will play a role into it. So our view remains is that being a real estate builder is the best place we want to be, probably on the equity side, and that's how we are participating in this AI transformation.

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

Thanks, Tom.

Thomas Gallagher
Analyst, Evercore ISI
Q

Thanks.

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

Suneet Kamath
Analyst, Jefferies LLC
Q

Great. Thanks. Good morning. I wanted to come back to something that you discussed with respect to the SMB market. I think you said that your latest survey suggested that the market participants are becoming increasingly

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more cautious, which I think is the first time I've heard you guys talk about that. So, can you just maybe give a sense of what you think that means for your business, whether it's the retirement as well as the Specialty Benefits?

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

Yeah, I'll address that one. Yeah, it was in our prepared comments and we do feel that very frequently. And we did see sentiment decline to a low level, really similar to the level that we saw when tariffs were announced in April of 2025. And ultimately, I think it's really them thinking about the broader macroeconomic uncertainty. And when we drill down on their optimism relative to their own company, we see it's outsized relative to their overall sentiment. And so, I do think dissecting it a little bit and drilling in is important. Also what we saw is that they continue to take a very measured approach to workforce management. Actually, 90% of those surveyed actually expected staffing to increase or stay the same. And when you actually look at our block and we did give you some of that in the prepared comments as well, we are still seeing positive growth across both RIS customers and SBD customers.

And you saw the stat within the slide that SBD employment growth is up nearly 2%. And when we look at the RIS block it's similar levels as well. And so obviously, I do think that the diversification that we have across nearly 200,000 employers is going to serve us well. And ultimately, we'll stay close to that and continue to update on what we're seeing and hearing from our SMBs as we go forward.

Suneet Kamath
Analyst, Jefferies LLC
Q

Okay. Got it. Thanks. And then just a quick follow-up for Joel. I think in the past you talked about second half earnings being slightly more than 50% of the full year and first half earnings being a little bit less than that. Is that still a good rule of thumb to use going forward, or are the two halves more balanced at this point? Thanks.

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

I'll have Joel address that one.

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

Yeah. It's not going to be as exaggerated as what you saw in 2025, Suneet. It was about 47% and 53% in each part of the year. It's going to be more balanced this year, largely because of the SBD performance and the really strong underwriting in the first half of the year. That was a big reason why you're going to see a little bit of an allocation between the first and second half of the year.

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

Thanks, Suneet.

Suneet Kamath
Analyst, Jefferies LLC
Q

Yes, thanks.

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Operator: We have 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.

Yeah. Thank you. First of all, I want to thank all of you for your time, your questions and your engagement today. As we mark 25 years as a public company, I'm very proud of how we have evolved and what we have delivered. And this year has been an important part of that. We continue to build momentum across our strategic priorities and have sharpened our focus on the areas where we are best positioned to win. I'm confident in our path ahead and in our ability to continue to create long-term value for our customers and shareholders. We all look forward to connecting with many of you in the months ahead and thank you again and have a great day.

Operator: Thank you. This concludes today's conference call. You may disconnect your lines at this time. And we thank you for your participation.

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